

Esprinet to approve first half-consolidated results as at 30 June 2019

2019 first half:

Sales from contracts with customers: € 1,717.5 million (+12% vs € 1,538.2 million of the first half 2018)

Gross profit: € 81.1 million (+5% vs € 77.0 million of the first half 2018)

Operating income (EBIT): € 14.0 million (+28% vs € 10.9 million of the first half 2018)

Net income: € 7.6 million (22% vs € 6.2 million of the first half 2018)

Net financial position as at 30 June 2019 negative by € 183.1 million
(vs Net financial position as at 31 December 2018 positive by € 241.0 million and vs Net financial position as at 30 June 2018 negative by € 24.6 million)

Net financial position as at 30 June 2019, excluding the new standards application impacts, negative by € 90.0 million¹

(vs Net financial position as at 31 December 2018 positive by € 241.0 million)

2019 second quarter:

Sales from contracts with customers: € 842.0 million (+11% vs € 756.9 million of the second quarter 2018)

Gross profit: € 40.3 million (+6% vs € 38.0 million of the second quarter 2018)

Operating income (EBIT): € 7.2 million (+30% vs € 5.6 million of the second quarter 2018)

Net income: € 4.7 million (+67% vs € 2.8 million of the second quarter 2018)

Vimercate (Monza Brianza), 11 September 2019 - The Board of Directors of Esprinet S.p.A. (Italian Stock Exchange: PRT) met today under the chairmanship of Maurizio Rota to examine and approve the Group's financial results for the six-month period ending 30 June 2019, prepared in accordance to IFRSs.

A) Esprinet Group's financial highlights

The Group's main earnings, financial and net assets position as at 30 June 2019 are hereby summarised:

(euro/000)	H1		H1		Var.	Var. %
	2019	%	2018	%		
Sales from contracts with customers	1,717,485	100.00%	1,538,159	100.00%	179,326	12%
Cost of sales	(1,636,406)	-95.28%	(1,461,207)	-95.00%	(175,199)	12%
Gross profit	81,079	4.72%	76,952	5.00%	4,127	5%
Sales and marketing costs	(26,003)	-1.51%	(26,804)	-1.74%	801	-3%
Overheads and administrative costs	(40,306)	-2.35%	(38,711)	-2.52%	(1,595)	4%
Impairment loss/reversal of financial assets	(787)	-0.05%	(500)	-0.03%	(287)	57%
Operating income (EBIT)	13,983	0.81%	10,937	0.71%	3,046	28%
Finance costs - net	(3,745)	-0.22%	(2,403)	-0.16%	(1,342)	56%
Profit before income taxes	10,238	0.60%	8,534	0.55%	1,704	20%
Income tax expenses	(2,661)	-0.15%	(2,343)	-0.15%	(318)	14%
Net income	7,577	0.44%	6,191	0.40%	1,386	22%
Earnings per share - basic (euro)	0.14		0.12		0.02	17%

¹ Excluding effects from the application of the new standard IFRS 16.

(euro/000)	Q2		Q2		Var.	Var. %
	2019	%	2018	%		
Sales from contracts with customers	842,020	100.00%	756,885	100.00%	85,135	11%
Cost of sales	(801,751)	-95.22%	(718,885)	-94.98%	(82,866)	12%
Gross profit	40,269	4.78%	38,000	5.02%	2,269	6%
Sales and marketing costs	(12,793)	-1.52%	(13,414)	-1.77%	621	-5%
Overheads and administrative costs	(19,980)	-2.37%	(18,927)	-2.50%	(1,053)	6%
Impairment loss/reversal of financial assets	(257)	-0.03%	(73)	-0.01%	(184)	252%
Operating income (EBIT)	7,239	0.86%	5,586	0.74%	1,653	30%
Finance costs - net	(1,182)	-0.14%	(1,695)	-0.22%	513	-30%
Profit before income taxes	6,057	0.72%	3,891	0.51%	2,166	56%
Income tax expenses	(1,411)	-0.17%	(1,113)	-0.15%	(298)	27%
Net income	4,646	0.55%	2,778	0.37%	1,868	67%
Earnings per share - basic (euro)	0.09		0.05		0.04	80%

For a better comparison with the first and second quarter 2018, the main financial results are shown below using the adjusted figures at 30 June 2019 without the IFRS 16 impact:

(euro/000)	H1 2019		H1		Var.	Var. %
	Pre-IFRS 16	%	2018	%		
Sales from contracts with customers	1,717,485	100.00%	1,538,159	100.00%	179,326	12%
Cost of sales	(1,636,406)	-95.28%	(1,461,207)	-95.00%	(175,199)	12%
Gross Profit	81,079	4.72%	76,952	5.00%	4,127	5%
Sales and marketing costs	(27,186)	-1.58%	(26,804)	-1.74%	(382)	1%
Overheads and administrative costs	(40,604)	-2.36%	(38,711)	-2.52%	(1,893)	5%
Impairment loss/reversal of financial assets	(787)	-0.05%	(500)	-0.03%	(287)	57%
Operating income (EBIT)	12,502	0.73%	10,937	0.71%	1,565	14%
Finance costs - net	(2,387)	-0.14%	(2,403)	-0.16%	16	-1%
Profit before income taxes	10,115	0.59%	8,534	0.55%	1,581	19%
Income tax expenses	(2,583)	-0.15%	(2,343)	-0.15%	(240)	10%
Net income	7,532	0.44%	6,191	0.40%	1,341	22%

(euro/000)	Q2 2019 Pre-IFRS 16	%	Q2 2018	%	Var.	Var. %
Sales from contracts with customers	842,020	100.00%	756,885	100.00%	85,135	11%
Cost of sales	(801,751)	-95.22%	(718,885)	-94.98%	(82,866)	12%
Gross Profit	40,269	4.78%	38,000	5.02%	2,269	6%
Sales and marketing costs	(13,392)	-1.59%	(13,414)	-1.77%	22	0%
Overheads and administrative costs	(20,385)	-2.42%	(18,927)	-2.50%	(1,458)	8%
Impairment loss/reversal of financial assets	(257)	-0.03%	(73)	-0.01%	(184)	252%
Operating income (EBIT)	6,235	0.74%	5,586	0.74%	649	12%
Finance costs - net	(870)	-0.10%	(1,695)	-0.22%	825	-49%
Profit before income taxes	5,365	0.64%	3,891	0.51%	1,474	38%
Income tax expenses	(1,210)	-0.14%	(1,113)	-0.15%	(97)	9%
Net income	4,155	0.49%	2,778	0.37%	1,377	50%

- **Sales from contracts with customers**, equal to € 1,717.5 million, showed an increase of +12% (€ 179.3 million) compared with € 1,538.2 million in the first half of 2018. In the second quarter, consolidated sales increased by +11% compared with the same period of the previous year (from € 756.9 million to € 842.0 million);
- **Consolidated gross profit** totalled € 81.1 million euro and showed an increase of +5% (€ 4.1 million) compared with the same period of 2018 as a consequence of higher sales, counterbalanced by a decrease in gross profit margin. In the second quarter, Gross profit, equal to € 40.3 million, increased by +6% compared with the same period of previous year;
- **Consolidated operating income (EBIT)** of the first half 2019, equal to € 14.0 million, showed an increase of +28% compared with the first half 2018 (€ 3.1 million), with an EBIT margin increased to 0.81% from 0.71%, mainly due to an improvement in gross profit. In the second quarter, consolidated EBIT equal to € 7.2 million, increased by 30% (€ 1.7 million) compared with the second quarter 2018, with an EBIT margin up from 0.74% to 0.86%. Net of the improvement from the first-time adoption of IFRS 16 (leading to a reversal of lease rentals against lower depreciation rates on related right-of-use assets) and from the € 0.6 million positive contribution by the company 4Side S.r.l., purchased on 20 March 2019, EBIT still shows an improvement of +9% (+1% in the second quarter 2019);
- **Consolidated profit before income taxes**, equal to € 10.2 million, showed an increase of +20% compared with the first half 2018, partially offsetting the positive change in EBIT, as a consequence of higher finance costs from interest expenses entirely due to the first-time recognition of lease liabilities (equal to € 93 million as at 30 June 2019), pursuant to IFRS 16. Net of this interest cost pursuant to IFRS 16 and of the positive impact (€ 0.6 million) of the company 4Side S.r.l., purchased on 20 March 2019, the profit before income taxes was equal to € 9.5 million (€ 4.8 million in the second quarter 2019), with an increase of +12% (+17% in the second quarter 2019);
- **Consolidated net income** was equal to € 7.6 million, showing an increase of +22% (€ 1.4 million) compared with the first half 2018. In the second quarter 2019, consolidated net income amounted to € 4.7 million compared with € 2.8 million of the same period 2018, with an increase of +67%;
- **Basic earnings per ordinary share** as at 30 June 2019, is equal to € 0.14, showed an increase of +17% compared with the first half 2018 (€ 0.12). In the second quarter basic earnings per ordinary share was € 0.09 compared with € 0.05 of the corresponding quarter in 2018 (+80%).

(euro/000)	30/06/2019	%	31/12/2018	%	Var.	Var. %
Fixed assets	213,697	40.38%	118,502	116.34%	95,195	80%
Operating net working capital	339,768	64.20%	10,443	10.25%	329,325	>100%
Other current assets/liabilities	(8,347)	-1.58%	(12,667)	-12.44%	4,320	-34%
Other non-current assets/liabilities	(15,867)	-3.00%	(14,424)	-14.16%	(1,443)	10%
Total uses	529,251	100.00%	101,854	100.00%	427,397	>100%
Short-term financial liabilities	178,336	33.70%	138,311	135.79%	40,025	29%
Lease liabilities	7,608	1.44%	-	0.00%	7,608	-100%
Current financial (assets)/liabilities for derivatives	670	0.13%	610	0.60%	60	10%
Financial receivables from factoring companies	(906)	-0.17%	(242)	-0.24%	(664)	>100%
Current debts for investments in subsidiaries	100	0.02%	1,082	1.06%	(982)	-91%
Other current financial receivables	(11,489)	-2.17%	(10,881)	-10.68%	(608)	6%
Cash and cash equivalents	(120,952)	-22.85%	(381,308)	-374.37%	260,356	-68%
Net current financial debt	53,367	10.08%	(252,428)	-247.83%	305,795	<-100%
Borrowings	45,250	8.55%	12,804	12.57%	32,446	>100%
Lease liabilities	85,424	16.14%	-	0.00%	85,424	-100%
Other non-current financial receivables	(967)	-0.18%	(1,420)	-1.39%	453	-32%
Net financial debt (A)	183,074	34.59%	(241,044)	-236.66%	424,118	<-100%
Net equity (B)	346,177	65.41%	342,898	336.66%	3,279	1%
Total sources of funds (C=A+B)	529,251	100.00%	101,854	100.00%	427,397	>100%

For a better comparison with 31 December 2018 figures, the main financial and net assets position results are shown below using the adjusted figures at 30 June 2019 without the impact of IFRS 16:

(euro/000)	30/06/2019 Pre - IFRS 16	%	31/12/2018	%	Var.	Var. %
Fixed assets	120,503	27.63%	118,502	116.34%	2,001	2%
Operating net working capital	338,791	77.67%	10,443	10.25%	328,348	>100%
Other current assets/liabilities	(7,235)	-1.66%	(12,667)	-12.44%	5,432	-43%
Other non-current assets/liabilities	(15,867)	-3.64%	(14,424)	-14.16%	(1,443)	10%
Total uses	436,192	100.00%	101,855	100.00%	334,338	>100%
Short-term financial liabilities	178,336	40.88%	138,311	135.79%	40,025	29%
Lease liabilities	-	0.00%	-	0.00%	-	-100%
Current financial (assets)/liabilities for derivatives	670	0.15%	610	0.60%	60	10%
Financial receivables from factoring companies	(906)	-0.21%	(242)	-0.24%	(664)	>100%
Current debts for investments in subsidiaries	100	0.02%	1,082	1.06%	(982)	-91%
Other financial receivables	(11,489)	-2.63%	(10,881)	-10.68%	(608)	6%
Cash and cash equivalents	(120,952)	-27.73%	(381,308)	-374.37%	260,356	-68%
Net current financial debt	45,759	10.49%	(252,428)	-247.83%	298,187	<-100%
Borrowings	45,250	10.37%	12,804	12.57%	32,446	>100%
Lease liabilities	-	0.00%	-	0.00%	-	-100%
Other financial receivables	(967)	-0.22%	(1,420)	-1.39%	453	-32%
Net Financial debt (A)	90,042	20.64%	(241,044)	-236.65%	331,086	<-100%
Net equity (B)	346,150	79.36%	342,898	336.65%	3,252	1%
Total sources of funds (C=A+ B)	436,192	100.00%	101,855	100.00%	334,338	>100%

- **Operating net working capital** as at 30 June 2019 was equal to € 339.8 million compared with € 10.4 million as at 31 December 2018;

- **Consolidated net financial position** as at 30 June 2018 was negative by € 183.1 million, including € 93 million of lease liabilities not recorded as at 31 December 2018 as they arose from the first-time adoption of the IFRS 16, compared with a cash surplus of € 241.0 million as at 31 December 2018. Nevertheless, the reduction of net cash surplus was connected to the increase in consolidated net working capital as of 30 June 2019 which in turn is influenced by technical events often not related to the average level of working capital and by the level of utilisation of both 'without-recourse' factoring programs referring to the trade receivables and of the corresponding securitization program;

This program is aimed at transferring risks and rewards to the buyer, thus receivables sold are eliminated from balance sheet according to IFRS 9.

Taking into account other technical forms of cash advances other than 'without-recourse' assignment, but showing the same effects – such as 'confirming' used in Spain –, the overall impact on financial debt at 30 June 2019 was approx. € 334 million (approx. € 597 million as at 31 December 2018);

- **Consolidated net equity** as at 30 June 2019, equal to € 346.2 million, showed an increase of € 3.3 million compared with € 342.9 million as at 31 December 2018.

B) Financial highlights by geographical area

B.1) Subgroup Italy

The main earnings, financial and net assets position for Subgroup Italy (Esprinet, V-Valley, 4Side, Nilox Deutschland and Celly Group) as at 30 June 2019 are summarised below:

(euro/000)	H1		H1		Var.	Var. %
	2019	%	2018	%		
Sales to third parties	1,126,625		1,007,641		118,984	12%
Intercompany sales	22,766		26,133		(3,367)	-13%
Sales from contracts with customers	1,149,391		1,033,774		115,617	11%
Cost of sales	(1,090,053)	-94.84%	(977,026)	-94.51%	(113,027)	12%
Gross profit	59,338	5.16%	56,748	5.49%	2,590	5%
Sales and marketing costs	(20,172)	-1.76%	(20,873)	-2.02%	701	-3%
Overheads and administrative costs	(30,059)	-2.62%	(29,053)	-2.81%	(1,006)	3%
Impairment loss/reversal of financial assets	(735)	-0.06%	(417)	-0.04%	(318)	76%
Operating income (EBIT)	8,372	0.73%	6,405	0.62%	1,967	31%

(euro/000)	Q2		Q2		Var.	Var. %
	2019	%	2018	%		
Sales to third parties	542,062		484,578		57,484	12%
Intercompany sales	10,487		13,667		(3,180)	-23%
Sales from contracts with customers	552,549		498,245		54,304	11%
Cost of sales	(523,765)	-94.79%	(470,228)	-94.38%	(53,537)	11%
Gross profit	28,784	5.21%	28,017	5.62%	767	3%
Sales and marketing costs	(9,909)	-1.79%	(10,503)	-2.11%	594	-6%
Overheads and administrative costs	(15,035)	-2.72%	(14,099)	-2.83%	(936)	7%
Impairment loss/reversal of financial assets	(241)	-0.04%	(37)	-0.01%	(204)	551%
Operating income (EBIT)	3,599	0.65%	3,378	0.68%	221	7%

For a better comparison with the first and second quarter 2018, the main financial results are shown below using the adjusted figures at 30 June 2019 without the IFRS 16 impact:

(euro/000)	H1 2019 Pre-IFRS 16	%	H1 2018	%	Var.	Var. %
Sales to third parties	1,126,625		1,007,641		118,984	12%
Intercompany sales	22,766		26,133		(3,367)	-13%
Sales from contracts with customers	1,149,391		1,033,774		115,617	11%
Cost of sales	(1,090,053)	-94.84%	(977,026)	-94.51%	(113,027)	12%
Gross Profit	59,338	5.16%	56,748	5.49%	2,590	5%
Sales and marketing costs	(21,221)	-1.85%	(20,873)	-2.02%	(348)	2%
Overheads and administrative costs	(30,270)	-2.63%	(29,053)	-2.81%	(1,217)	4%
Impairment loss/reversal of financial assets	(735)	-0.06%	(417)	-0.04%	(318)	76%
Operating income (EBIT)	7,112	0.62%	6,405	0.62%	707	11%

(euro/000)	Q2 2019 Pre-IFRS 16	%	Q2 2018	%	Var.	Var. %
Sales to third parties	542,062		484,578		57,484	12%
Intercompany sales	10,487		13,667		(3,180)	-23%
Sales from contracts with customers	552,549		498,245		54,304	11%
Cost of sales	(523,765)	-94.79%	(470,228)	-94.38%	(53,537)	11%
Gross Profit	28,784	5.21%	28,017	5.62%	767	3%
Sales and marketing costs	(10,443)	-1.89%	(10,503)	-2.11%	60	-1%
Overheads and administrative costs	(15,378)	-2.78%	(14,099)	-2.83%	(1,279)	9%
Impairment loss/reversal of financial assets	(241)	-0.04%	(037)	-0.01%	(204)	551%
Operating income (EBIT)	2,722	0.49%	3,378	0.68%	(656)	-19%

- **Sales from contracts with customers**, equal to € 1,149.4 million, showed an increase of +11% compared with € 1,033.8 million in the first half of 2018. In the second quarter 2019, sales showed an increase of +11% compared with the second quarter of 2018;
- **Gross profit**, equal to € 59.3 million, showed an improvement of +5% compared with € 56.8 million of the first half 2018, with a gross profit margin down from 5.49% to 5.16%. In the second quarter 2019, gross profit, equal to € 28.8 million, increases by +3% compared with the second quarter 2018;
- **Operating income (EBIT)** of the first half 2019, equal to € 8.4 million, showed an increase of +31% compared with the first half 2018 (€ 2.0 million), with an EBIT margin increased to 0.73% from 0.62%, due to an improvement in gross profit. In the second quarter, EBIT, equal to € 3.6 million, increased by 7% compared with the second quarter 2018, with an EBIT margin from 0.68% to 0.65%. Net of the improvement from the first-time adoption of the IFRS 16 (leading to a reversal of lease rentals against lower depreciation rates on related right-of-use assets) and from the € 0.6 million positive contribution by the company 4Side S.r.l., purchased on 20 March 2019, EBIT showed an improvement of +2% (-3% in the second quarter 2019).

(euro/000)	30/06/2019	%	31/12/2018	%	Var.	Var. %
Fixed assets	193,200	45.99%	115,414	74.33%	77,786	67%
Operating net working capital	234,215	55.75%	48,346	31.13%	185,869	>100%
Other current assets/liabilities	2,784	0.66%	830	0.53%	1,954	>100%
Other non-current assets/liabilities	(10,109)	-2.41%	(9,310)	-6.00%	(799)	9%
Total uses	420,090	100.00%	155,280	100.00%	264,810	>100%
Short-term financial liabilities	167,560	39.89%	136,269	87.76%	31,291	23%
Lease liabilities	5,787	1.38%	-	0.00%	5,787	-100%
Current debts for investments in subsidiaries	100	0.02%	1,082	0.70%	(982)	-91%
Current financial (assets)/liabilities for derivatives	670	0.16%	613	0.39%	57	9%
Financial receivables from factoring companies	(906)	-0.22%	(242)	-0.16%	(664)	>100%
Financial (assets)/liab. from/to Group companies	(55,500)	-13.21%	(104,500)	-67.30%	49,000	-47%
Other financial receivables	(11,488)	-2.73%	(10,880)	-7.01%	(608)	6%
Cash and cash equivalents	(65,869)	-15.68%	(180,219)	-116.06%	114,350	-63%
Net current financial debt	40,354	9.61%	(157,877)	-101.67%	198,231	<-100%
Borrowings	9,852	2.35%	12,804	8.25%	(2,952)	-23%
Lease liabilities	69,477	16.54%	-	0.00%	69,477	-100%
Other financial receivables	(967)	-0.23%	(1,420)	-0.91%	453	-32%
Net Financial debt (A)	118,716	28.26%	(146,493)	-94.34%	265,209	<-100%
Net equity (B)	301,374	71.74%	301,773	194.34%	(399)	0%
Total sources of funds (C=A+B)	420,090	100.00%	155,280	100.00%	264,810	>100%

For a better comparison with 31 December 2018 figures, the main financial and net assets position results are shown below using the adjusted figures at 30 June 2019 without the impact of IFRS 16:

(euro/000)	30/06/2019 Pre - IFRS 16	%	31/12/2018	%	Var.	Var. %
Fixed assets	117,721	34.14%	115,414	74.33%	2,307	2%
Operating net working capital	233,247	67.65%	48,346	31.13%	184,901	>100%
Other current assets/liabilities	3,909	1.13%	830	0.53%	3,079	>100%
Other non-current assets/liabilities	(10,109)	-2.93%	(9,310)	-6.00%	(799)	9%
Total uses	344,768	100.00%	155,280	100.00%	189,488	>100%
Short-term financial liabilities	167,560	48.60%	136,269	87.76%	31,291	23%
Lease liabilities	-	0.00%	-	0.00%	-	-100%
Current debts for investments in subsidiaries	100	0.03%	1,082	0.70%	(982)	-91%
Current financial (assets)/liabilities for derivatives	670	0.19%	613	0.39%	57	9%
Financial receivables from factoring companies	(906)	-0.26%	(242)	-0.16%	(664)	>100%
Financial (assets)/liab. from/to Group companies	(55,500)	-16.10%	(104,500)	-67.30%	49,000	-47%
Other financial receivables	(11,488)	-3.33%	(10,880)	-7.01%	(608)	6%
Cash and cash equivalents	(65,869)	-19.11%	(180,219)	-116.06%	114,350	-63%
Net current financial debt	34,567	10.03%	(157,877)	-101.67%	192,444	<-100%
Borrowings	9,852	2.86%	12,804	8.25%	(2,952)	-23%
Lease liabilities	-	0.00%	-	0.00%	-	-100%
Other financial receivables	(967)	-0.28%	(1,420)	-0.91%	453	-32%
Net Financial debt (A)	43,452	12.60%	(146,493)	-94.34%	189,945	<-100%
Net equity (B)	301,316	87.40%	301,773	194.34%	(457)	0%
Total sources of funds (C=A+ B)	344,768	100.00%	155,280	100.00%	189,488	>100%

- **Operating net working capital** as at 30 June 2019 is equal to € 234.2 million compared with € 48.4 million as at 31 December 2018;

- **Net financial position** as at 30 June 2019 is negative by € 118.7 million, including € 75.3 million of lease liabilities not recorded as at 31 December 2018, as they arose from the first-time adoption of IFRS 16, compared with a cash surplus of € 146.5 million as at 31 December 2018. The impact of both 'without-recourse' sale and securitization programmes of trade receivables as at 30 June 2019 was € 180 million (approx. € 320 million as at 31 December 2018).

B.2) Subgroup Iberica

The main earnings, financial and net assets position for the Subgroup Iberica (Esprinet Iberica, Esprinet Portugal, Vinzeo Technologies and V-Valley Iberian) as at 30 June 2019 are hereby summarised:

(euro/000)	H1		H1		Var.	Var. %
	2019	%	2018	%		
Sales to third parties	590,860		530,519		60,341	11%
Intercompany sales	-		-		-	0%
Sales from contracts with customers	590,860		530,519		60,341	11%
Cost of sales	(569,079)	-96.31%	(510,401)	-96.21%	(58,678)	11%
Gross profit	21,781	3.69%	20,118	3.79%	1,663	8%
Sales and marketing costs	(5,830)	-0.99%	(5,931)	-1.12%	101	-2%
Overheads and administrative costs	(10,270)	-1.74%	(9,670)	-1.82%	(600)	6%
Impairment loss/reversal of financial assets	(052)	-0.01%	(083)	-0.02%	31	-37%
Operating income (EBIT)	5,629	0.95%	4,434	0.84%	1,195	27%

(euro/000)	Q2		Q2		Var.	Var. %
	2019	%	2018	%		
Sales to third parties	299,958		272,308		27,650	10%
Intercompany sales	-		-		-	0%
Sales from contracts with customers	299,958		272,308		27,650	10%
Cost of sales	(288,467)	-96.17%	(262,343)	-96.34%	(26,124)	10%
Gross profit	11,491	3.83%	9,965	3.66%	1,526	15%
Sales and marketing costs	(2,883)	-0.96%	(2,910)	-1.07%	27	-1%
Overheads and administrative costs	(4,958)	-1.65%	(4,837)	-1.78%	(121)	3%
Impairment loss/reversal of financial assets	(16)	-0.01%	(36)	-0.01%	20	-56%
Operating income (EBIT)	3,634	1.21%	2,182	0.80%	1,452	67%

For a better comparison with the first and second quarter 2018, the main financial results are shown below using the adjusted figures at 30 June 2019 without the IFRS 16 impact:

(euro/000)	H1 2019		H1		Var.	Var. %
	Pre-IFRS 16	%	2018	%		
Sales to third parties	590,860		530,519		60,341	11%
Intercompany sales	-		-		-	0%
Sales from contracts with customers	590,860		530,519		60,341	11%
Cost of sales	(569,079)	-96.31%	(510,401)	-96.21%	(58,678)	11%
Gross Profit	21,781	3.69%	20,118	3.79%	1,663	8%
Sales and marketing costs	(5,965)	-1.01%	(5,931)	-1.12%	(34)	1%
Overheads and administrative costs	(10,357)	-1.75%	(9,670)	-1.82%	(687)	7%
Impairment loss/reversal of financial assets	(052)	-0.01%	(083)	-0.02%	31	-37%
Operating income (EBIT)	5,407	0.92%	4,434	0.84%	973	22%

(euro/000)	Q2 2019 Pre-IFRS 16	%	Q2 2018	%	Var.	Var. %
Sales to third parties	299,958		272,308		27,650	10%
Intercompany sales	-		-		-	0%
Sales from contracts with customers	299,958		272,308		27,650	10%
Cost of sales	(288,467)	-96.17%	(262,343)	-96.34%	(26,124)	10%
Gross Profit	11,491	3.83%	9,965	3.66%	1,526	15%
Sales and marketing costs	(2,949)	-0.98%	(2,910)	-1.07%	(39)	1%
Overheads and administrative costs	(5,019)	-1.67%	(4,837)	-1.78%	(182)	4%
Impairment loss/reversal of financial assets	(016)	-0.01%	(036)	-0.01%	20	-56%
Operating income (EBIT)	3,507	1.17%	2,182	0.80%	1,325	61%

- **Sales from contracts with customers**, equal to € 590.9 million, shows an increase of +11% compared with € 530.5 million in the first half of 2018. In the second quarter, sales recorded an increase of +10% (equal to € 27.7 million) compared with the same period of the previous year;
- **Gross profit** as at 30 June 2019 totals € 21.8 million, showing an increase of +8% compared with € 20.1 million of the same period of 2018 with a gross profit margin decreased from 3.79% to 3.69%. In the second quarter, gross profit increased by +15% compared with the same period of the previous year, with gross profit margin increased from 3.66% to 3.83%;
- **Operating income (EBIT)**, equal to € 5.6 million, increased by € 1.2 million (+27%) compared with the first half 2018, with an EBIT margin to 0.95% from 0.84%. Excluding the impact of first-time adoption of IFRS 16, EBIT showed a lower improvement, equal to +22%, with an EBIT margin up to 0.92% from 0.84% in the first half 2018. In the second quarter 2018, operating income (EBIT) totalled € 3.6 million compared with € 2.2 million of the second quarter 2018 (+67%), showing an EBIT margin increased from 0.80% in 2018 to 1.21% in 2019. Excluding the first-time adoption of IFRS 16, the EBIT still grew +61% with an EBIT margin increased to 1.17% from 0.80% in 2018.

(euro/000)	30/06/2019	%	31/12/2018	%	Var.	Var. %
Fixed assets	95,137	51.64%	77,606	357.97%	17,531	23%
Operating net working capital	105,980	57.53%	(37,317)	-172.13%	143,297	<-100%
Other current assets/liabilities	(11,129)	-6.04%	(13,496)	-62.25%	2,367	-18%
Other non-current assets/liabilities	(5,758)	-3.13%	(5,114)	-23.59%	(644)	13%
Total uses	184,230	100.00%	21,679	100.00%	162,551	>100%
Short-term financial liabilities	10,776	5.85%	2,042	9.42%	8,734	>100%
Lease liabilities	1,821	0.99%	-	0.00%	1,821	-100%
Current financial (assets)/liabilities for derivatives	-	0.00%	(3)	-0.01%	3	-100%
Financial (assets)/liab. from/to Group companies	55,500	30.13%	104,500	482.02%	(49,000)	-47%
Other financial receivables	(1)	0.00%	(1)	0.00%	(0)	9%
Cash and cash equivalents	(55,083)	-29.90%	(201,089)	-927.56%	146,006	-73%
Net current financial debt	13,013	7.06%	(94,551)	-436.13%	107,564	<-100%
Borrowings	35,398	19.21%	-	0.00%	35,398	-100%
Lease liabilities	15,947	8.66%	-	0.00%	15,947	-100%
Net Financial debt (A)	64,358	34.93%	(94,551)	-436.13%	158,909	<-100%
Net equity (B)	119,872	65.07%	116,230	536.13%	3,642	3%
Total sources of funds (C=A+B)	184,230	100.00%	21,679	100.00%	162,551	>100%

For a better comparison with 31 December 2018 figures, the main financial and net assets position results are shown below using the adjusted figures at 30 June 2019 without the impact of IFRS 16:

(euro/000)	30/06/2019 Pre - IFRS 16	%	31/12/2018	%	Var.	Var. %
Fixed assets	77,422	46.50%	77,606	357.97%	(184)	0%
Operating net working capital	105,971	63.65%	(37,317)	-172.13%	143,288	<-100%
Other current assets/liabilities	(11,144)	-6.69%	(13,496)	-62.25%	2,352	-17%
Other non-current assets/liabilities	(5,758)	-3.46%	(5,114)	-23.59%	(644)	13%
Total uses	166,491	100.00%	21,679	100.00%	144,812	>100%
Short-term financial liabilities	10,776	6.47%	2,042	9.42%	8,734	>100%
Lease liabilities	-	0.00%	-	0.00%	-	-100%
Current financial (assets)/liabilities for derivatives	-	0.00%	(3)	-0.01%	3	-100%
Financial (assets)/liab. from/to Group companies	55,500	33.34%	104,500	482.02%	(49,000)	-47%
Other financial receivables	(1)	0.00%	(1)	0.00%	(0)	79%
Cash and cash equivalents	(55,083)	-33.08%	(201,089)	-927.56%	146,006	-73%
Net current financial debt	11,192	6.72%	(94,551)	-436.13%	105,743	<-100%
Borrowings	35,398	21.26%	-	0.00%	35,398	-100%
Lease liabilities	-	0.00%	-	0.00%	-	-100%
Net Financial debt (A)	46,590	27.98%	(94,551)	-436.13%	141,141	<-100%
Net equity (B)	119,901	72.02%	116,230	536.13%	3,671	3%
Total sources of funds (C=A+ B)	166,491	100.00%	21,679	100.00%	144,812	>100%

- **Operating net working capital** as at 30 June 2019 was equal to € 106.0 million compared with € -37.3 million as at 31 December 2018;
- **Net financial position** as at 30 June 2019 was negative by € 64.4 million, including € 17.8 million of lease liabilities not recorded as at 31 December 2018, as due to first-time adoption of IFRS 16, compared with a cash surplus of € 94.6 million as at 31 December 2018. The impact of both 'without-recourse' sale and receivable financing programmes was approx. € 155 million (approx. € 277 million as at 31 December 2018).

C) Separate income statement by legal entity

Please find below the separate income statement showing the contribution of the individual group companies regarded as significant:²

(euro/000)	HI 2019												
	Italy					Iberian Peninsula						Elim. and other	Group
	E.Spa + V-Valley + Nilox GmbH	Celly*	4Side	Elim. and other	Total	Esprinet Iberian	Esprinet Portugal	V-Valley Iberian	Vinzeo	Elim. and other	Total		
Sales to third parties	1,111,176	10,363	5,086	-	1,126,625	343,311	12,914	8,226	226,409	-	590,860	-	1,717,485
Intersegment sales	22,234	834	259	(561)	22,766	9,744	(21)	464	2,003	(12,190)	-	(22,766)	-
Sales from contracts with customers	1,133,410	11,197	5,345	(561)	1,149,391	353,055	12,893	8,690	228,412	(12,190)	590,860	(22,766)	1,717,485
Cost of sales	(1,080,536)	(5,876)	(4,181)	540	(1,090,053)	(340,229)	(12,589)	(7,821)	(220,584)	12,144	(569,079)	22,726	(1,636,406)
Gross profit	52,874	5,321	1,164	(21)	59,338	12,826	304	869	7,828	(46)	21,781	(40)	81,079
Gross Profit %	4.67%	47.52%	21.78%	3.74%	5.16%	3.63%	2.36%	10.00%	3.43%		3.69%		4.72%
Sales and marketing costs	(16,126)	(3,740)	(306)	-	(20,172)	(2,614)	(253)	(990)	(2,028)	55	(5,830)	(1)	(26,003)
Overheads and admin. costs	(28,256)	(1,528)	(275)	-	(30,059)	(6,753)	(467)	(145)	(2,895)	(10)	(10,270)	23	(40,306)
Impairment loss/reversal of financial assets	(724)	(11)	-	-	(735)	(36)	-	3	(18)	-	(52)	-	(787)
Operating income (Ebit)	7,768	42	583	(21)	8,372	3,423	(418)	(263)	2,887	(1)	5,829	(18)	13,983
EBIT %	0.69%	0.38%	10.91%	3.74%	0.73%	0.97%	-3.23%	-3.03%	1.26%		0.95%		0.81%
Finance costs - net	-	-	-	-	-	-	-	-	-	-	-	-	(3,745)
Share of profits of associates	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit before income tax	-	-	-	-	-	-	-	-	-	-	-	-	10,238
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	(2,661)
Net income	-	-	-	-	-	-	-	-	-	-	-	-	7,577
- of which attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	260
- of which attributable to Group	-	-	-	-	-	-	-	-	-	-	-	-	7,317

² V-Valley S.r.l. (since it is a mere 'commission sales agent' of Esprinet S.p.A.) and Nilox Deutschland GmbH (since it is not significant) are not shown separately.

(euro/000)	H1 2018													Elim. and other	Group
	Italy					Iberian Peninsula					Total	Elim. and other			
	E.Spa + V- Valley + Nilox GmbH	Mosaico	Celly*	Edslan	Elim. and other	Total	Esprinet Iberica	Esprinet Portugal	V-Valley Iberian	Vinzeo + Tape			Elim. and other		
Sales to third parties	982,660	9,556	10,677	4,748	-	1,007,641	291,164	12,885	4,374	222,095	-	530,519	-	1,538,159	
Intersegment sales	26,233	2,193	1,560	8,093	(11,946)	26,133	9,200	-	82	1,358	(10,641)	-	(26,133)	-	
Sales from contracts with customers	1,008,893	11,749	12,237	12,841	(11,946)	1,033,774	300,364	12,885	4,456	223,453	(10,641)	530,519	(26,133)	1,538,159	
Cost of sales	(959,621)	(10,778)	(6,733)	(11,851)	11,957	(977,026)	(289,325)	(12,570)	(4,026)	(215,119)	10,639	(510,401)	26,220	(1,461,207)	
Gross profit	49,272	971	5,504	990	11	56,748	11,039	315	430	8,334	(2)	20,118	87	76,952	
<i>Gross Profit %</i>	<i>4.88%</i>	<i>8.26%</i>	<i>44.98%</i>	<i>7.71%</i>	<i>-0.09%</i>	<i>5.49%</i>	<i>3.68%</i>	<i>2.44%</i>	<i>9.65%</i>	<i>3.73%</i>		<i>3.79%</i>		<i>5.00%</i>	
Sales and marketing costs	(16,500)	(420)	(3,654)	(303)	4	(20,873)	(2,829)	(183)	(708)	(2,236)	26	(5,931)	-	(26,804)	
Overheads and admin. costs	(27,328)	(125)	(1,431)	(167)	(2)	(29,053)	(6,263)	(358)	(121)	(2,903)	(25)	(9,670)	12	(38,711)	
Impairment loss/reversal of financial assets	(387)	(1)	(30)	1	-	(417)	(8)	-	(44)	(32)	-	(83)	-	(500)	
Operating income (Ebit)	5,057	425	389	521	13	6,405	1,939	(226)	(443)	3,163	(1)	4,434	99	10,937	
<i>EBIT %</i>	<i>0.50%</i>	<i>3.62%</i>	<i>3.18%</i>	<i>4.06%</i>	<i>-0.11%</i>	<i>0.62%</i>	<i>0.65%</i>	<i>-1.75%</i>	<i>-9.94%</i>	<i>1.42%</i>		<i>0.84%</i>		<i>0.71%</i>	
Finance costs - net														(2,403)	
Share of profits of associates														-	
Profit before income tax														8,534	
Income tax expenses														(2,343)	
Net income														6,191	
- of which attributable to non-controlling interests														65	
- of which attributable to Group														6,126	

* Refers to the subgroup made up of Celly S.p.A., Celly Nordic OY and Celly Pacific Limited.

D) Reclassified income statement

Please find below the consolidated income statement showing the reclassification of charges attributable to the without-recourse revolving factoring in the period under the item finance costs (both factoring and securitisation):

(euro/000)	H1 2019	%	H1 2019 reclassified	%	Var.	Var. %
Sales from contracts with customers	1,717,485	100.00%	1,717,485	100.00%	-	0%
Cost of sales	(1,636,406)	-95.28%	(1,634,412)	-95.16%	(1,994)	0%
Gross Profit	81,079	4.72%	83,073	4.84%	(1,994)	-2%
Sales and marketing costs	(26,003)	-1.51%	(26,003)	-1.51%	-	0%
Overheads and administrative costs	(40,306)	-2.35%	(40,306)	-2.35%	-	0%
Impairment loss/reversal of financial assets	(787)	-0.05%	(787)	-0.05%	-	0%
Operating income (EBIT)	13,983	0.81%	15,977	0.93%	(1,994)	-12%
Finance costs - net	(3,745)	-0.22%	(5,739)	-0.33%	1,994	-35%
Profit before income taxes	10,238	0.60%	10,238	0.60%	-	0%
Income tax expenses	(2,661)	-0.15%	(2,661)	-0.15%	-	0%
Net income	7,577	0.44%	7,577	0.44%	-	0%

(euro/000)	Q2 2019	%	Q2 2019 reclassified	%	Var.	Var. %
Sales from contracts with customers	842,020	100.00%	842,020	100.00%	-	0%
Cost of sales	(801,751)	-95.22%	(800,708)	-95.09%	(1,043)	0%
Gross Profit	40,269	4.78%	41,312	4.91%	(1,043)	-3%
Sales and marketing costs	(12,793)	-1.52%	(12,793)	-1.52%	-	0%
Overheads and administrative costs	(19,980)	-2.37%	(19,980)	-2.37%	-	0%
Impairment loss/reversal of financial assets	(257)	-0.03%	(257)	-0.03%	-	0%
Operating income (EBIT)	7,239	0.86%	8,282	0.98%	(1,043)	-13%
Finance costs - net	(1,182)	-0.14%	(2,225)	-0.26%	1,043	-47%
Profit before income taxes	6,057	0.72%	6,057	0.72%	-	0%
Income tax expenses	(1,411)	-0.17%	(1,411)	-0.17%	-	0%
Net income	4,646	0.55%	4,646	0.55%	-	0%

E) Significant events occurring in the period

The significant events that occurred during the period are briefly described as follows:

Expiry of Esprinet S.p.A. shareholders' agreement

The shareholders' agreement, in force between Messrs Francesco Monti, Paolo Stefanelli, Tommaso Stefanelli, Matteo Stefanelli, Maurizio Rota and Alessandro Cattani, signed on 23 February 2016 and lastly updated on 3 August 2018, in relation to no. 15,567,317 ordinary shares of Esprinet S.p.A. making up a total of 29.706% of the shares representing the entire share capital of the Company, ended on 22 February 2019, due to the expiry of the term of duration.

It is hereby noted that the Shareholder's Agreement provided: (i) a voting syndicate in relation to the election of the members of the corporate bodies of the Company; (ii) the obligation of a prior consultation in relation to the other resolutions of the shareholders' meetings; (iii) a blocking syndicate.

Esprinet to purchase 51% of 4Side's share capital, distributor of Activision Blizzard products

On 19 March 2019 Esprinet S.p.A. signed a binding agreement for the acquisition of 51% share capital of 4Side S.r.l., a company dealing with marketing and exclusive distribution in Italy for Activision Blizzard products aiming at positioning as a leader entity in an industry considered as strategic for the company business.

The deal has been valued as the sum of net equity portion relating to the 51% stake of the company at the transfer date plus a fixed goodwill of 0.4 million euro.

4Side S.r.l. is formed by former managers of Activision Blizzard Italy namely Paolo Chisari (General Manager), Maurizio Pedroni (Sales Director), Piero Terragni (Operation Director) and Stefano Mattioli (Finance Director).

Corporate Governance structure according to which minority shareholders will jointly manage the business together with Esprinet S.p.A. are defined in the shareholders agreements entered into with selling managers, from which Esprinet also obtained a call option on the remaining 49% stake of the company exercisable between 4 and 6 years from the date of closing together with a set of warranties as usual for a deal of this kind.

The notarial deed was signed on 20 March 2019.

Esprinet S.p.A. Annual Shareholders' Meeting

On 8 May 2019, Esprinet AGM approved the separate financial statements for the fiscal year ended at 31 December 2018 and the distribution of a dividend of € 0.135 per ordinary share, corresponding to a pay-out ratio of 49%.³

The dividend payment was scheduled from 15 May 2019, ex-coupon no. 14 on 13 May 2019 and record date on 14 May 2019.

The Annual Shareholders' Meeting has also:

- approved the first section of the Report on Remuneration under Art.123-ter, paragraph 6 of the Legislative Decree 58/1998;
- authorised, subject to prior revocation of former authorization resolved on the Shareholders' Meeting of May 4th 2018, the acquisition and disposal of own shares according to art. 2357 and subs. of Italian Civil Code, art. 132 of Legislative Decree 58/98, art. 73, 144-bis and Appendix 3A, Schedule 4 of CONSOB Resolution 11971 of 14 May 1999 ("Issuer Regulations"), to Regulation (EU) 596/2014 and Delegated Regulation (EU) 2016/1052 and other current laws and regulations;
- authorised the appointment of the independent auditors, also for a limited audit of the condensed half-yearly report, for the years 2019 to 2027 pursuant to Lgs. 39/2010 and to the European Regulation (EU) no. 537/2014 to PricewaterhouseCoopers S.p.A.

³ Based on Esprinet Group's consolidated net profit

Medium term loans in favour of the subsidiaries Esprinet Iberica and Vinzeo

During the semester, within a group plan aimed at leveraging on their own finance capabilities, Esprinet Iberica and Vinzeo signed n. 7 unsecured "amortising" term loans with duration from 3 to 5 years for a total of 47.0 million euro of which 34.0 million in favour of Esprinet Iberica and 13.0 million in favour of Vinzeo.

Waiver to exercise the option on minority interests of Celly S.p.A.

In June 2019 the board of directors of Esprinet S.p.A., as part of a wider agreement relating to the corporate governance structure of the subsidiary Celly S.p.A., approved to waive the exercise of the European 'call option' – subject to prior symmetric waiver to 'put option' – on the remaining 20% of the share capital of Celly owned by Stefano Bonfanti by accepting as consideration a 5% share in Celly's equity.

As a consequence of the agreed share transfer, scheduled by September, Esprinet's interest will grow to 85% from the current 80%.

Developments in legal and tax disputes

With reference to the writ of summons served on 6 February 2019, relating to the 'Sport Technology' products line, with respect to information disclosed in the Financial Statements at 31 December 2018, it should be highlighted that on 21 May 2019 the Liquidator filed a preliminary application for a voluntary arrangement with creditors with the competent Court in accordance with art. 161, comma 6, L.F. Subsequently the procedure was started and the deadline of 4 October 2019 was set for filing the final proposal, along with an arrangement plan and the documents according to art. 161 L.F.

Developments in tax disputes

The main events occurred from the 1 January 2019 till the date of this financial report are as follows:

Esprinet S.p.A. has some tax disputes concerning indirect taxes claimed from the Company, with a total amount of 18.7 million euro, plus penalties and interest, with respect to transactions occurred between 2011 and 2013. Since some customers had filed declarations of intent but, subsequent to a tax audit, failed to fulfil the requirements needed to qualify as a frequent exporter, the tax authority is now claiming VAT from the Company on those sales transactions.

The main events occurred since 1 January 2019 till the date of this interim report are as follows:

- On 12 February 2019 the Regional Tax Commission issued an adverse appeal judgement for the year 2011 (disputed tax amounts to € 1.0 million) against which the Company is preparing to file an appeal with the Supreme Court;
- On 13 February 2019 the Provincial Tax Commission issued an adverse first-instance judgement for the year 2013 (disputed tax amounts to € 0.1 million) against which the Company filed an appeal with the Regional Tax Commission on 10 June 2019;
- On 1 April 2019 the Italian Revenue Office lodged an appeal with the Regional Tax Commission against the first instance judgement which related to 2012 (disputed tax amounts to € 3.1 million) and was favourable to the Company.
- On 4 June 2019 the President of the Provincial Tax Commission upheld the application for suspension of payments relating to the assessment concerning the year 2013 (disputed taxes amount to € 14.5 million against which the Company filed an appeal on 30 May 2019) until a new decision from the competent Court section;
- On 11 June 2019 (and one ore time on 5 August 2019) the Company received full repayment of the sums it had paid pending judgement in the dispute relating to the year 2010 (disputed tax amount to € 2.8 million) thanks to a favourable decision from the Regional Tax Commission of 23 March 2018, which became final since the Revenue Office did not appeal.

On 18 March 2019, Esprinet was served a notice of Italian Revenue Office against the Provincial Commission Tax favourable first-instance judgement of 18 September 2018, relating to the correction and settlement notice of higher registration fees, equal to € 182 thousand, relating to the 2016 acquisition agreement of a business unit from EDSlan S.p.A. (now I-Trading S.r.l.). On 17 May 2019 the Company filed its arguments.

On 31 May 2019, Comprel S.r.l., a company controlled by Esprinet S.p.A. until July 2014 and in favour of which it granted guarantees at the time of transferring its shares, filed an application for facilitated settlement of the pending tax disputes (art.6 e 7 D.L.n.119/2018) with reference to assessment notices relating to Ires, Irap and VAT 2006 (disputed tax amounts to € 0.1 million).

On 16 July 2019, Monclick S.r.l., a company controlled by Esprinet S.p.A. until February 2014 and in favour of which it granted guarantees at the time of transferring its shares, filed an appeal with the Supreme Court against the appeal judgement issued by the Regional Tax Commission, which overturned the first instance judgement related to challenged direct taxes for 2012 amounting to € 0.1 million.

F) Subsequent events

Relevant events occurred after period end are briefly described below:

Share buy-back program

Under the starting share buy-back program, which was resolved by the Esprinet S.p.A. AGM of 8 May 2018, the Company purchased a total of 758,508 ordinary shares of Esprinet S.p.A. (corresponding to 1.45% of total share capital), along the period between 1 July 2019 and 10 September 2019, with an average purchase price of euro 2.99 per share, net of fees.

Following these purchases, Esprinet S.p.A. owns 1,908,508 own shares (or 3.64% of share capital) as of the date of this report.

Pool loan

Between May and July, after the official acknowledgement of a covenant breach under the senior unsecured loan ('amortising' cash facility and 'revolving' cash facility for an aggregate of € 137.5 million at the end of August 2019) which relates to the ratio of 'extended net financial indebtedness' to EBITDA as measured on the Consolidated Financial Statements as at 31 December 2018, Esprinet started direct negotiations aimed at re-defining overall loan terms in order to ensure a higher stability of its financial structure rather than obtaining a waiver from the lender.

The final proposal as agreed with the lending banks provides that 8 banks grant a 3-year 'RCF-Revolving Credit Facility', to which the following 4 financial covenants applied:

- i) ratio of net financial indebtedness' to EBITDA;
- (ii) ratio of 'extended net financial indebtedness' to Equity
- iii) ratio of EBITDA to net financial charges;
- iv) amount of 'gross net financial indebtedness';

At the date of this report, considering formal decision steps taken and those forthcoming, the syndicate banks are likely to participate for a significantly higher amount than the initially agreed maximum value of € 125.0 million.

The signing of the loan is scheduled by the end of September.

Developments in tax disputes

For a better presentation, relevant events occurred after the period under review, were disclosed under the paragraph 'significant events occurring in the period' for each respective event.

G) Outlook

During the first six months of the current year the Group reorganized the 'Sport Technology' product line. Sales were down during this period because of the lack of new products which are due to be eventually available during the current month.

The sale of the products of the older 'line-up' is basically over and significant improvements in the sales outlook have begun to be measured also in light of the excellent feedback received during the IFA trade show in Berlin.

The revision of the Group's financial structure, after obtaining medium-term financing for the Spanish subsidiaries of EUR 47.0 million between February and May, is being finalized in these days.

The Group is indeed in a very advanced stage of negotiation with a pool of banks to get, in substitution of the current long-term loan, a 3 year 'committed' revolving credit facility providing an adequate degree of flexibility and support for the development of the plans for the next three years.

The impact of the variable sales, marketing and logistics costs, thanks to the efficiency and productivity improvement measures implemented in the last year, is further declining in both the second quarter and the first half of the year compared to the similar periods of 2018.

The plan submitted to the financial community at the end of June is being executed.

Significant activities to improve the levels of customer service have been started since the beginning of September as part of a project of stronger awareness towards 'Customer Satisfaction'; similar initiatives will be launched in the Iberian Peninsula in the coming weeks.

All commercial teams have been trained on the new metrics of 'ROCE-Return on Capital Employed'; negotiations with customers and suppliers to rebalance the lines of business with inadequate returns on capital employed are ongoing on a routinely basis and a focused commitment to walk away from the combinations of product/customer that cannot be restored to acceptable profitability levels within a reasonable time has been set.

Both 'outsourcing' of logistic services and 'category management' for the professional as well as consumer reseller and retailer are undergoing significant investments in order to add value by leveraging the potential provided by these added value services.

The 'Advanced Solution' business line is a strong focus area and the Group recorded a growth in volumes since the beginning of the year of more than 15% with negotiations underway for the further expansion of the product portfolio mainly in Spain and Portugal.

Sales volumes of the first two months of the third quarter are strongly up against the previous year despite the restrictive actions put in place on the commercial conditions applied to customers and vendors.

The market overall is experiencing gross profit margins pressure, but the sales growth paired to a strong cost discipline are providing confidence on the achievement of profitability targets.

The management thus reiterates the 2019 profitability targets of an EBIT comprised between 38 and 42 million euro together with the target of a ROCE permanently above the average cost of capital, currently estimated at 8.5%, from 2020 onwards.

Alessandro Cattani, the Esprinet Group Chief Executive Officer said:

'As already experienced during the first quarter of the year, in the following three months as well our Group experienced sales growth paired to a more than proportional improvement of the operating profit.

Not only the distribution channel is more and more the preferred route-to-market of vendors, but the activities put in place to provide excellent levels of employee satisfaction and consequently of improvements of the quality of customer service together with the usual conservative cost management are enabling the growth of both market share and profitability in an always competitive environment.

The Group is following up on its journey to be more 'Customer Centric' and keeps on pursuing with strength and determination the growth in the high margin segment of 'Advance Solution' were we achieved a solid 15% growth during the half.

The excellent performance of the quarter, the growth experienced during the beginning of the third quarter, the support provided by the financial community with higher level of financing provided, and the commitment

of our team towards the renegotiation of those combinations of product/customer which are not providing adequate returns on capital employed are all elements that, barring unforeseeable negative events, let us look to the future with renewed enthusiasm.'

Declaration under article 154-bis, par. 2 of the Financial Consolidation Act.

The officer charged with the drawing up of the accounting documents of the Company, Pietro Aglianò, declares that, in compliance with the provisions of paragraph 2 of art. 154-bis of Legislative Decree n. 58/98, the financial data shown in this press release corresponds to the findings resulting from accounting documents, books and accounting records.

Annexes: Summary of the Group consolidated earnings and financial results for the half-year ended 30 June 2019.

For further information:

Esprinet S.p.A.

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Esprinet (based in Vimercate Italy; Borsa Italiana: PRT), is the holding of a Group engaged in the "B2B" distribution of technology products at the top of the market in Italy and Spain. The 2018 turnover of € 3.6 billion places Esprinet among the top 50 Italian industrial groups and the top 10 distributors worldwide. Thanks to a business model based on the coexistence of different sales channels tailored to the specific characteristics of 39.000 reseller clients, Esprinet markets about 1000 brands and over 63,000 products available in 130,000 square meters of managed warehouses. Through the V-Valley division, Esprinet is able to distribute value-added products, services and IT solutions. The Group's activities also cover Portugal, and the production and sales of the named brands 'Celly' (smartphones accessories) and 'Nilox' (IT accessories and outdoor technology).

Summary of main Group's results

(euro/000)	6 months						Q2 **						
	notes	2019	%	2018 *	notes	%	% var. 19/18	2019	%	2018	notes	%	% var. 19/18
Profit & Loss													
Sales from contracts with customers		1,717,485	100.0%	1,538,159		100.0%	12%	842,020	100.0%	756,885		100.0%	11%
Gross profit		81,079	4.7%	76,952		5.0%	5%	40,269	4.8%	38,000		5.0%	6%
EBITDA	(1)	20,794	1.2%	13,352	(1)	0.9%	56%	10,417	1.2%	6,781		0.9%	54%
Operating income (EBIT)		13,983	0.8%	10,937		0.7%	28%	7,239	0.9%	5,586		0.7%	30%
Profit before income tax		10,238	0.6%	8,534		0.6%	20%	6,057	0.7%	3,891		0.5%	56%
Net income		7,577	0.4%	6,191		0.4%	22%	4,646	0.6%	2,778		0.4%	67%
Financial data													
Cash flow	(2)	14,230		8,520	(2)								
Gross investments		1,458		1,272									
Net working capital	(3)	331,421		(2,224)	(3)								
Operating net working capital	(4)	339,768		10,443	(4)								
Fixed assets	(5)	213,697		118,502	(5)								
Net capital employed	(6)	529,253		101,855	(6)								
Net equity		346,177		342,898									
Tangible net equity	(7)	161,661		251,579	(7)								
Net financial debt	(8)	183,074		(241,044)	(8)								
Main indicators													
Net financial debt / Net equity		0.5		(0.7)									
Net financial debt / Tangible net equity		1.1		(1.0)									
EBIT / Finance costs - net		3.7		4.6									
EBITDA / Finance costs - net		5.6		5.6									
Net financial debt/ EBITDA		8.8		(8.4)									
Operational data													
N. of employees at end-period		1,287		1,249									
Average number of employees	(9)	1,275		1,249	(9)								
Earnings per share (euro)													
- Basic		0.14		0.12		17%		0.09		0.05		80%	
- Diluted		0.14		0.12		17%		0.08		0.05		60%	

(*) Financial data indicators are calculated on 31 December 2018 figures.

(**) Not subject to limited audit.

(1) EBITDA is equal to the operating income (EBIT) gross of amortisation, depreciation and write-downs and accruals for risks and charges.

(2) Sum of consolidated net profit and amortisations

(3) Sum of current assets, non-current assets held for sale and current liabilities, gross of net current financial debts.

(4) Sum of trade receivables, inventory and trade payables.

(5) Equal to non-current assets net of non-current derivative financial assets.

(6) Equal to capital employed as of period end, calculated as the sum of net working capital plus fixed assets net of non-current non-financial liabilities.

(7) Equal to net equity less goodwill and intangible assets.

(8) Sum of financial payables, financial liabilities for leasing, cash and cash equivalents, assets/liabilities for derivative instruments and financial receivables from factoring companies.

(9) Calculated as the average of opening balance and closing balance of consolidated companies.

The earnings and financial results in the first half 2019 and those of the relative periods of comparison have been drawn up according to International Financial Standards ('IFRS'), endorsed by the European Union and in force during the period.

These results were subject to limited audit by the company PricewaterhouseCoopers S.p.A. with exception of figures relating only to the second quarter.

In the chart above, in addition to the conventional economic and financial indicators laid down by IFRSs, some 'alternative performance indicators', although not defined by the IFRSs, are presented. These 'alternative performance indicators', consistently presented in previous periodic Group reports, are not intended to

substitute IFRSs indicators; they are used internally by the Management for measuring and controlling the Group's profitability, performance, capital structure and financial position.

As required by the ESMA/2015/1415 Guidelines issued by ESMA (European Securities and Market Authority) under Article 16 of the ESMA Regulation, updating the previous recommendation CESR/05-178b of the CESR (Committee of European Securities Regulators) and adopted by Consob with Communication no. 0092543 of 12/03/2015, the basis of calculation adopted is defined below the table.

Consolidated statement of financial position

(euro/000)	30/06/2019	related parties *	31/12/2018	related parties *
ASSETS				
Non-current assets				
Property, plant and equipment	12,464		13,327	
Right-of-use assets	93,195		-	
Goodwill	90,708		90,595	
Intangible assets	614		724	
Deferred income tax assets	14,671		11,884	
Receivables and other non-current assets	3,012	1,632	3,392	1,554
	214,664	1,632	119,922	1,554
Current assets				
Inventory	472,227		494,444	
Trade receivables	386,745	1	383,865	-
Income tax assets	2,454		3,421	
Other assets	29,844	926	29,610	1,310
Cash and cash equivalents	120,952		381,308	
	1,012,222	927	1,292,651	1,310
Disposal groups assets				
	-		-	
Total assets	1,226,886	2,559	1,412,573	2,864
EQUITY				
Share capital	7,861		7,861	
Reserves	328,399		319,831	
Group net income	7,317		14,031	
Group net equity	343,577		341,723	
Non-controlling interests	2,600		1,175	
Total equity	346,177		342,898	
LIABILITIES				
Non-current liabilities				
Borrowings	45,250		12,804	
Lease liabilities	85,424		-	
Deferred income tax liabilities	8,902		8,138	
Retirement benefit obligations	4,816		4,397	
Provisions and other liabilities	2,149		1,889	
	146,541		27,228	
Current liabilities				
Trade payables	519,204	-	867,866	-
Short-term financial liabilities	178,336		138,311	
Lease liabilities	7,608		-	
Income tax liabilities	773		103	
Derivative financial liabilities	670		613	
Debts for investments in subsidiaries	100		1,082	
Provisions and other liabilities	27,477	1,128	34,472	1,567
	734,168	1,128	1,042,447	1,567
Disposal groups liabilities				
	-		-	
Total liabilities	880,709	1,128	1,069,675	1,567
Total equity and liabilities	1,226,886	1,128	1,412,573	1,567

Consolidated separate income statement

(euro/000)	H1			H1		
	2019	no n-recurring	related parties*	2018	no n-recurring	related parties*
Sales from contracts with customers	1,717,485	-	4	1,538,159	-	5
Cost of sales	(1,636,406)	-	-	(1,461,207)	-	-
Gross profit	81,079	-	-	76,952	-	-
Sales and marketing costs	(26,003)	-	-	(26,804)	-	-
Overheads and administrative costs	(40,306)	-	(2,558)	(38,711)	-	(2,447)
Impairment loss/reversal of financial assets	(787)	-	-	(500)	-	-
Operating income (EBIT)	13,983	-	-	10,937	-	-
Finance costs - net	(3,745)	-	7	(2,403)	-	2
Profit before income taxes	10,238	-	-	8,534	-	-
Income tax expenses	(2,661)	-	-	(2,343)	-	-
Net income	7,577	-	-	6,191	-	-
- of which attributable to non-controlling interests	260	-	-	65	-	-
- of which attributable to Group	7,317	-	-	6,126	-	-
Earnings per share - basic (euro)	0.14	-	-	0.12	-	-
Earnings per share - diluted (euro)	0.14	-	-	0.12	-	-

(euro/000)	Q2			Q2		
	2019	no n-recurring	related parties	2018	no n-recurring	related parties
Sales from contracts with customers	842,020	-	1	756,885	-	2
Cost of sales	(801,751)	-	-	(718,885)	-	-
Gross profit	40,269	-	-	38,000	-	-
Sales and marketing costs	(12,793)	-	-	(13,414)	-	-
Overheads and administrative costs	(19,980)	-	(1,277)	(18,927)	-	(1,223)
Impairment loss/reversal of financial assets	(257)	-	-	(73)	-	-
Operating income (EBIT)	7,239	-	-	5,586	-	-
Finance costs - net	(1,182)	-	4	(1,695)	-	-
Profit before income taxes	6,057	-	-	3,891	-	-
Income tax expenses	(1,411)	-	-	(1,113)	-	-
Net income	4,646	-	-	2,778	-	-
- of which attributable to non-controlling interests	269	-	-	25	-	-
- of which attributable to Group	4,377	-	-	2,753	-	-
Earnings per share - basic (euro)	0.09	-	-	0.05	-	-
Earnings per share - diluted (euro)	0.08	-	-	0.05	-	-

Consolidated statement of comprehensive income

(euro/000)	H1	H1	Q2	Q2
	2019	2018	2019	2018
Net income	7,577	6,191	4,646	2,778
<i>Other comprehensive income:</i>				
- Changes in 'cash flow hedge' equity reserve	(100)	(5)	(69)	(58)
- Taxes on changes in 'cash flow hedge' equity reserve	(16)	(4)	(8)	8
- Changes in translation adjustment reserve	(2)	5	(1)	2
<i>Other comprehensive income not to be reclassified in the separate income statement</i>				
- Changes in 'TFR' equity reserve	(208)	136	(124)	79
- Taxes on changes in 'TFR' equity reserve	58	(30)	(3)	(18)
Other comprehensive income	(268)	102	(205)	13
Total comprehensive income	7,309	6,293	4,441	2,791
- of which attributable to Group	7,057	6,218	4,178	2,758
- of which attributable to non-controlling interests	252	75	263	33

Consolidated statement of changes in equity

(euro/000)	Share capital	Reserves	Own shares	Profit for the period	Total net equity	Minority interest	Group net equity
Balance at 31 December 2017	7,861	309,192	(5,145)	26,280	338,188	1,046	337,142
Total comprehensive income/(loss)	-	103	-	6,191	6,294	75	6,219
Allocation of last year net income/(loss)	-	19,293	-	(19,293)	-	-	-
Dividend payment	-	-	-	(6,987)	(6,987)	-	(6,987)
Purchases of own shares	-	-	(818)	-	(818)	-	(818)
Transactions with owners	-	19,293	(818)	(26,280)	(7,805)	-	(7,805)
Grant of share under share plans	-	(3,814)	4,274	-	460	-	460
FTA for new IFRS standard application	-	133	-	-	133	-	133
Other variations	-	21	-	-	21	(3)	24
Balance at 30 June 2018	7,861	324,928	(1,689)	6,191	337,291	1,118	336,173
Balance at 31 December 2018	7,861	325,680	(4,800)	14,158	342,899	1,175	341,724
Total comprehensive income/(loss)	-	(268)	-	7,577	7,309	252	7,057
Allocation of last year net income/(loss)	-	7,239	-	(7,239)	-	-	-
Increase in reserve from 4Side acquisition	-	1,180	-	-	1,180	1,180	-
Dividend payment	-	-	-	(6,919)	(6,919)	-	(6,919)
20% Celly Call Option deletion	-	1,082	-	-	1,082	-	1,082
Transactions with owners	-	9,501	-	(14,158)	(4,657)	1,180	(5,837)
Equity plans in progress	-	619	-	-	619	-	619
Other variations	-	7	-	-	7	(7)	14
Balance at 30 June 2019	7,861	335,539	(4,800)	7,577	346,177	2,600	343,577

Consolidated net financial position

(euro/000)	30/06/2019	31/12/2018	Var.	30/06/2018	Var.
Short-term financial liabilities	178,336	138,311	40,025	49,455	128,881
Lease liabilities	7,608	-	7,608	-	7,608
Current debts for investments in subsidiaries	100	1,082	(982)	1,310	(1,210)
Current financial (assets)/liabilities for derivatives	670	610	60	421	249
Financial receivables from factoring companies	(906)	(242)	(664)	(769)	(137)
Other financial receivables	(11,489)	(10,881)	(608)	(3,622)	(7,867)
Cash and cash equivalents	(120,952)	(381,308)	260,356	(123,563)	2,611
Net current financial debt	53,367	(252,428)	305,795	(76,768)	130,135
Borrowings	45,250	12,804	32,446	102,519	(57,269)
Lease liabilities	85,424	-	85,424	-	85,424
Non-current financial (assets)/liabilities for derivatives	-	-	-	242	(242)
Other financial receivables	(967)	(1,420)	453	(1,411)	444
Net financial debt	183,074	(241,044)	424,118	24,582	158,492

Consolidated statement of cash flows

(euro/000)	H1 2019	H1 2018
Cash flow provided by (used in) operating activities (D=A+B+C)	(319,987)	(141,096)
Cash flow generated from operations (A)	21,174	13,299
Operating income (EBIT)	13,983	10,937
Depreciation, amortisation and other fixed assets write-downs	6,653	2,330
Net changes in provisions for risks and charges	260	(266)
Net changes in retirement benefit obligations	(341)	(161)
Stock option/grant costs	619	459
Cash flow provided by (used in) changes in working capital (B)	(338,179)	(152,353)
Inventory	22,217	52,697
Trade receivables	(4,578)	(11,416)
Other current assets	2,796	4,520
Trade payables	(349,059)	(206,605)
Other current liabilities	(9,555)	8,451
Other cash flow provided by (used in) operating activities (C)	(2,982)	(2,042)
Interests paid, net	(2,091)	(817)
Foreign exchange (losses)/gains	(814)	(253)
Income taxes paid	(77)	(972)
Cash flow provided by (used in) investing activities (E)	170	1,049
Net investments in property, plant and equipment	(1,084)	(1,151)
Net investments in intangible assets	(129)	(104)
Changes in other non current assets and liabilities	(165)	3,121
4Side business combination	1,548	-
Own shares acquisition	-	(817)
Cash flow provided by (used in) financing activities (F)	59,461	(33,359)
Medium/long term borrowing	47,000	-
Repayment/renegotiation of medium/long-term borrowings	(20,238)	(19,217)
Leasing liabilities reimbursement	(4,520)	-
Net change in financial liabilities	44,761	(5,801)
Net change in financial assets and derivative instruments	(755)	(1,855)
Dividend payments	(6,919)	(6,987)
Increase/(decrease) in 'cash flow edge' equity reserve	(116)	(9)
Changes in third parties net equity	241	81
Other movements	7	429
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	(260,356)	(173,406)
Cash and cash equivalents at year-beginning	381,308	296,969
Net increase/(decrease) in cash and cash equivalents	(260,356)	(173,406)
Cash and cash equivalents at year-end	120,952	123,563