Financial Results

Full Year 2017

28 March 2018

TECHNOGYM

The Wellness Company™

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2017 - another year of sustainable growth and innovation

New products for new market trends (formats, athletic training) …

- MyCycling combines hi-tech smart trainer, a native app and a network of dedicated trainers

- SkillRow, 1st indoor rower to train anaerobic, aerobic and neuromuscular abilities

- Climb, the 1st climber from Technogym providing virtual changing landscapes

- SkillRun, the unique treadmill offering cardio training and resistance workouts

2017 - another year of sustainable growth and innovation

… and a fast growing digital ecosystem

- Teambeats, an innovative Heart Rate Training platform for classes

- New Apps, from MyWellness 4.0 to SkillRow and MyCycling

- Apple watch compatibility, with users able to connect to MyWellness Ecosystem and access a unique training experience for both indoor and outdoor activities

- Let's move for a better world, the 5th edition of the Technogym's initiative able to connect >150,000 people in 1000 Clubs globally in 2018 thanks to the unique Technogym ecosystem.

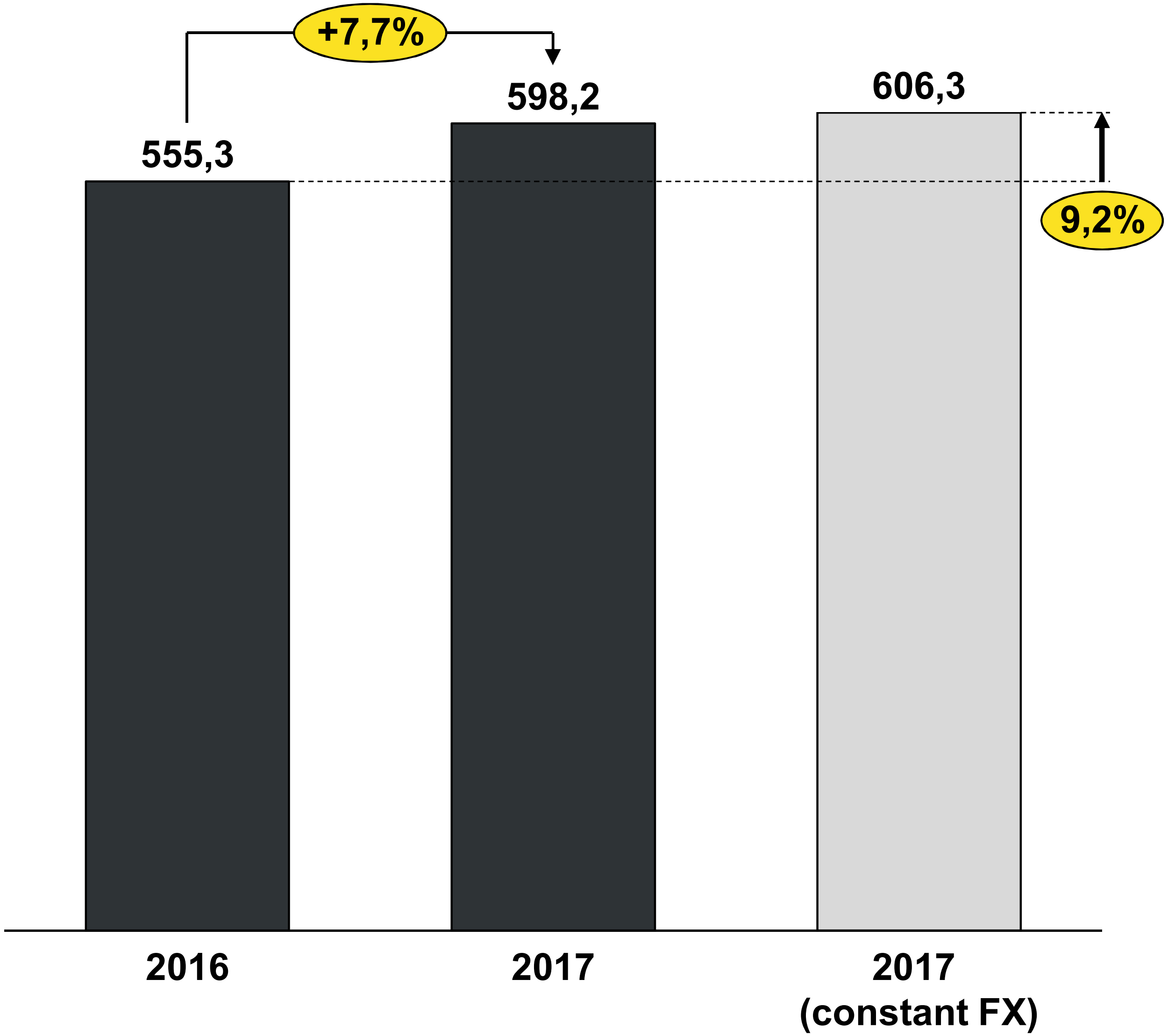
2017 - another year of sustainable growth and innovation

… allowed Technogym to achieve:

- High single digit top line growth, outpacing the market and competitors
- Increasing profitability:
  - 20,1% EBITDA margin
  - 15,3% EBIT margin
- Net Profit grew by 42% Y/Y exceeding 61m €
- Strong cash conversion at 67%
- Sound financial structure with Net Debt at € 41,3m (ND/EBITDA 0,3x)
- Dividend of € **0,09/sh** to be proposed to the shareholders meeting

2017 confirmed high single-digit top line growth

Revenues (€m)



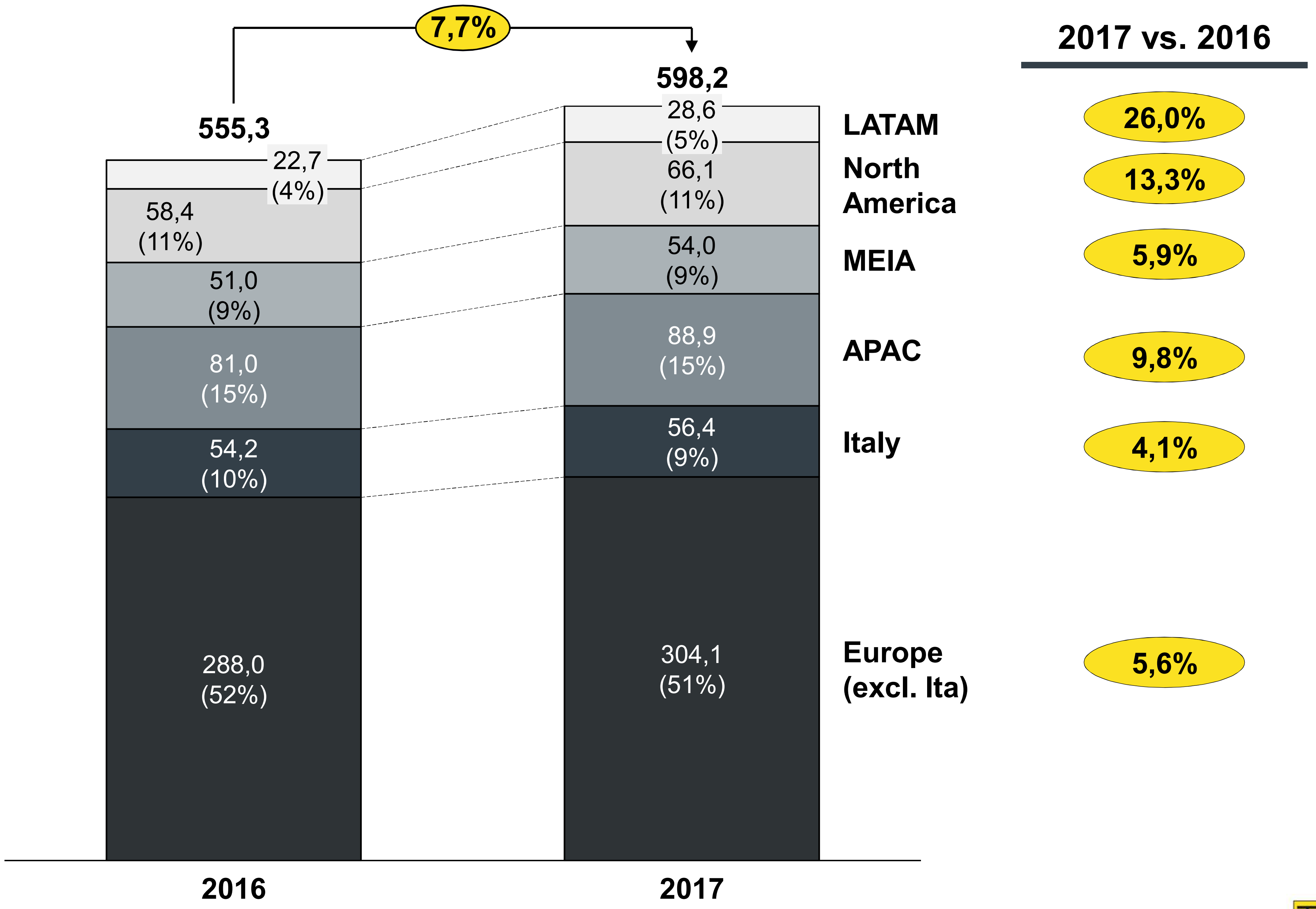
Key comments

Positive volume effect primarily coming from
- Overseas market (NA, APAC, LATAM)
- Club, in particular KA business
- New product launches (Group Cycle, My Cycling, Skill line, Climb) at c. 16% of sales

Excluding FX impact, revenue growth would have been 9,2%
- Major negative impact from GBP, USD and JPY
- Positive marginal contribution from RUB and BRL

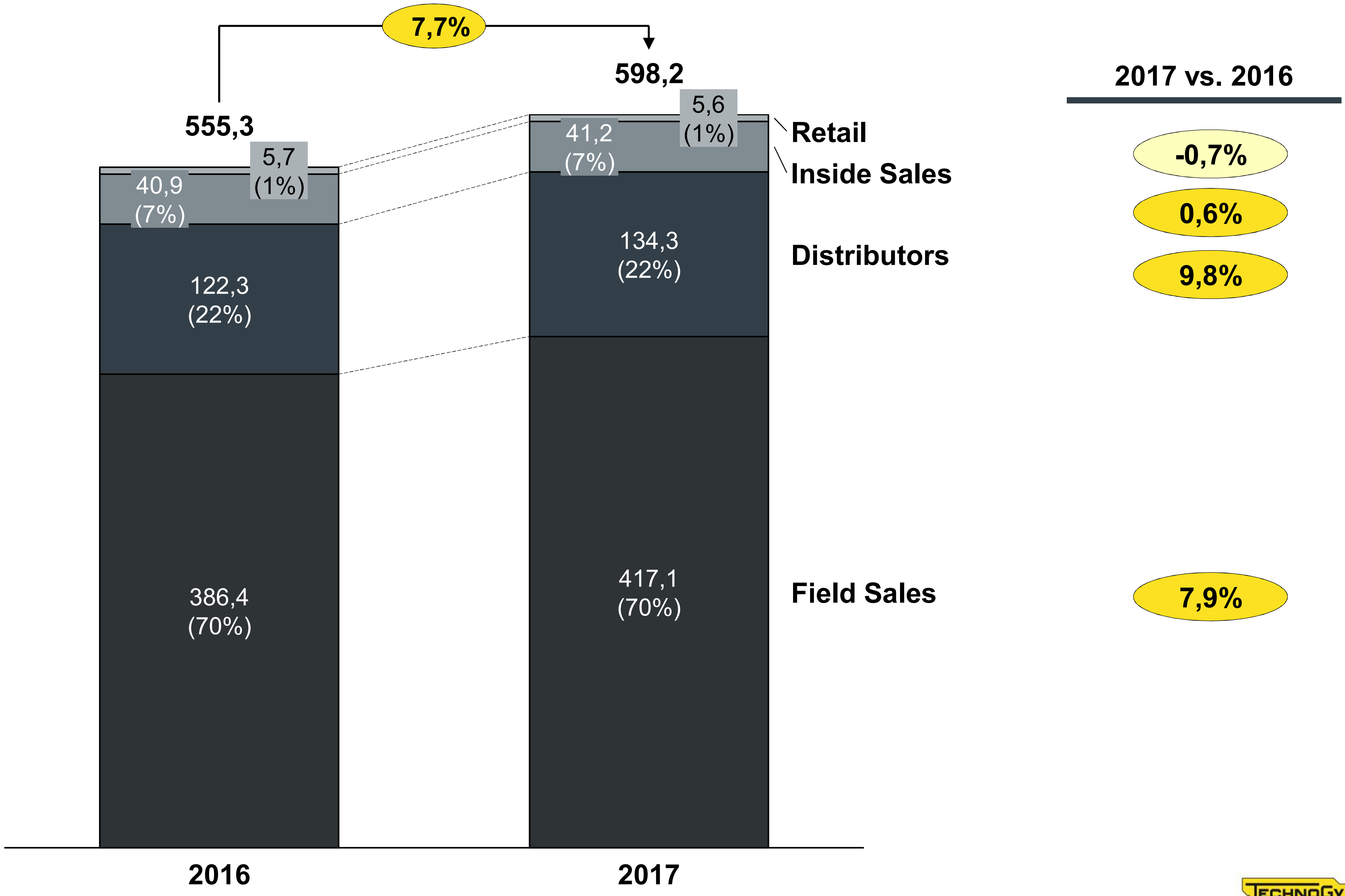
Double-digit growth in LATAM, NA & APAC supports topline

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



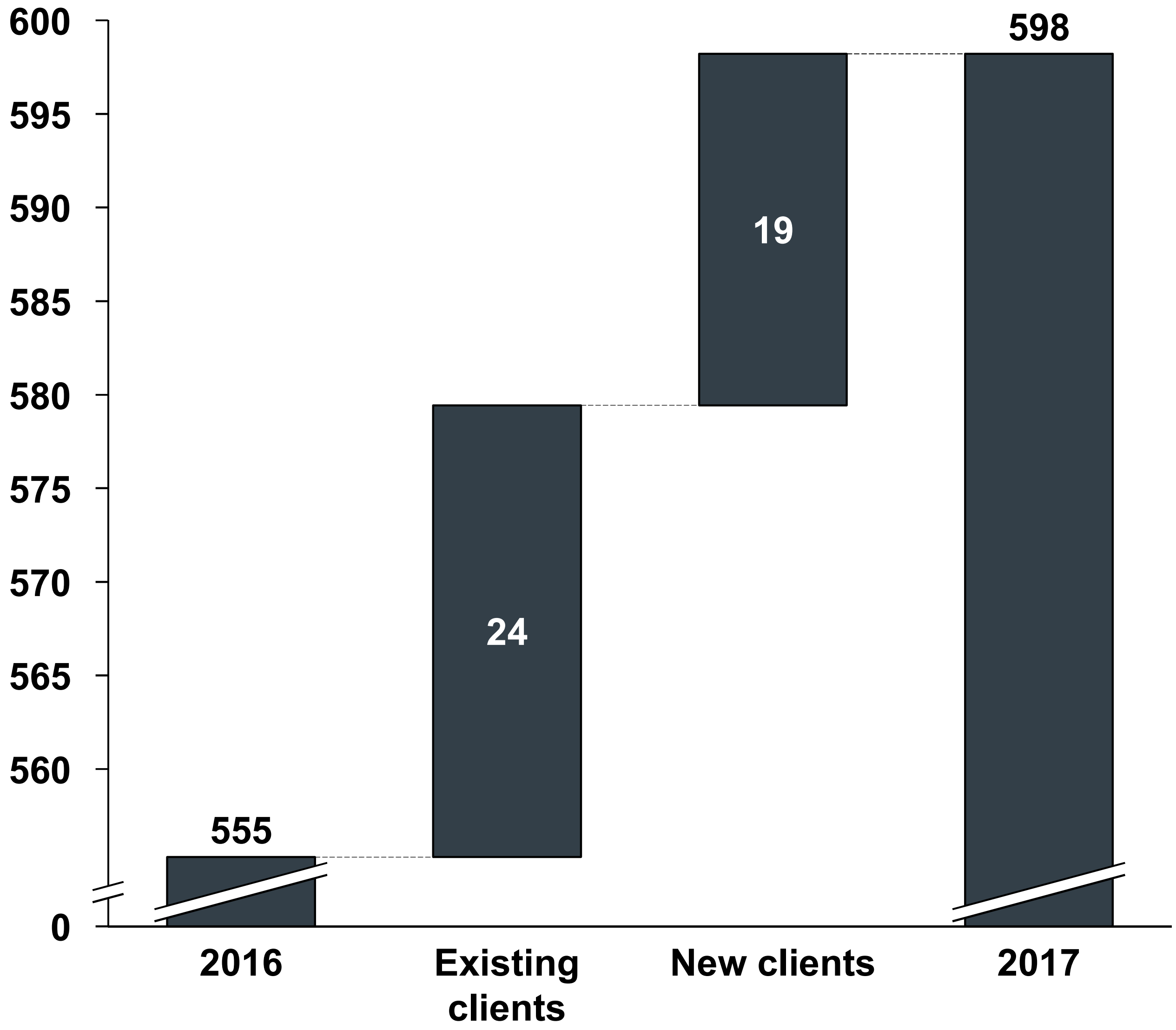
High single-digit growth in wholesale and field sales

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



Balanced top line growth between new & historical clients

Revenues growth (€m)



Note: New clients refer to customers not purchasing any Technogym product over the past 10 years

Key comments

Existing clients

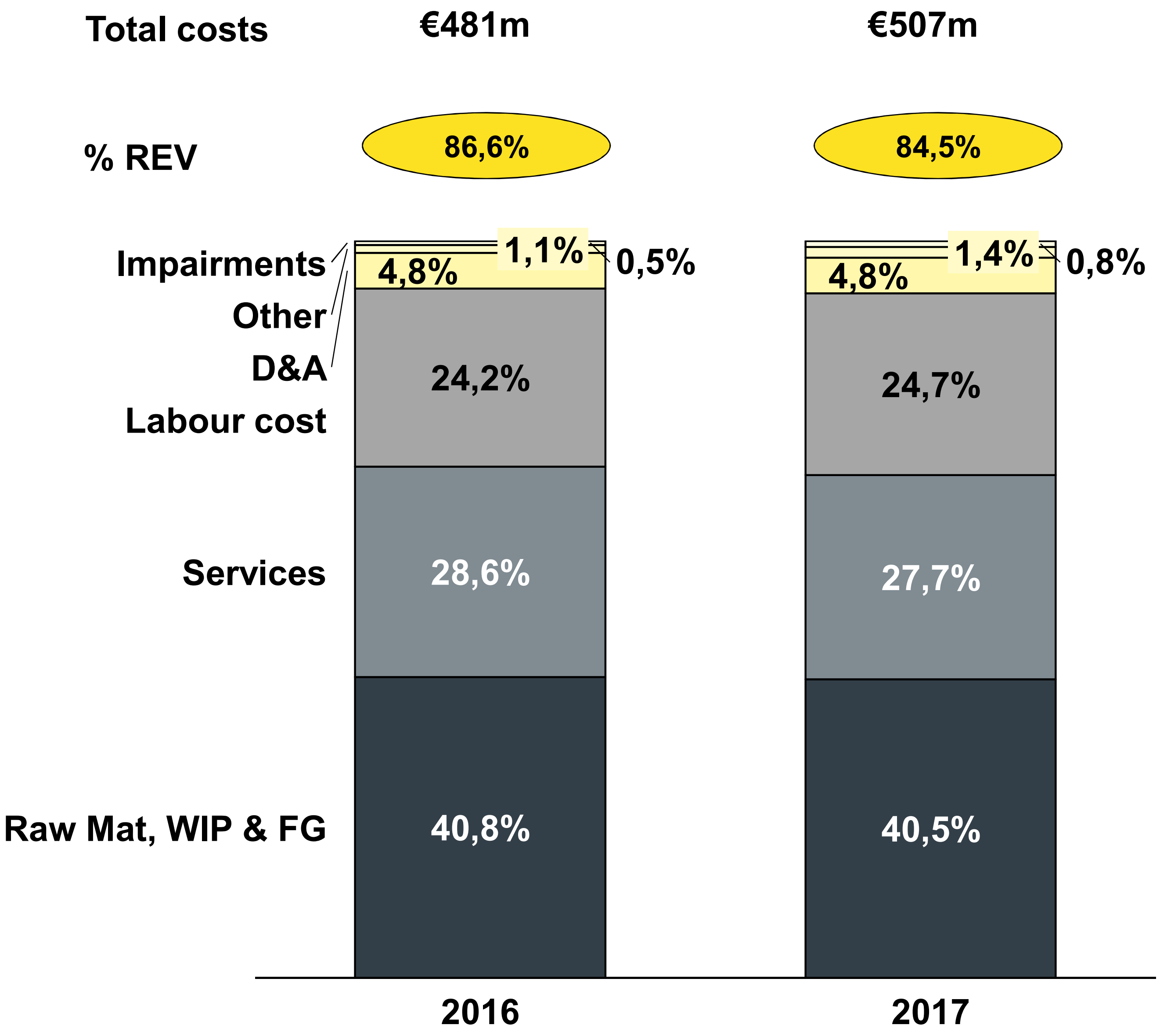
- Represented 56% of incremental revenues
- Accounted for c. 2/3 of total revenues in 2017

New clients

- Represented 44% of incremental revenues
- Accounted for c. 1/3 of total revenues in 2017

Cost base impact substantially in line with Y-1 performance excluding non-recurring costs

Recurring cost base evolution (% REV)



Key comments

D&A / Impairments
- In line with Y-1 as % of sales

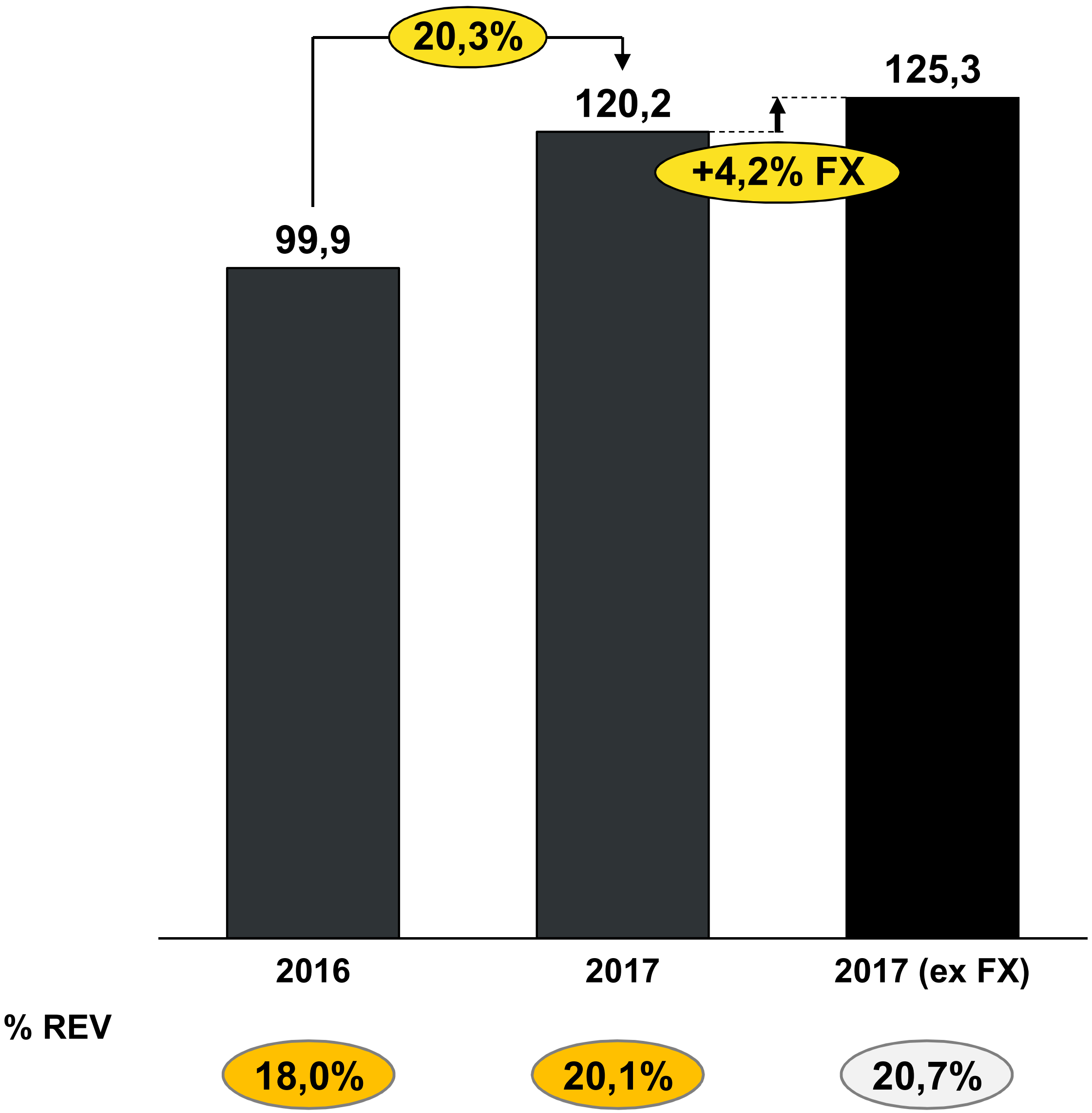
Personnel cost
- Slight increase compared to Y-1 driven by new hirings

Services cost
- Efficiencies in logistics and warehousing
- Lower incidence of operational fixed costs (e.g. consulting services, external providers)

Raw Materials, WIP & Finished Goods
- Optimization operating activity (e.g. inbound logistics)
- Sourcing optimization (3,9m €) more than offset low increase in Raw Mat costs (0,8m €)

EBITDA adjusted growing at >20% vs Y-1 with positive impact on profitability (20,1% vs 18,0% of Y-1)

EBITDA evolution (€m)



Key comments

EBITDA adjusted margin increase:

- Positive price effect, especially thanks to cardio products family
- Improving product mix due to higher weight of cardio and sport performance
- Declining direct costs mainly due to production processes and raw material sourcing optimization more than offsetting a slight increase in labor costs
- FX negatively affected EBITDA by 5,1m € in FY 17, mainly driven by GBP and USD

Profit and Loss statement

(€m)	December		
	2016	2017	%Chg
Total revenue	**555,3**	**598,2**	**7,7%**
Cost or raw, ancillary and consumable materials and goods for resale	(196,4)	(205,3)	4,5%
Service, Rentals and leases	(139,8)	(140,4)	0,4%
of which (cost) not recurrent	*(2,3)*	*(0,0)*	*nm*
Personnel cost	(116,9)	(125,4)	7,2%
of which (cost) not recurrent	*(0,6)*	*(0,3)*	*-46,1%*
Depreciations, amortisations and write- downs	(23,2)	(24,5)	5,9%
Provision for risk and charges	(2,5)	(4,1)	61,2%
Other operations cost	(8,2)	(7,1)	-13,3%
of which (cost) not recurrent	*(2,9)*	*0,2*	*nm*
Share of result joint venture	0,1	0,0	-66,5%
Net operating income	**68,4**	**91,4**	**33,7%**
Margin (%)	***12,3%***	***15,3%***	
Financial income and (expenses)	(2,7)	(5,2)	94,5%
Profit (loss) before tax	**65,7**	**86,3**	**31,2%**
Taxes	(22,5)	(24,8)	10,0%
Profit (loss) before minority interest	**43,2**	**61,5**	**42,3%**
Margin (%)	*7,8%*	*10,3%*	
Profit (loss) for the year of minority interests	(0,1)	(0,3)	118,3%
Profit for the year	**43,1**	**61,2**	**42,0%**

Key comments

Net operating income drivers

- Commercial customers leading the growth with sound contribution from Clubs
- Revenues driven by a healthy combination of volumes/price/product mix growth
- Increase in personnel cost offset by efficiencies in production and better raw material sourcing
- D&A slightly increasing Y/Y following increase in Capex but stable in % of sales

Negative FX impact driven primarily by USD, GBP and JPY only partially offset by positive impact from RUB and BRL

- -8,1m € on revenues
- -5,1m € on EBITDA ADJ
- -3,6m € on NET RESULT

Tax rate declined in 2017 driven by:

- Italian tax rate (IRES) reduction from 27,5% to 24%
- Earnings harmonization and efficiencies in subsidiaries

Trade Working Capital <10% on revenues

Working Capital (€m)

(€m)	December 2016	December 2017
Inventories	72,2	64,1
Trade receivables	94,1	117,1
Trade payable	(125,6)	(123,5)
Trade Working Capital	**40,7**	**57,7**
% LTM of total revenue	*7,3%*	*9,6%*
Other current assets/(liabilities)	(47,6)	(52,4)
Current tax liabilities	(3,7)	(8,6)
Provisions	(17,2)	(14,6)
Net Working Capital	**(27,8)**	**(17,9)**
% LTM of total revenue	*-5,0%*	*-3,0%*
Inventory Turnover 1	*5,9*	*6,7*
Days Sales Outstanding (DSO) 2	*51,5*	*59,8*
Days Payables Outstanding (DPO) 3	*125,3*	*119,9*

Key comments

TWC below 10% of revenues and significantly declining vs. H1 17 (11,5% of revenues)

Inventories

- Significantly declining both in absolute and relative value.
- Main components were finished products (50,2m €) and raw materials (12,7m €)

Trade receivables

- Increasing vs. December 2016 (+23m €) due to higher turnover
- Confirmed general good credit quality

Trade payables

- Slightly decreasing compared to Dec 2016, due to production plant suppliers
- DPO Y/Y decline due to the higher incidence of services purchase, characterized by lower DPO

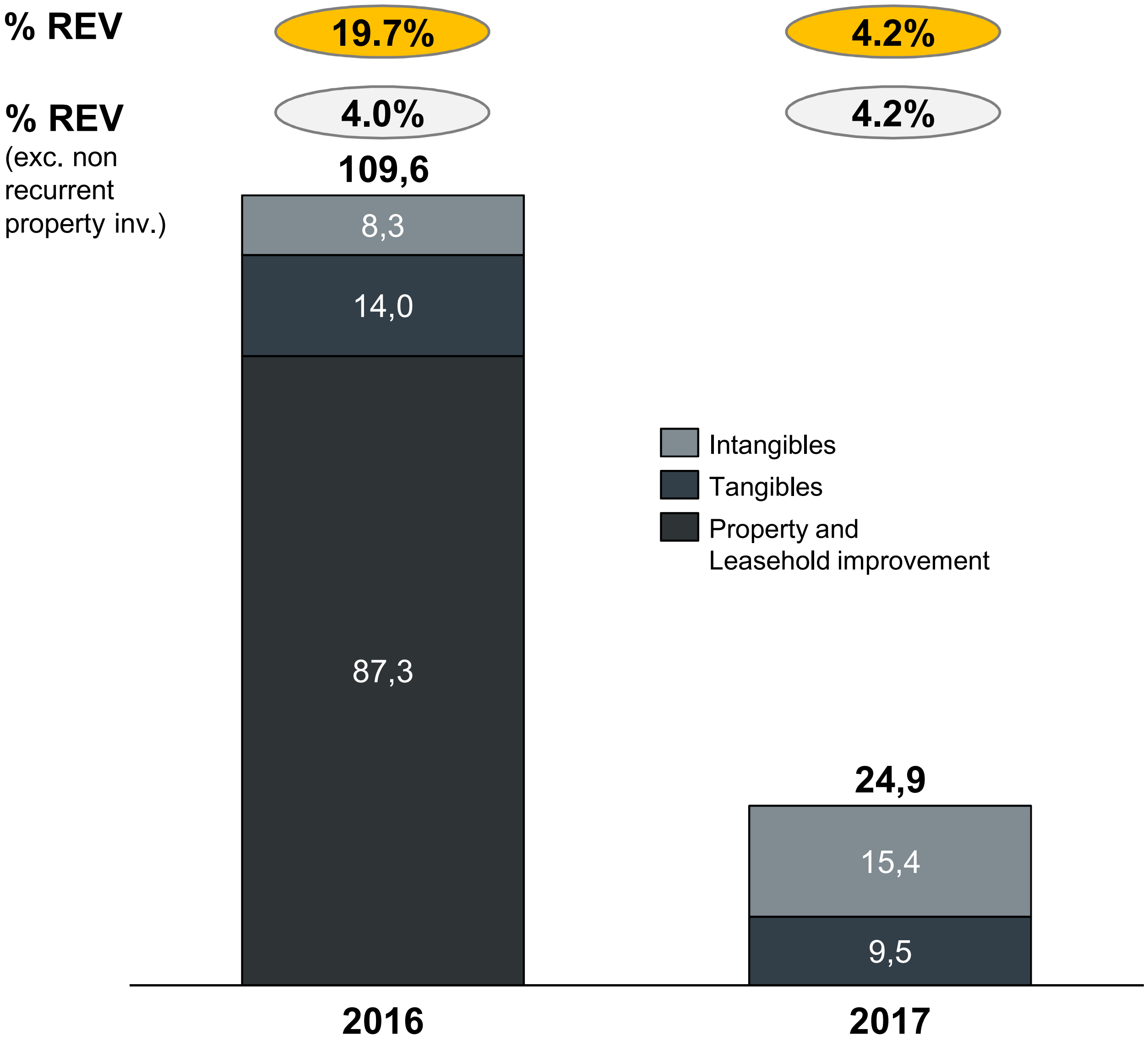
Other assets and liabilities which included:

- Payables to employees: 10m €
- Advance payments from customers: 15m €
- Deferred income (e.g. maintenance): 31,8m €

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 4.2% on revenues from 4.0% of Dec ’16 excluding TGV one off investment

Capex analysis (€m)



Key comments

Tangibles

- Investment in industrial tools, moulds and production lines

Intangibles

- New ERP project
- Investments in R&D activity and new products development

Property and leasehold

- In 2016 Technogym finalized the acquisition of TG Village for ~87m €

Net Financial Debt

Net Financial Debt (€m)

(€m)	December 2016	December 2017
Cash & cash equivalent	**(53,1)**	**(77,8)**
Current financial receivables	**(0,7)**	**(0,1)**
Current bank debt	20,0	2,2
of which granted by Committed Credit facilities	*10*	*0,0*
of which granted by Uncommitted Credit facilities	*10*	*2,2*
Current portion of non current debt	20,8	23,6
Other current financial debt	7,5	9,0
Net current financial debt	**48,3**	**34,8**
Non current portion of non current debt	73,6	70,2
Other non current financial debt	10,0	14,2
Non current financial debt	**83,6**	**84,5**
Financial net debt	**78,0**	**41,3**
NFD / EBITDA (LTM12m)	*0,74x*	*0,34x*

Key comments

Cash & Cash equivalent

- Benefitted from cash generation in 2017 and mainly refers to bank deposits € denominated

Current bank debt

- Mainly composed of credit lines stand-by and short-term financing. As of 31/12/2017
  - Lines of credit and overdrafts uncommitted for ~91m € of which 2m € drawn (revocable / floating rate: EURIBOR + spread)
  - Committed credit line (medium-long term) for ~30m € o/w 6m € drawn (floating: EURIBOR + spread)

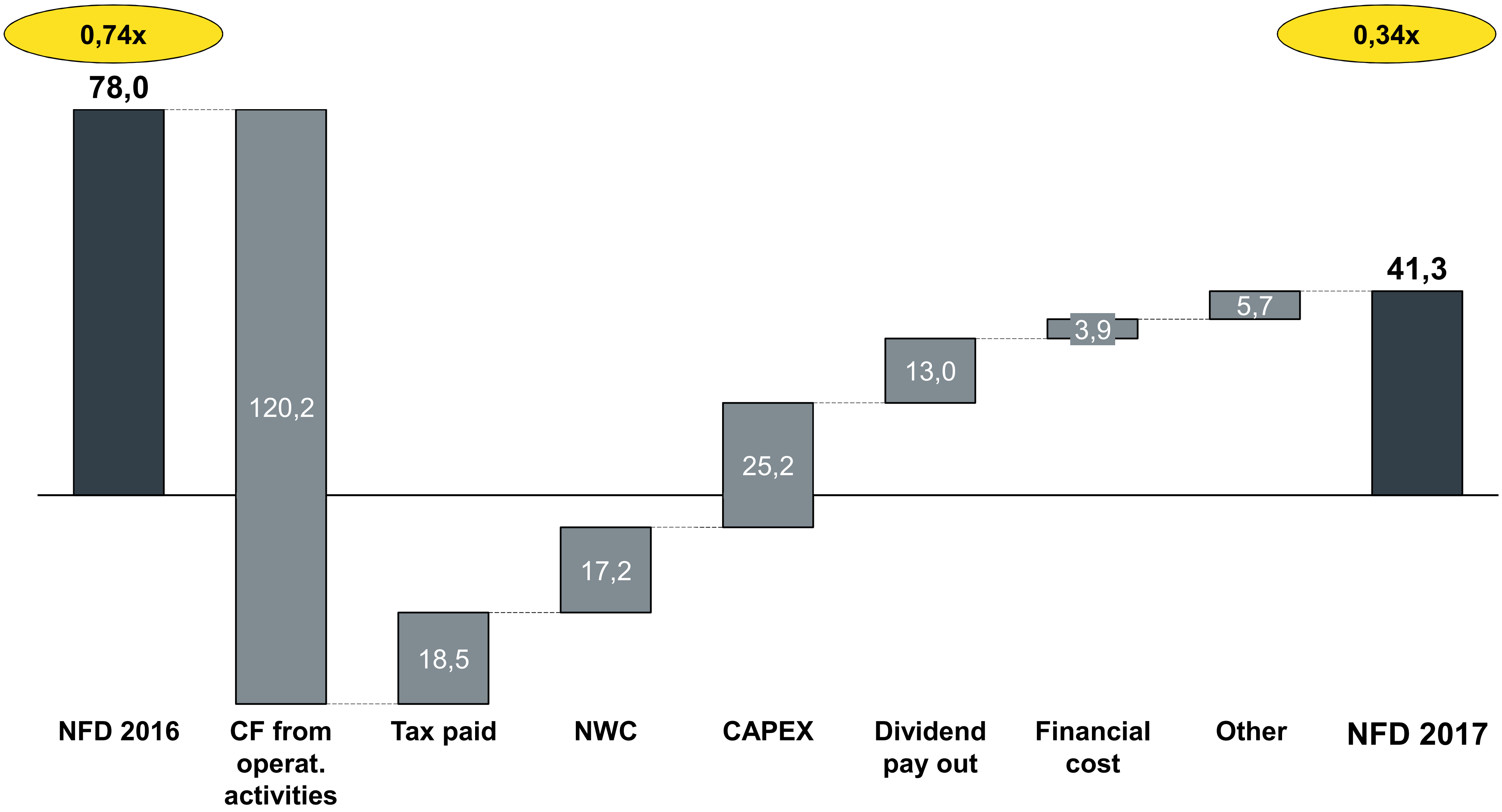
Current portion of non-current debt / Non current financial debt

- Flexible financial structure based on bank amortizing loans with ~2,2y duration (floating: EURIBOR + spread)
- In 2017 one amortizing loan has been hedged with a plain vanilla interest swap (Notional: 18m €, maturity 2020)

Net Financial Debt walk (in m €)

Key comments

Strong cash flow generation and very low leverage provides Technogym high financial flexibility to continue investing in innovation



Note: Capex includes EUR 0,3mln of financial investments recorded in 2017

Appendix

Balance Sheet

	Dec 2016	% on Revenues	Dec 2017	% on Revenues
Inventories	72,2	13,0%	64,1	10,7%
Trade receivables	94,1	16,9%	117,1	19,6%
Trade payables	(125,6)	(22,6%)	(123,5)	(20,6%)
Trade Working Capital	**40,7**	**7,3%**	**57,7**	**9,6%**
Other current assets/(liabilities)	(47,6)	(8,6%)	(52,4)	(8,8%)
Current tax liabilities	(3,7)	(0,7%)	(8,6)	(1,4%)
Provisions	(17,2)	(3,1%)	(14,6)	(2,4%)
Net Working Capital	**(27,8)**	**-5,0%**	**(17,9)**	**(3,0)%**
Property, plant and equipment	143,9	25,9%	139,0	23,2%
Intangible assets	24,0	4,3%	28,9	4,8%
Investments in joint ventures	21,3	3,8%	17,7	3,0%
Employee benefit obligations	(3,2)	(0,6%)	(3,1)	(0,5%)
Other non current asset and (liabilities)	7,4	1,3%	11,3	1,9%
Net Fixed Capital	**193,5**	**34,8%**	**193,9**	**32,4%**
Net Invested Capital	**165,7**	**29,8%**	**176,0**	**29,4%**
Shareholders' Equity	87,6		134,7	
Financial Net Debt	78,0	14,0%	41,3	6,9%
Total Source of Funding	**165,7**	**29,8%**	**176,0**	**29,4%**

EBITDA Reconciliation

(€m)	December		
	2016	2017	Dec 2016 vs Dec 2017 Δ
Net operating income	**68,4**	**91,4**	**33,7%**
LTMIP before 2015	0,0	0,0	
Restructuring costs	0,1	0,2	
Consultancies costs	0,0	0,0	
IPO Cost	3,0	0,0	
Brasil tax (previous year)	2,2	0,0	
China WH litigations	0,6	0,0	
Total not recurring items	**5,8**	**0,2**	**(97,2)%**
Adjusted Net operating income	**74,2**	**91,6**	**23,4%**
Depreciations, amortisations and write-downs	(23,2)	(24,5)	5,9%
Provision for risk and charges	(2,5)	(4,1)	61,2%
EBITDA adjusted	**99,9**	**120,2**	**20,3%**
Margin %	***18,0%***	***20,1%***	
Non recurring	5,8	0,2	
EBITDA	**94,1**	**120,0**	
Margin %	***16,9%***	***20,1%***	

Cash Flow statement

(€m)	December 2016	December 2017	Δ ass.	Δ %
Consolidated profit for the year	**43,2**	**61,5**	**18,3**	**42,3%**
Depreciation, amortization and impairment losses	23,2	24,5		
Provisions	2,5	4,1		
Share of net result from joint ventures	(0,1)	(0,0)		
Net financial expenses	2,5	4,2		
Income/(expenses) from investments	0,1	0,9		
Income tax expenses	22,5	24,8		
Cash flows from operating activities before changes in working capital	**94,0**	**120,0**	**26,0**	**27,7%**
Change in inventory	(12,3)	8,0		
Change in trade receivables	(5,8)	(23,0)		
Change in trade payables	33,2	(2,1)		
Change in other operating assets and liabilities	0,9	1,6		
Non-recurrent fiscal payment	22,8	0,0		
Income taxes paid	(34,8)	(18,5)		
Net cash inflow from operating activities (A)	**97,9**	**86,0**	**(12,0)**	**(12,2)%**
Investments in property, plant and equipment	(56,1)	(9,8)		
Disposals of property, plant and equipment	0,5	0,2		
Investments in intangible assets	(8,7)	(15,3)		
Dividends received from other entities	(0,1)	0,2		
Dividends received from joint ventures	0,7	0,0		
Investments in subsidiaries, associates and other entities	(18,1)	(0,3)		
Net cash inflow (outflow) from investing activities (B)	**(81,9)**	**(25,0)**	**56,9**	**(69,5)%**
Proceeds from new borrowings	65,0	20,0		
Repayment of borrowings	(30,9)	(20,5)		
Net increase (decrease) of current financial assets and liabilities	(61,0)	(17,1)		
Dividends paid	0,0	(13,0)		
Payments of net financial expenses	(5,4)	(3,9)		
Net cash inflow (outflow) from financing activities (C)	**(32,3)**	**(34,5)**	**(2,3)**	**7,1%**
Net increase (decrease) in cash and cash equivalents before FX impact (D)=(A)+(B)+(C)	**(16,2)**	**26,4**	**42,6**	**(263,2)%**