

MARCOLIN

EYEWEAR



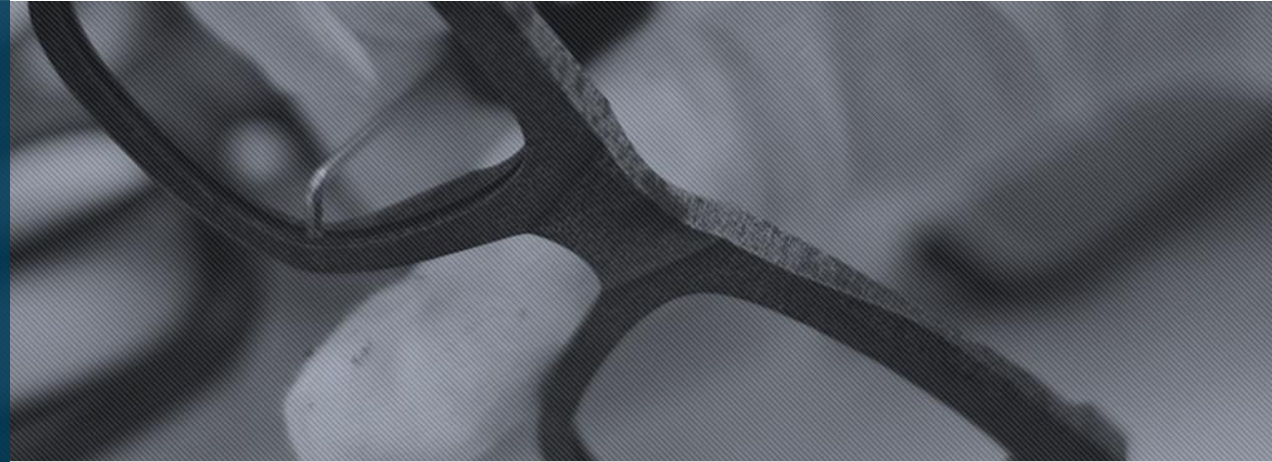
Investors Presentation
Q3 2020 Financial Results

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Agenda



- **Covid-19 health emergency – update on business activities**
- Key consolidated financials: Q3 2020
- Appendix

Covid-19 health emergency – update on business activities

Current situation

3Q20 Results shows a positive trend with a partial recovery (-4% vs LY). Very positive results in July confirming the trend started from May.

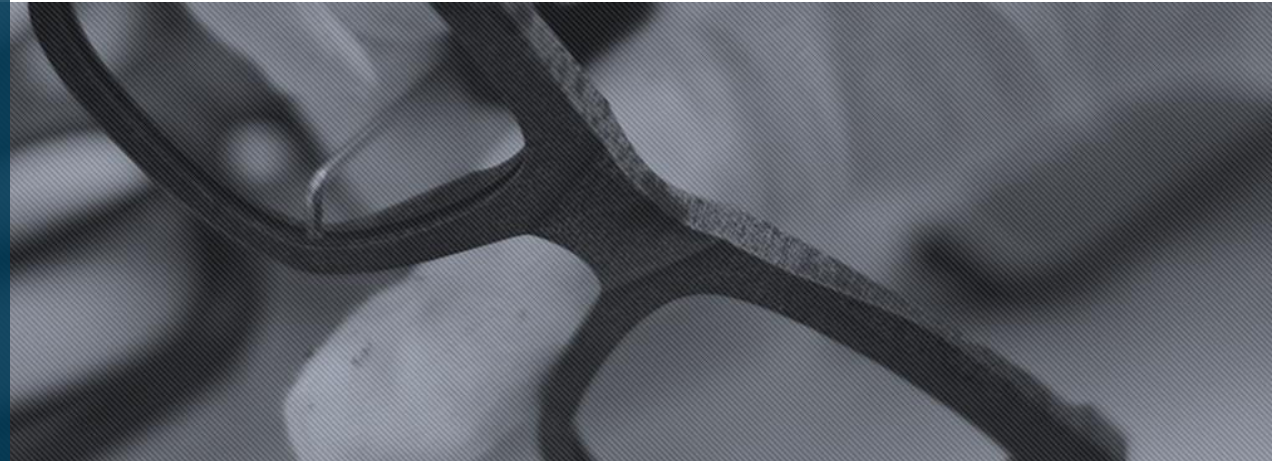
Actions

- *Protect the health and safety of all Marcolin's employees by implementing all necessary and required hygiene protocols in Italian factory and logistic hubs worldwide as well as promote remote working solutions for office staff*
- *Strong action plan in order to ensure business continuity and control costs and cash through:*
 - aligned manufacturing capacity utilization and sourcing to current market demand;
 - minimized discretionary expenditures and suspending non-crucial investments;
 - strong cost control, optimized marketing expenses, negotiated with suppliers and landlords, reduced manager compensation and government measures across various countries to control personnel costs (e.g. employee furlough);
 - focused on WC through monitoring of inventory level and partnership with our customers and suppliers in order to align as much as possible cash inflows and outflows;
 - additional liquidity support through Eur25m shareholders loan and Eur50m SACE SpA guaranteed loan (Italian Law Decree No. 23/2020) and waiver on ssRCF financial covenant.

Outlook

Positive trend experienced in Q3 has continued in October and November as well. It continues to be difficult to accurately predict the full impact of Covid-19 on FY20 results given the current situation showing a new spread of the pandemic across Europe and USA and the related new governments restrictions.

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Sales

All Regions impacted by Covid-19:
 - H1: -46% vs PY, strong impact in APAC with full lockdown, EMEA and US;
 - Q3: -4% vs PY, strong performance in July. In September very good performance of US.
 - Asia also impacted by China JV exit and Korea distributor change.

Q3 2020

237

Q3 2019

357

-33.5% PY @ curr FX
 -32.6% PY @ const FX

EBITDA

Q3 2020 EBITDA Reported is **€ 8.5m**, while PY is €31.5m.

Gross Margin: good product cost control and pricing policy on sales. Negative leverage on Indirect production costs and provision weight;

Ebitda: heavily impacted by volumes, mitigated by strong variable cost control, marketing and overhead and strong action on personnel through furlough, CIG and other government measures.

Q3 2020
Adjusted ⁽¹⁾

11

Q3 2019
Adjusted ⁽¹⁾

34

4.7% On Net Sales

9.6% On Net Sales

Net Debt

Q3 2020 NFP Reported is € 333m
 Q3 2020 NFP Adjusted⁽²⁾ is positively impacted by:

- TWC control... aligning cash inflows and outflows
- Eur25m SHL... treated as equity credit

Q3 2020
Adjusted ⁽²⁾

293

FY 2019
Adjusted ⁽²⁾

249

(1) EBITDA Adjusted excludes one-off elements and IFRS 16 effects (both Q3 20 and Q3 19).

(2) NFP Adjusted excludes IFRS 16 effect and the Shareholder Loan issued by 3Cime SpA.

2020 Sales results – Quarterly overview

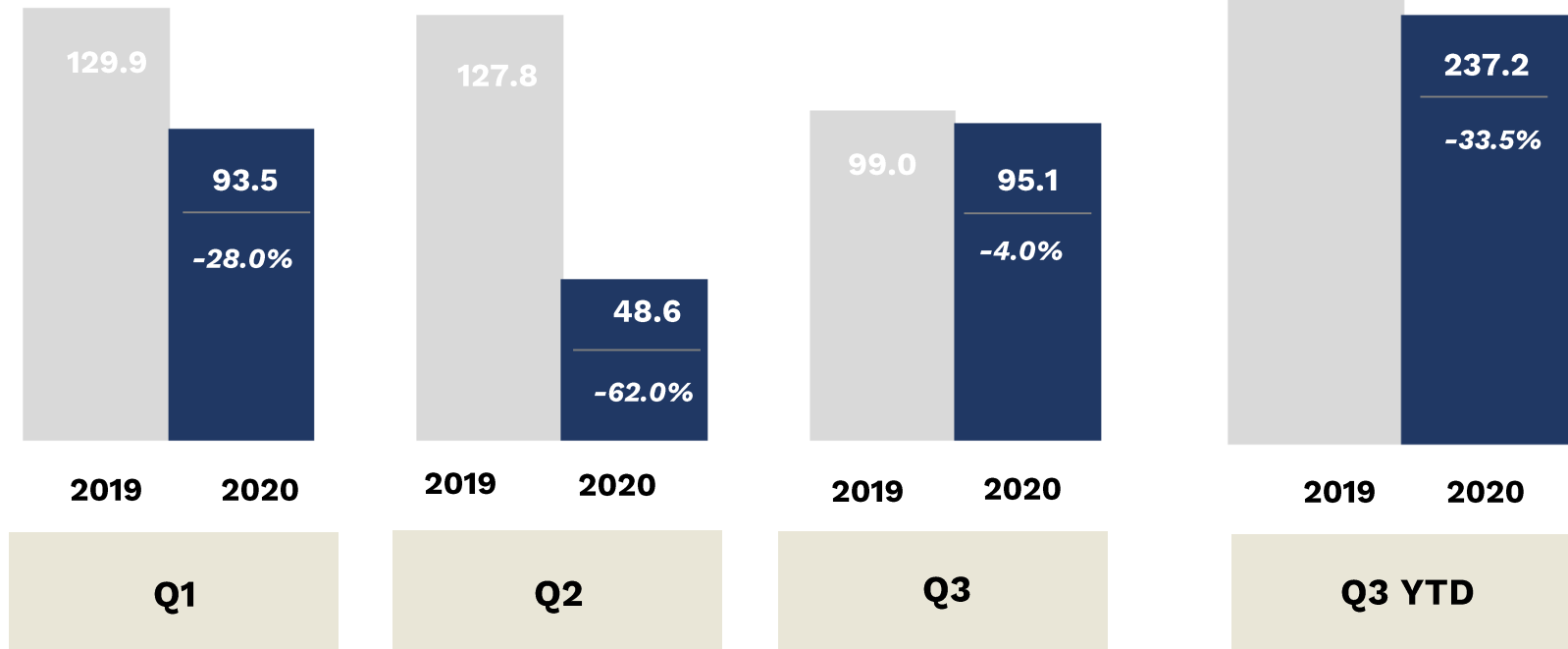
Net sales EUR/m

Delta % vs PY

EUR/m

237.2

-33.5%



Q3 2020

Global sales
By market destination

237
million EUR

-33.5% PY @ curr FX
-32.6% PY @ const FX

Americas

97

Mill. EUR
-36.4%
-34.5% @ const FX

41%

Europe

112

Mill. EUR
-26.4%
-26.1% @ const FX

48%

Asia

11

Mill. EUR
-47.4%
-47.4% @ const FX

4%

RoW

17

Mill. EUR
-45.5%
-45.4% @ const FX

7%

Consolidated Income Statement

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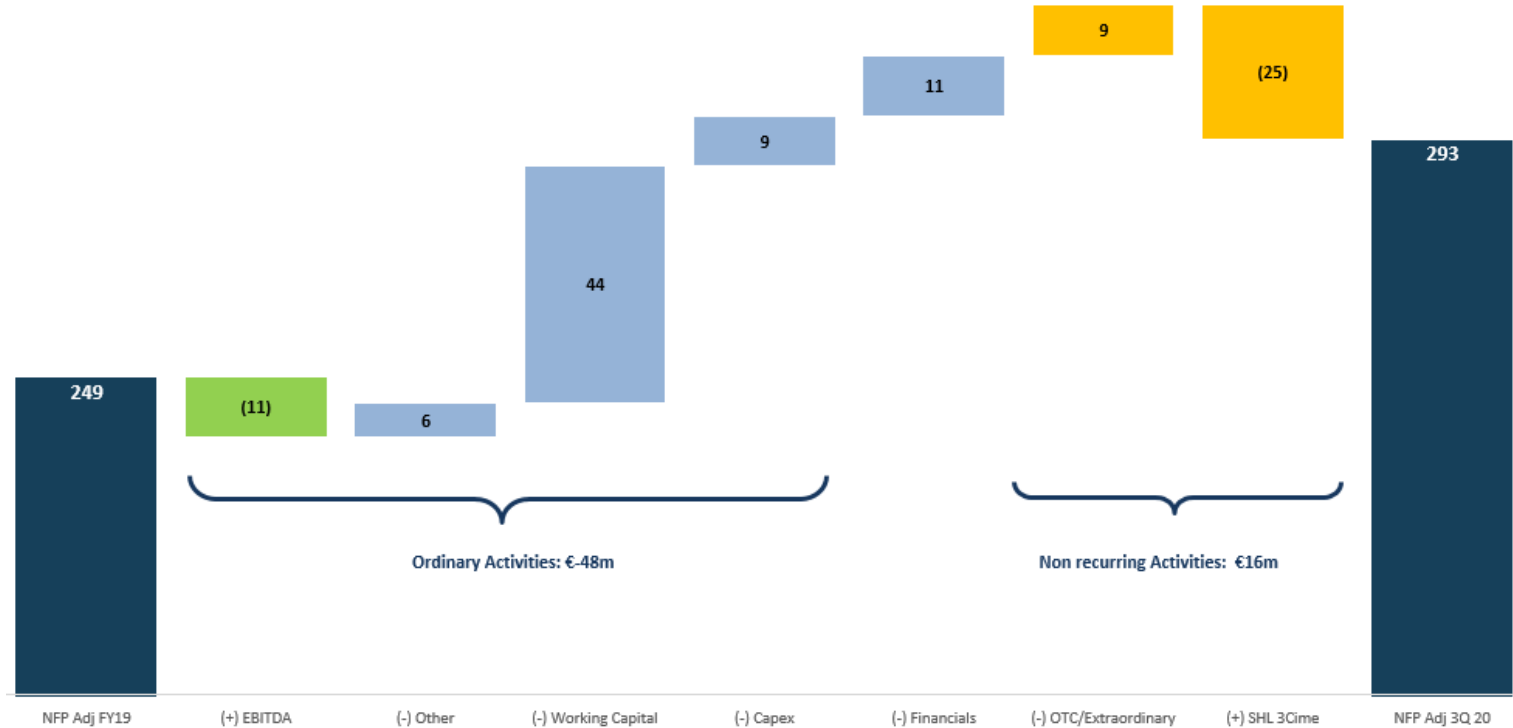
Key financials Q3 2020

(EURm)	Q3 2020		Q3 2019	
	Adjusted	%NS	Adjusted	%NS
Net sales	237	100.0%	357	100.0%
Gross Margin	135	57.0%	210	59.0%
EBITDA	11	4.7%	34	9.6%
EBIT	(5)	-2.2%	19	5.2%

Key observations

- **GM:** continues to benefit from product cost control and stable commercial/pricing policy on sales. Negative leverage on Indirect production costs and provision weight.
- **EBITDA:** strong effort to balance operating leverage and fixed cost structure
- **EBIT:** impacted by D&A, pretty much aligned with PY.

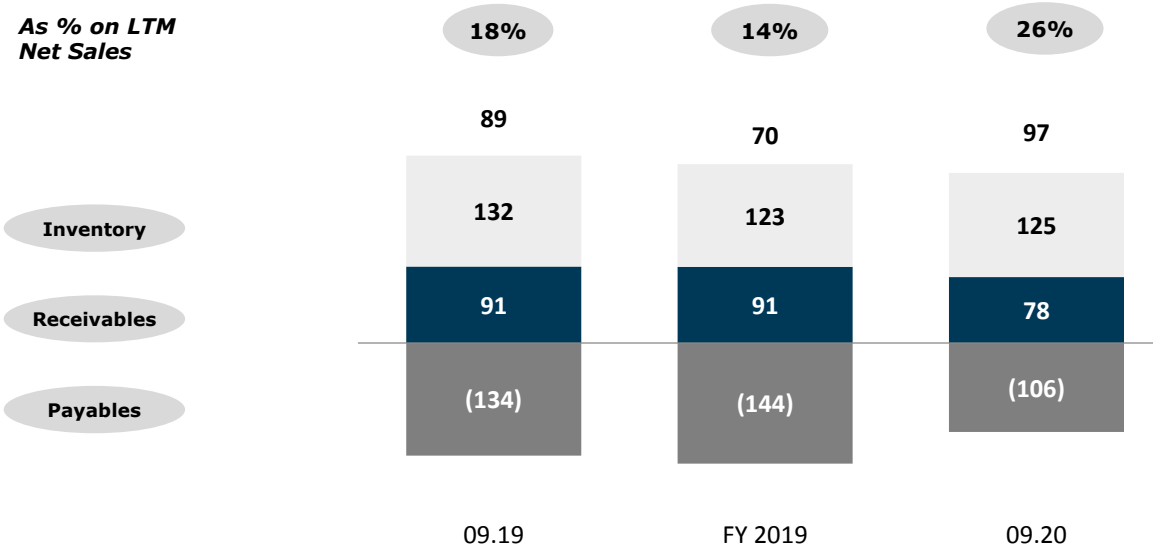
Consolidated Adj Cash Flow



Key observations

- **WC:** good working capital management in order to align as much as possible cash inflows and outflows... Q3 absorption as planned, mainly payables reduction
- **Capex:** actions to reduce capital expenditures
- **OTC/Extraordinary:** mainly one-time costs and dividend to minorities distributed in Jan 2020
- **Shareholder Loan:** subordinated loan issued by 3 Cime SpA for Eur25m, maturing in Dec. 2025, interest payable at maturity date, treated as equity credit
- **NFP Reported:** €333m, difference vs NFP Adj IFRS16 and SHL 3 Cime SpA

Trade Working Capital



Key observations

- **Trade Receivables:** affected mainly by revenues reduction due to Covid-19... DSO getting back to pre Covid-19 level
- **Trade Payables:** reduction on purchases and payment flows
- **Inventory:** minor increase driven by sales reduction in the first half of the year and support to 4Q20 sales recovery

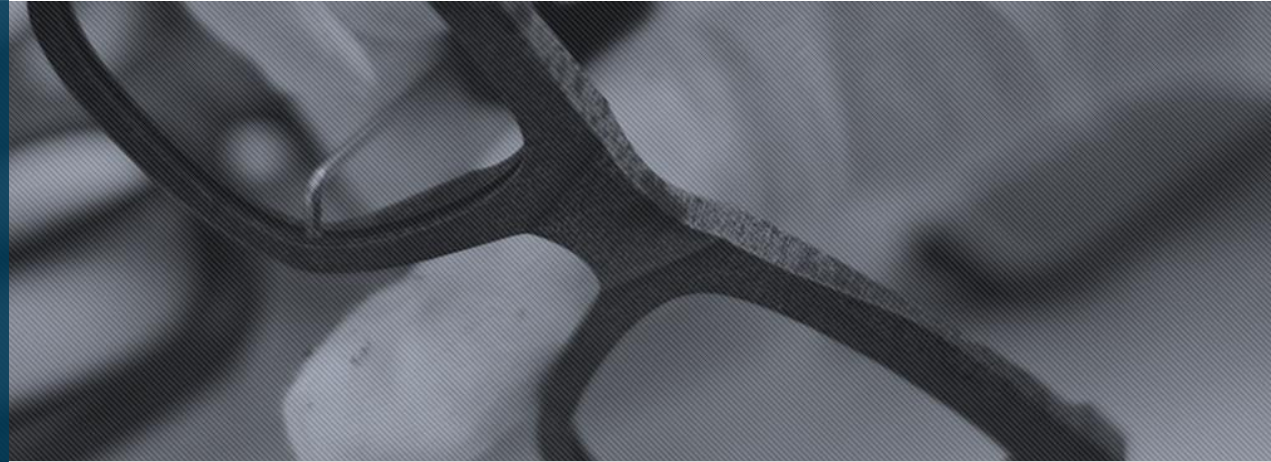
Net Financial Position Adjusted

	(EURm)	3Q 2020	FY 2019	3Q 2019
(a)	Current financial liabilities	64	56	59
(b)	Non current financial liabilities	310	260	257
	Financial Liabilities	374	316	316
	Cash and cash equivalents	58	46	24
	Current, Non Current financial assets and Amortized Fees	23	22	29
	Financial Assets *	81	67	53
	Net Financial Position**	293	249	263
	Revolving Credit Facility	40	27	30
	Short term borrowings from Banks	5	7	8
	Current Financial Loan	16	19	18
	Bond accrued interests	1	1	1
	Current Financial Lease	1	1	1
(a)	Current financial liabilities	64	56	59
	Senior Secured bonds	250	250	250
	SACE Loan	50	0	0
	Non Current Financial Loan	4	4	1
	Non Current Financial Lease and other	6	6	6
(b)	Non Current financial liabilities	310	260	257

* Financial Assets include amortized fees, accounted on Financial Liabilities on the Condensed Consolidated Statement of Financial Position.

** NFP excluded IFRS 16 effect and on 3Q20 the effect of the Shareholders Loan.

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Income Statement

(EURm)	Q3 2020				Q3 2019			
	Reported	%NS	Adjusted ⁽¹⁾	%NS	Reported	%NS	Adjusted ⁽¹⁾	%NS
Net sales	237	100.0%	237	100.0%	357	100.0%	357	100.0%
Cost of sales	(104)	-44.1%	(102)	-43.0%	(146)	-41.0%	(146)	-41.0%
Gross Margin	133	55.9%	135	57.0%	210	59.0%	210	59.0%
Selling and marketing costs	(104)	-43.8%	(105)	-44.4%	(155)	-43.6%	(158)	-44.3%
G&A expenses	(21)	-8.8%	(19)	-8.1%	(26)	-7.4%	(21)	-6.0%
Other income and expenses	1	0.3%	1	0.3%	3	0.8%	3	0.8%
EBITDA	8	3.6%	11	4.7%	32	8.8%	34	9.6%
Amortization-Depreciation	(24)	-10.2%	(17)	-7.0%	(20)	-5.6%	(16)	-4.4%
Operating Profit	(16)	-6.6%	(5)	-2.2%	12	3.3%	19	5.2%
Equity method investments	(13)	-5.6%	-	0.0%	(9)	-2.5%	-	0.0%
Net finance costs	(16)	-6.8%	(16)	-6.6%	(15)	-4.2%	(14)	-4.0%
Profit before taxes	(45)	-19.1%	(21)	-8.8%	(12)	-3.5%	4	1.2%
Income tax expense	6	2.7%	5	1.9%	(0)	-0.1%	(2)	-0.6%
Net Result	(39)	-16.4%	(16)	-6.9%	(13)	-3.6%	2	0.6%

(1) Adjusted elements excludes: one-off costs, IFRS 16 effects, Thelios effect accounted with the equity method.

Statement of Financial Position

Balance Sheet (EURm)	3Q 20 Reported	3Q 20 Adjusted ⁽²⁾	FY 19 Adjusted ⁽²⁾
Trade receivables	78	78	91
Inventory	125	125	123
Trade Payables	(106)	(106)	(144)
Trade Working Capital	97	97	70
Other assets and liabilities	(9)	(9)	(15)
NET WORKING CAPITAL	88	88	54
Other non current assets	50	50	43
Property, plant and equipment	44	30	32
Intangible assets	47	47	51
Goodwill	284	284	288
Total Fixed Assets	426	411	415
Funds	(34)	(34)	(23)
NET INVESTED CAPITAL	480	465	446
Net Financial Position	333	293	249
Equity	147	172	197
COVERAGE OF NIC	480	465	446

(2) Adjusted column excludes IFRS 16 effect and on 3Q20 the effect of the shareholders loan.

The IFRS16 effect on 3Q 2020 is shown in the table below:

3Q 2020 Income Statement effect	(EURm)
(+) EBITDA (Decrease in operating rental expenses)	4.7
<i>(-) Asset depreciation</i>	<i>(4.4)</i>
<i>(-) interest expenses</i>	<i>(0.6)</i>
Net Result	(0.2)

3Q 2020 Net Financial Statement effect	(EURm)
(+) Lease Liabilities	14.9

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