



## **Q1 2018 RESULTS**

**9<sup>TH</sup> MAY 2018**

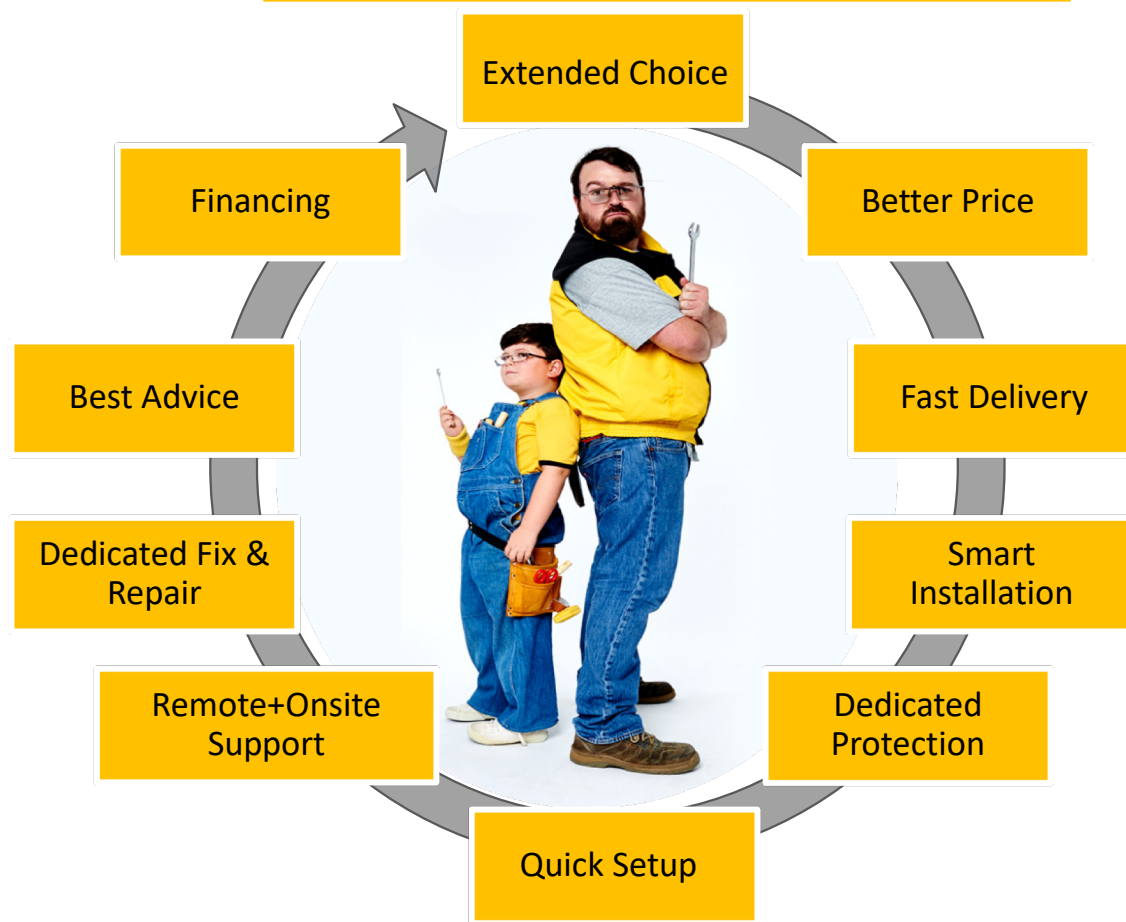
## FINANCIAL CALENDAR

Q1 17 Results	9 <sup>th</sup> May 2018
H1 18 Results	2 <sup>nd</sup> August 2018
9M 18 Results	8 <sup>th</sup> November 2018

## ePRICE AT A GLANCE

*"Serving the evolution of Italian households"*

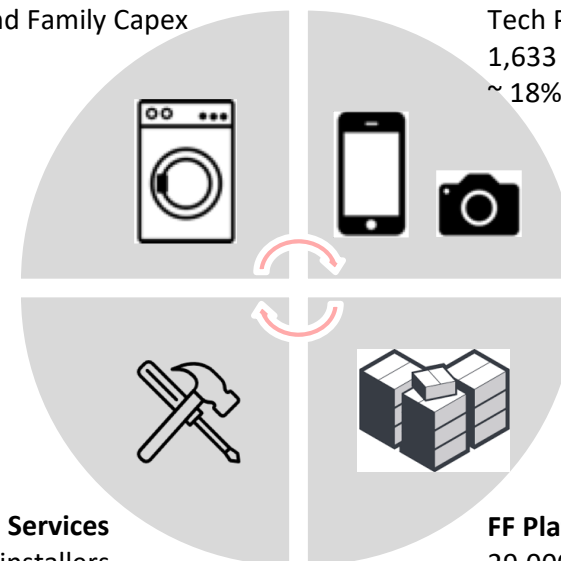
**A unique online offer to cover customer needs...**



**...powered by a complete e-Commerce platform**

**1P Core Sales**  
Online leadership on  
MDAs and Family Capex

**3P Marketplace Sales**  
Competitive on Long Tail  
Tech Products  
1,633 merchants  
~ 18% GMV

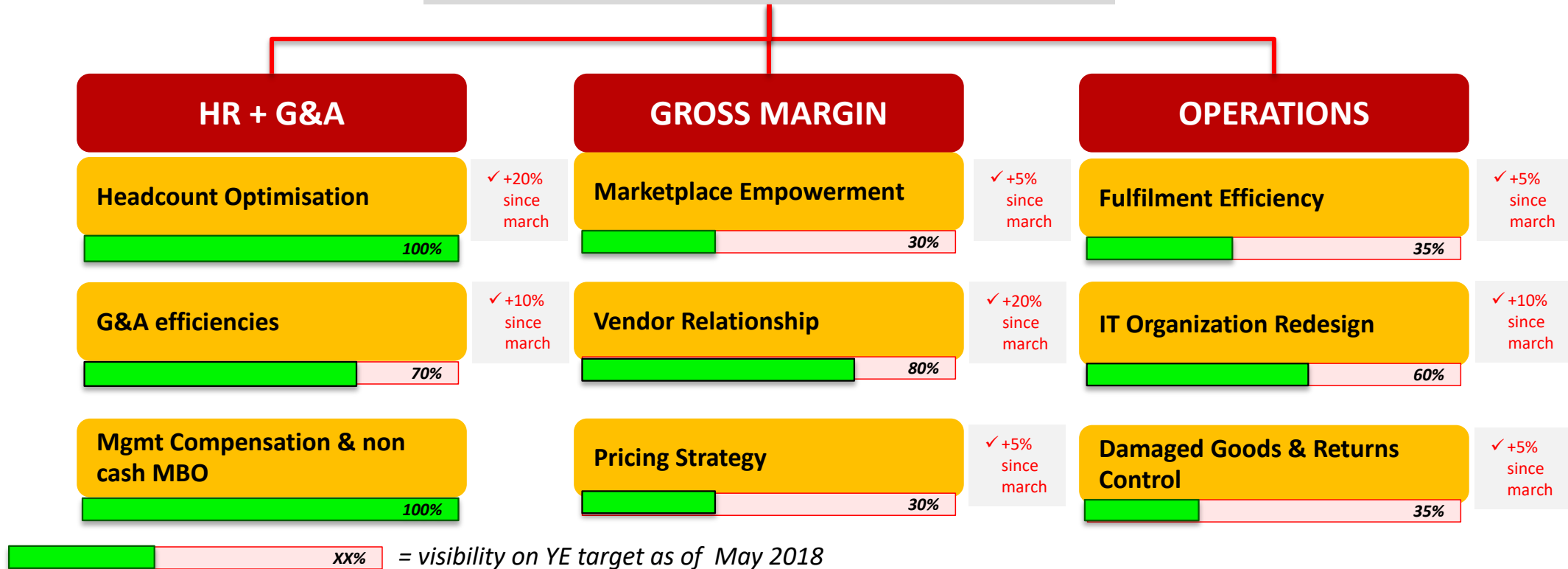


**Premium Services**  
~600 installers  
Proprietary  
Service Platform  
132 Pick&Pay &  
297 automatic  
lockers

**FF Platform**  
29.000 sqm FF Center  
~ 1M boxes/year all  
over Italy

## OUR 2018: ACTIONS IN PROGRESS

### Ongoing Key Actions at ePRICE



Planned actions worth up to 15-20% of 2017 cash costs  
(in terms of savings + improved margin) or  
up to c. 10 €MN in FY18, back-end loaded

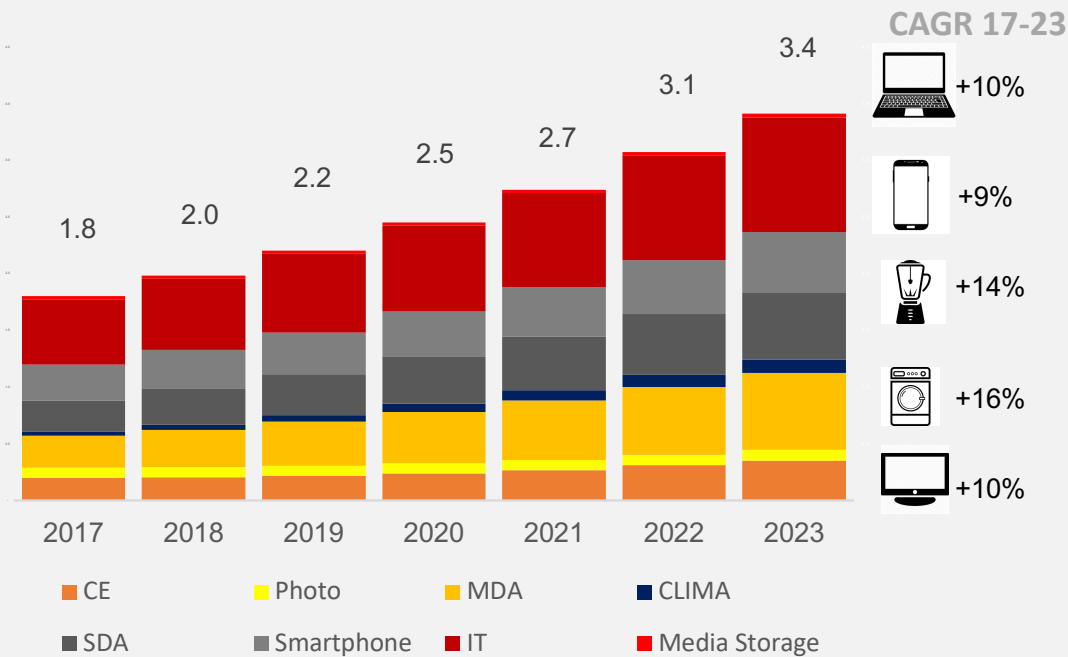
## ePRICE Q1: WORK IN PROGRESS

- *Tough comparison vs. Q1 17: Q1 18 revenues impacted by a «rebase» effect due to the shift of non core categories from direct 1P towards the marketplace (where only commissions are booked) and IFRS 15 adoption for warranties.*
- *Gross Margin better than target, Gross Profit in line.*
- *Headcount Optimisation Completed.*
- *Savings in G&A and Marketing on track.*
- *Damaged Goods -20%, still unsatisfactory.*
- *Inventory reduction better than target.  
Capex reduction on track.*
- *Current trading positive: strong double digit on MDA and Marketplace.*

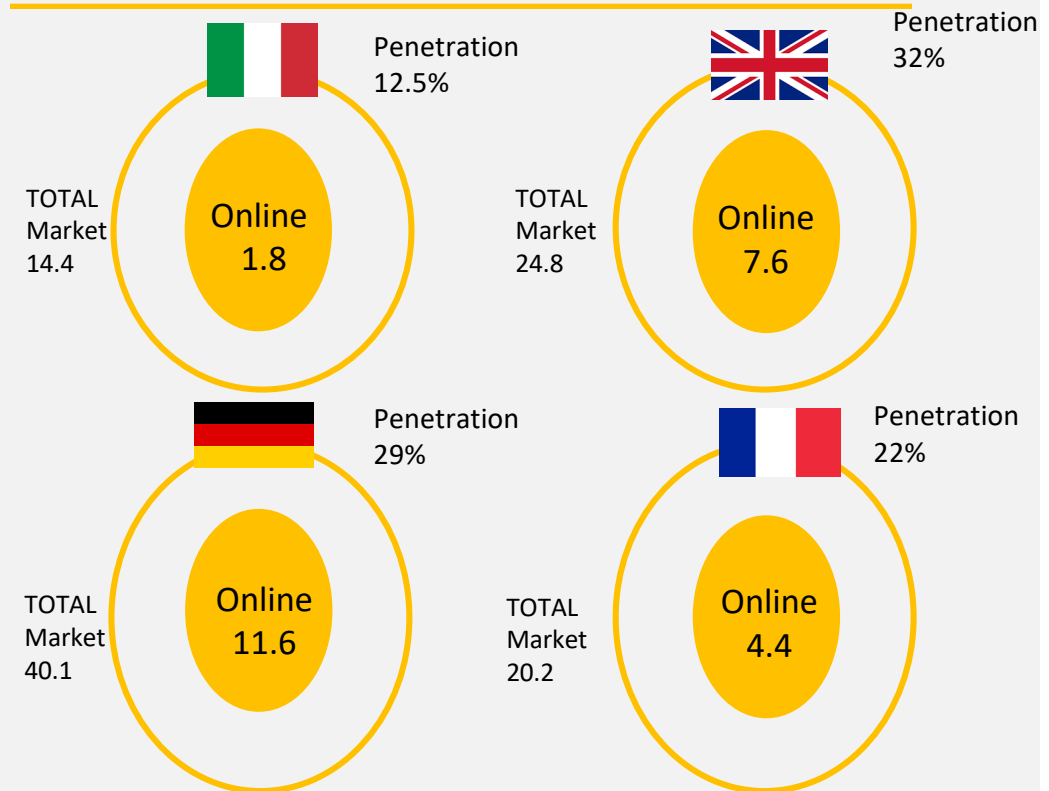
## 2018-2023 ePRICE GUIDELINES: CONFIRMING A CONSERVATIVE MARKET PROJECTION

Tech&Appliances Online Market 2018 to 2023 by cat  
(€BN, % CAGR)

**TOTAL ONLINE MARKET CAGR 2017-2023: +11.2%**



Tech&Appliances Total and Online Market 2017  
in some EU countries (€BN, Penetration %)



## OUR PLAN: ePRICE SALES STRATEGY

### Consumer Need

### Products

### Market Economics

### Go to Market

Appliances&TV  
Home delivery  
Trusted Installation &  
Protection Services



Double digit growth  
High ticket  
High GM  
Low frequency

**Core  
Categories**

**MARGIN ON GOODS  
MARGIN ON SERVICES**

*Unique positioning  
and higher GM*

### Consumer Need

### Products

### Market Economics

### Go to Market

Tech & Long Tail  
Best Prices  
Quick&low-cost delivery



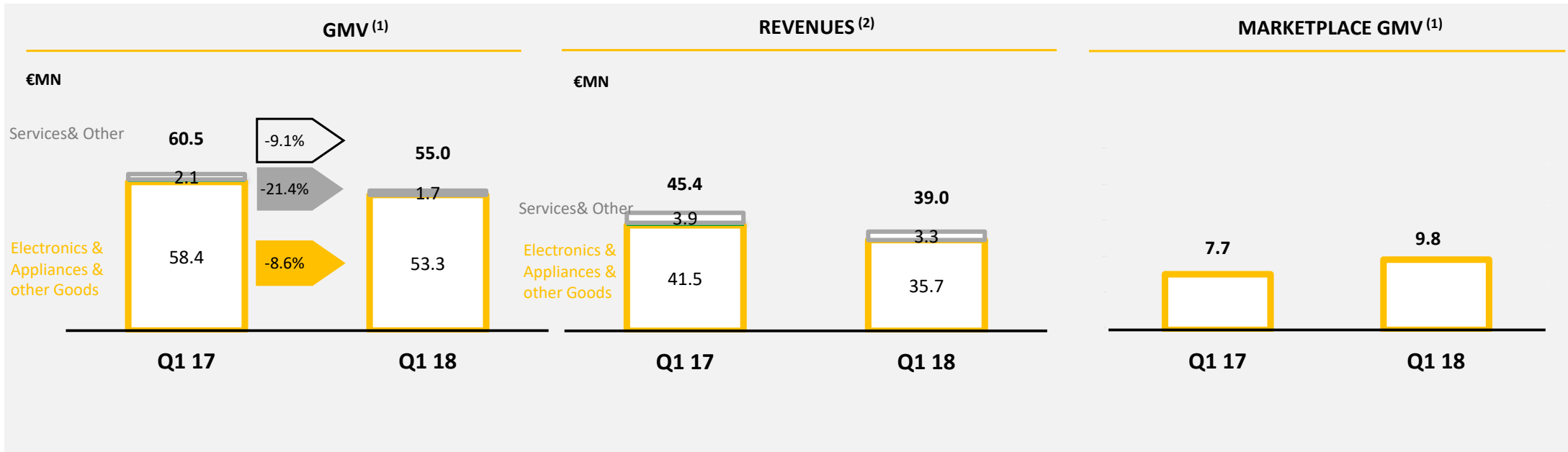
Low ticket  
Low GM  
High Frequency

**Long-Tail  
Categories**

**COMMISSIONS**

*Accelerating  
marketplace growth  
to improve  
profitability*

# Q1 18 GMV & REVENUES <sup>(1)</sup> <sup>(2)</sup>



**Core, Service driven**

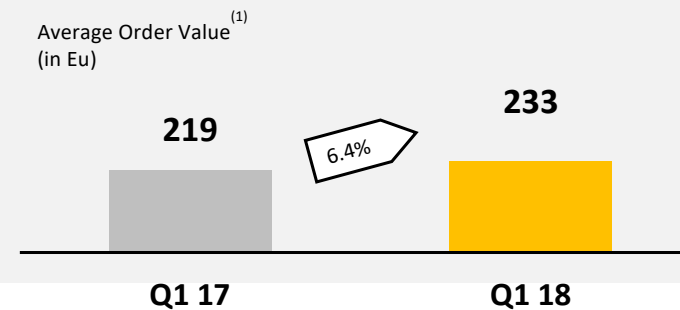
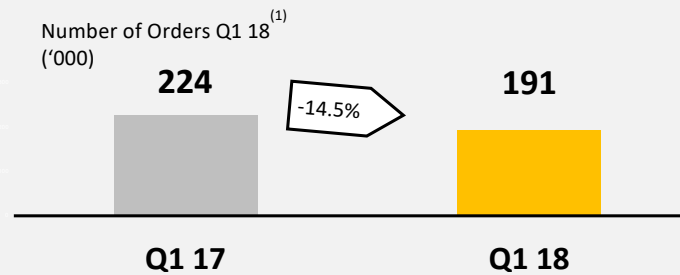
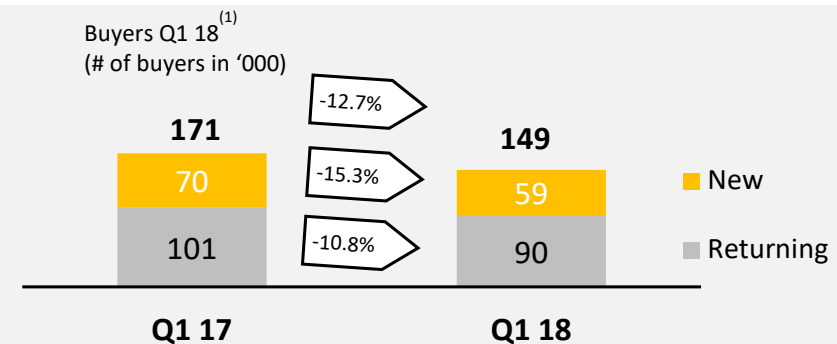
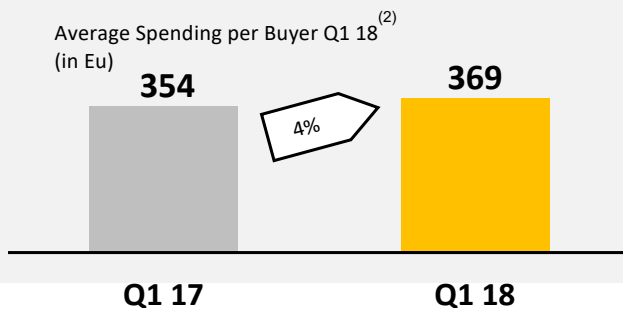
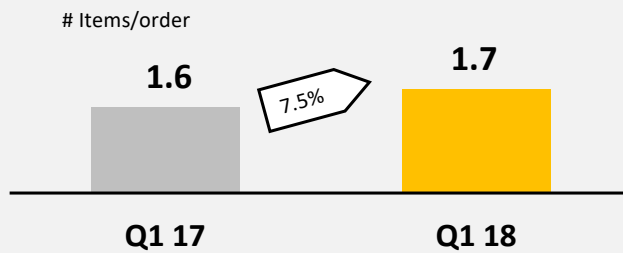
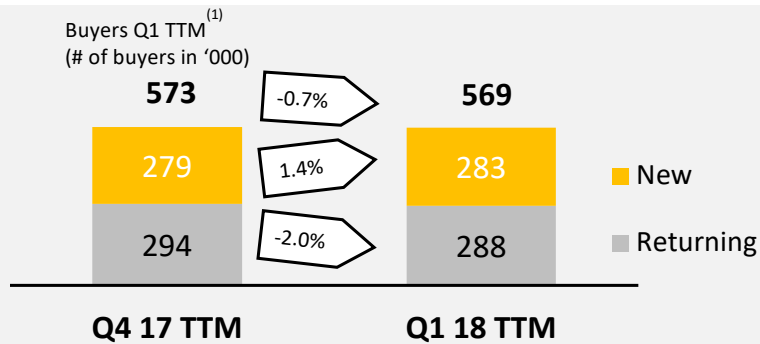
- MDA**: ePRICE with a stable remarkable market share, shift from offline to online market going on
- TV**: Total market down in Q1, ePRICE focused on margin improvements. World Cup= missing opportunity in Q2
- CLIMA**: Positive performance in an healthy segment of online market

**Long tail categories**

- Marketplace**: Healthy GMV double digit growth driven by a growing number of sellers (+59%), focusing in Q1 on sales of smartphones and laptops
- IT & Components**: Pushing on high-end products and gaming segment
- Telco**: Focusing on top 3 brands, brilliant marketplace acceleration (+40%)
- SDA**: Amazon takes it all. Good performance of ePRICE in specific segments. Free shipping reduction to improve contribution

(1) **Gross Merchandise Volume** includes revenues from products, shipping and 3P marketplace sales, net of returns and VAT included. (2) **Revenue from services** includes deliveries, warranties, B2B, ADV&Infocommerce and other revenues. GMV from services does not include B2B, ADV&Infocommerce; **Services&other** have been restated and now include warranties.

## Q1 18: CUSTOMER KPIS

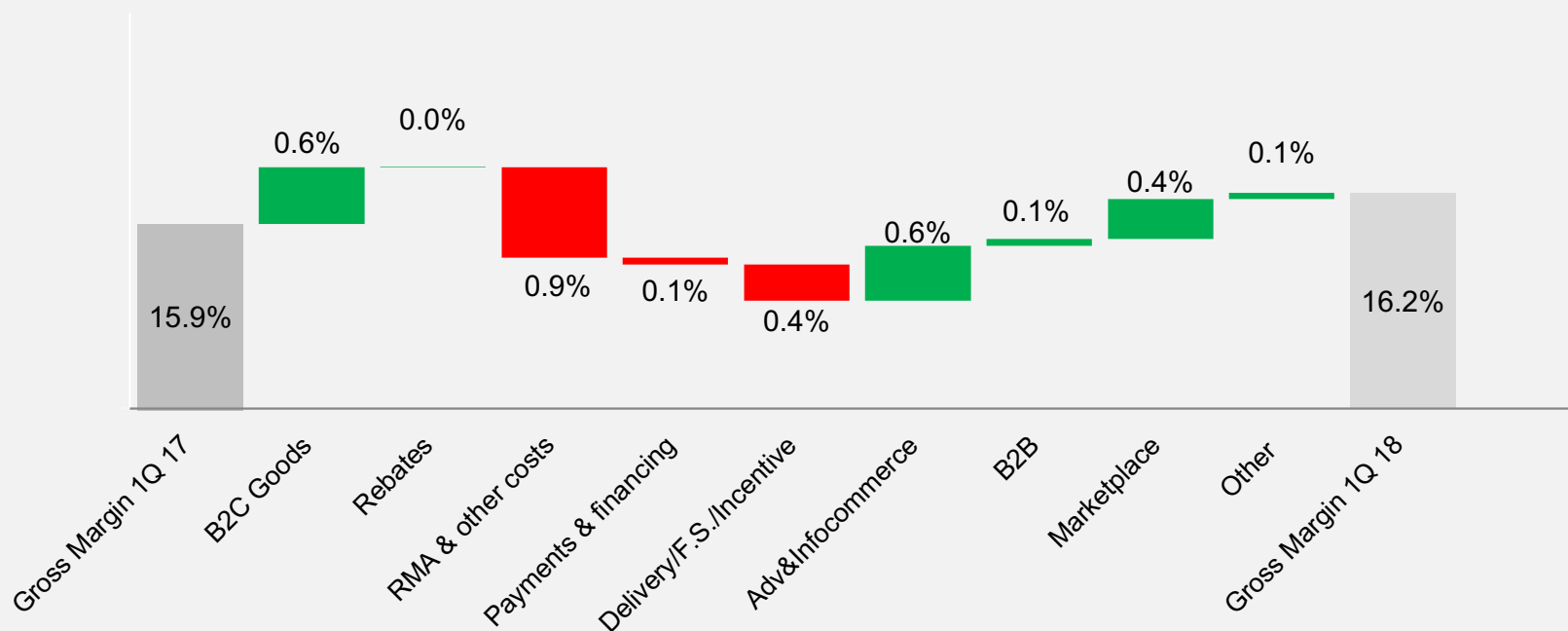


(1) TTM= Trailing Twelve Months. 3P Marketplace Included.

(2) Spending per Buyer is calculated on revenue from products, deliveries and revenue from 3P marketplace, net of returns and VAT included

## ePRICE GROSS MARGIN Q1 18 VS. Q1 17

Q1 18 Gross Margin vs. Q1 17 Gross Margin (% of revenues)



- GM improvement mostly thanks to margin on goods, linked to sales mix, info-commerce revenues linked to co-marketing with vendors and increased marketplace contribution due to the new strategy on long tail products
- Impact of damaged products needs to be improved (work in progress)

€MN

## Q1 18 CONSOLIDATED P&L

Profit & Loss	Q1 2018 ACT	Q1 2017 ACT	Q1 YOY
<b>Total Revenues</b>	<b>39.0</b>	<b>45.4</b>	<b>-14.1%</b>
Cost of Revenues	-32.7	-38.2	-14.4%
<b>Gross Profit</b>	<b>6.3</b>	<b>7.2</b>	<b>-12.4%</b>
Gross Margin %	16.2%	15.9%	
Sales & Marketing	-2.8	-2.6	7.1%
Fulfilment	-4.7	-4.8	-2.3%
IT	-0.4	-0.2	63.7%
G&A	-1.8	-1.9	-6.9%
<b>EBITDA ADJUSTED</b>	<b>-3.4</b>	<b>-2.4</b>	<b>40.5%</b>
Ebitda Adjusted %	-8.8%	-5.4%	
Non recurring costs	-0.1	-0.4	-77.1%
<b>EBITDA</b>	<b>-3.5</b>	<b>-2.8</b>	<b>23.6%</b>
Ebitda %	-9.0%	-6.3%	
<b>EBIT</b>	<b>-5.5</b>	<b>-4.3</b>	<b>27.4%</b>
Ebit %	-14.0%	-9.5%	
<b>EBT from continuing operations</b>	<b>-5.6</b>	<b>-4.5</b>	<b>25.1%</b>
Ebt %	-14.4%	-9.9%	
EBT from discontinued activities	0.8	0.7	
<b>Net result</b>	<b>-4.8</b>	<b>-3.8</b>	<b>27.5%</b>
	-12.4%	-8.3%	

### Comments

#### Gross Margin

GM up by 30 bps vs. Q1 17 mainly due to improvement on margin on goods, marketplace contribution and info-commerce revenues (see chart GM waterfall)

#### S&M

S&M totally increased 7% YoY mainly due to cost accounted for TV & Radio campaigns (started February 2018) related to the new focus on strengthening our brand positioning on MDAs

#### IT - G&A

IT costs increased 64% vs Q1 17 mainly due to SAP Platform maintenance, but down 9% vs. Q4 17  
G&A costs decreased 7% YoY as planned

#### EBIT

EBIT impacted by Y/Y 35% depreciation increase due to SAP and fulfilment center Investments

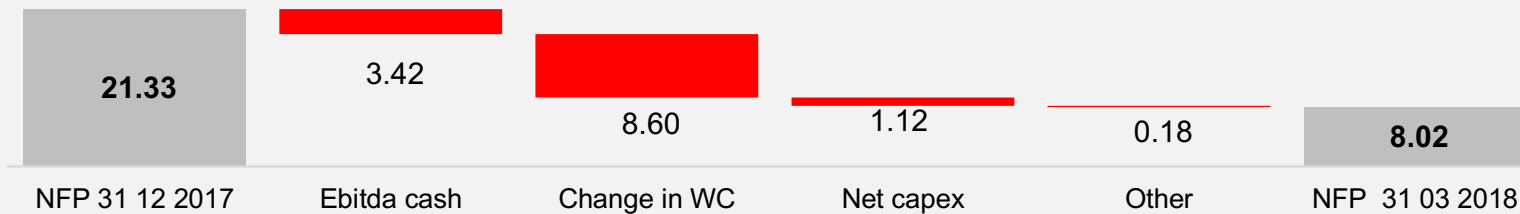
#### EBT from discontinued activities

€ 0.8MN including earn-out from Banzai Media Disposal (not cashed yet)

## Q1 18 NFP EVOLUTION VS. PREVIOUS YEAR

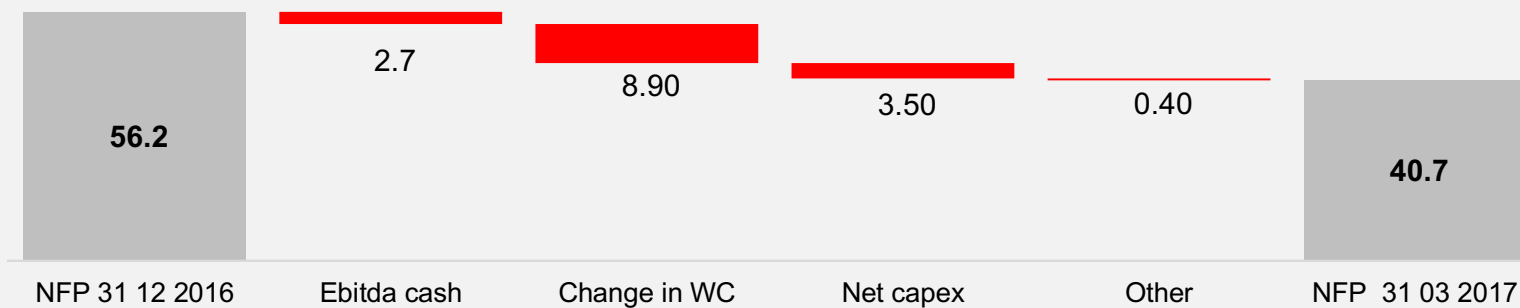
€ MN

NFP Q1 2018 VS. 31.12.2017



€ MN

NFP Q1 2017 VS. 31.12.2016



- Q1 2018 absorbed Euro 2.2mn less than Q1 2017 ( Euro 13.3 mn vs. Euro 15.5 mn) due to reduced Capex investments

€MN

## Q1 18 CASH FLOW

Cash flow	Q1 2018 ACT	Q1 2017 ACT	Var %
Net result	-5.6	-4.5	25%
D&A	2.0	1.5	31%
Other non cash items	0.2	0.4	-43%
Change in WC	-8.6	-8.9	-3%
<b>Cash flow from operations</b>	<b>-12.0</b>	<b>-11.5</b>	5%
Cash flow operating from discontinued activities	0.0	0.0	
Net capex	-1.1	-3.5	-68%
Acquisition	-0.2	-0.3	-42%
<b>Cash flow from investing activities</b>	<b>-1.3</b>	<b>-3.8</b>	-66%
Cash flow investing from discontinued activities	0.0	0.0	
Change in net equity	0	0.1	
Treasury stock	0.0	-0.2	
Change in financial credit (credit card)	0.9	0.9	
Change in bank debt	4.5	4.2	-206%
<b>Cash flow from financing activities</b>	<b>5.3</b>	<b>5.0</b>	7%
<b>CASH FLOW</b>	<b>-8.0</b>	<b>-10.3</b>	-23%
Cash position at the beginning of quarter	21.1	54.7	
Cash position at the end of quarter	13.1	44.4	


### Comments

Cash flow absorbing €8MN in Q1 18 vs. €10.3MN in Q1 17  
€2.3MN improvement mainly due to reduction in Net Capital  
Expenditures.

Negative Change in WC due to seasonality, slightly better vs.  
last year.

Change in bank debt related to new short term bank loan  
provided in February 2018

# TARGET MODEL

	2017	2018	TARGET	DRIVERS
MARKET GROWTH TECH&APPLIANCES	c.10%	c.10%	10% - 12%	Conservative growth Shutdown of offline stores
GMV	€ 253M	mid single digit increase	2x	Market Growth, Marketplace, MDA
REVENUES	€189M	slight decrease	2x	Core Cat Market Growth, Infocommerce, B2B
GROSS MARGIN before Transport	14.7%	+200/400 bps	22%-26%	Marketplace growth, Mix&Sourcing, Rebates, Infocommerce and Efficiency
MARKETING	7.2%		5.0% - 6.0%	Core Categories Focus, Brand Awareness
FULFILMENT TRANSPORT & INTERNAL	10.4%		10.0% - 11.5%	Scale & efficiency program offset by B2B development. FF includes Transport and Installation.
IT + G&A	4.5%		2.0% - 3.0%	Efficiencies and scalability
EBITDA adj.	-7.4%	significant improv., back-end loaded	5% - 6%	 <b>#1 specialty player EBITDA, enhanced by marketplace and services</b>
CAPEX	2.8%	2.0 - 3.0%	2.0% - 3.0%	Recurring CAPEX

## CONFIRMED GUIDELINES FOR 2018-2023

More conservative 2018-2023 market estimates after a disappointing year.

Efficiency plan with a leaner organization, worth up to 15-20% of cash costs savings and margin improvement in 2018 (up to 10 €MN), back-end loaded.

Core Categories: confirmed leadership and focus on “Family Capex” (MDA, A/C, TV) and related services (warranties, delivery and installation, smart home).

Long tail/non service driven categories: accelerating shift to Marketplace to effectively cover demand and improve profitability (up to 50% penetration).

EBITDA and CF positive in 2019, including potential earn-outs and disposals.

NFP positive throughout the plan. Up to 18 €MN from earn-outs and disposals.

**BACKUP**

€ MN

## BALANCE SHEET

Balance Sheet	31/12/17	31/03/18
Property, plant and equipment	7.8	7.5
Goodwill	14.3	14.3
Intangible assets	14.3	13.7
Financial assets	4.9	4.9
<b>TOTAL ASSETS</b>	<b>41.3</b>	<b>40.4</b>
<b>NWC</b>	<b>(5.5)</b>	<b>3.9</b>
Deferred tax assets	8.7	8.7
Provisions	(2.0)	(2.0)
Other non current debts	(0.4)	(0.4)
<b>Net Invested Capital</b>	<b>42.1</b>	<b>50.6</b>
<b>Net Equity</b>	<b>63.4</b>	<b>58.7</b>
<b>Net Financial Position</b>	<b>(21.3)</b>	<b>(8.0)</b>
<b>Total Sources</b>	<b>42.1</b>	<b>50.6</b>

€ MN

## NET WORKING CAPITAL

Net Working Capital	31/03/17	31/12/17	31/03/18
Inventories	21.6	20.3	15.3
Trade receivables	8.2	8.9	8.5
Trade Payables	(25.4)	(37.7)	(23.0)
Other receivables and payables	0.6	3.1	3.1
<b>NET WORKING CAPITAL</b>	<b>5.0</b>	<b>(5.4)</b>	<b>3.9</b>
<b>DOI</b>	<b>51</b>	<b>47</b>	<b>43</b>
<b>DSO (commerce)</b>	<b>13</b>	<b>12</b>	<b>18</b>
<b>DPO (commerce)</b>	<b>29</b>	<b>57</b>	<b>42</b>