



PIQUADRO

PRESENTATION  
ITALIAN SMALL CAPS INVESTOR DAY  
London, 6 October 2009

# IMPORTANT INFORMATION

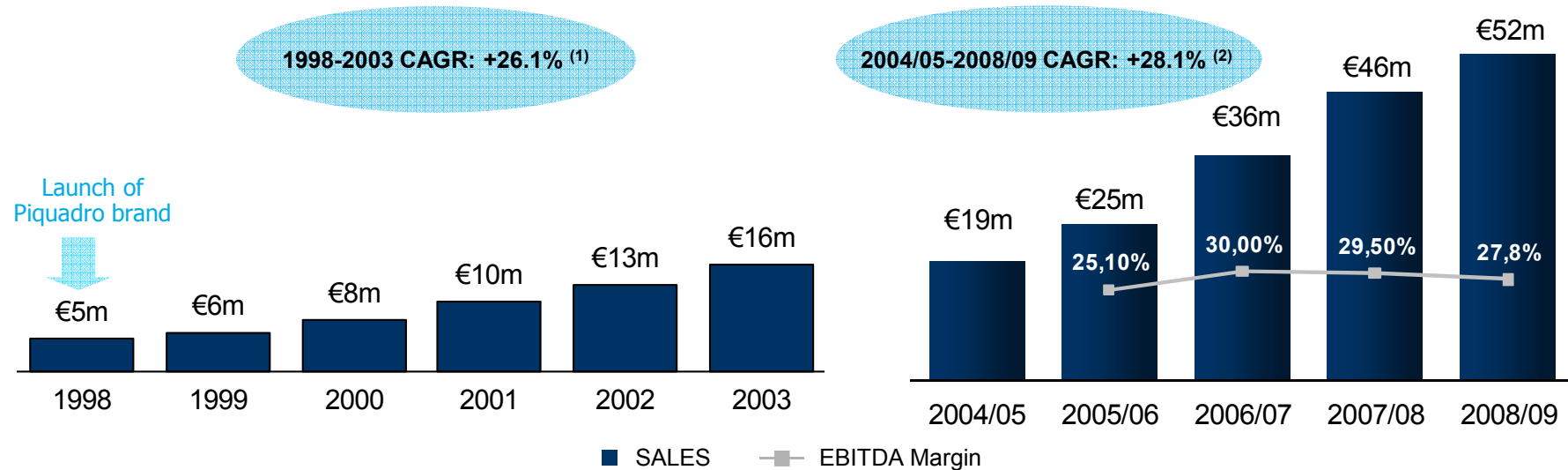


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# A RAPID PATH TO SUCCESS

PIQUADRO



- Strong top line growth: approx. 26% CAGR over the 1998-2008/09 period
- Sustainable high profitability: EBITDA margin above 25% over the last four years; approx. 48% EBITDA CAGR over the 1998-2008/09 period (3); up 6.1% in 2008/09 vs 2007/08
- Approx. 53% cash conversion in 2007/08, and 70% in 2008/09 (4).

(1) Source: Company. Italian GAAP and unconsolidated data. Financial year ending 31 December

(2) Consolidated data. IFRS for 2004/05 (pro-forma), 2005/06 (12 months pro-forma) 2006/07. 2007/08 and 2008/09 Financial year ending 31 March

(3) Source: Company

(4) Source: Company. Defined as (EBITDA – Capex (including leasing) - Changes in Working Capital)/EBITDA

# UNIQUE AND DISTINCTIVE BRAND IDENTITY



PIQUADRO



- Distinctive brand for “moving” people in leather goods industry
- Aspirational brand: high quality, technological mood, innovation, design and ergonomic performance
- Premium/performance positioning

# DISTINCTIVE AND EFFECTIVE MARKETING & COMMUNICATION



PIQUADRO



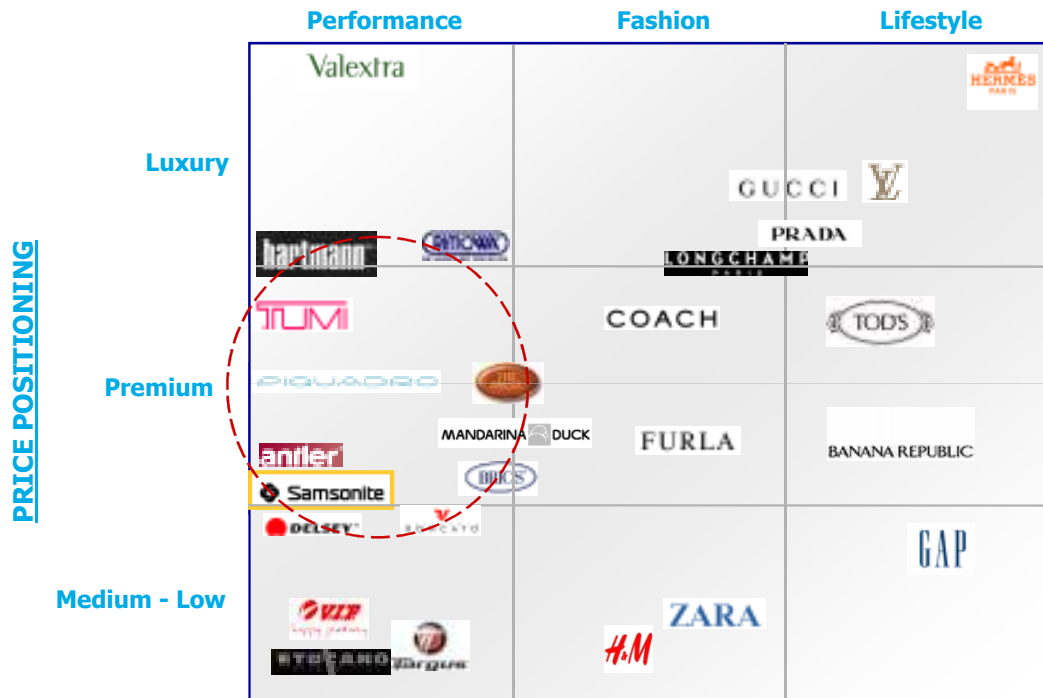
- Communication centralized at Group level and focused on Piquadro's philosophy and strengths (innovation, technological mood, high quality, design and ergonomic performance)
- Mainly through innovative advertising on magazines, newspapers and web sites. Great attention to advertising through Internet. Focus on company web site ([www.piquadro.com](http://www.piquadro.com))
- New developed e-commerce platform to expand sales and exploit internal logistics
- Corporate and product PR activity. External PR agencies in Italy, Spain, Germany, France and Far East centrally co-ordinated
- Significant advertising investment: €3.2mln in 2008/09 (approx. 6% of net sales).
- Expansion in R&D and Marketing :
  - New skilled and senior people in design area and R&D
  - New skilled people in PR and PM

# PREMIUM/PERFORMANCE POSITIONING



## VALUE PROPOSITION

PIQUADRO



- Clear distinction from competitors at comparable price level through commitment to innovation, design, high quality and ergonomic performance
- Customer “community” recognized in brand values



Source: Bain & Company, based on GIA, Euromonitor, CBI, ICON database

# WIDE, COMPLEMENTARY MONO-BRAND PRODUCT MIX



PIQUADRO

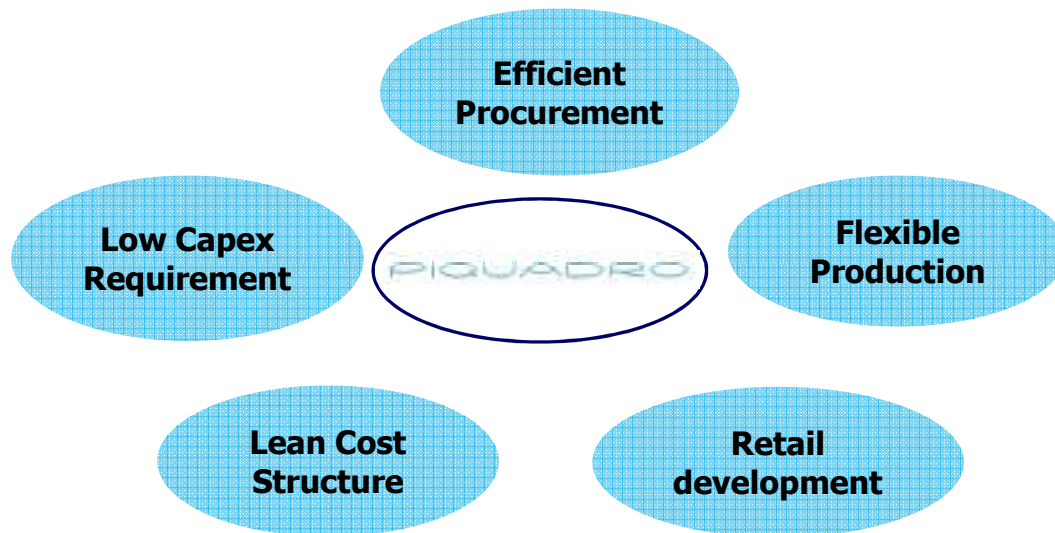


- Complementary and extensive product offering, including professional bags, travel items, women's bags, small leather goods and other accessories
- Product strategy: Basic Collections and Seasonal Collections
  - Basic Collections (80% of turnover): long life-cycle (3/4 years)
  - Seasonal Collections (20% of turnover): short life-cycle (2/3 months), more fashionable
- 100% under the Piquadro brand

# FLEXIBLE AND EFFICIENT BUSINESS MODEL



PIQUADRO



- Internal product development and centralized procurement system.
- Partly-outsourced production (70%) guaranteed by select, controlled third-party manufacturers (China, Taiwan, Hong Kong).
- 30% in-house production through Chinese joint venture Unibest (approx. 11,000 sq.m. facility). 343 employees as at June 2009.
- New outsourced logistic platform in Hong Kong to operate distribution in Far East and Middle East customers already implemented.
- Opening franchising and DOS soon profitable.



# INTERNATIONAL MULTI-CHANNEL DISTRIBUTION NETWORK



PIQUADRO

## International Presence



- Presence in approx. 50 countries with strategic mix of *DOS* and Wholesale channel (282 Piquadro stations and 32 shop-in-shops in leading department stores and multi-brand stores)
- Growing mono-brand network of 66 stores (30 *DOS*, 36 franchised stores as at September 2009) in the most important cities worldwide. Design aspects conceptualized by Piquadro in accordance with brand identity.
- Other approx. 1,600 multi-brand clients worldwide
- On-line sales through company web site (*a new one*)
- Expansion of presence in international markets

## Retail



Frankfurt



Hong Kong, ifc mall



Milan

# INTERNATIONAL MULTI-CHANNEL DISTRIBUTION NETWORK



## DIRECTLY OPERATED STORES

PIQUADRO

### Opened as at March 2009

- 1) **Milan** Via Della Spiga 33
- 2) **Milan** Linate Airport
- 3) **Rome** Galleria Colonna 38
- 4) **Milan** Malpensa Airport
- 5) **Barcelona (Spain)** Paseo de Gracia 11
- 6) **Bologna** P.zza Maggiore 4/B
- 7) **Barberino** outlet MC.HarturGlen (outlet store)
- 8) **Frankfurt (Germany)** Goethestr.32
- 9) **Hong Kong City (HK)**, IFC Central
- 10) **Fidenza** Fidenza Village, unit 25 (outlet store)
- 11) **Roma** shopping mall Cinecittà 2
- 12) **Roma** Shopping mall Nuova Commerciale di "Porta Roma
- 13) **Kowloon (HK)**—Harbour City, Gateway Arcade — Tsimshatsui
- 14) **Macao**, The Venetian Macao-Resort-Hotel Casino
- 15) **Novara** Outlet Vicolungo
- 16) **Abu Dhabi (UAE)** Khalidiyah Mall
- 17) **Kowloon (HK)** - The Peninsula Hotel
- 18) **Rome**, Shopping mall Euroma 2
- 19) **Arezzo**, Outlet Valdichiana
- 20) **Noventa di Piave**, Outlet
- 21) **Dubai (UAE)** Burjuman Shopping Mall
- 22) **Rome** Fiumicino Airport
- 23) **Milan** Via Dante
- 24) **Munich (Germany)** Ingolstadt Outlet
- 25) **Barcelona (Spain)** Outlet
- 26) **Bologna** Airport

### Opened after March 2009

- 27) **Taipei (Taiwan)** Eslite Dun Nan
- 28) **Hong Kong City (HK)** Time Square
- 29) **Shanghai (China)** Golden Eagle
- 30) **Beijing (China)** JingBao Place



MILAN, VIA SPIGA 33

# INTERNATIONAL MULTI-CHANNEL DISTRIBUTION NETWORK



PIQUADRO

## FRANCHISING SHOPS

### Opened as at March 2009

- 1) **Rome** Via Frattina 125
- 2) **Cagliari** Via Alghero
- 3) **Moscow, (Russia)** Metropolis ul. Leningradskaya 1
- 4) **Padova** Via Dante 19
- 5) **Sofia, (Bulgaria)** A. Stamboliiski Blvd
- 6) **Salisburgo, (Austria)** Linzergasse 35
- 7) **Genova** Via XX Settembre 113/R
- 8) **Moscow (Russia)** European TC, Kievskiy railway square, bl.2
- 9) **Catania** "I Portali" Via Catira Santa Lucia, San Giovanni la Punta
- 10) **Beograd (Serbia)** Delta City, Jurija Gagarina 16
- 11) **Forlì** C.so della Repubblica, 179
- 12) **Cosenza** Via Isonzo, 21-21/a-23
- 13) **Valmontone** Fashion District unità 64, Loc. Pascolaro (Rm)
- 14) **Messina**, via dei Mille, isolato 145 n. 151-153
- 15) **Lucca**, via Beccheria, n. 12
- 16) **Pescara**, via Trento, n. 10
- 17) **Ekaterinburg (Russia)**, 8 March street
- 18) **Rome**, Via Salaria
- 19) **Palermo**, Via Sciuti
- 20) **Palermo**, Via Libertà
- 21) **Catania**, Viale Ionio
- 22) **Salerno** C.so Vittorio Emanuele
- 23) **Torino** P.zza Carlo Felice
- 24) **Jeddah (Saudi Arabia)** Red Sea Mall
- 25) **Moscow (Russia)** TC Atrium

- 26) **Moscow (Russia)** Mega Commercial Centre
- 27) **Beograd (Serbia)** USCE Center Boulevard Mihajla
- 28) **Rome**, Viale Europa n.1
- 29) **Treviso**, Viale Martiri della Libertà n.66

### Opened after March 2009

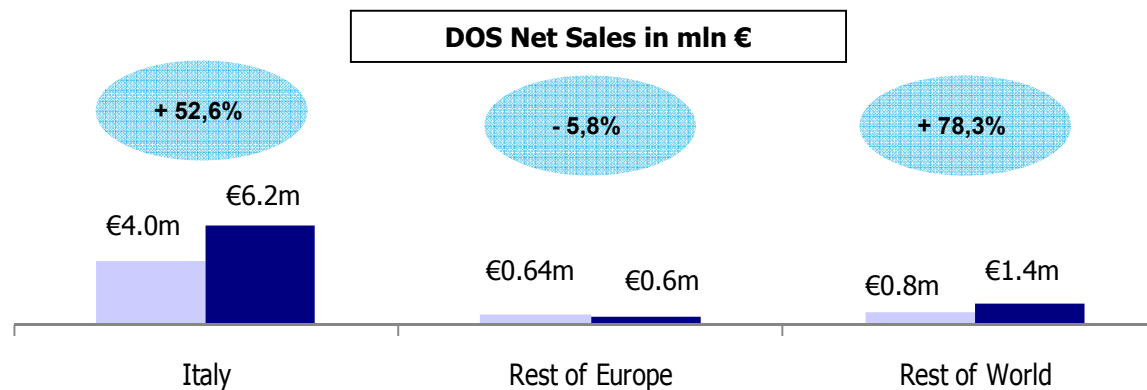
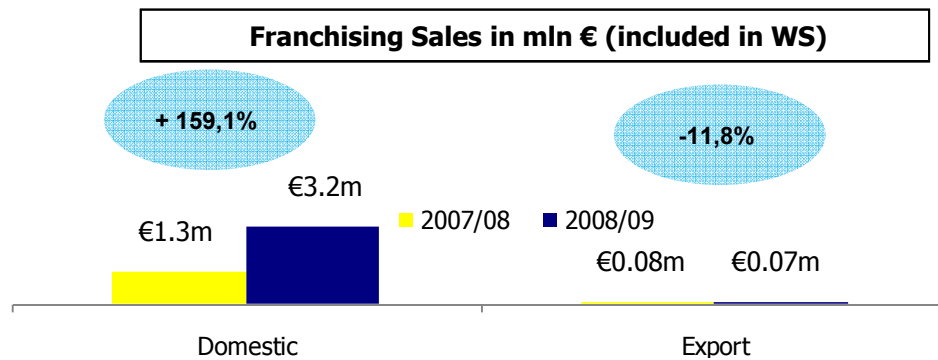
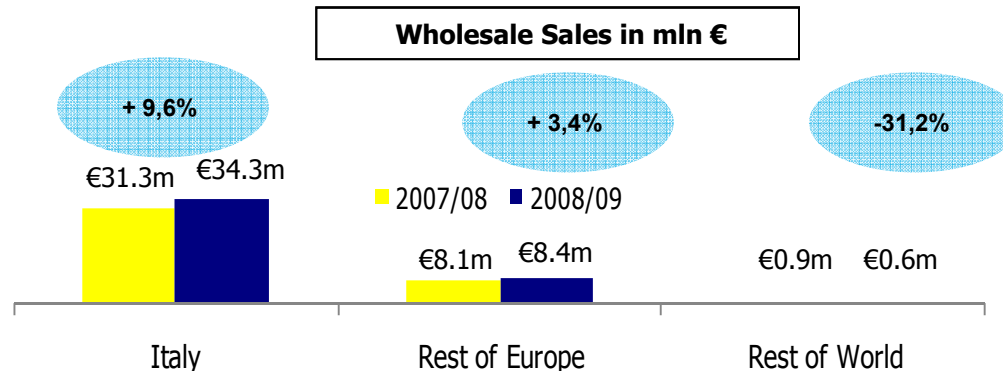
- 30) **Rome**, Viale Marconi
- 31) **Barcelona (Spain)**, Airport
- 32) **Modena** Shopping Mall "Grande Emilia"
- 33) **Sarajevo (Bosnia)** BBI Center
- 34) **Busnago (MI)** Shopping Mall "Il Globo"
- 35) **Bergamo** Via Sant'Alessandro
- 36) **Naples** Via Carducci, 12



# INTERNATIONAL EXPANSION WHOLESALE and DOS – FY 2008/2009



PIQUADRO



- Italian market driven also by franchising openings up 159%
- Growth in Europe Sales (+3,4%) sustained by France and Netherlands markets
- DOS now represents 16% of Total Sales (it was 12% in 2007/08)

# SUMMARY INCOME STATEMENT



PIQUADRO

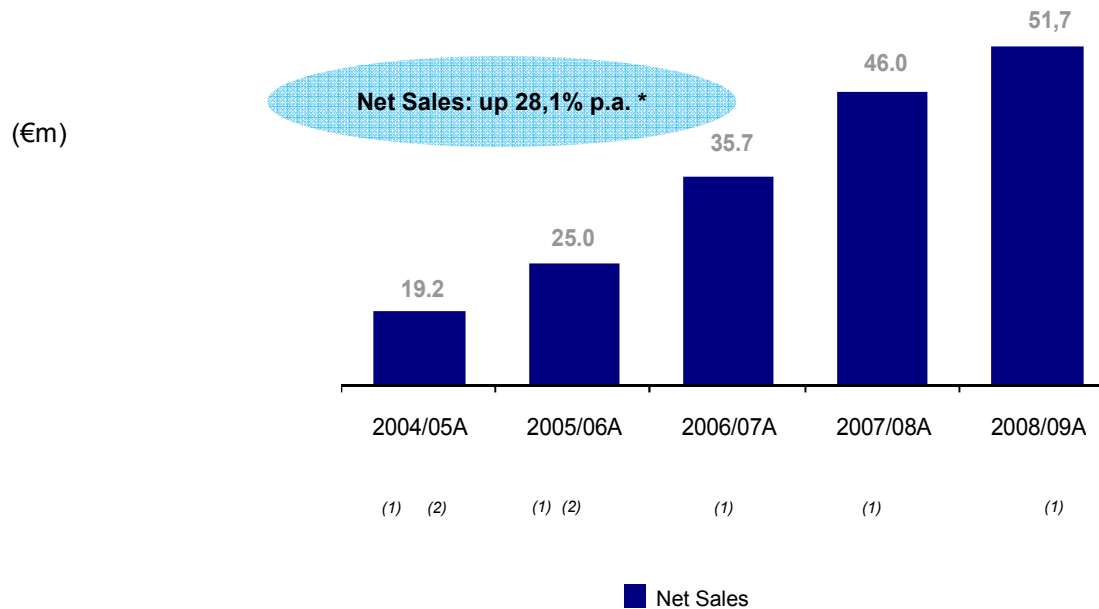
## IAS-IFRS

(€m)	FY Ending March 31 <sup>st</sup> ,		
	2007 A	2008 A	2009 A
Net sales	35.7	45.9	51.7
<i>% growth</i>	51.6%	+28.6%	+12,4%
Other revenues	0.9	0.7	0.9
Material costs	(7.8)	(7.9)	(9.8)
Service costs	(14.0)	(19.2)	(20.6)
Personnel costs	(3.7)	(5.5)	(7.0)
Other operating expenses	(0.4)	(0.4)	(0.9)
<b>EBITDA</b>	<b>10.7</b>	<b>13.6</b>	<b>14.4</b>
<i>Margin (% of net sales)</i>	30.0%	29.5%	27.8%
Depreciation	(1.1)	(1.4)	(1.8)
<b>EBIT</b>	<b>9.6</b>	<b>12.2</b>	<b>12.5</b>
<i>Margin (% of net sales)</i>	26.9%	26.5%	24.2%
Net interest Income (expense)	(0.7)	(1.3)	(0.8)
<b>Profit before tax</b>	<b>8.9</b>	<b>10.9</b>	<b>11.7</b>
<i>Margin (% of net sales)</i>	24.9%	23.7%	22.8%
Taxes	(3.6)	(4.4)	(4.2)
<b>Net income (loss) before minorities</b>	<b>5.3</b>	<b>6.5</b>	<b>7.5</b>
<i>Margin (% of net sales)</i>	14.9%	14.1%	14.5%
Minority Interests	(0.0)	(0.0)	(0.0)
<b>Net Income (loss) attributable to the Group</b>	<b>5.3</b>	<b>6.4</b>	<b>7.5</b>
<i>Margin (% of net sales)</i>	14.9%	14%	14%

# STRONG TOP LINE GROWTH

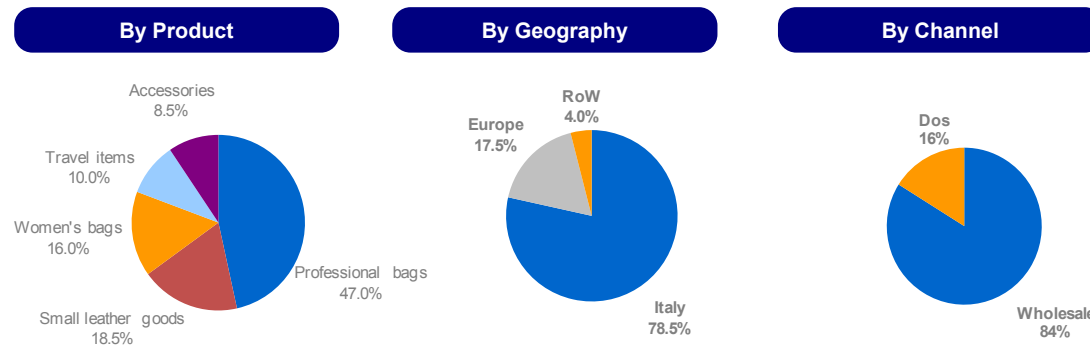


PIQUADRO



- Net sales growth of 28% p.a. over the 2004/05-2008/09 period, mainly driven by
  - Continuously improved product mix
  - Increase of average prices (up 3.0%<sup>(3)</sup>) and volumes (up 8.0%) in FY 2008/09.
- Rationalization of distribution network
- Franchising revenues growth by 155% ( 30 stores as at the end of FY 2008/09 from 14 as at the end of FY 2007/08).

## End-March 2009 Net Sales



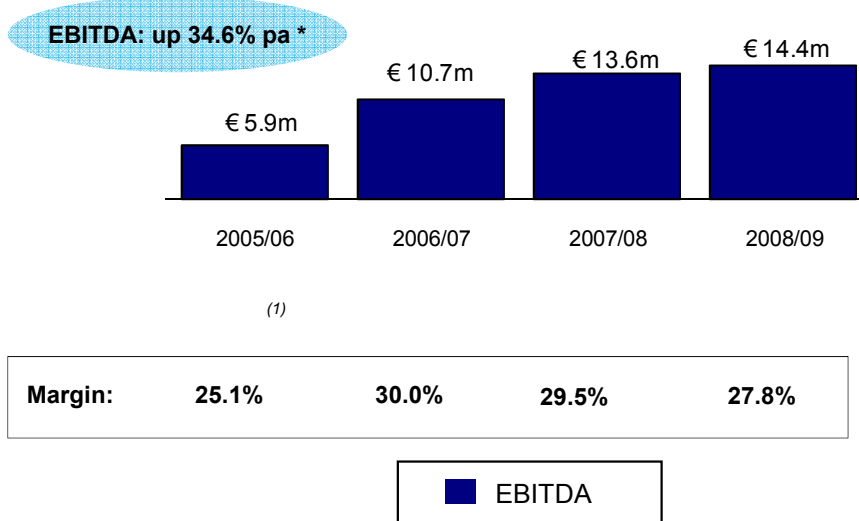
\* 2004/05 – 2008/09 CAGR

- (1) Financial year ending 31 March. 2004/05 pro-forma  
 (2) 12 months pro-forma

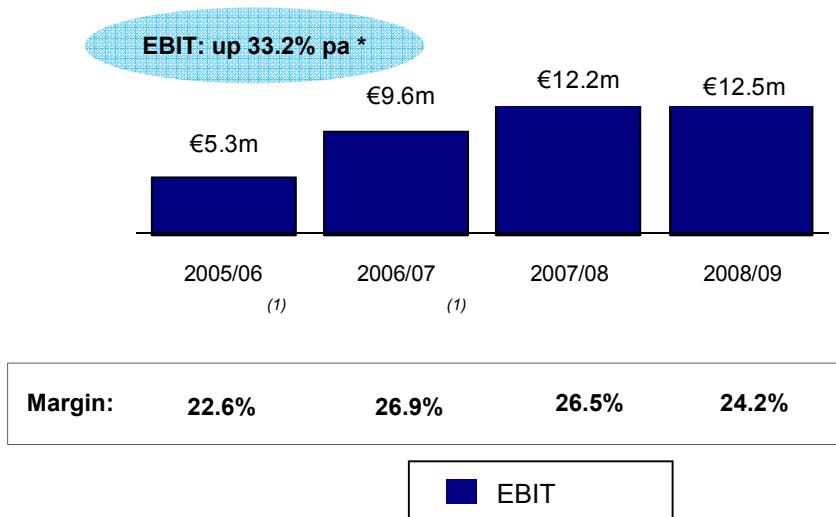
# SUSTAINABLE HIGH PROFITABILITY



PIQUADRO



- EBITDA growth (up 6% in 2008/09 vs 2007/08; EBITDA margin down 170 bps), driven by
  - Significant top-line growth
  - Maintaining gross marginality
  - Strict control of overheads
- EBIT growth (2.7% in 2008/09 vs 2007/08; EBIT margin down 230 bps) helped by flexible and efficient business model requiring limited investment



\* 2005/06 - 2008/09 CAGR

(1) Financial year ending 31<sup>st</sup> March for 2005/06 (11 months) and 2006/07 (12 months)

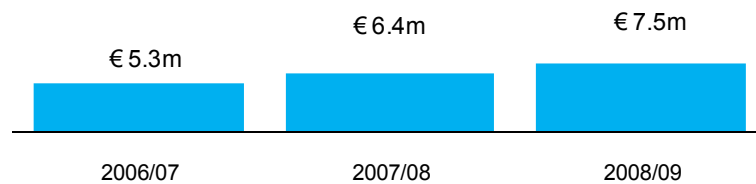


# GROUP NET INCOME AND INCOME TAXES

PIQUADRO

**Net Income: up 19% pa \***

(€m)



	2006/07	2007/08	2008/09
<b>% of sales:</b>	<b>14.9%</b>	<b>14.0%</b>	<b>14.5%</b>

- Significantly improving bottom line.
- Net income impacted positively by Piquadro's operating efficiency.
- Low impact of interest expenses driven also by positive delta exchange rate.
- Effective tax rate approx. 36% benefited since 2008/2009 FY by new corporate tax law.

(€m)	FY Ending March 31,		
	2007A	2008A	2009A
<b>Profit Before Tax</b>	<b>8.9</b>	<b>10.9</b>	<b>11.7</b>
Current Taxes	3.7	4.6	4.6
Deferred Taxes	(0.1)	(0.2)	(0.4)
<b>Total Taxes</b>	<b>3.6</b>	<b>4.4</b>	<b>4.2</b>
<i>Effective Tax Rate</i>	40.1%	40.5%	36.2%

\* 2006/07 - 2008/09 CAGR

(1) 11 months as the Company was set-up on 2 May 2005 through a spin-off by Piquibo S.p.A. (previously Piquadro S.p.A.)



# SUMMARY BALANCE SHEET



PIQUADRO

IAS-IFRS

(€m)

As of March 31<sup>st</sup>,

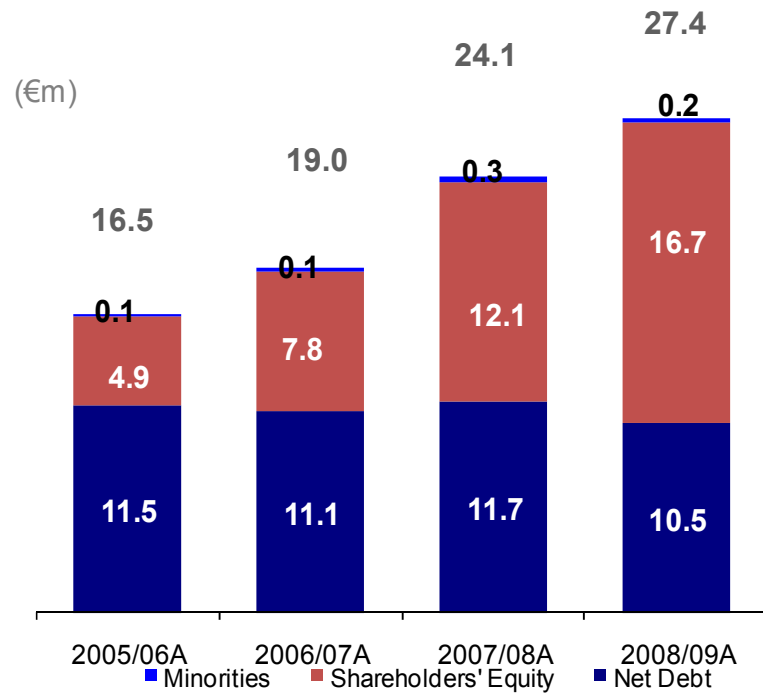
	2007A	2008A	2009A
Net Working Capital	8.0	12.8	14.5
Net Tangible Assets	10.3	10.2	11.5
Net Intangible Assets	1.0	1.2	1.2
Net Financial Assets	0.6	0.9	1.3
Severance Staff, Provisions & Others	(0.9)	(1.0)	(1.2)
<b>Net Capital Employed</b>	<b>19.1</b>	<b>24.1</b>	<b>27.4</b>
Group Shareholders' Equity	7.8	12.1	16.7
Minorities	0.1	0.2	0.2
Shareholders' Equity & Minorities	8.0	12.4	16.9
Net Debt	11.1	11.7	10.5
<b>Net Financial Debt and Shareholders' Equity</b>	<b>19.1</b>	<b>24.1</b>	<b>27.4</b>

# LEAN CAPITAL STRUCTURE



## Total Capitalization

Net Debt/ Equity	2.3	1.4	0.9	0.6
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PIQUADRO

(€m)

	IAS-IFRS			
	As of March 31 <sup>st</sup>			
	2006A	2007A	2008A	2009A
Short-term Net Debt	1.8	2.1	1.6	2.8
Long-term Net Debt	13.3	13.1	12.4	14.5
Cash & Cash Equivalents	(3.7)	(4.1)	(2.3)	(6.8)
<b>Net Debt</b>	<b>11.5</b>	<b>11.1</b>	<b>11.7</b>	<b>10.5</b>

(€m)

	IAS-IFRS			
	As of March 31 <sup>st</sup>			
	2006A	2007A	2008A	2009A
Net Debt/EBITDA (1)	1.9	1.0	0.9	0.7
Net Debt/Net Capitalization (2)	69.6%	58.3%	48.7%	38,3%

(1) 11 months for 2005/06 EBITDA  
 (2) Defined as Shareholders' Equity + Net Debt + Minorities

# SUMMARY CASH FLOW STATEMENT



PIQUADRO

## IAS-IFRS

(€m)

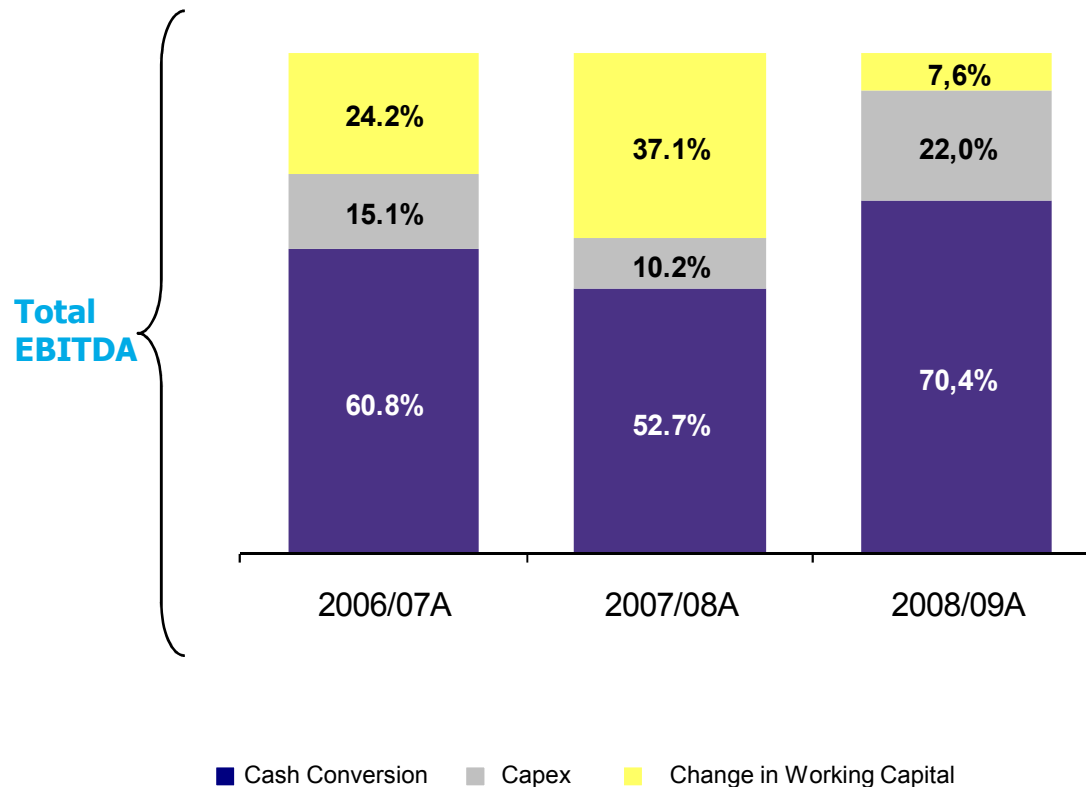
	FY Ending March 31 <sup>st</sup> ,		
	2007A	2008A	2009A
<b>PBT</b>	<b>8.9</b>	<b>10.9</b>	<b>11.8</b>
Depreciation & Amortisation	1.1	1.4	1.9
Provisions & Impairments	0.2	0.1	0.5
Taxes	(3.5)	(5.4)	(5.2)
Net Interest	(0.0)	0.3	(0.1)
Change in net working capital	(2.6)	(3.9)	(0.8)
<b>Operating Cash Flow</b>	<b>4.2</b>	<b>3.4</b>	<b>8.1</b>
Capital expenditure for intangible assets	(0.2)	(0.5)	(0.7)
Capital expenditure for tangible assets	(0.5)	(0.6)	(2.3)
(Increase) / decrease in investments in other fixed assets	-	(0.0)	(0.0)
<b>Cash Flows from Investing Activities</b>	<b>(0.7)</b>	<b>(1.2)</b>	<b>(3.0)</b>
<b>Free Cash Flow</b>	<b>3.5</b>	<b>2.3</b>	<b>5.1</b>
Change in short/medium/long term debt	0.3	(0.6)	4.4
Change in long term receivables	(0.0)	-	-
Leasing	(0.9)	(1.5)	(1.6)
Change in reserves	-	-	-
Dividends	(2.4)	(2.0)	(3.1)
Change in financial instruments	(0.0)	0.1	0.1
<b>Cash Flows from Financing Activities</b>	<b>(3.1)</b>	<b>(4.0)</b>	<b>(0.4)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3.7</b>	<b>4.1</b>	<b>2.2</b>
<b>Cash Flow of the Period</b>	<b>0.4</b>	<b>(1.8)</b>	<b>4.7</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>4.1</b>	<b>2.2</b>	<b>6.9</b>

# CASH GENERATIVE BUSINESS MODEL



PIQUADRO

## Cash Conversion<sup>(1)</sup>



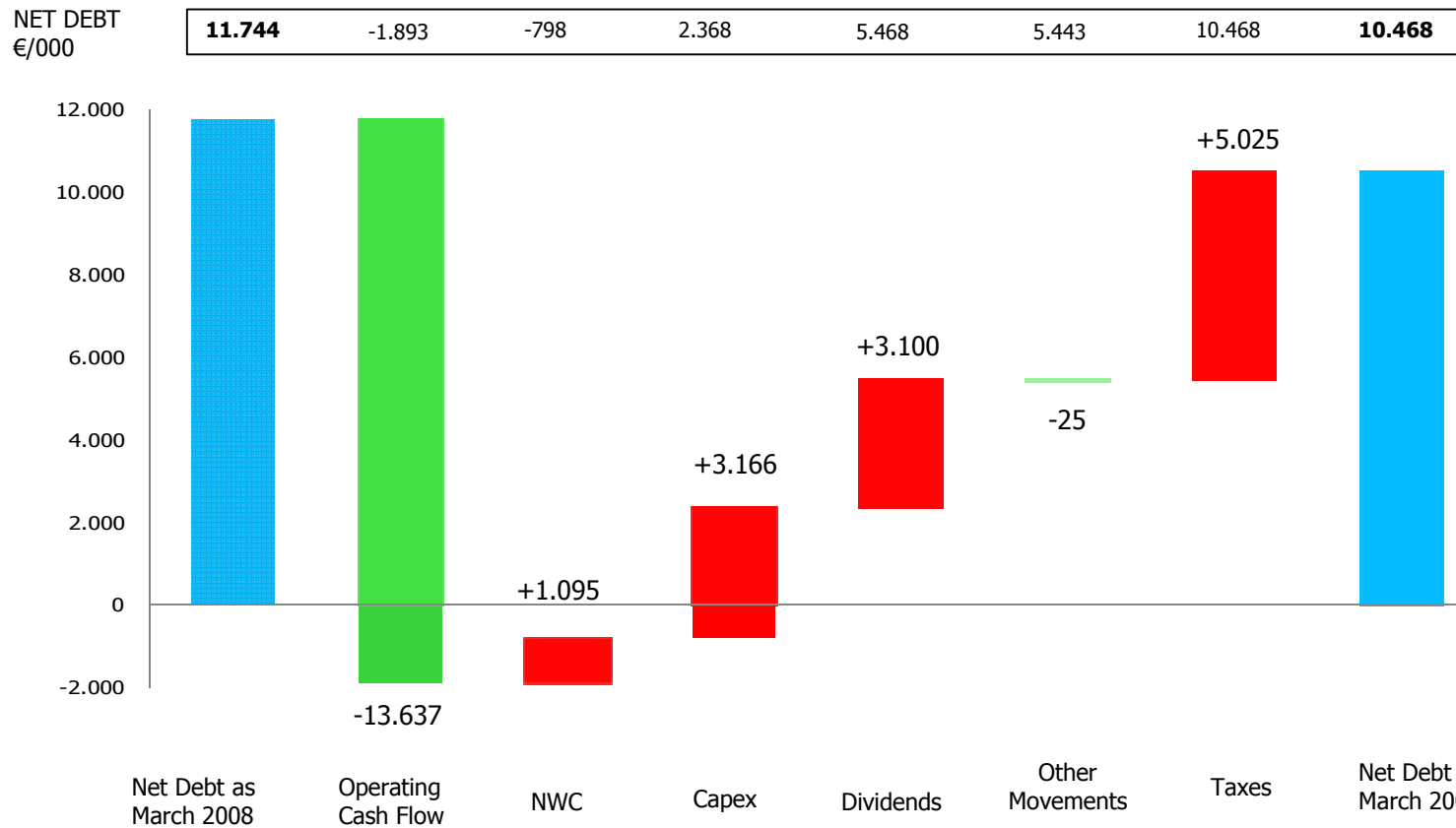
- The Company has high conversion of EBITDA into operating cash flow :
  - Limited Capex requirement
  - Efficient working capital management

(1) Cash conversion is defined as  $EBITDA - Capex (including leasing) - Change in Working Capital / EBITDA$ . Working Capital defined as  $Inventories + Accounts receivables - Accounts payable$

# CASH GENERATIVE BUSINESS MODEL: 12 MONTHS FISCAL YEAR



PIQUADRO

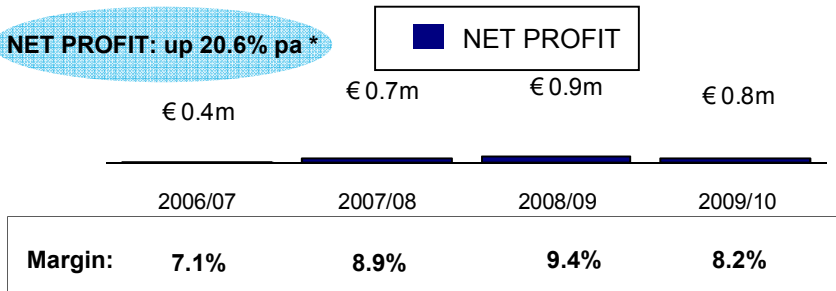
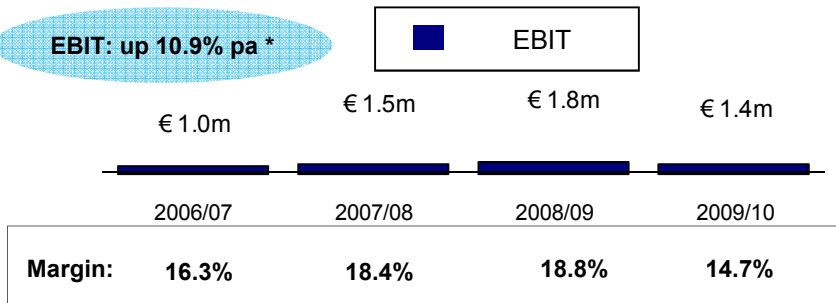
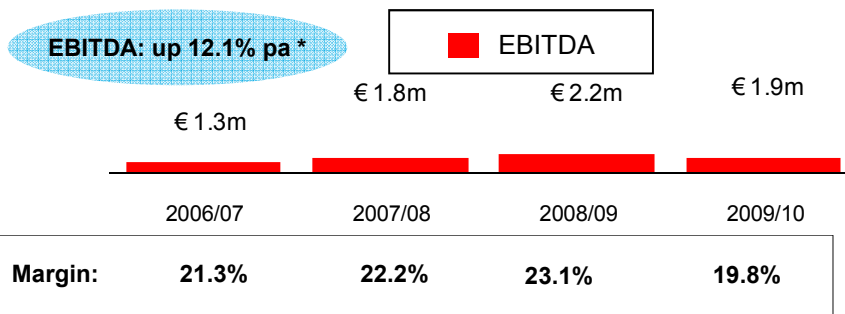


- High operating cash flow generation in 2008/2009 for approx. 13 mln Euro.
- Dividend paid 3.1 mln Euro.
- Growth impacted NWC for 1.1 mln Euro.
- Capex for 3.2 mln Euro mainly in DOS openings.

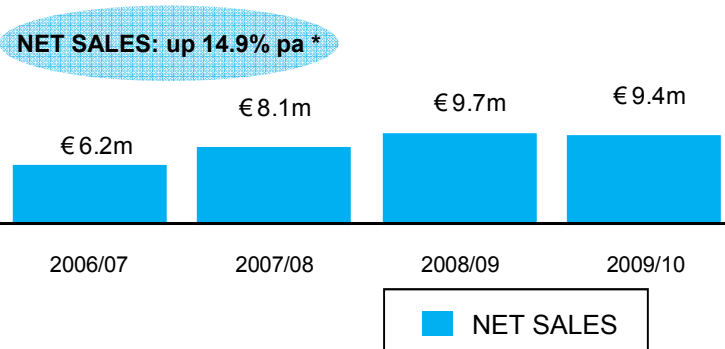
# 1<sup>st</sup> QUARTER : KEY FIGURES

\* 2006/07 - 2009/10 CAGR

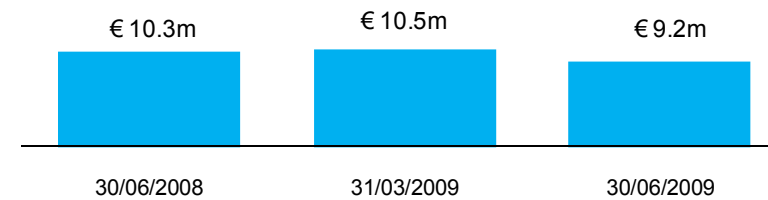
## • PROFITABILITY



## • TOP LINE GROWTH



## • NET DEBT



# CASH GENERATIVE BUSINESS MODEL: 12 MONTHS ROLLING AS AT JUNE 30<sup>th</sup> 2009

PIQUADRO

NET DEBT  
€/000

**10.316**

-3.116

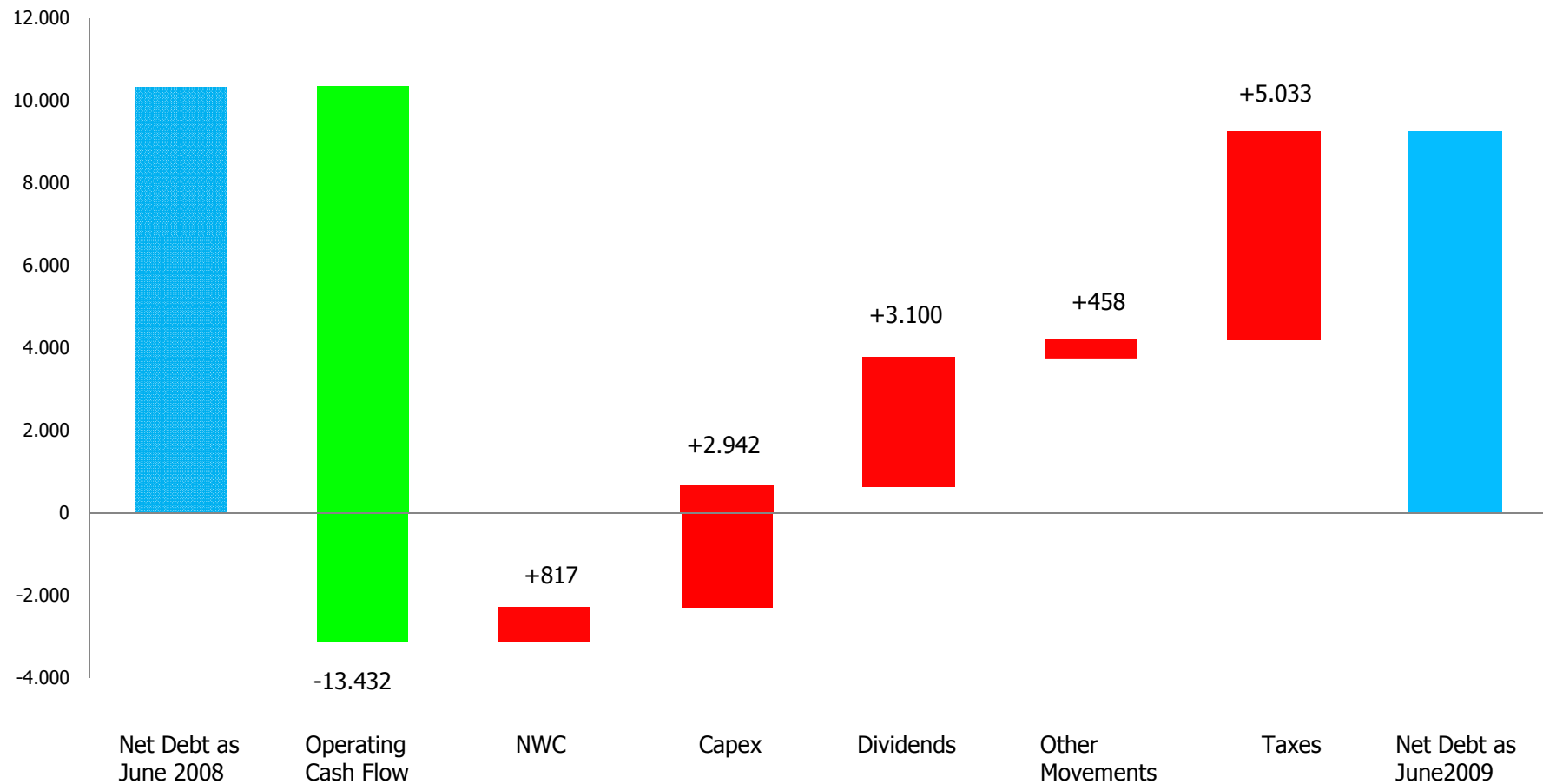
-2.299

643

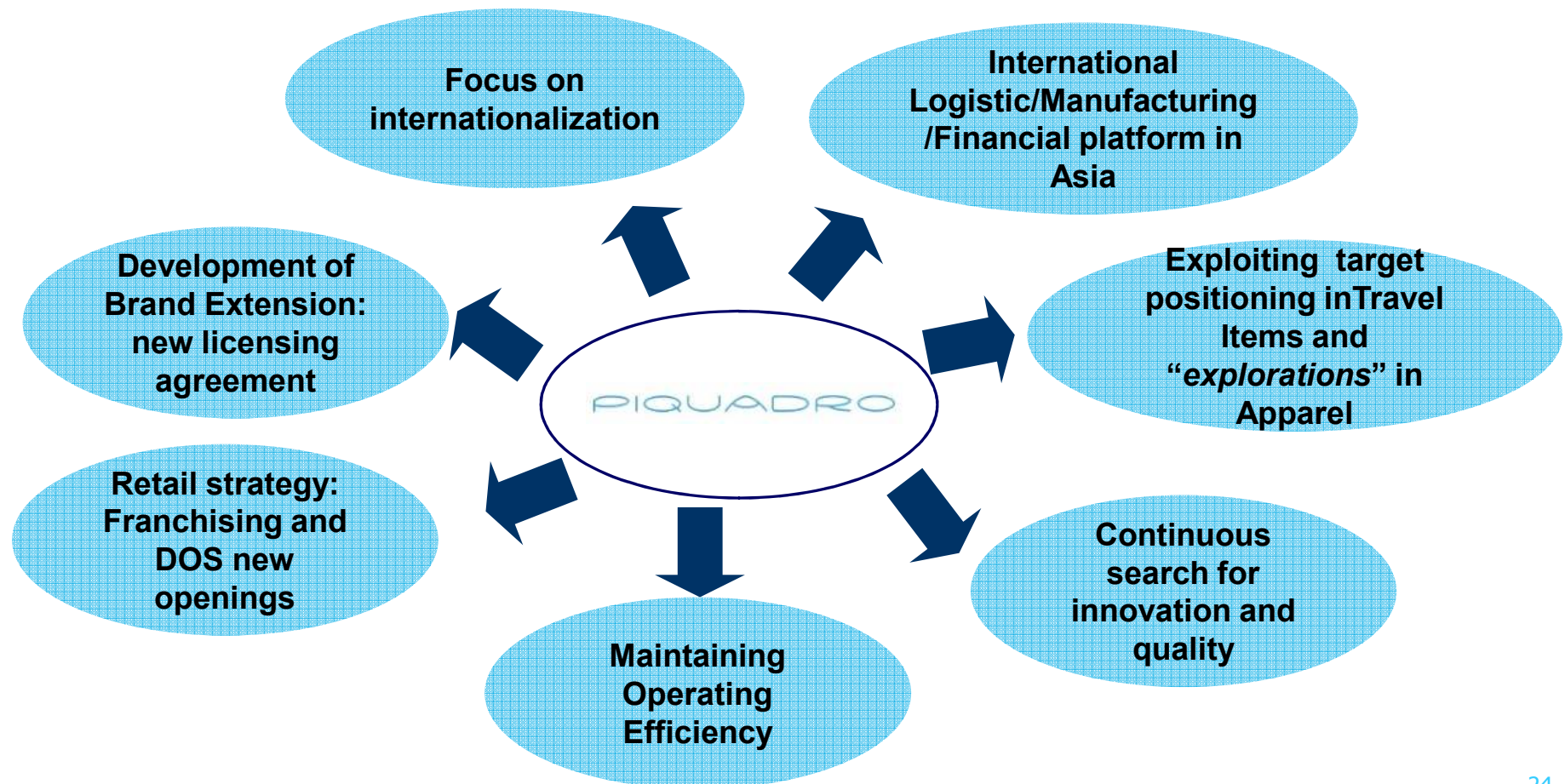
3.743

4.201

**9.234**



**Focus on aspirational content and brand awareness: profitability and cash generation**





# FOCUS ON INTERNATIONALIZATION



PIQUADRO

- New franchised stores in Italy and Europe
- Expansion of presence in international markets adapting collection to local customers
- Focus on “high potential markets” (mainly Far East) but very careful in investing money



CHINA – BEIJING JIMBAO PLACE



HONG KONG – TIME SQUARE

# DEVELOPMENT OF BRAND EXTENSION



PIQUADRO



Mobile phone



Helmets



Voyager Golf Bag

- Leveraging on existing distribution network
- Brand extension (from helmets to gloves from golf-staff-bags to mobile phone and etc..) to increase brand awareness and find some rooms of expansion in lifestyle.



Cufflinks



Gloves



Watches



# APPAREL PROJECT: EXPLORATION



PIQUADRO

Introducing some “*contamination*” of Piquadro values with more marketable apparel values

Exploration in new business areas which could drive new growth to core business

Limited investment by applying same Piquadro business model (Far East manufacturing)

Marketing campaign driving Piquadro Brand awareness as Lifestyle Brand



# CONTINUOUSLY TRANSLATING AND CREATING, SUSTAINABLE CASH GENERATION



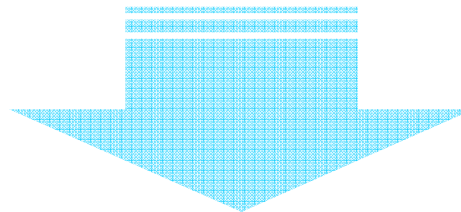
PIQUADRO

**Top line growth/stability in relation to the market conditions**

**Maintaining high profitability more than average Industry**

**Efficient working capital management**

**Low capital intensive business model**



**HIGH CASH FLOW GENERATION**