RESEARCH REPORT

EQUITY

SEPTEMBER 2025

TOTALENERGIES MAROC : TOWARD A NEW PROFITABLE CYCLE

Attijari Global Research

Report for institutional use

RESEARCH PAPER
EQUITY

18 SEPTEMBER 2025

By Attijari Global Research

BUY	
Initial opinion	-
Release Date	-
Initial target price	-

TOTALENERGIES MAROC	
Sector	ENERGY DISTRIBUTION
Reuters	TMA.CS
Bloomberg	TMA MC

MAD 2,255	
Current	MAD 1,710
Upside	+32%
Horizon	12 months

EXECUTIVE SUMMARY

TotalEnergies Maroc's 2024 achievements and preliminary indicators for the first half of 2025 are showing positive signals which reveal the start of a favorable growth cycle.

In this context, we have updated our growth scenario as well as our valuation of the stock. At the end of this exercise, we come out with a **target price of MAD 2,255, offering an upside potential of 32% over the next 12 months. Therefore, we recommend BUYING the stock TotalEnergies Maroc.**

Our positive opinion on TotalEnergies Maroc is based on five main arguments:

- The acceleration of economic growth to +4.6% in Q2-25E suggests a solid recovery in fuel consumption in Morocco starting in 2025. As a reminder, the improvement in GDP to +3.8% in 2024 was accompanied by a recovery in TotalEnergies Maroc's sales volumes of +3.1%, following two consecutive years of decline;
- Nearly ten years after its liberalization, the energy distribution sector in Morocco appears to be gaining maturity, particularly in terms of its pricing policy. This suggests a decrease in the volatility of the distribution margin within the sector. This has a positive impact on the *risk-profile* of the stock, with an updated beta of 0.9 compared to 1.1 observed over the period 2021-2024;
- The expansion of TotalEnergies Maroc's distribution network through the opening of 10 new stations on average annually would allow the Group to capture an interesting portion of the sector's future growth momentum. This is especially true given that the service share at new stations is relatively higher. We believe this new trend should have a positive impact on the operator's future profitability;
- Doubling the dividend in 2024 reflects, in our opinion, Management's confidence in its future outlook and its ability to defend its current margin levels. In this perspective, the operator should continue to prioritize the shareholders remuneration through an optimal payout ratio over the MT.
- During 2025E-2026E period, TotalEnergies Morocco will rank among the top-performing dividend stocks on the Moroccan stock market. The stock is expected to offer an average D/Y of 6.6%, i.e. 3.0 times higher than the market average. Furthermore, the P/E multiple over the same period is relatively attractive (i.e. 15.6x), compared to a normative average of 20.0x during the last five years.

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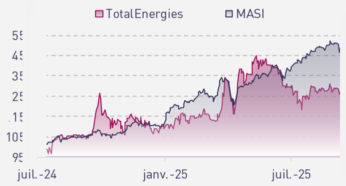
STOCK EVOLUTION (BASE 100)



MARKET INDICATORS

Performances (%)	1 M	3 M	12 M
TOTALENERGIES M.	-3.8	-10.0	17.1
MASI	-1.0	8.1	40.3

ADV (MAD Mn)	1 M	3 M	12 M
TOTALENERGIES M.	1.5	1.7	3.2
MASI	397	402	380

Capitalization	As of 09/16/2025
In MAD Mn	15,322
In $ Mn	1,707

Prices as of 09/16/2025

Sources: PR TotalEnergies M., AGR Calculations & Estimates

ACHIEVEMENTS ANTICIPATING A FAVORABLE CYCLE

In 2024, TotalEnergies Maroc's achievements are in line with our forecasts in terms of sales volumes but significantly higher in terms of profits and dividends. We believe this is a positive signal regarding the future evolution of the distributor's results.

A recovery in activity in 2024 after two consecutive years of decline...

After a cumulative decline in its sales volumes of -4.0% over 2022-2023, TotalEnergies Maroc is showing a recovery in its activity of +3.1% in 2024, in line with the acceleration of the economic growth in Morocco to +3.8% over the same period. We also believe that the 10% easing in oil prices between H2-23 and H2-24 has helped stimulate Demand in the G&E[1] segment. In this context, the operator's sales volumes are returning to their pre-Covid levels, i.e., above 1,770 KT.

According to our own calculations, TotalEnergies Maroc would have shown growth in 2024 which is broadly in line with that of the market in the G&E[1] segment, i.e. respective rates of +2.7% and +3.0%. This results from the increase in the number of new entrants combined with a temporary slowdown in the operator's opening pace:

- Increased number of new operators: During the 2010-2023 period, we witnessed the entry of 17 new operators into the G&E market six of them in 2023 alone. They now have more than 115 service stations, representing a market share of 4.0% in the distribution network of the Top 9 distributors in Morocco;
- Temporary slowdown in the opening pace: TotalEnergies showed a slowdown in its openings, falling from an average of 17 openings/year over the 2019-2023 period to 7 in 2024. Nevertheless, we believe that the operator should return on the short term to a normative opening pace, i.e. around 10 new stations per year.

...combined with an upward adjustment of its gross margin...

In 2024, TotalEnergies Maroc's consolidated gross margin[2] shows a visible recovery, allowing it to offset the impact of new entrants on its market share. Indeed, the consolidated gross margin[2] increased by +22.0%, from MAD 2.3 Bn in 2023 to MAD 2.8 Bn in 2024. This evolution is in line with the overall trend of the sector, as outlined in the latest report of the Competition Council.

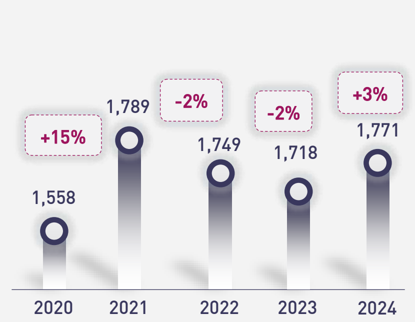
Taking into account a relative control of OPEX (+7.7%) and the relative stability of the investment effort (-2.0% for D&A), the recurring operating income[5] recorded an increase of +47.0%, from MAD 0.9 Bn in 2023 to MAD 1.3 Bn in 2024.

... and justifying the crossing of a new threshold in terms of dividend

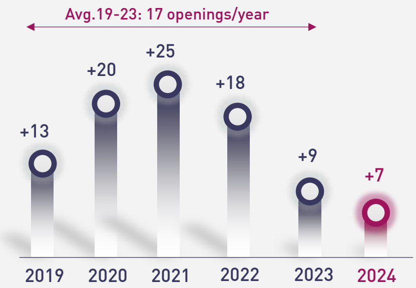
The return of TotalEnergies Maroc's earnings power above MAD 900 Mn offers an interesting leeway for the Shareholder to structurally increase its dividend. Concretely, the DPS in the FY 2024 rises to MAD 113 against a historical level of MAD 56. Consequently, the stock's D/Y stood at attractive levels of 6.6% based on the current price[6].

The operator's ability to defend such a dividend level over the MT is supported by its strong cash generation capacity. Thanks to a structurally negative WCR, cash will be in surplus by MAD 1.8 Bn in 2024, equivalent to two years of profit.

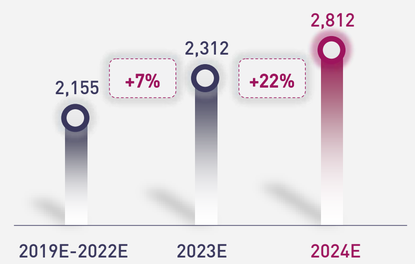
TMA: EVOLUTION OF SALES VOLUMES (KT)



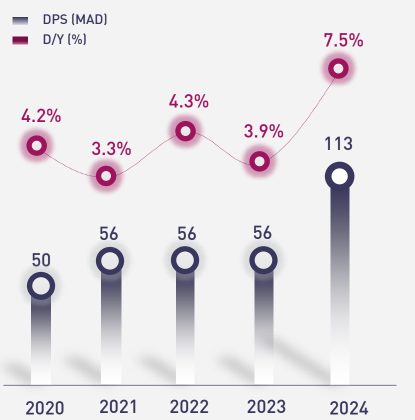
TMA: STATIONS OPENING PACE



TMA: CONSOLIDATED GROSS MARGIN[2] (MAD MN)



TMA: EVOLUTION OF DPS (MAD) VS. D/Y (%)



End of period

TOTALENERGIES M.: 2024 CONSOLIDATED RESULTS VS. AGR INITIAL FORECASTS

EN MDH	2022	2023	2024R	AGR 24E	AR[4] AGR
Volume (KT)[3] Variation	1,749 -2.2	1,718 -1.8%	1,771 +3.1%	1,778 +3.5%	100%
Recurring EBITDA Variation in EBITDA	1,083 -33.9%	1,262 +16.5%	1,681 +33.2%	1,349 +7.0%	125% -
Estimated recurring EBIT[5] Variation EBIT	730 -44.3%	914 +25.2%	1.340 +46.6%	988 +8.0%	136% -
Estimated recurring NIGS[5] Variation NIGS	488 -47.8%	545 +11.7%	934 +71.3%	664 +22.0%	141%
DPS Payout (parent company basis)	56 104%	56 91%	113 120%	56 87%	202% -

(1) G&E: Diesel & Gasoline; (2) Gross Margin = Revenue - Cost of Goods Consumed;
(3) Analysis of volume variation remains more relevant compared to that of revenue. This is subject to fluctuations in oil prices;
(4) Achievement rate of 2024 results compared to AGR 24E forecasts;
(5) Recurring results excluding the Competition Council fine in 2023 / (6) Price as of 09/16/2025, i.e. MAD 1,710.

Sources: PR TotalEnergies M., AGR Calculations & Estimates

TOWARD A MORE REGULAR GROWTH AND GENEROUS DISTRIBUTION

We believe that 2025 would mark the start of a more visible growth dynamic for TotalEnergies Maroc, compared to the 2021-2024 period. Our scenario is justified by the following factors:

- Historically, we note a positive correlation between economic momentum and energy consumption. For example, the significant improvement in GDP growth in 2024 to +3.8% was accompanied by an increase in the operator's sales volumes of +3.0% compared to -1.8% in 2023. The acceleration of GDP growth to +4.6% in Q2-25E in a controlled inflationary environment (1.0%) is a precursor to a solid recovery in the operator's activity starting 2025E;
- After a phase of instability marked by margin volatility post-liberalization, the impact of the Covid-19 crisis, inflationary waves, and announcements of fines from the Competition Council, the energy distribution sector is expected to enter a relatively more stable period. This will be marked by a steady volume growth and less pronounced fluctuations in distribution margins. In fact, the sector now appears to be gaining maturity in terms of pricing policy, following its liberalization in 2015;
- With a projected opening pace of 10 new stations per year, TotalEnergies Maroc would be able to capture a significant portion of the sector's growth momentum. This is especially true given that the service share at new stations remains higher. This trend will gradually improve the operator's overall profitability in the coming years.

Specifically, our growth scenario for TotalEnergies Maroc for the period 2025E-2027E is based on the following assumptions:

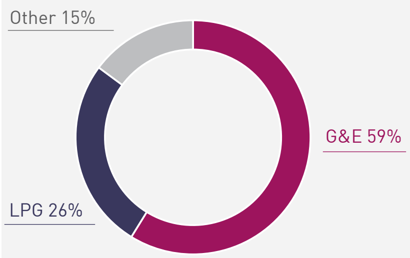
⇒ Annual sales volume growth between 4 and 6%, in line with the sector's dynamics. Thus, the operator would exceed 2,000 KT of sales in 2027E, compared to 1,771 KT in 2024;

⇒ An EBITDA AAGR higher than the volume growth by1 point, representing a target level of +7.0% to exceed MAD 2,000 Mn in 2027E. This takes into account good cost control and a relatively low-volatile distribution margin;

⇒ A conservative net income AAGR of +7.3% during the studied period, which takes into account the gradual increase in the corporate tax rate to 35% by 2026E. Therefore, earnings power would exceed MAD 1,150 Mn in 2027E;

⇒ We are assuming a stable DPS above MAD 100, equivalent to an optimal payout ratio of around 100%. This is supported by a structurally surplus cash position of more than MAD 1.5 Bn on an annual average. We believe this dividend level would constitute a new benchmark for the stock for the coming years.

TMA: TARGET STRUCTURE OF 2025E VOLUMES



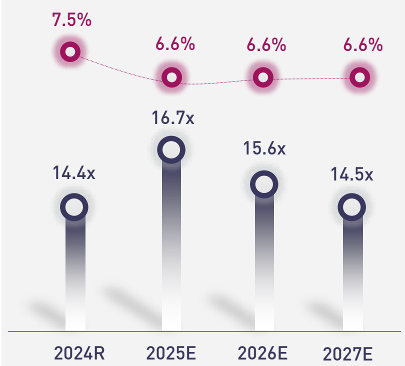
TMA: G&E[1] & LPG GROWTH PROFILE

TMA: AGR GROWTH FORECASTS OVER THE PERIOD 2025E-2027E

IN MAD MN	2022	2023	2024	2025E	2026E	2027E
Volume (KT) [2] Variation	1,749 -2.2	1,718 -1.8%	1,771 +3.1%	1,848 +4.4%	1,950 +5.5%	2,073 +6.3%
Recurring[3] EBITDA Variation	1,083 -33.9%	1,262 +16.5%	1,681 +33.2%	1,769 +5.2%	1,879 +6.2%	2,022 +7.6%
Recurring[3] EBIT Variation	730 -44.3%	914 +25.2%	1,340 +46.6%	1,415 +5.6%	1,515 +7.0%	1,645 +8.6%
Recurring[3] NIGS Variation	488 -47.8%	545 +11.7%	934 +71.3%	1,000 +7.1%	1,072 +7.2%	1,152 +7.4%
DPS Payout (parent company basis)	56 104%	56 91%	113 120%	113 102%	113 95%	113 89%

(1) G&E: Diesel & Gasoline
(2) Analysis of volume variation remains more relevant than that of turnover. This is subject to fluctuations in oil prices
(3) Recurring results: excluding the estimated fine from the Competition Council in 2023
(4) Price as of 09/16/2025, i.e., MAD 1,710 for the period 2025E-2027E

TMA: EVOLUTION OF P/E (X)[4] VS. D/Y (%)[4]



Sources: PR TotalEnergies M., AGR Calculations & Estimates

A STOCK OFFERING AN UPSIDE POTENTIAL OF +32%

Update of our business plan 2025E-2027E

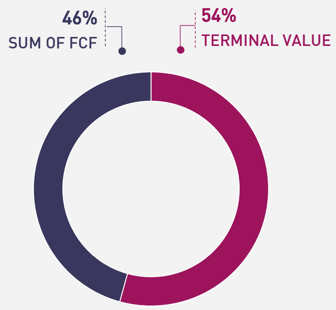
In order to update our business plan for TotalEnergies Maroc over the 2025E-2027E period, we use the following valuation assumptions:

- An improvement in cash generation capacity of more than +150%, increasing from an annual average FCF of MAD 428 Mn during 2021-2024 to MAD 1,107 Mn over the studied period;
- An annual average CAPEX of MAD 350 Mn over 2025E-2027E, incorporating a slower opening rate of 10 stations on average per year compared to an average of 17 stations during the 2021-2023 period. This investment effort is equivalent to a CAPEX/Revenue ratio of around 2.0%;
- A negative normative WCR representing -4.4% of revenue during the studied period. A level which attests to the operator's structurally surplus cash position. Note that the oil price decrease over the period 2025E-2026E would allow for a more visible improvement in cash through the reduction of the WCR.

TMA: MAIN VALUATION ASSUMPTIONS OVER THE PERIOD 2025E-2027E

INDICATORS (MAD MN)	2022	2023	2024	2025E	2026E	2027E
RECURRING EBITDA[1]	1,083	1,262	1,681	1,769	1,879	2,022
Growth	*-34%*	*16.5%*	*33.2%*	*5.2%*	*6.2%*	*7.6%*
% G&E	63%	70%	74%	73%	73%	73%
% GPL	23%	18%	20%	20%	21%	21%
% Others	14%	13%	6%	7%	6%	6%
Gross CAPEX	**350**	**585**	**351**	**350**	**350**	**350**
% Revenue	1.8%	3.4%	2.0%	1.9%	1.8%	1.7%
Calculated WCR	**588**	**-812**	**-703**	**-699**	**-922**	**-981**
% Revenue	3.0%	-4.7%	-3.9%	-3.7%	-4.7%	-4.7%
CALCULATED FCF-AGR	-723	1205	822	938	1.226	1.159
P/E (end of period)	23.8x	23.8x	14.4x	16.7x	15.6x	14.5x
EV/EBITDA (end of period)	11.2x	16.7x	7.7x	8.7x	8.1x	7.5x

TMA: EV BREAKDOWN



TMA: WACC CALCULATION

Growth over LT	3.0%
Risk free (Rf) [1]	2.73%
Risk Premium	6.4%
Statistic Beta	0.9
Cost of Equity	8.7%
Cost of Debt (before tax)	5.0%
Target financial leverage	20.0%
WACC	7.6%

(1) 10-year BDT rate, secondary market, as of September 2025.

A valuation driven by an improvement in the operator's risk profile

Our valuation of TotalEnergies Maroc stock using the DCF method results in an Economic Value of MAD 19,661 Mn. After deducting the Net Debt in 2024 of MAD -546 Mn, the Equity value stood at MAD 20,207 Mn. This represents a target price of MAD 2,255 Mn, offering an upside potential of 32%.

For the FCF update, we used a WACC of 7.6%, which takes into account a cost of equity (Kcp) of 8.7%, a pre-tax cost of debt (Kd) of 5.0%, and finally, a target financial leverage of 20%. The latter is justified by the Shareholder's desire to further optimize its Balance Sheet on the MT either through the distribution of dividends or via external growth operations. In more detail:

⇒ An AGR Equity Risk Premium of 6.4% calculated using the survey method *(Cf. Risk Premium - November 2024)*;

⇒ A Beta of 0.9 Vs. 1.1 over the period 2021-2024. The improved risk profile reflects the resilient profile of the energy distribution sector in Morocco as of 2025. This is characterized by a steady growth in energy Demand and less volatile margin levels in the future;

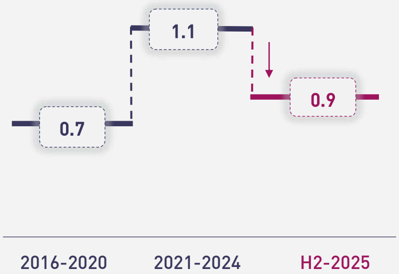
⇒ A 10-year risk-free rate (Rf) of 2.7%, down -47 BPS in 2025. This was driven by lower investor's expected return in a context of a more accommodative monetary policy in Morocco.

The infinite growth rate retained is 3.0%, in line with the GDP growth level on the LT. To this end, the Terminal Value comes out at correct proportions for this kind of activity, i.e. 54% of the Economic Value.

TMA: VALUATION PER SHARE

Net Debt 2024 (MAD Mn)	-546
Equity Value (MAD Mn)	**20,207**
Value per share (MAD)	**2,255**

TMA: BETA USED DURING VALUATIONS



Sources: PR TotalEnergies M., AGR Calculations & Estimates

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