

## Admissibility decision of the Mandatory Public Buyout Offer project on LYDEC shares on the initiative of VEOLIA ENVIRONNEMENT SA acting in concert with VIGIE 50 AS

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 Public Buyout Offer project on LYDEC shares filed on June 1st 2022, by VEOLIA ENVIRONNEMENT SA acting in concert with its 100% owned subsidiary, VIGIE 50 AS.

Following this filing, the AMMC has requested, under the provisions of Article 30 of the aforementioned Law, the Casablanca Stock Exchange to proceed with the suspension of trading on LYDEC shares.

### 1. The general framework of the operation

The clearing and settlement of the Mandatory Takeover Bid on LYDEC shares approved by the AMMC on April the 8th, 2022 under the reference VI/EM/006/2022 has occurred on May 27th, 2022, resulting in the indirect crossing of the 95% threshold of LYDEC capital and voting rights by VEOLIA ENVIRONNEMENT SA.

Consequently, and in accordance with the provisions of Article 20 of Law 26-03 relating to public offers on the stock market, VEOLIA ENVIRONNEMENT SA, acting in concert with VIGIE 50 AS, has initiated a Mandatory Public Buyout Offer on LYDEC shares.

The Board of Directors of Veolia Environnement, held on June 15th 2022, took note of the obligation to initiate a Mandatory Public Buyout Offer on LYDEC shares and decided to delist the LYDEC shares from the Casablanca Stock Exchange, considering the low percentage of public free float on the stock exchange.

Before filing the Mandatory Public Buyout Offer project, the distribution of capital and voting rights of LYDEC is as follows :

Shareholders	Number of shares	Share of equity and voting rights in %
VEOLIA ENVIRONNEMENT (Indirectly through Suez Groupe SAS)	4.080.000	51,00%
VIGIE 50 AS	3.792.887	47,41%
Other shareholders	127.113	1,59%
<b>Total</b>	<b>8.000.000</b>	<b>100%</b>

### 2. Terms of the offer

The Mandatory Public Buyout Offer targets the acquisition of all LYDEC shares not held by the initiators, i.e. 127 113 shares representing 1,59% of LYDEC capital and voting rights, at a price of **270 MAD**, i.e. **262 MAD** coupon detached.

LYDEC shareholders will have the opportunity to tender fully or partially, their shares to the offer.

The initiators are committed to firmly and irrevocably acquire all shares tendered to the Mandatory Public Buyout Offer.

No waiver threshold is provided as part of this Mandatory Public Buyout Offer.

### 3. Intention of the initiators

The initiators intend delisting the LYDEC shares from the Casablanca Stock Exchange at the end of the Offer.

#### 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 Public Buyout Offer 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 extent that the offer targets all shares of LYDEC not held by the initiators.

In addition, the valuation of the shares targeted by the offer has been undertaken by the independent valuator « N. Amar Audit & Consulting (N2AC) », represented by M. Nawfal AMAR whose nomination has been approved beforehand by the AMMC.

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. The price per share obtained by applying this method corresponds to the one retained in the context of the Mandatory Takeover Bid on LYDEC shares, approved by the AMMC on April 8th 2022, that is **270 MAD** coupon attached.
- **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 **262,9 MAD** coupon attached.
- **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 **269,6 MAD** coupon attached.
- **Goodwill based on revalued net assets** : According to this method, the value of the company is determined by the sum of the revalued net book assets and the goodwill. This method results in a price per share of **272,5 MAD** coupon attached.

A summary of the valuation made by the independent valuator is presented in the following table:

Valuation method	Price per share cum-dividend (MAD)	Offered premium / discount
Transactional reference	270,00	+0,0%
Stock prices Approach	262,90	+2,6%
DCF	269,60	+0,1%
Goodwill based on revalued net assets	272,50	-0,9%
<b>Weighted average</b>	<b>268,70</b>	<b>+0,5%</b>

The price per share set in the context of this Public Buyout Offer **270 MAD** per share coupon attached.

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.

- **Opinion of the independent valuator**

The report of the independent valuator concludes to the fairness of the price offered to minority shareholders of Lydec in the framework of this Mandatory Public Buyout Offer.

- **National economic 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 economic strategic interests. The Ministry has not expressed any objection on the project.

## **5. AMMC decisions**

- **Agreement to the proposed Offer**

Given all the above, the AMMC declares admissible the proposed Mandatory Public Buyout Offer project on LYDEC shares initiated by VEOLIA ENVIRONNEMENT SA acting in concert with VIGIE 50 AS at a price of **270 MAD** coupon attached, i.e. **262 MAD** coupon detached.

- **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 July 26<sup>th</sup> , 2022

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