

**GRUPPO MARR**  
**MARR**  
dove c'è ristorazione



## Full Year 2020 Results

Conference call – March 15, 2021



# 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 (including those on the duration and severity of the COVID-19 outbreak and from the restrictive measures taken to face it) 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.

One year after the pandemic, MARR continues to implement its strategic guidelines aimed at strengthening its presence on the Market as confirmed by the recent acquisition in the seafood sector:

- i. **strengthening of liquidity**, MARR at the end of 2020 exceeded 250€m of liquidity, the double of the levels of the beginning of the pandemic, thanks also to the support of its shareholders, the trust of financial institutions, a careful management of all components of the working capital and a selective approach to investments, favoring those oriented to growth
- ii. **tight management of operating costs**, achieved through the intervention on fixed costs and flexible and timely optimization of the logistics and distribution network in different pandemic phases, always with the aim of maintaining full support and service to the Customer
- iii. **consolidation of its leading position**, by guaranteeing its partners/professional Customers a high standard of service, in full compliance with health regulations throughout the supply chain, capable of satisfying and guaranteeing the final consumer. In relation to Customer service worth mentioning are: i) initiatives for the monetization of "Holiday Bonus" and "Rental Bonus"; ii) offer of local and Made in Italy products functional to the "Supply Chain Bonus". The Customer remains at the center of MARR's attention through an integrated approach, which is based on "phygital marketing" initiatives, i.e. a balanced combination of "physical" approach and "digital" tools
- iv. **seizing new business opportunities**, with particular regard to the forms of service (take away, food delivery) and product lines (e.g. packaging, sanitizers, disinfectants, food ready to eat) that have strengthened during the pandemic



- v. further strengthening of MARR's competitive position, consequent to the foreseeable consolidation of the Market just after the pandemic emergency. In this consolidation process, which will benefit the more structured operators, MARR will seize the opportunities that strengthen offer and presence to further raise its level of service. From this point of view, the recent acquisition of the Verrini Group's processing and marketing of fish products (fresh in particular) represents a confirmation of MARR's role as market aggregator.



Still in the perspective of growth and strengthening on the territory, the opening of a new distribution center in Catania is planned for the beginning of the next quarter. This facility is intended for the optimal coverage of Eastern Sicily with a consequent increase in the level of service offered, in an area with a strong tourist vocation and with important growth prospects

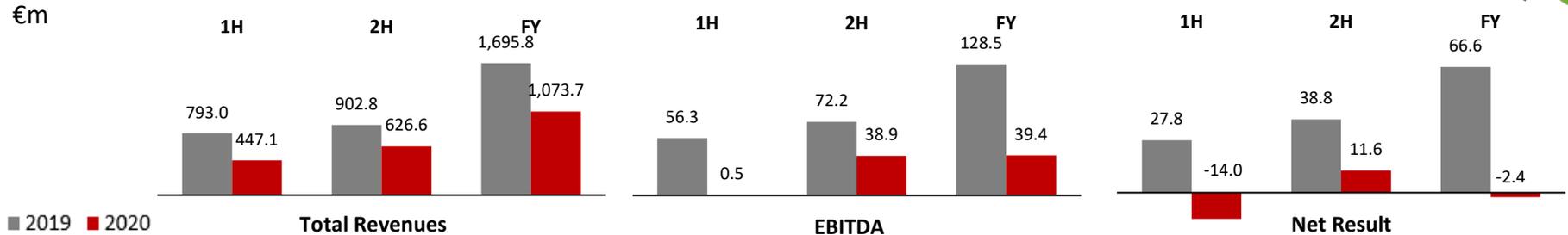


- vi. ESG, MARR as a market leader has always paid high attention and intends to implement more and more concrete actions aimed at Sustainability. A concrete example is the MSC and ASC certifications for the chain of custody of sustainable fisheries and aquaculture, respectively, and voluntary certification of the control process of the sustainable fish supply chain, which has recently been integrated in compliance with the criteria for greater animal welfare conditions in aquaculture systems ([www.marr.it/sostenibilita/pesca-sostenibile](http://www.marr.it/sostenibilita/pesca-sostenibile))





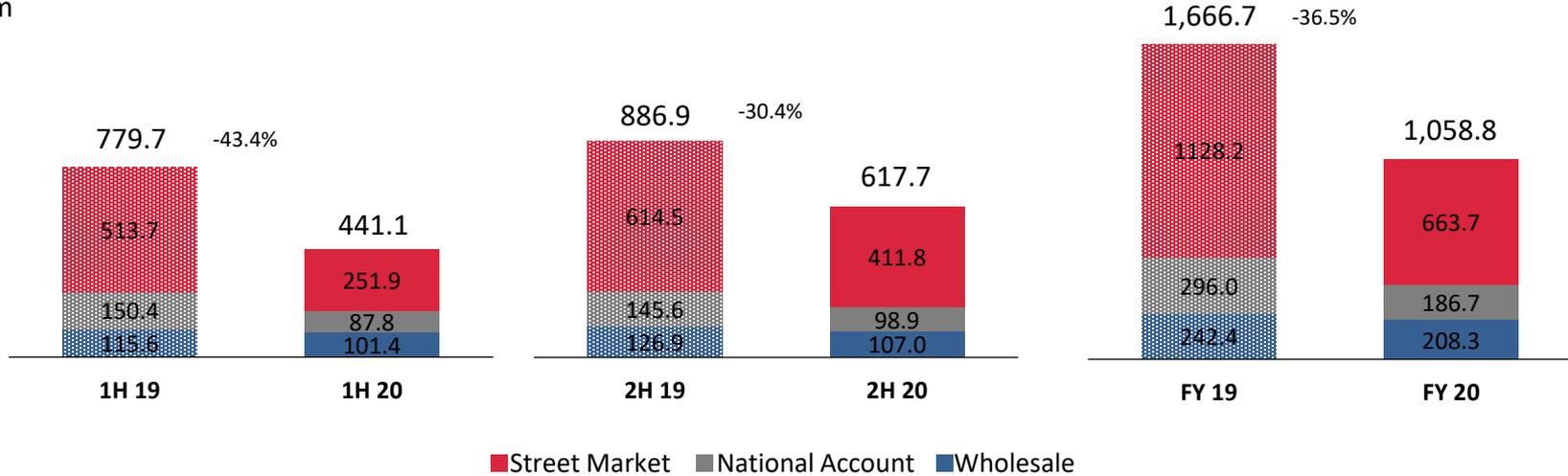
# FY 2020 – Financial highlights



- Total revenues in 2H decreased by 30.6% recovering compared to -43.6% in 1H and over the 12 months period amounted to 1,073.7€m (1,695.8€m in 2019)
- EBITDA at the year end amounted to 39.4€m and was concentrated in 2H, as a result of an improvement in trading conditions in 3Q
- 2020 FY Net Results was of -2.4€m, also affected by a cautious increase (+6€m) of provisions for bad debts amounting to 19.3€m in 2020 (1.8% of Total revenues) compared to 13.3€m in 2019 (0.8% of Total revenues)
- Trade Net Working Capital as at 31 December 2020 was of 198.8€m decreasing compared to 230.1€m as at 30 September last and to 214.5€m of 2019 year-end
- Net debt as at 31 December amounted to 192.3€m improving compared to 196.0€m of the previous year, also thanks to a free cash flow (before change of indebtedness related to IFRS 16 application) of +19.1€m (+14.4€m in 2019)

# FY 2020 – Sales

€m

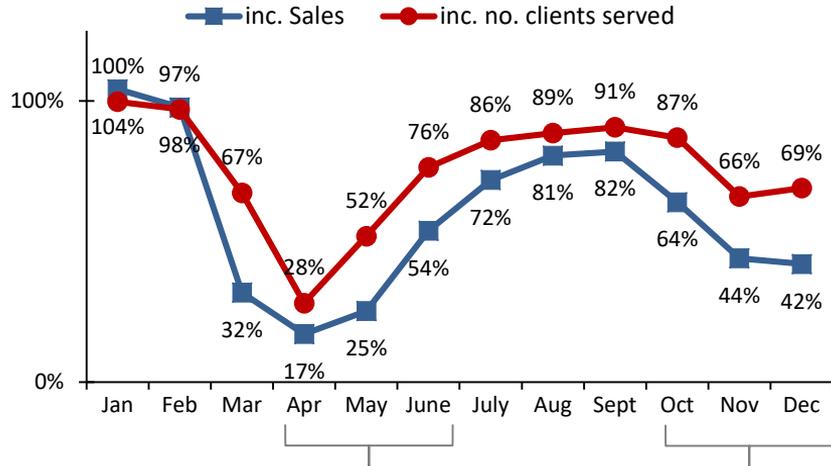


- Sales recovered in 2H (-30.4% vs 2019) - thanks to the easing of pandemic in 3Q and despite restrictions in last part of the year - compared to 1H (-43.4%) that was affected by the lockdown between March and May



# FY 2020 – Street Market and National Account segments

SM+NA Sales by month – incidence on PY



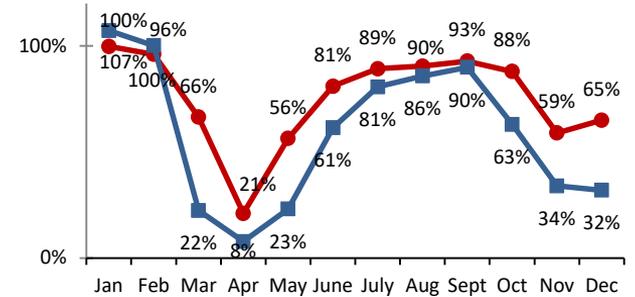
*first wave, blocking of foodservice activities of Restaurants and Hotels from 16<sup>th</sup> March to 18<sup>th</sup> May*

*second wave, with restrictions of DPCM of 24 Oct, 3 Nov (dynamic zones) and 3 Dec (ban on movements during Christmas festivities)*

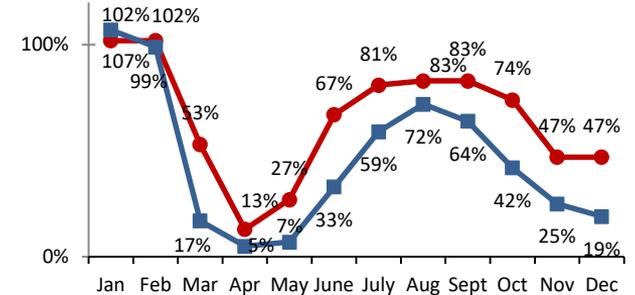
- Sales trend in SM and NA segments was affected by restrictions
- During *second wave* the allowed services of «food delivery» and «take away» combined with an enhanced service improved performance (in Restaurants particularly) compared to the *first wave*

of which\*  
within  
Restaurants  
and Hotels  
categories

Sales to **Restaurants** category by month – incidence on PY



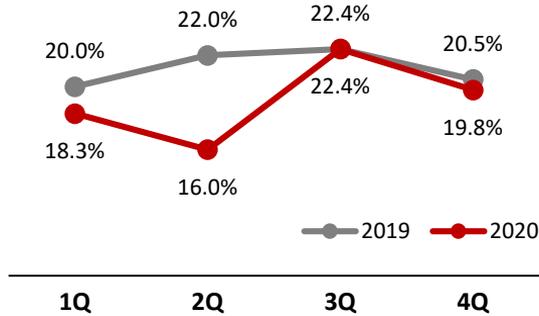
Sales to **Hotels** category by month – incidence on PY



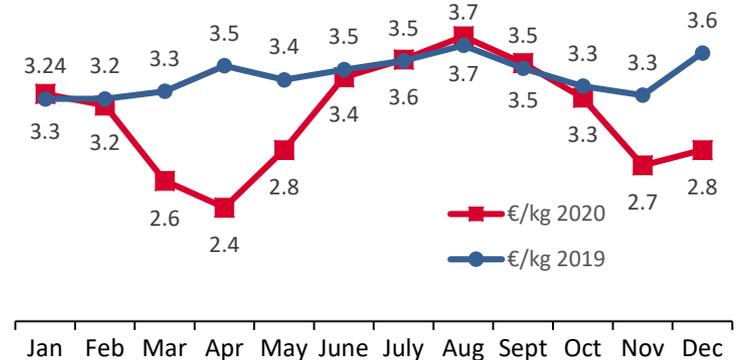
\* Canteens excluded, that in 4Q were more resilient

# FY 2020 – Dynamics in operating profitability

Total Gross Margin by Quarter



€/kg trend in Street Market and National Account segments



- GM was affected by the one-off effects related to the lockdown between 1Q and 2Q, then reverted to previous levels in 3Q and in 4Q was also impacted by the lower incidence of sales to the most profitable clients of the SM segment due to restrictions in the Out-of-Home

- *Second wave* in last part of the year affected again the change in the sales mix and consequently the €/kg even if less severely compared to the *first wave*. Decrease of €/kg penalized the dilution of operating costs



# FY 2020 – Income statement

FY 2019	%	€m	FY 2020	%
<b>1,695.8</b>	100.0%	<b>Total Revenues</b>	<b>1,073.7</b>	100.0%
(1,333.5)	-78.6%	COG's	(861.5)	-80.2%
(193.6)	-11.4%	Services	(143.4)	-13.3%
(2.1)	-0.1%	Other operating costs	(1.5)	-0.1%
(38.0)	-2.2%	Personnel costs	(27.8)	-2.6%
<b>128.5</b>	7.6%	<b>EBITDA</b>	<b>39.4</b>	3.7%
(15.6)	-0.9%	D&A	(16.1)	-1.5%
(13.8)	-0.8%	Provisions	(20.4)	-1.9%
<b>99.1</b>	5.8%	<b>EBIT</b>	<b>2.8</b>	0.3%
(5.4)	-0.3%	Net interest and ForEx	(5.5)	-0.5%
<b>93.7</b>	5.5%	<b>Result from recurrent activities</b>	<b>-2.7</b>	-0.2%
(0.6)	-0.0%	Non recurrent items	-	-
<b>93.2</b>	5.5%	<b>Result before taxes</b>	<b>-2.7</b>	-0.2%
(26.6)	-1.6%	Taxes	0.3	0.0%
<b>66.6</b>	3.9%	<b>Net Result</b>	<b>-2.4</b>	-0.2%

- Operating profitability was affected by dynamics in the GM and operating costs, oriented in maintaining the level of service for the Client
- Thanks to the careful recourse to the available labour law initiatives the Personnel costs were contained by over 10€m
- Provisions for Bad Debts were cautiously increased by 6€m: 19.3€m in 2020 (1.8% on Total revenues) vs 13.3€m in 2019 (0.8%)
- Net Result at year-end was of -2.4€m compared to -14.0€m at the end of 1H

# FY 2020 – Trade NWC and Net Debt

## Trade NWC

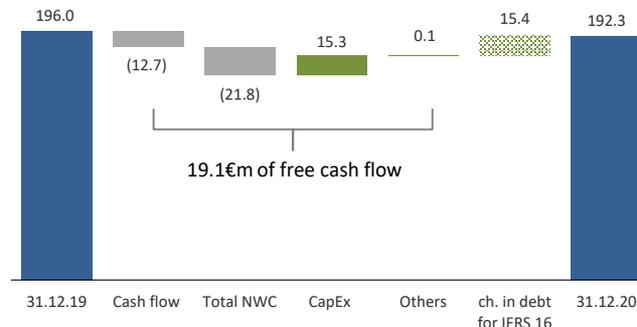
30.09.19	31.12.19	€m	30.09.20	31.12.20
421.0	368.6	Accounts Receivable	388.3	298.8
148.1	170.4	Inventory	122.4	134.6
(375.0)	(324.5)	Accounts Payable	(280.6)	(234.6)
<b>194.1</b>	<b>214.5</b>	<b>Trade NWC</b>	<b>230.1</b>	<b>198.8</b>

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

30.09.19	31.12.19	€m	30.09.20	31.12.20
242.1	192.5	Liquidity	235.4	251.5
(200.2)	(183.1)	Short-term Net debt	(151.1)	(169.6)
(226.7)	(205.4)	Long-term debt	(300.8)	(274.2)
<b>(184.7)</b>	<b>(196.0)</b>	<b>Net Debt</b>	<b>(216.5)</b>	<b>(192.3)</b>

- Trade NWC at the year-end decreased compared to 30 September last confirming the trend of improvement shown at the end of 1H and 3Q
- In relation to the decrease of sales to the structured clients, the accounts receivable lack ca 33€m of securitization compared to previous year
- 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 payables with receivables



- Net debt at the year end decreased compared to 30 September last and to the previous year with a free cash flow of 19.1€m (14.4€m in 2019)



# Seafood expansion and product synergies

- The binding Framework Agreement has been signed for the purchase of all of the shares of a newly incorporated company, in which all of the business activities of Antonio Verrini & Figli S.p.A. (“Verrini”), including the processing and marketing of seafood products and of Chef S.r.l. (“Chef”), which leases the going concern of Chef Seafood, will be contributed
- The operation, for which the stipulation of the closing is subject to the approval of the Antitrust Authority, envisages: i) a value (including debt) of 8€m paid by instalments; ii) an earn out not exceeding 2€m subject to the achievement of targets in terms of returns and profits in 2022; iii) the stipulation of lease contracts for 6 plus 6 years for the distribution centres through which the Verrini Group operates
- Verrini, based in Genoa and operating through 5 distribution centres along the coast of Liguria and in Viareggio and with a fleet of 50 refrigerated trucks, is a reference business in the marketing of seafood products in Liguria and Versilia, with over 48€m in sales in 2020 (before the pandemic, sales were 58€m in 2019) and a significant specialisation in fresh products (over 2/3 of the sales) and processing of fresh and defrosted products. The operation includes the contribution of the Chef business with over 7€m in sales of seafood products in 2020, mainly to clients on the Riviera of Romagna served by the distribution centre of San Clemente (Rimini)



# Seafood expansion and product synergies

- The acquisition of product specialisation and skills – which also includes the confirmation of the management team of Verrini – will enable MARR to enhance its presence in Liguria and Versilia through the marketing of fresh seafood products, a type of product fostering client loyalty and the consumption of which is increasing structurally
- 
- MARR has for some time been developing a strategy to enhance its own presence and specialisation in fresh seafood products, which in 2019, with over 100 €m in sales, represented about 10% of the sales to the main client segment of the Street Market. In recent years, the rate of growth of fresh seafood products in the Street Market has been more than that in the entire segment, also thanks to the product skills of the Seafood Centre (“Polo Ittico”), a platform in Rimini dedicated to the supply and distribution of fresh seafood products to MARR’s distribution centres
  - Verrini, in addition to its procurement competencies, is able to exploit purchases also through its presence in the retail and wholesale channels, which are fundamental for product segmentation. In addition, its specialization in the Foodservice channel, which represents more than half of Verrini's sales, will create important synergies with the MARR Group, aimed in particular at Street Market customers in the territories of Piedmont, Liguria and Tuscany

# Current trading

- In addition to implementing the afore-mentioned strategic guidelines to weather the pandemic, MARR is positioning itself for a quick resumption of Out-of-Home food consumption as soon as conditions will allow it
- In a condition of normality, towards which it is hoped that it will be possible to revert from the 2H of 2021, Italians will return to experience Out-of-Home food consumption as a fundamental moment of socializing and Italy will once again become one of the favorite tourist destinations for foreigners, with Italian Food being one of the most attractive elements
- This was confirmed in the first part of last February which, following the temporary easing of the restrictions, highlighted a significant recovery in Out-of-Home food consumption, confirming the reactivity of the Foodservice already observed in the 3Q of 2020. These dynamics show that, as soon as health environment conditions allow it, Out-of-Home food consumption quickly reverts to being an important expense item for Italians
- The sales trend in the first two months of 2021 is in continuity with that of the 4Q of 2020, with the benefit of the temporary easing of the restrictions in the first part of February which highlighted, in the period, a significant recovery of activities
- MARR continues in its approach aimed at strengthening its presence in the Market as also confirmed by the recent acquisition



- The Board of Directors of MARR S.p.A. has examined and approved the Consolidated Statement of a Non-Financial nature for 2020, pursuant to Legislative Decree 254/2016
- In drafting the Statement, MARR implemented a process of analysis conducted according to the guidelines for sustainability reporting of the GRI (Global Reporting Initiative) Standard aimed at identifying the topics that could influence the capacity to create value and that are of most relevance to the Company and its Stakeholders
- In this regard, there is a growing attention of MARR and a greater degree of involvement of the organization on ESG issues according to an approach increasingly aimed at Sustainability
- The Consolidated Statement of a Non-Financial nature for 2020 will be made available at [www.marr.it/sostenibilita](http://www.marr.it/sostenibilita)  
[www.marr.it/gruppo/corporate-responsibility](http://www.marr.it/gruppo/corporate-responsibility)



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