

Technogym Financial Results 2020

Investor presentation



Cesena, March 24th 2021

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Massimiliano Moi, 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.

Strategic overview



Wellness: a top-priority even before COVID 19

~2.0bn

People in the World
moving to feel better



~300m

Wellness consumers in the world's 30 most
industrialized countries

End-User wellness needs



**START
MOVING**



**TONE
YOUR BODY**



**REDUCE
STRESS**



**HELP
YOUR BACK**



**WEIGHT
LOSS**



**MORNING
ENERGIZING**



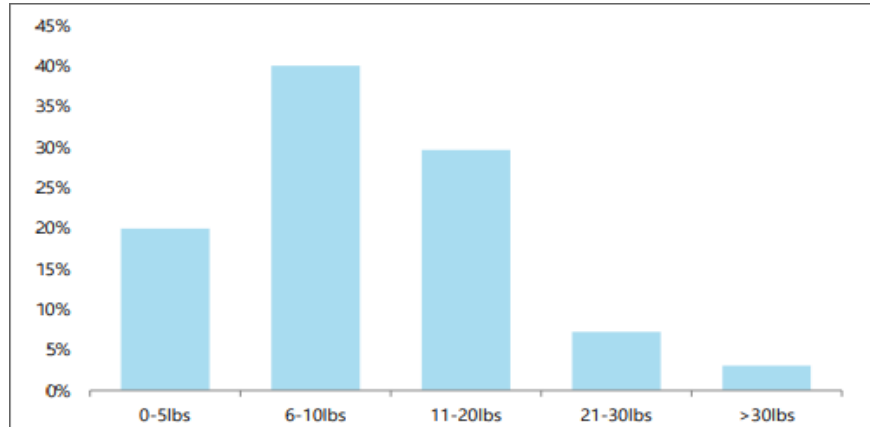
**RECOVERY &
REHAB**

Technogym always focused on end-user needs

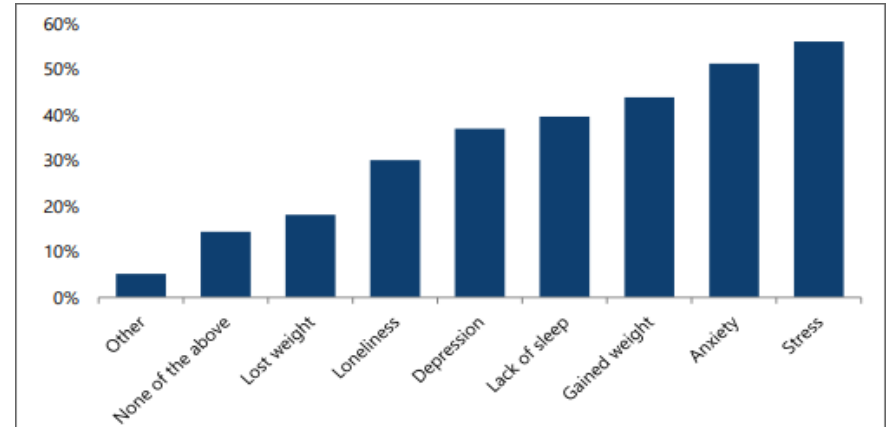
Source: Source: SRI, Spas and Global Wellness Market

COVID Impact on people's life

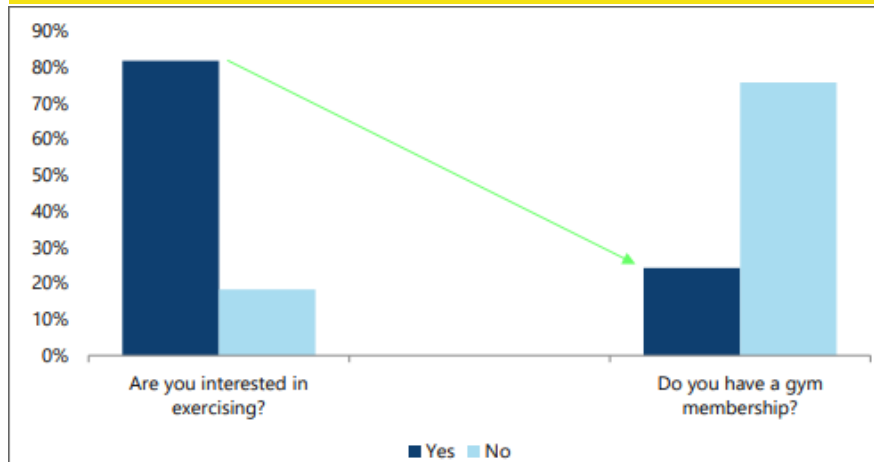
70%+ gain weight during the pandemic



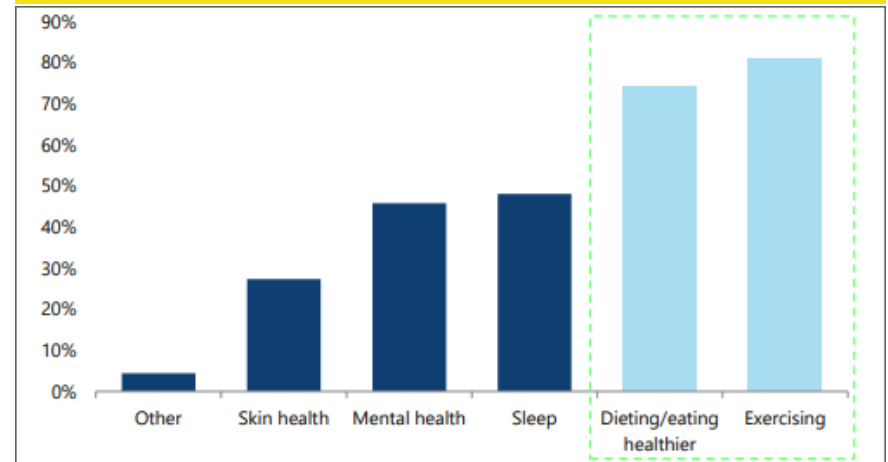
Stress and anxiety ramped-up during lockdowns



Increased interest in exercising, despite previous gym membership



Exercising as top of mind healthier habit to look for in 2021



Source: Jefferies survey

Strictly private & confidential

Covid19: impact & opportunities for Technogym

► **In 2020 Covid19 led to a significant increase in health related risks:**

- 60% of people is more stressed
- 51% experiences anxiety
- 44% gained weight
- 40% experiences lack of sleep
- 37% has depressions issue

These factors paved the way to a significantly higher risk of obesity, diabete, mental diseases and tumors

► **In 2021 «wellness & prevention» demand becomes a top priority:**

- 77% will look for healthier life style
- 80% show interest in exercising (only 25% had previously a gym membership)
- 81% consider exercising as a key component of their wellness goals
- 65% want to come back to gym training once possible
- Vast majority of the people will go on with an hybrid & on-the-go training, coupling at-home and at-the-gym locations
- Broad diffusion of digital training solutions to represent a material induction for phisical exercise: all these beginners are expected to continue their training at home or in gyms
- Increasing demand for respiratory cardio and muscolar rehab folowing COVID-19 supported a strong growth in the health & rehab centers market
- During the pandemic the training directed to vertical disciplines (e.g. cycling, running or rowing) increased significantly

COVID 19 largely increased the Technogym SAM

Source: Jefferies survey

Strictly private & confidential

Growth perspectives

~ € 1.0bn Group revenues in 2024

~ € 300mln BtoC revenues in 2022 (anticipated from previous 2023)

BtoC contribution to total revenues to increase over the next years

Confirmed long term focus on sustainable & profitable growth

2020 financial results



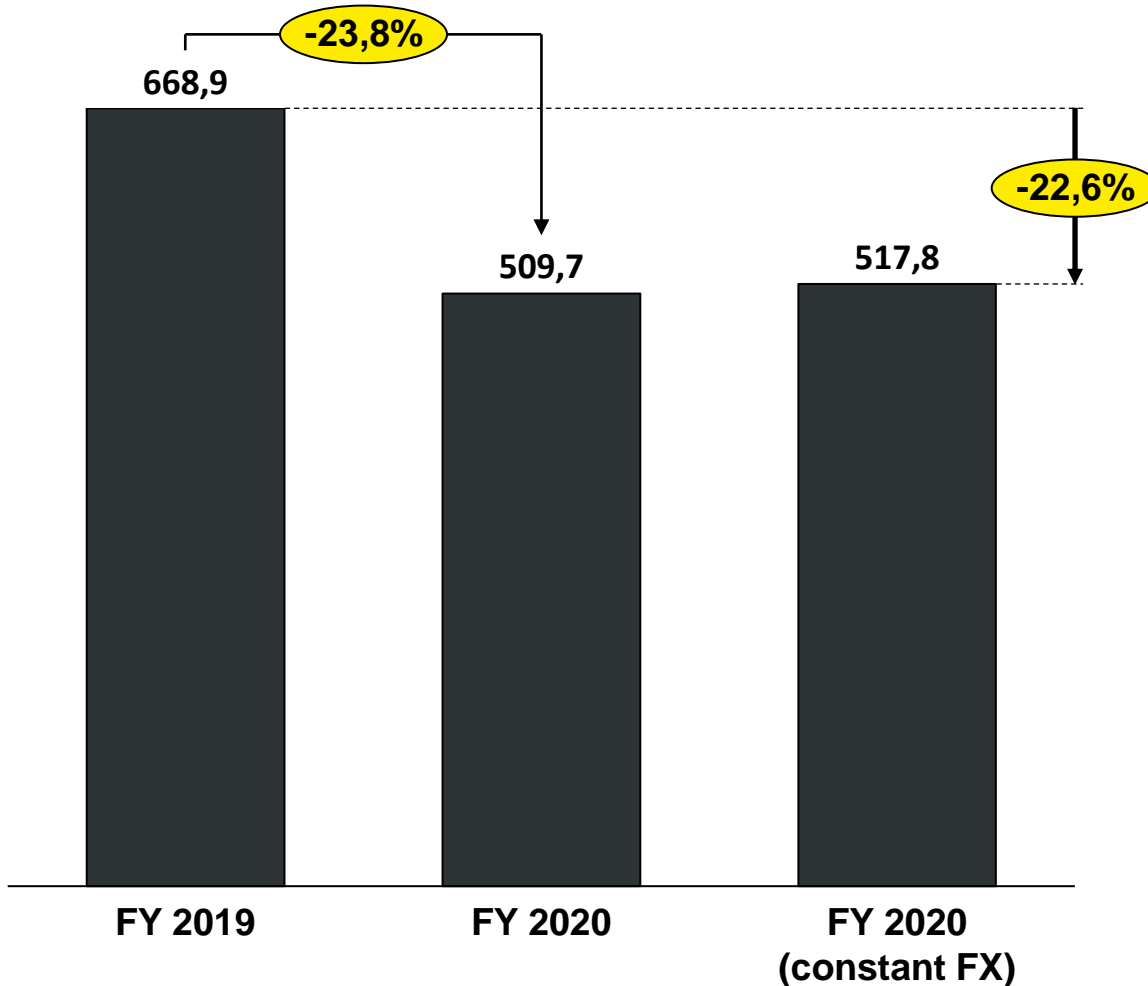
2020 results at a glance: good profitability level in a tough year

	2019A	2020A	2020A vs 2019A
Revenues (€m)	668.9	509.7	-23.8%
EBITDA ADJ (€m) <i>Margin (%)</i>	147.8 22.1%	96.9 19.0%	-34.5%
EBIT ADJ (€m)	112.6	58.9	-47.7%
Net Profit ADJ (€m)	85.2	43.4	-49.0%
Net Financial Position (€m)	3.7	59.5	+55.8
Free Cash Flow (€m)	99.3	79.4	-19.9
Cash conversion rate	88%	103%	+15pp

* 2020A Net Profit includes not recurring costs

Strong growth in Home partially offset B2B performance

Revenues (€m)



Key comments

- Strong growth in Home (+70,5% Y/Y) limited the performance from COVID affected sectors in Commercial
- Italy (+1.9%) outpaced the trend in 2020 driven by Home exposure. APAC showed recovery signs in Q4 (c. -13% vs. -35% in Q3)
- Inside Sales and Retail grew double digit
- Digital fitness solutions posted a high growth in 2020, confirming in Q4 the sound performance of 9 months

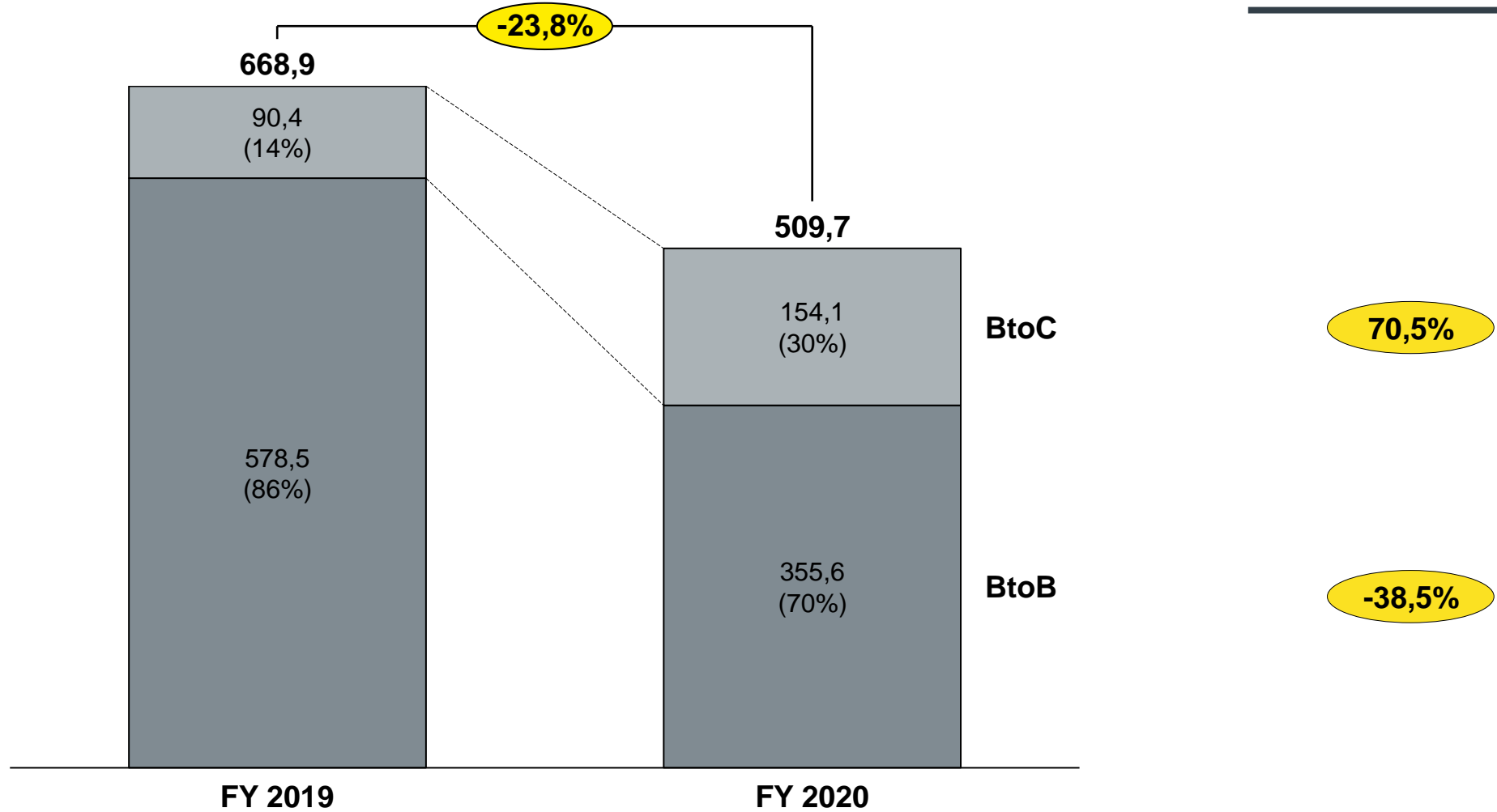
Excluding FX impact, drop would have been -22,6%. Major impacts:

- USD, BRL, RUB

+71% in Home, representing 30% of total revenues

€m

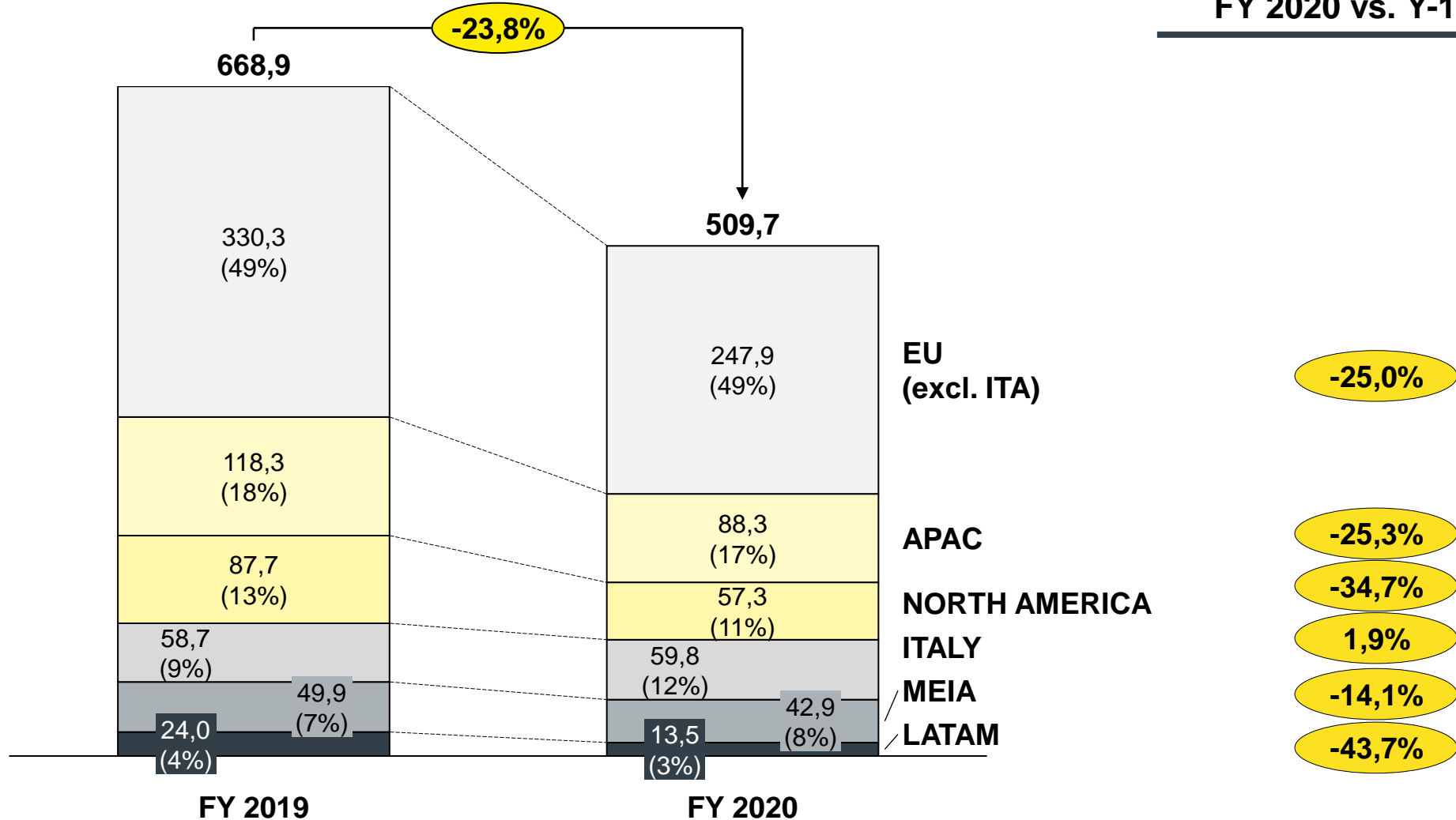
FY 2020 vs. Y-1



Top Home performance in Italy & MEIA supported FY20 revenues trend

€m

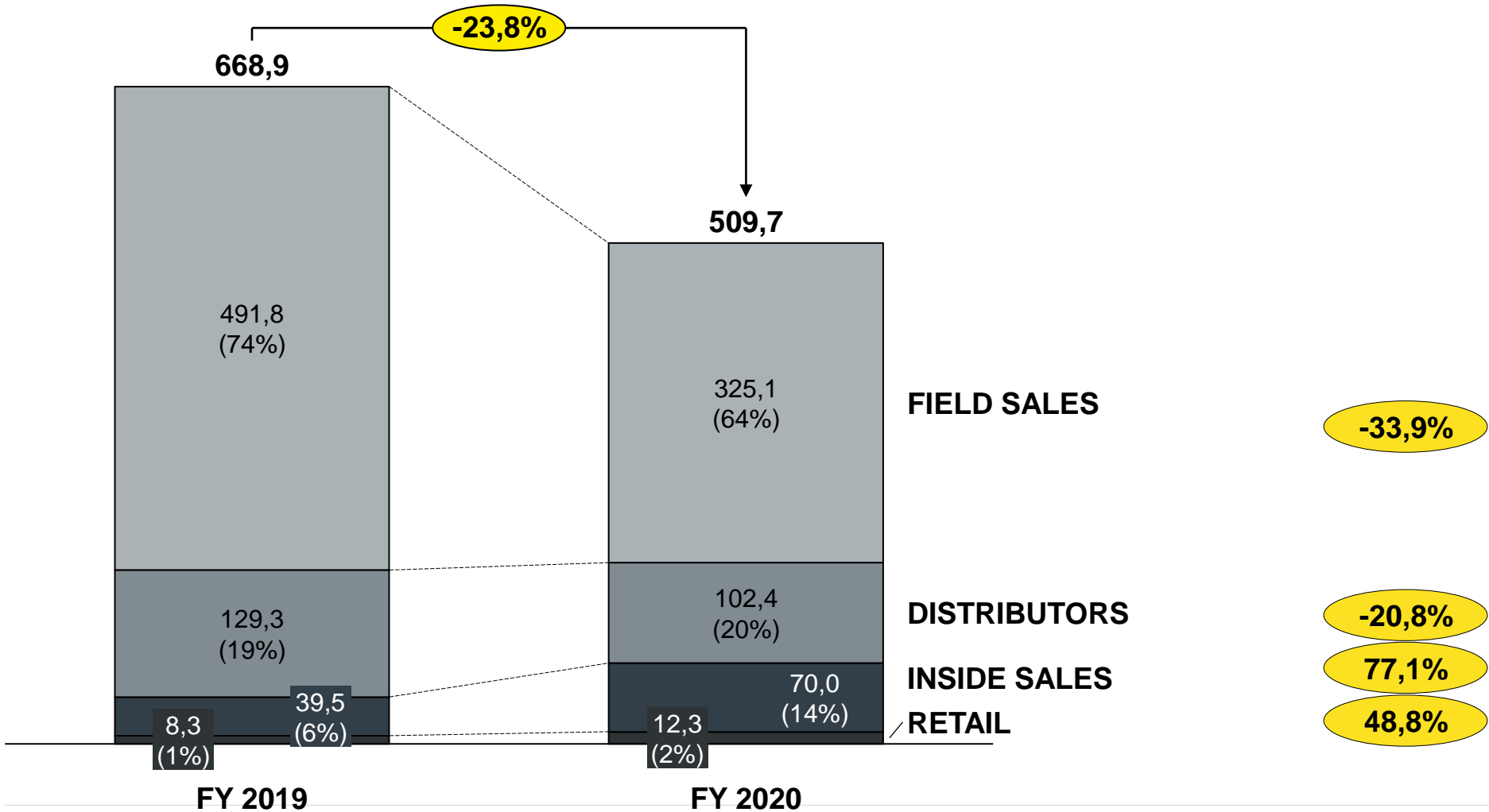
FY 2020 vs. Y-1



Inside Sales (including e-commerce) and Retail strong performance

€m

FY 2020 vs. Y-1



Good profitability level achieved despite the pandemic

€m

Profit & Loss statement

(€m)	Dec 2019		Dec 2020	
Total revenue	668,9	% on sales	509,7	% on sales
Cost of raw, ancillary and consumable materials and goods for resale	(219,3)	(32,8%)	(166,4)	(32,6%)
of which (cost) not recurrent	(0,1)		(0,7)	
Service, Rentals and leases	(163,6)	(24,5%)	(128,5)	(25,2%)
of which (cost) not recurrent	(1,3)		(1,2)	
Personnel cost	(136,2)	(20,4%)	(112,6)	(22,1%)
of which (cost) not recurrent	(2,4)		(1,0)	
Depreciations, amortisations and write-downs	(31,1)	(4,7%)	(35,1)	(6,9%)
Provision for risk and charges	(4,1)	(0,6%)	(3,3)	(0,6%)
of which (cost) not recurrent	0,0		(0,5)	
Other operations cost	(7,3)	(1,1%)	(10,3)	(2,0%)
of which (cost) not recurrent	(0,4)		(1,1)	
Share of result joint venture and impairment	1,0	0,1%	0,9	0,2%
Net operating income	108,4	16,2%	54,4	10,7%
Margin (%)	16,2%		10,7%	
Financial income and (expenses) and from investments	(1,9)	(0,3%)	(6,3)	(1,2%)
of which (cost) not recurrent	0,0		(2,6)	
Profit (loss) before tax	106,4	15,9%	48,0	9,4%
Taxes	(22,7)	(3,4%)	(11,6)	(2,3%)
of which (cost) not recurrent	2,2		(0,3)	
Profit (loss)	83,7	12,5%	36,4	7,2%
Margin (%)	12,5%		7,2%	
Profit (loss) for the year of minority interests	(0,5)	(0,1%)	(0,4)	(0,1%)
Profit (loss) attributable to owners of the parent	83,2		36,0	
Adjusted EBITDA	147,8		96,9	
Margin (%)	22,1%		19,0%	
Profit (loss) adjusted	85,2		43,4	
Percentage (%)	12,7%		8,5%	

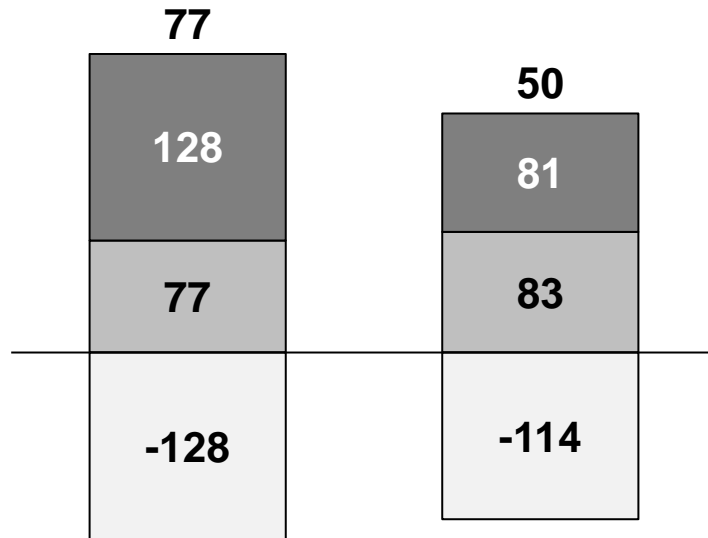
Key comments

- Purchase costs substantially stable at 32,6% on sales
- Operating cost reduction driven by efficiencies achieved in 2020
- Labor costs reduction driven by unemployment programs in different countries
- D&A at 6,9% on sales, driven by last year investments in IT projects and digital transformation
- Increase in financial costs due to impairment and loss on forex rate

Trade Working Capital: positive performance in both DSO and DPO

Trade Working Capital evolution (€m)

AR Stock AP



2019

2020

% on
Sales

11.5%

9.7%

Inventory
Turnover

6.1x

4.1x

DSO

59

46

DPO

112

130

Key Comments

- **Inventories:** growth mainly driven by product mix shift
- **Trade receivables:** DSO improved thanks to actions to further reduce credits and growth in Home consumer segment
- **Trade payable:** DPO improved from 112 to 130 days

IT: Calculated as the ratio of Turnover for products, spare parts, hardware and software / Inventory w/o deval.

DSO: Calculated as Account receivables net of VAT (~ 11%) / Total turnover

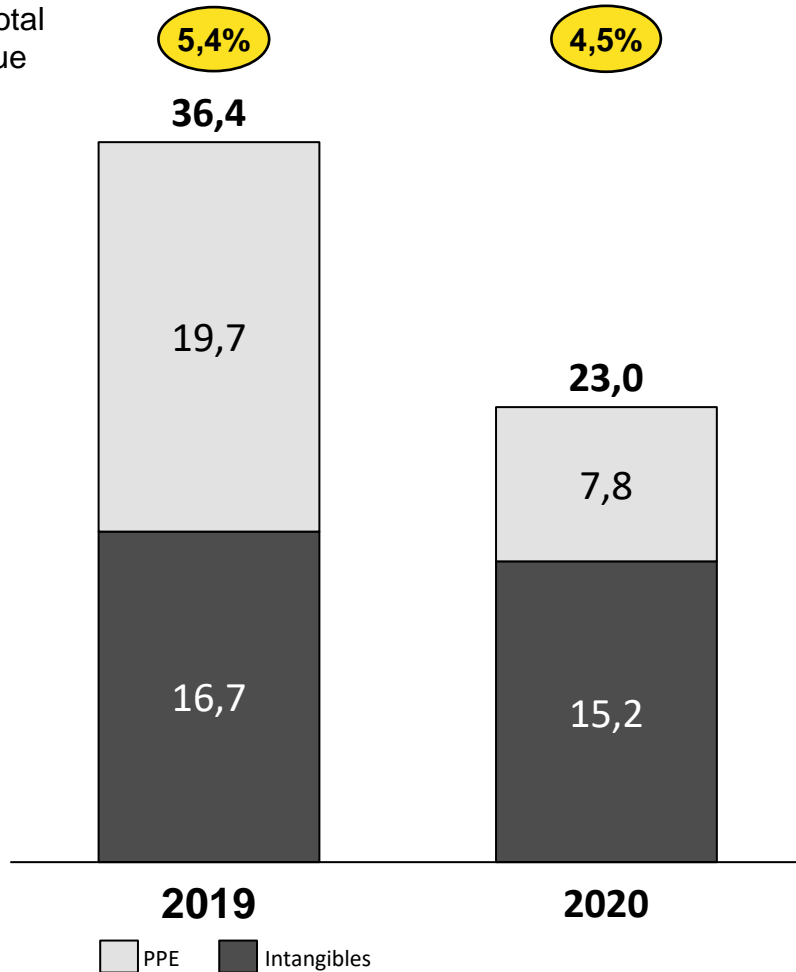
DPO: Calculated as Trade payables net of VAT (~ 7%) / (Total costs for raw materials, semi-finished products and services)

Capex stood at 23 m€ (4.5% on revenues) driven by digital & content focus

€m

Capex* analysis (€m)

% of total revenue



Key comments

Tangibles Capex mainly includes:

- Tools and moulds for new products
- Production lines and manufacturing equipment
- Corporate facility, New stores and Offices

Intangibles Capex

- Digital and contents development
- New products development
- IT projects

* CAPEX: excluding financial investments (investment in JV.) and IFRS16 impact

Net Financial Position improved to 59 m€, with gross cash over 202 m€

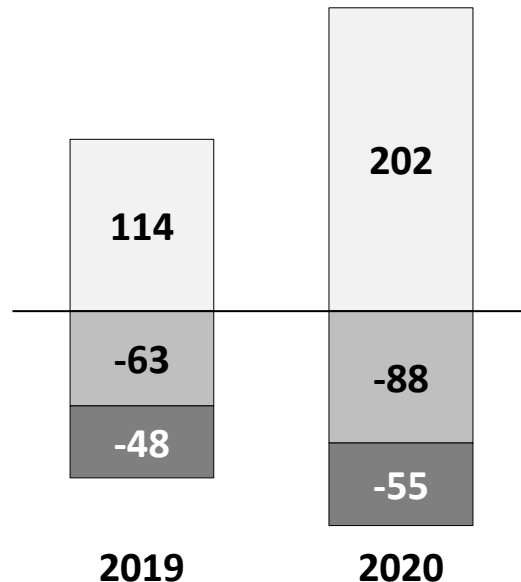
Net Financial Position (€m)

NFP €m

4

59

- Cash and cash equivalent
- Bank debt
- Other Financial Debt



Key Comments

Free Cash Flow pre tax at 95.4m € in 2020, with a 103% conversion rate.

Other financial debt

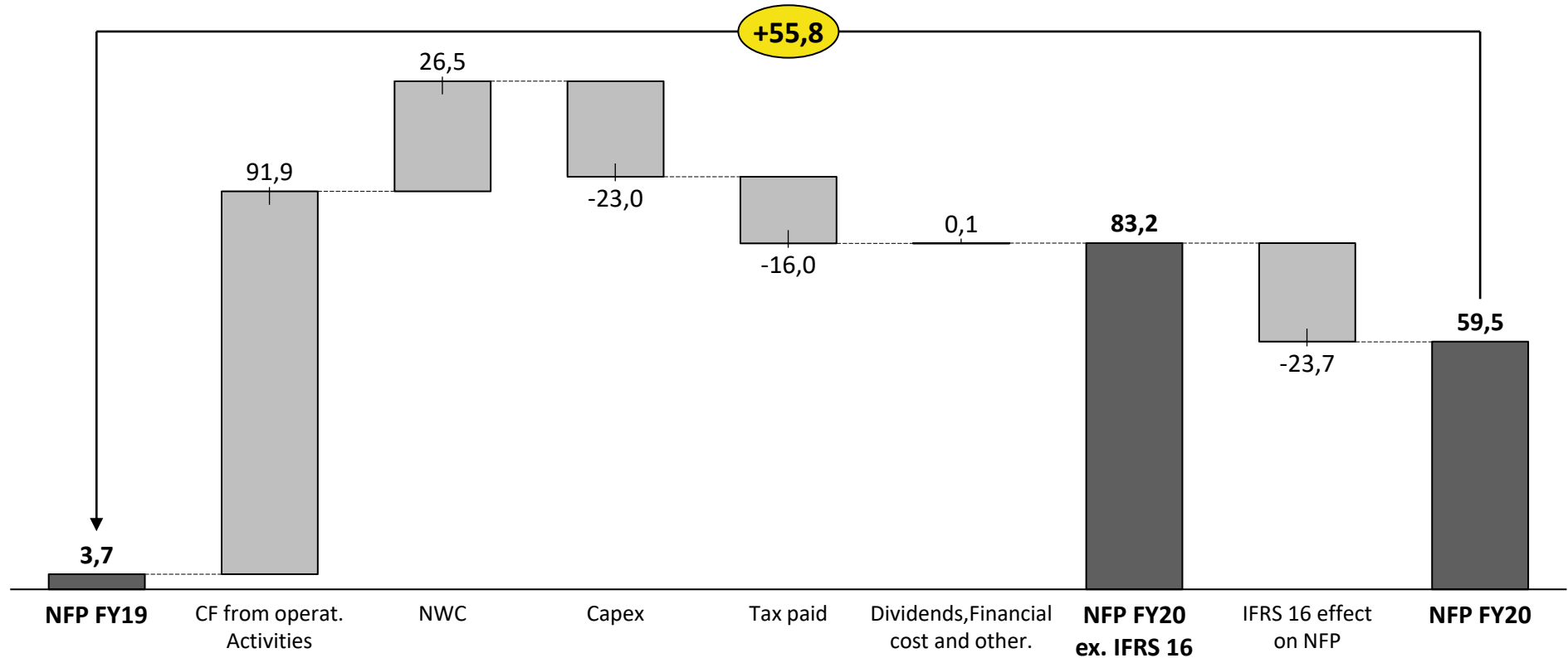
- Leasing exposure stands at 31,4m € on Dec 2020 increasing vs Y-1 (26,1m €).
- IFRS 16 impact on financial debt is 23,7m € on Dec 2020

Without considering IFRS16 impact, NFP is 83,2m€ (net cash) vs 25,3€ (net cash) as at Dec 2019

Bank credit lines for 268 m€, utilized for 33%, available for 180 m€

Net Financial Position from 3,7 m€ to 59,5

€m



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FOR A BETTER WORLD

