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## 1H 2017 Results

Conference call – August 4, 2017



# Important information



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The Group's business is also correlated to tourism flows. Q1 and Q4 represent the low point of the business year, whereby Q2 and Q3 the peak of the seasonality. Therefore quarterly sales, operating results, trade net working capital and net financial indebtedness are impacted by the seasonality and may not be directly compared or extrapolated to obtain forecasts of year-end results.

# 1H 2017 - Highlights

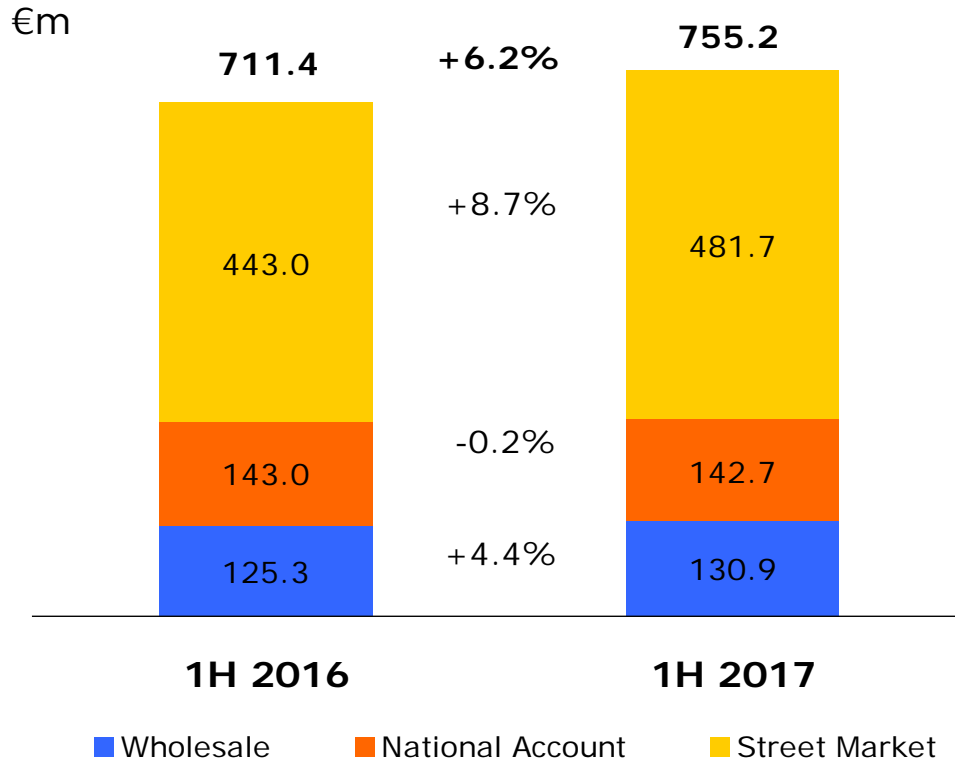


- After the first six months Net income reached 27.3€m (25.4€m in 2016).  
Revenues and profitability also increased

€m	1H 2016	<b>1H 2017</b>
Total Revenues	722.8	768.5
EBITDA	49.5	50.8
EBIT	41.5	41.7
Net income	25.4	27.3

- Increase of Trade NWC (231.8€m as at 30 June 2017 compared to 219.6€m of the previous year) was correlated to the sales growth
- Net debt as at 30 June 2017 was of 209.0€m and compared to 201.8€m at the end of 1H 2016 was also affected by the price for the acquisition of Specca (7.3€m)

# 1H 2017 - Sales



## Growth breakdown

	Organic	Acquisition*
Street Market	+5.9%	+2.8%
National Account	-0.2%	---
SM+NA	+4.4%	+2.1%
Wholesale	+4.4%	---
<b>Total sales</b>	<b>+4.4%</b>	<b>+1.8%</b>

\* Consolidation of DE.AL. since 4 April 2016 and of Speca since 1 January 2017

- Increase in the Street Market segment also benefited from the contribution of the acquisitions of DE.AL. and Speca
- Performance of the National Account segment is on track with the objectives for the year
- Growth in the Wholesale segment was helped by inflation in Seafood category

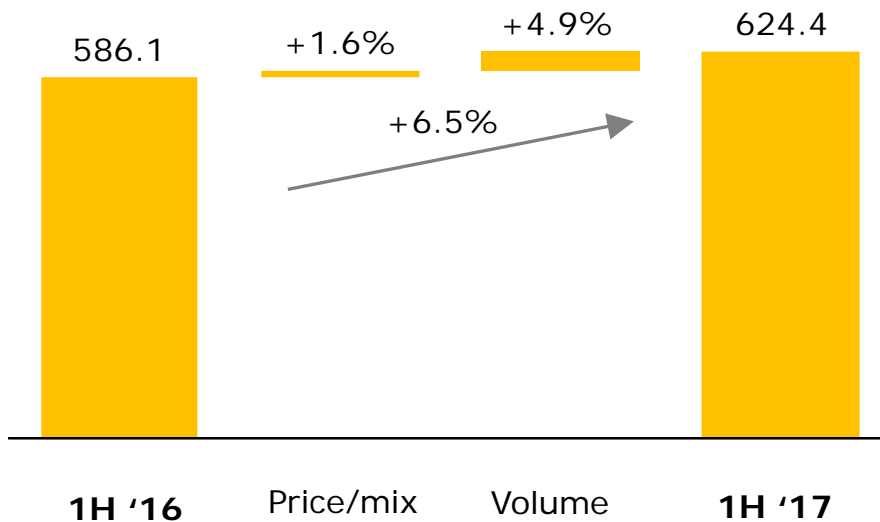
# 1H 2017 - Sales (Price mix/volume trend)



## Street Market - National Account

€m

client segments



% change vs PY	Price/mix		Volume	
	1Q '17	1H '17	1Q '17	1H '17
<b>SM+NA</b>	<b>+1.0</b>	<b>+1.6</b>	<b>+7.1</b>	<b>+4.9</b>
<i>of which by main product categories:</i>				
Grocery	-0.8	<b>+0.2</b>	+7.6	<b>+4.9</b>
Meat	-0.6	<b>-0.1</b>	+6.5	<b>+4.8</b>
Seafood	+4.4	<b>+4.8</b>	+5.8	<b>+4.5</b>

- Growth of combined Street Market and National Account was volume driven and positively affected by the consolidation of DE.AL. and Speca
- Increasing inflationary trends in Seafood (i.e. octopus, squid and cuttlefish) plus sharp rebound during 2Q in prices of some product families of Grocery (i.e. olive oil, cheese and cured meat) and Meat (i.e. pork) drove overall Price/mix of 1H to +1.6%, but these dynamics made the updating of the Price list at the beginning of the Summer season challenging

# 1H 2017 - Income statement



€m	1H 2016	%	1H 2017	%
<b>Total Revenues</b>	<b>722.8</b>	100.0%	<b>768.5</b>	100.0%
COG's	(565.2)	-78.2%	(607.2)	-79.0%
Services costs	(83.8)	-11.6%	(85.7)	-11.2%
Other operating costs	(5.5)	-0.8%	(5.7)	-0.7%
Personnel costs	(18.7)	-2.5%	(19.1)	-2.5%
<b>EBITDA</b>	<b>49.5</b>	6.9%	<b>50.8</b>	6.6%
D&A	(2.7)	-0.5%	(3.2)	-0.4%
Provisions	(5.3)	-0.7%	(6.0)	-0.8%
<b>EBIT</b>	<b>41.5</b>	5.7%	<b>41.7</b>	5.4%
Net interest	(3.3)	-0.4%	(3.2)	-0.4%
<b>Profit before tax</b>	<b>38.2</b>	5.3%	<b>38.5</b>	5.0%
Taxes	(12.8)	-1.8%	(11.2)	-1.4%
<b>Net Income</b>	<b>25.4</b>	3.5%	<b>27.3</b>	3.6%

Increase in Price/mix with ensuing temporary delay in updating the Price list affected the gross margin. However incidence of the volume related operating costs (e.g. transportation) was diluted

Increase of depreciation was due to investments and acquisitions. Cautious provisioning for bad debts was confirmed

- At the end of the first six months all economic indicators increased and Net Income also benefited from the reduction of IRES taxation

# 1H 2017 – Trade NWC and Net Debt



31.03.16	31.03.17	change	€m	30.06.16	30.06.17	change
376.9	385.9	9.0	Accounts Receivable	434.5	442.0	7.4
111	106	(6)	Days	108	104	(4)
138.0	169.4	31.4	Inventory	155.6	180.1	24.4
51	58	7	Days	50	53	3
(256.3)	(285.9)	(29.6)	Accounts Payable	(370.6)	(390.3)	(19.7)
95	98	3	Days	118	116	(2)
<b>258.6</b>	<b>269.5</b>	10.9	<b>Trade Net Working Capital</b>	<b>219.6</b>	<b>231.8</b>	12.2
67	66	(1)	Cash conversion cycle (Days)	40	41	1

- As at 30 June 2017, and compared to trend as at 31 March last, improvement of *DSO* was confirmed and increase of Inventory related to stocking policies in frozen Seafood is fading with the beginning of the Summer season. All in all the *Cash conversion cycle* remains stable

31.03.16	31.03.17	change	€m	30.06.16	30.06.17	change
(10.6)	(24.5)	(13.9)	Short-term Net debt	(29.3)	(16.7)	12.6
(177.2)	(200.8)	(23.5)	Long-term debt	(172.5)	(192.2)	(19.7)
<b>(187.8)</b>	<b>(225.2)</b>	(37.4)	<b>Net Debt</b>	<b>(201.8)</b>	<b>(209.0)</b>	(7.2)

- Net debt and maturity remain in line with the objectives



- Sales of the first seven months are in line with the objectives and have been driven by the Street Market segment performance, positive also in July and with a recovery in the gross margin that confirms the trend that started in the second half of June
- According to recent data (*Ufficio Studi Confcommercio, July 2017*) the increase of consumption (in quantity) for “Hotels stays, meals and Out of Home food consumption” in Italy in the 1H 2017 was at about +2.5%. Sales trend of the Street Market in July is confirming the positive momentum of the reference market
- Initiatives for increasing the level of “Specialization” through Private labels and product innovation are continuing , e.g. the recent launch of “Ittico gourmet”, a premium seafood product line with products including service such as portioned tartare of Sicilian red shrimp







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