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Oggetto : MARR: The Board of Directors approves
the results as at 30 September 2022

Testo del comunicato

Vedi allegato.



press release

MARR: the Board of Directors approves the interim management report as at 30 September 2022.

Total revenues in the third quarter of 620.7 million Euros, an increase compared to 534.9 million in 2021, with margins still penalised by inflationary issues.

At the end of the first nine months, total revenues amounted to 1,495 million Euros, an increase of +38.8% compared to 2021, in a market context that has seen a recovery in out-of-home food consumption.

Rimini, 14 November 2022 – The Board of Directors of MARR S.p.A. (Milan: MARR.MI), the leading company in Italy in the sale and distribution of food and non-food products to the foodservice, today approved the interim management report as at 30 September 2022.

Main consolidated results for the third quarter of 2022

Total consolidated revenues in the third quarter of 2022 amounted to 620.7 million Euros, an increase compared to 534.9 million in 2021 and 509.1 million (pre-pandemic) in 2019.

Of these total revenues, the revenues from sales in the third quarter of 2022, which include 6.7 million Euros in sales of Frigor Carni S.r.l., consolidated since 1 April 2022, amounted to 611.2 million Euros, compared to 527.0 million in 2021 and 500.7 million in 2019.

The increase in sales in the third quarter compared to the same period in 2021 further shows an over-performance compared to the general trend of the reference market. On the basis of the findings of the Confcommercio Studies Office (Survey no. 9, October 2022), the increase in consumption (by quantity) in “Hotels, meals and out-of-home food consumption” in Italy was +4.1% in the third quarter of 2022 compared to 2021.

In terms of sales by client type, those in the Street Market (restaurants and hotels not belonging to Chains and Groups) and National Account (operators in Canteens and Chains and Groups) segments amounted to 559.5 million Euros (456.4 million in 2021 and 445.7 million in 2019), while those to wholesalers (Wholesale segment), mainly regarding fished and frozen seafood products, amounted to 51.7 million Euros (70.6 million in 2021 and 55.0 million in 2019) and were affected by the continued temporary halts on certain fishing activities in North Africa. The reference market of sales to wholesalers was affected by a reduction in the gross margin during the period.

The trend in Group sales during the third quarter was influenced by the ongoing inflationary trends in the foodservice sector, which continue to significantly affect the majority of the categories of products sold by MARR. These trends are also reflected on the timing of the pass-through of the price increases to the market, albeit in different ways according to the type of client in question. Specifically, in the latter part of the third quarter, the process of adjusting the sales prices to the increase in the purchase price of the products also showed an improving trend in the Street Market category compared to the National Account category, the latter being penalised especially by the components of Canteens and direct supplies to Public Administrations.

The operating costs were also affected by the inflationary trends linked to the increase in energy costs, which affect the conservation and distribution of products, in addition to a general increase in logistical tariffs, with consequent effects on the handling activities.



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In this context, during the course of the third quarter, which in terms of consumption seasonality is historically the most significant due to the tourism flows, MARR pursued the priority of safeguarding the continuity of customer relations during a phase of significant out-of-home food consumption, through enhancing the management of supplies and with operating modalities aimed at combining service levels and efficiency.

The consolidated Gross Operating Margin (EBITDA) in the third quarter of 2022 amounted to 32.4 million Euros and, as a result of the aforementioned trends on the gross margin and operating costs, decreased compared to 48.2 million Euros in 2021, which as a result of a significant recovery in consumption after the pandemic in early 2021, had also shown an improvement compared to 47.3 million during the pre-pandemic in 2019.

The consolidated Operating Result (EBIT) amounted to 21.9 million Euros (39.0 million in 2021 and 39.4 million in 2019), with depreciations, amortizations and provisions of 10.5 million Euros (9.2 million in 2021).

The consolidated net result for the third quarter amounted to 14.2 million Euros (27.2 million in 2021 and 27.3 million in 2019).

Main consolidated results for the first nine months of 2022

The total consolidated revenues for the first nine months of 2022 amounted to 1,495.0 million Euros, an increase compared to 1,076.9 million in the same period of 2021 and 1,302.1 million in 2019 (pre-pandemic).

In particular, the revenues from sales in the first nine months of 2022 amounted to 1,471.5 million Euros, compared to 1,061.9 million in 2021 and 1,280.4 million in 2019.

Sales to Street Market and National Account clients amounted to 1,293.7 million Euros, compared to 875.2 million in 2021 and benefit by about 11 million Euros from the contribution made by the Verrini Group, consolidated since 1 April 2021, and a further 11 million Euros from those of Frigor Carni S.r.l., consolidated since 1 April 2022. In the first nine months of 2019 (pre-pandemic), the sales to clients in the Street Market and National Account segments had amounted to 1,109.8 million Euros.

Sales in the Wholesale segment amounted to 177.7 million Euros (186.7 million in 2021 and 170.6 million in 2019).

As a result of the above trends affecting the gross margin and operating costs in the third quarter and which had already had similar effects in the first half, the consolidated EBITDA at the end of the first nine months amounted to 67.5 million Euros (71.5 million in 2021), while the EBIT amounted to 40.3 million (46.1 million in the same period of 2021).

The net result for the first nine months amounted to 24.7 million Euros (28.3 million in 2021).

The net trade working capital at the end of the first nine months of 2022 amounted to 150.1 million Euros and increased as a result of the increase in business volume compared to 132.0 million as at 30 September 2021, in addition the inventory component was also affected by the aforementioned inflationary trends and also by the change in scope of consolidation.

The net financial debt as at 30 September 2022 amounted to 187.7 million Euros, compared to 134.2 million in 2021 and 184.7 million in 2019.

Net of the effects of the application of IFRS 16 accounting principle, the net financial position at the end of the first nine months of 2022 amounted to 106.7 million and compared to 68.3 million as at 30 September 2021 (128.5 million pre-pandemic in 2019) is affected also by the dividend distribution (May 2022) of 31.3 million Euros.



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The consolidated net equity as at 30 September 2022 amounted to 339.6 million Euros (343.2 million as at 30 September 2021) and includes a share premium reserve of 3.2 million Euros, regarding the purchase of 268,530 own shares at an average price of 12.55 Euros and amounting to approximately 0.4% of the Share Capital.

As of today, MARR owns 298,730 treasury shares.

Outlook

The performance of MARR sales in October compared to the same period of last year witnesses that in the Street Market and National Account segments the growth trend accelerated compared to the third quarter. The performance in October also benefitted from a positive trend in consumption linked to tourism, a sector that the recent ISTAT data (October 2022) confirm as a driving force, with the number of tourists in Italy up by +75% in January-August 2022 compared to last year and with a significant surge in the number of foreign tourists (+171% of non-resident tourists).

The centrality of the food and wine sector to Italian tourism also represents a further impulse to the structural growth of out-of-home food consumption, a market with high levels of penetration of the “full service restaurant” concept, a segment in which Italy is the leading market in Europe (*Foodservice Market Monitor* - Deloitte, 2022).

Notwithstanding in recent weeks there has been an attenuation in the inflationary trends for certain families of goods and for energy costs, the evolution of the inflationary scenario is still uncertain.

In this context, MARR is continuing the process of adjusting prices to the increase in cost of food products, a process which in October again highlighted a better result in the Street Market segment.

With the seasonal peak now ended, and safeguarding the objective of continuing to increase its market presence, the level of customer service is managed more selectively, with a forecast containment of operating costs, accompanied by efficiency policies of a structural nature.

The implementation of the investment plan announced in October last year will also lead to gains in terms of efficiency in the future. In this context, the works for the construction of a new distribution centre in Lombardy began in the third quarter, and this structure is expected to be operational by the end of the first quarter of 2024. This investment is aimed at increasing the presence in the area, the level of customer service and the distribution efficiency in what is the most important region in terms of out-of-home food consumption in Italy.

The definition of the activities for the construction of the new logistics platform is also continuing, structure representing almost half of the aforementioned investment plan. The work is currently expected to begin by the end of the first quarter of 2024 and the construction of the structure is expected to increase the efficiency of storage and redistribution and also enhance the level of customer service, also through an expansion of the range of products.

The focus of the management is concentrated on the opportunities of a foodservice market that is once again proving to be resilient and reactive and on cost containment and the implementation of efficiency policies aimed at recovering profitability.



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MARR (Cremonini Group), listed on the Euronext STAR Milan 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 50,000 customers (mainly restaurants, hotels, pizza restaurants, holiday resorts and canteens), with an offer that includes over 20,000 food products, including seafood, meat, various food products and fruit and vegetables and a significant offer of green, sustainable and Made in Italy products (<https://catalogo.marr.it/catalogo>).

MARR operates nationwide through a logistical-distribution network composed of more than 40 distribution units, some of which with cash&carry, and uses over 800 vehicles.

MARR achieved total consolidated revenues in 2021 of 1,456.3 million Euros (1,073.7 million in 2020 and 1,695.8 million in 2019, pre-pandemic) with a consolidated EBITDA of 90.5 million Euros (39.4 million in 2020) and net consolidated profits of 35.1 million Euros (-2.4 million in 2020).

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

The MARR's Sustainability Report is available at web page www.marr.it/en/sostenibilita/bilancio-di-sostenibilita

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.

It should be noted that Interim report as at 30 September 2022, 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 30 September 2022 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, 15 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



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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 Statement¹

MARR Consolidated (€thousand)	3rd quarter 2022	%	3rd quarter 2021	%	% Change	30.09.22 (9 months)	%	30.09.21 (9 months)	%	% Change
Revenues from sales and services	605,264	97.5%	523,395	97.8%	15.6	1,457,540	97.5%	1,053,467	97.8%	38.4
Other earnings and proceeds	15,466	2.5%	11,536	2.2%	34.1	37,487	2.5%	23,442	2.2%	59.9
Total revenues	620,730	100.0%	534,931	100.0%	16.0	1,495,027	100.0%	1,076,909	100.0%	38.8
Cost of raw and secondary materials, consumables and goods sold	(437,968)	-70.6%	(410,700)	-76.8%	(6.6)	(1,209,110)	-80.9%	(869,405)	-80.8%	(39.1)
Change in inventories	(57,688)	-9.3%	(3,399)	-0.6%	(1,597.2)	13,544	0.9%	27,355	2.5%	(50.5)
Services	(80,970)	-13.0%	(61,698)	-11.5%	(31.2)	(196,855)	-13.2%	(135,150)	-12.5%	(45.7)
Leases and rentals	(157)	0.0%	(127)	0.0%	(23.6)	(407)	0.0%	(340)	0.0%	(19.7)
Other operating costs	(348)	-0.1%	(320)	-0.1%	(8.8)	(1,292)	-0.1%	(1,209)	-0.1%	(6.9)
Value added	43,599	7.0%	58,687	11.0%	(25.7)	100,907	6.7%	98,160	9.1%	2.8
Personnel costs	(11,166)	-1.8%	(10,460)	-2.0%	(6.7)	(33,439)	-2.2%	(26,697)	-2.5%	(25.3)
Gross Operating result	32,433	5.2%	48,227	9.0%	(32.7)	67,468	4.5%	71,463	6.6%	(5.6)
Amortization and depreciation	(5,069)	-0.8%	(4,651)	-0.9%	(9.0)	(14,834)	-1.0%	(13,199)	-1.2%	(12.4)
Provisions and write-downs	(5,421)	-0.9%	(4,554)	-0.8%	(19.0)	(12,379)	-0.8%	(12,147)	-1.1%	(1.9)
Operating result	21,943	3.5%	39,022	7.3%	(43.8)	40,255	2.7%	46,117	4.3%	(12.7)
Financial income	130	0.0%	158	0.0%	(17.7)	493	0.0%	464	0.0%	6.3
Financial charges	(2,229)	-0.3%	(1,731)	-0.3%	(28.8)	(5,391)	-0.3%	(4,984)	-0.4%	(8.2)
Foreign exchange gains and losses	(136)	0.0%	(86)	0.0%	(58.1)	(56)	0.0%	449	0.0%	112.5
Value adjustments to financial assets	(7)	0.0%	29	0.0%	124.1	(7)	0.0%	(125)	0.0%	94.4
Result from recurrent activities	19,701	3.2%	37,392	7.0%	(47.3)	35,294	2.4%	41,921	3.9%	(15.8)
Non-recurring income	0	0.0%	0	0.0%	0.0	0	0.0%	0	0.0%	0.0
Non-recurring charges	(400)	-0.1%	0	0.0%	(100.0)	(400)	-0.1%	(2,880)	-0.3%	86.1
Profit before taxes	19,301	3.1%	37,392	7.0%	(48.4)	34,894	2.3%	39,041	3.6%	(10.6)
Income taxes	(5,055)	-0.8%	(10,175)	-1.9%	50.3	(10,147)	-0.6%	(10,693)	-1.0%	5.1
Total net profit	14,246	2.3%	27,217	5.1%	(47.7)	24,747	1.7%	28,348	2.6%	(12.7)

¹ Data unaudited

Re-classified Balance sheet¹

MARR Consolidated (€thousand)	<i>30.09.22</i>	<i>31.12.21</i>	<i>30.09.21</i>
Net intangible assets	170,149	163,391	163,180
Net tangible assets	81,107	79,601	78,763
Right of use assets	77,723	72,015	64,197
Equity investments evaluated using the Net Equity method	1,821	1,828	1,828
Equity investments in other companies	175	175	175
Other fixed assets	18,558	22,850	27,216
Total fixed assets (A)	349,533	339,860	335,359
Net trade receivables from customers	414,833	321,280	403,079
Inventories	213,397	199,852	162,970
Suppliers	(478,151)	(380,958)	(434,015)
Trade net working capital (B)	150,079	140,174	132,034
Other current assets	68,887	56,977	56,604
Other current liabilities	(22,517)	(27,852)	(27,960)
Total current assets/liabilities (C)	46,370	29,125	28,644
Non-current assets held for sale (D)	0	0	0
Net working capital (E) = (B+C+D)	196,449	169,299	160,678
Other non current liabilities (F)	(3,177)	(2,529)	(2,165)
Staff Severance Provision (G)	(8,139)	(8,556)	(8,463)
Provisions for risks and charges (H)	(7,402)	(7,137)	(7,978)
Net invested capital (I) = (A+E+F+G+H)	527,264	490,937	477,431
Shareholders' equity attributable to the Group	(339,605)	(349,507)	(343,180)
Consolidated shareholders' equity (J)	(339,605)	(349,507)	(343,180)
(Net short-term financial debt)/Cash	123,436	152,693	132,648
(Net medium/long-term financial debt)	(230,147)	(219,331)	(200,949)
Net financial debt - before IFRS 16 (K)	(106,711)	(66,638)	(68,301)
Current lease liabilities (IFRS 16)	(10,807)	(10,074)	(9,266)
Non-current lease liabilities (IFRS 16)	(70,141)	(64,718)	(56,684)
IFRS 16 effect on Net financial debt (L)	(80,948)	(74,792)	(65,950)
Net financial debt (M) = (K+L)	(187,659)	(141,430)	(134,251)
Net equity and net financial debt (N) = (J+M)	(527,264)	(490,937)	(477,431)

¹ Data unaudited

Net financial position ¹

MARR Consolidated (€thousand)	<i>30.09.22</i>	<i>30.06.22</i>	<i>31.12.21</i>	<i>30.09.21</i>
A. Cash	7,535	7,465	6,505	7,576
Bank accounts	240,063	151,596	243,467	297,473
Postal accounts	0	0	22	20
B. Cash equivalent	240,063	151,596	243,489	297,493
C. Liquidity (A) + (B)	247,598	159,061	249,994	305,069
Current financial receivable due to Parent Company	472	3,680	5,787	3,924
Current financial receivable due to Related Companies	0	0	0	0
Others financial receivable	0	0	0	2,589
D. Current financial receivable	472	3,680	5,787	6,513
E. Receivables for derivative/financial instruments	0	0	0	0
F. Current Bank debt	(17,968)	(48,835)	(45,987)	(25,716)
G. Current portion of non current debt	(103,971)	(77,026)	(52,227)	(127,425)
Financial debt due to Parent company	0	0	0	0
Financial debt due to Related Companies	0	0	0	0
Other financial debt	(2,695)	(3,163)	(4,874)	(25,793)
H. Other current financial debt	(2,695)	(3,163)	(4,874)	(25,793)
I. Current lease liabilities (IFRS16)	(10,807)	(10,802)	(10,074)	(9,266)
J. Current financial debt (F) + (G) + (H) + (I)	(135,441)	(139,826)	(113,162)	(188,200)
K. Net current financial indebtedness (C) + (D) + (E) + (J)	112,629	22,915	142,619	123,382
L. Non current bank loans	(128,079)	(78,889)	(119,489)	(99,113)
M. Non-current derivative/financial instruments	0	0	0	0
N. Other non current loans	(102,068)	(102,053)	(99,842)	(101,836)
O. Non-current lease liabilities (IFRS16)	(70,141)	(70,693)	(64,718)	(56,684)
P. Non current financial indebtedness (L) + (M) + (N) + (O)	(300,288)	(251,635)	(284,049)	(257,633)
Q. Net financial indebtedness (K) + (P)	(187,659)	(228,720)	(141,430)	(134,251)

¹ Data unaudited

Fine Comunicato n.0765-34

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