

PROPOSAL PROJECT FOR INVESTMENT IN MOROCCO

DECEMBER, 2013

Company profile

- Independent and private company under Moroccan law
- Based in Casablanca
- Management has over 30 years of national and international maritime experiences
- Offers a wide range of maritime services: operating as shipping agency at Casablanca port (operating ships, chartering, sale/purchase, brokerage, ship's technical & crew management)
- Has agency and shipping needed licenses, with sufficient human capital
- High added value to ensure the best services, to meet demand of its current and future customers
- Extensive range of contacts in maritime business locally and worldwide



Management MAG-LINE



MOROCCO AT A GLANCE

□ Main Statistical Facts:

- Area : 710,850 Km²
- Maritime coast : 3500 Km (Mediterranean Sea and Atlantic Ocean)
- Population : approx. 33 million inhabitants

Morocco	2009	2010	2011	2012	2013e	2014e	2015e
Real GDP – Growth (%)	4,8	3,6	5,0	2,7	5,1	3,8	4,9
Real GDP per capita (US\$)	2885	2849	3082	2956	3190	3368	3604
CPI Inflation (%)	1,0	1,0	0,9	1,3	2,3	2,5	2,5
Merchandise Exports – Growth (%)	-10,1	27,4	3,7	13,7	4,2	8,5	8,0
Merchandise Imports – Growth (%)	-1,6	-3,0	9,7	5,0	1,9	5,5	6,0
Trade Balance (Bill. US\$)	-18,8	-17,6	-22,6	-23,6	n.a.	n.a.	n.a.
Population – Level (Mill. Of persons)	31,5	31,6	32,2	32,5	32,8	33,2	33,5
Unemployment rate (%)	9,1	9,1	8,9	9,0	8,9	8,8	8,7

Note: (e) estimate

Source: IMF, UNCTAD

□ Politically

- Stable country with well established political institutions and governance institutions, and clear delimitations between the legislative, executive and judiciary branches.
- Recent constitutional revision was welcomed by all political and civil actors in the country, and was well perceived at the regional and international levels.
- One of the few countries that was positively affected by the recent “Arab Spring” movements, and is currently given as a model for political change and transition.

MOROCCO AT A GLANCE

□ Economically

- Sustained economical growth, at all levels, despite the global economic crisis, as reflected through the country's main economic indicators.
- Strong and continuous involvement of both the Monarchy and the government towards the development of the country's economy and commerce, mainly through:
 - ✓ Development of industrial, logistical integrated platforms in the main regions of Morocco
 - ✓ Extension and strengthening of the transportation networks
 - ✓ Set up of various fiscal and administrative incentives for both national and foreign investors
 - ✓ Consolidation and enhancement of Morocco's commercial relations with its main partners, through free trade agreements and similar measures
 - ✓ Review and enforcement of commercial and financial laws aimed at making the investment environment fairer and more convenient for all.
- Well developed industrial and commercial infrastructure country wide (highways, rail, ports, logistical areas, etc.).

□ Socially

- Young and active population, with over 50% aged less than 30 years and more than 65% between 15 and 59 years.
- Stable, active, and responsible labor environment.

MOROCCO'S COMMERCIAL FACTS

Main Export Commodities:

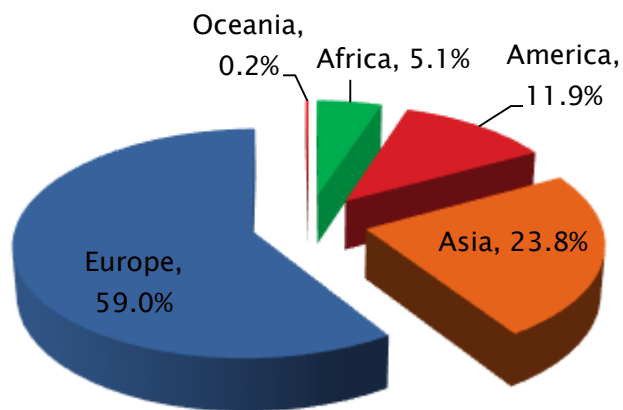
Minerals (1st producer and exporter of phosphates in the world), metal scrap, fruits & vegetables, garments & clothing, wood & wooden articles, flour, frozen and canned fish, automotive spare parts, electrical components.

Main Import Commodities:

Cereals, oil, processed foodstuff, cotton (raw), chemicals, paper & paper board, synthetic resin, tin and aluminum articles, glass ware, coffee, tea.

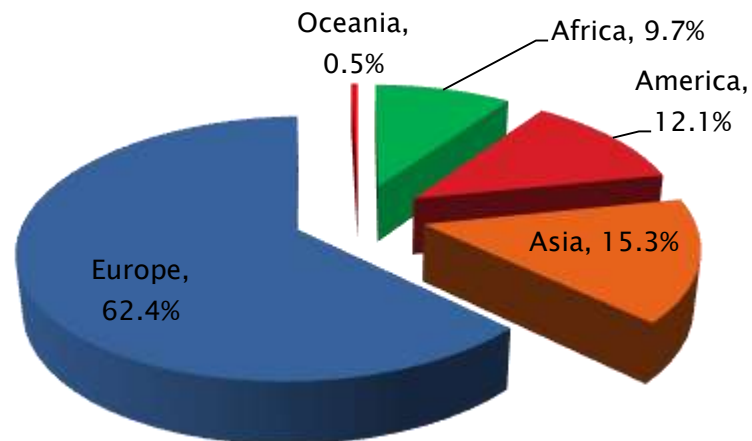
(Morocco is the first importer in the world of tea from China, with over 36,000 tons per year.)

Morocco imports by continent, % (2012)



Source: Office des Changes

Morocco exports by continent, % (2012)



Source: Office des Changes

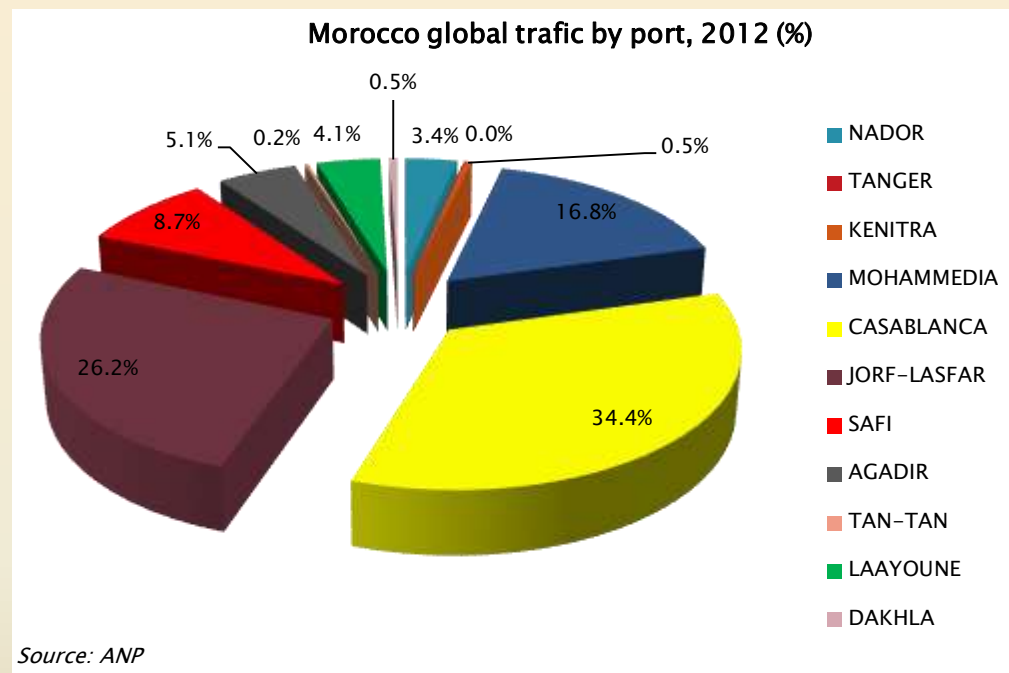
www.maglineshipping.com

MOROCCO'S MARITIME TRADE

Global Traffic per Port, 2012 (in Tons): (excluding Tanger Med)

PORTS	IMPORT	EXPORT	TOTAL
NADOR	1 774 598	632 815	2 407 413
TANGER	2 266	0	2 266
KENITRA	197 026	138 642	335 668
MOHAMMEDIA	10 110 319	1 863 005	11 973 324
CASABLANCA	14 954 805	9 558 929	24 513 734
JORF-LASFAR	12 827 916	5 814 107	18 642 023
SAFI	1 937 973	4 235 645	6 173 618
AGADIR	2 367 373	1 293 146	3 660 519
TAN-TAN	138 477	22 490	160 967
LAAYOUNE	679 515	2 248 099	2 927 614
DAKHLA	368 139	1 255	369 394
TOTAL	45 358 407	25 808 133	71 166 540

Source: ANP



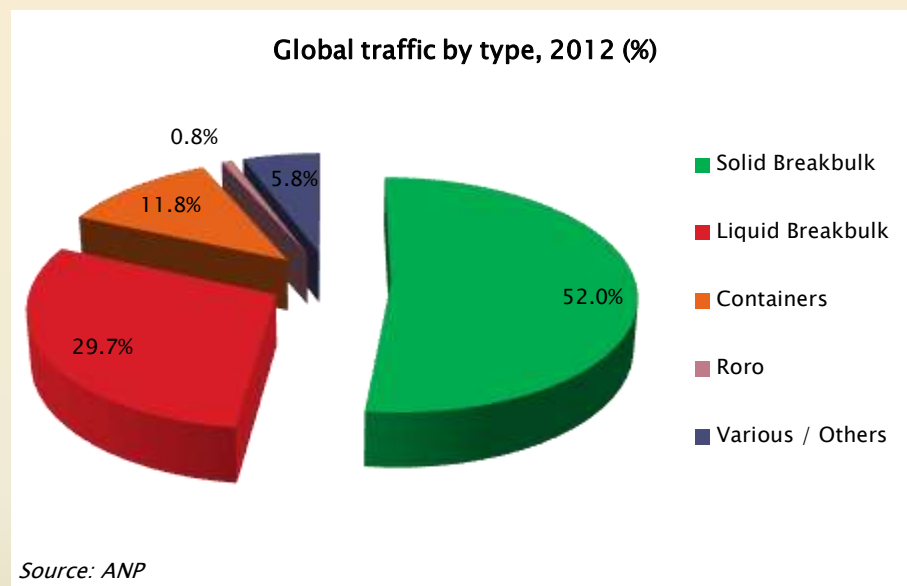
MOROCCO'S MARITIME TRADE

Global Traffic per Type, 2012:

(excluding Tangier Med)

Type of good	Units	Volume
Solid Breakbulk	Ton	36 972 331
Liquid Breakbulk	Ton	21 104 404
Containers	TEU	964 549
Containers	Ton	8 388 144
Roro	Ton	584 191
Trailers	Number	14 557
Various / Others	Ton	4 117 470

Source: ANP

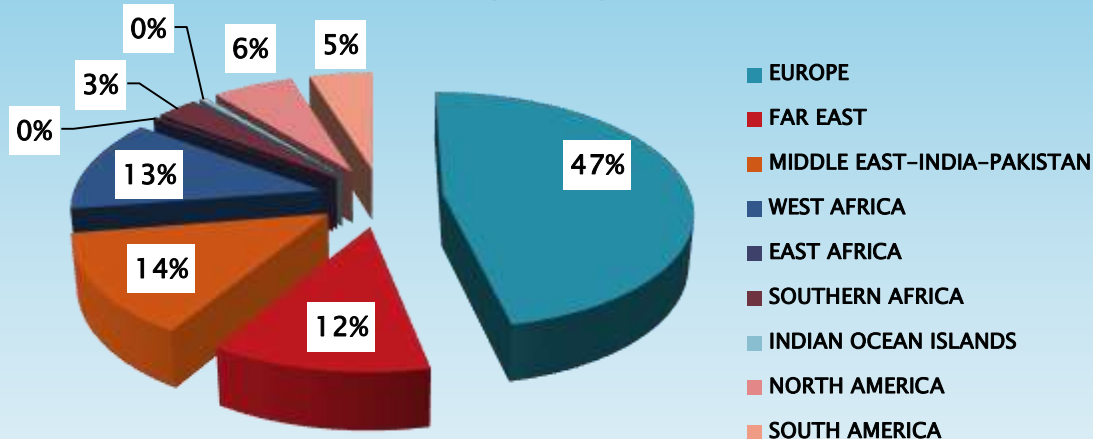


MOROCCO'S MARITIME TRADE – CONTAINER TRAFFIC

Containerized Export Market Per Trade (in FFE's)

Trades	2010	2011	2012
EUROPE	25 450	26 000	26 200
FAR EAST	6 292	6 544	6 805
MIDDLE EAST-INDIA-PAKISTAN	6 900	7 300	7 723
WEST AFRICA	6 558	6 820	7 093
EAST AFRICA	127	132	137
SOUTHERN AFRICA	1 649	1 715	1 784
INDIAN OCEAN ISLANDS	285	296	308
NORTH AMERICA	3 172	3 299	3 431
SOUTH AMERICA	2 496	2 596	2 700
Total	52 928	54 702	56 181

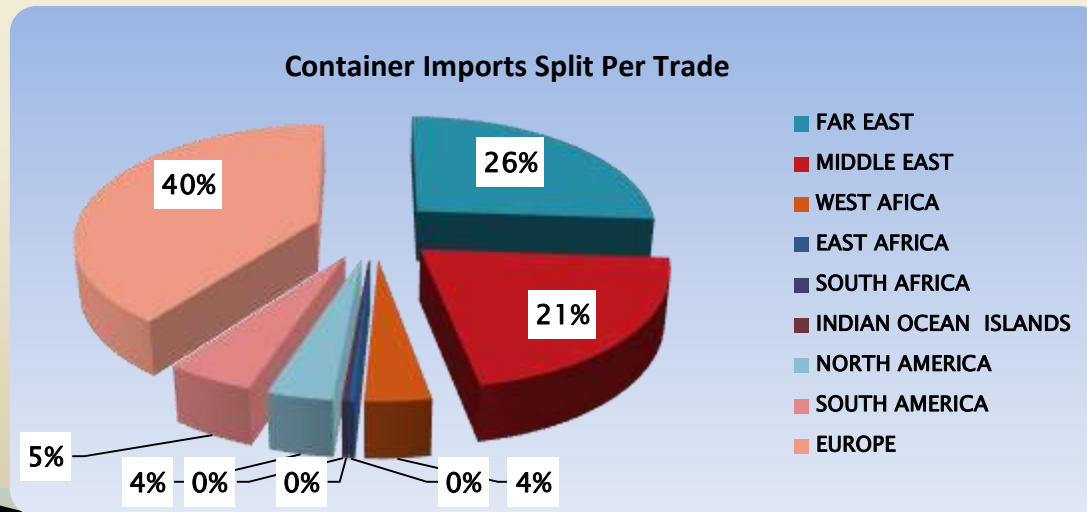
Container Exports Split Per Trade



MOROCCO'S MARITIME TRADE – CONTAINER TRAFFIC

Containerized Import Market Per Trade (in FFE's)

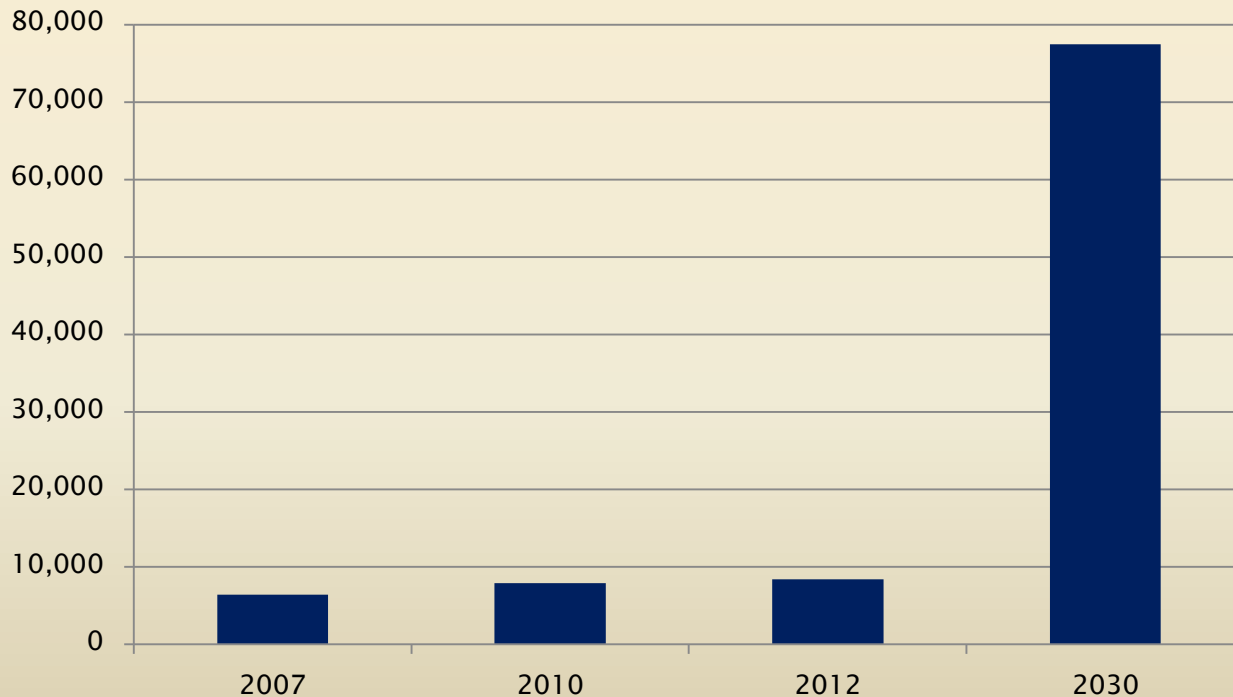
Trades	2010	2011	2012
FAR EAST	55 330	57 543	62 722
MIDDLE EAST	42 400	46 700	50 436
WEST AFICA	7 752	8 062	9 004
EAST AFRICA	702	730	802
SOUTH AFRICA	250	260	290
INDIAN OCEAN ISLANDS	344	358	387
NORTH AMERICA	8 320	8 653	8 890
SOUTH AMERICA	9 776	10 167	12 000
EUROPE	94 400	95 005	95 900
Total	219 274	227 478	240 431



MOROCCO'S MARITIME TRADE – CONTAINER TRAFFIC

- Growing demand for Moroccan containers at both national and international level.
- During the past five years with almost thirty per cent (excluding transshipment). Including transshipment the growth rate was even stronger.
- Continuing trend in strong growth is estimated by the market and Moroccan port authorities.

Total container traffic (import- export) Morocco ports
(1 000 tons)



Source: ANP

MOROCCO'S MAIN PORTS

- Three main ports in Morocco for import and export container traffic: Casablanca, Agadir, and Tangier Med.
- Other ports used mainly for break-bulk and conventional cargo, such as Safi, Jorf Lasfar, Dakhla, Laayoun, Nador.
- All ports are undergoing continuous development and upgrading in terms of both equipment and infrastructure.

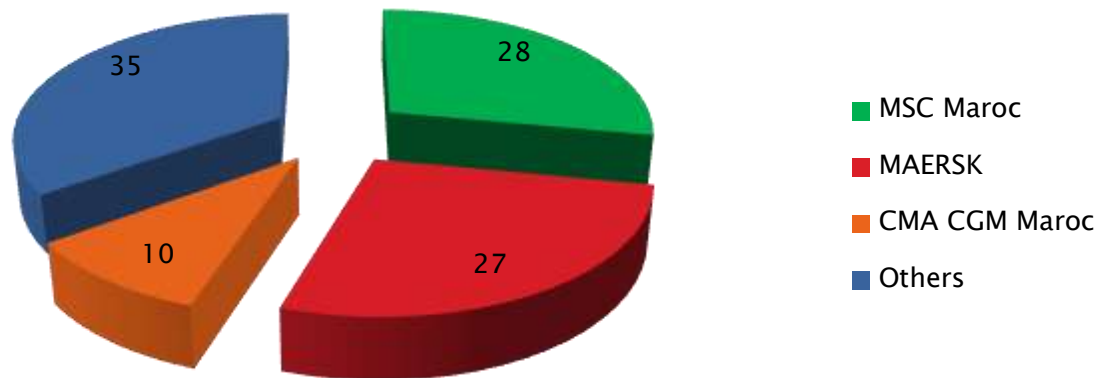


MOROCCO'S MAIN PORTS

Casablanca:

- Most important port for local import and export traffic, with over 33% of total import/export volumes handled through Casablanca port.
- Very aggressive competition in all market segments and traffic types.
- Market remains dominated by main shipping lines: Maersk Line, MSC, CMA–CGM.
- Ongoing development of port facilities with the aim of increasing its capacity, mainly through the construction of a new, third terminal, which is planned to be operational by 2017.

Market share by main carrier (%) – Casablanca Port



MOROCCO'S MAIN PORTS

Agadir:

- Market dominated mainly by reefer operating companies: Maersk Line, CMA-CGM, and local shipping company IMTC.
- Very important potential in the reefer segment for exports out of Agadir, particularly:
 - Citrus Exports to: France, Russia, and North America
 - Frozen Fish Exports to: European Market, and Asia (especially Japan)
- Ongoing conversion of main citrus exporters from break-bulk to containerized traffic.
- Promising market development with the upcoming/announced Agadir port reform.

Tangier Med:

- Port offers unmatched comparative advantage, as becoming one of the major hubs for the Mediterranean sea.
- Largest port (measured in TEU) of Africa
- Direct calls between this ports and major hubs worldwide, allowing shorter transit times.
- High growth potential, with an average volumes increase of 30% per year over the last three years
- Developing potential and opportunities with the planned opening of Tangier Med 2 & 3, hence doubling the port's capacity to almost 8 million TEU by 2017, and improving the traffic and cargo flow

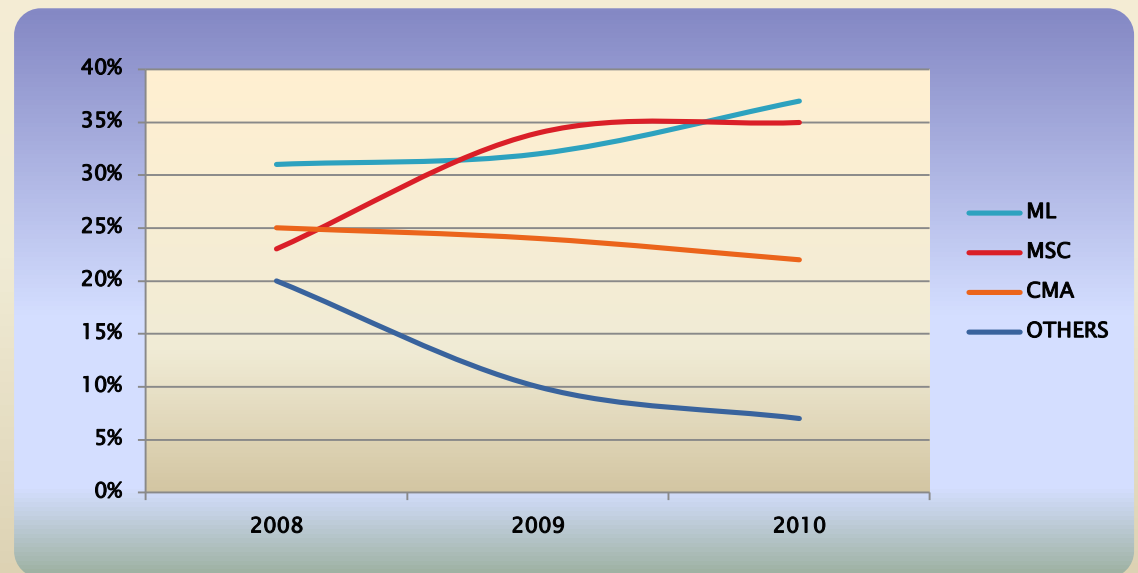
MOROCCO – FAR EAST TRADE

Main Facts:

- Fast growing market from less than 25.000 FFE in 2002 to over 50.000 FFE in 2010
- Expected average yearly growth of 10% over the next three years.
- China represents 80% of the Far East trade, driven by Eastern China that represents 40% of the market
- Three Carriers (ML, MSC & CMA) representing approx. 80% of the market
- Small carriers trying to find their way into the market (e.g. CSAV–Norasia & Evergreen) by acting on the rates
- No or limited presence of global forwarders and key clients and very fragmented customer base

Main Carriers' Trade Share Evolution

	2008	2009	2010
ML	31%	32%	37%
MSC	23%	34%	35%
CMA	25%	24%	22%
OTHERS	20%	10%	7%



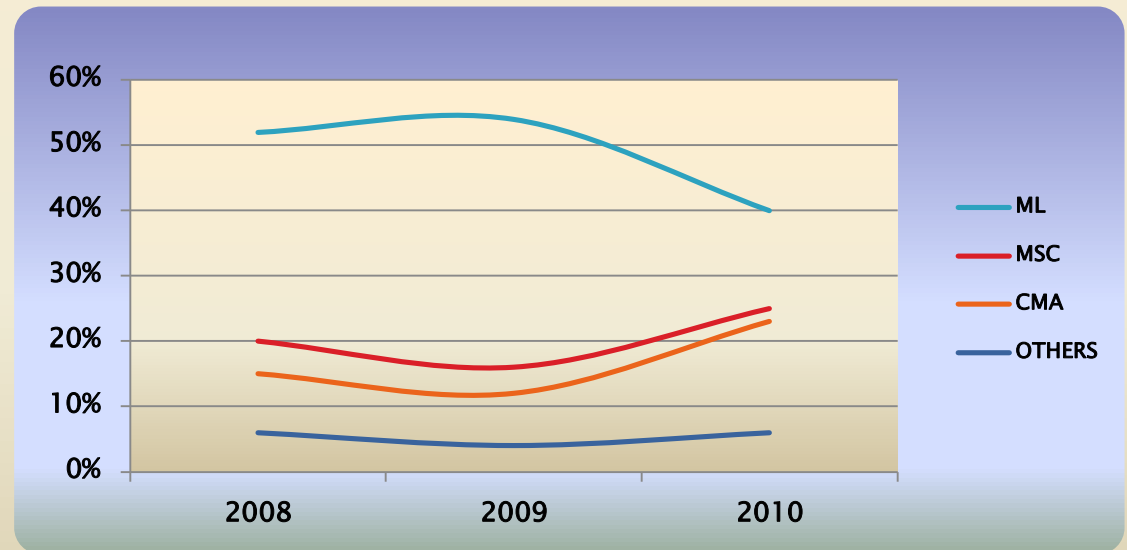
MOROCCO – MIDDLE EAST TRADE

Main Facts:

- Fast growing market with an average 11% growth since 2005.
- Expected average yearly growth of 7% over the next 3 years.
- Main Origins west-bound: Saudi Arabia (40%), India (21%), UAE (20%).
- Main competitors in Morocco being: MSC, ML, and CMA, all three with over 90% of market share.
- Market becoming very competitive particularly for traffic west-bound from India

Main Carriers' Trade Share Evolution

	2008	2009	2010
ML	52%	54%	40%
MSC	20%	16%	25%
CMA	15%	12%	23%
OTHERS	6%	4%	6%



MOROCCO – MEDITERREANEAN & EUROPEAN TRADES

Intra-Mediterranean Opportunities:

- France – Morocco trade: historical ties and partnerships.
- Spain increasing trade and investment developments with Morocco
- Aggressive marketing from Turkish exporters towards Moroccan market
- Increasing patterns between Egypt and Morocco since 2007
- Niche (Regional) carriers are intensely competing against main carriers (ML, MSC, CMA) which still remain the market leaders totaling more than 60% of market shares.

North Europe – Southbound Development:

- Southbound traffic represents more than 30% of Morocco's imports from Europe.
- Volumes mainly originating from the Golden Triangle (i.e. Belgium, Germany, and the Netherlands)
- Main imported commodities are paper, chemicals/plastic, dairy products, foodstuff and textiles.

North Europe – Northbound Development:

- Trade represents a yearly volume of 16,000 FFE's exported from Morocco to Northern Europe.
- Main commodities are: citrus, fish, berries, wood, and cotton.
- Market is expected to develop strongly over the next couple of years, thanks to the launch of important automotive and aeronautical spare parts manufacturing sites in Morocco.

Perspectives and business opportunities for MOL in Morocco

Morocco as a Platform for African Countries:

- Strategic geographical location of Morocco, making it at the cross-roads of Europe, the Middle East, and Africa.
- Excellent and stable political and economic relations with all African countries, making Morocco a viable and sought partner within the African continent.
- Booming export market ex Morocco to Africa destinations for several commodities, flour, dry foodstuff, chilled and frozen foodstuff commodities (fish, citrus, onions, potatoes), building material, vehicles, furniture...
- Establishment of many affiliate and platforms of Moroccan firms in some African countries.
- Opening of many Moroccan Bank agencies in African countries securing & easing business transactions for LC, Payment...
- Setup of new factories in Morocco aiming to produce exclusively for Africa market as cement and metal based on the high demand which couldn't be secured in the past due to high local demand.
- Renault/ Nissan 4 years plan to export 400 000 economic vehicles to some north Africa countries, West Africa, and Jordan + other middle east countries.

Business Opportunities in North Africa through Morocco:

- Potential offered by the Maghreb Arab Union, which has recently been gaining renewed and important attention of all concerned country leaders.
- Strong market knowledge within OUR ENTITY, which includes among its staff some expert people having been involved in sales and operational management throughout the region for several years. Group's shareholders solid connections with decision makers and major stakeholders in North African Countries.

Perspectives and business opportunities for MOL in Morocco (ctnd.)

Tangier Med Port Potential and Prospects:

- Port has imposed itself as one of the major transshipment hubs in the Mediterranean region.
- Opportunity to use Tangier Med for the transshipment of local Moroccan import and export cargo, as well as for volumes shipped to Northern Europe, North America, Canada and Asia.
- Possibility of making an important and extremely viable investment in the port, through the concession of the operations of the 3rd terminal, currently under construction.

Agadir Reefer Business in Continuous Progress:

Agadir – Montreal Service Potential:

- Canada being the largest market for the Moroccan citrus to North America (30% of Clementine's production) . 30,000 metric tons, equivalent to 1 500 FFEs are being shipped yearly primarily by bulk.
- By offering a direct call from Agadir to customers, MOL can offer a better value proposal and promote other traffics on this segment (vegetables mainly with short life shelf) TT 12/13 days max. target rate of USD 4500 AI
- No regularity on this service is required as it should cover only the season (3 – 4 months) for the kind of commodities exported to Canada

Agadir – Saint Petersburg : Direct Call:

- Russia being the first market for the Moroccan citrus (40% of the season production).
- 1 18,250 metric tons, equivalent to 5375 FFEs, are being shipped yearly primarily by bulk.
- By offering a direct call from Agadir to customers, MOL can offer a better value proposal and promote traffic on this segment (vegetables mainly with short shelf life) TT 12/13 days max.
- No regularity over the year on this service is required as it should cover only the season for citrus.

Business proposal MAG-LINE to MOL

Direct and Strong Presence as a shipping liner:

- Creation of a Joint Venture (JV) with MAG-LINE which will be in charge of setting up, launching, and managing shipping commercial and operational activities in Morocco, in a sole and exclusive manner.
- Mobilization by MAG-LINE of all necessary human resources including sales & marketing, with the aim of developing MOL's volumes in Morocco, export and import, through all major ports in Morocco.
- Setting the short to medium-term objectives of positioning MOL among the leading carriers in Morocco, thus matching the company's position worldwide.
- Optimizing capacity on the existing MOL liner network and services (Mediterranean, trans-Atlantic, Africa, Northern Europe,...).

