Financial results

H1 2019

Cesena, September 10th, 2019

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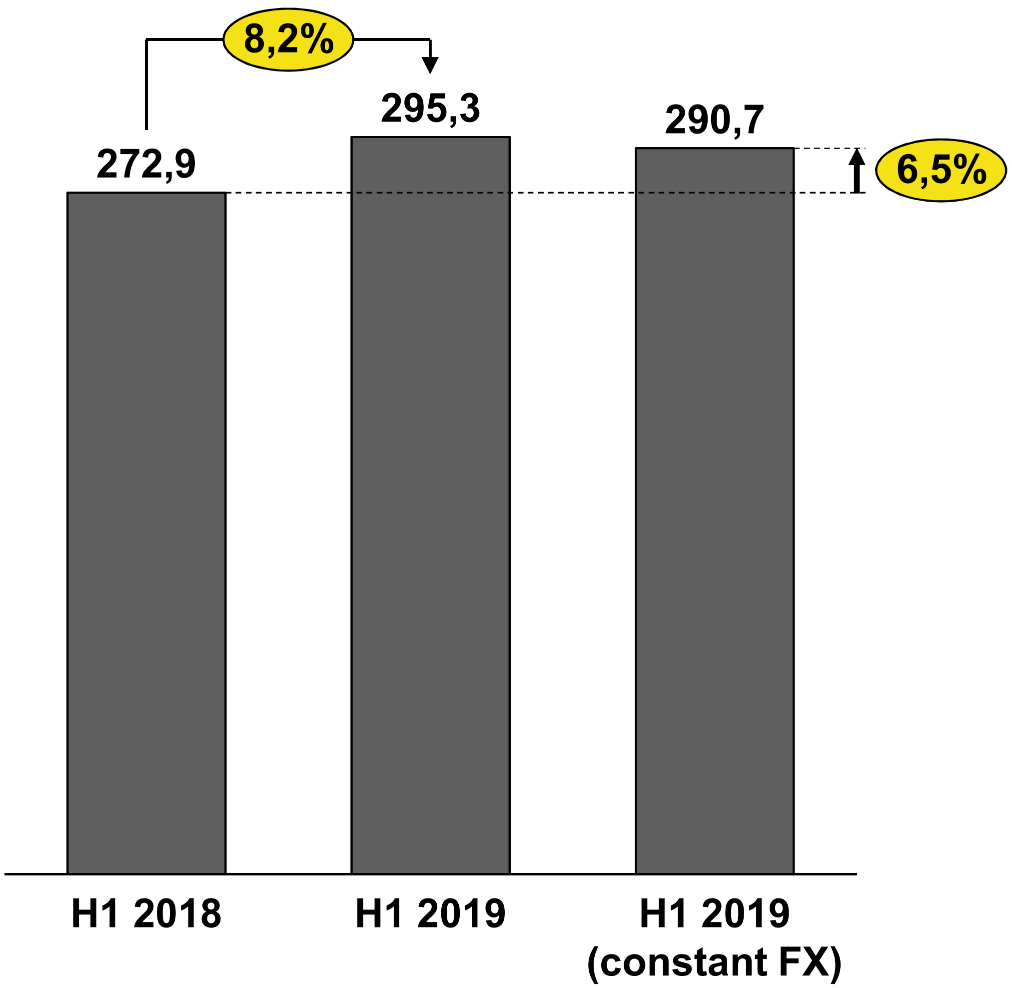
Andrea Alghisi, the Manager in charge of preparing the corporate accounting documents, declares that, pursuant to art. 154-bis, paragraph 2, of the Legislative Decree no. 58 of February 24, 1998, the accounting information contained herein correspond to document results ,books and accounting records.

Some figures related to previous periods were reclassified for a better representation of balance sheet and the profit and loss statements.

Technogym distinctive factors

Revenues showing high single-digit growth

Revenues (€m)



Key comments

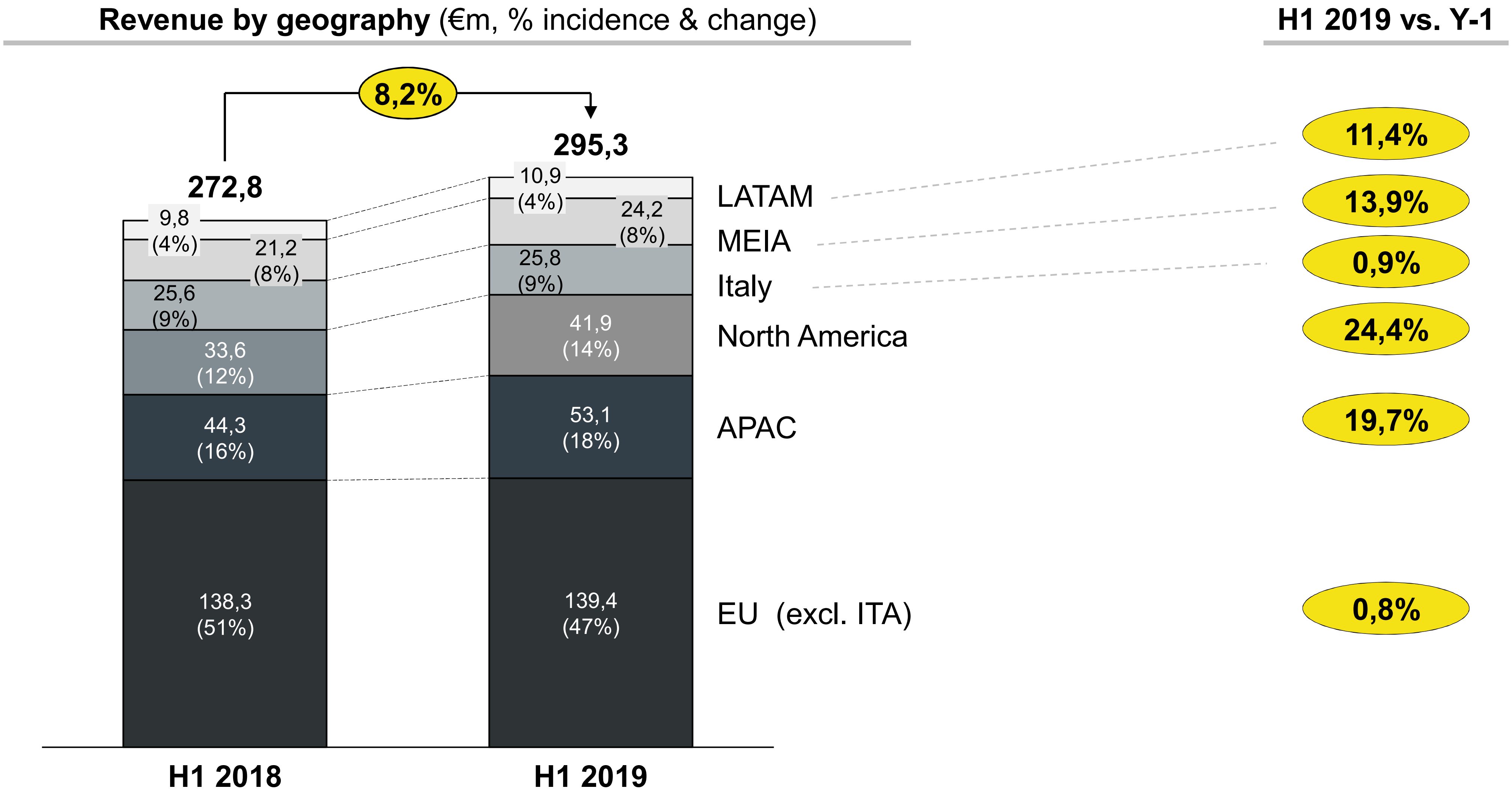
YoY growth mainly driven by:

- Geography: North America (+24,4%), APAC (+19,7%)
- Segments: H&R, Home and HCP
- Channels: Field Sales (+6,5%), Inside Sales (+14,5%), Distributors (+11,3%)
- Offering: Services outpaced Equipment & accessories growth
- New products accounting for 8,4% of sales in H1 19 (vs. 10,4% in H1 2018)

Excluding FX impact (+4,5m€), growth would have been 6,5%. Major impacts from:

- USD (+)
- JPY (+)
- BRL (-)
- AUD (-)
- GBP (-)

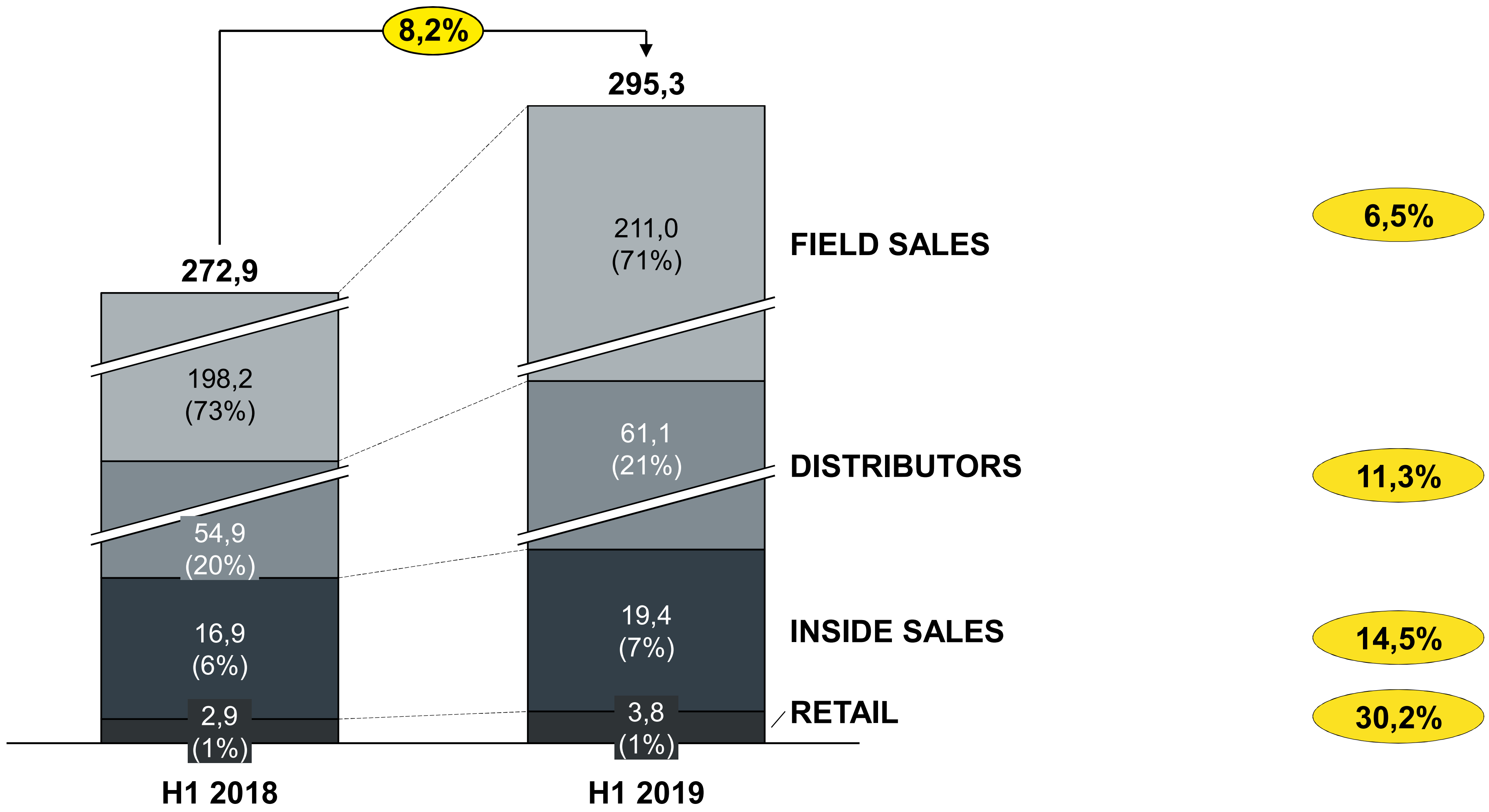
N.A. & APAC driving the growth



Main sales channels are growing YoY

Revenue by channels (€m, % incidence & change)

H1 2019 vs. Y-1



Solid growth on revenues and adjusted EBITDA

Profit and Loss statement (excluding IFRS 16)

(€m)	Jun 2018	Jun 2019 excluding IFRS 16	Delta	2019 vs 2018
Total revenue	**272,9**	**295,3**	**22,4**	***8,2%***
Cost of raw, ancillary and consumable materials and goods for resale	(85,1)	(96,3)	(11,2)	*13,2%*
of which (cost) not recurrent	*0,0*	*(0,1)*	*(0,1)*	
Service, Rentals and leases	(74,9)	(82,8)	(7,9)	*10,6%*
of which (cost) not recurrent	*0,0*	*(0,6)*	*(0,6)*	
Personnel cost	(65,6)	(67,8)	(2,2)	*3,3%*
of which (cost) not recurrent	*0,0*	*(0,6)*	*(0,6)*	
Depreciations, amortisations and write-downs	(10,4)	(11,9)	(1,6)	*15,3%*
Provision for risk and charges	(0,9)	(1,4)	(0,5)	*49,5%*
Other operations cost	(2,5)	(2,7)	(0,2)	*9,7%*
of which (cost) not recurrent	*0,0*	*0,0*	*0,0*	
Share of result joint venture	0,1	0,5	0,4	*h.v.*
Net operating income	**33,6**	**32,7**	**(0,9)**	***(2,6)%***
Margin (%)	*12,3%*	*11,1%*	*(1,2%)*	
Financial income and (expenses) and from investments	(0,2)	(0,4)	(0,2)	*h.v.*
Profit (loss) before tax	**33,4**	**32,4**	**(1,0)**	***(3,1)%***
Taxes	4,5	(6,8)	(11,3)	*h.v.*
of which (cost) not recurrent	*12,5*	*0,0*	*(12,5)*	
Profit (loss) before minority interest	**37,9**	**25,5**	**(12,4)**	***(32,6)%***
Margin (%)	*13,9%*	*8,6%*	*(5,2%)*	
Profit (loss) for the year of minority interests	(0,2)	(0,1)	0,1	*(42,8%)*
Profit for the year	**37,7**	**25,4**	**(12,3)**	***(32,6)%***
Adjusted EBITDA	**44,9**	**47,4**	**2,6**	***5,8%***
Margin (%)	*16,4%*	*16,1%*	*(0,4%)*	

Key comments

Net operating income drivers

- Confirmed growth in volumes
- Positive performance on products cost reduction partially offset by the increase in custom duties
- Increase in Service costs due to mainly
  - Logistic costs (inbound and outbound)
  - Consultancy & maintenance
- Increase in personnel costs is mainly due to 2018 carry over and new hires, mainly driven by increasing focus on digital & contents and increasing global market coverage
- Increase in D&A is driven by higher investments for new products development and IT projects also related to digital transformation
- Increase in provision for risk and charges is due to the increase of bad debt provision
- Tax variation is due to lower non recurring patent box and deferred taxes accrual for a total of 12,5m€

Positive FX impact driven primarily by USD and JPY:

- +4,5m € on revenues
- +2,8m € on Net operating income
- +2,7m € on Net result

Solid growth on revenues and adjusted EBITDA

Profit and Loss statement (including IFRS 16)

(€m)	Jun 2018	Jun 2019	Delta	2019 vs 2018
Total revenue	**272,9**	**295,3**	**22,4**	***8,2%***
Cost or raw, ancillary and consumable materials and goods for resale	(85,1)	(96,3)	(11,2)	*13,2%*
of which (cost) not recurrent	*0,0*	*(0,1)*	*(0,1)*	
Service, Rentals and leases	(74,9)	(80,7)	(5,8)	*7,7%*
of which (cost) not recurrent	*0,0*	*(0,6)*	*(0,6)*	
Personnel cost	(65,6)	(67,0)	(1,4)	*2,1%*
of which (cost) not recurrent	*0,0*	*(0,6)*	*(0,6)*	
Depreciations, amortisations and write-downs	(10,4)	(14,7)	(4,4)	*42,5%*
Provision for risk and charges	(0,9)	(1,4)	(0,5)	*49,5%*
Other operations cost	(2,5)	(2,7)	(0,2)	*9,7%*
of which (cost) not recurrent	*0,0*	*0,0*	*0,0*	
Share of result joint venture	0,1	0,5	0,4	*h.v.*
Net operating income	**33,6**	**32,8**	**(0,8)**	***(2,3)%***
Margin (%)	*12,3%*	*11,1%*	*(1,2%)*	
Financial income and (expenses) and from investments	(0,2)	(0,6)	(0,4)	*h.v.*
Profit (loss) before tax	**33,4**	**32,2**	**(1,2)**	***(3,7)%***
Taxes	4,5	(6,8)	(11,3)	*h.v.*
of which (cost) not recurrent	*12,5*	*0,0*	*(12,5)*	
Profit (loss) before minority interest	**37,9**	**25,4**	**(12,5)**	***(33,0)%***
Margin (%)	*13,9%*	*8,6%*	*(5,3%)*	
Profit (loss) for the year of minority interests	(0,2)	(0,1)	0,1	*(42,8%)*
Profit for the year	**37,7**	**25,3**	**(12,4)**	***(32,9)%***
Adjusted EBITDA	**44,9**	**50,4**	**5,5**	***12,2%***
Margin (%)	*16,4%*	*17,1%*	*0,6%*	

Key comments

Net operating income drivers

- Confirmed growth in volumes
- Positive performance on products cost reduction partially offset by the increase in custom duties
- Increase in Service costs due to mainly
  - Logistic costs (inbound and outbound)
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- Increase in provision for risk and charges is due to the increase of bad debt provision
- Tax variation is due to lower non recurring patent box and deferred taxes accrual for a total of 12,5m€

IFRS16 impact is as follows:

- -2,1m € costs of rentals
- -0,8m € costs of rentals related to employee
- +2,9m€ D&A

Positive FX impact driven primarily by USD and JPY:

- +4,5m € on revenues
- +2,8m € on Net operating income
- +2,7m € on Net result

TWC heading towards normalization

Working Capital (€m)

(€m)	Jun 2018	Dec 2018	Jun 2019
Inventories	79,0	89,5	94,8
Trade receivables	114,4	151,5	113,4
Trade payable	(114,8)	(143,9)	(126,9)
Trade Working Capital	**78,6**	**97,1**	**81,3**
% LTM of total revenue	*11,8%*	*15,3%*	*12,4%*
Other current assets/(liabilities)	(43,1)	(40,4)	(41,4)
Current tax liabilities	(11,0)	(8,1)	(17,9)
Provisions	(11,6)	(14,1)	(10,9)
Net Working Capital	**13,0**	**34,6**	**11,0**
% LTM of total revenue	*1,9%*	*5,5%*	*1,7%*
Inventory Turnover 1	*6,3*	*5,2*	*5,2*
Days Sales Outstanding (DSO) 2	*53*	*73*	*53*
Days Payables Outstanding (DPO) 3	*102*	*133*	*112*

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

Key comments

Trade Working Capital

- TWC declining as percentage on revenues (12,4%) compared to Dec 18 (15,3% of revenues)
- Improved trade receivables driven by the recovery plan on year's end overdue (DSO at 53 days vs 73 days of last December)
- Improving DPO dynamics (112 days vs 102 days in Jun 2018)

Inventories

- Inventories include mainly finished products (78,3m €) and raw materials & components (15,1m €)
- Increase due to:
  - Local and transit stock in overseas countries
  - Spare parts in commercial subsidiaries

Other current A/L

- Mostly in line with December 2018

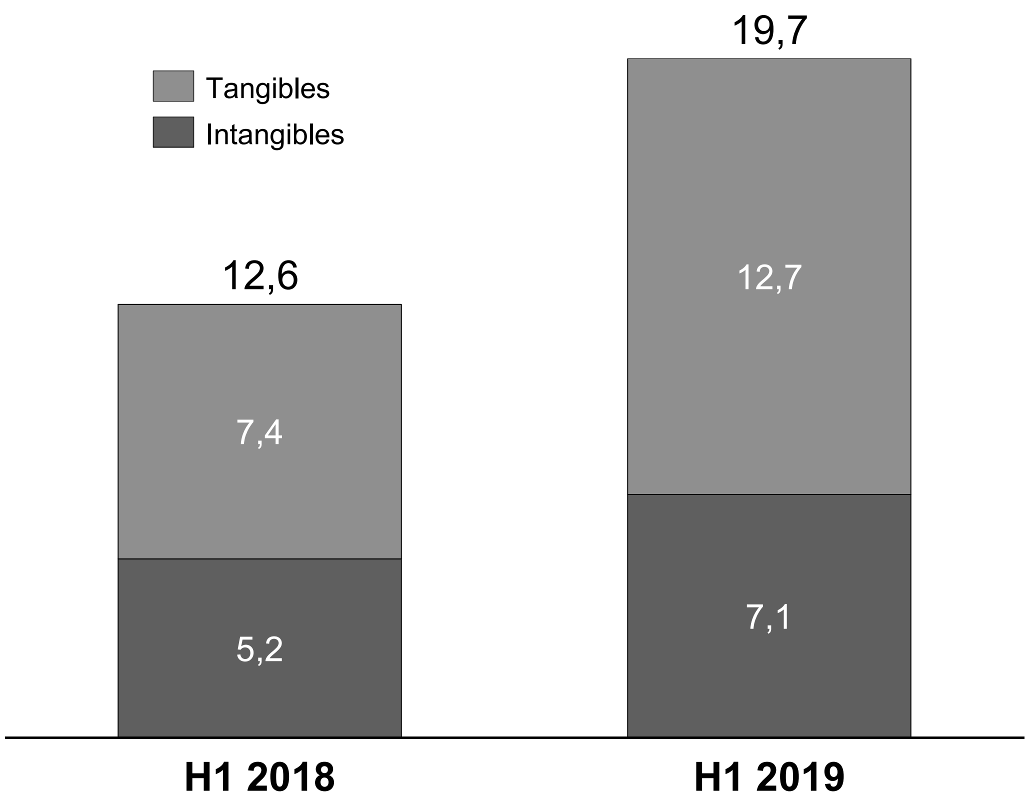
Current tax liabilities

- Increase due to tax payment processed in July

CAPEX at >6,7% on revenues

Capex analysis (€m)

% REV — H1 2018: **4.6%** — H1 2019: **6.7%**



Key comments

Major Tangibles Capex

- Investments in industrial tools and molds for new products
- New warehouse in the Slovakian plant

Major Intangibles Capex

- Investments in digital transformation project
- New products development
- New contents development

Net Financial Debt

Net Financial Debt (€m)

€m	30 Jun 2018	30 Jun 2019
Cash & cash equivalent	**(58,1)**	**(74,1)**
Current financial receivables	**(0,2)**	**(0,1)**
Current bank debt	30,5	32,2
of which granted by Committed Credit facilities	*5,0*	*32,2*
of which granted by Uncommitted Credit facilities	*25,5*	*0,0*
Current portion of non current debt	18,4	19,1
IFRS 16 Current liability	0,0	5,1
Other current financial debt	8,5	9,4
Net current financial debt	**57,5**	**65,8**
Non current portion of non current debt	46,8	28,7
IFRS 16 Non Current liability	0,0	13,9
Other non current financial debt	15,3	16,0
Non current financial debt	**62,1**	**58,6**
Financial net debt	**61,3**	**50,2**
NFD / EBITDA (LTM12m)	*0,43x*	*0,36x*
NFD / EBITDA (LTM12m) exclud. IFRS 16	*0,43x*	*0,22x*

Key comments

Cash & Cash equivalent

- Strong increase in cash position mainly refers to bank deposits € denominated

Current bank debt

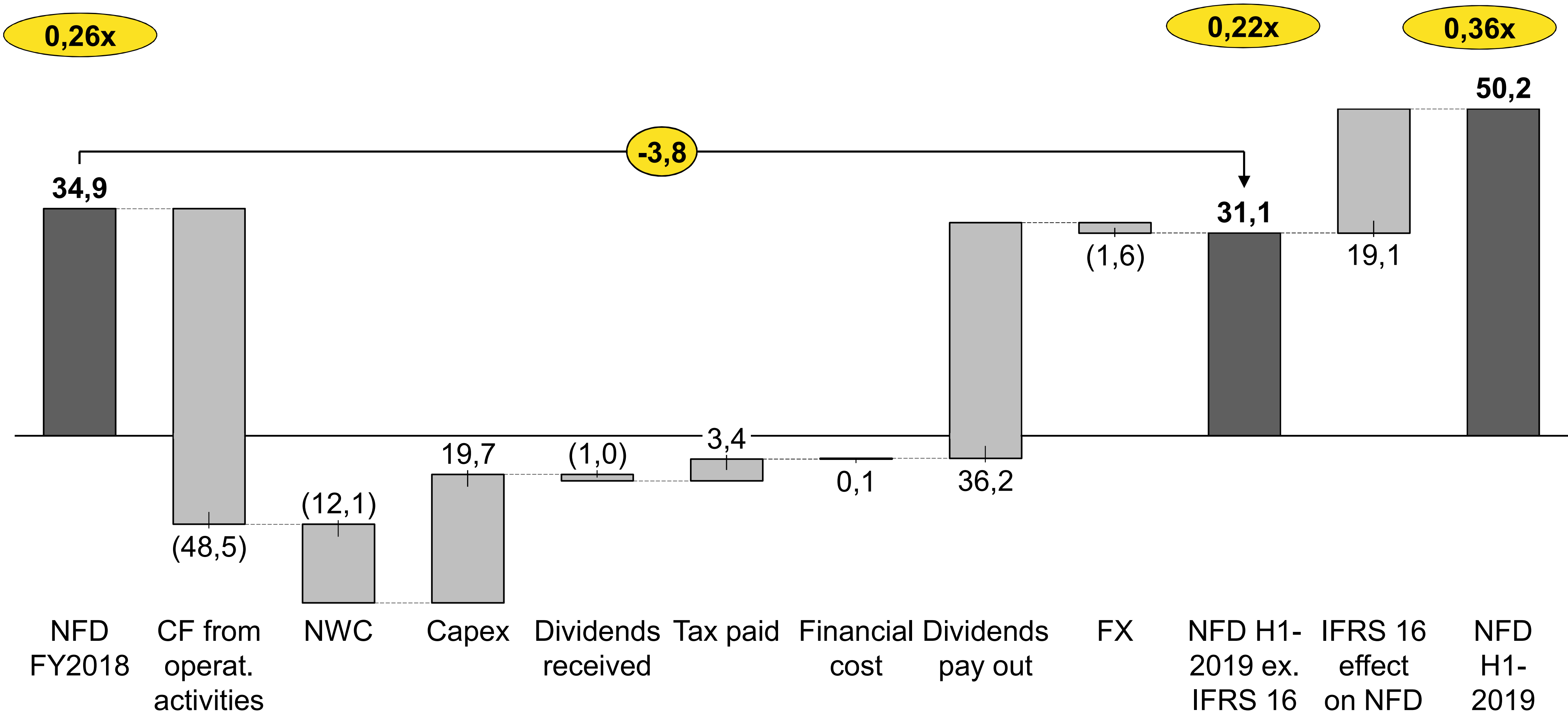
- Mainly composed of credit lines stand-by and short-term financing. As of 30/06/2019
  - Lines of credit and overdrafts committed for ~35m € of which 20m € drawn (revocable / floating rate: EURIBOR + spread)
  - Lines of credit and overdrafts uncommitted for ~73,5m € of which 12,2m € drawn (revocable / floating rate: EURIBOR + spread)

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

- Flexible financial structure based on bank amortizing loans with ~2y duration (floating: EURIBOR + spread)
- Leasing exposure stands at 25,3m € in H1-19 (9,3m € short term among “other current financial debt” and 16m € among “non current financial debt”), slightly increasing vs Y-1 (22,8m €).
- IFRS 16 impact on financial debt is 19,1m € in H1-19

Net Financial Debt walk

€m



APPENDIX

EBITDA vs EBITDA adjusted Reconciliation

(€m)	Jun 2018	Jun 2019	Jun 2019 excluding IFRS 16	Jun 2018 vs Jun 2019 Δ %	Jun 2018 vs Jun 2019 excluding IFRS 16 Δ %
Net operating income	**33,6**	**32,8**	**32,7**	***(2,3)%***	***(2,6)%***
Services, Rental and leases	0,0	0,6	0,6		
Personell cost	0,0	0,6	0,6		
Cost of raw, ancillary and consumable materials and goods for resale	0,0	0,1	0,1		
Total not recurring items	**-**	***1,4***	***1,4***	***n.a***	***n.a***
Adjusted Net operating income	**33,6**	**34,2**	**34,1**	***1,9%***	***1,6%***
Depreciations, amortisations and write-downs	(10,4)	(14,7)	(11,9)	*42,5%*	
Provision for risk and charges	(0,9)	(1,4)	(1,4)	*49,5%*	
EBITDA adjusted	**44,9**	**50,4**	**47,4**	***12,2%***	***5,8%***
Margin %	***16,4%***	***17,1%***	***16,1%***		
Non recurring	0,0	1,4	1,4		
EBITDA	**44,9**	**48,9**	**46,0**		
Margin %	***16,4%***	***16,6%***	***15,6%***		

Balance sheet

€m	Jun 2018	*% on LTM Revenues*	Dec 2018	*% on Revenues*	Jun 2019	*% on LTM Revenues*
Inventories	79,0	*11,9%*	89,5	*14,1%*	94,8	*14,4%*
Trade receivables	114,4	*17,2%*	151,5	*23,9%*	113,4	*17,3%*
Trade payables	(114,8)	*(17,2%)*	(143,9)	*(22,7%)*	(126,9)	*(19,3%)*
Trade Working Capital	**78,6**	***11,8%***	**97,1**	***15,3%***	**81,3**	***12,4%***
Other current assets/(liabilities)	(43,1)	*(6,5%)*	(40,4)	*(6,4%)*	(41,4)	*(6,3%)*
Current tax liabilities	(11,0)	*(1,7%)*	(8,1)	*(1,3%)*	(17,9)	*(2,7%)*
Provisions	(11,6)	*(1,7%)*	(14,1)	*(2,2%)*	(10,9)	*(1,7%)*
Net Working Capital	**13,0**	***1,9%***	**34,6**	***5,5%***	**11,0**	***1,7%***
Property, plant and equipment	139,7	*21,0%*	142,6	*22,5%*	166,4	*56,4%*
Intangible assets	30,2	*4,5%*	35,9	*5,7%*	38,8	*13,1%*
Goodwill	0,0	*0,0%*	0,0	*0,0%*	0,0	*0,0%*
Investments in joint ventures	17,8	*2,7%*	18,0	*2,8%*	17,5	*5,9%*
Employee benefit obligations	(3,1)	*(0,5%)*	(3,0)	*(0,5%)*	(2,9)	*(1,0%)*
Other non current asset and (liabilities)	17,2	*2,6%*	16,1	*2,5%*	19,4	*6,6%*
Net Fixed Capital	**201,8**	***30,3%***	**209,6**	***33,0%***	**239,3**	***36,4%***
Net Invested Capital	**214,8**	***32,3%***	**244,1**	***38,5%***	**250,3**	***38,1%***
Shareholders' Equity	153,5		209,3		200,1	
Financial Net Debt	61,3	*9,2%*	34,9	*5,5%*	50,2	*7,7%*
Total Source of Funding	**214,8**	***32,3%***	**244,1**	***38,5%***	**250,3**	***38,1%***

NFD = 31,1m€ excluding IFRS16

Cash Flow statement

(€m)	Jun 2018	Jun 2019
Consolidated profit for the year	**37,9**	**25,4**
Depreciation, amortization and impairment losses	10,4	14,7
Provisions	0,9	1,4
Share of net result from joint ventures	(0,1)	(0,5)
Net financial expenses	0,2	1,0
Income/(expenses) from investments	(0,0)	(0,4)
Income tax expenses	(4,5)	6,8
Cash flows from operating activities before changes in working capital	**44,8**	**48,5**
Change in inventory	(11,8)	(5,1)
Change in trade receivables	(4,8)	33,2
Change in trade payables	(9,1)	(17,4)
Change in other operating assets and liabilities	(5,8)	1,3
Non-recurrent fiscal payment	0,0	0,0
Income taxes paid	(3,4)	(3,4)
Net cash inflow from operating activities (A)	**9,9**	**57,2**
Investments in property, plant and equipment	(7,4)	(14,0)
Disposals of property, plant and equipment	0,0	1,4
Investments in intangible assets	(5,2)	(7,1)
Disposals of intangible assets	0,0	0,0
Dividends received from associates	0,0	0,0
Dividends received from other entities	0,0	0,0
Dividends received from joint ventures	0,0	1,0
Dividends paid	0,0	0,0
Minority Interest	0,0	0,0
Net cash inflow (outflow) from investing activities (B)	**(12,7)**	**(18,7)**
Proceeds from new borrowings	0,0	0,9
Repayment of borrowings	(28,6)	(9,2)
Net increase (decrease) of current financial assets and liabilities	29,7	0,2
Dividends paid	(18,1)	(36,2)
Payments of net financial expenses	(0,6)	(0,2)
Net cash inflow (outflow) from financing activities (C)	**(17,6)**	**(44,4)**
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)	**(20,4)**	**(6,0)**
Cash and cash equivalents at the beginning of the year	**77,8**	**78,5**
Net increase (decrease) in cash and cash equivalents from January 1 to June 30	(20,4)	(6,0)
Effects of exchange rate differences on cash and cash equivalents	0,6	1,6
Cash and cash equivalents at the end of the year	**58,1**	**74,1**

* Data based on IFRS16 figures


COACH
20
4kg
40