

Press Kit

PIQUADRO

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Overview

Piquadro is a leather goods company characterised by its focus on design and innovation. It was founded in 1987 in Riola di Vergato (Bologna), Italy by Marco Palmieri, who is the current Chairman and CEO of the company.

In its first 10 years (until 1998), it subcontracted for leading Italian luxury leather goods companies, developing innovative and exclusive solutions and technologies.

Piquadro entered the market in its own right in 1998. Specialising in professional and travel items, from the outset the company focused on design, comfort, and technology to set itself apart on the market.

Piquadro was launched as a brand with a strong aspirational component that complements and enriches the purely functional aspect of the products. It is precisely the aspirational factor that helps the company stand out from the competition, associating the brand with superior, perceived quality, innovation, and better performance.

The design and innovation elements of Piquadro products give most of the company's products a longer and more durable life cycle than those of the purely "fashionable" leather goods, allowing these goods to maintain an incisive and visible market presence for multiple seasons.

These same elements also help Piquadro achieve clear differentiation from companies with the same type of price positioning.

Our Range of Products

Piquadro produces a wide range of leather products, from professional bags and briefcases for men and women, to cases, small sundry items, planners, portfolios, and a wide array of accessories.

Today, Piquadro is characterised by a medium/high-end clientele covering a broad age range — from 26 to 50 years — consisting of approximately 60% men and 40% women; the leading purchase motivation is the uniqueness of the design and functionality of Piquadro products.

Piquadro currently distributes its products in over 50 countries worldwide through a distribution network consisting of 245 Piquadro Stations, 5 Shops-in-shop and 13 Piquadro-branded boutiques in Italy, and 49 Piquadro Stations, 1 Shop-in-shop and 10 Piquadro-branded boutiques abroad.

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Piquadro in Figures	<p>At the end of March 2007, the Group's consolidated revenue was € 35.7 million, with 43% growth over the previous twelve months pro forma. The 2005-2007 CAGR (Financial Year closes 31 March) shows an average growth of 36.4% over three years. The Piquadro Group posted excellent performance in terms of profitability: EBITDA was € 10.7 million, up 82% compared to the previous year (eleven months). EBIT amounted to € 9.6 million, with an 80% increase over the previous year (eleven months). Net income was € 5.3 million, with a ratio to revenues of approximately 15%.</p>
A Flexible, Efficient, and Integrated Business Model	<p>The Group makes direct purchases of raw materials with higher added value, both aesthetic and technical, largely on the Italian market. Production was transferred entirely to China. 40% of production takes place in the Zhongshan production plant in southern China, which observes Western ethical and quality standards. The remaining 60% is outsourced within the same geographical area.</p> <p>Restocking and logistics, which are vital for products with long life cycles, such as the majority of Piquadro products, are handled in-house in the plant at Gaggio Montano, which is equipped with an automated warehouse capable of handling orders in 24-48 hours with extraordinary efficiency.</p> <p>All key phases are handled in the new location, not just logistics. Research and development, design, engineering, acquisition planning, quality control, marketing, communications, and distribution all take place here.</p>
Drivers of Growth	<p>The strategy at Piquadro has always been to position the Piquadro brand as a young and dynamic name, savvy to the latest innovations in its use of cutting-edge technological materials. Piquadro intends to develop its domestic and international market presence through a growth plan based on five major guiding principles:</p> <ul style="list-style-type: none">• Ongoing R&D;• Developing and reinforcing the presence of the Piquadro brand in markets where it does not yet have a consolidated presence;• Expanding the single- and multi-brand distribution network by opening directly-operated boutiques and new stores as franchises, Piquadro Stations, and Shops in Shop;

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- Expanding the line of women's bags and cases;
- Strengthening marketing strategies.

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History

The Piquadro Brand

Piquadro was set up in 1987 in Riola di Vergato (Bologna) based on an idea by Marco Palmieri, its Chairman and CEO.

In 1998, after ten years of subcontract manufacturing for the top Italian luxury leather goods companies, Piquadro entered the market with its own brand. Through an in-depth analysis of the market, its target costumers, and its target market operators, Piquadro found a niche in which to promote itself as an innovative company.

The Piquadro-Branded Boutiques

The first Piquadro-branded boutique was opened in Milan in 2000, followed by shops in Rome and the Milan Linate airport in 2002. Piquadro currently has thirteen branded boutiques in Italy, of which four are operated as franchises. The firm also boasts ten branded boutiques outside Italy.

Acquisition of the Production Facility in China

Diversification of its lines, paired with strategic innovation and investments, contributed to continuous growth in production, which in 1998 was partially transferred to China.

In order to safeguard the design and innovation of its products and contain costs, in 2003 Piquadro acquired 50% of a manufacturing plant in Zhongshan, in southern China. The plant is in fact an Italian-Chinese enterprise that respects qualitative and ethical standards, to which Piquadro has transferred its proprietary industrial processes through the Italian management. Indeed, the business model views production transfer as an opportunity for partnership rather than a mere source of manpower.

Design and the Expansion in Foreign Markets

The decision to cross-pollinate industry and design has always been the distinctive element of Piquadro products. In 2004 the company began an internationalization campaign including investments and the opening of new stores abroad in Moscow and Barcelona. What's more, the company's reputation and its products continue to spread across Italy.

On 2 May 2005, today's Piquadro S.p.A. was created through conferment of the operational branch of the company by the current Piquadro S.p.A. (formerly Piquadro S.p.A.). Piquadro S.p.A. closed its first financial period of 11 months on 31 March 2006.

Piquadro Holding S.p.A.

Established in 2005, Piquadro Holding S.p.A. is current shareholder of Piquadro S.p.A, of which BNL Investire Impresa acquired 35%,

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replacing Development Capital, the former minority partner in Piquadro. Marco Palmieri owns 61% of Piquadro Holding S.p.A. through Piquubo S.p.A.

Piquadro Hong Kong Limited

In November 2006, Piquadro announced the creation of Piquadro Hong Kong Ltd as a joint venture with a local trading company for retail development in the Hong Kong area. In December 2006, Piquadro opened its first boutique in Hong Kong City.

The New Plant and Logistics

In December 2006, the futuristic new Piquadro plant was opened in Gaggio Montano (Bologna). The plant serves as the new centre of operations and an efficient logistical base, where orders from around the world are received and dispatched, shipping merchandise in the space of 24-48 hours. The emphasis on the logistical sector is reflected in the way the space is allocated: the total surface area measures 8,000 sq m, of which 2,000 are used for office space, while a good 6,000 are assigned to logistics and production, for a total cubage of approximately 82,500 cubic meters.

In addition, the entire sales network was completely computerized and has capitalized upon the potential offered by the web: product availability can thus be checked in real time, and points of sale can be restocked continuously.



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Philosophy

Design, comfort and technology are the three basic positioning elements for Piquadro, which has made an unflinching commitment to research and innovation. The Company has obtained a number of patents, in recognition of the numerous technical and functional innovations it has implemented.

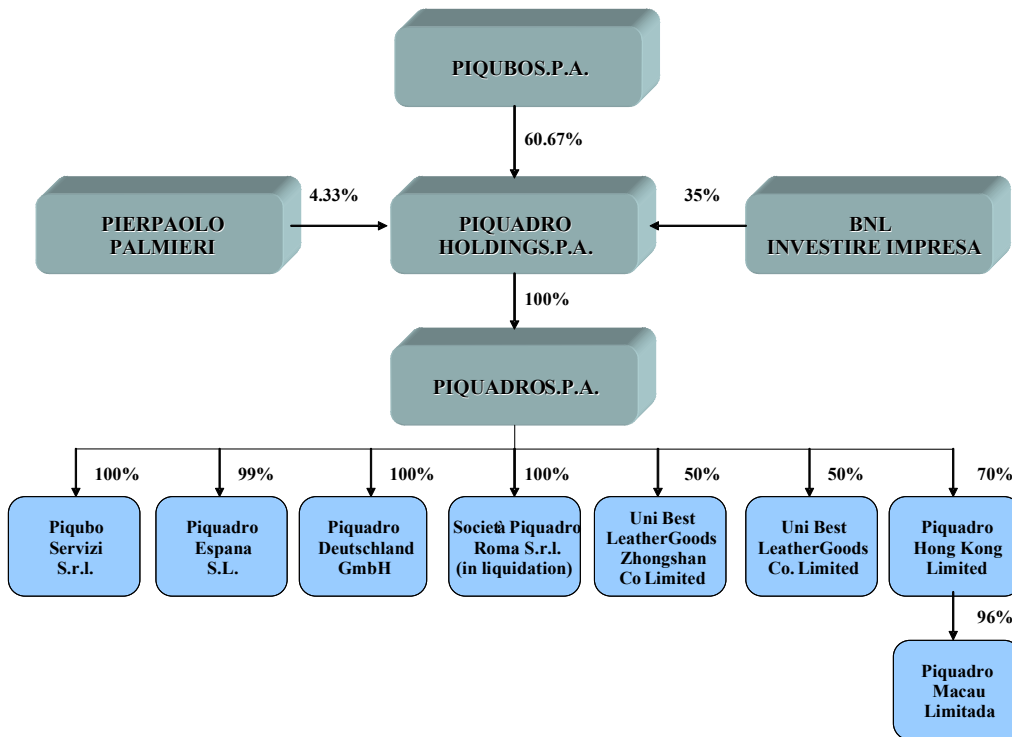
The design is 100% Italian: an in-house team of designers who understand and interpret the values of the company develop solutions and new materials, working in close contact with the leading design schools in Italy and abroad, with which Piquadro has collaborated for years.

For Piquadro, research and intellectual property represent an indispensable competitive tool for the strength of its brand. Collaborations with the Institutes of Design have led to the development of cutting-edge projects and prototypes. For Piquadro, youthful creativity is an important source of inspiration. With an eye for new talent emerging in the field of design, the company promoted a series of workshops in order to offer young designers an opportunity to work on tangible projects in which to showcase their skills. Piquadro periodically repeats these events, and they have grown to be important events at which to meet and exchange ideas.

For Piquadro, attention to quality is a vital element in earning and maintaining the trust of its customers. This is why the Company subjects its products to strict controls, in order to guarantee excellent quality and avoid the health risks caused by the use of inappropriate materials. Piquadro boasts an advanced testing laboratory in which specialised machines test both the products and the raw materials to assess their durability, structural integrity, water-repellency, and non-toxicity.

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Corporate Structure



The Leather Goods Market

The Leather Goods market stands out for the high number of companies of various types and sizes, including global firms as well as national and regional enterprises. This creates a fair number of difficulties in terms of traceability when evaluating this market.

The Leather Goods Market Worldwide

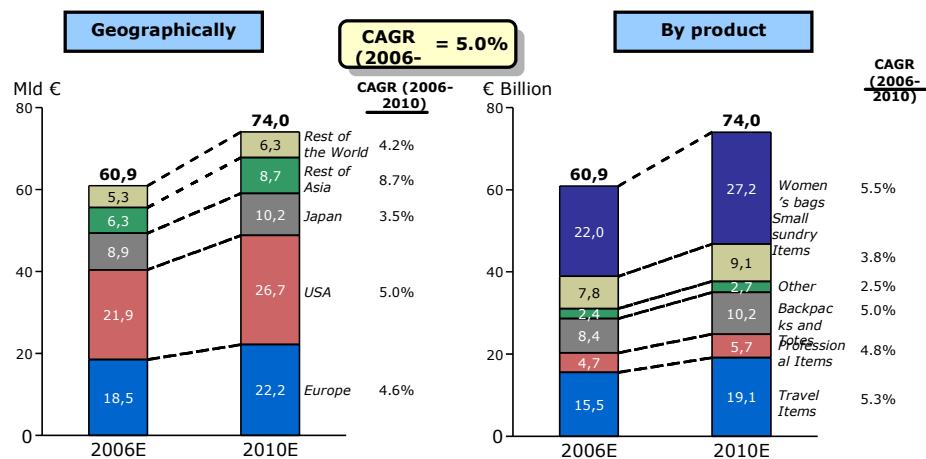
It is estimated that in 2005 the leather goods market worldwide reached approximately € 60.9 billion, thanks especially to the healthy pace of the economy in the United States following the crisis years of 2000-2001. Professional items, a category in which the company has a historic presence, accounted for 8% of total market value.

Growing Categories

Furthermore, the trends in 2006-2010 forecast global growth of about 5% with spikes of 8.7% in Asiatic countries, excluding Japan. The leading pace-setters will be "women's bags", which will continue to be the major growing category during this period, at 5.5%, followed by "travel items" (+5.3%) and "backpacks and totes" (+5%)¹.

The Group has been working for a few years now to broaden its range with products for travel and women's bags, which — with 26% and 36% respectively — represent the sectors with the lion's share of the world market.

World Market – Expected Growth



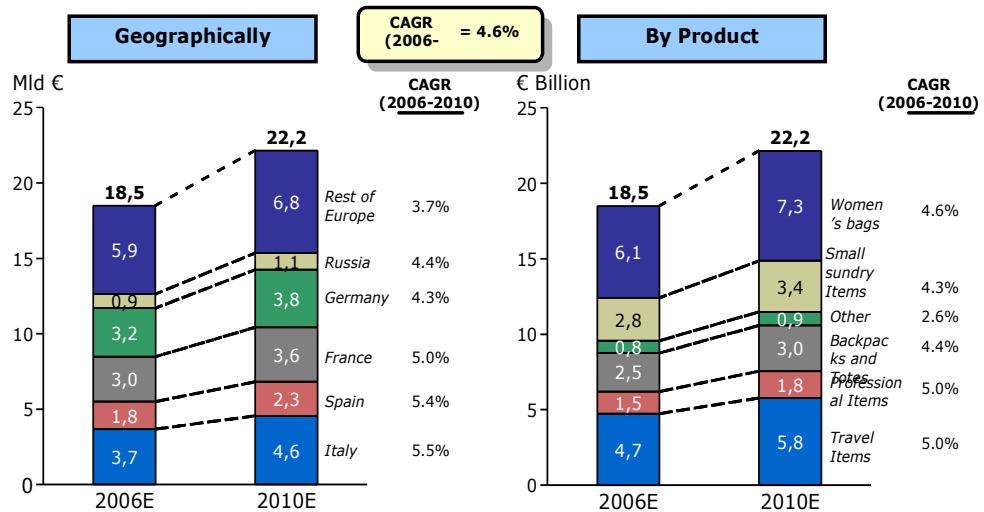
¹ Source: Bain & Co. processing of GIA, Euromonitor, CBI, ICON data.

Presence in rapidly Expanding Markets

At European level, Italy — Piquadro's main market — recorded approximately 20% of sales in 2006 and growth that reached 2.6%, slightly higher than the average growth in Europe. Along with Italy, the company's other reference markets in Europe — Spain, Germany, France, and Russia — represent approximately 68% of the total European market.

In the period 2006-2010, Europe will see sustained growth in the Mediterranean countries: Italy (+5.5%), Spain (+5.4%) and France (+5%). From the product standpoint, professional items will be the major growing category, along with travel items (+5%).

European Market – Expected Growth



It is also interesting to look at expected market trends for 2006-2010 in heavily branded products, for which growth of 7.8% is anticipated. Within this market, the leather goods sector has the highest expected growth, at approximately 14%, which is noticeably higher than the 5% growth estimated for the sector as a whole.

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Products

Products: a Wide Range

Piquadro produces a wide range of products, from professional bags for men and women to cases, small sundry items, planners, portfolios, and a rich collection of accessories characterised by a clear focus on design and technical innovation, joining a high degree of functionality with considerable aspirational value.

High Performance

The combination of quality, tradition, and high-tech translates into the creation of accessories that successfully blend aesthetic taste with excellent performance, creating products that are comfortable to use, make the best use of all spaces, and protect their contents.

The "tech-inside" concept is one of the principal guidelines behind the product design. Piquadro items are created both with and for high technology: bags and cases are conceived to make it easy to carry technological devices such as mobile phones, PDAs, and laptop computers.

Two Types of Products

The products on offer can be divided into permanent items that are in the catalogue all year, and seasonal items in the autumn/winter and spring/summer collections that are more responsive to the latest trends. Creation of the former requires longer periods for development and a greater degree of research than does the latter, but it also makes it possible to better optimize industrial processes, with positive effects on production costs. In addition, the constant reserve stock in the warehouse makes it possible to handle orders constantly and quickly throughout the year.

Seasonal items, on the other hand, are characterised by a shorter time to market, and are produced exclusively on the basis of orders received.

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The Ongoing Lines	Currently, the Group offers eleven permanent product lines:
Expand	Line of bags and expandable laptop briefcases made of hot-moulded leather paired with technical details in metal and PVC. Hand-dyed raw edges and rounded pockets created using a new technique, "thermo-shaping", which uses heat to mould the external sections, keeping them sleek and sinuous without any stitching.
Modus	Series of compartmented laptop briefcases, wheeled bags, and small accessories, characterised by soft shapes and highly refined leather, paired with designed metal finishings.
Blue Square	The line consists of bags and accessories with blue-tinted edges: the leather is dyed and treated to create an old fashioned look.
O2	Ultra-equipped bags and accessories made in grain kidskin. Briefcases feature a neoprene laptop sleeve and removable compartments for cell phones and glasses.
Icon	Attachés and shoulder bags with informal shades of leather and high-tech water-resistant material. These items feature padded laptop compartments, pockets for mp3 players, and side water bottle pockets. Professional briefcases feature a key-lock closure to protect contents, and a removable organisational panel that helps organise the interior.
PQ7	System of briefcases, bags, wheeled bags, and accessories crafted in leather and high-tech materials with eye-catching colours, removable inserts, and tone-on-tone metal accessories. The PQ7 Travel series completes the travel line. Intelligent solutions, such as the extra folding bag and the front hook for bags and briefcases, make it possible to travel in complete comfort.
T-Square	Versatile bags and wheeled cases in oiled leather and water-resistant fabric, suitable for leisure or professional use, featuring neoprene laptop covers and removable compartments for glasses and mobile phones.

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Corner	High-tech collection of organised professional bags in oiled leather and stain-resistant microfibre, with rounded polyurethane corners to prevent blows.
Voyager	Travel line, consisting of shoulder bags, backpacks, totes, and wheeled bags in light, ultra-durable, and waterproof material. The intelligent organisation of the interior and the handy accessories make it easy to capitalize on the space available and access personal effects quickly.
Tamponato	Line of products that blends refined classical style with the technological heart of Piquadro.

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Management

Marco Palmieri

Marco Palmieri has been the Chairman and CEO of Piquadro since its inception.

Born in Milan in 1965, he worked for years with optical and computer science systems. He founded Piquadro in 1987.

After ten years of subcontract manufacturing for the top Italian luxury brands, in 1998 Piquadro joined the market with its first line under its own brand.

Technological know-how and great sensitivity to innovation also became founding concepts for Palmieri in his new business: Piquadro means technological innovation in its products, but also in its manufacturing techniques, and in the way processes are structured and the company is organised.

Pierpaolo Palmieri

Pierpaolo Palmieri currently holds the office of Piquadro Business Director and is Director of Piquadro Holding. He has also been the Director of Piquadro since September 2005.

Born in 1973 in Milan, he continued his training abroad for a period after graduation.

Shortly after his twenty-first birthday, he joined the company in the position of sales manager. He is responsible for the first distribution innovation and segmentation of the trade by target served rather than by type.

He complements his brother, both in character and position, and is a cornerstone of the company.

Roberto Trotta

Roberto Trotta is the CFO and Investor Relator at Piquadro, as well as its Director.

Born in Rome in 1965, he graduated in Economics and Business from the University of Bologna. He began his professional career with the Fochi Group, where from 1990 to 1995 he served as Finance Manager and headed up Operations Management for group companies. From May 1995 to February 1999, he served as Manager of the Budget Sector and Management Control System at ARPA (Emilia Romagna Regional Prevention and Environment Agency). From March 1999 to October 2003 he held the position of CFO and *Investor Relator* at CTO S.p.A., a company listed on the new market of the Milan Stock Exchange. From November 2003 through May 2004, he served as CFO of the Paritel Group. Finally, from June 2004 to April 2007, he became CFO of OVA G. Bargellini S.p.A. (now part of the Schneider Electric Group).

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Marcello Piccioli

Since 2000, Marcello Piccioli has held the position of Managing Director at Piquadro. He joined the company in 1997 in a business capacity, after ten years of experience as Sales Director in various companies in the stationery and clothing sectors, with responsibilities in sales, marketing, and communications in various world markets.