

MARR

Sector: Consumers

OUTPERFORM

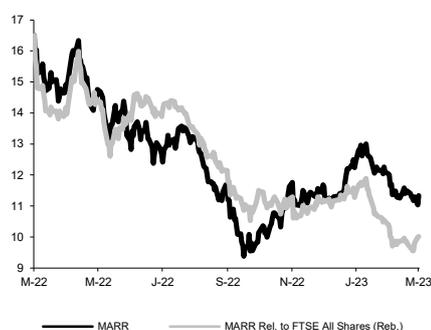
Price: Eu11.34 - Target: Eu14.50

Strong Growth, Margins Still Impacted. Confidence on 2023

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	2.8%	3.4%	

MARR - 12M Performance



Stock Data			
Reuters code:	MARR.MI		
Bloomberg code:	MARR IM		
Performance	1M	3M	12M
Absolute	-5.5%	-2.4%	-31.3%
Relative	-2.9%	-11.2%	-44.3%
12M (H/L)	16.34/9.38		
3M Average Volume (th):	58.77		

Shareholder Data	
No. of Ord shares (mn):	67
Total no. of shares (mn):	67
Mkt Cap Ord (Eu mn):	754
Total Mkt Cap (Eu mn):	754
Mkt Float - Ord (Eu mn):	374
Mkt Float (in %):	49.6%
Main Shareholder:	
Cremonini Spa	50.4%

Balance Sheet Data	
Book Value (Eu mn):	384
BVPS (Eu):	5.78
P/BV:	2.0
Net Financial Position (Eu mn):	-189
Enterprise Value (Eu mn):	944

- Strong top-line trends as expected.** Marr released FY22 results yesterday showing strong top-line growth as expected on the back of a continued robust recovery of out-of-home consumption and over-performance compared to the core Italian market. Total consolidated revenues came in at Eu1,930.5m, up +32.6% YoY and well above the pre-pandemic levels of 2019 (Eu1.7bn). Sales to clients in the Street Market and National Account segments were up +43.4% (positive contribution since April '21 of acquisition Verrini group and c.Eu14m of Frigor Carni consolidated since April '22). Wholesale segment (mainly frozen seafood) was affected by temporary lower product availability after the cancellation of several fishing campaigns in North Africa registering a decline of c.17% in FY22.
- Profitability under pressure in 2022.** Pressure from high food inflation together with additional energy and logistics costs resulted in a penalized EBITDA margin but with trends seen improving since the first months of 2023. As a result, EBITDA came in at Eu82.1mn (-12% vs. our Eu93mn estimate), down from the Eu90.5mn posted last year, with a 4.3% margin, -190bp YoY; EBIT was Eu46.2mn (vs. Eu57.6mn in FY21) and net income came to Eu26.5mn (vs. Eu35mn last year), also impacted by higher financial charges in 2H22. The company is seeing improving trends in the price adjustment process (chart on p4), especially in the Street Market category, while National Accounts continued to be penalised by supply contracts to Canteens and Public Administrations, which feature more rigid pricing terms and mandatory supply agreements.
- Positive start to the year. Confidence on 2023.** Management stated that the first two months of 2023 are in line with the growth objectives expected for the year, also confirming a gradual recovery in margins (vs. 2019). Price of products is stabilizing while price adjustments are ongoing (more effective in the Street Market vs. National Accounts). The gross margin per Eur/Kg will continue to improve throughout 2023, also in light of inflationary trends which are beginning to ease.
- Change in estimates.** We adjust our estimates to reflect actuals and latest indications, in particular on sales growth and the recovery of costs in 2023.
- OUTPERFORM, target to Eu14.5 (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 what remains an uncertain and challenging environment that is particularly exposed to inflationary trends. As highlighted by top-line progress, the current market scenario and underlying trends are positive, and we should gradually see a reduction in margin risk in 2023, when new pricing and contract conditions will be fully in force and the company will also start to benefit from an easier comp base. We think consensus estimates will benefit from the latest indications on 2023, which still point to a compelling valuation: our updated estimates imply 2023/24 EV/EBITDA at 7.7x/6.8x, a discount of c.30% on average vs. historical levels of 11.7x and 10x.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	1,456	1,931	2,084	2,182	2,204
EBITDA Adj (Eu mn)	91	82	122	140	142
Net Profit Adj (Eu mn)	35	27	53	64	65
EPS New Adj (Eu)	0.528	0.400	0.795	0.965	0.978
EPS Old Adj (Eu)	0.528	0.534	0.773	0.934	
DPS (Eu)	0.470	0.380	0.636	0.772	0.782
EV/EBITDA Adj	15.9	13.1	7.7	6.8	6.6
EV/EBIT Adj	24.0	12.2			
P/E Adj	21.5	28.4	14.3	11.7	11.6
Div. Yield	4.1%	3.4%	5.6%	6.8%	6.9%
Net Debt/EBITDA Adj	1.6	2.1	1.6	1.5	1.2