

# SUMMARY PROSPECTUS



**Managem**

## COMMERCIAL PAPERS ISSUANCE PROGRAM

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<b>Issuance Program Ceiling</b>	<b>Face value</b>
<b>1 000 000 000 MAD</b>	<b>100 000 MAD</b>

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**Centralizing body and collector of  
subscription orders**  
**ATTIJARI FINANCES CORPS.**

**I.1.1. Agency in charge of the placement**  
**ATTIJARIWAFABA BANK**



### APPROVAL OF THE MOROCCAN CAPITAL MARKETS AUTHORITY (AMMC)

“In accordance with article 18 of Dahir 1-95-3 of 24 Sha’aban 1415 (January 26, 1995) promulgating Law 35-94 on certain negotiable debt securities, as amended and supplemented, the original of the present prospectus summary was approved by the AMMC under the reference n° VI/EM/037/2017 on December 14<sup>th</sup> 2017.

**DISCLAIMER**

On December 14<sup>th</sup> 2017, the Moroccan Capital Markets Authority (AMMC) approved a prospectus related to the implementation of a commercial paper issuance program by Managem.

The prospectus approved by the AMMC is available at any time at the head office of Managem and the financial advisor Attijari Finances Corp. It is also available within 48 hours' notice at the offices of the institutions responsible for collecting subscription orders.

The prospectus is available to the public on the AMMC website ([www.ammc.ma](http://www.ammc.ma)).

## **PART I. TRANSACTION OVERVIEW**

## I. OBJECTIVES OF THE OPERATION

Managem S.A. would like to start a commercial papers issuance program in order to:

- optimize the cost of short-term financing by partially replacing existing bank loans with commercial papers;
- deal with the temporary cash-flow needs;
- vary funding sources.

## II. INFORMATION ON THE SECURITIES TO BE ISSUED

<b>Nature of securities</b>	Negotiable debt securities dematerialized by registration with the Central Depository (Maroclear) and registered in an account with authorized affiliates.
<b>Legal form of securities</b>	Commercial Papers out to bearer
<b>Issuance ceiling</b>	1 000 000 000 MAD
<b>Face value</b>	100 000 MAD
<b>Number of securities</b>	10 000
<b>Maturity</b>	Between 10 days and 12 months
<b>Date of enjoyment</b>	To be defined at each issuance
<b>Due date</b>	To be defined at each issuance
<b>Interest rate</b>	Fixed for each issue depending on market conditions
<b>Interest</b>	Post-counted
<b>Coupon payment</b>	In fine, at due date of each commercial paper
<b>Repayment</b>	In fine, at due date of each commercial paper
<b>Assimilation clause</b>	The commercial paper issued is not assimilated to any previous issue
<b>Negotiability of securities</b>	No restriction is imposed by the conditions of the issuance in regards to the negotiability of the issued commercial paper. The securities are negotiable by mutual agreement
<b>Guarantee</b>	The issuance program of commercial paper has no specific guarantee

## III. FINANCIAL INTERMEDIARIES

Type of financial intermediaries	Denomination	Adress
Centralizing body and collector of subscription orders	Attijari Finances Corp.	163, Avenue Hassan II Casablanca
Agency in charge of the placement	Attijariwafa bank	2, boulevard Moulay Youssef Casablanca

## **PART II. GENERAL PRESENTATION OF MANAGEM**

## I. MANAGEM'S ACTIVITY

Managem Group was established in 1928 and currently operates in three business lines: research, operations and upgrading.

Managem Group has developed a real expertise in terms of controlling mining operations, upgrading ores, exploration, innovation, and sustainable development approach, which it currently exports to other African countries.

With a qualified human capital, Managem is working on improving the quality of its production, the safety of its mining operations and profitability.

Managem's historic business consists in exploring, extracting, upgrading, and marketing the various ores, namely base metals (copper, zinc, lead), precious metals (gold and silver), special metals (cobalt cathode, nickel, etc.) from hydrometallurgical operations, and lastly useful substances (fluorine).

## II. INFORMATION ON MANAGEM'S CAPITAL

### II.1. General information

On October 30<sup>th</sup>, 2017, the share capital of Managem stood at MAD 999,130,800, fully paid up. It is divided into 9,991,308 shares with a par value of MAD 100 each.

### II.2. Shareholding structure and history

The shareholding of Managem has evolved as follows between 2014 and September 2017 :

Shareholders	31/12/2014		31/12/2015		31/12/2016		30/09/2017	
	Number of shares	% of the capital and voting rights	Number of shares	% of the capital and voting rights	Number of shares	% of the capital and voting rights	Number of shares	% of the capital and voting rights
SNI	7 457 625	81,4%	7 457 625	81,4%	7 457 625	81,4%	8 135 909	81,4%
CIMR	581 137	6,3%	654 286	7,1%	654 286	7,1%	824 919	8,3%
Other shareholders - free float	1 119 937	12,2%	1 046 788	11,4%	1 046 788	11,4%	1 030 480	10,3%
<b>Total</b>	<b>9 158 699</b>	<b>100,0%</b>	<b>9 158 699</b>	<b>100,0%</b>	<b>9 158 699</b>	<b>100,0%</b>	<b>9 991 308</b>	<b>100,0%</b>

Source : Managem

On March 21<sup>st</sup>, 2014, CIMR crossed the threshold of 5% of the capital of Managem. As of December 31<sup>st</sup>, 2016, CIMR held 7.1% of the Company's capital. In 2017, the CIMR raised its stake to 8.3% in parallel to a decline in the share of the float which is close to 10.3% as of September 30<sup>th</sup>, 2017.

With the exception of the foregoing, no major change in the shareholding structure of Managem has been recorded over the period 2014 - September 2017.

### III. BOARD OF DIRECTORS

On September 30<sup>th</sup> 2017, the composition of Managem's Board of Directors was as follows:

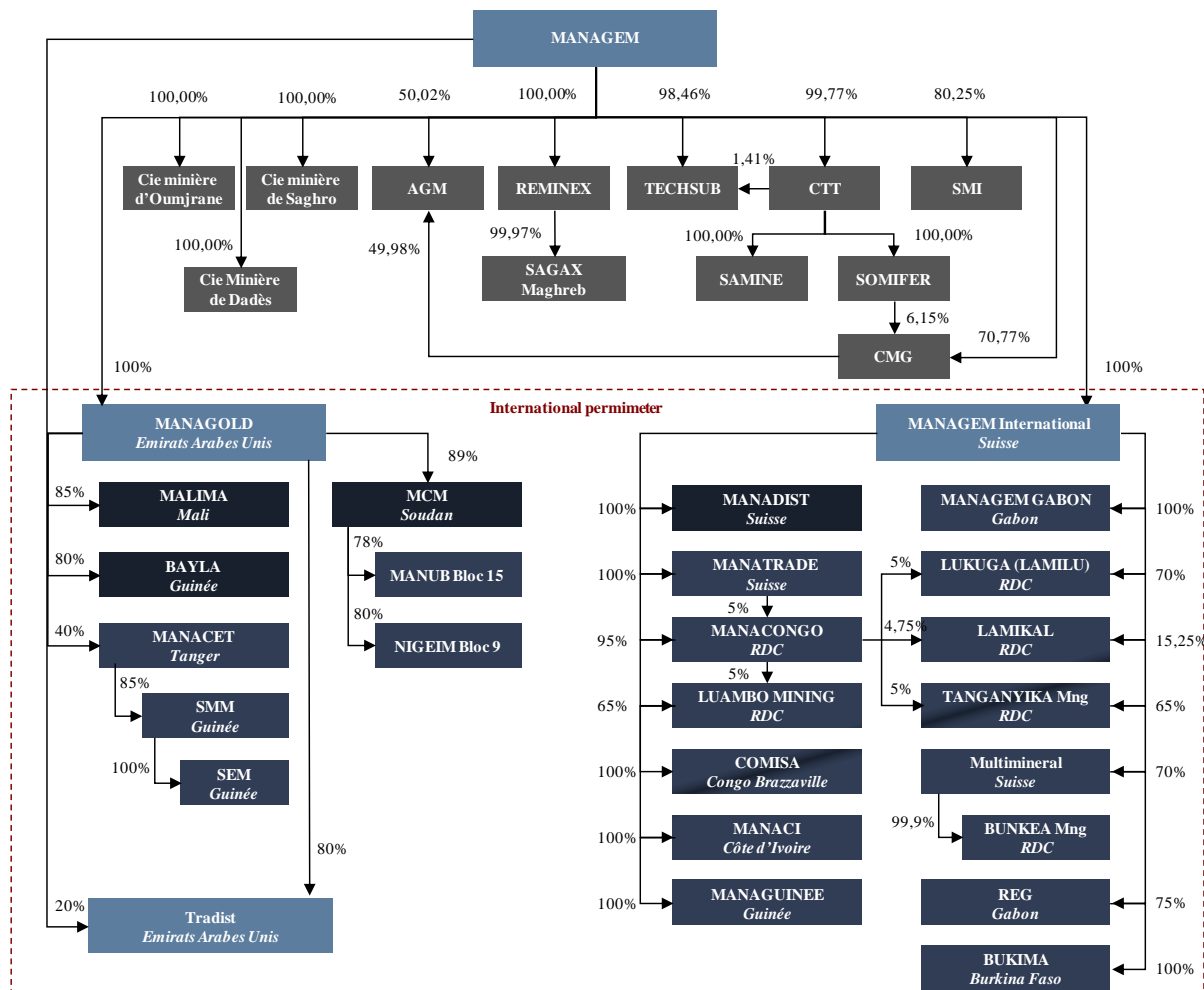
Members of the Board of Directors	Current position	Appointment	Latest renewal/ratification	Expiry of the term	Affiliation with Managem Group
Imad TOUMI	Chairman and Chief Executive Officer	28/01/2016	GM of 27/05/2016	GM called to approve the 2020 accounts	Chairman and Chief Executive Officer
Bassim JAI HOKIMI	Director	04/06/2002	GM of 22/05/2014	GM called to approve the 2019 accounts	Director
Hassan OURIAGLI	Director	09/11/2009	GM of 15/05/2015	GM called to approve the 2020 accounts	Director
Ramses ARROUB	Director	11/03/2015	GM of 15/05/2015	GM called to approve the 2020 accounts	Director
Noufissa KESSAR	Director	10/09/2015	GM of 27/05/2016	GM called to approve the 2021 accounts	Director
SNI rep. par Aymane TAUD	Director	27/05/2011	GM of 16/06/2017	GM called to approve the 2022 accounts	Director
ONHYM rep. par Amina BENKHADRA	Director	16/09/1996	GM of 22/05/2014	GM called to approve the 2019 accounts	Director
SIGER rep. par Mounir EL MAJIDI	Director	04/06/2002	GM of 16/06/2017	GM called to approve the 2022 accounts	Director

*Source : Managem*

#### IV. LEGAL STRUCTURE

Managem has subsidiaries at the national and international levels. The Group structure as at October 16<sup>th</sup> 2017 was as follows:

##### Managem's legal structure as at October 16<sup>th</sup> 2017



Source : Managem

### **PART III. FINANCIAL SITUATION OF MANAGEM GROUP**

## I. CONSOLIDATED INCOME STATEMENT

The following table presents the evolution of the aggregates of the consolidated income statement of Managem Group over the 2014 – June 2017 period:

In MAD millions	2014	2015	2016	Var. 15/14	Var. 16/15	June 2016	June 2017	Var. june16/ june 17
<b>Turnover</b>	<b>3 839.8</b>	<b>4 317.0</b>	<b>4 376.9</b>	<b>12.4%</b>	<b>1.4%</b>	<b>2 010,6</b>	<b>2 534,4</b>	<b>26,1%</b>
Other revenues	90.4	-41.3	-12.7	<-100.0%	69.3%	-10,2	-41,5	<-100,0%
<b>Revenue from ordinary activities</b>	<b>3 930.2</b>	<b>4 275.7</b>	<b>4 364.2</b>	<b>8.8%</b>	<b>2.1%</b>	<b>2 000,4</b>	<b>2 492,9</b>	<b>24,6%</b>
Purchases, net of inventory variations	1 691.30	1727.9	1 636.9	2.2%	-5.3%	789,9	897,3	13,6%
<b>Gross margin</b>	<b>2 238.9</b>	<b>2 547.8</b>	<b>2 727.3</b>	<b>13.8%</b>	<b>7.0%</b>	<b>1 210,5</b>	<b>1 595,6</b>	<b>13,6%</b>
<i>(Gross margin/ Turnover)</i>	<i>58.3%</i>	<i>59.0%</i>	<i>62.3%</i>	<i>71 bps</i>	<i>329 bps</i>	<i>60,2%</i>	<i>63,0%</i>	<i>275 bps</i>
Other external charges	-853.8	-897.0	-864.4	5.1%	-3.6%	-403,6	-484,0	-19,9%
Personnel expenses	-824.2	-905.3	-945.4	9.8%	4.4%	-455,3	-507,4	-11,4%
Taxes	-56.9	-65.8	-56.0	15.6%	-14.9%	-24,6	-29,4	-19,5%
Amortizations and operating provisions	-890.1	-876.9	-883.4	-1.5%	0.7%	-464,2	-535,9	-15,4%
Other net operating income (expenses)	832.1	807.0	697.1	-3.0%	-13.6%	349,2	346,3	-0,8%
<b>Current operating income</b>	<b>446.0</b>	<b>609.8</b>	<b>675.2</b>	<b>36.7%</b>	<b>10.7%</b>	<b>212,1</b>	<b>385,3</b>	<b>81,7%</b>
Sale of assets	1	0.2	0.4	-80.0%	>100.0%	0,4	0,8	100,0%
Earnings on financial instruments	-0.4	5.3	-6.6	>100.0%	<-100.0%	-6,3	-3,2	49,2%
Other non-current operating income and expenses	-0.7	1.9	3.4	>100.0%	76.7%	2,6	500,9	>100,0%
<b>Income from operating activities</b>	<b>445.9</b>	<b>617.2</b>	<b>672.5</b>	<b>38.4%</b>	<b>9.0%</b>	<b>208,8</b>	<b>883,8</b>	<b>&gt;100,0%</b>
<i>Operating margin (operating income/turnover)</i>	<i>11.6%</i>	<i>14.3%</i>	<i>15.4%</i>	<i>268 bps</i>	<i>107 bps</i>	<i>10,4%</i>	<i>34,9%</i>	<i>2 449 bps</i>
Interest income	12.7	13.6	12.6	7.1%	-7.6%	5,3	6,6	24,5%
Interest expenses	-176.6	-206.6	-206.0	17.0%	-0.3%	-98,9	-95,6	3,3%
<b>Cost of net debt</b>	<b>-163.9</b>	<b>-193.0</b>	<b>-193.4</b>	<b>-17.8%</b>	<b>-0.2%</b>	<b>-93,6</b>	<b>-89,0</b>	<b>4,9%</b>
Other financial income and expenses	28.6	-57.7	45.5	<-100.0%	>100.0%	11,1	-54,5	<-100,0%
<b>Financial income</b>	<b>-135.3</b>	<b>-250.7</b>	<b>-147.9</b>	<b>-85.3%</b>	<b>41.0%</b>	<b>-82,5</b>	<b>-143,5</b>	<b>-73,9%</b>
<b>Pre-tax income of consolidated companies</b>	<b>310.6</b>	<b>366.5</b>	<b>524.6</b>	<b>18.0%</b>	<b>43.1%</b>	<b>126,3</b>	<b>740,3</b>	<b>&gt;100,0%</b>
<i>Pre-tax margin (pre-tax income/turnover)</i>	<i>8.1%</i>	<i>8.5%</i>	<i>12.0%</i>	<i>40 bps</i>	<i>350 bps</i>	<i>6,3%</i>	<i>29,2%</i>	<i>2 293 bps</i>
Income tax	-88	-95.9	-110.0	9.0%	14.7%	-43,0	-46,5	-8,1%
Deferred taxes	3.1	-13.1	-17.3	<-100.0%	32.4%	0,2	-54,9	<-100,0%
<b>Consolidated net income</b>	<b>225.7</b>	<b>257.5</b>	<b>397.2</b>	<b>14.1%</b>	<b>54.2%</b>	<b>83,5</b>	<b>638,9</b>	<b>&gt;100,0%</b>
<i>Net margin (net income/turnover)</i>	<i>5.9%</i>	<i>6.0%</i>	<i>9.1%</i>	<i>9 bps</i>	<i>311 bps</i>	<i>4,2%</i>	<i>25,2%</i>	<i>2 106 bps</i>
Minority interest	43.8	52.6	108.7	20.1%	>100.0%	31,9	17,9	-43,9%
<b>Net income - Group share</b>	<b>181.9</b>	<b>204.9</b>	<b>288.5</b>	<b>12.6%</b>	<b>40.8%</b>	<b>51,6</b>	<b>621,0</b>	<b>&gt;100,0%</b>
<b>EPS</b>	<b>19.9</b>	<b>22.4</b>	<b>31.5</b>	<b>12.6%</b>	<b>40.6%</b>	<b>5,6</b>	<b>62,2</b>	<b>&gt;100,0%</b>

Source : Managem

## II. CONSOLIDATED BALANCE SHEET

The following table presents the evolution of the consolidated balance sheet of Managem Group between 2014 and June 2017:

In MAD millions	2014	2015	2016	Var. 15/14	Var. 16/15	June 2017	Var. december 16/ june 17
<b>ASSETS</b>							
Goodwill	318.2	319.5	319.8	0.4%	0.1%	319,1	-0,2%
Intangible assets	1 198.0	1 467.4	1 960.1	22.5%	33.6%	1 428,6	-27,1%
Tangible assets	4 390.0	4 477.5	4 382.1	2.0%	-2.1%	4 221,0	-3,7%
Investment properties	26.6	26.3	25.9	-1.3%	-1.5%	25,7	-0,7%
Participation in associated companies						140,8	Ns
Other financial assets	299.5	279.8	304.2	-6.6%	8.7%	275,4	-9,5%
Deferred tax assets	248.9	279.7	272.7	12.4%	-2.5%	186,1	-31,7%
<b>Non-current assets</b>	<b>6 481.3</b>	<b>6 850.1</b>	<b>7 264.7</b>	<b>5.7%</b>	<b>6.1%</b>	<b>6 596,8</b>	<b>-9,2%</b>
Other financial assets	3.6	7.3	3.7	>100.0%	-49.3%	-	-100,0%
Inventory and work in process inventory	638.0	622.0	594.8	-2.5%	-4.4%	606,3	1,9%
Accounts receivable	616.6	608.4	422.3	-1.3%	-30.6%	593,1	40,4%
Other current receivables	1 366.7	1 663.1	1 721.3	21.7%	3.5%	1 948,1	13,2%
Cash and cash equivalents	128.0	384.3	502.5	>100.0%	30.8%	1 715,4	>100,0%
<b>Current assets</b>	<b>2 752.9</b>	<b>3 285.2</b>	<b>3 244.6</b>	<b>19.3%</b>	<b>-1.2%</b>	<b>4 862,9</b>	<b>49,9%</b>
<b>Total assets</b>	<b>9 234.2</b>	<b>10 135.3</b>	<b>10 509.3</b>	<b>9.8%</b>	<b>3.7%</b>	<b>11 459,7</b>	<b>9,0%</b>
<b>LIABILITIES</b>							
Capital	915.9	915.9	915.9	0.0%	0.0%	915,9	0,0%
Share premium and acquisition premium	784.0	784.0	784.0	0.0%	0.0%	784,0	0,0%
Reserves	1 475.3	1 325.1	1 328.5	-10.2%	0.3%	1 495,1	12,5%
Unrealized exchange gains or losses	93.4	203.3	230.9	>100.0%	13.6%	151,2	-34,5%
Net income - group share	181.9	204.9	288.5	12.6%	40.8%	621,0	>100,0%
<b>Shareholders' equity - group share</b>	<b>3 450.4</b>	<b>3 433.1</b>	<b>3 547.7</b>	<b>-0.5%</b>	<b>3.3%</b>	<b>3 967,2</b>	<b>11,8%</b>
Minority interest	447.2	434.0	471.6	-2.9%	8.7%	428	-9,30%
<b>Consolidated shareholders' equity</b>	<b>3 897.7</b>	<b>3 867.1</b>	<b>4 019.4</b>	<b>-0.8%</b>	<b>3.9%</b>	<b>4 395,2</b>	<b>9,4%</b>
Provisions	52.8	54.6	54.4	3.5%	-0.4%	88,9	63,3%
Personnel benefits	112.4	127.5	156.1	13.5%	22.4%	164,6	5,4%
Non-current financial debt	2 182.3	2 271.4	1 988.4	4.1%	-12.5%	1 867,9	-6,1%
Deferred tax liabilities	9.6	11.9	17.8	23.7%	49.6%	15,9	-10,6%
Other non-current payables	24.1	18.1	12.6	-24.8%	-30.3%	9,8	-22,1%
<b>Non-current liabilities</b>	<b>2 381.2</b>	<b>2 483.6</b>	<b>2 229.3</b>	<b>4.3%</b>	<b>-10.2%</b>	<b>2 147,1</b>	<b>-3,7%</b>
Current financial debt	1 137.0	1 741.1	2 238.5	53.1%	28.6%	2 158,1	-3,6%
Current accounts payable	779.5	977.0	902.0	25.3%	-7.7%	823,1	-8,7%
Other current payables	1 039.0	1 066.5	1 120.2	2.7%	5.0%	1 936,2	72,8%
<b>Current liabilities</b>	<b>2 955.4</b>	<b>3 784.6</b>	<b>4 260.6</b>	<b>28.1%</b>	<b>12.6%</b>	<b>4 917,4</b>	<b>15,4%</b>
<b>Total liabilities</b>	<b>9 234.2</b>	<b>10 135.3</b>	<b>10 509.3</b>	<b>9.8%</b>	<b>3.7%</b>	<b>11 459,7</b>	<b>9,0%</b>

Source : Managem

## **PART IV. RISK FACTORS**

Given the nature of its activities, Managem Group is exposed to a number of risks, as detailed below:

## **I. RISKS RELATED TO CHANGES IN PRICES OF RAW MATERIALS**

As a result of Managem's activity, its sales are conditioned by prices set on international markets. Its turnover may be significantly impacted by changes (increase or decrease) in prices of raw materials.

To limit the risks of fluctuation related to changes in prices of raw materials, Managem may use hedging instruments, traded on organized markets, for the products it sells.

Managem's development plan takes this risk into account, and its main objective is to diversify the products sold, by focusing on products with a very high resistance factor (precious metals) and products with very promising fundamentals over the medium and long term (copper, cobalt, zinc, etc.).

It should be noted that Managem is resilient to changes in prices of raw materials, given the competitiveness of its "cash-cost". Indeed, the "cash-costs" of Managem's various products are well positioned relative to the competition.

## **II. CURRENCY RISK**

Export sales made by Managem are for the most part denominated in dollars and to a lesser extent in euros. Hence, the turnover may be considerably impacted by changes in the exchange rate.

To limit currency risk, Managem uses currency hedging contracts. It should be noted that this risk may be mitigated by the existing negative correlation between the dollar and the prices of raw materials.

## **III. RISKS RELATED TO RESOURCES AND RESERVES**

Mineral reserves constitute a fundamental element of the operations of a purely mining company. Hence, once the reserves are depleted, the mine is closed and the company's operations stop.

For Managem, this risk is mitigated by the fact that it has quality deposits with a significant discovery potential, good exploration performance, and low research costs. Indeed, each year, Managem dedicates a considerable budget to exploration, both at the local and international levels, so as to increase its current resources and have several sources of mineral supply, which limits this risk.

It should be noted that Managem's performance in terms of exploration (discovery record, quality of resources, etc.) is audited on an annual basis according to the Canadian "NI 43-101" standard by an international firm.

Furthermore, the ore grade remains a big uncertainty in the production level of a mining operations company. The in-depth knowledge of the site, the control of the production process, and expertise in research and development are all advantages that Managem has, which make it possible for it to contain the variation of the average ore grades identified each year within a stable bracket, or to smooth out the curve of the average ore grades to be as close as possible to the forecasted data developed by the operating program of each mine;

## **IV. TECHNICAL RISKS**

Technical risks are inherent to any mining operations company. To contain them, Managem has an in-depth knowledge of the deposits and facilities, control of the production process, and cutting edge expertise.

With regard to new projects, Managem conducts pilot tests, laboratory testing, as well as pre-production testing. This approach makes it possible to identify possible problems that may arise at the start of operations and to initiate corrective action that is essential to the smooth functioning of the operating phase;

## **V. RISKS RELATED TO SAFETY AND THE ENVIRONMENT**

In the light of the specific nature of the tasks related to the mining and hydrometallurgical industry, namely depths that can reach several hundreds of meters and the handling of hazardous products, there are risks for operations and employees.

To address them, Managem established several programs that aim to strengthen security in the mines and the production sites.

On the environmental front, Managem worked on setting up programs to adapt its production facilities and upgrade sites in order to meet international standards in the field, and to anticipate local regulations. In this framework, diagnoses are made on a regular basis and potential risks are carefully examined, and as a result environmental indicators are gradually improving.

## **VI. RISKS RELATED TO REGULATIONS**

Some incentives, particularly tax incentives, are given to exporter mining operations companies. The advantages they have may be reviewed or abrogated, and this may have an impact on Managem's activity and/or profitability.

In the light of the strategic nature of the mining sector and the review of tax advantages introduced by the budget bill for 2008, the risk of review of these tax advantages is limited.

## **VII. RISKS RELATED TO THE ACTIVITY ABROAD**

In the light of the planned international developments, Managem is exposed to risks related to local regulations and political instability in countries where the Group has a presence. Nonetheless, this risk is mitigated to the extent that it is incorporated into the profitability objectives of the projects. It is also mitigated by a geographic diversification strategy.

## **VIII. SOCIAL RISKS**

Social risks are managed by Managem through a policy of attentiveness and ongoing dialogue with the social partners, the granting of advantages that meet personnel needs, and the involvement of all the personnel in the implementation of the Group's vision.

## **IX. RISKS RELATED TO THE NON-RENEWAL OF LICENSES**

To avoid risks related to the non-renewal of licenses, Managem Group strictly applies the administrative procedure in force so that the renewal is issued. This procedure consists in:

- preparing a report of previous works carried out, as well as the expenses incurred, with the license for which a renewal is requested;
- preparing a report of projected works, as well as the budgets which will be mobilized within the framework of the operations;
- the operating licenses for which a renewal is requested are subject to systematic regulatory investigations on the field so that the Administration can see the work that was accomplished.

## **X. RISKS RELATED TO NATURAL DISASTERS**

To guard against damage that can be caused by a natural phenomenon such as a flood, Managem, prior to any launch of investment projects, carries out:

- environmental impact studies;
- the implementation of security plans consisting in the installation of fire systems, an evacuation plan, alarms, etc.

Likewise, Managem Group guards against possible natural phenomena by taking out insurance policies that would cover, whenever necessary, possible material losses and inventory losses, and a compensation for the production stoppage.

## **XI. RISKS RELATED TO MANAGEM'S CLIENTS**

Managem Group markets commodities, namely silver, gold, zinc, lead, copper and cobalt (recent listing) listed in the international markets. Hence, there is virtually no risk of losing a potential client due to the presence of market makers. Yet, for some niche or specialty products (zinc oxide and fluorine), this risk is managed through registration processes and expanding client portfolios.

**DISCLAIMER**

The aforementioned information is but one part of the prospectus approved by the AMMC (Moroccan Capital Markets Authority) under reference VI/EM/037/2017 on December 14<sup>th</sup> 2017. The AMMC recommends reading the full prospectus available to the public in French.