

### HOLD

Initial opinion	BUY
Release date	03/31/2021
Initial target price	MAD 95

### AUTO HALL

Sector	AUTOMOTIVE
Reuters	ATH.CS
Bloomberg	ATH MC

### MAD 105

Actual	MAD 102.25
Potential	+2.7%
Horizon	12 Months

## EXCEPTIONAL COMMERCIAL ACHIEVEMENTS ..., REVISION OF OUR TARGET PRICE

### Half-year achievements well above expectations

At the end of the first half of 2021, Auto Hall shows a solid recovery of its revenue of 129% to MAD 2,825 Mn. Compared to H1-19, the growth rate is still high at 33.4%. At the origin of this performance, the recovery of automotive sales of +105% after a particularly difficult year 2020 under the effect of the health crisis.

EBITDA rose by 87.7% to MAD 426 Mn in H1-21, boosted by a property sale of MAD 120 Mn. Restated for this non-current transaction, the increase in EBITDA would be 34.8% to MAD 306 Mn, i.e. a margin of 10.8% in H1-21 almost equivalent to that in H1-19. In the end, the reported consolidated net income settled at MAD 201 Mn. Excluding the sale operation, profit would amount to MAD 118 Mn against a loss of MAD -29 Mn in H1-20 and a profit of MAD 77 Mn in H1-19.

Under these conditions, the achievement rates of the Auto Hall Group are above expectations compared to our annual forecasts [*Cf. Listed Companies 2020 Results*].

### A gain in MS thanks to the network size and the availability of stocks

During this first semester, Auto Hall outperformed its sector thanks to two factors: (1) the size of its distribution network and (2) the availability of its stocks compared to the competition. In this favorable context, the Group's sales volumes rose by 138% to 14,589 units.

In more detail, the Opel brand climbed to 5<sup>th</sup> position in best sellers in the private cars category, up 202% compared to H1-19 to reach a Market Share of 4.9%. For its part, DFSK ranks in first position of LCV sales with a growth rate of 249% compared to H1-19, i.e. a MS of 19.6%. In the end, Auto Hall gained 3.4 points of MS, going from 10.7% in H1-19 to 14.1% at the end of this first half.

### An undeniable ability to surprise the market in terms of dividends

Taking into account the solid dynamics of the automotive sector in Morocco observed in 2021, we have retained our initial growth scenario, developed pre-health crisis [*Cf. Book Africa 2020*]. At the end of this exercise, we revised our target price to MAD 105 against MAD 95. We therefore recommend to **HOLD** the Auto Hall stock thanks in particular to its ability to surprise the market in terms of dividends over the period 2021-2022.

### AUTO HALL : CONSOLIDATED RESULTS H1-21 VS. INITIAL FORECASTS AGR 2021

IN MAD MN	H1 2020	H1 2021	VAR 19-21	VAR 20-21	AGR21E	AR 2021 <sup>(1)</sup>
Revenue	1,236	2,825	+33.4%	+128.6%	4,303	66%
Reported EBITDA	99	426	+87.7%	+330.3%	435	-
EBITDA margin	8.0%	15.1%	+4.4 pts	+7.1 pts	10.1%	-
Recurring EBITDA	99	306	+34.8%	+209.1%	435	70%
EBITDA margin	8.0%	10.8%	+0.1 pt	+2.8 pts	10.1%	-
Reported NI	-29	201	+161.0%	MAD +230 Mn	158	-
Net margin	-	7.1%	+3.5 pts	+9.5 pts	3.7%	-
Recurring NI	-29	118	+53.2%	MAD +147 Mn	158	75%
Net margin	-	4.2%	+0.5 pt	+6.5 pts	3.7%	-

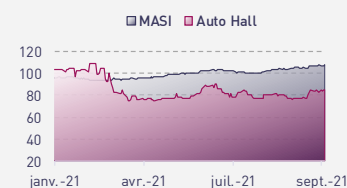
### Omar Cherkaoui

Associate  
+212 522 49 14 82  
o.cherkaoui@gattijari.ma

### Lamyae Oudghiri

Manager  
+212 529 03 68 18  
L.oudghiri@gattijari.ma

### STOCK EVOLUTION (BASIS 100)



### MARKET INDICATORS

Performances (%)	1 M	3 M	12 M
AUTO HALL	7.7	9.6	53.2
MASI	3.2	6.3	32.1

ADV (MAD MN)	1 M	3 M	12 M
AUTO HALL	5.7	2.6	0.9
MASI	167	138	144

Capitalization	At 09/29/2021
In MAD MN	5,143
In \$ Mn	570

Prices as of 09/29/2021

[1] Achievement's rate, i.e. H1 2021 results/ AGR annual forecasts

Sources : Auto Hall PR, AGR Computations & Estimates



# ATTIJARI GLOBAL RESEARCH

## HEAD OF STRATEGY

Taha Jaidi  
+212 5 29 03 68 23  
t.jaidi@attijari.ma  
Casablanca

## MANAGER

Lamyae Oudghiri  
+212 5 29 03 68 18  
l.oudghiri@attijari.ma  
Casablanca

## SENIOR ASSOCIATE

Mahat Zerhouni  
+212 5 29 03 68 16  
m.zerhouni@attijari.ma  
Casablanca

## ASSOCIATE

Omar Cherkaoui  
+212 5 22 49 14 82  
o.cherkaoui@attijari.ma  
Casablanca

## CHIEF ECONOMIST

Abdelaziz Lahlou  
+212 5 29 03 68 37  
ab.lahlou@attijari.ma  
Casablanca

## MANAGER

Maria Iraqui  
+212 5 29 03 68 01  
m.iraqui@attijari.ma  
Casablanca

## ASSOCIATE

Meryeme Hadi  
+212 5 22 49 14 82  
m.hadi@attijari.ma  
Casablanca

## INVESTOR RELATIONS ANALYST

Nisrine Jamali  
+212 5 22 49 14 82  
n.jamali@attijari.ma  
Casablanca  
Casablanca

## SENIOR ANALYST

Ines Khouaja  
+216 31 34 13 10  
khouaja.ines@attijaribourse.com.tn  
Tunis

## FINANCIAL ANALYST

Felix Dikosso  
+237 233 43 14 46  
f.dikosso@attijarisecurities.com  
Douala

## FINANCIAL ANALYST

Jean-Jacques Birba  
+225 20 21 98 26  
jean-jacques.birba@sib.ci  
Abidjan

## Equity

### BROKERAGE - MOROCCO

Abdellah Alaoui  
+212 5 29 03 68 27  
a.alaoui@attijari.ma

Rachid Zakaria  
+212 5 29 03 68 48  
r.zakaria@attijari.ma

Anis Hares  
+212 5 29 03 68 34  
a.hares@attijari.ma

Alae Yahya  
+212 5 29 03 68 15  
a.yahya@attijari.ma

Sofia Mohcine  
+212 5 22 49 59 52  
s.mohcine@wafabourse.com

### CUSTODY - MAROC

Tarik Loudiyi  
+212 5 22 54 42 98  
t.loudiyi@attijariwafa.com

### WAEMU - CÔTE D'IVOIRE

Mohamed Lemridi  
+225 20 21 98 26  
mohamed.lemridi@sib.ci

### BROKERAGE - TUNISIA

Abdelkader Trad  
+225 20 21 98 26  
trad.abdelkader@attijaribank.com.tn

### CEMAC - CAMEROUN

Sammy N.Ekambi  
+237 2 33 43 14 46  
s.ekambi@attijarisecurities.com

## Bonds / Forex / Commodities

### MOROCCO

Mehdi Mabkhout  
+212 5 22 42 87 22  
m.mabkhout@attijariwafa.com

Mohammed Hassoun Filali  
+212 5 22 42 87 09  
m.hassounfilali@attijariwafa.com

Btissam Dakkouni  
+212 5 22 42 87 74  
b.dakkouni@attijariwafa.com

Dalal Tahoune  
+212 5 22 42 87 07  
d.tahoune@attijariwafa.com

### EGYPT

Mahmoud Bahaa  
+202 27 97 04 80  
mahmoud.bahaa@barclays.com

### TUNISIA

Abdelkader Trad  
+216 71 80 29 22  
trad.abdelkader@attijaribank.com.tn

### MIDDLE EAST - DUBAI

Serge Bahaderian  
+971 0 43 77 03 00  
sbahaderian@attijari-me.com

### WAEMU - CÔTE D'IVOIRE

Abid Halim  
+225 20 20 01 55  
abid.halim@sib.ci

### CEMAC - GABON

Youssef Hansali  
+241 01 77 72 42  
youssef.hansali@ugb-banque.com

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