



The Wellness Company

**The Technogym Board of Directors reviewed the consolidated revenues of the first quarter of 2020**

## **TECHNOGYM CONTAINS THE COVID IMPACT**

- **CONSOLIDATED REVENUE: Euro 116,8 million (-11,2% Vs first quarter of 2019)**
- **Growth in the home fitness related distribution channels: Inside Sales (+10%) and Retail (+72%)**

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

*"In the context of the Covid pandemic, Technogym closes the first quarter with a contained decrease in revenues. The result for the quarter was affected by the lockdown in the business to business sector, but benefited from the growth in the home fitness segment, which will also bring a positive contribution to the performance of the rest of the year.*

*The lockdown, experienced in recent months, has created problems for people's health in terms of a sharp increase in sedentary lifestyle, body weight, anxiety and stress and lead to the worsening of existing pathologies like diabetes and hypertension. Therefore consumers will show a strong demand for exercise and wellness .*

*As of May, the situation for fitness clubs is improving: in China, fitness centers are already operational and many other countries will follow shortly. People want to resume socialization and fitness clubs are ready to operate in safely: precise health and prevention protocols are in place, the use of equipment guarantees social distancing and software systems allow to manage access and maximum capacity of the different areas.*

*Also in the fitness industry, the emergency that we have experience in the recent months has accelerated the digital revolution: fitness clubs equipped with our digital Mywellness cloud platform have been able to offer their training experience to customers at home. Our strategy to be "on the go" wellness provider - fitness, sport and health solutions accessible everywhere and anytime, both at home and at the gym - has been definitively consolidated.*

*After the pandemic, health has risen within people's and companies priority list and wellness is confirmed to be one of the dominant consumer trends. On these bases Technogym has already activated several cost containment initiatives aimed at defending profitability and is confident of being able to return, as soon as possible, to performance in line with the opportunities in wellness".*



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**Cesena (Italy), 13 May 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 three months of 2020.

### **Revenue trend at March 31st 2020**

Consolidated results have been prepared in compliance with the International Reporting Standards issued by the International Accounting Standards Board.

The results for the first quarter of the year were impacted by the global Covid-19 emergency health crisis triggered by the COVID 19 epidemic. Although it is a symmetrical crisis that is affecting, with more or less intensity, all countries, the different Government has adopted various containment measures that they had a different impact on business performance starting from February.

In this scenario, the company recorded a contraction in consolidated revenues of 11.2% during the first three months of 2020 compared to the same period in 2019. At constant exchange rates the drop is 11.9%.

Sales in the first three months of 2020 stood at 116.8 million Euros compared to 131.5 million in the same period of 2019. When it comes to the different geographies, Italy grew (+ 15.9%), while the other regions show a decrease in turnover.

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

- distribution channels;
- geographic areas;

#### ***Revenue by distribution channels***

<i>(In thousands of Euro and percentage of total revenues)</i>	<b>Data at March 31st</b>			
	<b>2020</b>	<b>2019</b>	<b>2020 vs 2019</b>	<b>%</b>
Field sales	81.097	91.894	-10.797	-11,7%
Wholesale	22.181	28.181	-6.000	-21,3%
Inside sales	11.010	9.988	1.022	10,2%
Retail	2.488	1.446	1.042	72,1%
<b>Total Revenue</b>	<b>116.776</b>	<b>131.509</b>	<b>-14.733</b>	<b>-11,2%</b>

With regards to the performance by sales channel, it should be noted that Inside Sales (+ 10.2%) and Retail (+ 72.1%) are the best in the period in consideration of the greater exposure to the Consumer market, which is benefiting from the Covid-19 lockdown scenario in multiple geographic areas. The two mainly Commercial distribution channels, on the other hand, were weaker, with Field Sales - main sales channel - down by 11.7% and WholeSales down by 21.3%.



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## Revenues by geographic areas

(In thousands of Euro and percentage of total revenues)	Data at March 31st			
	2020	2019	2020 vs 2019	%
Europe (ex Italy)	61.177	66.958	-5.781	-8,6%
MEIA	7.952	10.457	-2.505	-24,0%
APAC	17.771	21.462	-3.691	-17,2%
Italy	12.466	10.756	1.710	15,9%
North America	14.773	17.848	-3.075	-17,2%
LATAM	2.638	4.028	-1.390	-34,5%
<b>Total Revenues</b>	<b>116.776</b>	<b>131.509</b>	<b>-14.733</b>	<b>-11,2%</b>

In a global scenario impacted by the Covid 19 outbreak, the first quarter ended with a contraction in sales except for Italy, which recorded a growth + 16%. Beside Covid 19, in Europe, performance is impacted by the weakness of the UK, where the Brexit theme continues to represent an uncertainty for economic operators, and Russia, which are not sufficiently compensated by the positive trend in France and Germany. In APAC, the trend is linked to the Covid 19 pandemic that mainly affected China. In North America there was a postponement of orders by some customers mainly in the Club segment. The emerging geographies of MEIA and LATAM also fell, on whose performance the Group's decision to implement an even more careful selection policy for the own clientele.

### **COVID-19 update**

Over the past few months Governments in the various countries around the world have adopted different measures aimed at containing the spread of the pandemic from COVID 19. These measures have been adopted in a non-homogeneous way in consideration of the evolution of the epidemic locally and this has led to a different impact, market by market, on Technogym's business.

Starting from the end of January, the Group has reduced its activities in the territories affected by the pandemic, starting with China, respecting the rules issued by the authorities in the different countries.

Since the first news regarding the spread of COVID 19 Technogym has appointed a team dedicated to managing the emergency and to implement all the necessary measures to guarantee the health of employees.

Although it is difficult to provide indications on the impact of the pandemic, given the continuous evolution of the situation, Technogym is ready to benefit from the gradual easing of lockdown measures in different countries of the world as well as to serve the growing demand for wellness with part of professional operators and end users all over the world.

*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 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 seven Olympic Games: Sydney 2000, Athens 2004, Turin 2006, Beijing 2008, London 2012, Rio 2016, PyeongChang 2018.

### 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.