

# Moroccan Investment Development Agency

## Investment projects bank

### Project Teaser

#### *Guar Gum Production in Morocco*



**AMDI 2013**

# Document History

## Document identification and management

**Document code**

**PT-18**

**Version**

**0.1**

**Sector**

**Agribusiness**

**Update date**

**Update operation**

**Document manager**

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## Overview

In order to ensure an effective promotion of investments in Morocco initiated by both local and foreign institutions, Invest in Morocco (the Moroccan Investment Promotion Agency) has created a projects/opportunities bank to facilitate the contacts between projects sponsors and their future partners.

Projects teasers will be also made available via Invest In Morocco's website and will help the prospective partners to get a global overview of the investment opportunity while ensuring the confidentiality required by the sponsor at initial stages.

If the prospective partner decides to go further in the opportunity analysis, he can ask Invest In Morocco to arrange him a meeting with the project sponsor.

In order to maximize the added value of the projects bank, the matchmaking process is not limited to strategic and financial partnerships but covers virtually all possible opportunities like commercial agreements, mergers & acquisitions, joint ventures, representation agreements...

We hope that this projects bank will help investors to develop strong relationships and enhance the value creation in all economic sectors.

# Project presentation

	Summarized data
<b>Opportunity/Project</b>	Production of guar gum for extraction of shale gas purposes
<b>Industry/sector</b>	Agribusiness
<b>Project size (in Million MAD)</b>	360 Million MAD (about 40 Million USD)
<b>Project components</b>	Land of 15 000 hectares for guar culture and a gum production factory
<b>Opportunity localization (city/region)</b>	South of Morocco
<b>Project Target Return (IRR or ROI)</b>	34%
<b>Current project status (study/appraisal phase, initiation, operational)</b>	Study phase

## **Key project facts (perspectives, sector outlook...) :**

- With rising energy challenges and increasing oil & gas prices, all net importing countries have started to explore new energy supply sources, including extracting oil from schist rocks which is becoming an interesting option after the petroleum prices exceeded 100 USD ;
- In fact, recent research carried out by several international institutions have concluded that the shale oil and gas reserves are high enough to enable several countries to become oil exporters, especially the USA that could become the world's first oil producer and exporter if it succeed to transform its yet to be exploited reserves. Morocco also has a great potential with reserves that sets it in the 6<sup>th</sup> place at a global ranking ;
- Given its chemical properties, guar gum is a necessary input for the shale oil & gas extraction process and thus, could become a highly demanded product. Guar gum is also used as an emulsifier in food processing industries

## Project initiator/sponsor

	Summarized data
Main businesses/activities	Seed production
Institution type (company, fund, holding...)	Company
Size (average revenues in MAD)	About 10 Million €
Origin of capital (Moroccan, Foreign, Mixed)	Foreign (France)

### Key project sponsor facts (performances, positioning, expertise...) :

- The sponsor is French seed and food processing inputs producer with several plants around Europe and a recognized expertise in seed technology acquired through its long experience and its strong partnerships with many major world industrial leaders ;
- The sponsor's business model is based on a contractual approach with negotiations carried out with the key clients in order to secure multi-year purchases allowing dedicated and heavy investments in R&D and production facilities ;
- Within this framework, the present project has been initiated after having concluded an exclusive guar gum supplying contract with a major petroleum producer covering the next 5 years (2014 – 2018). The sponsor is seeking to acquire an adequate land and to build a factory in Morocco to start production during 2013

# Seeked partnership

	Summarized data
<b>Possible or sought partnership(s)</b>	Joint Venture
	<b>X</b> Sleeping Partner (minor share ownership without active management role)
	Joint SPV controlled by the external partner
	Shares acquisition
	Company acquisition or diversiture
<b>Special conditions for the partnership</b>	Others:
	<ul style="list-style-type: none"><li>• <b>Qualified institutional investors</b></li><li>• <b>Financial partnership with a controlling stake remaining at the hands of the sponsor</b></li></ul>
	<ul style="list-style-type: none"><li>• <b>Discussion partnership conditions (governance and shareholder's agreement)</b></li><li>• <b>Finalizing contracts</b></li></ul>
<b>Next steps</b>	

## **Expected partnership benefits:**

- The projects will be completed in 2014 and will allow Morocco to get one of the first and most important guar gum production facilities in the region. Output will be dedicated to overseas exports (petroleum extraction groups), especially in North America ;
- The future partner will benefit from a guaranteed revenue given the commitment of the client to buy the site's production during 5 years. This will represent a valuable advantage towards securing return on investment target.

**For next steps or more details about the current document,  
please contact the Matchmaking Manager:**

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