

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 4,994
Upside	-
Investment Horizon	-

## AGGRESSIVE NETWORK EXPANSION..., EARNINGS GROWTH ABOVE FORECASTS

### A record opening of 27 stores in 2021

After a decline of -1.0% in H1-21, Label Vie recorded an important recovery in its activity in H2-21 of +14.2%. In this context, the Group's consolidated revenue rose by +6.8% in 2021 to MAD 11,758 Mn. These Achievements are in line with our initial forecasts which anticipated an increase in revenue of +6.5%. At the origin of this performance, the sustained development of the distribution network through the opening of 27 new stores in 2021 against only 5 in 2020. In more detail, these are 25 supermarkets, 1 hypermarket and 1 Atacadao. To this end, the Group had 136 points of sale at the end of December 2021.

### A profit above MAD 400 Mn..., higher than forecasts

In terms of profitability, the Group's gross margin stood at 20.6% compared to 20.0% in 2020, i.e. an increase of +0.6 point. This is attributed to the improvement of the distributor's bargaining power with regard to its suppliers reflected in the drop in the COGS/Revenue ratio of -0.7 point from 82.0% in 2020 to 81.3 % in 2021. In this context, the distributor's EBITDA crossed the threshold of MAD 1 Bn for the first time to MAD 1,037 Mn, i.e. an EBITDA margin of 8.8% against an average of 7.7% over the last 4 years.

The Group's NIGS shows a significant increase of +23.3% to MAD 407 Mn, higher than our initial estimate of MAD 360 Mn. This gap is largely explained by a better than expected improvement in Label Vie's financial income of MAD +29 Mn, rising from MAD -16 Mn in 2020 to MAD +13 Mn in 2021 under the positive effect of financial investment revenue.

Despite the increase in the DPS 2021 of +17.6% to MAD 70.4, the stock remains unattractive in terms of yield through a D/Y of 1.4%.

### Two main announcements during the analysts conference

In addition to the aggressive expansion of its distribution network, Label Vie should benefit from two main levers on the MT:

- The creation of a REIT during 2022 allowing it to generate a capital gain of MAD 267 Mn following the transfer of 17 operational assets and 6 under development;
- The implementation of a global digitization program by 2024 which should have a positive impact on margin levels.

### LABEL VIE : CONSOLIDATED RESULTS IN 2021 VS. AGR INITIAL FORECASTS

IN MAD MN	2020	2021	VAR 20/21	AGR 21E	VAR 21E	AR 2021 <sup>(1)</sup>
Revenue	11 012	11 758	+6.8%	11 728	+6.5%	100%
EBITDA	910	1 037	+13.9%	939	+3.1%	110%
EBITDA margin	8.3%	8.8%	+0.6 pt	8.0%	-0.3 pt	-
NIGS	330	407	+23.3%	360	+8.9%	113%
Net margin	3.0%	3.5%	+0.5 pt	3.1%	+0.1 pt	-
DPS (MAD)	59.88	70.40	+17.6%	59.88	-	118%

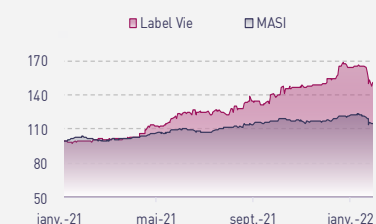
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### STOCK EVOLUTION (BASIS 100)



### MARKET INDICATORS

Performances (%)	1 M	3 M	12 M
LABEL VIE	-5.8	5.9	55.1
MASI	-9.4	-4.2	11.8

ADV (MAD Mn)	1 M	3 M	12 M
LABEL VIE	5.1	8.7	7.8
MASI	191	231	178

Capitalization	As at 03/08/2022
In MAD Mn	14 178
In \$ Mn	1 421

Prices at 03/08/2022

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

Sources : Label Vie PR, AGR Computations & Estimates



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