

ACTIVITY REPORT

PRIVATE EQUITY IN MOROCCO

2020

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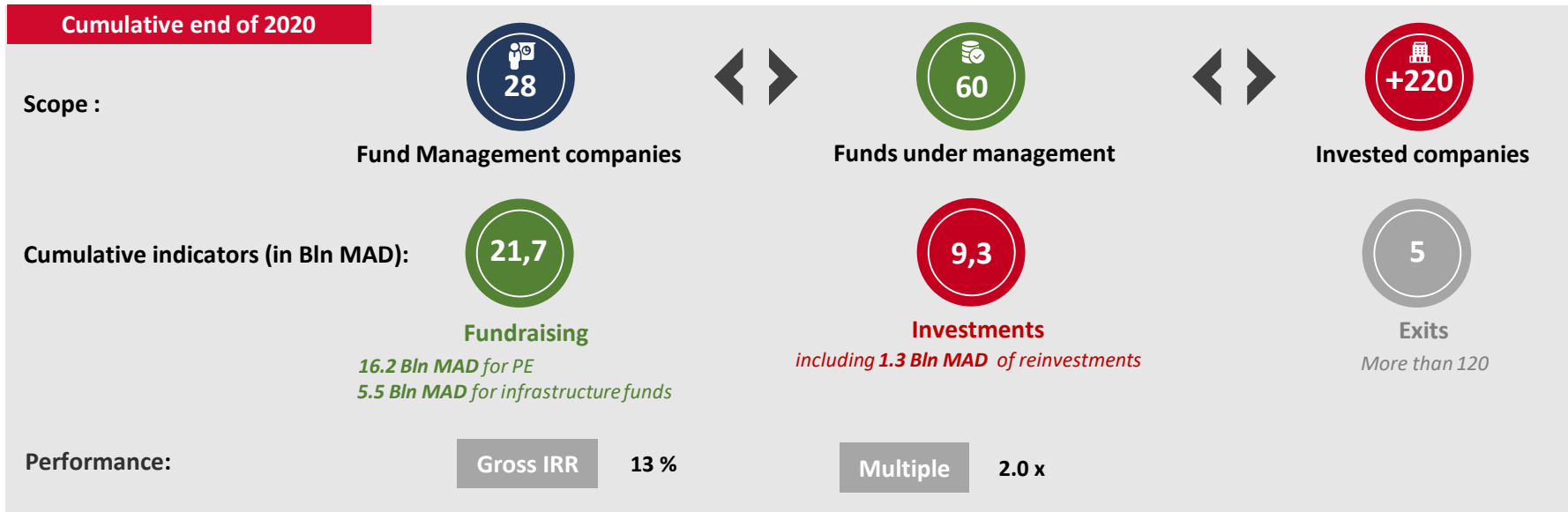
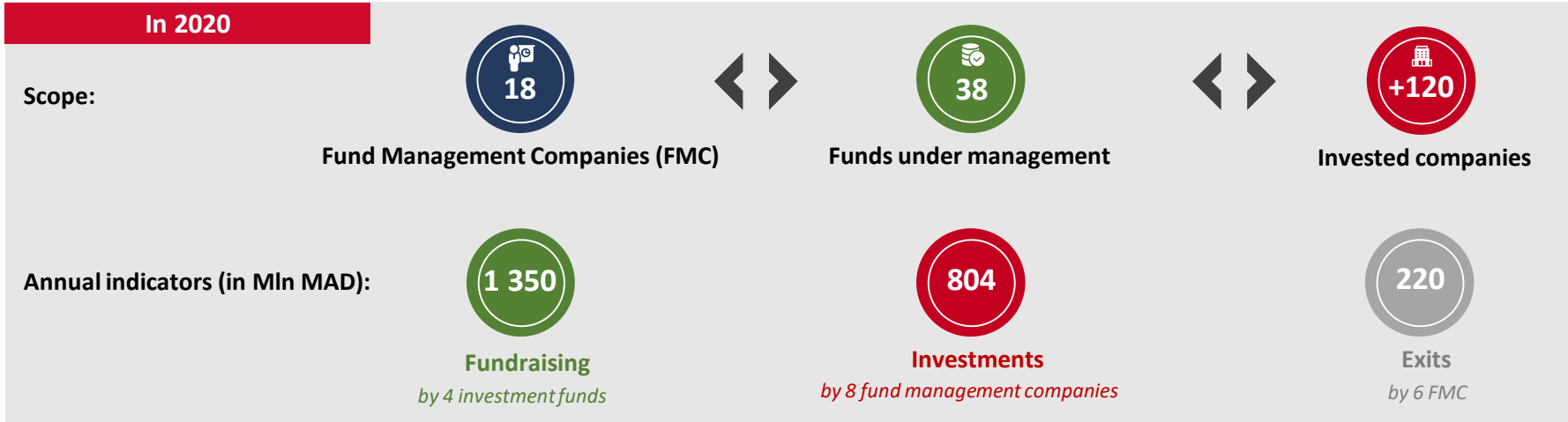
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Executive Summary

01

01

Executive Summary



➤ In 2020, the raisings reached 1,350 MIn MAD in an economic context disrupted by the pandemic

➤ Capital raising was executed by 4 funds for which 3 were dedicated exclusively to Morocco and 1 to transregional investment

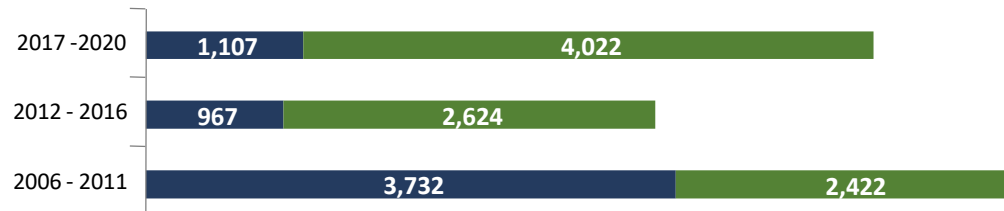
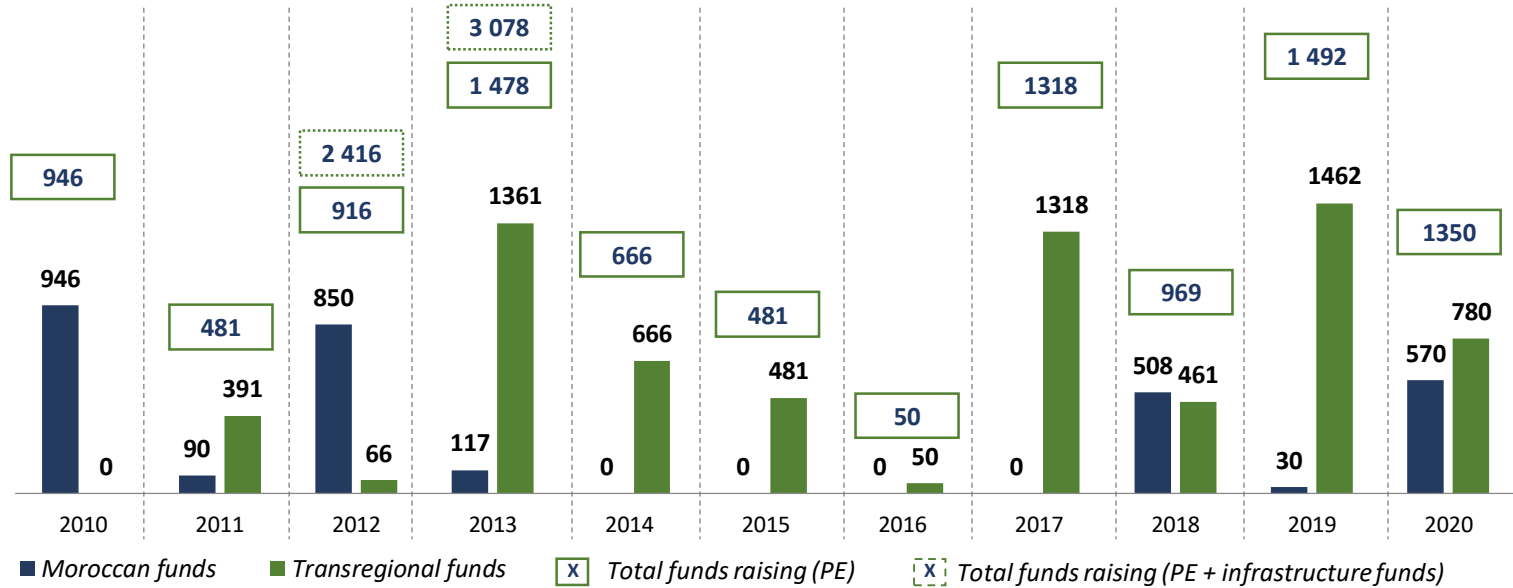
➤ Integration of 4 new funds in the scope of the study

Funds raising

02

Funds raising

By type of funds (MIn MAD)

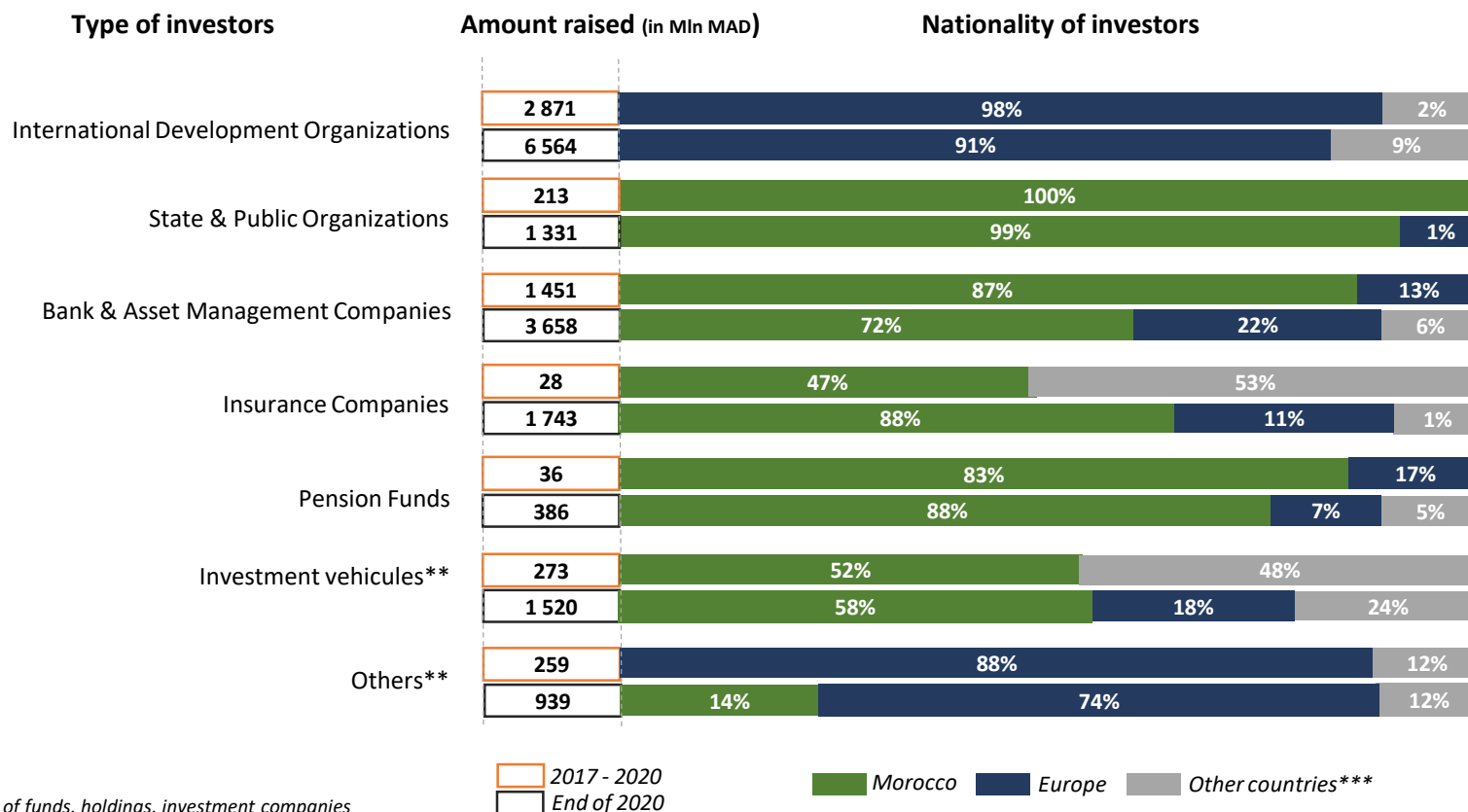


- A global amount of **5,130 MIn MAD** was raised over the period **2017 - 2020**
- Fund Raising executed by **4 funds** in 2020 and **13 funds** between 2017 and 2020
- **Transregional funds** represented **73% of fund raising for Morocco** since 2012

02

Funds raising

By type and nationality of investors



*Funds of funds, holdings, investment companies

**Individuals, private companies

***Canada, Kuwait, Malaysia, Saudi Arabia, Tunisia, Turkey, UAE, USA and others

68% of fund raising for the 4th generation of funds (2017-2020) raised from foreign capital sources, of which 56% from international development organizations

➤ **804 Mln MAD invested in 20 companies**

➤ **140 Mln MAD invested in start-ups (Seed and Venture Capital), more particularly in new technologies sector**

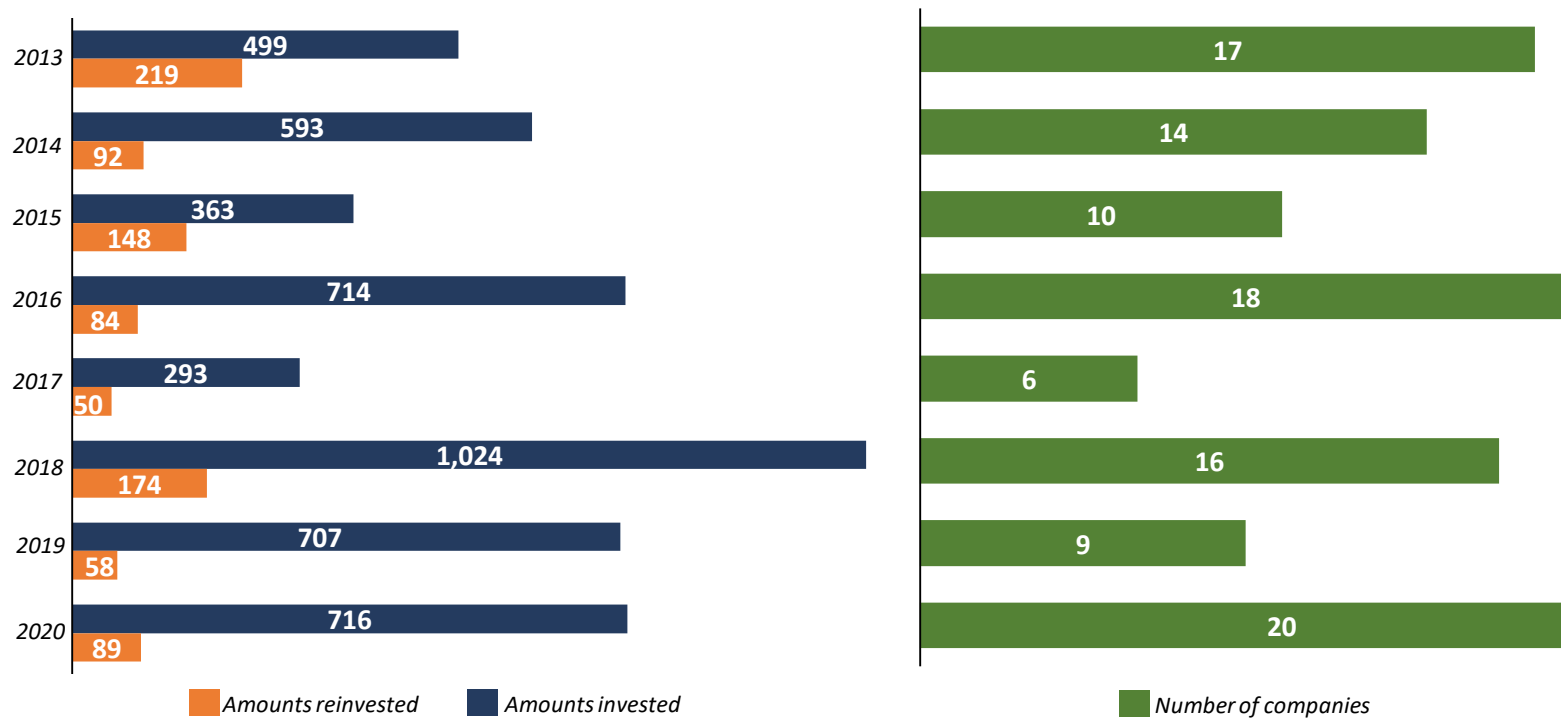
➤ **Sustained investment pace, higher than 2019, despite the pandemic**

Investments

03

Investments

Amounts invested and reinvested (MIn MAD)

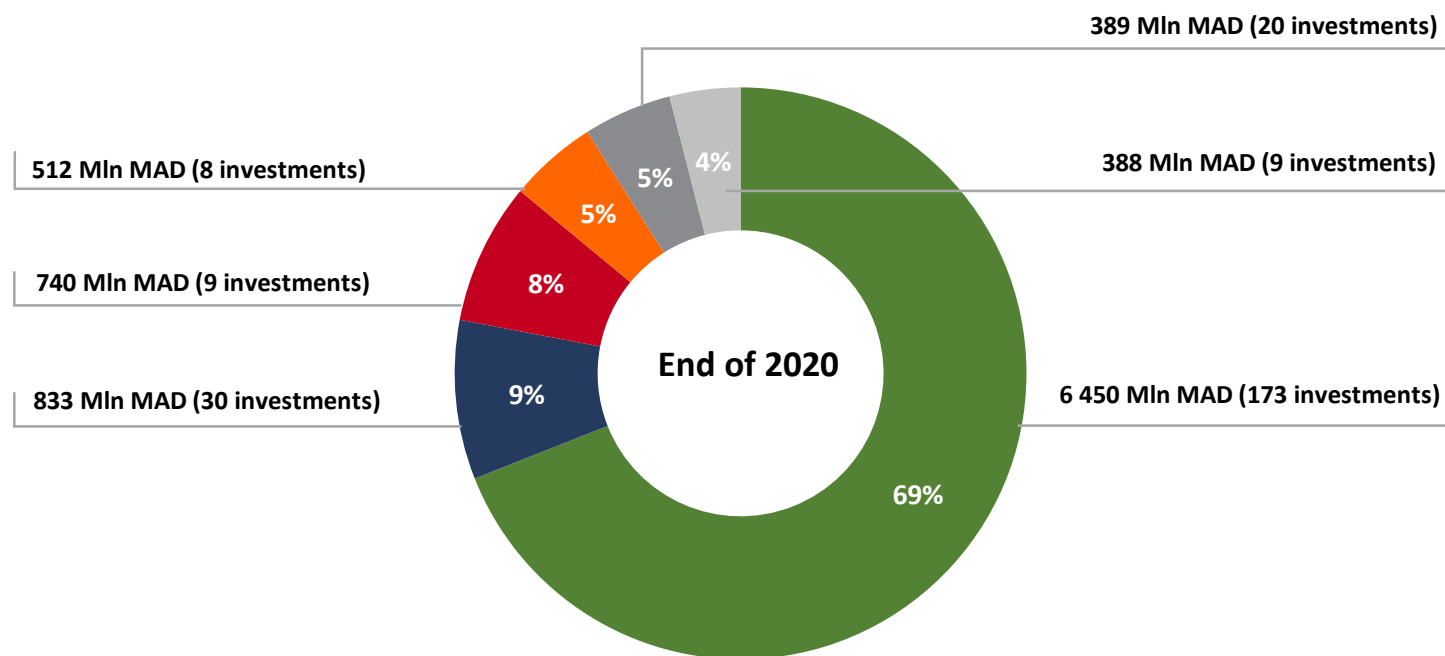


The investments, executed by 8 fund management companies, amount to **804 MIn MAD** in 2020
18 new companies invested and **2 reinvestments**

03

Investments

Invested companies by geographical distribution



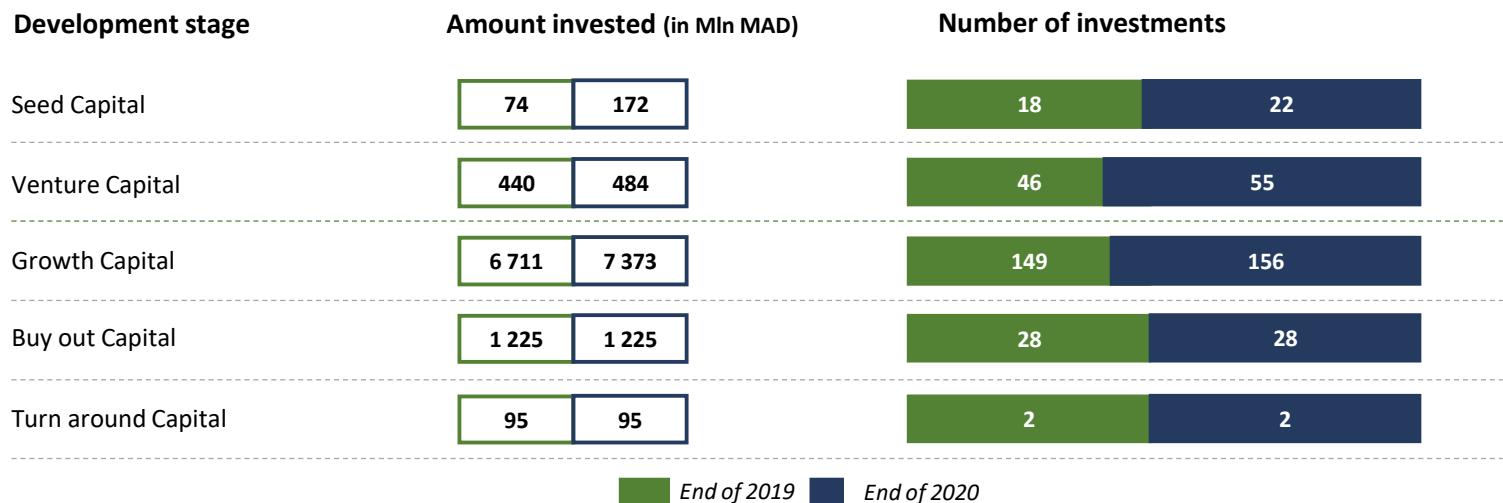
Casablanca - Settat Rabat - Salé - Kénitra Fez - Meknes Tangier - Tétouan - Al Hoceima Other regions* Marrakech - Safi

*Béni Mellal - Khénifra, Dakhla-Oued Ed Dahab, Drâa -Tafilalet, Guelmim - Oued Noun, Laâyoune - Sakia El Hamra, The Oriental, Souss - Massa

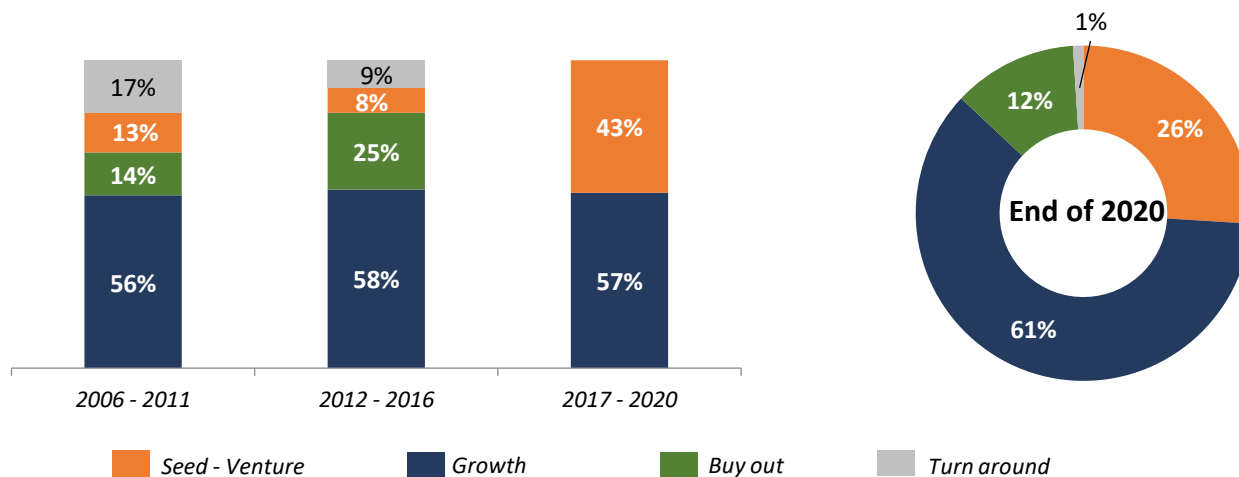
03

Investments

Invested companies by development stage



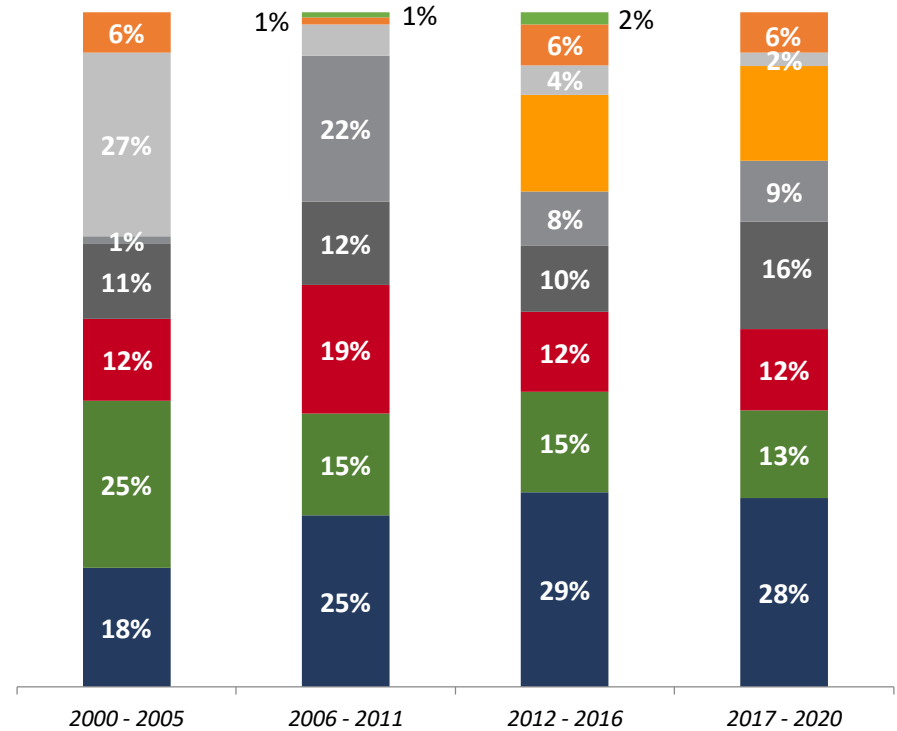
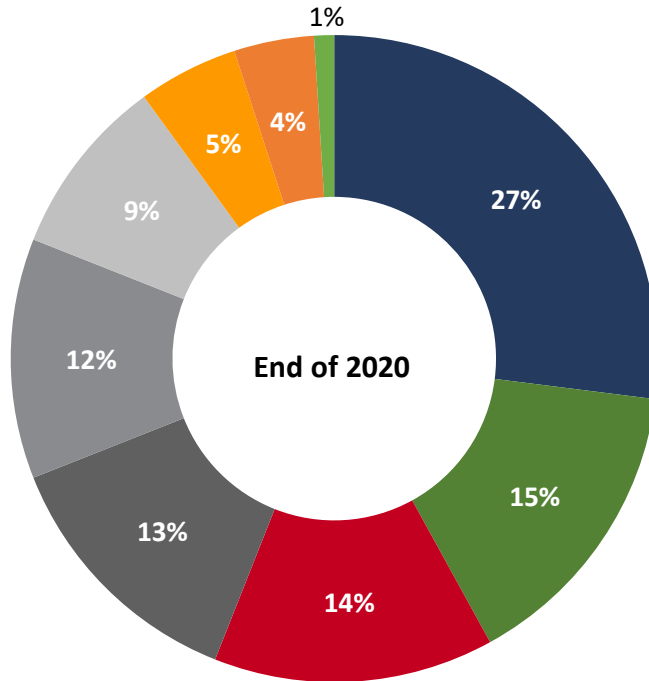
In number



03

Investments

Invested companies by sectors



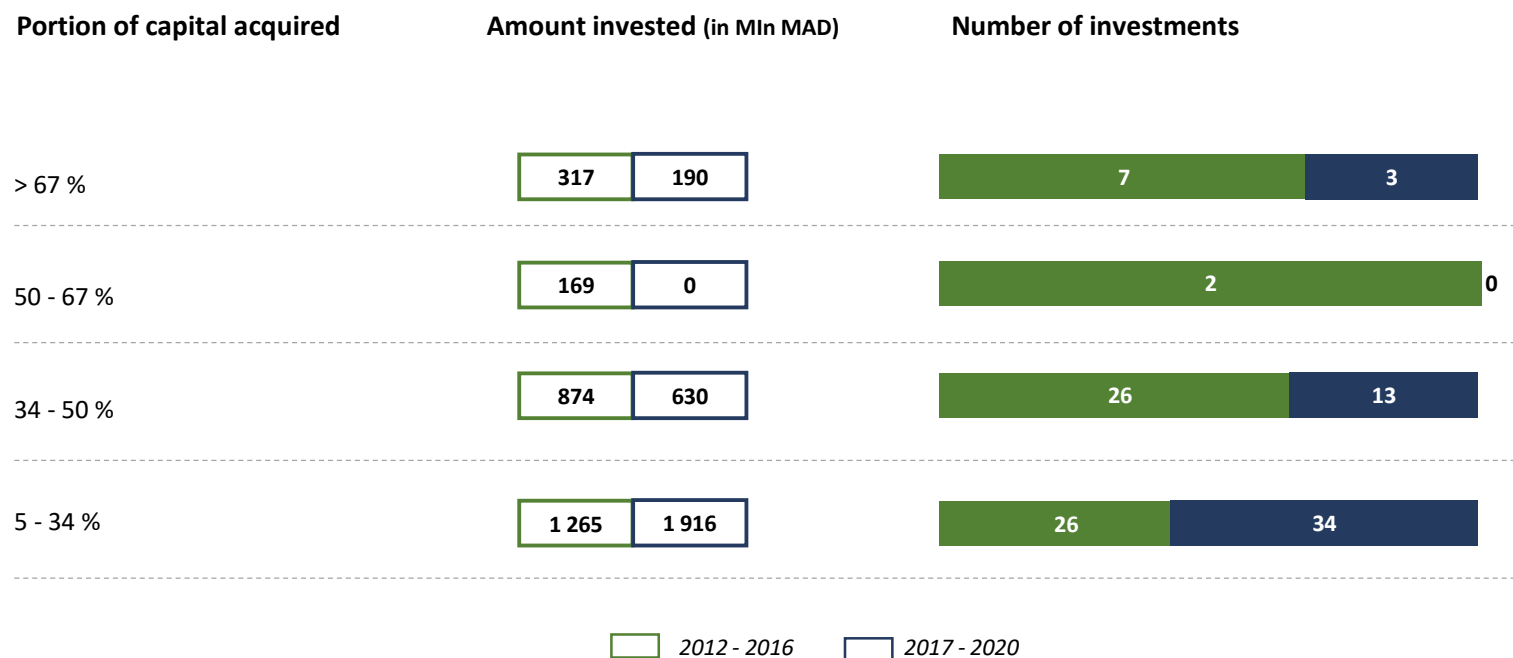
- Primary
- Health
- Trade & Distribution
- Automotive industry
- Construction & Public Works
- Other industries*
- ICT
- Agribusiness
- Services & transportation

*Aerospace, Education, Chemical industry, Packaging and others

03

Investments

Invested companies by percent of capital acquired

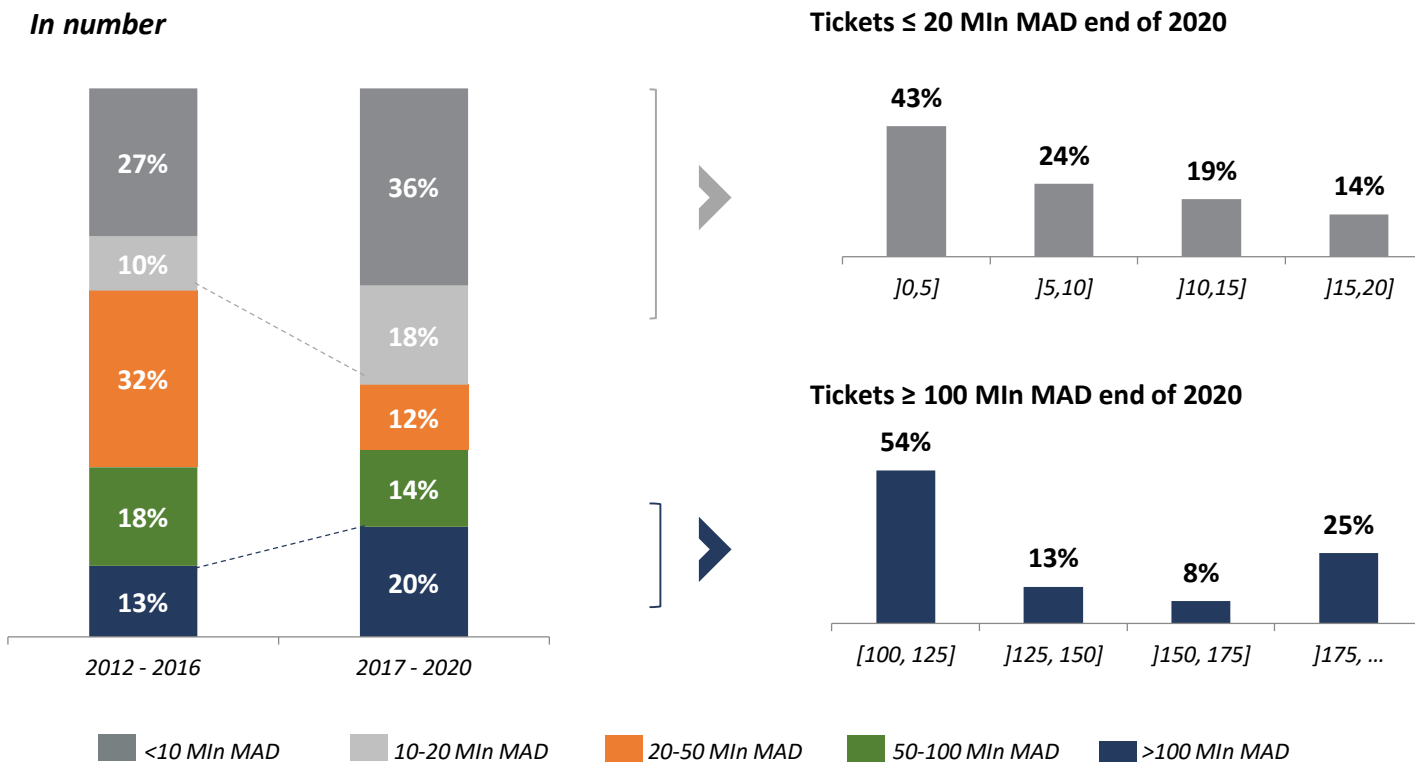


Decline of majority share transactions in favor of minority positions

03

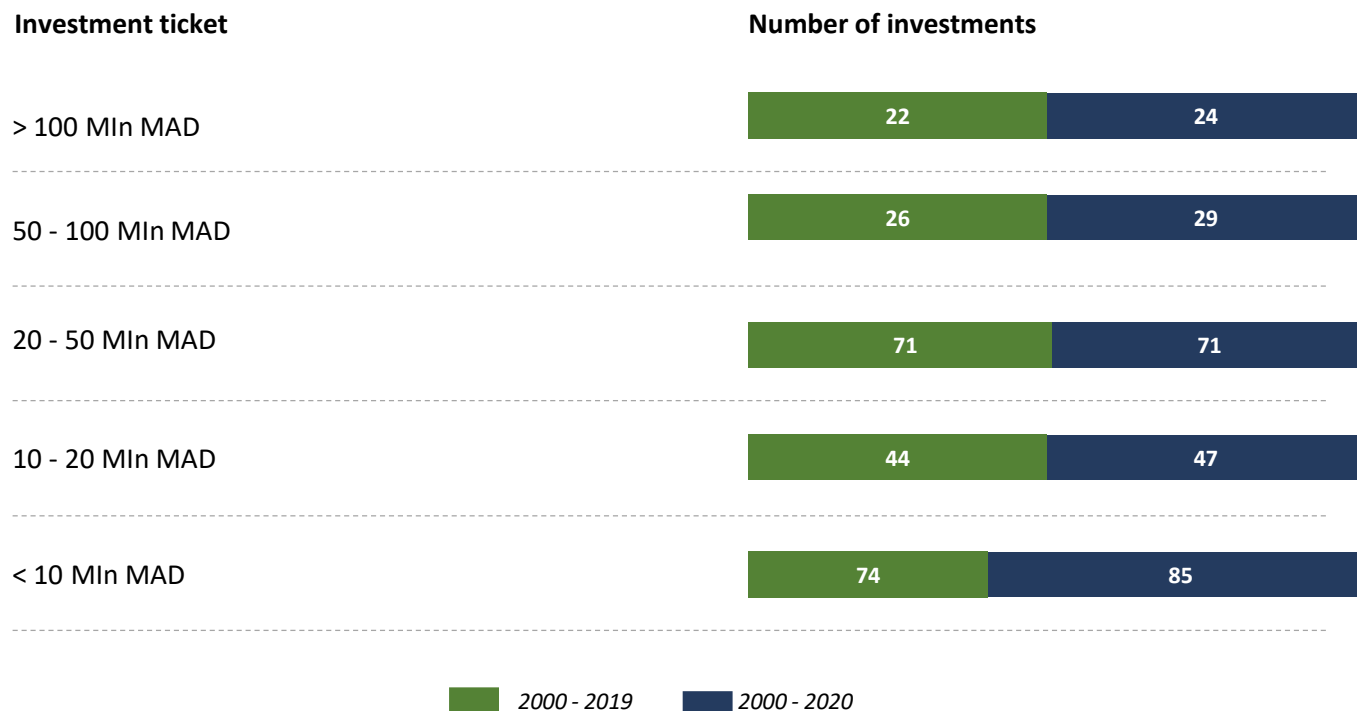
Investments

Invested companies by transaction size



Increase in the number of **transactions of more than 100 MIn MAD** between the 3rd and 4th generation (from 13% to 20%) as well as **transactions less than or equal to 20 MIn MAD** (from 37% to 54%)

Average investment tickets



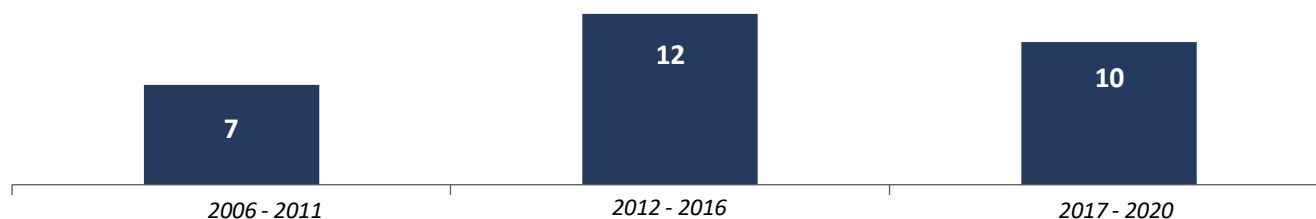
Significant **increase** in the number of **transactions less than 10 MIn MAD** in 2020 - 11 new investments - mainly targeting start-up companies

Average investment tickets (2)

Average ticket (2017 - 2020) =

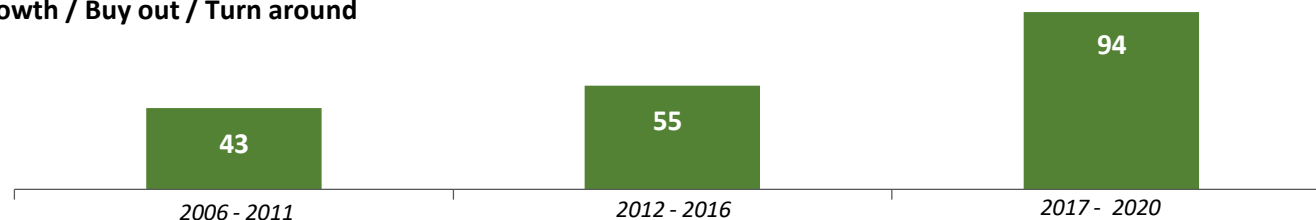
58
Mln
MAD

Seed / Venture



Investment tickets for **companies in the Seed/Venture phase** have decreased between the last two generations, due to an increase in the number of transactions in start-ups or small structures

Growth / Buy out / Turn around



The size of the funds has enabled **the average investment tickets to be doubled in two generations** for companies in the growth, buy out and turn around phases.

➤ **10 exits for a global amount of 220 MIn MAD**

➤ **At the end of 2020, 132 exits for a total amount of 5 BIn MAD**

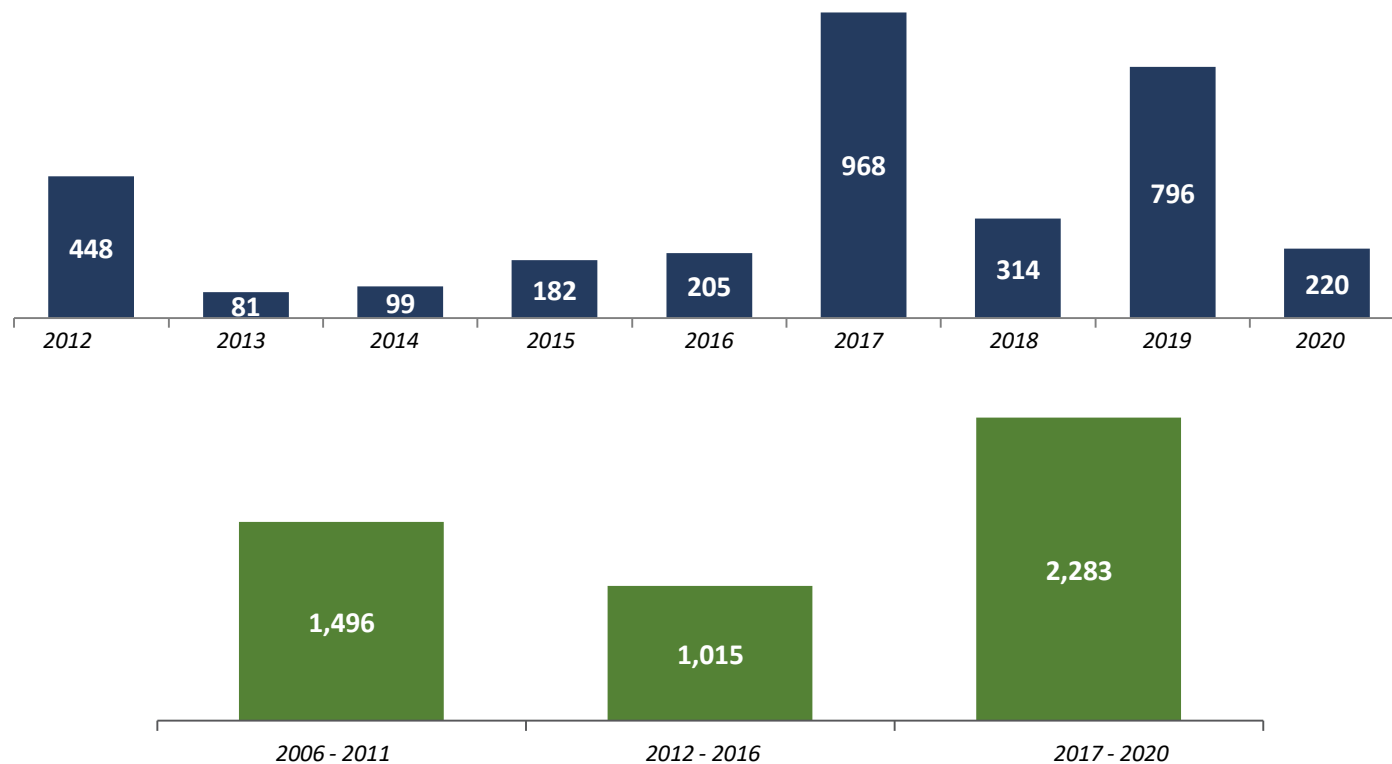
➤ **Main exits on the secondary market, industrial trade sales and investee company management buybacks**

Exits

04

Exits

Evolution of exits (MIn MAD)

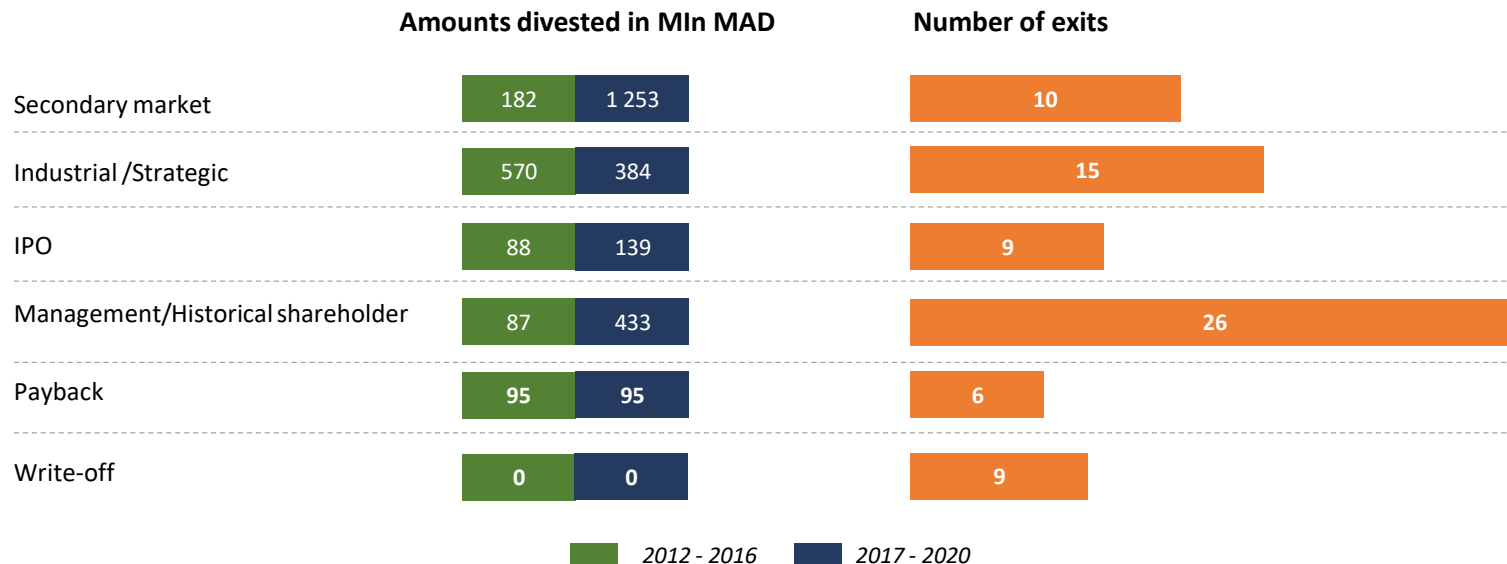


10 divestments (9 total exits and 1 partial) executed by 6 fund management companies for a global amount of **220 MIn MAD**

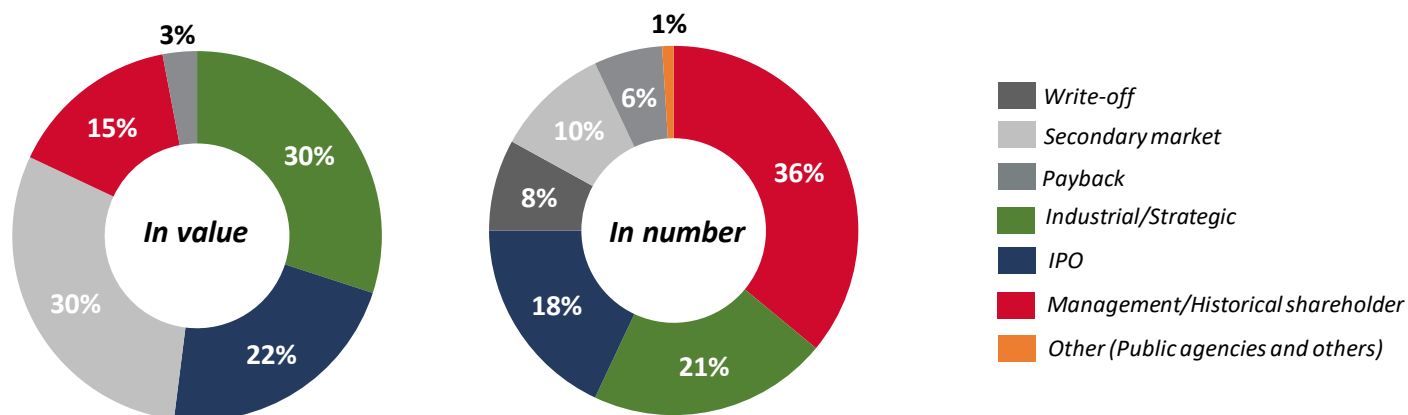
04

Exits

Exit mode (between 2012 and 2020)



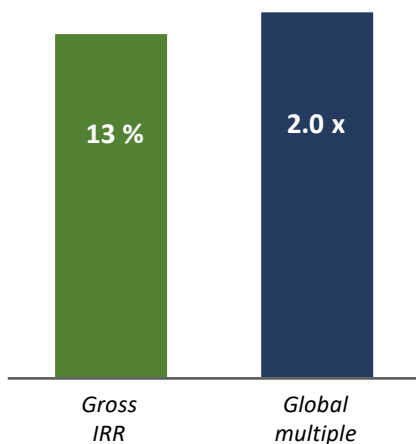
End of 2020



Performance

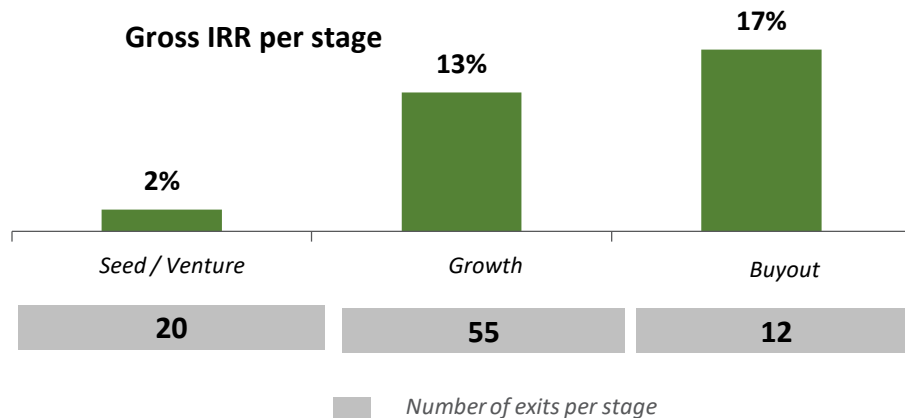
Divestment performance (on the basis of 87 exits)

Gross IRR* and Multiple – 2000 to 2020

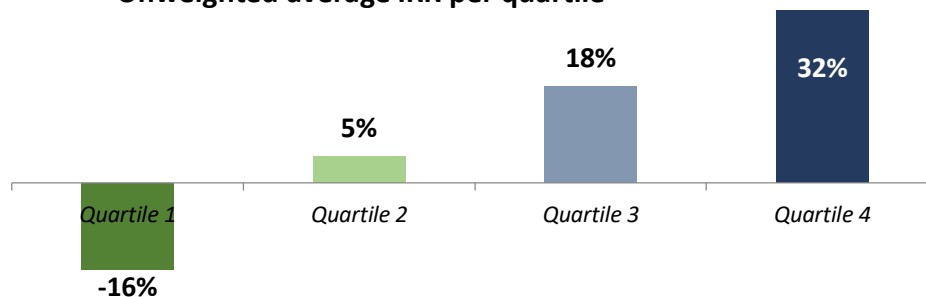


* Average Gross IRR on exits (Cf. Methodology)

Gross IRR per stage



Unweighted average IRR per quartile



Average Gross IRR end of 2020: 13 %

Average Multiple (unweighted): 2.0 (Seed-Venture : 1.2 / Growth : 2.3 / Buyout : 1.8)

Average investment period: 6.3 years

- **1. Key figures 2020**

- **2. Management teams characteristics**

- **3. Funds characteristics**

- **4. Forecasts 2021/2022**

- **5. Scope**

- **6. Methodology**

Annexes

06

Annex 1

Key figures 2020

Funds raised	Near 21 BIn MAD raised for private equity and infrastructure	76 % of funds raised since 2012 issued from transregional funds	Amount still available for investment (infrastructure excluded) = 3.2 BIn MAD						
Investments	9.3 BIn MAD invested in more than 220 companies by end of 2020	804 MIn MAD invested in 2020 in 20 companies	Investment forecasts for the coming years <table border="1"> <thead> <tr> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>1,350 MIn MAD</td> <td>905 MIn MAD</td> <td>630 MIn MAD</td> </tr> </tbody> </table>	2021	2022	2023	1,350 MIn MAD	905 MIn MAD	630 MIn MAD
2021	2022	2023							
1,350 MIn MAD	905 MIn MAD	630 MIn MAD							
Exits	Exited amount in 2020 = 220 MIn MAD	5 BIn MAD exited in total end of 2020							
Performance	Weighted average Gross IRR = 13 %	Average investment period = 6.3 years	Average Multiple = 2.0 x						

Management teams characteristics

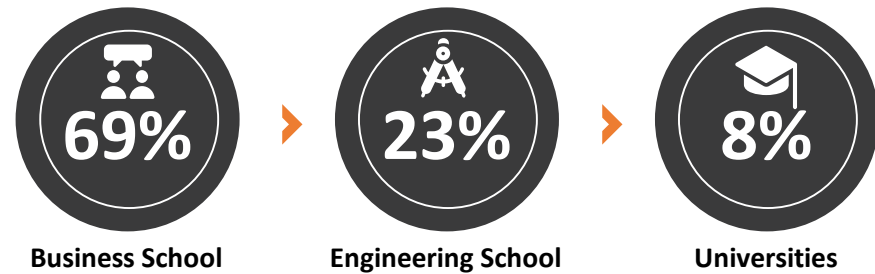
Team



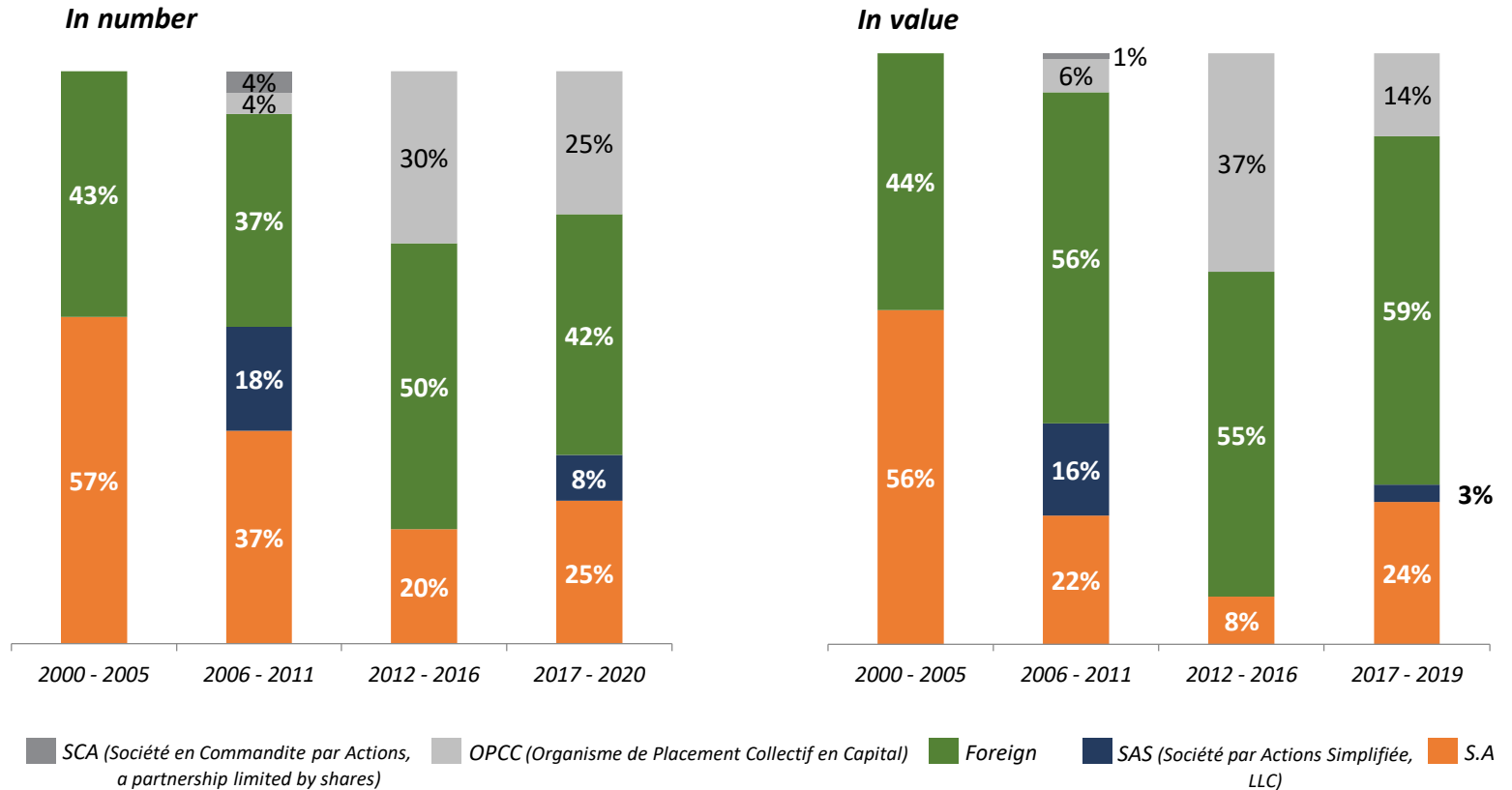
Experience and Education (Profession team)

13 years of experience per collaborator

15 investment operations per collaborator

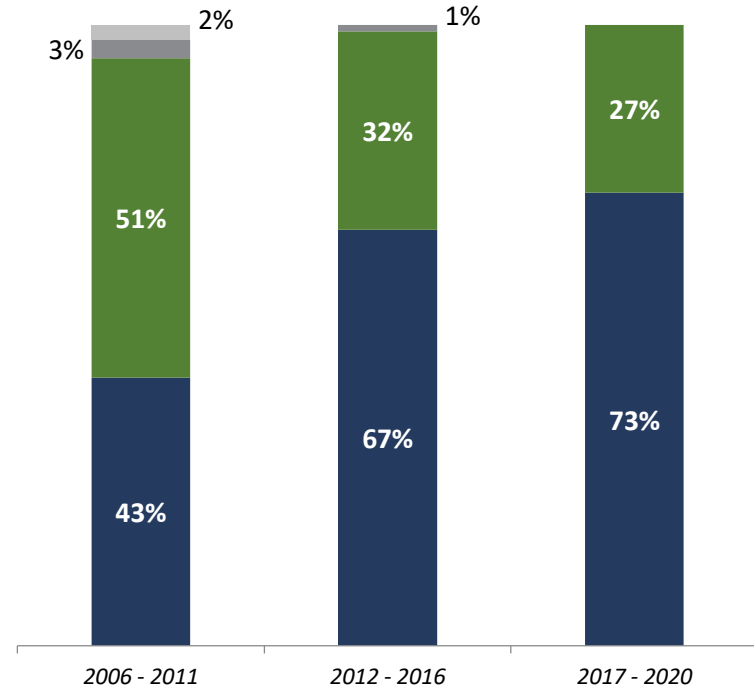
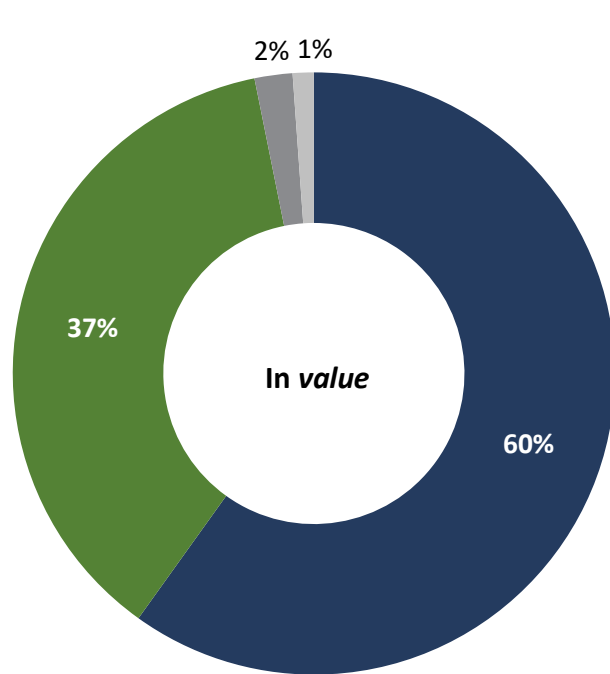


Funds characteristics: legal forms



Transregional funds opt primarily for **foreign legal forms** while **local funds** favor Moroccan vehicles (**OPCC and standard Corporation [SA] in Common Law**)

Funds characteristics: nature

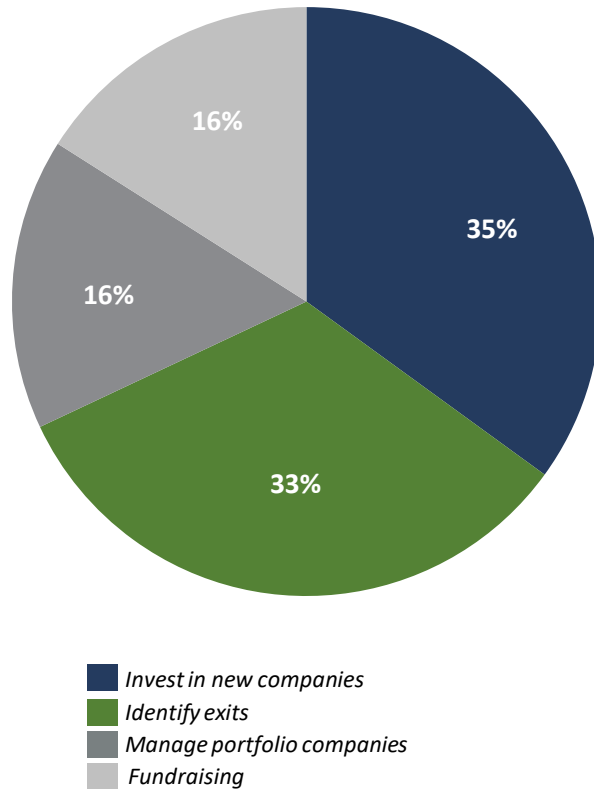


Investment companies
 Other captives
 Financial institutions captives
 Independents

Independent funds have made significant progress since the 2nd generation (2006 - 2011).

Forecasts 2021/2022

Principal challenges for 2021



Estimated fundraising in 2021

2 900 MIn MAD

Estimated number of investments in 2021

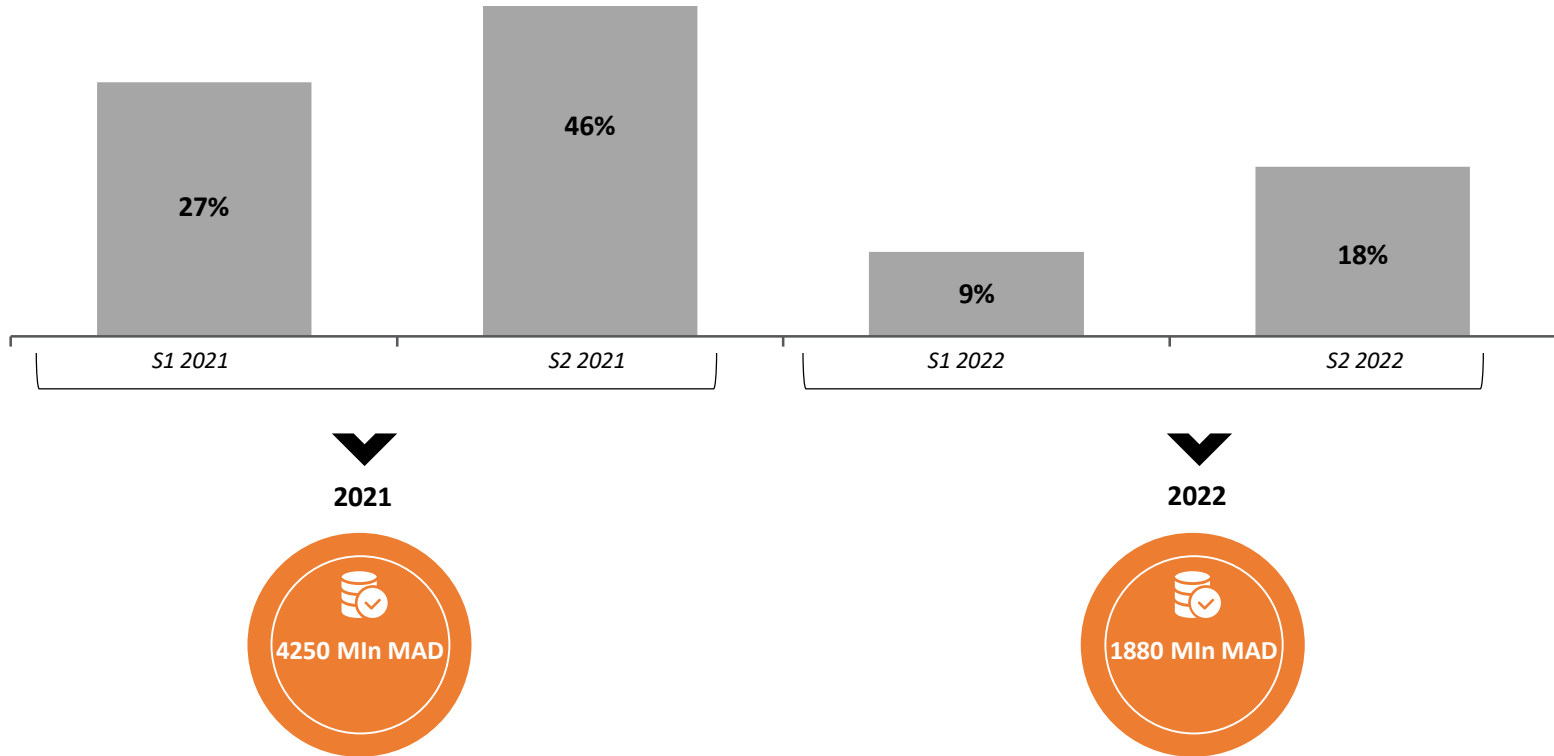
17

Estimated number of exits in 2021

13

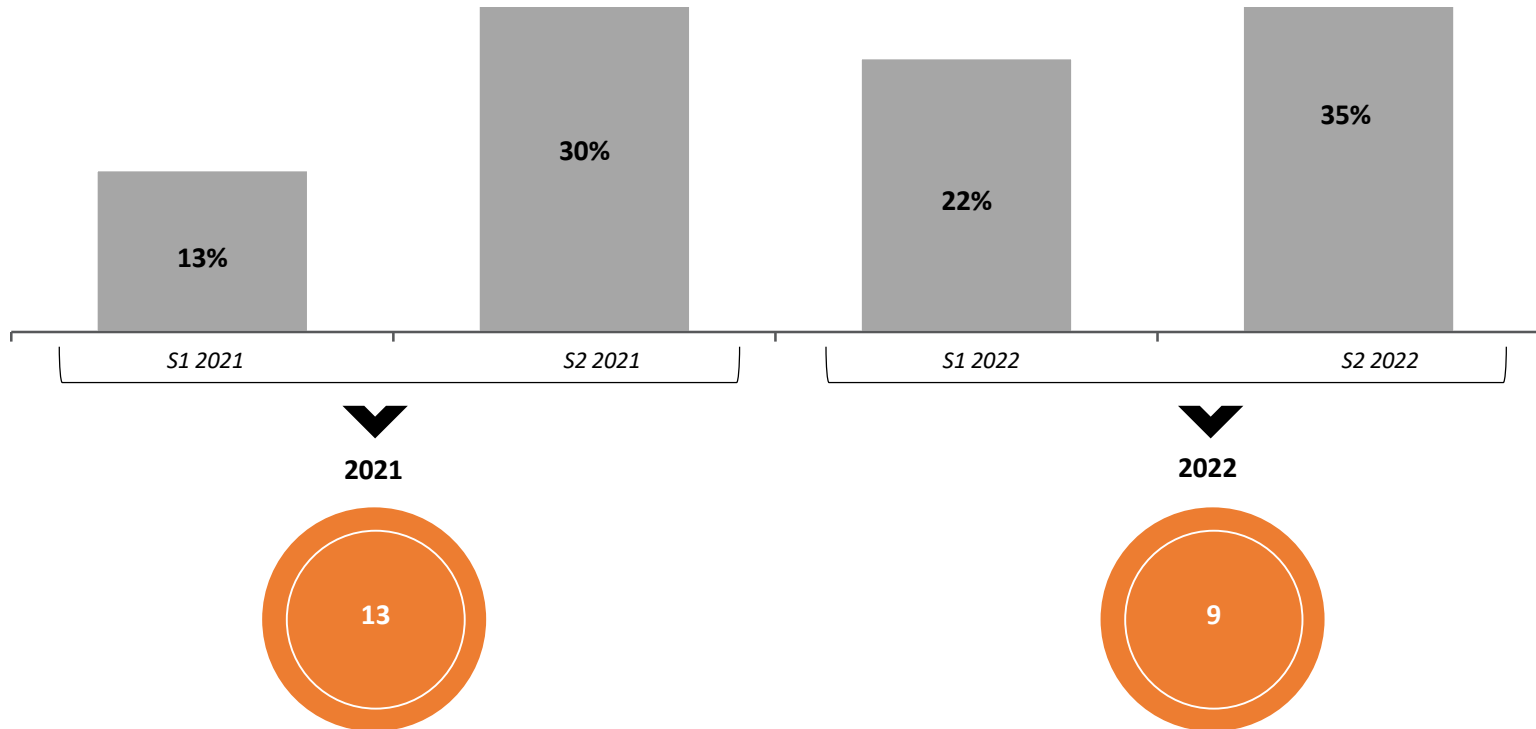
Forecasts 2021/2022

Planned fundraising for new funds



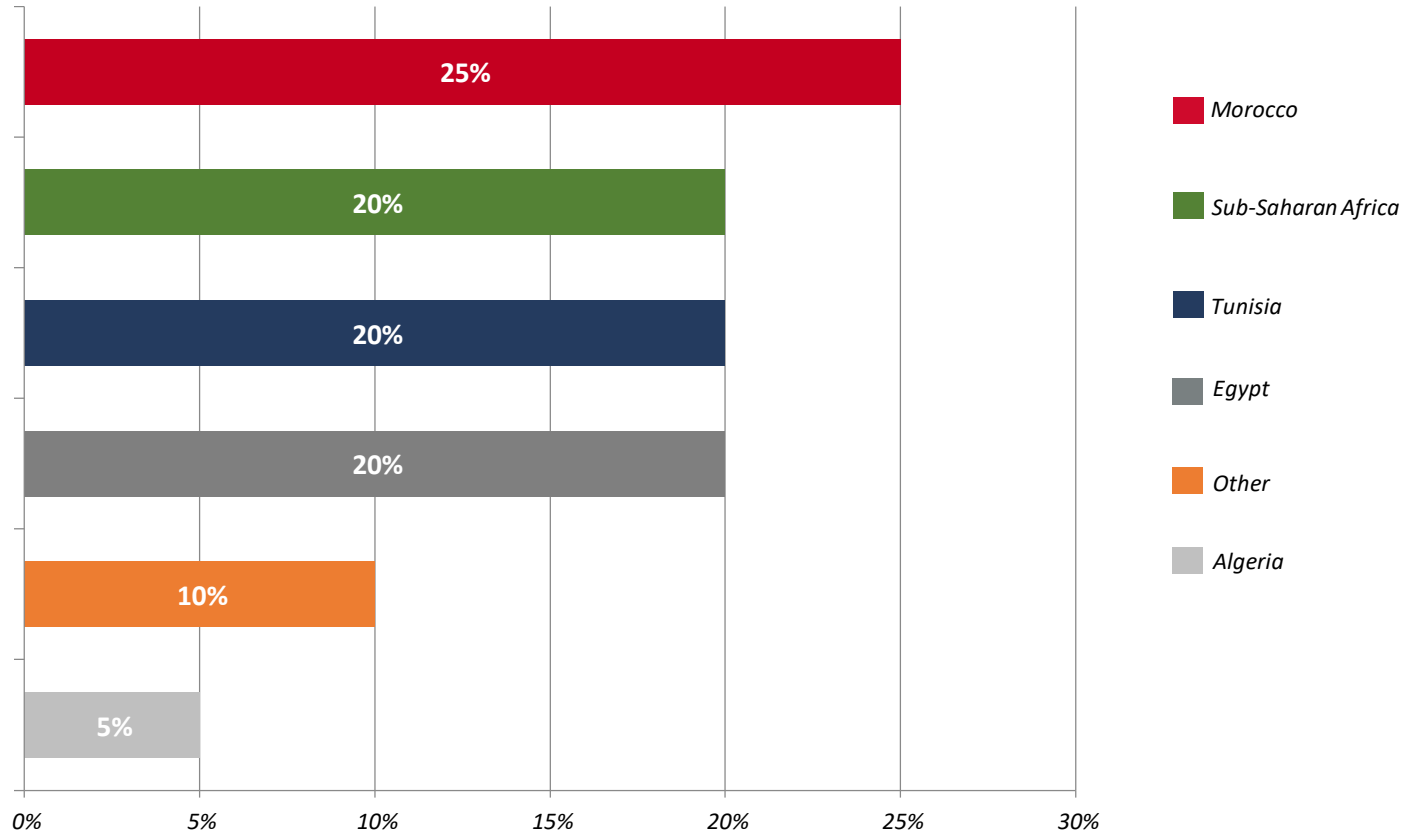
Forecasts 2021/2022

Exit planning of portfolio companies



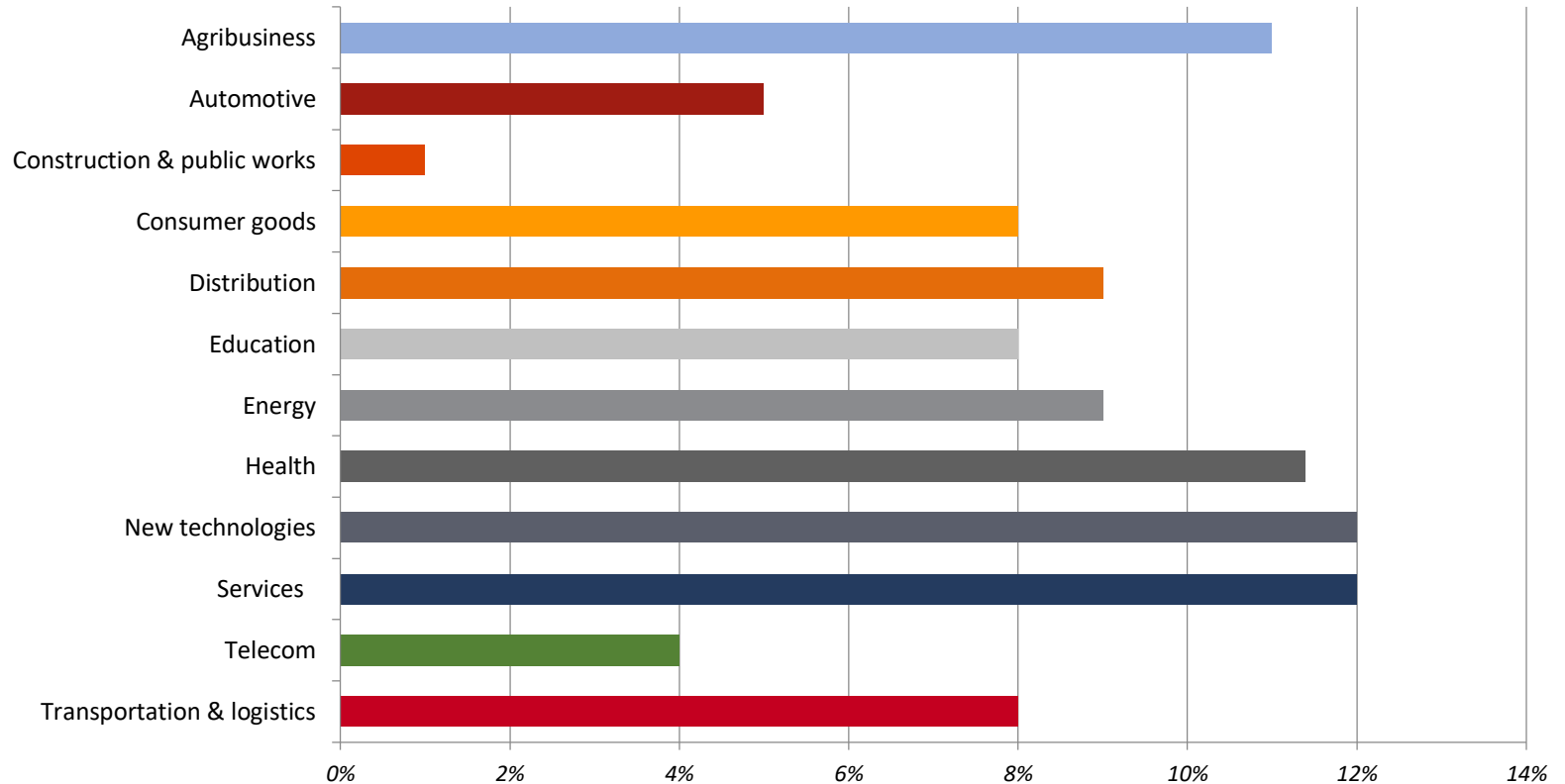
Forecasts 2021/2022

Priority investment areas (for transregional funds)



Forecasts 2021/2022

Investment sectors targeted in the next 5 years



06

Annex 5

Scope

18 respondents out of 20 surveyed



* 2 FMC (AfricInvest and Private Equity Initiatives)

06

Annex 5

Scope

AFRICINVEST	ATTIJARI INVEST	CDG INVEST PME	MITC CAPITAL
MPEF II	AGRAM INVEST	CAPMEZZANINE	MAROC NUMERIC FUND
MPEF III	IGRANE	CAPMEZZANINE II	MAROC NUMERIC FUND II
MPEF IV	Moroccan Infrastructure Fund		
AFRICINVEST IV			
ALMAMED	AZUR PARTNERS	ENTREPRISES PARTNERS	OCP SA
MASSINISSA MAROC	NÉBÉTOU FUND	3P FUND	OIFFA
MASSINISSA MAROC			
	BMCI DEVELOPPEMENT	FIROGEST	PRIVATE EQUITY INITIATIVES
	BMCI DÉVELOPPEMENT	FIRO	PME CROISSANCE
AMETHIS NORTH AFRICA		HOLDAGRO	SEAF MOROCCO
AMETHIS MAGHREB FUND I	CDG INVEST	TARGA	SEAF MOROCCO Growth Fund
AMETHIS FUND I	FIPAR Holding		
AMETHIS FUND II	NAMA Holding		
AMETHIS MENA FUND II	212 Founders		
		INFRA INVEST	UPLINE INVESTMENTS
		ARGAN INFRASTRUCTURE FUND	FONDS MOUSSAHAMA I
ATLAMED	CDG INVEST INFRA		UPLINE INVESTMENT FUND
AM INVEST MOROCCO	INFRAMED	MEDITERRANIA CAPITAL PARTNERS	FONDS MOUSSAHAMA II
	INFRAMAROC	MEDITERRANIA CAPITAL II	IMPETUS CAPITAL
		MEDITERRANIA CAPITAL III	

Fund management companies
 New funds in 2020
 Funds under management
 Funds in phase of divestment or divested

Scope

The study covers:

- All fund management companies which are **members of AMIC with a local representative office** in Morocco and have a portion of funds to invest dedicated to Morocco
- Funds investing **mainly in SMEs and unlisted companies**
- **Limited lifespan funds**
- **Infrastructure funds** investing in green and brownfield
- All sectors **except funds dedicated to real estate and tourism**
- Data collection carried out by a survey conducted with **20 fund management companies on a self reporting basis** (including infrastructure funds)

Methodology

Capital raised



- The **amount raised** only includes the part dedicated to Morocco and the part dedicated to Private Equity
- The amounts raised by infrastructure funds are analyzed and presented separately
- When the part dedicated to Morocco of a transregional fund has not been communicated, only the amounts invested are retained
- Revisions of declarations by certain funds resulted in **technical adjustments to the amounts raised** per year (hence a difference from amounts reported in previous years)

Investments



- The **amounts invested** correspond to the **amounts disbursed**
- The **detailed analysis of investment does not include « Large Caps »** (transaction of more than 200 MIn MAD) as this new segment currently has an insufficient number of transactions

Exits and Performance



- The amount of **divestments** corresponds to the amount of **sales proceeds**
- The IRRs correspond to the **Gross IRR per exit communicated** by the funds
- The IRR calculation scope does not include **partial** divestments, nor IRRs resulting from investments **lasting less than a year**
- The **IRRs** were **weighted by the amount invested**
- Losses due to **exceptional events have not been taken into account** in the average calculation of IRRs

Founded in 2000, **AMIC** (the Moroccan Private Equity Association) is an independent professional association whose mission is to **unite, represent and promote the Private Equity profession to local and international investors, entrepreneurs and governmental bodies.**

AMIC's main mission is to **strengthen the Private Equity industry's competitiveness in Morocco** and abroad via:

- **Effective and clear communication** about the Private Equity industry
- **Executing reliable reports and surveys on the state** of Private Equity in Morocco
- **Active participation in discussions on any draft law** regulating the sector
- **Establishing a good governance and ethics code** for the Private Equity industry and promoting compliance with this code
- **Providing support services to members on** regulatory issues related to the profession
- Development of a **quality training program** touching on all industry fundamental skills.

Website: www.amic.org.ma

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- Information system
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