

Pursuant to the provisions of the article 31 of the Law No. 26-03 relating to public offers on the stock market as amended and supplemented, the CDVM examined the Mandatory Public Buyout Offer (PBO) project targeting Centrale Danone listed shares, filed by Compagnie Gervais Danone on December 14<sup>th</sup>, 2015, in application of the provisions of the article 20 of the said Law.

Following this deposit, the CDVM has requested, in compliance with the provisions of Article 30 of the aforementioned Law, the Casablanca Stock Exchange to proceed with the suspension of the trading of Centrale Danone.

### **1- The offer's context**

On December the 10<sup>th</sup>, 2015, Compagnie Gervais Danone acquired from SNI 471 000 shares representing 5,0% of share capital and voting rights of Centrale Danone.

This transaction constitutes the continuation of the sales of Centrale Danone shares already made by SNI to Compagnie Gervais Danone and completes the total exit of SNI from the capital of Centrale Danone.

Following the acquisition of the residual share held by SNI, Compagnie Gervais Danone holds 9 030 122 shares representing 95,86% of share capital and voting rights of Centrale Danone. Therefore, Compagnie Gervais Danone has crossed upwards the threshold of 95% that makes it mandatory to file a buyout offer project.

In Accordance with the provisions of the article 20 mentioned above, Compagnie Gervais Danone (CGD) has filed with the CDVM a project of a mandatory buy-out offer targeting 389 878 Centrale Danone shares, representing 4,14% of share capital and voting rights of Centrale Danone (i.e the totality of shares not held by Compagnie Gervais Danone).

Before filing the Buyout Offer project subject of this decision of admissibility, the shareholding of Centrale Danone is as follows:

| Shareholders             | Shares number    | % of capital | % of voting rights |
|--------------------------|------------------|--------------|--------------------|
| Compagnie Gervais Danone | 9 030 122        | 95,86%       | 95,86%             |
| Floating stock           | 389 878          | 4,14%        | 4,14%              |
| <b>TOTAL</b>             | <b>9 420 000</b> | <b>100%</b>  | <b>100%</b>        |

Source : Centrale Danone

## **2- Terms of the offer :**

The Mandatory Public Buyout Offer targets the acquisition of Centrale Danone shares that are not held by Compagnie Gervais Danone (i.e 389 878 shares) at a price of 1 200 dirhams per share.

The shareholders of Centrale Danone will have the possibility to tender, fully or partially, their shares to the offer.

The initiator of the offer commits firmly and irrevocably to acquire all shares tendered to the offer by the shareholders of Centrale Danone.

No waiver threshold is set in the framework of this Mandatory Public Buyout Offer.

## **3- Intentions of the initiator :**

Compagnie Gervais Danone does not intend to delist Centrale Danone shares from the Casablanca Stock Exchange and intends to restore the free float in the medium term. To this end, it reserves the possibility to examine several alternatives that can increase the free float, taking into consideration the evolution of the market conditions.

## **4- Examination of admissibility**

Referring to the provisions of Articles 13 and 32 of the aforementioned Law, the CDVM has assessed the public offer with regards to the following:

- **The characteristics of the offer project**

The CDVM examined the characteristics of the public offer project with regards to the principles set out by the abovementioned article 13 and particularly the principles of transparency and equal treatment of shareholders. As such, the CDVM has noted that the criterion of equal treatment was respected since the offer targets all the shares of Centrale Danone that are not held by the offer initiator.

Furthermore, the valuation of the shares targeted by the offer was made by the independent valuator "A.Saaidi et associés" represented by M. Nawfal AMAR whose appointment has been approved beforehand by the CDVM.

The multi-criteria analysis adopted by the independent valuator for assessing the offer price has been examined by the CDVM and assessed as follows:

- **Discounting future cash flows:** the assessment is based on the future cash flows arising from Centrale Danone Group business plan over the period between 2016 and 2025. These cash flows are discounted at a weighted average cost of capital of 8%. The growth rate to infinity that was used is 2.5%. The value of Centrale Danone share resulting from the application of this method is **1 191 dirhams**.
- **Stock prices Approach :** this method is based on the analysis of the Weighted averages of daily closing prices of the Centrale Danone shares over the last 6, 12, 24 and 36 months preceding November 27<sup>th</sup>, 2015. The valuation adopted is the average of the weighted average prices over those periods. The value of Centrale Danone share which results from the application of this method is **1 328 dirhams**.
- **Stock market comparables method:** The valuation is performed on the basis of an average of the multiples of a sample of international companies operating in emerging countries and making a substantial part of their business in the dairy sector. The multiple used is the multiple of EBITDA. The value of Centrale Danone share resulting from the application of this method is **993 dirhams**.
- **Comparable transactions method:** This method involves applying to Centrale Danone the average multiple of a sample of transactions that were realized on comparable companies operating in emerging countries. The multiple used is the multiple of EBITDA. The value of Centrale Danone share resulting from the application of this method is **1 284 dirhams**.

A summary of the valuation methods and their weighting, as applied by the independent valuator, is presented in the following table:

| Méthode                          | Price per share<br>dh | Weight |
|----------------------------------|-----------------------|--------|
| DCF                              | 1 191                 | 25%    |
| Stock Market Prices              | 1 328                 | 25%    |
| Stock market comparables         | 993                   | 25%    |
| Comparable transactions          | 1 284                 | 25%    |
| weighted average price per Share | <b>1 199</b>          |        |

The share price set for the public buyout offer is 1 200 dirhams per share.

Given the abovementioned elements, the CDVM considers that the methods used for the valuation are based on objective, significant and multiple criteria. Moreover, these criteria are relevant and usually applied, and correspond to the characteristics of the target company. Hence, the CDVM believes that the offer characteristics are consistent with the principles set out in Article 13 mentioned above.

- **Opinion of the independent valuator**

The report of the independent valuator concludes to the fairness of the price offered to Centrale Danone minority shareholders in the framework of the buyout offer subject of the present admissibility decision.

- **National strategic economic interests**

Pursuant to the provisions of the article 29 of the aforementioned Law 26-03, the CDVM submitted on December 15th, 2015, the public offer project to the Minister of Economy and Finance for its appraisal with regards to the national strategic economic interests. The Minister has not expressed any objection to the said project

**5- CDVM decisions :**

- **Approval of the offer project**

Considering all the above elements, the CDVM declares admissible the mandatory public buyout offer project filed by Compagnie gervais Danone on Centrale Danone shares at a price of 1 200 Dhs per share.

- **Schedule**

The final schedule of the offer will be determined later. It must be validated beforehand by the Casablanca Stock Exchange.

- **Resumption of trading on Centrale Danone shares**

The CDVM will request the Casablanca Stock Exchange to resume the trading on Centrale Danone shares starting the 31<sup>st</sup> of December 2015.

Rabat, the 29th of December, 2015

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Conseil Déontologique des Valeurs Mobilières