CONFERENCE CALL 4 August 2017

*The following is a free translation in English of the speech and a summary of the Q&A topics session relating to the release of MARR's **First Half 2017 Results**. The speech, being held in Italian, will prevail in case of discrepancy with the written free English translation.*

Antonio Tiso – Investor Relator
Good afternoon and thank you for attending the MARR conference call relating to the figures for the First Half 2017, reserved for investors, analysts and banks.
Before giving way to the Chief Executive Officer Francesco Ospitali and the Manager for Finance, Administration and Control Pierpaolo Rossi for the presentation of the figures, I would remind you that:

- as usual we will follow the slides that have been sent to you and that are also available in the Investor Relations section of the company website;
- the call is expected to last about half an hour and we will try to be brief in order to leave more time for any questions you may have.
- lastly, I would remind you that from Monday 7th August, the English version of the speech and a summary of the Q&A session will be published on the MARR website and will be available for consultation for a week.

I will now leave the floor to the Chief Executive Officer Francesco Ospitali to begin the presentation.

Francesco Ospitali - CEO
3)

Thank you Antonio and good afternoon to you all.
Slide 3 gives a summary of the performance of the main economic and financial indicators in the first half of the year.

At the end of the first half-year, MARR achieved net profits of 27.3 million Euros, compared to 25.4 in 2016.
The revenues and profitability also increased.
The increase in trade net working capital, amounting to 231.8 million Euros at 30 June 2017, compared to 219.6 million at the end of the first half of 2016, is correlated to the increase in revenues. The net financial debt at 30 June 2017 reached 209.0 million Euros and, compared to 201.8 for the same period in 2016, was also affected by the price (7.3 million Euros) for the acquisition of Speca (closing on 30 December 2016 and effective from 1 January 2017).

4) We will now move on to slide 4

With total revenues amounting to 768.5 million, the revenues from sales amounted to 755.2 million Euros, an increase of +6.2% compared to the same period in 2016.

The Street Market channel, with an increase of about 38.7 million Euro, also thanks to the contribution of the acquisitions, remains the main driver behind growth, with an organic component of +5.9%.

Sales in the National Account category, which decreased slightly by about 0.3 million Euros, are in line with the objectives for the year.
In overall terms, sales of the MARR Group to clients in the Street Market and National Account categories amounted to 624.4 million Euros in the first half-year, compared to 586.1 million Euros in the same period last year.

The growth achieved in the Wholesale category, amounting to about 5.5 million Euros, benefitted from the increase in prices in frozen seafood products.

5)

In slide 5, we analyse the growth in sales to clients in the Street Market and National Account categories also in terms of volume and price; we would remind you that for MARR, the variation in price is always in terms of price/mix because of its capacity to offer replacement products and to expand the range with added value products, such as private labels.
The growth achieved in the first half of the year was driven by the increase in volumes, amounting to 4.9%, which also benefitted from the increased volumes due to the consolidation of De.Al. and Speca. The increase in the trend of price increases for frozen seafood products (octopus, calamari and cuttlefish) and the sudden price increases in the second quarter in some ranges of groceries (olive oil, cheese and cured meats) and meat (particularly fresh pork) have led to an overall change in the price/mix variation of +1.6%, these trends have made updating the price lists for the coinciding start of the summer season challenging.

I will now leave the floor to Pierpaolo for the analysis of the financial figures.

Pierpaolo Rossi - Manager for Finance, Administration and Control
6)
Thank you and good afternoon to you all.

We will begin with slide 6 and some comments on the income statement for the half-year.

The Total Revenues for the half-year amounted to 768.5 million Euros, an increase of 45.7 million, or in percentage terms +6.3% which, compared to an increase of 6.2% in Revenues from Sales, shows the positive contribution of the “Other revenues” included in the Total Revenues.
The “Other revenues” are mainly constituted by marketing contributions and bonuses from suppliers, in addition to the logistical costs charged to the suppliers as a contribution for internal distribution activities that MARR has taken upon itself following the centralisation of purchases on the logistical platforms.

As regards the operating costs, with trends similar to those in the first quarter, we have:
- a slight increase in the percentage incidence of the Cost of Goods Sold on the total revenues due to the temporary delay, as mentioned earlier, in the transfer to the market of the price increases of some products, in particular seafood products;
- a decrease in the incidence of service costs, attributable to the lesser incidence of those costs, such as transport costs, that are variable also on the basis of the volumes and benefit from a

better dilution in the presence of inflationary trends. The efficiency recovery due to the integration of De.Al., consolidated in April last year with the opening of the MARR Adriatico branch on 1 October 2016, should also be recalled;

- an increase in absolute value (with essentially stable percentage incidences) of the item rents and the cost of employment, which is mainly attributable to the impact of the acquisitions of De.Al. and Speca.

Due to these trends, at the end of the first six months, the EBITDA reached 50.8 million Euros, compared to 49.5 in the same period last year.

The increase in depreciations is attributable to the recent acquisitions, in addition to the investments plan started in 2014 for the expansion and modernisation of some MARR distribution centres, aimed at increasing the operating capacity in support of the development policies.

The item provisions , amounting to 6.0 million Euros (5.3 million in 2016) are constituted for 5.6 million Euros by the provision for bad debts and for 0.3 million Euros by the provision to the supplementary client severance indemnity. At the end of the first six months, write off for bad debts retains a percentage incidence in line with 2016 and confirms the prudential policy of determining the presumable realisation value of the receivables.

EBIT thus reached 41.7 million Euros compared to 41.5 in 2016.

The profit before taxes reached 38.5 million Euros, compared to 38.2 in 2016, and benefits from a reduction in the net financial charges, partly correlated to the reduction in interest rates, that has brought about reduced cost of funding.

The tax rate for the period was 29% and, compared to 33% in 2016, benefitted from the reduction in the IRES tax rate (from 27.5% to 24%), approved by the 2016 stability law with effect from business years starting after 31 December 2016.
The tax rate at the end of 2017 is expected to be about 30%, compared to 32.4% at 31/12/2016.

The overall net profit as at 30 June 2017 amounted to 27.3 million Euros, compared to 25.4 million in 2016.

7)
Moving on now to slide 7 and some comments on the net trade working capital and the net financial position.

At the end of the half-year, the trade net working capital amounted to 231.8 million Euros, compared to 219.6 million at 30 June 2016.

As regards the single items of the working capital, we can observe that:

- With an increase in revenues of more than 45 million, the accounts receivable have increased by about 7 million, with an improvement in the number of days of 4 days. It should be recalled that in the third quarter of 2014, MARR implemented a trade receivables securitization programme , the use of which as at 30 June 2017 is less than that on the same date last year.
- As regards the inventories, the increase is due to specific procurement policies, mainly concerning frozen seafood products (squid and calamari) originating from non-EEC countries where the fishing campaigns were earlier in 2017 than those in 2016, also due to

the inflationary trends already commented upon. We can see that the with the start of the summer season and compared to 31 March last, the increased inventories compared to the same period in 2016 are reducing: this delta amounted to about 31 million Euros as at 31 March 2017, and about 24 million at the end of the half-year;
- The management of payables to suppliers continues to be given attention.

At the end of the six months, the cash conversion cycle remains in line with that for the same period last year.

The net financial debt as at 30 June 2017 reached 209.0 million Euros and, compared to 201.8 million for the same period in 2016, is also affected by the price for the acquisition of Speca, for about 7 million, while the impact of the price for the acquisition of De.Al. (36 million) was observable at the end of the last quarter, as De.Al. was purchased in April 2016.

Compared to 30 June 2016, we can see an increase in the medium/long-term portion of the debt, which is due to some operations carried out in the first quarter of 2017.
At the end of the first six months, the net debt and maturity profile for the financial debt are in line with the objectives.

I will now give way to Francesco again.

8)

Thank you Pierpaolo.

Sales in the first seven months are in line with the objectives and have been driven by the performance of the Street Market segment, also positive in July and that has highlighted a gradual recovery in the gross margin, confirming the trend started in mid-June.

According to the most recent survey by the Confcommercio Studies Office (July 2017), the increase in consumption (by quantity) for the item "Hotels, meals and out-of-home consumption" in Italy reached +2.6%; growth had been +2.5% in the first quarter. The performance of sales in the Street Market segment in July confirms the positive period for the end reference market.

Activities are continuing to increase the specialisation of the MARR commercial offer through the inclusion of private label and innovative products, for example the recent launch of the "Ittico Gourmet" (gourmet seafood) range, a selected line of premium seafood products with service content, such as portioned tartare red Sicilian prawns.

We have now finished the presentation and will take any questions.
Thank you

Thank you and see you on Tuesday 14 November 2017 for the presentation of the figures as at 30 September 2017.

(Summary of the main topics raised during Q&A section)

The main topics revolved around the following:

i. Considerations relating to trend in sales
ii. Considerations relating to gross margin and profitability
iii. Inventory expected at the year-end

i) The original guidance for the year of sales growth in Street Market and National Account categories of about 3.5% is confirmed. This includes a growth of about +2% in volume and circa +1.5% in price/mix. H1 showed a higher growth rate (+4.4% of organic growth in the combined Street Market and National Account) but the importance of the ongoing Q3 should be reminded in the framework of seasonality of MARR. Therefore the revision of the original guidance is not warranted at this stage.
In this context National Account is still expected to show a slight positive sign at the year end, while attention to adequate levels profitability is confirmed.

ii) Inflationary dynamics in price/mix in H1 have made difficult to pass on speedily price rises to clients. This in turn was the cause of the worsening of gross margin, partially recovered at EBITDA level. However since mid-June the Street Market showed signs of recovery in gross margins, further confirmed in July. In this context variation of increases in price/mix component is currently not expected.
The year-end objective of reaching an EBITDA margin level in line with the last year is confirmed.

iii) Unless new procurement policies are implemented, the year-end inventory should settle at around 10 million compared to 2016 year-end levels.