

### HOLD

Initial Opinion	HOLD
Release Date	05/28/2020
Initial Target Price	MAD 910

### TAQA MOROCCO

Sector	ENERGY
Reuters	TQM.CS
Bloomberg	TQM MC

### MAD 910

Current Price	MAD 1,023
Upside	-
Investment Horizon	12 Months

## QUARTERLY 2021 ACHIEVEMENTS THAT INSPIRE CONFIDENCE

### An increase in activity, driven by power costs

At the end of Q1-21, TAQA Morocco recorded a consolidated revenue of MAD 1,912 Mn against MAD 1,883 Mn a year earlier, i.e. an increase of 1.5%. This was driven by the 16.2% increase in power costs, rising from MAD 847 Mn at the end of March 2020 to MAD 984 Mn at the end of March 2021. This offset the drop observed in energy costs by -15.0% during the same period to MAD 800 Mn due to the decline in international coal prices.

Meanwhile, it should be noted the decrease in the overall availability rate of Units 1 to 6 from 95.6% in Q1-20 to 85.6% in Q1-21 following the major overhaul of Unit 6 during the first quarter of this year. However, its impact on the Group's financial results would only be visible starting from Q2-21 given that the financial year of JLEC 5 & 6 is spread over the period from October 1<sup>st</sup> to September 30<sup>th</sup>.

### A widely expected recovery in profitability

After a first quarter of 2020 marked by the impact of the major overhaul of Unit 5 on the financial achievements of TAQA Morocco, the operator shows a significant improvement in its profitability indicators for this first quarter. In fact, the Group's EBIT jumped by 35.7% to MAD 634 Mn, corresponding to an operating margin of 33.2% against 24.8% a year earlier.

Taking into account a significant improvement in the financial result of MAD +22 Mn, the NIGS recorded a more sustained increase of +51.4% to MAD 229 Mn.

### Maintaining of our recommendation to Hold the stock

As of May 11<sup>th</sup> 2021, TAQA Morocco share recorded a YTD performance of 11.8% at MAD 1.023, slightly above our initial target price. In this context, we maintain our recommendation **HOLDING** the stock for the following reasons:

- (1) A dividend yield level of the stock of 3.4% offering an attractive spread of +148 BPS compared to 5-year TBs;
- (2) Proven resilience of the operator's business model, which is reflected in the nature of the "Take or Pay" contract that links it to ONEE with visibility until 2044.

### TAQA MOROCCO : CONSOLIDATED RESULTS IN Q1 2021

IN MAD MN	Q1 2020	Q1 2021	VAR
Revenue	1,883	1,912	+1.5%
EBIT	467	634	+35.7%
EBIT margin	24.8%	33.2%	+8.4 pts
NIGS	152	229	+51.4%
Net margin	9.2%	15.4%	+6.2 pts

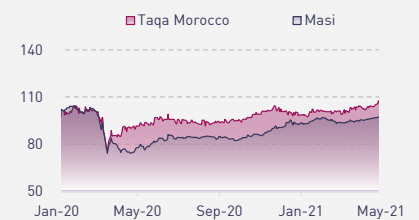
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### STOCK EVOLUTION (BASIS 100)



### MARKET INDICATORS

Performances (%)	1 M	3 M	12 M
TAQA MOROCCO	6.0	9.4	19.6
MASI	3.5	3.8	26.5

ADV (MAD MN)	1 M	3 M	12 M
TAQA MOROCCO	3.1	1.7	3.4
MASI	149	110	109

Capitalization	As at 05/11/2021
in MAD Mn	24,131
In \$ Mn	2,730

Prices at 05/11/2021

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