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TECHNOGYM S.P.A.: BOARD OF DIRECTORS APPROVED THE DRAFT CONSOLIDATED RESULTS FOR THE 2017 FINANCIAL YEAR

TECHNOGYM: net profit +42%

- **CONSOLIDATED REVENUE: Euro 598,2 million, +7.7% on 2016 (Euro 555 million). At constant exchange rates, consolidated revenue growth stands at +9.2%**
- **EBITDA: Euro 120,2 million, +20.3% on 2016 (Euro 100 million).**
- **NET PROFIT: Euro 61.2 million, +42% on 2016 (Euro 43.1 million).**
- **NET FINANCIAL DEBT: Euro 41.3 million, improved compared to Euro 78 million in 2016**
- **PROPOSED DIVIDEND of Euro 0.09 per share, totaling Euro 18 million**



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Nerio Alessandri, Chairman and Chief Executive Officer, said:

“Technogym closed 2017 with a solid sales performance at global level. In particular we are satisfied of our double digit revenues growth in strategic areas for our future development such as China and the United States.

With reference to profits, on behalf of the entire Technogym team, I’m proud to announce to our shareholders that in 2017 we have significantly further improved the good performance registered in 2016, in terms of both net profit and EBITDA.

Technogym confirms its leadership also in digital solutions; our Mywellness open platform, based on cloud and IoT technologies, launched in 2012 today represents the industry point of reference for “Connected Wellness” and features approximately 15.000 connected wellness clubs and over 10 million users using our digital solution, out of a total of 40 million people training with Technogym every day, all over the world. In line with our leadership in digital, in 2017 Technogym become the first player to implement Apple Watch connectivity and today the features in already active in over 5.000 equipment all over the world.

Innovation remains the pillar of our strategy: during the year which just ended Technogym has launched SKILL LINE – a new product range dedicated to athletic training, alongside the more consolidated fitness and medical areas – that includes new products like SKILLROW and SKILLRUN combining design and sport performance. SKILL LINE opens a new market dedicated to sport performance training for every discipline.

2018 started with our seventh Olympic experience, since Technogym has been selected as Official Supplier to the Pyeongchang 2018 Olympic Games in South Korea. Lastly, last week in San Diego, at the most important international trade show in our industry, we have previewed to the main operators SKILLBIKE – the new bike designed for performance training in order to take indoor the real cycling, triathlon and mountain bike experience – that will be launched in the market in the coming weeks”.



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Cesena (Italy), March 28, 2018 - The Board of Directors of TECHNOGYM (TGYM.MI), a leader in the international fitness, sport and health equipment market and operating in the broader Wellness industry, today examined and approved the consolidated financial statements and the draft financial statements for 2017, prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

TECHNOGYM closed 2017 with revenue up +7.7% compared to the previous year. Growth was particularly significant in some geographic areas strategic for the company's medium/long-term development: +30% in China and +20% in US.

EBITDA stands at Euro 120,2 million, an increase more than proportionate to revenue growth, as well as improving by over 20% the significant result of 100 million Euro registered in 2016. EBITDA margin is higher than 20%.

The net financial debt registers an improvement of over 36 million, thanks to cash flow generation over the period, allowing to finance significant R&D investments.

In 2017 Technogym has launched new products such as SKILLROW, the new smart rower, and SKILLRUN, the innovative treadmill designed to offer both cardio and power workouts. Together with SKILLMILL, introduced in 2016, the new products widen SKILL LINE, a specific line targeting the athletic training segment, a sector in strong growth all over the world.

As regards innovation, Technogym confirms its leadership in digital solutions thanks to the Mywellness digital platform launched in 2012; in 2017 the company has been the first player in the fitness and wellness industry to introduce Apple Watch connectivity. The compatibility between Technogym products and Apple Watch was launched during joint events in Australia, US and UK. As of today Technogym globally features an installed base of more than 5,000 Apple GymKit-enabled pieces of equipment.

Mycycling, the new digital solution for cyclists allowing indoor simulation on users own road bike, represents the most relevant news for the consumer market.

Revenue performance in 2017

Again in 2017, after the important growth recorded in 2016, TECHNOGYM continues to grow. In the year just ended, revenue rose in all the geographic areas of operation worldwide. The most significant figures were those recorded in the North America region (+13.3%), thanks to the important result in US (+20%) which confirms the interest of the most important operators in the Technogym wellness solutions. Also the Asia Pacific region registers a double digit growth (+10%), led by China (+30%) as well as South America (+26%) after the strong growth already registered in 2016.

In terms of distribution channels, revenue growth was even across all four channels envisaged in TECHNOGYM's omni-channel distribution business model

A breakdown of revenue is provided below, by:

- distribution channels;
- geographic area



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Revenue by distribution channel

<i>(In migliaia di Euro e percentuale sul totale ricavi)</i>	FY Esercizio chiuso al 31 Dicembre			
	2017	2016	2017 vs 2016	%
<i>Field sales</i>	417.089	386.448	30.641	7,9%
<i>Distributors</i>	134.345	122.302	12.043	9,8%
<i>Inside sales</i>	41.201	40.936	265	0,6%
<i>Retail</i>	5.614	5.655	-41	-0,7%
Totale ricavi	598.249	555.341	42.908	7,7%

Revenue by geographic area

<i>(In migliaia di Euro e percentuale sul totale ricavi)</i>	FY Esercizio chiuso al 31 Dicembre			
	2017	2016	2017 vs 2016	%
Europa (esclusa Italia)	304.135	288.081	16.054	5,6%
MEIA	54.020	51.026	2.994	5,9%
APAC	88.920	80.950	7.970	9,8%
Italia	56.378	54.183	2.195	4,1%
Nord America	66.149	58.373	7.776	13,3%
LATAM	28.647	22.728	5.919	26,0%
Totale ricavi	598.249	555.341	42.908	7,7%



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EBITDA

As at December 31, 2017, EBITDA stood at Euro 120.2 million, up +20.3% on 2016 (Euro 100 million). The growth was more than proportionate to revenue, while EBITDA margin was higher than 20%. This increase was mainly due to a better product mix with a growing contribution from Cardio e Sport Performance products combined with further rationalization of industrial activities which had a positive impact on direct production costs.

Net Profit

The net profit for 2017 stands at Euro 61,2 million, up +42% compared to Euro 43 million reported in 2016. The strong net profit increase benefits from the combination of the improvement in the business profitability along with the positive effect of financial activities and tax rate reduction.

Net Financial Debt

Net Financial Debt at December 31, 2017 was Euro 41.3 million, with an improvement of 36.7 million, despite 25.1 million Euro investments (up 2.7 million compared to previous year) and 13 million Euro dividends.

Significant events after December 31, 2017

In February 2018 Technogym has been selected as Official Supplier of the Pyeongchang 2018 Olympic Games in South Korea: for Technogym this is the seventh Olympic experience as Official Supplier. In February Technogym has also announced the strategic partnership with Nuffield, the leading UK industry operator, to implement Technogym products and digital technologies in 111 fitness clubs and 31 hospitals. Lastly, during the IHRSA trade show in San Diego, Technogym has previewed the new SKILLBIKE, that will be officially launched in the coming weeks, to the main American and international operators.

Outlook

For 2018, the TECHNOGYM Group confirms the development guidelines already implemented in the year just ended. International growth will mainly involve consolidation of market shares in Europe, further growth in North America, following the positive growth trend already recorded in the last 3 years and further growth also in the Asia Pacific region, in which China represents a big potential market.

The commitment to product innovation will continue through specific focus on improving the equipment user experience by means of digital services provided on the MyWellness open platform. So again in 2018 the company will be proposing new products and solutions for both the operators' market and the end consumers' market. In support of the extensive product portfolio, TECHNOGYM will continue to invest in the skills of its own personnel so they can guarantee clients an excellent service in line with the brand's aspirational features.

In spite of the uncertain macro-economic scenario and an increasingly competitive wellness market, company management believes that in 2018 Technogym can continue to grow; a constant and sustainable growth, stronger than that of the market, both in terms of revenue and profit, supporting lasting creation of value for its shareholders.

Financial Statements of the Parent Company

The Board of Directors also approved the financial statements of the parent company, Technogym S.p.A. The Company recorded revenue of Euro 427.5 million, up +4.6% on the Euro 408.8 million of 2016 and mainly due to volume growth as well as to the sale of products with greater added value. Net Profit stood at Euro 52.1 million, compared to Euro 45.5 million in 2016. The Statement of Financial Position of Technogym S.p.A. shows Equity of Euro 172.7 million, compared to Euro 132.4 million in



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2016, and a Net Financial Debt of Euro 94.5 million compared to Euro 139.4 Million in 2016 thanks to the relevant cash flow generation during the year.

Proposed allocation of profit for the year

The Board of Directors resolved upon a proposal to the Shareholders' Meeting to pay dividends for 2017 of Euro 18 million, amounting to Euro 0.09 per ordinary share, with a payout ratio of 29.5% of Net Profit. The remaining share of the Net Profit will be accounted to the equity reserves 'earning previous years'.

The dividend will be paid on May 23rd 2018 (coupon date May 21st 2018 and record date May 22nd 2018, with coupon #2 pay out).

Other resolutions

On today's date, the Board of Directors adopted, *inter alia*, the following resolutions:

1. *Approval of the Report on Remuneration pursuant to Art. 123-ter of Italian Legislative Decree no. 58 of February 24, 1998 ("**Consolidated Law on Finance**") and Art. 84-quater of CONSOB Regulation no. 11971/1999 ("**Issuers' Regulation**").*
2. *Approval of the Report on Corporate Governance and Ownership Structures pursuant to Art. 123-bis of the Consolidated Law on Finance.*
3. *Proposal to the Ordinary Shareholders' Meeting to supplement the fees of the independent auditors PricewaterhouseCoopers S.p.A., assigned to audit the accounts for the period 2017-2019 for the provision of additional services required as a result of the entry into force of the auditing reform.*
4. *Proposal to request that the Ordinary Shareholders' Meeting approve a plan for the free allocation of the right to receive ordinary shares of the Company, named the 2018-2020 Performance Share Plan, significant pursuant to Art. 114-bis, paragraph 1 of the Consolidated Law on Finance.*

That plan for the free allocation of the right to receive ordinary shares of the Company, named the 2018-2020 Performance Share Plan, is reserved for managers of the Technogym Group, who shall be identified by the Board of Directors, based on proposal by the Chairman of the Board of Directors, having heard the opinion of the Appointments and Remuneration Committee, from among employees and/or freelance staff of the Company or subsidiaries who hold strategically important positions or, in any event, are capable of making a significant contribution, including key managers of the Company. The adoption of the Plan is aimed at strengthening Technogym's ability to retain key resources and attract people with the best skills, and aligning the interest in company performance of the company's key resources with that of the shareholders for the sustainable creation of value over time.

The Plan entails the free assignment to the beneficiaries of the right to receive Technogym ordinary shares, subject to the satisfaction of the vesting conditions envisaged in the Plan, by the 60th calendar day following approval of the IFRS consolidated financial statements of the Group relating to the last year of the vesting period, i.e. 31 December 2020. The maximum number of shares that may be assigned pursuant to the plan is 600,000. The vesting conditions include the achievement of the Company's performance targets calculated based on the Cumulative Net Profit for the three-year period 2018-2020 and the value of the Technogym share in the period of December 2020, January 2021 and February 2021. The characteristics of that plan are illustrated in the information document prepared by the Company pursuant to Art. 84-bis of the Issuers' Regulation, made available to the public at the registered office,



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on the Company's website at www.technogym.com and according to the other methods and within the deadlines set out in current regulations.

5. *Proposal to request that the Shareholders' Meeting grant the Board of Directors authorization to purchase and use treasury shares.*

The request for authorization to purchase and use treasury shares aims to enable the Company to purchase and use treasury shares for the following purposes: (i) purchasing treasury shares with a view to medium and long-term investments, also to establish long-term stakes, or, in any event, to capture market opportunities also by purchasing and reselling shares, operating both on the market and (as regards the sale, disposal or use) on Over the Counter markets or even outside the markets or through accelerated bookbuilding procedures (ABB) or on blocks of shares, at any time, using all or part of the shares, in one or more steps, without time limits, provided that transactions are conducted at arm's length; (ii) acting, in compliance with current regulations, directly or through intermediaries, to reduce anomalous fluctuations in the share prices and to normalize the trend in trading and prices, as a result of momentary distortive phenomena linked to excess volatility or lack of liquidity of trades; and (iii) set up a portfolio of treasury shares to be used for commitments deemed important in financial, operational and/or strategic terms for the Company, including for the share-based incentive scheme.

The Board of Directors decided to propose that the authorization to purchase treasury shares be granted for the maximum period permitted by Art. 2357, paragraph 2 of the Italian Civil Code, and thus, for a period of 18 months from the date on which the Shareholders' Meeting shall adopt the pertinent resolution. The Board may carry out all authorized operations in one or more steps and at any time.

The proposal entails authorizing the Board of Directors to purchase (fully paid-up) treasury shares of the Company, in one or more steps, in an amount that may be freely determined by the Board of Directors, up to a maximum number of (treasury) shares that shall not exceed 2% of the share capital, with regard to both directly held treasury shares and any held by subsidiaries.

As of today's date, neither the Company nor its subsidiaries hold shares of the Company.

The purchase price of the shares will be identified each time, with regard to the method selected for executing the transaction and any regulatory requirements or permitted market practices. However, in any event, the price shall not be more than 20% lower or higher than the weighted average of the official stock market prices of the shares registered by Borsa Italiana S.p.A. in the trading session preceding each single transaction.

The sale, disposal and/or use of treasury shares may be executed using any method deemed suitable in pursuit of the related purposes, including using the treasury shares for share-based incentive plans, to be carried out either directly or through intermediaries, in compliance with the current national and EU regulatory and legal provisions on the matter and, where possible and appropriate, also in line with the market practices permitted by Consob through Resolution no. 16839 of March 19, 2009.

For all additional information regarding the proposal to authorize the purchase and use of treasury shares, refer to the Directors' Explanatory Report, which will be published by the deadlines and according to the methods set out in the current legal and regulatory provisions.

6. Proposal to request that the Shareholders' Meeting delegate to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, for a period of five years from the date of the resolution, the right to increase share capital, free of charge, divisible and executable in several tranches, pursuant to Art. 2349 of the Italian Civil Code, by issuing a maximum of 600,000 ordinary shares, for a total maximum amount of Euro 30,000, at an issue value equal to the accounting par value of the shares at the execution date, to be fully posted to capital, to be assigned to employees of Technogym S.p.A. and its subsidiaries that are beneficiaries of the 2018-2020 Incentive Plan regarding ordinary shares of Technogym S.p.A. named the "2018 - 2020 Performance Share Plan", with the resulting amendment to Art. 6 of the Bylaws in force. It is also proposed to amend the Bylaws in order to eliminate the provision illustrating the capital increase carried out on October 21, 2017.



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7. Granting of the mandate to the Chairman of the Board of Directors to call the Ordinary and Extraordinary Shareholders' Meetings in single call on May 8, 2018, as indicated in the calendar of corporate events for FY 2018, to approve the 2017 separate financial statements and to assess the proposal indicated, in addition to appointing the members of the new Board of Directors and adopting the resulting resolutions. The notice of call of the Shareholders' Meeting and the relevant documentation shall be published by the deadlines and according to the methods set out in the current legal and regulatory provisions.

All documents, which will be submitted to the shareholders' meeting being called, will be made available to the public, by the deadlines set out by law, at the registered office of Technogym S.p.A. at Via Calcinaro 2861, Cesena, Italy, on the storage mechanisms authorized by CONSOB "eMarket SDIR" and "eMarket STORAGE" and in the specific sections of the company website www.technogym.com.



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SUMMARY TABLES

Financial Highlights

<i>(in thousands of Euro and ratis)</i>	Year Ended December 31		Changes	
	2017	2016	2017 vs 2016	%
Revenues	598.249	555.341	42.908	7,7%
EBITDA adjusted (1)	120.202	99.933	20.269	20,3%
EBITDA Margin adjusted (1)	20,1%	18,0%	2,1%	11,7%
EBITDA (1)	120.040	94.099	25.941	27,6%
EBITDA Margin (1)	20,1%	16,9%	3,1%	18,4%
Net Operating Income	91.433	68.401	23.032	33,7%
Net Operating Income adjusted (2)	91.595	74.235	17.360	23,4%
Net Profit	61.199	43.085	18.113	42,0%

(1) The Group defines:

- EBITDA Adjusted as the net operating income, adjusted by the following income statement items: (i) net provisions; (ii) depreciation, amortization and impairment losses and (iii) non-recurring income / (expenses);
- EBITDA margin adjusted as the ratio between EBITDA adjusted and Total Revenues

(2) The Group defines the Net Operating Income adjusted as the Net Operating Income adjusted for non-recurring income/(expenses)



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Consolidated income statement

<i>(In thousand of Euro)</i>	Year ended at December 31			
	2017	<i>of which from related party</i>	2016	<i>of which from related party</i>
REVENUE				
Revenue	597.683	19.303	554.970	10.601
Other operating income	566	67	371	1
Total revenue	598.250		555.341	
OPERATING COSTS				
Raw materials, work in progress and finished goods	(205.342)	(71)	(196.408)	(38)
Cost of services	(140.436)	(2.041)	(139.809)	(3.401)
<i>of which non recurring</i>	(1)		(2.258)	
Personnel expenses	(125.353)	(25)	(116.942)	(2)
<i>of which non recurring</i>	(330)		(613)	
Other operating costs	(7.123)	(126)	(8.214)	(114)
<i>of which non recurring</i>	169		(2.963)	
Share of net result from joint ventures	44		131	
Depreciation, amortization and impairment losses	(24.514)		(23.158)	
Provisions	(4.094)		(2.540)	
NET OPERATING INCOME	91.433		68.401	
Financial income	8.261	15	13.126	8
Financial expenses	(12.497)	-	(15.674)	-
Net financial expenses	(4.237)		(2.548)	
Income/(expenses) from investments	(940)		(114)	
PROFIT BEFORE TAX	86.256		65.739	
Income tax expenses	(24.765)		(22.519)	
PROFIT FOR THE YEAR	61.491		43.219	
Profit (loss) attributable to non-controlling interests	(293)		(134)	
Profit (loss) attributable to owners of the parent	61.199		43.085	
EARNINGS PER SHARE	0,30		0,21	



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Consolidated statement of financial position

<i>(In thousand of Euro)</i>	At December 31			
	2017	<i>of which from related party</i>	2016	<i>of which from related party</i>
ASSETS				
Non-current assets				
Property, plant and equipment	139.037		143.863	
Intangible assets	28.933		24.041	
Deferred tax assets	15.366		14.255	
Investments in joint ventures and associates	17.720		21.340	
Other financial non-current assets	2.638		2.653	
Other non-current assets	25.045		18.389	
TOTAL NON-CURRENT ASSETS	228.739		224.541	
Current assets				
Inventories	64.114		72.175	
Trade receivables	117.129	279	94.075	466
Financial assets	13	-	403	402
Derivative financial instruments	75		340	
Other current assets	12.872	3.339	12.875	393
Cash and cash equivalents	77.847		53.146	
TOTAL CURRENT ASSETS	272.050		233.014	
TOTAL ASSETS	500.789		457.555	
EQUITY AND LIABILITIES				
Equity	-		-	
Share capital	10.050		10.000	
Share premium reserve	4.990		-	
Other reserves	23.752		26.136	
Retained earnings	33.738		7.709	
Profit (loss) attributable to owners of the parent	61.199		43.085	
Equity attributable to owners of the parent	133.728		86.930	
Capital and reserves attributable to non-controlling interests	688		576	
Profit (loss) attributable to non-controlling interests	293		134	
Equity attributable to non-controlling interests	981		710	
TOTAL EQUITY	134.709		87.639	
Non-current liabilities				
Financial liabilities	84.464		83.619	
Deferred tax liabilities	543		749	
Employee benefit obligations	3.115		3.194	
Provisions	19.637		17.637	
Other non-current liabilities	11.550		9.490	
TOTAL NON-CURRENT LIABILITIES	119.309		114.689	
Current liabilities				
Trade payables	123.514	808	125.594	469
Current tax liabilities	8.568		3.682	



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Financial liabilities	34.664		48.247	
Derivative financial instruments	126		47	
Provisions	14.642		17.214	
Other current liabilities	65.256	-	60.442	-
TOTAL CURRENT LIABILITIES	246.770		255.226	
TOTAL EQUITY AND LIABILITIES	500.789		457.555	



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Consolidated statement of cash flow

<i>(in thousands of Euro)</i>	Year ended December 31	
	2017	2016
Cash flows from operating activities		
Profit for the year	61.491	43.219
<i>Adjustments for:</i>	-	-
Income taxes	24.765	22.519
Profit (Loss) from equity inv.	940	114
Financial income and expenses	4.237	2.548
Depreciation & Amortisation	24.514	23.158
Net accruals	4.094	2.540
Risk provision usage	-	-
Personnel provision usage	-	-
Revenues from Joint Venture	(44)	(131)
<i>Cash flows from operating activities before changes in working capital</i>	119.996	93.968
Increase (decrease) in inventory	8.040	(12.268)
Increase (decrease) in trade receivables	(23.005)	(5.827)
Increase (decrease) in trade payables	(2.135)	33.203
Increase (decrease) in other operating assets and liabilities	1.600	870
Non recurring tax payments	-	22.756
Income taxes paid	(18.541)	(34.794)
Net cash inflow from operating activities (A)	85.954	97.907
<i>of which from related parties</i>	<i>15.088</i>	<i>11.158</i>
Cash flows from investing activities	-	-
Investments in property, plant and equipment	(9.757)	(56.124)
Disposals of property, plant and equipment	210	464
Investments in intangible assets	(15.326)	(8.700)
Disposals of intangible assets	0	2
Dividends to third parties	-	-
Dividends received from other entities	218	(114)
Dividends received from joint ventures and associates	-	663
Minority Interest	-	-
Investments in subsidiaries, associates and other entities	(326)	(18.050)
Disposal of subsidiaries, associates and other entities	-	-
Net cash inflow (outflow) from investing activities (B)	(24.982)	(81.860)
<i>of which from related parties</i>	-	<i>42.353</i>
Cash flows from financing activities	-	-
Proceeds from new borrowings	20.000	65.000



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Repayment of borrowings	(20.512)	(30.882)
Net increase (decrease) of current financial assets and liabilities	(17.076)	(60.952)
Dividends paid to shareholders	(13.000)	-
Payments of net financial expenses	(3.940)	(5.418)
Net cash inflow (outflow) from financing activities (C)	(34.529)	(32.253)
	-	-
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)	26.444	(16.205)
	-	-
Cash and cash equivalents at the beginning of the year	53.146	68.026
Net increase (decrease) in cash and cash equivalents from January 1 to December 31	26.444	(16.205)
Effects of exchange rate differences on cash and cash equivalents	(1.742)	1.325
Cash and cash equivalents at the end of the year	77.847	53.146



Pursuant to art. 154-bis, paragraph 2 of the Consolidated Finance Act, the executive responsible for the preparation of financial reports, Stefano Zanelli, declares that the accounting data contained in this press release is consistent with entries in the accounting books and records.

¹ *This note applies to the entire press release: figures not subject to audit.*

Media Relations contacts

Technogym Press Office - Enrico Manaresi
emanaresi@technogym.com - +393403949108

Technogym Investor Relator – Carlo Capelli
investor_relations@technogym.com - +390547650111



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Notes to the press release

Technogym

Founded in 1983, Technogym S.p.A. is a world-leading international supplier of products, services and solutions in the fields of fitness and wellness. With over 2,000 employees and 14 branches in Europe, the United States, Asia, Middle East, Australia and South America, the company exports 90% of its production to over 100 countries. Technogym S.p.A. was the official supplier for the last six Olympic Games: Sydney 2000, Athens 2004, Turin 2006, Beijing 2008, London 2012 and Rio 2016.

Safe Harbor Statement

Certain statements in this press release could constitute forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. The statements in question refer to risks, uncertainties and other factors that could lead to actual results which differ, even substantially, from those forecast. Such risks and uncertainties include, for example, the ability to manage the effects of the current uncertain international economic scenario, ability to acquire new assets and integrate them effectively, ability to forecast future economic conditions and changes in consumer preferences, ability to successfully introduce and market new products, ability to maintain an efficient distribution system, ability to achieve and manage growth, ability to negotiate and maintain favorable license agreements, currency fluctuations, changes in local conditions, ability to protect intellectual property, problems with information systems, risks associated with inventory, credit and insurance risks, changes in tax regulations, and likewise other political, economic, legal and technological factors and other risks and uncertainties already mentioned in our Consob filings. These forward-looking statements were released as at today's date and we accept no liability for updating.