



## PRESS RELEASE

### UNIEURO S.P.A.: GROWING DIVIDEND AT €1.07 THANKS TO THE EXCELLENT RESULTS FOR FISCAL YEAR 2018/19

- **Leadership<sup>1</sup> in the sector achieved thanks to growing revenues at €2.1 billion, up 12.3% compared to the previous fiscal year**
- **Unieuro's e-commerce platforms at the top of the fastest growing channel. NPS (direct channel)<sup>2</sup> up at +42.5**
- **Adjusted EBITDA<sup>3</sup> at €73.6 million, up 6.7% compared to €68.9 million in the previous fiscal year**
- **Adjusted Net Income<sup>4</sup> at €42.7 million, up 8.3 % compared to the previous fiscal year**
- **Adjusted Levered Free Cash Flow<sup>5</sup> at €68.7 million, a further increase compared to the already good cash generation amounting to €66.7 million in the previous fiscal year**
- **Record Net Financial Position: a positive €20.5 million (from a negative €4.5 million on 28 February 2018), in spite of investments, dividends and acquisitions**
- **Proposed dividend of €1.07 per share, up 7% compared to the previous two fiscal years. Since the IPO, €61.4 million distributed to shareholders**
- **Annual General Shareholders' Meeting scheduled on 18 June 2019**

*Forlì, 8 May 2019* – The Board of Directors of Unieuro S.p.A. (MTA: UNIR), the Italian leader in the retail market of consumer electronics and household appliances, met today to examine and approve the consolidated financial statements and the draft statutory financial statements as at 28 February 2019, prepared in accordance with IFRS international accounting standards.

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<sup>1</sup> Sources: Annual Report 2017/18 of Ceconomy AG, press release of Euronics Italia dated 19/02/19, and Company's market estimates.

<sup>2</sup> Net Promoter Score (NPS) measures customer experience and business growth. It can range from -100 (if every customer is a Detractor) to +100 (if every customer is a Promoter). In FY 2016/17, the indicator was equal to +40.

<sup>3</sup> Adjusted EBITDA is EBITDA adjusted for: (i) non-recurring expenses/(income) and (ii) the impact from the adjustment of revenues for extended warranty services net of related estimated future costs to provide the assistance service, as a result of the change in the business model for directly managed assistance services.

<sup>4</sup> Adjusted Net Income is calculated as Net Income adjusted for (i) any corrections incorporated in adjusted EBITDA, (ii) corrections to depreciation, amortisation and non-recurring write-downs, (iii) corrections to non-recurring financial charges/(income) and (iv) the theoretical tax impact of such adjustments.

<sup>5</sup> Adjusted Levered Free Cash Flow is defined as consolidated cash flow generated / absorbed by operating activities net of investing activities adjusted for non-recurring investments and other non-recurring operating flows, including non-recurring corrections to charges/(income), their non-monetary component and related tax impact.



In fiscal year 2018/19, Unieuro reached historic milestones: after achieving market leadership<sup>1</sup> thanks to revenues of €2.1 billion, up 12.3%, the Company posted new record figures also in terms of profitability, with an Adjusted EBITDA<sup>3</sup> amounting to €73.6 million (up 6.7%) and Adjusted Net Income<sup>4</sup> touching €42.7 million (up 8.3%). Cash generation, once again strong, stood at €68.7 million<sup>5</sup> and allowed Unieuro to post a positive Net Financial Position of €20.5 million at 28 February 2019. Results were achieved while keeping focused on the quality of service to the customer, as demonstrated by the Net Promoter Score<sup>2</sup> which grew to level +42.5: an extremely satisfying level.

In light of the excellent performance and of the Dividend Policy in force, the Board of Directors decided to submit a dividend pay-out of €1.07 per share for approval of the General Meeting of shareholders, i.e. a 7% increase compared to €1 per share paid out in each of the two previous fiscal years and corresponding to a 7.7% dividend yield<sup>6</sup>, once again one of the highest among companies listed on the Milan Stock Exchange.

**Giancarlo Nicosanti Monterastelli**, Chief Executive Officer of Unieuro, stated: *“The brilliant results approved today fill us with joy and pride, because they are the tangible proof that our strategy is correct, our business model solid and our work proficient.”*

*“Fiscal year 2018/19 witnessed Unieuro finally reaching market leadership and the e-commerce division developing and reaching important goals in the fastest growing business channel. Now the time has come to celebrate these results with all our shareholders, for whose benefit we have proposed a generous dividend, a further growth compared to the past, thanks to unparalleled profitability in our reference market.”*

*“Yet the best is still to come. The current fiscal year will mark the definitive qualitative leap of Unieuro and we expect to crown it with even better results, increasingly reinforcing the Company’s credibility, which has been firmly established with all our stakeholders”.*

## **Revenues**<sup>7</sup>

In fiscal year 2018/19, Unieuro earned revenues of €2,104.5 million, up 12.3 % compared to €1,873.8 million in the previous fiscal year, recording an increase of €230.7 million.

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<sup>6</sup> Dividend yield calculated on the closing price of the Unieuro security at 7 May 2019.

<sup>7</sup> From 1 March 2018, Unieuro has adopted IFRS 15 retroactively with the cumulative effect at the date of the first-time adoption (i.e. 1 March 2018). Therefore, the information relating to the comparison period has not been restated, in other words it has been presented in accordance with IAS 18, IAS 11 and the related interpretations.

The trend in revenues benefited both from external and internal growth actions and from the company's favourable performance in the second half of the year, marked by an excellent Black Friday and by a significantly positive Christmas season.

The contribution of acquisitions during the fiscal year under review and during the previous one produced a positive impact of €132.6 million, thanks to a different business scope resulting from the opening of 8 former Cerioni / Euronics stores between December 2017 and January 2018 and the opening of 14 new sales outlets starting in September 2018, the result of the acquisition of the former DPS / Trony and former Galimberti / Euronics business units.

The forward leap in online business and the partnership signed with Finiper, which marked the arrival of Unieuro in the Mass Merchandisers' distribution channel, further boosted the positive revenue trend.

The evolution of **like-for-like revenues**<sup>8</sup> - i.e. the comparison of sales with those in the same period last year based on the same scope of operations - was a positive **4.9%**. Excluding from the scope of analysis sales outlets adjacent to newly opened stores, and therefore not included in the like-for-like computation, like-for-like sales recorded an even stronger growth of 6.9%.

### **Revenues by sales channel**

	Period ended at				Change	
	28 February 2019	%	28 February 2018	%	2019 vs. 2018	%
<i>Retail</i>	1,477.7	70.2%	1,327.9	70.9%	149.9	11.3%
<i>Online</i>	245.0	11.6%	185.0	9.9%	60.1	32.5%
<i>Indirect channel</i>	231.0	11.0%	209.0	11.2%	22.0	10.5%
<i>B2B</i>	117.1	5.6%	128.4	6.9%	(11.3)	(8.8%)
<i>Travel</i>	33.6	1.6%	23.6	1.3%	10.0	42.6%
<b>Total revenues by channel</b>	<b>2,104.5</b>	<b>100.0%</b>	<b>1,873.8</b>	<b>100.0%</b>	<b>230.7</b>	<b>12.3%</b>

<sup>8</sup> Starting in the first half of 2018/19, the procedure to calculate like-for-like sales has been adapted to the method adopted by the main market players for the purpose of providing a better representation of the company's management performance based on the same scope of operations. Like-for-like sales growth is now calculated including: (i) retail and travel stores that have been operating for at least one entire fiscal year at the closing date of the reference period, excluding sales outlets affected by significant business discontinuity (e.g. temporary closures and large-scale refurbishments) and (ii) the entire online direct channel. The previous calculation method of like-for-like revenues did not include the online channel in its entirety.



**The Retail channel** (70.2% of total sales) - which at 28 February 2019 included 225 directly operated stores located in areas deemed commercially strategic and characterised by different sizes in terms of surface area - recorded an increase of 11.3% in final sales equal to €1,477.7 million, mainly due to the increase in the number of stores (11 additional stores compared to 28 February 2018) and a good performance of the sales network on a like-for-like basis, especially driven by smartphones, TV sets and the vacuum-cleaner department.

**The online channel**, which for the first time was the second top contributor to Unieuro's total revenues with a share of 11.6%, generated €245 million in revenues (up 32.5%), recording an increase of €60.1 million over the previous fiscal year. Net of the contribution of the subsidiary Monclick S.r.l., whose channel revenues were €46.3 million, the organic growth of Unieuro's digital operations was 30.8%, a double-digit figure for the fourth consecutive year. The reasons for this success, both in absolute value and in terms of market share, are to be found in the company's omnichannel strategy, which attributes the precious role of pick-up point to the physical store for the benefit of web customers. Continuous innovation linked to the incessant release of new features and platform improvements, attention to content and effectiveness of digital communication campaigns have further strengthened Unieuro's competitive advantage.

**The Indirect channel**<sup>9</sup> (11% of total sales) - previously referred to as Wholesale channel, which includes sales to the network of affiliated stores and revenues generated in the segment of Mass Merchandisers through partnerships with leading industry operators, for a total of 275 stores - recorded revenues of €231 million, up 10.5% compared to €209 million in the previous fiscal year. Growth was driven by the segment of Mass Merchandisers, with the opening of the first 14 Unieuro by Iper shop-in-shops in *Iper, La grande i* hypermarkets within the scope of the partnership formalised last 10 January 2019.

**The Business-to-Business channel**<sup>9</sup> (5.6% of total sales) – which caters to business customers, including foreign customers, operating in sectors other than that of Unieuro, such as hotels and banks, as well as operators purchasing electronic products to be distributed to their regular customers or to employees for loyalty points, prize contests, or incentive plans (referred to as B2B2C segment) – recorded revenues of €117.1 million, down 8.8% compared to the previous fiscal year, in light of the changed conditions of the competitive context starting from the last quarter of the fiscal year. The contribution of the subsidiary Monclick amounted to €13.1 million.

Finally, the **Travel channel** (1.6% of total sales) – made up of 12 directly operated stores located at main public transport hubs such as airports and railway or metro stations –

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<sup>9</sup> For the purpose of better representation, supplies of goods to an ongoing customer operating in the consumer electronics market without using the Unieuro brand were reclassified from the indirect channel to the B2B channel.

recorded an increase in revenues of 42.6%, amounting to €33.6 million, also thanks to the opening of the new store formerly owned by DPS/Trony located at the Milan San Babila metro station in the month of October 2018.

### **Revenues by product category**<sup>10</sup>

	Period ended at				Change	
	28 February 2019	%	28 February 2018	%	2019 vs. 2018	%
<i>Grey goods</i>	992.8	47.2%	884.0	47.2%	108.9	12.3%
<i>White goods</i>	548.5	26.1%	493.3	26.3%	55.2	11.2%
<i>Brown goods</i>	367.9	17.5%	326.0	17.4%	41.9	12.9%
Other products	110.6	5.3%	103.7	5.5%	6.9	6.7%
Services	84.6	4.0%	66.8	3.6%	17.8	26.6%
<b>Total revenues by category</b>	<b>2,104.5</b>	<b>100.0%</b>	<b>1,873.8</b>	<b>100.0%</b>	<b>230.7</b>	<b>12.3%</b>

**Grey goods** – i.e. photo cameras, video cameras, smartphones, tablets, desktop and laptop computers, monitors, printers, telephony accessories and all wearable technology products – kept the impact on total revenues unchanged at 47.2%, generating revenues of €992.8 million, up 12.3% compared to €884 million in the previous fiscal year, thanks to the good performance of the Telephony segment, which benefited from a shift in the product mix towards the top of the range and from a good performance of some new models, in addition to the positive sales performance of wearables and accessories, earphones in particular.

**White goods** – representing 26.1% of sales and comprising major domestic appliances (MDA), such as washing machines, dryers, refrigerators or freezers, and stoves, small domestic appliances (SDA), such as vacuum cleaners, kettles, coffee machines, as well as the air conditioning segment – generated revenues of €548.5 million, up 11.2% compared to €493.3 million in the previous fiscal year, due to the success of the vacuum-cleaner department and an increased penetration of dryers and dishwashers.

**Brown goods** (17.5% of total revenues) – which include television sets and related accessories, audio devices, smart TV devices and car accessories, as well as storage devices – achieved revenues of €367.9 million in the period under review (up 12.9% compared to €326 million in the previous fiscal year) benefiting from the growing success

<sup>10</sup> Sales by product category have been segmented on the basis of the classification adopted by the main sector experts. Note therefore that the classification of revenues by category is revised periodically in order to guarantee the comparability of Group data with market data.



of high-end television sets, especially Ultra HD and OLED TVs, from the good performance of the audio segment and from the driving effect of the 2018 Football World Cup.

**Other products** (5.3% of total revenues), which include sales in the entertainment sector and sales of other products not included in the consumer electronics market, such as hoverboards and bicycles, recorded revenues of €110.6 million, up 6.7% compared to the previous fiscal year, especially due to the good performance of videogame consoles, which offset the sales drop of products linked to electric mobility.

Lastly, the category of **Services** (4.0% of total revenues) posted the greatest growth, increasing revenues by 26.6%, amounting to €84.6 million, due to the expansion of the sales network and the company's continued focus on the provision of services to its customers. The performance of warranty extensions and consumer credit were excellent.

### **Adjusted EBITDA<sup>3</sup>**

<i>(In millions and as a percentage of revenues)</i>	Period ended					
	28 February 2019			28 February 2018		
	Adjusted amounts	%	Adjustments	Adjusted amounts	%	Adjustments
Revenue	2.104,5			1.873,8		
<b>Sales revenues</b>	<b>2.104,5</b>			<b>1.873,8</b>		
Purchase of goods and Change in inventories	(1.635,7)	(77.7%)	0.0	(1.456,4)	(77.7%)	2.8
Lease and rental expense	(71.0)	(3.4%)	0.5	(63.4)	(3.4%)	0.7
Marketing costs	(48.8)	(2.3%)	1.2	(48.2)	(2.6%)	2.2
Logistic costs	(52.5)	(2.5%)	1.5	(41.5)	(2.2%)	1.3
Other costs	(60.3)	(2.9%)	3.8	(50.5)	(2.7%)	7.3
Personnel costs	(166.7)	(7.9%)	3.2	(150.4)	(8.0%)	5.9
Other operating income and costs	(3.7)	(0.2%)	(1.6)	(2.5)	(0.1%)	(0.3)
Revenues from the sale of warranty extensions netted of future estimated service cost - business model's change related to direct assistance services	7.9	0.4%	7.9	8.0	0.4%	8.0
<b>Consolidated Adjusted EBITDA</b>	<b>73.6</b>	<b>3.5%</b>	<b>16.4</b>	<b>68.9</b>	<b>3.7%</b>	<b>27.9</b>



During fiscal year 2018/19, higher revenues combined with a continuing focus on cost structure led Unieuro's **Adjusted EBITDA**<sup>3</sup> to grow by 6.7% to €73.6 million (i.e. 3.5% of revenues), compared to €68.9 million in the previous fiscal year.

In particular, the impact of cost of goods sold on revenues (including the change in inventories) remained unchanged, indicating a steady Gross Margin thanks to the careful commercial policy implemented by Unieuro, despite a very competitive market environment once again.

The trend in personnel and rental costs, which rose by 10.9% to €166.7 million and by 12% to €71 million respectively, was caused by the expansion of the store network, as well as by the item Other Costs (up 19.5%, €60.3 million), which, inter alia, includes utilities, maintenance fees and general sales expenses. Marketing costs amounted to €48.8 million (up 1.4%, with an impact on revenues dropping by 0.30 percentage points), while logistics costs increased by €11 million standing at €52.5 million mainly due to the increase in volume of goods sold.

### **Adjusted Net Income**<sup>4</sup>

	Period ended						Change	
	28 February 2019			28 February 2018			Δ	%
	Adjusted amounts	%	Adjustments	Adjusted amounts	%	Adjustments		
<i>(In millions and as a percentage of revenues)</i>								
<b>Consolidated Adjusted EBITDA</b>	<b>73.6</b>	<b>3.5%</b>	<b>16.4</b>	<b>68.9</b>	<b>3.7%</b>	<b>27.9</b>	<b>4.6</b>	<b>6.7%</b>
Amortisation, depreciation and write-downs of non-current assets	(27.2)	(1.3%)	0.3	(21.7)	(1.2%)	0.0	(5.5)	25.4%
Financial income and expenses	(4.2)	(0.2%)	(1.5)	(4.5)	(0.2%)	3.1	0.3	(7.5%)
Income taxes	0.5	0.0%	(1.4)	(3.3)	(0.2%)	(2.6)	3.8	(116.6%)
<b>Adjusted Consolidated Profit/Loss for the Period</b>	<b>42.7</b>	<b>2.0%</b>	<b>(2.6)</b>	<b>39.4</b>	<b>2.1%</b>	<b>0.5</b>	<b>3.3</b>	<b>8.3%</b>

In fiscal year 2018/19, Unieuro's **Adjusted Net Income**<sup>4</sup> amounted to €42.7 million (representing 2% of revenues), compared to €39.4 million achieved in fiscal year 2017/18.

This positive trend is attributable to the increase in Adjusted EBITDA<sup>3</sup> and to the trend in income taxes, as well as to savings at net financial charges level, partially offset by an increase in amortisation, depreciation and write-downs.



## **Investments**

In fiscal year 2018/19, investments amounted to €44.1 million, including Capex and acquisitions.

**Capex** amounted to €38.2 million (compared to €37.3 million in fiscal year 2017/18), out of which €22.5 million were ordinary. The latter are attributable to actions undertaken in the network of directly operated stores - which led to 3 new openings, 5 closures, 4 refurbishments and 3 relocations - as well as investments in information technology. Non-recurring capex, equal to €15.7 million, refer to the construction of a new logistics hub in Piacenza, as well as the relaunch of acquired stores.

External growth activities through **acquisitions** absorbed €5.9 million, fully paid in the period and related to the purchase of the business units of DPS / Trony and Galimberti / Euronics.

## **Net Financial Position**

Unieuro's cash performance in fiscal year 2018/19 was again excellent, allowing the Company to finance its growth, pay out dividends of €20 million and generate a significant surplus, which was reflected in a **Net Financial Position** of €20.5 million, which for the first time was positive at year end, compared to net borrowings of €4.5 million reported at 28 February 2018.

**Adjusted Levered Free Cash Flow<sup>5</sup>**, the indicator that the Company deems to be the most appropriate for measuring cash generation, stood at €68.7 million, up 3% compared to the already record level posted in the previous fiscal year, when it was €66.7 million.

The positive cash generation is linked to the good performance of revenues and Net Working Capital and benefited both from external and internal growth actions and from a favourable trend in the second half of the year, marked by the excellent performance of the Black Friday event and by a significantly positive Christmas season.

## **Employees**

At 28 February 2019, Unieuro employed a total of 4,708 people, compared to 4,575 at 28 February 2018.

The increase, equal to 133 resources, is attributable to the expansion of the network of directly operated stores, which grew following the acquisitions and new openings during the fiscal year, net of closures of sales outlets.





## **Significant Events in the Period**

### **Bringing forward the dividend payment date**

On 26 March 2018, in conjunction with the approval of the preliminary revenues for the year 2017/2018, the Board of Directors of Unieuro approved bringing forward to June 2018 the ex-dividend date in respect of the profits for the financial statements for the year ended 28 February 2018 as well as its payment in one go, contrary to the provision of the dividend policy in force, in order to bring forward the total distribution of the coupon for Shareholders by four months.

### **The new communication campaign**

Almost four years after the rebranding, which already marked a distinct change compared with traditional sector arrangements, in April Unieuro launched a new simultaneous, omnichannel communication format, in the interest of strategic continuity and the celebration of its brand values.

### **Over a million downloads of the App**

Still in April the Unieuro App recorded its one millionth download placing it in the top twenty most downloaded shopping Apps from Apple Store and Google Play in Italy. Launched in November 2016, the Unieuro App is a key tool in the company's omnichannel strategy because it guarantees users a comprehensive and all-round shopping experience.

### **The exclusive agreement for the Ignis brand**

On 3 May Unieuro and Whirlpool Italia announced an important partnership for the exclusive sale in Italy of large Ignis appliances. The agreement strives to strengthen Unieuro's leadership position in the White category thanks to a dedicated range of products, constantly under development, composed of more than 40 recommendations, as well as the weight of the historic Ignis brand, which has been present on the Italian market for more than 70 years.

### **The 2018 Shareholders' Meeting**

On 5 June 2018 the Unieuro Shareholders' Meeting, which was convened in Forlì in a single call, approved the Financial Statements as at 28 February 2018, resolved the allocation of the operating profit, the coverage of the "negative reserves" and the distribution of the dividend of Euro 1 per share, totalling Euro 20 million paid later on 13 June 2018 and voted in favour of the first section of the Remuneration Report.

### **The acquisition of 8 former DPS (Trony) stores**

On 24 July Unieuro announced the acquisition of the business unit DPS Group S.r.l. in fallimento, composed of 8 former Trony stores - not operational at the time of the announcement - located in the provinces of Milan (3), Imperia (2), Padua, Potenza and Taranto.



The stores, which cover a total area of more than 10,000 square metres and generate potential revenues of at least Euro 50 million, were chosen from 35 former DPS outlets in order to guarantee the best complementarity with the existing Unieuro network, at the same time providing significant opportunities for synergies and the possibility of strengthening the presence in Milan

The operation was worth Euro 3.4 million, financed through recourse to available liquidity and lines of credit.

### **The opening of the new Piacenza logistics hub**

After having successfully completed the transfer of people and goods without a break in company activities, at the presence of local Authorities, on 12 October Unieuro's management opened the new 104,000 square metre central distribution platform in Piacenza, the starting point for a comprehensive logistics strategy, intended to bring Unieuro even closer to end-users.

Owned by Generali Real Estate, the new facility - the linchpin of Unieuro's distinctive business model - is the subject of a long-term lease agreement and will continue to concentrate the reception, storage and dispatch of all goods sold by Unieuro through each of its five operating channels.

Unieuro's investment, equal to a total of around Euro 11 million, was intended specifically for plant engineering, surveillance systems, IT and automation.

### **Expansion in the north-east**

Still on 12 October Unieuro announced new actions for the selective strengthening of its network of stores in Veneto, Trentino Alto Adige and Friuli Venezia Giulia.

Following participation in the competitive procedure launched by the Court of Milan, Unieuro was awarded the contract for a business unit of Galimberti S.p.A., in an arrangement with creditors, made up of 5 stores currently under the Euronics brand, located in Villafranca di Verona, San Giorgio delle Pertiche (Padua), Castelfranco Veneto (Treviso), Pergine Valsugana (Trento) and Fiume Veneto (Pordenone), with a total area of around 7000 square metres.

At the same time, separate agreements were announced, signed between the end of July and the beginning of August, which Unieuro entered into with the owners of two properties in Verona and Trieste, aimed at opening two new outlets in spaces previously occupied by competitors, Trony and Euronics, respectively.

The potential incremental turnover of all seven stores acquired is equal to around Euro 50 million, compared with a purchase cost of Euro 2.5 million.

### **Exceptional Results for the “Black Roc Friday” Event**

In November 2018 Unieuro launched “Black Roc Friday”, a promotional campaign dedicated to the longest Black Friday event in the Company's history.

During the period between 12 and 26 November, Unieuro S.p.A. reported a 50% growth in revenues compared to the corresponding period of 2017, reaching record levels on all sales channels, whether physical or digital. On Black Friday proper, Unieuro reported its highest daily revenues ever (retail sales up 21% compared to 24 November 2017), while



the unieuro.it platform posted absolute record daily orders, up 80% also thanks to the growing success of the Company's mobile App.

### **Integration with Google Assistant**

In December 2018 Unieuro announced its arrival on Google Assistant, the voice assistance system for Android and IOS smartphones and tablets and Google Home and Google Home Mini smart speakers. Thanks to this integration, customers will be able to receive information on the nearest store, find out the latest arrivals at the stores, select the best promotional offers, or check the status of their order placed online.

### **Strategic Partnership with the hypermarket chain “Iper, La grande I”**

On 10 January 2019 Unieuro formalized a major partnership agreement with the Finiper Group. The agreement continues the positive experience of a pilot project launched in February 2018 and will lead to the opening of 20 shop-in-shops under the “*Unieuro by Iper*” brand within the hypermarkets “Iper, La grande I” by the end of 2019.

The new sales outlets, as many as 14 at 28 February 2019, will be operated directly and entirely independently of Finiper under a commercial affiliation contract and each will have an area approximately between 400 and 800 m<sup>2</sup>.

Thanks to this partnership, Unieuro also extended its market consolidation action to the large-scale retail segment in order to benefit from the high traffic developed by hypermarkets, thereby generating higher purchase volumes and better procurement conditions for the benefit of the commercial supply of all sales channels. Shop-in-shops will also be enabled for the pick-and-pay service for products purchased on the unieuro.it platform, thus giving further impetus to the Company's omnichannel strategy.

### **Update of the Dividend Policy**

In light of the market's positive reception of the lump sum pay-out in June of the dividend for fiscal year 2017/18, on 10 January 2019 the Board of Directors of Unieuro resolved to adopt the same method for the fiscal year in progress and for those to come.

Since, as set out in the Dividend Policy approved on 1 March 2017, the legal and de facto requirements for the pay-out of dividends apply, dividends will therefore be paid out approximately in the month of June of the fiscal year following the reference year.

The Company's Dividend Policy, as amended above, will remain unchanged in all other regards, in particular with reference to the quantification of the coupon, which will continue to be proposed in an amount not less than 50% of Adjusted Net Income.

### **Acquisition of 12 Pistone Stores (Expert)**

On 15 January 2019 Unieuro announced its arrival in Sicily, a region with five million inhabitants where the Company had so far limited operations, through the acquisition of 100% of the share capital of a newly established company that owns 12 stores in Sicily formerly owned by Pistone S.p.A., one of the major shareholders of the Expert purchasing group operating in Italy, with offices in Carini (Palermo).

With a total sales surface of over 25,000 m<sup>2</sup>, the 12 stores develop revenues of around €140 million and have a positive profitability that is above the market average, also thanks



to a modern and winning format and to strategic locations in some of the most important Sicilian shopping malls.

The price agreed for the acquisition of the stake in the newco was €17.4 million, which includes €6 million paid at the closing, €6 million after 12 months and €5.4 million after a further 12 months. At the same time, Unieuro announced its intention to use the logistic platform of Pistone S.p.A., also located in Carini, with the aim of transforming it into a secondary hub of the chain directly catering to the central Piacenza hub.

## **Events after the End of the Fiscal Year**

### **Completion of the Pistone Transaction**

On 1 March 2019 Unieuro completed the acquisition of 100% of the share capital of Carini Retail S.r.l., a company formerly owned by Pistone S.p.A. and owner of a business branch consisting of 12 stores in Sicily.

Integration started immediately and led to the gradual adoption of the Unieuro brand by the new stores, whose completion was celebrated by an impressive communication campaign at the local level.

### **Opening of 5 Additional *Unieuro by Iper***

On 14 March 2019 5 new shop-in-shops were opened in as many hypermarkets of Iper, *la Grande i*. The number of sales outlets under the *Unieuro by Iper* brand thus reached 19 units.

### **Unieuro's app enhanced thanks to "augmented reality"**

With the goal of developing a more and more personalized customer journey, Unieuro announced at the end of April a new and innovative feature in its App: augmented reality, that will give the possibility to simulate the real presence of large household appliances and TV in a specific environment, in order to easily chose the best solutions for the environment itself.

## **Proposed Profit Allocation and Dividend Pay-out**

The Board of Directors of Unieuro voted to submit to the Shareholders' Meeting called on 18 June 2019 a proposal for the allocation of profit of the holding company Unieuro S.p.A., equal to €28.2 million as resulting from financial statements as at 28 February 2019, as follows: €6.8 million in account of Extraordinary Distributable Reserve and €21.4 million as dividends.

In detail, the proposed dividend amounts to €1 per share and expresses a pay-out rate of 1.07% of Adjusted Net Income<sup>3</sup>, which is perfectly consistent with the Dividend Policy approved on 1 March 2017 and updated on 10 January 2019.



The dividend, which implies a very significant yield<sup>6</sup> of 7.7%, will be paid out in a lump sum on 26 June 2019 (with ex-dividend date on 24 June 2019, in accordance with the Italian stock exchange calendar, and record date on 25 June 2019).

### **Annual Shareholders Meeting's Notice of Call**

The Board of Directors has called upon the Ordinary Shareholders' Meeting on 18 June 2019, in a single call, at 2:30 p.m. CET in Forlì c/o Palazzo Orsi Mangelli, in Corso Diaz 43/45.

In addition to the foregoing, the General Meeting of Shareholders will be called to approve the financial statements at 28 February 2019 and the first section of the remuneration report, as well as to: i) appoint the Board of Directors and the Chairman of the latter; ii) determine the number of the members and their term and emoluments; iii) appoint the Board of Statutory Auditors, including its Chairman, for fiscal years 2019/20, 2020/21 and 2021/22 and iv) determine their emoluments.

### **Business Outlook**

For fiscal year 2019/20, Unieuro anticipates a substantially steady market in terms of value, affected by macro-economic factors and possible changes in legislation. Despite an expected growth in the online segment, although at a normalised speed, the macro-economic scenario will have a greater impact on physical retailing operations.

Unieuro intends to carry out the development strategy pursued so far successfully, with an omnichannel commercial approach that is effective while giving prominence to margins, an even greater focus on services and a robust plan for the selective expansion and simultaneous streamlining of its network. At the same time, the Company will continue to monitor the market and evaluate opportunities for external growth that may be useful for achieving an ever greater capillarity and distribution efficiency.

In particular, the year 2019/20 will witness the completion of the integration of the Sicilian stores formerly owned by Pistone / Expert and, at the same time, will mark a phase of further development in Sicily, thanks to the search for new locations and the launch of a new local logistics organization that will make use of the secondary hub of Carini.

Investments, financed also thanks to a robust operating cash flow once again, will favour the network's development and digitization, continuous improvements in the digital platform, as well as the strengthening of the central infrastructure of Unieuro, starting from the information systems, to adapt it to the growing needs of an increasingly broader and more structured enterprise.



### **Conference call**

Unieuro informs that at 04:00 pm (CET) today, Wednesday, 8 May 2019, a conference call will be held by the Unieuro management to present the Company's financial and economic results for the fiscal year ended 28 February 2019 to investors and financial analysts.

To join the conference call, please dial one of the following numbers:

- Analysts and investors: Italy: +39 02 805 88 11  
UK: + 44 121 281 8003  
USA: +1 718 7058794
- Media: +39 02 8058827

A **slide presentation** will be available for download from Unieuro's corporate website [www.unieurospa.com](http://www.unieurospa.com), section Investors Relations / Results and Presentation, shortly before the start of the conference call.

A **digital playback** of the conference call, both in Italian and in English, will be available for download at the same link, starting from the second day following the event.

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

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

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*This press release may contain forecasts on Unieuro's future events and results that are based on current expectations, estimates and projections about the industry and on the reasonable judgement of the management. Evidently, these elements have a component of risk and uncertainty because they depend on the occurrence of future events. It should be noted that the actual results might deviate significantly from those announced, owing to a range of factors including: global economic conditions, the impact of competition, political, economic and regulatory developments in Italy.*

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As of today, the audit of the Statutory and Consolidated Financial statements is still under completion.

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**Unieuro S.p.A.**

*Unieuro is the Italian leader in the distribution of consumer electronics and household appliances, thanks to an omnichannel approach that integrates directly operated stores (about 250), affiliated stores (about 270) and the unieuro.it digital platform. The company is based in Forlì, has a central logistics hub in Piacenza and has a staff of about 5,000 employees. Listed on the STAR segment of the Italian Stock Exchange since 2017, Unieuro reported revenues of €2.1 billion in the fiscal year ended at 28 February 2019.*

Corporate website: [www.unieurospa.com](http://www.unieurospa.com)

LinkedIn: [www.linkedin.com/company/unieuro](http://www.linkedin.com/company/unieuro)

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**Summary tables:**

**Income statement**  
(in millions of Euro)

	FY 18/19	%	FY 17/18	%
Sales	2,104.5		1,873.8	
<b>Sales</b>	<b>2,104.5</b>		<b>1,873.8</b>	
Purchase of goods - Change in Inventory	(1,635.7)	(77.7%)	(1,459.2)	(77.9%)
Rental Costs	(71.5)	(3.4%)	(64.1)	(3.4%)
Marketing costs	(50.0)	(2.4%)	(50.4)	(2.7%)
Logistic costs	(54.0)	(2.6%)	(42.8)	(2.3%)
Other costs	(64.1)	(3.0%)	(57.8)	(3.1%)
Personnel costs	(169.9)	(8.1%)	(156.3)	(8.3%)
Other operating costs and income	(2.1)	(0.1%)	(2.1)	(0.1%)
<b>Reported EBITDA</b>	<b>57.2</b>	<b>2.7%</b>	<b>41.0</b>	<b>2.2%</b>
<i>Adjustments</i>	8.4	0.4%	19.9	1.1%
<i>Change in Business Model</i>	7.9	0.4%	8.0	0.4%
<b>Adjusted EBITDA</b>	<b>73.6</b>	<b>3.5%</b>	<b>68.9</b>	<b>3.7%</b>
D&A	(27.2)	(1.3%)	(21.7)	(1.2%)
Financial Income - Expenses	(4.2)	(0.2%)	(4.5)	(0.2%)
<b>Adjusted Profit before Tax</b>	<b>42.2</b>	<b>2.0%</b>	<b>42.7</b>	<b>2.3%</b>
Taxes	1.9	0.1%	(0.7)	(0.0%)
<i>Fiscal impact of non-recurring items</i>	(1.4)	(0.1%)	(2.6)	(0.1%)
<b>Adjusted Net Income</b>	<b>42.7</b>	<b>2.0%</b>	<b>39.4</b>	<b>2.1%</b>
<i>Adjustments</i>	(8.4)	(0.4%)	(19.9)	(1.1%)
<i>D&amp;A non-recurring</i>	(0.3)	(0.0%)	--	--
<i>Non-recurring financial (expenses)/income</i>	1.5	0.1%	(3.1)	(0.2%)
<i>Change in Business Model</i>	(7.9)	(0.4%)	(8.0)	(0.4%)
<i>Fiscal impact of non-recurring items</i>	1.4	0.1%	2.6	0.1%
<b>Reported Net Income</b>	<b>28.9</b>	<b>1.4%</b>	<b>11.0</b>	<b>0.6%</b>





**Balance sheet**  
(in Millions of Euro)

	28 Feb. 2019	28 Feb. 2018
Trade Receivables	41.3	39.6
Inventory	362.3	313.5
Trade Payables	(468.5)	(411.5)
<b>Operating Working Capital</b>	<b>(64.8)</b>	<b>(58.4)</b>
Current Tax Assets	2.1	3.1
Current Assets	19.8	16.2
Current Liabilities	(190.3)	(163.4)
Short Term Provisions	(1.3)	(3.0)
<b>Net Working Capital</b>	<b>(234.6)</b>	<b>(205.4)</b>
Tangible and Intangible Assets	113.3	99.9
Net Deferred Tax Assets and Liabilities	31.5	27.7
Goodwill	178.0	174.8
Other Long Term Assets and Liabilities	(17.7)	(15.2)
<b>Total Invested Capital</b>	<b>70.4</b>	<b>81.7</b>
<b>Net financial Debt</b>	<b>20.5</b>	<b>(4.5)</b>
<b>Equity</b>	<b>(90.9)</b>	<b>(77.2)</b>
<b>Total Sources</b>	<b>(70.4)</b>	<b>(81.7)</b>

## Cashflow statement

(in Millions of Euro):

	FY 18/19	FY 17/18
<b>Reported EBITDA</b>	<b>57.2</b>	<b>41.0</b>
Taxes Paid	(0.7)	-
Interests Paid	(3.2)	(8.8)
Change in NWC	27.8	51.6
Change in Other Assets and Liabilities	1.3	1.4
<b>Reported Operating Cash Flow</b>	<b>82.3</b>	<b>85.2</b>
Purchase of Tangible Assets	(30.2)	(28.4)
Purchase of Intangible Assets	(8.0)	(8.8)
Change in capex payables	6.0	(5.6)
Acquisitions	(5.6)	(14.5)
Monclick NFP 01.06.2017	-	0.2
<b>Levered Free Cash Flow</b>	<b>44.6</b>	<b>28.1</b>
Adjustments	8.0	16.8
Non recurring investments	17.0	25.8
Other non recurring cash flows	(0.8)	(4.0)
<b>Adjusted Levered Free Cash Flow</b>	<b>68.7</b>	<b>66.7</b>
Adjustments	(7.2)	(12.8)
Non recurring investments	(17.0)	(25.8)
Dividend/Change in Shareholders Debt	(20.0)	(20.0)
Monclick Acquisition Debt	-	(11.6)
Other Changes	0.4	1.0
<b>Δ Net Financial Position</b>	<b>25.0</b>	<b>(2.5)</b>