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Oggetto : MARR: The Board of Directors approves
the interim report as at 31 March 2020

Testo del comunicato

Vedi allegato.

The first quarter of 2020, which began very positively, suffered the shock of Covid-19 blocking tourism and catering activities.

The slowdown in results will also impact the second quarter, with a recovery in out-of-home consumption expected from the summer. Caution still prevails, but there is great expectation among Italians for the re-start of Away From Home consumption.

A strategic approach based on 5 priorities was defined and implemented already in March.

Highlights from the first quarter:

- **Total revenues decreasing by 21% to approximately 260 million Euros**
- **Gross operating margin (EBITDA) of 3.6 million Euros**
- **Negative EPS of -0.06 Euros**
- **Strong financial structure thanks to high level of liquidity available**

Rimini, 14 May 2020 - The Board of Directors of MARR S.p.A. (Milan: MARR.MI), the leading company in Italy in the sale and distribution of food products to the foodservice, today approved the interim report as at 31st March 2020 and once again expressed its gratitude to the staff and collaborators who, with great professionalism and commitment, are managing this period of important crisis in consumption.

After more than 45 years of constant growth, MARR is managing this particular moment with great attention towards its partners and clients, aware of its position of leadership and responsibility on the market.

Strategic approach and guidelines

From the beginning of the impact caused by Covid-19, MARR has defined a clear approach that has oriented its operating and management choices.

Specifically, the 5 strategic priorities are:

1. enhancing liquidity and making available the financial resources required, also thanks to the support of its shareholders, as a result of the suspension of the payment of the dividend, despite the excellent results of 2019;
2. the proper management of operating costs intervening on the reducible fixed costs and optimising the management of the logistics and distribution network;
3. consolidating its position of leadership and its relationship with the market, ensuring for its professional partners/clients a standard of service in full respect of the health and safety regulations in force throughout the supply chain, capable of satisfying and safeguarding the end Consumer;
4. the identification of new business opportunities, with specific regard to the forms of service that have strengthened (take away and food delivery), that have started (food packs) or that are about to develop with the summer season (for example the new line of "Grab&Go Fresh Menu"). The new opportunities also concern the enhancement of some lines of products (for example packaging, disinfectants, ready to eat food) and some adjustment to the new requirements of the commercial approach (e.g. digital);
5. the further strengthening of MARR's competitive position as a result of the expected market consolidation as soon as the pandemic emergency has receded or at least slowed down.



The group of strategic priorities defined and the consequent tactical and operating activities applied, together with the expected recovery of consumption levels, albeit with the health restrictions that the operators will implement, would suggest a segmented scenario:

- **short-term**: from now to the end of spring, and therefore in the second quarter, the negative impact will still be significant. Taking into account that during April, all of the opportunities were brought to nil (Easter festivities and public holidays and weekends), the gradual and slow recovery expected from the second half of May will be significantly diluted throughout the entire quarter;
- **medium-term**: from the third quarter, and thus in the most significant period for national tourist activity, expectations point towards a recovery in consumption levels, with the opportunity to bring the results for the period closer to those typical of previous years;
- **long-term**: starting from early in 2021, we expect the progressive realignment (which we are estimating could be fully achieved during the second half of the year) and the standardisation of out-of-home consumption, which will once again be close to 1/3 of the total food consumption in our country. During this period, we believe that the market will undergo significant changes to the benefit of the strengthening of the more structured companies, also favouring the natural consolidation towards aggregations.

It should be noted, as resulting from a recent study (by TradeLab, published by Confimprese), that there is a worry in the country relating to personal economic conditions, but that 6 out of 10 Italians believe that out-of-home consumption cannot be renounced. It is worth remembering that the value of the market of out-of-home food and beverage consumption amounted to 86 billion Euros in 2019, with a growth rate of 15% in the last five years and 1.2 million employees working in this sector.

The TradeLab study also shows that 7 out of 10 Italians will try to go on holiday or travel this summer. In this regard, the proposal under definition by the government to pay contributions to families ("holiday bonus") for them to holiday in Italy could be a useful incentive.

Main consolidated results for the 1st quarter of 2020

The total consolidated revenues for the period amounted to 261.7 million Euros, compared to 333.4 million in the first quarter of 2019, and were affected by the block on tourism and catering activities following the measures for the containment of the spread of the Covid-19 pandemic, implemented in Italy at the end of February.

Up to 23 February 2020¹, the Group sales showed progressively since the beginning of the year an increase of +4.1% compared to the same period last year, with an increase in line with the objectives.

The operating profitability was affected by the marked reduction in revenues, and were mitigated in part by the interventions on the fixed operating costs. EBITDA and EBIT amounted respectively to 3.6 and -4.2 million Euros, compared to 17.3 and 10.7 million Euros in the same period in 2019.

In March, the measures that involved part of the workforce through the careful implementation of some of the available employment laws led to savings of approximately 45% in the cost of labour.

The net result for the period amounted to -4.0 million Euros (with an EPS of -0.06 Euros) compared to 6.6 million Euros in the first quarter of 2019.

As at 31 March 2020, the net trade working capital amounted to 288.9 million Euros, compared to 252.8 million at the end of the first quarter of 2019, and was affected by the reduction in payables to suppliers, only partly compensated by the reduction in trade receivables.

The net financial debt amounted to 275.4 million Euros compared to 227.0 million Euros as at 31 March 2019.

The consolidated net equity amounted to 336.6 million Euros as at 31 March 2020 (331.1 million as at 31 March 2019).

¹ The first "red zones" in Lombardy and Veneto were closed off in DPCM of 23 February 2020



As confirmation of the positivity of the new trade and product initiatives implemented already from the end of last year, it must be noted that, with the increase in revenues already highlighted, the first two months of 2020 had also seen an increase in the EBITDA and EBIT values that was more than proportional with a significantly increasing pre-tax result. The positive effect of these initiatives will continue as soon as the consumption levels begin to recover. In this regard, it must be highlighted that in early May, also as a result of the authorisation to restart take away services, the market began to show signs of a recovery in consumption levels, resulting in a positive effect on sales, which showed an increase compared to the preceding weeks. Already during the month of April, despite being in a lockdown situation (so called phase 1) a gradual positive trend of progressive growth had been recorded as a result of commercial activities aimed at promoting the service to clients involved in allowed business activities (e.g. food delivery).

Results by segment of activity in the 1st quarter of 2020

In this market context, in the first three months of the year – which because of the seasonality are of a relative significance in terms of their contribution to the revenues from sales for the entire year – the total sales of the MARR Group amounted to 259.7 million Euros, compared to 329.3 million in 2019.

During this period, based on the most recent survey by the Confcommercio Studies Office (Survey no.4, April 2020), there was a decrease in the item “Hotels, meals and out-of-home consumption” (by quantity) of -25%, with a decrease of -70% in March. The same trend was also confirmed by a recent study published on 7 May by Federalberghi, according to which in 2020, which began with an increase in the number of hotel guests in January (+3.8% for foreigners and +4.8% for Italians), there was an initial decrease in February (approximately -7%), and then a collapse in March (approximately -90%).

In the first quarter, the Group sales to clients in the “Street Market” (restaurants and hotels not belonging to Chains) and “National Account” (operators in Chains and Groups and Canteens) categories amounted to 209.4 million Euros compared to 273.4 million in the first three months of 2019 (a decrease of -23%, less than the overall market decrease).

In the “Wholesale” category, sales in the first quarter of 2020 amounted to 50.3 million Euros compared to 56.0 million in 2019.

Events subsequent to the closure of the quarter

On 28th April the Shareholders’ Meeting approved the 2019 financial statements – registering a profit of 64.3 Euros million – and resolved to suspend the distribution of the 2019 dividends allocating the business year’s profit to the extraordinary reserve.

The Shareholders’ Meeting also resolved on the appointment of the Board of Directors (the number of which was brought from nine to seven with Ugo Ravanelli Chairman) and of the Board of Statutory Auditors remaining in office for three business years and therefore until the Shareholders’ Meeting to be called for the approval of the financial statements for 2022.

The extraordinary Shareholders’ Meeting approved the modification of art. 7 of the company By-Laws introducing “Increased in voting rights” pursuant to art. 127-quinquies of the TUF; subsequently the Board of Directors being held today approved the related Rules that will be published in a dedicated section on the Company website.

The Board of Directors meeting held at the end of the Shareholders’ Meeting confirmed as Chief Executive Officer Francesco Ospitali and assessed the possession of the independence requirements provided by the law and the Borsa Italiana Corporate Governance Code for the Directors: Marinella Monterumisi, Alessandro Nova and Rossella Schiavini.



The Board of Directors meeting held on 28 April set up the Control and Risk Committee, composed solely of Independent Directors, and namely Marinella Monterumisi and Rossella Schiavini.

The today Board of Directors also took note of the independence assessment expressed by the Board of Statutory Auditors for its members.

MARR (Cremonini Group), listed on the STAR segment of the Italian Stock Exchange, is the leading Italian company in the specialised distribution of food products to the foodservice and is controlled by Cremonini S.p.A.. With an organisation comprising over 850 sales agents, the MARR Group serves over 45,000 customers (mainly restaurants, hotels, pizza restaurants, holiday resorts and canteens), with an offer that includes over 15,000 food products, including seafood, meat, various food products and fruit and vegetables (<https://catalogo.marr.it/catalogo>).

The MARR Group operates nationwide through a logistical-distribution network composed of 35 distribution centres, 5 cash & carry, 4 agents with warehouses and over 750 vehicles.

In 2019 the MARR group achieved total consolidated revenues amounting to 1,695.8 million Euros, consolidated EBITDA of 128.5 million Euros and consolidated net profit of 66.6 million Euros.

For more information about MARR visit the company's web site at www.marr.it

The manager responsible for preparing the company's financial reports Pierpaolo Rossi, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, declares that the accounting information contained in this press release corresponds to the document results, books and accounting records.

It should be noted that the interim report as at 31 March 2020, approved today by the MARR S.p.A. Board of Directors, will be made available by the end of today on the Investor Relations Section of the company website www.marr.it/investor-relations/bilanci-relazioni, at the company headquarters and on the authorized storage system. www.emarketstorage.com.

The results as at 31 March 2020 will be illustrated in a conference call with the financial community, to be held today at 17:30 (CET), This presentation will be available in the "Investor Relations – Presentations" section of the MARR website (www.marr.it) from 17:15 today.

The speech in English of the presentation with a summary of the Q&A session will be published in the "Investor Relations – Presentations" (English version) section, where it will be available for 7 days from the morning of Friday 15 May.

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This press release contains forecast elements and elements which reflect the current opinions of the management team (forward-looking statements), especially as regards the future outlook, the realisation of investments, the performance of cash flows and the evolution of the financial structure. The forward-looking statements by nature include a component of risk and uncertainty because they depend upon the occurrence of future events. The effective results may differ even significantly from those announced because of a multitude of factors including, merely for example: the performance of the market of out of home food consumption ("foodservice") and the flow of tourists into Italy; the evolution of the price of raw materials on the food sector; general macroeconomic conditions; geopolitical factors and developments in the regulatory framework.

Re-classified Income Statement¹

MARR Consolidated (€thousand)	<i>1st quarter</i> 2020	<i>%</i>	<i>1st quarter</i> 2019	<i>%</i>	<i>% Change</i>
Revenues from sales and services	256,251	97.9%	325,334	97.6%	(21.2)
Other earnings and proceeds	5,498	2.1%	8,061	2.4%	(31.8)
Total revenues	261,749	100.0%	333,395	100.0%	(21.5)
Cost of raw materials, consumables and goods for resale	(222,444)	-85.0%	(281,608)	-84.4%	(21.0)
Change in inventories	8,528	3.3%	14,732	4.4%	(42.1)
Services	(35,732)	-13.7%	(39,225)	-11.8%	(8.9)
Leases and rentals	(110)	0.0%	(219)	-0.1%	(49.8)
Other operating costs	(429)	-0.2%	(386)	-0.1%	11.1
Value added	11,562	4.4%	26,689	8.0%	(56.7)
Personnel costs	(7,967)	-3.0%	(9,400)	-2.8%	(15.2)
Gross Operating result	3,595	1.4%	17,289	5.2%	(79.2)
Amortization and depreciation	(3,993)	-1.5%	(3,728)	-1.1%	7.1
Provisions and write-downs	(3,839)	-1.5%	(2,834)	-0.9%	35.5
Operating result	(4,237)	-1.6%	10,727	3.2%	(139.5)
Financial income	233	0.1%	149	0.1%	56.4
Financial charges	(1,559)	-0.6%	(1,599)	-0.5%	(2.5)
Foreign exchange gains and losses	138	0.0%	111	0.0%	24.3
Value adjustments to financial assets	0	0.0%	0	0.0%	0.0
Result from recurrent activities	(5,425)	-2.1%	9,388	2.8%	(157.8)
Non-recurring income	0	0.0%	0	0.0%	0.0
Non-recurring charges	0	0.0%	0	0.0%	0.0
Net result before taxes	(5,425)	-2.1%	9,388	2.8%	(157.8)
Income taxes	1,377	0.6%	(2,814)	-0.8%	(148.9)
Net result attributable to the MARR Group	(4,048)	-1.5%	6,574	2.0%	(161.6)

¹ Data unaudited.

Re-classified Balance sheet¹

MARR Consolidated (€thousand)	<i>31.03.20</i>	<i>31.12.19</i>	<i>31.03.19</i>
Net intangible assets	153,454	152,307	152,005
Net tangible assets	71,181	70,960	68,677
Right of use assets	45,313	45,437	57,539
Equity investments evaluated using the Net Equity method	2,046	2,452	516
Equity investments in other companies	304	304	304
Other fixed assets	42,999	33,222	26,798
Total fixed assets (A)	315,297	304,682	305,839
Net trade receivables from customers	337,463	376,253	368,771
Inventories	179,144	170,395	173,610
Suppliers	(227,669)	(332,999)	(289,586)
Trade net working capital (B)	288,938	213,649	252,795
Other current assets	39,818	60,690	45,275
Other current liabilities	(16,186)	(25,909)	(28,531)
Total current assets/liabilities (C)	23,632	34,781	16,744
Net working capital (D) = (B+C)	312,570	248,430	269,539
Other non current liabilities (E)	(1,436)	(1,194)	(1,093)
Staff Severance Provision (F)	(7,600)	(8,298)	(8,370)
Provisions for risks and charges (G)	(6,792)	(7,807)	(7,853)
Net invested capital (H) = (A+D+E+F+G)	612,039	535,813	558,062
Shareholders' equity attributable to the Group	(336,637)	(339,798)	(331,082)
Consolidated shareholders' equity (I)	(336,637)	(339,798)	(331,082)
(Net short-term financial debt)/Cash	(21,860)	17,269	38,477
(Net medium/long-term financial debt)	(207,553)	(166,859)	(207,904)
Net financial debt - before IFRS 16 (L)	(229,413)	(149,590)	(169,427)
Current lease liabilities (IFRS 16)	(8,210)	(7,911)	(7,567)
Non-current lease liabilities (IFRS 16)	(37,779)	(38,514)	(49,986)
IFRS 16 effect on Net financial debt (M)	(45,989)	(46,425)	(57,553)
Net financial debt (N) = (L+M)	(275,402)	(196,015)	(226,980)
Net equity and net financial debt (O) = (I+N)	(612,039)	(535,813)	(558,062)

¹ Data unaudited.

Net financial position¹

MARR Consolidated			
(€thousand)	<i>31.03.20</i>	<i>31.12.19</i>	<i>31.03.19</i>
A. Cash	1,166	10,873	13,350
Bank accounts	126,670	181,530	139,044
Postal accounts	35	90	313
B. Cash equivalent	126,705	181,620	139,357
C. Liquidity (A) + (B)	127,871	192,493	152,707
Current financial receivable due to Parent company	4,077	1,843	4,628
Current financial receivable due to related companies	0	0	0
Others financial receivable	2,278	1,807	1,079
D. Current financial receivable	6,355	3,650	5,707
E. Current Bank debt	(31,842)	(38,796)	(37,924)
F. Current portion of non current debt	(114,525)	(130,076)	(81,264)
Financial debt due to Parent company	0	0	0
Financial debt due to Related Companies	0	0	0
Other financial debt	(9,719)	(10,002)	(749)
G. Other current financial debt	(9,719)	(10,002)	(749)
H. Current lease liabilities (IFRS 16)	(8,210)	(7,911)	(7,567)
I. Current financial debt (E) + (F) + (G) + (H)	(164,296)	(186,785)	(127,504)
J. Net current financial indebtedness (C) + (D) + (I)	(30,070)	9,358	30,910
K. Non current bank loans	(177,552)	(137,491)	(169,578)
L. Other non current loans	(30,001)	(29,368)	(38,326)
M. Non-current lease liabilities (IFRS 16)	(37,779)	(38,514)	(49,986)
N. Non current financial indebtedness (K) + (L) + (M)	(245,332)	(205,373)	(257,890)
O. Net financial indebtedness (J) + (N)	(275,402)	(196,015)	(226,980)

¹ Data unaudited.

Fine Comunicato n.0765-18

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