



**Maroc
Telecom**

Un monde nouveau vous appelle

FINANCIAL REPORT

First Half of **2020**

Preliminary remarks:

This financial report and the condensed financial statements for the half year ended June 30th, 2020 were approved by the Management Board on July 16th, 2020, and reviewed by the Audit Committee at its meeting on July 17th, 2020.

This report should be read in conjunction with the Management Board's report for the year ended December 31, 2019 as published in Registration Document as filed with the Securities Regulator (AMF) on April 27, 2020 ("2019 universal registration document").

CONTENTS

HIGHLIGHTS

1. CERTIFICATIONS

1.1 Person responsible for the interim report	7
1.2 Certification of the interim report	7
1.3 Persons responsible for the audit of the financial statements	7

2. H1 ACTIVITY REPORT

2.1 Description of activities	11
2.2 Related-party transactions	20
2.3 Growth outlook	23

3. FINANCIAL REPORT

3.1 Consolidated financial Data	25
3.2 Income statement and financial position	28
3.3 Consolidated financial statements and notes	32
3.4 Statutory financial statements	43

Highlights

January 2020

- In Morocco, the ANRT decision on the referral from Wana on unbundling imposing financial penalty and injunctions. IAM complies with the terms of the decision within the deadlines.
- Maroc Telecom is launching the "All-in-One" *5 pass which adapts to customer use and habits and can be used to make domestic and international calls, send SMSs and connect to the Internet.
- Maroc Telecom is adding Snapchat and YouTube to the MT-Talk Data Pass.
- Maroc Telecom is making reductions of up to 50% on the Data tariff for segments 1A, 1B, Nomadis, Golf, 2 & 3.
- In Burkina Faso, the 2020 budget bill introduced an increase in the tax rate on Mobile revenues from 5% to 7% from January 1, 2020 including the revenue from Mobile Money in its basis of calculation.
- In Côte d'Ivoire, regulators decided to keep domestic Mobile call termination rates at 11 MAD ct/min from February 1, 2020 to December 31, 2020.
- In Gabon, the domestic Mobile call termination rate fell from 16 MAD ct/min in 2019 to 13 MAD ct/min from January 1, 2020.
- In Mali, from January 1, 2020, the domestic Mobile call termination rate fell to 5 MAD ct/min versus 12 MAD ct/min in 2019 with asymmetrical call termination rates (4 MAD ct/min to the Orange network, 5 MAD ct/min to the Sotelma network and a 50% bonus for the Atel call termination rate).
- In Togo, the domestic call termination rate fell to 16 MAD ct/min from January 1, 2020 from 33 MAD ct/min in 2019.
- In Chad, the domestic Mobile call termination rate fell to 24 MAD ct/min from January 1, 2020 vs. 41 MAD ct/min previously and will be removed completely from January 1, 2021.
- In Chad, removal of the excise duty of 18% on data revenue from January 1, 2020 and impact of this measure on retail-pricing.

February 2020

- In Morocco, Wana has withdrawn the unbundling petition brought before Rabat Commercial Court.
- Maroc Telecom includes Fixed-line and Internet products in the "Mon espace MT" (My MT space) web portal giving the customer an overview of its Mobile, Fixed-line and Internet lines in real time.

March 2020

- As part of measures to stem the spread of Coronavirus, Maroc Telecom is offering free access to all websites and remote teaching and training platforms put in place by the Education Ministry. Pupils, students and teachers were connected for free via the Maroc Telecom 3G and 4G Mobile Internet network.
- Launch of the SMS 1919 Covid 19 fundraising appeal.
- Maroc Telecom is opening the two-way LTE/4G roaming service with Group subsidiary Malitel: with IAM subscribers on the Malitel network and vice versa.
- In Gabon, operators have six months to comply with the new measures on identifying subscribers and two years in which to rectify any issues with minors. Failure to comply with the provisions of the ruling opens operators up to sanctions.

- In Benin, the Council of Ministers has extended the scope of operations of the Société Béninoise d'Infrastructures Numérique (SBIN), turning it into a global operator, making it the third biggest Mobile operator in the Benin market.

April 2020

- Maroc Telecom is increasing the validity period of the 5DH and 10DH *5 "All-in-One" passes to 7 days instead of 1 and 3 days respectively.
- Addition of TikTok to enhance the MT-Talk Data Pass.
- Maroc Telecom is launching the 4G+ Internet Box offer for businesses, including more generous volumes of up to 90Go and more call time, up to 3 hours of international and domestic calls.
- Launch of the "5 hours for €5" and "10 hours for €10" offer from Orange France networks to IAM's Fixed-line and Mobile networks.
- Covid-19: BCEAO decision entered into force on April 3, 2020, aimed at promoting digital payments through a range of measures, including free domestic transfers, free bill payments and the removal of fees by payment merchants.

May 2020

- In Morocco, launch of an online store offering Mobile, Fixed-line and Internet subscriptions without needing to go in-store.
- In Togo, the payment of the last tranche of the license (extension to 4G) on May 28, 2020 amounting to 107 million MAD.

June 2020

- Maroc Telecom is overhauling its Corporate Fiber Optic offer, permanently reducing the 100M and 200 Mega tariffs and incorporating a Fixed-line which will now be double-play.
- In Benin, notification of a decree detailing the conditions for identifying the users of electronic communication services applicable to all operators.
- In Niger, adoption of a decree setting the minimum international call termination rate for calls to Niger at 3 MAD/min TTC.



1- CERTIFICATIONS

In this document, "Maroc Telecom" or "the Company" refers to the company Itissalat Al-Maghrib, and "the Group" refers to the group constituted by the Company and all of its directly and indirectly owned subsidiaries.

1.1 PERSON RESPONSIBLE FOR THE INTERIM REPORT

Mr. Abdeslam Ahizoune

Chairman of the Management Board

1.2 CERTIFICATION OF THE INTERIM REPORT

I hereby attest, to my knowledge, that the condensed interim financial statements are established in accordance with applicable accounting standards and give a true and fair view of the income and financial position and results of the company and all of the consolidated companies, and that the interim management report gives a true and fair view of the significant events having occurred during the first six months of the year, and their impact on the condensed interim financial statements, the main related-party transactions as well as a description of the principal risks and uncertainties for the remaining six months of the year.

Mr. Abdeslam Ahizoune

Chairman of the Management Board

1.3 PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Statutory Auditors

Deloitte Audit, represented by Mrs Sakina BENSOUA KORACHI

Boulevard Sidi Mohammed Ben Abdellah, Tour Ivoire III, 3^{ème} étage, La Marina Casablanca, Maroc

Mrs. Bensouda Korachi was first appointed by the general meeting of April 26, 2016, reappointed in 2018. Her current three years term, shall expire at the close of the ordinary shareholders' meeting held to act on the financial statements for the year ending December 31, 2021.

Mr. Abdelaziz ALMECHATT

83, avenue Hassan II – 20 100 Casablanca, Maroc

First appointed in 1998 by the articles of association, his term of office was renewed at the general meeting of 29 April 2020 for a period of three financial years, i.e. until the end of the ordinary general meeting ruling on the accounts for the financial year ending 31 December 2022.

To the shareholders

ITISSALAT AL MAGHRIB (IAM) S.A

Avenue Annakhil, Rabat

Maroc

This is a free translation into English of the statutory auditor's limited review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users.

LIMITED REVIEW REPORT ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF ITISSALAT AL MAGHRIB (IAM) S.A

PERIOD FROM 1st JANUARY TO 30th JUNE 2020

We have conducted a limited review of the interim consolidated financial situation of Itissalat Al Maghrib (IAM) S.A and its subsidiaries (Itissalat Al Maghrib Group) which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidation perimeter and a selection of explanatory information related to the period from 1st January to 30 June 2020. These interim consolidated financial statements show an amount of consolidated equity of MMAD 12.817 including a consolidated net profit of MMAD 2.401. These interim financial statements were closed by the Board of Directors on July 16th, 2020 in an evolutionary context of the health crisis of the Covid-19 epidemic, based on the information available at that date.

We conducted our review in accordance with professional standards applicable in Morocco. Those standards require that a limited review should be planned and executed in order to obtain a moderate assurance that the interim consolidated financial situation referred to in the preceding first paragraph are free from material misstatement. A limited review includes mainly making inquiries of the company's staff and analytical review to financial data; thus, it provides a lower level of assurance than an audit. We have not conducted an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the approved accompanying consolidated financial situation, do not give a true and fair view of financial performance of the Group Itissalat Al Maghrib S.A. at 30 June 2020, and its financial position and assets according to International Accounting Standards IAS/IFRS, as adopted by the European Union.

Casablanca, 17th July 2020

The Statutory Auditors

Deloitte Audit

Sakina BENSOUA KORACHI

Partner

Abdelaziz ALMECHATT

Abdelaziz ALMECHATT

Partner

To Shareholders

ITISSALAT AL MAGHRIB (IAM) S.A

Annakhil Avenue, Rabat

Morocco

This is a free translation into English of our limited review report on the half-year individual financial statements issued in French and it is provided solely for the convenience of English-speaking users.

**REPORT ON THE LIMITED REVIEW OF INDIVIDUAL FINANCIAL STATEMENTS of
ITISSALAT AL MAGHRIB (IAM) S.A.**

PERIOD FROM JANUARY 1st TO JUNE 30th 2020

In application of provisions of the Dahir carrying Law No. 1-93-212 of 21 September 1993, as modified and completed, we have reviewed the interim financial statements of ITISSALAT AL MAGHRIB (IAM) S.A. which comprise the statement of financial position the statement of profit and loss related to the period from January 1st to June 30th, 2020. Those interim financial statements, which show a total equity of MAD 10.835.403 thousand including a net profit of MAD 2.480.728 thousand, are the responsibility of management of ITISSALAT AL MAGHRIB (IAM) S.A.

These interim financial statements were closed by the Board of Directors on July 16th, 2020 in an evolutionary context of the health crisis of the Covid-19 epidemic, based on the information available at that date.

We conducted our review in accordance with professional Standards applicable in Morocco related to limited review engagements. Those standards require that we plan and perform the review in order to obtain a moderate assurance that financial statements are free from material misstatement. A review includes mainly making inquiries of the company's staff and analytical review of financial data; thus, it provides a lower level of assurance than an audit. We have not conducted an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the approved accompanying interim financial statements, do not present fairly the result of the period's transactions of ITISSALAT AL MAGHRIB (IAM) S.A., the financial position and its assets as at June 30th, 2020, in accordance with Generally Accepted Accounting Principles in Morocco.

Casablanca, July 17th, 2020

The Statutory Auditors

Deloitte Audit

Sakina BENSOUA KORACHI

Partner

Abdelaziz ALMECHATT

Abdelaziz ALMECHATT

Partner



**2- HALF YEAR ACTIVITY
REPORT**

2.1 DESCRIPTION OF ACTIVITIES

Details of the financial indicator adjustments for "Morocco" and "International" are provided in Appendix 1.

(IFRS in MAD million)	Q2-2019	Q2-2020	Change	Change on a like-for-like basis ⁽¹⁾	6M-2019	6M-2020	Change	Change on a like-for-like basis ⁽¹⁾
Revenues	8,895	9,014	+1.3%	-2.1%	17,844	18,323	+2.7%	+0.0%
EBITDA	4,762	4,809	+1.0%	+0.2%	9,409	9,603	+2.1%	+1.4%
Margin (%)	53.5%	53.3%	-0.2 pt	+1.2 pt	52.7%	52.4%	-0.3 pt	+0.7 pt
Adjusted EBITA	2,960	2,922	-1.3%	-0.2%	5,862	5,836	-0.5%	+0.2%
Margin (%)	33.3%	32.4%	-0.9 pt	+0.6 pt	32.9%	31.8%	-1.0 pt	+0.1 pt
Group share of adjusted Net Income	1,441	1,410	-2.2%	+1.5%	3,022	3,006	-0.5%	+1.5%
Margin (%)	16.2%	15.6%	-0.6 pt	+0.5 pt	16.9%	16.4%	-0.5 pt	+0.3 pt
CAPEX⁽²⁾	1,034	659	-36.3%	-47.0%	3,227	1,186	-63.3%	-65.4%
Of which frequencies & licenses					1,327			
CAPEX/revenues (excl. frequencies & licenses)	11.7%	7.3%	-4.4 pt	-6.7 pt	10.7%	6.5%	-4.2 pt	-5.4 pt
Adjusted CFO	2,936	4,206	+43.2%	+43.4%	5,728	7,099	+23.9%	+22.2%
Net Debt	21,034	18,659	-11.3%	-9.0%	21,034	18,659	-11.3%	-9.0%
Net Debt/EBITDA⁽³⁾	1,1x	0.9x			1.1x	0.9x		

Customer base

The Group's customer bases continue to grow (up 9.1% year-on-year), reaching 68.4 million at the end of June 2020. This increase was due partly to the consolidation of Tigo Chad into the Group's scope since July 1, 2019.

Revenues

At the end of June 2020, the Maroc Telecom Group had revenues⁽⁴⁾ of 18,323 million dirhams, up 2.7% (stable on a like-for-like basis⁽¹⁾). This performance, amid a crisis, was mainly due to the growth of Data Mobile and Mobile Money services from International activities and the surge of the Fixed-line Data in Morocco.

Earnings from operations before depreciation and amortization

Maroc Telecom Group's EBITDA was 9,603 million dirhams at the end of June 2020, up 2.1% (up 1.4% on a like-for-like basis⁽¹⁾), thanks to the 1.6 pt improvement (up 1.3 pt on a like-for-like basis⁽¹⁾) in the gross margin. The EBITDA margin was 52.4%, up 0.7 pt on a like-for-like basis⁽¹⁾.

Earnings from operations

At the end of the first six months of 2020, the adjusted EBITA⁽⁵⁾ of Maroc Telecom Group was 5,836 million dirhams, up 0.2% on a like-for-like basis⁽¹⁾.

Group share of Net Income

The Group share of adjusted Net Income was 3,006 million dirhams, up 1.5% on a like-for-like basis⁽¹⁾.

Investments

Capital expenditures⁽²⁾ excluding frequencies and licenses were down 37.6% year-on-year (down 43.6% on a like-for-like basis⁽¹⁾), due to the adjustment of investments to the current environment.

Cash-flow

Adjusted cash flows from operations (CFFO)⁽⁶⁾ was 7,099 million dirhams, up 23.9% (up 22.2% on a like-for-like basis⁽¹⁾) due to higher EBITDA and Capex decrease.

At the end of June 2020, the Group's consolidated net debt⁽⁷⁾ decreased by 11.3% to 18,659 million dirhams. It represents 0.9x times its annual EBITDA⁽³⁾.

COVID-19 pandemic

The management of the health crisis by the Maroc Telecom Group was marked by rapid key decisions and the active mobilization of teams, including:

- The strengthening of hygiene, distancing measures and the use of teleworking (collaborative work tools with remote access are made available to employees);
- The promotion of digitization tools to encourage customers and partners to interact with the company via the various online services (orders, payment & service modification, bid submission, etc.);
- Control of the supply chain (commercial and technical) while meeting replenishment and customs clearance deadlines;
- Good management of business continuity, networks and information systems.

However, the impact of the Covid-19 pandemic on the growth forecasts for the Moroccan economy are significant (5.2% contraction in 2020 forecast by Bank Al-Maghrib) with likely repercussions on the growth momentum of Maroc Telecom's activities.

As part of the communal drive to manage the Covid-19 pandemic, some subsidiaries also participated in the collective effort with contributions to the funds set up by the authorities of each country.

Highlights

On June, 1st 2020, Maroc Telecom launched its mobile payment solution through its subsidiary "MT Cash". The solution offers many financial services, comparable to those available to customers with bank accounts, which users can access safely and easily from a mobile phone.

2.1.1 MOROCCO

(IFRS in MAD million)	Q2-2019	Q2-2020	Change	6M-2019	6M-2020	Change
Revenues	5,331	5,124	-3.9%	10,713	10,524	-1.8%
Mobile	3,487	3,234	-7.3%	6,959	6,779	-2.6%
Services	3,456	3,205	-7.3%	6,794	6,637	-2.3%
Equipment	31	29	-5.0%	165	142	-13.9%
Fixed-line	2,301	2,408	+4.6%	4,657	4,727	+1.5%
Of which Fixed-line Data*	765	911	+19.1%	1,538	1,740	+13.2%
Eliminations and other income	-457	-518		-903	-981	
EBITDA	3,111	3,008	-3.3%	6,136	5,980	-2.5%
Margin (%)	58.4%	58.7%	+0.4 pt	57.3%	56.8%	-0.5 pt
Adjusted EBITA	2,117	2,046	-3.4%	4,170	4,037	-3.2%
Margin (%)	39.7%	39.9%	+0.2 pt	38.9%	38.4%	-0.6 pt
CAPEX⁽²⁾	525	281	-46.5%	877	564	-35.7%
Of which frequencies & licenses						
CAPEX/revenues (excl.frequencies & licenses)	9.9%	5.5%	-4.4 pt	8.2%	5.4%	-2.8 pt
Adjusted CFFO	2,026	2,636	+30.1%	3,818	4,256	+11.5%
Net Debt	15,299	11,891	-22.3%	15,299	11,891	-22.3%
Net Debt/EBITDA⁽³⁾	1.2x	0.9x		1.2x	0.9x	

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

At the end of June 2020, activities in Morocco generated revenues of 10,524 million dirhams, down 1.8% compared to the same period in 2019. This drop is explained by the decrease in Mobile revenue, which was adversely affected by the impact of the crisis, in particular on international incoming, outgoing prepaid and roaming activities. This decrease was mitigated by the increase in Mobile and Fixed-line Data.

EBITDA for the same period was 5,980 million dirhams, down 2.5% compared to last year, due to lower revenue. The EBITDA margin established at the high level of 56.8%.

Adjusted EBITA⁽⁵⁾ was 4,037 million dirhams, down 3.2% year-on-year, mainly due to the decline in EBITDA. The adjusted EBITA margin was 38.4%.

Adjusted cash flow from operations (CFFO)⁽⁶⁾ in Morocco was up 11.5%.

2.1.1.1 Mobile

	Unit	6M-2019	6M-2020	Change
Mobile				
Customer base⁽⁸⁾	(000)	19,547	19,572	+0.1%
Prepaid	(000)	17,364	17,234	-0.7%
Postpaid	(000)	2,183	2,338	+7.1%
Of which 3G/4G+ Internet⁽⁹⁾	(MAD/mois)	11,119	11,764	+5.8%
ARPU⁽¹⁰⁾		57.5	55.1	-4.2%

As of June 30, 2020, the Mobile customer base⁽⁸⁾ was 19.6 million customers, up slightly by 0.1% year-on-year thanks to the increase in the postpaid customer base (up 7.1%).

Mobile revenues was down 2.6%, to 6,779 million dirhams, due to the impact of the health crisis on international incoming, outgoing prepaid and roaming activities in particular.

Combined ARPU⁽¹⁰⁾ for the first six months of 2020 was 55.1 dirhams, down 4.2% year-on-year.

2.1.1.2 Fixed-line & Internet

	Unit	6M-2019	6M-2020	Change
Fixed-lines	(000)	1,851	1,979	+6.9%
Broadband access ⁽¹¹⁾	(000)	1,529	1,689	+10.5%

At the end of June 2020, the Fixed-line customer base grew by 6.9% year-on-year, bringing the number of lines to nearly 2 million. The Broadband customer base increased by 10.5% to 1.7 million subscribers.

The Fixed-line and Internet activities in Morocco recorded revenues of 4,727 million dirhams, up 1.5% compared to the same period in 2019, thanks to the Fixed-line Data surge.

2.1.2 INTERNATIONAL

2.1.2.1 Financial indicators

(IFRS in MAD million)	Q2-2019	Q2-2020	Change	Change on a like-for-like basis ⁽¹⁾	6M-2019	6M-2020	Change	Change on a like-for-like basis ⁽¹⁾
Revenues	3,887	4,111	+5.8%	-2.0%	7,824	8,318	+6.3%	+0.1%
<i>Of which Mobile services</i>	3,537	3,736	+5.6%	-2.8%	7,118	7,595	+6.7%	-0.2%
EBITDA	1,652	1,800	+9.0%	+6.8%	3,273	3,623	+10.7%	+8.5%
<i>Margin (%)</i>	42.5%	43.8%	+1.3 pt	+3.6 pt	41.8%	43.6%	+1.7 pt	+3.4 pt
Adjusted EBITA	843	877	+4.0%	+8.0%	1,692	1,798	+6.3%	+8.8%
<i>Margin (%)</i>	21.7%	21.3%	-0.4 pt	+2.0 pt	21.6%	21.6%	+0.0 pt	+1.7 pt
CAPEX⁽²⁾	508	378	-25.7%	-47.3%	2,351	622	-73.5%	-75.5%
<i>Of which frequencies & licenses</i>					1,327			
<i>CAPEX/revenues (excluding frequencies & licenses)</i>	13.3%	9.2%	-4.1 pt	-8.1 pt	13.1%	7.5%	-5.6 pt	-7.3 pt
Adjusted CFFO	910	1,570	+72.5%	+73.2%	1,909	2,843	+48.9%	+42.6%
Net Debt	8,698	8,206	-5.7%	+0.3%	8,698	8,206	-5.7%	+0.3%
Net Debt/EBITDA⁽³⁾	1.3x	1.1x			1.3x	1.1x		

In an economic context marked by the consequences of the Covid-19 crisis, the Group's international operations have shown so far resilience and posted revenues up 6.3% (+0.1% on a like-for-like basis⁽¹⁾) compared to 2019. Growth in Data Mobile and Mobile Money services more than offset the decline in Voice revenues.

In the first six months of 2020, EBITDA was 3,623 million dirhams, up 10.7% (up 8.5% on a like-for-like basis⁽¹⁾). The EBITDA margin was 43.6%, up 1.7 pt (up 3.4 pt on a like-for-like basis⁽¹⁾), thanks to the improvement in the gross margin and the decrease in operating costs.

During the same period, adjusted EBITA⁽⁵⁾ improved by 6.3% (up 8.8% on a like-for-like basis⁽¹⁾) to 1,798 million dirhams, representing a stable adjusted EBITA margin of 21.6% (up 1.7 pt on a like-for-like basis⁽¹⁾).

Adjusted cash flow from operations (CFFO)⁽⁶⁾ improved by 48.9% (+42.6% on a like-for-like basis⁽¹⁾) to 2,843 million dirhams, primarily due to higher EBITDA and Capex decrease.

2.1.2.2 Operating indicators

	Unit	6M-2019	6M-2020	Change
Mobile				
Customer base⁽⁸⁾	(000)	39,372	44,721	
Mauritania		2,389	2,400	+0.5%
Burkina Faso		8,020	8,930	+11.3%
Gabon		1,648	1,413	-14.3%
Mali		7,483	7,909	+5.7%
Côte d'Ivoire		8,899	9,231	+3.7%
Bénin		4,362	4,339	-0.5%
Togo		3,608	3,108	-13.8%
Niger		2,810	2,979	+6.0%
Central African Republic		153	184	+20.4%
Chad		-	4,227	-
Fixed lines				
Parc	(000)	322	330	
Mauritania		57	58	+1.6%
Burkina Faso		77	75	-2.6%
Gabon		22	23	+6.2%
Mali		167	175	+4.7%
Fixed lines Broadband				
Parc⁽¹⁰⁾	(000)	114	126	
Mauritania		11	18	+67.0%
Burkina Faso		15	14	-5.4%
Gabon		18	20	+11.9%
Mali		71	75	+5.5%

Notes :

- (1) The like-for-like basis illustrates the effects of the consolidation of Tigo Tchad as if had effectively occurred on January 1, 2019 and a constant MAD/Ouguiya/CFA Franc exchange rate.
- (2) CAPEX corresponds to the acquisitions of non-current intangible assets and property, plant and equipment recognized during the period.
- (3) The net debt / EBITDA ratio excludes the impact of IFRS 16.
- (4) Maroc Telecom consolidates Mauritel, Onatel, Gabon Télécom, Sotelma, Casanet, AT Côte d'Ivoire, Etisalat Benin, AT Togo, AT Niger, AT Centrafrique, and Tigo Tchad in its accounts since July 1, 2019.
- (5) EBITA corresponds to operating income before the amortization of intangible assets related to business combinations, goodwill impairment and other intangible assets related to business combinations and other income and expenses related to financial investment operations and transactions with shareholders (unless they are directly recognized in shareholders' equity).
- (6) CFFO includes the net cash flows from operations before tax, as presented in the cash flow statement, as well as dividends received from companies accounted for using the equity method and non-consolidated investments. It also includes net industrial investments, which correspond to net cash outflows related to acquisitions and disposals of non-current intangible assets and property, plant and equipment.
- (7) Loans and other current and non-current liabilities less cash and cash equivalents, including cash held in escrow for bank loans.
- (8) 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.
- (9) 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.
- (10) 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.
- (11) The broadband customer base includes ADSL access, FTTH and leased lines as well as the CDMA customer base in Mauritania, Burkina Faso and Mali.

Appendix 1: Relationship between adjusted financial indicators and published financial indicators

Adjusted EBITA, Adjusted Net Income, Group share of adjusted Net Income, and adjusted CFFO 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.

(in MAD millions)	H1-2019			H1-2020		
	Morocco	International	Group	Morocco	International	Group
Adjusted EBITA	4,170	1,692	5,862	4,037	1,798	5,836
Published EBITA	4,170	1,692	5,862	4,037	1,798	5 836
Group share of adjusted Net Income			3,022			3,006
Non-recurring items:						
Covid-19 contributions						-1,038
Published Group share of adjusted Net Income			3,022			1,969
Adjusted CFFO	3,818	1,909	5,728	4,256	2,843	7,099
Non-recurring items:						
Payment of licenses		-1,841	-1,841		-107	-107
ANRT penalty				-3,300		-3,300
Published CFFO	3,818	68	3,887	956	2,736	3,692

The semester was marked by the disbursement of 3,300 million dirhams linked to the full payment of the ANRT penalty in Morocco as well as the payment of the last settlement of the license (extension to 4G) in Togo for an amount of 107 million dirhams.

The first six months of 2019 included the payment of 1,841 million dirhams for licenses obtained in Burkina Faso, Mali, Côte d'Ivoire and Togo.

Appendix 2: Impact of the adoption of IFRS 16

As at end-June 2020, the impact IFRS 16 on Maroc Telecom' key indicators are as follows:

<i>(in MAD million)</i>	H1-2020		
	Morocco	International	Group
EBITDA	+137	+138	+275
Adjusted EBITA	+23	+21	+44
Group share of adjusted Net Income			+0
Adjusted CFO	+137	+138	+275
Net Debt	+881	+729	+1,610

2.2 RELATED-PARTY TRANSACTIONS

Under the terms of Article 95 et seq. of Moroccan Law No. 17-95 concerning Limited Liability Companies, as amended and supplemented by Law No. 20-05, Law No. 78-12 and Law No 20-19, any agreement between the Company and a member of the Management Board or of the Supervisory Board, or one of its shareholders directly or indirectly holding more than 5% of the Company's capital or voting rights, is subject to prior authorization by the Supervisory Board.

The same applies to agreements in which any person referred to in the previous paragraph has an indirect interest or whereby any such person deals with the company through an intermediary.

Also subject to the same authorization are agreements between the Company and an entity, if a member of the Company's Management Board or of the Supervisory Board is the owner, an indefinitely responsible associate, the manager, the director, the Chief Executive Officer, or a member of the Management Board or of the Supervisory Board, of the said entity.

Accordingly, the regulated agreements signed in the first half of fiscal year 2020, and the agreements signed in previous years that continued in effect during the first half of fiscal year 2020, are presented below. These agreements are not, however, the only parent-subsidary flows existing between Maroc Telecom and its subsidiaries.

2.2.1 REGULATED AGREEMENTS SIGNED IN THE FIRST HALF OF 2020

None.

2.2.2 REGULATED AGREEMENTS SIGNED IN PREVIOUS YEARS STILL IN EFFECT IN 2020

▪ **Brand licensing agreements**

Effective January 26, 2015, Maroc Telecom became the majority shareholder of Atlantique Telecom Côte d'Ivoire, Etisalat Bénin, Atlantique Telecom Togo, Atlantique Telecom Niger, Atlantique Telecom Gabon (an entity absorbed by Gabon Telecom on June 29, 2016 with effect from January 1, 2016) and Atlantique Telecom Centrafrique. As a result, Maroc Telecom acquired the rights connected with the "Moov" and "No Limit" trademarks belonging to the Etisalat Group as well as the Trademark Licensing Agreements associated with them for the subsidiaries cited above.

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

▪ **Technical support agreement**

Effective January 26, 2015, Maroc Telecom became the majority shareholder of Atlantique Telecom Côte d'Ivoire, Etisalat Bénin, Atlantique Telecom Togo, Atlantique Telecom Niger, Atlantique Telecom Gabon (an entity absorbed by Gabon Telecom on June 29, 2016 with effect 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. Brahim Boudaoud is also a member of the joint management bodies.

▪ **Agreements for advances on current account**

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

Maroc Telecom is a majority shareholder of those entities and for Gabon Telecom, Mr. Brahim Boudaoud is

also a member of the joint management bodies.

- **Technical services agreement with Etisalat**

In May 2014, Maroc Telecom signed a Technical Services Agreement with Emirates Telecommunications Corporation (Etisalat) whereby the latter will provide to Maroc Telecom on request, directly or indirectly, technical support services, particularly in the following fields: digital media, insurance, financial rating.

These services may be performed by expatriate personnel.

Effective May 14, 2014, Etisalat became the reference shareholder of Maroc Telecom via SPT, and the members of the joint management bodies are Eissa Mohammad Al Suwaidi, Hatem Dowidar, Saleh Abdooli, Serkan Okandan, and Mohammad Hadi Al Hussaini.

- **Services agreement with Gabon Telecom**

In November 2016, Gabon Telecom signed an agreement with Maroc Telecom for the latter to provide it with services in the following fields: strategy and development, organization, networks, marketing, finance, purchasing, human resources, information systems, and compliance.

These services are performed mainly by expatriate personnel.

Maroc Telecom is the majority shareholder of Gabon Telecom and the member of the joint management bodies is Mr. Brahim Boudaoud.

- **Services agreement with Sotelma**

In 2009, Sotelma signed an agreement with Maroc Telecom for the latter to provide it with technical support services.

Maroc Telecom is the majority shareholder of Sotelma and the member of the joint management bodies is Mr. Abdelkader Maamar.

- **Services agreement with Onatel**

In September 2007, Onatel signed an agreement with Maroc Telecom for the latter to provide it with services in the following fields: strategy and development, organization, networks, marketing, finance, purchasing, human resources, information systems, and compliance.

These services are performed mainly by expatriate personnel.

Maroc Telecom is the majority shareholder of Onatel.

- **Services agreement with Mauritel**

In 2001, Mauritel SA signed an agreement with Maroc Telecom for the latter to provide it with work projects linked to services, to technical support and to the sale of equipment.

Maroc Telecom is the majority shareholder of Mauritel SA and the member of the joint management bodies is Mr. Hassan Rachad.

- **Agreement with Casanet**

Since fiscal year 2003, Maroc Telecom has signed several agreements with its subsidiary Casanet, for the purpose, among others, of maintaining Maroc Telecom's Menara Internet portal in operational condition, and providing development and hosting services for the Mobile portal of Maroc Telecom's websites.

Maroc Telecom is the majority shareholder of Casanet and the member of the joint management bodies is Mr. Hassan Rachad.

- **Advance on Current Account – Casanet**

Maroc Telecom decided to transfer its business directory activity to its subsidiary Casanet.

Accordingly, on December 4, 2007, the Supervisory Board authorized the Company to take on the necessary investment costs which would be financed by advances on a non-interest bearing current account.

Maroc Telecom is the majority shareholder of Casanet and the member of the joint management bodies is Mr. Hassan Rachad.

- **Agreement with the Royal Moroccan Athletics Federation (Fédération Royale Marocaine d'Athlétisme / FRMA)**

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

The renewal of this agreement was authorized by the Supervisory Board on December 7, 2018 for a maximum period of three (3) years, for an amount of MAD3 million per year.

2.3 GROWTH OUTLOOK

This section contains information regarding the Company's objectives for fiscal-year 2020.

The Company warns potential investors that these forward-looking statements are dependent on circumstances and events that are expected to occur in the future. These statements do not reflect historical Data and should not be considered as guarantees that the facts and Data mentioned will occur or that the objectives will be achieved. Because of their uncertain nature, these objectives may not be achieved, and the assumptions on which they are based may prove to be erroneous. Investors are encouraged to consider that some of the risks described in section 2.1 « Risk factors » the 2019 Universal Registration Document may affect the Company's business and its ability to achieve its objectives.

On the basis of the information available to date and due the uncertainties generated by the Covid-19 crisis, Maroc Telecom is revising its outlook for 2020 on a like-for-like basis and at constant exchange rates:

- Slight decrease in revenues;
- Slight decrease in EBITDA;
- CAPEX of approximately 10% of revenues, excluding frequencies and licenses.



3- FINANCIAL REPORT

3.1 CONSOLIDATED FINANCIAL DATA

Maroc Telecom Group's consolidated financial data is summarized in the following table. This selected financial data is drawn from the Group's consolidated financial statements prepared according to IFRS international standards (International Financial Reporting Standards), after a limited review by the statutory auditors the firm Coopers Audit represented by Mr. Abdelaziz Almechatt and the firm Deloitte Maroc, represented by Mrs. Sakina Bensouda Korachi.

CONSOLIDATED FINANCIAL DATA IN MOROCCAN DIRHAMS

Balance sheet

Assets (in millions of MAD)	12/31/2019	06/30/2020
Noncurrent assets	51,485	49,729
Current assets	13,365	15,835
Total assets	64,851	65,564
SHAREHOLDERS' equity and liabilities (in millions of MAD)	12/31/2019	06/30/2020
Share capital	5,275	5,275
Equity attributable to equity holders of the parents	12,069	9,275
Minority interests	3,934	3,542
Total shareholders' equity	16,003	12,817
Noncurrent liabilities	4,939	5,692
Current liabilities	43,908	47,055
Total shareholders' equity and liabilities	64,851	65,564

Income statement for the first-halves of 2019 & 2020

(In millions of MAD)	H1-2019	H1-2020
Consolidates revenues	17,844	18,323
Operating expenses	11,982	12,487
Earnings from operations	5,862	5,836
Earnings from continuing operations	5,857	4,323
Earnings for the period	3,485	2,401
Earnings attributable to equity holders of the parents	3,022	1,969
Earnings per share (in MAD)	3.44	2.24
Diluted earnings per share (in MAD)	3.44	2.24

Scope of consolidation

Mauritel

Maroc Telecom holds 52% 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 S.A. is owned by the holding company Compagnie Mauritanienne de Communications (CMC), in which Maroc Telecom holds an 80% equity stake. Consequently, Maroc Telecom holds a 41.2% interest in Mauritania's incumbent operator. Mauritel has been fully consolidated by Maroc Telecom since July 1, 2004.

Onatel

On December 29, 2006, Maroc Telecom acquired 51% of the capital of the Burkinabe operator Onatel. The Group increases its stake in Onatel to 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 acquires, from Maroc Telecom, 100% of Atlantique Telecom Gabon capital. This 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.

Casnet

Casnet is a Moroccan internet provider established in 1995. In 2008, it became a wholly-owned subsidiary of Maroc Telecom and expanded its field of operations by specializing in information engineering. Casnet 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 Côte d'Ivoire's 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 Benin's 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 Togo's 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 Niger's 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's mobile operator. Central African Republic Atlantique Telecom has been fully consolidated in the financial statements of Maroc Telecom since January 31, 2015.

Tigo Chad

On June 26, 2019, Maroc Telecom acquired 100% of the share capital of the Chadian operator Millicom Chad. Millicom Chad has been fully consolidated in Maroc Telecom's financial statements since July 1, 2019.

Other nonconsolidated investments

Investments whose significance in relation to the consolidated financial statements is not material or in which Maroc Telecom does not directly or indirectly exercise exclusive control, joint control or significant influence are not consolidated and are recorded under "Non-current financial assets".

This is the case for MT Fly and MT Cash as well as minority interests held in Médi1 TV, RASCOM, Autoroute Maroc, Arabsat and other investments.

3.2 INCOME STATEMENT AND FINANCIAL POSITION

The following table sets out data regarding Maroc Telecom's consolidated income statement for the first-halves of 2020 and 2019:

<i>(In millions of MAD)</i>	Note	H1-2019	H1-2020
Revenues	7	17,844	18,323
Cost of purchases		-2,801	-2,699
Payroll costs		-1,550	-1,464
Taxes and duties		-1,469	-1,616
Other operating income and expenses		-2,555	-5,949
Net depreciation, amortization and provisions		-3,607	-759
Earnings from operations		5,862	5,836
Other income and charges from ordinary activities		-5	-1,513
Earnings from continuing operations		5,857	4,323
Income from cash and cash equivalents		1	7
Gross borrowings costs		-322	-423
Net borrowing costs		-321	-416
Other financial income (expense)		-10	-16
Net financial income (expense)		-331	-432
Income tax expense	6	-2,040	-1,490
Net earnings		3,485	2,401
Exchange gain or loss from foreign activities		-59	138
Other income and expenses		0	-2
Total comprehensive income for the period		3,426	2,537
Net earnings		3,485	2,401
Attributable to equity holders of the parents		3,022	1,969
Minority interests		463	432
Total comprehensive income for the period		3,426	2,537
Attributable to equity holders of the parents		2,985	2,062
Minority interests		441	475
EARNINGS PER SHARE		H1-2019	H1-2020
Net earnings - group share (in millions of MAD)		3,022	1,969
<i>Numbers of shares at June 30</i>		<i>879,095,340</i>	<i>879,095,340</i>
Earnings per share (in MAD)		3.44	2.24
Diluted earnings per share (in MAD)		3.44	2.24

The analysis below presents the various items in Maroc Telecom's consolidated income statement and details their changes over the periods considered.

COMPARAISON OF THE FIRST-HALVES OF 2020 AND 2019

Revenues

The following table shows the breakdown of revenues for the first-halves of 2020 and 2019.

<i>(In millions of MAD)</i>	H1-2019	H1-2020
Morocco	10,713	10,524
International	7,824	8,318
Eliminations	-693	-518
Total consolidated revenues	17,844	18,323

The Maroc Telecom Group had a consolidated revenue of 18,323 million Moroccan dirhams at the end of June 2020, up 2.7% due to the addition of Millicom Chad's revenue.

Operating expenses

The table below shows Maroc Telecom's operating expenses for the first six-month periods of 2020 and 2019.

<i>(In millions of MAD)</i>	H1-2019	H1-2020
Revenues	17,844	18,323
Cost of purchases	2,801	2,699
%	15.7%	14.7%
Payroll costs	1,550	1,464
%	8.7%	8.0%
Taxes and duties	1,469	1,616
%	8.2%	8.8%
Other operating income (expenses)	2,555	5,949
%	14.3%	32.5%
Net depreciation, amortization, impairment and provisions	3,607	759
%	20.2%	4.1%
Total operating expenses	11,982	12,487
%	67.1%	68.1%

➤ Cost of purchases

The Group's cost of purchases fell by 3.6% between the first half of 2019 and of 2020, due to a decrease in traffic and call terminations.

➤ Payroll costs

Group payroll costs were down by 5.6% in the first half of 2020 compared with the first half of 2019.

➤ Taxes and duties

Taxes were 1,616 million Moroccan dirhams, up by 10% compared to 2019. The increase primarily affected the subsidiaries and includes the impact of the new Millicom Chad subsidiary acquired in June 2019.

➤ Operating incomes and expenses

Other operating income and expenses increased from 2,555 million Moroccan dirhams in H1 2019 to 5,949 million Moroccan dirhams in H1 2020, due to the impact of the payment of the ANRT fine (3.3 billion MAD) which was provisioned for in the financial statements at December 31, 2019.

Operating profit

The Group's consolidated operating income as of June 30, 2020 was 5,836, virtually the same as the first half of 2019.

Net financial income

Net financial income decreased by 100 million dirhams in the first half of 2020 impacted by the cost of net financial debt, which increased in line with the rise in debt.

Tax expense

Income tax was down 27% as a result of the decrease in pre-tax income in the first half of 2020 which is attributable to the contribution made by the group to the COVID-19 fund.

Net income

In the context of the economic crisis caused by the COVID-19 pandemic, the Group recorded net income of 2,401 million Moroccan dirhams at the end of June 2020, down 31% compared to the first half of 2019, mainly due to the impact of the contribution to the COVID-19 solidarity fund.

Noncontrolling interests

Minority interests, reflecting the rights of shareholders other than Maroc Telecom in the profit/loss of consolidated entities, amounted to 432 million Moroccan dirhams in the first half of 2020 compared to 463 million Moroccan dirhams in the first half of 2019.

Net income (Group share)

At the end of June 2020, the Group share of net income was 1,969 million Moroccan dirhams.

Net earnings per share

Net earnings per share were 2.24 Moroccan dirhams in the first half of 2020 compared to 3.44 Moroccan dirhams in the first half of 2019, i.e. a decrease of 35% related to the decrease in the Group share of net income.

Cash and cash equivalents

The Group's main resource is the cash generated by its operations.

➤ Cash flows

The following table summarizes Maroc Telecom's consolidated cash flow for the specific periods.

<i>(In millions of MAD)</i>	H1-2019	H1-2020
Net cash from operating activities (a)	6 265	2 248
Net cash used in investing activities (b)	-5 263	-2 397
Net cash used in financing activities (c)	-1 058	894
Foreign currency translation adjustments (d)	-10	42
Change in cash and cash equivalents (a)+(b)+(c)+(d)	-66	788
Cash and cash equivalents at beginning of period	1 700	1 483
Cash and cash equivalents at end of period	1 634	2 271

➤ Net cash flow from operating activities

As of June 30, 2020, net cash generated by operations was 2,248 million Moroccan dirhams, compared to 6,265 million Moroccan dirhams as of June 30, 2019, i.e. a significant drop resulting from the payment of the ANRT's penalty.

➤ Net cash flow from investing activities

The net cash used for investing activities went down due to the COVID-19 health crisis and the implementation of containment measures.

➤ Net cash flow from financing activities

As of June 30, 2020, net cash used for financing activities increased by 1,947 thanks to the Group's new credit lines.

Tangible and intangible fixed assets

The table below sets out fixed assets acquired by Maroc Telecom Group by geographical area in the relevant periods.

<i>(In millions of MAD)</i>	H1-2019	H1-2020
Morocco	877	564
International	2,351	622
Total	3,228	1,186

➤ Investments in Morocco

Capital expenditures in Morocco dropped by 36% at the end of June 2020, from 877 million Moroccan dirhams to 564 million Moroccan dirhams. IAM opted for an optimization policy and prioritization of projects given the lockdown and the closing of borders.

➤ International investments

Capital expenditures made by the Group's subsidiaries during the first half of 2020 dropped by 1,729 million Moroccan dirhams compared to the first half of 2019. Like IAM, the subsidiaries were forced to prioritize and optimize their capital expenditure choices given the current health crisis.

Financial resources

In the first half of 2020, Maroc Telecom's net debt was 18,659 million Moroccan dirhams compared to 13,872 million Moroccan dirhams at the end of December 2019.

<i>(In millions of MAD)</i>	12/31/2019	06/30/2020
Outstanding debt and accrued interests (a)	18,926	21,022
Cash*(b)	1,483	2,271
Cash held for repayment of bank loans (c)	94	92
Net debt (a) - (b) - (c)	17,349	18,659

* Marketable securities are considered as cash equivalents when their investment period does not exceed three months

3.3 CONSOLIDATES FINANCIAL STATEMENTS AND NOTES

Consolidated statement of financial position at June 30, 2020 and at December 31, 2019

ASSETS (in millions of MAD)	Note	12/31/2019	06/30/2020
Goodwill		9,201	9,306
Other intangible assets		8,808	8,393
Property, plant and equipment		31,037	29,349
Right to use the asset		1,630	1,654
Noncurrent financial assets		470	619
Deferred tax assets		339	409
Noncurrent assets		51,485	49,729
Inventories		321	304
Trade accounts receivable and other		11,380	13,069
Short-term financial assets		128	137
Cash and cash equivalents	4	1,483	2,271
Assets available for sale		54	54
Current assets		13,365	15,835
TOTAL ASSETS		64,851	65,564
SHAREHOLDERS' EQUITY AND LIABILITIES (in millions of MAD)		12/31/2019	06/30/2020
Share capital		5,275	5,275
Retained earnings		4,069	2,031
Net earnings		2,726	1,969
Equity attributable to equity holders of the parents		12,069	9,275
Minority interests		3,934	3,542
Total shareholders' equity		16,003	12,817
Noncurrent provisions		504	573
Borrowings and other long-term financial liabilities	4	4,178	4,886
Deferred tax liabilities		258	233
Other noncurrent liabilities			
Noncurrent liabilities		4,939	5,692
Trade accounts payable		23,794	28,958
Current tax liabilities		733	519
Current provisions		4,634	1,441
Borrowings and other short-term financial liabilities		14,748	16,137
Current liabilities		43,908	47,055
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		64,851	65,564

Statement of comprehensive income for the six-month period ended June 30, 2020

<i>(In millions of MAD)</i>	Note	H1-2019	H1-2020
Revenues	7	17,844	18,323
Cost of purchases		-2,801	-2,699
Payroll costs		-1,550	-1,464
Taxes and duties		-1,469	-1,616
Other operating income and expenses		-2,555	-5,949
Net depreciation, amortization and provisions		-3,607	-759
Earnings from operations		5,862	5,836
Other income and charges from ordinary activities		-5	-1,513
Earnings from continuing operations		5,857	4,323
Income from cash and cash equivalents		1	7
Gross borrowings costs		-322	-423
Net borrowing costs		-321	-416
Other financial income (expense)		-10	-16
Net financial income (expense)		-331	-432
Income tax expense	6	-2,040	-1,490
Net earnings		3,485	2,401
Exchange gain or loss from foreign activities		-59	138
Other income and expenses		0	-2
Total comprehensive income for the period		3,426	2,537
Net earnings		3,485	2,401
Attributable to equity holders of the parents		3,022	1,969
Minority interests		463	432
Total comprehensive income for the period		3,426	2,537
Attributable to equity holders of the parents		2,985	2,062
Minority interests		441	475
EARNINGS PER SHARE		H1-2019	H1-2020
Net earnings - group share (in millions of MAD)		3,022	1,969
<i>Numbers of shares at June 30</i>		879,095,340	879,095,340
Earnings per share (in MAD)		3.44	2.24
Diluted earnings per share (in MAD)		3.44	2.24

Consolidated statement of cash flows for the first half of 2020 and 2019

(In millions of MAD)	Note	H1-2019	H1-2020
Earnings from operations		5,862	5,836
Depreciations, depreciation and other adjustments		3,608	-759
Gross cash from operating activities		9,470	5,077
Other changes in net working capital		-1,335	-616
Net cash from operating activities before taxes		8,135	4,461
Tax paid		-1,870	-2,213
Net cash from operating activities (a)		6,265	2,248
Purchase of PP&E and intangible assets		-4,219	-2,287
Increase in financial assets		-1,206	-157
Disposals of PP&E and intangible assets		2	6
Decrease in financial assets		202	41
Dividends received from nonconsolidated investments		-42	0
Net cash used in investing activities (b)		-5,263	-2,397
Capital increase			0
Dividends paid to shareholders	3	-5,732	0
Dividends paid by subsidiaries to their noncontrolling interests		-465	-431
Changes in equity		-6,197	-431
Borrowings and increase in other long-term financial liabilities		1,909	2,449
Borrowings and increase in other long-term financial liabilities			0
Changes in net current accounts		3,665	-680
Changes in current accounts receivable/financial creditors			0
Net interests paid (Cash only)		-403	-392
Other cash expenses (income) used in financing activities		-33	-52
Changes in borrowings and other financial liabilities		5,139	1,326
Net cash used in financing activities (d)		-1,058	894
Effect of foreign currency adjustments (g)		-10	42
Total cash flows (a+b+d+g)		-66	788
Cash and cash equivalents at beginning of period		1,700	1,483
Cash and cash equivalents at end of period		1,634	2,271

Statement of changes in consolidated equity at June 30, 2020 and December 31, 2019

(in MAD million)	Share capital	Other comprehensive income	Total Group share	Non controlling interest	Total	Total capitaux propres
Position at January 1, 2019	5,275	10,699	-306	15,668	3,822	19,490
Total comprehensive income for the period	0	3,022	-37	2,985	441	3,426
<i>Change in gains and losses recognized directly in equity and recyclable in profit or loss</i>	<i>0</i>	<i>0</i>	<i>-37</i>	<i>-37</i>	<i>-22</i>	<i>-59</i>
Gains and losses on translation	0	0	-37	-37	-22	-59
<i>Revaluation differences</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Revaluation differences on hedging instruments	0	0	0	0	0	0
Revaluation differences on equity instruments	0	0	0	0	0	0
<i>Change in gains and losses recognized directly in equity and recyclable in profit or loss</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Actuarial difference	0	0	0	0	0	0
Actuarial gains and losses	0	0	0	0	0	0
Capital reduction	0	0	0	0	0	0
Share-based compensation	0	0	0	0	0	0
Change in interest shares without takeover/loss of control	0	0	0	0	0	0
Change in interest shares with gain/loss of control	0	14	0	14	0	14
Dividends	0	-6,003	0	-6,003	-863	-6,866
Treasury stock	0	-21	0	-21	0	-21
Other adjustments	0	-191	0	-191	152	-39
Position at June 30, 2019	5,275	7,520	-343	12,452	3,552	16,004
Total comprehensive income for the period	0	-297	-85	-381	370	-11
<i>Change in gains and losses recognized directly in equity and recyclable in profit or loss</i>	<i>0</i>	<i>0</i>	<i>-109</i>	<i>-109</i>	<i>-57</i>	<i>-167</i>
Gains and losses on translation	0	0	-109	-109	-57	-167
<i>Revaluation differences</i>	<i>0</i>	<i>0</i>	<i>25</i>	<i>25</i>	<i>18</i>	<i>43</i>
Revaluation differences on hedging instruments	0	0	25	25	18	43
Revaluation differences on equity instruments	0	0	0	0	0	0
<i>Change in gains and losses recognized directly in equity and recyclable in profit or loss</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Actuarial difference	0	0	0	0	0	0
Capital increase	0	0	0	0	0	0
Capital reduction	0	0	0	0	0	0
Share-based compensation	0	0	0	0	0	0
Change in interest shares without takeover/loss of control	0	0	0	0	0	0
Change in interest shares with gain/loss of control	0	0	0	0	0	0
Dividends	0	0	0	0	7	7
Treasury stock	0	6	0	6	0	6
Other adjustments	0	-8	0	-8	5	-3
Position at December 31, 2019	5,275	7,222	-428	12,069	3,934	16,003
Total comprehensive income for the period	0	1,969	93	2,062	475	2,537
<i>Change in gains and losses recognized directly in equity and recyclable in profit or loss</i>	<i>0</i>	<i>0</i>	<i>95</i>	<i>95</i>	<i>44</i>	<i>138</i>
Gains and losses on translation	0	0	95	95	44	138
<i>Revaluation differences</i>	<i>0</i>	<i>0</i>	<i>-2</i>	<i>-2</i>	<i>0</i>	<i>-2</i>
Revaluation differences on hedging instruments	0	0	0	0	0	0
Revaluation differences on equity instruments	0	0	0	0	0	0
<i>Changes in gains and losses recognised directly in equity and not recyclable in profit or loss</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Actuarial gains and losses	0	0	-2	-2	0	-2
Capital increase	0	0	0	0	0	0
Capital reduction	0	0	0	0	0	0
Share-based compensation	0	0	0	0	0	0
Change in interest shares without takeover/loss of control	0	0	0	0	0	0
Change in interest shares with gain/loss of control	0	0	0	0	0	0
Dividends	0	-4,870	0	-4,870	-867	-5,737
Treasury stock	0	9	0	9	0	9
Other adjustments	0	6	0	6	0	5
Position at June 30, 2020	5,275	4,335	-335	9,275	3,542	12,817

At June 30, 2020, Maroc Telecom's share capital comprised 879,095,340 ordinary shares. Ownership of the shares was as follows:

- SPT*: 53%;
- Kingdom of Morocco: 22%;
- Other: 25%.

* SPT is a Moroccan company controlled by Etisalat.

Note 1. Accounting principles and valuation methods

The highlights of the semester are described on page 4 and 5 of this financial report.

1.1 HIGHLIGHTS

- 9% growth in the Group's overall customer base, which reached 68.4 million customers;
- Stable consolidated revenues thanks to International activities and Mobile and Fixed line Data in Morocco;
- Maintain of good profitability through optimized cost management: Consolidated EBITDA margin of 52.4%, up 0.7 pt on a like-for-like basis;
- Rapid adaptation of network resources and capacity to respond to market developments facing the Covid-19 crisis.

1.2 ACCOUNTING PRINCIPLES AND VALUATION METHODS

The accounting principles used to prepare the interim consolidated financial statements for the six months ended 30 June 2019 are identical to those used for the year ended 31 December 2019, in accordance with IFRS (International Financial Reporting Standards), as adopted by the European Union as of today.

The interim consolidated financial statements at June 30, 2019 have been prepared in accordance with IAS 34 "Interim Financial Reporting", which permits the presentation of selected explanatory notes. These consolidated financial statements should be read in conjunction with the 2019 consolidated financial statements.

The interim consolidated financial statements at June 30, 2020, together with the notes thereto, were approved by Maroc Telecom's Executive Board on July 16, 2020.

1.3 MILLICOM CHAD GOODWILL

New acquisition:

Maroc Telecom finalized the acquisition of Millicom Chad in 2019. Maroc Telecom has a 100% interest in the capital of the new subsidiary.

Millicom Chad has been fully consolidated since July 1, 2019.

The subsidiary's goodwill valuation period ended on June 30, 2020. In compliance with the International standards, its definitive value was established as follows:

(In millions MAD)	06/30/2020
Net equity as at 06/30/2020	375
Total acquisition price	1,175
Goodwill	800

Note 2. Scope of consolidation at June 30, 2020 and December 31, 2019

<i>Company</i>	<i>Legal form</i>	<i>% Group interest</i>	<i>% Capital held</i>	<i>Consolidation method</i>
Maroc Telecom Avenue Annakhil Hay Riad Rabat-Maroc	SA	100%	100%	FC
Compagnie Mauritanienne de Communication (CMC) 30 June 2019 31 December 2019 563, Avenue Roi Fayçal Nouakchott-Mauritanie	SA	80% 80%	80% 80%	FC FC
Mauritel SA 30 June 2019 31 December 2019 Avenue Roi Fayçal Nouakchott-Mauritanie	SA	41% 41%	52% 52%	FC FC
Onatel 30 June 2019 31 December 2019 705, AV. de la nation 01 BP10000 Ouagadougou – Burkina Faso	SA	61% 61%	61% 61%	FC FC
Gabon Telecom 30 June 2019 31 December 2019 Immeuble 9 étages, BP 40 000 Libreville-Gabon	SA	51% 51%	51% 51%	FC FC
Sotelma 30 June 2019 31 December 2019 Route de Koulikoro, quartier Hippodrome, BP 740, Bamako-Mali	SA	51% 51%	51% 51%	FC FC
Casanet 30 June 2019 31 December 2019 Imm Riad 1, RDC, Avenue Annakhil Hay Riad Rabat-Maroc	SA	100% 100%	100% 100%	FC FC
Atlantique Telecom Côte d'Ivoire 30 June 2019 31 December 2019 Abidjan-Plateau, Immeuble KARRAT, Avenue Botreau Roussel	SA	85% 85%	85% 85%	FC FC
Etisalat Bénin 30 June 2019 31 December 2019 Cotonou, ilot 553, quartier Zongo Ehuzu, zone résidentielle, avenue Jean Paul 2, immeuble Etisalat	SA	100% 100%	100% 100%	FC FC
Atlantique Telecom Togo 30 June 2019 31 December 2019 Boulevard de la Paix, Route de l'Aviation, Immeuble Moov-Etisalat - Lomé	SA	95% 95%	95% 95%	FC FC
Atlantique Telecom Niger 30 June 2019 31 December 2019 720 Boulevard du 15 avril Zone Industrielle, BP 13 379, Niamey	SA	100% 100%	100% 100%	FC FC
Atlantique Telecom Centrafrique 30 June 2019 31 December 2019 Bangui, BP 2439, PK 0, Place de la République, Immeuble SOCIM, rez-de-chaussée	SA	100% 100%	100% 100%	FC FC
Millicom Tchad 30 June 2019 31 December 2019 N'Djamena, BP 6505, Avenue Charles DE GAULLE, Tchad	SA	100% 100%	100% 100%	FC FC

Note 3. Dividends

<i>(In millions of MAD)</i>	H1-2019	H1-2020
Dividends received from equity affiliates to their minority shareholder (a)		
Total (a)	863	867
Dividends distributed by Maroc Telecom to its shareholders (b)	0	0
Kingdom of Morocco	1,801	1,461
Etisalat	3,182	2,581
Others	1,019	828
Total (b)	6,003	4,870
Total dividends distributed (a) + (b)	6,866	5,737

At June 30, 2020, Maroc Telecom hasn't paid any dividends. Their total amounts to 4,870 million Moroccan dirhams and they are categorized as current liabilities.

The dividends distributed by the subsidiaries to their non-controlling shareholders amounted to 867 million Moroccan dirhams.

Note 4. Borrowings and other financial liabilities at June 30, 2020 and December 31, 2019

<i>(In millions of MAD)</i>	12/31/2019	06/30/2020
Borrowings due less than one year	2,935	3,693
Rental obligation at +1 year	1,244	1,193
Borrowings due more than one year	2,559	3,018
Rental obligation at -1 year	408	417
Facilities and overdrafts	11,780	12,702
Borrowings and financial liabilities	18,926	21,022
Cash	1,483	2,271
Blocked cash	94	92
Net debt	17,349	18,659

Maroc Telecom Group's net debt increased from 17,349 million Moroccan dirhams as of December 31, 2019 to 18,659 million Moroccan dirhams as of June 30, 2020.

4.1. BREAKDOWN OF NET DEBT BY MATURITY

Half year ended June 30, 2020

<i>(In millions of MAD)</i>	Due less than 1 year	1 to 5 years	Due more than 5 years	TOTAL
Borrowings	3,018	3,248	444	6,711
Rental obligation	417	1,171	22	1,610
Facilities and overdrafts	12,702			12,702
Borrowings and financial liabilities	16,137	4,419	466	21,022
Cash	2,271			2,271
Blocked cash	92			92
Net debt	13,773	4,419	466	18,659

Full December 31, 2019

<i>(In millions of MAD)</i>	Due less than 1 year	1 to 5 years	Due more than 5 years	TOTAL
Borrowings	2,560	2,469	465	5,494
Rental obligation	408	1,151	93	1,652
Facilities and overdrafts	11,780	-	-	11,780
Borrowings and financial liabilities	14,748	3,620	558	18,926
Cash	1,483	-	-	1,483
Blocked cash	94	-	-	94
Net debt	13,171	3,620	558	17,349

The breakdown by maturity is based on the repayment terms and conditions of the borrowings.

4.2 BORROWING AND OTHER FINANCIAL LIABILITIES BY GEOGRAFICAL AREA

<i>(In millions of MAD)</i>	12/31/2019	06/30/2020
Morocco	11,305	10,727
International	7,621	10,295
Borrowings and other financial liabilities	18,926	21,022

Note 5. Restructuring expenses at June 30, 2020 and December 31, 2019

None

Note 6. Income tax payable for the first half of 2020 and 2019

<i>(In millions of MAD)</i>	H1-2019	H1-2020
Income tax	2,063	1,495
Deferred taxes	10	-5
Tax provisions	-33	0
Current tax	2,040	1,490
Consolidated effective tax rate *	36.9%	38.3%

* Income taxes / income before taxes

Income tax as of June 30, 2020 decreased by 27% compared to the first half of 2019. The change is related to the evolution of operations and the current economic context.

The effective tax rate was 38.3% for the first half of 2020.

Note 7. Segment data for the first six-month periods of 2020 and 2019

Segment earnings by geographical area

First half of 2020

<i>(In millions MAD)</i>	Morocco	International	Eliminations	Total
Revenues	10,524	8,318	-518	18,323
Earnings from operations	4,038	1,798	0	5,836
Net depreciation and impairment of assets	1,129	-1,887	0	-759
Voluntary redundancy plan				

First half of 2019

<i>(In millions MAD)</i>	Morocco	International	Eliminations	Total
Revenues	10,713	7,824	-692	17,844
Earnings from operations	4,170	1,692	0	5,862
Net depreciation and impairment of assets	2,046	1,562	0	3,607
Voluntary redundancy plan				

Note 8. Contractual commitments and contingent assets and liabilities

8.1. CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS RECORDED IN THE BALANCE SHEET

Half year ended June 30, 2020

<i>(In millions of MAD)</i>	Total	Due less than 1 year	1 to 5 years	Due more than 5 years
Long-term debts	4,886		4,442	444
Capital lease obligations				
Operating leases *	47	43	4	
Irrevocable purchase obligations				
Other long-term commitments				
Total	4,933	43	4,446	444

* Leases that do not fall within the scope of the new IFRS 16 standard

8.2. CONTINGENT LIABILITIES

None.

8.3. OTHER COMMITMENT GIVEN AND RECEIVED IN THE COURSE OF ORDINARY BUSINESS

<i>(In millions of MAD)</i>	12/31/2019	06/30/2020
Commitments given	8,453	7,912
<i>Investment commitment</i>	7,293	6,803
<i>Downstream commitments and signature with banks</i>	607	513
<i>Operating and financing lease commitments</i>	37	47
<i>Satellite rental commitments</i>	46	73
Other commitments	471	476
<i>Network maintenance contracts with Ericsson</i>	61	38
<i>Commitments on operating expenses</i>	410	438
Other commitments	-	-
<i>Recovery of guarantees given by Etisalat on the financing of the Atlantic subsidiaries</i>	-	-
<i>Forward sale commitment</i>	-	-

<i>(In millions of MAD)</i>	12/31/2019	06/30/2020
Commitments received	1,352	1,297
<i>Guarantees and endorsements</i>	1,352	1,297
<i>Other commitments received</i>	0	0
<i>Forward purchase commitment</i>	0	0
<i>Commitment of the Moroccan State to contribute the assets of social works</i>	0	0
Investment agreement: exemption from customs duties on imports related to investments	0	0

Note 9. Subsequent events

None.

Note 10. IFRS 16

10.1- ASSET-CLASS-BASED USAGE RIGHTS AT JUNE 30, 2020:

<i>(In millions MAD)</i>	Carrying value	Asset entry	Depreciation/Amortization
Land	676	67	-84
Buildings	400	66	-52
Technical facilities	424	103	-70
Transportation equipment	153	10	-26
Office equipment			
Other assets			
Total	1654	246	-232

10.2- IMPACT OF LEASE OBLIGATIONS :

	H1-2020
Interest expense	45
Lease-related payments	341

10.3- OCCUPANCY EXPENSES OUTSIDE THE SCOPE OF IFRS 16 :

	H1-2020
Leases with term ≤ 12 months	163
Leases with low underlying asset value	8
Leases with variable payments	
Leases with no presumed control of occupancy right	
Total	171

3.4 STATUTORY FINANCIAL STATEMENTS

At 06/30/2020

ASSETS (In MAD thousand)	Gross	Amortization and provisions	NET	PREVIOUS EXERCICE NET 12/31/2018
CAPITALIZED COSTS (A)	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 (B)	12,591,506	10,457,011	2,134,495	2,305,319
.Research and development costs	0	0	0	0
.Patents, trademarks, and similar rights	12,302,551	10,386,612	1,915,939	1,886,639
.Goodwill	70,717	70,398	319	864
.Other intangible assets	218,237	0	218,237	417,816
PROPERTY, PLANT, AND EQUIPMENT (C)	72,271,854	55,675,769	16,596,084	17,688,321
.Land	955,383	0	955,383	955,383
.Buildings	7,999,667	5,205,730	2,793,937	2,806,147
.Technical plant, machinery, and equipment	56,808,015	45,698,163	11,109,853	11,639,908
.Vehicles	276,014	74,361	201,652	208,030
.Office equipment, furniture, and fittings	4,913,601	4,491,687	421,914	432,710
.Other property, plant, and equipment	11,048	0	11,048	11,048
.Work in progress	1,308,126	205,828	1,102,298	1,635,097
FINANCIAL ASSETS (D)	12,550,638	179,078	12,371,560	13,421,598
.Long-term loans	719,842	0	719,842	1,779,880
.Other financial receivables	4,084	0	4,084	4,084
.Equity investments	11,826,712	179,078	11,647,634	11,637,634
.Other investments and securities	0	0	0	0
UNREALISED FOREIGN EXCHANGE LOSSES (E)	2,304	0	2,304	21,017
.Decrease in long-term receivables	2,304	0	2,304	21,017
.Increase in long-term debt	0	0	0	0
TOTAL I (A+B+C+D+E)	97,416,302	66,311,858	31,104,443	33,436,256
INVENTORIES (F)	281,572	125,199	156,373	173,090
.Merchandise	180,414	93,861	86,552	100,956
.Raw materials and supplies	101,158	31,338	69,821	72,135
.Work in progress	0	0	0	0
.Intermediary and residual goods	0	0	0	0
.Finished goods	0	0	0	0
CURRENT RECEIVABLES (G)	17,449,897,699	8,456,245,974	8,993,651,724	7,500,719,650
.Trade payables, advances and deposits	10,714	0	10,714	11,112
.Accounts receivable and related accounts	14,650,055	8,134,127	6,515,928	6,203,987
.Employees	8,287	0	8,287	14,402
.Tax receivable	822,812	0	822,812	449,251
.Shareholders' current accounts	0	0	0	0
.Other receivables	1,734,288	322,119	1,412,169	801,242
.Accruals	223,742	0	223,742	20,725
MARKETABLE SECURITIES (H)	130,704,217	0	130,704,217	129,921,571
UNREALIZED FOREIGN EXCHANGE LOSSES (I) (current items)	50,708,323	0	50,708,323	51,785,889
TOTAL II (F+G+H+I)	17,912,882,391	8,581,445,086	9,331,437,305	7,855,517,232
CASH AND CASHEQUIVALENTS	248,051,237	0	248,051,237	213,687,200
.Checks	-8	0	-8	0
.Bank deposits	245,078	0	245,078	211,289
.Petty cash	2,981	0	2,981	2,398
TOTAL III	248,051,237	0	248,051,237	213,687,200
TOTAL GENERAL I+II+III	115,577,235,274	74,893,303,312	40,683,931,962	41,505,460,526

At 06/30/2020

SHAREHOLDERS' EQUITY AND LIABILITIES (In MAD thousand)		EXERCICE	EXERCICE NET 12/31/2019
SHAREHOLDERS' EQUITY	(A)	10,835,403	13,224,863
Share capital (1)		5,274,572	5,274,572
Less: capital subscribed and not paid-in		0	0
Paid-in capital		0	0
Additional paid-in capital		0	0
Revaluation difference		0	0
Statutory reserve		527,457	879,095
Other reserves		2,552,646	3,811,903
Retained earnings (2)		0	0
Unallocated income (2)		0	0
Net income of the year (2)		2,480,728	3,259,293
QUASI-EQUITY	(B)	0	0
Investment subsidies		0	0
Regulated provisions		0	0
DEBENTURE BONDS	(C)	6,874	6,874
Debenture bonds		0	0
Other long-term debt		6,874	6,874
PROVISIONS	(D)	16,700	35,414
Provisions for contingencies		2,304	21,017
Provisions for losses		14,396	14,396
UNREALIZED FOREIGN EXCHANGE GAINS	(E)	2,640	0
Increase in long-term receivables		2,640	0
Decrease in long-term debt		0	0
TOTAL I (A+B+C+D+E)		10,861,618	13,267,151
CURRENT LIABILITIES	(F)	17,055,245	13,213,682
Accounts payable and related accounts		5,994,460	7,111,716
Trade receivables, advances and down payments		92,492	82,480
Payroll costs		893,219	1,059,639
Social security contributions		84,874	88,424
Tax payable		3,076,382	2,790,460
Shareholders' current accounts		4,651,031	1
Other payables		605,961	470,581
Accruals		1,656,826	1,610,381
OTHER PROVISIONS FOR CONTINGENCIES AND LOSSES	(G)	1,504,260	4,747,496
UNREALIZED FOREIGN EXCHANGE GAINS (Current items)	(H)	59,287	38,685
Total II (F+G+H)		18,618,792	17,999,863
BANK OVERDRAFTS		11,203,522	10,238,446
Discounted bills		0	0
Treasury loans		0	0
Bank loans and overdrafts		11,203,522	10,238,446
Total III		11,203,522	10,238,446
TOTAL GENERAL I-II+III		40,683,932	41,505,461

From 01/01/20 at 06/30/20

(In MAD thousand)	OPERATIONS		TOTAL OF THE YEAR	TOTAL AT 06/30/2020
	Specific to the year	Previous exercise		
I- OPERATING INCOME	10,462,497	0	10,462,497	10,650,916
Sales of goods	236,501	0	236,501	196,347
Sales of manufactured goods and services rendered	9,945,947	0	9,945,947	10,126,948
Operating revenues	10,182,448	0	10,182,448	10,323,295
Change in inventories	0		0	0
Company-constructed assets	0		0	0
Operating subsidies	0		0	0
Other operating income	15,229	0	15,229	14,752
Operating write-backs: expense transfers	264,819	0	264,819	312,868
TOTAL I	10,462,497	0	10,462,497	10,650,916
II- OPERATING EXPENSES	6,539,657	0	6,539,657	6,663,665
Cost of goods sold	283,042	0	283,042	312,880
Raw materials and supplies	1,566,885	0	1,566,885	1,684,618
Other external expenses	1,277,213	0	1,277,213	1,319,509
Taxes (except corporate income tax)	122,186	0	122,186	102,004
Payroll, costs	1,026,235	0	1,026,235	1,108,845
Other operating expenses	2,540	0	2,540	2,540
Operating allowances for amortization	1,750,998	0	1,750,998	1,772,134
Operating allowances for provisions	510,558	0	510,558	361,134
TOTAL II	6,539,657	0	6,539,657	6,663,665
III- OPERATING INCOME I-II	3,922,839	0	3,922,839	3,987,251
IV- FINANCIAL INCOME	1,209,790	0	1,209,790	1,274,507
Income from equity investments and other financial investm and other financial investments	942,932	0	942,932	944,170
Foreign exchange gains	133,477	0	133,477	133,620
Interest and other financial income	60,578	0	60,578	113,229
Financial write - backs: expense transfers	72,803	0	72,803	83,488
TOTAL IV	1,209,790	0	1,209,790	1,274,507
V- FINANCIAL EXPENSES	350,650	0	350,650	292,097
Interest and loans	168,188	0	168,188	116,121
Foreign exchange losses	128,626	0	128,626	122,449
Other financial expenses	824	0	824	289
Financial allowances	53,012	0	53,012	53,239
TOTAL V	350,650	0	350,650	292,097
VI- FINANCIAL INCOME IV - V	859,140	0	859,140	982,411
VII- ORDINARY INCOME III + VI	4,781,979	0	4,781,979	4,969,662
VIII- EXTRAORDINARY INCOME	3,446,388	0	3,446,388	263,017
Proceeds from disposal of fixed assets	116	0	116	1,143
Subsidies received	0	0	0	0
Write-backs of investment subsidies	0	0	0	0
Other extraordinary income	44,915	0	44,915	196,612
Extraordinary write-backs: expense transfers	3,401,357	0	3,401,357	65,261
TOTAL VIII	3,446,388	0	3,446,388	263,017
IX- EXTRAORDINARY EXPENSES	5,023,128	0	5,023,128	237,825
Net book value of disposed assets	90	0	90	23,283
Subsidies granted	0	0	0	0
Other extraordinary expenses	4,901,907	0	4,901,907	107,891
Regulated provisions	0	0	0	0
Extraordinary allowances for depreciation and provisions	121,132	0	121,132	106,651
TOTAL IX	5,023,128	0	5,023,128	237,825
X- NON-CURRENT INCOME VIII - IX	-1,576,740	0	-1,576,740	25,191
XI- PRE-TAX INCOME VII + X	3,205,239	0	3,205,239	4,994,853
XII- CORPORATE INCOME TAX	724,511	0	724,511	1,234,138
XIII- NET INCOME XI - XII	2,480,728	0	2,480,728	3,760,715
XIV- TOTAL REVENUES (I+IV+VIII)	15,118,674	0	15,118,674	12,188,440
XV- TOTAL EXPENSES (II+V+IX+XII)	12,637,946	0	12,637,946	8,427,725
XVI- NET INCOME (total income - total expenses)	2,480,728	0	2,480,728	3,760,715

The presentation guidelines and valuation methods used in preparing these documents comply with the rules and regulations in force.

The table below summarizes the trends of the main financial indicators of Maroc Telecom over the last three halves year:

<i>In MAD million</i>	H1 2018	H1 2019	H1 2020	Change 20/19
Revenues	10 219	10 323	10 182	-1,4%
Operating income	3 546	3 987	3 923	-1,6%
Financial income	1 086	982	859	-12,5%
Income tax expense	-1 119	-1 234	-725	-41,3%
Non-current income	100	25	-1,577	
Net income	3 613	3 761	2,481	-34,0%
Investments	1 317	820	508	-38,1%

Key elements of the income statement

Revenues

Maroc Telecom generated 10.182 billion Moroccan dirhams in revenue in 2020, down 1.4% on the first half of 2019.

Operating income and net income

Profit from operations fell from 3.987 billion Moroccan dirhams to 3.923 billion Moroccan dirhams, down 1.6% on the first half of 2019. This change is mainly due to the drop in revenue.

Financial income was down 12.5% to 859 million Moroccan dirhams versus 982 million Moroccan dirhams in the first half of 2019. This change is mainly due to falling interest on loans to subsidiaries and the increase in interest expense.

Non-recurring earnings for the first half of 2020 amounted to MAD-1,577 million compared with MAD25 million in the first half of 2019. This change is mainly due to IAM's contribution to Covid-19 fund.

With pre-tax income of MAD3,205 million and corporate income tax of MAD725 million, net income amounted to MAD2,481 million, down 34%.

Balance sheet

At June 30, 2020, the total balance sheet reached 40,684 million Moroccan dirhams, down 2% on the previous accounting period.

Breakdown of assets

(Assets in millions of Moroccan dirhams)	NET			Change 20/19
	2018	2019	H1 2020	
Net intangible assets	2 340	2 305	2 134	-7,4%
Net property, plant and equipment	18 430	17 688	16 596	-6,2%
Net financial assets	12 506	13 422	12 372	-7,8%
Unrealized foreign exchange losses	19	21	2	-89,0%
Fixed assets	33 296	33 436	31 104	-7,0%
Current assets	7 678	7 856	9 331	18,8%
Cash and cash equivalent - equity	398	214	248	16,1%
Total assets	41 372	41 505	40 684	-2,0%

At June 30, 2020, net fixed assets stood at 31,104 million Moroccan dirhams, versus 33,436 million Moroccan dirhams in the previous accounting period. They represented 76% of total assets and were down 7% on 2019.

Net intangible assets stood at 2,134 million Moroccan dirhams in June 2020, versus 2,305 million Moroccan dirhams in 2019.

Net property, plant and equipment fell by 6.2%, from 17,688 million Moroccan dirhams in December 2019 to 16,596 million Moroccan dirhams in June 2020.

Net long term investments stood at 12,372 million Moroccan dirhams in June 2020, versus 13,422 million Moroccan dirhams in 2019 following the repayment of loans by subsidiaries.

Current assets excluding investment securities (not including those related to price regularization) amounted to 9,331 million Moroccan dirhams in June 2020, versus 7,856 million Moroccan dirhams in 2019, a 18.8% increase due mainly to the recognition of subsidiary dividends, the payment dates of which coincide with the second half of the year and to the liquidation balance of the corporate income tax.

Net cash, including investment securities (not including those related to price regularization), stood at -10,955 million Moroccan dirhams on June 30, 2020, versus -10,025 million Moroccan dirhams on December 31, 2019.

Liabilities and liability items

<i>(Liabilities in MAD millions)</i>	NET			Change 20/19
	2018	2019	H1 2020	
Net equity	15,969	13,225	10,835	-18.1%
o/w net income for the year	6,301	3,259	2,481	-23.9%
Financial debt	2,714	7	7	0.0%
Provisions for risks and charges exceeding one year	34	35	17	-52.8%
Unrealized foreign exchange gains	0	0	3	-
Total permanent financing	18,716	13,267	10,862	-18.1%
Current liabilities	14,666	18,000	18,619	3.4%
Cash and cash equivalent-liabilities	7,990	10,238	11,204	9.4%
Total shareholders' equity and liabilities	41,372	41,505	40,684	-2.0%

Taking into account earnings for the period of MAD2,481 million and the distribution of a dividend of MAD4.9 billion, net equity at June 30, 2020 amounted to MAD10,835 million, compared with MAD13,225 million in 2019.

Cash and cash equivalents increased by 9.4% to MAD11,204 million, compared with MAD10,238 million in 2019.

At June 30, 2020, current liabilities amounted to MAD18,619 million, compared with MAD18,000 million in 2019.



Un monde nouveau vous appelle

MAROC TELECOM

Itissalat Al Maghrib
Société Anonyme à Directoire
et conseil de surveillance
au capital de 5 274 572 040 dirhams
RC 48 947
Siège social
Avenue Annakhil, Hay Riad Rabat, Maroc

www.iam.ma