

BUY

Initial Opinion	BUY
Release Date	06/17/2020
Initial Target Price	MAD 3,847

LABEL VIE

Sector	RETAIL
Reuters	LBV.CS
Bloomberg	LBV MC

MAD 3,847

Current Price	MAD 3,220
Upside	+19%
Investment Horizon	18 Months

POSITIVE ACHIEVEMENTS, COMFORTING OUR BUY RECOMMENDATION

Revenue crossing the MAD 11 Bn threshold

In FY 2020, Label Vie is maintaining its positive growth dynamic in an unprecedented context marked by the Covid-19 health crisis. The distributor's revenue crossed for the first time the threshold of MAD 11,000 Mn to MAD 11,012 Mn against an AGR estimate of MAD 11,370 Mn [Cf. *LBV - H1 2020 Results*]. This represents a 5.9% growth in 2020.

This evolution is driven by two segments, namely *supermarkets* and *hypermarkets*, whose sales increased by 12% and 13% respectively. In contrast, the sales of *hyper-cash* stores were almost stable at 1%, while revenues generated by *gas stations* suffered from the lockdown period, with a significant drop of -37%.

The continued growth in earning power

The activity growth was reflected in an upward acceleration of the EBITDA by 15.2% to MAD 910 Mn, i.e. an EBITDA margin of 8.3%, up 0.7 pt. At the origin of this performance, an improvement in purchasing conditions combined with good control of operating expenses.

The NIGS increased by 5.9% to reach MAD 330 Mn versus an initial estimate of MAD 352 Mn. This less sustained growth than that of the EBITDA is due to the amortization of the donation to the Covid-19 fund of MAD 50 Mn and non-current expenses related to the management of the pandemic.

Raising the DPS to MAD 60, a positive signal for 2021

In 2020, Label Vie raised its DPS by 6.5% to MAD 60. This increase remains in line with that of profits, especially since we are witnessing a lag in CAPEX under the effect of the health crisis.

Maintaining of our BUY recommendation

We maintain our **BUY** recommendation of the stock with a target price of MAD 3,847, i.e. an upside of 19%. Revenue growth will be sustained in 2021 by the solid expansion of the distribution network with 20 new openings in comparison to 5 in 2020.

LABEL VIE: CONSOLIDATED RESULTS 2020 VS. AGR INITIAL FORECASTS

IN MAD MN	2019R	2020R	VAR 19/20	AGR 20E	VAR 20E	AR 2020 ⁽¹⁾
Consolidated Revenue	10 396	11 012	+5.9%	11 370	+9.4%	97%
EBITDA	790	910	+15.2%	842	+6.6%	108%
EBITDA Margin	7.6%	8.3%	+0.7 pt	7.4%	-0.2 pt	-
EBIT	466	541	+16.1%	513	+10.1%	105%
EBIT Margin	4.5%	4.9%	+0.4 pt	4.5%	-	-
Reported NIGS	312	330	+5.9%	352	+12.8%	94%
Net margin	3.0%	3.0%	-	3.1%	+0.1 pt	-
DPS (MAD)	56.36	60.0	+6.5%	56.36	-	106%

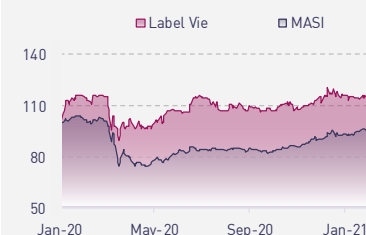
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STOCK EVOLUTION (BASIS 100)



MARKET INDICATORS

Performances (%)	1 M	3 M	12 M
Label Vie	2.2	5.6	1.6
MASI	-0.1	6.6	-6.6

ADV (MAD Mn)	1 M	3 M	12 M
Label Vie	5.6	6.5	6.4
MASI	101	142	123

Capitalization	As at 02/19/2021
In MAD Mn	9 141
In \$ Mn	1 026

Prices at 02/19/2021

(1) Achievement's rate, i.e. 2020R results/ AGR annual forecasts

Sources : Label Vie 2020 Financial Statements, AGR Computations & Estimates



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