2016 Corporate Presentation

Star Conference
Milan, March 15-16 2016

Forward-looking statements

This presentation may contain forward-looking statements tat are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realized from the proposals described herein. Forward-looking statements may include, in particular, statements about future events, future financial performance, plans, strategies, expectations, prospects, competitive environment, regulation, supply and demand.

Esprinet has based these forward-looking statements on its view and assumptions with respect to future events and financial performance. Actual financial performance could differ materially from that projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and financial performance may be better or worse than anticipated.

Given these uncertainties, readers should not put undue reliance on any forward-looking statements. The information contained in this presentation is subject to change without notice and Esprinet does not undertake any duty to update the forward-looking statements, and the estimates and the assumptions associated with them, except to the extent required by applicable laws and regulations.

The starting point

Latest updates
market trend-company news flow

Executive summary
the investment case

The industry
the ICT suppy chain

The company
history and governance

Presentation map and direct links

The company

The company at a glance	direct link
Group Structure	direct link
Mission	direct link
Corporate Milestones	direct link
Historical financials	direct link
Operational KPIs	direct link
Sales and Marketing Segment information	direct link
Corporate Governance	direct link
Shareholders’ agreement	direct link
Shareholders’ base and active brokers	direct link
Corporate Social Responsibility	direct link

The Industry

direct link	The industry at a glance
direct link	Description of the IT supply chain as of today
direct link	Products and suppliers: market size, key players
direct link	Customers: clusters and needs
direct link	Competitors: who they are
direct link	Common industry policies: Stock Protection
direct link	Factoring and credit insurance policies
direct link	Margin dynamics
direct link	Disintermediation
direct link	Impact of cloud computing

Lates updates

The overview	direct link
Recent market performance	direct link
The market going forward	direct link
Esprinet’s recent performance	direct link
The acquisition of EDSLan	direct link

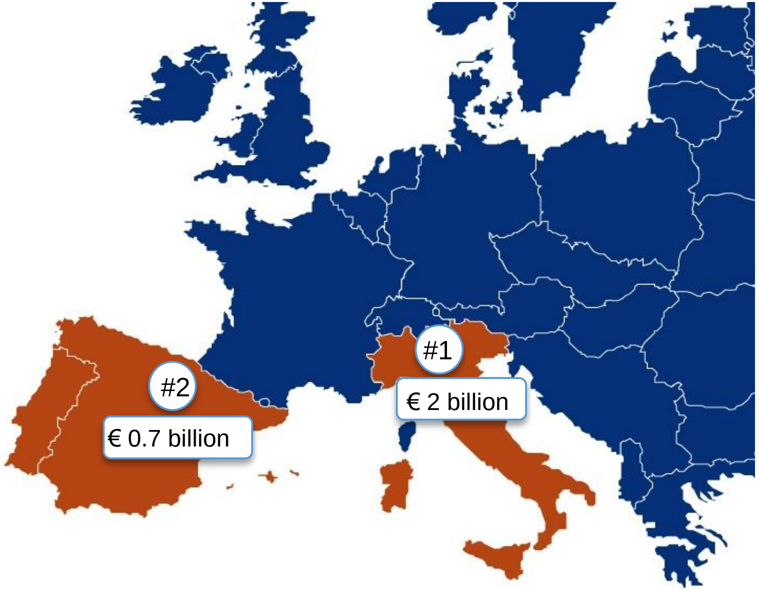
Why Esprinet

direct link	The investment case in a nutshell
direct link	Distributors’ route gaining share
direct link	Esprinet profitability and ranking
direct link	A clear focalization strategy
direct link	Outlook

The company

- ✓ The company at a glance
- ✓ Group Structure
- ✓ Mission
- ✓ Corporate milestones
- ✓ Historical Financials
- ✓ Operational KPIs
- ✓ Sales and Marketing segment information
- ✓ Corporate Governance
- ✓ Shareholders’ agreement
- ✓ Shareholders’ base and active brokers
- ✓ Corporate Social Responsibility

The company at a glance



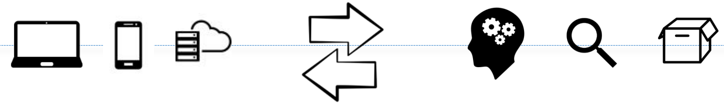
Largest ICT-CE Wholesaler in Southern Europe - #1 in Italy, #2-3 in Spain - #7 in Europe

Among top #60 Italian corporations by revenue

€ 2.67 billion of 2015 revenue, € 46 million of EBIT - € 186 million of net cash position

40,000 customers (resellers 65% - retailers 35%)
More than 46,000 SKUs in stock

1,000 employees – experienced management team



History

- Established in '70s, listed on the Italian Stock Exchange in 2001
- 2003: Esprinet #1 in the Italian market
- End of 2005: entering Spain through
- 2011: V-Valley established to distribute Datacenter Products
- 2014-2016: Sales of two non-core subsidiaries, acquisition of major stake in Celly, distributor of smartphone accessories, acquisition of EDSLan business, Italian value added distributor

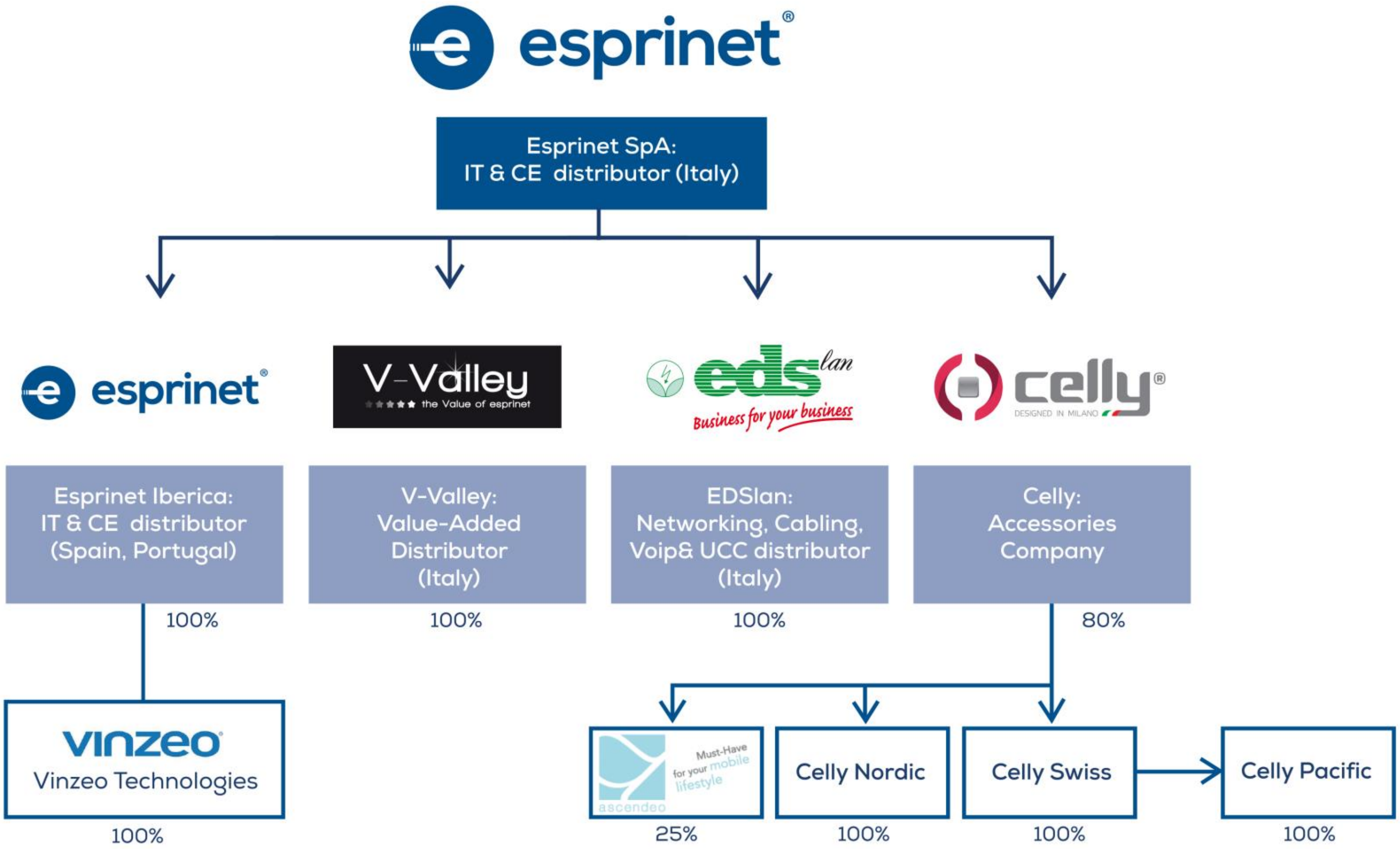
Culture

- Tight cost and working capital control
- Flexibility in responding to vendor and reseller/retailer needs by means of a proprietary ERP and web engine
- Multidivisional organization to tackle different needs of IT clients/data center/consumer electronics
- Strict procedural controls under 231 Law (the Italian Sarbanes-Oxley) to assure compliance

2015 KPIs

- ~ 1.000 employees, in 21 offices in 3 nations[*]
- ~ 86.000 sqm of warehouse space in Italy & Spain[*]
- ~ 1,5 million customer invoices
- ~ 7 million lines of customer orders managed
- ~ 5,5 million boxes shipped
- ~ 200.000 SKUs published on our web site
- ~ 8 million yearly web accesses from customers
- ~ 2 million collection/payment transactions

Group Structure



The Mission

To be the best technology distributor operating in its relevant markets, assuring shareholders above-average return on investment thanks to precise, serious, honest, reliable, and innovative management of the customer and vendor relationship, achieved by a closely attentive enhancement and exploitation of its staff skills and innovative capabilities.

- **The quest for excellence**: we run to win and not to participate
- **Results orientation**: we work towards an objective and it has to be achieved
- **Innovation**: value is created by inventing new ways of satisfying customer and vendor needs
- **Team power**: victory is possible only if my colleague runs for me and I run for her/him
- **Seriousness of approach**: success is founded on ethical trading, observance of rules, professionalism and spirit of sacrifice

Code and principles

Code of Etics

The Code of Ethics applies to all activities performed by or in the name and on behalf of Esprinet S.p.A. and its subsidiaries (hereafter also the "Group or the " Group Company").

The Code of Ethics:

i. lays down conduct guidelines and regulates the body of rights, duties and responsibilities the Group expressly assumes vis-à-vis its own stakeholders

ii. defines the ethical criteria adopted for achieving a proper balance between the expectation and interests of the various stakeholders

iii. incorporates principles of conduct and guidelines on potentially sensitives areas.

Code of Conduct

The Esprinet Group wishes to establish commercial relations with its own suppliers and business partners that are characterised by transparency, fairness and ethical

trading practices.

The development of transparent long-term relationships with suppliers, attention to quality, safety and respect of the environment and compliance with applicable laws represent objectives that must be pursued with a view to consolidating the added value created for stakeholders.

Therefore, in conjunction with the Code of Ethics adopted by Esprinet S.p.A. and its subsidiaries, the Group has defined a Code of Conduct to serve as a guide to long-term supply chain relations.

"231" Organisation Model

This document, entitled "Organisation and Management Model pursuant to "Legislative Decree 231/2001" (hereinafter called "the Model"), has been drawn up to implement the terms of ss. 6.1.a and 6.1.b, 6.2, 7.2 and 7.3 of Legislative Decree no. 231 of 08.06.2001 (hereinafter called "the Decree").

The Model is the management reference document which institutes a corporate prevention and control system designed to prevent the offences specified in the Decree from being committed. The Ethical Code enclosed summarizes the values, correctness and loyalty by which the Esprinet Group is inspired and constitutes the base of our Organizational, Administrative and Control Models. The Code has been adopted by the company in order to prevent any occupational hazards or risks in view of the D. Lgs. 231/2001 law.

On October 30th 2013 the companies Board of Directors accepted a new and updated version of the Organizational, Administrative and Control Models which substitutes the previous version approved on March 14th, 2012.

Corporate milestones

Established in '70s under the name Comprel, semiconductor distributor in Italy

Mid '80s: start of Celo and Micromax business, Italian IT distributors

2000: merger of Celo, Micromax and Comprel, under the brand-new Esprinet (Italian 2nd largest distributor)

July 2001: listed on the Italian Stock Exchange (ipo price: € 1.4 per share)

2002: two acquisitions in Italy (Pisani, Assotrade, € ~300m revenue)

2003: Esprinet to reach the #1 position in the Italian market

End of 2005: acquisition of Memory Set (€ 525m revenue in 2004), # 2 largest IT distributor in Spain

November 2006: acquisition of Actebis Italy (€ ~130m revenue in 2005)

November 2006: acquisition of UMD in Spain (sales of € 266m revenue in 2005) to create Esprinet Iberica

End of 2009: Spanish turnaround completed – Esprinet Iberica among the top three distributors in Spain

January 2011: V-Valley established, the fully owned subsidiary in charge of Datacenter Products sales

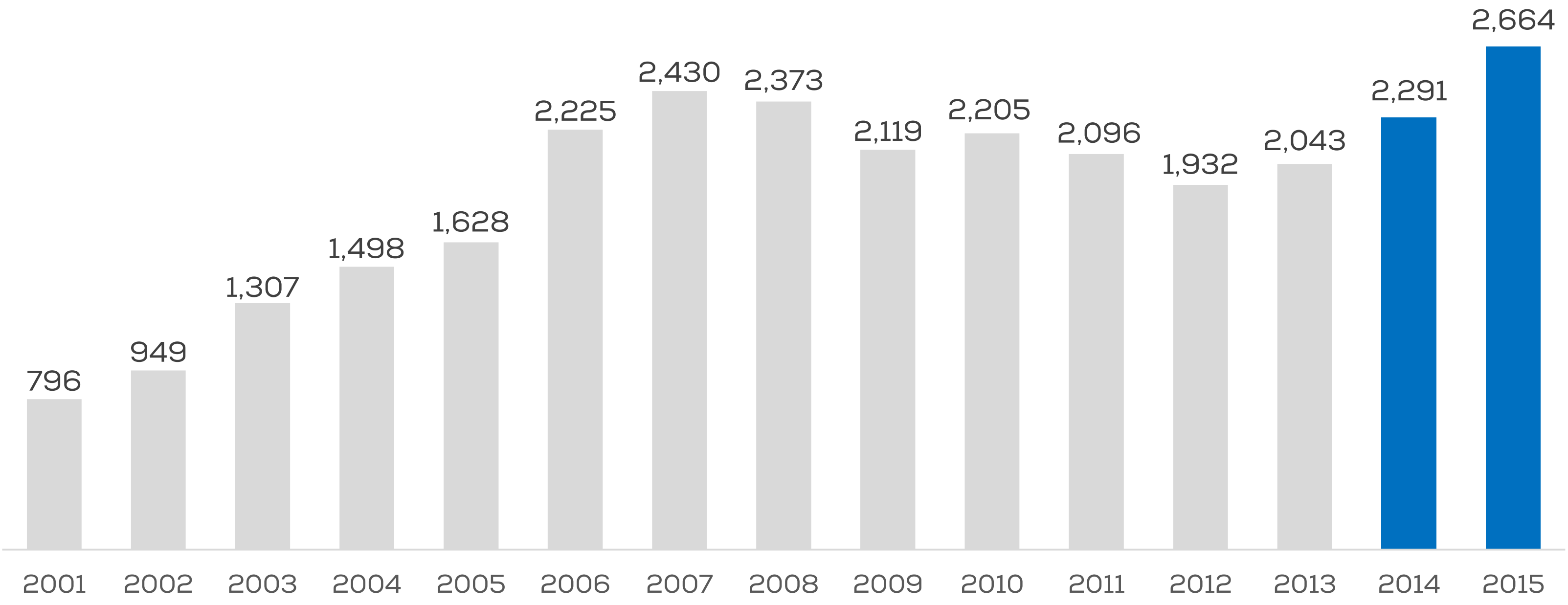
2014: sale of 100% of Monclick (€ 98m revenue in 2013), e-tailer of technology products created in 2005 and Comprel (components distribution)

2014: acquisition of Celly (€ 26m revenue in 2013), a European vendor & distributor of mobility's accessories

2016: acquisition of EDSLan business (€ ~72m revenue in 2015), an Italian 'value added' distributor to reinforce V-Valley business

A profitable and **solid business** since its foundation… -1

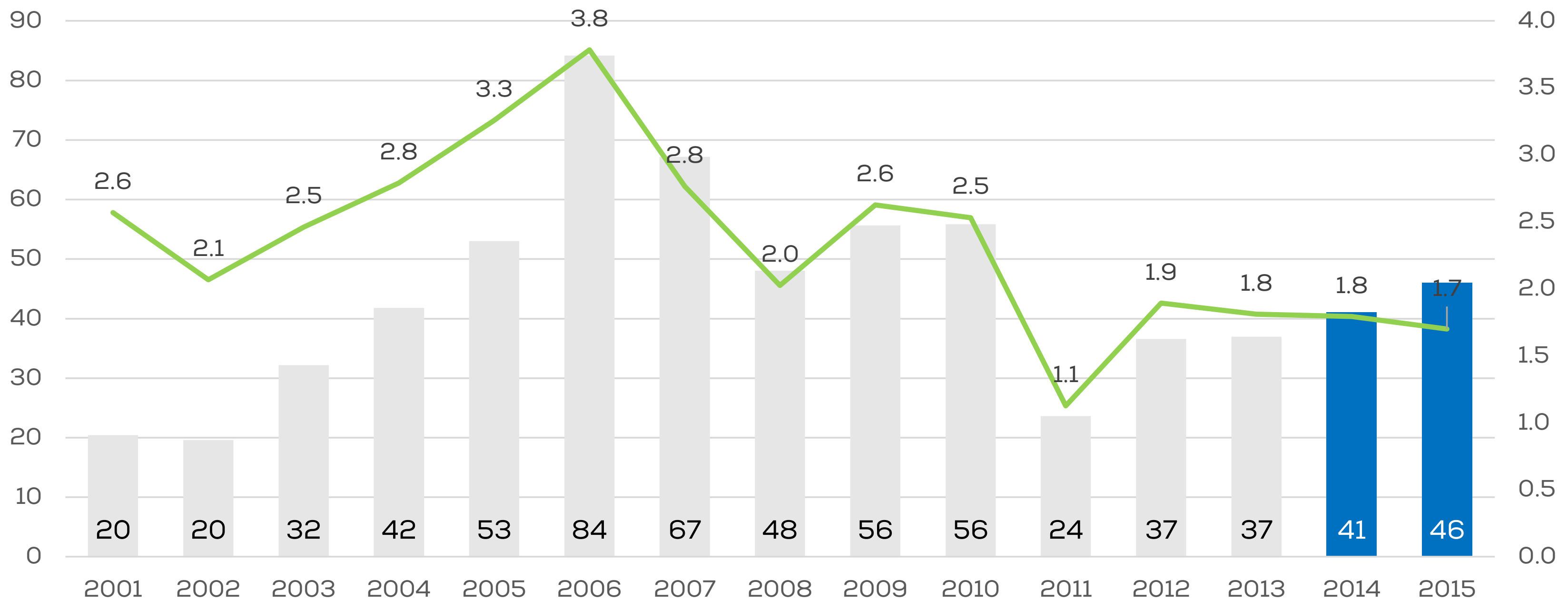
REVENUE EVOLUTION (€ m)



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2013	2014	2015
	796	949	1,307	1,498	1,628	2,225	2,430	2,373	2,119	2,205	2,096	2,043	2,291	2,664
Var		153	358	192	129	598	205	(57)	(254)	86	(109)	(53)	248	373
Var %		19%	38%	15%	9%	37%	9%	-2%	-11%	4%	-5%	-3%	12%	16%

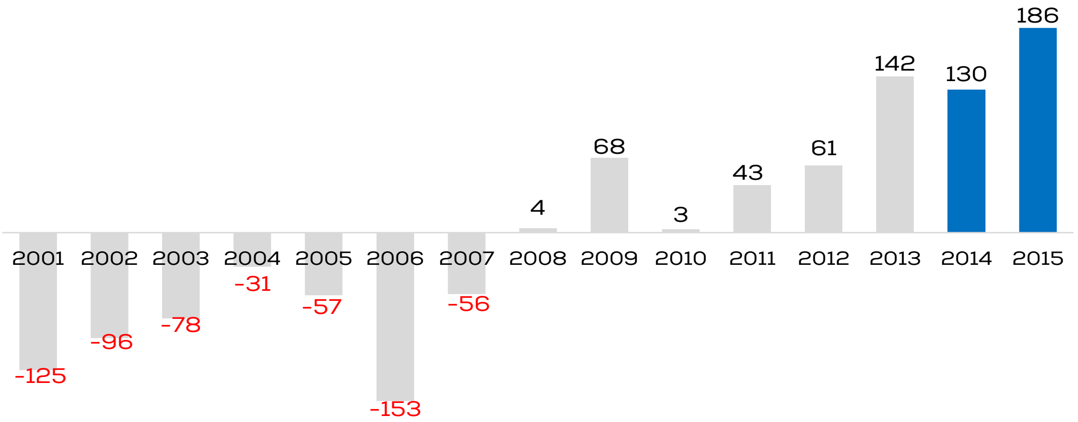
A profitable and solid business since its foundation…-2

OPERATING PROFIT EVOLUTION (€ m, %)

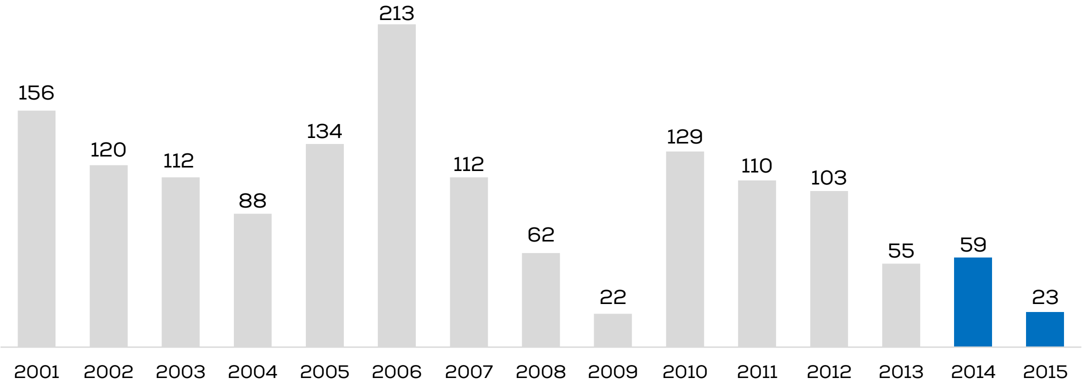


..with a **sound** balance sheet

NET FINANCIAL POSITION (€ m)



NET WORKING CAPITAL (€ m)



Operational KPIs: managing **complexity** to give customer the **best value proposal…**

2015 KPI	CORE OFFERING		OPTIONAL SERVICES	PRT KPI
77,000 WAREHOUSE SQM	• Range and availability: one Stop Shop	STOCK/ LOGISTICS	• Sourcing of products ((heavy rotation) • Sourcing of products (long tail) • Back to back ordering • Simplified logistics	36,000 ITEMS IN STOCK
25 MILLION UNITS SHIPMENTS	• Delivery • Bulk Breaking • Order Consolidation		• Drop shipment to ultimate customer • Consignment stocking - Repackaging • Providing multiple locations with multiple suppliers	5 MILLION BOX SHIPMENTS
2.1 MILLION PAYMENT TRANSACTIONS	• Channel financing	CREDIT	• Extended credit (additional credit lines; factors)	AMERICAN EXPRESS CARD
7 MILLION ORDERS MANAGED	• First level order support (pre-sales)	SALES & MARKETING	• Second level technical support (pre/post-sales)	7,000 'VALUE' DEALS MANAGED
200,000 SKUS	• Product information		• Channel Intelligence • Outsourced sales & marketing force	450 SALES & MKTG PEOPLE
38,126 CUSTOMERS	• Broad Customer Base		• On line Sales Platform + field accounting • Channel recruitment	7,8 MILLION OF WEB ACCESSES

A multidivisional Sales & Marketing organizational **structure**

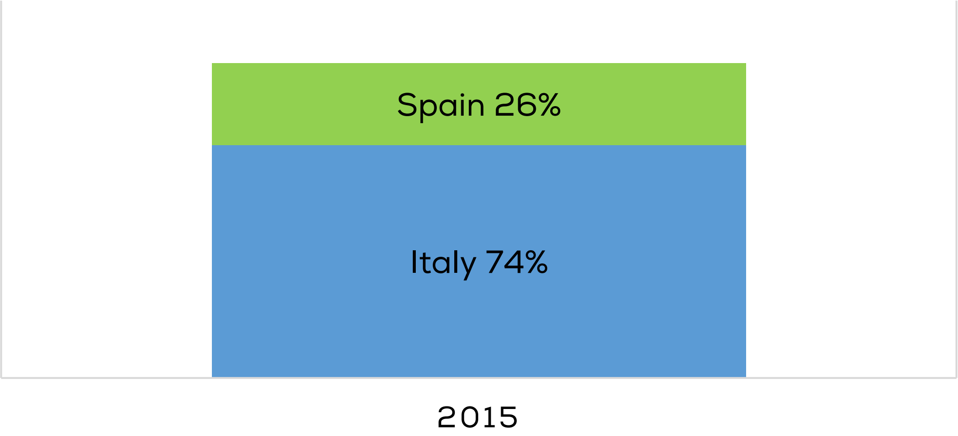
CUSTOMER CLUSTER	CORE OFFERAL	MAIN SALES PLATFORM
SME Corporate Reseller	*Hardware and Software + Services*	WEB TELESALES CASH & CARRY
Large Corporate Reseller (VAR)	*Hardware and Software + Services (complex solutions)*	KEY ACCOUNT WEB
Retailer	*Hardware and Software + Services*	NATIONAL ACCOUNT

VERTICAL SALES & MKTG FORCE (DIRECT + SALES AGENTS)

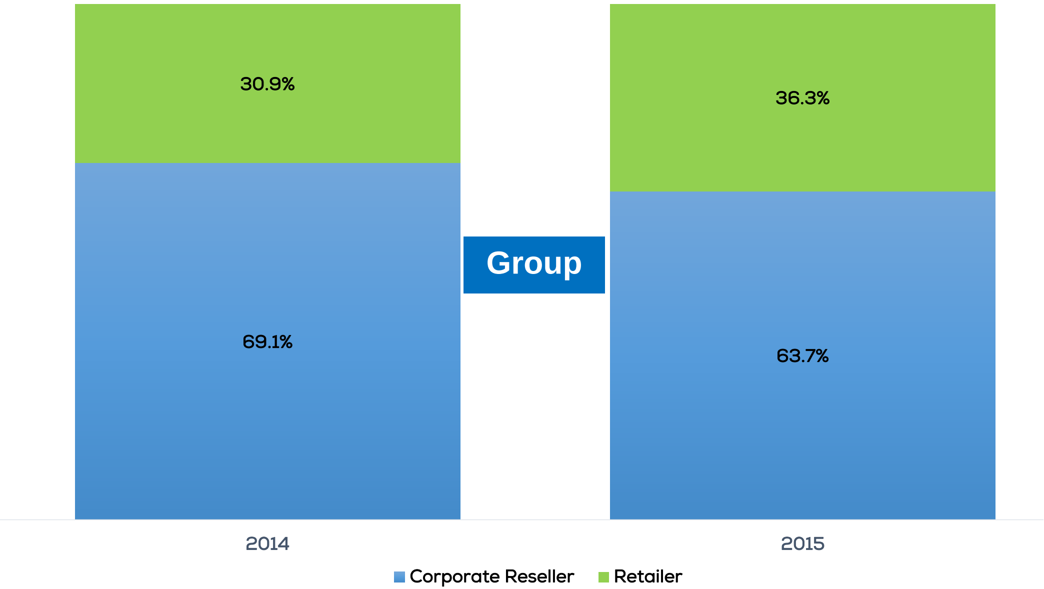
- MOBILE PHONE BU
- SUPPLIES BU
- V-VALLEY
- OK RETAIL

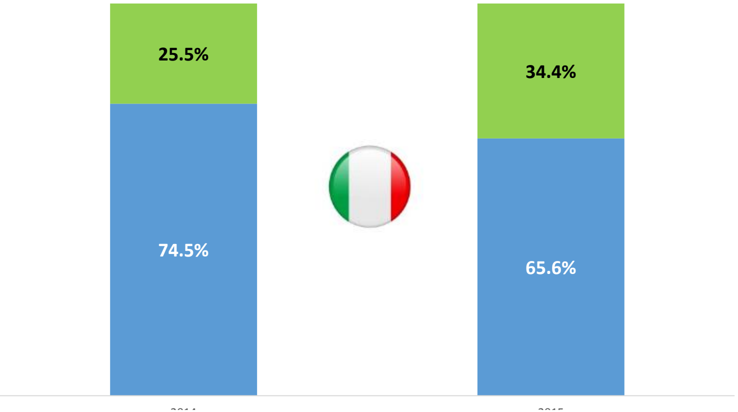
Sales by geographies

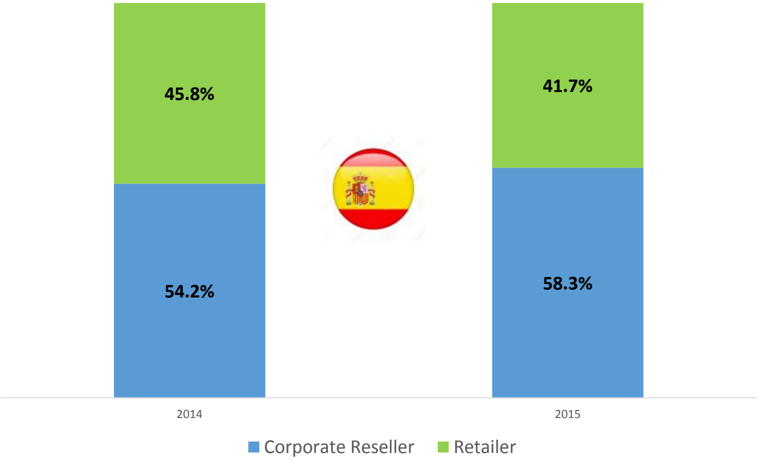
	Revenue	Var % Vs ‘14
Esprinet Italia	1,998 M€	+18%
Esprinet Iberica	696 M€	+16%



2015 Customer Mix

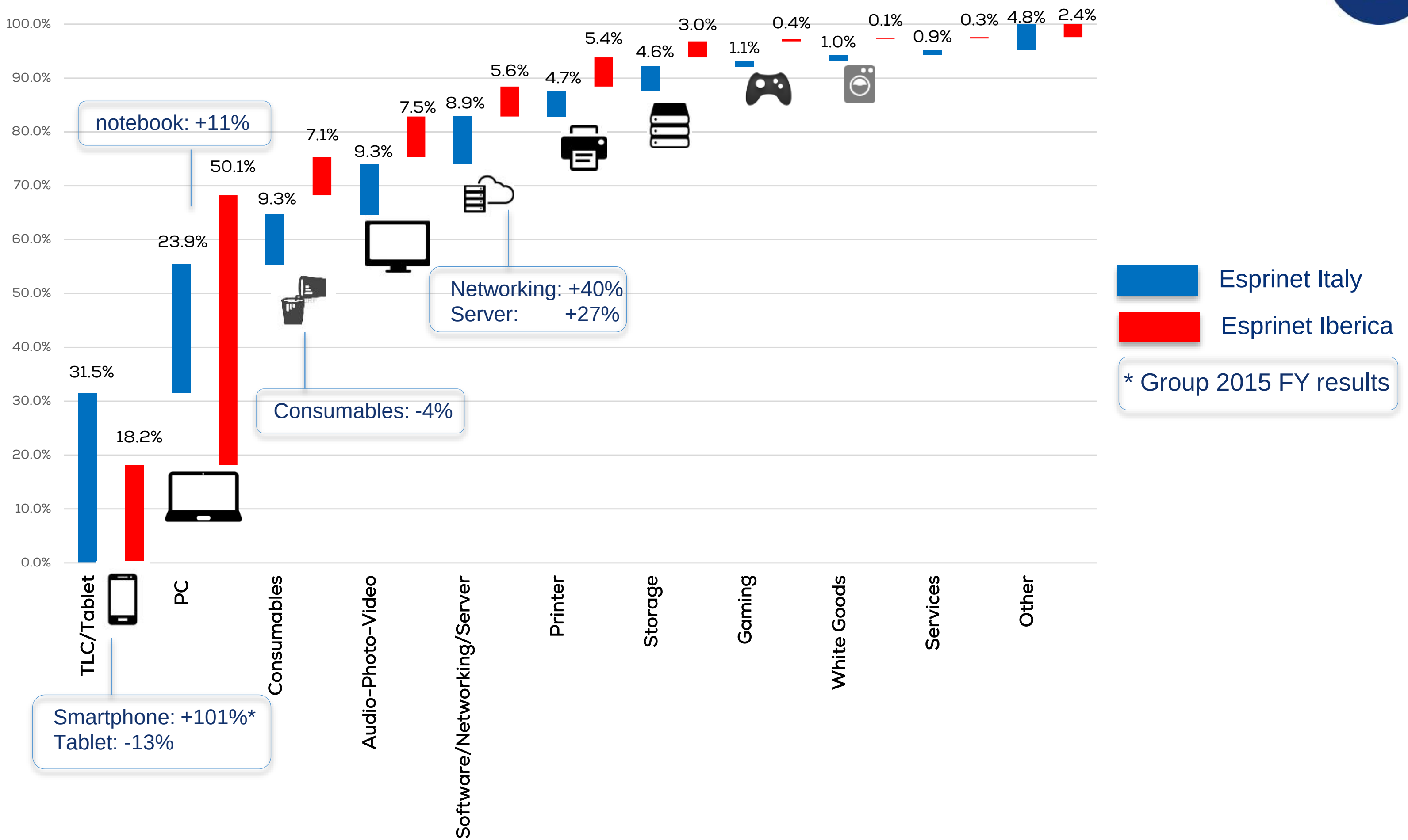






Group Sales to Retailers vs 2014: +39%
Group Sales to Corporate Resellers: +8%

2015 Product mix



Undisputed #1 in Italy

#	Distributor Name	Revenue (€ m) 2012	2013	2014	2015E	Var. % 13-dic	14/13	15/14	Share on aggregated value 2012	2013	2014	2015E
1	Esprinet	1.467,5	1.538,1	1.689,8	1.966,0	5%	10%	16%	23.7%	25.0%	26.0%	28.1%
2	Computer Gross Italia	721,0	781,0	900,0	997,0	8%	15%	11%	11.6%	12.7%	13.8%	14.2%
3	Tech Data	635,9	644,3	812,8	930,0	1%	26%	14%	10.2%	10.5%	12.5%	13.3%
4	Ingram Micro Italia	613,5	613,8	661,2	680,0	0%	8%	3%	9.9%	10,0%	10.2%	9.7%
5	Datamatic	374,3	363,9	329,6	315,0	-3%	-9%	-4%	6.0%	5.9%	5.1%	4.5%
6	Attiva	218,0	245,8	237,0	275,0	13%	-4%	16%	3.5%	4.0%	3.6%	3.9%
7	Brevi	134,8	153,0	164,1	180,0	14%	7%	10%	2.2%	2.5%	2.5%	2.6%
8	Futura Grafica	101,9	93,2	97,4	101,0	-9%	5%	4%	1.6%	1.5%	1.5%	1.4%
9	Executive	68,7	88,6	96,9	103,0	29%	9%	6%	1.1%	1.4%	1.5%	1.5%
10	Adveo Italia	49,9	83,1	86,9	90,0	67%	5%	4%	0.8%	1.4%	1.3%	1.3%
11	EDSLan	55,8	59,5	76,3	85,0	7%	28%	11%	0,9%	1.0%	1.2%	1.2%
12	Arrow ECS	51,7	55,2	71,1	80,0	7%	29%	13%	0,8%	0.9%	1.1%	1.1%
13	Cometa	51,9	53,1	65,9	71,0	2%	24%	8%	0,8%	0.9%	1.0%	1.0%
14	Il Triangolo	68,3	71,7	61,7	67,0	5%	-14%	9%	1.1%	1.2%	0.9%	1.0%
15	SNT Trading - ex SNT Technologies	45,2	66,1	60,0	45,0	46%	-9%	-25%	0.7%	1.1%	0.9%	0.6%
16	ITWay	69,3	62,9	53,7	58,0	-9%	-15%	8%	1,1%	1.0%	0.8%	0.8%
17	ADL American Dataline	43,4	45,4	49,8	51,5	5%	10%	3%	0,7%	0.7%	0.8%	0.7%
18	Icos	48,5	48,9	49,0	48,0	1%	0%	-2%	0.8%	0.8%	0.8%	0.7%
19	Focelda	52,9	47,5	46,8	45,0	-10%	-2%	-4%	0.9%	0.8%	0.7%	0.6%
20	SIDIN - Exclusive Networks	49,0	46,0	25,6	20,0	-6%	-44%	-22%	0.8%	0.7%	0.4%	0.3%
	Aggregated revenue of top 20 distributors	4.921,5	5.161,1	5.635,5	6.207,5	5%	9%	10%	79,3%	83,9%	86,7%	88,7%
	Aggregated revenue of following distributors	1.283,5	990,7	867,8	793,8	-23%	-12%	-9%	20,7%	16,1%	13,3%	11,3%
	Total aggregated revenue	6.204,9	6.151,9	6.503,3	7.001,3	-1%	6%	8%	100,0%	100,0%	100,0%	100,0%
	Double counting	444,9	401,8	343,3	301,3	-10%	-15%	-12%				
	Total consolidated revenue	5.760,0	5.750,0	6.160,0	6.700,0	0%	7%	9%				

Source: Sirmi 2016

Getting closer to #2 in Spain

		euro million			market share		
		2012	2013	2014	2012	2013	2014
1	Tech Data	716	767	866	15,2%	15,3%	15,9%
2	Ingram Micro	589	601	660	12,5%	12,0%	12,1%
3	Esprinet Iberica	464	505	602	9,9%	10,1%	11,0%
4	Brightstar 20:20 Mobile	225	333	433	4,8%	6,7%	7,9%
5	Adveo	323	346	390	6,9%	6,9%	7,1%
6	Arrow ECS	272	283	340	5,8%	5,7%	6,2%
7	Vinzeo Informatica	330	270	300	7,0%	5,4%	5,5%
8	MCR	118	141	200	2,5%	2,8%	3,7%
9	GTI	146	159	168	3,1%	3,2%	3,1%
10	Westcon Group	111	124	148	2,4%	2,5%	2,7%
11	Activa 2000	60	73	85	1,3%	1,5%	1,6%
12	Megasur	64	70	72	1,4%	1,4%	1,3%
13	Valorista	49	54	65	1,0%	1,1%	1,2%
14	DMI Computer	45	48	63	0,9%	1,0%	1,2%
15	Infortisa	39	51	62	0,8%	1,0%	1,1%
	Total top 15	**3.550**	**3.825**	**4.452**	**75,5%**	**76,5%**	**81,7%**
	Total aggregated market	**4.700**	**5.000**	**5.450**	**100,0%**	**100,0%**	**100,0%**
	Var % top 15	***-0,4%***	***7,7%***	***16,4%***			

Source: management's estimates on Channel Partner 2015

Corporate Governance: Board of Directors

Francesco Monti, was born in Bovisio Masciago on 1st April 1946. He was among the founding members of Comprel where he served as the Sole Executive.

He served as Chairman of Comprel beginning in 1983 and, following the merger with Celomax, he has served as **Chairman** of Esprinet.

Maurizio Rota, was born in Milan on 22 December 1957. After his early professional experiences as sales supervisor for companies operating in the information technology industry, in 1986 he founded Micromax, serving as the company's Chairman.

Today Mr. Rota is the **Vice Chairman** and **Chief Executive Officer** of Esprinet.

Alessandro Cattani, was born in Milan on 15 August 1963. After completing his first degree in electronic engineering, he earned a management Master ("CEGA") at the Bocconi University in Milan.

From 1990 to 2000 Mr. Cattani worked on the development of management consulting projects and he currently serves Esprinet as **Chief Executive Officer.**

Name	Position	Executive	Ind.	Strategy Committee	Control and risks Comm.	Remuneration and Appointment Comm.	Competitiveness and sustainability Comm.
Francesco Monti	Chairman	X		X			
Maurizio Rota	Deputy Chairman and CEO	X		X			
Alessandro Cattani	CEO	X		X			X
Valerio Casari	Director & CFO	X					X
Matteo Stefanelli	Director			X			X
Tommaso Stefanelli	Director			X			X
Marco Monti	Director			X			
Mario Massari	Director		X		X	X	
Andrea Cavaliere	Director						
Chiara Mauri	Director		X		X	X	
Cristina Galbusera	Director		X		X	X	
Emanuela Prandelli	Director		X				

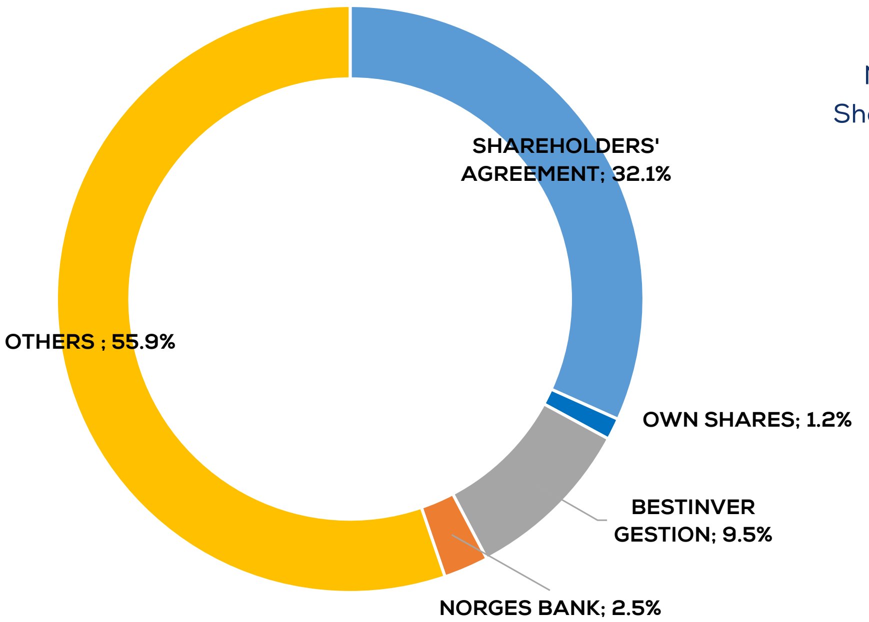
Shareholders' agreement ensures long-term stability

On February 24 2016, the here below mentioned people entered into a shareholders' agreement with effectiveness and validity **until February 22 2019**.
The Agreement indicates no. 16,819.135 Esprinet S.p.A. ordinary shares out of 52,404,340 totaling ~36% of share capital.

The following table shows the parties to the Agreement and gives a separate indication of no. of ordinary shares which are transferred to
the Agreement.

Shareholder	N° ordinary shares locked-up	% on total issued shares	% on total locked-up shares
TOTAL	16,819.135	32.095%	100,000%
Francesco Monti	8.232.070	15,709%	48.945%
Paolo Stefanelli	3,900,000	7.442%	23.188%
Tommaso Stefanelli	750,000	1.431%	4.459%
Matteo Stefanelli	750,000	1.431%	4.459%
Maurizio Rota	2.652.458	5.010%	15.610%
Alessandro Cattani	561.607	1.072%	3.339%

Shareholders' base and active brokers



Italian Stock Exchange (PRT)
Number of shares: 52.4 million
Shares trading 30d avg vol: 113K

IMI (Intesa San Paolo)	Marta Caprini
Intermonte	Alberto Villa
Twice Sim	Lucia Saluzzi

Source: Factset, March 2016

Esprinet S.p.A. Social Responsibility Report: key metrics

-13%
Electricity consumption
2014 vs 2013

LEED Platinum
Certification
for the environmental sustainability of the administrative building

-57%
Natural gas consumption
2014 vs 2013

147 events
on the territory
attended by 4.800 customers

2015 Target
100% energy from renewable sources

Integrated management system
Quality, Environment, Health and Safety

626
workforce employees

46%
of new recruits in 2014 aged under 30 years

88%
Employees involved in the work performance appraisal process

54%
female representation

Source: Esprinet S.p.A. 2014 Corporate Social Responsibility Report

The industry

- ✓ The industry at a glance
- ✓ Description of the Electronic Supply Chain as of today
- ✓ Products’ share and key suppliers
- ✓ Customers: clusters and needs
- ✓ Competitors: who they are
- ✓ Common industry policies
  - Stock protection
  - Factoring and credit insurance policies
  - Margin dynamics
  - Disintermediation
  - Impact of Cloud Computing

The industry at a glance

MULTY CHANNEL GO-TO-MARKET ROUTE

A three-arms industry (direct, first tier, second tier)

Consolidation at suppliers' level widening distributors' scope

DIFFERENT NEEDS OF SUPPLIERS AND CUSTOMERS

Emerging vendors and mature vendors need distributors

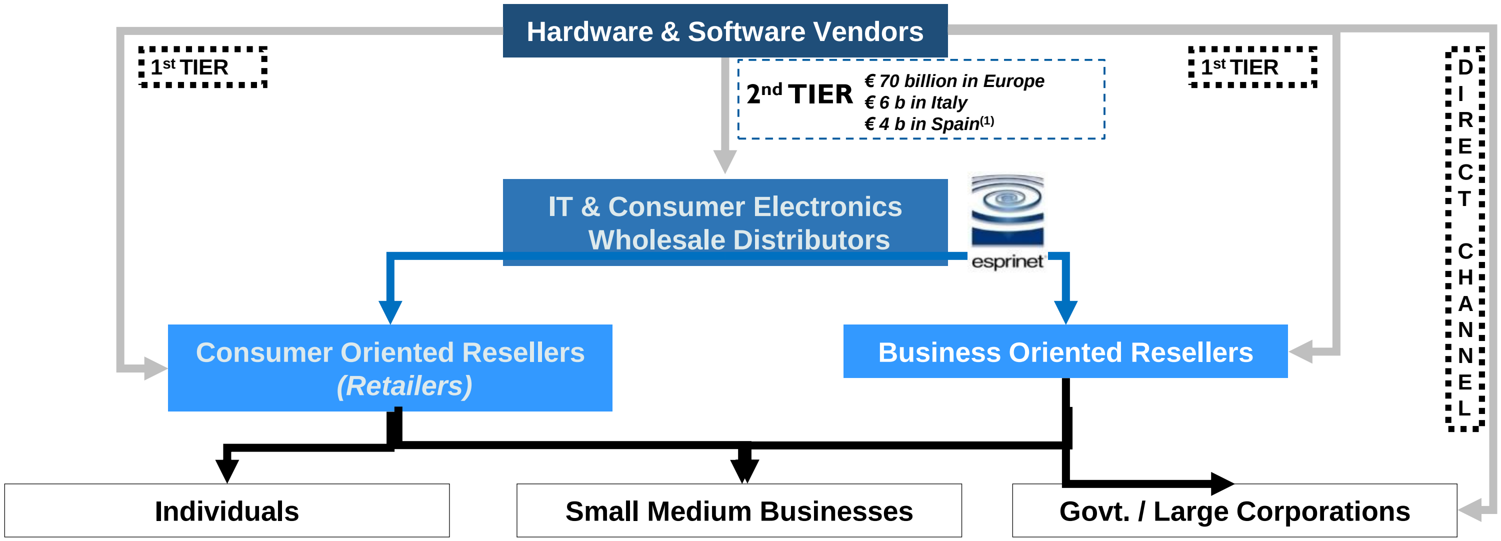
Corporate and Consumer resellers need knowledge, credit, logistics

A CONSOLIDATED SET OF PROCEDURES AND RULES

Official distributors enjoy the stock protection scheme by vendors

Disintermediation and cloud more opportunities than risks so far

The Electronic Supply Chain



- **Direct Channel:** from vendors to large corporations/government **(15-25% of total addressable market[1])**
- **1st tier:** from vendors to big resellers **(25-35% of total addressable market)**
- **2nd tier: from distributors to resellers (~50% of total addressable market)**

[1] Company elaboration on 2015 distribution data

Role of distributors: Support depends on suppliers' "maturity" in the market

VENDORS

CONSOLIDATED VENDORS
- Direct salesforce present in the market
- Well-known brand: certified and loyal customer base
- Large amount of business

EMERGING VENDORS
- Limited presence in the mkt: mkt coverage is delegated to distributors
- Limited brand awareness
- Small amount of business

DISTRIBUTORS

CUSTOMERS

- Big Retailers (i.e. MediaMarket, Amazon, Unieuro, Euronics)
- Small Retailers (small chains with no direct contact with vendors)
- Retailers specialized in Mobility (Telco shops/indipendent chains)
- Retailers specialized in CE (i.e. Apple/Videogame specialists)
- Resellers specialized in Consumables (i.e. office supplies)
- "Datacenter volume" reseller (server, storage and networking)
- "Datacenter value" reseller (software and niche products)
- IT reseller (traditional IT reseller supplying SME with IT Clients)

ROLE OF DISTRIBUTORS
EXPECTED FROM VENDORS

PROMOTING EMERGING TECHNOLOGIES
- Distributors need to quickly identify resellers interested in new technologies. A broad market coverage and a deep understanding of customer business model is key to success

PROMOTING A VENDOR NOT PRESENT IN CLIENT PORTFOLIO
- Vendors need the distributors to enlarge customer base in which vendor is present

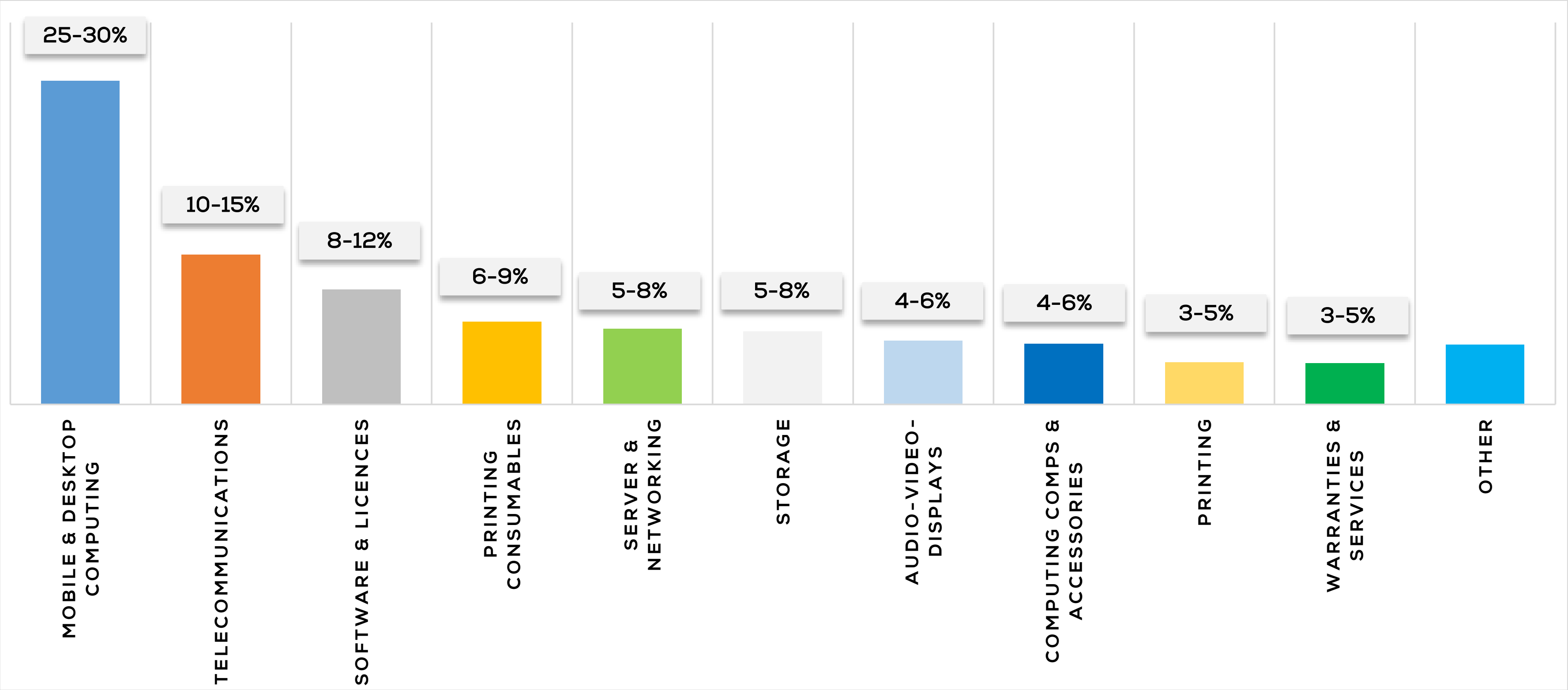
FULFILL PARTNERSHIP AGREED BETWEEN VENDORS AND RETAILERS
- Sometimes big and consolidated vendors negotiate directly with retailers. In this case, distributors need to manage stock and credit risk and are rewarded with extra-discounts or granted a privileged position on other bids

…addressing different suppliers' needs

	CONSOLIDATED VENDORS	EMERGING VENDORS
PROMOTING EMERGING TECHNOLOGIES	• **Limited role of distributors** linked to presence of vendor's direct salesforce • Support from distributors needed on specific channels (retailers specialized in CE and "Datacenter value" reseller)	• Not being well known in the market and not having a direct salesforce, emerging vendors usually **expect distributors to support them** in promoting new technologies with **big retailers and retailers specialized in CE**
PROMOTING A VENDOR NOT PRESENT IN CLIENT PORTFOLIO	• Vendor brand is already well known and its **direct salesforce already covers large accounts** (big retailers and resellers specialized in consumables) • Support from **distributors** is expected in the **other channels** (small retailers, datacenter resellers,…)	• They need a **significant support from distributors in identifying a customer base** that could vehicle their products to final customers and help them increasing their business in the market
FULFILL PARTNERSHIP AGREED BTW VENDORS AND RETAILERS	• Given the large amount of business in the market, they need support from distributors in terms of **managing credit lines and stock**	• Emerging vendors do not usually have direct partnerships with retailers / resellers
MAIN DISTRIBUTORS ACTIVITIES	• **Support the vendor in logistics and credit management** • **Ensure coverage in most fragmented channels**	• **Support the commercial expansion and provide technical support to counter vendors' lack of direct presence on the field**

Source: Internal Company data

Main product categories of UE distributors' sales mix



Source: Company elaboration on 2015 Context Wholesale Distribution data. Suppliers' logos are pure examples.

Addressing different needs of a fragmented set of customers

An enormous product range with a relatively short lifecycle needs **people** able to manage **complexity**, tight **cost control, financial** strength to serve **a large and fragmented number of customers**

Pro-active sales & marketing

Pro-active sales & marketing

Product & technical expertise

Demand and logistics management

Stock availability/fullfilment

Stock bundling/returns management

Corporate Reseller

SMB Reseller

Retailers

E-tailers

International Peers

Ingram Micro (IM-US):	global wholesale technology distributor (€ ~40 billion revenue in 2015), headquartered in U.S.. ~48% of sales in Americas, 31% Europe. Competing with Esprinet in Italy and Spain. Recently entered Into agreement to be acquired By Tianjin Tianhai to become a part of HNA Group.
Tech Data (TECD-US):	European + American wholesale technology distributor (€ ~24 billion revenue in 2015). ~64% of sales in Europe, 36% Americas. Competing with Esprinet in Italy and Spain. In FY 2015 its European operation grew +8% on a constant currency basis.
Synnex (SNX-US):	American + Asian wholesale technology distributor (€ ~12 billion revenue in 2015). ~85% of sales in Americas, 15% Asia. Not competing with Esprinet.
Also (ALSN-CH):	European wholesale technology distributor (€ ~8 billion revenue in 2015), headquartered in Germany. 70% of sales in Germany and Switzerland. Not competing with Esprinet in Italy and Spain. In FY 2015 sales -5% vs FY 2014
Exertis (DCC-GB Group):	Part of a Group headquartered in Ireland and engaged in different businesses. € ~3 billion revenue in 2015 +4%; #1 in U.K. and Ireland (80% of sales), active also in France, Sweden, Netherlands. Ten largest customers accounted for ~40% of 2015 sales. #4 largest distri in Europe
Asbis (ASB-PL):	Wholesale information technology distributor in Europe and Former Soviet Union. € ~1 billion revenue in 2015 ~50% in Central and Eastern Europe, 30% in Former Soviet Union, 13% in Middle East and Africa.
Adveo (ADV-ES):	Supplies, stationery ad consumables wholesale distributor, based in Madrid. € ~0.9 billion revenue in 2015 44% of sales in France, 20% Germany, competing with Esprinet in Italy (9% of sales) and Spain (19%).

Common industry policies: **Stock Protection**

Vendors routinely offer to Distributors different contractual schemes to shield the economic risks of their inventories.

«Stock Protection Clause»

The first and most common of such schemes is the so called «Stock Protection Clause», a rather common contractual agreement provided by the vast majority of Vendors to Distributors

Under this contractual agreement, the Vendor assumes the risk of inventory devaluation arising from purchase list price reductions planned by the Vendor itself. This scheme is particularly important given the intrinsic historical deflationary trend in the Information Technology & Consumer Electronics industry.

This clause typically provides a contractual protection for 30 up to 60 days from receipt of the goods in the warehouse of the Distributor

During such contractual period, the Vendor undertakes to reimburse, by issuing so called «Stock Protection Credit Notes», the loss of stock value incurred by the Distributor on the products in stock in the moment the same products are made available for purchase by the Vendor at a new, lower, purchase list price.

This mechanism is normally available for official distributors only and therefore gives a specific competitive advantage against local small subdistributors, which normally have no access to such protection schemes.

Factoring and credit insurance policies

A strict credit management policy provides mitigation to risks associated to Trade Receivables:

All customers undergo strict credit checks based on a number of factors including their historical financial performance, their history, the management quality as well as payment performance with the market and with our Group. The output of this credit check is a credit scoring index for each customer.

Sales teams request credit lines based on expected volumes, payment terms and seasonality. The Credit Department grants credit lines depending on the credit scoring as well as the level of risk mitigation available. If Credit limits are exceeded then customers are placed in credit hold and no further sales are allowed.

The Group utilizes multiple top-rated Credit Insurance Companies shielding the risk of default of debtors with deductibles typically between 10% to 15% of the insured value.

As an alternative, trade receivables might be sold "without-recourse" to factoring entities, typically major commercial banks but sometimes Vendor financing companies as well. When factoring happens, being a true-sale, no deductibles are involved and the credit risk is entirely transferred to the factoring company

Sometimes the Group takes some risk on its books by issuing a Credit Limit that exceeds the value of the Credit Insurance coverage.

All trade receivables that are not insured or sold to factoring companies are netted by specific bad-debts provisions which are set aside in case of delinquency over specific number of days or in case of realized or expected default of the debtor

Factoring and Securitization of Trade Receivables are both used **to reduce the level of credit risk**, when Credit Insurance is not available, as well as a way **to manage credit collection**

Trade receivables that are sold to a factoring company or to the conduit of the Securitization Program are deconsolidated from the Balance Sheet. The cost of the factoring or securitization is split into the financing cost, which is deducted from the Gross Profit and the credit insurance cost, which is charged to the SG&A The Factoring program is typically a recurring program on selected top-rated Retailers and Corporate Resellers

The Securitization of Trade Receivables is a recurring program typically aimed at small and mid-sized reseller with medium to high average credit standing

When a true-sale of receivables happens under the Factoring or Securitization programs, the DSO of these programs is typically 10 to 15 days, the average time to sell the receivables and cash the proceedings from the factoring companies. This means that a higher level of sales to Retailers or Corporate Resellers, that typically would imply a higher DSO, effectively converts into proportionally lower Gross Profit Margins and higher SG&A because of the commissions paid to factoring or securitization, and in a lower DSO because of the reduced amount of receivables in the balance sheet.

Gross Profit Dynamics

Gross Profit is a key metric of the industry and typically are a function of a number of factors:

Product categories

Commoditized product categories, such as Notebooks, typically allow for lower Gross Profits Margins as compared to product where a lot of sales efforts are needed to convince customers on selling or using them, or products that need a lot of technical expertise to be sold such as the case of many datacentre products;

Vendor relative strength

Highly known vendors with a strong brand recognition tend to provide less Gross Profit Margins than vendors that are in a less developed stage of their journey towards brand recognition

Vendors that have a strong market share within a Distributor or a generic strong impact on its overall performance typically provide less Gross Profit margins than Vendors that have no major impact on the Distributor;

Customer relative strength

Customers with a strong position in the market, such as the largest retailers or Corporate Resellers, typically get better pricing and therefore allow for lower Gross Profit Margins;

Customer Payment terms

Customers with long payment terms typically are factored and therefore the DSO is reduced but the factoring cost partially impacts the Gross Profit margins reducing them;

Vendor Payment terms

Vendors provide cash discounts for shorter payments. In case of shorter DPOs you might get higher Gross Profit %;

Market Development Funds or Co-Marketing funds

Most Vendors allocate at Country level marketing funds available for most effective marketing distributor's program

Size matters and market coverage as well, and that is one of the key reasons for achieving scale in each geography, so that a larger proportion of these marketing funds is achieved and lower marketing costs incurred.

Disintermediation

In the last 20 years, Vendors of IT progressively moved from a "Direct Only" to a "Hybrid" or even "Indirect Only" business model

Vendors use Distributors for multiple reasons:

- **Reduction of distribution fixed cost**: in a market where many product categories are now mature and tend to evolve in line with the GDP of the country, Vendors prefer more and more a variable cost structure rather than taking the risk of running on high fixed cost.
- **Buffering stock**: vendors typically source products from factories located in Far East Asia, with long lead times. In their quest for efficiency, they normally centralized their warehousing and logistic capabilities in few places and therefore need local warehousing capability for both logistic efficiency as well as for providing good service levels to Resellers and End-Customers.
- **Credit lines**: Vendors typically provide standard credit lines to customers across geographies, but need somebody to manage the different credit needs of different customer categories in different geographies. Many Vendors centralized credit collection and therefore are simply unable to manage credit collection in multiple regions with tens of thousands of different customers.
- **Marketing capability**: Vendors sometimes outsource to Distributors some demand generation activities or some new-partners recruiting activities, trusting on the economies of scale of such activities provided by major distributors
- Resellers and Retailers use Distributors for multiple reasons:
- Most of the resellers no longer manages a physical warehouse, relying on Distributors for warehousing and shipping directly to their end-customers
- Retailers use Distributors as a one-stop-shopping opportunity on certain accessories or minor product categories
- Retailers use Distributors, in conjunction with Vendors, in "Fulfilment deals" in which the Distributor is mostly a passive actor that manages credit collection and logistic services for a pre-defined margin
- E-Tailers use Distributors as a one-stop-shopping for the "Long Tail" of products

A similar trend towards a "Distributor Friendly" environment is now under development with Consumer Electronics product categories such as Smartphones and White Goods.

Smartphone manufacturers, in particular, historically moved large quantities of products through Telecom Carriers, which were subsidising the handsets in order to sell their voice and data contracts. These subsidies are under constant reduction in most Western countries and Vendors are moving aggressively to Distributors in order to find a more effective and efficient way to distribute their products.

Impact of Cloud Computing

Cloud Computing, both in the form of Infrastructure as a Service (IaaS) as well as Software as a Service (SaaS) is a major force reshaping the Datacenter landscape.

More and more Distributors will act as aggregators of IaaS and SaaS contracts from multiple providers, effectively moving from a logistic of “atoms” provided by their warehouses to a logistic of “bits” provided by their IT systems.

Selling IaaS and SaaS contracts will reduce the impact of working capital needs, because no physical goods must be purchased and stocked, and will add predictability to the Distributor revenues as these Cloud Contracts cause a stream of recurring revenues on multi period agreements.

Latest updates

- The overview
- Recent market performance
- The market going forward
- Esprinet’s recent performance
- The acquisition of EDSLan in Italy

Latest updates

INNOVATION SUSTAINING POSITIVE SECULAR TRENDS

Short term: 2016 IT Spending +1% in Europe vs 2015

Distributors growing more than the others, even boosted by iPhone

ESPRINET TO GROW ITS MARKET SHARE IN ITALY AND SPAIN

Undisputed #1, 2pts gained - almost 2x larger than #2

Approaching #2 position, 0.5 share pts despite lack of iPhone distribution

POSITIVE 2015 RESULTS, EDSLAN ACQUSITION TO TRIGGER V-VALLEY

Sales growth +18%, Earning per share +13%

Acquisition of EDSLan consistent with Group's focalization strategy

2015 European Distribution channel data

Y-o-Y by country	ott-15	nov-15	dic-15	1H 2015 vs 1H14	4Q15vs 4Q14	2H 2015 vs 2H14	FY15 vs 14
Total	***4.2%***	***15.7%***	***7.6%***	***7.1%***	***9.0%***	***8.5%***	***7.9%***
Germany	*-4.0%*	*11.4%*	*7.2%*	*-3.6%*	*4.8%*	*4.5%*	*0.7%*
UK & Ireland	*6.4%*	*21.7%*	*14.3%*	*10.8%*	*14.0%*	*12.8%*	*11.9%*
France	*7.6%*	*15.5%*	*10.1%*	*10.7%*	*10.9%*	*10.6%*	*10.7%*
Italy	***10.9%***	***19.1%***	***0.7%***	***13.2%***	***9.5%***	***9.3%***	***11.1%***
Spain	***16.8%***	***32.4%***	***3.7%***	***20.4%***	***15.6%***	***17.2%***	***18.6%***
Sweden	*10.4%*	*16.7%*	*5.6%*	*17.7%*	*10.4%*	*8.9%*	*12.8%*
Switzerland	*11.1%*	*29.9%*	*8.2%*	*6.7%*	*14.9%*	*10.1%*	*8.4%*
Poland	*-2.0%*	*6.4%*	*5.4%*	*-1.8%*	*3.4%*	*2.4%*	*0.5%*
Belgium	*10.9%*	*11.2%*	*8.3%*	*9.7%*	*9.9%*	*7.6%*	*8.6%*
Denmark	*4.9%*	*2.8%*	*8.2%*	*14.1%*	*5.8%*	*5.6%*	*9.4%*
Austria	*-6.1%*	*-1.8%*	*-3.8%*	*10.7%*	*-3.9%*	*-1.3%*	*4.0%*
Czech Republic	*5.1%*	*23.7%*	*16.9%*	*19.7%*	*15.7%*	*14.2%*	*16.5%*
Finland	*-0.9%*	*13.7%*	*16.8%*	*-0.2%*	*10.4%*	*8.4%*	*4.3%*
Portugal	*-8.3%*	*-4.2%*	*9.0%*	*0.3%*	*-1.0%*	*-2.5%*	*-1.2%*
Norway	*9.5%*	*-12.2%*	*-7.4%*	*6.9%*	*-4.1%*	*5.5%*	*6.1%*
Slovakia	*1.2%*	*21.2%*	*-14.8%*	*-3.0%*	*1.2%*	*0.1%*	*-1.3%*

- ✓ The Panel covers so far around € 60 billion revenue, with the German market ranking first, U.K. second, Italy third preceding France
- ✓ While in the first half the European distributors grew by +7%, in the second half they increased to +9% mainly thanks to the recovery of Germany, which grew to +5% of the second half from the -4% of the first one.

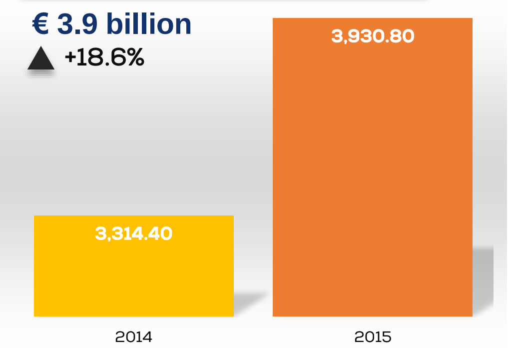
Source: Context, January 2016

Distributors' performance and Esprinet Share: Spanish and Italian main results

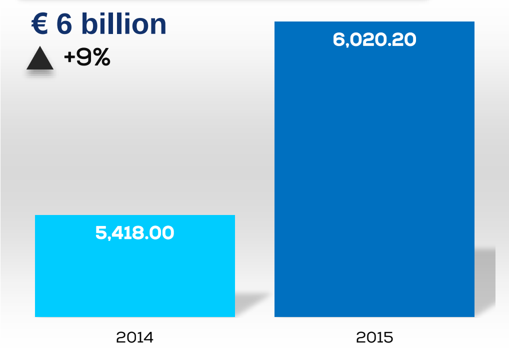
- Spain ranked in the first place as per sales growth among the European countries;
- Best performing product macro-categories were TLCs (mainly smartphones), growing by +30%, followed by software (+25%) and mobile computing (i.e. notebook) increasing by +6%, hence maintaining its leadership (24%) in distributors' sales mix;
- Looking at vendors - Bulls: Apple, Lenovo and Hewlett Packard; Bears: IBM and Samsung;
- **Esprinet Iberica grew its market share by +0.5 pts,** hence getting close to the second position within the national distributors' ranking, **despite lacking the Apple iPhone distribution contract**, which also influenced the positive results of the Panel.

- The Italian distributors grew by +9% in 2H compared to the 2H2015, following the +13% of 1H. Result pushed by TLCs (+81%) which, thanks to smartphones, triggered the category to #1 place of distributors' sales mix, overtaking mobile computing;
- **Smartphones weighted more than 80% of Panel's growth: net of smartphones**, the Italian distribution grew by **+2%**.
- Looking at vendors – Bulls: Apple, Lenovo, Dell and Cisco; Bears: Samsung, Acer and Toshiba
- **Esprinet Italy market share, by far the #1 in the ranking, furtherly increased by almost +2 pts**, mainly in Retailers' cluster

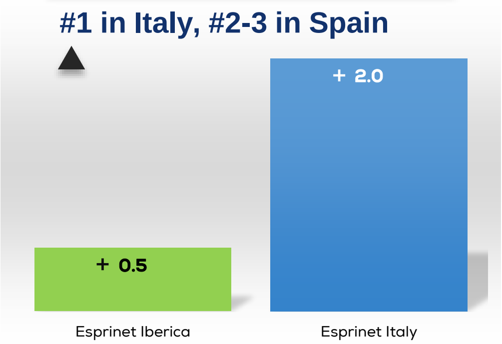
Spanish panel



Italian panel



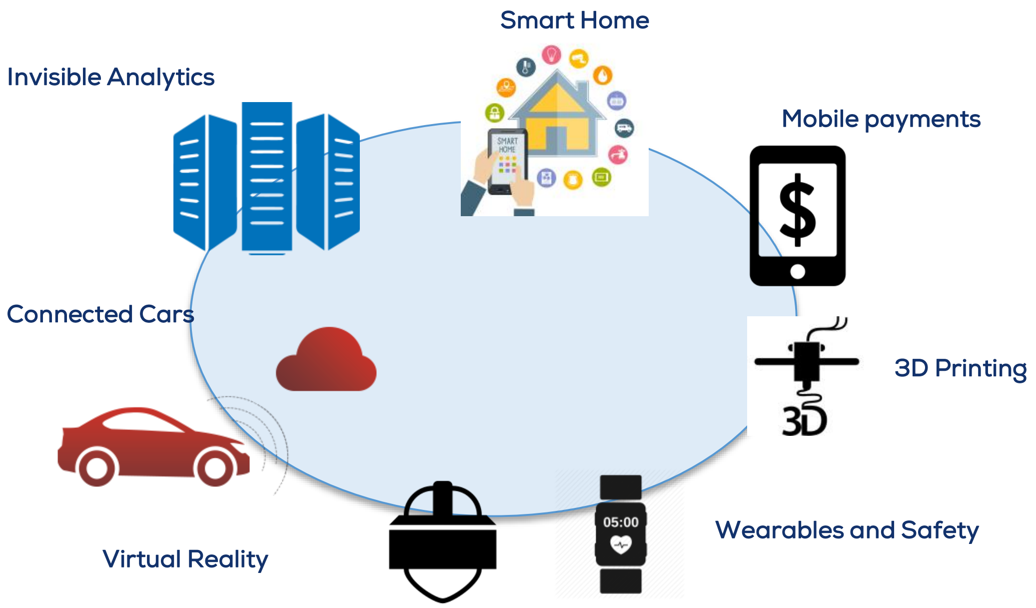
Market Share Var. vs 2014



Innovation pipeline supports the long term, while 2016 IT spending will see a low single digit growth

2016 WW **IT Spending** expected at +2%*, reaching $ 2,300 billion. Even addig TLCs, growth is expected at +2%.
Europe is expected to grow +1%, a deceleration compared to +5% of 2015 vs 2014.

European IT spending should be positively influenced by corporate investments in cloud services.



*Source: IDC 2016, estimates on a constant currency basis
Source: "Undestanding the driving forces behind the connected consumer", Tech Trends 2016, GFK January 2016

2015 Group main results

Consolidated revenue equal to € 2,693.9 million showed an increase of +18% (€ 402.8 million) compared to 2014. In the fourth quarter sales increased by +18% compared to the same period of the previous year (from € 755.8 million to € 888.4 million);

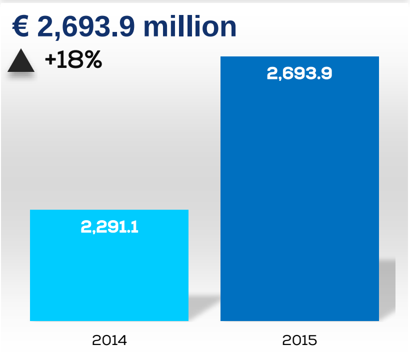
Consolidated operating income (EBIT) as at 31 December 2015, equal to € 46.5 million, showed an increase of +13% compared to 2014. Sales margin, equal to 1.72%, showed a light decrease compared to 1.79% of 2014 and highlighted a recovery in the gross margin decrease, as consequence of a lower operating costs weight, the latter decreased to 4.09% from 4.40%. In the fourth quarter, EBIT equal to € 18.1 million, increased by +8% (€ 1.3 million) compared to the fourth quarter 2014, with an EBIT margin decreased from 2.22% to 2.04%;

Consolidated net financial position as at 31 December 2015, was positive by € 186.1 million. 'Without-recourse' factoring programs referring to the trade receivables and of the corresponding securitization program.

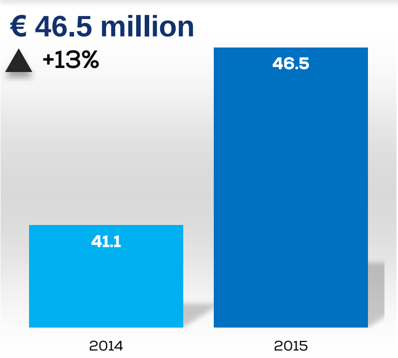
Taking into account other technical forms of cash advances other than '*without-recourse assignment*', but showing the same effects – such as '*confirming*' used in Spain –, the overall impact on financial debt was approx. € 278 million as at 31 December 2015 (approx. € 193 million as at 31 December 2014);

Consolidated net equity as at 31 December 2015 equal to € 298.4 million, showed an increase of € 23.5 million compared to € 274.9 million as at 31 December 2014

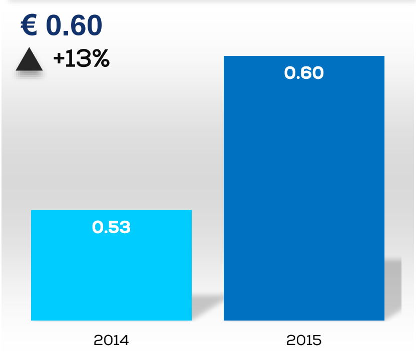
Revenue



Operating Income (EBIT)



Earning per share



2015 Group main results

		12 months						Q4					
(euro/000)	**notes**	**2015**	**%**	**2014**	**notes**	**%**	***%var. 15/14***	**2015**	**%**	**2014**	**notes**	**%**	***%var. 15/14***
Profit & Loss													
Sales		2,693,932	100.0%	2,291,141		100.0%	18%	888,415	100.0%	755,758		100.0%	18%
Gross profit		156,768	5.8%	141,836		6.2%	11%	47,745	5.4%	45,549		6.0%	5%
EBITDA	(1)	50,518	1.9%	45,139		2.0%	12%	19,177	2.2%	18,264		2.4%	5%
Operating income (EBIT)		46,457	1.7%	41,086		1.8%	13%	18,101	2.0%	16,773		2.2%	8%
Profit before income tax		42,410	1.6%	39,100		1.7%	8%	17,132	1.9%	16,144		2.1%	6%
Net income		30,827	1.1%	26,813		1.2%	15%	13,071	1.5%	9,463		1.3%	38%
Financial data													
Cash flow	(2)	34,166		30,080									
Gross investments		5,737		3,593									
Net w orking capital	(3)	22,616		58,627									
Operating net w orking capital	(4)	34,530		77,431									
Fixed assets	(5)	101,106		98,058									
Net capital employed	(6)	112,296		144,588									
Net equity		298,364		274,872									
Tangible net equity	(7)	222,452		198,605									
Net financial debt	(8)	(186,068)		(130,284)									
Main indicators													
Net financial debt / Net equity		(0.6)		(0.5)									
Net financial debt / Tangible net equity		(0.8)		(0.7)									
EBIT / Finance costs - net		11.4		20.7									
EBITDA / Finance costs - net		12.3		22.7									
Net financial debt/ EBITDA		(3.7)		(2.9)									
Operational data													
N. of employees at end-period		1,016		969									
Avarage number of employees	(9)	993		972									
Earnings per share (euro)													
- From continuing operations - basic		0.60		0.51			18%	0.25		0.20			25%
- Basic		0.60		0.53			13%	0.25		0.18			39%
- From continuing operations - diluted		0.60		0.50			20%	0.25		0.19			32%
- Diluted		0.60		0.52			15%	0.25		0.18			39%

FY 2015 and Fourth Quarter Profit & Loss

(euro/000)	12 months 2015	%	12 months 2014	%	Var.	Var. %
Sales	**2,693,932**	**100.00%**	**2,291,141**	**100.00%**	**402,791**	***18%***
Cost of sales	(2,537,164)	-94.18%	(2,149,305)	-93.81%	(387,859)	*18%*
Gross profit	**156,768**	**5.82%**	**141,836**	**6.19%**	**14,932**	***11%***
Sales and marketing costs	(43,955)	-1.63%	(38,381)	-1.68%	(5,574)	*15%*
Overheads and administrative costs	(66,356)	-2.46%	(62,369)	-2.72%	(3,987)	*6%*
Operating income (EBIT)	**46,457**	**1.72%**	**41,086**	**1.79%**	**5,371**	***13%***
Finance costs - net	(4,040)	-0.15%	(1,987)	-0.09%	(2,053)	*103%*
Other investments expenses / (incomes)	(7)	0.00%	1	0.00%	(8)	*-800%*
Profit before income taxes	**42,410**	**1.57%**	**39,100**	**1.71%**	**3,310**	***8%***
Income tax expenses	(11,583)	-0.43%	(13,413)	-0.59%	1,830	*-14%*
Profit from continuing operations	**30,827**	**1.14%**	**25,687**	**1.12%**	**5,140**	***20%***
Income/(loss) from disposal groups	-	0.00%	1,126	0.05%	(1,126)	*-100%*
Net income	**30,827**	**1.14%**	**26,813**	**1.17%**	**4,014**	***15%***
Earnings per share - continuing operations	0.60		0.51		0.09	*18%*
Earnings per share - basic (euro)	0.60		0.53		0.07	*13%*

(euro/000)	Q4 2015	%	Q4 2014	%	Var.	Var. %
Sales	**888,415**	**100.00%**	**755,758**	**100.00%**	**132,657**	***18%***
Cost of sales	(840,670)	-94.63%	(710,209)	-93.97%	(130,461)	*18%*
Gross profit	**47,745**	**5.37%**	**45,549**	**6.03%**	**2,196**	***5%***
Sales and marketing costs	(11,879)	-1.34%	(11,121)	-1.47%	(758)	*7%*
Overheads and administrative costs	(17,765)	-2.00%	(17,655)	-2.34%	(110)	*1%*
Operating income (EBIT)	**18,101**	**2.04%**	**16,773**	**2.22%**	**1,328**	***8%***
Finance costs - net	(969)	-0.11%	(653)	-0.09%	(316)	*48%*
Other investments expenses / (incomes)	-	0.00%	24	0.00%	(24)	*-100%*
Profit before income taxes	**17,132**	**1.93%**	**16,144**	**2.14%**	**988**	***6%***
Income tax expenses	(4,061)	-0.46%	(5,963)	-0.79%	1,902	*-32%*
Profit from continuing operations	**13,071**	**1.47%**	**10,181**	**1.35%**	**2,890**	***28%***
Income/(loss) from disposal groups	-	0.00%	(718)	-0.10%	718	*-100%*
Net income	**13,071**	**1.47%**	**9,463**	**1.25%**	**3,608**	***38%***
Earnings per share - continuing operations	0.25		0.20		0.05	*25%*
Earnings per share - basic (euro)	0.25		0.19		0.06	*32%*

FY 2015 Profit & Loss by Country

(euro/000)	12 months 2015	%	12 months 2014	%	Var.	Var. %
Sales to third parties	1,997,858		1,689,587		308,271	*18%*
Intercompany sales	42,871		43,901		(1,030)	*-2%*
Sales	**2,040,729**		**1,733,488**		**307,241**	***18%***
Cost of sales	(1,914,735)		(1,616,960)		(297,775)	*18%*
Gross profit	**125,994**	**6.17%**	**116,528**	**6.72%**	**9,466**	***8%***
Sales and marketing costs	(37,825)	-1.85%	(33,112)	-1.91%	(4,713)	*14%*
Overheads and administrative costs	(54,217)	-2.66%	(50,252)	-2.90%	(3,965)	*8%*
Operating income (EBIT)	**33,952**	**1.66%**	**33,164**	**1.91%**	**788**	***2%***

(euro/000)	12 months 2015	%	12 months 2014	%	Var.	Var. %
Sales to third parties	696,075		601,554		94,521	*16%*
Intercompany sales	-		-		-	*0%*
Sales	**696,075**		**601,554**		94,521	***16%***
Cost of sales	(665,251)		(576,161)		(89,090)	*15%*
Gross profit	**30,824**	**4.43%**	**25,393**	**4.22%**	**5,431**	***21%***
Sales and marketing costs	(6,058)	-0.87%	(4,924)	-0.82%	(1,134)	*23%*
Overheads and administrative costs	(12,233)	-1.76%	(12,471)	-2.07%	238	*-2%*
Operating income (EBIT)	**12,533**	**1.80%**	**7,998**	**1.33%**	**4,535**	***57%***

2015 Balance Sheet

(euro/000)	31/12/2015	%	31/12/2014	%	Var.	*Var. %*
Fixed assets	101,106	90.04%	98,058	67.82%	3,047	*3%*
Operating net w orking capital	34,530	30.75%	77,431	53.55%	(42,901)	*-55%*
Other current assets/liabilities	(11,914)	-10.61%	(18,804)	-13.00%	6,890	*-37%*
Other non-current assets/liabilities	(11,426)	-10.17%	(12,098)	-8.37%	672	*-6%*
Total uses	**112,296**	**100.00%**	**144,588**	**100.00%**	**(32,292)**	***-22%***
Short-term financial liabilities	29,110	25.92%	20,814	14.40%	8,296	*40%*
Current financial (assets)/liabilities for derivatives	280	0.25%	51	0.04%	229	*449%*
Financial receivables from factoring companies	(2,510)	-2.24%	(690)	-0.48%	(1,820)	*264%*
Customers financial receivables	(507)	-0.45%	(506)	-0.35%	(1)	*0%*
Cash and cash equivalents	(280,089)	-249.42%	(225,174)	-155.74%	(54,915)	*24%*
Net current financial debt	(253,716)	-225.94%	(205,505)	-142.13%	(48,211)	*23%*
Borrow ings	65,138	58.01%	68,419	47.32%	(3,281)	*-5%*
Debts for investments in subsidiaries	4,982	4.44%	9,758	6.75%	(4,776)	*-49%*
Non-current financial (assets)/liab. for derivatives	224	0.20%	128	0.09%	96	*75%*
Customers financial receivables	(2,696)	-2.40%	(3,085)	-2.13%	388	*-13%*
Net financial debt (A)	(186,068)	-165.69%	(130,284)	-90.11%	(55,784)	*43%*
Net equity (B)	298,364	265.69%	274,872	190.11%	23,492	*9%*
Total sources of funds (C=A+B)	**112,296**	**100.00%**	**144,588**	**100.00%**	**(32,292)**	***-22%***

2015 Cash Flow statement

(euro/000)	12 months 2015	12 months 2014
Cash flow provided by (used in) operating activities (D=A+B+C)	**74,021**	**3,872**
Cash flow generated from operations (A)	**50,444**	**46,324**
Operating income (EBIT)	46,457	41,086
Net income from disposal groups	-	1,533
Depreciation, amortisation and other fixed assets w rite-dow ns	3,339	3,267
Net changes in provisions for risks and charges	(112)	(36)
Net changes in retirement benefit obligations	(316)	(439)
Stock option/grant costs	1,076	913
Cash flow provided by (used in) changes in working capital (B)	**38,910**	**(29,587)**
Inventory	(51,139)	(34,785)
Trade receivables	24,585	(54,006)
Other current assets	(8,050)	(3,954)
Trade payables	69,559	54,266
Other current liabilities	3,955	8,892
Other cash flow provided by (used in) operating activities (C)	**(15,333)**	**(12,865)**
Interests paid, net	(1,037)	446
Foreign exchange (losses)/gains	(1,470)	(1,239)
Net results from associated companies	(10)	(7)
Gain on Monclick disposal	-	(2,452)
Comprel w rite - dow n	-	1,610
Income taxes paid	(12,815)	(11,223)
Cash flow provided by (used in) investing activities (E)	**(14,747)**	**638**
Net investments in property, plant and equipment	(4,705)	(2,606)
Net investments in intangible assets	(138)	(769)
Changes in other non current assets and liabilities	(3,117)	643
Celly business combination	(1,990)	(12,336)
Monclick selling	-	2,787
Net assets disposal group - Comprel	-	12,919
Ow n shares acquisition	(4,797)	-
Cash flow provided by (used in) financing activities (F)	**(4,360)**	**43,771**
	15,000	67,000
Medium/long term borrow ing	(1,707)	(13,274)
Net change in financial liabilities	(9,796)	(7,370)
Net change in financial assets and derivative instruments	(1,108)	2,583
Deferred price Celly acquisition	(4,776)	9,758
Option on 40% Celly sharesd	4,913	(9,691)
Dividend payments	(6,403)	(4,559)
Increase/(decrease) in 'cash flow edge' equity reserve	(175)	(341)
Changes in third parties net equity	(308)	(335)
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**54,915**	**48,281**
Cash and cash equivalents at year-beginning	**225,174**	**176,893**
Net increase/(decrease) in cash and cash equivalents	**54,915**	**48,281**
Cash and cash equivalents at year-end	**280,089**	**225,174**

‘Vertical’ M&a activity: EDSLan acquisition to reinforce V-Valley distribution

Target description	EDSLan, the 11th largest Italian distributor in 2015[1], was founded in 1988, headquartered in Vimercate (Italy) with another 8 branch offices, 94 employees plus around twenty sales agents and consultants, serving more than 2,900 resellers. Preliminary 2015 sales were about € 72.1 million, with EBITDA of € 2.2 million[2] and invested capital of € 17.4 million as of December 31st 2015[3].
Product Portfolio	Leading distributor of networking, cabling, Voip and UCC-Unified Communication & Collaboration products. Main suppliers include Hewlett Packard Enterprise Networking, Aruba Networks, Huawei Enterprise, Brocade Networks, Alcatel-Lucent Enterprise, Watchguard, Allied Telesis Panduit, CommScope, Audiocodes and Panasonic.
Terms of the operation	Binding agreement for the acquisition of the distribution business activities of EDSLan S.p.A., subject to Anti-Trust. The equity value of the operation is equal to € 6.44 million. On closing date, Esprinet will take over all financial debts of the business with the exception of a mortgage.
Investment rationale	**Further step in the focalization strategy** adopted by the Esprinet Group on the ‘complex technologies’ market (also known as ‘value’ wholesale distribution) which is addressed by the subsidiary V-Valley ✓ reinforcement of the already existing networking and UCC_EDI business as well as entrance into new ‘analogic’ markets such as cabling, phone control units, video-conference systems and measuring instruments: ‘value’ distribution to reach € 300 million pro-forma sales in 2015 ✓ Acquisition of new customers like installers and technicians, two clusters so far not served

[1] Source: Sirmi 2016
[2] Source: Management estimates on preliminary 2015 data, net of the trading activities of the “*merchandising*” division, which are not included in the deal
[3] Source: Management estimates on preliminary 2015 data, including the trading activities of the “*merchandising*” division, which are not included in the deal

Strengthening the V-Valley product portfolio

Esprinet / V-Valley Only

Server & Storage	Networking Data Center	Security	Software	Professional Services	Cloud
Dell	Aruba Networks	Avira	Acronis	Consultancy	Cloud Automation
EMC2	Avocent	Barracuda	arcserve	Data Recovery	Cloud Services
FTS	Brocade Networks	Check Point Software	CommVault	Education	Cloud Services by Reevo
Hewlett Packard Enterprise	Fly Communications	Dell SonicWall	Dell	Maintenance Contracts	Fastera
Huawei	Hewlett Packard Enterprise	HPE Security	Hewlett Packard Enterprise	Service On Demand	Microsoft Cloud
IBM	Hirschmann	Kaspersky Lab	SAP	Spare Parts	Softlayer
Lenovo	Huawei	RSA	Veritas	Staging	Sync&Share by Factor y
	Juniper Networks	Sophos	Vmware	Transport Document	
	Level One	Symantec			
	Teldat Bintec	Trend Micro			
	Netgear	Watchguard			
	Zyxel				

Shared

UPS	Videosurveillance	Collaboration Brands	Auto-ID
APC	Arecont	Jabra	Datalogic ADC
Eaton	Axis	Plantronics	Honeywell
Emerson Network Power	EIZO	Polycom	Zebra Technologies
Legrand	Milestone		
Riello	Nuuo Video Management		
	Panasonic		
	Samsung TVCC		
	Selea		
	Skylleye		
	Sony		
	TVCC		
	TVCC-Comnet		

EDSLAN Only

Telephone Switches, Telephones and Video Conferencing Systems	Complementary Products for VOIP and UCC	Cabling & Efficiency Energy	Measurement Tools	Networking for Installers
3CX	2N	3M	Fluke Networks	Alcatel Lucent
Alcatel-Lucent	Audiocodes	Armadi Cablit	Fujikura	Allied Telesis
Ascom	Estos	ATP	Viavi (Jdsu)	Devolo
AT-Lynks	Imagicle	Belden		Ekahau
Gigaset	Patton	Brand-Rex		Engenius
Grandstream		CIS (EEC Vitali)		Infortrend
Innovaphone		Daetwyler		
Panasonic		Draka-Prysmian		
Samsung		F.C.M.		
Snom		Optoplast		
Spectralink		Panduit		
Teldat-Elmeg		Rittal		
Yealink		TE-Conn/Commscope		
		WP Europe		

Executive Summary

- ✓ The investment case in a nutshell
- ✓ Distributors’ route gaining share
- ✓ Esprinet most profitabile distributor vs peers
- ✓ A top player in the market
- ✓ A clear focalization strategy
- ✓ The Outlook

The investment case in a nutshell

A STRONG LEADER IN A WINNING GO-TO-MARKET ROUTE

‘Channel’ (i.e. wholesale distributors) gaining share vs direct model

By far #1 distributor in Italy, next to #1 in Spain

Most profitable player vs international peers

CLEAR FOCALIZATION STRATEGY AND CONSISTENT EXECUTION

Focus on wholesale distribution

M&A activity to strengthen vertical niches in Italy and size in Spain

EDSLan acquisition as first step empowerment of ‘data center’ business

OUTLOOK

Product innovation to trigger a long-term positive expectation

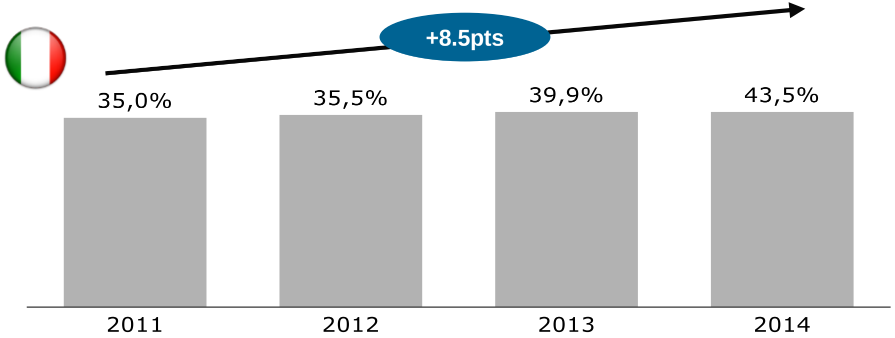
Esprinet to overperform the market

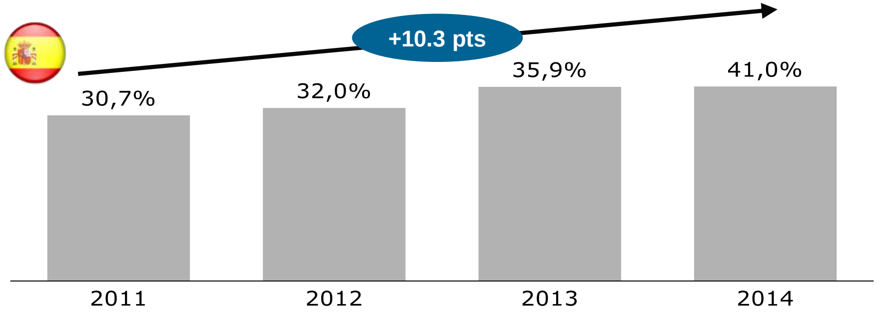
External growth options still under evaluation

Distributors' route gaining share in the ICT Supply Chain…

ICT MARKET: SHARE INTERMEDIATED BY DISTRIBUTORS IN ITALY AND SPAIN (% | 2009-2014)

% on total market value





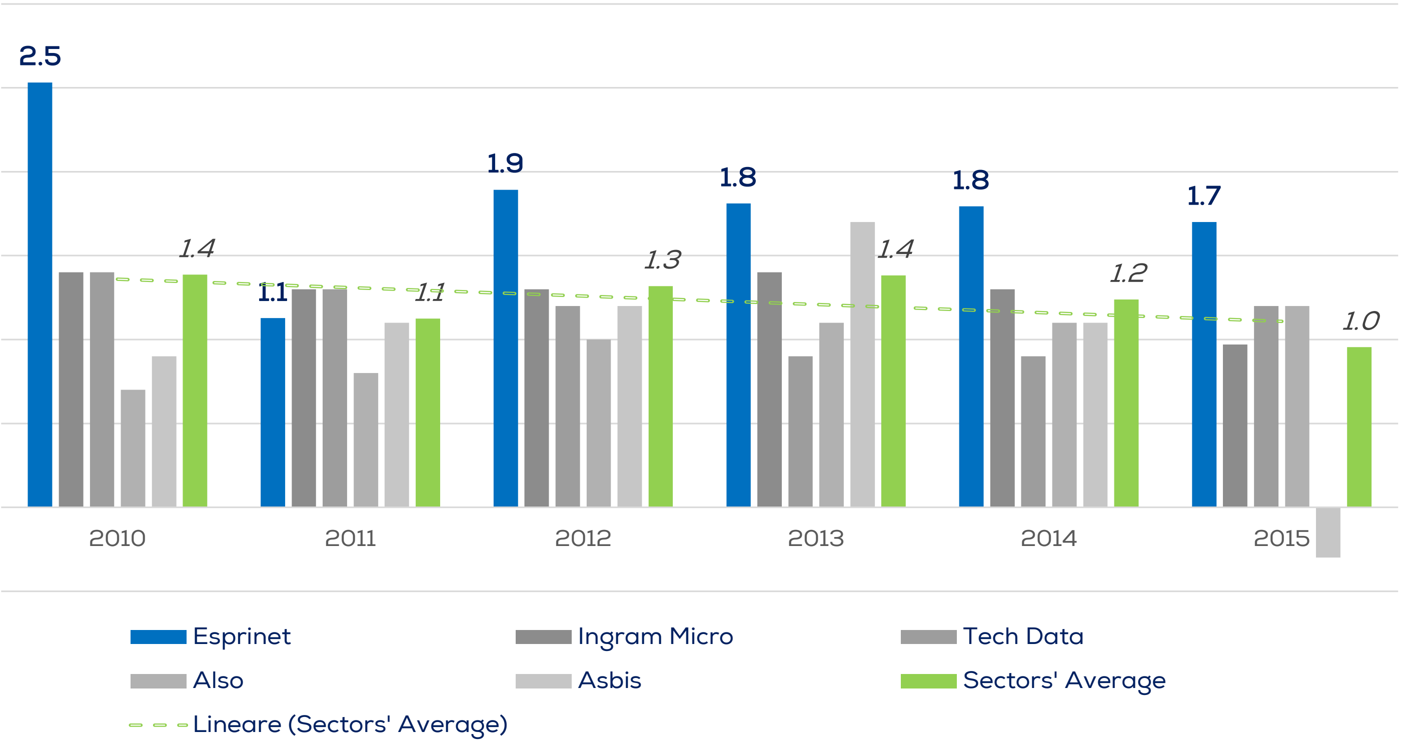
ROLE OF DISTRIBUTORS IS EXPECTED TO INCREASE SINCE…

- …**deflation** in the **hardware** market is making direct sales less attractive
- …IT offering is experiencing **increasing complexity** and heterogeneity
- …**small-medium enterprises** using distributors as main route to market are growing share
- … **channel shift** (from Telco to Open Market) is expected to persist in mid term
- …**channel usage by vendors** previously oriented to the direct sale is increasing
- … **further opportunities** in new categories (e.g. white goods) are arising

Source: Sirmi; Company internal data; Expert interviews; Bain analysis; DB Context

Esprinet the most profitable distributor in the market

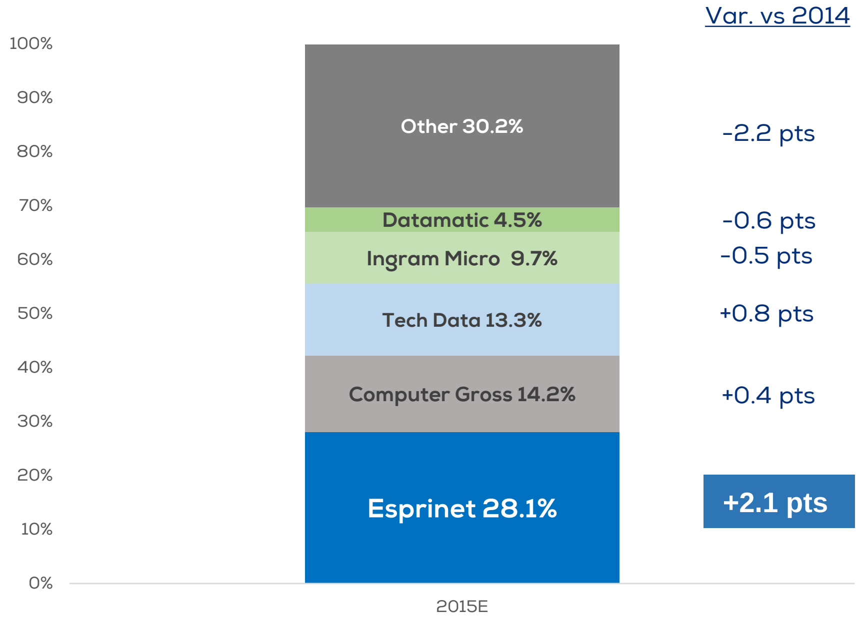
EBIT MARGIN BENCHMARK WITH EUROPEAN MULTINATIONAL DISTRIBUTORS



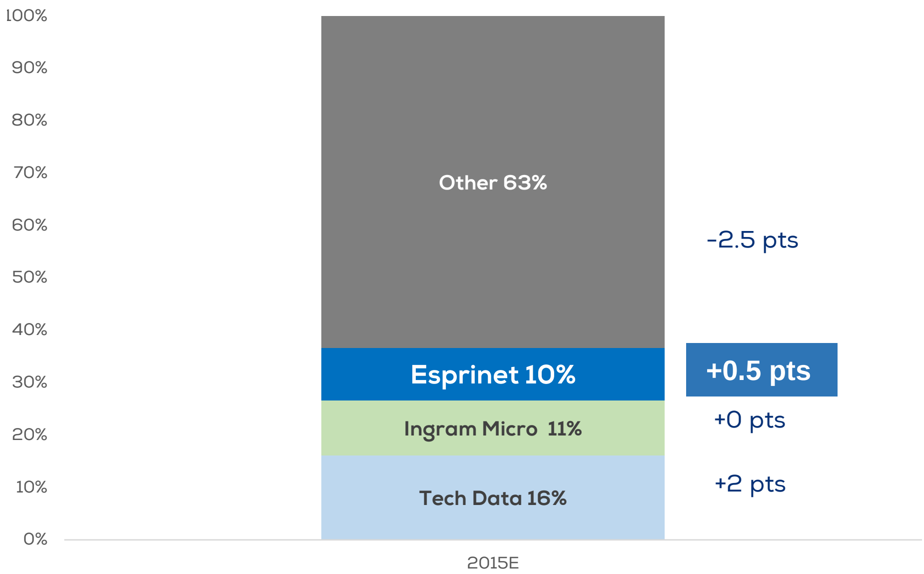
Source: Factset 2016

A top player in the market

ITALIAN MARKET 2015 VS 2014: +11.1%
Market Share (2015)



SPANISH MARKET 2015 VS 2014: +18.6%
Market Share (2015)



Source: Context 2016, Sirmi 2016, Channel Partner, management estimates

With a clear focalization strategy on core B2B distribution business

Remain leader in Italy with ~2,5 RMS

Become market leader in Spain in a reasonable timeframe

Keep growing with a constant focus on value creation

Invest in capabilities enhancement

- logistic assets: to be best partner as "fulfiller" (volume categories and consolidated vendors)
- sales skills: to better promote to customers new technologies (e.g. value categories, Mobility, …) and to expand customer base
- marketing: to reinforce brand as credible also in emerging/value categories

Expand vendor customer base in selected categories

- maintain strong relation with all category leaders
- support and favor shifting volumes to distribution
- focus on growing categories (eg. Mobility or data center, i.e. EDSLan acquisition)
- further opportunities in new categories (e.g. white goods) are arising

Selectively evaluate M&A opportunities

- related to growing categories in current geographies
- consolidate M&A presence in categories for which EMEA position gives bottom line advantage

Outlook

- ✓ Despite concerns related to the worsening sentiment in the Eurozone, the **IT distribution market doesn't stop showing a strong appeal** both to vendors and resellers for its skilled operating efficiency as well as for its ability to offer to customers both a wide product range and delivery capabilities.
- ✓ With reference to the wholesale distribution market, **Context data (FY 2015 data, January 2016) showed a growth of European distributors' sales equal to +8% compared to 2014**, with the fourth quarter growing by +9% compared to the same period of 2014
- ✓ For 2016 the Group confirms the strategy, started in the middle of 2014, pointed at **focusing exclusively on the wholesale** distribution business, implementing the capability to profit out of the vertical competences in the 'value' distribution area, through the subsidiary V-Valley, and in the mobility one, mainly thanks to the subsidiary Celly.
- ✓ **The Group expects to overperform the market** in 2016 as well, favoring the suppliers and the product categories providing the best gross margin while continuing its tight risk management of inventory and receivables.
- ✓ The Group will continue to take into account **also external growth options**, both in Italy and Spain.

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Grazie