



1H 2020 Results

Conference call – August 3, 2020

dove c'è ristorazione



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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 2020 Summary

- 1H 2020 started well and after a period of blocking of Foodservice activities (over March-May period) ends with the month of June characterized by a positive recovery in demand
- The month of July also confirms the gradual return towards normality
- MARR confirms the strategic approach and the guidelines defined at the beginning of the pandemic with results achieved and prospective in line with expectations

Highlights

- Total revenues of 447.1 million in the first half with revenues in June equal to 64% of the same month of the previous year (73% in July)
- Positive EBITDA at the end of 1H (0.5€m) thanks also to the recovery seen in June
- In June (with the full month without constraints on the Foodservice activities) EPS reverts to positive; the accumulated (-0.21 Euros) suffers from the losses of the March-May period
- The solidity of the financial structure is confirmed with a Net Debt of 262.6€m decreasing compared to 275.4€m at the end of the 1Q



Since the beginning of the pandemic MARR has defined a strategic approach and related guidelines aimed at maintaining a strong relationship with its partners and the reference Market and based on **5 strategic priorities**:

1. Strengthening of liquidity
2. Tight management of operating costs
3. Consolidation of its leading position
4. Seizing new business opportunities
5. Further strengthening of competitive position



Strategic priorities details

- 1. Strengthening of liquidity:** as at 30 June 2020 liquidity exceeds 170€m, improving compared to about 128€m as at 31 March last. In addition financial institutions remain close to MARR granting it new loans for over 120€m (of which 20€m for refinancing)
- 2. Tight management of operating costs:** the careful use of the various labour law tools available allowed the containment of labour costs (ca -50% in 2Q). Within operating costs for that for electricity a saving close to 40% was obtained in 2Q
- 3. Consolidation of its leading position:** through product and commercial initiatives and guaranteeing a service modulated during the various and different phases of the lockdown and the subsequent progressive reopening. These actions ensured the correct response to the needs of the market within each specific moment and thanks to a peculiar business model oriented to be close to the Market and Customers
- 4. Seizing new business opportunities:** MARR promptly helped the development of business opportunities created from time to time for operators (food delivery, take away, etc.)
- 5. Further strengthening of competitive position:** as a consequence of the foreseeable market consolidation, as soon as the pandemic will recede and conditions will allow it





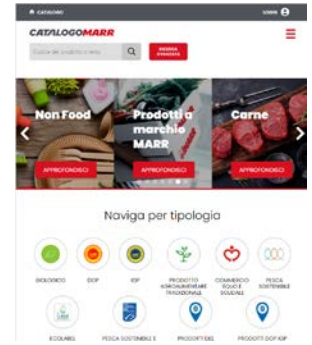
MARR close to the Market

The proximity to the Market and Customers passes through the logistics-distribution network and the sales organization representing the "**Touchpoint**" between the **Company** and the **Market** in the MARR business model

- The **logistics-distribution network** (including 35 distribution centers and more than 750 vehicles) ensures a nationwide coverage
- As for the **sales organization** (including more than 850 Sales Technicians) the last few months have validated the previous MARR choices based on a specific "phygital marketing" project combining the direct contact of the Customer with the Company ("physical") with the correct and balanced combination of skills and tools ("digital"). In particular, a **personal relationship between the Sales Technician and the Customer** allows for example to illustrate with adequate competence and depth new product lines also with high added value. This activity is accompanied by "digital" modalities equally important that allow, for example, to streamline re-ordering and administrative activities



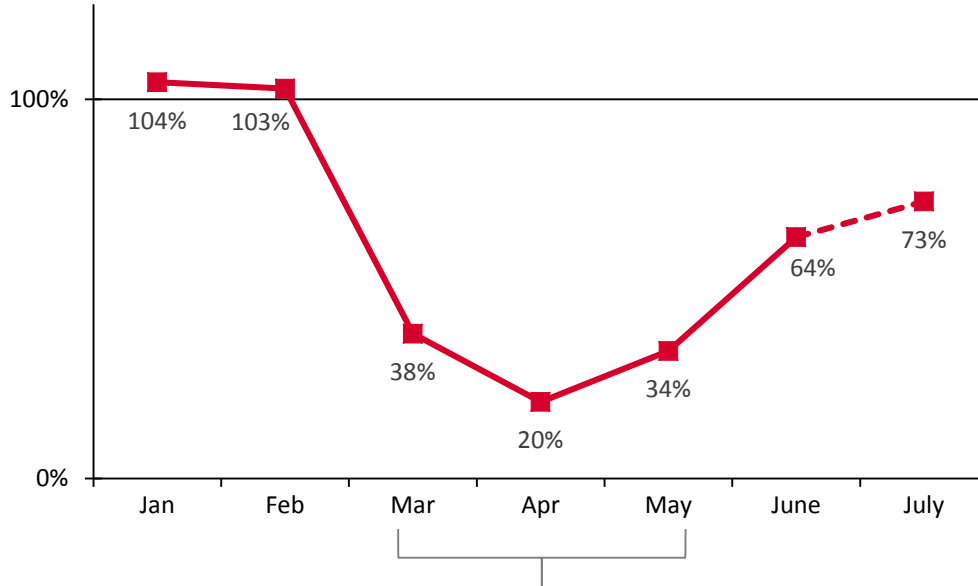
Recent restyling of the MARR's catalogue



This cross-approach continues to put the Customer at the center of attention - so that he can always feel "protected" and can be more focused on developing its business - also strengthening the loyalty resulting from the full satisfaction between Partner and Customer

1H 2020 – Total Sales trend

Total Sales by month – incidence on PY



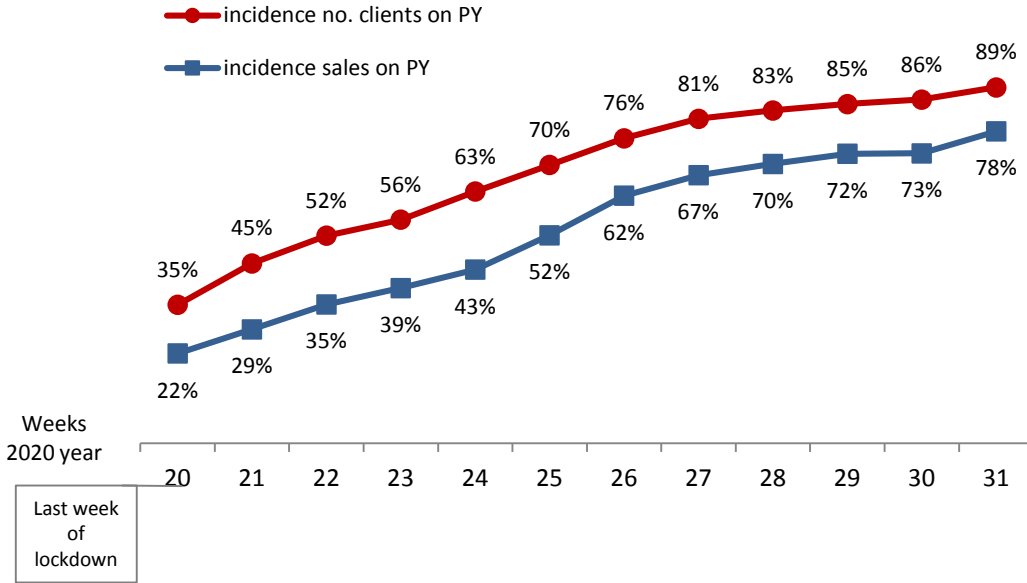
blocking of foodservice activities of Restaurants and Hotels from 16th March to 18th May

- In an Out-of-Home Food consumption that over the lockdown period (March-May) was affected by the blocking of foodservice activities with a sharp reduction compared to previous year, MARR continued to outperform its reference Market strengthening its position. According to *Confcommercio* data (July, 2020) consumption (in quantity) for “Hotels, meals and out-of-home food consumption” decreased -93% in April, -78% in May and -51% in June



Street Market and National Account segments recovery

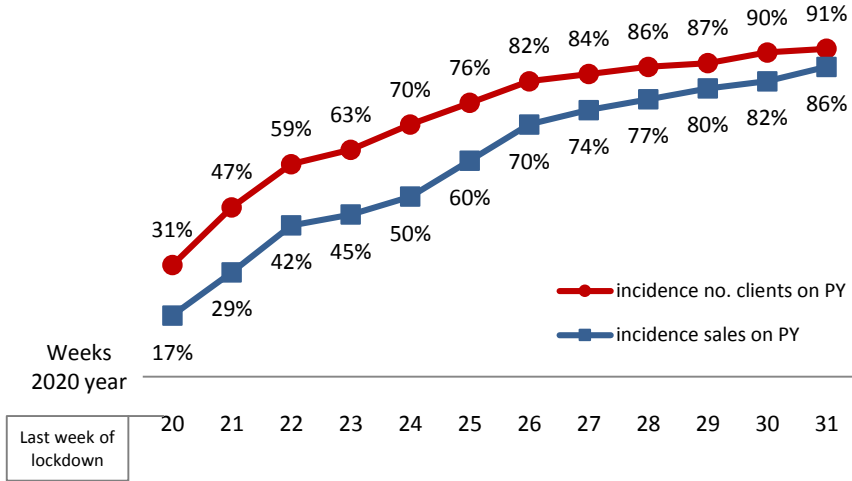
SM+NA Sales by week – incidence on PY



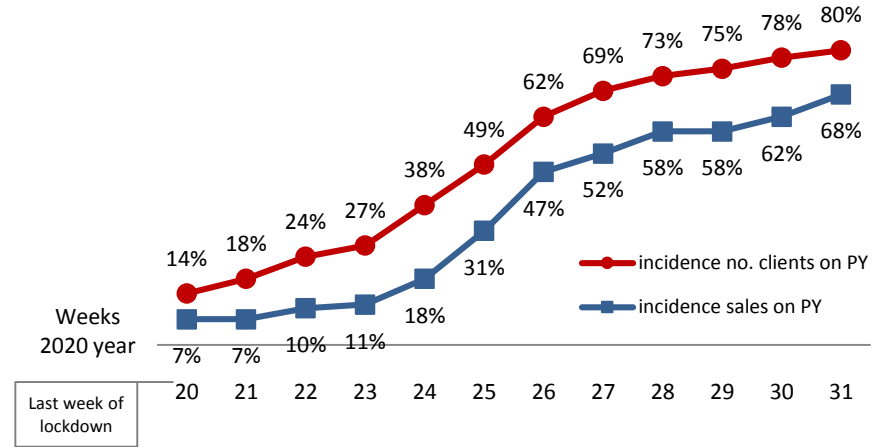
- With the reopening of foodservice activities starting from 18th May, the no. of clients served and the related sales recovered week by week
- MARR is now serving over 85% of its clients in the reference segments of Street Market and National Account (a % better than that indicated by recent sources). Clients served that are witnessing about 90% of their historic consumption

Restaurants and Hotels categories

Sales to Restaurants category
within SM and NA segments



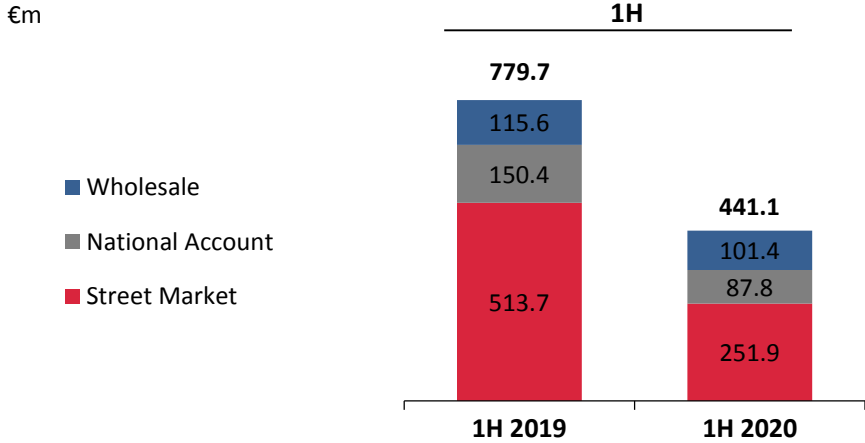
Sales to Hotels category
within SM and NA segments



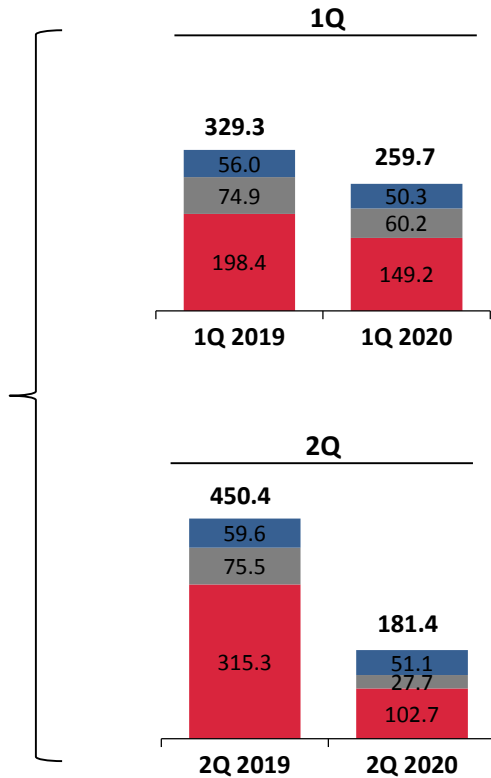
- Within categories, Restaurants have recovered faster than Hotels that have suffered the delay of Tourism sector
- Different performance can be outlined also in terms of territory: mountains, seaside and out-of-town better than Art cities



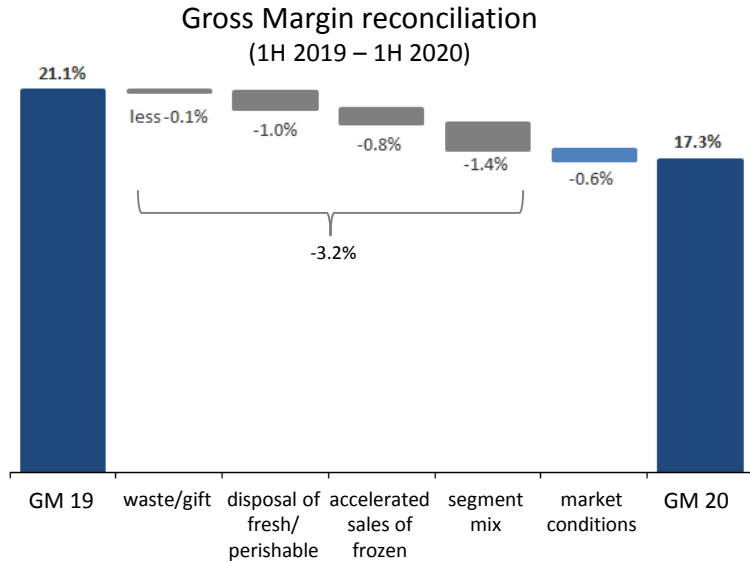
1H 2020 – Sales segments



- Sales performance of 1H 2020 was affected by the lockdown period (March-May) during which foodservice activities of restaurants and hotels within Street Market and National Account client segments were blocked
- Wholesale segment was affected also by both the exposure to the Retail sector and the accelerated sales of frozen seafood previously bought foreseeing a «normal» Season

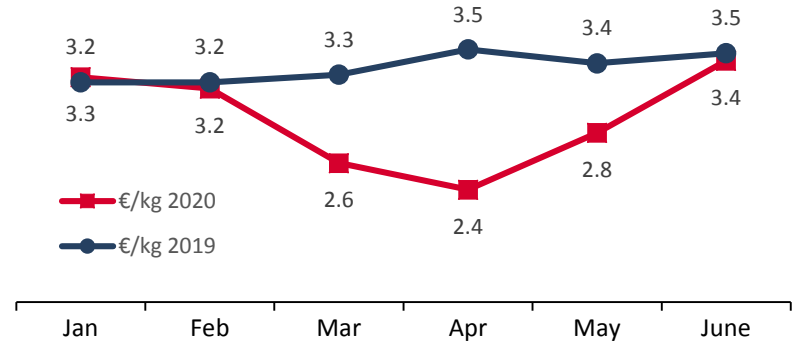


1H 2020 – dynamics in operating profitability



- Gross Margin was negatively impacted by also conservation of products, accelerated sales through the Wholesale channel and market conditions related to the situation

€/kg trend in Street Market and National Account segments



- During the lockdown the sales mix change within Street Market and National Account segments decreased the €/kg with consequent penalization in the dilution of the related operating costs



1H 2020 – Income statement

1H 2019	%	€m	1H 2020	%
793.0	100.0%	Total Revenues	447.1	100.0%
(625.3)	-78.9%	COG's	(369.6)	-82.7%
(90.9)	-11.5%	Services costs	(63.1)	-14.1%
(1.1)	-0.1%	Other operating costs	(0.9)	-0.2%
(19.4)	-2.5%	Personnel costs	(13.0)	-2.9%
56.3	7.1%	EBITDA	0.5	0.1%
(7.5)	-1.0%	D&A	(8.0)	-1.8%
(6.8)	-0.8%	Provisions	(8.9)	-2.0%
42.0	5.3%	EBIT	(16.4)	-3.7%
(2.9)	-0.4%	Net interest	(2.7)	-0.6%
39.1	4.9%	Profit before tax	(19.0)	-4.3%
(11.3)	-1.4%	Taxes	5.0	1.2%
27.8	3.5%	Net Result	(14.0)	-3.1%

- Operating profitability was affected by dynamics in the GM and operating costs
- Thanks to the careful recourse to the available labour law initiatives the Personnel costs were contained by over 6€m
- Provisions were cautiously increased
- Net Result at the end of the 1H is negative and affected by the performance in the March-May period but **in June the Net Result reverts to positive**



1H 2020 – Trade NWC and Net Debt

Trade NWC

31.03.19	30.06.19	€m	31.03.20	30.06.20
368.8	408.9	Accounts Receivable	337.5	333.7
173.6	184.1	Inventory	179.1	148.3
(289.6)	(386.9)	Accounts Payable	(227.7)	(204.0)
252.8	206.1	Trade NWC	288.9	278.0

2019 Accounts Receivable and Payable have been restated respectively net of Payable for rebates to clients and Receivable for premiums to suppliers previously accounted for in Others Payable and Receivable

Net Debt

31.03.19	30.06.19	€m	31.03.20	30.06.20
152.7	206.1	Liquidity	127.9	174.9
(121.8)	(159.3)	Short-term Net debt	(157.9)	(229.8)
(257.9)	(258.0)	Long-term debt	(245.3)	(207.8)
(227.0)	(211.2)	Net Debt	(275.4)	(262.6)

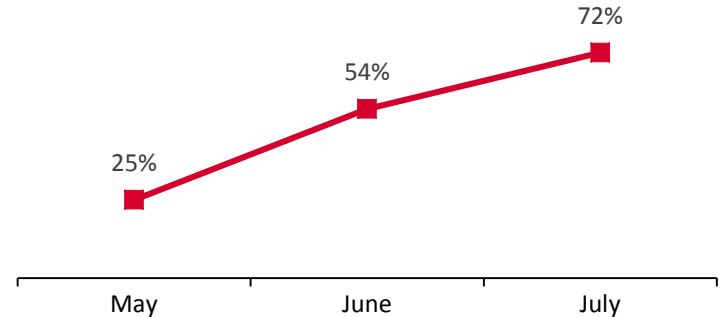
- Trade NWC decreased compared to 31 March last and mainly for the reduction of the Inventory
- Accounts receivable as at 30 June 2020 lack ca 40€m of securitization compared to previous year in relation to the decrease of sales to the structured clients
- Management guidelines of Trade NWC remain: i) credit collection and monitoring credit risk, with a selected approach for supporting the Market recovery, safeguarding the company assets; ii) turnover of inventory; iii) re-alignment of payable to receivable
- Compared to 31 March 2020 Liquidity increased and Net Debt decreased, therefore strengthening the financial solidity
- Short term portion at the end of 1H 2020 includes the temporary reclassification of ca 102€m of long term debt in relation to which a "holiday covenant" has been or is in the process of being obtained



Start of 3Q and outlook

- After the positive recovery in demand in June, the month of July represents a further step towards a gradual return to normality
- In the reference client segments of the Street Market and National Account, after a 1H with an average decrease in sales close to 50% compared to the same period of the previous year, the last three months have shown an increasing trend, that takes into account both the reopening of hotels and restaurants, but also MARR's ability to continue to outperform the market
- This also confirms the hypothesis, already presented in May, of a third quarter, and therefore the most important moment for national tourism activities, with legitimate expectations of recovery in consumption and with the consequent opportunity to bring the results for the period closer to those characteristic of previous years
- Therefore the expected progressive realignment of consumption to the values recorded in recent years is at the moment confirmed during the second half of next year

Sales to Street Market and National Account
Incidence on PY





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