

### BUY

|                      |            |
|----------------------|------------|
| Initial Opinion      | BUY        |
| Release Date         | 02/04/2020 |
| Initial Target Price | MAD 160    |

### MAROC TELECOM

|           |         |
|-----------|---------|
| Sector    | TELECOM |
| Reuters   | IAM.CS  |
| Bloomberg | IAM MC  |

### MAD 160

|                    |           |
|--------------------|-----------|
| Current Price      | MAD 139.5 |
| Potential          | +15%      |
| Investment Horizon | 18 M      |

## ACHIEVEMENTS IN LINE WITH OUR FORECASTS..., DIVIDEND BELOW EXPECTATIONS

Maroc Telecom's 2020 achievements confirm our annual growth forecasts, whether in terms of activity, profitability or even cash-generation (*Cf. Start 2021 under the cash-conversion perspective*). Despite its solid resilience in 2020, the Group lowered its DPS to MAD 4.01, causing a visible disappointment within the market.

Such a decision could not call into question our stock valuation. Maroc Telecom could rapidly return to its historic distribution levels, supported by the resilience of its profitability levels.

### Moov Africa subsidiaries and Data, the main growth drivers in 2020

In 2020, Maroc Telecom's consolidated revenue stands at MAD 36.8 Bn against an AGR estimate of MAD 37.1 Bn. This is an increase of +0.7% within an unprecedented context of health crisis. This growth is driven by the good momentum of the Broadband segment in Morocco with a growth of +10.4% to 1.7 Mn subscribers. With a revenue of MAD 9.5 Bn, up +2.8%, this segment shows a significant acceleration in its growth over the past 3 months. Also, the resumption of activities post-lockdown in Africa and the evolution of the scope effect would justify the increase in international revenue by +4.9% to MAD 16.9 Bn over the same period.

Conversely, the Mobile Maroc segment experienced a decline of -6.5% to MAD 13.4 Bn. However, we believe that this development is not structural over the medium term, taking into account the gradual dissipation of the health crisis and the accelerated development of Mobile Data making it possible to limit any reductions in call termination initiated by the regulator.

### As expected, an earning power above MAD 6.0 Bn

Thanks to a good control of its operating costs, the EBITDA margin remained at attractive levels of 51.9%, in line with our initial forecasts. Under these conditions, the recurring NIGS comes out to MAD 6.00 Bn against an initial AGR estimate of MAD 6.06 Bn.

### A 2020 DPS below expectations, but does not reflect the future trend

The market's disappointment related to the drop in the DPS to MAD 4.01 was reflected in the stock, which lost 4.0% in a ADV of MAD 102 Mn. However, the Group's operational and financial indicators attest to its ability to quickly return to a DPS greater than MAD 6.0.

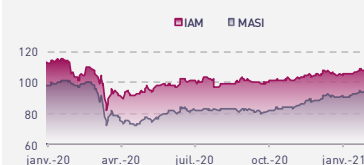
### MAROC TELECOM: CONSOLIDATED RESULTS 2020 VS. AGR INITIAL FORECASTS

| IN MAD MN            | 2019R  | 2020R  | VAR 19/20 | AGR 20E | VAR 20E | AR 2020 <sup>(1)</sup> |
|----------------------|--------|--------|-----------|---------|---------|------------------------|
| Consolidated Revenue | 36 517 | 36 769 | 0.7%      | 37 066  | 1.5%    | 99%                    |
| Adjusted EBITDA      | 18 922 | 19 100 | 0.9%      | 19 242  | 1.7%    | 99%                    |
| EBITDA margin        | 51.8%  | 51.9%  | +0.1 pt   | 51.9%   | +0.1 pt | -                      |
| Recurring NIGS       | 6 029  | 6 001  | -0.5%     | 6 060   | 0.5%    | 99%                    |
| Net margin           | 16.5%  | 16.3%  | -0.2 pt   | 16.3%   | -0.2 pt | -                      |
| CAPEX                | 6 788  | 3 448  | -49.2%    | 5 560   | -18.1%  | 62%                    |
| Adjusted CFFO        | 13 352 | 15 719 | 17.7%     | 15 012  | 12.4%   | 105%                   |
| Cash-conversion      | 71%    | 82%    | +11 pts   | 78%     | +7 pts  | -                      |
| DPS (MAD)            | 5.54   | 4.01   | -27.6%    | 6.00    | 8.3%    | 67%                    |

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### STOCK EVOLUTION (BASIS 100)



### MARKET INDICATORS

| Performances (%) | 1 M | 3 M | 12 M |
|------------------|-----|-----|------|
| Maroc Telecom    | 0.2 | 2.3 | 1.8  |
| MASI             | 0.9 | 7.9 | -5.7 |

| ADV (MAD Mn)  | 1 M | 3 M | 12 M |
|---------------|-----|-----|------|
| Maroc Telecom | 12  | 15  | 17   |
| MASI          | 99  | 141 | 123  |

| Capitalization | As of 02/18/2021 |
|----------------|------------------|
| In MAD Mn      | 127 733          |
| In \$ Mn       | 14 323           |

Prices as at 02/18/2021

[1] Achievement's rate, i.e. 2020R results/ AGR annual forecasts

Sources : Maroc Telecom 2020 Financial Statements, AGR Computations & Estimates

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