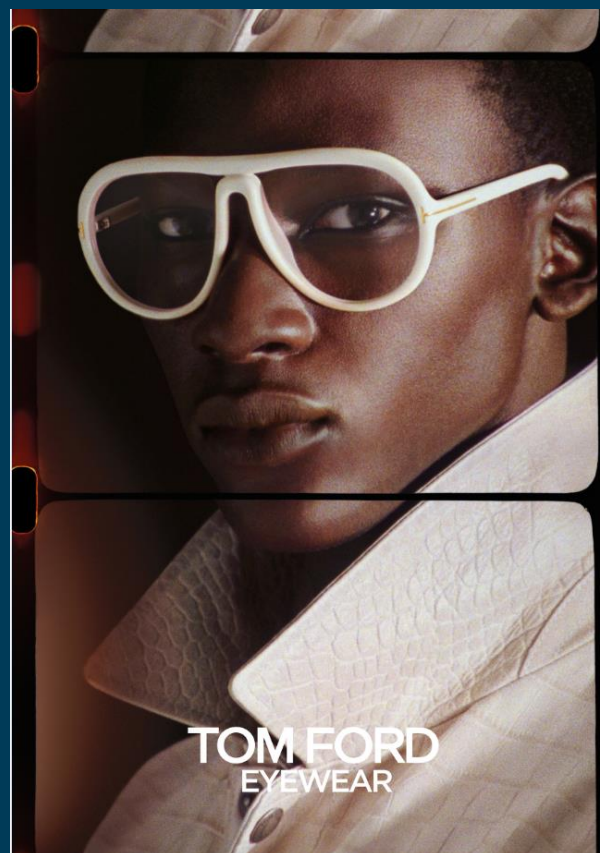
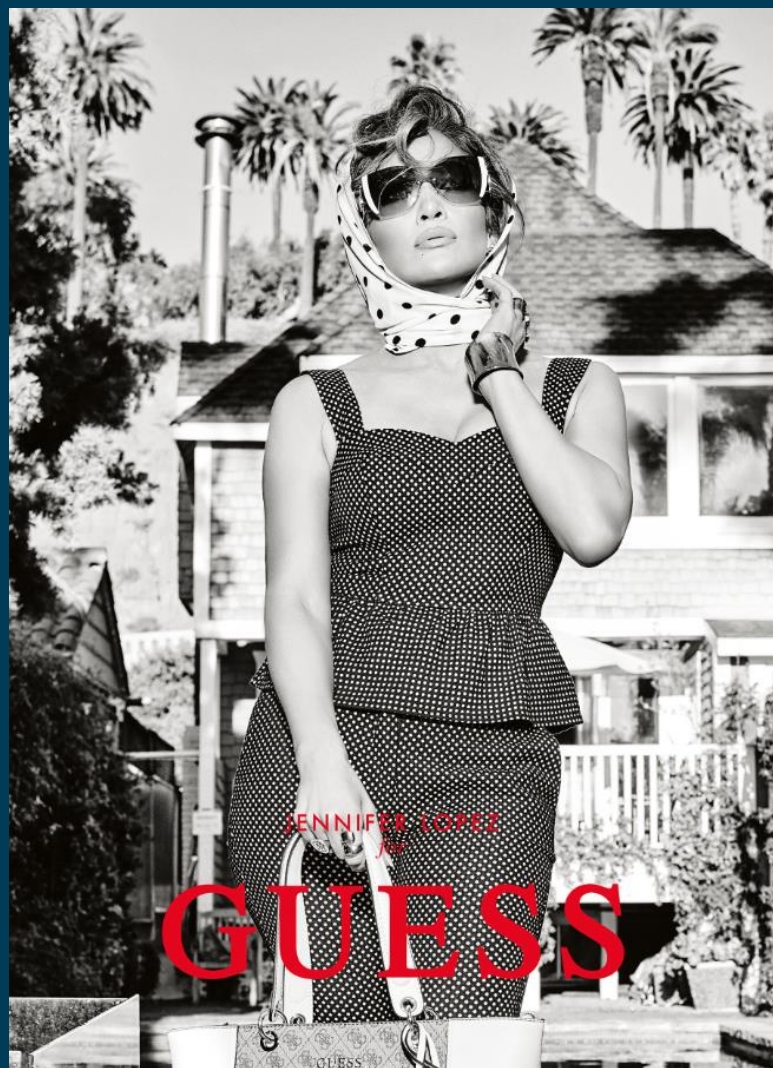


# MARCOLIN

EYEWEAR



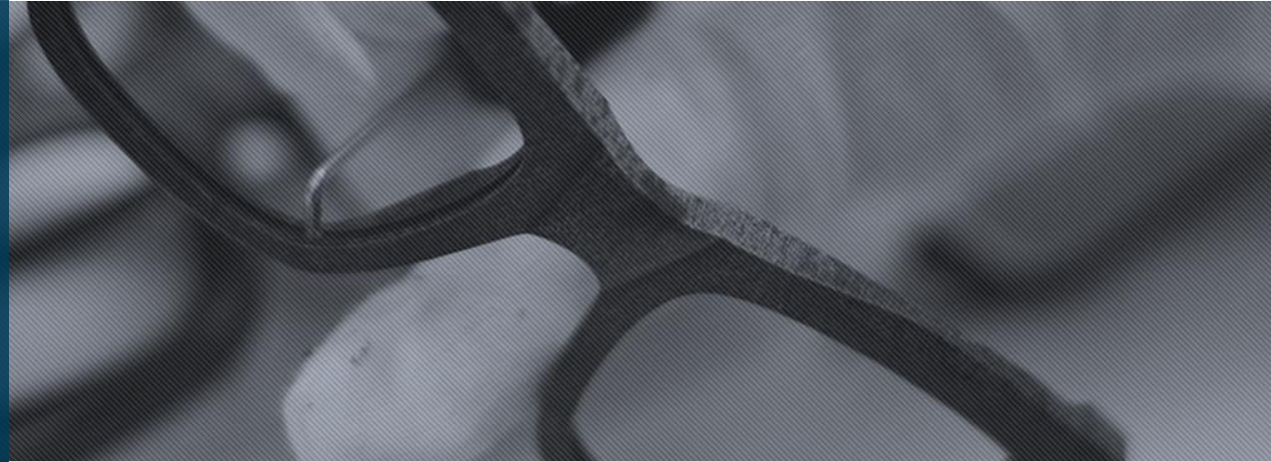
Investors Presentation  
Q1 2020 Financial Results

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# Agenda



- **Covid-19 health emergency – update on business activities**
- Key consolidated financials: Q1 2020
- Appendix

# Covid-19 health emergency – update on business activities

## Actual situation

1Q 2020 has been highly impacted by the Covid-19 outbreak. January and February 2020 were modestly impacted by the shut-down of our Chinese suppliers, which are now back to normal activity levels. However, our business started to deteriorate more rapidly in the 2nd half of March, with complete lockdowns across Europe, the US and many other markets.

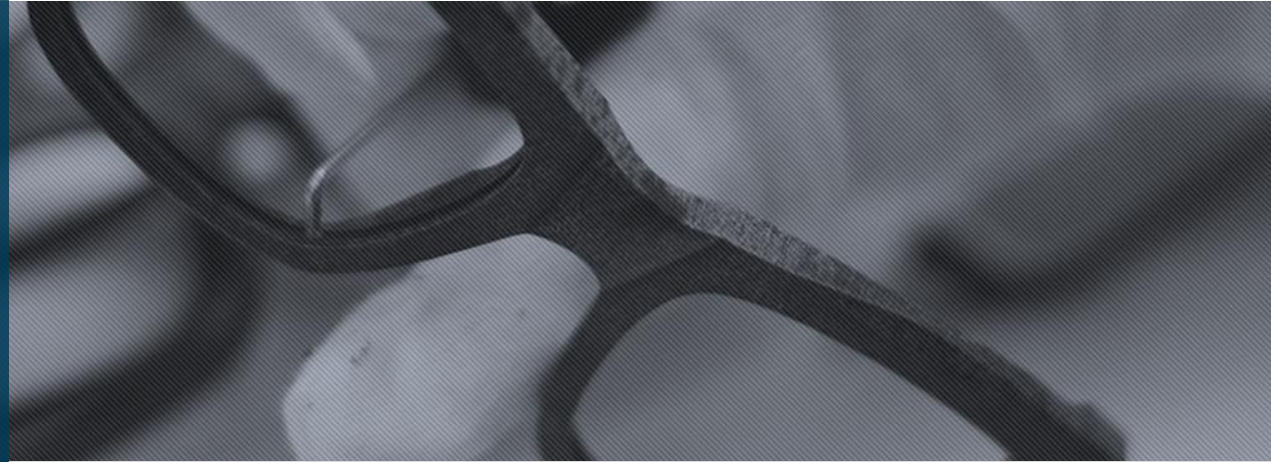
## Our plan

- *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:*
  - aligning manufacturing capacity utilization and sourcing to current market demand;
  - minimizing discretionary expenditures and suspending non-crucial investments;
  - strong cost control, optimizing marketing expenses, negotiating with suppliers and landlords, reducing manager compensation and government measures across various countries to control personnel costs (e.g. employee furlough);
  - focusing 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 committed shareholders loan and under evaluation SACE SpA guaranteed loan (Italian Law Decree No. 23/2020) and waiver on ssRCF financial covenant.

## Outlook

At present, the Company has insufficient visibility to accurately predict the full impact of Covid-19 as the situation remains highly volatile, with uncertainty around the potential demand impact of expected social distancing measures likely to be implemented by most governments following the lockdown period.

# Agenda



- Covid-19 health emergency – update on business activities
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- Appendix

## Sales

Consolidated Net Sales decrease -28.0% vs. PY at curr. FX, while decrease -28.6% at const FX. The decrease is mainly due to Covid-19 health emergency in particular with complete lockdown across Europe, US and many other markets

Q1 2020

Q1 2019

**94**

**130**

-28.0% PY @ curr FX  
-28.6% PY @ const FX

## EBITDA

Q1 2020 EBITDA Reported is **€ 10.7m**, while PY is €16.2m.  
Q1 2020 EBITDA Adjusted<sup>(1)</sup> is **€ 10.0m**, while PY is €16.0m.

Q1 2020  
Adjusted <sup>(1)</sup>

Q1 2019  
Adjusted <sup>(1)</sup>

**10**

**16**

**10.7%** On Net Sales

**12.2%** On Net Sales

## Net Debt

Compared to FY 2019 (€ 249m), Q1 2020 Adjusted<sup>(2)</sup> shows a change mostly due to Covid-19 business slowdown together with working capital seasonal trend.

Q1 2020  
Reported

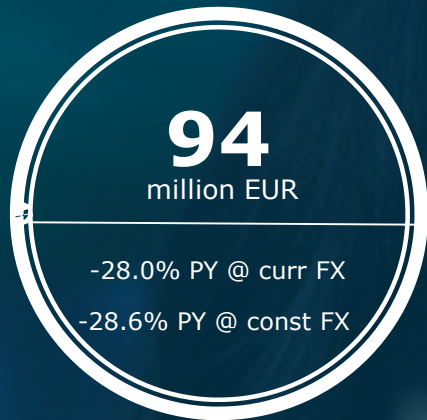
Q1 2020  
Adjusted <sup>(2)</sup>

**300**

**282**

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

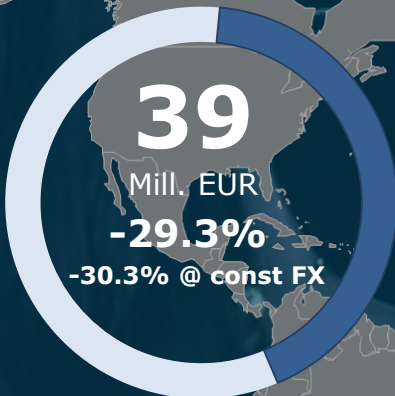
(2) NFP Adjusted excludes IFRS 16 effect.



Q1 2020  
**Global sales**  
By market destination

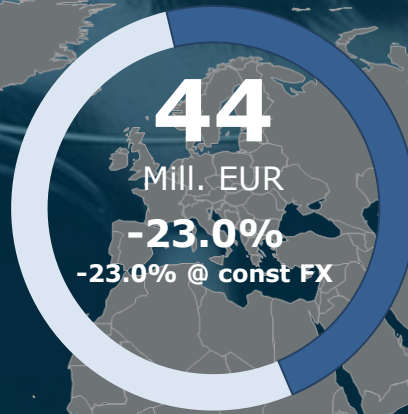
-28.0% PY @ curr FX  
-28.6% PY @ const FX

**Americas**



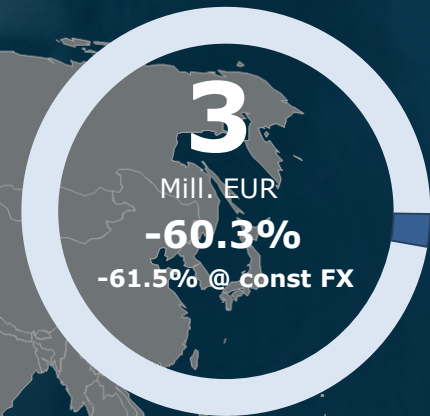
42%

**Europe**



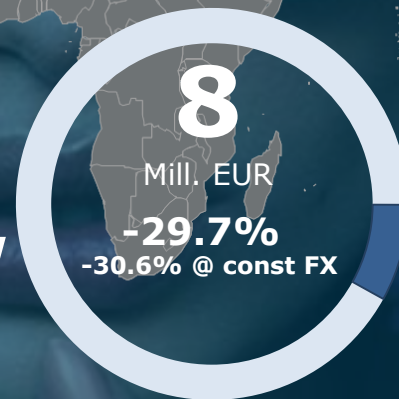
47%

**Asia**



8%

**RoW**



3%

PY like-for-like perimeter

# Consolidated Income Statement

MARCOLIN  
EYEWEAR

Key financials Q1 2020

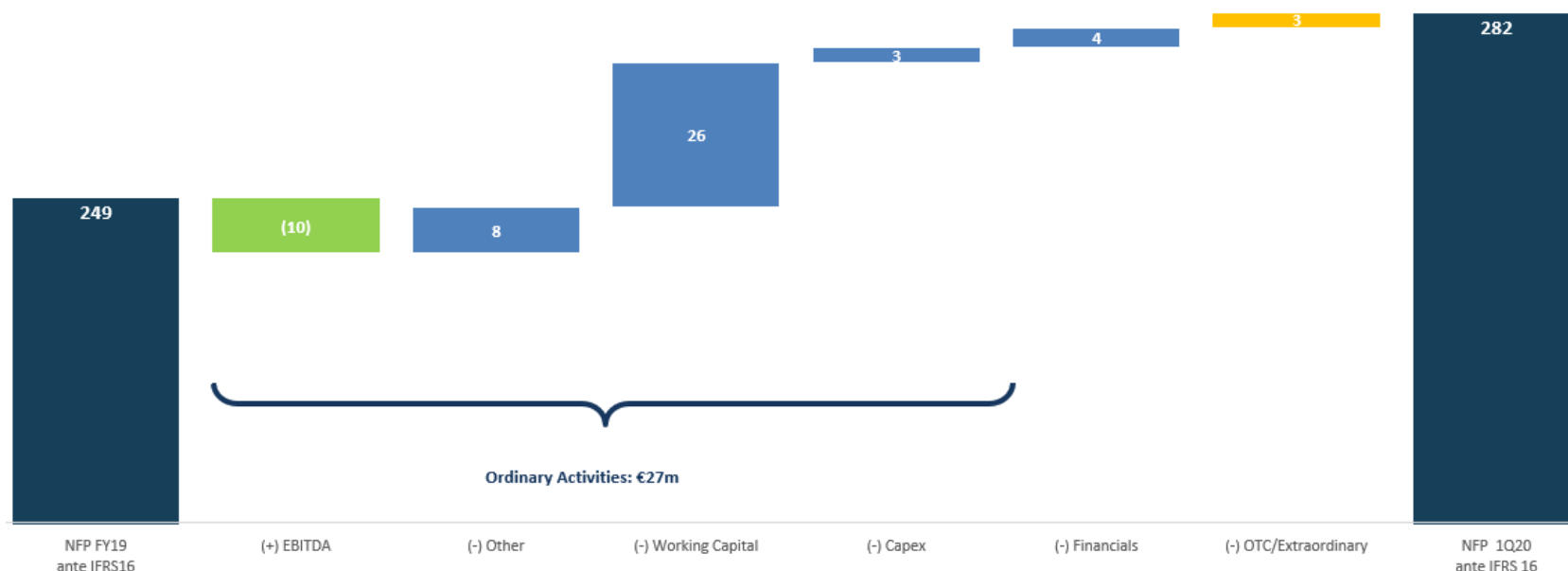
(EURm)	Q1 2020		Q1 2019	
	Adjusted	%NS	Adjusted	%NS
<b>Net sales</b>	<b>94</b>	100.0%	<b>130</b>	100.0%
<b>Gross Margin</b>	<b>56</b>	59.9%	<b>77</b>	59.5%
<b>EBITDA</b>	<b>10</b>	10.7%	<b>16</b>	12.2%
<b>EBIT</b>	<b>4</b>	4.3%	<b>11</b>	8.5%

## Key observations

- **Net Sales:** -28.0% vs PY (-€36.3m) at curr FX, -28.6% (-€37.1m) at const FX. January and February positive results offset by the progressive lockdown starting from March 2020 across Europe, US and many other markets due to Covid-19 health emergency
- **GM:** continues strong results thanks to product cost control and commercial/pricing policy on sales
- **EBITDA:** strong effort to balance operating leverage and fixed cost structure to maintain double digit % at around 11%
- **EBIT:** % on sales driven by slight increase in D&A



# Consolidated Cash Flow (Net Debt)



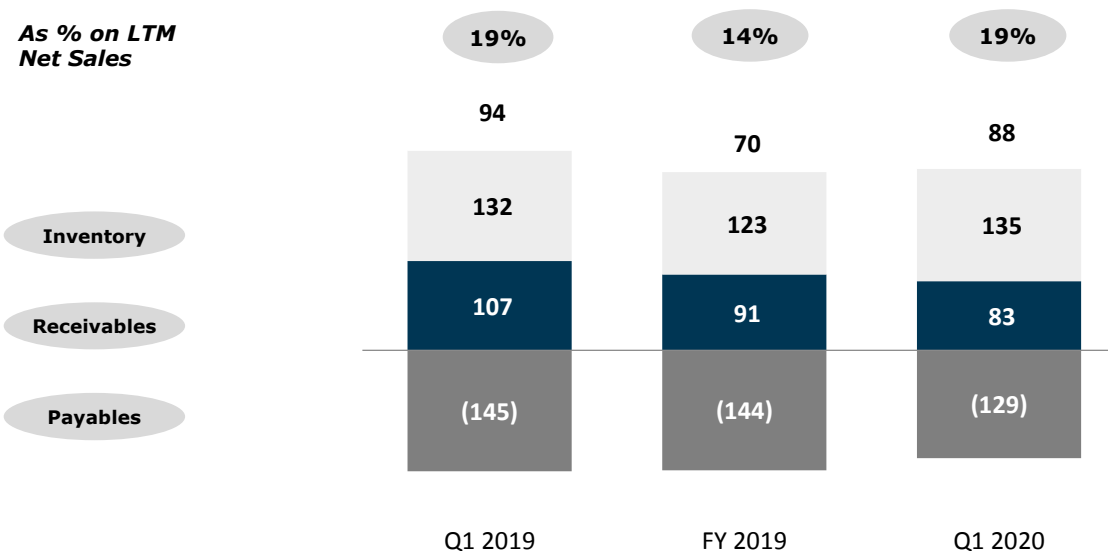
↓  
**Leverage ratio**  
**6.2x**  
**Target 7.5x \*  
headroom 20%**

## Key observations

- **WC:** primarily driven by seasonal trend (in line with LY) and volume slowdown due to Covid-19
- **Other:** primarily driven by timing on VAT receivables
- **OTC/Extraordinary:** mainly one time costs and dividend to minorities
- **IFRS 16 Effect:** NFP Reported is €300m

\* In December 2019 obtained the financial covenant amendment on the ssRCF by replacing the Total Net Leverage from 5x to 7.5x starting from 31/12/2019 till each relevant period onwards.

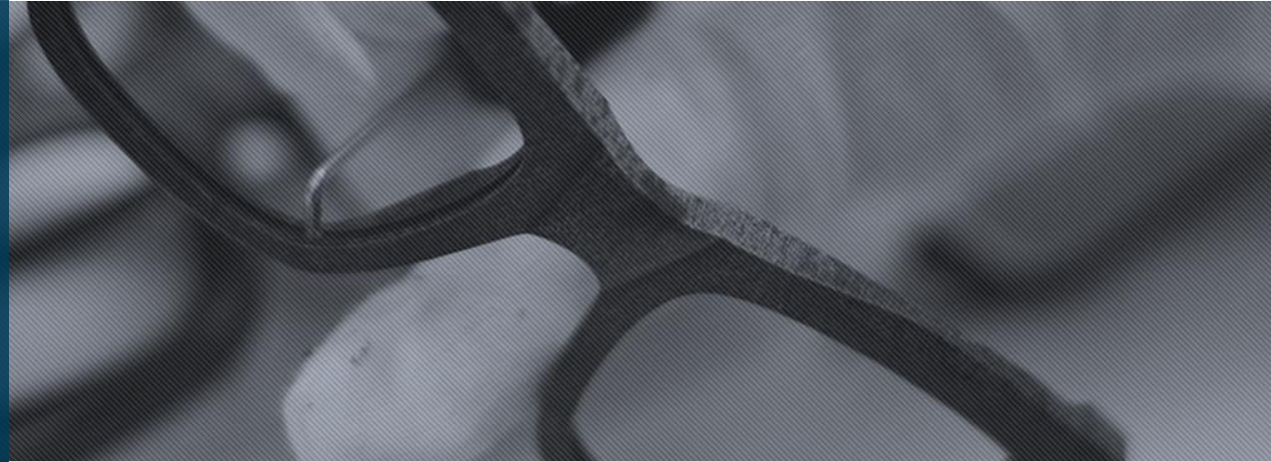
# Trade Working Capital



## Key observations

- **Trade Receivables:** affected mainly by revenues reduction experienced in March 2020
- **Trade Payables:** decrease mostly due to expense reduction (e.g. marketing, royalties, discretionary expenditures)
- **Inventory:** similar level as LY...balanced between drop of sales and control on sourcing/production

# Agenda



- Covid-19 health emergency – update on business activities
- Key consolidated financials: Q1 2020
- **Appendix**

# Income Statement

(EURm)	Q1 2020				Q1 2019			
	Reported	%NS	Adjusted <sup>(1)</sup>	%NS	Reported	%NS	Adjusted <sup>(1)</sup>	%NS
<b>Net sales</b>	<b>94</b>	<b>100.0%</b>	<b>94</b>	<b>100.0%</b>	<b>130</b>	<b>100.0%</b>	<b>130</b>	<b>100.0%</b>
Cost of sales	(38)	-40.4%	(37)	-40.1%	(53)	-40.6%	(53)	-40.5%
<b>Gross Margin</b>	<b>56</b>	<b>59.6%</b>	<b>56</b>	<b>59.9%</b>	<b>77</b>	<b>59.4%</b>	<b>77</b>	<b>59.5%</b>
Selling and marketing costs	(38)	-40.7%	(39)	-41.9%	(54)	-41.6%	(55)	-42.2%
G&A expenses	(7)	-7.7%	(7)	-7.6%	(8)	-5.8%	(7)	-5.6%
Other income and expenses	0	0.3%	0	0.3%	1	0.5%	1	0.5%
<b>EBITDA</b>	<b>11</b>	<b>11.5%</b>	<b>10</b>	<b>10.7%</b>	<b>16</b>	<b>12%</b>	<b>16</b>	<b>12.2%</b>
Amortization-Depreciation	(7)	-7.9%	(6)	-6.5%	(6)	-4.6%	(5)	-3.7%
<b>Operating Profit</b>	<b>3</b>	<b>3.6%</b>	<b>4</b>	<b>4.3%</b>	<b>10</b>	<b>7.8%</b>	<b>11</b>	<b>8.5%</b>
Equity method investments	(4)	-4.5%	-	0.0%	(2)	-1.9%	-	0.0%
Net finance costs	(11)	-11.8%	(11)	-11.6%	(4)	-3.4%	(4)	-3.3%
<b>Profit before taxes</b>	<b>(12)</b>	<b>-12.7%</b>	<b>(7)</b>	<b>-7.3%</b>	<b>3</b>	<b>2.5%</b>	<b>7</b>	<b>5.2%</b>
Income tax expense	2	1.9%	2	1.8%	(1)	-0.7%	(1)	-0.9%
<b>Net Result</b>	<b>(10)</b>	<b>-10.8%</b>	<b>(5)</b>	<b>-5.6%</b>	<b>2</b>	<b>1.8%</b>	<b>6</b>	<b>4.3%</b>

(1) EBITDA Adjusted excludes one-off elements and IFRS 16 effects.

# Statement of Financial Position

Balance Sheet (EURm)	Q1 20 Reported	Q1 20 Adjusted <sup>(2)</sup>	FY 19 Adjusted <sup>(2)</sup>
Trade receivables	83	83	91
Inventory	135	135	123
Trade Payables	(129)	(129)	(144)
<b>Trade Working Capital</b>	<b>88</b>	<b>88</b>	<b>70</b>
Other assets and liabilities	(8)	(8)	(15)
<b>NET WORKING CAPITAL</b>	<b>80</b>	<b>80</b>	<b>54</b>
Other non current assets	47	47	43
Equity investments	0	0	0
Property, plant and equipment	47	30	32
Intangible assets	51	51	51
Goodwill	291	291	288
Total Fixed Assets	435	418	415
Funds	(26)	(26)	(23)
<b>NET INVESTED CAPITAL</b>	<b>489</b>	<b>471</b>	<b>446</b>
Net Financial Position	300	282	249
Equity	189	189	197
<b>COVERAGE OF NIC</b>	<b>489</b>	<b>471</b>	<b>446</b>

(2) Adjusted column excludes IFRS 16 effect.

# Effect on IFRS 16 adoption

The IFRS16 effect on Q1 2020 is shown in the table below:

<b>Q1 2020 Income Statement effect</b>	<b>(EURm)</b>
<b>(+) EBITDA (Decrease in operating rental expenses)</b>	<b>1.6</b>
<i>(-) Asset depreciation</i>	<i>(1.4)</i>
<i>(-) interest expenses</i>	<i>(0.2)</i>
<b>Net Result</b>	<b>0.0</b>
<b>Q1 2020 Net Financial Statement effect</b>	<b>(EURm)</b>
<b>(+) Lease Liabilities</b>	<b>17.4</b>

# Net Financial Position

	(EURm)	Q1 2020	FY 2019	Q1 2019
(a)	Current financial liabilities	67	56	56
(b)	Non current financial liabilities	261	260	257
	<b>Financial Liabilities</b>	<b>328</b>	<b>316</b>	<b>313</b>
	<b>Financial Assets *</b>	<b>45</b>	<b>67</b>	<b>56</b>
	<b>Net Financial Position**</b>	<b>282</b>	<b>249</b>	<b>257</b>
	Revolving Credit Facility	40	27	25
	Short term borrowings from Banks	7	7	11
	Current Financial Loan	17	19	18
	Bond accrued interests	1	1	1
	Current Financial Lease	1	1	1
(a)	<b>Current financial liabilities</b>	<b>67</b>	<b>56</b>	<b>56</b>
	Senior Secured bonds	250	250	250
	Non Current Financial Loan	5	4	1
	Non Current Financial Lease and other	6	6	6
(b)	<b>Non Current financial liabilities</b>	<b>261</b>	<b>260</b>	<b>257</b>

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

\*\* NFP excluded IFRS 16 effect.

## Investor relation contacts

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