

# ACTIVITY REPORT

## PRIVATE EQUITY IN MOROCCO

2022



**Grant Thornton**

L'instinct de la croissance™

15<sup>th</sup> edition report – May 2023



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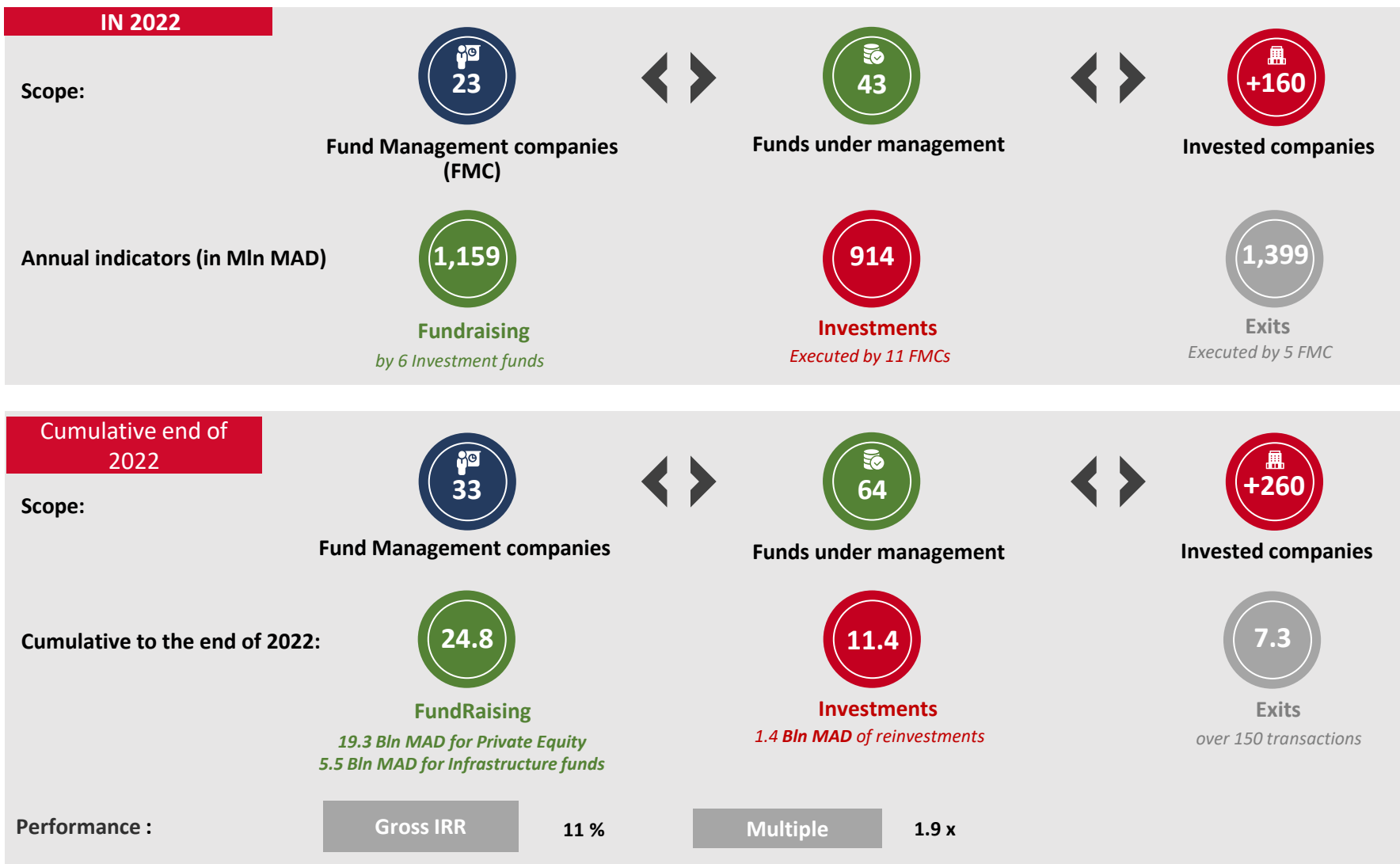
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# Executive Summary

# 01

## Executive Summary





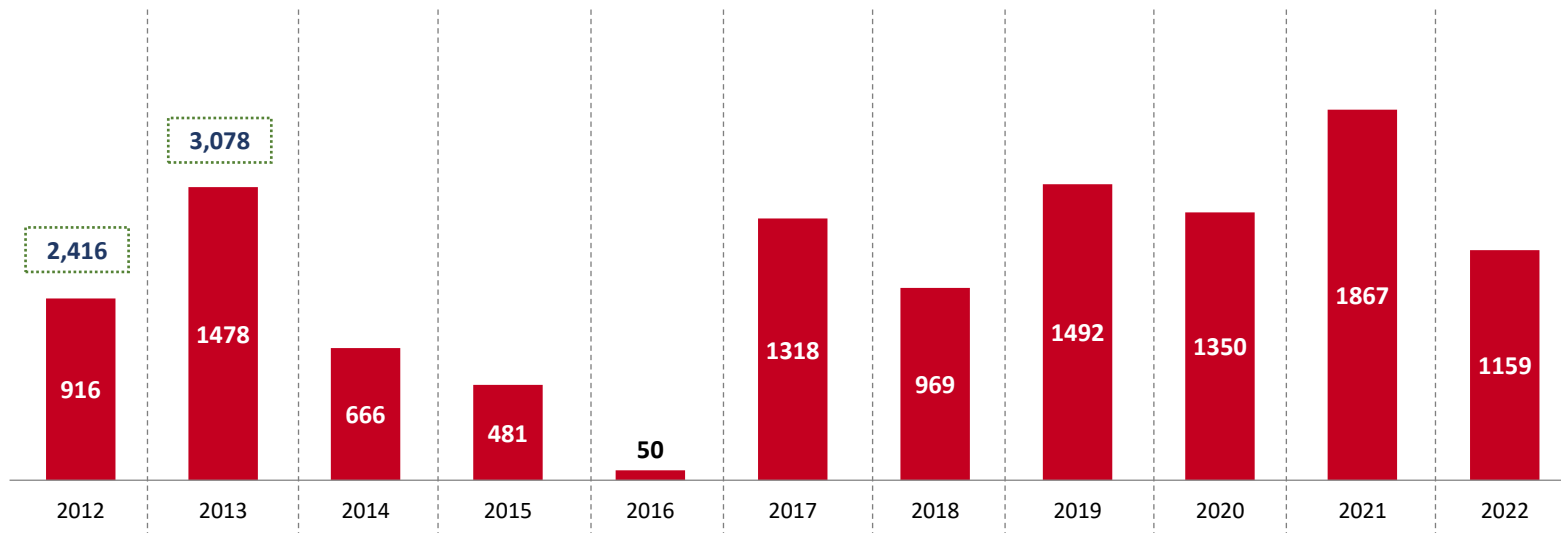
**Four new funds included in the scope of the study (2022):**

- Fonds Capital Venture (FCV)  
*BMCE Capital Investments*
- Columbus 1 Fund  
*REDMED Capital Private Equity*
- Fonds UM6P Ventures  
*Mohammed VI Polytechnic University*
- Valoris Equity Fund  
*VALORIS Capital Private Equity*

**In 2022, six investment funds raised 1,159 Mln MAD in capital for investment in Morocco.**

# Capital Raising

## By type of funds (Mln MAD)



**X** Total capital raised (Private Equity + Infrastructure funds):

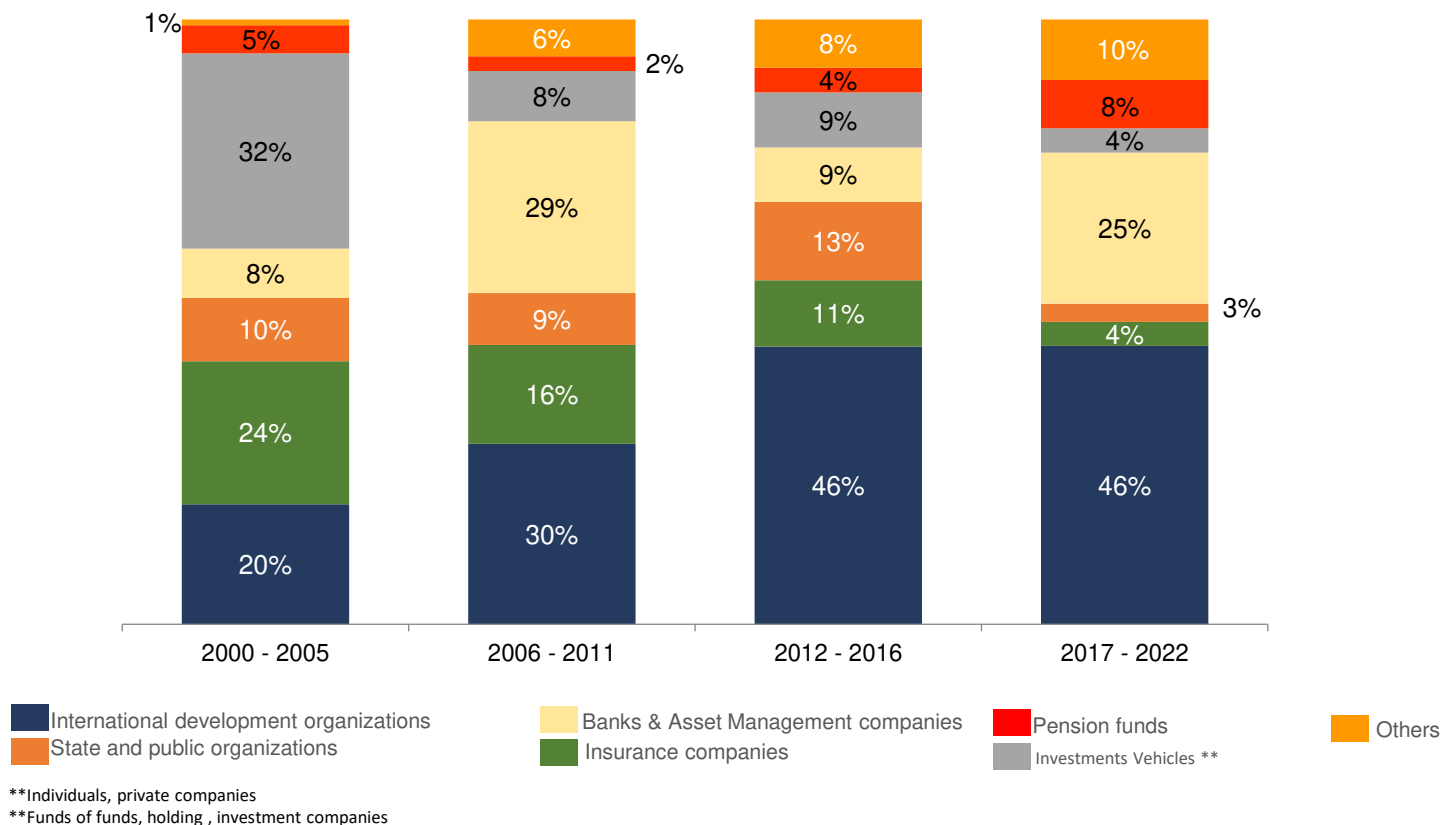


■ Moroccan Funds  
■ Transregional Funds

- A total amount of **8,180 Mln MAD** was raised during the period 2017-2022.
- Capital raises were executed by 6 funds in 2022 and 23 funds between 2017 and 2022.
- Transregional funds **represented 77% of fundraising for Morocco** since 2012.

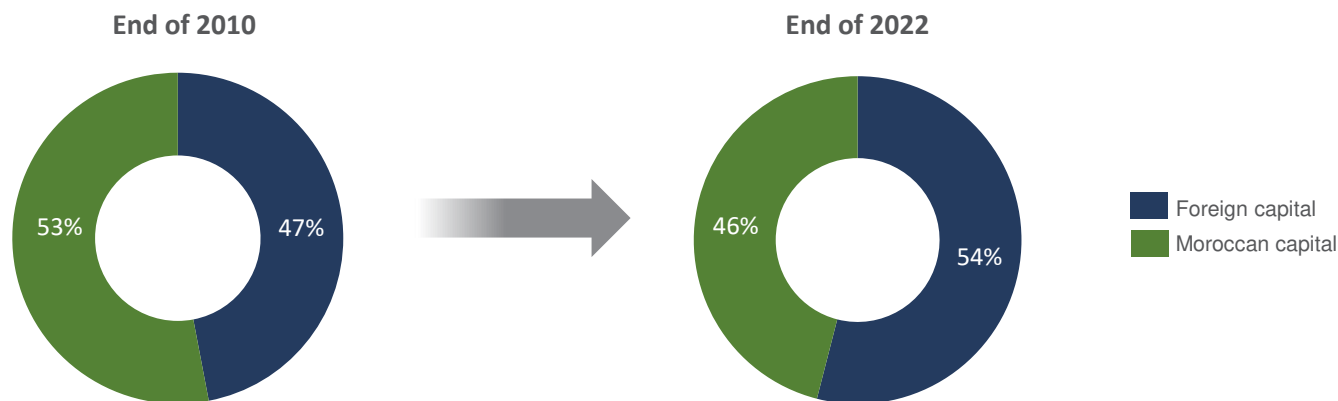
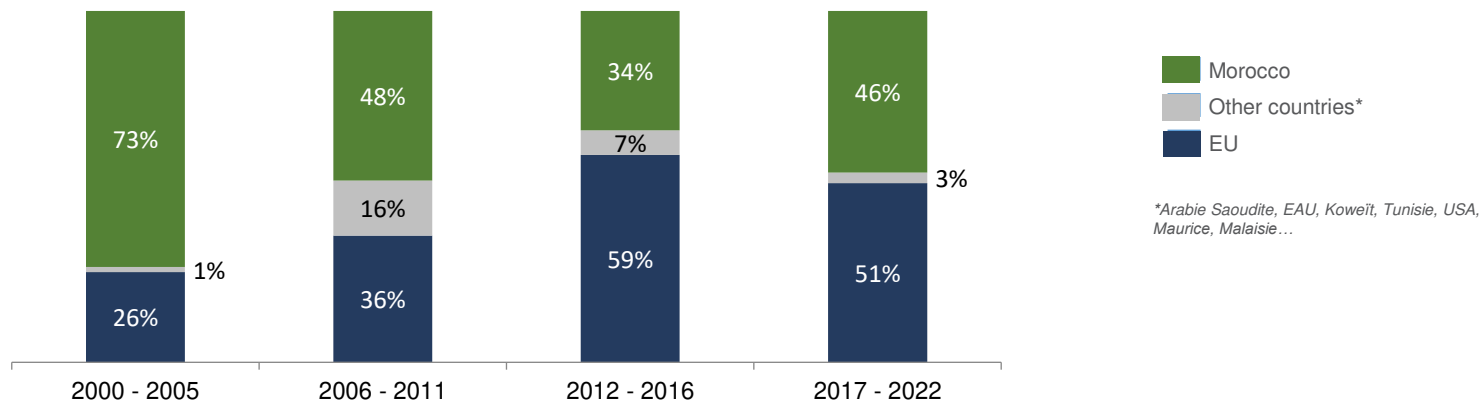
## By type, nationality, and investors

In Value



The share of **International Development Organizations** has been **steadily increasing** since the first generation of funds (2000-2005).

## By type, nationality, and investors



After a sharp drop in the share of Moroccan investors between the first and third generations of funds (from 73% between 2000 and 2005 to 34% between 2012 and 2016), **a marked increase of Moroccan investors has been recorded in recent years** (46% between 2017 and 2022). Cumulatively, foreign capital accounts for 54% of fundraising.

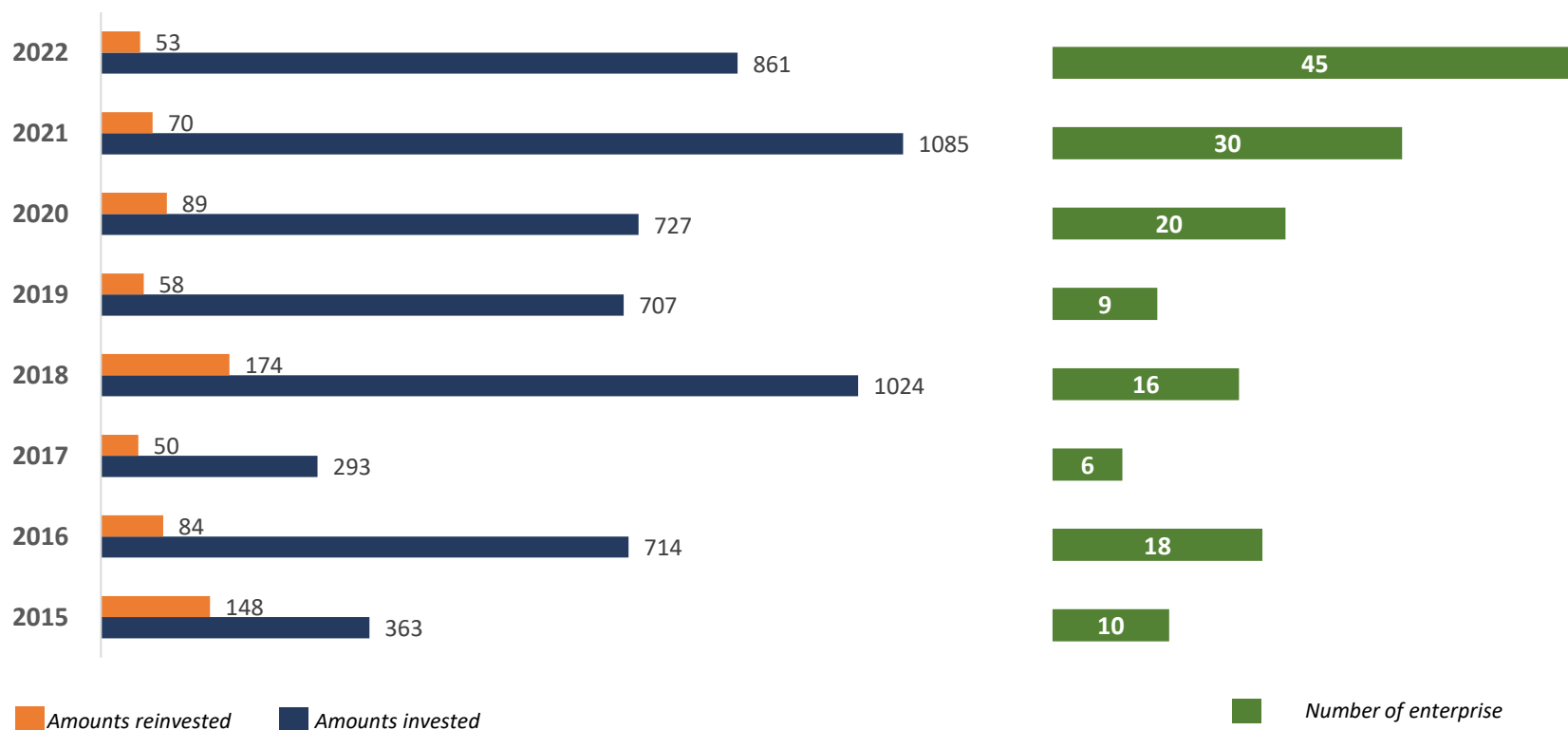


➤ In 2022, there were a total of 45 investment transactions, including 27 new investments, with a combined amount of 914 Mln MAD .

➤ There were 18 new investments in start-ups (Seed and Venture Capital), particularly in new technologies sector (Start-ups)

# Investments

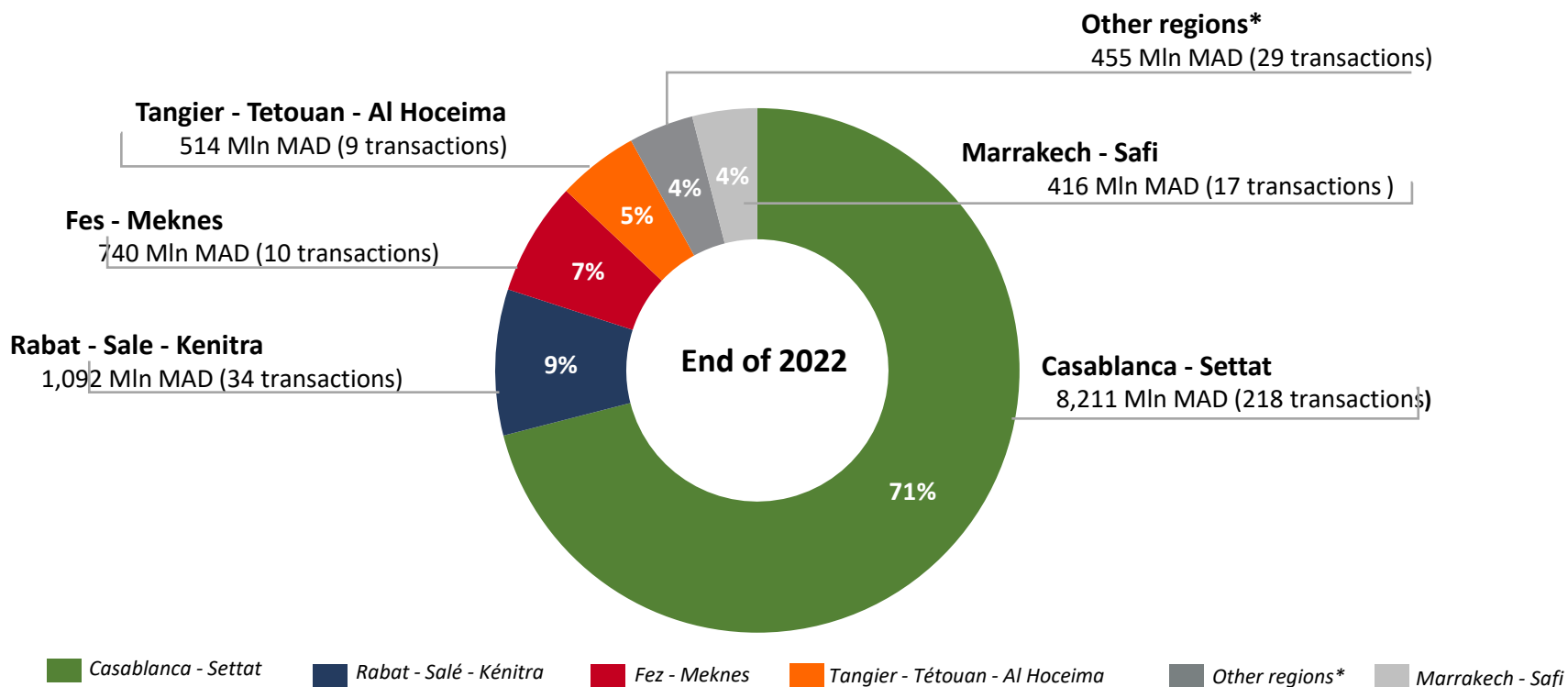
## Amounts invested and reinvested (Mln MAD)



Investments executed by 11 fund management companies amounted to **914 million MAD in 2022**

- **27 new companies** invested
- **18 reinvestments.**

# Geographical distribution of invested companies

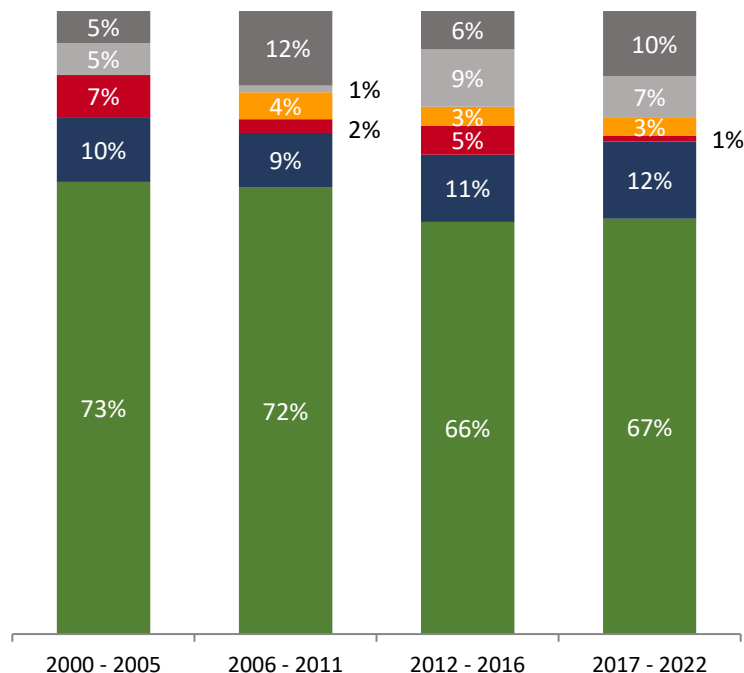


\* Béni Mellal - Khénifra, Dakhla-Oued Eddahab, Darâa - Tafilalet, Guelmim - Oued Noun, Laâyoune - Sakia El Hamra, L'Oriental, Souss - Massa

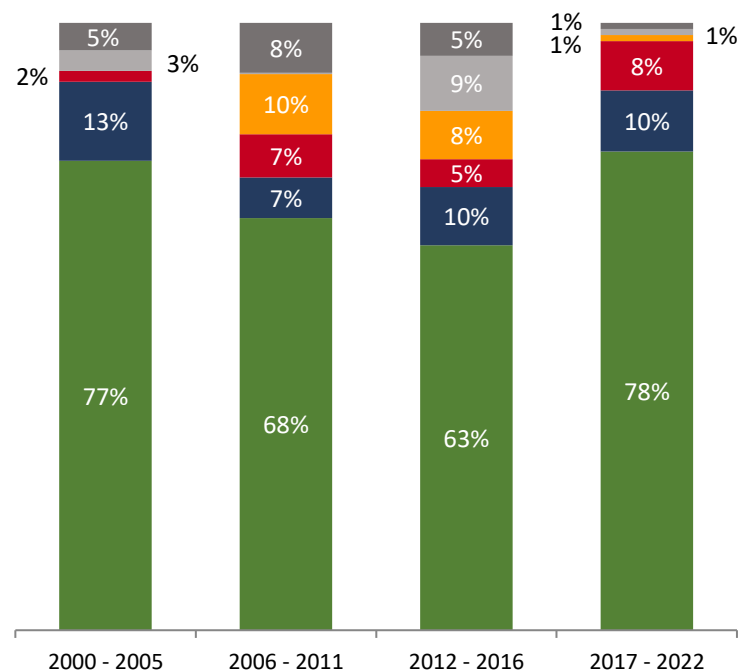
**The Casablanca-Settat region was** the most dynamic in terms of investments, with 218 investment transactions totaling 8,211 Mln MAD as of the end of 2022. Following that, **the Rabat-Salé-Kénitra, Fès-Meknès, and Tanger-Tetouan-Al Hoceima regions accounted** for 9%, 7%, and 5% of the investments made, respectively.

# Geographical distribution of invested companies

In number



In value





■ Casablanca - Settat 
 ■ Rabat - Salé - Kénitra 
 ■ Fes - Meknes 
 ■ Tangier - Tetouan - 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 2022, the **Casablanca - Settat region accounted for 78% by value**. In terms of number of investments, this region's share is declining. It fell from **73% between 2000 and 2005 to 67% between 2017 and 2022**.

# Stage of development of invested companies

Development stage	Amounts invested to the end of 2022	Number of investment made by end 2022	En 2022 Variation and Amount	
Seed capital	269 Mln MAD	43	+ 23 Mln MAD	+ 12
Venture capital	616 Mln MAD	70	+ 82 Mln MAD	+ 6
Growth capital	8,358 Mln MAD	161	+ 766 Mln MAD	+ 8
Buyout Capital	2,090 Mln MAD	41	-	+ 1
Turnaround capital	95 Mln MAD	2	-	-

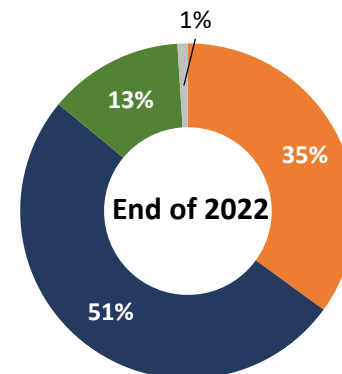
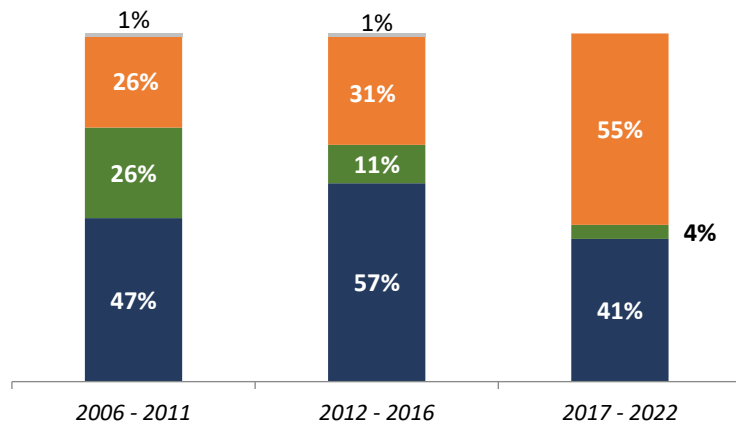

 End of 2022

New investments in the start-up phase - **Seed Capital** and Venture Capital – represented **almost 70%** of total investments in 2022 **(by number)**.

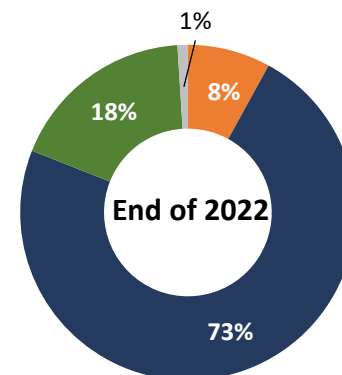
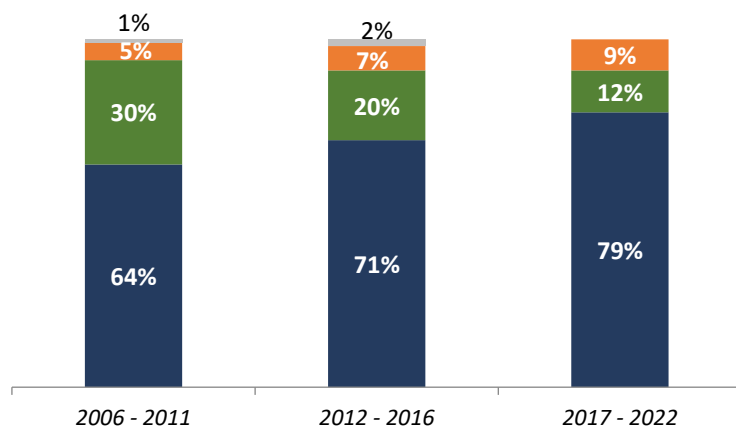


# Stage of development of invested companies

*in Number*



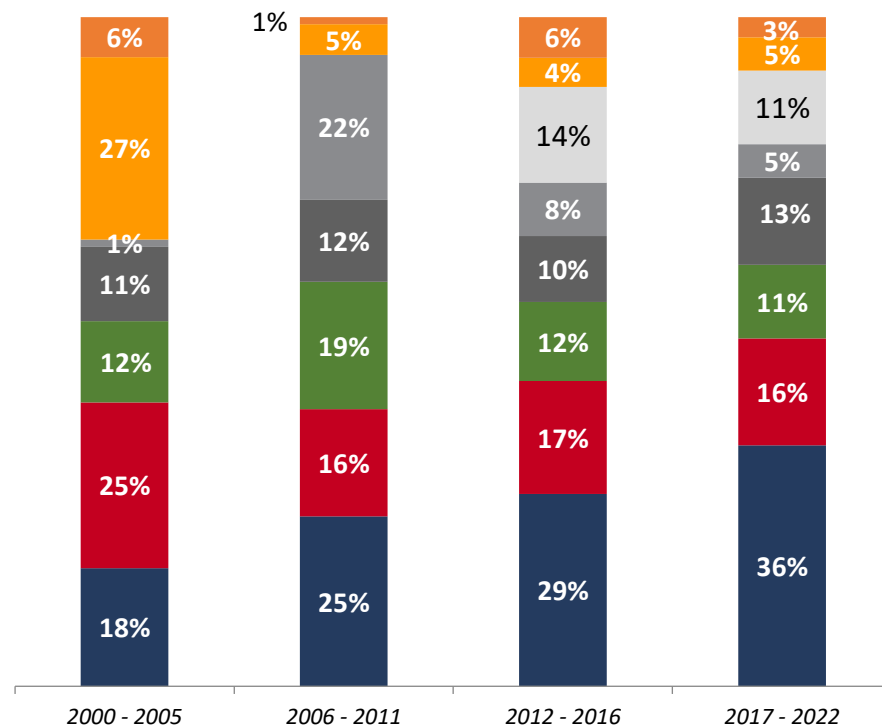
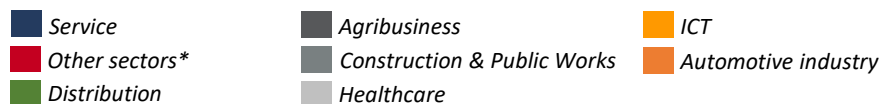
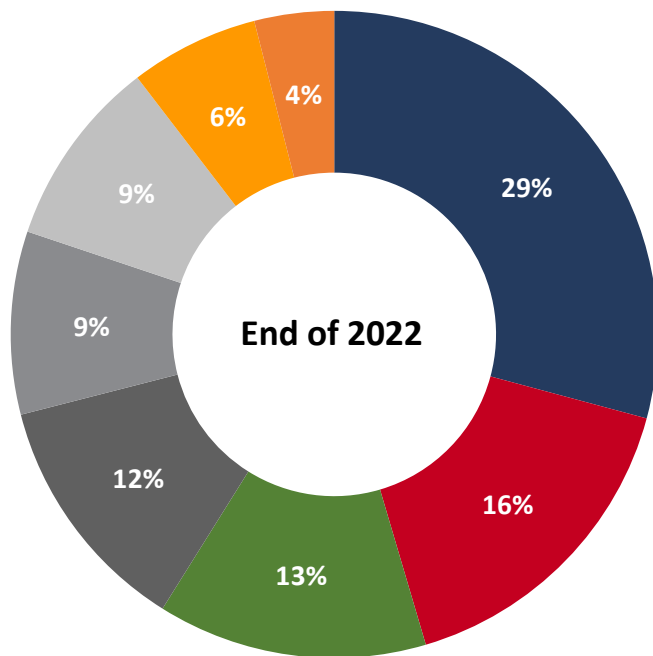
*in value*



Seed - venture    Development    Buyout    turnaround

As of the end of 2022, investments in Seed and Venture Capital represented 35% of the total number of investments made and 8% by value. Their share have increased from 26% between 2006 and 2011 to 55% between 2017 and 2022 in number.

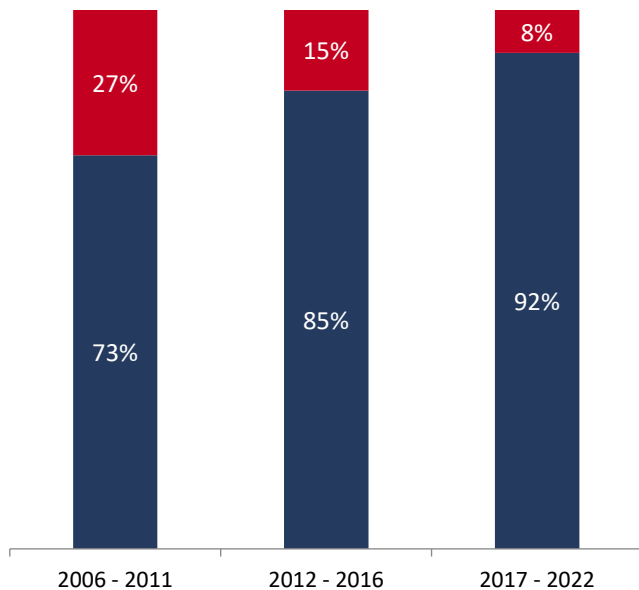
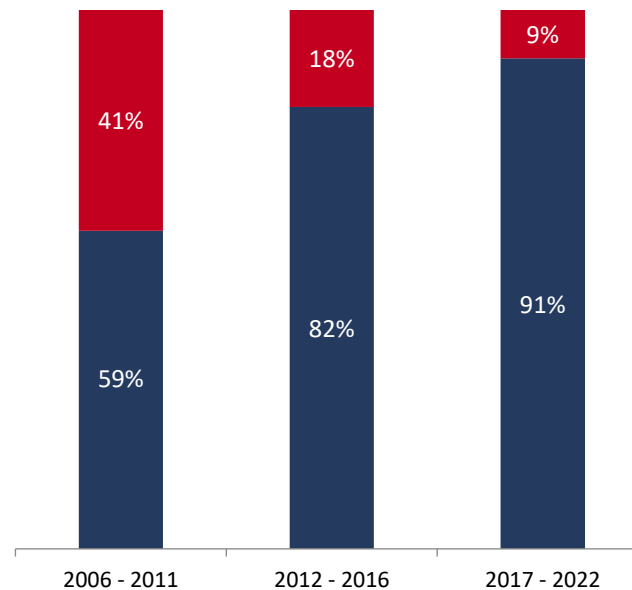
## Distribution by sectors



\* Aeronautics, Education, Packaging, Metal industry and others

The **services sector** has been **rising steadily** since the first generation of funds, **from 18% to 36% in 2017 - 2022**. The healthcare and education sectors have seen strong growth in recent years.

## Portion of capital acquired in companies

**In number****In value**

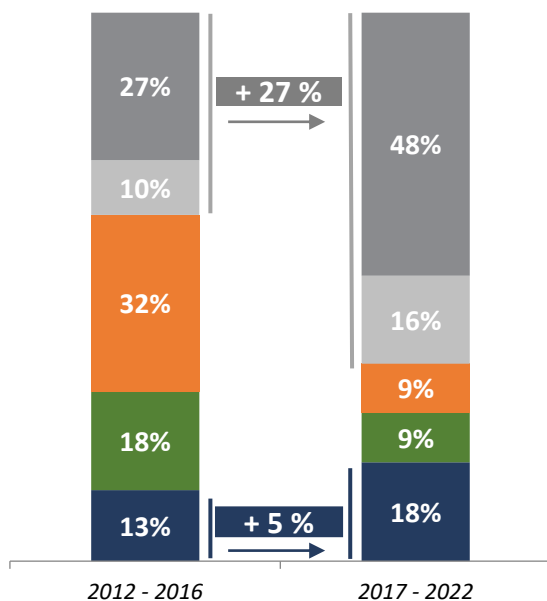
■ Minority transactions (less than 50% of the capital)

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

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

# Size of transactions

*In number*



<10 Mln MAD

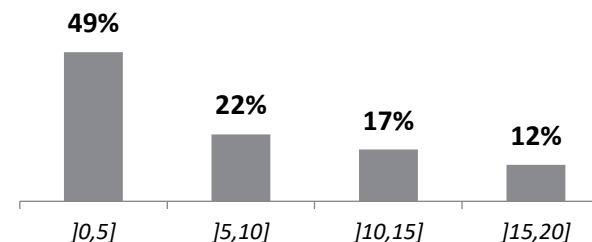
10 to 20 Mln MAD

20 to 50 Mln MAD

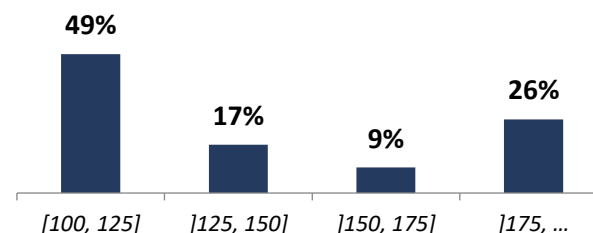
50 to 100 Mln MAD

>100 Mln MAD

Tickets ≤ 20 Mln MAD by end of 2022



Tickets ≥ 100 Mln MAD by end of 2022



**Increase** in the number of **transactions over 100 Mln MAD and under 20 Mln MAD** between the 3rd and 4th generations of funds:

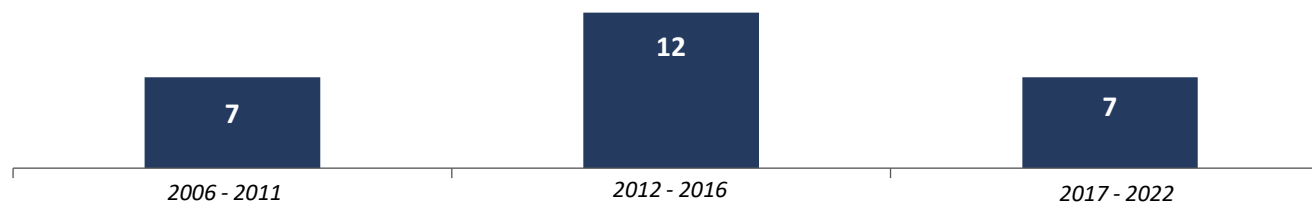
- Transactions of less than or equal to **20 Mln MAD** were essentially Seed and Venture Capital investments.
- Transactions greater than or equal to **100 Mln MAD** were primarily Growth Capital and Buyout investments

## Average investment tickets

Average Ticket (2017 - 2022) =

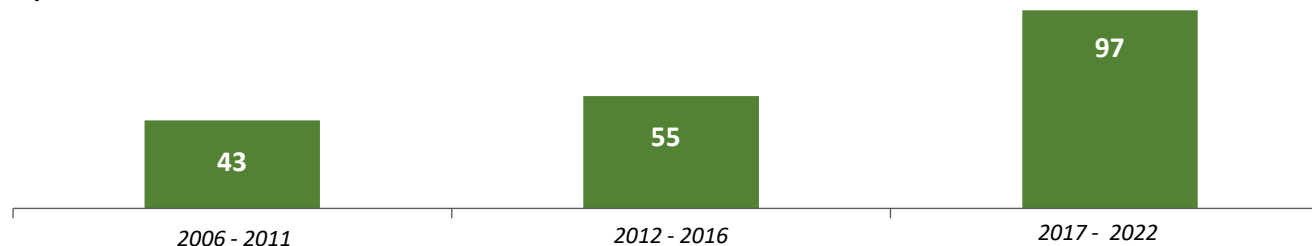
48  
Mln  
MAD

### Seed/ Venture



The average investment ticket size 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.



➤ Record divestment performance, with 1,399 Mln MAD realized in one year

➤ By the end of 2022, 150 divestments for a total of 7.3 Bln MAD

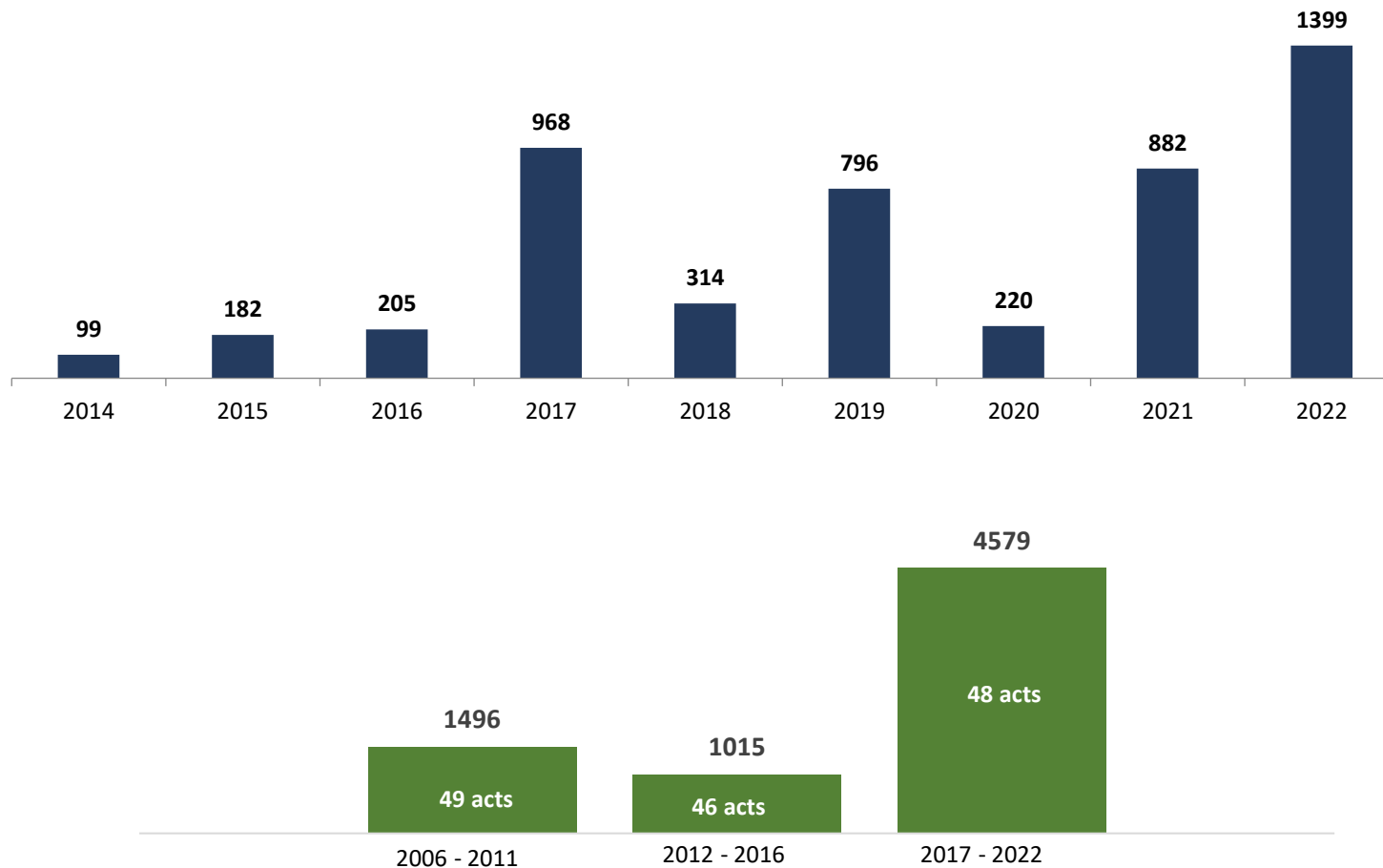
➤ Main exits realized were on the secondary market and industrial trade sales (cumulative to end-2022)

**EXITS**

# 04

Exits

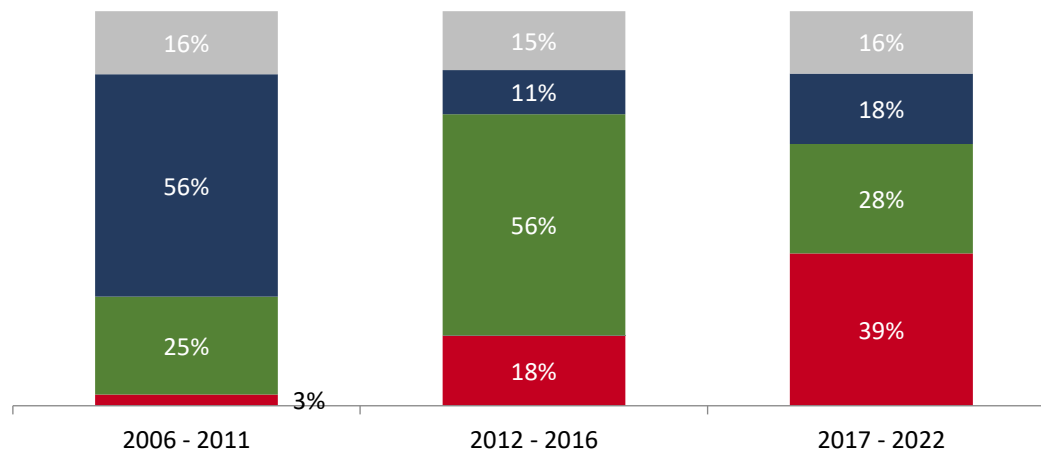
## Exits in value (MIn MAD)



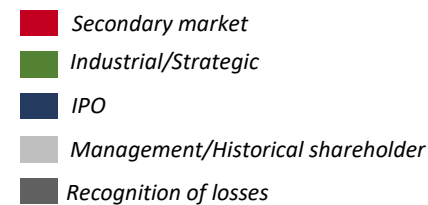
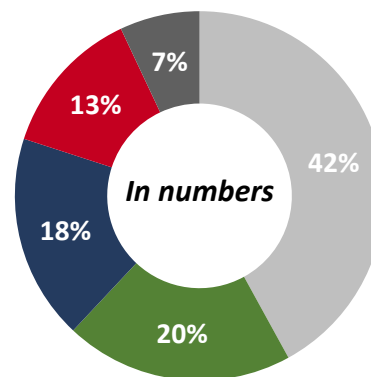
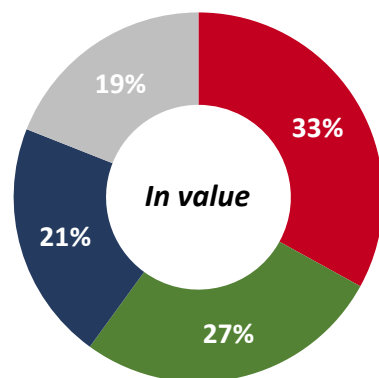
**14 exits realized by 5 management companies for a total of 1,399 MIn MAD in 2022.**

## Exit mode

By generation (in value)



By end of 2022



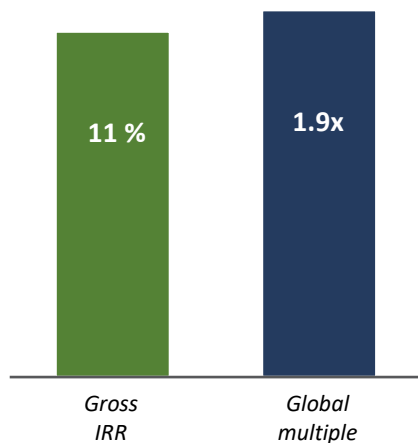
By the end of **2022**, exits from the secondary market accounted for **33%** of all **exits**. These exits are not only on **Moroccan funds**, but also on **foreign funds**, which are showing a growing interest in investing in this market in Morocco.



# Performance

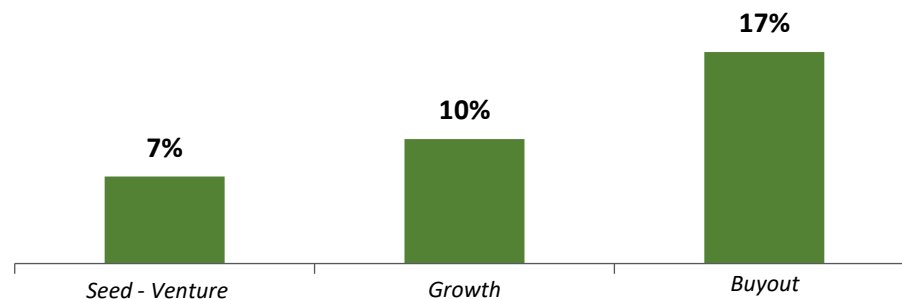
# Divestment performance

Gross IRR\* and Multiple - period of 2000/2022

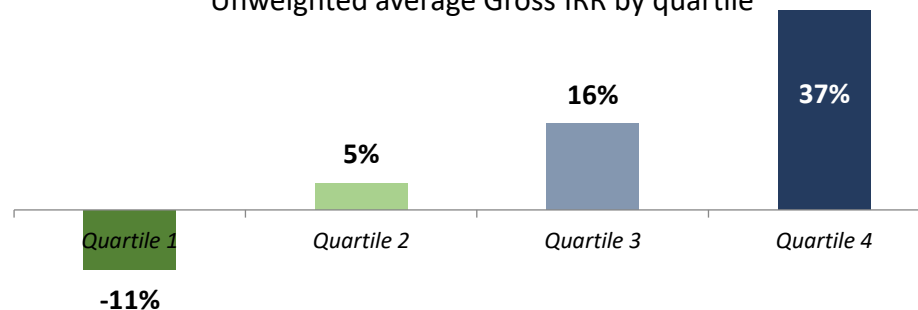


\* Average Gross IRR of exits executed (Cf. Methodology)

Gross IRR by stage



Unweighted average Gross IRR by quartile



**Average Multiples (Unweighted): 1.9 (Seed/venture: 1.4 / Expansion: 2.1 / Transmission: 1.8)**

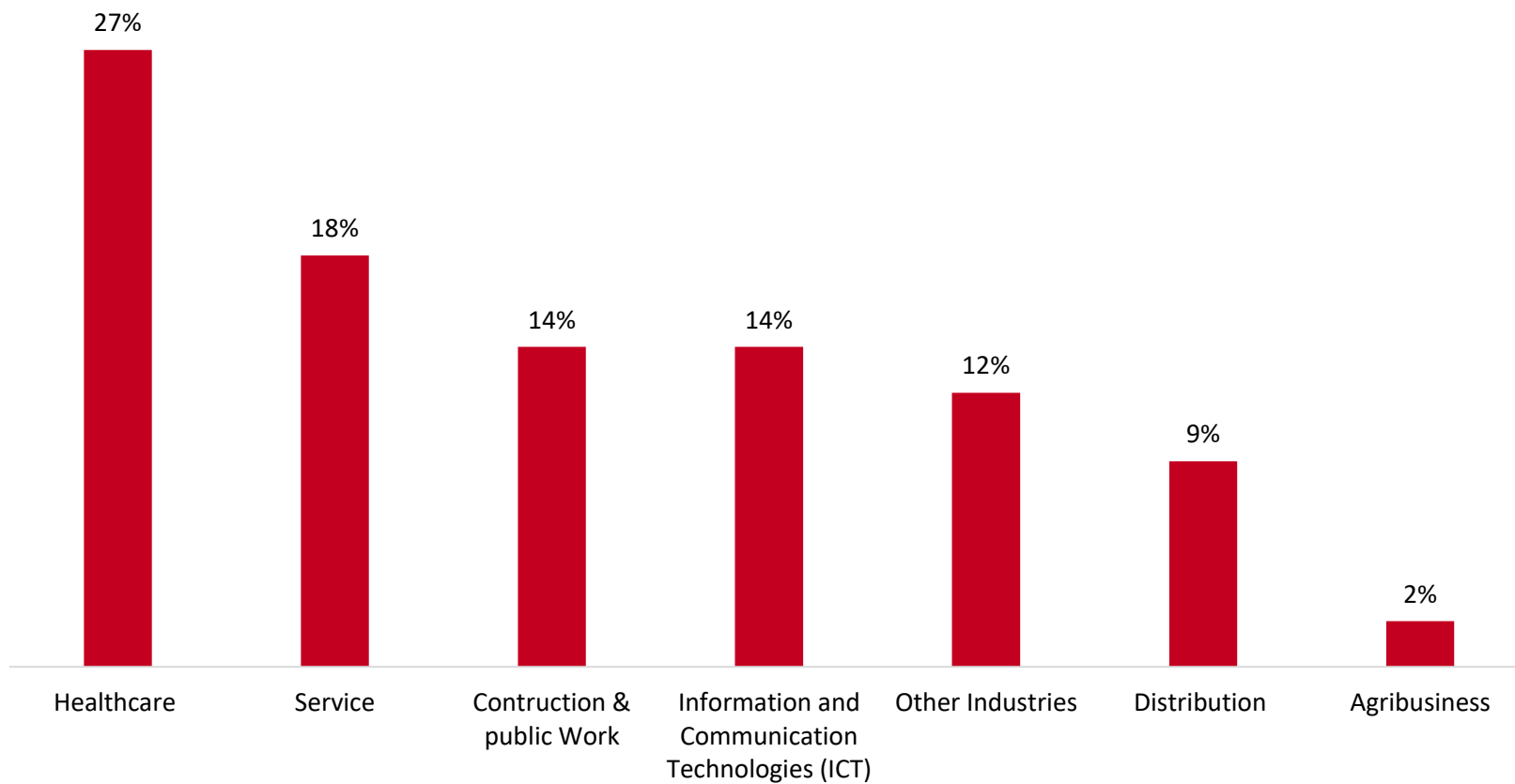
**Average Investment period: 6 years**

A slight decrease in average investment duration and **sustained divestment performance** between 2021 and 2022.



## Divestment performance

Average Gross IRR by Sector (cumulative to the end of 2022)



The Healthcare, Services and Construction sectors achieved the highest IRRs, cumulative to end of 2022.

1. Key figures 2022
2. Management teams  
Characteristics
3. Fund characteristics
4. Forecasts 2023/2024.
5. Scope
6. Methodology

# Annexes

## Key figures 2022

Funds raised	Nearly 24.8 bln MAD raised for private equity and infrastructure	Amount still available for Investment (including infra) = 5.3 Bln MAD*							
Investments	11.4 Bln MAD invested in more than 260 companies by the end of 2022	914 Mln MAD invested in 45 companies by 2022	<div>Investment forecasts for upcoming years</div> <table><tr><td>2023</td><td>2024</td><td>2025</td></tr><tr><td>2,758 Mln MAD</td><td>2,088 Mln MAD</td><td>269 Mln MAD</td></tr></table>	2023	2024	2025	2,758 Mln MAD	2,088 Mln MAD	269 Mln MAD
2023	2024	2025							
2,758 Mln MAD	2,088 Mln MAD	269 Mln MAD							
Exits	Exited amount in 2022 = 1,399 Mln MAD	7.3 Bln MAD in amounts exited at the end of 2022							
Performance	Weighted average gross IRR = 11%.	Average investment = 6 years	Average multiple = 1.9 x						

\* Amount still available for investment (excluding infra) = 4.9 billion MAD

# Management teams characteristics

## Team



## Experience and Education (Investment Professionals)

**14 years of experience**  
per collaborator

**16 investment operations**  
per collaborator



Business School



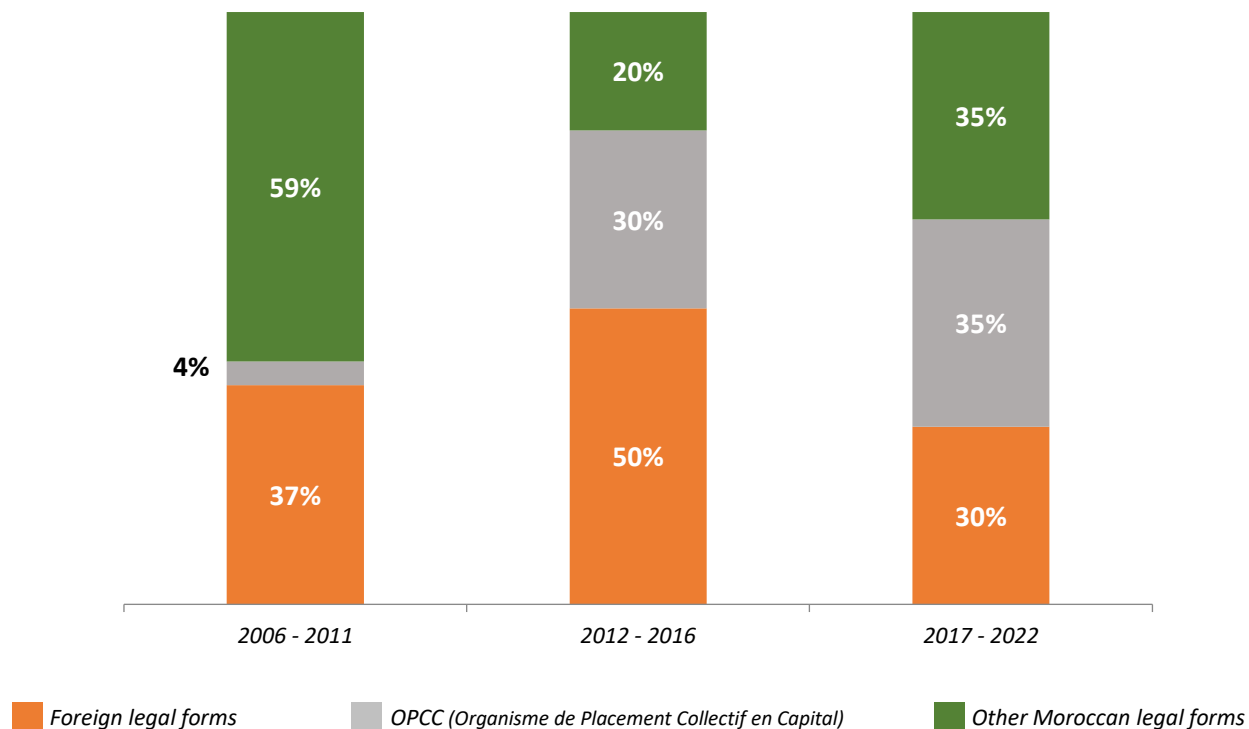
Engineering school



Universities

## Funds characteristics

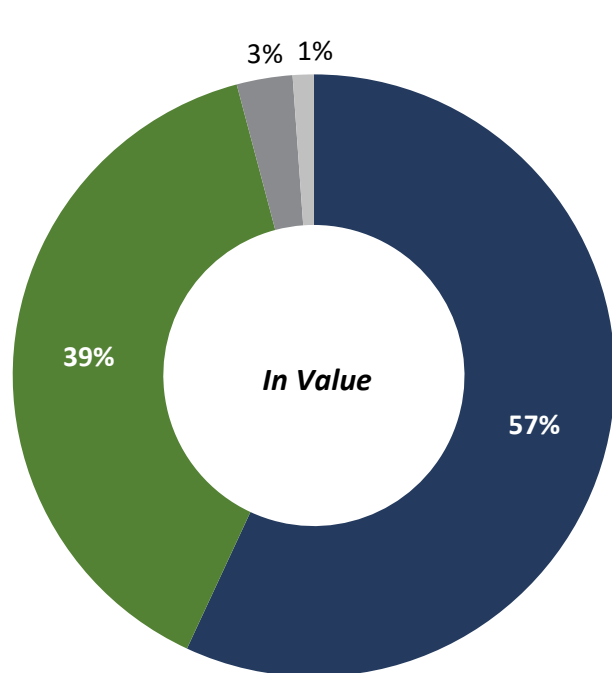
*In number*



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



## Funds characteristics

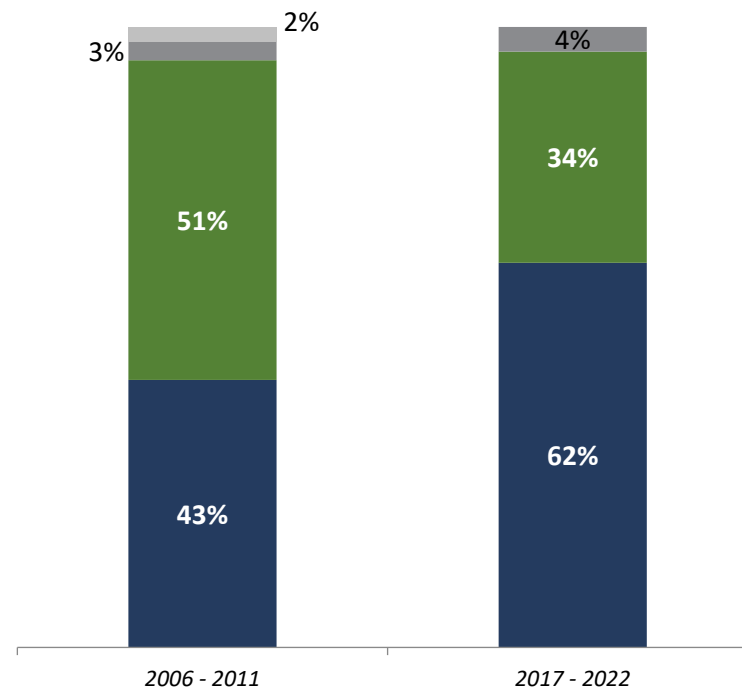


Investment companies

Other Captive

Captive Financial Institution

Independent



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

# Trends

## The main Challenges for 2023

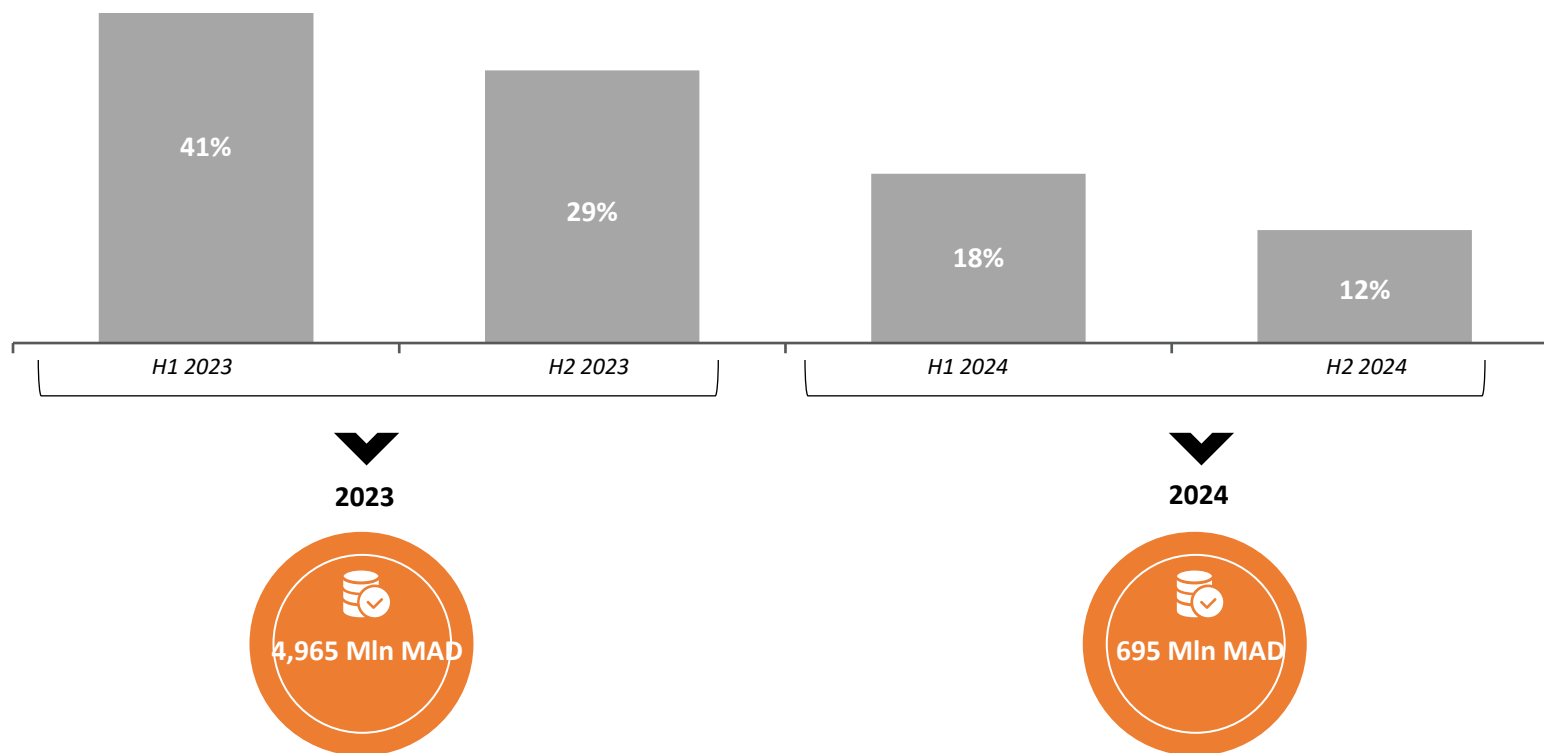
**34 %****Identify exits****30 %****Invest in new enterprises****20 %****Fundraising**

## Forecasts for 2023

**Estimated Number of exits****17****Estimated Number of investments****52****Estimated fundraising****6,505 MIn  
MAD**

## Forecasts 2023/2024

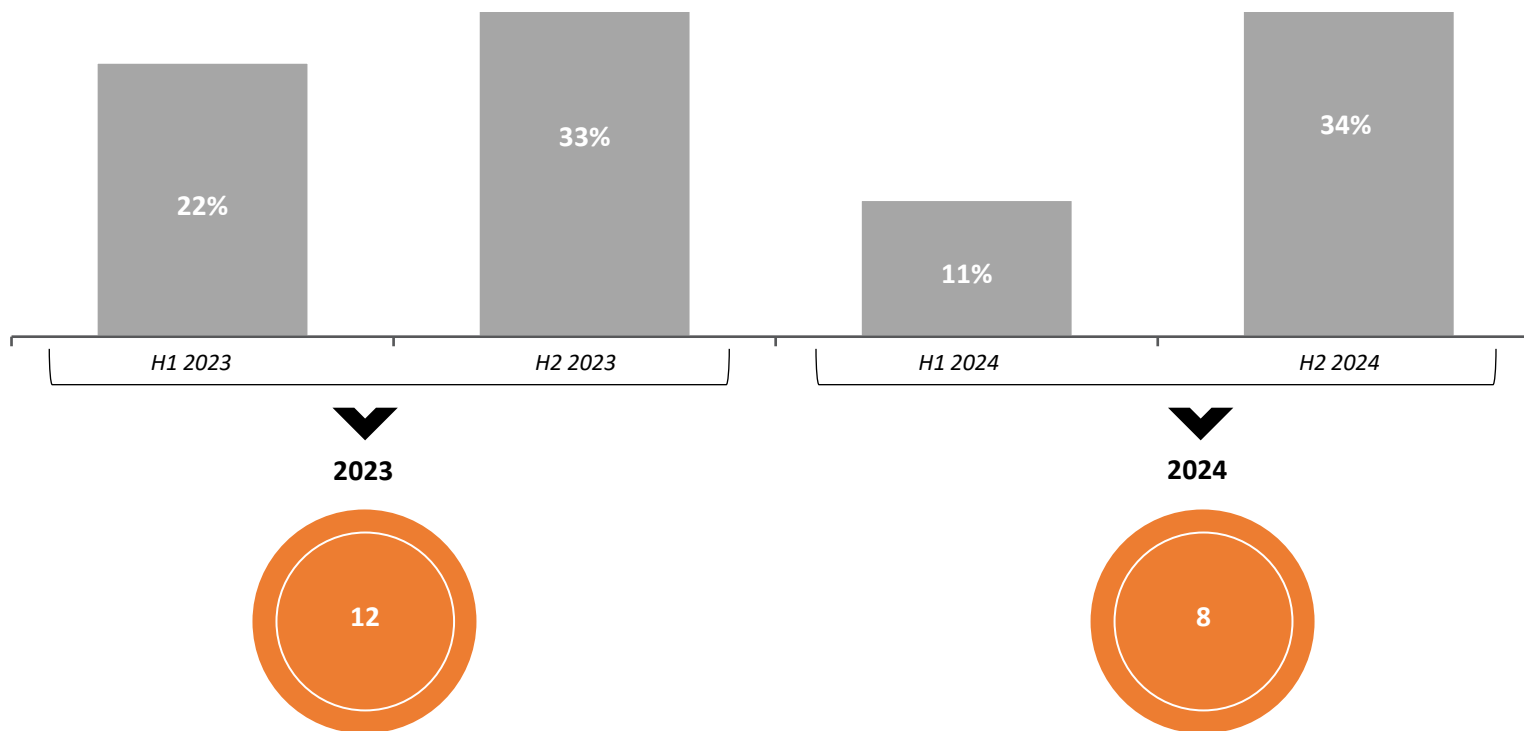
Anticipated period for Fundraising for a new fund



Among the **management companies planning to raise a new fund, 70% are planning to do so in 2023** for a global estimated fundraising of **4,965 Mln MAD**.

## Forecasts 2023/2024

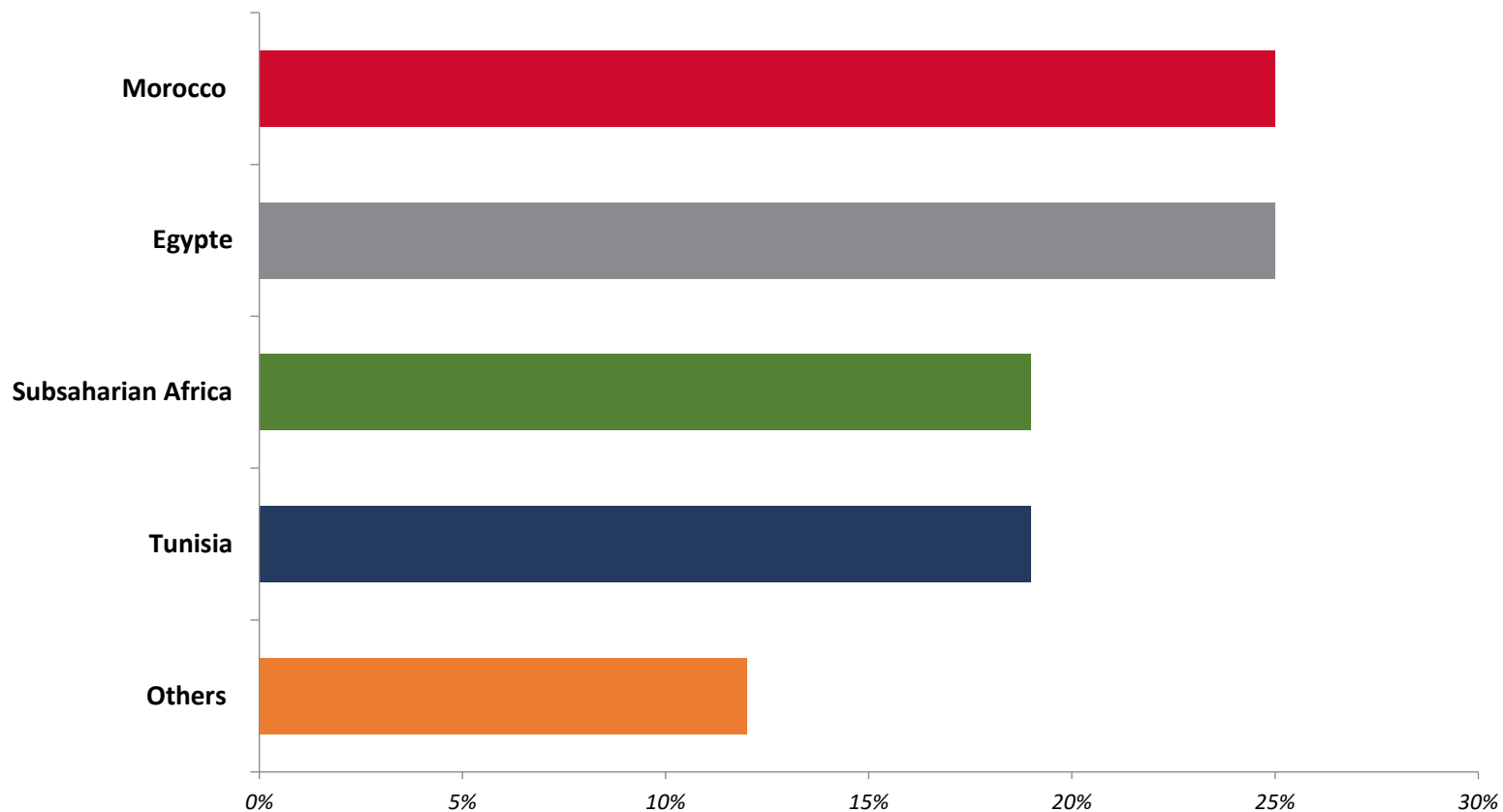
### Exit planning for portfolio companies



Of the **management companies planning to exit** in the next two years, **55% plan to do so in 2023** for an estimated 12 exits.

## Trends

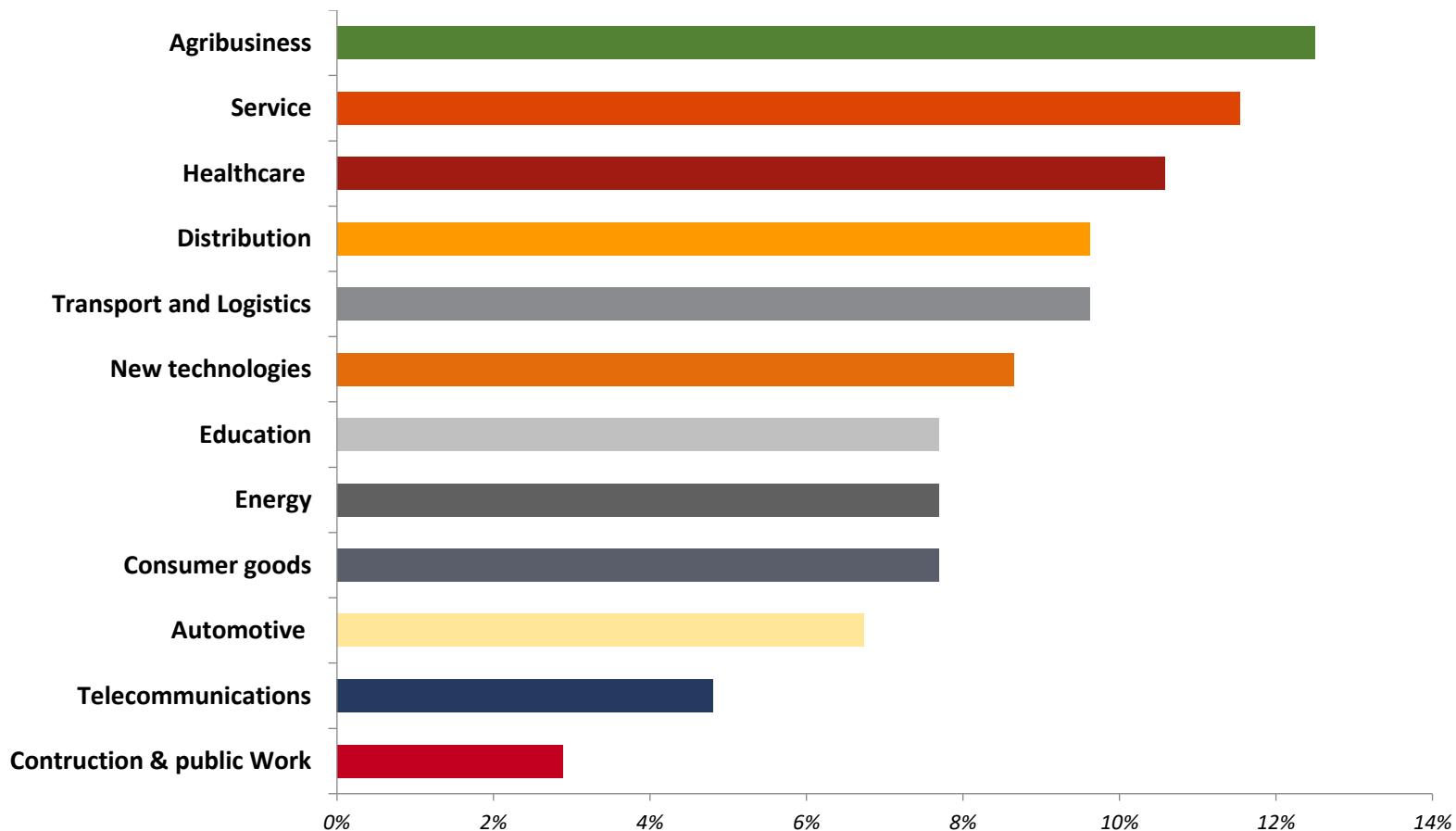
### Priority investment areas (for transregional funds)



For trans-regional funds, the priority investment areas are **Morocco (25%), Egypt (25%), Sub-Saharan Africa (19%) and Tunisia (19%)**.

# Trends

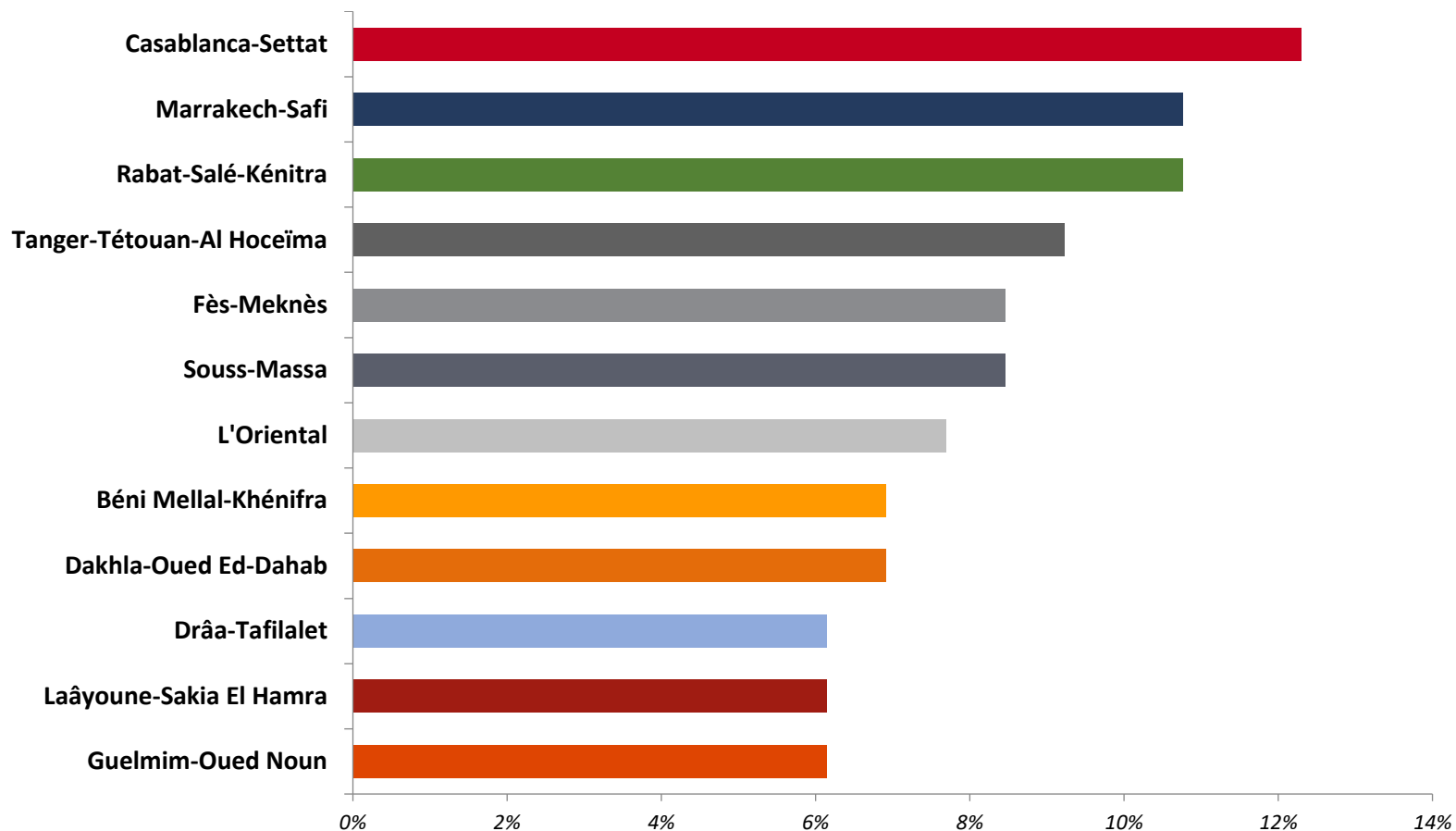
## Investment sectors targeted over the next 5 years?



The three most attractive sectors for investment funds over the next 5 years are Agribusiness, Services and Healthcare sectors.

# Trends

## Targeted investment regions over the next 5 years?



The three most attractive regions for investment funds over the next 5 years are **Casablanca - Settat, Marrakech - Safi and Rabat - Salé - Kénitra.**



# 06

Annexes 5

## Active Members



# Scope

22 out of 23 respondents

<b>AFRICINVEST</b> MPEF II MPEF III MPEF IV AFRICINVEST IV	<b>AZUR INNOVATION MANAGEMENT</b> AZUR Innovation Fund  <b>BMCE CAPITAL INVESTMENTS</b> FONDS CAPITAL VENTURE	<b>EMERGING TECH VENTURES</b> SEAF MOROCCO Growth Fund	<b>OCP SA</b> OIFFA
<b>ALMAMED</b> MASSINISSA MAROC MASSINISSA MAROC	<b>BMCI DEVELOPPEMENT</b> BMCI DÉVELOPPEMENT	<b>ENTREPRISES PARTNERS</b> 3P FUND	<b>PRIVATE EQUITY INITIATIVES</b> PME CROISSANCE
<b>AMETHIS NORTH AFRICA</b> AMETHIS MAGHREB FUND I AMETHIS FUND I AMETHIS FUND II AMETHIS MENA FUND II	<b>CDG INVEST</b> FIPAR Holding NAMA Holding 212 FOUNDERS	<b>FIROGEST</b> FIRO	<b>REDMED CAPITAL PE</b> COLUMBUS I
<b>ATLAMED</b> AM INVEST MOROCCO	<b>CDG INVEST INFRA</b> INFRAMED INFRAMAROC	<b>HOLDAGRO</b> TARGA	<b>UM6P VENTURES</b> UM6P VENTURES
<b>ATTIJARI INVEST</b> AGRAM INVEST IGRANE Moroccan Infrastructure Fund	<b>CDG INVEST GROWTH</b> CAPMEZZANINE CAPMEZZANINE II CAPMEZZANINE III	<b>INFRA INVEST</b> ARGAN INFRASTRUCTURE FUND	<b>UPLINE INVESTMENTS</b> UPLINE INVESTMENT FUND FONDS MOUSSAHAMA II IMPETUS
		<b>MEDITERRANIA CAPITAL PARTNERS</b> MEDITERRANIA CAPITAL II MEDITERRANIA CAPITAL III	<b>VALORIS CAPITAL PE</b> VALORIS EQUITY FUND
		<b>MITC CAPITAL</b> MAROC NUMERIC FUND MAROC NUMERIC FUND II	

Fund management companies
 Funds under management
 Funds divested or in phase of divestment

## Perimeter

### 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

Amounts raised	➤	<ul style="list-style-type: none"> <li>• The <b>amounts of funds raised</b> only includes <b>the part dedicated to Morocco and the part dedicated to Private Equity</b></li> <li>• <b>The amounts raised by infrastructure funds are analyzed and presented</b> separately</li> <li>• When the part dedicated to Morocco of a transregional fund has not been communicated, only the amounts invested are retained</li> <li>• Revisions of declarations by certain funds resulted in <b>technical adjustments to the amounts raised</b> per year (hence a difference from amounts reported in previous years).</li> </ul>
Investments	➤	<ul style="list-style-type: none"> <li>• <b>The amounts invested</b> correspond to <b>the amounts disbursed</b></li> <li>• The <b>detailed analysis of investment does not include "Large Caps"</b> (transaction of more than 200 Mln MAD) as this new segment currently has an insufficient number of transactions</li> </ul>
Exit and Performance	➤	<ul style="list-style-type: none"> <li>• The amount of <b>divestments</b> corresponds to the amount of <b>exit proceeds</b></li> <li>• The IRRs correspond to the <b>Gross IRR per exit communicated</b> by the funds</li> <li>• The IRR calculation scope does not include <b>partial</b> divestments, nor IRRs resulting from investments <b>lasting less than a year</b></li> <li>• The <b>IRRs</b> were <b>weighted by the amount invested</b></li> <li>• Losses due to <b>exceptional events have not been taken into account</b> in the average calculation of IRRs</li> <li>• The indicators for disinvestments are calculated <b>based on 101 exits</b>.</li> </ul>



Founded in 2000, AMIC's purpose is to bring together, represent, and promote the private equity profession among institutional investors, entrepreneurs, and government authorities.

AMIC's main mission is to enhance the competitiveness of the private equity industry in Morocco and internationally by:

- Ensuring effective and educational communication about the private equity industry.
- Conducting reliable studies and surveys on private equity activity in Morocco.
- Actively participating in discussions regarding any regulatory texts pertaining to the sector's activity.
- Establishing a charter that governs the private equity activity, ensuring adherence to ethical standards.
- Providing support services to members regarding regulatory aspects of the profession.
- Developing a high-quality training program covering all aspects of the private equity investor profession.

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



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In Morocco, the firm has 200 professionals who continue a legacy that began in 1931 in Casablanca, offering a unique approach that **combines global expertise with tailored local support.**

**Our services include:**

- **Auditing :**
- **Business Advisory:**
  - studies,
  - strategies,
  - organizational structures,
  - project management support,
  - risk management services.
- **Outsourcing: Offering outsourced accounting and payroll services**
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- **Tax & Legal**

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