

# MOROCCAN AEROSPACE PLATFORM :

## THE MOST COMPETITIVE IN THE MEDITERRANEAN REGION



# Agenda

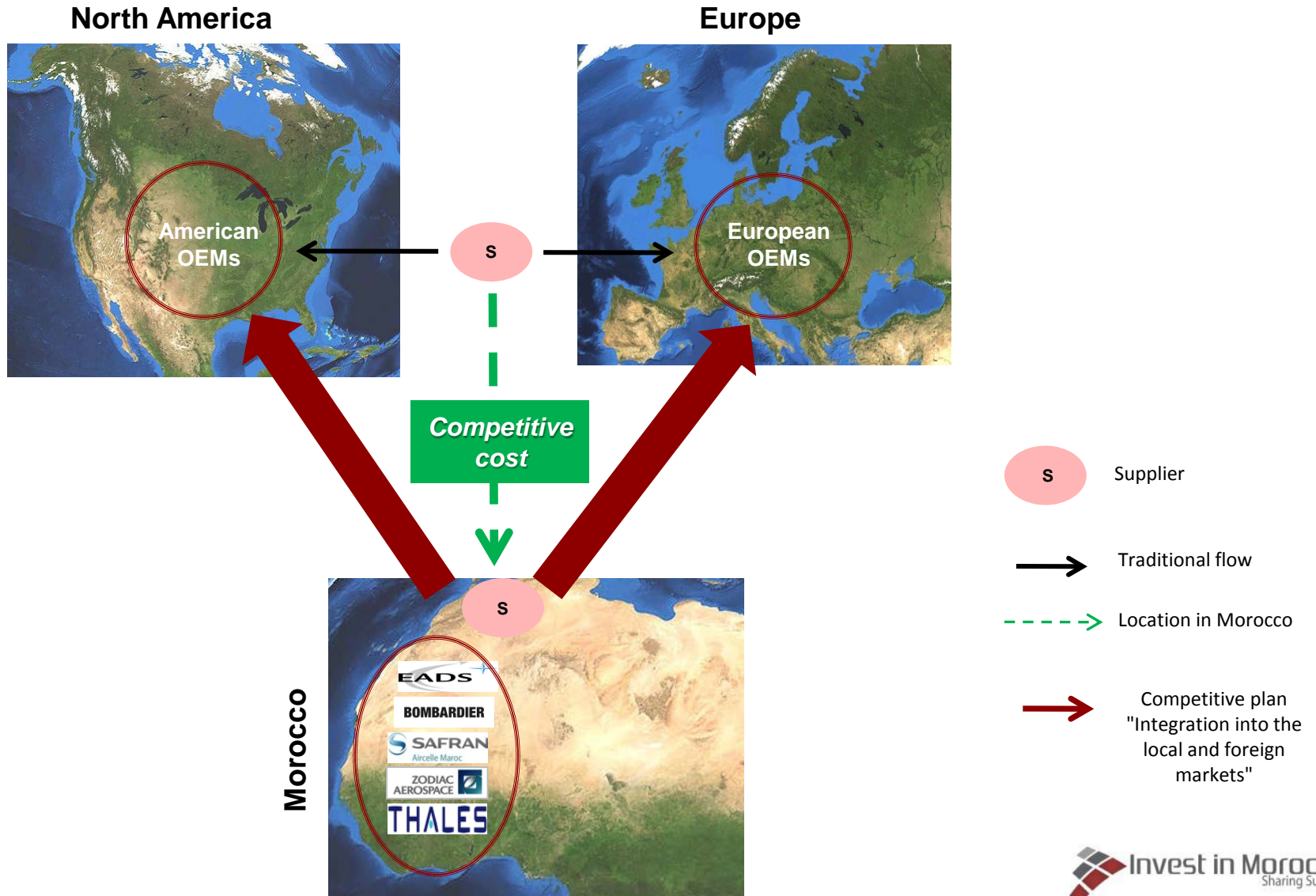
## Morocco: a competitive aerospace platform

### Morocco's offer: 10 Reasons to Invest in Morocco



# A win-win « *co-localization* »

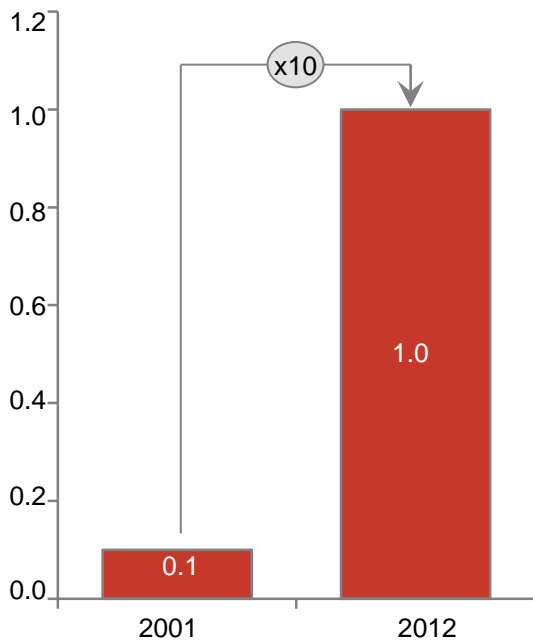
Illustration with European and North American markets



# Over the past 10 years, Morocco has emerged as a significant industrial platform for the Aerospace industry

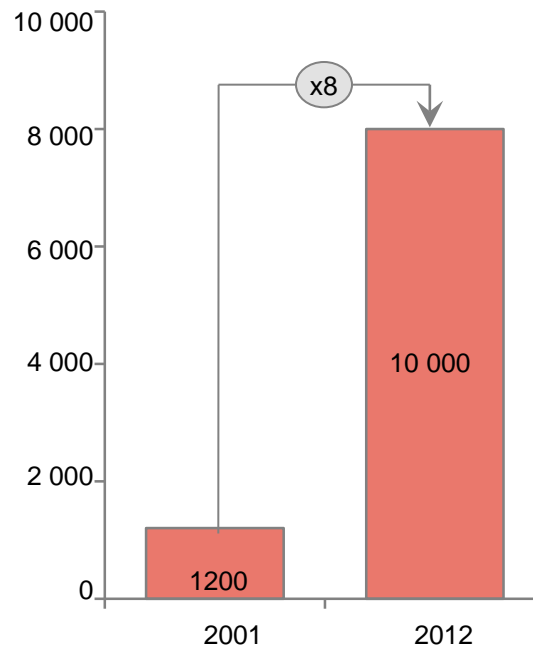
## Export sales

Export sales (in \$Bn)



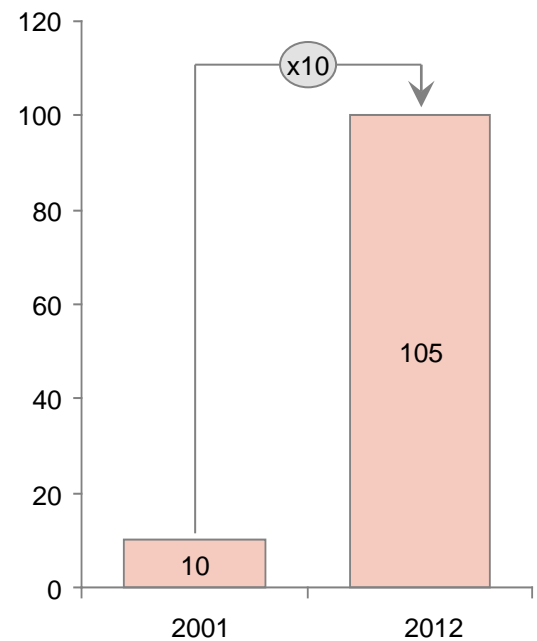
## Employees

Number of employees



## Companies

Number of companies



**100 COMPANIES**  
**10 000 EMPLOYEES**  
**20% AVERAGE ANNUAL GROWTH**  
**1 Md \$ TURNOVER AT EXPORT**



# Land: “Midparc”

## Innovative industrial parc



- Area of 126 Ha
- Rental supply to aerospace, spatial, electronic industries ....
- Modular industrial buildings specifically built within short time limit
- Available intermediary workshops in preparation for establishment
- One-stop shop concentrating all administrative services (legal, customs, tax ...)
- Connected to the highway and rail networks of the country
- Provides a unique logistical position at the gates of Europe and Africa
- 30 km distance from Casablanca and its port
- Located near to the main airport of Morocco (Casablanca Mohammed V)
- Ideally located alongside the aerospace cluster (Casablanca Aeropole)



# Financing:

## Investment incentives for aerospace

### National Pact for Industrial Emergence



**Aerospace identified among the 5 priority sectors**



**Creation of the first Aeronautical investment fund in Morocco managed by ACE Management**

### Fiscal Subsidies dedicated to Aerospace

| Corporate tax            | 0-5 years | 5-25 years | 25+ years |
|--------------------------|-----------|------------|-----------|
| Free zone (e.g. Midparc) | 0%        | 8.75%      | 17.5%     |
| Outside Free Zone        | 0%        | 17.5%      |           |

### Investment subsidies dedicated to Aerospace

#### Investment Promotion Fund

- For investment > €18 M, outside free-zone areas, up to 5% of total investment
- Land Assistance: A contribution up to 20% of acquisition costs
- External Infrastructures: assistance of up to 5% of total amount of investment programme
- Training: A contribution of up to 20% of training costs.

#### Hassan II Fund

- For investment > €900K
- Contribution until €2.7 M
- Land Assistance: 30% of costs of land acquisition and development.
- Equipment: 15% of costs of new equipment (excluding taxes and import duties).

### HR Subsidies for all Moroccan hires in Aerospace sector

| Training subsidies <sup>1</sup> (\$/year/person) | Operator | Technician | Middle management | Engineer |
|--|----------|------------|-------------------|----------|
| Upon hiring (Y1)                                 | 1400 €   | 1800 €     | 2600 €            | 3500 €   |
| Continuing education (Y2&3)                      | 450 €    | 900 €      | 900€              | 1800 €   |

1. 1 MAD = 0.1176 \$ 2. Fonds de Promotion de l'Investissement ; site acquisition, construction and training  
Source: Moroccan Ministry of Industry and Trade, Commerce and New Technologies

# Training (1) : The Aerospace Training Institute (IMA)

**IMA trains between 800 and 1000 operators per year**

Beginning of the recruitment process

Enterprise integration

**Between 5 and 10 months**



## Initial training

- Composite manufacturing
- Assembly of parts and sub-parts
- Connectors, electronics and wiring
- Machining and tooling
- Boiler manufacturing

Selection by IMA

Psycho motor tests

Job Fair



Monthly net salary (hiring)  
= 250 €



Monthly net salary (hiring)  
= 1500 €

**10 months of wage gains for investors**

« The quality of the IMA training allows trainees to be operational in the month following job integration instead of 6 months previously », Gilles DELAHOULLIERE, Operations Director of Aircelle Morocco



# Training (2) : Specialized Institute for Aeronautics and Airport Logistics(ISMALA)

**Project**

**Training Institute to accompany the national and international aerospace companies**  
(inaugurated in September 2013)

**Location**

**Airport Area Nouasseur**  
(built on an area of 15 000 m<sup>2</sup>)

**Double mission**

**Training young people, in response to the needs of aviation operators, and training of employees in the sector through a range of tailored training**

**Capacity**

**2000 training seats**

**Channels**

- ✓ Machining MOCN
- ✓ Mechatronics
- ✓ Airport logistics and freight management
- ✓ Fitting-fitting airframes
- ✓ Aerospace boiler
- ✓ Composites in aerospace
- ✓ Aircraft Maintenance Technician



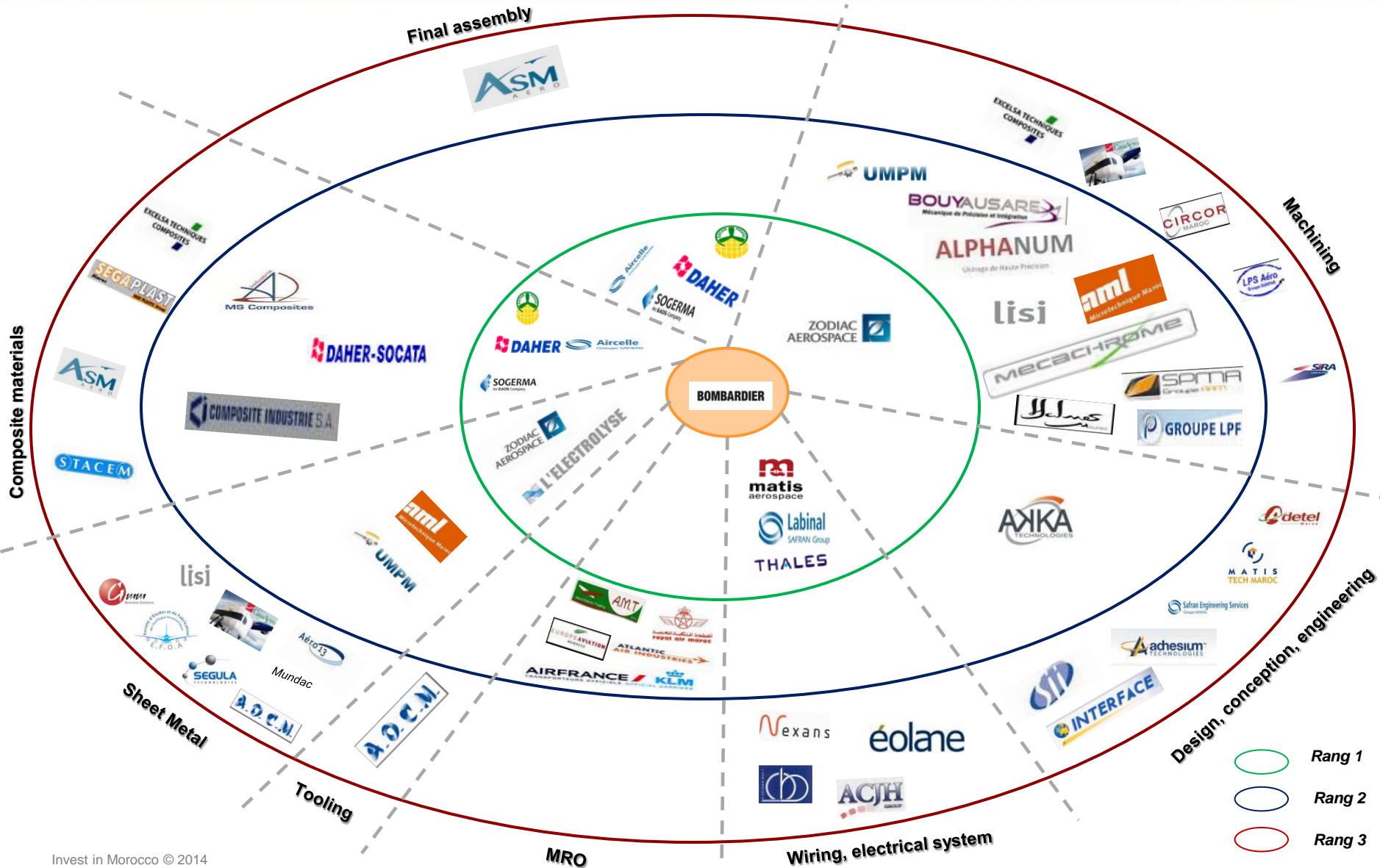


# Morocco has been hosting a growing number of Aerospace companies

## Quick growth of Aerospace companies based in Morocco in 10 years



# The Morocco attracts several aerospace leading Value chain in Morocco



# A consolidated supply chain



## Wiring

- Thalès
- Labinal
- Nexans
- OB/Selha
- Tronico
- Eolane
- Esterline
- Trial
- Crouzet
- NSE BM
- Astema
- N'ergy
- ACJH



## Sheetmetal

- Zodiac
- Aero 13
- Segula
- Lisi
- GMM
- AOCM
- Mundac
- SLTS
- EFOA
- L'électrolyse
- UMPM
- Casa Aero
- Aml microtechnique



## Machining

- Lisi
- Zodiac
- Circors Atlas
- Sira
- SPMA/ARM
- Bouy
- Mecachrome
- Chatal Maroc
- Halgand
- Slicom aero
- SPMA
- Aml microtechnique
- UMPM
- Casa aero
- Sumpar



## Composite materials

- EADS Sogerma
- Aircelle
- Daher
- Ratier Figeac
- MS composite
- Excel Technique composite
- Stacem
- Socaero
- ASM/SABCA
- Segaplast Nief
- Composite industrie



## Final assembly

- Bombardier
- Daher
- Ratier Figeac
- Aircelle
- EADS Sogerma
- ASM/SABCA





# Testimonials & Success Stories



**Bruno IGOUNENC**  
General Director of EADS Maroc Aviation

« 100% of Airbus and ATR delivered worldwide fly with parts manufactured in Morocco ».



**Benoit MARTIN-LAPRADE**  
General Director of Aircelle Maroc

« Aircelle Morocco delivers over 200 BR710 inverters per year. A performance ranked by Rolls Royce as "class leading" »



**Thomas CORBEL**  
President of LE PISTON FRANÇAIS

« A part made in Morocco is 30% cheaper than in France ».

Sources: Presse, <http://www.bombardier.com>, <http://www.aeronautique.ma>  
Reportage TF1 (JT le 20H du 5 janvier 2014)

Invest in Morocco © 2014



**Frédéric ARCIET**  
General Director of Zodiac Aerospace Maroc

« The IMA is an effective and efficient system because the needs are predefined by industry and the training courses are adapted to our requirements and constraints. As far as our Machining and Electrical Systems activities are concerned, IMA succeeded in integrating Zodiac Aerospace Morocco culture in the training programs ».



**Thierry QUILLET**  
General Director of SOURIAU MAROC

« The site of Tangier played a key role in our company's survival ».



**Hugo BROUILLARD**  
General Director of BOMBARDIER AEROSPACE MAROC

« We are determined to contribute to the development of what promises to be a thriving aerospace cluster in Casablanca ».

# Labinal Morocco



Location: Aïn Atiq, Préfecture of Skhirat Temara

|                     |  |
|---------------------|--|
| Project             | Unit of production, assembly and marketing of <b>electrical wiring</b> for the aerospace industry, opened in 2006                        |
| Investment          | ~ €9 M   |
| Employees           | ~ 600 employees  |
| Area                | 70 000 m <sup>2</sup>  |
| Turnover (2012)     | ~ €34 M, 100% export-oriented  |
| Main clients        | Airbus, Eurocopter   |
| Training            | The company has its <b>own training center</b> providing theoretical and practical courses on business aircraft wiring                   |
| A350 Airbus Program | Labinal Morocco became an <b>industrialization unit</b> capable of providing <b>75% of the wiring of the entire fuselage of the A350</b> |



Source : <http://www.rabatinvest.ma>



# Aircelle Morocco



Location: Nouasseur, Casablanca

## Project

Unit assembly of **nacelle structures parts** and manufacturing **composite parts** for the aerospace industry, operating since 2006

## Investment

€18 M

## Employees

500 full time employees

## Area

20 000 m<sup>2</sup>

## Turnover (2012)

~ €100 M

## Programs

- Airbus A320: Doors inverters and IFS (Inner Fixed Structure) for the CFM56 engine nacelles
- Business Aircraft Bombardier Global Express, Global Express XRS, Global 5000 and Gulfstream V and 500/550: Inverters full thrust Rolls-Royce BR710 engines
- Aircelle Morocco also runs assembly lines for Snecma SaM 146 engines, cowlings Learjet and CF34 engines jets Embraer ERJ 170

## Certification

Aircelle Morocco was the first institution to receive Aircelle **MRP2 Class A certification** issued by the firm Oliver Wright, attesting its level of industrial excellence





# Snecma Morocco Engine Services (SMES)

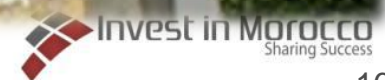


*Location: Mohammed V Airport, Nouasseur, Casablanca*

|                        |   |
|------------------------|---|
| <b>Project</b>         | Maintenance and repair Center of <b>CFM56-3, CFM56-7B and CFM56-5B</b> , and some equipment or power APUs   |
| <b>Shareholding</b>    | <b>Snecma (Safran group) (51%) and Royal Air Maroc (49%)</b>  |
| <b>Investment</b>      | <b>\$ 3,5 M</b>   |
| <b>Employees</b>       | <b>200 employees</b>  |
| <b>Area</b>            | <b>8000 m<sup>2</sup></b>   |
| <b>Turnover (2012)</b> | <b>~ €83 M</b>  |
| <b>Certifications</b>  | <b>DAC, EASA, FAA, ISO 9001-EN 9110, ISO 14001</b>  |
| <b>Clients</b>         | Wide range of <b>clients around the world: USA, Europe, CIS, Africa, Middle East and Asia</b><br>SMES has been chosen by more than <b>40 airlines</b> , and has already accomplished <b>more than 300 shop visits</b> |



Source : Presse, siteweb Snecma



# Matis Aerospace Morocco

Location: Nouasseur, Casablanca



|                  |   |
|------------------|---|
| Project          | Wiring harness production unit  |
| Shareholding     | Boeing (50%) and Labinal (50%)  |
| Investment       | \$ 50 M   |
| Employees (2011) | ~ 700 employees   |
| Area             | 11 150 m <sup>2</sup>   |
| Turnover (2011)  | ~ €45 M   |
| Main clients     | Airbus, Dassault, Snecma, Boeing, Turbo Meca  |
| Boeing Programs  | Boeing 737 Next Generation, 777, 757, 767, 747, 787 <sup>1</sup><br>MATIS provides more than 80,000 per year harness cables that feed the main electronic systems of Boeing 737 and 777 |



1. LesEcos (18 octobre 2011)  
Source : Presse, entretiens BCG  
Invest in Morocco © 2014



# Bombardier Aerospace North Africa : 1st plant in Africa

Location: Midparc, Casablanca



**BOMBARDIER**

**Bombardier**

**3<sup>rd</sup> largest aircraft manufacturer**  
**\$17,7 billion** (2011 Turnover)

**Project**

Unit production of **structural components** of the flight controls of **Learjet 70** and **75** business airplanes and **CRJ Series** commercial airplanes

**Investment**

**\$ 200 M** (3 phases)

**Projected jobs**

**850** direct  
**4 400** indirect

**Area**

**55 000 m<sup>2</sup>** (1st phase)

**Permanent installations**

Construction start: **september 2013**  
Production start: **mid-2014**

**Main reasons for location in Morocco**

- ✓ Lower transportation and shipping costs
- ✓ Proximity to Europe
- ✓ Competitive manufacturing costs
- ✓ Commitment of the Moroccan government to develop the aerospace industry



# Agenda

Morocco: a competitive aerospace platform

**Morocco's offer: 10 Reasons to Invest in Morocco**



# 1 Stable political environment

## A continuing drive for openness and democratisation

- **National Sovereignty**  
⇒ *By referendum or through constitutional institutions*
- **Freedom of opinion, expression, association and membership to any political party or union labor organization**  
⇒ *Guaranteed by the Constitution*
- **A bicameral parliamentary system**
- **Both chambers vote on all laws**
- **Constitutional Council**  
⇒ *Reviews the conformity of all laws with the Constitution*
- **The judicial branch remains independent from the legislative and executive branches**
- **33 political parties and over 85 000 associations and NGO's**

## In July 2011, a referendum established a new constitution, guaranteeing

- **The plurality of the Moroccan identity**
- **The legality of the state and its institutions**
- **The enlargement of the scope of individual as well collective freedoms**
- **The reinforcement of Human rights scheme**
- **The reinforcement of the status of the Prime Minister as the head of the government, directly responsible of the public administration**
- **The improvement of moral standards in public life**

Morocco, most stable country  
in North Africa in 2012

According to *The Association  
For International Affairs*

Morocco, most pacifist  
country in North Africa in 2013

According to *Global Peace Index 2013*

Morocco, most democratic  
country in Arab region in 2013

According to the Egyptian center  
*Ibn Khaldoun*



# Strong macroeconomic drivers

## Average Growth

(average 2001-2012)

**4.8%**

## Inflation

(average 2001-2012)

**1,7%**

## FDI evolution\*

(average 2011-2012)

**38%**

## Unemployment rate

(end of september 2013)

**9.1%**

**#1**  
in Africa

African Country of the  
future 2011-2012



S&P affirms Morocco's rating  
2012

Fitch Ratings maintains  
Investment Grade  
2012-2013

International Monetary Fund  
February 2012

*"... Robust growth, low inflation and  
poverty reduction ... "*

\* Net inflows of FDI

Sources: Haut Commissariat au Plan, Office des Changes; Bank Al Maghrib; World Bank

# A business environment favourable to investment

## Investor Protection

- **51** Double Tax Avoidance Agreements
- **62** Investment Protection Agreements
- Member of **OECD Investment Committee**
- Member of **International Centre for Settlement of Investment Disputes (ICSID)**
- Member of **MIGA** (Multilateral Investment Guarantee Agency)

## Legal Reforms

- The creation of the **Business Environment National Committee (CNEA)** to facilitate procedures and access to information, and to carry out legal reforms
- The modernisation of business law
- The strengthening of intellectual property protection
- A new law on arbitration and mediation
- New banking regulations
- Administrative simplification

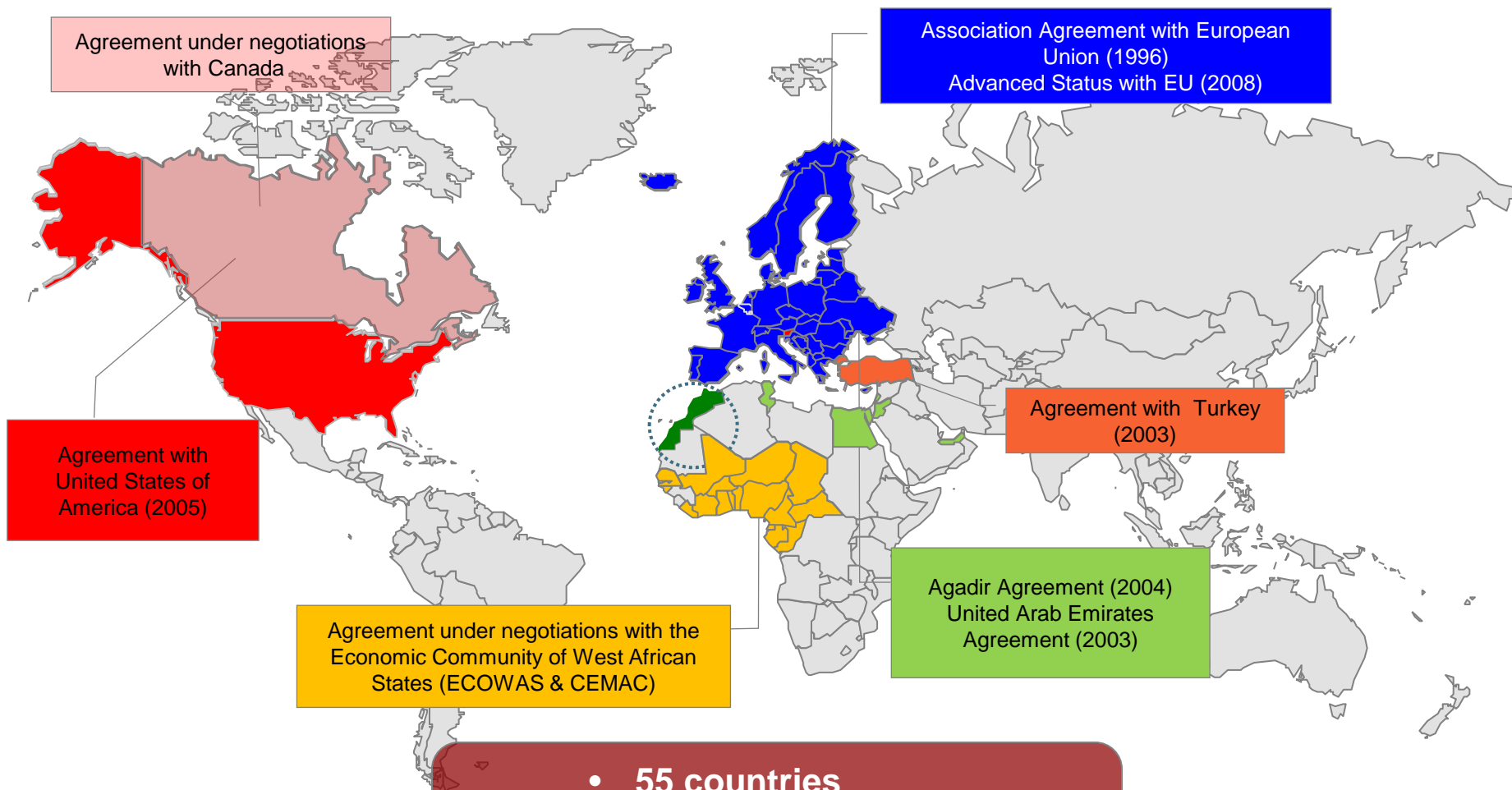
## International Instruments

- Morocco adhered to the OECD Declaration on Propriety, Integrity and Transparency in the Conduct of International Business and Finance and to the OECD Declaration on Green Growth



Morocco gained **8** positions in global ranking of "Doing Business 2014"  
 Morocco is "*the most improved*" country in business regulations in 2011  
**(+21 positions)**

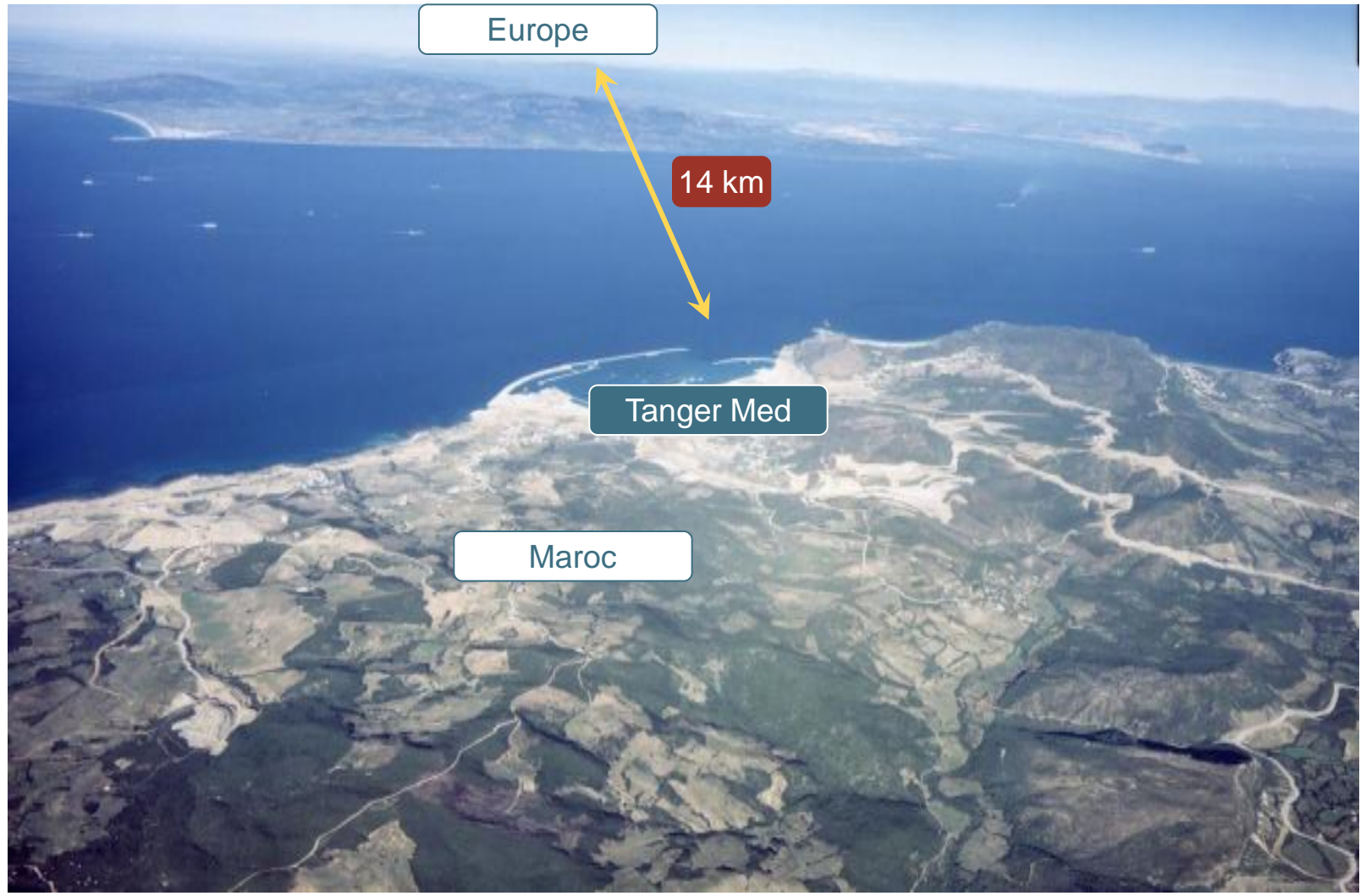
# Diversified Free Trade Agreements



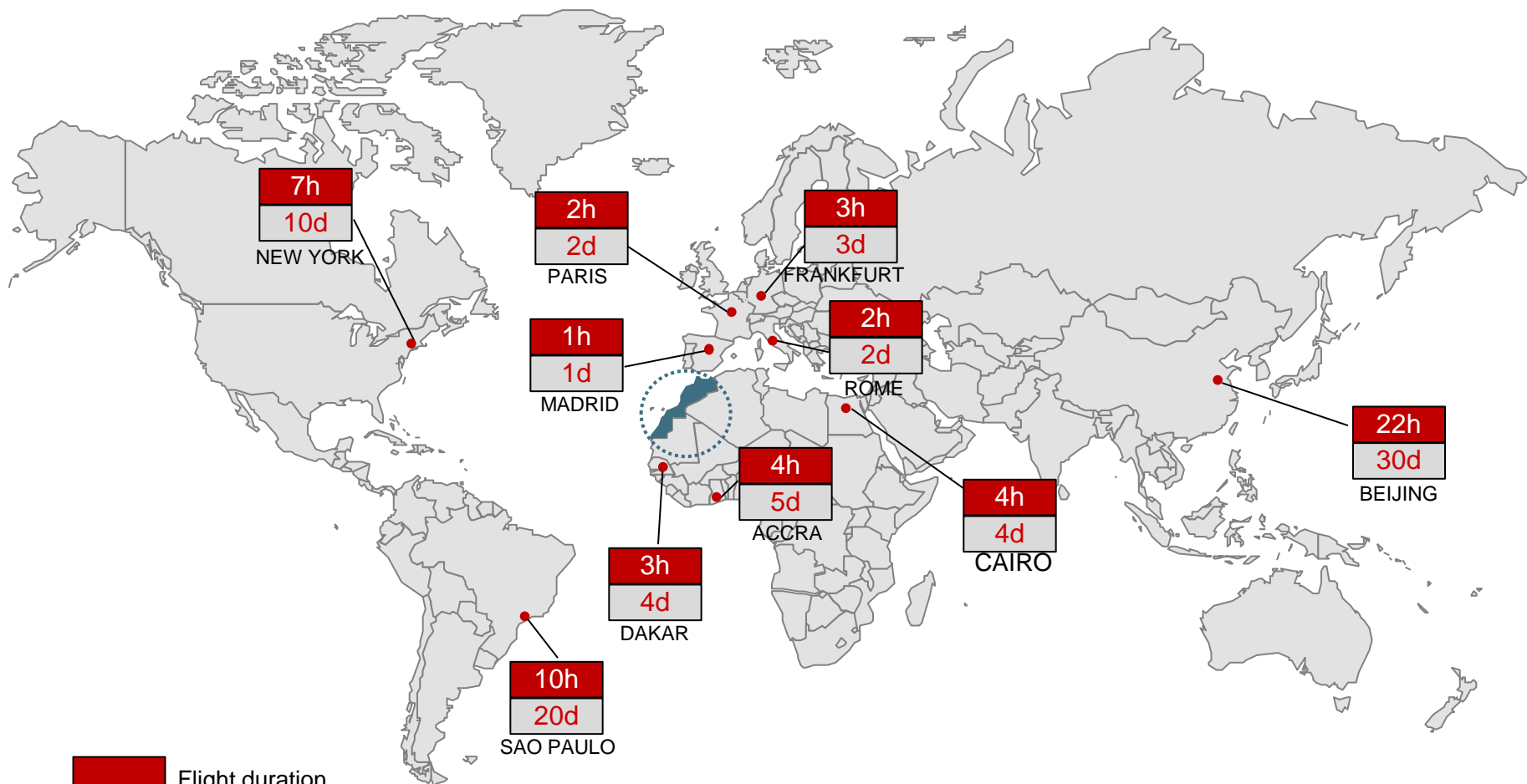
- 55 countries
- 60% of GDP
- 1 billion consumers



# Geostrategic position



# At the crossroads of the continents

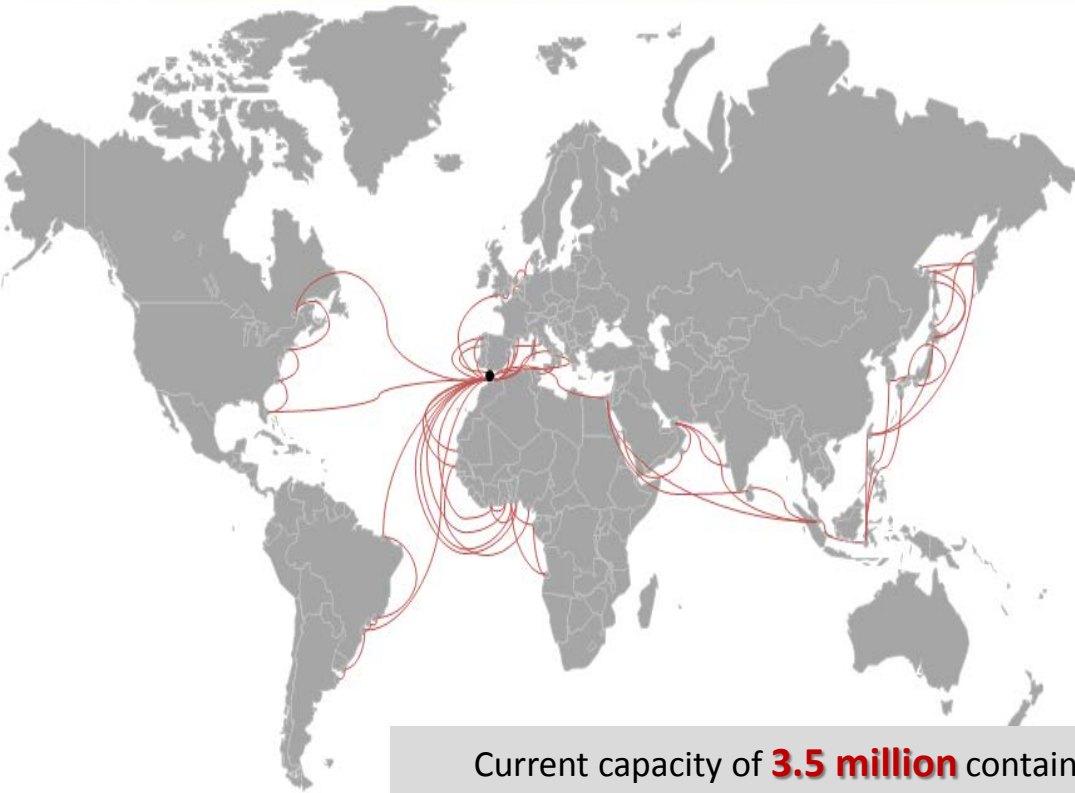


 Flight duration  
 Sea/land route

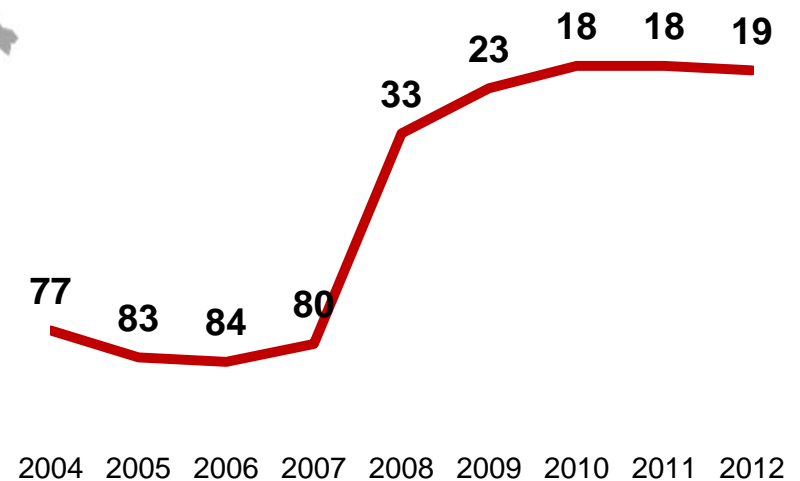
**Geographical proximity to Europe:  
logistical gains**

# Logistics Hub of international stature

Connections to 120 ports in 56 countries, with 40 services



Index of maritime connectivity in Morocco



Current capacity of **3.5 million** containers (**8.5 millions** in 2015)

**2** container terminals

**2.5 million TEUs** \* in 2013

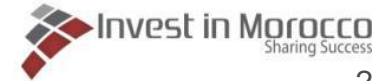
Ambition: To be included in the **World Top 15**

**MOL** Mitsui O.S.K. Lines

**Hapag-Lloyd**

**HAMBURG SÜD**

**MAERSK LINE**



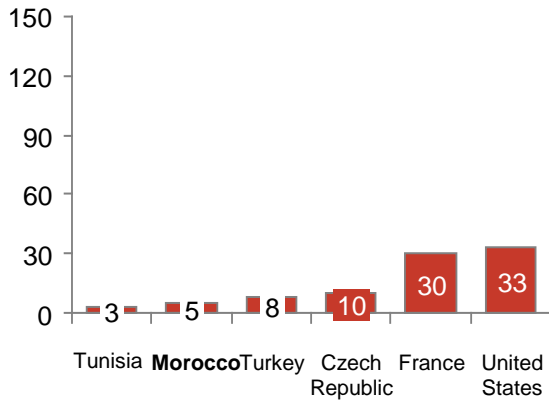
**DELMAS**



# Competitive labor costs

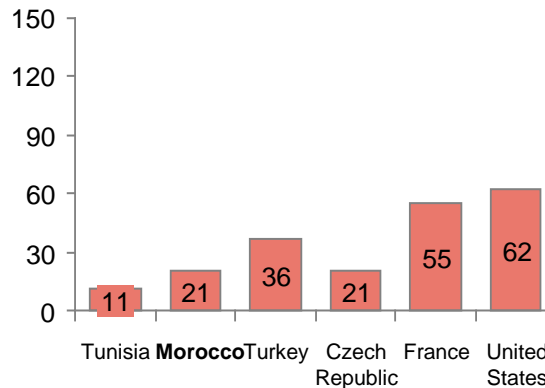
## Entry-level workers

Average wage per employee (in 000' \$)



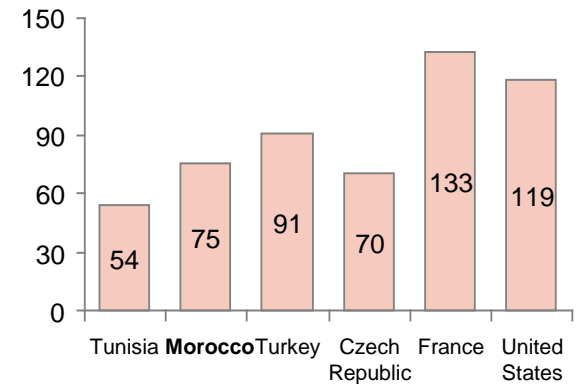
## Technicians and engineers

Average wage per employee (in 000' \$)

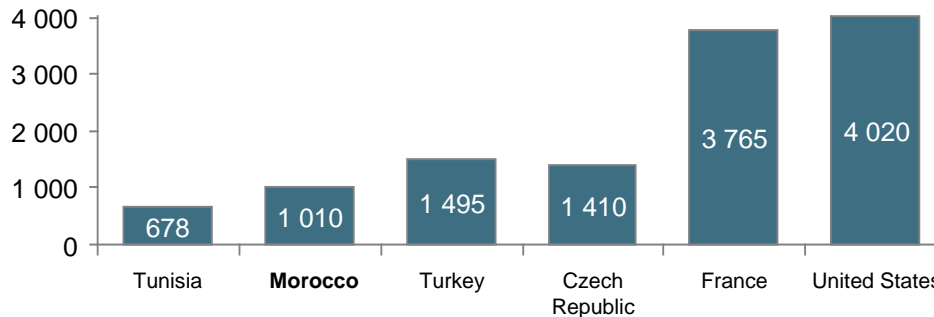


## Internationally-educated top engineers

Average wage per employee (in 000' \$)



## Labor costs for a plant of 100 employees (in 000' \$)



### 100 employees:

- 85 workers
- 10 technicians and engineers
- 5 internationally-educated top engineers<sup>1</sup>

1. Average HR distribution in an aerospace plant in Morocco  
 Note: 1 MAD = 0.1176 \$, 1 CZK = 0.0529 \$, 1 € = 1.3079 \$, 1 TND = 0.6534 \$  
 Source: Mercer – Labor costs benchmark- 2011, BCG interviews 2011  
 Invest in Morocco © 2014

# A Highly qualified Workforce



## A young and educated population

- 64% of Moroccans are aged under 34 years
- 6 million young people (between 18 and 35 years old)
- An active population of 12 million
- 175 000 university students
- Training of 15 000 engineering graduates per year for 2015 and 25 000 for 2020
- Over 100 public universities and schools
- Over 200 private universities

## A youth open to the world

- 16 million internet users
- 4,4 million Facebook users (+38k Twitters, 1st in arab countries)
- 20 millions of french speakers
- 6 millions of spanish speakers
- Steady growth of English (Morocco ranked 45th worldwide and 2nd in North Africa, in terms of mastering English\*)
- Strong cultural and linguistic affinity with Europe



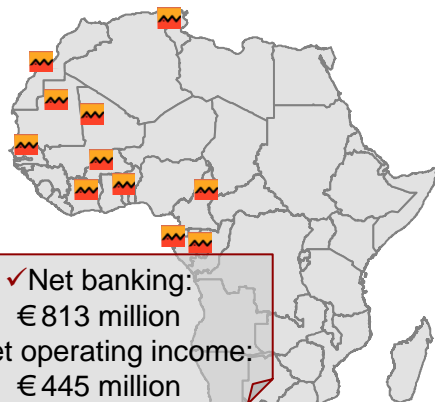
# A solid and competent banking system

## Key Elements

- ✓ The highest penetration of banking services in Africa after South Africa.
  - Bank assets reached 73% of GDP, as opposed to 69% in Egypt and 33% in Algeria.
- ✓ 3 national banks in African Top-15 in 2013
  - Attijariwafa Bank: #7
  - Groupe Banque Populaire: #8
  - BMCE Bank: #11
- ✓ A strong presence in African countries to support Moroccan businesses.



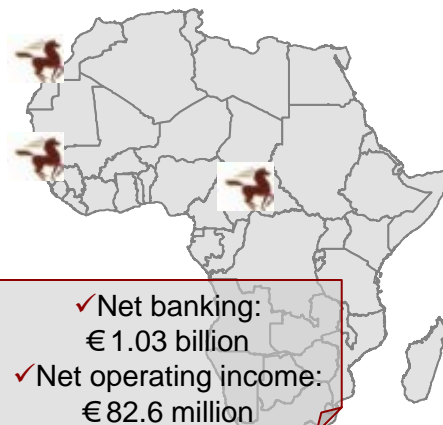
### Attijariwafa Bank



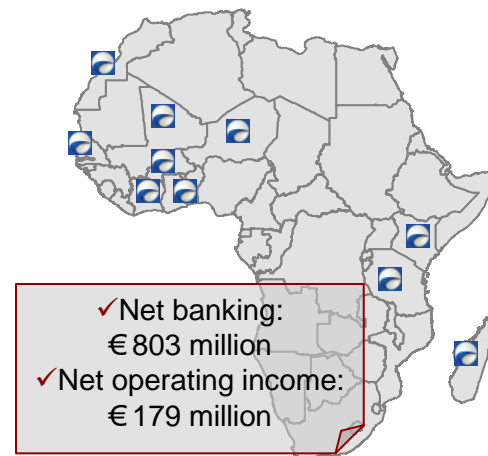
**2013: North  
African bank of  
the year**



### Groupe Banque Populaire



### BMCE Bank (& Bank of Africa)





# Morocco: quality of life combining tradition and modernity

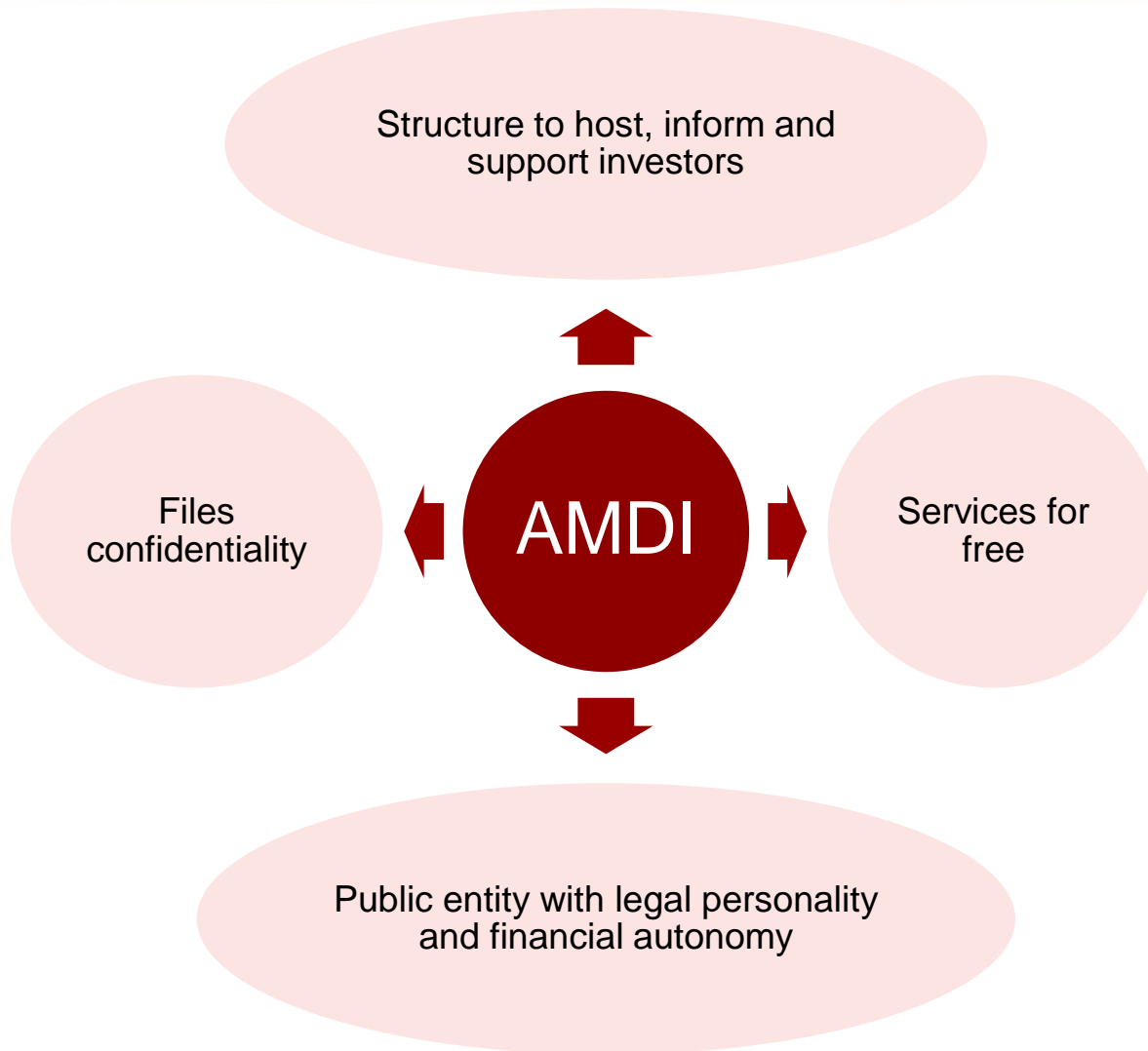


*Rabat city*



*Casablanca city*

# Who we are



# What we do



Helps you settle  
and thrive

*Facilitates the  
integration of your  
business into the local  
economy.*

Helps you carry out  
your project

*Assists you in  
accelerating  
procedures and  
guides you in the  
contacts with  
government services.*

With you  
along the way

*Ensure the satisfaction  
of investors thanks to  
its after care service*



# Where to find us

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Thank you for your attention