GRUPPO MARR

MARR

dove c'è ristorazione

1972-2022 50 anni

9M 2023 Results

Conference call – November 14, 2023

La natura ci guida

Important information

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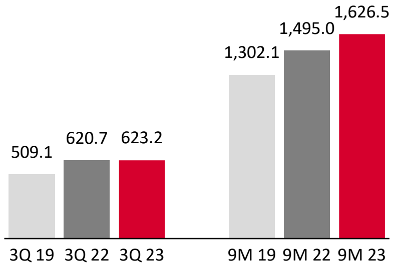
The information in this presentation could include forward-looking statements which are based on current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about the Company and its subsidiaries and investments; including, among other things, the development of its business, trends in its operating industry, and future capital expenditures and acquisitions. In light of these risks, uncertainties and assumptions, the events in the forward-looking statements may not occur. No one undertakes to publicly update or revise any such forward-looking statements.

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.

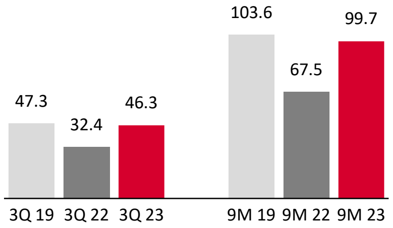
Financial highlights *as at 30 September 2023*

€m

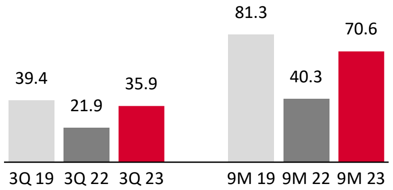
Total Revenues



EBITDA

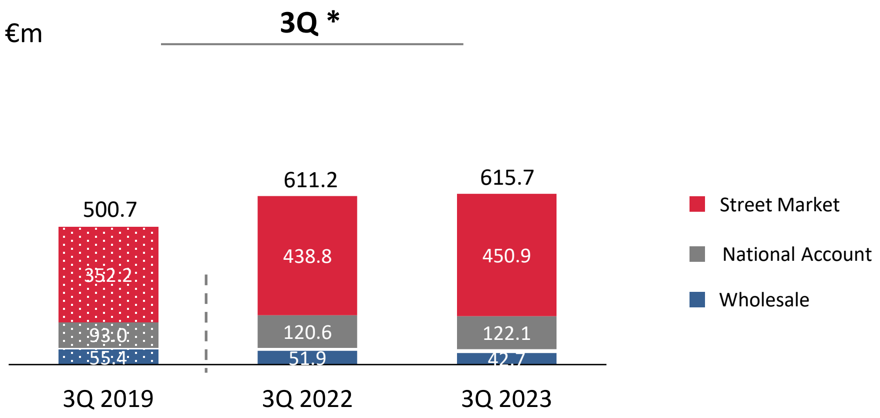


EBIT



- **Total Revenues** in 3Q 2023 (623.2€m) strengthened the growth on 3Q 2022 (620.7€m vs 509.1€m in 2019) and were achieved in a 2023 tourism summer season below expectations. Solid growth achieved over the 9 months period (1,626.5€m vs 1,495.0m in 2022) with accelerating food inflation from 2Q 2022 and easing in 2Q 2023 and further in 3Q 2023. Worth reminding that 1Q 2022 was influenced by the tail-end of the pandemic
- **Operating profitability** (EBITDA and EBIT) at the end of 9M 2023 confirmed the improvement on 2022. EBITDA in 3Q 2023 (46.3€m) is close to that of 3Q 2019 (47.3€m), mainly due to the recovery of the Gross Margin, thanks to a better pass-through of food inflation, and also to the decrease of energy costs
- **Net Result** as at 30 September 2023 amounts to 40.5€m (24.7€m in 9M 2022) and is affected by the increase of financial charges resulting from the rise in the cost of debt started in 2H 2022
- **Trade Net Working Capital** as at 30 September 2023 amounts to 155.2€m and remains under control compared to 198.6€m as at 30 June 2023 and to 150.1€m as at 30 September 2022

Sales – 3Q 2023

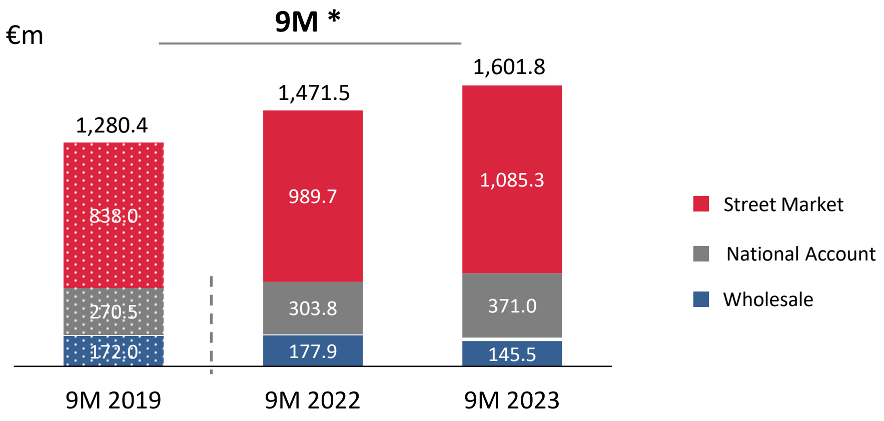


- 3Q 2023, albeit with differences by territory and consumption segments, witnessed a lower than expected domestic tourism demand, particularly in the months of July and August
- According to the Federalberghi Observatory - ISTAT (November, 2023) hotel stays recorded, in the June-September 2023 period, a drop of 3.9% on 2019 while, in the July-September 2022 period, stays increased by 4.1% on 2019 (Federalberghi Observatory, November 2022)
- Confcommercio Research Office (October, 2023) reported in 3Q 2023 a decrease in consumption (by quantity) of 1.3% on 2022 for “Hotels, meals and out-of-home food consumption”

- Sales to Street Market and National Account clients thus amounted to 572.9€m and strengthened the growth on 559.4€m of the period 2022 (445.2€m in 2019). Worth reminding that 3Q 2022 saw strong inflation dynamics whereas volumes were close to pre-pandemic 2019 levels
- Sales to "Wholesale" (frozen caught seafood products to wholesalers) in 3Q 2023 were affected by a supply policy implemented while awaiting a clearer evolution of price dynamics and by a fishing campaign which, compared to the same period in 2022, took place at the end of the quarter with effects partly falling on the following month of October

(*) Starting from 2021 some reclassifications were made between client segments, in particular some structured customers were reclassified from the Street Market to the National Account, therefore 2019 sales data by client segments were restated for comparison with 2022 and 2023. Some small reclassification have also been done on 2022 data for comparison with 2023.

Sales – 9M 2023



- Sales in 9M 2023 reached 1,601.8€m and compared to 1,471.5€m of 2022 were also affected by inflationary dynamics, accelerating from 2Q 2022 and progressively decelerating from 2Q 2023. The inflation on 9M 2023 was also mitigated by trading down phenomena which, albeit in different ways, affected all customer segments

- Sales to Street Market and National Account clients in 9M 2023 amounted to 1,456.4€m, increasing by 12.6% compared to 1,293.5€m in the same period of 2022
- Based on the findings of the Confcommercio Research Office (Congiuntura n. 9, October 2023) consumption by quantity, therefore excluding the inflation component, of the item "Hotels, meals and out-of-home consumption" in Italy has grown compared to the same period of 2022 by 17.4% in 1Q 2023 and by 4.8% in 2Q 2023, while in 3Q 2023 declined by 1.3%
- 9M sales reduction in the Wholesale segment on 9M was affected in 1H by a product (caught seafood) unavailability and in 3Q by the commented dynamics. In this segment MARR continues to operate preserving quality and quantity of procurement process and the margins, related to the process of product segmentation through targeted sales activities

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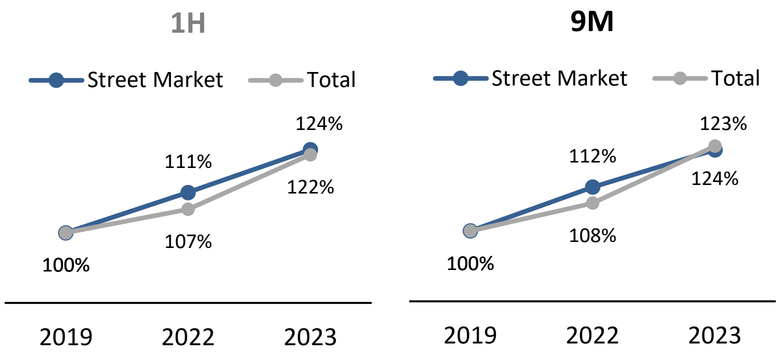
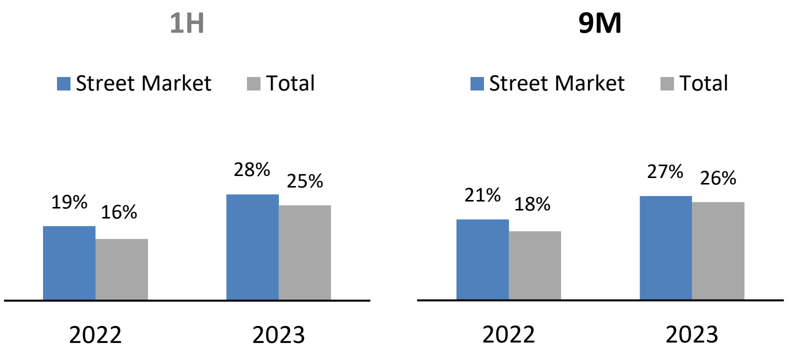
Prices and GM dynamics *as at 30 September 2023*

€/kg Gross Margin trend - *basis 100%* on 2019



€/kg price change - on 2019



- In relation to the across-the-board food inflation affecting the foodservice sector since 2Q 2022 and decelerating now, the related pass-through process implemented by MARR has been effective with different speeds by client segments
- The above trends in terms of increase of the Gross Margin in €/kg and of €/kg prices, show that all client segments are re-aligning along the path of the Street Market trend that witnessed a quicker pass-through process of the prices
- As a result of this process, GM recovery vs 2022 accelerated at the end of 9M 2023 period compared to that of 1H 2023

Income statement *as at 30 September 2023*

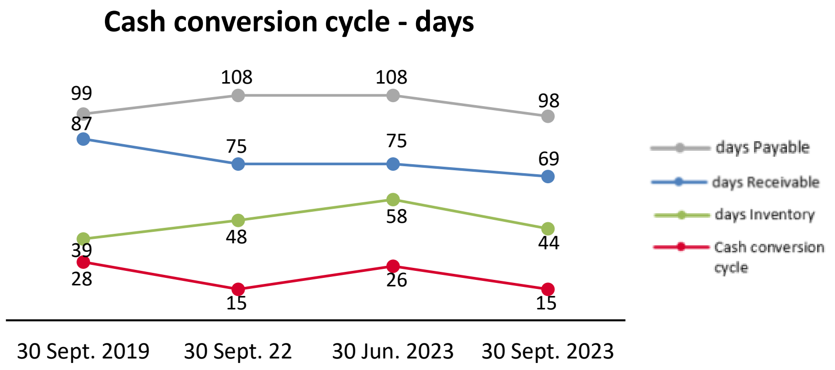
3Q 19	%	3Q 22	%	3Q 23	%	€m	9M 19	%	9M 22	%	9M 23	%
509.1	***100.0%***	**620.7**	***100.0%***	**623.2**	***100.0%***	**Total revenues**	**1,302.1**	***100.0%***	**1,495.0**	***100.0%***	**1,626.5**	***100.0%***
(395.1)	*-77.6%*	(495.7)	*-79.9%*	(489.4)	*-78.5%*	Cost of goods sold	(1,020.4)	*-78.4%*	(1,195.6)	*-80.0%*	(1,289.5)	*-79.3%*
(56.9)	*-11.2%*	(81.0)	*-13.0%*	(75.1)	*-12.1%*	Services	(147.8)	*-11.3%*	(196.9)	*-13.2%*	(199.8)	*-12.3%*
(0.5)	*-0.1%*	(0.5)	*-0.1%*	(0.6)	*-0.1%*	Other operating costs	(1.6)	*-0.1%*	(1.7)	*-0.1%*	(1.9)	*-0.1%*
(9.3)	*-1.8%*	(11.2)	*-1.8%*	(11.7)	*-1.9%*	Personnel costs	(28.8)	*-2.2%*	(33.4)	*-2.2%*	(35.5)	*-2.2%*
47.3	***9.3%***	**32.4**	***5.2%***	**46.3**	***7.4%***	**EBITDA**	**103.6**	***8.0%***	**67.5**	***4.5%***	**99.7**	***6.1%***
(3.9)	*-0.8%*	(5.1)	*-0.8%*	(5.2)	*-0.8%*	D&A	(11.5)	*-0.9%*	(14.8)	*-1.0%*	(15.2)	*-0.9%*
(4.0)	*-0.8%*	(5.4)	*-0.9%*	(5.2)	*-0.8%*	Provisions	(10.8)	*-0.8%*	(12.4)	*-0.8%*	(13.9)	*-0.9%*
39.4	***7.7%***	**21.9**	***3.5%***	**35.9**	***5.8%***	**EBIT**	**81.3**	***6.2%***	**40.3**	***2.7%***	**70.6**	***4.3%***
(1.2)	*-0.2%*	(2.2)	*-0.4%*	(4.9)	*-0.8%*	Net interest and ForEx	(4.1)	*-0.3%*	(5.0)	*-0.3%*	(13.4)	*-0.8%*
0.0	*0.0%*	(0.4)	*-0.1%*	0.0	*0.0%*	Non-recurring items	0.0	*0.0%*	(0.4)	*-0.1%*	0.0	*0.0%*
38.2	***7.5%***	**19.3**	***3.1%***	**31.0**	***5.0%***	**Result before taxes**	**77.2**	***5.9%***	**34.9**	***2.3%***	**57.2**	***3.5%***
(10.9)	*-2.1%*	(5.1)	*-0.8%*	(9.1)	*-1.5%*	Taxes	(22.2)	*-1.7%*	(10.1)	*-0.6%*	(16.7)	*-0.9%*
27.3	***5.4%***	**14.2**	***2.3%***	**21.9**	***3.5%***	**Net Result**	**55.1**	***4.2%***	**24.7**	***1.7%***	**40.5**	***2.5%***

- In the core 3Q the recovery process of GM accelerated
- Incidence reduction of Service Costs compared to 2022 also benefited from energy costs decrease
- Operating profitability in 3Q continued to recover compared to the 2019 pre-pandemic levels in absolute value

Trade NWC *as at 30 September 2023*

Trade NWC

€m	30.09.19	30.09.22	30.06.23	**30.09.23**
Accounts Receivable	421.0	414.8	420.7	413.3
Days	*87*	*75*	*75*	*69*
Inventory	148.1	213.4	259.7	209.4
Days	*39*	*48*	*58*	*44*
Accounts Payable	(375.0)	(478.2)	(481.8)	(467.5)
Days	*99*	*108*	*108*	*98*
Trade NWC	**194.1**	**150.1**	**198.6**	**155.2**
Cash conversion cycle (Days)	*28*	*15*	*26*	*15*



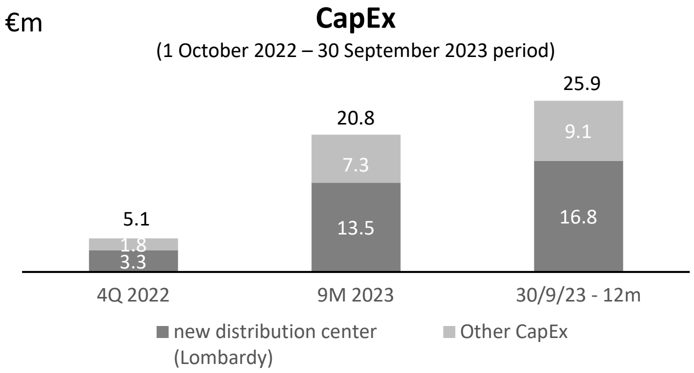
- Trade NWC as at 30 September 2023 decreases on that as at 30 June last and in terms of days confirms the improvement achieved as at 30 September 2022 on the same period of 2019
- Thanks to disciplined management of credit, improvement of DSO has been further confirmed as at 30 September 2023
- Inventory as at 30 September 2023 decreases by ca 50€m on 30 June last and also on the same period of 2022, improving also in terms of days

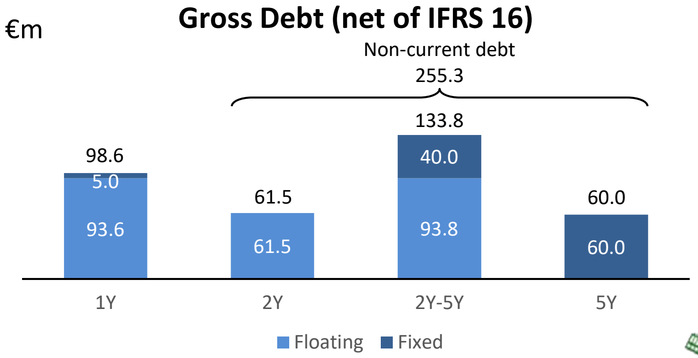
Net Debt *as at 30 September 2023*

Net Debt

€m	30.09.19	30.09.22	30.06.23	**30.09.23**
Liquidity	242.1	247.6	195.3	217.8
Short-term Net debt	(192.3)	(124.2)	(128.0)	(89.1)
Long-term debt	(178.3)	(230.1)	(239.7)	(254.1)
Net Debt before IFRS 16	**(128.5)**	**(106.7)**	**(172.4)**	**(125.3)**
IFRS 16 effect	(56.2)	(80.9)	(77.7)	(76.5)
Net Debt	**(184.7)**	**(187.7)**	**(250.1)**	**(201.9)**

- Net debt before IFRS 16 as at 30 September 2023 amounts to 125.4€m (172.4€m as at 30 June 2023). Over the last 12M period, 25.9€m have been invested of which 16.8€m for the new distribution center in Lombardy
- The fixed portion of Gross Debt (net of IFRS 16) as at 30 September 2023 amounts to 105€m (ca 30% of total indebtedness)





Current trading

- Sales performance of October 2023 vs October 2022 in the Street Market and National Account client segments accelerates the growth dynamic compared to 3Q 2023, also thanks to favorable weather for out-of-home food consumption
- The performance in the Big Cities and Cities of Art was particularly positive, as they continued to benefit from a better trend in foreign tourism than that of the domestic component
- Thanks to the growth in sales and margins in the month of October, 4Q had a positive start, with some signs of softening of the demand in consumption, which seasonally reaches the highest levels of the period in the month of December
- In this context, the activities undertaken by the MARR Group aimed at recovering operating profitability continue, with the aim of strengthening the improvement achieved in the first ten months, which is in line with the growth objectives for the year
- Furthermore, the focus on controlling the levels of absorption of trade working capital remains high

Against a background of trading down and easing of food product inflation, MARR continues with actions aimed at growing and gaining market share by fostering client loyalty through targeted proposals such as fresh products, local products and ethnic selections

Progress of investment Plan

- The **investment Plan**, aimed at **improving** the **efficiency** of the logistics network and at **strengthening operating capacity** to support **organic growth** in the M/L term, is well underway with the construction of the new distribution center in Bottanuco where distribution activities are expected to start in 1H 2024

- Summary of main extraordinary investments:
  - **Bottanuco – distribution center** (+14k sqm) aimed at increasing the level of service in **Lombardy** (main Italian region for out-of-home). CapEx expected: ca 28€m (21€m carried out as at 30 September 2023)
  - **Ospedaletto – platform** (ca40k sqm) with 2 functions: i) stocking platform with high level of **automation** and distribution activities towards **MARR's distribution centres** in **Central/Northern Italy** thereby redesigning the current logistic framework; ii) dedicated distribution unit for **National Account clients**. Works will start in 2024 and are expected to be completed in 2026
  - **Lazio – platform** (+30k sqm) under a **standard lease**. Facility aimed at managing distribution activities towards **MARR's distribution centres** in Central/Southern Italy and dedicated service for **National Account clients**. Through the new Lazio platform **current logistics activities** in the area will be **redesigned** and **strengthened**. Works are expected to be completed in 2024 with start of operations in 1H 2025
  - **Puglia – distribution center** (ca9k sqm) under a **standard lease**, aimed at fostering growth in an important touristic area and substituting the current facility. Works are expected to be completed in 2024 with start of operations in 1H 2025

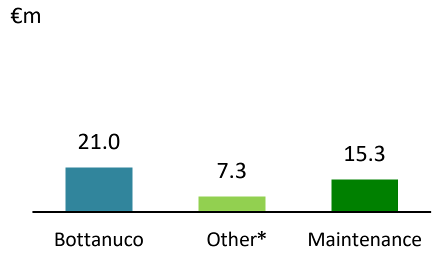
Progress of investment Plan

CapEx plan update

CapEx carried out

(1 January 2021 – 30 September 2023)

43.6€m



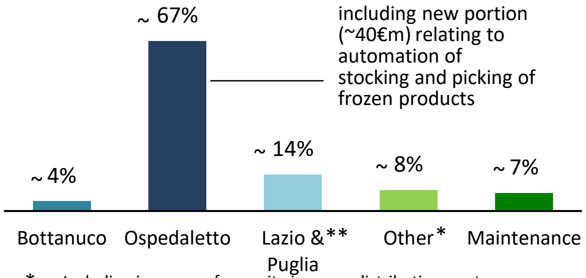
* Including increase of capacity in some distribution centers

CapEx to be carried out

(1 October 2023 – 31 December 2024, plus completion in 2025 and 2026 of Ospedaletto platform)

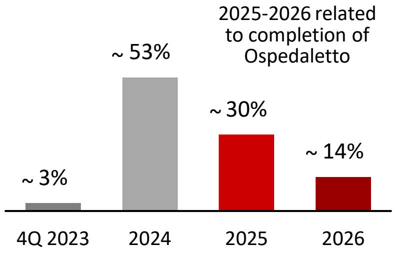
ca 185€m

by project



* Including increase of capacity in some distribution centers
** mainly related to refrigeration plants and equipment added to facilities in renting

by year



- **Revamping** of the 170€m **2021-2024 CapEx plan** announced on 6 October 2021 is due to: i) the introduction in the **Ospedaletto platform** of a high level of **automation** for a CapEx of ca 40€m and from which a significant **improvement of efficiency** is expected to be gained; ii) the widening of the **Lazio platform** project in order to benefit from **logistic redesign in the region**; iii) the adjustment of operating capacity of **Puglia** distribution center on the basis of **growth opportunities** in the area; iv) the optimization of the project for the **Bottanuco** distribution center for achieving synergies through the **redesign of distribution activities** in the territory

Progress of investment Plan

CapEx plan, aimed at supporting M/L term organic growth with state-of-the art operating capacity, is expected to provide benefits in terms of:

i) **strengthening** of **organic growth**

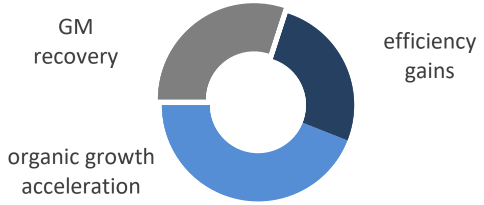
- increase of **level of service** for **Chains&Groups** clients
- increase of the **commercial proposal** in terms of greater **product segmentation**
- increase of **market share in Lombardy**
- **acceleration of organic growth** in target areas such as Lazio and Puglia

ii) **improvement** of **logistics-distribution efficiency**

- Redesign of **stocking**, **handling** and **picking** activities
- **reduction** of **external warehouses** for stocking goods
- **efficiency** in **transportation**

Benefits deriving from the **Investment Plan**, in addition to the **ongoing recovery** of the **Gross Margin**, are expected to **mitigate** the **structural increase** in **logistics costs** occurred in recent years, in order to revert towards **operating profitability** around **pre-pandemic levels**, once all these projects have been fully implemented

Contributions to operating profitability recovery



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