



## PRESS RELEASE

### UNIEURO S.P.A.: FIRST QUARTER 2018/2019 RESULTS APPROVED

- Revenues at € 418.6 million, +14.1% compared to € 366.8 million in the first quarter of last year
- Adjusted EBITDA<sup>1</sup> of € 1.4 million, more than doubled from € 0.6 million registered in the first quarter of last year, but still not meaningful for the whole fiscal year in light of the typical seasonality of the business
- Adjusted Levered Free Cash Flow<sup>2</sup> negative for € 37.3 million due to seasonal business trends
- Several opportunities for external growth being presently considered

Forlì, 12 July 2018 – The Board of Directors of Unieuro S.p.A. (MTA: UNIR), the largest omnichannel distributor of consumer electronics and household appliances by number of stores in Italy, met today to examine and approve the Interim Financial Report of the Group as at 31 May 2018.

Although of no great significance, due to business seasonality that sees a concentration of revenues and profits in the second half of the year, the first quarter of Unieuro's financial year 2018/19 ended with improved results. Revenues, totalling € 418.6 million, increased by 14.1% year over year, while Adjusted EBITDA<sup>1</sup> more than doubled to set at € 1.4 million. The quarter was favourably influenced by the growth initiatives started in 2017, that led to the expansion of the store network and to new digital business improvements, and at the same time enabled the extraction of significant synergies. The consolidation strategy more than offset the further weakening of market trend, also in light of the effects on consumer confidence of the political uncertainty that characterised the months of April and May.

**Giancarlo Nicosanti Monterastelli**, Chief Executive Officer of Unieuro, stated: *“In a quarter seasonally feeble and of little significance, Unieuro took advantage from the acquisitions carried out in 2017, and from its constant work on projects on which our future growth is rooted, beginning with the new logistics hub in Piacenza”*.

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<sup>1</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>2</sup> Adjusted Levered Free Cash Flow is defined as cash flow generated/absorbed by operating activities net of investment activities adjusted for non-recurring investments and other non-recurring operating flows and including adjustments for non-recurring expenses (income) and net of their non-cash component and the related tax impact



“At the same time, we confirm our omnichannel consolidation strategy, as well as our continuous and incessant monitoring and analysis of all possible opportunities for external growth. An effort which will hopefully yield its fruits soon”.

### **Q1 2018/19 revenues**

In the 2018/19 first quarter, ended at 31 May 2018, Unieuro achieved **Revenues** of € 418.6 million, up 14.1% compared to € 366.8 million in the same period in the previous year, with an increase of € 51.8 million, mainly tied to the growth in the company’s size and to the strong growth seen in the digital platform unieuro.it and in the B2B channel.

**Like-for-like** revenues – i.e. the performance of stores open for at least 26 months at 31 May 2018, including both retail and click & collect sales – was down 4.9%, also due to the predicted impact of new stores (not included in the like-for-like indicator) on the pre-existing network. Excluding stores affected from the scope of analysis, as being located close to new stores, and effect of the different promotional calendar, like-for-like sales decreased by 1.1%, also because of the general market weakness, influenced by political uncertainty.

### **Revenues by sales channel**

<i>(in Euro million and in percentage of consolidated revenues)</i>	<b>Period ended</b>				<b>Q1 Changes</b>	
	<b>31 May 2018</b>		<b>31 May 2017</b>		<b>€m</b>	<b>%</b>
		<b>%</b>		<b>%</b>		
<i>Retail</i>	290.4	69.4%	262.2	71.5%	28.2	10.8%
<i>Wholesale</i>	41.7	10.0%	47.2	12.9%	(5.5)	(11.7%)
<i>Online</i>	46.4	11.1%	30.0	8.2%	16.4	54.7%
<i>B2B</i>	34.5	8.2%	22.0	6.0%	12.5	56.8%
<i>Travel</i>	5.6	1.3%	5.4	1.5%	0.2	3.7%
<b>Total consolidated revenues by channel</b>	<b>418.6</b>	<b>100.0%</b>	<b>366.8</b>	<b>100.0%</b>	<b>51.8</b>	<b>14.1%</b>

The **Retail channel** (69.4% of total revenues) – which is made up of 215 direct stores located in areas deemed commercially strategic and characterized by different sizes in terms of surface area – registered a 10.8% increase in sales amounting to € 290.4 million, mainly thanks to the growth of the store base following the acquisitions made starting from the second quarter of last year.

The **Wholesale channel** (10% of total sales) – made up of 267 Affiliated retail stores, characterized by small sizes and located in areas with a limited customer catchment zone – recorded revenues of € 41.7 million, down by € 5.5 million compared to € 47.2 million in the previous period, mainly as a result of a continuous and organic network rationalisation



effort that led to a 9-unit decrease in the number of stores compared to the first quarter of the previous year, all crowned with the expected impact of new direct stores on the Wholesale network.

The **Online Channel** (11.1% of total revenues) generated € 46.4 million in revenues (+54.7%), an increase of € 16.4 million compared to the first quarter of last year. The positive performance is due to the success of the digital platform unieuro.it, that generated revenues increased by 20.3%. Also positive was the contribution of subsidiary Monclick S.r.l., which was not present in the first quarter of 2017/18, worth Euro 10.3 million. Monclick is one of the leading Italian pure players specialised in consumer electronics and household appliances.

The **Business-to-Business channel** (8.2% of total revenues) – 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 employees for loyalty points, prize contests, or incentive plans (referred to as B2B2C segment) – recorded revenues of € 34.5 million, increasing sharply compared to € 22 million for Q1 of fiscal year 2017/18 (up € 12.5 million). The 56.8% growth was generated both with equal perimeters (+29%) and with the Monclick’s contribution, amounting to € 6.1 million.

Finally, the **Travel channel** (1.3% of total revenues) – made up of 11 direct stores located at some of the main public transport hubs, such as airports and railway stations – recorded revenues of € 5.6 million, up by € 0.2 million, equal to 3.7%.

### **Revenues by product category**

<i>(in Euro million and in percentage of consolidated revenues)</i>	Period ended				Q1 Changes	
	31 May 2018		31 May 2017		€m	%
		%		%		
Grey goods	205.6	49.1%	175.3	47.8%	30.3	17.3%
White goods	103.9	24.8%	100.0	27.3%	3.9	3.9%
Brown goods	74.6	17.8%	61.2	16.7%	13.4	21.9%
Services	18.2	4.4%	13.3	3.6%	4.9	36.8%
Other products	16.3	3.9%	17.0	4.6%	(0.7)	(4.1%)
<b>Total consolidated revenues by channel</b>	<b>418.6</b>	<b>100.0%</b>	<b>366.8</b>	<b>100.0%</b>	<b>51.8</b>	<b>14.1%</b>



The category of **Grey goods** (49.1% of total revenues) – i.e. photo cameras, video cameras, smartphones, tablets, desktop and laptop computers, monitors, printers, telephony accessories and all wearable technology products – generated revenues of € 205.6 million, up by 17.3% compared to € 175.3 million in the previous year thanks to the benefits resulting from a mix shift to top-of-the-range products, and the good performance of a number of new items.

The category of **White goods** – representing 24.8% of sales and comprising major domestic appliances (MDA) such as washing machines, dryers, refrigerators or freezers and stoves, small domestic appliances (SDA) such vacuum cleaners, kettles, coffee machines, as well as the air conditioning segment – generated revenues of € 103.9 million, recording a growth of 3.9% despite an important promotion dedicated to this segment being brought forward to February 2018.

**Brown goods** (17.8% of total revenues) – which include televisions sets and related accessories, smart TV devices and car accessories, as well as storage devices such as CDs/DVDs and USB flash drives – in the first quarter of the current year registered a strong growth in revenues reaching € 74.6 million (up 21.9% compared to € 61.2 million for the same period of the previous year). This category benefited from the imminence of the World Football Championship, and from the growing success of high-end television sets, especially Ultra HD and OLED TVs.

**Other products** (3.9% of total revenues) – which include sales in the entertainment sector and other products not included in the consumer electronics market, such as electric mobility – recorded revenues of € 16.3 million, down 4.1%, equally ascribable to the different promotion schedule.

Finally, a good performance was recorded in the category of **Services** (4.4% of total revenues), which witnessed a growth of 36.8% standing at € 18.2 million thanks to the Company's continual focus on the provision of high value added services to its customers, especially with regard to warranty extensions and new consumer credit agreements.

## **Adjusted EBITDA<sup>1</sup>**

<i>(millions of Euro and percentage of consolidated revenues)</i>	Period ended				Q1 Changes	
	31 May 2018	%	31 May 2017	%	2019 vs. 2018	%
Consolidated EBITDA	(8.1)	(1.9%)	(10.6)	(2.9%)	2.5	(23.5%)
Depreciation, amortisation and write-downs	6.1	1.5%	4.7	1.3%	1.4	30.2%
Non-recurring charges/(income)	1.8	0.4%	5.1	1.4%	(3.3)	(63.9%)
Revenues from extended warranty services net of related estimated future costs to provide the assistance service - change in the business model for directly managed assistance services	1.5	0.4%	1.4	0.4%	0.1	7.1%
<b>Consolidated Adjusted EBITDA</b>	<b>1.4</b>	<b>0.3%</b>	<b>0.6</b>	<b>0.2%</b>	<b>0.7</b>	<b>116.1%</b>

During the first quarter 2018/2019, **Unieuro's Adjusted EBITDA<sup>1</sup>** increased by € 0.7 million, totalling €1.4 million. Adjusted EBITDA margin<sup>3</sup> improved by 10 basis points.

Profitability was influenced by seasonal phenomena that are typical of the consumer electronics market, which records stronger revenues and costs of purchasing goods at the end of each financial year, while operating costs show a steadier trend due to the presence of the fixed cost component (personnel, rentals and overheads), which have a uniform distribution throughout the financial year.

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

The effects of the seasonality of business were also reflected in the Group's **Adjusted Net Income<sup>4</sup>**, which in the first quarter 2018/2019 was a negative € 4.9 million, (down € 4.1 million in the same period of the last year), recording an impact on revenues of -1.2% (down 1.1% in the first quarter ended on 31 May 2017).

The increase in Adjusted EBITDA<sup>1</sup> and savings on financial charges, resulting from the new credit facilities subscribed in December 2017, made it possible to offset, at least in part, the increase in amortisation and depreciation, as well as the temporary change in taxes.

<sup>3</sup> Adjusted EBITDA Margin is the ratio of Consolidated Adjusted EBITDA to revenues.

<sup>4</sup> Adjusted net income is calculated as net income adjusted for (i) the adjustments incorporated in adjusted EBITDA and (ii) the theoretical tax impact of such adjustments.



### **Investments**

Investments made in the period amount to € 6.7 million (€ 7.3 million in the first quarter ended 31 May 2017) and are relating - to the extent of € 4.5 million - to initiatives aimed at developing the network of direct stores, renovating existing stores and purchasing hardware, software, licenses and developments of pre-existing applications with a view to digitalising stores and developing state-of-the-art features for online platforms, with the objective of making the omnichannel experience of every customer increasingly functional and pleasing.

Non-recurring investments, totalling € 2.2 million, are relating to the ongoing creation of the **new logistics hub in Piacenza**, which will help considerably increase the logistics capacity compared to the present one. The existence of a single platform supplying all channels is a distinctive trait of Unieuro's business model, and makes it possible to avoid unnecessary costs and idle time, limit inventory obsolescence and optimise product delivery to both the store network and individual web customers alike.

### **Net financial debt**

At 31 May 2018, Unieuro's Net financial debt stood at € 44.4 million (€ 4.5 million at 28 February 2018), influenced by the seasonal business trends described above - which in the first part of the year imply a significant absorption of capital, against a second half characterized by a strong cash flow – as well as by investments made.

The **Adjusted Levered Free Cash Flow<sup>2</sup>** passed from € 30.4 million, absorbed in the first quarter of 2017/2018, to € 37.3 million in the quarter just ended, chiefly due to a different promotion schedule that required a different procurement planning timing.

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### **Other resolutions of the Board of Directors**

The Board of Directors of Unieuro also approved an updated version of Regulation on Internal Dealing; the Regulation on the management of Inside Information and Relevant Information; the Internal Regulation for keeping the Registers of persons who, respectively, have access to Inside information and Relevant Information.

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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.*



\* \* \*

*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.*

\* \* \*

**Unieuro S.p.A.**

*Listed on the STAR segment of the Italian Stock Exchange, Unieuro is now the largest omnichannel distributor of consumer electronics and household appliances with a widespread network of about 500 stores throughout the country, including direct stores (about 230) and affiliated stores (about 270), its digital platform unieuro.it as well as the e-tailer Monclick. The Company is headquartered in Forlì and has a logistics hub in Piacenza. It has about 4,600 employees and revenues that approached € 1.9 billion for the fiscal year ended 28 February 2018.*

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**Summary tables:**

**Income Statement**

(millions of Euro)

	Q1 18/19	%	Q1 17/18	%
Sales	418.6		366.8	
<b>Sales</b>	<b>418.6</b>		<b>366.8</b>	
Purchase of goods - Change in Inventory	(324.0)	(77.4%)	(288.0)	(78.5%)
Rental Costs	(17.9)	(4.3%)	(14.5)	(4.0%)
Marketing costs	(11.8)	(2.8%)	(13.5)	(3.7%)
Logistic costs	(10.8)	(2.6%)	(8.0)	(2.2%)
Other costs	(14.2)	(3.4%)	(13.8)	(3.8%)
Personnel costs	(41.7)	(10.0%)	(33.9)	(9.2%)
Other operating costs and income	(0.4)	(0.1%)	(1.0)	(0.3%)
<b>EBITDA Reported</b>	<b>(2.0)</b>	<b>(0.5%)</b>	<b>(5.9)</b>	<b>(1.6%)</b>
<i>Adjustments</i>	1.8	0.4%	5.1	1.4%
<i>Change in Business Model</i>	1.5	0.4%	1.4	0.4%
<b>Adjusted EBITDA</b>	<b>1.4</b>	<b>0.3%</b>	<b>0.6</b>	<b>0.2%</b>
D&A	(6.1)	(1.5%)	(4.7)	(1.3%)
Financial Income - Expenses	(0.8)	(0.2%)	(1.2)	(0.3%)
<b>Adjusted Profit before Tax</b>	<b>(5.6)</b>	<b>(1.3%)</b>	<b>(5.3)</b>	<b>(1.4%)</b>
Taxes	0.9	0.2%	1.8	0.5%
<i>Fiscal impact of non-recurring items</i>	(0.3)	(0.1%)	(0.6)	(0.2%)
<b>Adjusted Net Income</b>	<b>(4.9)</b>	<b>(1.2%)</b>	<b>(4.1)</b>	<b>(1.1%)</b>
<i>Adjustments</i>	(1.8)	(0.4%)	(5.1)	(1.4%)
<i>Change in Business Model</i>	(1.5)	(0.4%)	(1.4)	(0.4%)
<i>Fiscal impact of non-recurring items</i>	0.3	0.1%	0.6	0.2%
<b>Net Income Reported</b>	<b>(8.0)</b>	<b>(1.9%)</b>	<b>(10.0)</b>	<b>(2.7%)</b>





## **Balance Sheet**

(millions of Euro)

	31 May 2018	28 Feb. 2018
Trade Receivables	43.2	39.6
Inventory	384.4	313.5
Trade Payables	(455.1)	(411.5)
<b>Operating Working Capital</b>	<b>(27.6)</b>	<b>(58.4)</b>
Current Tax Assets	4.8	3.1
Current Assets	25.5	16.2
Current Liabilities	(167.5)	(163.3)
Short Term Provisions	(2.9)	(2.9)
<b>Net Working Capital</b>	<b>(167.7)</b>	<b>(205.3)</b>
Tangible and Intangible Assets	100.4	99.9
Net Deferred Tax Assets and Liabilities	25.2	27.7
Goodwill	174.7	174.7
Other Long Term Assets and Liabilities	(14.8)	(15.2)
<b>Total Invested Capital</b>	<b>118.0</b>	<b>81.7</b>
<b>Net financial Debt</b>	<b>(44.4)</b>	<b>(4.5)</b>
<b>Equity</b>	<b>(73.6)</b>	<b>(77.2)</b>
<b>Total Sources</b>	<b>(118.0)</b>	<b>(81.7)</b>

## **Cash Flow Statement**

(millions of Euro)

	Q1 18/19	Q1 17/18
<b>Reported EBITDA</b>	<b>(2.0)</b>	<b>(5.9)</b>
Taxes Paid	-	-
Interests Paid	(0.4)	(1.0)
Change in NWC	(30.7)	(21.0)
Change in Other Assets and Liabilities	0.5	0.7
<b>Reported Operating Cash Flow</b>	<b>(32.6)</b>	<b>(27.3)</b>
Purchase of Tangible Assets	(5.4)	(5.8)
Purchase of Intangible Assets	(1.3)	(1.5)
Acquisitions	-	(9.4)
Monclick NFP 01.06.2017	-	-
<b>Levered Free Cash Flow</b>	<b>(39.3)</b>	<b>(44.0)</b>
Adjustments	(0.2)	4.2
Non recurring investments	2.2	9.4
<b>Adjusted Levered Free Cash Flow</b>	<b>(37.3)</b>	<b>(30.4)</b>
Adjustments	0.2	(4.2)
Non recurring investments	(2.2)	(9.4)
Debt to Shareholders (non cash effect)	-	-
Debt Acquisition Monclick (non cash effect)	-	-
Other Changes	(0.5)	(0.2)
<b>Δ Net Financial Position</b>	<b>(39.8)</b>	<b>(44.2)</b>