

# MARR

Sector: Consumers

# NEUTRAL

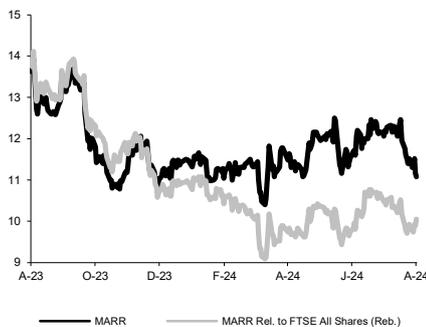
Price: Eu11.08 - Target: Eu13.00

## 1H24: Soft Revenues, as Expected, Margins a Touch Better

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	0.0%	0.0%	0.0%

### MARR - 12M Performance



Stock Data			
Reuters code:	MARR.MI		
Bloomberg code:	MARR IM		
Performance	1M	3M	12M
Absolute	-8.1%	-7.7%	-20.3%
Relative	-3.9%	-2.7%	-30.5%
12M (H/L)	13.94/10.40		
3M Average Volume (th):	174.39		

Shareholder Data	
No. of Ord shares (mn):	67
Total no. of shares (mn):	67
Mkt Cap Ord (Eu mn):	737
Total Mkt Cap (Eu mn):	737
Mkt Float - Ord (Eu mn):	366
Mkt Float (in %):	49.6%
Main Shareholder:	
Cremonini Spa	50.4%

Balance Sheet Data	
Book Value (Eu mn):	392
BVPS (Eu):	5.89
P/BV:	1.9
Net Financial Position (Eu mn):	-165
Enterprise Value (Eu mn):	902

- Soft 2Q24 trends driving negative revenues in 1H.** MARR reported 1H24 results on Friday that highlighted soft revenue trends in 2Q24, as expected. Sales came in at Eu987.7mn, -1.5% YoY, with Eu569.6mn in 2Q24, down -1.3% YoY. The overall performance was affected by the weak start to the summer season, with unfavourable weather conditions and continued downtrading across clients, which resulted in lower Euro/Kg prices (in particular for seafood). The Street Market segment at Eu624.6mn, -0.6% YoY, was affected by a soft tourist season, while National Accounts at Eu245mn, -3.3% YoY reflected the early 2023 measures for managing food inflation and in particular the rationalisation of less profitable clients; Wholesale was still negative at Eu99.2mn, -3.5% YoY. Sales to Commercial Catering clients remained stable at Eu740.8mn, stable compared to Eu740mn in the same period of last year.
- Profitability improvement confirmed.** EBITDA came in at Eu55.6mn with a margin on sales at 5.6% vs. 5.3% last year thanks to rationalisation of less profitable canteens and cost optimisation.
- Outlook mixed.** Management is confident of continuing to grow in the second part of the year despite several factors that could dent final performance, namely out-of-home consumption and the second part of the summer season. As things stand, market indications are positive, with tourist presences higher than last year (but here management highlighted a gradual shift towards lower consumption behaviour). July was a month of sales growth in all segments according to management, but with no signs of a material change in Euro/Kg which should remain at c.-1%/-2% YoY in 3Q24, so with a similar impact compared to 1H24.
- Part of 2024 CapEx plan slightly postponed.** The Central-Northern Italy logistics platform has been finalised, but the start of project execution, originally planned in 1H24, now expected in 4Q24. FY24 CapEx should amount to Eu50mn.
- Estimates almost unchanged.** We are sticking to our cautious current assumptions on the P&L, while reflecting lower CapEx in 2024 as per management indications. The easier comp base should allow for mid-to-high single-digit growth in 2H (our estimate +6.5%) with the EBITDA margin a touch higher +20bp YoY in 2H at 6.6%.
- NEUTRAL; target Eu13 (confirmed).** We continue to appreciate the company's solid business model, and management's outstanding track record and proven ability to deliver results while dealing with a still uncertain and challenging environment that is particularly exposed to mixed trends. As highlighted by top line progress and the margin trajectory, the current market scenario and underlying trends are normalising, and we should gradually see a reduction in margin risk, even if margins are still below pre-pandemic levels. In light of the latest announcements on investments and the subsequent timeframe within which the company should recover margins to pre-pandemic levels (~2026, when projects will be in place) we remain cautious for the moment, acknowledging that some of the investments are already becoming operational and should start to contribute to the group's operational efficiency starting from the end of this year.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	1,930	2,086	2,142	2,243	2,349
EBITDA Adj (Eu mn)	82	123	132	152	166
Net Profit Adj (Eu mn)	27	47	53	63	66
EPS New Adj (Eu)	0.398	0.708	0.800	0.946	0.993
EPS Old Adj (Eu)	0.398	0.708	0.800	0.946	0.993
DPS (Eu)	0.380	0.600	0.640	0.757	0.795
EV/EBITDA Adj	12.8	8.0	6.8	6.4	5.9
EV/EBIT Adj	11.9				
P/E Adj	27.8	15.6	13.8	11.7	11.2
Div. Yield	3.4%	5.4%	5.8%	6.8%	7.2%
Net Debt/EBITDA Adj	1.7	1.2	1.2	1.6	1.4

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- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

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Frequency of research: quarterly.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 30 June 2024 Intermonte's Research Department covered 116 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	23.97 %
OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (49 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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