

Information record summary



Annual update 2013 Issuance of commercial paper

Issue program ceiling : 200 000 000 MAD
Per value : 100 000 MAD

Financial Advisor



Placement Agent



APPROVAL OF CONSEIL DEONTOLOGIQUE DES VALEURS MOBILIERES (FINANCIAL AUTHORITY)

In accordance with the CDVM Circular taken pursuant to Article 14 of the Dahir No. 1-93-212 of September 21st 1993 relating to the Conseil Déontologique des Valeurs Mobilières (CDVM) and the information required by legal persons with public offering as amended and supplemented, the original of this present note has been Approved by the CDVM on November 3rd 2014 under the reference number VI/EM/034/2014.

WARNING

The Conseil Déontologique des Valeurs Mobilières (CDVM) referred on November 3rd 2014 an Information Record related to the issuance of commercial paper by CAPEP.

The Information Record approved by the CDVM is available at any time at the headquarters of CAPEP (Km 9 route de Médiouna Hay Inara, Casablanca, Maroc) and through its financial advisor. It is also available in a maximum delay of 48 hours from order-collecting bodies.

The present note has been made available for the general public in the headquarters of the Casablanca Stock Exchange and on its website www.casablanca-bourse.com. The note is also available on the CDVM website www.cdvm.gov.ma.

I. Introduction to Operation

I.1 Characteristics of transaction :

Nature of securities	Marketable debt securities dematerialized by registration in the Central depository (Maroclear) and entered into an account among authorized affiliates
Form of securities	Bearer shares
Issue ceiling	MAD 200 000 000
Number of securities	2 000
Par value	100 000 MAD
Maturity	From 10 days to 12 months – To be determined for each issue
Entitlement date	At the date of payment
Interest rate	Determined for each issue according to market conditions
Coupon payment	<i>In fine</i> . i.e. at due date of each commercial paper
Repayment of capital	<i>In fine</i> . i.e. at due date of each commercial paper
Negotiability of securities	No restriction is imposed by the terms of issue with regard to the marketability of the treasury bills issued.
Guarantee	This issue carries no guarantees

III.1 Objectives:

Capep wishes to undertake a commercial paper issuance program in order to :

- Optimize the cost of short term financing by substituting partially or integrally the existing bank debt and overdrafts by treasury bill projects ;
- Meet the individual cash requirements induced by working capital variations due to development of the activity ;
- Diversify funding sources in order to dispose of a leverage to negotiate with financial partners ;
- Consolidate its image among the institutional investors through a significant presence on the capital market.

III.2 Placement Agent and Financial Intermediaries:

Financial Intermediaries	Name	Adress
Advisor and coordinator	BMCE Capital Conseil	63, Bd Moulay Youssef, Casablanca
Placement Agent	BMCE Bank	140, Avenue Hassan II, Casablanca
Securities Account Manager	BMCE Bank	140, Avenue Hassan II, Casablanca
Central Custodian	Maroclear	Route 1077 par route d'El Jadida, 18 Cité Laia – 20200 Casablanca

II. Issuer information

Table 1 General information

Corporate name	Capep SA
Legal Headquarters	Km 9 route de Médiouna Hay Inara, Casablanca, Maroc
Phone	+ 212 5 22 21 63 95
Fax	+ 212 5 22 21 07 42
Website	www.capep.co.ma
Legal form	Limited company (Société Anonyme) with board of directors, governed by the law n°17/95 on Limited companies (Sociétés Anonymes) as amended and supplemented
Date of creation	1989
Life span	99 years
Trade register n°	55 365 – Casablanca
Fiscal year	From January 1 st to December 31 th
Registered capital:	MAD 60 000 000 split up into 37 500 shares of MAD 1 600 each
Corporate purpose	<p>According to article 2 of the by-laws, the corporate purpose is :</p> <ul style="list-style-type: none"> ▪ The execution of all public and private works related to buildings ; ▪ Import, export of products, materials, tools for construction and transport vehicle ; ▪ The study and the achievement of all the projects, contracted with individual customers or the State, related to buildings and civil engineering, and all hydraulic systems and water pipes ; ▪ All operations related to plumbing repairs and sanitation ; ▪ The management, leasing, acquisition, sales of all goodwill, and all properties necessary to the achievement of the corporate purpose ; ▪ The direct or indirect acquisition of shares related to companies pursuing the same corporate purpose ; <p>And more generally, all operations concerning real estate, industry, commercial or financial purpose that can be related to the purposes presented above or which may promote the company's development.</p>
List of applicable laws and regulations	<p>By its legal form, the company is governed by the Dahir n° 1-96-124 of 14 Rabii II 1417 (August 30th 1996) promulgating the law n° 17-95 relating to limited companies as modified and completed by the Dahir n°1-08-18 of 17 Jomada I (May 23th 2008) promulgating the law n°20-05.</p> <p>By its activity, the company is governed by :</p> <ul style="list-style-type: none"> ▪ The Decree n° 2-06-388 of moharrem 16th 1428 (February 5th 2007) fixing the conditions and the procedures to award the governments contracts, and the rules of their management and control ; ▪ The CCAG-T : Decree n° 2-99-1087 of moharrem 29th 1421 (May 4th 2000) approving the General Conditions of Contract applicable to contracts executed for the government.

By the issue of commercial paper, object of this document, the company is subject to the the following legal and regulatory provisions :

- The Dahir n° 95-03 of January 26th 1995 promulgating the law n° 35-94 relative to some negotiable debt securities ;
- The Central Depository general regulations approved by the minister of Finances and Economy decree n°932- 98 of April 16th 1998 and amended by the decree of the Minister of Economy, Finance, Privatization and Tourism n°1961-01 of October 30th 2001 ;
- The Dahir n° 1-93-212 of September 21th 1993 relative to the CDVM and the information required by legal persons with public offering as amended and supplemented by the laws n°23-01 26-05, 44-06 ;
- The general regulations of the CDVM as approved by the Minister of Finances and Economy decree n°882-08 of April 14th 2008 ;
- The Dahir n° 1-96-246 of January 9th 1997 promulgating the law n° 35-96 relative to the creation of a Central Depository and the establishment of a general regulation system to the registration of certain values (Amended by the law n°43-02).
- The CDVM circular No. 04/04 of November 19th 2004, adopted pursuant to Article 14 of Dahir No. 1-93-212 of September 21th 1993 relating to the Securities Commission and the information required for legal persons using public offering as amended and supplemented.

Consultation of legal documents	The by-laws, the minutes of general meetings, the annual report and the auditors' report can be consulted at the headquarters of Capep
Competent jurisdiction	Commercial court of Casablanca
Tax system	The company is regulated by the commercial and social legislation. The income tax rate is 30%, and Capep's operations are subject to a 20% tax rate

Source : Capep

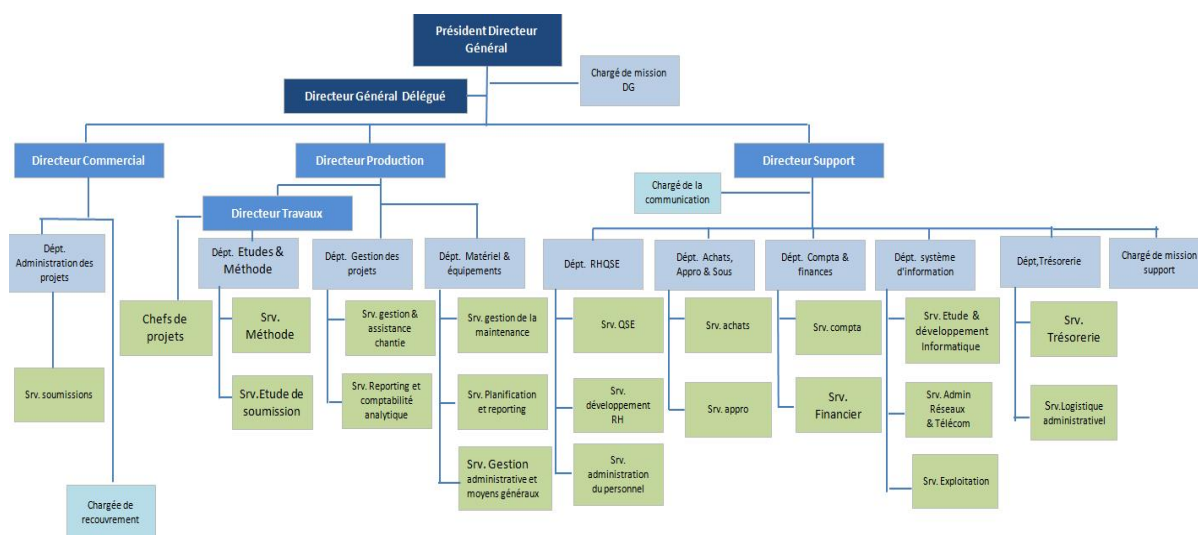
III.1 Structure of shareholders

Actionnaires	31/12/2011		31/12/2012		31/12/2013		30/06/2014	
	Number of shares	% of equity and voting rights	Number of shares	% of equity and voting rights	Number of shares	% of equity and voting rights	Number of shares	% of equity and voting rights
IbnouZahir Mohamed	12 000	40,0%	11 997	39,99 %	11 997	31,992%	11 622	30,992%
Al Kadima Promotion					7 500	20,000%	7 500	20,000%
IbnouZahir Youness	4 500	15,0%	4 500	15,00 %	4 500	12,000%	6 000	16,000%
IbnouZahir Hassan	3 750	12,5%	3 749	12,50 %	3 749	9,997%	3 374	8,997%
Héritiers Ibnou Zahir Ismail	3 750	12,5%	3 750	12,50 %	3 750	10,000%	3 750	10,000%
IbnouZahir Samira	3 000	10,0%	2 998	9,99 %	2 998	7,995%	2 623	6,995%
IbnouZahir	3 000	10,0%	2 999	10,00 %	2 999	7,997%	2 624	6,997%

Soumia								
Lahbabi Jamal			1	0,003 %	1	0,003%	1	0,003%
El Bayed Zineb			1	0,003 %	1	0,003%	1	0,003%
Sabrallah Meriam			1	0,003 %	1	0,003%	1	0,003%
IbnouZahir Ahmed			1	0,003 %	1	0,003%	1	0,003%
IbnouZahir Idriss			1	0,003 %	1	0,003%	1	0,003%
El Mousaddeq Souhail			1	0,003%	1	0,003%	1	0,003%
IbnouZahir Abderrahmane			1	0,003 %	1	0,003%	1	0,003%
Total	30 000	100,0 %	30 000	100,0 %	37 500	100,0%	37 500	100,0%

Source : CAPEP

III.2 Hierarchical organization of CAPEP as of June 30, 2014



Source : CAPEP

III.3 Presentation of Capep's main sectors of activity :

II.3.1 Presentation of Capep's business :

Historically present in all trades of construction and civil engineering related to water (water pipes, and sanitation), the Company's activities are organized as follow:

Figure 1. CAPEP's activities by the end of 2013

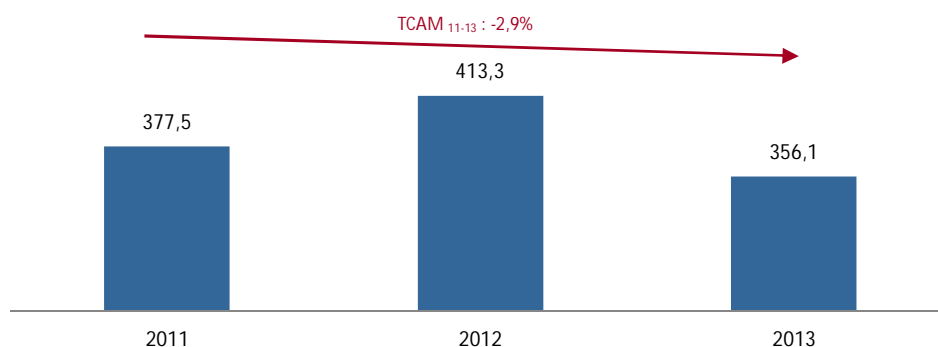


Source : Capep

II.3.2 Sales evolution

Capep's sales evolution during the last three years is presented as follows:

Figure 2. Sales evolution between 2011 and 2013 (in Million MAD)



Source : Capep

By the end of the fiscal year of 2013, sales of CAPEP totaled in 356.1 MDHS, meaning an average annual growth of -2.9% between 2011 and 2013. This decline in business activity is the result of tough competition and a very difficult economic situation. It should be noted that CAPEP benefits from the services it provides as soon as its projects are implemented and delivered.

Thus, the decline of turnover is caused by the combination of two factors: (i) continuation (or delivery) of work initiated in previous years and (ii) Obtaining new contracts through market framework which amounts involved are lower than expected (especially with subcontractors for public services) and bids in tenders (state or private). The Market framework are global markets that the Company tries to hold and which define a bill for each type of service that could be realized (punctual order completion of projects and billing on a scale previously established).

II.3.3 Capep's main clients

During the period 2011 – 2013, the company's main customers list appears as follow:

Table 2 Capep's main clients between 2011 and 2013

Client	Contract type	2011		2012		2013	
		Amount (MMAD)	%	Amount (MMAD)	%	Amount (MMAD)	%
LYDEC	Private	53,99	14,30%	106,95	25,88%	98,48	27,66%
SEMI MAROC	Private			42,88	10,38%	11,32	3,18%
Autoroute du Maroc	Public	10,15	2,69%	39,17	9,48%		
SDS	Private			37,97	9,19%	16,17	4,54%
Agence Pour le Progrès	Public	13,34	3,53%	35,10	8,49%	23,53	6,61%
AL OMRANE	Public	12,21	3,23%	34,00	8,23%	54,72	15,37%
MASEN	Public			27,2	6,58%	19,53	5,48%
Agence urbaine d Casablanca	Public	13,89	3,68%	26,32	6,37%	-0,07	-0,02%
SAZ	Public			15,42	3,73%	36,43	10,23%
Direction des aménagements hydrauliques	Public	75,05	19,88%	11,93	2,89%	-0,33	-0,09%
APDN	Public			8,37	2,03%	2,34	0,66%

AMENDIS	Private	11,16	2,96%	5,61	1,36%	-0,11	-0,03%
Agence pour l'Urbanisation et le Développement d'Anfa	Public	5,32	1,41%	5,17	1,25%	3,47	0,98%
RADEEF	Public	12,46	3,30%	4,07	0,98%	5,70	1,60%
ONEP	Public	80,75	21,39%	1,46	0,35%		
REDAL	Private	14,82	3,93%	1,30	0,31%	0,29	0,08%
RADEMA	Public	7,01	1,86%	0,81	0,20%		
SIEMENS	Private			0,72	0,17%		
Secrétariat d'Etat en Environnement	Public	23,43	6,21%	0,57	0,14%		
ORMVAG	Public	17,13	4,54%	0,25	0,06%		
RADEEO	Public	2,49	0,66%	0,14	0,03%		
RADEET	Public	9,66	2,56%	-	0,00%		
RAK	Public	7,07	1,87%	-	0,00%	-0,10	-0,03%
ONEE	Public					47,49	13,34%
Autres	-	7,52	1,99%	7,93	1,92%	37,22	10,45%
Total CA		377,45	100,00%	413,34	100,00%	356,08	100,00%

Source : Capep

III. Issuer financial data :

III.1 Balance sheet

III.1.1 Capep's assets – 2011, 2012 and 2013

The following table shows the balance sheet history of Capep for the fiscal years of 2011, 2012 and 2013:

Assets - KMAD	2011	2012	Δ 11/12	2013	Δ 12/13	TCAM ₁₁₋₁₃
Intangible fixed assets	50	25	-50,0%	225	n.s.	111,5%
<i>% of total balance sheet</i>	<i>0,0%</i>	<i>0,0%</i>		<i>0,1%</i>		
Preliminary start up fees	50	25	-50,0%	225	n.s.	111,5%
Intangible assets	0	257	n.m.	512	99,7%	n.m.
<i>% of total balance sheet</i>	<i>0,0%</i>	<i>0,1%</i>		<i>0,2%</i>		
Patent, trademark rights and similar assets	0	257	n.s.	512	99,7%	n.m.
Tangible assets	24 473	25 788	5,4%	48 143	-9,5%	-2,3%
<i>% of total balance sheet</i>	<i>8,2%</i>	<i>8,0%</i>		<i>9,6%</i>		
Land	0	0	n.m.	14 843	n.m.	n.m.
Constructions	0	0	n.m.	9 954	n.m.	n.m.
Machinery	18 576	19 172	3,2%	17 949	-6,4%	-1,7%
Transport equipments	663	560	-15,6%	492	-12,1%	-13,9%
Furniture, office equipments and facilities	5 234	6 057	15,7%	4 905	-19,0%	-3,2%
Fixed assets	24 523	26 070	6,3%	48 880	87,5%	41,2%
<i>% of total balance sheet</i>	<i>8,2%</i>	<i>8,1%</i>		<i>18,2%</i>		
Stocks	26 647	28 722	7,8%	33 846	17,8%	12,7%
<i>% of total balance sheet</i>	<i>9,3%</i>	<i>8,9%</i>		<i>13,9%</i>		
Consumables	13 179	11 177	-15,2%	9 021	-19,3%	-17,3%
Goods in process	13 468	17 546	30,3%	24 825	41,5%	35,8%
Receivables	246 487	254 738	3,3%	184 994	-27,4%	-13,4%
<i>% of total balance sheet</i>	<i>81,7%</i>	<i>78,9%</i>		<i>76,0%</i>		
Trade payables, advances and downpayments	1 298	168	n.s.	792	372,3%	-21,9%
Customers	222 716	224 711	0,9%	162 232	-27,8%	-14,7%
Employees	170	192	13,3%	83	-57,0%	-30,2%
Payable tax - assets	21 446	27 749	29,4%	20 299	-26,8%	-2,7%
Current account	0	0	n.m.	0	n.m.	n.m.
Other debtors	0	144	n.m.	0	-100,0%	n.m.
Adjustment account assets	857	1 751	104,3%	1 588	-9,3%	36,1%
Translation difference - Asset	0	23	n.m.	0	-100,0%	n.m.
Current assets	273 134	283 460	3,8%	218 840	-22,8%	-10,5%
<i>% of total balance sheet</i>	<i>90,5%</i>	<i>87,8%</i>		<i>89,9%</i>		
Cash assets	4 064	13 336	228,1%	450	-96,6%	-66,7%
<i>% of total balance sheet</i>	<i>1,3%</i>	<i>4,1%</i>		<i>0,2%</i>		
Cheques and bills	1	1	n.m.	1	n.m.	n.m.
Cash at bank	3 929	13 305	n.s.	134	-99,0%	-81,6%
Cash account, Imprest account	133	30	-77,2%	315	n.m.	53,6%
Total Assets	301 722	322 866	7,0%	268 170	-16,9%	-5,7%

Source : Capep

III.1.2 Capep's liabilities – 2011, 2012 and 2013

Liabilities and equity - KMAD	2011	2012	Δ 11/12	2013	Δ 12/13	TCAM ₁₁₋₁₃
Equity	48 684	56 872	16,8%	86 243	51,6%	33,1%
<i>% of total balance sheet</i>	<i>16,1%</i>	<i>17,6%</i>		<i>32,2%</i>		
Equity capital	30 000	48 000	60,0%	60 000	25,0%	41,4%
Share premium	0	0	n.m.	13 000	n.m.	n.m.
Legal reserves	1 566	684	-56,3%	1 093	59,8%	-16,4%
Other reserves	2 004	0	-100,0%	0	n.m.	-100,0%
Retained Earnings Account	9 527	0	-100,0%	7 779	n.m.	-9,6%
Net Income	5 587	8 188	46,5%	4 371	-46,6%	-11,6%
Noncurrent liabilities	0,0	0,0	n.s.	0,0	n.s.	n.s.
<i>% of total balance sheet</i>	<i>0,0%</i>	<i>0,0%</i>		<i>0,0%</i>		
Debenture loans	0	0	n.m.	0	n.m.	n.m.
Other financing debt	0	0	n.m.	0	n.m.	n.m.
Permanent capital	48 684	56 872	16,8%	86 243	51,6%	33,1%
<i>% of total balance sheet</i>	<i>16,1%</i>	<i>17,6%</i>		<i>32,2%</i>		
Debts of current liabilities	137 975	206 324	49,5%	117 423	-43,1%	-7,7%
<i>% of total balance sheet</i>	<i>45,7%</i>	<i>63,9%</i>		<i>43,8%</i>		
Suppliers and associated accounts	91 375	137 855	50,9%	75 430	-45,3%	-9,1%
Receipt in advance	6 827	7 565	10,8%	1 561	-79,4%	-52,2%
Employees	2 529	8 519	236,8%	2 346	-72,5%	-3,7%
Social security bodies	2 134	2 447	14,7%	2 110	-13,8%	-0,6%
Liabilities tax payable	32 627	48 297	48,0%	25 384	-47,4%	-11,8%
Current account	0	0	n.m.	9 000	n.m.	n.m.
Other debts	769	563	-26,7%	753	33,7%	-1,0%
Adjustment accounts Liabilities	1 714	1 078	-37,1%	838	-22,3%	-30,1%
Other provisions for liabilities and charges	0	233	n.m.	210	-9,9%	n.m.
Rate differences - liability	0	0	n.m.	0	n.m.	n.m.
Current liabilities	137 975	206 557	49,7%	117 633	-43,1%	-7,7%
<i>% of total balance sheet</i>	<i>45,7%</i>	<i>64,0%</i>		<i>43,9%</i>		
Cash - Liability	115 062	59 437	-48,3%	64 295	8,2%	-25,2%
<i>% of total balance sheet</i>	<i>38,1%</i>	<i>18,4%</i>		<i>24,0%</i>		
Discount credit	0	0	n.m.	0	n.m.	n.m.
Cash advance	98 748	52 108	-47,2%	30 786	-40,9%	-44,2%
Regularization Bank	16 315	7 329	-55,1%	33 509	n.s.	43,3%
Total liabilities	301 722	322 866	7,0%	268 170	-16,9%	-5,7%

Source : Capep

III.2 Account of income and expenses of CAPEP

In KMAD	2011	2012	2013
I Operating revenue			
Sales of merchandise			
Sales of goods and services produced	377 455	413 328	356 077
Sales	377 455	413 328	356 077
Variation in product inventory	-221	4 078	7 280
TOTAL I	377 233	417 406	363 357
II Operating expenses			
Consumed operating supplies	233 921	251 712	210 886
Other external expenses	49 943	62 806	57 577
Taxes	380	542	909
Employees expenses	71 231	78 209	77 212
Other operating expenses			
Operating allowances for amortization	4 498	5 107	6 259
TOTAL II	359 973	398 376	353 345
III Operating income (I - II)	17 261	19 029	10 012
IV Financial revenues			
V Financial expenses			
Interest expense	6 787	5 921	4 648
Exchange losses	31	14	21
Financial allowances		23	
TOTAL V	6 818	5 957	4 670
VI Financial income (IV - V)	-6 818	-5 957	-4 670
VII Current income (VI + III)	10 442	13 072	5 342
VIII Noncurrent revenues			
Proceeds of disposals of fixed assets	384	4 721	938
Other noncurrent income	477	79	313
Non-current elements; expense transfers		2 000	23
TOTAL VIII	860,5	6 800	1 274
IX Noncurrent expenses			
Net book value of disposed assets	197	487	192
Other noncurrent expenses			
Noncurrent depreciation, amortization and provision expenses	19,9	5 743	-110
Net book value of disposed assets	2 100	110	
TOTAL IX	2 317	6 340	192
X Noncurrent income(VIII - IX)	-1 457	460	1 082
XI Income before taxes (VII + X)	8 985	13 532	6 424
XII Income tax	3 398	5 344	2 054
XIII Net income (XI – XII)	5 587	8 188	4 371
XIV Total revenues (I + IV + VIII)	378 094	424 206	364 631
XV Total expenses (II + V + IX + XII)	372 506	416 018	360 260
XVI Net income (XIV – XV)	5 587	8 188	4 371

Source : Capep

IV. Risk factors :

IV.1 Competition risk

At a national level, the real estate development and major infrastructure projects launched by the Moroccan State (construction of highways, water infrastructure, etc.), the absence of barriers to entry and the positive perspectives surrounding the sector, are all factors contributing to attract new operators who seek to win contracts and gain new references, by bidding for markets with low added value and reduced financial offers.

Having over 20 years of experience, Capep disposes of a solid expertise in all its area of activities, and references allowing the company to be differentiated from the competition. Actually, the company is working on projects with high value added and more profitable. These worksites, generally challenging, require a qualified workforce whose available among Capep's human resources.

Currently, foreign players are gaining more tenders in civil engineering than in the past, which represents a competition for domestic players.

IV.2 Operating risk at worksite level

Due to the nature of its activity, the company is surrounded by major risks relative to the realization of the work assigned (construction of tunnels, etc.). These risks may affect the work progression (delay on the delivery which can lead to financial penalties against the company), and may also affect the working force (in case of injuries, etc.).

These risks are mastered by the Company. Indeed, Capep guarantees the security of its workforce through the institution of a strict security policy among its permanent experienced staff.

In addition, the supervision of worksites is permanent and extremely detailed in order to avoid delays in the delivery deadline. The Production Direction and the General Direction are the actors responsible of the supervision.

Finally, the company may also experience a delay in the delivery deadline because of the weather conditions. However, during the winter period, the Company secures at best its facilities and protects its worksites from these climatic changes.

IV.3 Risk of dependency on individual clients

It appears that in 2013, Lydec contributes by 28% to the global revenue. Moreover, Capep's activity is concentrated around a restricted number of customers (public and private). The five first customers held 73,2% of the global revenue by the end 2013.

However, the company benefits from historical relationship with a certain number of customers such as ONEP, limiting the potential of a conflict or abuse of dominant position, and facilitating the different daily exchange (claims processing, etc.). In addition, some Capep's major customers present a limited solvency risk profile since they can be assimilated to a sovereign risk (with a low risk of default).

Finally, despite a relative dependence to a restricted number of customers, this concentration is not reflected in the number of Capep's projects. Indeed, the revenue realized by Capep through ONEP is diluted among different projects assigned, thereby limiting the risk of dependence on a single project.

Being aware that the present situation is disadvantageous, Capep seeks to diversify its customer portfolio by increasing its submission to tenders.

IV.4 Risk linked to the type of clients

Given the nature of its activity, Capep regularly collaborates with public and para-public companies. Thus, through ONEP and different "régies autonomes", the public sector contributes on average by 68,6% on the global revenue during the last three years. This preponderance of the public sector comes as a result to the investment made to realize different worksites (construction of tunnels, construction of sewage wastewater, etc.) more frequently by the public offices than by the private companies.

However, since the economic context in Morocco is relatively difficult, some operators may differ their investment, leading to a market loss for Capep. Despite the economic uncertainty and the strategic nature of investments (drinking water, sanitation, etc.) and their daily impact on Moroccans life, it is difficult to conceive a report (or cancellation) of the projects that the company is actually working on.

IV.5 Risk of dependency on individual supplier

Suppliers of iron, concrete and aggregates represented in 2013, 31.8% of the company's total purchases. This preponderance can be explained by the use of these materials to achieve the different projects.

By 31 December 2013, the top ten suppliers represent 54.1% of the company's global purchases, showing a relative concentration. By the end of 2012, this part reached 47.2% of the company's total purchases.

The company seeks to diversify its suppliers database by systematizing the recruitment of suppliers (local and regional) facilitating the supplying process at the remote sites. Indeed, each worksite's provision is provided by a regional supplier, limiting the risk of supply disruption.

IV.6 Risk related to the increase of raw materials prices

These last years show an increase in the raw materials prices (iron, concrete, aggregates, cement, etc.), forcing the company to increase its financial offer relative to the submission to tenders. However, since some markets can last over 12 months and the price of services is fixed at the beginning of the project, a sudden and significant rise in input prices could negatively impact the profitability of the Company. Indeed, the working price being determined on the basis of a reference to input prices, any increase could reduce the margin of the Company.

However, concerning the contracts signed with public operators, in the case of a significant increase in raw materials prices the terms of tariff revision are planned by the General Conditions of Contract. Thus, if such a situation happens, a reevaluation of the service cost can be made by Capep.

IV.7 Risk related to the unavailability of qualified human resources

Given the nature of its business, the company needs competent human resources. However, the Moroccan market knows a decrease in the number of engineers and executives. Thereby, Capep is facing the risk of deterioration of its operational staff since its recruitment process may be altered by the unavailability of competent workforce in adequacy with its needs. To manage this risk, the company has been taking several measures, including:

- Adopting a structured approach to assure a transfer of skills between existent employees and new recruits ;
- Anticipation and optimization of recruitment.

Moreover, the Ministry of Education, through different measures, seeks to double the number of engineers trained each year.

Finally, in order to illustrate the company's working environment where the employees evolve, the workforce is characterized by an important level of expertise and seniority. Indeed, nearly 82.6% of the permanent workforce has more than 2 years of service in-house. This positive rate comes as a result of the social policy and the working environment established by the management, promoting the stability of workforce.

IV.8 Risk social conflict

Since its creation, Capep hasn't been the subject of any social conflict or strike.

The company respects the Moroccan labor law, and offers attractive remuneration conditions. These factors limit the probability of such risk to occur.

The Company has, in 2013, dismissed 68 of its employees. Determining the persons likely to leave Capep was made in consultation with line managers and social partners which helped to eliminate any risk of conflict.

WARNING

The information above only represents a part of the Information Record approved by the Conseil Déontologique des Valeurs Mobilières (CDVM) under the reference n° VI/EM/034/2014 on November 3rd 2014.

The CDVM advises reading the full Information Record available for the public in French.