



Piquadro S.p.A.:

The Board of Directors approved the Consolidated Half-year Financial Report as of September 30, 2019

- **Consolidated revenue: € 77.86 million (+16.9%** compared to the first half of 2018/19);
- **EBITDA¹: € 8.24 million;**
- **EBITDA *adjusted*: € 0.99 million** (up € 1.2 million compared to the first half of 2018/19);
- **EBIT¹: € (0.81) million;**
- **EBIT *adjusted*: € (0.84) million** (up € 1.3 million compared to the first half of 2018/19);
- **Consolidated Net Result¹: € (3.0) million;**
- **Consolidated Net Result *adjusted*: € (2.7) million;**
- **Net Financial Position *adjusted*: positive and equal to € 9.0 million.**
- **Net Financial Position¹: negative and equal to € 59.6 million** including the effect of accounting principle IFRS 16.

Silla di Gaggio Montano (BO), November 21, 2019 – 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, 2019.

For the first half of this year up to September 30, 2019, the Piquadro Group reported consolidated revenues of €77.86 million, with a **16.9%** increase on the € 66.60 million reported for the same period of the previous year. The increase in revenues was determined by both the introduction in June 2018, of the Lancel Maison into the consolidation area (versus four months in the semester closed September 30, 2018) and the sales' growth of The Bridge (+10.0%) and Piquadro (+3,0%).

For the **Piquadro** brand the half-year sales stand at **€ 38.3 million** with a **3.0% increase** which was driven by the sales' growth in both the *Wholesale* and DOS channels. In the Wholesale channel, which represents 61.7% of the Piquadro brand's sales, the increase recorded is about 1.5% while the DOS channel, which represents now 38.3% of the Piquadro brand's revenues, reported a **5.6%** growth. The DOS channel includes the Piquadro web store, which showed a **40.1%** sales' increase.

The Same Store Sales Growth data (SSSG) of the Piquadro DOS channel, calculated as average global growth rates of profits registered in the already existing DOS, proved to be positive and equal to **2.3%** based on current exchange rates (assuming an equal number of days open and constant exchange rates, it registered a **2.0%** growth rate).

With reference to the **The Bridge** brand, revenues in the first six months of the year amounted to **€14.28 million** with a **10% increase** compared to the same period of the previous year; this increase was due to the growth of both the Wholesale and the DOS channels. The former reported a **6.9%** increase and represents now 69.2% of the brand's sales. The latter showed a **17.6%** rise

¹ With the introduction of the new accounting standard IFRS 16, starting from April 1st 2019, a new accounting treatment of leases is introduced, which generates a significant effect on EBITDA, EBIT, net invested capital, net financial position and cash flow generated from operational activity. For this reason, in this press release the "adjusted" balances of the aforementioned amounts are also reported in order to make the figures for September 30th 2019 comparable with those of previous periods.



and represents 30.8% of the brand's sales, which include The Bridge's **webstore** with sales **growing by 50.7%**.

Revenues from sales by **Maison Lancel** in the half-year amounted to **€25.28 million** and contributed to the growth of the Group turnover by 13% (revenues recorded in the first half of the previous year were equal to €16.45 million but only referred to the first four months of Lancel's inclusion within the consolidation area of the Piquadro Group). Lancel's sales from the DOS channel (which also includes the webstore) represent 85.9% of the brand revenues.

The half-year sales revenue of Lancel in the DOS channel shows a 10.7% like-for-like increase compared to the first half of the previous year (April and May of 2018 are not included in the semi-annual sales of the Piquadro Group as of September 30, 2018). The increase is the same on an equal number of opening days at a constant exchange rate.

Maison Lancel operates in the DOS channel with 58 direct stores in France, 2 stores in Spain and 1 store in each of the following countries: Italy, Russia and China.

From a geographical point of view, the turnover recorded by the **Piquadro Group in the Italian market** as of September 30, 2019 reached **52.4% of the total turnover** (57.8% of the consolidated sales as of September 30, 2019). This outlays a 6.1% increase over the same period of the previous year, which is linked to the growth of the Piquadro and The Bridge brands, as well as the introduction of Lancel in the Piquadro Group consolidation area.

In the **European market**, the Group recorded a turnover of **€ 34.9 million**, which accounts for 44.9% of consolidated sales (38.8% of consolidated sales at September 30, 2018) with a **35.2% rise** compared to the same period of the previous year. This increase was mainly due to the acquisition of Maison Lancel by the Piquadro Group and its 34.3% contribution to the growth of the European market. The Bridge and Piquadro also contributed to the growth of the European market, especially Piquadro in the countries of Germany and Russia.

In the non-European geographical zone (referred to as the "Rest of the world"), the Piquadro Group recorded revenues of €2.06 million, equal to 2.7% of consolidated sales (3.4% of consolidated sales as of September 30, 2018) with a relative decrease of around €200 thousand.

In terms of profitability, applying the new accounting standard IFRS 16, the Piquadro Group recorded an **EBITDA¹** of around **€8.24 million** in the half-year ending September 30, 2019.

The adjusted EBITDA, defined as EBITDA net of the impacts deriving from the application of IFRS 16, has increased to €0.99 million compared to the €(0.26) million recorded in the first half of 2018/19.

The adjusted EBITDA of the Piquadro brand for the half year at September 30, 2019 is equal to €5.72 million, up 3.6% over the previous year.

The adjusted EBITDA of The Bridge for the half year at September 30, 2019 is equal to €1.25 million with a 9.8% increase compared to the previous year.

The adjusted EBITDA of the Lancel Maison for the half year ended September 30, 2019 is equal to €(5.99) million and compares with the €(6.9) million at September 30, 2018, which included €1.4 million of acquisition costs and related to only 4 months (June - September 2018).

Applying the new accounting standard IFRS 16, the Piquadro Group recorded an **EBIT¹** of around **€(0.81) million** in the six months ended September 30, 2019.

Adjusted EBIT, defined as EBIT net of the impacts deriving from the application of IFRS 16, is equal to €(0.84) million and has improved compared to the €(2.2) million acquired in the first half of 2018/19.



The **adjusted EBIT of the Piquadro brand** in the six months ended September 30, 2019 is equal to €4.67 million and is **up 19.1%** compared to the first half of the 2018/2019 financial year.

The **adjusted EBIT of The Bridge** in the six months ended September 30, 2019 is equal to €0.92 million and **increased 6.1%** compared to September 2018.

The **adjusted EBIT of Maison Lancel** in the six months is equal to **€(6, 43) million** and compares with the **€(6.99) million at September 30, 2018** which included €1.4 million of acquisition costs for the Lancel company and only 4 months of Lancel's operations (June - September 2018).

Applying the new accounting standard IFRS 16, the Piquadro Group recorded a **Consolidated Net Result¹** of approximately **€(3.0) million** in the six months ended September 30, 2019.

The **Consolidated adjusted Net Result** - defined as the Group Net Result net of the impacts deriving from the application of IFRS 16 - is equal to **€(2.7) million** and compares with the €38.2 million as at September 30, 2018, which included both the €1.4 million acquisition costs of the Lancel Maison and the €42.2 million non-recurring income associated with the acquisition of Lancel. It also related to only 4 months of Lancel's operation (June - September 2018).

The half-year **Net Financial Position¹** of the **Piquadro Group** was **negative** and equal to €59.6 million. The impact of the application of the new accounting standard IFRS 16 was equal to approximately € 68.6 million with a minus sign.

The **adjusted Net Financial Position** of the Piquadro Group, was **positive** and equal to approximately **€9.0 million**, compared to the Group's positive figure of approximately €24.8 million recorded at September 30, 2018 and the positive figure €25.6 million recorded at March 31, 2019. The variation in the **adjusted Net Financial Position** of the Piquadro Group at September 30, 2019, compared to the Net Financial Position recorded around the same period of the previous year, is explained by the payment of €4.0 million dividends, by €3.7 million investments in the reference period and by €8.1 million for an increase in working capital.

"Despite the considerable impact on costs for the relaunch of Maison Lancel, the semester closes for the Piquadro Group in a decidedly positive way", says Marco Palmieri, President and CEO of the Piquadro Group. "Lancel, on which our efforts are highly concentrated at the moment, reports an increase in revenue despite the rationalization of the distribution and provides us with a crucial signal for the evaluation of the turnaround, which we are thoroughly working on since the acquisition. The turnover of The Bridge also has demonstrated a double-digit growth driven by the DOS and wholesale channels as well as the excellent performance of the webstore. The Piquadro brand remains solid in its constant development trend and strong in terms of profitability despite the considerable increase in costs for advertising, R&D and managerial upgrading. The adjusted economic results at all levels are therefore satisfactory, reporting growth on Piquadro and The Bridge and demonstrating the effectiveness of the readjustment underway at the Lancel Maison".

Outlook 2019/2020

The results achieved by the Piquadro Group in the first half of the 2019/2020 financial year confirm the Management's expectations and reinforce the idea of the validity of the path undertaken.

The Management expects to be able to confirm the achievement of a consolidated turnover exceeding €160 million for the end of the year (the end of March 2020).

From a profitability point of view, bringing into consideration the overall commitments and positive outcomes resulting from the activities linked to the Maison Lancel turnaround, the Management confirms the expectation of bringing back to positive figures the Group EBITDA, net of the effects by the application of the IFRS 16, for the year ending March 31, 2020.

In this very competitive context the fundamental mission of the Group, is to aim at intensifying Research and Development as well as Marketing activities in order to significantly increase the awareness and uniqueness of each individual brand.



The Manager in charge of preparing the corporate accounting documents of Piquadro S.p.A., Roberto Trotta, declares - pursuant to art. 154-bis, paragraph 2 of Legislative Decree 58/1998 - that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

The Consolidated Half-year Financial Report relevant to the first six months of 2019/2020 fiscal year, approved today by the Piquadro Board of Directors, will be made available to the public at the Company's Registered Office, on the website 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, within the terms and with the modalities required by law.

Summary of Economic-financial data and interpretation of alternative performance indicators (lap)

The Piquadro Group uses the Alternative Performance Indicators (lap) in order to effectively transmit information regarding the performance of the profitability of the business in which it operates and to determine its precise asset and financial position. In accordance with the guidelines published on the 5th of October 2015, by the European Securities and Markets Authority (Esma / 2015/1415), and in line with the provisions of the Consob Communication No. 92543 listed on the 3rd of December 2015, the Group provides content and the criterion to determine the lap used in these financial statements.

- EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is an economic indicator that is not defined in the International Accounting Standards. EBITDA is a measure used by Management to monitor and evaluate the Group's operating performance. Management believes that EBITDA is an important parameter for measuring the Group's performance, as it is not influenced by the volatility in regards to the effects of the different criteria that determine taxable income, the amount and characteristics of the capital employed as well as the policies of amortization. EBITDA is defined as the Operating Profit before amortization and depreciation of tangible and intangible assets, financial income and charges and income taxes for the year.
- The adjusted EBITDA is defined as the EBITDA net of the impacts deriving from the implementation of IFRS 16.
- EBIT - Earnings Before Interest and Taxes is the operating profit before financial income and charges and income taxes.
- Adjusted EBIT is defined as EBIT net of the impacts deriving from the application of IFRS 16.
- The Consolidated adjusted Net Result is defined as the Group's consolidated Net Result net of the impacts deriving from the application of IFRS 16.
- The Net Financial Position ("NFP") is used as a financial indicator for debt, and is represented as a sum of the following positive and negative components of the financial balance sheet, as required by CONSOB Communication no. 6064293 of 28 July 2006. Positive components: cash and cash equivalents, securities that can be quickly liquidated from current assets, short-term financial receivables. Negative components: debts to banks, payables to other lenders, leasing and factoring companies.
- The adjusted Net Financial Position ("adjusted NFP") is defined as the Net Financial Position net of the impacts deriving from the application of IFRS 16.



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 182 outlets including 101 Piquadro boutiques (64 in Italy and 37 abroad; 59 DOS directly operated stores and 42 franchised stores), 12 The Bridge boutiques (12 in Italy; 9 DOS directly operated stores and 3 franchised) and 69 Lancel boutiques (58 in France and 11 abroad; 63 DOS directly operated stores and 6 franchised). The Group's consolidated turnover for the year 2018/2019 ended on March 31, 2019 is € 147,5 million and the consolidated net profit amounts to approximately € 34.48 million. Piquadro S.p.A. has been listed on the Italian Stock Exchange since October 2007.

Piquadro S.p.A.

Media Relations

Paola Di Giuseppe

Tel +39 02 37052501

paoladigiuseppe@piquadro.com

Piquadro S.p.A.

Investor relationship

Roberto Trotta

Tel +39 0534 409001

investor.relator@piquadro.com

**Consolidated statement of financial position as at September 30, 2019 and March 31, 2019**

<i>(in thousands of Euro)</i>	September 30, 2019	September 30, 2019 Excluding IFRS 16	March 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	3.898	3.898	3.283
Goodwill	4.658	4.658	4.658
Right of use assets	68.185	0	0
Property, plant and equipment	12.822	12.822	13.206
Investments	22	22	22
Receivables from others	2.386	2.386	2.252
Deferred tax assets	2.761	2.655	2.448
TOTAL NON-CURRENT ASSETS	94.732	26.441	25.869
CURRENT ASSETS			
Inventories	37.409	37.409	35.820
Trade receivables	43.289	43.289	34.543
Others current assets	5.871	5.871	5.331
Derivative assets	135	135	78
Tax receivables	2.037	2.037	1.690
Cash and cash equivalents	36.414	36.414	52.346
TOTAL CURRENT ASSETS	125.155	125.155	129.808
TOTAL ASSETS	219.887	151.596	155.677

**Consolidated statement of financial position as at September 30, 2019 and March 31, 2019**

<i>(in thousands of Euro)</i>	September 30, 2019	September 30, 2019 Excluding IFRS 16	March 31, 2019
LIABILITIES			
EQUITY			
Share Capital	1.000	1.000	1.000
Share premium reserve	1.000	1.000	1.000
Other reserves	2.008	2.008	2.041
Retained earnings	65.752	65.752	35.159
Group result for the period	(2.973)	(2.641)	34.534
Total equity attributable to the Group	66.787	67.119	73.734
Capital and Reserves attributable to minority interests	(274)	(274)	(207)
Profit/(loss) for the period attributable to minority interests	(25)	(22)	(59)
Total share attributable to minority interests	(299)	(296)	(266)
TOTAL EQUITY	66.488	66.823	73.468
NON-CURRENT LIABILITIES			
Borrowings	10.126	10.126	13.598
Payables to other lenders for lease agreements	51.405	0	0
Other non current liabilities	7.446	7.446	7.159
Provision for employee benefits	4.092	4.092	3.977
Provision for risk and chargers	2.624	2.624	2.824
Deferred tax liabilities	0	0	0
TOTAL NON-CURRENT LIABILITIES	75.693	24.288	27.558
CURRENT LIABILITIES			
Borrowings	11.245	11.245	7.351
Payables to other lenders for lease agreements	17.223	2	12
Derivative liabilities	5	5	6
Trade Payables	36.100	36.100	36.219
Other current liabilities	9.353	9.353	8.779
Tax payables	3.780	3.780	2.284
TOTAL CURRENT LIABILITIES	77.706	60.485	54.651
TOTAL LIABILITIES	153.399	84.773	82.209
TOTAL EQUITY AND LIABILITIES	219.887	151.596	155.677

**Consolidated income statement for the period ended September 30, 2019 and September 30, 2018**

<i>(in thousands of Euro)</i>	Six months as of September 30, 2019	Six months as of September 30, 2019 Excluding IFRS 16	Six months as of September 30, 2018
REVENUES			
Revenues from sales	77.858	77.858	66.598
Other income	549	549	691
TOTAL REVENUES (A)	78.407	78.407	67.289
OPERATING COSTS			
Change in inventories	(1.597)	(1.597)	(3.215)
Costs for purchases	19.860	19.860	21.062
Costs for services and leases and rental	30.747	38.001	31.608
Personnel costs	20.559	20.559	17.312
Amortization, depreciation and write-downs	9.385	2.157	2.367
Other operating costs	265	267	357
TOTAL OPERATING COSTS (B)	79.219	79.247	69.491
OPERATING PROFIT (A-B)	(812)	(840)	(2.202)
FINANCIAL INCOME AND COSTS			
Financial income	556	556	2.627
Non-recurring income from acquisition of Lancel Group	0	0	42.265
Financial costs	(1.135)	(667)	(3.101)
TOTAL FINANCIAL INCOME AND COSTS	(579)	(111)	41.791
RESULT BEFORE TAX	(1.391)	(951)	39.589
Income tax	(1.607)	(1.713)	(1.358)
RESULT FOR THE PERIOD	(2.998)	(2.663)	38.231
attributable to:			
EQUITY HOLDERS OF THE COMPANY	(2.973)	(2.641)	38.266
MINORITY INTERESTS	(25)	(22)	(35)
Basic EARNING (LOSS) PER SHARE	(0,060)	(0,053)	0,765

**Consolidated cash flow statement Piquadro Group**

<i>(in thousands of Euro)</i>	September 30, 2019	September 30, 2018
Result before tax	(1.391)	39.589
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1.631	1.428
Depreciation of right of use	7.228	0
Write-downs of property, plant and equipment and intangible assets	195	519
Provision for bad debts	330	420
Non-recurring income from acquisition of Lancel Group	0	(42.265)
Net financial costs/(income), including foreign exchange differences	579	474
Cash flow from operating activities before changes in working capital	8.573	165
Change in trade receivables (net of the provision)	(9.076)	(11.314)
Change in inventories	(1.589)	(3.172)
Change in other current assets	(674)	(130)
Change in trade payables	(541)	4.824
Change in provisions for risks and charges	(85)	478
Change in other current liabilities	861	651
Change in tax receivables/payables	1.125	3.451
Cash flow from operating activities after changes in working capital	(1.406)	(5.047)
Taxes paid	(1.896)	(2.049)
Interest paid	(157)	(474)
Cash flow generated from operating activities (A)	(3.459)	(7.570)
Cash and cash equivalents acquired net of purchase price of Maison Lancel	0	43.906
Investments in intangible assets	(1.082)	(991)
Disinvestments from intangible assets	0	748
Investments in tangible assets	(975)	(2.161)
Disinvestments from property, plant and equipment	0	0
Investments in investments	0	0
Changes generated from investing activities (B)	(2.057)	41.501
Financing activities		
Change in short-and medium/long-term borrowings	422	172
- New loans	4.000	8.000
- Other variations	(3.578)	(7.828)
Changes in financial instruments	(17)	(119)
Lease instalments paid	(6.797)	(878)
Other minor changes	0	(6)
Change in the translation reserve	(4.000)	(3.000)
Cash flow generated from/(absorbed by) financing activities (C)	(10.392)	(3.831)
Change in the translation reserve (D)	(23)	648
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	(15.932)	30.749
Cash and cash equivalents at the beginning of the period	52.346	23.552
Cash and cash equivalents at the end of the period	36.414	54.301