

UNDER VALUATION

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

LABEL VIE

Sector	RETAIL
Reuters	LBV.CS
Bloomberg	LBV MC

UNDER VALUATION

Current Price	MAD 4,300
Upside	-
Investment Horizon	-

A CONTINUED GROWTH DYNAMIC DURING FY 2021

A sustained growth on a comparable scope

After a -10.2% drop in Label Vie's revenue during Q1-21 following the effect of over-stocking which marked the Q1-20, the distributor showed a recovery of +9.6% of its revenue at the end of this 2nd quarter. In H1-21, the Group's consolidated revenue shows a slight decline of -1.0% to MAD 5,326 Mn. This is an achievement rate of 45% compared to our initial forecasts which anticipated an annual revenue of MAD 11,893 Mn.

As an indication, Label Vie half year sales show a growth rate of +13.7% compared to H1-19. This is a reference period before the health crisis. This sustained growth in the activity stems from the dynamic observed in the three Group segments, namely Hypermarkets (+29%), Hyper Cash Atacdao (+11%) and Supermarkets (+10%).

The non-recurring income weighs on the earning power

Despite an overall unfavorable base effect in H1-21, Label Vie managed to improve its EBITDA by +1.6% to MAD 421 Mn. This represents an EBITDA margin of 7.9%, up +0.2 point compared to H1-20. This is attributed to the good control of the "COGS" item due to the operator's better negotiating capacity with its suppliers. Operating income fell by -5.7% to MAD 224 Mn under the effect of the operator's continued efforts in terms of developing its distribution network.

For its part, the NIGS shows a stronger decrease of -16.3% to MAD 160 Mn against an annual AGR forecast of MAD 371 Mn. This is an achievement rate of 43%. This is due to the drop in non-recurring income by MAD 21.3 Mn, from MAD -11.8 Mn in H1-20 to MAD -33.0 Mn in H1-21.

Resumption of openings dynamic after an unfavorable FY 2020

After the opening of only 5 new stores throughout 2020 due to the health crisis, Label Vie is stepping up its investments through the inauguration of 29 points of sale in 2021. These are divided into 11 new stores in H1-21 and 18 planned for H2-21. The Group's distribution network should therefore reach 138 units in 2021.

LABEL VIE : CONSOLIDATED RESULTS IN H1-21 VS. AGR INITIAL FORECASTS 2021

IN MAD MN	H1 2020	H1 2021	VAR	AGR 21E	AR 2021 ⁽¹⁾
Revenue	5,381	5,326	-1.0%	11,893	45%
EBITDA	414	421	+1.6%	980	43%
EBITDA margin	7.7%	7.9%	+0.2 pt	8.2%	-
EBIT	237	224	-5.7%	576	39%
EBIT margin	4.4%	4.2%	-0.2 pt	4.8%	-
Reported NIGS	191	160	-16.3%	371	43%
Net margin	3.6%	3.0%	-0.6 pt	3.1%	-

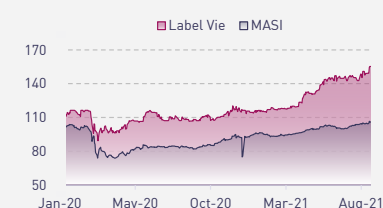
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STOCK EVOLUTION (BASIS 100)



MARKET INDICATORS

Performances (%)	1 M	3 M	12 M
LABEL VIE	5.3	7.5	46.3
MASI	1.9	3.2	28.0

ADV (MAD Mn)	1 M	3 M	12 M
LABEL VIE	5.5	5.6	6.5
MASI	140	181	140

Capitalization	As at 09/20/2021
In MAD Mn	12,208
In \$ Mn	1,359

Prices at 09/20/2021

[1] Achievement's rate, i.e. H1 2021 results/ AGR annual forecasts

Sources : Label Vie PR, AGR Computations & Estimates



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