

ACTIVITY REPORT

PRIVATE EQUITY IN MOROCCO

2021

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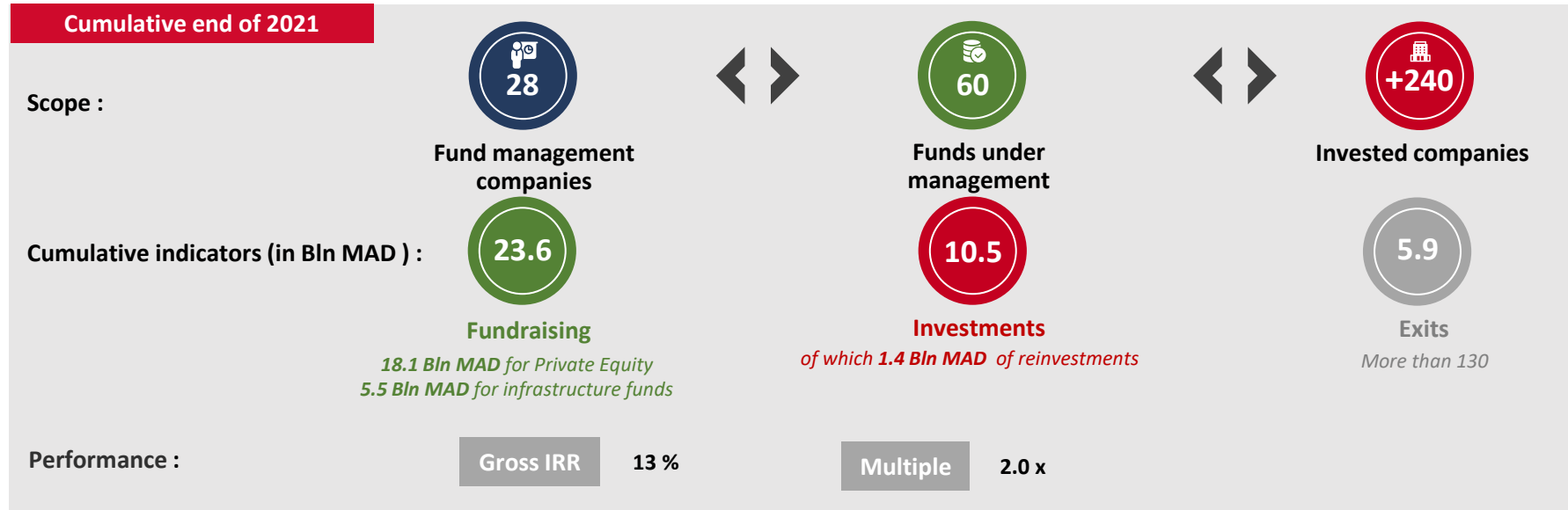
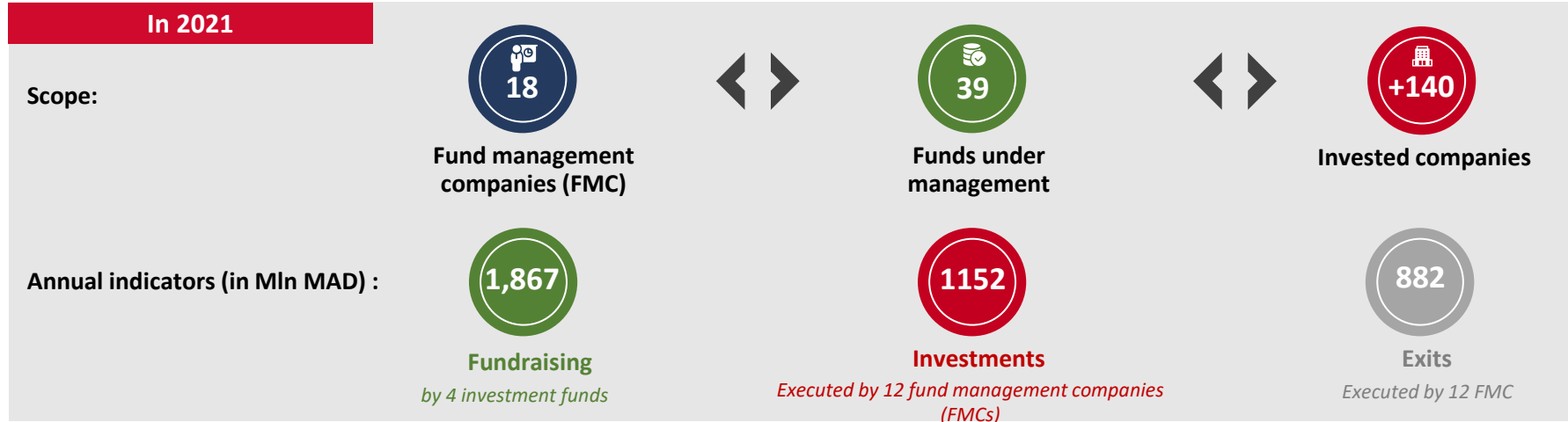
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Executive Summary

01

01

Executive Summary



➤ In 2021, capital raised reached a historic of record 1,867 Mln MAD, a nearly 40% growth over one year

➤ Capital raising was executed by 4 funds with transregional investment mandates

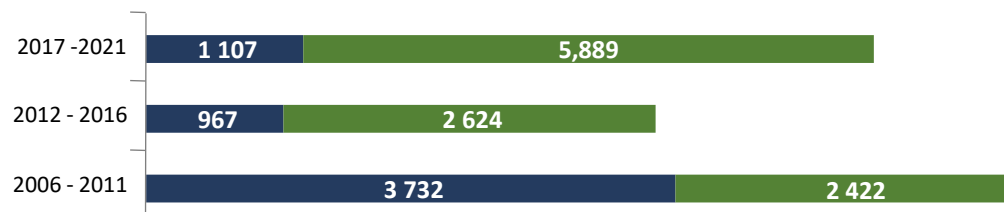
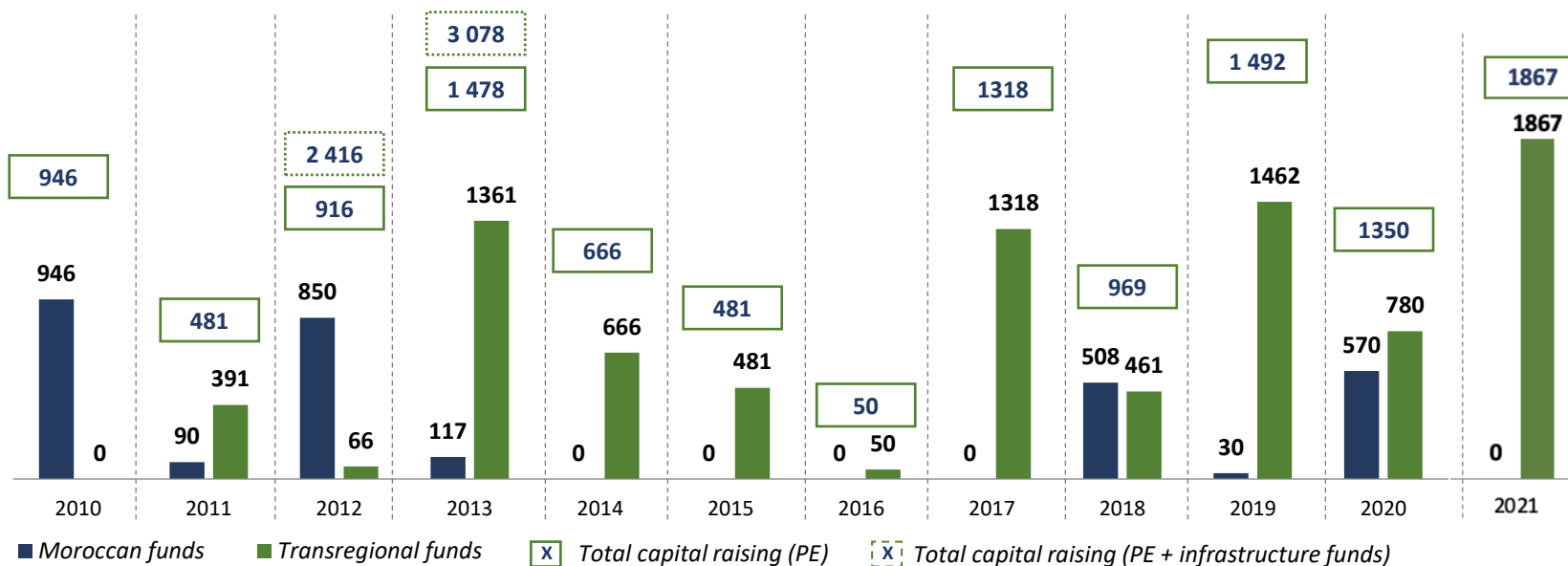
➤ Integration of 1 new fund in the scope of the study

Capital Raising

02

Capital Raise

By type of funds (MIn MAD)



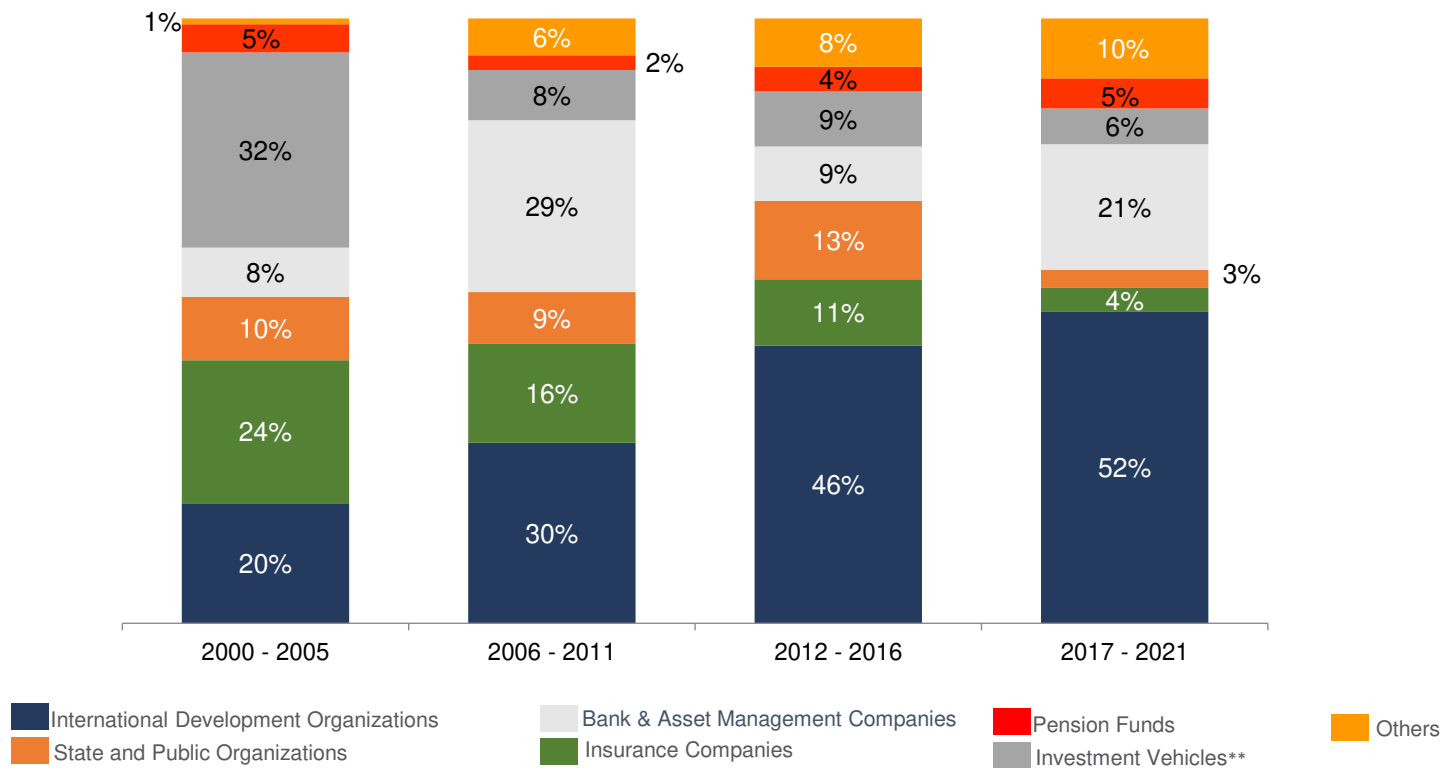
- A global amount of **6,996 MIn MAD** was raised over the period **2017 - 2021**.
- Fund Raising executed by **4 funds** in 2021 and **17 funds** between 2017 and 2021.
- **Transregional funds** represented **80% of fundraising for Morocco** since 2012

02

Capital Raise

By type, nationality, and investors

Value



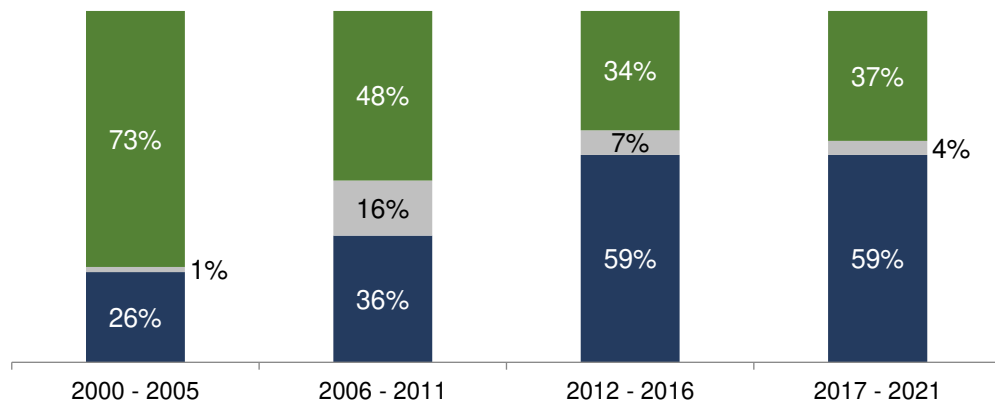
* Individuals, private companies
 ** Funds of funds, holdings, investment companies

The share of International development organizations in fund capital has grown steadily since the first generation of funds (2000-2005). The share of Moroccan investors has seen a strong decline between the first and fourth generation of funds, falling from **73 % of capital raised between 2000 and 2005 to 37 % between 2017 and 2021.**

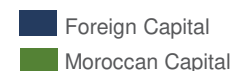
02

Capital Raise

By type, nationality, and investors



*Arabie Saoudite, EAU, Koweït, Tunisie, USA, Maurice, Malaisie...



63 % of capital raised by the fourth generation of funds was from foreign investors, **52%** of which originated from international development organizations.

➤ **Record investments in 2021, with 1,152 Mln MAD invested in 30 companies**

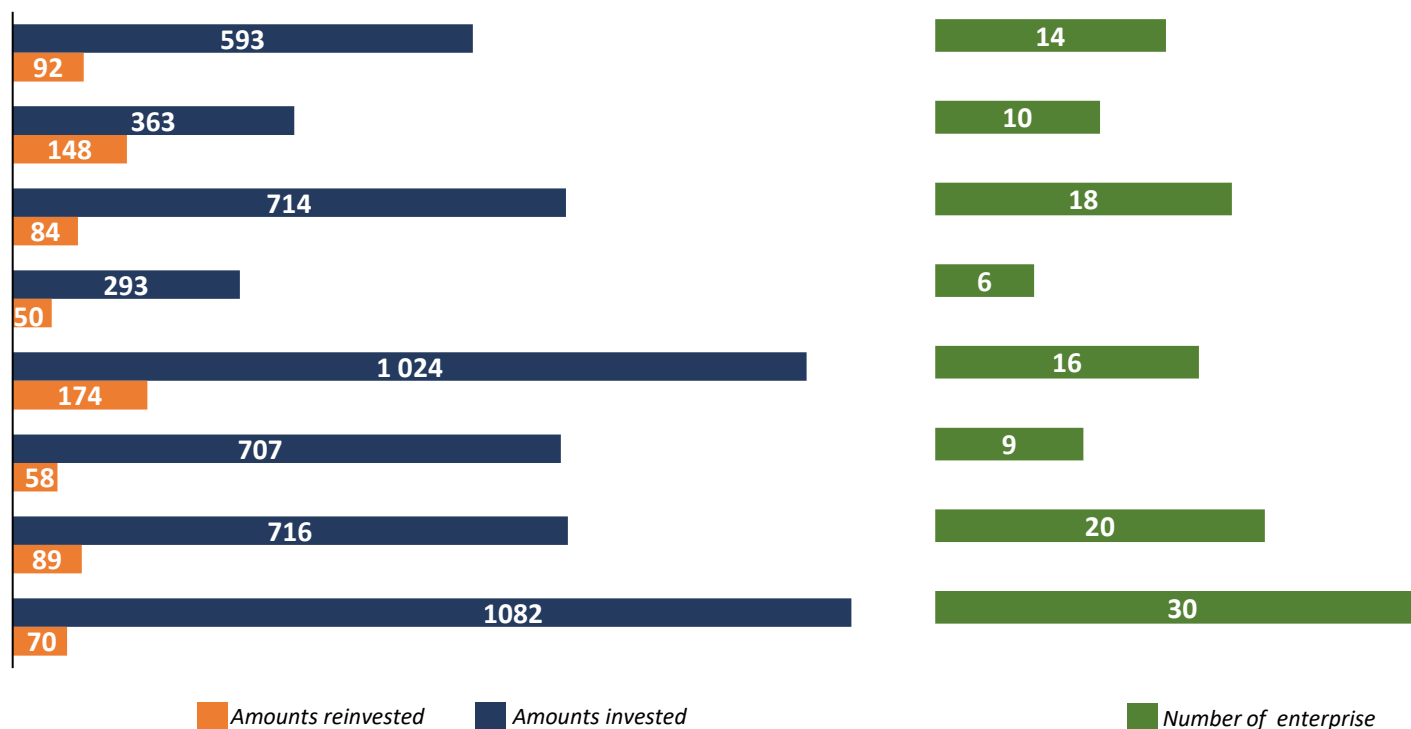
➤ **110 Mln MAD invested in start-ups (Seed and Venture Capital), particularly in new technologies sector (Start-ups)**

Investments

03

Investments

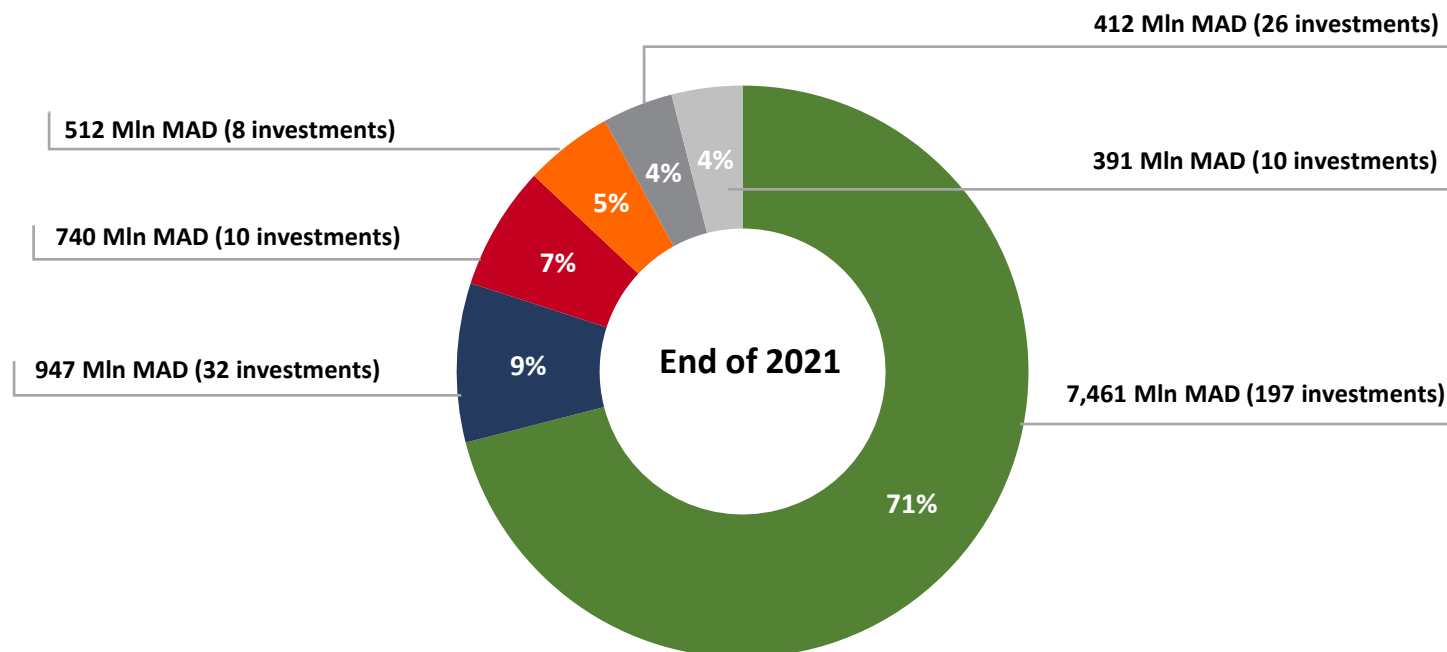
Amounts invested and reinvested (MIn MAD)



Investments executed by 12 fund management companies amounted to **1,152 MIn MAD** in 2021

- **22 new companies** invested
- **8 reinvestments**

Geographical distribution of invested companies



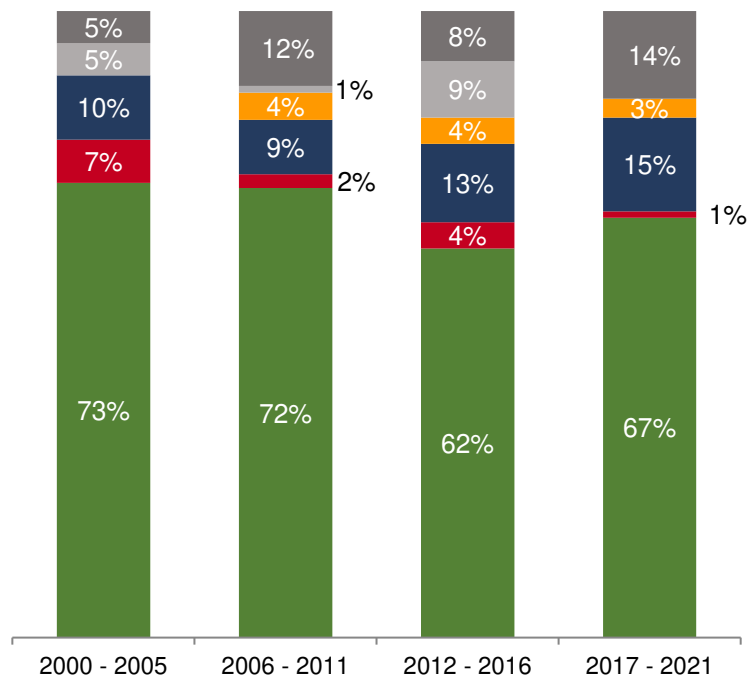
■ Casablanca - Settat
 ■ Rabat - Salé - Kénitra
 ■ Fez - Meknes
 ■ Tangier - Tétouan - Al Hoceima
 ■ Other regions*
 ■ Marrakech - Safi

*Béni Mellal - Khénifra, Dakhla-Oued Eddahab, Darâa -Tafilalet, Guelmim - Oued Noun, Laâyoune - Sakia El Hamra, The oriental, Souss - Massa

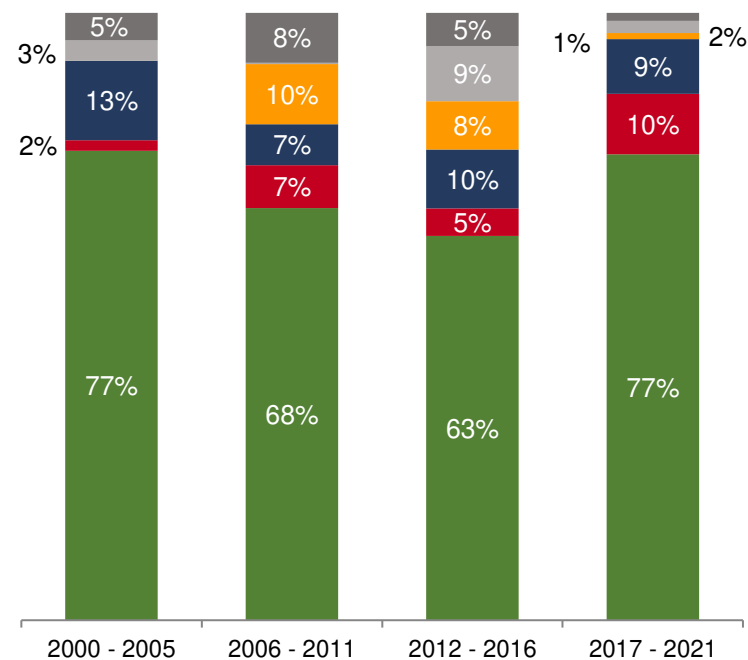
The Casablanca - Settat region was the most dynamic in terms of investments, with 197 investments for a total of 7 461 Mln MAD to end 2021.

Geographical distribution of invested companies

In number



In value



■ Casablanca - Settat
 ■ Rabat - Salé - Kénitra
 ■ Fès - Meknès
 ■ Tanger - Tétouan - Al Hoceima
 ■ Autres régions*
 ■ Marrakech - Safi

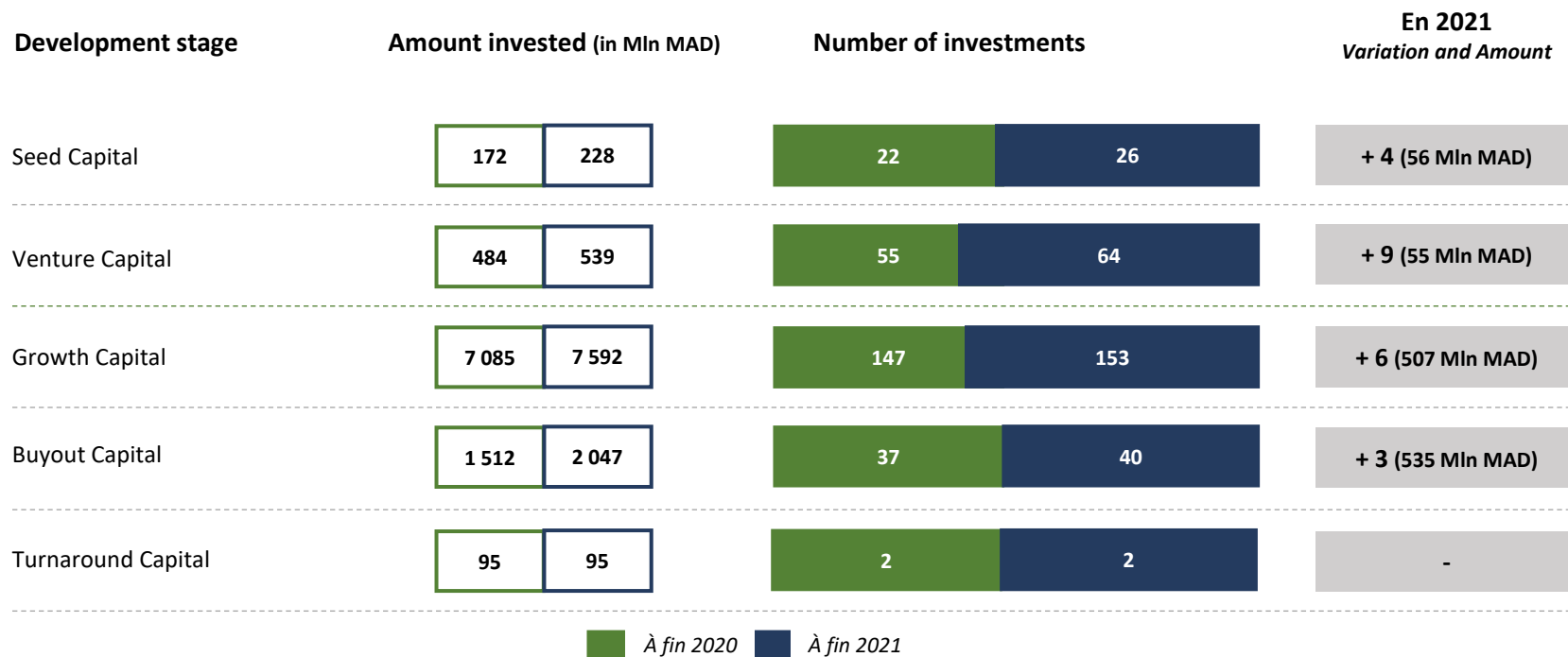
*Béni Mellal - Khénifra, Dakhla-Oued Eddahab, Darâa - Tafilalet, Guelmim - Oued Noun, Laâyoune - Sakia El Hamra, L'Oriental, Souss - Massa

Between 2017 and 2021, the Casablanca - Settat region accounted for 67% of investments by number and 77% by value.

03

Investissements

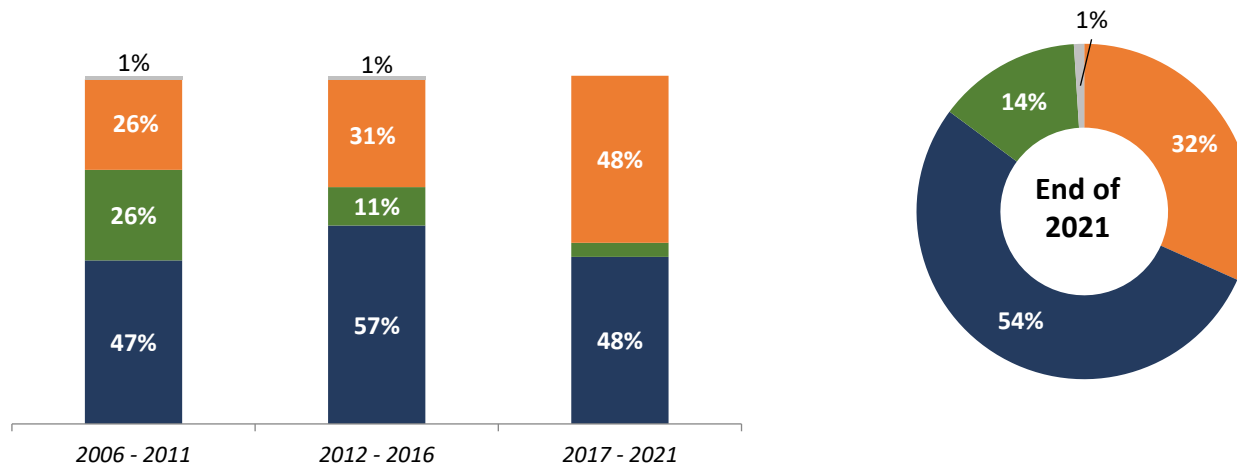
Stade de développement des entreprises investies



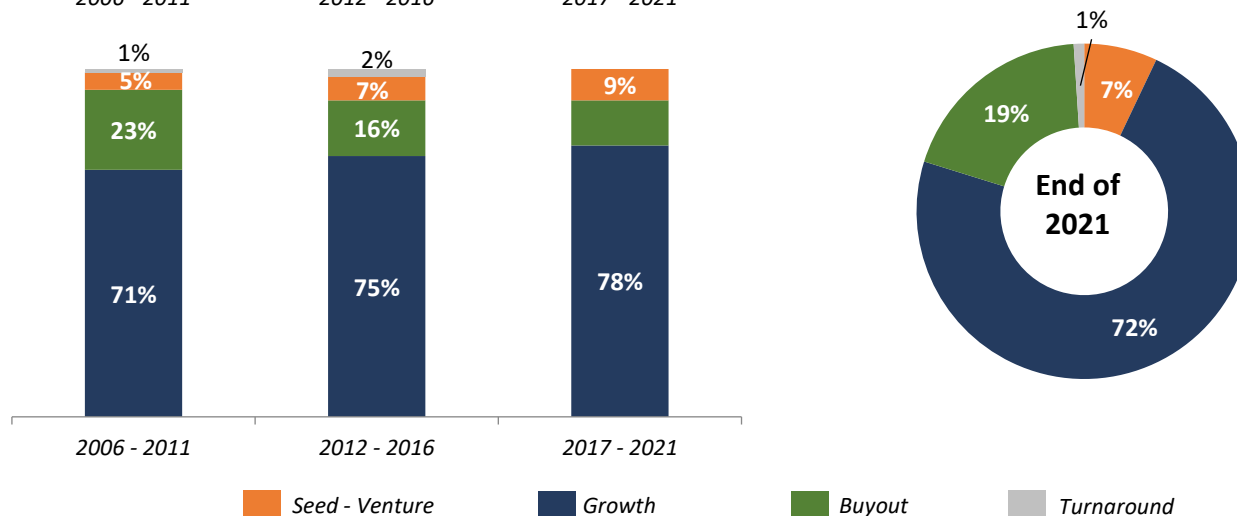
New investments in the start-up phase – Seed Capital and Venture Capital - represented **nearly 60 % of total investments realised in 2021** (by number).

Stage of development of invested companies

In number

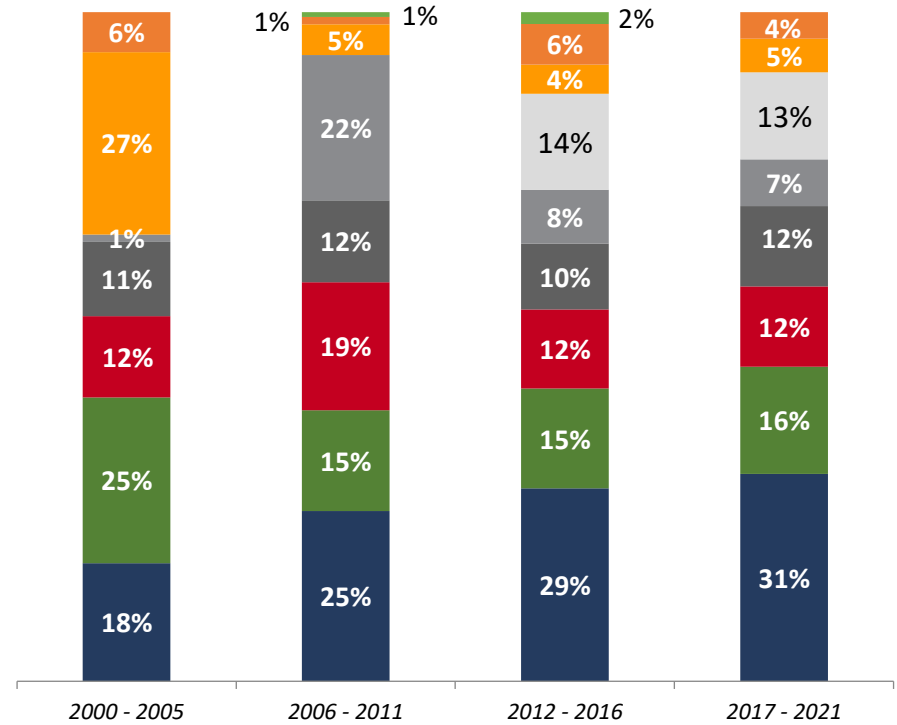
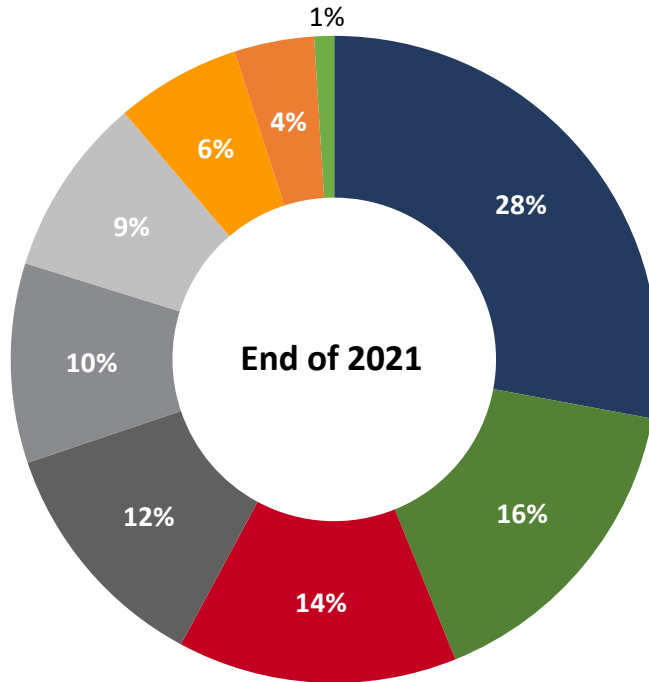


In value



At the end of 2021, investments in Seed and Venture Capital represent **32% of total investments by number and 7% by value**. Their share increased from **26% between 2006 - 2011 to 48% between 2017 - 2021** (in number).

Distribution by sectors



*Aerospace, Education, Packaging, Chemical industry and others

The **industrial sector** represents **32% of investments** made by the end of 2021.

The **services sector** share has steadily increased since the first generation of funds, rising **from 18% to 31%** between 2017-2021.

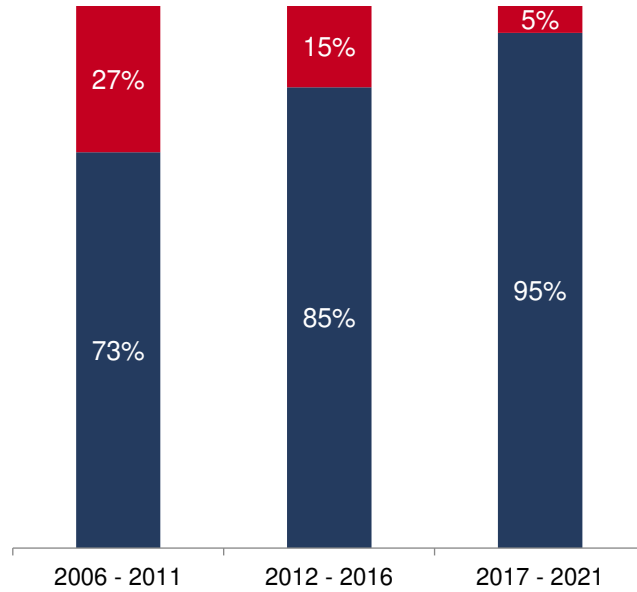
The **healthcare sector** has seen **significant growth** in investment since 2012 reaching **13%** between 2017-2021.

03

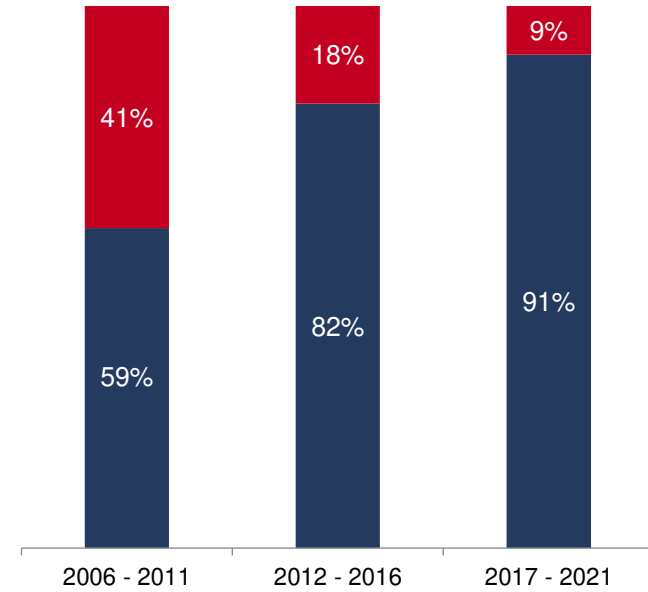
Investments

Portion of capital acquired in companies

In number



In value



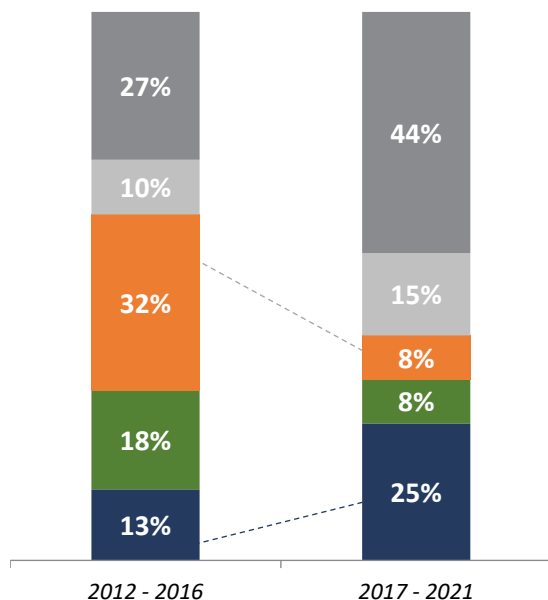
■ Minority transactions (less than 50% of capital)

■ Majority transactions (greater than or equal to 50% of capital)

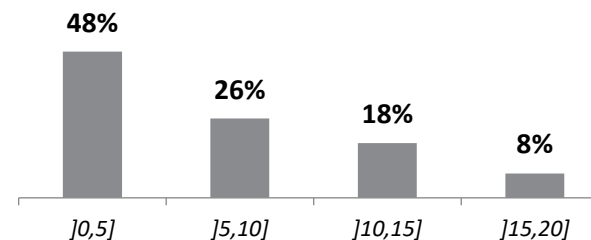
The share of majority transactions has declined in favor of minority transactions between each round of funding.

Size of transactions

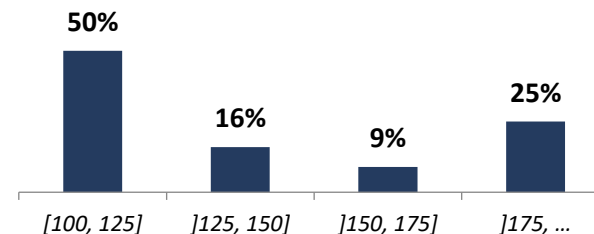
In number



Tickets ≤ 20 MIn MAD end of 2021



Tickets ≥ 100 MIn MAD end of 2021



<10 MIn MAD
 10 to 20 MIn MAD
 20 to 50 MIn MAD
 50 to 100 MIn MAD
 >100 MIn MAD

Increase in the number of transactions over 100 MIn MAD and under 20 MIn MAD between the 3rd and 4th generation of funds:

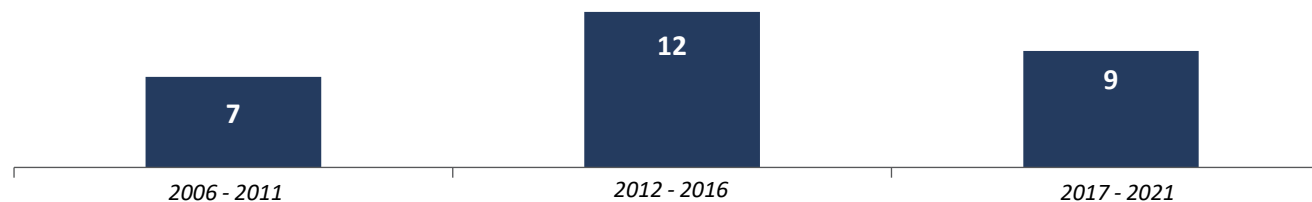
- Transactions less than or equal to 20 MIn MAD were essentially Seed and Venture Capital investments
- Transactions above or equal to 100 MIn MAD were primarily Growth Capital and Buyout investments

Average investment tickets

Average ticket (2017 - 2021) =

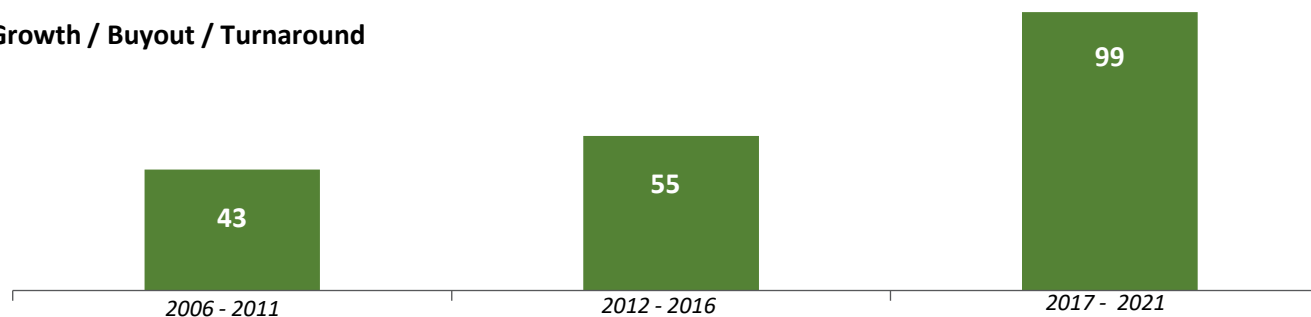
56
Mln
MAD

Seed / Venture



Investment tickets for **enterprises in the Seed/Venture stage** have decreased between the last two fund generations due to an increase in the number of transactions in start-ups or small enterprises.

Growth / Buyout / Turnaround



The size of the funds has enabled **the average investment tickets to double in two fund generations** for enterprises in the growth, buyout and turnaround phases.

➤ **4 Exits for a global amount of 882 MIn MAD**

➤ **At the end of 2021, 136 Exits for a total amount of 5.9 BIn MAD**

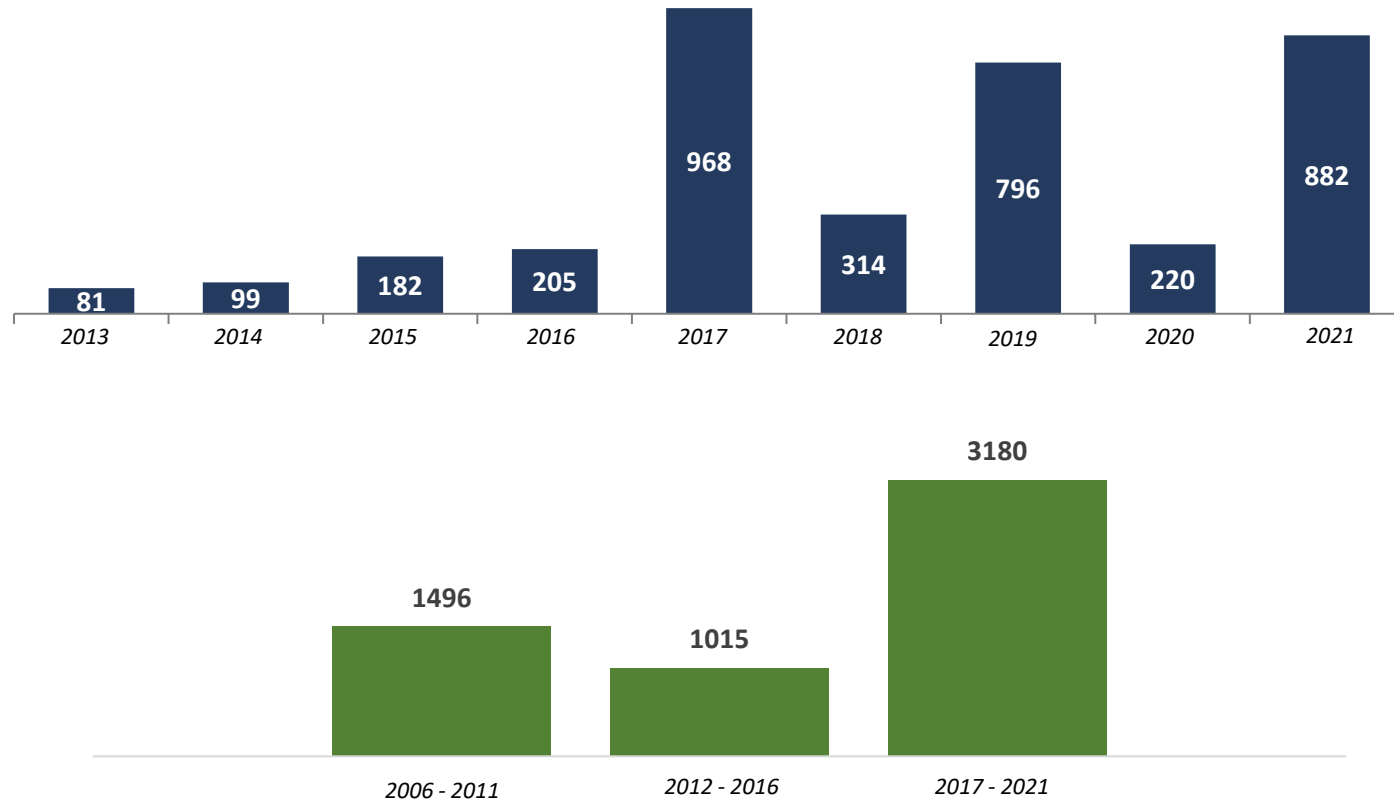
➤ **Main exits realized were on the secondary market and industrial trade sales (cumulative to end-2021)**

Exits

04

Exits

Exits in value (MIn MAD)



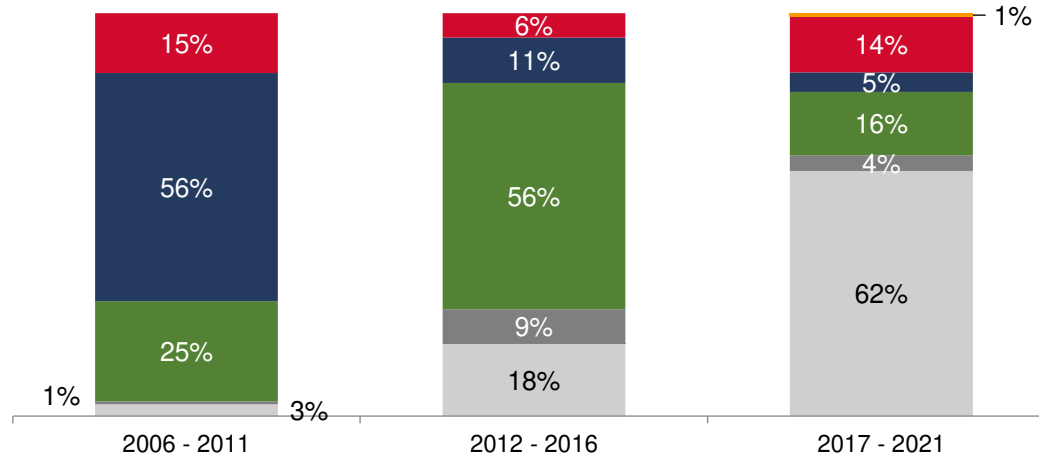
4 exits realized by 4 management companies for a global amount of **882 MIn MAD** in 2021.

04

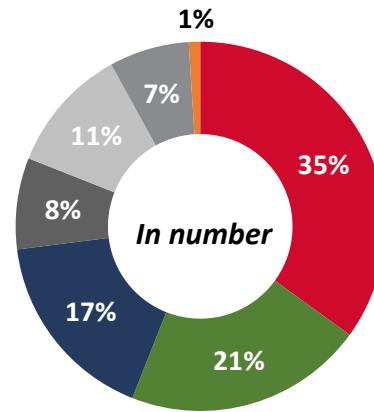
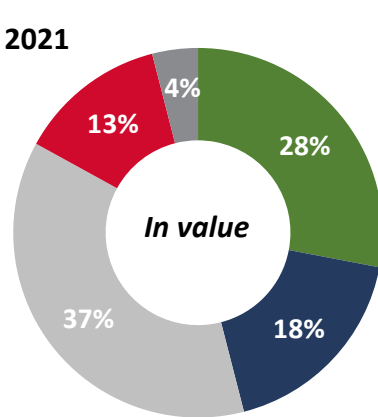
Exits

Exit mode

By generation (in value)



End of 2021



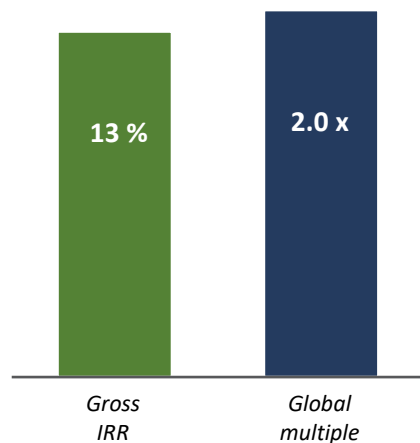
- Write-off
- Secondary market
- Payback
- Industrial/Strategic
- IPO
- Management/Historical shareholder
- Others (Public institutions and others)

By end of 2021, exits on the secondary market accounted for 37% of all exits. These exits are **not only on Moroccan funds, but also on foreign funds** which are demonstrating a growing interest in investing in this market in Morocco.

Performance

Divestment performance

Gross IRR* and Multiple - Period 2000/2021

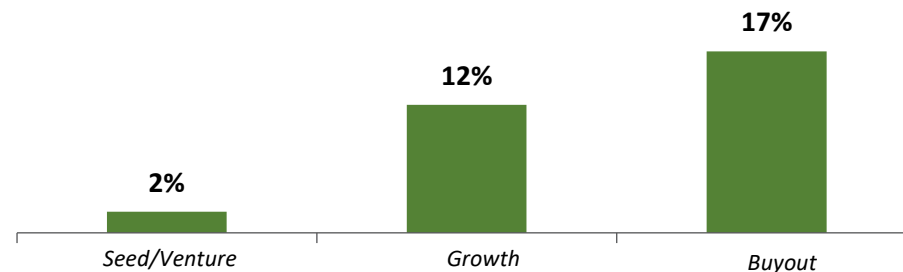


* Average Gross IRR of exits executed (Cf. Methodology)

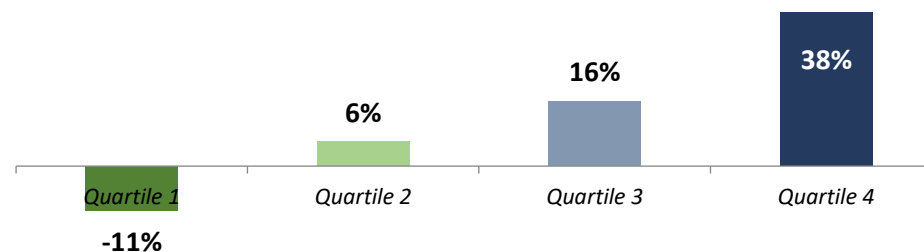
Average multiples (unweighted): 2.0 (Seed/Risk: 1.2 / Expansion: 2.3 / Transmission: 1.8)

Average investment period: 6.1 years

TRI Brut par stade



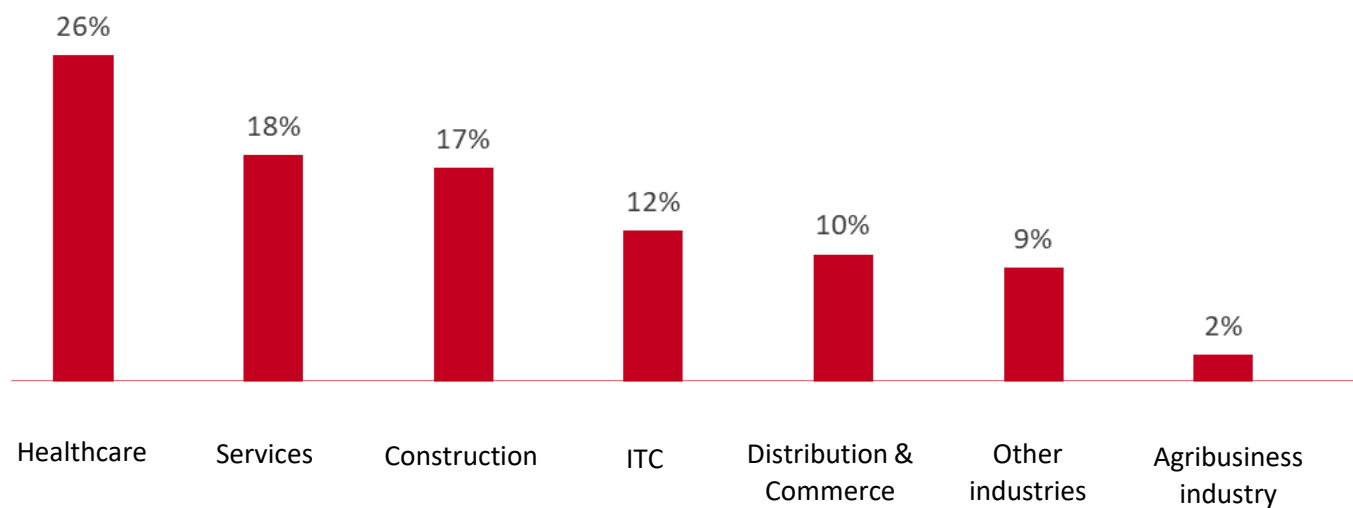
TRI moyen non pondéré par quartile



Slight decrease in average investment duration and sustained divestment performance between 2021 and 2022.

Divestment performance

Gross IRR by sector (cumulative to the end of 2021)



The Healthcare, Services and Construction sectors achieved the highest IRRs, cumulative to end of 2021.

- **1. Key figures 2021**

- **2. Management teams characteristics**

- **3. Funds characteristics**

- **4. Forecasts 2022/2023**

- **5. Scope**

- **6. Methodology**

Annexes

Key figures 2021

Funds raised	Nearly 23.6 Bln MAD raised for private equity and infrastructure	Amount still available for investment (including Infra) = 4.6 Bln MAD*			
Investments	10.5 Bln MAD invested in more than 240 companies to end 2021	1,152 Mln MAD invested in 2021 in 30 companies	Investment forecasts for upcoming years		
			2022	2023	2024
			1,460 Mln MAD	1,437 Mln MAD	1,365 Mln MAD
Exits	Exited amount in 2021 = 882 Mln MAD	5.9 Bln MAD in Exits to end of 2021			
Performance	Weighted average Gross IRR = 13 %	Average investment period = 6.1 years	Average Multiple = 2.0 x		

* Amount still available for investment (excluding infra) = 4.2 billion MAD

Management teams characteristics

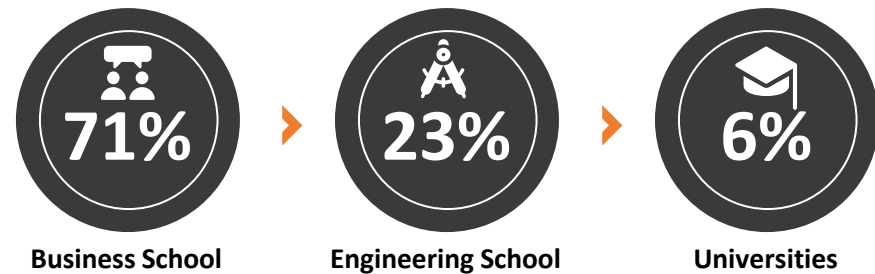
Team



Experience and Education (Investment Professionals)

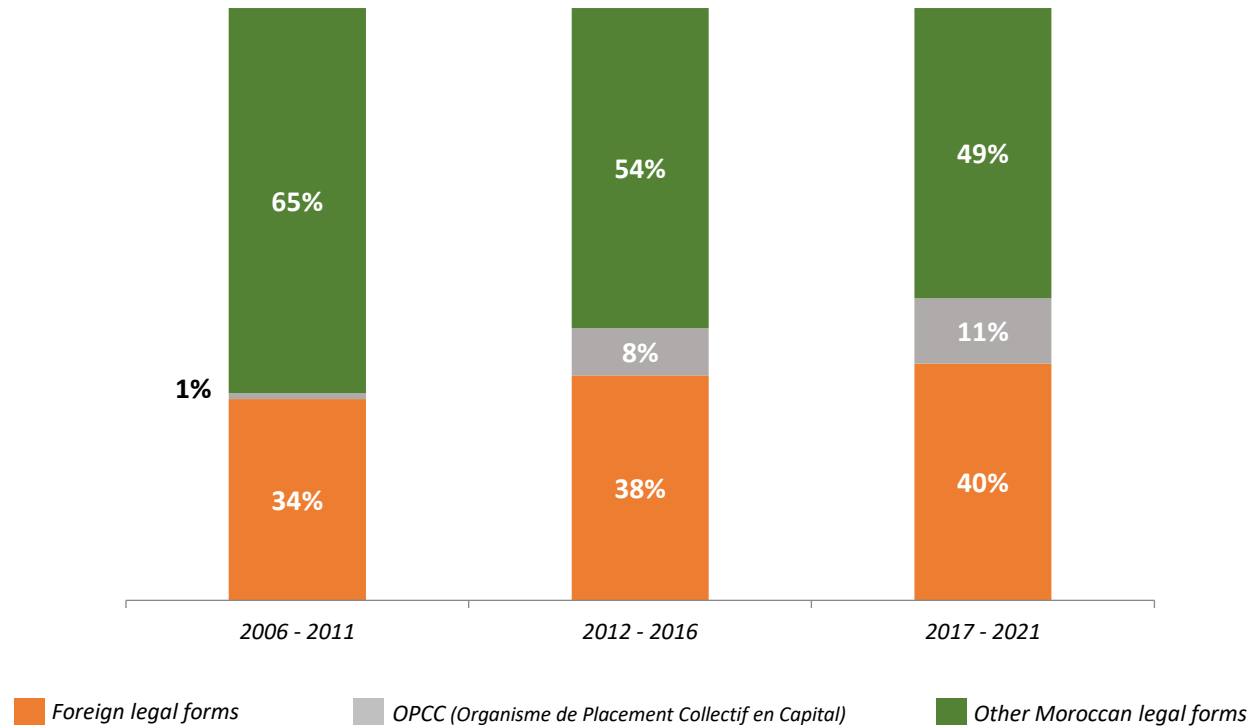
13 years of experience per collaborator

16 investment operations per collaborator



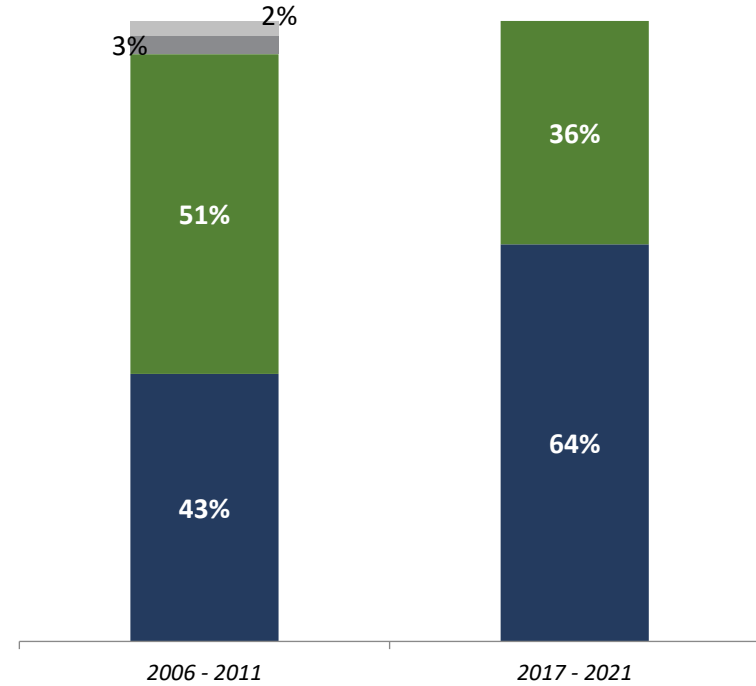
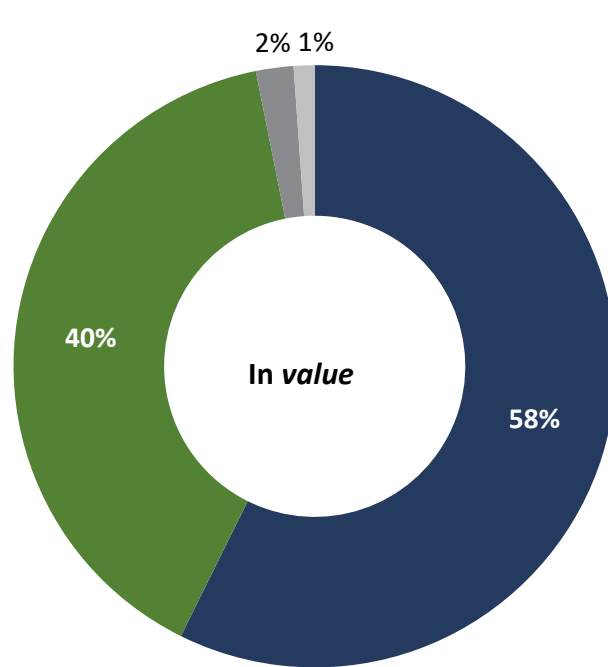
Funds characteristics

In number



Transregional investment focused Funds primarily opt for **foreign legal forms** while local funds favour Moroccan vehicles (OPCC and Limited Company [SA])

Characteristics of funds

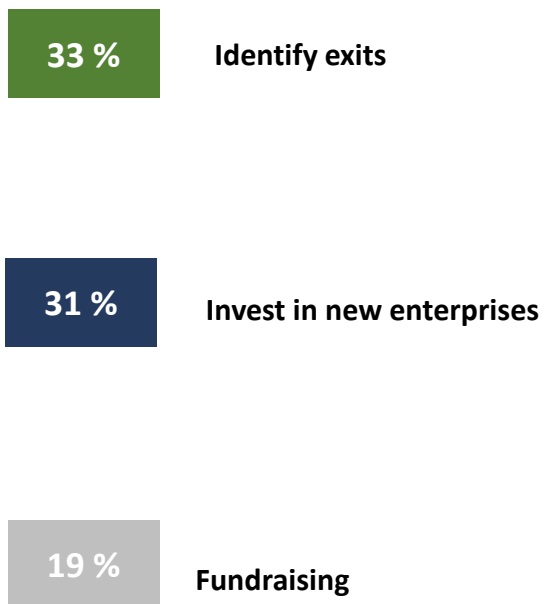


Investment companies
 Other captives
 Financial institutions captives
 Independent

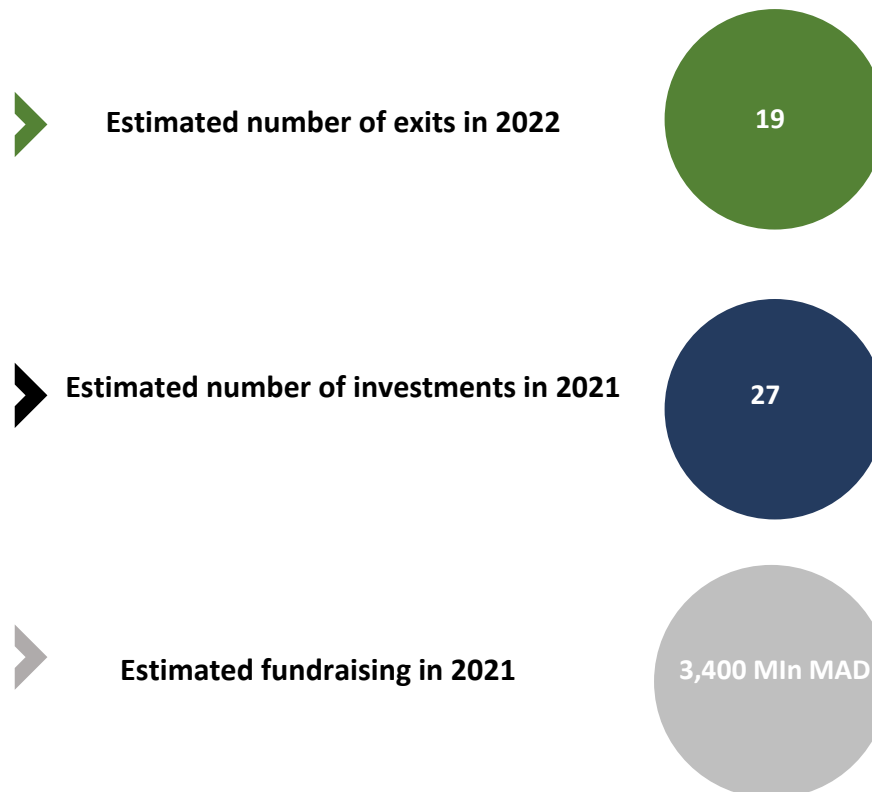
Independent funds have made significant progress since the 2nd generation (2006 - 2011).

Forecasts 2022/2023

Three principal challenges for 2022

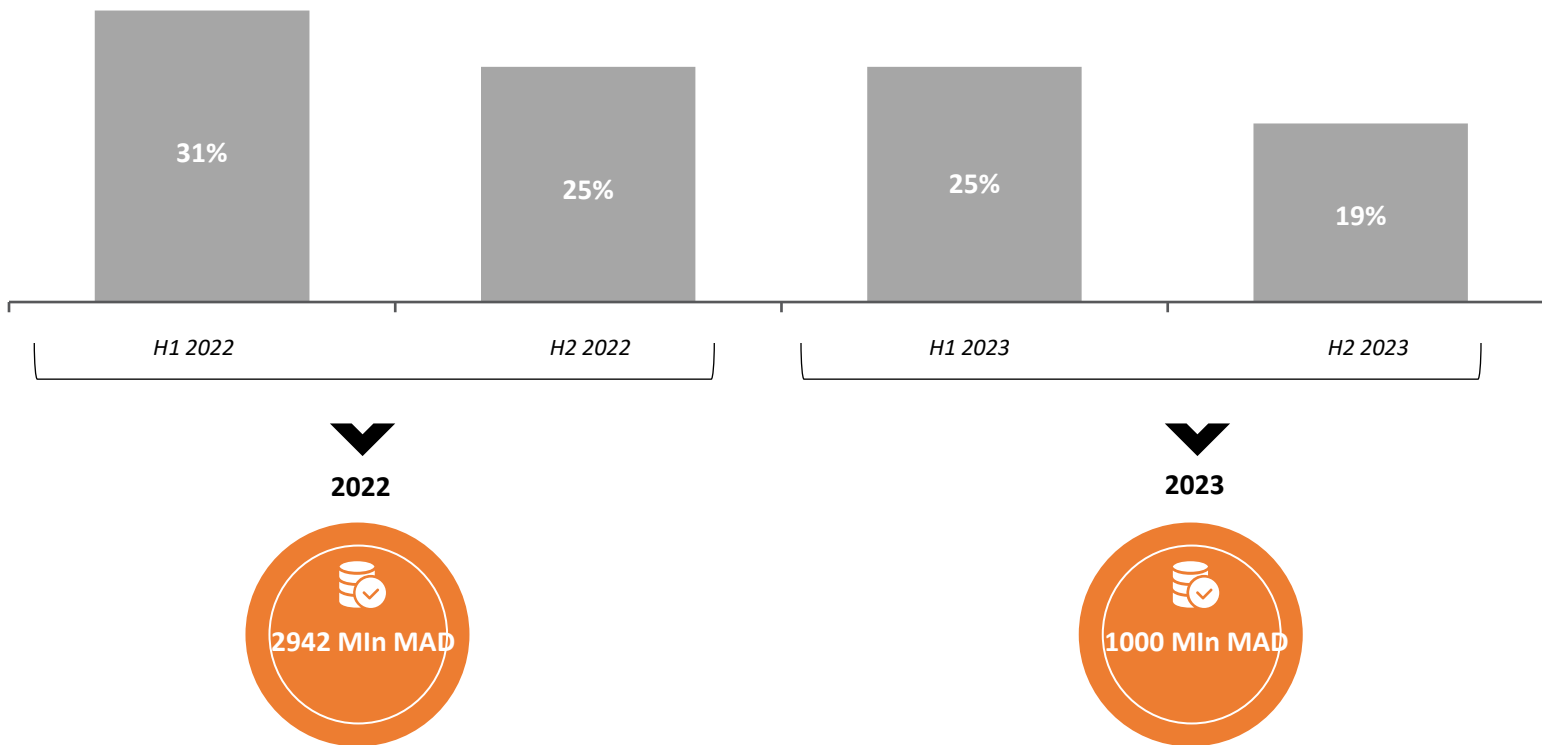


Forecasts for 2022



2022/2023 Forecast

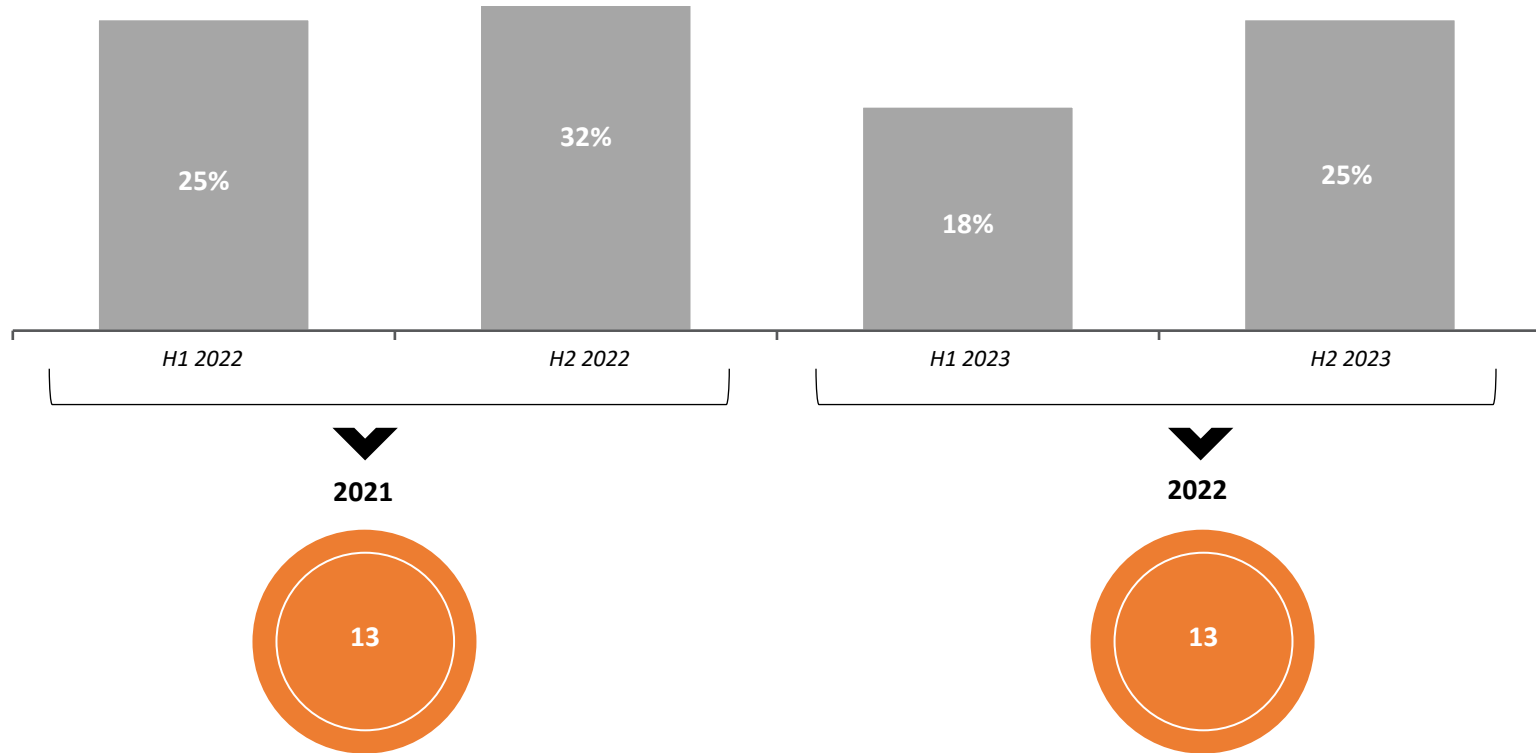
Anticipated period for Fundraising for a new fund



Among the **management companies planning to raise a new fund, 56 % envisage doing so in 2022** for a global estimated fundraising of **2,942 MIn MAD**.

2022/2023 Forecast

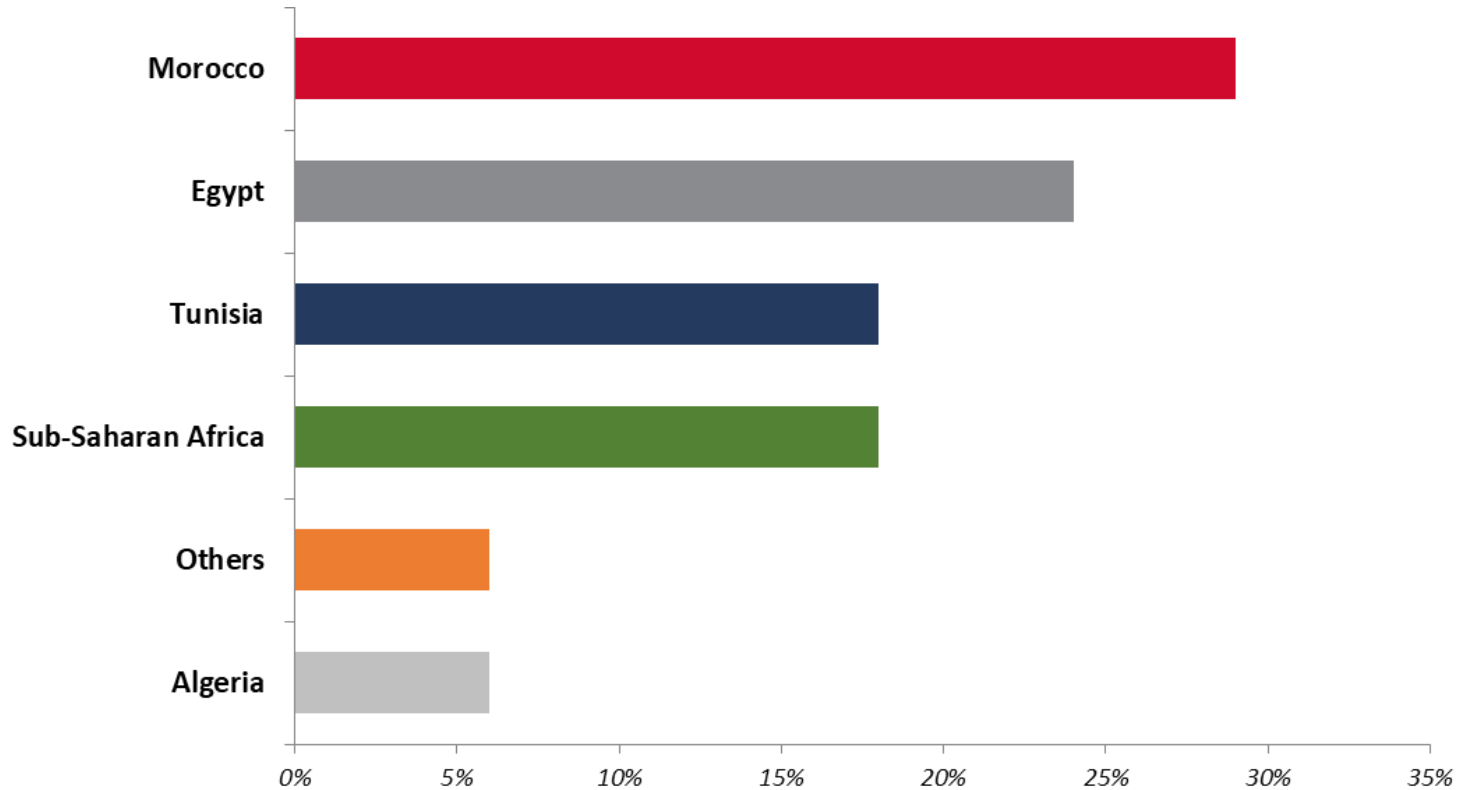
Exit planning for portfolio companies



Of the **management companies planning to exit** in the next two years, **57% plan to do so in 2022** for an estimated 13 exits.

2022/2023 Forecast

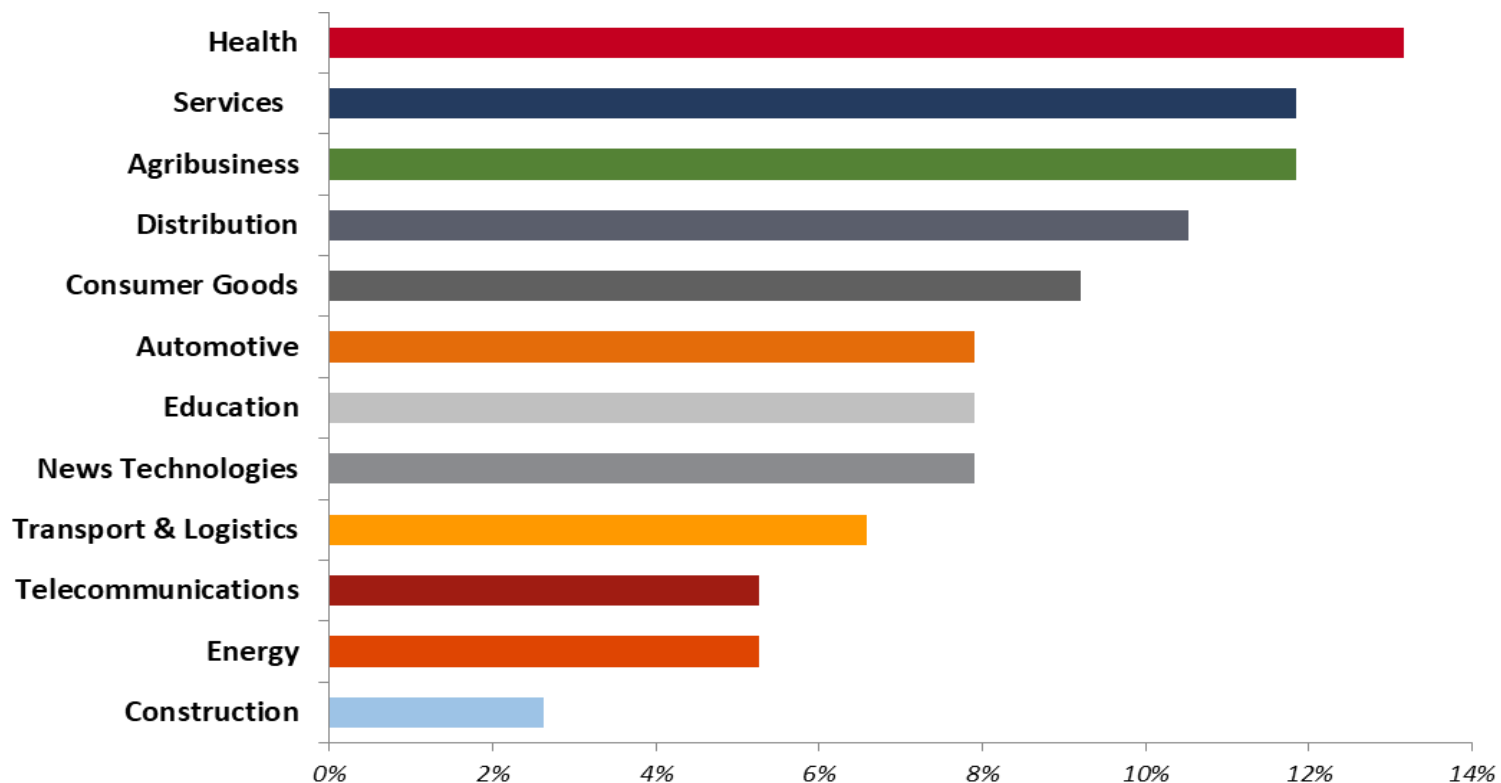
Priority investment areas (for transregional funds)



For transregional funds, the priority investment areas are **Morocco (29%), Egypt (24%), Tunisia (18%) and Sub-Saharan Africa (18%)**.

2022/2023 Forecast

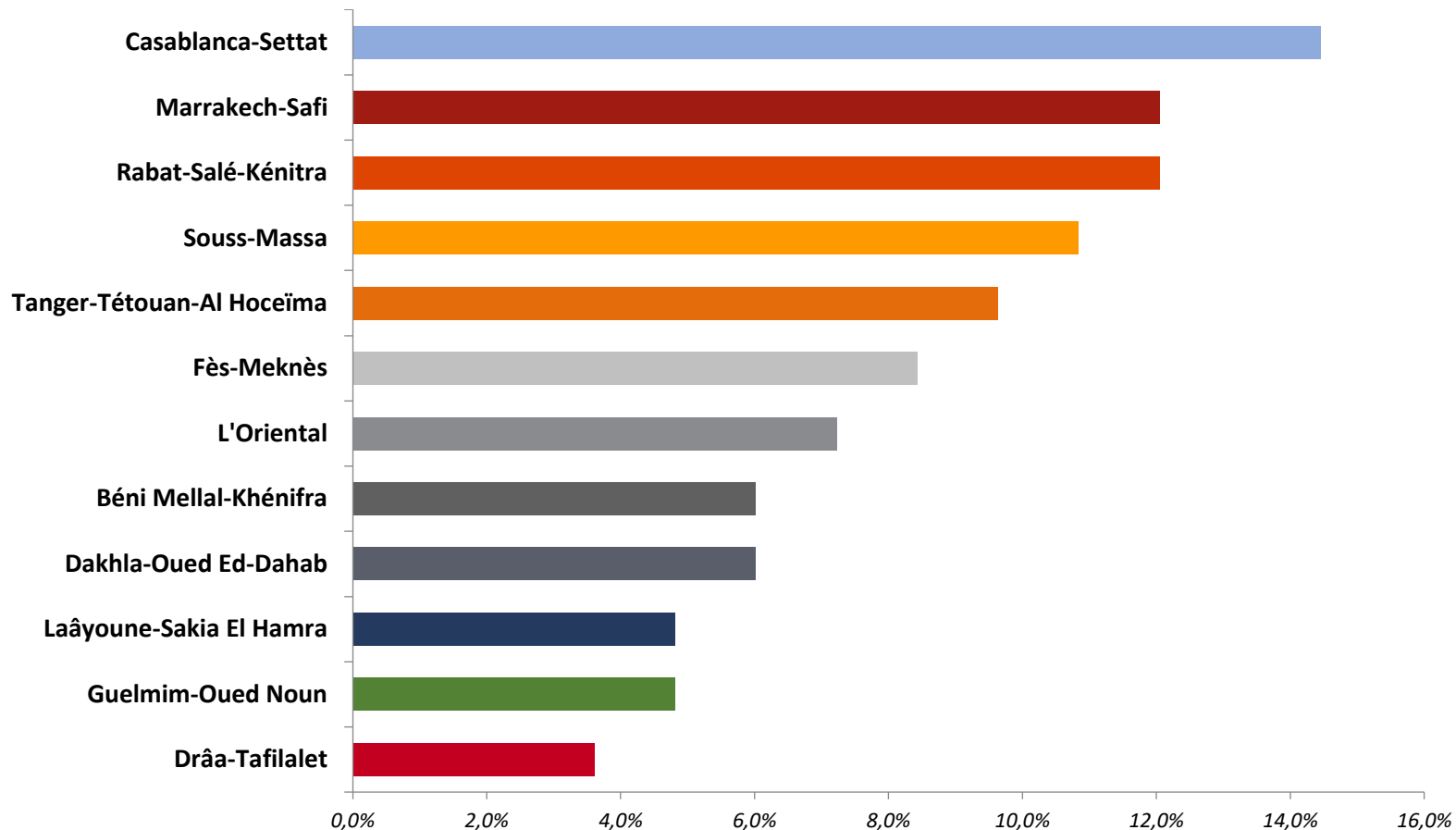
Investment sectors targeted in the next 5 years?



The **three most attractive sectors** for investment funds over the next five years are **Healthcare, Services and the Agribusiness sectors.**

2022/2023 Forecast

Investment regions within Morocco targeted in the next 5 years?



The three most attractive regions for investment funds over the next five years are **Casablanca - Settat, Marrakech - Safi and Rabat - Salé - Kénitra.**

06

Annexes 5

Active members



06

Annexes 5

Scope

AFRICINVEST	ATTIJARI INVEST	CDG INVEST GROWTH	MITC CAPITAL
MPEF II	AGRAM INVEST	CAPMEZZANINE	MAROC NUMERIC FUND
MPEF III	IGRANE	CAPMEZZANINE II	MAROC NUMERIC FUND II
MPEF IV	Moroccan Infrastructure Fund	CAPMEZZANINE III	
AFRICINVEST IV		ENTREPRISES PARTNERS	OCP SA
	AZUR INNOVATION MANAGEMENT	3P FUND	OIFFA
ALMAMED	AZUR Innovation Fund		
MASSINISSA MAROC		FIROGEST	PRIVATE EQUITY INITIATIVES
MASSINISSA MAROC	BMCI DEVELOPPEMENT	FIRO	PME CROISSANCE
	BMCI DÉVELOPPEMENT		
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	INFRA INVEST	UPLINE INVESTMENTS
AMETHIS MENA FUND II	212 Founders	ARGAN INFRASTRUCTURE FUND	UPLINE INVESTMENT FUND
			FONDS MOUSSAHAMA II
ATLAMED	CDG INVEST INFRA	MEDITERRANIA CAPITAL PARTNERS	IMPETUS
AM INVEST MOROCCO	INFRAMED	MEDITERRANIA CAPITAL II	
	INFRAMAROC	MEDITERRANIA CAPITAL III	

Fund management companies
 New funds created in 2021
 Funds under management
 Funds divested or in phase of divestment

Scope

The study covers:

- All fund management companies, **members of AMIC with a representative office in Morocco** and which a part of the fund to be invested is dedicated to Morocco
- Funds investing **mainly in SMEs and unlisted companies**
- Funds with a **time-limited lifespan**
- **Infrastructure funds** investing in greenfields and brownfields
- All sectors **except funds dedicated to real estate and tourism**
- The data collection was carried out by a survey conducted with **20 fund management companies on a declarative basis** (including infrastructure funds)

Methodology

Amount raised



- The **amounts of funds 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

Divestments and Performance



- The amount of **divestments** corresponds to the amount of **exit 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 **IRR**s were **weighted by the amount invested**
- Losses due to **exceptional events have not been taken into account** in the average calculation of IRRs
- The divestment indicators are calculated on the basis of 91 exits

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

- **Effective and clear communication** about the Private Equity industry
- **Conducting reliable studies and surveys** on Private Equity activity in Morocco
- **Active participation in debates** relating to any draft text regulating the activity of the sector
- **The establishment of a charter** governing the activity of Private Equity ensuring compliance with ethics
- The contribution of a **member support service** on regulatory aspects relating to the profession
- The development of a **quality training program** on all aspects of the Private Equity business

Website: www.amic.org.ma

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