

## Admissibility decision of the mandatory takeover bid project on LYDEC shares

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 on Lydec shares filed by Veolia Environnement SA, acting in concert with Sonate Bidco.

Following this filing, the AMMC has requested, under the provisions of Article 30 of the aforementioned Law, the Casablanca Stock Exchange to suspend the trading of Lydec shares.

### 1. The general framework of the operation

Veolia Environnement has initiated a takeover bid on Suez SA shares. Following this offer, settled and delivered on January 18, 2022, Veolia Environnement has acquired the control of Suez SA (the latter controlling 51% of Lydec).

Following this transaction, Veolia Environnement holds indirectly 51% of the capital and voting rights of Lydec, crossing upwards the 40% threshold, which triggered the obligation to file a takeover bid on Lydec shares.

In addition, prior to the realization of the above-mentioned transaction, Sonate Bidco, Suez SA and Veolia Environnement have signed an agreement (the SAPA) under which Sonate Bidco will acquire a number of assets, including the 51% of Lydec's shares, upon the satisfaction of certain suspensives conditions.

Following the conclusion of the above-mentioned agreement, Veolia Environnement SA and Sonate Bidco are presumed to be acting in concert in accordance with Article 10 of Law No 26-03. Consequently, and in accordance with the provisions of article 18 of the law No 26-03 relating to public offers on the stock market, Veolia Environnement SA has initiated, in concert with the company Sonate Bidco, a mandatory takeover bid on Lydec shares.

Before filing the public takeover bid, the distribution of Lydec's capital and voting rights is as follows :

Shareholders	Number of shares	Share of equity and voting rights in %
Veolia Environnement (Indirectly through Suez Environnement)	4.080.000	51,00%
RMA	1.291.573	16,14%
FIPAR Holding	1.279.499	15,99%
Other shareholders	1.348.928	16,86%

### 2. Terms of the offer

The takeover bid will target all of Lydec's shares, that is, a total of 8.000.000 shares representing 100% of Lydec's capital and voting rights.

The initiators, acting in concert, are offering Lydec shareholders the possibility to acquire their shares at a price of 270 MAD per share. Lydec shareholders will have the opportunity to tender, fully or partially their shares to the offer.

By mutual agreement between the initiators of the offer, Veolia Environnement will acquire all the shares tendered to the offer. However, if the suspensive conditions stipulated in the SAPA are satisfied before the closing of the takeover bid subject of the present admissibility decision, Sonate Bidco will acquire all Lydec shares tendered to the offer, including the shares held by Veolia Environnement.

No waiver threshold is provided as part of this mandatory takeover bid. The initiators are committed to firmly and irrevocably acquire all shares tendered to the Offer, being agreed that the initiators, acting in concert, remain jointly responsible of their obligations under the aforementioned law 26-03.

### 3. Intention of the initiators

The Initiators do not intend to pursue the purchase of Lydec shares at the closing of the Public Offer.

The Initiators intend to maintain the listing of Lydec on the Casablanca Stock Exchange.

### 4. Examination of admissibility

With reference to the provisions of Articles 13 and 32 of the law 26-03 aforementioned, 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 set out in the aforementioned 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 extend that the offer targets all Lydec shares.

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

- **Transactional reference** : this method consists of valuing a company on the basis of the prices at which transactions on its capital were recently made. Within the framework of the above-mentioned SAPA, the price of the acquisition of 51% of Lydec by Sonate Bidco from Veolia Environnement was set at **270 MAD per share** ;
- **Stock prices Approach** : This method consists in valuing Lydec shares on the basis of the mean of volume weighted average prices. The share value that results from the application of this method is **249,56 MAD** ;
- **Discounted cash flows method (DCF)** : In this method, the valuation is based on the future cash flows arising from Lydec business Plan, discounted at the average weighted cost of capital, increased by a discounted terminal value. The application of this method leads to a price per share of **268.77 MAD**.

A summary of the valuation made by the financial advisor is shown in the following table :

Valuation method	Price per share (MAD)	Offered premium / discount
Stock prices approach	249,56	+8,20%
Transactional reference	270,00	+0,00%
DCF	268,80	+0,44%
<b>Weighted average</b>	<b>262,78</b>	<b>+2.74%</b>

Source: Financial advisors of the offer

The price per share set in the context of this Takeover bid is **270 MAD per share**.

Given all the above, the AMMC considers the methods used as relevant, commonly used and based on objective, significant, and multiple criteria. Similarly, these criteria are relevant, usually retained, and correspond to the characteristics of the target company. In addition, the AMMC deems the characteristics of the offer to be consistent with the principles set out in the aforementioned article 13.

#### • National economic strategic interests :

Pursuant to article 29 of the aforementioned law 26-03, the AMMC has submitted, the offer project to the Ministry of Economy and Finance for its assessment in terms of national economic strategic interests. The Ministry has not expressed any objection on the project.

### 5. AMMC decisions

#### • Admissibility of the offer project :

Given all the above, the AMMC declares admissible the proposed Takeover Bid initiated by Veolia Environnement SA acting in concert with Sonate Bidco on Lydec shares at a price of **270 MAD**.

#### • Schedule :

The final schedule of the operation will be determined later. It has to be approved beforehand by the Casablanca Stock Exchange.

#### • Resumption of trading on Lydec shares :

The AMMC will request the Casablanca Stock Exchange to resume trading on Lydec shares on the 15<sup>th</sup> of March 2022.

Rabat, March 14<sup>th</sup>, 2022