

ACTIVITY REPORT

PRIVATE EQUITY IN MOROCCO

2023



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Executive Summary

01

01

Executive Summary

In 2023

Scope:



Fund Management companies (FMC)



Funds under management



Invested companies

Annual indicators (in Mln MAD):



Fundraising

by 6 investment funds



Investments

Executed by 12 FMCs



Exits

Executed by 7 FMCs

Cumulative end of 2023

Scope:



Funds under management



Invested companies

Cumulative to the end of 2023 (in Bln MAD) :



Fundraising

22.3 Bln MAD for private equity
5.5 Bln MAD for infrastructure funds



Investments

1.5 Bln MAD of reinvestments



Exits

over 160 transactions

Performance :

Gross IRR

12 %

Multiple

1.9 x

Milestones

- **Two records set in 2023:**
 -  **Record fundraising** with a total amount of **3 Bln MAD** mobilized for investment in Morocco
 -  **Record investments** with a total amount of **2.5 Bln MAD** to finance business growth projects in Morocco
- **Increase in the share of Moroccan investors** in capital raised during the 4th generation of funds (2018 - 2023)
- **Four new funds included within the scope of the report**
- **Doubled average investment ticket sizes in Growth Capital** between the last two generations of funds
- **Gross IRR up by one point to 12%** cumulative to the end of 2023

Record fundraising in 2023 with a total of 3,009 Mln MAD of capital destined to investment in Morocco

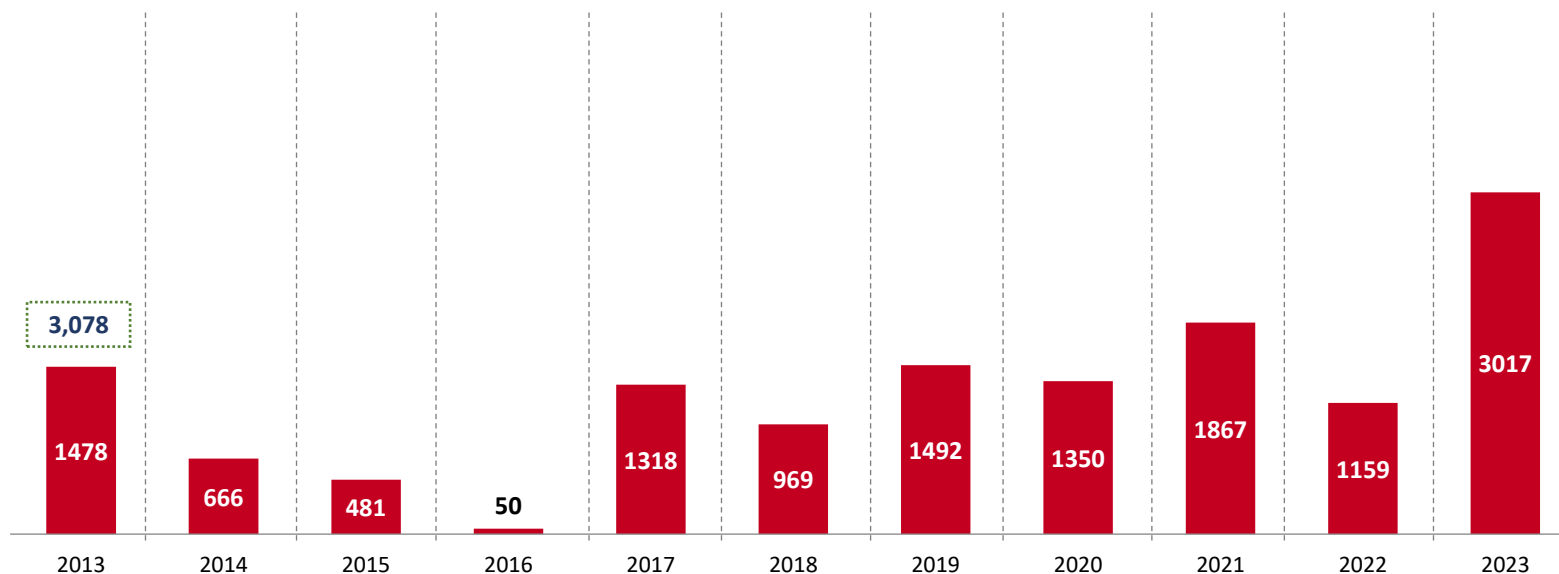
Four new funds included in the scope of the study (2023):

- **Amethis Fund III**
AMETHIS North Africa
- **Capital Croissance**
BMCE Capital Investments
- **Mediterrania Capital IV**
MEDITERRANIA Capital Partners
- **Valoris Alternative Investment Fund**
VALORIS Capital Private Equity

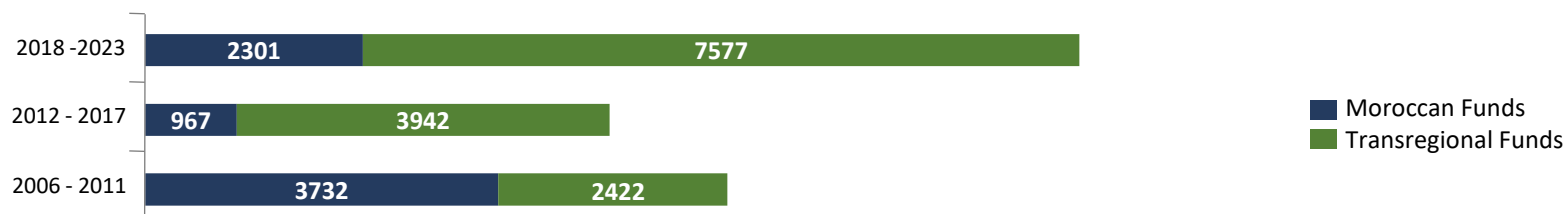
Capital Raising

02

By type of funds (Mln MAD)



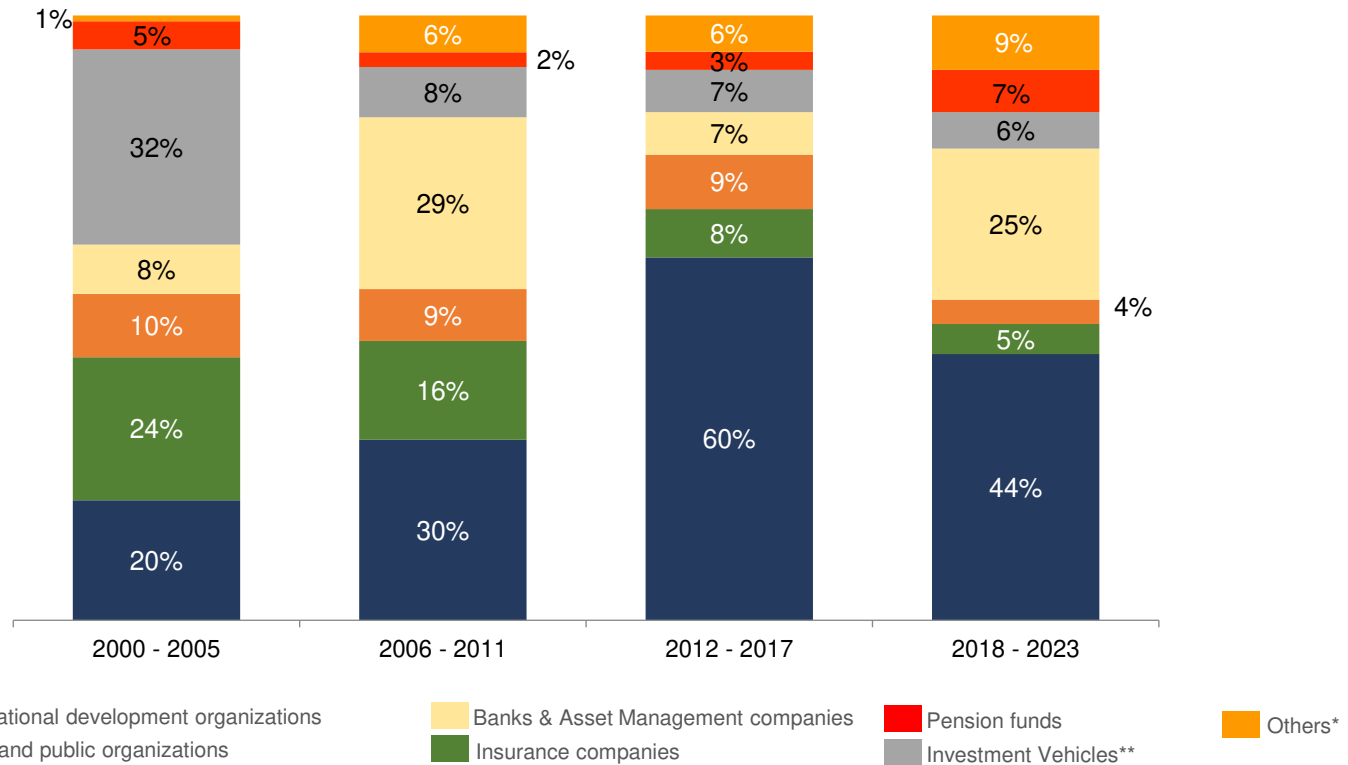
X Total capital raised (Private Equity + Infrastructure funds)



- A total amount of **9,879 Mln MAD** was raised during the period **2018 - 2023**.
- Capital raises were executed by **6 funds** in 2023.
- **Transregional funds** represented **78 % of funds** raised for Morocco since 2012.

By type, nationality, and investors

In Value



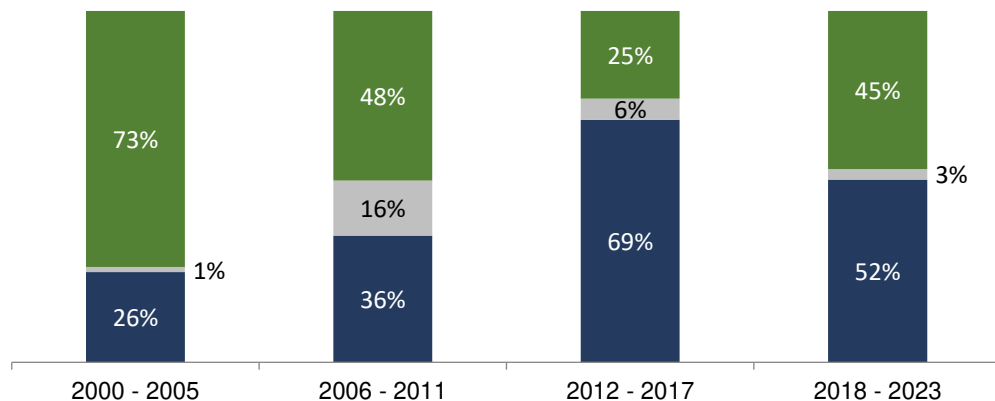
* Individuals, private companies
 ** Funds of funds, holdings, investment companies

International Development Organizations (IDOs) and banks/asset management companies represent nearly **70% of funds raised** between 2018 and 2023, with 44% and 25% of the amounts raised, respectively. The share of IDOs is declining compared to the previous period (2012 - 2017), making way for other investors.

02

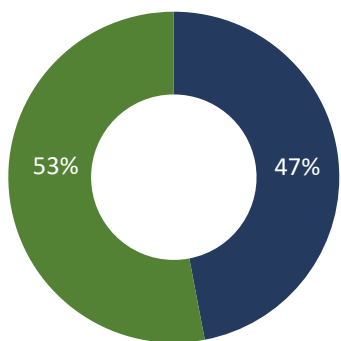
Capital Raising

By type, nationality, and investors

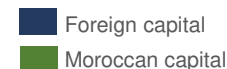
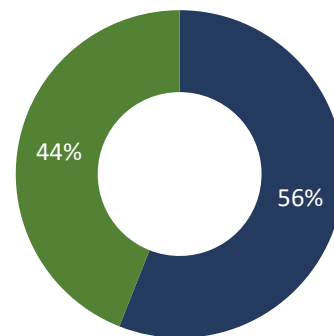


*Saudi Arabia, UAE, Kuwait, Tunisia, USA, Mauritius, Malaysia...

End of 2010



End of 2023



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 25% between 2012 and 2017), a **marked increase of Moroccan investors has been recorded in recent years** (45% between 2018 and 2023). Cumulatively, foreign capital accounts for 56% of funds raised.

➤ **Record investments in 2023 with a total of 2,542 Mln MAD**

➤ **41 investment transactions in 2023, including 25 new investments and 16 reinvestments**

➤ **There were 8 new investments in start-ups (Seed and Venture Capital), particularly in new technologies sector (FinTech, HealthTech, EdTech etc.)**

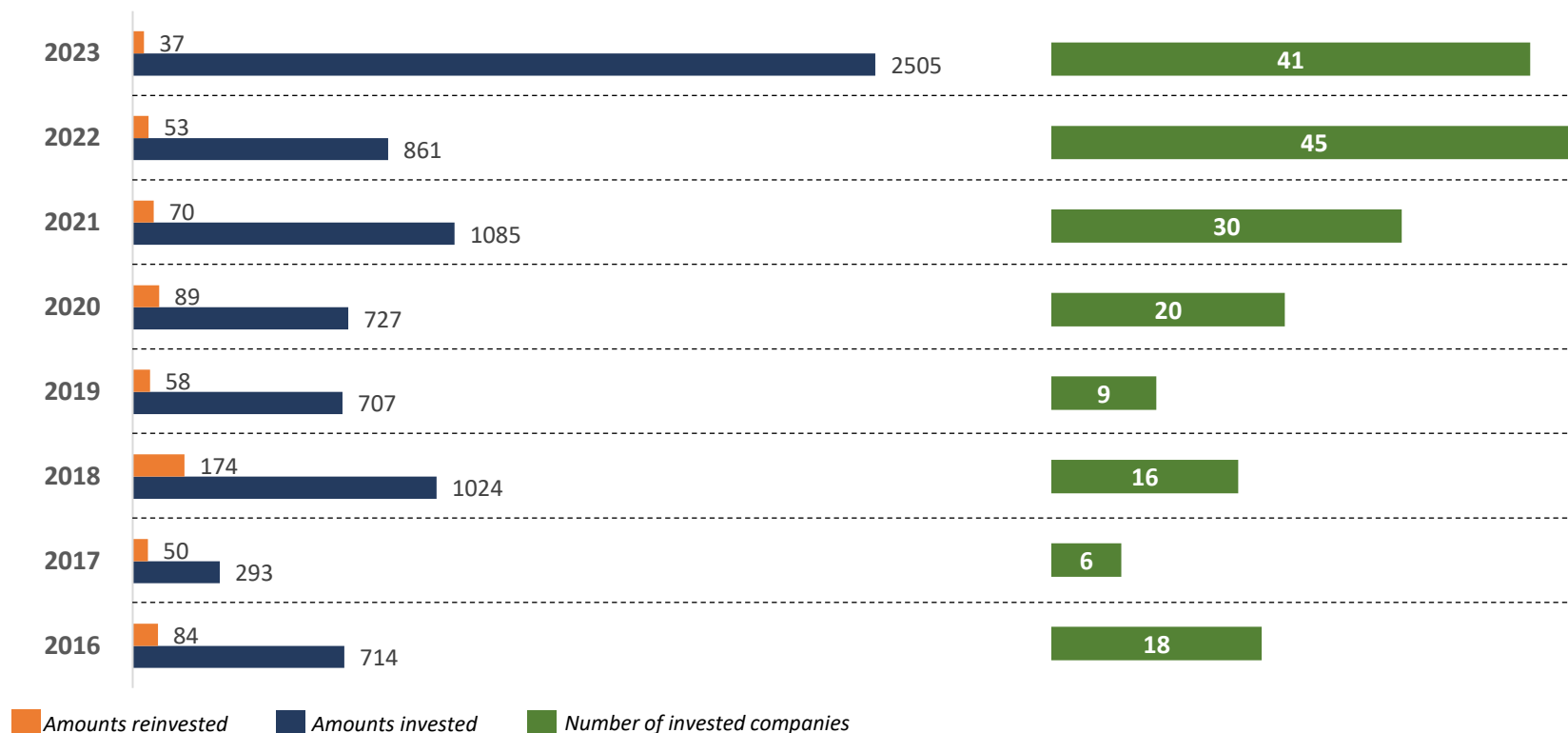


Investments

03

Investments

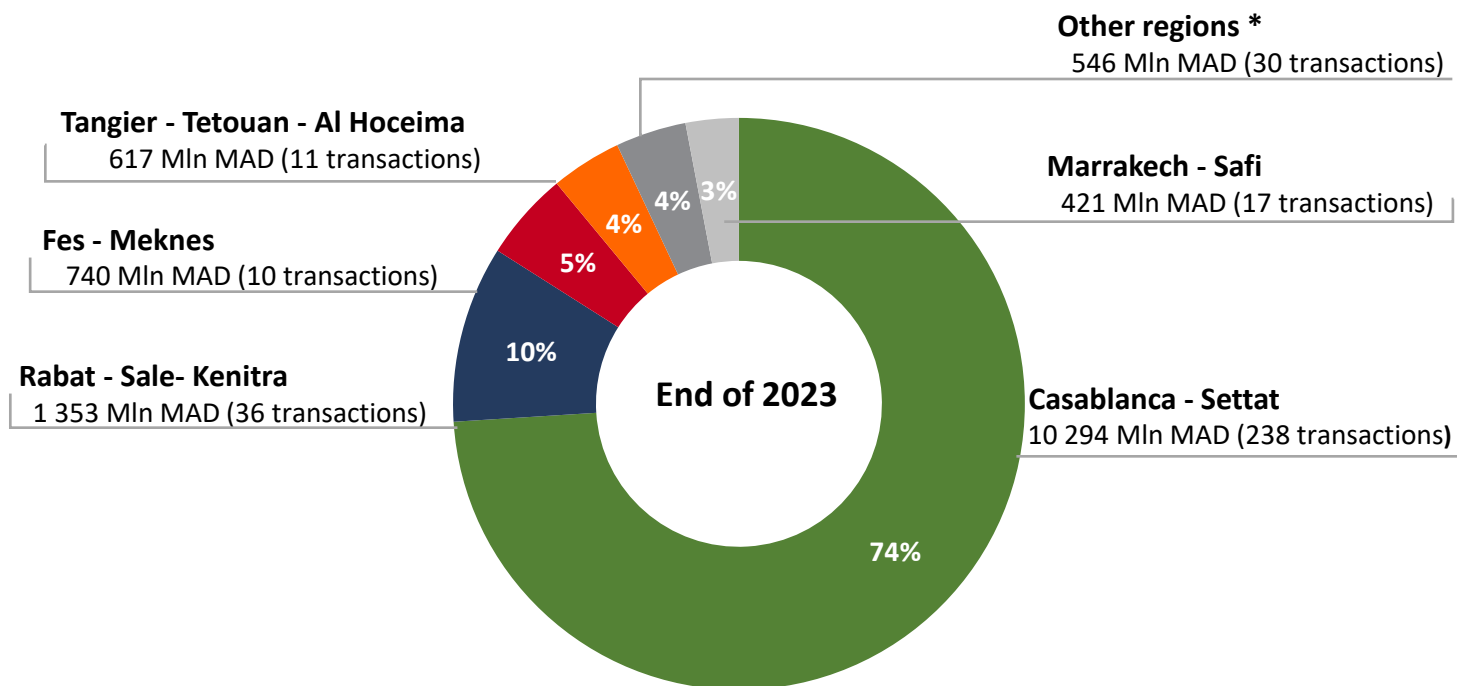
Amounts invested and reinvested (MIn MAD)



Investments executed by 12 fund management companies amounted to **2,542 million MAD in 2023:**

- **25 new companies invested**
- **16 reinvestments**

Geographical distribution of invested companies

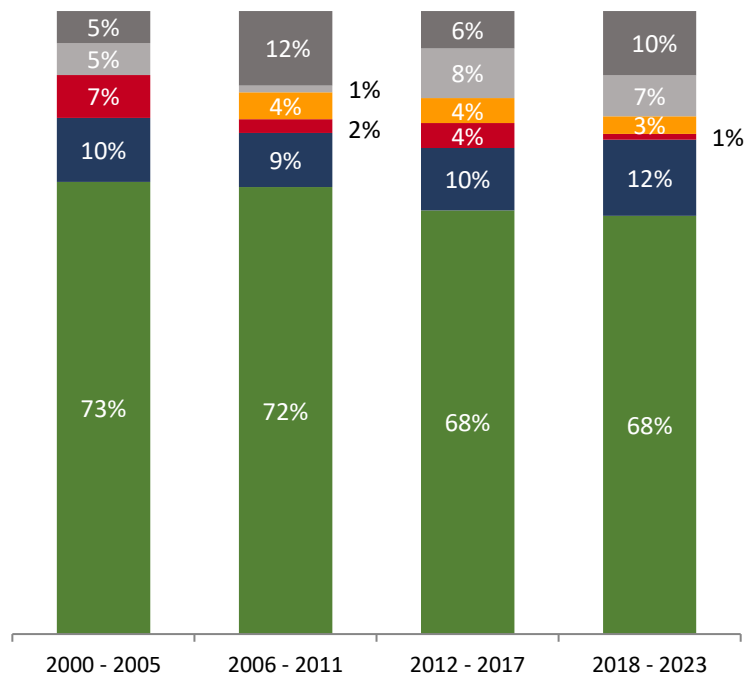


* Beni Mellal - Khenifra, Dakhla-Oued Eddahab, Daraa -Tafilalet, Guelmim - Oued Noun, Laayoune - Sakia El Hamra, L'Oriental, Souss - Massa

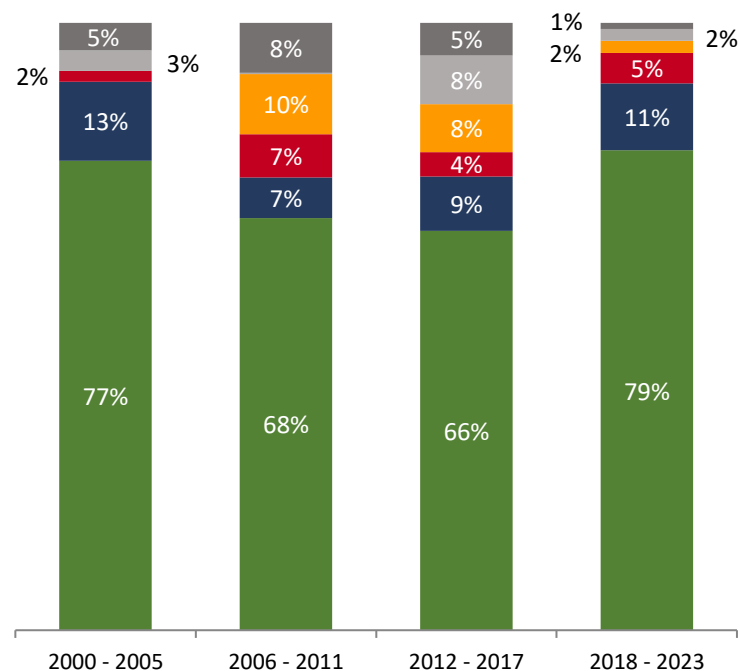
The Casablanca-Settat region was the most dynamic in terms of investments, with 238 investment transactions totaling 10,294 Mln MAD as of the end of 2023. Following that, the **Rabat-Sale-Kenitra, Fes-Meknes, and Tanger-Tetouan-Al Hoceima regions** accounted for **10%, 5%, and 4%** of the investments made, respectively.

Geographical distribution of invested companies

In number



In value



■ Casablanca - Settat
 ■ Rabat - Sale - Kenitra
 ■ Fes - Meknes
 ■ Tanger - Tetouan - Al Hoceima
 ■ Other regions*
 ■ Marrakech - Safi

*Beni Mellal - Khenifra, Dakhla-Oued Eddahab, Daraa -Tafilalet, Guelmim - Oued Noun, Laayoune - Sakia El Hamra, L'Oriental, Souss - Massa

Between 2018 and 2023, the **Casablanca - Settat region** accounted for **79% by value**. In terms of number of investments, this region's share is declining. It fell from **73% between 2000 and 2005** to **68% between 2018 and 2023**.

03

Investments

Stage of development of invested companies

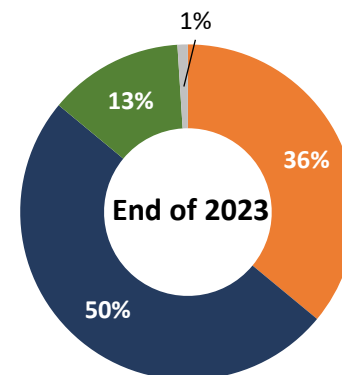
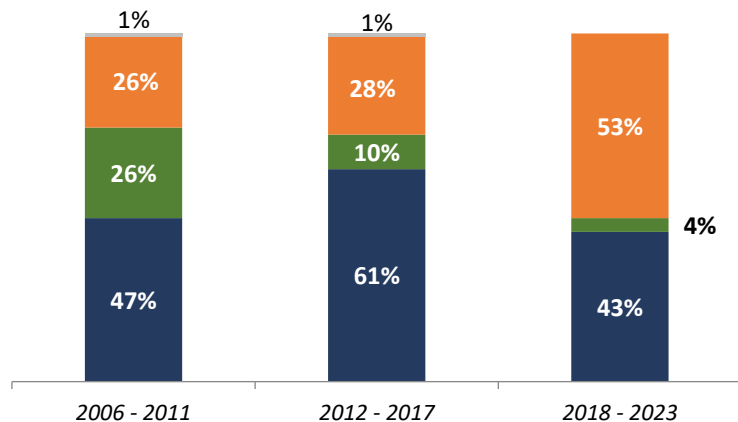
Development stage	Amounts invested to the end of 2023	Number of investment made by end 2023	Change in 2023 Amount and Number	
Seed Capital	290 Mln MAD	46	+ 21 Mln MAD	+ 3
Venture Capital	653 Mln MAD	75	+ 37 Mln MAD	+ 5
Growth Capital	10,827 Mln MAD	176	+ 2,469 Mln MAD	+ 16
Buyout Capital	2,105 Mln MAD	42	+ 15	+ 1
Turnaround Capital	95 Mln MAD	2	-	-

End of 2023

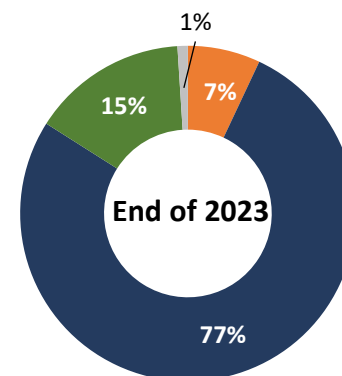
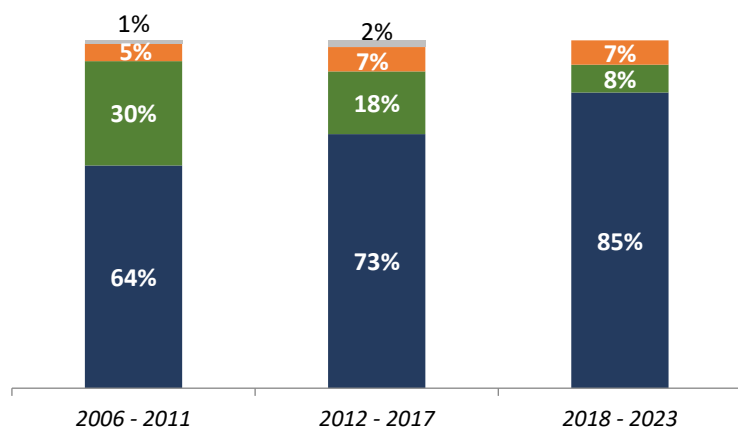
New investments in the start-up phase - Seed Capital and Venture Capital – represented nearly a third of total investments in 2023 (by number).

Stage of development of invested companies

In number



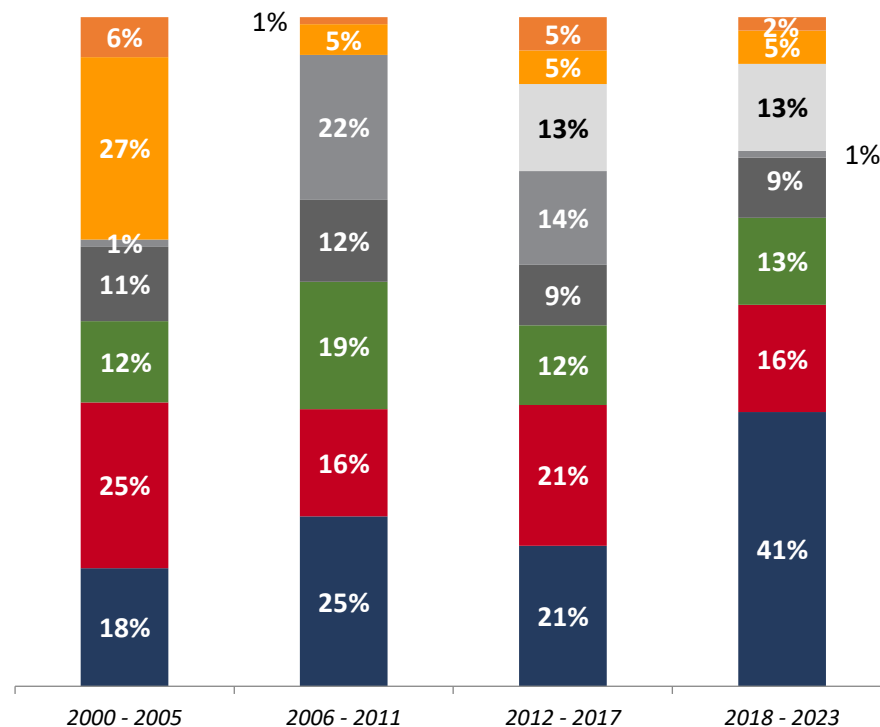
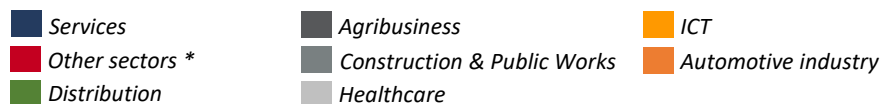
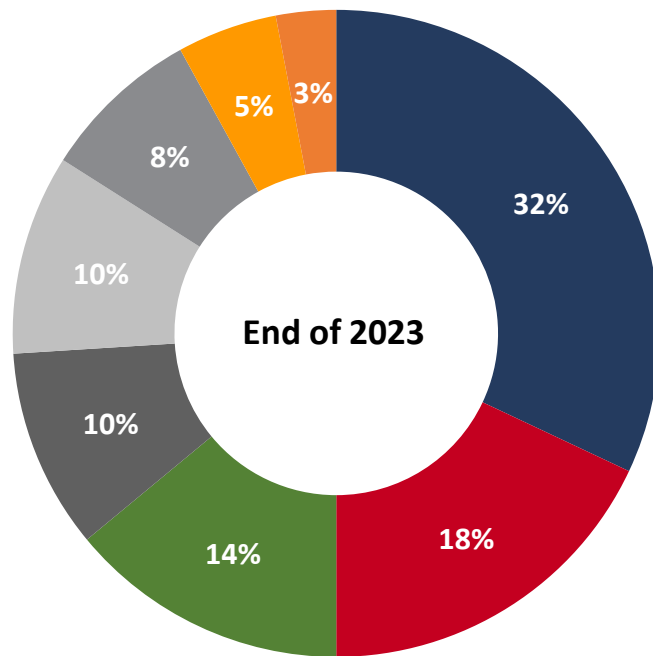
In value



■ Seed - Venture
 ■ Development
 ■ Buyout
 ■ Turnaround

As of the end of 2023, investments in Seed and Venture Capital represented **36% of the total number of investments made** and **7% by value**. Their share have increased from 26% between 2006 and 2011 to 53% between 2018 and 2023 in number. However, **Growth Capital remains predominant in value terms**, totaling 85% of investments between 2018 and 2023.

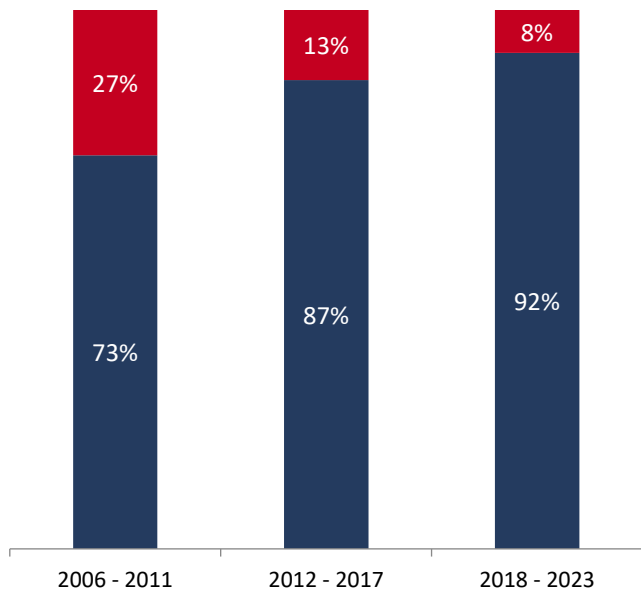
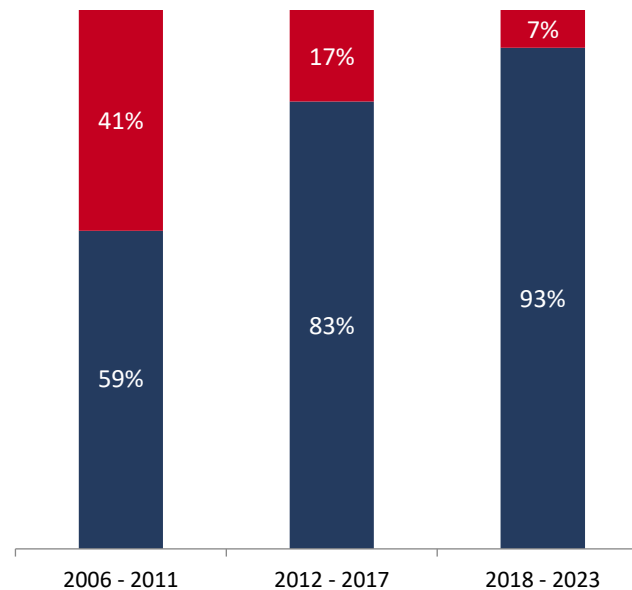
Distribution by sectors



* Aeronautics, Education, Packaging, Metal industry and others

The **services sector** has been **rising steadily** since the first generation of funds, **from 18% to 41% in 2018 - 2023**. The **healthcare** and **education** sectors have seen **strong growth** in recent years.

Portion of capital acquired in companies

In number**In value**

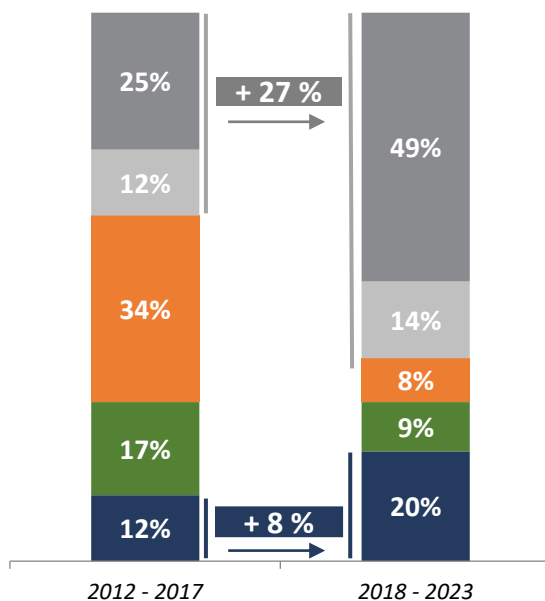
■ Minority transactions (less than 50% of the capital)

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

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

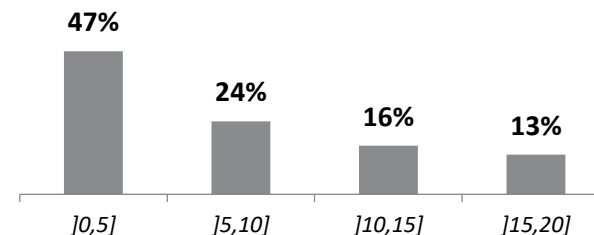
Size of transactions

In number

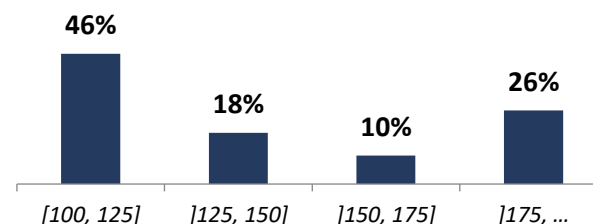


<10 Mln MAD
 10 to 20 Mln MAD
 20 to 50 Mln MAD
 50 to 100 Mln MAD
 >100 Mln MAD

Tickets ≤ 20 Mln MAD by end of 2023



Tickets ≥ 100 Mln MAD by end of 2023



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**

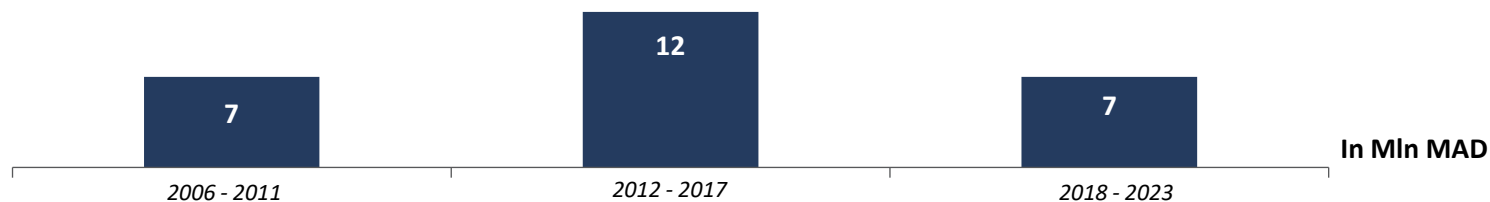
Decrease in the number of **transactions between 20 et 100 Mln MAD**, indicating a lack of attractiveness of this segment for funds.

Average investment tickets

Average ticket (2018 - 2023) =

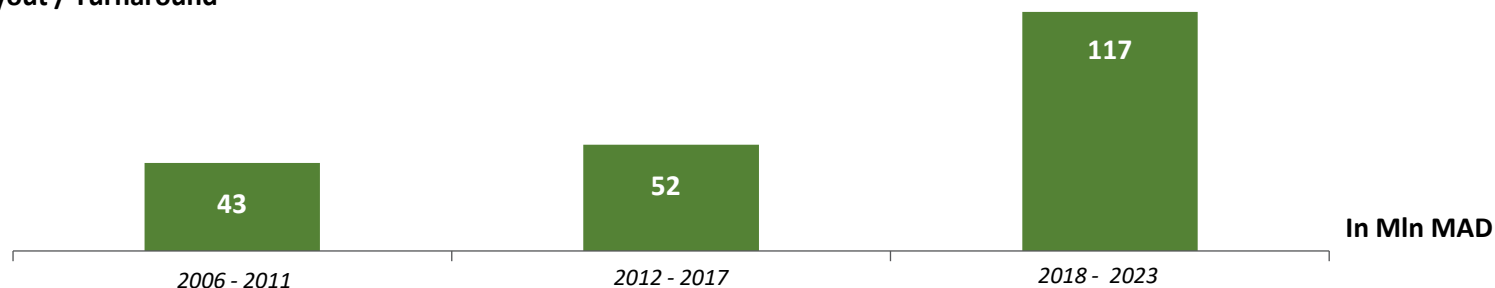
58
Mln
MAD

Seed / Venture



The average investment ticket size for **enterprises in the Seed/Venture stage** has 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.

➤ **Divestments reached a total amount of 1,012 Mln MAD in 2023**

➤ **By the end of 2023, 161 divestments for a total of 8.3 Bln MAD**

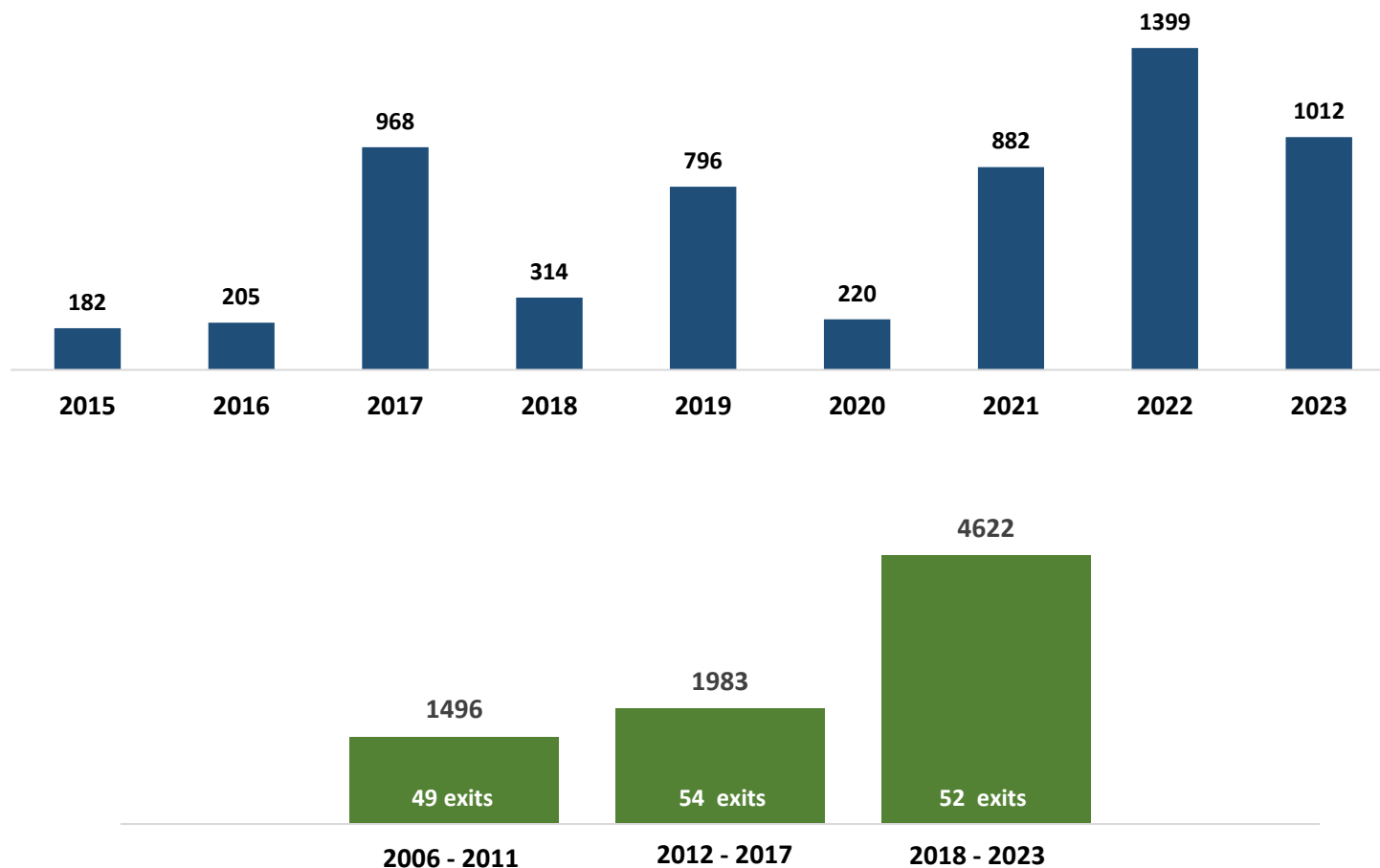
➤ **Main exits realized were on the secondary market and industrial trade sales (cumulative to end-2023)**

Exits

04

Exits

Exits in value (MIn MAD)



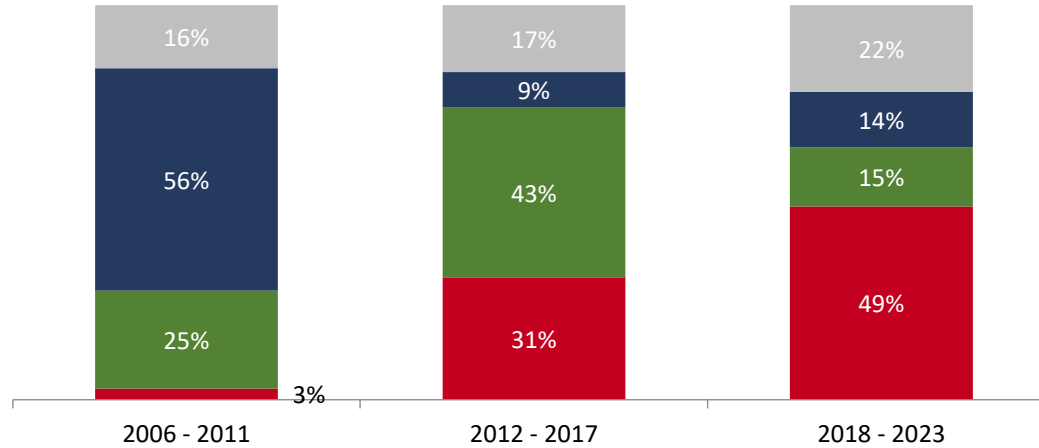
12 exits realized by 7 management companies for a total of **1,012 MIn MAD** in 2023. The amount of divestments **more than doubled between the 3rd and 4th generation of funds**, increasing from 1,983 MIn MAD to 4,622 MIn MAD.

04

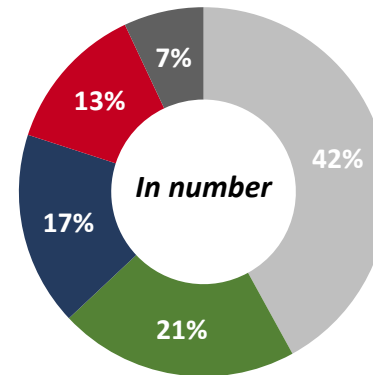
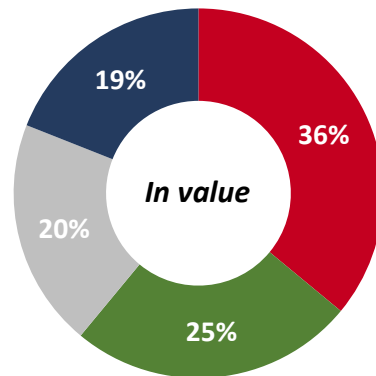
Exits

Exit mode

By generation (in value)



By end of 2023



- Secondary market
- Industrial/Strategic
- IPO
- Management/Historical shareholder
- Recognition of losses

Secondary market exits saw a **significant increase** between 2006-2011 and 2018-2023, demonstrating its robustness and vitality. Foreign funds are also showing growing interest in investing in Morocco.

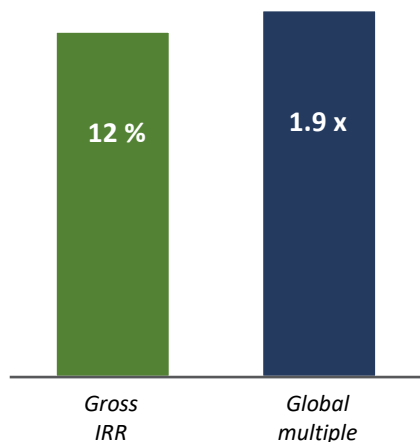
After a marked decline between 2012 and 2017, **IPOs** have experienced a **resurgence in activity** over the past six years.



Performance

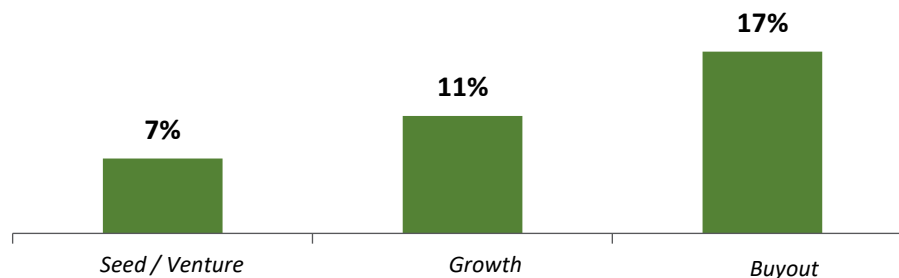
Divestment performance

Gross IRR* and Multiple – Period of 2000/2023

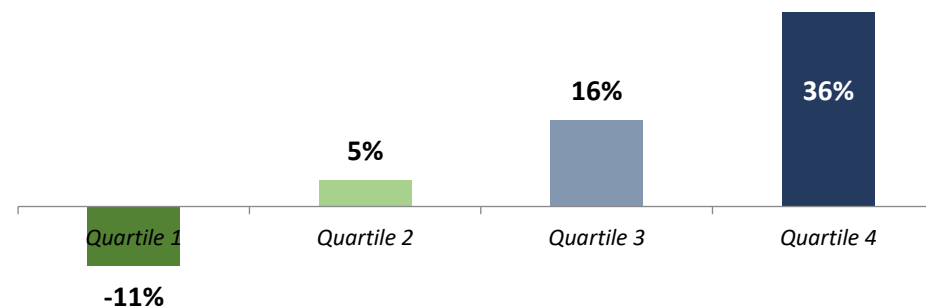


* Average Gross IRR of exits executed (Cf. Methodology)

Gross IRR by stage



Unweighted average Gross IRR by quartile



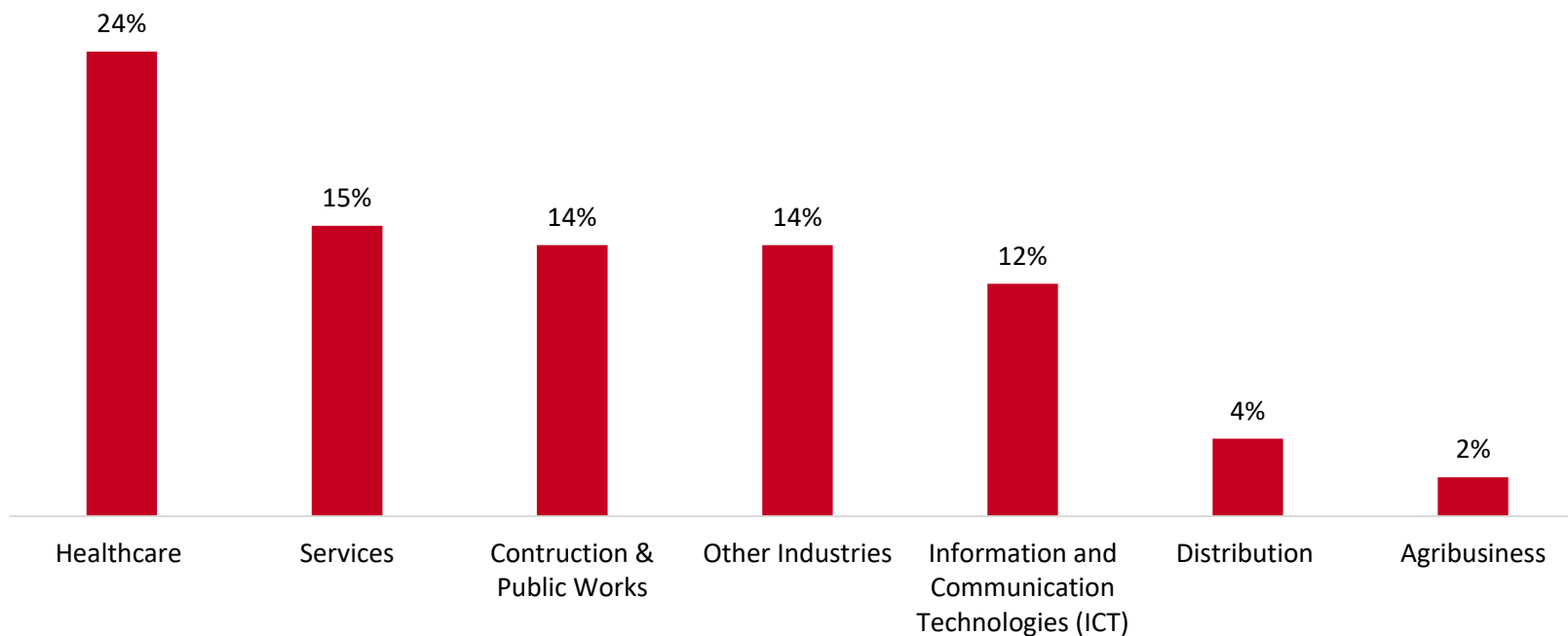
Average Multiples (Unweighted): 1.9 (Seed-Venture: 1.4 / Growth: 2.1 / Transmission : 1.8)

Average investment period: 5.8 years by end of 2023 (vs 6 years by end of 2022)

A slight decrease in average investment duration and sustained divestment performance between 2022 and 2023.

Divestment performance

Average Gross IRR by Sector (cumulative to end 2023)



The **Healthcare**, **Services** and **Construction** sectors achieved the highest IRRs, cumulative to end of 2023.

- 1. Key figures 2023
- 2. Management teams characteristics
- 3. Fund characteristics
- 4. Forecasts
- 5. Scope
- 6. Methodology



Annexes

Key figures 2023

Funds raised	Nearly 27.8 Bln MAD raised for private equity and infrastructure	Amount still available for Investment (including infra) = 6.6 Bln MAD*			
Investments	Nearly 14 Bln MAD invested in more than 280 at end 2023	2 542 Mln MAD invested in 41 companies in 2023	Investment forecasts for upcoming years		
			2024	2025	2026
			2,827 Mln MAD	1,212 Mln MAD	539 Mln MAD
Exits	Exited amount in 2023 = 1,012 Mln MAD	8.3 Bln MAD in exited amounts to end 2023			
Performance	Weighted average gross IRR = 12%	Average investment = 5.8 years	Average multiple = 1.9 x		

* Amount still available for investment (excluding infra) = 6.2 Bln MAD

Management teams characteristics

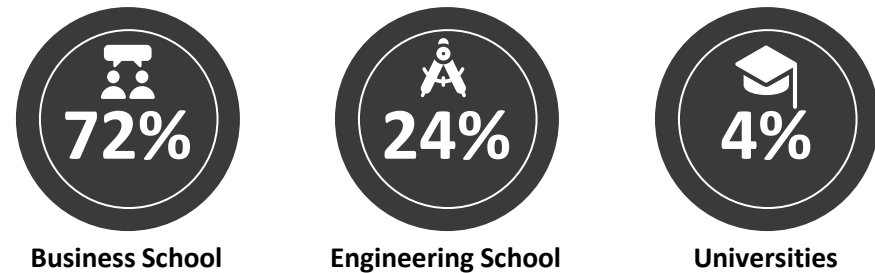
Team



Experience and Education (Investment Professionals)

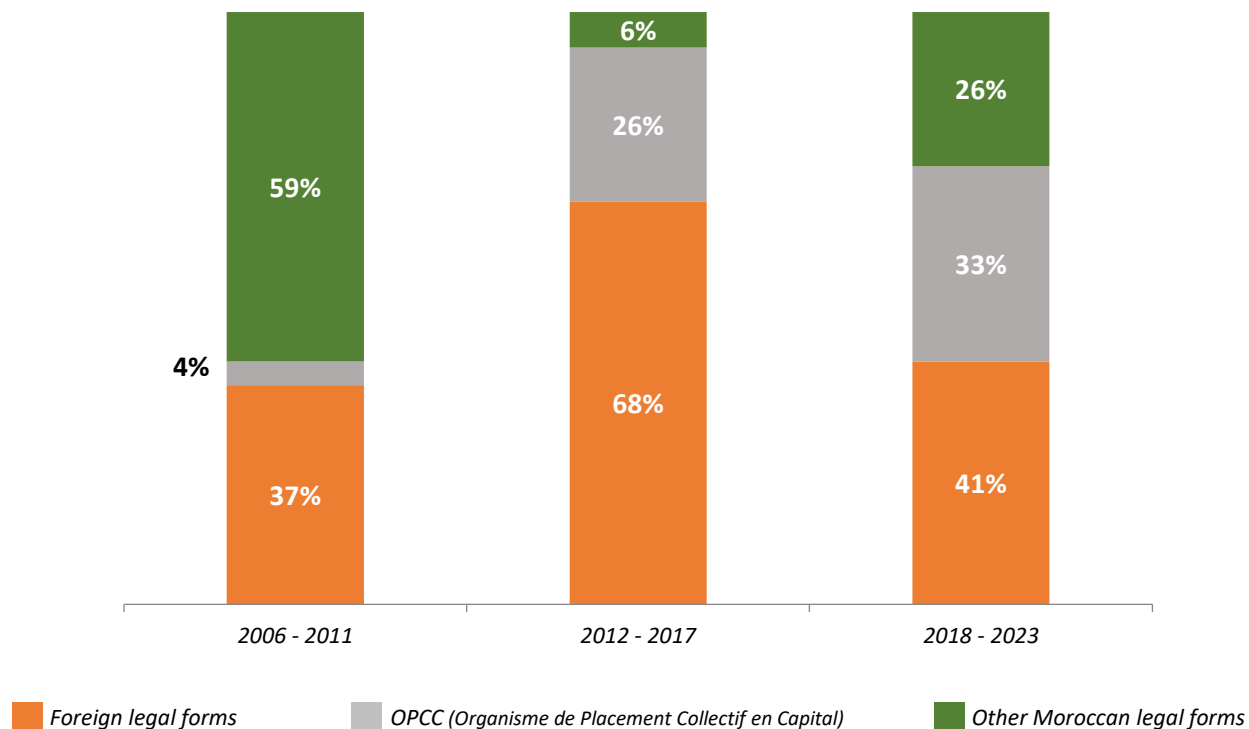
13 years of experience per collaborator

15 investment operations per collaborator



Funds characteristics

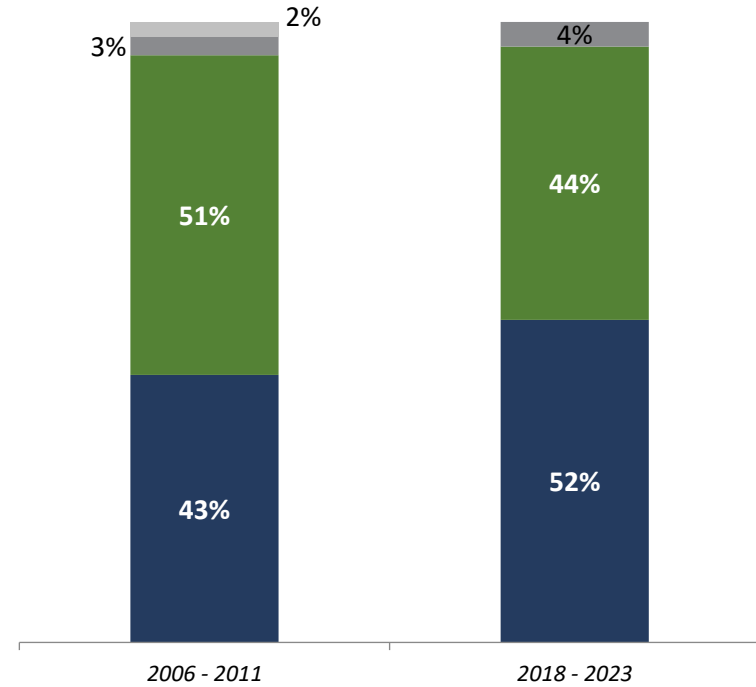
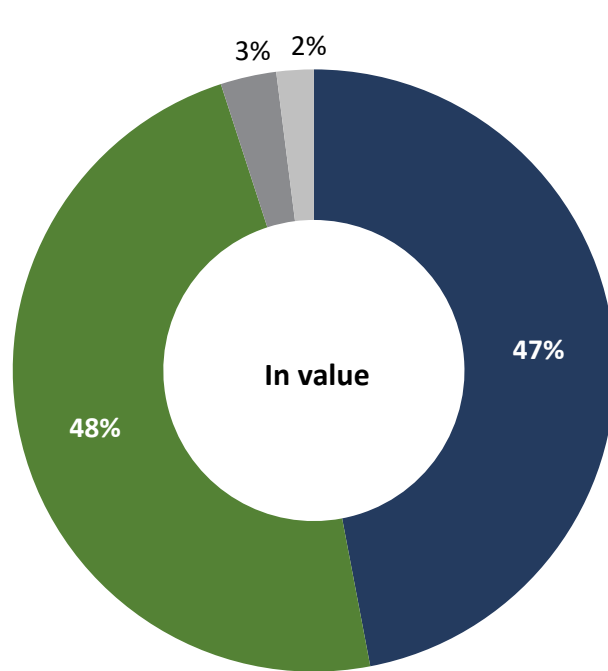
In number



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

OPCCs (Organismes de Placement Collectif en Capital) have recorded a **notable increase between 2006-2011 and 2018-2023**, rising from 4% to 33% in number of funds created during these periods.

Funds characteristics



Investment companies
 Other captives
 Financial institutions captives
 Independent

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

Trends

The main challenges for 2024

37 %* Invest in new enterprises

28 % Fundraising

26 % Identify exits

Forecasts for 2024

Estimated Number of investments

49

Estimated fundraising

7 212 Mln
MAD

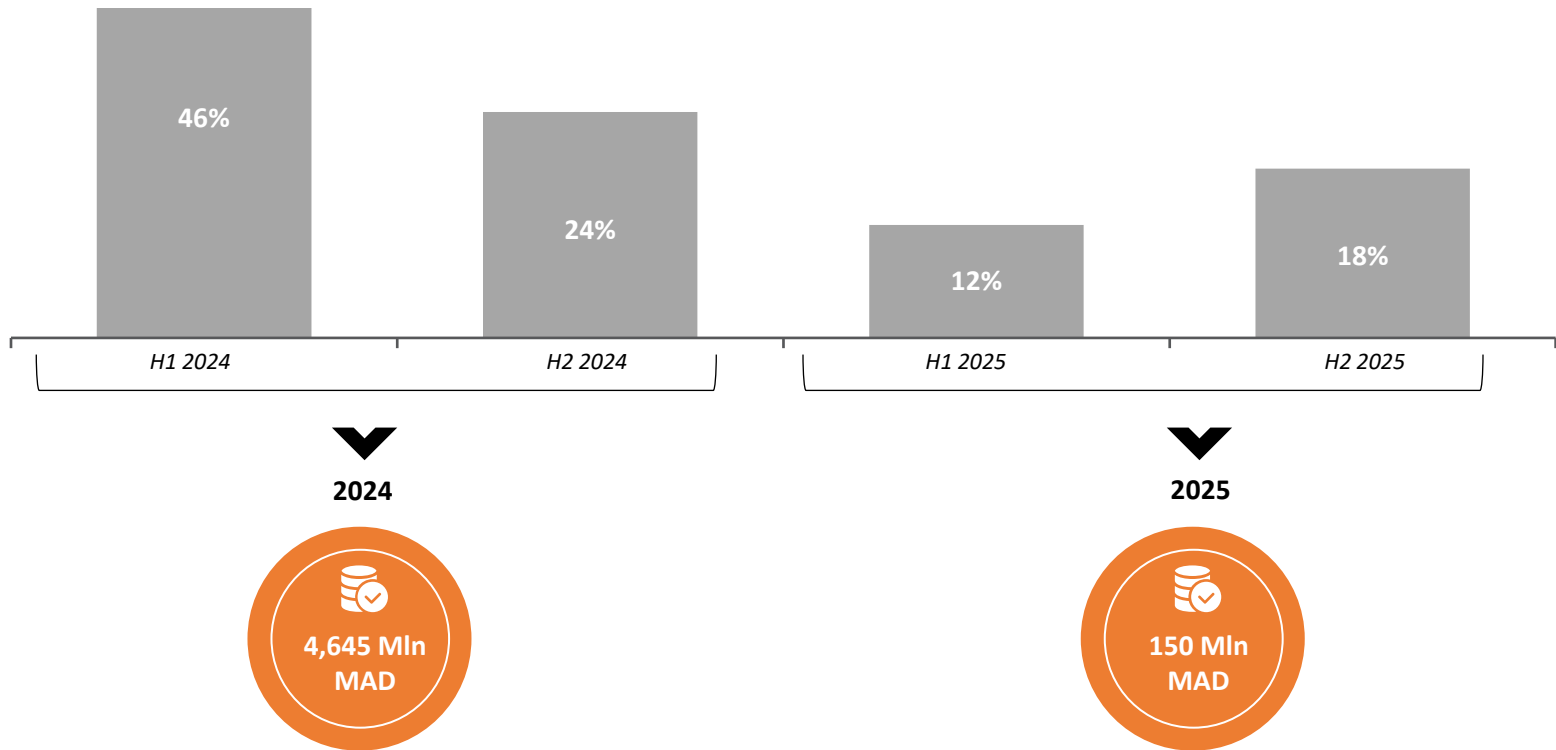
Estimated number of exits

23

*Note: 37% of responding asset management companies state that investment will be a significant challenge in 2024

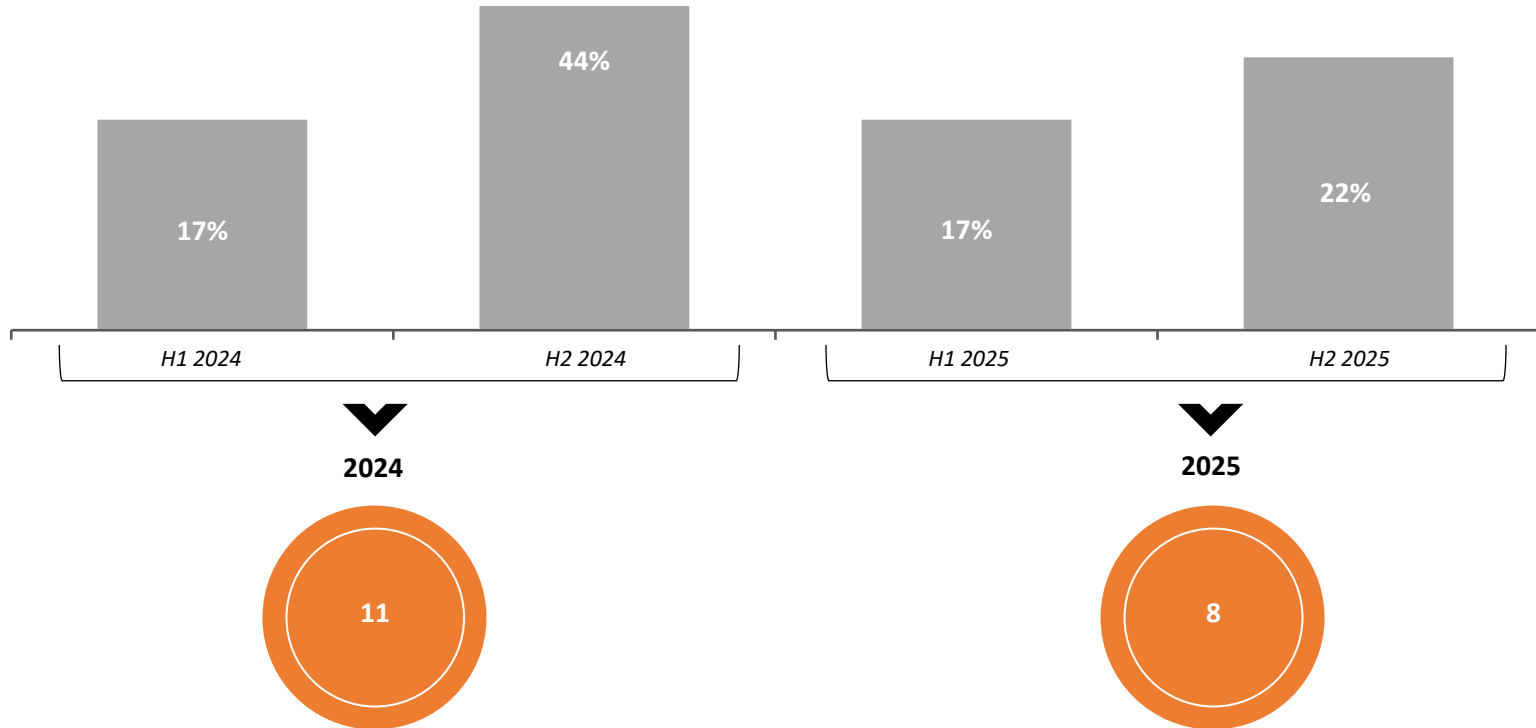
Forecasts

Anticipated period for Fundraising for a new fund



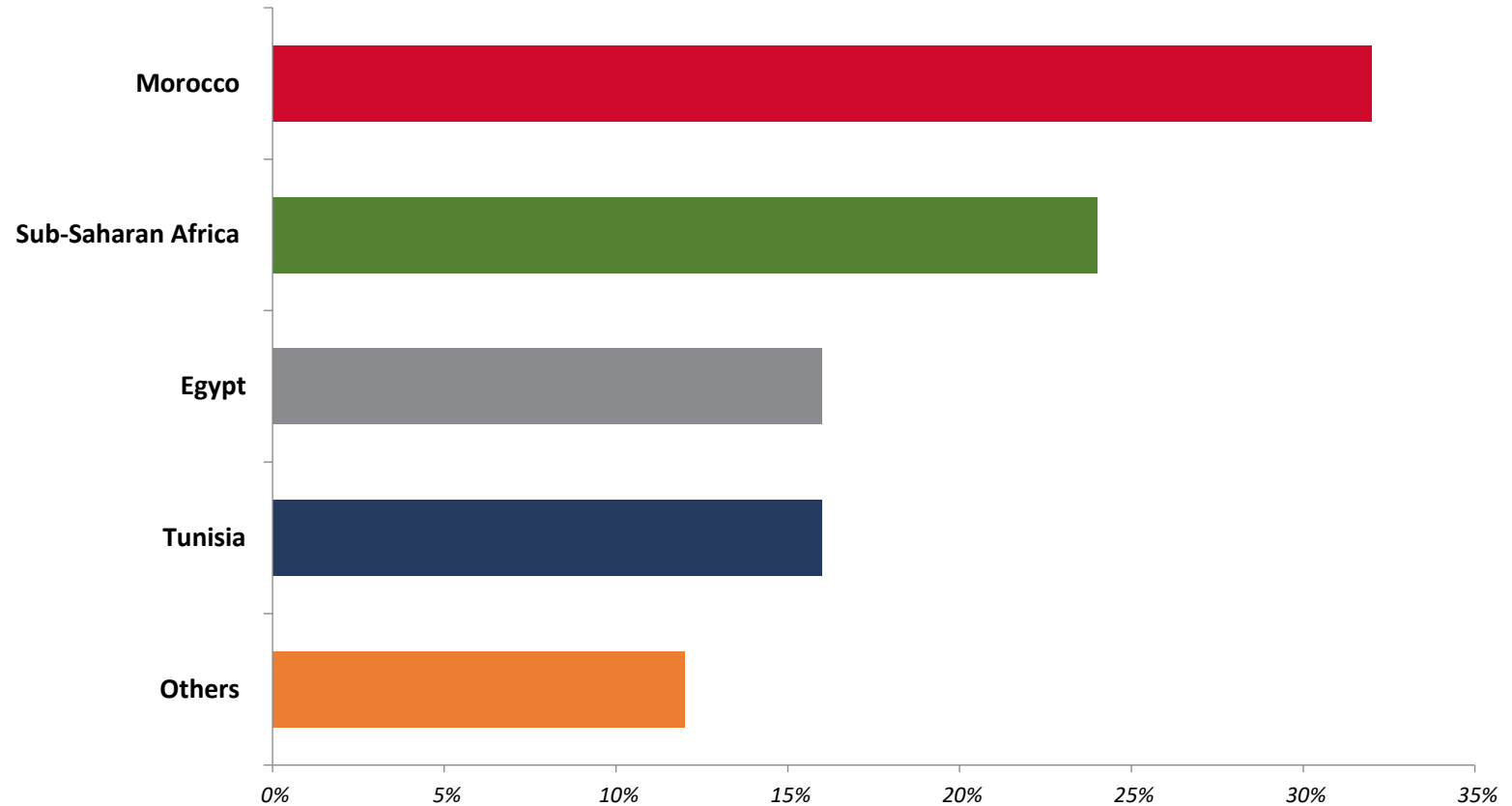
Forecasts

Exit planning for portfolio companies



Trends

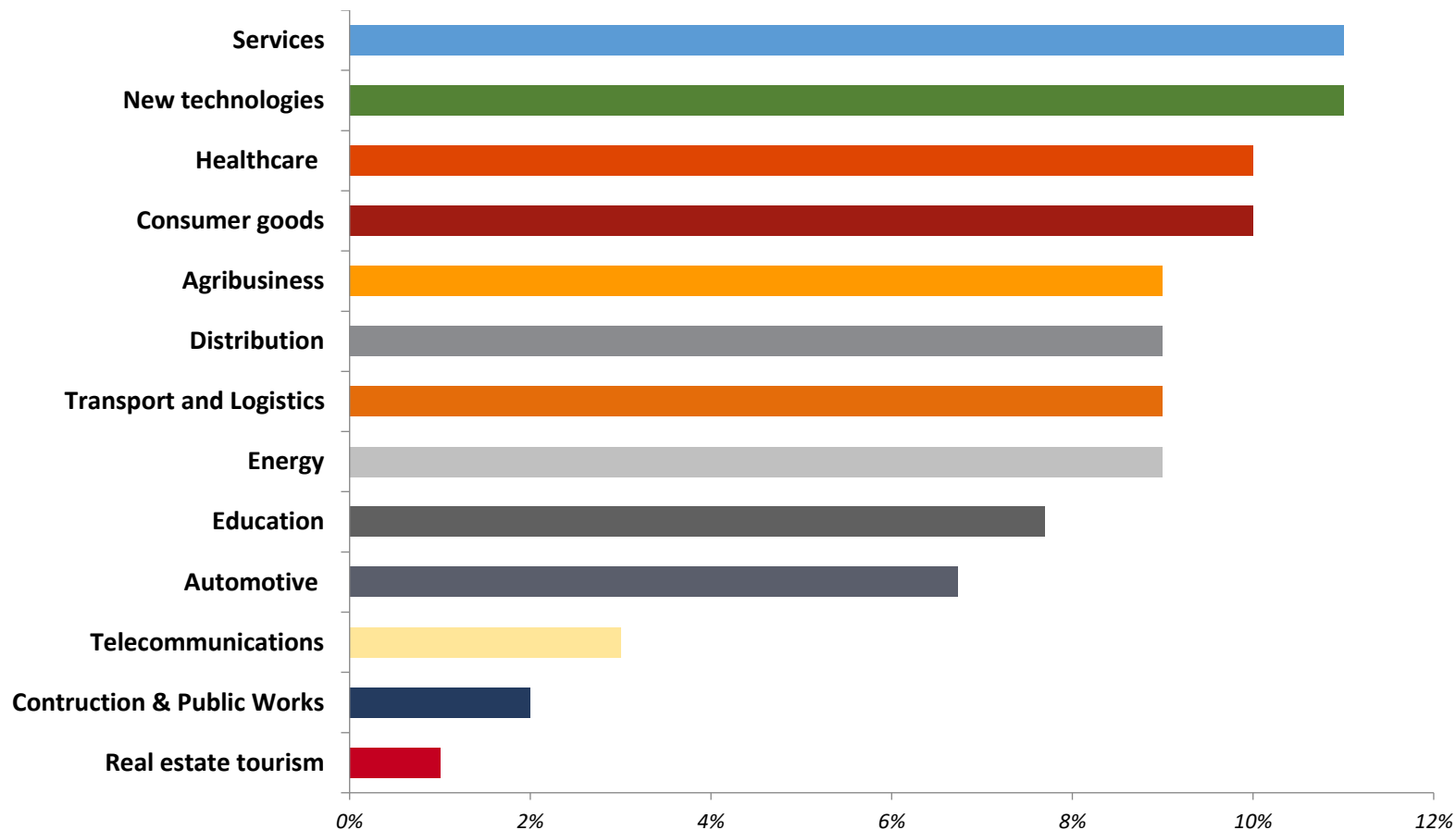
Priority investment areas (for transregional funds)



For trans-regional funds, the priority investment areas are **Morocco (32%), Sub-Saharan Africa (24%), Egypt (16%), and Tunisia (16%).**

Trends

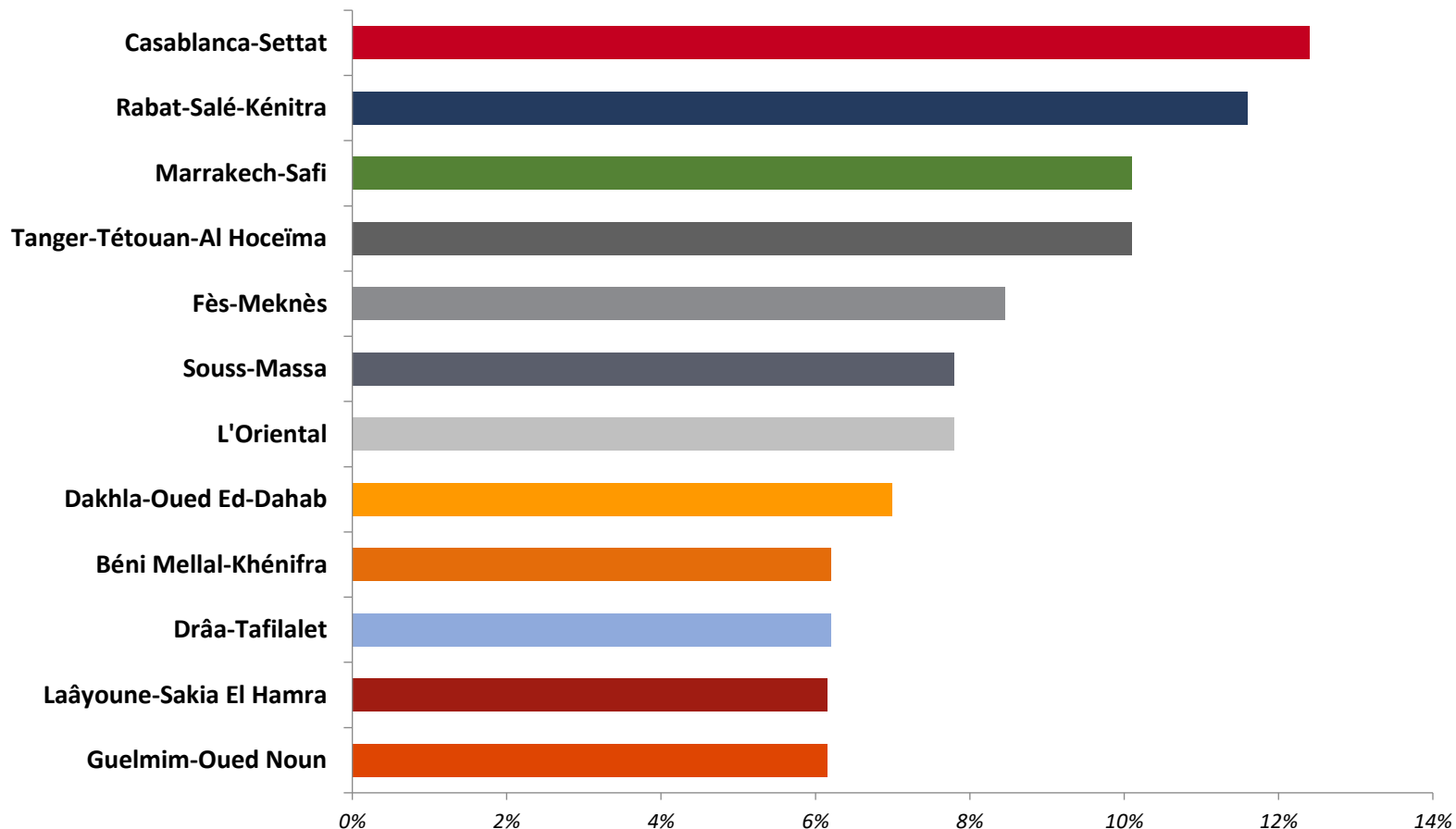
Investment sectors targeted over the next 5 years?



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

Trends

Targeted investment regions over the next 5 years?



The **four most attractive regions** for investment funds over the next 5 years are **Casablanca - Settat, Rabat - Salé – Kénitra, Marrakech - Safi et Tanger-Tétouan-Al Hoceïma.**

06

Annexes 5

Active Members *



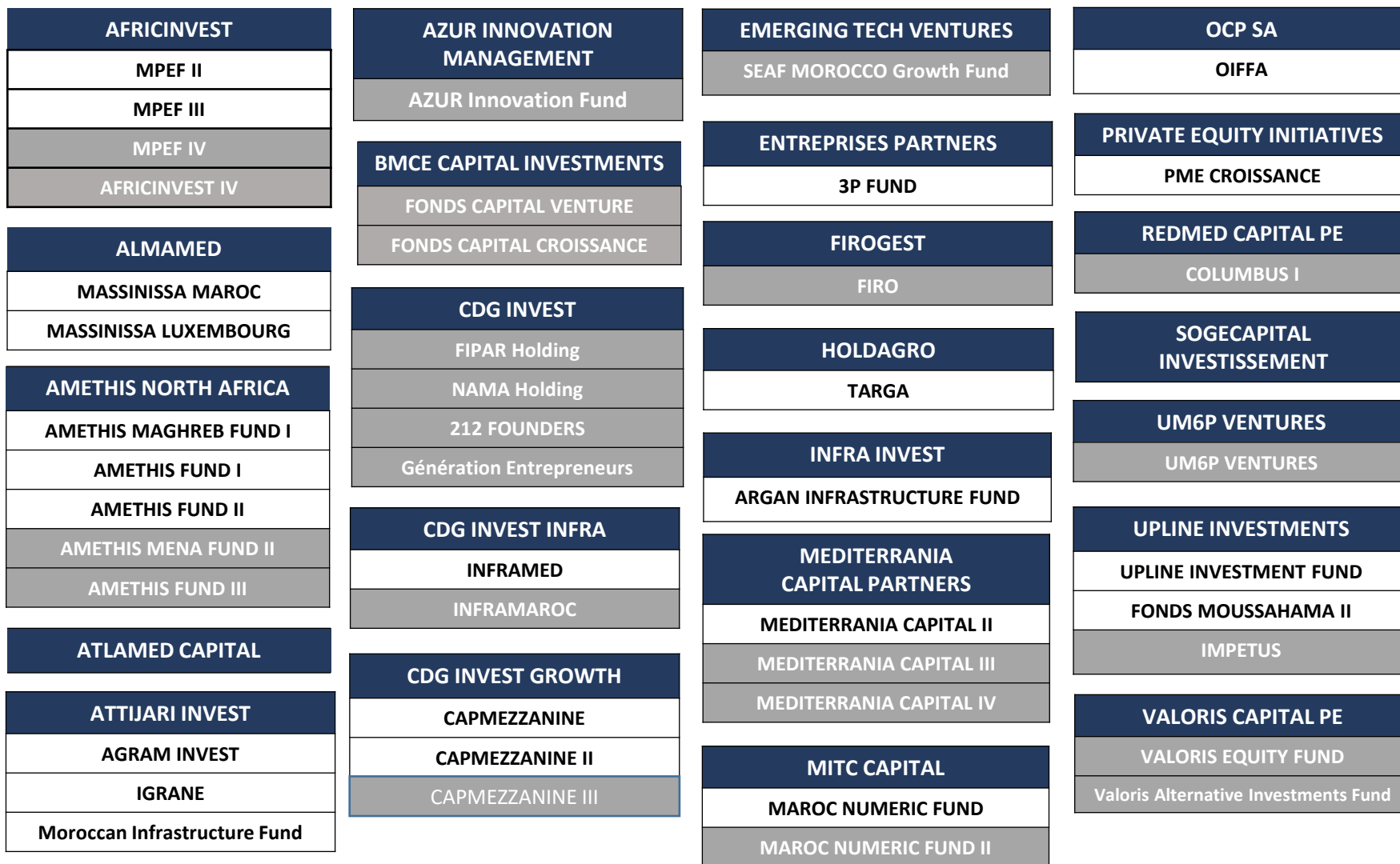
* Active members who completed the report form

06

Annexes 5

Scope

23 respondents out of 24 surveyed



Scope

The report 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 **23 fund management companies on a declarative basis** (including infrastructure funds)

Methodology

Amounts 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"** as this new segment currently has an insufficient number of transactions

Exit 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 **IRRs were weighted by the amount invested**
- Losses due to **exceptional events have not been taken into account** in the average calculation of IRRs
- The indicators for disinvestments are calculated **based on 111 exits**.



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.

Web Site: www.amic.org.ma



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- **Business Advisory:**
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 - Strategies
 - Organizational structures
 - Project management support
 - Risk management services
- **Outsourcing: Offering outsourced accounting and payroll services**
- **Transaction Support**
- **Tax & Legal**

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NOTICE

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