



Piquadro S.p.A:

The Board of Directors approved the Consolidated Half-year Financial Report as of September 30, 2016

- **Consolidated revenue: € 34.20 million (+3.1%** compared to the first half of the previous year);
- **EBITDA: € 5.5 million (+19.4%** compared to the first half of the previous year);
- **EBIT: € 4.0 million (+20.9%** compared to the first half of the previous year);
- **Consolidated Net Profit: € 2.66 million (+18.0%** compared to the same period of the previous year);

Silla di Gaggio Montano, November 24, 2016 – Today the **Board of Directors of Piquadro S.p.A.**, which designs, manufactures and distributes innovative-design, high-tech leather goods, approved its Consolidated Half-year Financial Report as of September 30, 2016.

For the half-year at September 30, 2016, the Piquadro Group reported **consolidated revenue of € 34.20 million, up 3.1%** compared to € 33.18 million for the same period of the previous year. This increase was driven by a double-digit growth in the *DOS* channel while the *Wholesale* channel sales showed a slight decline. In general, net sales were affected, by around 3%, by delays in the delivery of some collections due to the bankruptcy of a Korean transportation company.

The revenues reported by the **DOS channel**, which represent 37.1% of the Group's total turnover showed a **16.5% increase** as a result of the marginal quantities sold in existing stores and the opening of eight new stores only partially offset by the closure of five. The *DOS* channel also includes **e-commerce** revenues, **increasing by 37.2%**. The *Same Store Sales Growth* data (SSSG), calculated as average global growth rates of profits registered in the existing directly operated stores on April 1, 2016, was positive and equal to the 2.3% in the period at current exchange rates (assuming an equal number of days open and constant exchange rates, it was equal to a 3.4% growth rate).

The revenues of the **Wholesale** channel, which represent 62.9% of the Group's total turnover, decreased by 3.5%, due to a 7.5% decline in the domestic market. *Wholesale* channel sales in Europe increased by 8.2% driven by Russia (+49,2%) and Germany (+33.5%). At 30 September 2016 *Wholesale* foreign sales accounted for 15.5% of consolidated sales, slightly up on the previous year (14.4% at 30 September 2015). *Wholesale* sales of the domestic market instead represent 47.4% of consolidated sales (52.8% at September 30, 2015) and were down by 7.5% due to the closure of some relationships with customers.

Under a **geographic point of view**, the Group's revenues as of 30 September 2016 show a 0.9% decrease in the domestic market which still represents an important share (75.2%) of the Group's revenues. In Europe, the Group recorded a 24.5% increase to stand at € 6.4 million thanks to increased orders from Russia and the opening of 6 new stores in that market. In the extra-European market the Group recorded flat revenues compared to the previous year.

EBITDA grew by 19.4% compared to the first half of the previous year to stand at € 5.5 million and 16.1% of the revenues. Group **EBIT increased by 20.9%** and was about € 4.0 million (11.8% of revenues). **Consolidated Net Profit was up 18.0%** to stand at € 2.657 million compared to the first half of the previous year. During the half year the store in Paris rue Saint Honoré was sold, thus generating a capital gain inherent in the key money worth about 1,470 thousand and the net result of the dismissed



store activity has not been shown separately on the basis of IFRS 5 as "discontinued operations" because such store was not an important independent branch of activity.

As of September 30, 2016, **Net Financial Position** was negative and amounted to € 5.3 million with an **€ 8.6 million improvement** over the first half of the previous year, thanks to the collection related to the sale of the Paris store, the net improvement in working capital (€ 4.5 million), the free cash flow of € 3.0 million and dividends paid by the parent company.

Marco Palmieri, President and CEO of Piquadro commented: *«The first half results are in line with our expectations and quite satisfying, even more so when considering the uncertain economic environment they derive from. In particular, sales were driven by the good performance of direct retail (including at sssg level) and e-commerce. The profitability ratios show the effect of the proceeds resulting from the closure of the Paris Rue Saint Honoré store, implemented in the framework of an improvement in the channel's profitability and an optimization in the distribution network in general. Beyond that - continues Palmieri - we are steadily pursuing a redesign activity of some processes with the inclusion of new skills in strategic areas in order to improve efficiency and optimize costs. The first result of this reorganization was the excellent cash generation that, even net of the considerable key money cashed in the period, shows an improvement of over five million Euros. Despite the moderate visibility induced by the uncertain general economic situation - Palmieri concludes - we can still assume that the results for the second half are in line with those of the first six months».*

Outlook 2016/2017

The development of the Piquadro Group in 2016/2017 will be determined by its ability to further increase revenues from both the DOS and the Wholesale channels, the former by maintaining and improving the performance of the stores and the latter by expanding internationally. The Management expects that in the year 2016/2017, the Group will grow with higher rates compared to those already registered in the six months ended 30 September 2016. Although in a volatile environment, the Management assumed to be eligible for gross margins rising as an effect of better production costs. At the same time, the management of working capital will still be strengthened in order to maintain a constant improvement of free cash flow for the Group.

The manager responsible for preparing the Piquadro S.p.A.'s financial reports, Roberto Trotta, declares – pursuant to paragraph 2 of Article 154-bis of Italy's Legislative Decree 58/1998 – that the accounting information contained in this press release and relevant to first half 2016/2017 results, corresponds to the documented results, books, and accounting records.

The Consolidated Half-year Financial Report relevant to the first six months of 2016/2017 fiscal year approved today by the Piquadro Board of Directors is making available to the public at the Company's Registered Office, on the website www.piquadro.com and on the authorized storage "NIS-Storage" available on www.emarketstorage.com in compliance with the law.

Piquadro

Piquadro is a brand of professional and travel leather goods that originated from an idea of Marco Palmieri, who at that time was an engineering student and now he is the current Chairman and CEO of the Company.

In all Piquadro products the three distinctive values inspiring the brand - design, functionality and technological innovation – are combined with the flavour of Italian handicraft working, the quality of first-class hides and attention to detail.



PIQUADRO

In every collection Piquadro proposes a wide range of bags, suitcases and small leather goods in which the unique and elegant Italian style is combined with intended practical and reliable features, for work and travel purposes, in tune with the intense rhythms of modern life.

The hides are Italian only, are mainly produced in the Tuscan leather tanning district, which is the oldest and most famous district at a worldwide level, and, when combined with technological fabrics, give rise to products that have a recognisable and essential appearance, both in classic and unusual colours.

Piquadro is a joint-stock company that has been listed on the Italian Stock Exchange since October 2007. Its products are sold in more than 50 countries, through a distribution network of 1,500 sales outlets, including more than 100 single-brand boutiques.

Piquadro S.p.A.

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**Consolidated statement of financial position as at September 30, 2016 and March 31, 2016**

<i>(in thousands of Euro)</i>	September 30, 2016	March 31, 2016
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	2.496	4.107
Property, plant and equipment	12.076	12.618
Receivables from others	598	700
Deferred tax assets	1.183	1.182
TOTAL NON-CURRENT ASSETS	16.353	18.607
CURRENT ASSETS		
Inventories	14.857	16.344
Trade receivables	26.351	23.801
Others current assets	2.219	1.823
Receivables for derivative financial instruments	17	70
Tax receivables	395	328
Cash and cash equivalents	9.510	10.214
TOTAL CURRENT ASSETS	53.349	52.581
TOTAL ASSETS	69.702	71.188

**Consolidated statement of financial position as at September 30, 2016 and March 31, 2016**

<i>(in thousands of Euro)</i>	September 30, 2016	March 31, 2016
LIABILITIES		
EQUITY		
Share Capital	1.000	1.000
Share premium reserve	1.000	1.000
Other reserves	498	737
Retained earnings	32.158	30.212
Group profit for the period	2.674	3.946
Total equity attributable to the Group	37.330	36.895
Capital and Reserves attributable to minority interests	(112)	(37)
Profit/(loss) attributable to minority interests	(17)	(68)
Total share attributable to minority interests	(129)	(105)
EQUITY	37.201	36.790
NON-CURRENT LIABILITIES		
Borrowings	4.754	7.046
Payables to other lenders for lease agreements	1.133	1.431
Provision for employee benefits	318	291
Provision for risk and chargers	714	1.087
Deferred tax liabilities	0	0
TOTAL NON-CURRENT LIABILITIES	6.920	9.854
CURRENT LIABILITIES		
Borrowings	8.356	7.881
Payables to other lenders for lease agreements	593	606
Payables for derivative financial instruments	33	0
Trade Payables	10.878	12.521
Other current liabilities	3.894	3.078
Current income tax liabilities	1.826	458
TOTAL CURRENT LIABILITIES	25.581	24.544
TOTAL LIABILITIES	32.501	34.398
TOTAL EQUITY AND LIABILITIES	69.702	71.188

**Consolidated income statement for the period ended September 30, 2016 and September 30, 2015**

<i>(in thousands of Euro)</i>	Six months as of September 30, 2016	Six months as of September 30, 2015
REVENUES		
Revenues from sales	34.202	33.182
Other income	1.812	440
TOTAL REVENUES (A)	36.014	33.622
OPERATING COSTS		
Change in inventories	1.527	(2.403)
Costs for purchases	6.986	7.266
Costs for services and leases and rental	13.984	16.373
Personnel costs	7.681	7.490
Amortisation, depreciation and write-downs	1.744	1.444
Other operating costs	53	112
TOTAL OPERATING COSTS (B)	31.975	30.282
OPERATING PROFIT (A-B)	4.039	3.340
FINANCIAL INCOME AND CHARGES		
Financial income	388	849
Financial charges	(330)	(735)
TOTAL FINANCIAL INCOME AND CHARGES	58	114
PRE-TAX RESULT	4.097	3.454
Income tax expenses	(1.440)	(1.202)
PROFIT FOR THE PERIOD	2.657	2.252
attributable to:		
EQUITY HOLDERS OF THE COMPANY	2.674	2.294
MINORITY INTERESTS	(17)	(42)
(Basic) EARNING PER SHARE	0,053	0,045

**Consolidated cash flow statement as at September 30, 2016 and March 31, 2016**

(in thousands of Euro)	September 30, 2016	March 31, 2016
Pre-tax profit	4.097	5.842
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1.250	2.472
Write off tangible and intangible assets	223	173
Provision for bad debts	270	269
Adjustment to the provision for employee benefits	0	0
Net financial charges (income), including exchange rate differences	(58)	(127)
Cash flow from operating activities before changes in working capital	5.782	8.629
Change in trade receivables (net of the provision)	(2.820)	(885)
Change in inventories	1.488	(382)
Change in other current assets	(295)	(303)
Change in trade payables	(1.643)	(1.136)
Change in provisions for risks and charges	(309)	207
Change in other current liabilities	816	(189)
Change in tax receivables/payables	1.301	874
Cash flow from operating activities after changes in working capital	4.320	6.816
Payment of taxes	(1.477)	(1.975)
Interest paid	58	383
Cash flow generated from operating activities (A)	2.901	5.224
Investments and disinvestments in intangible assets	(262)	(225)
Disinvestment in Saint Honorè shop	1.530	0
Investments and disinvestments in property, plant and equipment	(578)	(2.185)
Investments and disinvestments in financial assets	0	0
Changes generated from investing activities (B)	689	(2.410)
Financing activities		
Change in long-term financial receivables	0	0
Repayment and registering of borrowings	(1.816)	(2.307)
Changes in derivative financial instruments	53	(70)
Lease instalments paid	(310)	(700)
Changes in translation reserve	(205)	(562)
Other movements	(17)	334
Payment of dividends	(2.000)	(2.000)
Cash flow generated from/(absorbed by) financing activities (C)	(4.294)	(5.305)
Net increase (decrease) in cash and cash equivalents (A+B+C)	(704)	(2.491)
Cash and cash equivalents at the beginning of the period	10.214	12.705
Cash and cash equivalents at the end of the period	9.510	10.214