

# Unieuro S.p.A.

Investor Presentation

*STAR Conference, 27-28 March 2018*



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# Summary

- **FY 2017/18 Preliminary Results**
- **Overview of Unieuro**
- **Unieuro's Strategy**
- **Key Takeaways**

# Highlights

- Record FY Sales despite a competitive market environment: **+12.8%** to almost **€1.9 billion**
  - Unieuro **close to market leadership** in terms of revenues

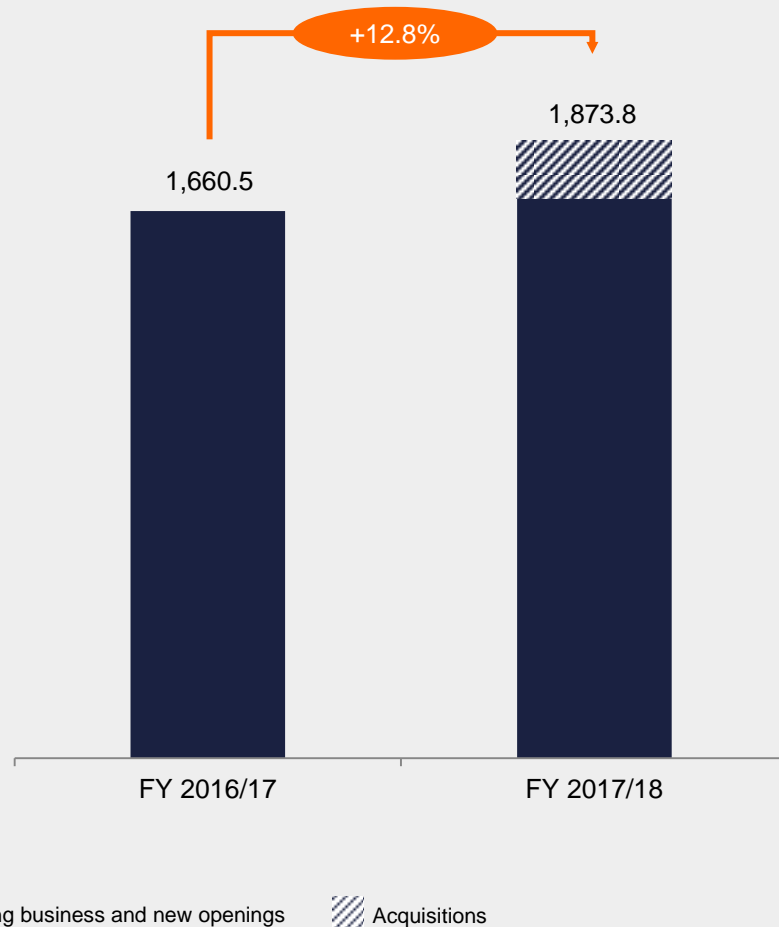
- Offline sales benefitting from **acquisitions and new openings**
- Strong boost from Online sales: +66.2%, now at 10% of total sales

- Adjusted EBITDA expected to increase vs. 65.4 €m in FY 2016/17

- Focus on shareholders remuneration confirmed: dividend pay-out anticipated at the beginning of June 2018, in a lump sum in the interest of shareholders
- FY 2017/18 dividend expected to be similar to the amount distributed last year (€1.0 per share)

# FY 2017/18 Preliminary Sales

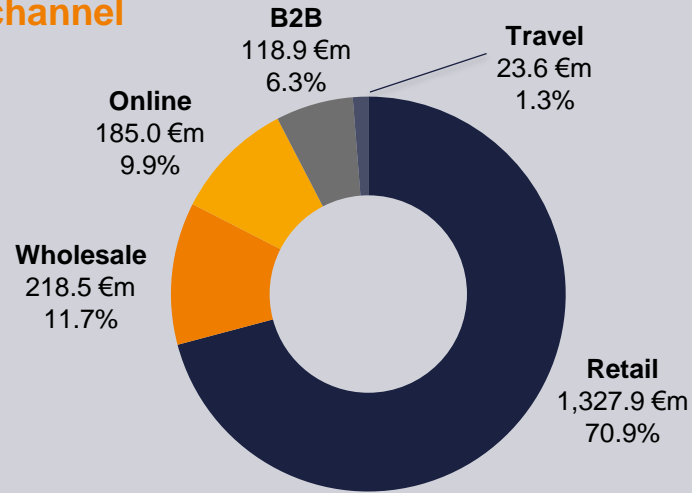
## Another strong year of revenue growth



- **Record FY 2017/18 consolidated sales: 1,873.8 €m (+12.8% yoy)**
- **Acquisitions** contributing for **175.4 €m**:
  - Monclick, from 1 June 2017
  - 21 former Andreoli / Euronics stores, from 1 July 2017
  - Euroma2 former Edom / Trony flagship store, from 20 September 2017
  - 19 former Cerioni / Euronics stores, in three different steps (16 November 2017, 8 December 2017 and 27 January 2018)
- **7 new openings**
- **Online business** growing fast: **+36.5%** net of Monclick's B2C contribution
- **Resilient store network**:
  - **Like-for-like** revenues down 1.9%, also due to the predicted impact of new stores (not included in the like-for-like indicator) on the pre-existing network
  - Net of new openings impact on existing stores and 2016/17 major refurbishments, Like-for-like sales **+0.4%**

# Preliminary Sales Breakdown

## Sales by channel



- **Retail: 1,327.9 €m**
  - Acquisitions (41 stores) and new openings (5) boosting volumes
- **Wholesale: 218.5 €m**
  - Rationalization of wholesale partners' network compounded by new DOS effect and pick&pay sales increase
- **Online: 185.0 €m**
  - Unieuro.it impressive growth (+36.5%) and Monclick B2C consolidation (33.1 €m)
- **B2B: 118.9 €m**
  - Monclick B2B2C contribution
- **Travel: 23.6 €m**
  - New openings effect (3 stores, one of which at the end of FY16/17)

YoY change

+10.4%

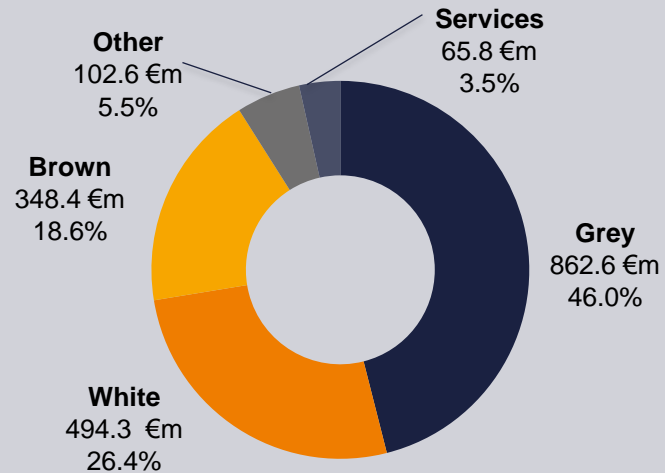
-4.1%

+66.2%

+15.8%

+45.7%

## Sales by product category



- **Grey: 862.6 €m**
  - Good performance in consumer segment, despite market weakness in the IT segment
- **White: 494.3 €m**
  - Strong strategic focus on White segment and product range expansion. Strong dishwashers dryers and refrigerators sales
- **Brown: 348.4 €m**
  - Growing success of high-end TV sets (Ultra HD and OLED) and positive impact from Monclick's B2B2C consolidation
- **Other products: 102.6 €m**
  - Strong growth in personal mobility segment (especially hover boards) and videogame consoles
- **Services: 65.8 €m**
  - Continuous focus on highly profitable services, such as extended warranties

+8.0%

+17.2%

+15.6%

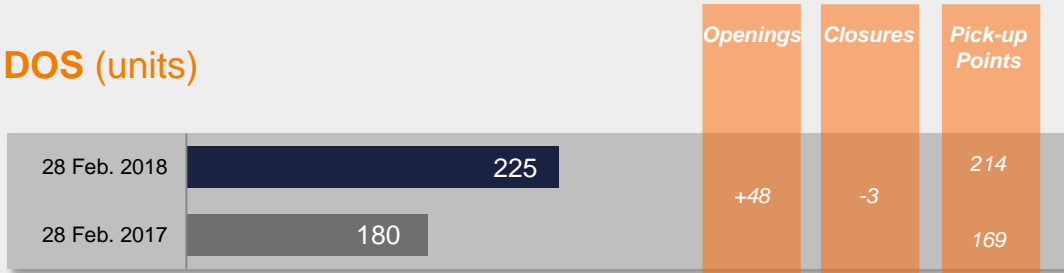
+28.7%

+12.3%

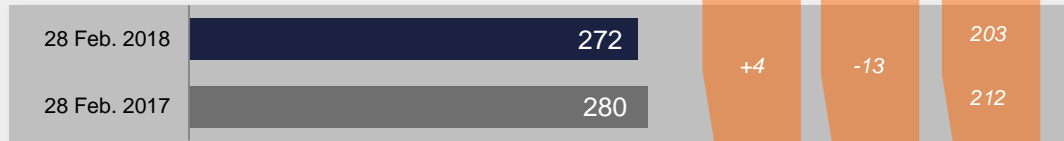
# Key Operational Data

## Unieuro's Retail Network: 497 stores

### - DOS (units)



### - WHOLESALE PARTNERS (units)



- **41 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.
  - 19 former Cerioni/Euronics, reopened between 16 Nov. and 27 Jan.
- **7 new openings:**
  - 6 in 9M (Oriocenter, Orio Airport, Novara, Genova, Roma Trastevere and Napoli Airport)
  - 1 in Q4 (Modena)
- **Rationalization of DOS network started** (closure of Frosinone, Cento and Roma Torrecchia stores), in parallel with wholesale partners network's
- **Pick-up points: 417** (84% of total stores)

## Total Retail Area (sqm DOS only)

Sales density  
(€/sqm, LTM)



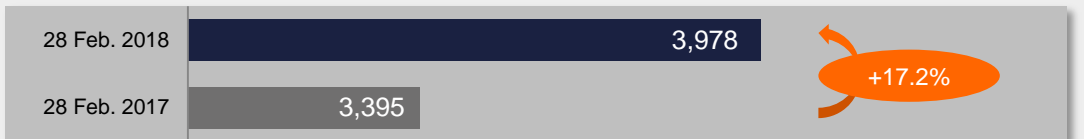
- **Acquisitions and new openings boosting total sales area by over 20%**
- **Slight improve in Sales density**

## Loyalty Card Holders (millions)



- **Card holders and active loyalty customers<sup>(1)</sup> increasing**

## Workforce (FTEs)



- **Acquisitions (515) and new openings effect**

# Dividend Pay-Out Anticipated

## BoD resolutions

On 26 March 2018, the Board of Directors of Unieuro decided to:

- **bring forward the dividend payment**, with regard to fiscal year 2017/18. Ex-dividend date tentatively scheduled for **11 June 2018**
- **pay out dividends in a lump sum**, instead of a payment in March (one-third of previous FY dividend), followed by a final payment in September (FY 2017/18 dividend net of March down payment)

## Expectations concerning the dividend amount

The amount of FY 2017/18 is expected to be **similar to the amount distributed last year (€1.00 per share)**:

- **in light of of 2017/18 positive preliminary results**
- **consistently with the current dividend policy** (pay-out of at least 50% of Adjusted Net Income<sup>1</sup>)

The dividend distribution proposal will be examined by the BoD to be called, among others, to approve the final data for FY 2017/18, on 26 April 2018

### Rationale

- **Taking advantage of Unieuro's favourable economic and financial performance**
- **Bringing forward the total distribution of dividends by four months**



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# 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 1.9 €bn

## Broad product range across multiple categories

**Grey goods**  
(46.0%)

- Mobile, IT, accessories, photography, wearables

**White goods**  
(26.4%)

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

**Brown goods**  
(18.6%)

- TV, media storage, car accessories

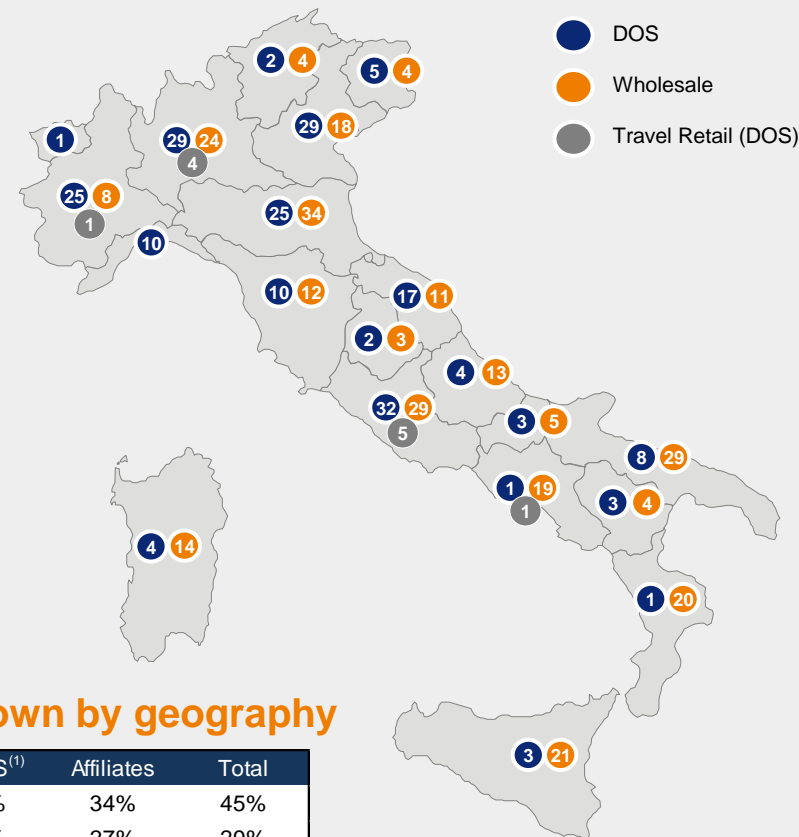
**Other Products**  
(5.5%)

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

**Services**  
(3.5%)

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

## Full nationwide coverage



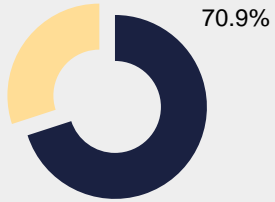
## Store breakdown by geography

	DOS <sup>(1)</sup>	Affiliates	Total
North	58%	34%	45%
Centre	32%	27%	29%
South	9%	39%	26%
<b>Total</b>	<b>225</b>	<b>272</b>	<b>497</b>

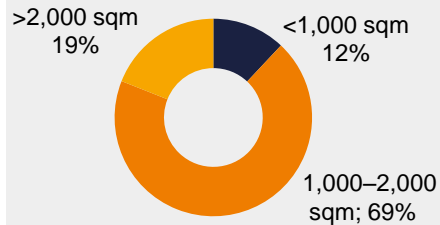
# Integrated omnichannel presence across offline and online

Contribution to FY 17/18 total sales

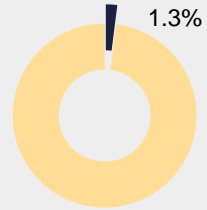
## Retail: 214 DOS



- 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



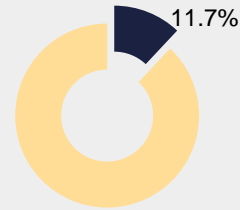
## Travel Retail: 11 DOS



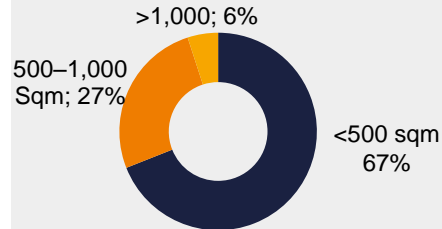
- Stores located in main Italian airports and in Torino train station
- Focus on “grey” and “brown” goods
- Exposure to favourable travel dynamics
- Reduced space (c. 100 sqm) allowing proximity to products
- On-the-go impulse purchases
- Marketing tool to increase brand visibility



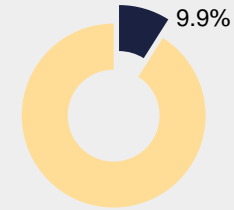
## Wholesale: 272 stores



- 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

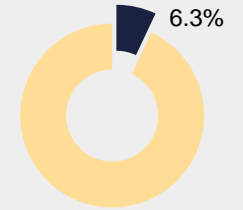


## Online



- 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

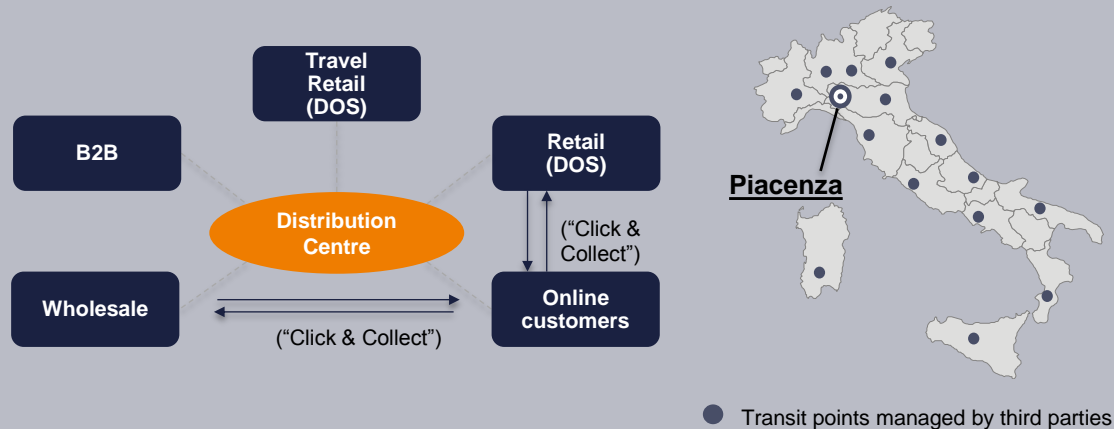
# A successful business model, centralised and scalable

## 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<sup>(1)</sup>: 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>Ilatte. Fortè. Sempre.</small>	Main Competitor	Buying Groups
<b>Approach</b>	Omnichannel	Omnichannel	Mainly traditional
<b>Store format</b>	All formats, from travel to flagship stores	Large stores only	All formats
<b>Headquarters</b>	One, centralised	One, centralised	Many, one for each member
<b>Purchasing</b>	Centralised at HQ level	Mixed, both at HQ and at store level	Decentralised, at single member level
<b>Warehouse</b>	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



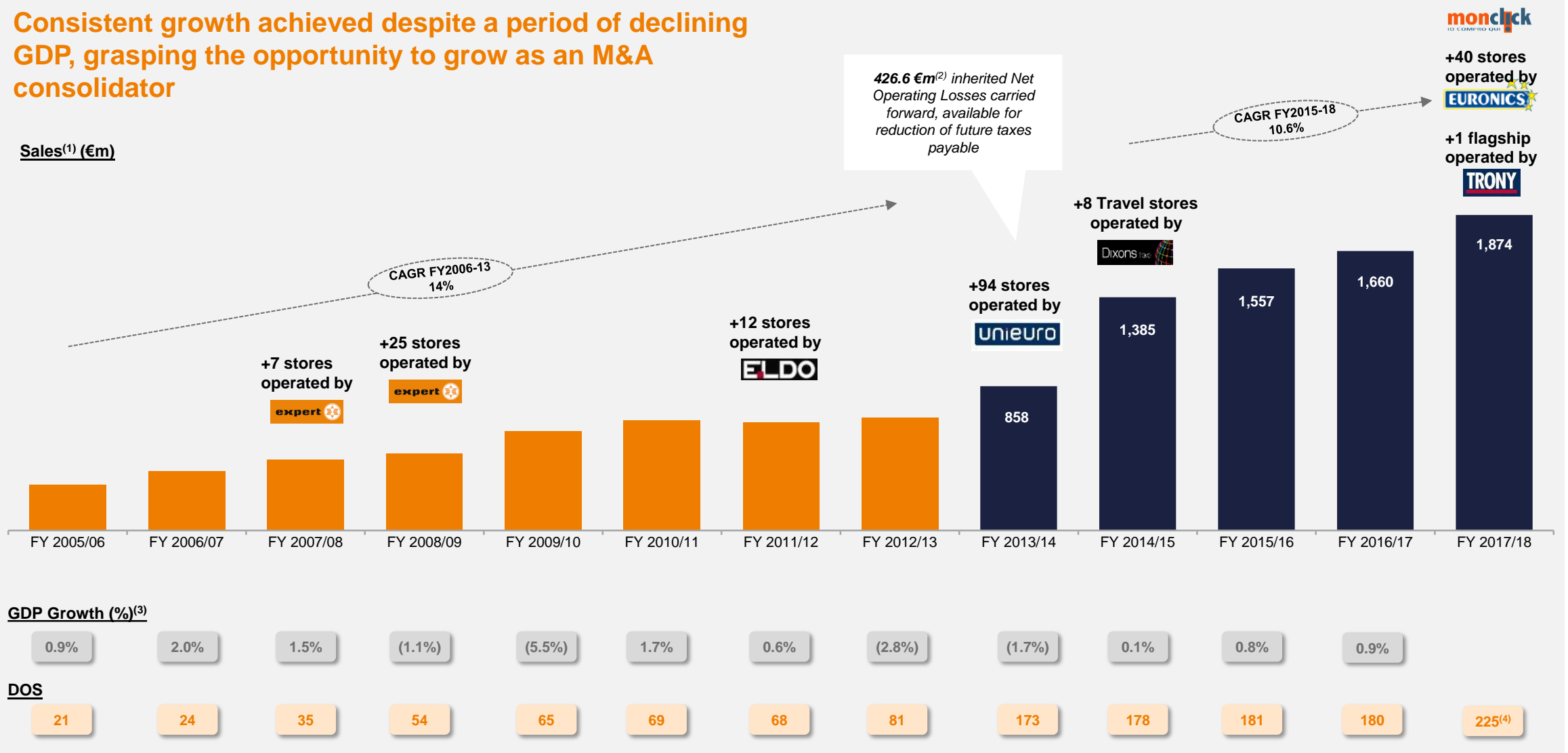
Singles' Day (11/11), the Chinese born shopping festival, introduced in Italy for the first time by Unieuro

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<sup>(1)</sup> (€m)

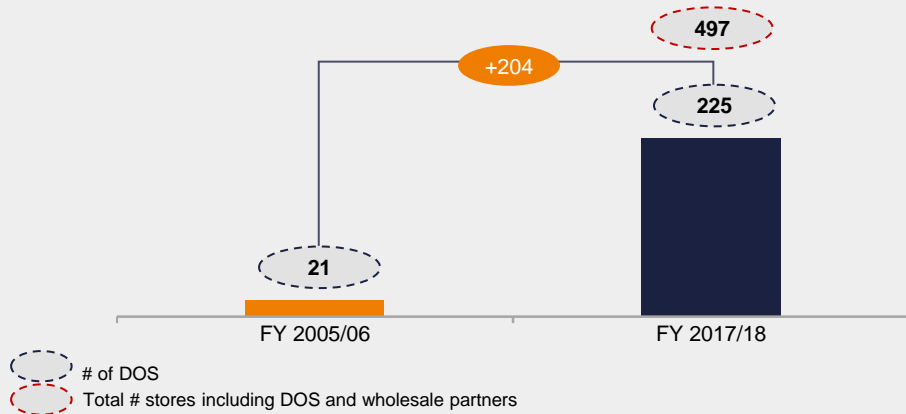


GDP Growth (%)<sup>(3)</sup>

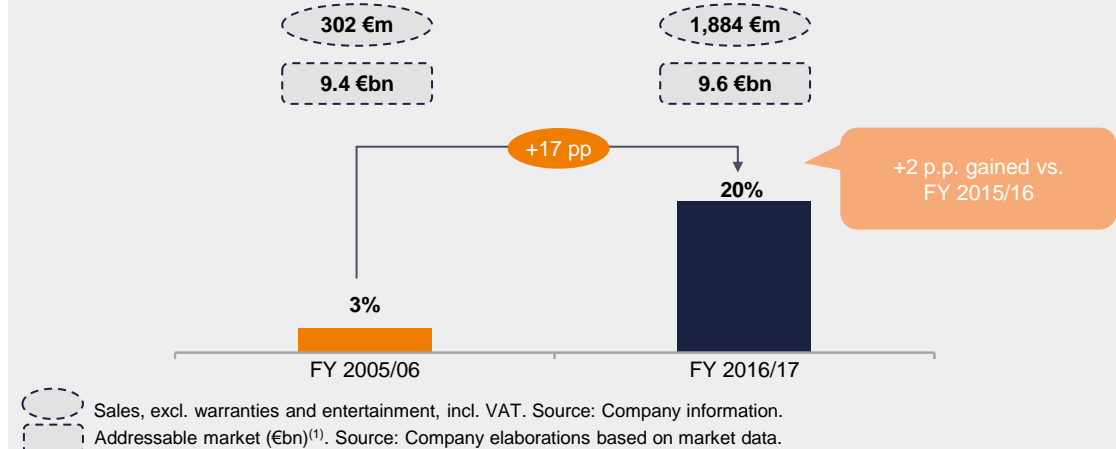
DOS

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

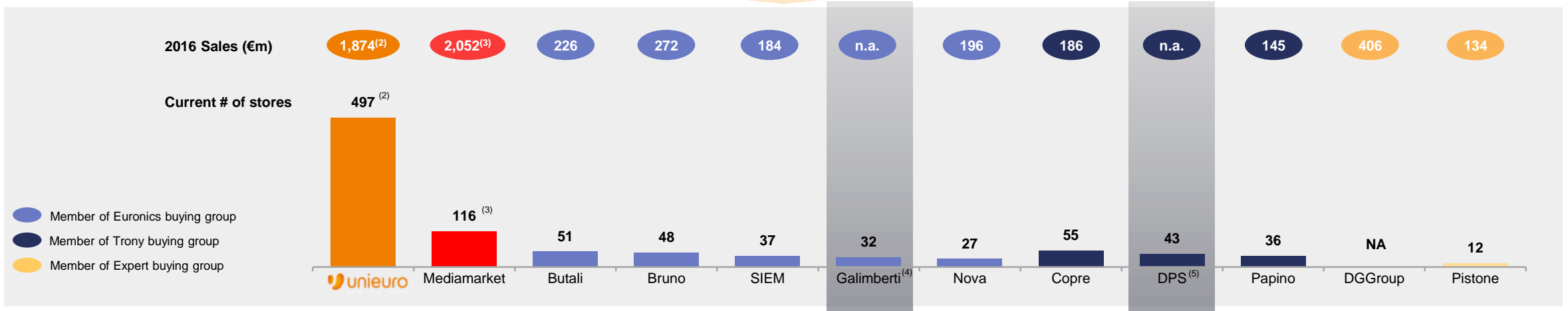
Expansion of DOS store network by over 10x since 2006 with total stores reaching 497 end of FY2017/18...



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



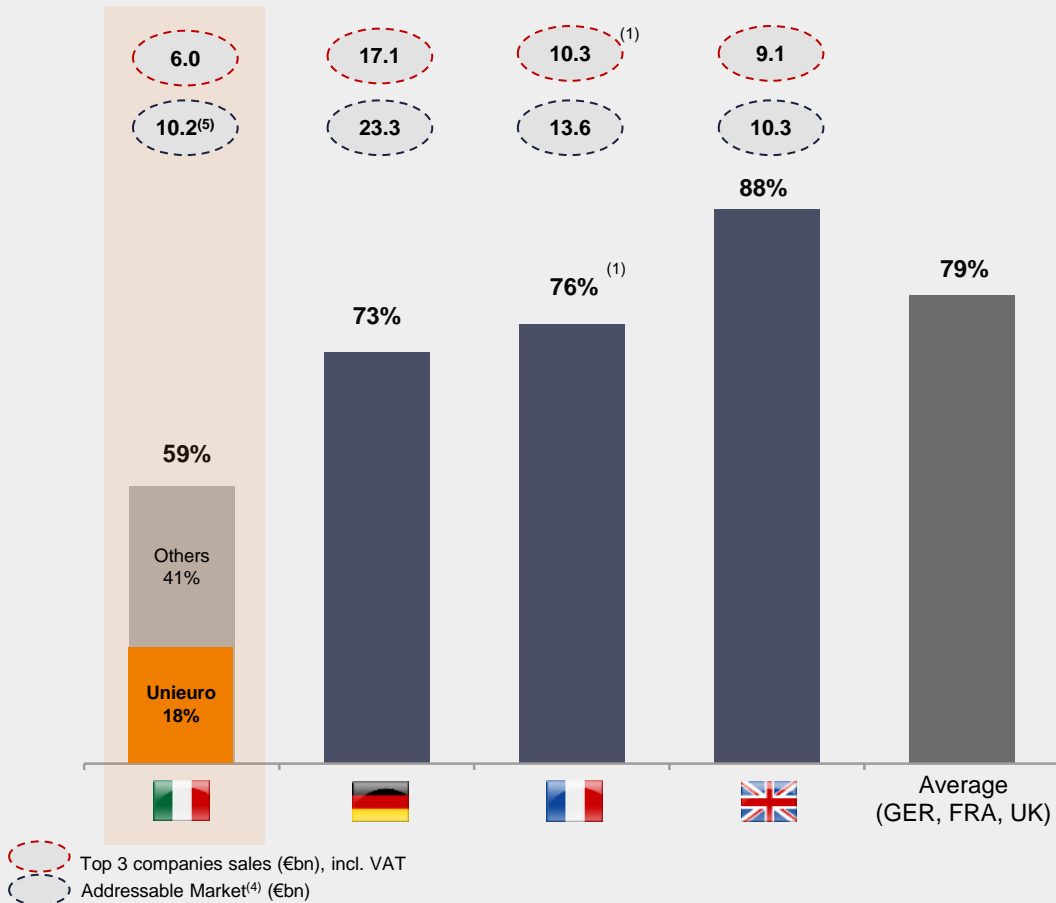
...resulting in the leading company in the Italian CE market by number of stores



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

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

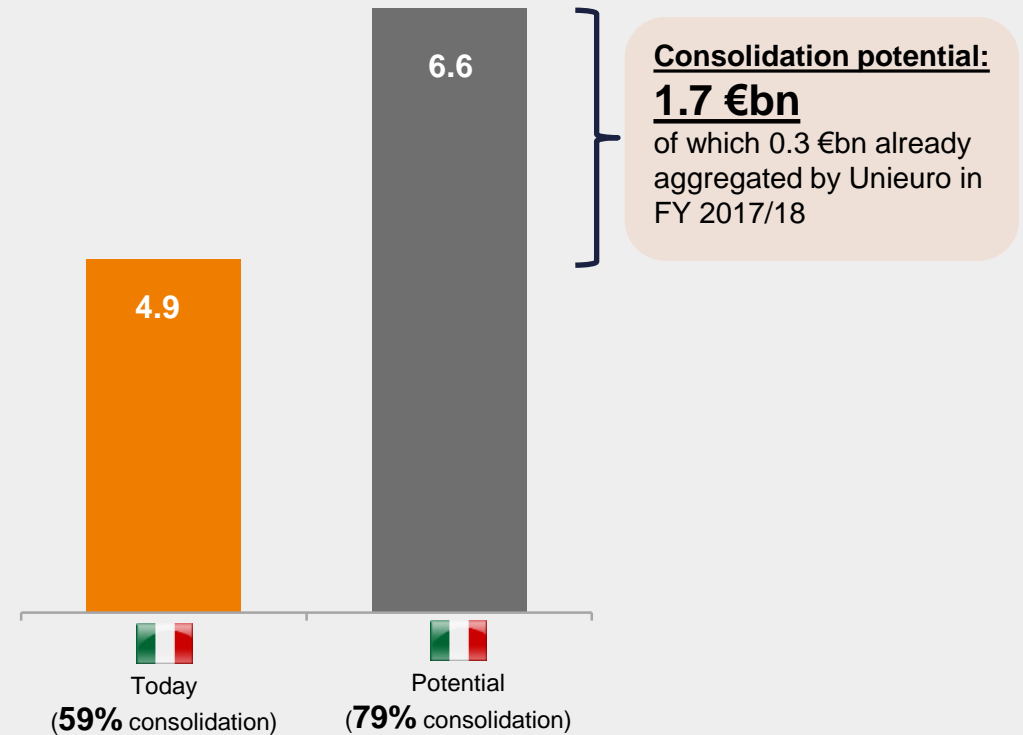
Combined addressable market share of top 3 companies (2015)



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)<sup>(2)(3)</sup>



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**

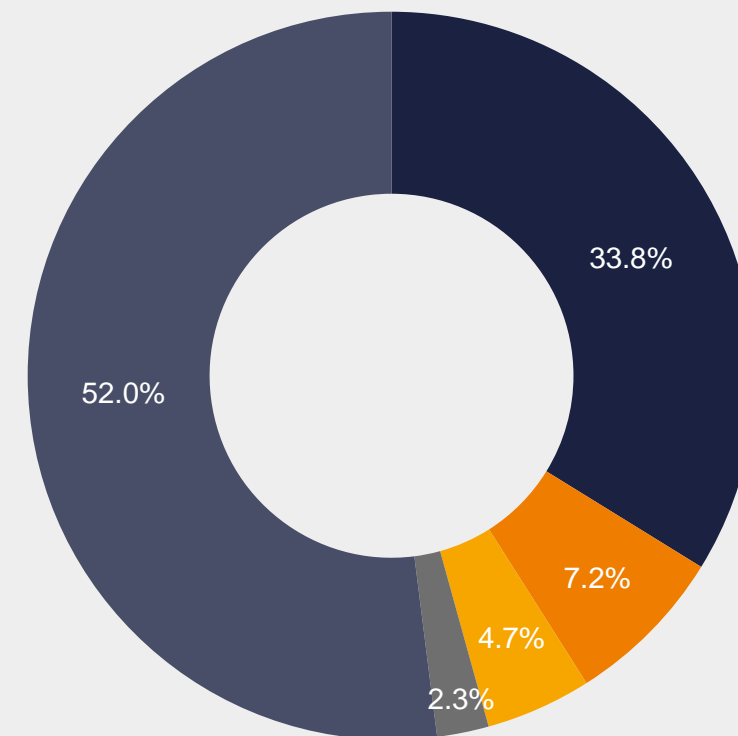
## Dividend Payment (September 2017)

- **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

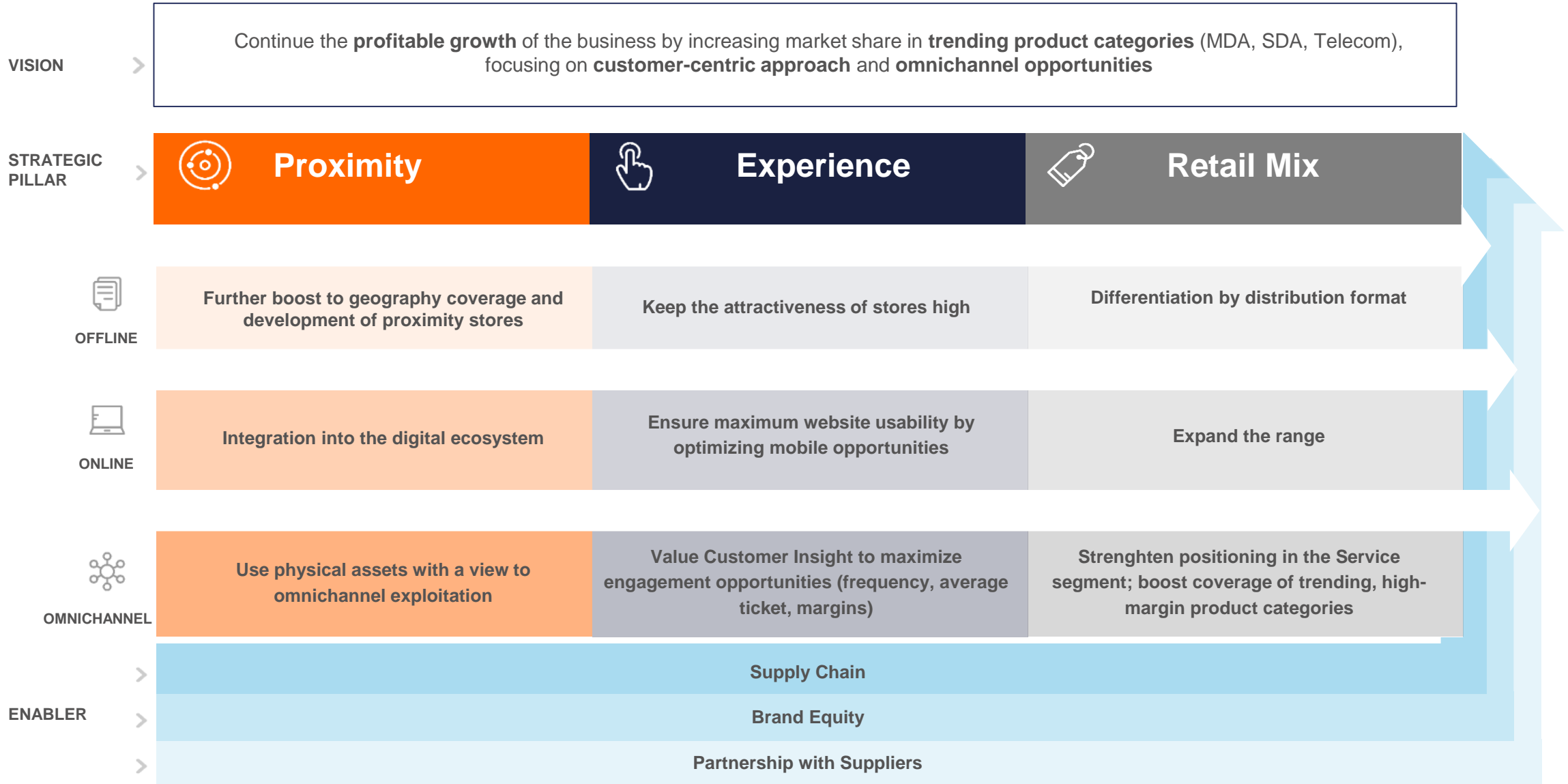


- Rhône Capital<sup>(1)</sup>
- Dixons Carphone Plc<sup>(2)</sup>
- Silvestrini Family
- Unieuro's Top Management
- Free float

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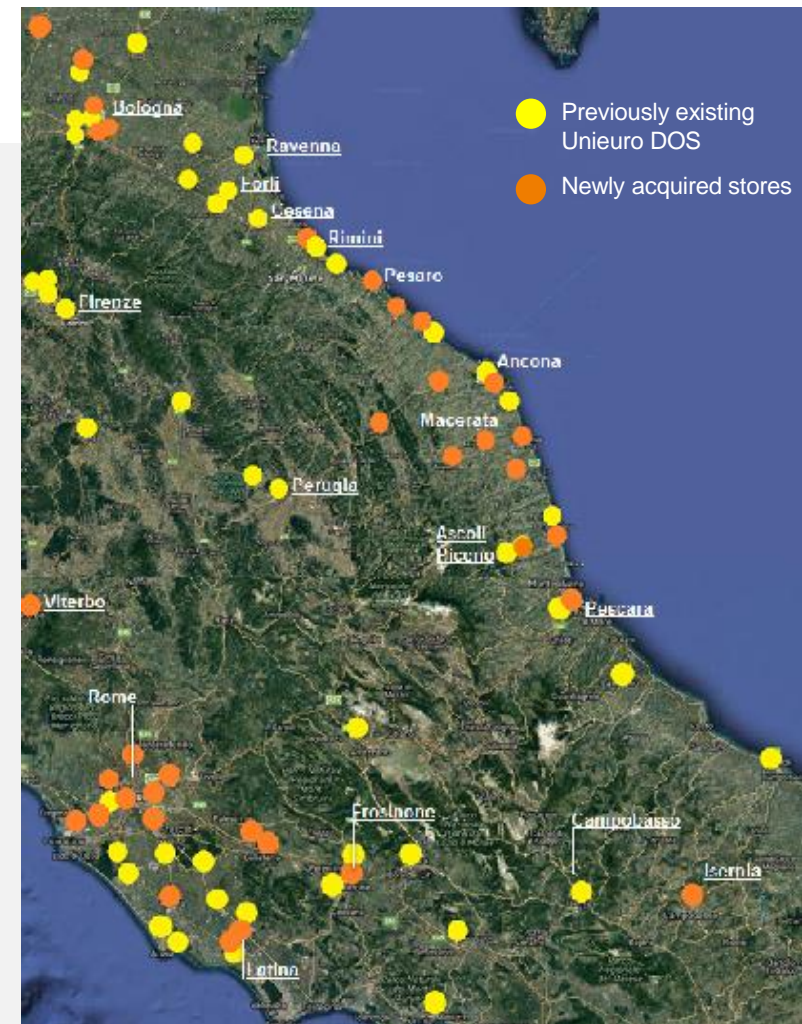
# Unieuro's Strategic Goals



# 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 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 as the only way to succeed in such a competitive market

- 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
- Continuous focus on Shareholders' remuneration



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