



## Piquadro S.p.A.

**The Board of Directors approved the Consolidated Half-year Financial Report as of September 30, 2018**

- **Consolidated revenue: € 66.59 million (+42.3%** compared to the first half of the previous year);
- **Revenue on a like-for-like basis: € 50.1 million (+7.1%** compared to the first half of 2017/2018 fiscal year)
- **EBITDA: (0.26) million Euro**
- **EBITDA *adjusted*: 6.66 million Euro (+14.0%** compared to the first half of 2017/2018 fiscal year);
- **EBIT: (2.20) million Euro;**
- **EBIT *adjusted*: 4.79 million Euro (+8.9%** compared to the first half of 2017/2018 fiscal year);
- **Consolidated Net Profit: 38.23 million Euro;**
- **Net Profit *adjusted*: 3.43 million Euro (+23.2%** compared to the first half of 2017/2018 fiscal year);
- **Net Financial Position: positive and equal to 24.8 million Euro** mainly as a result of the Lancel Group acquisition (negative and equal to 13.6 million euro as of September 30, 2017).

**Silla di Gaggio Montano, November 22, 2018** – Today the Board of Directors of Piquadro S.p.A., which designs, manufactures and distributes professional and travel leather goods, approved its Consolidated Half-year Financial Report as of September 30, 2018.

For the half-year at September 30, 2018, the Piquadro Group reported **consolidated revenue** of € 66.59 million, with a **42.3% increase** compared to € 46.81 million for the same period of the previous year. The increase in revenues was determined both by the introduction into the consolidation area of Maison Lancel on June 2018, which recorded revenues of € 16.5 million, and by a 4.0% increase in sales from the Piquadro brand and by a 17.2% increase in sales from the The Bridge brand.

With reference to the Piquadro brand, sales recorded a 4.0% increase compared to the same period of the previous fiscal year. This increase was mainly driven by higher sales in the Wholesale channel, which was up 6.2% which accounted for 62.7% of the total Piquadro brand turnover.

With reference to the The Bridge brand, sales recorded a 17.2% increase compared to same period of the previous fiscal year; such growth was determined by both a 16.8% increase in sales of the Wholesale channel, which accounted for 71.1% of the total The Bridge brand turnover and a 18.3% increase in DOS sales (which also included the The Bridge e-commerce) which accounted for 28.9% of the total The Bridge brand turnover .



With reference to the Lancel brand, sales revenues for the period June – September 2018 amounted to €16.5 million, (growth contribution equal to approx. 35.0%), 81.1% of which deriving from the DOS channel where Lancel has 56 boutiques in France, 2 boutiques in Italy 1 Spain, Russia and China.

Under a geographic point of view, as of 30 September 2018, the Group's revenues highlights a 6.3% increase on the Italian market, which absorbs a percentage of the Group's total turnover equal to 58.0% (77.7% of consolidated sales at September,30 2017), driven by both Piquadro and The Bridge sales' growth and by the introduction into the consolidation area of Maison Lancel on June 2018 (growth contribution equal to approx. 2.6%).

In the European market, the Group recorded a turnover of € 25.7 million, equal to 38.6% of consolidated sales (19.1% at 30 September 2017), with a 187.0% increase compared to the same period of the previous year. The increase in revenues was determined by both the introduction of Lancel into the consolidation area in June 2018 (growth contribution equal to approx. 161.0%), and the increase of The Bridge and Piquadro sales, in the German, Benelux Austria and Switzerland markets in particular.

In the non-European geographical area (named "Rest of the World") turnover increase by 51.0% compared to the same period of the previous year by the introduction into the consolidation area of Maison Lancel on June 2018.

In terms of profitability, in the Semester ending as of 30 September 2018, Piquadro Group recorded an **EBITDA** of **€ (0.26) million** compared to € 5,8 million of the Group's EBITDA recorded in the first semester 2017/2018.

Group's EBITDA included negative Lancel EBITDA recorded for the period June – September 2018, for an amount of € 5.5 million and € 1.42 million related to the fees for the acquisition of Maison Lancel paid by Piquadro Group.

**EBITDA adjusted**, defined as the EBITDA related to the business units relevant to the brands Piquadro and The Bridge and not including not recurring costs and income, reported an amount of **€ 6.66 million** and show an increase of **14.0%** compared to same period of the previous fiscal year.

Piquadro brand EBITDA reported an amount of € 5.52 million and show an increase of 11.3% compared to same period of the previous fiscal year, while The Bridge brand EBITDA reported an amount of € 1.14 million and show an increase of 29.6% compared to same period of the previous fiscal year.

**Group EBIT** for the period came to € (2.20) million included negative Lancel EBITDA recorded for the period June – September 2018, for an amount of € 5.57 million and € 1.42 million related to the fees for the acquisition of Maison Lancel paid by Piquadro Group.

**EBIT adjusted**, defined as the EBIT related to the business units relevant to the brands Piquadro and The Bridge and not including not recurring costs and income, reported an amount of **€ 4.79 million** and shows an increase of 8.9% compared to the first half 2017/18 Piquadro brand EBIT reported an amount of € 3.93 million and show an increase of 4.2% compared to the first half at September 30, 2018, while The Bridge brand EBIT reported an amount of € 0.86 million and show an increase of 37.0% compared to the first half at September 30, 2018.



Net Financial Position of the Piquadro Group as of September 30, 2018 posted a positive value of € 24.8 million with an improvement of € 38.5 million compared to the negative value of € 13.6 million recorded as of September 30, 2017, and with an improvement of € 28.5 million compared to the negative value of € 3.7 million recorded as of March 31, 2018 .

The Net financial position of the Piquadro Group as of September 30, 2018, compared with the one recorded on the same period of the previous fiscal year, mainly improved due to the introduction into the consolidation area of Maison Lancel, and in particular due to the cash received at the execution of the acquisition of Maison Lancel equal to € 43.9 million, including the € 35,0 million contribution paid in Lancel by the Richemont Group to cover any future liability of Lancel Group.

The variation in the Net Financial Position is also influenced by the payment of € 3.0 million dividends, by the € 2.5 million of investments made by the Group, € 7.7 million of a free cash flow period, by € 3.7 million for the increase in the working capital, as well as for € 3.8 million relating to the exploitation of the earn-out contractually agreed in favor of Richemont Group.

**Group Net Profit** as of September 30, 2018 came to € 38.23 million with an improvement of € 35.4 million compared to the first half of the previous year (equal to € 2.78 million) which included the financial result obtained by Maison Lancel, recorded for the period June – September 2018, equal to € 6.0 million and € 1.42 million related to the fees for the acquisition of Maison Lancel paid by Piquadro Group and € 42.2 million related the non-recurring income from acquisition of Lancel Group.

**Group Net Profit adjusted**, defined as the Net Profit related to the business units relevant to the brands Piquadro and The Bridge and not including not recurring costs and income, reported an amount of € 3.43 million and show an increase of 23.2% compared to the first half at September 30, 2018.

*«The first semester of the Maison Lancel's consolidation in the Piquadro Group is positive in every aspect» says Marco Palmieri, Chairman and CEO of the Piquadro Group. «Apart from the double-digit increase in turnover due to the sales contribution of the Lancel brand, we have the distinct feeling that the group strategy launched with the acquisition of The Bridge has brought the expected benefits. The Piquadro brand continues in its steady growth with good profitability indexes and, at the same time, the The Bridge brand, after only two years from the acquisition, reveals - through double-digit increases in turnover and excellent profitability ratios - the potentials we identified in the relaunch and shows that the integration has been smooth and quick. We are now working on the integration of Lancel with great confidence and enthusiasm, aware that we have embarked on a process of expansion that relies on proven synergies».*

## Outlook

2018/2019

The first half results support the Piquadro Management to be able to grow and to continue the internationalization process.

Therefore, the Management expects that in the FY 2018/2019 the Group's turnover could achieve, including the acquisition and consolidation of Maison Lancel, sales in an amount of around Euro 150 million and continue in the path of growth in line with the one recorded in the first semester of the fiscal year 2018/2019.



As regards the profitability, the Management expects, excluding the effects of Maison Lancel consolidation, to maintain increased gross margins, whilst in the EUR/USD exchange rate aligned with the one registered in the first semester of FY 2018/2019. As regards Maison Lancel operating profitability and excluding not recurring effects, the Management considers to be in line with the assessments made during the acquisition.

The Management will monitor margins and operating costs, the compliance with the development plans of any brand and the costs in order to be able to increase commitments in Research and Development and Marketing to increase visibility and knowledge of the brands.

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 Legislative Decree 58/1998 – that the accounting information contained in this press release corresponds to the documented results, books, and accounting records.

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The Consolidated Half-year Financial Report relevant to the first six months of 2018/2019 fiscal year, approved today by the Piquadro Board of Directors, is made available to the public at the Company's Registered Office, on the website [www.piquadro.com](http://www.piquadro.com), in the Section Investor Relations and on the authorized storage mechanism of Spafid Connect S.p.A. available on the address [www.emarketstorage.com](http://www.emarketstorage.com), within the terms and with the modalities required by law.

### Summary economic-financial data and alternative performance indicators

The Piquadro Group uses the Alternative Performance Indicators (APIs) in order to provide information on the performance of profitability of the businesses in which it operates, as well as on its own financial position and results of operations, in a more effective manner. In accordance with the guidelines published by the European Securities and Markets Authority (ESMA/2015/1415) on 5 October 2015 and consistently with the CONSOB notice no. 92543 of 3 December 2015, the content and the criterion to determine the APIs used in these financial statements are described below.

- EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization, or Gross Operating Margin) is an economic indicator that is not defined by the International Accounting Standards. EBITDA is a unit of measurement utilized by the Management to monitor and assess the Group's operational performance. The Management believes that EBITDA is an important parameter for the measurement of the Group's performance, as it is not affected by the volatility due to the effects of the various criteria for the determination of taxable income, by the amount and characteristics of the capital employed, as well as by the amortization and depreciation policies. EBITDA is defined as the Earnings for the period before depreciation and write-downs of property, plant and equipment and amortization of intangible assets, financial income and charges and the income taxes for the period.
- EBITDA *adjusted* is defined as the EBITDA related to the business units relevant to the brands Piquadro and The Bridge and does not include not recurring costs and income.
- EBIT – Earnings Before Interest and Taxes is the Earnings for the period before financial income and charges and income taxes.
- EBIT *adjusted* is the EBIT related to the business units relevant to the brands Piquadro and The Bridge and does not include not recurring costs and income.
- Net Profit *adjusted* is defined as the Net Profit related to the business units relevant to the brands Piquadro and The Bridge and does not include not recurring costs and income.
- The Net Financial Position ("NFP") utilized as a financial indicator of borrowing, is represented as the sum of the following positive and negative components of the Statement of Financial Position, as required by CONSOB Notice no. 6064293 of 28 July



2006. Positive components: cash and cash equivalents, liquid securities under current assets, short-term financial receivables. Negative components: payables to banks, payables to other lenders, leasing and factoring Companies.

### **Piquadro Group**

*The Piquadro Group operates in the sector of leather accessories through the Piquadro, The Bridge and Lancel brands. Cornerstones for the three brands is attention to details and the quality of the workmanship as well as the leather but the Piquadro product stands out for its innovative design and technological content, while The Bridge emphasizes the vintage flavor of Tuscan craftsmanship and finally the Lancel collections embody the Parisian allure of a fashion house founded in 1876. The origins of the Group date back to 1987 when Marco Palmieri, now President and Chief Executive Officer, founded his company near Bologna, where it is still headquartered. The distribution network extends over 50 countries around the world and counts 185 outlets including 103 Piquadro boutiques (65 in Italy and 38 abroad including 56 DOS-directly operated stores and 47 franchised stores), 14 The Bridge boutiques (12 in Italy and 2 abroad including 9 DOS directly operated stores and 5 franchised) and 68 Lancel boutiques (56 in France and 12 abroad, of which 61 DOS directly operated stores and 7 franchised).*

*The Group's consolidated turnover for the year 2017/2018 ended on March 31, 2018 is € 97,6 million and the consolidated net profit amounts to approximately € 4.8 million.*

*Piquadro S.p.A. has been listed on the Italian Stock Exchange since October 2007.*

### **Piquadro S.p.A.**

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**Consolidated statement of financial position as at September 30, 2018 and March 31, 2018**

<i>(in thousands of Euro)</i>	<b>September 30, 2018</b>	<b>March 31, 2018</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	3,376	3,887
Goodwill	4,658	4,658
Property, plant and equipment	12,083	11,115
Investments	2	2
Receivables from others	2,313	707
Deferred tax assets	2,334	2,318
<b>TOTAL NON-CURRENT ASSETS</b>	<b>24,766</b>	<b>22,687</b>
<b>CURRENT ASSETS</b>		
Inventories	38,242	22,027
Trade receivables	40,940	27,618
Others current assets	6,334	3,326
Derivative assets	277	0
Tax receivables	473	275
Cash and cash equivalents	54,301	23,552
<b>TOTAL CURRENT ASSETS</b>	<b>140,567</b>	<b>76,798</b>
<b>TOTAL ASSETS</b>	<b>165,333</b>	<b>99,485</b>



## Consolidated statement of financial position as at September 30, 2018 and March 31, 2018

<i>(in thousands of Euro)</i>	<b>September 30, 2018</b>	<b>March 31, 2018</b>
<b>LIABILITIES</b>		
<b>EQUITY</b>		
Share Capital	1,000	1,000
Share premium reserve	1,000	1,000
Other reserves	16,522	415
Retained earnings	20,014	33,319
Group profit for the period	38,266	4,840
<b>Total equity attributable to the Group</b>	<b>76,802</b>	<b>40,574</b>
Capital and Reserves attributable to minority interests	(200)	(124)
Profit/(loss) for the period attributable to minority interests	(35)	(67)
<b>Total share attributable to minority interests</b>	<b>(235)</b>	<b>(191)</b>
<b>TOTAL EQUITY</b>	<b>76,567</b>	<b>40,383</b>
<b>PASSIVITA' NON CORRENTI</b>		
Borrowings	8,532	11,128
Payables to other lenders for lease agreements	2	12
Other non current liabilities	7,662	1,838
Provision for employee benefits	3,907	1,885
Provision for risk and chargers	3,170	2,197
Deferred tax liabilities	0	0
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>23,273</b>	<b>17,060</b>
<b>CURRENT LIABILITIES</b>		
Borrowings	15,113	12,345
Payables to other lenders for lease agreements	36	904
Derivative liabilities	6	159
Trade Payables	38,644	22,149
Other current liabilities	8,202	4,052
Tax payables	3,492	2,433
<b>TOTAL CURRENT LIABILITIES</b>	<b>65,493</b>	<b>42,042</b>
<b>TOTAL LIABILITIES</b>	<b>88,766</b>	<b>59,102</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>165,333</b>	<b>99,485</b>

**Consolidated income statement for the period ended September 30, 2018 and September 30, 2017**

<i>(in thousands of Euro)</i>	Twelve months as of September 30, 2018			Twelve months as of September 30, 2017
	Current Operation	Non recurring items	Total	
<b>REVENUES</b>				
Revenues from sales	66,598		66,598	46,814
Other income	691		691	600
<b>TOTAL REVENUES (A)</b>	<b>67,289</b>		<b>67,289</b>	<b>47,414</b>
<b>OPERATING COSTS</b>				
Change in inventories	(3,215)		(3,215)	(3,111)
Costs for purchases	21,062		21,062	14,102
Costs for services and leases and rental	30,185	1,423	31,608	20,073
Personnel costs	17,312		17,312	9,794
Amortization, depreciation and write-downs	2,367		2,367	1,832
Other operating costs	357		357	326
<b>TOTAL OPERATING COSTS (B)</b>	<b>68,068</b>	<b>1,423</b>	<b>69,491</b>	<b>43,016</b>
<b>OPERATING PROFIT (A-B)</b>	<b>(779)</b>	<b>(1,423)</b>	<b>(2,202)</b>	<b>4,398</b>
<b>FINANCIAL INCOME AND COSTS</b>				
Financial income	2,627		2,627	603
Non-recurring income from acquisition of Lancel Group		42,265	42,265	
Financial costs	(3,101)		(3,101)	(951)
<b>TOTAL FINANCIAL INCOME AND COSTS</b>	<b>(474)</b>	<b>42,265</b>	<b>41,791</b>	<b>(348)</b>
<b>RESULT BEFORE TAX</b>	<b>(1,253)</b>	<b>40,842</b>	<b>39,589</b>	<b>4,050</b>
Income tax	(1,358)		(1,358)	(1,266)
<b>PROFIT FOR THE PERIOD</b>	<b>(2,611)</b>	<b>40,842</b>	<b>38,231</b>	<b>2,784</b>
attributable to:				
EQUITY HOLDERS OF THE COMPANY			38,266	2,815
MINORITY INTERESTS			(35)	(31)
(Basic) EARNING PER SHARE			0.765	0.056



**Consolidated cash flow statement as at September 30, 2018 and March 31, 2018**

<i>(in thousands of Euro)</i>	<b>September 30, 2018</b>	<b>March 31, 2018</b>
<b>Profit before tax</b>	<b>39,589</b>	<b>7,006</b>
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,428	2,746
Write-downs of property, plant and equipment and intangible assets	519	405
Non-recurring income from acquisition of Lancel Group	420	843
Net financial costs/(income), including foreign exchange differences	(42,265)	0
<b>Cash flow from operating activities before changes in working capital</b>	<b>165</b>	<b>11,865</b>
Change in trade receivables (net of the provision)	(11,314)	(714)
Change in inventories	(3,172)	(3,036)
Change in other current assets	(130)	212
Change in trade payables	4,824	1,254
Change in provisions for risks and charges	478	227
Change in other current liabilities	651	655
Change in tax receivables/payables	3,451	147
<b>Cash flow from operating activities after changes in working capital</b>	<b>(5,047)</b>	<b>10,611</b>
Taxes paid	(2,049)	(2,365)
Interest paid	(474)	(214)
<b>Cash flow generated from operating activities (A)</b>	<b>(7,570)</b>	<b>8,031</b>
Cash and cash equivalents acquired net of purchase price of Maison Lancel	43,906	0
Investments in intangible assets	(991)	(490)
Disinvestments from intangible assets	748	0
Investments in property, plant and equipment	(2,161)	(1,213)
Investments from property, plant and equipment	0	17
<b>Changes generated from investing activities (B)</b>	<b>41,501</b>	<b>(1,687)</b>
<b>Financing activities</b>		
Change in long-term financial receivables	0	0
Change in short-and medium/long-term borrowings	172	3,810
Changes in financial instruments	(119)	148
Lease instalments paid	(878)	(691)
Change in the translation reserve	648	484
Other minor changes	(6)	168
Dividends paid	(3,000)	(2,000)
<b>Cash flow generated from/(absorbed by) financing activities (C)</b>	<b>(3,183)</b>	<b>1,920</b>
Net increase (decrease) in cash and cash equivalents (A+B+C)	30,749	8,264
<b>Cash and cash equivalents at the beginning of the period</b>	<b>23,552</b>	<b>15,288</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>54,301</b>	<b>23,552</b>