



## PRESS RELEASE

### UNIEURO S.P.A.: FIRST QUARTER 2017/2018 RESULTS APPROVED

#### ACQUISITION OF FORMER TRONY MEGASTORE IN ROMA EUR

- Net sales at € 366.8 million, +1.2% compared to € 362.4 million in the first quarter of last year
- Adjusted EBITDA of € 0.6 million, increased from € 0.2 million registered in the first quarter of last year, but still not meaningful for the whole fiscal year in light of the typical seasonality of the business
- Negative Adjusted Levered Free Cash Flow due to typical seasonal business trends, improving to -€ 30.4 million from -€ 42.1 million in the first quarter of last year
- Acquisition of the former Trony megastore in the shopping mall *Euroma2*. Revenues of € 20-25 million expected at run rate

Forlì, 29 June 2017 - The Board of Directors of Unieuro S.p.A. (MTA: UNIR), the largest omnichannel distributor of consumer electronics and household appliances by number of outlets in Italy, met today to examine and approve the Interim Financial Report as at 31 May 2017.

**Giancarlo Nicosanti Monterastelli**, Chief Executive Officer of **Unieuro**, stated: *“In a not very significant quarter influenced by the typical industry seasonality, Unieuro once again proved to be capable of, and to know how to, make headway despite a market slowdown after two years of strong growth”*.

*“The last few months have been characterized by the achievement of extremely important goals, primarily the success of the stock exchange listing and the acquisition of former Andreoli stores, but we are only at the beginning of a consolidation process which will see us act as the undisputed protagonists”*.

*“In this regard,”* - added Nicosanti Monterastelli - *“I am proud to announce the imminent strengthening of Unieuro in the nation’s capital, thanks to the opening of a new flagship store in the Eur district, which will allow us to further accelerate our growth strategy in large Italian cities”*.



### Q1 17/18 Net sales

In the 2017/18 first quarter, ended at 31 May 2017, Unieuro achieved **net revenues** of € 366.8 million, up 1.2% compared to € 362.4 million in the same period in the previous year, with an increase of € 4.4 million, mainly tied to the growth of the online channel and the good performance of the network of direct operating stores (DOS).

The **like-for-like growth** - that is, the performance of stores open for at least 26 months at 31 May 2017, including both retail sales and *click & collect* sales - stood at +0.5%, benefiting, among other things, from the success of the omnichannel strategy and the ongoing investment in sales force training.

### Revenues by sales channel

	<b>Quarter ended</b>				<b>Changes</b>	
	<b>31 May 2017</b>		<b>31 May 2016</b>		<b>2017 vs. 2016</b>	
		<b>%</b>		<b>%</b>		<b>%</b>
<i>Retail</i>	262.2	71.5%	258.5	71.3%	3.6	1.4%
<i>Wholesale</i>	47.2	12.9%	50.6	14.0%	(3.4)	(6.7%)
<i>Online</i>	30.0	8.2%	20.0	5.5%	10.0	49.8%
<i>B2B</i>	22.0	6.0%	30.6	8.4%	(8.6)	(28.0%)
<i>Travel</i>	5.4	1.5%	2.7	0.7%	2.8	103.3%
<b>Total revenues by channel</b>	<b>366.8</b>	<b>100.0%</b>	<b>362.4</b>	<b>100.0%</b>	<b>4.4</b>	<b>1.2%</b>

The **Retail channel** (71.5% of total sales) – which is made up of 172 direct stores located in areas deemed commercially strategic and characterized by different sizes in terms of surface area – registered a 1.4% increase in sales amounting to € 262.2 million thanks to new openings in the period under consideration and the organic growth of existing stores.

The **Wholesale channel** (12.9% of total sales) – made up of 276 Affiliated retail outlets, characterized by small sizes and located in areas with a limited customer catchment zone – recorded revenues of € 47.2 million, down by € 3.4 million compared to € 50.6 million in the previous period, mainly as a result of the inventory optimization and rationalization carried out by the Affiliates in agreement with the Company.

The **Online Channel** (8.2% of total sales) generated € 30 million in revenues (+ 49.8%), an increase of € 10 million compared to the first quarter of last year. This was the result of a favorable market trend that further benefited from the strategic actions put in place by the Company, such as website restyling and the extension of the network of pick-up points, as well as specific Customer Relationship Management (CRM) initiatives, the



careful management of retail mix pushing the White category and the customization of the commercial offer, which were welcomed by consumers.

**The Business-to-Business Channel** (6% of total sales) - which caters to business customers, including foreign entities, operating in sectors other than those of Unieuro, as well as operators who need to buy electronic products to be distributed to their regular customers or employees at the time of point collections, prize contests, or incentive plans - recorded € 22 million in sales, down € 8.6 million compared to € 30.6 million in the first quarter ended on 31 May 2016, in light of the delayed launch of top-of-the-range smartphones in the market, as well as typical fluctuations of the B2B sector.

Finally, the **Travel channel** (1.5% of total sales) – made up of 10 direct stores located at some of the main public transport hubs, such as airports and railway stations – recorded a growth of 103.3%, equal to approximately € 2.8 million, benefiting from the new store opening in the airport of Orio al Serio, and from the revenues of the retail outlet located within the Torino Porta Nuova railway station, which had been opened in the previous fiscal year.

### **Revenues by product category**

<i>(in Euro million and in percentage of revenues)</i>	Interim period ended				Changes	
	31 May 2017	%	31 May 16	%	2017 vs. 2016	%
Grey goods	175.3	47.8%	179.7	49.6%	(4.4)	(2.4%)
White goods	100.0	27.3%	95.5	26.4%	4.5	4.7%
Brown goods	61.2	16.7%	61.3	16.9%	(0.1)	(0.1%)
Other products	17.0	4.6%	13.9	3.8%	3.0	21.7%
Services	13.3	3.6%	11.9	3.3%	1.4	11.8%
<b>Total revenues by category</b>	<b>366.8</b>	<b>100.0%</b>	<b>362.4</b>	<b>100.0%</b>	<b>4.4</b>	<b>1.2%</b>

The category of **Grey goods** (47.8% of total revenues) – i.e. photo cameras, video cameras, smartphones, tablets, desktop and laptop computers, monitors, printers, telephony accessories and all wearable technology products – generated revenues of € 175.3 million, down by 2.4% compared to € 179.7 million in the previous year due to a poorer performance in the B2B channel.

The category of **White goods** – representing 27.3% of sales and comprising major domestic appliances (MDA) such as washing machines, dryers, refrigerators or freezers and stoves, small domestic appliances (SDA) such as microwave ovens, vacuum cleaners, kettles, coffee machines, as well as the air conditioning segment – generated revenues of € 100.0 million, recording a growth of 4.7%, the result of the Company's strategy to extend the range of products for sale in such category.



The category of **Brown goods** (16.7% of total revenues) – which includes television sets and related accessories, smart-TV devices and car accessories, as well as storage systems such as CDs/DVDs or USB flash drives – achieved revenues of € 61.2 million in the first quarter of the current financial year, essentially in line with the previous year (€ 61.3 million), in the absence of any significant product innovations in the target market.

The category of **Other products** (4.6% of total revenues) recorded a good performance. This includes both sales in the entertainment sector and other products not included in the consumer electronics market such as, for example, bicycles or household ware, where revenues of **€ 17 million (+ 21.7%)** were recorded as a result of product innovations in personal mobility (i.e. hover boards).

Finally, a good performance was recorded in the category of **Services** (3.6% of total revenues), which witnessed a **growth of 11.8% standing at € 13.3 million** thanks to the Company's continual focus on the provision of high value added services to its customers.

### **Adjusted EBITDA**

<i>(in Euro million and in percentage of revenues)</i>	<b>Q1 17/18</b>	<b>%</b>	<b>Q1 16/17</b>	<b>%</b>	<b>Changes</b>	<b>%</b>
Gross operating result	(5.9)	(1.6%)	(3.5)	(1.0%)	(2.4)	68.5%
Non-recurring charges/(income)	5.1	1.4%	1.6	0.4%	3.5	222.4%
Revenues for warranty extension services net of estimated future costs for support services- change in business model for direct support services	1.4	0.4%	2.2	0.6%	(0.7)	(33.8%)
<b>Adjusted EBITDA</b>	<b>0.6</b>	<b>0.2%</b>	<b>0.2</b>	<b>0.1%</b>	<b>0.4</b>	<b>160.4%</b>

During the first quarter 2017/18, the **Adjusted EBITDA** of Unieuro stood at € 0.6 million, up compared to € 0.2 million in the first quarter of last year with an increase in the Adjusted EBITDA Margin to 0.2%.

Margins are influenced by seasonal phenomena that are typical of the consumer electronics market, which records strong revenues and costs of purchasing goods at the end of each financial year, while operating costs show a steadier trend due to the presence of the fixed cost component (personnel, rentals and overheads), which have a uniform distribution throughout the financial year. Consequently, Adjusted EBITDA is weaker in the first part of the financial year, thus not representative of the performance of the whole financial year.



### **Adjusted Net Income**

The effects of the seasonality of business were also reflected in the Company's **Adjusted Net Income**, which in the first quarter 2017/18 ended on 31 May 2017 was a negative € 4.1 million, a slight improvement compared to -€ 4.3 million in the same period last year, recording an impact on revenues of -1.1% (-1.2% in the first quarter 2016/17).

This improvement is attributable to the positive contribution of the Adjusted EBITDA and to the smaller impact of financial charges, partially offset by an increase in depreciation and amortization and by the tax effect, which includes the tax for the period and the theoretical tax effects.

### **Net Financial Debt**

At 31 May 2017, Unieuro's Net financial debt stood at € 46.1 million (€ 2 million at 28 February 2017), influenced by the seasonal business trends described above, which in the first part of the year imply a significant absorption of capital, against a second half characterized by a strong cash flow.

The 2017/18 first quarter also recorded the extraordinary cash-out associated with the purchase of former Andreoli stores, amounting to € 9.4 million.

In the light of the foregoing and of the level of Net financial debt recorded at the end of the same period in the last financial year (€ 69.5 million at 31 May 2016), the trend in Net financial debt is therefore substantially improving.

Indeed, the **Adjusted Levered Free Cash Flow** improved by 27.6%, from -€ 42.1 million recorded in the first quarter of 2016/17 to -€ 30.4 million of the quarter just ended, also thanks to the continuous careful management of Net Working Capital.

\* \* \*

### **Other resolutions of the Board of Directors**

The Board of Directors also approved the Regulation of the "Long Term Incentive Plan 2018-2025", in execution of the power conferred upon the same by the Shareholders' Meeting held on 6 February 2017 and in compliance with the guidelines set out on such occasion.

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### **Acquisition of the former Trony megastore located in the shopping mall Euroma2**

In June, Unieuro signed an agreement with the owners of the shopping mall *Euroma2*, situated in one of the most important districts of the nation's capital, for the management of a retail outlet of about 3,000 square meters.

The store, which is currently not operational, has for years been the most important Trony-branded retail outlet in the city of Rome. By replacing a directly competing brand in a remarkable location, Unieuro will be strengthening its operations in the Roman market, which already counts 10 stores including the large modern flagship store in Roma Muratella, the top ranking store in the entire Unieuro network in terms of revenues.

The Company will be continuing its long-term market consolidation strategy, which hinges on a unique business model characterized by a strong centralization of logistics in Piacenza and HQ departments in Forlì, as well as by operating and management flexibility resulting from the absence of a single distribution format.

The estimated revenues of the new retail outlet, which will be employing over 50 workers and is scheduled to open in Autumn 2017, are in the range of € 20-25 million at run rate.

\* \* \*

*For the transmission, storage and filing of the Regulatory Information to be made public, Unieuro S.p.A. has chosen the platforms "eMarket SDIR" and "eMarket STORAGE" managed by Spafid Connect S.p.A., with offices in Foro Buonaparte 10, Milan.*

\* \* \*

*Mr. Italo Valenti, Chief Financial Officer, hereby declares that, pursuant to and in accordance with Article 154-bis, paragraph 2, of Legislative Decree No. 58 of 1998, the information contained in this press release matches the Company's documentation, books and accounting records.*

\* \* \*

### **Unieuro S.p.A.**

*Unieuro S.p.A. – with a widespread network of 458 outlets throughout the country, including direct stores (182) and affiliated stores (276), and its digital platform [unieuro.it](http://unieuro.it)– is now the largest omnichannel distributor of consumer electronics and household*



*appliances by number of outlets in Italy. Unieuro is headquartered in Forlì and has a logistics hub in Piacenza. It has more than 3,900 employees and revenues that exceeded € 1.6 billion for the year ending 28 February 2017.*

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**Summary Tables:**

**Income Statement**

(millions of Euro)

	Q1 17/18	%	Q1 16/17	%
Sales	366.8		362.4	
<b>Sales</b>	<b>366.8</b>		<b>362.4</b>	
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%)
<b>EBITDA Reported</b>	<b>(5.9)</b>	<b>(1.6%)</b>	<b>(3.5)</b>	<b>(1.0%)</b>
<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%
<b>Adjusted EBITDA</b>	<b>0.6</b>	<b>0.2%</b>	<b>0.2</b>	<b>0.1%</b>
D&A	(4.7)	(1.3%)	(4.4)	(1.2%)
Financial Income - Expenses	(1.2)	(0.3%)	(1.5)	(0.4%)
<b>Profit before Tax</b>	<b>(11.9)</b>	<b>(3.2%)</b>	<b>(9.5)</b>	<b>(2.6%)</b>
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%)
<b>Adjusted Net Income</b>	<b>(4.1)</b>	<b>(1.1%)</b>	<b>(4.3)</b>	<b>(1.2%)</b>
<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%
<b>Net Income Reported</b>	<b>(10.0)</b>	<b>(2.7%)</b>	<b>(7.7)</b>	<b>(2.1%)</b>





**Balance Sheet**

(millions of Euro)

	31 May 2017	28 Feb. 2017
Trade Receivables	37.0	35.2
Inventory	337.9	269.6
Trade Payables	(394.8)	(334.5)
<b>Operating Working Capital</b>	<b>(19.9)</b>	<b>(29.8)</b>
Current Tax Assets	11.5	8.0
Current Assets	18.3	13.9
Current Liabilities	(136.0)	(140.3)
Short Term Provisions	(1.7)	(1.4)
<b>Net Working Capital</b>	<b>(127.6)</b>	<b>(149.7)</b>
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)
<b>Total Invested Capital</b>	<b>121.8</b>	<b>86.9</b>
<b>Net Financial Debt</b>	<b>46.1</b>	<b>2.0</b>
<b>Equity</b>	<b>75.7</b>	<b>85.0</b>
<b>Total Sources</b>	<b>121.8</b>	<b>86.9</b>



## **Cash Flow Statement**

(millions of Euro)

	Q1 17/18	Q1 16/17
<b>EBITDA Reported</b>	<b>(5.9)</b>	<b>(3.5)</b>
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
Other items	0.7	0.6
Δ Other long term Assets/Liabilities	-	-
<b>Operating Cash Flow Reported</b>	<b>(27.3)</b>	<b>(38.3)</b>
Purchase of Tangible Assets	(5.8)	(4.2)
Purchase of Intangible Assets	(1.5)	(0.6)
Acquisitions	(9.4)	-
<b>Levered Free Cash Flow</b>	<b>(44.0)</b>	<b>(43.1)</b>
Other changes	(0.2)	(0.5)
<b>Δ Net Financial Position</b>	<b>(44.2)</b>	<b>(43.6)</b>