

RESEARCH REPORT

EQUITY

MARCH
2022

Q1

Q2

Q3

Q4

| MOROCCO | QUARTERLY Results of listed companies

IMPROVING REVENUE FOR THE FOURTH CONSECUTIVE QUARTER

03 | A solid recovery in Q4-21

04 | Commodities accelerate their increase at the start of this year



Attijari
Global Research

Report for institutional use

EXECUTIVE SUMMARY

In a context marked by a growth of the Moroccan economy of +4.9% in Q4-21 against a decline of -6.0% during the same quarter of the previous year, listed companies continue to improve their results. These align a fourth consecutive quarter of increase in their revenue.

As of today, 71 listed companies released their activity indicators at the end of December 2021 out of a total of 73. These represent more than 97% of the overall capitalization. Our analysis does not take into account Afriquia Gaz and Delattre Levivier Maroc.

After analyzing the various quarterly press releases published by issuers and taking into account the evolution of international commodity prices, we come to four main conclusions :

- For the 4th consecutive quarter, listed companies posted revenue growth of +12.3%, driven by the **Energy, Building Materials** and **Mining** sectors. The latter are the best positioned to take advantage of both the economic recovery and a very favorable price effect linked to the rise in international raw materials ;
- On an annual basis, the aggregate revenue of listed companies recorded a less pronounced increase of +9.5% in 2021 to MAD 257 Bn. This recovery comes after a significant decline of -5.2% at the end of a difficult FY 2020. With the exception of the Telecoms sector, whose revenue fell by -2.7%, all listed sectors posted positive annual variations in their activities varying between +3.5% and +42.6% ;
- The **Real Estate** and **NIT** sectors would operate in a less favorable context during the coming quarters due to several constraints : regular delays in projects, supply difficulties and finally, growing pressure on margins under the effect of higher prices of inputs ;
- At the start of 2022, the prices of the main **commodities** to which the Equity market is exposed are continuing their upward trend. This situation particularly benefits **mining** companies and **local industrials**. The latter would benefit from a considerable gain in market share compared to imports.

Maria IRAQI

Manager
+212 529 03 68 01
m.iraqui@attijari.ma

Omar CHERKAoui

Associate
+212 5 22 49 14 82
o.cherkaoui@attijari.ma

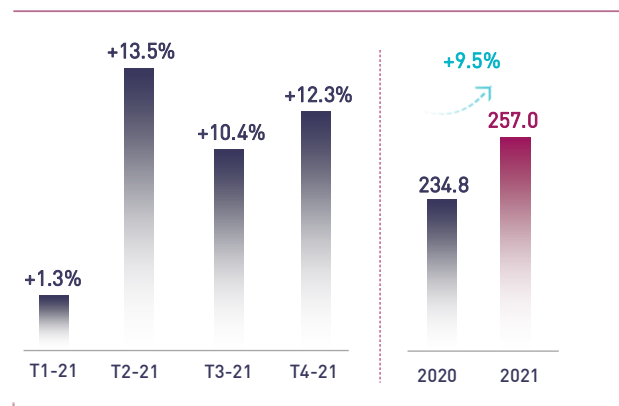
A SOLID RECOVERY IN Q4-21

At the end of the last quarter of 2021, we are witnessing the continued improvement in the activity indicators of listed companies. Indeed, these posted aggregate revenue of MAD 67.3 Bn⁽¹⁾ up +12.3% during Q4 21, after respective increases of +1.3%, +13.5% and +10.4% over the previous three quarters. In more detail, we identify 58 issuers having published an increase in their revenue, 12 having recorded a decline in their turnover and finally only one listed company whose revenue remained stable.

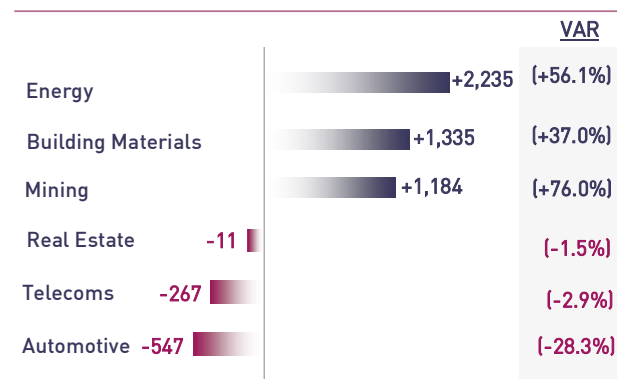
The evolution of listing revenues during Q4-21 is marked by two main trends :

- The **Energy, Building Materials** and **Mining** sectors benefited from a favorable price effect and a sharp upturn in economic activity. The quarterly revenue of these sectors appreciated respectively by MAD +2,235 Mn, MAD +1,335 Mn and MAD +1,184 Mn;
- Conversely, the **Real Estate, Telecoms** and **Automotive** sectors show a drop in their activity's level, i.e. respective declines of MAD -11 Mn, MAD -267 Mn and MAD -547 Mn.

MARKET: EVOLUTION OF QUARTERLY REVENUE (MAD BN)



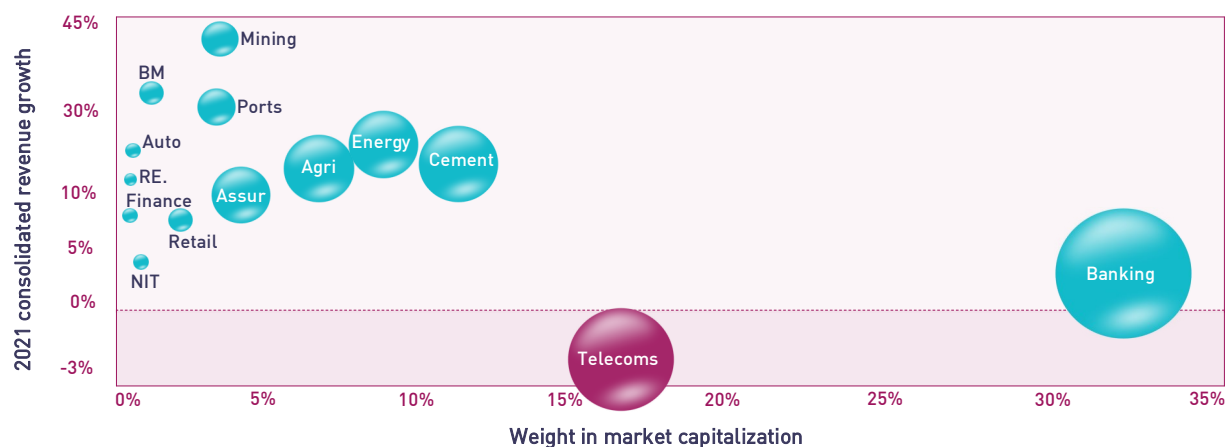
MARKET: REVENUE GROWTH BY SECTOR IN Q4-21 (MAD MN)



At the end of 2021, aggregate revenue of the Equity market amounted to more than MAD 257 Bn⁽¹⁾, i.e. a sustained recovery of +9.5% against a drop of -5.2% in 2020. By segment, we note the following variations :

- **13** listed sectors, representing 78.0% of market capitalization, posted a rebound in their annual revenue. These are : Mining (+42.6%), Building Materials (+31.0%), Ports (+30.3%), Energy (+24.5%), Automotive (+19.8%), Cement (+13.9%), Agri-business (+12.1%), Real Estate (+10.5%), Insurance (+9.2%), Financing Companies (+7.5%), Retail (+6.8%), NIT (+3.6%) and Banking (+3.5%) ;
- **Only 1** listed sector shows a drop in its revenue in 2021. This is the Telecoms sector, whose consolidated revenue dropped by -2.7% in a more aggressive regulatory and competitive environment. This sector weighs 17.0% of the stock market's capitalization.

EQUITY MARKET: GROWTH IN MAIN LISTED SECTORS (%) IN 2021 VS. WEIGHT IN MARKET CAPITALIZATION



(1) Excluding Afrikaia Gaz & DLM

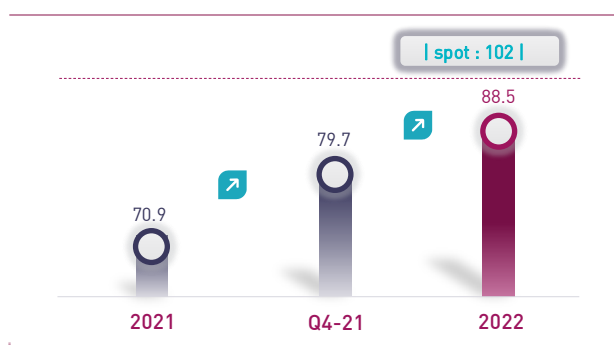
Sources: Press releases from listed companies, CSE, AGR computations

COMMODITIES ACCELERATE THEIR INCREASE AT THE START OF THIS YEAR

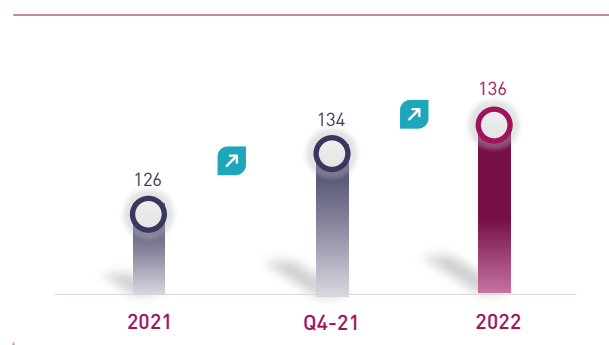
In the wake of 2021, the rise in the prices of the main commodities to which the Equity market is exposed continues at the beginning of this year. Originally, the disruption of supply chains on a global scale and the consequences of the conflict between Western countries and Russia. In more detail, we note the following developments :

- Oil prices rose above the symbolic threshold of 100 \$/bbl at the end of February 2022, i.e. a 7-year high. The rise in the price of Oil would have repercussions on its derivatives such as Petcoke and Ethylene ;
- The FAO index, which includes the main food products, reached in January 2022 its highest level in the last decade, at 136 points. Originally, modest agricultural crops, the increase in imports, the rise in production and logistics costs ;
- The prices of base metals, namely Copper and Lead, remained since mid-October 2021 at lucrative levels, i.e. more than 9,500 \$/T and 2,200 \$/T respectively. These price levels are supported by infrastructure stimulus projects, the recovery of the Automotive sector and the weakening of the mining Supply ;
- Precious metals are benefiting from their safe haven status following recent geopolitical tensions. The price of Silver returned to around 25 \$/Oz and that of Gold is stabilizing above 1,900 \$/Oz.

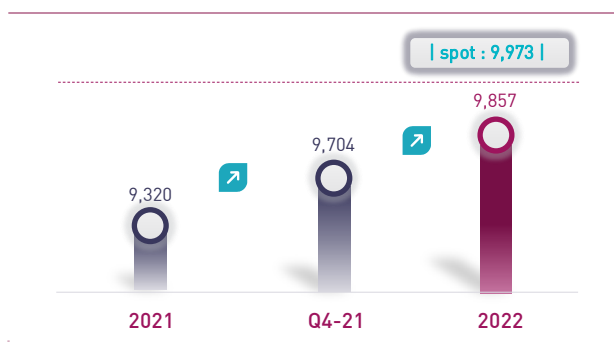
BRENT: AVERAGE PRICE (\$/BBL)



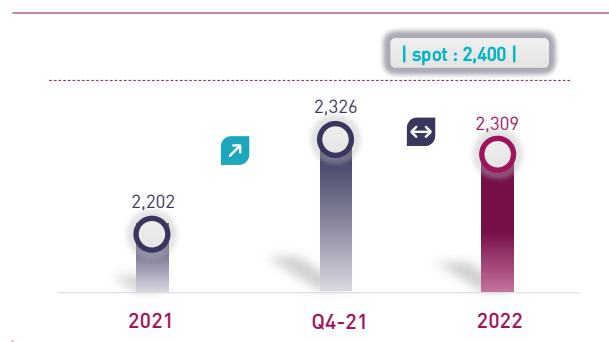
AGRICULTURAL PRODUCTS: FAO INDEX (POINTS)



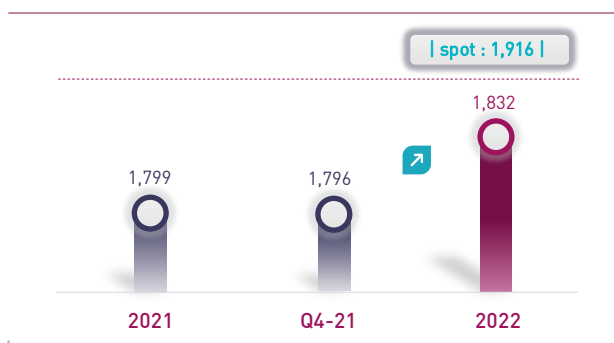
COPPER : AVERAGE PRICE (\$/TM)



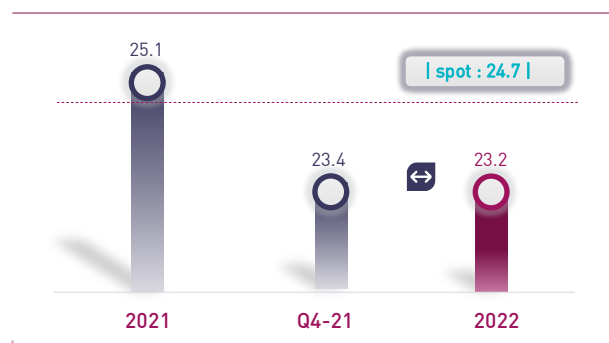
LEAD : AVERAGE PRICE (\$/TM)



GOLD : AVERAGE PRICE (\$/OZ)



SILVER : AVERAGE PRICE (\$/OZ)



Sources: Bloomberg, FAO, AGR computations as at 03/01/2022

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

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 - MOROCCO

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

UEMOA - 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
+237 678 43 87 19
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 24
m.hassounfilali@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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