

HOLD

Initial Opinion	HOLD
Release Date	03/25/2021
Initial Target Price	MAD 1,800

CIMAR

Sector	CEMENT
Reuters	SCM.CS
Bloomberg	CMA MC

MAD 1,800

Current Price	MAD 1,875
Upside	-
Investment Horizon	12M

PROFIT ABOVE EXPECTATIONS... A STRONG SIGNAL FOR FY 2021 DIVIDEND

A sustained increase in activity, benefiting from the sector's recovery

In a context marked by a solid recovery in domestic cement consumption of +24.4% at the end of June 2021, CIMAR recorded an increase in its consolidated revenue of +17.0%, from MAD 1,696 Mn in H1-20 to MAD 1,985 Mn in H1-21. These achievements are in line with our initial forecasts which anticipated an annual turnover of MAD 3,909 Mn equivalent to a mid-term achievement rate of 51% (Cf. [Listed Companies 2020 Results](#)).

Meanwhile, this underperformance compared to the domestic market's growth would reflect a one-time loss of CIMAR's market share, pending the start-up of the mill scheduled for H2-22.

An earning power above our initial forecasts

At the end of this first half of 2021, CIMAR's EBITDA jumped by +19.8% to MAD 906 Mn. To this end, the EBITDA margin improved by 1.0 point to 45.6%, despite the significant rise in the price of Petcoke, considered as a petroleum derivative. This performance is attributed to the Group's expertise in terms of optimizing its cost structure through the use of alternative energies and fuels (wind energy, shredded tires, olive pomace...).

Taking into account the non-recurrence of both the donation to the Covid fund of MAD 100 Mn and the impairment of equity interests in the Egyptian subsidiary Suez Cement, the Group's profit soared +202%, from MAD 194 Mn in H1 -20 to MAD 586 Mn in H1-21. This is a high achievement rate of 63% compared to our 2021E annual forecast of MAD 937 Mn.

Maintaining of our target price at MAD 1,800, according to the DDM method

CIMAR's achievements at the end of this first half of 2021 comfort us in its ability to maintain a generous dividend payout policy. Thus, we have kept our MT dividend scenario unchanged, namely an average DPS of MAD 90.

With an average D/Y of 5.0% during the forecast period 2021-2023, CIMAR stock seems to offer the best dividend yield within the market's large capitalizations. Finally, we maintain our recommendation to **KEEP** CIMAR stock with an unchanged target price of MAD 1.800.

CIMAR : CONSOLIDATED RESULTS IN H1-21 VS. AGR INITIAL FORECASTS 2021

IN MAD MN	H1 2020	H1 2021	VAR	AGR 21E	AR 2021 ⁽¹⁾
Revenue	1,696	1,985	+17.0%	3,909	51%
EBITDA	756	906	+19.8%	1,701	53%
EBITDA margin	44.6%	45.6%	+1.0 pt	43.5%	-
EBIT	526	792	+50.6%	1,274	62%
EBIT margin	31.0%	39.9%	+8.9 pts	32.6%	-
Net income	194	586	+202.1%	937	63%
Net margin	11.4%	29.5%	+18.1 pts	24.0%	-

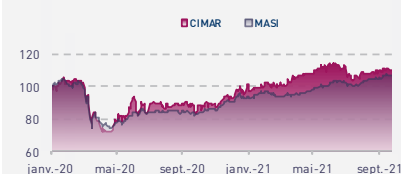
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STOCK EVOLUTION (BASIS 100)



MARKET INDICATORS

Performances (%)	1 M	3 M	12 M
CIMAR	3.8	1.9	27.9
MASI	2.9	4.5	30.8

ADV (MAD Mn)	1 M	3 M	12 M
CIMAR	5	51	15
MASI	143	180	142

Capitalization	As at 09/23/2021
In MAD Mn	27,068
In \$ Mn	3,011

Prices at 09/23/2021

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

Sources : CIMAR PR, AGR Computations & Estimates

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