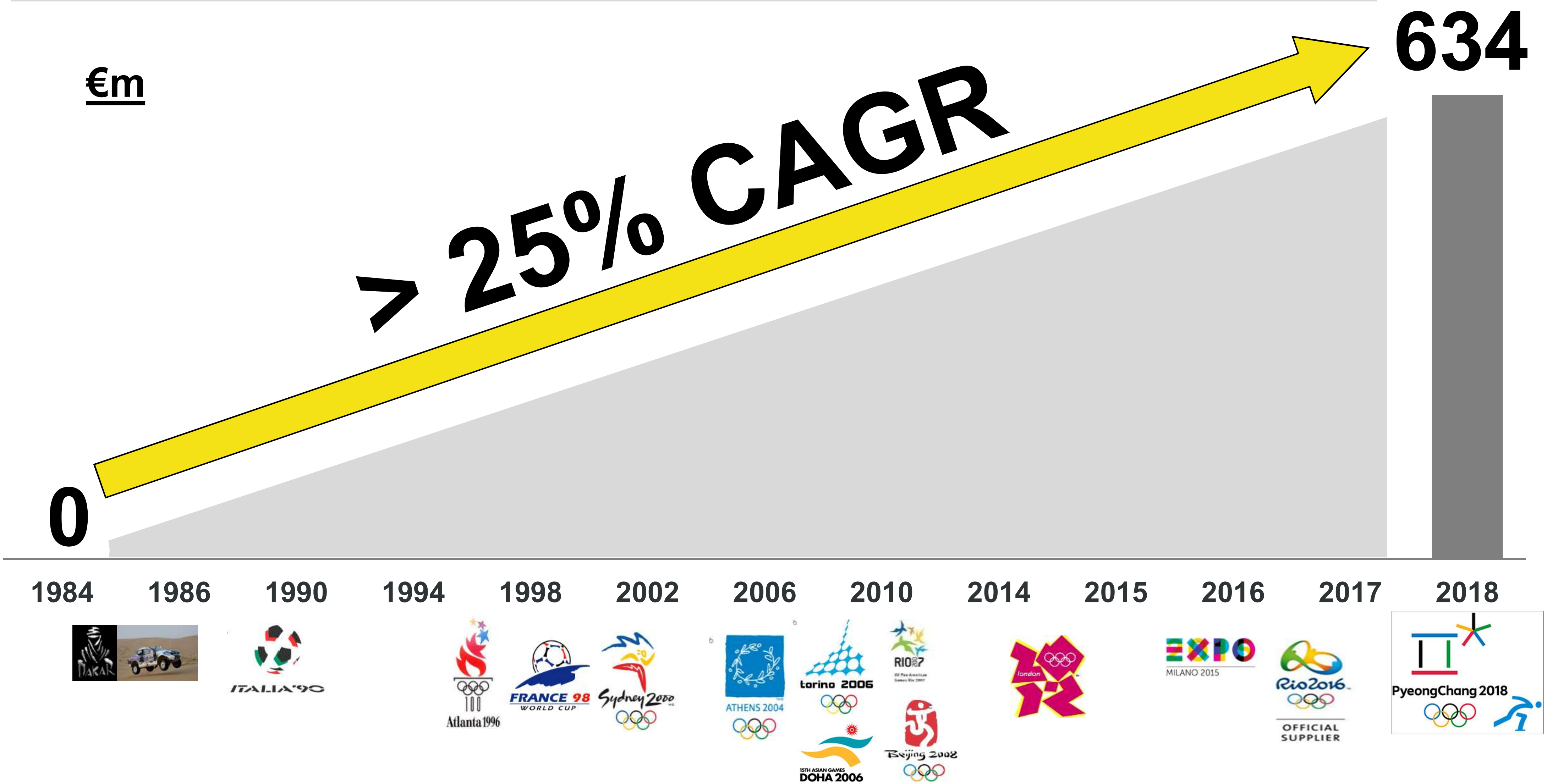
Financial results 2018

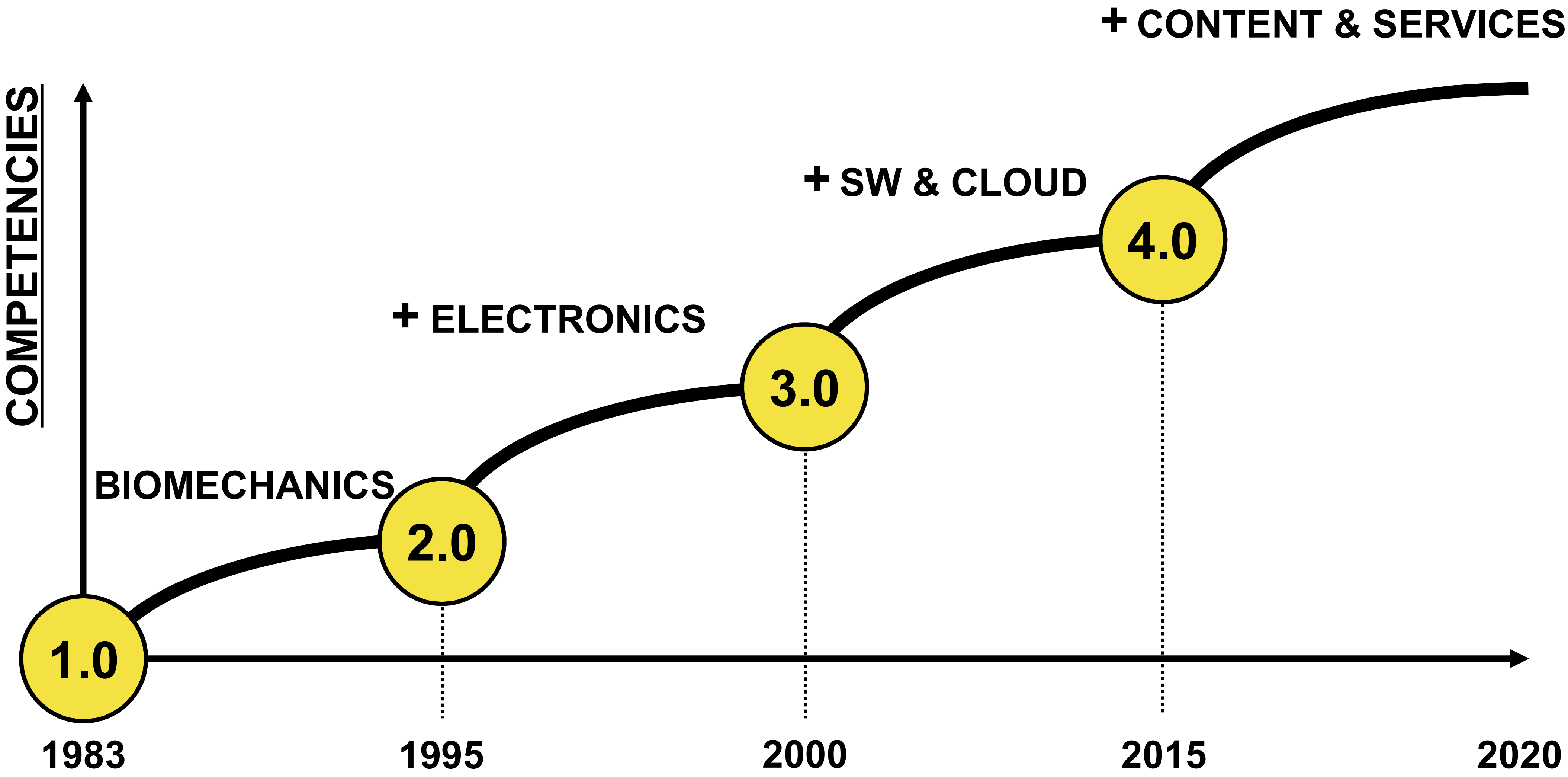
TECHNOGYM®

>35 years of organic growth



Key events official supplier

Technogym disruptive innovation



CONNECTED WELLNESS EXPERIENCE …

DIFFERENT FORMATS FOR DIFFERENT PASSIONS

SKILLATHLETIC: our new experience for athletic training

A new immersive training experience accessible both in existing Clubs or in new boutique fitness studios

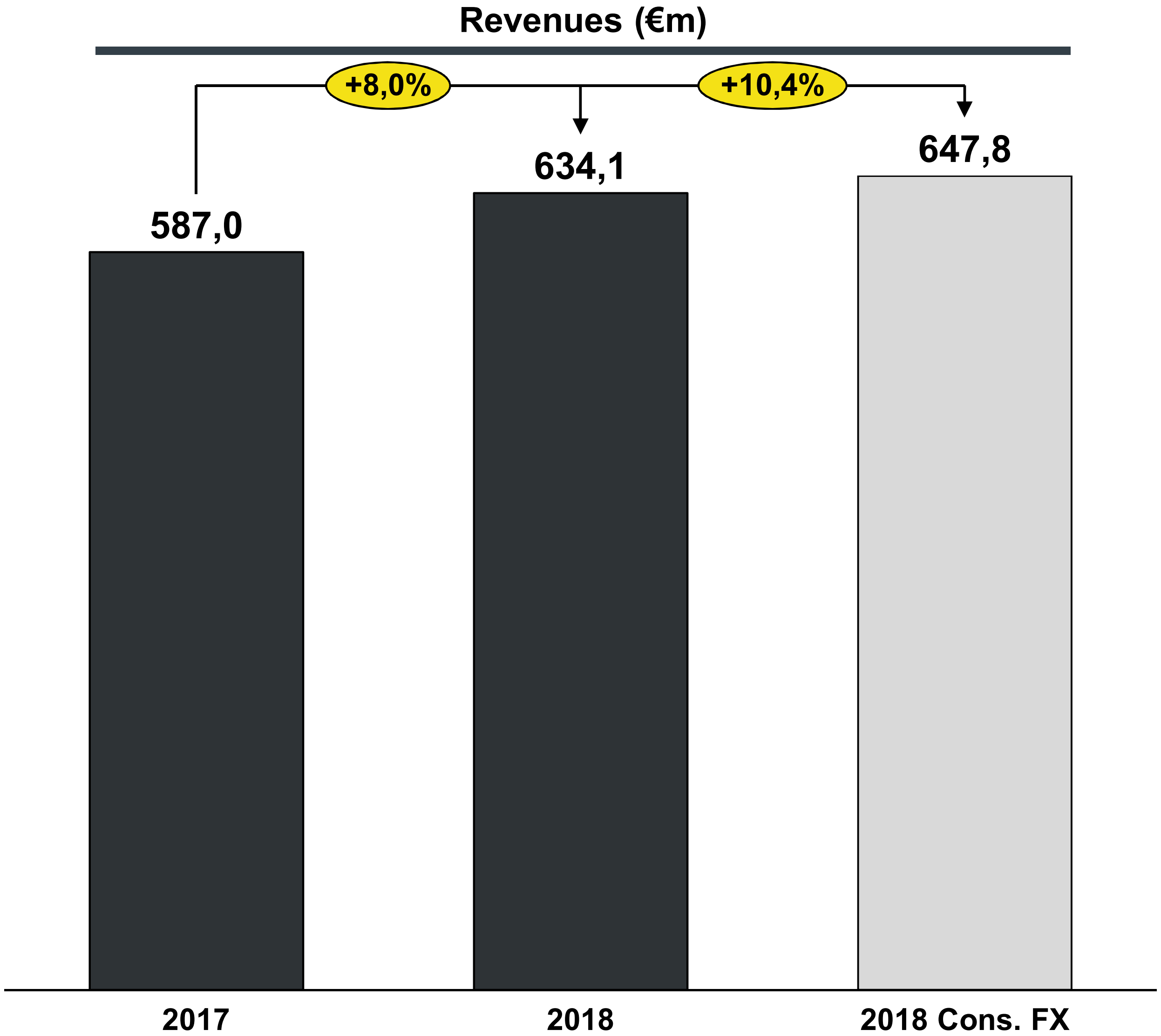
SKILL LINE: a new product category defined by Technogym

Inspired by athletes, skill line has sport in its DNA.
Design and technology to unleash your inner athlete

2018: Technogym confirms its profitable growth

- Currency neutral **double-digit top line growth**, significantly outpacing the market and competitors in all the key geographies
- **Profitability enhancement**: 21,2% EBITDA margin and 16,9% EBIT margin
- **Net Profit** grew by 53% Y/Y to EUR 93m
- Sound **net financial position**: Net Debt / EBITDA <0,3x at EUR 35m (including EUR 28m of leasing exposure)
- **Dividend** of EUR 0,18/sh (+100% Y/Y) to be proposed to the shareholders meeting

Revenues showed high single-digit growth



Key comments

Positive volume effect primarily coming from

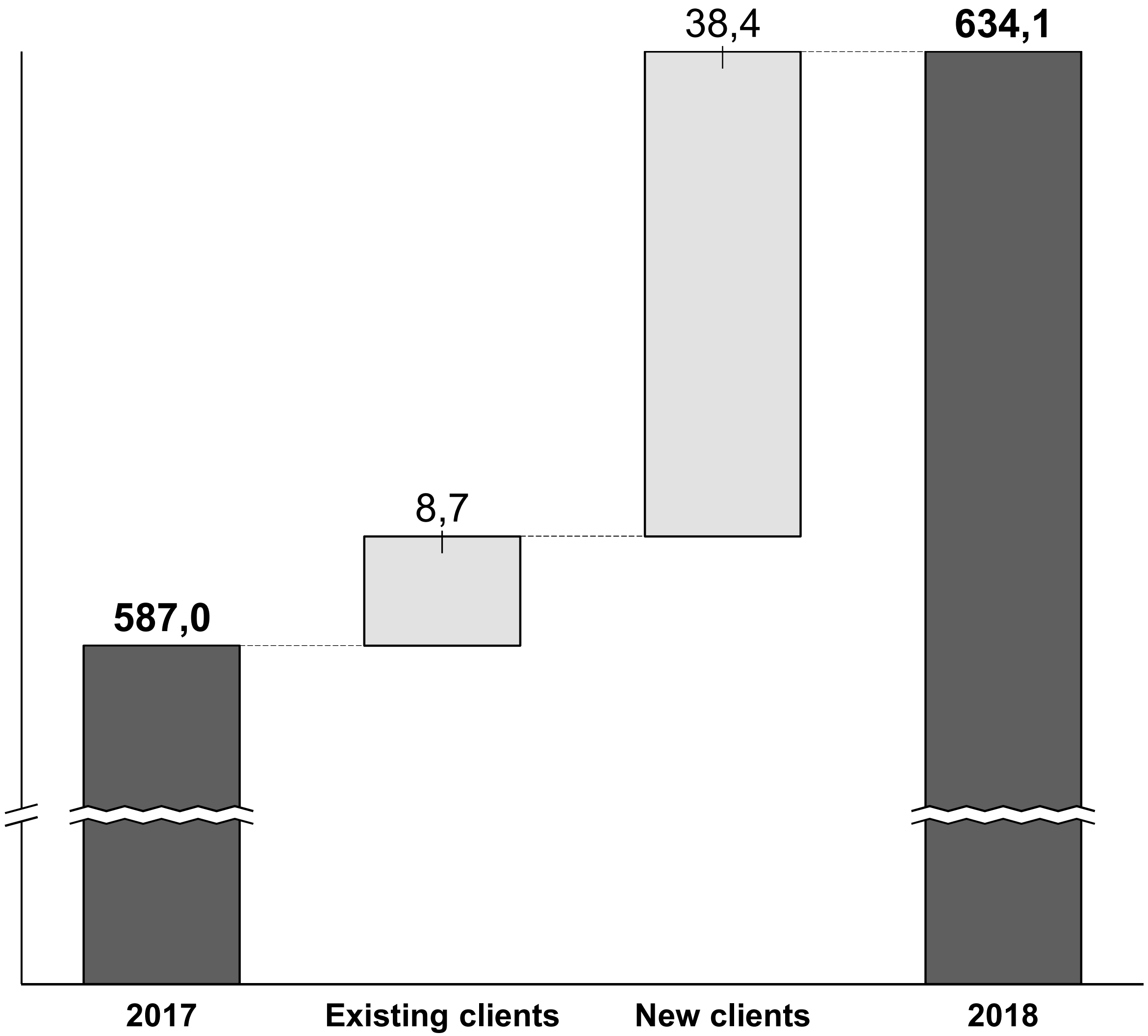
- Overseas market (NA, APAC) and Italian market
- Commercial vertical segments (H&R and HCP)
- Standard business, thereby diversifying the risk related to KA
- New customers
- New product launches (Group Cycle, Skill line, Climb, Biocircuit) at c. 15% of sales

Excluding FX impact, revenue growth would have been 10,4%

- Major negative impact from USD, RUB, BRL, AUD

Top line growth mainly driven by new customers

Revenues growth (€m)



Key comments

Existing clients

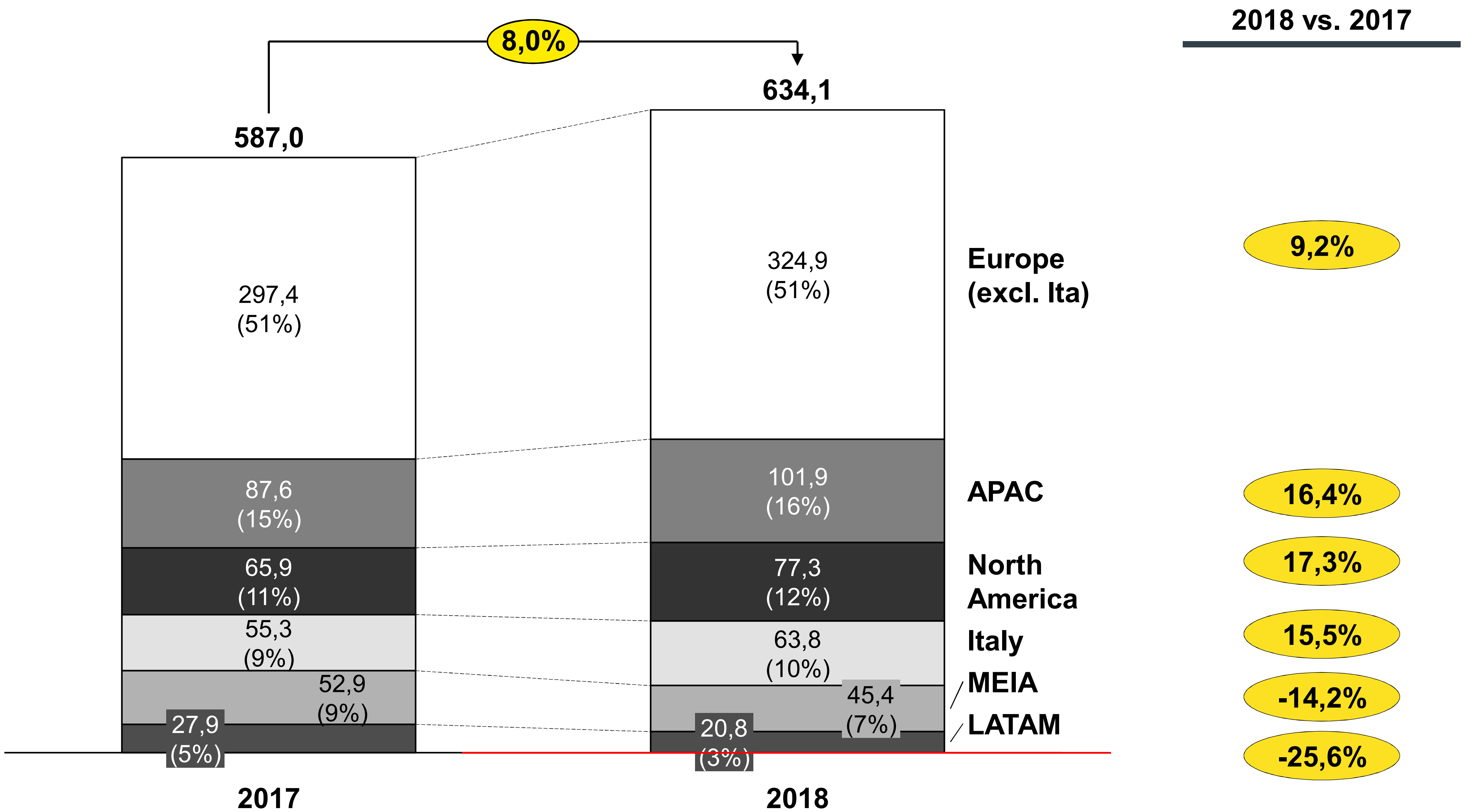
- Represented 18% of incremental revenues
- Accounted for c. 71% of total revenues in 2018

New clients

- Represented 82% of incremental revenues
- Accounted for c. 29% of total revenues in 2017

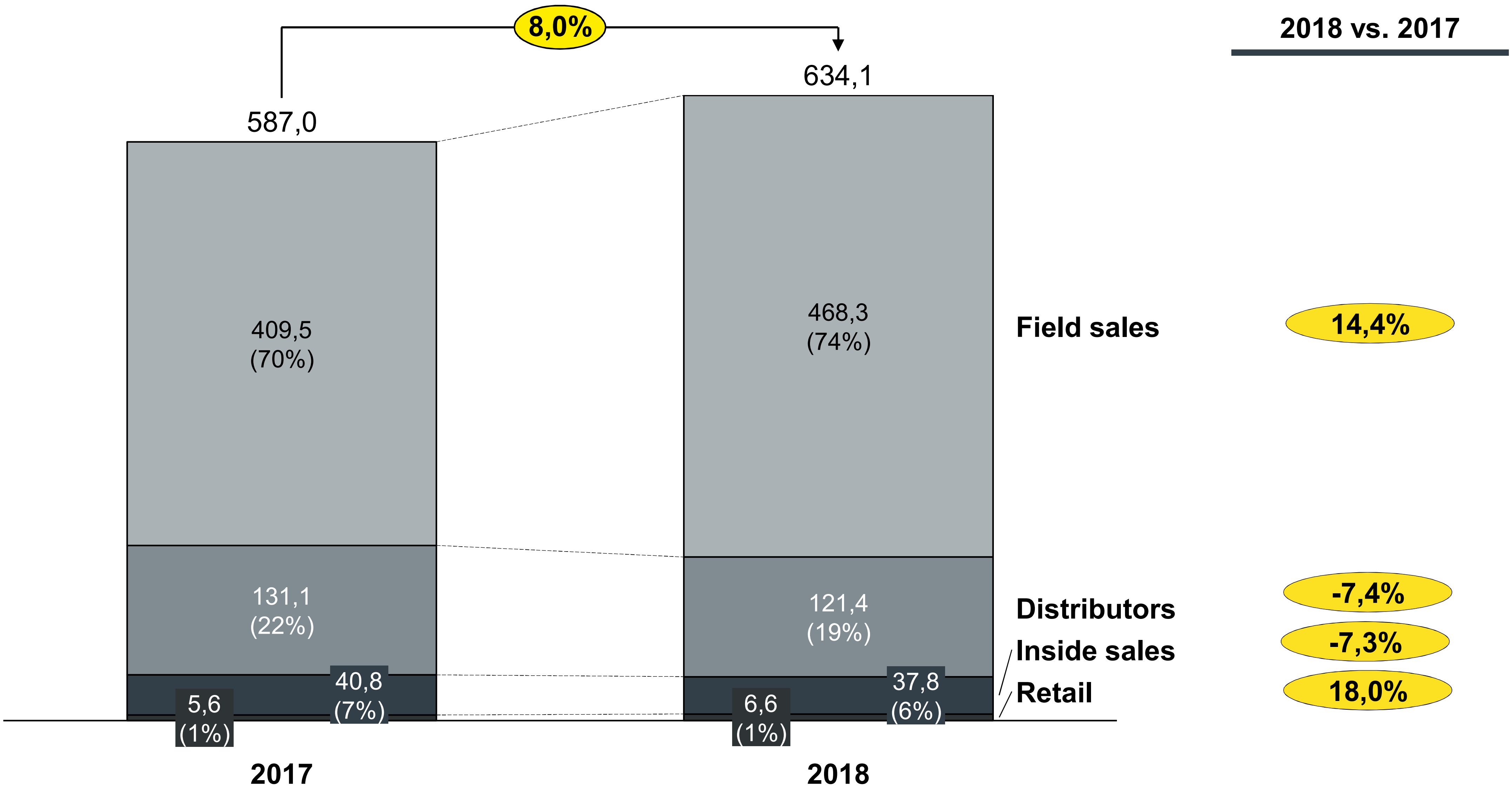
Revenue growth driven primarily by NA, APAC & Italy

Revenue breakdown by geography - €m, percentage incidence & change



Growth driven primarily by field sales

Revenue breakdown by channel - €m, percentage incidence & change



Profit and Loss statement

(€m)	Dec		
	2017	2018	2018 vs 2017
Total revenue	**587,0**	**634,1**	***8,0%***
Cost or raw, ancillary and consumable materials and goods for resale	(194,6)	(200,5)	*3,0%*
Service, Rentals and leases	(140,4)	(162,5)	*15,8%*
of which (cost) not recurrent	*(0,0)*	*(2,0)*	
Personnel cost	(125,3)	(133,8)	*6,8%*
of which (cost) not recurrent	*(0,3)*	*(1,0)*	
Depreciations, amortisations and write-downs	(24,5)	(22,0)	*-10,2%*
Provision for risk and charges	(4,1)	(2,6)	*-37,4%*
Other operations cost	(7,1)	(6,1)	*-13,5%*
of which (cost) not recurrent	*0,177*	*0,0*	
Share of result joint venture	0,0	0,3	*486,1%*
Net operating income	**91,1**	**106,9**	***17,3%***
Margin (%)	*15,5%*	*16,9%*	
Financial income and (expenses)	(5,2)	0,6	*-111,7%*
Profit (loss) before tax	**85,9**	**107,5**	***25,1%***
Taxes	**(24,7)**	**(14,0)**	*-43,3%*
Profit (loss) before minority interest	***61,2***	***93,5***	***52,6%***
Margin (%)	*10,4%*	14,7%	
Profit (loss) for the year of minority interests	(0,3)	(0,4)	*49,4%*
Profit for the year	**60,9**	**93,0**	***52,6%***

Key comments

Net operating income drivers

- Commercial customers leading the growth with sound contribution from HCP and H&R
- Revenues driven by a healthy combination of volumes/price/product mix growth
- Increase in personnel, service costs and inefficiencies related to the new ERP implementation offset by efficiencies in production and better raw material sourcing
- Declining D&A on a yearly basis driven by lower D&A on intangibles

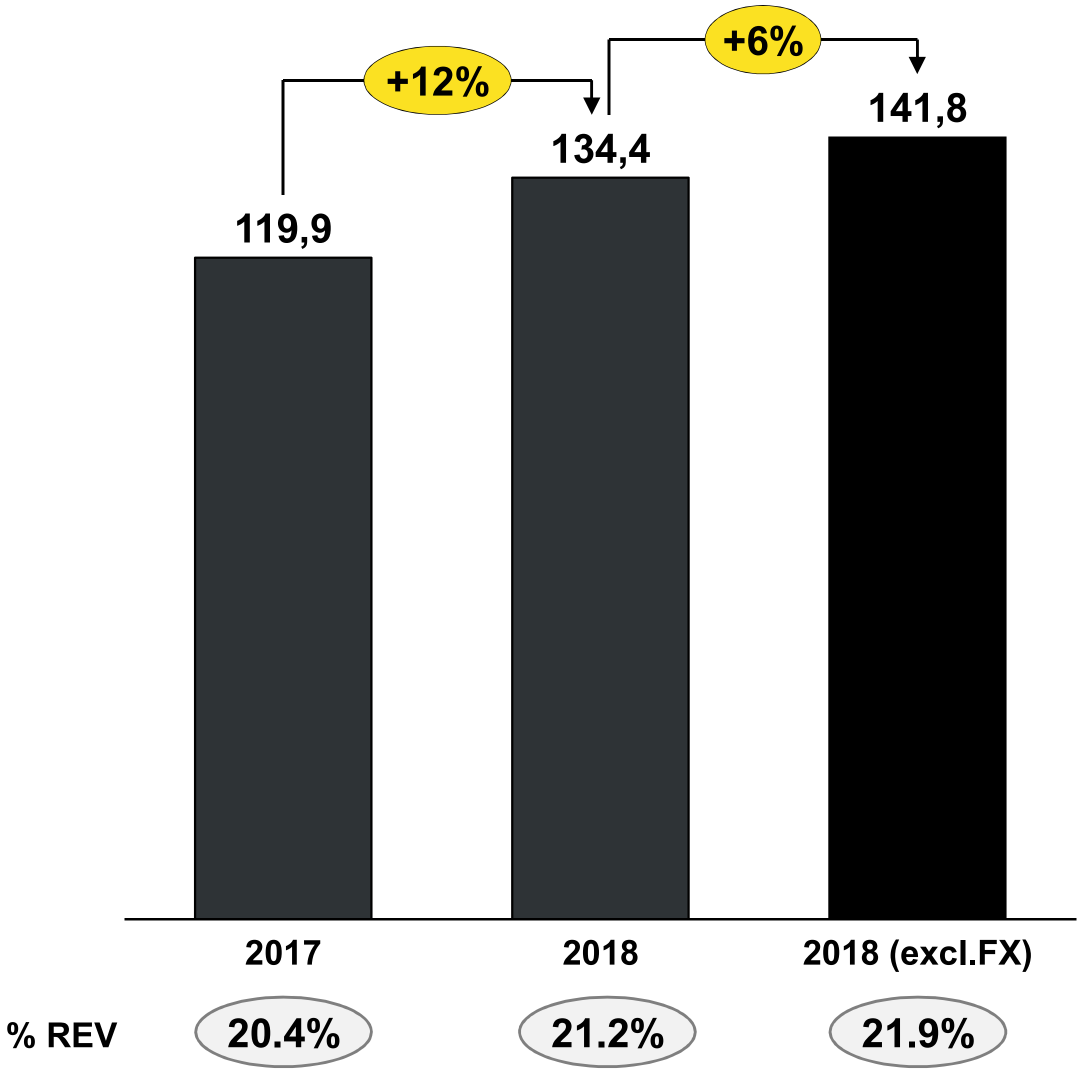
Negative FX impact driven primarily by USD, RUB and JPY:

- -14,3m € on revenues
- -7,4m € on EBITDA ADJ
- -7,3m € on NET RESULT

Tax rate was positively affected by one offs (Patent Box accounted for c. 14,8m € and US for c. 2,6m € DTA not previously accrued). Recurring tax rate stood at 29,2% in the period.

EBITDA adjusted growing at >10% vs Y-1 with positive impact on profitability (21,2% vs 20,4% of Y-1)

EBITDA evolution (€m)



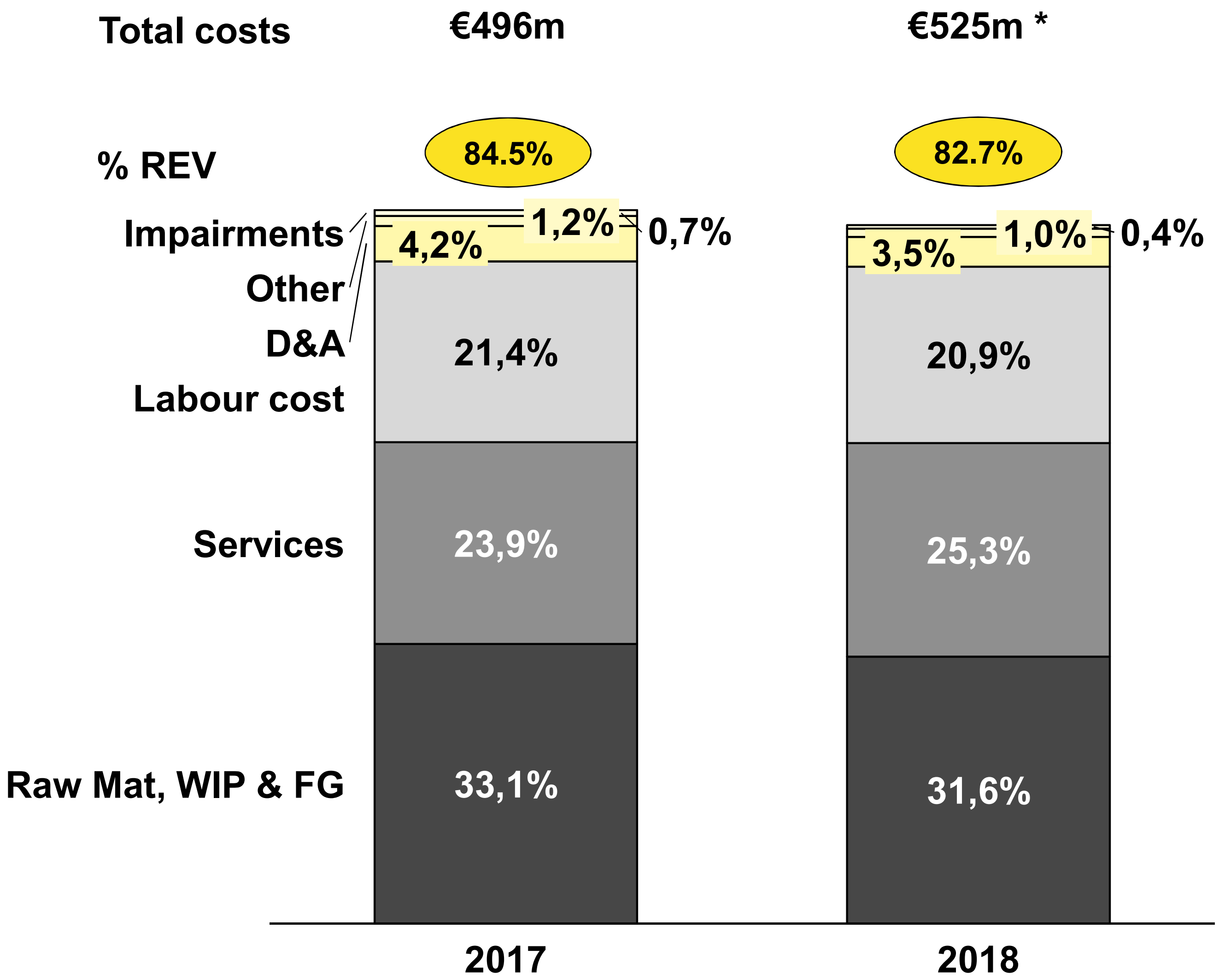
Key comments

EBITDA adjusted margin increase:

- Positive effect mainly driven by product mix (i.e. higher weight of Skill Line)
- Declining direct costs mainly due to production processes were offset by inefficiencies related to the new ERP implementation and a slight increase in raw material prices.
- FX negatively affected EBITDA by 7,4m € in FY 18, mainly driven by USD and RUB

Technogym confirmed a strict control on Costs

Recurring cost base evolution (% REV)



Key comments

D&A / Impairments

- Decline driven by lower D&A on intangibles

Personnel cost

- Moderate increase in value and lower incidence despite new hires in the Field Sales network

Services cost

- Growth driven by higher revenues and advertising costs

Raw Materials, WIP & Finished Goods

- Further improvement in sourcing and logistics

**Non recurring items accounted for EUR 3m thus leading to EUR 528m total costs in FY 18*

Temporary TWC increase due to one offs in 2018

Working Capital (€m)

(€m)	Dec 2017	Dec 2018
Inventories	67,0	89,5
Trade receivables	111,7	151,5
Trade payable	(123,2)	(143,9)
Trade Working Capital	**55,4**	**97,1**
% LTM of total revenue	*9,4%*	*15,3%*
Other current assets/(liabilities)	(51,7)	(40,4)
Current tax liabilities	(8,6)	(8,1)
Provisions	(14,6)	(14,1)
Net Working Capital	**(19,5)**	**34,6**
% LTM of total revenue	*-3,3%*	*5,5%*
Inventory Turnover 1	*6,1*	*5,2*
Days Sales Outstanding (DSO) 2	*57,9*	*72,5*
Days Payables Outstanding (DPO) 3	*123,5*	*133,0*

Key comments

The **TWC** **-** 15% of revenues in FY 18 – has been negatively impacted by inefficiencies related to the new ERP implementation.
Technogym is currently recovering these one-off issues which should be solved by H1 2019

Inventories

- Yearly increase led by higher stocking due to ERP implementation
- Main components are finished products (71,0m €) and raw materials (17,2m €)

Trade receivables

- Yearly growth driven by some constraints in executing the right billing and credit recovery in the "Order to cash" process
- Confirmed general good credit quality

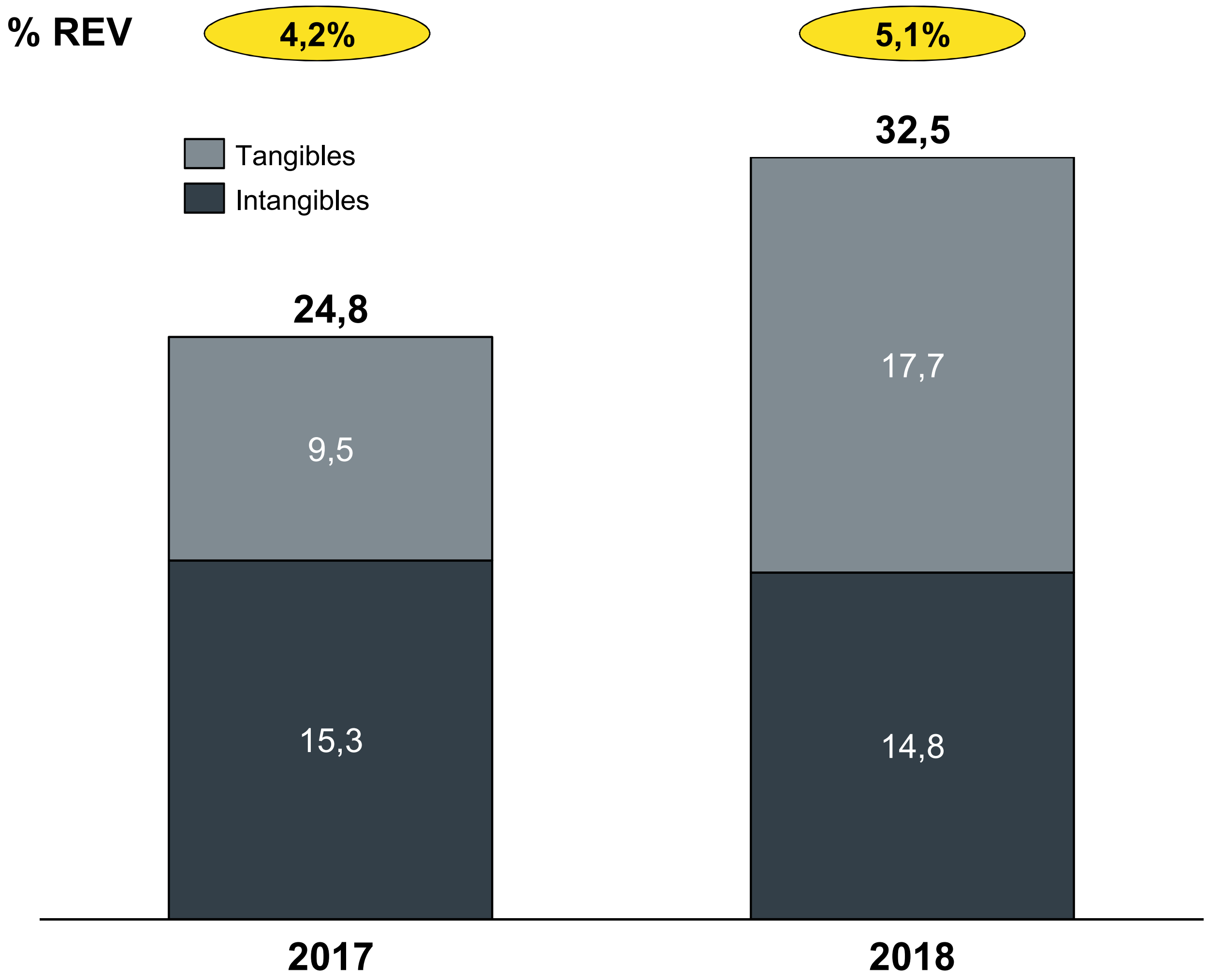
Trade payables

- Improving DPO dynamics (now at 133 days) in FY 2018

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. Calculated as trade payables net of VAT (~7%) divided by cost of products and cost of service

CAPEX at 5,1% on revenues, slightly increasing Y/Y

Capex analysis (€m)



Key comments

Major Tangibles Capex

- New warehouse in the Slovakian plant
- Investment in industrial tools and molds for new products
- New air conditioning system installed in the Italian plant

Major Intangibles Capex

- New ERP project
- Continuous focus in R&D activity
- New products development

Net Financial Debt

Net Financial Debt (€m)

€m	31 Dec 2017	31 Dec 2018
Cash & cash equivalent	**(77,8)**	**(78,5)**
Current financial receivables	**(0,1)**	**(0,2)**
Current bank debt	2,2	29,1
of which granted by Committed Credit facilities	*0,0*	*29,1*
of which granted by Uncommitted Credit facilities	*2,2*	*0,0*
Current portion of non current debt	23,6	18,4
Other current financial debt	9,0	12,7
Net current financial debt	**34,8**	**60,2**
Non current portion of non current debt	70,2	37,6
Other non current financial debt	14,2	15,8
Non current financial debt	**84,5**	**53,4**
Financial net debt	**41,3**	**34,9**
NFD / EBITDA (LTM12m)	*0,34x*	*0,26x*

Key comments

Cash & Cash equivalent

- Strong cash position mainly refers to bank deposits € denominated

Current bank debt

- Mainly composed of credit lines stand-by and short-term financing. As of 31/12/2018
  - Lines of credit and overdrafts uncommitted for ~96,6m € of which 29,1m € drawn (revocable / floating rate: EURIBOR + spread)

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

- Flexible financial structure based on bank amortizing loans with ~1,7y duration (floating: EURIBOR + spread)
- In 2017 one amortizing loan has been hedged with a plain vanilla interest swap (Notional: 18m €, maturity 2020)
- Leasing exposure stands at 28,1m € in Y18 (12,4m € short term among "other current financial debt" and 15,7m € among "non current financial debt"), increasing vs Y-1 (22,9m €).

Other financial debt

- Excluding other financial debt (mainly due to financial leasing required by IAS 39) NFD would have decreased by 65% compared to previous year (€ 6,4m in 2018 vs 18,1m in 2017)

Annexes

Balance Sheet

€m	Dec 2017	% on Revenues	Dec 2018	% on Revenues
Inventories	67,0	*11,4%*	89,5	*14,1%*
Trade receivables	111,7	*19,0%*	151,5	*23,9%*
Trade payables	(123,2)	*(21,0%)*	(143,9)	*(22,7%)*
Trade Working Capital	**55,4**	***9,4%***	**97,1**	***15,3%***
Other current assets/(liabilities)	(51,7)	*(8,8%)*	(40,4)	*(6,4%)*
Current tax liabilities	(8,6)	*(1,5%)*	(8,1)	*(1,3%)*
Provisions	(14,6)	*(2,5%)*	(14,1)	*(2,2%)*
Net Working Capital	**(19,5)**	***-3,3%***	**34,6**	***5,5%***
Property, plant and equipment	139,0	*23,7%*	142,6	*22,5%*
Intangible assets	28,9	*4,9%*	35,9	*5,7%*
Investments in joint ventures	17,7	*3,0%*	18,0	*2,8%*
Employee benefit obligations	(3,1)	*(0,5%)*	(3,0)	*(0,5%)*
Other non current asset and (liabilities)	11,3	*1,9%*	16,1	*2,5%*
Net Fixed Capital	**193,9**	***33,0%***	**209,6**	***33,1%***
Net Invested Capital	**174,4**	***29,7%***	**244,1**	***38,5%***
Shareholders' Equity	133,1		209,3	
Financial Net Debt	41,3	*7,0%*	34,9	*5,5%*
Total Source of Funding	**174,4**	***29,7%***	**244,1**	***38,5%***

Cash Flow statement

(€m)	Dec 2017	Dec 2018	Dec 2017 vs Dec 2018 Δ ass.	Dec 2017 vs Dec 2018 Δ %
Consolidated profit for the year	**61,2**	**93,5**	**32,2**	***52,6%***
Depreciation, amortization and impairment losses	24,5	22,0		
Provisions	4,1	2,6		
Share of net result from joint ventures	(0,0)	(0,3)		
Net financial expenses	4,2	(0,5)		
Income/(expenses) from investments	0,9	(0,1)		
Income tax expenses	24,7	14,0		
Cash flows from operating activities before changes in working capital	**119,6**	**131,2**	**11,5**	***9,6%***
Change in inventory	5,2	(22,5)		
Change in trade receivables	(17,5)	(37,6)		
Change in trade payables	(1,1)	20,8		
Change in other operating assets and liabilities	(0,7)	(11,1)		
Non-recurrent fiscal payment	0,0	0,0		
Income taxes paid	(18,5)	(18,6)		
Net cash inflow from operating activities (A)	**87,0**	**62,2**	**(24,8)**	***(28,5)%***
Investments in property, plant and equipment	(9,8)	(18,2)		
Disposals of property, plant and equipment	0,2	0,4		
Investments in intangible assets	(15,3)	(15,1)		
Disposals of intangible assets	0,0	0,3		
Dividends received from associates	0,0	0,0		
Dividends received from other entities	0,2	(0,0)		
Dividends received from joint ventures	0,0	0,0		
Minority Interest	0,0	0,0		
Investments in subsidiaries, associates and other entities	(0,3)	(0,9)		
Disposal of subsidiaries, associates and other entities	0,0	0,0		
Net cash inflow (outflow) from investing activities (B)	**(25,0)**	**(33,4)**	**(8,5)**	***33,9%***
Proceeds from new borrowings	20,0	0,0		
Repayment of borrowings	(20,5)	(37,8)		
Net increase (decrease) of current financial assets and liabilities	(17,1)	26,8		
Dividends paid	(13,0)	(18,1)		
Payments of net financial expenses	(3,9)	0,2		
Net cash inflow (outflow) from financing activities (C)	**(34,5)**	**(29,0)**	**5,6**	***(16,1)%***
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)	**27,5**	**(0,2)**	**(27,7)**	***(100,6)%***
Cash and cash equivalents at the beginning of the year	**53,1**	**77,8**		
Net increase (decrease) in cash and cash equivalents from January 1 to December 31	26,7	(0,2)		
Effects of exchange rate differences on cash and cash equivalents	(2,0)	0,8		
Cash and cash equivalents at the end of the year	**77,8**	**78,5**		

EBITDA Reconciliation

(€m)	Dec 2017	Dec 2018	Dec 2017 vs Dec 2018 Δ %
Net operating income	**91,1**	**106,9**	***17,3%***
ERP inefficiencies (operation processes)	0,0	3,0	
IPO Cost	0,2	0,0	
Total not recurring items	***0,2***	***3,0***	***1.752,1%***
Adjusted Net operating income	**91,2**	**109,9**	***20,4%***
Depreciations, amortisations and write-downs	(24,5)	(22,0)	*-10,2%*
Provision for risk and charges	(4,1)	(2,6)	*(37,4%)*
EBITDA adjusted	**119,9**	**134,4**	***12,2%***
Margin %	***20,4%***	***21,2%***	
Non recurring	0,2	3,0	
EBITDA	**119,7**	**131,4**	
Margin %	***20,4%***	***20,7%***	