

RESEARCH REPORT

EQUITY

OCTOBER
2024

| MOROCCO | MID-TERM 2024 Results of listed companies

A **POSITIVE** H1-2024..., ABOVE INITIAL EXPECTATIONS

- 03 | The highest mid-term profit growth since 2021...
- 04 | ...supported by all sectors..., with the exception of Cement
- 05 | Appendix: Recurring results in H1-24



Attijari
Global Research

Report for institutional use

EXECUTIVE SUMMARY

For the H1-24, listed companies have published positive operational and financial results. This is reflected through a 56% achievement rate¹ of profits in H1-24, compared to our initial forecasts regarding the AGR-30 stock universe.

In this context, we have witnessed a good momentum of the Equity market through a cumulative performance of the MASI index of +1.3% since the start of the half-yearly results publication period in August 2024, combined with a dynamic trading volumes. In fact, the ADV has reached a level above MAD 200 Mn over the last two months.

At the end of June 2024, 71 listed companies reported their mid-term results, representing more than 99% of the market's capitalization. In this context, our analysis of the market's aggregate profits highlights the following conclusions:

- The recurring operating income (EBIT) shows a greater increase than that of revenues, i.e. +17.2% Vs. +4.2% respectively, allowing an improvement in the operating margin of +2.7 pts, from 21.7% to 24.4%. This is attributed to the continued decline in input prices internationally;
- The recurring profit growth amounted to +21.6%, its highest level observed over the last three years. With the exception of the cement sector, this was driven by all sectors of the market and at their head the banking sector;
- Among the sectors of the AGR 30 having posted annual achievement rates⁽¹⁾ above 50%, we mainly cite the following sectors: Banking, Energy, Ports, Building Materials, Real Estate and Financing;
- Reading the published press releases, we note generally positive expectations from the Top-Management for the second half of 2024.

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⁽¹⁾ Rate of achievement of mid-term results compared to annual AGR forecasts

THE HIGHEST MID-TERM PROFIT GROWTH SINCE 2021...

At the end of the first half of 2024, the achievements of listed companies are globally positive. In more detail, our analysis highlights 4 main findings:

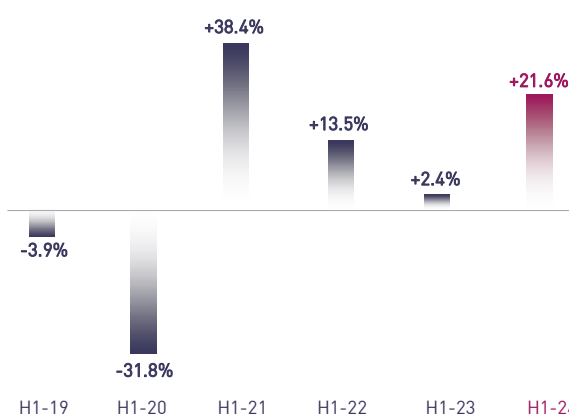
- Aggregate revenue increased by +4.2% to MAD 156 Bn, mainly driven by the banking sector. *[Cf. listed companies results Q2-24]*. Excluding this sector, revenue growth stood at +0.9%;
- The recurring EBIT of the market recorded a more sustained increase than that of revenue, i.e. +17.2% to more than MAD 38 Bn. In this context, the operating margin gained +2.7 pts, from 21.7% to 24.4% over the studied period. Originally, the decline in input prices for the majority of sectors and the continuation of cost optimization efforts. Note the technical increase in the operating margin of the Energy sector under the effect of the fall in international oil and coal prices;
- Recurring profit growth⁽¹⁾ stands at +21.6% above MAD 21 Bn. This is the highest growth in recurring mid-term profits observed over the last three years. A performance driven by both the improvement in operating and the financial income of listed companies;
- Including the record provision of MAD 6.4 Bn relating to the fine imposed on Maroc Telecom, the market's cumulative profit shows a decline of -1.5% to MAD 17 Bn.

MARKET: MAIN CONSOLIDATED INDICATORS (MAD MN)

| In MAD Mn | H1-23 | H1-24 | Var (%) |
|----------------------------------|---------|---------|----------|
| Aggregated Rev | 149,703 | 156,015 | +4.2% |
| Recurring EBIT | 32,513 | 38,114 | +17.2% |
| EBIT Margin | 21.7% | 24.4% | +2.7 pts |
| Recurring ⁽¹⁾ profits | 17,482 | 21,261 | +21.6% |
| Reported profits | 17,432 | 17,171 | -1.5% |

(1) The indicators for H1-24 are mainly adjusted for the fine of MAD 6.4 Bn relating to Maroc Telecom and Wana Corporate conflict

MARKET: RECURRING EARNINGS GROWTH



In H1-24, 52 listed companies posted increased profits, representing 81% of the overall capitalization of the Equity market. In the opposite, we noted 19 issuers whose profits were down at the end of June 2024. These represent less than 20% of the market's capitalization.

Meanwhile, 6 listed companies reported a net loss at the end of June 2024. More specifically, these are SNEP, Résidences Dar Saada, Unimer, SRM, Stroc Industrie and Stokvis. These account for 1% of the market's capitalization.

DASHBOARD OF RECURRING PROFITS OF LISTED COMPANIES IN H1-24

| KEY INDICATORS | NUMBER OF COMPANIES | % IN THE CAPITALIZATION | |
|---|---------------------|-------------------------|--|
| Contribution to the increase in profits | 52 | 81% | |
| Contribution to the decline in profits | 19 | 19% | |
| Loss | 6 | 1% | |

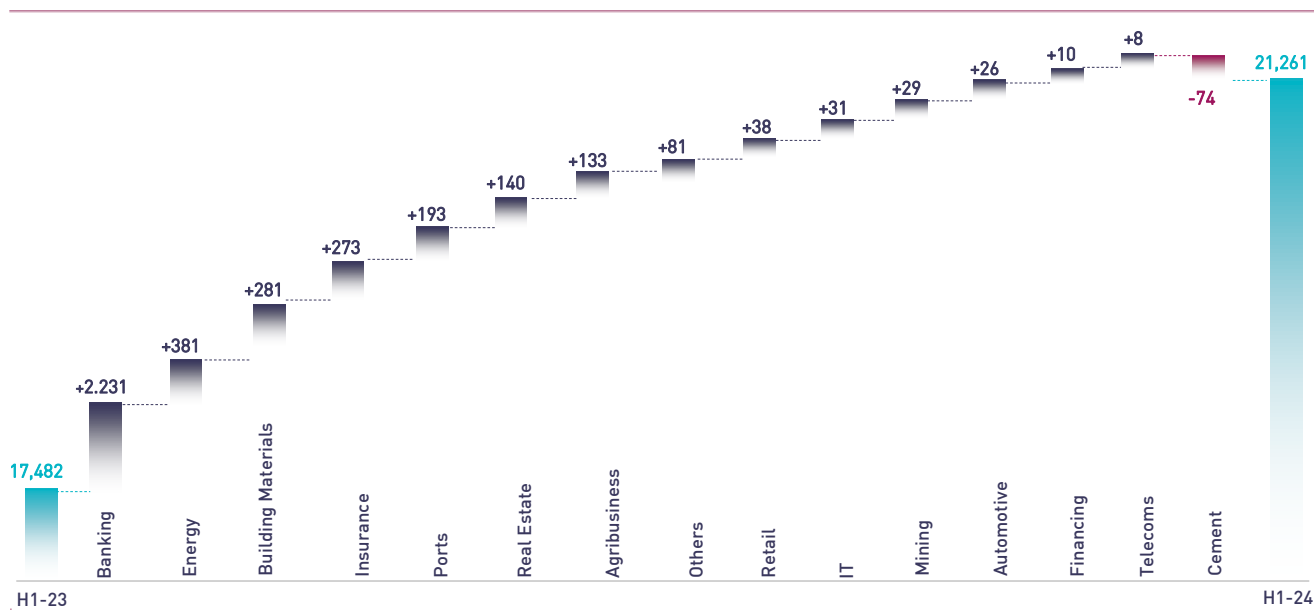
Sources: Financial statements of listed companies, CSE, AGR Calculations

...SUPPORTED BY ALL SECTORS..., WITH THE EXCEPTION OF CEMENT

The analysis of the recurring profits during H1-24 reveals the following findings:

- As expected, the **Banking** sector is the first contributor to the increase in the recurring earnings of the market. This sector shows an appreciation of MAD +2,231 Mn (+26.7%) of its NIGS supported by the increase of +13.2% of the consolidated NBI and a significant improvement of the cost to income by +2.9 pts to 41.6% in H1-24 against 44.5% in H1-23;
- The **Cement** sector is the only sector to have recorded a decrease in recurring profits, i.e. MAD -74 Mn. In our opinion, this underperformance should be put into perspective since it does not reflect the positive trend in cement consumption over the whole year of 2024. Thanks to cost optimization efforts, the sector's aggregate EBIT remained almost stable, despite the -9.5% decline in revenue during the first half of 2024.

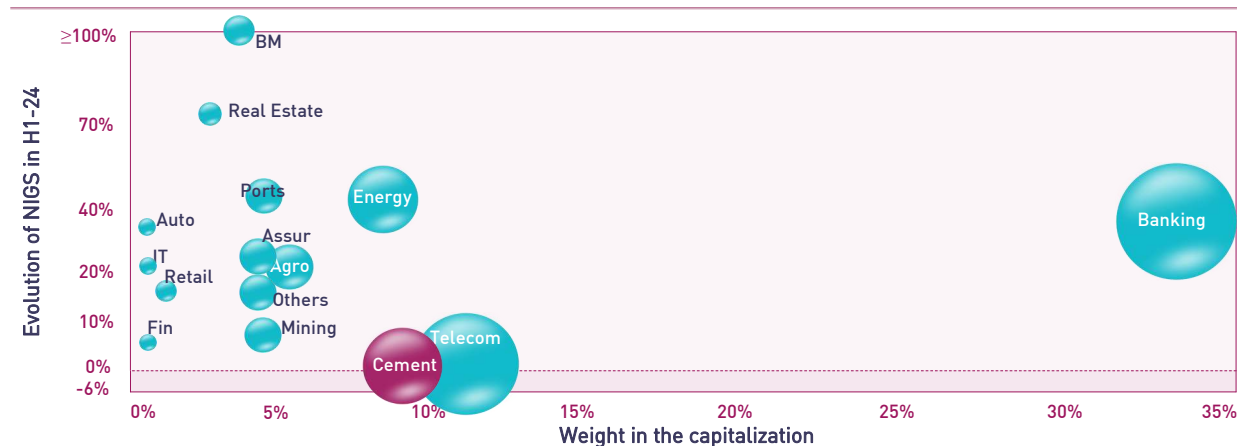
MARKET: CONTRIBUTION IN MAD MN TO RECURRING EARNING POWER IN H1-24



In terms of their weight in the market's capitalization, sectoral profits evolved as follows:

- 13 listed sectors, representing 79% of the market's capitalization, achieved increased profits in H1-24, such as the Building Material (+115%), Real Estate (+72.2%), Ports (+44.6%), Energy (+42.1%), Automotive (+35.0%), Banking (+26.7%), Insurance (+25.3%), Agri-business (+24.9%), IT (+24.0%), Retail (+17.2%), Other sectors (+17.1%), Mining (+6.5%) and finally Financing (+4.8%) sectors;
- Maroc Telecom, which weighs nearly 11% in overall capitalization, shows an almost-stable recurring NIGS;
- The cement sector, whose weight in capitalization is 9%, shows a -5.9% drop in its profits.

MARKET: RECURRING PROFITS GROWTH OF LISTED SECTORS VS. WEIGHT IN THE MARKET'S CAPITALIZATION



Sources: Financial statements of listed companies, CSE, AGR Calculations

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