

#### BUY

Initial Opinion	BUY
Release Date	02/24/2020
Initial Target Price	MAD 105

#### AUTO HALL

Sector	AUTOMOTIVE
Reuters	ATH.CS
Bloomberg	ATH MC

#### MAD 95

Current Price	MAD 82
Upside	+16%
Investment Horizon	12 Months

### BETTER THAN EXPECTED RESULTS ..., APPRECIABLE PAYOUT EFFORT

#### 2020 achievements above our forecasts

For the FY 2020, Auto Hall's revenue stands at MAD 3,948 Mn, down -10.8% against an AGR estimate of -21.5%. At the origin of this outperformance, the good momentum of the DFSK and OPEL brands, whose sales increased by 66% and 44% respectively in 2020.

Despite the activity decline, reported EBITDA remained stable at MAD 455 Mn in 2020, equivalent to a margin of 11.5%, up +1.2 pts. This profitability level takes into account a capital gain on fixed assets disposal of MAD 67 Mn. In the end, the consolidated net income shows a limited decline of -9.4% to MAD 144 Mn in 2020 after recording a loss of MAD -29 Mn in H1-20.

#### A gain in market share, attesting a relevant commercial strategy

In a context marked by the fall in sales volumes of Private Cars/Light Commercial Vehicles segment by -20% in 2020, Auto Hall significantly outperforms its sector with a sales decline of -1.0% to 20,866 units. Indeed, the Group's flagship brands, namely DFSK and OPEL, rose to the Top 10 sales in 2020, thus strengthening their positioning on the Moroccan market. As a result, DFSK and OPEL market shares improved respectively from 11.0% to 19.9% and from 2.5% to 4.4%.

The operator's activity highly accelerated during Q4-20, with a growth of 24% compared to -4% for the sector. Under these conditions, Auto Hall gains 3 points in terms of market share, going from 12% in 2019 to 15% in 2020.

#### A considerable effort to remunerate the Shareholder on the stock market

In 2020, Auto Hall maintains a stable DPS of MAD 3.5 against an AGR estimate of MAD 3.0. The stock's D/Y therefore stands at 4.2%, i.e. an attractive spread of 230 BPS compared to 5-year TBs. The parent company payout is relatively high at 134% in 2020 against an average of 101% over the past three years.

#### A target price revised to MAD 95 ..., confirming our BUY recommendation

Based on the update of our DDM method and a relatively low WACC of 7.0%, we are revising our target price from MAD 105 to MAD 95 (Cf. *Book Afrique 2020*).

In 2020, Auto Hall has demonstrated its ability to outperform its sector. To this end, we believe that the operator is well positioned to support the automotive sector's recovery in Morocco thanks in particular to its investment program aimed at opening 2 to 3 branches per year to achieve a distribution network of 100 branches compared to 67 currently.

#### AUTO HALL : CONSOLIDATED RESULTS 2020 VS. AGR INITIAL FORECASTS

IN MAD MN	2019R	2020R	VAR 19/20	AGR 20E	VAR 20E	AR 2020 <sup>(1)</sup>
Revenue	4,424	3,948	-10.8%	3,472	-21.5%	114%
Reported EBITDA <sup>(2)</sup>	455	455	-	263	-42.2%	173%
EBITDA Margin	10.3%	11.5%	+1.2 pts	7.6%	+3.9 pts	-
Net income	159	144	-9.4%	82	-48.4%	176%
Net margin	3.6%	3.6%	-	2.4%	-1.2 pts	-
DPS (MAD)	3.5	3.5	-	3	-14.3%	117%

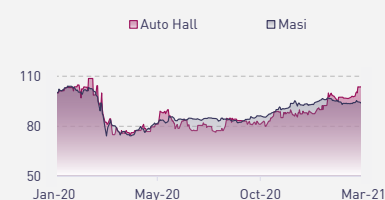
#### Omar Cherkaoui

Associate  
+212 522 49 14 82  
o.cherkaoui@attijari.ma

#### Lamyae Oudghiri

Manager  
+212 529 03 68 18  
l.oudghiri@attijari.ma

#### STOCK EVOLUTION (BASIS 100)



#### MARKET INDICATORS

Performances (%)	1 M	3 M	12 M
AUTO HALL	5,8	15,0	36,6
MASI	1,2	2,4	18,1

ADV (MAD MN)	1 M	3 M	12 M
AUTO HALL	0,1	0,2	0,3
MASI	101	103	107

Capitalization	Au 29/03/2021
in MAD Mn	4.124
In \$ Mn	455

Prices at 03/29/2021

(1) Auto Hall's 2020 achievement rate compared to AGR forecasts

(2) Reported EBITDA, not comparable to the calculating method of AGR

Sources : Auto Hall Press Release, 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 Iraqui  
+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

Ines 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

Alae Yahya  
+212 5 29 03 68 15  
a.yahya@attijari.ma

Sofia Mohcine  
+212 5 22 49 59 52  
s.mohcine@wafabourse.com

### CUSTODY - MOROCCO

Tarik Loudiyi  
+212 5 22 54 42 98  
t.loudiyi@attijariwafa.com

### UEMOA - CÔTE D'IVOIRE

Mohamed Lemridi  
+225 20 21 98 26  
mohamed.lemridi@sib.ci

### BROKERAGE - TUNISIA

Abdelkader Trad  
+225 20 21 98 26  
trad.abdelkader@attijaribank.com.tn

### CEMAC - CAMEROUN

Sammy N.Ekambi  
+237 678 43 87 19  
s.ekambi@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 24  
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

Mahmoud Bahaa  
+202 27 97 04 80  
mahmoud.bahaa@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.

par l'organe de contrôle relatif aux différents pays de présence. Il s'agit plus précisément de l'AMMC au Maroc, de la CMF en Tunisie, de la CREPMF à l'UEMOA, de la COSUMAF à la CEMAC et de la CMA en Egypt. Toute personne acceptant la réception de ce document est liée par les termes ci-dessus.