

MARCOLIN  
EYEWEAR



# Investors presentation

Annual Report December 31, 2015

March 17, 2016

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# Agenda



- **Key consolidated financials: FY 2015**
- Appendix

## Key consolidated financials

### Sales

Consolidated Net sales increased +20.1% vs. PY; **+11.0% at constant FX**.  
Mainly driven by TF (+28.7%), BA (+30.5%), SK (+56.5%) and important contribution by EZ.

**434.8**

Million EUR

**401.8**      **362.1**

2015 Constant FX

Million EUR in 2014

### EBITDA

FY 2015 EBITDA Reported is € 39.7m (€ 29.4m previous year).  
FY 2015 Adjusted EBITDA\* (excluding one-offs) is **€ 50.2m** or **11.5%** (€43.8m PY).

**FY 50.2**      **11.5%**  
On Net sales

### Net Debt

Consolidated Net Debt as of December 2015 is **€ 213.0m** (€ 196.1m end of December 2014), growing €16.9m vs. PY mostly due to one time Investing activities and Financial costs.

The ratio Net financial position to Adjusted EBITDA is **4.24**.

**213.0**

Million EUR

**4.24**      NFP /  
Adj Ebitda

\* EBITDA is affected by a number of extraordinary items. For this reason it has been adjusted to restate the one-off effects deriving from the re-organization as represented in "Consolidated Adjusted EBITDA" page 18.



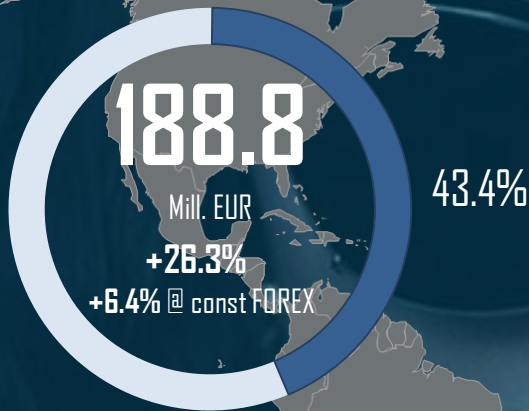
2015 FY

**Global sales**  
By market destination

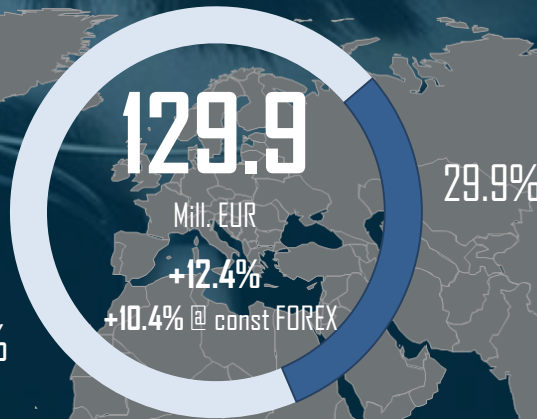
**MARCOLIN**  
EYEWEAR  
**Consolidated Sales**

**401.8** mill EUR +11.0% vs PY  
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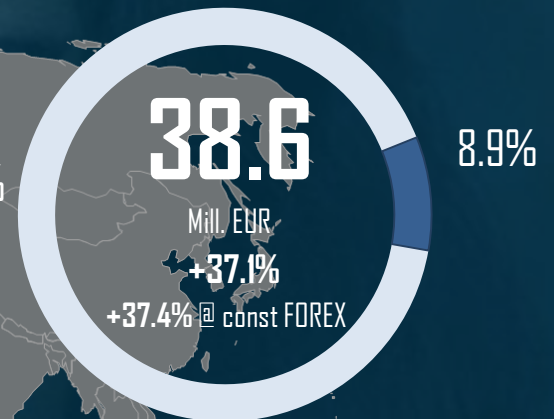
**North America**



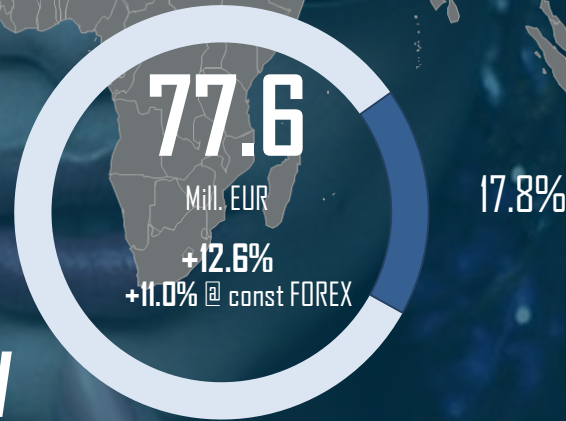
**Europe**



**Asia**



**RoW**



PY like-for-like perimeter

## P&L Executive Summary

- **Net Sales** performance is positive: +€72.7m (+20.1%) above last year, driven by full recovery of Italy (+27.4%) and growth of USA and Far East. In terms of brands the performance was driven by TF (+28.7%), SK (+56.5%), MB (+11.9%), BA (+30.5%) and EZ launched in the first quarter 2015.
- **Net Sales** @ constant FX +€39.7m or +11.0% vs. PY.
- **GM** in 2015 is €39.1m higher than that of the previous year, growing from €216.8m (or 59.9%) up to €255.9m (or 58.8%) in 2015. GM % is driven by i) the strengthening of US dollar whose impact was proportionally higher in cost of sales rather than revenues, ii) a favorable Brand Mix effect (also due to the introduction of the new luxury brands Pucci, and Zegna) and iii) an increase in volumes which enabled a greater absorption of fixed costs.
- **EBIT** in 2015 is €28.1m vs. €19.9m last year (respectively 6.5% vs. 5.5% of Net sales) improving due to operative leverage and the realized synergies.
- **EBITDA Reported** in 2015 is €39.7m vs. €29.4m last year (respectively 9.2% vs. 8.1% of Net sales).
- **EBITDA Adjusted**, excluding one-off items, would be €50.2m vs. last year € 43.8m (respectively 11.5% vs. 12.1% of Net sales).
- **Net Financial Costs** of €20.5m in 2015 include €17.0m for Bond interests (both P&L and cash impact). The change in respect to previous year is mostly due to exchange rate differences, in particular explained by a higher unrealized net result on US currency accrued in 2014, in addition to unrealized losses due to the devaluation of currency Brazilian real incurred in 2015.

# Consolidated Profit & Loss

(EURm)	YTD December		Actual 14 Reported	Actual 14 Reported %NS
	Actual 15 Reported	Actual 15 Reported %NS		
<b>Net sales</b>	<b>434.8</b>	<b>100.0%</b>	<b>362.1</b>	<b>100.0%</b>
Cost of sales	(179.0)	-41.2%	(145.4)	-40.1%
<b>-- Gross Margin</b>	<b>255.9</b>	<b>58.8%</b>	<b>216.8</b>	<b>59.9%</b>
Selling and marketing costs	(199.6)	-45.9%	(169.3)	-46.7%
General and administrative expenses	(32.0)	-7.4%	(31.7)	-8.8%
Other operating income and expenses	3.6	0.8%	3.9	1.1%
Effects of accounting for associates	0.3	0.1%	0.2	0.1%
<b>-- OPERATING PROFIT (EBIT)</b>	<b>28.1</b>	<b>6.5%</b>	<b>19.9</b>	<b>5.5%</b>
Net finance costs	(20.5)	-4.7%	(12.8)	-3.5%
<b>-- Profit before taxes</b>	<b>7.6</b>	<b>1.7%</b>	<b>7.1</b>	<b>2.0%</b>
Income tax expense	(10.1)	-2.3%	(6.7)	-1.8%
<b>-- Net Result</b>	<b>(2.5)</b>	<b>-0.6%</b>	<b>0.4</b>	<b>0.1%</b>
<b>-- EBITDA</b>	<b>39.7</b>	<b>9.1%</b>	<b>29.4</b>	<b>8.1%</b>
<b>-- EBITDA ADJUSTED</b>	<b>50.2</b>	<b>11.5%</b>	<b>43.8</b>	<b>12.1%</b>



- **Net Trade Receivables:** compared to Dec 14, the increase of €8.3m is explained by the sales growth. In the period total consolidated DSO index is under control and decreased by 3 days.
- **Inventory:** compared to Dec 14 has risen by €20.1m, mostly due to turnover increase. It has been also impacted by the discontinuity represented new brands launched in 2015, and new JVs inventory. In addition it has been influenced by a significant foreign exchange rate difference. In 2015 total consolidated DOI index is under control and decreased by 2 days.
- **Payables:** in reference to trade payables, the increase is primarily attributable to the turnover increase. In addition, the Group's days payables outstanding (DPO) at December 31, 2015 has significantly improved compared to last year, also due to the successful actions taken by the Group to improve payment terms.
- **Capex:** primarily consisted in the investments in the new Fortogna plant (tangibles), in addition to investments in extending/improving terms and conditions of licenses (intangibles).
- **Net Financial Position:** December 2015 increased from €196.1m (Dec 14) to €213.0m, with a change of €16.9m mostly due to Investing activities and Financial costs, as detailed in the consolidated Cash Flow Statement.



# Consolidated Balance Sheet

Balance Sheet (EURm)	Dec-15	Dec-14	Change
Net trade receivables	75.2	66.9	8.3
Inventory	120.2	100.1	20.1
Payables to suppliers	(120.8)	(102.3)	(18.5)
<b>TRADE WORKING CAPITAL</b>	<b>74.7</b>	<b>64.6</b>	<b>10.0</b>
Other receivables	17.7	14.1	3.6
Other payables	(38.7)	(31.0)	(7.7)
<b>NET WORKING CAPITAL</b>	<b>53.7</b>	<b>47.8</b>	<b>5.9</b>
Other receivables - medium/long term	37.8	39.4	(1.6)
Equity investments	1.8	1.9	(0.1)
Net tangible assets	27.3	24.7	2.6
Net intangible assets	43.3	37.2	6.1
Goodwill	288.2	278.0	10.2
<b>FIXED ASSETS</b>	<b>388.3</b>	<b>381.1</b>	<b>17.2</b>
Funds and reserves	(9.1)	(10.0)	0.9
<b>NET INVESTED CAPITAL</b>	<b>442.9</b>	<b>418.9</b>	<b>24.0</b>
Financial debts - short term	58.2	41.4	16.9
Financial debts - medium/long term	200.6	199.2	1.5
<b>FINANCIAL POSITION</b>	<b>258.9</b>	<b>240.5</b>	<b>18.3</b>
Other current financial	(41.4)	(39.0)	(2.4)
Other non current financial	(4.5)	(5.5)	1.0
<b>NET FINANCIAL POSITION</b>	<b>213.0</b>	<b>196.1</b>	<b>16.9</b>
<b>NET EQUITY</b>	<b>229.9</b>	<b>222.8</b>	<b>7.1</b>
<b>COVERAGE OF NIC</b>	<b>442.9</b>	<b>418.9</b>	<b>24.0</b>

# Net Financial Position

## Key financials

	(EURm)	Dec 2015	Dec 2014
1	Short Term borrowings	58.2	41.4
2	Medium Long Term borrowings	207.3	207.2
	<b>Gross borrowings</b>	<b>265.6</b>	<b>248.6</b>
	Cash and cash equivalents	40.4	36.9
	Financial receivables current	1.0	2.0
	Financial receivables non current	4.5	5.5
	<b>Reported Net indebtedness before Amortized Fees</b>	<b>219.7</b>	<b>204.1</b>
	Bond amortized fees	(6.7)	(8.1)
	<b>Reported Net indebtedness after Amortized Fees</b>	<b>213.0</b>	<b>196.1</b>
	Revolving Credit Facility	25.0	20.0
	Short term borrowings from Banks	13.2	15.0
	Financial Loan - Current	14.9	1.3
	Vendor Loan (HVHC) - Short Term	2.6	1.7
	Bond accrued interests	2.3	2.3
	Financial leasing current	0.3	1.1
	<b>Short Term gross borrowing</b>	<b>58.2</b>	<b>41.4</b>
	Senior Secured bonds	200.0	200.0
	Financial Loan - Non Current	6.3	3.8
	Vendor Loan (HVHC) - Long Term	0.1	2.1
	Financial leasing non current	0.9	1.4
	<b>Medium Long Term gross borrowing</b>	<b>207.3</b>	<b>207.2</b>

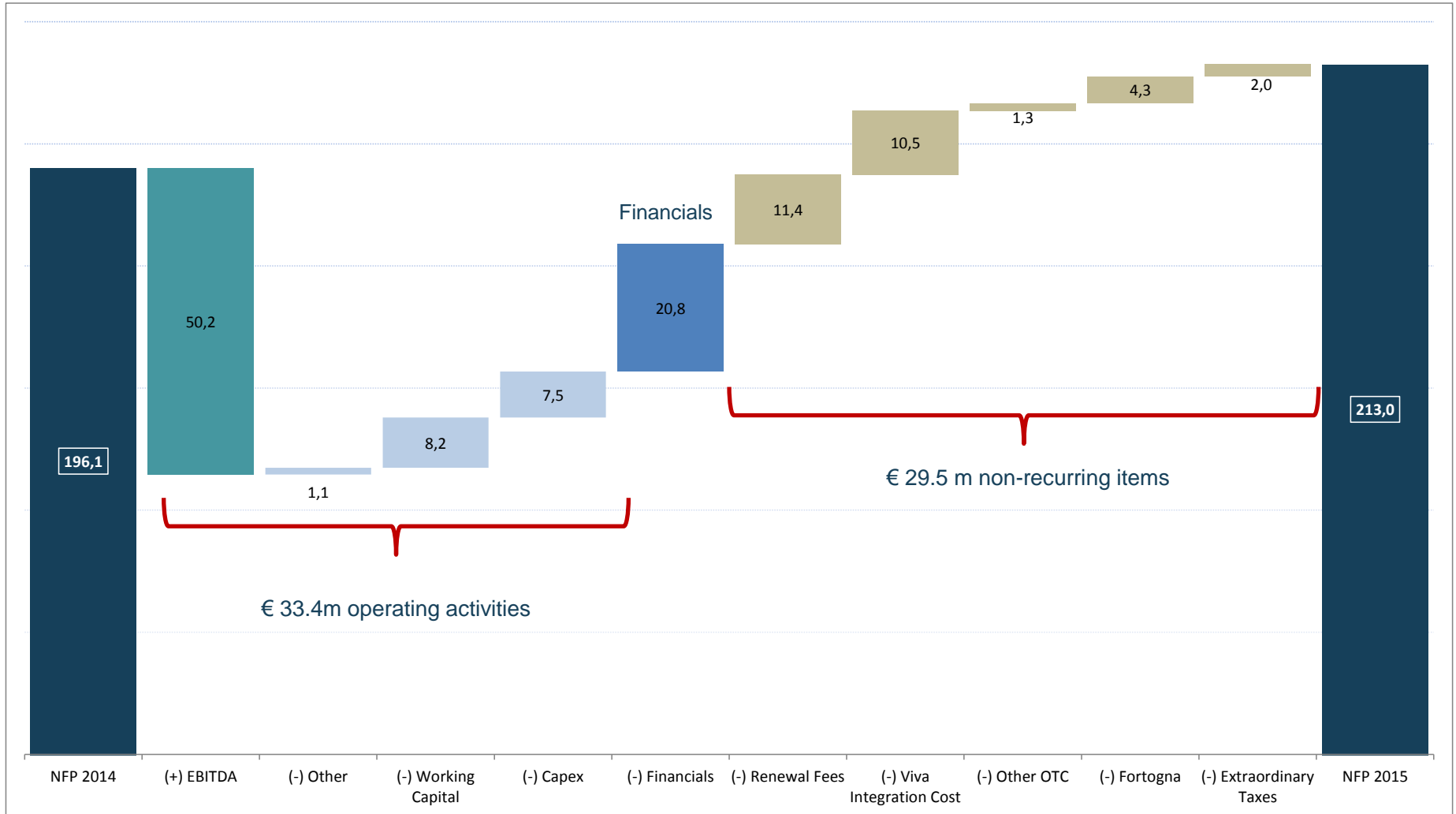
# Consolidated Cash Flow Statement (Net Debt)

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Key financials

(EURm)	Dec 2015
<b>ADJUSTED EBITDA</b>	<b>50,2</b>
Non recurring incomes (costs)	(10,5)
<b>REPORTED EBITDA</b>	<b>39,9</b>
Other non cash item on EBITDA	0,1
<b>Income from operating activities prior to movements in WC</b>	<b>40,0</b>
(Increase) Decrease in trade receivables	(9,5)
(Increase) Decrease in inventory, net	(19,1)
Increase (Decrease) in trade payables	20,4
Movements in Trade working capital	(8,2)
(Increase) Decrease in Other Receivables or (Payables)	(5,8)
<b>CASH FLOW FROM (FOR) OPERATING ACTIVITIES (1)</b>	<b>25,9</b>
Investments in property, plant and equipment, net of disposals	(8,4)
Purchase of intangible assets, net of disposals	(16,1)
Investments and Others in other subsidiaries (Equity Method)	0,2
<b>CASH FLOW FROM (FOR) INVESTING ACTIVITIES (2)</b>	<b>(24,3)</b>
Income tax paid (3)	1,3
Interest expenses (4)	(20,8)
<b>FREE CASH FLOW (1+2+3+4)</b>	<b>(17,9)</b>
Share Capital increase (decrease) (5)	1,0
<b>CASH FLOW (1+2+3+4+5)</b>	<b>(16,9)</b>
Net Financial Position at the beginning of the period	(196,1)
Net Financial Position at the end of the period	(213,0)
<b>CHANGES IN NET FINANCIAL POSITION</b>	<b>(16,9)</b>

# Consolidated Cash Flow Statement (Net Debt)



# Agenda



- Key consolidated financials: FY 2015
- **Appendix**

# Ebitda performance – run rate ebitda post synergies (million eur)

### EBITDA REPORTED

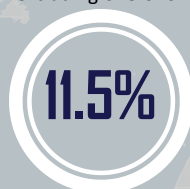


% 2015 on net sales  
8,1% in 2014

### EBITDA ADJUSTED \*



\* excluding one-offs

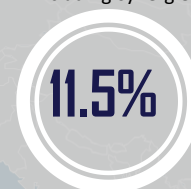


% 2015 on net sales  
12,1% in 2014

### ADJ RUN-RATE EBITDA \*\*



\*\* including synergies



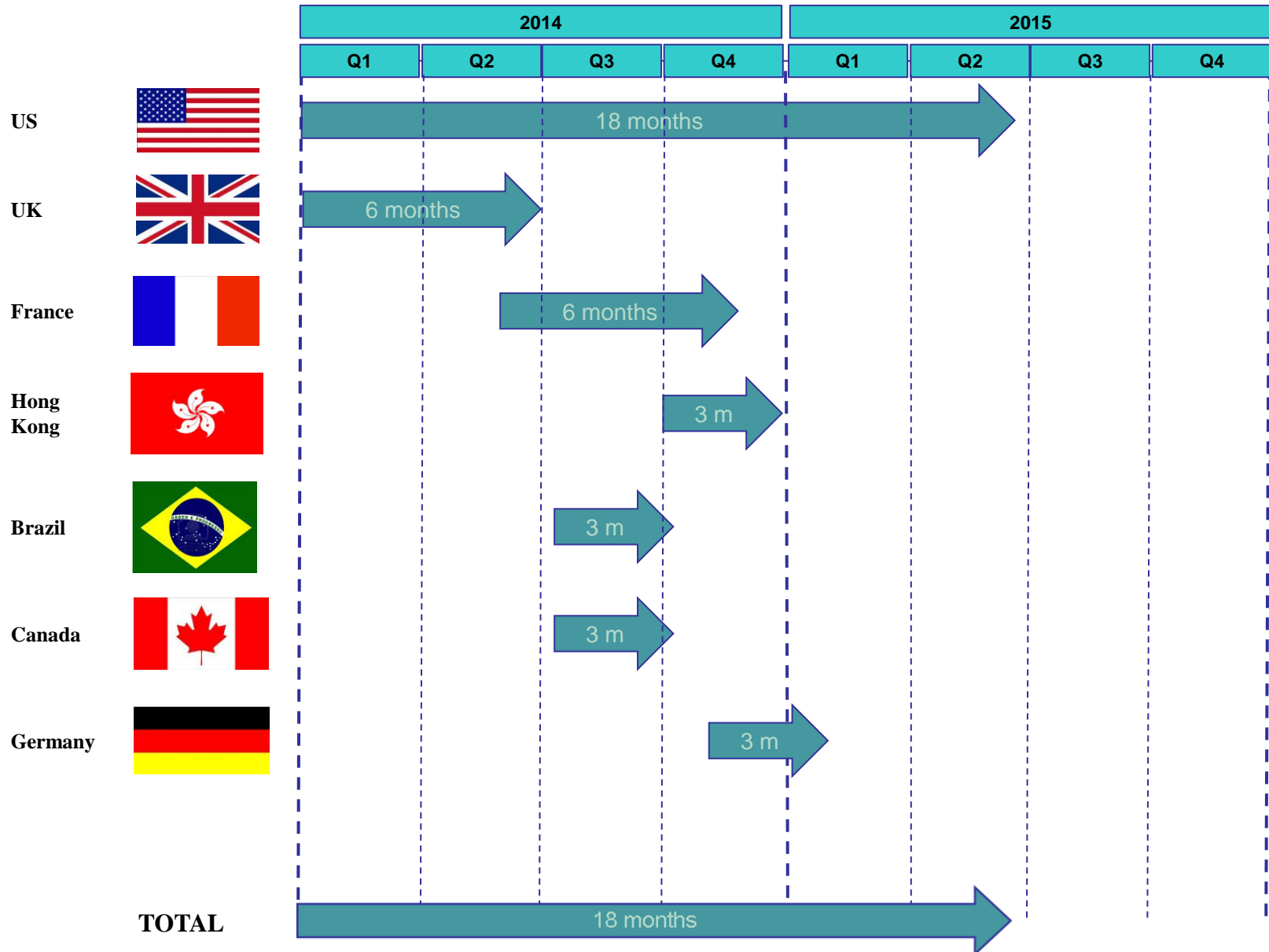
% 2015 on net sales  
13,9% in 2014

### CONSOLIDATED

NET SALES	
% vs. PY	
EBITDA	
Adjustment	
EBITDA ADJUSTED	
Synergies	
ADJ RUN-RATE EBITDA	

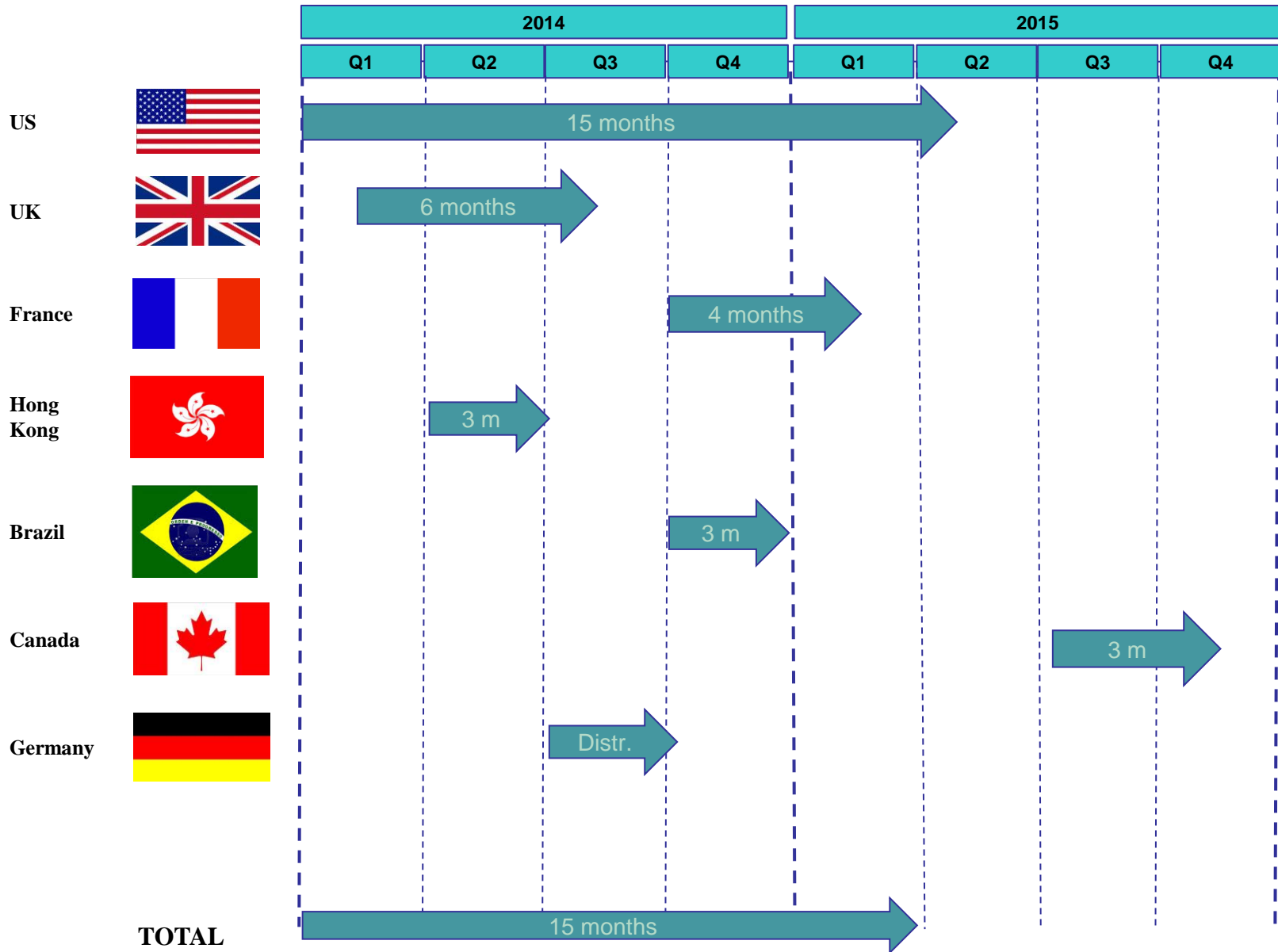
	FY 2015	FY 2014
in € Mn, except percentages		
NET SALES	434.8	362.1
% vs. PY	20.1%	4.6%
EBITDA	39.7	29.4
Adjustment	10.5	14.4
EBITDA ADJUSTED	50.2	43.8
Synergies	0.0	6.4
ADJ RUN-RATE EBITDA	50.2	50.3
EBITDA ADJ % on Net sales	11.54%	12.10%
EBITDA ADJ RR % on Net sales	11.54%	13.88%

# Integration Plan





# Integration Updates



## Synergies 2014 & 2015

in € Mln	Original Budget	Realized FY 2014	Realized FY 2015	Total Synergies
US	6,1	3,0	3,6	6,6
UK	1,0	0,5	1,5	2,0
France	0,8	-	0,9	0,9
Brazil	0,4	-	0,4	0,4
Hong Kong	0,2	0,1	0,1	0,2
<b>Total Sinergies</b>	<b>8,5</b>	<b>3,6</b>	<b>6,4</b>	<b>10,0</b>

## One Time Costs 2014 & 2015

in € Mln	Original Budget	Spent FY 2014	Spent FY 2015	Total OTC
US (*)	6,4	6,3	5,7	12,1
UK	0,9	1,4	-	1,4
France	1,0	0,9	1,3	2,2
Brazil	0,4	0,5	0,1	0,6
Hong Kong	0,3	0,3	-	0,3
<b>Total OTC</b>	<b>9,0</b>	<b>9,4</b>	<b>7,1</b>	<b>16,5</b>

(\*) US includes Canada estimated OTC, related to the integration project

# Consolidated Adjusted Ebitda

in € Mln, except percentages

	FY 2015	FY 2014
<b>EBITDA pre-adjustment</b>	<b>39.7</b>	<b>29.4</b>
Costs of discontinued operations	2.8	-
<b>Pro-Forma EBITDA</b>	<b>42.5</b>	<b>29.4</b>
Senior management changes	0.6	2.0
Cost related to VIVA Integration	7.1	9.4
Other	-	3.0
<b>Total adjustments</b>	<b>7.7</b>	<b>14.4</b>
<b>EBITDA ADJUSTED</b>	<b>50.2</b>	<b>43.8</b>
<b>Net Sales</b>	<b>434.8</b>	<b>362.1</b>
<b>% on Net Sales</b>	<b>11.5%</b>	<b>12.1%</b>

# Investor relation

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