Full Year 2017 Results

Conference call – March 14, 2018

da oltre 45 anni


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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.

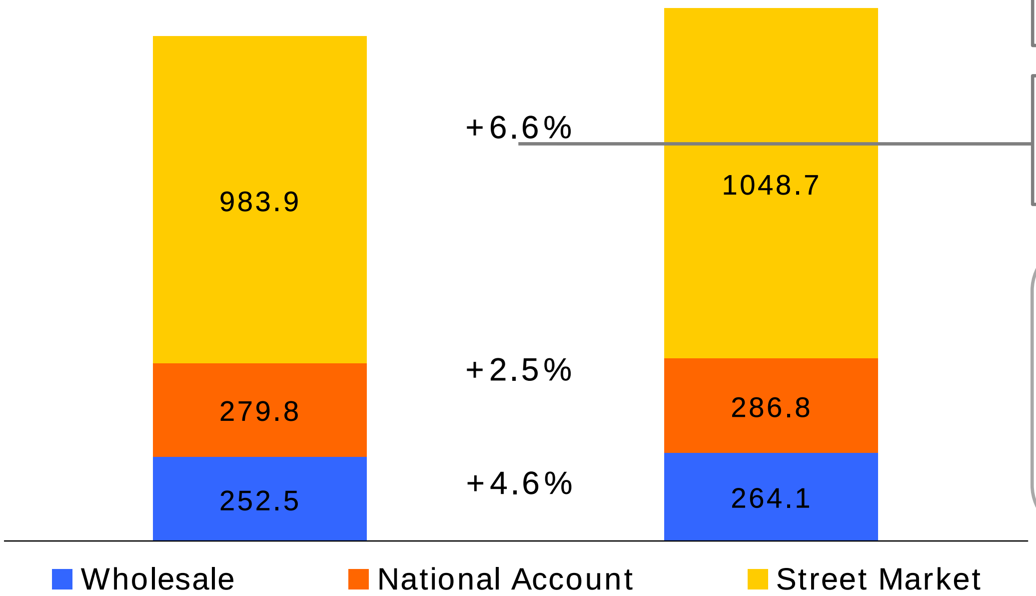
FY 2017 - Highlights

- **Total revenues** reached 1,624.6€m (1,544.4€m in 2016) and were driven by sales to clients of the Street Market segment
- **EBITDA and EBIT** reached respectively 116.0€m (111.0€m in 2016) and 97.0€m (92.7€m in 2016)
- **Net income** 65.5€m (58.5€m in 2016)
- **Trade NWC** amounted to 195.4€m, decreasing compared to 205.9 €m of 2016 year-end
- **Net Debt** was of 157.6€m (177.5€m at 2016 year-end) with a ratio of Net Debt on EBITDA of 1.4x (1.6x in 2016)
- **DPS proposal** 0.74€ with an increase of 4 cents compared with 0.70€ of the previous year

FY 2017 - Sales

	FY 2016	%ch	FY 2017
Total revenues	1,544.4	+5.2%*	1,624.6
Total sales	**1,516.2**	**+5.5%**	**1,599.5**

Organic +4.3%
Acquisition +1.2%



Organic +4.7%
Acquisition +1.9%

* in 2017 some commercial agreements for rebates from suppliers were redrafted and accordingly ca 5.5€m, that in 2016 were accounted for in the item «Other revenues», were moved to reduction of the COG's

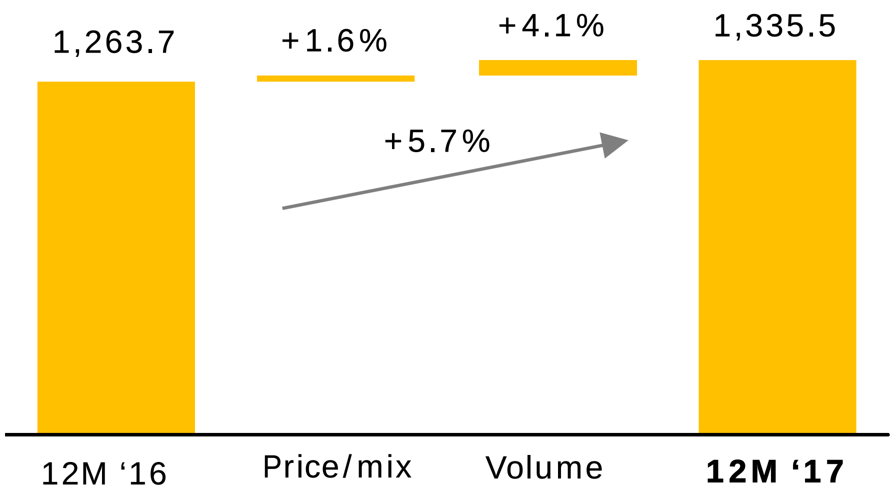
- 2017 Sales performance was positive in all client segments and in line with the objectives
- Acquisitions component of the sales growth was in Street Market segment only and amounted to 18.3€m deriving from the acquisitions of DE.AL. (April 2016) and Speca (January 2017)
- Organic growth in the Street Market was of +4.7%. In 2017 according to *Confcommercio* data (February 2018) consumption (in quantity) for "Hotels, meals and out of home food consumption" in Italy grew by 2.3%

FY 2017 - Sales (Price mix/volume trend)

Street Market - National Account

client segments

€m



% change vs PY	Price/mix 9M '17	Price/mix **12M '17**	Volume 9M '17	Volume **12M '17**
SM+NA	+1.5	**+1.6**	+3.6	**+4.1**
of which by main product categories:				
Grocery	+0.3	**+0.9**	+3.6	**+3.7**
Meat	+0.0	**+0.2**	+3.5	**+4.1**
Seafood	+4.5	**+3.9**	+2.8	**+3.6**

- Total growth in the segments of direct sales to clients of the Foodservice (i.e. Street Market and National Account) benefited from a positive component of Price/mix (+1.6%), that was essentially caused by inflation in the Seafood category and by more sales of value-added products for the other food categories

FY 2017 – Income statement

€m	FY 2016	%	**FY 2017**	%	% ch
Total Revenues	**1,544.4**	100.0%	**1,624.6**	100.0%	+5.2
COG's	(1,204.0)	-78.0%	(1,279.7)	-78.7%	
Services	(180.7)	-11.7%	(180.0)	-11.1%	
Other operating costs	(11.1)	-0.7%	(11.3)	-0.7%	
Personnel costs	(37.6)	-2.4%	(37.5)	-2.4%	
EBITDA	**111.0**	7.2%	**116.0**	7.1%	+4.6
D&A	(5.7)	-0.4%	(6.6)	-0.4%	
Provisions	(12.5)	-0.8%	(12.4)	-0.7%	
EBIT	**92.7**	6.0%	**97.0**	6.0%	+4.6
Net interest and ForEx	(5.0)	-0.3%	(5.1)	-0.3%	
Result from recurrent activities	**87.7**	5.7%	**91.9**	5.7%	+4.8
Non recurrent items	(1.1)	-0.1%	---	---	
Profit before tax	**86.6**	5.6%	**91.9**	5.7%	
Taxes	(28.1)	-1.8%	(26.4)	-1.7%	
Net income	**58.5**	3.8%	**65.5**	4.0%	+11.9
Taxe rate	*32.4%*		*28.8%*		

Gross Margin decrease (affected by price dynamics in the Seafood category) was compensated by disciplined management of operating costs

Increase of D&A was due to investments and acquisitions. Cautious provisioning for bad debts was confirmed

One off costs of 2016 (all in 2H) were related to the re-organization of DE.AL.

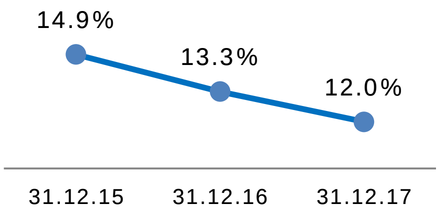
- All economic indicators increased with Net Income benefiting from the reduction of IRES taxation

FY 2017 – Trade NWC

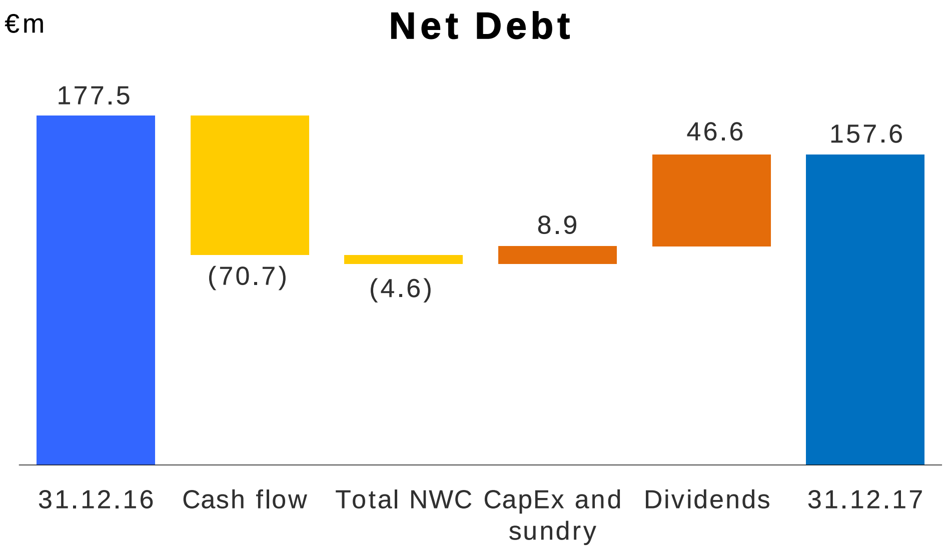
30.09.16	**30.09.17**	change	€m	31.12.16	**31.12.17**	change
448.6	431.9	(16.8)	Accounts Receivable	375.7	376.7	1.0
100	*92*	*(8)*	*Days*	*89*	*85*	*(4)*
120.4	139.3	18.8	Inventory	142.3	147.6	5.2
35	*38*	*3*	*Days*	*43*	*42*	*(1)*
(356.5)	(366.8)	(10.3)	Accounts Payable	(312.1)	(328.9)	(16.8)
103	*100*	*(3)*	*Days*	*95*	*94*	*(1)*
212.6	**204.4**	(8.2)	**Trade Net Working Capital**	**205.9**	**195.4**	(10.5)
33	*31*	*(2)*	*Cash conversion cycle (Days)*	*37*	*33*	*(4)*

- At the year-end all the components of the Trade NWC (in absolute value and in Days) improved compared to 31 December 2016. Days of Cash conversion cycle as at 31 December 2017 improved also compared to the end of 3Q
- Unfavourable calendar for collection of accounts receivable (last Friday of the month falling on 29 December 2017) was absorbed and improvement of DSO was confirmed at the year-end
- Level of Inventory at the year-end is in line with the needs of the seasonality

Trade NWC on Revenues



FY 2017 – Cash flow and Net Debt

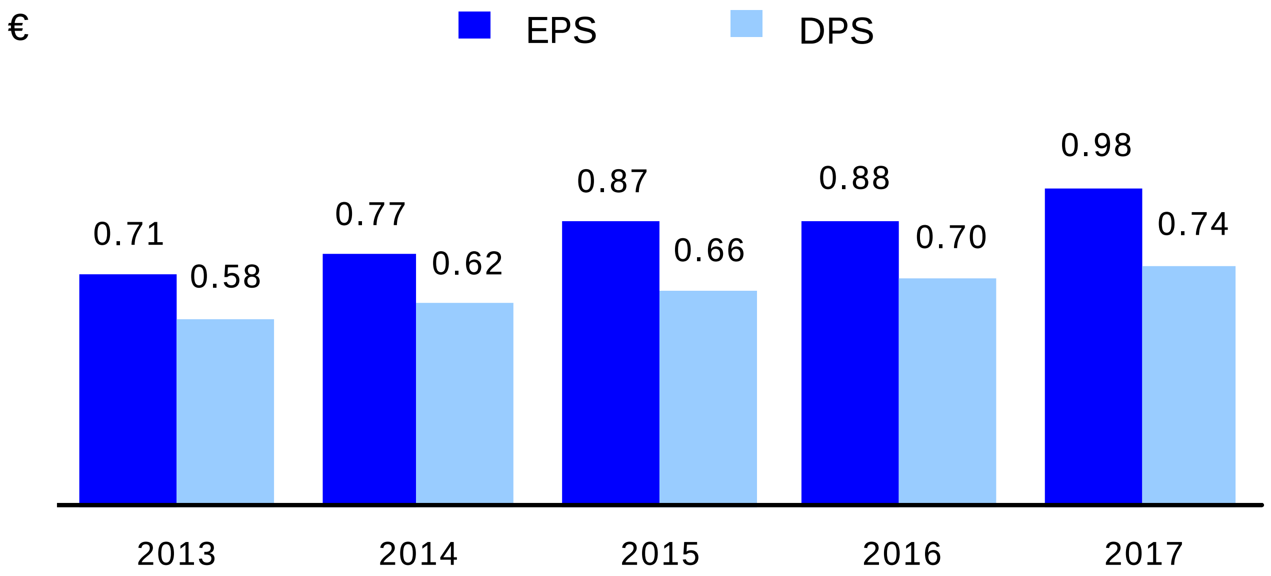


Thanks to Cash flow generation and reduction of Trade NWC absorption, Net Debt at the year-end decreased notwithstanding investments and increased dividends (46.6€m in 2017 vs 43.9€m in 2016)

- The Net debt at the year-end improved also compared to the dynamics as at 30 September last
- Portion of M/L term debt remains in line with the objectives
- The Net Debt on EBITDA ratio as at 31 December 2017 reached 1.4x (1.6x in 2016)

30.09.16	**30.09.17**	change	€m	31.12.16	**31.12.17**	change
16.8	6.2	(10.6)	Short-term Net debt	(0.5)	38.1	38.6
(187.4)	(174.8)	12.6	M/L-term debt	(177.0)	(195.7)	(18.7)
(170.6)	**(168.6)**	2.0	**Net Debt**	**(177.5)**	**(157.6)**	19.9

FY 2017 – Dividend proposal



- The Board of Directors proposes for the approval of the AGM of next 28 April a gross dividend per share of 0.74€ (+4 cents or +6% compared to the previous year)

- Net income not distributed will be allocated to Reserves in order to maintain a balanced financial structure, continuing to finance the growth in terms of absorption of Trade NWC related to the Organic growth and investments for maintenance, operating capacity and innovation

Outlook and recent initiatives

- The Italian Foodservice is expected to show a growth trend also in 2018
- In order to take advantage of market opportunities and strengthen its leadership, the MARR Group confirms its focus on process and product innovation, as a way to increase the specialization of its commercial proposal and therefore to foster clients loyalty. This approach is pursued jointly with the objective of maintaining the levels of profitability achieved and keeping the absorption of working capital under control

Recent certification of a system for the control of the sustainable fish supply chain

The MARR Group, aware of its ethical, social and ecological responsibility (http://www.marr.it/en/sustainability), has implemented sustainability strategies in its procurement policies and particularly an own management system for the control of the "sustainable fish supply chain" aimed at:
i) guaranteeing the human rights of workers; ii) ensuring sustainable fishing practices, in compliance with applicable EU and international regulations, in order to counteract illegal, unreported and unregulated fishing (IUU), preserve marine resources and protect fish stocks; iii) guaranteeing compliance of fishery products with quality, safety and labeling requirements under applicable laws and regulations.
In March 2018 this system has obtained the certification from an international recognized third party body


BUREAU VERITAS
Certification

MARR SPA
Sede Legale:
Via Spagna, 20 - 47921 RIMINI (RN)
Sede Operativa:
Via dell'Acero, 2 – 47088 SANTARCANGELO DI ROMAGNA (RN)

Bureau Veritas Italia spa certifica che

Il processo di selezione e controllo dei fornitori della filiera ittica è stato valutato e riscontrato conforme ai requisiti del documento tecnico:

Disciplinare MARR "Processo di controllo della filiera ittica sostenibile" rev 1 del 7.02.2018
CER-REP-46_CS Bureau Veritas Italia
Regolamento particolare per la certificazione di servizio/processo a caratteristiche secondo disciplinari tecnici volontari Rev. 01 del 29/09/2017

In relazione ai seguenti requisiti

- **Garanzia dei diritti umani dei lavoratori**
- **Garanzia delle pratiche di pesca sostenibile nel rispetto della normativa comunitaria ed internazionale applicabile al fine di contrastare la pesca illegale non dichiarata e non regolamentata, preservare le risorse marine e tutelare gli stock ittici**
- **Garantire la conformità dei prodotti ittici ai requisiti di qualità, sicurezza ed etichettatura nel rispetto delle leggi e dei regolamenti applicabili**

Data d'inizio del presente ciclo di certificazione: **07 marzo 2018**

Soggetto al continuo e soddisfacente mantenimento delle condizioni di produzione e controllo questo certificato è valido fino al: **07 marzo 2021**

Data della certificazione originale: **07 marzo 2018**

Certificato N. IT279549 Rev. N. 1 del: **07 marzo 2018**

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