

# [CELLULARLINE GROUP]

Investor Presentation

European Midcap Event

Paris - June 19, 2019



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# The European reference brand in the market of accessories for smartphones and tablets

*Cellularline Group operates in Italy and abroad in the design, distribution and marketing of accessories and devices for multimedia products. Thanks to a highly tailored product strategy based on excellence in quality, design and innovation, Cellularline offers solutions in step with technology trends, constantly striving to combine optimum performance and ease of use*

## Product offering

### Red line

*Design and marketing, in Italy and abroad, of a wide range of Cellularline and AQL branded accessories and devices for mobile phones and tablets*

### Black line

*Design and marketing, in Italy and abroad, of products and accessories for motorcycles and bicycles*

### Blue line

*Marketing in Italy of non Cellularline products*

## Geographical footprint

■ Covered markets  
■ Main European countries served by Cellularline



## Sales channels

### Consumer Electronics



### Mass Merchandise



### Travel Retail



### E-commerce



### Telco



## Distributed third-party brands

**SanDisk**



**HUAWEI**



**VIVANCO**

**SAMSUNG**

## Brands portfolio



*Historical brand dedicated to the accessories market for smartphones and tablets*



*Brand dedicated to products for listening to music on the move from the end of 2017 in Italy and from the end of 2018 in Europe*



*Brand active since 2005 in the field of intercoms for motorcyclists*

## Key success factors



*Management expertise*



*Significant brand recognition and strong positioning in several European markets*



*Flexibility of the operating model*



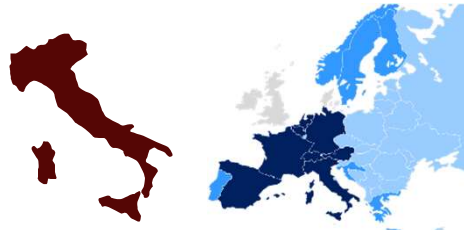
## Cellularline development phases

**Booming Phase**  
development of smartphone era



*Riding the wave of new smartphone era*  
Offering a **wide range** of smartphone and tablet accessories

**Consolidation Phase**  
in major market segments

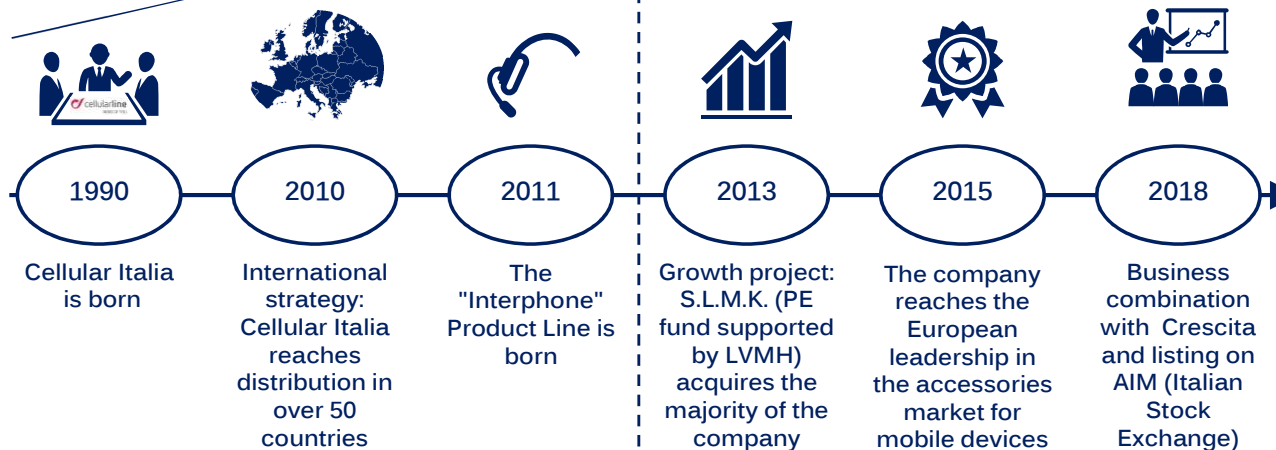


*Balancing growth while targeting international and new channels expansion*  
Focusing on **operational excellence**  
Strengthening management team

**Expansion Phase**  
organic growth and M&A



*Exploiting further opportunities in international markets, underdeveloped channels and new products*



Cash available to finance further expansion opportunities in next years

- On March 1<sup>st</sup> the company started the process of listing on MTA - STAR segment
- On April 3<sup>rd</sup> the group completed its first M&A deal with the acquisition of Systemaitalia

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1. Business model



# 1. Business model

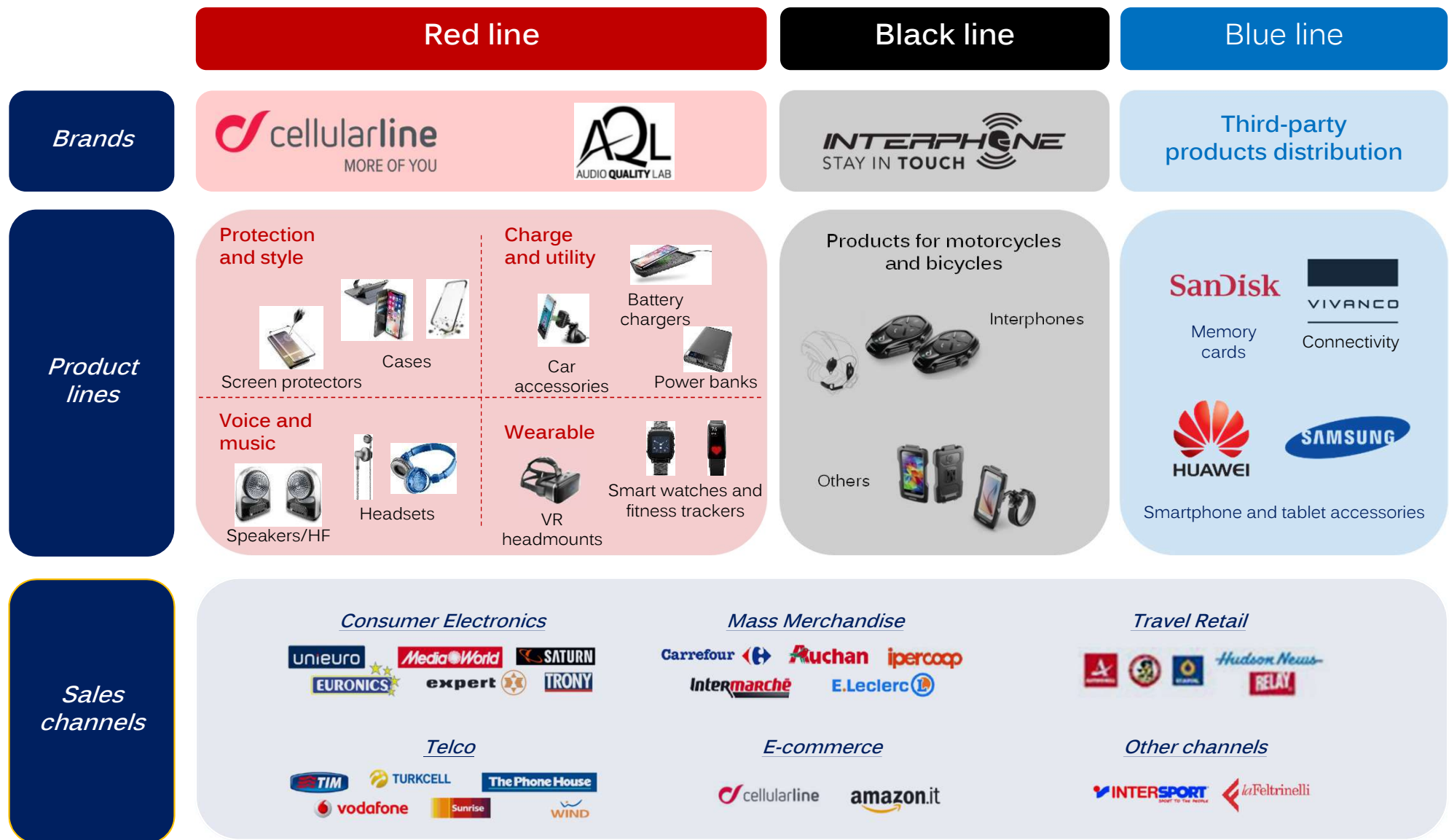
## A sizeable EMEA market of around €4bln<sup>(1)</sup>



<sup>(1)</sup> Market value estimated by management based on data provided by leading research institutes

1. Business model

A rich product mix to satisfy every need



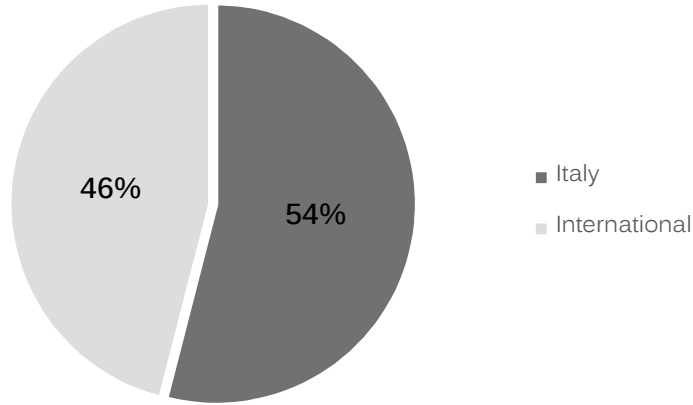


# 1. Business model

## Wide geographic presence with a leading position in Europe

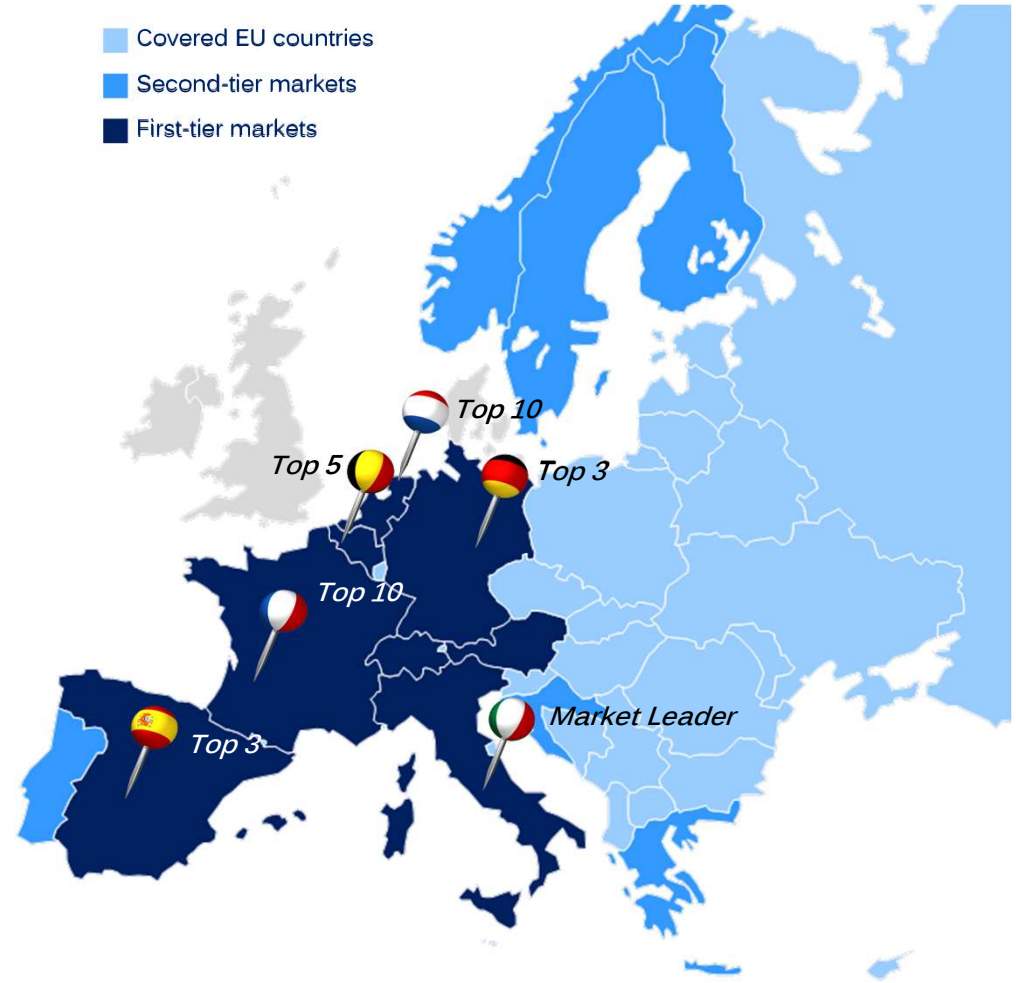
### Business by geography

(% on Revenues pro-forma FY 2018)









### Market leading position <sup>(1)</sup>

- Covered EU countries
- Second-tier markets
- First-tier markets



### Market share <sup>(2)</sup>

Country	Market share (# value)
 Italy	35%
 Germany	7%
 Spain	6%
 Belgium	6%
 Netherlands	4%
 France	2%

<sup>(1)</sup> Data refer to the market for smartphone accessories with a price below € 100 (unadjusted for inflation).

<sup>(2)</sup> As a percentage of selling volume.

Source: value estimated by management based on data provided by leading research institutes.

1. Business model

A distinctive and effective business model



Product Development



Value Chain Strategy



Trade Marketing



Sales Channel Management

## Focus on Product Development



The historical and core brand of the group. **Cellularline** is the **European leader in the smartphone and tablet accessories** market with a wide product range including Charge & Utility, Voice & Sport and Protection & Style.



Carefully designed and crafted by Cellularline, **AQL** is the audio brand that will **improve people's listening experience** and boost their emotions everyday and wherever they are.

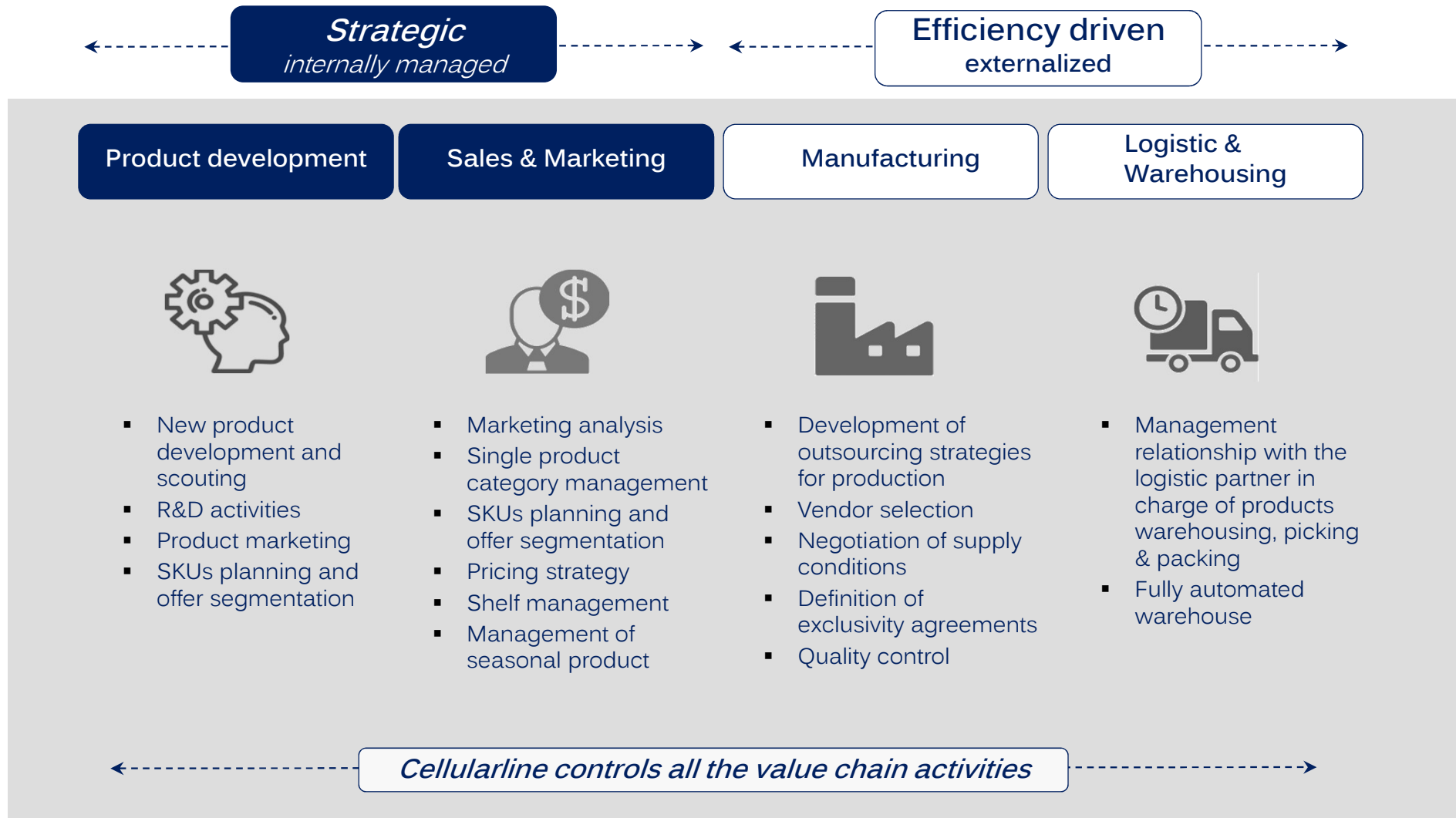


Interphone develops **innovative solutions in communication between motorcyclists**. Over the years, Interphone has earned the complete trust of motorcyclists, thanks to the extreme serviceability and reliability of its devices.





## Focus on Value Chain Strategy



## Focus on Trade Marketing



Assortment  
Management



Display Layout  
Management



POP materials  
strategy by channel



Impulsive Material  
Development

An integrated process to maximize the customer experience

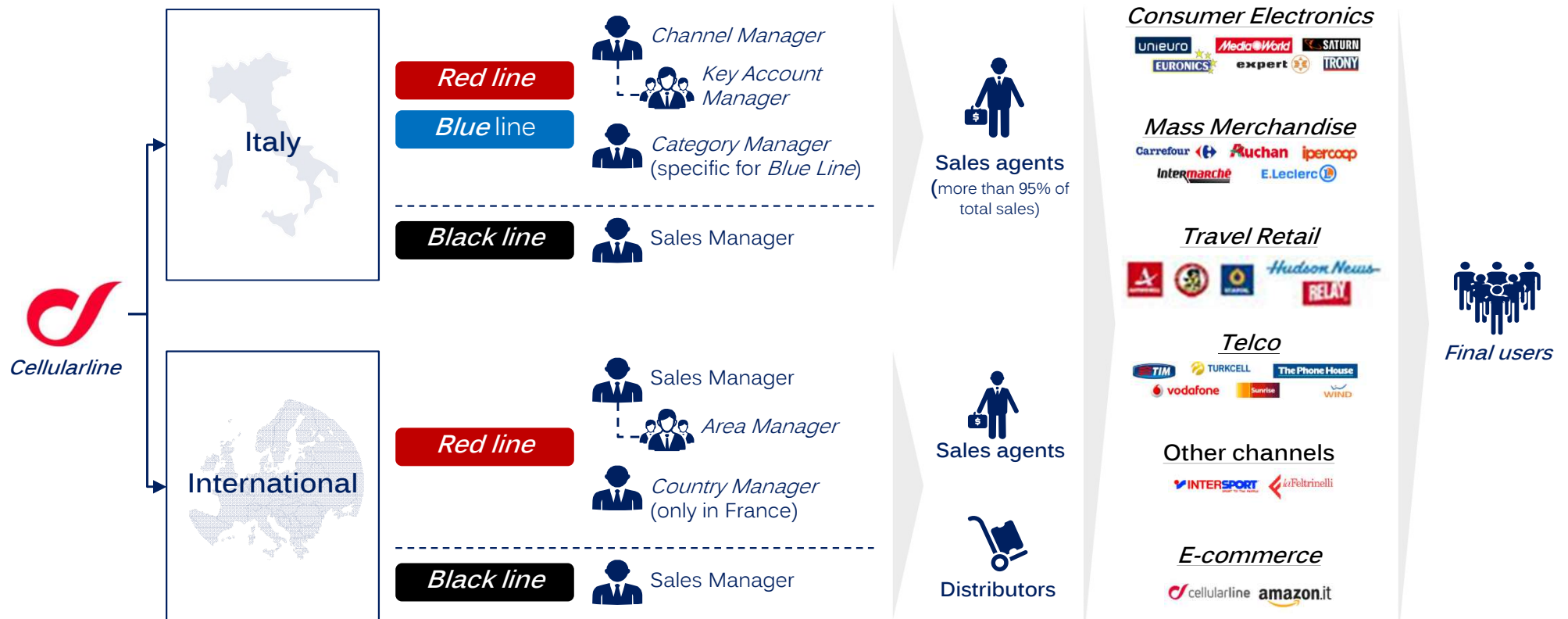
➤ **Ad hoc shelf management** with specific solutions for different channels and clients.

➤ **Visual merchandising management** to ensure a clear distinction between products and to allow flexibility in launching products.

➤ **Ad hoc strategy** to attract new clients, to facilitate cross selling and to enhance the Brand Value.

➤ **Seasonal POP materials** placed at the exit/cashiers to exploit the impulse purchasing.

## Focus on Sales Channel Management



- The Group distributes its products in Italy through two different commercial networks (one of which is exclusively dedicated to Black Line products), mainly composed of commercial agents.
- The international sales network is made up of distributors for both the Red and Black lines; for the former there is also a direct presence in France and Spain.

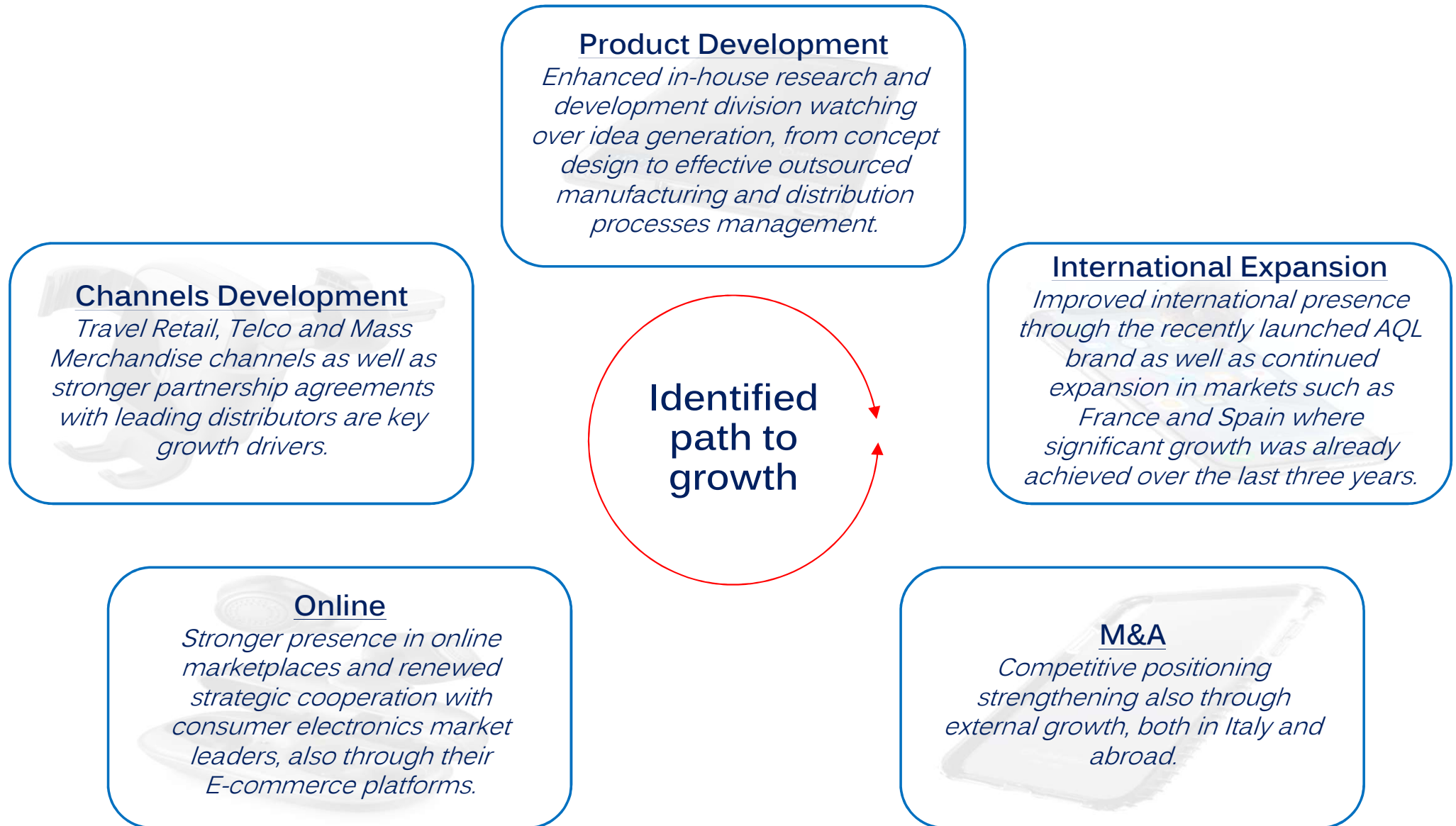




2. Growth Opportunities

## Levers of growth: the strategy for success

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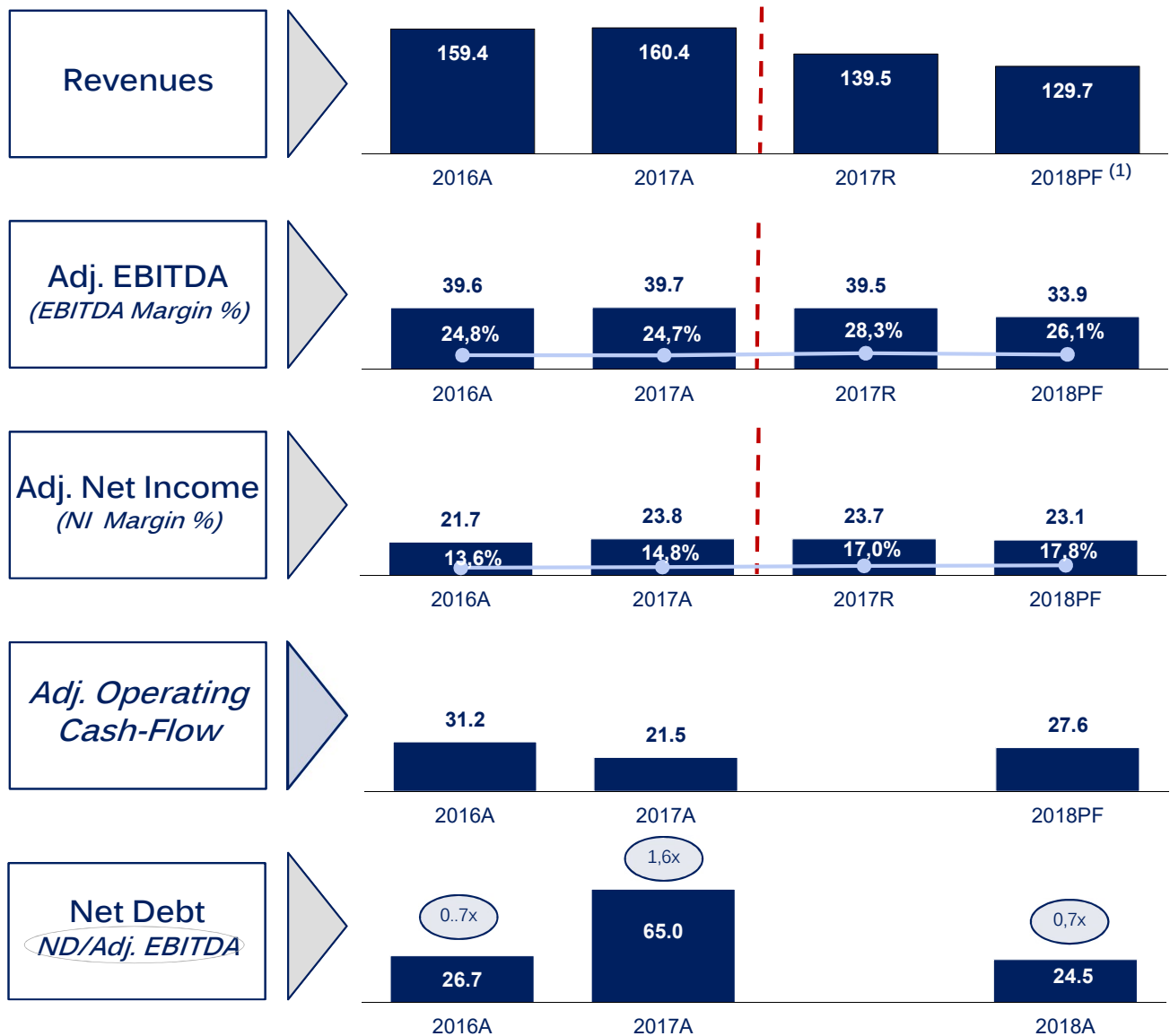




3. Financials and business overview



## Key financials (€m)



### ➤ SALES

- **Non-recurring factors**, such as de-stocking and PoS reorganization of some Italian retailers **weighted on FY 2018**.
- Weak consumer confidence in the main domestic market, partially compensated by growing **international markets** which **reached 46%** of total revenues.
- Strong growth of the audio segment where the group has recently entered in.

### ➤ Adj. EBITDA

- Mainly affected by a **non-recurring decline in volumes**.
- Moreover the decrease is a result of:
  - product mix: the recently developed audio segment required an aggressive pricing mix in launch phase;
  - slightly unfavourable customer mix;
  - moderate increase in structural costs.

### ➤ Adj. OPERATING CASH-FLOW

- Operating cash-flow benefits from lower tax payments for € 5.0 million, as a result of the Patent Box agreement.
- **Strong cash-flow generation** on annual basis thanks to limited Capex needs, lower tax rate and low leverage ratio.

### ➤ NET DEBT

- **Ongoing de-leveraging** driven by cash flow generation.
- Cash includes € 20.3 million net contribution from the Business Combination.

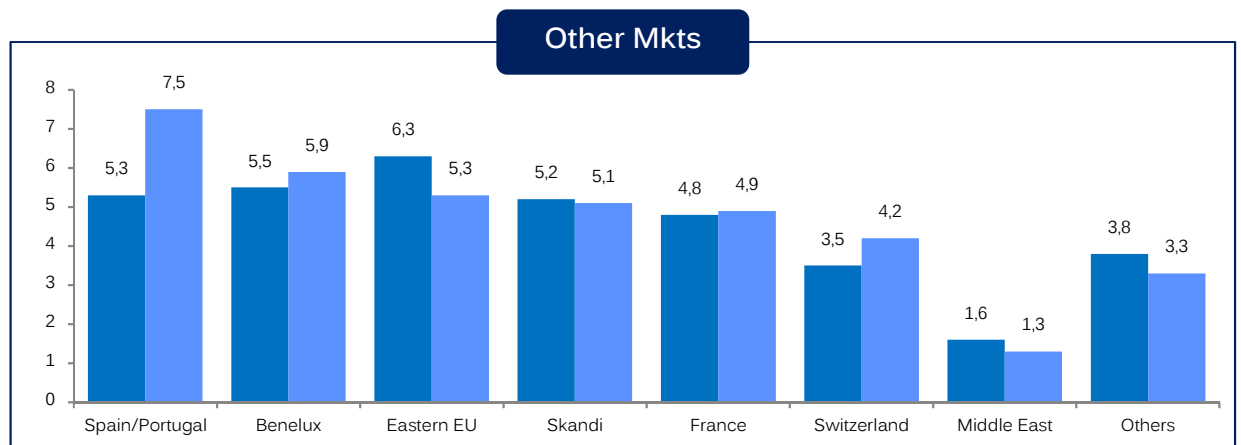
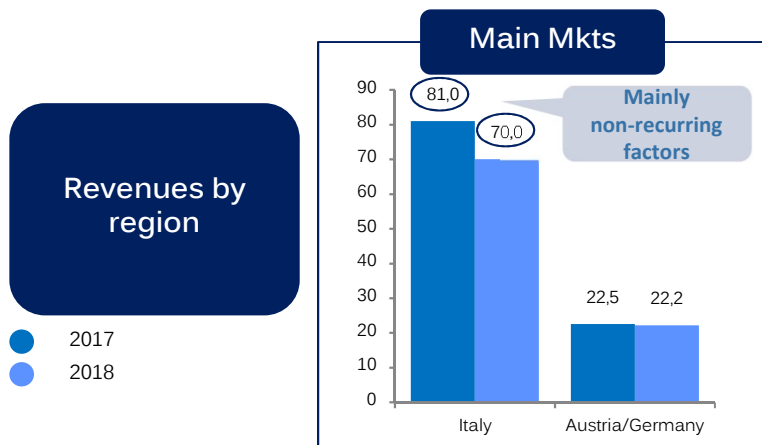
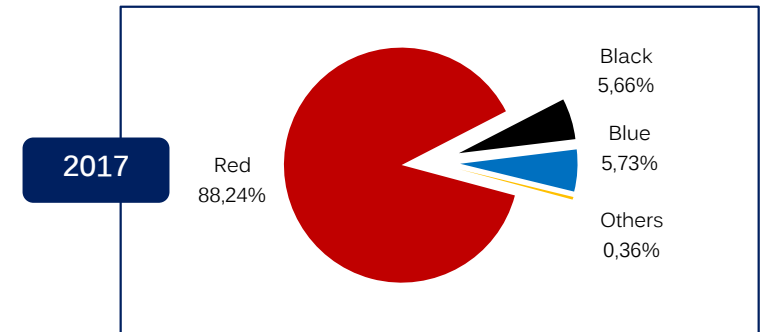
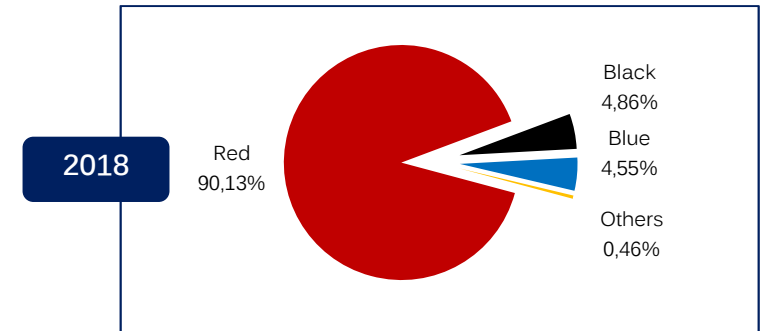
(1) Pro-forma (PF) figures as at 31 December 2018 were prepared to reflect the effects of the Business Combination as if it had taken place on 1 January 2018;

(2) Restated (R) based on the revised IFRS 15.

Focus on Revenues

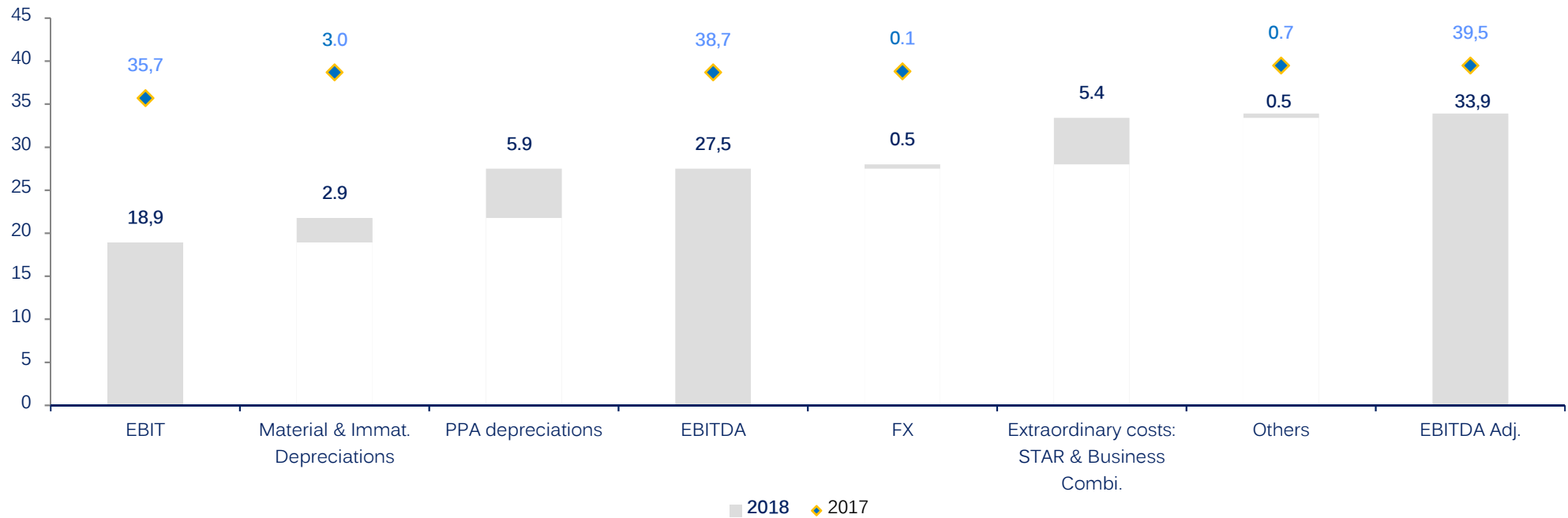
Revenues by product line and geography

(€m)	Year ended				Delta	
	2018 Pro-forma	% on Revenues	2017 Restated	% on Revenues	Value	%
<b>Red Line</b>						
Revenues Red line - Italy	61.2	47.2%	69.5	49.9%	(8.3)	-11.9%
Revenues Red line - International	55.6	42.9%	53.6	38.4%	2.0	3.8%
<b>Total Revenues Red line</b>	<b>116.9</b>	<b>90.1%</b>	<b>123.1</b>	<b>88.3%</b>	<b>(6.3)</b>	<b>-5.1%</b>
<b>Black Line</b>						
Revenues Black line - Italy	2.9	2.2%	3.5	2.5%	(0.5)	-15.7%
Revenues Black Line - International	3.4	2.6%	4.5	3.2%	(1.1)	-24.0%
<b>Total Revenues Black line</b>	<b>6.3</b>	<b>4.9%</b>	<b>7.9</b>	<b>5.7%</b>	<b>(1.6)</b>	<b>-20.3%</b>
<b>Blue line</b>						
Revenue Blue line - Italy	5.9	4.5%	8.0	5.7%	(2.1)	-26.8%
<b>Total Revenues Blue line</b>	<b>5.9</b>	<b>4.5%</b>	<b>8.0</b>	<b>5.7%</b>	<b>(2.1)</b>	<b>-26.8%</b>
Other Revenues	0.7	0.6%	0.4	0.3%	0.3	68.9%
<b>Total Revenues</b>	<b>129.7</b>	<b>100.0%</b>	<b>139.5</b>	<b>100.0%</b>	<b>(9.7)</b>	<b>-7.0%</b>



## Focus on Adj. EBITDA

### Adj. EBITDA bridge



- **In 2018 Adj. EBITDA** amounted to approximately € 33.9 million, with a margin on revenues of 26.1%, down compared to 2017 (28.3%); the decline in Adj. EBITDA is about 70% due to the volume effect - largely non-recurring.
- **Other reasons of the decline** are the product mix (greater impact of the audio segment on which the Group has recently entered, with proportionately more aggressive pricing), a slightly unfavorable customer mix and a minimum increase in structural costs.
- **Costs and revenues included in the adjustments equal to about € 6.4 million in 2018 and mainly consist of:**
  - business Combination costs, of a non-recurring nature;
  - other costs and consultancy for non-recurring transactions;
  - operating exchange gains/(losses) attributable to commercial transaction in USD.



## Focus on Adj. Net Income

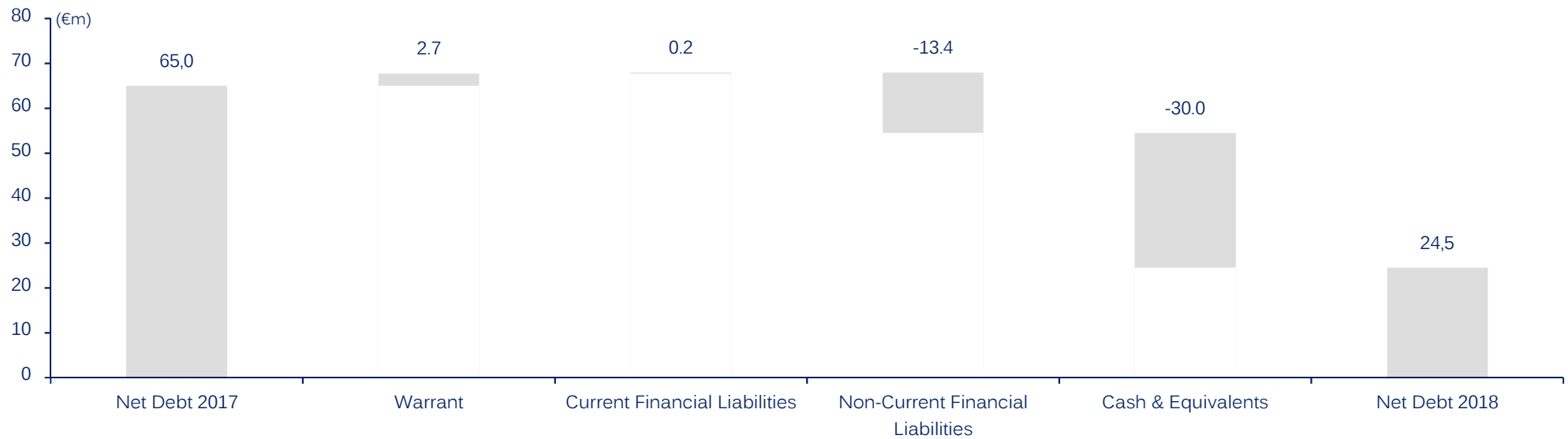
### Adj. Net Income bridge 2018 vs. 2017



- **The adjusted Net Income** does not consider certain charges, income and accounting effects deriving from the Business Combination transaction and the consequent Purchase Price Allocation, as well as the tax benefit on previous periods (2015-2017) deriving from the signing of the agreement of Patent Box.
- **Financial Income and Loss** were influenced respectively by the fair value valuation of the Warrants issued by the Group for € 6.4 million and for € 12.8 million by the subscription of Warrant call options by some investors related to the Business Combination deal.
- **Tax:** the net balance between current taxes and deferred taxes is positive for about € 5.3 million due to the recognition of the benefit over previous periods (2015-2017) from Patent Box for € 10.1 million.

## Focus on Net Debt

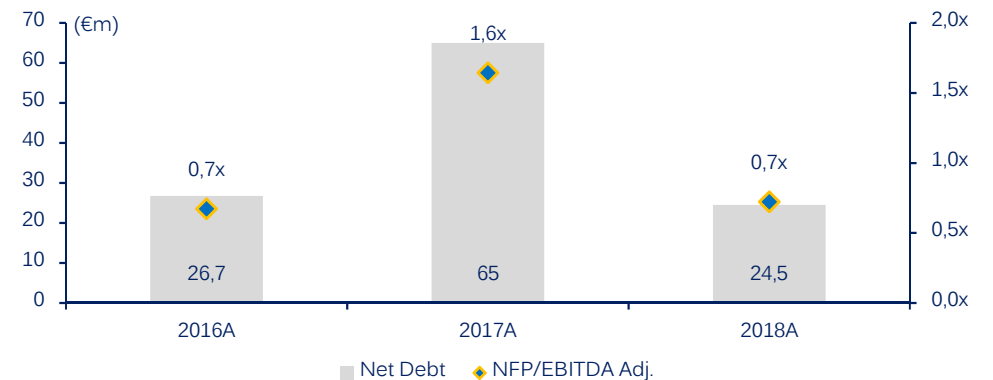
### Net Debt bridge: form 2017 to 2018



### Net Debt evolution

(€m)	2016A	2017A	2018A
Warrant	0.0	0.0	2.7
Current Financial Liabilities	12.8	12.0	12.2
Non-Current Financial Liabilities	24.5	65.0	51.6
Cash & Equivalents	-10.6	-12.0	-42.0
<b>Net Debt 2018</b>	<b>26.7</b>	<b>65.0</b>	<b>24.5</b>

### Net Debt & Leverage ratio



## Current Business<sup>(1)</sup>

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- **Solid rebound** in revenues in the first four months of 2019<sup>(2)</sup>.
- **Overall growth of 14%** compared to the same period of 2018, of which **11% is organic** and 3% due to the acquisition of Systemaitalia.
- In 2019 the organic growth partially depends on the absence of non-recurring negative factors that influenced the Italian market during the first half of 2018.
- Revenues from Systemaitalia - acquired on 3<sup>rd</sup> April 2019 - contributed for approx € 1.0 million to the total growth occurred in the first four month of 2019.
- The process of integration and identification of synergies with the newly acquired company is proceeding according to the established programs and is expected to be fully delivered by the fourth quarter of 2019.
- Growing interest in the stock from the financial community because of the expected **listing on MTA (Italian Stock Exchange)**: on March 1<sup>st</sup> the company started the process of listing on **STAR** segment.



<sup>(1)</sup>Source: press release of June 7<sup>th</sup>, 2019 available on [www.cellularlinegroup.com](http://www.cellularlinegroup.com).

<sup>(2)</sup> Preliminary trend for consolidated revenues in the first four months of 2019.

## Key Pillars

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- **European leading brand, pioneer** in the development and sale of accessories for smartphone and tablet.
- **Flexible business model** with a **customer centric approach**, led by **experienced management team** with a solid consumer goods background.
- **Unique group structure** covering the value chain **from product development to its distribution**, enhancing end-users satisfaction through **market analysis, planning and marketing**.
- **Sizeable and addressable market**, offering significant opportunities to **grow organically and/or externally through M&A**.
- **Strong financial profile** with proven **profitable** and **highly cash generative** business model.





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### 4. Appendix



## Committed management team with experience in FMCG



*Co-CEO  
Product &  
Sourcing*

**Christian Aleotti**  
*(in Cellularline since 1991)*

Co- Founder



*Co-CEO  
Sales &  
Marketing*

**Marco Cagnetta**  
*(in Cellularline since 2004)*

L'Oréal – Reckitt Benckiser – Nestlé



*CFO*

**Stefano Cerrato**  
*(in Cellularline since 2015)*

Kuoni Group – Alpitour – Arthur Andersen

Management team shows a solid track record and a proven experience in the field of accessories for mobile phone and consumer goods



*COO*

**Emilio Sezzi**  
*(in Cellularline since 2002)*

Eltron S.p.A.



*Marketing & Comm. Division*

**Alessio Lasagni**  
*(in Cellularline since 2011)*

Lactalis – Arena – Barilla



*Business Development Division*

**Cristiano Canzan**  
*(in Cellularline since 2017)*

Danone – Reckitt Benckiser – Heinz



*International Division*

**Fabio Gusmani**  
*(in Cellularline since 2001)*

Panini – Tetra Pak



*Special Channels & Retail Division*

**Massimiliano Montagnana**  
*(in Cellularline since 2008)*

SSL/Healthcare



*Trade Marketing Division*

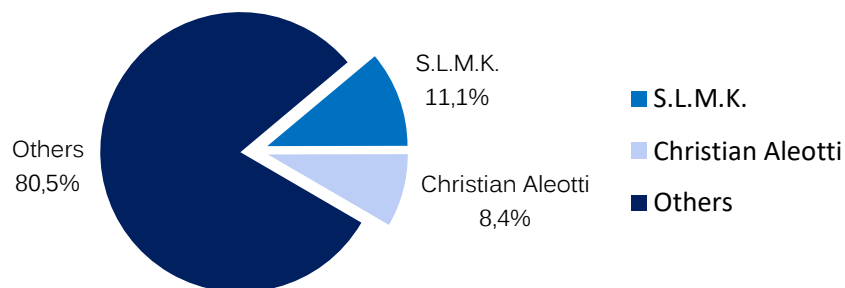
**Albino Spaggiari**  
*(in Cellularline since 2011)*

Cloetta – Nestlé

## Shareholders structure

### Current shareholder composition

Cellularline<sup>(1)</sup>



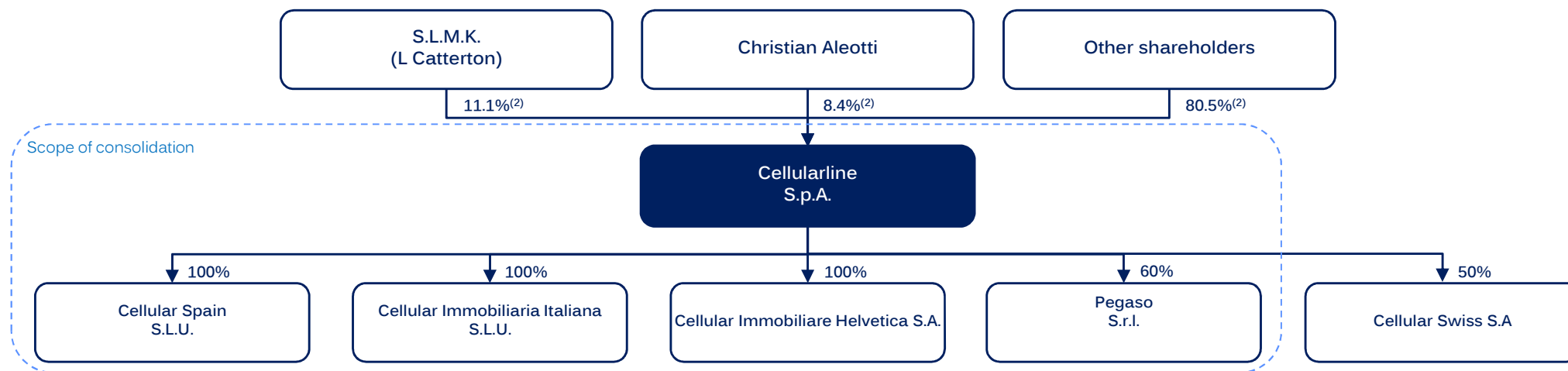
Lock-up obligations for key shareholders<sup>(3)</sup>:

Funds 18-month lock up (14,0%)

Founders 24-month lock up (15,9%)

Co-CEOs 36-month lock up (9,7%)

### Shareholders and group structure



<sup>(1)</sup>The shareholders structure includes special shares.

<sup>(2)</sup> % of voting rights.

<sup>(3)</sup> From the business combination, June 4th, 2018.

## Investors relator contacts



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CFO & IR

**Alessandro Brizzi**  
IR

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