

### HOLD

Initial opinion	BUY
Release Date	01/25/2021
Initial Target Price	MAD 1,800

### CIMAR

Sector	CEMENT
Reuters	SCM.CS
Bloomberg	CMA MC

### MAD 1,800

Current Price	MAD 1,765
Upside	2%
Investment Horizon	12 Months

## RESULTS IN LIGN WITH EXPECTATIONS ..., A BETTER-TAN EXPECTED DIVIDEND

### 2020 achievements in line with our forecasts

In a context marked by the fall in domestic cement consumption of -10.0% in 2020, CIMAR outperforms its sector by limiting the drop in its revenues to -7.2% against an AGR estimate of -6.4 % (*Cf. Start 2021 under the cash-conversion perspective*). This is attributed to the ramp up of the clinker export activity, allowing both to cope with the contraction in local Demand and to support the capacity utilization rate of its plants.

As expected, EBITDA shows a sharper drop of -9.9% due to the low margin levels generated by the clinker export activity. The recurring net income is better than expected at MAD 967 Mn against an estimate of MAD 939 Mn. The latter does not take into account the donation of MAD 100 Mn to the Covid-19 fund and an impairment of more than MAD 150 Mn on one of its foreign subsidiaries.

### A better than expected dividend, supported by the generation of cash-flow

For the FY 2020, CIMAR announces an ordinary DPS of MAD 90, up 5.9% compared to 2019. This is a higher DPS than our initial forecasts, i.e. a DPS of MAD 85.

As a result, the stock's D/Y stands at an attractive level of 5.1%, i.e. 2.6 times higher than the yield offered by the 5-year T-Bonds. At the origin of this performance, CIMAR's solid ability to defend its cash-flow generation through relatively high margin levels and very good control of its working capital.

### Maintaining of our target price at MAD 1,800

Taking into account the operational and financial achievements of CIMAR, we keep our target price unchanged at MAD 1,800. Since the publication of our strategic report in January 2021, CIMAR stock jumped by 7.0% while offering an attractive D/Y higher than 5.0%. In the end, we recommend **HOLDING** the stock in the portfolios.

### CIMAR: CONSOLIDATED RESULTS 2020 VS. AGR INITIAL FORECASTS

IN MAD MN	2019R	2020R	VAR 19/20	AGR 20E	VAR 20E <sup>(2)</sup>	AR 2020 <sup>(1)</sup>
Revenue	3,972	3,688	-7.2%	3,741	-6.4%	99%
EBITDA	1,945 <sup>(2)</sup>	1,752 <sup>(2)</sup>	-9.9%	1,856	-8.2%	94%
EBITDA margin	49.0%	47.5%	-1.5 pts	49.6%	-0.9 pt	-
Reported NI	1,081	716	-33.8%	758	-30.0%	94%
Net margin	27.2%	19.4%	-7.8 pts	20.3%	-6.7 pts	-
Adjusted NI	1,081	967	-10.5%	939	-13.1%	103%
Net margin	27.2%	26.2%	-1.0 pt	25.1%	-1.9 pts	-
Ordinary DPS(MAD)	85	90	+5.9%	85	-	106%
Extraordinary DPS	15	-	-	-	-	-
D/Y(%)	6.0	5.1	-	-	-	-

(1) Cimar's achievement rate compared to AGR forecasts

(2) Variations computed on the basis of 2019 published results

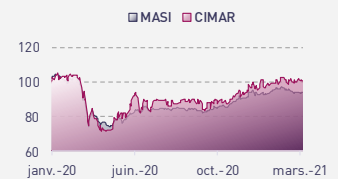
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### STOCK EVOLUTION (BASIS 100)



### MARKET INDICATORS

Performances (%)	1 M	3 M	12 M
CIMAR	5.1	11.7	30.3
MASI	1.2	2.2	16.2

ADV (MAD Mn)	1 M	3 M	12 M
CIMAR	2.4	2.8	5.2
MASI	82	114	107

Capitalization	Au 03/25/2021
In MAD Mn	25,480
In \$ Mn	2,812

Prices at 03/25/2021

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