

Admissibility Decision of the Mandatory Takeover Bid project on MED PAPER shares launched by the members of the concerted action represented by M.Mohsine SEFRIOUI

Pursuant to the provisions of Article 31 of Law No. 26-03 relating to public offers on the stock market as amended and supplemented, the AMMC examined the Mandatory Takeover Bid project on MED PAPER shares filed on July 14th 2017, under article 18 of the said Law, by the members of the concerted action represented by M.Mohsine SEFRIOUI.

Following this filing, the AMMC has requested, according to the provisions of article 30 of the aforementioned Law, the Casablanca Stock Exchange to proceed with the suspension of trading on Med Paper shares.

1. The general framework of the operation

ALIKEN acquired on July 3rd 2017, 814 037 MED PAPER shares (that is, 31,52% of the equity and voting rights of the said company). Due to family relationships between M. Anas SEFRIOUI, acting as a representative of ALIKEN, and other members of the SEFRIOUI family that are MED PAPER shareholders, the latter are presumed to be acting in concert with ALIKEN according to article 10 of the aforementioned law.

Consequently, the aforementioned acquisition has resulted in the crossing, by the group composed of SEFRIOUI family and ALIKEN, of the threshold of 40% voting rights which triggers the obligation to file a Takeover Bid in accordance with article 18 of the law No 26-03.

MED PAPER's equity and voting rights distribution before the takeover offer filing is as follows :

Shareholder	Number of shares	Share of equity and voting rights in %
ALIKEN	814 037	31,52%
Mohsine SEFRIOUI	493 469	19,11%
Habiba BENNANI	114 049	4,42%
Med Fouad SEFRIOUI	52 992	2,05%
Ilham SEFRIOUI	26 867	1,04%
Controlling group	1 501 414	58,14%
Public float	1 081 141	41,86%
Total	2 582 555	100%

Source : MED PAPER

2. Terms of the offer

The mandatory Takeover Bid targets the acquisition of MED PAPER shares that are not held by the members of the concerted action, that is 1 081 141 shares representing 41,86% % of equity and voting rights of MED PAPER.

The initiators, members of the concerted action, represented by M.Mohsine SEFRIOUI, are offering to other shareholders to acquire their shares at a price of 22 MAD per share.

M.Mohsine SEFRIOUI, representative of the members of the concerted action, is committed to acquire all shares tendered to the offer, being understood that the members of the concerted action remain jointly responsible for their obligations under the law No 26-03.

No waiver threshold is provided as part of this mandatory takeover bid.

3. Intentions of the initiators :

The initiators have no intention to acquire MED PAPER shares during the twelve months following the takeover bid, with the exception of the shares tendered in the framework of the mandatory takeover bid.

4. Examination of admissibility :

With reference to the provisions of Articles 13 and 32 of the aforementioned Law, the AMMC has assessed the proposed mandatory Takeover Bid in terms of the following:

❖ The characteristics of the proposed offer

The AMMC has examined the characteristics of the proposed offer with regards to the principles of the article 13 and in particular the principles of transparency and equal treatment of shareholders. As such, the AMMC noted that the equal treatment requirement is met to the extent that the offer targets all shares of Med Paper that are not held by the Offeror.

In addition, the multi-criteria analysis used for pricing has been reviewed by the AMMC and assessed as follows:

- Stock prices approach: this method consists of computing the volume weighted average stock price of MED PAPER share over a 12 months period preceding July the 5th, 2017. The value of MED PAPER share which results from this method is 28,04 dirhams ;
- Reference transaction method: the transaction that was used is the acquisition on July 3rd 2017 of 814 037 MED PAPER shares by ALIKEN, at a weighted average price of 28,64 dirhams per share.
- Discounted cash flows method: This valuation is performed on the basis of the free cash flows arising from MED PAPER business plan. Given the company's negative equity, its high indebtedness and given the lack of visibility concerning its future financial structure, simulations have been run on the basis of a WACC of 6 (which is the minimum theoretical WACC, corresponding to the company's average debt cost), 10% and 12%. The growth rate used to determine the terminal value is 1%. The value of MED PAPER equity resulting from the application of this method is negative for all the considered values of WACC.

A summary of the valuation is included in the following table:

Method	Value per share (dhs)	Offered Premium / Discount
Stock prices Approach	28,04	-22%
Reference transaction method	28,64	-23%
Discounted cash flows method	0	-
Valuation methods average	18,9	16%

Source : BMCE Capital Conseil

The price per share set in the framework of this Takeover bid is 22 dirhams.

Given the foregoing, the AMMC considers the methods used as relevant and commonly used, based on known, accurate, objective, significant and multiple criteria that correspond to the characteristics of the target company. Also, the AMMC deems the characteristics of the offer to be consistent with the principles set out in Article 13 above.

❖ National strategic interests

Pursuant to Article 29 of the aforementioned law 26-03, the AMMC has submitted, the offer project to the Minister of Economy and Finance for its assessment in terms of national strategic interests. The Minister has expressed his non-objection on the project.

5. AMMC Decisions:

❖ Admissibility of the offer project

In view of all the aforementioned elements, the AMMC declares admissible the proposed Takeover Bid initiated by the members of the concerted action, represented by M.Mohsine SEFRIQUI, on MED PAPER shares at a price of 22 dirhams per share.

❖ Schedule

The final schedule of the operation will be set later. It must be approved beforehand by the Casablanca Stock Exchange.

❖ Resumption of trading on MED PAPER shares

The AMMC will request the Casablanca Stock Exchange to resume trading on MED PAPER on the 16th of november 2017.

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