

### BUY

Initial Opinion	BUY
Release Date	02/04/2020
Initial Target Price	MAD 160

### MAROC TELECOM

Sector	TELECOM
Reuters	IAM.CS
Bloomberg	IAM MC

### MAD 160

Current Price	MAD 135
Potential	+18%
Investment Horizon	18 M

## HALF YEAR RESULTS DOWN..., BUT NOT REFLECTING THE MT TREND

Unsurprisingly, Maroc Telecom's half-year achievements are down compared to 2020. On the basis of annual achievement rates, we have slightly revised our forecasts for the FY 2021. However, we maintain a positive outlook over the MT justified by the Group's investment effort, which remains significantly higher than that of local competitors. In fact, we believe that the incumbent telecommunication operator is best positioned in three strategic levers, namely: (1) Network coverage, (2) Technology and (3) Quality of the services.

### Morocco : A sharp decline in revenue, to be normalized from 2022

At the end of H1-21, Maroc Telecom shows a significant drop in its revenue in Morocco i.e. -7.1% at MAD 9.8 Bn. This decline is mainly justified by the introduction of new call termination rates in December 2020 (-35% IAM; -25% Orange; -22% Inwi) which had stimulated the competition's level within the sector.

We believe that the magnitude of the decline in domestic revenue in 2021 is temporary. From 2022, the operator would benefit from: (1) a neutral base effect relating to the call termination rates, (2) the structural increase in Mobile Data consumption and (3) the new dynamic in the Fixed Broadband activity which rose by 7.7% in H1-21.

### Africa : Better than expected dynamics of *Mobile Data* and *Mobile Money*

During H1-21, the Group's international revenue increased by 2.0% to MAD 8.5 Bn, representing almost 48% of consolidated revenue. As expected, this growth level is supported by the solid growth of *Data Mobile* and *Mobile Money* services, which posted increases of 15.4% and 28.4% respectively over the same period.

### Dividend : An undeniable financial capacity to return to a DPS of MAD 6

In a highly competitive environment, Maroc Telecom manages to maintain an EBITDA margin above 50%. This proven ability to optimize costs have positive impact on its results during 2021-2023 period. The resilience of the operator's profitability combined with the sector's positive outlook over the MT would be reflected positively on the payout policy through the return to a DPS of at least MAD 6 from 2021, i.e. a D/Y of 4.4%. Finally, we maintain our target price of the stock at MAD 160 offering an upside of 18%.

### MAROC TELECOM: CONSOLIDATED RESULTS H1-2021 VS. 2021 AGR NEW FORECASTS

IN MAD MN	H1-20	H1-21	VAR	AR 2021 <sup>(1)</sup>	AGR 21E (old)	AGR 21E (new)	AGR 21E (new)
Consolidated Revenue	18 323	17 780	-3.0%	47%	2.0%	-1.5%	36 217
Moroccan Revenue	10 524	9 774	-7.1%				
Mobile	6 779	5 985	-11.7%				
Fixe & Internet	4 727	4 702	-0.5%				
Of which Data Fixe	1 707	1 838	7.7%				
International revenue	8 318	8 515	2.4%				
Adjusted EBITDA <sup>(2)</sup>	9 603	9 160	-4.6%	47%	1.5%	-2.0%	18 718
EBITDA margin	52.4%	51.5%	-0.9 pt				51.7%
Adjusted NIGS <sup>(2)</sup>	3 006	2 832	-5.8%	48%	-2.1%	-3.5%	5 791
Net margin	16.4%	15.9%	-0.5 pt				16.0%

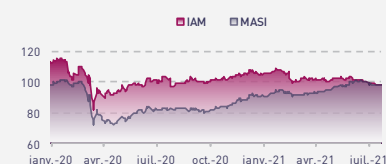
<sup>1</sup> AR: Achievement's rate, i.e. H1-21R results/ 2021E annual forecasts

<sup>2</sup> Adjusted mainly from the contribution to Covid-19 fund

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### STOCK EVOLUTION (BASIS 100)



### MARKET INDICATORS

Performances (%)	1 M	3 M	12 M
Maroc Telecom	-2.2	0.7	-2.5
MASI	-1.9	5.9	14.7

ADV (MAD Mn)	1 M	3 M	12 M
Maroc Telecom	12	18	13
MASI	282	222	131

Capitalization	As of 07/26/2021
In MAD Mn	118,678
In \$ Mn	13,273

Prices as at 07/26/2021

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