

MARR

Sector: Consumers

NEUTRAL

Price: Eu10.56 - Target: Eu11.50

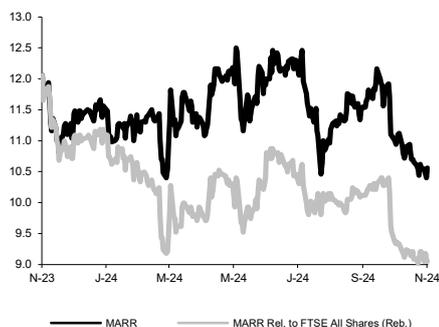
Soft 3Q24 Trends Slowed Sales and Margin Progress

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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 13.00 to 11.50		
	2024E	2025E	2026E
Chg in Adj EPS	-10.2%	-16.2%	-18.1%

MARR - 12M Performance



Stock Data

Reuters code: MARR.MI
 Bloomberg code: MARR IM

Performance	1M	3M	12M
Absolute	-4.0%	-5.5%	-12.4%
Relative	-3.1%	-11.5%	-29.0%
12M (H/L)	12.50/10.40		
3M Average Volume (th):	71.38		

Shareholder Data

No. of Ord shares (mn):	67
Total no. of shares (mn):	67
Mkt Cap Ord (Eu mn):	703
Total Mkt Cap (Eu mn):	703
Mkt Float - Ord (Eu mn):	348
Mkt Float (in %):	49.6%
Main Shareholder:	
Cremonini Spa	50.4%

Balance Sheet Data

Book Value (Eu mn):	386
BVPS (Eu):	5.81
P/BV:	1.8
Net Financial Position (Eu mn):	-165
Enterprise Value (Eu mn):	867

■ Soft 3Q24 trends, mainly in Street Market. MARR reported 9M24 results yesterday afternoon that showed soft trends in 3Q, usually the key quarter of the year for business seasonality. Total revenues came in at Eu622.7mn (our estimate Eu630mn), a touch below last year (-0.1% vs. Eu623.1mn in 3Q23). The overall performance was mainly affected by the trend in sales to clients in the Commercial Catering segment, with lower Euro/kg product values (especially for seafood) and slightly higher volumes, resulting in lower overall profitability. The Street Market in particular (-1.3% YoY in 3Q24) was affected by lower Eu/Kg of the product sold in the last quarter, while National Accounts (+3.3% YoY in 3Q24), after being hit by a decrease in Canteens at the beginning of the year (mainly rationalisation of unprofitable contracts) improved in 3Q24, with progress in both sub-segments: Chains & Groups (+3.1% YoY) and Canteens (+3.2% YoY). Wholesale (-3.8% YoY in 3Q24) was hit by the almost total exposure to frozen seafood, the category most affected by Eu/Kg reduction.

■ Lower Eu/Kg dents margins. The reduction in Eu/kg values, mainly in the first part of the quarter, penalised operating leverage, largely due to a lack of dilution of logistics costs. While Gross Margin recovery was confirmed thanks to the actions put in place by the company, EBITDA stood at Eu42.5mn, a margin of 6.8% or c.50bp dilution vs. last year. This eroded the margin accretion accumulated during 1H24 (c.+30bp YoY) resulting in a flat 9M EBITDA margin YoY at 6.1%.

■ Constructive indications, but still cautious. Management indicated good progress in October and early November, with slightly positive Eu/Kg trends. December is always the most important month in 4Q, so it is too early to make projections for the full year. Going forward, the CEO does not envisage a further deterioration in Eu/Kg trends, as seafood prices should remain at least stable for the next 3-6 months. WC trends to stay very positive towards the end of the year, with NFP seen at around Eu240mn after c.Eu50mn of confirmed investments at the moment.

■ Revised estimates. We are revising our P&L assumptions in light of 3Q trends, both on the top line and profitability, the latter indicated flattish YoY in absolute terms.

■ NEUTRAL; target Eu11.5 (from Eu13). We continue to appreciate the company's 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. Current market scenario and underlying trends are normalising and not supportive, while we should see a gradual reduction in margin risk, even if margins will remain 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 (~2027, 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 as of next year. Plugging our new estimates into the DCF model yields a new target price of Eu11.5.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	1,930	2,086	2,081	2,159	2,239
EBITDA Adj (Eu mn)	82	123	123	136	146
Net Profit Adj (Eu mn)	27	47	48	53	54
EPS New Adj (Eu)	0.398	0.708	0.719	0.793	0.813
EPS Old Adj (Eu)	0.398	0.708	0.800	0.946	0.993
DPS (Eu)	0.380	0.600	0.575	0.634	0.651
EV/EBITDA Adj	12.8	8.0	7.0	6.9	6.4
EV/EBIT Adj	11.9				
P/E Adj	26.5	14.9	14.7	13.3	13.0
Div. Yield	3.6%	5.7%	5.4%	6.0%	6.2%
Net Debt/EBITDA Adj	1.7	1.2	1.3	1.8	1.6

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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)

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:	28.24 %
OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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