

PROSPECTUS SUMMARY

Issue of commercial papers

Update of the prospectus related to the financial year 2012

PROSPECTUS SUMMARY

Issue program Ceiling: MAD 200 000 000

Face value : MAD 100 000

FINANCIAL ADVISOR



BOOK RUNNER



Approval of Conseil Déontologique des Valeurs Mobilières (Financial Authority)

In compliance with the provisions of 18 of Dahir n° 1-95- 3 of Chaabane 24th, 1415 (January 26th, 1995) enacting law n° 35-94 pursuant to certain negotiable debt securities, the original version of the present prospectus summary submitted for approval by the Conseil déontologique des valeurs mobilières (CDVM) which affixed its stamp thereto on November 11th, 2013 under reference n° VI/EM/028/2013.

The visa of the Conseil déontologique des valeurs mobilières in no way implies approval of the opportunity afforded by the operation or authentication of the information contained herein. It was granted after examination of the pertinence and coherence of the information given in view of the operation proposed to the investors.

Warning

The Conseil déontologique des valeurs mobilières (CDVM) approved November 11th, 2013 an information record pursuant to the issue of commercial papers by Maghreb Oxygène.

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

It is also available at the CDVM website www.cdvm.gov.ma

PART I. ISSUE OVERVIEW

I. Objective of the issue

Maghreb Oxygène wishes to carry out an issue program of commercial papers in order to:

- Optimize the cost of short term financing by substituting, either partially or totally, the existing short term bank loans by commercial papers;
- Meet its needs for cash induced by changes in working capital requirement during the year (brought by fluctuations of the payment time limit of the different counterparties of the Company) ;
- Diversify the financing sources for better negotiation with its financial partners.

II. Characteristics of the issue

Nature of securities	Marketable debt securities dematerialized by registration in the central depository (Maroclear) and placed on accounts at authorized affiliates.
Legal form of securities	Commercial papers written out to bearer
Issue ceiling	MAD 200 000 000
Number of securities	2 000
Face value	MAD 100 000
Maturity	From 10 days to 12 months–To be fixed at any issue
Date of entitlement	At the date of payment.
Interest rate	Fixed for each issue according to the conditions of the market.
Interest	Ultimately, at the time of maturity of every commercial paper.
Repayment of capital	Ultimately, at the time of maturity of every commercial paper.
Negotiability of securities	Freely negotiable in the secondary market.
Guarantee	This issue is not attached to any guarantee

III. Underwriting Syndicate –Financial intermediaries

Advisor and coordinator	BMCE Capital Conseil 30 bd Moulay Youssef – Casablanca
Book runner	BMCE Bank 140, Avenue Hassan II – 20000 Casablanca
Institution holding securities accounts	BMCE Bank 140, Avenue Hassan II – 20000 Casablanca
Body in charge of the financial service of the securities	BMCE Bank 140, Avenue Hassan II – 20000 Casablanca

PART II. INFORMATION ON THE ISSUER

I. General overview

Company name	Maghreb Oxygène S.A
Head Office	Immeuble TAFRAOUTI Km 7,5 Route de Rabat AinSebaâ – Casablanca
Phone / Fax / Internet website	(212) 5 22 35 22 18/22 (212) 5 22 35 22 06 www.akwagroup.com
Legal form	Public limited Company with a Board of Directors
Date of incorporation	1976
Period	The period of the Company has been fixed in 99 years, except in the event of early dissolution or extension stipulated by the articles of association or the law.
Trade Register n°	101 837, Court of Casablanca
Financial year	From January 1 st to December 31 st .
Capital	MAD 81 250 000 divided into 812 500 shares of MAD 100 for each on 12/31/2012.
Consulting legal documents	The legal documents of the Company, mainly the articles of associations and the minutes of the General Meetings and the auditors' reports may be consulted at Maghreb Oxygène Headquarters.
Corporate purpose	<p>According to Section 3 of the Articles of Association, the purpose of the Company is :</p> <ul style="list-style-type: none"> ▪ Importing, exporting, manufacturing, stocking and distribution of medicines; ▪ Manufacturing of industrial and medical gases, distribution of welding equipment, distribution of medical, scientific and laboratory products and equipment; ▪ Manufacturing industry and/or transformation and/or purifying Industrial and special gases, especially Oxygen, nitrogen and noble gases from the air and acetylene; ▪ Purchase, sale, importing, exporting, stocking, transporting and distribution of the said products as well as any equipment, tools and accessories necessary for the production, processing, handling and use; ▪ In general, the implementation of any techniques concerning these gases; ▪ Obtaining, conceding, operating any patents, trademarks, licenses and processes within the scope of the above purpose and for the exclusive account of the Company; ▪ Direct and indirect participation by the Company in any of the abovementioned purposes, by means of creation of new companies, contribution, subscription or purchase of shares or Company rights, merger, partnership or otherwise; <p>And more generally any transactions whatever its nature might be, directly or indirectly related to the abovementioned purposes or that may favor their carrying out.</p>

II. Information on MAGHREB OXYGENE capital

The following table presents Maghreb Oxygène shareholding over the last three years:

Shareholders	2010		2011		2012		June 2013	
	Number of shares and voting rights	% of the capital and voting rights	Number of shares and voting rights	% of the capital and voting rights	Number of shares and voting rights	% of the capital and voting rights	Number of shares and voting rights	% of the capital and voting rights
AKWA Group	500 013	61.54%	500 013	61.54%	506 675	62.36%	506 675	62.36%
Various shareholders	175 175	21.56%	175 175	21.56%	168 513	20.74%	143 260	17.63%
Asma invest	56 063	6.90%	56 063	6.90%	56 063	6.90%	81 315	10.01%
Atlanta	32 500	4.00%	32 500	4.00%	32 500	4.00%	32 500	4.00%
Al Watanya	32 500	4.00%	32 500	4.00%	32 500	4.00%	32 500	4.00%
CDG	16 250	2.00%	16 250	2.00%	16 250	2.00%	16 250	2.00%
Total	812 500	100.00%	812 500	100.00%	812 500	100.00%	812 500	100.00%

Source: Maghreb Oxygène

The shareholding structure of Maghreb Oxygène remained unchanged during the last three financial years. It should be noted that during 2012, the 6 653 shares held by Mr. M. Mamdouh Akhannouch in 2011 have been transferred to AKWA Group, except for 2 shares transferred to Miri Mostapha and Sanae Maddah.

During the financial year 2013, Asma Invest passed over the threshold of 10% in the capital of Maghreb Oxygène and holds 81 315 shares, i.e. a contribution of 10.01%.

Issue of the commercial papers

The Company has conducted several issues of commercial papers, the characteristics of which are detailed in the following table:

Number of shares	Amount	Period	Vesting date	Due date	Nominal rate	Spread (pbs)	Number of days
1 000	100 000 000	1 month	03/30/2011	04/29/2011	3.60%	30	30
1 500	150 000 000	1 month	05/02/2011	06/01/2011	3.60%	30	30
2 000	200 000 000	6 month	06/01/2011	12/01/2011	3.85%	50	183
100	10 000 000	1 month	12/19/2011	01/19/2012	3.65%	30	31
2 000	200 000 000	5 month	01/27/2012	06/27/2012	4.10%	63	152
1 100	110 000 000	5 month	07/26/2012	12/25/2012	4.05%	63	152

Source: BMCE CAPITAL

III. MAGHREB OXYGENE Activity

The evolution of the income of Maghreb Oxygène during the last three years is shown in the following table:

In KMAD	2010	2011	var 10/11	2012	var 11/12
Gas Division	180 409	162 536	-9,91%	171 457	5,49%
Welding Division (Equipment and supplies)	22 585	25 175	11,47%	28 930	14,92%
Equipment for medical use	5 177	6 890	33,09%	3 851	-44,11%
Total turnover	208 171	194 601	-6,52%	204 238	4,95%

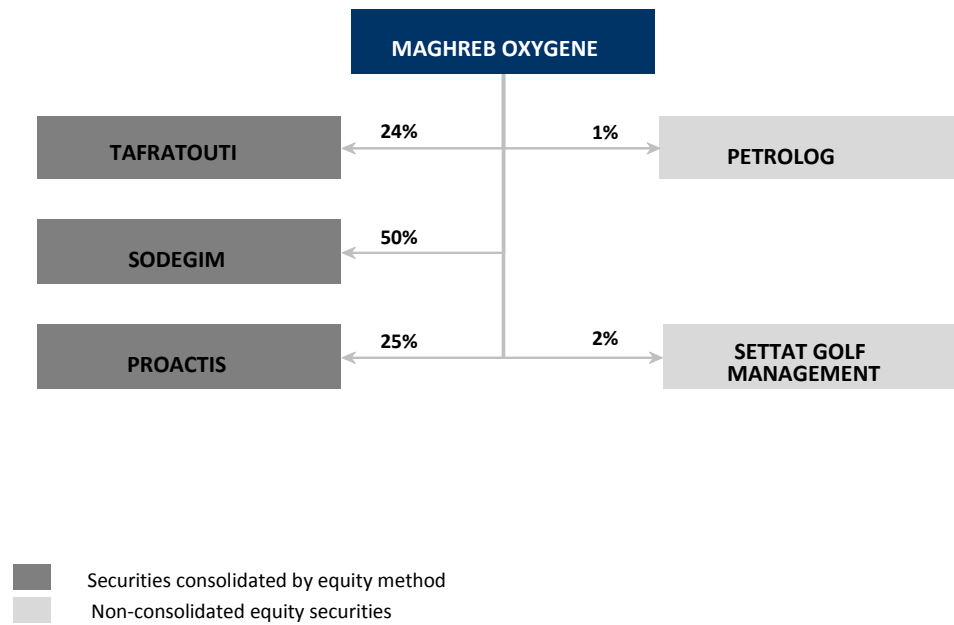
Source: Maghreb Oxygène

In 2012, the turnover of Maghreb Oxygène recorded an increase of 5% to settle at MAD 204.3 million instead of MAD Million 194.6 in 2011. This evolution is explained by a combined effect of:

- The growth of the turnover generated by the gas division by 5.49%, thus settling at KMAD 171.4. This growth is the result of the appraisal of the turnover generated by the sales of nitrogen by 40.9% and the nitrous oxide by 14.9% and the carbon dioxide (2.9%).
It should be noted that the gas activity and the related services represent 83.9% of the total turnover of the company.
- The noteworthy increase of the turnover generated by the welding division (+14.9%) thanks to the efforts made by the Company to revitalize the sales of equipment and supplies of welding. This activity represents 14.2% of the total turnover of the company.
- The decline by 44.1% of the turnover related to equipment for medical use induced by the non-recurrence of the turnover achieved in 2011 through the installation of pipelines at the CHP El Jadida.

IV. Legal structure

Figure 1. Legal structure of Maghreb Oxygène on June 30th, 2013



Source: Maghreb Oxygène

PART III. CONSOLIDATED FINANCIAL DATA OF THE ISSUER

I. Consolidation scope and methods

Consolidation scope on December 31st, 2012

Subsidiary	% of control	% interest	Consolidation method
Maghreb Oxygène	100%	100%	Consolidated company
PROACTIS	25%	25%	Equity method
TAFRAOUTI	24%	24%	Equity method
SODEGIM	50%	50%	Equity method

Source: Maghreb Oxygène

Consolidation scope on December 31st, 2011

Subsidiary	% of control	% interest	Consolidation method
Maghreb Oxygène	100%	100%	Consolidated company
PROACTIS	25%	25%	Equity method
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Subsidiary	% of control	% interest	Consolidation method
Maghreb Oxygène	100%	100%	Consolidated company
PROACTIS	25%	25%	Equity method
TAFRAOUTI	24%	24%	Equity method
SODEGIM	50%	50%	Equity method

Source: Maghreb Oxygène

II. Consolidated income statements

The consolidated income statement of Maghreb Oxygène Group over the period 2010-2012 is presented as follows:

En K MAD	2010	2011	Var. 11/10	2012	Var. 12/11
Turnover	208 889	199 613	-4.40%	208 871	4.64%
Other incomes	2 039	5 823	185.60%	6 082	4.45%
Cost of goods and services sold	-81 342	-81 885	0.70%	-88 790	8.43%
Staff expenses	-30 028	-33 437	11.40%	-34 752	3.93%
Other incomes and operating expenses	-49 514	-46 571	-5.90%	-51 466	10.51%
Operating profit before amortizations	50 044	43 543	-13.00%	39 944	-8.27%
Depreciations charges	-19 957	-20 926	4.90%	-20 706	-1.05%
Operating profit	30 087	22 617	-24.80%	19 238	-14.94%
Cash and cash equivalent income	0	0	N/A	0	N/A
Cost of the gross borrowing	-6 654	-11 084	-66.60%	-11 648	5.09%
Cost of the net borrowing	-6 654	-11 084	66.60%	-11 648	5.09%
Other incomes and financial expenses	4	0	N/A	0	N/A
Pre-tax income of consolidated companies	23 437	11 533	-50.80%	7 590	-34.19%
Share of the net profit of associates	483	-438	N/A	2737	N/A
Income tax	-6 874	-4 074	40.70%	-2 706	-33.58%
Consolidated net profit	17 046	7 021	-58.80%	7 620	8.53%
Other incomes and expenses	0	0	N/A	0	N/A
Total global profit of the period	17 046	7 021	-58.80%	7 620	8.53%
Net profit	17 046	7 021	-58.80%	7 620	8.53%
Of group share	17 046	7 021	-58.80%	7 620	8.53%
Of minority share	0		N/A		N/A
Net group share profit	17 046	7 021	-58.80%	7 620	8.53%
Net profit per share (in MAD)	21	8.6	-59.00%	9.4	9.30%
Diluted profit per share (in MAD)	21	8.6	-59.00%	9.4	9.30%

Source: Maghreb Oxygène

III. Balance sheet analysis of the consolidated accounts

The following table shows the evolution of a consolidated balance sheet over the period 2010-2012:

In K MAD	2010	2011	Var. 11/10	2012	Var. 12/11
Non-current assets	268 746	263 228	-2.10%	266 099	1.09%
Intangible fixed assets	0	1	N/A	1	0.00%
Tangible fixed assets	159 372	153 851	-3.50%	156 204	1.53%
Investments in associates	26 431	29 491	11.60%	32 270	9.42%
Other financial assets	1 390	1 390	0.00%	1 391	0.07%
Unconsolidated interests	190	190	0.00%	152	-20.00%
Differed tax assets	1 994	1 441	-27.70%	1 772	22.97%
Other non-current assets	79 369	76 864	-3.20%	74 309	-3.32%
Current assets	171 540	173 217	1.00%	169 400	-2.20%
Stocks	30 818	31 870	3.40%	28 962	-9.12%
Customers' accounts	120 421	121 725	1.10%	127 229	4.52%
Other operating liabilities	8 997	7 628	-15.20%	7 426	-2.65%
Current tax liability	0	4 127	N/A	1 084	-73.73%
Investment securities	3 999	0	N/A	0	N/A
Cash and cash equivalents	7 305	7 867	7.70%	4 736	-39.80%
Total assets	440 286	436 445	-0.90%	435 499	-0.22%
Shareholders' equity	208 199	200 595	-3.70%	202 626	N/A
Capital	81 250	81 250	0.00%	81 250	0.00%
Issue premium	40 990	40 990	0.00%	40 990	0.00%
Consolidated reserves	68 913	71 334	3.50%	72 766	2.01%
Consolidated income of the financial year	17 046	7 021	-58.80%	7 620	8.53%
Minority interests	0	0	N/A	0	N/A
Non-current liabilities	153 720	149 077	-3.00%	140 934	-5.46%
Loans and other long term financial liabilities	120 091	115 104	-4.20%	109 750	-4.65%
Differed tax liabilities	11 463	10 212	-10.90%	9 135	-10.55%
Other non-current liabilities	22 166	23 761	7.20%	22 049	-7.21%
Current liabilities	78 367	86 773	10.70%	91 939	5.95%
Suppliers debts	33 355	28 342	-15.00%	37 968	33.96%
Other current liabilities	37 192	30 940	-16.80%	35 509	14.77%
Current tax liabilities	340	0	N/A	0	N/A
Provisions for current risks and expenses	1	1	-	0	N/A
Loans and other short term financial liabilities	7 479	27 490	267.60%	18 462	-32.84%
Total liabilities	440 286	436 445	-0.90%	435 499	-0.22%

Source: Maghreb Oxygène

PART IV. RISK FACTORS

I. Regulatory risk

Producing and distributing industrial gases is governed by texts of law dating back to 1914 (Decree of August 25th, 1914 – Regulation of unhealthy, inconvenient and dangerous institutions) and 1955 (Decree of January 12th, 1955 – Regulation related to gas pressure equipment). Thus, the production process of industrial gases is subject of no specific regulation either for (medical or industrial) gas composition or purity, manufactured or distributed, or for the distributed (medical or welding) equipment.

The absence of regulations governing the manufacturing process, related to the seniority of the above legal texts, has given place to the emergence of middle size actors who opt for low cost manufacturing techniques to the detriment of safety. However, in this context, Maghreb Oxygène has maintained its leading position in the market.

Within the framework of a general harmonization of the Moroccan legal environment with that of the European countries, the coming of new legislations that are more binding and ensure a better protection for the consumer and environment is highly probable in the coming years.

In this respect, the Moroccan Association for Industrial and Medical gases (AMGIM), gathering the major actors of the sector, contributes to the strategic planning for standardization and regulating of the legislative framework of fluids and specifically medical fluids and work on the conception and standardization of good practices of production.

The emergence of a more stringent regulation shall probably lead to a selectivity of competition and give the most prepared producers the opportunity to maintain or increase their market share. The sector of industrial gases, which are considered as medicines, is governed by the law n°17-04 promulgating the code of medicines and pharmacy. The promulgation of implementation decrees is a precursory sign of the regulation tightening.

Maghreb Oxygène anticipates this ineluctable evolution of the regulatory environment and refers to the applicable manufacturing standards in the majority of the European countries. In addition, the ISO 9002 of the production sites of Had Soualem and Berrechid and the certification of its production process fit in with this logic.

II. Risk linked to market evolution

The gas application fields are very wide, concerning all sectors of the activity; the sector evolution is closely linked to the evolution of the country's economy in general.

Despite the existence of a real market risk on every segment, since the use for a specific market of a type of gas may change unpredictably because of the emergence of a substituting product or promulgation of a regulation, the risk of a type of market is widely compensated by the dynamism of the sector, which contributes to creating new users of different industrial gases.

Strictly speaking, the global consumption of gases, for all applications, develops, at an equal perimeter, at least at the economic development rate of the country.

Taking into account the wide range of gases produced by Maghreb Oxygène, the main challenge for the Company is to be able to suggest new applications in line with the obsolescence of the traditional applications.

III. Competition risk

In general, any Company may be menaced by the emergence of a new organized competitor of an important size and/or by the loss of market shares due to a competitive disadvantage at the level of prices and quality.

As concerns the emergence of a new market entrant, Maghreb Oxygène remains protected by the importance of the initial investment, its historical positioning in the market and, finally, because of the importance of its distribution network which covers almost the entire Moroccan territory.

However, Maghreb Oxygène is exposed to the risk of importing competitive products. Nevertheless, the regulation on approving containers by the Ministry of Energy and Mines constitutes an additional obstacle. In fact, before any importation, the operator must obtain approval for any container to be used in the distribution of the imported gas.

Concerning the high pressure existing on prices, it is not uncommon to be done by small competitors, neglecting the products quality. Maghreb Oxygène, adopting the international standards of manufacturing, manages to recruit the most important customers, who are very demanding about the quality of their products and their procurements.

In addition, Maghreb Oxygène maintains also a permanent effort of investment, costs reduction and quality improvement in order to maintain and improve the competitiveness of its services.

Currently, Maghreb Oxygène is facing an exacerbated competition in the sector of industrial gases. This latter is characterized by the emergence of several small operators, resulting in a generalized decrease of the sale prices. In this context, Maghreb Oxygène plans to start a restructuring plan and reduction of expenses which will allow it to reduce its prices of sale and be more competitive towards the new operators.

IV. Industrial risk

The risk related to the production tools includes two major risks:

- A technological risk which consists of the industrial tools of the Company becoming obsolete in the technical or procedure plan. Maghreb Oxygène has modern and recent installations, taking advantage of an after sale service provided by several international service providers, one of which is the international leader, the German Group Linde.
- Accidents risk subject to a very particular attention. Maghreb Oxygène follows very strict procedures going through an appropriate training and a regular awareness of the staff, retailers and customers. The Company has developed a very high level of security requirements. Maghreb Oxygène did not have to deplore any major accident during these last ten years. Finally, this accidents risk is properly covered by the different insurance policies underwritten by the Company, and which have never been called on.

V. Exchange risk

Maghreb Oxygène is weakly exposed to exchange rate fluctuations as far as, for any foreign currency purchases, the exchange rates are fixed in advance with the banks

The Company does not resort to export sales. It does not have any foreign currency claims.

VI. Liquidity risk

Maghreb Oxygène estimates that the cash flows generated by its operational activities, its cash, as well as its funds available through the credit lines, will be sufficient to cover the expenses and the investments necessary to its operating, its debt service, the disbursement of dividends and external growth transactions pending on December 31st, 2012.

Warning

The aforesaid information is only a part of the prospectus approved by the Conseil Déontologique des Valeurs Mobilières (CDVM) under reference n° VI/EM/028/2013 on November 11th, 2013.

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