

PIQUADRO GROUP

@ January 2019



PIQUADRO




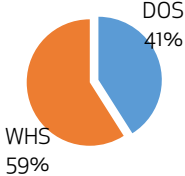
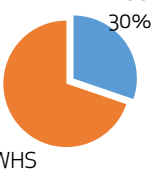
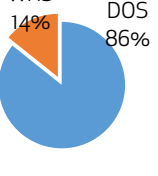
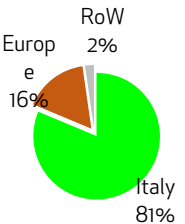
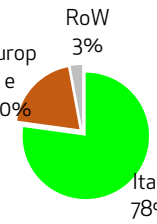
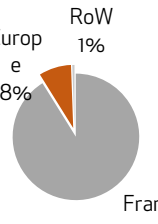
GROUP FACTS

- **Ca. €107,3m Net Sales** in 9 months 2018-19 (December 2018)
- **Retail channel:**
 - ✓ **189 mono brand stores** (79 in Italy and 110 abroad): 105 Piquadro, 14 The Bridge, 70 Lancel
 - ✓ **127 DOS:** 56 Piquadro, 9 The Bridge, 62 Lancel
 - ✓ **62 franchisee**
- **1.122 employees** and workers worldwide: 695 Piquadro, 331 Lancel, 96 The Bridge
- **68.4% family owned;**
- **other shareholders:** Mediobanca 5%, Anima 4.57%, HSBC 1.2%, Lazard 2.1%, Market 18.76%





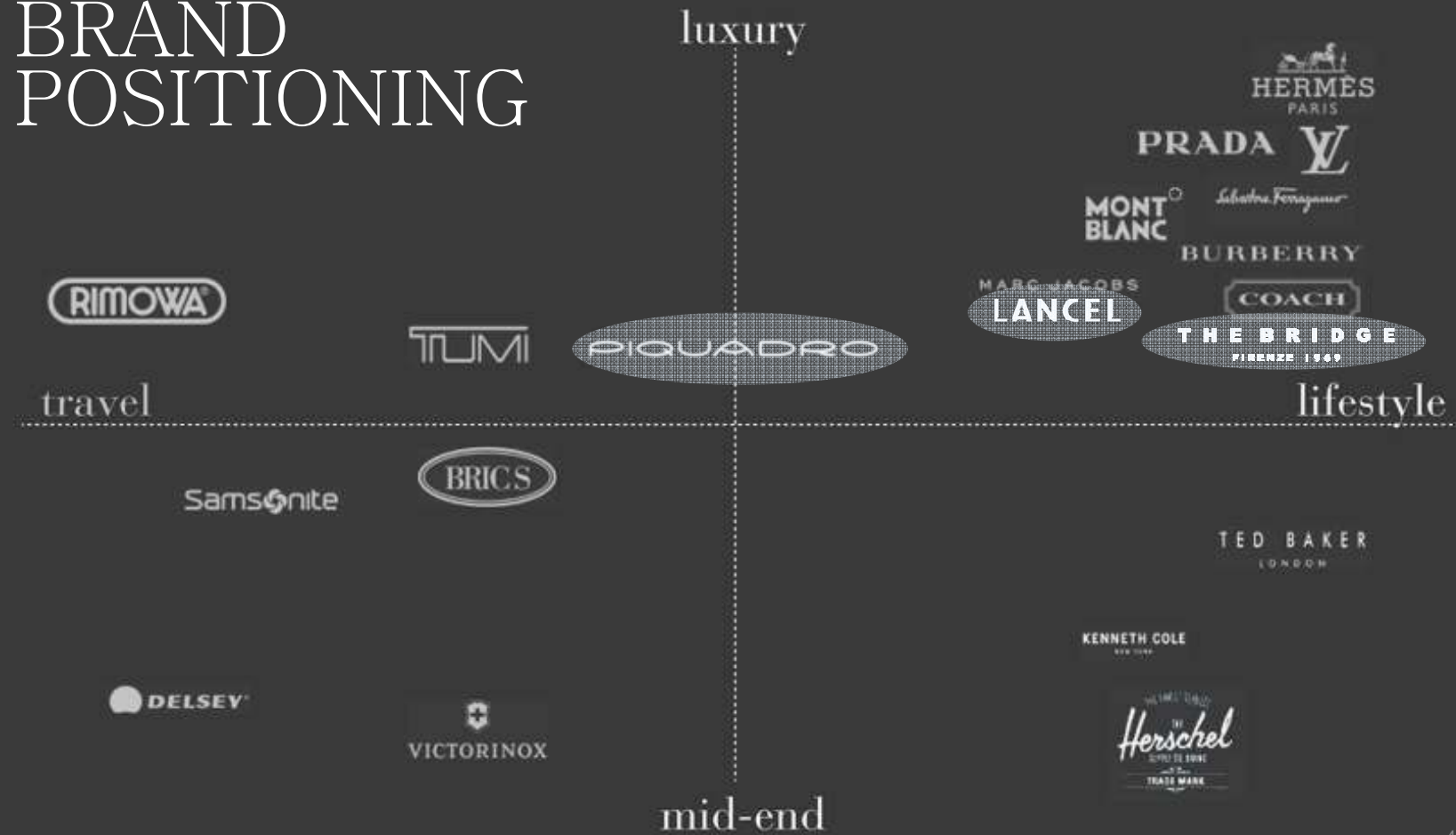
GROUP NET SALES

	 PIQUADRO	THE BRIDGE <small>SINCE 1988</small>	LANCEL <small>PARIS</small>
Net Sales* (FY 2017/18)	€73.9m	€23.7m	€52.7m
Channel	 <p>WHS 59% DOS 41%</p>	 <p>WHS 70% DOS 30%</p>	 <p>WHS 14% DOS 86%</p>
Geography	 <p>Italy 81% Europe 16% RoW 2%</p>	 <p>Italy 78% Europe 20% RoW 3%</p>	 <p>France 91% Europe 8% RoW 1%</p>

- * Piquadro Group sales based on FY 2017/2018 plus Lancel sales relevant to 2017/2018 for 12 months. Lancel will be consolidated on March 2019 Financial Statement for 10 months only.



BRAND POSITIONING



THREE BRANDS



LANCEL
PARIS 1876



 **PIQUADRO**



THE BRIDGE
FIRENZE 1969



PIQUADRO BRAND

Piquadro is an Italian leather brand of tech-design accessories for business travelers

The "Tech inside concept" combined with the values of innovative design and precious materials makes Piquadro unique

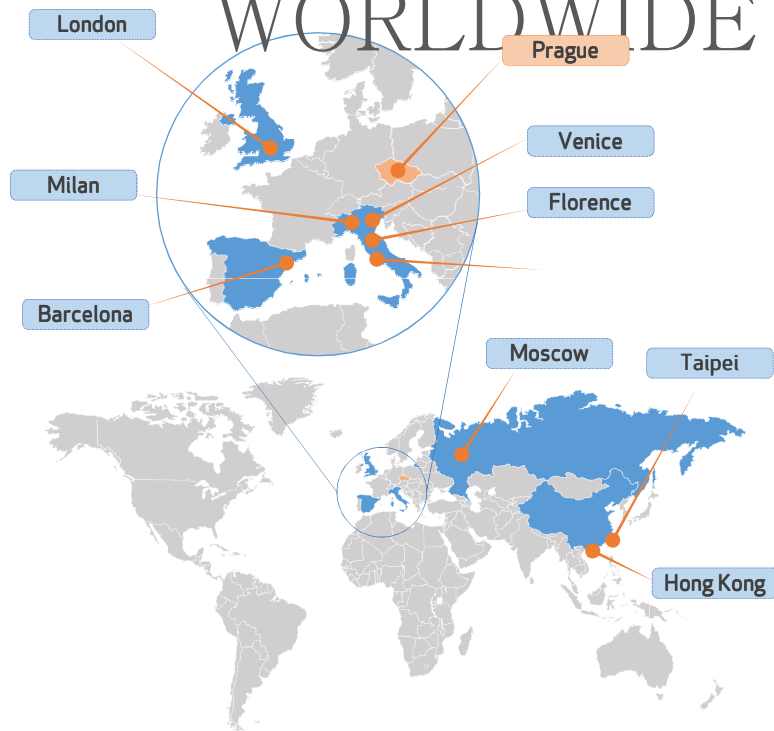


PIQUADRO AT A GLANCE



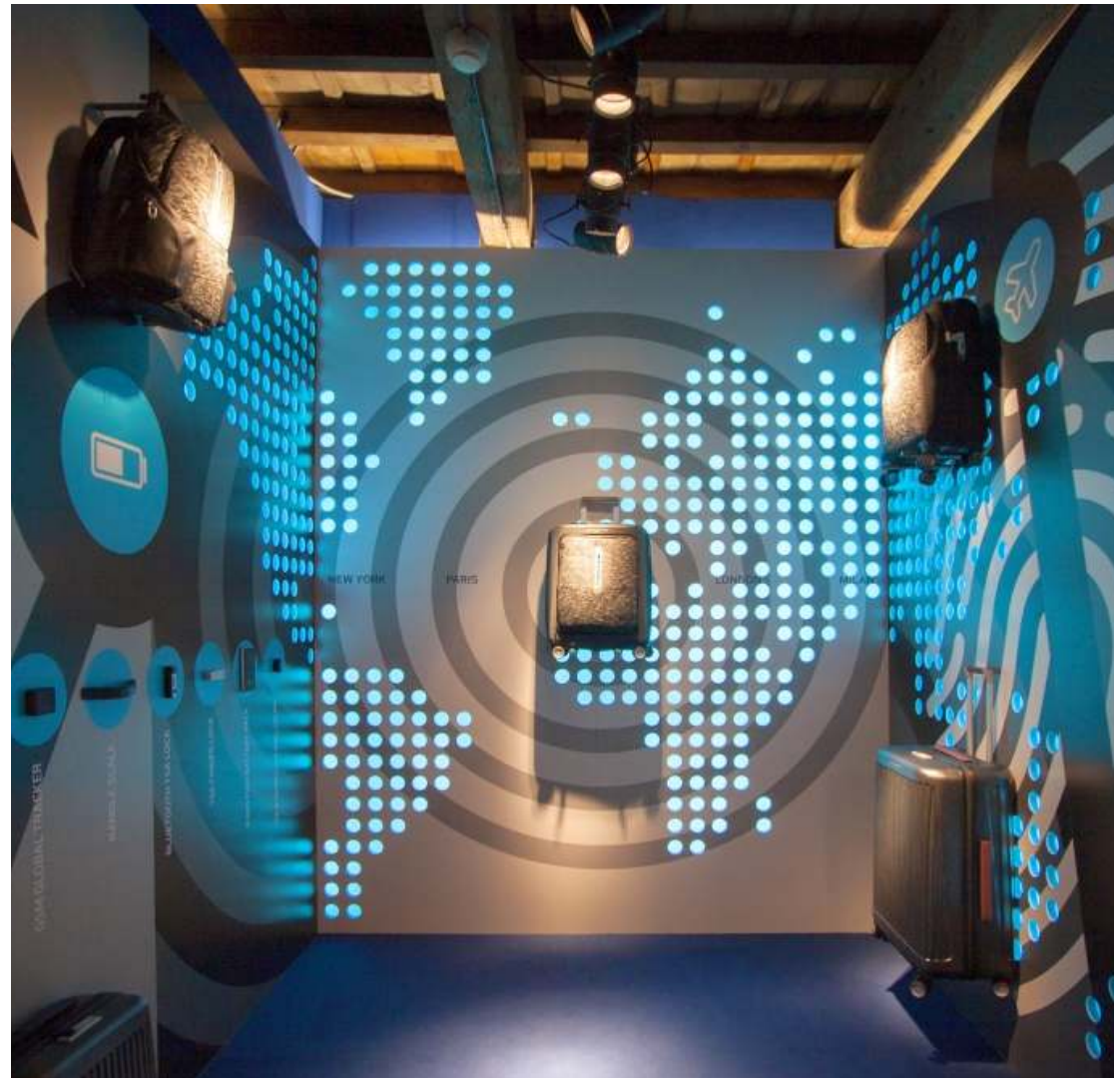
- **Net Sales €73.9m (2017/18)**
 - ✓ **Iconic products** account for 51% of Net Sales
- **695 employees:** 224 in DOS and 331 in the Chinese factory
- **EBITDA margin 12.5%**
- **Retail channel:**
 - ✓ **41 Full Price Stores** (25 in Italy, 10 in Europe, 6 in RoW)
 - ✓ **15 Outlet Stores** (12 in Italy, 3 in Europe)

PIQUADRO TOP LOCATIONS WORLDWIDE



INNOVATION THROUGH BAGMOTIC

- Piquadro embraces the “Internet of Things” philosophy
- Introduction of **BAGMOTIC** concept:
 - ✓ **bag automation** that makes it possible to be connected to the bag thanks to the **Connequ App** by Piquadro
 - ✓ evolution of Piquadro **heritage** concept of **TECH INSIDE**



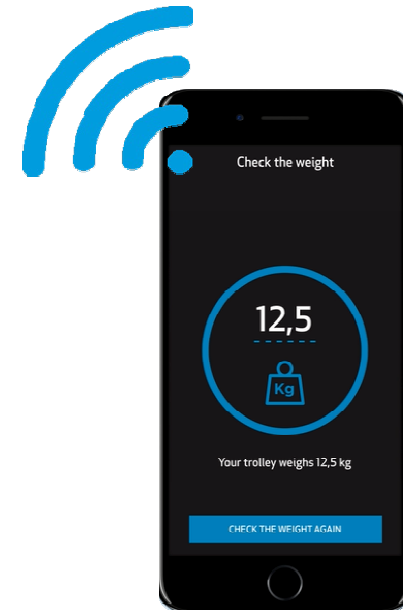
INNOVATION THROUGH BAGMOTIC

- **Piquadro products**, equipped with **BAGMOTIC technology**, can communicate with you thanks to their connection via Bluetooth to your **smartphone and smartwatch** through the **Connequ app** available on the App Store and Play Store



Bagmotic allows to:

- **trace and find** your Piquadro accessories from luggage to key holder
- **recharge** your smartphone inside your Piquadro bag or trolley
- **weigh** your Piquadro trolley
- **lock** and unlock your Piquadro trolley through your smartphone
- know the level of **air pollution**
- **check** the content of your bag through your phone
- send an **SOS** message in case of emergency
- get useful information from the **cloud**



PIQUADRO – The Key Drivers

Before

- Briefcase/backpack offer
- Mainly an **Italian** brand
- 40's-50's target
- **Evergreen** products
- "**General** purpose" marketing activity
- Brand value "**Business and Tech**"

After

- **Luggage** expansion offer
- **International** distribution and awareness
- **Younger** target
- **Glamour** products
- **creativity** and action in marketing
- Focus on **performance/sport/outdoor life**

Ambition

Leader in High Premium Segment **Travel and Accessories** for **Leisure and Business**



A group of four people are in a rocky, outdoor setting. A man in a dark suit and sunglasses stands on the left, holding a brown leather bag. A woman sits in the center, surrounded by several brown leather bags and a patterned blanket. A man with a beard and sunglasses sits on a bag in the background, holding a yellow phone. A man in a white shirt and tie sits in the foreground, using a laptop. The background shows a rocky beach and a body of water.

THE BRIDGE BRAND

The Bridge is a Florentine leather brand with a 50 year long history of skilled craftsmanship and superior quality materials for a worldly-wise elegance and a bohemian style



THE BRIDGE: THE BIG OPPORTUNITY

- The Bridge is an Italian brand with a strong identity, deeply **rooted** in **Tuscany** and tied for the past **50 years** to the finest artisan **craftmanship** and **vegetable-tanned** leather
- **The challenge today** is introducing a **modern reinterpretation** of those products with a retro and **vintage** mood that represent the heritage and strength of The Bridge



THE BRIDGE KEY STRENGTHS



- **50 years heritage brand from Tuscany**
- Precious leather and highly recognizable style
- **Iconic eco-sustainable luxury artisan craftsmanship**
- **Different** from "industrial" competitors such as Michael Kors, Coach, Furla
- Access to large premium woman bags market through **diversity**
- **Etic Brand** : - durability
- time less
- local value
- ecology

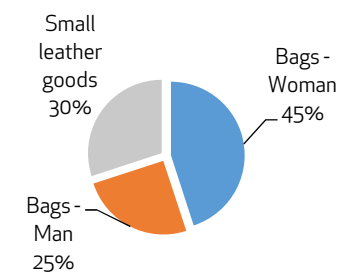


THE BRIDGE AT A GLANCE

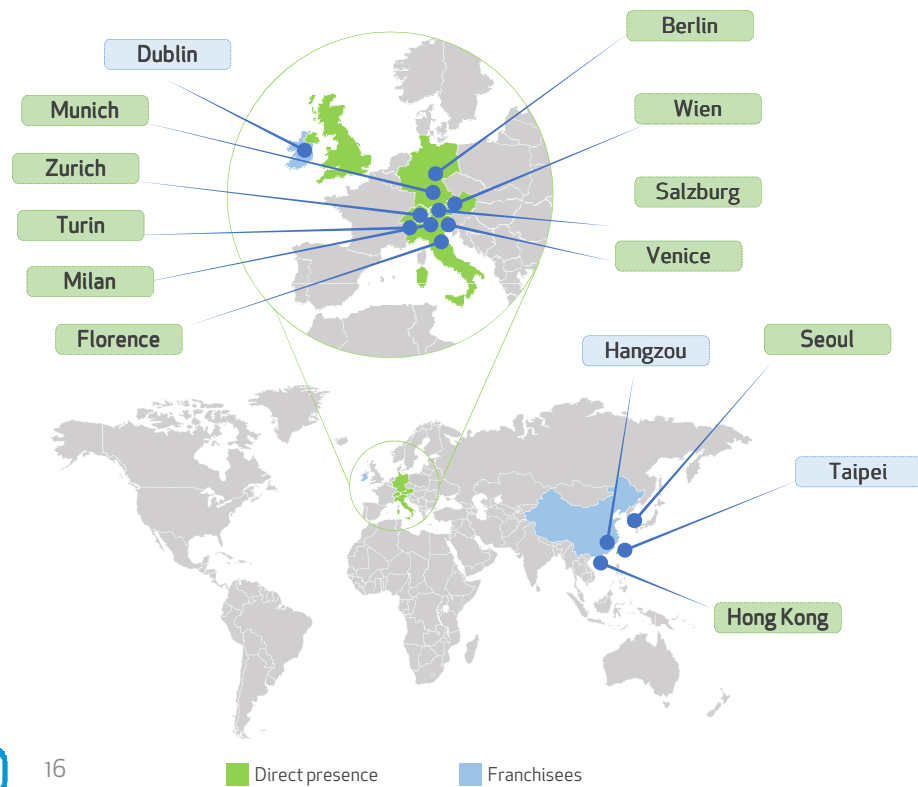


- **Net Sales €23.7m**
- **96 employees:** 32 in DOS
- **The Bridge is now a profitable company**
 - ✓ Break-even after just 3 months of operation
- **EBITDA margin 6.5%**

Net Sales breakdown by product



THE BRIDGE TOP LOCATIONS WORLDWIDE



THE BRIDGE –The Key Drivers

Before

- **Man**
- **Higher Price**
- **Formal target**
- **Conservative Brand value**
- **Stand alone** purchasing platform
- **No digital** strategy

After

- **Woman**
- **Reducing Price**
- **Younger target** (etical Millennials)
- **Focus on Ethic/Nature/Durability/Tuscany tradition**
- **Sharing** Piquadros' platform
- **New on-line platform** for e-commerce and Adv

Ambition

Leader in **High Premium Accessories Bags** with strong **Ethic identity**





MAISON LANCEL

Lancel is a Parisian Maison of Haute Maroquinerie with 140 years of legacy and savoir-faire

Colorful and joyful, the creations are a mix of contemporary timelessness and daring imagination. An authentic Parisian brand to delight every moment of life





THE ACQUISITION

- On June, 2nd 2018 Piquadro acquired Maison Lancel from Richemont International
- Price of acquisition: an **earn-out on Net Profit** (20%) for **10 years** from Closing and limited to €35m cumulated

At Closing Lancel had:

- ✓ a **cash positive** net financial position of c. **€41m**
- ✓ a significantly reduced annual operating cost structure already implemented by Richemont
- ✓ **net equity** of more than **€36m**

MAISON LANCEL A GREAT CHALLENGE

- Lancel is a **French brand** with a **140 years' history** of **authentically Parisienne chic**
- Its collections have marked the **evolution of women's bags** through **iconic and timeless products**
- The challenge is to **bring back** Maison Lancel's **allure** through trendier and younger collections while keeping their Parisienne mood...
- ... and achieve **break-even in 4 years' time**
- Repositioning in Premium Segment
- To boost product collections
- Young customers (millennials)

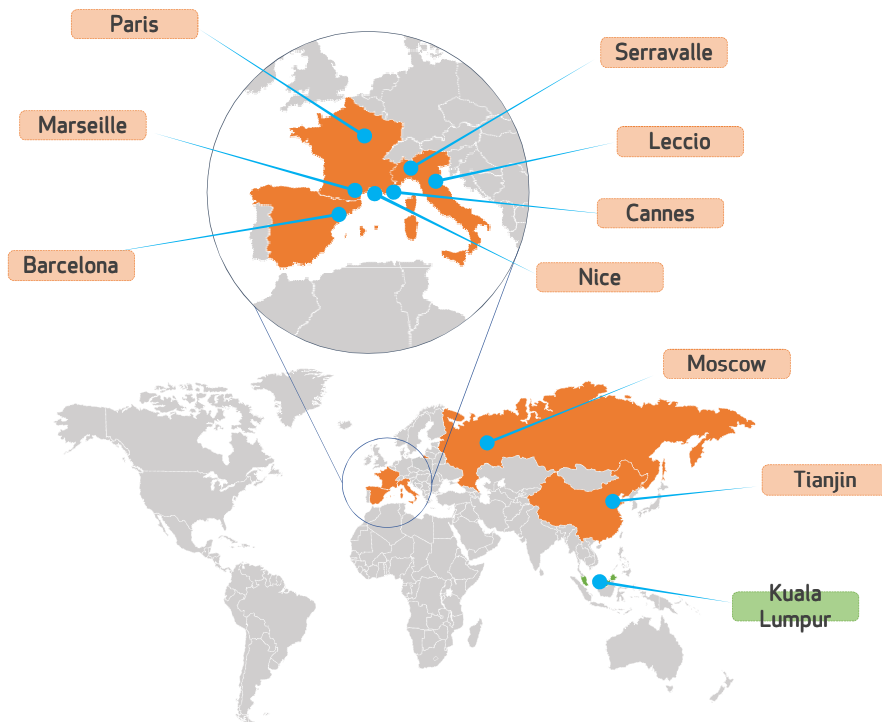




MAISON LANCEL AT A GLANCE

- **Net Sales** approx. **€53m**, of which **85% through DOS** mainly located in **France** (58 stores out of 62)
- **EBITDA negative** in FY ended March-18 equal to approx. €23m
- Lancel operates a **network of 62 DOS** and **8 franchisees**
- Retail channel:
 - ✓ **54 Full Price Stores** (France)
 - ✓ **8 Outlet Stores** (4 in France, 3 in Europe, 1 in RoW)

LANCEL TOP LOCATIONS WORLDWIDE



22

Direct Presence

Franchisees



MAISON LANCEL – The Key Drivers

Before

- Price positioning: **too high** for Premium – **too low** for Luxury
- **Conservative** and old Style
- **50/60** years old target
- **No novelties** (one new bag per season)
- R&D and Production **not in house**
- **Absent** wholesale distribution
- **No Adv identity**
- **Weak** on-line strategy

After

- Repositioning **to Premium Price**
- **Young** strategy Style
- **Younger** (30/40 years old) target
- **4 new collections** per year
- Move R&D and Production **in house**
- **Open** wholesale distribution (travel retail)
- **Modern** and new communication
- **New** on-line platform

Ambition

Leader in Woman and Man Bags in High Premium Segment as French historical Brand
(**unique** in the market)





OUR MISSION





MISSION

- Building up a leading international multibrand group in the premium accessories travel & lifestyle segments leveraging on a portfolio of iconic, recognizable and complementary brands



THE IDEAL TARGETS

BRAND CHARACTERISTICS:

- Accessories, Travel & lifestyle as main target segments
- Premium positioning
 - ✓ Premium segment is expected to grow at a higher rate than luxury
- Local brands characterized by
 - ✓ Strong presence in the relevant domestic market and/or in a specific target
 - ✓ Distinctive identity
 - ✓ Heritage and/or unique marked feature
- High potential synergy in Production/R&D/Digital

THE TARGET POSITIONING

- Premium & entry-to-luxury segments are expected to grow by 7.5% CAGR 2017/21, while luxury market will decrease its historical fast pace

Luxury/Premium & entry-to-luxury mkt growth %



- Premium & entry-to-luxury accessories will continue to outperform the luxury segment.

Segment	Premium & entry-to-luxury		Luxury	
	CAGR 2011/17	CAGR 2017/21	CAGR 2011/17	CAGR 2017/21
Shoes	5%	6%	6%	10%
Accessories	9%	9%	7%	5%
Watches & Jewelry	7%	8%	2%	-1%
Apparel	4%	8%	4%	5%

Note: experiential luxury (e.g. hotels, wine & spirits, exclusive vacations), yachts, cars, design, lighting and smartphones are excluded. Source: Altgamma



GROWTH OF PREMIUM SEGMENT BOOSTED BY 5 MACRO TRENDS

1

Rising urban middle class

- **Urban middle class population** expected to **increase at 5.5% CAGR** and reach **3.6bn people by 2030**
- ✓ **Developing countries** are leading the growth in the urban middle class population, with **China** (8.6% CAGR) and **India** (7.7% CAGR) playing a key role within the next 15 years

2

Price increase in luxury products

- **Steep price increase** in **iconic luxury products** (**3x the global inflation** rate registered over 2010-2016)
- ✓ A **price increase of luxury products** drives the **traditional luxury brands to be positioned mainly for UHNWI** and provides **significant opportunities for premium & entry-to-luxury brands**

3

The role of millennials

- **Millennials and "Generation X"** as **key consumer categories driving future growth**
- ✓ The **evolution of luxury market** over the next years will be **driven by millennials, increasingly looking to create their own styles** with a clear break from traditional formal schemes

4

Trading down

- **Traditional luxury consumers increasingly opening portfolios to premium brands**
- ✓ **41% of luxury consumers also purchase premium & entry-to-luxury products**, especially **accessories**

5

Casualization

- **Changing fashion trends, booming "casualization"**
- ✓ The **wave of casual look** has **negatively impacted luxury brands** in favour of premium categories





A PROJECT WITH STRONG SYNERGIES

PIQUADRO GROUP AS A SYNERGIC PLATFORM

- Piquadro group benefits from a **solid industrial platform** thanks to a **long tradition and excellence in the leather goods industry**:
 - ✓ **In-house R&D** and innovation capabilities
 - ✓ **Competent and loyal management**
- The **industrial project of Piquadro group** is built on the following **key pillars**:
 - ✓ Creating a **corporate structure with strong competences** working on **owned brands**
 - ✓ Sharing **R&D, manufacturing** (Italy & Asia), **digital platform, marketing**
 - ✓ Maintaining **distinctive identity** for any brand
 - ✓ Preserving **Made in Italy** production



WHAT WE HAVE ALREADY DONE

- 1st Step: THE BRIDGE acquisition

December 2016

THE BRIDGE
FIRENZE 1909

EV: €13m

Acquisition of Il Ponte
Pelletteria S.p.A.

- Historical florentine brand, 50 year history of skilled craftsmanship
- EV €13m



- 2nd Step: MAISON LANCEL acquisition

June 2018

LANCEL
PARIS

Acquisition of the
Maison Lancel

- French historic brand with strong heritage, more than 100 years old
- Distressed context



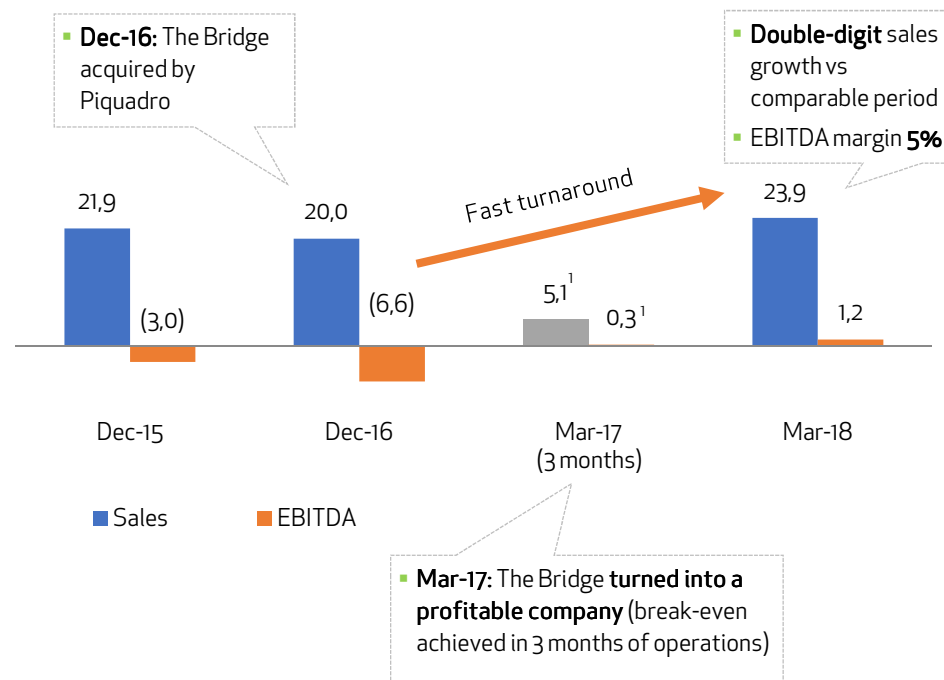
THE BRIDGE ACQUISITION

THE BIG OPPORTUNITY

Transaction structure

- In **December 2016** Piquadro announced the **acquisition of an 80% stake in "Il Ponte Pelletteria SpA"**, a company based in Florence producing **high quality leather bags and accessories** under the **"The Bridge" brand**
- Under the terms of the transaction, Piquadro and the selling shareholders granted each other **mutual option rights for the purchase and sale of the remaining 20% stake**, to be exercised between **2021 and 2023**
- Piquadro valued The Bridge at an **EV of ca. €13m**, implied **EV/sales of 0.63x**

Key financials



1) Figures referred to 3 months of operations only (January-March 2017)

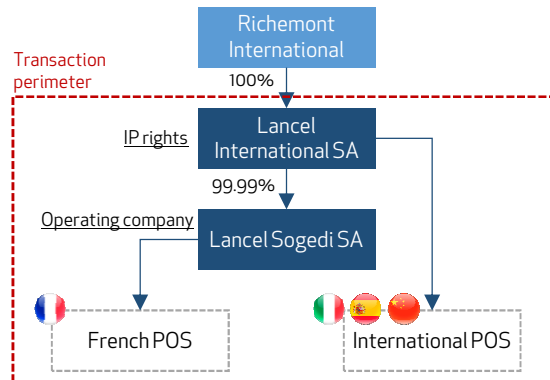


LANCEL ACQUISITION

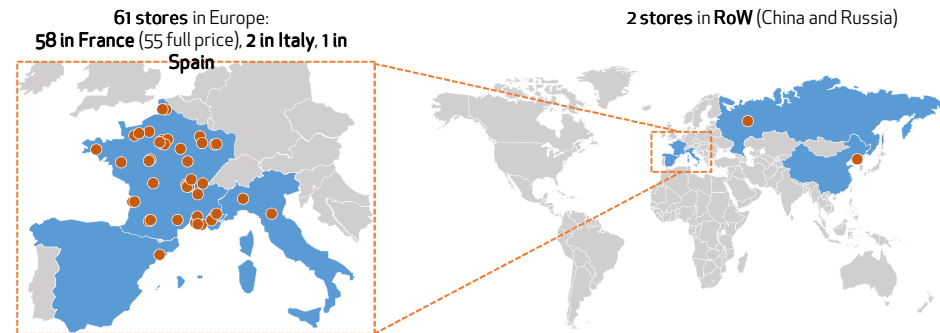
A STRATEGIC MOVE TOWARDS A PREMIUM / LIFESTYLE POSITIONING

Transaction structure

- ✓ Lancel has been acquired by Piquadro with:
 - ✓ **Net cash position of c. €41m** to fund the industrial and organizational turnaround process
 - ✓ **Significantly reduced operating cost structure** implemented by Richemont
 - ✓ **Earn-out mechanism** on part of the profits of Lancel over a 10 years period (up to a maximum of €35m cumulated) as price for the acquisition

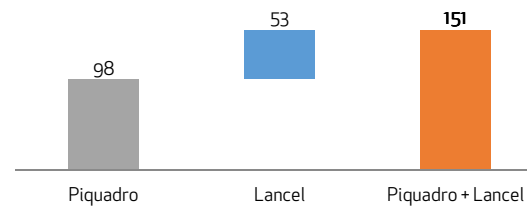


Lancel stores location

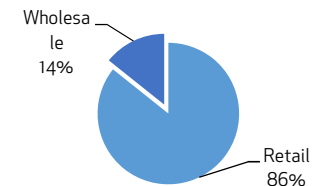


Key figures

Revenues contribution (2017/18PF, €m)



Lancel Sales breakdown by channel (2017/18)





FINANCIAL HIGH- LIGHTS

*FY March '18 doesn't include Lancel figures (acquisition June 2nd 2018)





INCOME STATEMENT

	FY Ending March 31		
(€mln)	2016A	2017A	2018A
Net Sales	69.3	75.9	97.6
% growth	+3.1%	+9.5%	+28.6%
Other revenues	1.2	2.3	1.2
Material costs	(13.0)	(19.3)	(23.7)
Service costs	(33.4)	(32.3)	(42.4)
Personnel costs	(15.3)	(16.8)	(20.6)
Other operating expenses	(0.5)	(1.0)	(1.3)
EBITDA	8.3	8.8	10.8
Margin (% of net sales)	12.1%	11.6%	11.0%
Depreciation	(2.6)	(3.1)	(2.9)
EBIT	5.7	5.7	7.9
Margin (% of net sales)	8.2%	7.5%	8.1%
Net interest income(exp.)	0.1	(0.3)	(0.9)
EBT	5.8	5.4	7.0
Margin (% of net sales)	8.4%	7.1%	7.2%
Taxes	(1.9)	(2.0)	(2.2)
Net Income(loss) before minorities	3.9	3.4	4.8
Margin (% of net sales)	5.6%	4.5%	4.9%
Minority interests	(0.0)	(0.0)	(0.0)
Net Income(loss)	3.9	3.4	4.8
Margin (% of net sales)	5.6%	4.5%	4.9%



SUMMARY BALANCE SHEET

(€mln)	FY Ending March 31		
	2016A	2017A	2018A
Net Working Capital	26.3	26.1	25.4
Net Tangible Assets	12.6	12.7	11.1
Net Intangible Assets	4.1	8.4	8.5
Net Financial Assets	1.9	3.0	3.0
Several Staff, Provisions & Others	(1.4)	(3.7)	(4.0)
Net Capital Employed	43.5	46.5	44.0
Group Shareholders' Equity	36.9	38.4	40.6
Minorities	(0.1)	(0.1)	(0.1)
Shareholders' Equity & Minorities	36.8	38.3	40.3
Net Debt	6.7	8.2	3.7
Net Debt and Shareholders' Equity	43.5	46.5	44.0





INCOME STATEMENT SIX MONTHS (ENDING SEPT. 30)

(€mln)	2017A	2018A
Net Sales	46.8	66.6
% growth		+42.3%
Other revenues	0.6	0.7
Material costs	(10.9)	(17.8)
Service costs	(20.1)	(31.6)
Personnel costs	(9.8)	(17.3)
Other operating expenses	(0.8)	(0.9)
EBITDA	5.8	(0.3)
Margin (% of net sales)	12.4%	(0.4%)
Depreciation	(1.4)	(1.9)
EBIT	4.4	(2.2)
Margin (% of net sales)	9.4%	(3.3%)
Net Interest Income(exp.)	(0.3)	41.8
EBT	4.1	39.6
Margin (% of net sales)	8.7%	59.4%
Taxes	(1.3)	(1.4)
Net Income(loss) before minorities	2.8	38.2
Margin (% of net sales)	5.9%	57.4%
Minority interests	(0.0)	(0.0)
Net Income(loss)	2.8	38.2
Margin (% of net sales)	5.9%	57.4%

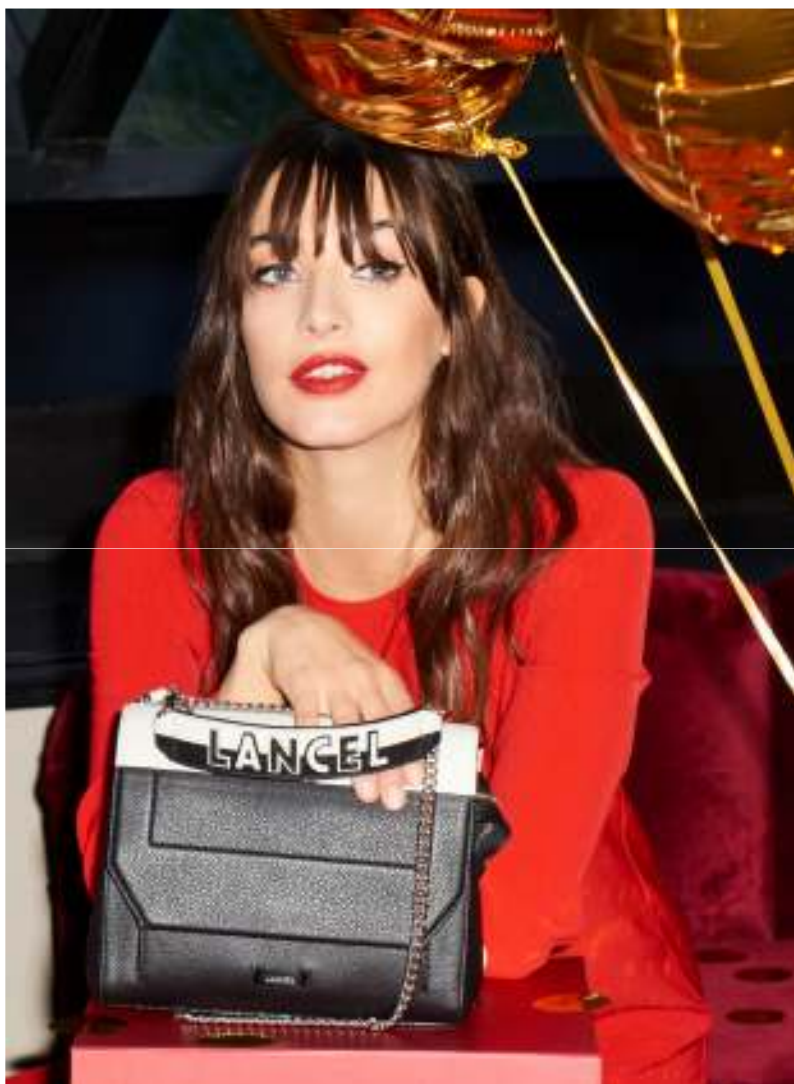
P&L by Brand

(Six Months 2018/19 vs. 2017/18)

(€mln)

	2017A			2018A				Var %		
	PIQUADRO	THE BRIDGE	Total Group	PIQUADRO	THE BRIDGE	LANCEL	Lancel acquisition	Total Group	PIQUADRO	THE BRIDGE
Net Sales	35.7	11.1	46.8	37.2	12.9	16.5		66.6	4.0%	17.2%
EBITDA	4.9	0.9	5.8	5.5	1.1	(5.5)	(1.4)	(0.3)	11.3%	29.6%
Margin (% of net sales)	13.9%	8.0%	12.5%	14.9%	8.8%	(33.4%)		(0.4%)		
EBIT	3.8	0.6	4.4	3.9	0.9	(5.6)	(1.4)	(2.2)	4.2%	37.0%
Margin (% of net sales)	10.5%	5.7%	9.4%	10.6%	6.7%	(33.9%)		(3.3%)		
EBT	3.5	0.5	4.0	4.2	0.8	(6.2)	40.8	39.6	18.9%	42.1%
Margin (% of net sales)	9.8%	4.9%	8.7%	11.2%	5.9%	(37.7%)		59.4%		
Net Income(loss)	2.4	0.4	2.8	2.9	0.6	(6.0)	40.8	38.2	19.1%	50.7%
Margin (% of net sales)	6.8%	3.3%	5.9%	7.8%	4.2%	(36.7%)		57.4%		





SUMMARY BALANCE SHEET

(ENDING SEPT. 30)

(€mln)

Sept 2017 Sept 2018

Net Working Capital	32.9	34.0
Net Tangible Assets	11.9	12.1
Net Intangible Assets	8.2	8.0
Net Financial Assets	2.9	4.6
Several Staff, Provisions & Others	(3.8)	(7.0)
Net Capital Employed	52.2	51.7
Group Shareholders' Equity	38.7	76.8
Minorities	(0.1)	(0.3)
Shareholders' Equity & Minorities	38.6	76.5
Net Debt	13.6	(24.8)
Net Debt and Shareholders' Equity	52.2	51.7

NET FINANCIAL DEBT

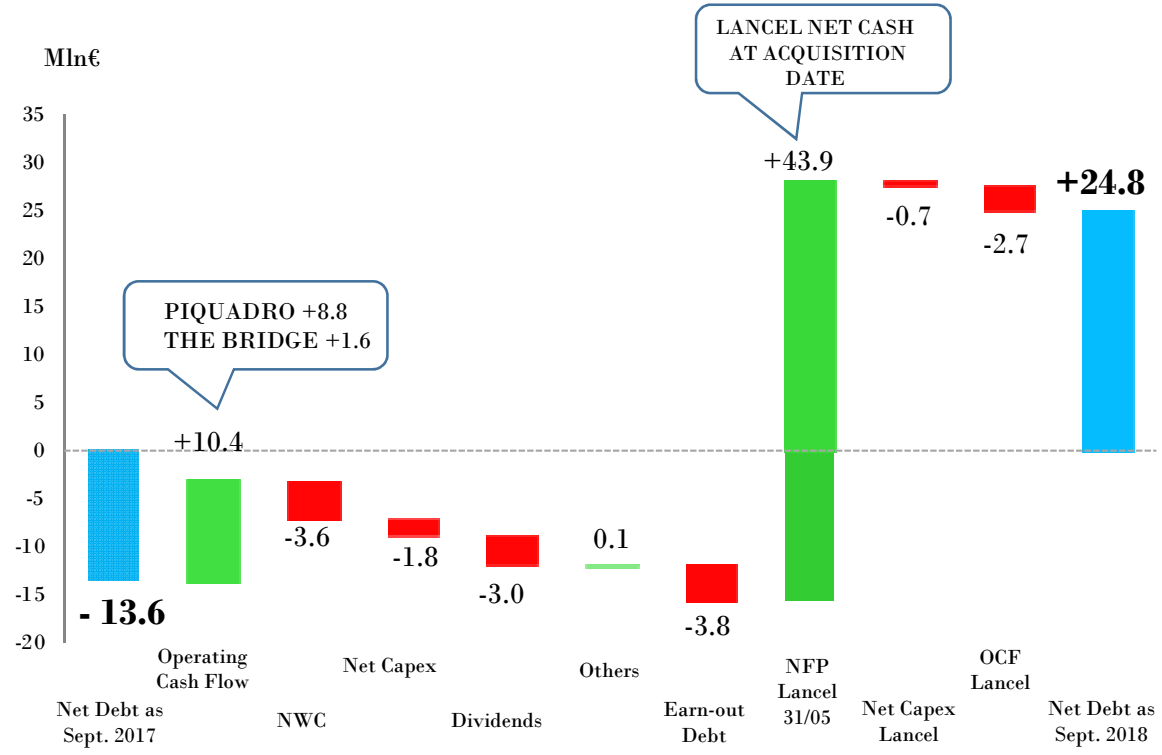
(€mln)

Sept 17 March 18 Sept 18

Short-term Net Debt	10.2	14.3	15.2
Long-term Net Debt	15.0	13.0	14.2
Cash & Cash Equivalents	(11.6)	(23.6)	(54.3)
Net Debt	13.6	3.7	(24.8)



NET DEBT





9 MONTHS NET SALES

Piquadro Group Net sales : € 107,3 million; growth + **50,5%**

Net sales by brand:

- PIQUADRO : € 54,6 million; growth brand +2,5%;
 - ✓ Dos : € 23,4 million; growth channel + 3,0% (included the Piquadro e-commerce);
 - ✓ Wholesale: € 31,2 million; growth channel + 2,1%;
- THE BRIDGE: € 20,5 million; growth brand +13,8%;
 - ✓ Dos : € 6,1 million; growth channel + 15,8% (included the The Bridge e-commerce);
 - ✓ Wholesale: €14,4 million; growth channel + 12,9%;
- LANCEL¹⁾: € 32,2 million; growth contribution + 45,1%;
 - ✓ Dos : € 27,2 million; (included the Lancel e-commerce);
 - ✓ Wholesale: € 5,0 million;

1) The net sales of LANCEL GROUP include period June – December 2018, it recorded a 0,5% increase compared to the same period.



INVESTMENT VALUES

- Over the last 3 years:
 - ✓ €14.7m Net Profit generated¹
 - ✓ €7.0m Dividends paid²
 - ✓ €11.3m Investments carried out¹
 - ✓ €2.2m decrease in Net Debt (including The Bridge acquisition which brought €13m Net Debt)



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- 1) Based on 12 months rolling September 2018, 2017, 2016 not including LANCEL GROUP results and non recurring costs and income related to MAISON LANCEL acquisition
- 2) Including dividend paid in August 2018





THANK YOU !