

Unieuro S.p.A.

Q1 2017/18 Results

29 June 2017



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 furnished 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 of purely 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.

Agenda

- **Highlights**
- **Sales Breakdown**
- **Achievements on Strategic Goals**
- **Financials**
- **EUROMA2: a new flagship store in Rome**

Highlights

- Seasonality effect: revenues typically peaking in the 2H, being operating costs relatively uniform over the year
 - Q1 not very significant from a profitability point of view
 - Cash absorption also affected by seasonal trends

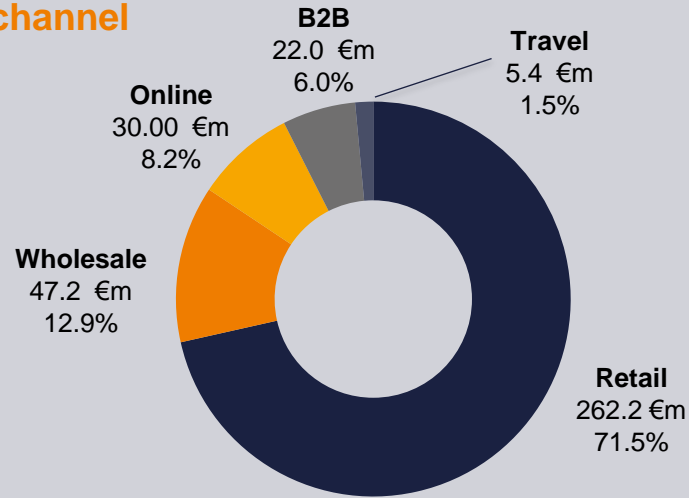
- Slight YoY growth in Sales, Adj. EBITDA margin and Adj. Net income despite a weakening market scenario
- Better YoY Adj. Levered Free Cash Flow and Net Financial Position notwithstanding the Andreoli acquisition cash out

- DOS network expansion: 2 new important openings in Retail (Oriocenter Mall) and Travel (Orio al Serio airport) channels
- M&A: closing of Andreoli stores (17 May) and Monclick (9 June) acquisitions
- Integration activities undergoing

- New flagship store to open in Rome in a former Trony location

Sales Breakdown

Sales by channel



- **Retail: 262.2 €m**
 - New opening contribution and LFL growth
- **Wholesale: 47.2 €m**
 - Affiliates inventory optimization agreed with Unieuro
- **Online: 30.0 €m**
 - Strong double digit growth
- **B2B: 22.0 €m**
 - Delay in high-end smartphones launch
- **Travel: 5.4 €m**
 - New openings contribution

YoY change

+1.4%

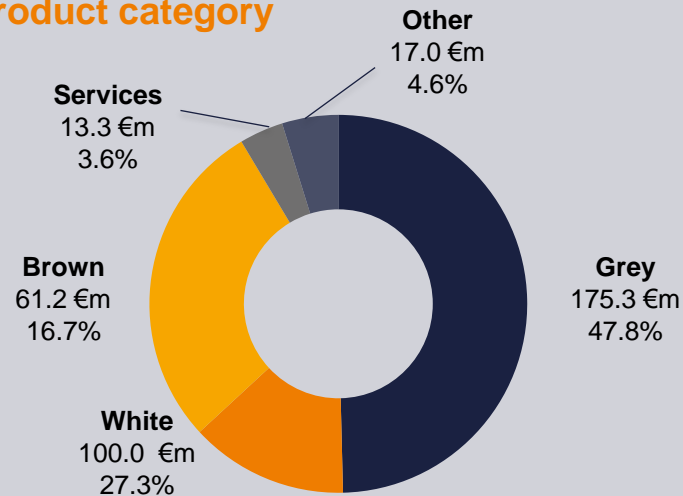
-6.7%

+49.8%

-28.0%

+103.3%

Sales by product category



- **Grey: 175.3 €m**
 - Impact from expected reduction in B2B sales
- **White: 100.0 €m**
 - Retail mix optimization; broader offering range
- **Brown: 61.2 €m**
 - Stable market
- **Services: 13.3 €m**
 - Strong commitment to services
- **Other: 17.0 €m**
 - Hover boards and bicycles sales increase

-2.4%

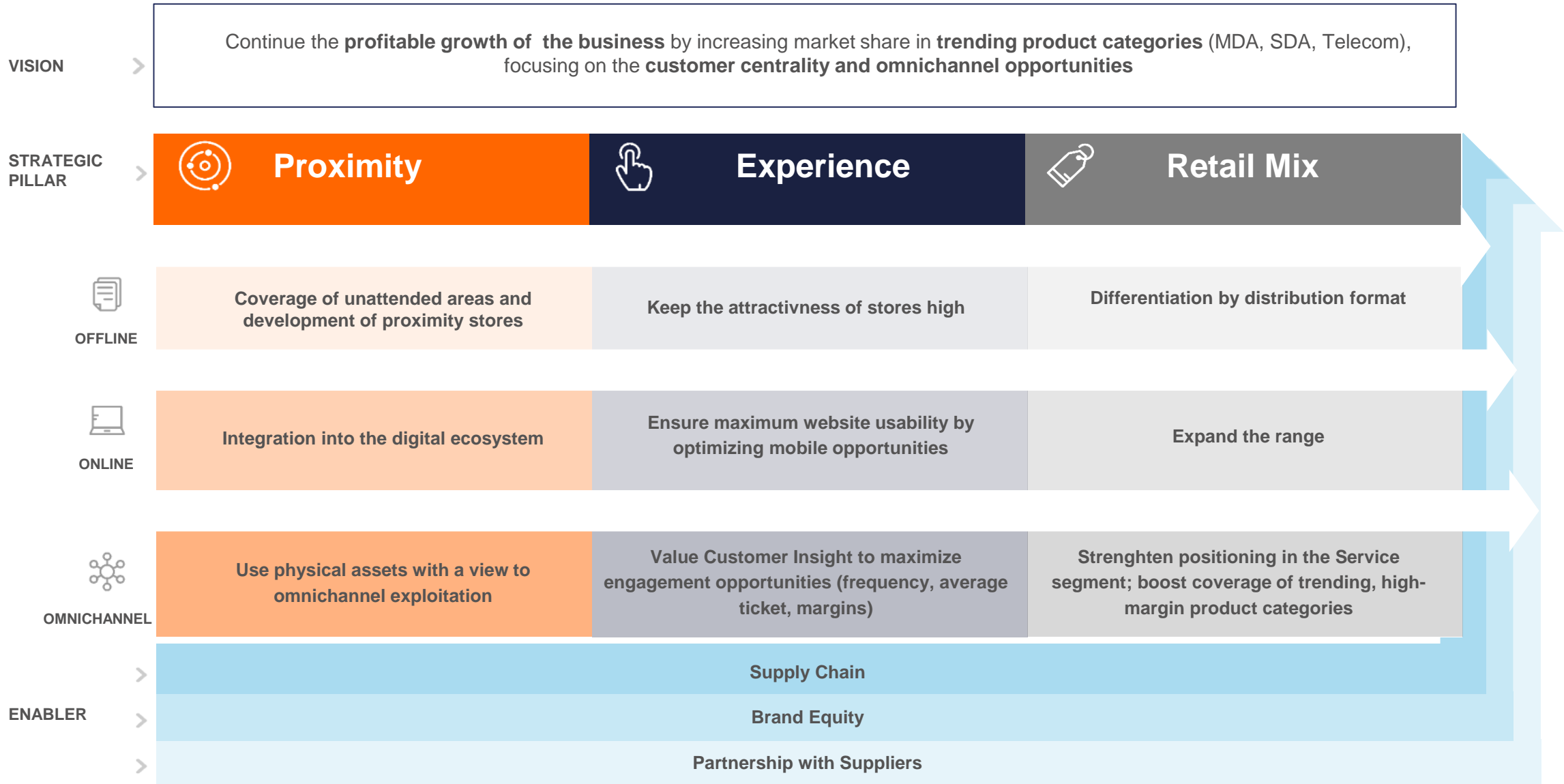
+4.7%

-0.1%




+11.8%

+21.7%

Restating Strategic Goals



Q1 17/18 Achievements

STRATEGIC PILLAR	 Proximity	 Experience	 Retail Mix
	<ul style="list-style-type: none"> • 2 new openings: <ul style="list-style-type: none"> • Travel DOS at Orio al Serio airport, the third biggest airport in Italy • 1,750 sqm store in the Oriocenter mall (Bergamo), amongst the most visited in Italy • Completion of ex-Andreoli stores acquisition: stores to reopen beginning of July under the Unieuro banner 	<ul style="list-style-type: none"> • 1 relocation (Reggio Emilia); 2 refurbishments (Prato and Settimo Milanese) • Launch of Apple Pay, simplifying the shopping experience through mobile payments on digital platform and in store • Netcomm e-Commerce Award 2017 Winner - Best Consumer Electronic e-Commerce site Unieuro.it • Interactive Key Award 2017 Winner - Best Digital Advertising Campaign on Black Friday 	<ul style="list-style-type: none"> • Online sales substantially boosted by: <ul style="list-style-type: none"> • continuous broadening of the product range • Growth in the White category, especially in the MDA segment
	> <u>Supply Chain</u>		
ENABLER	> <u>Brand Equity</u>		
	> <u>Partnership with Suppliers:</u> great convention in Milan to present Unieuro's new strategic approach and prospects		

Key Financials

Sales (€m)

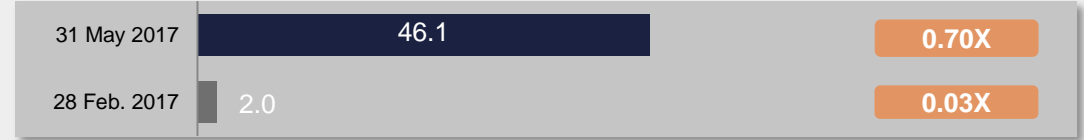
LFL growth¹



- Good performance of Retail and Online channels
- Reduction of Wholesale and B2B sales

Net Financial Debt (€m)

Leverage²



- Seasonality effect boosting cash absorption
- 9.4 €m cash outflow related to the Andreoli stores acquisition

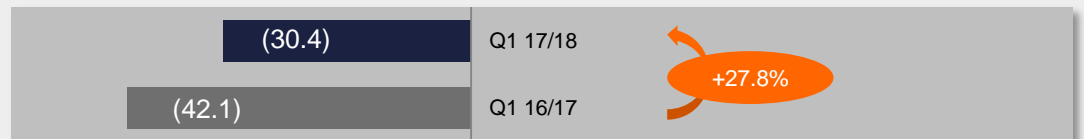
Adj. EBITDA (€m)

EBITDA margin



- Q1 not meaningful from a profitability point of view, due to seasonality effect
- In any case, slight improvement to 0.6 €m

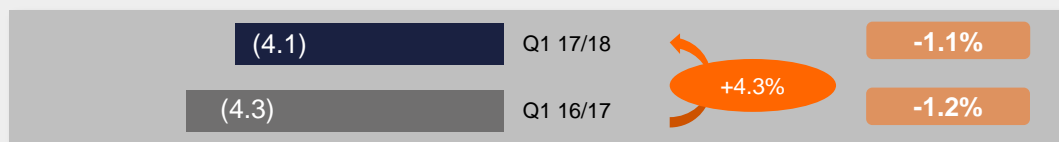
Adj. Levered Free Cash Flow (€m)



- Positive Net Working Capital evolution with respect to the same period of last year

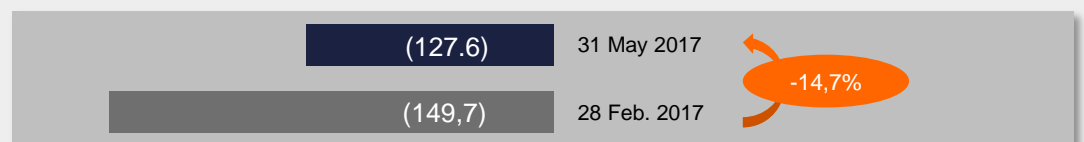
Adj. Net Income/(Loss) (€m)

Net Income margin



- Higher EBITDA partially offset by higher D&A
- Net interests efficiency

Net Working Capital (€m)



- Seasonality effect boosting absorption at Net Working Capital level (+22.1 €m vs. 36.9 in 1Q 16/17)

Key Operational Data

Unieuro's Retail Network

DOS (units)

	31 May 2018	28 Feb. 2017
DOS (units)	182	180

AFFILIATES (units)

	31 May 2017	28 Feb. 2017
Affiliates (units)	276	280

Openings Closures Pick-up Points

+2

-

170
169

+2

-6

214
212

- Orio al Serio new opening
- New Travel DOS at Orio al Serio Airport
- Continuous affiliates network rationalization
- Pick-up points: 384 (84% of total stores)

Total Retail Area (sqm DOS only)

Sales density
(€/sqm, LTM)

	31 May 2017	28 Feb. 2017
Total Retail Area (sqm DOS only)	~276,400	~276,000
Sales density (€/sqm, LTM)	~4,640	~4,630

+0.2%

- Slight increase in Total Retail Area driven by new openings, partially offset by store downsizing trend

Loyalty Card Holders (millions)

	31 May 17	28 Feb. 17
Loyalty Card Holders (millions)	6.6	6.4

+3.0%

Workforce (FTEs)

	31 May 2017	28 Feb. 2017
Workforce (FTEs)	3,426	3,395

+0.9%

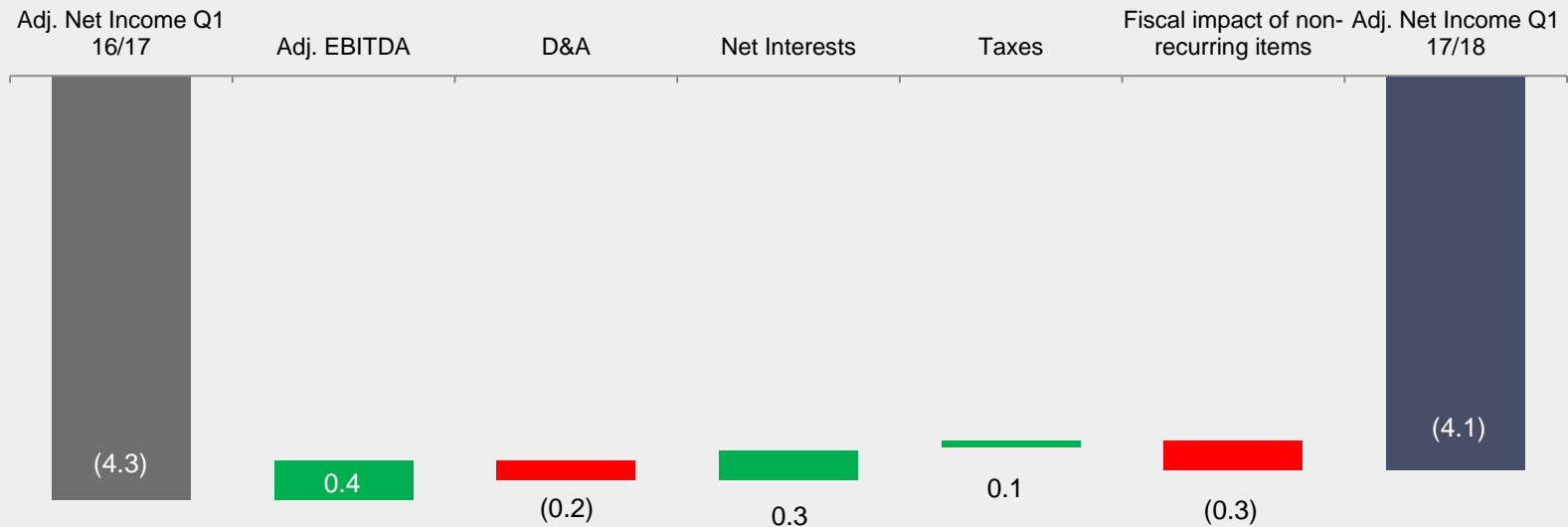
- 2 store openings
- Central functions reinforcement

Adjusted EBITDA Walk



- **Increase in Gross Profit** mainly driven by volume effect related to the general increase in sales
- **Personnel costs up**, mainly driven by the contractual increase of salary, net openings in the period and central functions reinforcement
- **Reduction in Marketing costs** (almost 1 €m), mainly related a different promotional calendar
- **Increase in Logistics costs** connected to higher sales volume, also related to home delivery sales growth

Adjusted Net Income Walk

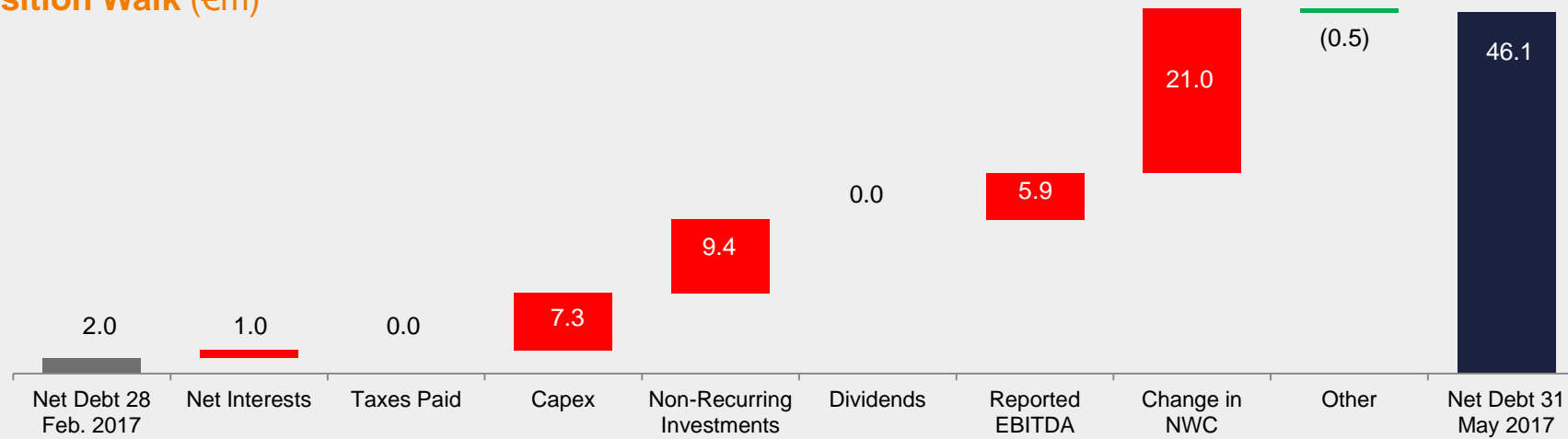


P&L line items adjusted for non-recurring costs and business model change

- **Net Loss due to seasonality effect**, typical of the business: fixed costs related to personnel, rent and overhead impacting on a seasonally weak revenue base
- **Net interests efficiency** mainly driven by careful financial management and lower interest rates, as well as total reimbursement of shareholder loan

Financial Overview

Net Financial Position Walk (€m)

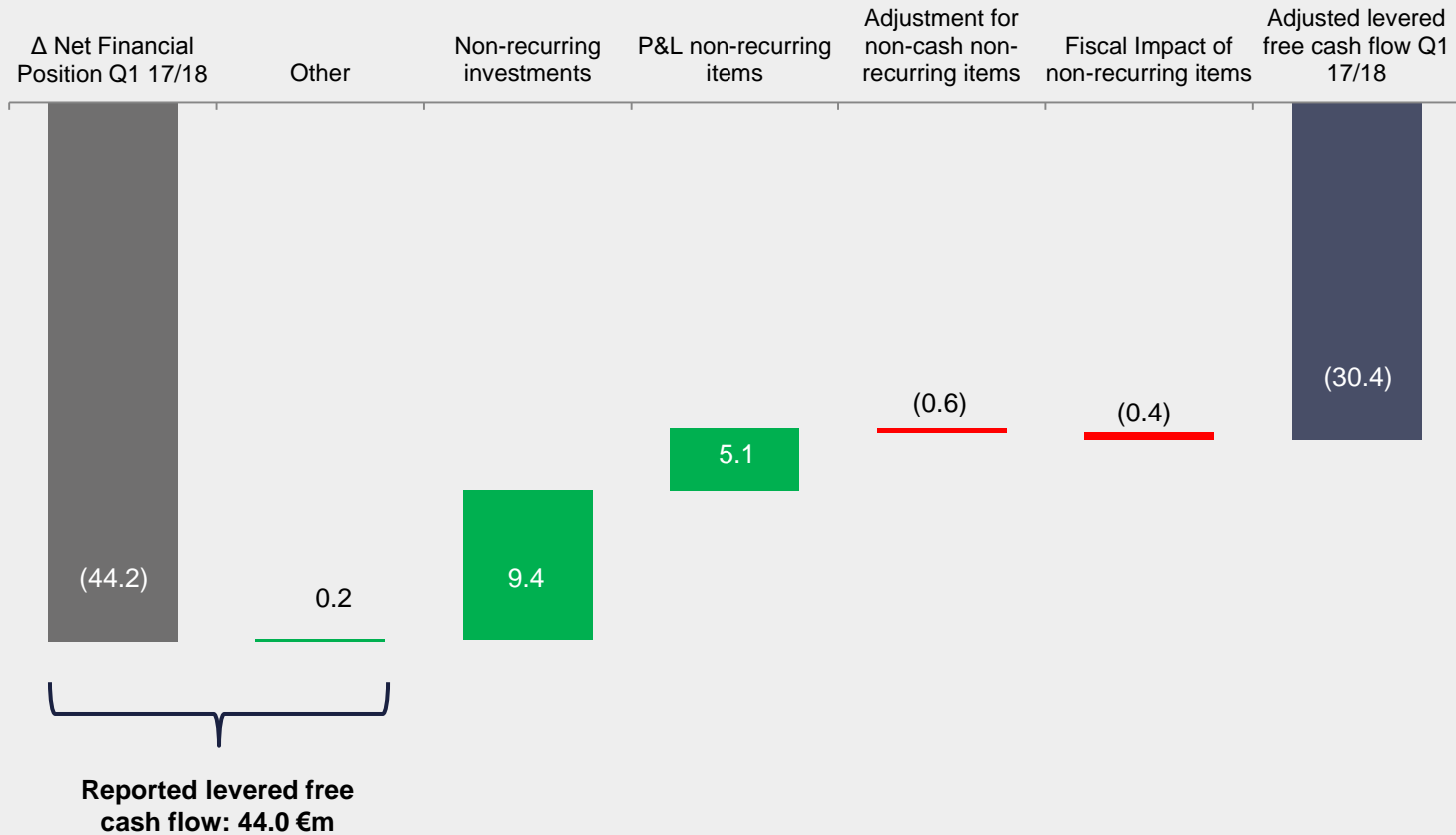


- **Net Financial Position impacted by seasonality**, in line with historical experience, led by the increase in Net Working Capital cash absorption
- Increase from 2.0 €m to 46.1 €m also due to the **cash out for the acquisition of Andreoli stores (9.4 €m)**

Net Working Capital (€m)

	31 May 2017	28 Feb. 2017
Trade receivables	37.0	35.2
Inventories	337.9	269.6
Trade payables	(394.8)	(334.5)
Trade working Capital	(19.9)	(29.8)
Other NWC	(107.8)	(119.9)
Net Working Capital	(127.6)	(149.7)

Adjusted Levered Free Cash Flow Walk



- **Non-recurring investments** related to the acquisition of Andreoli stores
- **P&L non recurring item** mainly related to IPO costs

EUROMA2: a new flagship store in Rome

New great opening in the Capital of Italy

- **3,000 sqm store in the Euroma2 shopping mall**, one of the biggest and most visited in Rome:
 - 230 stores, over 50,000 sqm
 - Over 11 million visitors per year
 - Situated in the EUR district, amongst the most important in Rome
- **Formerly, the main Trony store in town.** Currently not operational
- **No significant overlapping** with Unieuro's existing stores (10, among which the Muratella flagship)
- **Opening in Autumn, in time for the peak season**
- **20-25 €m yearly sales** expected at run-rate



Strategic Rationale

- **Expanding the Unieuro store network in big cities, currently underpenetrated**
- **Further consolidating the offline market, taking advantage of competitors' weaknesses**

Annex



Non-IFRS and Other Performance Measures

This presentation contains certain items as part of the financial disclosure which are not defined under IFRS. Accordingly, these items do not have standardized meanings and may not be directly comparable to similarly-titled items adopted by other entities.

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) non-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 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 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.

These measures are not indicative of our historical operating results, nor are they meant to be predictive of future results.

These measures are used by our management to monitor the underlying performance of our business and operations. Similarly entitled non-IFRS financial measures reported by other companies may not be calculated in an identical manner, consequently our measures may not be consistent with similar measures used by other companies. Therefore, investors should not place undue reliance on this data.

Profit & Loss

	Q1 17/18	%	Q1 16/17	%
Sales	366.8		362.4	
Sales	366.8		362.4	
Purchase of goods - Change in Inventory	(288.0)	(78.5%)	(285.0)	(78.6%)
Rental Costs	(14.5)	(4.0%)	(14.5)	(4.0%)
Marketing costs	(13.5)	(3.7%)	(14.2)	(3.9%)
Logistic costs	(8.0)	(2.2%)	(7.4)	(2.0%)
Other costs	(13.8)	(3.8%)	(11.7)	(3.2%)
Personnel costs	(33.9)	(9.2%)	(33.0)	(9.1%)
Other operating costs and income	(1.0)	(0.3%)	(0.1)	(0.0%)
EBITDA Reported	(5.9)	(1.6%)	(3.5)	(1.0%)
<i>Adjustments</i>	5.1	1.4%	1.6	0.4%
<i>Change in Business Model</i>	1.4	0.4%	2.2	0.6%
Adjusted EBITDA	0.6	0.2%	0.2	0.1%
D&A	(4.7)	(1.3%)	(4.4)	(1.2%)
Financial Income - Expenses	(1.2)	(0.3%)	(1.5)	(0.4%)
Profit before Tax	(11.9)	(3.2%)	(9.5)	(2.6%)
Taxes	1.8	0.5%	1.8	0.5%
<i>Fiscal impact of non-recurring items</i>	(0.6)	(0.2%)	(0.3)	(0.1%)
Adjusted Net Income	(4.1)	(1.1%)	(4.3)	(1.2%)
<i>Adjustments</i>	(5.1)	(1.4%)	(1.6)	(0.4%)
<i>Change in Business Model</i>	(1.4)	(0.4%)	(2.2)	(0.6%)
<i>Fiscal impact of non-recurring items</i>	0.6	0.2%	0.3	0.1%
Net Income Reported	(10.0)	(2.7%)	(7.7)	(2.1%)

€m, unless otherwise stated

Profit & Loss Adjustments by Line Item

	Δ Reported	Q1 17/18 Adjustments	Q1 16/17 Adjustments	Δ Adjusted
Gross Profit	1.4	--		1.4
Change in Business Model		1.4	(2.2)	(0.7)
Gross profit including change in Business Model	1.4	1.4	(2.2)	0.7
Rental Costs	(0.0)	0.3	(0.2)	0.0
Marketing costs	0.7	0.4	(0.1)	1.0
Logistic costs	(0.6)	0.0	(0.0)	(0.6)
Other costs	(2.1)	3.1	(1.1)	(0.1)
Personnel costs	(0.8)	0.8	(0.7)	(0.7)
Other operating costs and income	(0.9)	0.4	0.6	0.1
Total Costs	(3.8)	5.1	(1.6)	(0.3)
Total	(2.4)	6.6	(3.8)	0.4

€m, unless otherwise stated

Balance Sheet

	31 May 2017	28 Feb. 2017
Trade Receivables	37.0	35.2
Inventory	337.9	269.6
Trade Payables	(394.8)	(334.5)
Operating Working Capital	(19.9)	(29.8)
Current Tax Assets (1)	11.5	8.0
Current Assets (2)	18.3	13.9
Current Liabilities (3)	(136.0)	(140.3)
Short Term Provisions	(1.7)	(1.4)
Net Working Capital	(127.6)	(149.7)
Tangible and Intangible Assets	75.3	72.6
Net Deferred Tax Assets and Liabilities	27.4	29.1
Goodwill	163.6	151.4
Other Long Term Assets and Liabilities	(16.8)	(16.5)
Total Invested Capital	121.8	86.9
Net Financial Debt	46.1	2.0
Equity	75.7	85.0
Total Sources	121.8	86.9

(1) Current Tax Assets: Includes Current Tax Assets and Fiscal Consolidation Receivables

(2) Current Assets: Includes mainly Accrued Income related to rental costs, etc

(3) Current Liabilities

	31 May 2017	28 Feb. 2017
Accrued expenses (mainly Extended Warrantie	(86.2)	(88.7)
Personnel debt	(33.7)	(28.2)
VAT debt	(4.8)	(15.7)
Other	(11.3)	(7.7)
Current Liabilities	(136.0)	(140.3)

(4) Other Long Term Assets and Liabilities

	31 May 2017	28 Feb. 2017
Deposits	2.7	2.1
Deferred Benefit Obligation (TFR)	(10.6)	(9.8)
Long Term Provision for Risks	(7.3)	(7.2)
Store Loss Provision	(0.6)	(0.6)
Other Provision	(1.1)	(1.0)
Other Long Term Assets and Liabilities	(16.8)	(16.5)

€m, unless otherwise stated

Cash Flow Statement

	Q1 17/18	Q1 16/17
EBITDA Reported	(5.9)	(3.5)
Taxes Paid	-	-
Interests Paid	(1.0)	(1.0)
Change in NWC	(21.0)	(34.3)
Change in Other Assets and Liabilities	0.7	0.6
Operating Cash Flow Reported	(27.3)	(38.3)
Purchase of Tangible Assets	(5.8)	(4.2)
Purchase of Intangible Assets	(1.5)	(0.6)
Acquisitions	(9.4)	-
Levered Free Cash Flow	(44.0)	(43.1)
Other changes	(0.2)	(0.5)
Δ Net Financial Position	(44.2)	(43.6)

€m, unless otherwise stated

“Reported EBITDA” To “Adjusted EBITDA” Reconciliation

	Q1 17/18	Q1 16/17
EBITDA Reported	(5.9)	(3.5)
<i>IPO</i>	2.7	0.2
<i>Call options agreements</i>	0.7	0.6
<i>Stores opening - relocations (ex UE) - closing costs</i>	0.6	0.6
<i>Merger and Acquisition</i>	0.7	(0.1)
<i>Other</i>	0.5	0.4
Non-Recurring Items	5.1	1.6
Extended warranties adjustment	1.4	2.2
EBITDA Adjusted	0.6	0.2

€m, unless otherwise stated

“Net Income” To “Adjusted Net Income” Reconciliation

	Q1 17/18	Q1 16/17
Net Income Reported	(10.0)	(7.7)
Non-Recurring Items <i>(see slide 21)</i>	5.1	1.6
Extended w arranties adjustment	1.4	2.2
Fiscal Impact of non-recurring items and extended w arranties adjustment	(0.6)	(0.3)
Net Income Adjusted	(4.1)	(4.3)

€m, unless otherwise stated

Levered FCF To Adjusted Levered FCF Reconciliation

	Q1 17/18	Q1 16/17
Levered Free Cash Flow	(44.0)	(43.1)
P&L non-recurring items	5.1	1.6
Adjustment for non-cash non-recurring items	(0.6)	(0.5)
Fiscal Impact of non-recurring items	(0.4)	(0.1)
Non recurring investments	9.4	-
Subtotal Adjustments	13.5	1.0
Adjusted levered free cash flow	(30.4)	(42.1)

€m, unless otherwise stated

Net Financial Position

	31 May 2017	28 Feb.2017
Bilateral Facility	1.5	-
Revolving Credit Facility	21.0	-
Other Short Term Bank Debt	0.4	-
Short-Term Bank Debt	22.9	-
Term Loan A	6.0	6.0
Term Loan B	13.3	13.3
Capex Facility	14.3	14.3
Financing Fees	(1.6)	(1.8)
Long-Term Bank Debt	32.0	31.8
Bank Debt	54.8	31.8
Shareholder's Loan		-
Debt To other lenders	6.4	6.8
Other Financial Debt	6.4	6.8
Cash and Cash Equivalents	(15.1)	(36.7)
Net Financial Debt	46.1	2.0

€m, unless otherwise stated



INVESTOR CONTACTS

Italo Valenti
CFO & Investor Relations Officer

Andrea Moretti
Investor Relations Manager
+39 335 5301205
amoretti@unieuro.com

+39 0543 776769
investor.relations@unieuro.com