

# RESEARCH REPORT

EQUITY

SEPTEMBER  
2021

Q1

## Q2 | MOROCCO | QUARTERLY Results of listed companies

Q3

Q4

### QUARTERLY ACHIEVEMENTS **WELCOMED** BY THE MARKET

03 | A solid recovery in revenue, supported by a favorable base effect

04 | An expected deceleration in loans' growth

05 | NBI dynamics limited by market activities



Attijari  
Global Research

Rapport à usage institutionnel

## EXECUTIVE SUMMARY

The release of listed companies' operational achievements for the second quarter of 2021 took place within a favorable context of economic recovery. According to the HCP, the Moroccan economy would have achieved a growth rate of 12.6% over the same period.

At the end of this period, it is clear that investors reacted positively to the operational achievements of listed companies. As a reminder, the MASI index posted its strongest performance during August observed over the last 14 years, i.e. since 2007. This is a monthly performance of 3.2%, driving the Equity market to a higher level of 3 years, i.e. 12,785 points.

As of today, 71 listed companies out of a total of 74 released their achievements at the end of the second quarter of 2021. These represent more than 99% of the market capitalization.

When reading the press releases of listed companies, we note four key points:

- Listed companies benefited from a favorable base effect in Q2-20. A period marked by the repercussions of the strict lockdown on economic activity. In a context of recovery, growth in listed companies' revenue thus stood at +13.5% in Q2-21;
- On a half-yearly basis, aggregate market's revenue settled at MAD 128 Bn, up +7.3% compared to H1-20. This development is mainly driven by the sectors that are least resilient in the face of the health crises' repercussions in 2020. These are Automotive (+89%), Building Materials (+32%), Cement (+22%), Real Estate (+10%) and Energy (+9.5%);
- The deceleration in loans' growth to 3.7% in H1-21 does not come as a real surprise to us. In fact, after having made a considerable effort in 2020 to support the Moroccan economy in the face of Covid-19, banks would a priori be more cautious about the quality of their loans;
- Based on our preliminary analysis of the mid-term results of listed banks, we believe the commission margin and the interest margin performed well. In contrast, the result of market activities would have a negative impact on NBI growth. As a reminder, the banks' fixed income portfolio was penalized by an unfavorable base effect due to two successive cuts in the key rate during H1-20.

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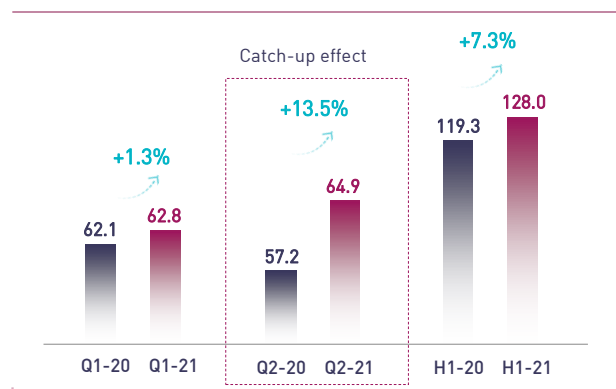
## A SOLID RECOVERY IN REVENUE, SUPPORTED BY A FAVORABLE BASE EFFECT

At the end of Q2-21, the aggregate revenue of listed companies showed a significant rebound of +13.5% to MAD 64.9 Mn against only +1.3% in Q1-21. Originally, a favorable base effect as Q2-20 was marked by a period of strict lockdown that lasted more than 80 days. In more detail, 57 listed companies show an improvement in their turnover against only 13 issuers which experienced a decline in their quarterly revenue.

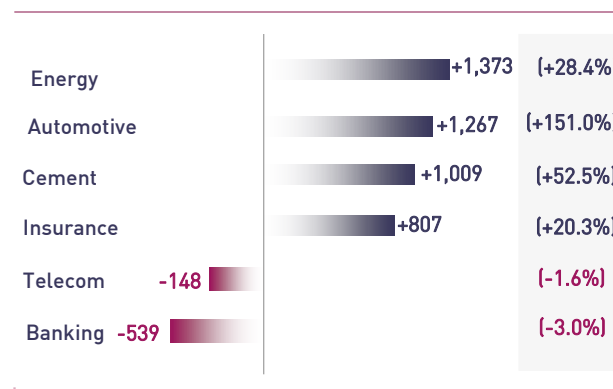
When analyzing the evolution of listed sectors' activity during Q2-21, two main trends emerge :

- The Energy, Automotive and Cement sectors posted positive commercial performances, benefiting from the gradual return of economic activity to its normative level. In these conditions, their quarterly revenue increased by respectively MAD 1,373 Mn (+28.4%), MAD 1,267 Mn (+151%) and MAD 1,009 Mn (+52.5%) ;
- Conversely, the Banking and Telecom sectors recorded slight declines in their activities of MAD -539 Mn (-3.0%) and MAD -148 Mn (-1.6%) respectively.

MARKET : EVOLUTION OF AGGREGATED REVENUE (MAD BN)



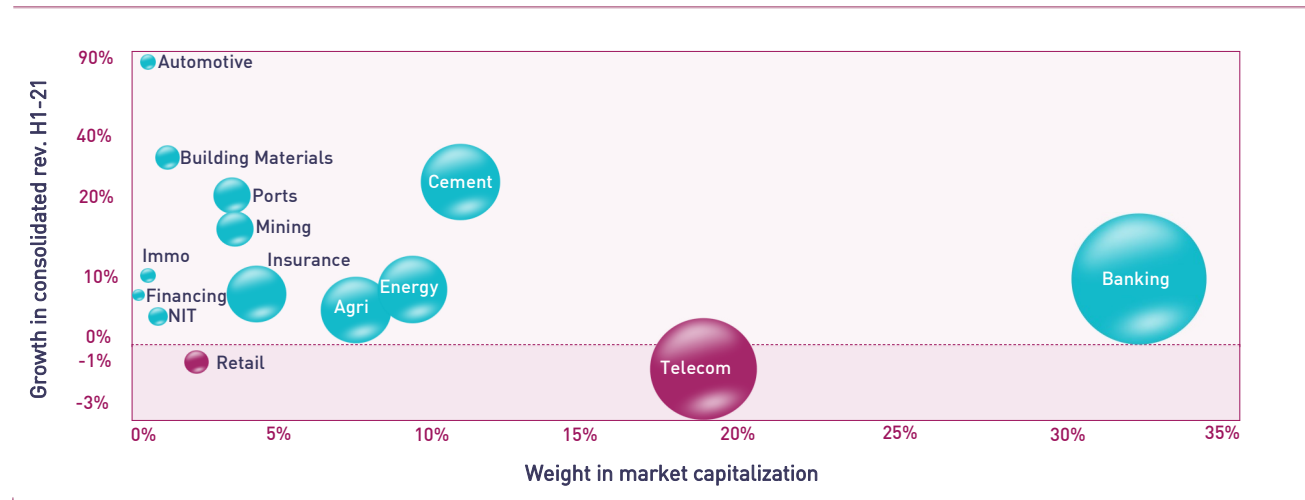
MARKET: QUARTERLY CONTRIBUTION TO REVENUE (MAD MN)



In this context, listed companies' revenue jumped by +7.3% in H1-21 to MAD 128.0 Bn. Based on the respective capitalization weight of the various listed sectors, we note the following findings :

- 12 listed sectors, which represent 75% of the market capitalization, display an increase in their revenue during H1-21. These are : Automotive (+89.1%), Building Materials (+31.7%), Cement (+21.6%), Port (+19.8%), Mining (+16.3%), Real Estate (+10.1%), Energy (+9.5%), Insurance (+8.9%), Financing (+7.3%), Agri-business (+6.2%), NIT (+4.6%) and Banking (+1.4%) ;
- 2 listed sectors, contributing 21% to market capitalization, recorded declining revenue. These are Telecoms (-3.0%) and Retail (-1.0%).

EQUITY MARKET : GROWTH IN MAJOR LISTED SECTORS (%) Vs. WEIGHT IN MARKET CAPITALIZATION



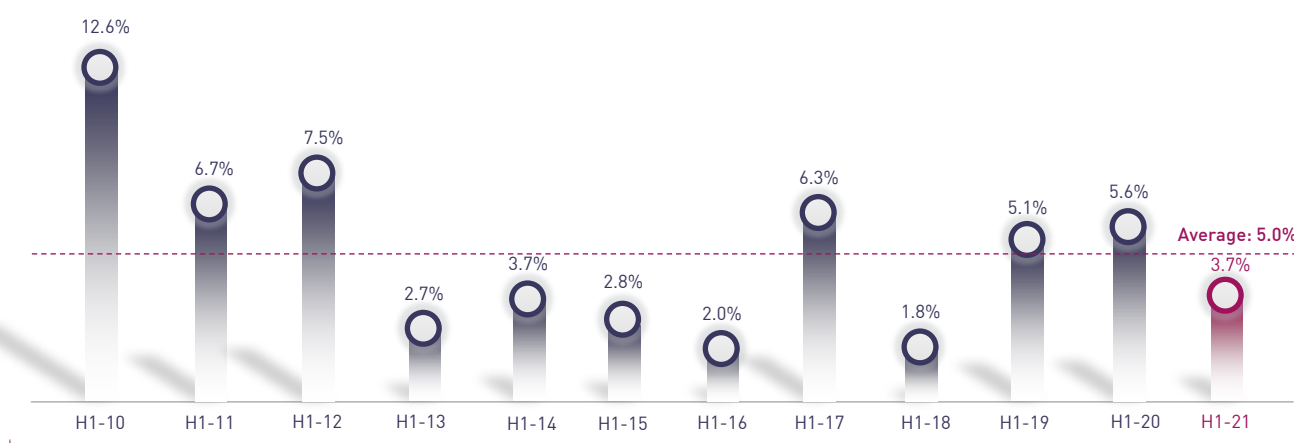
Sources : Press releases of listed companies, CSE, AGR Computations

## AN EXPECTED DECELERATION IN LOANS' GROWTH

At the end of the 1<sup>st</sup> half of 2021, the growth of banking loans experienced a significant deceleration to 3.7% compared to sustained increases of more than 5.0% over the first two semesters related to the 2019-2020 period. A growth level which remains below the half-yearly average observed over the last decade, equivalent to 5.0%.

The deceleration in the growth of banking loans in 2021 does not come as a real surprise to us. Indeed, after having made a considerable effort in 2020 to support the Moroccan economy against the unprecedented shock of Covid-19, banks would a priori be more cautious with regard to the quality of their loans.

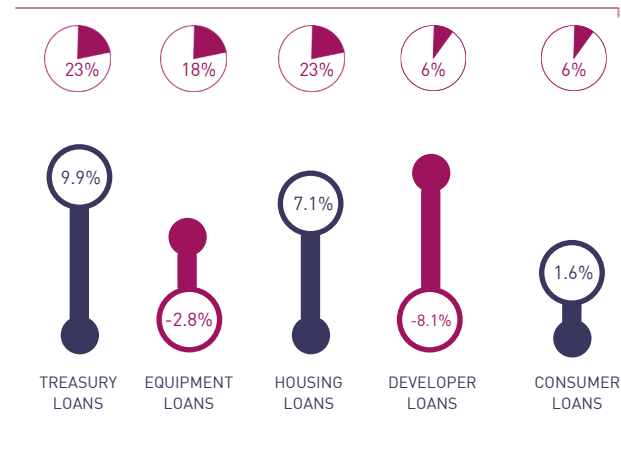
### MOROCCO: GROWTH IN OUTSTANDING BANKING LOANS OVER THE PERIOD 2010-2021 (HALF-YEAR BASIS)



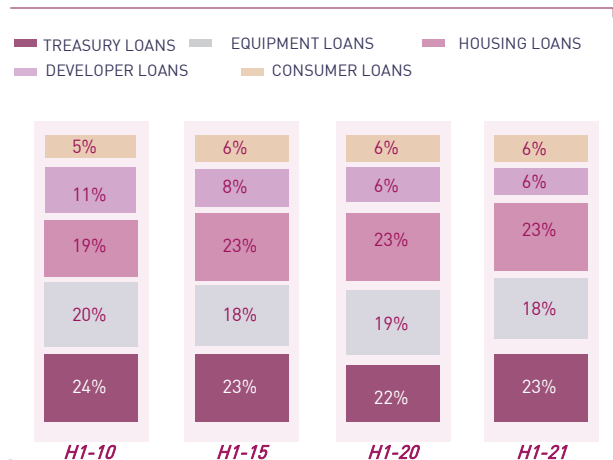
Regarding the variation in the various loans categories during the 1<sup>st</sup> half of 2021, we note four key messages :

- 1) Treasury loans continue to show a solid growth of 9.9% compared to 10.8% in H1-20. This trend could be explained by the growing Working Capital Requirements of companies in a context of their activities' resumption;
- 2) Housing loans recorded a remarkable growth of 7.1%. This is the highest half-yearly growth observed since 2013. The production of housing loans was supported by a Demand recovery from households, after the easing of health restrictions;
- 3) Equipment loans display a decline of -2.8%, their second half-yearly drop recorded since 2004. This situation reflects the wait-and-see attitude of companies with regard to the evolution of the health context in Morocco;
- 4) Developer loans accelerated their decline to -8.1% in a context marked by a visible readjustment of the real estate sector's supply component. Hence, the weight of this latter within the structure of banking loans to is almost divided by 2x during the last decade, from 11% to 6%.

### MOROCCO : GROWTH IN LOANS Vs. WEIGHT IN H1-21



### MOROCCO : LOANS STRUCTURE BY OBJECT (1)



(1) Does not take into account the "Others" category

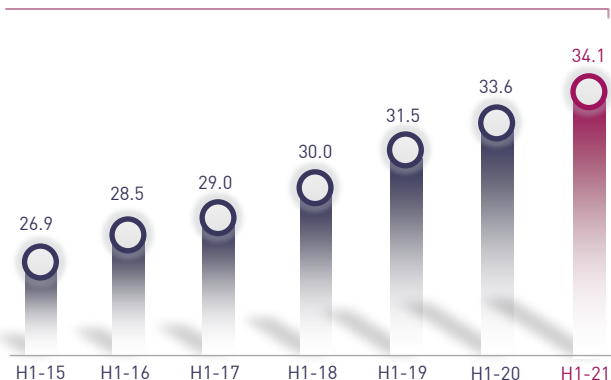
Sources : Bank AL-Maghrib, AGR Computations

## NBI DYNAMICS LIMITED BY MARKET ACTIVITIES

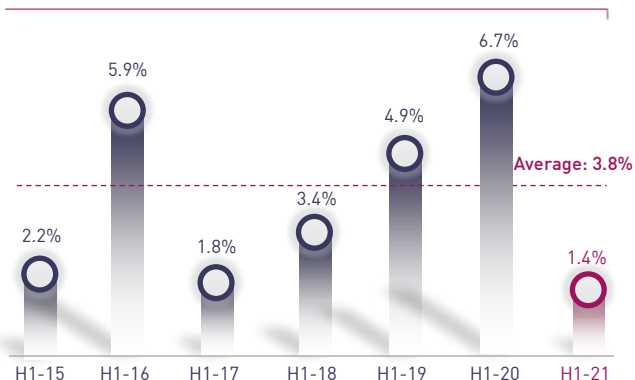
Like banking loans, the listed banking sector posted a marked deceleration in the growth of its consolidated NBI during H1-21. This posted the weakest half-yearly increase observed over the past seven years, at 1.4%.

Based on our preliminary analysis of the mid-term results of listed banks, we believe the commission margin and the interest margin performed well. In contrast, the result of market activities would have a negative impact on the growth of NBI. In fact, the banks' fixed income portfolio was penalized by an unfavorable base effect due to two successive cuts in the key rate during H1-20, combined with relatively weak momentum in the bond market during the current year.

LISTED BANKS : CONSOLIDATED NBI (MAD BN)



LISTED BANKS : EVOLUTION OF THE CONSOLIDATED NBI (%)



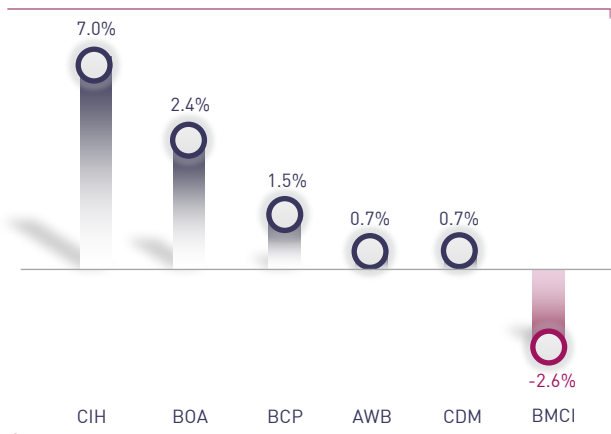
When analyzing the growth in the activity of the six listed banks, we note three main trends :

- 1) The large Moroccan universal banks posted controlled half-yearly growth in their NBI during H1-21, i.e. 1.5% on average. This finding confirms Management's willing to have in 2021 a viable balance between the "loans growth" and "asset quality" pair;
- 2) French banks recorded an activity growth level below that of the listed sector, through a drop in their consolidated NBI of -1.2%. This observation is consistent with the historical configuration of the banking sector in Morocco;
- 3) For its part, CIH shows a level of growth that is outperforming the sectorial trend. This represents a growth of its NBI of 7.0% at the end of H1-21 driven by a strong loan production of 15.4%. In the current economic conditions, we believe that such a growth profile would generate a relatively higher level of risk in the coming years.

LISTED BANKS: CONSOLIDATED NBI H1-21 Vs. H1-20 (MAD BN)



BANKS POSITIONING : GROWTH IN H1-21



Sources : Press releases of listed companies, AGR Computations



## QUARTERLY RESULTS

TBL	In MAD Mn	Revenue/NBI			Revenue/NBI			Revenue/NBI		
		Q1-21	Q1-20	Var	Q2-21	Q2-20	Var	H1-21	H1-20	Var
Tel	Maroc Telecom	8 914	9 309	-4,2%	8 866	9 014	-1,6%	17 780	18 323	-3,0%
	Cosumar	1 974	2 052	-3,8%	2 408	2 208	9,1%	4 382	4 260	2,9%
Agri-business	Lesieur Cristal	1 009	977	3,3%	1 226	1 089	12,6%	2 366	2 067	14,5%
	SBM	483	568	-15,0%	524	310	69,0%	1 007	877	14,8%
	Oulmès	325	358	-9,3%	395	258	53,2%	720	616	16,9%
	Mutandis	300	333	-9,9%	390	350	11,4%	690	683	1,0%
	Dari Couspate	183	177	3,4%	162	152	6,6%	345	329	4,9%
	Unimer	173	227	-23,8%	236	280	-15,7%	409	507	-19,3%
	Attijariwafa bank	6 173	6 041	2,2%	6 297	6 342	-0,7%	12 470	12 383	0,7%
Banks	BCP	4 807	4 252	13,0%	5 347	5 751	-7,0%	10 154	10 003	1,5%
	BOA	3 464	3 122	10,9%	3 744	3 918	-4,4%	7 208	7 040	2,4%
	BMCI	731	782	-6,6%	784	772	1,5%	1 514	1 554	-2,6%
	CIH Bank	714	666	7,3%	787	737	6,7%	1 501	1 403	7,0%
	Crédit du Maroc	610	623	-2,1%	597	576	3,6%	1 207	1 199	0,7%
Insurance	Wafa Assurance	2 901	2 970	-2,3%	2 355	1 727	36,4%	5 256	4 697	11,9%
	AtlantaSanad	1 952	1 877	4,0%	1 116	1 042	7,1%	3 068	2 919	5,1%
	Saham Assurance	1 891	1 755	7,7%	1 218	1 115	9,2%	3 109	2 870	8,3%
	AFMA	66	62	4,9%	52	52	0,0%	117	114	2,7%
Building Materials	Agma	28	26	9,3%	45	43	4,7%	73	68	6,3%
	Sonasid	997	632	57,8%	1 048	575	82,3%	2 045	1 207	69,4%
	Delta Holding	483	535	-9,7%	639	599	6,7%	1 122	1 134	-1,1%
	Jet Contractors	290	230	26,0%	431	434	-0,7%	720	664	8,5%
	SNEP	263	220	19,2%	254	183	38,6%	517	404	28,0%
	Aluminium du Maroc	213	174	22,0%	236	130	81,0%	448	304	47,3%
	Colorado	114	82	39,5%	154	94	64,1%	268	176	52,7%
Real Estate/Cement	LafargeHolcim Maroc	1 922	1 933	-0,6%	2 078	1 252	66,0%	4 000	3 185	25,6%
	Ciments du Maroc	862	869	-0,8%	854	671	27,3%	1 994	1 746	14,2%
	Addoha	390	318	22,6%	286	120	138,3%	676	438	54,3%
	Alliances	432	431	0,2%	304	237	28,3%	737	668	10,3%
Energy	RDS	92	90	2,2%	233	383	-39,2%	325	473	-31,3%
	Total Maroc	2 662	2 949	-9,8%	2 901	1 484	95,5%	5 562	4 433	25,5%
	Taqd Morocco	1 912	1 883	1,5%	1 553	2 133	-27,2%	3 465	4 016	-13,7%
Ret	Afriquia Gaz	1 704	1 739	-2,0%	1 755	1 219	44,0%	3 459	2 959	16,9%
	Label Vie	2 594	2 890	-10,2%	2 731	2 491	9,6%	5 326	5 381	-1,0%
Auto	Auto Hall	1 288	777	65,8%	1 540	459	235,5%	2 828	1 236	128,8%
	Auto Nejma	534	461	15,8%	566	380	48,9%	1 100	841	30,8%
Port	Marsa Maroc	815	772	5,6%	927	682	35,9%	1 742	1 454	19,8%
	Managem	1 256	1 107	13,5%	1 755	1 271	38,1%	3 011	2 378	26,6%
Mining	SMI	118	179	-34,1%	178	261	-31,8%	296	440	-32,7%
	CMT	64	88	-27,3%	127	102	24,5%	191	190	0,5%
	Disway	478	470	1,7%	446	355	25,6%	924	826	11,9%
NIT	HPS	172	153	12,4%	218	209	4,3%	390	362	7,7%
	Microdata	132	219	-39,5%	233	200	16,6%	366	419	-12,7%
	S2M	53	49	6,5%	67	58	15,6%	119	107	11,8%
	M2M Group	20	28	-28,6%	7	6	16,7%	27	34	-20,6%
	Involys	7	6	6,3%	15	13	14,2%	21	19	11,6%
Financing	Eqdom	126	129	-2,3%	158	127	24,4%	283	255	11,0%
	Maghrebail	903	942	-4,2%	884	754	17,2%	1 786	1 695	5,4%
	Maroc Leasing	72	66	9,1%	86	57	50,7%	158	123	28,9%
	Salafin	98	100	-2,1%	95	83	15,1%	193	183	5,7%
	Lydec	1 644	1 684	-2,4%	1 812	1 697	6,8%	3 456	3 382	2,2%
	Centrale Danone	989	1 143	-13,5%	1 141	1 206	-5,4%	2 130	2 281	-6,6%
	Nexans Maroc	472	499	-5,4%	592	388	52,7%	1 064	886	20,0%
	Ennaki Automobiles	373	231	61,1%	514	220	133,7%	884	449	96,7%
	Risma	94	283	-66,8%	104	42	147,6%	203	326	-37,7%
	Sothema	503	506	-0,6%	482	334	44,3%	985	840	17,2%
Others	Promopharm	145	140	3,3%	131	103	28,0%	276	243	13,7%
	CTM	128	138	-7,2%	115	36	219,4%	243	174	39,7%
	Timar	131	122	7,0%	134	80	68,0%	265	202	31,1%
	Aradei	96	80	19,7%	104	44	138,9%	200	124	61,6%
	Immortente Invest	15	16	-6,8%	17	13	24,6%	32	30	7,4%
	Maghreb Oxygène	67	62	8,4%	62	49	27,0%	129	111	16,6%
	Fenie Brossette	119	114	4,4%	150	67	123,9%	269	180	49,4%
	Stokvis Nord Afrique	76	55	38,3%	108	52	107,7%	188	107	75,7%
	SRM	39	31	28,9%	66	60	9,7%	105	91	16,2%
	DLM	30	102	-71,2%	30	41	-26,0%	60	143	-58,3%
	Med Paper	16	16	-1,5%	17	7	144,8%	33	23	43,8%
	Afric Industries	12	10	14,7%	14	7	115,9%	26	17	54,2%
	IB Maroc.com	0,2	3	-94,9%	NC	NC	-	NC	NC	-
Stroc	NC	NC	-	NC	NC	-	NC	NC	-	
Balima	11	11	-0,5%	12	12	3,9%	23	23	1,7%	
Zellidja	0,01	0,03	-52,0%	0,01	0,03	-48,0%	0,03	0,05	-50,0%	
Rebab Company	0,01	0,01	0,0%	0,01	0,01	0,0%	0,02	0,02	0,0%	

Sources : Press releases of listed companies, AGR Computations

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