



STAR CONFERENCE - Milan

May 26th, 2020

Forward Looking Statement



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Today Speakers



ALESSANDRO CATTANI
Chief Executive Officer



VALERIO CASARI
Chief Financial Officer

Market leader (>25% mkt share) in the strategic IT supply chain for Italy and Spain

SOLID FOUNDATION

Q1 2020

- Sales: +4%
- ROCE: 8.7%
- Net Financial Debt: 127 M€

FY 2019

- Sales: +10%
- ROCE: 9.8%
- Cash: 272 M€

Business continuity ensured in all geographies thanks to the activation of contingency plans

Liquidity risk management policy based on the utmost prudence

Adequate financial solidity and flexibility

2020 CHALLENGE

Full business continuity throughout the lockdown period

- 100% smartworking since March 9, 2020
- Protocols aimed at protecting employees

Soft current trading

- Trading started to be impacted by Covid-19 from late March
- Sales in April down -19% due to weak demand and shortage of products
- IT distribution down -14%

Ad hoc initiatives on costs, dividend, buy-back to furtherly strengthen liquidity profile

Next months

- **Uncertainty** on FY 2020 Covid-19 impact on fundamentals also due to business strong seasonality (Q4 weight of approx. 33-35%)

MID TERM STRATEGIC PILLARS

- Focus on **Customer Satisfaction**
- **Consolidation of leadership** in the Iberian Region
- Implementing **business models** with added-value boost:
 - ✓ Advanced Solutions
 - ✓ XaaS
 - ✓ Outsourcing
- **New markets**
 - ✓ White Goods
 - ✓ Robotics, A.I., Electrical Mobility, 3D Printing

SOLID
FOUNDATION



Sales Evolution



Q1 2020: 914 M€ (+4% vs 875 M€ in Q1 2019)

596 M€ Italy	3% ▲	492 M€ IT Clients	-1% ▼	522 M€ IT Reseller	5% ▲
298 M€ Spain	6% ▲	294 M€ Consumer Electronics	21% ▲	384 M€ Retailer/E-tailer	6% ▲
20 M€ Other	25% ▲	127 M€ Advanced Solutions	-7% ▼		

FY 2019: 3,945 M€ (+10% vs 3,571 M€ in FY 2018)

		MKT		MKT		MKT		
2.5 B€ Italy	10% ▲	8% ▲	2.0 B€ IT Clients	10% ▲	2% ▲	2.1 B€ IT Reseller	5% ▲	7% ▲
1.4 B€ Spain	6% ▲	6% ▲	1.4 B€ Consumer Electronics	15% ▲	5% ▲	1.9 B€ Retailer/E-tailer	16% ▲	8% ▲
73 M€ Other	29% ▲		0.6 B€ Advanced Solutions	1% ▲	3% ▲			

Source: GfK, April 2020

14th consecutive quarter of y-o-y sales growth
Strong EBIT performance (+24%)

M€	Q1 2020	Q1 2019	FY 2019	FY 2018
Sales	913.8	875.5	3,945.4	3,571.2
EBIT	8.3 (0.91%)	6.7 (0.77%)	41.1 (1.06%)	23.7 (0.66%)

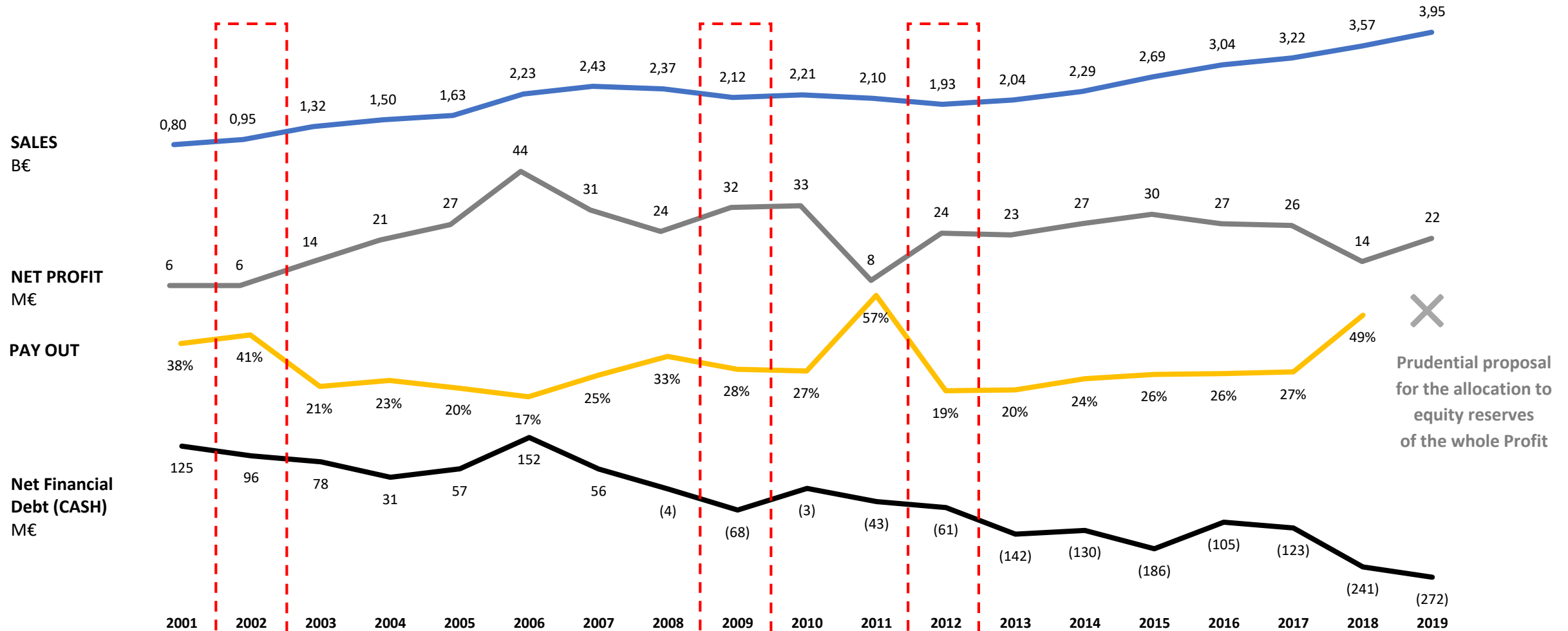
6th consecutive quarter of ROCE sequentially above corporate WACC

M€	31/03/20	31/03/19	31/12/19	31/12/18
Cash Conversion Cycle (Days)	20	27	23	27
ROCE (%)	8.7%	8.1%	9.8%	9.4%
Net Financial Debt (Cash)	127.1	247.1	(272.3)	(241.0)
Net Financial Debt (Cash) pre-IFRS 16	20.4	168.6	(381.1)	(241.0)

Historical stable flow of profitability since 2001 even in market downturns

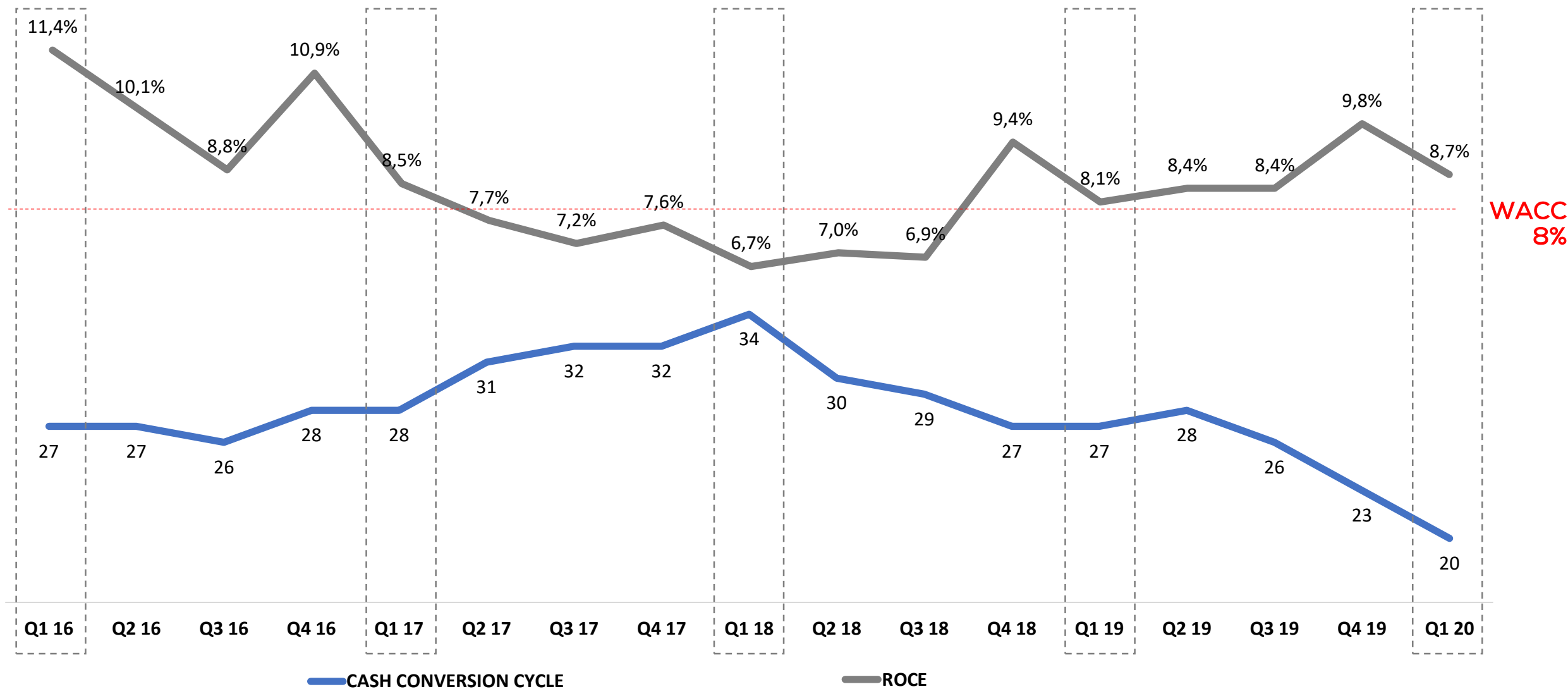


Strong Investor focus and financial discipline to enable a 25% pay-out dividend policy
 440 M€ of cumulated Net Profit since 2001 / 108 M€ of cumulated Dividends paid



ROCE above WACC since Q4 2018

WC cash cycle: 20 days, best performance ever



WACC
8%



**2020
CHALLENGE
FACING
COVID-19
EFFECTS**



#1

Technological and operational controls developed over time to deal with different emergency situations

- Full business continuity throughout the lockdown period
- 100% smartworking since March 9, 2020
- Strict safety protocols and working practices aimed at protecting employees in back-offices, centralized logistics and cash&carry network
- Experience in Italy capitalized to quickly activate similar measures in other countries

#2

Liquidity risk management based on the utmost prudence along the years thus translating into adequate financial soundness and flexibility

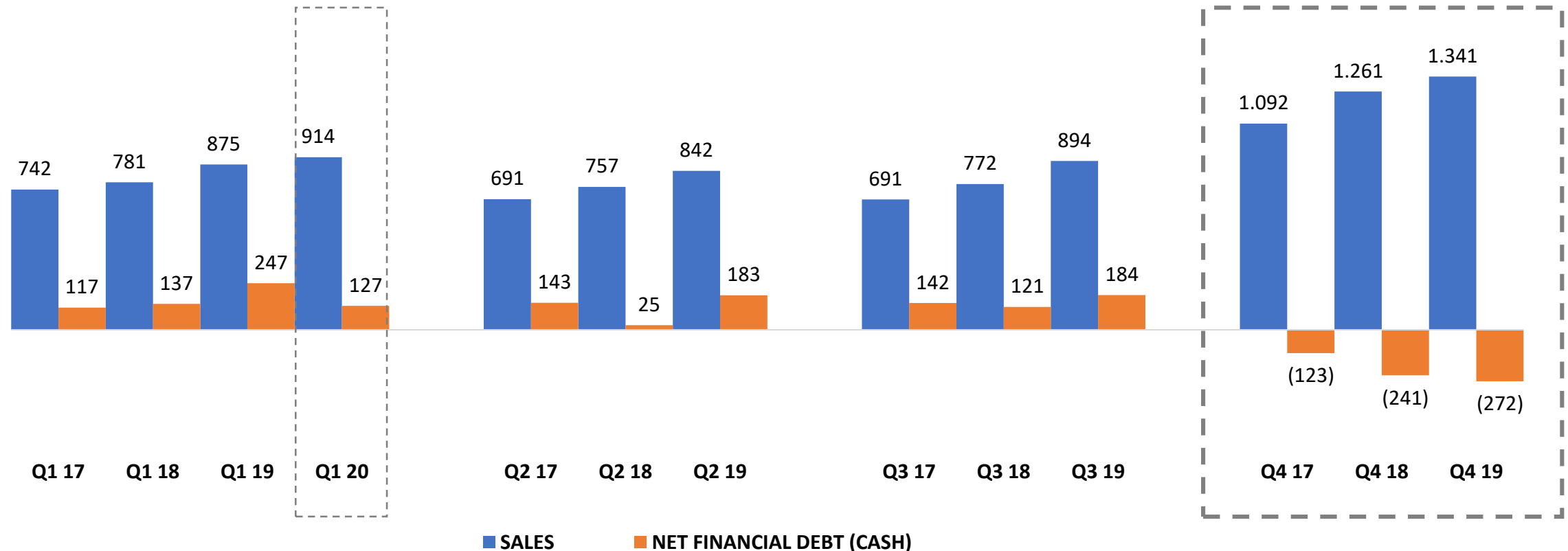
A series of actions were planned and activated since late March

- to **furtherly control costs** from the second quarter onwards, whilst maintaining the ability to meet business recovery when lockdown measures will be eventually lifted
- to ensure optimal management of working capital mainly through the definition of **deferred payment schemes** with the major suppliers
- to propose to the shareholders' meeting **to renounce to the distribution of 2020 dividends and to revoke the buy-back plan** approved on 8 May 2019
- to **furtherly strengthen** an already solid financial structure

Q 2017-20: Sales & Net Financial Debt (Cash)

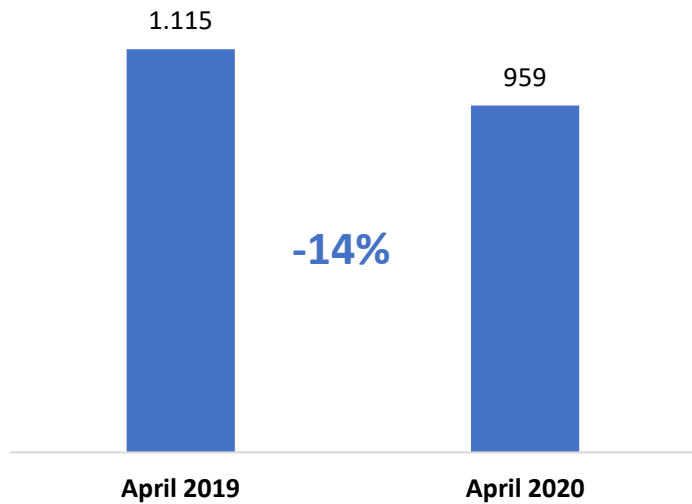


Seasonality of business entails sales concentration in Q4
Q4 end-period WC and NFP typically stand at the lowest level of the year

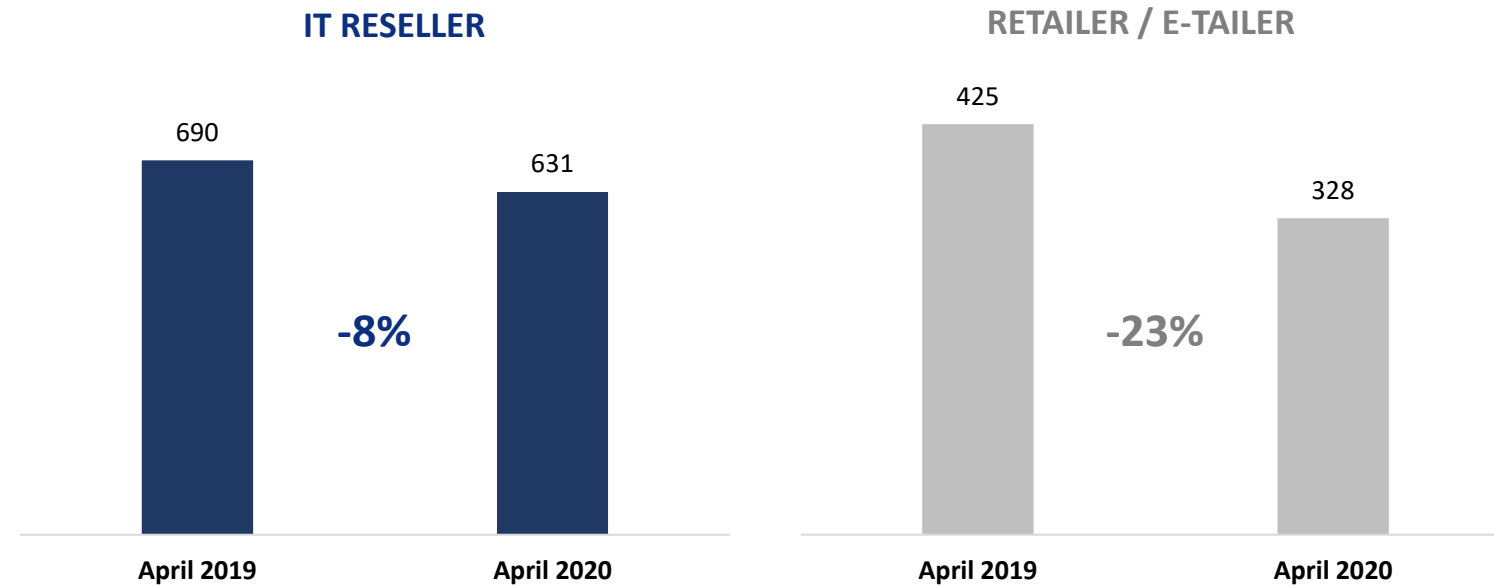


- The escalation of the pandemic and the progression of restrictions on mobility and industrial activities caused a general shock on demand.
- Trading started to be impacted by Covid emergence from late March, initially in Italy and then in Spain and Portugal.
- Sales in April down -19% being negatively impacted by weak demand and shortage of products especially in notebooks and smartphones.
- Supply chain disruptions mainly in Far East locations gradually normalising: no major effect on product availability expected after May.
- Current estimates on impact of Covid-19 on GDP in Italy, Spain and Portugal in the range between -9/-10% for FY 2020.
- Q2 is expected to be hardly affected although still in an uncertain extent.
- Recovery depending not only on the duration of the lockdown measures and timing of return to normality (Italy, Spain and Portugal are currently re-opening some activities and planning to furtherly lift some of the restrictive measures) but also to the effectiveness of expansion fiscal policies decided by local authorities.
- In the next weeks, as far as the economic scenario shall become clearer, we will update on FY 2020 outlook with the right level of reliability.

TOTAL MARKET TREND (M/€)



MARKET TREND BY TYPE OF CUSTOMER (M/€)



IT retailer not able to off-set "core" physical business by chasing e-commerce booming

THE STRATEGY



Mid-term Strategic Pillars



Customer Satisfaction

Providing the best Customer Satisfaction: sharply improving the level of CS raising the switch-cost for customers thus positively impacting overall profitability.

Consolidating leadership in the Iberian Region

Achieving size in Portugal both through organic growth (HR, logistics and selection of the best vendors) and through M&A.

Increase Profitability

Pushing for a higher weight of **Advanced Solutions** business.

XaaS: leveraging our web platform to be an aggregator for IaaS, SaaS, MPS and DaaS contracts.

Address new markets

White Goods opportunity as far as “tier-2 model” spreads into the industry.

Be ready to enter markets such as **Robotics, AI, Electrical Mobility, 3D Printing.**

- The Cloud market is quickly becoming one of the hottest growth opportunity in the Advanced Solutions market segment.
- The pressure on delivering Smartworking solutions is impacting not only the IT Client space, with a surge in notebooks and tablets demand, but the IT infrastructure as well with a growing need of videoconferencing systems, collaboration software and cybersecurity products.
- Recent announcement from Microsoft about the launch of 1.5 BN€ “Ambizione Italia #DigitalRestart” plan to support the “cloudification” process in Italy demonstrates the strong interest of big tech companies in those countries - Italy and Spain among the others - where digital divide is still both a big challenge and a big opportunity.
- End-customers will be short of liquidity but in urgent need of a modern IT infrastructure to cope with the new socially distanced world awaiting, and the consumption model will turn into an even more appealing opportunity.
- Our strategy consists in assuming the role of “pure” aggregator/enabler thus enlarging the potential of our B2B marketplace (www.esprinet.com).
- We are working on a number of initiatives in both the cloud provisioning platform space, the DaaS-Device As A Service business model as well as pushing hard to enhance our current portfolio of cloud solutions.

FINANCIALS



- Strong quarterly results still non affected by Covid-19 outbreak and sustained by operational continuity throughout all geographies thanks to business continuity and contingency plan put in place since the very beginning.
- Sales up +4% mainly due to positive performance in Spain (+6%) and Portugal (+45%); Italy's growth more moderate (+3%).
- Top-line performance positively impacted by strong momentum in smartphones, smartworking and remote learning-related products (PCs, tablets, consumer printers).
- Excellent operating profitability:
 - *Gross Profit at 42.3 M€ (+3%), with GP% at 4.63% (4.68% in Q1 2019)*
 - *EBIT at 8.3 M€ (+24%) with EBIT% at 0,91% (0.77% in Q1 2019)*
- Net income up 34% at 3.9 M€ also benefitting from a reduction in financial expenses of 0.7 M€ due to both lower use of average bank debt and lower gross cost of funding.
- ROCE-Return on Capital Employed at 8.7%, sequentially down as expected from 9.8% but significantly up year-on-year compared to Q1 2019 level of 8.1%
- Covid-19 unprecedented emergence persisting after quarter-end:
 - *priority given on measures adopted in order to safeguard health and safety of employees*
 - *execution of pre-emptive actions aimed at softening negative economic and financial impact of the Covid-19 crisis*

Q1 2020 Financial Highlights



(M/€)	31/03/20	31/03/19
Sales from contracts with customers	913,8	875,5
Gross Profit	42,3	41,0
<i>Gross Profit %</i>	<i>4,63%</i>	<i>4,68%</i>
EBITDA	11,9	10,3
<i>EBITDA %</i>	<i>1,31%</i>	<i>1,18%</i>
EBIT	8,3	6,7
<i>EBIT %</i>	<i>0,91%</i>	<i>0,77%</i>
Net Income	3,9	2,9
<i>Net Income %</i>	<i>0,43%</i>	<i>0,33%</i>

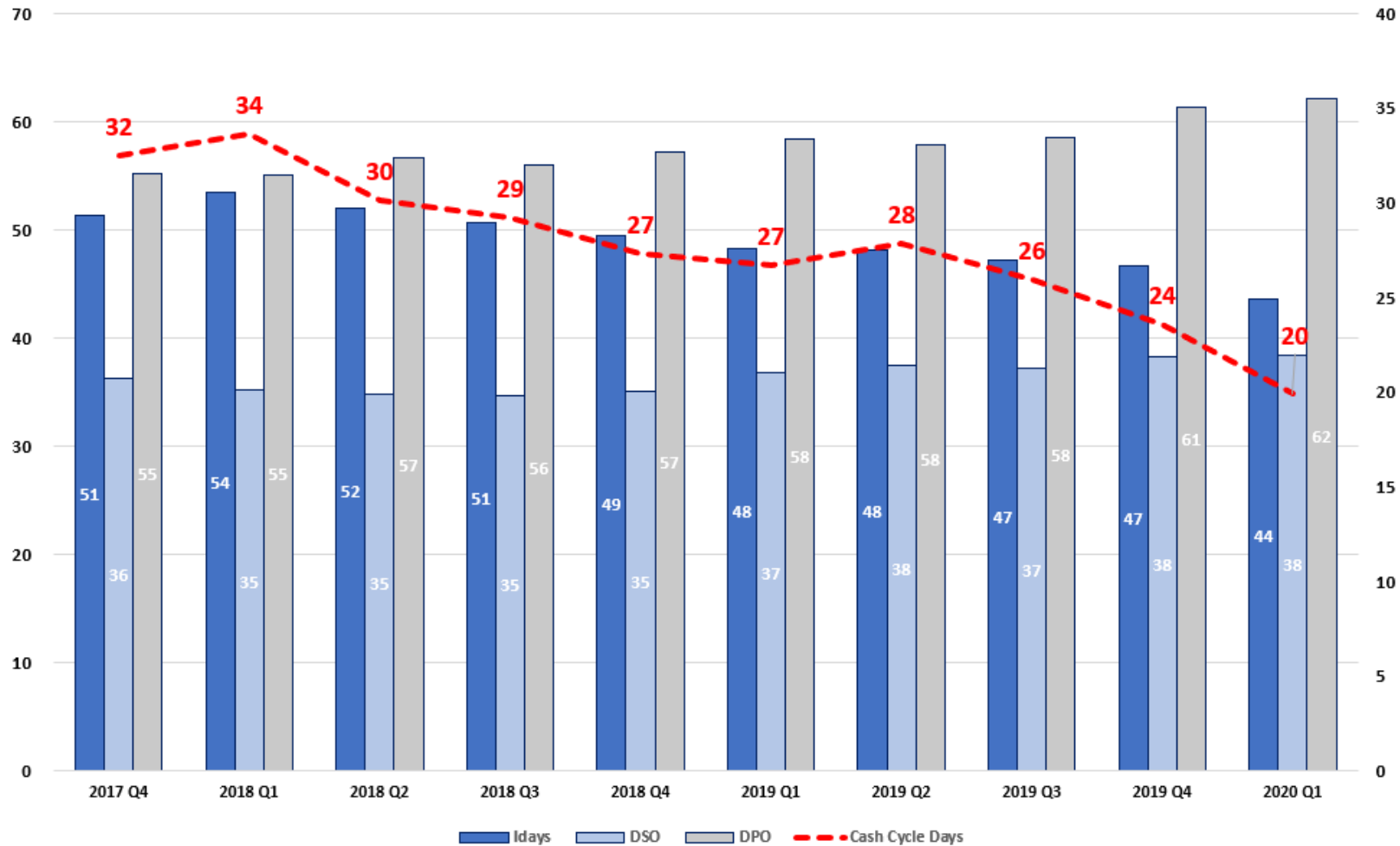
- Net Invested Capital at 31st March 2020 stands at 489.0 M€ and is covered by:
 - Shareholders' equity, including non-controlling interests, for 361.8 M€ (359.0 M€ at 31st December 2019)
 - Net financial debt for 127.1 M€ (compared with a cash positive position of 272.3 M€ at 31st December 2019)
- Without considering IFRS 16 Lease liabilities, net debt amounts to 20.4 M€ despite unfavourable working capital seasonality compared to December 31st, 2019.
- Debt-to-equity ratio is 0.35x (0.06x extra-IFRS 16 effects).

(M/€)	31/03/20	31/12/19
Fixed Assets	118,8	118,7
RoU Assets	104,8	107,3
Operating Net Working Capital	285,5	(121,0)
Other current asset (liabilities)	(2,8)	(1,4)
Other non-current asset (liabilities)	(17,4)	(16,9)
Net Invested Capital	489,0	86,7
Cash	(116,6)	(463,8)
Short-term debt	80,7	18,9
Lease liabilities	106,7	108,8
Medium/long-term debt ⁽¹⁾	74,2	78,0
Financial assets	(17,9)	(14,2)
Net financial debt	127,1	(272,3)
Net Equity	361,8	359,0
Funding sources	489,0	86,7
Net financial debt/Equity	0,35	n/s
Net financial debt⁽²⁾/Equity	0,06	n/s

⁽¹⁾ Including the amount due within 1 year

⁽²⁾ Net financial debt ante IFRS 16

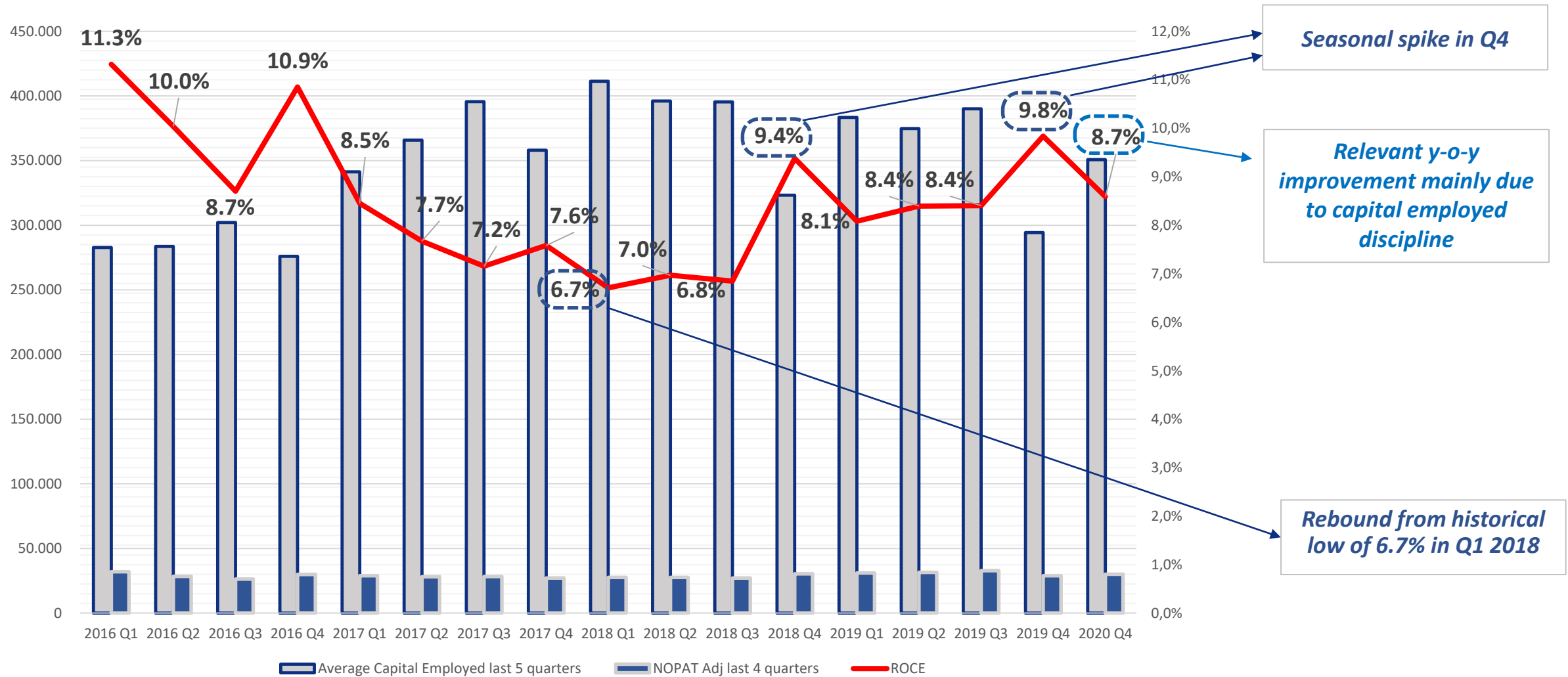
Working Capital Metrics



- Best quarter in last 3 years.
- Continuous reduction in cash cycle days mainly due to strong performance in inventory turnover and suppliers' payment terms.
- At March 31st 2020 working capital days stands at 20 days improving both sequentially (-4) and year-on-year (-7).
- Compared to Q1 2019 metrics, I days decreased -3.4 days, DSO increased +0.7 days and DPO increased +4.0 days for a total improvement of 7 days from 27 to 20 days.

I days (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)

ROCE Evolution Up To Q1 2020



Seasonal spike in Q4

Relevant y-o-y improvement mainly due to capital employed discipline

Rebound from historical low of 6.7% in Q1 2018

ROCE–Return on Capital Employed



TTM Net Operating Profit After Tax (NOPAT)

M€	TTM ended December 31			TTM ended March 31		
	2017	2018	2019	2018	2019	2020
EBIT	36,7	41,0	39,0	37,3	41,9	40,7
Income taxes on EBIT	-9,5	-10,6	-10,2	-9,7	-10,9	-10,3
NOPAT	27,2	30,3	28,9	27,6	31,0	30,4
Net operating working capital (5-qtr end average)	250,1	227,0	196,7	307,1	288,3	251,7
Net fixed assets (5-qtr end average)	108,0	96,2	97,6	104,3	95,0	99,0
Total average Invested Capital	358,0	323,2	294,3	411,3	383,3	350,7
ROCE	7,6%	9,4%	9,8%	6,7%	8,1%	8,7%
NFP (5-qtr end average)	34,8	-16,3	-54,1	83,3	42,1	-1,8
Shareholders' Equity (5-qtr end average)	323,2	339,5	348,4	328,0	341,2	352,5
Total average Invested Capital	358,0	323,2	294,3	411,3	383,3	350,7
Tax rate	26%	26%	26%	26%	26%	25%

- On March 31st, 2020 TTM EBIT down -3% and Net Average Invested Capital improved -9% driving a ROCE of 8.7% (8.1% in Q1 2019)
- ROCE steadily above company WACC-Weighted Average Cost of Capital of 8%.

NOTES

⁽¹⁾ Trailing Twelve Months is abbreviated as TTM.

⁽²⁾ Net of non-recurring items and excluding IFRS 16 impact.

⁽³⁾ Figurative income taxes on EBIT are calculated using (i) FY 2019 budgeted tax rate of 25% for 2017-18 and (ii) FY 2019 effective tax rate for 2020

⁽⁴⁾ Based on stock analysts' consensus and weighted cost of capital used by management in "imparing" the value in use of CGUs constituting the Esprinet Group.

FINAL REMARKS



- ✓ *Due to persistent lack of visibility on the length and depth of the emergency, it is not still possible to reasonably assess any short-term impact of Covid-19 crisis.*
- ✓ *Trading conditions started to be difficult from April: Q2 presumably is shaping-up as the toughest quarter of the year due to the impact of full lockdown measures in most countries (not considering any future re-introduction of containment measures that we can't exclude by far).*
- ✓ *We are closely monitoring the market situation and modelling economic scenarios with the purpose of revealing FY 2020 outlook hopefully by the end of July.*
- ✓ *Prompt actions have been taken to strictly control costs and working capital thus mitigating financial impact of Covid-19 and further strengthening Group's financial solidity.*
- ✓ *We maintain favourable mid-term expectations due to strong fundamentals of ICT market and growing distribution centricity in the tech business system.*
- ✓ *Customer satisfaction projects already implemented are delivering good results and shall help to sustain long-term profitability in a normalised environment.*
- ✓ *Despite negative short-term effects on consumers demand and enterprises IT investment we remain confident that our strong competitive positioning and good financial shape will allow us to exploit any opportunities the market will offer in the future.*
- ✓ *Within this context we do not suspend our M&A activities finding ourselves at the forefront of the ongoing consolidation process of the distribution industry.*

IR Team

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ANNEX

01. THE COMPANY

02. THE INDUSTRY

03. THE STRATEGY

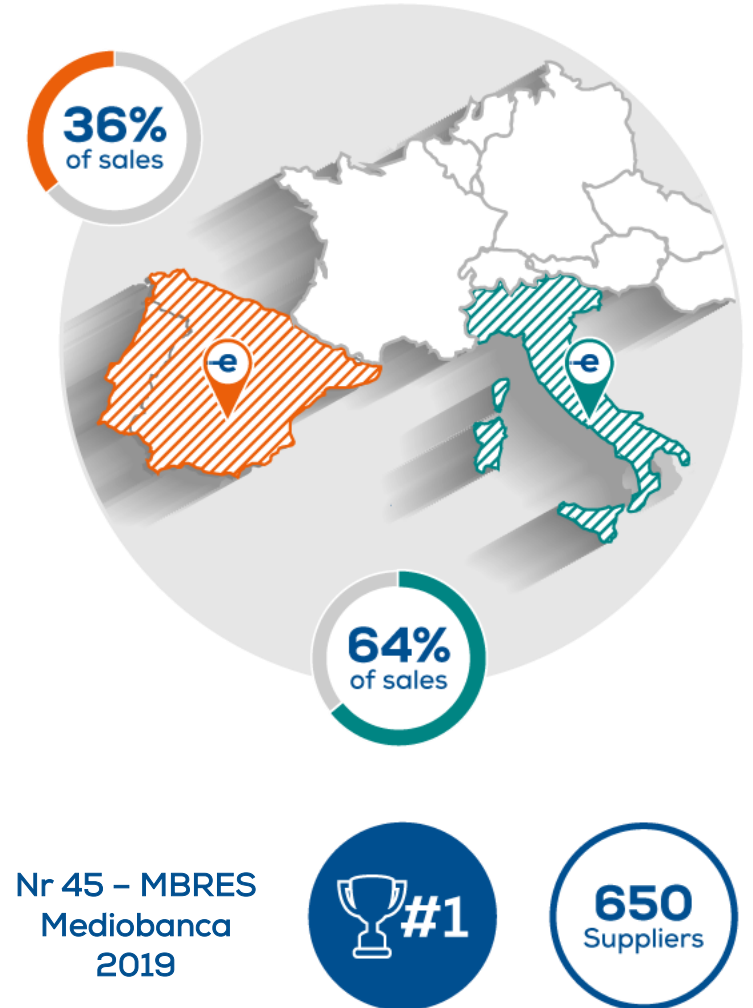
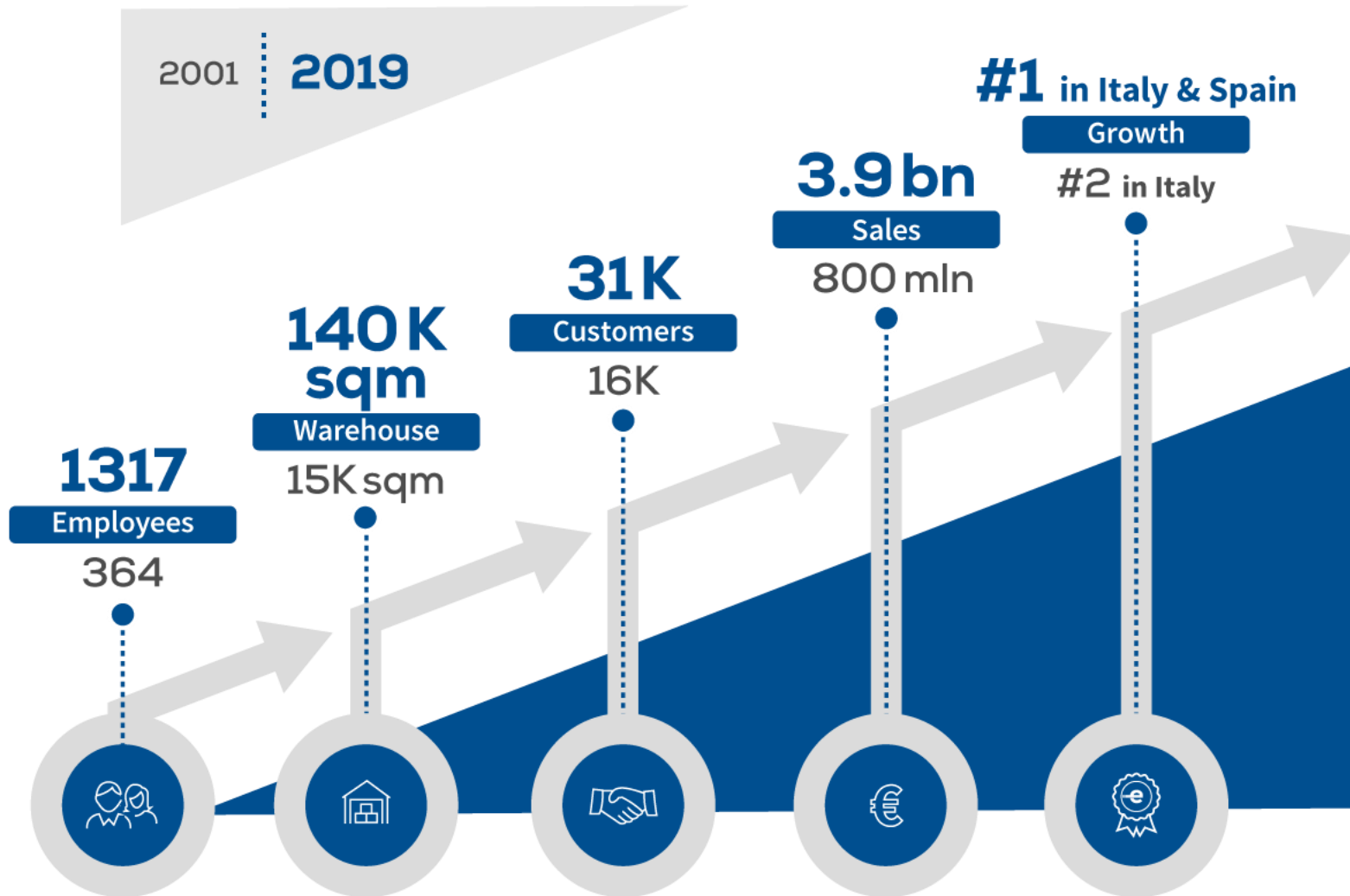
04. GOVERNANCE



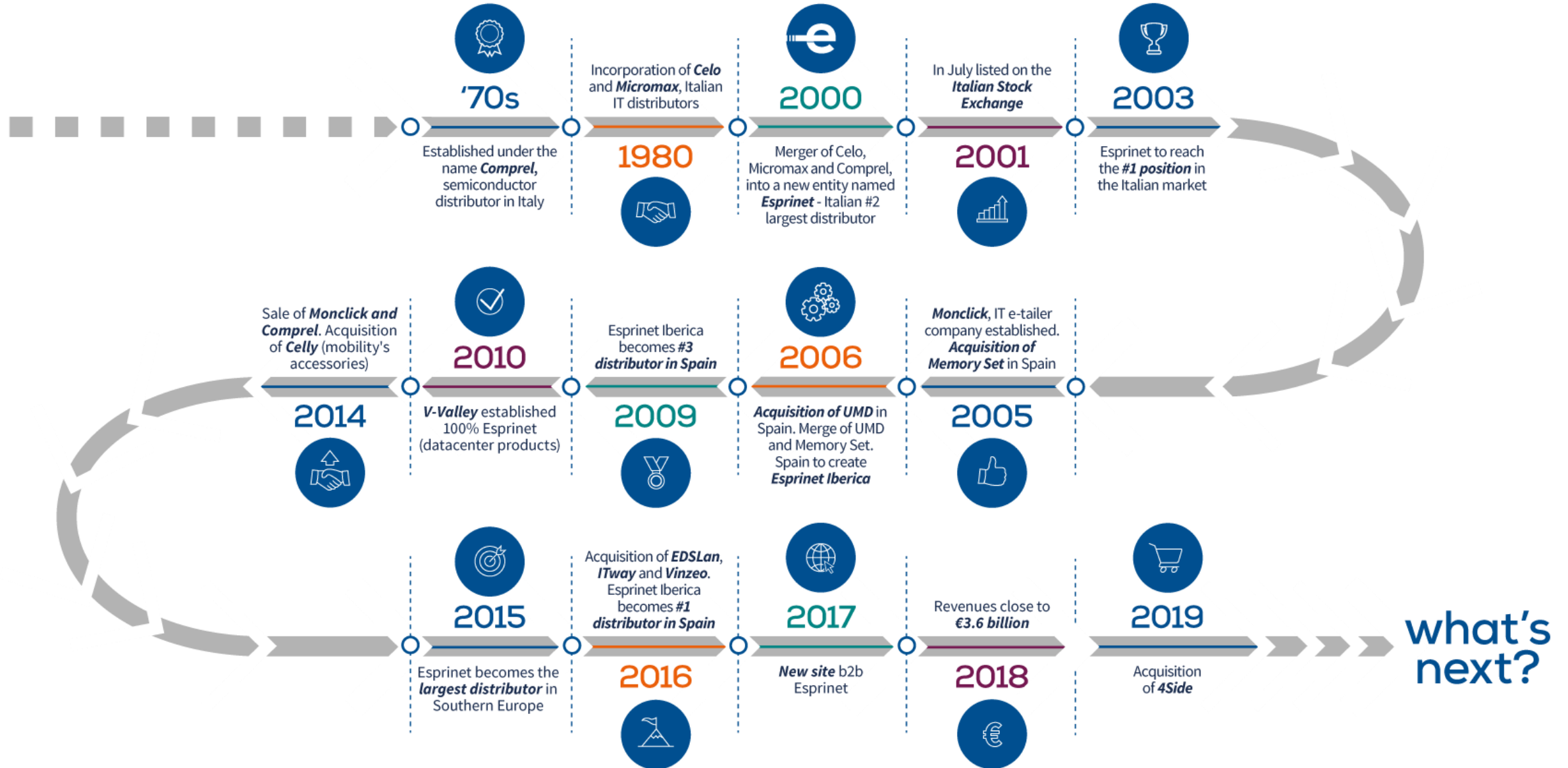
THE COMPANY



The Leading ICT Distri In Southern Europe

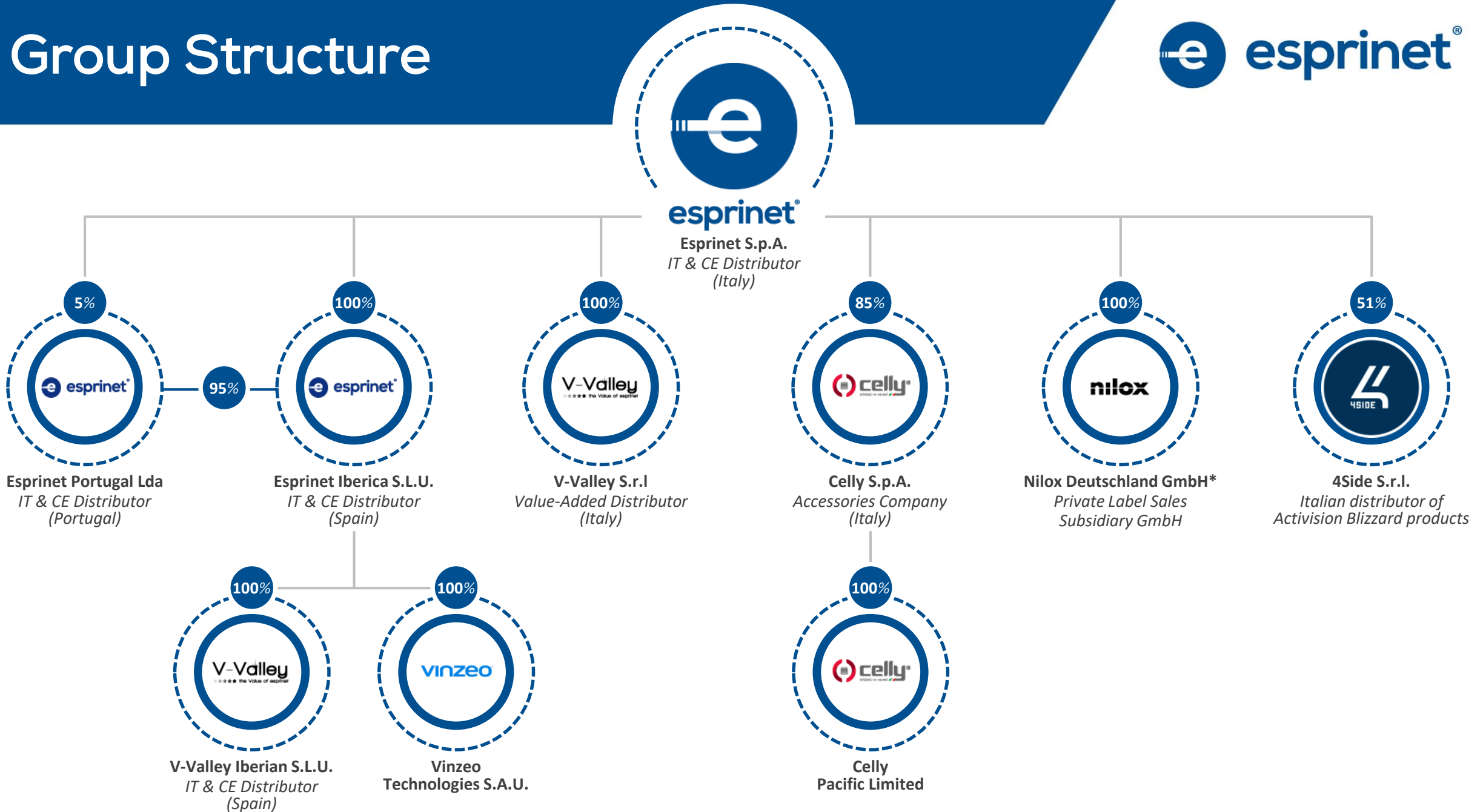


History



what's next?

Group Structure

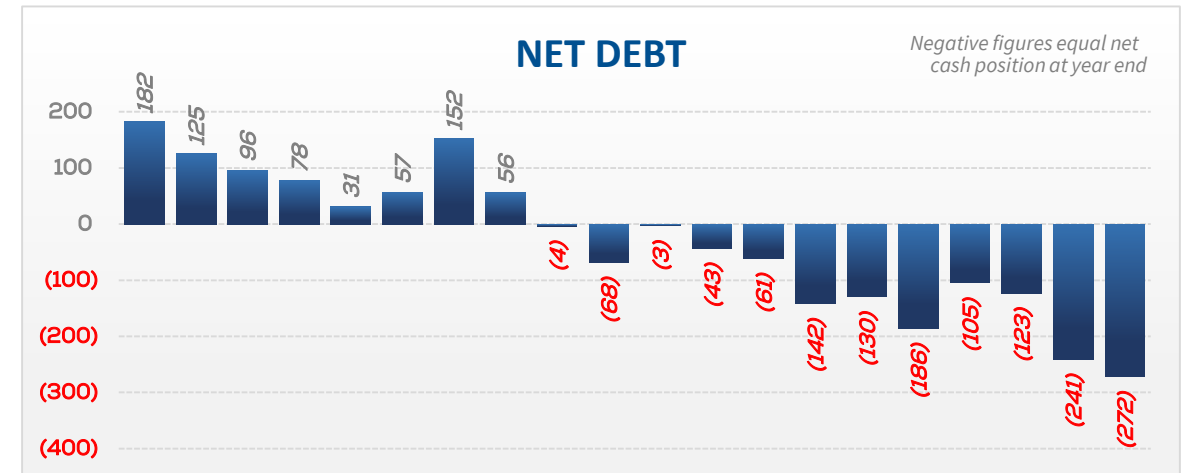
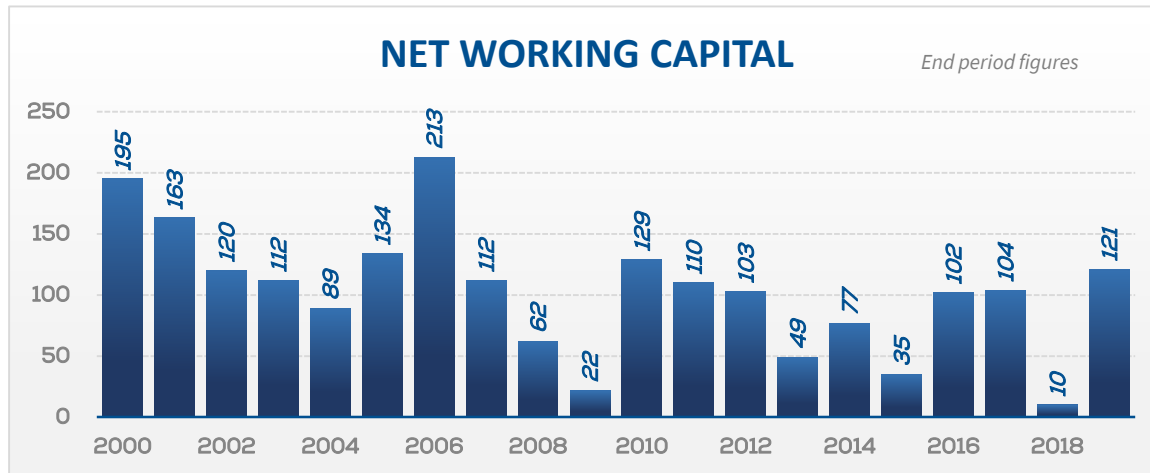
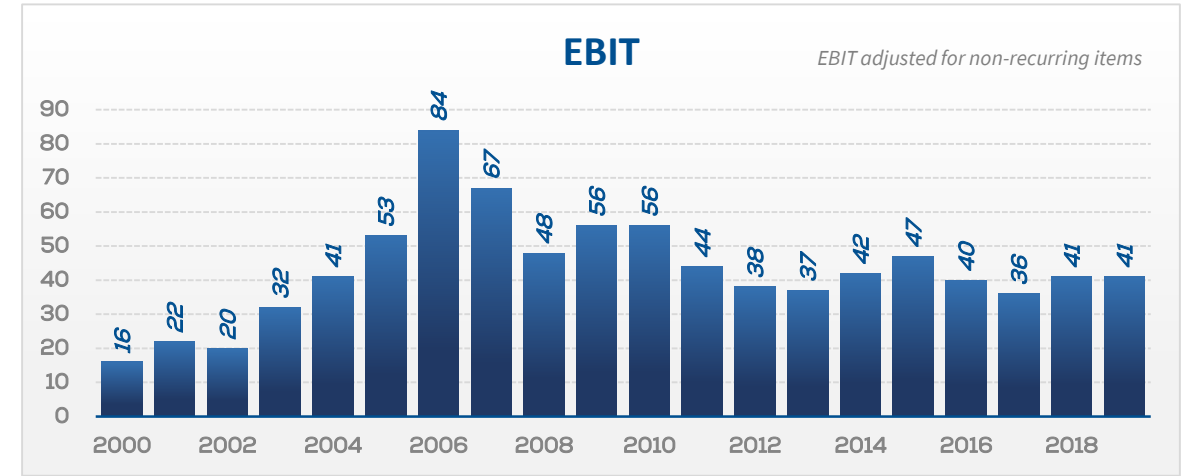


(*) In liquidation on 12/31/2019

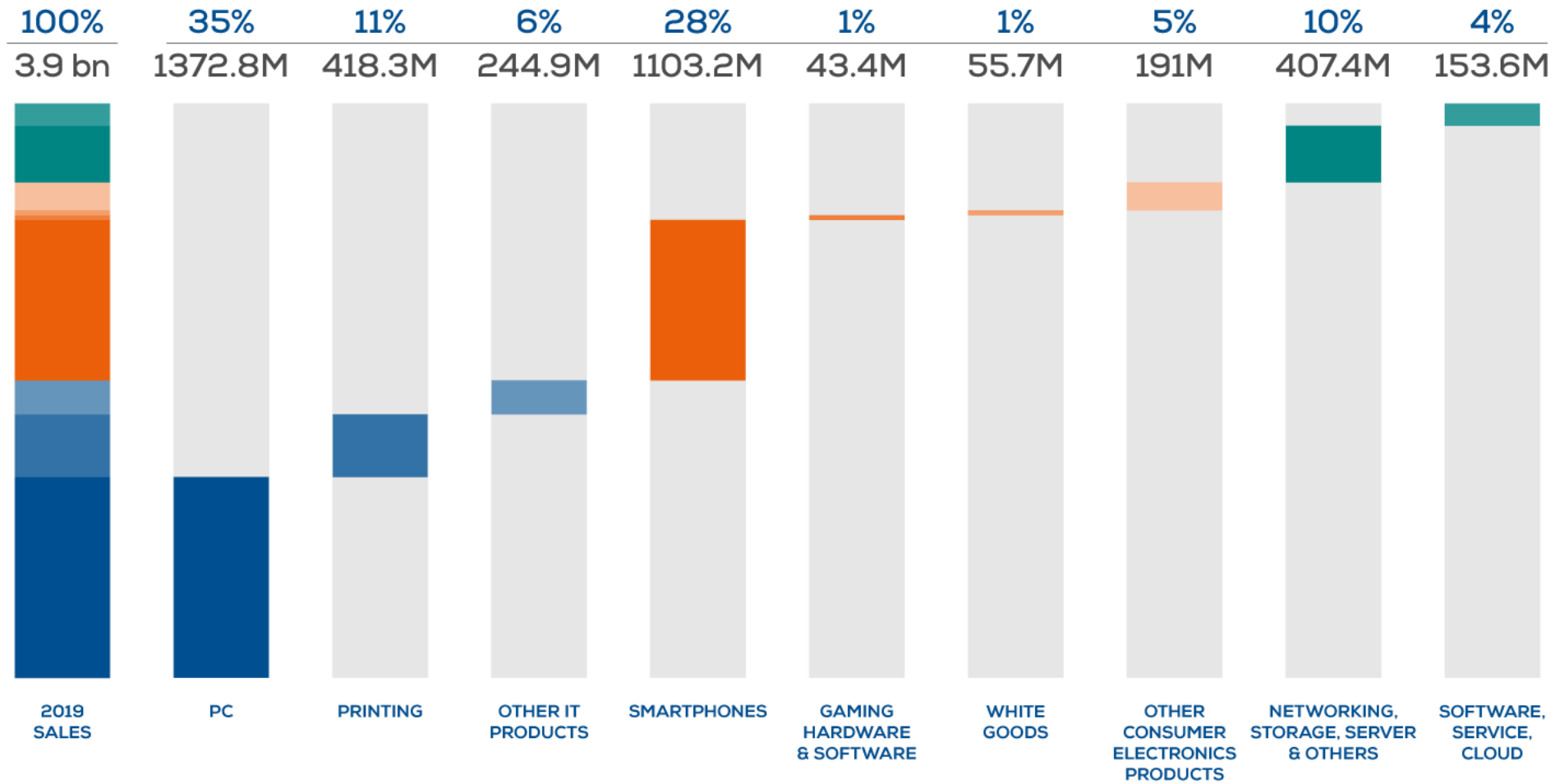
Key Historical Financials



NOTE: All figures in Million €

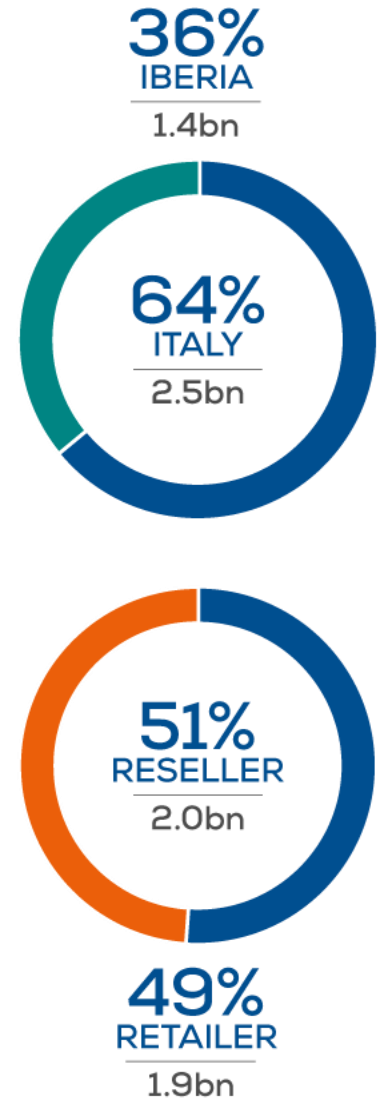


Sales Mix




■ Total IT Clients
 ■ Total Consumer Electronics
 ■ Total Advanced Solutions

IFRS15 and other adjustments -44.9M (-1%)






Logistic Capability



	MORE THAN 128K	#SKU Shipped	MORE THAN 65K	#SKU on stock (on average)
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	100.000 sqm in Italy	40.500 sqm in Spain	140.500 sqm	Warehousing area
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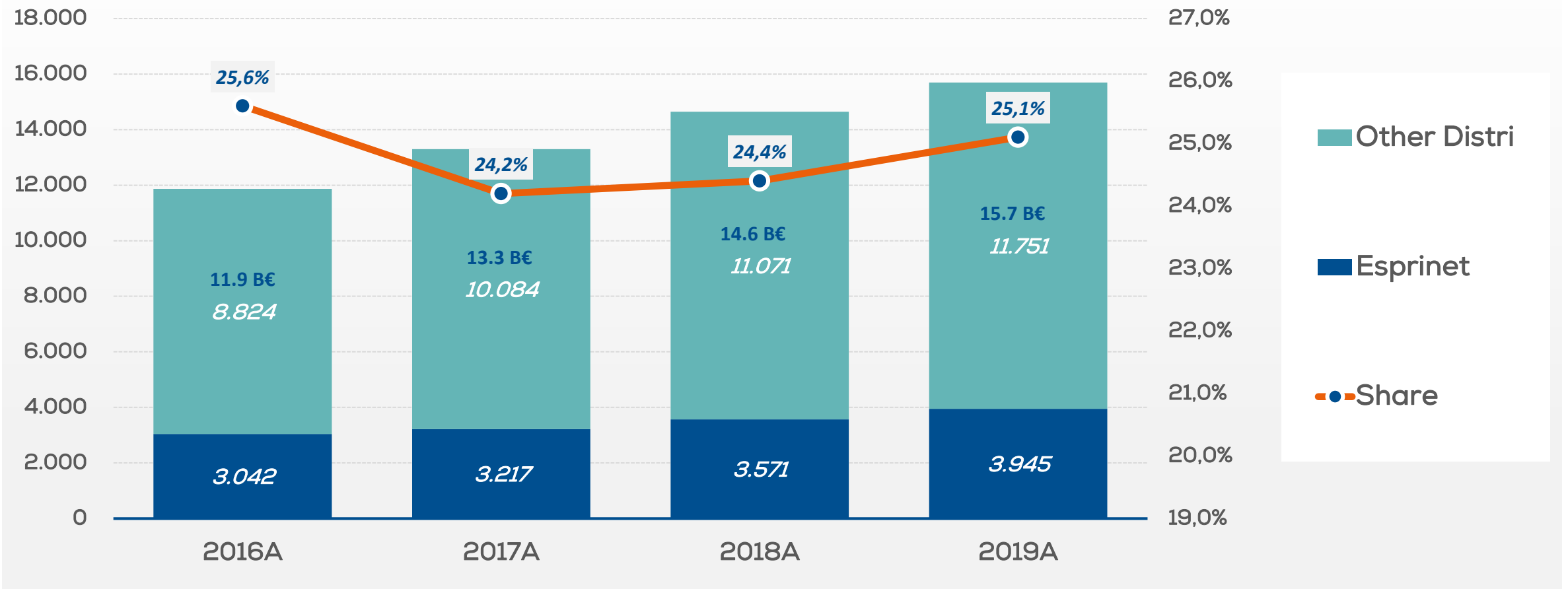
	5.8 million	Shipped boxes	39.8 million	Shipped Items
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- | | | |
|---|--|---|
|  | <ul style="list-style-type: none">• Customized delivery• Lab service installations HW e SW• Customized boxes• Boxes, pallet and document customization• Customized logistics services• Cross docking• Possibility of item pick up within 2 hours |  |
|---|--|---|

#1 And Growing In A Growing Market



ESPRINET SHARE ON TOTAL DISTRI SALES IN ITALY-SPAIN-PORTUGAL



All data in M€ - Source: Company estimates based on Context data.

Conversion from Context panel sales to Total net distri sales assuming Context Panel represents 90% of total consolidated net distri sales.

Ranking South Europe



Ranking South Europe

	SALES 20 19	SHARE	SALES 20 18	SHARE	ITALY	SPAIN	PORTUGAL
Esprinet	3.945,3	25,1%	3.571,2	24,4%	•	•	•
Tech Data	2.763,0	17,6%	2.610,0	17,8%	•	•	•
Ingram Micro	1.890,0	12,0%	1.865,0	12,7%	•	•	
Computer Gross	1.393,0	8,9%	1.211,0	8,3%	•		
Arrow ECS	880,0	5,6%	793,1	5,4%	•	•	
Attiva	428,7	2,7%	374,0	2,6%	•		
Datamatic	385,7	2,5%	353,5	2,4%	•		
MCR	375,0	2,4%	338,0	2,3%		•	
CPCDI	330,0	2,1%	320,0	2,2%			•
Exclusive Networks	199,5	1,3%	176,7	1,2%	•	•	
Brevi	183,0	1,2%	175,6	1,2%	•		
GTI	179,9	1,1%	196,7	1,3%		•	
Inforpor	164,7	1,0%	136,8	0,9%		•	
JP Sa Couto	163,0	1,0%	150,0	1,0%			•
Depau	157,1	1,0%	132,9	0,9%		•	
Globomatik	134,0	0,9%	130,0	0,9%		•	
DMI	125,0	0,8%	115,0	0,8%		•	
Cometa	98,5	0,6%	96,5	0,7%	•		
Others	1.889,6	12,0%	1.890,1	12,9%	•	•	•
Totale	15.696,1	100%	14.642,5	100%	•	•	•

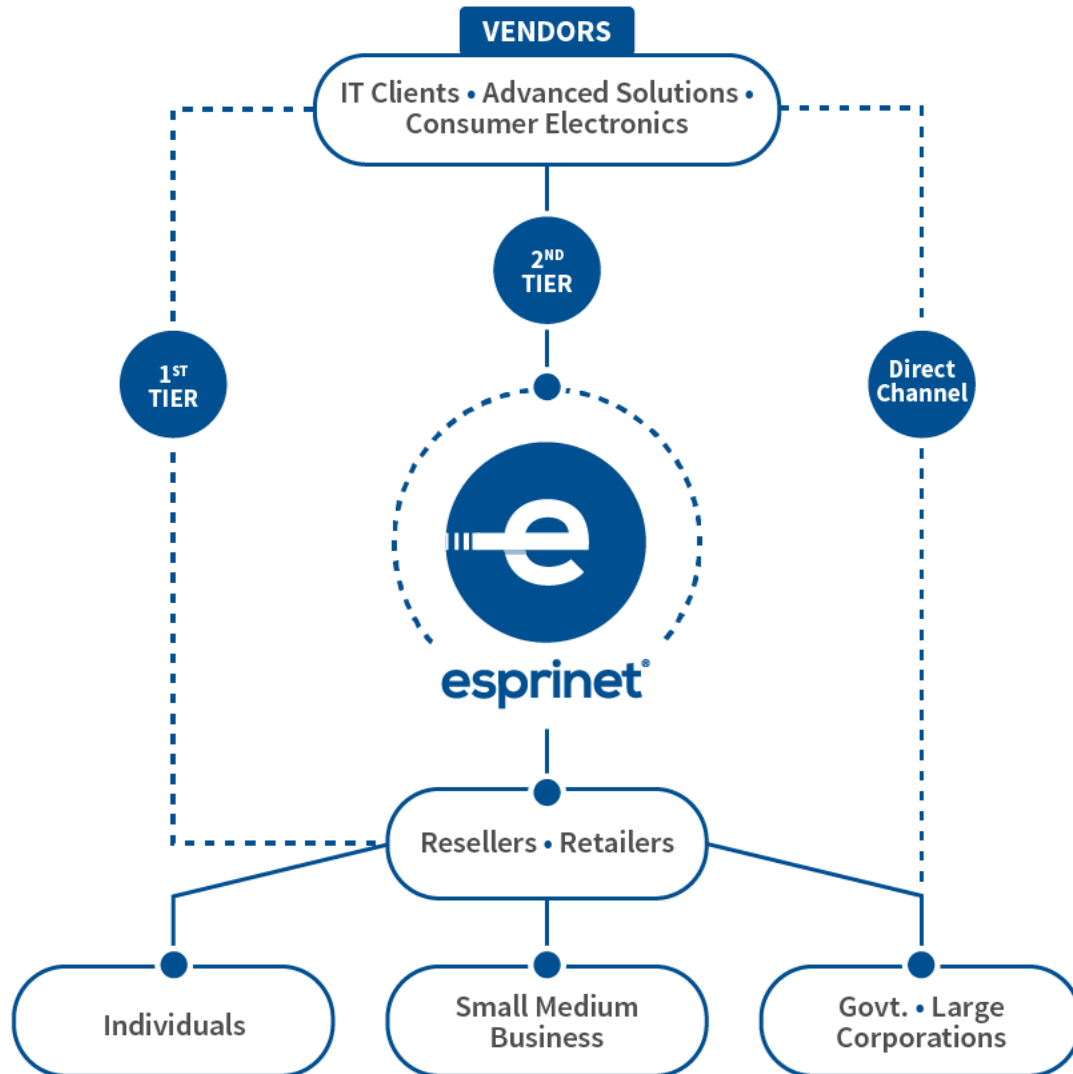
Human Resources



Consolidated 2018 end-year figures

THE INDUSTRY





IT CLIENTS

7.2bn*

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



ADVANCED SOLUTIONS

5.8bn*

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



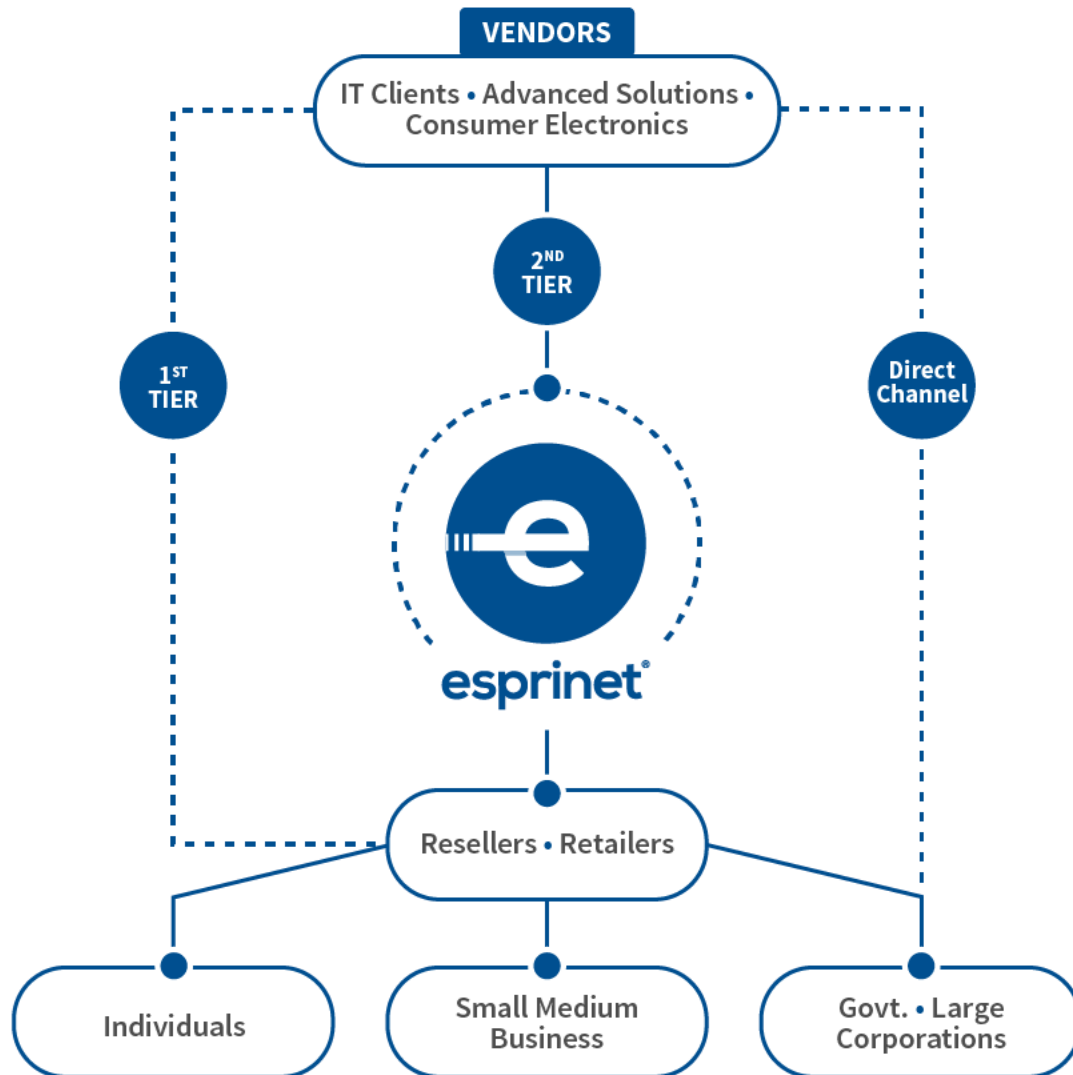
CONSUMER ELECTRONICS

29.5bn*

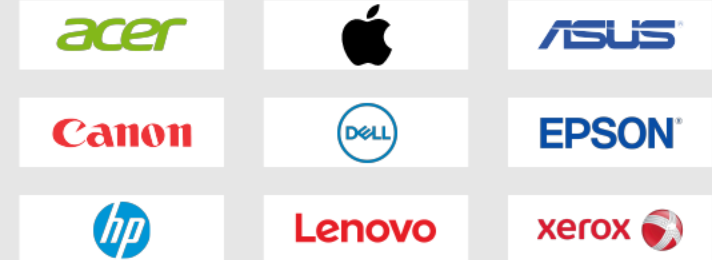
- Smartphones
- Television
- Audio products
- Video gaming
- Toys
- Photo-Video products
- White goods
- Navigation
- Wearables
- Electric mobility

(*) Italy-Spain-Portugal 2019 end-user market data at estimated distributor price – Source: EITO & Euromonitor

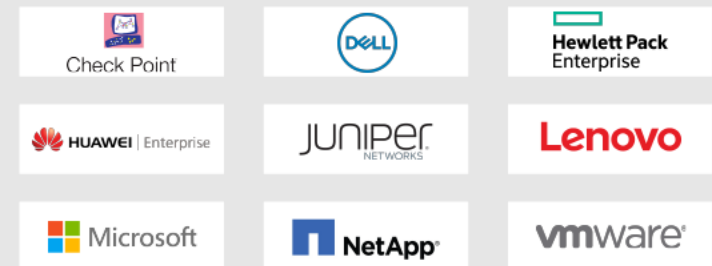
Go To Market: Suppliers



IT CLIENTS



ADVANCED SOLUTIONS

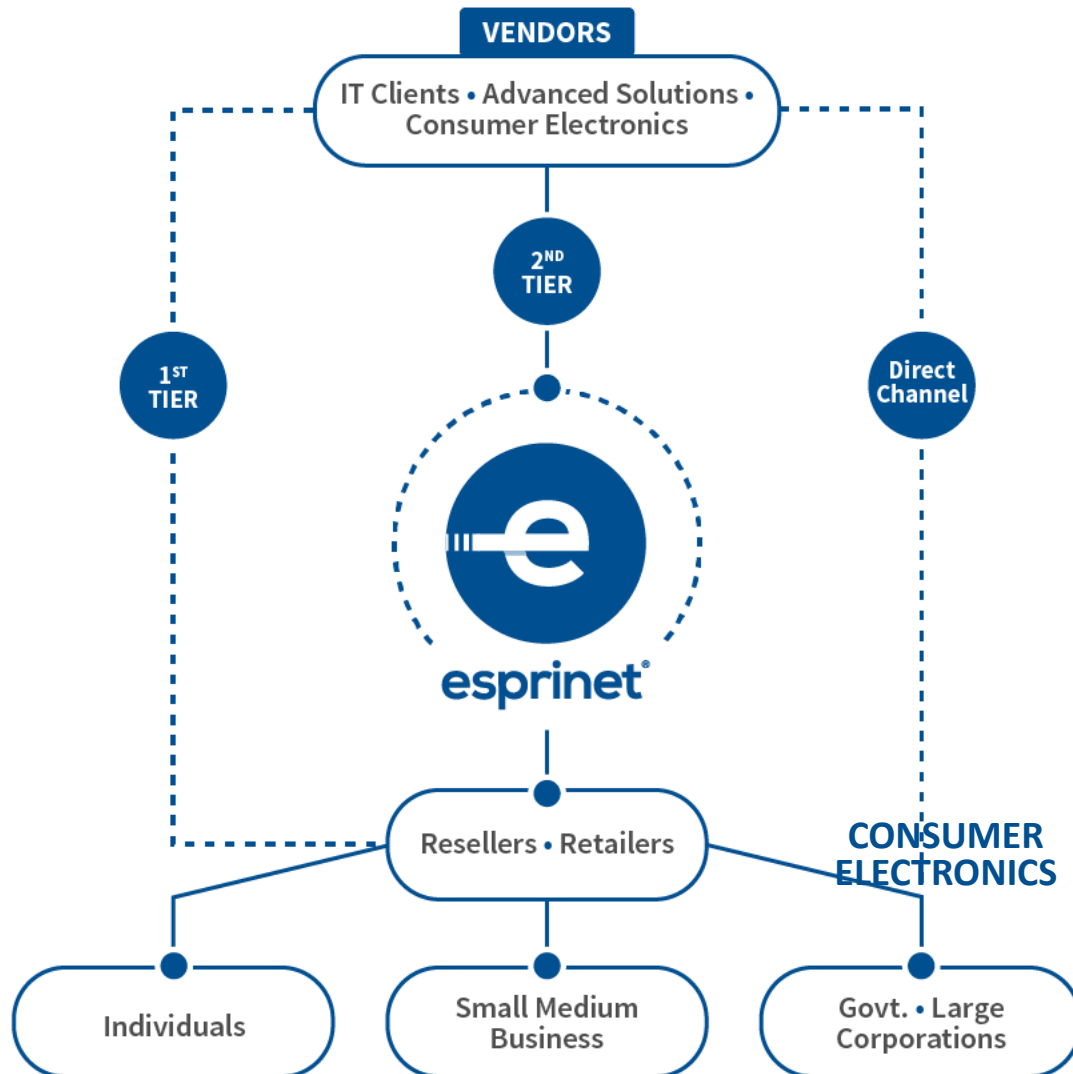


CONSUMER ELECTRONICS



The vendors displayed are just a selection aimed at representing the product category

Go To Market: Customers



PROFESSIONAL IT RESELLERS

8.7bn*

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



SPECIALIZED VERTICAL CHANNELS

0.9bn*

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



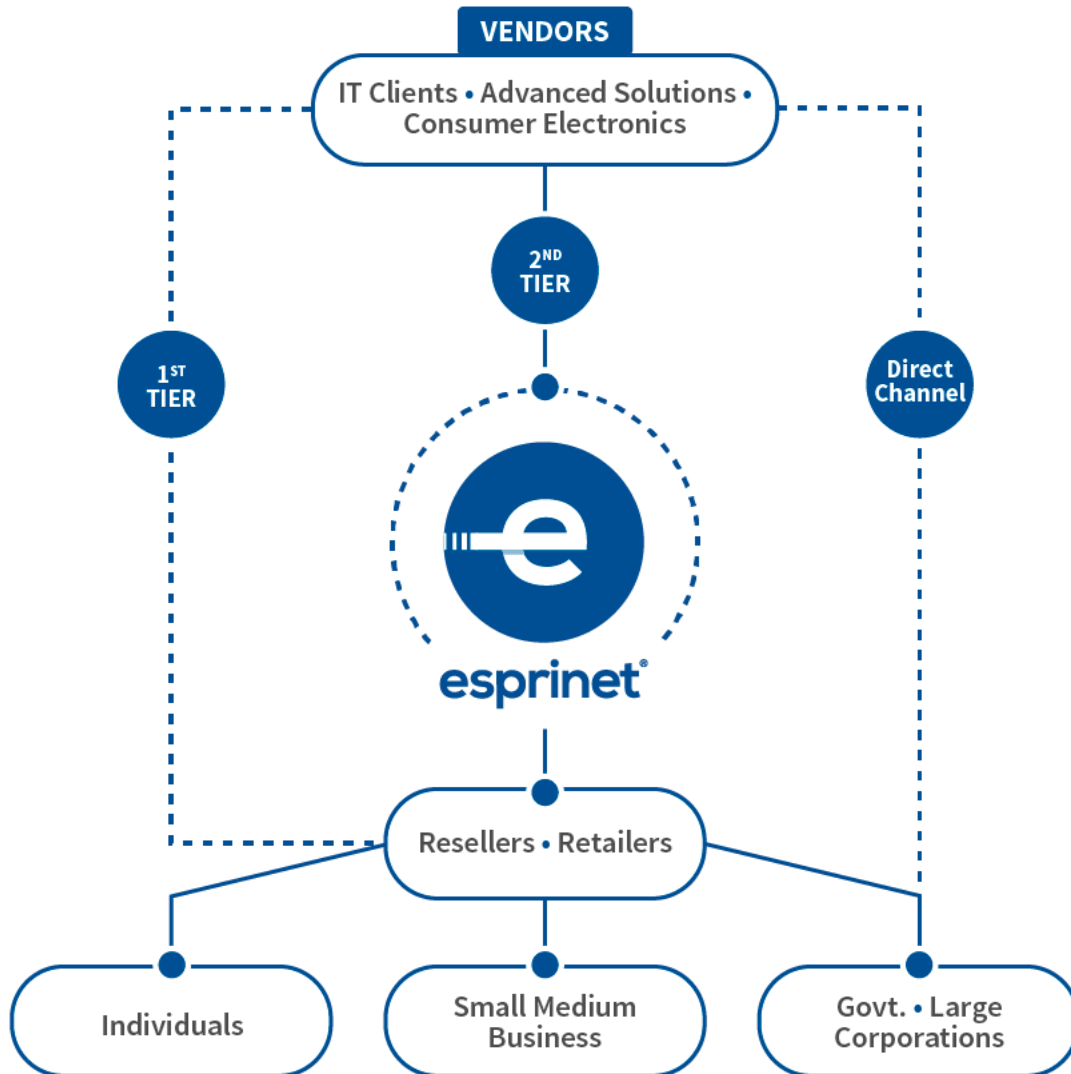
RETAILERS & E-TAILERS

6.1bn*

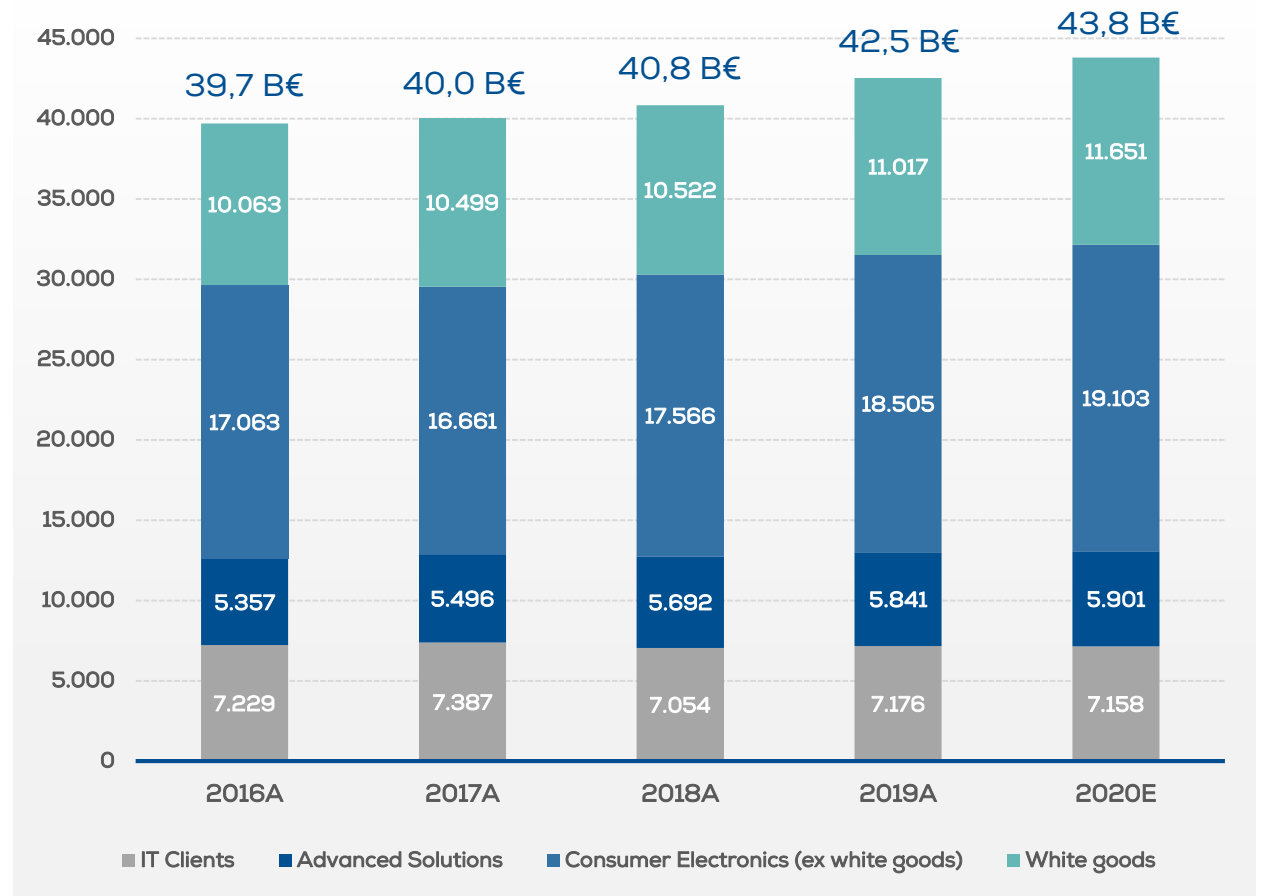
- Speciality Retailers
- Supermarkets
- E-tailers
- Department Stores
- Convenience Retailers
- Discount Retailers

(*) Italy-Spain-Portugal 2019 end-user market data at estimated distributor price – Source: GfK

Size Of Addressable End User Market

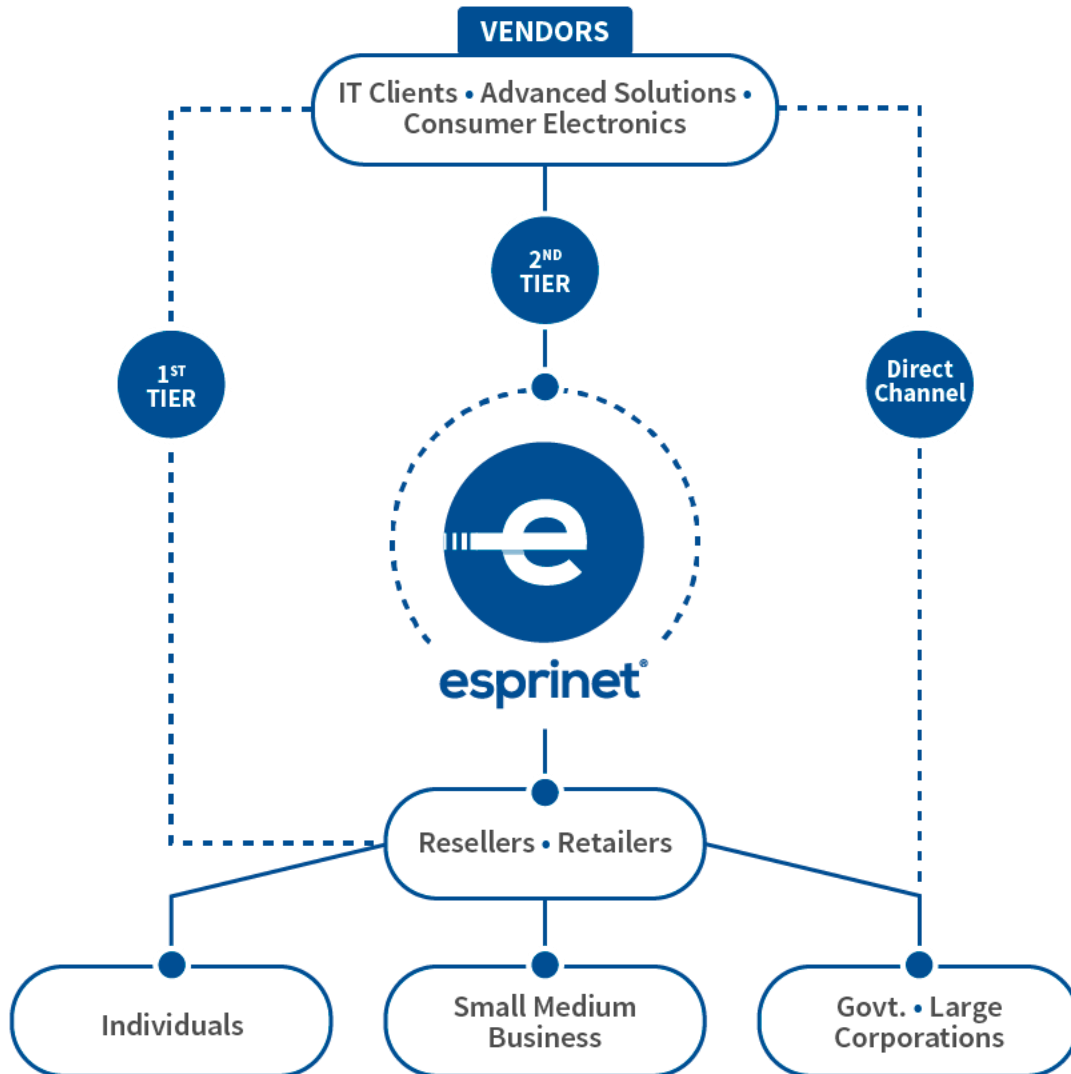


ITALY-SPAIN-PORTUGAL: TOTAL ICT SPENDING AT DISTRI PRICE

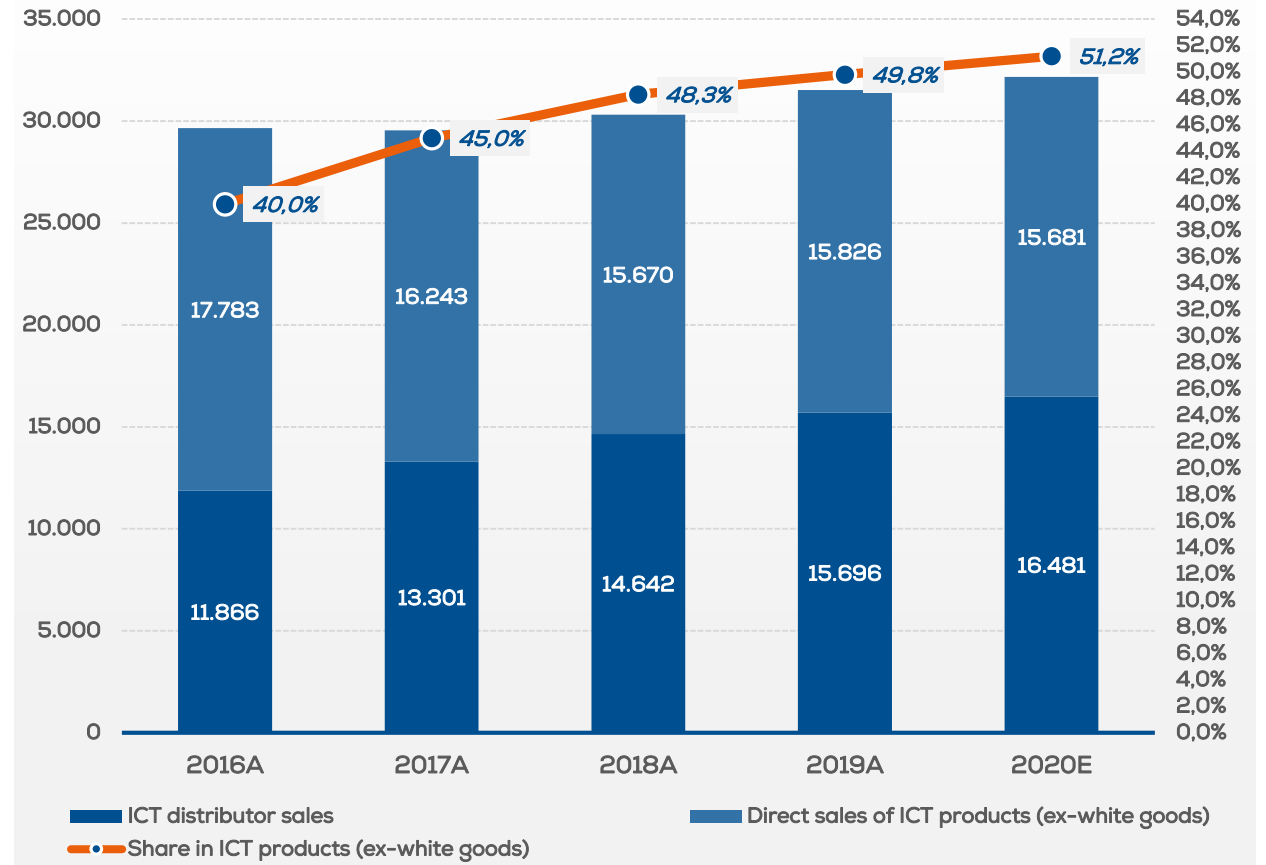


EITO figures for IT Clients - Advanced Solutions & Smartphones - EUROMONITOR for other Consumer electronics
 End-user consumption converted to distri price assuming average 15% margin for resellers/retailers
 Conversion from Context panel sales to Total net distri sales assuming Context Panel represents 90% of total consolidated net distri sales
 2020 end user market estimates by EITO & Euromonitor as of March 2020
 2020 distri sales estimated using a flat growth of 5%

Weight Of Distris On Addressed Market

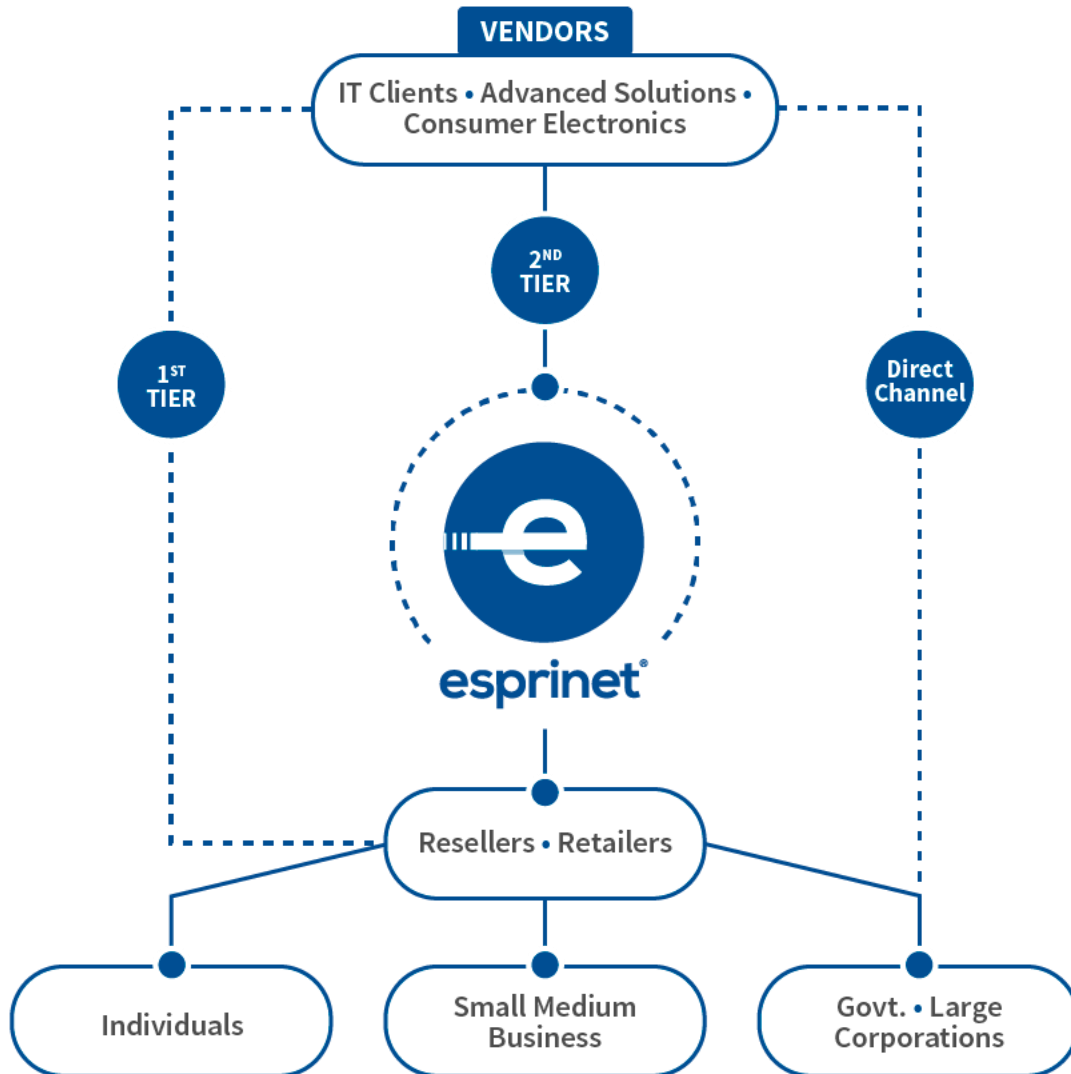


ITALY-SPAIN-PORTUGAL: TOTAL ICT SPENDING AND SHARE OF DISTRIBUTORS (EX-WHITE GOODS)

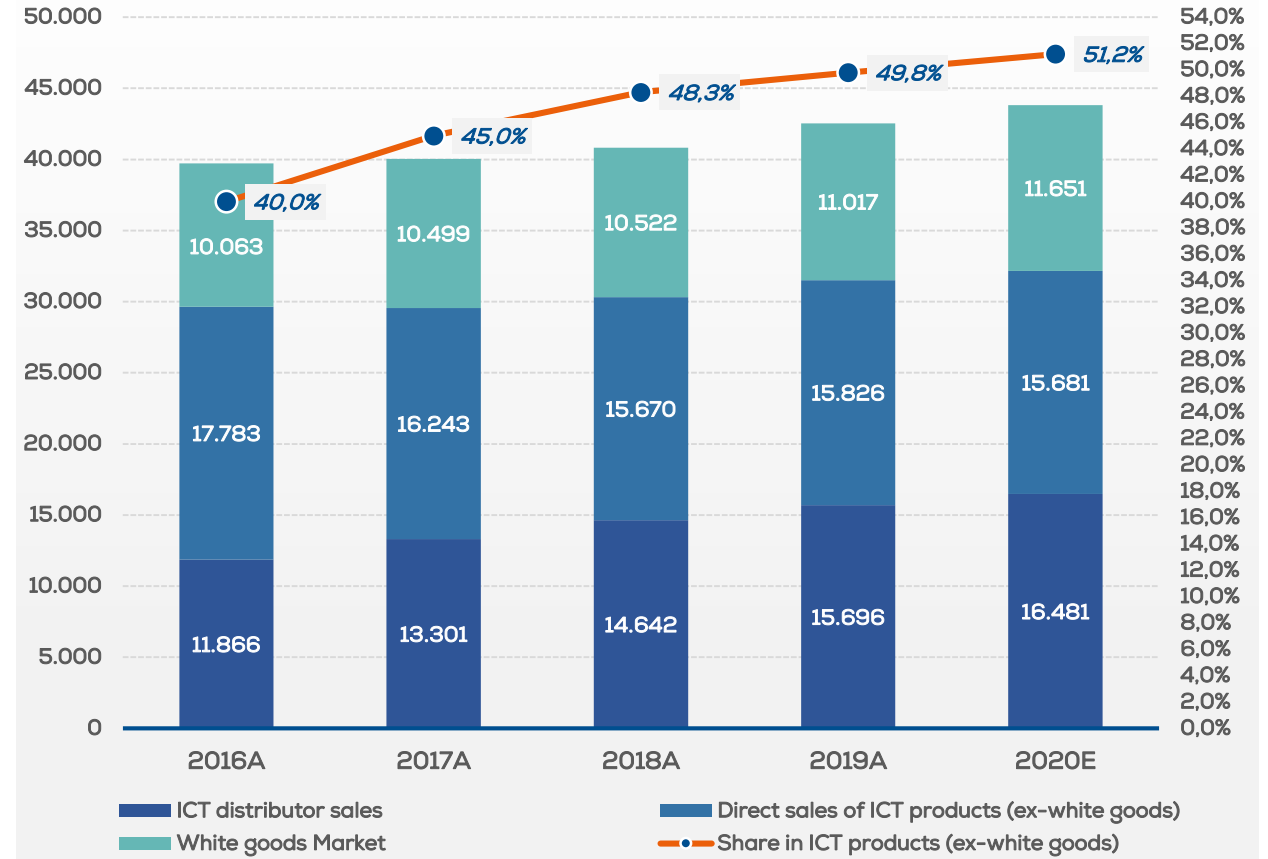


EITO figures for IT Clients - Advanced Solutions & Smartphones - EUROMONITOR for other Consumer electronics
 End-user consumption converted to distri price assuming average 15% margin for resellers/retailers
 Conversion from Context panel sales to Total net distri sales assuming Context Panel represents 90% of total consolidated net distri sales
 2020 end user market estimates by EITO & Euromonitor as of March 2020
 2020 distri sales estimated using a flat growth of 5%

Additional Opportunities In White Goods



ITALY-SPAIN-PORTUGAL: TOTAL ICT SPENDING AND SHARE OF DISTRIBUTORS (EX-WHITE GOODS)



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 net distri sales assuming Context Panel represents 90% of total consolidated net distri sales
 2020 end user market estimates by EITO & Euromonitor as of March 2020
 2020 distri sales estimated using a flat growth of 5%

ICT Distribution share on total ICT addressable sales grew from 40,0% (2016) to 49.8% (2019) and is forecasted to grow furthermore (51.2% expected in 2020).



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



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.

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

«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.



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.

Product categories

- Commoditized product categories, such as Notebooks or Smartphone, typically allow for lower Gross Profits Margins 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 Margins
- Vendors typically provide cash discounts for shorter payments so Gross Profit Margins are 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 Margins
- Receivables with these customers are typically subject to factoring/securitization programs whose costs impacts the Gross Profit margin

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 the Gross Profit

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 margins at year end.



THE STRATEGY



The Key Trends In Our Industry



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

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

- 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 an IT system.

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 revenues

Some ICT Distributors might become 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

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

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

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+supplies) is undergoing a structural volume reduction but new print technologies as well as business models (Managed Print Services) are somehow stabilizing margins

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 margin reduction

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 work hours

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

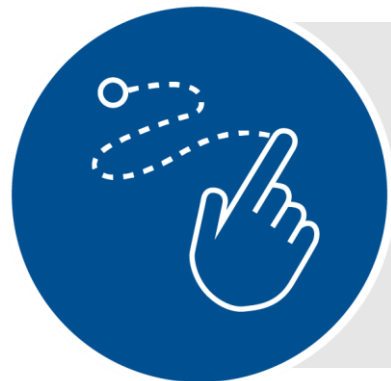
Mobile access to data is now a given

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

Actions: Be The Best



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 profits and revenues

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

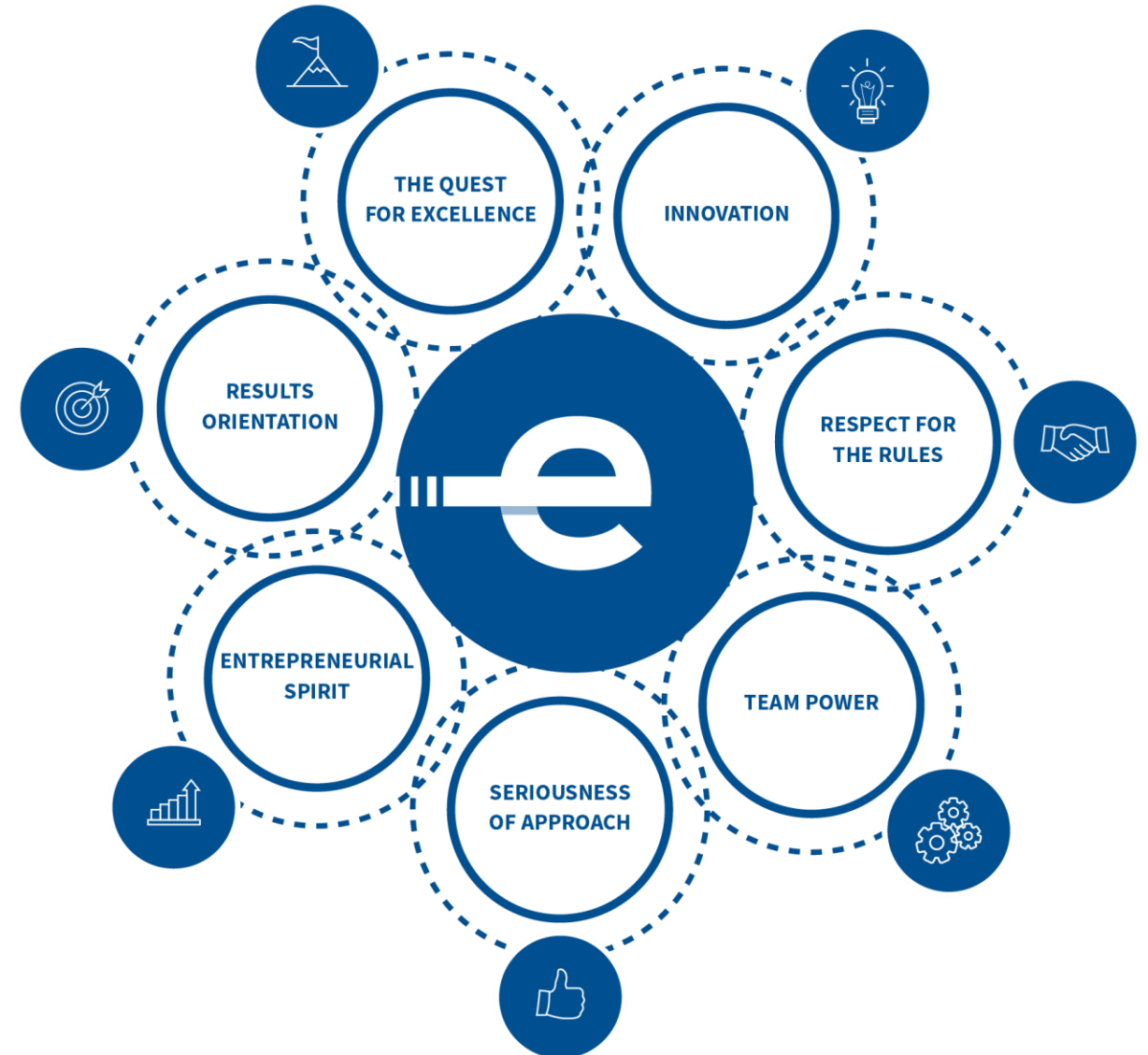


Corporate Mission

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



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 Celso, Micromax and Compres, 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 of Ethics

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 April 15th 2020 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 September 11th, 2018.

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

Major requirements for shares to qualify as STAR status

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

- 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*

- 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



Social Responsibility Report



CORPORATE OVERVIEW



3.9 bn
euros of revenues
(+10% vs 2018)

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



1.317
employees

90%
of employees hired with
**permanent
contracts**

55%
are **women**

**Smart
working**

INITIATIVES IN THE LOCAL REGION



**Maria Letizia Verga
Committee**

Ambrosiana Library

FOR-TE
Integration in the
corebusiness of people
with disabilities

Esprinet4others
Corporate volunteering

Thank you

GRAZIE • GRACIAS • OBRIGADO • DANKE • MERCI • 감사 • 謝謝 • 感謝

