



ITISSALAT AL-MAGHRIB SA  
**PROSPECTUS SUMMARY**  
OFFER FOR SALE TO THE PUBLIC

Number of shares to be sold: 17,581,900 shares  
Nominal value of the security: MAD 6  
Price: MAD 117.7 per share for Order Type I and MAD 125.3 per share for Order Types II, III and IV  
Overall amount of the offer: MAD 2,180,744,830  
Subscription period: from June 26<sup>th</sup>, 2019 to July 05<sup>th</sup>, 2019 (included) at 2.30 pm  
Possibility of early closing on July 2<sup>nd</sup>, 2019 included at 2.30 pm

*This offer is not intended for money-market, bond and contractual UCITS*

**Financial Advisers and Global Coordinators**



**Co-Leader of the Placement syndicate**



**Members of the Placement Syndicate**



**Approval of the Moroccan Stock Market Authority (AMMC)**

In accordance with the provisions of AMMC circular taken in pursuance of Article 5 of Dahir No. 1-12-55 of December 28, 2012, promulgating Law No. 44-12 on public offering and the information required of public issuers, this prospectus has been approved by AMMC on June 14<sup>th</sup>, 2019 under reference VI/EM/014/2019.

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## **DISCLAIMER**

The Moroccan Stock Market Authority (AMMC) approved on June 14<sup>th</sup>, 2019 a prospectus related to the transfer by an offer for sale of Itissalat Al-Maghrib shares by the Kingdom of Morocco.

The AMMC-approved prospectus is available at any time at Maroc Telecom's headquarters, on the latter's website [www.iam.ma](http://www.iam.ma), and with the financial advisors of the Kingdom of Morocco. It is also available within 48 hours at the order collecting establishments.

The prospectus is available to the public at the headquarters of the Casablanca Stock Exchange and on its website [www.casablanca-bourse.com](http://www.casablanca-bourse.com). It is also available on AMMC website [www.ammc.ma](http://www.ammc.ma).

This summary has been translated by LISSANIAT SARL under the joint responsibility of the said translator and the Kingdom of Morocco. In the event of any discrepancy between the contents of this summary and the AMMC-approved prospectus, only the approved prospectus is deemed authentic.

## PART I – PRESENTATION OF THE OPERATION

### 1. FRAMEWORK OF THE OPERATION

#### 1.1. General context

As part of the implementation of the 2019 Finance Act, the Moroccan State has decided to proceed with the sale of an 8% stake (the "**Transfer**") of the capital and voting rights of ITISSALAT AL-MAGHRIB through the transfer of share blocks and an offer for sale to the public.

The transfer by the Kingdom of Morocco of an 8% stake in ITISSALAT AL-MAGHRIB's capital and voting rights is subject to the scheme applicable to the transfer of public companies to the private ownership. The process is ruled by :

- Law No. 39-89 promulgated by Dahir No. 1-90-01 of Ramadan 15, 1410 (April 11<sup>th</sup>, 1990), authorizing the transfer of public businesses to the private sector, as amended and supplemented by Law No. 34-98, promulgated by Dahir No. 1-99-131 of Muharram 26, 1420 (May 13<sup>th</sup>, 1999);
- Law No. 31-04 promulgated by Dahir No. 1-04-220 published in the official bulletin on November 18<sup>th</sup>, 2004 supplementing the decree 2-90-402 of Rabii I 25, 1411 (October 16<sup>th</sup>, 1990) taken on the basis of the authorization provided for by Article 5 of Law No. 39-89 authorizing the transfer of public businesses to the private sector;
- Article 43 of Law No. 24-96 related to the Post and Telecommunications, promulgated by Dahir No. 1-97-162 of Rabii I 2, 1418 (August 7<sup>th</sup>, 1997), amended and supplemented by Law No. 29 -06, stipulates that the ownership of State shares in the capital of Itissalat Al-Maghrib may be transferred to the private sector under the conditions provided by Law No. 39-89 referred to above.

This sale is based on two distinct operations:

- a block sale operation (the "**Block Trade**") to be carried out on June 17<sup>th</sup>, 2019, intended for institutional investors qualified under Moroccan law. This operation involves 52,745,700 shares held by the Kingdom of Morocco and representing 6% of Maroc Telecom's share capital and voting rights;
- an offer to sell to the public (subject of this Prospectus) by transfer of shares to the Casablanca Stock Exchange (the "**Operation**") relating to a number of 17,581,900 shares held by the Kingdom of Morocco and representing 2% of the share capital and voting rights of Maroc Telecom.

The meeting of the Valuation Authority/Body held on May 21<sup>st</sup>, 2019, and the meeting of the Transfer Commission held on May 24<sup>th</sup>, 2019, examined and approved the principle as well as the terms of this operation.

Members of the Transfer Commission have decided to accept the transfer proposal consisting of selling 8% of the share capital that the State holds in Maroc Telecom via the Casablanca Stock Exchange according to the following scheme:

- A Block Trade with a size of 5% to 6% of ITISSALAT AL-MAGHRIB's capital;
- An offer for sale relating to the remainder.

A block transfer operation will be carried out on June 17<sup>th</sup>, 2019. This operation is intended for qualified institutional investors governed by Moroccan law (3 pension funds, 5 insurance companies and 3 banks). It concerns a number of 52,745,700 shares held by the Kingdom of Morocco and representing 6% of the capital and voting rights of ITISSALAT AL-MAGHRIB at MAD 127 per share. Registration of the Block Trade will take place on June 17<sup>th</sup>, 2019, and its settlement/delivery on June 20<sup>th</sup>, 2019.

The decision of the Minister of Economy and Finance dated June 14<sup>th</sup>, 2019, set the characteristics of the sale operation of 8% of Itissalat Al-Maghrib's capital.

The Valuation Body has set the minimum sale price of ITISSALAT AL-MAGHRIB share at MAD 125, taking into account the principle that the premiums or discounts applied to the overall volume of transferred securities ultimately respect this price.

The total amount of the two operations (Block Trade and offer for sale to the public) amounts to MAD 8,879,448,730, representing a transfer of 70,327,600 shares on the basis of an average<sup>1</sup> price of MAD 126.3 per share.

### 1.2. Legal aspects related to the operation

The legal aspects related to the sale by the Kingdom of Morocco of a stake of Maroc Telecom's share capital are listed in the table below:

Date	Operation
May 21 <sup>st</sup> , 2019	Valuation Body (Organisme d'Evaluation) meeting setting the minimum price for the sale of shares in the context of the operation
May 24 <sup>th</sup> , 2019	Transfer Commission (Commission des Transferts) meeting defining the transfer scheme
June 12 <sup>nd</sup> , 2019	Decree No. 2 .19.505 deciding the transfer through the Stock Exchange of 8% of Itissalat Al-Maghrib's capital
June 12 <sup>nd</sup> , 2019	Decree No. 2 .19.506 deciding the transfer through the Stock Exchange of 2% of Itissalat Al-Maghrib's capital, through an offer for sale to the public at a fixed price
June 14 <sup>th</sup> , 2019	Order of the Minister of Economy and Finance setting the placement syndicate from which the public can acquire Itissalat Al-Maghrib's shares for the transfer through the Stock Exchange of 2% of Itissalat Al-Maghrib's capital, through an offer for sale to the public.
June 14 <sup>th</sup> , 2019	Decision of the Minister of the Economy and Finance setting the characteristics of the sale operation of 8% of Itissalat Al-Maghrib's capital.
June 14 <sup>th</sup> , 2019	Approval notice of the Casablanca Stock Exchange
June 14 <sup>th</sup> , 2019	AMMC approval
June 17 <sup>th</sup> , 2019	Execution of the Block Trade

<sup>1</sup> Weighted average of the price by the number of shares according to the order type and by operation

## 2. OBJECTIVES OF THE OPERATION

The shares offered in the context of this Offer are sold by the Kingdom of Morocco, which holds as of May 31, 2019, 263,728,575 shares, i.e. 30% of Maroc Telecom's share capital and voting rights. After the completion of the proposed transfer (Block Trade and offer for sale to the public), the Kingdom of Morocco will hold 193,400,975 shares, representing 22% of Maroc Telecom's share capital and voting rights.

This operation, as well as the proposed block sale, aims in particular to:

- Implement the provisions of the Finance Act for the 2019 fiscal year in terms of privatization revenues;
- Develop the popular shareholding and strengthen the participation of Maroc Telecom employees in its capital;
- Maximize the State's remaining shareholding (22%) as part of a strategy that does not impact the governance of the company, while taking into account not only short-term revenue targets but also the foreseeable developments over the medium and long terms.

The privatization of Maroc Telecom was initiated in 2001 following the sale by the Kingdom of Morocco of 35% of Maroc Telecom's share capital to Vivendi Universal. On November 18, 2004, the Kingdom of Morocco and Vivendi entered into an agreement for the sale of an additional 16% of Maroc Telecom's share capital, which was completed in January 2005.

Maroc Telecom's IPO in December 2004 simultaneously on the Casablanca and Paris stock exchanges was another step in the process of privatizing Maroc Telecom, in the context of the sale of 14.9% of the Kingdom of Morocco's share capital.

In 2006, the Kingdom of Morocco sold 0.1% of Maroc Telecom's share capital on the Casablanca Stock Exchange, reducing its stake in Maroc Telecom to 34%. In July 2007, the Kingdom of Morocco sold 4% of Maroc Telecom's share capital on the Casablanca Stock Exchange, reducing its stake to 30% in Maroc Telecom's share capital and voting rights.

## 3. INTENTIONS OF SHAREHOLDERS AND MANAGEMENT

The objective of this operation is the expansion of Maroc Telecom's floating shareholding.

The Company is not aware of intentions to participate in the operation of shareholders holding 5% or more of the Company's capital or its management.

Certain management could possibly participate in this operation as subscribers under the segment reserved for employees and/or companies.

#### 4. SHAREHOLDING BEFORE<sup>2</sup> AND AFTER GLOBAL OPERATION

Maroc Telecom's shareholding structure, before and after the Operation (offer for sale to the public and Block Trade), is as follows:

Shareholders	Pre Global Operation		Post Global Operation ***	
	Number of securities	% in capital	Number of securities	% in capital
<b>Société de Participation dans les Télécommunications (SPT)*</b>	465 940 477	53.00%	465 940 477	53.00%
<b>Kingdom of Morocco</b>	263 728 575	30.00%	193 400 975	22.00%
<b>Management</b>	75 511	0.01%	75 511	0.01%
<b>Qualified investors participating in the Block Trade****</b>	0	0%	52 745 700	6.00%
<b>Public</b>	149 125 445	16.96%	166 707 345	18.96%
<b>Treasury shares **</b>	225 332	0.03%	225 332	0.03%
<b>Total</b>	<b>879 095 340</b>	<b>100.00%</b>	<b>879 095 340</b>	<b>100.00%</b>

\* SPT is a company governed by Moroccan law, 91.3% owned by Etisalat and 8.7% by the Abu Dhabi Development Fund

\*\* Maroc Telecom shares held directly or indirectly by the company as of May 31, 2019, both in Casablanca and in Paris. These shares are deprived of the right to vote at General Meetings

\*\*\* Offer for sale to the public and block sale

\*\*\*\* Excluding previous hold on float

(Source: Maroc Telecom, Advisory Bodies)

#### 5. STRUCTURE OF THE OFFER

##### 5.1. Overall amount of the operation

The overall amount of the operation amounts to MAD 2,180,744,830, corresponding to a number of 17,581,900 shares. This amount does not take into account a possible transfer between the different order types. Information related to the price per share applicable to the various order types are detailed in the following sections.

The completion of the operation is not conditioned by any level of demand.

##### 5.2. Listing place

ITISSALAT AL-MAGHRIB shares are listed on the Casablanca Stock Exchange and the Euronext Paris Stock Exchange (compartment A).

<sup>2</sup> As of May 31, 2019

### 5.3. Main elements of the Offer

Order type	I	II	III	IV
Subscribers	<ul style="list-style-type: none"> <li>▪ Permanent employees of Maroc Telecom who have at least one year of service when the subscription period normally expires.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Resident or non-resident persons of Moroccan or foreign nationality;</li> <li>▪ Legal entities under Moroccan or foreign law that do not belong to the categories of investors authorized to subscribe to order types III and IV, justifying of more than one year of existence as of May 31, 2019.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Equity and diversified UCITS under Moroccan law, excluding money-market, bond and contractual UCITS.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Qualified investors as defined by Article 1.30 of AMMC Circular No. 03/19, excluding UCITS.</li> </ul>
Number of shares	2 929 000	5 860 000	4 103 000	4 689 000
Amount	344 849 230	734 258 000	514 105 900	587 531 700
% of the operation	16.7 %	33.3 %	23.3 %	26.7 %
% in the capital	0.3 %	0.7 %	0.5 %	0.5 %
Subscription price	117.7 MAD	125.3 MAD	125.3 MAD	125.3 MAD
Subscription ceiling	6 months of gross salaries excluding bonuses and profit-sharing	10% of the total number of shares proposed as part of the Operation, i.e. 1,758,190 shares (MAD 220,301,207)	<ul style="list-style-type: none"> <li>▪ For equity UCITS, the subscription is limited to the lowest of the 2 thresholds: 10% of the total number of shares offered in the context of the Operation, i.e. 1,758,190 shares (MAD 220,301,207) or 20% of the net asset value of the UCITS corresponding to the last net asset value available before the opening of the subscription period, that is, June 21, 2019;</li> <li>▪ For diversified UCITS, the subscription is limited to the lowest of the 2 thresholds: 5% of the total number of shares proposed in the context of the Operation, i.e. 879,095 shares (MAD 110,150,603.5) or 10% of the net assets of the UCITS corresponding to the last net asset value available before the opening of the subscription period, that is, June 21, 2019.</li> </ul>	10% of the total number of shares proposed as part of the Operation, i.e. 1,758,190 shares (MAD 220,301,207)
Minimum subscription	None			
Members of the placement syndicate as defined by the Attijariwafa bank Minister of Finance's Order Banque Centrale Populaire dated June 14, 2019	All members of the placement syndicate		All members of the placement syndicate	All members of the placement syndicate
Subscription coverage	<ul style="list-style-type: none"> <li>▪ Subscriptions of the employees by personal contribution must be covered at</li> </ul>	Subscriptions must be 100% covered by:	No coverage	<ul style="list-style-type: none"> <li>▪ For qualified investors under Moroccan law: no coverage</li> </ul>

100% by an effective deposit (cheque or cash deposit).

- an effective deposit (cheque or cash deposit) to the subscriber's account
  - and/or;
  - a collateral consisting of securities as follows:
    - State bonds: taken at a maximum of 100% of the value on the subscription date;
    - Money-market UCITS: taken at a maximum of 100% of the value on the subscription date;
    - UCITS units (excluding money-market funds), term deposits, listed shares: taken at a maximum of 80% of the value on the subscription date.

The subscription coverage in cash and/or in collateral must remain blocked until the allocation of the security.

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- For international financial organizations and foreign legal entities recognized as qualified investors by their national supervisory authorities (i) with more than one year of existence as of May 31, 2019 or (ii) a customer of a member of the placement syndicate and who has already carried out an operation in the primary or secondary market of the Casablanca Stock Exchange: no coverage;
- For international financial organizations and foreign legal entities recognized as qualified investors by their national supervisory authorities (i) not justifying more than one year of existence as of May 31, 2019 and (ii) not having the customer status of a member of the placement syndicate, who has already performed an operation on the primary or secondary market of the Casablanca Stock Exchange: coverage at 30% by an effective deposit (bank transfer) or 100% by a bank guarantee.

Allocation methods

Prorated allocation of requests

Prorated allocation of the Prorated allocation of requests remainder to the surplus of requests beyond 150 shares.

Prorated allocation of requests

#### 5.4. Distribution of the Offer

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The Offer is structured in 4 order types:

<b>Order type I</b>	<p>Reserved for permanent employees of Maroc Telecom who have at least one year of service when the subscription period normally expires.</p> <p>The maximum number of shares that can be requested for this order type corresponds to 6 months of gross salary, excluding bonuses and profit-sharing.</p>
<b>Order type II</b>	<p>Reserved for:</p> <ul style="list-style-type: none"><li>▪ Resident or non-resident persons of Moroccan or foreign nationality;</li><li>▪ Legal entities under Moroccan or foreign law that do not belong to the categories of investors authorized to subscribe to order types III and IV, justifying of more than one year of existence as of May 31, 2019.</li></ul> <p>The maximum number of shares that can be requested for this order type is 10% of the total number of shares offered in the context of the Operation (i.e. 1,758,190 shares).</p>
<b>Order type III</b>	<p>Reserved for Equity and diversified UCITS under Moroccan law, excluding money-market, bond and contractual UCITS.</p> <p>The maximum number of shares that can be requested for this order type is:</p> <ul style="list-style-type: none"><li>▪ For equity UCITS, the subscription is limited to the lowest of the 2 thresholds: 10% of the total number of shares offered in the context of the Operation, i.e. 1,758,190 shares (MAD 220,301,207) or 20% of the net asset value of the UCITS corresponding to the last net asset value available before the opening of the subscription period, that is, June 21, 2019;</li><li>▪ For diversified UCITS, the subscription is limited to the lowest of the 2 thresholds: 5% of the total number of shares proposed in the context of the Operation, i.e. 879,095 shares (MAD 110,150,603.5) or 10% of the net assets of the UCITS corresponding to the last net asset value available before the opening of the subscription period, that is, June 21, 2019.</li></ul>
<b>Order type IV</b>	<p>Reserved for qualified investors under Moroccan law, as defined by Article 1.30 of AMMC Circular No. 03/19, excluding UCITS.</p> <p>The maximum number of shares that can be requested for this order type is 10% of the total number of shares proposed as part of the Operation (i.e. 1,758,190 securities).</p>

#### 5.5. Transfer clause

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If the number of shares requested per order type remains lower than the corresponding offer, Attijari Intermédiation and Upline Securities, co-leaders of the Placement syndicate in collaboration with

Attijari Finances Corp. and Upline Corporate Finance, Global Advisors and Coordinators, and the Casablanca Stock Exchange, will attribute the difference to the other order type.

The transfer rules are as follows:

- if the number of shares subscribed to the order type I is lower than the corresponding offer, the remainder is attributed to the order type II then to the order type III and then to the order type IV;
- if the number of shares subscribed to the order type II is lower than the corresponding offer, the remainder is attributed to the order type III then to the order type IV and then to order type I;
- if the number of shares subscribed to the order type III is lower than the corresponding offer, the remainder is attributed to the order type II then to the order type IV then to order type I;
- if the number of shares subscribed to the order type IV does not reach the corresponding offer, the remainder is allocated to the order type II then to the order type III then to order type I.

## 6. INFORMATION RELATING TO THE SHARES TO BE SOLD

<b>Nature of securities</b>	ITISSALAT AL-MAGHRIB shares, all of the same category.
<b>Legal form</b>	Bearer shares.
<b>Number of shares to be sold</b>	17 581 900 shares.
<b>Sale price</b>	<ul style="list-style-type: none"> <li>▪ For order type I: the subscription price is fixed at MAD 117.7 per share;</li> <li>▪ For order type II: the subscription price is fixed at MAD 125.3 per share;</li> <li>▪ For order type III: the subscription price is fixed at MAD 125.3 per share;</li> </ul> <p>For order type IV: the subscription price is fixed at MAD 125.3 per share.</p>
<b>Nominal value</b>	MAD 6
<b>Payment of shares</b>	The shares sold will be fully paid up and free from any commitment.
<b>Vesting date</b>	January 1 <sup>st</sup> , 2019.
<b>Listing compartment</b>	1 <sup>st</sup> compartment.
<b>Listing line</b>	1 <sup>st</sup> line.
<b>Tradability of shares</b>	The shares, subject of this operation, are freely tradable. There is no statutory clause restricting the free trading of the shares comprising the capital of the Company.
<b>Rights attached</b>	All shares have the same rights both in the distribution of profits and in the distribution of the liquidation bonus. Each share entitles the holder to one vote during the meetings.

## 7. VALUATION ANALYSIS OF THE OFFER'S TERMS

The valuation methods presented below were presented to the Valuation Body on May 21<sup>st</sup>, 2019:

### 7.1. Discarded valuation methods

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#### 7.1.1. Asset approach (Revalued Net Asset):

The asset method consists of evaluating separately the different assets and liabilities of the company, without taking into account its future prospects. This method generally applies in the context of liquidation of assets or to value financial or portfolio companies that do not correspond to the nature and situation of Maroc Telecom. As a result, the asset approach has not been used.

#### 7.1.2. Discounted Cash Flows method:

The Discounted Cash Flows method is widely recognized as the fundamental valuation method for companies. This method measures a company's ability to create value. Value creation results from the difference between the return on invested capital and the returns requirement for shareholders and creditors.

The Discounted Cash-Flow method gives a dynamic view of the company value since it is based on the results projections and takes into account the main factors that influence the business such as the evolution of its profitability, cyclicalities, its financial structure and its own risk.

This method was not used considering that this is a transfer of a stake held by a minority shareholder.

#### 7.1.3. Dividend Discount model:

This method consists of discounting the future dividends to be paid by Maroc Telecom in order to value their equity. However, the dividend distribution policy depends on many parameters (level of profitability, distribution rate, leverage effect) and appears very difficult to anticipate in the long term for the needs of a valuation exercise. This method was therefore not used.

#### 7.1.4. Transactional comparables method:

The transactional comparables method is based on the valuation of the company by reference to implicit valuation multiples of a sample of transactions occurring in the same sector or relating to the company.

In the case of Maroc Telecom, several reference transactions were carried out, the last being Vivendi's majority sale of its stake in Etisalat in 2014. Their multiples can not apply for the following reasons:

- Objectives of different operations (transfer of a control block, taking into account other elements in the transaction, etc.);
- Different market context.

Thus, this approach was not used for the valuation of the Company.

### 7.1.5. Stock exchange multiples method:

The valuation method for the stock exchange companies is to apply to the consolidated financial aggregates of Maroc Telecom the valuation multiples observed on a sample of companies operating in the same sector as Maroc Telecom's and considered as comparable.

For valuation purposes by the stock market multiples, 2 samples were constituted:

- A benchmark of comparable "Country Benchmark" having similar characteristics to those of Morocco in terms of GDP per capita, penetration rate, and average revenue per user (ARPU);
- A regional benchmark focused on telecom operators in the MENA region "MENA Benchmark".

#### 1. Country Benchmark

Three criteria have been chosen to constitute the country benchmark:

##### i. GDP per capita

GDP per capita is an indicator of the level of economic activity: it is equal to the value of GDP divided by the number of inhabitants of a country.

##### ii. Penetration rate

The penetration rate indicates the percentage of people with a moving line over a reference period.

In other words, the penetration rate indicates the market coverage rate. It can also be used to measure the potential of a market.

##### iii. ARPU

ARPU is a specific indicator in the telecom sector. It allows to assess the performance of operators on the commercial level. It represents the average income per user.

On the basis of the above, the list of telecom companies in the selected countries is as follows:

Sample 1 - Country Benchmark	Country	Enterprise Value (USD million)	Capitalization (USD million)	EV/EBITDA	PE
				2018	2018
Empresa de Telecomunicaciones de Bogotá	Colombia	276	263	2.12x	n.s.
Telecom Egypt Company S.A.E.	Egypt	2 034	1 280	5.52x	6.28x
Orange Egypt for Telecommunications	Egypt	1 269	1 080	5.74x	n.s.
PT Telekomunikasi Indonesia Tbk	Indonesia	28 499	25 762	6.88x	20.71x
PT Indosat Tbk	Indonesia	2 596	737	5.63x	n.s.
PT XL Axiata Tbk	Indonesia	3 592	2 035	6.14x	n.s.
Telefónica del Perú S.A.A.	Peru	1 327	706	3.58x	n.s.
Globe Telecom, Inc.	Philippines	7 466	5 073	6.13x	14.24x
PLDT Inc.	Philippines	7 831	5 121	6.23x	14.16x
Dialog Axiata PLC	Sri Lanka	630	410	2.81x	6.85x
Sri Lanka Telecom PLC	Sri Lanka	467	214	3.26x	7.62x
Scancom Plc	Ghana	1 638	1 653	5.61x	11.24x
<b>Average</b>				<b>4.97x</b>	<b>11.59x</b>

**Median****6.19x****11.24x**

Source: Capital IQ as of May 13, 2019

**iv. Resulting valuation**

The application of the average EV/EBITDA multiple to Maroc Telecom's consolidated EBITDA for the 2018 fiscal year results in an equity value of MAD 74.9 billion, i.e. a price per share of MAD 85.2.

The application of the median EV/EBITDA multiple to Maroc Telecom's consolidated EBITDA for the 2018 fiscal year results in an equity value of MAD 96.6 billion, i.e. a price per share of MAD 109.9.

**2. MENA Benchmark**

The following benchmark presents telecom operators present in countries of the Middle East and North Africa, present on the mobile, the fixed and the Internet segments:

Sample 2 - MENA Benchmark	Country	Corporate Value (USD million)	Capitalization (USD million)	EV/EBITDA		PE	
				2018	2018	2018	2018
Bahrain Telecommunications Company	Bahrain	1 828	1 448	4.82x		10.89x	
Telecom Egypt Company S.A.E.	Egypt	2 034	1 280	5.52x		6.28x	
Bezeq The Israel Telecommunication Corporation Limited	Israel	4 890	1 971	5.68x		n.s.	
Cellcom Israel Ltd.	Israel	1 153	519	7.90x		n.s.	
Partner Communications Company Ltd.	Israel	1 003	749	6.82x		46.97x	
Jordan Telecommunications Company	Jordan	515	365	3.66x		12.14x	
Oman Telecommunications Company	Oman	11 845	1 013	5.34x		6.02x	
Ooredoo Q.P.S.C.	Qatar	14 091	5 463	4.57x		12.71x	
Vodafone Qatar P.Q.S.C.	Qatar	1 909	1 637	14.20x		50.60x	
Saudi Telecom Company	Saudi Arabia	50 681	52 905	10.18x		18.40x	
Mobile Telecommunications Company Saudi Arabia	Saudi Arabia	4 406	1 572	5.56x		17.74x	
Emirates Telecommunications Group Company PJSC	United Arab Emirates	37 830	35 988	6.36x		15.34x	
Emirates Integrated Telecommunications Company PJSC	United Arab Emirates	6 103	6 232	4.23x		13.06x	
<b>Average</b>				<b>6.53x</b>		<b>19.11x</b>	
<b>Median</b>				<b>5.56x</b>		<b>13.06x</b>	

Source: Capital IQ as of May 13, 2019

**i. Resulting valuation**

The application of the average EV / EBITDA multiple to Maroc Telecom's consolidated EBITDA for the 2018 fiscal year results in an equity value of MAD 102.7 billion, i.e. a price per share of MAD 116.8 MAD.

The application of the multiple median EV / EBITDA to Maroc Telecom's consolidated EBITDA for the 2018 fiscal year thus results in an equity value of MAD 85.5 billion, i.e. a price per share of MAD 97.2.

**3. Limits of the application of the Method**

The valuation by stock exchange multiple has not been used for the following reasons:

- Intrinsic financial characteristics that are not comparable in terms of size (turnover, market capitalization), product mix, cost structure and profitability;

- Different geographical presence of the subsidiaries;
- Risk of undervaluing the growth potential of the Group's African subsidiaries. Indeed, we apply multiples of companies from a sample that was built on the basis of the "historical" market of the company, Morocco, which is a mature market in terms of penetration rate;
- Other qualitative criteria, such as the regulatory context, must also be included in the selection rationale.

This method is presented for information purposes in order to allow the investor to have valuation information via stock exchange comparables.

## 7.2. Used valuation methods

### 7.2.1. Weighted average closing price approach:

This method refers to Maroc Telecom's share price over different periods.

The weighted average closing price<sup>3</sup> approach consists in apprehending the value of a company by reference to its average market closing price observed over different periods. The relevance of this method depends on the efficiency of the stock market on the one hand and the liquidity of the security on the other.

The table below presents weighted average closing prices over different periods preceding the decisions of the Valuation Body and the Transfer Commission, on the basis of the (ii) weighted average closing prices of the quantities traded as well as (ii) the discounts induced by order types.

Period		Quantity in thousands	Volume in MAD million	WAP - MAD	WAP detached coupon - MAD	Order Type I induced discount	Order Type II, III & IV induced discount
Price as of 29/05/2019				139.25	139.25	-15.5%	-10.0%
1 month*	From 24/04/2019 to 23/05/2019	2 622.83	383.39	146.22	139.39	-15.6%	-10.1%
3 months*	From 25/02/2019 to 23/05/2019	4 704.44	688.7	146.41	139.58	-15.7%	-10.2%
6 months*	From 26/11/2018 to 23/05/2019	12 352.41	1 793.82	145.3	138.47	-15.0%	-9.5%
12 months*	From 24/05/2018 to 23/05/2019	25 657.48	3 683.03	143.53	136.7	-13.9%	-8.3%

Source: Casablanca Stock Exchange, Upline Corporate Finance Analysis and Attijari Finances Corp.

\* Period before detachment of dividends

### 7.2.1. Induced multiples:

On the basis of the offered prices presented above for the different order types, the induced valuation multiples are as follows:

	2018 <sup>4</sup>	
	Order type I	Order types from II to IV
VE/EBITDA <sup>5</sup>	6.6x	6.9x
PER <sup>6</sup>	17.2x	18.3x

<sup>3</sup> Weighted average closing price = sum of the closing price of the stock exchange multiplied by the quantity exchanged/sum of the quantities exchanged over the same period

<sup>4</sup> Multiples calculated on the basis of the consolidated accounts as of end-December 2018

<sup>5</sup> Company Value = (offered price per share \* number of securities) + Net Debt

<sup>6</sup> Calculated on the basis of Net Income Group Share (NIGS)

P/B <sup>7</sup>	6.6x	7.0x
D/Y <sup>8</sup>	5.8%	5.5%

*Upline Corporate Finance and Attijari Finances Corp analysis*

## 8. STOCK EXCHANGE LISTING

### 8.1. Listing place

ITISSALAT AL-MAGHRIB shares are listed on the Casablanca Stock Exchange and the Euronext Paris Stock Exchange (compartment A).

### 8.2. Characteristics of Maroc Telecom shares

The main listing characteristics of the Maroc Telecom share are as follows:

<b>Sector</b>	Telecommunications
<b>Label</b>	ITISSALAT AL-MAGHRIB
<b>Ticker</b>	IAM
<b>ISIN code</b>	MA0000011488
<b>Stock Exchange</b>	Casablanca Stock Exchange - 1 <sup>st</sup> compartment Euronext Paris - regulated market - compartment A
<b>MBS</b>	630 100 shares*
<b>Listing mode</b>	Continuous

*(\*) Notice no. AV-2019-007 published by the Casablanca Stock Exchange concerning the update of the Minimum Block Sizes (MBS) of securities dated 10/01/2019. MBS will be updated from early July 2019.*

## 9. SCHEDULE OF OPERATION

Orders	Stages	Timeframe
1	Reception by the Casablanca Stock Exchange of the complete operation file	June 14 <sup>th</sup> , 2019
2	Issuance of the operation approval notice by the Casablanca Stock Exchange	June 14 <sup>th</sup> , 2019
3	Reception by the Casablanca Stock Exchange of the AMMC-approved Prospectus	June 14 <sup>th</sup> , 2019
4	Reception by the Casablanca Stock Exchange of the AMMC-approved Prospectus extract	June 14 <sup>th</sup> , 2019
5	Publication in the Official List of the Stock Exchange of the operation notice	June 17 <sup>th</sup> , 2019
6	Publication of a press release informing about AMMC approval of the operation and referring to the extract published on Maroc Telecom website	June 18 <sup>th</sup> , 2019

<sup>7</sup> Calculated on the basis of equity share of the Group

<b>7</b>	Opening of the subscription period	June 26 <sup>th</sup> , 2019
<b>8</b>	Possible early closing of the subscription period (2.30 pm) from	July 2 <sup>nd</sup> , 2019
<b>9</b>	Reception of subscriptions by the Casablanca Stock Exchange (before noon) in case of a normal closing	July 3 <sup>rd</sup> , 2019
<b>10</b>	Normal closing of the subscription period (2.30 pm)	July 5 <sup>th</sup> , 2019
<b>11</b>	Reception of subscriptions by the Casablanca Stock Exchange (before 6.00 pm) in case of normal closing	July 5 <sup>th</sup> , 2019
<b>12</b>	Centralization and consolidation of subscriptions by the Casablanca Stock Exchange	July 8 <sup>th</sup> , 2019
<b>13</b>	Treatment of refusals by the Casablanca Stock Exchange	July 9 <sup>th</sup> , 2019
<b>14</b>	Casablanca Stock Exchange delivery of stock allocations to members of the placement syndicate (from 2.00 pm)	July 10 <sup>th</sup> , 2019
<b>15</b>	Registration of the operation Announcement of the results of the operation in Official List of the Stock Exchange	July 11 <sup>th</sup> , 2019
<b>16</b>	Publication of the results of the operation by the Kingdom of Morocco in a legal notices journal	July 16 <sup>th</sup> , 2019
<b>17</b>	Settlement/delivery of shares	July 16 <sup>th</sup> , 2019

## PART II – INFORMATION ABOUT THE ISSUER

### 1. ACTIVITY

Maroc Telecom is the major telecommunications operator of the Kingdom of Morocco. Founded in 1998, it operates in the Fixed, Mobile and Internet segments. The company was partially privatized by the Kingdom of Morocco from 2001 onwards becoming a subsidiary of the French group Vivendi. In 2013, negotiations were initiated for the sale of Vivendi shares to Emirati operator Etisalat. This sale took place in 2014.

#### 1.1. Mobile telephony

In a difficult competitive environment, Maroc Telecom has maintained its leading position in the Mobile market. As of September 2018, Maroc Telecom has a market share of 42.65% against 33.13% for Orange Morocco and 24.22% for Inwi.

##### *Prepaid Mobile Segment*

Maroc Telecom continues to put forward mixed offers in Voice and Data via the Pass Jawal.

In order to encourage the recruitment of new customers and encourage smartphone customer equipment, Maroc Telecom launched a Smartphone Bonus Pack promotion spread over the first three months following activation.

The year 2018 was marked by the launch of a Fidelio Jawal Prepaid Loyalty Program to reward customers each week with bonuses in minutes, SMS, Mobile Internet and other gifts.

The Multiple Credit promotion has been enhanced to include a data x 10 bonus just like Voice.

The prepaid offer was highlighted thanks to the accessibility of the Data on the wallet, pass credits and various recurring promotions launched by Maroc Telecom on credit refill and communications to boost consumption and customer loyalty.

Maroc Telecom's mobile prepaid mobile base grew in 2018 (+ 2.1% vs. 2017) and now stands at more than 17 million customers.

##### *Postpaid Mobile Segment*

Maroc Telecom pursues its loyalty policy by offering a complete range of packages integrating free Data and Voice services at very affordable prices, as well as an unlimited range of packages covering all customer needs at a very attractive price.

The postpaid mobile fleet grew by 12.8% in 2018 to reach 1 993 000 customers. This evolution can be explained by the introduction of accessible packages that democratize postpaid access, particularly through a prepaid migration.

##### *Mobile Internet*

Today, the prepaid mobile Internet base reaches about 9 million customers with a Data + Voice substituting Data only. In fact, the data only prepaid base has dropped 44% vs 2017.

Maroc Telecom thus consolidates its leading position in Mobile Internet with a 50.02% market share as of end-September 2018. With the strong popularity of Mobile Internet within its customers base, Data usage has increased by 23%. Mobile Internet revenues grew by 39%, maintaining robust growth in outgoing revenues of + 6.9%.

## **1.2. Fixed-line telephony**

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### *Residential Fixed Telephony Market*

Maroc Telecom offers innovative and diversified offers to meet the different needs of its customers:

- the Phony offer allows customers to benefit from unlimited access to Maroc Telecom fixed-line phones as well as free hours to national mobiles, up to 8 hours per month;
- the Double Play ADSL offer meets the needs of customers wishing to have a 4M to 12M ADSL Internet access with a very aggressive price, starting from MAD 199 TTC/month, incl. VAT;
- the MT Box offer, the first Triple Play offer in the Moroccan market, includes unlimited fixed telephony, free hours to Mobile, ADSL Internet and very high speed fiber optics, as well as several TV packages;
- Multiscreen subscription video on demand (SVoD) provides access to an unlimited catalog of movies and series from major American studios (Paramount, Sony, Disney, ABC Studios, etc.).

### *Public telephony market*

To cope with the shortness of this activity, a wide range of packages from 2H to 60H is available to customers.

Telestore operators using Maroc Telecom payphones (PIC) at their telestores, receive a 25% remuneration.

Regarding the Phonecard product, Maroc Telecom offers aggressive national and international calling rates. A MAD 20 pass allows one hour of communication to the national and the main international destinations (zone 1).

### *Fixed telephony market for Companies and Professionals*

For corporate customers, Maroc Telecom offers a large catalog of offers adapted to the needs of this market:

- the InfiniFix offers unlimited and free calls to all national fixed and Maroc Telecom Intra Entreprise mobiles. In addition, customers benefit from free voice plans of up to 10 hours to national mobiles and major international destinations;
- the ForfaiFix Enterprises are a wide range of packages including subscription to the telephone line and hours of communications to the national and major international destinations.

Furthermore, to adapt the offer to the specific needs of each company and to provide customers with tariff advantages, additional options are available:

- the Intra Base Fixed or Mobile option: unlimited and free calls to all fixed or mobile companies;

- the Mobile Privilege option: preferential rate to all national mobiles;
- the International Privilege option: preferential rate to all international destinations.

Professional customers benefit from a wide range of offers:

- the Phony Pro offers unlimited calls to all Maroc Telecom fixed lines and up to 10 free hours to national mobiles and major international destinations;
- the ForfaiFix Pro is a wide range of packages including subscription to the telephone line and hours of communications to the national and major international destinations;
- the MT Box Pro is a Triple Play offer that integrates unlimited communication hours to Maroc Telecom Fixed lines to 20 free hours to the National Mobile, access to the Internet and several TV packages and value-added services tailored to this category of customers.

### **1.3. Customer Services**

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To support the diversification of services offered to its customers, Maroc Telecom deploys means, tools and processes to anticipate and provide a quality response to the different queries, requests for information or assistance and claims made by customers.

#### *Call centers*

For the General Public segment, specialized call centers per product (Fixed, Mobile and Internet) provide information and assistance services to customers. For the Enterprise segment, a dedicated call center provides this service with a unique access number.

These call centers provide information on Maroc Telecom's products and services, the activation or modification of subscribed services, assistance with the use of products and services, after-sales service and claims processing. This last activity relies on specialized centers that process complaints received via different channels (call centers, agencies, etc.).

#### *Digitization*

Maroc Telecom continues its digital transformation by launching innovative projects for its customers.

- multiservice interactive kiosks with a touch screen have been set up in the brand network to improve the customer experience. In a few minutes, the customer can pay their Mobile, Fixed or Internet bill, identify a prepaid card and refill their mobile line credit quickly and autonomously;
- Digitization of customer identification with an innovative system of self-identification in an agency, thus enabling the customer to self-identify in a reliable and secure manner. Resellers also have a smartphone identification application that allows digital and paperless processing of the identification process;
- special attention is paid to customer relationship management (CRM) systems that are continually improved to optimize customer support (for example, handling the maximum number of requests in real time), contribute to loyalty and develop offers that are best suited to customer needs. To complement this approach, customers can manage by themselves the

activation of certain services via interactive voice servers or via the Internet portal (development of "Selfcare");

- Maroc Telecom also offers its customers a wide choice of innovative payment methods (payment by direct debit, payment via Maroc Telecom website, automated teller machines or through the Mobicash mobile payment service);
- the development of Maroc Telecom bill payments via the Internet is confirmed with the use of Maroc Telecom's mobile applications and partner banks, offering free, remote, 24/7, fast and secure service. These applications will be part of the most used payment and credit refill channels.

### Information

The 24-hour telephone inquiry service, enriched by value-added services, allows customers to receive information via SMS or to be connected.

## 2. SHAREHOLDING

### 2.1. General information

As of the date of the Prospectus, Maroc Telecom's share capital is MAD 5,274,572,040, divided into 879,095,340 shares with a nominal value of MAD 6 each, all of the same category and fully paid up.

### 2.2. Shareholding structure

At the incorporation, Maroc Telecom's capital was 100% owned by the Kingdom of Morocco. On February 20, 2001, Vivendi acquired 30,768,337 shares of the Company, representing 35% of the capital for MAD 23.4 billion.

As of May 31, 2019, the capital and voting rights of the Company are as follows:

Shareholders	Number of shares	% in capital	Number of voting rights (c)	% of voting rights
Société de participations dans les télécommunications (SPT) (a)	465 940 477	53.00 %	465 940 477	53.00 %
Kingdom of Morocco	263 728 575	30.00 %	263 728 575	30.00 %
Management	75 511	0.01 %	75 511	0.01 %
Public	149 125 445	16.96 %	149 125 445	16.96 %
Treasury shares (b)	225 332	0.03 %	-	-
<b>TOTAL</b>	<b>879 095 340</b>	<b>100.00 %</b>	<b>878 870 008</b>	<b>-</b>

(a) SPT is a company governed by Moroccan law, 91.3% owned by Etisalat and 8.7% by the Abu Dhabi Development Fund.

(b) Maroc Telecom's shares held directly or indirectly by the company, both in Casablanca and in Paris. These shares are deprived of the right to vote at General Meetings.

(c) As of May 31, 2019, the capital consists of ordinary shares carrying one voting right..

(Source: Maroc Telecom, monthly declaration of the number of shares and voting rights as of April 30, 2019.)

## 3. LEGAL ORGANIZATION CHART

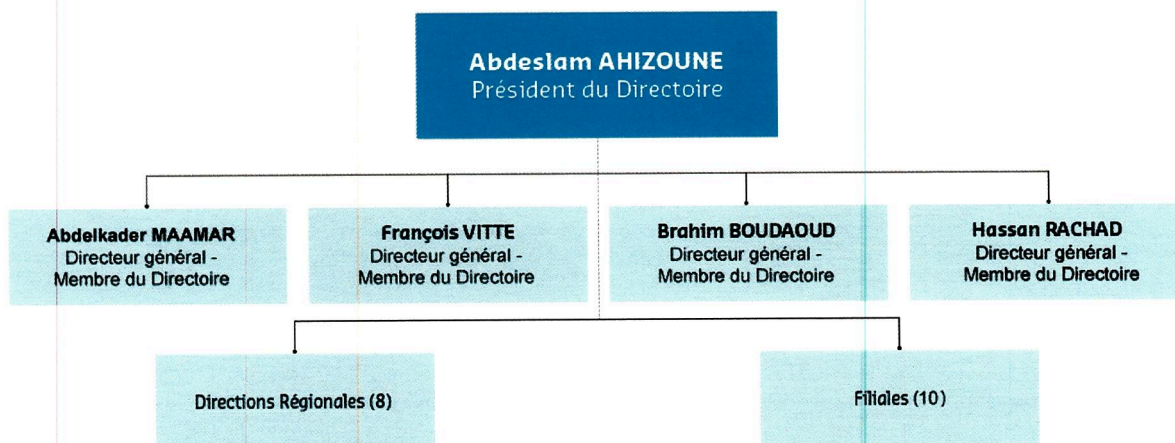
### 3.1. Organization

Maroc Telecom is organized by "Business Unit" around its business and services. On the one hand, it groups together its Fixed and Mobile operational activities within the General Services Division (GSD)

and the Networks & Systems General Directorate (NSGD), and on the other hand, support functions within the General Directorate for Regulatory and Legal Affairs (GDRLA) as well as the General Financial and Administrative Directorate (GFAD). The General Directorates, within the framework of the guidelines defined by the management bodies, ensures the monitoring of the subsidiaries and ensures compliance with the rules of the Maroc Telecom Group.

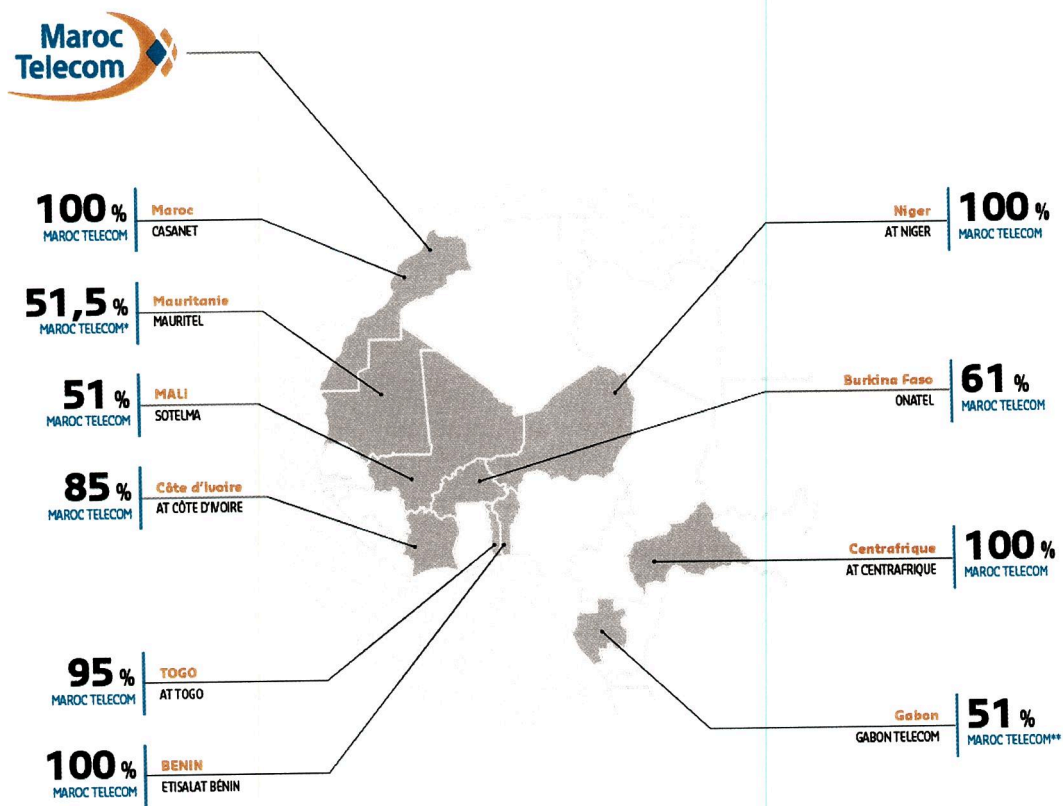
Maroc Telecom relies on a decentralized organization in Morocco composed of eight Regional Directorates, each with its own operational structures and support functions.

The organizational chart of Maroc Telecom Group as of April 30, 2019 is as follows:



(Source: Maroc Telecom)

### 3.2. Presentation of Maroc Telecom's main subsidiaries as of April 30, 2018



\* 51.5% controlled via CMC, a Mauritanian company.

\*\* Merger of Gabon Telecom and AT Gabon on June 29, 2016.

## PART III – FINANCIAL POSITION OF MAROC TELECOM

### 1. FINANCIAL STATEMENTS OF TELECOM MOROCCO

#### 1.1. Assets balance sheet

(In MAD thousand)			NET		
	Gross	Amortization and provisions	31/12/2018	31/12/2017	31/12/2016
<b>Capitalized costs (A)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Preliminary costs	0	0	0	0	0
Expenses to spread over several fiscal years	0	0	0	0	0
Bond repayment premiums	0	0	0	0	0
<b>Intangible assets (B)</b>	<b>12 115 855</b>	<b>9 775 690</b>	<b>2 340 165</b>	<b>2 472 385</b>	<b>2 501 845</b>
Fixed assets in research and development	0	0	0	0	0
Patents, Trademarks, Similar Rights and Securities	11 707 441	9 707 906	1 999 535	2 035 919	2 171 240
Goodwill	70 717	67 784	2 933	6 414	10 722
Other intangible assets	337 697	0	337 697	430 052	319 882
<b>Property, plant and equipment (C)</b>	<b>69 370 332</b>	<b>50 939 933</b>	<b>18 430 398</b>	<b>19 367 986</b>	<b>18 629 831</b>
Lands	955 370	0	955 370	954 671	953 601
Constructions	7 664 650	4 835 841	2 828 809	2 701 885	2 684 928
Technical Installations, Equipment and Tools	53 330 171	41 489 700	11 840 471	12 270 408	12 130 825
Transportation equipment	273 250	49 897	223 353	8 545	73 420
Furniture, Office Equipment and Miscellaneous Facilities	4 723 170	4 260 743	462 427	521 858	581 644
Other tangible fixed assets	11 048	0	11 048	11 048	11 048
Tangible fixed underway	2 412 673	303 753	2 108 920	2 899 570	2 194 365
<b>Financial fixed assets (D)</b>	<b>12 690 013</b>	<b>183 558</b>	<b>12 506 455</b>	<b>12 386 552</b>	<b>12 382 829</b>
Fixed Loans	2 369 330	0	2 369 330	3 074 386	2 996 776
Other financial receivables	4 223	0	4 223	3 382	3 382
Equity Securities	10 316 460	183 558	10 132 903	9 308 784	9 382 670
Other Fixed Securities					
<b>Conversion-asset gap (E)</b>	<b>18 725</b>	<b>0</b>	<b>18 725</b>	<b>53 895</b>	<b>52 964</b>
Decrease in Fixed Assets	6 294	0	6 294	52	52 964
Increase in Financing Debts	12 432	0	12 432	53 843	0
<b>TOTAL I (A + B + C + D + E)</b>	<b>94 194 926</b>	<b>60 899 181</b>	<b>33 295 745</b>	<b>34 280 818</b>	<b>33 567 470</b>
<b>Stocks (F)</b>	<b>362 097</b>	<b>143 888</b>	<b>218 209</b>	<b>202 852</b>	<b>217 755</b>
Merchandise	254 869	96 095	158 775	120 764	145 367
Consumable Materials and Supplies	107 228	47 794	59 434	82 088	72 388
<b>Current assets receivables (G)</b>	<b>15 184 802</b>	<b>7 918 175</b>	<b>7 266 627</b>	<b>7 331 267</b>	<b>6 983 083</b>
Accounts receivable, advances and down payments	13 102	0	13 102	13 564	25 576
Customers and related accounts	13 454 297	7 635 328	5 818 969	5 845 006	5 502 874
Staff	4 369	0	4 369	3 793	2 906
State	385 359	0	385 359	595 320	459 520

Partner accounts	0	0	0	0	0
Other debtors	972 665	282 847	689 817	638 625	923 384
Active accrual accounts	355 009	0	355 009	234 959	68 824
<b>Securities and investment values (H)</b>	<b>128 806</b>	<b>0</b>	<b>128 806</b>	<b>128 759</b>	<b>126 633</b>
<b>Conversion differences - assets (I)</b>	<b>64 763</b>	<b>0</b>	<b>64 763</b>	<b>61 708</b>	<b>114 726</b>
(Circulating elements)					
<b>TOTAL II (F + G + H + I)</b>	<b>15 740 469</b>	<b>8 062 063</b>	<b>7 678 405</b>	<b>7 724 586</b>	<b>7 442 198</b>
Cash - assets	397 735	0	397 735	497 991	973 998
Check and cash values	0	0	0	0	4 123
Banks, TG. AND C.C.P.	394 833	0	394 833	495 067	966 649
Cash balance, imprest accounts and letters of credit	2 903	0	2 903	2 924	3 226
<b>TOTAL III</b>	<b>397 735</b>	<b>0</b>	<b>397 735</b>	<b>497 991</b>	<b>973 998</b>
<b>GENERAL TOTAL I + II + III</b>	<b>110 333 129</b>	<b>68 961 245</b>	<b>41 371 885</b>	<b>42 503 396</b>	<b>41 836 665</b>

## 1.2. Equity and liabilities balance sheet

(In MAD thousand)	NET		
	31/12/2018	31/12/2017	31/12/2016
<b>Equity (A)</b>	<b>15 968 628</b>	<b>15 363 637</b>	<b>15 254 928</b>
Social or authorized capital (1)	5 274 572	5 274 572	5 274 572
Minus: shareholders, Uncalled subscribed capital	0	0	0
Called capital, including paid	0	0	0
Issue, merger, contribution premiums	0	0	0
Revaluation differences	0	0	0
Legal reserve	879 095	879 095	879 095
Other reserves	3 514 240	3 510 509	2 909 976
retained (2)	0	0	0
Net income pending allocation (2)	0	0	0
Net profit for the fiscal year (2)	6 300 721	5 699 461	6 191 285
<b>Equity assimilated (B)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Investment grants	0	0	0
Regulated provisions	0	0	0
<b>Financing debt (C)</b>	<b>2 713 506</b>	<b>3 867 811</b>	<b>4 866 688</b>
Bond issues	0	0	0
Other financing debts	2 713 506	3 867 811	4 866 688
<b>Sustainable provisions for risks and charges (D)</b>	<b>34 190</b>	<b>70 477</b>	<b>70 658</b>
Risk provisions	18 725	53 895	52 964
Provisions expense	15 465	16 582	17 694
<b>Conversion difference - Liabilities (E)</b>	<b>92</b>	<b>36 248</b>	<b>60 174</b>
Increase in fixed receivables	92	36 248	0
Decrease in financing debts	0	0	60 174
<b>TOTAL I (A+B+C+D+E)</b>	<b>18 716 416</b>	<b>19 338 173</b>	<b>20 252 447</b>
<b>Current liabilities (F)</b>	<b>13 136 149</b>	<b>14 508 512</b>	<b>13 244 286</b>

Suppliers and related accounts	6 874 507	8 428 399	7 772 383
Accounts payable, advances and down payments	140 135	115 726	96 756
Staff	1 024 899	1 117 965	1 012 981
Social organizations	76 358	116 790	97 086
State	3 042 619	2 567 667	2 534 463
Partner accounts	1	1	1
Other creditors	489 036	783 018	432 468
Accrual adjustment accounts	1 488 593	1 378 946	1 298 148
<b>Other provisions for risks and charges (G)</b>	<b>1 495 110</b>	<b>1 185 365</b>	<b>1 436 913</b>
<b>Conversion Difference - Liabilities (Circulating Items) (H)</b>	<b>34 519</b>	<b>70 061</b>	<b>53 949</b>
<b>TOTAL II (F+G+H)</b>	<b>14 665 778</b>	<b>15 763 938</b>	<b>14 735 149</b>
<b>Cash - Liability</b>	<b>7 989 691</b>	<b>7 401 285</b>	<b>6 996 069</b>
Discount credit	0	0	0
Cash credit	0	0	0
Banks (credit balances)	7 989 691	7 401 285	6 996 069
<b>TOTAL III</b>	<b>7 989 691</b>	<b>7 401 285</b>	<b>6 996 069</b>
<b>GENERAL TOTAL I+II+III</b>	<b>41 371 885</b>	<b>42 503 396</b>	<b>41 983 665</b>

- (1) *Debit personal capital.*  
(2) *Beneficiary (+), deficit (-).*

### 1.3. Income statement (excluding taxes)

<i>(In MAD thousand)</i>	<b>31/12/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<b>I- Operating income</b>	<b>21 376 576</b>	<b>20 324 642</b>	<b>21 065 643</b>
Sales of goods (as they are)	371 786	382 127	378 063
Sales of goods and services produced	20 362 272	19 518 264	19 680 420
<b>Turnover</b>	<b>20 734 058</b>	<b>19 900 391</b>	<b>20 058 482</b>
Variation stocks	0	0	0
Fixed assets produced by the Company for itself	0	0	0
Operating grants	0	0	0
Other operating income	35 534	31 436	629 850
Operating reversals; Expense transfers	606 984	392 815	377 310
<b>TOTAL I</b>	<b>21 376 576</b>	<b>20 324 642</b>	<b>21 065 643</b>
<b>II- Operating expenses</b>	<b>13 982 259</b>	<b>13 648 763</b>	<b>14 071 410</b>
Cost of goods sold	637 577	629 207	688 723
Purchases consumed of materials and supplies	3 598 477	3 503 463	3 681 985
Other external expenses	2 733 310	2 777 274	2 740 708
Dues and taxes	245 161	222 417	185 290
Salaries expenses	1 940 240	2 190 425	2 339 746
Other operating expenses	2 540	2 540	2 540
Depreciation and amortization expenses	3 603 662	3 644 867	3 639 680
Operating provision expenses	1 221 293	678 570	792 737
<b>TOTAL II</b>	<b>13 982 259</b>	<b>13 648 763</b>	<b>14 071 410</b>
<b>III- Operating income I-II</b>	<b>7 394 317</b>	<b>6 675 879</b>	<b>6 994 233</b>
<b>IV- Financial income</b>	<b>1 773 962</b>	<b>1 532 300</b>	<b>1 772 812</b>
Proceeds from equity securities and other long-term investments	1 004 118	932 680	1 179 331
Exchange gains	414 527	150 096	97 340
Interest and other financial income	239 713	281 834	364 508
Financial reversals; Expense transfers	115 603	167 691	131 633
<b>TOTAL IV</b>	<b>1 773 962</b>	<b>1 532 300</b>	<b>1 772 812</b>
<b>V- Financial expenses</b>	<b>677 641</b>	<b>526 028</b>	<b>491 986</b>
Interest expense	268 763	253 230	209 721
Exchange losses	306 796	103 347	94 477
Other financial charges	2 184	95	98
Financial expenses	99 897	169 356	187 691
<b>TOTAL V</b>	<b>677 641</b>	<b>526 028</b>	<b>491 986</b>
<b>VI- Financial income IV - V</b>	<b>1 096 321</b>	<b>1 006 272</b>	<b>1 280 826</b>
<b>VII- Current income III + VI</b>	<b>8 490 638</b>	<b>7 682 151</b>	<b>8 275 059</b>
<b>VIII- Non current income</b>	<b>556 261</b>	<b>924 968</b>	<b>1 083 408</b>
Proceeds from disposals of fixed assets	13 310	42 771	634 826
Balance subsidies	0	0	0
Reversals on investment grants	0	0	0
Other non-recurring income	296 811	245 287	245 754

Non-recurring repossessions; expense transfers	246 141	636 911	202 827
<b>TOTAL VIII</b>	<b>556 261</b>	<b>924 968</b>	<b>1 083 408</b>
<b>IX- Non-recurring expenses</b>	<b>371 607</b>	<b>942 084</b>	<b>1 104 808</b>
V.N.A of the transferred assets	2 780	66 687	415 948
Grants awarded	0	0	0
Other non-recurring expenses	13 337	587 866	161 591
Regulated expenses	0	0	0
Non-current amortization and provisions	355 489	287 531	527 269
<b>TOTAL IX</b>	<b>371 607</b>	<b>942 084</b>	<b>1 104 808</b>
<b>X- Non-recurring income VIII - IX</b>	<b>184 655</b>	<b>-17 116</b>	<b>-21 400</b>
<b>XI- Pre-tax income VII + X</b>	<b>8 675 292</b>	<b>7 665 035</b>	<b>8 253 658</b>
<b>XII- Corporate Tax</b>	<b>2 374 572</b>	<b>1 965 575</b>	<b>2 062 373</b>
<b>XIII- Net income XI - XII</b>	<b>6 300 721</b>	<b>5 699 461</b>	<b>6 191 285</b>
<b>XIV- Total incomes (I+IV+VIII)</b>	<b>23 706 798</b>	<b>22 781 911</b>	<b>23 921 863</b>
<b>XV- Total Expenses (II+V+IX+XII)</b>	<b>17 406 078</b>	<b>17 082 450</b>	<b>17 730 578</b>
<b>XVI- Net income (total income - total expenses)</b>	<b>6 300 721</b>	<b>5 699 461</b>	<b>6 191 285</b>

## 2. CONSOLIDATED ACCOUNTS OF MAROC TELECOM

### 2.1. Consolidated statement of financial position

#### CONSOLIDATED GLOBAL INCOME STATEMENT

(In MAD million)	Note	31/12/2018	31/12/2017	31/12/2016	Variation 2018/2017	Variation 2017/2016
<b>Turnover</b>	<b>17</b>	<b>36 032</b>	<b>34 963</b>	<b>35 252</b>	<b>3.1%</b>	<b>-0.8%</b>
Consumed purchases	18	-6 011	-5 937	-6 223	1.2%	-4.6%
Salaries expenses	19	-2 891	-3 138	-3 260	-7.9%	-3.7%
Taxes and fees	20	-2 818	-2 838	-2 971	-0.7%	-4.5%
Other operating income and expenses	21	-5 923	-6 183	-5 486	-4.2%	12.7%
Net depreciation, amortization and provisions	22	-7 337	-6 557	-6 845	11.9%	-4.2%
<b>Operating income</b>		<b>11 052</b>	<b>10 310</b>	<b>10 468</b>	<b>7.2%</b>	<b>-1.5%</b>
Other income and expenses from ordinary activities		-11	-32	-47	-65.3%	-32.2%
Share of net income of companies accounted for using the equity method	23	0	0	0		
<b>Ordinary activities income</b>		<b>11 040</b>	<b>10 278</b>	<b>10 421</b>	<b>7.4%</b>	<b>-1.4%</b>
Income from cash and cash equivalents		3	6	10	-50.4%	-44.5%
Cost of gross financial debt		-527	-497	-333	6.0%	49.3%
<b>Cost of net financial debt</b>		<b>-524</b>	<b>-491</b>	<b>-322</b>	<b>6.7%</b>	<b>52.3%</b>
Other financial income and expenses		99	-1	-124	-	-99.6%
<b>Financial income</b>	<b>24</b>	<b>-425</b>	<b>-491</b>	<b>-446</b>	<b>-13.5%</b>	<b>10.2%</b>
Tax expenses	25	-3 677	-3 208	-3 347	14.6%	-4.1%
<b>Net income</b>		<b>6 938</b>	<b>6 579</b>	<b>6 628</b>	<b>5.5%</b>	<b>-0.7%</b>
Foreign exchange difference from foreign operations		-239	463	-276	-151.7%	-267.7%

Other income and expenses from comprehensive income		-5	-45	-23	-87.8%	94.1%
<b>Overall net income</b>		<b>6 693</b>	<b>6 997</b>	<b>6 329</b>	<b>-4.3%</b>	<b>10.5%</b>
<b>Net income</b>		<b>6 938</b>	<b>6 579</b>	<b>6 628</b>	<b>5.5%</b>	<b>-0.7%</b>
Equity - Group share		6 010	5 706	5 598	5.3%	1.9%
Minority interests	26	928	873	1 031	6.3%	-15.3%
<b>Overall net income</b>		<b>6 693</b>	<b>6 997</b>	<b>6 329</b>	<b>-4.3%</b>	<b>10.5%</b>
Equity - Group share		5 855	5 940	5 438	-1.4%	9.2%
Minority interests	26	839	1 014	891	-17.3%	13.8%
<b>Earnings per share</b>		<b>31/12/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>Variation 2018/2017</b>	<b>Variation 2017/2016</b>
Net income - Group share (in MAD million)		6 010	5 706	5 598	5.3%	1.9%
Number of shares as of December 31		879 095 340	879 095 340	879 095 340	0.0%	0.0%
<b>Net earnings per share</b>		<b>27</b>	<b>6.84</b>	<b>6.49</b>	<b>5.3%</b>	<b>1.9%</b>
<b>Diluted net income per share</b>		<b>27</b>	<b>6.84</b>	<b>6.49</b>	<b>5.3%</b>	<b>1.9%</b>

## Assets

(In MAD million)	Note	31/12/2018	Weight	31/12/2017	Weight	31/12/2016	Weight	Variation 2018/2017	Variation 2017/2016
Goodwill	3	8 548	14%	8 695	14%	8 360	14%	-1.70%	4.00%
Other intangible assets	4	7 681	12%	7 485	12%	7 378	12%	2.60%	1.40%
Property, plant and equipment	5	31 301	50%	32 090	51%	29 981	49%	-2.50%	7.00%
Equity-accounted securities	6	0	0%	0	0%	0	0%		
Non-current financial assets	7	299	0.50%	335	1%	327	0.50%	-10.80%	2.40%
Deferred tax assets	8	224	0.40%	273	0%	276	0%	-18.00%	-1.10%
<b>Non-current assets</b>		<b>48 053</b>	<b>77%</b>	<b>48 879</b>	<b>78%</b>	<b>46 322</b>	<b>76%</b>	<b>-1.70%</b>	<b>5.50%</b>
Stocks	9	348	0.60%	296	0%	324	0.50%	17.40%	-8.50%
Operating receivables and other	10	11 839	19%	11 325	18%	12 001	20%	4.50%	-5.60%
Short-term financial assets	11	138	0.20%	119	0%	156	0.30%	16.40%	-24.20%
Cash and cash equivalents	12	1 700	2.70%	2 010	3%	2 438	4%	-15.40%	-17.60%
Assets available for sale		54	0.10%	54	0%	54	0.10%	0.00%	-0.60%
<b>Current assets</b>		<b>14 078</b>	<b>23%</b>	<b>13 803</b>	<b>22%</b>	<b>14 974</b>	<b>24%</b>	<b>2.00%</b>	<b>-7.80%</b>
<b>TOTAL ASSETS</b>		<b>62 131</b>	<b>100%</b>	<b>62 682</b>	<b>100%</b>	<b>61 296</b>	<b>100%</b>	<b>-0.90%</b>	<b>2.30%</b>

## EQUITY AND LIABILITIES

(In MAD million)	Note	31/12/2018	31/12/2017	31/12/2016
Capital		5 275	5 275	5 275
Consolidated reserves		4 383	4 854	4 604
Consolidated income for the fiscal year		6 010	5 706	5 598
Equity - Group share	13	15 668	15 835	15 476
Minority interests		3 822	3 916	3 822
<b>Equity</b>		<b>19 490</b>	<b>19 750</b>	<b>19 298</b>

Non-current provisions	14	464	570	470
Borrowings and other long-term financial liabilities	15	3 475	4 200	4 666
Deferred tax liabilities	8	246	244	266
Other non-current liabilities		0	0	0
<b>Non-current liabilities</b>		<b>4 185</b>	<b>5 014</b>	<b>5 402</b>
Operating debts	16	24 095	25 627	24 626
Current tax liabilities		906	563	651
Current Provisions	14	1 325	838	1 208
Borrowings and other short-term financial liabilities	15	12 129	10 890	10 110
<b>Current liabilities</b>		<b>38 456</b>	<b>37 918</b>	<b>36 596</b>
<b>TOTAL LIABILITIES</b>		<b>62 131</b>	<b>62 682</b>	<b>61 296</b>

## 2.2. Consolidated statement of comprehensive income

(In MAD million)	Note	31/12/2018	31/12/2017	31/12/2016
<b>Turnover</b>	<b>17</b>	<b>36 032</b>	<b>34 963</b>	<b>35 252</b>
Consumed purchases	18	-6 011	-5 937	-6 223
Salaries expenses	19	-2 891	-3 138	-3 260
Taxes and fees	20	-2 818	-2 838	-2 971
Other operating income and expenses	21	-5 923	-6 183	-5 486
Depreciation, amortization, depreciation and provisions	22	-7 337	-6 557	-6 845
<b>Operating income</b>		<b>11 052</b>	<b>10 310</b>	<b>10 468</b>
Other income and expenses from ordinary activities		-11	-32	-47
Share of net income of consolidated companies	23	0	0	0
<b>Income from ordinary activities</b>		<b>11 040</b>	<b>10 278</b>	<b>10 421</b>
Income from cash and cash equivalents		3	6	10
Cost of gross financial debt		-527	-497	-333
<b>Cost of net financial debt</b>		<b>-524</b>	<b>-491</b>	<b>-322</b>
Other financial income and expenses		99	-1	-124
<b>Financial result</b>	<b>24</b>	<b>-425</b>	<b>-491</b>	<b>-446</b>
Income tax	25	-3 677	-3 208	-3 347
<b>Net result</b>		<b>6 938</b>	<b>6 579</b>	<b>6 628</b>
Foreign currency gain from foreign operations		-239	463	-276
Other income and expenses from comprehensive income		-5	-45	-23
<b>Overall net income</b>		<b>6 693</b>	<b>6 997</b>	<b>6 329</b>
<b>Net result</b>		<b>6 938</b>	<b>6 579</b>	<b>6 628</b>
Group share		6 010	5 706	5 598
Minority interests	26	928	873	1 031
<b>Overall net income</b>		<b>6 693</b>	<b>6 997</b>	<b>6 329</b>
Group share		5 855	5 940	5 438
Minority interests	26	839	1 014	891

<b>Income per share</b>	<b>31/12/2018</b>		<b>31/12/2017</b>	<b>31/12/2016</b>
Net income - Group share (in MAD million)		6 010	5 706	5 598
Number of shares as of December 31		879 095 340	879 095 340	879 095 340
<b>Net income per share</b>	<b>27</b>	<b>6,84</b>	<b>6,49</b>	<b>6,37</b>
<b>Diluted net income per share</b>	<b>27</b>	<b>7</b>	<b>6</b>	<b>6</b>

## PART IV – RISK FACTORS

### 1. RISKS RELATED TO THE ISSUER

#### 1.1. RISKS RELATED TO ACTIVITY

***Maroc Telecom's future revenues and results depend significantly on the evolution of the economies of the countries where Maroc Telecom is present***

Maroc Telecom's core business is the provision of telecommunications services, including the provision of international telecommunications services. As a result, the Group's revenues and profitability depend significantly on the evolution of consumer telecommunication spending and international telephone traffic. The evolution of the consumption of telecommunication services is particularly in line with the changing economic situation of the countries concerned and, more particularly, with the disposable income of the population and the economic activity of the companies. A contraction or weaker than expected economic growth could have a negative impact on the growth in the number of users and usage rates of Mobile, Fixed and Internet telephony services which could have a negative impact on the growth and the profitability of the Group's activities or even reduce its revenues and results.

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

***Maroc Telecom faces intensified competition in the main markets in which it operates, which could lead to a loss of market share and a reduction in Maroc Telecom's revenues***

Maroc Telecom group's activities are subject to strong competition, which could further intensify with the liberalization of the main markets in which the Company operates. This competition is putting pressure on Maroc Telecom and its subsidiaries, which could lead the Group to make further rate cuts, increase loyalty programs spending and put promotional offers in place, which could lead to a reduction in revenues and financial performance.

To meet or even anticipate market needs and expectations, the Group must make significant new investments without being able to ensure that the products and services thus developed and offered will not become obsolete in the short term.

Note that since 2016, Maroc Telecom faces competition over the services provided (voice and data) from the copper fixed network, because of the operational implementation of unbundling, competitors are able to offer Multiple Play services from ungrouped access.

Maroc Telecom is also subject to an obligation to share its entire passive infrastructure (including fiber optics), which risks to significantly reduce the competitive advantage that it could derive from its investments, particularly in the broadband (FTTH in particular), if this obligation is not subject to fair terms.

In the Mobile market in Morocco, the implementation of the National Roaming in the PACTE zones, and the adoption of the modification of the law 24-96, in the rural areas and roads determined by ANRT, risks depriving Morocco Telecom's competitive advantage in terms of coverage.

***If the Group does not manage to control its costs, its financial situation could be affected***

***In the event that the Group fails to control its costs, its operating margins and results may be negatively affected.***

Maroc Telecom's constant ambition is to change the structure of its costs, particularly its commercial costs and fixed costs. Maroc Telecom has adopted several voluntary redundancy plans and is conducting ongoing actions to generate savings on its purchases and network costs.

The cost optimization system set up by Maroc Telecom continuously monitors changes in the cost structure and margins.

***Maroc Telecom depends on the reliability of its information systems, failure or total or partial destruction of its systems could lead to a loss of customers and a reduction in revenues***

Maroc Telecom can only be paid for its services to the extent that it uses reliable information systems (including collection and billing systems), and manages to protect and ensure the continued operation of these systems. Maroc Telecom has put in place an information system security policy to cope with the traditional disruptions of IT operations (unauthorized access, power outages, theft, hardware crashes, etc.) and to ensure continuity of the service.

Maroc Telecom currently has a business continuity and recovery plan for its critical information systems, those having a direct impact on its revenue, namely the systems for collecting tax, sales and invoicing data of the three Fixed, Mobile and Internet products. This plan also integrates national and international inter-operator account management systems, as well as Purchasing and Finance management systems.

A disaster that would cause the total or partial destruction of these systems (natural disasters, fires or acts of vandalism) would trigger a switchover operation to a backup computer center.

Since critical system data is synchronized by real-time replication between production and back-up platforms, the risk of information loss and the impossibility of billing and recovering customers becomes very limited.

Since its beginning, this plan is tested and evaluated annually, simulating a situation of total unavailability of information systems.

At subsidiary level, the risk of non-continuity business in the event of a disaster or cyberattack affecting critical information systems, is mitigated by data backup operations and security measures (Antivirus, anti-DDOS solution, partitioning of Datacenters, etc.) as well as the progressive deployment of geographic redundancy of critical platforms.

***Disruptions in technical networks could lead to a loss of customers and a reduction in revenues***

Maroc Telecom Group can provide services only to the extent that it manages to protect its telecommunications networks from damage resulting from disturbances, power interruptions, computer viruses, natural disasters, theft and unauthorized access. Any disruption of the system, accident or breach of security measures that would cause interruptions in the Group's operations could affect its ability to provide services to its customers and adversely affect its revenues and operating results. Such disruptions would also result in image and reputation damage to the Company and/or its subsidiaries, which could include a loss of customers. In addition, the Group may incur additional costs to repair the damage caused by these disturbances.

Maroc Telecom group has put in place a series of measures to ensure the safety of technical sites, the proactive supervision of network infrastructures as well as a recovery and business continuity plan (PRCA).

***Maroc Telecom's indirect distribution network is a force that could be weakened if Maroc Telecom failed to maintain it***

Maroc Telecom has an extensive distribution network, consisting of an extensive direct network of agencies and an indirect network of resellers and partners as well as an independent network. If Maroc Telecom fails to maintain close relations or renew its distribution agreements with the components of its indirect network, or if its indirect distribution network is challenged by other means, in particular by actions of competitors, this distribution network could be weakened and the business and results of the Company could be significantly affected.

***Continuous and rapid changes in technologies could intensify competition or force Maroc Telecom to make significant additional investments***

Many services offered by Maroc Telecom and its subsidiaries make intensive use of technology. The development of new technologies could render certain services of the Company non-competitive.

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

Alternative means of communication could lead to a decrease in the usefulness or even obsolescence of fixed and mobile networks, which could lead to the loss of competitive advantage and significantly reduce the Company's revenues.

The Company has already been confronted with a phenomenon of substitution of the Fixed by the Mobile stressed by the recourse to alternative technologies. In addition, traffic bypass solutions across GSM gateways compete with fixed voice services for businesses.

***The Company's fixed and mobile telephony activities could be affected by the development of these gateways.***

Mobile activities are affected by the increasing use of Voice over IP (VoIP) applications, which refer to technologies that enable voice and video communications over the Internet and have been liberalized in Morocco since November 2016. In addition, these alternative technologies could call into question the usefulness of the Company's infrastructure or business model, which could significantly affect its revenues and results.

***Potential Health Risks from Networks, Mobile Devices or Wifi Terminals***

In recent years, concerns have been expressed internationally about the potential risks of electromagnetic waves from mobile phones and mobile communications sites to people's health. To date, Maroc Telecom is not aware of any proven evidence to demonstrate the existence of risks to human health related to the use of mobile telephony or the emission of radio frequencies or electromagnetic fields. Maroc Telecom undertakes annual measurements of the intensity of

electromagnetic waves at relay antennas, the results of which have always proved to comply with international standards.

Nevertheless, the public's perception of these risks could have a significant negative impact on Maroc Telecom's results or financial position, particularly if contentious appeals were initiated or if the regulation imposed additional costs for compliance with new standards.

***Fraudulent diversion of traffic could limit the Company's revenues and affect its results***

The Company suffers a fraudulent diversion of the traffic. Maroc Telecom has since put in place a plan to fight against this fraud. However, Maroc Telecom cannot predict whether new means of fraud will develop and, if so, the sectors that the fraudsters will target, nor the impact that these possible frauds could have.

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

***The risks inherent in potential acquisitions of telecommunications companies or licenses that may be carried out by Maroc Telecom could have an impact on Maroc Telecom's business***

In order to extend its search for growth drivers, Maroc Telecom is seeking external growth operation through the acquisition of telecommunications companies or licenses in other countries. Such operations necessarily entail risks. If Maroc Telecom is unable to obtain the expected results of these acquisitions, its activities and results could be affected. Maroc Telecom could notably:

- make acquisitions on financial or operational terms that would be unfavorable;
- integrate with difficulty acquired companies, their networks, products or services;
- fail to retain the key personnel of the acquired companies or to recruit the necessary qualified personnel;
- not benefit from expected synergies or economies of scale;
- make investments in countries where the political, economic or legal situation poses particular risks, such as civil or military unrest, lack of effective or comprehensive protection of shareholders' rights, or disagreements over the management of acquired companies with other reference shareholders, including public authorities; and
- not adapt to the specificities of the countries in which companies might eventually be acquired.

***Maroc Telecom's business outside Morocco could lead to additional risks***

In the exercise of its international business, Maroc Telecom could face risks, the main ones being:

- exchange rate fluctuations and the devaluation of certain currencies;
- the restrictions imposed on the repatriation of capital;
- unforeseen changes in the regulatory and tax environment;

- changes in the various tax regimes that could have negative effects on the result of Maroc Telecom's activities or on its cash flows;
- the local economic and political situation.

***Maroc Telecom may not be able to retain its key personnel or employ highly qualified personnel wherever it operates, which could significantly affect the Company's business and its ability to adapt to its environment***

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

Maroc Telecom and its performance also depend on qualified personnel with the experience and the technical or commercial capacities necessary for the development of its activity. Maroc Telecom's ability to adapt its services, products and commercial offers, whether in the area of fixed or mobile telecommunications, is closely dependent on the presence of competent and qualified teams in its various markets.

The human resources management policy through its different systems (recruitment, training, career management, skills development, mobility, etc.) works for the identification, retention and development of the necessary skills within Maroc Telecom.

If Maroc Telecom fails to retain its key personnel, be it its management team or its sales and technical executives, its business could be affected and its operating revenues could decrease significantly.

## **1.2. REGULATORY RISKS**

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***The interpretation of existing regulations and the adoption of future legal or regulatory standards could significantly affect the activities of Maroc Telecom***

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

In Morocco, Law No. 24-96 and its implementing regulations, as amended and supplemented, could be subject to interpretations that could affect Maroc Telecom's business and lead to a drop in revenues and results.

The main orientations to come, as set out by the law no. 121-12 of modification of the law 24-96, as well as the guidelines relating to the modalities of validation of the retail offers, entered into effect since the month of May 2016, as well as the various adjustments related thereto, could in particular impact the profitability of certain services and, in general, the activity of Maroc Telecom, in particular:

- the reinforcement of regulatory levers (existing and future), particularly in terms of access to the wired local loop and passive infrastructures;
- the strengthening of the sanctions regime (increase of financial penalties up to 2% of turnover, 5% in case of recidivism, and allocation of reinforced powers to the regulator who will have both investigative and sanctioning powers);

- the strengthening of national roaming and its extension to areas designated by ANRT, in addition to universal service areas;
- the intensification of Maroc Telecom's tariff control of retail offers and promotions (due to its position as the dominant operator in all markets) as well as the control established by the regulator in terms of communication and quality of service, may adversely affect its commercial freedom, including its ability to market attractive promotions;
- the guidelines governing the review of operators' tariff offers published in 2016 are favorable to third-party operators. The latter have the possibility, unlike Maroc Telecom, to practice pre-paid on-net and off-net pricing differentiation. Promotions and offers will be subject to repeatability testing based on full cost. The minimum margin required by Maroc Telecom for the replicability test is now 20% for Fixed and Mobile. These lines could have a negative impact on Maroc Telecom's competitiveness;
- the regime of occupation of the public domain involves uncertainties and could have an unfavorable impact on Maroc Telecom;
- the rules relating to town planning and new subdivisions, which have not yet been ratified, could have unfavorable consequences for Maroc Telecom;
- the evolution of Net Neutrality regulations is helping to increase competition from Over The Top (OTT) operators.

Following the adoption of law 104-12 on freedom of prices and competition, a decree of May 31, 2016 amending and supplementing the decree of July 13, 2005 on the procedure followed before ANRT concerning litigation, anticompetitive practices and economic concentration, granted new powers of control over anticompetitive practices and concentration in the telecommunications sector to ANRT. Thus, ANRT was granted, in particular, new sanctioning powers in the area of anticompetitive practices up to 10% of the turnover of the operator concerned, double for recidivism.

Regulatory levers have already been reinforced during the year 2018, through the decisions taken by ANRT concerning, in particular, the relevant markets, the dominant operators in these markets and the maintenance of the asymmetry of mobile calls termination rates.

***Maroc Telecom's business could be affected by regulatory developments in the markets in which its subsidiaries operate***

Group subsidiaries are required to comply with a set of regulations related to the conduct of their business.

They are routinely subject to the control of the authorities who ensure compliance with regulatory requirements.

Significant changes in the nature, interpretation or application of this regulation by the legislator, the regulatory authorities or the judicial authorities (notably in the field of competition law), could entail additional expenses for Maroc Telecom or the leading to a change in the services it offers, which could significantly affect its business, results and development prospects.

The increase in regulatory and parafiscal fees in the countries where Maroc Telecom Group operates is a major risk factor overall.

In all subsidiaries, the requirements for the identification of mobile subscribers are reinforced and for some of them, identification deadlines expire. Beyond these deadlines, unidentified subscribers should be suspended. The risk of pecuniary sanctions cannot be excluded.

If Maroc Telecom and its subsidiaries fail to acquire, renew in good time or at a reasonable cost or to keep (notably for non-compliance with commitments made in exchange for their allocation) the necessary licenses to exercise, continue or develop their activities their ability to achieve their strategic goals may be impaired.

***Maroc Telecom may not be able to deduct certain provisions for bad debts***

The amount of bad loans provisioned by Maroc Telecom is deductible from its tax base subject to justifying the implementation of legal proceedings against its debtors. If the deductibility of these provisions for the receivables were questioned, the results of the Company could be adversely affected.

### **1.3. MARKET RISKS**

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In accordance with its treasury management policy, Maroc Telecom does not invest in equities, equity UCITS or derivatives. Maroc Telecom places its cash with financial institutions either in demand deposits or in term deposits. Financial institution counterparty limits are approved by the Management Board.

The Group is exposed to various market risks related to its business.

***Credit risk***

Maroc Telecom minimizes its credit risk by only engaging in credit transactions with commercial banks or financial institutions that benefit from high credit ratings and by distributing transactions among the selected institutions.

In addition, Maroc Telecom's receivables are not subject to a significant concentration of credit risk, given their significant dilution rate.

***Currency risk***

Maroc Telecom group is exposed to exchange rate fluctuations insofar as the composition of its receipts and disbursements in foreign currencies differ.

Maroc Telecom receives receipts in foreign currencies corresponding to the incomes of international operators, and makes disbursements in foreign currencies corresponding to the payment of international suppliers (in particular the payment of investments and the acquisition of terminals) and to the regulation of interconnection with foreign operators. These disbursements are mainly denominated in Euro.

In Morocco, the share of disbursements in foreign currencies denominated in Euro represents 67% of all disbursements in foreign currencies as of December 31, 2018, the latter totaling MAD 4,257 million. These disbursements in foreign currencies are lower than the amount of foreign currency receipts which amount to MAD 5,613 million in 2018.

At the international level, the share of dollar denominated foreign currency disbursements represents 26% of all foreign currency disbursements as of December 31, 2018, totaling MAD 4,346 million. These

disbursements in foreign currencies are greater than the number of foreign currency receipts which are set at MAD 598 million in 2018.

In addition, Maroc Telecom group has a debt of MAD 15,605 million as of December 31, 2018, compared to MAD 15,090 million as of December 31, 2017, mainly denominated in Euro and MAD:

<i>(In MAD million)</i>	31/12/2018	31/12/2017	31/12/2016
Euro	937	2,067	3,277
MAD	8,118	7,535	7,064
Other (mainly CFA Franc)	6,550	5,488	4,434
<b>TOTAL FINANCIAL DEBTS</b>	<b>15,605</b>	<b>15,090</b>	<b>14,775</b>

Maroc Telecom group cannot offset its disbursements and receipts in foreign currencies, the Moroccan regulations in force authorizing it to keep only 80% of its foreign currency telecom receipts in a foreign currency account; the remaining 20% is sold in MAD. The result of Maroc Telecom group can, therefore, be sensitive to changes in exchange rates, especially between MAD and the US Dollar or the Euro.

In 2018, the Euro depreciated by 1.78% compared to MAD (from MAD 11.1870 as of December 31, 2017 to MAD 10.9875 for 1 euro as of December 31, 2018). Over the same period, the US dollar appreciated by 3.03%, from MAD 9.3295 as of December 31, 2017 to MAD 9.6121 per dollar as of December 31, 2018.

Subsidiaries whose currency of account is the CFA Franc and the Mauritanian subsidiary, whose currency is Ouguiya, make the Group's exposure to foreign exchange risk greater, particularly with respect to fluctuations in the exchange rate of the Euro and Ouguiya against MAD.

However, a depreciation of the MAD against the Euro of 1% would have on the basis of the 2018 Group accounts the following limited impacts:

Turnover = + MAD 156 million

Operating profit = + MAD 40 million

Net income, group share = + MAD 17 million

At Maroc Telecom level, assets in foreign currencies mainly consist of receivables from subsidiaries and foreign operators. Foreign currency liabilities consist mainly of debts to the parent company, suppliers and operators.

At the international level, foreign currency assets consist mainly of claims on foreign operators. Foreign currency liabilities mainly consist of debts to foreign suppliers and operators.

(In MAD million)	31/12/2018	31/12/2017	31/12/2016
Euro	937	2 067	3 277
MAD	8 118	7 535	7 064
Other (mainly CFA Franc)	6 550	5 488	4 434
<b>TOTAL FINANCIAL DEBTS</b>	<b>15 605</b>	<b>15 090</b>	<b>14 775</b>

The Group uses a foreign exchange hedge on a loan in dollars, in the form of a forward purchase and sale agreement (Euro/Dollar).

The following table presents the net positions of Maroc Telecom in the main foreign currencies, and globally for the other currencies as of December 31, 2018.

(In MAD million)	Euro/ CFA Franc	USD	MRO	Total foreign currencies	MAD	Total Balance Sheet
Total assets	28 518	318	1 618	2	31 675	62 131
Total liabilities	-16 672	-1 017	-1 030	-8	-43 204	-62 131
<b>NET POSITION</b>	<b>11 646</b>	<b>-699</b>	<b>588</b>	<b>-6</b>	<b>-11 529</b>	<b>0</b>

### Liquidity risk

Maroc Telecom estimates that the cash flows generated by its operating activities, as well as the funds available via the credit lines, will be sufficient to cover the expenses and investments necessary for its operation, the servicing of its debt, the distribution of dividends and external growth operations in progress as of December 31, 2018.

(In millions)	Euro (2)	USD (2)	Other currencies (euro equivalent *) (1)
Assets	1 349	64	2
Liabilities	-367	-274	-8
Net position	982	-210	-6
Commitments (3)	-154	-176	
<b>GLOBAL NET POSITION</b>	<b>828</b>	<b>-386</b>	<b>-6</b>

(\*)Based on 1 euro = MAD 10.9875 corresponding to the average price of Bank-Al Maghrib as of 31/12/2018.

(1) Other currencies include mainly the Japanese Yen (YEN), the Swiss Franc (CHF) and the Swedish Krona (SEK).

(2) The foreign exchange position in Euros and dollars is calculated by applying to foreign debt holders and debt in SDR (Special Drawing Rights) as of December 31, 2018 the proportion by currency of receipts made in 2018.

(3) For the balance of commitments due on contracts in progress, the breakdown by currency corresponds to the actual balance on the contracts entered into.

### Interest rate risk

Maroc Telecom Group's debt is essentially fixed-rated. As the portion of variable rate debt is relatively low, Maroc Telecom group is not significantly exposed to favorable or unfavorable interest rate developments.

## 2. RISKS RELATED TO THE OPERATION OR SECURITIES PROPOSED

### 2.1. RISKS OF CAPITAL LOSS

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By definition, listed shares are traded daily on the stock market. The evolution of the share price reflects the imbalance that may exist between buyers and sellers. In accordance with the law of supply and demand, in the case of purchases exceeding sales flows, the share price will adjust upwards and vice versa.

As a result, the share price is constantly changing according to the relative quantities offered to buy and sell on the market. The investment in shares therefore carries a risk relating to the possibility of incurring a capital loss between the time of the purchase and the resale of the securities, if the evolution of the share prices is not favorable.

The shares present a risk of capital loss that is, in principle, not measurable.

### 2.1. Performance risks

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The performance risks are a combination of market risk and the policy of the Company's management team. The risk may vary according to the strategic decisions of the management. In fact, the dividends received by the shareholders depend on various elements (financial achievements, prospects, cash flow, etc.).

On the other hand, this investment opportunity performance may be lower than one of a similar investment risk.

## DISCLAIMER

The aforementioned information is only part of the prospectus approved by the Moroccan Stock Market Authority (AMMC) under the reference no. VI/EM/014/2019 on June 14, 2019.

AMMC recommends reading the entire prospectus, which is available to the public in French.