



PRESS RELEASE

UNIEURO S.P.A.: POSITIVE RESULTS IN LINE WITH EXPECTATIONS FOR THE FIRST NINE MONTHS OF 2017/18

- Consolidated revenues of € 1,328.4 million, +10.9% compared to 1,198.2 million in the same period of the previous year; +63.5% online
- Adjusted EBITDA of € 39.7 million, +4.1% compared to € 38.1 million
- Adjusted consolidated net income of € 19.2 million, +4.3% compared to € 18.4 million
- Adjusted levered free cash flow at record € 37.3 million, tripled compared to € 12.7 million in the same period of the previous year
- Excellent start to the final quarter with strong revenues recorded during the Christmas season

Forlì, 10 January 2018 – The Board of Directors of Unieuro (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 at 30 November 2017.

The first nine months of 2017/18 ended with improved results, both in terms of revenues, which grew by double figures to over € 1.3 billion, and in terms of profitability, with adjusted EBITDA and net adjusted profit at 3% and 1.4% of revenues, respectively. Cash flow was strong, tripled compared to the same period last year, which helped support investments while keeping net financial debt under control.

Giancarlo Nicosanti Monterastelli, Chief Executive Officer of Unieuro, stated: *“We are particularly satisfied with the results achieved by Unieuro in the first nine months of the year: encouraging results in line with our growth expectations and even more significant given the increasingly competitive market environment”*.

“Although Black Friday, which once again saw us as leaders, makes the third quarter more important year after year, the Christmas season continues to play a key role for the entire sector. In light of the positive trend of Unieuro revenues in December, we are confident we will reach the annual targets set, allowing us to adequately remunerate our shareholders,” added Nicosanti.



Consolidated revenues at 30 November 2017

In the first nine months of 2017/18, ended at 30 November 2017, Unieuro achieved **consolidated revenues** of € 1,328.4 million, up by 10.9% compared to 1,198.2 million in the same period of the previous year, with an increase of 130.2 million. In addition to the acquisitions and new openings, the trend in revenues was positively influenced by Black Friday, which, compared to 2016/17, recorded an increase in sales both in stores and online.

Like-for-like growth – i.e. the performance of stores open for at least 26 months at 30 November 2017, including both retail and *click & collect* sales – was down 1.5%, also due to the predicted impact of new stores (not included in the like-for-like indicator) on the pre-existing network. Excluding the points of sale affected, since located close to new stores acquired or re-launched, from the scope of analysis (in particular Rome Muratella, renovated in May 2016), like-for-like sales grew by 0.7%.

Revenues by sales channel

	Period ended				Changes	
	30 November 2017	%	30 November 2016	%	2017 vs. 2016	%
<i>Retail</i>	930.8	70.1%	863.2	72.0%	67.6	7.8%
<i>Wholesale</i>	161.3	12.1%	170.2	14.2%	(8.9)	(5.2%)
<i>Online</i>	128.7	9.7%	78.7	6.6%	50.0	63.5%
<i>B2B</i>	90.0	6.8%	76.8	6.4%	13.2	17.2%
<i>Travel</i> ¹	17.6	1.3%	9.3	0.8%	8.3	89.2%
Total revenues by channel	1,328.4	100.0%	1,198.2	100.0%	130.2	10.9%

During the period under review, the Group pursued its development strategy for existing channels, strengthening and improving the direct stores portfolio through new openings and acquisitions, while streamlining its network of affiliates. This was accompanied by the major growth of the online channel thanks to the success of the new mobile first website and the continuous expansion of pick-up points, favouring the increase of click and collect sales at both direct and indirect stores.

The Retail channel (70.1% of total sales) – made up of 208 directly operated stores located in areas deemed commercially strategic and characterised by different sizes in terms of surface area – registered a 7.8% increase in sales, amounting to € 930.8 million,

¹ The Travel channel represents the sale of products at public transport hubs through directly operated stores.



thanks to the reopening of 21 stores acquired from Andreoli S.p.A., operative since 1 July 2017, the reopening of 11 of the 19 stores acquired from Cerioni S.p.A., operative since 16 November 2017, and, finally, the opening of 7 new stores during the period under review, with specific reference to the stores in Novara and Rome.

The Wholesale channel (12.1% of total sales) – made up of 271 affiliated retail outlets, characterised by small surface areas and located in areas with a limited target market – registered revenues of € 161.3 million, down 5.2% compared to € 170.2 million in the same period of the previous year, mainly due to the continued streamlining of the affiliates' network and optimisation of inventory in accordance with the Group.

The Online channel (9.7% of total sales) generated € 128.7 million in revenues, an increase of 63.5% compared to € 78.7 million in the same period of the previous year, impressive performance given the slowdown in the growth trend of the online consumer electronics and home appliances market.

The digital platform unieuro.it, re-launched in October 2016, contributed to growth, generating incremental revenues of € 28 million, up +35.6% compared to the first nine months of 2016/17. This success was due, among other things, to the Black Friday marketing initiatives, which drove up revenues in November, the constant expansion of the pick-up point network – also thanks to Unieuro's acquisition and re-launching of stores with an omnichannel approach – as well as the positive results of the growth strategy for product categories with high margins, White goods in particular. The constant release of new features and platform improvements - which is essential for retaining customers and attracting new ones at the same time - also contributed, aimed at increasing presence in the important mobile segment.

The remaining € 22 million of incremental revenues was attributable to the acquisition of Monclick, one of the leading online operators in Italy, consolidated since 1 June.

The Business-to-Business channel (6.8% of total sales) – which caters to business customers, including foreign, operating in sectors other than that of Unieuro, as well as operators purchasing electronic products to distribute to regular customers or employees for loyalty points, prize contests or incentive plans – recorded sales worth € 90 million, up by 17.2% compared to the corresponding period of the previous year. The performance of the channel was positively impacted by sales of the subsidiary Monclick S.r.l..

Finally, the **Travel channel** (1.3% of total sales) – made up of 11 directly operated stores located at main public transport hubs such as airports and railway stations – recorded an increase of 89.2%, amounting to € 17.6 million thanks to the new openings at the Capodichino and Orio al Serio airports and the store located at the Turin Porta Nuova railway station.

Revenues by product category

(millions of Euro and percentage of revenues)	Period ended				Changes	
	30 November 2017	%	30 November 2016	%	2017 vs. 2016	%
Grey goods	615.0	46.3%	579.1	48.3%	35.9	6.2%
White goods	363.5	27.4%	311.0	26.0%	52.5	16.9%
Brown goods	238.5	18.0%	213.6	17.8%	24.9	11.7%
Other products	64.0	4.8%	52.8	4.4%	11.2	21.2%
Services	47.4	3.5%	41.6	3.5%	5.8	13.9%
Total revenues by category	1,328.4	100.0%	1,198.2	100.0%	130.2	10.9%

The nine months ended at 30 November 2017 recorded a growth in sales across all product categories.

Grey goods (46.3% 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 € 615 million, up by 6.2% compared to € 579.1 million in the same period of the previous year, thanks to the good performance of consumer revenues and despite market weakness in the IT segment and the expected reduction of sales in Unieuro's B2B segment.

White goods – representing 27.4% of sales and comprising major domestic appliances (MDA) such as washing machines, dryers, refrigerators or freezers and stoves, small domestic appliances (SDA) such as microwave ovens, vacuum cleaners, kettles, coffee machines, as well as the air conditioning segment – generated revenues of € 363.5 million, up by 16.9% compared to € 311 million in the corresponding period of the previous year, thanks to the strategy for the expansion of the product range in this category and the strong performance of dryers.

Brown goods (18.0% 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 – achieved revenues of € 238.5 million in the first nine months of the year, up by 11.7% compared to € 213.6 million in the previous year. In the absence of technological innovations in the industry, the category benefitted from the positive contribution of the B2B2C sales by Monclick.

Other products (4.8% of total revenues) – which include sales in the entertainment sector and other products not included in the consumer electronics market such as electric mobility, a fast-growing segment during the period thanks to product innovations in personal mobility – recorded revenues of € 64 million, up by 21.2% compared to € 52.8 million in the corresponding period of the previous year.



Lastly, **Services** (3.6% of total revenues) also performed well, which posted a growth of 13.9% and came in at € 47.4 million, thanks to the Company's continued focus on the provision of services to its customers, warranty extensions especially.

Adjusted EBITDA

<i>(millions of Euro and percentage of revenues)</i>	Period ended at						Changes	
	30 November 2017			30 November 2016			2017 vs. 2016	%
	<i>Adjusted values</i>	%	<i>Adjustments²</i>	<i>Adjusted values</i>	%	<i>Adjustments</i>		
Revenues	1,328.4			1,198.2			130.2	10.9%
Revenues from sales	1,328.4			1,198.2			130.2	10.9%
Purchase of goods – Change in inventory	(1,032.2)	(77.7%)	3.1	(928.7)	(77.5%)	0.8	(103.4)	11.1%
Rental costs	(46.1)	(3.5%)	0.7	(43.4)	(3.6%)	0.4	(2.8)	6.4%
Marketing costs	(38.4)	(2.9%)	1.9	(38.9)	(3.2%)	1.9	0.6	(1.4%)
Logistic costs	(30.8)	(2.3%)	1.1	(24.2)	(2.0%)	0.1	(6.7)	27.5%
Other costs	(36.3)	(2.7%)	6.4	(33.6)	(2.8%)	4.6	(2.7)	8.0%
Personnel costs	(107.9)	(8.1%)	4.7	(97.3)	(8.1%)	3.8	(10.6)	10.9%
Other operating costs and income	(1.9)	(0.1%)	(0.0)	(1.4)	(0.1%)	(0.0)	(0.5)	37.8%
Revenues from the sale of warranty extension netted of future estimated service cost - business model's change related to direct assistance services	4.9	0.4%	4.9	7.4	0.6%	7.4	(2.6)	(34.5%)
Adjusted EBITDA	39.7	3.0%	22.6	38.1	3.2%	19.0	1.6	4.1%

During the first nine months of the year 2017/18, the **Adjusted EBITDA** of Unieuro stood at € 39.7 million, up by 4.1% compared to € 38.1 million in the corresponding period of the previous year. The Adjusted EBITDA Margin was equal to 3.0%.

² The item Adjustments includes both non-recurring income/(expenses) and the adjustment for the change in the business model for warranties, classified under the item "Change in business model for directly managed assistance services." The adjustment is therefore intended to represent the estimated margin, in each reference year, arising from the sale of extended warranty services already sold (and collected) starting with the Change in the Business Model, as if the group had always operated according to the current business model. In particular, the margin estimate is represented by revenues that had been suspended in deferred income in order to be deferred to the financial year in which the conditions for their recognition would apply, net of future costs for performing the extended warranty service, which were projected by the Company on the basis of historical information on the nature, frequency and cost of assistance work.

Profitability was positively influenced by the lower incidence of rental costs, marketing costs and the item “Other costs” on total revenues, which almost totally offset the increase of logistics costs - also connected to the significant growth of the online sales - as well as the stronger promotional pressure connected to the 39 new openings of the relevant period.

Adjusted Consolidated Net Income

Adjusted consolidated net income in the first nine months of the year 2017/18 amounted to € 19.2 million, an increase of 4.3% compared to €18.4 million achieved in the same period of 2016/17, with an incidence on revenues of 1.4%, thanks to the solid results of financial management (net financial charges down to € 3.8 million from € 4.8 million, due to the improved average net financial position for the period) and lower tax burden (€ 0.2 million, a sharp decline compared to € 0.8 million in the corresponding period of the previous year). On the other hand, depreciation during the period increased from € 12.6 million to € 14.6 million due to the investment policy implemented in recent years.

Net Financial Debt

At 30 November 2017, Unieuro’s net financial debt stood at € 29.6 million (up from € 2 million at 28 February 2017 and € 25.3 million at 30 November 2016).

This increase in the first nine months of the year, equal to € 27.6 million, is mainly the result of investments worth € 34.7 million; the pay-out of dividends of € 20 million and acquisitions (€ 26.2 million, of which € 11.7 million to be paid in subsequent years), offset by strong cash flow generation, as shown by the **Adjusted Levered Free Cash Flow**, which almost tripled at € 37.3 million, compared to € 12.7 million in the first nine months of 2016/17.

Adjusted Levered Free Cash Flow, the most appropriate indicator for measuring cash generated during the period by Unieuro, in turn benefitted from the positive performance of Net Working Capital resulting from continuous and careful management, the increase in sales volumes and the recently completed acquisitions.

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Other resolutions of the Board of Directors

The Board of Directors of Unieuro also approved the 2018 financial calendar, which will be disclosed in a specific press release.



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For the transmission, storage and filing of the Regulatory Information to be made public, Unieuro S.p.A. has chosen the platforms “eMarket SDIR” and “eMarket STORAGE” managed by Spafid Connect S.p.A., with offices in Foro Buonaparte 10, Milan.

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Mr Italo Valenti, the Director responsible for preparing the accounting and corporate 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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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 by number of outlets in Italy, with a widespread network of 500 outlets throughout the country, including direct stores (230) and affiliated stores (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 more than 4,500 employees and revenues that exceeded € 1.6 billion for the fiscal year ending 28 February 2017.

For information:

Investor Relations

Italo Valenti

CFO & Investor Relations Officer
+39 0543 776769
investor.relations@unieuro.com

Andrea Moretti

Investor Relations Manager
+39 335 5301205
+39 0543 776769
amoretti@unieuro.com

Media Relations

iCorporate

Arturo Salerni
+39 335 1222631
Rita Arcuri
+39 333 2608159
unieuro@icorporate.it

Summary tables:

Income Statement

(millions of Euro)

	9M 17/18	%	9M 16/17	%
Sales	1,328.4		1,198.2	
Sales	1,328.4		1,198.2	
Purchase of goods - Change in Inventory	(1,034.9)	(77.9%)	(929.6)	(77.6%)
Rental Costs	(46.8)	(3.5%)	(43.8)	(3.7%)
Marketing costs	(40.2)	(3.0%)	(40.8)	(3.4%)
Logistic costs	(31.9)	(2.4%)	(24.3)	(2.0%)
Other costs	(43.1)	(3.2%)	(38.2)	(3.2%)
Personnel costs	(112.5)	(8.5%)	(101.2)	(8.4%)
Other operating costs and income	(1.8)	(0.1%)	(1.4)	(0.1%)
EBITDA Reported	17.1	1.3%	19.1	1.6%
<i>Adjustments</i>	17.8	1.3%	11.6	1.0%
<i>Change in Business Model</i>	4.9	0.4%	7.4	0.6%
Adjusted EBITDA	39.7	3.0%	38.1	3.2%
D&A	(14.6)	(1.1%)	(12.6)	(1.1%)
Financial Income - Expenses	(3.8)	(0.3%)	(4.8)	(0.4%)
Adjusted Profit before Tax	21.4	1.6%	20.8	1.7%
Taxes	(0.2)	(0.0%)	(0.8)	(0.1%)
<i>Fiscal impact of non-recurring items</i>	(2.0)	(0.1%)	(1.6)	(0.1%)
Adjusted Net Income	19.2	1.4%	18.4	1.5%
<i>Adjustments</i>	(17.8)	(1.3%)	(11.6)	(1.0%)
<i>Change in Business Model</i>	(4.9)	(0.4%)	(7.4)	(0.6%)
<i>Fiscal impact of non-recurring items</i>	2.0	0.1%	1.6	0.1%
Net Income Reported	(1.5)	(0.1%)	0.9	0.1%



Balance Sheet

(millions of Euro)

	30 Nov. 2017	28 Feb. 2017
Trade Receivables	49.5	35.2
Inventory	429.9	269.6
Trade Payables	(537.6)	(334.5)
Operating Working Capital	(58.2)	(29.8)
Current Tax Assets	7.1	8.0
Current Assets	13.7	13.9
Current Liabilities	(152.9)	(140.3)
Short Term Provisions	(3.9)	(1.4)
Net Working Capital	(194.2)	(149.7)
Tangible and Intangible Assets	102.6	72.6
Net Deferred Tax Assets and Liabilities	23.7	29.1
Goodwill	177.0	151.4
Other Long Term Assets and Liabilities	(15.1)	(16.5)
Total Invested Capital	94.1	86.9
Net financial Debt	(29.6)	(2.0)
Equity	(64.5)	(85.0)
Total Sources	(94.1)	(86.9)



Cash Flow Statement

(millions of Euro):

	9M 17/18	9M 16/17
Reported EBITDA	17.1	19.1
Taxes Paid	-	-
Interests Paid	(5.3)	(4.1)
Change in NWC	38.8	7.4
Change in Other Assets and Liabilities	0.9	2.9
Reported Operating Cash Flow	51.5	25.3
Purchase of Tangible Assets	(26.0)	(17.3)
Purchase of Intangible Assets	(8.8)	(2.8)
Acquisitions	(14.5)	-
Monclick NFP 01.06.2017	0.2	-
Levered Free Cash Flow	2.5	5.2
Adjustments	13.0	7.5
Non recurring investments	21.7	-
Adjusted Levered Free Cash Flow	37.3	12.7
Adjustments	(13.0)	(7.5)
Non recurring investments	(21.7)	-
Debt to Shareholders (non cash effect)	(20.0)	(3.9)
Debt Acquisition Monclick (non cash effect)	(11.7)	-
Other Changes	1.5	(0.6)
Δ Net Financial Position	(27.6)	0.7