

# 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**



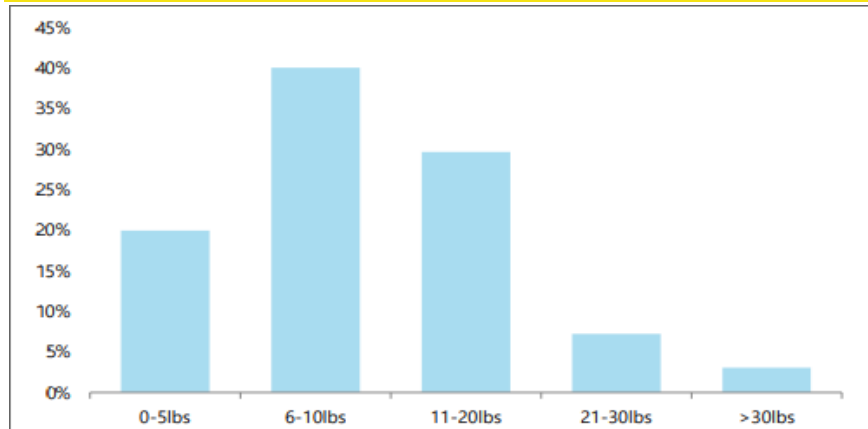
**RECOVERY &  
REHAB**

**Technogym always focused on end-user needs**

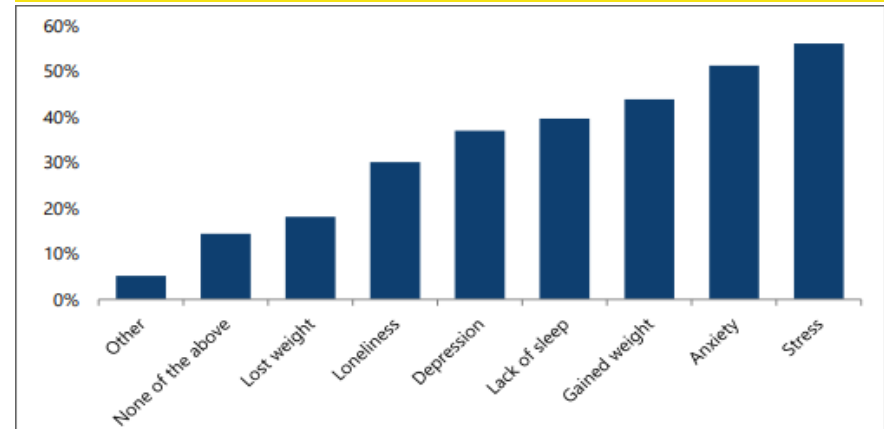
Source: Source: SRI, Spas and Global Wellness Market

# COVID Impact on people's life

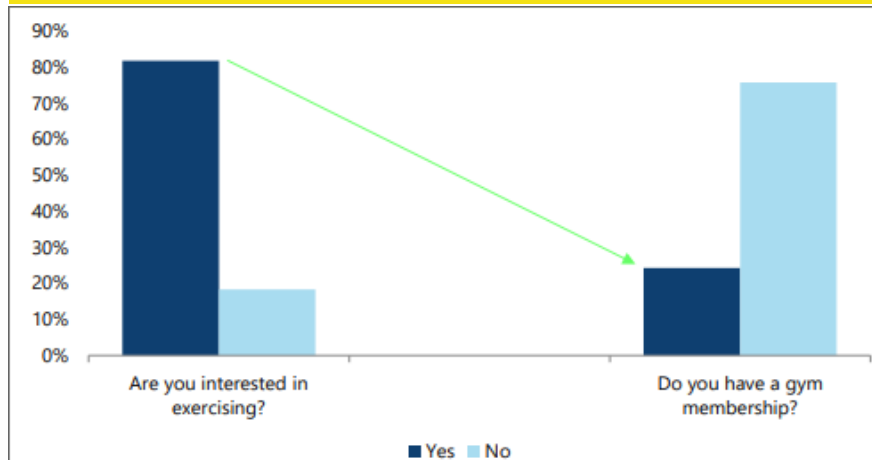
## 70%+ gain weight during the pandemic



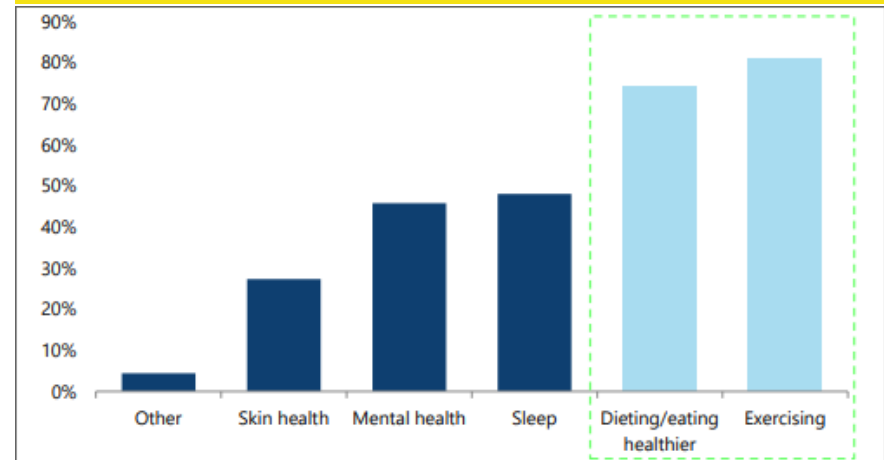
## Stress and anxiety ramped-up during lockdowns



## 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

# Growth perspectives

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**~ € 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





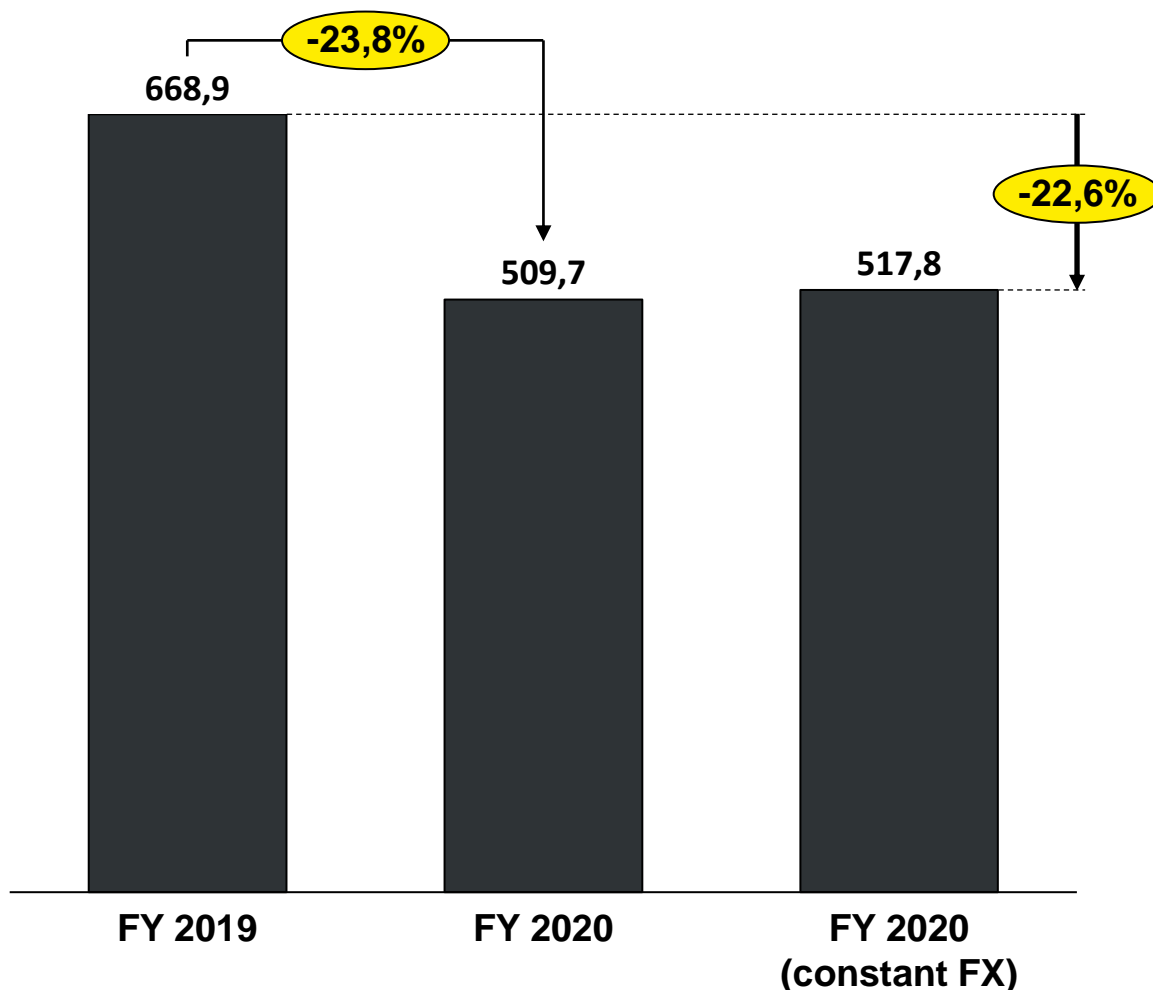
## 2020 results at a glance: good profitability level in a tough year

	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)



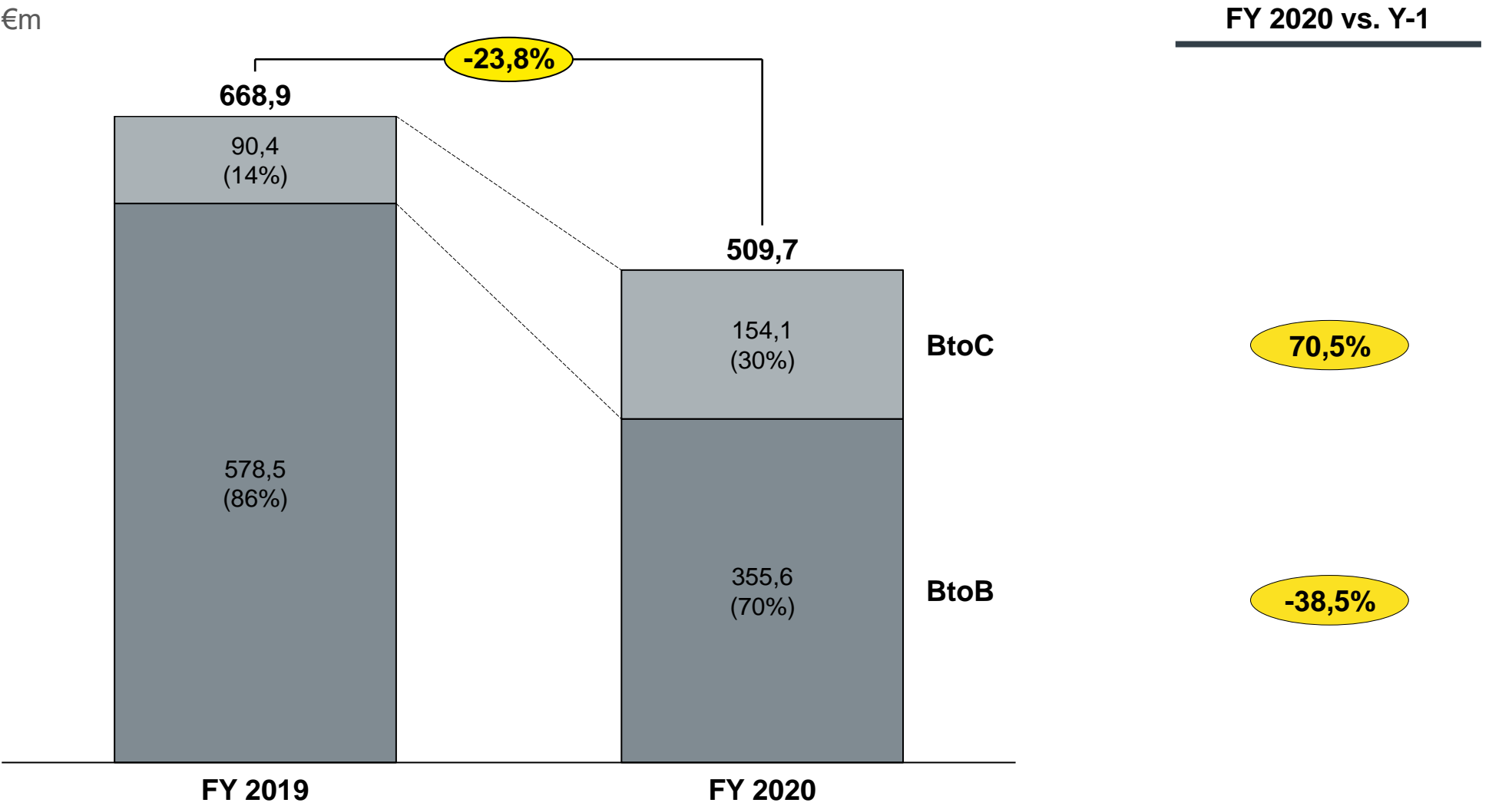
## Key comments

- 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

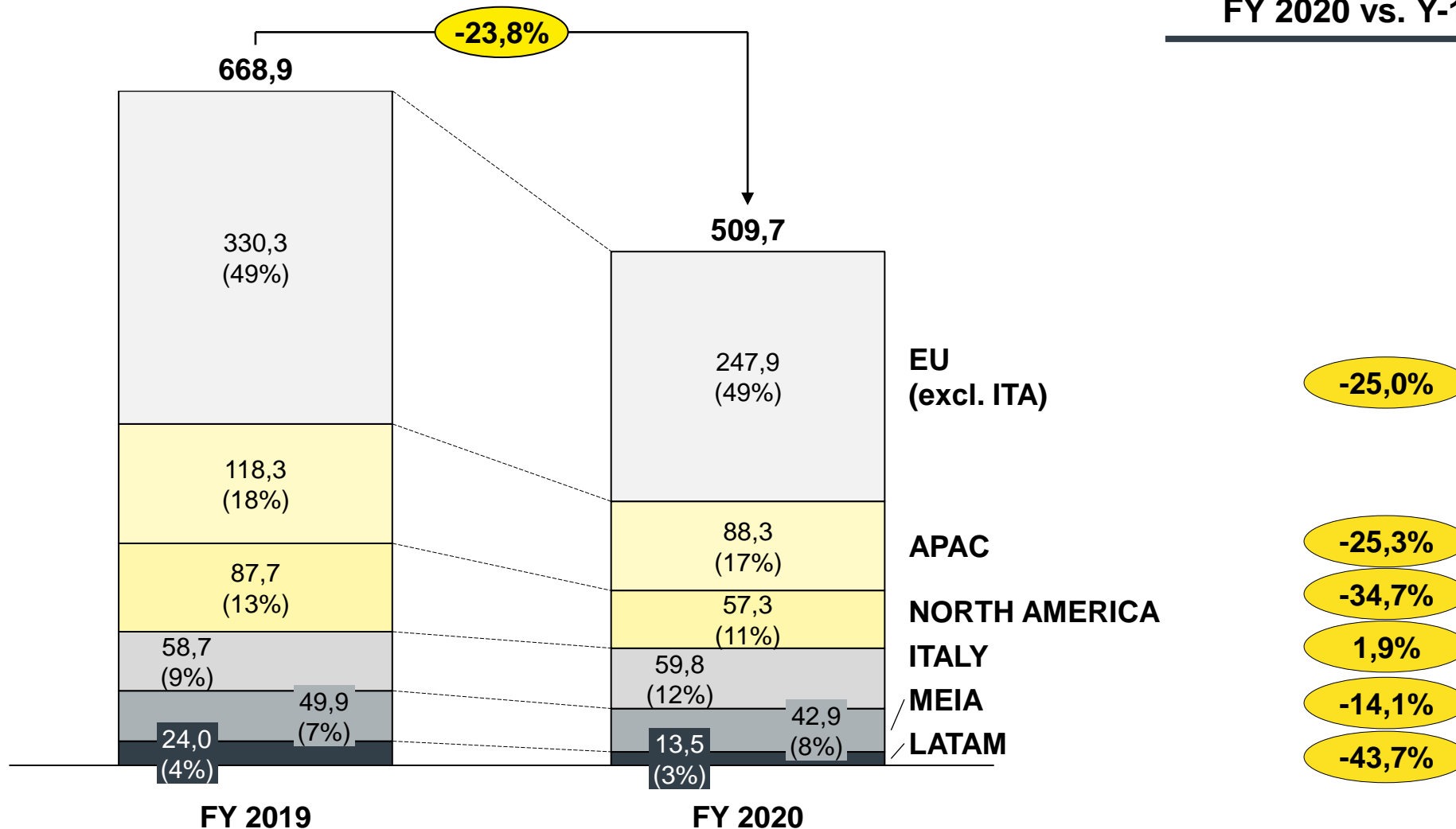
# +71% in Home, representing 30% of total revenues



# Top Home performance in Italy & MEIA supported FY20 revenues trend

€m

**FY 2020 vs. Y-1**

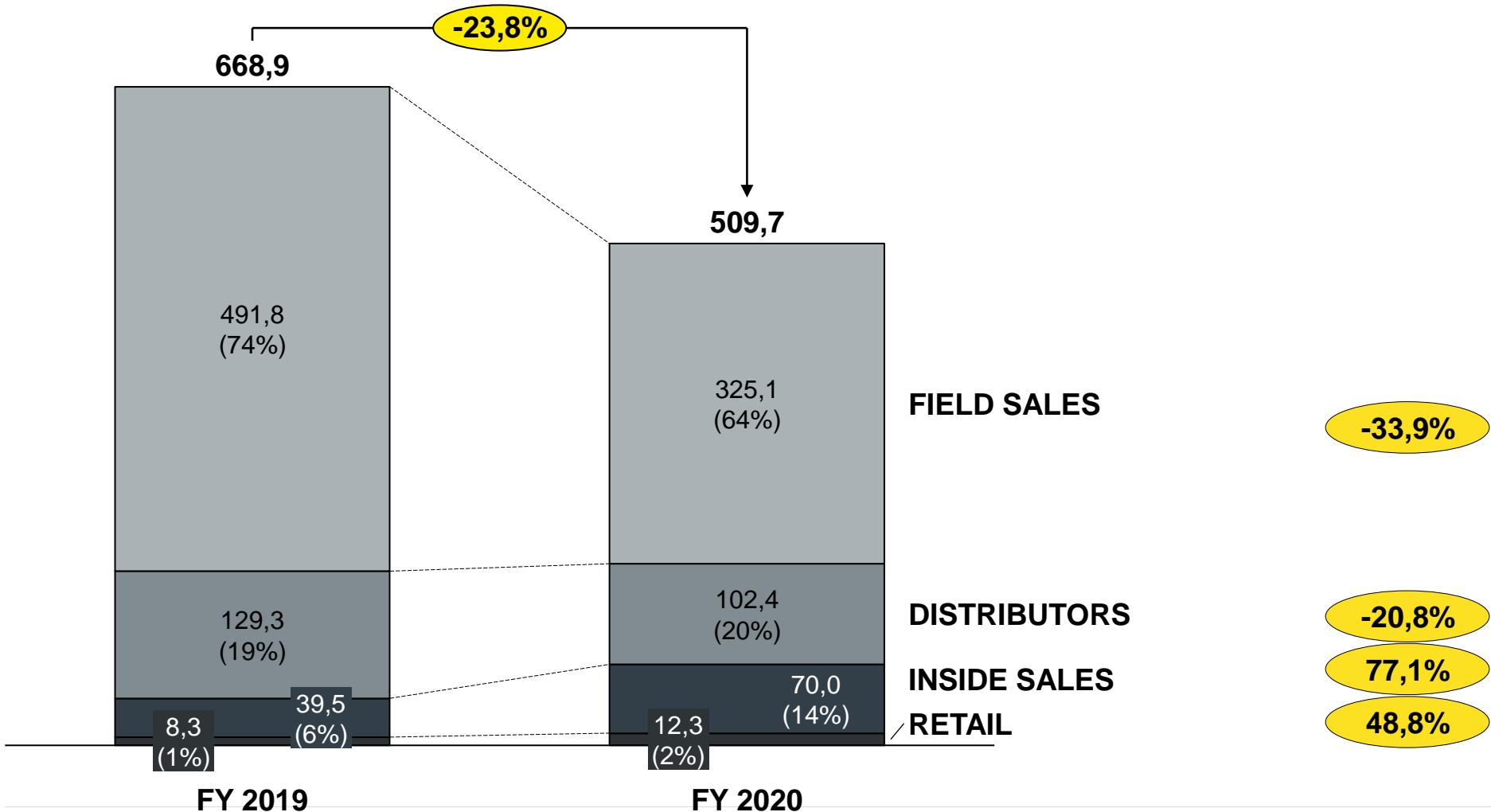




# Inside Sales (including e-commerce) and Retail strong performance

€m

**FY 2020 vs. Y-1**



# Good profitability level achieved despite the pandemic

€m

## Profit & Loss statement

(€m)	Dec 2019		Dec 2020	
		% on sales		% on sales
<b>Total revenue</b>	<b>668,9</b>		<b>509,7</b>	
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%
<b>Net operating income</b>	<b>108,4</b>	<b>16,2%</b>	<b>54,4</b>	<b>10,7%</b>
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)	
<b>Profit (loss) before tax</b>	<b>106,4</b>	<b>15,9%</b>	<b>48,0</b>	<b>9,4%</b>
Taxes	(22,7)	(3,4%)	(11,6)	(2,3%)
of which (cost) not recurrent	2,2		(0,3)	
<b>Profit (loss)</b>	<b>83,7</b>	<b>12,5%</b>	<b>36,4</b>	<b>7,2%</b>
Margin (%)	12,5%		7,2%	
Profit (loss) for the year of minority interests	(0,5)	(0,1%)	(0,4)	(0,1%)
<b>Profit (loss) attributable to owners of the parent</b>	<b>83,2</b>		<b>36,0</b>	
<b>Adjusted EBITDA</b>	<b>147,8</b>		<b>96,9</b>	
Margin (%)	22,1%		19,0%	
<b>Profit (loss) adjusted</b>	<b>85,2</b>		<b>43,4</b>	
Percentage (%)	12,7%		8,5%	

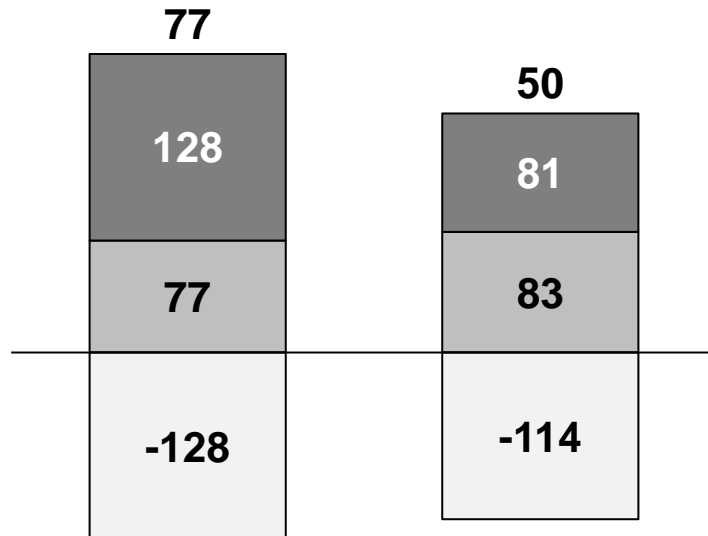
## Key comments

- 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

5,4%

4,5%

36,4

19,7

16,7

23,0

7,8

15,2

2019

2020

PPE

Intangibles

## 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€

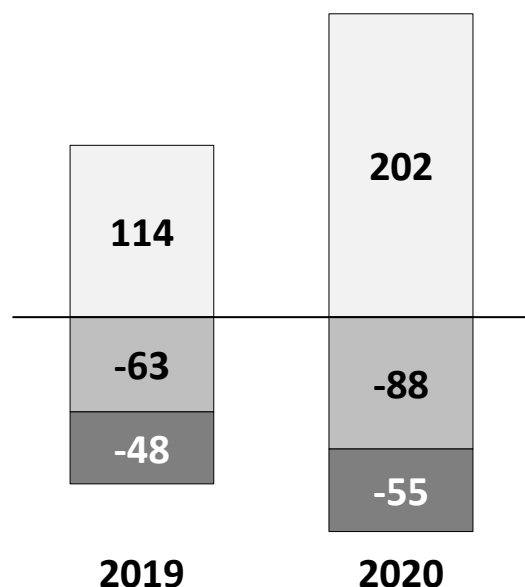
## Net Financial Position (€m)

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.

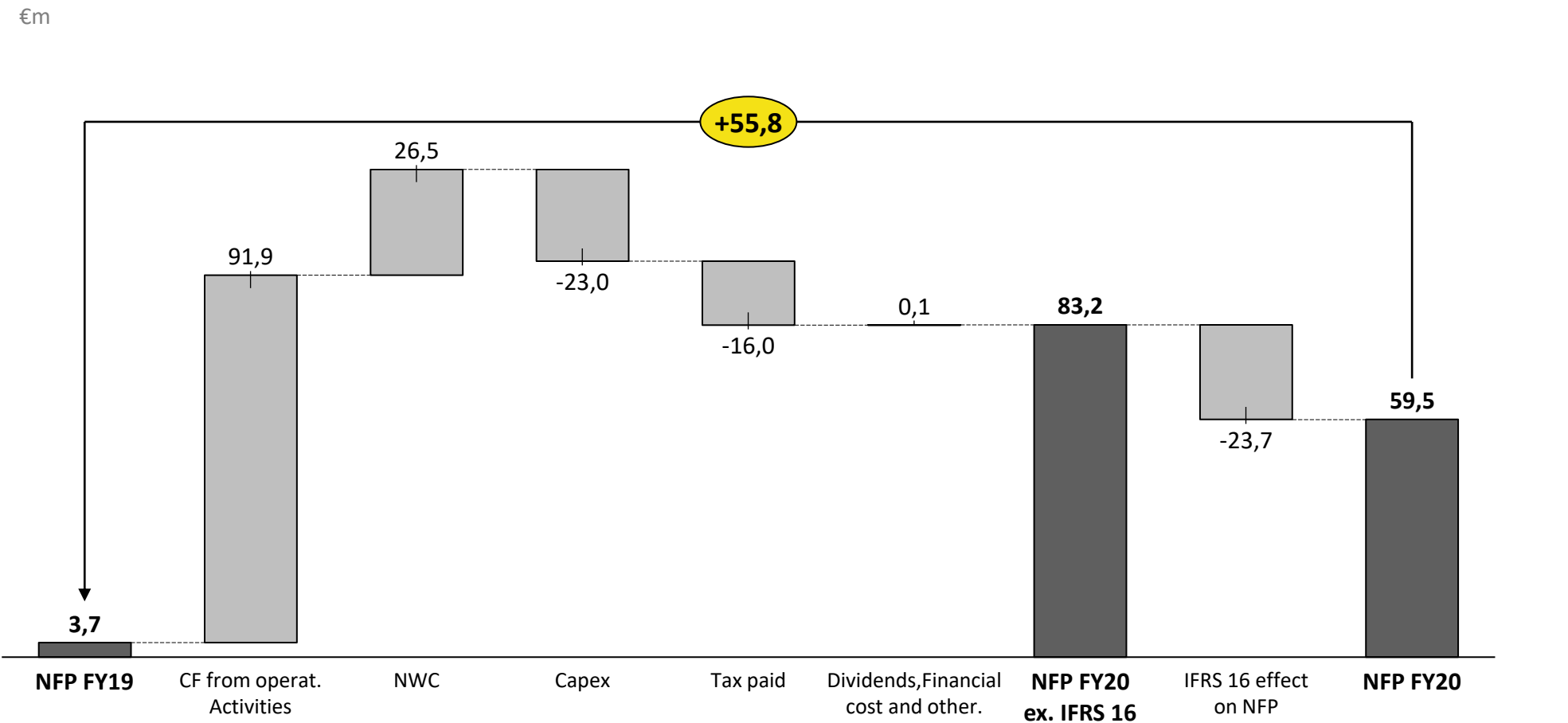
### Other financial debt

- 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



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**FOR A BETTER WORLD**

