

HOLD

Initial Opinion	BUY
Release Date	01/25/2021
Initial Target Price	MAD 1,420

TOTAL MAROC

Sector	ENERGY
Reuters	TMA.CS
Bloomberg	TMA MC

MAD 1,420

Current Price	MAD 1,460
Upside	-
Investment Horizon	12 Months

A VISIBLE CATCH-UP EFFECT IN H2-20..., POSITIVE OUTLOOK FOR 2021

Commercial achievements in line with our initial expectations

Total Maroc's operational achievements in 2020 are in line with our forecasts (*Cf. Start 2021 under the cash-conversion perspective*). Indeed, the operator shows an expected decline in volume sales of -12.1% to 1,556 KT against an AGR estimate of 1,594 KT.

At the origin of this decrease, the lockdown measures having impacted road traffic in H1-20. Furthermore, we believe that the airspace closure didn't have a significant impact on the operator as this segment accounts for less than 4% of its sales.

A considerable catch-up effect of profitability during H2-20

In 2020, EBITDA recorded a smaller drop of -7.9% to MAD 1,058 Mn, driven by a visible catch-up effect on both consumption and margins during the second half of the year. This amounted to MAD 797 Mn in H2-20 against MAD 261 Mn in H1-20. In our opinion, the decline in oil prices of -67% between January and March 2020 implied a clear deterioration in distribution margins. To this end, the operator would have drawn mainly from its inventory in order to meet local demand. In the end, the reported NIGS exceeds expectations at MAD 451 Mn against an AGR estimate of MAD 302 Mn.

A considerable effort aimed at the remuneration of the Shareholder

After 3 consecutive years marked by a stable dividend of MAD 56 per Share, Total Maroc lowered its DPS 2020 by -10% to MAD 50.39. However, the operator has made a considerable effort to remunerate the Shareholder through a payout (parent company basis) of 103% against an average of 64% over the past three years.

Based on the current price, the D/Y 20 is acceptable at 3.5% offering a spread of +151 BPS over 5-year TBs.

A stock to HOLD in portfolios

Since our last recommendation of January 25th 2021, Total Maroc stock have reached our target price of MAD 1,420, recording a YTD performance of +22%. We believe that the energy distribution sector should accelerate the catch up process of its results and its dividend in 2021. This scenario is supported by: (1) the continued recovery of fuel consumption, (2) the upper readjustment of margins compared to 2020 due to the drop in the volatility of oil prices and finally, (3) the strong capacity to generate cash resulting in cash & cash equivalents of MAD 1.7 Bn in 2020.

TOTAL MAROC : CONSOLIDATED RESULTS 2020 VS. AGR INITIAL FORECASTS

IN MAD MN	2019R	2020R	VAR 19/20	AGR 20E	VAR 20E	AR 2020 ⁽¹⁾
Volume (KT)	1,771	1,556	-12.1%	1,594	-10.0%	98%
Reported EBITDA ¹	1,149	1,058	-7.9%	686	-40.3%	154%
EBITDA Margin	9.3%	12.0%	+2.7 pts	7.1%	-2.2 pts	-
NIGS	600	451	-24.8%	302	-49.7%	149%
Net margin	4.9%	5.1%	+0.2 pt	3.1%	-1.7 pts	-
DPS (MAD)	56	50.39	-10.0%	56	-	90%

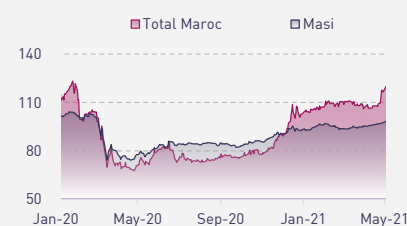
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STOCK EVOLUTION (BASIS 100)



MARKET INDICATORS

Performances (%)	1 M	3 M	12 M
TOTAL MAROC	17.4	14.6	71.1
MASI	3.5	3.8	26.5

ADV (MAD MN)	1 M	3 M	12 M
TOTAL MAROC	1.2	0.8	2.4
MASI	149	110	109

Capitalization	As at 05/11/2021
in MAD Mn	13,082
In \$ Mn	1,480

Prices at 05/11/2021

(1) Total Maroc's 2020 achievement rate compared to AGR forecasts

Sources : Total Maroc Financial statements, AGR Computations & Estimates

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