

MARR

Sector: Consumers

NEUTRAL

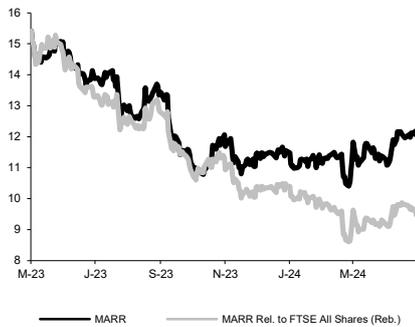
Price: Eu12.04 - Target: Eu13.00

Mixed start to the year. Margins improving gradually

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	-2.4%	-1.2%	

MARR - 12M Performance



Stock Data			
Reuters code:	MARR.MI		
Bloomberg code:	MARR IM		
Performance	1M	3M	12M
Absolute	6.0%	7.3%	-11.1%
Relative	1.9%	-4.4%	-37.8%
12M (H/L)	15.42/10.40		
3M Average Volume (th):	165.23		

Shareholder Data	
No. of Ord shares (mn):	67
Total no. of shares (mn):	67
Mkt Cap Ord (Eu mn):	801
Total Mkt Cap (Eu mn):	801
Mkt Float - Ord (Eu mn):	397
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:	2.0
Net Financial Position (Eu mn):	-211
Enterprise Value (Eu mn):	1,012

Lower sales but improved margins. MARR published 1Q23 results yesterday which came in slightly short of our expectations (-1%) on the top line but with higher profitability (+3.7% vs. our estimates). Revenues at Eu418.1m (426.6 million in 2023) -1.6% YoY mainly due to the actions implemented to contain food inflation and recover gross margin. By channel: Street Market segment (Independent Commercial Catering) at Eu256.7m (+2.4% YoY) and National Account segment (Chains and Groups in Structured Commercial Catering and Canteens) at Eu14.6m, (-5.8% YoY) affected by the decrease in sales in the Canteens sub-segment as a result of the planned activities implemented as of the first part of 2023 to manage food inflation. EBITDA at Eu16.6m with an improved margin on sales of 3.8% vs. 3.5% in 1Q23; EBIT at Eu7.5m. Net profits at Eu1.7m.

Encouraging indications. Management stated that after the first four months, the trend in sales to clients in Commercial Catering is consistent with the objectives of strengthening the market presence and that the focus on recovering operating profitability is confirmed. During the conference call, the CEO confirmed that early Easter and bad weather conditions did not slow sales growth, but we should also take into consideration two additional trading days this year vs. last year. Margin recovery of c.50bps could be considered fair for FY24 as well despite slightly higher labour costs due to the new collective contract (c.+Eu0.4m YoY). We also welcome news of the start of the activities at the new MARR Lombardia distribution centre starting from mid-April (total CapEx at Eu28m) while the new platform in Lazio already announced should start operations in 1H25.

Estimates revision. We slightly trim our top-line expectations, which in light of 1Q24 results seemed a little aggressive. 2Q current trading was indicated in line with positive 1Q24 trends but we should take into consideration the additional trading days this year vs. last year. We leave margins unchanged implying a better recovery path this year.

NEUTRAL, TP 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 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 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	0.820	0.958	
DPS (Eu)	0.380	0.600	0.640	0.757	0.795
EV/EBITDA Adj	12.8	8.0	7.7	6.8	6.2
EV/EBIT Adj	11.9				
P/E Adj	30.2	17.0	15.0	12.7	12.1
Div. Yield	3.2%	5.0%	5.3%	6.3%	6.6%
Net Debt/EBITDA Adj	1.7	1.2	1.6	1.6	1.4

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- 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)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

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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BUY:	25.21 %
OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (50 in total) is as follows:

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

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Emitente	%	Long/Short

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