



4Q & FY 2019 RESULTS CONFERENCE CALL

February 14, 2020

Forward looking statement

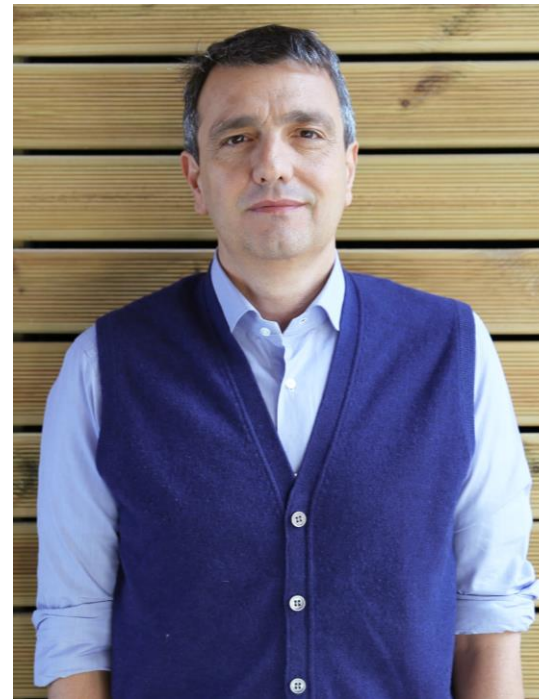


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TODAY SPEAKERS



Alessandro Cattani
Chief Executive Officer



Valerio Casari
Chief Financial Officer

LEADERSHIP

Esprinet outperforms the market and confirms its **Leadership** in Southern Europe with a market share **>26%**

- ✓ Sales 3,951.9 M€ **+10.7%** on 2018
- ✓ +12.7% in Italy
- ✓ +6.3% in Spain



VALUE CREATION

Structural improvement of the **Value creation KPIs**

- ✓ **EBIT 42.0 M€**, +3% on 2018 EBIT adj. and 72% on EBIT
- ✓ CCC: 24 days, **best result of the last 16 quarters**
- ✓ ROCE: **9.8%** (9.4% in 2018)
- ✓ Profitability targets achieved



STRATEGIC INITIATIVES

Improvements in **Strategic Initiatives**

- ✓ Portugal
- ✓ High added value segments (Advanced Solutions, Xaas, Outsourcing)
- ✓ White Goods



Main achievements of a strong 2019



- ✓ Financial targets achieved
- ✓ Customer satisfaction program fully in place
- ✓ Gross profit % on commoditized products (PC & Phones) stabilized
- ✓ Constant improvement in inventory and in payables management
- ✓ Strong reduction of factoring utilization on customers
- ✓ Sport Technology clean-up completed
- ✓ Mid-term target projects gaining traction: Portugal, White Goods, Advanced Solutions
- ✓ Buy back plan almost completed
- ✓ Clear 'investor friendly' strategy deployed

13th consecutive quarter of yoy Sales growth
Strong EBIT growth even net of IFRS 16 effect

€/M	2018 FY	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019 FY
SALES	3,571.2	875,5	842,0	893,6	1.340,8	3,951.9
yoy		+12%	+11%	+16%	+6%	+11%
EBIT as reported	23.7	6,7	7,2	6,7	21,4	42,0
yoy		+26%	+30%	+62%	+147%	+77%

5th consecutive quarter of ROCE sequentially above WACC
162.3 M€ of factoring utilization reduction at year end (-27.2%)

	31/12/18	31/03/19	30/06/19	30/09/19	31/12/19
Cash Conversion Cycle Days	27	27	28	26	24
ROCE	9.4%	8.1%	8.3%	8.3%	9.8%
Factoring quarter-end (M€)	596.7	360.0	334.0	311.3	480.1
NFP 'as reported' (M€)	(241.0)	247.1	183.1	183.6	(286.7)
NFP pre-IFRS 16 (M€)	(241.0)	68.6	90.0	92.8	(381.1)

FY 2019 Profit & Loss

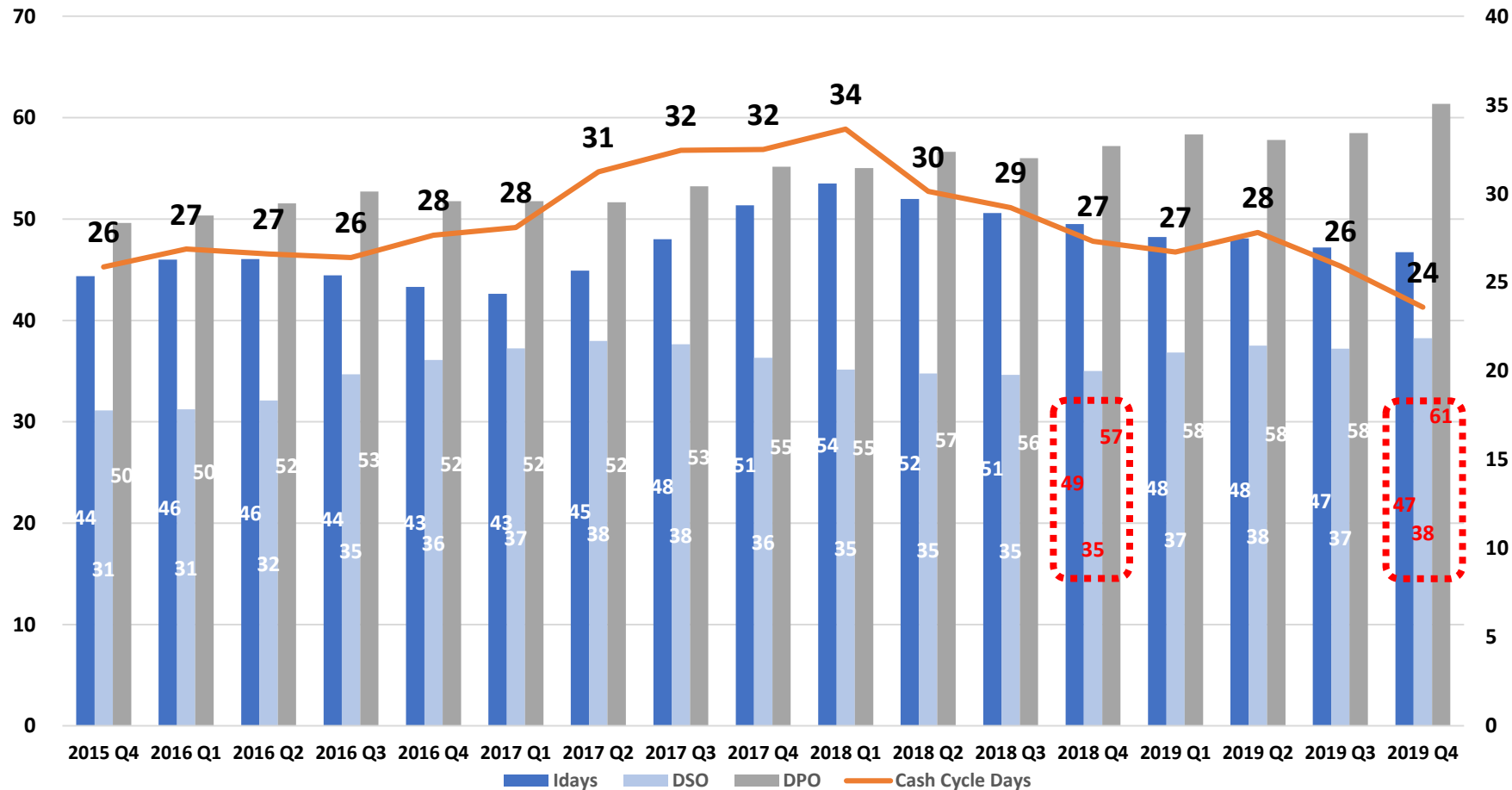


M/€	FY2019		FY2018	% Var.
		Pre-IFRS16		
Sales from contracts with customers	3.951,9	3.951,9	3.571,2	11%
Cost of goods sold excl. factoring/securitisation	3.771,0	3.771,0	3.394,9	11%
Financial cost of factoring/securitisation	4,6	4,6	4,9	-6%
Gross Profit	176,3	176,2	171,4	3%
<i>Gross Profit %</i>	<i>4,46%</i>	<i>4,46%</i>	<i>4,80%</i>	
Personnel costs	64,1	64,1	61,1	5%
Other operating costs	56,5	(11,9)	64,7	-13%
EBITDA	55,7	11,9	43,7	22%
<i>EBITDA %</i>	<i>1,41%</i>	<i>1,11%</i>	<i>1,28%</i>	
Depreciation and amortisation	4,7	4,7	4,7	0%
IFRS 16 Right of Use depreciation	8,9	8,9	-	n/s
Recurring EBIT	42,1	3,0	39,0	3%
<i>Recurring EBIT %</i>	<i>1,07%</i>	<i>0,99%</i>	<i>1,15%</i>	
Non recurring costs	0,0	0,0	17,2	n/s
EBIT	42	3,0	23,7	77%
<i>Recurring EBIT %</i>	<i>1,07%</i>	<i>0,99%</i>	<i>-0,66%</i>	
IFRS 16 interest expenses on leases	5,4	5,4	-	n/s
Other financial (income) expenses	4,2	4,2	3,6	18%
Foreign exchange (gains) losses	1,7	1,7	1,0	73%
Profit before income taxes	30,8	(2,4)	33,1	60%
Income taxes	8,7	(0,5)	9,2	74%
Net income	22,1	(1,9)	14,1	56%

FY 2019 (Pre-IFRS 16)

- Reported net sales at 3,951.9 M€ increased +11% compared to prior-year.
- Overall gross profit was up +3% at 176.2 M€ (4.46% on Sales compared to 4.80% in 2018).
- Disciplined cost structure as personnel costs up modest +5% and other operating costs down -13% (+6% on a like-for-like basis or pre-IFRS16).
- EBIT pre-IFRS 16 at 39.0 M€ down -5% compared to prior-year Recurring EBIT.
- EBIT % at 0.99% compared to 1.15% in 2018.

Working Capital Metrics



Best quarter in last 3 years

- Cash conversion cycle stood at 24 days sequentially improving by 4 days⁽¹⁾:

Idays	=	46.7	(-2.8)
DSO	=	38.3	(+3.2)
DPO	=	(61.4)	(+4.2)
Tot	=	23.6	(-3.7)

- Compared to Q4 2018 metrics, Idays decreased -2.8 days, DSO increased +3.2 days and DPO increased +4.2 days for a total improvement of 3.7 days from 27.3 to 23.6 days.

Idays (Inventory Days): 4-qtr average of (quarter-end Inventory / quarterly Sales * 90)

DSO (Days of Sales Outstanding): 4-qtr average of (quarter-end Trade Receivables / quarterly Sales * 90)

DPO (Days of Purchases Outstanding): 4-qtr average of (quarter-end Trade Payables / quarterly Cost of Sales * 90)

ROCE–Return on Capital Employed

TTM Net Operating Profit After Tax (NOPAT)

M€	TTM ended December 31		TTM ended September 30		TTM ended June 30		TTM ended March 31	
	2018	2019	2018	2019	2018	2019	2018	2019
EBIT	41,0	39,0	36,6	44,6	37,3	42,5	37,3	41,9
Income taxes on EBIT	-10,6	-10,2	-9,3	-11,4	-9,7	-11,1	-9,7	-10,9
NOPAT	30,3	28,9	27,3	33,2	27,6	31,5	27,6	31,0
Net operating working capital (5-qtr end average)	227,0	196,9	296,5	294,0	294,6	278,6	307,1	288,3
Net fixed assets (5-qtr end average)	96,2	97,4	99,0	106,3	101,4	100,7	104,3	95,0
Total average Invested Capital	323,2	294,3	395,4	400,3	396,0	379,3	411,3	383,3
ROCE	9,4%	9,8%	6,9%	8,3%	7,0%	8,3%	6,7%	8,1%
NFP (5-qtr end average)	-16,3	-54,1	60,3	46,2	64,8	32,6	83,3	42,1
Shareholders' Equity (5-qtr end average)	339,5	348,4	335,1	354,1	331,2	346,7	328,0	341,2
Total average Invested Capital	323,2	294,3	395,4	400,3	396,0	379,3	411,3	383,3
Tax rate	26%	26%	26%	26%	26%	26%	26%	26%

- On December 31st 2019, EBIT down -5% and improving Net Average Invested Capital leading to ROCE growing up to 9.8%
- In 2019 ROCE steadily above company WACC-Weighted Average Cost of Capital estimated at 8.0% based on management and stock analysts consensus

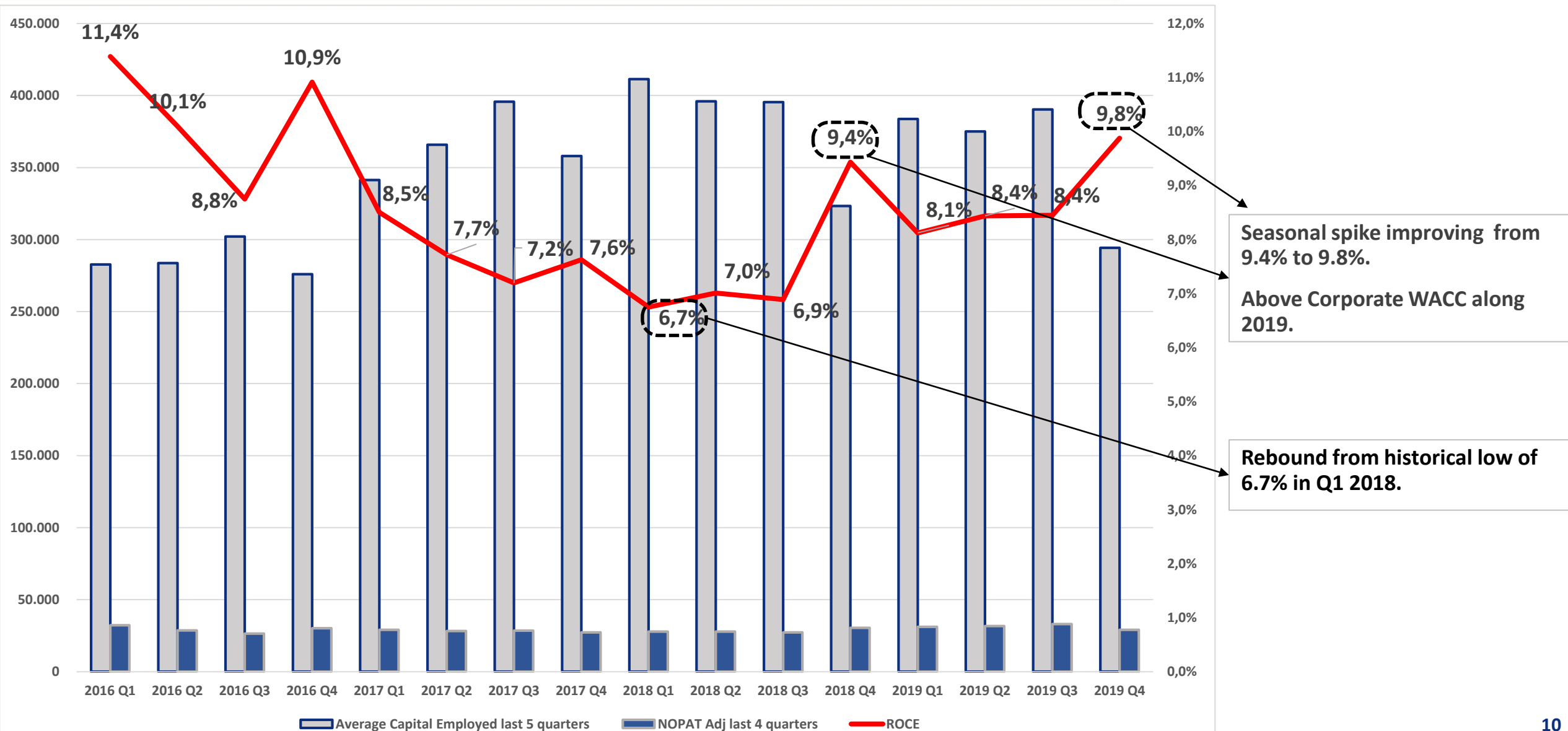
NOTES

⁽¹⁾ Trailing Twelve Months is abbreviated as TTM.

⁽²⁾ Net of non-recurring items and excluding IFRS 16 impact.

⁽³⁾ Figurative income taxes on EBIT are calculated using FY 2018 effective tax rate of ~26%.

ROCE evolution up to Q4 2019



We have created a solid foundation ready to



- ✓ *finance organic growth and/or any acquisition with an high strategic value ...*
- ✓ *face turbulences on the financial markets ...*
- ✓ *develop business models with greater added-value both in terms of the complexity of products sold as well as service content provided to customers and vendors ...*

Strong market share growth in a growing market

2019 Market Value^(*)

€/M	FY 2019	FY 2018	Δ %
Italy	2.495,6	2.214,7	13%
Spain	1.383,7	1.300,2	6%
Portugal	38,5	30,2	27%
UE	20,0	17,5	14%
Extra-UE	14,1	8,6	64%
Sales from contracts with customers	3.951,9	3.571,2	11%

ITALY

8,022 M€ (+7.6% on 2018)

SPAIN

5,561 M€ (+6.3% on 2018)

PORTUGAL

1,344 M€ (+7.9% on 2018)

^(*) Source: Context

Leadership: Sales by Products



Positive performances for high margin segments

- ✓ **Printing** SALES of 418.3 M€, +6.4% on 2018 in a substantially flat market.
- ✓ **Advanced Solutions** +6.5% growth in Advanced Solutions sales, net of 2018 positive effect from a major public tender win.
- ✓ **White Goods** sales (+50%) are gaining traction and slightly increased Gross profit.
- ✓ **Gaming** sales +47% thanks also to the acquisition of 4Side, the exclusive distributor for Italy of Activision Blizzard products.

	FY 2019	%	FY 2018	%	Δ %
PC (notebook, tablet, desktop, monitor)	1.375,4	34,8%	1.212,8	34,0%	13%
Printing devices and supplies	418,3	10,6%	393,1	11,0%	6%
Other IT products	244,9	6,2%	237,9	6,7%	3%
Total IT Clients	2.038,6	51,6%	1.843,8	51,6%	11%
Hardware (networking, storage, server & others)	407,4	10,3%	409,0	11,5%	0%
Software, Services, Cloud	153,6	3,9%	146,8	4,1%	5%
Total Advanced Solutions	560,9	14,2%	555,7	15,6%	1%
Smartphones	1.106,3	28,0%	997,4	27,9%	11%
White goods	55,8	1,4%	37,2	1,0%	50%
Gaming hardware and software	43,3	1,1%	29,5	0,8%	47%
Other consumer electronics products	191,0	4,8%	152,5	4,3%	25%
Total Consumer Electronics	1.396,4	35,3%	1.216,6	34,1%	15%
Adjustments	(44,1)	-1,1%	(44,9)	-1,3%	-2%
Sales from contracts with customers^(*)	3.951,9	100,0%	3.571,2	100,0%	11%

(*) Net of IFRS 15 and other adjustments as of -44,1 M€ (-44,9 M€ in 2018)

Strong performance in each segment

€/M	FY 2019	FY 2018	Δ %
Retailer/e-tailer	1.933,3	1.661,7	16%
IT Reseller	2.062,5	1.957,1	5%
Adjustments	-44,0	-47,7	
Sales from contracts with customers^(*)	3.951,9	3.571,2	11%

- ✓ The Group has consolidated an absolute leadership position on Retailers & e-Tailers.
- ✓ The Professional IT Resellers segment, represents the area in which the Group intends to increase investments in 2020, in particular by benefiting from projects aimed at improving **customer satisfaction**.

(*) Net of IFRS 15 and other adjustments as of -44,0 M€ (-47,7 M€ in 2018)

Drill down on two Strategic Initiatives

€/M	FY 2019	FY 2018	Δ %
Advanced Solutions	560,9	555,7	1%
XaaS ("Everything as a Service")	19,7	13,9	42%

Executing on higher margin product segments

Advanced Solutions

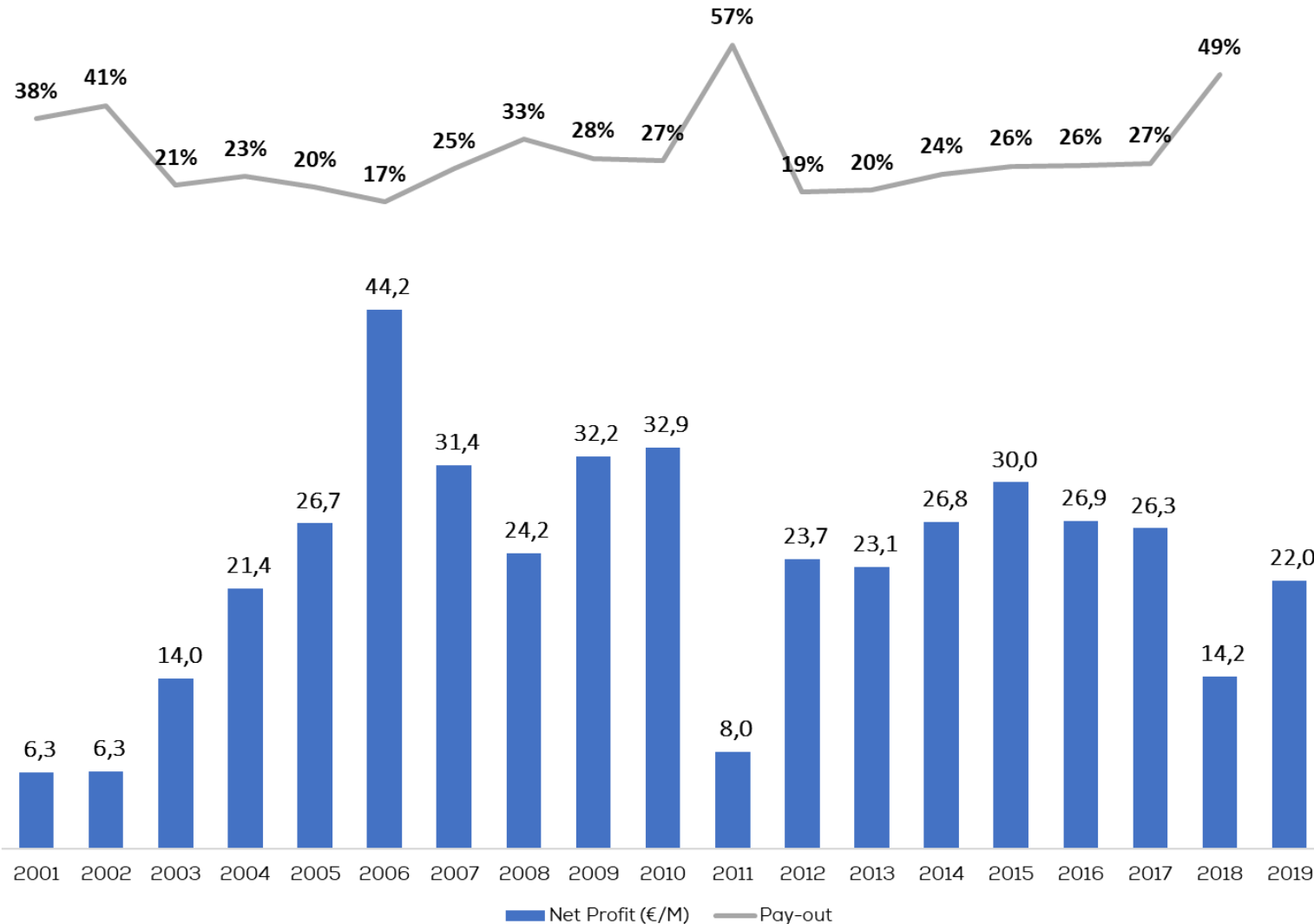
- ✓ +6.5% growth in Advanced Solutions sales, net of 2018 positive effect from a major public tender win.

XaaS

- ✓ 19.7 M€, + 42% compared to 2018 almost exclusively attributable to sales of "Cloud" solutions
- ✓ The Group is developing plans and activities aimed at creating a structural control not only of the Cloud markets but also of printing services ("MPS-Managed Print Services") and workplace management ("Device as a Service").

Profitability and dividends since listing

2001-19 Pay-out ratio (Dividends/Consolidated net income)



Strong Investor Focus

- ✓ 440 M€ of cumulated net profit since going public in 2001.
- ✓ 108 M€ of cumulated dividends paid (pending 2019 dividend decision).
- ✓ Historical stable flow of profitability since 2001 even in market downturns.
- ✓ **Strong financial discipline to enable a 25% pay-out dividend policy.**

FINANCIALS



Balance Sheet Highlights

M€	31.12.19	31.12.18
Net operating working capital	(121.0)	10.4
Goodwill	90.7	90.6
Other fixed assets	120.4	27.9
Other current assets/liabilities	(2.4)	(12.7)
Other non-current assets/liabilities	(16.9)	(14.4)
Net invested capital	70.8	101.9
Long-term financial liabilities	61.0	12.8
Short-term financial liabilities ⁽¹⁾	35.9	138.3
Lease liabilities	94.4	-
Cash and cash equivalents	(463.8)	(381.3)
Other	(14.4)	(11.9)
Net financial debt	(286.7)	(241.0)
Net equity	357.5	342.9
Total sources	70.8	101.9

BS at December 31, 2019

- At December 31, 2019 Group net equity was 357.5 M€. At the same date the Group had 90.7 M€ of goodwill resulting in a Net tangible equity of 266.8 M€.
- The Net Financial Position was a positive 286.7 M€ (improving by 45.6 million compared to 241.0 M€ million at 31 December 2018).
- **It includes € 94.4 million of financial liabilities for leases not present as at 31 December 2018 as a result of the first-time adoption of IFRS 16.**
- The improvement in the Net Financial Position, neutralising the IFRS 16 effect, amounted to 140.0 M€ mainly due to the reduction in the year-end levels of NWC (negative by 121.0 M€).
- The net financial debt at 31 December 2019 is positively affected by a number of factors as (i) the level of utilization of 'without-recourse' sales of trade receivables (factoring and securitization programs) (ii) the stronger than average financial support by vendors.

NOTES

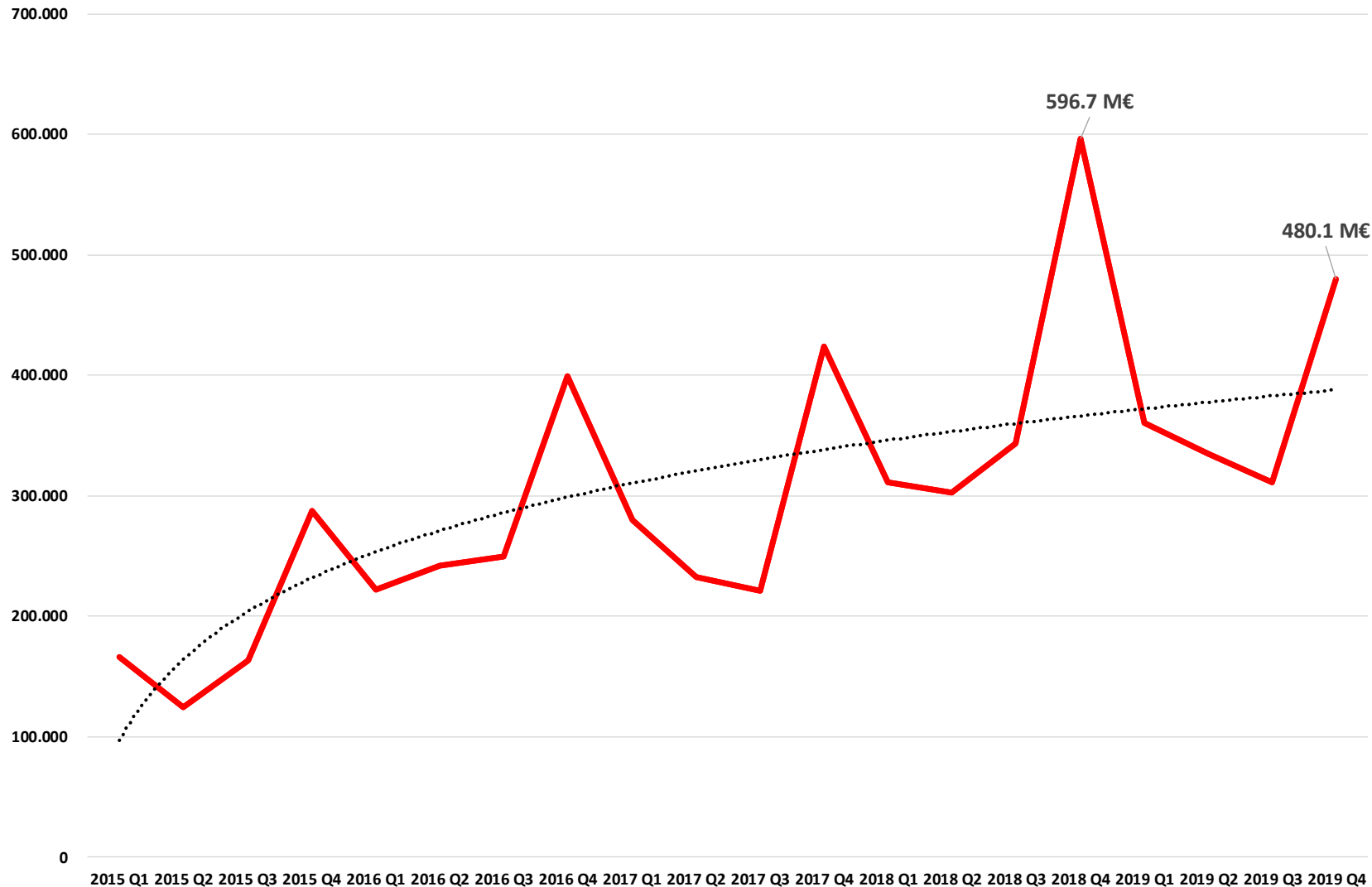
⁽¹⁾ Includes 72,1 M€ at December 31, 2018 reclassified from long-term debt due to covenant breach on Syndicated Senior Term Loan.

M€	FY 2019	FY 2018	Var.
Interest expenses on LT borrowings	2.069	2.706	(637)
Interest expenses on ST facilities	375	381	(6)
Other interest expenses	19	52	(33)
Up-front fees amortisation	1.392	730	662
IAS 19 expenses/losses	68	57	11
IFRS 16 interest expenses on leases	5.401	-	5.401
Derivatives expenses	531	113	418
Total financial expenses	9.855	4.039	5.816
Interest income from banks	(109)	(34)	(75)
Interest income from others	(136)	(195)	59
Interest income on business combination	-	(229)	229
Other	(3)	(2)	(1)
Total financial income	(248)	(460)	196
Net financial expenses	9.607	3.579	6.012
Net foreign exchange (profit)/losses	1.665	962	703
Finance costs, net	11.272	4.541	6.715

- FX risk (e.g. 'transactional risk') identified and mapped by the Board within annual ERM-Enterprise Risk Management review on February 2019.
- Current strategy based on 'risk tolerance'.

- Total net finance costs increase of 6.7 M€ mainly due to:
 - 0.6 M€ of increase in up-front arrangement fees amortization;
 - 5.4 M€ of interests on leases;
 - 0.4 M€ of derivatives expenses;
 - 0.7 M€ increase in net exchange losses.
- Increase in banking fees mainly due to 0.8 M€ of one-off effect arising from the early repayment of Syndicated Senior Loan occurred on September 26, 2019.
- Interests on leases of 5.4 M€ due to IFRS 16 first adoption.
- Derivatives expenses almost entirely due to termination of 'hedging' IRS on repaid Senior Loan.
- Exchange losses of 1.7 M€ related to unfavourable effect of USD strengthen on purchases (~3% of total).
- **Interest expenses on bank financing decrease of 0.7 M€ due both to lower average financial debt and cost of funding.**

Factoring/Securitisation utilisation



- The Group runs a number of 'without-recourse' factoring and securitisation of TR programs.
- Factoring mostly involving big Retailers both in Italy and Spain
- Programs are wholly 'IFRS-compliant' since they realise full transfer of risks and benefits to the assignees thus involving de-consolidation of underlying assets.
- Due to better T&Cs negotiated with customers that are part of the programs, the overall positive impact on Net Financial Position at 31 December 2019 coming from the anticipated sales of receivables falls to 480.1 M€ compared to 596.7 M€ at 31 December 2018 (-116.6 M€).

CLOSING REMARKS



Moderate top-line growth as focus keeps being ROCE performance

Improvements in GP % as result of mix and efforts on *customer satisfaction*

Further improvements in Working Capital management

ROCE steadily above *Weighted Average Cost of Capital (8.0%)*

Follow us

March 24, 2020

Board of Directors
2019 FULL YEAR RESULTS

Q & A



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