

MARR

Sector: Consumers

NEUTRAL

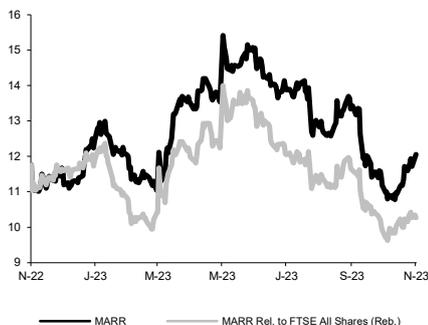
Price: Eu12.06 - Target: Eu14.00

9M23 Results in line. More CapEx to Come

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 15.50 to 14.00		
	2023E	2024E	2025E
Chg in Adj EPS	-12.0%	-11.9%	-14.0%

MARR - 12M Performance



Stock Data			
Reuters code:	MARR.MI		
Bloomberg code:	MARR IM		
Performance	1M	3M	12M
Absolute	7.9%	-6.1%	2.6%
Relative	3.7%	-8.9%	-15.0%
12M (H/L)	15.42/10.78		
3M Average Volume (th):	80.98		

Shareholder Data	
No. of Ord shares (mn):	67
Total no. of shares (mn):	67
Mkt Cap Ord (Eu mn):	802
Total Mkt Cap (Eu mn):	802
Mkt Float - Ord (Eu mn):	398
Mkt Float (in %):	49.6%
Main Shareholder:	
Cremonini Spa	50.4%

Balance Sheet Data	
Book Value (Eu mn):	381
BVPS (Eu):	5.73
P/BV:	2.1
Net Financial Position (Eu mn):	-198
Enterprise Value (Eu mn):	1,000

- 3Q/9M slowdown in line with expectations.** MARR reported yesterday the results for 9M broadly in line with our / consensus expectations, showing positive developments on profitability, which is gradually closing the gap to pre-pandemic levels. 3Q23 sales at Eu623.2m, up 0.4% YoY (-2% vs. our estimates) with the Street Market (+2.5% YoY) and National Accounts (+2% YoY) segments compensating the drop in Wholesale registered in the quarter (-17.2% YoY), mainly due to the company's decision to await more favourable prices to supply products, and which should recover in 4Q23. Overall, both segments slowed down sequentially following a tourism season below expectations, particularly in July and August. Overall, SM+NA 9M23 sales were Eu1,456m, up +12.6% YoY, slowing compared to the +20.3% YoY in 1H23, also due to trading down, which mitigated the inflation registered since 2Q22.
- Profitability gradually improving.** Thanks to the improvements in price pass-through (even though at different speeds depending on client segments – SM the fastest), the gross margin recovery accelerated in 3Q23 vs. last year to 21.5% of sales or +130bps YoY (+50bps YoY in 1H23) and bringing the 9M23 gross margin to 20.7%, +70bps YoY vs. +20bps in 1H23. Lower incidence of service costs (energy cost decrease) and labour resulted in EBITDA at Eu46.3m in 3Q23 with the margin on sales at 7.4% or +220bps YoY. This is closer in absolute value to pre-pandemic levels (Eu47.3m in 3Q19) but still -230bps lower in terms of margins (9.3% in 3Q19).
- Step-up in CapEx plan, c.+Eu60m vs. previous.** The company updated the ongoing CapEx plan, adding projects for new facilities and advanced automation in Lombardy, Lazio and Puglia, to be developed now towards the end of 2026. This takes the announced CapEx plan for 2021-2024 from Eu170m up to c.Eu230m, envisaging – on top of the Eu43.6m carried out so far – a further c.Eu185m of investments between 4Q23 and 2026. According to MARR, this should strengthen organic growth and improve logistic-distribution efficiency in order to return to pre-pandemic levels once all these projects are fully implemented.
- Mixed outlook.** Management indicated a positive start to 4Q23 with sequentially accelerating growth dynamics in the SM and NA segments despite a market showing some signs of weakness in consumption. Activities to recover operating profitability are ongoing and in line with expectations (management expected to be back to pre-pandemic levels in absolute values for EBITDA).
- Estimates update.** Results were aligned to our estimates. We maintain our assumptions broadly unchanged while now including the new CapEx plan.
- NEUTRAL confirmed, TP Eu14 (from Eu15.5).** 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 an 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 and update to the risk-free rate (4.5% from 4% before) in our DCF model take our target price to Eu14 with limited upside potential.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	1,456	1,931	2,136	2,227	2,330
EBITDA Adj (Eu mn)	91	82	128	148	168
Net Profit Adj (Eu mn)	35	27	50	61	70
EPS New Adj (Eu)	0.528	0.400	0.747	0.914	1.055
EPS Old Adj (Eu)	0.528	0.400	0.849	1.038	1.227
DPS (Eu)	0.470	0.380	0.597	0.731	0.844
EV/EBITDA Adj	15.9	13.1	7.8	7.2	6.5
EV/EBIT Adj	24.0	12.2			
P/E Adj	22.8	30.2	16.2	13.2	11.4
Div. Yield	3.9%	3.2%	5.0%	6.1%	7.0%
Net Debt/EBITDA Adj	1.6	2.1	1.5	1.8	1.7

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