

Q1 2018 Results

A photograph of a meeting table with a laptop, glasses, and documents, overlaid with a black and red graphic. The image shows a top-down view of a wooden table with a silver laptop, a pair of glasses, and some papers. A hand is visible near the laptop. The background is a dark grey/black area on the left and a red area on the right.

Madrid, May 14, 2018

The European Platform for
Workspace Solutions

adveo

Key Messages Q1 2018

Quarterly results continue to be weighed down by stock availability.

- **Progress in the implementation of strategic initiatives** following the closure of the Winkelhaid warehouse in Germany, the sale of two warehouses in France for 13 million euros, the launch of new Own Brands, the implementation of new technological solutions and the growth through commercial plans.
- **Adveo has begun a process of seeking additional funding** which will allow to recover the target stock levels. This lack of stock availability is particularly impacting Germany and Spain since liquidity is concentrated in the other three markets.
- **In Q1 2018, some revenue items were impacted.** Nevertheless, the prioritising of strategic categories and the reduction of structural costs following the actions undertaken in Germany, France and Spain, enabled to maintain an **EBITDA level in accordance with our budget.**

Consolidated Results Q1 2018

Improvement in the management of margins and costs, whilst progressing in the refinancing of the group to recover stock availability levels

- **Structural costs** reduced by 5.6 million euros, achieving savings and efficiency measures in logistics and SG&A following the actions carried out.
- The **gross margin** shows a good performance, closing the quarter at 30.1%.
- **Revenue** in the first quarter reduced by 17.8%, due to the lack of stock availability which penalised the German and Spanish subsidiaries.
- Adveo is **making progress in the obtaining of additional funding**, which will allow to recover usual stock levels.
- The **net result** of the period was -2.9 million euros.

Total Group (€'000)	1Q 2018	1Q 2017	Var.
Net Turnover	96,717	120,146	(19.5%)
Other Revenue	10,470	10,242	2.2%
Total Revenue	107,187	130,388	(17.8%)
Gross Margin	32,216	40,694	(20.8%)
<i>% Gross Margin</i>	30.1%	31.2%	(1.2 pp)
EBITDA	2,752	5,656	(51.3%)
<i>% EBITDA</i>	2.6%	4.3%	(1.8 pp)
<i>EBITDA Conversion Ratio</i>	8.5%	13.9%	(5.4 pp)
EBIT	-616	2,534	(124.3%)
Net Financials	-1,756	-1,166	(50.6%)
Extraordinaries	1,112	-1,024	208.6%
EBT	-1,260	344	(466.7%)
Taxes	-1,666	-1,363	(22.3%)
Net Result	-2,926	-1,019	(187.1%)

Highlights from the Quarter

Making progress in our Strategic Plan 2017-2020



- ✓ The beginning of joint commercial and marketing initiatives
- ✓ The launch of new own brands: Albiore and Kineon



- ✓ The launch of Adveo Marketpoint
- ✓ The new ERP in Germany



- ✓ The closure of the Winkelhaid warehouse (Germany)
- ✓ The sale of the Compans and Châteauroux French warehouses



- ✓ The process of new, long-term funding
- ✓ The incorporation of Managing Directors in Germany and Italy
- ✓ A new organisational model

Highlights from the Quarter



Markets

- ADVEO has launched a set of **joint commercial and marketing initiatives**, which seek to maximise synergies in the group and implement the best business practices in order to grow with a better offering of products and services. It's estimated that the joint action shall have an annual impact of 2.5 million euros in EBITDA.
- Progress in the development of the new Own Brands with the launch of **Albiore**, intended as hygiene and cleaning products, and **Kineon** for technological accessories and consumables. These brands shall begin trading over the 2018 period, and shall add to the **Pergamy** brand which was launched in 2017 for stationery products.

Campaigns

Catalogues

Events

Services

Pricing



 **Pergamy**
Exclusive to **ADVEO**

Stationery products

Market Launch
Q4 2017



Exclusive to **ADVEO**

Hygiene and
cleaning products

Market Launch
Q4 2018

KINEON
Exclusive to **ADVEO**

Technological
accessories and
consumables

Presentation
Q4 2018

Highlights from the Quarter

Technology



- Adveo has launched its **Adveo Marketpoint** platform to its network of resellers in Italy and Germany, which allows restocking processes to be integrated with a new, customer-oriented model, optimising Adveo offering, as well as offering improved content management and visibility on stock availability and order processing. Its launch in France is scheduled for the second quarter, and in Spain and Benelux later in 2018.
- In accordance with the new technological platform deployment schedule, at the beginning of the year the **ADVEO Germany subsidiary successfully launched its ERP**, adding to those already executed in Italy and Corporate, leveraging synergies by working on one same system. Throughout 2018, the subsidiaries of France (1 June) and Iberia shall also be included.

adveo
marketpoint

Highlights from the Quarter

Supply Chain



- On 27 March, Adveo announced the conclusion of the negotiations between the company and local representatives of the employees regarding the **closure of the Winkelhaid warehouse**. The process resulted in the amortization of roughly 50 employees. As a result of this, logistics activity has been centralised to Höver, which shall become the new logistics hub in Germany, thus guaranteeing a higher level of service and promptness of delivery whilst also maximising synergies in Europe, more efficiency, and multi-logistics services which are adapted to the evolution of the market.
- On April 6, the company announced the agreement reached for the **sale of the Chateauroux warehouse of its ADVEO France subsidiary**. Its final closure is expected in the middle of May. The agreed price was 5.025 million euros, and the capital gains is approximately half a million euros. This sale, along with that of the **Compans warehouse (Paris)** for 8.0 million euros carried out at the beginning of the year, completes the logistics divestments planned for France.

Highlights from the Quarter



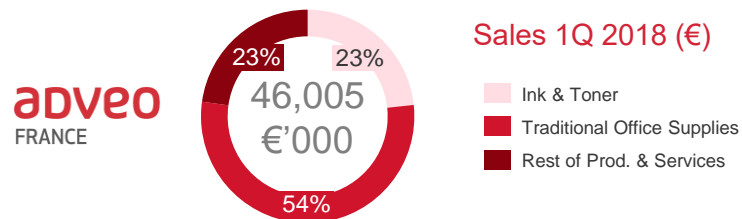
Management

- Within the framework of the planned actions of the Strategic Plan 2017-2020, and as a continuation of the relevant facts announced by the company over 2017 regarding the debt refinancing agreement, Adveo has commissioned the Investment Bank Houlihan Lokey with the **launching of a process** which shall culminate with the incorporation of a new investor who shall provide new capital in the form of **long-term funding**. The process is being carried out in total co-ordination with the banks of syndicate facility, and it is expected to be closed before summer.
- During Q1 2018, **two new Managing Directors joined Germany and Italy**.
 - **Sven Pelka** (Germany), has held several different and relevant positions at Office Depot, where up to now he has held the role of Senior Director of Commercial Marketing Europe.
 - **Luca Borroni** (Italy), has more than 20 years experience in the sector, holding relevant positions in Office Depot since 1998, and prior to that in DHL.
- Finally, with the goal of maximising efficiency in management, Adveo has launched a **new organisational model structured across four business areas**: Markets, Technology & Transformation, Supply Chain and Finance & Shared Services. The people in charge of said model shall report to the CEO of the Group, to whom those of Strategy and Legal shall also continue to report.

Market Results: France

France achieves good results, whilst making progress in its logistics transformation and renews its technological platform

- A slight fall in **sales** due to the different strikes of transport and parcel delivery companies during the quarter.
- **Gross Margin** is at 27.5%, improving in Ink and Toner and staying the same in the rest of the categories.
- A reduction of 1.1 million euros in **structural costs**, following the actions carried out over the previous months.
- **The sale of the Compans warehouse for 8.0 million euros and of the Châteauroux warehouse for 5.1 million euros.** The sale of the latter shall be completed in May.
- **An improvement in service levels** with a new logistics configuration, clearly outlined in the Company's Strategic Plan.
- The **EBITDA** of the period was 4.6 million euros, down 9.2% from the previous year.



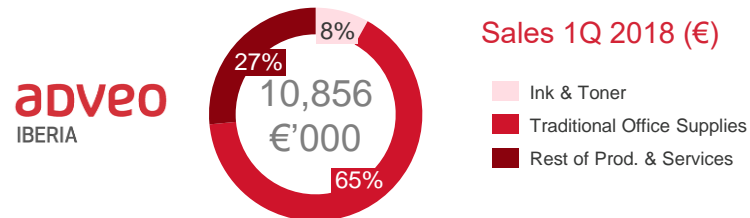
France (€'000)	1Q 2018	1Q 2017	Var.
Ink & Toner	10,716	12,038	(11.0%)
Traditional Office Supplies	24,797	26,006	(4.6%)
Rest of Prod. & Services	10,672	11,145	(4.2%)
Total Revenue	46,185	49,189	(6.1%)
Gross margin	12,721	14,305	(11.1%)
% <i>Gross margin</i>	27.5%	29.1%	(1.5 pp)
EBITDA	4,647	5,118	(9.2%)
% <i>EBITDA</i>	10.1%	10.4%	(0.3 pp)
<i>EBITDA Conversion Ratio</i>	36.5%	35.8%	0.8 pp

Note: 2017 restated

Market Results: Iberia

Despite its lack of stock availability, Spain keeps its EBITDA level

- Positive management of the **gross margin**, improving by 3.3pp to 24.5%, thus meaning in absolute terms that the annual difference has reduced to 33%.
- An improvement of 1.2 million euros in **structural costs** following the actions carried out for the simplification of the organisation and the improvement of logistics efficiency.
- Spain continues to be affected by the **lack of stock availability** in some product categories, pending the closure of the new funding agreement which is currently in process.
- This exceptional situation has affected **sales**, with a 42% reduction on the comparable quarter.
- In spite of all that, this period's **EBITDA** fell 4.6%, closing the period on -1.7 million euros.



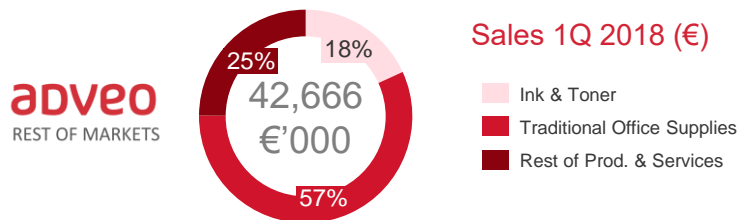
Iberia (€'000)	1Q 2018	1Q 2017	Var.
Ink & Toner	880	3,914	(77.5%)
Traditional Office Supplies	7,099	10,534	(32.6%)
Rest of Prod. & Services	2,877	4,292	(33.0%)
Total Revenue	10,857	18,740	(42.1%)
Gross margin	2,660	3,967	(32.9%)
% Gross margin	24.5%	21.2%	3.3 pp
EBITDA	-1,706	-1,631	(4.6%)
% EBITDA	-15.7%	-8.7%	(7.0 pp)
<i>EBITDA Conversion Ratio</i>	-64.1%	-41.1%	(23.0 pp)

Note: 2017 restated

Market Results: Rest of markets

The lack of stock availability in Germany has had an impact on the results achieved in the Rest of the markets

- The improvement of **gross margin** (+2.0pp) compensates in part for the reduced revenue (-23%) due to the lack of product availability which has had a negative effect in Germany during this quarter
- The **EBITDA** of the quarter was 0.3 million euros, achieving a cost reduction of 0.6 million euros
- Markets:
 - **Germany**, severely penalised for the lack of stock availability, just completed the closure of its warehouse in Winkelhaid. This step is outlined within the operational efficiency plan scheduled for 2018
 - **Benelux and Italy**, less affected by this impact, present similar results to those achieved in 2017

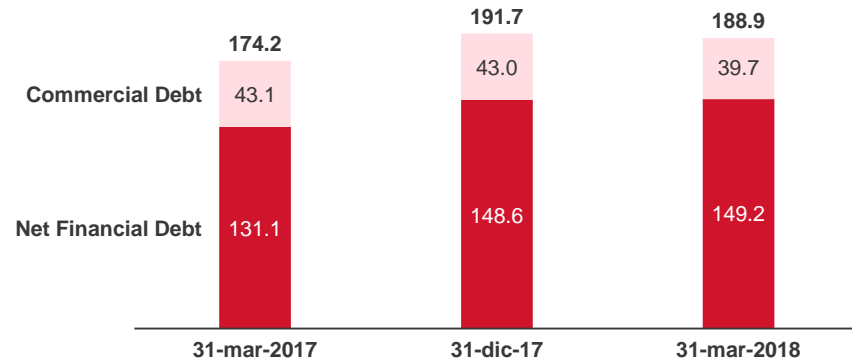
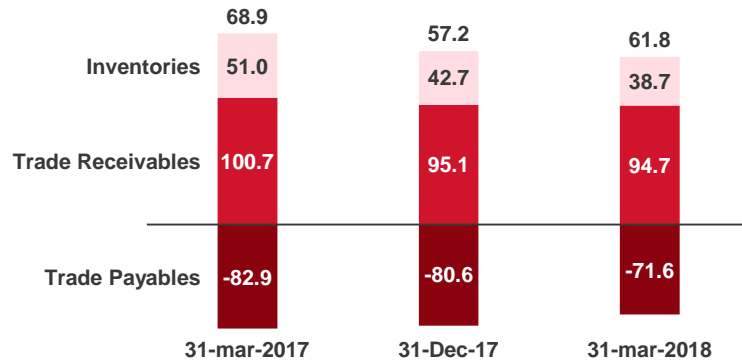


Rest of markets (€'000)	1Q 2018	1Q 2017	Var.
Ink & Toner	7,753	11,101	(30.2%)
Traditional Office Supplies	24,298	31,480	(22.8%)
Rest of Prod. & Services	10,615	13,114	(19.1%)
Total Revenue	42,666	55,695	(23.4%)
Gross margin	11,950	14,485	(17.5%)
% Gross margin	28.0%	26.0%	2.0 pp
EBITDA	343	2,273	(84.9%)
% EBITDA	0.8%	4.1%	(3.3 pp)
<i>EBITDA Conversion Ratio</i>	2.9%	15.7%	(12.8 pp)

Note: 2017 restated

Working Capital and Total Net Debt

A 10% reduction in Working Capital compared to the same time last year



- **Working capital** is 61.8 million euros, a reduction of 10% on the same time last year, having reduced the stock balance and commercial debts in the first quarter of 2018

- **Commercial debt** in charge of handling the management of working capital is 39.7 million euros. On the other hand, the **net financial debt** in March 2018 was 149.2 million euros.

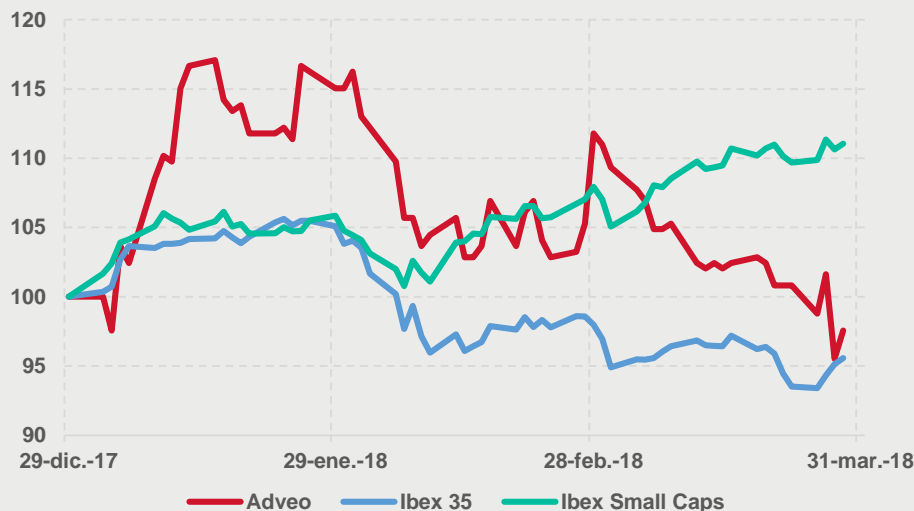
Conclusions

Results Q1 2018

- ✓ **Progress in strategic initiatives, with important results across all areas of the business.**
- ✓ **Quarterly results which were penalised due to a lack of stock availability, principally in the Spanish and German markets.**
- ✓ **Launch of the process of obtaining additional, long-term funding, expected to successfully conclude before summer, allowing Adveo to return to its normal stock availability levels.**

Recent stock quote performance

Evolution of ADVEO price in relation to the main Spanish indices - Base 100



31/03/2018

Market Capitalization (in M Euros)	51.4
Number of shares outstanding ⁽¹⁾ (Thousands)	21,130

Price (Eur/share)

At the beginning of the period (31/12/2017)	2.46
At the end of the period (31/03/2018)	2.40
Variation	-2.4%
Maximum price ⁽²⁾	2.88
Minimum price ⁽²⁾	2.35

Traded volume (shares)

Maximum daily volume	117,851
Minimum daily volume	224
Average daily volume	23,615

⁽¹⁾ Excluding treasury stock

⁽²⁾ Price at end of session

Glossary

Alternative performance measures

According to the Guidelines on Alternative Performance Measures (APM) published by the European Securities and Markets Authority (ESMA) in October 2015, we attach a glossary of terms and definitions used in this document:

- **Gross margin** Total revenue from products and services, less associated buying expenses including rappels and discounts
- **EBITDA** Earnings before interest, tax, depreciation, amortizations and exceptionals
- **EBITDA Conversion Ratio** EBITDA / Gross Margin
- **EBIT** Earnings before interest, tax, and exceptional items
- **EBT** Profit before taxes
- **Total Gross Debt** Total financial liabilities (bank loans and Supply chain)
- **Cash & Equivalents** Cash and Short-term financial investments (loans and deposits)
- **Total Net Debt** Total Gross Debt - Cash & Equivalents
- **Supply chain** Confirming agreements
- **Factoring** Discounted customer invoices made cash (non recourse)
- **Net Financial Debt** Total Net Debt - Supply Chain - Factoring

Investors Relations

T +34 91 678 9822

relacion.inversores@adveo.com

More info on www.adveo.com/en/accionistas-inversores

adveo

Disclaimer

This presentation is based on publicly available information and/or data provided by ADVEO. This document does not constitute an offer or invitation to purchase or subscribe shares, in accordance with the provisions of the Spanish Securities Market Law (Royal Decree-Law 4/2015, October 23rd, 2015, as amended and restated from time to time), Royal Decree-Law 5/2005, of March 11, and/or Royal Decree 1310/2005, of November 4, and its implementing regulations.