




Headline:	<p><u>Maroc Telecom's stake sale delayed because proceeds not required immediately - sources</u></p> <p> Proprietary Intelligence</p>
Main body :	<ul style="list-style-type: none">• Strong dividend payouts is strategic reason for Moroccan government to retain stake• Sale still possible at later stage; public offering would be only alternative <p>The Moroccan government's decision to delay a planned sale of an 8% stake in Maroc Telecom reflects the fact that it no longer requires the proceeds for budgetary purposes, industry sources said.</p> <p>Morocco's Minister of Finance, Salaheddine Mezouar, confirmed to this news service that a planned sale of an 8% stake in the listed telecom operator had been delayed, but provided no further details.</p> <p>"The government recently placed a USD 1bn bond on the market so selling a stake is not a huge priority right now," said Daniel Torras, associate partner at Delta Partners, a telecom advisory and investment firm. However, he said he would not rule out the possibility that the government could entertain a stake sale in the future.</p> <p>An industry source also commented that the Moroccan government is now able to borrow money on the international markets at a lower rate than Ireland and Greece. In June, when reports of the stake sale first surfaced, it was probably more difficult for the Moroccan government to raise money, he said.</p> <p>An 8% stake is valued at USD 1.2bn, according to previous reports.</p> <p>"A strategic reason for the government to hold Maroc Telecom is to receive dividends," Torras said. While growth in Morocco has been fairly modest, in "low single digits", growth in some of Maroc Telecom's international subsidiaries, including Burkina Faso's Onatel and Mali's Sotelma has been in the 10% to 25% range. If the government holds onto Maroc Telecom's assets, the dividend payouts it receives may increase if the performance of its international operations continues to improve at this rate, he said.</p> <p>In the past few years, Maroc Telecom has been making full dividend payouts. The</p>

government has been receiving in the order of MAD 2.5bn (USD 300m) a year in dividends from Maroc Telecom for its 30% shareholding, he added.

If the stake sale finally goes ahead it is almost certainly going to be via a public offering, the sources said. For a financial investor to be interested, the stake would need to be sold at a discount. "This would be politically very controversial and would also deflate the government's purpose of maximizing the proceeds from the sale," Torras said, adding that a flotation of the 8% stake seemed like the only viable way to dispose of the shareholding.

"The only other alternative would be for the government to sell a larger stake to Vivendi, potentially at a premium, to allow them to take a super-majority on the board," he said. In 2001, French telecom operator **Vivendi Universal** bought a 35% of Maroc Telecom's capital. In 2005, Vivendi increased its stake in Maroc Telecom to 53%.

However, selling a larger stake to Vivendi may not be in the interest of the government of Morocco because it would eliminate the veto power it has in decisions that require super-majority approval at board level. Changing the current dividend policy is one of these decisions, Torras added. Currently, Maroc Telecom is obliged to pay at least 50% of its distributable profits to shareholders and to change this dividend policy requires more than 75% of votes, he said.

Another issue to be considered is whether the government would decide to split the shares between the Casablanca and Paris bourses, a second industry source said, adding: "I would put good money on it putting a good chunk on the Paris exchange." However, Torras said that a sale on the Casablanca exchange would be more likely, for political reasons. Maroc Telecom is listed on the Casablanca and Paris stock exchanges.

The Moroccan government was advised by CFG Group, Cleary Gottlieb Steen & Hamilton and JPMorgan on the sale of its 8% stake in Maroc Telecom, according to previous reports. Maroc Telecom has a market cap of MAD 135bn (USD 15bn).

Target: Maroc Telecom
Vendor: Government of Morocco
Financial advisor: JPMorgan, CFG Group
Lawyer: Cleary Gottlieb Steen & Hamilton LLP
Other: Vivendi SA

Source : mergermarket

Size : > 500m (EUR)

Value : 923 m EUR (Valuation for the shares)

Stake Value : 8%

Grade : Confirmed

Alert : West Africa

Intelligence ID : 1097633