The Wellness Company

The Technogym Board of Directors approved the half-yearly financial report as of June 30, 2017

Technogym doubles profit

- **CONSOLIDATED REVENUE: Euro 266.4 million, +6.6% compared to 249,9 million for the first half of 2016; +6.2% at a constant exchange rate**
- **Adjusted EBITDA[1]: Euro 42.2 million, +20% compared to 35.2 million for the first half of 2016**
- **Adjusted NET OPERATING INCOME[2]: Euro 29.3 million, +28% compared to the first half of 2016**
- **PROFIT: Euro 18.5 million, +103% compared to 9.1 million for the first half of 2016**

Nerio Alessandri, Chairman and Chief Executive Officer, said: “Technogym continues with its robust growth, in accordance with the business plans and more in the sector we operate in. The solid growth in margins and profit levels, which are more than proportional to the increase in revenues, bears witness to the strength of the Technogym brand all over the world, and the uniqueness of its products and services in terms of innovation, design and quality. These results endorse our long-term strategy which has always placed strong emphasis on investing in product innovation and services to provide operators with complete solutions for their businesses and private customers with a unique wellness experience”.

[1] Adjusted EBITDA: EBITDA net of non-recurring income and expenses
[2] Adjusted NET OPERATING INCOME: NET OPERATING INCOME net of non-recurring income and expenses

Cesena (Italy), August 4, 2017 – The Board of Directors of Technogym S.p.A. (MTA: TGYM), one of the world's leading companies in smart equipment, service and digital services for the fitness, sport and health sectors, as part of the broader wellness sector, examined and approved the consolidated half-yearly financial report as of June 30, 2017 today, drawn up in accordance with IAS/IFRS international accounting standards.

Technogym increased revenue in the first half of 2017, achieving excellent growth rates in North America and Asia which are strategic regions for medium-term company growth.

The increase in EBITDA is more than proportional to the growth in revenue, and is significantly up on the previous year. This result was achieved through a number of different factors including the launch of new products on the market, management of the product mix, and focusing on strategic partnerships centered around the equipment, services and digital services.

The net financial position improved compared to the first half of 2016, and reflects the seasonal nature of the business with respect to December 31, 2016

The strong increase in profit is mainly due to greater efficiency in sales, cost management and reduced impact of non-recurring costs. The streamlining of the industrial area also played a part, with positive effects on direct costs and properly scaled operating costs even though revenues were up.

With respect to innovation, the company launched numerous new products and solutions in the first half of 2017; Skillrow is the new Internet-connected rowing-machine which is an innovative product that introduces a new training format for both individual and group training; Mycycling is a new indoor cycling training product. On the digital front, Technogym has introduced numerous new functions and applications from the mywellness platform, its unique cloud system; one of its new features is Teambeats which monitors heart rate levels during group activities or during equipment-free workouts.

In the area of digital innovation, an initiative was also begun with IBM to implement new coaching functions based on Watson artificial intelligence on the mywellness digital platform; there was also an announcement by Apple stating that Apple Watches were compatible with Technogym products.

With reference to marketing and communication activities, the companies continues its commitment in positioning Technogym as a Premium brand in the BtoB sector and a Prestige brand within BtoC. Finally, Technogym consolidated its position as the leading sports training brand at global level since it was appointed as official supplier to the Olympics 6 times; as of today's date, the company will be the official supplier of the Athletics World Championships in London.

Results of the First Half of 2017

Following the revenue growth recorded in 2016, revenues in the Technogym Group also continued to grow in the first half of 2017. This growth stood at +6.6%, with significant results in crucial geographic areas such as North America and Pacific Asia.

A breakdown of revenue is provided below on the basis of geographic area and distribution channels, EBITDA, net operating income, profits and net financial indebtedness.

1) Revenue

Revenue by geographic area

(In thousands of Euro and percentage of total revenue)	**H1 Period ended June 30**			
	2017	**2016**	**2017 vs 2016**	**%**
Europe (without Italy)	136,084	130,098	5,986	4.6%
MEIA	22,490	24,014	(1,524)	(6.3%)
APAC	41,806	37,018	4,788	12.9%
Italy	23,331	23,047	284	1.2%
North America	29,307	25,296	4,011	15.9%
LATAM	13,430	10,481	2,949	28.1%
Total revenue	**266,448**	**249,954**	**16,494**	**6.6%**

Technogym continues to grow in accordance with the business plans in all the main markets of greatest interest: Europe, North America and APAC. In accordance with trends in recent years, there has been a significant increase in North America (+15.9%) and Asia (+12.9%), strategic markets for the future growth of the company. Growth is also positive in South America (+28.1%) with respect to the double figure growth already recorded last year.

Revenue by distribution channel(*)

(In thousands of Euro and percentage of total revenue)	**H1 Period ended June 30**			
	2017	**2016**	**2017 vs 2016**	**%**
Field sales	184,473	171,827	12,646	7.4%
Wholesale	59,115	55,385	3,730	6.7%
Inside sales	20,170	19,858	312	1.6%
Retail	2,690	2,884	(194)	(6.7%)
Total revenue	**266,448**	**249,954**	**16,494**	**6.6%**

(*) Restatement of 2016 revenue, mainly due to the reallocation of revenue related to owned stores within the Retail channel

With respect to revenue performance by sales channel: Field Sales continue to be the main channel with performance similar to the Wholesale channel (+7%). The Inside Sales channel (ecommerce and teleselling) is being developed in terms of technological platform, with performance expected to improve in upcoming months. The Retail channel has a marginal impact on the company business model, with its main purpose to act as show room support for the other main direct sales channels, from an omni-channel perspective.

2) EBITDA, Net operating income and Profit for the period

Adjusted EBITDA amounted to Euro 42,202 thousand, up by Euro 7,028 thousand (+20%) compared to Euro 35,175 thousand in the first half of 2016. Consistently with the change in revenue, this increase is mainly due: (i) to the increase in profit margins in relation to the rise in sales volumes; (ii) the streamlining of industrial activities which had a positive impact on direct production costs; (iii) stable operating costs even though there was an increase in sales volumes.

In the half ended June 30, 2017, there were no significant non-recurring expenses (a positive Euro 172 thousand) compared to the costs of Euro 4,992 thousand recognized in the half year period ended on June 30, 2016, mainly due to costs concerning the listing process, and a prudential allocation for indirect taxes relating to previous years. On the whole, the percentage of adjusted EBITDA to Revenue (**Adjusted margin EBITDA**) rose from 14.1% as of June 30, 2016 to 15.8% as of June 30, 2017.

Adjusted net operating income amounted to Euro 29,256 thousand, up by Euro 6,389 thousand (+28%) compared to Euro 22,867 thousand in the first half of 2016. This increase is mainly due: (i) to the increase in profit margins in relation to the rise in sales volumes; (ii) the streamlining of industrial activities which had a positive impact on direct production costs; (iii) stable operating costs even though there was an increase in sales volumes.

Profit attributable to owners of the parent amounted to Euro 18,495 thousand, up by Euro 9,384 thousand (+103%) compared to Euro 9,111 thousand in the first half of 2016. This increase is mainly due to: (i) the increase in the aforementioned Net operating income; (ii) the lower group tax rate, also due to the reduction in Italian corporate income tax (IRES fell from 27.5% in the previous year to 24% this year).

3) Net Indebtedness

Net indebtedness amounted to Euro 109,600 thousand, an improvement of Euro 35,784 thousand compared to Euro 145,384 thousand as of June 30, 2016, and up 31,576 thousand compared to 78,024 thousand for the year ended as of December 31, 2016; this increase is mainly due to the seasonal nature of the business.

Establishment of a Related Party Transactions Committee independent from the Control and Risks Committee. Maurizio Cereda appointed as a new member of the Control and Risks Committee to replace Francesca Bellettini

Following the resignation of Francesca Bellettini from her position as a member of the Control and Risks Committee due to professional commitments that did not allow her to continue in this role from today's date, the Board of Directors appointed the non-executive director, Maurizio Cereda, as the new member of the Control and Risks Committee. The Board of Directors also established an independent Related Party Transactions Committee, whose functions had been carried out by the Control and Risks

Committee to date. The Related Party Transactions Committee comprises the following non-executive and independent directors: Cecilia La Manna, Vincenzo Giannelli and Francesca Bellettini.

Statement by the Executive Responsible for the preparation of Financial Reports

*In accordance with article 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.*

Filing of the half-yearly financial report as of June 30, 2017

The half-yearly financial report as of June 30, 2017, along with the report by the independent auditors, will be made available to the public at the registered office of the Company, and published on the Internet site of the Company www.technogym.com under the Section “Investor Relations/Financial Statements and Results” and on the authorized storage mechanism “eMarket STORAGE” which can be consulted on www.emarketstorage.com.

Attachments

The summary tables of the income statement, statement of financial position and consolidated statement of cash flow, included in the consolidated half-yearly financial report as of June 30, 2017, are attached.

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Summary tables (*)

Consolidated income statement

(In thousands of Euro)	Notes	Half year ended June 30 2017	*of which from related parties*	2016	*of which from related parties*
REVENUE					
Revenue		266,224	*3,970*	249,761	*5,261*
Other operating income		224	*6*	194	-
Total revenue		**266,448**		**249,954**	
OPERATING COSTS					
Raw materials, work in progress and finished goods		(90,925)	*(19)*	(88,633)	*(9)*
Cost of services		(68,109)	*(727)*	(67,898)	*(563)*
of which non-recurring (income)/expenses		*(0.4)*		*(2,208.5)*	
Personnel expenses		(61,957)	*(18)*	(58,073)	*(45)*
of which non-recurring (income)/expenses		*(0.0)*		*(119.0)*	
Other operating costs		(2,528)	*(67)*	(5,302)	*(1)*
of which non-recurring (income)/expenses		*172.7*		*(2,664.3)*	
Share of net result from joint ventures		(556)		134	
Depreciation, amortization and impairment losses		(11,433)		(10,728)	
Provisions		(1,514)		(1,580)	
NET OPERATING INCOME		**29,428**		**17,875**	
Financial income		3,793		7,137	
Financial expenses		(6,375)		(8,332)	
Net financial expenses		**(2,582)**		**(1,194)**	
Income/(expenses) from investments		(246)		110	
PROFIT BEFORE TAX		**26,601**		**16,791**	
Income tax expenses		(8,041)		(7,593)	
PROFIT/(LOSS) FOR THE PERIOD		**18,559**		**9,198**	
Profit/(loss) attributable to non-controlling interests		(65)		(87)	
Profit/(loss) attributable to owners of the parent		**18,495**		**9,111**	
EARNINGS PER SHARE		**0.09**		**0.05**	

(*)It should be noted that, during the first half of 2017, as already occurred in the year ended as at December 31, 2016, certain items were reclassified for a better representation of the profit and loss statement.

Consolidated statement of financial position

(In thousands of Euro)	Notes	As of June 30		As of December 31	
		2017	***of which from related parties***	**2016**	***of which from related parties***
ASSETS					
Non-current assets					
Property, plant and equipment	5.1	141,510		143,863	
Intangible assets	5.2	27,131		24,041	
Deferred tax assets		15,924		14,255	
Investments in joint ventures and associates	5.3	20,546		21,340	
Non-current financial assets		2,675		2,653	
Other non-current assets		21,494		18,389	
TOTAL NON-CURRENT ASSETS		**229,280**		**224,541**	
Current assets					
Inventory		75,733		72,175	
Trade receivables		89,600	*1,315*	94,075	*466*
Current financial assets		306	*300*	403	*402*
Assets for derivative financial instruments		337		340	
Other current assets		12,472	*23*	12,875	*393*
Cash and cash equivalents		38,970		53,146	
TOTAL CURRENT ASSETS		**217,418**		**233,014**	
TOTAL ASSETS		**446,698**		**457,555**	
EQUITY AND LIABILITIES					
Equity					
Share capital		10,000		10,000	
Share premium reserve		-		-	
Other reserves		29,663		26,136	
Retained earnings		33,705		7,709	
Profit (loss) attributable to owners of the parent		18,495		43,085	
Equity attributable to owners of the parent		**91,863**		**86,930**	
Capital and reserves attributable to non-controlling interests		687		576	
Profit (loss) attributable to non-controlling interests		65		134	
Equity attributable to non-controlling interests		**752**		**710**	
TOTAL EQUITY	5.4	**92,614**		**87,639**	
Non-current liabilities					
Non-current financial liabilities	5.5	76,194		83,619	
Deferred tax liabilities		716		749	
Employee benefit obligations		3,199		3,194	
Non-current provisions	5.6	16,895		17,637	
Other non-current liabilities		9,563		9,490	
TOTAL NON-CURRENT LIABILITIES		**106,567**		**114,689**	
Current liabilities					
Trade payables		99,431	*529*	125,594	*469*
Current tax liabilities		4,585		3,682	
Current financial liabilities	5.5	72,727		48,247	
Liabilities for derivative financial instruments		292		47	
Current provisions	5.6	12,740		17,214	
Other current liabilities		57,742		60,442	
TOTAL CURRENT LIABILITIES		**247,517**		**255,226**	
TOTAL EQUITY AND LIABILITIES		**446,698**		**457,555**	

Consolidated statement of cash flow

(In thousands of Euro)	Notes	Half year ended June 30	
		2017	2016
Cash flows from operating activities			
Profit for the year		18,559	9,198
Adjustments for:			
Income tax expenses	5.11	8,041	7,593
Income/(expenses) from investments		246	(110)
Financial income/(expenses)		2,582	1,194
Depreciation, amortization and impairment losses		11,433	10,728
Provisions		1,514	1,580
Use of provisions		-	-
Use of personnel provision		-	-
Share of net result from joint ventures		556	(134)
Cash flows from operating activities before changes in working capital		**42,930**	**30,049**
Change in inventory		(3,714)	(7,769)
Change in trade receivables		2,503	(1,314)
Change in trade payables		(26,841)	7,650
Change in other operating assets and liabilities		(11,380)	(9,524)
Non-recurring fiscal collection/(payment)		-	(12,000)
Income taxes paid		(6,355)	(17,118)
Net cash inflow from operating activities (A)		**(2,857)**	**(10,025)**
Cash flows from investing activities			
Investments in property, plant and equipment	5.1	(4,544)	(24,941)
Disposals of property, plant and equipment		-	-
Investments in intangible assets	5.2	(7,626)	(4,143)
Disposals of intangible assets		-	-
Dividends attributable to non-controlling interests		-	-
Dividends received from other entities		138	110
Dividends from investments in Joint Ventures		-	663
Minority Interests		(23)	18
Investments in subsidiaries, associates and other entities	5.3	(326)	(19,032)
Disposal of subsidiaries, associates and other entities		-	-
Net cash inflow (outflow) from investing activities (B)		**(12,381)**	**(47,324)**
Cash flows from financing activities			
Proceeds from new borrowings		-	97,850
Repayment of borrowings		(10,882)	(9,225)
Net increase (decrease) of current financial assets		26,973	(43,917)
Dividends paid to shareholders		(13,000)	-
Payments of net financial expenses		(1,467)	(3,164)
Net cash inflow (outflow) from financing activities (C)		**1,623**	**41,544**
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)		**(13,614)**	**(15,805)**

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 June 30	(13,614)	(15,805)
Effects of exchange rate differences on cash and cash equivalents	(562)	838
Cash and cash equivalents at the end of the period	**38,970**	**53,059**

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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, Rio 2016.

Forward looking statements

Certain statements in this press release could constitute forward-looking statements, including references that do not exclusively relate to historical data or current events, and as such, uncertain. These statements are based on a number of assumptions, expectations and other factors that could lead to actual results which differ, even substantially, from those forecast. There are numerous factors that could generate results and trends that are notably different from the forward looking information in this press release. These elements include but are not limited to 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. These forward-looking statements were issued as of today's date and we shall not be under any obligation to provide any updates and they are not a reliable indication of future performance.

Alternative performance indicators

This press release provides a number of alternative performance indicators used by management to allow an improved assessment of the business performance and the financial performance and position of the Group. These indicators are not recognized as accounting measures in the context of IFRS and should therefore not be considered as an alternative way to assess the financial performance of the Group and its financial position. Since the calculation of these measures is not governed by the applicable accounting standards, the calculation methods applied by the Company may not be the same as those used by others and therefore these indicators may not be comparable. Therefore, investors should not place undue reliance on this data or information. This press release also contains certain financial, operating and other indicators that have been adjusted to reflect non-recurring extraordinary events and transactions, known as special items. This 'adjusted' information was included to allow better comparison of the financial information for all periods; however this information is not recognized as economic or financial data within the scope of the IFRS and/or does not constitute an indication of the historical performance of the Company or Group. Therefore, investors should not place undue reliance on this data or information.

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