

BUY

Initial Opinion	BUY
Release Date	11/12/2020
Initial Target Price	MAD 1,480

EQDOM

Sector	CONSUMER LOAN
Reuters	EQD.CS
Bloomberg	EQD MC

MAD 1,200

Current Price	MAD 990
Upside	+21%
Investment Horizon	24 Months

AN ATTRACTIVE ENTRY POINT ..., FOR A MEDIUM TERM INVESTMENT LOGIC

A credit loan sharply penalized by the Covid-19 pandemic

As expected, the mid-term proved to be particularly difficult for the consumer loan business (*Research Paper-Eqdom April 2019*). In fact, the lockdown's economic repercussions have resulted in both a weakening of demand and an increase in the cost of risk within this sector.

The lack of visibility of households, the loss of revenues within several activities and the postponement of loan repayments from customers in difficulty are the main constraints currently faced by financing companies.

A lack of visibility in 2020 which weighs on the cost of risk

At the end of H1-20, Eqdom shows a decline of -35% in its net loan production, dropping from MAD 1.319 Mn to MAD 863 Mn. Note that the impact on the consolidated NBI is less pronounced at -8.3% thanks to the resilience of customer outstanding which fell by only -1.6%.

Faced with the fragility of local demand and the lack of visibility in 2020 regarding the return to normal of the Moroccan economy, the provisioning effort is significant. Thus, the operator's net cost of risk increased by +166% to MAD 90 Mn in H1-20.

A new growth scenario over the 2021-2022 period

Within this particularly unfavorable context for the consumer loan business, we believe that Eqdom would show a significant lag compared to our initial 2020-2022 business plan published before the Covid-19 crisis (*Book Afrique - February 2020*).

In 2020, we forecast a profit of MAD 68 Mn, down -50% compared to 2019. Over the period 2021-2022, the NIGS would recover to MAD 95 Mn and then to MAD 130 Mn (taking into account the cost of risk gradual normalization. As an indication, this target earning power remains below to that recorded in FY 2019, i.e. MAD 136 Mn.

Nevertheless, the stock's correction on the market seems disproportionate

Under the assumption of Eqdom's return to a recurrent profit of MAD 130 Mn by 2022, the stock would trade at attractive multiples. These are a P/E 22E of 12.7x and a D/Y 22E of 6.0% on the basis of an ordinary DPS of MAD 60 in comparison to MAD 80 historically.

By integrating our growth scenario and taking into account a 9.5% discount rate, the stock's valuation comes out at MAD 1,200, offering an upside potential on the stock market of 22%.

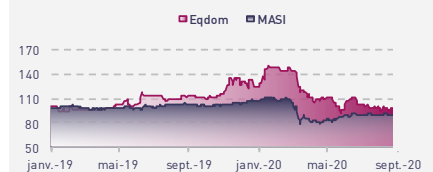
Taha Jaidi

Head of Strategy
+212 529 03 68 23
t.jaidi@attijari.ma

Lamyae Oudghiri

Manager
+212 529 03 68 18
Loudghiri@attijari.ma

STOCK EVOLUTION (BASIS 100)



MARKET INDICATORS

Performances (%)	1 M	3 M	12 M
EQDOM	-1.2	-12.6	-17.1
MASI	-0.5	0.8	-12.2

ADV (MAD Mn)	1 M	3 M	12 M
EQDOM	0.3	0.5	0.8
MASI	53	91	142

Capitalization	As at 09/11/2020
In MAD Mn	1,654
In \$ Mn	180

Prices at 09/11/2020

EQDOM: H1-20 ACHIEVEMENTS VS. AGR FORECASTS FOR THE 20-22 PERIOD

IN MAD MN	H1-19	H1-20	CHANGE	2020E	2021E	2022E	TCAM 20-22
Consolidated NBI	273	250	-8.3%	515	543	592	7.2%
GOI	154	142	-7.5%	294	317	359	10.6%
Gross Margin	56.4%	56.8%	+0.4 pt	57.0%	58.5%	60.8%	+1.9 pts
Cost of risk	34	90	+166%	182	163	147	-10.0%
NIGS	69	22	-68.4%	68	95	130	38.4%
P/E (x)	-	-	-	24.3	17.4	12.7	-

* Recurring NIGS excluding the contribution of MAD 10 Mn to the Covid-19 fund

Sources : EQDOM PR, AGR Computations & Estimates



ATTIJARI GLOBAL RESEARCH

HEAD OF STRATEGY Taha Jaidi +212 5 29 03 68 23 t.jaidi@attijari.ma Casablanca	MANAGER Lamyae Oudghiri +212 5 29 03 68 18 l.oudghiri@attijari.ma Casablanca	SENIOR ASSOCIATE Mahat Zerhouni +212 5 29 03 68 16 m.zerhouni@attijari.ma Casablanca	ASSOCIATE Omar Cherkaoui +212 5 22 49 14 82 o.cherkaoui@attijari.ma Casablanca
CHIEF ECONOMIST Abdelaziz Lahlou +212 5 29 03 68 37 ab.lahlou@attijari.ma Casablanca	MANAGER Maria Iraqi +212 5 29 03 68 01 m.iraqui@attijari.ma Casablanca	ASSOCIATE Meryeme Hadi +212 5 22 49 14 82 m.hadi@attijari.ma Casablanca	INVESTOR RELATIONS ANALYST Nisrine Jamali +212 5 22 49 14 82 n.jamali@attijari.ma Casablanca
SENIOR ANALYST Inès Khouaja +216 31 34 13 10 khouaja.ines@attijaribourse.com.tn Tunis	FINANCIAL ANALYST Josiane Ouakam +237 233 43 14 46 j.ouakam@attijarisecurities.com Douala	FINANCIAL ANALYST Jean-Jacques Birba +225 20 21 98 26 jean-jacques.birba@sib.ci Abidjan	

Equity

BROKERAGE - MOROCCO

Abdellah Alaoui +212 5 29 03 68 27 a.alaoui@attijari.ma	Rachid Zakaria +212 5 29 03 68 48 r.zakaria@attijari.ma	Anis Hares +212 5 29 03 68 34 a.hares@attijari.ma	Kaoutar Sbiyaa +212 5 29 03 68 21 k.sbiyaa@attijari.ma	Alae Yahya +212 5 29 03 68 15 a.yahya@attijari.ma
---	---	---	--	---

ONLINE TRADING - MOROCCO

Nawfal Drari +212 5 22 49 59 57 n.drari@wafabourse.com	Sofia Mohcine +212 5 22 49 59 52 s.mohcine@wafabourse.com
--	---

WAEMU - CÔTE D'IVOIRE

Mohamed Lemridi +225 07 80 68 68 mohamed.lemridi@sib.ci

BROKERAGE - TUNISIA

Abdelkader Trad +216 71 10 89 00 trad.@attijaribank.com.tn
--

CEMAC - CAMEROUN

Yves Ntchoumou +237 2 33 43 14 46 n.ntchoumou@attijarisecurities.com
--

Bonds / Forex / Commodities

MOROCCO

Mehdi Mabkhout +212 5 22 42 87 22 m.mabkhout@attijariwafa.com	Mohammed Hassoun Filali +212 5 22 42 87 09 m.hassounfilali@attijariwafa.com	Btissam Dakkouni +212 5 22 42 87 74 b.dakkouni@attijariwafa.com	Dalal Tahoune +212 5 22 42 87 07 d.tahoune@attijariwafa.com
---	---	---	---

EGYPT

Ahmed Darwich +202 27 97 04 80 ahmed.darwich@barclays.com

TUNISIA

Abdelkader Trad +216 71 80 29 22 trad.abdelkader@attijaribank.com.tn
--

MIDDLE EAST - DUBAÏ

Serge Bahaderian +971 0 43 77 03 00 sbahaderian@attijari-me.com

WAEMU - CÔTE D'IVOIRE

Abid Halim +225 20 20 01 55 abid.halim@sib.ci

CEMAC - GABON

Youssef Hansali +241 01 77 72 42 youssef.hansali@ugb-banque.com

DISCLAIMER

RISKS Investment in Securities is a risky operation. This document is intended for informed investors. The value and yield of an investment can be influenced by several factors both economic and technical. Previous performances of the different assets classes do not constitute a guarantee for subsequent achievements. Furthermore, forecast of future achievements may be based on assumptions that could not be realized.
LIABILITY LIMITS The investor acknowledges that these opinions constitute an element of decision support. He assumes full responsibility for his investment choices. Attijari Global Research can't be considered responsible for his investment choices. This document can under no circumstances be considered as an official confirmation of a transaction addressed to a person or entity and no guarantee can be made that this transaction will be concluded on the basis of the terms and conditions contained in this document or on the basis of other conditions. Attijari Global Research has neither verified nor conducted an independent analysis of the information contained in this document. Therefore, Attijari Global Research doesn't make any statement or guarantee and makes no commitment to this document's readers, in any way whatsoever regarding the relevance, accuracy or completeness of the information contained therein. In any case, readers should collect the internal and external opinions they deem necessary, including from lawyers, tax specialists, accountants, financial advisers, or any other experts, to verify the adequacy of the transactions which are presented to them. The final decision is the sole responsibility of the investor. Attijari Global Research can not be held responsible for financial losses or any decision made on the basis of the information contained in its presentations.
INFORMATION SOURCE Our publications are based on public information. Attijari Global Research strives for the reliability of the information provided. However, it is unable to guarantee its veracity or completeness. The opinions provided are expressed only by the analysts writers. This document and all attachments are based on public information and may in no circumstances be used or considered as a commitment from Attijari Global Research.
CHANGE OF OPINION The expressed recommendations reflect an opinion consisting of available and public elements during the preparation period of the said note. The views, opinions and other information expressed in this document are indicative and may be modified or removed at any time without prior notice.
INDEPENDENCE OF OPINION Attijari Global Research preserves full independence regarding the opinions and recommendations issued. As a result, the investment decisions of Attijariwafa bank Group subsidiaries may conflict with the recommendations and / or strategies published in the Research notes.
REMUNERATION AND BUSINESS STREAM Financial analysts responsible for the preparation of this report receive remunerations based on various factors, among which the quality of the research and the relevance of the topics discussed. Attijariwafa bank Group maintains a business stream with the companies covered in the publications of Attijari Global Research .
ADEQUACY OF OBJECTIVES The various publications of Attijari Global Research are prepared excluding the individual financial circumstances and objectives of persons who receive them. The instruments and discussed strategies may not be appropriate for the different investor profiles. For this reason, making an investment decision solely on these opinions may not lead to the intended objectives.
OWNERSHIP AND DIFFUSION This document is the property of Attijari Global Research. It may not be duplicated or copied partially or fully without the written consent of the management of Attijari Global Research. This document can be distributed only by Attijari Global Research or one of Attijariwafa bank Group's subsidiaries.
SUPERVISORY AUTHORITIES Attijari Global Research is subject to the supervision of the regulatory authorities for the various countries of presence. These include AMMC in Morocco, CMF in Tunisia, CREPMF in WAEMU, COSUMAF in CEMAC and CMA in Egypt. Any person accepting to receive this document is bound by the terms above.