

# Prospectus Summary

## MAGHREB STEEL

### Issuance of a Bond Loan

OVERALL VALUE OF THE ISSUE: 895 000 000 MAD

	Tranche A	Tranche B
Issue ceiling	895 000 000 MAD	
Maximum number of securities to be issued	8 950 Bonds of a value of 100 000 MAD each	
Tranche ceiling	537 000 000 MAD	358 000 000 MAD
Maximum number of securities per Tranche	5 370	3 580
Maximum maturity date	December 31, 2025	December 31, 2030
Rate	Biannually <u>Variable</u> rate. It is determined on the basis of the arithmetic average currency BdT full 52 weeks rate observed during the quarter preceding the payment date of the coupon on the primary market, plus a risk premium.	Biannually <u>Variable</u> rate. It is determined on the basis of the arithmetic average currency BdT full 52 weeks rate observed during the quarter preceding the payment date of the coupon on the primary market, plus a risk premium.
Risk premium	<ul style="list-style-type: none"> <li>• Until December 31, 2017 : 0 bps</li> <li>• As of January 1, 2018 : 260 bps, up to a rate of 5.75% per annum</li> </ul>	<ul style="list-style-type: none"> <li>• Until December 31, 2017 : 0 bps</li> <li>• from 2018 to 2022 : 80 pbs</li> <li>• from 2023 to 2025 : 180 pbs</li> <li>• from 2026 to 2028 : 260 pbs</li> <li>• from 2029 to 2030 : 310 pbs</li> </ul>
Tradability	Over-the-counter	
Repayment	Biannual amortization according to the "pay as you can" formula described in the part "Presentation of the Operation"	
Subscribers	Holders of Maghreb Steel commercial papers MA0001406992 and MA0001404997	
Allocation terms	A bond for an existing commercial paper	

Subscription period: from December 21, 2015 to December 23, 2015  
 Subscription reserved to holders of Maghreb Steel commercial papers  
 MA0001406992 and MA0001404997

Global Coordinator and Financial Advisor

**BMCE CAPITAL**   
 CONSEIL

Placement Agent

Domiciliary establishment providing financial services for the issuer

**BMCE BANK** 

**BMCE BANK** 

#### APPROVAL OF THE CONSEIL DEONTOLOGIQUE DES VALEURS MOBILIERES

Pursuant to the circular of the CDVM, taken pursuant to Article 14 of Dahir providing Law No. 1-93-212 of 21 September 1993 concerning the CDVM and the information required by legal persons making public offering as amended and supplemented, the original version of this Prospectus has been approved by the CDVM on December 15<sup>th</sup>, 2015 under reference No VI/EM/037/2015.

## Warning

The *Conseil déontologique des valeurs mobilières* (CDVM) approved on December 15<sup>th</sup>, 2015 a prospectus relating to the issue of a bond loan by Maghreb Steel.

The prospectus approved by CDVM is available at any time at the Maghreb Steel headquarters and of its financial advisor. It is also available within a maximum timeframe of 48 hours at the order collector institutions.

It is also available at the CDVM website [www.cdvm.gov.ma](http://www.cdvm.gov.ma)

Part I. INTRODUCTION TO THE OPERATION

## I. Framework of the operation

---

Having heard the reading of the report of the Board of Directors dated April 2<sup>nd</sup>, 2015, The Ordinary General Assembly of June 1<sup>st</sup>, 2015, authorized, pursuant to the provisions of Articles 292 and following of Law No. 17-95, the issuance by the Maghreb Steel company, in one or more occasions, for a period of five (5) years starting from this Assembly, a bond loan for a maximum nominal amount of eight hundred and ninety-five million dirhams (895,000,000 MAD) divided into a maximum of eight thousand nine hundred fifty (8,950) bonds with a nominal value of one hundred thousand dirhams (Dhs 100,000) each issued at par.

The Ordinary General Assembly decided that the bond issue would consist of two categories, namely:

- The first category of bonds of a maximum total amount of 537,000,000 MAD constituting Tranche A of the issuance subject of the present prospectus, and;
- The second category of bonds of a maximum total amount of 358,000,000 MAD constituting Tranche B of the issuance subject of the present prospectus;

Provided that (i) the aggregate of the two categories of issued bonds shall in no case exceed the sum of eight hundred ninety-five million dirhams (895,000,000 MAD) and (ii) the amount of the bonds may be limited to the amount of bonds actually subscribed to at the expiration of the subscription period in accordance with Article 298 of Law No. 17-95.

The Ordinary General Assembly has delegated the necessary powers to the Board of Directors to proceed with the aforementioned bond loan, determine the nature and all of the terms and characteristics of each of these issues (in accordance with the terms and conditions set forth by the General Assembly) and in particular set the opening and closing dates for subscriptions, formulate and agree on the issuance agreement and subscription form.

The Ordinary General Assembly also authorized the Company to proceed with the pledging of 2<sup>nd</sup> tier collateral business assets (including notably machinery and equipment) up to a maximum amount of fifty million dirhams (50,000,000 MAD) total or in partial collateral of the bond issue subject of the present Prospectus.

Moreover, the Ordinary General Assembly has taken note of the following collaterals that may be granted by third parties in full or partial collateral of the bond issue subject of the present prospectus:

- second-tier shares collateral that would be undertaken by certain shareholders on their Company shares, as well as all shares to be detained within the framework of any capital increase; and,
- a third mortgage that would be undertaken by the Bled Solb company in its capacity. The subject of the mortgage is the land whose property deed No. 50.711/26 (from the subdivision of the property called "El Hirach "object of the parent property deed No. 25.139/C) up to an amount of fifty million dirhams (50,000,000 MAD).

In accordance with the provisions of Article 682 of Law 15-95 constituting the Code of Commerce, the Ordinary General Assembly also authorized the granting by the Company of the following additional whole or partial collateral of the tranche B bonds subject of this Prospectus:

- A new business cash collateral (including notably machinery and equipment) which would be granted by the Company for a maximum amount of three hundred and fifty million dirhams (350,000,000 MAD).

In addition, the Ordinary General Assembly took note of the following additional collateral that may, if applicable, be granted to third parties in full or partial collateral of the tranche B bonds subject of the present prospectus:

- A new mortgage that would be granted by the Bled Solb company for the land subject of the property deed No. 50.711/26 (from the subdivision of the property called "El Hirach" subject of the parent property deed No. 25.139/C) up to the amount of three hundred and fifty million dirhams (350,000,000 MAD)

The abovementioned two additional guarantees shall be granted at the date of the full repayment of the Tranche A bonds and Senior Credits by the Company. The refund should be made no later than December 31, 2025.

The Ordinary General Assembly finally authorized a pari passu sharing method between Senior Lenders, Junior Lenders, VAT Lenders and bondholders subject of the present Prospectus as provided for in the Agreement between Creditors of realization output of all collaterals referred to above, and the existing collaterals granted by the Company (these collaterals are described and defined by the term " Permitted Shared Collateral " in the Inter-Creditor Agreement).

In this respect, the Ordinary General Assembly granted the necessary powers to the Board of Directors in order to agree on the terms and conditions of the abovementioned collateral guaranteeing fully or partially the bond issue, including the sharing of securities realization proceeds provided for in the Agreement between Creditors and generally, enter into all agreements, take all necessary measures and complete all required formalities, and generally, do whatever necessary to complete the abovementioned transaction.

Furthermore, an Ordinary General Assembly was held on July 20<sup>th</sup>, 2015, and delegated to the Board of Directors the necessary powers to fix the respective bonds' maturities of tranche A and tranche B.

As part of the delegation of authority granted by the Ordinary General Assemblies dated June 1<sup>st</sup>, 2015 and July 20<sup>th</sup>, 2015, the Board of Directors meeting held on November 17<sup>th</sup>, 2015, decided to proceed with a bond loan with a nominal amount of eight hundred ninety-five million dirhams (895,000,000 MAD) divided into eight thousand nine hundred and fifty (8,950) bonds with a nominal value of one hundred thousand dirhams each (100,000 MAD) and to reserve subscription for one category of investors i.e. all holders of the Existing Treasury Bills.

Moreover, the Board of Directors held on November 17<sup>th</sup>, 2015, adopted the loans modalities as follows:

- Tranche A and Tranche B bonds will be repaid by rank and following the conditions provided by the Inter-Creditor Agreement;
- The maturity of Tranche A bonds will be 31 December 2025 at the latest and the maturity of Tranche B bonds will be 31 December 2030 at the latest;
- The total amount of the two bonds categories issued shall under no circumstances exceed the amount of eight hundred ninety-five million MAD (895 MAD million) for the entire issue;
- The amount of the bond issue can be reduced to the amount of bonds actually subscribed to the expiration of the subscription period in accordance with Article 298 of the Act.

The Board of Directors has also taken note of second-tier shares collateral needing to be granted by certain shareholders of the Company and that these collaterals would be granted by Mr. Abdelouahab Sekkat, El Fadel Sekkat, Fouad Sekkat, Rachid Sekkat, Mrs Leila Sekkat and by Dima Solb, amounting to the shares held by these latter in the Company as well as all shares to be detained in the context of any capital increase, and also that following the transfer of setained shares by Bled Solb in the Company to Dima Solb, these collaterals would be completed by a second-tier collateral needing to be granted by Bled Solb on all shares of Dima Solb.

In addition, the Board of Directors has delegated all authority to the COO or Deputy COO to fix (i) the beginning and the end date of the bonds subscription period (ii) the vesting date of the bond loan.

Furthermore, the Board of Directors held on December 14<sup>th</sup>, 2015 decided that if in case of the application of the distribution rule of bonds at 60% of Tranche A bonds and 40% of tranche B bonds, the number of Tranche A bonds and tranche B bonds are not whole numbers, then the number of Tranche A bonds will be rounded to the nearest unit (whether higher or lower) and the number of tranche B bonds

will be rounded to the nearest unit (whether higher or lower). The Board of Directors also delegated full authority to the COO or Deputy COO to set any other bond allocation method (in accordance with the terms and conditions determined by the Assembly and the Board of Directors).

Under the powers conferred thereto by the Board of Directors, the Managing Director has fixed, as of December 14<sup>th</sup>, 2015, the subscription period from December 21<sup>st</sup>: 2015 to December 23<sup>rd</sup>, 2015 and the vesting date of bonds subject of the present prospectus on December 30<sup>th</sup>, 2015.

## II. Objectives of the operation

---

It should be noted that the Company issued commercial paper under the program subject of the prospectus updated and approved by the CDVM on November 10<sup>th</sup>, 2014 under reference VI/EM/036/2014, of a maximum amount of 1,500,000,000 MAD (hereinafter referred to as the "Existing Commercial Paper"). The total outstanding of the commercial papers dated December 15<sup>th</sup>, 2015, amounts to 893<sup>1</sup> million MAD.

Maghreb Steel held a meeting with all its creditors in order to proceed to a restructuring of its banking and private debts. The negotiations have resulted in the signature of an agreement protocol with the Banks on May 18<sup>th</sup>, 2015 (hereinafter referred to, as supplemented by an amendment agreement on December 1<sup>st</sup>, the Banks Restructuration Protocole) and an agreement protocol with the holders of commercial papers on May 18<sup>th</sup>, 2015 (hereinafter referred to, as supplemented by an amendment agreement on December 1<sup>st</sup>, the BT Restructuration Protocole) The parties of Banks Agreement Protocole and Interim Representative of Tranche A and Tranche B Bondholders Body are signatories to the Inter-Creditor Convention signed on December 1<sup>st</sup>, 2015 and to which tranche A bonds and tranche B bonds are affiliated while subscribing to the bond issue subject of the present prospectus.

In this regard, through the intended bond issue, the company Maghreb Steel aims to carry out a reprofiling of its outstanding private debt, through the issuance of new bonds reserved to the holders of the aforementioned Existing Commercial Papers.

Holders of the Existing Commercial Papers wishing to subscribe to the bond issue are invited to take part in an operation that will result in a repayment at par by Maghreb Steel Company of Existing Commercial Papers, the latter being conditioned by subscription at par of the same number of shares as part of the bond issue subject of this prospectus, provided that each subscription will be distributed up to 60% of the total subscribed bonds of Tranche A and up to 40% of the total number of subscribed bonds of tranche B bonds.

---

<sup>1</sup> It should be noted that due to the financial difficulties of the Company, this latter has systematically proceeded to the renewal of matured bonds. In addition, the matured bonds renewal has been undertaken by the same investors holders of commercial papers. However, 2 MMAD of the commercial papers relative to ISIN MA0001404997 have not been renewed nor repaid by the Company.

### III. Offer structure

The bond issue, subject of the present prospectus, shall be issued in 2 Tranches:

- **Tranche A** with a by-annually variable rate, tradable OTC (unlisted) with zero risk premium until December 31, 2017 and a risk premium of 260 basis points starting January 1, 2018 within the limit of a nominal rate of 5.75% per year. The said tranche shall be amortizable by-annually (on a pari passu basis with Senior Loans) starting January 1, 2018 and will cover a maximum of 537,000,000 MAD with a nominal value of 100,000 MAD per bond ;
- **Tranche B** with a by-annually variable rate, tradable OTC (unlisted) with zero risk premium until December 31, 2017 and a risk premium of 80 basis points from 2018 to 2022, a risk premium of 180 bps from 2023 to 2025, a risk premium of 260 bps from 2026 to 2028 and a risk premium of 310 bps 2029 to 2030. The said tranche shall be amortizable by-annually (on a pari passu basis with Junior Credit) starting from the Amortization Starting Date<sup>2</sup> and will cover a maximum of 358,000,000 MAD with a nominal value of MAD 100,000 per bond.

The total amount allocated for the abovementioned tranches may in no case exceed the amount of 895,000,000 MAD.

The debenture loan shall be restricted to one category of investors: all holders of MA0001406992 and MA0001404997 who wish to take part in an exchange operation of the Existing commercial papers against new bonds. The maximum number of new bonds to allocate for this category of investors is 8,950 shares with a nominal value of 100,000 MAD for a maximum amount of 895,000,000 MAD.

The following table shows the Existing commercial papers lines of Maghreb Steel:

Table 1 Lines of Existing Commercial Papers (as of 09/12/2015)

ISIN Code	Nature of rates	Number of securities	Outstanding (MMAD)	Issuance risk premium	Nominal rate	Maturity date	Payment frequency
MA0001406992	Fixed	8 930	893	180	4.30%	30/12/2015	In fine
MA0001404997	Fixed	20	2	325	6.50%	04/07/2014	In fine

<sup>2</sup>The Amortization Starting Date means the earliest of the following dates : (i) October 31<sup>st</sup>, 2026 and (ii) the date of full payment of all amounts owed by the Company regarding the Senior Loans and the Bonds of tranche A as defined in the protocol agreement with commercial papers holders signed.

## IV. Characteristics of bonds to be issued

### IV.1. Characteristics relating to the bonds of Tranche A (tradable OTC bonds with an variable rate)

Tranche A consists of variable rate bonds, by-annually depreciated, tradable OTC. The characteristics of Tranche A are as follows:

Nature of securities	Tradable OTC bonds (non listed), dematerialized by registration in the central depository (Maroclear) and registered in accounts at authorized affiliates.
Legal form of securities	Bearer bonds
Tranche ceiling	537 000 000 MAD
Maximum securities to be issued	5 370 bonds
Nominal unit value	100 000 MAD
Subscription period	From December 21 <sup>st</sup> , 2015 to December 23 <sup>rd</sup> , 2015
Vesting date	December 30 <sup>th</sup> , 2015
Maturity date	No later than December 31 <sup>st</sup> , 2025
Issuance price	At par, i.e. 100 000 MAD
Interest	Interests shall be served on the biannual anniversaries of the vesting date of the loan, i.e. on April 30 <sup>th</sup> and October 31 <sup>st</sup> each year. Interest payment shall take place the same day or the next working day following if the said date is not a workday. Interests shall be calculated on a monetary basis, i.e.: [Capital outstanding x nominal rate x (exact number of days / 360 days)]. The first interest shall be calculated on a period from the vesting date of December 30 <sup>th</sup> 2015 until April 30 <sup>th</sup> , 2016.
Risk premium	<ul style="list-style-type: none"> <li>• Until December 31, 2017 : 0 bps</li> <li>• As of January 1, 2018 : 260 bps, up to a rate of 5.75% per annum</li> </ul>
Nominal interest rate	Biannually variable rate. The monetary BdT 52 weeks rate for calculating the nominal interest rate is determined 5 working days prior to the date of the coupon payment. It is calculated on the basis of the arithmetic average rate of full monetary BdT 52 weeks observed or calculated by interpolating during the quarter preceding the interest payment date of the coupon on the primary market and as auctioned by the Treasury during auction sessions. The auction results are published by Bank Al Maghrib on its website, on Reuters and on the Télé-Adjudications system. Until December 31 <sup>st</sup> , 2017, the nominal rate related to this tranche is equivalent to the 52 weeks BdT rate as calculated above. As of January 1, 2018, the nominal rate is equivalent to the 52 weeks BdT rate as calculated above plus 260 basis points within the limit of 5.75% per year.
Calculation method	The full monetary BdT 52 weeks rate (364 days) observed on the primary market. In the case where this rate is not directly observed, it will be calculated using the method of the linear interpolation using the two rate limits covering full the maturity of 52 weeks (monetary base).
Allocation method	1 bond for 1 Existing Commercial Paper, provided that each subscription under the present Prospectus shall be distributed up to 60% of the total number of subscribed bonds, in bonds of tranche A, and 40% of total of bonds tranche B.

<p>Repayment of principal</p>	<p>The bonds of Tranche A shall be depreciated by-annually (on a pari passu basis with Senior Loans) with effect from October 31<sup>st</sup>, 2018 every April 30<sup>th</sup> and October 31<sup>st</sup> of each year.</p> <p>In order to take account of the financial capacity and available cash of the Company, the amount of by-annual amortization of the bonds of Tranche A shall be determined by will be determined by the Statutory Auditors of the Company and sent to the Inter-Creditor Agent, the Representative of the Masse of Bondholders of Tranche A, the Collateral Agent of Existing and New safeties each April 15<sup>th</sup> and October 15<sup>th</sup> following the presentation of the interim financial statements of the Company using the following formula:</p> <p><math>(EOA / (EOA + ECS)) \times (EBE - IS - IF - Capex)</math> where:</p> <ul style="list-style-type: none"> <li>• "EOA" is the total outstanding under Tranche A bonds at the date of calculation</li> <li>• "ECS" is the total outstanding under the Senior Loans at the date of the calculation</li> <li>• "EBE" refers to the EBITDA of the Company calculated based on the last interim financial statements of the Company and in accordance with applicable accounting principles</li> <li>• "IS" refers to the amount of payments made by the Company in respect of corporation tax during the examined period</li> <li>• "IF" refers to the amount of payable interest by the Company for the ongoing semester</li> <li>• "Capex" refers to the amount of maintenance capital expenditures to be made by the Company under the ongoing semester to a maximum of eighty million dirhams (80,000,000 MAD) per calendar year</li> </ul> <p>It should be noted that in 2018, the amount "Capex" will be increased by the sum of past arrears by Maghreb Steel to a maximum of thirteen million dirhams (13,000,000 MAD) to its SMS providers.</p> <p>In case of merger, demerger or partial transfer of assets of the Company during the period of the loan resulting in the transfer of assets in favor of a separate legal entity, the rights and obligations under the bonds shall be automatically transferred to the substituting legal entity in the rights and obligations of the Company.</p>
<p>Assimilation clause</p>	<p>The bonds of Tranche A are not the subject of any assimilation.</p>
<p>Rank/Subordination</p>	<p>The bonds of Tranche A constitute direct, general and unconditional engagement of the Company.</p> <p>The payment duties of the Company under Tranche A bonds shall be pari passu with the Company's payment duties towards Senior Credit and shall be paid by rank and the conditions of the Inter-Creditor Agreement.</p>
<p>Rating</p>	<p>This issue has not been the subject of a rating request.</p>

Collateral	<p>The bonds of Tranche A are guaranteed by the following:</p> <ul style="list-style-type: none"> <li>▪ second-tier shares collateral granted by Messrs Abdelouahab Sekkat, El Fadel Sekkat, Sekkat Fouad Rashid and Mrs. Leila Sekkat Sekkat on shares they hold respectively, and would hold (particularly in the context of social capital increase) recorded in the register of transfers of the Company dated December 1<sup>st</sup>, 2015;</li> <li>▪ second-tier shares collateral granted by Dima Solb on holding and to be held shares (particularly in the context of social capital increase) recorded in the register of transfers of the Company dated December 1<sup>st</sup>, 2015;</li> <li>▪ second-tier shares collateral granted by Bled Solb on holding and to be held shares (particularly in the context of social capital increase) recorded in the register of transfers of the Company dated December 1<sup>st</sup> 2015;</li> <li>▪ a third mortgage granted by the company Bled Solb on the land subject of title deed No. 50,711 / 26 (issued by the subdivision of the said property "EL HIRACH" subject of the mother title deed No. 25139 / C) up to a principal amount of fifty million dirhams (50 million dirhams) registered at the land registry of Mohamadia dated December 9<sup>th</sup>, 2015; and</li> <li>▪ a business cash collateral of second-tier granted by the Company on its business cash for an amount of fifty million dirhams (50,000,000 MAD) registered on December 9<sup>th</sup>, 2015.</li> </ul> <p>In addition, the output of Existing Collaterals (as defined in the Inter-Creditor Agreement) and collateral granted as guarantee for bonds subject of this issue shall be divided on a pari passu basis between Senior Lenders, Junior Lenders, VAT Lenders and bondholders subject of this issue as provided for in the Inter-Creditor Agreement. (Refer to Table 75 of the prospectus)</p>
Tradability of securities	<p>Tranche A is tradable OTC (non-listed on the Casablanca Stock Exchange). There are no restrictions imposed by the terms of issue on the free transferability of the Tranche A bonds. However, any purchaser of the bonds must sign an act of accession to the Inter-Creditor Agreement.</p>
Applicable law	Moroccan Law
Competent court	Commercial Court of Casablanca

*Note:* The following schedule is provided for information purposes only and represents the maximum amortization scenario of the tranche A. In fact, the repayment follows the pay as you can formula which can reduce the repayment schedule depending on the Company's ability to honor its commitments under the Senior Loans and the bonds of Tranche A.

Table 2 Repayment Schedule of Tranche A

Period		Outstanding capital (in MAD)	Nominal interest rate <sup>3</sup>
From	to		
30/12/2015	30/04/2016	537 000 000	BdT 52 week
01/05/2016	31/10/2016	537 000 000	BdT 52 week
01/11/2016	30/04/2017	537 000 000	BdT 52 week
01/05/2017	31/10/2017	537 000 000	BdT 52 week
01/11/2017	30/04/2018	537 000 000	BdT 52 week and (BdT 52 week + 260 bps) weighting
01/05/2018	31/10/2018	CRD 1	BdT 52 week + 260 bps
01/11/2018	30/04/2019	CRD 2	BdT 52 week + 260 bps
01/05/2019	31/10/2019	CRD 3	BdT 52 week + 260 bps
01/11/2019	30/04/2020	CRD 4	BdT 52 week + 260 bps
01/05/2020	31/10/2020	CRD 5	BdT 52 week + 260 bps
01/11/2020	30/04/2021	CRD 6	BdT 52 week + 260 bps
01/05/2021	31/10/2021	CRD 7	BdT 52 week + 260 bps
01/11/2021	30/04/2022	CRD 8	BdT 52 week + 260 bps
01/05/2022	31/10/2022	CRD 9	BdT 52 week + 260 bps
01/11/2022	30/04/2023	CRD 10	BdT 52 week + 260 bps
01/05/2023	31/10/2023	CRD 11	BdT 52 week + 260 bps
01/11/2023	30/04/2024	CRD 12	BdT 52 week + 260 bps
01/05/2024	31/10/2024	CRD 13	BdT 52 week + 260 bps
01/11/2024	30/04/2025	CRD 14	BdT 52 week + 260 bps
01/05/2025	31/10/2025	CRD 15	BdT 52 week + 260 bps

CRD : outstanding capital

<sup>3</sup> BDT 52 weeks is defined as the arithmetic average of the 52 week T-Bills during the previous quarter

CRD 1 calculation:

CRD 1 = 537 000 000 – amortization 1

With Amortization 1 =  $(EOA / (EOA + ECS)) \times (EBE - IS - IF - Capex)$  where:

- "EOA" is the total outstanding under Tranche A bonds at the date of calculation
- "ECS" is the total outstanding under the Senior Loans at the date of the calculation
- "EBE" refers to the EBITDA of the Company calculated based on the last interim financial statements of the Company and in accordance with applicable accounting principles
- "IS" refers to the amount of payments made by the Company in respect of corporation tax during the examined period
- "IF" refers to the amount of payable interest by the Company for the ongoing semester
- "Capex" refers to the amount of maintenance capital expenditures to be made by the Company under the 1<sup>st</sup> semester of 2018 to a maximum of eighty million dirhams (80,000,000 MAD) per calendar year (increased by the the dum of the last arrears owed by Maghreb Steel with a maximum of thirteen million dirhamd – 13 000 000 MAD).

CRD 2 calculation :

CRD 2 = CRD 1 – amortization 2

With amortization 2 =  $(EOA / (EOA + ECS)) \times (EBE - IS - IF - Capex)$  where :

- "EOA" is the total outstanding under Tranche A bonds at the date of calculation
- "ECS" is the total outstanding under the Senior Loans at the date of the calculation
- "EBE" refers to the EBITDA of the Company calculated based on the last interim financial statements of the Company and in accordance with applicable accounting principles
- "IS" refers to the amount of payments made by the Company in respect of corporation tax during the examined period
- "IF" refers to the amount of payable interest by the Company for the ongoing semester

"Capex" refers to the amount of maintenance capital expenditures to be made by the Company under the 2<sup>nd</sup> semester of 2018 to a maximum of eighty million dirhams (80,000,000 MAD) per calendar year

#### IV.2. Characteristics relating to the bonds of Tranche B (negotiable bonds over the counter and at a variable rate)

Tranche B consists of variable rate bonds, by-annual depreciable and tradable OTC. The Tranche B characteristics are as follows:

Nature of securities	Tradable OTC bonds (non listed), dematerialized by registration in the central depository (Maroclear) and registered in accounts at authorized affiliates.
Legal form of securities	Bearer bonds
Tranche ceiling	358 000 000 MAD
Maximum securities to be issued	3 580 bonds
Nominal unit value	100 000 MAD
Subscription period	from December 21 <sup>st</sup> , 2015 to December 23 <sup>rd</sup> , 2015
Vesting date	December 30 <sup>th</sup> , 2015
Maturity date	No later than December 31 <sup>st</sup> , 2030
Issuance price	At par, i.e. 100 000 MAD
Interest	<p>Interests shall be served on the biannual anniversaries of the vesting date of the loan, i.e. on April 30<sup>th</sup> and October 31<sup>st</sup> of each year. Interest payment shall take place the same day or the next working day following if the said date is not a workday.</p> <p>Interests shall be calculated on a monetary basis, i.e.: [capital outstanding x nominal rate x (exact number of days / 360 days)]. The first interest shall be calculated on a period from the vesting date of December 30<sup>th</sup>, 2015 until April 30<sup>th</sup>, 2016.</p>
Risk premium	<ul style="list-style-type: none"> <li>• Until December 31, 2017 : 0 bps</li> <li>• from 2018 to 2022 : 80 pbs</li> <li>• from 2023 to 2025 : 180 pbs</li> <li>• from 2026 to 2028 : 260 pbs</li> <li>• from 2029 to 2030 : 310 pbs</li> </ul>
Nominal interest rate	<p>Biannually variable rate.</p> <p>The monetary BdT 52 weeks rate for calculating the nominal interest rate is determined 5 working days prior to the date of the coupon payment. It is calculated on the basis of the arithmetic average rate of full monetary BdT 52 weeks observed or calculated by interpolating during the quarter preceding the interest payment date of the coupon on the primary market and as auctioned by the Treasury during auction sessions. The auction results are published by Bank Al Maghrib on its website, on Reuters and on the Télé-Adjudications system.</p> <p>Until December 31, 2017, the nominal rate related to this tranche is equivalent to the 52 weeks BdT rate as calculated above. As of January 1, 2018, the nominal rate is equivalent to the 52 weeks BdT rate as calculated above plus a risk premium as follows :</p> <ul style="list-style-type: none"> <li>• from 2018 to 2022 : 80 pbs</li> <li>• from 2023 to 2025 : 180 pbs</li> <li>• from 2026 to 2028 : 260 pbs</li> <li>• from 2029 to 2030 : 310 pbs</li> </ul>

Calculation method	The full monetary BdT 52 weeks rate (364 days) observed on the primary market. In the case where this rate is not directly observed, it will be calculated using the method of the linear interpolation using the two rate limits covering full the maturity of 52 weeks (monetary base).
Allocation method	1 bond for 1 Existing Commercial Paper, provided, provided that each subscription under the present Prospectus shall be distributed up to 60% of the total number of subscribed bonds, in bonds of tranche A, and 40% of total of bonds tranche B.
Repayment of principal	<p>The bonds of Tranche B shall be depreciated by-annual (on a pari passu basis with Junior Loan) taking effect from the Starting Date of the Amortization<sup>4</sup> of Tranche B bonds.</p> <p>In order to take account of the financial capacity and available cash of the Company, the amount of by-annual amortization of the bonds of Tranche A shall be determined by will be determined by the Statutory Auditors of the Company and sent to the Inter-Creditor Agent, the Representative of the Masse of Bondholders of Tranche A, the Collateral Agent of Existing and New safeties each April 15th and October 15th following the presentation of the interim financial statements of the Company using the following formula:</p> <p><math>(EOB / (EOB + ECJ)) \times (EBE - IS - IF - Capex)</math> where:</p> <ul style="list-style-type: none"> <li>• "EOB" is the total outstanding under Tranche B bonds on the date of calculation</li> <li>• "ECJ" is the total outstanding under the Junior Loans at the date of the calculation</li> <li>• "EBE" refers to the EBITDA of the Company calculated based on the last interim financial statements of the Company and in accordance with applicable accounting principles</li> <li>• "IS" refers to the amount of payments made by the Company in respect of corporation tax during the examined quarter</li> <li>• "IF" refers to the amount of payable interest by the Company for the ongoing quarter</li> <li>• "Capex" refers to the amount of maintenance capital expenditures to be made by the Company under the ongoing semester to a maximum of eighty million dirhams (80,000,000 MAD) per calendar year</li> </ul> <p>In case of merger, demerger or partial transfer of assets of the Company during the period of the loan resulting in the transfer of assets in favor of a separate legal entity, the rights and obligations under the bonds shall be automatically transferred to the substituting legal entity in the rights and obligations of the Company.</p>
Assimilation clause	The bonds of Tranche A are not the subject of any assimilation.
Rank/Subordination	<p>Tranche B Bonds constitute direct, general and unconditional commitments of the Company.</p> <p>The payment Bonds of the Company in terms of Tranche A bonds are <i>pari passu</i> with the Company's payment bonds in terms of the Junior Credit and shall be acquitted following the rank and the conditions of the Inter-Creditors Convention.</p>
Rating	This issue has not been the subject of a rating request.

<sup>4</sup>The Amortization Starting Date means the earliest of the following dates : (i) October 31, 2026 and (ii) the date of full payment of all amounts owed by the Company regarding the Senior Loans and the Bonds of tranche A

Collateral	<p>The bonds of Tranche B are guaranteed by the following:</p> <ul style="list-style-type: none"> <li>• second-tier shares collateral granted by Messrs Abdelouahab Sekkat, El Fadel Sekkat, Sekkat Fouad Rashid and Mrs. Leila Sekkat Sekkat on shares they hold respectively, and would hold (particularly in the context of social capital increase) recorded in the register of transfers of the Company dated December 1<sup>st</sup>, 2015 ;</li> <li>• second-tier shares collateral granted by Dima Solb on holding and to be held shares (particularly in the context of social capital increase) recorded in the register of transfers of the Company dated December 1<sup>st</sup>, 2015 ;</li> <li>• second-tier shares collateral granted by Bled Solb on holding and to be held shares (particularly in the context of social capital increase) recorded in the register of transfers of the Company dated December 1<sup>st</sup>, 2015;</li> <li>• a third mortgage granted by the company Bled Solb on the land subject of title deed No. 50,711 / 26 (issued by the subdivision of the said property "EL HIRACH" subject of the mother title deed No. 25139 / C) up to a principal amount of fifty million dirhams (50 million dirhams) registered at the land registry of Mohamadia dated December 9<sup>th</sup>, 2015; and</li> <li>• a business cash collateral of second-tier granted by the Company on its business cash for an amount of fifty million dirhams (50,000,000 MAD) registered on December 9<sup>th</sup>, 2015.</li> </ul> <p>In addition, the output of Existing Collaterals (as defined in the Inter-Creditor Agreement) and collateral granted as guarantee for bonds subject of this issue shall be divided on a pari passu basis between Senior Lenders, Junior Lenders, VAT Lenders and bondholders subject of this issue as provided for in the Inter-Creditor Agreement. (Refer to Table 75 of the prospectus)</p>
Tradability of securities	<p>Tranche B is tradable OTC (non-listed on the Casablanca Stock Exchange). There are no restrictions imposed by the terms of issue on the free transferability of the Tranche B bonds. However, any purchaser of the bonds must sign an act of accession to the Inter-Creditor Agreement.</p>
Applicable law	Moroccan Law
Competent court	Commercial Court of Casablanca

## V. Presentation of the collateral

---

### V.1. Presentation of the collateral

---

The bond loan subject of the present Prospectus is guaranteed by the following collateral :

- second-tier shares collateral granted by Mr. Abdelouahab Sekkat, El Fadel Sekkat, Fouad Sekkat, Rachid Sekkat and M<sup>rs</sup> Leila Sekkat on shares they hold respectively, and would hold (particularly in the context of social capital increase) recorded in the register of transfers of the Company dated 1 December 2015;
- second-tier shares collateral granted by Dima Solb on holding and to be held shares (particularly in the context of social capital increase) recorded in the register of transfers of the Company dated 1 December 2015;
- second-tier shares collateral granted by Bled Solb on holding and to be held shares (particularly in the context of social capital increase) recorded in the register of transfers of the Company dated December 1<sup>st</sup> 2015;
- a third mortgage granted by the company Bled Solb on the land subject of title deed No. 50,711 / 26 (issued by the subdivision of the said property "EL HIRACH" subject of the mother title deed No. 25139 / C) up to a principal amount of fifty million dirhams (50 million dirhams) registered at the land registry of Mohamadia dated December 9<sup>th</sup>, 2015 under number 81/211 ;
- a business cash collateral of second-tier granted by the Company on its business cash for an amount of fifty million dirhams (50,000,000 MAD) granted in accordance with the business cash Collateral Agreement. The said business cash collateral has been registered land registry of Mohamadia dated December 9<sup>th</sup>, 2015 under reference No. 132655.

Furthermore, in accordance with the issuance contract, the Company is committed, at the date of full repayment of Tranche A Bonds and Senior Credits which should take place no later than 31 December 2025, and in addition to the abovementioned collateral and subject the provisions of section 682 of Law 15-95 of the Commercial Code, that the following collaterals are granted as guarantees for the Company's bonds payment under the tranche B bonds

- a new mortgage granted by the company Bled Solb on the land subject of title deed No. 50,711 / 26 (issued by the subdivision of the said property "EL HIRACH" subject of the mother title deed No. 25139 / C) up to a principal amount of three hundred fifty million dirhams (350 000 000 MAD),
- a new business cash collateral agreed upon by the Company granted by the Company for a maximum amount of three hundred and fifty million dirhams (350,000,000 MAD).

### V.2. Sharing of the sum of Existing and New Collateral

---

The sum of all collateral output granted by the Company (including existing collateral and the new collateral shall be shared on a *pari passu* basis between Senior Lenders, Junior Lenders, VAT Lenders and holders of Bonds in accordance with the conditions provided for in the Inter-Creditor Agreement (refer to table 75 of the Prospectus).

## VI. Commitments of the Company

---

Maghreb Steel agrees before the opening of the subscription period to transmit a copy of the Inter-Creditor Convention as well as collateral documents on the bond issue subject of the present Prospectus to Treasury bills holders and signatories to the BT Restructuration Protocole.

Throughout the said period of the bond issue, the Company agrees not to (i) contract any new long-term financial debt (other than the financial debt expressly authorized by the Inter-Creditor Convention) and (ii) not to grant a guarantee for assets other than the Authorized Guaranteed (as defined in the Inter-Creditor Convention) to creditors without previous consent of creditors, bondholders of Tranche A and bondholders of Tranche B meeting in a General Assembly of bondholders of Tranche A and General Assembly of bondholders of Tranche B respectively.

The prior consent of bondholders of tranche A and bondholders of Tranche B meeting during a general assembly of bondholders of tranche A and a general assembly of bondholders of tranche B respectively should also be obtained beforehand the entry of a new shareholder in the Company's capital (excluding the sale of shares to a director). The prior consent of bondholders of tranche A and bondholders of Tranche B cannot be withheld unless in writing, provided that any refusal must be duly motivated.

The Company agrees to provide the Representatives of the Bondholders Body of the tranche A and the Bondholders Body of the tranche B with:

- An annually updated business plan, promptly after the approval of the previous fiscal year statements ;
- monthly its treasury situation as well as its treasury provisions over a period of three months ;
- on a quarterly basis its accounting situation;
- Once they will be available and no later than one hundred and twenty (120) days starting from the closure of each social fiscal year, its last audited annual statements accompanied with the auditor's report; and
- once they are available and no later than thirty (30) days following the end of each semester, its last semestrial statements.

## VII. Representative of the bondholders

---

Under Article 10 of each of the Bonds Issue Contracts, the Board of Directors of the Company has committed to convene the General Assembly of Bondholders of Tranche A and the General Assembly of Bondholders of Tranche B within 60 days from the effective date, and that in the aim of designating the permanent representatives of the Bondholders of Tranche A and the Bondholders of the tranche B.

Failing to designate the permanent representatives by the General Assembly of Bondholders of Tranche A or by the General Assembly of Bondholders of tranche B may lead to an appointment at the request of any interested party by the presiding judge.

Pending the holding of the General Assembly of Bondholders of Tranche A and the General Assembly of the Tranche B Bondholders, the Board of Directors of the Company from November 17, 2015 appointed Mr. Mohamed Hdid domiciled at 4 place 20070 Marshal - Casablanca as a temporary agent of the Bondholders of Tranche A and the Bondholders of Tranche B.

As such, Mr. Mohamed Hdid has signed the Convention between Creditors and the documentation relating to security.

## VIII. Collateral Agent of Existing and New Collateral

Attijariwafa Bank is designated as an Agent of existing and new collateral. As such, Attijariwafa Bank is authorized to sign documents relating to collateral and in case of realization of a collateral, to take any measure to recover and receive all payments or distributions that may be paid.

## IX. Inter-Creditor Agent

BMCE Bank is designated as an Inter-Creditors Agent who will act on behalf of the Financial Parties under the Inter-Creditors Convention, take any measures and exercise all rights and powers expressly entrusted or delegated thereto under of the Convention as well as those that would reasonably be the consequence thereof.

the Inter-Creditor Agent represents each Financial Party for all acts, notifications and formalities (except litigation, both as plaintiff and defendant) concerning its relations with other Financial Parties, the Company, Bled Solb and the Shareholders in the framework of the implementation of the Convention.

## X. Interest rate calculation agent

BMCE Bank is in charge of calculating the interest rate to be applied in the payment of coupons associated with each Bond.

As such, BMCE Bank undertakes to provide to the Company the interest rate to apply five days prior to the date of payment of the coupon.

## XI. Listing in the Stock Exchange of Casablanca

The Bonds, subject of the present Prospectus, shall not be listed in the stock exchange.

## XII. Transaction schedule

The subscription is open through the placement body. The transaction schedule is as follows:

Table 3 Schedule of the bond issue

Order	Steps	No later than
1	Obtaining the approval of CDVM	December 15 <sup>th</sup> 2015
2	Publication of the Prospectus extract in a legal gazette	December 17 <sup>th</sup> 2015
3	Opening of the subscription period	December 21 <sup>st</sup> 2015
4	Closure of the subscription period	December 23 <sup>rd</sup> 2015
5	Payment/Transfer	December 30 <sup>th</sup> 2015
6	Announcement of the results of the transaction by the Company in a legal gazette	January 5 <sup>th</sup> 2016

### XIII. Financial intermediaries

The financial intermediaries taking part in the present bond issue are as follows :

Table 4 Financial intermediaries

Placement agency and financial intermediaries	Registered name	Address
Global Counselor and Coordinator	BMCE Capital Conseil	63, Boulevard My Youssef, Casablanca
Placement Body	BMCE Bank	140, Boulevard Hassan II, Casablanca
Domiciliation agent of the issue	BMCE Bank	140, Boulevard Hassan II, Casablanca
Coupon calculation agent	BMCE Bank	140, Boulevard Hassan II, Casablanca
Agent of Existing and New	Attijariwafa Bank	2, Boulevard Moulay Youssef Casablanca
Inter-Creditors Agent	BMCE Bank	140, Boulevard Hassan II, Casablanca

## XIV. Terms of subscription

### XIV.1. Subscription period

The subscription period is open through the placement agent, from December 21<sup>st</sup>, 2015 to December 23<sup>rd</sup>, 2015 included.

### XIV.2. Subscribers categories

The operation will be reserved for a single category of investors, namely all holders of the Existing Commercial Papers issued by Maghreb Steel who wish to subscribe in the operation of the Existing Commercial Papers repayment in return for a subscription to new bonds.

### XIV.3. Identification of subscribers

The placement agent must ensure that the subscriber belongs to the abovementioned category. Therefore, the agent must, in case he does not already have, obtain and attach a copy of the identification document of subscribers to the subscription form intended for the transaction.

For each Investor, the identification documents to be submitted are as follows:

Table 5 Subscribers' identification documents

Category	Documents to be attached
Legal entities of Moroccan law	A copy of the register of commerce
Qualified investors of Moroccan law other than UCITS	Model of the commercial registry entries including the corporate purpose emphasizing their membership in this category
UCITS of Moroccan law	<ul style="list-style-type: none"> <li>• A copy of the approval decision</li> <li>• For mutual funds (FCP), the certificate of deposit in the court registry</li> <li>• For Variable Capital Investment Companies (SICAV), the model of entries in the Register of Commerce</li> </ul>

#### XIV.4. Terms of subscription

---

Subscribers shall take part in a operation which will result in a repayment at par by Maghreb Steel of Existing Commercial Papers issued by the Company and held by the said subscribers, the refund, being conditioned by subscription at par of the same number of new bonds as part of this issue, given that each subscription under this Prospectus shall be distributed up to 60% of the total number of subscribed bonds, in bonds of Tranche A and up to 40 % of the total number of subscribed bonds, in bonds of tranche B. If the number of securities to be subscribes following the percentages fixed above is not whole, the number of titles will be rounded to the nearest unit (whether higher or lower) for A and B tranches.

The number of new bonds subscribed by each investor may not exceed the total number of Existing Commercial Papers held.

Any holder of commercial papers wishing to participate to the present operation and who would not have the Inter-Creditors Convention and the collateral documents will have to ask Maghreb Steel who agrees to deliver them as quickly as possible.

The signature of the application form and the Accession Act in the form attached to the subscription form is an agreement to the terms to Bonds Purchase Agreements attached in the Prospectus, the Inter-Creditors Convention a collateral acceptance supporting the bond issue subject in the Prospectus. All subscriptions must be made in cash and shall be expressed in the number of securities.

It must be noted that during the subscription to these bonds subject of the Prospectus, any subscriber will have to deliver an accession act signed by them, accompanied by an application form duly filled in and signed to their account holder. It is noteworthy that, when subscribing to the obligations subject of this Offer Document, any subscriber will submit the Act of Accession signed by him, accompanied by the duly completed and signed subscription form to its account holder. Any subscription delivered without the signed accession act will be rejected.

Every account holder will have to send to the placement body, BMCE Bank, the signed subscription form, the signed accession act as well as the commercial paper freeze certificate corresponding to the subscription.

If a subscriber holds positions in commercial papers in several account holders, they must submit as many subscription forms as held positions.

Subscription orders are firm and irrevocable.

---

## XIV.5. Procedures for the handling of orders and allocations

---

### XIV.5.1. Terms of handling orders

---

During the subscription period, the placement agent, BMCE Bank, shall conduct a summary and consolidated statement of subscriptions it has received during each day.

At the closing of the subscription period, i.e. December 23<sup>rd</sup>, 2015 at 16:00, BMCE Bank shall publish a final summary statement, at the latest at 17:00, detailing and consolidating Investors subscriptions the agent received.

It will then proceed, on the December 23<sup>rd</sup>, 2015 after 17:00 at the headquarters of BMCE Bank, to:

- Cancellation of subscription requests that do not meet the abovementioned terms and conditions ;
- Consolidation of all subscriptions requests receivables, that is to say, all subscription requests other than those considered null and void and;
- Allocation following the procedure defined below.

### XIV.5.2. Procedures for allocation

---

The allotment for the two combined tranches of the bond issue shall in no event exceed the amount of MAD 895 million for the entire issue.

The allocation will be done on the basis of a new bond for each Existing Commercial paper.

If at the close of subscriptions, the total amount of subscriptions received is less than the maximum amount of the issuance, the total amount allocated will be limited to the total amount subscribed and in accordance with the decision of the Ordinary General Assembly held on June 1<sup>st</sup>, 2015 to limit the amount of the issue to the subscribed amount.

If the number of securities to be distributed according to subscription percentages (60% for tranche A and 40% for Tranche B) is not an whole number, the number of securities to be allocated will be rounded to the nearest whole number (lower or higher) for tranches A and B.

After the allocation session to which will attend the placement body and the issuers, minutes of the allocation (detailed by tranche) will be issued by the placement body.

The allowance will be recognized and declared "final and irrevocable" by the placement body and the issuer upon signature by the parties to the said minutes. The maximum number of new bonds to allocate to investorq is 8950 securities with a nominal value of MAD 100 000 for a maximum amount to be allocated of MAD 895 million (eight hundred ninety-five million dirhams).

### XIV.5.3. Results of the transaction

---

The results of the transaction shall be published by the Company in a legal newspapers no later than January 5<sup>th</sup>, 2015.

---

#### XIV.5.4. Payment - Transfer

---

The payment/transfer for all transactions shall be done on December 30<sup>th</sup>, 2015, directly between the centralizing body of the issue and the depositaries of subscribers at Maroclear. Investors submit their payment transfer instructions beforehand to their respective depositaries.

The new bonds are paid for in cash in one installment and registered in the name of the subscriber on the same day, i.e. December 30<sup>th</sup>, 2015.

Holder of the Existing Commercial Papers who will subscribe to the present bond issue will be repaid in cash and in one installment on December 30<sup>th</sup>, 2015.

After the allocation, the shares allocated to each subscriber shall be recorded in their securities account on the day of payment/delivery.

For Investors, the payment/delivery for the exchange transaction by Maghreb Steel of Existing Commercial Papers shall be carried out OTC on the day of payment/delivery of new bonds, i.e. December 30<sup>th</sup>, 2015.

The payment/delivery process for Investors shall be settled as follows: the Investor's cash account shall be first debited on subscriptions to new bonds, then credited on the same day i.e. the day of payment/delivery, with the amount used to repay the existing commercial papers corresponding to the subscription. The different depositaries are in charge of the insurance of compliance to this treatment order.

The domiciliary of the issue undertakes to perform subscription proceeds exclusively to the repayment of commercial papers amounting to the undertaken bonds.

---

#### XIV.5.5. Domiciliation agent of the issue

---

BMCE Bank is designated as the bank of domiciliation for bonds issued as part of this transaction.

In this regard, it will represent Maghreb Steel at the Maroclear central depositary and execute on its behalf all inherent transactions for the issued securities in connection with the issuance of this bond loan (coupon calculation, interest payment and bond repayment, monitoring of relations with Maroclear, etc.) and all operations relating to the reimbursement of Existing Commercial Papers.

---

#### XIV.5.6. Transaction fees

---

All Intermediation fees related to the subscription of bonds under the operation subject to the present prospectus, including depositary fees and all taxes due are payable by investors.

Part II. INTRODUCTION TO MAGHREB STEEL

## I. General Information

Table 6 General Information

Corporate Name	<ul style="list-style-type: none"> <li>Maghreb Steel</li> </ul>
Headquarters	<ul style="list-style-type: none"> <li>Route nationale 9 Km 10 – (Aéroclub Tit Mellil) Boulevard Ahl Loughlam BP : 3553 – 20600 – Casablanca</li> </ul>
Telephone number	<ul style="list-style-type: none"> <li>+ 212 5 22 76 25 00</li> </ul>
Fax number	<ul style="list-style-type: none"> <li>+ 212 5 22 76 25 01</li> </ul>
E-mail	<ul style="list-style-type: none"> <li><a href="mailto:maghrebsteel@maghrebsteel.ma">maghrebsteel@maghrebsteel.ma</a></li> </ul>
Website	<ul style="list-style-type: none"> <li><a href="http://www.maghrebsteel.ma">www.maghrebsteel.ma</a></li> </ul>
Legal form	<ul style="list-style-type: none"> <li>Business corporation operating under law n° 17-95 dated 30 August 1996 relating to business corporations as amended and completed by law n°20-05 of 23 May 2008</li> </ul>
Date set up	<ul style="list-style-type: none"> <li>1975</li> </ul>
Life span	<ul style="list-style-type: none"> <li>The life span is set at 99 years except in the event of early wind up or extension as stipulated by the by-laws and/or by the law</li> </ul>
Purpose <i>Article 3 of by-laws</i>	<ul style="list-style-type: none"> <li>The corporate purpose is as follows: <ul style="list-style-type: none"> <li>The purchase, sale, representation, import, export and dissemination of all forms and by all means of all the ferrous metal or nonferrous products and all other products manufactured or not;</li> <li>The creation and operation of an industry for the manufacture of all ferrous or nonferrous metal tubes of all kinds either black or galvanized;</li> <li>Exploitation of all patents;</li> <li>The creation, acquisition, lease, rental or running of all steel industry activities;</li> <li>The acquisition of any urban, rural, built up or non-built up property and the edification of any structure or the beneficial use of the said property;</li> <li>More generally all commercial, industrial real estate or moveable property and financial trades directly or indirectly attached to the aforementioned purposes likely to favor any direct or indirect stakes in any form whatsoever in companies having similar or closely related purposes.</li> </ul> </li> </ul>
Fiscal Year	<ul style="list-style-type: none"> <li>The fiscal year begins on January 1<sup>st</sup> and ends on December 31<sup>st</sup></li> </ul>
Registered capital (on December 15 <sup>th</sup> , 2013)	<ul style="list-style-type: none"> <li>MAD 2 475 000 000 at par value of MAD 100</li> </ul>
Place for consultation of legal documents	<ul style="list-style-type: none"> <li>The corporate, accounting and legal documents the communication of which is specified by law can be consulted at Maghreb Steel headquarters</li> </ul>
Registration Number in Trade Register	<ul style="list-style-type: none"> <li>Casablanca Trade Register 33 929.</li> </ul>

Fiscal regime	<ul style="list-style-type: none"> <li>▪ Maghreb Steel is subject to the normal rate of 30% set by Article 19 of the General Tax Code.</li> </ul>
Legislation applicable to the Company	<ul style="list-style-type: none"> <li>▪ Law 17-95 promulgated by Dahir No. 1-96-124 of 30 August 1996 on Public Limited Companies as amended and supplemented by Law No. 20-05 of 23 May 2008;</li> <li>▪ Dahir 1-95-03 of 26 January 1995, promulgating Law No. 35-94 on certain Negotiable Debt securities;</li> <li>▪ The provisions of Dahir No. 1-93-212 of 21 September 1993 concerning the CDVM and the required information from companies making public offerings as amended and supplemented by Dahir No. 1-07-09 of 17 April 2007 law No. 44-06;</li> <li>▪ The General Regulations of the CDVM as approved by the Decree of the Minister of Economy and Finance No. 882-08 of 14 April 2008;</li> <li>▪ The provisions of Dahir No. 1-96-246 of 9 January 1997 promulgating the Law No. 35-96 on the creation of a central depository and the institution of a general scheme of entry into account of certain securities (Amended by Law No. 43-02);</li> <li>▪ The General Regulations of the central depository approved by Order of the Minister of Economy and Finance No. 932- 98 of 16 April 1998 and amended by the Decree of the Minister of Economy, Finance, Privatization and Tourism No. 1961-1901 of 30 October 2001.</li> </ul>
Competent court	<ul style="list-style-type: none"> <li>▪ Commercial Court of Casablanca</li> </ul>

## II. Information on Maghreb Steel equity

### II.1. Shareholding history over the last three fiscal years

The table hereafter the evolution of Maghreb Steel shareholding:

Table 7 Maghreb Steel shareholding over the past three years

Shareholders	31/12/2012		31/12/2013 and 31/12/2014		Before the operation	
	Number of shares	% of capital and voting rights	Number of shares	% of capital and voting rights	Number of shares	% of capital and voting rights
Abdelouahab Sekkat	4 045 500	16,86%	4 045 500	16,86%	4 045 500	16,35%
Sté Bled Solb	9 980 338	41,58%	9 980 338	41,58%	-	-
Dima Solb	-	-	-	-	10 730 338	43,35%
El Fadel Sekkat	1 919 531	8,00%	1 919 331	8,00%	1 919 331	7,75%
Fouad Sekkat	1 919 531	8,00%	1 919 331	8,00%	1 919 331	7,75%
Rachid Sekkat	1 919 531	8,00%	1 919 531	8,00%	1 919 531	7,76%
Driss Sekkat	1 375 424	5,73%	1 375 424	5,73%	1 375 424	5,56%
Leila Sekkat	989 157	4,12%	989 157	4,12%	989 157	4,00%
Moussa Samir	900 000	3,75%	900 000	3,75%	900 000	3,64%
Abdellah Samir	540 000	2,25%	540 000	2,25%	540 000	2,18%
Fondation Sekkat	225 989	0,94%	225 989	0,94%	225 989	0,91%
Ste Les Trois amis	150 000	0,63%	150 000	0,63%	150 000	0,61%
Association Al Akhawayne	28 249	0,12%	28 249	0,12%	28 249	0,11%
Yassine Benmlih	2 250	0,01%	2 250	0,01%	2 250	0,01%
Mohsine Sekkat	2 250	0,01%	2 250	0,01%	2 250	0,01%
Youssef Sekkat	2 250	0,01%	2 250	0,01%	2 250	0,01%
Hamza Sekkat	-	-	200	0,00%	200	0,00%
Fayçal Sekkat	-	-	200	0,00%	200	0,00%
<b>Total</b>	<b>24 000 000</b>	<b>100%</b>	<b>24 000 000</b>	<b>100%</b>	<b>24 750 000</b>	<b>100%</b>

Source : Maghreb Steel

The shareholders of Maghreb Steel decided on December 24<sup>th</sup>, 2012 during an exceptional General meeting on a capital increase of MAD 600 million that was entirely subscribed to by Bled Solb Company. However, only 300 MMAD have been paid. The remainder of the capital increase (300 MMAD) was paid on October 23, 2014 and approved by the Board of Directors held on November 13, 2014. The said payment was performed by offsetting Bled Solb company receivables.

In 2013, Mr Hamza and Mr Faiçal Sekkat, administrators of Maghreb Steel, were awarded every one 200 shares, by transferring the securities held by Mr Fouad and Mr Rashid Sekkat.

In November 2015, Bled Solb provided securities held in Maghreb Steel in favor of its 100% Dima Solb. The latter has also subscribed to a capital increase of 75 MMAD (as decided by the Extraordinary General Assembly of 16 November 2015) bringing the share capital of the company to 2.475 billion dirhams.

### III. Administration and management bodies

---

#### III.1. Legal provisions

---

According to article 19 of the by-laws, Maghreb Steel is administered by a Board of Directors consisting of three to twelve members from among the shareholders and appointed by either the Ordinary General Meeting or the Extraordinary General Meeting in the event of merger or division for a term of six (6) years.

In addition « a wage earner of the company can be appointed as a Director only if his/her work contract corresponds to an effective position » and « the number of directors linked to the company by a work contract cannot exceed one third of the members of the Board of Directors ».

## III.1.1. Board of directors

Table 8 Membership of the Board of Maghreb Steel to 30/11/2015

Name	Position	Address	Beginning of term	Expiry of term	Family relationship
M. El Fadel Sekkat	Chairman Board of Directors	Longchamps, Rue 7 n°1, Casablanca	21 June 2012	31/12/2017 <sup>5</sup>	-
M. Youssef Sekkat	Administrator General Manager	18, Rue Ibnou Katir, Casablanca	21 June 2012	31/12/2017	Cousin of Chairman
M. Abdelouahab Sekkat	Administrator	Piste Ouled Haddou, n°13 les Crêtes Casablanca	21 June 2012	31/12/2017	Uncle of Chairman
M. Abdellah Samir	Administrator	Avenue Masset, Villa Nadia, Casablanca	21 June 2012	31/12/2017	No relation
M. Driss Sekkat	Administrator	Ain Diab Nord – Rue D, Casablanca	21 June 2012	31/12/2017	Uncle of Chairman
M. Fouad Sekkat	Administrator	38, Avenue de l'Hermitage, Casablanca	21 June 2012	31/12/2017	Brother of Chairman
M. Rachid Sekkat	Administrator	38, Avenue de l'Hermitage, Casablanca	21 June 2012	31/12/2017	Brother of Chairman
M. Yassine Benmlih	Administrator	Longchamps, Hay el Hana, Casablanca	21 June 2012	31/12/2017	Nephew of Chairman
M. Mohsine Sekkat	Administrator	Lot Lakraker, Route de Mekka, Californie, Casablanca	21 June 2012	31/12/2017	Cousin of Chairman
M. Fayçal Sekkat	Administrator	141 Bd Atlantide Polo, Casablanca	21 June 2012	31/12/2017	Nephew of Chairman
M. Hamza Sekkat	Administrator	45 Bd Ghandi, Résidence Yasmine Maarif, Casablanca	21 June 2012	31/12/2017	Son of Chairman

Source : *Maghreb Steel*

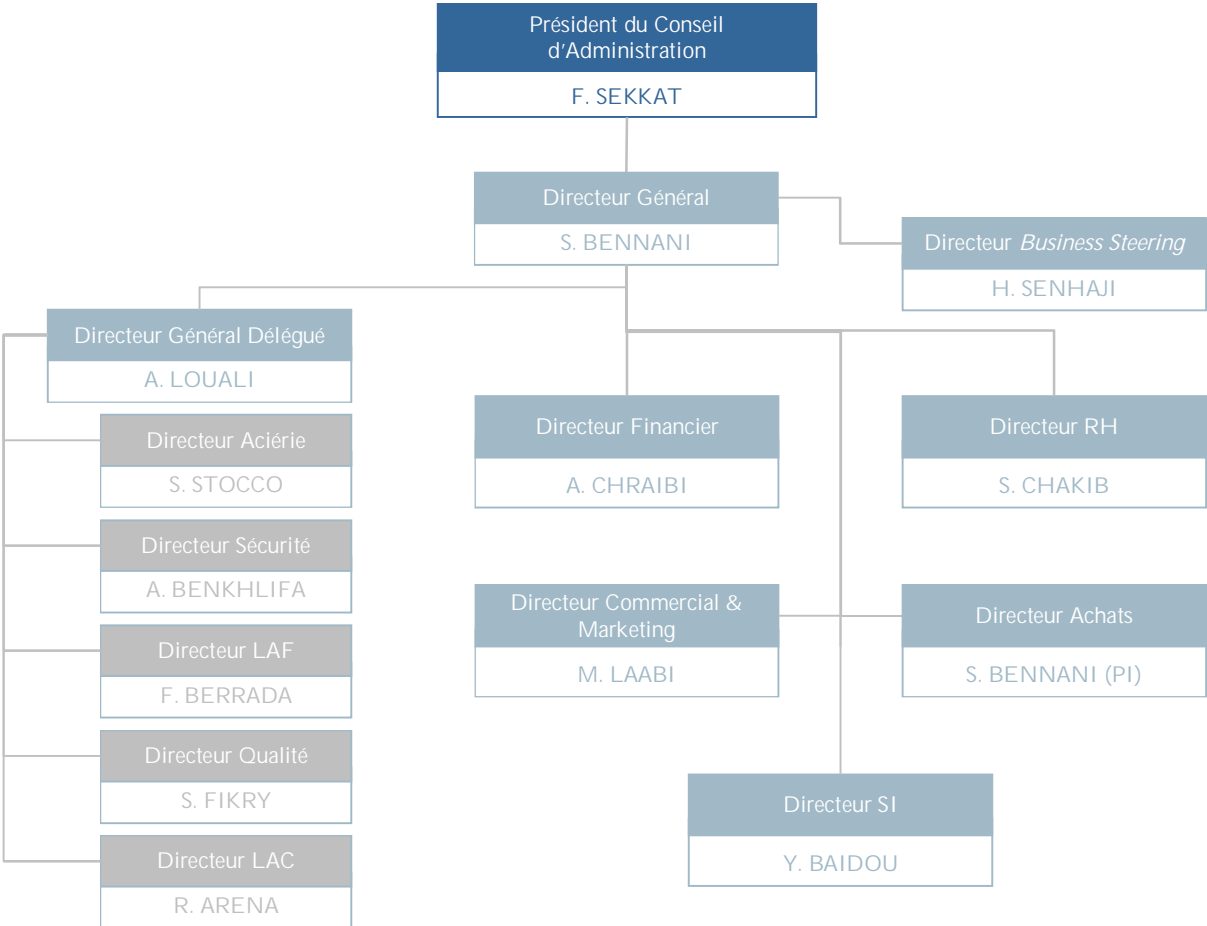
<sup>5</sup> General assembly to approve 2017 accounts

III.1.2. Management

Maghreb Steel proceeded at the end of 2014 to overhaul its organizational structure and the establishment of a new management team.

The following figure shows the new functional organization of Maghreb Steel:

Figure 1. Legal structure of Maghreb Steel on 30/11/2015



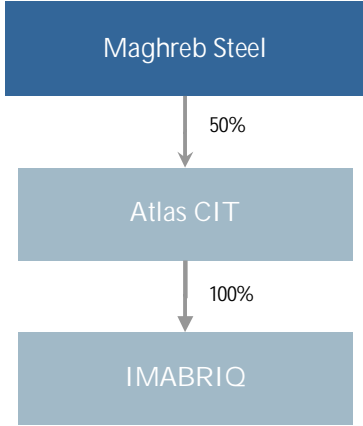
Source : Maghreb Steel

## Part III. ACTIVITY, MARKET AND COMPETITION

I. Activity of Maghreb Steel

I.1. Subsidiaries of Maghreb Steel on 31/12/2014

Figure 3. Subsidiaries of Maghreb Steel on 31/12/2014



Source : Maghreb Steel

## I.2. Evolution of activity

Table 9 Evolution of production

In tons	2012	2013	Var. %	2014	Var. %
Hot Rolled	306 033	320 593	4,8%	296 052	-7,7%
Cold Rolled	33 866	25 889	-23,6%	16 303	-37,0%
Galvanized	78 110	71 117	-9,0%	37 342	-47,5%
Prelacquered	72 343	70 682	-2,3%	48 066	-32,0%
Heavy plates	22 000	35 595	61,8%	42 211	18,6%
Sandwich panels (in sqm)	658 037	821 738	24,9%	654 688	-20,3%
Gross production (Out of sandwich Panels)	512 352	523 876	2,2%	439 974	-16,0%

Source : Maghreb Steel

Table 10 Evolution of tonnage sold by product locally

In tons	2012	2013	Var. %	2014	Var. %
Hot Rolled	105 289	110 202	4,7%	166 551	51,1%
Cold Rolled	19 017	14 368	-24,4%	13 497	-6,1%
Galvanized	43 673	39 860	-8,7%	31 824	-20,2%
Prelacquered	16 517	19 359	17,2%	12 716	-34,3%
Sandwich panels (in sqm)	654 310	689 863	5,4%	645 123	-6,5%
Heavy plates	9 750	22 577	131,6%	35 965	59,3%
Zinc & derivatives	30	-	n.a.	-	n.a.
Others	3 043	3 395	11,6%	1 467	-56,8%
Gross sales (Out of sandwich Panels)	197 319	209 761	6,3%	262 020	24,9%

Source : Maghreb Steel

Table 11 Evolution of tonnage sold by product at export

In tons	2012	2013	Var. %	2014	Var. %
Hot Rolled	41 214	12 197	-70,4%	5 636	-53,8%
Cold Rolled	14 762	9 848	-33,3%	1 015	-89,7%
Galvanized	27 456	29 028	5,7%	6 942	-76,1%
Prelacquered	54 659	39 469	-27,8%	34 507	-12,6%
Sandwich panels (in sqm)	468	122 797	n.s.	9 632	-92,2%
Heavy plates	13 168	12 399	-5,8%	3 080	-75,2%
Zinc & derivatives	-	-	n.a.	-	n.a.
Others	2 048	-	n.a.	-	n.a.
Gross sales (Out of sandwich Panels)	153 307	102 941	-32,9%	51 180	-50,3%

Source : Maghreb Steel

Table 12 Evolution of the total tonnage sold by product

In tons	2012	2013	Var. %	2014	Var. %
Hot Rolled	146 502	122 399	-16,5%	172 187	40,7%
Cold Rolled	33 780	24 216	-28,3%	14 512	-40,1%
Galvanized	71 129	68 888	-3,2%	38 766	-43,7%
Prelacquered	71 176	58 828	-17,3%	47 223	-19,7%
Sandwich panels (in m <sup>2</sup> )	654 814	812 660	24,1%	654 755	-19,4%
Heavy plates	22 917	34 976	52,6%	39 045	11,6%
Zinc & derivatives	30	-	n.a.	-	n.a.
Others	5 091	3 395	-33,3%	1 467	-56,8%
Gross sales (Out of sandwich Panels)	350 625	312 702	-10,8%	313 200	0,2%

Source : Maghreb Steel

## I.3. Evolution of turnover

Note: The figures below relate to the corporate turnover of Maghreb Steel

Table 13 Evolution of local turnover of Maghreb Steel by product

in KMAD	2012	2013	Var. %	2014	Var. %
Hot Rolled	662 488	669 091	1,0%	1 034 817	54,7%
Cold Rolled	141 616	104 856	-26,0%	95 134	-9,3%
Galvanized	366 754	333 532	-9,1%	259 194	-22,3%
Prelacquered	163 887	194 619	18,8%	119 987	-38,3%
Sandwich panels (en m <sup>2</sup> )	99 640	105 357	5,7%	96 950	-8,0%
Heavy plates	62 309	144 260	131,5%	232 087	60,9%
Zinc & derivatives	603	-	n.a.	-	n.a.
Others	28 276	53 244	88,3%	30 750	-42,2%
Gross sales	1 525 573	1 604 959	5,2%	1 868 897	16,4%

Source : Maghreb Steel

Table 14 Evolution of turnover at export of Maghreb Steel

In KMAD	2012	2013	Var. %	2014	Var. %
Hot Rolled	239 115	78 930	-67,0%	36 408	-53,9%
Cold Rolled	102 406	65 485	-36,1%	7 596	-88,4%
Galvanized	206 429	209 700	1,6%	51 718	-75,3%
Prelacquered	494 490	351 528	-28,9%	309 034	-12,1%
Sandwich panels (en m <sup>2</sup> )	79	15 814	n.s.	1 917	-87,9%
Heavy plates	79 331	70 493	-11,1%	18 082	-74,3%
Zinc & derivatives	-	-	n.a.	-	n.a.
Others	18 024	6 456	-64,2%	4 554	-29,5%
Gross sales	1 139 874	798 407	-30,0%	429 309	-46,2%

Source : Maghreb Steel

Table 15 Evolution of total turnover of Maghreb Steel

In KMAD	2012	2013	Var. %	2014	Var. %
Hot Rolled	901 603	748 021	-17,0%	1 071 225	43,2%
Cold Rolled	244 022	170 341	-30,2%	102 730	-39,7%
Galvanized	573 183	543 232	-5,2%	310 912	-42,8%
Prelacquered	658 377	546 147	-17,0%	429 021	-21,4%
Sandwich panels (en m <sup>2</sup> )	99 719	121 171	21,1%	99 867	-18,4%
Heavy plates	141 640	214 753	51,6%	250 169	16,5%
Zinc & derivatives	603	-	n.a.	-	n.a.
Others	46 300	59 700	29,6%	35 304	-40,9%
Gross sales	2 665 447	2 403 366	-9,8%	2 298 230	-4,4%

Source : Maghreb Steel

## I.4. Evolution of activity at S1 2015

Table 16 Evolution of production

In tons	S1 2014	S1 2015	Var. %
Hot Rolled	168 134	172 782	2,8%
Cold Rolled	10 252	6 701	-34,6%
Galvanized	25 508	22 315	-12,5%
Prelacquered	28 559	25 013	-12,4%
Heavy plates	24 308	19 814	-18,5%
Sandwich panels (in sqm)	294 240	244 607	-16,9%
Gross sales (Out of sandwich Panels)	256 761	246 625	-3,9%

Source : Maghreb Steel

Table 17 Evolution of tonnage sold by product locally

In tons	S1 2014	S1 2015	Var. %
Hot Rolled	75 414	97 408	29,2%
Cold Rolled	7 801	5 547	-28,9%
Galvanized	18 758	19 000	1,3%
Prelacquered	6 861	6 854	-0,1%
Sandwich panels (in sqm)	309 054	261 174	-15,5%
Heavy plates	18 498	15 772	-14,7%
Zinc & derivatives	205	186	-9,3%
Others	1 257	652	-48,1%
Gross sales (Out of sandwich Panels, zinc & derivatives and others)	127 332	144 581	13,5%

Source : Maghreb Steel

Table 18 Evolution of tonnage sold by product at export

In tons	S1 2014	S1 2015	Var. %
Hot Rolled	2 649	3 737	41,1%
Cold Rolled	684	1 122	64,0%
Galvanized	4 240	3 171	-25,2%
Prelacquered	20 357	18 990	-6,7%
Sandwich panels (in sqm)	9 632	-	-100,0%
Heavy plates	1 169	4 348	n.s.
Zinc & derivatives	25	-	-100,0%
Others	5 377	7 591	41,2%
Gross sales (Out of sandwich Panels, zinc & derivatives and others)	29 099	31 368	7,8%

Source : Maghreb Steel

Table 19 Evolution of tonnage sold by product locally

In tons	S1 2014	S1 2015	Var. %
Hot Rolled	78 063	101 145	29,6%
Cold Rolled	8 485	6 669	-21,4%
Galvanized	22 998	22 171	-3,6%
Prelacquered	27 218	25 844	-5,0%
Sandwich panels (in sqm)	318 686	261 174	-18,0%
Heavy plates	19 667	20 120	2,3%
Zinc & derivatives	230	186	-19,1%
Others	6 634	8 243	24,3%
Gross production (Out of sandwich Panels)	156 431	175 949	12,5%

Source : Maghreb Steel

### I.5. Turnover evolution at S1 2015

*Note : the following figures concern Maghreb Steel corporate turnover*

Table 20 Evolution of Maghreb Steel local turnover per product

In KMAD	S1 2014	S1 2015	Var. %
Hot Rolled	467 759	592 496	26,7%
Cold Rolled	55 124	38 024	-31,0%
Galvanized	155 839	153 424	-1,5%
Prelacquered	66 909	62 764	-6,2%
Sandwich panels (in sqm)	46 645	37 118	-20,4%
Heavy plates	118 593	98 790	-16,7%
Zinc & derivatives	1 284	1 817	41,5%
Others	13 277	4 799	-63,9%
Gross sales	925 430	989 232	6,9%

Source : Maghreb Steel

Table 21 Evolution of Maghreb Steel Export turnover

In KMAD	S1 2014	S1 2015	Var. %
Hot Rolled	17 223	21 670	25,8%
Cold Rolled	5 130	6 977	36,0%
Galvanized	32 873	21 412	-34,9%
Prelacquered	180 318	155 639	-13,7%
Sandwich panels (in sqm)	1 917	-	-100,0%
Heavy plates	6 760	24 319	n.s.
Zinc & derivatives	192	-	-100,0%
Others	4 657	1 571	-66,3%
Gross sales	249 070	231 588	-7,0%

Source : Maghreb Steel

Table 22 Evolution of Maghreb Steel total turnover

In KMAD	S1 2014	S1 2015	Var. %
Hot Rolled	484 982	614 166	26,6%
Cold Rolled	60 254	45 001	-25,3%
Galvanized	188 712	174 836	-7,4%
Prelacquered	247 227	218 403	-11,7%
Sandwich panels (in sqm)	48 562	37 118	-23,6%
Heavy plates	125 353	123 109	-1,8%
Zinc & derivatives	1 476	1 817	23,1%
Others	17 934	6 370	-64,5%
Gross sales	1 174 500	1 220 820	3,9%

Source : Maghreb Steel

Part IV. FINANCIAL SITUATION OF MAGHREB STEEL

## I. Consolidated management balance statement

Table 23 Consolidation management balance statement 2012-2014

KMAD	2012	2013	Var.%	2014	Var.%
Sale of goods (as is)	23 188	8 199	-64,6%	1 042	-87,3%
Goods purchased and resold	22 566	8 038	-64,4%	5 459	-32,1%
Gross margins for as is sales	622	162	-74,0%	-4 417	n.a.
Production	2 607 141	2 300 672	-11,8%	2 238 577	-2,7%
Sales of goods and services produced	2 666 639	2 410 577	-9,6%	2 302 058	-4,5%
Changes ins inventories	-412 766	-116 081	71,9%	-71 087	38,8%
Fixed assets produced by the company for itself	353 268	6 177	-98,3%	7 606	23,1%
Consumption	2 462 072	2 213 852	-10,1%	2 172 823	-1,9%
Material and supplies purchased and consumed	2 333 243	2 100 800	-10,0%	2 044 848	-2,7%
Other external expenses	128 829	113 053	-12,2%	127 976	13,2%
Added Value	145 691	86 982	-40,3%	61 337	-29,5%
Operating subsidies	730	506	-30,7%	308	-39,1%
Taxes and duty	8 759	1 520	-82,6%	2 603	71,2%
Payroll expenses	213 813	199 477	-6,7%	181 538	-9,0%
Earnings Before Income Tax Depreciation and amortization (EBITDA)	-76 152	-113 509	-49,1%	-122 496	-7,9%
Other operating incomes	-	-	n.a.	-	n.a.
Other operating expenses	1 800	-	n.a.	-	n.a.
Operating write downs transfer of expenses	16 433	18 198	10,7%	3 256	-82,1%
Allocation to operation	242 650	343 188	41,4%	405 086	18,0%
Operating income (- or +)	-304 168	-438 499	-44,2%	-524 326	-19,6%
Financial Income	-177 562	-223 986	-26,1%	-225 029	-0,5%
Current income	-481 730	-662 486	-37,5%	-749 356	-13,1%
Exceptional income (- or +)	74 151	53 263	-28,2%	45 692	-14,2%
Income Tax	16 311	-48 311	n.a.	-62 240	-28,8%
Net Income (Integrated companies)	-423 890	-560 912	-32,3%	-641 423	-14,4%
Quota in income of enterprises included by the equity method	-	-	n.a.	-	n.a.
Allocations to amortization of goodwill	-16	-16	-1,4%	-16	0,0%
Consolidated net income	-423 906	-560 928	-32,3%	-641 440	-14,4%
Minority income	-	-	n.a.	-	n.a.
Net income part of the group	-423 906	-560 928	-32,3%	-641 440	-14,4%

Source : Maghreb Steel

## II. Analysis of the consolidated management balance statement at S1 2015

Table 24 Consolidation management balance statement S1 2014 and S1 2015

In KMAD	S1 2014	S1 2015	Var. %
Sale of goods (as is)	260	166	-36,3%
Goods purchased and resold	4 826	162	-96,7%
Gross margins for as is sales	-4 566	4	n.a.
Production	1 228 236	1 071 589	-12,8%
Sales of goods and services produced	1 183 509	1 221 818	3,2%
Changes ins inventories	42 481	-150 229	n.a.
Fixed assets produced by the company for itself	2 246	-	n.a.
Consumption	1 158 044	1 064 127	-8,1%
Material and supplies purchased and consumed	1 091 963	1 011 212	-7,4%
Other external expenses	66 081	52 915	-19,9%
Added Value	65 626	7 466	-88,6%
Operating subsidies	182	171	-6,2%
Taxes and duty	1 366	3 383	147,6%
Payroll expenses	90 504	86 955	-3,9%
Earnings Before Income Tax Depreciation and amortization (EBITDA)	-26 062	-82 701	n.a.
Other operating incomes	-	-	n.a.
Other operating expenses	-	-	n.a.
Operating write downs transfer of expenses	3 256	51 780	n.s.
Allocation to operation	175 172	183 192	4,6%
Operating income (- or +)	-197 978	-214 113	n.a.
Financial Income	-106 426	-93 161	n.a.
Current income	-304 404	-307 272	n.a.
Exceptional income (- or +)	22 905	6 414	-72,0%
Income Tax	-25 790	-32 214	n.a.
Net Income (Integrated companies)	-255 708	-268 643	n.a.
Quota in income of enterprises included by the equity method	-	-	n.a.
Allocations to amortization of goodwill	-8	-8	0,0%
Consolidated net income	-255 717	-268 652	n.a.
Minority income	-	-	n.a.
Net income part of the group	-255 717	-268 652	n.a.

Source : Maghreb Steel

### III. Consolidated balance sheet

#### III.1. Balance sheet structure

Table 25 Assets of Maghreb Steel consolidated balance sheet

In KMAD	2012	2013	Var. %	2014	Var. %
Written off fixed assets	-	-	n.a.	-	n.a.
Intangible assets	1 407	699	-50,3%	359	-48,6%
Tangible fixed assets	5 522 493	5 246 942	-5,0%	4 938 006	-5,9%
Land	7 158	7 158	-	7 158	-
Buildings	459 475	534 174	16,3%	507 581	-5,0%
Technical, material and tooling facilities	3 795 761	4 636 217	22,1%	4 377 723	-5,6%
Transport equipment	6 973	5 456	-21,8%	2 290	-58,0%
Furniture, office supplies and miscellaneous installations	7 518	5 378	-28,5%	4 347	-19,2%
Other tangible fixed assets	-	-	n.a.	-	n.a.
Current tangible fixed assets	1 245 608	58 559	-95,3%	38 907	-33,6%
Financial Assets	40 338	39 877	-1,1%	45 324	13,7%
Goodwill - Assets	2 405	2 077	-13,6%	3 282	58,0%
Total fixed assets	5 566 643	5 289 595	-5,0%	4 986 971	-5,7%
<i>Share of total assets</i>	<i>68,2%</i>	<i>67,3%</i>	<i>(0,8 pts)</i>	<i>66,9%</i>	<i>(0,4 pts)</i>
Inventories	1 122 675	1 028 647	-8,4%	1 070 856	4,1%
Goods	-	-	n.a.	-	n.a.
Consumables and Supplies	420 859	428 543	1,8%	570 784	33,2%
Ongoing product	4 274	2 595	-39,3%	-	n.a.
Intermediate and waste products	433 382	250 449	-42,2%	219 628	-12,3%
Finished products	264 160	347 059	31,4%	280 444	-19,2%
Receivables	1 458 834	1 531 058	5,0%	1 393 786	-9,0%
Suppliers, debtors, advances and installments	1 781	1 613	-9,4%	2 802	73,7%
Customers and related accounts	847 940	880 661	3,9%	754 513	-14,3%
Payroll	94	252	168,0%	202	-20,0%
State	460 854	441 351	-4,2%	363 318	-17,7%
Differed tax statement	122 223	183 430	50,1%	257 286	40,3%
Shareholders' accounts	-	-	n.a.	-	n.a.
Other debtors	22 383	17 648	-21,2%	8 243	-53,3%
Asset equalization account	3 558	6 102	71,6%	7 422	21,6%
Investment securities	-	-	n.a.	-	n.a.
Conversion differentials - Assets (current items)	905	977	8,0%	1 061	8,6%
Total current assets	2 582 413	2 560 682	-0,8%	2 465 704	-3,7%
<i>Share of total assets</i>	<i>31,6%</i>	<i>32,6%</i>	<i>1,0 pts</i>	<i>33,1%</i>	<i>(0,5 pts)</i>
Treasury - Assets	17 141	3 880	-77,4%	2 458	-36,6%
<i>Share of total assets</i>	<i>0,2%</i>	<i>0,0%</i>	<i>(0,2 pts)</i>	<i>0,0%</i>	<i>(0,0 pts)</i>
<b>Total Assets</b>	<b>8 166 198</b>	<b>7 854 158</b>	<b>-3,8%</b>	<b>7 455 134</b>	<b>-5,1%</b>

Source : Maghreb Steel

Table 26 Consolidated liabilities

In KMAD	2012	2013	Var. %	2014	Var. %
Equity and similar	1 675 059	1 107 653	-33,9%	760 360	-31,4%
<i>Including shareholders' equity</i>	<b>1 574 343</b>	<b>1 012 165</b>	<b>-35,7%</b>	<b>670 101</b>	<b>-33,8%</b>
Share capital	2 400 000	2 400 000	-	2 400 000	-
Capital subscribed and not paid-in	-300 000	-300 000	-	-	-
Consolidated reserves	17 926	17 926	-	17 926	-
Other reserves	168 174	168 147	-	168 147	-
Retained earnings	-287 850	-713 007	n.a.	-1 274 560	n.a.
Net income for the year (group share)	-423 906	-560 928	n.a.	-641 440	n.a.
<i>Including minority interests</i>	-	-	n.a.	-	n.a.
<i>Including assimilated shareholders' equity</i>	<b>100 716</b>	<b>95 487</b>	<b>-5,2%</b>	<b>90 259</b>	<b>-5,5%</b>
Financing debts	2 664 011	3 297 175	23,8%	3 333 603	1,1%
Sustainable provisions for risks and expenses	2 405	2 077	-13,6%	3 282	58,0%
Conversion differential liabilities	1 098	2 255	105,4%	726	-67,8%
Permanent capital	4 342 573	4 409 159	1,5%	4 097 971	-7,1%
<i>Share of total assets</i>	<b>53,2%</b>	<b>56,1%</b>	<b>3,0 pts</b>	<b>55,0%</b>	<b>(1,1 pts)</b>
Current liabilities	1 026 439	1 119 018	9,0%	942 513	-15,8%
Suppliers and related accounts	530 963	574 890	8,3%	602 537	4,8%
Creditor clients, advances and installments	27 442	67 152	144,7%	6 371	-90,5%
Payroll	1 247	8 584	n.s.	89	n.s.
Social organisms	7 507	7 441	-0,9%	6 834	-8,2%
State	128 960	157 127	21,8%	156 792	-0,2%
Differed tax statement	-	-	n.a.	-	n.a.
Shareholders' accounts	2 415	96 884	n.s.	2 765	-97,1%
Other debtors	41 176	98	-99,8%	-	n.a.
Equalization account	286 729	206 842	-27,9%	167 125	-19,2%
Other provisions for risks and expenses	3 142	3 113	-0,9%	7 338	135,8%
Exchange differences - Liabilities	143	79	-44,9%	1 757	n.s.
Total Current liabilities	1 029 723	1 122 209	9,0%	951 608	-15,2%
<i>Share of total assets</i>	<b>12,6%</b>	<b>14,3%</b>	<b>1,7 pts</b>	<b>12,8%</b>	<b>(1,5 pts)</b>
Treasury - Liabilities	2 793 901	2 322 789	-16,9%	2 405 555	3,6%
<i>Share of total assets</i>	<b>34,2%</b>	<b>29,6%</b>	<b>(4,6 pts)</b>	<b>32,3%</b>	<b>2,7 pts</b>
<b>Total Liabilities</b>	<b>8 166 198</b>	<b>7 854 158</b>	<b>-3,8%</b>	<b>7 455 134</b>	<b>-5,1%</b>

Source : Maghreb Steel

/

## IV. Analysis of Maghreb Steel consolidated balance sheet at S1 - 2015

### IV.1. Balance sheet structure

Table 27 Assets of Maghreb Steel consolidated balance sheet

In KMAD	2014	S1 2015	Var. %
Written off fixed assets	-	-	n.a.
Intangible assets	359	353	-1,7%
Tangible assets	4 938 006	4 784 392	-3,1%
Land	7 158	7 158	0,0%
constructions	507 581	490 728	-3,3%
technical, machinery and equipment installations	4 377 723	4 272 108	-2,4%
transportation equipment	2 290	3 123	36,4%
Furniture, office equipment and various facilities	4 347	4 206	-3,2%
Other tangible assets	-	-	n.a.
Ongoing tangible assets	38 907	7 070	-81,8%
financial fixed assets	45 324	48 040	6,0%
Conversion differences - Assets	3 282	338	-89,7%
total fixed assets	4 986 971	4 833 123	-3,1%
<i>Share of total assets</i>	<i>66,9%</i>	<i>67,3%</i>	
Inventories	1 070 856	839 757	-21,6%
Goods	-	-	n.a.
Consumables and Supplies	570 784	477 115	-16,4%
Ongoing product	-	-	n.a.
Intermediate and waste products	219 628	172 140	-21,6%
Finished products	280 444	190 502	-32,1%
Receivables	1 393 786	1 481 033	6,3%
Suppliers, debtors, advances and installments	2 802	2 813	0,4%
Customers and related accounts	754 513	833 905	10,5%
Payroll	202	351	73,7%
State	363 318	315 224	-13,2%
Differed tax statement	257 286	295 654	14,9%
Shareholders' accounts	-	-	n.a.
Other debtors	8 243	4 051	-50,9%
Asset equalization account	7 422	29 035	n.s.
Investment securities	-	-	n.a.
Conversion differentials - Assets (current items)	1 061	1 015	-4,3%
Total current assets	2 465 704	2 321 805	-5,8%
<i>Part du total actif</i>	<i>33,1%</i>	<i>32,3%</i>	
<i>Share of total assets</i>	<i>2 458</i>	<i>24 040</i>	<i>n.s.</i>
	<i>0,0%</i>	<i>0,3%</i>	
<i>Share of total assets</i>	<i>7 455 134</i>	<i>7 178 969</i>	<i>-3,7%</i>

Source : Maghreb Steel

Table 28 Consolidated liability

In KMAD	2014	S1 2015	Var.%
Equity and similar	760 360	489 094	-35,7%
<i>Including shareholders' equity</i>	<b>670 101</b>	<b>401 449</b>	<b>-40,1%</b>
Share capital	2 400 000	2 400 000	0,0%
Capital subscribed and not paid-in	-	-	n.a.
Consolidated reserves	17 926	17 926	0,0%
Other reserves	168 147	168 174	0,0%
Retained earnings	-1 274 560	-1 915 999	n.a.
Net income for the year (group share)	-641 440	-268 652	n.a.
<i>Including minority interests</i>	-	-	n.a.
<i>Including assimilated shareholders' equity</i>	<b>90 259</b>	<b>87 645</b>	<b>-2,9%</b>
Financing debts	3 333 603	3 563 637	6,9%
Sustainable provisions for risks and expenses	3 282	338	-89,7%
Conversion differential liabilities	726	1 178	62,3%
Permanent capital	4 097 971	4 054 247	-1,1%
<i>Share of total assets</i>	<b>55,0%</b>	<b>56,5%</b>	
Current liabilities	942 513	786 017	-16,6%
Suppliers and related accounts	602 537	492 520	-18,3%
Creditor clients, advances and installments	6 371	7 644	20,0%
Payroll	89	331	n.s.
Social organisms	6 834	7 755	13,5%
State	156 792	118 493	-24,4%
Differed tax statement	-	-	n.a.
Shareholders' accounts	2 765	3 180	15,0%
Other debtors	-	34	n.a.
Equalization account	167 125	156 061	-6,6%
Other provisions for risks and expenses	7 338	7 684	4,7%
Exchange differences - Liabilities	1 757	252	-85,6%
Total Current liabilities	951 608	793 953	-16,6%
<i>Share of total assets</i>	<b>12,8%</b>	<b>11,1%</b>	
Treasury - Liabilities	2 405 555	2 330 768	-3,1%
<i>Share of total assets</i>	<b>32,3%</b>	<b>32,5%</b>	
<b>Total Liabilities</b>	<b>7 455 134</b>	<b>7 178 969</b>	<b>-3,7%</b>

Source : Maghreb Steel

Part V. RISK FACTORS

---

## I. Risk factors

---

### I.1. Supply risk

---

Maghreb Steel buys some of its inputs from foreign suppliers. Thus, it has to grapple with the risk of unavailability of raw materials. In periods of high demand, raw materials become more scarce and costly and supplies more difficult.

To alleviate this risk the company is attempting to diversify its sources of supply in the world and enters into partnerships with international traders.

### I.2. Risk linked to fluctuating international prices.

---

The corporate activity remains contingent on the situation of steel prices on the international market and resultantly is subject to the effects of any fluctuation in the hot rolled product prices.

Like any activity dependent on international prices Maghreb Steel builds up inventories in the event a drop in prices to mitigate any substantial change in purchases during periods of skyrocketing prices.

### I.3. Exchange risk

---

Like importing companies Maghreb Steel has to grapple with fluctuations of the dirham against the USD.

In 2014 Maghreb Steel reported 19,8% of its turnover for exports. Export sales are listed in Euros for European countries and in USD for the United States, North African countries and the Middle East. This situation makes it possible to cover on average 50% of its imports. For the rest the company regularly turns to time coverage products.

Through its export activities the company manages to smoothen out the exchange risk on imports paid in currency. Indeed, certain imports (in USD) are swapped in Euros to cover the exchange risk corresponding to exports in Euros. The company resorts to time purchases for imports sold locally.

### I.4. Risk linked to competition

---

Maghreb Steel enjoys a strong position on its markets. However, it remains exposed to competition from importers expected to react strongly further to the lifting of customs barriers.

Entering into force on 1<sup>st</sup> March 2003 via the free trade agreement between Morocco and the European Union consisting of a reduction of 10% per year of customs duty on finished products imported from the EU, and more particularly for flat iron or steel products, has led to an increase in imports, particularly after 2012, the year where customs fees on the said products reached 0%.

An antidumping petition on imports of hot-rolled steel from the European Union and Turkey has been filed by the Company to the Ministry of Industry, Trade and New Technologies. Following this request, the Ministry opened an investigation in January 2013.

This survey has confirmed the presence of a representative dumping injury to the domestic industry. The government has therefore put an end in October 2013 and introduced an additional customs duty on steel products for a period of 6 months before getting to a final conclusion. In April 2014, the Ministry published a public notice in which it confirms the anti-dumping measures. Therefore, in August 2014, additional import duties on Arcelor Mittal were put in place (11.06%). The rate of other European exporters (Tata Steel, Steel link and others) is meanwhile set to 22.11%. Regarding Turkish exporters, the rate was set at 11.06%. The so called rates are concern hot rolled steel and will be implemented over a period of 5 years.

Furthermore, the Ministry publishes a public notice in May 2015 in which it confirms the existence of massive imports on cold rolled, galvanized and pre-painted. These imports are the cause of the injury suffered by the domestic industry, particularly by Maghreb Steel.

Thus, the Ministry announced the establishment of an *ad valorem* additional duty of 22% on imports of these products from the date of entry into force until 31 December. This fee shall be 20% in 2016, 18% in 2017, 16% in 2018 and will be zero starting 1 January 2019.

Until today's date, there is no new actor in the sector in Morocco.

#### 1.5. Risks linked to exports

---

Revenues attributable to exports by Maghreb Steel tend to fluctuate along the lines set by international prices for cold rolled, galvanized and pre-lacquered sheet metals.

The company is trying to diversify its export markets and to enter into trading partnerships with its customers.

#### 1.6. Risk of non-payment

---

Maghreb Steel operates in an environment marked by a hard economic situation due to the European financial crises that has a negative impact on its business and the business of the steelworkers in general.

This context, which is combined with an important indebtedness, may constitute a risk related to the repayment of its debt on the short and the long term. Indeed, the financial difficulties faced by the company unable it to repay the commercial papers by cash, and makes it solicit the holders to subscribe to new issues in order to refinance the ones arrived at maturity.

#### 1.7. Risk related to the commercial paper program

---

During the last commercial paper maturities issued by the Company, commercial paper holders have consistently endorsed new commercial paper programs for amounts identical to commercial paper outstanding held by each of them, except for one investor holding commercial paper issued by the Company worth a total outstanding of 2,000,000 dirhams maturing on July 4, 2014, and he did not wish to subscribe to the Company's new issue of commercial paper.

Since then, the 2 million dirhams receivable has not yet been repaid by Maghreb Steel. The Company contacted the investor through a written request dated 3 April 2015 to inform him of the issue of new bonds conversion program used to pay all holders of commercial paper issued by the Company and the provisions of the agreement signed to this effect on May 18<sup>th</sup>, 2015 (and amended by the supplementary agreement signed on December 1<sup>st</sup>, 2015) between Maghreb Steel and commercial paper holders.

The aforementioned commercial paper holder is ultimately the sole holder of commercial paper that has, to date, not wished to subscribe to the transaction, and he has stated his intention not to participate in the transaction subject of this Prospectus.

However, the said investor still has the opportunity to change his mind and subscribe to the transaction subject of the present Prospectus in the amount of equal to the outstanding amount of commercial paper he holds which equals 2 million dirhams in the day of the date of receipt of this Prospectus.

Without subscription by the aforementioned investor to this transaction, the Company shall remain liable to the investor with a debt of a principal amount of 2 million dirhams, plus any of interest due and all costs and damages and related interests that might be claimed.

Until the day the present Prospectus, it should be noted that the Company is subject to a judicial proceeding for debt non-repayment. A first judgment was rendered in favor of the complainant. The Company intends to appeal the court's decision. The attention of subscribers is drawn to the fact that a persistent risk could lead the Company to pay the sums referred to in the previous paragraph.

#### 1.8. Default risk

---

Following the bank reconstruction negotiated with the Banks, Maghreb Steel witnessed an increase in the debt outstandings. However, and in the context of the steel sector macroeconomic circumstances and the financial difficulties the Company might come across, this latter may present a default to Banks.

The economic context, combined with the important debts, may present a debt debt repayment default risk by the Company.

#### 1.9. Rate risk

---

Maghreb Steel is exposed to the interest rate risk within the framework of the present bond issue. In fact, the referencial rate taken into account in A and B tranches of the said issue corresponds to an indexed variable rate over the 52-week full rate determined on the basis of the primary curve published by Bank Al Maghrib.

Therefore, the upward variation of the variable rate would result in additional financial costs for the Company.

## Warning

The aforementioned information is only a part of the prospectus approved by the CDVM under reference n° VI/EM/037/2015 on December 15<sup>th</sup>, 2015

The CDVM recommends reading of the entire prospectus for the public in French.