

HOLD

Initial opinion	SUSPENSION
Release date	03/24/2020
Initial Target Price	-

MARSA MAROC

Sector	PORTS
Reuters	MSA.CS
Bloomberg	MSA MC

MAD 199

Actual	MAD 216
Potential	-8%
Investment Horizon	12 Months

A LESS FAVORABLE CONTEXT IN 2020 ... NEW GROWTH DRIVERS IN 2021

Declining operational achievements, widely anticipated

In 2020, Marsa Maroc recorded a much-awaited drop in its results within a context marked by a significant slowdown in port activity on a global scale. The operator's revenue shows an annual decline of -5.2% to MAD 2,757 Mn, in line with our estimate of MAD 2,735 Mn.

The recurring NIGS settled at nearly MAD 500 Mn, down -25.7% over the same period. The latter is lower than our initial estimate of MAD 561 Mn. By including the donation to the Covid-19 fund of MAD 300 Mn, the NIGS comes out to MAD 292 Mn, down -56.5%.

A delayed impact of the Covid-19 crisis on port traffic

The traffic handled by Marsa Maroc stood at 35.6 MT in 2020, down -6% compared to 2019. Note that in 2020, we witnessed a delayed effect of the health crisis on traffic port. In fact, the drop in overall traffic accelerated significantly during the second half of the year with declines of -8% in Q3-20 and -11% in Q4-20 against only -2% during H1-20.

The decline in activity combined with the increase in operating expenses following the start-up of the TC3 terminal of the Tanger Med II port, resulted in a sharper drop in operating income of -19% to MAD 759 Mn. This is below our initial estimate of MAD 782 Mn.

A DPS of MAD 8, in line with our initial forecast

In line with our expectations, Marsa Maroc revised its DPS downward from MAD 9.7 in 2019 to MAD 8.0 in 2020. Consequently, the D/Y settles at 3.8%, i.e. 190 BPS higher than that of the 5 year T-Bonds.

A stock to HOLD, thanks to its new growth drivers

Thanks to the positive outlook of the port activity in Morocco and taking into account the start-up of the TC3 terminal of the Tanger Med II port, we believe that the current valuation levels of Marsa Maroc are fundamentally justified. So, we Recommend **HOLDING** the stock in portfolios with a target price of MAD 199.

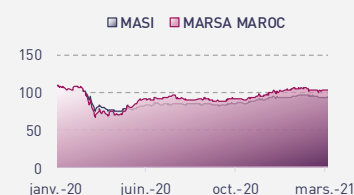
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STOCK EVOLUTION (BASIS 100)



MARKET INDICATORS

Performances (%)	1 M	3 M	12 M
MARSA MAROC	-1,4	-0,7	34,8
MASI	1,2	2,2	17,3

ADV (MAD MN)	1 M	3 M	12 M
MARSA MAROC	5,7	6,4	5,3
MASI	106	119	108

Capitalization	On 03/26/2021
In MAD Mn	15,817
In \$ Mn	1,757

Prices as 03/26/021

MARSA MAROC : CONSOLIDATED REVENUES 2020 VS. AGR INITIAL FORECASTS

EN MDH	2019R	2020R	VAR 19/20	AGR 20E	VAR 20E	AR 2020 ⁽¹⁾
Revenue	2,909	2,757	-5.2%	2,735	6.0%	101%
EBIT	937	759	-19,0%	782	-16.5%	97%
EBIT Margin	32.2%	27.5%	-4.7 pts	28.6%	-3.6 pts	-
Reported NIGS	672	292	-56.5%	362	-46.1%	81%
Net Margin	23.1%	10.6%	-12.5 pts	13.2%	-9.9 pts	-
Recurring ⁽²⁾ NIGS	672	499	-25.7%	561	-16.5%	89%
Net Margin	23.1%	18.1%	-5.0 pts	20.5%	-2.6 pts	-
DPS (MAD)	9.7	8	-17.5%	8	-17.5%	100%

(1) 2020 achievement rate compared to AGR forecasts

(2) Excluding contribution to the Covid-19 fund of MAD 300 Mn (AGR Estimates)

Sources : Marsa Maroc 2020 Press Release, AGR Computations & Estimates



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