Milan, 14 March 2024

Italian Equity Research – FY23 Results

MARR

NEUTRAL

Sector: Consumers

Price: Eu10.54 - **Target: Eu13.00**

FY23 results with no surprise. Constructive indications on '24

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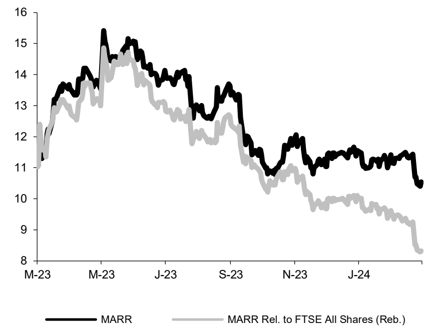
Stock Rating		
Rating:		Unchanged
Target Price (Eu):		from 14.00 to 13.00
	2024E	**2025E**
Chg in Adj EPS	-10.3%	-9.2%

MARR - 12M Performance



Stock Data			
Reuters code:			MARR.MI
Bloomberg code:			MARR IM
Performance	**1M**	**3M**	**12M**
Absolute	-7.7%	-4.5%	-6.7%
Relative	-14.6%	-15.6%	-28.5%
12M (H/L)			15.42/10.40
3M Average Volume (th):			165.65

Shareholder Data	
No. of Ord shares (mn):	67
Total no. of shares (mn):	67
Mkt Cap Ord (Eu mn):	701
Total Mkt Cap (Eu mn):	701
Mkt Float - Ord (Eu mn):	348
Mkt Float (in %):	49.6%
Main Shareholder:	
Cremonini Spa	50.4%

Balance Sheet Data	
Book Value (Eu mn):	393
BVPS (Eu):	5.91
P/BV:	1.8
Net Financial Position (Eu mn):	-211
Enterprise Value (Eu mn):	912

- **Revenues already out. EBITDA margin +170bps YoY.** Yesterday MARR released FY23 results that came in substantially in line with expectations. The company had already disclosed the top line on 29 February indicating Eu2,085m (corresponding to growth of 8% YoY, slightly short of market expectations). No specific news below revenues, with operating leverage and profitability in line with expectations and previous indications from management. Specifically, the EBITDA margin went up by 160bps YoY to reach 5.9% on sales, an encouraging result but still below pre-pandemic (2019) by c.170bps (7.6% in FY19). The result was achieved mainly thanks to a better pass-through of food inflation (gross margin was up 80bps YoY) and lower energy costs.
- **By segment.** Sales to the Street Market and National Account segments amounted to Eu1,850.5m (Eu1,679.2m in 2022). National Account sales were driven by clients of Chains&Groups of hotels and restaurants, while a more selective approach was adopted towards Canteens (Public Administration), where the pass-through of inflation has been more challenging (this determined lower sales of NA channel in 4Q23). Wholesale sales were affected by product unavailability, particularly in 1H, while sales recovered in 4Q, also thanks to a different distribution of fishing campaigns compared to the previous year.
- **Constructive outlook for 2024.** The focus of the company as stated in the press release remains on margin recovery and the roll-out of the capacity expansion plan with the first step being the opening of the MARR Lombardy distribution centre expected in 2Q24. Management indicated to expect sales growth slightly above market forecasts (visits +3.5/4% as per Trade Lab estimates) with some further margin expansion expected at EBITDA level even if not with the same magnitude achieved in FY23. This will be driven mainly by volumes, with price/mix seen substantially neutral for the year.
- **Estimates revision.** We update our model with actuals, leaving our assumptions on the margin trend almost unchanged as we had already included some expansion in 2024 as well. Overall, this results in lower EPS following a lower 2023 base.
- **NEUTRAL, TP Eu13 (from Eu14).** 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 normalizing, 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 on the name. Our new estimates take our target price to Eu13 with limited upside potential for the moment to be more constructive.

Key Figures & Ratios	2021A	2022A	2023A	2024E	2025E
Sales (Eu mn)	1,456	1,930	2,086	2,160	2,261
EBITDA Adj (Eu mn)	91	82	123	134	154
Net Profit Adj (Eu mn)	35	27	47	55	64
EPS New Adj (Eu)	0.528	0.398	0.708	0.820	0.958
EPS Old Adj (Eu)	0.528	0.400	0.747	0.914	1.055
DPS (Eu)	0.470	0.380	0.600	0.656	0.766
EV/EBITDA Adj	15.9	12.8	8.0	6.8	6.1
EV/EBIT Adj	24.0	11.9			
P/E Adj	20.0	26.5	14.9	12.9	11.0
Div. Yield	4.5%	3.6%	5.7%	6.2%	7.3%
Net Debt/EBITDA Adj	1.6	1.7	1.2	1.6	1.5

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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;

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OUTPERFORM:	47.15 %
NEUTRAL:	26.02 %
UNDERPERFORM	00.81 %
SELL:	00.00 %

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OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
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Emittente	%	Long/Short

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