Financial Results

Full Year 2016

March 2017

The Wellness Company™

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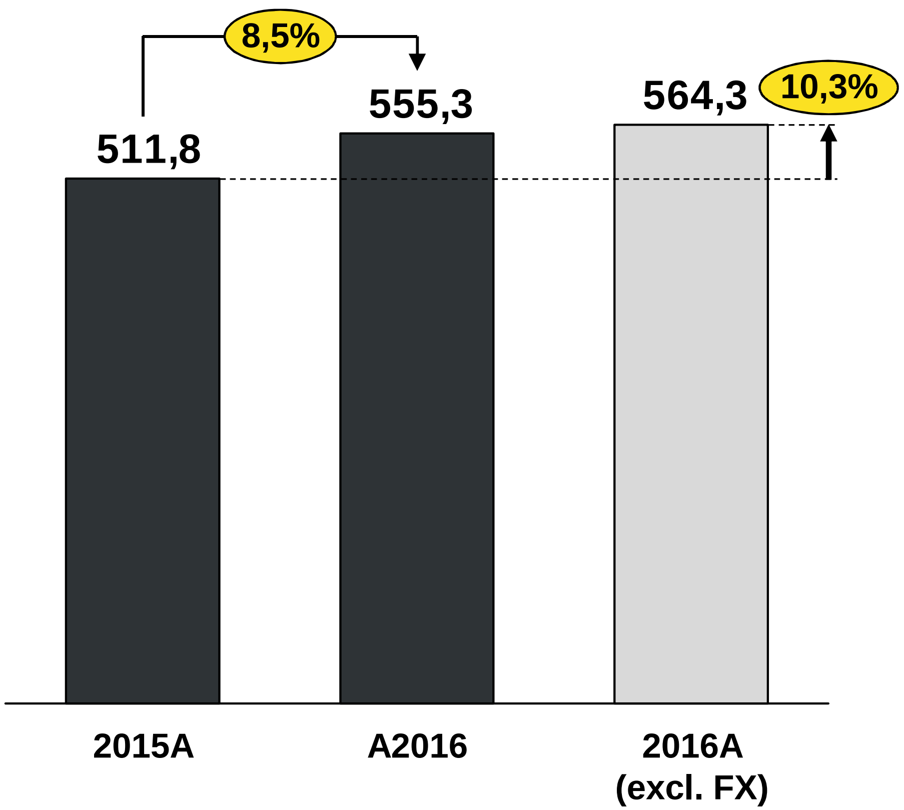
Stefano Zanelli, the Manager in charge of preparing the corporate accounting documents, declares that, pursuant to art. 154-bis, paragraph 2, of the Legislative Decree no. 58 of February 24, 1998, the accounting information contained herein correspond to document results ,books and accounting records.

CEO Remarks

Financial Results FY2016

Revenues _Overview of key performance indicator

Revenues (€m)



Key comments

Positive volume effect primarily coming from

- Volume effect
- New product launches (Group Cycle, MyRun, Skillmill)
- Incremental sales of services and accessories

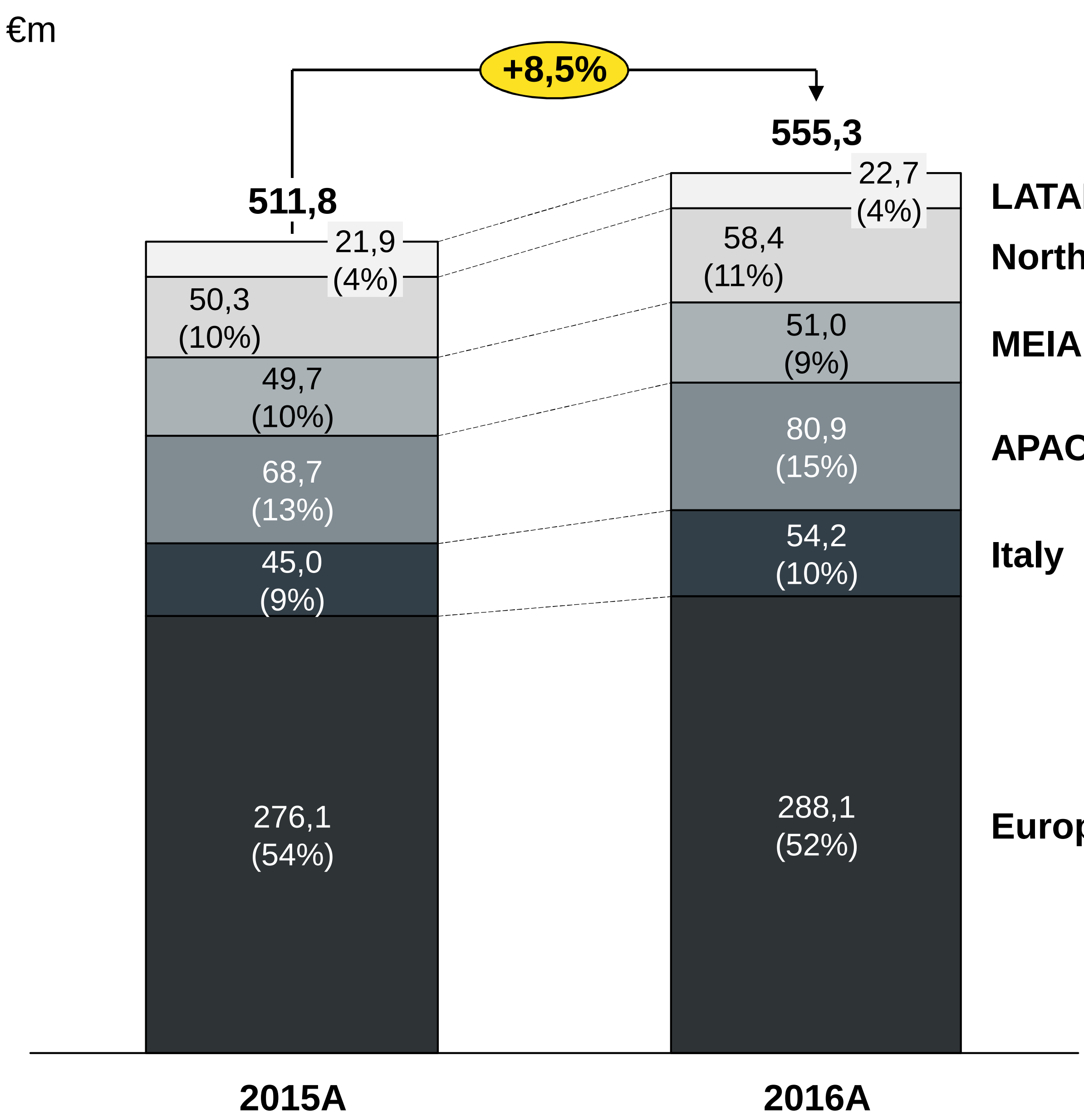
Positive price effect primarily coming from

- Cardio equipment and Group Activities

Excluding FX impact, revenue growth would have been 10,3%

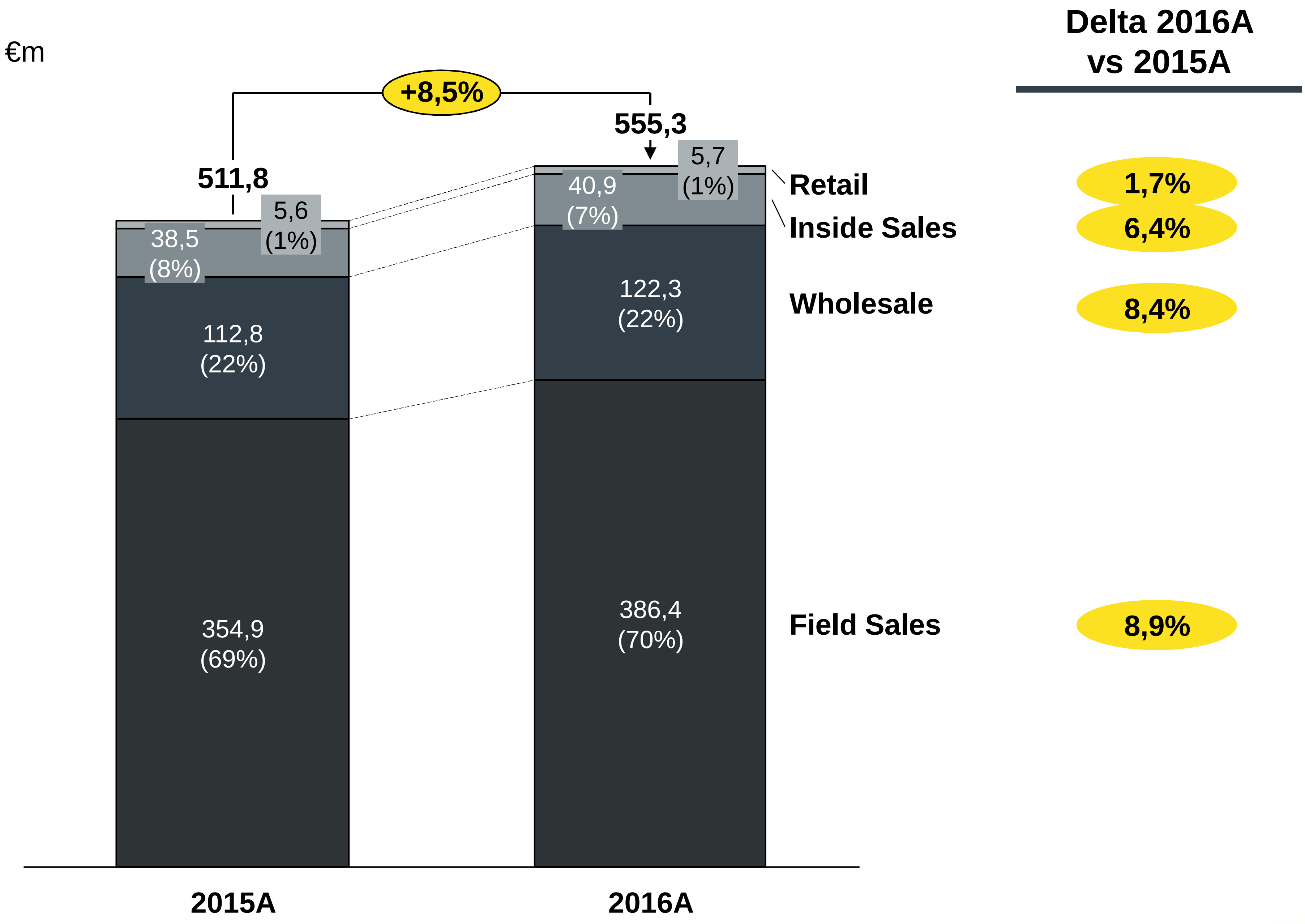
- Major negative impact from GBP, BRL and RUB

Revenues _breakdown by geography



	Delta 2016A vs 2015A
LATAM	3.8%
North America	16.0%
MEIA	2.7%
APAC	17,9%
Italy	20.4%
Europe (excl. Ita)	4,3%

Revenues _breakdown by channel

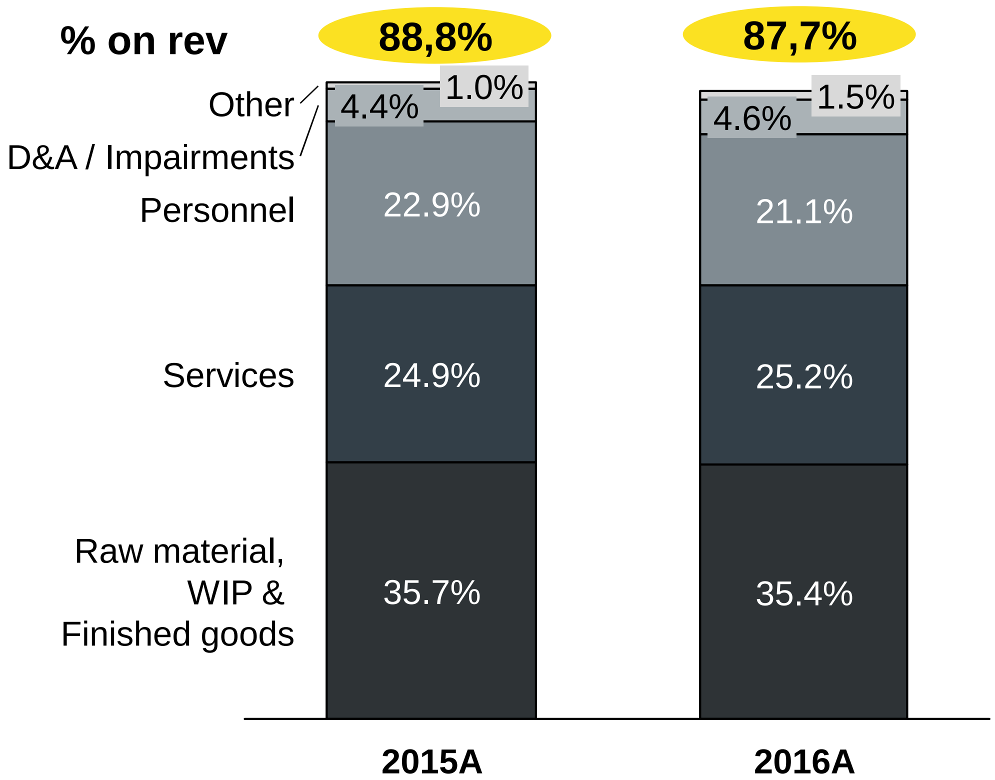


Cost base view

Cost base evolution (% on rev)

Revenues **€511,8m** **€555,3m**

% on rev **88,8%** **87,7%**



Excl. non-recurring

	2015A	2016A
Cost Annual	**€448m**	**€481m**
% on rev	**87,5%**	**86,6%**

Key comments

D&A / Impairments

- Increase in absolute terms mainly due to TG Village acquisition

Personnel cost

- 2 p.p. decrease thanks to production processes' optimization and internal staff reorganization

Services cost

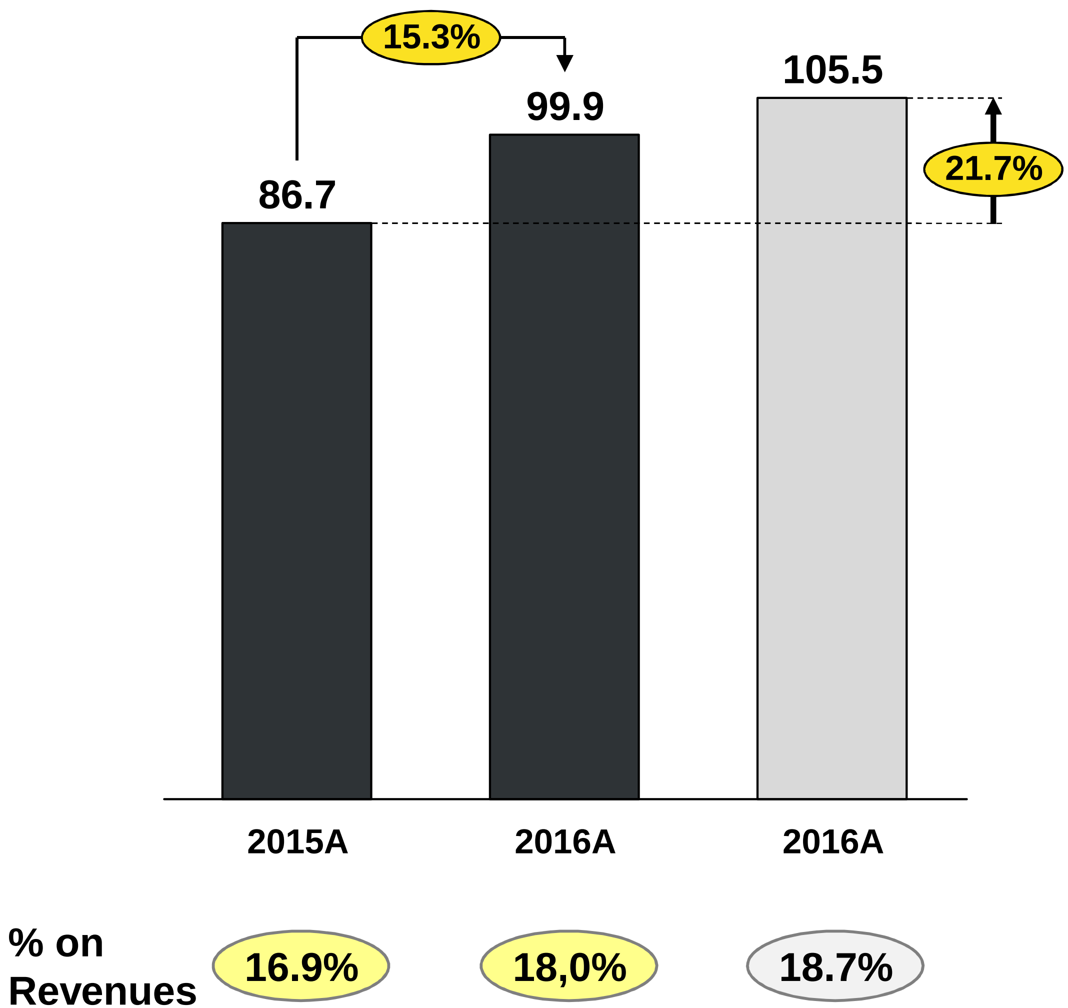
- Increase in marketing, sale commissions and IT consultancy costs.
- Rent cost reduction as consequence of TG Village acquisition

Raw Material, WIP & Finished Goods

- 0,3 p.p. decrease thanks to optimization of purchase and product re-engineering processes.

EBITDA

EBITDA evolution (€m)



Key comments

EBITDA growing at ~15% vs Y-1 with positive impact on profitability (18,0% vs 16,9% of Y-1)

EBITDA margin increase thanks to

- operational leverage from the increase in sales volume
- optimization of production processes with positive impact on manufacturing direct costs
- reduction in rent costs following the acquisition of the TG Village

Trade Working Capital

Working Capital (€m)

€m	Dec 2015	Dec 2016
Inventories	60.4	72.2
Trade receivables	84.1	94.1
Trade payable	(93.9)	(125.6)
Trade Working Capital	**50.6**	**40.7**
% LTM of total revenue	9.9%	7.3%
Other current assets/(liabilities)	(18.2)	(47.6)
Current tax liabilities	(14.0)	(3.7)
Provisions	(18.5)	(17.2)
Net Working Capital	**(0.1)**	**(27.8)**
% LTM of total revenue	*0.0%*	*-5.0%*
Inventory Turnover 1	*6.3*	*5.9*
Days Sales Outstanding (DSO) 2	*51.7*	*51.5*
Days Payables Outstanding (DPO) 3	*101.7*	*125.3*

Key comments

Reduction in Trade Working Capital at 7.3% on revenues from 9.9% of Y-1

Inventories

- Inventories growing at 11.8m vs Y-1
- Finished products at €58m
- Product raw material at €13,8m

Trade receivables

- Incidence on revenues in line with previous year (16,9% vs16,5% of Y-1)
- Increase driven by higher sales
- DSO in line with Y-1

Trade payables

- Increase vs Y-1 (+31,7m) from suppliers for ITA plant.

Other assets and liabilities (2016)

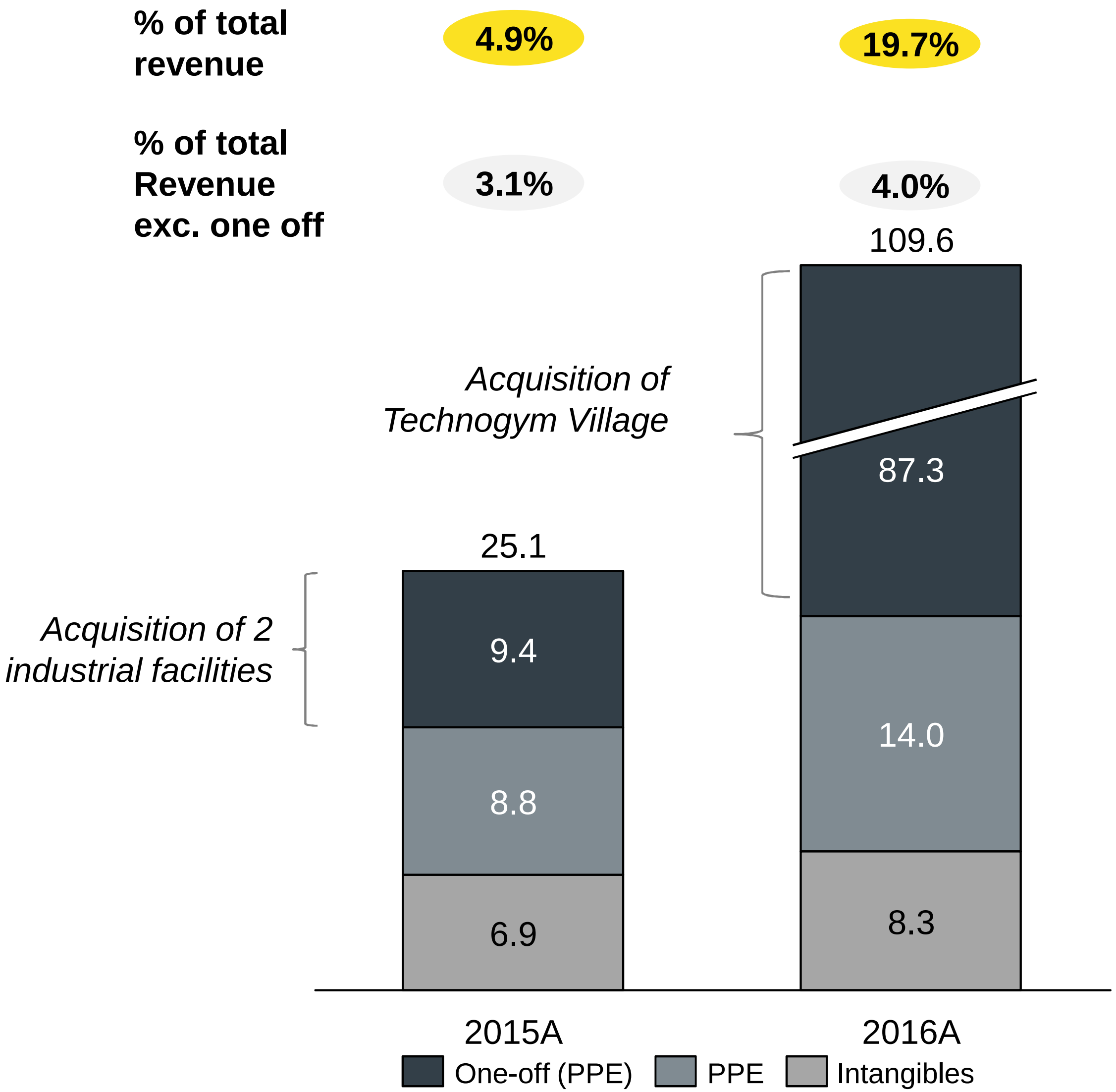
- Include mainly net VAT debt of €4.7m, advance payment from customers of € 15.6m and debt for deferred taxes of € 20.6m.

1. Calculated as revenues for products, spares parts, hardware e software divided by gross inventory;
2. Calculated as trade receivables net of VAT (~11%) divided by revenues
3. Computed as Trade payables net of VAT (~7%) / (Raw materials, work in progress and finished goods + Cost of services)

TECHNOGYM

CAPEX

Capex analysis (€m)



Key comments

Low capital intensive business model excluding one-off property and TG Village investments

Excluding the one-off investment of TG Village the capex are mainly referred to

Tangibles

- Investments in industrial tools, molds and production lines

Intangibles

- Investments for innovation activities and research and development of new products

Net Financial Debt

Net Financial Debt (€m)

€m	Dec 2015	Dec 2016
Cash & cash equivalents	**(68.0)**	**(53.1)**
Current financial receivables	**(0.3)**	**(0.7)**
Current Bank debt	35.0	20.0
Current portion of non-current debt	17.9	20.8
Other current financial debt	5.0	7.5
Net current financial debt	**57.9**	**48.3**
Non current financial debt	**48.5**	**83.6**
Financial Net Debt ("FND")	**38.1**	**78.0**
FND / EBITDA (x)	*0.4x*	*0,78x*

Key comments

Cash & cash equivalents increase of ~€-15m despite of cash out for

- €42m cash out for TGB Srl acquisition
- €46m cash out for the reimbursement of the loan undertook by TGB Srl
- €21m cash out for Exerp acquisition

Positive effect of €25m from reimbursement of Slovakia VAT

Current bank debt

- Mainly composed credit lines stand-by and short-term financing. As of 31/12/2016
  - Lines of credit and overdrafts uncommitted for ~€77m of which €10m drawn (revocable / floating rate: EURIBOR + spread)
  - Committed credit line (medium-long term) for ~€45m o/w €41m drawn (floating: EURIBOR + spread)

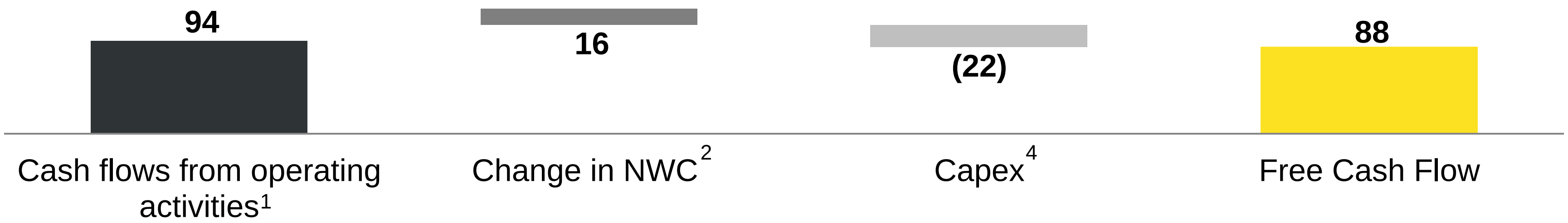
Current portion of non-current debt / Non current financial debt

- Flexible financial structure based on bank amortizing loans with ~2,4y duration (floating: EURIBOR + spread)

Free cash flow

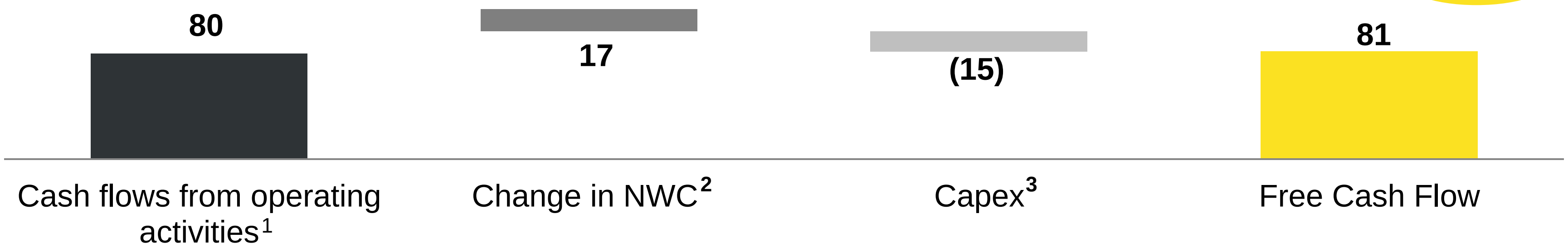
2016A (€m)

Cash Conversion % ***88%***



2015A (€m)

Cash Conversion % ***93%***



Note: Cash conversion defined as Free Cash Flow / EBITDA
[1] Pre income taxes paid
[2] Excluding non recurring tax payment and reimbursement (Slovakia VAT)
[3] Excluding the one-off acquisition of two industrial facilities (€9.4m) occurred in 2015
[4] Excluding the Technogym Village acquisition (€42m)

Executive Summary

FY 2016

Revenues: €555,3m, +8,5% vs 2015 (+10,3% at constant FX) **thanks to positive volume effect coming primarily coming from**

- Volume effect
- Positive price effect primarily
- Incremental sales of services and accessories

Excluding FX impact, revenue growth would have been 10,3%.Major negative impact from GBP, BRL and RUB.

EBITDA: €99,9m, +15,5% vs 2015 (+21,7% at constant FX) **thanks to**

- Operational leverage from the increase in sales volume
- Optimization of production processes with positive impact on manufacturing direct costs
- Reduction in rent costs following the acquisition of the TG Village

Free Cash Flow[1]: equal to €88m (+8,6% vs 2015, €81m) excluding non-recurrent Capex.

Net Financial Debt: €78m vs €38m as of December'15

- Non-recurring investments in TG Village and Exerp

1. Cash flow from operating activities (pre-tax) – var. NWC – Recurrent Capex

Annexes

Profit and Loss statement

€m	Dec 2015	Dec 2016	Dec 2015 vs Dec 2016 Δ %
Total revenue	**511.8**	**555.3**	**8.5%**
Cost or raw. ancillary and consumable materials and goods for resale	(182.6)	(196.4)	7.6%
Service. Rentals and leases	(127.2)	(139.8)	9.9%
of which (cost) not recurrent	*(2.6)*	*(2.3)*	
Personnel cost	(117.0)	(116.9)	(0.0%)
of which (cost) not recurrent	*(3.1)*	*(0.6)*	
Depreciations. amortisations and write-downs	(20.0)	(23.2)	15.7%
Provision for risk and charges	(2.6)	(2.5)	(1.5%)
Other operations cost	(4.9)	(8.2)	68.4%
of which (cost) not recurrent	*(0.0)*	*(2.9)*	
Share of result joint venture	1.0	0.1	(87.1%)
Net operating income	**58.4**	**68.4**	**17.0%**
Margin (%)	*11.4%*	*12.3%*	
Financial income and (expenses)	(3.5)	(2.7)	(23.3%)
Profit (loss) before tax	**55.0**	**65.7**	**19.6%**
Taxes	(26.6)	(22.5)	(15.4%)
Profit (loss) before minority interest	**28.4**	**43.2**	**52.4%**
Margin (%)	*5.5%*	*7.8%*	
Profit (loss) for the year of minority interests	(0.2)	(0.1)	(28.0%)
Profit for the year	**28.2**	**43.1**	**53.0%**

EBITDA Reconciliation

€m	Dec 2015	Dec 2016	Dec 2015 vs Dec 2016 Δ %
Net operating income	**58.4**	**68.4**	**17.0%**
LTMIP cost (previous years)	*2.5*		
Consultancy cost	*1.5*		
Restructuring cost	*0.9*		
IPO cost	*0.7*	*3.0*	
Brasil tax (previous year)		*2.2*	
China litigations		*0.6*	
Total non recurring items	**5.6**	**5.8**	**3.4%**
Adjusted net operating income	**64.1**	**74.2**	**15.8%**
Provisions	2.6	2.5	15.7%
Depreciations, amortisations and write-downs	20.0	23.2	(1.5%)
EBITDA	**86.7**	**99.9**	**15.3%**
Margin (%)	*16.9%*	*18.0%*	

TECHNOGYM

Cash Flow statement

€m	Dec 2015	Dec 2016	Dec 2015 vs Dec 2016 Δ ass.	Dec 2015 vs Dec 2016 Δ %
Profit for the year	**28.4**	**43.2**	**14.9**	**52%**
Depreciation, amortization and impairment losses	20.0	23.2		
Provisions	2.6	2.5		
Share of net result from joint ventures	(1.0)	(0.1)		
Net financial expenses	2.6	2.5		
Income/(expenses) from investments	0.9	0.1		
Income tax expenses	26.6	22.5		
Cash flows from operating activities before changes in working capital	**80.0**	**94.0**	**13.9**	**17%**
Increase (decrease) in inventories	2.1	(12.3)		
Increase (decrease) in trade receivables	(4.2)	(5.8)		
Increase (decrease) in trade payables	(0.2)	33.2		
Increase (decrease) in other operating assets and liabilities	19.2	0.9		
Non-recurrent fiscal payment	(22.8)	22.8		
Income taxes paid	(19.3)	(34.8)		
Net cash flow from operating activities (A)	**54.8**	**97.9**	**43.1**	**79%**
Investments in property, plant and equipment	(18.2)	(56.1)		
Disposals of property, plant and equipment	0.2	0.5		
Investments in intangible assets	(6.9)	(8.7)		
Disposals of intangible assets	0.0	0.0		
Dividends received from other entities	0.4	-0.1		
Dividends received from joint ventures and associates	0.0	0.7		
Dividends paid	-	0.0		
Investments in subsidiaries, associates and other entities	0.5	(18.1)		
Disposal of subsidiaries, associates and other entities	0.3	0.0		
Net cash inflow (outflow) from investing activities (B)	**(23.7)**	**(81.9)**	**(58.2)**	**246%**
Proceeds from new borrowings	70.0	65.0		
Repayment of borrowings	(19.9)	(30.9)		
Net increase (decrease) of current financial assets and liabilities	(54.4)	(61.0)		
Payments of net financial expenses	(0.9)	(5.4)		
Net cash inflow (outflow) from financing activities (C)	**(5.2)**	**(32.3)**	**(27.0)**	**519%**
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)	**26.0**	**(16.2)**	**(42.2)**	**(162%)**

TECHNOGYM

Balance Sheet

€m	Dec 2015	% on Revenues	Dec 2016	% on Revenues
Inventories	60.4	*11.8%*	72.2	*13.0%*
Trade receivables	84.1	*16.4%*	94.1	*16.9%*
Trade payables	(93.9)	*-18.4%*	(125.6)	*-22.6%*
Trade Working Capital	**50.6**	***9.9%***	**40.7**	***7.3%***
Other current assets/(liabilities)	(18.2)	*-3.6%*	(47.6)	*-8.6%*
Current tax liabilities	(14.0)	*-2.7%*	(3.7)	*-0.7%*
Provisions	(18.5)	*-3.6%*	(17.2)	*-3.1%*
Net Working Capital	**(0.1)**	***0.0%***	**(27.8)**	***-5.0%***
Property. plant and equipment	56.9	*11.1%*	143.9	*25.9%*
Intangible assets	21.5	*4.2%*	24.0	*4.3%*
Investments in joint ventures	3.8	*0.7%*	21.3	*3.8%*
Employee benefit obligations	(3.1)	*-0.6%*	(3.2)	*-0.6%*
Other non current asset and (liabilities)	2.5	*0.5%*	7.4	*1.3%*
Net Fixed Capital	**81.6**	***15.9%***	**193.5**	***34.8%***
Net Invested Capital	**81.5**	***15.9%***	**165.7**	***29.8%***
Shareholders' Equity	43.4		87.6	
Financial Net Debt	38.1	*7.4%*	78.0	*14.0%*
Total Source of Funding	**81.5**	***15.9%***	**165.7**	***29.8%***