

## The Investor



Mediterrania Capital Partners is a leading private equity firm investing in consolidated SMEs and mid-cap companies in North and Sub-Saharan Africa. Headquartered in Valletta and with offices in Abidjan, Algiers, Barcelona, Cairo and Casablanca, Mediterrania Capital Partners takes a proactive, hands-on approach to implementing the growth strategy of its portfolio companies by driving value creation and ESG processes.

### FUND NAME

Mediterrania Capital III

### FUND SIZE

USD290m

### TOTAL AUM

USD446m

## The Company



Founded in 1991, TGCC is a Casablanca-listed construction company executing large projects that span residential, hospitality, commercial, industrial, administrative and infrastructure segments. To date, TGCC has provided integrated design, engineering, procurement, construction and project management services to more than 1,000 projects across Africa from its offices in Morocco, Gabon, Côte d'Ivoire and Senegal.

### LOCATION

Morocco

### SECTOR

Construction

### WEBSITE

[www.tgcc.ma](http://www.tgcc.ma)

### DATE(S) OF INVESTMENT

JUL '18

### AMOUNT

USD55M

INCLUDING CO-INVESTMENTS

### STAKE

MINORITY

### DATE OF EXIT

DEC '21

PARTIAL



Mohammed Bouzoubaa founded Travaux Généraux de Construction de Casablanca (TGCC) in 1991 out of his garage. Over the next 25 years, Bouzoubaa built TGCC into one of the largest construction companies in Morocco before launching offices in Gabon in 2015 and Côte d'Ivoire in 2016. TGCC differentiated itself from its competitors through its strong investment in equipment, efficient team and high versatility and diversification across different market segments such as residential, commercial and hospitality. To ensure that the family-run company would continue to thrive under the next generation of management, Bouzoubaa sought an external partner to help institutionalize the business and support its continued growth.

Mediterrania Capital Partners met Bouzoubaa and his team in 2016, recognizing an opportunity to help expand TGCC into new markets in Africa, where there is strong demand for residential and commercial real estate, coupled with increasing government spending on infrastructure.

## The Deal

Mediterrania led a consortium that included DEG, Proparco and South Suez to acquire a minority stake in TGCC in July 2018. Mediterrania and TGCC pursued a verticalization strategy to reduce dependency on external suppliers and improve profit margins, as well as increase its ability to execute new projects and maintain tight project timeframes. The company tripled the production capacity of its prefabricated concrete unit, acquired a flooring works business and launched new wood and aluminum carpentry units.

TGCC had previously worked on projects outside of Morocco only on an opportunistic basis through small Gabon and Côte d'Ivoire offices. Mediterrania helped install full teams in the newly established offices to more strategically bid on projects in these two countries. With the investor's support, TGCC also expanded operations in Senegal, winning its first tender in the country for the turnkey construction of a five-star hotel.

Since Mediterrania's investment, TGCC's vertical integration and geographic diversification have resulted in a more than 70% increase in company revenue as of the end of 2021.

## Inclusive & Sustainable Growth

During Mediterrania's investment, the number of TGCC employees increased by 18% to 8,467. In addition to helping form an independent board of directors, Mediterrania guided the company in institutionalizing employment and human resources practices.

Under Mediterrania's guidance, TGCC developed a comprehensive workplace health and safety protocol covering employees, as well as stakeholders linked to construction sites such as subcontractors, customers and suppliers. The company began conducting systematic risk assessments for each construction project to develop and implement tailored protection plans, which are continuously monitored on site. In 2018, the company became the first construction company in Morocco to obtain ISO 45001 certification in recognition of its occupational health risk management system.

As a result of its robust health and safety protocols, the company was able to recover quickly from COVID-19 lockdowns. The company immediately resumed business after a month-long quarantine in Morocco in March 2020, establishing daily employee health monitoring and social distancing protocols and installing a dedicated COVID-19 ranger on job sites to ensure worker safety.

"Because TGCC had a strong ESG team, we could quickly put safety measures in place at job sites when COVID broke out. We lost only March 2020, and then we were able to restart operations without putting our workforce in danger."

—Mohamed Ali Abdelhak, Partner, Mediterrania Capital Partners

Mediterrania assisted TGCC in implementing policies to close the gender pay gap, as well as mentorship and management support systems for women employees. The construction sector represents 13.6% of male employment in Morocco but only 0.5% of female employment, according to a 2020 report by Morocco's High Commission for Planning. Through dedicated recruitment efforts, the company brought the representation of women in support departments like finance and human resources to roughly 50% and is currently focused on hiring women in even more heavily male-dominated construction site positions.

The construction industry is a major consumer of natural resources and accounts for an estimated 39% of global greenhouse gas emissions. To address its resource use, TGCC worked with Mediterrania to develop an environmental management system, becoming the first Moroccan construction company to achieve ISO 14001 certification.

Sustainability initiatives included installing solar panels on its office locations and establishing a preventative maintenance system in its equipment department to reduce diesel consumption and pollution risk. It also launched a waste management system focused on recycling items like oil, batteries and tires and reusing wood and scrap metal at building sites. TGCC is also working to shift norms in the real estate industry, educating customers about the long-term cost savings associated with green construction materials like low-e glass, isophorone paint, hydro-ceramics and green asphalt.

## Outcome/Outlook

Accelerated company growth brought about by several large contracts, combined with increased public markets liquidity, prompted the company to prepare for an IPO earlier than the intended 2022-2023 timeline. The company listed on the Casablanca Stock Exchange in December 2021, raising MAD600m (~USD65m) through a combined share sale by investors and capital increase. The IPO was oversubscribed 22x, and Mediterrania sold part of its stake in the company.

Mediterrania continues to hold two of TGCC's ten board seats, helping the company pursue strategic growth plans such as consolidating its position in West Africa and evaluating acquisition targets to facilitate expansion into Africa's burgeoning transportation and maritime infrastructure space. ●