

# RESEARCH REPORT

EQUITY

DECEMBER  
2020

Q1

Q2

Q3

Q4

## | MOROCCO | QUARTERLY Listed companies results

### A WIND OF OPTIMISM ON THE EQUITY MARKET

- 03 | A net deceleration in the decline of activity during Q3-20
- 04 | A solid recovery of the Equity market, thanks to three factors
- 05 | A very limited flow impact after the MSCI FM review



Attijari  
Global Research

Report for institutional use

## EXECUTIVE SUMMARY

Listed companies' operational achievements in the Q3-20 takes place within a context marked by the gradual recovery of economy, after a challenging period of strict population lockdown for more than 90 days.

At the end of November 2020, 68 listed companies out of a total of 72 published their results for Q3-20, representing a significant weight of 99% in the market capitalization.

Upon our analysis of quarterly press releases from listed companies and taking into account the evolution Equity market at the end of November 2020, we come out with 5 key messages :

- Listed companies' achievements in the 3<sup>rd</sup> quarter of 2020 are globally reassuring. In fact, after a -10.5% drop in activity in Q2-20, listed companies revenues recorded a deceleration in their decline to -4.5% in Q3-20 ;
- The return to growth in the Building Materials sector in Q3-20, whose turnover increased by +2.1%, is a positive surprise for the market. In fact, investors expected a relatively slow recovery for this sector ;
- At the end of the first 9 months of 2020, the Banking, Telecom, NIT and Mining sectors show an interesting resilience of their activities through positive variations ranging from 1.0 to 5.0% ;
- The solid recovery of the MASI index after the Covid-19 shock stems from 3 factors which positively impact investors' perception toward Equity. These are : the historically low levels of bond rates, the launch of the vaccination campaign in Morocco and abroad in December and finally, (3) the return to the dividends' distribution from the banking sector ;
- The increase in Morocco's weighting in the MSCI FM from 8.5% to 13.4% did not translate into a significant buying flow towards the Moroccan market. The flow generated did not exceed \$ 15 Mn, of which 74% has been captured by Maroc Telecom and Attijariwafa bank. We are convinced that Morocco's return to the prestigious club of emerging markets is an essential condition for a sustainable dynamic of foreign flows.

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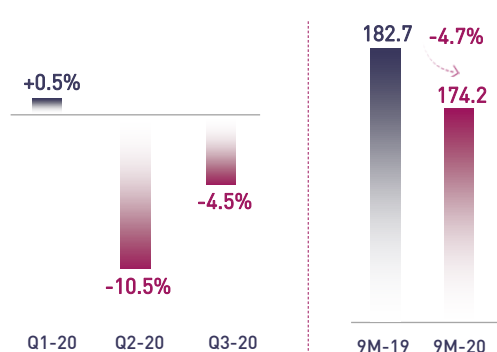
## A NET DECELERATION IN THE DECLINE OF ACTIVITY DURING Q3-20

After an almost stagnation of +0.5% in Q1-20 followed by a significant drop of -10.5% in Q2-20, the listed companies' aggregate revenue shows a less pronounced decline in Q3-20 of -4.5% to MAD 57.9 Bn. In more detail, 43 listed companies among the 68 having published their achievements in Q3-20 show a decline in their revenue against 54 in Q2-20. This net deceleration in the decline of activity is justified by the gradual recovery of the economy, after a first half marked by a period of strict population lockdown for more than 90 days.

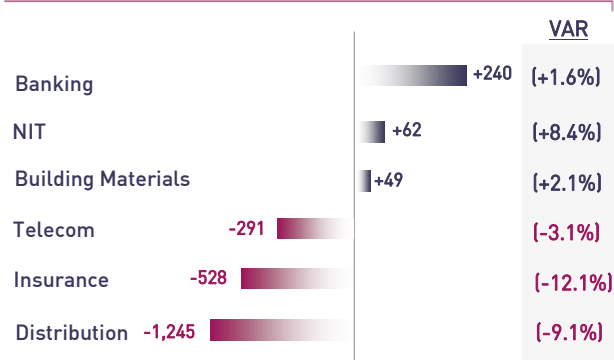
The analysis of activity evolution in listed sectors during Q3-20 reveals two main trends :

- The Distribution, Insurance and Telecom sectors were penalized by the weakening of household consumption. In fact, their quarterly revenues fell by -9.1%, -12.1% and -3.1% respectively ;
- Conversely, the Banking, NIT and Building Materials sectors benefited from the good dynamics of loans, the change in consumption habits and the resumption of construction sites. These sectors show revenues up +1.6%, +8.4% and +2.1% respectively.

MARKET: REVENUE EVOLUTION (MAD BN)



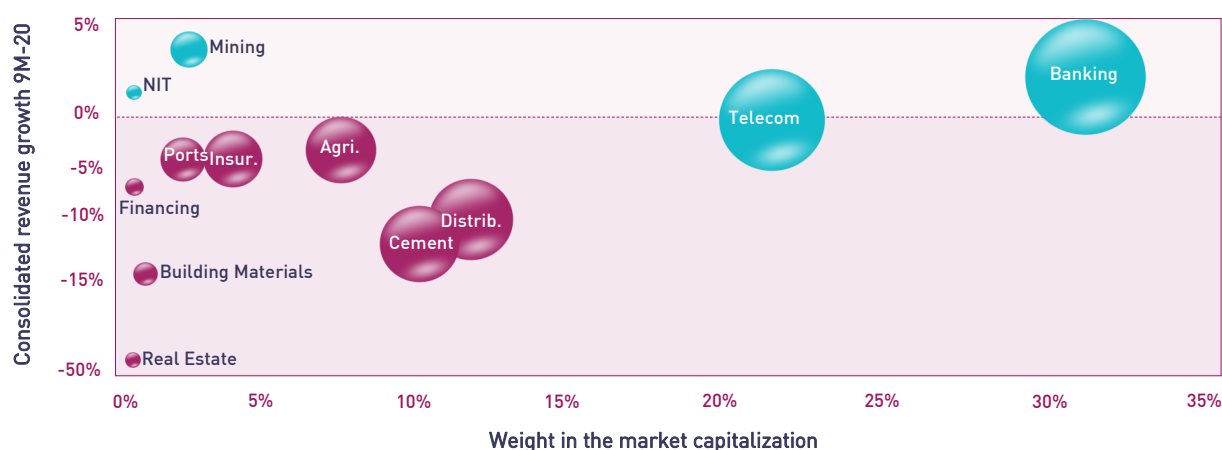
MARKET: CONTRIBUTION TO Q3 REVENUE EVOLUTION (MAD MN)



At the end of September 2020, the market's revenue stood at MAD 174.2 Bn, i.e. a relatively limited decline of -4.7%. Taking into account the capitalization weight of the various listed sectors, two main observations emerge :

- 8 listed sectors, representing 38% of the market capitalization, show more or less significant declines in their activity at the end of September. These are: Real Estate (-50.0%), Building Materials (-15.3%), Cement (-12.8%), Distribution (-11.0%), Financing Companies (-6, 1%), Ports (-3.9%), Insurance (-3.6%) and Agri-business (-2.4%);
- 4 listed sectors, contributing by 59% to market capitalization, reported significant increases in their revenues. These are: Banking, Telecom, Mining and NIT whose activity rose by +5.0%, +0.7%, +3.9% and +2.0% respectively.

EQUITY MARKET : GROWTH IN MAJOR LISTED SECTORS AT THE END OF SEPTEMBER 2020 (%) Vs. WEIGHT IN MARKET CAPITALIZATION



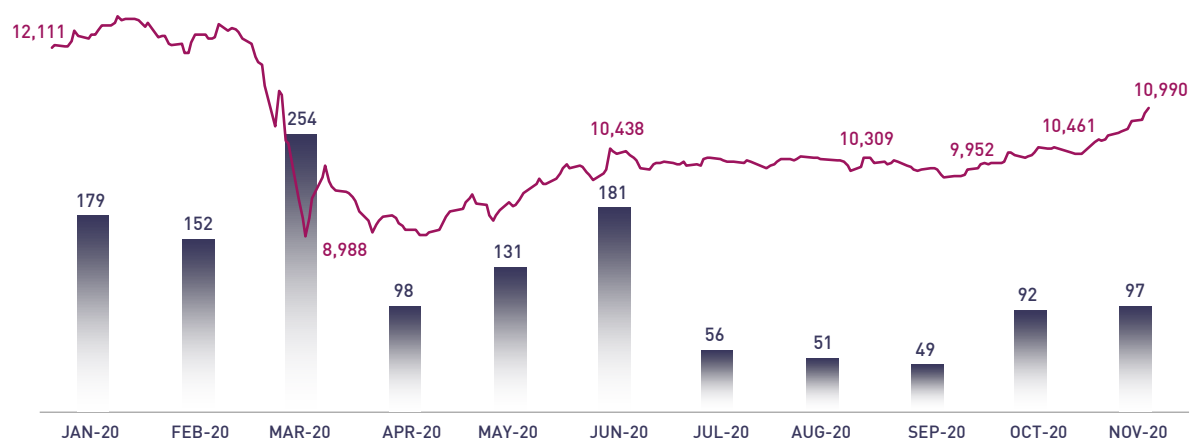
Sources : Press release of listed companies, Casablanca Stock Exchange, AGR Computations

## A SOLID RECOVERY OF THE EQUITY MARKET, THANKS TO THREE FACTORS

As a reminder, the MASI index was hit hard by the Covid-19 health crisis, reaching a low of 8,988 points in March 2020. This is the fastest correction in the history of the Moroccan stock market, down -27% in just 24 trading sessions. As of today, the MASI Index recovered 89% of its correction. At the same time, we note a significant catching-up effect both at the level of the MASI index and at the level of volumes from September :

- The MASI was on an uptrend since the end of September 2020, reflected in an increase of +10.4% at the end of November. Thus, the Equity market reduced its annual losses to -9.7% against -26.2% in the midst of the stock market shock ;
- This performance took place in improving volumes. In fact, the ADV traded on the central market almost doubled, going from MD 49 Mn in September to MAD 97 Mn in November 2020.

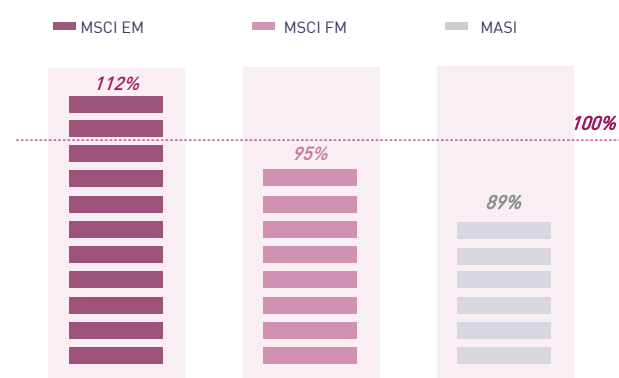
### EVOLUTION OF THE MASI INDEX (PTS) Vs. ADV ON THE CENTRAL MARKET SINCE THE BEGINNING OF 2020



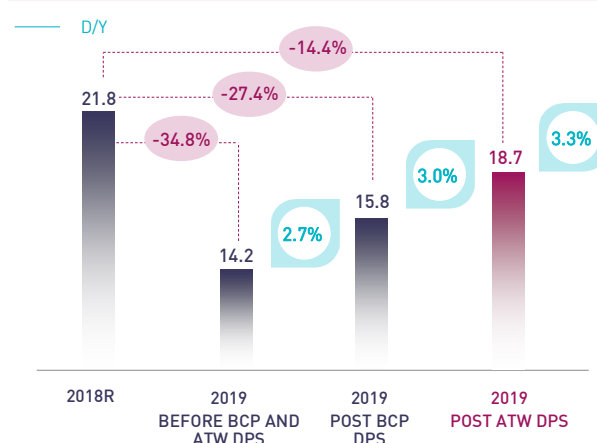
The strong recovery in the Equity market since mid-March 2020 stems from three factors:

- The sustainability of a low interest rate environment in Morocco. It should be noted that despite the recent tensions on the primary bond curve, the trend still remains bearish. Thus, the 5-year T-bonds are trading at historically low levels, i.e. around 2.18% ;
- The launch of the vaccination campaign in Morocco and abroad against Covid-19 starting from December after several international laboratories announced that their vaccines are more than 90% effective ;
- The return to dividends' distribution from the banking sector. For investors, this is a reassuring signal for the year 2021.

### COVID-19 SHOCK: EQUITY MARKET CATCH-UP EFFECT



### MOROCCO: ANNOUNCED DIVIDENDS (MAD BN) VS. D/Y DISPLAYED



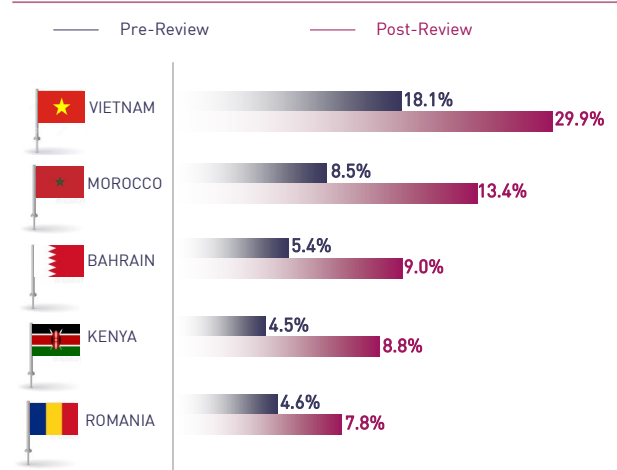
Sources : Press release of listed companies, Casablanca Stock Exchange, AGR Computations

## A VERY LIMITED FLOW IMPACT AFTER THE MSCI FM REVIEW

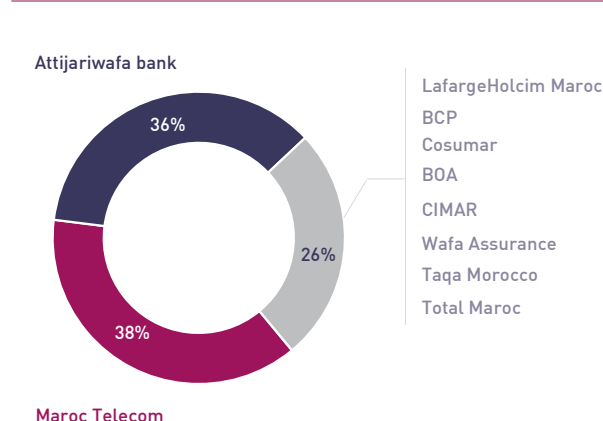
In our last report on the semi-annual review of MSCI FM [\[Cf. Strategy MSCI FM\]](#), we highlighted the five main countries which benefited from Kuwait's exit from MSCI FM. To this end, Morocco becomes the 2<sup>nd</sup> country in terms of representativeness just behind Vietnam. This is a post-revision weight of 13.4% against 8.5% in August 2020. At the same time, the 10 listed companies of the MSCI FM Morocco saw their weight increase significantly at the end of this "rebalancing".

It is true that this significant appreciation of Morocco's weighting in the MSCI FM gives it more visibility to international fund managers. However, this did not translate into a relatively large "buyer flow" towards the Moroccan market. According to our calculations, the flow generated did not exceed \$ 15 Mn, 74% of which has been captured by Maroc Telecom and Attijariwafa bank stocks.

### TOP 5 COUNTRIES TO BENEFIT FROM THE KUWAIT UPGRADE



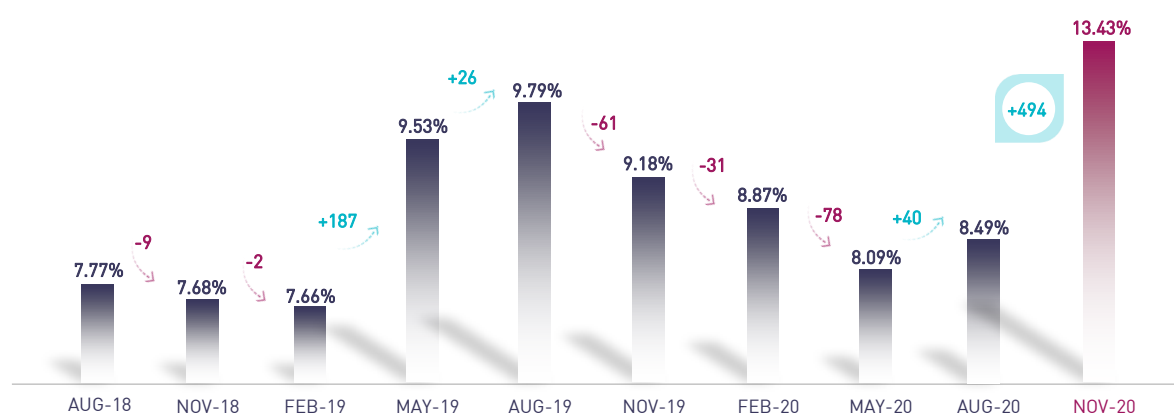
### BUYER FLOW BREAKDOWN POST MSCI FM REVIEW



The increase in Morocco's weight of 494 BPS between August and November 2020 remains the most important since May 2019. Recall that on that date, the MSCI FM experienced the exit of Argentina which in turn integrated the MSCI EM after the UAE and Qatar.

Our conviction is that the MSCI FM index would continue to lose its attractiveness to foreign fund managers, especially after the latest exit of Kuwait. Under these conditions, Morocco's return to the prestigious club of emerging markets is an essential condition for a lasting dynamic of foreign flows.

### EVOLUTION OF MOROCCO'S WEIGHT IN THE MSCI FM STANDARD INDEX (VARIATION IN BPS)



Sources : MSCI, AGR Computations



## QUARTERLY RESULTS

	In MAD Mn	Revenue/NBI			Revenue/NBI			Revenue/NBI			Revenue/NBI		
		Q1-20	Q1-19	Change	Q2-20	Q2-19	Change	Q3-20	Q3-19	Change	sept-20	sept-19	Change
Agri-business	Maroc Telecom	9 309	8 948	4,0%	9 014	8 895	1,3%	9 174	9 465	-3,1%	27 498	27 308	0,7%
	Cosumar	2 052	1 888	8,7%	2 208	2 216	-0,4%	2 173	2 159	0,6%	6 433	6 263	2,7%
	Lesieur Cristal	977	1 009	-3,2%	1 089	934	16,6%	869	937	-7,3%	2 936	2 880	1,9%
	SBM	568	580	-2,1%	310	402	-22,9%	802	882	-9,1%	1 680	1 863	-9,8%
	Oulmès	358	339	5,8%	258	424	-39,3%	482	511	-5,7%	1 098	1 274	-13,8%
	Unimer	227	290	-21,7%	280	374	-25,1%	228	303	-24,8%	747	960	-22,2%
	Mutandis	333	315	5,7%	350	368	-4,9%	360	409	-12,0%	1 043	1 093	-4,6%
	Dari Couspate	177	141	25,6%	152	145	4,9%	148	148	-0,3%	477	435	9,8%
Banks	Attijariwafa bank	6 041	5 952	1,5%	6 342	5 825	8,9%	5 779	5 799	-0,3%	18 162	17 576	3,3%
	BCP	4 252	4 221	0,7%	5 751	4 565	26,0%	4 510	4 271	5,6%	14 513	13 057	11,2%
	BOA	3 122	3 342	-6,6%	3 918	3 637	7,7%	3 385	3 390	-0,2%	10 425	10 369	0,5%
	BMCI	782	778	0,5%	772	758	1,8%	748	741	0,9%	2 302	2 278	1,1%
	Crédit du Maroc	623	600	3,7%	576	595	-3,2%	575	589	-2,4%	1 774	1 785	-0,6%
Insurance	CIH Bank	666	588	13,3%	737	607	21,4%	650	618	5,3%	2 053	1 813	13,2%
	Wafa Assurance	2 970	2 685	10,6%	1 727	1 973	-12,5%	1 686	2 105	-19,9%	6 383	6 764	-5,6%
	AtlantaSanad	1 857	1 669	11,3%	1 031	1 073	-3,9%	978	1 045	-6,4%	3 899	3 808	2,4%
	Saham Assurance	1 755	1 881	-6,7%	1 115	1 192	-6,5%	1 107	1 157	-4,3%	3 976	4 229	-6,0%
Building Materials	AFMA	62	61	3,0%	52	51	1,2%	29	27	8,8%	143	139	3,4%
	Agma	26	31	-16,8%	43	39	8,7%	30	25	21,6%	98	95	3,8%
	Sonasid	632	955	-33,8%	572	859	-33,4%	899	858	4,8%	2 106	2 672	-21,2%
Cement	Delta Holding	535	624	-14,3%	599	728	-17,7%	685	664	3,2%	1 819	2 016	-9,8%
	SNEP	220	249	-11,3%	183	226	-18,9%	264	231	14,3%	668	706	-5,4%
	Jet Contractors	230	322	-28,5%	434	500	-13,3%	368	447	-17,7%	1 032	1 270	-18,7%
	Colorado	82	92	-11,3%	94	154	-39,0%	155	123	26,5%	331	369	-10,3%
RE	LafargeHolcim Maroc	1 933	2 074	-6,8%	1 252	1 822	-31,3%	1 753	1 903	-7,9%	4 938	5 798	-14,8%
	Ciments du Maroc	869	963	-9,8%	671	870	-22,9%	908	831	9,3%	2 449	2 670	-8,3%
	Addoha	318	304	4,6%	102	1 713	-94,0%	305	480	-36,5%	743	2 474	-70,0%
Distribution	Alliances	431	419	2,9%	237	635	-62,7%	316	357	-11,5%	984	1 411	-30,3%
	RDS	90	112	-19,6%	380	504	-24,6%	98	88	11,4%	568	704	-19,3%
	Total Maroc	2 949	2 807	5,1%	1 484	3 227	-54,0%	2 174	3 289	-33,9%	6 607	9 323	-29,1%
	Taqi Morocco	1 883	2 375	-20,7%	2 133	2 137	-0,2%	2 003	2 398	-16,5%	6 019	6 910	-12,9%
Mining	Label Vie	2 890	2 288	26,3%	2 491	2 395	4,0%	2 859	2 919	-2,1%	8 239	7 603	8,4%
	Afriquia Gaz	1 739	1 597	8,9%	1 219	1 850	-34,1%	1 364	1 405	-2,9%	4 323	4 852	-10,9%
	Auto Hall	777	1 020	-23,8%	468	1 096	-57,3%	1 305	1 061	23,0%	2 550	3 177	-19,7%
	Lydec	1 684	1 739	-3,2%	1 697	1 854	-8,5%	1 844	1 888	-2,3%	5 255	5 480	-4,1%
NIT	Auto Nejma	461	550	-16,2%	380	400	-5,0%	836	669	25,0%	1 677	1 619	3,6%
	Marsa Maroc	772	729	5,9%	682	718	-5,0%	641	730	-12,2%	2 092	2 176	-3,9%
	Managem	1 107	959	15,4%	1 271	1 201	5,8%	1 146	1 114	2,9%	3 525	3 274	7,7%
	CMT	88	118	-25,4%	102	132	-22,7%	120	127	-5,5%	309	378	-18,3%
Financing	SMI	179	174	2,9%	261	250	4,4%	180	209	-13,9%	620	633	-2,1%
	HPS	153	131	16,9%	201	219	-8,1%	147	149	-1,0%	509	499	2,1%
	Disway	470	431	9,0%	355	370	-4,1%	419	346	21,1%	1 245	1 145	8,7%
	Microdata	219	177	23,8%	200	235	-14,7%	150	123	22,1%	569	535	6,5%
Others	M2M Group	28	45	-37,8%	6	44	-86,4%	16	43	-62,8%	50	134	-62,7%
	S2M	49	46	6,3%	58	63	-8,1%	57	61	-7,0%	164	171	-3,7%
	Involys	6	5	21,2%	13	13	-2,3%	8	14	-39,3%	27	32	-13,9%
	Eqdom	129	128	0,8%	127	150	-15,3%	126	125	0,8%	382	403	-5,2%
	Maghrebaïl	942	905	4,2%	754	887	-15,0%	919	912	0,8%	2 615	2 703	-3,3%
	Maroc Leasing	66	70	-6,1%	57	81	-29,5%	20	55	-63,6%	143	206	-30,6%
	Salafin	100	105	-4,0%	83	117	-29,4%	94	104	-9,5%	277	326	-14,9%
	Risma	283	354	-20,1%	42	333	-87,4%	70	364	-80,8%	396	1 065	-62,8%
	Sothema	506	409	23,7%	334	432	-22,6%	445	390	14,1%	1 285	1 231	4,4%
	Promopharm	140	112	24,9%	103	123	-16,6%	134	121	10,6%	391	361	8,1%
	CTM	138	146	-5,5%	36	153	-76,5%	98	210	-53,3%	272	509	-46,6%
	Timar	122	124	-1,8%	80	133	-39,7%	106	117	-9,6%	308	374	-17,7%
	Maghreb Oxygène	62	60	3,9%	49	60	-18,4%	60	56	7,9%	171	175	-2,5%
	Nexans Maroc	499	504	-1,0%	388	456	-14,9%	386	406	-4,9%	1 272	1 365	-6,8%
	Immortene Invest	16	8	95,2%	13	10	36,7%	15	18	-19,1%	44	38	15,4%
	Ennakl Automobiles	242	260	-7,1%	232	377	-38,4%	388	306	27,0%	854	931	-8,3%
	Afric Industries	10	12	-15,1%	7	10	-33,9%	13	11	19,5%	30	34	-9,3%
	Med Paper	16	18	-11,4%	7	20	-65,2%	15	22	-30,3%	38	60	-36,6%
	Fenie Brossette	114	140	-18,6%	66	146	-54,8%	119	125	-4,8%	299	410	-27,1%
	DLM	102	72	41,7%	41	107	-61,9%	22	38	-41,2%	158	223	-29,0%
	IB Maroc.com	3	3	-8,1%	3	14	-77,6%	3	13	-78,2%	9	30	-70,2%
	Stokvis Nord Afrique	55	77	-28,7%	52	103	-49,5%	90	63	42,9%	195	243	-19,8%
	Balima	11	12	-2,6%	12	12	-1,1%	11	12	-0,9%	34	35	-1,2%
	Zellidja	0,03	0,07	-66,0%	0,03	0,10	-75,2%	0,04	0,09	-58,6%	0,09	0,26	-67,0%
	Rebba Company	0,01	0,02	-52,2%	0,01	0,02	-47,8%	0,01	0,02	-47,8%	0,02	0,05	-48,9%

Sources : Press release of listed companies, AGR Computations



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