

SMALL CAP CONFERENCE E



Milan November 29, 2017

PIQUADRO

THE BRAND

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



FACTS

- € 75.9 million turnover in FY 2016-17
 - 37% generated by Piquadro DOS, 56% by Piquadro Wholesale and 7% by The Bridge;
 - 114 free-standing stores (76 IT, 38 abroad- 61 DOS, 53 franchisee)
 - 781 employees and workers worldwide
 - 68,4% family management;
 - other shareholders:
Mediobanca 5%, Anima 4,5%, HSBC 1,2%, Lazard 2,1%, Market 18,75%.





THE START

- The Piquadro brand was **launched** on the Italian market in **1998** by Marco Palmieri, today's President and CEO of the company.
- The brand name PIQUADRO means **Psquared (P²)**.
- It comes from Marco Palmieri's great love for Mathematics and stands for Palmieri-**'Pelletterie'** (the Italian word for leatherware).



THE ORIGINAL IDEA

- When Piquadro was launched 17 years ago it truly generated a new market niche encountering an emerging consumer's need: a briefcase which was at the same time elegant and functional.
- The Piquadro briefcases were **the first ones** conceived to **carry a laptop safely but also elegantly**.





THE BRAND VALUES

- The 'Tech inside concept' - combined with the values of innovative **design** and **precious materials** – is what makes Piquadro unique.





CORE CONSUMERS

- Young professionals
- Men: 60% and women 40%
- Medium-upper social classes
- Design forward mindset
- 'Citizens of the world'
- Always 'on the go': commuters, frequent flyers
- Tech savvy
- Rational: value for money



BRAND POSITIONING



PRODUCT

Iconic products

Travel business products

Product personalization

Bagmotic and Connequ

Made in Italy





ICONIC PRODUCTS

- Pillars of global awareness of the Brand
- 54% of consolidated turnover
- 62% in DOS channel



TRAVEL BUSINESS

Piquadro isn't just another luggage brand. It is in fact specifically targeted to business travelers.

All Piquadro bags and luggage are made to answer the business traveler's specific needs.

- cabin size
- maximum functionality
- precious and performing materials





BAGMOTIC®

Piquadro embraces the philosophy of the **Internet of Things**. BAGMOTIC is a sort of bag automation and allows you:

- to trace and find your Piquadro accessories from luggage to key holder through smart phone/tablet/smartwatch
- to recharge your smartphone/tablet/smartwatch through your Piquadro bag or trolley, and be notified when it is out of power
- to weigh your Piquadro trolley
- to turn on the tail light of your Piquadro backpack
- to lock and unlock your Piquadro trolley through smart phone/tablet/smartwatch
- next...





LED tail lights.

Powered by integrated powerbank and controlled by your smartphone



USB plug.

Charge integrated powerbank between one leg and another of your journey



Integrated battery pack.

Locate your backpack, power its led lights, charge your smartphone up to 5 times,



Bluetooth lock.

Remotely lock and unlock your backpack from your smartphone



Intelligent handle.

Check the weight of your trolley from your smartphone





LED tail lights.

Powered by integrated powerbank and controlled by your smartphone



Bluetooth lock.

Remotely lock and unlock your backpack from your smartphone



Integrated battery pack.

Locate your backpack, power its led lights, charge your smartphone up to 5 times,



USB plug .

Charge integrated powerbank between one leg and another of your journey



MADE IN ITALY

- **Reshoring Strategy:** increasing the share of Made in Italy productions.
- **Target:** promote the brand abroad through Made in Italy products with the same price point as the other Piquadro collections.



MARKET





THE PIQUADRO RETAIL CHANNEL

- 2016-2017 like for like growth +1% approx. (+1,5% excl. forex) driven by Italian performance +2,4%.
- H1 2017-18 like for like growth +3,7% approx. (+3,2% excl. forex) driven by Italian performance +3,5%.
- Italy FP stores 24
- Italy outlet stores 12
- Europe FP stores 9
- Europe Outlet stores 3
- RoW FP stores 5
- Total direct network 53



THE PIQUADRO WHOLESALE CHANNEL

- Italian market is **concentrating**
 - **Russia, Germany** key markets
- Asia under rethinking distribution
 - **B2B**: a fast growing channel
- Consolidation of multi-brand operators
- Travel retail performances accelerating
- Franchising development (n. 45 mono-brand stores)





AN EVER MORE DIGITAL BUSINESS

- **E-commerce** is a profitable and growing business
- EBITDA: +35%
- Current **e-commerce** turnover: about 4% of consolidated turnover

- **Indirect e-commerce** is now a consolidated channel leveraging on international web platforms such as Amazon, T-mall, Zalando, Vente Privee etc.

2015 vs. 2014 +29,3%

2016 vs. 2015 +86,5%

2017 vs. 2016 +13,1%

- **Indirect e-commerce** 6,0% of consolidated turnover



COMMUNI -CATION



The true innovator questions those
things that others take for granted.
piquadro.com/mystartup



The Piquadro MyStartup
Funding Program
supports the development
of innovative ideas.

 PIQUADRO

THE NEW ADVERTISING CAMPAIGN

- March 2017: Piquadro launches a new brand campaign





PIQUADRO MYSTARTUP FUNDING PROGRAM

PIQUADRO MYSTARTUP FUNDING PROGRAM is the **open innovation programme** with which Piquadro promotes innovation, creativity and initiative through a competitive process aimed at **rewarding original business projects** in the area of technology applied to the luggage and fashion accessories industry.

PIQUADRO MYSTARTUP FUNDING PROGRAM 2017 will award 1 grant that includes a € 100,000 financial contribution and an acceleration course in Silicon Valley



EXPANDING THE BUSINESS





PIQUADRO PILLAR STRATEGY

Two main **Growth** trend issues:

- Man edonistic accessories consumption
- Luggage and Travel items

Luggage and travel items: **huge opportunity** for Piquadro.

- Luggage takes a large percentage of the competitors' turnover: Tumi ca. 50% , Samsonite ca. 80%, others ca. 90%.
- **Piquadro only 12% !!**a great opportunity for growth.



PIQUADRO PILLAR STRATEGY

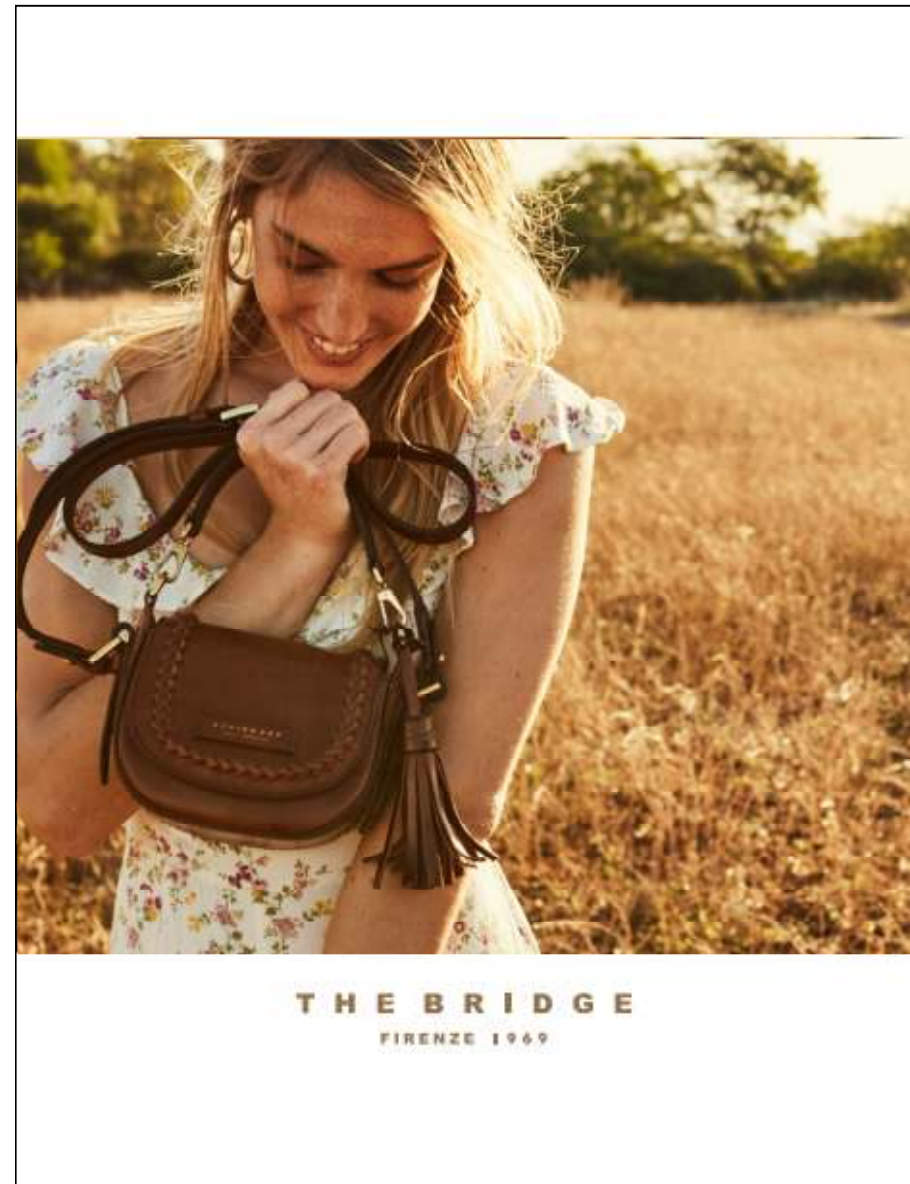
INNOVATIVE PROJECTS

- **Reshoring:** increasing Made in Italy production by exploiting The Bridge industrial platform
- **Smart Bag:** further exploration of the Internet of Things applied to luggage and travel items
 - Manufacturing Luggage through advanced Robotic Industrialization



ACQUISITION OF THE BRIDGE

- December 2016:
 - Piquadro acquires the Florentine luxury brand The Bridge.



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 **workmanship** 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 STRONG POINTS

- 50 years heritage brand from Tuscany
- Precious leather and highly recognizable style
 - Iconic eco-sustainable luxury artisan workmanship



- **Different** from industrial competitors such as Michael Kors, Coach, Furla
- Access to large premium woman bags market through **diversity**





PIQUADRO GROUP EXPANSION

NEW M&A OPPORTUNITIES

Continue to explore other prospects:

- in premium Made in Italy **complementary** products
- in highly **recognizable *brands***

leveraging on

- Distribution synergies
- Management competence,
- Lean organization





FINANCIAL HIGH- LIGHTS



INCOME STATEMENT

| | FY Ending March 31 | | |
|---|--------------------|-------------|-------------|
| (€mln) | 2015A | 2016A | 2017A |
| Net Sales | 67.2 | 69.3 | 75.9 |
| % growth | +6.6% | +3.1% | +9.5% |
| Other revenues | 0.9 | 1.2 | 2.3 |
| Material costs | (12.5) | (13.0) | (19.3) |
| Service costs | (31.8) | (33.4) | (32.3) |
| Personnel costs | (14.3) | (15.3) | (16.8) |
| Other operating expenses | (0.7) | (0.5) | (1.0) |
| EBITDA | 8.8 | 8.3 | 8.8 |
| Margin (% of net sales) | 13.1% | 12.1% | 11.6% |
| Depreciation | (2.8) | (2.6) | (3.1) |
| EBIT | 6.0 | 5.7 | 5.7 |
| Margin (% of net sales) | 8.9% | 8.2% | 7.5% |
| Net interest income(exp.) | (0.1) | 0.1 | (0.3) |
| EBT | 5.9 | 5.8 | 5.4 |
| Margin (% of net sales) | 8.8% | 8.4% | 7.1% |
| Taxes | (1.9) | (1.9) | (2.0) |
| Net Income(loss) before minorities | 4.1 | 3.9 | 3.4 |
| Margin (% of net sales) | 6.1% | 5.6% | 4.5% |
| Minority interests | (0.0) | (0.0) | (0.0) |
| Net Income(loss) | 4.1 | 3.9 | 3.4 |
| Margin (% of net sales) | 6.1% | 5.6% | 4.5% |

| (€mln) | FY Ending March 31 | | |
|--|--------------------|-------------|-------------|
| | 2015A | 2016A | 2017A |
| Net Working Capital | 24.5 | 26.3 | 26.1 |
| Net Tangible Assets | 12.6 | 12.6 | 12.7 |
| Net Intangible Assets | 4.6 | 4.1 | 8.4 |
| Net Financial Assets | 2.0 | 1.9 | 3.0 |
| Several Staff, Provisions & Others | (1.3) | (1.4) | (3.7) |
| Net Capital Employed | 42.4 | 43.5 | 46.5 |
| Group Shareholders' Equity | 35.4 | 36.9 | 38.4 |
| Minorities | 0.0 | (0.1) | (0.1) |
| Shareholders' Equity & Minorities | 35.4 | 36.8 | 38.3 |
| Net Debt | 7.0 | 6.7 | 8.2 |
| Net Debt and Shareholders' Equity | 42.4 | 43.5 | 46.5 |

SUMMARY BALANCE SHEET





LEAN CAPITAL STRUCTURE

NET FINANCIAL DEBT

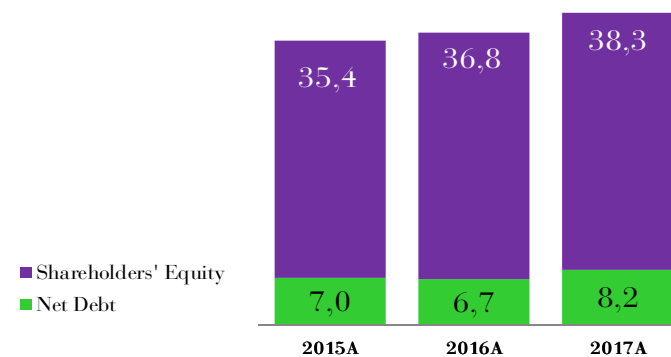
(€mln) As of March 31

| | 2015A | 2016A | 2017A |
|-------------------------|------------|------------|------------|
| Short-term Net Debt | 10.3 | 8.5 | 6.4 |
| Long-term Net Debt | 9.4 | 8.4 | 17.1 |
| Cash & Cash Equivalents | (12.7) | (10.2) | (15.3) |
| Net Debt | 7.0 | 6.7 | 8.2 |

RATIO - NET FINANCIAL DEBT

(€m) As of March 31

| | 2015A | 2016A | 2017A |
|-----------------------------|-------|-------|-------|
| Net Debt/EBITDA | 0.79 | 0.81 | 0.94 |
| Net Debt/Net Capitalization | 16.5% | 15.5% | 17.7% |





INCOME STATEMENT SIX MONTHS

(ENDING SEPT. 30)

Six months
(Ending Sept 30)

| (€m) | 2016A | 2017A |
|---|-------------|-------------|
| Net Sales | 34.2 | 46.8 |
| % growth | | +36,9% |
| Other revenues | 1.8 | 0.6 |
| Material costs | (8.5) | (11.0) |
| Service costs | (14.0) | (20.0) |
| Personnel costs | (7.7) | (9.8) |
| Other operating expenses | (0.3) | (0.7) |
| EBITDA | 5.5 | 5.8 |
| Margin (% of net sales) | 16,1% | 12,5% |
| Depreciation | (1.5) | (1.4) |
| EBIT | 4.0 | 4.4 |
| Margin (% of net sales) | 11,8% | 9,4% |
| Net interest income(exp.) | 0.1 | (0.3) |
| EBT | 4.1 | 4.1 |
| Margin (% of net sales) | 12,0% | 8,7% |
| Taxes | (1.4) | (1.3) |
| Net Income(loss) before minorities | 2.7 | 2.8 |
| Margin (% of net sales) | 7,9% | 5,9% |
| Minority interests | (0.0) | (0.0) |
| Net Income(loss) | 2.7 | 2.8 |
| Margin (% of net sales) | 7,9% | 6,0% |

SUMMARY BALANCE SHEET

(ENDING SEPT. 30)

Six months
(as of Sept 30)

| (€m) | 2016A | 2017A |
|--|-------------|-------------|
| Net Working Capital | 27.2 | 32.9 |
| Net Tangible Assets | 12.0 | 11.9 |
| Net Intangible Assets | 2.5 | 8.2 |
| Net Financial Assets | 1.8 | 2.9 |
| Several Staff, Provisions & Others | (1.0) | (3.8) |
| Net Capital Employed | 42.5 | 52.2 |
| Group Shareholders' Equity | 37.3 | 38.7 |
| Minorities | (0.1) | (0.1) |
| Shareholders' Equity & Minorities | 37.2 | 38.6 |
| Net Debt | 5.3 | 13.6 |
| Net Debt and Shareholders' Equity | 42.5 | 52.2 |





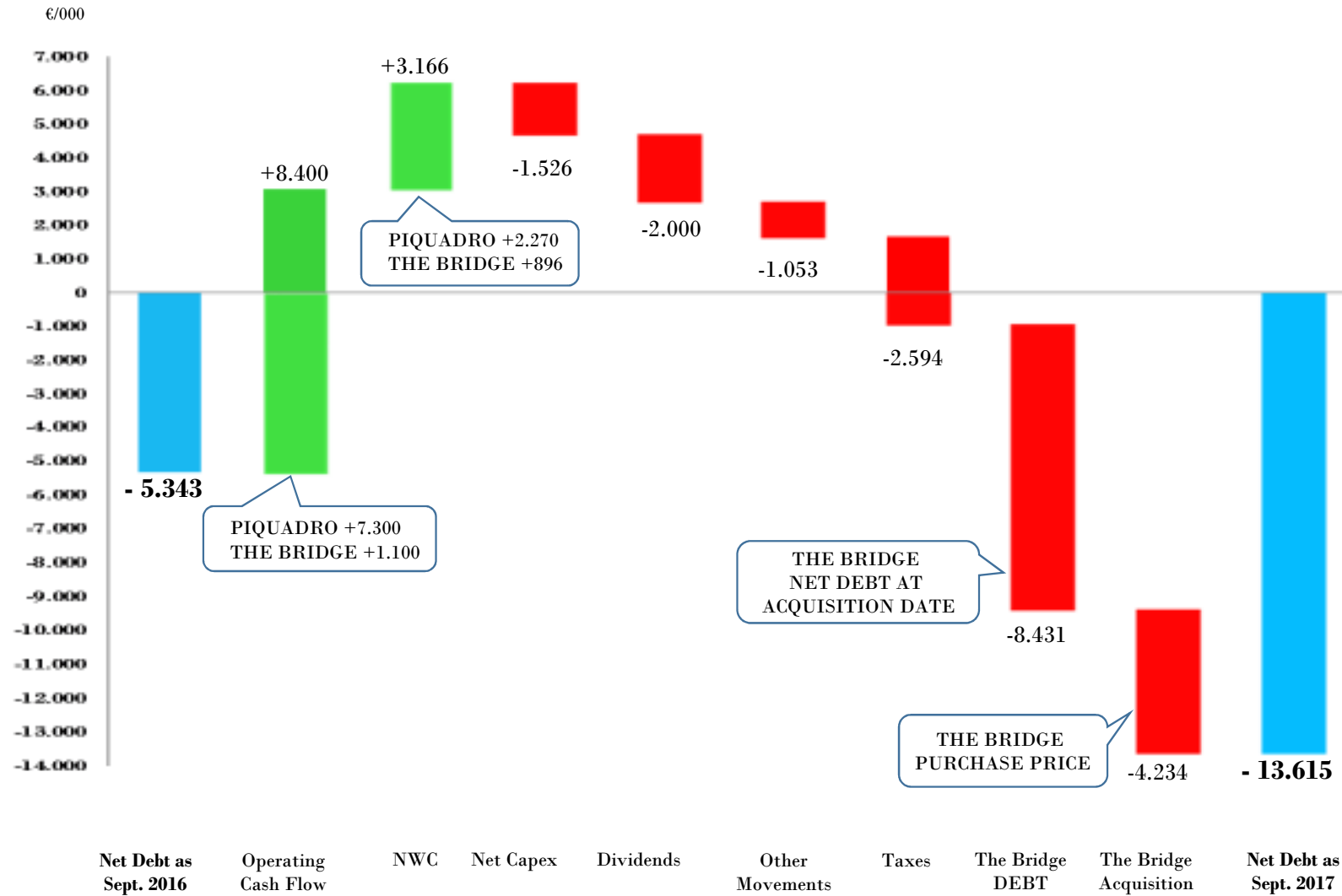
P&L BY BU

(Six Months 2017/2018 vs. 2016/2017)

| (in € millions) | First-half 2017/18 | | | | | | | | First-half 2016/17 | | | | | | | | Growth |
|------------------------------------|--------------------|-------------|--------------|--------------|------------|-------------|-------------|--------------|--------------------|-------------|--------------|--------------|-------------|--------------|--------------|--|--------|
| | Dos Piquadro | | Whs Piquadro | | The Bridge | | Total | | Dos Piquadro | | Whs Piquadro | | Total | | | | |
| NET SALES | 13.8 | 100% | 21.9 | 100% | 11.1 | 100% | 46.8 | 100% | 12.7 | 100% | 21.5 | 100% | 34.2 | 100% | 36,9% | | |
| Ebitda Recurring (a) | 0.7 | 5,1% | 4.2 | 19,4% | 0.9 | 8,0% | 5.8 | 12,5% | 0.2 | 2,0% | 3.9 | 18,0% | 4.1 | 12,1% | 41,6% | | |
| <i>Ebitda no recurring (b)</i> | <i>0.0</i> | | <i>0.0</i> | | <i>0.0</i> | | <i>0.0</i> | | <i>1.4</i> | | <i>0.0</i> | | <i>1.4</i> | | | | |
| EBITDA (a)+(b) | 0.7 | 5,1% | 4.2 | 19,4% | 0.9 | 8,0% | 5.8 | 12,5% | 1.6 | 13,0% | 3.9 | 18,0% | 5.5 | 16,1% | 6,0% | | |
| Ebit Recurring (c) | | | | | | | 4.4 | | | | | | 3.0 | | 49,0% | | |
| <i>Ebit no recurring (d)</i> | | | | | | | <i>0.0</i> | | | | | | <i>1.0</i> | | | | |
| EBIT (c) + (d) | | | | | | | 4.4 | | | | | | 4.0 | | 8,9% | | |
| Net Income Recurring (e) | | | | | | | 2.8 | | | | | | 1.9 | | 44,3% | | |
| <i>Net Income no recurring (f)</i> | | | | | | | <i>0.0</i> | | | | | | <i>0.8</i> | | | | |
| NET INCOME (e)+(f) | | | | | | | 2.8 | | | | | | 2.7 | | 4,8% | | |

- Positive contribution by all BU reported
- DOS performance increase in all components (LfL; openings; etc..)
- Wholesale increase marginality

NET DEBT



THE BRIDGE OVERVIEW



- Sales: +16,7% vs. comparable period (H1 2017 vs. 2016). Sales 11,1 mln Euro. DOS *like for like* +36.6%. DOS represents now 29% sales.
- 92 employees; 31 in DOS
- 45% woman bags; 25% man bags; 30% SLG
- The Bridge is now a profitable company (break-even after just 3 months operation)
- EBITDA 8% on Net Sales in the first six months 17/18

THE INVESTMENT VALUES

- Net Profit generated in the last 3 years* 11,9 mln €
- Dividends paid in the last 3 years equal to 6,0 mn €
- Investments effected in the last 3 years*9,8 mln €
- Net Debt decreased in the last 3 years* (*included The Bridge acquisition which brought 12.7 mln Euro Net Debt*) 2,5 mln €



* Based on 12 months rolling September 2017,2016,2015





THANK YOU !