

# Unieuro S.p.A.

Investor Presentation

*STAR Conference, 20-21 March 2019*



# Safe Harbor Statement

*This documentation has been prepared by Unieuro S.p.A. for information purposes only and for use in presentations of Unieuro's results and strategies.*

*This presentation is being provided to you solely for your information and may not be reproduced or redistributed to any other person or legal entity.*

*This presentation might contain certain forward looking statements that reflect the Company's management's current views with respect to future events and financial and operational performance of the Company and its subsidiaries.*

*Statements contained in this presentation, particularly regarding any possible or assumed future performance of Unieuro S.p.A., are or may be forward-looking statements based on Unieuro S.p.A.'s current expectations and projections about future events, and in this respect may involve some risks and uncertainties. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of Unieuro S.p.A. to control or estimate.*

*You are cautioned not to place undue reliance on the forward-looking statements contained herein, which are made only as of the date of this presentation. Unieuro S.p.A. does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation.*

*Any reference to past performance or trends or activities of Unieuro S.p.A. shall not be taken as a representation or indication that such performance, trends or activities will continue in the future.*

*This presentation has to be accompanied by a verbal explanation. A simple reading of this presentation without the appropriate verbal explanation could give rise to a partial or incorrect understanding.*

*This presentation is merely informational and does not constitute an offer to sell or the solicitation of an offer to buy Unieuro's securities, nor shall the document form the basis of or be relied on in connection with any contract or investment decision relating thereto, or constitute a recommendation regarding the securities of Unieuro.*

*Unieuro's securities referred to in this document have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.*

*Due to rounding, numbers presented throughout this presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.*

*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

- **FY 2018/19 Preliminary Results**
- **Recent Achievements**
- **Key Takeaways**

# Highlights

- **FY 2018/19 sales at another record level: 2.1 €bn**
  - **Unieuro is the new leader** in the distribution of consumer electronics and household appliances in Italy, for the first time ever
  - Further boost in FY 2019/20 from the consolidation of Pistone stores consolidation and from incremental contribution of 2018 acquisitions and new openings

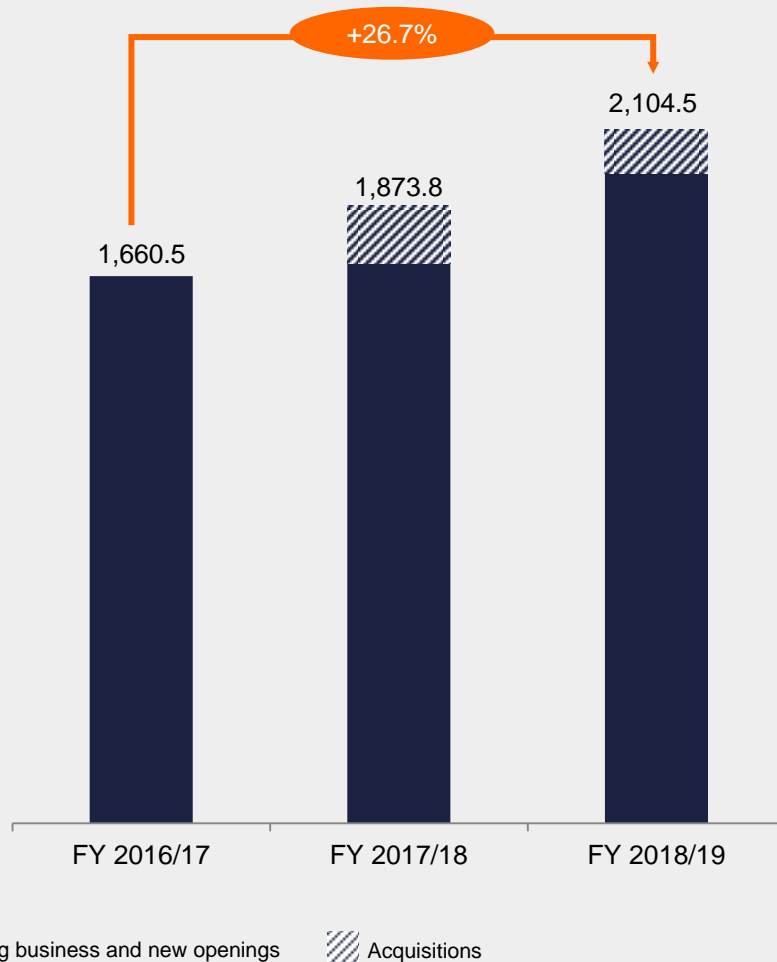
- Offline sales benefitting from **store network expansion** and **like-for-like performance**
- **Online sales +32.5%**, now at 11.6% of total sales
- Entrance in the **Mass Merchandisers' segment** boosting **Indirect channel sales**

- **Adjusted EBITDA expected to increase** vs. 68.9 €m in FY 2017/18

- Focus on shareholders remuneration confirmed
- **FY 2018/19 dividend expected in line with market expectations**

# FY 2018/19 Preliminary Sales At Record Level...

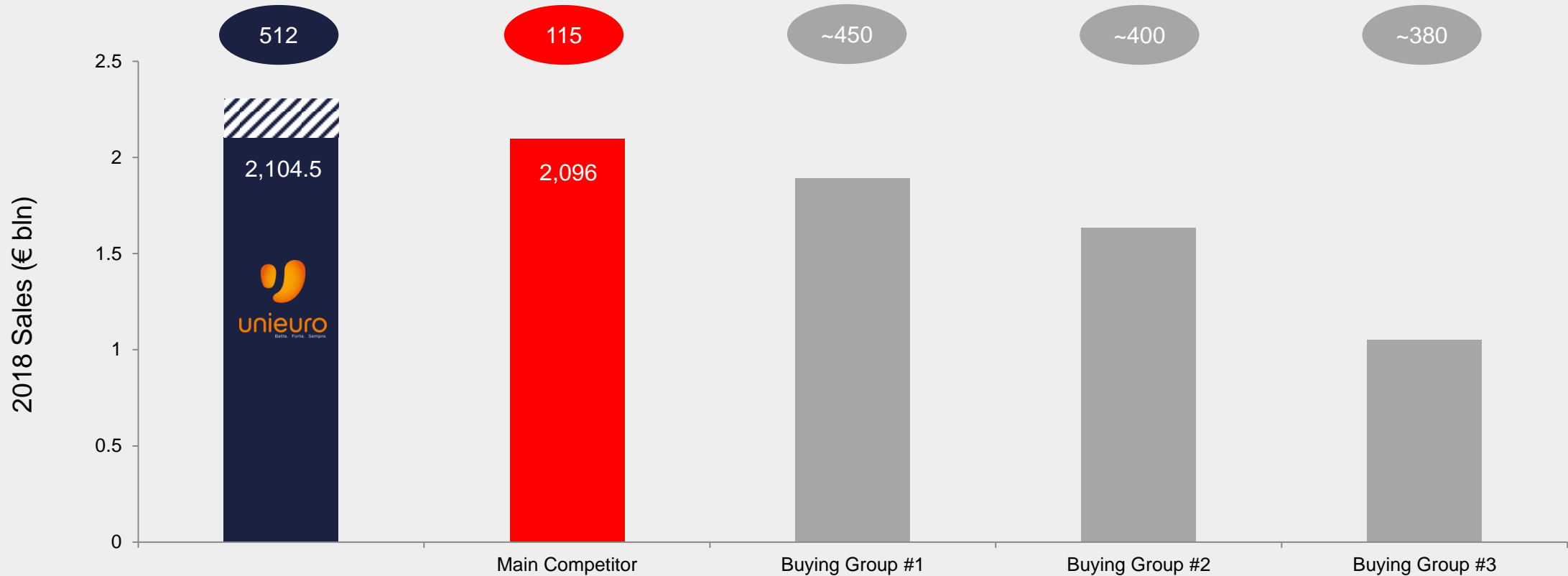
## Another strong year of revenue growth



- **Record FY 2018/19 consolidated sales: 2,104.5 €m (+12.3% yoy)**
- **Positive Like-for-like performance: +4.9%** also thanks to the excellent Black Friday campaign and significantly positive Christmas season
- **Different business scope** impacting for **132.6 €m** and resulting from the acquisition of:
  - Monclick, from 1 June 2017
  - 8 former Cerioni / Euronics stores, between December 2017 and January 2018
  - 8 former DPS / Trony stores, in Q3 2018/19
  - 6 former Galimberti / Euronics stores, in November/December 2018
- **Online business** growing fast: **+30.8%** net of Monclick's B2C contribution
- **Indirect channel back to growth (+10.5%)** benefitting from the partnership signed with Finiper

# ...Leading to Market Leadership

Unieuro is the new leader of Italian CE market for the first time in its history, no longer only in terms of number of stores and profitability, but also in terms of business volume



Recent acquisitions' incremental contribution to total sales in FY 2019/20

# of stores (DOS and affiliates)

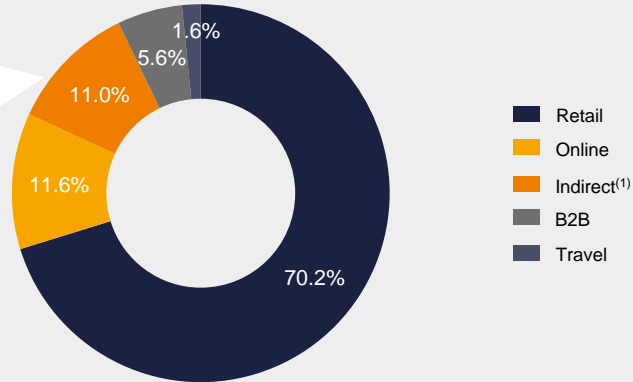
# Sales by Channel

## FY 2018/19 Breakdown

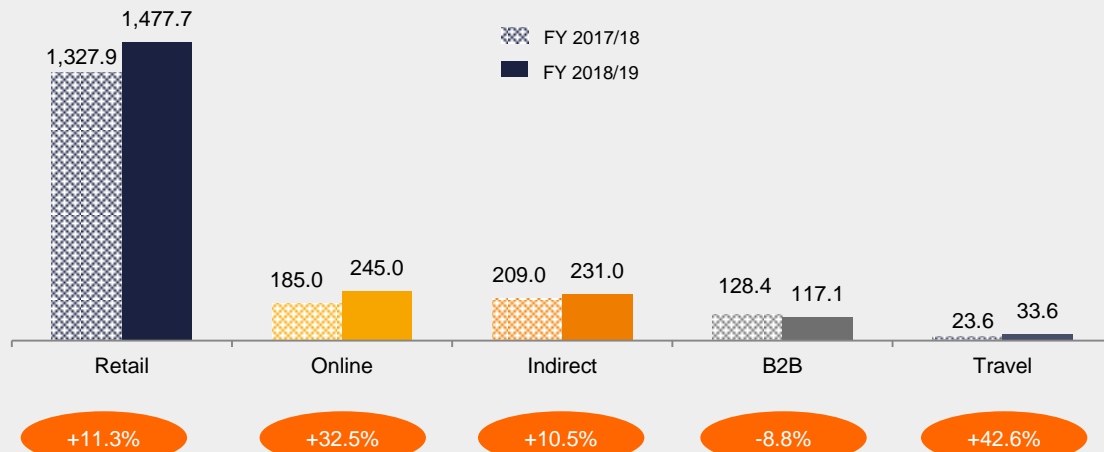
### Indirect Channel (formerly "Wholesale"),

comprising:

- 1) sales to the network of affiliated stores
- 2) revenues generated in the segment of mass merchandisers through partnerships with leading industry operators (i.e. Finiper)



## YoY Change (€m)



### • Retail

- Store network expansion (+11 DOS yoy)
- Good performance on a like-for-like basis, especially driven by smartphones, TV sets and the vacuum-cleaners

### • Online still running

- Unieuro.it platform +30.8%,
- Monclick B2C contribution: 46.3 €m

### • Indirect<sup>(1)</sup> back to growth

- Ongoing rationalization of the affiliates network, more than compensated by shop-in-shop openings
- 14 Unieuro-by-Iper fully operational at FY end

### • B2B<sup>(1)</sup> deteriorating

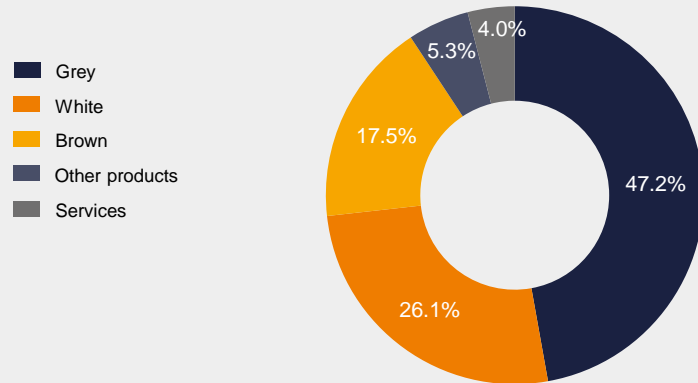
- Opportunistic and volatile business
- Monclick B2B2C contribution: 13.1 €m

### • Travel

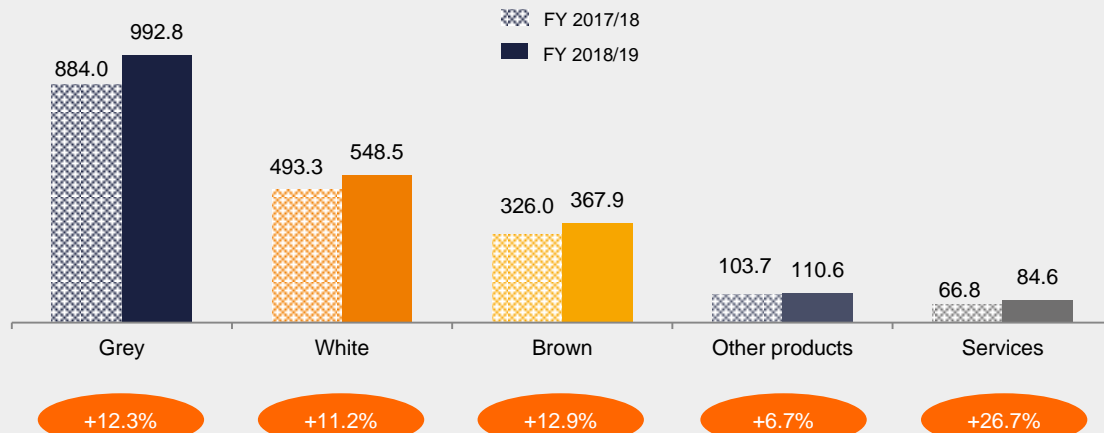
- Boost by Milano San Babila new opening (6 October 2018)
- Successful entrance into the "subway" retail segment, offering room for future growth

# Sales by Product Category

## FY 2018/19 Breakdown



## YoY Change (€m)



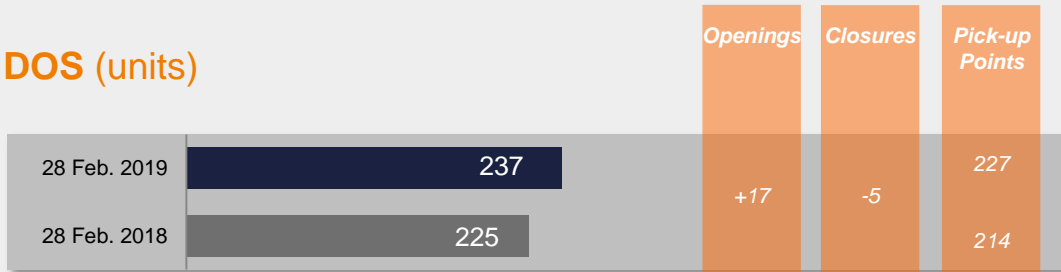
- **Grey still boosted by smartphones growth**
  - Mix moving towards high-end products
  - Successful launch of some new models
  - Positive performance of wearables and accessories, earphones
- **White, double-digit growth**
  - Success of the vacuum-cleaner department
  - Increased penetration of dryers and dishwashers
- **Brown, strong increase going on**
  - Growing success for high-end TV sets (i.e. ultraHD and OLED)
  - Good performance of the audio sector, also benefitting from the success of Google Home
  - World Cup effect on sales
- **Other products back to growth**
  - Good performance of videogame consoles
  - Electric mobility sales drop
- **Services posting the higher YoY growth rate**
  - Acquisitions and new openings increasing volumes
  - Excellent performance of extended warranties and consumer credit



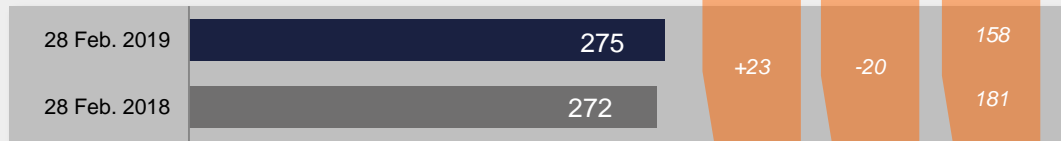
# Key Operational Data

## Unieuro's Retail Network: 512 stores

### - DOS (units)



### - AFFILIATED STORES (units)



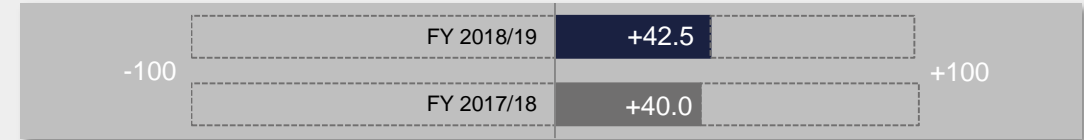
- **14 new DOS coming from acquisitions:**
  - 8 former DPS/Trony, reopened in Q3
  - 6 former Galimberti/Euronics, reopened in Nov-Dec. 2018
- **3 new openings in H1** (Cagliari, Grosseto and Silvi Marina)
- **5 closures**, 2 in H1 (Messina and Osimo), 1 in Q3 (Siracusa) and another 2 in the very final part of the FY (Imperia and Foggia)
- **Ongoing affiliates network rationalization**, more than compensated by the opening of **14 Unieuro-by-lper shop-in-shops**, 5 of which in February 2019
- **Pick-up points: 383 (75% of total stores)**

## Total Retail Area (sqm, DOS only)

Sales density  
(€/sqm, LTM)



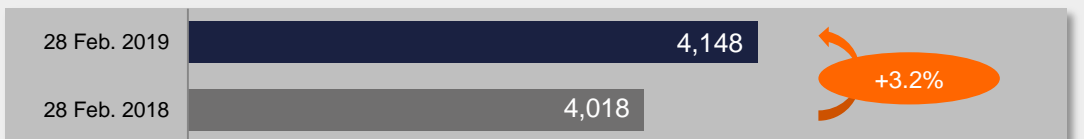
## Net Promoter Score<sup>(1)</sup> (direct channel only)



## Active Loyalty Cards<sup>(2)</sup> (thousands)



## Workforce (FTEs)



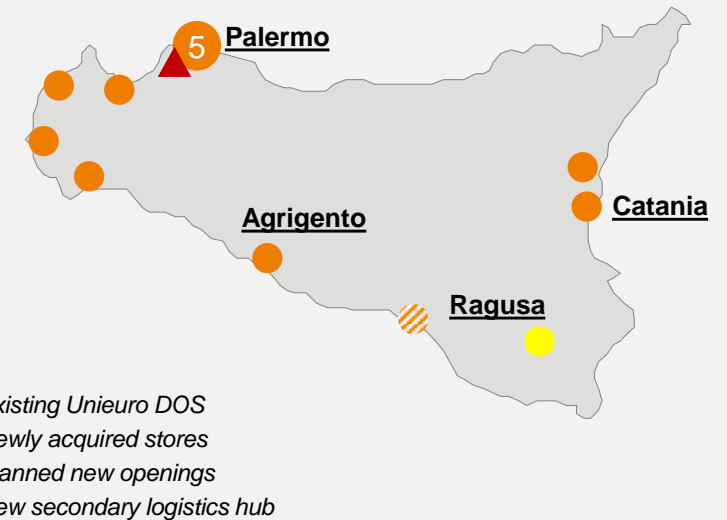
# Summary

- **FY 2018/19 Preliminary Results**
- **Recent Achievements**
- **Key Takeaways**

# Major Acquisition In Sicily Completed

## 12 Pistone / Expert stores acquired and immediately reopened. Targeting 20 stores in the long term

- **Second largest acquisition ever** in the history of Unieuro, the biggest since the IPO
- 12 modern and efficient stores, previously belonging to Expert member Pistone S.p.A., second player in Sicily by market share
- **25,000 sqm** total sales area and **no overlaps** with already existing store base
- Closing date: **1<sup>st</sup> March 2019**
- Reopening date: **2<sup>nd</sup> March 2019**, thanks to the separate acquisition of goods in stock from Pistone S.p.A.
- **Total sales of approx. €140 million.** Palermo La Malfa to become Unieuro's second biggest store by sales turnover
- Already registering a **positive profitability**, higher than the reference market average
- **Equity value of the transaction<sup>1</sup>: 17.4 €m**, in three instalments: 6 €m paid at closing, 6 €m to be paid after 12 months and 5.4 €m after another 12 months
- **New secondary logistics hub** in Carini (Palermo) to support the Piacenza central platform and serve all Unieuro's DOS and affiliated stores in Sicily and Calabria, as well as online customers
- **Further local business development**, supported by Mr. Giuseppe Pistone



**Sicily: a five-million inhabitants region, inadequately covered by Unieuro's previously existing store network (1 DOS, 25 affiliated stores)**

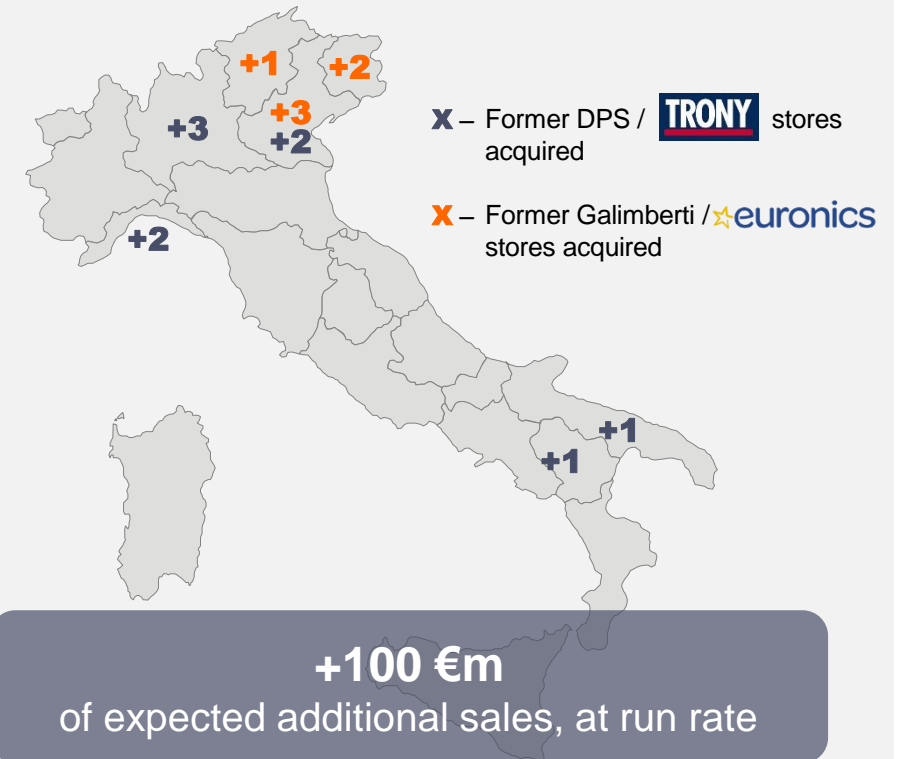
### Strategic Rationale

- Landing in populous and underpenetrated region, **boosting Unieuro's total market share**
- Leveraging the existing platform to **extract synergies** (procurement, marketing)
- Establishing a strong local presence to **further expand the network** in Sicily
- **Streamlining logistics operations in Sicily and Calabria regions**

# Keeping On Consolidating The Offline Market

## Acquisition of 13 stores and 2 new openings in locations formerly belonging to competing buying groups

- **8 former Trony stores** out of 35 belonging to bankrupt company DPS Group S.r.l.
  - Sales area: over 10,000 sqm, including the Milano San Babila flagship store
  - Closing date: 23 August
  - Reopening dates: 15 September (6 stores), 6 October (1 store)
  - Target: **at least 50 €m** of additional sales at run-rate within 12-18 months
  - Total consideration: **3.4 €m**
- **5 Euronics stores** out of 17 in the North East of Italy belonging to Galimberti S.p.A., in arrangement with creditors
  - Sales area: over 7,000 sqm
  - Auction date: 10 October
  - Reopening: planned within the beginning of the peak season
  - Target: **approx. 30 €m** of additional sales at run-rate within 12-18 months
  - Total consideration: **2.5 €m**
- **2 new stores** to be reopened in former DPS and Galimberti locations:
  - 2,000 sqm in Verona city centre, a former Trony flagship
  - 1,800 sqm in Trieste, managed under the Euronics banner until last July
  - Target: **approx. 20 €m** of additional sales at run-rate within 12-18 months
  - No key-money paid



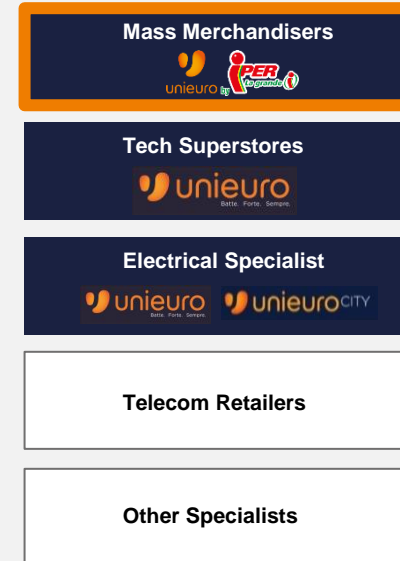
### Strategic Rationale

- **Reaching a leadership position in target regions** vis-a-vis direct competitors
- **Further consolidating the offline market**, still fragmented and very competitive
- Avoiding overlaps with existing network through “**cherry picking**” approach

# Entering The Mass Merchandisers Segment

## Strategic agreement with Finiper to open 20 «Unieuro by Iper» shop-in-shops in Iper, La grande i superstores

- **Multi-year partnership** signed on 10 January 2019
- **20 shop-in-shops by the end of 2019**, 19 of which already operational. 5 new stores opened in March 2019
- Sales area between 400 and 800 sqm each
- **Commercial affiliation formula**, making Finiper an important affiliate and contributor to the Indirect channel<sup>1</sup>
- **Iper, La grande i, an excellence within the Italian mass merchandise retail segment**, with 21 superstores in 4 regions, specialized in the food category
- **38.8 million visitors** per year in Iper, La grande i hypermarkets



## Strategic Rationale

- **Expanding the reference market to the Mass Merchandisers segment** (hypermarkets, supermarkets and large multi-category stores), never explored before by specialized retailers
- **Significantly strengthening the Indirect channel<sup>1</sup>**
- **Benefitting from the high traffic of superstores**, which will be further enhanced by the offer of services
- **Boosting the omnichannel strategy** by enabling new shop-in-shops to **pick&pay**
- **Improving supply conditions to the benefit of all Unieuro sales channels**, thanks to the increased purchase volumes generated

# New Logistics Hub Successfully Opened in Piacenza

## New state-of-the-art platform, starting point of a far-reaching logistics strategy bringing Unieuro even closer to the customer

- Relocation successfully completed in late September without any operational disruption
- Piacenza, one of the main Italian logistics hubs, confirmed as the better location for Unieuro's centralised platform, being **over 90% of DOS within 600 km**
- **Approx. €11 million extraordinary capex** to be primarily allocated to automation and energy efficiency
- **Warehouse capacity more than doubled:**
  - grey goods stocking capacity +100%
  - white goods +50%
- **9+6 years renting agreement** with landlord Generali Real Estate, extending a long-term partnership dated 2007
- **Lower rental costs per sqm**, also thanks to evolved real estate market conditions
- **Focus on automatization:** picking productivity<sup>1</sup> +350%; errors -50%<sup>2</sup>
- Warehouse **outsourced staff growing to 250 units**, proportionally less than capacity

**104,000 sqm** total surface area  
**30,000 pallets** of grey goods  
**60,000** major domestic appliances  
**69** loading and unloading bays  
**240** daily loadings + unloadings  
**275** externalised + direct employees  
**APE / A2 and BREEAM GOOD**  
energy certifications



## Strategic Rationale

- **Supporting current and future omnichannel growth**
- **Improving service level while cutting costs, thanks to automatization**
- **Reinforcing Unieuro's winning centralized business model**

# Summary

- **FY 2018/19 Preliminary Results**
- **Recent Achievements**
- **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

- Offline external growth strategy now focused on uncovered areas and cherry picking where the coverage is already good
- Major acquisition in Sicily announced (12 stores, 140 €m sales)
- Partnership with Finiper to expand into the Mass Merchandisers' segment

- Channels integration strategy as the only way to succeed in such a competitive market
- Large and modern new logistics hub opened in October 2018 to support omnichannel growth: the starting point of a new logistics strategy focusing on better serving the customer

- Adj. EBITDA expected improvement vs. FY 2018/19
- Impressive cash generation, resulting in a positive Net Financial Position at the end of November
- Over 400 €m NOLs allowing future tax savings
- Continuous focus on Shareholders' remuneration



## NEXT EVENTS

**2018/19 Results Release**  
*8 May 2019*

**MidCap Conference (MidCap Partners)**  
*Paris, 15 May 2019*

**Italian Investment Conference (Kepler Cheuvreux)**  
*Milano, 20-21 May 2019*

**Annual Shareholders Meeting**  
*Forlì, 18 June 2019*

## CONTACTS

**Andrea Moretti**  
**Investor Relations Director**

+39 0543 776769

+39 335 5301205

[amoretti@unieuro.com](mailto:amoretti@unieuro.com)

[investor.relations@unieuro.com](mailto:investor.relations@unieuro.com)

\*\*\*

**Unieuro S.p.A.**

Via Schiaparelli, 31  
47122 – Forlì (FC) – Italy

[unieurospa.com](http://unieurospa.com)