

# STRATEGIC GUIDELINES 2017-2021

MILAN, 10<sup>TH</sup> NOVEMBER 2016

**banzai**<sup>•</sup>

# DISCLAIMER

This presentation has been prepared by BANZAI S.p.A. for information purposes only and for use in presentations of the Group's results and strategies.

For further details on the BANZAI Group, reference should be made to publicly available information.

Statements contained in this presentation, particularly regarding any possible or assumed future performance of the Group, are or may be forward-looking statements based on BANZAI S.p.A.'s current expectations and projections about future events, and in this respect may involve some risks and uncertainties.

Actual future results for any quarter or annual period may therefore differ materially from those expressed in or implied by these statements due to a number of different factors, many of which are beyond the ability of BANZAI S.p.A. to control or estimate precisely, including, but not limited to, the Group's ability to manage the effects of the uncertain current local and global economic conditions on our business and to predict future economic conditions, the Group's ability to achieve and manage growth, the degree to which BANZAI S.p.A. enters into, maintains and develops commercial and partnership agreements, the Group's ability to successfully identify, develop and retain key employees, manage and maintain key customer relationships and maintain key supply sources, unfavourable development affecting consumer spending, the rate of growth of the Internet and online commerce, Italian advertising market, competition, fluctuations in exchange rates, any failure of information technology, inventory and other asset risk, credit risk on our accounts, regulatory developments and changes in tax laws.

BANZAI S.p.A. does not undertake any obligation to publicly release any revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation.

Any reference to past performance of the BANZAI Group shall not be taken as an indication of future performance.

This document does not constitute an offer or invitation to purchase or subscribe to any shares and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

By attending the presentation you agree to be bound by the foregoing terms.

# TODAY'S AGENDA

- 9 MONTHS 2016 REPORTING
- STRATEGIC GUIDELINES 2017-2021
- FINANCIAL TARGETS

**REPORTING: 9M 2016**

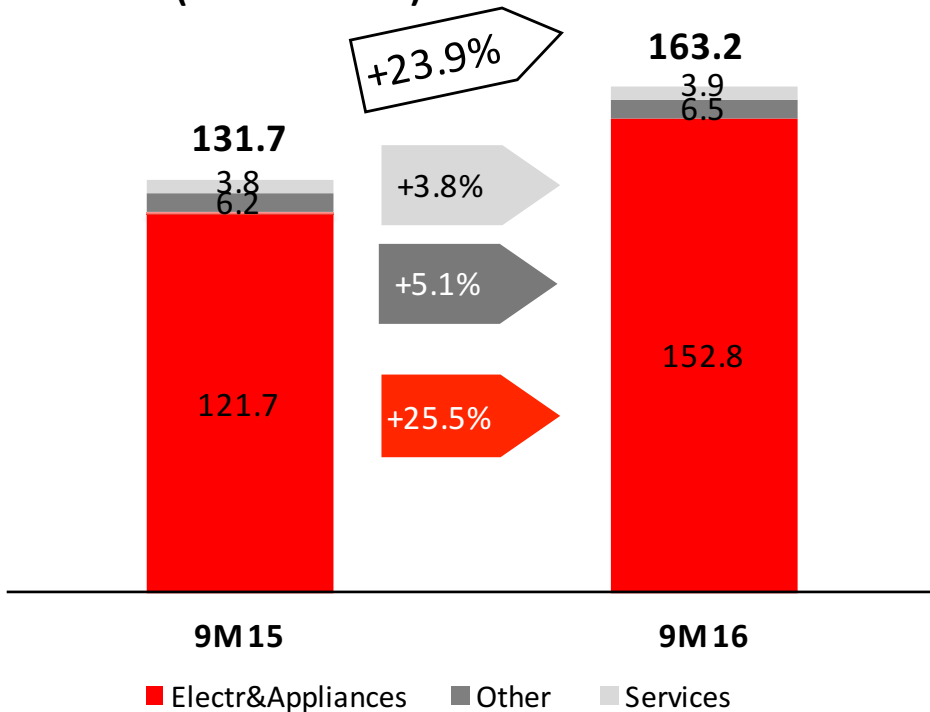
# 9M 16 GMV <sup>(1)</sup>

## CORE Market Tech & Appliances in Italy (YoY % growth)

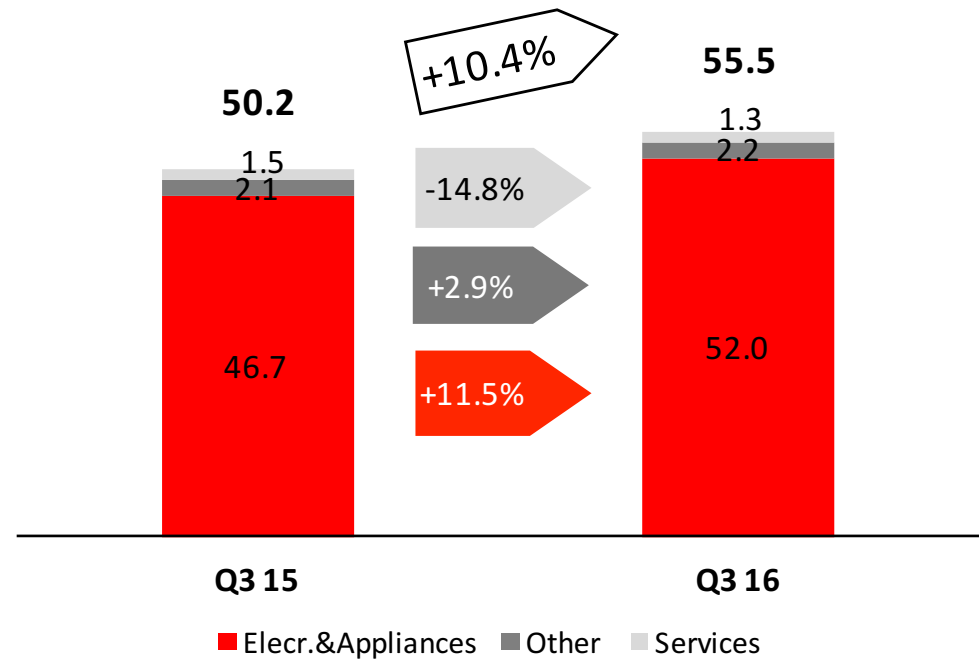
Traditional Tech&Appliances Market 9M 2016	Online Tech&Appliances Market 9M 2016	Banzai Tech&Appliances 9M GMV 2016
+4.2%	+24.0% <sup>(2)</sup>	+25.5%

- ✓ Overall: Slower top line growth in Q3, partially due to unreplicated Q3 FY15 Home Comfort spike (~3.4 pp)
- ✓ Category: Solid growth for Appliances over first 9 months
- ✓ Competition: Q3 Significant Offline Competition.
- ✓ Current Trading Indications: October growth improved

### (GMV <sup>(1)</sup> in €M)



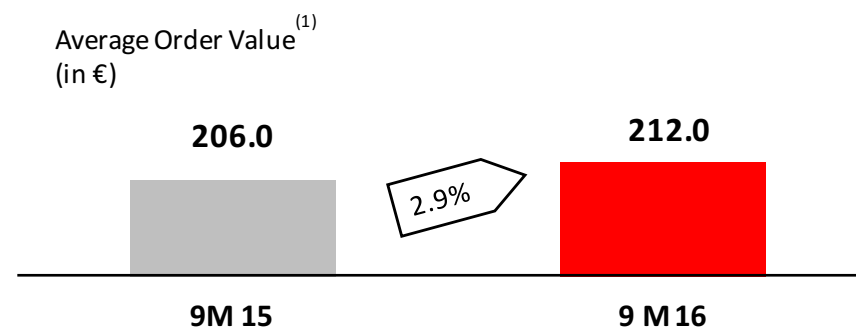
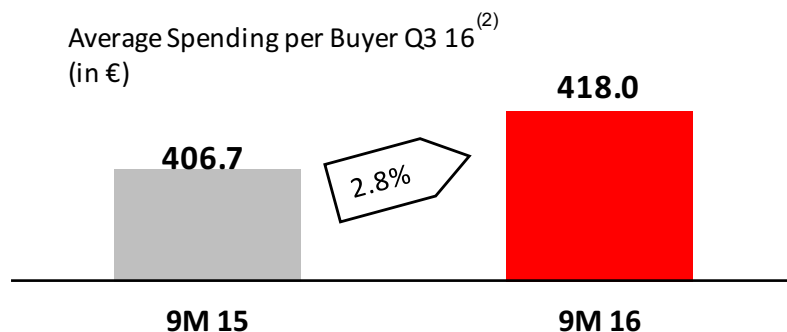
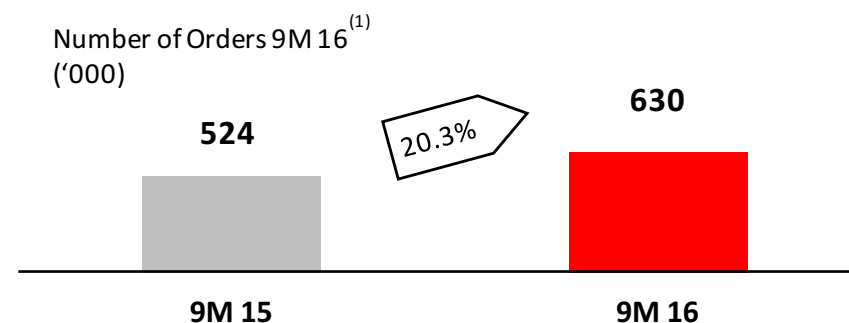
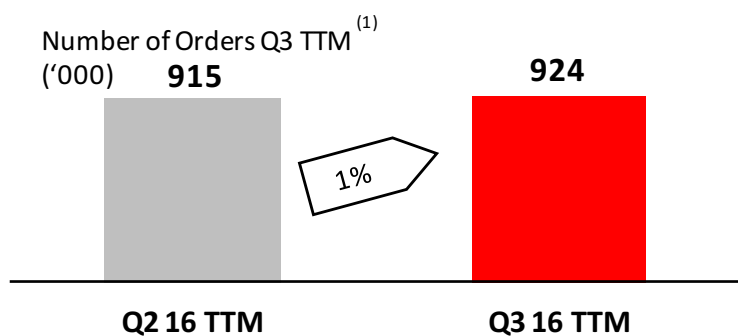
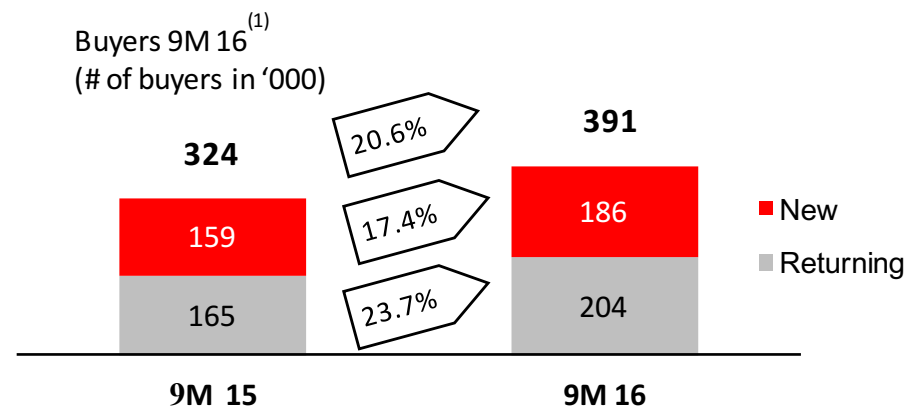
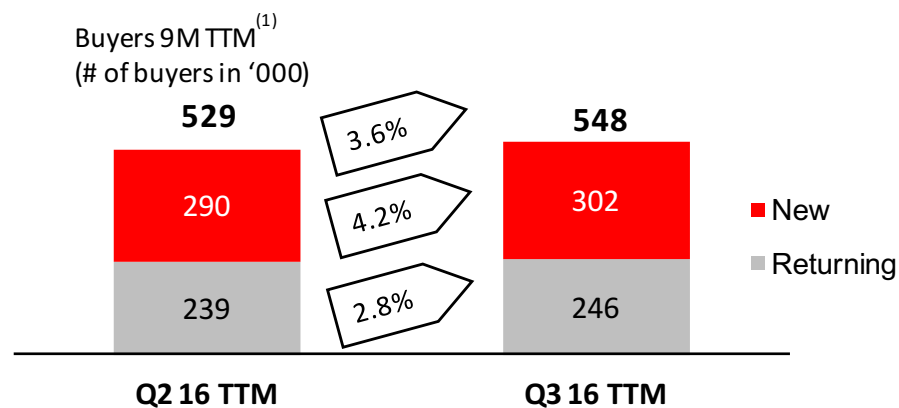
### (GMV <sup>(1)</sup> in €M)



- (1) GMV (Gross Merchandise Volume): it includes revenue from products, deliveries and revenue from 3P marketplace, net of returns and VAT included. Infocommerce and Advertising and B2B revenues not included.
- (2) Market 2016 includes one off online revenues restatement by a retail player



# 9M 16: HEALTHY CUSTOMER KPIs DRIVE GROWTH



(1) 3P Marketplace Included

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



€ M

# CONSOLIDATED P&L 9M 16

Profit & Loss	Q3'15 PF	Q3 '16	Q3 YOY	9M '15 PF	9M '16	9M YoY
<b>Total Revenues</b>	<b>40,2</b>	<b>43,5</b>	<b>8,2%</b>	<b>106,7</b>	<b>127,2</b>	<b>19,2%</b>
Cost of Revenues	-34,5	-36,5	6,0%	-91,7	-107,6	17,4%
<b>Gross Profit (1)</b>	<b>5,7</b>	<b>7,0</b>	<b>21,3%</b>	<b>15,1</b>	<b>19,5</b>	<b>29,3%</b>
<i>Gross Margin %</i>	<i>14,3%</i>	<i>16,0%</i>		<i>14,1%</i>	<i>15,3%</i>	
Sales & Marketing	-1,6	-2,7	67,4%	-4,9	-7,1	44,9%
Contents	0,0	0,0				
Fulfilment	-3,5	-4,1	17,4%	-9,2	-12,3	34,4%
IT	-0,3	-0,4	37,5%	-0,8	-1,0	35,0%
G&A & Holding	-1,6	-2,1	30,3%	-4,6	-6,0	28,7%
<b>EBITDA ADJUSTED</b>	<b>-1,3</b>	<b>-2,3</b>	<b>83,3%</b>	<b>-4,4</b>	<b>-6,9</b>	<b>57,6%</b>
<i>Ebitda Adjusted %</i>	<i>-3,2%</i>	<i>-5,4%</i>		<i>-4,1%</i>	<i>-5,4%</i>	
Non recurring costs	0,0	-0,4	718,6%	-0,4	-0,7	66,4%
<b>EBITDA</b>	<b>-1,3</b>	<b>-2,7</b>	<b>103,8%</b>	<b>-4,8</b>	<b>-7,6</b>	<b>58,3%</b>
<i>Ebitda %</i>	<i>-3,3%</i>	<i>-6,2%</i>				
<b>EBIT</b>	<b>-2,1</b>	<b>-3,8</b>	<b>86%</b>	<b>-7,1</b>	<b>-10,5</b>	
<i>Ebit %</i>	<i>-5,1%</i>	<i>-8,8%</i>		<i>-6,7%</i>	<i>-8,2%</i>	
<b>EBT from continuing operations</b>	<b>-2,2</b>	<b>-3,9</b>		<b>-7,3</b>	<b>-11,0</b>	
<i>Ebt %</i>	<i>-5,4%</i>	<i>-8,9%</i>		<i>-6,9%</i>	<i>-8,6%</i>	
EBT from discontinued activities		-3,6			13,9	
<b>EBT</b>	<b>-2,2</b>	<b>-7,5</b>	<b>245,5%</b>	<b>-7,3</b>	<b>3,0</b>	
<i>Ebt %</i>	<i>-5,4%</i>	<i>-17,1%</i>		<i>-6,9%</i>	<i>2,3%</i>	

**Gross Margin:** significant growth in 9M thanks to product category mix, marketplace, infocommerce

**Ebitda:** impacted by higher S&M investments

**€ 3M 9M 16 net profit** not including Saldiprivati  
€7.5M capital gain, booked in Q4

ePRICE

(1) Restatement: Gross Profit/Margin now defined net of delivery cost, booked under fulfilment (in line with peers)

# 2016 PRE-CLOSING GUIDANCE



GMV<sup>1</sup> GROWTH IN 20-22% RANGE



GROSS MARGIN IMPROVEMENT YOY



NET FINANCIAL POSITION IN € 50-55 M RANGE



NET PROFIT IN 2016, INCLUDING CAPITAL GAIN FROM DISPOSALS

(1) GMV (Gross Merchandise Volume): it includes revenue from products, deliveries and revenue from 3P marketplace, net of returns and VAT included.



# STRATEGIC GUIDELINES 2017-2021

*“from e-Commerce  
to e-Service”*

# OUR BUSINESS GOALS, LOOKING FORWARD

## STRATEGIC GUIDELINES

**LEAD e-COMMERCE DEVELOPMENT BY PUSHING MDAs & OTHER SERVICE-CENTRIC HOME PRODUCTS**

**EXPAND CATEGORY RANGE THROUGH 3P MARKETPLACE TO ADD REVENUES AND MARGIN**

**BUILD A SERVICE-CENTRIC PLATFORM: PICK&PAY, INSTALLATION, SETUP, PROTECT, SUPPORT & REPAIR**

**CAPTURE STRATEGIC AND TACTICAL OPPORTUNITIES**

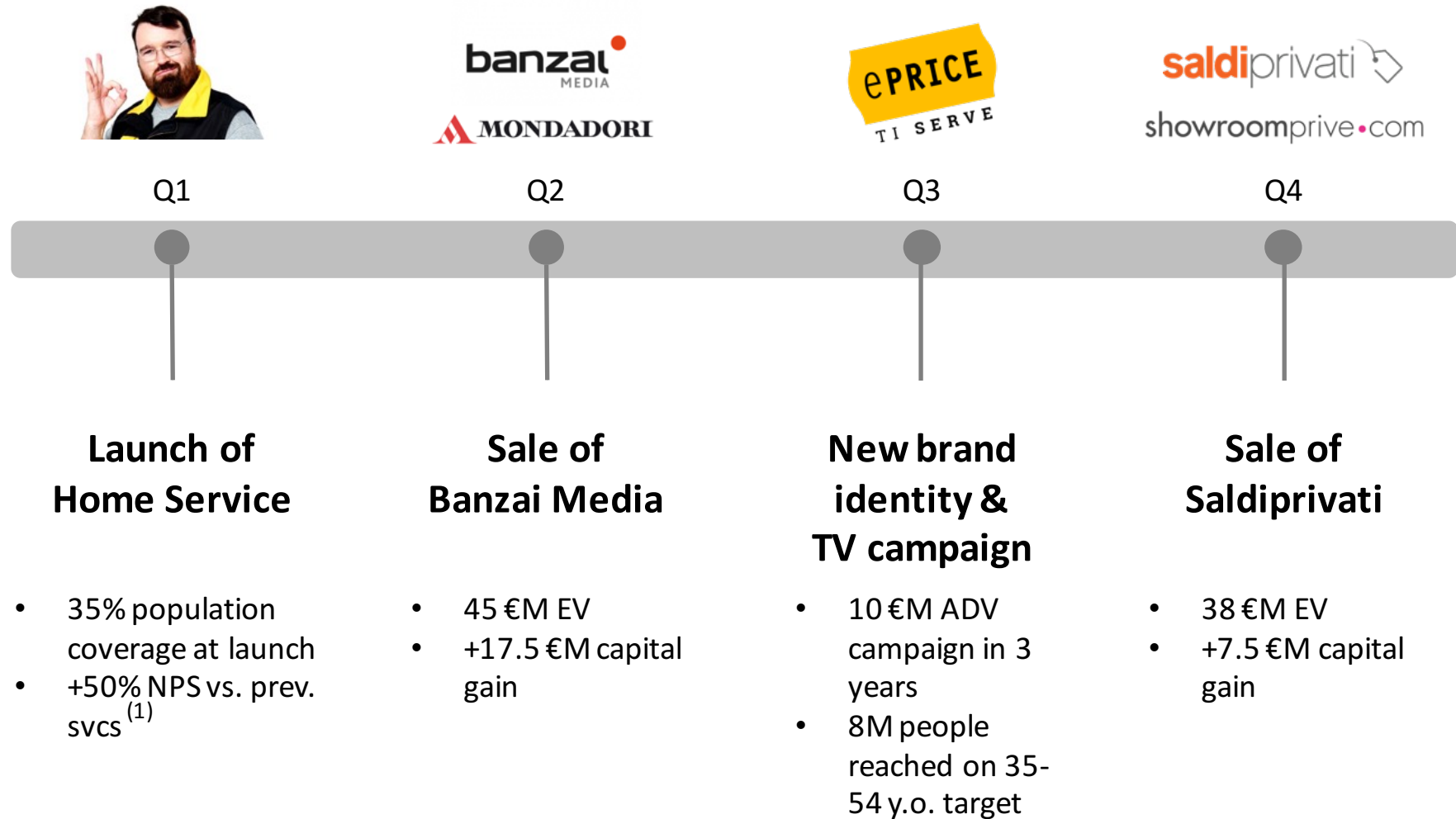
## STRATEGIC PLAN TARGETS

**3x GMV**

**4%-6%  
Ebitda Margin**

**Cash positive  
from 2019**

# WE SIMPLIFIED AND FOCUSED THE COMPANY ON THE MOST PROMISING MARKET



(1) Net Promoter Score is a management tool that can be used to gauge the loyalty of a firm's customer relationships. It can be as low as -100 (everybody is a detractor) or as high as +100 (everybody is a promoter). An NPS that is positive (i.e., higher than zero) is felt to be good, and an NPS of +50 is excellent.

**TODAY WE CHANGE NAME  
BANZAI BECOMES ePRICE**



# CUSTOMERS NOW NEED MORE THAN PRODUCTS DELIVERED AT HOME

## OUR NEW, SERVICE-DRIVEN MISSION

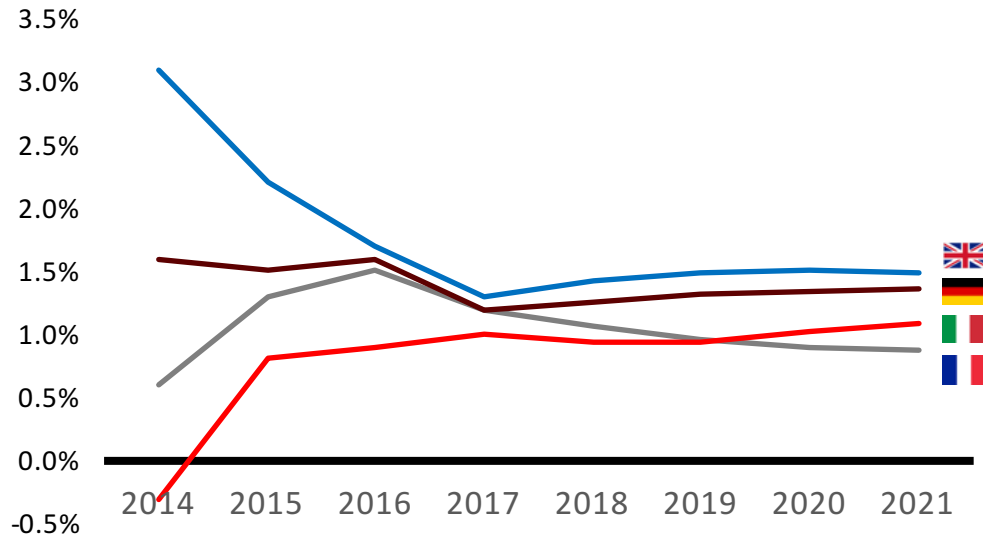
*“To serve the technological evolution of Italian households”*



# TODAY: 19M ITALIANS BUY ONLINE BY 2021: +7M MORE ARE EXPECTED TO DO SO

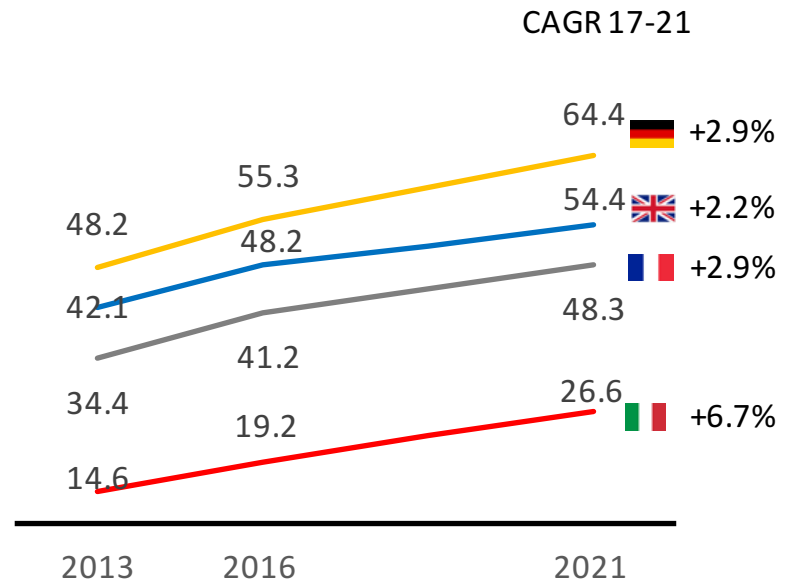
## SOFT ECONOMY MAKES CUSTOMERS SMARTER

GDP YoY Growth, Actual and Forecast, 2014-2021, %



## ITALIAN CUSTOMERS ARE MOVING ONLINE

# Online Buyers (M)



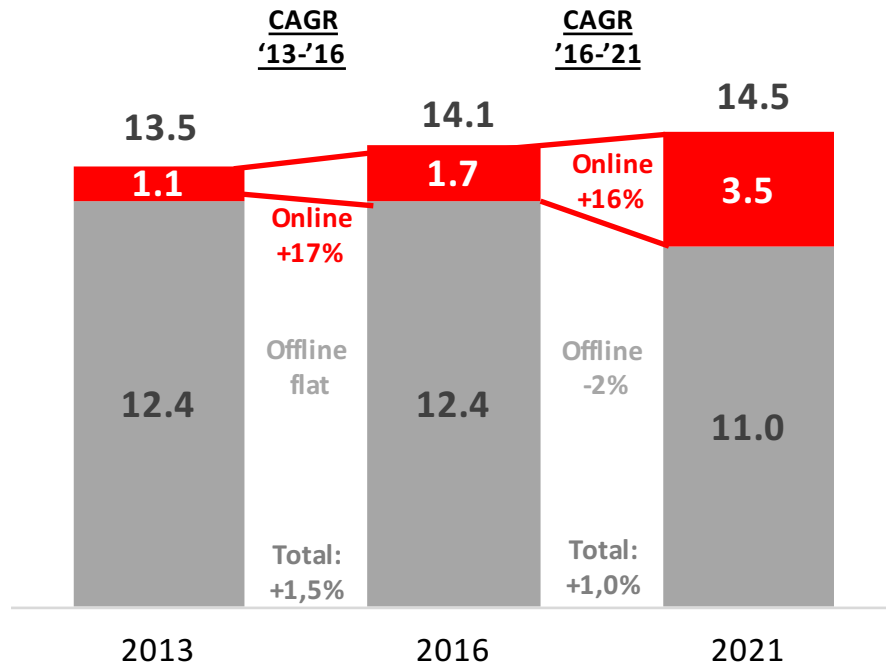
## STRATEGIC TAKEAWAYS

- Economic stagnation drives online growth opportunity
- 7M of new buyers are coming: marketing & fulfilment investment is still a critical factor
- Brick & mortar weakened by extended slow sales. Hence Consolidation / M&A

# 14 €BN PER YEAR OF TECH PRODUCTS. TODAY 1.7 €BN ARE ONLINE, DOUBLING IN 5 YEARS.

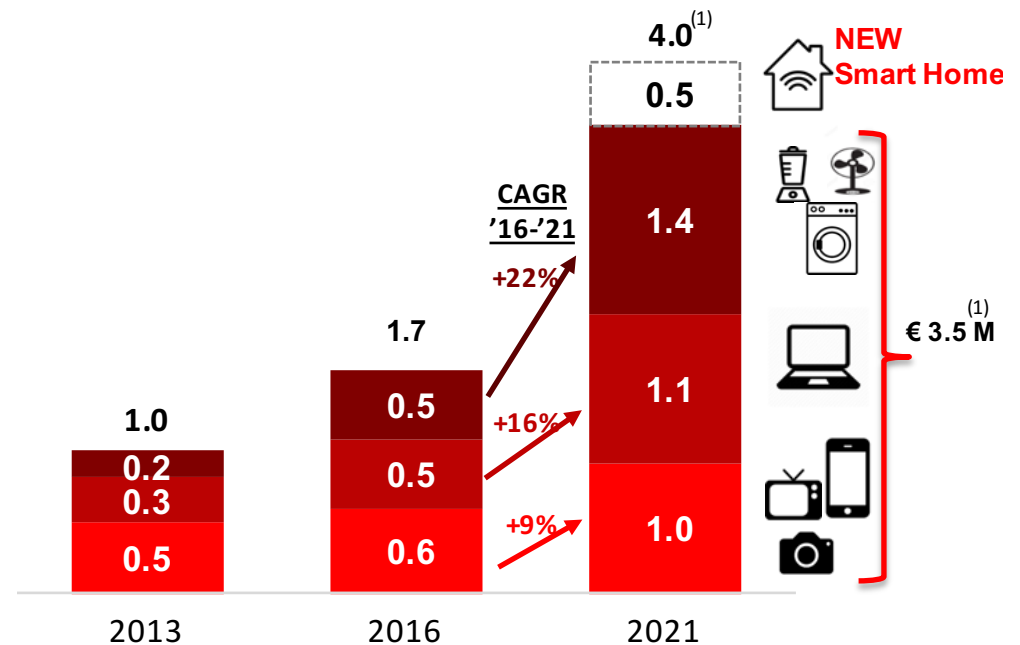
## HUGE OPPORTUNITY SHIFTING ONLINE

Tech & Appliances Retail in Italy B2C Sales  
(market €BN)



## APPLIANCES GROWING FASTER

Tech & Appliances Online Retail in Italy B2C Sales  
(category €BN)



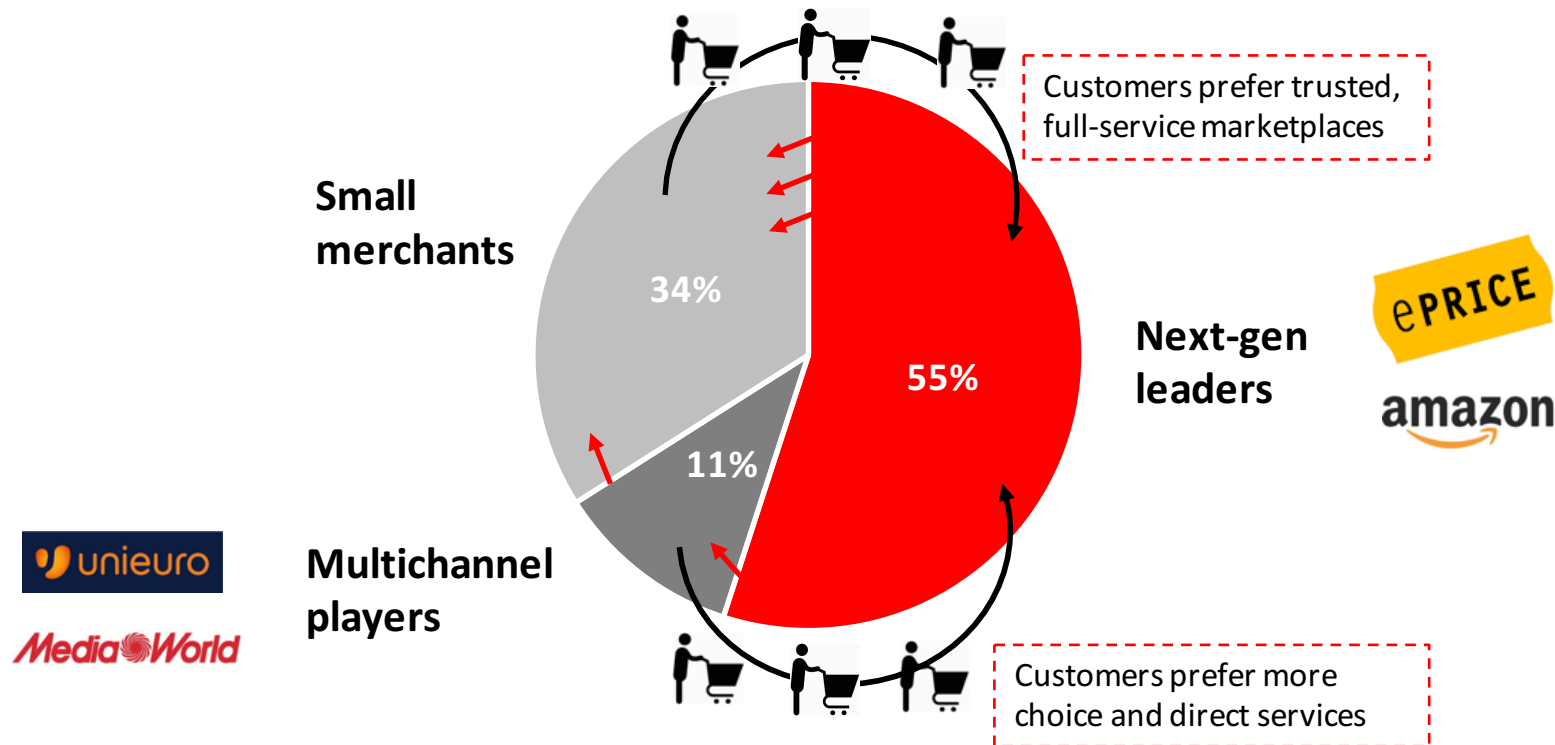
## STRATEGIC TAKEAWAYS

- Offline still huge, but online is the only growing segment
- Offline traditional players will invest in Omnichannel
- Higher margin categories (e.g. MDA) shifting to Online
- New categories (e.g. Smart Home) represent further growth opportunity

# CUSTOMERS CONVERGING ON NEXT-GEN ONLINE RETAILERS. CHOICE & PRICE AS WELL AS SERVICE & CONVENIENCE.

## NEXT-GENERATION TOP PLAYERS ARE POSITIONED TO CAPTURE MARKET SHARE

Market Shares in Online Tech & Appliance Retail in Italy (% Total B2C Sales, 2016 estimate)

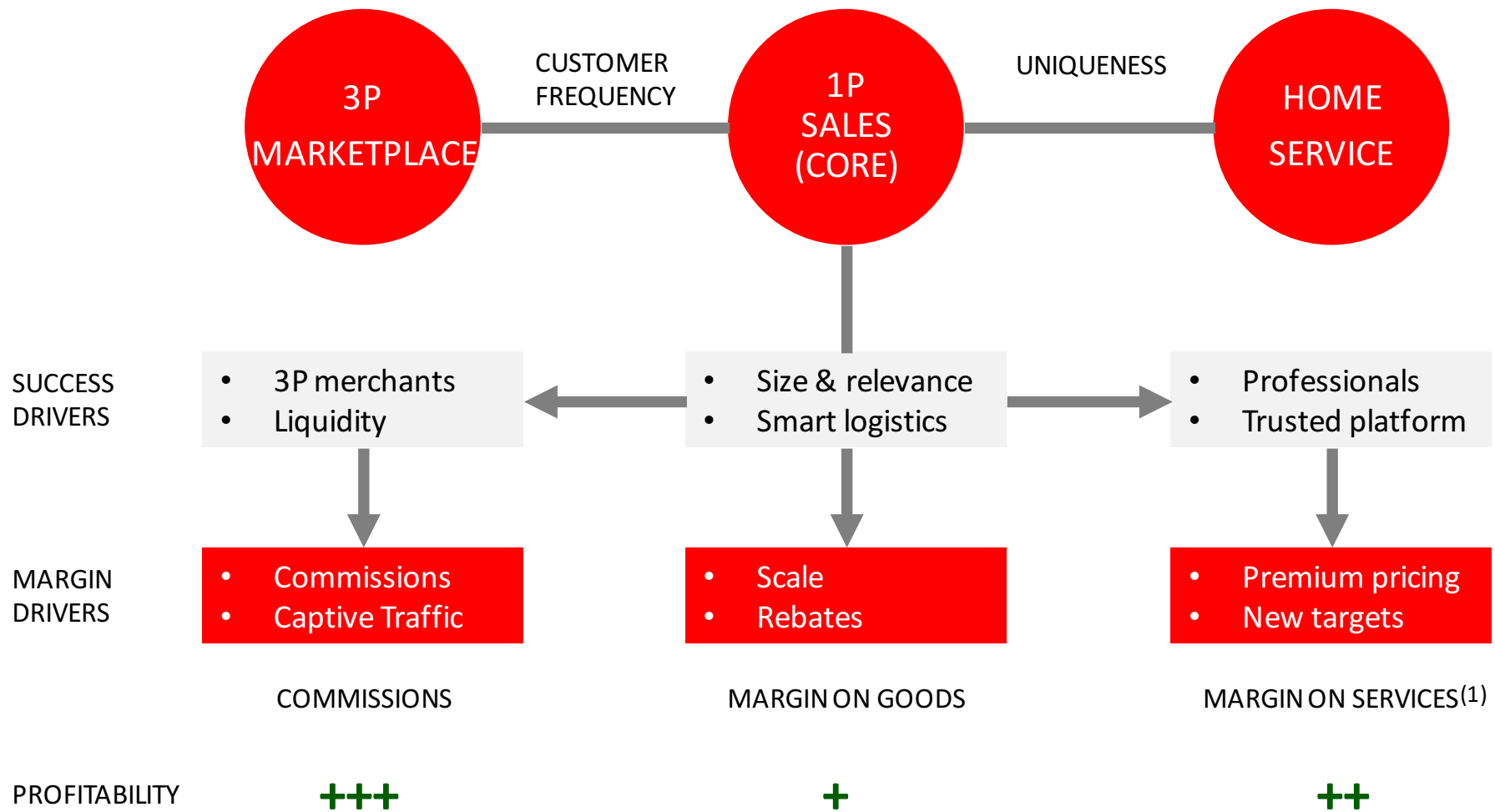


### STRATEGIC TAKEAWAYS

- Consumer demand is changing, looking also for services
- Small merchants to convert in “smarter sourcing” for online marketplaces



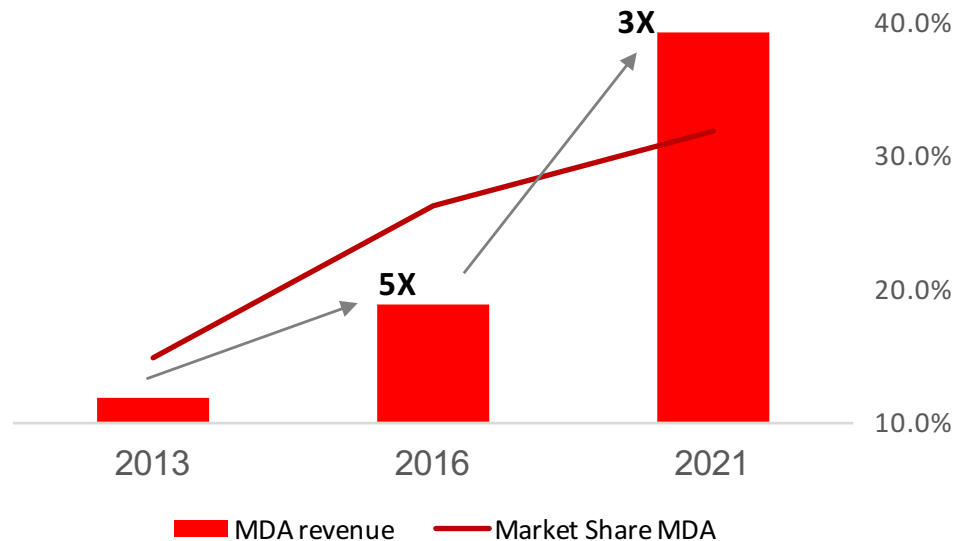
# ePRICE: 3P MARKETPLACE AND SERVICES ARE KEY DRIVERS FOR GROWTH AND PROFITABILITY



# LEADERS IN MDAs 1P SALES, WE PLAN TO MULTIPLY OUR SIZE AND RELEVANCE VS. MAJOR BRANDS

## APPLIANCES LEADERSHIP = RELEVANCE

ePRICE MDA Sales 2015-2021 projections



## 2021 TARGETS

**Double**

direct purchases from  
key vendors

**+200 bps**

Margin on B2C Goods  
due to relevance

**>6x**

Purchasing power  
with key vendors

**>40%**

EBITDA generated  
by 1P B2C goods

## NEW FULFILMENT CENTRE WILL ENABLE GROWTH



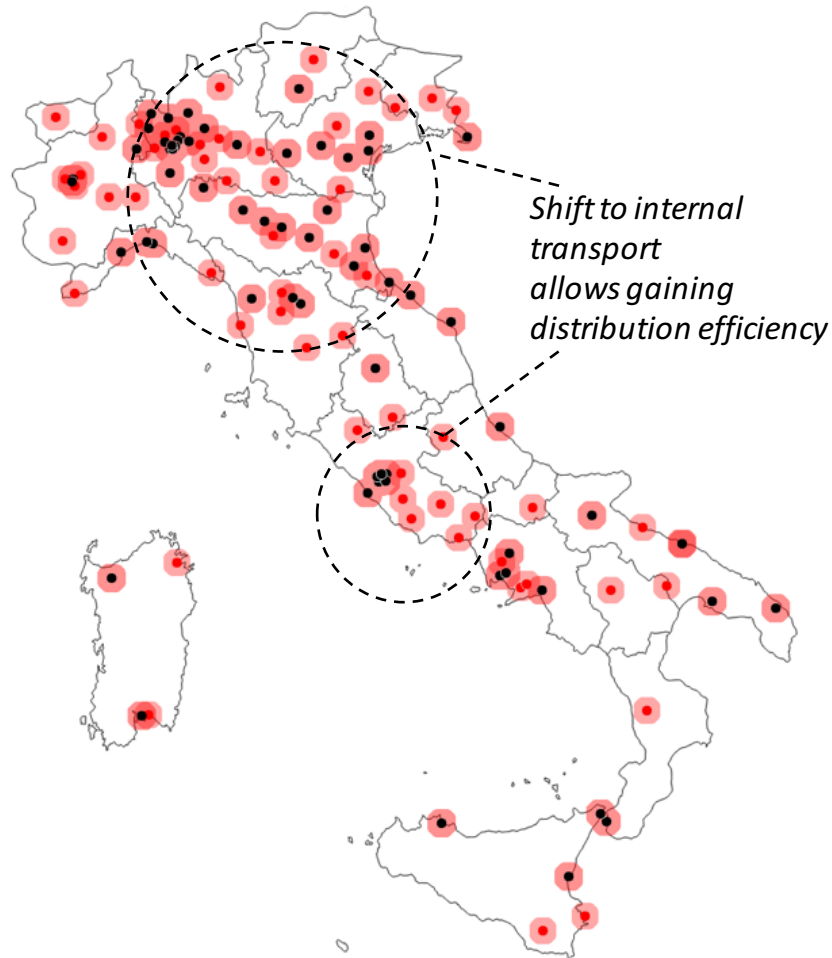
## STRATEGIC TAKEAWAYS

- Service-driven sales optimize 1P-3P sales allocation
- Relevance vs. brands drives higher margins & better SLAs
- New fulfilment center improves metrics & service

# 125 PICK&PAY AND 295 LOCKERS IN 109 CITIES ARE NOW READY TO BECOME A MARKETING PLATFORM

## PLATFORM EXPANSION HAS BEEN COMPLETED

Stores distribution (red dots opened after IPO)



## CURRENT AND 2021 TARGETS

### Free

VIP Programs  
launch in 2017

### Test

"Next Gen" Pick&Pay  
format in 2017

### 2X

Order frequency  
vs. courier

<sup>(1)</sup>  
**NPS > 80**

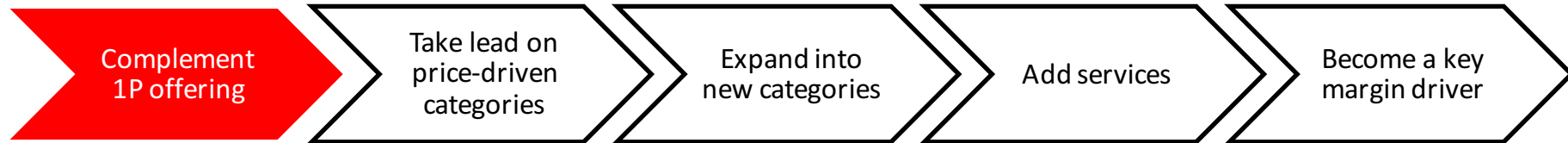
Higher customer  
satisfaction

## STRATEGIC TAKEAWAYS

- Saturation drives distribution efficiency
- Loyalty drives frequency and marketing savings
- Synergy with services (returns, fix & repairs, demo)
- Segmentation opportunity, P&P fit specific needs

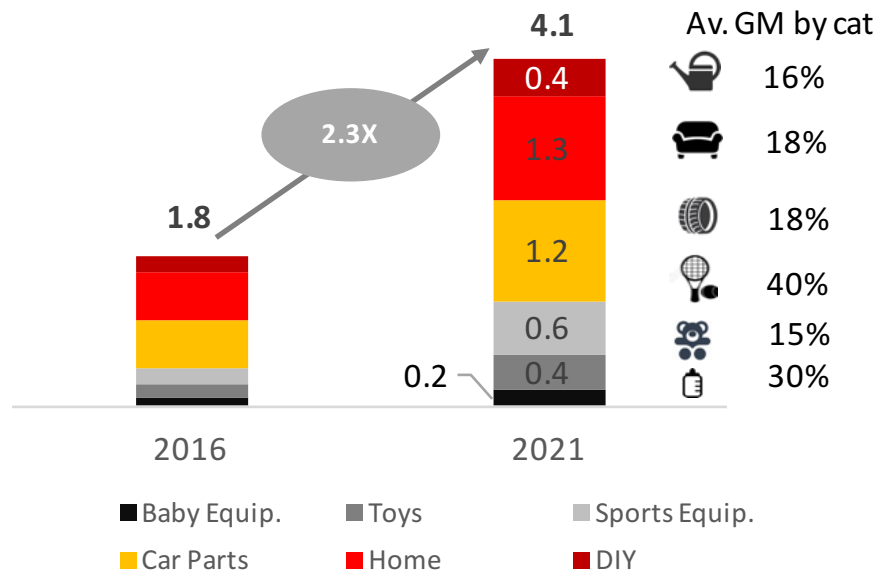
# MARKETPLACE DRIVES GROWTH, MARGINS AND ENABLES LAUNCH OF NEW CATEGORIES

1P SERVICE-DRIVEN PRODUCTS + 3P PRICE-DRIVEN PRODUCTS + BEST SERVICES = THRIVING & PROFITABLE MARKETPLACE



## SMART EXPANSION IN “ePRICE CONSISTENT” NEW CATEGORIES

e-Commerce projections for selected product categories (€BN)



## 2021 TARGETS

**10M**

marketplace product range up from 3M

**8,000**

3P merchants (1K today)

**>30%**

on B2C Goods GMV from 3P merchants

**>20%**

EBITDA generated by 3P marketplace

## STRATEGIC TAKEAWAYS

- 3P marketplace is commission-based, margin driver
- Opportunity to cross-sell services (i.e logistics, P&P, VAS)
- Improves customer loyalty & frequency

# A NEW PROFITABLE OPPORTUNITY: SELLING SERVICES €1BN ONLINE DEMAND FOR INSTALLATION AND MAINTENANCE

75 MILLION PRODUCTS REQUIRE INSTALLATION AND MAINTENANCE

MDAs & Home Comfort Devices Installed in Italy by Device (M units)



**0.7 €BN**

home appliances  
services  
(low frequency)

Assuming  
1/3 online  
potential

Washing  
machines

22

Dishwashers

8

Heating  
& cooling

15

Freezers

6

Fridges

23

**4.9 €BN**

heating & cooling  
services  
(recurring)

Assuming  
15% online  
potential

**~1 €BN**

addressable market

## STRATEGIC TAKEAWAYS

- Growing attention by vendors, players and utility on service segment
- ePRICE to enter boilers and heating Installation and Maintenance market
- Extend Services and protection potentially to all MDAs in Italian households

# HOME SERVICE IS ALREADY A WINNER ON MDAs. WE ARE ADDING NEW CATEGORIES & SERVICES.



## HOME SERVICE WILL BE EXPANDED SIGNIFICANTLY



INSTALLATION & RECYCLING	Professional delivery	Active on Home Service	Active on Home Service	Active on Home Service	
	Hardware installation	Active on Home Service	Active on Home Service	Active on Home Service	
	Wall mount & built-in	Migrating on Home Service	Migrating on Home Service	Migrating on Home Service	
	Cleanup & recycling	Active on Home Service	Active on Home Service	Active on Home Service	
	Energy checkup	New services	New services	New services	
SETUP & CONFIGURE	Network connection	New services	New services	New services	New services
	Accessories setup		New services	New services	New services
	Demo & tutorials		New services	New services	New services
	SW setup & upgrades			New services	New services
SUPPORT & REPAIR	Remote support			New services	New services
	Onsite support		New services	New services	New services
	Repair	New services	New services	New services	New services

■ Active on Home Service   ■ Migrating on Home Service   ■ New services

## 2021 TARGETS

**~40%**  
attach rate in  
Home Service on MDAs

**>20%**  
Ebitda by 2021

**70 NPS**  
Maintain higher  
customer satisfaction

**1,000**  
Multi-skilled  
professionals by 2021

## STRATEGIC TAKEAWAYS

- Wider service range sets us apart from competitors
- Services drive higher conversion rate
- Services can be sold bundled / unbundled & B2C / B2B
- Services are key to sell “smart home” products

# ADDING PURCHASE SOLUTIONS AND PRODUCT PROTECTION IMPROVES CONVERSION AND MARGINALITY.

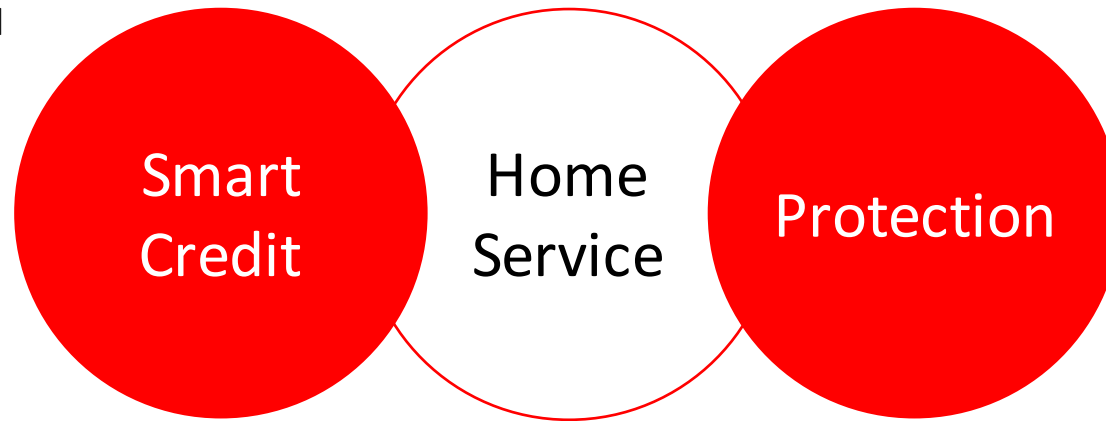
Real-time approval

Rent to buy

Always new

Flexible plans

Personal wallet



Extended warranty

Damage protection

Remote assistance

Bundled protection

## EXAMPLES OF ADVANCED SOLUTIONS



### Always New dishwasher

- + Installation
- + Extended warranty
- + Change every 5 years

**MONTHLY SUBSCRIPTION**



### Time & Energy Saver

- + Installation
- + Warranty & damage
- + Yearly maintenance

**MONTHLY INSTALLMENTS**



### Built-in Home Package

- + Full set of built-in MDAs
- + Installation & setup
- + Total family protection

**MONTHLY INSTALLMENTS**

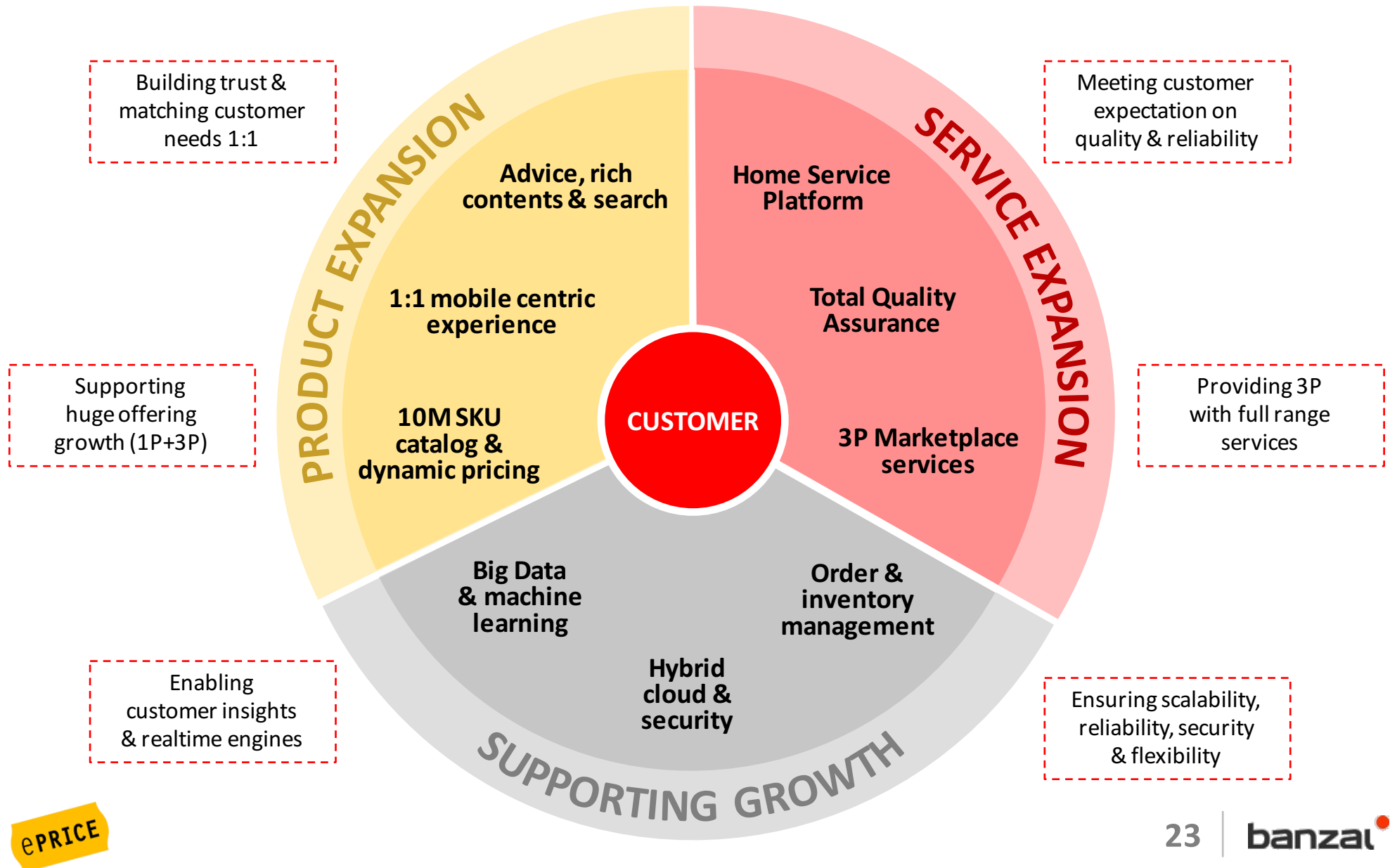


### Gimme 5

- + Choose an MDA
- + Deposit 5% upfront
- + Free total protection

**10 INSTALLMENTS**

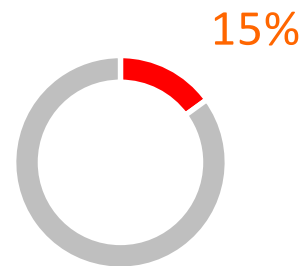
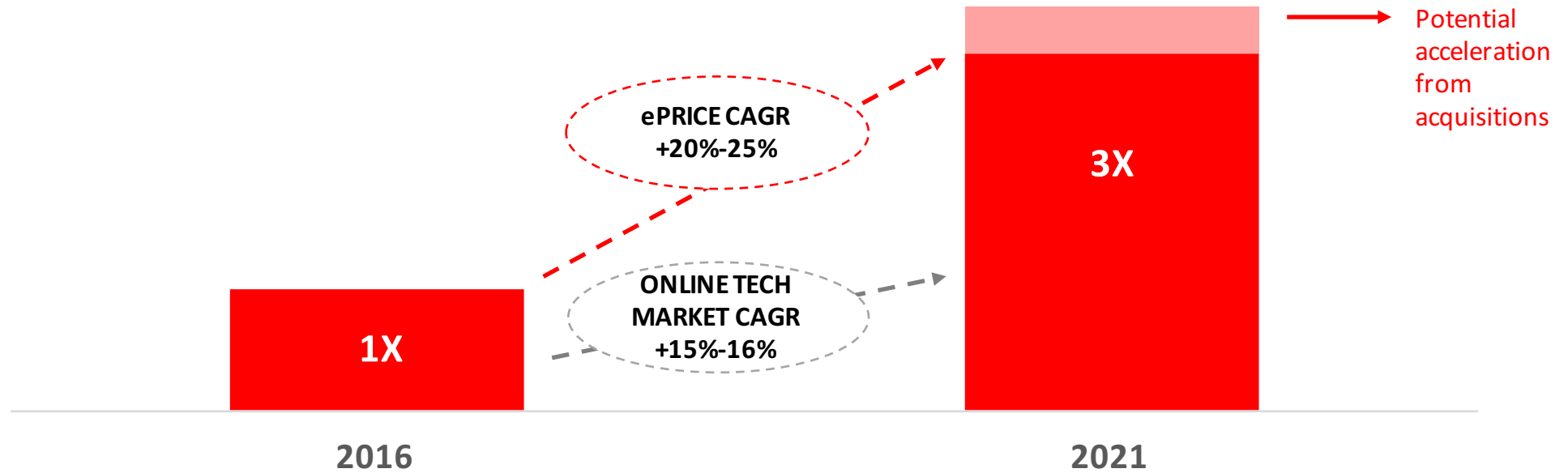
# SUPPORTING 3P MARKETPLACE & SERVICE EXPANSION WITH A CUSTOMER-CENTRIC PLATFORM



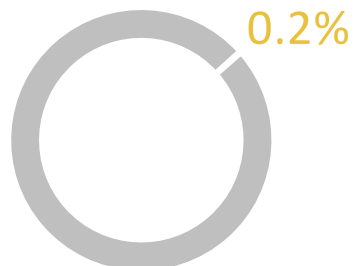


# FINANCIAL TARGETS

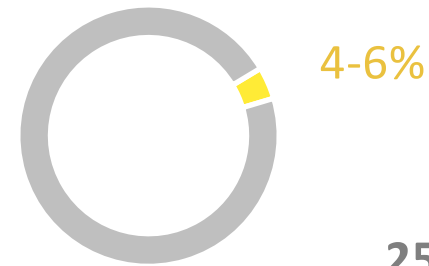
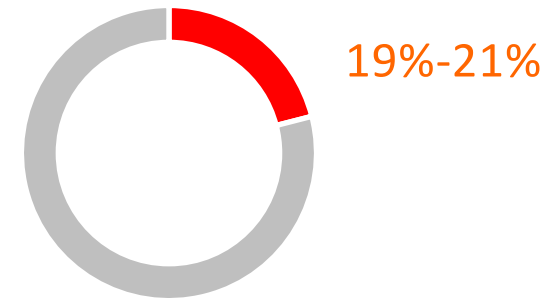
# ePRICE GMV EVOLUTION OVER NEXT YEARS



Online Tech Market share



Online Home Services  
Market share



# RECAP: OUR BUSINESS GOALS, LOOKING FORWARD

## STRATEGIC GUIDELINE

## TARGET METRICS

1

**LEAD e-COMMERCE DEVELOPMENT BY PUSHING MDAs & OTHER SERVICE-CENTRIC HOME PRODUCTS**

>30% MDAs  
online market share,  
+1ppt per year

2

**EXPAND CATEGORY RANGE THROUGH 3P MARKETPLACE TO ADD REVENUES AND MARGIN (E.G. SPORTS EQUIPMENT, HOME IMPROVEMENT, GARDENING, PARTS)**

>30% GMV  
from 3P merchants

3

**BUILD A CUSTOMER CENTRIC SERVICE PLATFORM WITH TOTAL QUALITY IN MIND: PICK&PAY, INSTALLATION, SETUP, PROTECT, SUPPORT & REPAIR**

> 10% GMV from  
services

4

**ESTABLISH A RECOGNIZED BRAND BY ITALIAN HOUSEHOLDS, BUILT AROUND SOLID, CONSISTENT VALUES**

>30%  
unsolicited brand  
awareness

5

**CAPTURE STRATEGIC AND TACTICAL OPPORTUNITIES THROUGH M&A AND SMART ACQUI-HIRING**

Accelerate  
plan progress

# TARGET MODEL

	2015	TTM <sup>(3)</sup> 2016	TARGET	DRIVERS
<b>MARKET GROWTH TECH&amp;APPLIANCES</b>	20%	24%	15%-16% >2X	Secular shift from offline, mobile, innovation
<b>GMV</b> <sup>(1)</sup>	€ 207M	€240M	>3X	Market Growth, MDA, 3P Marketplace
<b>REVENUES</b>	€168M	€188M	>2.5X	Market Growth, B2B, ADV, Infocommerce
<b>GROSS MARGIN</b> <sup>(2)</sup>	13.8%	14.7%	20%-22%	Mix&sourcing, Rebates, 3P Marketplace, Infocommerce
<b>MARKETING</b> <sup>(2)</sup>	5.3%	5.9%	4.5%-5.0%	Brand Awareness, Returning Customers
<b>FULFILMENT TRANSPORT</b> <sup>(2)</sup>	3.5%	4.0%	5.0%-5.5%	Now including Transport&Installation service
<b>FULFILMENT INTERNAL</b> <sup>(2)</sup>	5.0%	5.2%	3.8%-4.3%	New fulfilment center, scale & efficiency program
<b>IT + G&amp;A</b> <sup>(2)</sup>	4.6%	4.9%	1.8%-2.5%	Efficiencies and scalability
<b>EBITDA adj.</b> <sup>(2)</sup>	-4.8%	-5.3%	4%-6%	➔ #1 specialty player, enhanced by services
<b>CAPEX</b> <sup>(2)</sup>	3.4%	4.5%	1.5%-2.0%	2017 new fulfilment, €5M



(1) GMV (Gross Merchandise Volume): it includes revenue from products, deliveries and revenue from 3P marketplace, net of returns and VAT included. Infocommerce and Advertising and B2B revenues not included., representing c. 6% of revenues in 9M16

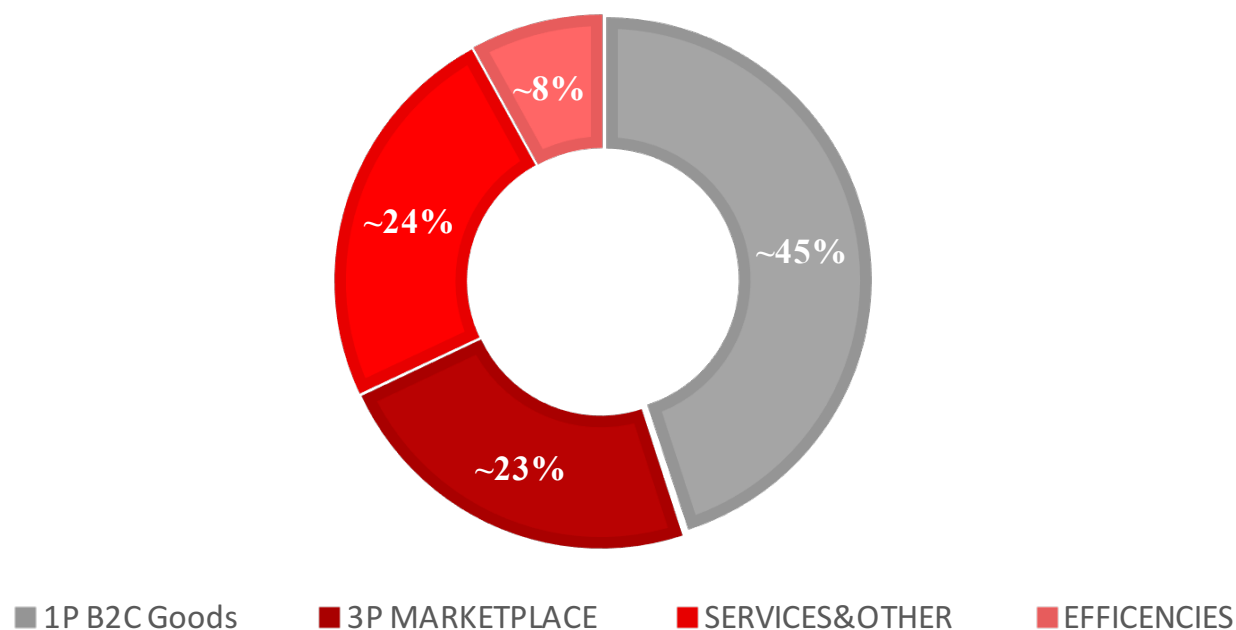
(2) % of revenues

(3) Trailing twelve months at 30/9/2016

# EBITDA EVOLUTION AND BREAKDOWN

- Progressive improvement of EBITDA towards the 4%-6% goal powered by:
  - Margin on goods 1P sales improvement
  - Service & Marketplace to represent close to 50% of Ebitda
  - Cost scale optimization (>10% 2021 Ebitda)

*Ebitda 2021 breakdown*



# CF PROJECTIONS & POTENTIAL ACQUISITIONS

- Solid Net Cash position throughout 5y plan
- Operating Cash Flow positive in 2018
- Cash Flow positive in 2019
- Additional up to €18 M from executed disposal earn-out between 2017-2019
- € 40M available for opportunistic acquisitions, to speed up targets achievement
  - Current core categories
  - Last mile services
  - Home service
  - Smart Home & Remote Support services
- Target Model Ebitda Conversion to Operating Cash Flow >80%

**BACK-UP**

# DEFINITIONS

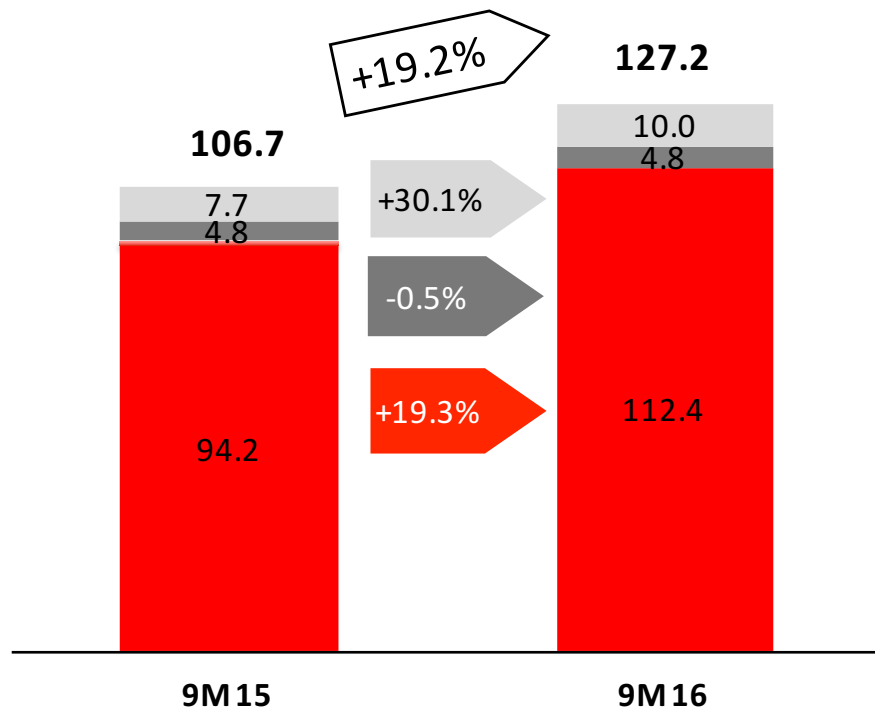
- **GMV:** Gross Merchandise Volume, it includes revenue from products, deliveries and revenue from 3P marketplace, net of returns and VAT included. Infocommerce and Advertising and B2B revenues not included.
- **Net Promoter Score:** is a management tool that can be used to gauge the loyalty of a firm's customer relationships
- **TTM GMV/Revenues:** Trailing/Last Twelve Months Results
- **Gross Margin:** since 30.9.2016 Gross Profit/Margin has been restated and is now net of delivery cost, booked under fulfilment (in line with peers)
- **Fulfilment Transport Cost:** delivery cost (courier, premium)
- **Fulfilment Internal Cost:** all other fulfilment
- **G&A:** also includes costs previously booked as “holding”



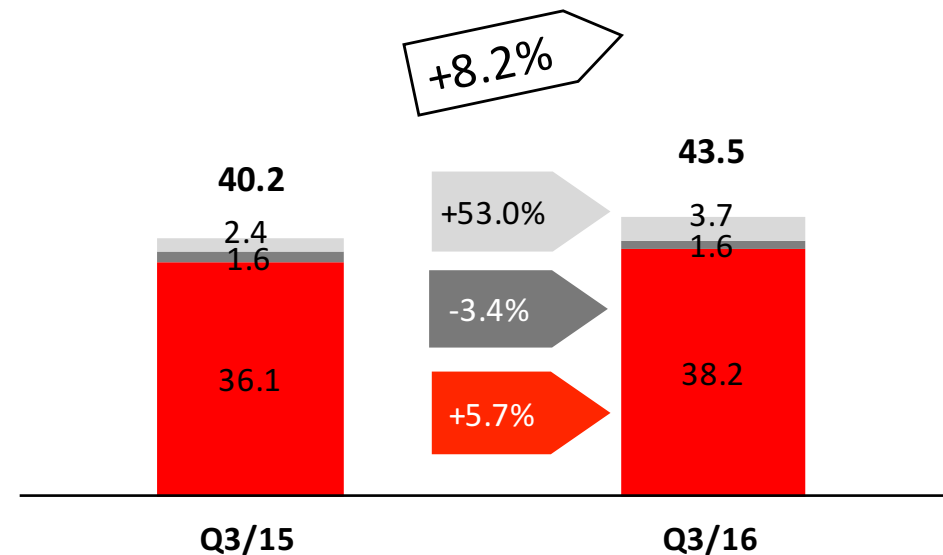
## BACKUP: 9M 16 REVENUES

- Significant slow down in top line growth in Q3
- Tough comparison in Home Comfort and Climatization vs. an extraordinary 2015 hot summer
- Appliances solid growth over 9 months: +28% YoY
- Competitive pressure: tough Q3 in Tech & Appliances, slightly improving in October

(Revenues in € M)



(Revenues in € M)



■ Electr.&Appliances ■ Other ■ Services

■ Electr.&Appliances ■ Other ■ Services

# BACKUP: CASH FLOW 9M 16

€ M

Cash flow	9M 2016	9M 2015
Net result	-11.0	-7.3
D&A	2.9	1.9
Other non cash items	1.3	0.4
Change in WC	-8.2	-4.7
<b>Cash flow from operations</b>	<b>-15.0</b>	<b>-9.8</b>
Cash flow operating from discontinued activities (SP)	-4.8	-0.4
Net capex	-5.8	-5.8
Other non current	-0.2	-0.5
Acquisition	-0.8	-0.3
<b>Cash flow from investing activities</b>	<b>-6.8</b>	<b>-6.5</b>
Cash flow investing from discontinued activities (Bmedia)	31.2	-4.6
Cash flow investing from discontinued activities (SP)	-0.7	
Change in net equity	0	48.6
Treasury stock	-1.1	0
Change in bank debt	-8.7	3.5
<b>Cash flow from financing activities</b>	<b>-9.8</b>	<b>52.1</b>
Cash flow financing from discontinued activities	0.0	-4.0
<b>CASH FLOW</b>	<b>-6.0</b>	<b>26.8</b>

+€ 25.7 M cash-in from discontinued activities:  
 ✓ + € 31.2 M from Banzai Media  
 ✓ -€ 5.5 M from Saldiprivati

Treasury Stock -€1.1M  
 -€21.8 M from continuing activities, including c.-€5M advanced payment ePRICE TV Campaign, VAT included