

RESEARCH REPORT

EQUITY

JULY
2025



TGCC Capital Increase

TGCC : A NATIONAL CHAMPION RESPECTING ITS GROWTH PROMISES

- 03 | An outstanding stock market performance, driven by rapid expansion
- 03 | A demonstrated ability of Management to outperform its business plan
- 05 | An external growth offering promising synergy levers
- 06 | Valuation levels which don't fully integrate the MT growth potential



Attijari
Global Research

Report for institutional use

TGCC CAPITAL INCREASE- SUBSCRIBE

SECTOR | BUILDING MATERIALS |

EXECUTIVE SUMMARY

The capital increase of TGCC worth MAD 2.2 Bn occurs at a crucial stage in the Group's development path. TGCC is on track to position itself as a true national champion in the Building Materials sector, while progressively asserting its international dimension.

Following our analysis of the Information Prospectus and based on our discussions with the Group's Management, **we recommend subscribing to this capital increase while considering TGCC stock as a core holding over the medium term.**

Our recommendation is supported by five key arguments:

- (1) The acquisition of STAM represents a strong signal regarding the credibility of TGCC's development model. The Group clearly aims to become a "national champion" in Building Materials through both external growth and international expansion;
- (2) Beyond the size effect which results in a doubling of the order book, this operation brings two major opportunities. Firstly, broadening its service offering to better capture Morocco's booming infrastructure sector. Secondly, entering new project segments which are highly requested across the African continent;
- (3) TGCC stock is becoming an essential investment vehicle for investors seeking exposure to the "Morocco 2030" theme. With improved liquidity following this operation and entry into the Top 10 largest market capitalizations on the Moroccan stock market, the stock should gain greater visibility among international fund managers;
- (4) The Management's proven ability to exceed its growth forecasts in recent years reassures investors. From 2025, we believe TGCC stock would benefit from "surprises" effects than "disappointments" effects regarding its futures achievements;
- (5) The subscription price to this capital increase offers an attractive discount of 23%, based on the market price as of July 10th 2025 (MAD 725 vs. MAD 945). Backed by solid growth prospects, TGCC's P/E is expected to reach 28.0x by 2026E. However, we are convinced that earnings growth potential by 2030E would be higher.

Maria IRAQI

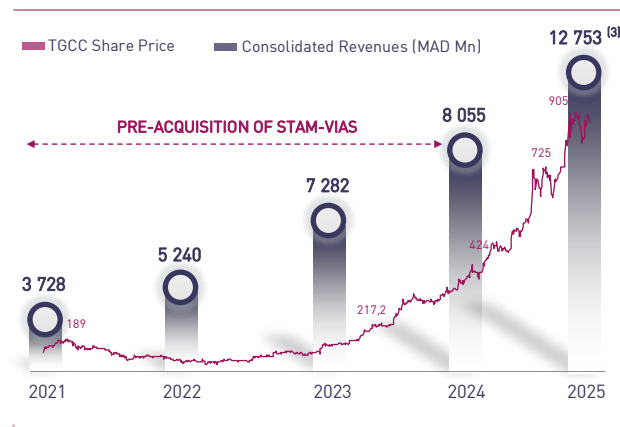
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AN OUTSTANDING STOCK MARKET PERFORMANCE..., DRIVEN BY RAPID EXPANSION

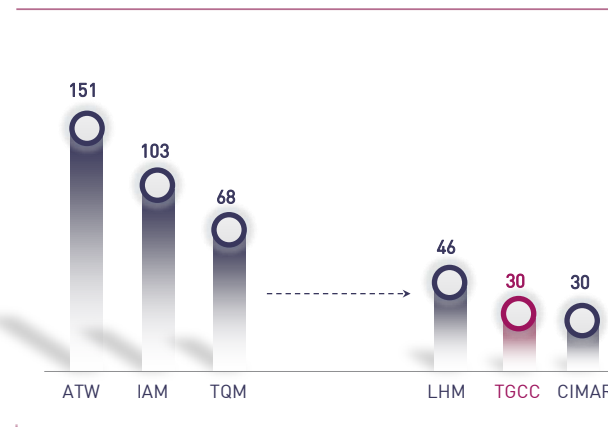
Since its IPO in December 2021, TGCC stock recorded a significant performance on the stock market. The share's price has been multiplied by 7.0 times, rising from MAD 136 (IPO price) to MAD 945 currently^[1]. As of 2025, TGCC's market capitalization crossed upward the MAD 25 Bn threshold, allowing it to join the Top 10 largest market capitalizations on the Moroccan stock market.

This upward trend of the stock's price has been driven by the rapid expansion of the company's activity. Indeed, TGCC's revenues^[2] are expected to more than double between 2022 and 2025E, rising from MAD 5,240 Mn to MAD 12,753 Mn^[3]. This momentum reflects the "*super investment cycle*" that Morocco is experiencing by 2030. A situation which reassures investors about TGCC's solid growth prospects on the medium-term.

TGCC: SHARE PRICE VS. REPORTED REVENUES



MAROC: TOP 10 MARKET CAPITALIZATIONS (MAD BN)

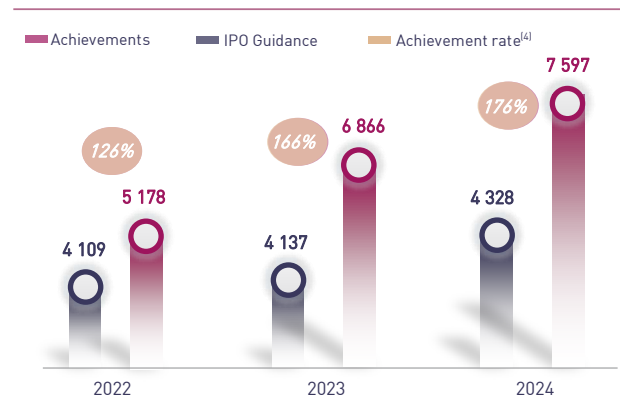


A DEMONSTRATED ABILITY OF MANAGEMENT TO OUTPERFORM ITS BUSINESS PLAN

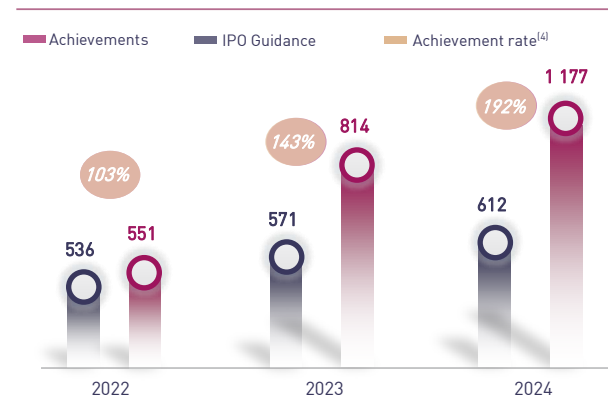
An analysis of TGCC's post-IPO achievements clearly shows that the Management has successfully "outperformed" the initial guidance. Over the 2022–2024 period, revenue achievement rates ranged between 126% and 176%. In terms of profitability, the EBITDA achieved in 2024 represents twice the level initially projected at the time of the IPO in December 2021. This observation provides reassurance on two key aspects:

- The Management's conservative approach regarding its guidance. The stock is more likely to benefit from positive "surprises" than from negative "disappointments" concerning its future achievements;
- TGCC's strong positioning within the Moroccan Building Materials sector, enabling the operator to capture a great share of the investment momentum currently shaping the Kingdom.

TGCC: REVENUE FORECASTS VS. ACHIEVEMENTS (MAD MN)



TGCC: EBITDA FORECASTS VS. ACHIEVEMENTS (MAD MN)



[1] Share price as of July 10th, 2025

[2] Global operating revenue

[3] Consolidated revenue of the combined entity

[4] Achievement rate : Reported results / IPO Guidance

Sources : TGCC Information Prospectus, CSE, AGR Computations

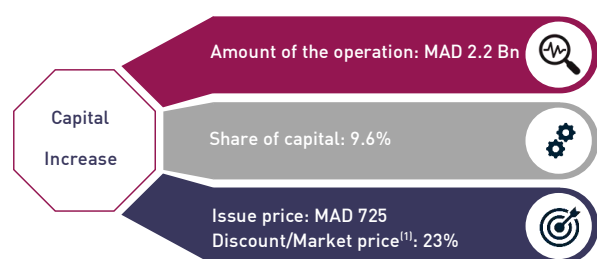
A CAPITAL INCREASE WITH A TWOFOLD OBJECTIVE

TGCC's capital increase of MAD 2.2 Bn marks the 3rd operation on the stock market in 2025, following Vicenne's IPO and CIH Bank's capital increase. In terms of size, it represents the 2nd largest equity operation after Managem's capital increase of MAD 3.0 Bn in March 2024. Specifically, this operation involves the issuance of 3,034,482 new shares at an issue price of MAD 725.

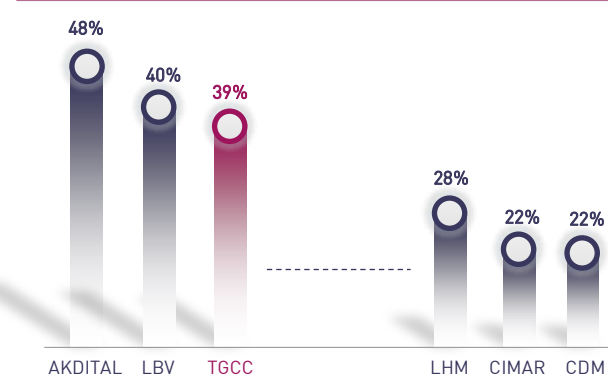
The target of this capital increase is twofold:

- (1) **Preserve the quality of the Balance Sheet** through the repayment of the bank loan worth MAD 2.2 Bn used to finance the acquisition of a 60% stake in Société de Travaux Agricoles Marocains (STAM). The acquisition price was set at approximately MAD 2.5 Bn, of which MAD 300 Mn was self-financed by the Group;
- (2) **Improve the stock's free float**, from 33% to 39%. Based on the new float level, TGCC would rank as the third-best large cap on the Moroccan market (i.e., among stocks with a market capitalization exceeding \$ 1 Bn). This enhanced liquidity would offer greater visibility among international fund managers and lead to stronger weighting in Moroccan equity funds.

TGCC: TECHNICAL CHARACTERISTICS OF THE OPERATION



FREE FLOAT: POSITIONNING AMONG BIG-CAPS (> \$ 1 BN)

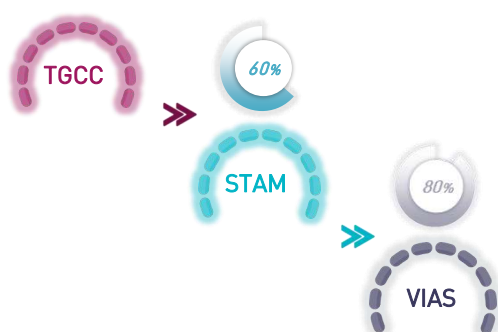


In February 2025, TGCC announced the acquisition of a 60% stake in STAM, which itself holds a 55% stake in VIAS. This operation was to be accompanied by a capital increase at STAM, aimed at financing the acquisition of an additional 25% stake in VIAS, thereby raising STAM's total ownership in VIAS to 80%.

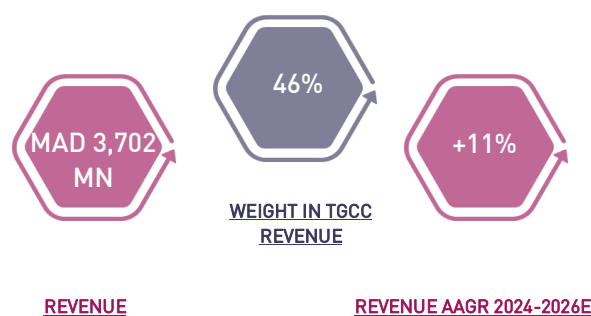
Originally specialized in the agricultural sector, STAM now operates in key segments of the economy, including construction, roadworks, large-scale water supply infrastructure, as well as touristic and environmental development projects. For its part, VIAS is active in several fields, such as urban planning, roads, airports, and tramway construction.

In terms of growth profile, STAM displayed revenues of MAD 3,702 Mn in 2024, representing 46% of TGCC⁽²⁾ Group's total revenues for the same FY. Over the period 2024-2026E, STAM's revenues are expected to grow at an AAGR of +11.2%, reaching MAD 4,573 Mn by 2026E.

STAM: POST-ACQUISITION SHARE HOLDING STRUCTURE



STAM: KEY OPERATING FIGURES IN 2024



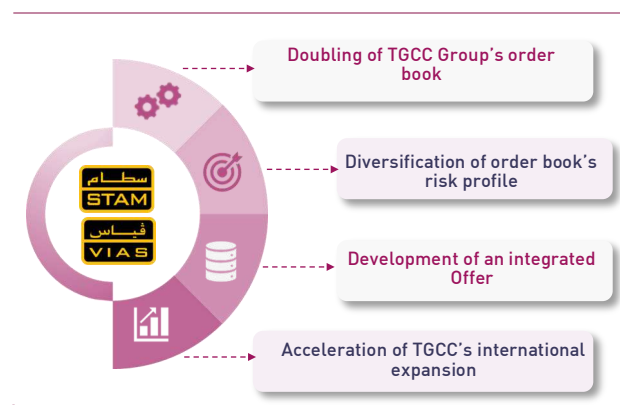
[1] Compared to the stock price as of July 10th, 2025
[2] Pre-acquisition of STAM

AN EXTERNAL GROWTH OFFERING PROMISING SYNERGY LEVERS

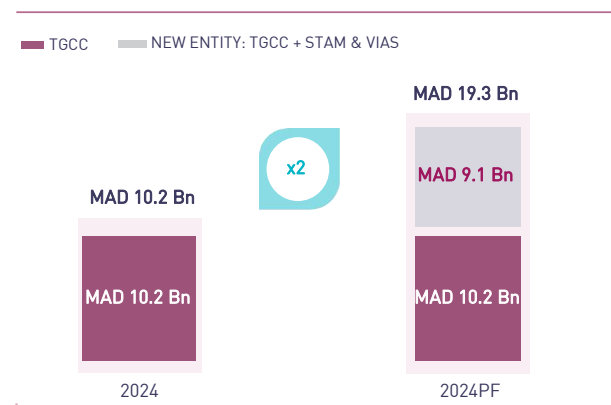
The acquisition of STAM forms part of TGCC's long-term strategic vision, aimed at building a true national champion with critical scale and recognized international positioning. In this context, this external growth is expected to generate value-creating synergies for shareholders, including:

- A doubling of TGCC's order book, rising from MAD 10.2 Bn to MAD 19.3 Bn post-acquisition. An indicator which reinforces confidence in the Group's medium-term growth outlook;
- An improved risk profile, thanks to a better diversification of the order book. The acquisition enables entry into new construction segments, such as dams, ports and airports. This rebalanced order book would help TGCC better manage sector cyclicity and ensure sustainable growth over the medium term;
- Stronger integration within the infrastructure value chain through a broader service offering, enabling TGCC to co-develop integrated projects with STAM;
- Faster international expansion in Africa and the Middle East, supported by a diversified offering in high-demand construction specialties across these regions as well as STAM's established presence in Mauritania, where TGCC is not yet active.

TGCC: SYNERGIES GENERATED FROM THE ACQUISITION OF STAM



TGCC: ORDER BOOK POST-ACQUISITION (24PF⁽¹⁾)



To illustrate Morocco's development momentum and its positive impact on TGCC Group's medium-term growth prospects, we highlight the key strategic projects the company is currently involved in:

TGCC: SUMMARY TABLE OF STRATEGIC PROJECTS

Projects TGCC-STAM	Description	Size	Timeline
HASSAN II STADIUM	TGCC: Construction of the Grand Stade Hassan II in Casablanca, in joint venture with SGTm Group.	MAD 3.4 Bn	Execution period set at 30 months, with delivery scheduled for December 2027.
HSR KENITRA MARRAKECH	TGCC awarded the 4 th package for earthworks, civil engineering structures and reinstatement of access roads and fences.	MAD 2.8 Bn	April 2025 - End of 2029
AL BARID STADIUM	TGCC: Construction of Al Barid Football Stadium in Rabat.	MAD 692 Mn	January 2025 - August 2025
HSR KENITRA MARRAKECH	STAM awarded the package for earthworks, civil engineering structures and reinstatement of access roads and fences	MAD 2.4 Bn	April 2025 - End of 2029
RATBA DAM	STAM: Construction of a dam with a capacity of 1.9 Bn m ³ , in joint venture with SGTm Group	MAD 4.5 Bn	Commissioning expected by end-2028

(1) PF : Pro forma (including STAM-VIAS)

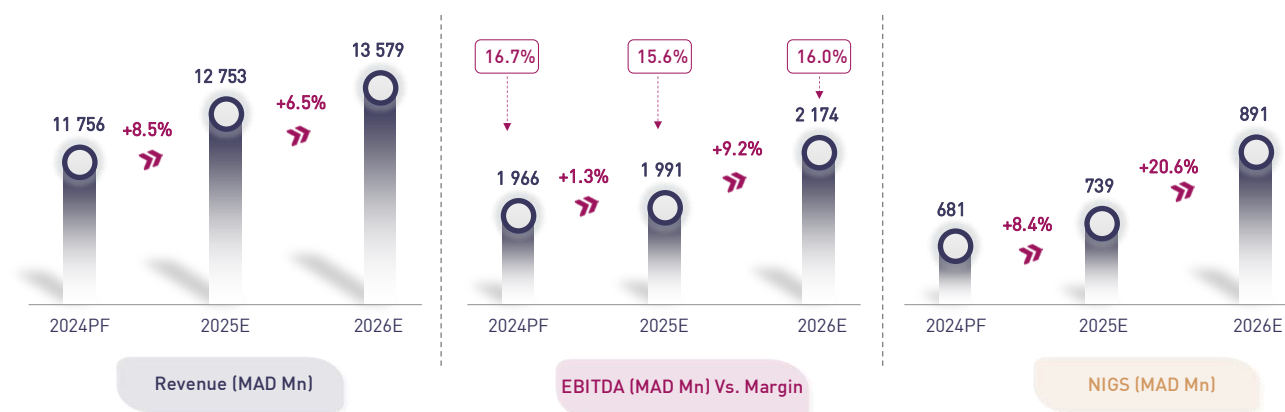
Sources : TGCC Information Prospectus, Capital Increase presentation, AGR Computations

VALUATION LEVELS WHICH DON'T FULLY INTEGRATE THE MT GROWTH POTENTIAL

The acquisition of STAM would mark a new milestone for TGCC in terms of scale. As such, the main operational and financial indicators for the new entity are expected to evolve as follows:

- Consolidated revenues are forecasted to increase from MAD 11,756 Mn to MAD 13,579 Mn over the 2024PF–2026 period, representing a solid AAGR of +7.5%. In more details, STAM would account for one-third of the combined entity's revenue;
- EBITDA is expected to grow at an AAGR of +5.2% over the same period, exceeding MAD 2.0 Bn by 2026E. The target EBITDA margin would stabilize at a correct level around 16.0%, compared to a historical average of 12.5%⁽¹⁾;
- NIGS would approach MAD 900 Mn by 2026E, up from MAD 681 Mn in 2024PF. We believe it is a conservative scenario, as it does not fully reflect potential synergies or additional upside factors.

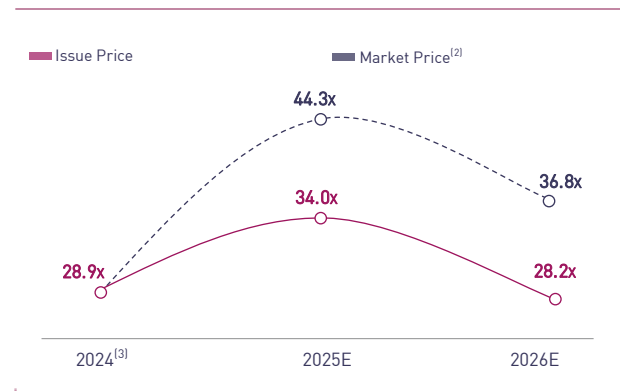
TGCC : GROWTH PROFILE OF KEY INDICATORS POST-ACQUISITION 2024PF-2026E



The subscription price for this capital increase has been set at MAD 725, compared to a market price of MAD 945 as of July 10th 2025, representing an attractive discount of 23%. Backed by strong growth prospects, TGCC's valuation levels are expected to improve over the 2025E–2026E period. However, we are convinced that the company's earnings potential beyond 2026E is significantly higher:

- The price-to-earnings (P/E) ratio is expected to decline from 34.0x in 2025E to 28.2x in 2026E. Meanwhile, the EV/EBITDA multiple for 2026E stands at 12.7x based on the MAD 725 subscription price, a much more attractive level compared to 16.2x based on the market price of MAD 945⁽²⁾;
- It is important to highlight that these valuation levels do not reflect the Group's full medium-term growth potential. The current forecasts do not include several upside drivers, such as: **(1)** Synergies arising from the integration of STAM into the TGCC Group, **(2)** Ramp-up of international activities, particularly in Africa and Saudi Arabia and, **(3)** TGCC's positioning in Morocco's new strategic projects as a national champion.

TGCC : P/E MULTIPLES OVER 2024-2026E



TGCC : EV/EBITDA MULTIPLES OVER 2024-2026E



[1] Average over the period 2021–2024 for TGCC (Excluding STAM)

[2] Share price as of July 10th 2025

[3] Ratios calculated based on the share price as of December 31st 2024

Sources : TGCC Information Prospectus, AGR Computations

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