



The Wellness Company

The Technogym Board of Directors approved the half-yearly financial report as of June 30, 2018

TECHNOGYM: STRONG PROFIT GROWTH in H1 2018

Focus on digital product and services: media contents, training live and on demand

- **CONSOLIDATED REVENUE** at a constant exchange rate +8.3%. Euro 272.9 million, +3.6% compared to 263.4 million for the first half of 2017
- **EBITDA**: Euro 44.9 million, +4.7% compared to 42.9 million for the first half of 2017
- **PROFIT**: Euro 37.7 million, +99%, compared to 19 million for the first half of 2017

Nerio Alessandri, Chairman and Chief Executive Officer, said: *"We are proud to confirm that also in the last semester Technogym has grown faster than the sector both in terms of revenues and profitability, despite the significant impact of exchange rates. **The result is particularly relevant if we consider the April implementation of the new IT system, that has led to the postponement of part of May and June revenues to July and August, revenues that today have been recovered as expected.** The focus on innovation and the premium positioning of our brand at global level allowed us to record excellent growth rates in key geographies such as the **US (+ 28.5%) and China (+ 22.3%).** These performances more than offset the slowdown recorded in South America, caused by the economic downturn in Brazil.*

*Our digital Mywellness platform, widespread in the sectors of sports, fitness and health is a market unique solution; thanks to the combination of IoT and cloud it connects today 15,000 fitness clubs and 10 million users worldwide, allowing them to live a unique and personalized wellness experience. **The platform will soon be enriched with media contents, live and on demand coaching services that will be central within our consumer strategy and to consolidate our Technogym 4.0 project.** Thanks to the mix of all this elements and thanks to the strength of our team **we will close 2018 with a sustainable and profitable growth**, a prerequisite for the achievement of our medium-term objectives."*



The Wellness Company

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, 2018 today, drawn up in accordance with IAS/IFRS international accounting standards.

Technogym increased revenue in the first half of 2018, achieving excellent growth rates in North America, a strategic region for medium-term company growth and consolidating its leadership in Europe, the main geographic area for the company. This performance was affected by a temporary extension in deliveries, related to the initial stage of the roll-out of the new IT system and consequently the processing of some important orders was deferred. However this was offset in July and August

The increase in EBITDA is more than proportional to the growth in revenue. This result was achieved through a number of different factors including continuous improvement of operational efficiency, management of the product mix, and focusing on commercial deals centred on smart equipment, services and digital.

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 products premium positioning, cost management and to the benefits related to the "Patent Box" Italian tax relief.

With respect to innovation, the company launched numerous new products and solutions in the first half of 2018; SKILL RUN, the innovative treadmill dedicate to athletic training and SKILL BIKE, the stationary bike designed for cyclists and triathletes. Thanks to SKILL LINE Technogym has defined a new product category intercepting the booming trend of athletic training, in strong growth both in clubs and in the consumer market.

In the area of digital innovation, Technogym consolidates the leadership of the Mywellness Cloud digital platform, the only open ecosystem in the industry able to offer end user a fully personalized experience both on Technogym equipment and outdoor, thank to dedicated apps. Today, Technogym counts on over 80.000 installed fitness and wellness clubs, out of which 15.000 are connected to its Mywellness Cloud digital platform and over 10 million people connected to this service; by leveraging this infrastructure Technogym will invest more and more in its Media division, dedicated at content and training programs development for different passion and different disciplines to be delivered both at home and in clubs

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, last February the company was Official Supplier to the Pyeongchang 2018 Winter Olympics in Korea.



The Wellness Company

Results of the First Half of 2018

Consolidated results have been prepared in compliance with the International Reporting Standards issued by the International Accounting Standards Board. First half 2017 figures have been adjusted, due to the IFRS 15 implementation starting from January 1st 2018.

Following the revenue growth recorded in 2017, revenues in the Technogym Group also continued to grow in the first half of 2018. This growth stood at +3.6% (+8.3% at a constant exchange rate), with significant results in crucial geographic areas such as North America

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

<i>(In thousands of Euro and percentage of total revenues)</i>	Half year ended June 30			Changes	
	2018	2017	Restated (*)	2018 vs 2017	%
Europe (without Italy)	138,262	132,948		5,314	4.0%
APAC	44,343	41,790		2,553	6.1%
North America	33,620	29,325		4,295	14.6%
Italy	25,595	23,332		2,263	9.7%
MEIA	21,241	22,472		(1,231)	-5.5%
LATAM	9,822	13,483		(3,661)	-27.2%
Total revenues	272,884	263,351		9,533	3.6%

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 (+14.6%) a strategic markets for the future growth of the company. Growth is also positive in Europe and Asia Pacific. After two years of strong growth, revenues slowdown in LATAM, mainly because of the instable macro-economic context in Brasil, which represents the major contributor in the region.



The Wellness Company

Revenue by distribution channel

(In thousands of Euro and percentage of total revenues)	Half year ended June 30			Changes	
	2018	2017	Restated (*)	2018 vs 2017	%
Field sales	198,158	181,278		16,880	9.3%
Wholesale	54,852	59,208		(4.355)	-7.4%
Inside sales	16,941	20,173		(3.232)	-16.0%
Retail	2,932	2,692		241	8.9%
Total revenues	272,884	263,351		9,533	3.6%

With respect to revenue performance by sales channel: Field Sales continue to be the main channel, registering a growth of +9.3%. The Wholesales channel performance was impacted by postpone deliveries due to the IT system change; the companies forecast a full recovery in the second half. The inside sales channel (Ecommerce & teleselling) recorded a negative performance only due to some geographical areas in Europe. 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 44.865 thousand, up by Euro 1.833 thousand (+4.7%) compared to Euro 42.860 thousand in the first half of 2017. 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, 2018, there were no significant non-recurring expenses compared to the Euro 172 thousands registered at June 30th 2017.

On the whole, the percentage of EBITDA to Revenue (**EBITDA Margin**) equals 16.4% as of June 30, in line with the first semester of 2017 (+16.3%).

Net operating income amounted to Euro 33.578 thousand, up by Euro 3.665 thousand (+12.3%) compared to Euro 30.086 thousand in the first half of 2017. 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;

ROS for the half year ended June 30, 2018 was affected by the typical seasonal nature of the fitness equipment market. In this regard, it should be noted that the increase in revenues in the different



The Wellness Company

quarters of the year is linked primarily to customers' tendency to make their purchases in the second half, following the most important industry trade fairs that are traditionally held in the first half..

Net profit came to Euro 37,692 thousand, up by Euro 18,733 thousand (+98.8%) compared to Euro 18,959 thousand in the first half of 2017. This increase mainly relates: (i) to the increase in the aforementioned Net operating income; (ii) to the effects of the patent box agreement.

3) Net Indebtedness

Net indebtedness amounted to Euro 61.542 thousand, up 20.223 thousands compared to 41.319 thousand for the year ended as of December 31, 2017; this increase is mainly due to the seasonal nature of the business. Net indebtedness at 30 June 2017 stood at Euro 109.600 thousand.

Consolidated income statement

(In thousands of Euro)	Note	Half year ended June 30			
		2018	of which from related parties	2017 Restated (*)	of which from related parties
REVENUES					
Revenues	5.9	272,329	4,656	263,127	3,970
Other operating		555	6	224	6
Total revenues		272,884		263,351	
OPERATING COSTS					
income Raw materials, work in progress and finished goods	5.10	(85.109)	(23)	(87.298)	(19)
Cost of services	5.11	(74.888)	(1.163)	(68.004)	(727)
<i>of which non-recurring income/(expenses)</i>		-		-	
Personnel expenses	5.12	(65.621)	11	(61.957)	(18)
<i>of which non-recurring income/(expenses)</i>		-		-	
Other operating		(2.506)	(2)	(2.504)	(67)
<i>of which non-recurring income/(expenses)</i>		-		(172,3)	
Share of net result from joint ventures		105		(556)	
Depreciation, amortization and impairment losses		(10.352)		(11.433)	
Accantonamenti netti		(935)		(1.514)	
NET OPERATING INCOME		33,578		30.086	
Financial income		3,830		3,793	
Financial expenses		(4.034)		(6.375)	
Net financial expenses		(204)		(2.582)	
Income/(expenses) from investments		26		(246)	
PROFIT BEFORE TAX		33,400		27,259	
Income tax expenses	5.13	4,518		(8.235)	
<i>of which non-recurrent income taxes</i>		12,497		-	
PROFIT/(LOSS) FOR THE PERIOD		37,918		19,024	
Profit/(loss) attributable to non-controlling interests		(225)		(65)	
Profit (loss) attributable to owners of the parent		37,692		18,959	
EARNINGS PER SHARE (in Euro)	5.14	0.19		0.09	

(*) 2017 data have been restated, indicating the effects of the retroactive adoption of the new accounting standard IFRS 15, as described in the section "Accounting standards" of the notes.



The Wellness Company

Balance sheet

(In thousands of Euro)	Note	As of June 30		As of December 31	
		2018	of which from related parties	2017 Restated (*)	of which from related parties
ASSETS					
Non-current assets					
Property, plant and equipment	5.1	139,682		139,037	
Goodwill		17		20	
Intangible assets	5.2	30,189		28,913	
Deferred tax assets		17,684		15,366	
Investments in joint ventures and associates	5.3	17,849		17,720	
Non-current financial assets		2,661		2,638	
Other non-current assets		42,158		35,385	
TOTAL NON-CURRENT ASSETS		250,241		239,079	
Current assets					
Inventory		79,058		67,002	
Trade receivables		114,276	1,548	111,652	542
Current financial assets		127	-	13	-
Assets for derivative financial instruments	5.4	69		75	
Other current assets		25,236	2,488	13,543	3,339
Cash and cash equivalents		58,060		77,847	
TOTAL CURRENT TAXES		276,827		270,131	
TOTAL ASSETS		527,068		509,210	
EQUITY AND LIABILITIES					
Equity					
Share		10,050		10,050	
Share premium reserve		4,990		4,990	
Other reserves		18,924		23,752	
Retained		80,615		32,345	
Profit (loss) attributable to owners of the parent		37,692		60,949	
Equity attributable to owners of the parent		152,271		132,086	
Capital and reserves attributable to non-controlling interests		951		688	
Profit (loss) attributable to non- controlling interests		225		293	
Equity attributable to non- controlling interests		1,176		981	
TOTAL EQUITY	5.5	153,448		133,067	
Non-current liabilities					
Non-current financial liabilities	5.6	62,073		84,464	
Deferred tax liabilities		522		543	
Employee benefit obligations		3,142		3,115	
Non-current provisions	5.7	19,325		19,637	
Other non-current liabilities		25,457		21,890	
TOTAL NON-CURRENT LIABILITIES		110,519		129,649	
Current liabilities					
Trade payable		114,208	513	123,238	769
Current tax liabilities		11,001		8,568	
Current liabilities	5.6	57,037		34,664	
Liabilities for derivative financial instruments	5.8	689		126	
Current provisions	5.7	11,616		14,642	
Other current liabilities		68,549		65,256	
TOTAL CURRENT LIABILITIES		263,101		246,494	
TOTAL EQUITY AND LIABILITIES		527,068		509,210	



The Wellness Company

Consolidated statement of cash flow

(In thousands of Euro)	Note	Half year ended June 30	
		2018	2017 Riesposto (*)
Cash flows from operating activities			
Profit for the period		37,918	19,024
<i>Adjustments for:</i>			-
Income tax expenses	5.13	(4.518)	8,235
Income/(expenses) from investments		(26)	246
Financial income/(expenses)		204	2,582
Depreciation, amortization and impairment losses		10,352	11,433
Provisions		935	1,514
Use of provisions		-	-
Use of personnel provision		-	-
Share of net result from joint ventures		(105)	556
<i>Cash flows from operating activities before changes in working capital</i>		44,760	43,588
Change in inventory		(11.823)	(5.464)
Change in trade receivables		(4.794)	5,891
Change in trade payables		(9.118)	(27.185)
Change in other operating assets and liabilities		(5.771)	(12.787)
Non-recurrent fiscal collection/(payment)		-	-
Income taxes paid		(3.372)	(6.924)
Net cash inflow from operating activities (A)		9,881	(2.880)
<i>of which from related parties</i>		<i>3.157</i>	<i>2.849</i>
Cash flows from investing activities			
Investments in property, plant and equipment	5.1	(7.429)	(4.544)
Disposals of property, plant and equipment		-	-
Investments in intangible assets	5.2	(5.222)	(7.626)
Disposals of intangible assets		-	-
Dividends attributable to non-controlling interests		-	-
Dividends received from other entities		-	138
Dividends from investments in Joint Ventures		-	-
Minority Interests		-	-
Investments in subsidiaries, as Sociates and other entities	5.3	0	(326)
Disposal of subsidiaries, associates and other entities		-	-



The Wellness Company

Net cash inflow (outflow) from investing activities (B)	(12.651)	(12.358)
<i>of which from related parties</i>	-	-
Cash flows from financing activities		
Proceeds from new borrowings	-	-
Repayment of borrowings	(28.626)	(10.882)
Net increase (decrease) of current financial assets	29,683	26,973
Dividends paid to shareholders	(18.090)	(13.000)
Payments of net financial expenses	(585)	(1.467)
Net cash inflow (outflow) from financing activities (C)	(17.618)	1,623
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)	(20.388)	(13.614)
Cash and cash equivalents at the beginning of the year	77,847	53,146
Net increase (decrease) in cash and cash equivalents from January 1 to June 30	(20.387)	(13.614)
Effects of exchange rate differences on cash and cash equivalents	601	(562)
Cash and cash equivalents at the end of the period	58,060	38,970

() 2017 data have been restated, indicating the effects of the retroactive adoption of the new accounting standard IFRS 15, as described in the section "Accounting standards" of the notes.*



The Wellness Company

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.

Media Relations

Technogym Press Office

Enrico Manaresi emanaresi@technogym.com +393403949108

Tancredi Group

Giovanni Sanfelice di Monteforte giovanni@tancredigroup.com +447775858152

Investor Relations

Carlo Capelli investor.relations@technogym.com +39 0547 650111

Enrico Filippi