



**Acquisition of GTI Software & Networking S.A.
A «Business Development» Deal**

Investor Presentation

June 25th, 2020

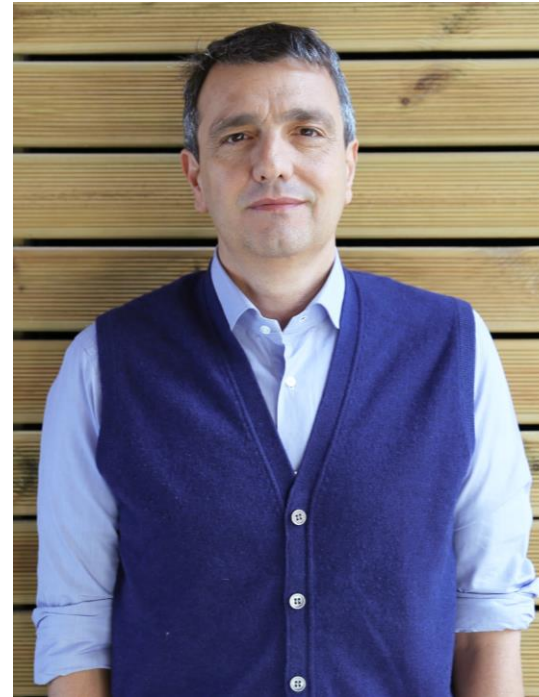
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ALESSANDRO CATTANI
Chief Executive Officer



VALERIO CASARI
Chief Financial Officer

Deal Structure

- Esprinet Iberica S.l.u. (100% Esprinet S.p.A.) signed a binding agreement for the acquisition of GTI Software y Networking from Emotion S.l.u. (Mr Juan Pablo Rossi)
- The equity value to be paid in cash at Closing amounts to Euro 33.8 M€, with a net financial position of 9.8 M€ ⁽¹⁾

Strategic Fit

- Unique strategic fit in core Spanish market
- Strong boost in Cloud and "As A Service" solutions
- Exclusive know-how in selling software and dealing with cloud provisioning platforms

Financing

- Acquisition shall be funded through available financial resources
- Absorption of increase in financial leverage without stress
- Pro-forma covenant on existing facilities respected with headroom as at December 31, 2019

Timetable

- No critical actions prior to completion
- Closing execution expected by the end of September 2020, after receipt of required anti-trust authorities approvals (Spain and Morocco)

⁽¹⁾ Average L6M NFP as of May 2020A.

Agenda

1. Target Overview

2. Transaction Rationale

3. Post-Acquisition

4. Conclusion

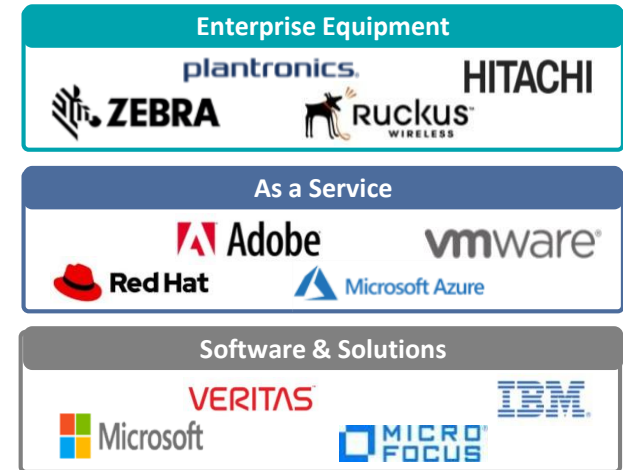
1. Target Overview



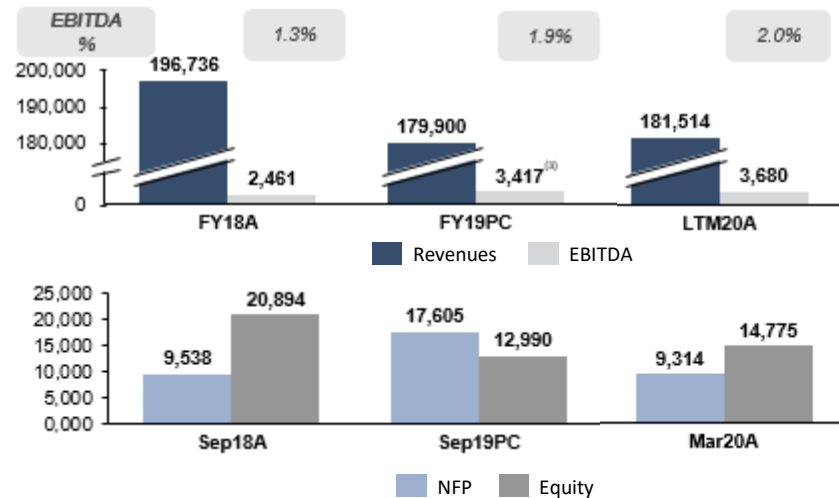
Business overview

- GTI Software y Networking, S.A. is the parent company of a group operating in the ICT distribution mainly in Spain and Portugal, at the forefront of the distribution of Cloud solutions (“As a Service” solutions) and business software for Value-added Resellers (VARs) and System Integrators. Moreover, GTI is a leading distributor of value-added enterprise equipment such as Automatic Identification and Data Capture, Communication and Internet of Things (“IoT”) products for the System Integrators and VARs channel.
- In the last 2 years GTI has experimented a successful history of major transformation based on two critical moves: (i) the bet for migrating its business from a product distribution-driven one to a Cloud/As a Service distribution model and (ii) the definitive abandonment of the distribution of products to the retail channel.
- GTI has a loyal and wide customer base to cover the entire B2B professional channel market with ~5,500 active customers. It is a top distributor partner for blue-chip vendors, representing more than 90 world-class suppliers
- GTI Group is headquartered in Madrid (Spain) and has presence in Portugal and North Africa (Morocco) with more than 170 people employed ⁽¹⁾

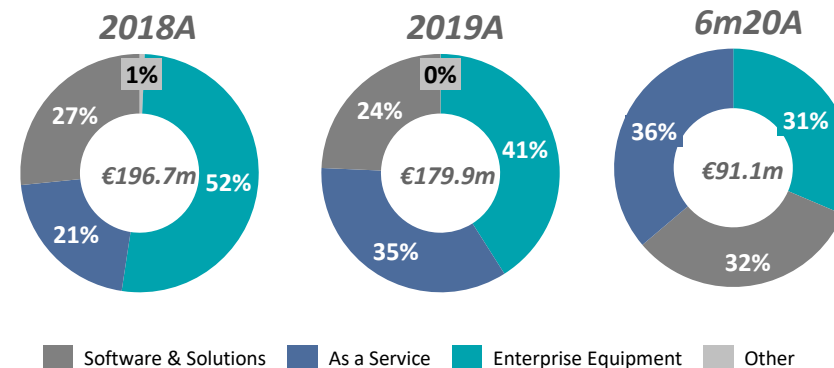
Key vendors per Business Unit



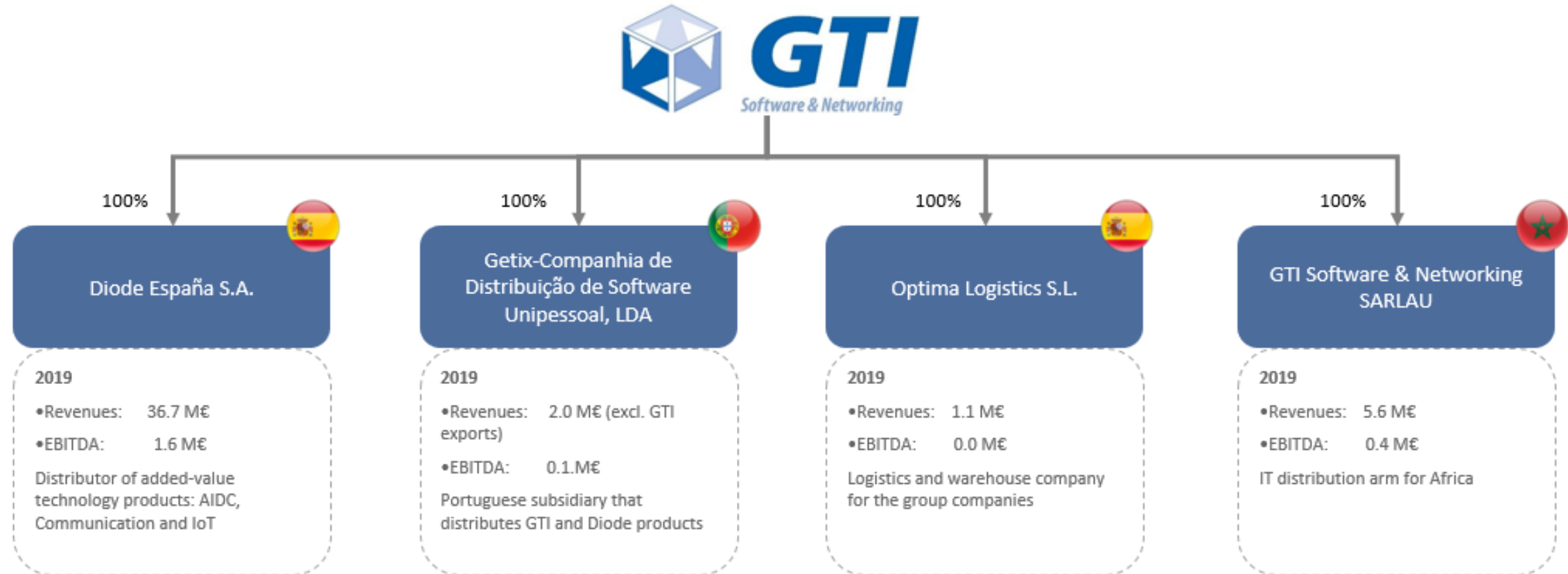
Key financials (€'000)



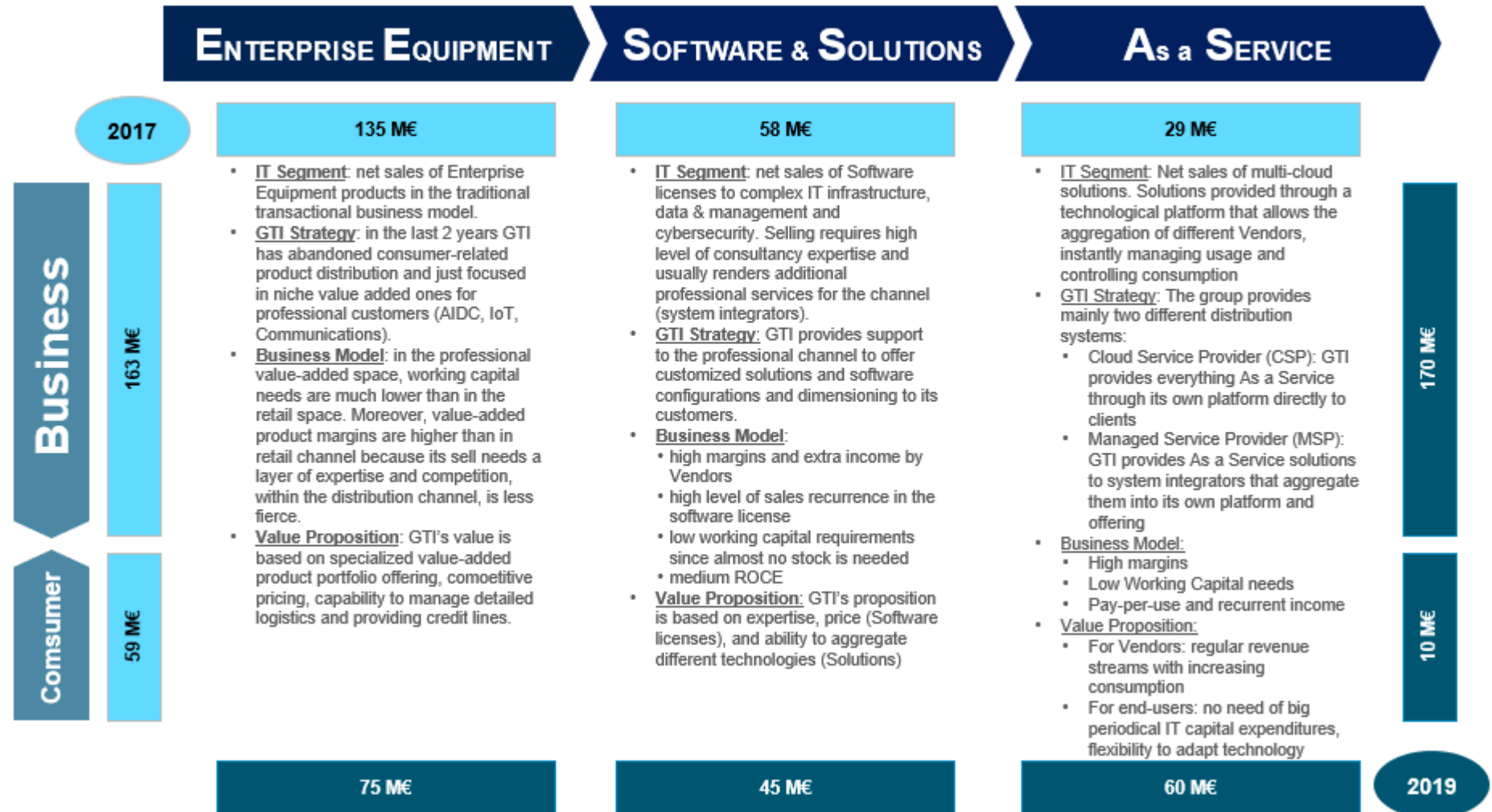
Revenues breakdown per BU (%)



⁽¹⁾ Yearly average incl. temporary workers; ⁽²⁾ EBITDA adj (i.e. "as reported" EBITDA plus non-recurring severance payments due to consumer business dismissal); ⁽³⁾ Average L6M NFP as of May 2020A.



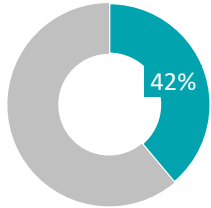
- IT distribution models are evolving from selling physical devices to selling technology “As-a-Service”.
- In this business milieu, **GTI is ahead of the Spanish market because it has already transformed itself as a truly IT distributor of Cloud Solutions.**
- GTI Group does no longer sales to the retail channel being **focused on selling exclusively to corporate resellers.**



REVENUES 2019 (SHARE %)

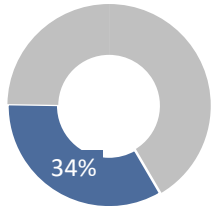
Enterprise Equipment

€ 75 m



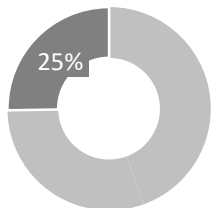
As a Service

€ 60 m



Software & Solutions

€ 45 m



PRODUCTS AND CHANNELS

- Storage Appliances
- Unified Communications and Professional Wifi
- Graphic Tablets
- Automatic Identification Data Capture (AIDC / IA) products
- Communication devices (network and surveillance material)
- Internet of Things
- Channels consist of (i) Value Added Resellers, (ii) System Integrators and (iii) E-tailers & Retailers (currently abandoned)
- CSP: Business model for clients that prefer not to own the software and a direct channel and a direct access / management to GTI's solutions through its platform while paying-per-use
- Hybrid Cloud: Cloud computing solutions that uses a mix of private and public cloud services, with orchestration between the two platforms
- MSP: Business model where GTI's client is a Service Provider that under a subscription model owns the licenses and solutions and sells them like a service using its own platform
- Channels consist of (i) Value Added Resellers and (ii) System Integrators
- Modern Workplace: Productivity products like desktop software, Operating systems, collaboration and CRM
- Data & Management: Solutions for storage backup and data management, remote access and software management
- Cybersecurity: Antivirus and Security protection
- Development Software and Operating systems
- Storage and Backup Software
- Networking and Remote Management Software, etc.
- Channels consist of (i) Value Added Resellers and (ii) System Integrators

TOP VENDORS BY 2019 REVENUES





A truly Cloud Company

Revenue Cloud
Evolution



Clients boosting
demand

NET PROMOTE SCORE
PERFORMANCE: **82,76**



.... Leading the market

Market Cloud
Recognition



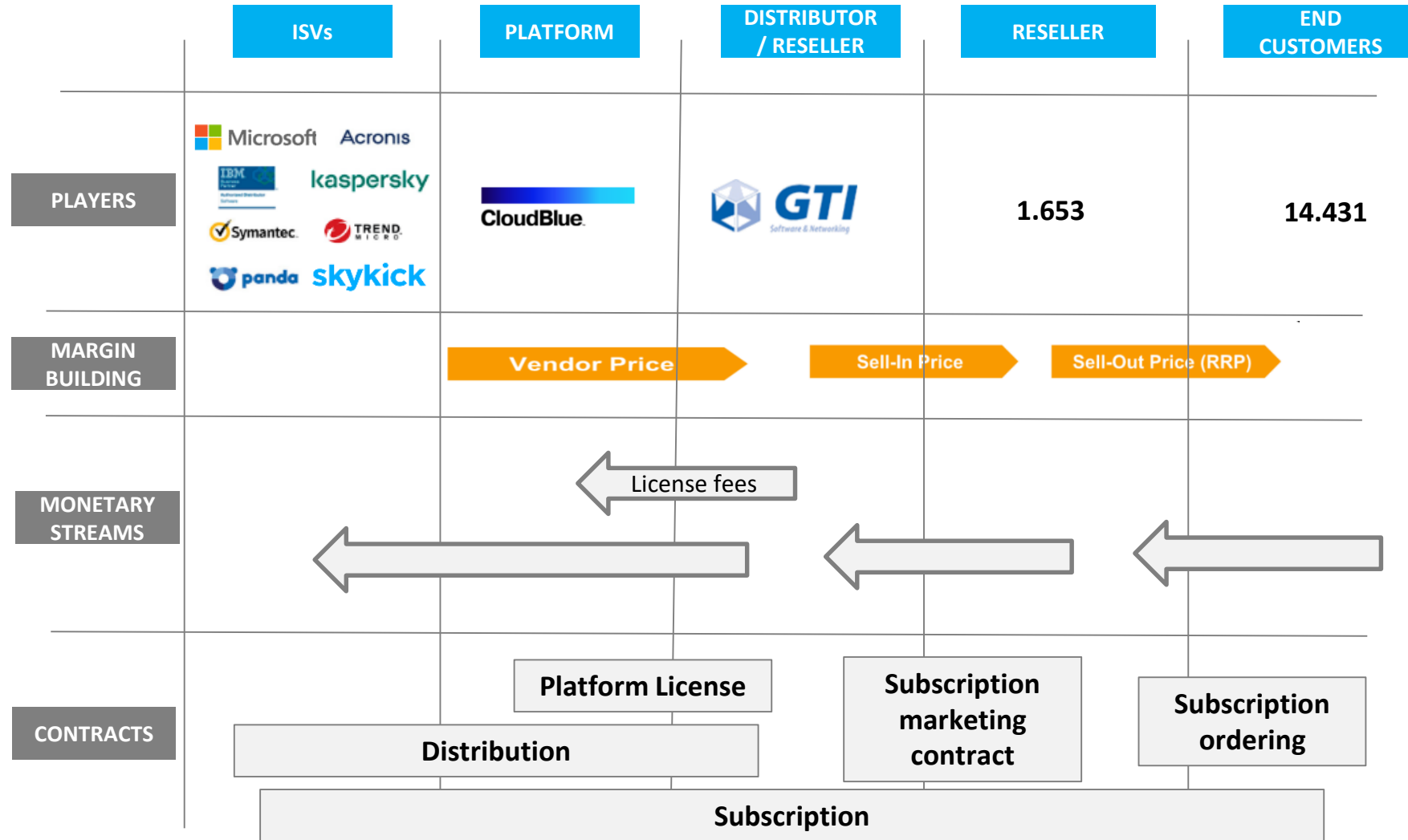
- ✓ GTI is the 6th - the 2nd independent - wholesaler of ICT technology in Spain: the combination of Esprinet and GTI drives the Market Share to **25%** ⁽²⁾.
- ✓ **GTI is the only Spanish distributor with a pervasive Cloud strategy, leading the "As a Service" solutions market.**
- ✓ **Within its 3%, market share of GTI in Cloud solutions is ~24%** ⁽¹⁾

Cloud Provisioning Platform



- ✓ Provisioning Platform enables GTI customers to automate, aggregate and sell their own cloud and digital services as well as those from third parties.
- ✓ It also enables ISVs to take their offerings to market almost instantly across the entire multi-service provider ecosystem with the company's cloud commerce and Everything-as-a-Service (XaaS) platform

Feature	CloudBlue
Marketplace	✓
Service catalog	✓
Subscription management	✓
Marketing	✓
Billing & invoicing	✓
Provisioning	✓
Reporting & business intelligence	✓
Reseller management	✓
Identity & access management	✓



Current trading - Revenues by Business Unit



€'000	FY18A	FY19A	6m19A	6m20A
CSP	23,48	34,141	14,538	19,652
Hybrid cloud	11,19	15,098	6,032	5,664
MSP	8,225	13,129	6,771	7,612
SaaS	42,895	62,368	27,342	32,928
Information & Data Mgmt.	14,666	16,345	7,279	11,582
Microsoft	18,519	10,644	5,351	6,663
Cybers	12,614	9,548	5,534	6,591
IBM	6,418	7,265	4,225	4,693
Software & Solutions	52,217	43,802	22,39	29,529
DIODE	33,759	36,919	17,343	13,077
GTI	27,98	26,568	14,811	15,36
Enterprise Equipment B2B ⁽¹⁾	61,739	63,487	32,153	28,437
Enterprise Equipment B2C ⁽²⁾	39,813	10,239	7,469	156
Enterprise Equipment	101,551	73,726	39,622	28,593
Revenues	196,736	179,900	89,341	90,955

KEY COMMENTS

- Current trading figures as of March 31, 2020 (6M20A) show revenues growing +2% compared to previous year (6M19A) as a result of the following trends:
 - a strong increase in revenues of the SaaS BU of **+20%**, mainly driven by CSP (+35%);
 - An increase in revenues of the Software & Solutions BU of **+32%**;
 - a meaningful decrease of the Enterprise Equipment BU (**-12%**) due to some delay in sales linked to Covid-19 pandemic and to the **discontinuity** of consumer business.
- Enterprise Equipment performance, although expected because of on-gong activities re-mix, also discontinued by the delay of a couple of projects in the fashion industry as final exit.
- Increase in SaaS even higher whereas not impacted by (i) some project in the "hybrid cloud" service line to be delayed until next August and (iii) a more gradual transition of certain customers from the Software & Solution products to SaaS.

⁽¹⁾ B2B: professional reseller channel; ⁽²⁾ B2C: retail channel

GTI Group €'000	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Actual 6m19A	Actual 6m20
Revenues	198,723	210,372	222,262	196,736	179,9	89,341	90,955
Revenues - As a Service	n.a.	n.a.	28,894	41,315	60,411	27,342	32,832
Revenues - Software & Solutions	n.a.	n.a.	58,01	52,332	44,788	22,377	29,529
Revenues - Enterprise Equipment	n.a.	n.a.	134,469	101,713	74,677	39,622	28,593
Gross Profit	14,380	16,445	20,114	16,505	16,696	7,758	8,397
<i>Gross Profit %</i>	7,2%	7,8%	9,0%	8,4%	9,3%	8,7%	9,2%
EBITDA	4,278	3,922	4,445	2,070	2,931	1,346	1,927
<i>EBITDA % (1)</i>	2,2%	1,9%	2,0%	1,1%	1,6%	1,5%	2,1%
EBITDA adj	4,278	3,922	4,445	2,460	3,417	1,346	2,094
<i>EBITDA adj %</i>	2,2%	1,9%	2,0%	1,3%	1,9%	1,5%	2,3%
EBIT	4,101	4,824	3,416	1,901	2,789	1,276	1,848
<i>EBIT %</i>	2,1%	2,3%	1,5%	1,0%	1,5%	1,4%	2,0%
Net Income	2,734	3,706	2,513	1,394	2,158	1,145	1,815

GTI Group €'000	Sep15A	Sep16A	Sep17A	Sep18A	Sep19A	Mar19A	Mar20A
Fixed assets	0,365	0,720	0,802	0,688	0,665	n.a.	0,676
Net Working Capital	28,947	36,352	36,283	28,4	28,639	26,901	23,432
Net Invested Capital	29,197	38,755	38,527	30,433	30,549	n.a.	24,108
Net Financial Position	6,189	11,801	8,946	9,538	17,564	6,603	9,809
Equity	23,008	26,952	29,580	20,894	12,986	n.a.	14,299
Total Sources	29,197	38,755	38,527	30,433	30,549	n.a.	24,109

- Gross Profit in FY19A and 6M20A is fuelled by the higher profitability inherent in the SaaS business combined with progressive dismissal of business unit (whose intrinsic GP% is ~5%).
- At the EBITDA adj. level (3.4 M€ in 6M20A) the progression is even more evident since EBITDA margin is up to 9.3% and 9.2% respectively in FY19A and 6M20A.
- Positive trend in EBITDA margin is driven also by cost optimization in the last 2 years mostly in the personnel side, partly related to scalability of cloud business.
- BS is dominated by working capital and shows a strict discipline in capital employment also reflected in average absorption of working capital needs.
- Net financial position at end of June stands at 9.8 M€ notwithstanding the 20.0 M€ of dividends distributed in 2018 and 2019.

(1) Reported EBITDA less non-recurring severance payments related to discontinuation of retail business (390k€, 486k€ and 167k€ in FY19a, FY18A and 6M20A respectively).

2. Transaction Rationale

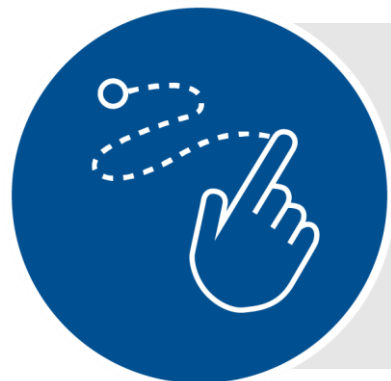


Aim at being the best distributor in the region for all stakeholders by:



- 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

A perfect fit with Strategic guide-lines

Customer Satisfaction	Consolidating leadership in the Iberian Region	Increase Profitability	Address new markets
<p>✓ <i>Providing the best Customer Satisfaction: improving the level of CS raising the switch-cost for customers thus positively impacting overall profitability</i></p>	<p>✓ <i>Achieving size in Portugal both through organic growth (HR, logistics and selection of the best vendors) and through M&A</i></p>	<p>✓ <i>Pushing for a higher weight of Advanced Solutions business</i></p> <p>✓ <i>XaaS: leveraging our web platform to be an aggregator for IaaS, SaaS, MPS and DaaS contracts</i></p>	<p><i>White Goods opportunity as far as “tier-2 model” spread into the industry</i></p> <p><i>Be ready to enter markets such as Robotics, AI, Electrical Mobility, 3D Printing</i></p>

OPPORTUNITY TO GROW IN ADVANCED SOLUTIONS

The Group is the undisputed leader in the IT Client and Consumer Electronics market segments in Italy and Spain. It operates in the higher margin Advanced Solutions market under the brand V-Valley Europe being a solid number 2 in Italy and number 5 in Spain. With this deal becomes a solid number 2 in Spain as well but what's more important conveys to the vendor and system integrator/VAR community a clear message of commitment to this market, significantly enhancing the capability of attracting new contracts and of being able to hire skilled resources

BUSINESS SYNERGIES & COMPETENCES SHARING

The combination between the V-Valley Europe divisions the GTI group companies will drive significant business development synergies, leveraging on GTI's cloud expertise and broad vendor portfolio, on our extensive network of customers in Spain and in Italy not yet served by GTI

At an operational level, based on the company preliminary work and prior M&A experience, there is a clear opportunity in the sharing of best practices and operational know-how, in the acquisition of further competences and talents and in the integration of a skilled management team

CONSOLIDATION IN SOUTHERN EUROPE

Spain and Portugal represent key growth markets where our business is looking to furtherly consolidate its presence. Through the acquisition of GTI, we significantly increase ours scale, maximizing the opportunity to capture expected Spanish domestic market growth, increasing our presence and size in Portugal, improving our ability to pursue further consolidation in Southern Europe and strengthening our position in the Advanced Solutions segment in these geographies

ACCELERATING THE SWITCH TO THE «CONSUMPTION» MODEL IN CLOUD

“as a Service” business or consumption-based utilization model against a more traditional “transaction” model. The acquisition of GTI perfectly fits with our strategy to grow in Advanced Solutions and digital distribution by exploiting the specific knowledge of GTI in this area

A cloud leader

- **Leader in the fast growing market of cloud**, expected to have a high double digit CAGR in the coming years
- **Top Microsoft Partner** and other **strong partnerships** with top vendors like VMWare and Adobe
- **Business model tailor-made to satisfy its clients needs through CSP and MSP distribution**, being the market leader in CSP for the past +10 years



A new business model

- **Recurrent revenues** due to its subscription model schemes
- **Products are instantly accessible** and available for customers: possibility of serving other countries
- **Costs reduction** because of the absence of logistic and storage costs
- **Greater ROCE opportunity** than a traditional distribution model

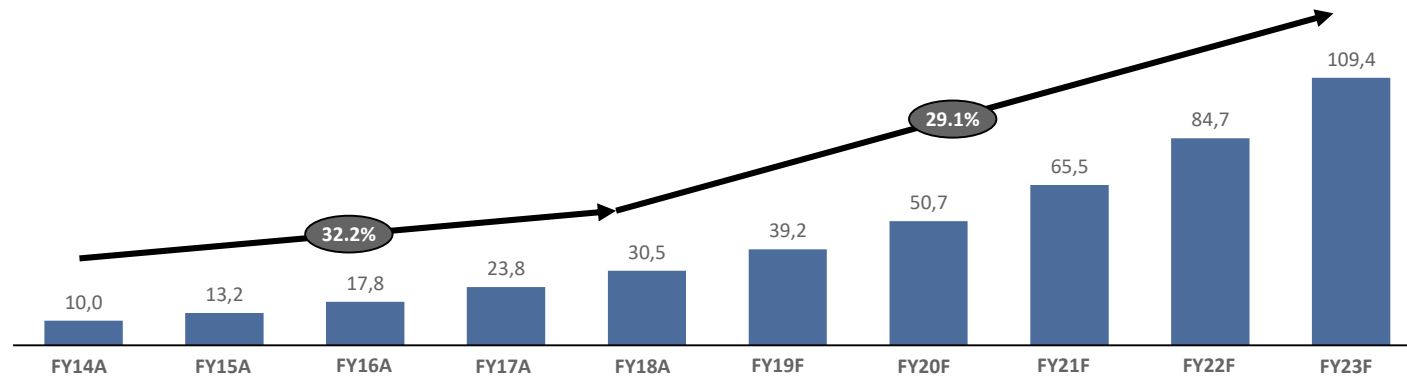


Platform for growth

- **Leader in the AUTO-ID market**, with potential synergies with our Italian business
- **Business platform to Africa**: GTI has offices in Casablanca from which it distributes already to more than 18 countries



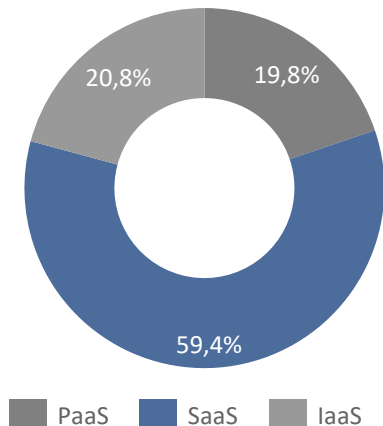
European cloud computing market value (€ billions, 2014 –2023F)



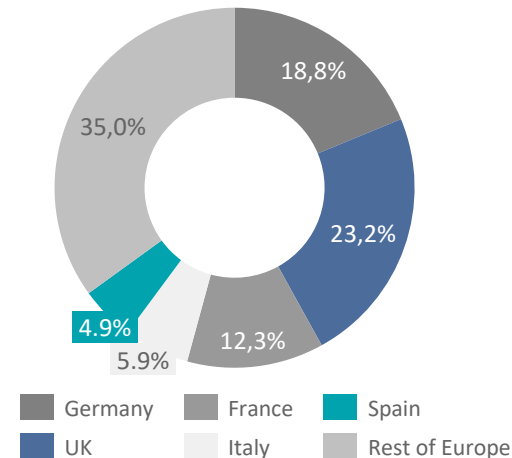
Key comments

- ▶ 2018 total industry value amounted to €30.5 billions
- ▶ The industry showed a significant CAGR during 2014-18 period (32.2%)
- ▶ Industry growth has been led by western European countries showing there is further potential for the industry to expand
- ▶ 2023F total industry value is expected to be €109.4 billions
- ▶ Industry CAGR during 2018-23F is predicted to be 29.1%

Market breakdown by category (2018)



Market breakdown by geography (2018)



Key comments

- ▶ Cloud computing sales during 2018 were mainly due to Software as a Service, accounting for 59.4% of total industry value (approx. €18 billions)
- ▶ 40.6% of the market value is due to IaaS and PaaS (approx. €12 billions)
- ▶ The German industry is forecast to match the UK industry's value in 2023 due to higher growth rates

3. Post- Acquisition



- ▶ «V-Vally Europe» concept already prepared to accept new companies in a customer-friendly mode
- ▶ Key driver being customer satisfaction and keeping KPI on Customer satisfaction at the highest possible level
- ▶ Agnostic in integration: lesson learned from the past drive flexibility as in this case we essentially buy know-how
- ▶ Very cautious in integration: it's a business development deal not a cost-synergies one
- ▶ Used to blend different cultures without a «colonialist» attitude: witnessed by many people of acquired entities playing key roles in the Group

The «V-Valley Europe» concept: a dedicated team to drive the Advanced Solutions market



513
Employees ⁽¹⁾



248 **265**
ITALY IBERIA *

Product specialists

Marketing & Operation



172
People

101
Sales Specialist & Business Developer



43
Pre-sales engineer

Customer specialists

Sales to professional resellers



197
People

Made up solely of **Marketing, Sales & Presales Solution Specialists** that deal with the **Advanced Solutions ecosystem** whilst Back-Office and Relationship Sales Force are managed centrally

Possibility for resellers to purchase Advanced Solutions also from the «volume» companies if they want to bundle «volume» products with Advanced Solutions and receive a single invoice

Separate procedures and incentive schemes for the V-Valley Specialists specifically tailored for the needs of the Advanced Solution market

Separate credit insurance to provide additional dedicated credit lines to System Integrators and VARs that purchase Advanced Solutions



Server & Storages



Networking



Software



Cybersecurity



Cloud & IoT



Cabling & Energy Efficiency



Auto-ID



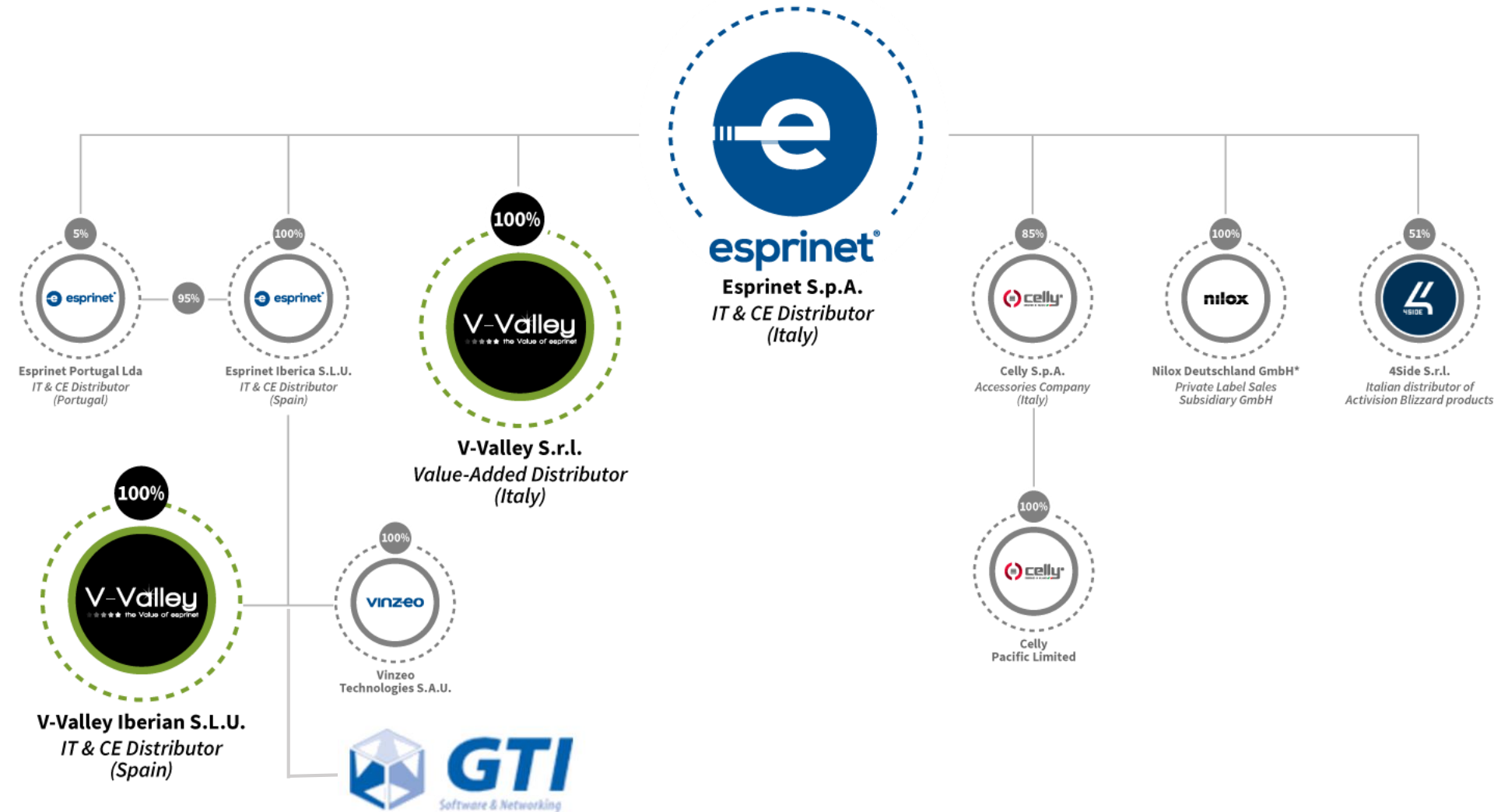
PBX & UCC



Videosurveillance

(1) Including 154 GTI people in the Iberian Peninsula

Legal entity structure post-acquisition



A separate legal entity
in Italy and Spain
fully owned by
Esprinet Group



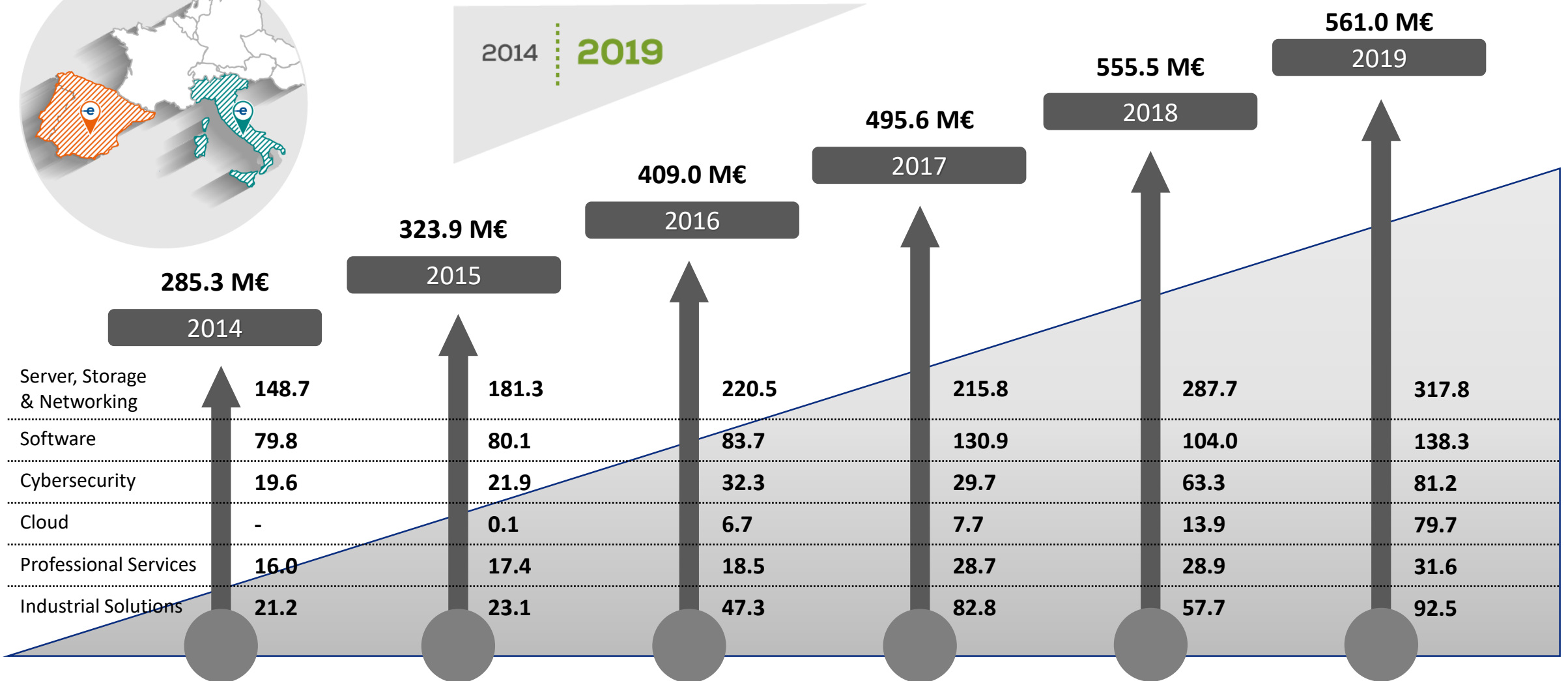
* in liquidation since December 31, 2019

V-Valley Europe: Post-deal 2019 pro-forma Sales



2014 2019

741.0 M€



Multiple sources of synergies in business development

COMMERCIAL CROSS-FERTILIZATION

- High complementary businesses, with low overlapping in customer portfolios to enable cross-selling/up-selling
- Sharing selling systems and practices to increase productivity

OPTIMIZATION OF SCALE

- Pan-european size to attract global vendor contracts in Adv. Solutions
- Economies of scale to sustain stronger R&D in high-tech multi-country platforms
- Growing step (+20%) to reach optimal scale in Portugal

CUSTOMER SATISFACTION

- Addition of senior managerial team highly customer-oriented
- Aggregator role in the Cloud business strongly consistent with Esprinet own strategy

Accelerate the perception of V-Valley Europe as a real pan-european «Value Distributor» within a broadliner, driving new vendor addition to our portfolio as well as accelerating the journey towards «consumption» models

With some cost synergies still possible as well

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CUSTOMER SATISFACTION

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COST SYNERGIES

- Modest effect on purchasing power
- Scale benefit in fixed costs (i.e. real estate in Madrid)
- Intrinsic scalability of Cloud business at the heart of cost efficiency

Accelerate the perception of V-Valley Europe as a real pan-european «Value Distributor» within a broadliner, driving new vendor addition to our portfolio as well as accelerating the journey towards «consumption» models

To be exploited provided that KPIs on Customer Satisfaction are unaffected

4. Conclusion



A true “Business Development” Deal

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Q & A



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