Analysts presentation

7-8 March 2005

2004 Results
&
2005 Prospects

اتصالات المغرب
Maroc Telecom

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2004 highlights

- Initial public offering on the Casablanca and Paris stock exchanges
- Vivendi Universal takes an additional 16% stake in Maroc Telecom
- ISO 9001: 2000 series certification for all of Maroc Telecom's business activities
- Signing of a collective agreement and launch of a new voluntary redundancy plan, to be carried out in 2005
- Enactment of law 55/01 and publication of a telecom sector liberalisation plan for 2005-08

Strong performances in 2004

MADm	2003 reported	2004 reported	% change 2003/2004 Reported	% change 2003/2004 Comparable (1)
Revenues	15,894	17,922	+12.8%	+11.2%
Ebitda[(2)]	9,118	10,125	+11.0%	-
Operating income	6,949	7,668	+10.3%	+8.0%
Net income group share	5,085	5,210	+2.5%	+2.6%
Cash flow from operations[(3)]	7,251	7,534	+3.9%	-

(1) *On a comparable basis using a constant MAD/MRO exchange rate: 1) Mauritel is treated as if it had been fully consolidated as of the beginning of 2003, 2) the figures are restated to reflect accounting changes adopted on 31 December 2004 to standardise accounting practices (reclassification of restructuring provisions, new method for reporting of revenues from vocal services). This basis of comparison does not take into account the impact (which was insignificant) of new accounting methods for customer loyalty programmes (CNC recommendation 2004-E of 13/10/2004). This accounting change was integrated in the reported figures and in the pro forma comparisons in the appendix of the consolidated statements.*

(2) *Ebitda: Operating income – net depreciation and provisions of fixed assets*

(3) *Cash flow from operations: Ebitda-Capex-change in WCR / at unchanged consolidation scope*

In a nutshell:

- Strong full-year results in line with our expectations
- Based on these results, the Supervisory Board will propose a dividend of MAD5 per share, hence a dividend yield of 5.8%*
- This will bring the total dividend payout to MAD4,395m, or 91% of distributable profit

* Based on March 4th, 2005 share price

- 2004 highlights and key figures
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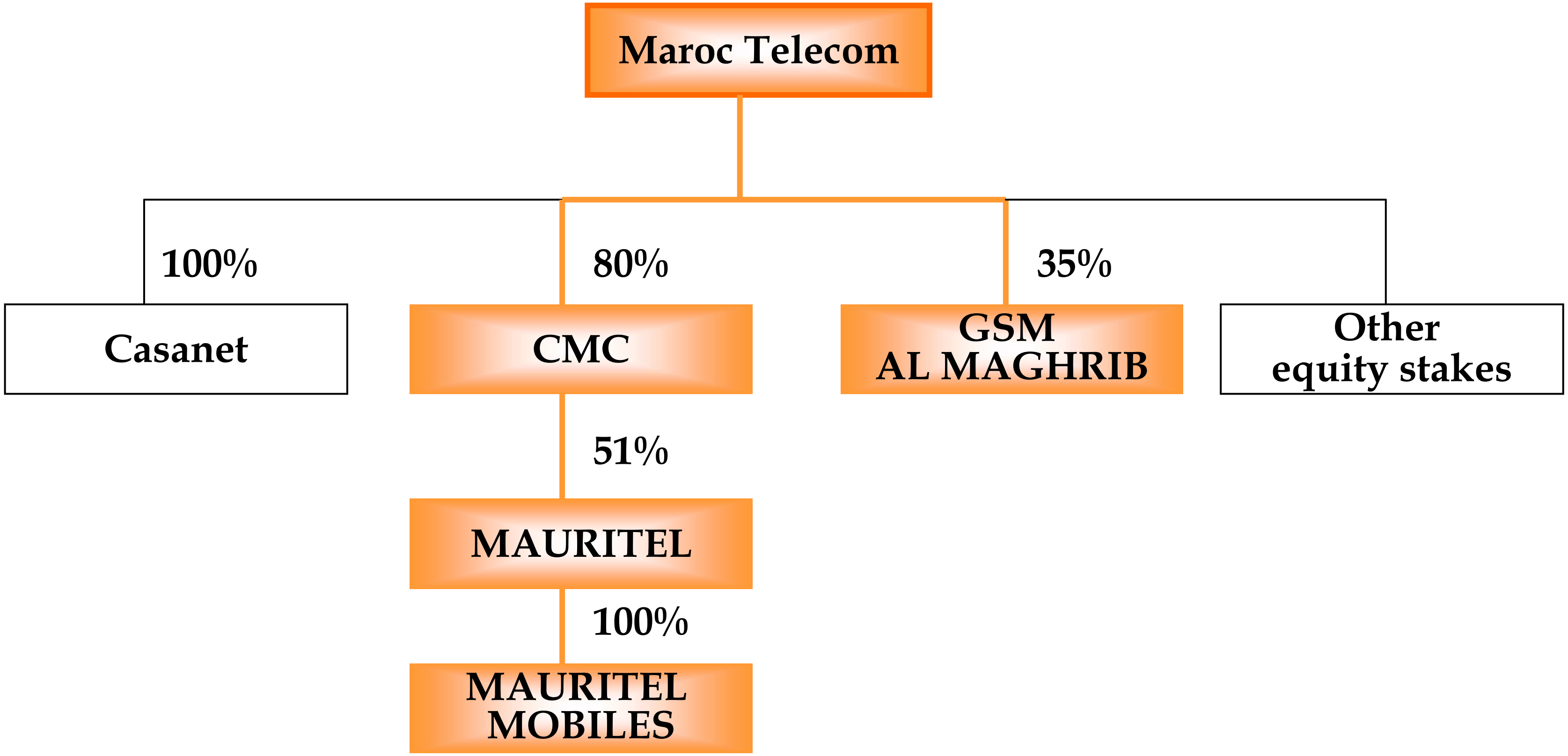
Scope of consolidation



- On July 1st, 2004, the Mauritel group was fully consolidated following the expiration of veto rights held by the Mauritanian government

Changes in accounting methods

	Accounting method in 2003	Accounting method in 2004
❖ **Customer loyalty points**	◆ Provision for points converted without contract renewal	◆ All customer loyalty points are deducted from revenues when issued (with or without contract renewal) • Impact on 2004 revenues: MAD33m • Impact on 2004 net profits: MAD21m
❖ **Payments to third-parties for vocal services (fixed-line division only)**	◆ Revenues from services are reported as revenues ◆ Payments are reported as expenses	◆ Revenues and expenses are offset Impact on 2004 revenues: - MAD8m

Other accounting matters

- **Voluntary redundancy plan:**
  - MAD161m provision for an estimated 800 redundancies:
    - The provision for the voluntary redundancy plan is included in the consolidated operating profit of Maroc Telecom (convergence with international standards)
    - The first 2 plans were treated as exceptional items, due to the amounts involved and the specific circumstances of these operations

- **Capex tax-free allowance:**
  - No capex tax-free allowance in 2004

Simplified consolidated income statement

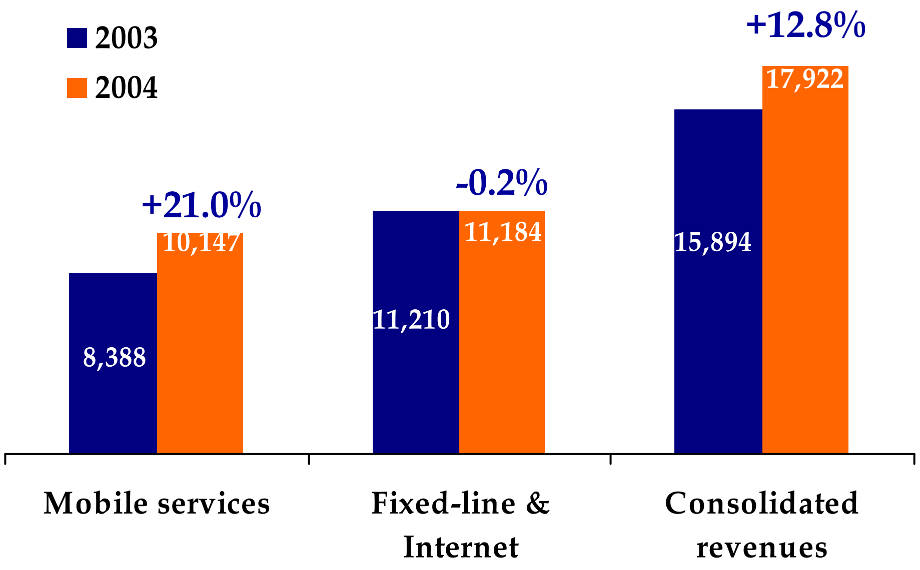
(MADm)	2003 Reported	**2004** **Reported**	*% change 2004/2003* *Reported*	*Comparable*
Consolidated revenues	**15,894**	**17,922**	***12.8%***	***11.2%***
Operating expenses	**(9,064)**	**(10,342)**	***14.1%***	
Ebitda	**9,118**	**10,125**	***11.0%***	
Ebitda margin (%)	57.4%	56.5%		
Ebit	**6,949**	**7,668**	***10.3%***	***8.0%***
Ebit margin (%)	43.7%	42.8%		
Net income group share	**5,085**	**5,210**	***2.5%***	***2.6%***
Restated net income group share*	**4,752**	**5,210**	***9.6%***	
Net cash	**6,093**	**6,498**	***6.6%***	

* Restated for the 2003 capex tax-free allowance

Strong growth and stable margins

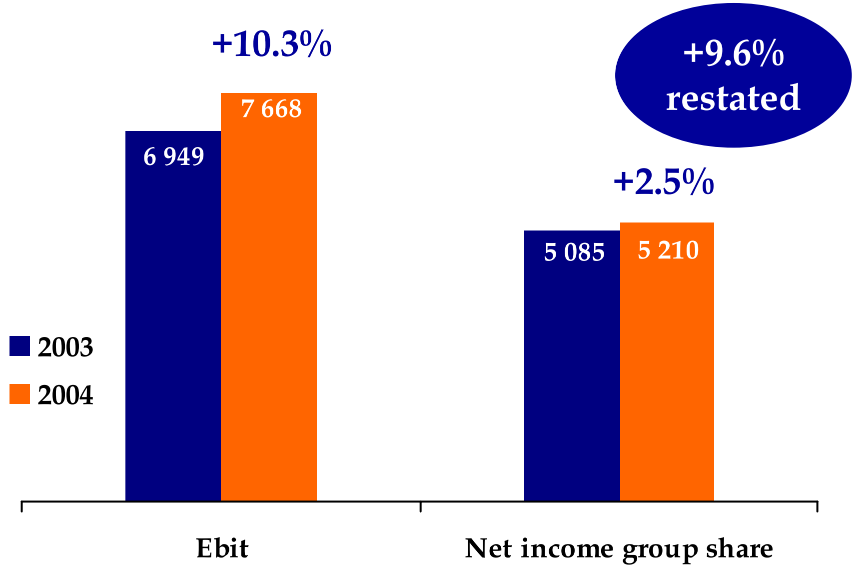
Revenues

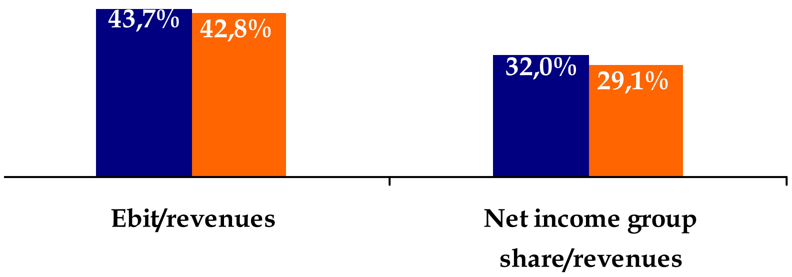
(MADm)



Ebit and net income group share

(MADm)



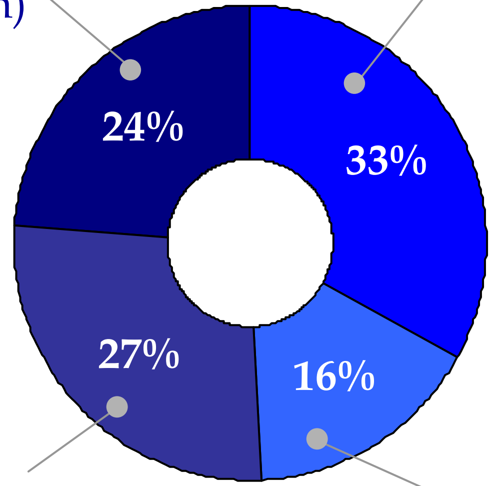


- ❖ Significant revenue and Ebit growth
- ❖ High margins despite a sharp increase in marketing expenses as part of intensified efforts to win and retain customers
- ❖ Restated net income group share rose 9.6% (restated for the 2003 capex tax-free allowance)

Higher spending helped fuel strong growth of the customer base

- **The customer base grew rapidly thanks to intensified marketing efforts, which drove up such expenses as communication, commissions & subsidies, and the cost of handsets.**

Breakdown of operating expenses (Total: MAD10,342m, +14.1% in 2004)



Cost of goods sold (MAD3,368m)
Including cost of handsets (+25.4% in 2004)

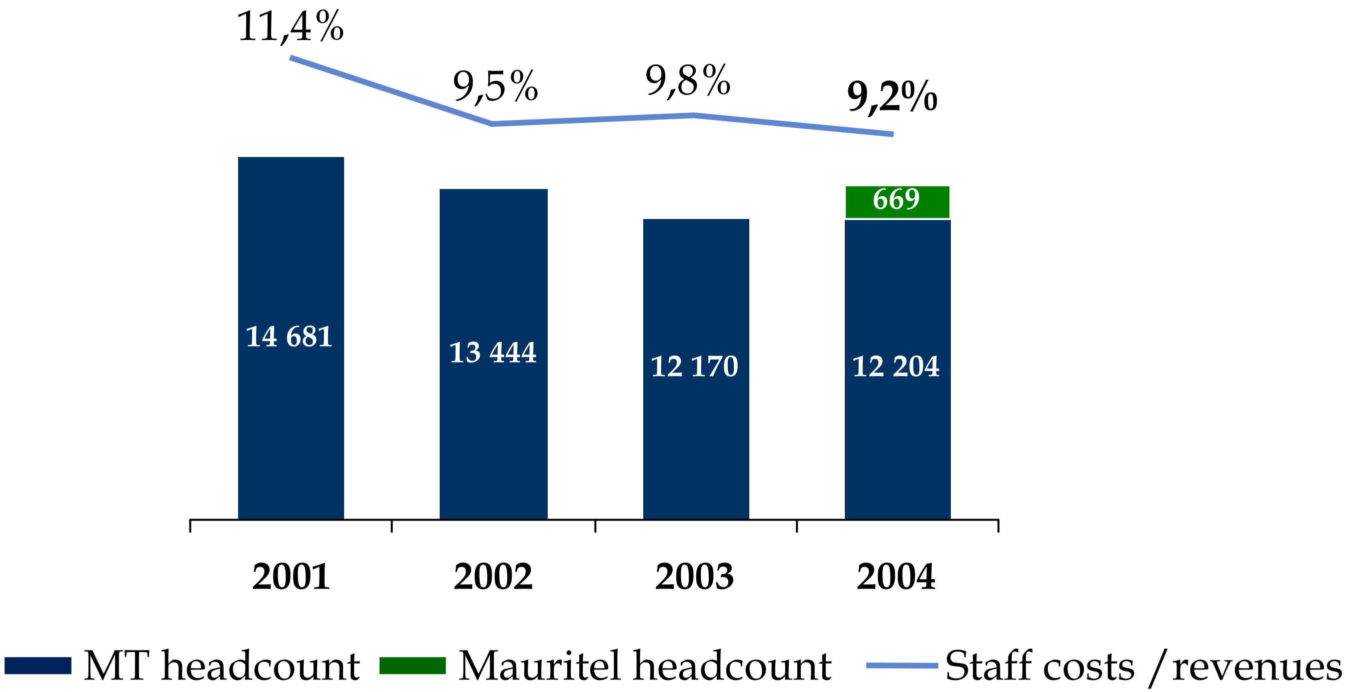
Net depreciation and provisions (MAD2,491m)

Other operating expenses (MAD2,841m)
Including communication (+31% in 2004) and commissions & subsidies (+37.8% in 2004)

Personnel expenses (MAD1,642m)

Tight grip on personnel costs

Headcount and staff costs



- Total staff costs account for 9.2% of revenues
- No off-balance-sheet retirement commitments
- Voluntary redundancy plan to be carried out in 2005 (MAD161m provision)

Mobile services: strong growth and high profit margins

	Reported		Comparable	
(MADm)	2003	2004	2003	2004
Gross revenues*	**8,388**	**10,147**	**8,752**	**10,394**
% change	*8%*	*21%*		*18.8%*
Ebitda	**3 554**	**4 852**		
Ebitda margin (%)	*42%*	*48%*		
Ebit	**2,676**	**3,725**	**2,824**	**3,822**
Ebit margin (%)	*32%*	*37%*	*32%*	*37%*
Capex	**1,141**	**1,267**		
% of gross revenues	*14%*	*12%*		
Ebitda – Capex	**2,413**	**3,585**		
% of gross revenues	*29%*	*35%*		

- **Mobile services achieved strong revenue growth: +21% (+18.8% on a comparable basis)**
- **The operating margin rose from 32% to 37%, or 33% excluding rate cuts on leased lines (on a comparable basis)**

(*) including intercompany revenues

Fixed-line and Internet: stable revenues and margins

	Reported		Comparable	
(MADm)	2003	2004	2003	2004
Gross revenues	**11,210**	**11,184**	**11,512**	**11,367**
% change	*1%*	*-0,2%*		*-1,3%*
Ebitda	**5,564**	**5,274**		
Ebitda margin (%)	*50%*	*47%*		
Ebit	**4,273**	**3,943**	**4,374**	**3,954**
Ebit margin (%)	*38%*	*35%*	*38%*	*35%*
Capex	**763**	**998**		
% of gross revenues	*7%*	*9%*		
Ebitda – Capex	**4,801**	**4,276**		
% of gross revenues	*43%*	*38%*		

- **Revenues were fairly resilient in the Fixed-line & Internet division**
- **The operating margin was 35%, or 39% excluding rate cuts for leased lines (on a comparable basis)**

Consolidated cash flow statement

(MADm)	2003	2004
Net cash provided by operating activities	**6,724**	**7,747**
Net cash from investing	**(1,776)**	**(2,103)**
Principal payments on financial debt	(864)	(854)
Dividends paid	(2,500)	(5,124)
Net cash from financing	**(3,364)**	**(5,978)**
Net increase (decrease) in cash during the year	**1,584**	**(334)**
Cash and cash equivalent (BoY)	6,116	7,700
Cash and cash equivalent (EoY)	7,700	7,366

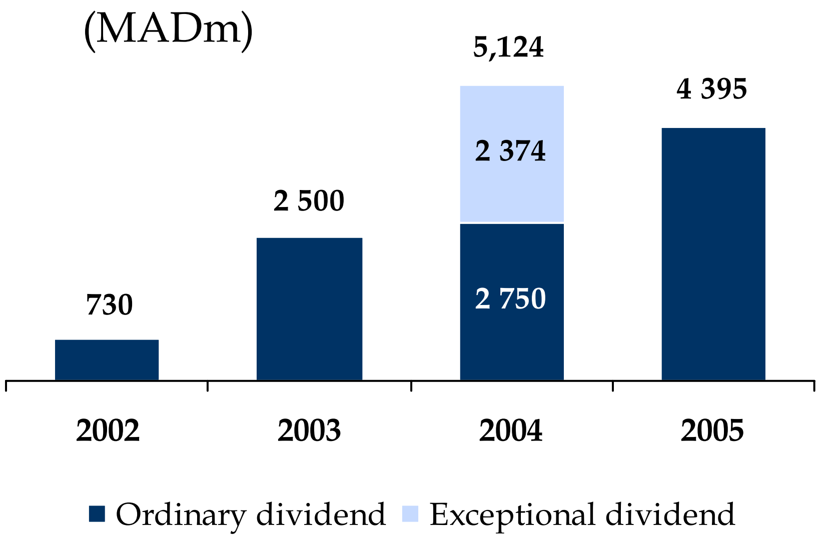
- **Cash and cash equivalent maintained at a high level despite the prepayment of a MAD599m loan and payment of an exceptional dividend (MAD2,374m)**

A strong dividend payout

Proposed allocation of 2004 net profit

MADm	
Net profit for the year	5,728
Legal reserve	228
Compulsory reserve	685
Optional reserve	420
Dividend (MAD5/share)	4,395

Dividends paid



- ❖ **Payment of a dividend of MAD5 per share, or a total dividend payout of MAD4.4bn:**
  - ❖ **91% of distributable profit**
  - ❖ **Dividend yield of 5.8%(1)**

(1) **based on March 4th, 2005 share price**

Simplified consolidated balance sheet

ASSETS

(MADm)	2003	2004	*% change* 2004/2003
Fixed assets	**13,157**	**13,448**	***2.2%***
Current assets	**5,848**	**6,714**	***14.8%***
Inventories	365	451	*23.6%*
Accounts receivable	5,483	6,263	*14.2%*
Cash and equiv.	**7,700**	**7,414**	***-3.7%***
Total assets	**26,705**	**27,576**	***3.3%***

LIABILITIES

(MADm)	2003	2004	*% change* 2004/2003
Shareholders' equity (excl. minority int.)	**17,737**	**17,702**	***-0.2%***
Minority interests	**67**	**428**	***538.8%***
Provisions for liabilities & charges	**379**	**320**	***-15.6%***
Long-term liabilities	**8,522**	**9,078**	***6.5%***
O.W financial debt	1,607	868	*-46.0%*
Short-term notes payable		**48**	**-**
Total liabilities	**26,705**	**27,576**	***3.3%***

IFRS adjustments

	Current practice	IFRS
Revenues from handset sales	Revenues are reported at the time of sale	Revenues and related expenses (cost of goods sold, subsidies and commissions) are reported when the phone line is activated
Customer loyalty points	Provision for loyalty points that can be used to get a new subsidised handset	Provisions solely for the difference in subsidy amount between a first-time handset purchase and a renewal
SIM cards	Reported as expenses	Reported as an in-progress intangible asset at the time of acquisition. Reclassified as an asset and depreciated over a 2-year period when the phone line is activated

IFRS adjustments

	Current treatment	IFRS
❖ **Handset packages subsidies**	◆ Treated both as revenues and expenses	◆ Revenues net of subsidies
❖ **Replacement parts**	◆ Reported as expenses	◆ When purchased as part of an equipment purchasing agreement: same rules apply as for the equipment acquired for putting into service and depreciation ◆ When purchased as part of a specific contract: put into service immediately and depreciated over the remaining economic life of the equipment it was purchased for
❖ **Local loop equipment and cable**	◆ Reported as inventory for the year and reclassified as a fixed asset after entering service	◆ Treated as an in-progress asset at the time of acquisition and depreciated over a 10-year period once in service

IFRS adjustments

- **Change in depreciation periods**

- A review of equipments economic life led to the following changes:

	Previous economic life	New economic life
Value-added network (hardware) excluding VMS	8 years	4 years
VMS	8 years	6 years
Poles and towers	20 years	15 years
Environmental control (energy, air control systems)	10 years	8 years

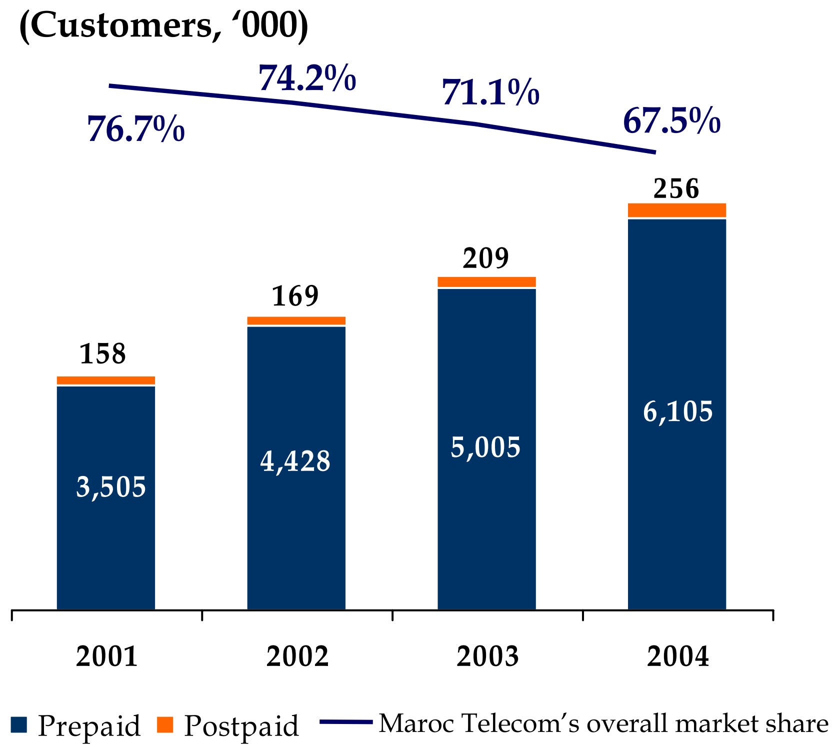
Business review: mobile services

Revenues from mobile services rose 21%:

- In 2004 the customer base rose more swiftly than previously and reached 6.4 million (+22%)
- ARPU was strong, notably for prepaid services:
  - A new price scheme for all inclusive packages services and the launch of capped rate tariff plans
  - New services: controlled rate tariff plans, MAD20 and MAD1,200 scratch cards, prepaid MMS…
- Intense efforts to attract new customers and build customer loyalty
- Reinforcement of network capacity and coverage (+450 BTS)

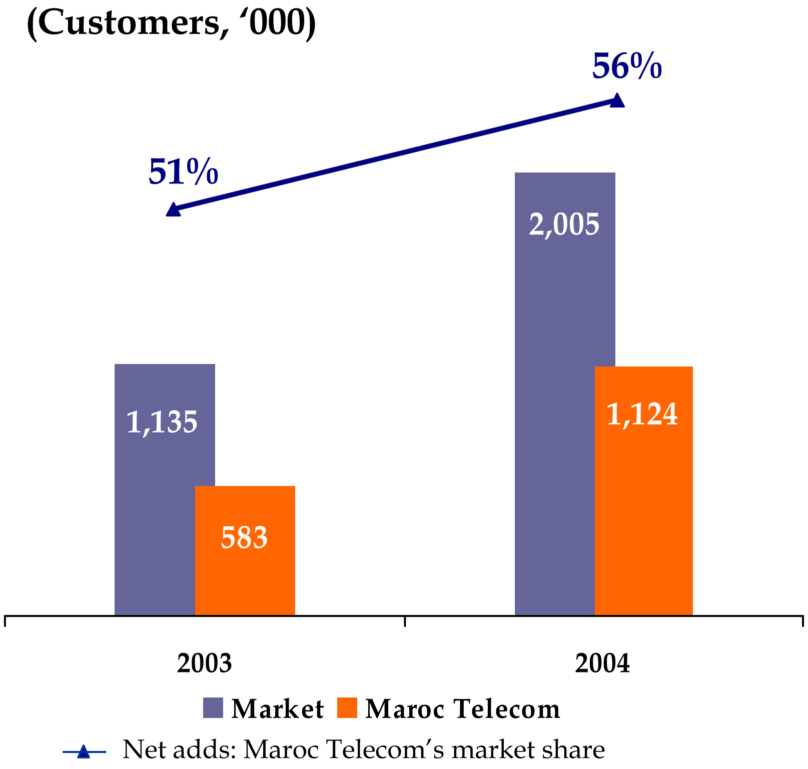
Accelerated growth of the customer base

Number of mobile customers



Source: Maroc Telecom and ANRT

Net adds



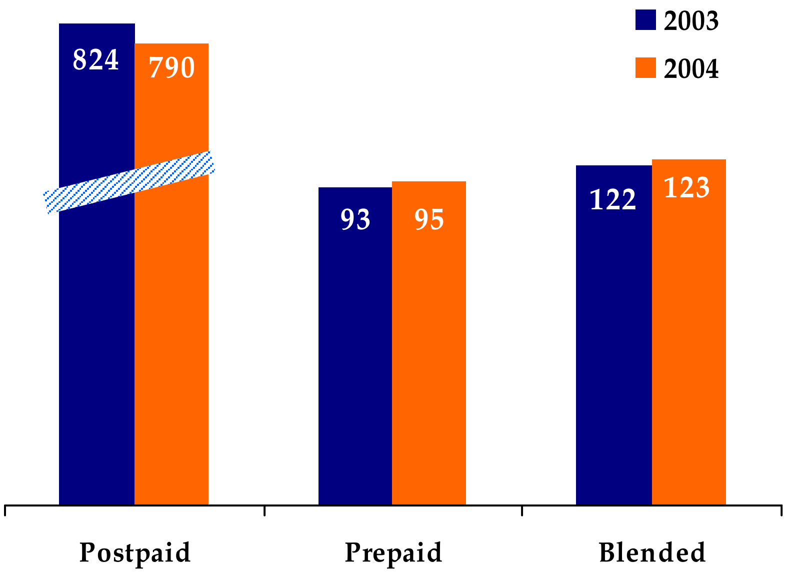
Source: ANRT

- ❖ Accelerated growth of the customer base: 1.1 million new customers
- ❖ Maroc Telecom's share of net adds rose to 56% in 2004

ARPU and usage have both held up well

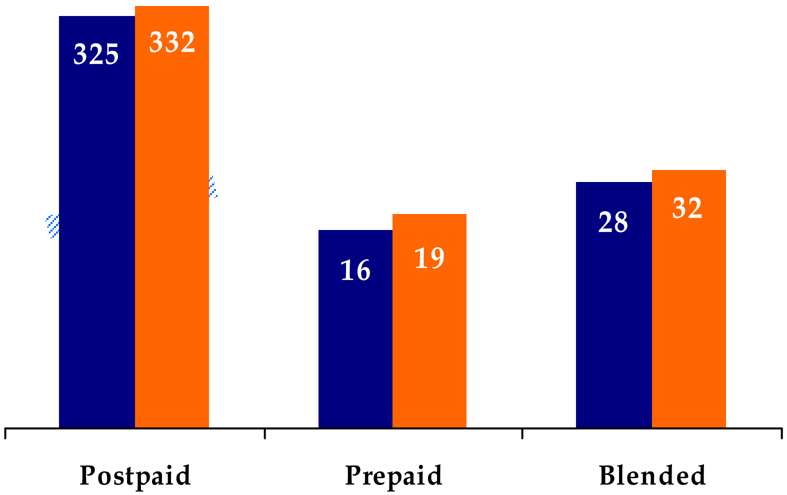
ARPU

MAD/customer/month



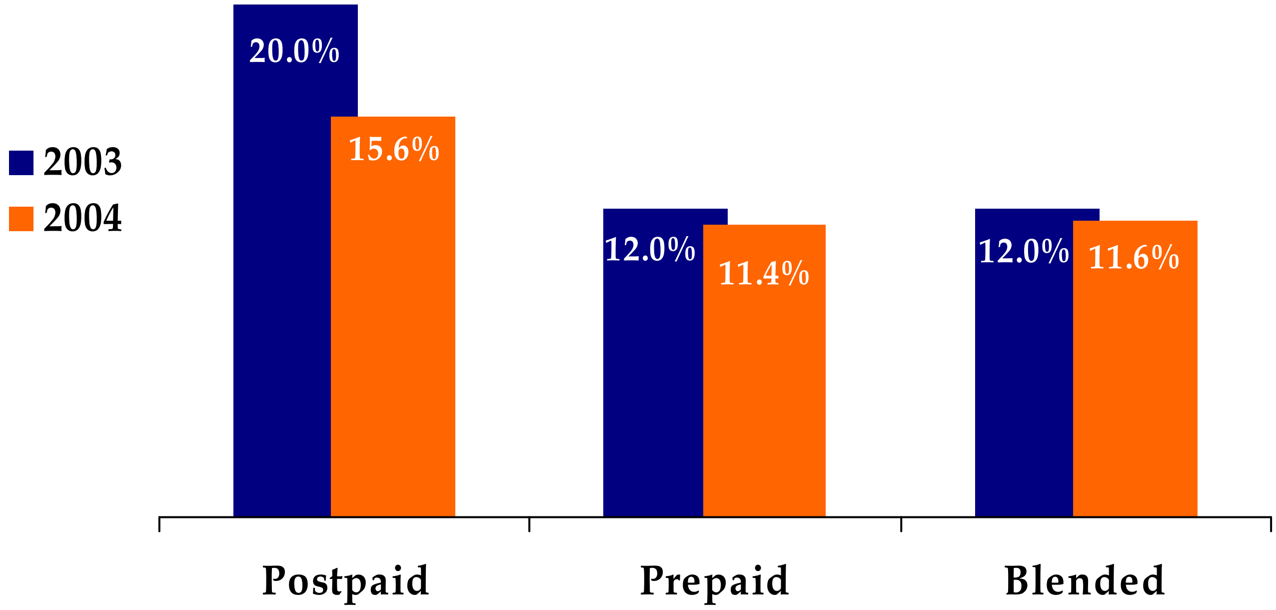
Usage

Minute/customer/month



- **Efforts to promote usage have boosted ARPU: more frequent promotions and the introduction of MAD20 scratch cards**

Decline in the churn rate



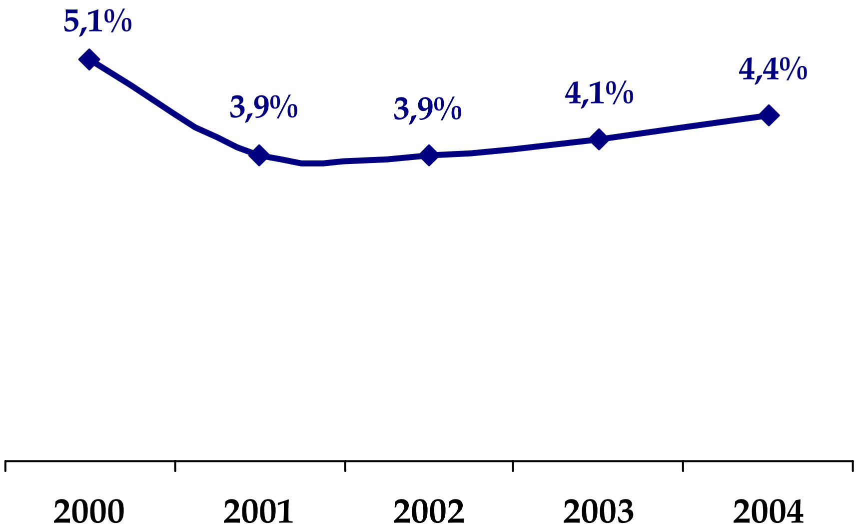
- ❖ Greater efforts to build customer loyalty

Business review: Fixed-line & Internet

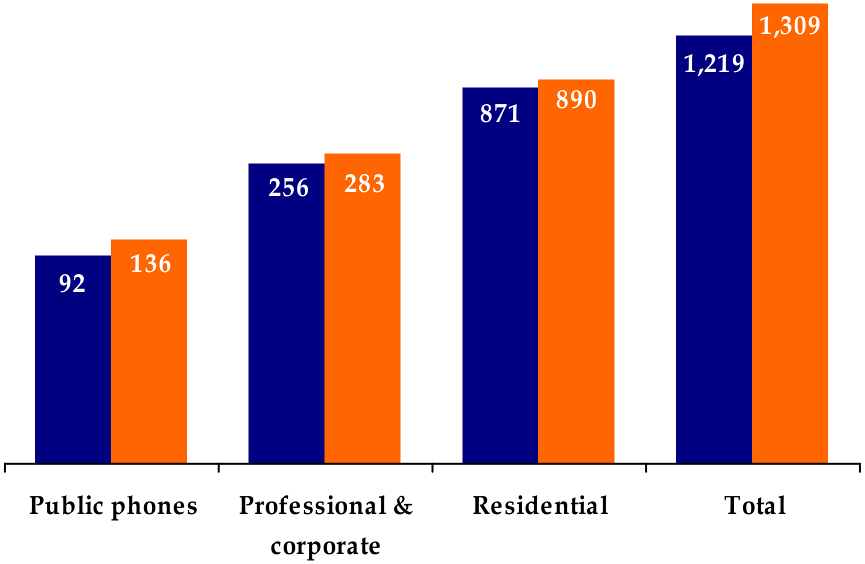
- Revenues were fairly resilient: -0.2%
  (+3.7% excluding rate cuts on leased lines)
- The customer base continued to grow, up 7% despite a slight decrease in H2
- Number of Internet users doubled thanks to ADSL
  (60,000 ADSL subscribers vs. 2,600 at year-end 2003)
- Strong growth of incoming international traffic (+17%)
- A new step in price rebalancing:
  the subscription monthly fee was raised by MAD10 (1 August 2004)
- The number of "téléboutiques" (pay phone boxes operated by third parties) increased after the elimination of minimum distance requirements between them

Fixed lines : up 7%

Penetration rate: 2000-04 (1)



Increase in the number of lines 2003-04

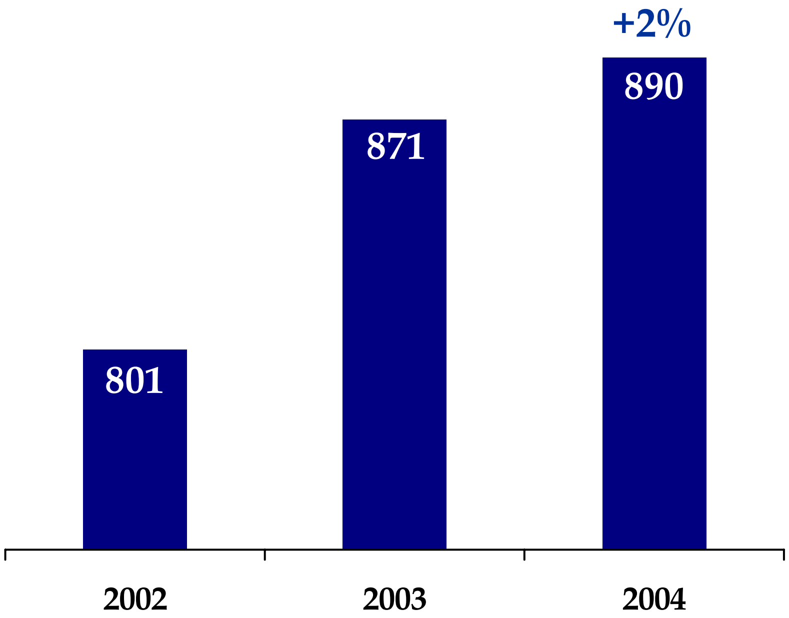


- ❖ At year-end 2004: penetration of 4.4% of the population, or 16% of households
- ❖ The number of fixed lines rose 7%, thanks mainly to public telephony and the residential segment

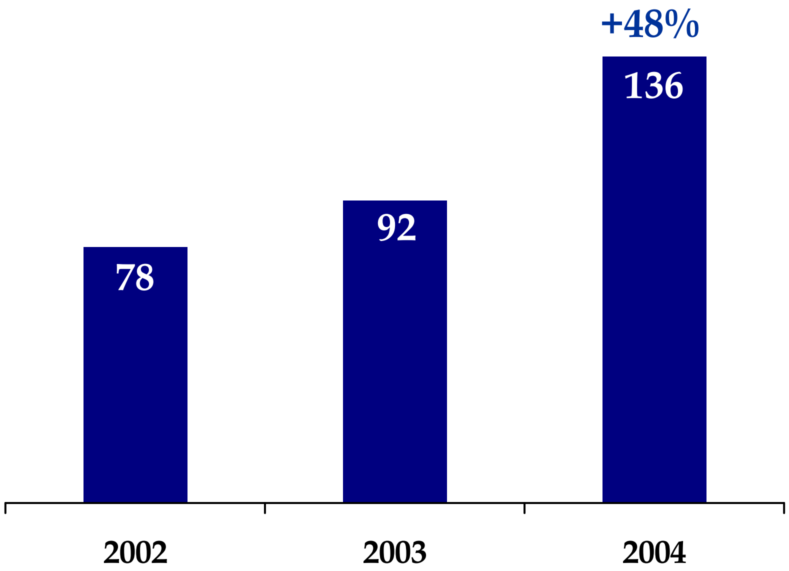
(1) *Source: ANRT*

Residential segment and public telephony

Growth in the residential segment

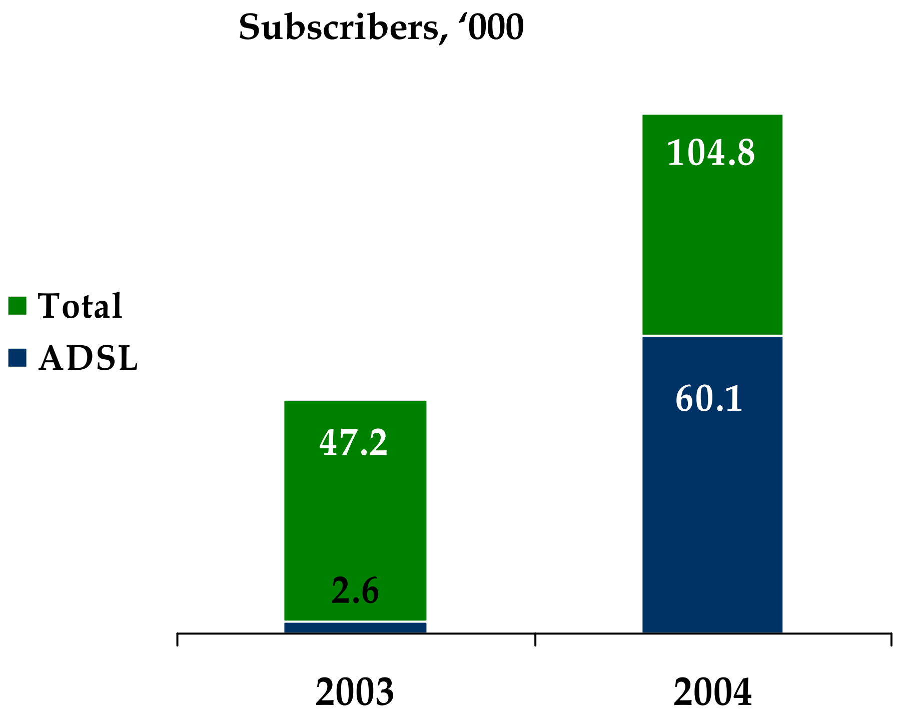


Growth in the number of public phones



- The number of public phones rose sharply at the end of the year after eliminating the requirement of a minimum distance of 200m between "téléboutiques"
- H1 promotions bolstered growth in the residential segment, despite a slowdown in H2

The confirmed success of ADSL



- The number of Internet users has grown rapidly thanks to ADSL offers, which account for nearly 58% of total Internet use by the end of the year
- New offers were launched in 2004: Unlimited ADSL, Wifi ADSL, Libr@ccès, etc.

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Maintain Maroc Telecom's leadership in all of its markets

Three key goals

- Stimulate growth in the mobile services market
- Boost competitiveness in fixed lines to prepare for the arrival of new competition
- Maintain position as the main engine for Internet development in Morocco

Three strategic assets

- ❖ Notoriety of the Maroc Telecom brand
- ❖ A very modern network infrastructure
- ❖ The backing of an international group (Vivendi Universal)

One guiding principle

Maintain a solid balance sheet
and rigorous financial management

Outlook for 2005

- Ongoing growth of mobile services in Morocco
- ANRT has called for bids to tender as part of the liberalisation of the fixed-line sector. Bid results will be released by mid-2005, but they are unlikely to have an impact before late 2005
- Consolidated revenue growth is estimated at between 5% and 7% in 2005
- Consolidated operating income is also expected to rise between 5% and 7%

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Key figures for the Mauritel group

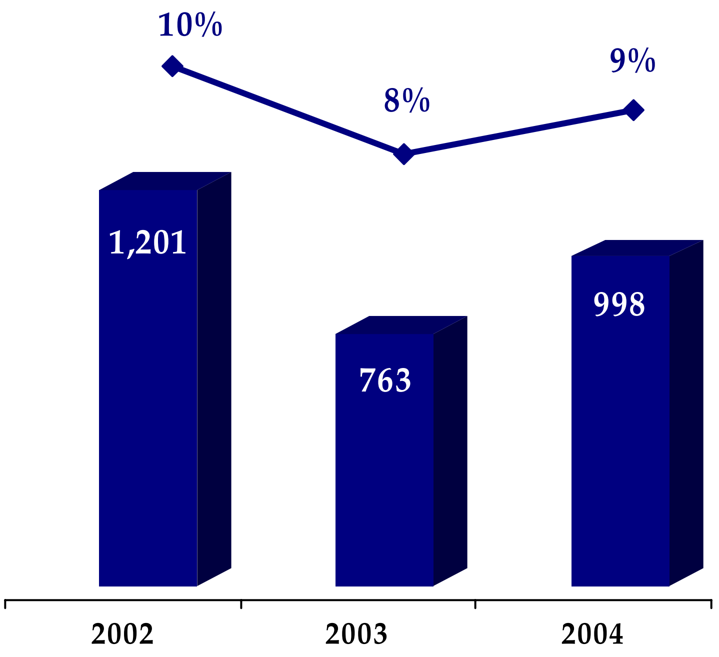
	Fixed			Mobile		
	2003	**2004**	**% chg**	**2003**	**2004**	**% chg**
Number of lines ('000)	37	39	6%	252	330	31%
Revenues* (MROm)	9,156	9,961	9%	9,523	12,652	33%

**According to the statutory accounts*

Capex per activity

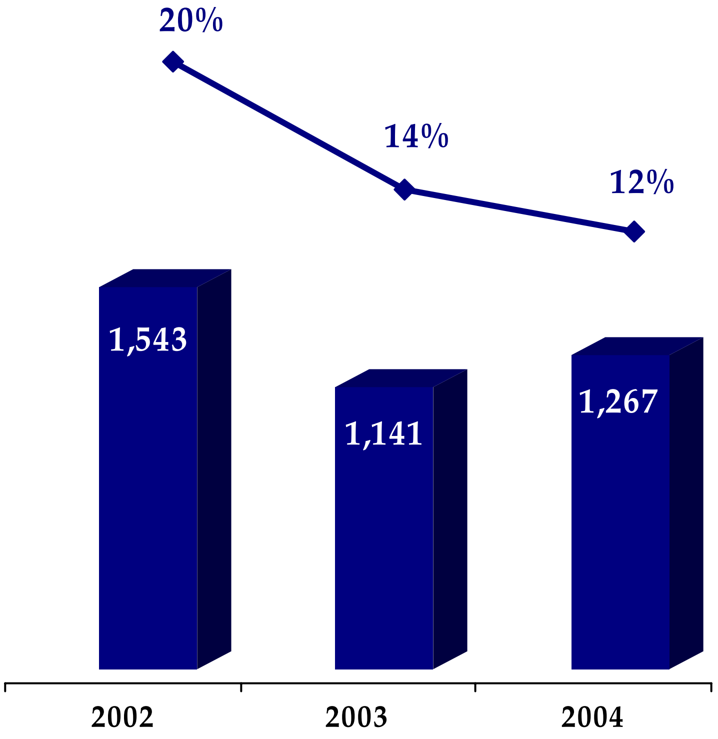
Fixed-line*

MADm



Mobile*

MADm



▇ Capex

— Capex/revenues

** Excluding Mauritel*

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