



**esprinet**<sup>®</sup>  
enabling your tech experience

Preliminary FY 2020 Results Conference Call

February 10<sup>th</sup>, 2021

# Forward Looking Statement



This presentation may contain forward-looking statements that 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.

**PRELIMINARY  
FY 2020  
RESULTS**



## The Market leader - Celebrating the best year ever on the 20th anniversary

### P&L PERFORMANCE BEATING ESTIMATES

- FY 2020 expectations exceeded:
  - I. **Sales up +14% yoy to ~4,490 M€**
  - II. **EBITDA Adjusted up +24% to ~69 M€**
- **A year of growth in all three Geographies :**  
Italy +9%, Spain +21%, Portugal +75%
- ESPRINET records **the best market share** in recent years
- **Gross profit: a double-digit growth** also thanks to the excellent performance of the Q4 20 which also recorded an increase in percentage on sales against Q4 19

### STRONGEST BALANCE SHEET EVER

- **Cash Cycle** closes at **8 days**, in line with Q3 20 and with an improvement of -16 days compared to Q4 19
- **Net Financial Position** as of 31 December 2020 **positive for ~300 M€**, an improvement compared to 31 December 2019 (positive for 272.3 M€)
- **ROCE** marks a significant increase standing at **around 24%**, compared to 9.8% in 2019

### WORTHY OF REMARK

- The improvement of all our financials achieved thanks to a team of **almost 1,600 professionals** which showed the ability to adapt and a great cohesion supported by **an active inclusion policy** that has led us to obtain the prestigious **“Great Place to Work”** certification in Italy
- We have been a **source of stability for our customers and suppliers** in difficult market conditions, guaranteeing business continuity aiming the best **customer satisfaction**
- **3 strategic acquisitions in Advanced Solutions** that have given a strong boost to the growth of our "value" business both in Italy and in Spain

FY 2020: 4,490 M€ (+14% vs 3,945 M€ in 2019)



## BY GEOGRAPHY

Esprinet		Market
2,721 M€ Italy	9% ▲	11% ▲
1,665 M€ Spain	21% ▲	13% ▲
67 M€ Portugal	75% ▲	6% ▲
37 M€ Other (+7%)		



## BY PRODUCT CATEGORY

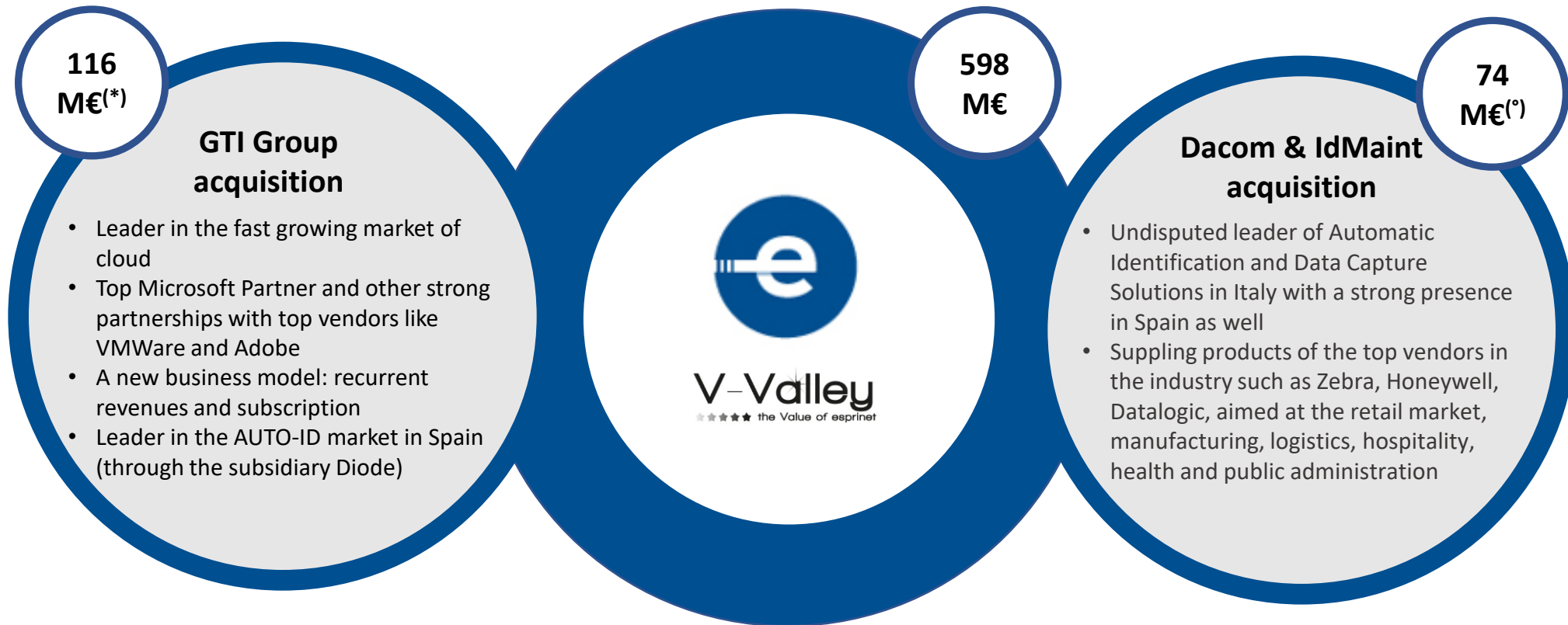
Esprinet		Market
2,438 M€ IT Clients	20% ▲	16% ▲
1,531 M€ Consumer Electronics	10% ▲	8% ▲
598 M€ Advanced Solutions	7% ▲	6% ▲
-77 M€ IFRS15 and other adjustments		



## BY CUSTOMER TYPE

Esprinet		Market
2,361 M€ Retailers & E-tailers	15% ▲	14% ▲
2,206 M€ IT Resellers	14% ▲	9% ▲
-77 M€ IFRS15 and other adjustments		

Pro forma sales exceeding 780 M€



and a new proprietary cloud marketplace

## Further strengthening the balance sheet

### Cash Conversion Cycle

- closes at **8 days**
- in line with Q3 20 and better than Q4 19 by -16 days
- thanks to the improvement in the Inventory Days and DPOs as well as with substantial stability of the DSOs

### NFP

- **positive by approx. 300 M€**, net of IFRS 16 effects (positive by approx. 400M€ pre IFRS 16)
- a significant improvement compared to September 30<sup>th</sup>, 2020 (negative by 14.5 M€) and compared to December 31<sup>st</sup>, 2019 (positive for 272.3 M€)

### ROCE<sup>(\*)</sup>

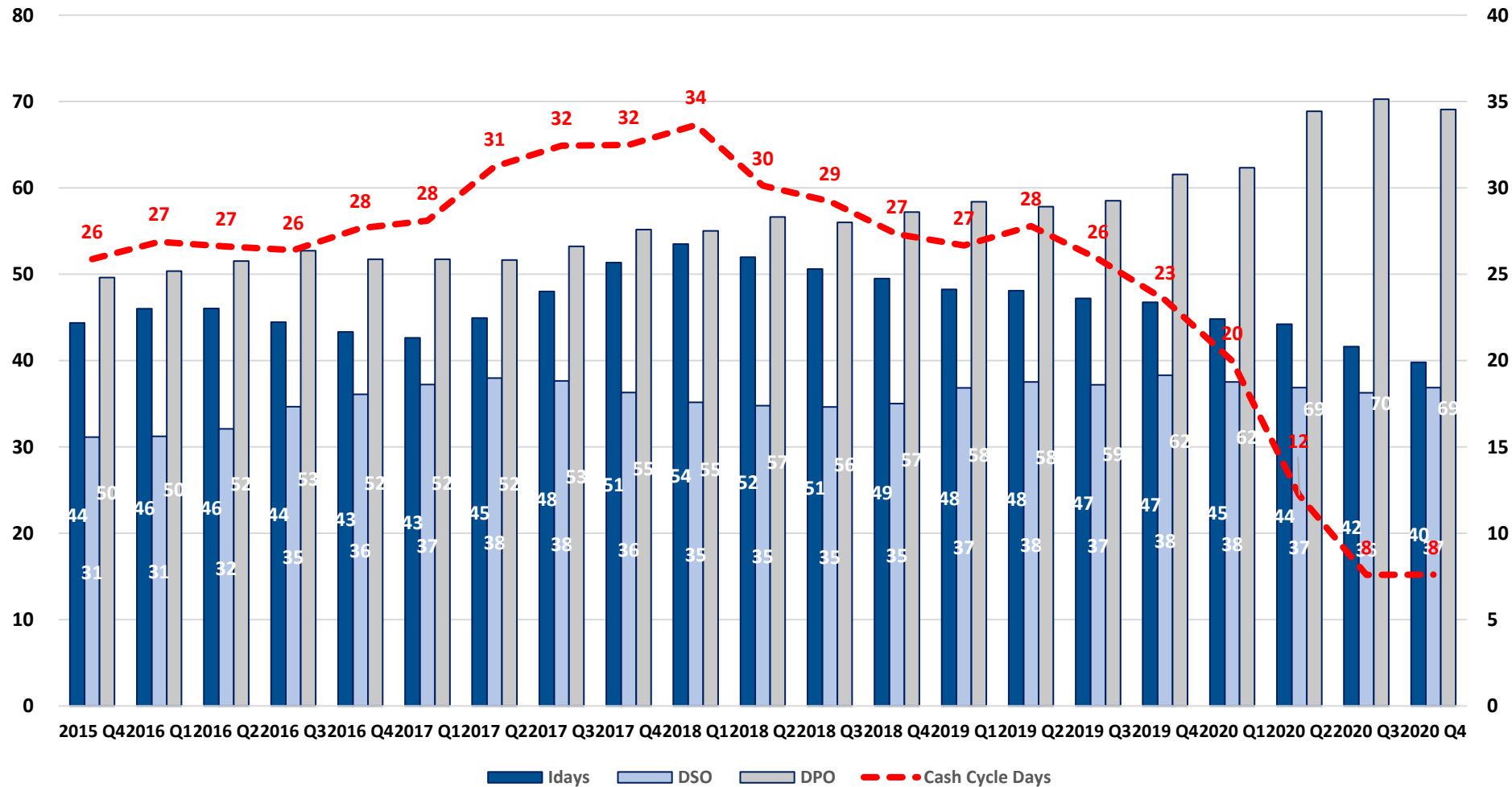
- marks a **significant increase standing around 24%**, compared to 9.8% in 2019

(\*) Average Capital Employed last 5 quarters: equal to the average of "Loans" at the closing date of the period and at the four previous quarterly closing dates (excluding the equity effects of IFRS 16).

NOPAT Adj last 4 quarters: equal to the sum of the EBIT- excluding the effects of the IFRS16 accounting principle - of the last four quarters less adjusted taxes.

ROCE: NOPAT Adj last 4 quarters / Average Capital Employed last 5 quarters.

# Working Capital Metrics 4-qtr average

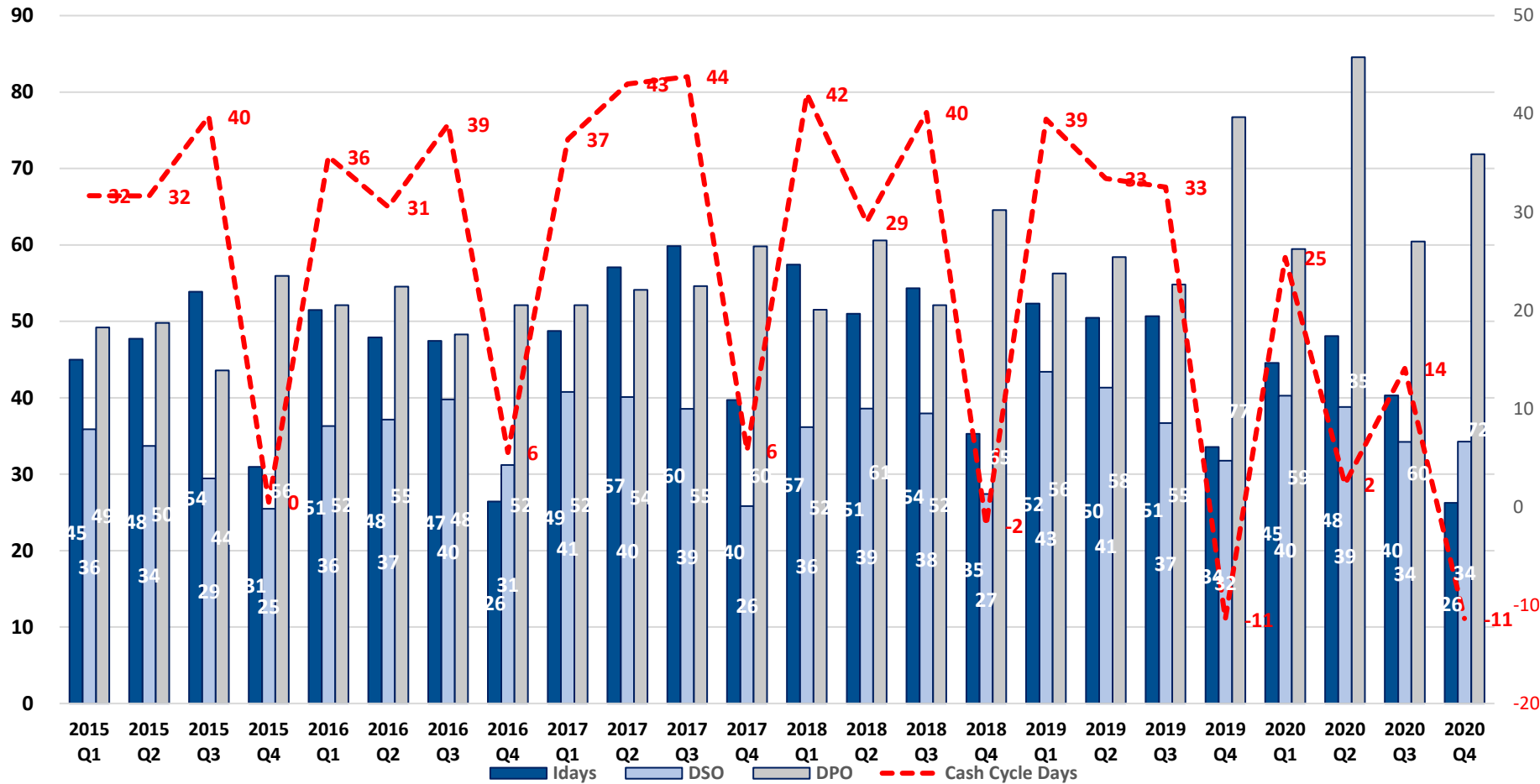


- Q4 2020: the best quarter for the second time in the last years
- Continuous reduction in cash cycle days mainly due to strong performance in inventory turns and suppliers' payment terms
- As of December 31<sup>st</sup> 2020 working capital days stand at 8 days improving year-on-year (-16) and confirming the result of the previous quarter
- Compared to Q3 2020 metrics, I days decreased -2 days, DSO increased +1 day and DPO increased +1 day for a stable final result at 8 days

I days (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)



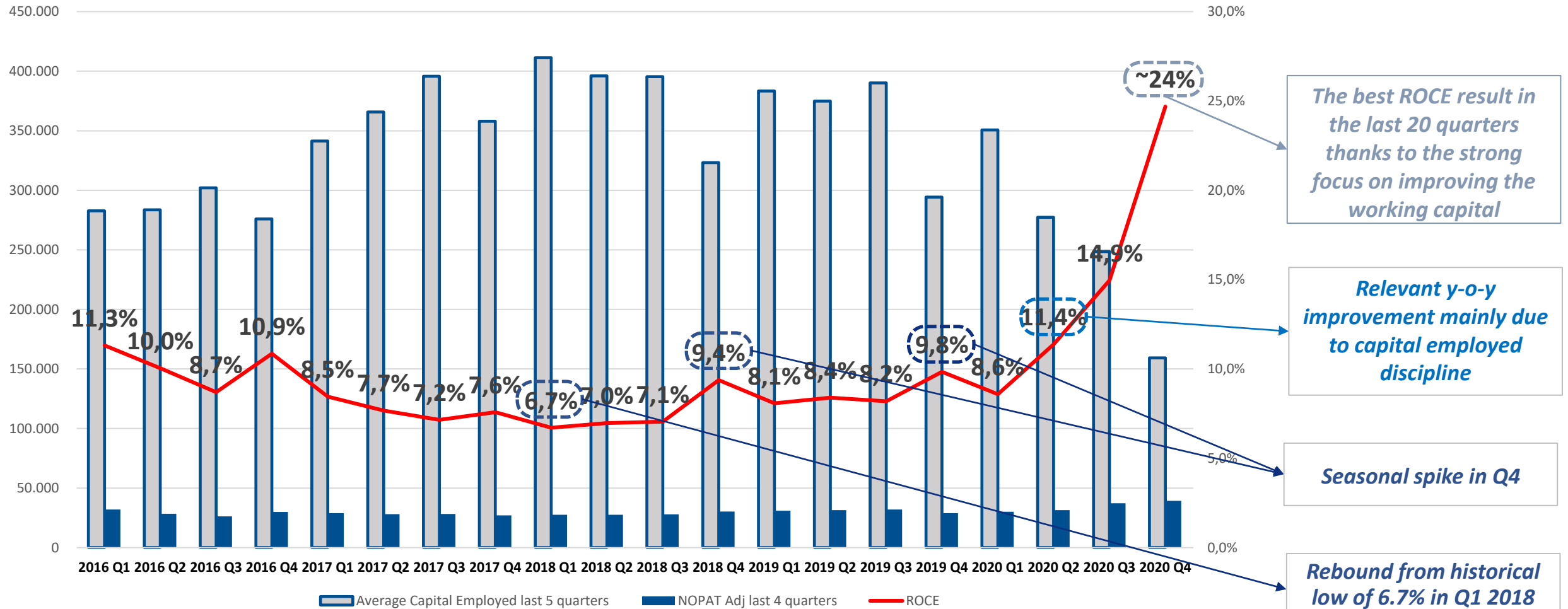
# Working Capital Metrics quarter-end



- As of December 31<sup>st</sup> 2020 working capital days stand at -11 days.
- After the support received during the pandemic, suppliers' payments terms return to stabilize around 60 days in Q3, to increase again as always in Q4.

I days (Inventory Days):  $\text{quarter-end Inventory} / \text{quarterly Sales} * 90$   
 DSO (Days of Sales Outstanding):  $\text{quarter-end Trade Receivables} / \text{quarterly Sales} * 90$   
 DPO (Days of Purchases Outstanding):  $\text{quarter-end Trade Payables} / \text{quarterly Cost of Sales} * 90$

# ROCE Evolution Up To Q4 2020



*The best ROCE result in the last 20 quarters thanks to the strong focus on improving the working capital*

*Relevant y-o-y improvement mainly due to capital employed discipline*

*Seasonal spike in Q4*

*Rebound from historical low of 6.7% in Q1 2018*

Average Capital Employed last 5 quarters: equal to the average of "Loans" at the closing date of the period and at the four previous quarterly closing dates (excluding the equity effects of IFRS 16).  
 NOPAT Adj last 4 quarters: equal to the sum of the EBIT- excluding the effects of the IFRS16 accounting principle - of the last four quarters less adjusted taxes.  
 ROCE: NOPAT Adj last 4 quarters / Average Capital Employed last 5 quarters



## PROFITABILITY IMPROVEMENT

### CORE BUSINESS

- **Customer Satisfaction**
- **PCs & Smartphones:** volumes without additional fixed costs
- Organic & inorganic growth on **Advanced Solutions and on Consumer Electronics high margin niches**

### IN PROGRESS

- **Consumption Model:** Cloud, DaaS and Managed Print Service to grow profitability
- **Outsourcing** of logistics & marketing to profit from high-added value lying in Tech without down or upstream integration

## CAPITAL EMPLOYED OPTIMIZATION

### Cash Conversion Cycle optimization

- ✓ Achieve industry standard levels in **Inventory Days** moving from > 40 days to low 30s
- ✓ Keep **DSOs** stable
- ✓ Keep **DPOs** stable leveraging on faster credit notes collection times and on opportunistic extra-payment terms

### Keep on growing businesses which imply low Working Capital absorption

- ✓ Consumption Models
- ✓ Outsourcing
- ✓ PCs & Smartphones



**esprinet**<sup>®</sup>  
enabling your tech experience

# 2021 OUTLOOK AND FINAL REMARKS



- ❑ **2021** kicked off with a solid backlog in PCs and a demand of **mobile computing** devices, both notebooks and tablets, still very lively which market analysts expect to continue most likely for the entire H1
- ❑ On PCs and even on printers (segment with decreasing demand) there is still **low product availability**, due to shortage of components which is forecasted to last at least until late spring
- ❑ The **recovery in infrastructure spending** which took place in Q4 2020 is expected to continue in H1
- ❑ There is however a **noticeable resilience in the cloud model and in cybersecurity spending**
- ❑ Public investments in education, digitalization of public administration and health will probably be a major driver of market performance in H2
- ❑ **We maintain favourable mid-term expectations** due to strong fundamentals of ICT market and growing distribution centricity in the tech business system
- ❑ *IDC 2021 Prediction: «Growth in digital investments will outstrip the GDP recovery by a factor of 3»*
- ❑ In **May 2021**, we will present the **guidance for the year** and the **three-year strategic plan** with the related economic and financial objectives.

# Upcoming Events



EVENT	DATE
<b>IT Day Event</b> organized by Intesa San Paolo	<b>February 24<sup>th</sup>, 2021</b>
<b>Board of Directors</b> Approval of the Draft Financial Statement and Consolidated Financial Statement of fiscal year 2020	<b>March 1<sup>st</sup>, 2021</b>
<b>Pan-European Small/Mid Cap CEO Conference</b> organized by J.P. Morgan Cazenove	<b>March 16<sup>th</sup>, 2021</b>
<b>STAR Conference Spring 2021   Virtual Edition</b> organized by Borsa Italiana S.p.A.	<b>March 23<sup>th</sup>, 2021</b>
<b>Annual General Meeting</b> Approval of the Financial Statements 2020 and presentation of the Consolidated Financial Statements 2020	<b>April 7<sup>th</sup>, 2021</b>
<b>Mid &amp; Small in London</b> organized by Virgilio IR	<b>April 20<sup>th</sup>, 2021</b>
<b>TP ICAP Midcap Conference</b> organized by Midcap Partners	<b>May 11<sup>th</sup>/12<sup>th</sup>, 2021</b>
<b>Board of Directors</b> Approval of the Additional Financial Information as of March 31 <sup>st</sup> , 2021	<b>May 14<sup>th</sup>, 2021</b>



**esprinet**<sup>®</sup>  
enabling your tech experience

Q&A



# Thank you

GRAZIE • GRACIAS • OBRIGADO • DANKE • MERCI • 감사 • 謝謝 • 感謝

