# Unieuro S.p.A.

## Fiscal Year 2019/20 Results & Covid-19 Update

*6 May 2020*

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*Unieuro Management has identified a number of "Alternative Performance Indicators" ("APIs"). These APIs are (i) derived from historical results of Unieuro S.p.A. and are not intended to be indicative of future performance, (ii) no IFRS financial measures and, although derived from the Financial Statements, are unaudited and (iii) are not an alternative to financial measures prepared in accordance with IFRS.*

*The APIs presented herein are Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBIT, Adjusted EBIT margin, Adjusted Net Income (loss) for the year, Adjusted levered free cash flow, Cash conversion index, Net financial debt, Net financial debt to Adjusted EBITDA ratio, Leverage ratio.*

*In addition, this presentation includes certain measures that have been adjusted by us to present operating and financial performance net of any non-recurring events and non-core events. The adjusted indicators are: Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBIT, Adjusted EBIT margin, Adjusted Net Income (loss) for the year, Adjusted levered free cash flow and Net financial debt to Adjusted EBITDA ratio.*

*In order to facilitate the understanding of our financial position and financial performance, this presentation contains other performance measures, such as Net working capital.*

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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.*

# Agenda

- **Highlights**
- **FY 2019/20 Results**
  - Market Scenario and Sales Performance
  - Strategic Goals and Actions Undertaken
  - Financials
- **Responding to Covid-19 outbreak**
- **Closing Remarks & CSR**

# Highlights

- FY 2019/20 sales up 16.2% to another **all-time record level: 2.44 €bn**
  - Sector leadership strengthened by widening the gap between Unieuro and competitors

- Outstanding like-for-like(1) sales performance: +6.5%
- Former Pistone stores driving Retail channel expansion
- Online channel rising by 23.5%, reaching 12.2% of total revenues

- **Long-term strategy paying off:**
- Adjusted EBITDA(2) at 82.1 €m, Adjusted Net Income(3) at 45.7 €m
- Net cash position increasing again to **29.6 €m**
- Strong results achieved whilst satisfying customers: **NPS(4) up at +46.3**

- Covid-19 outbreak sharply impacting current trading
- Management actions put in place immediately to protect people, company profitability and soundness
- 98% of DOS(5) now reopened, Online sales growing triple-digit and outperforming the market again

- Proposal to refrain from **dividend distribution** in light of deep uncertainty deriving from current scenario

Notes: Consolidated results. Unieuro Fiscal Year ends on 29 February. Data in millions of Euro, unless otherwise stated. (1) The like-for-like KPI is calculated including: (i) the retail and travel stores operating for at least an entire financial year at the closing date of the reference period, excluding sales outlets affected by significant business discontinuity (e.g. temporary closures and large-scale refurbishments) and (ii) the entire direct online channel. (2) Adjusted EBITDA is EBITDA adjusted for: (i) non-recurring expenses/(income) and (ii) the impact from the adjustment of revenues for extended warranty services net of related estimated future costs to provide the assistance service, as a result of the change in the business model for directly managed assistance services. (3) Adjusted Net Income is calculated as Net Income adjusted for (i) any corrections incorporated in adjusted EBITDA, (ii) corrections to D&A and non-recurring write-downs, (iii) corrections to non-recurring financial charges/(income) and (iv) the theoretical tax impact of such adjustments. (4) Net Promoter Score (NPS) measures customer experience and predicts business growth. It can range from -100 (if every customer is a Detractor) to 100 (if every customer is a Promoter). (5) Excluding the Travel channel.

# Agenda

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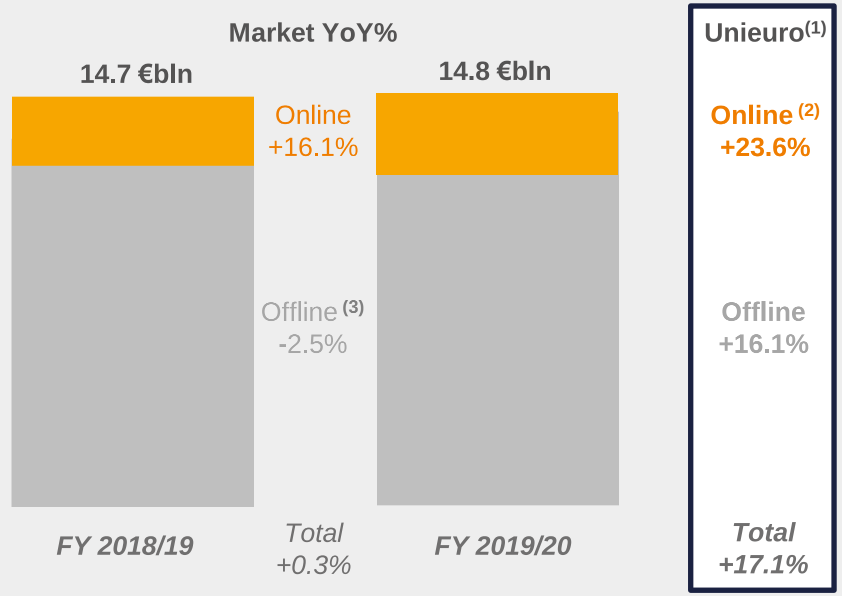
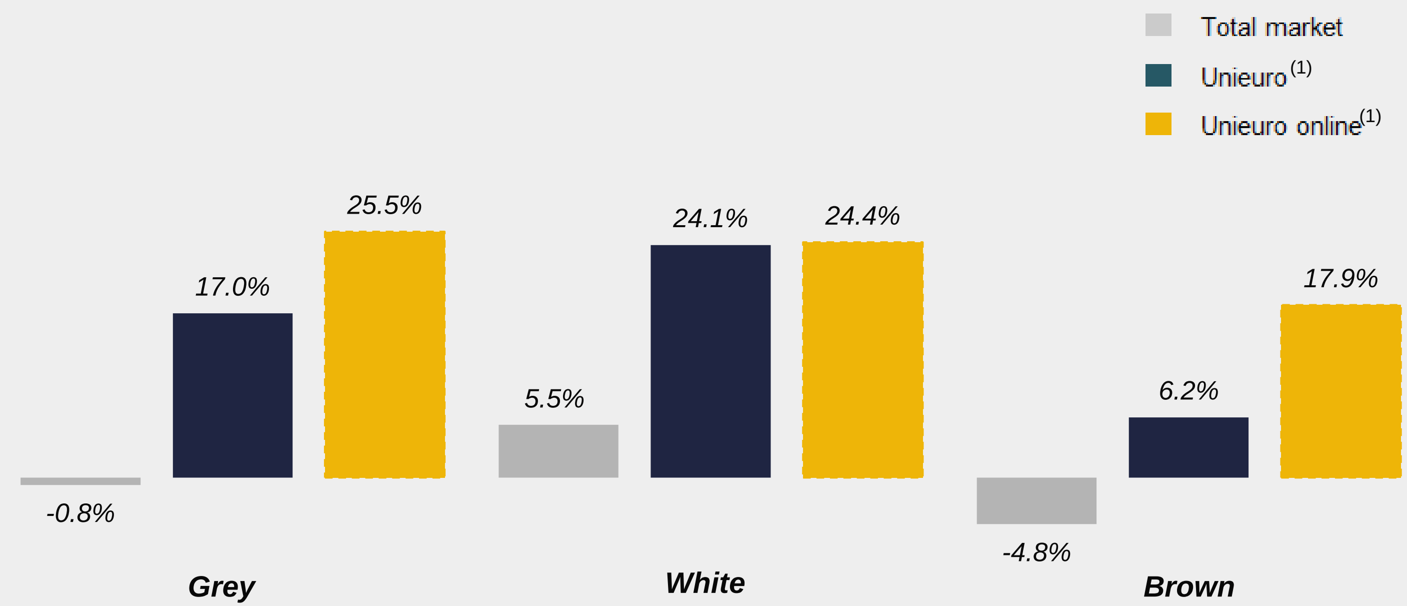
# Market Scenario




**Growth:** sales acceleration in H2, reversing H1 general trend, thanks to peak season and January strong performances

- offline decline slowing in H2
- online sales slightly accelerating in H2

**Competitive Scenario:** telephony partially shifting from Electrical Specialists to Tech Superstores and Mass Merchandisers

**Internet penetration:** approx. **17**% in FY 2019/20, another +2 p.p. yoy

**Unieuro:** significantly outperforming again the market in both channels. Strong online performance in H2, benefitting from peak season campaigns

**Grey goods:** negative trend slowing down in H2, thanks to telephony business

- Telecom: smartphones underpinning the whole category
- IT: still negative (-0.4%), but improving in H2

**White goods**: positive H1 trends confirmed:

- MDA: boosted by driers (+15.4%) and dishwashers (+6.6%)
- SDA: growing over 5% in H2, in line with H1

**Brown goods:** despite a better H2, shift from middle-segment to premium price and change in channel mix impacted again the TV segment as seen in FY 2018/19

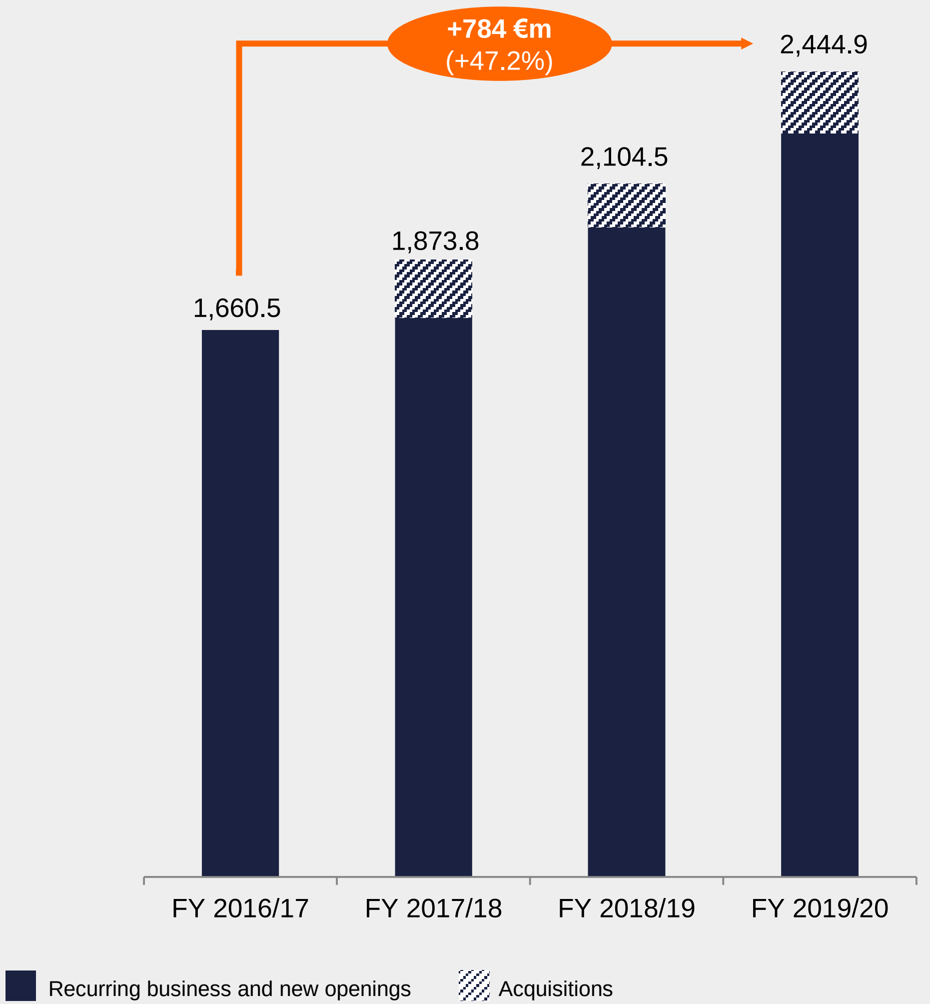
**Unieuro[(1)]:** another year of market share growth in all product segments, with a clear focus on highly profitable White goods. External and internal growth overwhelming negative market trends in Grey and Brown categories.



Notes: Unieuro Fiscal Year ends on 29 February. Source: Company elaborations on Gfk data. (1) Unieuro's growth per product category and single channel only concerns the Consumer segment net of Services, Entertainment and products outside the scope of consumer electronics, while including Travel sales. (2) For a better representation, supplies of business-related goods were reclassified from the Online channel to the B2B channel. (3) Source: GFK.

# FY 19/20 Sales Setting New Sector Records

## Strengthening market leadership




- **Another record FY sales: 2,444.9 €m (+16.2%)**, spreading the gap between Unieuro and direct competitors
- **The strongest like-for-like[1] growth in recent years, +6,5%** (even stronger, +7,6%, if net of new stores effect on pre-existing network), pushed by:
  - Successful Black Friday campaign
  - Positive performance of retail stores at constant perimeter
  - Accelerating Online sales performance (+23.5%), strongly accelerating in H2
- **Different business scope** impacting for **187.5€m** and resulting from the acquisition of:
  - 12 former Pistone/Expert stores, quickly and successfully integrated since 1st March
  - 8 former DPS / Trony stores, in Q3 2018/19
  - 6 former Galimberti / Euronics stores, in November/December 2018
- **Partnership with Finiper** pushing Indirect Channel sales
- **All product categories posting positive performance**, especially White goods (+24.7%) and Services (+21.1%)



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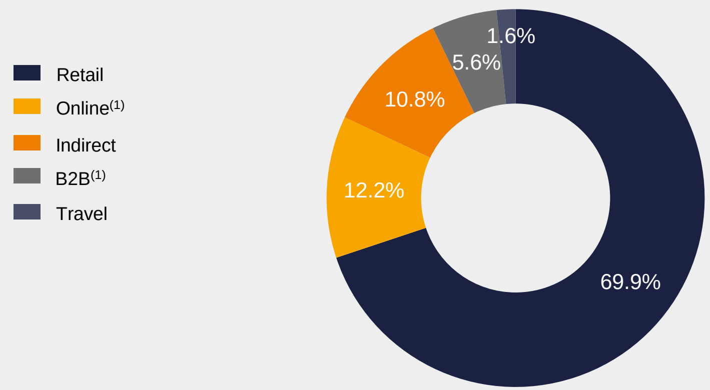
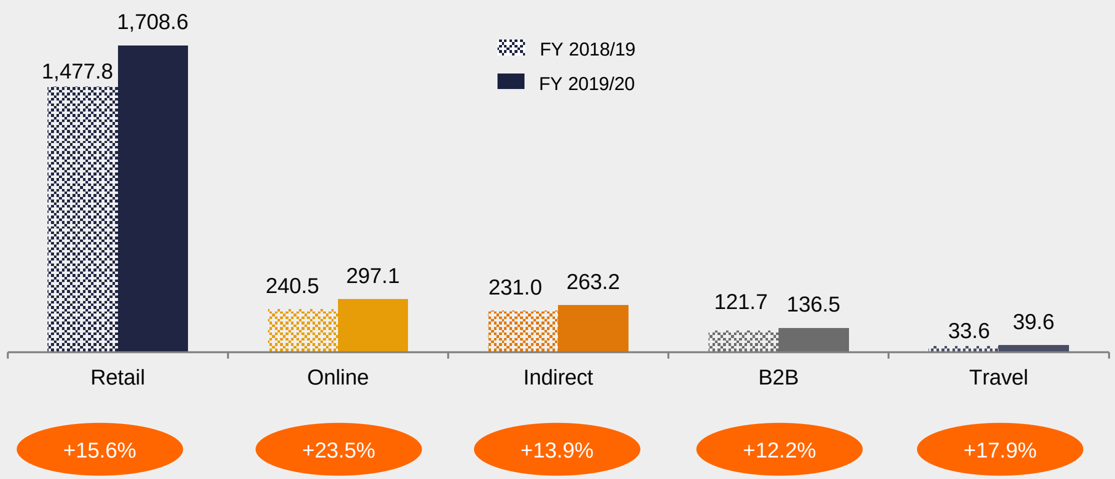
# Sales by Channel

## FY 2019/20 Breakdown




## YoY Change (€m)



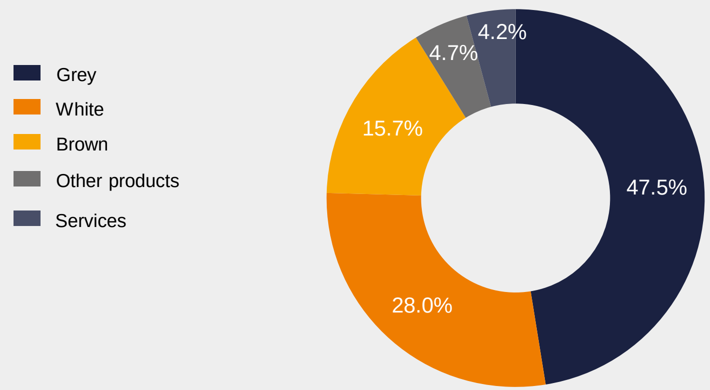

- **Retail**
  - Store network expansion: +12 DOS yoy (12 ex-Pistone stores, 6 new openings, 6 closures)
  - Positive performance at constant perimeter, also boosted by successful peak season
- **Online[1] outperforming the market once again**
  - Strong H2 sales increase (+29.4% YoY) vs. +15.0% in H1
  - Very successful Black Friday campaign
  - Acceleration at FY end in response to Covid-19 spread
- **Indirect channel**
  - 18 affiliated Unieuro by Iper shop-in-shops fully operational and contributing to channel performance
  - Ongoing affiliate network streamlining
- **B2B[1] growing double-digit, overturning H1 trend**
  - Volatile and opportunistic business, driven by external factors
- **Travel**
  - Positive but weakening perimeter effect (Milano San Babila opened on 6 October 2018, no more openings since then)
  - Very good performance for Torino railway station store



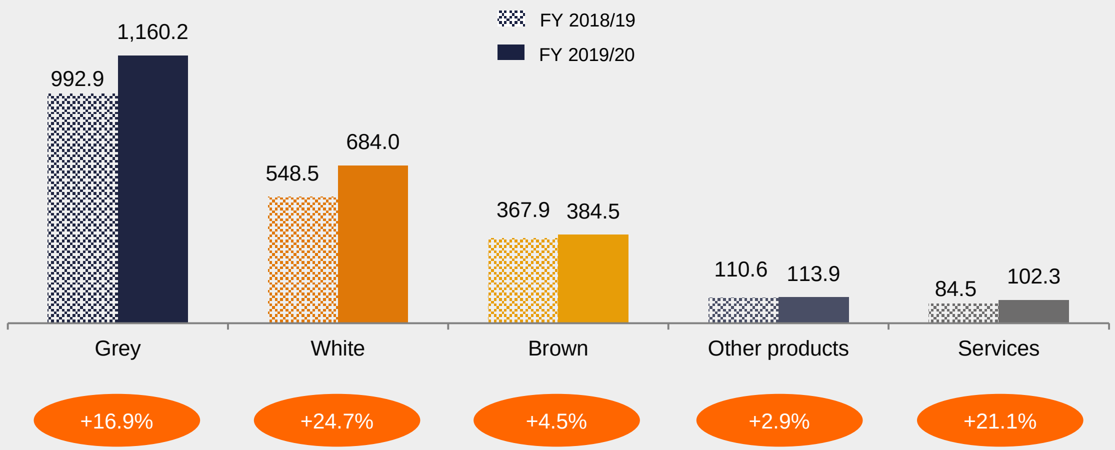
Notes: Consolidated results. Unieuro Fiscal Year ends on 29 February. Data in millions of Euro, unless otherwise stated. (1) For a better representation, supplies of business-related goods were reclassified from the Online channel to the B2B channel.

# Sales by Product Category

## FY 2019/20 Breakdown




## YoY Change (€m)




- **Grey**
  - Positive performance of new smartphones launched
  - Notebook sales shifting towards top-of-range products
  - Tablets declining
- **White: excellent performance, driving to a better product mix**
  - Category weight from 26.1% to 28.0% of total sales
  - Contribution from ex-Pistone stores, traditionally strong in the sale of household appliances
  - Good performance of driers, vacuum cleaners and air conditioning
- **Brown**
  - Q4 performance (+8.3%) higher than 9M (+3.1%)
  - Market registering a reduction in TV-sets average price
  - Tough comparison base for TV-sets (World Cup in June 2018)
- **Other products**
  - Good performance of cooking accessories and tableware
  - Luggage segment growing success
- **Services**
  - Growth still led by extended warranties and consumer credit



Notes: Consolidated results. Unieuro Fiscal Year ends on 29 February. Data in millions of Euro, unless otherwise stated. The classification of revenues by category is revised periodically in order to guarantee the comparability of Group data with market data.

# FY 19/20 Achievements

STRATEGIC PILLAR

## Proximity

- **12 new DOS** from the acquisition of former Pistone/Expert stores
- **2 of the most important Unieuro by Iper shop-in-shops switched from affiliates to DOS** to better exploit top locations. From April 2019
- **4 new DOS openings**, the last one (Curno) being the first shop inside a Spazio Conad mall
- 6 closings aiming at network rationalization
- **6 new affiliated Unieuro by Iper shop-in-shops**, newly opened in March/April 2019

## Experience

- **9 stores refurbished** (3 DOS, 6 affiliates), **5 DOS relocations**.
- **Augmented reality feature** added to the Unieuro App to provide an even more customized customer journey
- **GoInStore project** in partnership with HP to provide web customers with live consulting from store over HP products
- **Average NPS**[1] (direct channel) standing at **46.3**, +3.8 points compared to FY18/19
- **Unieuro "Retailer of the Year 2019/20"**, thus confirming it as the "top of mind" brand within the CE market

## Retail Mix

- **Reiterating and reinforcing focus on Services** through innovation:
  - **"Helpy"**, Unieuro's digital assistant, providing installation and configuration of technology devices at home
  - **Express delivery service**, launched in December to allow offline customers to have their purchases delivered anywhere in Italy
- **Working on reinforcing Unieuro's private label(s)**

ENABLER

**Supply Chain**: launch of Carini secondary hub to better serve DOS, affiliates and online customers in Sicily and Calabria

**Brand Equity**: first ever corporate adv campaign focusing on Unieuro's CSR campaign #Cuoriconnessi

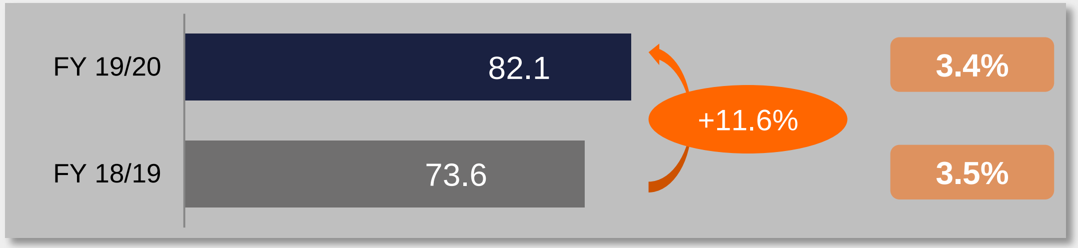
**Partnership with Suppliers**: reinforced commercial agreements with suppliers to better manage the Black Friday campaign



Notes: (1) Net Promoter Score (NPS) measures customer experience and predicts business growth. It can range from -100 (if every customer is a Detractor) to 100 (if every customer is a Promoter).

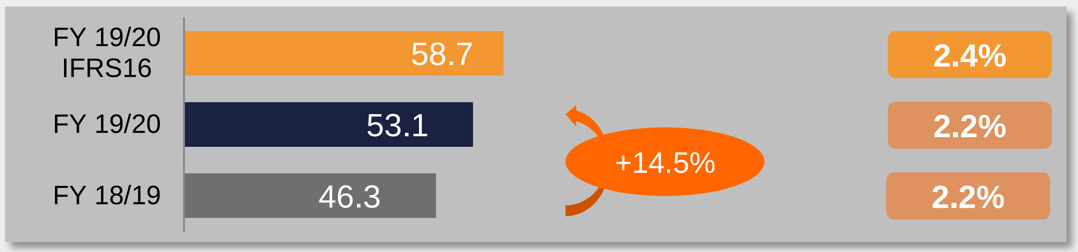
# Key Financials (no-IFRS 16) / 1

**Adj. EBITDA[(1)] (€m)** *Adj. EBITDA margin*



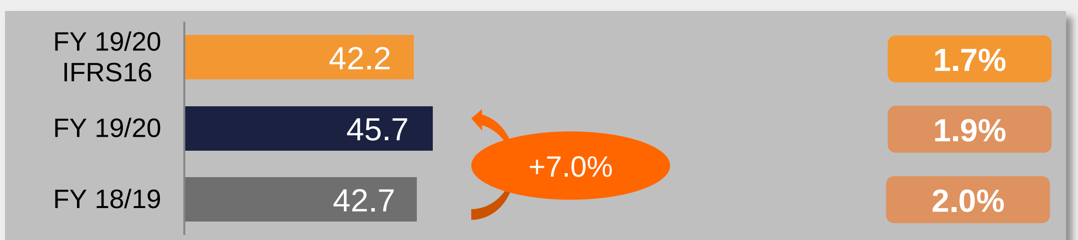

- Adj. EBITDA[(1)] double-digit increase, led again by volumes
- Gross margin and logistics costs effect almost compensated by operating costs' incidence down, thanks to scale effect and efficiencies

**Adj. EBIT[(1)] (€m)** *Adj. EBIT margin*




- **Introducing Adj. EBIT[(1)] (post-IFRS 16)** as the future main KPI to measure Unieuro's profitability, in line with peers and global trends: **58.7 €m[(3)], 2.4% of sales**
- Adj. EBIT[(1)] (no-IFRS 16) growing faster (+14.5%) than Adj. EBITDA thanks to soft D&A increase (+6.7%)
- Adj. EBIT margin stable yoy

**Adj. Net Income[(2)] (€m)** *Adj. Net margin*




- **Introducing Adj. Net Income[(2)] (post-IFRS 16)** as the future main KPI to measure Unieuro's net profitability: **42.2 €m[(3)], 1.7% of sales**
- Adj. Net Income[(2)] (no-IFRS 16) margin slightly down because of taxes, despite lower net financial charges



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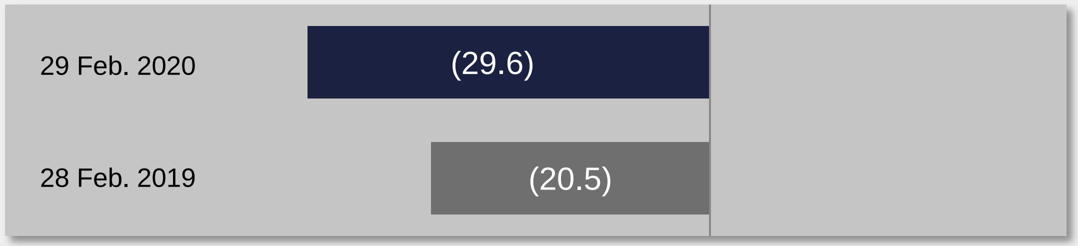
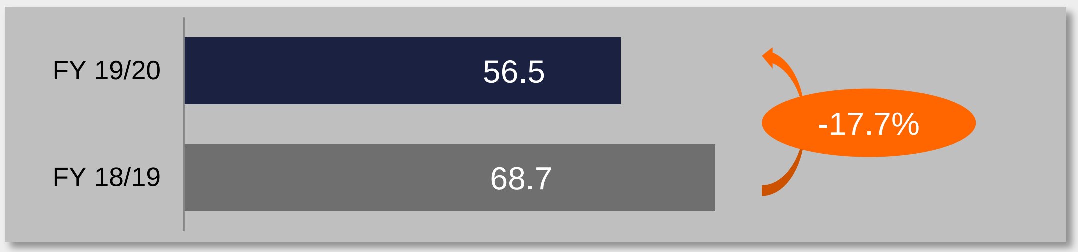
# Key Financials (no-IFRS 16) / 2

## Net Financial Debt/(Cash) (€m)



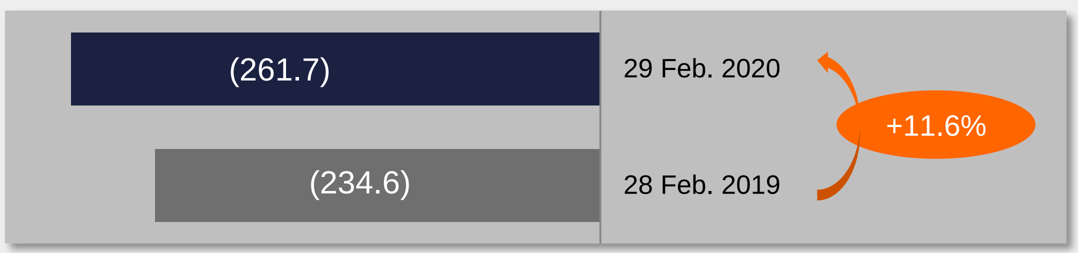

- Another record Net Cash position at FY end
- Capex paid (27.8 €m), dividend payment (21.4 €m), and Pistone acquisition (19.2 €m) (2)
- Very limited cash absorption in Q4, despite the effects on working capital of a strong peak season

## Adj. Levered Free Cash Flow(1) (€m)




- Lower cash generation vs. record 2018/19
- Trade Working Capital decrease and investment outflows weighting on Adj. Levered Free Cash Flow(1)

## Net Working Capital (€m)




- New record high for (negative) Net Working Capital
- Indirect channel expansion impacting on Trade Net Working Capital
- Strong boost by extended warranty accruals, led by business scope expansion and Services performance



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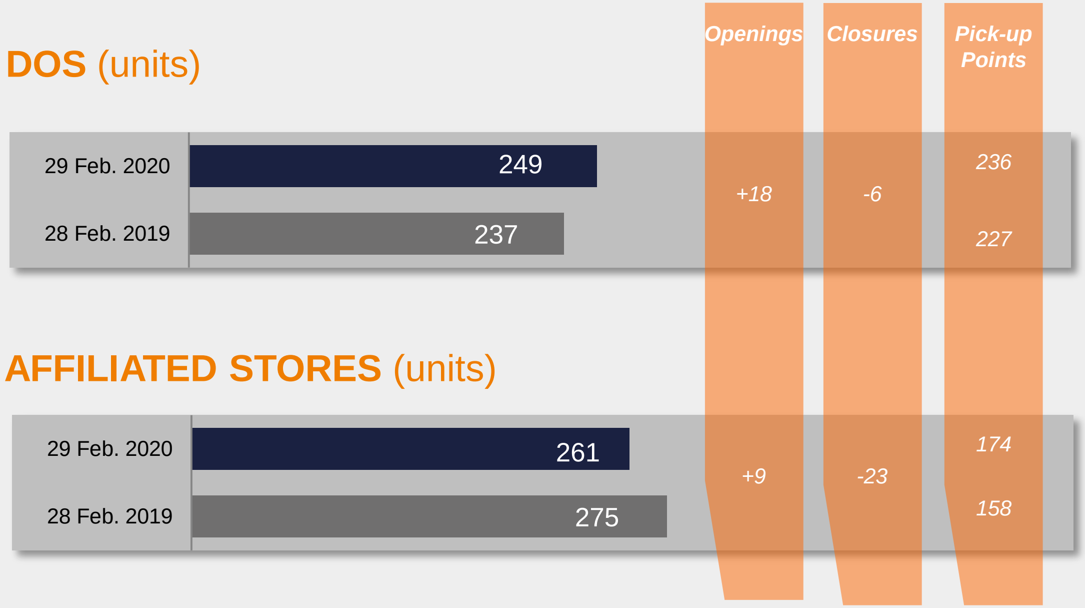
# Key Operational Data

## Unieuro's Retail Network: 510 stores

- DOS (units)

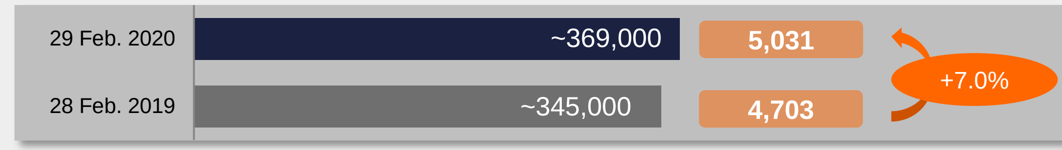
- AFFILIATED STORES (units)



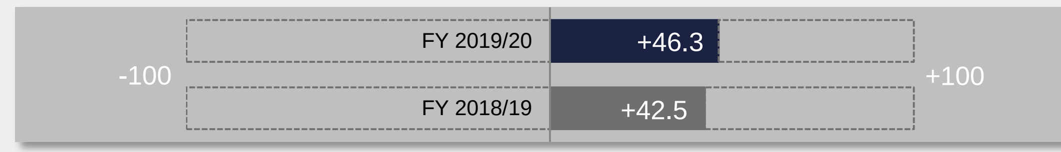

- **12 former Pistone/Expert stores** in Sicily (March 2019)
- **2 Unieuro by Iper shop-in-shops switched from affiliates to DOS** (April 2019)
- **4 new DOS openings**, 2 of which in Sicily, including the first shop inside a "Spazio Conad" mall as part of the agreement with CIA Conad (February 2020)
- **6 DOS closures** to improve the quality of the territorial coverage
- **6 new Unieuro-by-Iper shop-in-shops** reinforcing the indirect store network
- **Affiliates under rationalisation**: 3 openings, 23 closures
- **Pick-up points: 410** (80.4% of total stores)

## Total Retail Area (sqm, DOS only)

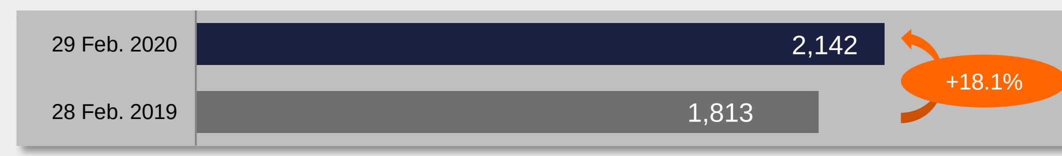
*Sales density (€/sqm, LTM)*



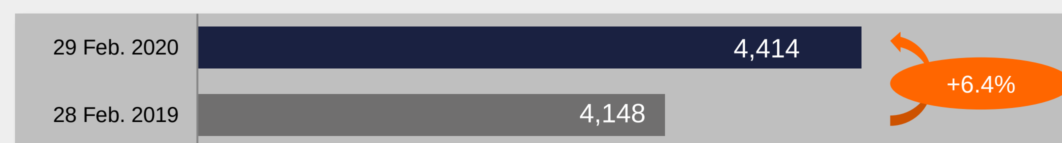

## Net Promoter Score[1] (direct channel only)




## Active Loyalty Cards[2] (thousands)




## Workforce (FTEs)



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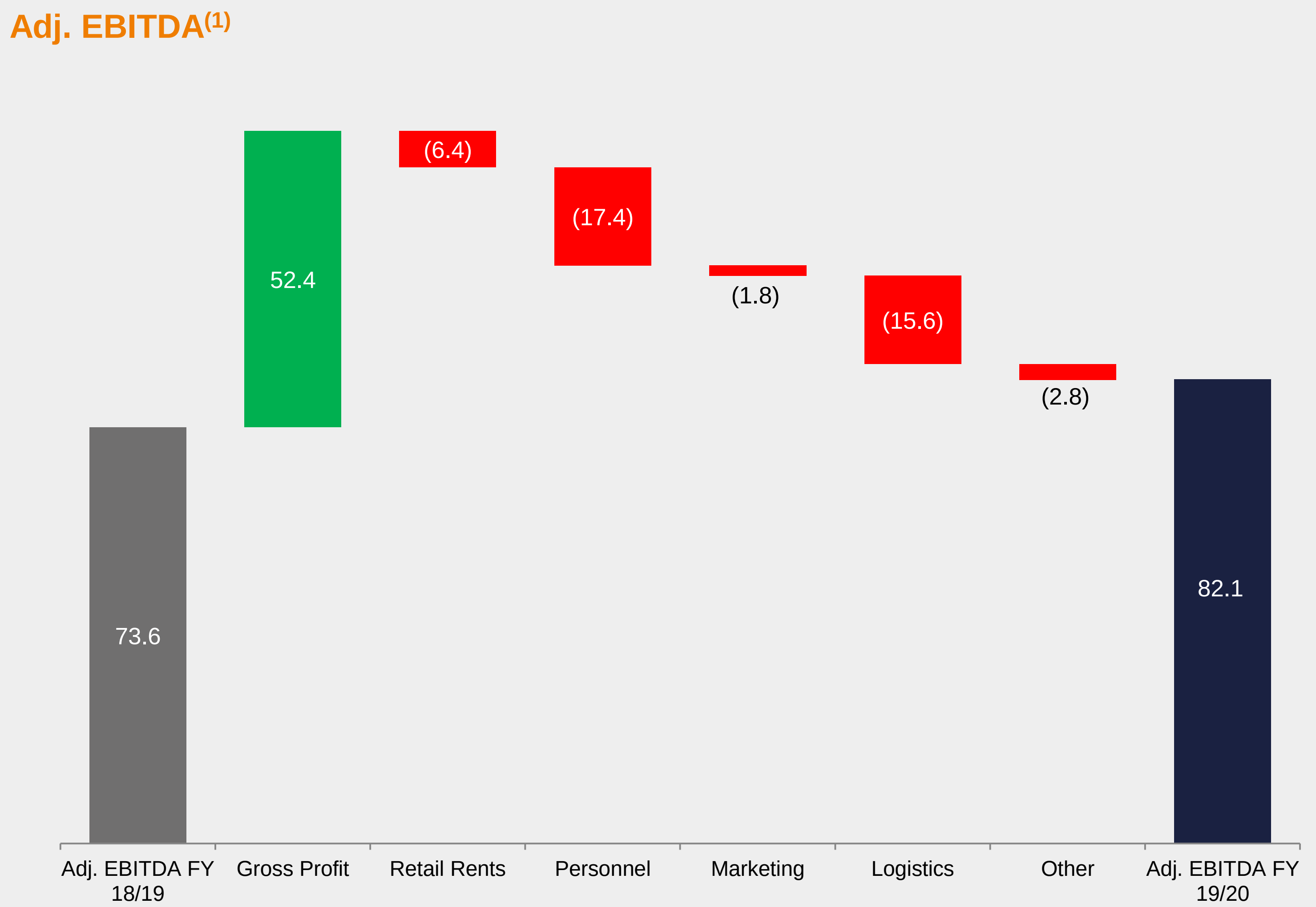
# Adjusted EBITDA Bridge (no-IFRS 16)




- **Strong increase in Gross Profit[2]** boosted by volumes expansion. Gross margin down by 1 p.p. to 21.3%
- **Retail rents up,** following store network and logistics platforms expansion, but reflecting a lower incidence (3.2% vs. 3.4%) thanks to Carini Retail consolidation
- **Personnel costs up**, pushed by acquisitions and new openings. Incidence on sales down from 7.9% to 7.5%
- **Marketing costs** reflecting incremental activities to promote new stores (i.e. fliers). Incidence slightly down from 2.3% to 2.1%
- **Significant increase in Logistics costs** led by sales volumes, the ever-increasing weighting of home deliveries, promotional campaigns which include free delivery, as well as temporary effects of Carini warehouse start-up. Incidence up to 2.8%
- **Other costs up** pushed by utilities, maintenance and credit card fees. Incidence down from 3.1% to 2.7%.



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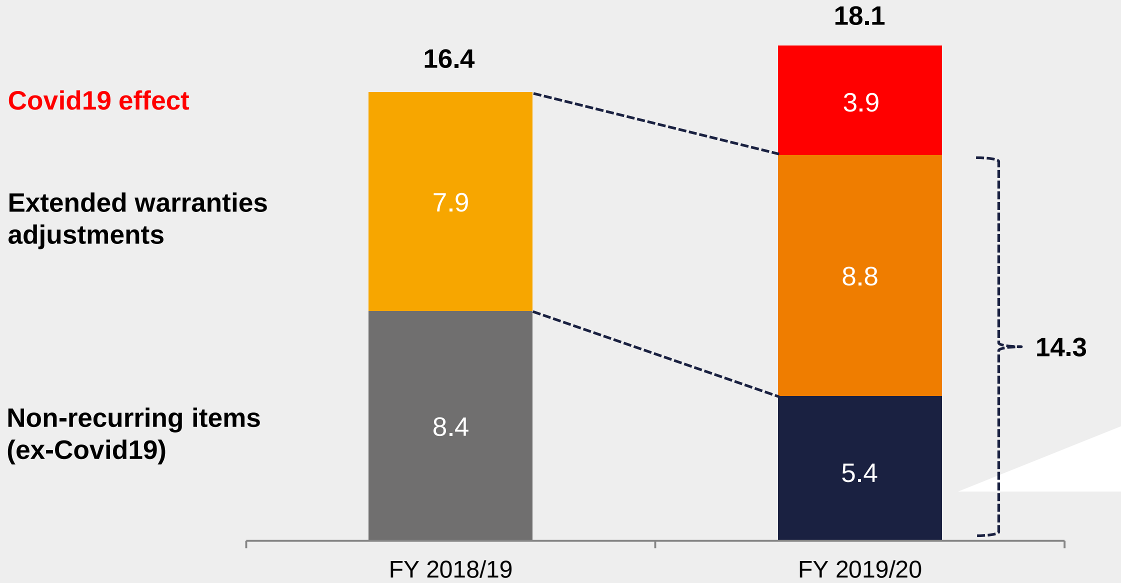
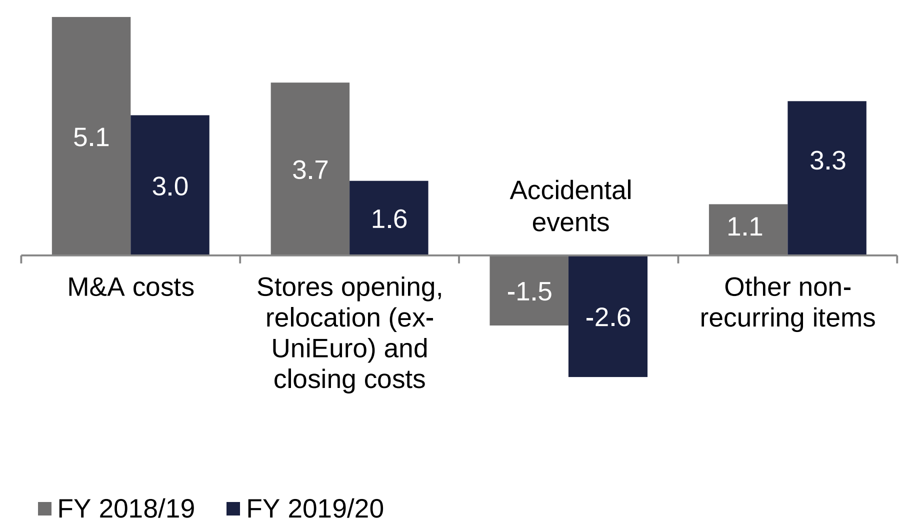
# Explaining EBITDA adjustments (no-IFRS 16)

## Adjustments YoY evolution




- **Unforeseeable impact from Covid-19 pandemic**, in terms of credit and stock devaluation
- **Significant decrease in adjustments ex-Covid19 vs. 2018/19 thanks to:**
  - Minimized M&A costs related to the Carini Retail acquisition vs. DPS and Galimberti deals
  - FY18/19 impacted by non-recurring costs concerning the new central logistics hub, included in relocation costs
  - 2.6 €m insurance reimboursement for a theft in the former logistics hub, occurred in August 2017 and adjusted in FY 2017/18 results
  - Other items also including extraordinary provisions relating to a legal litigation
- **Change in business model** impacting more to reflect the first adoption of Unieuro's extended warranty internalized business model by Carini Retail stores



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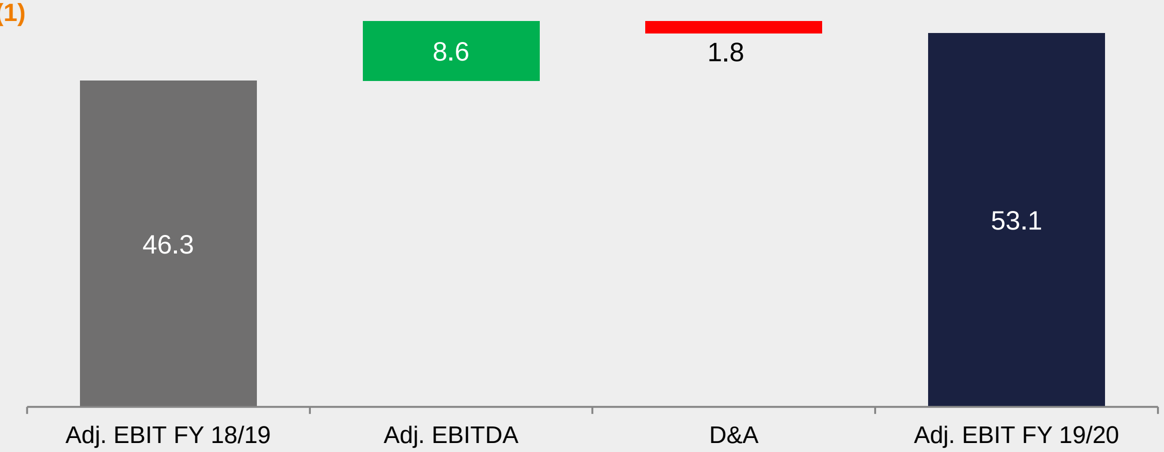
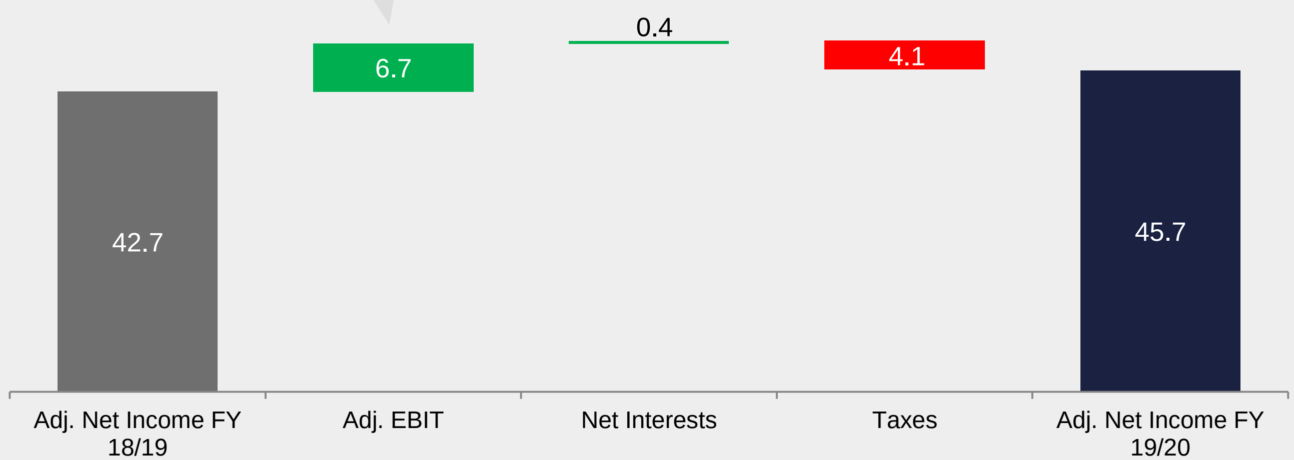
# Adjusted EBIT and Net Income Bridge (no-IFRS 16)

## Adj. EBIT[1]




## Adj. Net Income[2]



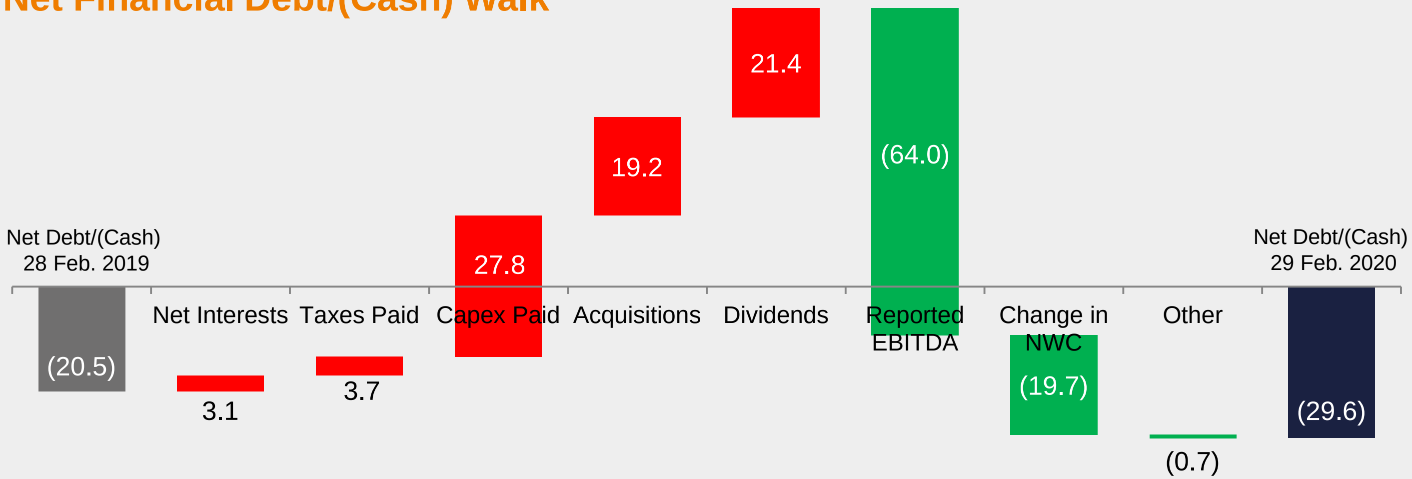

- **D&A increase** due to growing capex activities in the last years, also connected to:
  - acquisitions
  - new openings and closings
  - logistics (Piacenza and Carini)
- **Net interests savings** allowed by treasury management
- **Taxes increase** reflecting lower deferred taxes accruals vs. last year
- **345.8 €m past Net Operating Losses** still available to generate future tax savings, from 377.9 €m at the end of FY 18/19



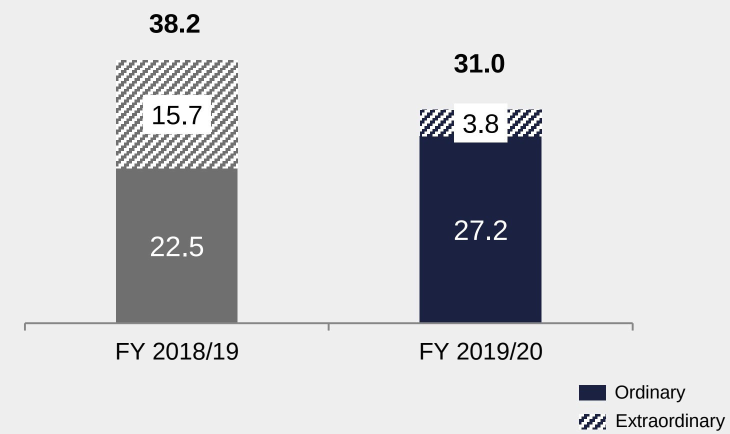
Notes: Consolidated results. Fiscal Year ends on 29 February. Data in millions of Euro, unless otherwise stated. (1) Adjusted EBIT is EBIT adjusted for: (i) non-recurring expenses/(income), (ii) the adjustments of the non-recurring D&A and (iii) the impact from the adjustment of revenues for extended warranty services net of related estimated future costs to provide the assistance service, as a result of the change in the business model for directly managed assistance services. (2) Adjusted Net Income/Loss is calculated as the Net Income (Loss) adjusted by (i) the adjustments incorporated in the Adj. EBIT, (ii) the adjustments of the non-recurring financial expenses(income) and (iii) the theoretical tax impact of these adjustments.

# Financial Overview

## Net Financial Debt/(Cash) Walk

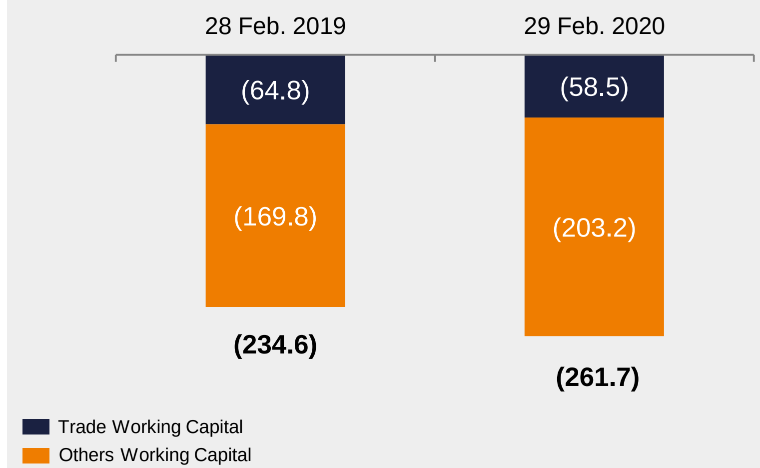



## Capex




- **Net Cash Position** increasing again, boosted by strong operating cash flows, despite capex, dividends and acquisitions
- **Total capex down by 18.8% yoy**, as a result of:
  - **Higher Ordinary capex** (27.2€m), including the start of a new ERP adoption project, in order to support a scaled-up organization through its omnichannel evolution path
  - **Lower Extraordinary capex** (3.8 €m), all related to Carini Retail integration, while FY 18/19 was impacted by the launch of the new Piacenza central logistics hub
- **Net Working Capital strongly pushed** by Other Working Capital items, including extended warranty accruals. Trade Net Working Capital impacted by Indirect channel expansion

## Net Working Capital






Notes: Consolidated results. Unieuro Fiscal Year ends on 29 February. Data in millions of Euro, unless otherwise stated.

# IFRS 16 impact

## What IFRS 16 is

- The new standard requires to recognize **in Balance Sheet all lease with a term exceeding 12 months**
- Unieuro - in line with the vast majority of listed companies - chose to apply this standard using the **modified retrospective approach** - IFRS16 C8, b), ii)
- Main impacts:
  - **Balance Sheet: recognition of an asset ("Right of Use") and the liabilities arising from the lease ("Lease Liability")**
  - **P&L: replacement of Renting Costs with depreciation of Right of Use and interests on Lease Liability**
- First time adoption: **1st March 2019**
- **No restatement of 2018 financials** according to IFRS16

## Main Effects on Unieuro's FY 2019/20 Results (€m)

| | | |
|---|---|---|
| **EBITDA** | +65.4 | • **reduction of operating costs (rental fees paid on stores, headquarters, warehouses and vehicles)**, net of income from store sub-lease agreements |
| **EBIT** | +5.7 | • effects on EBITDA<br>• **increase in D&A** due to amortisation of rights of use |
| **NET INCOME** | -3.5 | • effects on EBIT<br>• **increase in Financial expenses** for interests connected with rights of use<br>• **fiscal effect of all the above changes** |
| **NET FINANCIAL DEBT** | +477.6 | • **recognition of liabilities for rights of use** (other current and non-current financial payables), net of non-current financial receivables concerning sub-lease agreements |
| **CASH FLOW** | = | • **no impact** on the closing balance |



Notes: Consolidated results. Unieuro Fiscal Year ends on 29 February. Data in millions of Euro, unless otherwise stated.

# Agenda

- **Highlights**
- **FY 2019/20 Results**
  - Market Scenario and Sales Performance
  - Strategic Goals and Actions Undertaken
  - Financials
- **Responding to Covid-19 outbreak**
- **Closing Remarks & CSR**

# Covid-19: A Threat Under Management

**Pandemic strongly hitting the CE retail sector since March 2020.**
**Unieuro actively managing all available levers to safeguard people, current business and future perspectives**

**Covid-19 impact so far…**

- Confinement, ban on people movement
- Partial store lockdown, limiting retail activity
- Strong boost to e-commerce, increasing pressure on logistics
- No significant effect on procurement

**…and going forward:**

- Strict health measures and social distancing, impacting traffic in store
- Fall in consumer spending

unieuro

**PEOPLE PROTECTION MEASURES**

**P&L PROTECTION MEASURES**

**BALANCE SHEET PROTECTION MEASURES**

**CORPORATE SUSTAINABILITY**

**and**

**LONG-TERM SUCCESS**

**for the benefit of all stakeholders**

# Covid-19: People Protection Measures

| PURPOSE | ACTION | EFFECT |
| --- | --- | --- |
| To enable operational continuity by safeguarding employees' health and wellbeing | 1 **Health and safety measures** adopted in stores and logistics hubs | No discontinuity in central and logistics activities.<br>Stores operational also during the voluntary closure to the public in order to serve affiliates, online and B2B customers |
| | 2 **Smart working** extended to all white collars | |
| To concretely support employees directly hit by Covid-19 | 3 **Health insurance policy** covering all costs related to Covid-19, extended to all 5,000 employees | Positive feedback from stakeholders, reflecting on corporate reputation |
| To safeguard clients' and employees' health during the epidemic peak, while implementing advanced safety measures | 4 **Voluntary closure of all DOS** from 13th to 29th March 2020 | |
| To be close to the Italian people, in line with Unieuro's mission and values | 5 **Donation of over 2,000 smartphones** to hospitals and retirement homes in Emilia Romagna and Lombardy regions | |

# Covid-19: Profit & Loss Protection Measures

| PURPOSE | | ACTION | EFFECT |
|---|---|---|---|
| To sustain revenues despite the unfavourable scenario | 1 | **Gradual reopening of DOS from 30 March**<br>**98% of direct network now in operation**<br>**mostly 11 hours/day, 6 days/week** | Slow but constant improvement in Retail Channel revenues<br>i.e. week 18: -46% yoy |
| | 2 | **Online channel reinforced**<br>**through refocusing of marketing activities, both mainstream and digital, and free delivery over 49€** | Triple-digit increase since the outbreak of the crisis, constantly outperforming the market<br>i.e. week 18: Unieuro.it and Monclick.it total orders +193% |
| To reshape the cost base in the short term, quickly reacting to new revenue level and mix | 3 | **Social safety nets activated**<br>**granted to almost all employees, as provided for by the "Cura Italia" Decree** | Labour cost savings for a maximum of 9 weeks |
| | 4 | **Voluntary cut of BoD and management remuneration, in April and May**<br>**CEO -100%, BoD and Chiefs -20%, Managers -10%** | Cost savings, as well as a concrete display of solidarity towards the corporate workforce |
| | 5 | **Cost cutting**<br>**Negotiation under way with landlords**<br>**Store operating costs and advisory services under review**<br>**Increasing safety & compliance costs** | Upcoming material savings |

# Covid-19: Balance Sheet Protection Measures

| PURPOSE | | ACTION | EFFECT |
|---|---|---|---|
| Rescheduling payments and purchases to preserve current liquidity position | 1 | **Undergoing discussions with product suppliers and landlords** | Going forward a better inflow/outflow balance<br>Improved stock rotation |
| Securing liquidity in light of temporary cash inflows reduction | 2 | **Delayable capex and acquisitions postponed, particularly those relating to the network of shops** | M&A activities temporarily suspended<br>Focus on digitalization. New ERP adoption process still in place |
| | 3 | **Pre-existing credit facilities for 125 €m partially drawn down on a preventive basis** | All drawn down liquidity still available |
| | 4 | **Evaluating the access to "Liquidity Decree" measures, i.e. new credit lines partially granted by SACE S.p.A.** | Possibility of incremental financing, if needed |
| Strengthened the capital structure in view of a challenging FY 2020/21<br>Enabling the possible access to "Liquidity Decree" measures | 5 | **Proposal of no dividend payout, allocating Net Profit to Equity reserve** | Equity to be reinforced<br>~23 €m cash outflows to be avoided |

# Covid-19: Balance Sheet Protection Measures

| PURPOSE | | ACTION | EFFECT |
|---|---|---|---|
| To reschedule payments and purchases to preserve current liquidity position | 1 | **Undergoing discussions with product suppliers and landlords** | Better inflow/outflow balance going forward<br>Improved stock rotation |
| To secure liquidity in light of temporary cash inflows reduction | 2 | **Deferrable capex and acquisitions postponed**, **particularly those relating to the network of shops** | M&A activities temporarily suspended<br>Focus on digitisation. New ERP adoption process still in place |
| | 3 | **Pre-existing credit facilities for 125 €m partially drawn down on a preventive basis** | All drawn down liquidity still available |
| | 4 | **Currently considering access to "Liquidity Decree" measures, i.e. new credit lines partially granted by SACE S.p.A.** | Possibility of incremental financing, if needed |
| To strengthen the capital structure in view of a challenging FY 2020/21<br>To facilitate access to "Liquidity Decree" measures | 5 | **Proposal of no dividend payout, allocating Net Profit to Equity reserve** | Equity to be strengthened<br>~23 €m cash outflows to be avoided |

# Agenda

- **Highlights**
- **FY 2019/20 Results**
  - Market Scenario and Sales Performance
  - Strategic Goals and Actions Undertaken
  - Financials
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- **Closing Remarks & CSR**

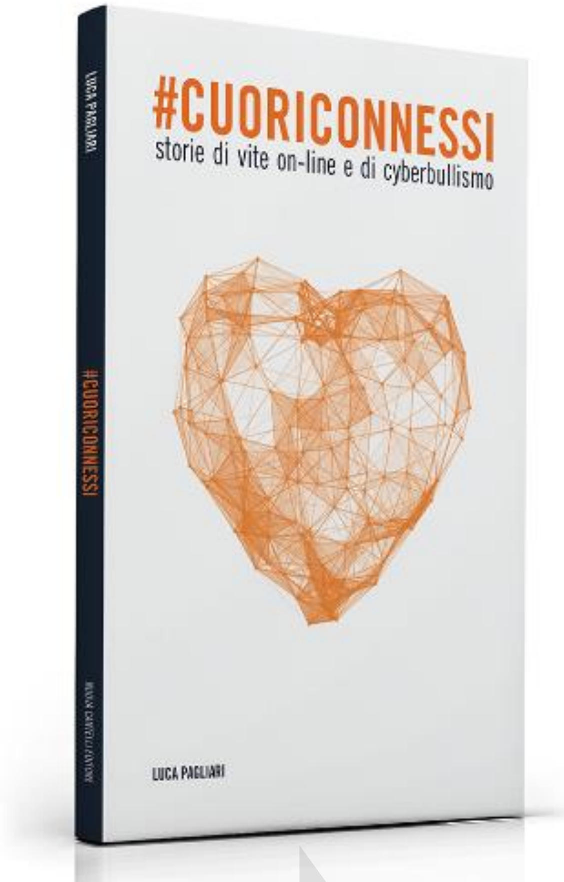
# Closing Remarks

- Strong set of results confirming the effectiveness of omnichannel approach, centralised business model and management skills
- The best way to celebrate the evolution into a truly public company, with a free float above 85% and a totally independent Board of Directors

- Unprecedented threat from Covid-19 pandemic likely to impact Italian GDP and, to a lesser extent, CE retail market
- Negative short-term effect on revenues, channel and category mix, as well as logistics
- Structural changes in consumer behaviour to accelerate sector consolidation

Unieuro's strategy and delivery skills to pay off once again:
business scale, multichannel presence, store-format variety, lean and flexible cost base,
strong reputation, access to capital markets
paving the way to take advantage of long-term market evolution,
strengthening competitive advantages and further reinforcing market leadership

# #Cuoriconnessi: Stepping Up Our CSR Project




## A book and a communication campaign to promote Unieuro's fight against cyberbullying

- "**#Cuoriconnessi – Stories of online life and cyberbullying**", by writer and storyteller Luca Pagliari, presented in February during the Sanremo music festival
- A collection of the most moving stories presented to over 30,000 students during 4 years of #couriconnessi tour around Italy (42 locations)
- **200,000 paper copies** made available for free at Unieuro stores and sent to Italian schools. **Free e-book** on cuoriconnessi.it
- Book totally out of stock, thousands of requests still arriving
- **Omnichannel communication campaign** (radio, tv, press, digital media) on-air during the week of "National day against bullying and cyberbullying" (7 February)
- Unieuro's first campaign ever **to communicate the Company's social activism**, in accordance with its mission and values and in partnership with the State Police

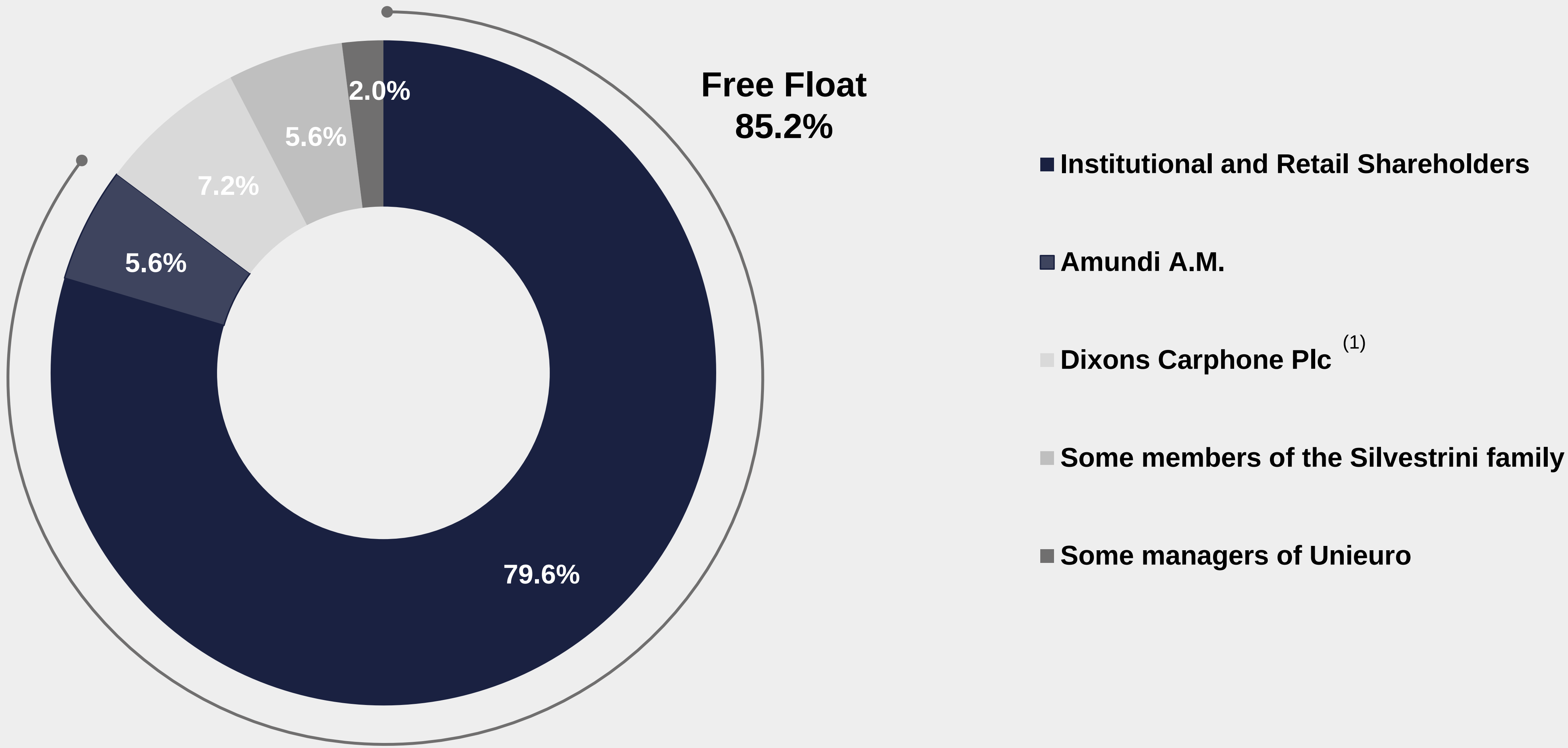

**www.cuoriconnessi.it**

**Rationale**

- **Raising the awareness of new generations of technology consumers about the risks resulting from an incorrect and disrespectful use of new devices being sold at Unieuro, too**
- **Expressing responsibility and commitment towards the Community Unieuro operates in**

# Annex

# Updated Shareholding Structure






Source: Consob and Shareholders' Ledger as at 1st August 2019. Notes: (1) Through Alfa S.r.l.

# Annex

## Post-IFRS 16 results

as reported in the Annual Financial Report
as at 29 February 2020

# Profit & Loss (IFRS 16 impact)

| FY 19/20 post IFRS16 | FY 19/20 no IFRS16 | | Q4 19/20 post IFRS16 | Q4 19/20 no IFRS16 |
|---|---|---|---|---|
| 2,444.9 | 2,444.9 | Sales | 685.4 | 685.4 |
| **2,444.9** | **2,444.9** | **Sales** | **685.4** | **685.4** |
| (1,927.8) | (1,927.8) | Purchase of goods - Change in Inventory | (548.0) | (548.0) |
| (11.3) | (77.6) | Rental Costs | (2.9) | (19.4) |
| (53.0) | (53.0) | Marketing costs | (11.6) | (11.6) |
| (69.2) | (69.2) | Logistic costs | (19.0) | (19.0) |
| (66.8) | (67.5) | Other costs | (17.5) | (17.7) |
| (185.4) | (185.4) | Personnel costs | (46.6) | (46.6) |
| (2.1) | (0.5) | Other operating costs and income | 2.4 | 2.9 |
| **129.4** | **64.0** | **EBITDA Reported** | **42.2** | **26.1** |
| (88.8) | (29.1) | D&A | (22.1) | (7.3) |
| **40.6** | **34.9** | **Reported EBIT** | **20.1** | **18.8** |
| (14.2) | (3.8) | Net Interests | (4.3) | (1.0) |
| 26.4 | 31.1 | Reported Profit before Tax | 15.8 | 17.7 |
| (0.8) | (2.0) | *Taxes* | 1.2 | (1.8) |
| **25.6** | **29.1** | **Net Income Reported** | **16.9** | **15.9** |



Notes: Consolidated results. Unieuro Fiscal Year ends on 29 February. Data in millions of Euro, unless otherwise stated.

# Balance Sheet: IFRS 16 impact

| | 29 Feb. 2020 post-IFRS16 | 29 Feb. 2020 no IFRS16 |
|---|---|---|
| Trade Receivables | 51.3 | 51.3 |
| Inventory | 369.8 | 369.8 |
| Trade Payables | (479.6) | (479.6) |
| **Operating Trade Capital** | **(58.5)** | **(58.5)** |
| Current Tax Assets and Liabilities | (1.4) | (1.4) |
| Current Assets [(1)] | 23.9 | 24.3 |
| Current Liabilities [(2)] | (221.4) | (224.8) |
| Short Term Provisions | (1.2) | (1.2) |
| **Net Working Capital** | **(258.7)** | **(261.7)** |
| Tangible and Intangible Assets | 590.2 | 119.4 |
| Net Deferred Tax Assets and Liabilities | 35.2 | 33.9 |
| Goodwill | 195.2 | 195.2 |
| Other Long Term Assets and Liabilities [(3)] | (17.7) | (16.7) |
| **Total Invested Capital** | **544.2** | **70.1** |
| **Net financial Debt** | **(448.0)** | **29.6** |
| **Equity** | **(96.2)** | **(99.7)** |
| **Total Sources** | **(544.2)** | **(70.1)** |

[(1)] **Current Assets:** Includes mainly Accrued Income related to rental costs, etc

[(2)] **Current Liabilities**

| | 29 Feb. 2020 post-IFRS16 | 29 Feb. 2020 no IFRS16 |
|---|---|---|
| Accrued expenses (mainly Extended Warranties) | (149.6) | (153.0) |
| Personnel debt | (38.7) | (38.7) |
| VAT debt | (16.4) | (16.4) |
| Other | (14.3) | (14.3) |
| LTIP Personnel debt | (2.4) | (2.4) |
| **Current Liabilities** | **(221.4)** | **(224.8)** |

[(3)] **Other Long Term Assets and Liabilities**

| | 29 Feb. 2020 post-IFRS16 | 29 Feb. 2020 no IFRS16 |
|---|---|---|
| Financial assets (deposits) | 3.0 | 3.0 |
| Deferred Benefit Obligation (TFR) | (12.0) | (12.0) |
| Long Term Provision for Risks | (5.7) | (5.8) |
| Other Provisions | (3.0) | (1.9) |
| LTIP Personnel debt | (0.0) | (0.0) |
| **Other Long Term Assets and Liabilities** | **(17.7)** | **(16.7)** |



Notes: Consolidated results. Data in millions of Euro, unless otherwise stated.

# Annex

## No-IFRS 16 results and reconciliations

# Profit & Loss (no-IFRS 16)

| FY 19/20 no IFRS16 | % | FY 18/19 | % | | Q4 19/20 no IFRS16 | % | Q4 18/19 | % |
|---|---|---|---|---|---|---|---|---|
| 2,444.9 | | 2,104.5 | | Sales | 685.4 | | 577.3 | |
| **2,444.9** | | **2,104.5** | | **Sales** | **685.4** | | **577.3** | |
| (1,927.8) | (78.8%) | (1,635.7) | (77.7%) | Purchase of goods - Change in Inventory | (548.0) | (79.9%) | (444.2) | (77.0%) |
| (77.6) | (3.2%) | (71.5) | (3.4%) | Rental Costs | (19.4) | (2.8%) | (17.8) | (3.1%) |
| (53.0) | (2.2%) | (50.0) | (2.4%) | Marketing costs | (11.6) | (1.7%) | (11.9) | (2.1%) |
| (69.2) | (2.8%) | (54.0) | (2.6%) | Logistic costs | (19.0) | (2.8%) | (13.9) | (2.4%) |
| (67.5) | (2.8%) | (64.1) | (3.0%) | Other costs | (17.7) | (2.6%) | (16.7) | (2.9%) |
| (185.4) | (7.6%) | (169.9) | (8.1%) | Personnel costs | (46.6) | (6.8%) | (44.8) | (7.8%) |
| (0.5) | (0.0%) | (2.1) | (0.1%) | Other operating costs and income | 2.9 | 0.4% | 1.2 | 0.2% |
| **64.0** | **2.6%** | **57.2** | **2.7%** | **EBITDA Reported** | **26.1** | **3.8%** | **29.0** | **5.0%** |
| 9.3 | 0.4% | 8.4 | 0.4% | *Adjustments* | 4.3 | 0.6% | (0.9) | (0.1%) |
| 8.8 | 0.4% | 7.9 | 0.4% | *Change in Business Model* | 2.1 | 0.3% | 1.7 | 0.3% |
| **82.1** | **3.4%** | **73.6** | **3.5%** | **Adjusted EBITDA** | **32.5** | **4.7%** | **29.9** | **5.2%** |
| (29.1) | (1.2%) | (27.2) | (1.3%) | D&A | (7.3) | (1.1%) | (8.7) | (1.5%) |
| **53.1** | **2.2%** | **46.3** | **2.2%** | **Adjusted EBIT** | **25.2** | **3.7%** | **21.3** | **3.7%** |
| (3.8) | (0.2%) | (4.2) | (0.2%) | Financial Income - Expenses | (1.0) | (0.2%) | (0.9) | (0.2%) |
| **49.2** | **2.0%** | **42.2** | **2.0%** | **Adjusted Profit before Tax** | **24.2** | **3.5%** | **20.3** | **3.5%** |
| (2.0) | (0.1%) | 1.9 | 0.1% | Taxes | (1.8) | (0.3%) | 1.5 | 0.3% |
| (1.6) | (0.1%) | (1.4) | (0.1%) | *Fiscal impact of non-recurring items* | (0.6) | (0.1%) | (0.1) | (0.0%) |
| **45.7** | **1.9%** | **42.7** | **2.0%** | **Adjusted Net Income** | **21.8** | **3.2%** | **21.7** | **3.8%** |
| (9.3) | (0.4%) | (8.4) | (0.4%) | *Adjustments* | (4.3) | (0.6%) | 0.9 | 0.1% |
| 0.0 | -- | (0.3) | (0.0%) | *Non-recurring D&A* | 0.0 | -- | -- | -- |
| 0.0 | -- | 1.5 | 0.1% | *Non-recurring financial (expenses)/income* | 0.0 | -- | 0.0 | -- |
| (8.8) | (0.4%) | (7.9) | (0.4%) | *Change in Business Model* | (2.1) | (0.3%) | (1.7) | (0.3%) |
| 1.6 | 0.1% | 1.4 | 0.1% | *Fiscal impact of non-recurring items* | 0.6 | 0.1% | 0.1 | 0.0% |
| **29.1** | **1.2%** | **28.9** | **1.4%** | **Net Income Reported** | **15.9** | **2.3%** | **20.9** | **3.6%** |



Notes: Consolidated results. Unieuro Fiscal Year ends on 29 February. Data in millions of Euro, unless otherwise stated.

# Profit & Loss Adjustments by Line Item (no-IFRS 16)

| | FY 19/20 Reported | *FY 19/20 Adjustments* | FY 19/20 Adjusted | FY 18/19 Reported | *FY 18/19 Adjustments* | FY 18/19 Adjusted | Δ FY Adjusted |
|---|---|---|---|---|---|---|---|
| Gross Profit | 517.1 | 3.2 | 520.3 | 468.8 | 0.0 | 468.8 | 51.5 |
| Change in Business Model | | 8.8 | 8.8 | | 7.9 | 7.9 | 0.9 |
| **Gross profit including change in Business Model** | **517.1** | **12.0** | **529.1** | **468.8** | **7.9** | **476.7** | **52.4** |
| Rental Costs | (77.6) | 0.2 | (77.4) | (71.5) | 0.5 | (71.0) | (6.4) |
| Marketing costs | (53.0) | 2.4 | (50.6) | (50.0) | 1.2 | (48.8) | (1.8) |
| Logistic costs | (69.2) | 1.0 | (68.1) | (54.0) | 1.5 | (52.5) | (15.6) |
| Other costs | (67.5) | 3.2 | (64.3) | (64.1) | 3.8 | (60.3) | (4.0) |
| Personnel costs | (185.4) | 1.3 | (184.1) | (169.9) | 3.2 | (166.7) | (17.4) |
| Other operating costs and income | (0.5) | (2.0) | (2.5) | (2.1) | (1.6) | (3.7) | 1.2 |
| **Total Costs** | **(453.1)** | **6.2** | **(447.0)** | **(411.6)** | **8.4** | **(403.2)** | **(43.8)** |
| **Adjusted EBITDA** | **64.0** | **18.1** | **82.1** | **57.2** | **16.4** | **73.6** | **8.6** |
| D&A | (29.1) | 0.0 | (29.1) | (27.6) | 0.3 | (27.2) | (1.8) |
| **Adjusted EBIT** | **34.9** | **18.1** | **53.1** | **29.6** | **16.7** | **46.3** | **6.7** |



Notes: Consolidated results. Unieuro Fiscal Year ends on 29 February. Data in millions of Euro, unless otherwise stated.

# Balance Sheet (no-IFRS 16)

| | 29 Feb. 2020 no IFRS16 | 28 Feb. 2019 |
|---|---|---|
| Trade Receivables | 51.3 | 41.3 |
| Inventory | 369.8 | 362.3 |
| Trade Payables | (479.6) | (468.5) |
| **Trade Working Capital** | **(58.5)** | **(64.8)** |
| Current Tax Assets and Liabilities | (1.4) | 0.9 |
| Current Assets [(1)] | 24.3 | 19.8 |
| Current Liabilities [(2)] | (224.8) | (189.1) |
| Short Term Provisions | (1.2) | (1.3) |
| **Net Working Capital** | **(261.7)** | **(234.6)** |
| Tangible and Intangible Assets | 119.4 | 113.3 |
| Net Deferred Tax Assets and Liabilities | 33.9 | 31.5 |
| Goodwill | 195.2 | 178.0 |
| Other Long Term Assets and Liabilities [(3)] | (16.7) | (17.7) |
| **Total Invested Capital** | **70.1** | **70.4** |
| **Net financial Debt** | **29.6** | **20.5** |
| **Equity** | **(99.7)** | **(90.9)** |
| **Total Sources** | **(70.1)** | **(70.4)** |

[(1)] **Current Assets:** Includes mainly Accrued Income related to rental costs, etc

[(2)] **Current Liabilities**

| | 29 Feb. 2020 no IFRS16 | 28 Feb. 2019 |
|---|---|---|
| Accrued expenses (mainly Extended Warranties) | (153.0) | (126.3) |
| Personnel debt | (38.7) | (35.4) |
| VAT debt | (16.4) | (14.7) |
| Other | (14.3) | (12.7) |
| LTIP Personnel debt | (2.4) | |
| **Current Liabilities** | **(224.8)** | **(189.1)** |

[(3)] **Other Long Term Assets and Liabilities**

| | 29 Feb. 2020 no IFRS16 | 28 Feb. 2019 |
|---|---|---|
| Financial assets (deposits, leases) | 3.0 | 2.5 |
| Deferred Benefit Obligation (TFR) | (12.0) | (11.0) |
| Long Term Provision for Risks | (5.8) | (6.0) |
| Other Provisions | (1.9) | (1.7) |
| LTIP Personnel debt | (0.0) | (1.5) |
| **Other Long Term Assets and Liabilities** | **(16.7)** | **(17.7)** |



Notes: Consolidated results. Unieuro Fiscal Year ends on 29 February. Data in millions of Euro, unless otherwise stated.

# Cash Flow Statement (no-IFRS 16)

| FY 19/20 no IFRS16 | FY 18/19 | | Q4 19/20 no IFRS16 | Q4 18/19 |
|---|---|---|---|---|
| **64.0** | **57.2** | **Reported EBITDA** | **26.1** | **29.0** |
| (3.7) | (0.7) | Taxes Paid | (1.5) | - |
| (3.1) | (3.2) | Interests Paid | (1.1) | (1.1) |
| 19.7 | 27.8 | Change in NWC | (17.5) | (12.6) |
| 1.4 | 1.3 | Change in Other Assets and Liabilities | 0.6 | 0.5 |
| **78.3** | **82.3** | **Reported Operating Cash Flow** | **6.5** | **15.9** |
| (18.8) | (30.2) | Purchase of Tangible Assets | (4.3) | (5.6) |
| (12.2) | (8.0) | Purchase of Intangible Assets | (5.8) | (3.9) |
| 3.2 | 6.0 | Change in capex payables | 1.6 | 0.7 |
| (12.0) | (5.6) | Acquisitions | (0.9) | 0.3 |
| **38.5** | **44.6** | **Levered Free Cash Flow** | **(2.9)** | **7.3** |
| 4.0 | 8.0 | Cash effect of adjustments | 0.1 | 1.9 |
| 15.5 | 17.0 | Non recurring investments | 1.0 | 4.4 |
| (1.5) | (0.8) | Other non recurring cash flows | 1.0 | - |
| **56.5** | **68.7** | **Adjusted Levered Free Cash Flow** | **(0.8)** | **13.6** |
| (2.5) | (7.2) | Cash effect of adjustments | (1.1) | (1.9) |
| (15.5) | (17.0) | Non recurring investments | (1.0) | (4.4) |
| (21.4) | (20.0) | Dividend/Change in Shareholders Debt | - | - |
| (7.2) | - | Acquisition Debt | 0.9 | - |
| (0.7) | 0.4 | Other Changes | 0.1 | 0.2 |
| **9.1** | **25.0** | **Δ Net Financial Position** | **(1.9)** | **7.4** |



Notes: Consolidated results. Unieuro Fiscal Year ends on 29 February. Data in millions of Euro, unless otherwise stated.

# Net Financial Debt (no-IFRS 16)

| | 29 Feb. 2020 | 28 Feb. 2019 |
|---|---|---|
| **Short-Term Bank Debt** | **(0.0)** | **(3.0)** |
| **Long-Term Bank Debt** | **(41.1)** | **(40.5)** |
| **Bank Debt** | **(41.1)** | **(43.5)** |
| Debt To Other Lenders | (8.9) | (10.6) |
| Acquisition Debt | (17.1) | (9.9) |
| **Other Financial Debt** | **(26.0)** | **(20.5)** |
| | | |
| **Cash and Cash Equivalents** | **96.7** | **84.5** |
| | | |
| **Net Financial Debt** | **29.6** | **20.5** |



Notes: Consolidated results. Data in millions of Euro, unless otherwise stated.

## NEXT EVENTS

**Virtual STAR Conference**
***26, 27 May 2020***

**Annual Shareholders' Meeting**
***12 June 2020***

**Q1 2020/21 Results**
***10 July 2020***

## CONTACTS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