

# IMPACT REPORT of Private Equity in Morocco

Year 2020

# 17 participating Fund Management Companies (FMC) out of 18 surveyed



\* 2 FMC (AfricInvest and Private Equity Initiatives)

## 01

### **Fund Management Companies**

- 1- Corporate Social Responsibility and Governance
- 2- Parity between women and men

## 02

### **Invested Companies**

- 1- Revenue and exports growth
- 2- Team growth and Parity between women and men
- 3- Corporate Social Responsibility
- 4- Corporate governance
- 5- Tax contribution

## 03

### **Annex**

Scope and methodology

# Fund Management Companies

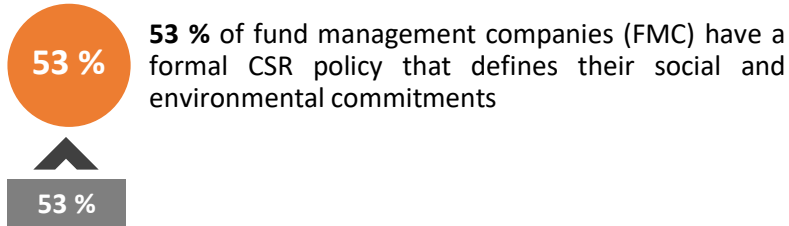
- 1- CSR and governance
- 2- Parity between women and men

# 01

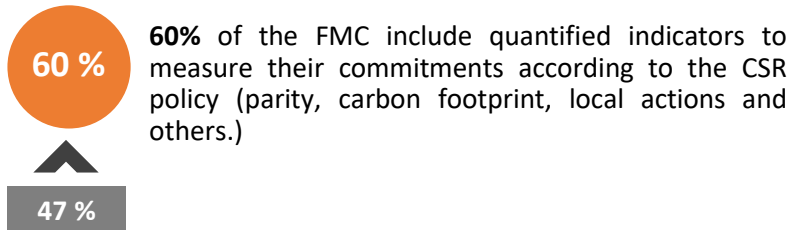
Fund management companies

## 1- CSR and Governance

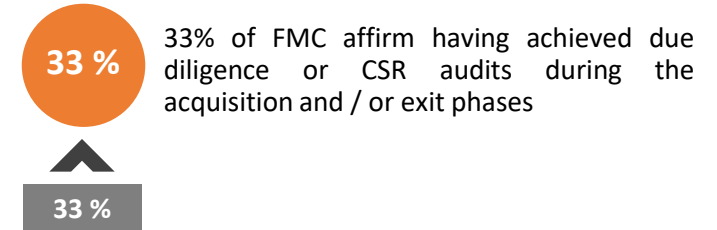
### Formalisation – CSR policy



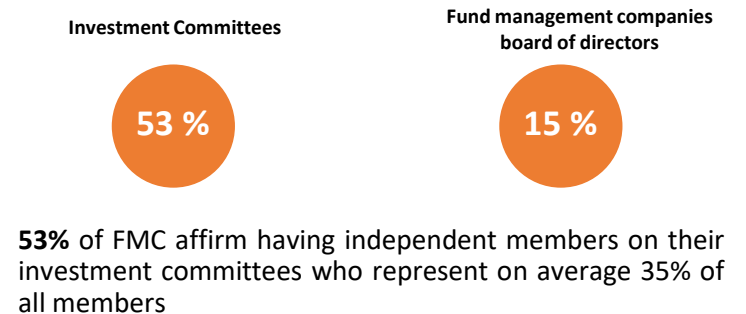
### Monitoring - CSR indicators



### Execution – CSR Due diligence



### Presence - Independent members



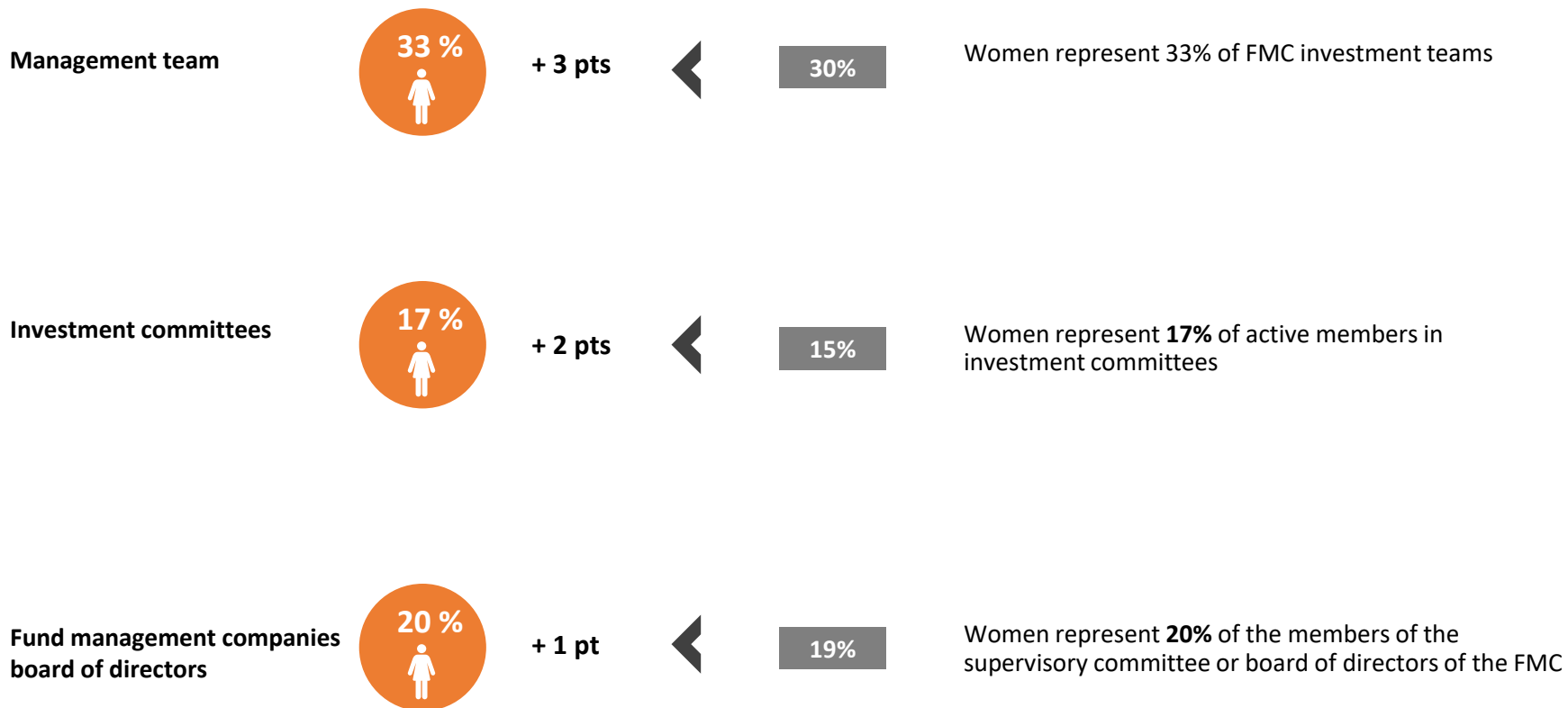
**x** 2020 numbers

**x** 2019 numbers

# 01

Fund management companies

## 2- Parity between women and men



2020 numbers



2019 numbers

# Invested companies

- 1- Revenue and exports growth
- 2- Team growth and parity between women and men
- 3- Corporate social responsibility
- 4- Corporate governance
- 5- Tax contribution

## 1- Revenue growth between 2000 and 2020 (or exit year)

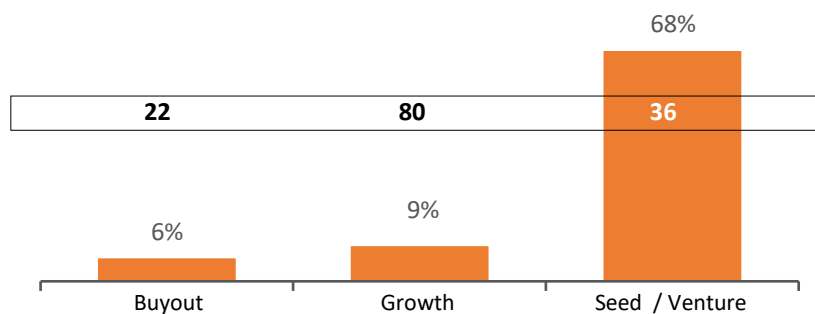
### End of 2020

CAGR\* of invested companies revenue = **11,3 %**

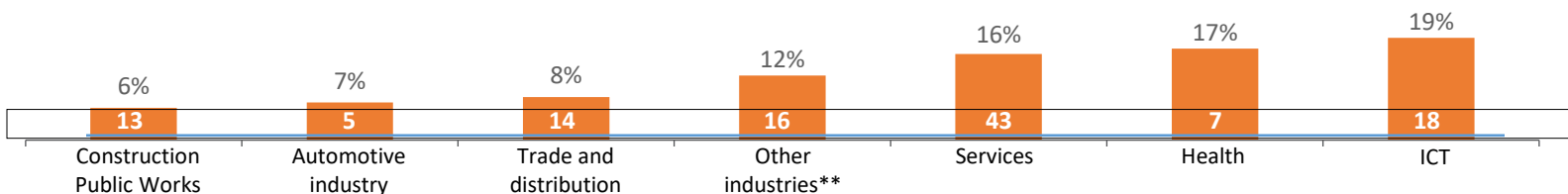
CAGR by end of 2019 = 15,1 %

CAGR by end of 2018 = 12,8 %

Revenue, average annual growth rate by the end of 2020 by stage



Revenue average annual growth rate by the end of 2020 by sector



**X** Number of companies concerned by sector and by stage

\* CAGR weighted by the amounts invested, based on data from 138 invested companies

\*\* Other industries : packaging, biotechnology, metallurgy, pharmaceuticals and others.



## 1- Revenue and exports growth

In 2020

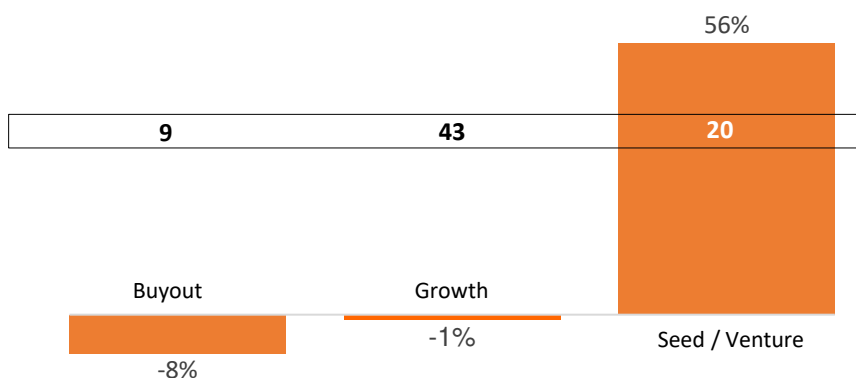
Revenue growth rate \* and of GDP in Morocco



Growth of Revenue in 2020 = **0.8 %**

Growth of GDP in 2020 = **- 6.3 %**

Revenue growth rate by stage



Focus : Exports in 3 figures

37 %

Share of exporting companies in 2020 among companies invested by funds

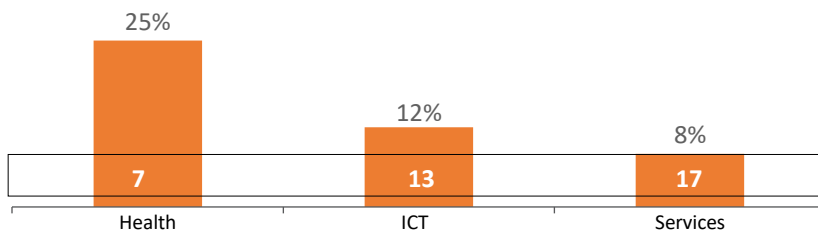
34 %

Average share of export revenue in 2020 among exporting companies

30 %

Average share of export revenue in 2019 among exporting companies

Best performing sectors based on revenue growth



The sectors invested by the funds - having experienced the strongest growth in their revenue - in 2020 are **Health** (25%), **ICT** (12%) and **Services** (8%). The growth rate recorded by all sectors invested by the funds in 2020 is **0.8%**.

X

Number of companies concerned by sector and by stage

\* Based on data from 72 invested companies

# 02

Invested companies

## 2- Team growth and Parity between women and men

End of 2020

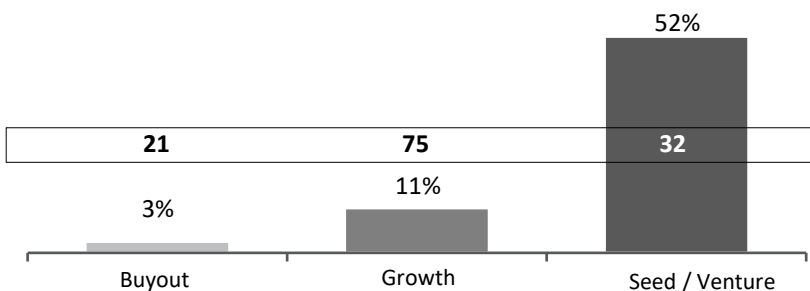
CAGR<sup>1</sup> of the teams of invested companies = 12 % \*



CAGR end of 2019 = 15 %

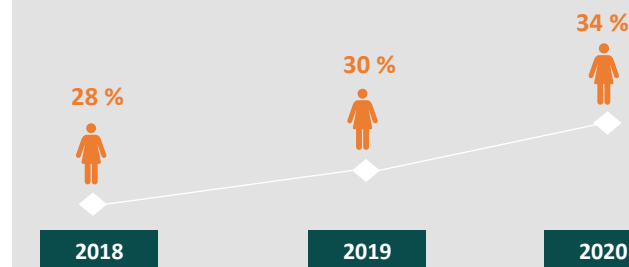
CAGR end of 2018 = 16 %

CAGR of teams by stage

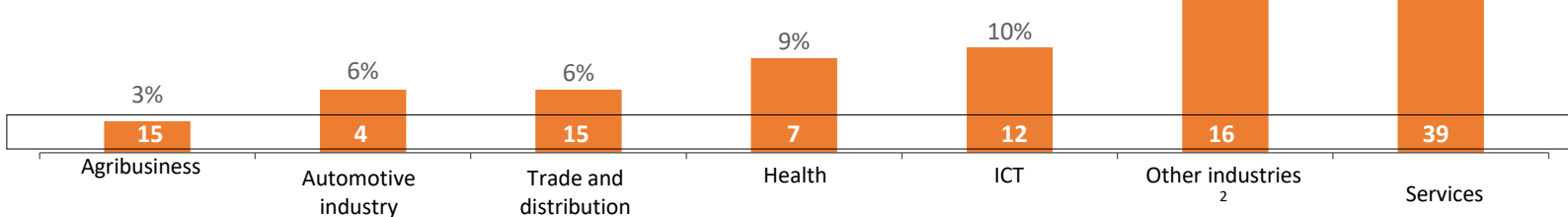


Focus :

Share of women in the invested companies teams



CAGR of teams per sector



x

Number of companies concerned by sector and by stage

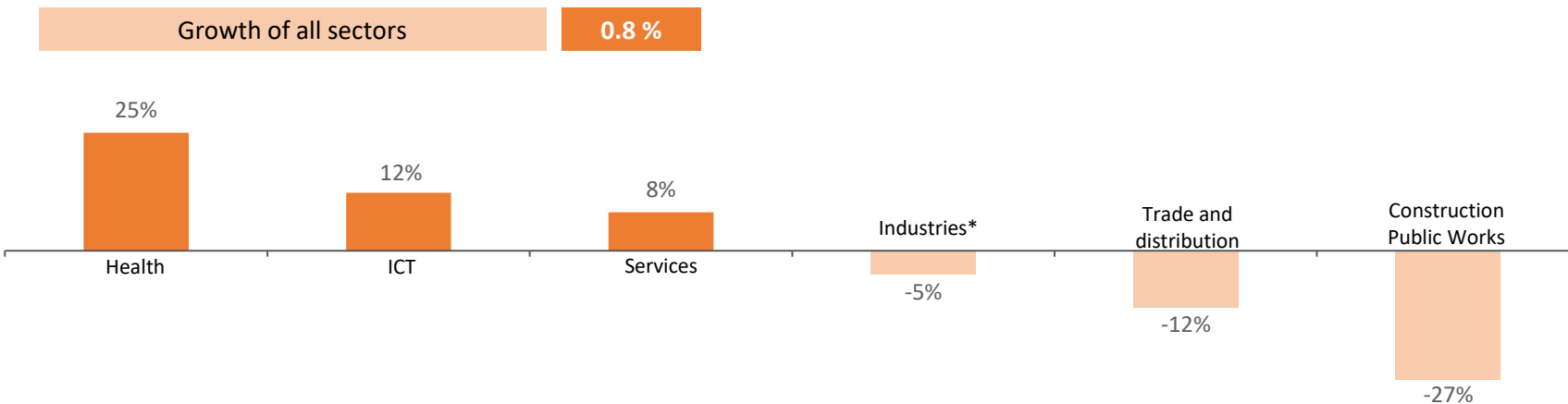
<sup>1</sup> CAGR weighted by the amounts invested, based on data from 128 invested companies

<sup>2</sup> Other industries : packaging, biotechnology, metallurgy, pharmaceuticals and others

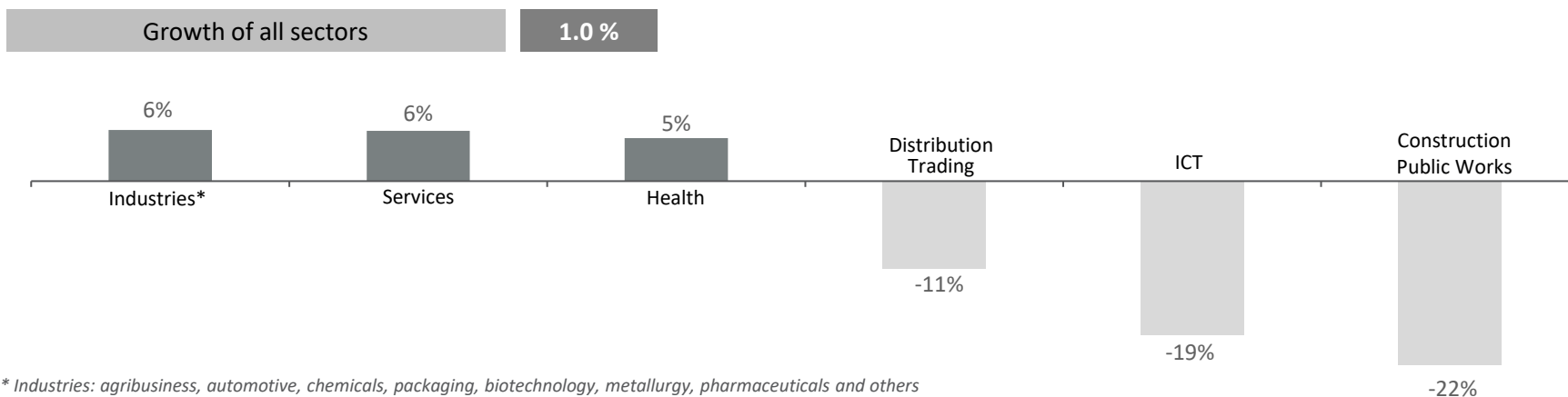
\* 17 % if we integrate a newly invested "Large Cap". The data has been excluded due to the nature of the transaction and its significant impact on the general trend observed (Cf. AAGR methodology)

## Focus 2020 Impact on revenue and teams by sector

### Evolution of revenue by sector<sup>1</sup>



### Evolution of teams by sector<sup>2</sup>



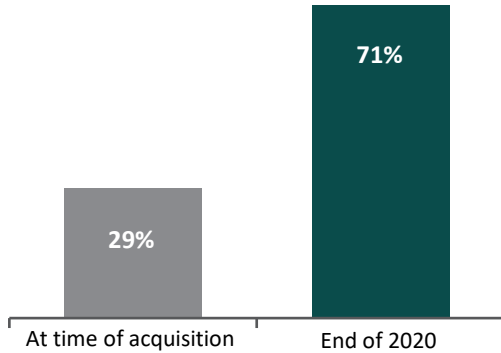
\* Industries: agribusiness, automotive, chemicals, packaging, biotechnology, metallurgy, pharmaceuticals and others

<sup>1</sup> Data collected from 138 invested companies

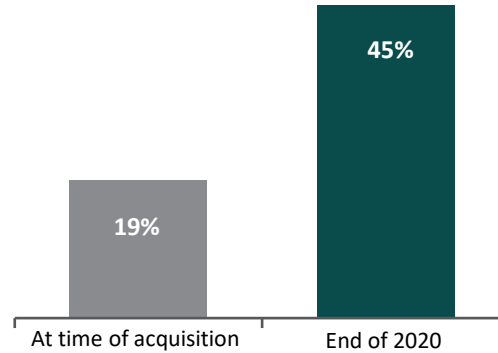
<sup>2</sup> Data collected from 128 invested companies

## 3- Corporate social responsibility (CSR)

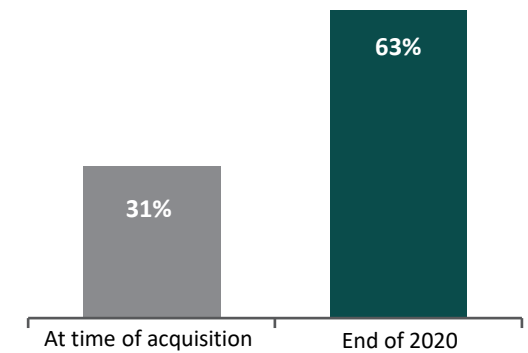
Annual training plan



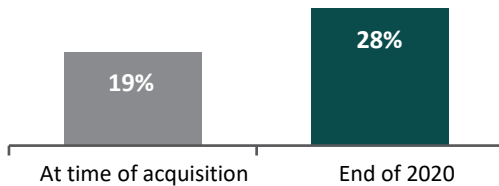
Strategic workforce planning



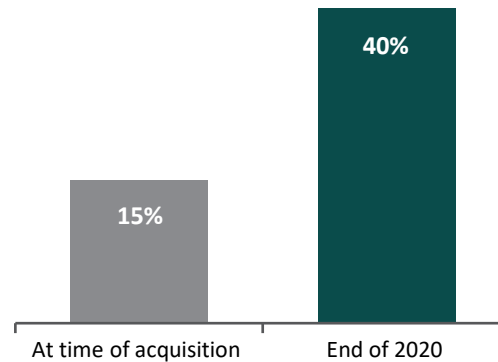
Code of ethics



Actions engaging the company in social activities



Actions for environmental protection



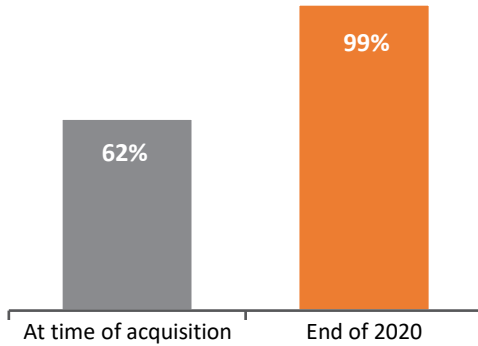
Invested companies show a **significant improvement** in their **CSR indicators** between the date of the equity investment and the date of cession (or at the end of 2020 for companies still invested by the funds).

# 02

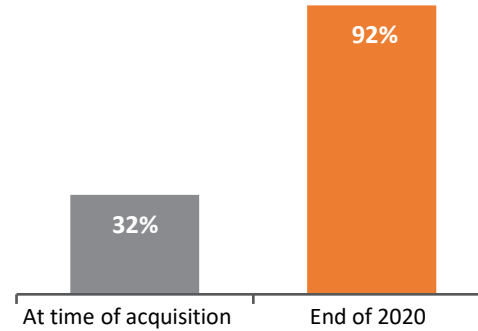
Invested companies

## 4- Corporate governance

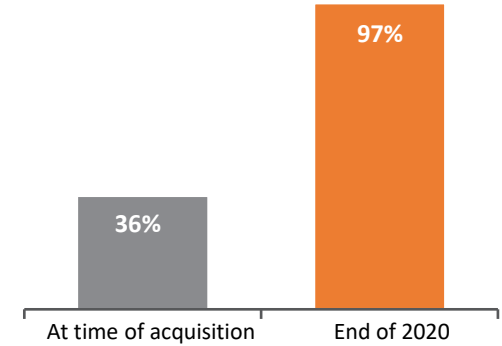
### Company audit



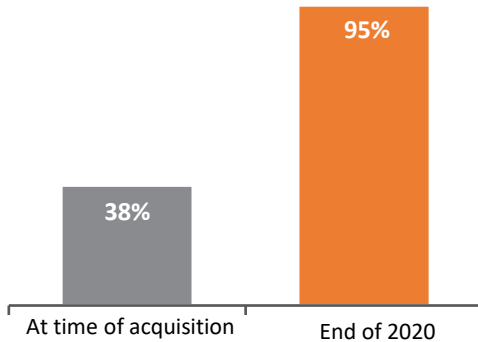
### Oversight and steering committees



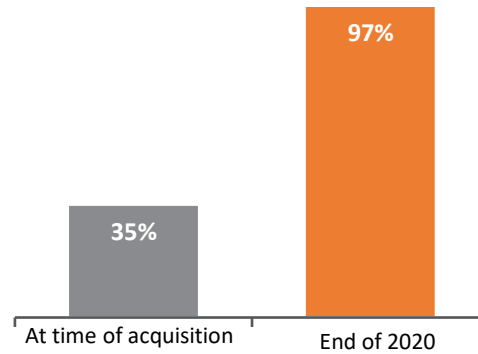
### Reporting tools



### Performance indicators and scoreboards



### Budgeting and budget monitoring policies

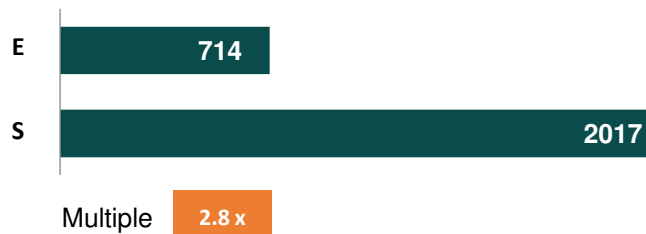


**Almost all of the companies invested ultimately meet the requirements of investment funds in terms of improving governance and setting up communication and financial transparency tools.**

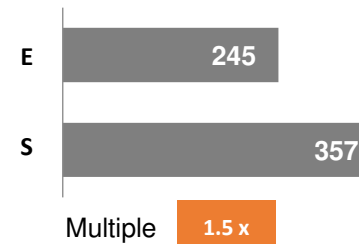
## 5- Tax contribution

Tax contribution evolution by type of tax (in Mln MAD)

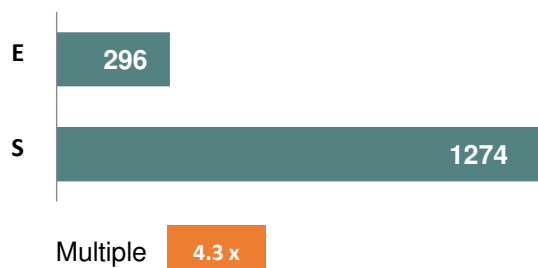
### Corporate tax



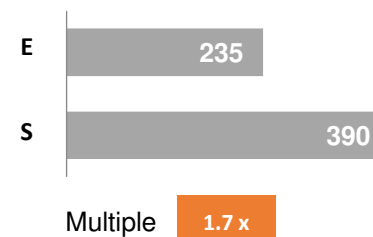
### Income tax



### Value-added tax (VAT)



### Other taxes



E Entry year

S Exit year (or 2020)

Invested companies have a **higher tax contribution between the entry and exit years of the fund** (or 2020 for companies still invested). Out of nearly 140 SMEs supported between 2000 and 2020, the sector's tax contribution **increased by more than 2.55 billion dirhams** for an average holding period of 6 years.

# Annex

Scope and methodology

## Scope and methodology

### Scope



The study covers :

- All of **fund management companies, members of AMIC, having a representative office in Morocco**, for which a part of the funds is dedicated to the investment in Morocco.
- Funds invested **mainly in SMEs and unlisted companies**.
- Funds with a **limited lifespan**.
- All sectors **except funds dedicated to real estate and tourism**.

### Methodology



Data collection was carried out by a survey conducted among **17 fund management companies and based on their statements**.

Two separate forms have been distributed to the fund management companies:

1. **ESG/CSR form** : FMC's ethical, social and environmental commitments.
2. **Impact form** : Economic, social and CSR indicators of the companies invested.

**The revenue and teams CAGR were weighted by the amounts invested.**



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](http://www.amic.org.ma)

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