

RESEARCH REPORT

EQUITY

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IPO SGTM: ANALYSIS POINTS

- 03 | When public strategies boost the stocks performances
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Attijari
Global Research

Report for institutional use

IPO SGTM - RECOMMENDATION - SUBSCRIBE

SECTOR | BUILDING MATERIALS |

OUR INVESTMENT RATIONAL

With a raise of MAD 5.0 Bn, **SGTM** operation stands as the second largest IPO in the history of the Moroccan stock market, after **Maroc Telecom** in 2004. **SGTM** Group is considered the leader of the Moroccan Building Materials sector, with more than 1,000 major structural projects completed and consolidated revenues expected to surpass MAD 14 Bn in 2025E.

The history of IPOs in Morocco highlights a striking pattern. Companies aligned with the State's strategic priorities tend to deliver outstanding stock market performances over 3 to 5 year horizons. **Cosumar** (Green Morocco Plan), **Marsa Maroc** (Port Strategy 2030) and **Akdital** (Generalization of the Compulsory Health Insurance – AMO) illustrate this observation.

Positioned at the heart of the "National Infrastructure Program 2030", **SGTM** is unlikely to be an exception. Concretely, we expect a remarkable performance for the stock **SGTM** over the period 2025-2027, driven by the Group's ability to capture most of the Kingdom's upcoming major infrastructure projects.

Our positive scenario regarding the future stock's performance is supported by 3 key arguments:

- ⇒ **SGTM** operates in a highly favorable environment which enables it to accelerate its development pace. More specifically, we note: **(1)** The Moroccan economy surpassing, for the first time in its history, the growth threshold of +4.5% on the Medium term, **(2)** The sustainability of public investment efforts, with an annual budget exceeding 20% of GDP by 2030E and finally, **(3)** The shift in the growth profile of national cement consumption, expected to reach +8.0% starting 2025E;
- ⇒ **SGTM** has a strong capacity to capture the Kingdom's various structural projects thanks to major advantages: **(1)** Its presence across the entire value chain of the Building Materials sector, **(2)** The development of a "Fast Track" construction model enabling Morocco to meet crucial deadlines by 2030E, and **(3)** The deployment of a "turnkey project" offering which includes civil engineering works, mechanical assembly, and the technological process. The construction of the new Novacim cement plant is a concrete example;
- ⇒ We believe **SGTM** will be able to significantly outperform its Business Plan disclosed during this IPO. Consequently, the stock's valuation multiples could further improve over the 2025E-2028E period, with an average P/E falling below 16.0x. In our view, such a scenario would justify a solid performance of the stock on the Medium term.

Attijari Global Research
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WHEN PUBLIC STRATEGIES BOOST THE STOCKS PERFORMANCES

The stock market history of listed companies in Morocco over the past decade reveals a striking observation. Companies whose activities align with the State's strategic priorities tend to deliver remarkable outperformance over 3 to 5 year horizons. **Cosumar**, **Marsa Maroc**, and **Akdital** illustrate this observation.

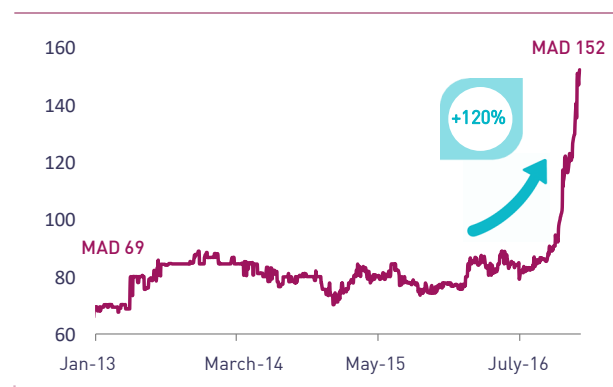
As a major player in the Building Materials sector, **SGTM** is unlikely to be an exception. We therefore anticipate a robust performance of **SGTM** stock over the 2025-2027 period, supported by the Kingdom's unprecedented investment policy.

1) "Green Morocco Plan": A catalyst for Cosumar's operational performance

The rollout of the "Green Morocco Plan" generated positive impacts on the sugar industry. The increase in mechanization, the widespread adoption of monogerm seeds, and State subsidies granted to farmers led to a +50% increase in sugar yields per hectare, rising from 8 to 12 tons/ha over the 2012-2016 period.

As the national Leader, Cosumar fully benefited from the favorable effects of the Green Morocco Plan. Between 2013 and 2016, the company improved its earnings by +49% and delivered a strong stock performance of +120%, from MAD 69 to MAD 152 per share.

COSUMAR: A PERFORMANCE OF 120% BETWEEN 2013-2016



2) "National Port Strategy": A change of scale for Marsa Maroc

The "National Port Strategy 2030" aims to position Morocco as a global logistics hub through the construction of several next-generation ports such as Tanger Med, Nador West Med, and Dakhla Atlantic Port. Benefiting from its position as the national Leader, Marsa Maroc has become a key operator within the Kingdom's new global-scale ports.

In this favorable environment, the company has undergone a transformation. This new era of development has been clearly reflected in its market performance. Over the past five years, Marsa Maroc's stock price has surged by +363%, rising from MAD 212 in 2021 to MAD 982 in 2025.

MARSA MAROC: A PERFORMANCE OF 363% IN 5 YEARS

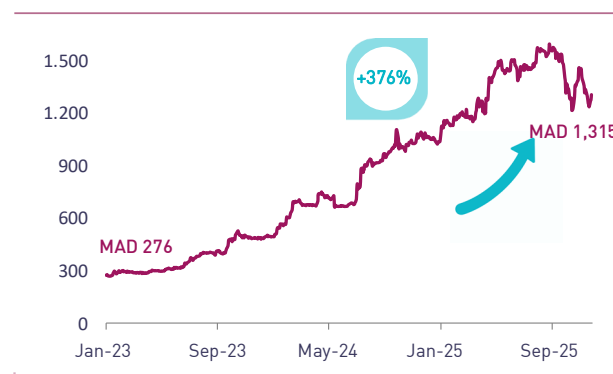


3) Generalization of Compulsory Health Insurance: A strategic growth driver for Akdital

Placed as a major national post-Covid priority, Morocco's healthcare sector has entered a new phase of development. This momentum has been driven by the generalization of the compulsory health insurance (AMO) for the entire population, along with the State's commitment to supporting a high-quality healthcare offering.

In this favorable environment, Akdital launched an aggressive investment strategy aimed at expanding its geographic footprint over the 2022-2027 period. These highly promising prospects enabled Akdital's stock to deliver a remarkable performance of +376% over the past three years.

AKDITAL: A PERFORMANCE OF 376% IN 3 YEARS



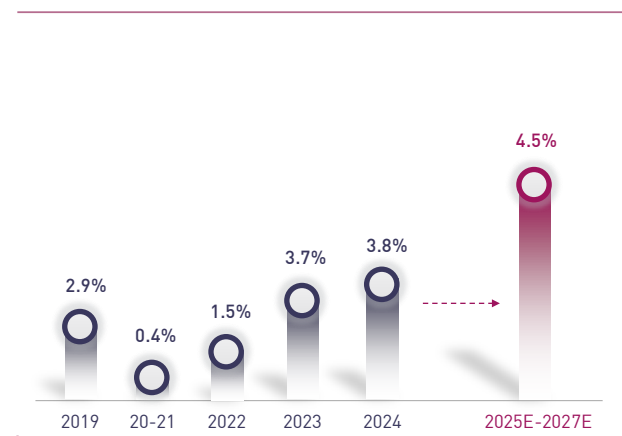
Sources: CSE, AGR Computations

A CONSERVATIVE BUSINESS PLAN..., LEADING TO POSITIVE EARNINGS SURPRISES

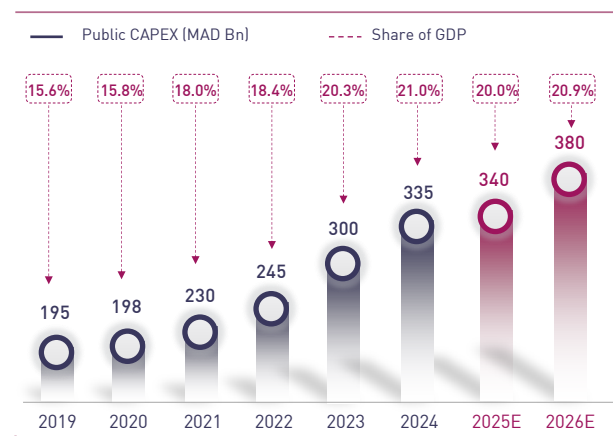
Based on the Business Plan shared by Management, **SGTM**'s growth outlook can be described as conservative. Indeed, the AAGR of consolidated revenue declines from +17.6% over the 2022-2025E period to +5.5% over 2025E-2031E. According to our own view, we believe in the operator's ability to outperform its Business Plan. This strong conviction is supported by three solid fundamental arguments:

- (1) **The Moroccan economy reaching a new growth threshold:** For the 1st time in its history, Morocco is expected to enter, starting from 2025, a new growth cycle characterized by GDP expansion rates exceeding 4.5%. This new dynamic should have a positive impact on the performance of companies operating in the Moroccan Building Materials sector;
- (2) **The sustainability of the public investment super-cycle:** The Kingdom has initiated a new investment policy that we consider sustainable through 2030. This involves an average annual budget of MAD 350 Bn over 2024-2026E, representing an increase of +60% compared to the 2019-2022 period. Public investment now represents 21% of GDP, against a historical level of around 16%. The sectors which capture the highest share of the general investment budget include infrastructure, energy transition, healthcare and education.

MOROCCO: TOWARD A NEW GDP GROWTH THRESHOLD



MOROCCO: AN UNPRECEDENTED PUBLIC INVESTMENT EFFORT



- (3) **The new momentum in cement consumption:** Considered as a key barometer of performance in the Building Materials sector, cement sales in Morocco marked in 2025 a clear break after a decade of stagnation. Based on our discussions with industry professionals, national cement consumption is expected to grow at a rate twice as fast as GDP over the 2025E-2028E period, implying a sustained AAGR between +8% and +9%, compared to only +0.1% over the 2019-2024 period.

Given the strong correlation between cement consumption and construction activity, we believe that a reference operator such as **SGTM** is well positioned to outperform the cement sector. This view is supported by the company's historical performance.

Our scenario is backed by the investment projects identified to date, which, according to banking sector estimates, total more than MAD 1,000 Bn by 2030. As an indication, this amount is roughly equivalent to the entire outstanding loans to the economy granted by the Moroccan banking sector in 2024.

CEMENT CONSUMPTION: A HISTORIC SHIFT IN THE GROWTH PROFILE..., CONFIRMED STARTING FROM 2025



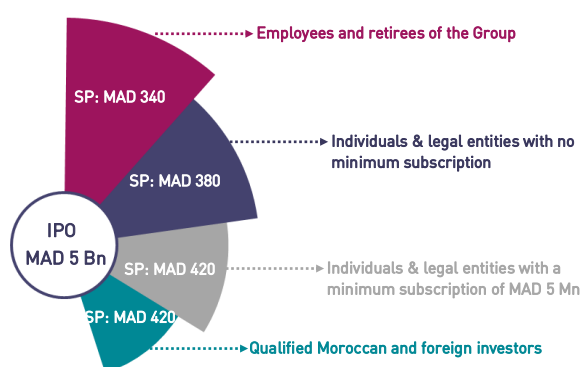
Sources : Bank Al-Maghrib, Ministry of Finance, APC, AGR Computations & Estimates

SGTM IPO, THE LARGEST CAPITAL RAISE ON THE MOROCCAN STOCK MARKET OVER THE PAST TWO DECADES...

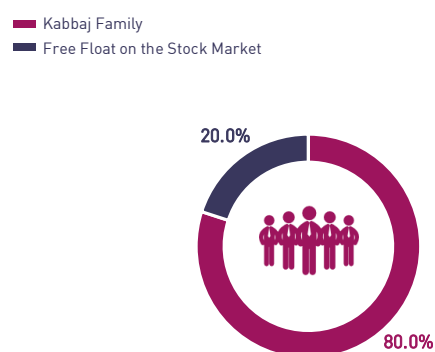
The IPO of **SGTM** Group is the third one in 2025, after **Vicenne** (MAD 500 Mn) and **Cash Plus** (MAD 750 Mn). With a total amount close to MAD 5.0 Bn, it is the second largest operation on the Moroccan stock market since **Maroc Telecom's** IPO in 2004. More specifically, the IPO consists of the sale by Kabbaj family of 12,000,000 shares at a unit price of MAD 420 (excluding the discount applied to certain order types), representing 20% of the company's capital. As a result, **SGTM's** free float on the stock market will stand at 20%. The main characteristics of the various order types offered as part of this operation are as follows:

- Order I reserved for employees and retirees of the Group, amounts to MAD 190 Mn, with a subscription price of MAD 340;
- Order II for Moroccan and foreign individuals and legal entities, with no minimum subscription, at a price of MAD 380 and a total amount exceeding MAD 1.6 Bn;
- Order III allocated to Moroccan and foreign individuals and legal entities, with a minimum subscription of MAD 5 Mn at a price of MAD 420. The total amount is set at more than MAD 951 Mn;
- Order IV for qualified Moroccan and foreign investors, amounting to MAD 2.0 Bn with a subscription price of MAD 420.

SGTM: IPO TECHNICAL CHARACTERISTICS



SGTM: POST-IPO SHAREHOLDING STRUCTURE



...ALLOWING TO IMPROVE THE VISIBILITY OF THE BUILDING MATERIALS SECTOR

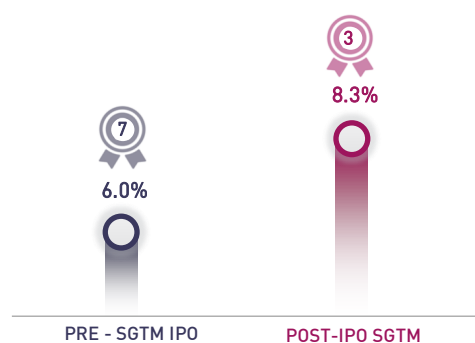
SGTM IPO is expected to enhance the visibility of the Building and Materials sector within the Moroccan stock market. To illustrate this finding, we calculated the sector's weight in the total market capitalization before and after the operation. The result shows an increase from 5.9% pre-IPO to 8.3% post-IPO. As a result, the Building Materials sector would enter the Top 3 of listed sectors in terms of market capitalization, just behind the Telecoms sector.

At the same time, we note that **SGTM** IPO comes at a favorable moment for the market, marked by renewed investor interest towards the Building Materials sector in particular. This enthusiasm is primarily driven by the momentum of infrastructure projects announced in preparation for upcoming major sporting events, as well as the acceleration of investments in key sectors of the Moroccan economy such as energy transition and water stress management.

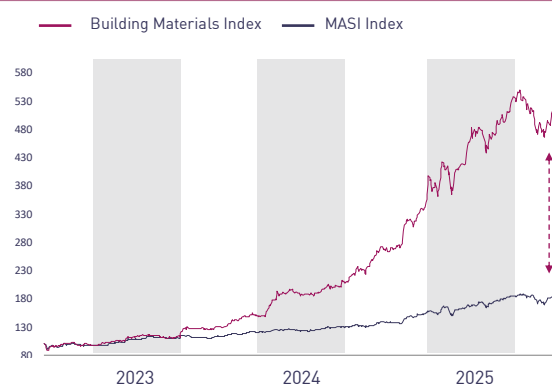
This strong interest in the Building Materials sector has been reflected positively in the stock market performance of its constituents. Since the announcement in October 2023 of Morocco's cohosting of the World Cup, the Building Materials index has significantly outperformed the MASI, with respective increases of +330%⁽¹⁾ against +60%⁽¹⁾.

BM: IMPROVED VISIBILITY ON THE STOCK MARKET

Sector ranking by market capitalization



BM: REMARKABLE STOCK MARKET OUTPERFORMANCE



(1) Data as of November 27th 2025

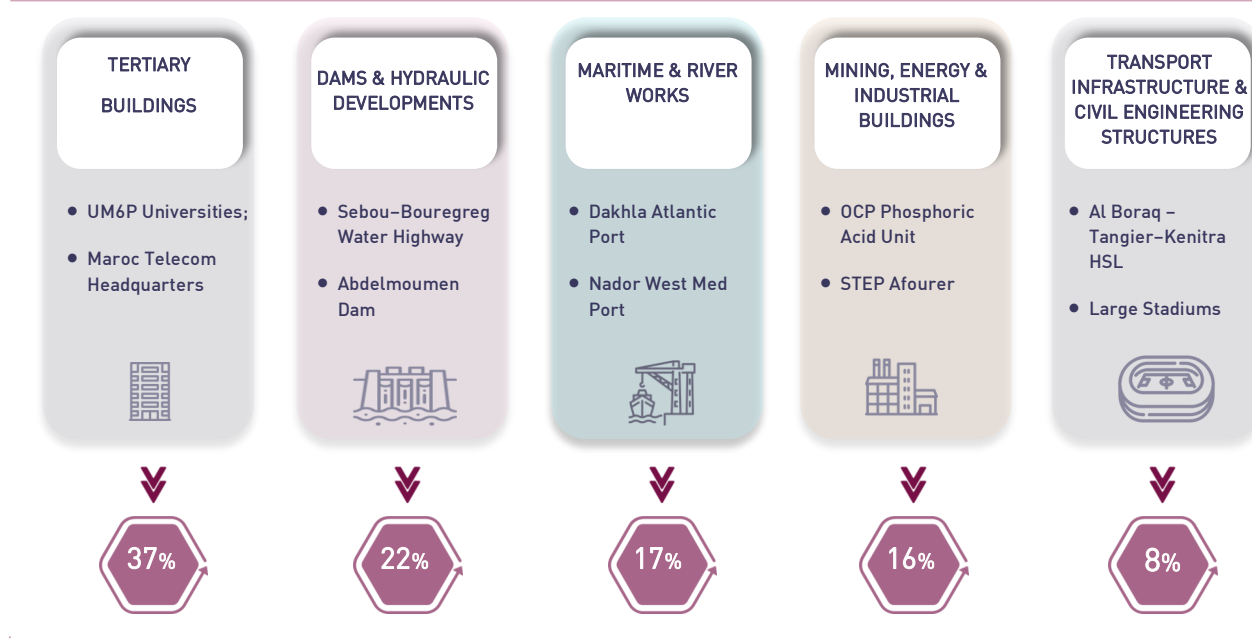
Sources: SGTm Information Prospectus, CSE, AGR Computations

AN OPERATOR CAPTURING THE CORE OF THE SECTORIAL VALUE CHAIN

Since its creation in 1972 by brothers Ahmed and M'hamed Kabbaj, **SGTM** Group has completed more than 1,000⁽¹⁾ projects across Morocco. The operator stands out through its presence across the full construction value chain and its ability to respond to major tenders for the Kingdom's strategic projects. More specifically, **SGTM** operates in five strategic business areas:

- (1) **Tertiary buildings:** Construction of institutional headquarters and office buildings such as the UM6P University campuses in Rabat and Benguerir and the Maroc Telecom headquarters;
- (2) **Dams & Hydraulic Developments:** The Group has developed notable expertise in watersecurity infrastructure, including the Sebou-Bouregreg water highway and multiple dams in Morocco and Africa;
- (3) **Maritime & River Works:** Mainly the construction of international-standard ports, including Nador West Med Port and Dakhla Atlantic Port;
- (4) **Mining, Energy & Industrial Buildings:** The Group ensures the construction of production plants, power facilities, data centers, logistics platforms, and oil depots;
- (5) **Transport Infrastructure & Civil Engineering Structures:** The Group benefit from a proven expertise in complex civil engineering projects such as roads, bridges, tunnels, and viaducts.

SGTM: PRESENTATION OF BUSINESS SEGMENTS VS. THEIR AVERAGE CONTRIBUTION TO REVENUE OVER THE PERIOD 2022-2024



To strengthen its market position and enhance its ability to adapt to the Kingdom's evolving economic requirements, **SGTM** relies on two strategic levers which give it a significant competitive advantage. Specifically, we note:

- **« Fast Track » Construction:** This is an accelerated construction approach designed to shorten project timelines. This new method enables the Group to meet Morocco's critical deadlines, particularly for the 2025 AFCON and the 2030 World Cup. In this regard, the operator benefits from a solid "track record", such as the renovation and expansion of Moulay Abdellah Stadium in a record time of 14 months;
- **Turnkey Projects :** Through this type of project, the Group significantly moves up the value chain. In addition to civil engineering works (its historical expertise), these projects incorporate more complex activities such as mechanical assembly and technological process integration. This new positioning allows **SGTM** to deliver fully completed industrial units, as demonstrated by the Novacim cement production plant.

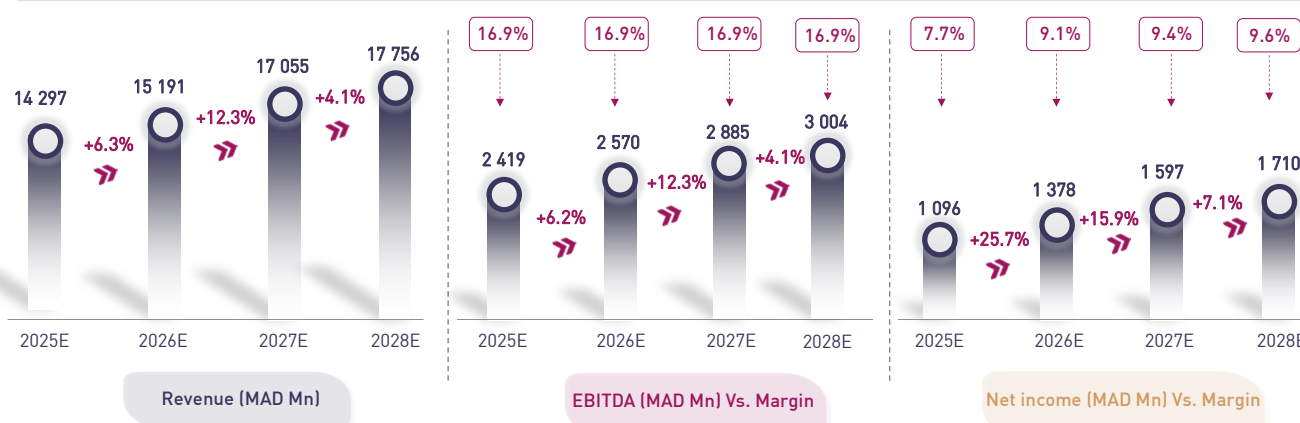
(1) Data at the end of December 2024

KEY FORECAST INDICATORS OF THE BUSINESS PLAN OVER THE PERIOD 2025E-2028E

Based on the projections communicated by Management, we note the following major trends:

- SGTM's revenue is expected to grow at an AAGR of +7.5% over 2025E-2028E, compared to +17.6% over 2022-2025E. Beyond this period, growth is assumed at +3.6%. The Group's activity relies on a solid order backlog of around MAD 37 Bn⁽¹⁾ identified at the end of May 2025, as well as a pipeline of potential projects over the forecast horizon;
- EBITDA margin should remain around 16.9% throughout the forecast period, in line with the average observed between 2022 and 2024. This is a reassuring signal which demonstrates the resilience of the operator's business model;
- Consolidated net income is expected to surpass MAD 1 Bn in 2025E, reaching MAD 1.7 Bn by 2028E, representing an AAGR of +16.0% over the period under review;
- Regarding the "risk profile", the operator benefits from a well-controlled WCR of around 21% of consolidated revenue, combined with a downward trend in its debt, with a net debt turning negative starting from 2028E, compared to MAD 832 Mn in 2024.

SGTM: GROWTH PROFILE OF THE MAIN INDICATORS OVER THE PERIOD 2025E-2028E



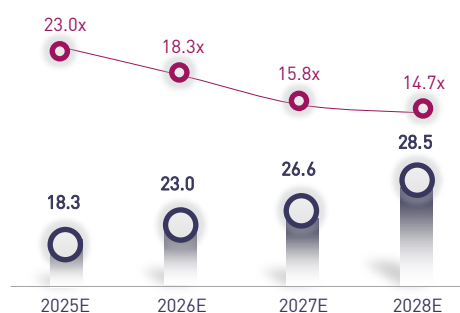
FAIR VALUATION MULTIPLES..., BASED ON "CONSERVATIVE" GROWTH SCENARIO

Based on the subscription price of MAD 420 and conservative growth assumptions, the valuation multiples implied for the SGTm stock are as follows:

- An average P/E of 16.3x over the period 2026E-2028E, reflecting a 19% discount compared with the MASI's normative level (20x). This earnings multiple takes into account an average annual earnings growth of +16.2% during the same period. Nevertheless, we believe that the company's valuation multiples could further improve thanks to SGTm's proven ability to outperform its business plan in the future;
- A D/Y expected to reach 4.0% by 2028E, a relatively better level compared with the average yields offered by the stock market⁽²⁾ (below 3%) and the 5-year TB benchmark (2.64%)⁽³⁾. It should be noted that the Group's dividend policy is based on a stable long-term payout ratio of 60%.

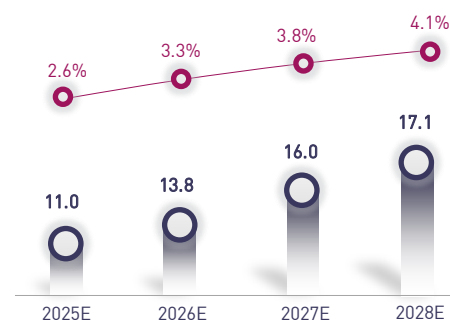
SGTM: P/E MULTIPLES OVER THE 2025E-2028E PERIOD

● EPS (MAD) ● P/E (x)



SGTM: D/Y OVER THE 2025E-2028E PERIOD

● DPS (MAD)⁽⁴⁾ ● D/Y (%)



(1) Includes an order book of MAD 17 Bn as of December 31st 2024, and orders received at the end of May 2025 of MAD 20 Bn/ (2) Data as of November 27th 2025 / (3) Data as of November 19th 2025

(4) Dividend for fiscal year (n), payable in (n+1)

Sources: SGTm Information Prospectus, CSE, AGR Computations

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