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Oggetto	:	MARR: The Board of Directors approves the results of the first half of 2020

Testo del comunicato

Vedi allegato.

Press release

After a long period of blocked activities in the sector of out-of-home food consumption, the first half of 2020 closed with June being characterised by a positive recovery in demand.
July has also confirmed the gradual return to normality.

MARR has enhanced its strategic approach and the guidelines defined at the beginning of the pandemic, with results achieved and outlook in line with forecasts.

Highlights of the first half-year

- ***Total revenues of 447.1 million in the first half-year, with revenues in June of 64% of those in the same month last year (73% in July)***
- ***Gross operating margin (EBITDA) positive at the end of the half-year (0.5 million) also thanks to the recovery in the month of June***
- ***EPS positive in June; the progressive, at -0.21 Euros, was affected by the losses accumulated in the previous three months***
- ***Solidity of the financial structure confirmed***

Rimini, 3 August 2020 – The Board of Directors of MARR S.p.A. (Milan: MARR.MI), the leading company in Italy in the sale and distribution to foodservice of food and non-food products, today approved the half-year financial report as at 30 June 2020.
The unabated commitment of all of the Company's workforce, combined with the professionalism and skills characterising the entire organization, have enabled the Company to overcome the difficult period of crisis in out-of-home consumption, ensuring the continuous closeness to its clients and enhancing its already solid partnership with them.

Guidelines for the period

The strategic approach, and the resulting guidelines, set out by the Company at the start of the impact on consumption caused by the spread of the pandemic have shown to be suited to this particular period in time and capable of ensuring that MARR maintains solid links with its partners and its reference market.
In particular, both the products-related and marketing initiatives implemented and the level of service guaranteed and modulated during the various different phases of the lockdown and subsequent gradual reopening, have been positively acknowledged, as they have ensured the correct market response to the needs of each specific moment in time. The support provided in this respect in terms of development of business opportunities that arose for clients from time to time (food delivery, take away, etc.) must also be added.
A similar positive assessment must also be given to the activities carried out in compliance with the "guidelines", less of a marketing and logistical nature, and more oriented towards management, such as enhancing the liquidity and the focused management of trade receivables and operating costs, with the priority remaining that of customer satisfaction.
All of this has enabled MARR to fully and immediately make the most of the signs of recovery in demand, as can be seen from the results achieved in June and from the preliminary figures for the July revenues.
This underscores and confirms the hypothesis put forward in May for a third quarter, which is the most significant time of the year for domestic tourism, with legitimate expectations of a recovery in consumption and the opportunity of bringing period results closer to those achieved in previous years.
The forecast for the gradual realignment of consumption to the values recorded in recent years is currently confirmed during the course of the second quarter of next year.
In this context, it is interesting to underline that the aforementioned closeness to the market and clients revolves around very important operational professionals in the business model characterising MARR

and which represent the real “Touchpoint” between Company and Market. These belong to the sales organization and logistical and distribution network, which are by nature very close to the clients.
The logistical and distribution network, that consists among others of 35 distribution centres and more than 750 vehicles, ensures a capillary nationwide coverage.
As regards the sales organization, which currently includes more than 850 Sales Technicians, it must be highlighted that recent months have confirmed the validity of the earlier choices made by MARR based on a specific “*phygital marketing*” project, in other words merging the “physical” and “digital” approaches, optimising direct contact between Customer and Company through the proper and balanced combination of the available skills and tools.
In particular, the importance has been confirmed of personal relationship between the Sales Technician and the Customer, which has enabled and continues to enable, for example, the illustration, with adequate skill and detail, of new product lines with high added value. This activity is supported by equally important “digital” methods, which enable repetitive orders and administrative activities to be streamlined, for example.
This cross-approach places the Customer at the centre of attention in business terms, as MARR has always tried to do in its choices, so that the former always feels “protected” and can increasingly focus on the development of its business. This also enables brand loyalty to be enhanced, as a result of the full satisfaction of the Partner-Customer.
Closeness to the client also enables the prompt management of credit, to which much attention is given through modulated solutions based on creditworthiness.

Preliminary figures relating to the beginning of the third quarter

After the positive recovery in demand during June, July has seen a further step forward towards the gradual return to normality.
Examining the sales in the reference categories (Street Market and National Account), it can be seen that, during a first half-year in which an average decrease in revenues of 50% was recorded compared to the same period last year, the last three months have seen a trend which is worthy of greater analysis. Specifically, the reduction in May amounted to 75%, in June 46% and in July “only” 28%. This is a trend that takes into account both the reopening of hotels and restaurants but also MARR’s ability to continuously over-perform the market.
In addition to the positive comparison with the figures of the Confcommercio Studies Office reproduced below, it must be observed that currently, over 85% of MARR’s clients, and thus well in excess of the national levels stated by recent sources, have consistently restarted their activities with consumption close to 90% of their historical value. These figures, which are nationwide, show some discrepancies at both a territorial level (the restarting of activities continues to be better and more significant in the mountain and seaside locations compared to the more laboured restart in art cities, due to the different origin of tourists than in the past) and in terms of segments. It can be seen that more restaurants (about 90%) than hotels (more than 75%) have reopened, with similar discrepancies in consumption compared to historical figures.
The figures mentioned, which have been gradually and constantly improving for about three months, mainly show two things. The first is that the out-of-home food consumption market is capable of reacting very positively, thanks to the professionalism of those involved, and will certainly return to the size that has characterised it in recent years. The second is that, with a market showing signs of recovery, MARR’s ability to react and pursue growth objectives in excess of those of its reference market has remained unchanged.
The sum of these two components is summarised in the provisional management forecast for the revenues in July, which currently stands at more than 135 million Euros (73% of the same period in 2019).

Main consolidated results as at 30 June 2020

The total revenues in the first half-year amounted to 447.1 million Euros compared to 793.0 million in 2019 and were affected by the blocking of tourist and foodservice activities imposed by the measures for containment of the pandemic implemented in Italy from the end of February to 18 May.

Consequently, the EBITDA for the first half-year amounted to 0.5 million Euros, compared to 56.3 million in 2019, and was affected by the reduction in revenues and marginality, which was partly mitigated by the interventions on fixed operating costs, implemented without reducing the closeness to Customers and without affecting the opportunity of the reopening of foodservice activities. Among the measures implemented, those affecting part of the personnel concerned the careful use of the various labour law tools available, which enabled the labour costs to be contained.

After the first six months, the EBIT amounted to -16.4 million Euros compared to 42.0 million in 2019, and also includes the effect of the prudential increase in the provision for bad debts; the total provisions in the first six months of 2020 amounted to approximately 9 million Euros.

The net result for the period amounted to -14.0 million Euros (with an EPS of -0.21 Euros) compared to 27.8 million Euros in the first six months of 2019.

As at 30 June 2020, the net trade working capital amounted to 278.0 million Euros, an improvement compared to 288.9 million at the end of the first quarter, also as a result of a reduction of inventory of over 30 million Euros, from 179.1 million Euros as at 31 March to 148.3 million as at 30 June 2020.
The net financial indebtedness reached 262.6 million Euros, an improvement compared to 275.4 million as at 31 March 2020.
The net financial position includes more than 174 million Euros in liquidity, an increase compared to 127.9 million as at 31 March.

The net consolidated equity as at 30 June 2020 amounted to 326.8 million Euros (300.7 million as at 30 June 2019).

At the end of the first six months, the aforementioned increase in Net Equity, reduction in Net Financial Position and increase in Liquidity confirm the solidity of the financial structure of the Group.

The latter part of the half-year, and thus June, analysed individually, confirms the beginning of the return to “normal” values, with total revenues of about -36% of those in the same month of last year and with a net result that is positive. This is a trend which includes two interesting elements: on the one hand, it confirms that the recovery in consumption has started and that MARR’s never decreasing closeness to the market has been fully translated into results, and on the other, that, after overcoming the most critical threshold, the Company is once again in a condition of producing profitability, a feature that has always characterised it.

Results by segment of activity in the first half of 2020

At the end of the first six months, the sales of the MARR Group amounted to 441.1 million Euros (779.7 million in 2019), and specifically, in the second quarter, they amounted to 181.4 million (450.4 million in 2019), being affected by the blocking of tourist and foodservice activities until 18 May.

In the second quarter, on the basis of the most recent survey by the Confcommercio Studies Office (Survey no. 7, July 2020), “Hotels, meals and out-of-home consumption” showed a decrease in consumption (by quantity) of 73%, with -93% in April improving to -78% in May as a result of the removal of the blocking of “out-of-home” activities on 18 May, and -51% in June.

Sales in the first six months in the Street Market and National Account categories amounted to 339.8 million Euros, compared to 664.1 million in 2019, while sales in the same categories in the second quarter amounted to 130.3 million Euros (390.8 million in 2019), a reduction of 66.7%, which was less than that of the market according to the above Confcommercio survey.

Sales to clients in the Wholesale category in the first half-year amounted to 101.4 million Euros (115.6 million in 2019), while those in the second quarter amounted to 51.1 million compared to 59.6 million in 2019.

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, 3 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.

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It should be noted that the half-yearly financial report as at 30 June 2020, approved today by the MARR S.p.A. Board of Directors, will be made available by the end of today, together with the Report by the Independent Audit Firm, 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.

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The results of the first six months of 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 Tuesday, 4 August.

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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.

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ALTERNATIVE PERFORMANCE MEASURES

In this press release certain non-IFRS measures are presented for purposes of a better understanding of the trend of operations and financial condition of the MARR Group; however, such measures should not be construed as a substitute for the operating and financial information required by IFRS.
Specifically, the non-IFRS measures presented are described below:

- **EBITDA** (Gross Operating Result): this economic indicator is not defined by the IFRS and used by the company's management to monitor and assess its operational performance. The management believes that the EBITDA is an important parameter for measuring the Group's performance as it is not affected by the volatility due to the effects of various types of criteria for determining taxable items, the amount and characteristics of the capital employed and the relevant amortization and depreciation policies. The EBITDA (Earnings before interest, taxes, depreciation and amortization) is defined as the business year Profits/Losses gross of amortizations and depreciations, write downs and financial income and charges, non-recurrent items and income tax.
- **EBIT** (Operating Result): is an economic indicator of the operational performance of the Group. The EBIT (Earnings before interest and taxes) is defined as the business year Profits/Losses gross of financial income and charges, non-recurrent items and income tax.
- **Net Financial Position**: used as a financial indicator of debts is represented by the total of the following positive and negative components of the Balance sheet:
  - Positive short and long term components: cash and equivalents; items of net working capital collectables; financial assets; current financial receivables.
  - Negative short and long term components: payables to banks; payables to other financiers, payables to leasing companies and factoring companies; payables to shareholders for loans.

Re-classified Income Statement[1]

MARR Consolidated (€thousand)	30.06.20 (6 months)	%	30.06.19 (6 months)	%	% Change
Revenues from sales and services	435,222	97.3%	771,970	97.3%	(43.6)
Other earnings and proceeds	11,884	2.7%	21,037	2.7%	(43.5)
Total revenues	**447,106**	**100.0%**	**793,007**	**100.0%**	**(43.6)**
Cost of raw and secondary materials, consumables and goods sold	(347,262)	-77.7%	(650,556)	-82.0%	(46.6)
Change in inventories	(22,339)	-5.0%	25,262	3.2%	(188.4)
Services	(63,096)	-14.1%	(90,881)	-11.5%	(30.6)
Leases and rentals	(127)	0.0%	(330)	0.0%	(61.5)
Other operating costs	(731)	-0.2%	(762)	-0.1%	(4.1)
Value added	**13,551**	**3.0%**	**75,740**	**9.6%**	**(82.1)**
Personnel costs	(13,009)	-2.9%	(19,414)	-2.5%	(33.0)
Gross Operating result	**542**	**0.1%**	**56,326**	**7.1%**	**(99.0)**
Amortization and depreciation	(8,036)	-1.8%	(7,545)	-1.0%	6.5
Provisions and write-downs	(8,889)	-2.0%	(6,816)	-0.8%	30.4
Operating result	**(16,383)**	**-3.7%**	**41,965**	**5.3%**	**(139.0)**
Financial income	643	0.1%	419	0.1%	53.5
Financial charges	(3,118)	-0.7%	(3,311)	-0.5%	(5.8)
Foreign exchange gains and losses	(13)	0.0%	(9)	0.0%	44.4
Value adjustments to financial assets	(163)	0.0%	0	0.0%	(100.0)
Result from recurrent activities	**(19,034)**	**-4.3%**	**39,064**	**4.9%**	**(148.7)**
Non-recurring income	0	0.0%	0	0.0%	0.0
Non-recurring charges	0	0.0%	0	0.0%	0.0
Result before taxes	**(19,034)**	**-4.3%**	**39,064**	**4.9%**	**(148.7)**
Income taxes	5,021	1.2%	(11,299)	-1.4%	(144.4)
Net result attributable to the MARR Group	**(14,013)**	**-3.1%**	**27,765**	**3.5%**	**(150.5)**

[1] Data unaudited

Re-classified Balance sheet[1][2]

MARR Consolidated (€thousand)	*30.06.20*	*31.12.19*	*30.06.19*
Net intangible assets	153,428	152,307	152,045
Net tangible assets	72,569	70,960	69,570
Right of use assets	42,898	45,437	55,639
Equity investments evaluated using the Net Equity method	1,883	2,452	516
Equity investments in other companies	304	304	304
Other fixed assets	37,192	33,222	24,404
Total fixed assets (A)	**308,274**	**304,682**	**302,478**
Net trade receivables from customers	333,733	368,642	408,917
Inventories	148,277	170,395	184,140
Suppliers	(203,984)	(324,535)	(386,941)
Trade net working capital (B)	**278,026**	**214,502**	**206,116**
Other current assets	38,872	52,226	48,883
Other current liabilities	(20,168)	(18,298)	(28,559)
Total current assets/liabilities (C)	**18,704**	**33,928**	**20,324**
Net working capital (D) = (B+C)	**296,730**	**248,430**	**226,440**
Other non current liabilities (E)	(1,460)	(1,194)	(1,178)
Staff Severance Provision (F)	(7,488)	(8,298)	(8,170)
Provisions for risks and charges (G)	(6,580)	(7,807)	(7,651)
Net invested capital (H) = (A+D+E+F+G)	**589,476**	**535,813**	**511,919**
Shareholders' equity attributable to the Group	(326,843)	(339,798)	(300,736)
Consolidated shareholders' equity (I)	**(326,843)**	**(339,798)**	**(300,736)**
(Net short-term financial debt)/Cash	(46,281)	17,269	54,477
(Net medium/long-term financial debt)	(172,163)	(166,859)	(209,390)
Net financial debt - before IFRS16 (L)	(218,444)	(149,590)	(154,913)
Current lease liabilities (IFRS16)	(8,567)	(7,911)	(7,654)
Non-current lease liabilities (IFRS16)	(35,622)	(38,514)	(48,616)
IFRS16 effect on Net financial debt (M)	(44,189)	(46,425)	(56,270)
Net financial debt (N) = (L+M)	**(262,633)**	**(196,015)**	**(211,183)**
Net equity and net financial debt (O) = (I+N)	**(589,476)**	**(535,813)**	**(511,919)**

[1] Data unaudited

[2] It should be noted that the figures as at 31 December 2019 and 30 June 2019 have been restated where necessary in order to maintain comparability with those as at 30 June 2020

Re-classified Cash-flow statement[1][2]

MARR Consolidated (€thousand)	30.06.20	30.06.19
Net profit before minority interests	(14,013)	27,765
Amortization and depreciation	8,038	7,546
Change in Staff Severance Provision	(810)	(248)
Operating cash-flow	(6,785)	35,063
(Increase) decrease in receivables from customers	34,909	(38,702)
(Increase) decrease in inventories	22,118	(25,262)
Increase (decrease) in payables to suppliers	(120,551)	71,523
(Increase) decrease in other items of the working capital	11,662	18,867
Change in working capital	(51,862)	26,426
Net (investments) in intangible assets	(1,325)	(142)
Net (investments) in tangible assets	(5,009)	(4,637)
Flows relating to acquisitions of subsidiaries and going concern	(800)	(180)
Investments in other fixed assets	(7,134)	(4,959)
Free - cash flow before dividends	(65,781)	56,530
Distribution of dividends	0	(51,889)
Other changes, including those of minority interests	1,058	591
Cash-flow from (for) change in shareholders' equity	1,058	(51,298)
FREE - CASH FLOW	(64,723)	5,232
Opening net financial debt	(196,015)	(156,656)
Effect for change in liability for IFRS16	(1,895)	(59,759)
Cash-flow for the period	(64,723)	5,232
Closing net financial debt	(262,633)	(211,183)

1 Data unaudited

2 It should be noted that the figures as at 31 December 2019 and 30 June 2019 have been restated where necessary in order to maintain comparability with those as at 30 June 2020

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