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Oggetto	:	MARR: The Board of Directors approves the interim report as at 30 September 2020

Testo del comunicato

Vedi allegato.

Press release

The positivity of the third quarter enables the progressive results as at 30 September 2020 to improve significantly compared to the closure of the first half year.

During the summer quarter, MARR showed a recovery above that of the market with a resulting increase of its market share.

The Client remains the focal point of MARR's daily commitment, in the awareness that the difficult situation generated by the Covid-19 pandemic is in any event temporary and transitory.

Summary of the results of the third quarter and as at 30 September 2020

In the third quarter, albeit in the presence of significant limitations due to the pandemic, with a significant impact on the tourism sector, total revenues reached 409 million Euros, with an EBITDA *margin* of 8% and net profits of 15.1 million Euros.
As at 30 September, despite the almost total block – because of Covid-19 – of out-of-home food consumption from late February until the first days of June, total revenues exceed 856 million Euros, with an EBITDA *margin* of 3.9% and net profits of 1 million.
The solidity of the financial structure was further strengthened.

Outlook summary

The not unexpected level of uncertainty due to the significant return of the pandemic, and the consequent restriction measures imposed by the Government, has strengthened the need for an even greater focus on the market trends, making it fundamental for MARR to maintain its integrated approach, which has already been rewarded by the trend seen in the third quarter.
The medium and long-term outlook is unchanged, in the conviction that the out-of-home food consumption market, together with the tourist vocation of our country, will revert to being rewarded by the recovery of flows, and as a result by consumption.

Rimini, 13 November 2020 – The Board of Directors of MARR S.p.A. (Milan: MARR.MI), the leading company in Italy in the sale and distribution to the foodservice of food and non-food products, today approved the interim report as at 30 September 2020.
The widespread commitment also in the most important quarter of the year of the entire sales, logistical, management and administrative organization of the Group has enabled overall positive results to be achieved and the market share of the Company to be enhanced. The constant increase of market share remains an element that has always characterised MARR, even in the most difficult moments.

General comments on the first nine months of 2020 and outlook

Out-of-home food consumption, which is partly linked to tourism flows, suffered an almost total stoppage from the end of February to the first days of June. According to the findings of the Confcommercio Studies Office (Survey no. 9, October 2020), consumption by quantity in the "Hotels, meals and out-of-home consumption" sector, in other words the reference sector for MARR's activities, recorded a decrease of 22.8% in the first quarter and 68.8%in the second quarter, with a weighted average of –49.4% at the end of the first half.

Subsequently, out-of-home food consumption showed a positive recovery in the third quarter, despite the penalisation caused by the modest incoming and thus the influx of tourists from abroad, recording a decrease in consumption compared to the same period last year of "only" 33.4%.

Although an "autumn wave" of Covid-19 infections was foreseeable, such a violent wave of the pandemic as that which has occurred in the rest of Europe as well was not predicted. This has obviously created doubts regarding the timeframe for economic recovery, which had begun decisively in the third quarter.
In this regard, the position of the Company in the recent past, present and the near future must be stated and commented on.
During the third quarter, MARR had a reduction in revenues that was less than that of the market (-19.6% for MARR compared to –33.4% for the market) thus confirming the increase of its market share. The restaurants sector especially was less critically affected, given that the hotel sector suffered much more, because of the aforementioned problems affecting tourism.
This was possible thanks mainly to two steps:

- the strategic approach and guidelines focusing on 5 priorities defined during the initial impact caused by the Covid-19 (enhancing liquidity, proper management of operating costs, consolidation of the leadership position, identification of new business opportunities, further strengthening of the competitive position);
- all of the commercial, management and operating initiatives that MARR had started, developed and consolidated already during the most acute and difficult phase of the lockdown.

Today, with the resurgence of the pandemic, MARR is continuing to apply these modalities of integrated approach methods, with an additional specific attention towards the service to the client initiatives on various fronts: new or renewed product lines capable of providing clients with new business opportunities (e.g. delivery and take away product lines), increased safety measures in management (hygiene, disinfecting, safety of personnel and of diners), the monetising of government incentives (e.g. management of the "holiday bonus"), highly qualifying products for the restaurant (with particular attention on fresh and very fresh products, including fruit and vegetables and seafood), including local and Made in Italy products, for an assortment of products which, in addition to valorising Italian culinary excellence, is instrumental for the obtainment of the "Chain-of-Production Bonus" envisaged in the August law decree.
The implementation of further management models that will enable the Client to remain at the centre of the commitment from the entire Company is scheduled in the near future.
This translates into paths that have the main objective of continuously increasing the level of competence of the sales and operations organization so that the Client always receives clear messages and complete information capable of supporting them in their activity and in their daily choices.
This commitment stems from the conviction that it is fundamental to properly manage the present, without forgetting that a high degree of attention is needed as regards growth strategies, not only organic, for the medium and long-term.
The significance of the out-of-home market must not be forgotten (86 billion in revenues in 2019, with a growth rate of +15% in the previous 5 years – Tradelab Confimprese, April 2020) and neither should the characteristics (conviviality, opportunity, matching) that have always characterised out-of-home food consumption; the latter are part of habits and of a lifestyle that is ready to regain the upper hand as soon as conditions allow it, and the market trend in the last quarter has confirmed this. In this regard, the second wave of the pandemic that has affected Italy in recent weeks is expected to lead merely to a short-term postponement in the recovery of out-of-home food consumption.
The beginning of the last quarter has seen MARR's revenues for October, which had started with a trend in line with that in the third quarter, reaching about 70% compared to the same period last year, as a result of the restriction imposed on the out-of-home food consumption sector by the DPCM (Decree) of 25 October coming into force. The remainder of the fourth quarter will be conditioned by the dynamic measures that characterize the DPCM of 3 November and which will be in force until 3 December; it should be recalled that historically, November is a month of modest significance in terms of revenues.
In this context, MARR maintains its objective of pursuing the constant and continuous growth of its market share, also taking into account the continuity of its business and the financial stability of the consequent management.
In the awareness of its own role as driving player in the market, MARR has also initiated a path for strengthening its own approach to Sustainability by implementing projects in each of the three ESG areas: Environment (green and sustainable products, certification of production lines), Social

(emphasising the transparency, legality and correctness of relations with all stakeholders) and Governance (with the full respect of all applicable Regulations, Codes and best practices).

Main consolidated economic results for the third quarter of 2020

The total revenues in the third quarter amounted to 409 million Euros compared to 509.1 million in 2019, with a decrease of 19.7%, an improvement on -43.6% at the end of the first six months.

EBITDA reached 32.7 million Euros, with an EBITDA margin of 8%, while EBIT, which still includes a prudential increase in the allocation to the provision for bad debts (6.7 million Euros compared to 3.8 million in 2019), amounted to 21.8 million.
EBITDA and EBIT were 47.3 and 39.4 million Euros in the third quarter of 2019.

The net result for the period amounted to 15.1 million Euros, compared to 27.3 million in the third quarter of last year.

Main consolidated results for the first nine months of 2020

The total revenues in the first nine months amounted to 856.1 million Euros, compared to 1,302.1 million Euros in 2019, with a decrease of 34.3% as a result of the ban on tourism and out-of-home food consumption activities imposed by the measures for the containment of the pandemic implemented in Italy from the end of February until 18 May, in addition to the ban on travel between regions in force until 3 June, which penalised and delayed the beginning of the tourist season, which in any event could only count mainly on domestic flows.

EBITDA in the first nine months amounted to 33.2 million Euros, with an EBITDA margin of 3.9% and, compared to 103.6 million in 2019, was affected by the reduction in revenues and margin, which was partly mitigated by the interventions on the fixed operating costs, which were implemented without affecting closeness to customers. Of the measures implemented, those involving some of the personnel concerned the careful use of various employment law schemes, with the consequent containment of employment costs.

EBIT for the period amounted to 5.4 million Euros, compared to 81.3 million in 2019, and also included the effect of the prudential increase in the allocation to the provision for bad debts; in overall terms, the allocations made in the first nine months of 2020 amounted to 15.1 million Euros (10.4 million in 2019).

The net result for the period, compared to 55.1 million Euros as at 30 September 2019, amounted to profits of 1.0 million Euros (with an EPS of 0.02 Euros) thanks to the contribution of the third quarter.

As at 30 September 2020, the net trade working capital amounted to 230.1 million Euros, an improvement compared to 278.0 million at the end of the first half, also as a result of a reduction in inventory amounting to about 26 million Euros, which went from 148.3 million Euros as at 30 June last to 122.4 million as at 30 September 2020.
The net financial indebtedness amounted to 216.5 million Euros, an improvement compared to 262.6 million as at 30 June 2020.
The net financial position includes 235 million Euros of Liquidity, an increase compared to 174 million as at 30 June last.

The net consolidated equity as at 30 September 2020 amounted to 341.6 million Euros (328.2 million as at 30 September 2019).

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

Press release

Results by segment of activity as at 30 September 2020

The sales of the MARR Group in the first nine months of 2020 amounted to 843.8 million Euros (1,280.4 million in 2019), while those in the third quarter amounted to 402.7 million Euros (500.7 million in 2019), with a decrease of 19.6%.

The sales to clients in the Street Market and National Account categories as at 30 September 2020 amounted to 688.7 million Euros compared to 1,109.8 million in 2019, while the sales in the third quarter amounted to 349.0 million Euros (445.7 million in 2019), with a reduction of 21.7%, in the context of an out-of-home market which, according to the most recent Confcommercio figures (Survey no. 9, October 2020), recorded a fall of -33.4% (by quantity) in the "Hotels, meals and out-of-home consumption" segment, with an almost non-existent inflation rate.

In the main Street Market category (restaurants and hotels not belonging to groups or chains), the sales in the first nine months amounted to 550.3 million Euros (891.8 million in 2019), and those in the third quarter amounted to 298.4 million (378.1 million in 2019).

The sales to National Account clients (operators in Chains and Groups and Canteens) as at 30 September 2020 amounted to 138.4 million Euros (218.0 in 2019), with 50.6 million Euros in the third quarter (67.6 million in the same period of 2019).

The sales to clients in the Wholesale category in the first nine months of 2020 amounted to 155.1 million Euros (170.6 million in 2019), with 53.8 million in the third quarter (55.0 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, 2 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, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to documents, books and accounting records.

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It should be noted that Interim report as at 30 September 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.

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The results as at 30 September 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 Monday, 16 November.

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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)	3rd quarter 2020	%	3rd quarter 2019	%	% Change	30.09.20 (9 months)	%	30.09.19 (9 months)	%	% Change
Revenues from sales and services	400,218	97.9%	498,135	97.8%	(19.7)	835,440	97.6%	1,270,105	97.5%	(34.2)
Other earnings and proceeds	8,743	2.1%	10,954	2.2%	(20.2)	20,627	2.4%	31,991	2.5%	(35.5)
Total revenues	408,961	100.0%	509,089	100.0%	(19.7)	856,067	100.0%	1,302,096	100.0%	(34.3)
Cost of raw and secondary materials, consumables and goods sold	(291,586)	-71.3%	(359,017)	-70.5%	(18.8)	(638,848)	-74.7%	(1,009,573)	-77.5%	(36.7)
Change in inventories	(25,873)	-6.3%	(36,053)	-7.1%	(28.2)	(48,212)	-5.6%	(10,791)	-0.8%	346.8
Services	(50,576)	-12.4%	(56,891)	-11.2%	(11.1)	(113,672)	-13.3%	(147,772)	-11.3%	(23.1)
Leases and rentals	161	0.0%	(170)	0.0%	(194.7)	34	0.0%	(500)	-0.1%	(106.8)
Other operating costs	(420)	-0.1%	(346)	-0.1%	21.4	(1,151)	-0.1%	(1,108)	-0.1%	3.9
Value added	40,667	9.9%	56,612	11.1%	(28.2)	54,218	6.3%	132,352	10.2%	(59.0)
Personnel costs	(7,969)	-1.9%	(9,347)	-1.8%	(14.7)	(20,978)	-2.4%	(28,761)	-2.2%	(27.1)
Gross Operating result	32,698	8.0%	47,265	9.3%	(30.8)	33,240	3.9%	103,591	8.0%	(67.9)
Amortization and depreciation	(4,153)	-1.0%	(3,917)	-0.8%	6.0	(12,189)	-1.4%	(11,462)	-0.9%	6.3
Provisions and write-downs	(6,779)	-1.7%	(3,981)	-0.8%	70.3	(15,668)	-1.9%	(10,797)	-0.9%	45.1
Operating result	21,766	5.3%	39,367	7.7%	(44.7)	5,383	0.6%	81,332	6.2%	(93.4)
Financial income	314	0.1%	192	0.0%	63.5	957	0.1%	611	0.1%	56.6
Financial charges	(1,521)	-0.4%	(1,639)	-0.3%	(7.2)	(4,639)	-0.5%	(4,950)	-0.4%	(6.3)
Foreign exchange gains and losses	(97)	0.0%	258	0.1%	(137.6)	(110)	0.0%	249	0.0%	(144.2)
Value adjustments to financial assets	36	0.0%	0	0.0%	0.0	(127)	0.0%	0	0.0%	0.0
Result from recurrent activities	20,498	5.0%	38,178	7.5%	(46.3)	1,464	0.2%	77,242	5.9%	(98.1)
Non-recurring income	0	0.0%	0	0.0%	0.0	0	0.0%	0	0.0%	0.0
Non-recurring charges	0	0.0%	0	0.0%	0.0	0	0.0%	0	0.0%	0.0
Profit before taxes	20,498	5.0%	38,178	7.5%	(46.3)	1,464	0.2%	77,242	5.9%	(98.1)
Income taxes	(5,432)	-1.3%	(10,861)	-2.1%	(50.0)	(411)	-0.1%	(22,160)	-1.7%	(98.1)
Total net profit	15,066	3.7%	27,317	5.4%	(44.8)	1,053	0.1%	55,082	4.2%	(98.1)

[1] Data unaudited

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Re-classified Balance sheet[1][2]

MARR Consolidated (€thousand)	*30.09.20*	*31.12.19*	*30.09.19*
Net intangible assets	153,380	152,307	152,139
Net tangible assets	74,501	70,960	70,903
Right of use assets	43,172	45,437	55,796
Equity investments evaluated using the Net Equity method	1,923	2,452	516
Equity investments in other companies	300	304	304
Other fixed assets	34,022	33,222	24,938
Total fixed assets (A)	**307,298**	**304,682**	**304,596**
Net trade receivables from customers	388,270	368,642	420,997
Inventories	122,403	170,395	148,087
Suppliers	(280,576)	(324,535)	(375,008)
Trade net working capital (B)	**230,097**	**214,502**	**194,076**
Other current assets	54,296	52,226	60,534
Other current liabilities	(18,008)	(18,298)	(29,194)
Total current assets/liabilities (C)	**36,288**	**33,928**	**31,340**
Net working capital (D) = (B+C)	**266,385**	**248,430**	**225,416**
Other non current liabilities (E)	(1,539)	(1,194)	(1,159)
Staff Severance Provision (F)	(7,390)	(8,298)	(8,141)
Provisions for risks and charges (G)	(6,624)	(7,807)	(7,772)
Net invested capital (H) = (A+D+E+F+G)	**558,130**	**535,813**	**512,940**
Shareholders' equity attributable to the Group	(341,631)	(339,798)	(328,228)
Consolidated shareholders' equity (I)	**(341,631)**	**(339,798)**	**(328,228)**
(Net short-term financial debt)/Cash	92,672	17,269	49,806
(Net medium/long-term financial debt)	(264,988)	(166,859)	(178,315)
Net financial debt - before IFRS16 (L)	(172,316)	(149,590)	(128,509)
Current lease liabilities (IFRS16)	(8,393)	(7,911)	(7,849)
Non-current lease liabilities (IFRS16)	(35,790)	(38,514)	(48,354)
IFRS16 effect on Net financial debt (M)	(44,183)	(46,425)	(56,203)
Net financial debt (N) = (L+M)	**(216,499)**	**(196,015)**	**(184,712)**
Net equity and net financial debt (O) = (I+N)	**(558,130)**	**(535,813)**	**(512,940)**

[1] Data unaudited
[2] It should be noted that the data as at 31 December and 30 September 2019 have been restated where necessary in order to maintain comparability with the data as at 30 September 2020.

Net financial position [1][2]

MARR Consolidated (€thousand)	30.09.20	30.06.20	31.12.19	30.09.19
A. Cash	5,612	3,754	10,873	10,171
Bank accounts	229,782	171,154	181,530	231,893
Postal accounts	12	30	90	78
B. Cash equivalent	229,794	171,184	181,620	231,971
C. Liquidity (A) + (B)	235,406	174,938	192,493	242,142
Current financial receivable due to Parent Company	4,364	15,621	1,843	90
Current financial receivable due to Related Companies	0	0	0	0
Others financial receivable	546	774	560	2,178
D. Current financial receivable	4,910	16,395	2,403	2,268
E. Receivables for derivative/financial instruments	3,176	6,073	1,247	0
F. Current Bank debt	(60,609)	(47,360)	(38,796)	(55,367)
G. Current portion of non current debt	(89,824)	(157,080)	(130,076)	(129,136)
Financial debt due to Parent company	0	0	0	0
Financial debt due to Related Companies	0	0	0	0
Other financial debt	(387)	(39,246)	(10,002)	(10,101)
H. Other current financial debt	(387)	(39,246)	(10,002)	(10,101)
I. Current lease liabilities (IFRS16)	(8,393)	(8,568)	(7,911)	(7,849)
J. Current financial debt (F) + (G) + (H) + (I)	(159,213)	(252,254)	(186,785)	(202,453)
K. Net current financial indebtedness (C) + (D) + (E) + (J)	84,279	(54,848)	9,358	41,957
L. Non current bank loans	(236,897)	(172,163)	(137,491)	(148,027)
M. Other non current loans	(28,091)	0	(29,368)	(30,288)
N. Non-current lease liabilities (IFRS16)	(35,790)	(35,622)	(38,514)	(48,354)
O. Non current financial indebtedness (L) + (M) + (N)	(300,778)	(207,785)	(205,373)	(226,669)
P. Net financial indebtedness (K) + (O)	(216,499)	(262,633)	(196,015)	(184,712)

[1] Data unaudited
[2] It should be noted that the data as at 31 December and 30 September 2019 have been restated where necessary in order to maintain comparability with the data as at 30 September 2020.

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