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STAR Conference 2019

London - October 23rd, 2019

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.

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AGENDA

- BUSINESS UPDATE
- FINANCIALS
- Q&A SESSION

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BUSINESS UPDATE

Q2 in a nutshell

Sales	842 M€	+11% on Q2 2018
EBIT	7.2 M€[(1)]	+30% on Q2 2018
Net profit	4.6 M€	+67% on Q2 2018
Net financial debt	183.1 M€	90.0 M€ excluding IFRS 16

NOTES

(1) *6.2 M€ (+12%) excluding effects of IFRS 16 «Leases».*

Key Updates for Q3

Profit & Loss

- Sales in Q3 up strongly.
- Gross Profit as of August still under pressure.
- Positive outlook into Q4.

P&L

Balance Sheet

- Debt refinanced.
- WACC down to ~8%.
- Buy back in progress.

BS

Key projects

- Working Capital optimization gaining traction.
- Key strategic projects (Customer Satisfaction, ROCE focus) in full motion.

Strategy

Working Capital Dynamics

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Inventory

Average levels of inventory progressively declining.

Spain burdened by above average levels of stock with a major PC vendor. Stabilization expected by end of 2019.

Payables

Changes in vendor payment terms achieved with one relevant 'low-ROCE' business.

Ongoing negotiations to achieve faster payment of credit notes from vendors.

Receivables

Changes in key-retailer payment terms achieved.

Ongoing negotiations to achieve further improvements effective January 2020.

Outlook / Delivery

2019	2020
We reiterate the target for a FY 2019E EBIT in the range 38-42 M€, with a strong growth compared to FY 2018. Progressive improvements in working capital management expected during 2019 compared to prior year.	Moderate top-line growth in future years as focus keeps being ROCE performance. Improvements in GP % as result of mix and efforts on customer satisfaction. Further improvements in working capital management. 2020 ROCE steadily above Weighted Average Cost of Capital (~8%).

Investment Highlights

1 A new attractiveness of the market

- A sizable and growing 14.6 B€ addressable market[1].
- IT distribution gaining share on total IT spending [from 39.5% to 53.0%[1]].
- Strong asset protection mechanisms and very low SG&A on sales for distributors.

2 Strong positioning

- Strong leadership in southern Europe: 24.4% share against 17.5% of #2.
- Growing share from 23% to 24.4%.
- 20+ years of profitability

3 Value creation driven

- Customer satisfaction to drive profitability growth.
- Leveraging size on existing low ROCE businesses.
- Solid track record of growth in the higher profitability segment of Advanced Solutions.

4 Strong investor focus

- Historical stable flow of profitability even in market downturns.
- Strong working capital discipline to enable a 25% pay-out dividend policy.
- ROCE as the guiding 'mantra' to create value.

NOTES
[1] *See Annexes.*

Final remarks

Q3 took off in line with budgeted EBIT targets mainly due to very solid top-line performance

Working capital optimization negotiations gaining traction

Key strategic projects fully operational

Debt refinanced

FY 2019 operating profitability targets confirmed

Upcoming events

Date	Event	Venue
November 13th, 2019	Board of Directors: Q3 2019 Results	Vimercate (IT)
November 13th, 2019	Press release	
November 14th, 2019	Q3 2019 Earnings Call & Webcast	

FINANCIALS

Profit & Loss

(M€)	H1 2019 [1]		H1 2018		Var. %	FY 2018 adj. [2]	
Sales	1.717,5	100,00%	1.538,2	100,00%	*12%*	3.571,2	100,00%
Cost of sales	(1.636,4)	-95,28%	(1.461,2)	-95,00%	*12%*	(3.400,5)	-95,22%
Gross Profit	**81,1**	**4,72%**	**77,0**	**5,00%**	***5%***	**170,7**	**4,78%**
Operating costs	(68,6)	-3,99%	(66,0)	-4,29%	*4%*	(129,7)	-3,63%
EBIT	**12,5**	**0,73%**	**10,9**	**0,71%**	***14%***	**41,0**	**1,15%**
D&A	2,3	0,13%	2,3	0,15%	*6%*	4,7	0,13%
EBITDA	**14,8**	**0,86%**	**13,3**	**0,86%**	***13%***	**45,7**	**1,28%**
Finance costs - net	(2,4)	-0,14%	(2,4)	-0,16%	*0%*	(4,5)	-0,13%
Profit before income taxes	**10,1**	**0,59%**	**8,6**	**0,56%**	***18%***	**36,4**	**1,02%**
Income taxes	(2,6)	-0,15%	(2,3)	-0,15%	*10%*	(9,4)	-0,26%
Net income	**7,5**	**0,44%**	**6,2**	**0,40%**	***21%***	**27,0**	**0,76%**
Tax rate	*26%*		*27%*			*26%*	

H1 2019

- Reported net sales at 1,717.5 M€ increased +12% compared to the prior-year half (+179.3 M€).
- Gross profit up +5% at 81.1 M€.
- Operating costs growing at a lower growth rate than sales (+4%).
- EBIT at 12.5 M€ increased +14% compared to the prior-year half.
- EBIT % improved 2bps from prior-year half.
- PBT negatively affected by exchange losses of 0.7 M€ whereas interest espenses were rather stable.
- Net income of 7.5 M€ increased +21%.

NOTES

[1] *Excluding effects of IFRS 16 'Leases'.*

[2] *Net of non-recurring items.*

Balance Sheet Highlights

(M€)	IAS 17 30.06.19	IAS 17 31.12.18	post IFRS16 30.06.19
Net operating working capital	338,8	10,4	339,8
Goodwill	91,0	90,6	91,0
Other fixed assets	29,5	27,9	122,7
Other current assets/liabilities	(7,2)	(12,7)	(8,3)
Other non-current assets/liabilities	(15,9)	(14,4)	(15,9)
Net invested capital	**436,2**	**101,9**	**529,3**
Long-term financial liabilities	45,3	12,8	45,3
Short-term financial liabilities [1]	165,7	138,3	178,3
Lease liabilities	-	-	93,0
Debts for investments in subsidiaries	0,1	1,1	0,1
Cash and cash equivalents	(121,0)	(381,3)	(121,0)
Other	(0,1)	(11,9)	(12,7)
Net financial debt	**90,0**	**(241,0)**	**183,1**
Net equity	**346,2**	**342,9**	**346,2**
Total sources	**436,2**	**101,9**	**529,3**

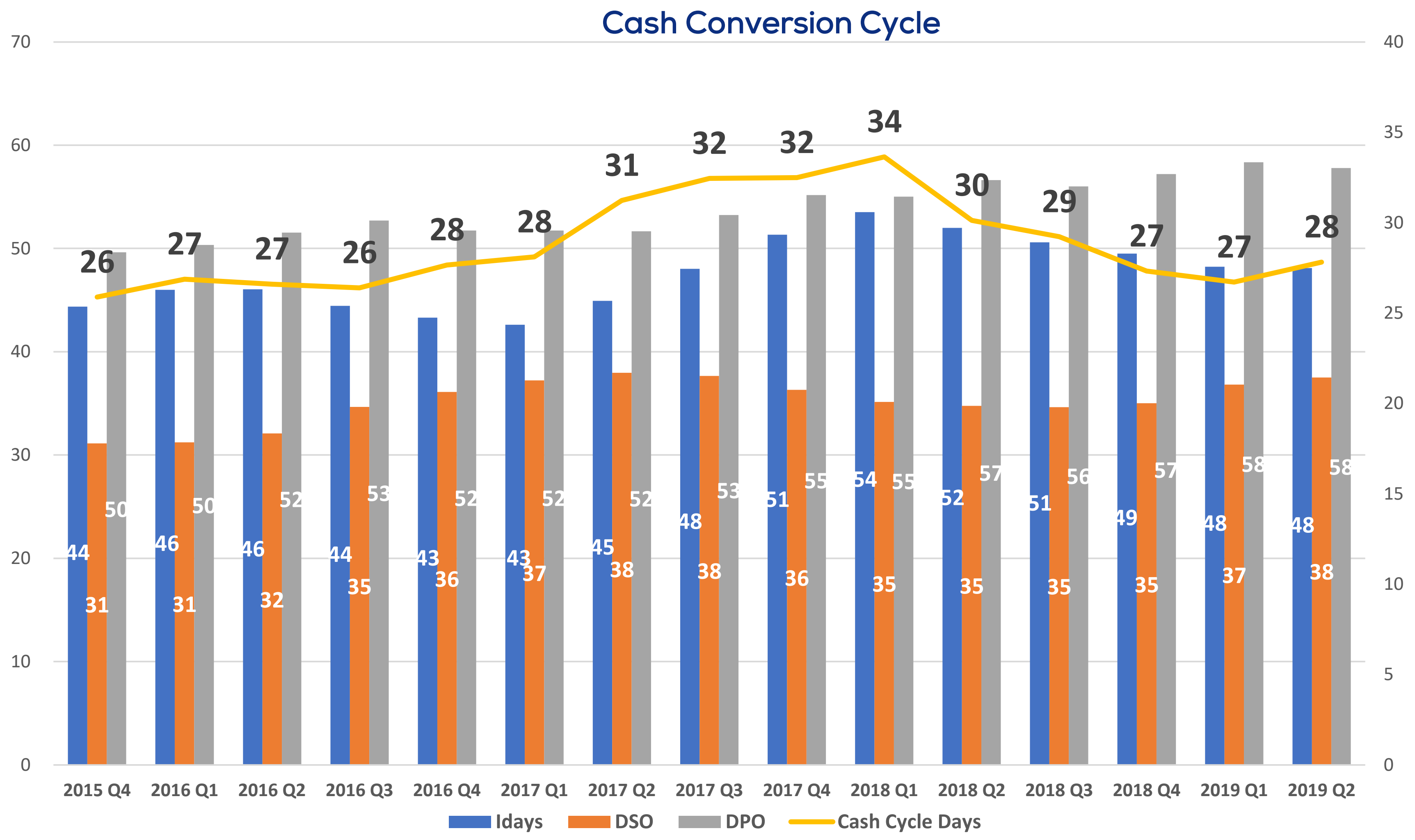
BS at June 30, 2019

- At June 30, 2019 the Group's net equity was 346,2 M€.
- At the same date the Group had 91.0 M€ of goodwill resulting in a Net tangible equity of 255.2 M€.
- Net financial debt evolution from December 31, 2018 is deemed to be not significant due to working capital strong volatility as measured at each end-period.
- The first adoption of the new IFRS 16 Leases led to the initial recognition of lease liabilities of 97.3 M€ which decreased to 93.0 M€ at June 30, 2019 due to rentals paid in H1.
- The vast majority of 97.3 M€ comes from the actualization of rent expenses to be paid along contractual agreement lifetime on warehouse and premises by Esprinet S.p.A. and Esprinet Iberica (96%).

NOTES

[1] *Includes 72,1 M€ at December 31, 2018 and 57.8 M€ at June 30, 2019 reclassified from long-term debt due to covenant breach on Syndicated Senior Term Loan.*

Working Capital Metrics



- Cash conversion cycle sequentially stable at 28 days:
  Idays = 48
  DSO = 38
  DPO = (58)
  Tot = 28
- Compared to Q2 2018 metrics Idays decreased -4 days, DSO increased +3 days and DPO improved +1 days.

Idays (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)

Return on Capital Employed

(M€)	TTM ended March 31		TTM ended June 30		TTM ended December 31	
TTM [1] Net Operating Profit After Tax (NOPAT)	2018	2019	2018	2019	2017	2018
EBIT	**37,3**	**41,9**	**37,3**	**42,5**	**36,7**	**41,0**
Income taxes on EBIT [2]	-9,5	-10,7	-9,5	-10,9	-9,4	-10,5
NOPAT	**27,8**	**31,2**	**27,8**	**31,7**	**27,3**	**30,5**
Net operating working capital (5-qtr end average)	307,1	288,3	294,6	278,6	250,1	227,0
Net fixed assets (5-qtr end average)	104,3	95,0	101,4	100,7	108,0	96,2
Total average Invested Capital	**411,3**	**383,3**	**396,0**	**379,3**	**358,0**	**323,2**
ROCE	**6,7%**	**8,1%**	**7,0%**	**8,3%**	**7,6%**	**9,4%**

- ROCE was 8.3% in Q2 2019.
- Company's WACC-Weighted Average Cost of Capital is estimated at approximately 8%[3].

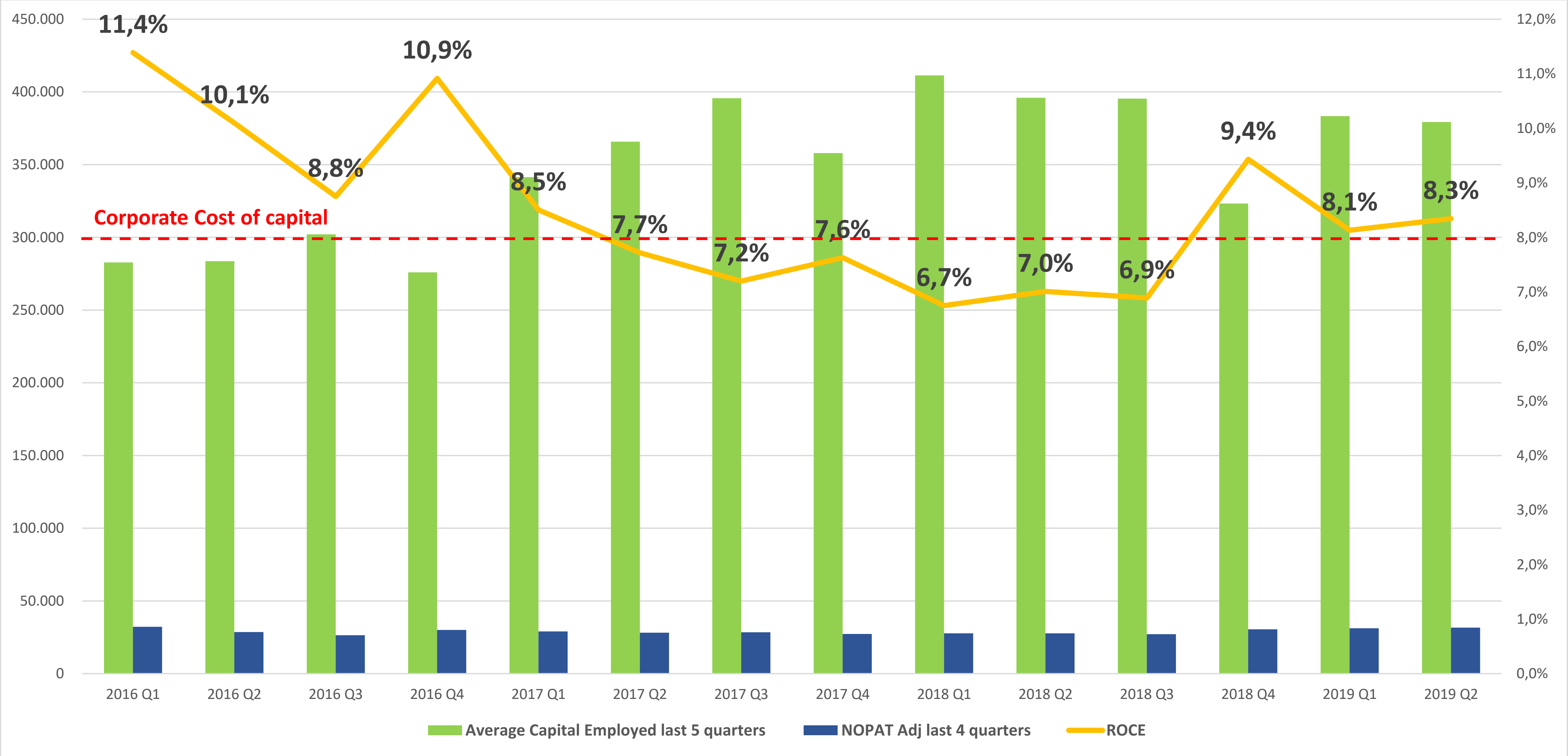
NOTES

[1] *Trailing Twelve Months is abbreviated as TTM.*

[2] *Net of non-recurring items; excluding effects of IFRS 16; income taxes on EBIT are calculated using FY 2018 effective tax rate of ~26%.*

[3] *Down from 8.5% due to downward revision of risk-free rate to 1.75% (based on Banca IMI update of average BTP 10y yield).*

Return on Capital Employed



Debt Structure

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- The parent company Esprinet S.p.A. signed on September 30th, 2019 a new 3-year RCF-Revolving Credit Facility of up to 152.5 M€ with a pool of domestic and international banks.
- The facility is unsecured and is subject to certain financial covenants that are common for this kind of financing.
- Initial requested amount of 125.0 M€ has been eventually over-subscribed as proof of the positive attitude of the banking system.
- The signing of the RCF followed the total repayment for 72.5 M€ of the pre-existing Term Loan Facility (being the currrent 65.0 M€ revolving line unused).
- Syndicated banks are the same participating to the prior facility with the addition of two new banks and the leaving of Banca Popolare di Sondrio which opted for a bilateral 4-year term loan of 15.0 M€ million euro finally signed on September 30th, 2019 October 18th, 2019.
- Thanks to the new RCF, combined with the other existing 'committed' facilities (56.4 M€ of amortising term loans, 100.0 M€ of trade receivables securitization program) and the commercial banking facilities, Esprinet Group has strongly strengthened its financial structure which is deemed to be adequate to support future business prospects.

Total funding sources

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(M€)	*pro-forma* (1) 30.09.19
Syndicated RCF	152,5
Current portion of long-term financial debt	15,4
Long-term financial debt	56,0
T/R Securitisation program(2)	100,0
Subtot "committed" facilities	**323,9**
Uncommitted short-term financial debt	462,9
Total credit facilities	**786,8**
Shareholders' equity(3)	346,2
Total funding sources	**1.133,0**

- Participating banks within the pool are the following:

  Global Coordinator and Arranger: Banca IMI S.p.A., UniCredit S.p.A., Banca Nazionale del Lavoro S.p.A..

  Arranger: Intesa Sanpaolo S.p.A., Banco BPM S.p.A., Caixabank S.A., Banca Monte dei Paschi di Siena S.p.A., Crédit Agricole Italia S.p.A.

  Manager: UBI Banca S.p.A., Credito Valtellinese S.p.A.

- Other 'uncommited' funding sources come from 'non-recourse' T/R Factoring programs currently in place in Italy and Spain for a potential of ~700.0 M€.

NOTES

(1) *Includes 15.0 M€ of term loan from BPS which has not been signed yet.*

(2) *The SPV has assumed a commitment to buy trade receivables from Esprinet SpA and V-Valley along the entire life of the program expiring on July 2021*

(3) *As of June 30, 2019*

Term Loan Facilities

(M€)

Lender	Borrower	Initial amount	30.09.19 Short-term portion	Long-term portion	Oustanding Nominal amount	Maturity
Bank 1	Esprinet SpA	10,0	2,5	3,8	6,3	dec-21
Bank 2	Esprinet SpA	10,0	2,5	3,8	6,3	mar-22
BPS	Esprinet SpA	15,0	-	15,0	15,0	oct-24
Subtot		**35,0**	**5,0**	**22,6**	**27,6**	
Bank 4	Vinzeo	3,5	0,9	-	0,9	dec-19
Bank 5	Vinzeo	5,0	-	5,0	5,0	mar-23
Bank 6	Vinzeo	3,0	0,8	2,3	3,0	mar-23
Bank 7	Vinzeo	5,0	1,0	3,8	4,8	mar-24
Subtot		**16,5**	**2,6**	**11,0**	**13,6**	
Bank 8	Esprinet Iberica	10,0	2,0	7,1	9,0	feb-24
Bank 9	Esprinet Iberica	5,0	0,8	3,7	4,5	feb-24
Bank 10	Esprinet Iberica	9,0	3,0	4,5	7,5	feb-22
Bank 11	Esprinet Iberica	10,0	2,0	7,1	9,0	feb-24
Subtot		**34,0**	**7,7**	**22,3**	**30,1**	
Total		**85,5**	**15,4**	**56,0**	**71,4**	

- The majority of the term loans are not subject to any financial covenant.
- The only exceptions are 2 term loans received by Spanish local banks which account for ~25% of total oustanding amount.

Share repurchase activity

Timetable

- Start: July 12, 2019
- End: March 31, 2020

- No. 1,150,000 own shares already in portfolio at the inception of the Share Buy-Back Program are dedicated to serve the assignment of ‘Performance Stock Grant’ within the 2019-22 Long Term Incentive Plan for executive directors and employees approved by AGM on May 4, 2018

Share repurchases(1)

- Number of shares repurchased: 901,508 (1.72% of total)
- Amount repurchased: 2.790 M€
- Average price per share: 3.10 €

Remainder of the program

- Number of shares: 568,709 (1.09%) out of a total authorization from AGM of 2.81% (which will lead to 5% of total own shares portfolio or 2,620,217)

NOTES

(1) *As of October 17, 2019.*

Q&A

Thank you

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ANNEXES

Market trend

Overall Market performance

Region	Q1 2019 vs. Q1 2018	Q2 2019 vs. Q2 2018	H1 2019 vs. H1 2018
EUROPE	5,4%	3,8%	4,6%
ITALY	4,3%	8,7%	6,4%
SPAIN	11,5%	8,4%	9,9%
PORTUGAL	11,4%	8,6%	10,0%

Italy

- Advanced Solutions slightly negative and Accessories down more than 8%. Consumer Electronics up +44% and all other lines of business up mid-single digit.

Spain

- Printing almost flat and Accessories down -4%.
- All other lines of business up double digit with Phones at +18% and Advanced Solutions up 13%.

Esprinet Group performance

Both the Italian and Spanish operations of the Group grew more than the market and achieved a market share growth of +1.5% and +1.2% respectively in Italy and Spain.

Italy outgrew the market in PCs, Phones and Accessories and lost -0.4% of share in Advanced Solutions and -1.9% in Consumer Electronics.

Spain outgrew the market in all business lines with the exception of Phones where the policy of walking away from unprofitable businesses led to a market share loss of -7.7%.

Italy slightly lost share in the Business Reseller customer segment whilst grew its share in Spain.

Italy significantly outperformed the market in the Consumer customer segment both in Italy and Spain.

Market conditions are still competitive given the pressure on many vendors which are struggling with commoditized products and restructuring activities.

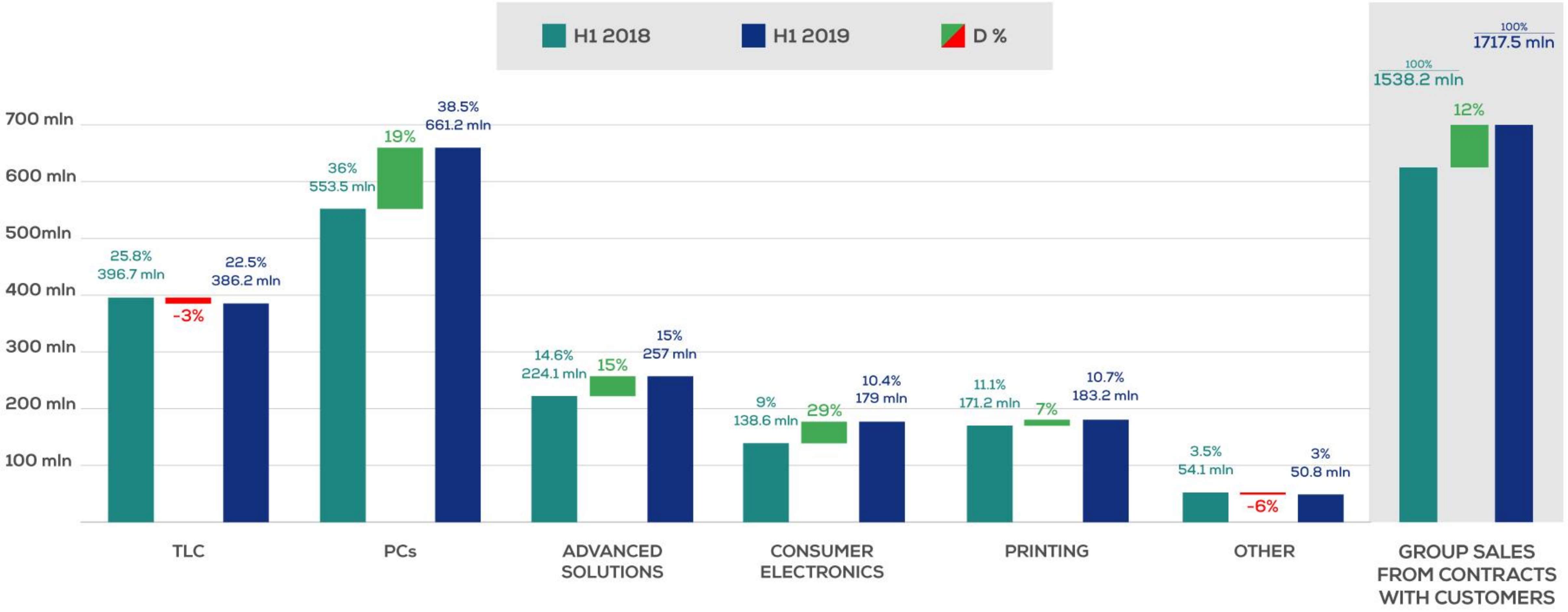
Opportunities of further market consolidation appear possible also at distribution level and not only at reseller and vendor level.

Source: Context, September 2019

Gross Profit Trend

PCs & Phones	PCs and Smartphones collectively grew in terms of Gross Profit during both H1 and Q2 2019.
Advanced Solutions	Advanced Solutions Gross Profit % in Q2 2019 was substantially stable sequentially compared to Q1 2019 and was down compared to Q2 2018 mostly on mix and pressure on HPE margins driven by change in vendor T&Cs not yet passed-through to customers.
Printing	Printing Gross Profit during Q2 was up sequentially against Q1 2019 driven by a better mix of supplies vs printing devices but was still down compared to Q2 2018 also influenced by very poor HP Inc. supplies margins.
Consumer Electronics & Others	Consumer Electronics and Accessories Gross Profit % were down sequentially and compared to Q2 2018 driven by big deals at low profitability.

Sales Breakdown: H1 2019 vs H1 2018



THE COMPANY

The Leading ICT Distri In Southern Europe

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2001 | **2018**

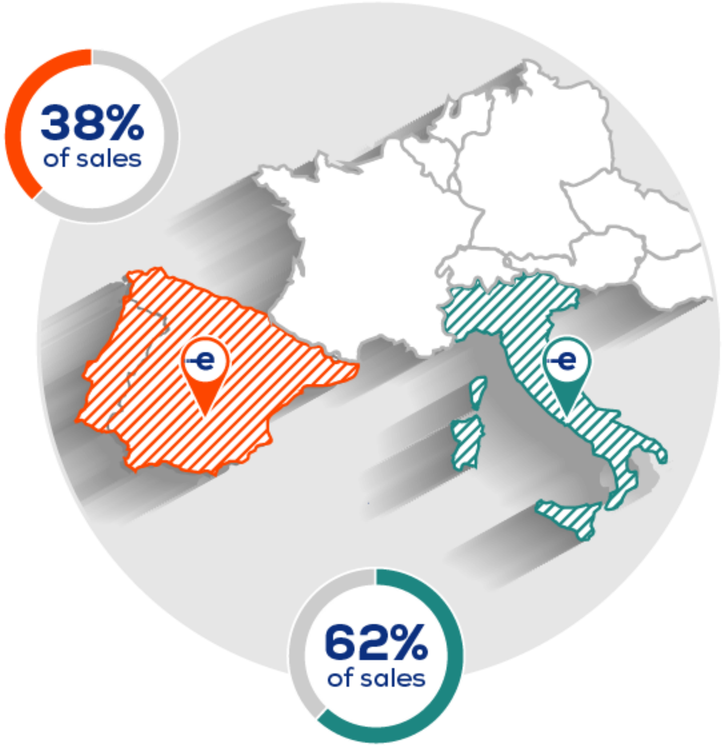
1263 Employees
364

130K sqm Warehouse
15K sqm

39K Customers
16K

3.6bn Sales
800mln

#1 in Italy & Spain Growth
#2 in Italy



Among the top 50 Italian industrial Groups by revenues(1)

#1

850 Suppliers

(1) Source: MBRES Mediobanca, 2018

History

'70s – Established under the name ***Comprel***, semiconductor distributor in Italy

1980 – Incorporation of ***Celo*** and ***Micromax***, Italian IT distributors

2000 – Merger of Celo, Micromax and Comprel, into a new entity named ***Esprinet*** - Italian #2 largest distributor

2001 – In July listed on the ***Italian Stock Exchange***

2003 – Esprinet to reach the ***#1 position*** in the Italian market

2005 – ***Monclick***, IT e-tailer company established. ***Acquisition of Memory Set*** in Spain

2006 – ***Acquisition of UMD*** in Spain. Merge of UMD and Memory Set. Spain to create ***Esprinet Iberica***

2009 – Esprinet Iberica becomes ***#3 distributor in Spain***

2010 – ***V-Valley*** established 100% Esprinet (datacenter products)

2014 – Sale of ***Monclick and Comprel***. Acquisition of ***Celly*** (mobility's accessories)

2015 – Esprinet becomes the ***largest distributor*** in Southern Europe

2016 – Acquisition of ***EDSLan***, ***ITway*** and ***Vinzeo***. Esprinet Iberica becomes ***#1 distributor in Spain***

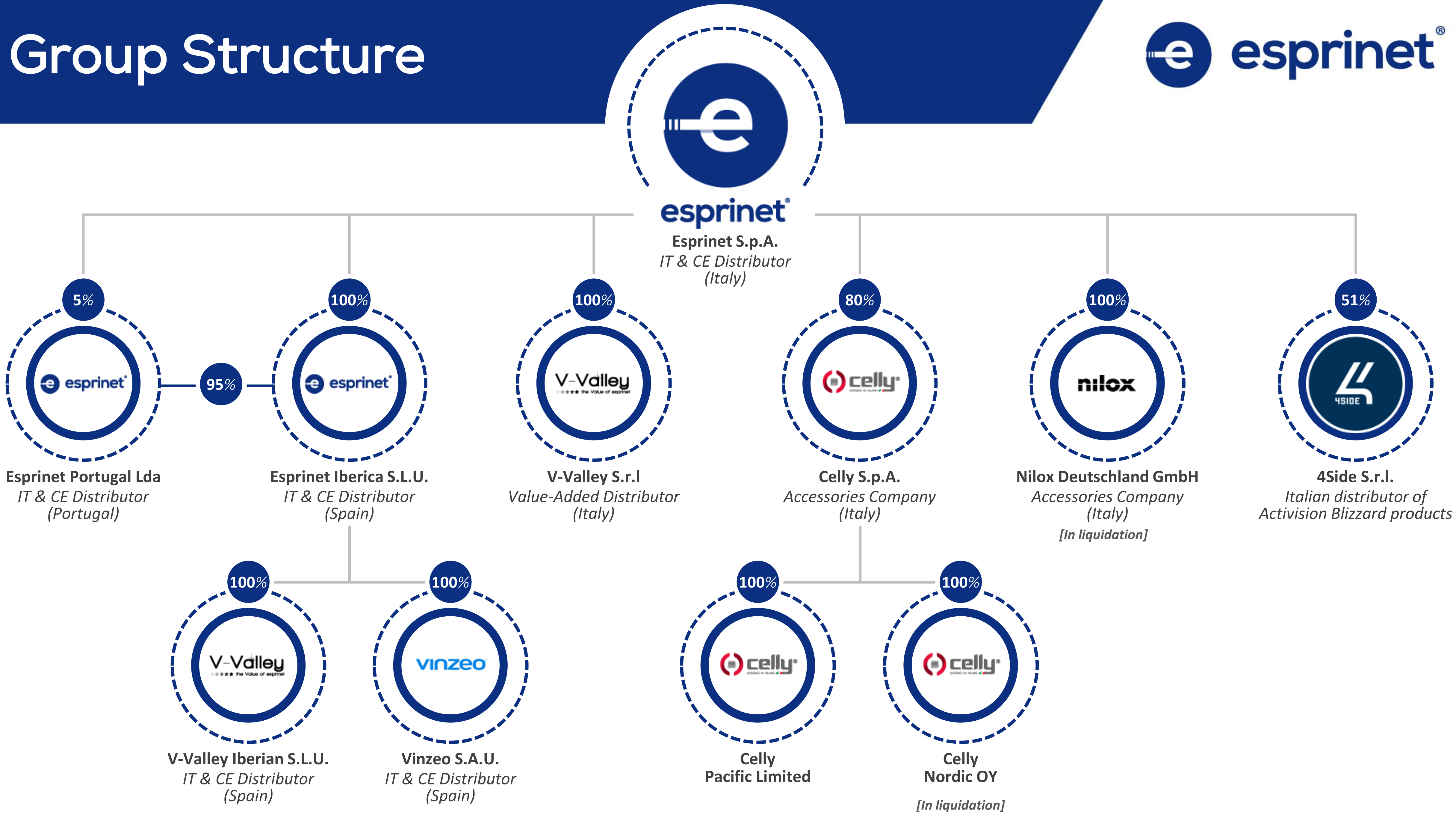
2017 – ***New site*** b2b Esprinet

2018 – Revenues close to ***€3.6 billion***

2019 – Acquisition of ***4Side***

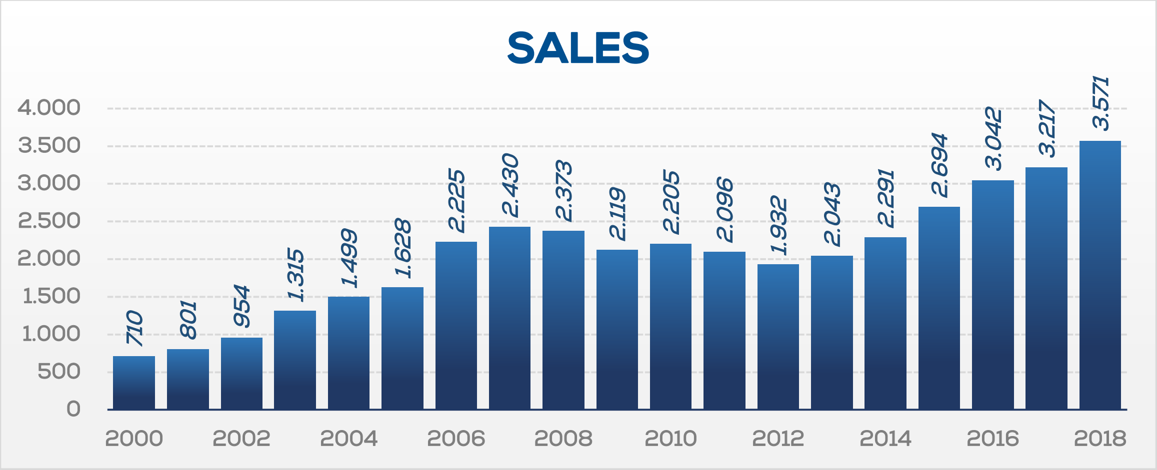
what's next?

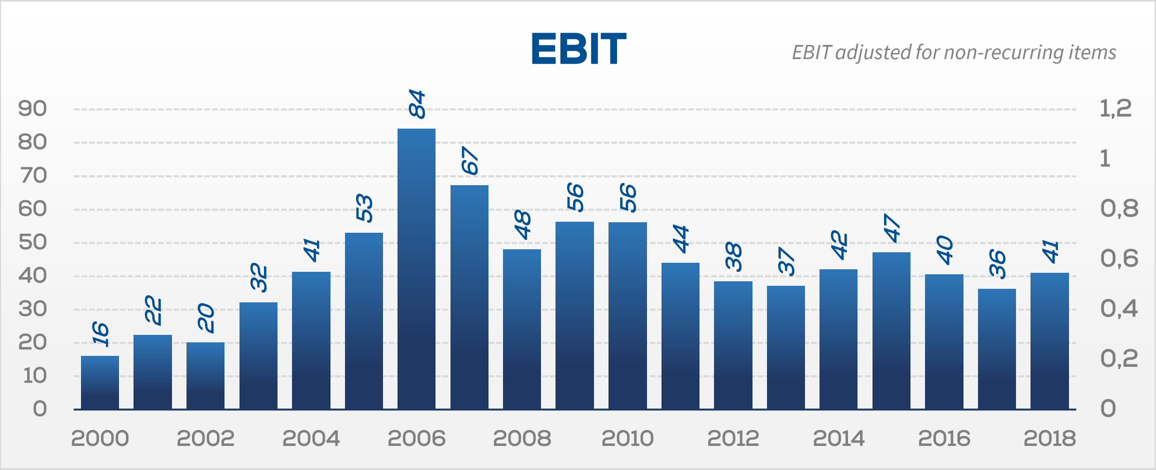
Group Structure

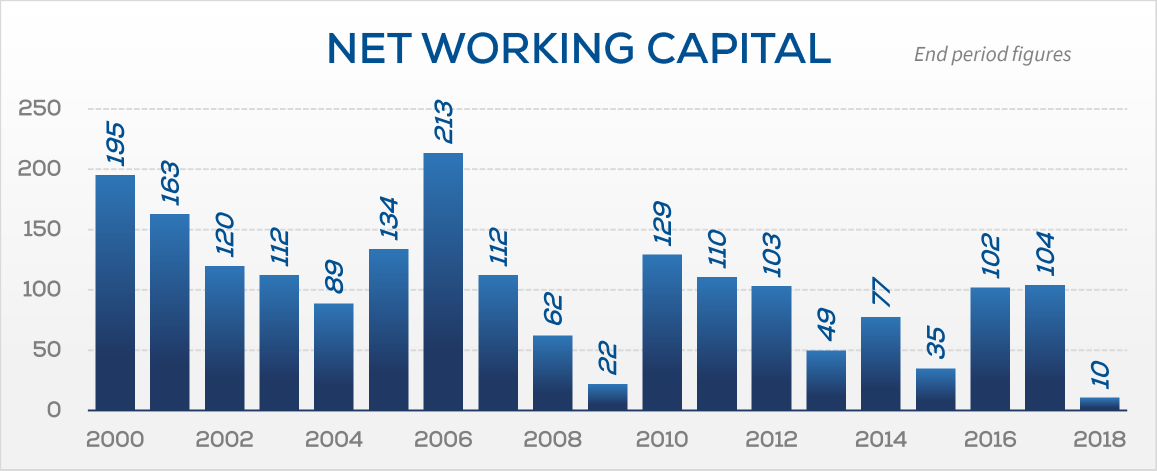


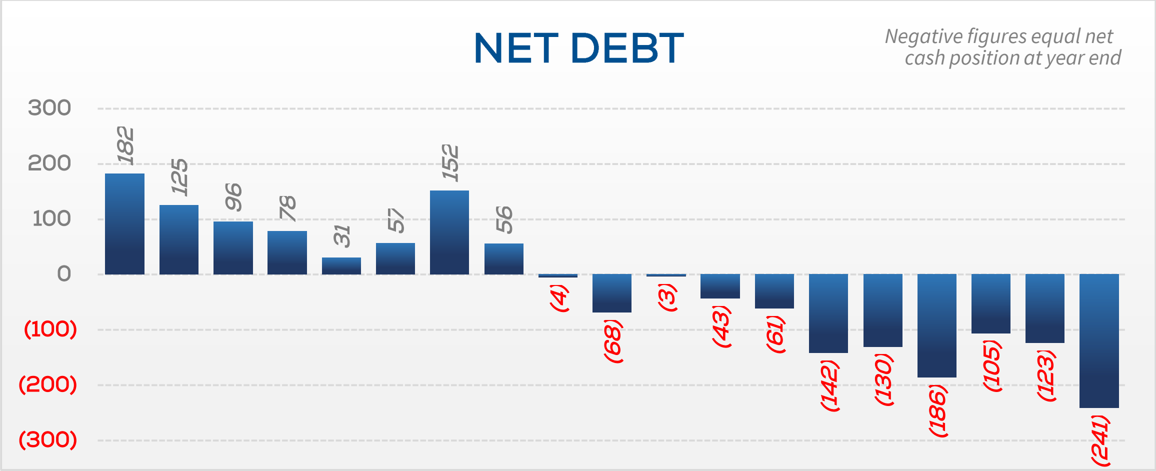
Key Historical Financials

All figures in M€

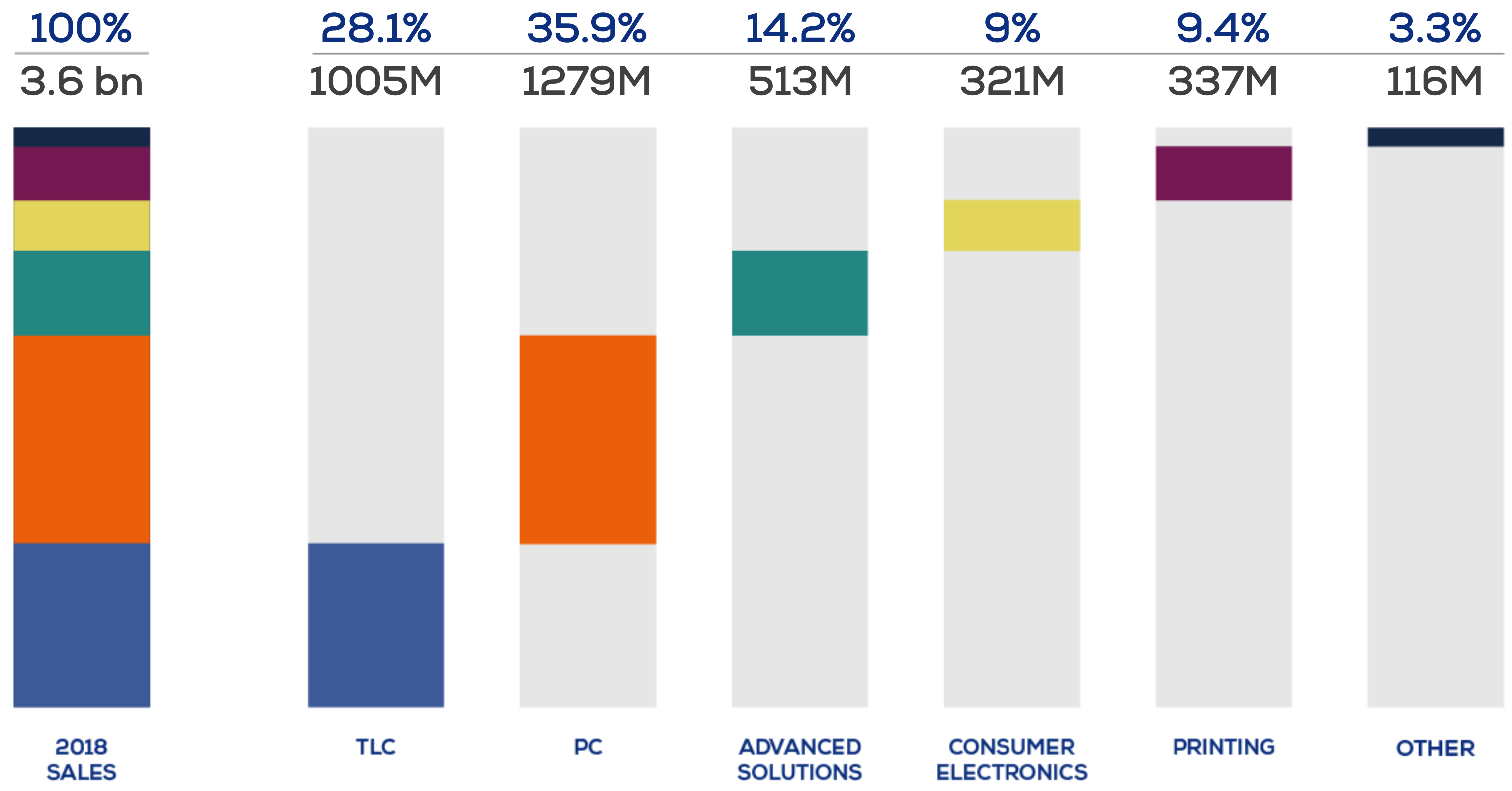


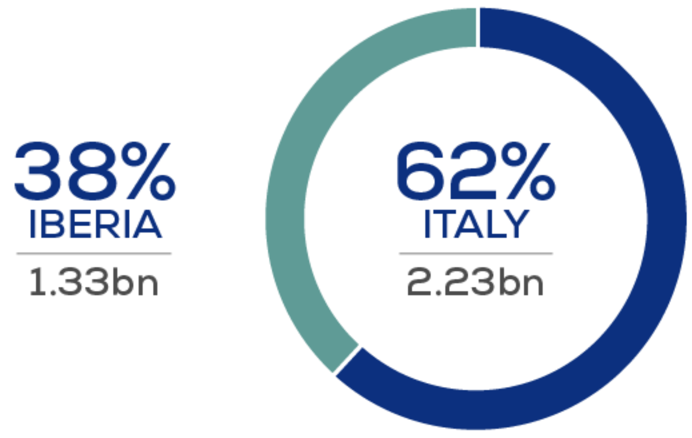


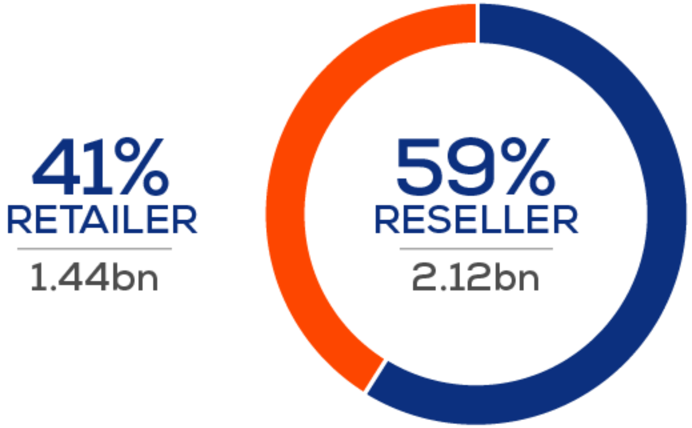




Sales Mix


100%
3.6 bn
28.1%
1005M
35.9%
1279M
14.2%
513M
9%
321M
9.4%
337M
3.3%
116M
2018 SALES
TLC
PC
ADVANCED SOLUTIONS
CONSUMER ELECTRONICS
PRINTING
OTHER


38%
IBERIA
1.33bn
62%
ITALY
2.23bn


41%
RETAILER
1.44bn
59%
RESELLER
2.12bn

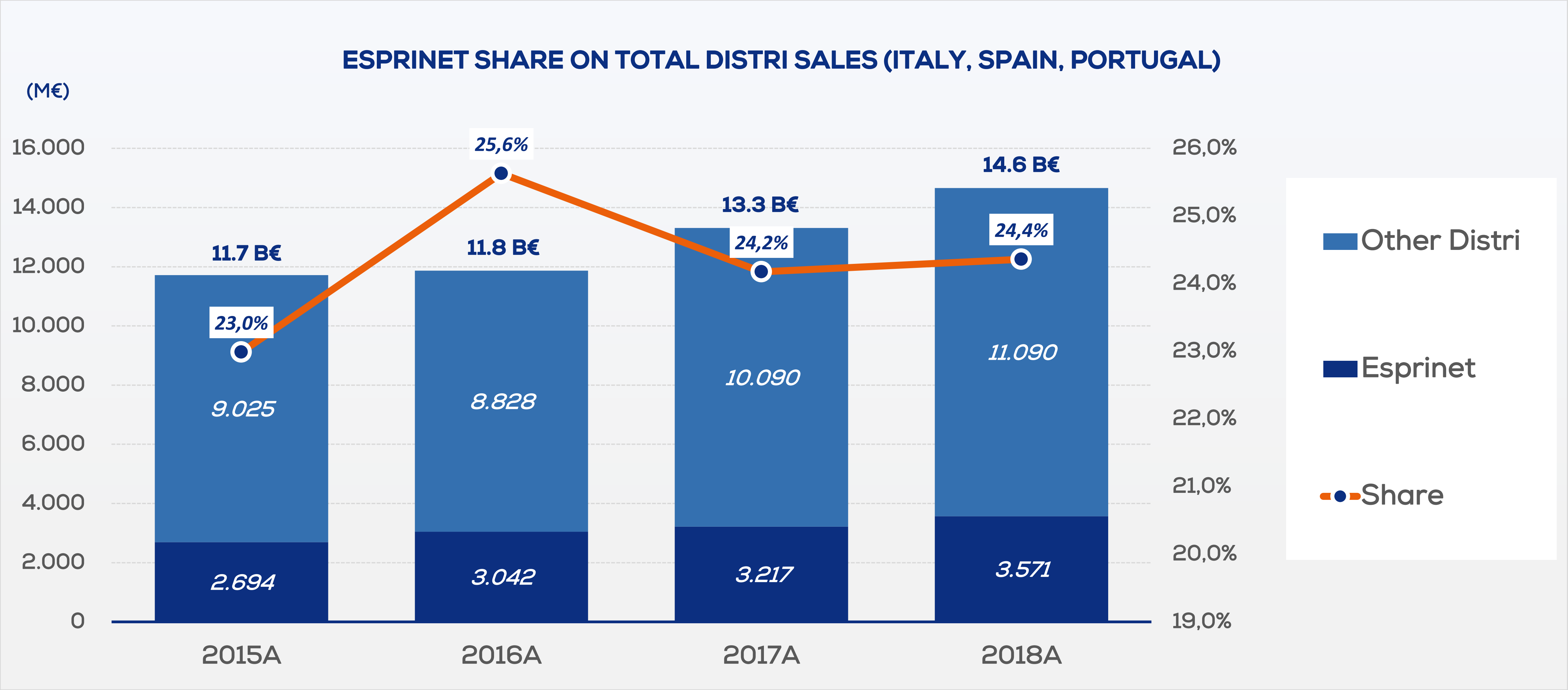
Logistic Capability

MORE THAN 144K	#SKU Shipped	**MORE THAN 63.7K**	#SKU on stock (on average)
90.000 sqm in Italy	**40.000 sqm** in Spain	**130.000 sqm**	Warehousing area
5.8 milion	Shipped boxes	**35.3 million**	Shipped Items

- Customized delivery
- Lab service installations HW e SW
- Customized boxes
- Boxes, pallet and document customization
- Customized logistics services
- Cross docking
- Possibility of item pick up within 2 hours

Consolidated 2018 figures

#1 & Growing In A Growing Market



Source: Company estimates based on Context data

Ranking South Europe

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	(M€)	SALES 2018	SHARE	SALES 2017	SHARE	ITALY	SPAIN	PORTUGAL
1	***Esprinet***	***3.571***	***24,4%***	***3.218***	***24,2%***	•	•	•
2	Tech Data	2.559	17,5%	2.363	17,8%	•	•	•
3	Ingram Micro	1.910	13,0%	1.828	13,7%	•	•	
4	Computer Gross	1.211	8,3%	1.065	8,0%	•		
5	Arrow ECS	807	5,5%	716	5,4%	•	•	
6	Attiva	361	2,5%	326	2,4%	•		
7	MCR	338	2,3%	280	2,1%			•
8	CPC	320	2,2%	294	2,2%		•	
9	Datamatic	305	2,1%	302	2,3%	•		
10	GTI	194	1,3%	221	1,7%		•	
11	Exclusive Networks	179	1,2%	159	1,2%	•	•	
12	Brevi	176	1,2%	167	1,3%	•		
13	JP Sa Couto	150	1,0%	133	1,0%		•	
14	Inforpor	137	0,9%	108	0,8%			•
15	Depau	133	0,9%	108	0,8%			•
16	Globomatik	130	0,9%	118	0,9%			•
17	DMI	115	0,8%	112	0,8%			•
18	Cometa	97	0,7%	94	0,7%	•		
	Others	1.967	13,4%	1.697	12,7%	•	•	•
	Totale	***14.661***	***100%***	***13.307***	***100%***	•	•	•

Sirmi - Channel Partner and company estimates

Human Resources

1.247 employees
2017

2018
1.263 employees

792 ITALY
471 IBERIA

708 Sales & Marketing

555 Back Office

Average years of seniority in the company:

9.9 ITALY
8.7 IBERIA

571 Male headcount (45%)

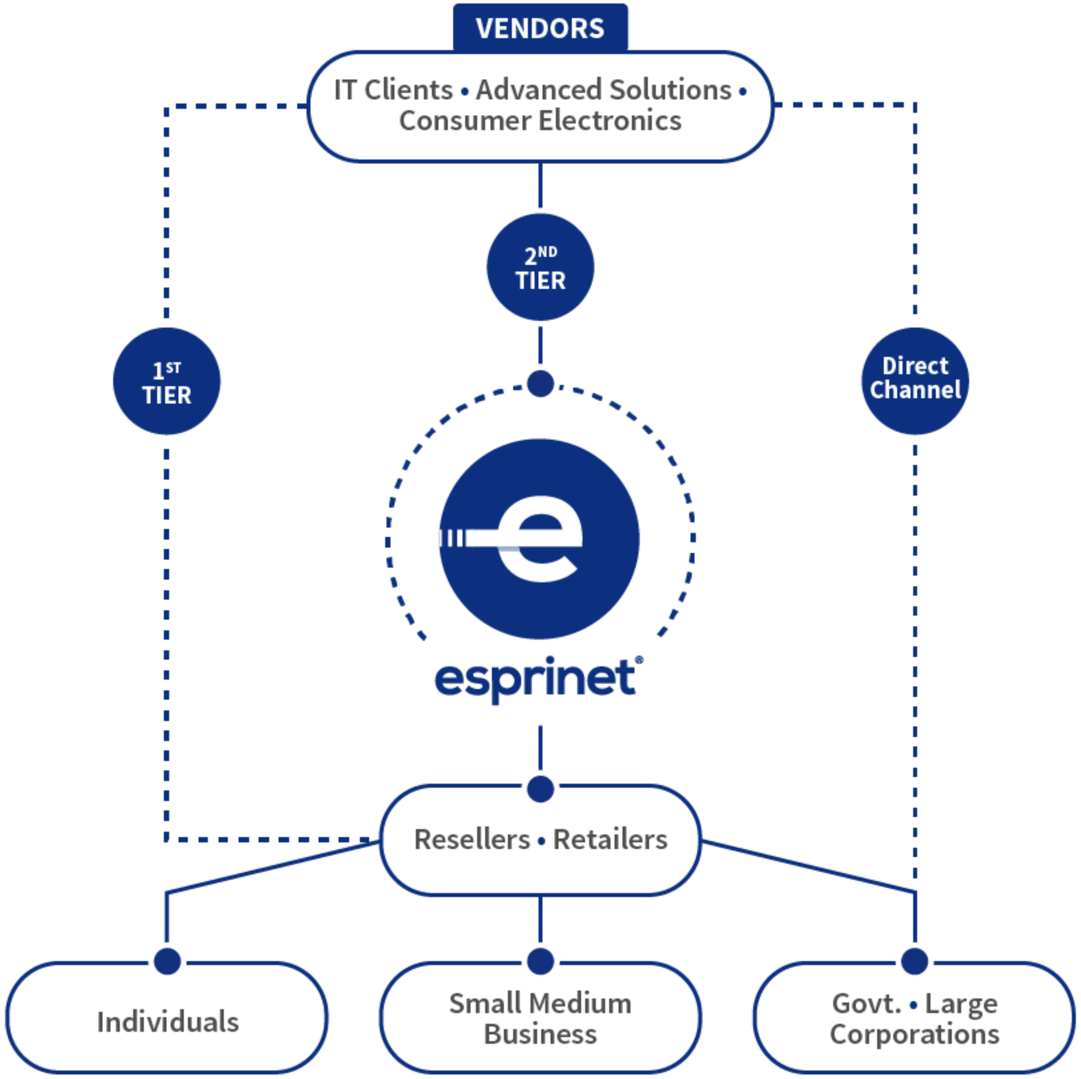
692 Female headcount (55%)

Consolidated 2018 figures

esprinet®

THE INDUSTRY

Go To Market: Technology



IT CLIENTS

7.2bn[1]

- Personal computers
- IT Accessories
- Monitors
- Other peripherals
- Home storage
- Home networking
- IT Clients sw
- Printing & office solutions
- Supplies
- Stationary products

ADVANCED SOLUTIONS

5.4bn[1]

- Servers
- Storage
- Networking devices
- Infrastructure sw
- Cybersecurity
- Cloud solutions
- Tech services
- Videosurveillance
- Data capture
- Cabling & Industrial IoT

CONSUMER ELECTRONICS

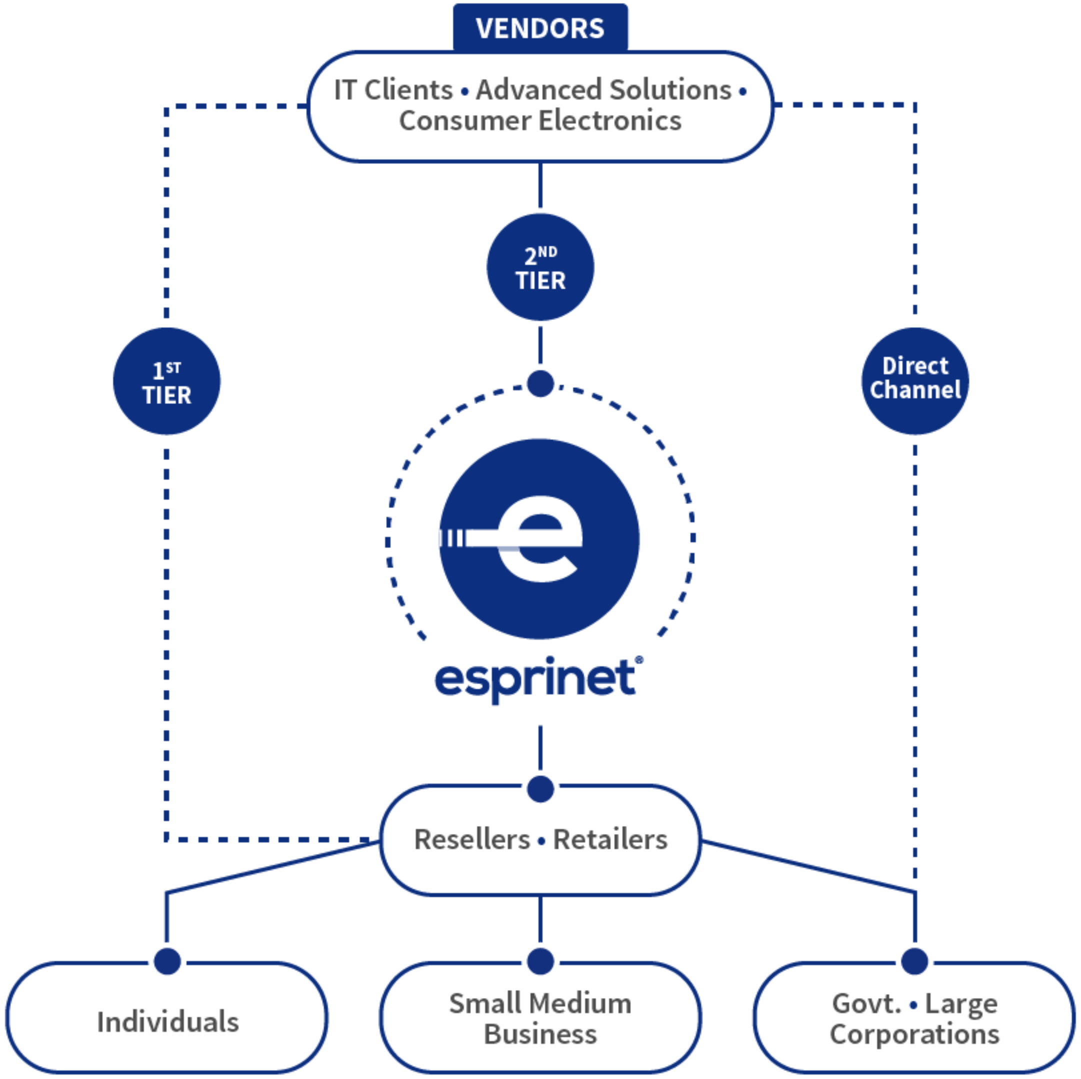
27.2bn[1]

- Smartphones
- Television
- Audio products
- Video gaming
- Toys
- Photo-Video products
- White goods
- Navigation
- Wearables
- Electric mobility

[1] *Italy-Spain-Portugal 2018 end-user market data at estimated distributor price – Source: EITO & Euromonitor*

Go To Market: Suppliers

esprinet®



IT CLIENTS

acer, Apple, ASUS, Canon, Dell, EPSON, hp, Lenovo, xerox

ADVANCED SOLUTIONS

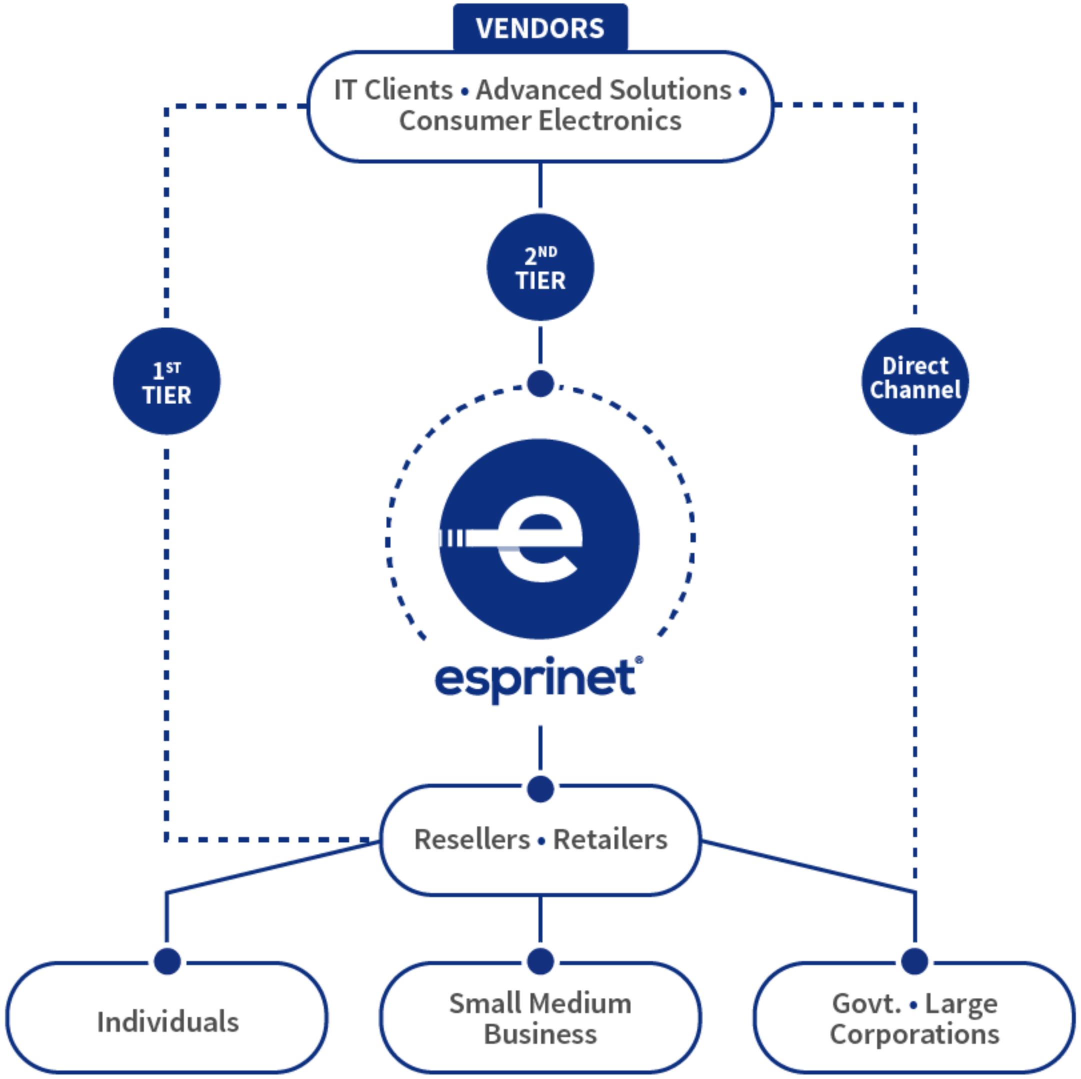
Check Point, Dell, Hewlett Packard Enterprise, HUAWEI Enterprise, Juniper Networks, Lenovo, Microsoft, NetApp, vmware

CONSUMER ELECTRONICS

Activision, Apple, Candy, Electronic Arts, HUAWEI, Nintendo, PHILIPS, SAMSUNG, SONY

Displayed vendors are just a selection aimed at representing whole product category.

Go To Market: Customers



PROFESSIONAL IT RESELLERS

- Dealers
- Printing specialists
- VARs
- System Integrators
- ISV
- Telcos

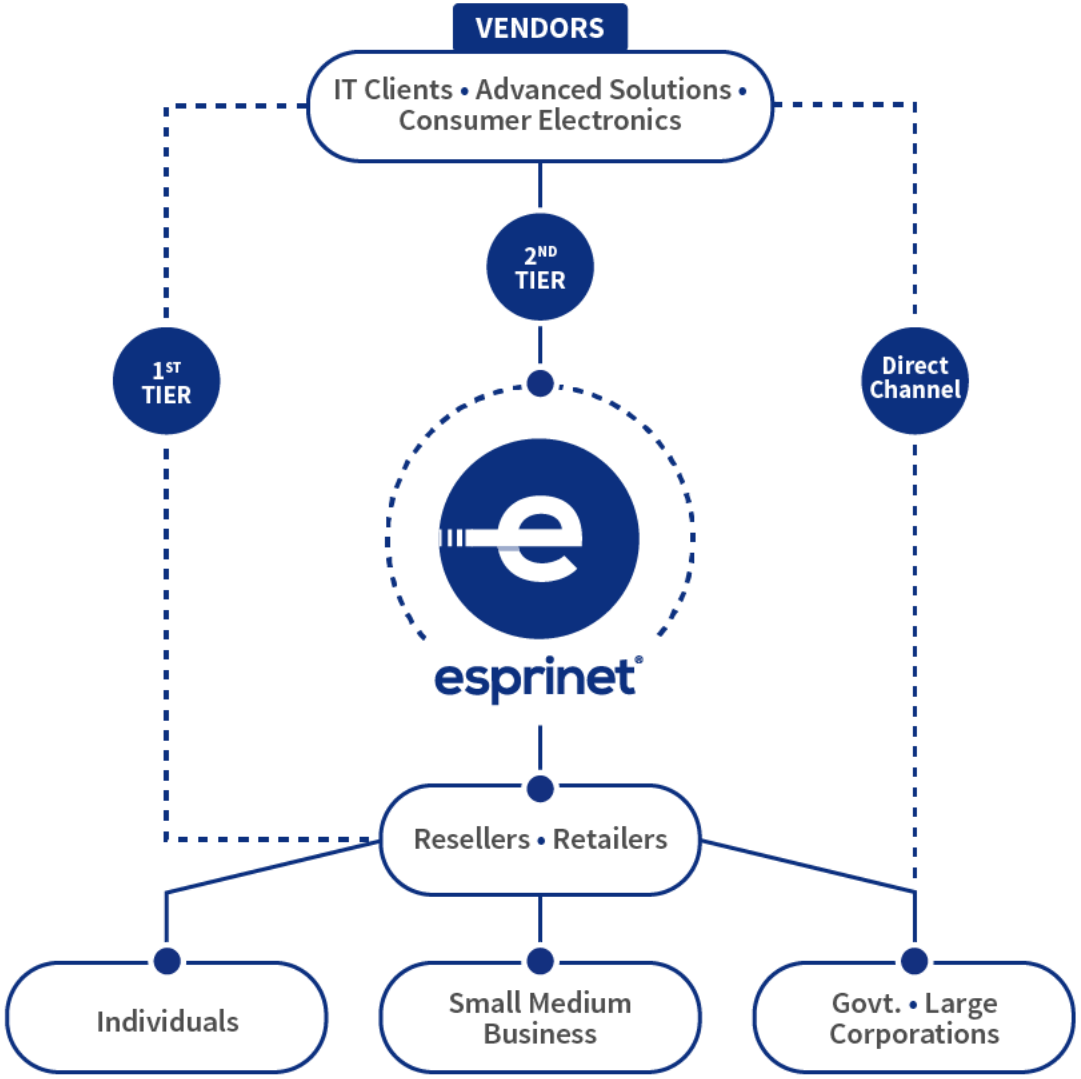
SPECIALIZED VERTICAL CHANNELS

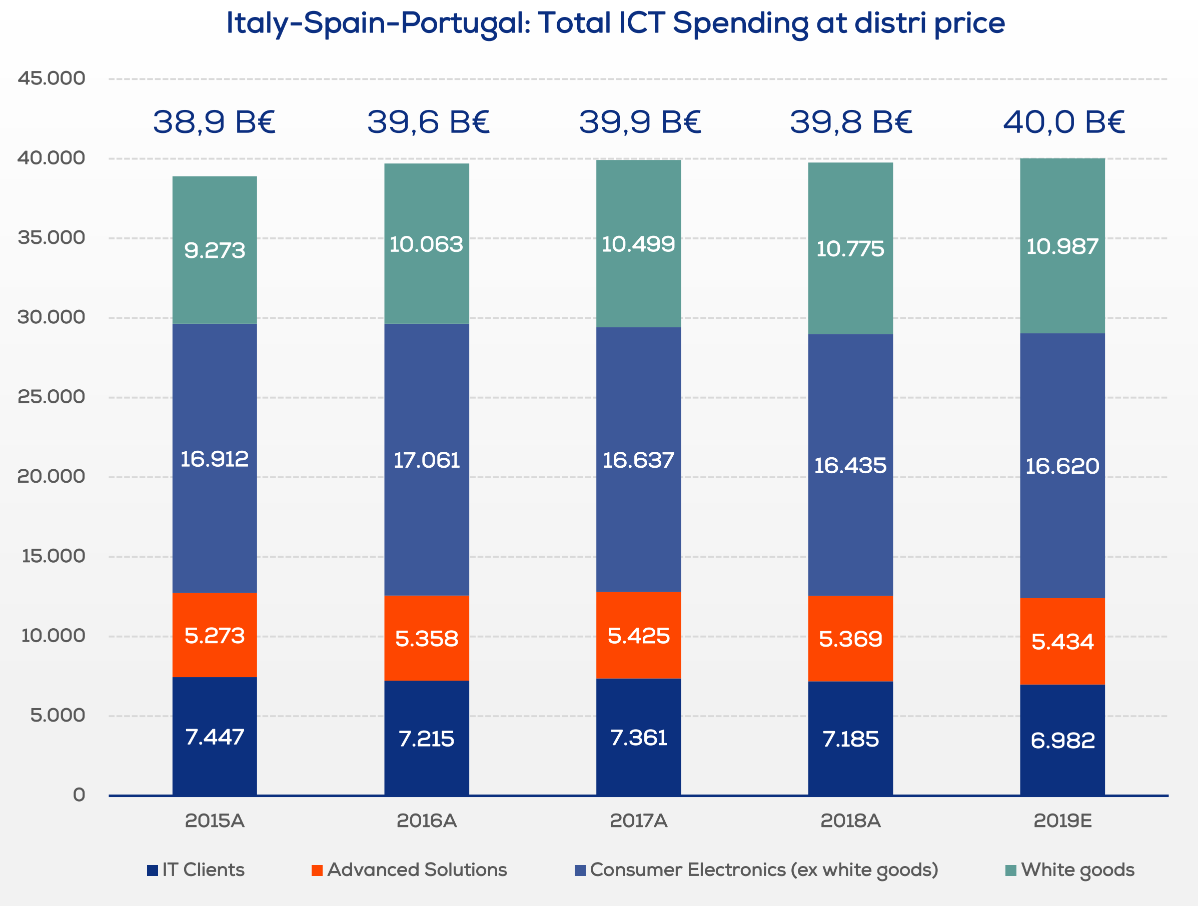
- Telco specialists
- Photo shops
- Furniture specialists
- Electrical contractors
- Videogame specialists
- Stationary shops

RETAILERS & E-TAILERS

- Speciality Retailers
- Supermarkets
- E-tailers
- Department Stores
- Convenience Retailers
- Discount Retailers

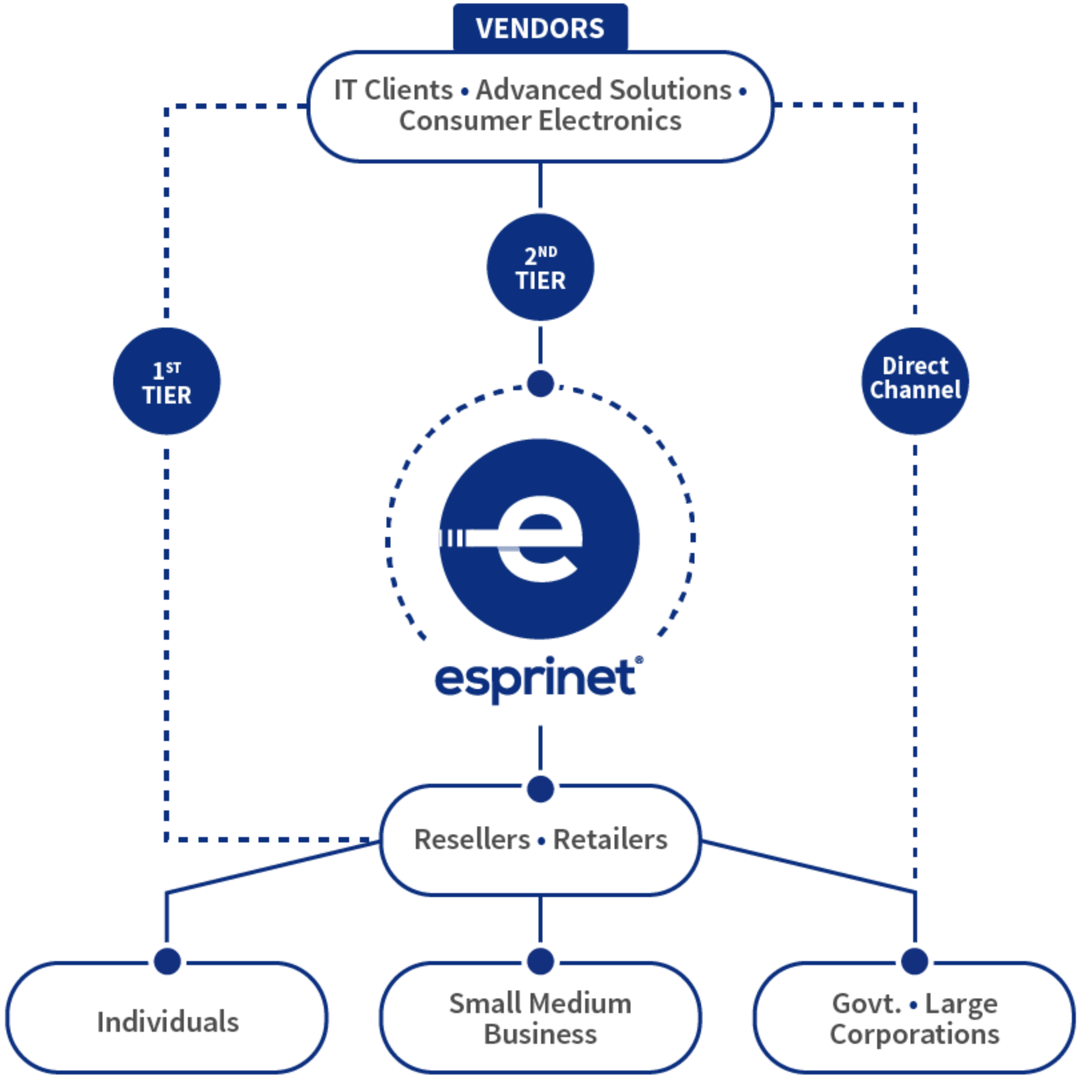
Size Of Addressable End User Market



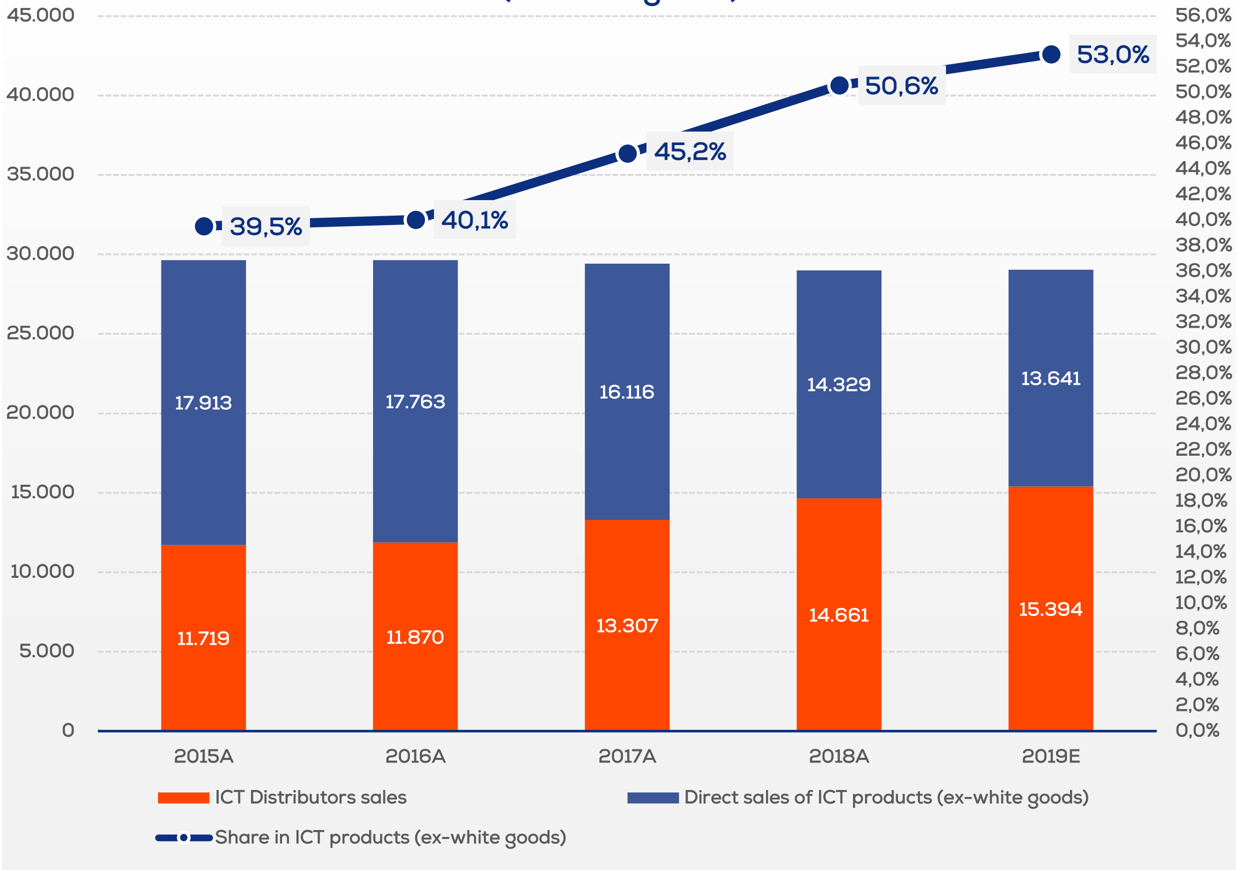


EITO figures for IT Clients - Advanced Solutions & Smartphones - EUROMONITOR for other Consumer electronics
End-user consumption converted to distri price assuming average 15% margin for resellers/retailers
Conversion from Context panel sales to Total distri sales assuming Context Panel represents 95% of total consolidated distri sales
2019 end user market estimates by EITO & Euromonitor as of May 2019
2019 distri sales estimated using a flat growth of 5%

Weight Of Distris On Addressed Market



Italy-Spain-Portugal: Total ICT Spending and share of distributors (ex-white goods)



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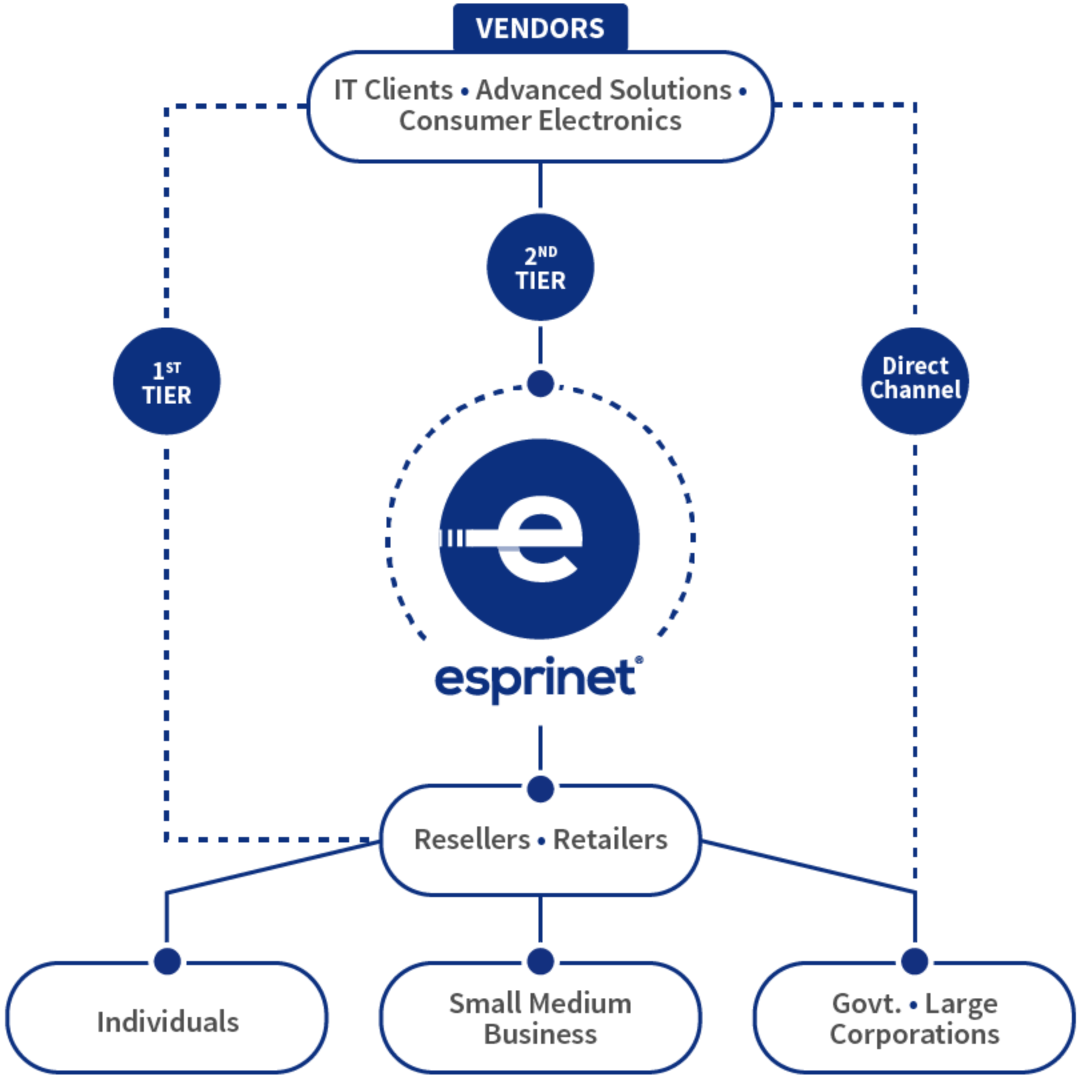
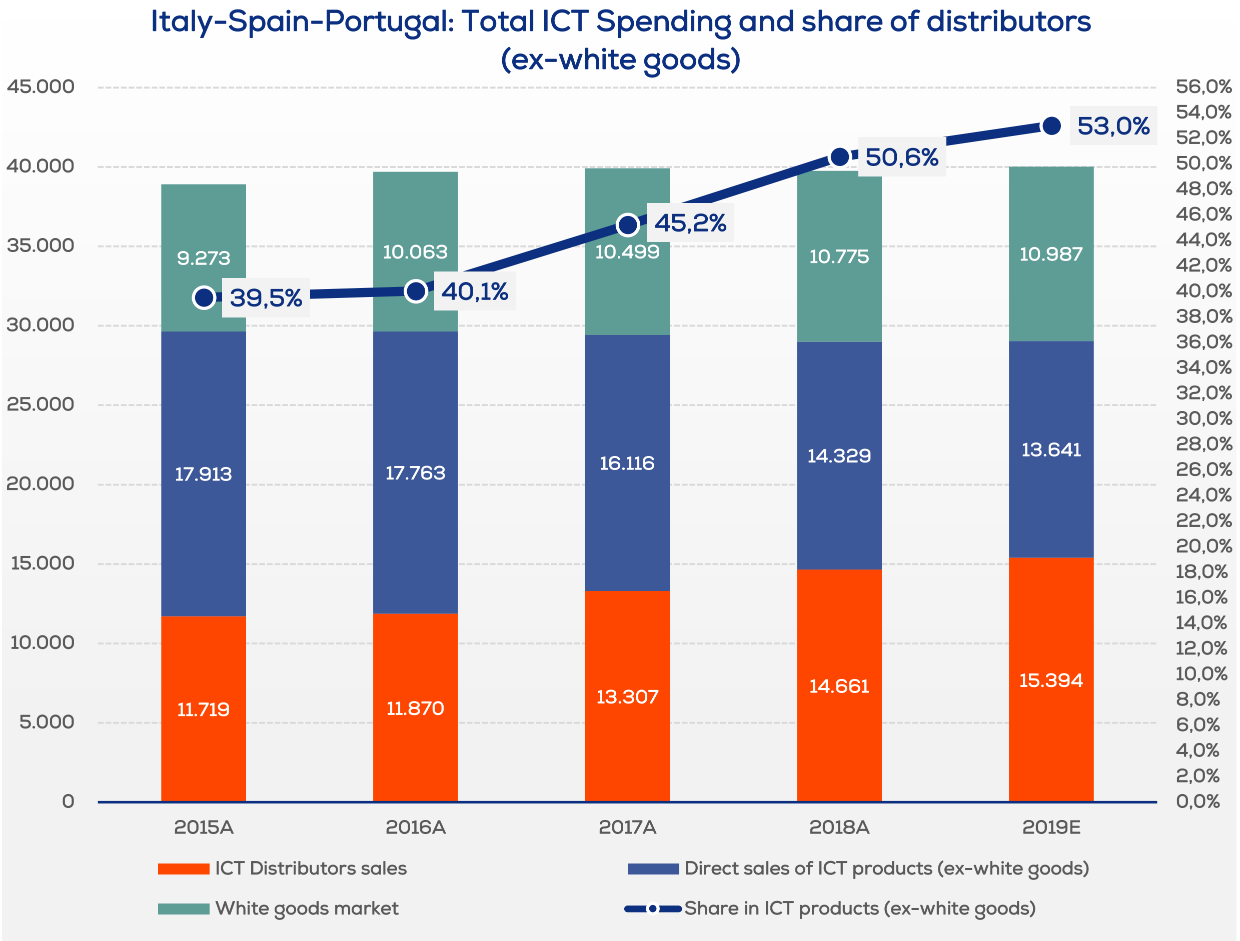
2019 end user market estimates by EITO & Euromonitor as of May 2019
2019 distri sales estimated using a flat growth of 5%

Additional Opportunities In White Goods





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2019 distri sales estimated using a flat growth of 5%

Why A Distributor

ICT Distribution share on total ICT addressable sales grew from 39.5% (2015) to 50.6% (2018) and is forecasted to grow furthermore (53% expected in 2019).

The 'Why' for Vendors

- Reduction of distribution fixed cost
- Buffering stock
- Credit lines & Credit collection capabilities
- Marketing capability
- Need of an aggregator of their products into complex multi-vendor solutions

The 'Why' for Resellers

- Outsourcing of warehousing and shipping on their behalf
- One-stop-information gathering point
- One-stop-shopping opportunity
- Easiness of doing business against dealing directly with vendors
- No minimum quantity needed to be a valued partner

The 'Why' for Retailers and E-Tailer

- 'Fulfilment deals' with Vendors on top selling items
- Category management for accessories
- Home delivery capabilities for White Goods and Large TVs
- E-Tailers use Distributors as a one-stop-shopping for the 'long-tail' of products

Future

- A similar trend towards a 'Distributor Friendly' environment is now under development White Goods.
- 'As a Service' models will require further more the capability of integrating in a single easy-to-use interface for resellers the Consumption models of multiple vendors.

The Journey From Analog To Digital

past	present
Abacus	Computers
Typewriters	Word Processors
Printing press	Printers
Cathode ray tube TV	Flat Panel TV
Telephone	Smartphones
Letters	E-mails & e-messaging
Analog contents	Digital contents
Cameras	Digital cameras
Toys	Videogames
Maps	GPS Systems
Combustion Engine Vehicles	Electrical Vehicles
Money	Cryptocurrencies
Human bodies	Robots
Human brains	A.I.

future

Technological evolution is advancing unchecked in every aspect of our lives the direction is already marked,

the future is digital

- The End-user market is offering unprecedented opportunities of growth.
- 5G introduction will be a game changer for multiple industries paving the way to new requests from both companies, governments and people.
- The ICT industry will expand into new areas of business creating the need for players which can aggregate in an effective and efficient way multiple technologies and products.
- The cost structure of distributors and the inherent flexibility demonstrated in years of adaptation to the changes in the market will offer us a unique opportunity of capitalizing these evolutions of the market.

Inventory Risk Mitigants

'Stock Protection Clause'

- A typical contractual clause provided by the vast majority of Vendors in which they assume the risk of inventory devaluation arising from purchase list price reductions planned by the Vendor itself.
- During a contractual period which typically spans from 30 up to 60 days, the Vendor undertakes to reimburse, by issuing so called «Stock Protection Credit Notes», the loss of stock value incurred by the Distributor on the products in stock in the moment the same products are made available for purchase by the Vendor at a new, lower, purchase list price.

'Fulfilment deals stock protection'

- Vendors sometimes ask Distributors to act as providers of invoicing, credit collection and logistic fulfilment capabilities on sales negotiated directly by the Vendor with a Retailer or a Corporate Reseller. In this case, the Vendor might allow the Distributor to purchase products based on a sales forecast agreed upon between the Vendor and the Retailer/Corporate Reseller. When this kind of sales agreement happens, the Vendor might guarantee the Distributor, either contractually or customarily, that those products will be sold with a predefined margin, essentially shielding the Distributor from the inventory risks that might arise from the need of reducing the sales price or disposing of unsold products.

'Stock Rotation Clause'

- On specific product categories, i.e. software or pre-packaged services, Vendors sometimes provide «Stock Rotation Clauses». These are contractual agreements under which the Distributor is periodically allowed to ship back obsolete stock in exchange of new products of similar value.

Factoring & Credit Insurance Policies

Credit insurance

- Large and medium sized distributors routinely apply contracts with top-rated Credit Insurance Companies shielding the risk of default of debtors with deductibles typically between 10% to 15% of the insured value.

Factoring/Securitization programs

- Trade receivables might be sold “without-recourse” to factoring entities or conduits of a trade receivables securitization program, typically major commercial banks but sometimes Vendor financing companies as well. When factoring/securitization happens, being a true-sale, no deductibles are involved and the credit risk is entirely transferred to the factoring company.

Risk taking

- Sometimes distributors might takes some credit risk on their books by issuing a Credit Limit that exceeds the value of the Credit Insurance coverage.

Impact of Factoring/securitization on the financial statements

- Trade receivables that are sold to a factoring company or to the conduit of the Securitization Program are deconsolidated from the Balance Sheet and the cost of the factoring or securitization is normally charged by distributors above the EBIT line.
- When a true-sale of receivables happens under the Factoring or Securitization programs, the DSO of these programs is typically 10 to 15 days, the average time to sell the receivables and cash the proceedings from the factoring companies.
- Recipients of factoring or securitization schemes are typically Retailers or Corporate Resellers with good credit ratings which typically would imply a higher DSO, still this converts into a lower DSO because of the reduced amount of receivables in the balance sheet.

Gross Profit Drivers

Product categories

- Commoditized product categories, such as Notebooks or Smartphone, typically allow for lower Gross Profit % as compared to more complex products such as many “Advanced Solutions” products.

Vendor relative strength

- Highly known vendors with a strong brand recognition or with a big market share within a distributor tend to provide less Gross Profit %.
- Vendors typically provide cash discounts for shorter payments so Gross Profit % is normally higher in case of shorter DPOs.

Customer relative strength

- Customers with a strong position in the market, such as the largest retailers or Corporate Resellers, typically get better pricing and therefore allow for lower Gross Profit %.
- Receivables with these customers are typically subject to factoring/securitization programs whose costs impacts the Gross Profit %.

Market Development Funds or Co-Marketing funds

- Most Vendors allocate at Country level marketing funds that are available for those distributors that develop the most effective marketing programs. Size matters and market coverage as well, and that is one of the key reasons for achieving scale in each geography, so that a larger proportion of these marketing funds is achieved and lower marketing costs incurred.

High levels of stock

- Even if Distributors are broadly shielded by Vendors in case of excess or obsolete stock, if the levels are exceedingly high or the Vendor enters a major crisis the costs of the allowance for obsolete stock might go on the Distributors books impacting Gross Profit.

Credit Notes

The Industry operates with a significant amount of Credit Notes accruals at any given end-period

- Vendors routinely operate with commercial programs that envisage significant amounts of price adjustments for multiple reasons such as:
  - End-period accruals for target achievements
  - Stock protection
  - Pass through
- Customers as well are entitled to price adjustments such as:
  - End-period accruals for target achievements
  - Pass through
  - Co-marketing funds

Accounting treatment

- At any given quarter-end accruals are made to account for the credit notes pending reception from Vendors and credit notes pending issuing to customers.
- According to the Group accounting policies periodically, typically at year end, a revision of the old accruals is done and the adjustments booked to the Gross Profit of the period.
- Historically, given the accounting policies in place, this effect is positive and contributes to a spike in Gross Profit % at year-end.

THE STRATEGY

The Key Trends In Our Industry

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1

The emergence of the ’XaaS’ (Everything as a Service) business model.

GROSS PROFIT OPPORTUNITIES

2

Vendors focusing on winning the IP war and outsourcing everything else.

5

The growing ‘consumerization’ of professional customers service-level expectations.

OPERATIONAL TRENDS

3

The migration from ’pure’ brick&mortar or ‘pure’ onliners to ‘omnichannel’ retailers.

GROSS PROFIT THREATS

4

The fast commoditization of key product categories.

Gross Profit Opportunities

1

The emergence of the 'XaaS' (Everything as a Service) business model.

GROSS PROFIT OPPORTUNITIES

The industry is undergoing a transformation with the growth of "As a Service" or "Consumption" based utilization models against traditional "Transactional" model.

Typical "As a service" models include the following:

- Cloud Computing, both in the form of Infrastructure as a Service (IaaS) as well as Software as a Service (SaaS);
- Managed Print Services, in which customers buy the right to print a certain number of 'pages' through printers which are at their premises but not under their ownership;
- "Device as a Service", a broader concept in which a 'seat' typically comprising a notebook and/or a smartphone is leased on a monthly or multi-period base.

More and more ICT Distributors are acting as aggregators of such contracts from multiple providers, effectively switching from moving boxes in a warehouse to moving data & contracts in IT systems.

Selling "As a service" contracts will reduce the impact of working capital needs, because no physical goods must be purchased and stocked, and will add predictability to the ICT Distributor sales.

Some ICT Distributors might became providers as well, buying devices which will stay in their balance sheet as fixed assets and leasing them under these «consumption» model agreements to resellers which can sub-lease them, packaged with some services provided by them, to end-users.

Gross Profit Opportunities

2

Vendors focusing on winning the IP war and outsourcing everything else.

GROSS PROFIT OPPORTUNITIES

There is a growing number of examples of Vendors focusing on key technologies:

- IBM: sold Printers, PCs & Servers and focused on Services, Cloud and A.I.
- HP: Split into HP Inc (PCs & Printers) and HPE (Advanced Solutions)
- HPE: spun off its Software and Services division focusing only on Hardware
- Samsung: Divestiture of PCs & sale of printer division to HP Inc
- Microsoft: Divestiture of smartphones
- Xerox: Split into two entities, one active in services and one in printing
- Acer: Divestiture of smartphones and focus on PCs

Patents are a growing barrier to entry in specific markets so Vendors focus on few technologies where they pile up IP to defend themselves from competitors.

This drives a growing need of positioning their products within complex solutions while facing growing pressure for SG&A reduction from their investors.

As a consequence there is a growing request of outsourcing of non-core support activities.

Distribution, after-sales support, logistics and even sales promotion is more and more outsourced to distribution partners or service companies.

Gross Profit Threats

3

The migration from «pure» brick&mortar or 'pure' onliners to 'omnichannel' retailers.

GROSS PROFIT THREATS

Retailers are struggling to cope with the pure on-liners competition and are in the middle of journey to provide a comprehensive «omnichannel experience» to their customers.

During the transition many traditional retailers are putting extraordinary pressure on suppliers to fund the journey to a new business model.

The transition is putting pressure on their top-line as well as on their profitability and is driving a round of consolidation in this segment of the industry.

The survivors will be forced to develop a new set of logistic capabilities in order to deliver products to the homes of the consumer, offering an opportunity for distributors which typically have extensive know-how in this activity.

The new 'omnichannel' retailer will handle a longer-tail of products where distributors can get better margins against the existing 'low-margin' mix of few 'high-rotation' items.

The in-store experience will change and distributors will be offered opportunities to be part of the eco-system providing added value services such as category management and merchandising at shop floor level.

Gross Profit Threats

4

The fast commoditization of key product categories.

GROSS PROFIT THREATS

PCs and smartphones, the two ICT product lines with higher sales volumes, have witnessed modest innovation in the last years and therefore margins for the manufacturers decreased.

Gross profit opportunities could arise from a disruptive round of innovation at the moment not yet foreseeable.

The printing eco-system (printers and supplies) is undergoing a structural volume reduction but new print technologies as well as business models (Managed Print Services) are somehow stabilizing Gross Profit %.

The market of these traditional product lines is overdistributed and this is putting short term further pressure on gross profit margins whilst offering opportunities mid-term.

Economy of scale are needed to cope with high volumes-low margin sales in these categories, favouring a further round of consolidation in the distribution industry.

Distributors are also implementing more efficient working capital management in order to seek value creation opportunities in the balance sheet rather than in the P&L.

Advanced Solutions are less prone to commoditization because of the intrinsic higher content of IP and differentiation, effectively shielding these categories from an excessive pressure on Gross Profit % reduction.

Operational Trends

5

The growing ’consumerization’ of professional customers service-level expectations.

OPERATIONAL TRENDS

The employees of Resellers and Retailers are exposed everyday to the interaction with companies such as Amazon, Starbucks, Apple that are using amazing levels of customer experience as a competitive advantage.

More and more they expect the same level of excellence in the quality of service when interacting with suppliers during their working time.

Customer experience is no longer a ‘bonus’ but a ‘must’ to compete.

Same day delivery is now a ‘given’ and no longer a bonus.

The full integration of social communication tools with traditional office solutions such as email or ERP is expected.

Real time response to enquiries is the ‘de-facto’ standard required to compete effectively.

On-line solutions must be designed to match web experiences on top-rated consumer sites.

Mobile access to data is now a given.

Summary Of Key Market Assumptions

A 30B€ flattish end-user market where distri share moved from 39,5 to 53% in 5 years offering a growing opportunity to distris.

10B€ of additional market opportunity from White Goods now almost entirely sold directly.

A growing number of Digital technologies transforming former Analog markets and providing further long term opportunities for distris.

'Everything as a Service' a source of Working Capital reduction and revenue predictability and stability.

Suppliers and Customers in growing need of aggregators and providers of outsourcing capabilities.

'Consumer style' customer satisfaction a must and no longer a bonus to compete in the market.

Retailers journey to omni-channel a long term opportunity but short term pain for Gross Profit %.

Commoditization of key product categories puts pressure on gross profit margins and on transforming the business model.

Esprinet Current Positioning

		Italy	Spain	Portugal
PORTFOLIO	IT Clients	🙂	🙂	😐
	Advanced Solutions	🙂	😐	☹️
	Consumer Electronics	🙂	🙂	☹️
MARKET COVERAGE	Resellers	🙂	🙂	☹️
	Specialized Channel	😐	☹️	☹️
	Retailers & E-tailers	🙂	🙂	🙂
MARKET SHARE	IT Clients	🙂	🙂	☹️
	Advanced Solutions	🙂	😐	☹️
	Consumer Electronics	🙂	🙂	☹️

The Strategy

Aim at being the best distributor in the region for all stakeholders by:

#1

- Getting recognized as provider of the best Customer Satisfaction in the region.
- Leveraging the size in Italy and Spain to improve ROCE on IT Clients & Consumer Electronics.
- Pushing for an higher weight of Advanced Solutions sales.
- Achieving size in Portugal.

Riding the mid-term evolution of the market by:

- Developing a state-of-the-art ‘XaaS’ strategy.
- Developing further Outsourcing initiatives for Vendors and Customers.
- Pushing on Distri adoption by the White goods manufacturers.
- Be ready to enter potential new markets such as Robotics, A.I., Electrical Mobility, 3D Printing.

Actions: Be The Best

esprinet

Getting recognized as provider of the best Customer Satisfaction in the region

A redesign of procedures and incentive schemes aimed at measuring and sharply improving the level of Customer Satisfaction raising the «cost of switch» for customers therefore positively impacting Gross Profit and sales.

Better gross profit margin on existing customers

Leveraging the size in Italy and Spain to improve ROCE on IT Clients & Consumer Electronics

New procedures, tools and incentive schemes aimed at focusing teams on better Working Capital management.

Leveraging achieved size and push for better opportunities with vendors/customers in a consolidating market.

Better working capital on existing combinations of Vendor/Customer

Pushing for an higher weight of Advanced Solutions sales

V-Valley Europe concept: move from two local Distri to a perceived multinational Advanced Solution distri to get new contracts and grow in this higher margin market.

Better mix driving sales of higher gross profit margin products

Achieving size in Portugal

Invest in people and in warehousing capabilities to capture organic-growth opportunities offered by selected Vendors.

Grow in the region also by acquisitions in order to complete the coverage of the market.

Top line growth driver and consolidation of leadership in the Iberian region

Actions: Riding The Mid-Term Trends

Developing a state-of-the-art «XaaS» strategy

Invest further more in the programs already existing leveraging our web-portal to provide not only a one-stop-shopping opportunity for physical goods but an aggregator for IaaS, SaaS, MPS and Device as a Service contracts as well

Better gross profit margin and better predictability of revenue streams

Developing further Outsourcing initiatives for Vendors and Customers

Grow the high margin logistic outsourcing activities already in place as well as the tools to enable mid-size retailers as well as professional resellers to establish an «omnichannel» strategy

Higher EBIT margin activities driving better grip on Vendors/ Customers

Pushing on Distri adoption by the White goods manufacturers

A 10B€ market opportunity mostly direct where we are piloting with some vendors new distribution models similar to the ICT ones

Opportunity of Top line growth on higher gross margin products

Be ready for potential new markets: Robotics, A.I. Electrical Mobility, 3D Print

Long term developments offer potential opportunities in these markets

Begin assessing potential distribution scenarios

Begin testing distribution of 3D printing and Electrical mobility

Potential future developments for Top line and EBIT margin growth

GOVERNANCE

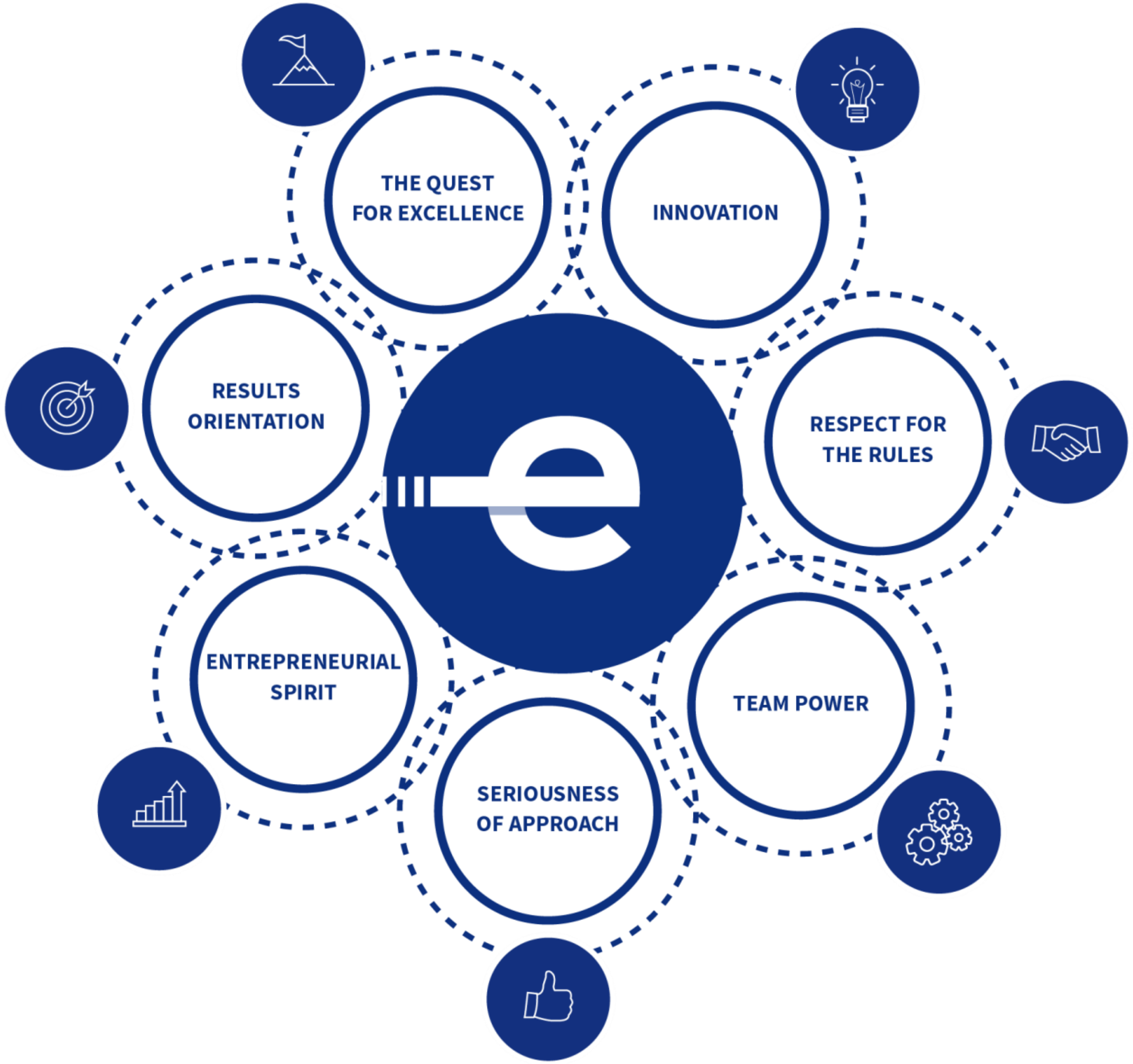
Mission & Corporate Values

Corporate Mission

To be the best technology distributor operating in its relevant markets, assuring shareholders above-average return on investment thanks to precise, serious, honest, fast-footed, reliable, and innovative management of the customer and vendor relationship, achieved by closely attentive enhancement and exploitation of its staff's skills and innovative capabilities.

Our Strengths

- Multidivisional organization to face different needs for different clients
- Flexibility to offer to our vendors and customers
- Highly experienced and focused people on tangible key value drivers
- Web engine and own ERP created
- Focus on creating new services to help dealers to do business



Management

Maurizio Rota

Maurizio Rota, was born in Milan on 22 December 1957. After early professional experience as Sales Supervisor for companies operating in the Information Technology field, he founded Micromax in 1986, serving as the Company Chairman. He developed and consolidated the company up to 1999, focusing in particular on relations with major manufacturers, and making a decisive contribution to the implementation of the company's business strategies. Following the formation of Esprinet in the year 2000, as a result of the merger of the companies Celo, Micromax and Comprel, he served as Managing Director and later as Vice Chairman and Chief Executive Officer. Mr. Rota is the Chairman of the Esprinet Group.

Alessandro Cattani

Alessandro Cattani, was born in Milan on 15 August 1963. After completing his degree in electronic engineering at Politecnico in Milan, he earned a MBA ("CEGA" at the Bocconi University in Milan). He began his professional career in the holding company of an Italian industrial group where, until 1990, he served as Executive Director of the company which had the task of managing the group's information technology. From 1990 to 2000 Mr. Cattani worked in a consulting company. Since November 2000 he has been serving Esprinet as Chief Executive Officer of the Group.

Board Of Directors

NAME	POSITION	EXECUTIVE	INDEPENDENT	STRATEGY COMMITTEE	CONTROL AND RISK COMM.	REMUNERATION AND APPOINTMENT COMM.	COMPETITIVENESS AND SUSTAINABILITY COMM.
Maurizio Rota	Chairman	●		●			●
Alessandro Cattani	CEO	●		●			●
Valerio Casari	Director & CFO	●		●			●
Marco Monti	Director			●			
Matteo Stefanelli	Director			●			●
Tommaso Stefanelli	Director			●			●
Mario Massari	Director		●		●	●	
Chiara Mauri	Director		●			●	
Cristina Galbusera	Director		●		●	●	
Emanuela Prandelli	Director		●				
Ariela Caglio	Director		●				
Renata Maria Ricotti	Director		●		●		

Code & Principles

Code of Etics

The Code of Ethics applies to all activities carried out by or in the name and on the behalf of Esprinet S.p.A. and its subsidiaries.

The Code of Ethics:

- establishes the guidelines of conduct and regulates the set of rights, duties and responsibilities that the Group expressly assumes with its stakeholders;
- defines the ethical criteria adopted for a correct balance between expectations and stakeholder interests;
- contains principles and guidelines for conduct in areas of potential ethical risk.

Code of Conduct

The Esprinet Group wishes to establish trade relations with its vendors and business partners based on transparency, correctness and business ethics. The development of transparent and lasting relationships with vendors, attention to quality, safety and respect for the environment and compliance with existing regulations are objectives to be pursued with a view to consolidating the value created in favour of stakeholders.

Therefore, in connection with the Code of Ethics adopted by Esprinet S.p.A. and its subsidiaries, the Group has defined a Code of Conduct designed to guide relations throughout its supply chain.

"231" Organisation Model

This document, entitled "Organisation and Management Model pursuant to "Legislative Decree 231/2001" (hereinafter called "the Model"), has been drawn up to implement the terms of ss. 6.1.a and 6.1.b, 6.2, 7.2 and 7.3 of Legislative Decree no. 231 of 08.06.2001 (hereinafter called "the Decree").

The Model is the management reference document which institutes a corporate prevention and control system designed to prevent the offences specified in the Decree from being committed.
The Ethical Code enclosed summarizes the values, correctness and loyalty by which the Esprinet Group is inspired and constitutes the base of our Organizational, Administrative and Control Models. The Code has been adopted by the company in order to prevent any occupational hazards or risks in view of the D. Lgs. 231/2001 law.

On September 11th 2018 the companies Board of Directors accepted a new and updated version of the Organizational, Administrative and Control Models which substitutes the previous version approved on June 1st, 2017.

Star Requirements

Esprinet Spa listed in the STAR Segment* voluntarily adhere to and comply with strict requirements

- High transparency, disclosure requirements and liquidity (free float of minimum 35%)
- Corporate Governance in line with international standards

**The market segment of Borsa Italiana's equity market (MTA-Mercato Telematico Azionario). Dedicated to mid-size companies with a capitalization less than 1.0 euro/bln*

Major requirements for shares to qualify as STAR status

- Interim financial statements available to the public within 45 days from the end of first, third and fourth quarter
- Make the half-yearly report available to the public within 75 days of the end of the first half of the financial year
- Favourable auditor's report on their latest individual and consolidated annual financial statements
- Consolidated annual financial statements not challenged by Consob
- Bi-lingual publication on the websites
- Mandatory presence of a qualified investor relator and a "specialist"
- Adoption of the models provided for in art. 6 of Leg Decree 231/2001
- Application of Corporate Governance Code
- Additional requirements in the article 2.2.3 of Borsa Italiana guidelines

Esprinet is fully compliant[(1)] with the Code of self-discipline (Corporate Governance Code).

[(1)] With minor exceptions which are explained as permitted by the Code in the "Corporate Governance" section of the society

Shareholders

Significant Investments in Share Capital

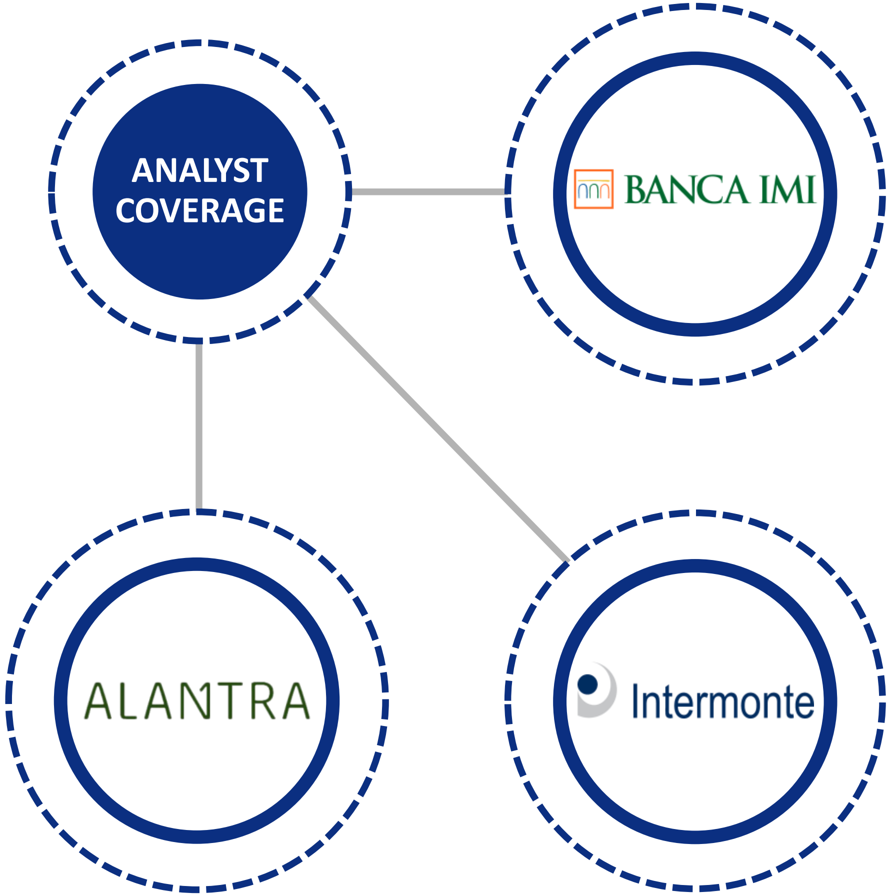
DECLARANT	DIRECT SHAREHOLDER	% ON ORDINARY CAPITAL	% ON VOTING CAPITAL
Francesco Monti	Francesco Monti	15.709%	15.70%
Giuseppe Cali	Giuseppe Cali	11.253%	11.25%
Albemarle Asset Management Limited	Albemarle Funds PLC Albemarle Alternative White Rhino Funds PLC	5,961%	5,96%
Paolo Stefanelli	Paolo Stefanelli	5.069%	5.06%
Maurizio Rota	Maurizio Rota	5.231%	5.23%
Stefanelli Tommaso	Stefanelli Tommaso	1.69%	1.69%
Stefanelli Matteo	Stefanelli Matteo	1.59%	1.59%
Cattani Alessandro	Cattani Alessandro	1.29%	1.29%

Italian Stock Exchange (PRT)

Number of shares: 52.4 million

Average volume of 225.875 shares per day

Number of shares owned by the Company: 2,19%



Social Responsibility Report

CORPORATE OVERVIEW	3.6 bn euros of revenues (+11% vs 2017)	N°1 First distributor in Italy and Spain	Identification of a **Sustainability Strategy**	Presence of the **Competitiveness and Sustainability Committee**
ENVIRONMENTAL PERFORMANCE	**Green Project** to increase the visibility of the most environmentally friendly products	**LEED Platinum** Certification of the Vimercate offices	Integrated management system **Quality, Environment, Health** and **Safety**	100% electricity certified as **renewable** in Italy
SOCIAL PERFORMANCE	1.263 employees	89% of employees hired with **permanent contracts**	55% are **women**	Smart **working**
INITIATIVES IN THE LOCAL REGION	**Maria Letizia Verga Committee**	**Ambrosiana Library**	**AVIS**	**Esprinet4others** Corporate volunteering

IFRS16 RECONCILIATION

Profit & Loss - IFRS 16 Reconciliation

Q2 2019

IFRS 16: P&L impact

(M€)	Q2 2019		adj.	post IFRS 16 «as reported» Q2 2019	
Sales	842,0	100,00%		842,0	100,00%
Cost of sales	(801,8)	-93,22%		(801,8)	-93,22%
Gross Profit	**40,3**	**4,78%**	**-**	**40,3**	**4,78%**
Operating costs	(34,0)	-4,04%	1,0	(33,0)	-3,92%
EBIT	**6,2**	**0,74%**	**1,0**	**7,2**	**0,86%**
D&A	1,1	0,14%	1,9	3,1	0,36%
EBITDA	**7,4**	**0,88%**	**2,9**	**10,3**	**1,22%**
Finance costs - net	(0,9)	-0,10%	(0,3)	(1,2)	-0,14%
Profit before income taxes	**5,4**	**0,64%**	**0,7**	**6,1**	**0,72%**
Income taxes	(1,2)	-0,14%	(0,2)	(1,4)	-0,17%
Net income	**4,2**	**0,49%**	**0,5**	**4,6**	**0,45%**
Tax rate	*23%*			*23%*	

- The adoption of IFRS 16, the new lease standard, determined an increase of EBIT of 1.0 M€ and a more significant increase of EBITDA from 7.4 M€ to 10.3 M€ (+40%).
- The effect on EBITDA was due to the total amount of rent expenses (2.9 M€) being replaced with depreciation and interest expenses which are reclassified below EBITDA line.
- The effect on Net income was an increase of 0.5 M€.

Profit & Loss

esprinet®

(M€)	Q2 2019 [1]		Q2 2018		Var. %
Sales	842,0	100,00%	756,9	100,00%	*11%*
Cost of sales	(801,8)	-93,22%	(718,9)	-94,98%	*12%*
Gross Profit	**40,3**	**4,78%**	**38,0**	**5,02%**	***6%***
Operating costs	(34,0)	-4,04%	(32,4)	-4,28%	*5%*
EBIT	**6,2**	**0,74%**	**5,6**	**0,74%**	***12%***
D&A	1,1	0,14%	1,2	0,15%	*-2%*
EBITDA	**7,4**	**0,88%**	**6,7**	**0,89%**	***9%***
Finance costs - net	(0,9)	-0,10%	(1,7)	-0,22%	*-49%*
Profit before income taxes	**5,4**	**0,64%**	**3,9**	**0,51%**	***38%***
Income taxes	(1,2)	-0,14%	(1,1)	-0,15%	*9%*
Net income	**4,2**	**0,49%**	**2,8**	**0,37%**	***50%***
Tax rate	*23%*		*29%*		

Q2 2019

- Reported net sales at 842.0 M€ increased +11% compared to the prior-year Q2 (+85.1 M€).
- Gross profit up +6% at 40.3 M€.
- Operating costs grew at a lower rate than sales (+5%).
- EBIT at 6.2 M€ increased +12% compared to the prior-year Q2.
- EBIT % stable vs prior-year Q2.
- PBT at 5.4 M€ increased +38% compared to the prior-year Q2 mainly due to lower exchange losses of 0.7 M€ compared to Q2 2018.
- Net income of 4.2 increased +50%.

NOTES

[1] *Excluding effects of IFRS 16 'Leases'.*

Profit & Loss - IFRS 16 Reconciliation

H1 2019

IFRS 16: P&L impact

(M€)	H1 2019		adj.	post IFRS 16 «as reported» H1 2019	
Sales	1.717,5	100,00%		1.717,5	100,00%
Cost of sales	(1.636,4)	-95,28%		(1.636,4)	-95,28%
Gross Profit	**81,1**	**4,72%**	-	**81,1**	**4,72%**
Operating costs	(68,6)	-3,99%	1,5	(67,1)	-3,91%
EBIT	**12,5**	**0,73%**	**1,5**	**14,0**	**0,81%**
D&A	2,3	0,13%	4,3	6,7	0,39%
EBITDA	**14,8**	**0,86%**	**5,8**	**20,6**	**1,20%**
Finance costs - net	(2,4)	-0,14%	(1,4)	(3,7)	-0,22%
Profit before income taxes	**10,1**	**0,59%**	**0,1**	**10,2**	**0,60%**
Income taxes	(2,6)	-0,15%	(0,1)	(2,7)	-0,15%
Net income	**7,5**	**0,44%**	**0,0**	**7,6**	**0,44%**
Tax rate	*26%*			*26%*	

- The adoption of IFRS 16 Lease determined an increase of EBIT of 1.5 M€ and a more significant increase of EBITDA from 14.8 M€ to 20.6 M€ (+39%).
- The effect on EBITDA was due to the total amount of rent expenses (5.8 M€) being replaced with depreciation and interest expenses which are reclassified below EBITDA line.
- The effect on Net Income was negligible.

Cash Flow Generation

(M€)		H1 2019	H1 2018
	Cash flow generated from operations	21,2	13,3
	Cash flow provided by (used in) changes in working capital	(338,2)	(152,4)
	Other cash flow provided by (used in) operating activities	(3,0)	(2,0)
	Cash flow provided by (used in) operating activities	**(320,0)**	**(141,1)**
(+/-)	**Cash flow provided by (used in) investing activities**	**0,2**	**1,0**
(+/-)	**Dividends and other changes**	**(11,3)**	**(7,6)**
(=)	**Net (increase)/decrease in net financial debt**	**(331,1)**	**(147,6)**
	Net financial debt (cash) at beginning of period	**(241,0)**	**(123,1)**
	Net financial debt (cash) at end of period	**90,0**	**24,6**

- Cash flow generated from operations was 21.2 M€ (+59%).
- Dividend distribution during Q2 of 6.9 M€.
- Net financial debt at quarter-end was 90,0 M€ (183.1 M€ when considering newly emerged lease labilities of 93.1 M€ due to IFRS 16.
- 'Apparent' working capital absorption, due to huge swing between year-end and end of June, and increase in financial debt compared to December 31, 2019 is not suggestive of real changes in average capital employed.