



The Wellness Company

The Technogym Board of Directors reviewed the consolidated revenues of the first nine months of 2020

# Technogym increases the Home Fitness growth at +58%

- **CONSOLIDATED REVENUE: Euro 351,5 million, compared to 464,8 million of the first nine months of 2019**
- **The growth trend in home fitness continues, +58% at Euro 98 million in the period**
- **Approved the Technogym At-Home 3-years plan, aimed at doubling the BtoC revenue**

**Nerio Alessandri, Technogym Chairman and CEO commented:**

*"Technogym completes the first nine months of the year with an excellent result in Home Fitness, with a + 58% growth, following the + 50% growth registered in the first half, and keeping overall profitability levels in line with the previous year.*

*Technogym has been growing exponentially in BtoB in the last 30 years, while also focusing on Home Fitness with the aim of creating an aspirational brand. Since the days of the garage, when the company was born, we have developed Unica, the first multi-station for strength training at home that is still an iconic product in the world. Then, together with the archi-star Antonio Citterio, we introduced design-furniture products for home training such as Personal Line, which have been placed in the world's most beautiful homes and have obtained prestigious design awards, generating allure and prestige for the brand.*

*During today's Board of Directors we have approved the TECHNOGYM AT HOME three-year plan aiming at achieving, in the mid-long term, 1 Billion Euro group turnover thanks to both BtoB and BtoC, by exploiting the enormous potential of the Technogym brand, stemming from 37 years of investments in marketing and sales organization, in over 100 countries. If a start-up wanted to create a brand equity comparable to that of Technogym in a few years, hundreds of millions of marketing investments would be required.*

*Today BtoC accounts for about 30% of Technogym's revenue. In the medium to long term, we expect the proportion to reach 50%, net of the BtoB recovery expected to start in 2021, in a global scenario in which fitness clubs are open in almost all countries. We will achieve this result by capitalizing on the positioning of the Technogym brand in the Home Fitness prestige segment, where we are the only brand available on the market, and we can aim at a penetration of over 1% of the 15 million*



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*High Net Worth Individuals. Furthermore, with our entry-level products, both existing and new, we will equally be able to address tens of millions of people within the “affluent” cluster.*

*The pandemic is also creating a great opportunity for Technogym in health, following the exponential demand for health and prevention, not only on home self-care, but also in rehabilitation and medical-fitness centers in strong expansion within BtoB. Scientific evidence prove the importance of structured physical exercise to increase not only physical fitness and sports performance, but also immune defenses by preventing risk factors such as obesity, diabetes and cardiovascular diseases.*

*Technogym's “wellness on the go” strategy, has always indicated a strong commitment to digital. For over 20 years we have been developing software apps for training and have created a unique ecosystem in the world - made of connected smart equipment, the MyWellness Cloud, apps and services - allowing us to be the only ones to offer Precision Training, a personalized wellness experience based on each individual user's needs and passions, thanks to the Technogym Live classes and training contents available both at home and at the gym, on demand, on equipment consoles and mobile.*

*I am confident in the potential of the wellness market, one of the top global mega-trends, and in the positioning of the Technogym brand. Starting from our solid roots, our dream for the future is to be able to deliver, at home, the same level of professional experience that 50 million people live in the 80,000 Technogym-equipped wellness centers in 100 countries. I thank the Technogym team and the customers who, more than ever, are showing passion and commitment in this period to continue to leave a mark on the world by spreading Technogym's message as a legacy for the new generations and for the sustainability of our planet "*

**Cesena (Italy), October 28th 2020** – The Board of Directors of Technogym (MTA: TGYM), a globally leading company operating in the fitness equipment area and active in the broader wellness sector, has reviewed today the consolidated revenues of the first nine months of 2020.

**Integration of the communication policy of additional periodic financial information pursuant to art. 82-ter of the CONSOB Regulation no. 11971/1999**

We inform you that, starting from today, we will proceed to highlight the revenues also by customer segments as well as by geographical areas and distribution channels, in order to provide more information also in relation to what has been communicated regarding the development of the Home segment. Therefore, the communication policy of additional periodic information is understood to be integrated pursuant to art. 82-ter of the CONSOB Regulation no. 11971/1999 already communicated on 10/02/2017.

**Revenue trend as of September 30<sup>th</sup> 2020**

The unaudited consolidated results have been prepared in compliance with the International Reporting Standards issued by the International Accounting Standards Board and approved by the European Union.

The first nine months of the year were influenced by the spread of the Covid-19 pandemic and by the stringent measures imposed by governments around the world. In this context, the company immediately implemented an important cost containment plan, to protect operating profitability but



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without in any way impacting future development plans and Technogym's ability to serve its customers in every segment and geographic area.

The first nine months closed with a decrease in turnover of 24.4% (-23.9% at constant exchange rates) in the light of the contraction in general sales volumes, mainly due to the pandemic related postponement of many projects on the BtoB side. The BtoC segment recorded an important growth - linked to the growing interest in Home Fitness - that exceeds the growth recorded in the first half by several percentage points.

Here below we provide a short analysis of revenues broken down by:

- client category
- geographic areas
- distribution channels

#### **Revenue by client category**

| <b>Data at September 30th</b>                                  |                |                |                   |                |
|--|----------------|----------------|-------------------|----------------|
| <i>(In thousands of Euro and percentage of total revenues)</i> |                |                |                   |                |
|  | <b>2020</b>    | <b>2019</b>    | <b>'20 VS '19</b> | <b>%</b>       |
| BtoC   | 97.946         | 61.974         | 35.972            | 58,0%          |
| BtoB   | 253.592        | 402.790        | -149.198          | (37,0%)        |
| <b>Total Revenue</b>   | <b>351.539</b> | <b>464.763</b> | <b>-113.224</b>   | <b>(24,4%)</b> |

Revenues as of 30 September confirm the strong growth of the Private segment compared to the previous year (+ 58% Y / Y) thanks to the wide range of Technogym products and services for at-home training able to respond to the strong consumer demand. At the same time, there was a contraction of the Commercial business, with different dynamics between the different segments and geographies and with general signs of improvement where the effects of the pandemic are less strong.

#### **Revenue by geographic areas**

| <b>Data at September 30th</b>                                  |                |                |                   |                |
|--|----------------|----------------|-------------------|----------------|
| <i>(In thousands of Euro and percentage of total revenues)</i> |                |                |                   |                |
|  | <b>2020</b>    | <b>2019</b>    | <b>'20 VS '19</b> | <b>%</b>       |
| Europe (ex Italy)  | 171.103        | 227.400        | (56.297)          | (24,8%)        |
| APAC   | 60.928         | 86.600         | (25.672)          | (29,6%)        |
| North America  | 40.911         | 60.100         | (19.189)          | (31,9%)        |
| Italy  | 38.710         | 41.400         | (2.690)           | (6,5%)         |
| MEIA   | 30.280         | 34.300         | (4.020)           | (11,7%)        |
| LATAM  | 9.606          | 14.963         | (5.357)           | (35,8%)        |
| <b>Total Revenue</b>   | <b>351.539</b> | <b>464.763</b> | <b>(113.224)</b>  | <b>(24,4%)</b> |

In a scenario where all areas continue to be affected by the impacts of the pandemic, the performances of Italy and MEIA are substantially good, showing only a slight decline. North America,



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undoubtedly the area most impacted by the pandemic, recorded a 31.9% decrease in turnover mainly due to the decision of some Key Accounts in the Club sector and operators in the Hospitality segment to postpone some investments. In Europe, which continues to represent the main geographical area of the group, there was a contraction of 24.8% due to a particularly marked contraction in revenues in some important countries such as the UK, while there are signs of recovery during the in the third quarter in other geographies such as France. The other important area, Asia Pacific, records the first signs of recovery in China, while closing the period with a contraction of 29.6%. The performance of the emerging geographies LATAM (-35.8%) and MEIA (-11.7%) slightly improved compared to the trend of the first half.

### Revenue by distribution channel

| <i>(In thousands of Euro and percentage of total revenues)</i> | Data at September 30th |                |                  |                |
|--|------------------------|----------------|------------------|----------------|
|  | 2020                   | 2019           | '20 VS '18       | %              |
| Field sales  | 228.845                | 342.383        | (113.538)        | (33.2%)        |
| Wholesale  | 71.906                 | 89.100         | (17.194)         | (11.9%)        |
| Inside sales (Ecommerce+Teleselling)                           | 43.420                 | 27.540         | 15.880           | 57.7%          |
| Retail   | 7.368                  | 5.740          | 1.628            | 28.4%          |
| <b>Total Revenue</b>   | <b>351.539</b>         | <b>464.763</b> | <b>(113.224)</b> | <b>(24.4%)</b> |

With regard to the revenue performance by sales channel, the excellent performances generated by the channels most exposed to home fitness, namely Retail, where the 9 flagship stores of the Group recorded an increase in turnover of 28.4% and Inside Sales (+ 57.7%), which includes teleselling and ecommerce. Field Sales is the most impacted by the lock-down with a contraction of 33.2% over the period, while the Wholesale channel recorded a decrease of 11.9% mainly due to the weak performance recorded in emerging geographic areas. We recall how the contamination between the different channels is a distinctive trait of the Technogym direct distribution model and this allowed the Home segment to generate a significantly higher performance over the period than indicated for the Retail and Inside Sales channels.

### Technogym At-Home Plan

Today's Board of Directors approved the Technogym At-Home three-year plan for the BtoC market. This plan aims at exploiting Technogym's brand awareness, built thanks to 37 years of marketing investments and a capillary sales and operations network present in over 100 countries worldwide, with the aim of targeting a potential market of about 15 millions of High Net Worth Individuals and some tens of millions of affluents with entry-level products, able to satisfy the different at-home training needs, from Health to Sport and Fitness. Over the next three years, BtoC revenues are expected to double, in line with the corporate goal of reaching 1 billion Euro in group revenue in the medium to long term, with gradually improving profitability over the plan.

*The Manager responsible for preparing the company's financial reports, Andrea Alghisi, declares that, pursuant to paragraph 2 article 154-bis of the Consolidated Law on Finance (TUF), the accounting data contained in this press release reflects the Company's accounts, books and records.*



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## **Notes to the press release**

### **Technogym**

Founded in 1983, Technogym 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 was the official supplier for the last seven Olympic Games: Sydney 2000, Athens 2004, Turin 2006, Beijing 2008, London 2012, Rio 2016 and PyeongChang 2018, and have just been appointed as Official Supplier of the forthcoming Tokyo 2020 Olympics.

### **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.