

# RESEARCH REPORT

EQUITY

JUNE  
2023

## TOTALENERGIES MAROC: TOWARDS A READJUSTMENT OF VALUATION LEVELS

- 03 | Visible pressure on distribution margins in 2022
- 04 | An expected deceleration in the growth of "G&E" and "LPG" segments
- 05 | Review of our target price on the basis of the DCF method
- 06 | An overpriced stock in comparison to its international peers



Attijari  
Global Research

Report for institutional use

### SELL

Previous opinion	HOLD
Release date	01/17/2023
Previous target price	1,420

### TOTALENERGIES MARKETING MAROC

Sector	ENERGY
Reuters	TMA.CS
Bloomberg	TMA MC

### MAD 1,050

Spot	1,325
Potential	-21%
Horizon	18 months

## EXECUTIVE SUMMARY

Our assessment of TotalEnergies Maroc stock takes place in a particular context marked by a volatility of the distribution margins, a decline in the consumption growth as well as an upward readjustment of the discount rates applied by financial investors.

At the end of our valuation, the stock's target price stood at **MAD 1,050**, showing a potential downside of -21% in comparison to the stock's price observed on 06/06/23. In consequence, our recommendation changes from **HOLD** to **SELL**.

This Report is structured around four main points:

- In a sustainable inflationary context, we expect a deceleration in sales growth of TotalEnergies G&E segment from an AAGR of +4.8% during the pre-Covid period 2016-2019 to +3.5% during 2023E-2025E. Nevertheless, the oil operator should outperform the sector's growth thanks to its distribution network's pace expansion;
- The expected stabilization of the distribution margin after a phase of high volatility between 2016 and 2022, would result in a normalization of TotalEnergies earning power around MAD 600 Mn by 2025E. Such a level of profit could not support the stock's current valuation levels, namely: an average P/E of 20.6x over the period 2023E-2025E;
- The overvaluation of TotalEnergies stock is also justified by the peers method, whose results show a valuation premium of +35.0% in terms of P/E multiple. Taking into account our target price of MAD 1,050, the stock's fundamental P/E would be on average around 16.0x over the period 2023E-2025E against 20.6x (on the basis of the current price). Also, the target D/Y would settle at 5.3% on average over the same period. This is a correct "P/E-D/Y" couple taking into account the operator's growth profile and the TB-5year yield which stood at 4.1% at the end of May 2023;
- Technically, TotalEnergies stock is penalized by the significant increase in its discount rate, which goes from 7.4% in January 2021 to 10.4% in June 2023. An evolution mainly justified by the increase in investors' return requirements and the change in the stock's risk profile (beta) under the volatility effect of its distribution margin over the past three years.

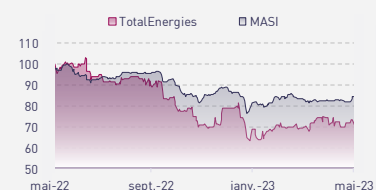
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### STOCK EVOLUTION (BASIS 100)



### MARKET INDICATORS

Performances (%)	1 M	3 M	12 M
TOTALENERGIES MAROC	0.8	4.5	-27.2
MASI	4.0	0.6	-12.1

ADV (MAD MN)	1 M	3 M	12 M
TOTALENERGIES MAROC	0.4	0.3	1.6
MASI	133	92	111

Capitalization	In 06/02/2023
In MAD Mn	11 379
In \$ Mn	1 114

Prices as of 06/02/2023

Sources: TotalEnergies Maroc financial statements, AGR Computations & Estimates

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