

RESEARCH REPORT

EQUITY

JUNE
2024

Q1

Q2

Q3

Q4

| MOROCCO | QUARTERLY Listed companies' results

PENDING THE INVESTMENT EFFECT ON GROWTH

03 | Banks drive revenue's growth for the 4th consecutive quarter

04 | Towards a catch-up effect in bank performance in 2024?

05 | Appendix of Q1-24 results



Attijari
Global Research

Report for institutional use

EXECUTIVE SUMMARY

During this 1st quarter of 2024, the activity of listed companies evolved within a general context marked by: (1) The decline in inflation to 1.2% on average, (2) Unfavorable weather conditions leading to a contraction of Crop Value Added by -3.9%, (3) The announcements of several projects within the framework of AFCON 2025, the World Cup 2030, the rehabilitation of Al-Haouz region and finally, (4) The launch of the direct housing support program.

Upon the analysis of listed companies' operational achievements, we emerge with the following conclusions:

- The growth in market revenue of +4.0% in Q1-24 was driven by the banking sector, whose aggregate NBI showed an increase of +21.6% (MAD +3.9 Bn). Excluding this sector, the Equity market shows a drop in revenue of -1.7% at the end of the said period;
- Quarterly market achievements hide certain disparities. More than 40% of listed companies showed a drop in their revenue in Q1-24, i.e. 28 companies. Note that this level averaged 1/3 over the last 4 quarters. A situation which could be explained by the impact of the drop in inflation on sales prices as well as the delay in the achievements of some investment projects;
- Despite the quality of its achievements in recent quarters, the banking sector still trades at valuation multiples that are more than 30% lower than those of the non-financial sectors, i.e. a P/E 24E of 15.1x compared to 23.1x respectively.
A paradoxical situation which, in our opinion, should be readjusted through a catching-up effect of the "*performance*" of banking stocks combined with a "*profit-taking*" effect at the level of non-financial sectors;
- Finally, and upon reading the issuers' press releases, we note a general "optimism" regarding the improvement of their activity indicators starting H2-2024. This would result from a more dynamic Demand due to of the effective execution of the various investment projects announced.

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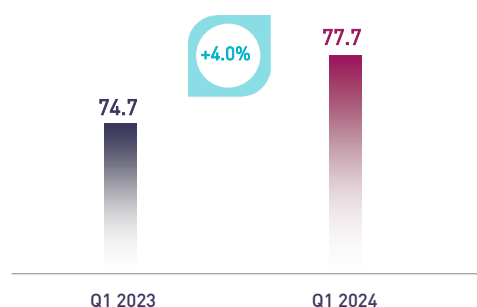
BANKS DRIVE REVENUE'S GROWTH FOR THE 4TH CONSECUTIVE QUARTER

The decline in inflation since 2023 has been reflected in revenue's growth profile of listed companies. These posted their lowest quarterly growth over the last 3 years, i.e. +2.3%⁽¹⁾ in Q4-23. At the end of Q1-24, we are witnessing a recovery of the market's revenue growth, i.e. +4.0% to MAD 77.7 Bn.

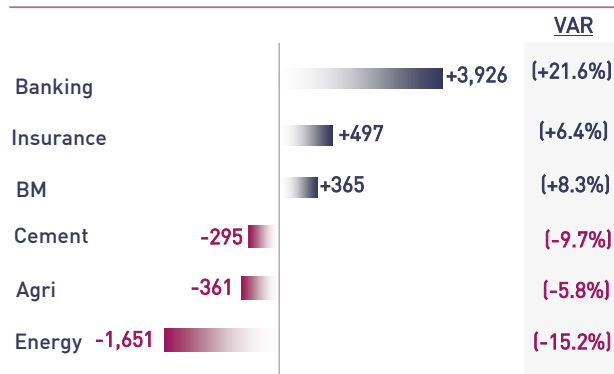
This development still hides disparities. In fact, more than 40% of listed companies show a drop in their revenue in Q1-24, i.e. 28. At the same time, 57% of listed companies show an increase in their revenue, i.e. 39 and only one company records stable achievements over the same period. Ultimately, two sectors attract our attention:

- The **Banking** sector shows an increase of MAD +3,926 Mn (+21.6%) in its consolidated NBI, still, for the 4th consecutive quarter, at the top of the sectors having best contributed to the market's revenue growth;
- The **Energy** sector continues to suffer from the decline in the prices of energy products internationally since Q2-23. This is an under-performance of MAD -1,651 Mn (-15.2%).

MARKET : EVOLUTION OF QUARTERLY REVENUE (MAD BN)



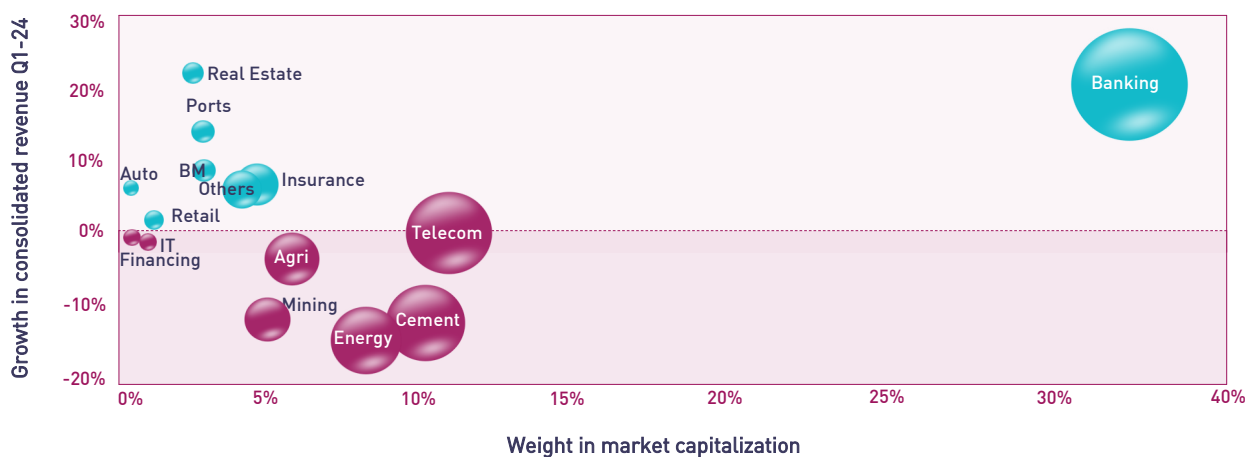
MARKET : REVENUE GROWTH BY SECTOR IN Q1-24 (MAD MN)



In relative variation, the evolution of the revenue of the different listed sectors is as follows:

- 8 listed sectors, representing more than 56% of market capitalization, showed an appreciation of their revenue at the end of the first quarter of this year. These are: Banking (+21.6%), Real Estate (+21.6%), Ports (+13.5%), BM (+8.3%), Automotive (+7.4%), Others (+7.3%), Insurance (+6.4%) and Retail (+1.3%);
- 2 listed sectors, whose aggregate weight in capitalization is 13%, achieved almost stable revenue. These are the Telecoms and Financing sectors whose quarterly revenue shows a slight decrease of -0.3%;
- 5 listed sectors displayed a decline in their revenue, namely: Energy (-15.2%), Cement (-9.7%), Mining (-9.3%), Agri-business (-5.8%) and IT (-1.9%). These weigh nearly 31% of market capitalization.

EQUITY MARKET: GROWTH IN THE MAIN LISTED SECTORS (%) IN Q1-24 VS. WEIGHT IN MARKET CAPITALIZATION



(1) This is the lowest level since Q1-21

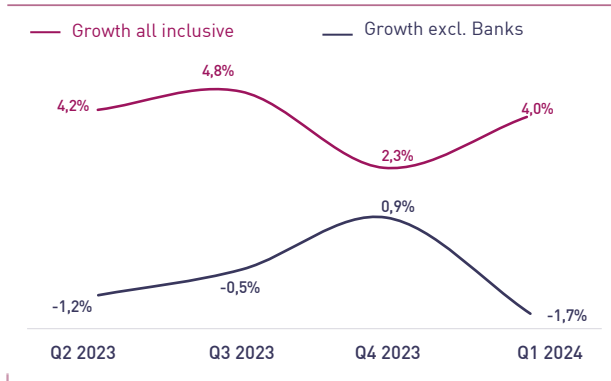
Sources: Press releases of listed companies, CSE, AGR Computations

TOWARDS A CATCH-UP EFFECT IN BANK PERFORMANCE IN 2024?

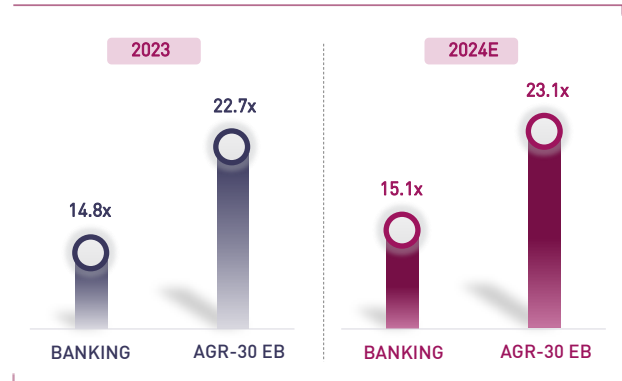
When analyzing the quarterly market achievements since 2023, we note a strong contribution from banks. Over the studied period, the average growth in market revenue of +3.8% was driven by the banking sector. The latter displays an average revenue of +17.5% compared to -0.6% for the non-financial sectors. At the origin of this outperformance, the resilience of loan dynamics in the face of inflationary shocks.

Paradoxically, the banking sector trades at valuation multiples that are significantly lower than those of the non-financial sectors. These are respective P/E 24E of 15.1x versus 23.1x. Despite the resilience of its growth profile, the listed banking sector displays a significant valuation discount of nearly 35.0% compared to non-financial sectors' observed levels.

MARKET: GROWTH BANKS VS. EXCLUDING BANKS



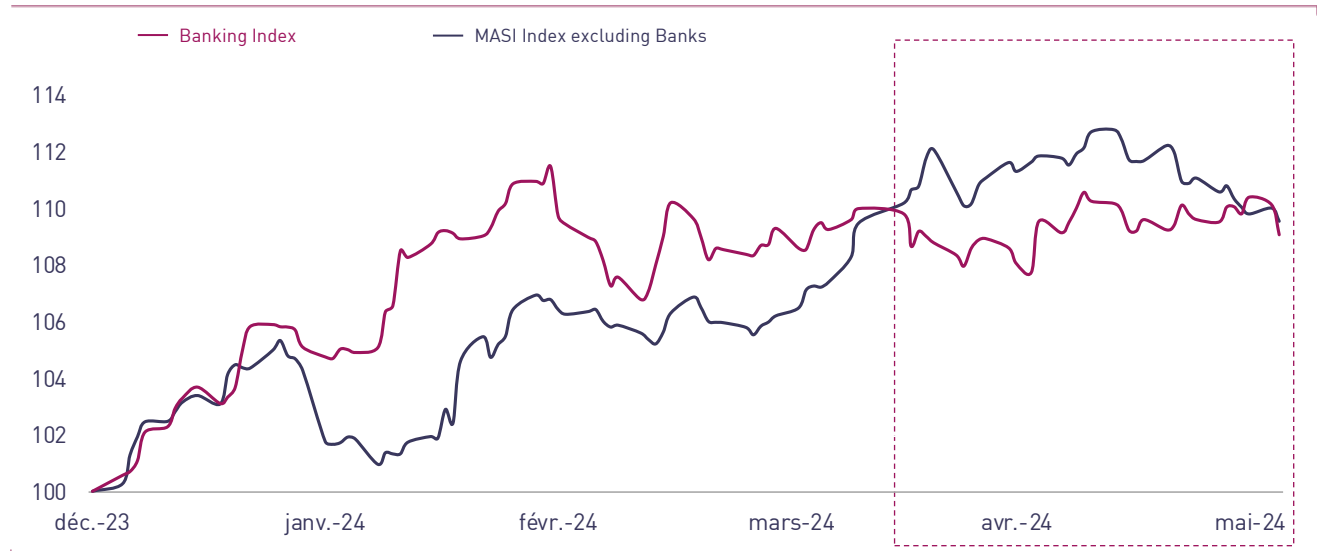
P/E: AGR-30 EXCLUDING BANKS (EB) VS. BANKING SECTOR



From a stock market perspective, the “Banking sector” index has underperformed that of “non-financial” sector since Q2-24. A situation which we believe is hardly sustainable, taking into account the market’s operational achievements in 2024.

Under these conditions, we expect a rebalancing in terms of valuation between the banking sector on the one hand, and the remaining sectors on the other hand. Concretely, we believe in a catch-up effect in the performance of banking stocks. This process should be accelerated by a movement of profit-taking in a large part of the non-financial sectors.

EVOLUTION OF THE MASI INDEX EXCLUDING BANKS VS. BANKING INDEX SINCE 2023 (BASE 100)



Sources: Press releases from listed companies, BVC, AGR Computations & Estimates



QUARTERLY RESULTS

		Revenue/NBI		
In MAD Mn		Q1-24	Q1-23	Var
Tel	Maroc Telecom	9 066	9 093	-0,3%
	Cosumar	2 439	2 512	-2,9%
Agri-Business	Lesieur Cristal	1 506	1 777	-15,3%
	SBM	362	466	-22,4%
	Oulmès	544	452	20,3%
	Mutandis	470	465	1,1%
	Dari Couspate	222	235	-5,4%
	Unimer	273	269	1,5%
	Attijariwafa bank	8 520	6 861	24,2%
Banks	BCP	6 049	4 820	25,5%
	BOA	4 465	3 834	16,5%
	CIH Bank	1 123	969	15,9%
	BMCI	910	792	14,8%
	Crédit du Maroc	791	719	10,0%
	CFG Bank	208	144	44,4%
	Wafa Assurance	4 073	3 605	13,0%
Insurance	Sanlam Maroc	2 147	2 193	-2,1%
	AtlantaSanad	1 962	1 893	3,6%
	AFMA	86	80	7,8%
Building Materials	Sonasid	1 249	1 343	-7,0%
	TGCC	1 709	1 229	39,1%
	Delta Holding	689	600	14,8%
	Jet Contractors	603	521	15,9%
	Aluminium du Maroc	264	307	-14,0%
	SNEP	113	272	-58,7%
	Colorado	130	119	8,5%
CM	LafargeHolcim Maroc	1 884	2 131	-11,6%
	Ciments du Maroc	870	918	-5,2%
Real Estate	Addoha	689	572	20,5%
	Alliances	650	523	24,3%
	RDS	54	51	5,9%
Energy	TotalEnergies Marketing Maroc	4 230	4 346	-2,7%
	Taqva Morocco	2 959	4 090	-27,7%
	Afrique Gaz	2 046	2 449	-16,5%
Ret	Label Vie	3 825	3 777	1,3%
	Auto Hall	1 169	1 069	9,4%
Auto	Auto Nejma	647	622	4,0%
	Port	Marsa Maroc	1 140	1 004
Mining	Managem	1 935	2 220	-12,8%
	SMI	251	214	17,3%
	CMT	140	131	6,9%
IT	Disway	438	481	-8,9%
	HPS	288	265	8,6%
	S2M	58	59	-3,2%
	M2M Group	23	17	35,3%
Financing	Eqdom	130	132	-1,5%
	Maghrebail	980	948	3,4%
	Maroc Leasing	65	97	-33,2%
Others	Salafin	93	95	-2,0%
	Akdital	611	380	60,8%
	Ennakl Automobiles	456	445	2,3%
	Sothema	656	597	9,9%
	Risma	253	273	-7,3%
	Promopharm	171	172	-0,6%
	CTM	156	143	9,1%
	Timar	140	175	-20,0%
	Aradei Capital	146	142	2,7%
	Fenie Brossette	155	151	2,6%
	SRM	35	61	-43,0%
	Stokvis Nord Afrique	29	50	-42,0%
	Maghreb Oxygène	71	71	-0,7%
	Afric Industries	10	9	9,7%
	Med Paper	22	30	-27,0%
	Immoyente Invest	18	16	15,3%
	Stroc Industrie	21	27	-20,8%
	Balima	12	12	4,5%
	Zellidja	155	151	2,6%
	Rebab Company	0,007	0,007	0,0%
DLM	NC	NC	-	
IB Maroc.com	NC	NC	-	

Sources: Press releases from listed companies, AGR Computations

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