

Unieuro S.p.A.

Investor Presentation

February 2018



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Italo Valenti, the manager in charge of preparing the corporate accounting documents, declares that, pursuant to art.154-bis, paragraph 2, of the Legislative Decree no. 58 of February 24, 1998, the accounting information contained herein correspond to document results, books and accounting records.

Summary

- **Overview of Unieuro**
- **Italian CE Market Trends**
- **Unieuro's Strategy**
- **9M 17/18 Financials**
- **Key Takeaways**

Unieuro at a glance

Established by the end of 1930s, Unieuro is Italy's leading omnichannel consumer electronics retailer by number of stores (approx. 500), with sales of about €1.7bn in FY 2016/17

Broad product range across multiple categories

**Grey goods
(46%)**

- Mobile, IT, accessories, photography, wearables

**White goods
(27%)**

- MDA, e.g. washing machines, cooking appliances, dishwashers
- SDA, e.g. coffee machines, microwaves
- Home comfort, e.g. air conditioning

**Brown goods
(18%)**

- TV, media storage, car accessories

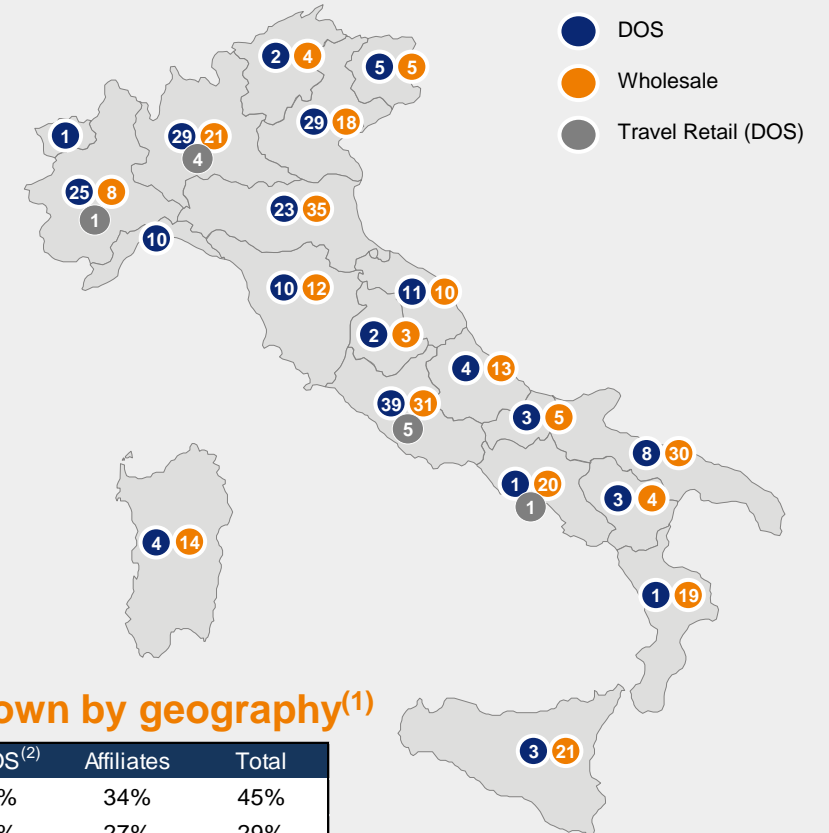
**Other Products
(5%)**

- Entertainment, e.g. consoles, videogames, music, movies
- Non electronic products, e.g. bicycles, drones, hover boards

**Services
(4%)**

- Delivery and installation
- Extended warranties
- Brokerage for financial services
- Commissions from subscription to telecom contracts

Full nationwide coverage⁽¹⁾



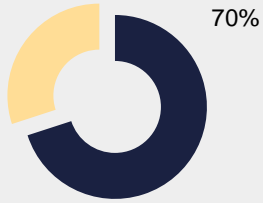
Store breakdown by geography⁽¹⁾

	DOS ⁽²⁾	Affiliates	Total
North	59%	34%	45%
Centre	32%	27%	29%
South	9%	40%	26%
Total	219	271	490

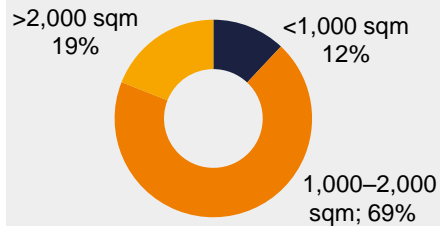
Integrated omnichannel presence across offline and online

Contribution to 9M
17/18 total sales

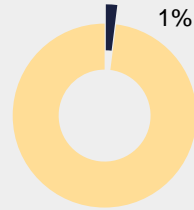
Retail: 208 DOS



- Focus on malls and city centre locations with store average size of c.1,500 sqm
- Wide range of store formats
- Modern, engaging store layout designed to maximise product visibility
- Favourable lease terms with short notice break clause permitting rapid response to local market trends



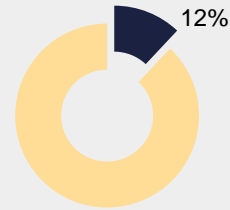
Travel Retail: 11 DOS



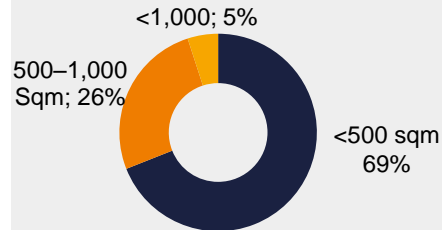
- Stores located in main Italian airports and in Torino train station
- Focus on “grey” and “brown” goods
- Exposure to favourable travel dynamics
- Reduced space (c. 100 sqm) allowing proximity to products
- On-the-go impulse purchases
- Marketing tool to increase brand visibility



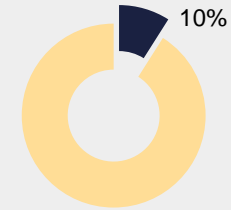
Wholesale: 271 stores



- Stores in smaller and more remote catchment areas
- Allows further penetration across whole Italian territory
- Unieuro brand / store format
- Exclusive supply
- Limited central costs, no capex and positive impact on profitability

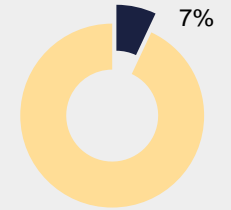


Online



- Digital platform launched in 2016:
 - new website optimised for mobile navigation with additional functionality (e.g. mirroring, smart assistant, instant search)
 - new native mobile App
- “Click & Collect” driving traffic to stores: 410 pick up points, 84% of total stores
- Integration of online and offline channels
- Pure player Monclick acquired

B2B



- Opportunistic business
- Includes agreements with companies producing vouchers to be used at Unieuro stores
- Direct bulk supply to:
 - Corporate customers
 - Electronics traders
 - Foreign customers
- Unieuro as a first mover in the B2B2C adjacent market segment, thanks to Monclick acquisition

Summary Overview

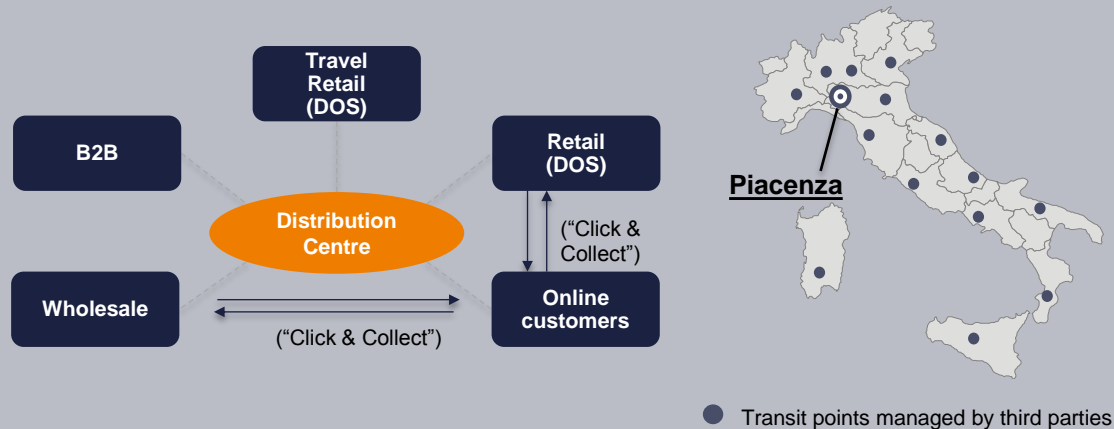
A successful business model, centralised and scalable

Centralised decision-making in the Forlì HQ


- A lean organisational structure
- All corporate functions centralised and managed by 275 FTEs in the Forlì HQ: Procurement, Supply Chain, Property, Security, CRM, ICT, Marketing, Administration, Finance, Legal, HR, Tax, Investor Relations, Communication, Business Development, M&A
- 3,768 FTEs in the stores and 10 agents⁽¹⁾: highly flexible workforce permitting Unieuro to preserve maximum productivity and adjust labour costs

One logistic platform serving all channels

- Centralised warehouse located in Piacenza, one of the main Italian logistics hubs
- 50,400 sqm of current total surface area. Capacity to double in 2018
- ~90% of DOS within 600 km from Piacenza



A unique business model within the Italian CE sector...

	 unieuro <small>Itale. Forte. Sempre.</small>	Main Competitor	Buying Groups
Approach	Omnichannel	Omnichannel	Mainly traditional
Store format	All formats, from travel to flagship stores	Large stores only	All formats
Headquarters	One, centralised	One, centralised	Many, one for each member
Purchasing	Centralised at HQ level	Mixed, both at HQ and at store level	Decentralised, at single member level
Warehouse	One, in Piacenza	Many, one for each store	Many, one or more at single member level

...providing synergies and allowing Unieuro to profitably manage all kind of store formats

A strong brand supported by a future-facing marketing framework



An innovative, integrated & distinctive marketing ecosystem

- **Offline, Online, In-Store marketing activities** together with **Customer Insight** efforts to support **omnichannel strategic approach**
- **Digital and traditional marketing as a unique and future-facing framework**, covering all the core offline and online disciplines

One of the strongest brands in the retail sector

- **Successful rebranding in 2014** following UniEuro acquisition
- **One of the most recognisable brand** in the Italian landscape, empowered by a **unique and memorable claim** ("Batte. Forte. Sempre"), able to create a lasting value in the customer's mind



Innovative TV format in partnership with Samsung and RTI/Mediaset



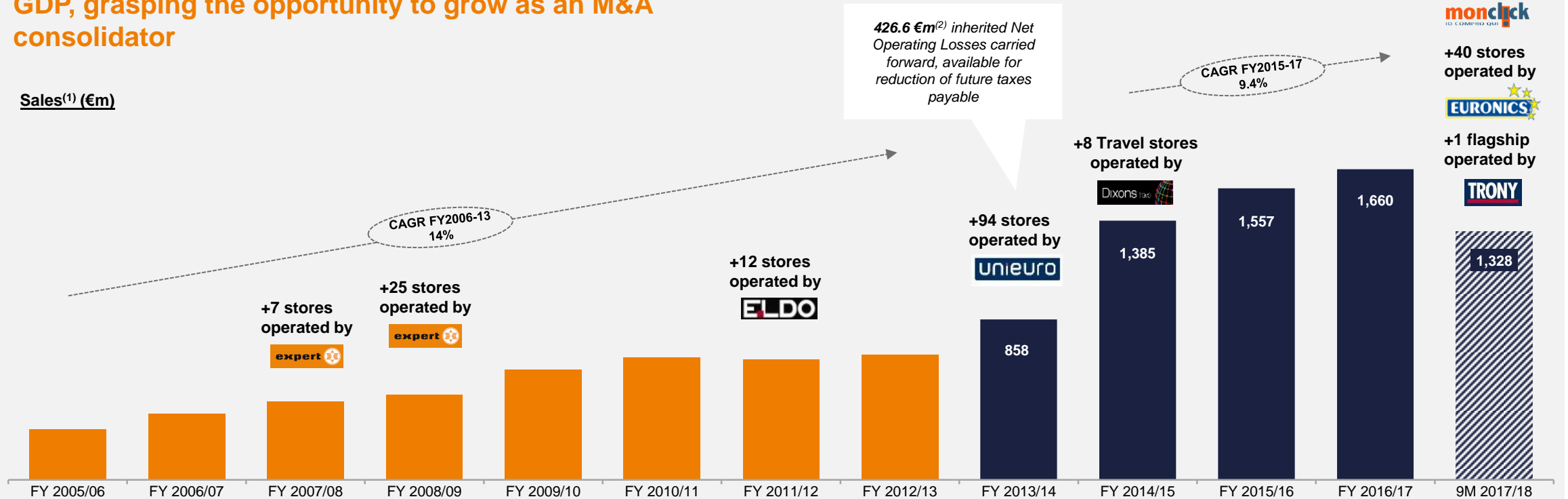
Singles' Day (11/11), the Chinese born shopping festival, introduced in Italy for the first time by Unieuro

Multichannel, integrated, massive marketing campaign for the 2017 Black Friday

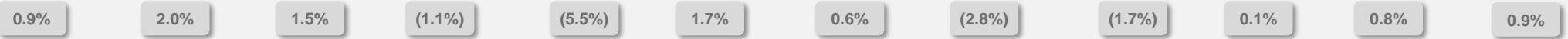
12 years of consistent long-term growth...

Consistent growth achieved despite a period of declining GDP, grasping the opportunity to grow as an M&A consolidator

Sales⁽¹⁾ (€m)



GDP Growth (%)⁽³⁾

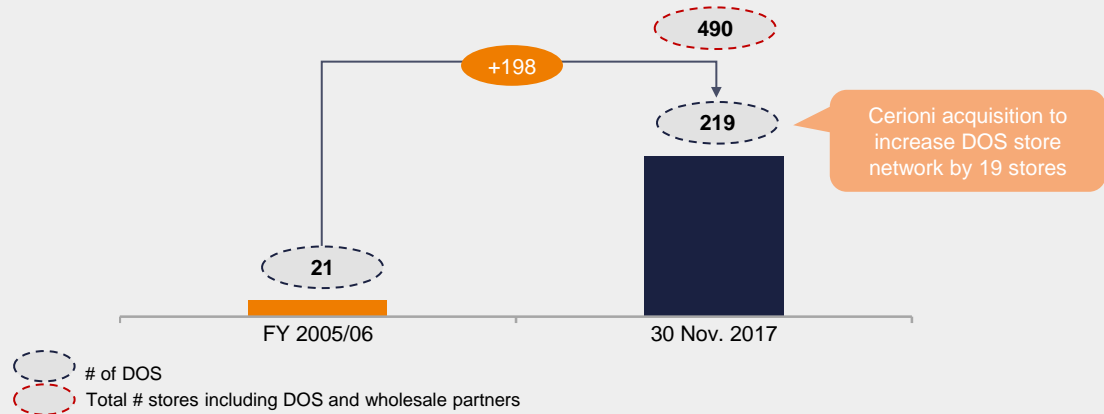


DOS

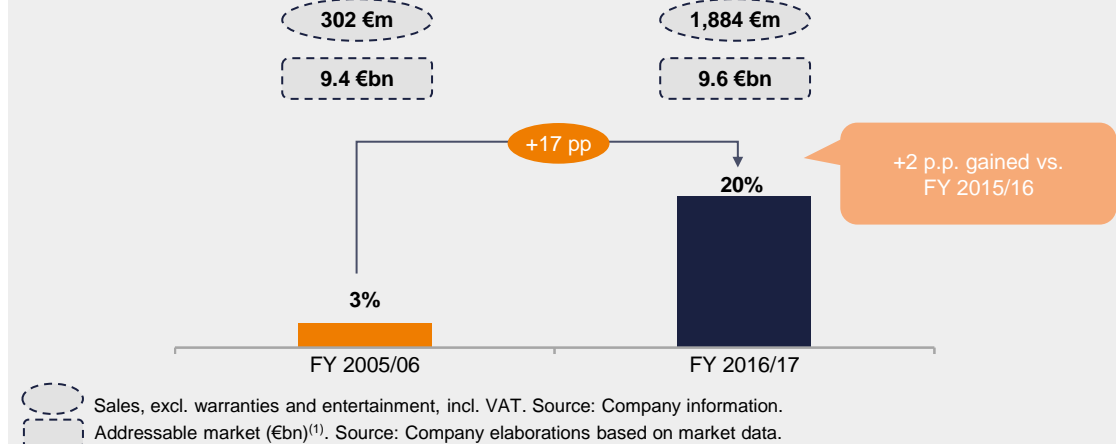


...to reach a leading position in the market...

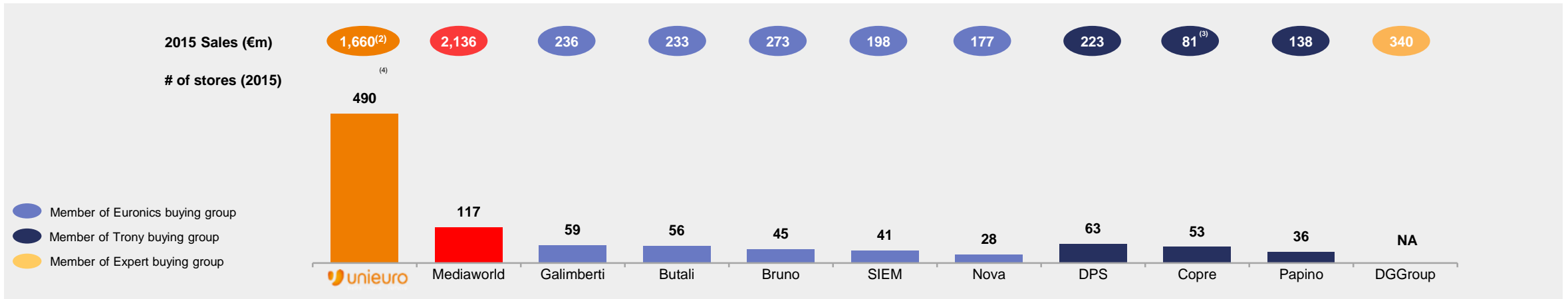
Expansion of DOS store network by 10x since 2006 with total stores reaching 490 end of November 2017...



...and large share gains of 17pp at expense of competition...



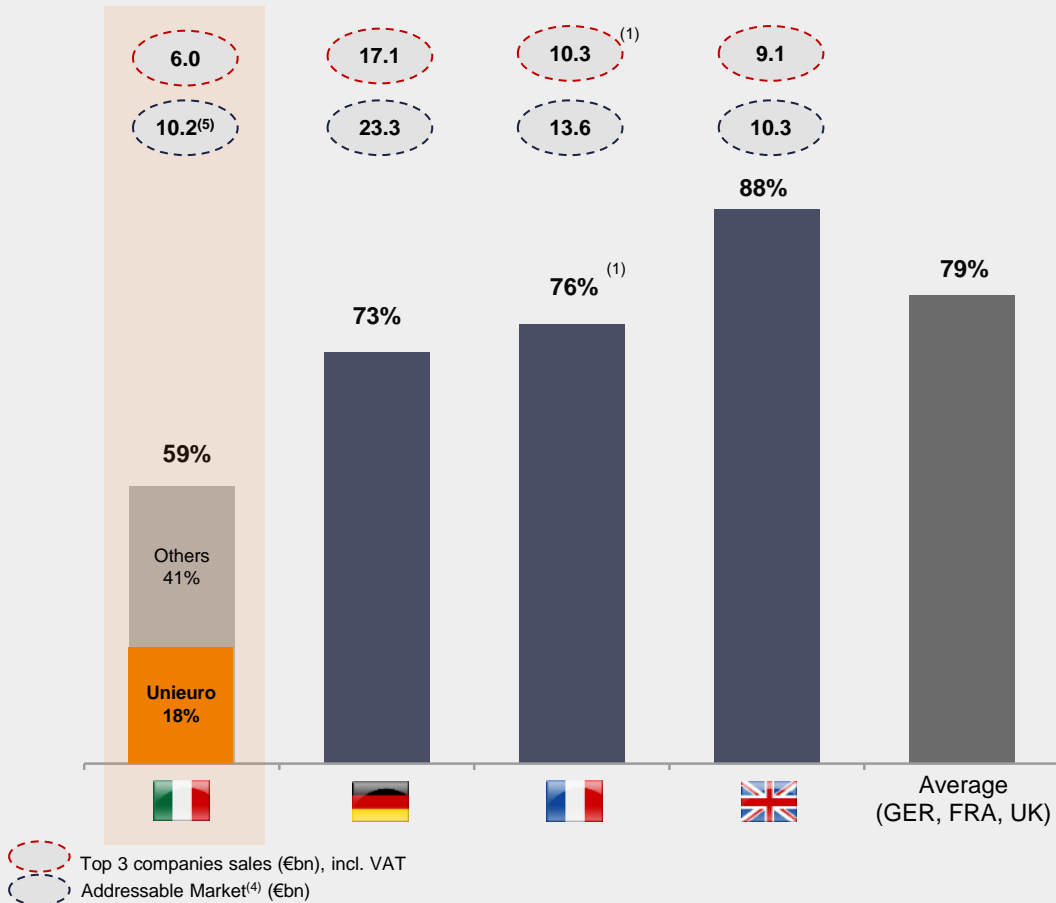
...resulting in the leading company in the Italian CE market by number of stores



...with the ambition to create Italy's #1 CE retailer

Italy considerably less consolidated than other Western European markets...

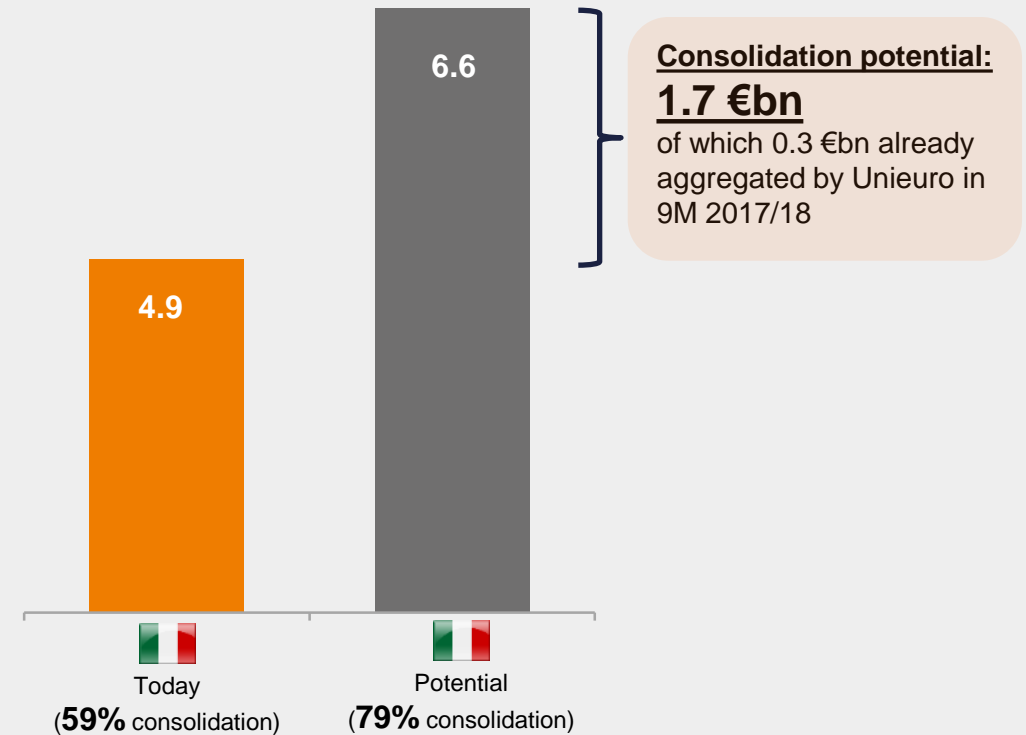
Combined addressable market share of top 3 companies (2015)



Source: Planet Retail and Company information (Top 3 companies sales), Company elaborations based on market data (addressable market).

...presenting a €1.7bn consolidation opportunity

Italy consolidation potential:
 Top 3 companies combined sales today vs. potential based on average of Germany, France and UK markets (€bn)⁽²⁾⁽³⁾



Source: Company information, Planet Retail, Company elaborations based on market data.

The only listed omnichannel CE retailer in Italy

IPO (April 2017)

- Listing venue: Italian Stock Exchange, **STAR Segment**
- Offer size: **6.9 million shares**, equal to 34,5% of the Company's issued share capital, sold to institutional investors (37% of demand from Italian Investors; 63% from US, UK and Continental Europe investors)
- Price: **11.00 €** per share
- Total consideration: **76 €m**
- Market capitalization at IPO: **220 €m**

Placement (September 2017)

- Offer size: **3.5 million shares**, equal to 17.5% of the Company's issued share capital, sold to institutional investors
- Price: **16.00 €** per share
- Total consideration: **56 €m**
- Market capitalization at Placement price: **320 €m**

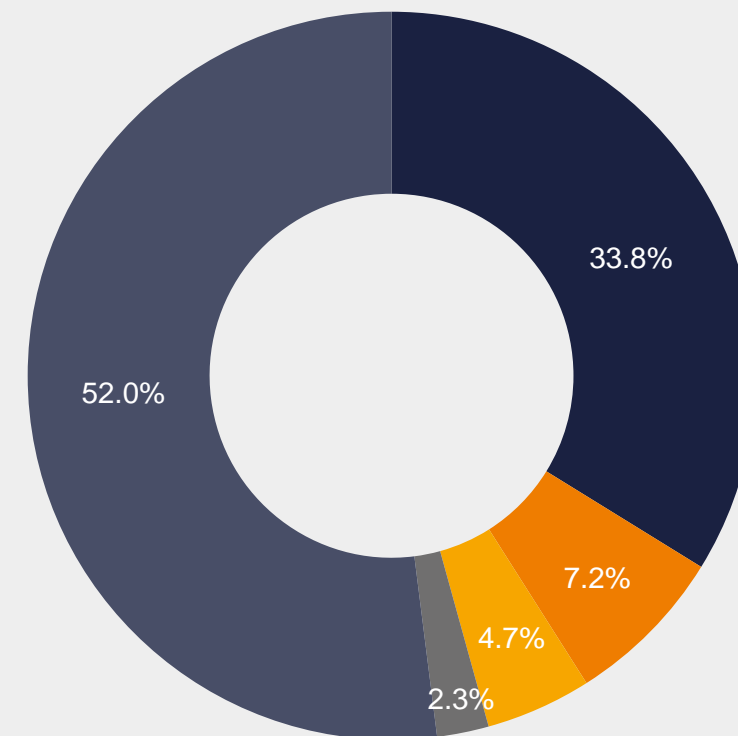
Dividend Payment (September 2017)

- **1 € per share**, equal to 9.1% of the IPO price
- Total amount: **20 €m** of which **10.4 €m** paid to Investors

Demerger of IEH (October 2017)

- Non-proportional demerger of majority shareholder
- Improved **transparency** of Unieuro chain of control
- **Direct involvement of the Top Management** in the shareholding structure

Updated shareholding structure



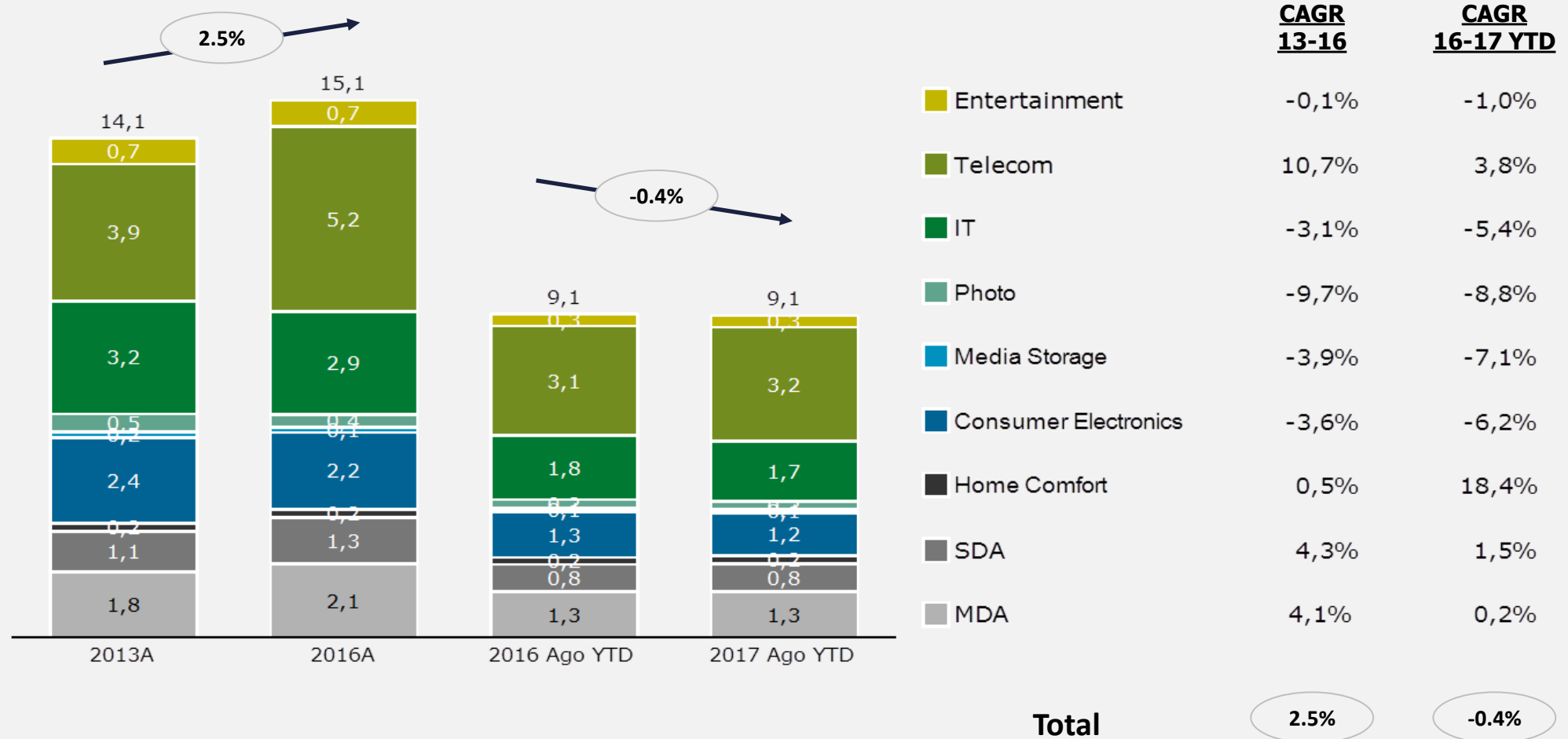
- Rhône Capital⁽¹⁾
- Dixons Carphone Plc⁽²⁾
- Silvestrini Family
- Unieuro's Top Management
- Free float

Summary

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- 9M 17/18 Financials
- Key Takeaways

Market growth from 2013 to 2016. Slight downturn in 2017 YTD

2013-2016 and YTD Consumer Electronics market evolution by category, €b



2017 Expected Trends

Offline channel -1,5%, while Online (excl. Entertainment) +10%

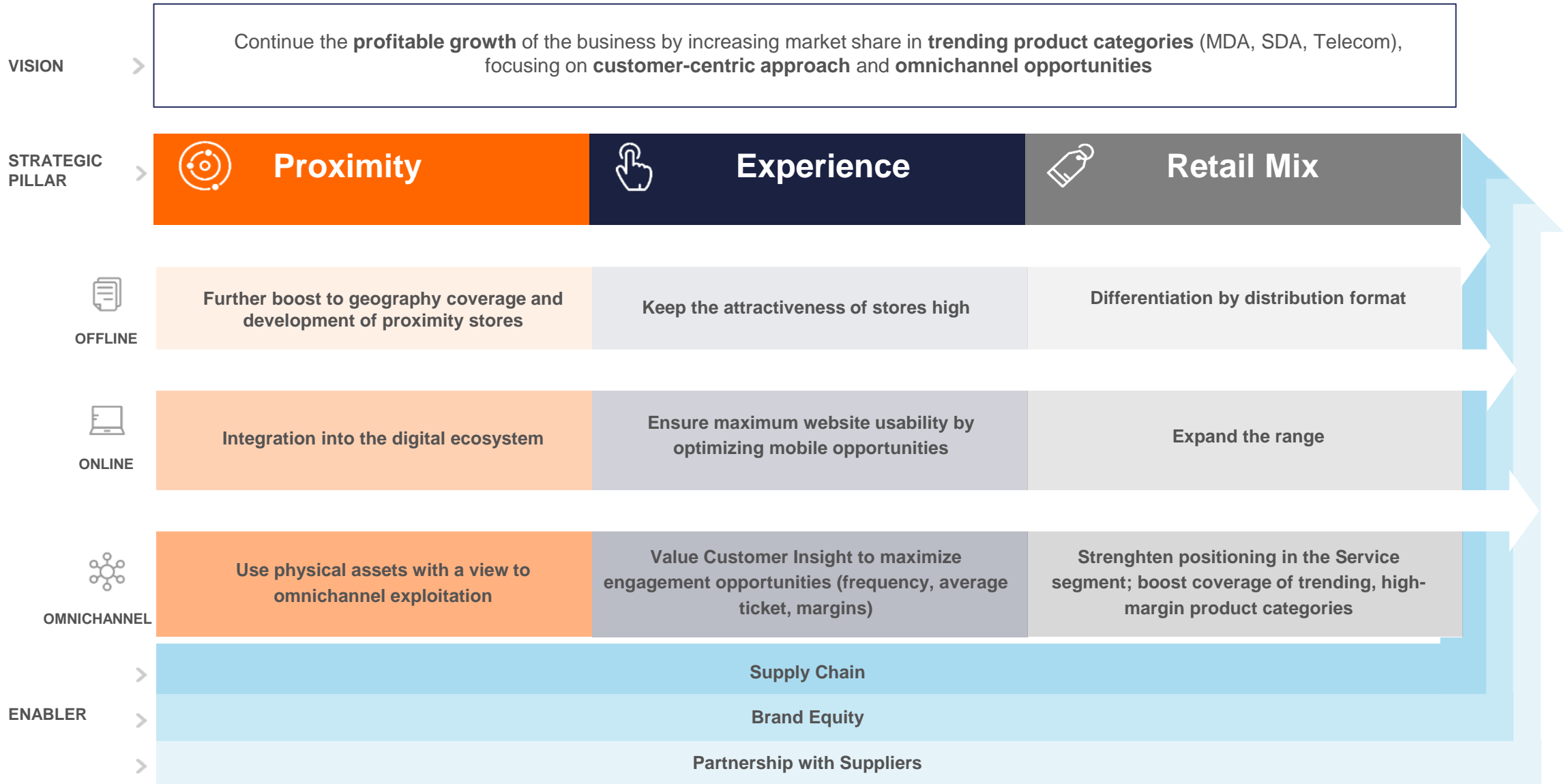
CATEGORY	DEVELOPING DRIVER	Est. YoY 17 vs 16 – Offline (Calendar year)			Est. YoY 17 vs 16 – Online (Calendar year)		
		Value	Volume	Price	Value	Volume	Price
White	MDA	~-(3,5%)	=	↘	~+35,0%	↗↗	↘
	SDA	~(-1,0%)	↗	↘	~+20%	↗↗	↘↘
	Home Comfort	0,0%	=	=	0,0%	=	=
Brown	Consumer Electronics	~(-4,0%)	↘↘	↗↗	~(-2%)	↗	↘↘
	Media Storage	~(-9,0%)	↘↘	↗↗	~+7,0%	↘↘	↗↗
Grey	Photo	~(-8,0%)	↘↘	↗↗	~(-0,5%)	↘↘	↗↗
	IT	~(-7,0%)	↘↘	↘	~+8,0%	↗↗	↘
	Telecom	~%3	↘	↗↗	~+5,0%	↗↗	↘
Total Market		~(-1,5%)	↘	↗	~+10,0%	↗	=

↗↗ >5% ↗ >1% = -1%<x>1% ↘ <-1% ↘↘ <-5%

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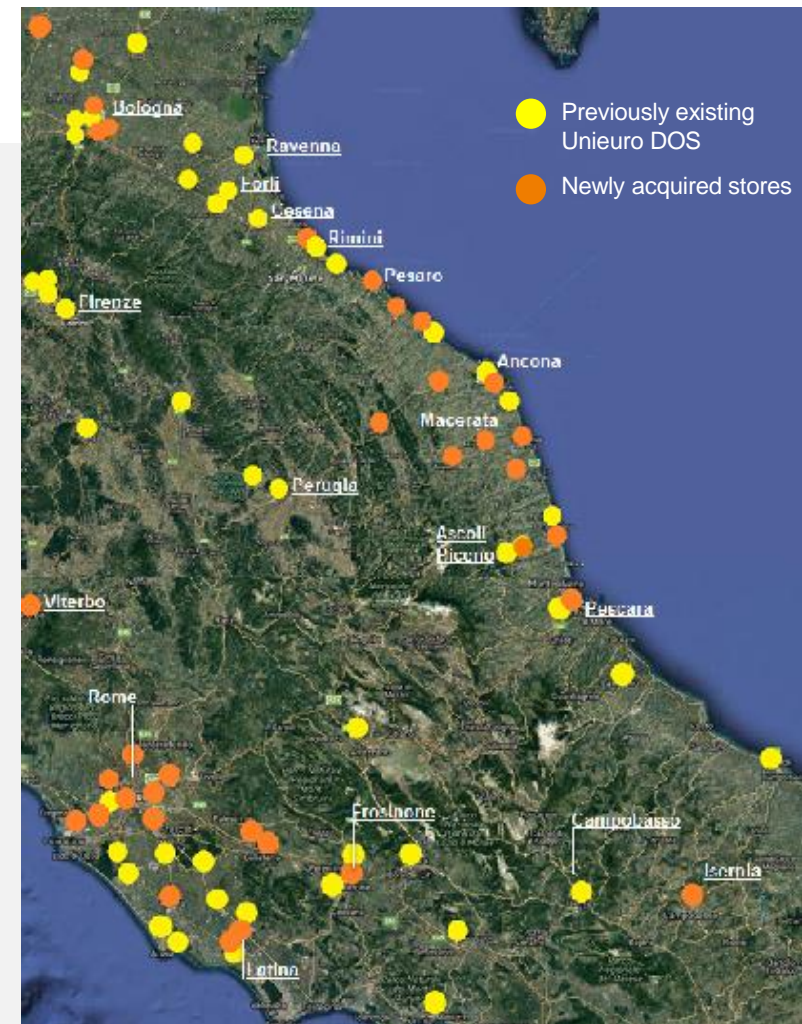
Unieuro's Strategic Goals



Andreoli, Euroma2 and Cerioni

40 ex-Euronics stores acquired; one ex-Trony flagship store relaunched

- **21 ex-Euronics DOS** in Southern Lazio, Abruzzo and Molise acquired from **Andreoli S.p.A.**
 - Closing date: 17 May
 - Reopening: 1 July
 - Total consideration: **12.2 €m**
 - Target: **over 100 €m of additional sales** at run-rate within 12-18 months
 - **ex-Trony Euroma2 flagship store**, previously managed by Edom S.p.A., relaunched
 - Reopening: 20 September
 - Total consideration: **3.0 €m** (key-money)
 - Target: **20-25 €m of additional sales** at run-rate within 12-18 months
 - **19 ex-Euronics DOS** in Marche and Emilia Romagna acquired from **Gruppo Cerioni S.p.A.**
 - Closing dates: 31 October (11 stores), 21 November (6), 21 December (2)
 - Reopening: 1 July (11 stores), 8 December (6), 27 January 2018 (2)
 - Total consideration: **8.0 €m**
 - Target: **90 €m of additional sales** at run-rate within 12-18 months
 - **Recovery plan** immediately executed and comprising:
 - adoption of the Unieuro banner
 - refurbishment
 - total product restocking (all stores acquired without stock)
 - integration into Unieuro's IT system
 - salesforce training
- ⇒ Profitability expected in line with the Company's targets within 18-24 months
- ⇒ Unieuro's unique business model allowing fast execution and important synergies



Strategic Rationale

- Leveraging the existing platform to extract synergies (procurement, logistics, marketing)
- Improving Unieuro's coverage of Central Italy, boosting total market share
- Consolidating the offline market, while weakening competing buying groups

Online external growth

Acquisition of pure player Monclick S.r.l.

- **One of the leading Italian e-commerce platforms**, specialised in the sale of consumer electronics products
- Consolidated from **1 June**
- Total consideration: **10.0 €m**
- Break-even expected in **18-24 months**
- Two separated business lines:

B2C

- **“Standard” online B2C consumer electronics business** through monclick.it website
- Broad assortment including Grey, White, and Brown goods, entertainment products and value-added services
- Low price positioning

B2B2C

- **Products sold directly to customers of Monclick’s business partner**, usually large companies with broad customer base (e.g. banks, mobile phone carriers, supermarkets)
- Full ownership of the entire sale process, including design of an ad-hoc website, selection of product assortment (usually limited to a small number of SKUs), delivery, and after-sale services
- the only Italian consumer electronics retailer with a meaningful presence and track-record in this channel

FY 2016 sales (€m)



Key integration activities

- Design and implement an integrated sourcing model to exploit Unieuro purchasing power
- Launch of dedicated website for B2B clients to improve user experience
- Scouting of new vendors to develop new partnerships
- Develop a sales force dedicated to B2B segment
- Improve automation of B2B2C digital platforms, with potential benefits on margins

Strategic Rationale

- **Leveraging the existing platform to extract synergies (procurement, logistics, IT and G&A)**
- **Expanding product range thanks to Monclick broad assortment**
- **Deepening penetration of the online channel**
- **Entering the B2B2C segment, totally new for Unieuro**

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Key Financials

Consolidated Sales (€m)

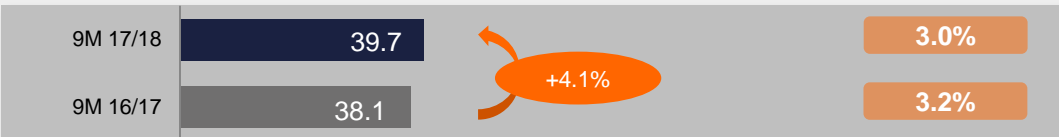
LFL growth⁽¹⁾



- Strong contribution from acquisitions, new openings and e-commerce, as well as Black Friday
- LFL sales improving vs. H1, but still affected by 2016/17 major refurbishments and new openings impact on existing stores. Net of these phenomena, LFL sales +0.7%

Consolidated Adj. EBITDA (€m)

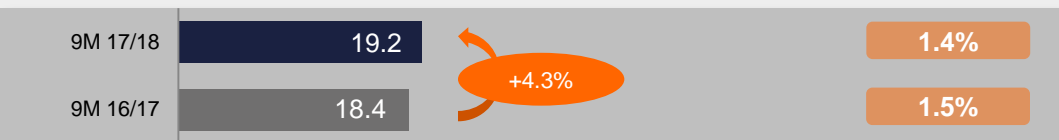
EBITDA margin



- Adj. EBITDA increase, led by volumes increase
- Slight Adj. EBITDA margin dilution driven by gross profit and logistics costs, partially offset by cost synergies and efficiencies on rents, marketing and other costs
- Impact from Black Friday and one-off promotions for the launch of 39 new stores

Consolidated Adj. Net Income (€m)

Net Income margin



- Adj. Net Income improvement in line with Adj. Ebitda performance
- Lower net interests and taxes, largely offset by higher D&A related to capex expansion

Net Financial Debt (€m)

Leverage⁽²⁾



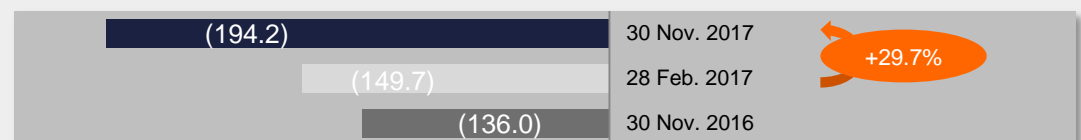
- Net Financial Debt increased by 27.6 €m vs. the beginning of the FY and almost stable at the level of 30 Nov. 2016, despite acquisitions amounting to 37.8 €m (total consideration and capex)

Adj. Levered Free Cash Flow (€m)



- Strong cash generation, +24.6 €m in 9M 17/18
- Net Working Capital contribution largely offsetting increased operating capex outflows

Net Working Capital (€m)

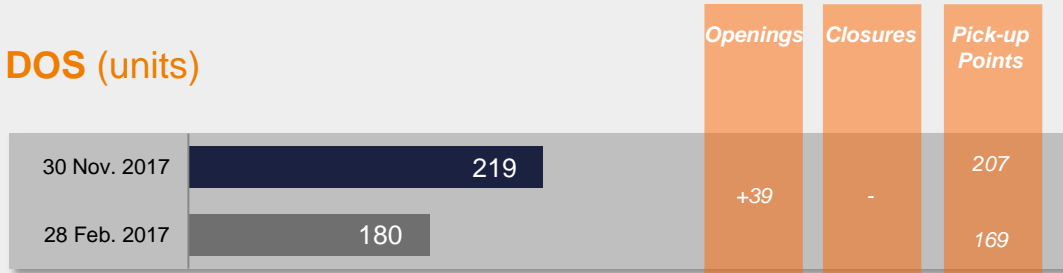


- Impressive performance, both YTD and vs. 9M 2016/17, boosted by store network expansion and constant focus on NWC control

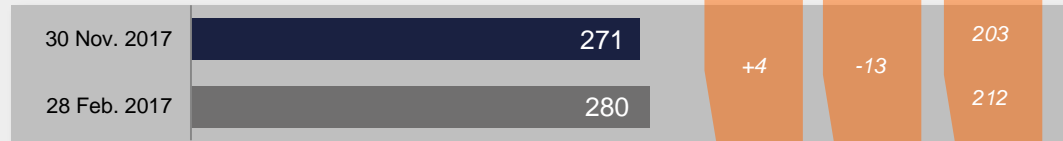
Key Operational Data

Unieuro's Retail Network: 490 stores

- DOS (units)



- WHOLESALE PARTNERS (units)



- **33 new DOS coming from acquisitions:**
 - 21 former Andreoli/Euronics, reopened in Q2
 - former Edom/Trony megastore in the Euroma2 shopping mall, reopened on 20 Sept.
 - first 11 former Cerioni/Euronics, reopened on 16 Nov.
- **6 new openings:**
 - 2 in H1 (Oriocenter and Orio al Serio Airport)
 - 4 in Q3 (Novara, Genova, Roma Trastevere and Napoli Capodichino Airport)
- **Ongoing rationalization of wholesale partners network**
- **Pick-up points: 410 (84% of total stores)**

Total Retail Area (sqm DOS only)

Sales density
(€/sqm, LTM)



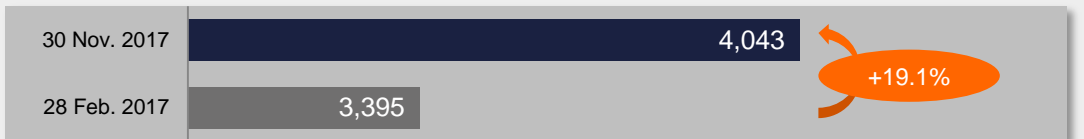
- **Acquisitions and new openings boosting total sales area by 16%**
- **Resizing strategy positively impacting Sales density**

Loyalty Card Holders (millions)



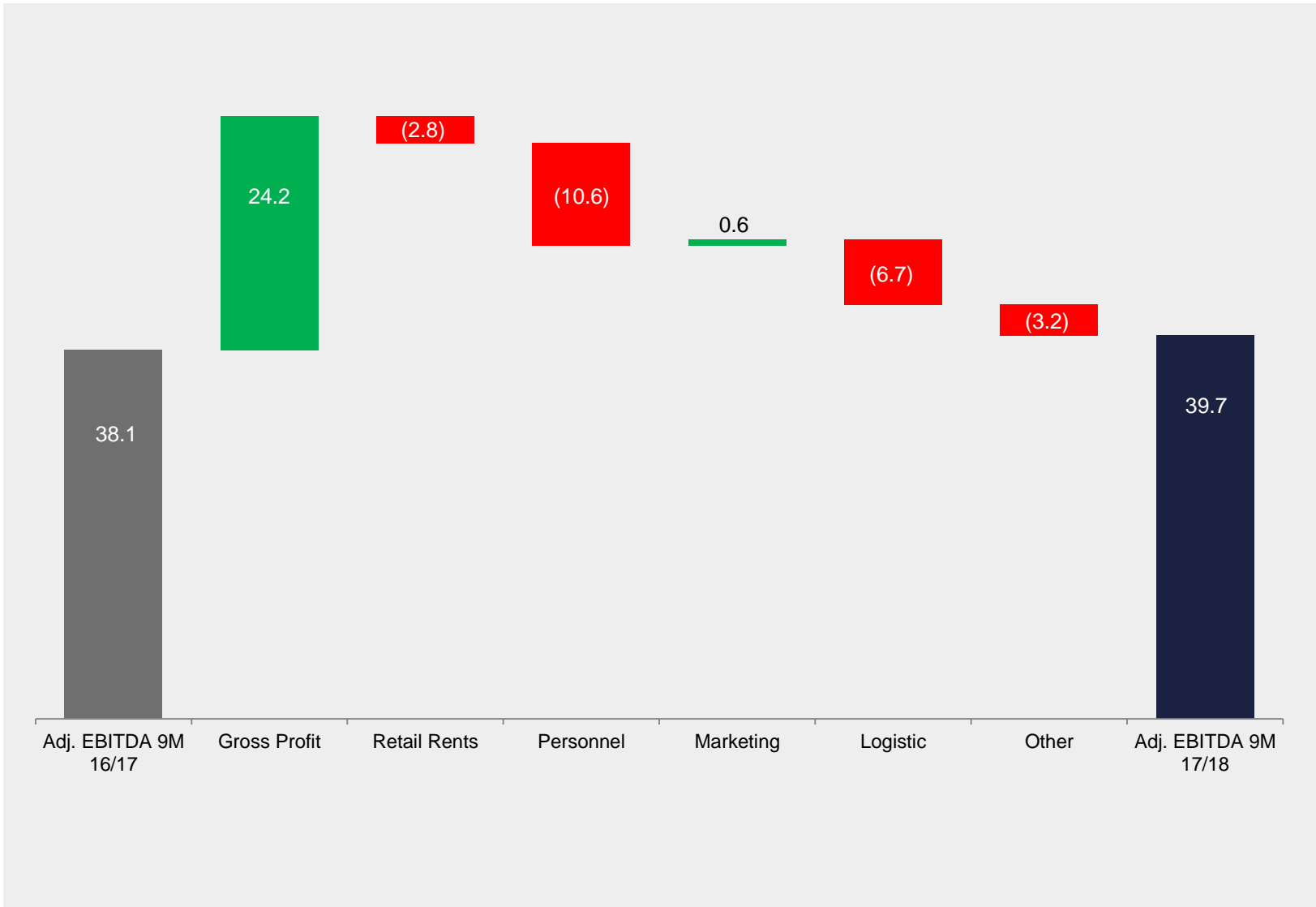
- **Card holders and active loyalty customers⁽¹⁾ increasing YTD and QoQ**

Workforce (FTEs)



- **Acquisitions (515) and new openings effect**
- **Salespeople of 6 additional Cerioni stores already included**

Adjusted EBITDA Walk



- **Increase in Gross Profit** driven by both acquisitions and organic sales growth; slight decline in gross margin due to strong competition
- **Rental Costs increase** due to acquisitions and new openings. Like-for-like rental costs significantly decreasing
- **Personnel costs** increase driven by acquisitions, new openings, HQ reinforcement and new national collective labour agreement conditions
- **Marketing costs in line** with prior year. Increased focus on digital vs. traditional marketing activities
- **Increase in Logistics costs** connected to higher sales volume as well as to home delivery growth trend
- **Other costs increase** also connected to the new status of listed company. Incidence in line with 9M 2016/17

Explaining EBITDA adjustments

Adjustments breakdown



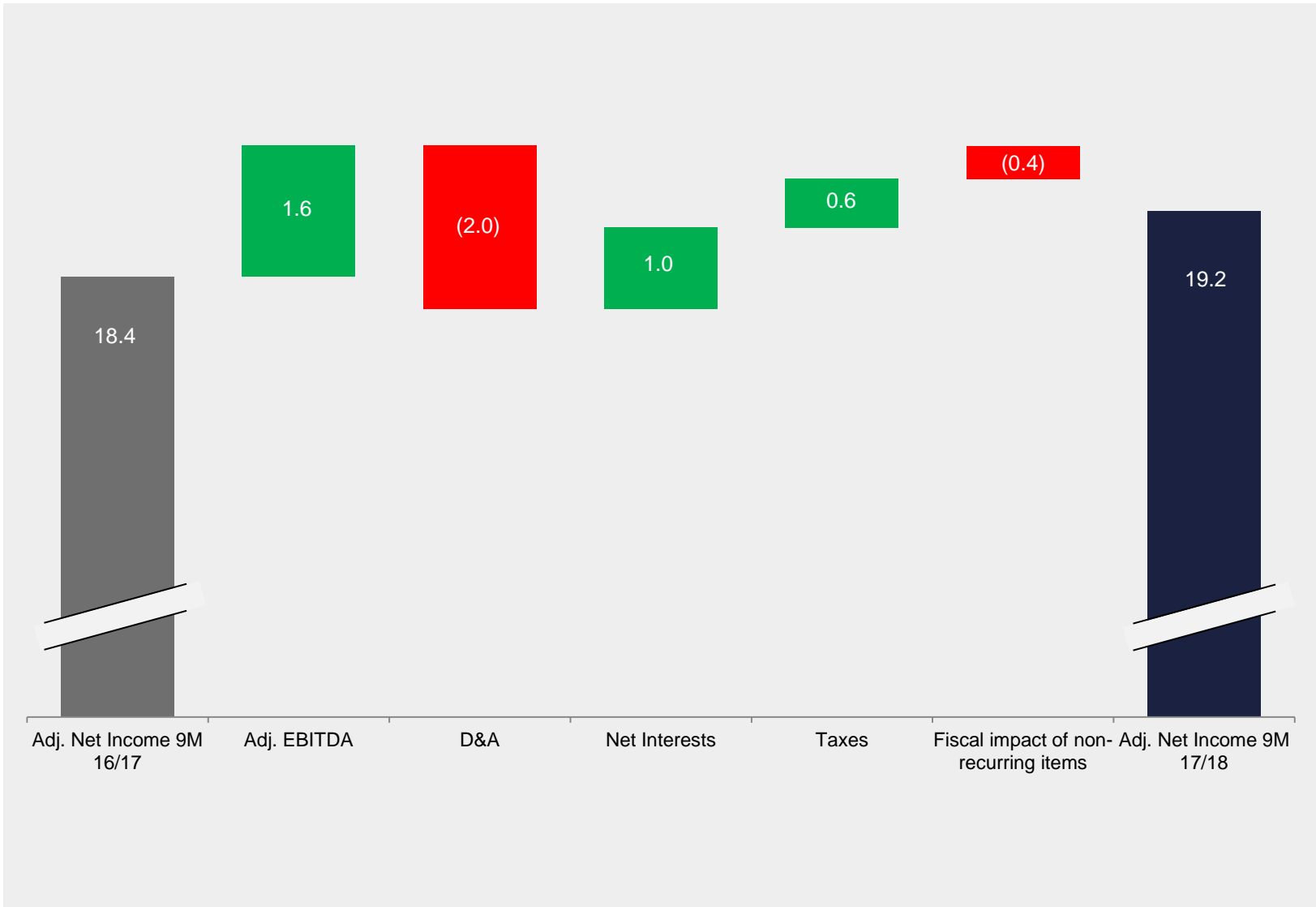
- **IPO costs**, ended in Q1 2017/18
- **Call options agreement**, ended in Q1 2017/18 after successful IPO
- **Stores opening, relocations (ex-UniEuro) and closing costs**, almost in line with 9M 2016/17 despite more openings
- **Accidental events**, related to a theft in Piacenza logistics center, occurred in 2Q 2017/18. Unaccrued insurance reimbursement is currently pending.
- **M&A costs** concerning Monclick, Andreoli and Cerioni acquisitions and including rents and personnel costs until reopening of the stores, as well as training, advisory services and other minor costs
- **Other**, mostly related to potential future liabilities connected to former UniEuro stores
- **Extended warranties adjustments**, decreasing year by year

Total adjustments change

	9M 17/18	9M 16/17	Δ
Non-Recurring Items	17.8	11.6	6.1
Extended warranties adjustment	4.9	7.4	(2.6)
Total Adjustments	22.6	19.0	3.6

- **Non-recurring items increase (+6.1 €m)** mostly driven by M&A and a one-off accident, accounting 10.9 €m in total
- **Net of those effects, non-recurring items down by 4.8 €m (-25.3%)**
- **Q3 total adjustments from 7.2 €m to 3.1 €m**

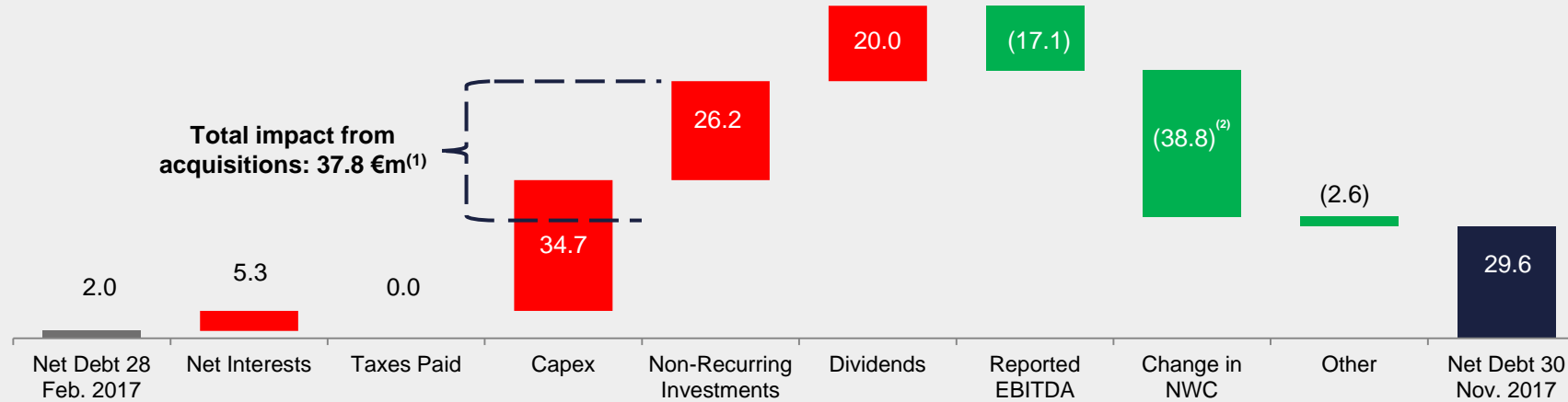
Adjusted Net Income Walk



- **Increase in D&A** due to growing capex activities in the last years, also connected to new openings and acquisitions
- **Net interests efficiency** mainly driven by YoY improvement in average NFP
- **Income Taxes positive contribution** (from 0.8 €m in 9M 16/17 to 0.2 €m in 9M 17/18)

Financial Overview

Net Financial Debt walk

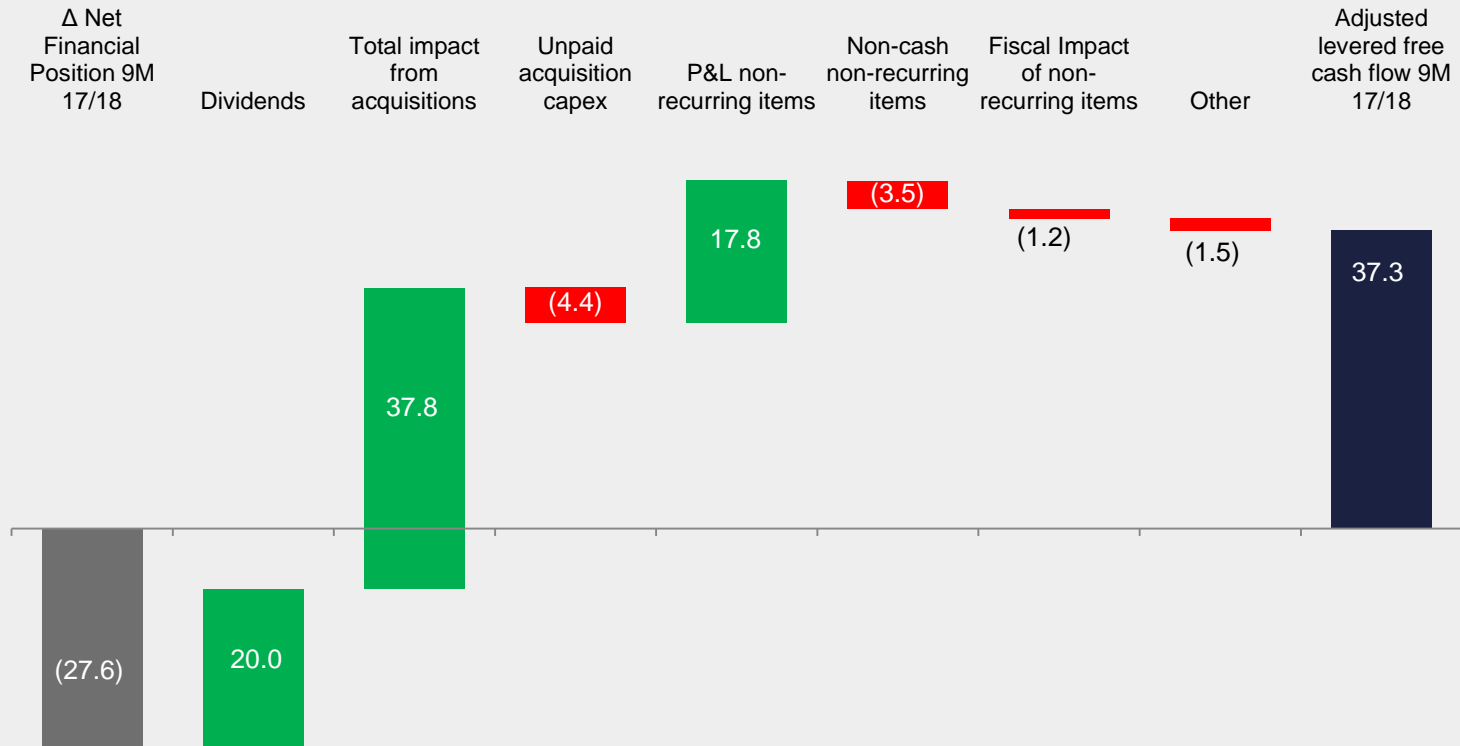


- **Net Financial Debt** impacted by:
 - **Capex**, partially related to recently acquired assets (11.6 €m, including Euroma2 flagship store)
 - **Non-recurring investments**, including Andreoli (9.4 €m), Monclick (10.0 €m) and Cerioni stores (6.8 €m)
 - **Dividend payment**
 - **Net interests**, including non-recurring financing fees (2.3 €m) in Q2
- **Strong cash generation from NWC evolution**

Net Working Capital

	30 Nov. 2017	28 Feb. 2017
Trade receivables	49.5	35.2
Inventories	429.9	269.6
Trade payables	(537.6)	(334.5)
Trade working Capital	(58.2)	(29.8)
Other NWC	(135.9)	(119.9)
Net Working Capital	(194.2)	(149.7)

Adjusted Levered Free Cash Flow Walk



- **Total impact from acquisitions**, defined as total consideration (Andreoli 9.4 €m, Monclick 10.0 €m, Cerioni stores 6.8 €m) + 11.6 €m acquisitions related capex
- **P&L non-recurring items** as listed on slide 29

Summary

- Overview of Unieuro
- Italian CE Market Trends
- Unieuro's Strategy
- 9M 17/18 Financials
- **Key Takeaways**

Key Takeaways

- Unique and winning business model, positioning Unieuro as the only omnichannel consolidator in the highly fragmented Italian CE market, through new openings and M&A

- Channels integration strategy further strengthening the Company's leadership and competitive advantage

- Customer Centrality at the heart of the business model, starting with CRM building
- Voice of Customer as a pillar of decision-making and customer touchpoints continuous improvement process (i.e. NPS measurement)

- Impressive cash generation boosted by acquisitions and NWC control
- Over 400 €m NOLs allowing future tax savings
- Dividend policy: 50% of Adjusted Net Income



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