

Management Report Fiscal year 2020

Summary

1. 2020 Highlights	3
2. Group consolidated adjusted results*	5
3. Maroc Telecom Group outlook for 2021 at constant scope and exchange rates	7
4. Positions held by the members of the Supervisory Board	8
5. Review of the Group's activities	12
5.1 Morocco	12
5.2 International	14
6. Change from adjusted financial indicators to published financial indicators.....	16
7. Impact of the adoption of IFRS 16.....	17
8. Consolidated Financial statements	18
8.1 Comparability of the financial statements	18
8.2 Consolidated Statement of Financial Position	19
8.3 Consolidated Income Statement	20
8.4 Consolidated Cash Flow Statement	21
9. Statutory financial statements	22
9.1 Key elements of the income statement	22
9.2 Balance sheet	23
9.3 Equity investments	24
9.4 Breakdown by due date of the balance of local supplier invoices	26
10. Proposed appropriation of earnings	26
11. Human Resources	27
12. Statement of share buyback program	28
13. Related-party agreements under article 95 of Law 17-95.....	30
14. Draft resolutions on the agenda of the Ordinary Shareholders' Meeting of April 21, 2020	31



Dear Shareholders,

In accordance with Article 141 of Law 17-95 of August 30th, 1996, as amended and completed , and with the agenda that was sent to you, we hereby present the Management Report issued by the Management Board of the Shareholders' Meeting of Itissalat Al-Maghrib ('Maroc Telecom') which reports on our company's activities, results of operations and financial statements as of December 31st, 2020.

1. 2020 Highlights

In 2020, the Maroc Telecom Group posted operating results in line with objectives. Thanks to ongoing efforts to control costs and multiple innovations, the Group has maintained high margins demonstrating thus its resilience and its strong capacity to adapt to the conditions imposed by an unprecedented health and economic crisis.

In Morocco, despite the effects of this crisis and strong competitive pressure, the significant investments made in Broadband support its leadership and its position as forerunner operator.

Internationally, the Group has chosen to bring together its subsidiaries in Africa, under a common "Moov Africa" visual identity, reflecting their good growth momentum.

The digitisation project launched by the Group continues and has proved its effectiveness in front of the constraints imposed by the pandemic.

The Maroc Telecom Group generated revenues ⁽¹⁾ of MAD 36,769 million, up 0.7% (-0.8% on a like-for-like basis⁽²⁾). The increase in the revenues of the Moov Africa subsidiaries and Fixed Broadband in Morocco offsets the slowdown in Mobile activities in Morocco, heavily impacted by competitive context.

The Group's customer base grew by 8.1% in 2020, reaching nearly 73 million customers, due to the growth of the customer bases of the Moov Africa subsidiaries and Fixed in Morocco.


In Morocco, at the end of 2020, the Mobile customer base⁽³⁾ totaled 19.5 million customers, down 2.8% over one year.

The Fixed customer base maintained its good momentum and increased by 6.6% to 2 million lines. The Broadband customer base now has 1.7 million subscribers, up 10.4%.

The Group's international activities recorded revenues of MAD 16,883 million, up 1.4% on a like-for-like basis⁽²⁾, explained by the recovery in post-lockdown activities and the growth in Data Mobile and Mobile Money services.

The subsidiaries customer base numbered close to 50.0 million customers at end-of 2020, up 13.0%.





On the regulatory front in Morocco, the year was marked by: (i) the ANRT's decision on Wana's referral on unbundling for financial penalties and injunctions. The terms of the decision are respected by IAM in accordance with deadlines given ; (ii) Wana's withdrawal of the judicial application on unbundling, filed with the Commercial Court of Rabat; (iii) a multi-year framework for Mobile and Fixed call termination rates, involving a 35% reduction in Mobile rates for Maroc Telecom vs. 25% for Orange and 22% for Inwi with maintenance of asymmetry; and (iv) the adoption of regulatory decisions on portability and the basis for calculating contributions to the general missions of the State.

The new visual identity “Moov Africa” was launched on 1 January 2021. The ten subsidiaries of the Maroc Telecom Group (based in Mauritania, Burkina Faso, Gabon, Mali, Côte d'Ivoire, Benin, Togo, Niger, Central African Republic and Chad) are now united around a common visual identity.

In Mauritania, Mauritel obtained a 4G licence for a total amount of MAD 124 million.



2. Group consolidated adjusted results*

(IFRS in MAD million)	Q4-2019	Q4-2020	Change	Change on like-for-like basis ⁽²⁾	2019	2020	Change	Change on like-for-like basis ⁽²⁾
Revenues	9,209	9,271	+0.7%	+0.4%	36,517	36,769	+0.7%	-0.8%
Adjusted EBITDA	4,525	4,740	+4.8%	+4.6%	18,922	19,100	+0.9%	+0.5%
<i>Margin (%)</i>	49,1%	51,1%	+2.0 pt	+2.1 pt	51.8%	51.9%	+0.1 pt	+0.7 pt
Adjusted EBITA	2,552	2,886	+13.1%	+13.1%	11,540	11,598	+0.5%	+0.8%
<i>Margin (%)</i>	27,7%	31,1%	+3.4 pt	+3.5 pt	31.6%	31.5%	-0.1 pt	+0.5 pt
Group share of adjusted Net Income	1,382	1,475	+6.7%	+6.7%	6,029	6,001	-0,5%	-0,4%
<i>Margin (%)</i>	15.0%	15.9%	+0.9 pt	+0.9 pt	16,5%	16,3%	-0.2 pt	+0.1 pt
CAPEX⁽⁴⁾	2,184	1,417	-35.1%	-34.9%	6,788	3,448	-49.2%	-50.6%
<i>Of which frequencies and licenses</i>	102	124			1 418	135		
<i>CAPEX/Revenues (excluding frequencies and licenses)</i>	22.7%	13.9%	-8.7 pt	-8.7 pt	14,7%	9,0%	-5.7 pt	-5.5 pt
Adjusted CFO	4,185	4,498	+7.5%	+7.4%	13,352	15,719	+17.7%	+17.8%
Net Debt	17,350	17,619	+1.6%	+2.4%	17,350	17,619	+1.6%	+2.4%
Net Debt /EBITDA⁽⁵⁾	0.9x	0.9x			0.9x	0.8x		

* Details of the financial indicator adjustments are provided in section 6. Change from adjusted financial indicators to published financial indicators.

► Revenues

Maroc Telecom Group generated revenues of MAD 36,769 million, up 0.7% (-0.8% on a like-for-like basis⁽²⁾). The increase in the revenues of the Moov Africa subsidiaries and Fixed Broadband in Morocco offsets the slowdown in Mobile activities in Morocco, heavily impacted by competitive context.

In the fourth quarter alone and despite the decrease in Mobile call termination rates in Morocco in December 2020, the Group's revenues increased by 0.7% (+0.4% on a like-for-like basis⁽²⁾), thanks in particular to the sustained increase in the activities of the Moov Africa subsidiaries and Fixed Broadband in Morocco.

► Earnings from operations before depreciation and amortization

At the end of December 2020, Maroc Telecom Group's adjusted earnings from operations before depreciation and amortization (EBITDA) reached MAD 19,100 million, up 0.9% (+0.5% on a like-for-like basis⁽²⁾). The adjusted EBITDA margin was 51.9%, up 0.1 pt (+0.7 pt on a like-for-like basis⁽²⁾), thanks to rigorous cost management.

► Earnings from operations

At the end of 2020, Maroc Telecom Group's adjusted earnings from operations (EBITA)⁽⁶⁾ amounted to MAD 11,598 million, up 0.8% on a like-for-like basis⁽²⁾, thanks to the increase in EBITDA. The adjusted EBITA margin stood at 31.5%, up 0.5 pt on a like-for-like basis⁽²⁾.

► Group share of Net Income

The adjusted Group share of Net Income decreased slightly by 0.4% on a like-for-like basis⁽²⁾.

► Investments

The capital expenditures⁽⁴⁾ excluding frequencies and licenses, down 38.3% over one year, were adapted to the context of the health crisis and focused on meeting strong demand for Fixed Internet access, extensions of Data infrastructures, and quality of service. They represent 9.0% of revenues, a level in line with the objective announced for the year.

► Cash-Flow

Adjusted Cash Flow From Operations (CFFO)⁽⁷⁾ improved by +17.8% on a like-for-like basis⁽²⁾, reaching MAD 15,719 million mainly due to the decrease in investments.

At 31 December 2020, Maroc Telecom Group's consolidated net debt⁽⁸⁾ represented 0.8⁽⁵⁾ times the Group's annual EBITDA.



3. Maroc Telecom Group outlook for 2021 at constant scope and exchange rates

Based on recent market developments and insofar as no new major exceptional event disrupts the Group's activity, Maroc Telecom forecasts for 2021, at constant scope and exchange rates:

- ▶ **Decrease in revenues;**
- ▶ **Decrease in EBITDA;**
- ▶ **CAPEX of maximum 15% of revenues, excluding frequencies and licences.**



4. Positions held by the members of the Supervisory Board

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 2024 financial statements	Minister of Economy, Finance and Administration Reform, Morocco
Obaid Bin Humaid AL TAYER	Deputy Chairman	Supervisory Board meeting of December 6, 2019	Ordinary Shareholders' Meeting called to approve the 2024 financial statements	Minister of State for Financial Affairs, United Arab Emirates
Abdelouafi LAFTIT	Member	Supervisory Board meeting of July 21, 2017	Ordinary Shareholders' Meeting called to approve the 2024 financial statements	Minister of the Interior, Morocco
Abderrahmane SEMMAR	Member	Supervisory Board meeting of July 22, 2016	Ordinary Shareholders' Meeting called to approve the 2024 financial statements	Director of Public Enterprises and Privatization in the Ministry of Economy, Finance and Administration Reform, Morocco
Hatem DOWIDAR	Member	Supervisory Board meeting of July 22, 2016	Ordinary Shareholders' Meeting called to approve the 2024 financial statements	Directeur Général d'Etisalat , Émirats arabes unis
Saleh Al ABDOOLI	Member	Supervisory Board meeting of December 9, 2016	Ordinary General Meeting called to approve the 2021 financial statements	Director of Etisalat, United Arab Emirates
Mohammed Saif AL SUWAIDI	Member	Supervisory Board meeting of May 15, 2014	Ordinary Shareholders' Meeting called to approve the 2024 financial statements	Director General of Abu Dhabi Fund for Development, United Arab Emirates
Mohammed Hadi AL HUSSAINI	Member	Supervisory Board meeting of May 15, 2014	Ordinary Shareholders' Meeting called to approve the 2024 financial statements	Director of Emirates Investment Authority, United Arab Emirates
Luis ENRIQUEZ*	Member	Supervisory Board meeting of July 22, 2020	Shareholders' Meeting called to approve the 2025 financial statements	Conseiller du Conseil d'Administration d'Etisalat, Émirats arabes unis

* Appointed to replace Mr Serkan OKANDAN who was the Chief Financial Officer of Etisalat Group.

Mohamed BENCHÂABOUN

Chairman

Nationality: Moroccan

Business address: Ministry of Economy, Finance and Administration Reform

Current offices

None

Obaid Bin Humaid AL TAYER

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

Current offices

- Etisalat Group, Chairman
- Emirati Development Bank, Chairman of the Board of Directors
- Emirates General Petroleum Corporation, Chairman of the Board of Directors
- Al Etihad Credit Bureau, Chairman of the Board of Directors
- General Fiscal Authority, Deputy Chairman
- Emirati Investment Authority, member of the Board of Directors and Chairman of the Executive Committee
- General Authority for Retirement and Social Security, Deputy Chairman
- Real Estate Authority, Deputy Chairman
- Arab Bank for Economic Development, Governor
- Multilateral Investment Guarantee Agency, Governor
- Arab Investment and Export Credit Guarantees Corporation, Governor
- International Islamic Society for Trade Finance, Governor

Abdelouafi LAFTIT

Nationality: Moroccan

Business address: Ministry of the Interior

Current offices

None

Abderrahmane SEMMAR

Nationality: Moroccan

Business address: Ministry of Economy, Finance and Administration Reform

Current offices

None

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

Current offices

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

Current offices

- Etisalat Egypte, Deputy Chairman
- Mobily (Saudi Arabia), Board Member, representing Etisalat

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

Current offices

- Arab Bank for Investment and Foreign Trade, Deputy Chairman
- Emirates Steel Industries Company, Board member
- First Abu Dhabi Bank, Board member
- DP World, Board member
- Al Jazira Sports & Cultural Club, Board member
- Raysut Cement Company, Board member

- Emirates Development 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

Current offices

- Emirates NBD, Board member
- Emirates Islamic Bank, Board member
- Dubai Refreshments Company, Board member
- Emaar Malls, Chairman of the Board of Directors
- Dubai Real Estate Corporation, Board member
- Mobily, Board member
- Emirates Investment Authority, Board member

Luis ENRIQUEZ

Nationality : Chilean and Belgian

Business address: London

Current offices

- ◆ Etisalat Group, Adviser to the Board of Directors

5. Review of the Group's activities

The adjustments of the financial indicators are provided in section 6. Change from adjusted financial indicators to published financial indicators.

5.1 Morocco

(in IFRS MAD million)	Q4-2019	Q4-2020	Change	2019	2020	Change
Revenues	5 378	5 152	-4,2%	21 690	20 881	-3,7%
Mobile	3 557	3 219	-9,5%	14 276	13 351	-6,5%
Services	3 523	3 084	-12,4%	14 046	13 009	-7,4%
Equipment	35	135	ns	230	342	+48,9%
Fixed	2 306	2 424	+5,1%	9 261	9 517	+2,8%
<i>Of which Fixed Data*</i>	886	966	+9,1%	3 186	3 608	+13,2%
<i>Elimination and other income</i>	-485	-491		-1 846	-1 987	
Adjusted EBITDA	2 948	2 979	+1,1%	12 294	11 950	-2,8%
<i>Margin (%)</i>	54,8%	57,8%	+3,0 pt	56,7%	57,2%	+0,5 pt
Adjusted EBITA	1 917	2 024	+5,6%	8 294	8 079	-2,6%
<i>Margin (%)</i>	35,6%	39,3%	+3,6 pt	38,2%	38,7%	+0,5 pt
CAPEX⁽⁴⁾	1 289	584	-54,7%	3 022	1 466	-51,5%
<i>Of which frequencies and licences</i>	102			102		
<i>CAPEX/revenues (excluding frequencies and licences)</i>	22,1%	11,3%	-10,8 pt	13,5%	7,0%	-6,4 pt
Adjusted CFFO	3 000	3 246	+8,2%	9 425	10 300	+9,3%
Net debt	11 101	11 515	+3,7%	11 101	11 515	+3,7%
Net debt/EBITDA⁽⁵⁾	0,9x	0,9x		0,8x	0,9x	

* Fixed Data includes the Internet, TV on ADSL and Data services to businesses

The Group's activities in Morocco generated revenues down 3.7% compared with 2019, affected in particular by the effects of the Covid-19 pandemic on Mobile activities and partially offset by the solid momentum of Fixed and Internet. This change was more marked in the fourth quarter of the year due in particular to the fall in national call termination prices, which has applied from December, 1st 2020.

At the end of 2020, the adjusted earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 11,950 million, down 2.8% compared with 2019. The adjusted EBITDA margin increased by 0.5 pt to a high level of 57.2%, thanks to the control of operating costs.

The adjusted earnings from operations (EBITA)⁽⁶⁾ reached MAD 8,079 million, down 2.6%. It represents an adjusted margin rate of 38.7%, up 0.5 pt.

Adjusted Cash Flow From Operations (CFFO)⁽⁷⁾ in Morocco increased by 9.3% to MAD 10,300 million due to efficient investment management adapted to the context of the crisis

- **Mobile**

	Unit	2019	2020	Change
Customer base⁽³⁾	(000)	20,054	19,498	-2.8%
Prepaid	(000)	17,752	17,181	-3.2%
Postpaid	(000)	2,302	2,317	+0.6%
Of which Internet 3G/4G+⁽⁹⁾	(000)	11,789	11,060	-6.2%
ARPU⁽¹⁰⁾	(MAD/mois)	58.3	54.3	-6.9%

At the end of 2020, the Mobile customer base⁽³⁾ totaled 19.5 million customers, down 2.8% over one year.

Mobile revenues fell by 6.5% compared to the same period in 2019, to MAD 13,351 million impacted by the Covid-19 pandemic effects and the competitive context.

The 2020 combined ARPU⁽¹⁰⁾ stood at MAD 54.3, down 6.9% over one year.

- **Fixed and Internet**

	Unit	2019	2020	Change
Fixed lines	(000)	1,882	2,008	+6.6%
Broadband Access⁽¹¹⁾	(000)	1,573	1,738	+10.4%

The Fixed customer base maintained its good momentum and increased by 6.6% to 2 million lines. The Broadband customer base now has 1.7 million subscribers, up 10.4%.

The Fixed and Internet activities in Morocco continue to improve their performance and generate revenues of MAD 9,517 million, up 2.8% compared to 2019. This growth accelerated in the last three months of the year, thanks to the enthusiasm for the FTTH offers and the ADSL service.

5.2 International

Financial indicators

(IFRS in MAD million)	Q4-2019	Q4-2020	Change	Change on like-for-like basis ⁽²⁾	2019	2020	Change	Change on like-for-like basis ⁽²⁾
Revenues	4,102	4,367	+6.4%	+5.8%	16,095	16,883	+4.9%	+1.4%
<i>Of which mobile services</i>	3,752	4,031	+7.4%	+6.8%	14,693	15,507	+5.5%	+1.7%
Adjusted EBITDA	1,576	1,761	+11.7%	+11.2%	6,629	7,150	+7.9%	+6.5%
<i>Margin (%)</i>	38.4%	40.3%	+1.9 pt	+2.0 pt	41.2%	42.4%	+1.2 pt	+2.0 pt
Adjusted EBITA	635	861	+35.7%	+35.7%	3,246	3,520	+8.4%	+9.6%
<i>Margin (%)</i>	15.5%	19.7%	+4.3 pt	+4.4 pt	20.2%	20.8%	+0.7 pt	+1.6 pt
CAPEX⁽⁴⁾	895	832	-7.0%	-6.3%	3,766	1,982	-47.4%	-50.0%
<i>Of which frequencies and licences</i>		124			1,316	135		
<i>CAPEX/revenues (excluding frequencies and licences)</i>	21.9%	16.2%	-5.7 pt	-5.6 pt	15.2%	10.9%	-4.3 pt	-3.8 pt
Adjusted CFFO	1,185	1,252	+5.7%	+5.3%	3,927	5,419	+38.0%	+38.4%
Net debt	8,748	7,517	-14.1%	-12.3%	8,748	7,517	-14.1%	-12.3%
Net debt/EBITDA⁽⁵⁾	1.3x	1.0x			1.3x	1.0x		

The Group's international activities recorded revenues of MAD 16,883 million, up 1.4% on a like-for-like basis⁽²⁾, explained by the recovery in post-lockdown activities and the growth in Data Mobile and Mobile Money services.

In 2020, the adjusted earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 7,150 million, up 7.9% (+6.5% on a like-for-like basis⁽²⁾). The adjusted EBITDA margin was 42.4%, up 1.2 pt (+2.0 pt on a like-for-like basis⁽²⁾). This performance comes from the improvement in the gross margin rate and rigorous cost management.

During the same period, the adjusted earnings from operations (EBITA)⁽⁶⁾ improved by 8.4% (+9.6% on a like-for-like basis⁽²⁾) to MAD 3,520 million, thanks to the increase in EBITDA.

Adjusted Cash Flow From Operations (CFFO)⁽⁷⁾ from international activities improved by +38.4% on a like-for-like basis⁽²⁾ to MAD 5,419 million.

Operating indicators

	Unit	2019	2020	Change
Mobile				
Customer base⁽³⁾	(000)	43,531	49,226	
Mauritania		2,470	2,641	+6.9%
Burkina Faso		8,546	9,388	+9.8%
Gabon		1,621	1,632	+0.6%
Mali		7,447	9,684	+30.0%
Côte d'Ivoire		8,975	10,050	+12.0%
Bénin		4,377	4,682	+6.9%
Togo		3,030	3,380	+11.6%
Niger		2,922	3,005	+2.8%
Central African Republic		168	189	+12.0%
Tchad		3,975	4,577	+15.2%
Fixed-Line				
Customer base	(000)	325	337	
Mauritania		56	57	+0.9%
Burkina Faso		75	75	-0.3%
Gabon		22	25	+13.9%
Mali		171	180	+5.1%
Fixed-Line Broadband				
Customer base⁽¹¹⁾	(000)	116	131	
Mauritania		10	18	+82.7%
Burkina Faso		15	14	-2.2%
Gabon		18	22	+19.9%
Mali		73	77	+5.2%

6. Change from adjusted financial indicators to published financial indicators

Adjusted EBITDA, adjusted EBITA, 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 million)	2019			2020		
	Morocco	International	Group	Morocco	International	Group
Adjusted EBITDA	12,294	6,629	18,922	11,950	7,150	19,100
Exceptional items:						
Dispute resolution				+420		+420
Published EBITDA	12,294	6,629	18,922	12,370	7,150	19,520
Adjusted EBITA	8,294	3,246	11,540	8,079	3,520	11,598
Exceptional items:						
Restructuring costs		-9	-9			
Dispute resolution				+420		+420
ANRT fine	-3,300		-3,300			
Published EBITA	4,994	3,237	8,231	8,499	3,520	12,018
Group share of adjusted Net Income			6,029			6,001
Exceptional items:						
Restructuring costs			-4			
Dispute resolution						+469
COVID contributions						-1,047
ANRT fine			-3,300			
Published net income – Group			2,726			5,423
Adjusted CFFO	9,425	3,927	13,352	10,300	5,419	15,719
Exceptional items:						
Licences Payment	-102	-1,835	-1,937		-143	-143
ANRT fine				-3,300		-3,300
Published CFFO	9,324	2,091	11,415	7,000	5,277	12,276

2020 CFFO was marked by the disbursement of MAD 3,300 million linked to the full payment of the ANRT fine in Morocco as well as MAD 143 million for licences obtained in Mauritania, Gabon and Togo.

2019 CFFO included the payment of MAD 1,937 million corresponding to the licences obtained in Burkina Faso, Mali, Côte d'Ivoire and Togo as well as the widening of the bandwidth spectrum in Morocco.

7. Impact of the adoption of IFRS 16

As at end-December 2020, the impacts of this standard on Maroc Telecom's key indicators were as follows:

<i>(in MAD million)</i>	2020		
	Morocco	International	Group
Adjusted EBITDA	+266	+292	+557
Adjusted EBITA	+33	+29	+62
Group share of adjusted Net Income			-17
Adjusted CFFO	+266	+292	+557
Net Debt	+838	+801	+1,639



8. Consolidated Financial statements

8.1 Comparability of the financial statements

The consolidated financial statements of Maroc Telecom S.A. 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 31,2020 and which, in the published financial statements, show no difference with the accounting standards published by the International Accounting Standards Board (IASB).

All the new standards, interpretations or amendments established by the IASB and that must be applied in the European Union as from January 1, 2020, were applied.



8.2 Consolidated Statement of Financial Position

ASSETS (in MAD million)	2019	2020
Goodwill	9,201	9,315
Other intangible assets	8,808	8,120
Property, plant and equipment	31,037	28,319
Right-of-use asset	1,630	1,592
Equity affiliates	0	0
Non-current financial assets	470	654
Deferred tax assets	339	580
Non-current assets	51,485	48,579
Inventories	321	271
Trade and other receivables	11,380	11,816
Short-term financial assets	128	130
Cash and cash equivalents	1,483	2,690
Assets available for sale	54	54
Current assets	13,365	14,960
TOTAL ASSETS	64,851	63,540

LIABILITIES (in MAD million)	2019	2020
Share capital	5,275	5,275
Consolidated reserves	4,069	2,023
Consolidated net income for the period	2,726	5,423
Shareholders' equity – Group share	12,069	12,721
Non-controlling interests	3,934	3,968
Shareholder's equity	16,003	16,688
Non-current provisions	504	521
Borrowings and other long-term financial liabilities	4,178	4,748
Deferred tax liabilities	258	45
Other non-current liabilities	0	0
Non-current liabilities	4,939	5,314
Trade payables	23,794	24,007
Current tax liabilities	733	671
Current provisions	4,634	1,247
Borrowings and other short-term financial liabilities	14,748	15,612
Current liabilities	43,908	41,538
TOTAL LIABILITIES	64,851	63,540

8.3 Consolidated Income Statement

(In MAD million)	2019	2020
Revenues	36,517	36,769
Cost of purchases	-5,670	-5,416
Payroll costs	-3,098	-3,005
Taxes, royalties and dues	-3,183	-3,344
Other operating income and expenses	-5,610	-8,746
Net depreciation, amortization, and provisions	-10,724	-4,240
Earnings from operations	8,231	12,018
Other income and expenses from ordinary activities	-11	-1,513
Income from equity affiliates	0	0
Income from ordinary activities	8,220	10,505
Income from cash and cash equivalents	2	17
Gross cost of financial debt	-756	-888
Net cost of financial debt	-754	-871
Other financial income and expenses	-38	26
Financial income	-792	-844
Income tax	-3,830	-3,372
Net Income	3,598	6,289
Translation difference resulting from foreign business activities	-226	134
Other comprehensive income and expenses	43	-14
Total comprehensive income for the period	3,415	6,409
Net Income	3,598	6,289
Earnings attributable to equity holders of the parents	2,726	5,423
Non-controlling interests	873	866
Earnings per share	2019	2020
Net income attributable to equity holders of the parent (in MAD million)	2,726	5,423
<i>Number of stocks at December 31</i>	879,095,340	879,095,340
Net earnings per share (in MAD)	3.10	6.17
Diluted net earnings per share (in MAD)	3.10	6.17

8.4 Consolidated Cash Flow Statement

(In MAD million)	2019	2020
Earnings from operations	8,231	12,018
Depreciation, amortization, and other restatements	10,721	2,719
Gross cash flow from operating activities	18,952	14,738
Other changes in net working capital requirement	419	139
Net cash flow from operating activities before tax	19,372	14,877
Income tax paid	-4,091	-3,789
Net cash flow from operating activities (a)	15,281	11,088
Purchases of property, plant and equipment and intangible assets	-7,949	-4,141
Purchases of consolidated investments after acquired cash	-1,096	0
Increase in financial assets	-73	-249
Disposals of property, plant and equipment and intangible assets	6	14
Decrease in financial assets	287	144
Dividends received from non-consolidated equity investments	6	14
Net cash flow used in investing activities (b)	-8,819	-4,219
Capital increase	0	0
Dividends paid to shareholders	-6,003	-4,870
Dividends paid by subsidiaries to their non-controlling shareholders	-838	-855
Changes in equity capital	-6,841	-5,725
Proceeds from borrowings and increase in other long-term financial liabilities	2,270	2,307
Proceeds from borrowings and increase in other short-term financial liabilities	2,860	1,167
Payments on borrowings and decrease in other short-term financial liabilities	-4,548	-2,687
Net interest paid	-473	-626
Other cash items relating to financing activities	-13	-35
Change in borrowings and other financial liabilities	96	125
Net cash flow used in financing activities (d)	-6,744	-5,600
Translation adjustments and other non-cash items (g)	65	-62
Total cash flows (a)+(b)+(d)+(g)	-217	1,207
Cash and cash equivalents at beginning of period	1,700	1,483
Cash and cash equivalents at end of period	1,483	2,690

9. Statutory financial statements

The presentation rules and valuation methods used to prepare these documents comply with prevailing regulations.

The table below summarises the changes in Maroc Telecom's main financial indicators over the last three financial years :

<i>In MAD million</i>	2018	2019	2020	Change 20/19
Revenues	20,734	20,979	20,289	-3.3%
Operating income	7,394	8,131	8,249	1.5%
Financial income	1,096	943	750	-20.5%
Income tax expense	-2,375	-2,389	-2,296	-3.9%
Non-current income	185	-3,426	-454	86.7%
Net income	6,301	3,259	6,248	91.7%
Investments	2,646	2,903	1,353	-53.4%

9.1 Key elements of the income statement

► Revenues

Maroc Telecom's revenues in 2020 was MAD 20,289 million, down 3.3% compared with 2019.

► Operating income and net income

Operating income at 31 December 2020 was MAD 8,249 million, up 1.5% compared with 2019. This improvement was mainly due to the controls placed on operating expenses.

Financial income fell by 20.5% to MAD 750 million compared with MAD 943 million in 2019. This fall was mainly due to fluctuations in exchange rates, an increase in interest expense and a fall in income from subsidiaries (dividends and interest on shareholder loans).

Non-current income increase by 86.7% to MAD -454 million compared with MAD -3,426 million in 2019. This fall was mainly due to the recognition in 2019 of an exceptional provision for risks of MAD 3,300 million (following the decision of the Management Committee of the Moroccan National Telecommunications Regulatory Agency on anti-competitive practices in the landline market and fixed broadband access).

With a pre-tax profit of MAD 8,545 million and corporate income tax expense of MAD 2,296 million, net income was MAD 6,248 million, up 91.7%.

9.2 Balance sheet

As at 31 December 2020, the balance sheet, excluding non-value assets total was MAD 39,842 million, a 4.0% fall compared with the previous financial year.

► Assets and their components

(Assets in MAD million)	NET			Change 20/19
	2018	2019	2020	
Nil-value assets	-	-	1,200	-
Intangible assets	2,340	2,305	2,081	-9.7%
Property, plant and equipment	18,430	17,688	15,738	-11.0%
Long-term investments	12,506	13,422	12,216	-9.0%
Translation difference - loss	19	21	1	-93.4%
Total net non-current assets	33,296	33,436	31,236	-6.6%
Current assets	7,678	7,856	8,052	2.5%
Cash assets	398	214	554	159.4%
Total assets	41,372	41,505	39,842	-4.0%

Net non-current assets were MAD 31,236 million at 31 December 2020, compared with MAD 33,436 million the previous financial year. They represented 78% of total assets and fell by 10.2% compared with 2019.

Intangible assets were MAD 2,081 million in 2020, compared with MAD 2,305 million in 2019.

Net property, plant and equipment fell by 11%, from MAD 17,688 million in 2019 to MAD 15,738 million in 2020.

Long-term investments were MAD 12,216 million in 2020, compared with MAD 13,422 million in 2019. This fall was mainly caused by the repayment of loans granted to subsidiaries in the amount of MAD 1,156 million.

Current assets excluding investments (except assets relating to price adjustments) were MAD 8,052 million in 2020, compared with MAD 7,856 million in 2019, an increase of 2.5% mainly due to the increase in receivables.

Net cash, including investments (except cash relating to price adjustments), was MAD -10,497 million at 31 December 2020, compared with MAD -10,025 million at 31 December 2019.

► **Liabilities and their components**

<i>(Liabilities in MAD million)</i>	NET			Change 20/19
	2018	2019	2020	
Shareholders'equity	15,969	13,225	14,603	10.4%
including net profit for the fiscal year	6,301	3,259	6,248	91.7%
Financial borrowings	2,714	7	7	0.0%
Long-term provisions for risks and losses	34	35	15	-58.5%
Translation difference - profit	0	0	4	-
Total permanent funds	18,716	13,267	14,629	10.3%
Current liabilities	14,666	18,000	14,163	-21.3%
Cash liabilities	7,990	10,238	11,051	7.9%
Total liabilities	41,372	41,505	39,842	-4.0%

Given the profit for the financial year of MAD 6,248 million and nil-value of fixed assets of MAD 1,200 million, the net assets at 31 December 2020 was MAD 13,403 million, compared with MAD 13,225 million in 2019.

At 31 December 2020, current liabilities stood at MAD14,163 million, compared with MAD 18,000 million in 2019. This fall was mainly due to the reversal of an exceptional provision for risks of MAD 3,300 million (following the decision of the Management Committee of the Moroccan National Telecommunications Regulatory Agency on anti-competitive practices in the landline market and fixed broadband access).

9.3 Equity investments

At December 31, 2020, Maroc Telecom held the following equity investments:

	Gross value (in MAD thousands)	Ownership interest (%)
SOTELMA	3,143,911	51
ONATEL	2,928,777	61
GABON TELECOM	696,641	51
COMPAGNIE MAURITANIENNE DE COMMUNICATIONS (CMC)*	399,469	80
ETISALAT BENIN SA	864,716	100
ATLANTIQUE TELECOM COTE D'IVOIRE	890,932	85
ATLANTIQUE TELECOM TOGO	596,672	95
ATLANTIQUE TELECOM NIGER	507,165	100
ATLANTIQUE TELECOM CENTRE AFRIQUE	358,755	100
MIC AFRICA 2 B.V (TIGO TCHAD)	1,104,125	100
CASANET	18,174	100
AUTOROUTES DU MAROC ADM	20,000	NS
MEDI1 SAT	169,540	8
THURAYA	9,872	NS
ARABSAT	6,454	NS
MT CASH	20,000	100
MT FLY SA	20,300	100

*CMC, holding controlling 51.5% of Mauritel

9.4 Breakdown by due date of the balance of local supplier invoices

	(A) Amount of trade payables A=B+C+D+E+F	(B) Amount of payables not due	Amount of payables due			
			(C) Amount of payables due in less than 30 days	(D) Amount of payables due between 31 and 60 days	(E) Amount of payables due between 61 and 90 days	(F) Amount of payables due in more than 90 days
12/31/2020	1,272,733,744	1,272,733,744	0	0	0	0
12/31/2019	1,127,119,092	1,127,119,092	0	0	0	0

Due dates were calculated on the date services were performed or merchandise delivered as stipulated by law 32-10.

10. Proposed appropriation of earnings

We are recommending that you approve the following allocations:

Proposed allocation of the 2020 net income	(In MAD)
Net profit for the year:	6 248 418 599,76
Retained earnings:	-
Legal reserve:	-
Other optional reserves(1) :	1 200 000 000,00
Distributable earnings:	5 048 418 599,76
Optional reserve(2) :	1 523 246 286,36
Ordinary dividend(2) :	3 525 172 313,40

(1) Allocation of an amount of MAD 1,200,000 to optional reserves in accordance with the provisions of paragraph 2 of Article 330 of Act 17-95 relating to limited Companies: "Except in the case of a capital reduction, no distribution may be made to the shareholders when the net situation is, or would become as a result of it, lower than the amount of the capital increased by the reserves that the law or the bylaws do not allow to be distributed" This amount corresponds to the net balance of fixed assets not in value at December 31, 2020.

⁽²⁾ These amounts will have to be adjusted to take into account the number of treasury shares held on the dividend payment date.

Accordingly, the dividend was set at MAD 4.01 for each share of those comprising the share capital and held on the record date.

Dividends paid in the past three years were as follows:

	2017	2018	2019
Number of shares	879,095,340	879,095,340	879,095,340
Dividend/share (MAD)	6.48	6.83	5.54
Total distribution* (in MAD thousands)	5,695,730	6,003,058	4,869,916

* This amount reflects the number of treasury shares held on the dividend payment date

11. Human Resources

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

In order to enable employees to develop their skills and progress in their careers, Maroc Telecom regularly diversifies and improves its training courses.

In 2020, and taking into account the specific context of Covid-19, the training on offer was adapted by offering training modules that were, for the most part, provided remotely. This allowed nearly 60% of employees to receive training in 2020.

In addition, a new training structure called "Académie Maroc Telecom" has been introduced, which aims to put in place a global training system to develop technical skills, performance and customer satisfaction.

In terms of transfers, the quantitative and qualitative strengthening of the sales force and technical teams continued in 2020. International transfers also occur between the various subsidiaries in order to provide them with the necessary expertise in the various business areas.

The Maroc Telecom Group had 10,123 employees at the end of December 2020.

12. Statement of share buyback program

The current buyback program to stabilize the market was approved by the Shareholders' Meeting of April 29, 2020, after the Company had obtained AMMC approval on April 9, 2020 under reference VI/EM/006/2020 for the Prospectus relating to that program.

The Shareholders' Meeting held on April 29, 2020 resolved:

- To revoke, as of May 13th, 2020, the buyback program on the stock exchange in order to stabilize the market as authorized by the Ordinary Shareholders' Meeting of April 23, 2019, which is expected to expire on November 6, 2020.
- To authorize the Management Board, as of this Shareholders' Meeting, in accordance with Article 281 of the law governing joint stock companies, for a period of eighteen months from May 13, 2020, to November 12, 2021, to purchase company shares on the market in order to stabilize their price, on one or more occasions, in Morocco or abroad, and to introduce on the Casablanca Stock Exchange a liquidity contract backing this buyback program. The number of shares targeted by that 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 the buyback program are as follows:

- Duration: from May 13, 2020, to November 12, 2021
- Spread between sell and buy trades price: MAD 92 - 198
 - ▶ Maximum purchasing price : MAD 198 corresponding to 130% of the average price calculated between the highest closing price (MAD 158.00, 20 January, 2020) and the average of closing prices (MAD 146.61) during the period from September 19, 2019 to March 17,2020;
 - ▶ Minimum selling price: MAD 92 corresponding to 70% of the average price calculated between the lowest closing price (MAD 117.30, March 17th, 2020) and the average of closing prices (MAD 141.72) during the period from September 19, 2019 to March 17,2020;
- Maximum portion of capital that may be held: 0.17%, i.e. 1,500,000 shares
- Liquidity contract backing this buyback program, representing 20% of the program, or a maximum of 300,000 shares.

Under the price stabilization and liquidity contracts given to Rothschild Martin Maurel, the following averages appear in those financial statements:

	12/31/2018	12/31/2019	12/31/2020
Casablanca - excluding liquidity	14,900 shares MAD 31,000,479.27	5,000 shares MAD 32,663 487,06	10,000 shares MAD 32,774,725.83
Casablanca - Liquidity portion	14,000 shares MAD 34,047,316.10	15,000 shares MAD 34,297,144.63	3,500 shares MAD 36,848,523.63
Paris	67,250 shares €4,241,633.00	75,326 shares €4,116,065.00	42,687 shares €4,596,618.00

The result of the share buyback program for the period extending from January 1 to December 31, 2020 is as follows:

	Casablanca - Excluding liquidity	Casablanca - Liquidity portion	Paris	Total
Number of shares purchased	472,795	625,361	401,361	1,499,517
Average buy price	MAD 138.04	MAD 139.38	€12.81	-
Number of shares sold	467,795	636,861	434,000	1,538,656
Average sell price	MAD 138.41	MAD 139.81	€12.99	-
Shares held as of December 31, 2020	10,000	3,500	42,687	56,187

The details of the buyback program will be available in the simplified prospectus provided to the Shareholders' Meeting on April 30, 2021.



13. Related-party agreements under article 95 of Law 17-95

We are also asking you to approve the transactions that occurred during the fiscal year ended December 31, 2020, pursuant to the agreements governed by Article 95 of Law 17-95 on Joint Stock Companies as amended and supplemented, duly authorized by the Supervisory Board, which continued and/or were concluded during the fiscal year ended.

The Statutory Auditors have been informed of the extension and/or impact of the agreements mentioned in their special report.



14. Draft resolutions on the agenda of the Ordinary Shareholders' Meeting of April 31, 2021

The Management Board proposes the adoption of nine resolutions by the Ordinary Shareholders' Meeting of April 30, 2021:

1. Approval of the summary annual financial statements for the year ended December 31, 2020;
2. Approval of the consolidated financial statements for the year ended December 31, 2020;
3. Approval of the related-party agreements reviewed in the statutory auditors' special report;
4. Appropriation of earnings for 2020 and dividend;
5. Ratification of the co-optation of Luis ENRIQUEZ as a member of the Supervisory Board;
6. Abrogation of the current share-buyback program and authorization for the management board to carry out additional transactions on company shares and to implement a liquidity agreement in Casablanca stock exchange;
7. Powers for the performance of formalities.

Notes

- (1) Maroc Telecom consolidates in its financial statements Casanet and Moov Africa subsidiaries in Mauritania, Burkina Faso, Gabon, Mali, Côte d'Ivoire, Benin, Togo, Niger, Central African Republic and Chad since July 1, 2019.
- (2) "Like-for-like" refers to the effects of consolidating Moov Africa Chad as if it had taken place on January 1, 2019, and an unchanged MAD/Ouguiya/CFA franc exchange rate.
- (3) 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.
- (4) CAPEX corresponds to purchases of tangible and intangible assets recognized for the period.
- (5) The ratio Net Debt/EBITDA excludes the impact of IFRS 16.
- (6) EBITA corresponds to EBIT before the amortization of intangible assets acquired through business combinations, write-downs of goodwill and other intangible assets acquired through business combinations, and other income and expenses relating to financial investment transactions and transactions with shareholders (except when recognized directly in equity).
- (7) CFFO includes net cash flow from operations before tax, as set out in the cash flow statement, as well as the dividends received from companies accounted for by the equity method 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.
- (8) Loans and other current and non-current liabilities less cash and cash equivalents, including cash held in escrow for bank loans.
- (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.