Technogym goes to the Olympics with double-digit sales growth

- **Consolidated revenues: €250 million, +10.5% from €226.2 million in 1H2015; +12.4% at constant exchange rates;**
- **EBITDA: €35.2 million, +22.9% from €28.6 million in 1H2015; +30.1% at constant exchange rates;**
- **Adjusted[1] OPERATING INCOME: €22.9 million, + 13.9 % from €20.1 million in 1H2015;**
- **Adjusted[2] PROFIT: Euro €12.6 million, almost unvaried compared to 1H2015;**
- **Net Financial Debt: €145.4 million versus €38.1 million at 31 December 2015 and €63.9 million at 30 June 2015, after non-recurring investments of €107.0 million**

Cesena (Italy), 4 August 2016 – The Board of Directors of Technogym S.p.A. (MTA: TGYM), one of the leading international operators in the fields of fitness and wellness, today approved the Group's consolidated half-year financial statement to 30 June 2016, prepared according to IAS/IFRS international accounting standards.

Technogym ended the first half of 2016 with double-digit sales growth that outpaced the wider market, scoring a major achievement in North America (+25%), a key region for medium-term growth for the company.

EBITDA growth was more than proportionate to the increase in revenues, with a higher rate of growth in percentage terms versus last year.

The year-on-year increase in net debt in the first half of 2016 was mainly due to the acquisitions of Technogym Village and Exerp, the Danish company specialising in management software for the fitness industry, completed earlier this year.

Technogym acquired a majority stake in Exerp during the first half of the year, which has been consolidated using the equity method and therefore does not affect the Group's revenues. The integration of Technogym's mywellness cloud – the CRM of wellness – with the Exerp platform – one of the best ERP solutions for fitness centres – creates the world's first and only open platform able to provide end consumers with coaching programmes for fitness, sports and health, in the gym, at home and at work. Through the integration of proprietary and third-party apps, the main wearable devices and biometric measurement devices, users can manage their own wellness lifestyle tracking.

On the innovation front, in the first half of 2016 the company launched several new products and solutions including the Skillmill, a non-motorised treadmill for athletic performance training; Group Cycle Connect, the interactive group cycling fitness programme; and many new applications for the Technogym Ecosystem, the industry's only 'Internet of Things' ecosystem.

Nerio Alessandri, President and CEO, commented: *"After the excellent growth delivered in 2015, the first half of 2016 saw double-digit revenue growth that beat the broader industry's performance. We are particularly pleased with these results in the context of an economic slowdown in several geographic areas. I would like to highlight the improvement in EBITDA, with growth more than proportionate to the increase in revenues, and a higher profit margin than in the first half of 2015. In this spirit, as of tomorrow we will be the official supplier to the Olympics for the sixth time. We are proud of this occasion*

[1] Before non-recurring expenses
[2] Before non-recurring expenses and their related tax impact on the nominal tax rate of 31%

to promote the values of sport, exercise and disease prevention on the world stage, and value the opportunity to come into direct contact with more than 10,000 athletes, representing the elite of the sporting world, through the 15 athletic training centres we have set up."

First-Half Results 2016

Following the revenue growth reported in 2015, Technogym Group's first-half 2016 revenues increased 10.5% to €249.952 million (+12.4% at constant exchange rates) compared to €226.154 million in the same period in 2015.

Below is a brief breakdown of Revenues by geographic area and distribution channel, of EBITDA, of Operating Income, of Profit and of Net Financial Debt.

1) Revenues

Revenues by geographic area

	Six months ended 30 June		Change	
(in millions of Euro)	2016	2015	2016 vs 2015	%
Europe (excluding Italy)	130.096	117.570	12.526	10.7%
MEIA	24.014	25.467	-1.453	-5.7%
APAC	37.018	35.163	1.855	5.3%
Italy	23.047	19.322	3.725	19.3%
North America	25.296	20.189	5.107	25.3%
Latin America	10.481	8.443	2.038	24.1%
Total revenues	**249.952**	**226.154**	**23.798**	**10.5%**

In line with the trend seen in recent years, the first half of 2016 saw significant growth in North America (+25.3%), in Italy (+19.3%) thanks to the strengthening of the domestic market, and in the rest of Europe (+10.7%).

After a slow first quarter, revenues in the APAC region grew 5.3% year on year, due to the contribution of Japan (+22.6%) and of third-party distributors in the region (+12.6%).

Latin America also performed well (+24.1%), although volumes remained low.

We expect a recovery in the second half of the year in the MEIA region, which is served exclusively by third-party distributors (wholesale).

Revenues by distribution channel

	Six months ended 30 June		**Change**	
(in millions of Euro)	2016	2015	2016 vs 2015	%
Field Sales	172.015	153.159	18.856	12.3%
Wholesale	55.481	52.056	3.425	6.6%
Inside Sales	19.526	18.572	0.954	5.1%
Retail	2.930	2.367	0.563	23.8%
Total revenues	**249.952**	**226.154**	**23.798**	**10.5%**

In line with the "omni-channel" distribution strategy, the growth rates of the various distribution channels were consistent with those of the first quarter. There was a positive contribution from Field Sales (+12.3%) and Inside Sales (+5.1%), in which the company is investing. Although growing at the significant rate of 23.8%, the contribution from the Retail channel is still small in absolute terms.

2) EBITDA, Net Operating Income and Profit for the six months to 30 June 2016

EBITDA was €35.175 million, up €6.559 million, from €28.616 million in the first half of 2015, a more than proportionate increase compared to the increase in revenues. Mirroring the change in revenues, the increase was mainly attributable to: (i) higher margins in the face of increased sales volumes; (ii) industrial operations efficiencies that had a positive impact on direct production costs; and (iii) the acquisition of TGB whose EBITDA has been incorporated into the scope of consolidation and as, a result of which, the company headquarters rental costs have been eliminated as they are now intercompany costs.

In the six months to 30 June 2016, non-recurring charges increased to €4.992 million, from €906.000 in the first half of 2015. Non-recurring expenses for the six months ended 30 June 2016 are mainly due to costs related to the IPO process and to conservative provisioning relating to indirect taxes from previous years. The EBITDA margin rose to 14.1% at 30 June 2016 from 12.7% at 30 June 2015.

Net Operating Income was €17.875 million, from €19.289 million in the first half of 2015. This was mainly due to the above-mentioned higher non-recurring charges and the increase in Net Provisions and Amortisation. Adjusted Operating Income, calculated by adding non-recurring expenses to Net Operating Income, was €22.867 million, from €20.071 million in the first half of 2015.

Profit for the six months to 30 June 2016 was €9.198 million, down from €12.103 million in the first half of 2015. Adjusted Profit, calculated by adding non-recurring costs to the net of the impact on taxes was €12.555 million, in line with the first half of 2015.

3) Net Debt

Net debt was €145.384 million versus €38.059 million for the year ended 31 December 2015. The increase was primarily due to new loans obtained for the acquisitions of 100% of TGB S.r.l. and 50.01% of Exerp ApS.

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Consolidated Income Statement

(In millions of Euro)	Six months ended 30 June			
	2016	*of which from related party*	2015	*of which from related party*
REVENUE				
Revenue	249.761	*5.261*	225.816	*4.145*
Other operating income	191		338	
Total revenue	**249.952**		**226.154**	
OPERATING COSTS				
Raw materials, work in progress and finished goods	(88.972)	*(9)*	(79.403)	*(33)*
Cost of services	(75.300)	*(522)*	(69.978)	*(2.265)*
non-recurring expenses:	*(2.239)*		*(750)*	
Personnel expenses	(50.332)	*(2.651)*	(47.297)	*(2.302)*
non-recurring expenses :	*(89)*		*(156)*	
Other operating costs	(5.299)	*(51)*	(2.075)	
non-recurring expenses :	*(2.664)*		-	
Share of net result from joint ventures	134		309	
Depreciation, amortisation and impairment losses / (revaluation)	(10.728)		(9.776)	
Net provisions	(1.580)		1.355	
NET OPERATING INCOME	**17.875**		**19.289**	
Financial income	7.138		9.761	
Financial expenses	(8.332)		(11.291)	
Net financial expenses	**(1.194)**		**(1.530)**	
Income/(expenses) from investments	110		417	
PROFIT BEFORE TAX	**16.791**		**18.176**	
Income tax expenses	(7.593)		(6.073)	
PROFIT FOR THE YEAR	**9.198**		**12.103**	
(Profit)/loss attributable to non-controlling interests	(87)		(64)	
Profit/(loss) attributable to owners of the parent	**9.111**		**12.039**	
EARNINGS PER SHARE (in Euro)	**0.05**		**0.06**	

Note: The Group defines EBITDA as operating income, adjusted to the following income statement items: (i) net provisions; (ii) amortisation and depreciation / revaluations, and (iii) income / (expenses) Non-recurring.

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Consolidated Statement of Financial Position

(In millions of Euro)	Six months ended 30 June		Six months ended 30 June	
	2016	***of which from***	**2015**	***of which from***
ASSETS				
Non-current assets				
Property, plant and equipment	141.862		56.876	
Intangible assets	21.520		21.474	
Deferred tax assets	15.141		15.711	
Investments in joint ventures and associates	22.325		3.822	
Non-recurrent financial assets	3.347		-	
Other non-current assets	13.143		9.529	
TOTAL NON-CURRENT ASSETS	**217.338**		**107.412**	
CURRENT ASSETS				
Inventory	68.042		60.379	
Trade receivables	88.586	*1.734*	84.126	*835*
Financial assets	405	*102*	105	*100*
Derivative financial instruments	50		213	
Other current assets	35.468	*429*	31.791	*118*
Cash and cash equivalents	53.059		68.027	
TOTAL CURRENT ASSETS	**245.610**		**244.641**	
TOTAL ASSETS	**462.948**		**352.053**	
EQUITY AND LIABILITIES				
Equity				
Share capital	10.000		10.000	
Share premium reserve	-		-	
Other reserves	26.066		(8.226)	
Retained earnings	7.738		13.025	
Profit (loss) attributable to owners of the parent	9.111		28.168	
Equity attributable to owners of the parent	**52.915**		**42.967**	
Capital and reserves attributable to non-controlling interests	453		247	
Profit (loss) attributable to non-controlling interests	87		186	
Equity attributable to non-controlling interests	**540**		**433**	
TOTAL EQUITY	**53.455**		**43.400**	
Non-current liabilities				
Financial liabilities	88.536		48.456	
Deferred tax liabilities	887		704	
Employee benefit obligations	3.140		3.104	

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Provisions	9.676		8.625	
Other non-current liabilities	13.160		13.517	
TOTAL NON-CURRENT LIABILITIES	**115.399**		**74.406**	
Current liabilities				
Trade payables	100.751	*113*	93.898	*667*
Current tax liabilities	4.352		13.988	
Financial liabilities	109.258		57.557	
Derivative financial instruments	1.104		391	
Provisions	16.360		18.405	
Other current liabilities	62.269	*21.403*	50.008	-
TOTAL CURRENT LIABILITIES	**294.094**		**234.247**	
TOTAL EQUITY AND LIABILITIES	**462.948**		**352.053**	

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CONSOLIDATED STATEMENT OF CASH FLOW

(In millions of Euro)	Six months ended 30 June	
	2016	**2015**
Cash flows from operating activities		
Profit for the year	9.198	12.103
Adjustments for		
Depreciation, amortisation and impairment losses	10.728	9.776
Provisions	1.580	(1.355)
Share of net result from joint ventures	(134)	(309)
Net financial expenses	1.194	1.530
Income/(expenses) from investments	(110)	(417)
Income tax expenses	7.593	6.073
Cash flows from operating activities before changes in working capital	**30.049**	**27.401**
Increase (decrease) in inventory	(7.769)	(5.020)
Increase (decrease) in trade receivables	(1.314)	1.671
Increase (decrease) in trade payables	7.650	(7.079)
Increase (decrease) in other operating assets and liabilities	(22.166)	4.460
Income taxes paid	(16.475)	(4.482)
Net cash inflow from operating activities (A)	**(10.025)**	**16.951**
of which attributable to related parties:	*575*	*(901)*
Investments		
Investments in property, plant and equipment	(24.941)	(12.902)
Disposals of property, plant and equipment	-	-
Investments in intangible assets	(4.143)	(3.399)
Disposals of intangible assets	-	-
Dividends received from other entities	110	369
Dividends received from joint ventures and associates	663	1.686
Investments in subsidiaries, associates and other entities	(19.032)	(860)
Disposal of subsidiaries, associates and other entities	-	251
Net cash inflow (outflow) from investing activities (B)	**(47.343)**	**(14.855)**
of which attributable to related parties:	*(20.288)*	*(7.687)*
Cash flows from financing activities		
Proceeds from new borrowings (including current)	97.850	70.000
Repayment of borrowings (including current)	(9.225)	(11.000)
Net increase (decrease) of current financial assets and liabilities	(43.917)	(58.614)
Payments of net financial expenses	(3.164)	1.421
Net cash inflow (outflow) from financing activities (C)	**41.544**	**1.807**

of which attributable to related parties:	-	-
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)	**(15.824)**	**3.903**
Cash and cash equivalents at the beginning of the year	**68.026**	**41.128**
Net increase (decrease) in cash and cash equivalents from January 1 to December 31	(15.824)	3.903
Effects of exchange rate differences on cash and cash equivalents	857	522
Cash and cash equivalents at the end of the year	**53.059**	**45.553**

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The Manager in charge of preparing corporate accounting documents, Stefano Zanelli, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law of Finance, that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

The Wellness Company

Notes

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 five Olympic Games: Sydney 2000, Athens 2004, Turin 2006, Beijing 2008, London 2012 and it has been appointed as Official Supplier for Rio 2016. In 2015, Technogym S.p.A. had turnover of approximately €512 million (+10% compared to 2014) and EBITDA of €86.7 million (+40% compared to 2014).

Safe Harbor Statement

Certain statements in this press release may constitute “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Such statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those which are anticipated. Such risks and uncertainties include, but are not limited to, the ability to manage the effect of the poor current global economic conditions, the ability to acquire new assets and successfully integrate them, the ability to predict future economic conditions and changes in consumer preferences, the ability to successfully introduce and market new products, the ability to maintain an efficient distribution network, the ability to achieve and manage growth, the ability to negotiate and maintain favourable license arrangements, fluctuations in exchange rates, variations on local conditions, the ability to protect our intellectual property, issues with IT systems, risks related to inventories, insurance and credit risks, changes tax regimes as well as other political, economic and technological factors and other risks and uncertainties described in our filings with Commissione Nazionale per le Società e la Borsa. These forward-looking statements are made as of the date hereof, and we do not assume any obligation to update them.

Alternative performance indicators

This press release contains a number of alternative performance indicators used by management to allow for a better evaluation of the operations and the financial position of the Group. These indicators are not identified as accounting measures under IFRS and therefore should not be considered an alternative measure for assessing the economic performance of the Group and its balance sheet and financial position. Since the determination of these measures is not regulated by applicable accounting standards, the method of calculation used by the Company may not be identical to that adopted by others and therefore these indicators may not be comparable. Accordingly, investors should not place undue reliance on such data and information. In addition, this press release contains certain financial indicators, management and other "rectified" (or "adjusted") measures that have been adjusted to reflect extraordinary events and non-recurring transactions c.d special items. Such “rectified” information have been included to allow for a better comparison of the financial information of all periods in consideration. However, it should be noted that this information is not recognized as economic and financial data under IFRS and / or does not constitute indication of past performance of the Company or the Group. Therefore, investors should not place undue reliance on such data and information.

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