

TECHNOGYM S.p.A.

TECHNOGYM

2023 CFA Institute Research Challenge
Global Finals
May 3rd 2023

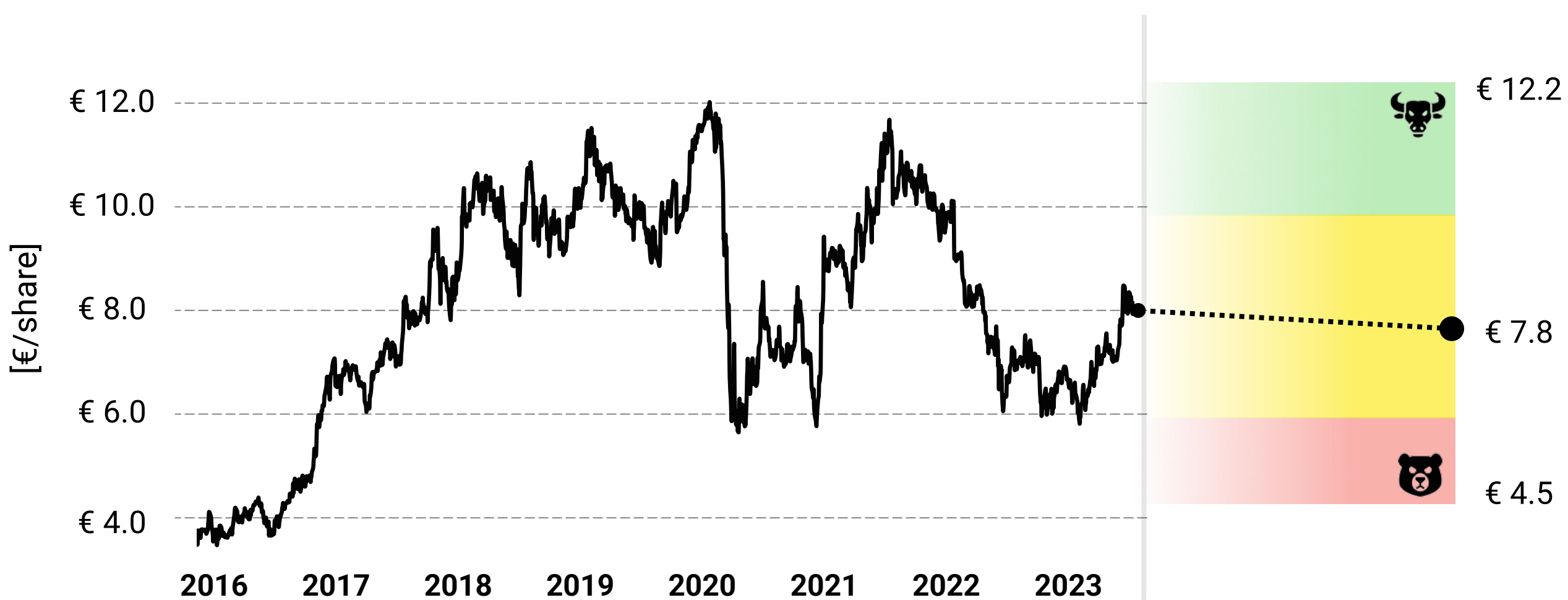
 POLITECNICO
MILANO 1863

TICKER: TGYM.MI

MARKET CAP: €1.65b

SALES 2022E: €713m

HOLD



Target Price

€ 7.8/share

Downside: 6%

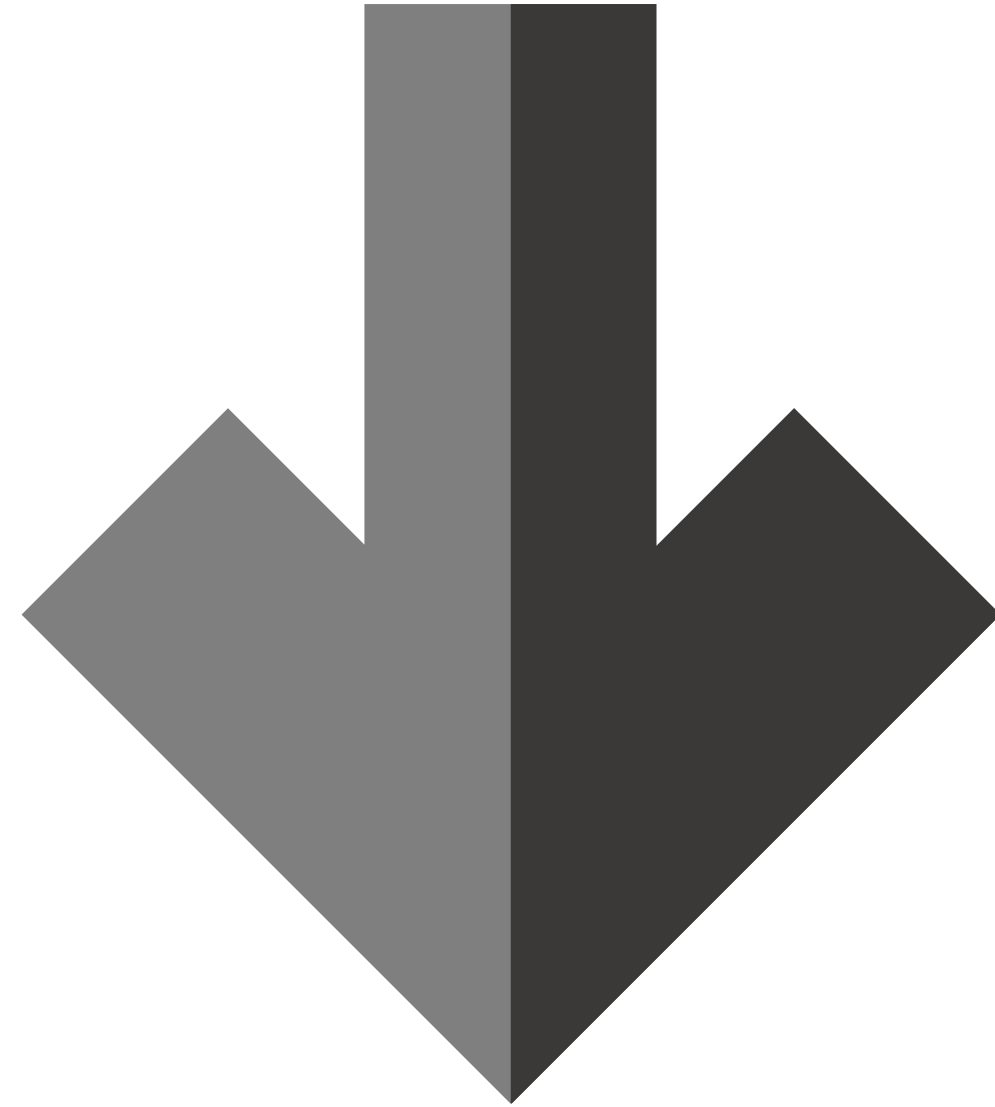
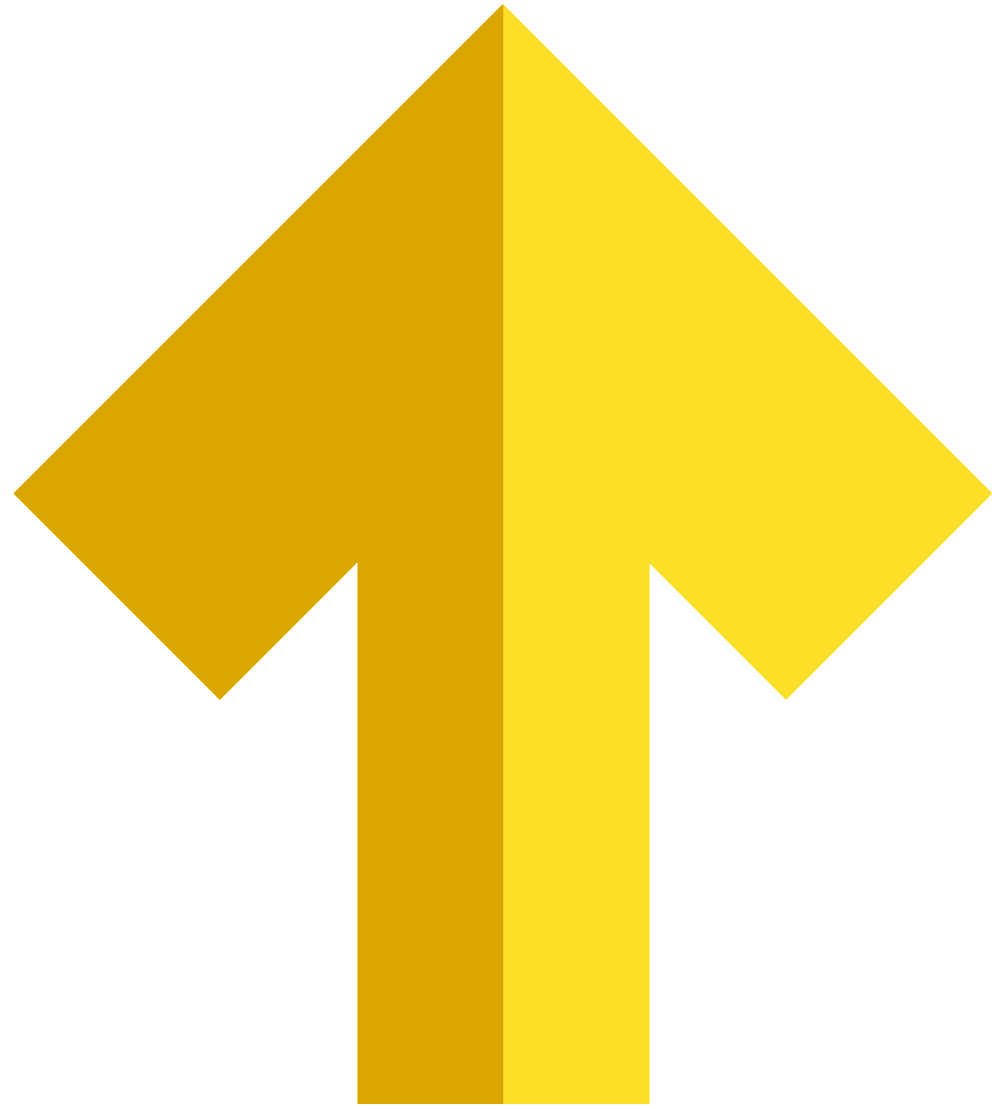


Reference Price

€ 8.3/share

Updated: 05/02/2023

WHY HOLD? – Investment Thesis Pillars

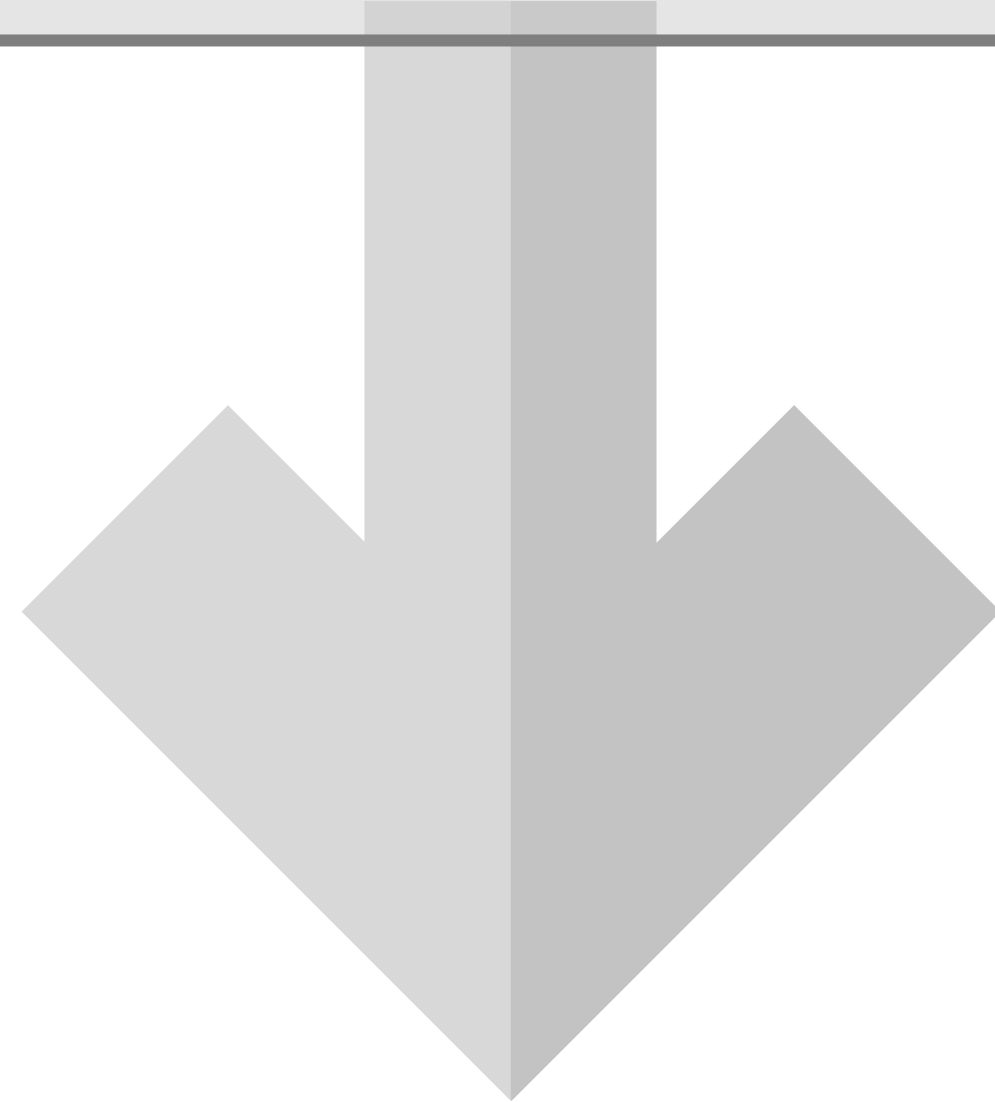


WHY HOLD? – Investment Thesis Pillars

1.

Positive trends...

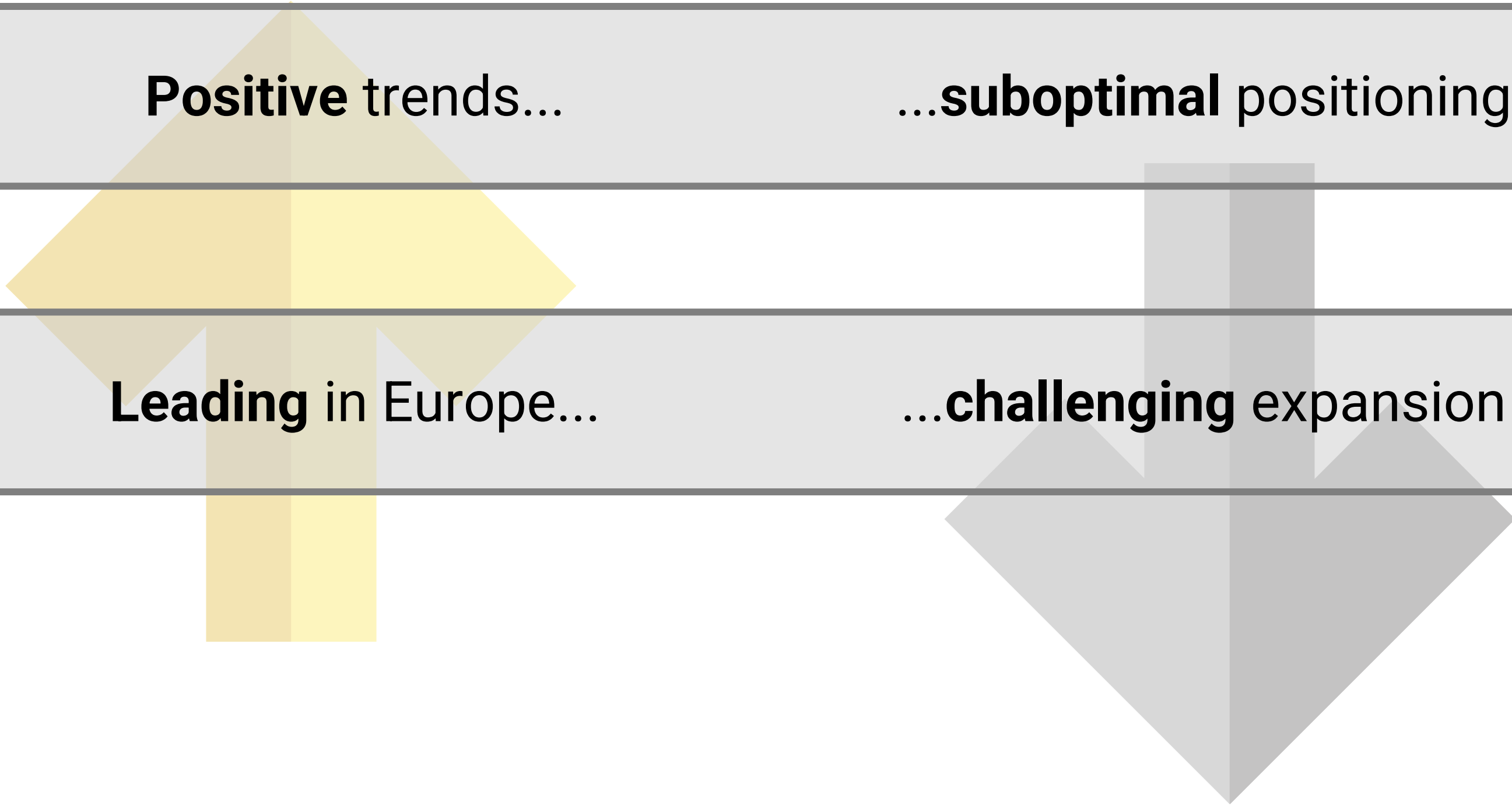
...suboptimal positioning



WHY HOLD? – Investment Thesis Pillars

1. Positive trends... ...suboptimal positioning

2. Leading in Europe... ...challenging expansion

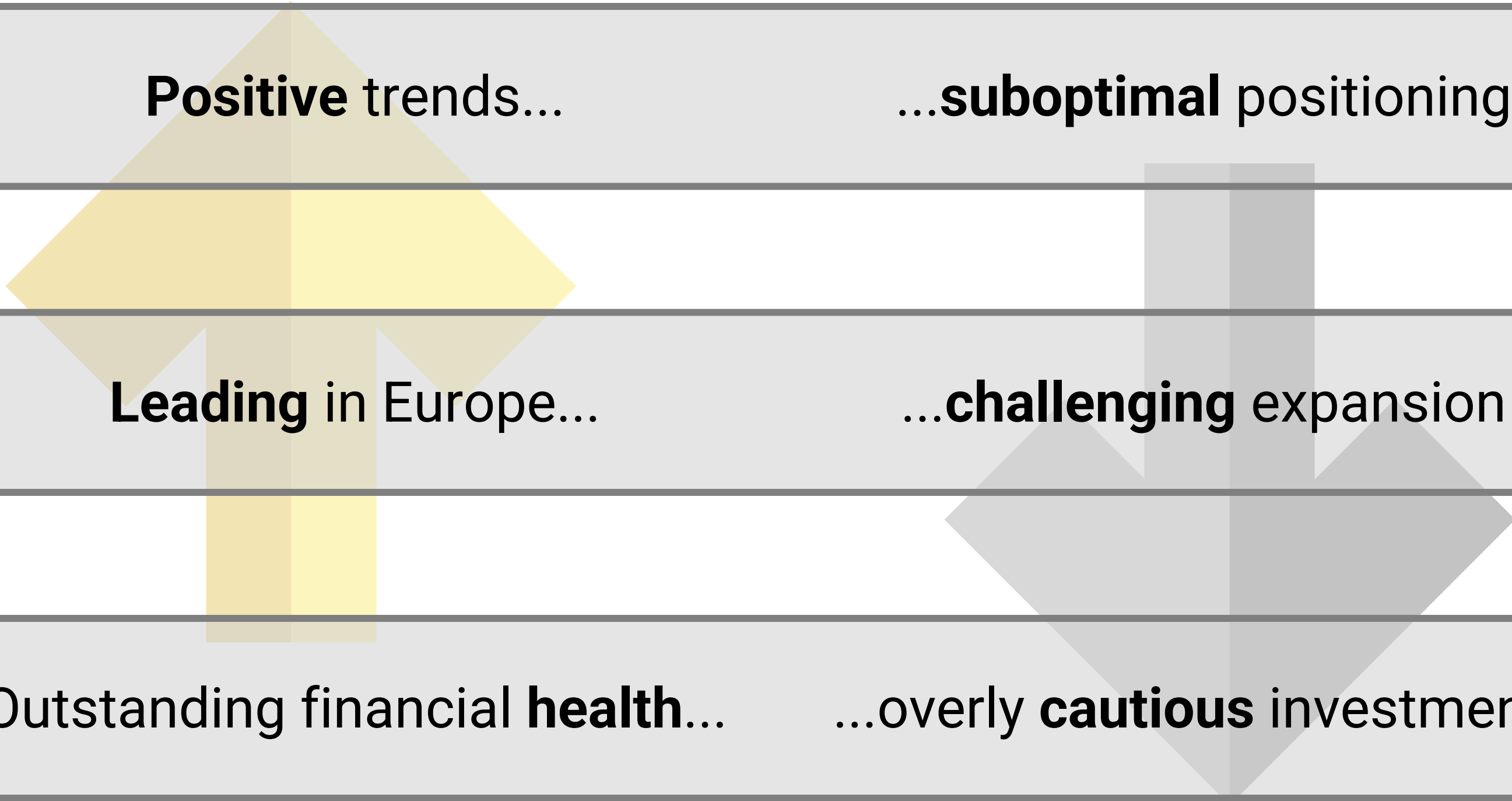


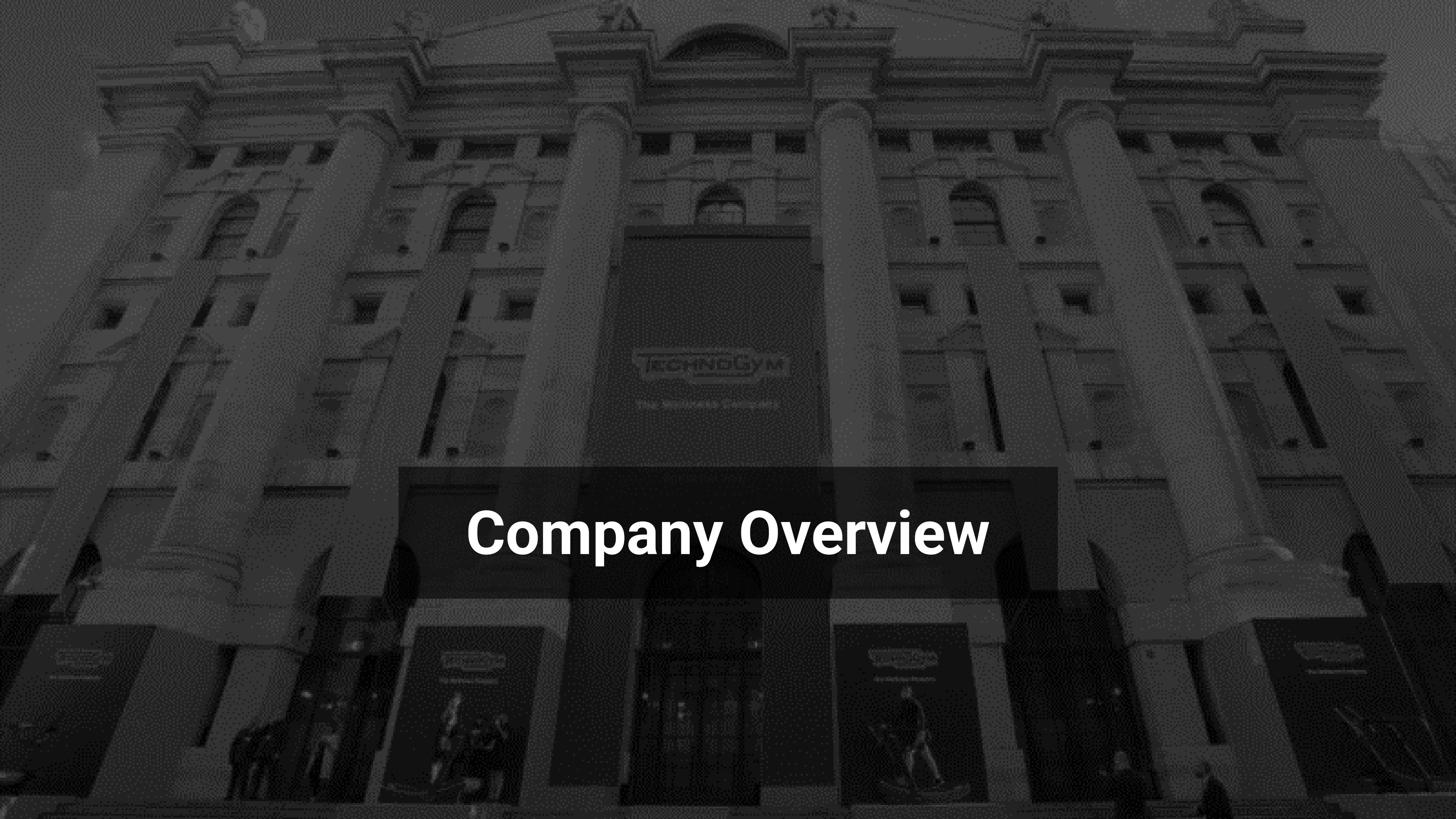


1. **Positive** trends... ...**suboptimal** positioning

2. **Leading** in Europe... ...**challenging** expansion

3. Outstanding financial **health**... ...overly **cautious** investments





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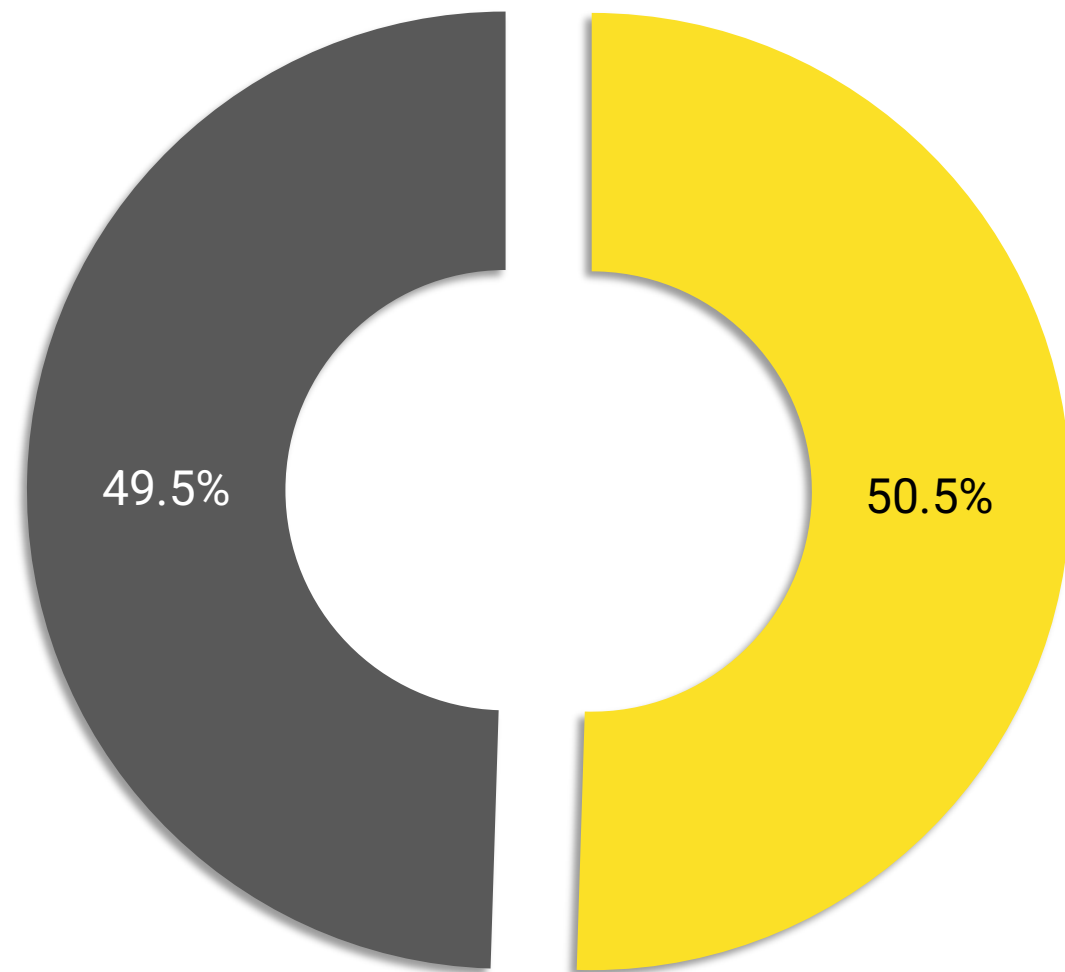
THE WORKING GYM

Company Overview





TGYM's Voting Power Distribution



■ Free Float ■ Alessandri Family

TGYM's Offering



Premium Fitness Equipment

Products offering



Cloud Platform



Aftersales, Design & Marketing



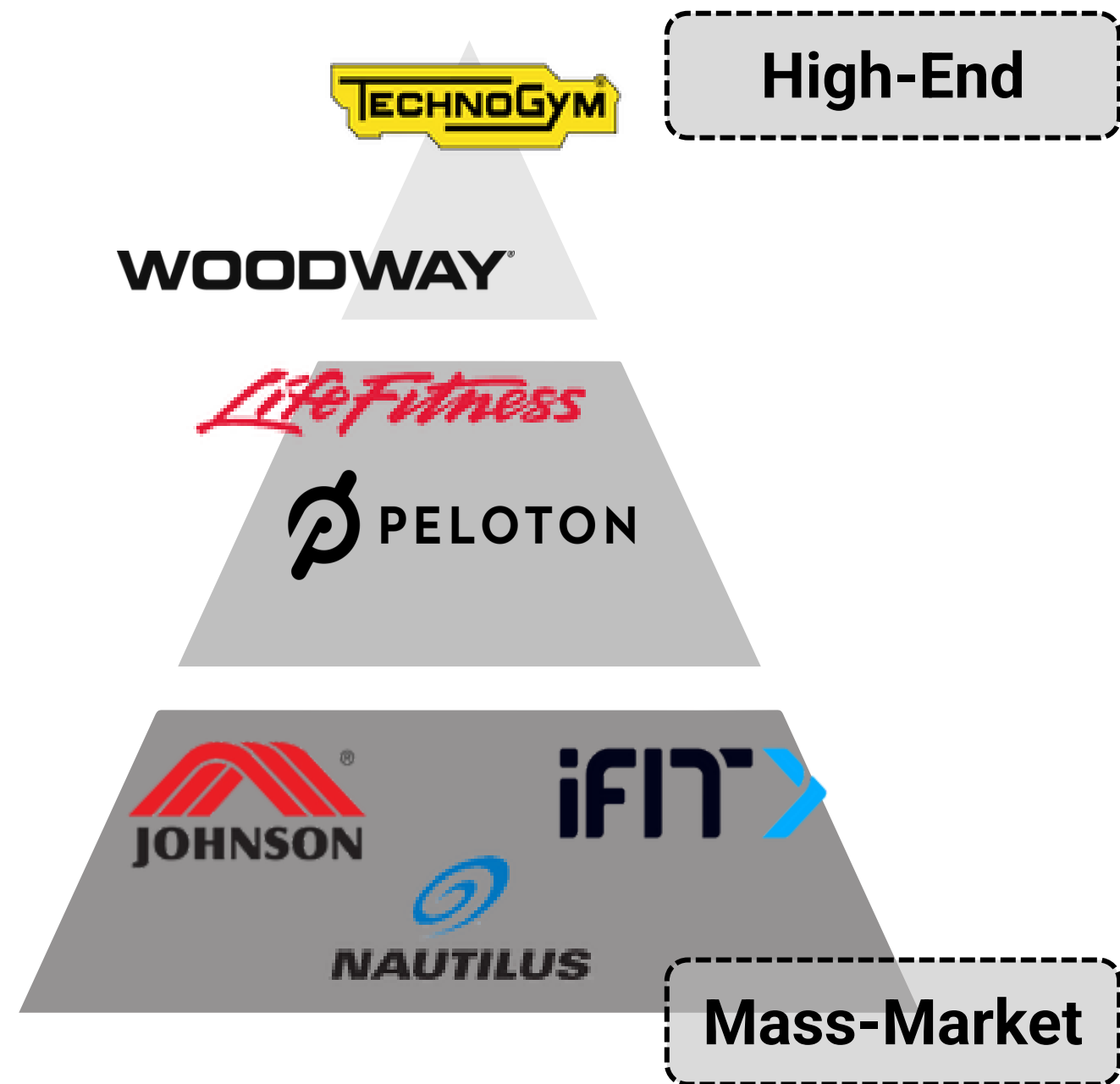
Media Content

Services offering

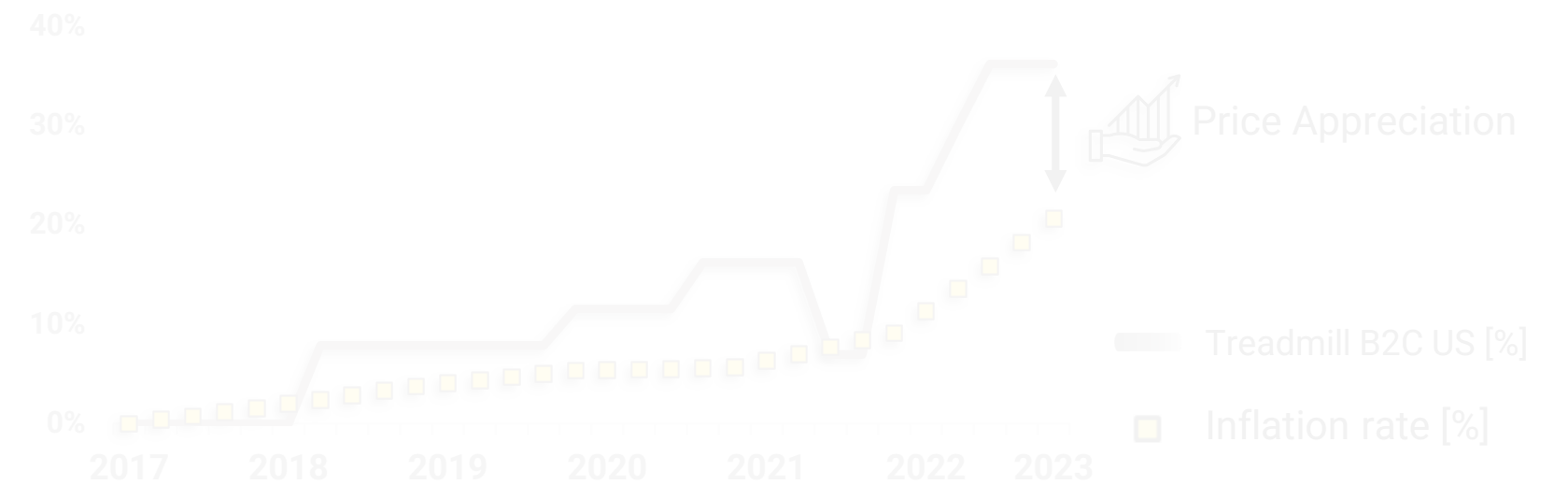
TGYM is a premium fitness equipment manufacturer



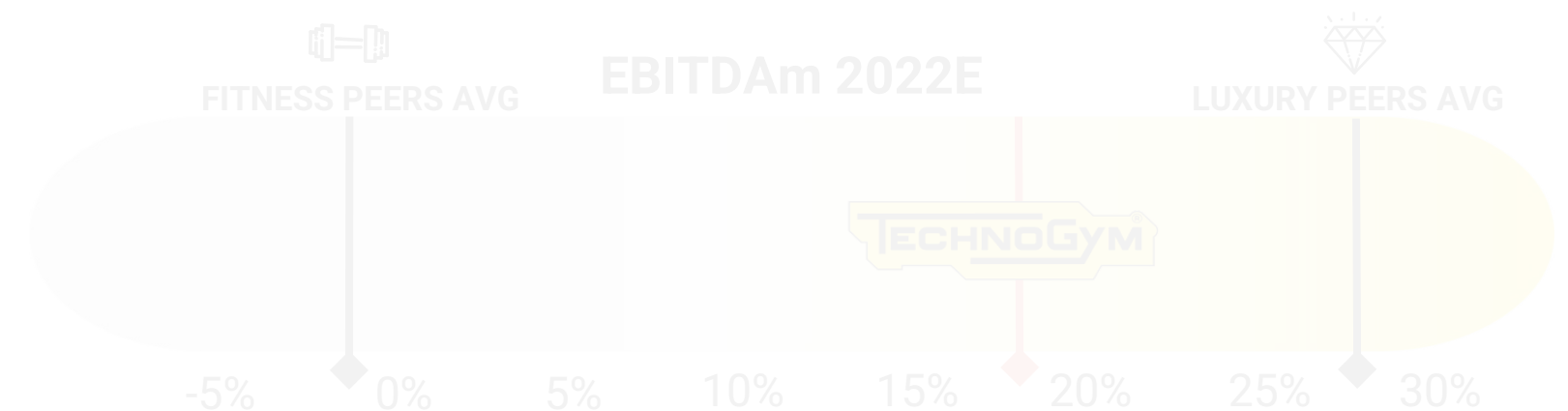
High-End Portfolio



1 Strong pricing power



2 Best-in-class in the Fitness Equipment Industry

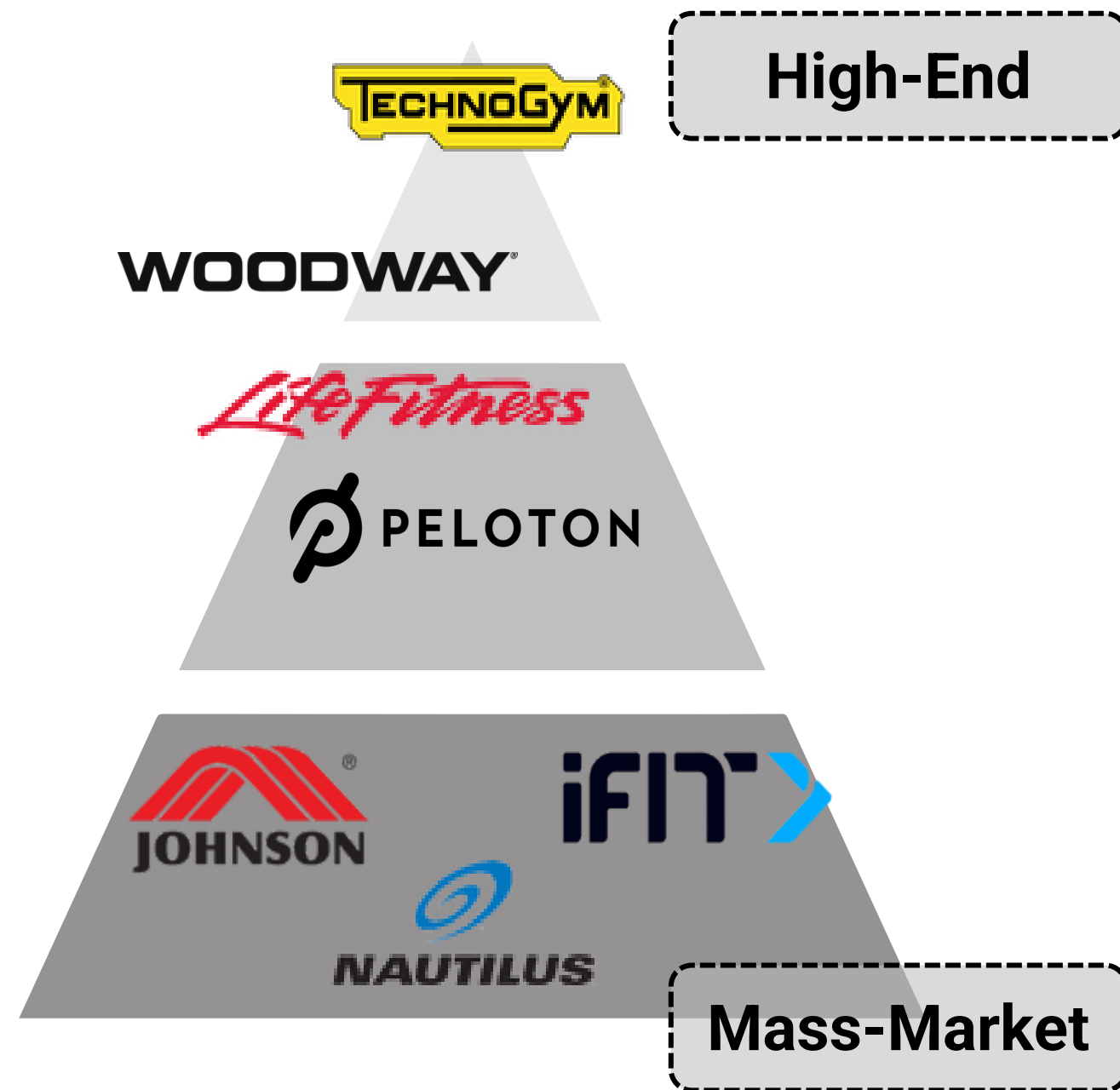


Source: Company data, Refinitiv, Internet Archive

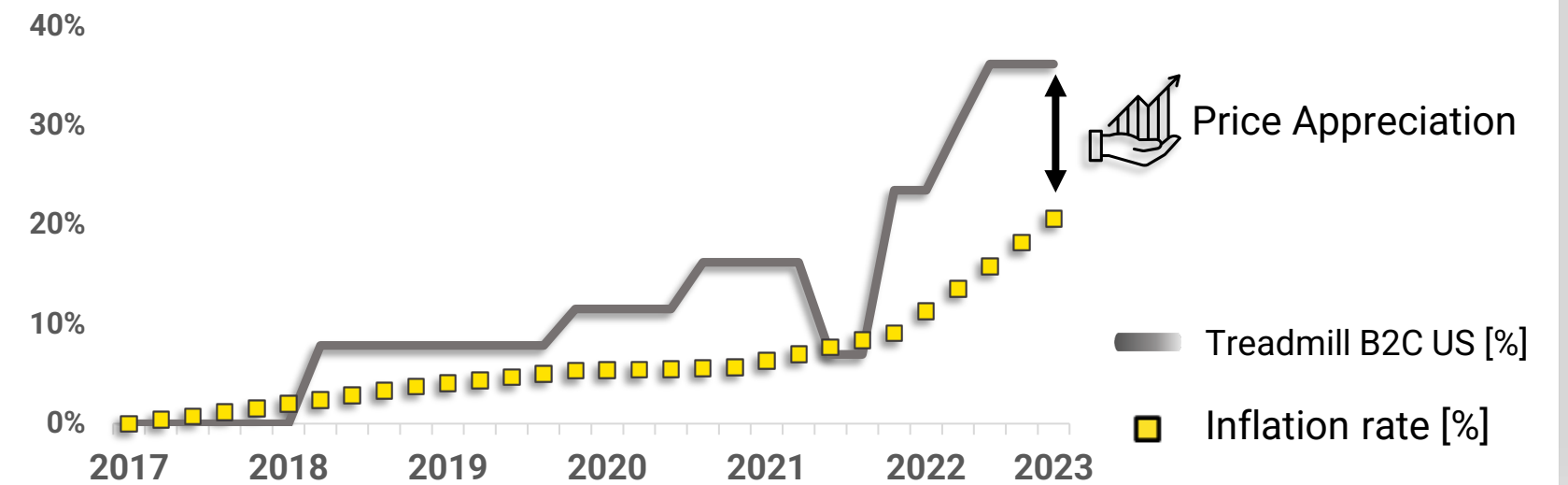
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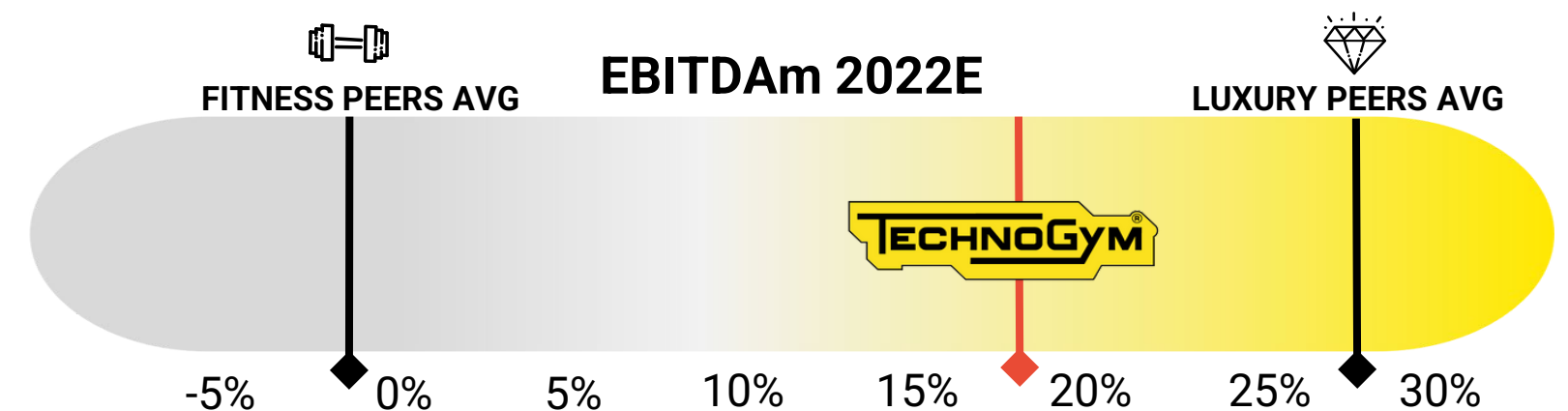
High-End Portfolio



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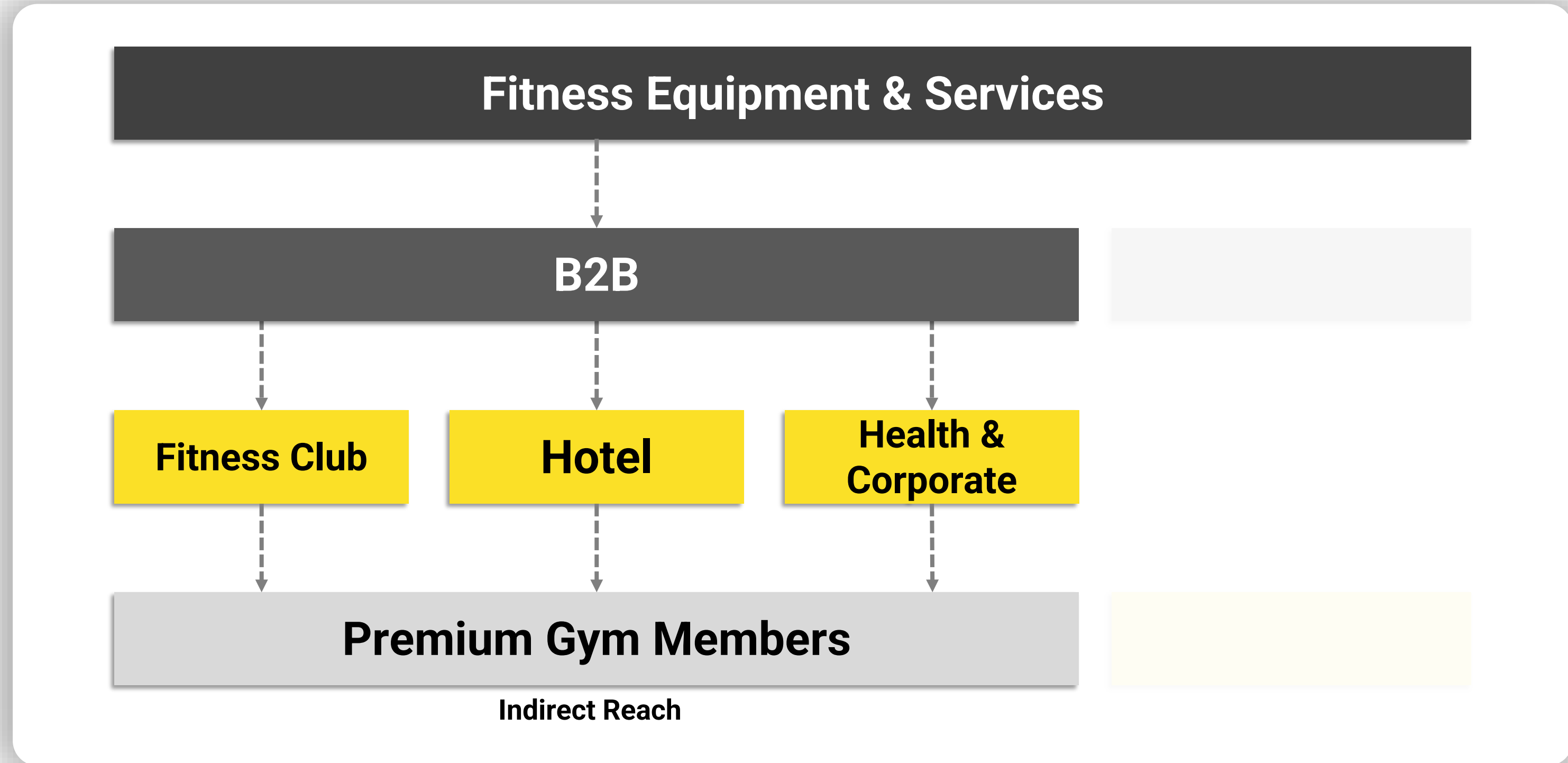


2 Best-in-class in the Fitness Equipment Industry



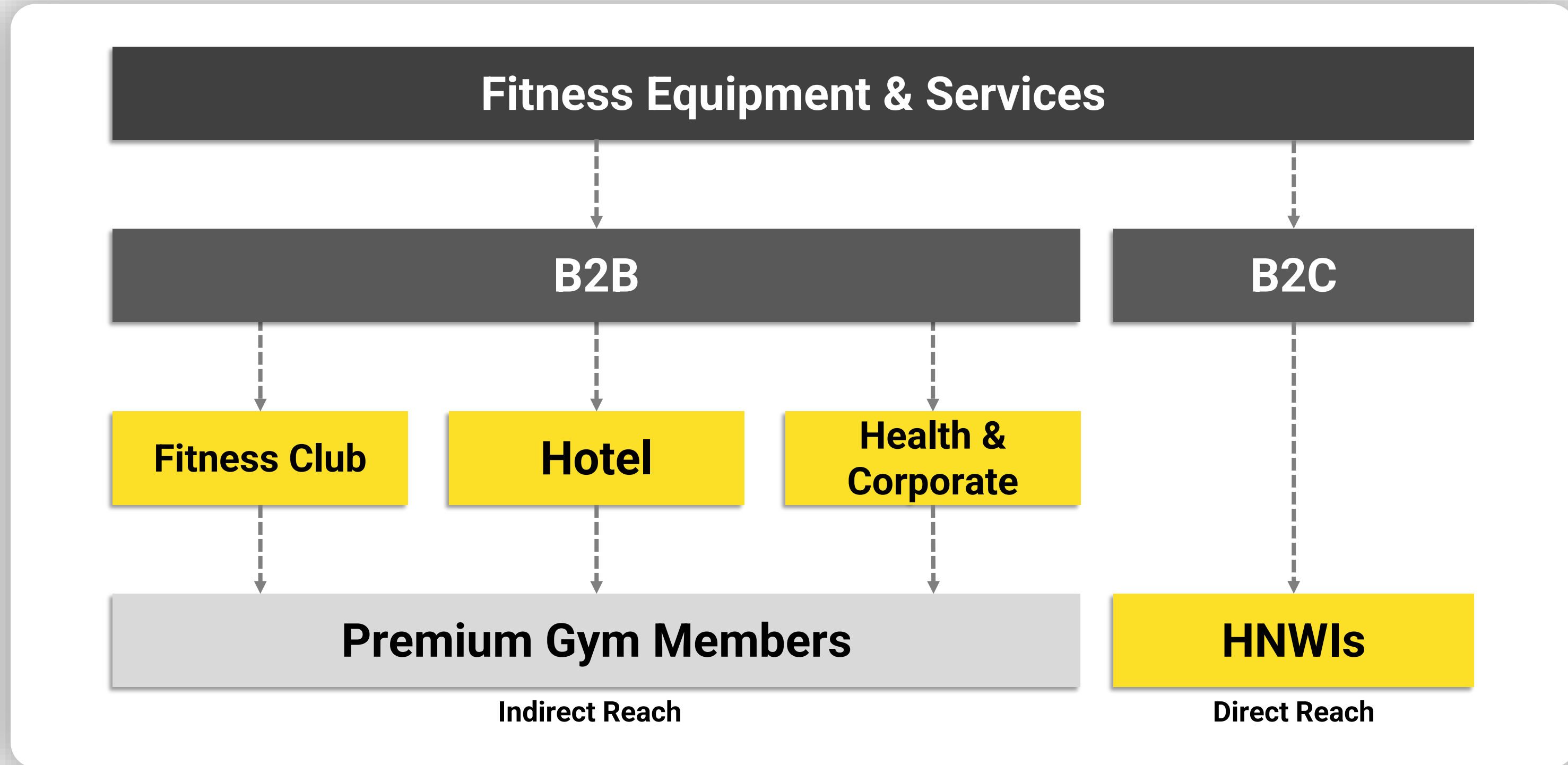
Source: Company data, Refinitiv, Internet Archive

B2B and B2C reach different End-Users



Source: Company Guidance

B2B and B2C reach different End-Users

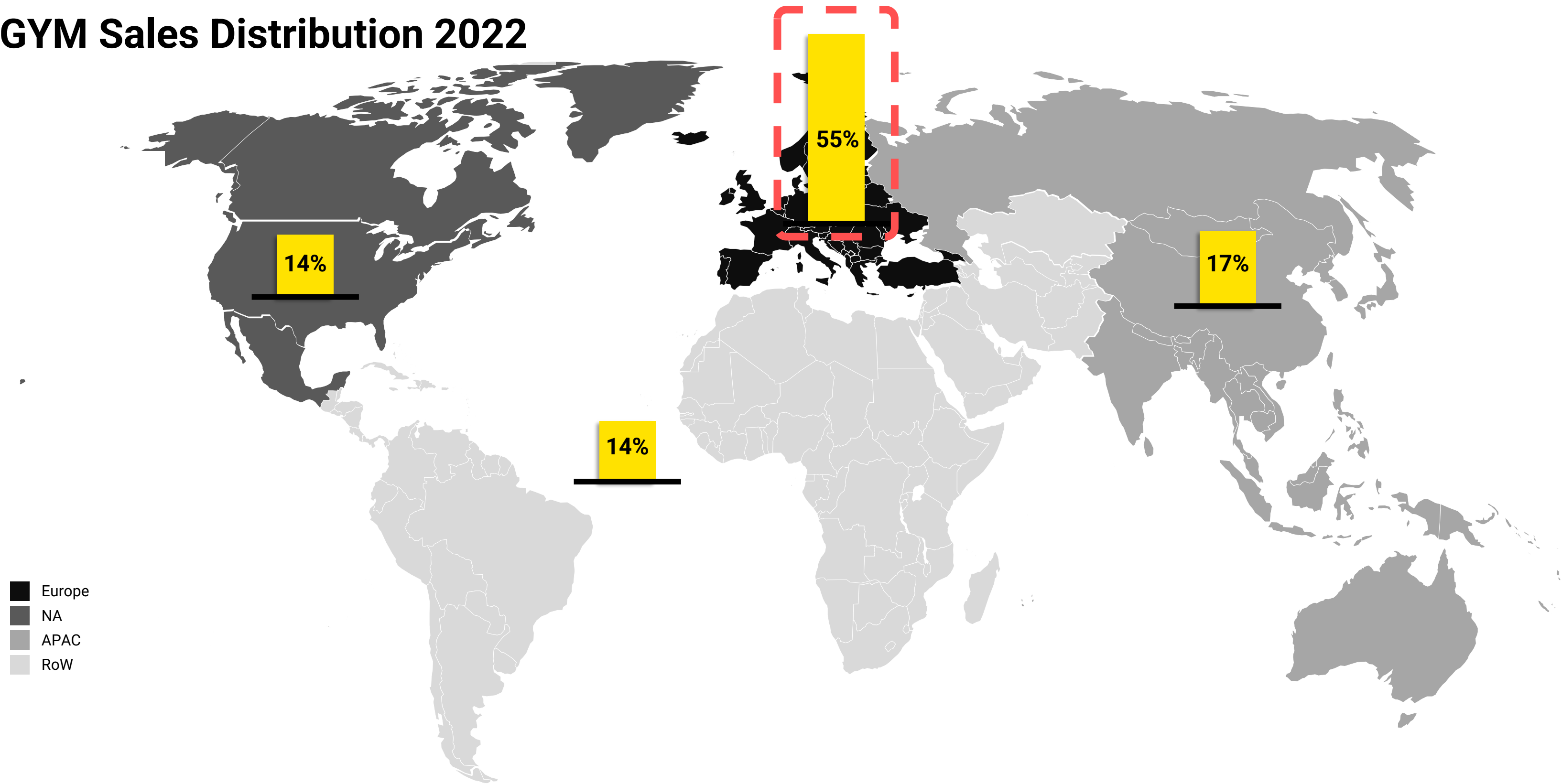


Source: Company Guidance

TGYM sales concentrated in Europe



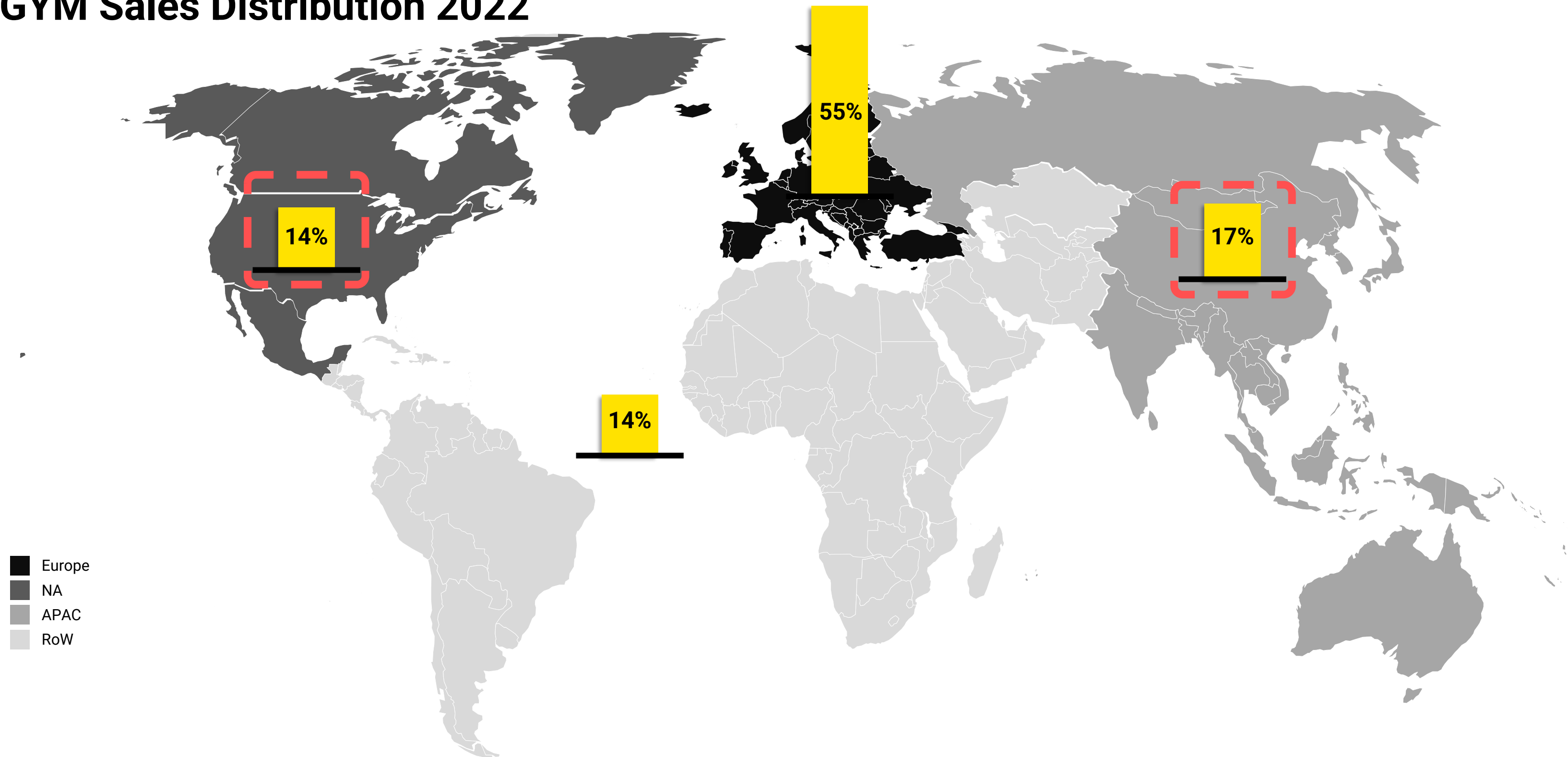
TGYM Sales Distribution 2022



TGYM sales concentrated in Europe



TGYM Sales Distribution 2022



WHY HOLD?

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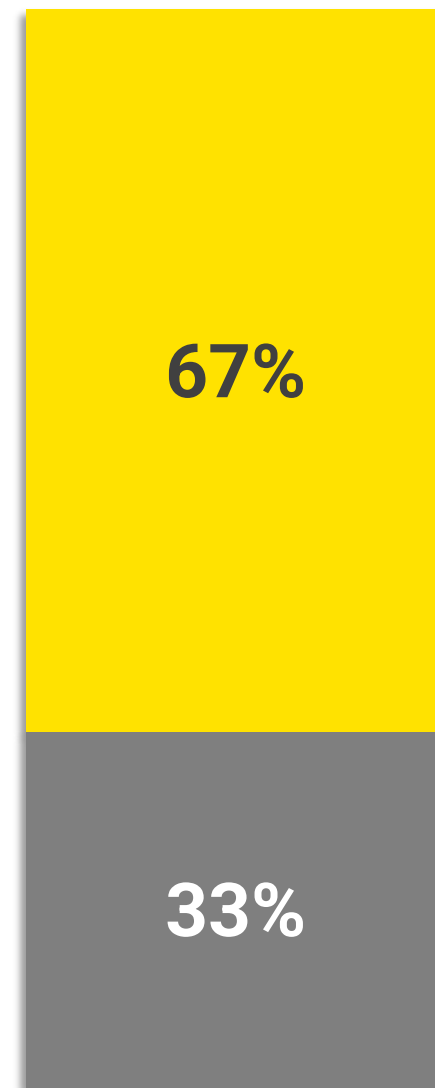
2. Leading in Europe... ..challenging expansion

3. Outstanding financial health... ..overly cautious investments

Growth in alternative workouts does not benefit TGYM

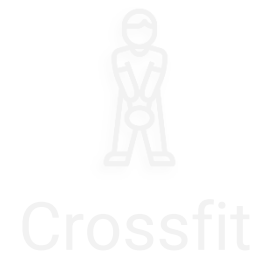


Fastest-growing gym chains analyzed:



■ Alternative Gyms ■ Mass Traditional Gyms

1 Alternative workouts → no demand for heavy equipment



Crossfit

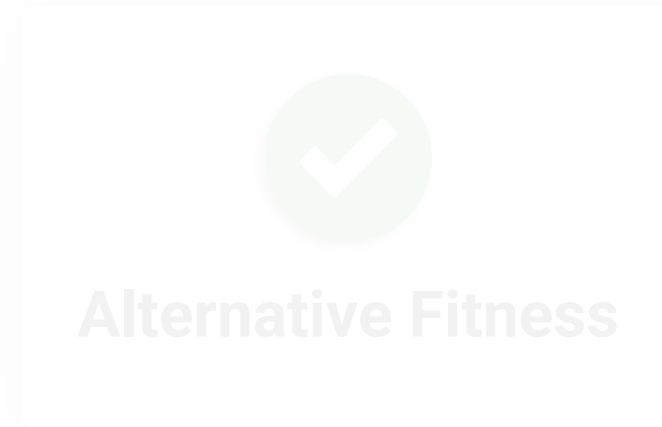


Pilates

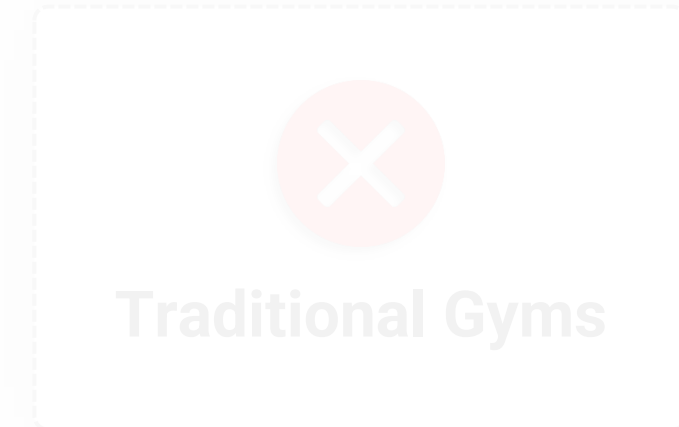


Yoga

Who benefits from this trend?



Alternative Fitness



Traditional Gyms



Source: EntrepreneurMedia Inc., team elaboration

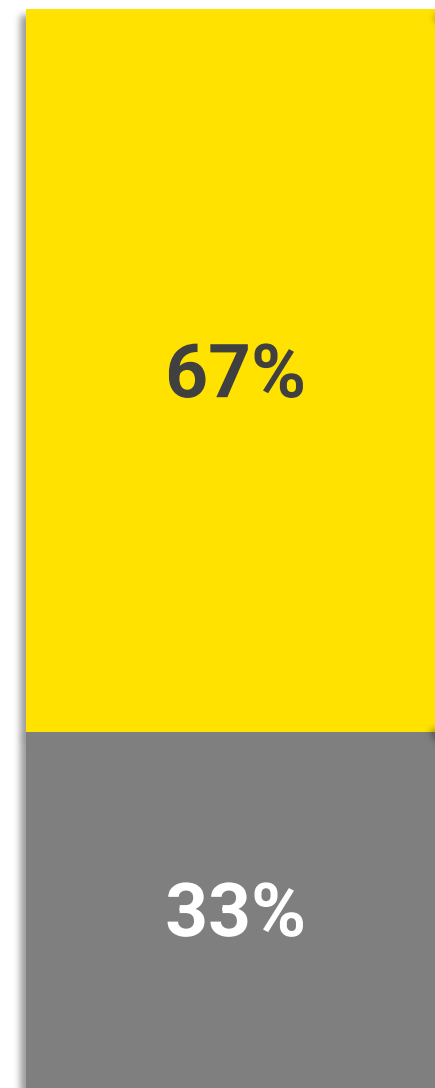
Growth in alternative workouts does not benefit TGYM



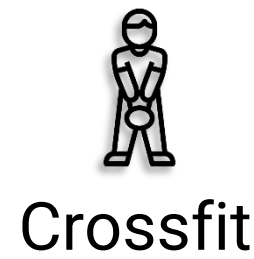
1

Alternative workouts → **no demand** for heavy equipment

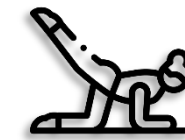
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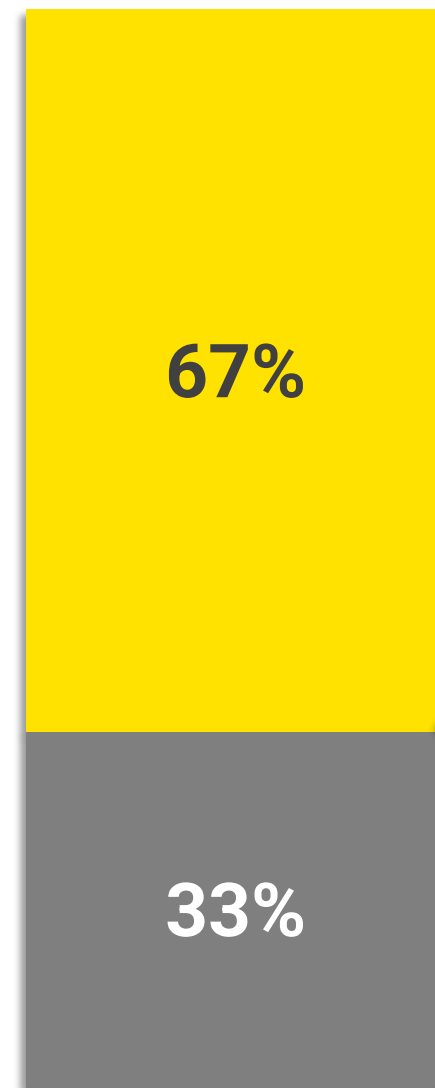
TGYM does not supply growing Mass gyms



2

Mass market gyms → **cheaper** suppliers

Fastest-growing gym chains analyzed:



■ Alternative Gyms ■ Mass Traditional Gyms

Who benefits from this trend?



\$ 45

Average price/month

Mass Fitness Clubs



\$ 150

Average price/month

Premium Fitness Clubs



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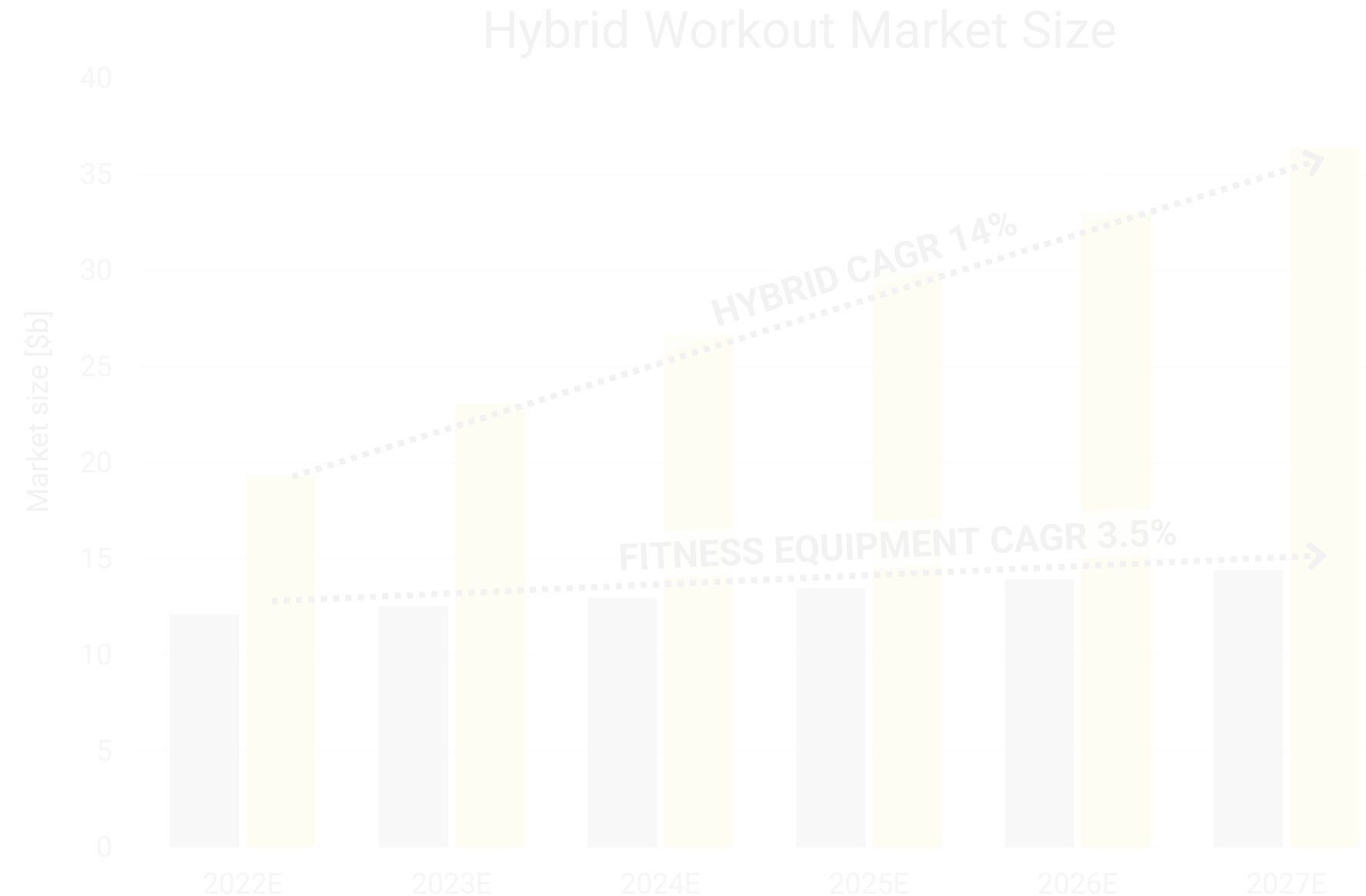
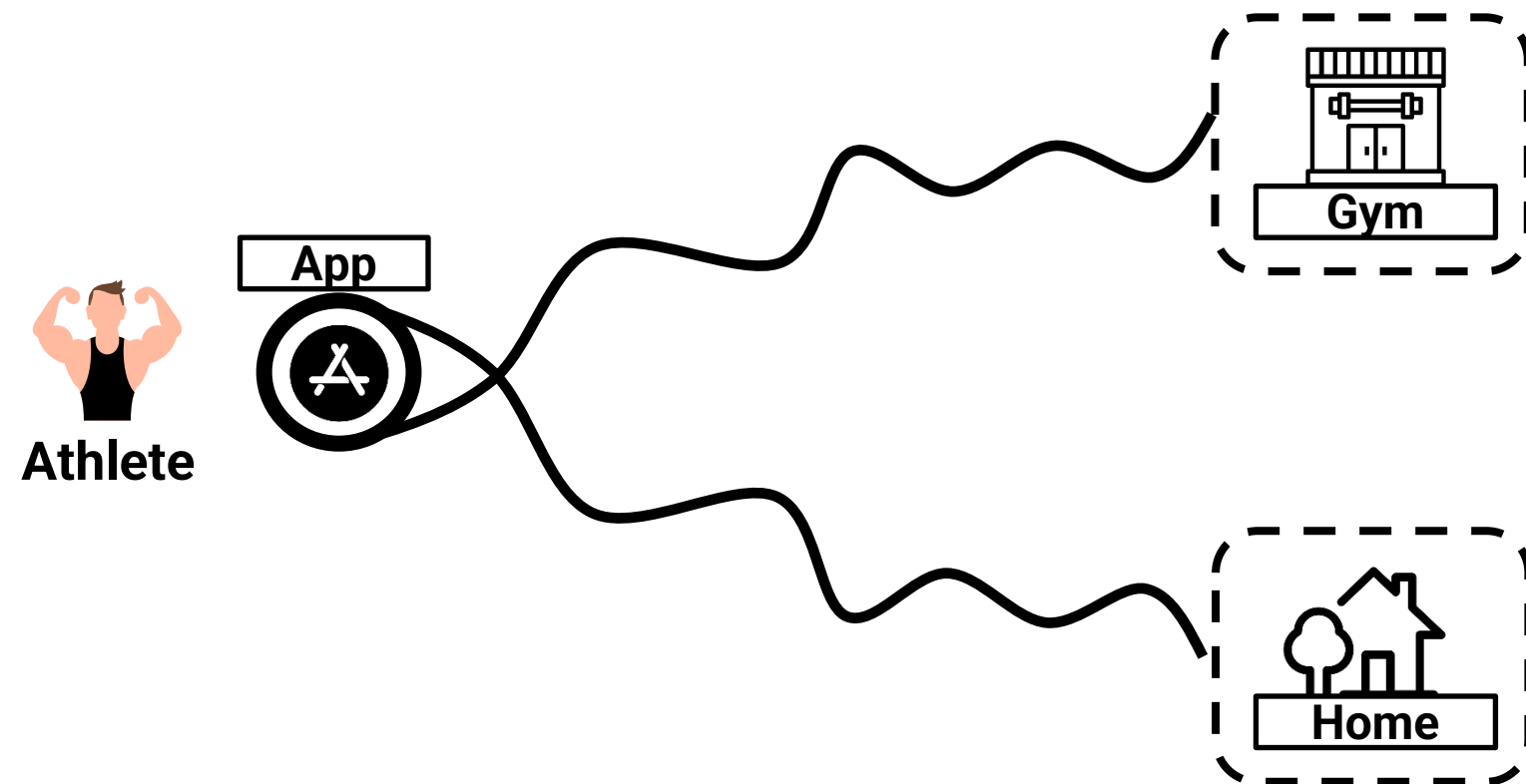
Source: EntrepreneurMedia Inc., team elaboration

Hybrid workout booming



3 Hybrid fitness → **mismatch** among end-users

Hybrid workout:
combining different fitness modalities into one



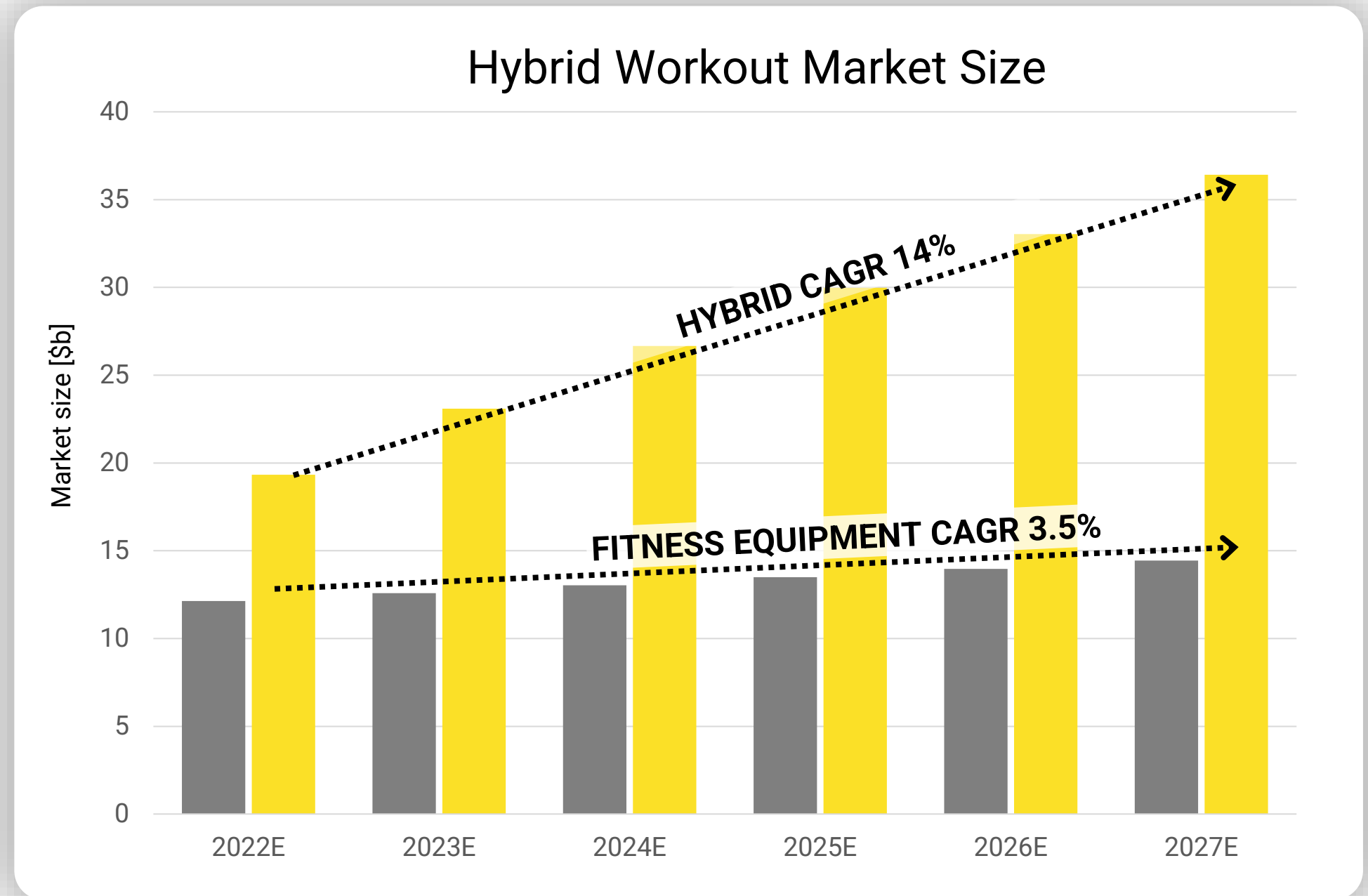
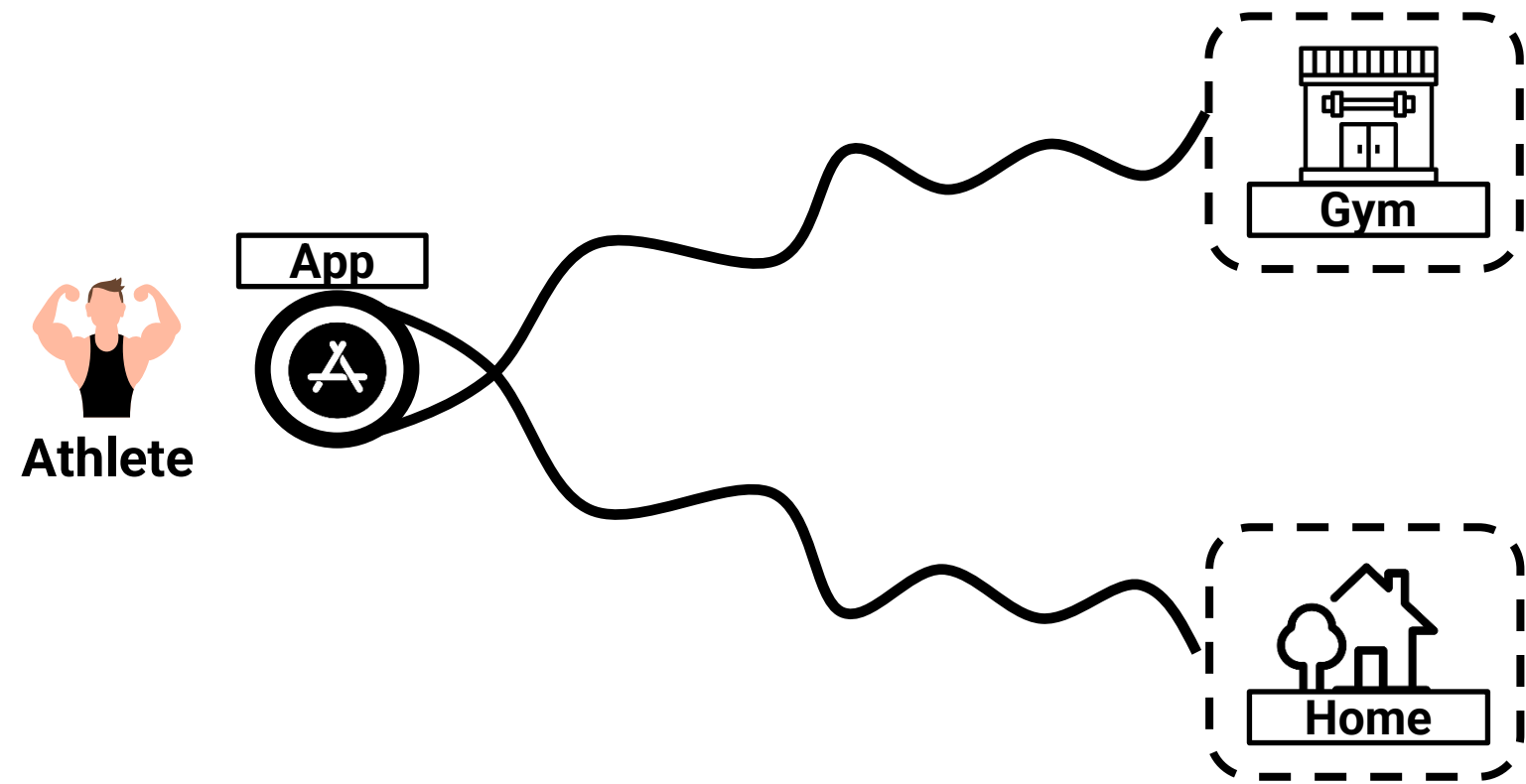
Sources: Allied Market Research, Inkwood, team elaboration

Hybrid workout booming



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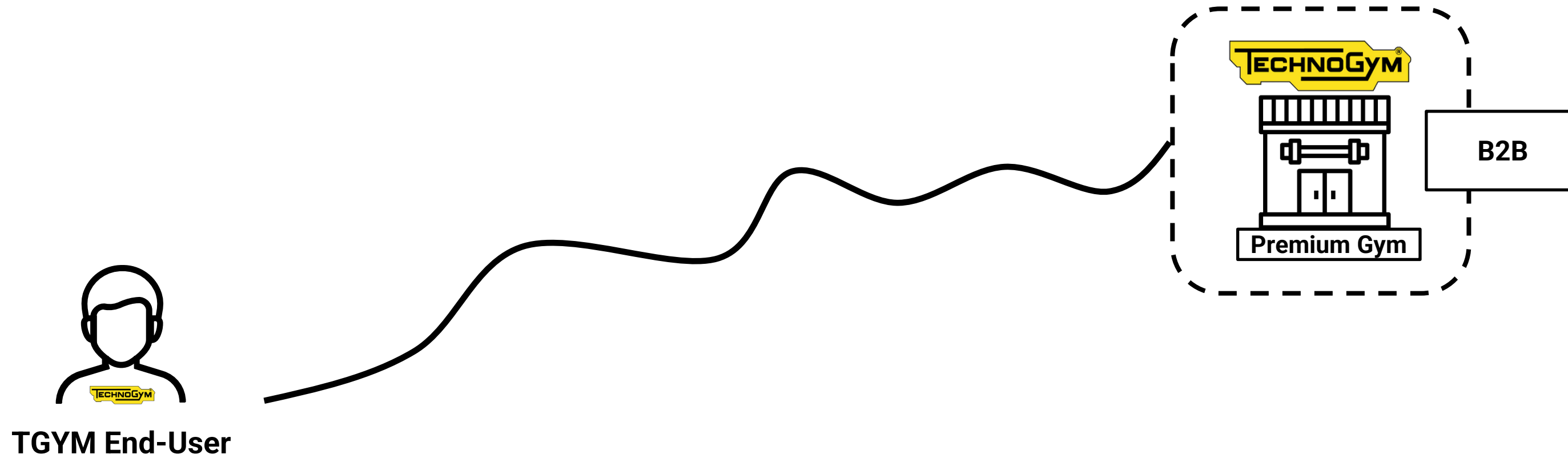


Sources: Allied Market Research, Inkwood, team elaboration

TGYM launched app to ride Hybrid trend



TGYM Historically

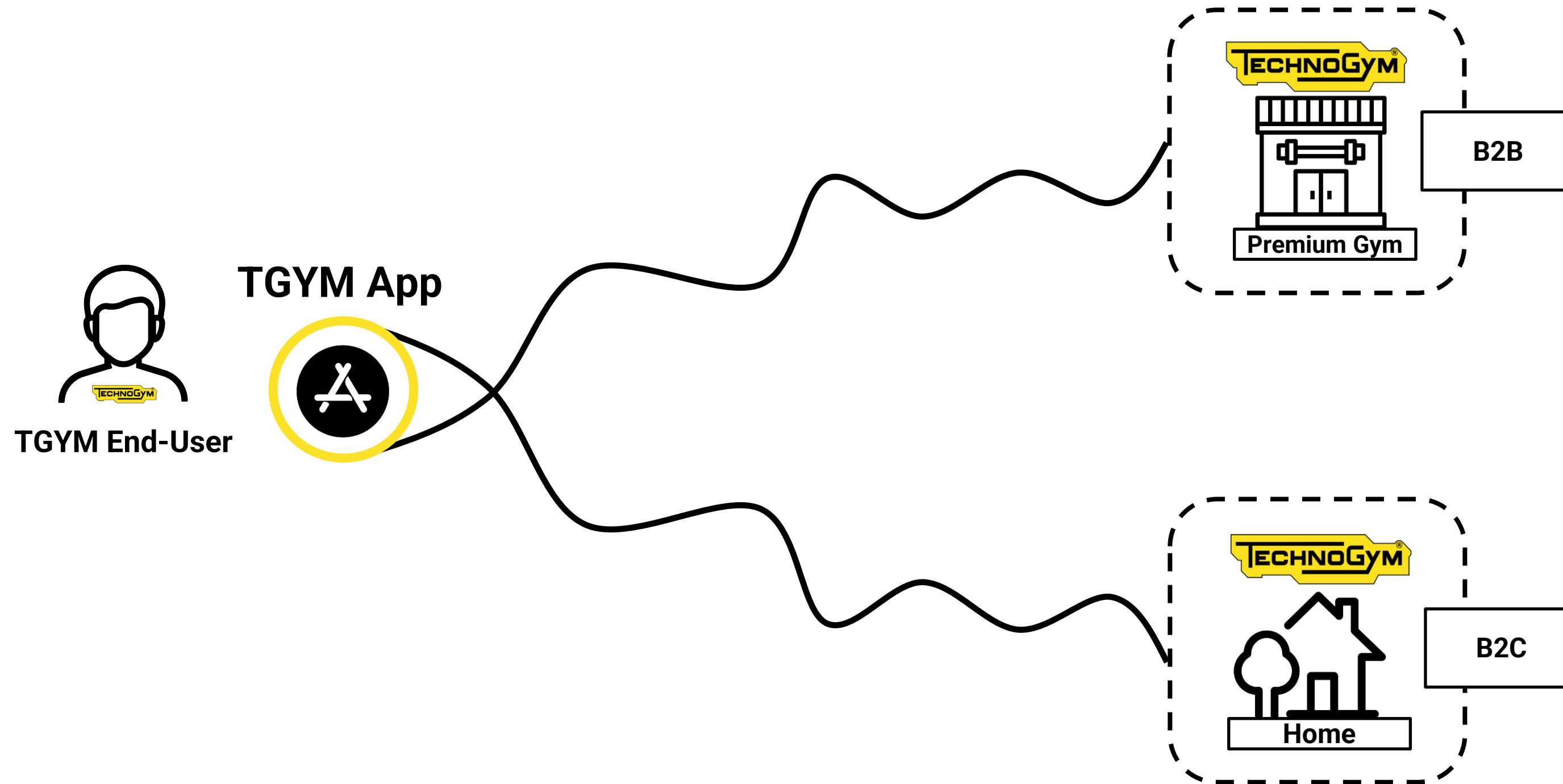


Source: team elaboration

TGYM launched app to ride Hybrid trend

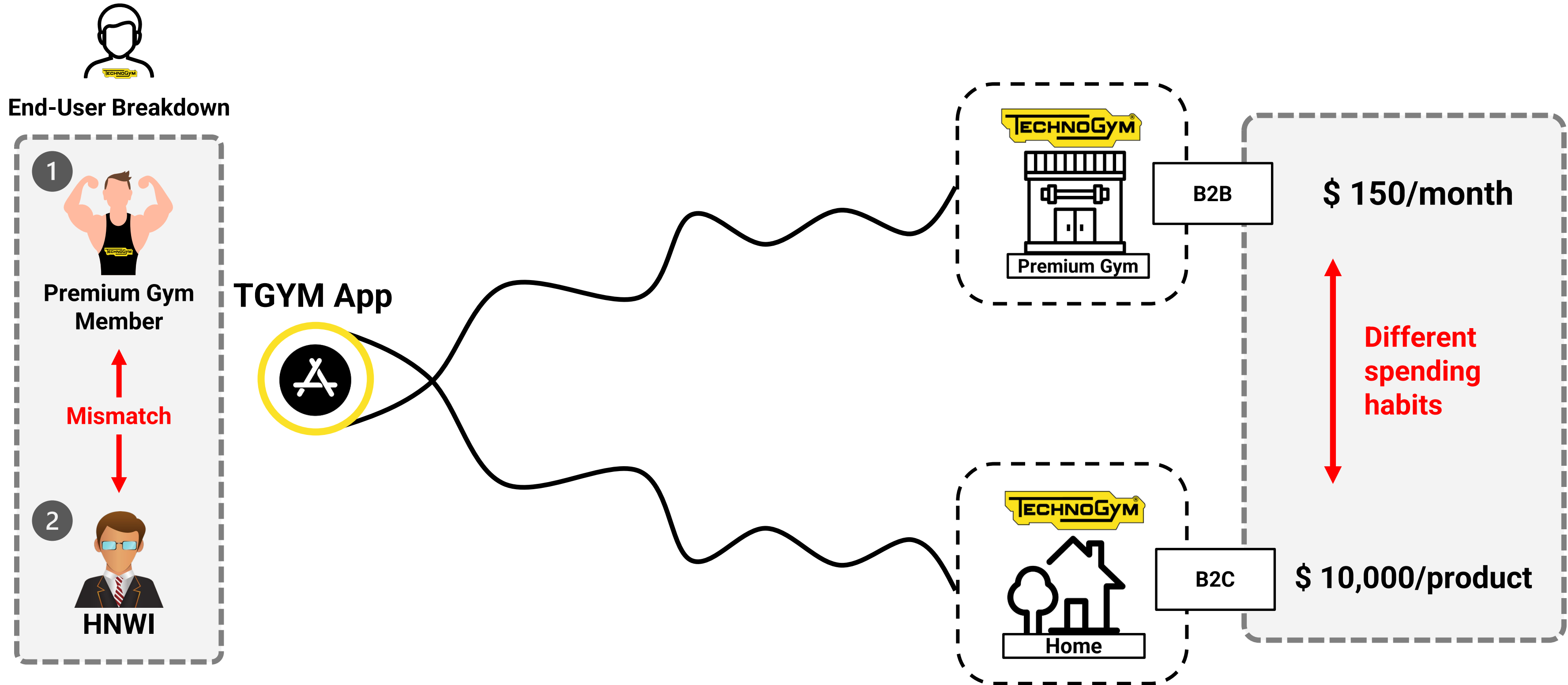


TGYM catching the Hybrid Trend



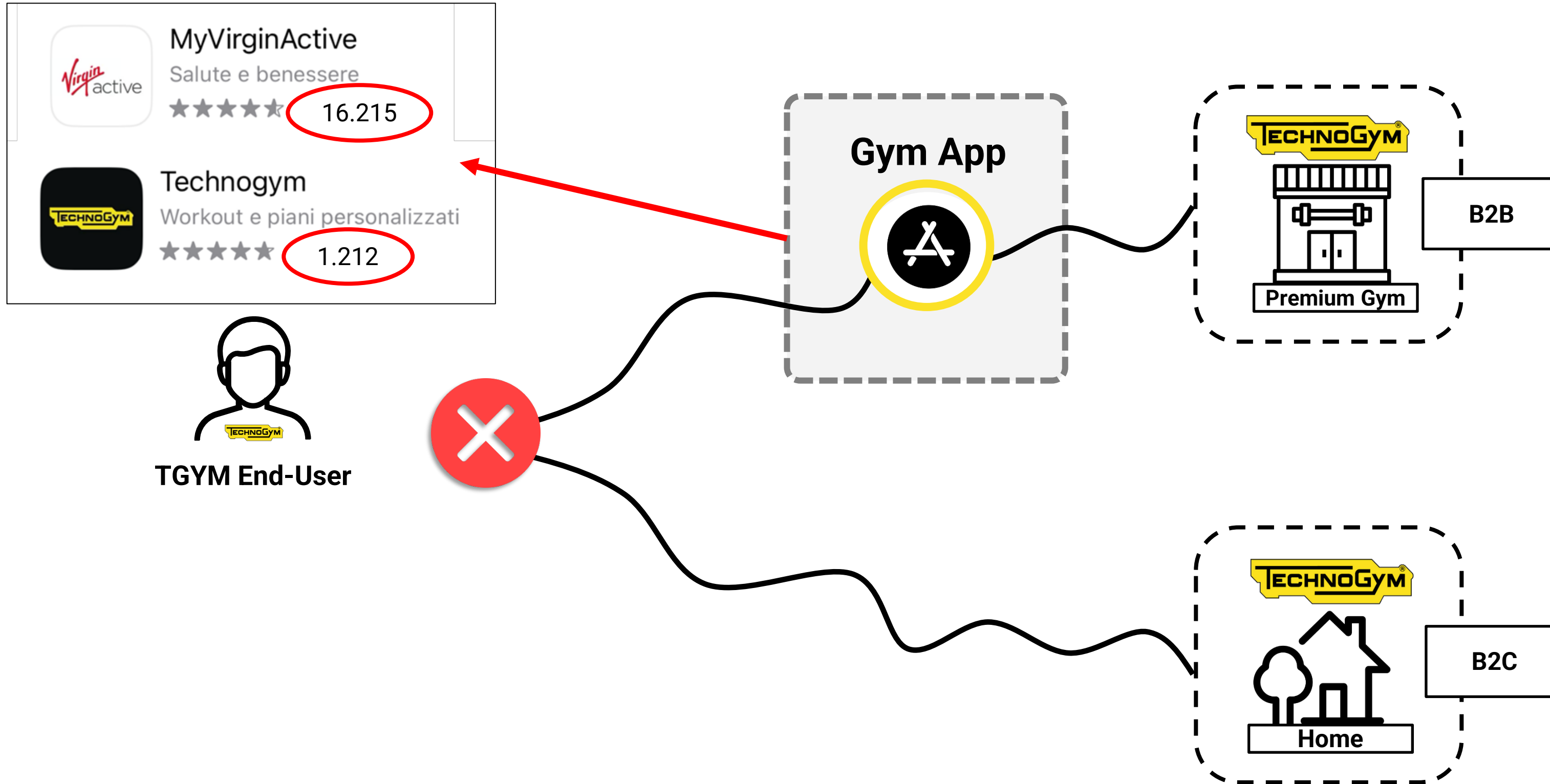
Source: team elaboration

End-Users Mismatch



Source: team elaboration

Competition from gyms' app



Source: team elaboration

TGYM not well positioned to ride trends



 Higher relevance in wellness driven by

- 1 Alternative workout
- 2 Mass market gyms
- 3 Hybrid fitness



TGYM is **not well positioned** to ride the Fitness Trends

Source: Accenture Consumer Plus Survey

WHY HOLD?

1.

Positive trends...

...suboptimal positioning

2.

Leading in Europe...

...challenging expansion

3.

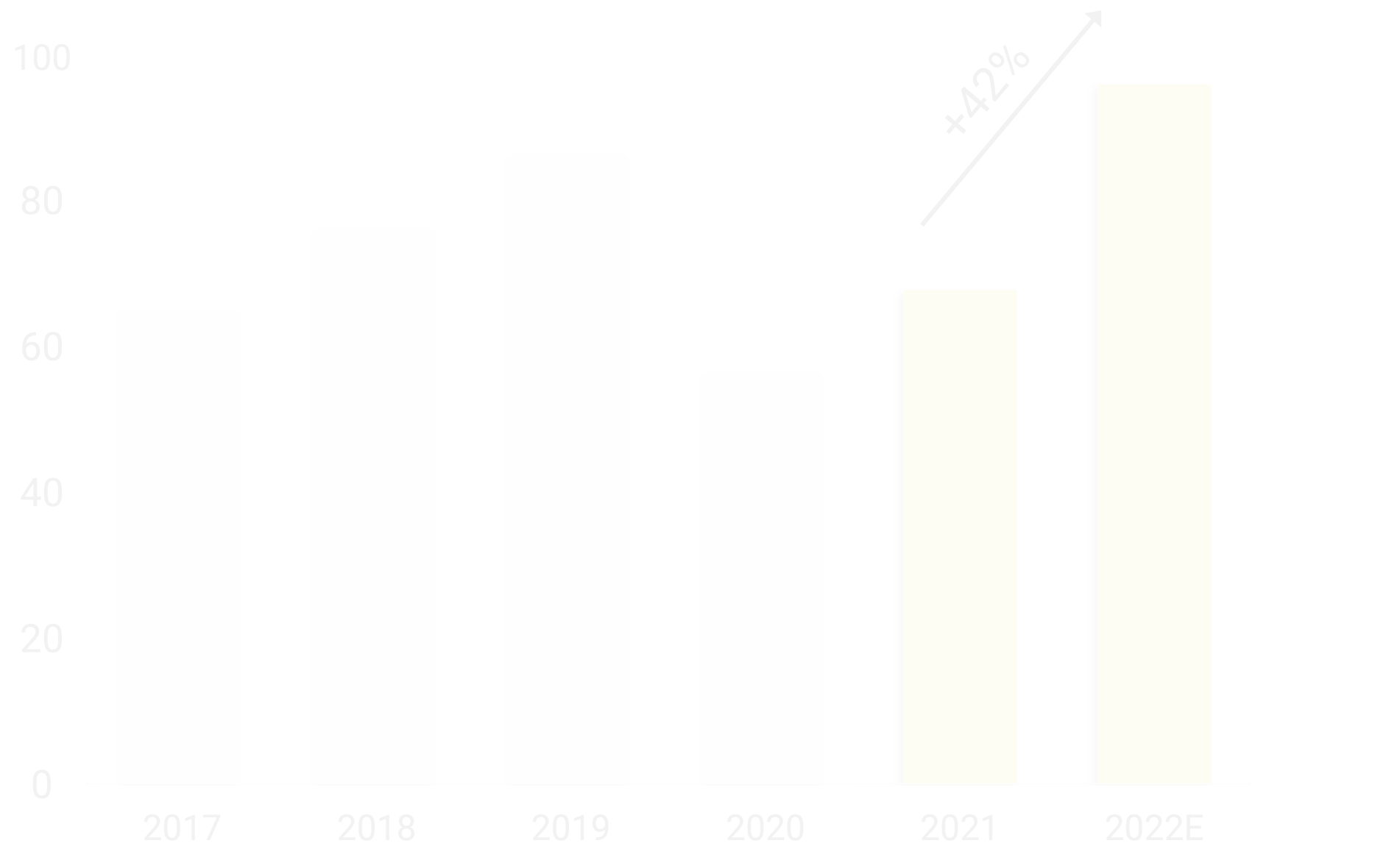
Outstanding financial health...

...overly cautious investments

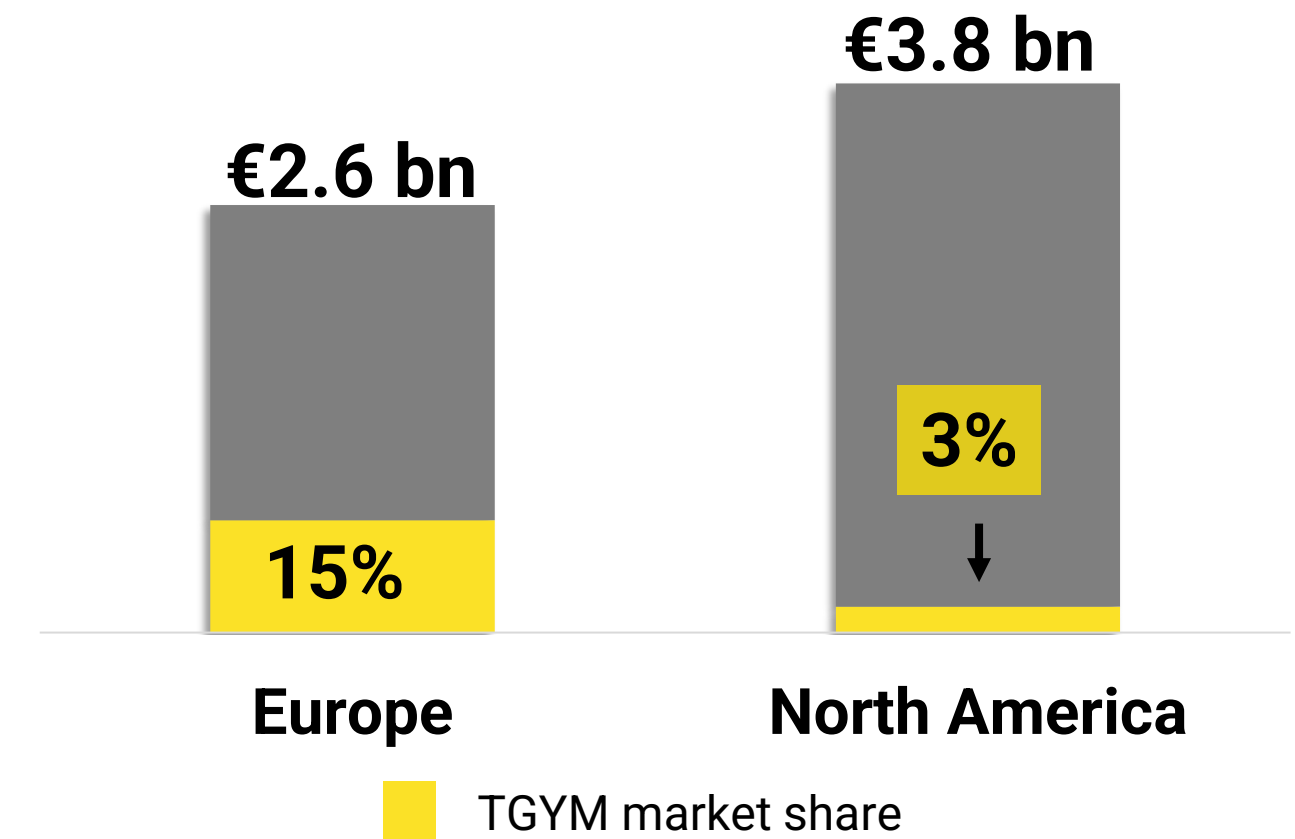
A leading position in Europe



TGYM Revenues – North America [€m]



A leading position in Europe
Fitness Equipment Market Size 2022

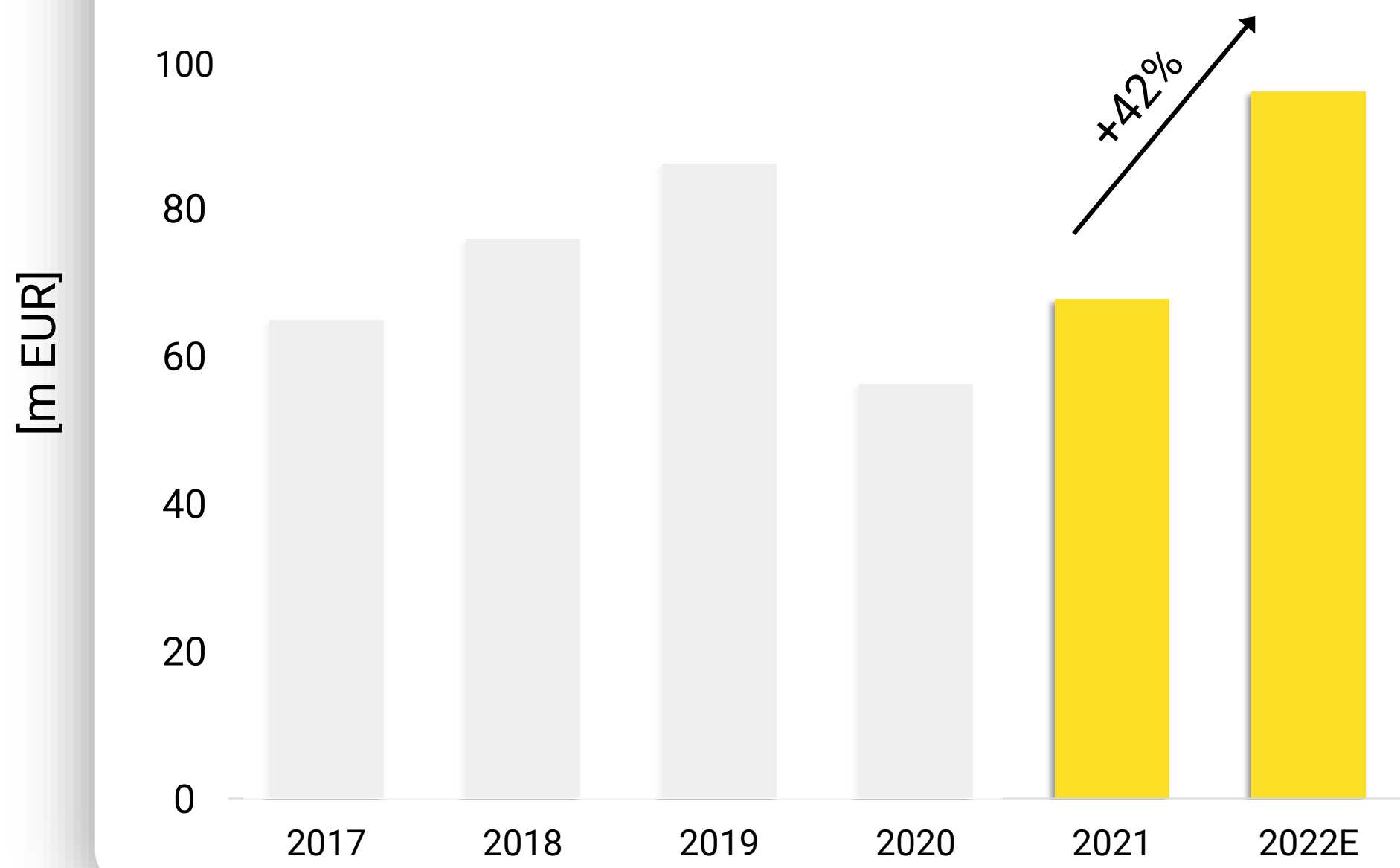


Sources: Inkwood, company data, team elaboration

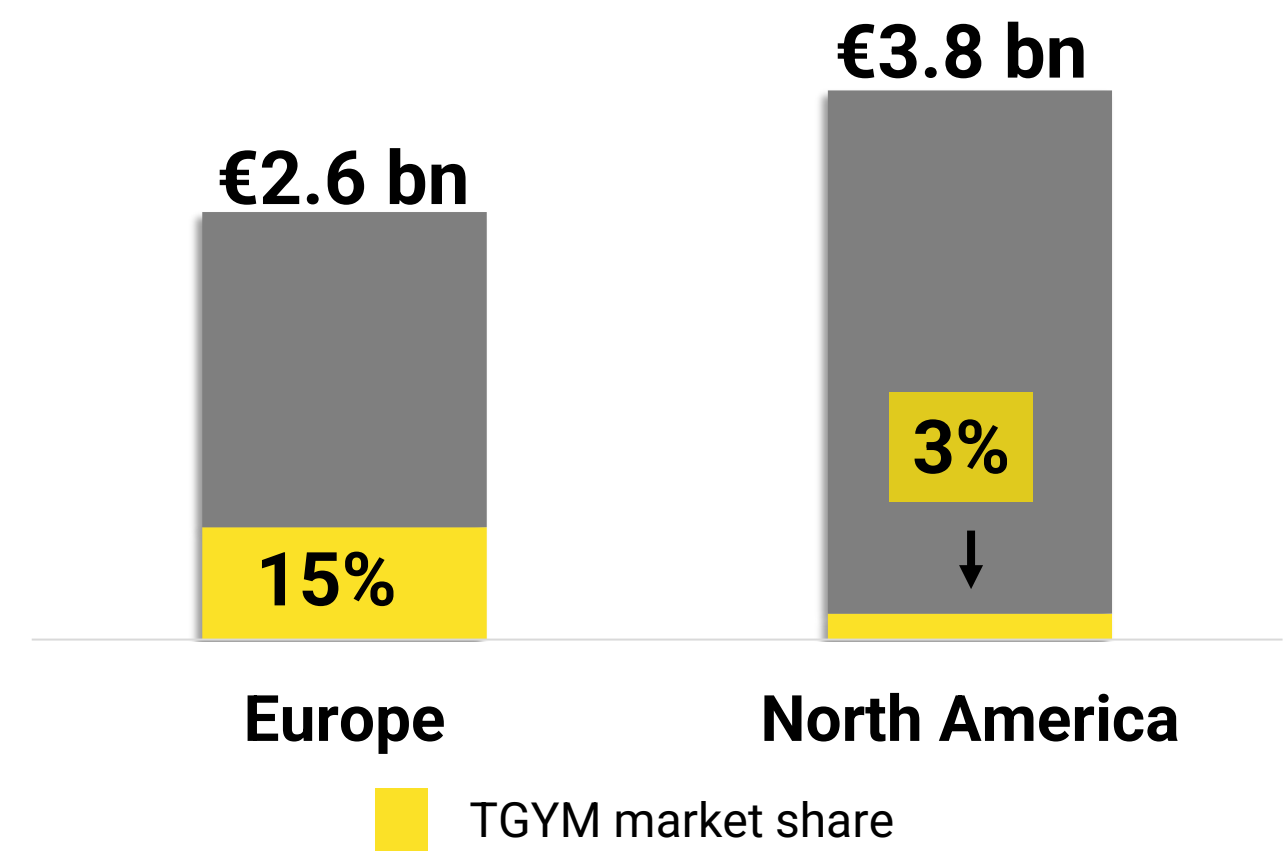
A shining growth in North America...



TGYM Revenues – North America [€m]



A leading position in Europe Fitness Equipment Market Size 2022

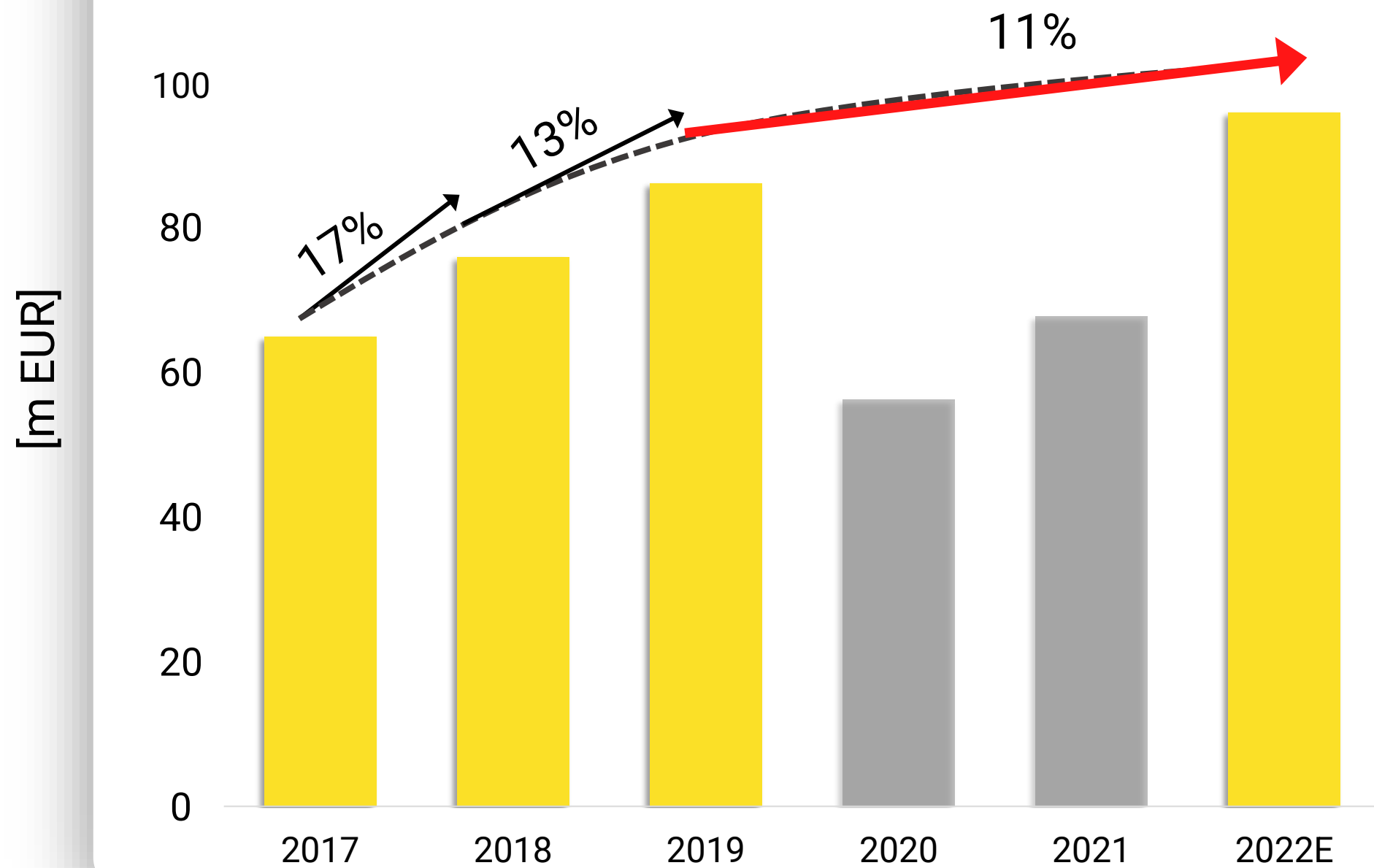


Sources: Inkwood, company data, team elaboration

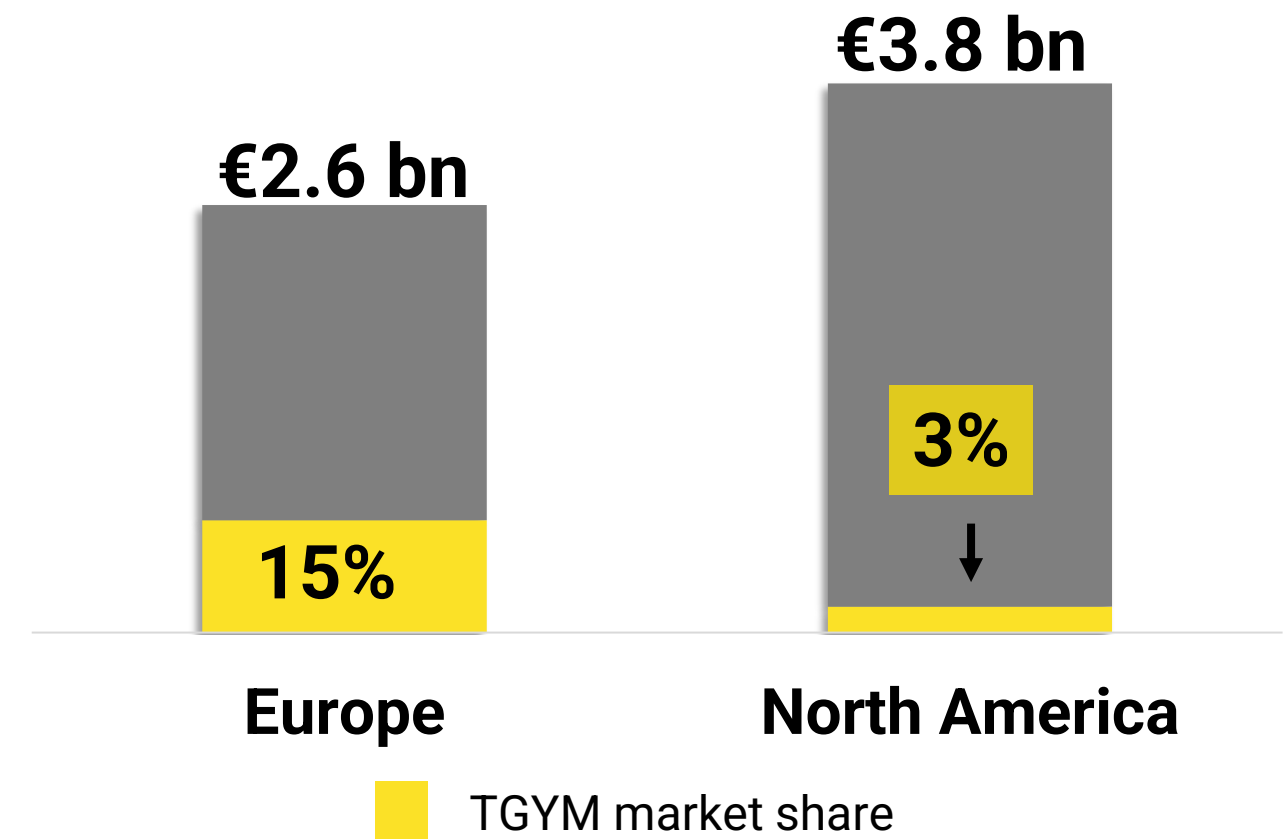
...but it is still a post-pandemic recovery



TGYM Revenues – North America [€m]



A leading position in Europe Fitness Equipment Market Size 2022



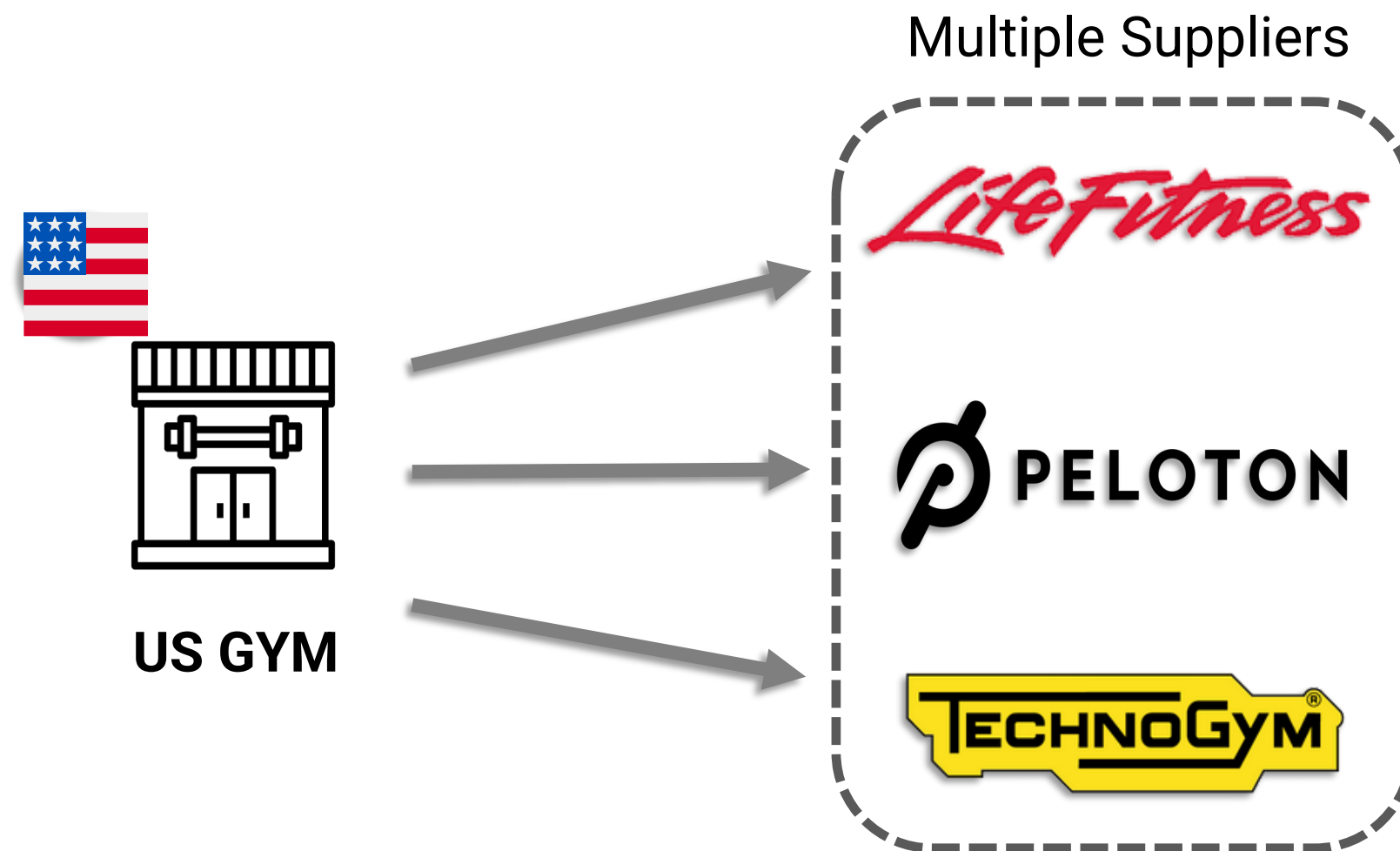
Sources: Inkwood, company data, team elaboration



1

US habit to order from **multiple suppliers** is detrimental for TGYM

US Market standard



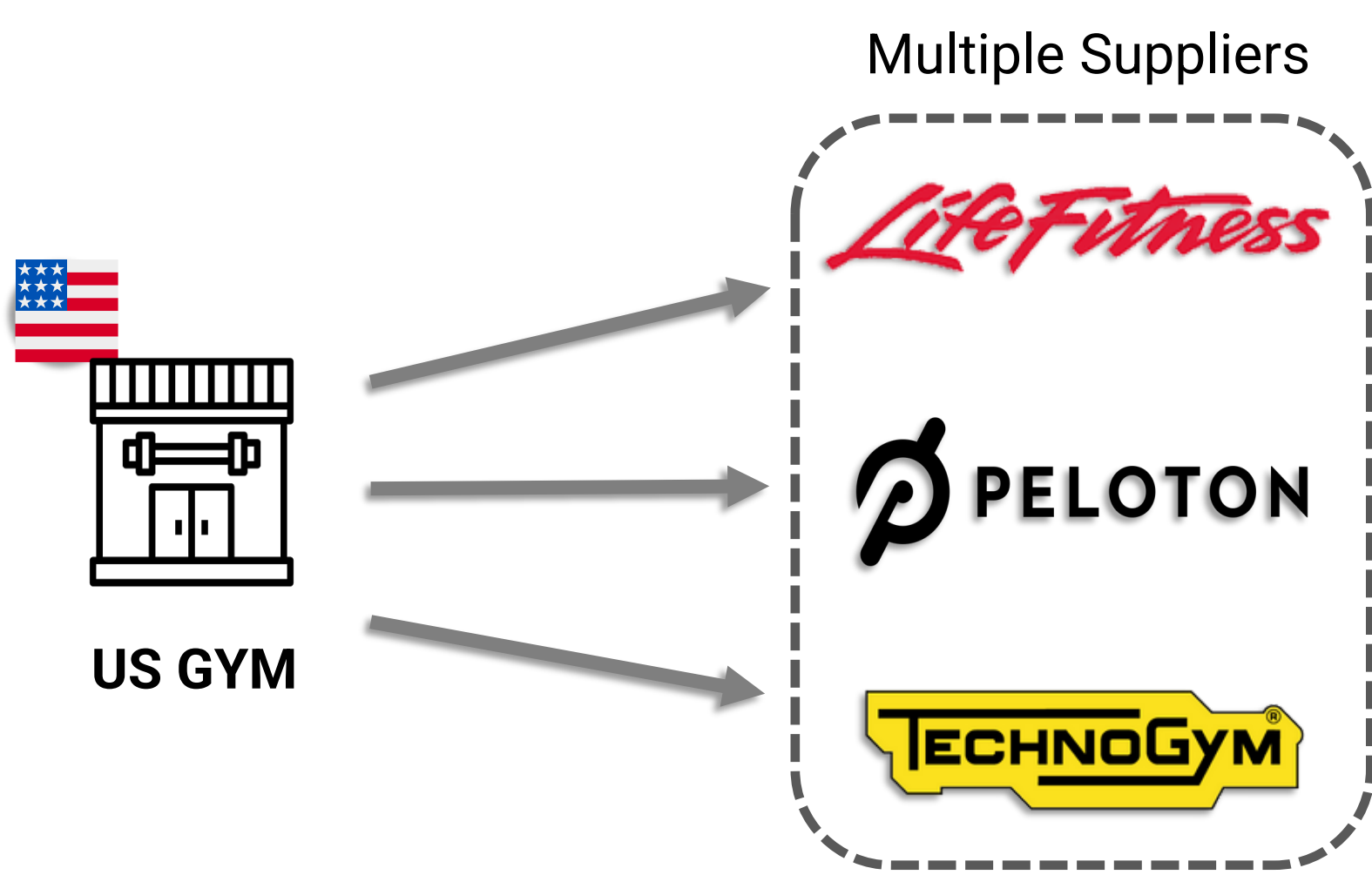
Geographical expansion: problems in North America



1

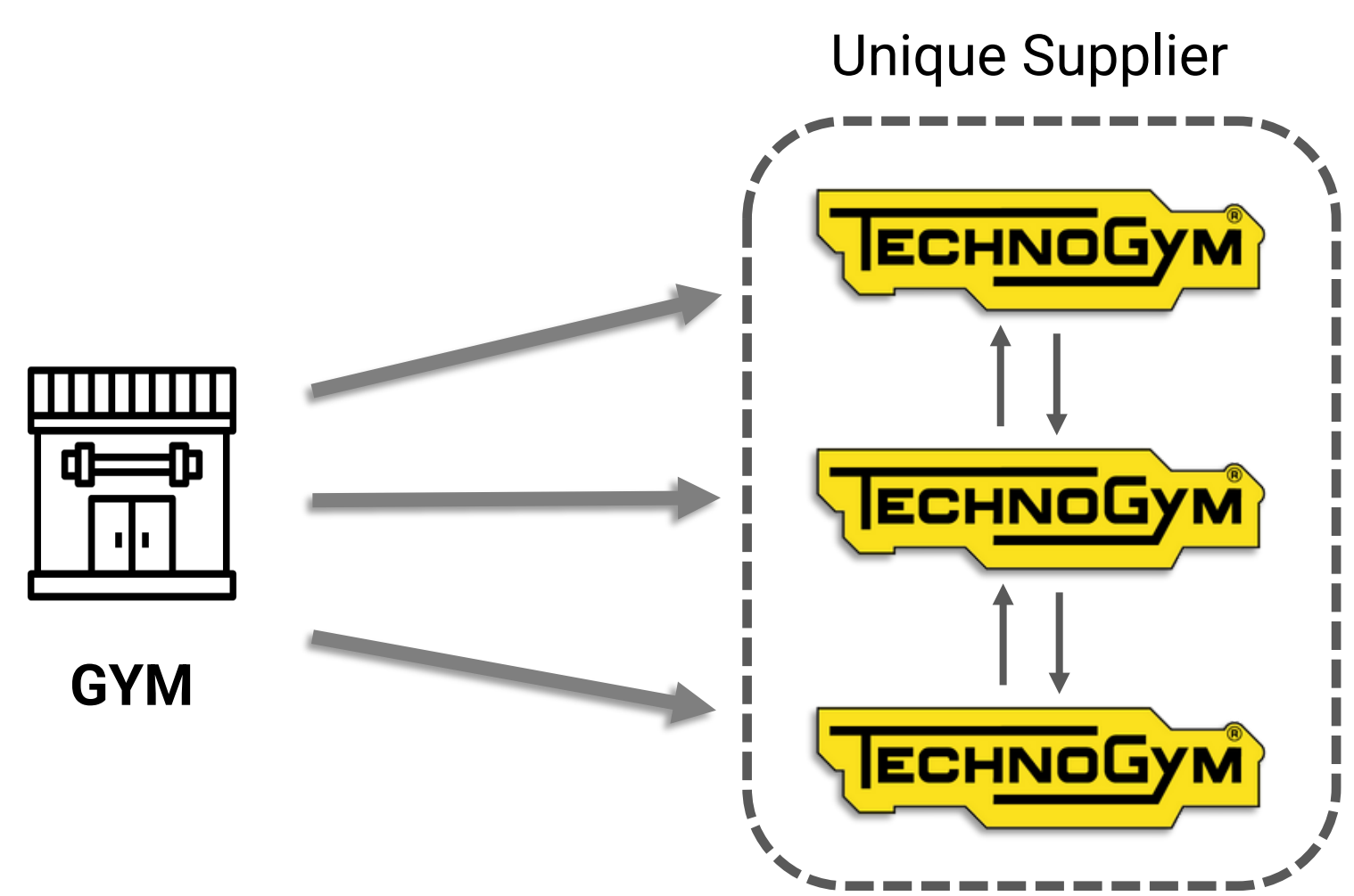
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US Market standard



≠

TGYM strategy

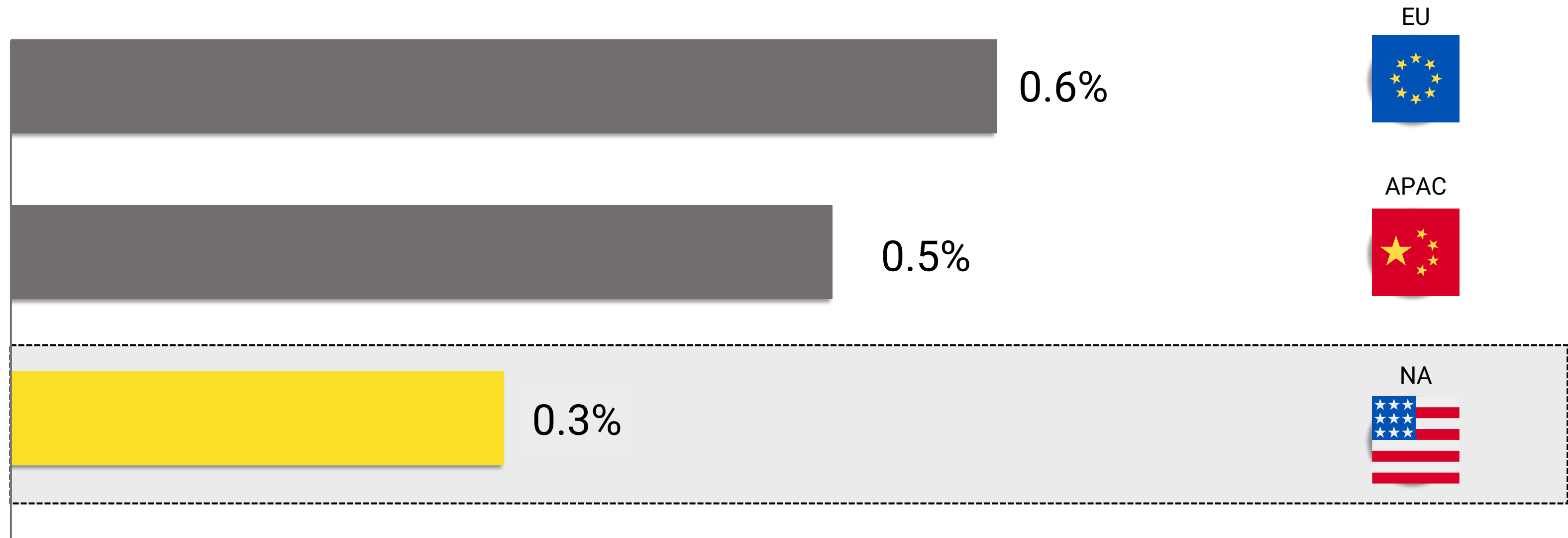




2

In B2C TGYM bets on a **leaning-to-luxury offer**, less valued by US customers

Expenditure in Luxury and Design Goods Compared to GDP



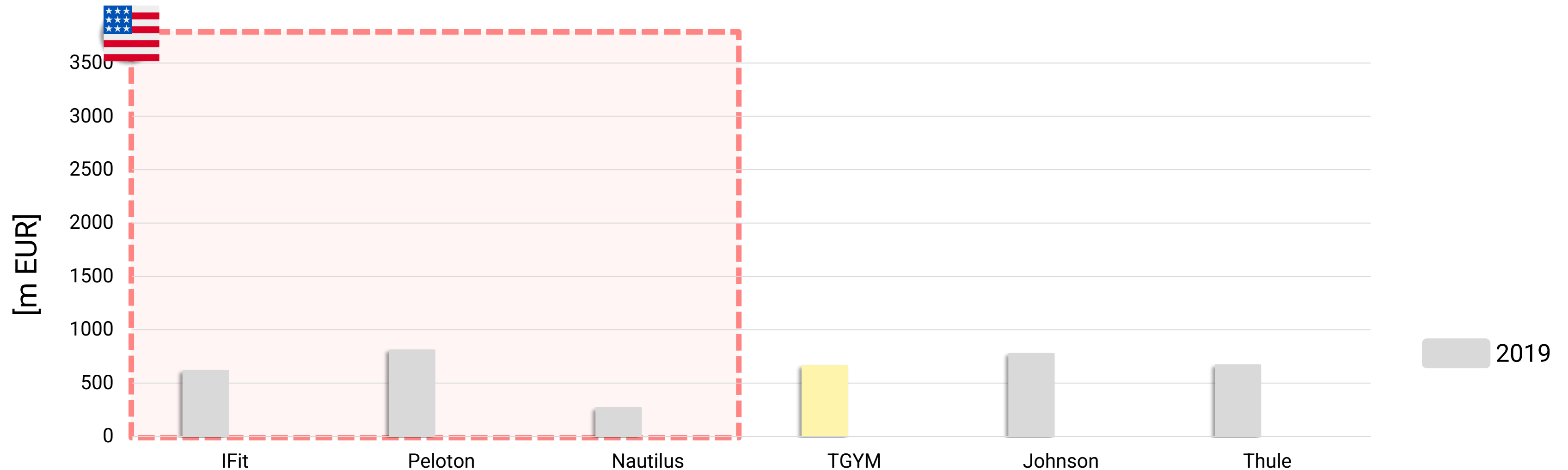
Sources: OECD, Statista



3

US competitors have **multiplied their size** during covid

Fitness peers' revenues – PRE COVID



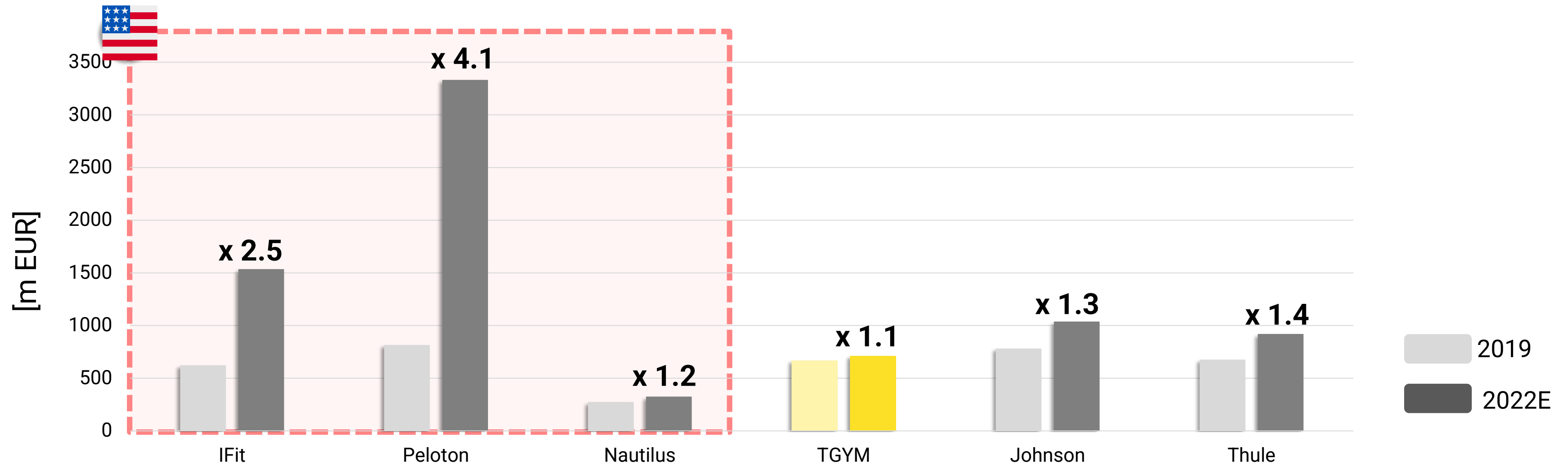
Sources: Refinitiv, Companies' Data, Team Elaboration.



3

US competitors have **multiplied their size** during covid

Fitness peers' revenues – POST COVID



Sources: Refinitiv, Companies' Data, Team Elaboration.

WHY HOLD?

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Positive trends...

...suboptimal positioning

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Leading in Europe...

...challenging expansion

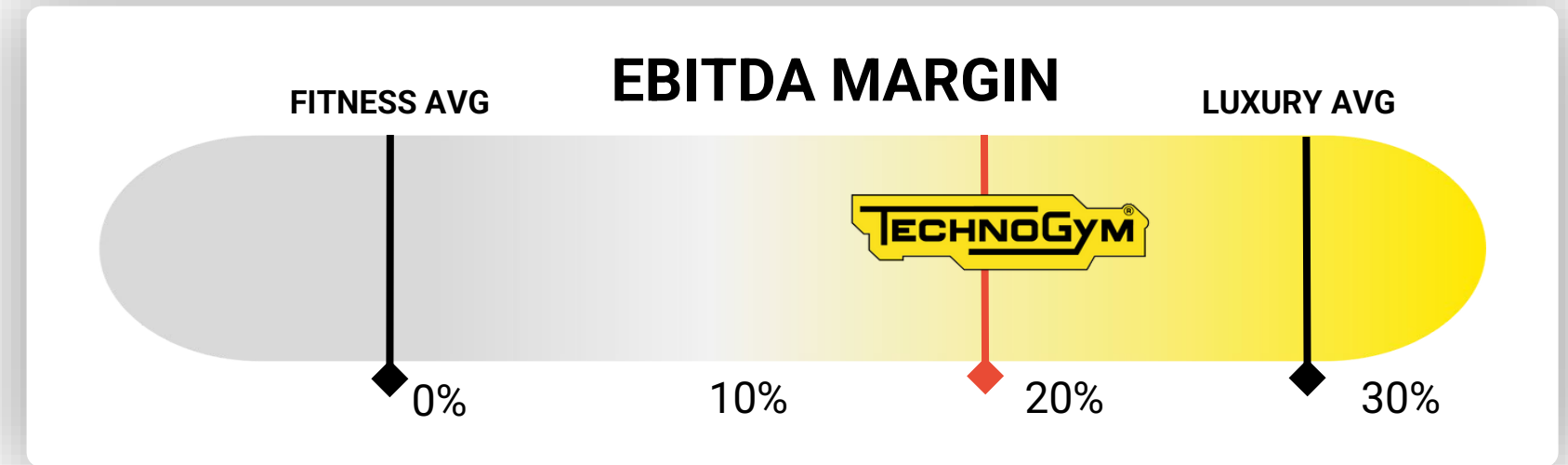
3.

Outstanding financial health...

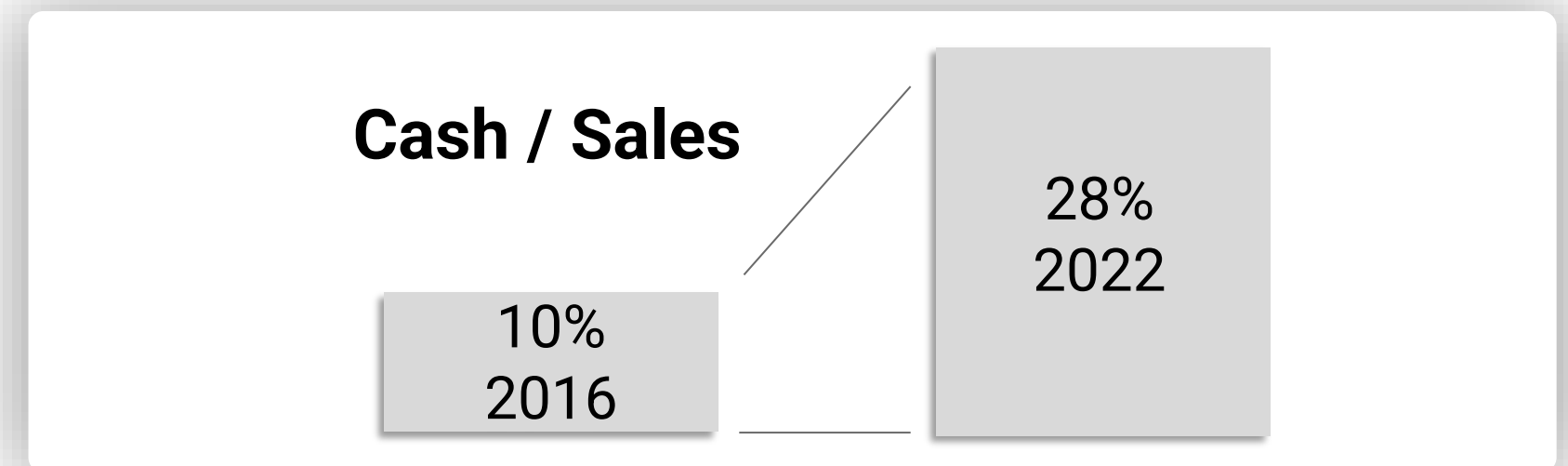
...overly cautious investments



Leaning-to-luxury margins



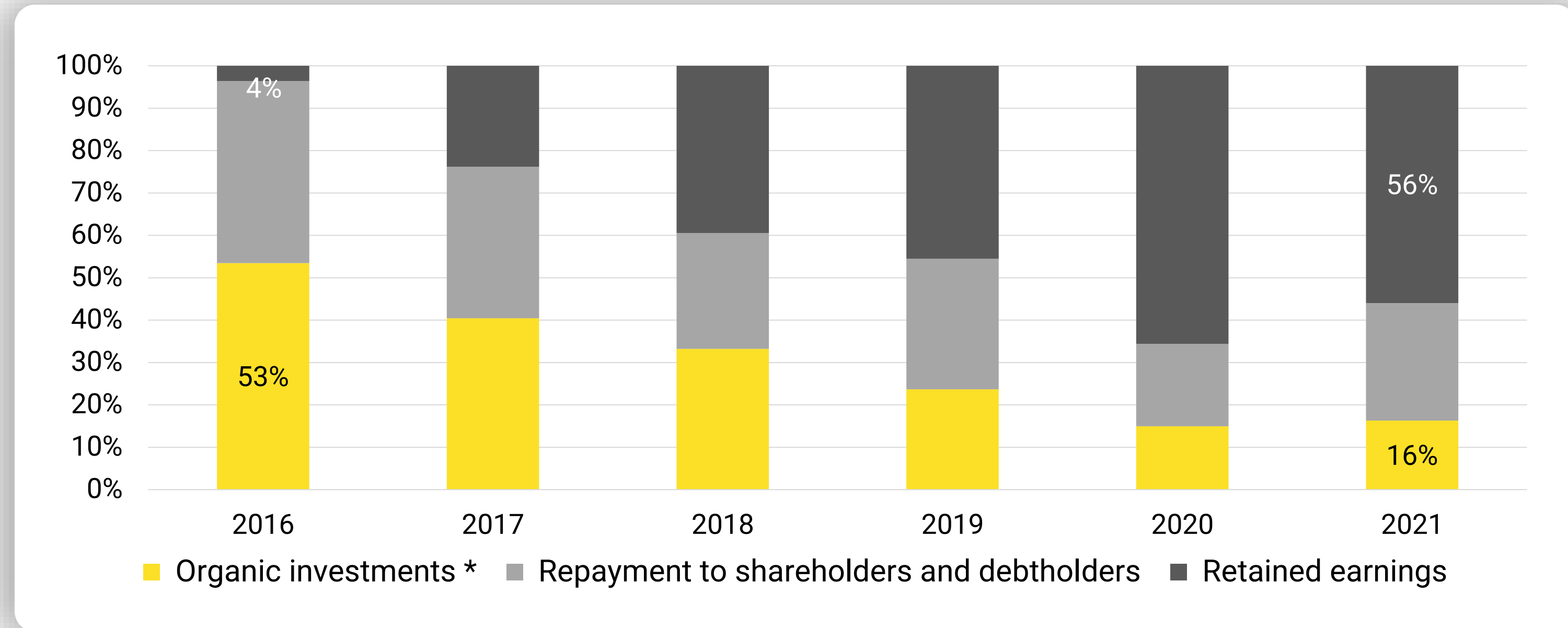
Strong cash-generation



A too cautious investment strategy



Organic growth: SLOW – reduction of investments for cash accumulation

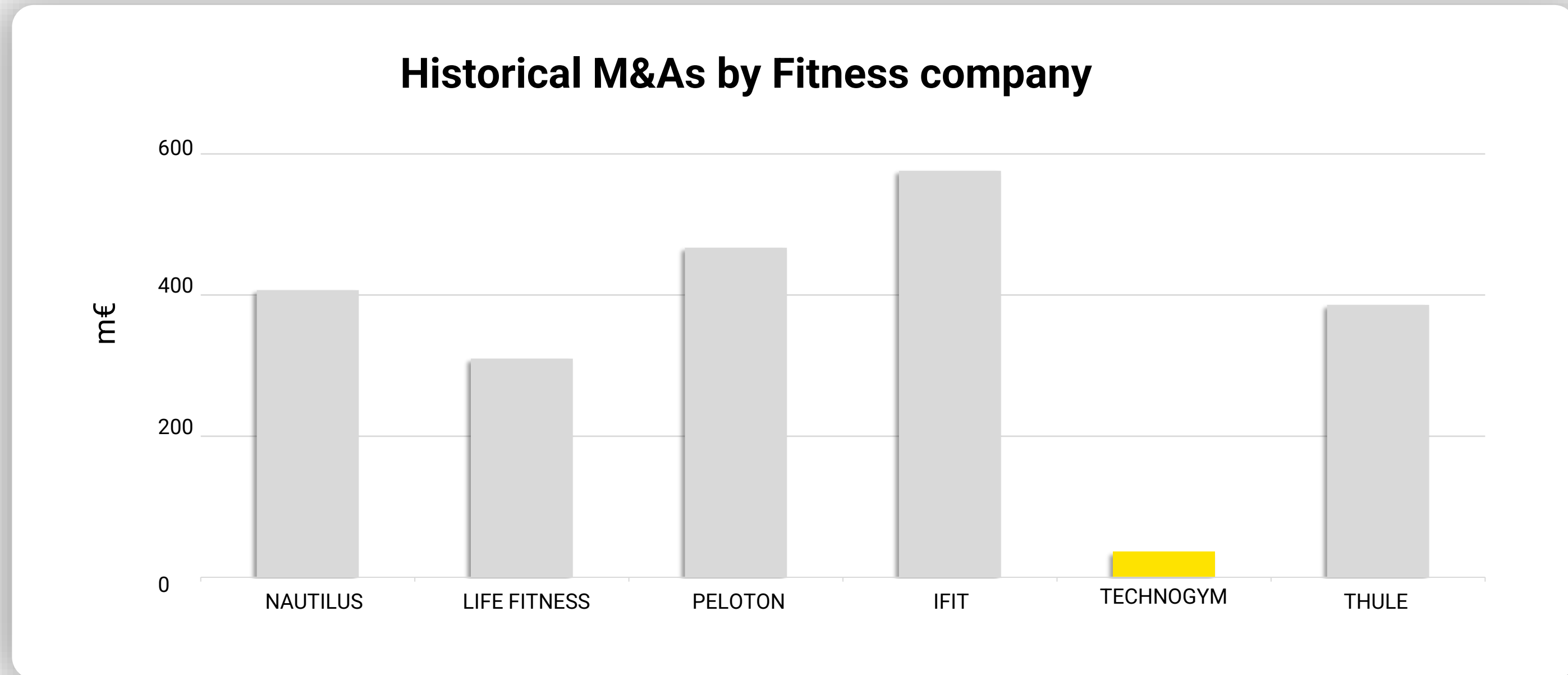


Investments = CapEx + ~ 23% OpEx (proxy of investments in intangibles)

Sources: company data, team elaboration, Refinitiv. Year of reference: 2022E



Inorganic growth: MISSING – no upcoming M&As



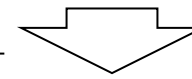
Sources: company data, team elaboration

A too cautious investment strategy



Organic growth: SLOW – reduction of investments for cash accumulation

Inorganic growth: MISSING – no upcoming M&As



D/E 2022E

0.3

Pay-out Ratio 2022E

50%

Sources: company data, team elaboration



VALUATION

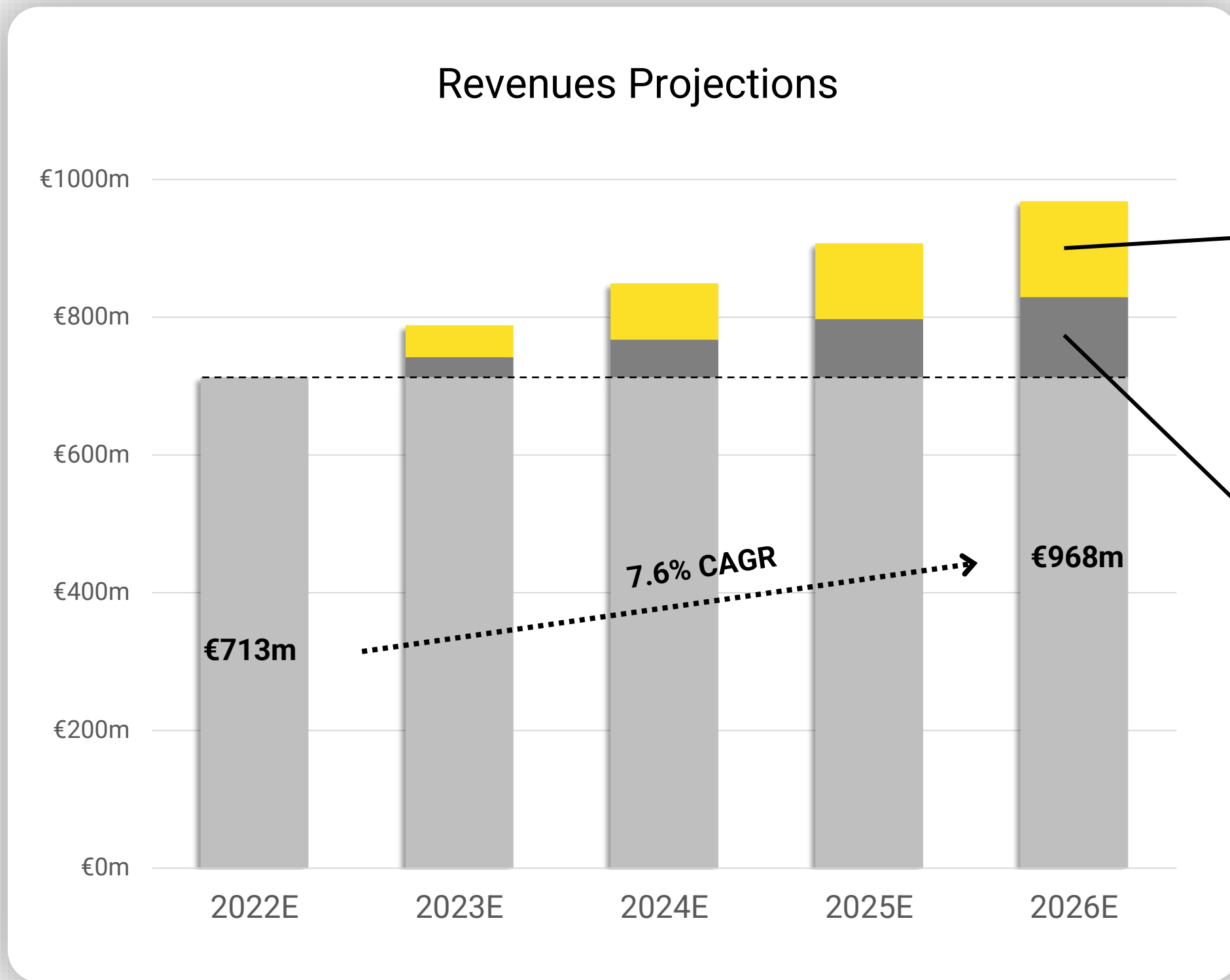
TECHNOGYM

ENJOY
LIVE & ON-DEMAND
CLASSES

How to try the
Technogym Bike

1) Click on the acco
se your clas
/ your worko

Revenue projections: solid growth, below consensus



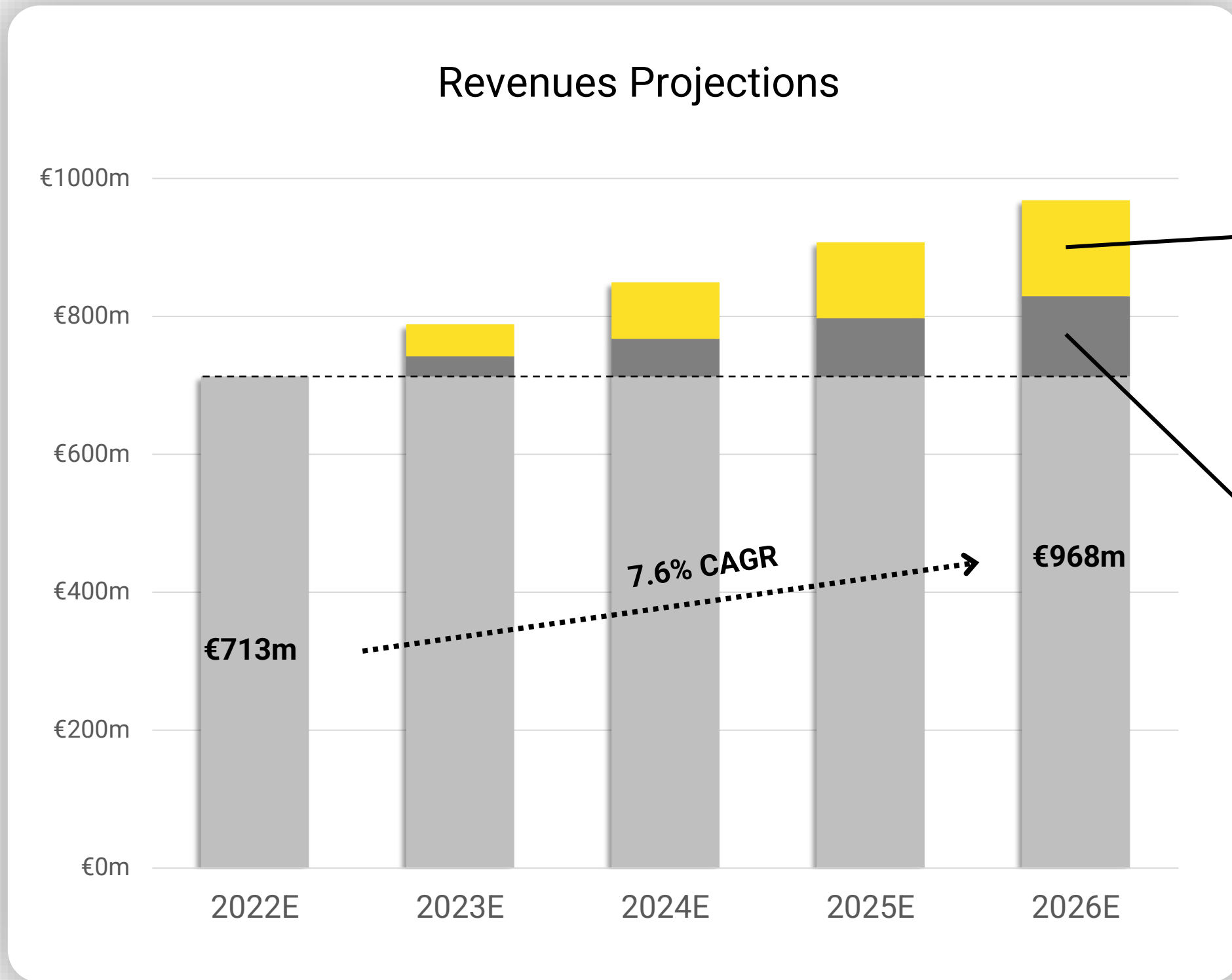
Underlying market growth

- B2B ➡ Fitness Equipment Market
- B2C ➡ #HNWIs by geography

Market penetration

- US ➡ Increased competition
- EU ➡ Saturation

Revenue projections: solid growth, below consensus



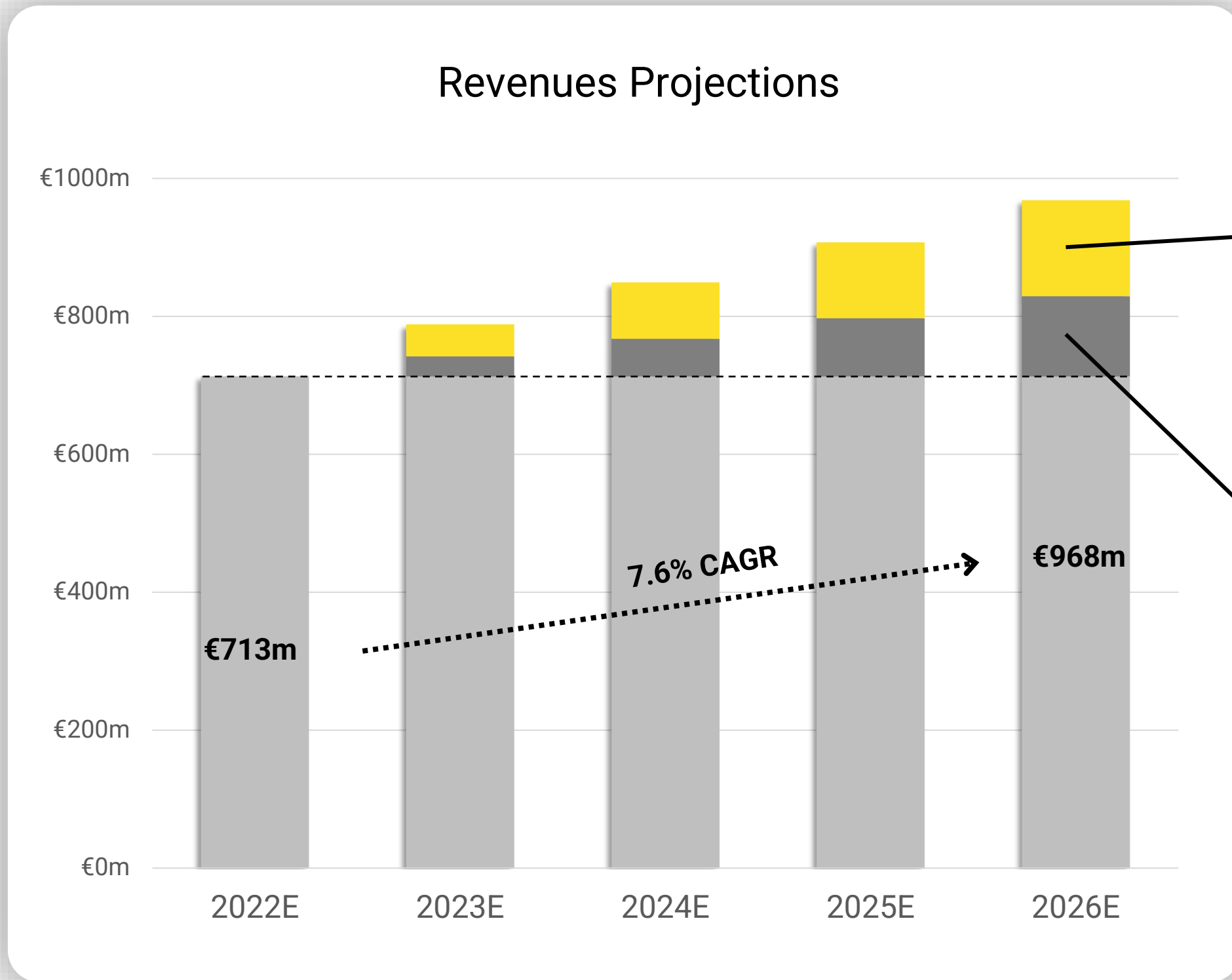
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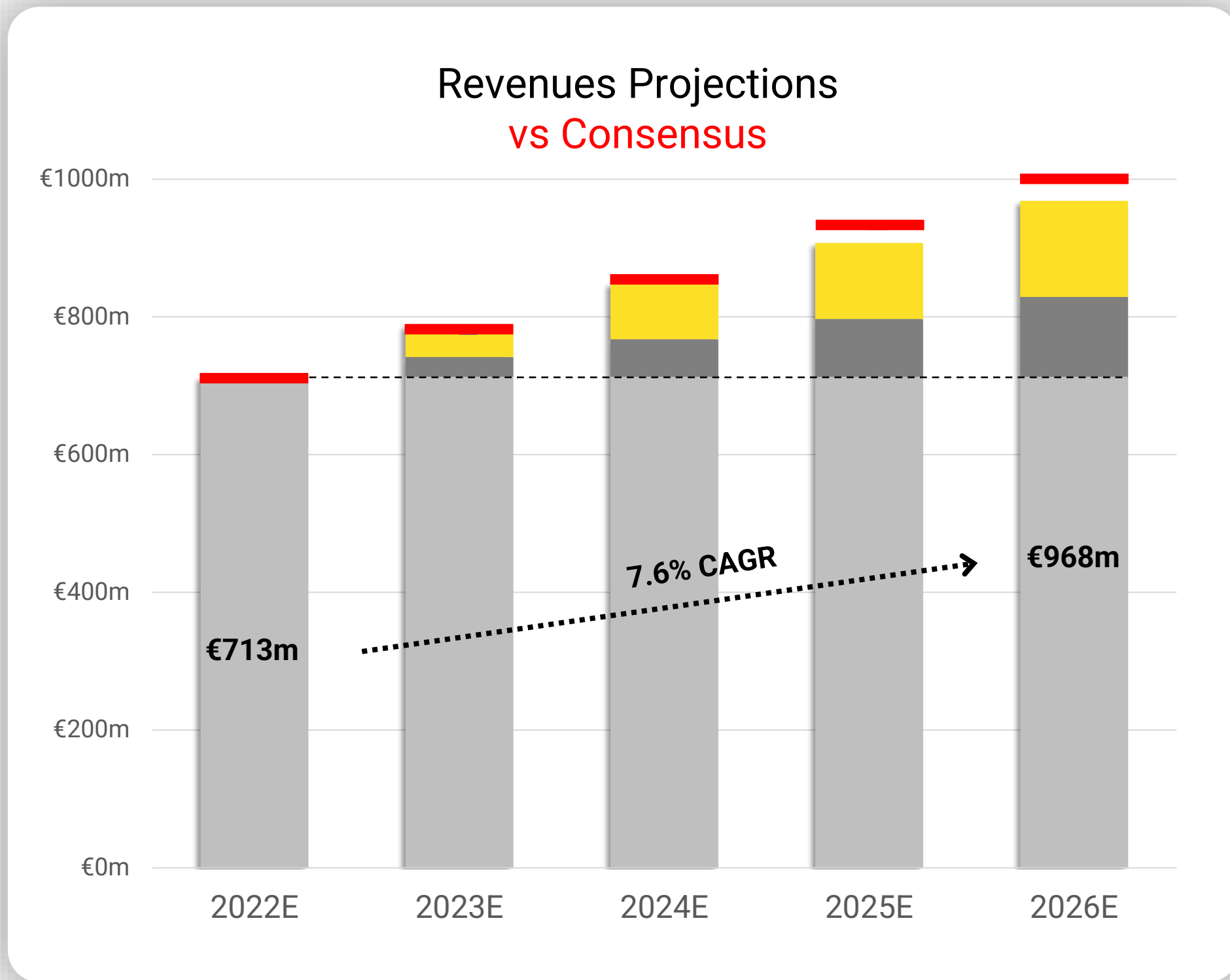
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Underlying market growth

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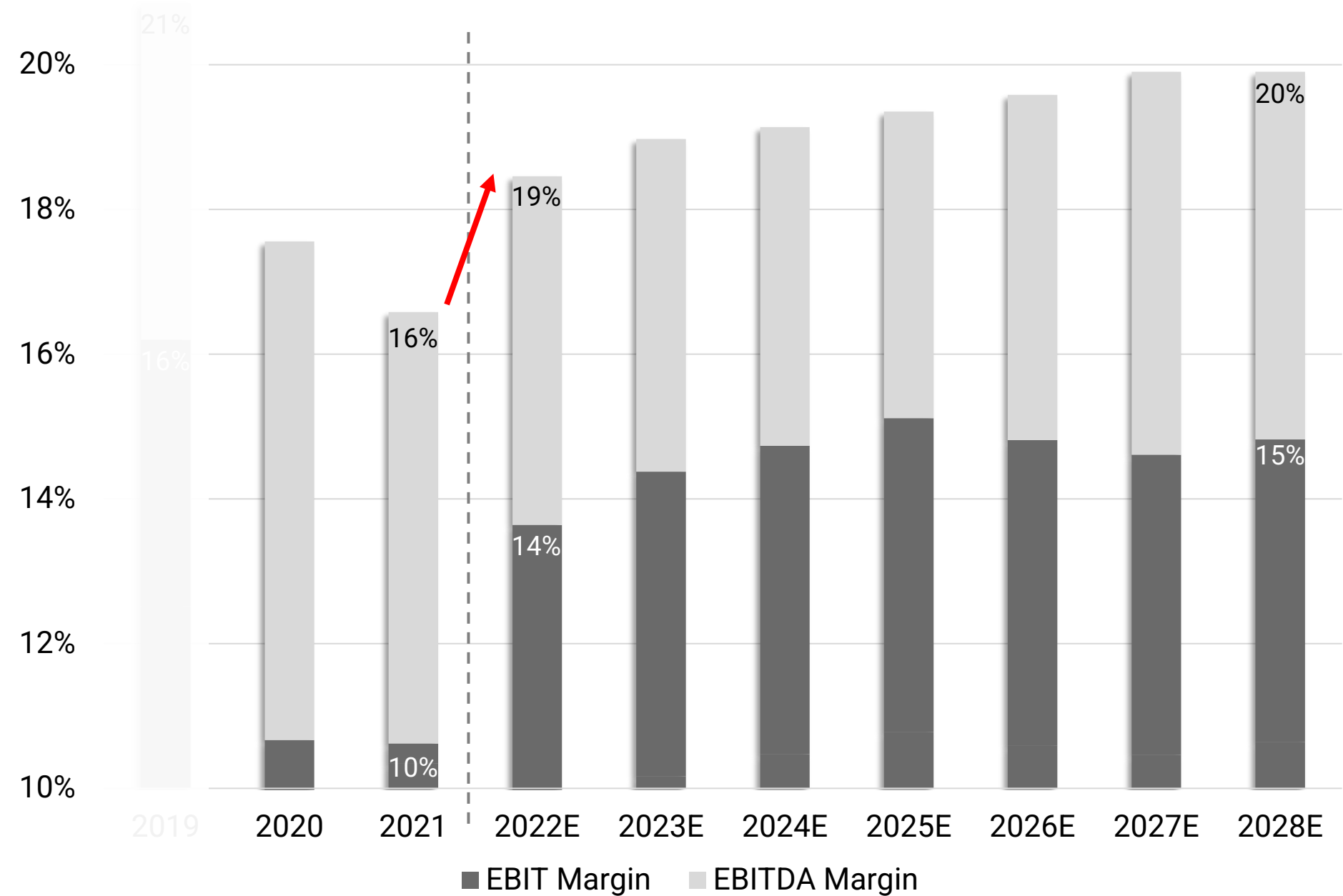
Market penetration

- US → Increased competition
- EU → Saturation

Good margins, limited improvement



Margins Projection



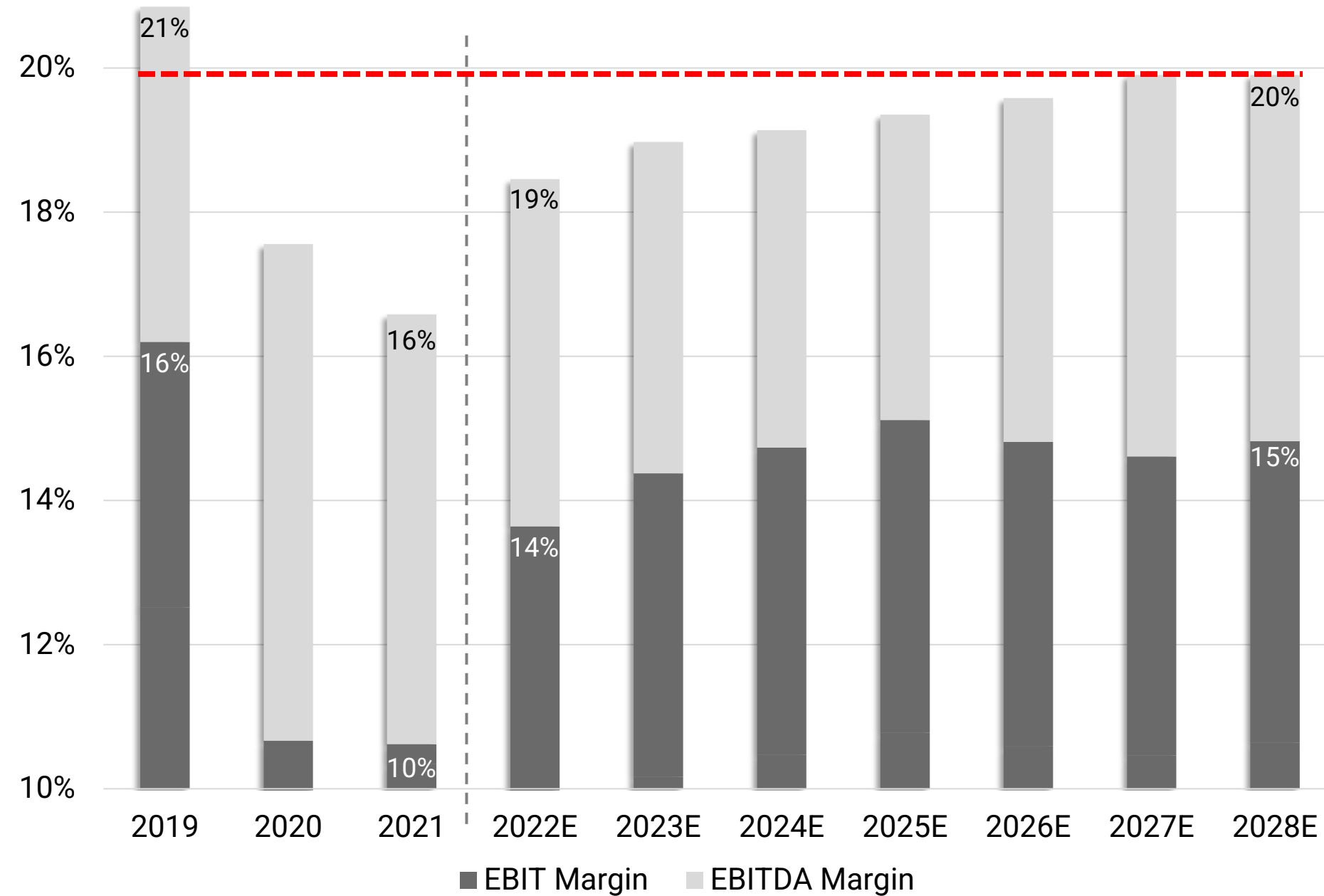
1 Recovery from the pandemic

Sources: company data, team elaboration

Good margins, limited improvement



Margins Projection



1 Recovery from the pandemic

2 Limited Long-term improvement

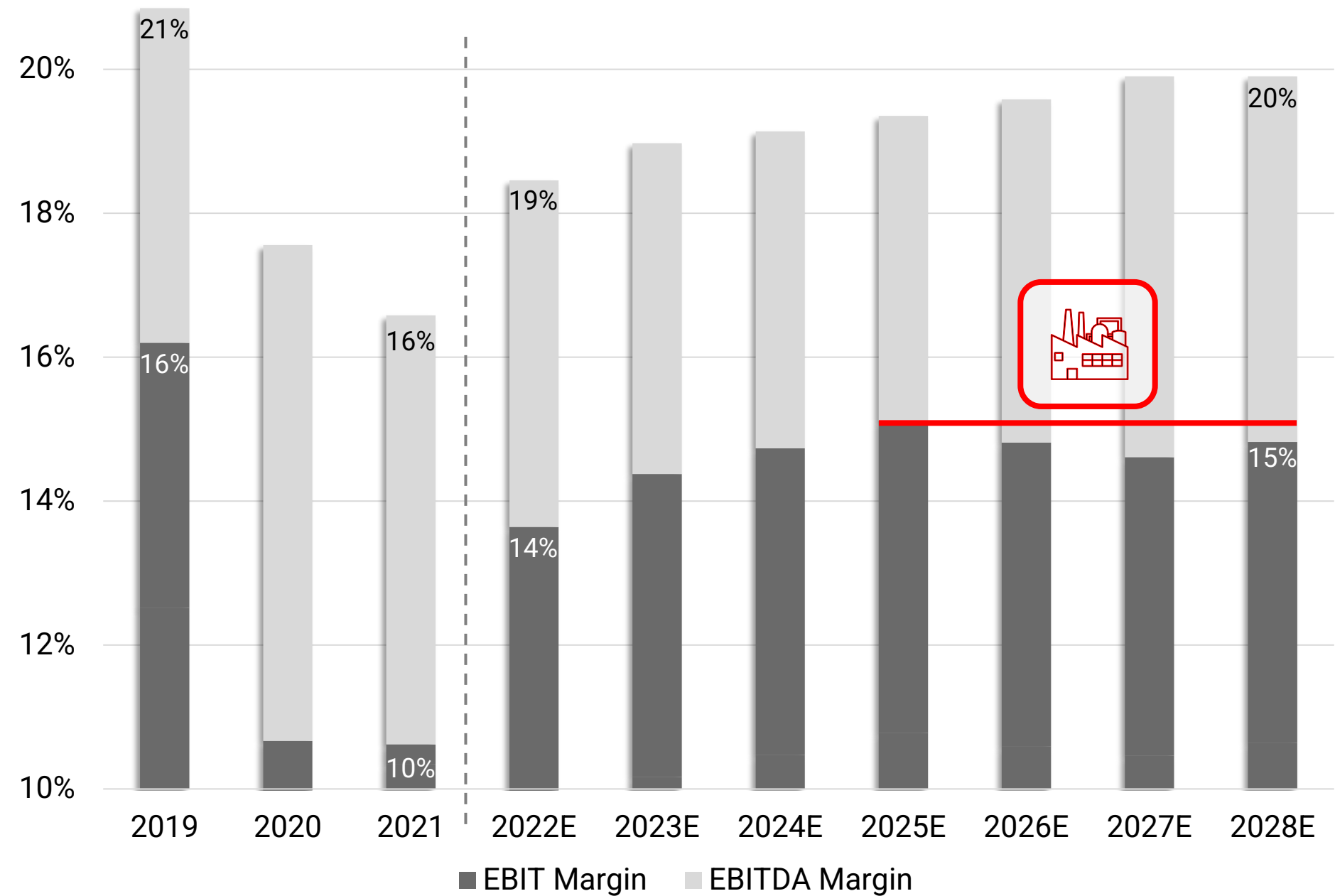
- Pricing pressures
- Increased costs

Sources: company data, team elaboration

Good margins, limited improvement



Margins Projection



1 Recovery from the pandemic

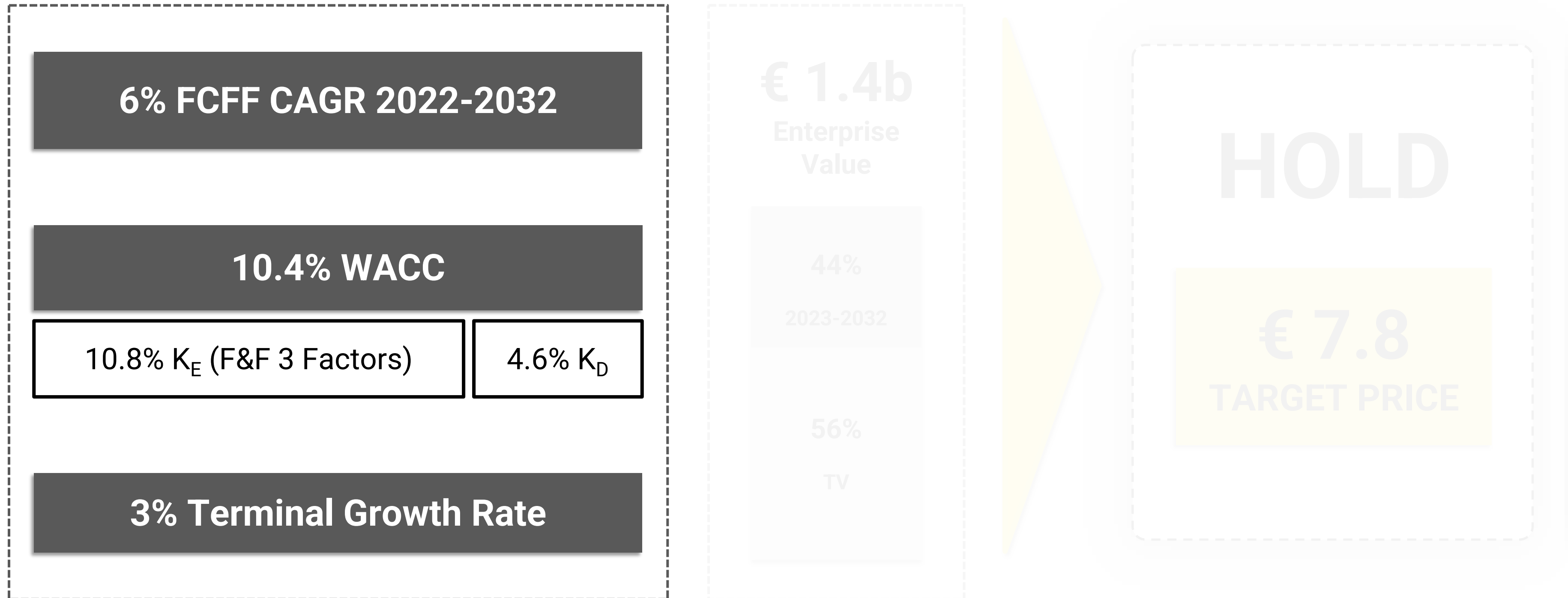
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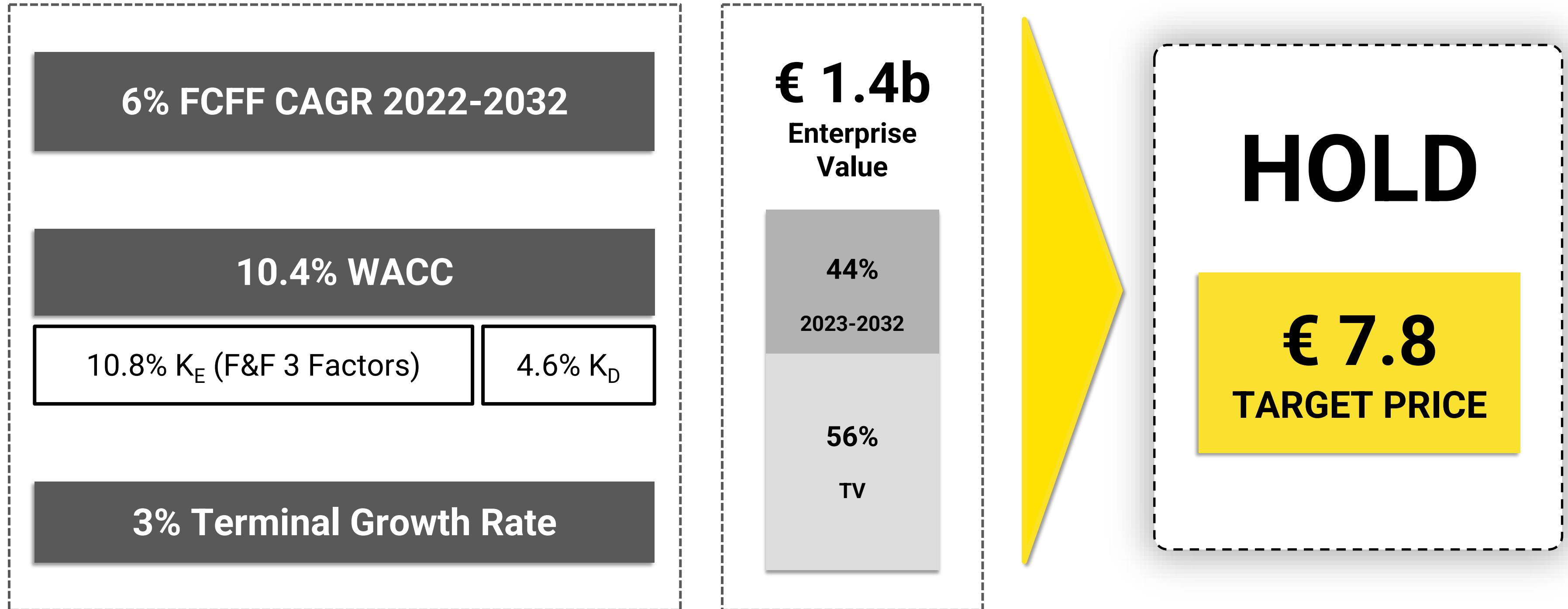
3 Additional production facility

Sources: company data, team elaboration

HOLD rating: our target price



HOLD rating: our target price

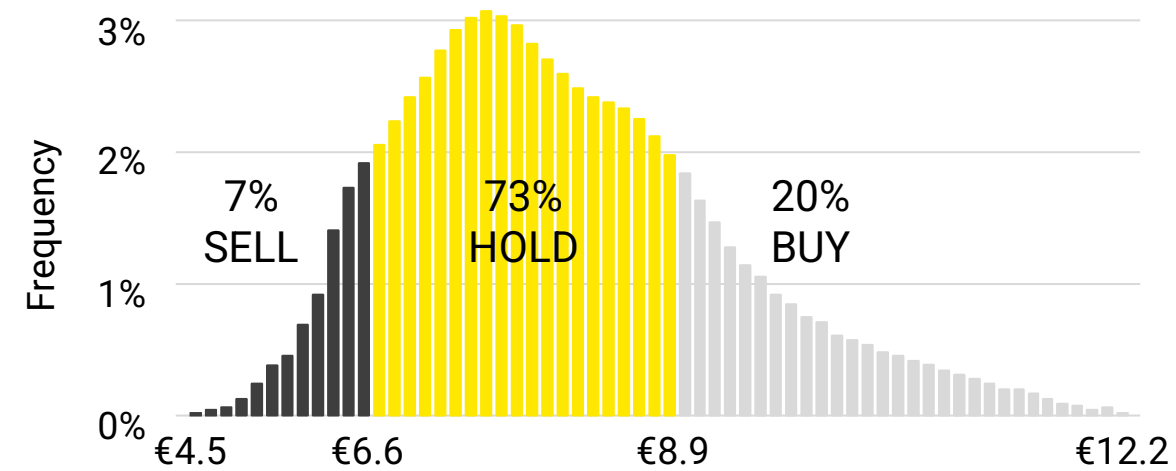




Sensitivity

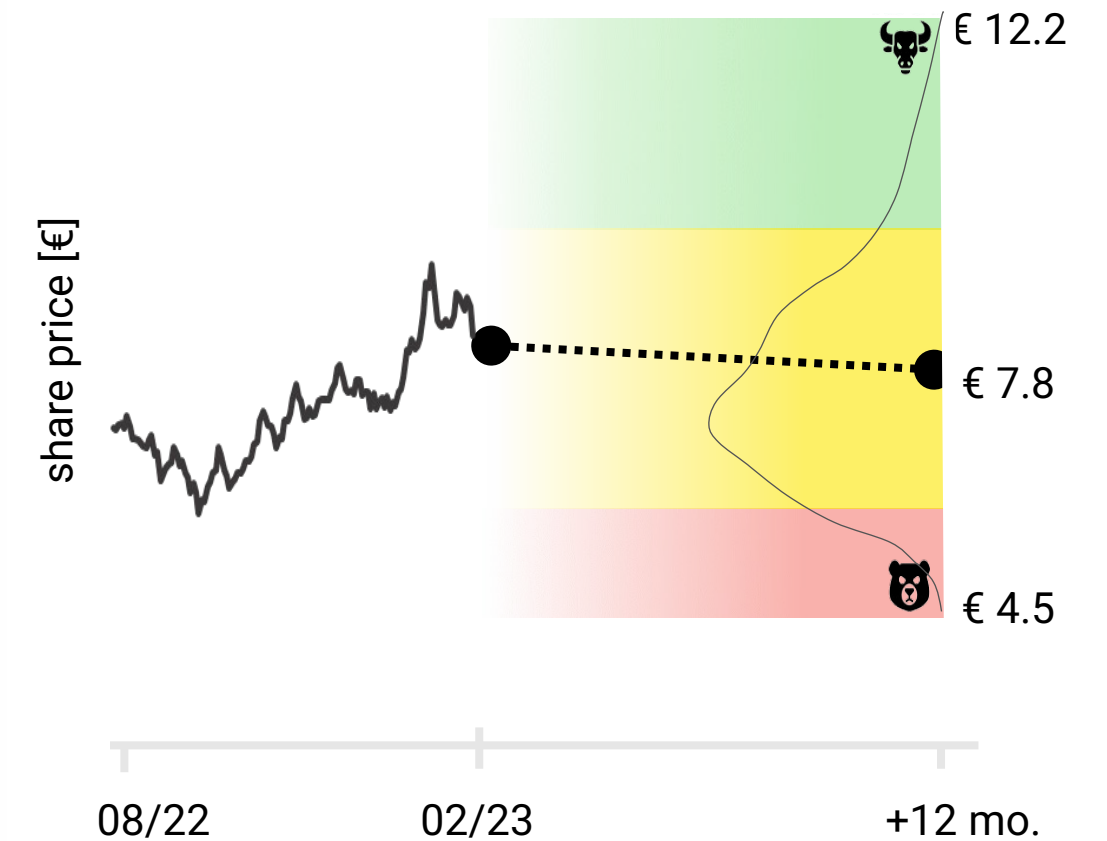
		Terminal Growth Rate				
TP		2.0%	2.5%	3.0%	3.5%	4.0%
WACC	8.8%	8.9	9.4	9.8	10.4	11.1
	9.6%	8.0	8.3	8.7	9.1	9.6
	10.4%	7.3	7.5	7.8	8.1	8.4
	11.2%	6.6	6.8	7.0	7.3	7.5
	12.0%	6.1	6.3	6.4	6.6	6.8

Monte Carlo



STRESSED VARIABLES	
EBIT margin	Revenues growth
Terminal Growth Rate	Cost of Equity
Financial Leverage	New Plant Cost

Bull – Bear Scenario

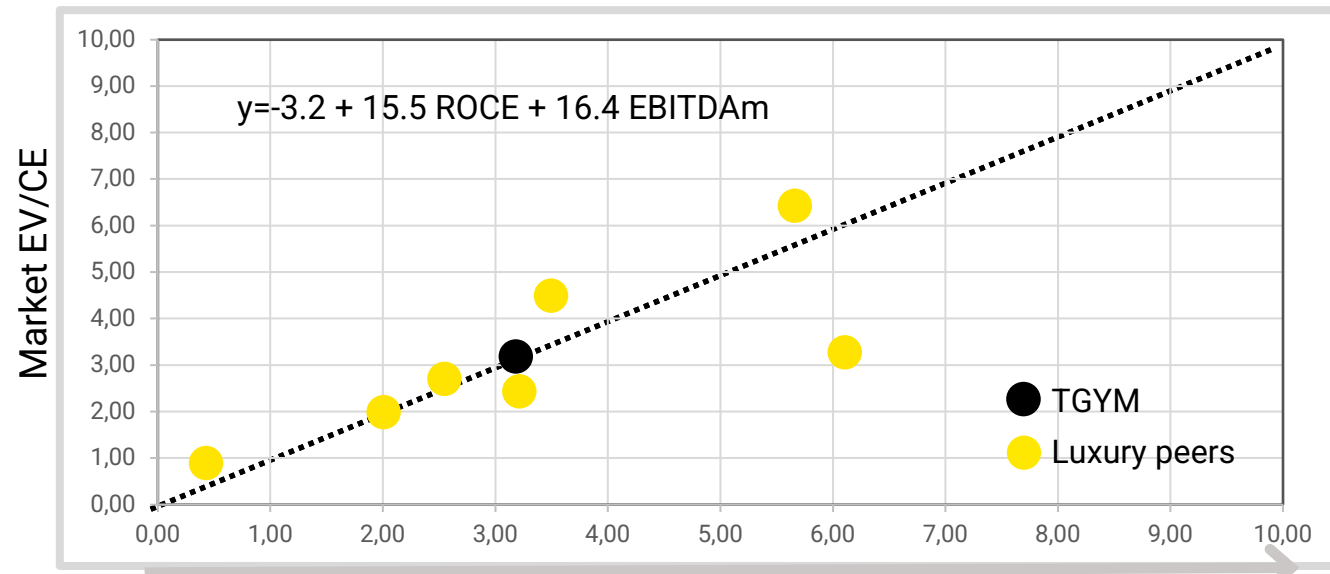


Relative Valuation



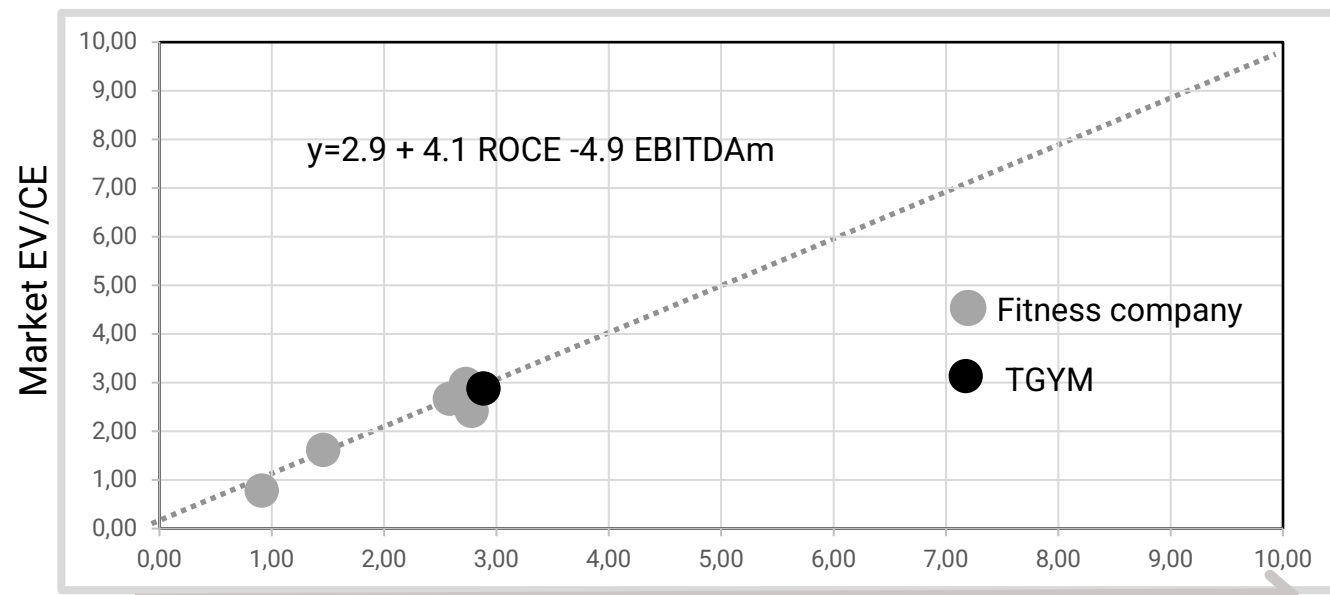
Multiple linear regression vs 2022E 18.5% EBITDAm and 21.6% ROCE

LUXURY PANEL



EV/CE using implied multiples

FITNESS PANEL



EV/CE using implied multiples

Luxury Valuation



Fitness Valuation

Luxury Price: €7.9

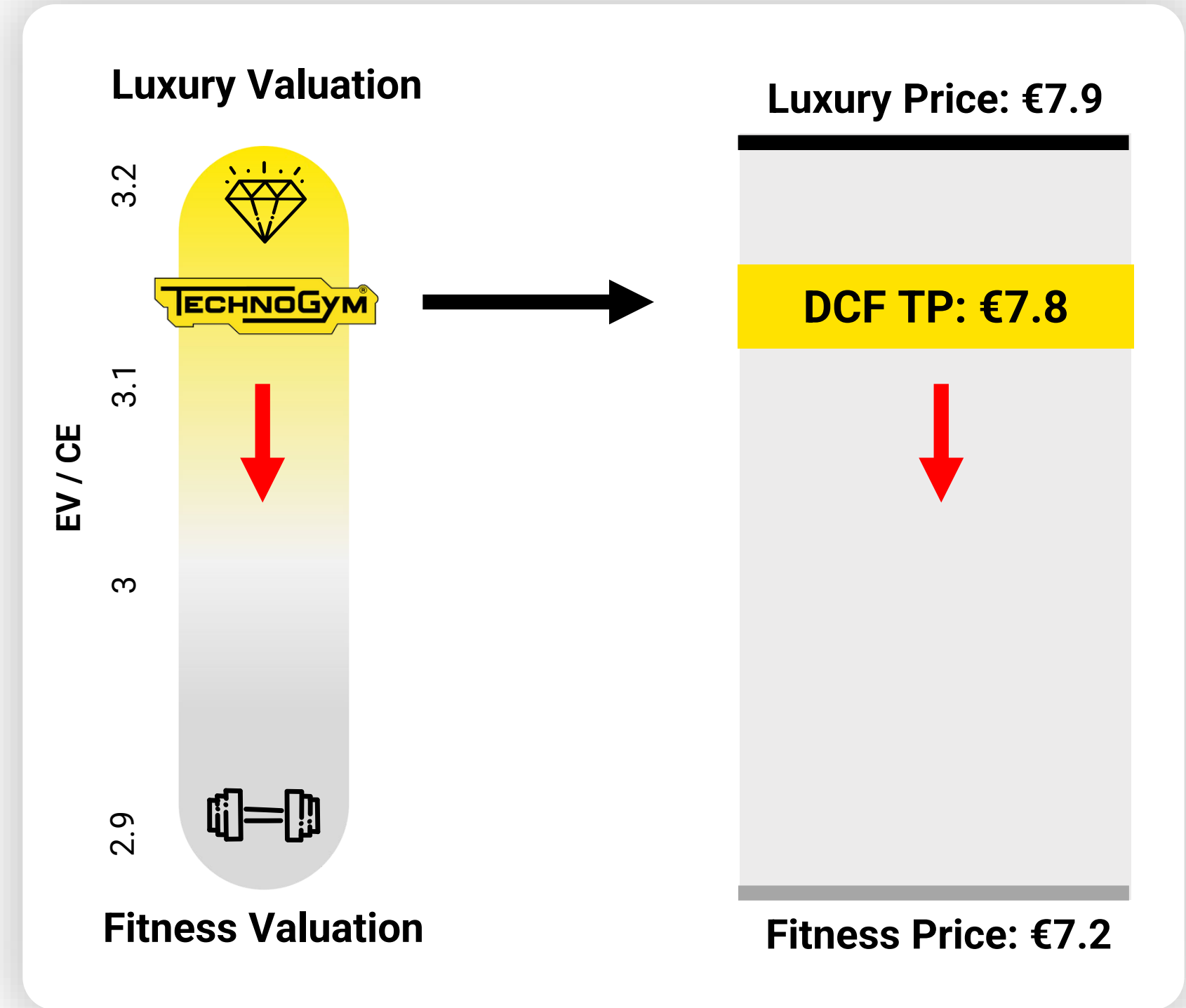
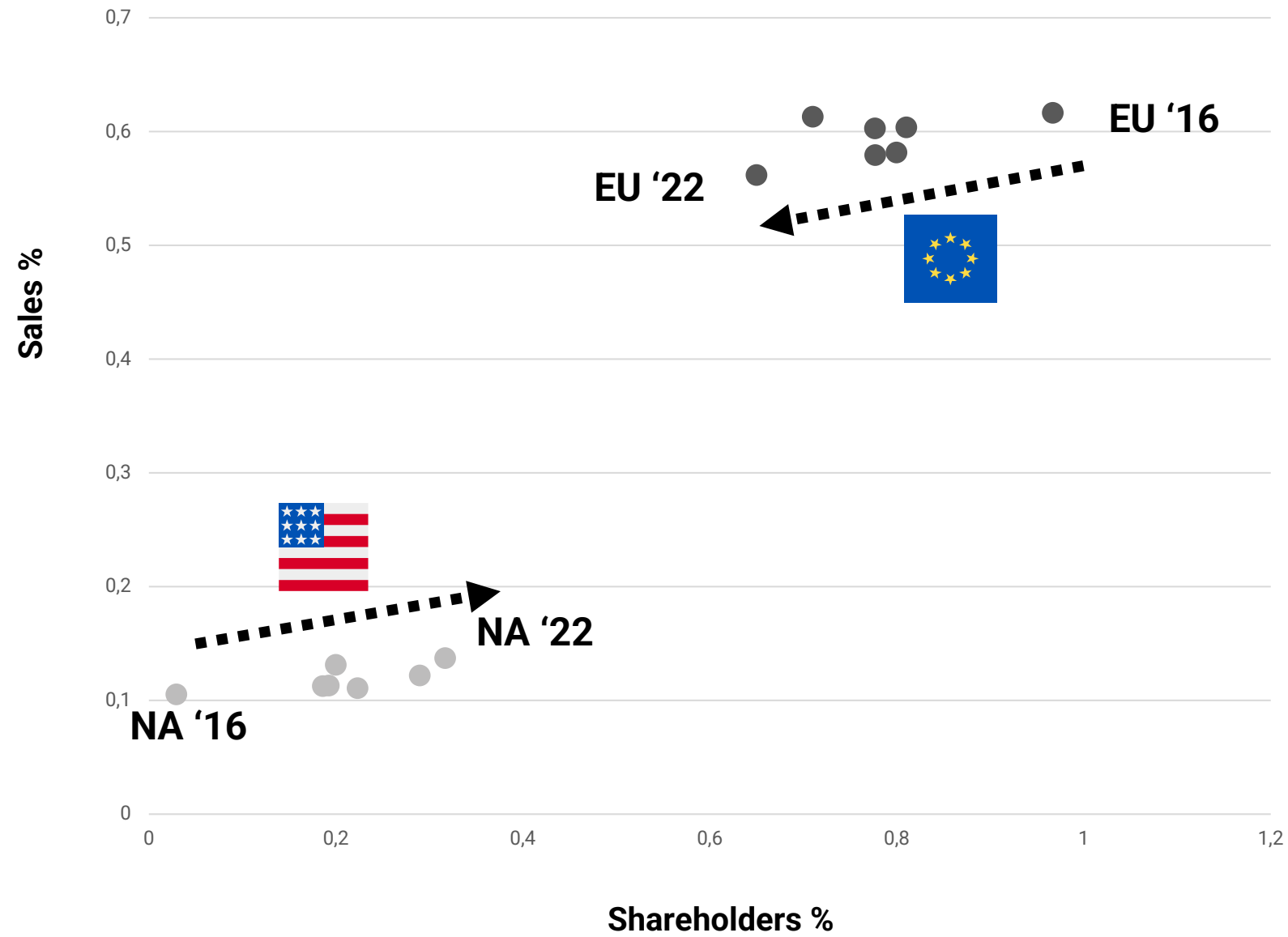
DCF TP: €7.8

Fitness Price: €7.2

Sources: Refinitiv, FactSet, company data, team elaboration



NA investors are increasing as sales exposure in the area is growing



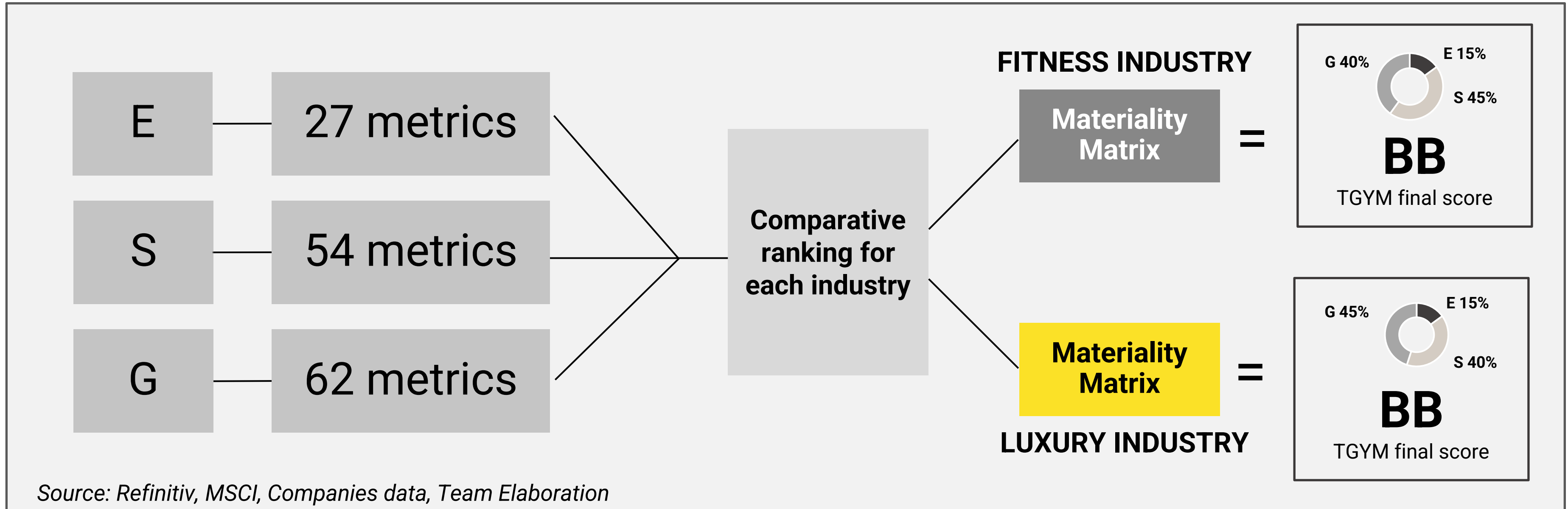
Sources: Refinitiv, FactSet, company data, team elaboration



ESG

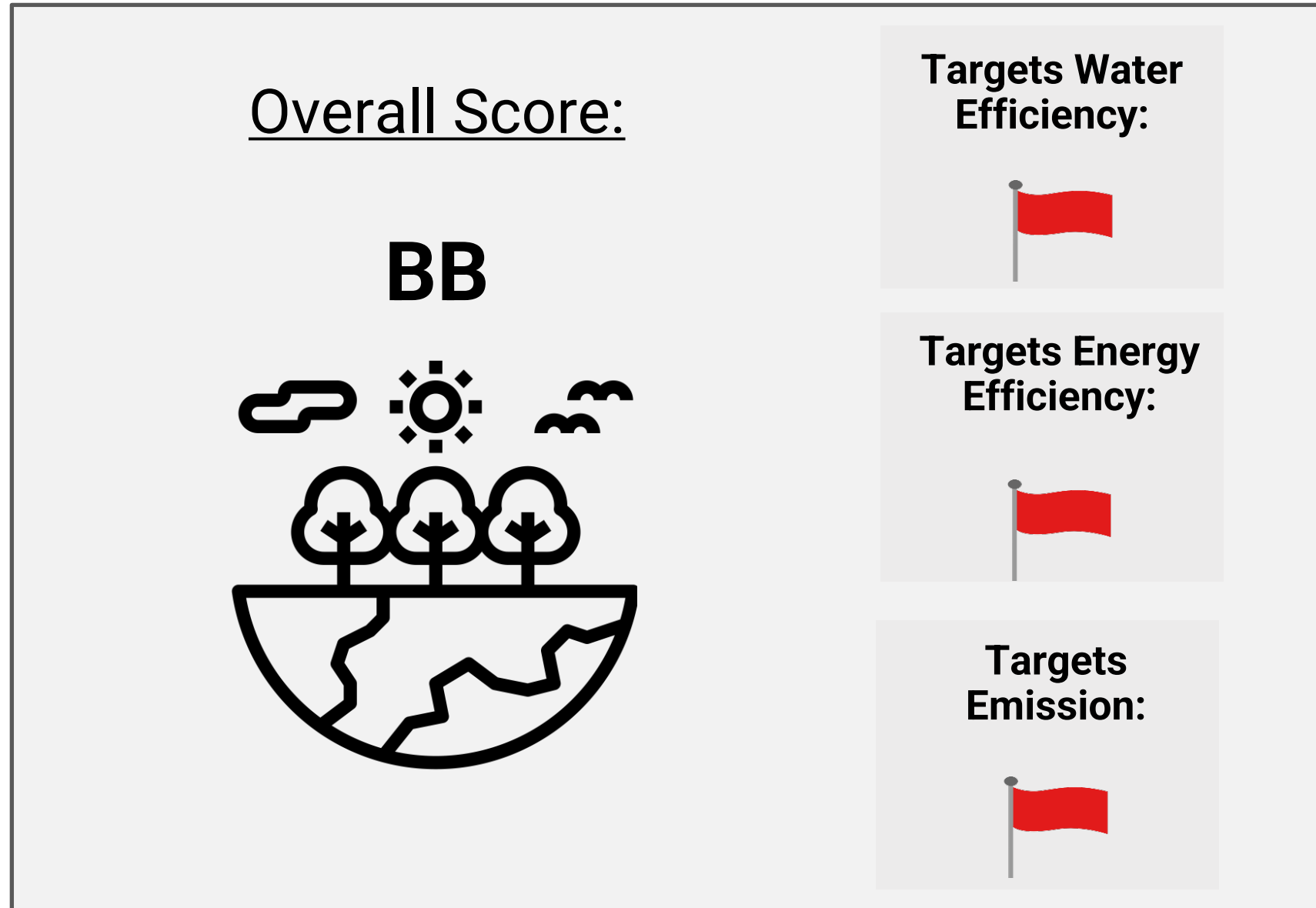


Our model: 143 metrics to describe 2 industries



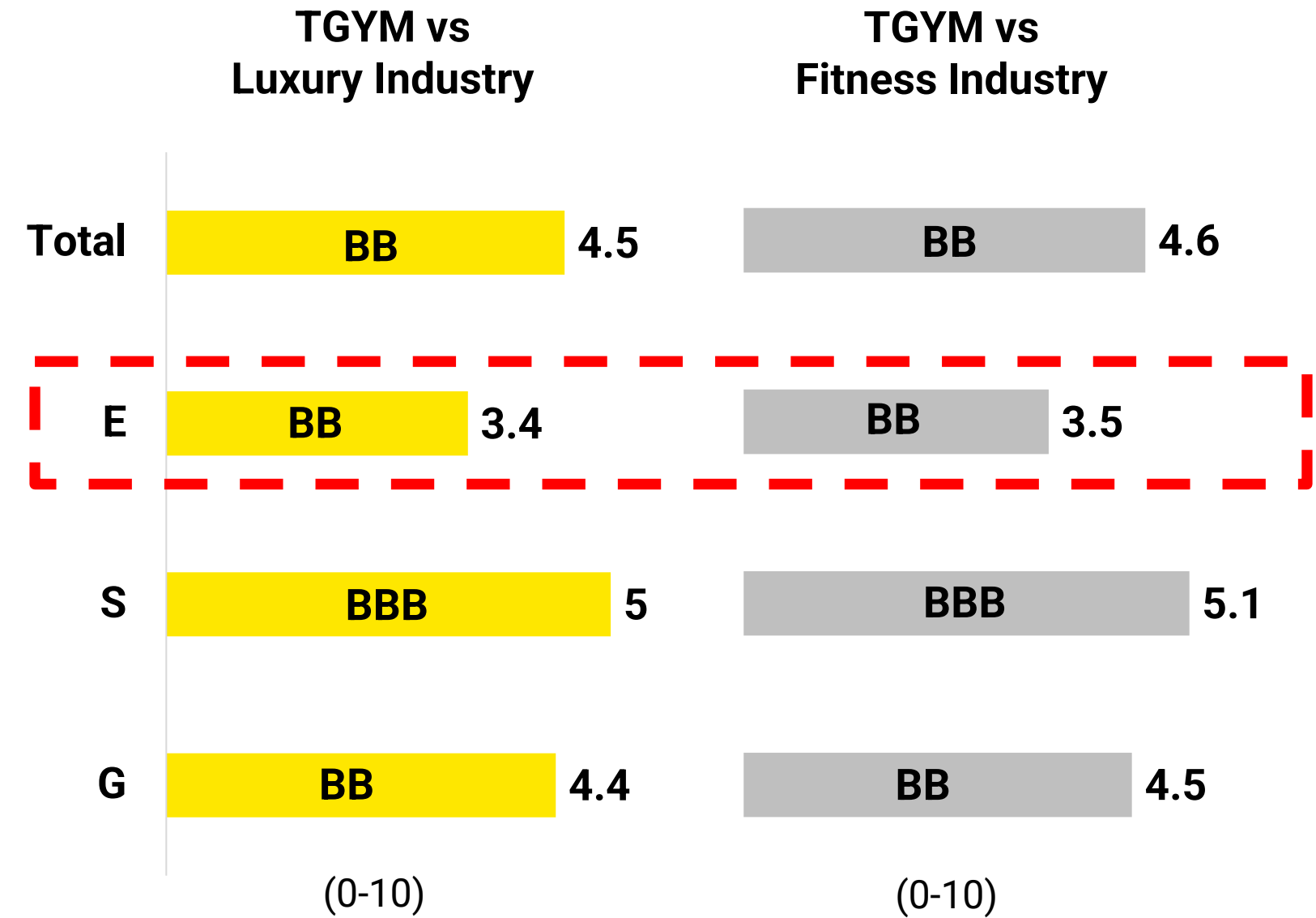


Little attention for quantitative targets



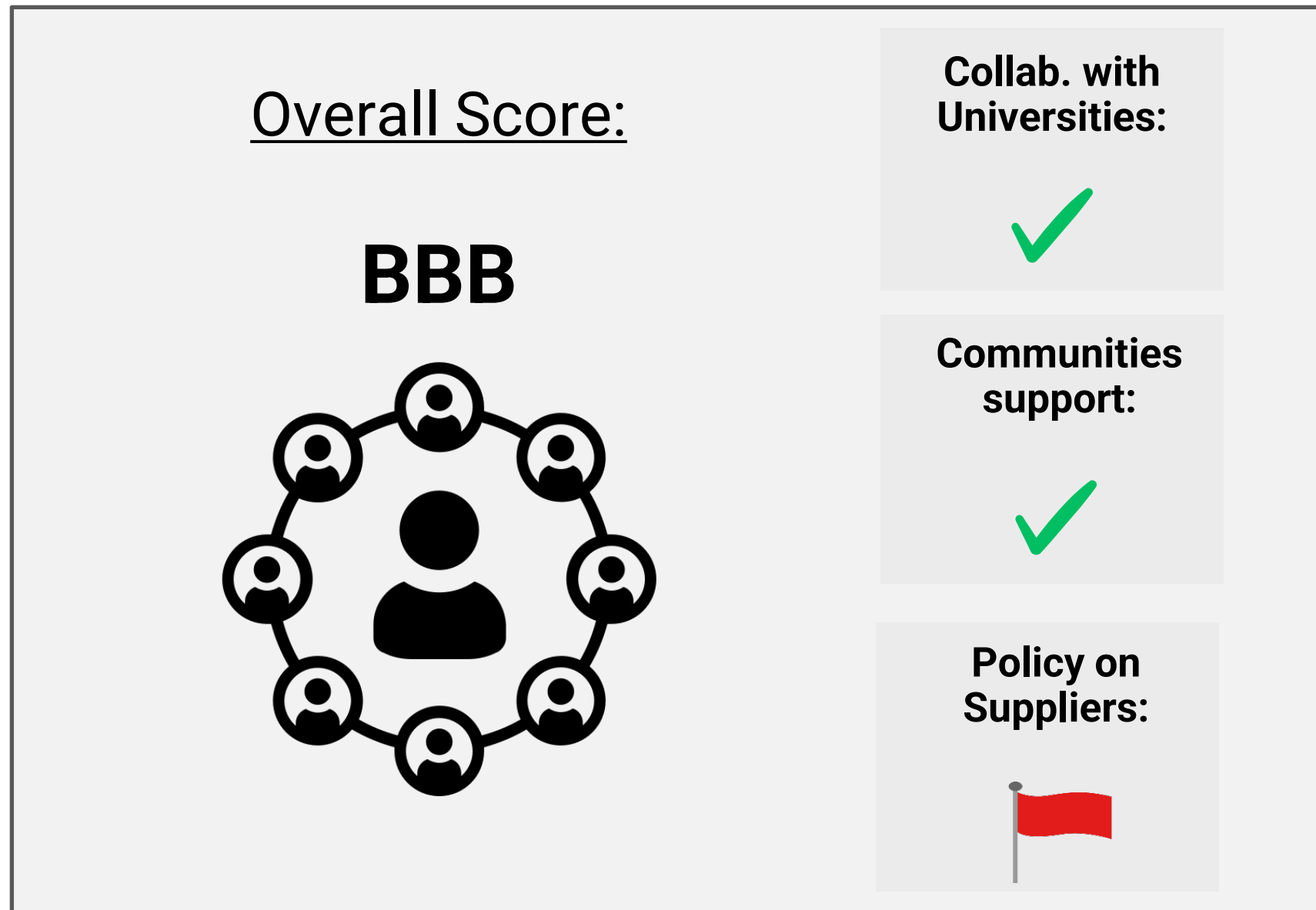
Sources: Refinitiv, MSCI, Companies data, Team Elaboration

Average scoring 2019-2021



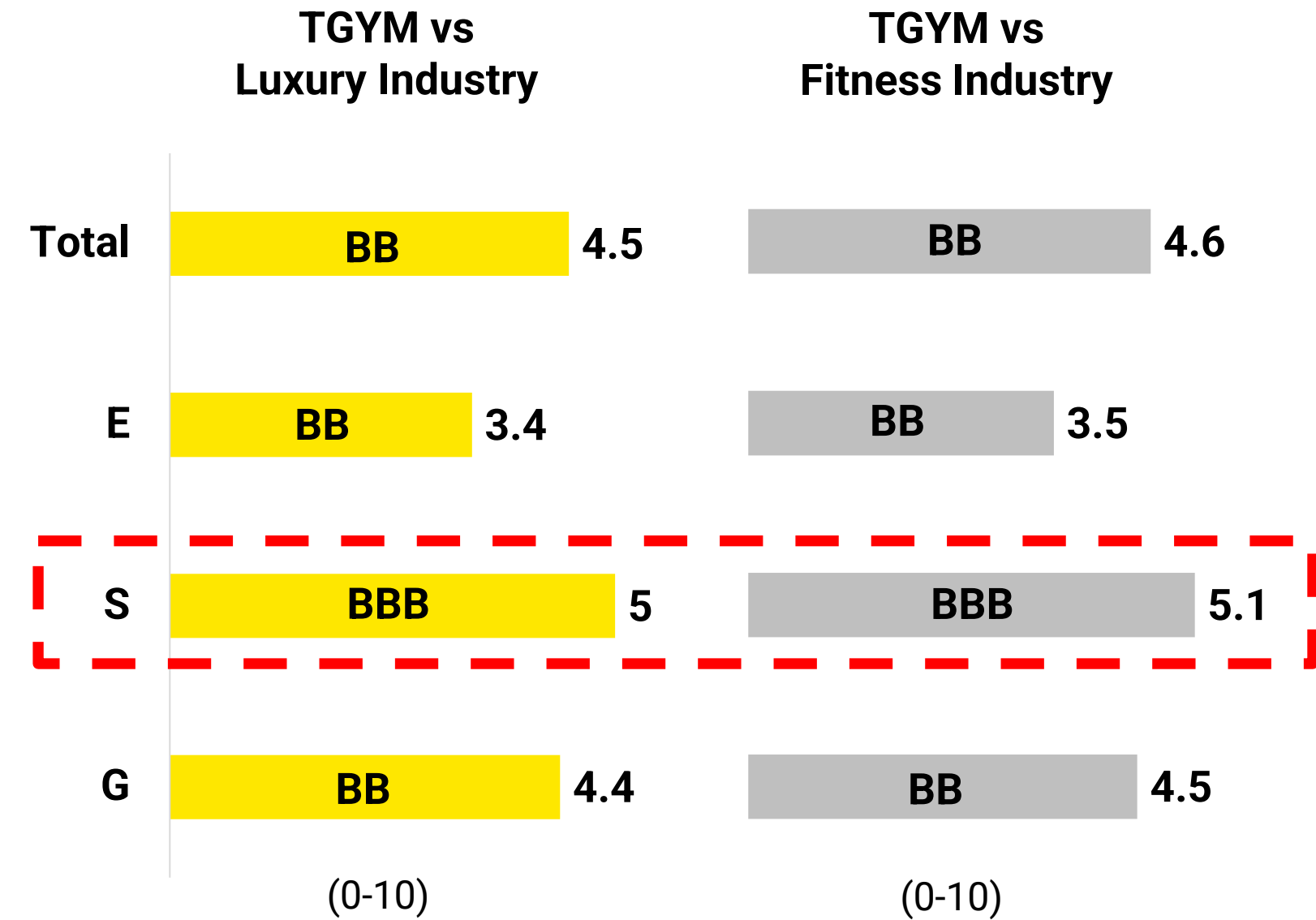


Focus on community and stakeholders



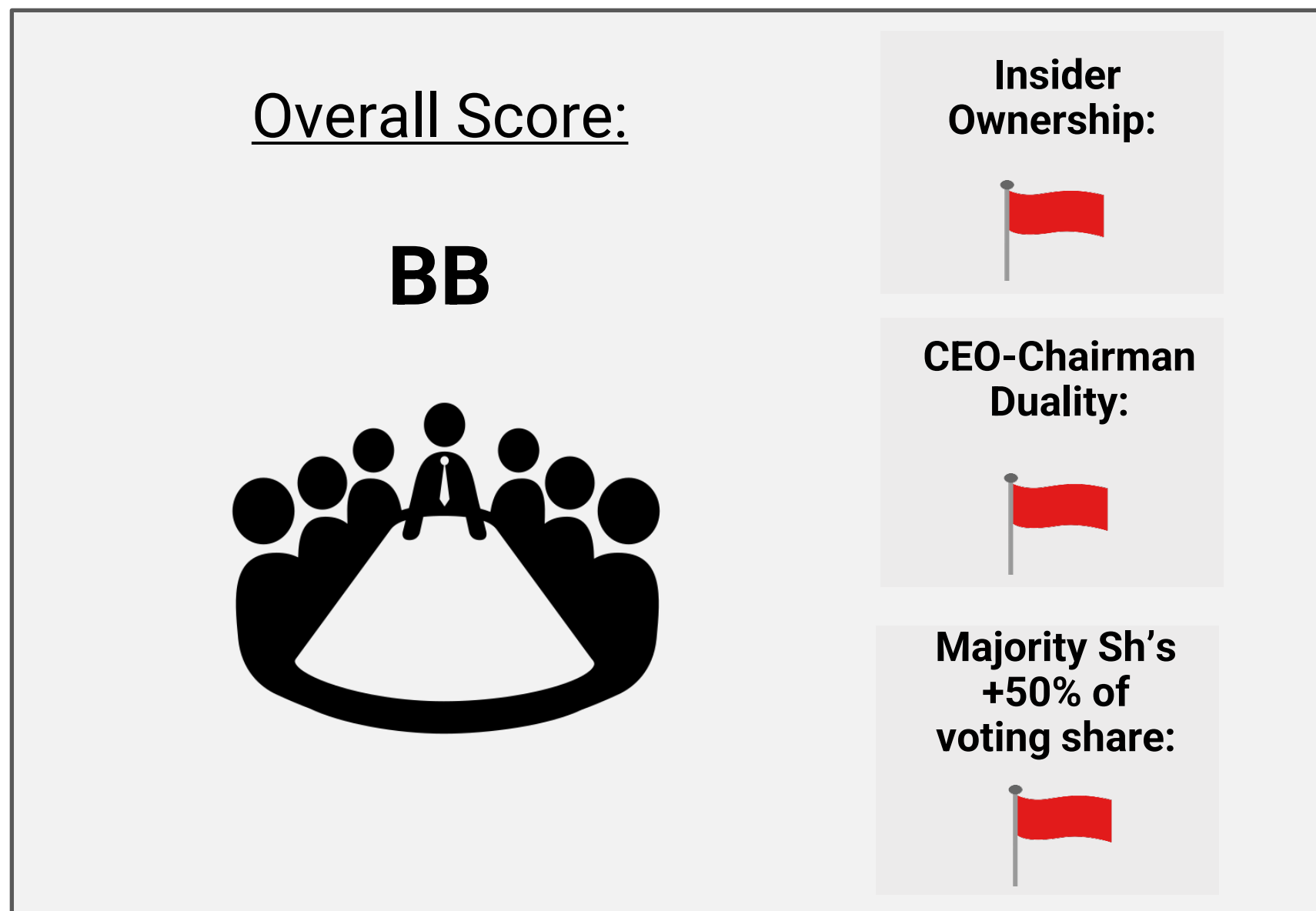
Sources: Refinitiv, MSCI, Companies data, Team Elaboration

Average scoring 2019-2021



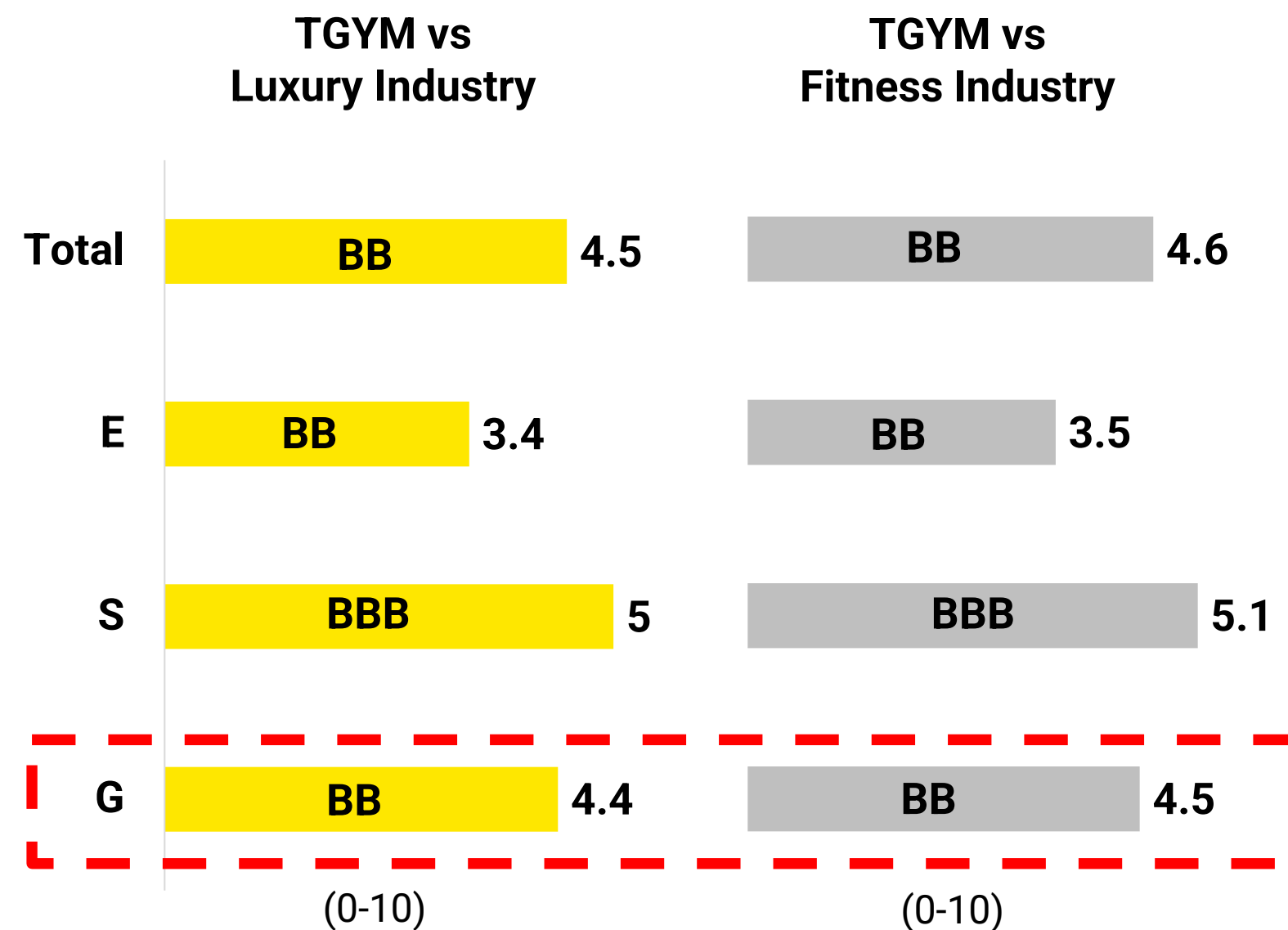


Red Flags for a fair management



Sources: Refinitiv, MSCI, Companies data, Team Elaboration

Average scoring 2019-2021



TICKER: TGYM.MI

MARKET CAP: €1.65b

SALES 2022E: €713m

HOLD

1. Positive trends... suboptimal positioning

2. Leading in Europe... challenging expansion

3. Outstanding financial health... overly cautious investments



Target Price

€ 7.8/share

Downside: 6%



Reference Price

€ 8.3/share

Updated: 05/02/2023

TECHNOGYM[®]

TECHNOGYM



POLITECNICO
MILANO 1863

2023 CFA Institute Research Challenge

Global Finals

May 3rd 2023



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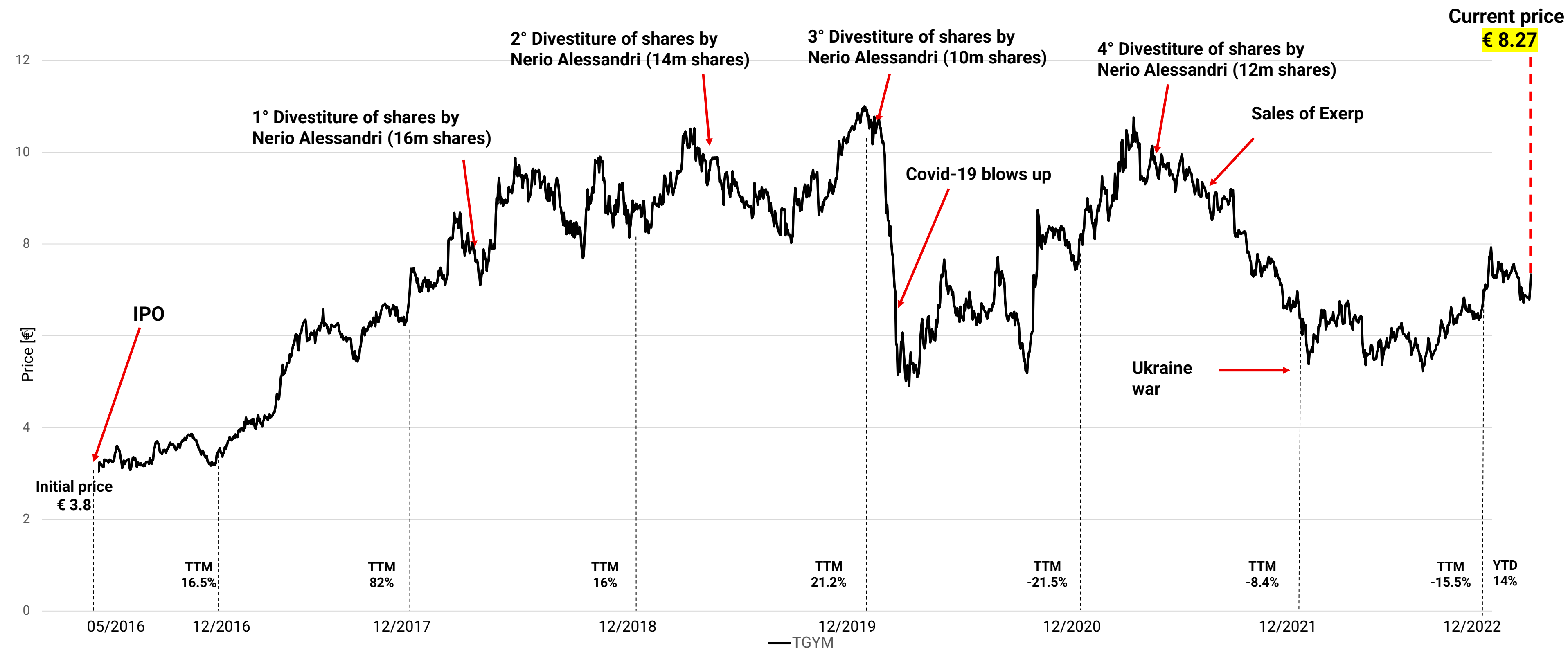
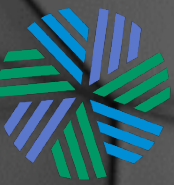
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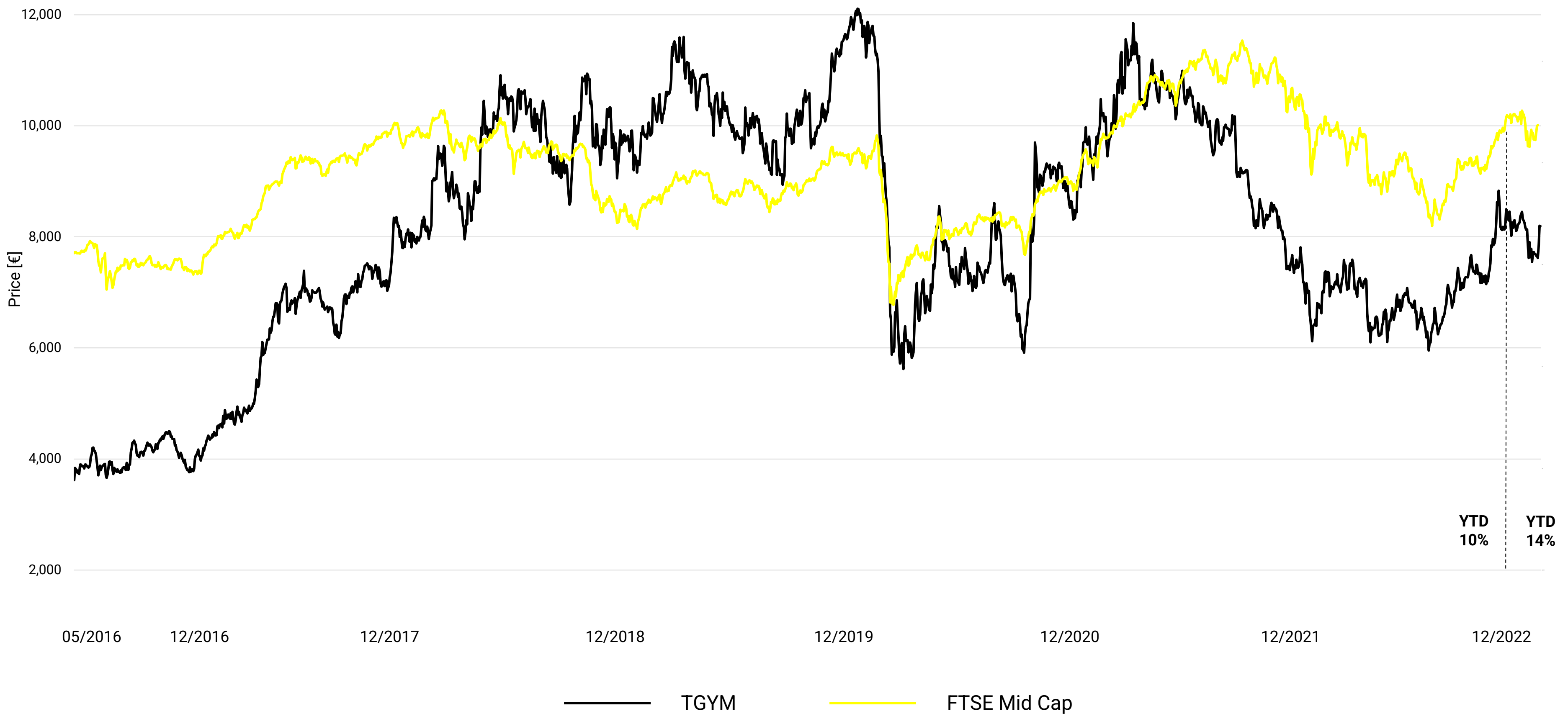
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Stock price evolution – Main events



Stock price evolution – FTSE Mid Cap cyclicality





B2B

Premium Gym Member

Premium gym members are the customers that TGYM addresses indirectly through the B2B segment notwithstanding whether the gym is in a fitness club, in a hotel or in a medical centre.

Usually he is a person who is interested in fitness and want to train in premium gyms with high-quality products.



B2C

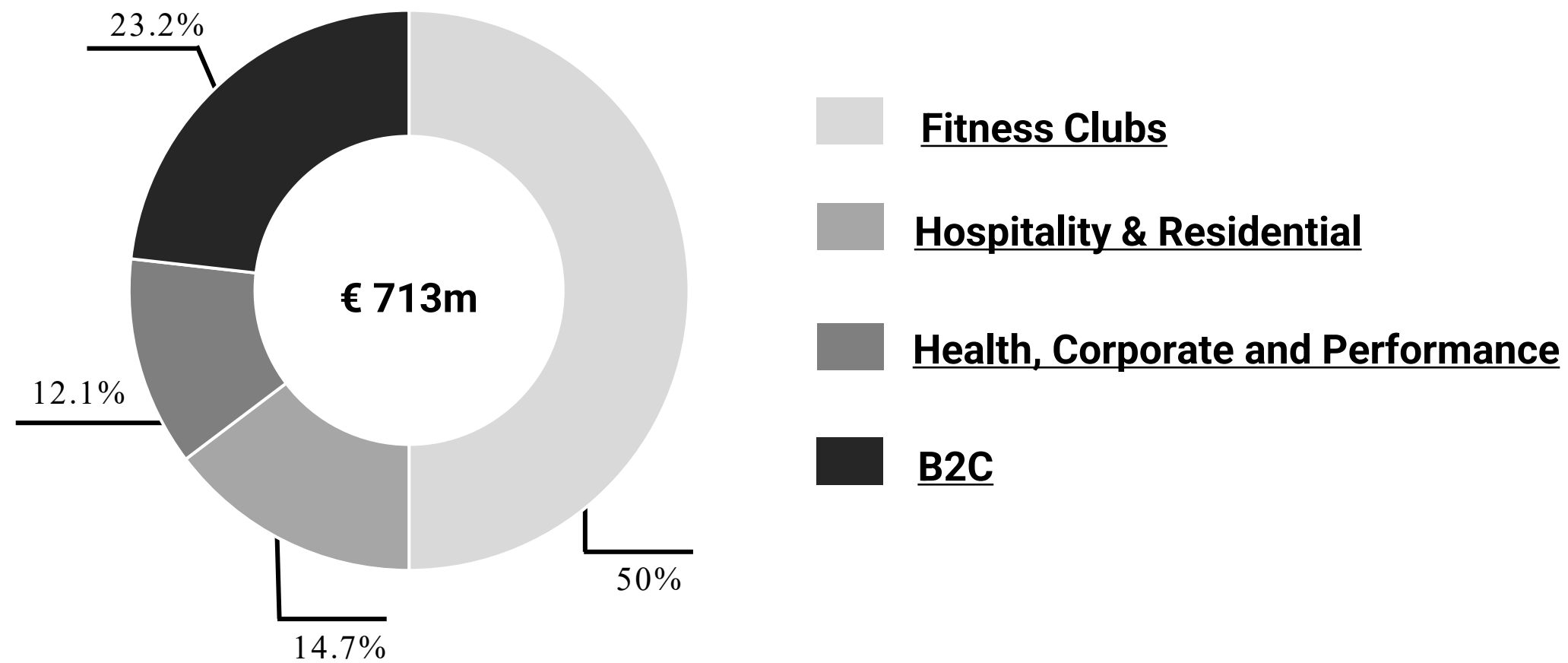
High Net Worth Individual

Person who cares about owning fitness equipment in their home and who have more interest in design and brand rather than performance.

He appreciates the fact that TGYM collaborates with luxury brands and with the best architects to enrich his home with fitness equipment similar to a luxury piece of furniture.



REVENUE BREAKDOWN BY SEGMENTS IN 2022E

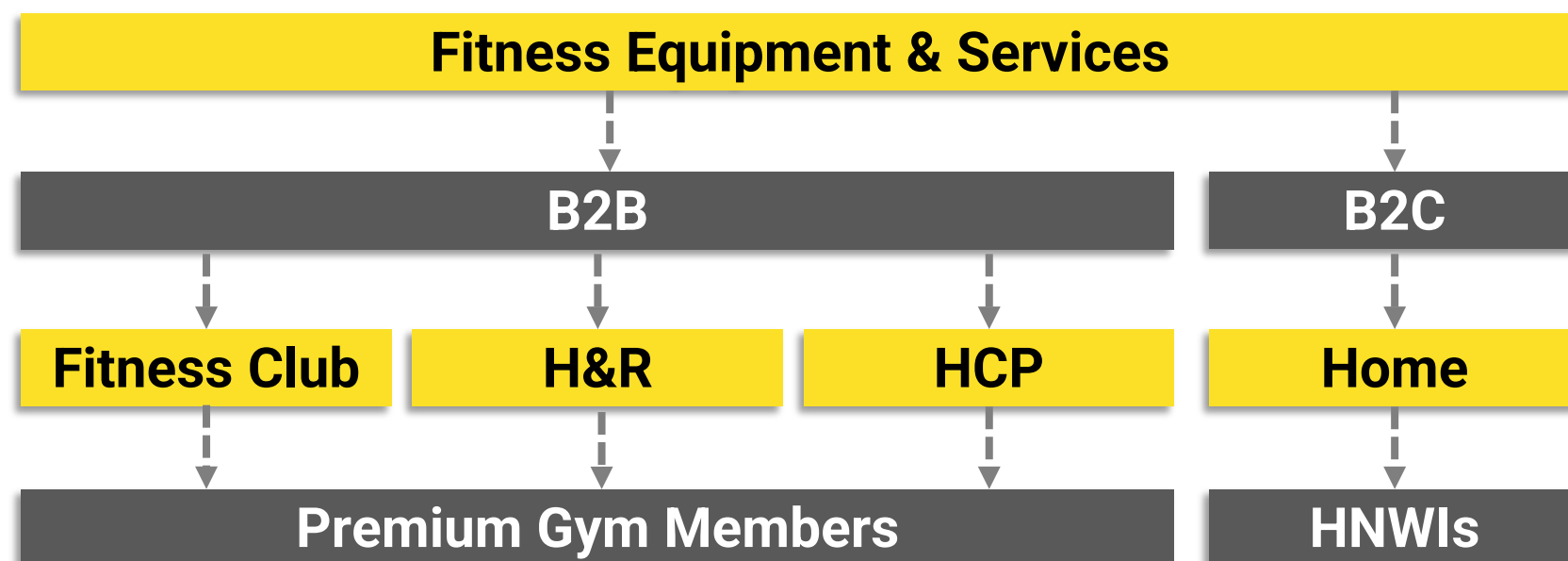


TGYM's revenues are divided directly internally into two segments, B2B and B2C. For what concerns the B2B, TGYM offers fitness equipment to professional business operators, and it accounts for 76.8% 2022E revenues.

Instead, in the B2C TGYM sells directly to individual consumers and this segment accounts for 23.2% 2022E revenues.

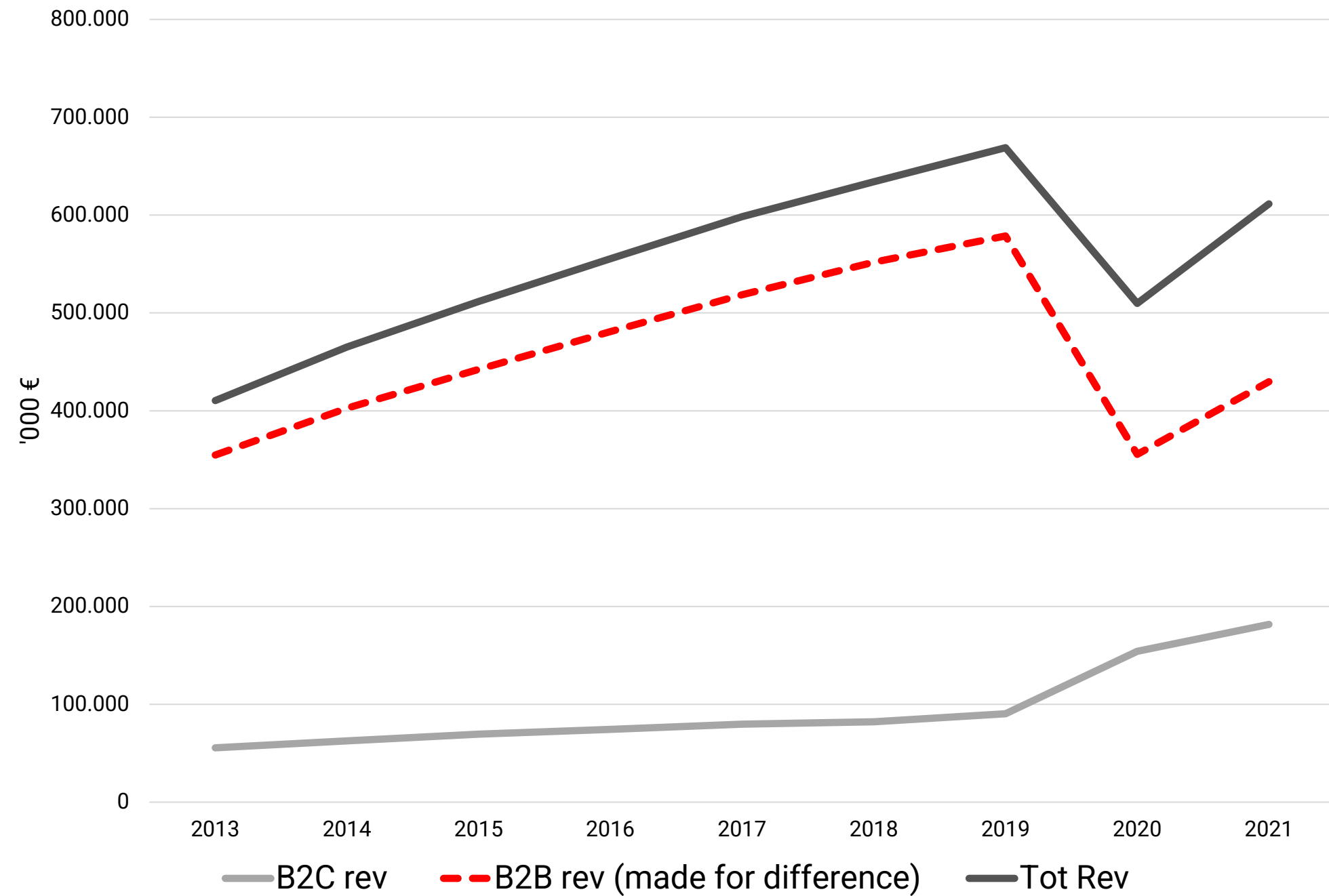
We estimated the revenues for each B2B sub-segment:

- (i) Fitness Club (FC)
- (ii) Hospitality & Residential (H&R)
- (iii) Health, Corporate & Performance (HCP)





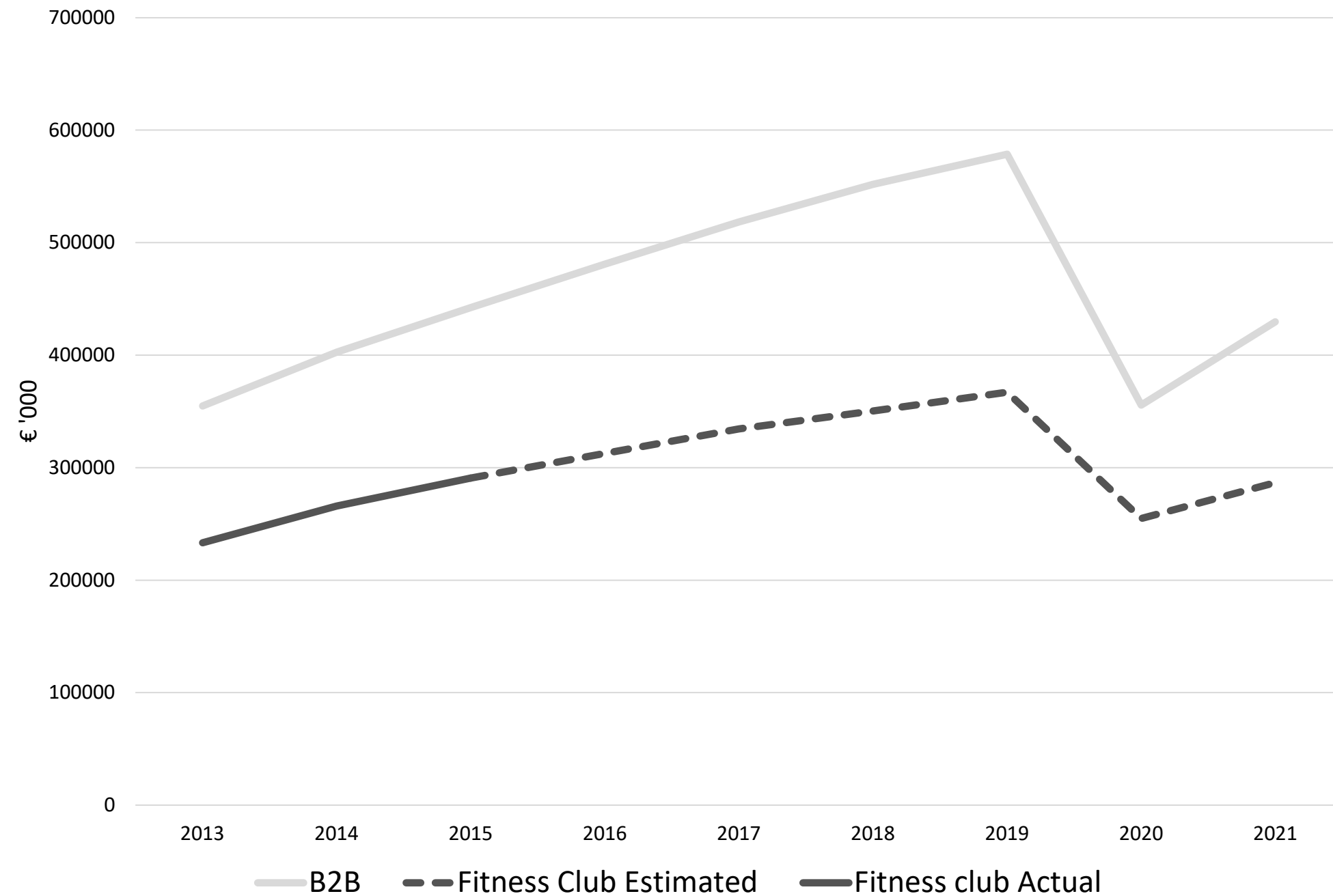
B2B revenues



- Disclosed data 2013-2015 and 2019-2021
- B2B revenue made for difference: (Total revenues - B2C revenue), by year



Fitness Clubs revenues



- Disclosed data 2013-2015

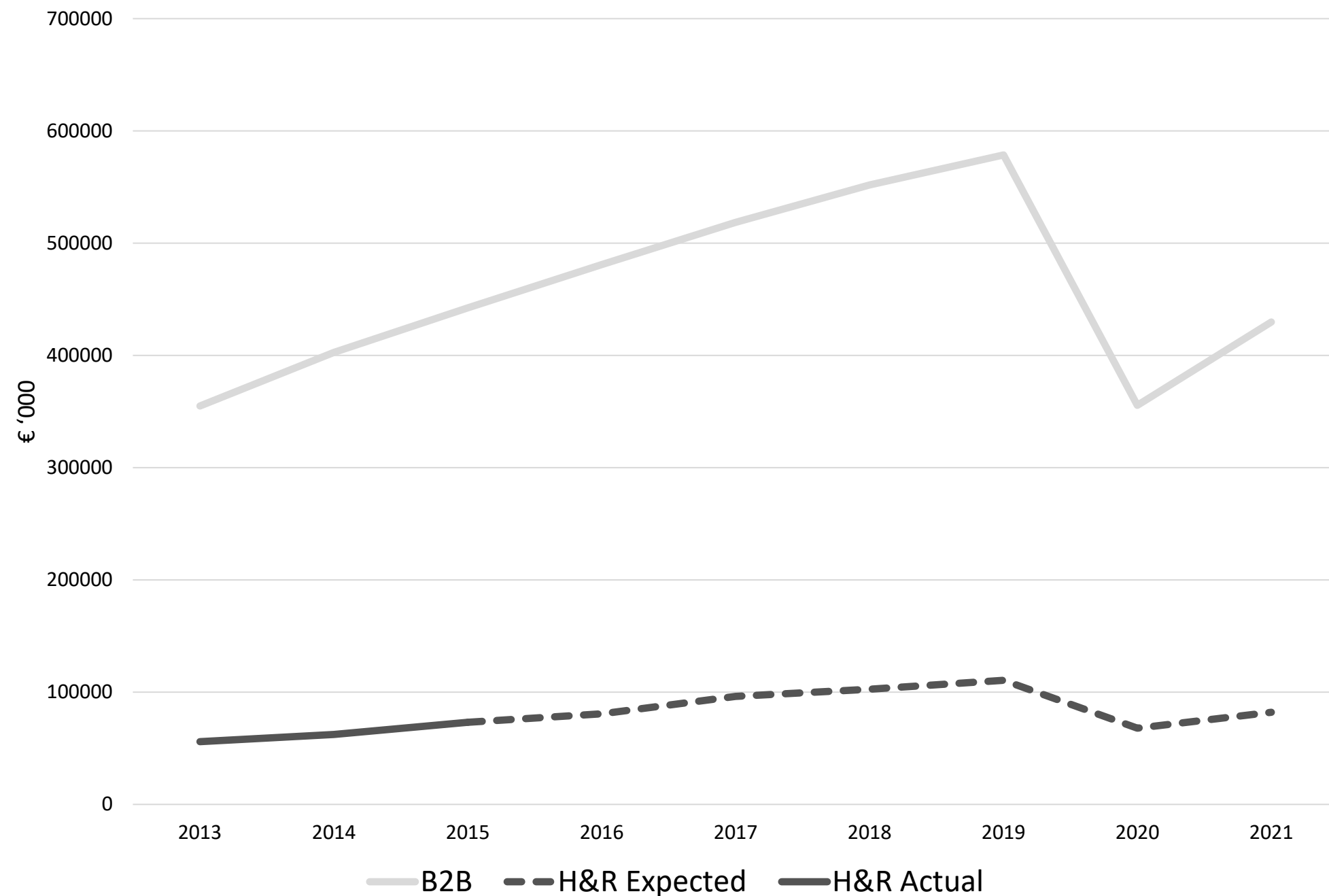
HP: Correlation of Fitness Clubs segment with # of health club memberships by region (IHRSA), weighted with the TGYM sales exposition to the region.

Calculation: starting from 2015, we calculated the growth rate of the segments as the average of:

- Growth rate of # memberships by region
- Growth rate TGYM B2B segment



Hotel & residential revenues



- Disclosed data 2013-2015

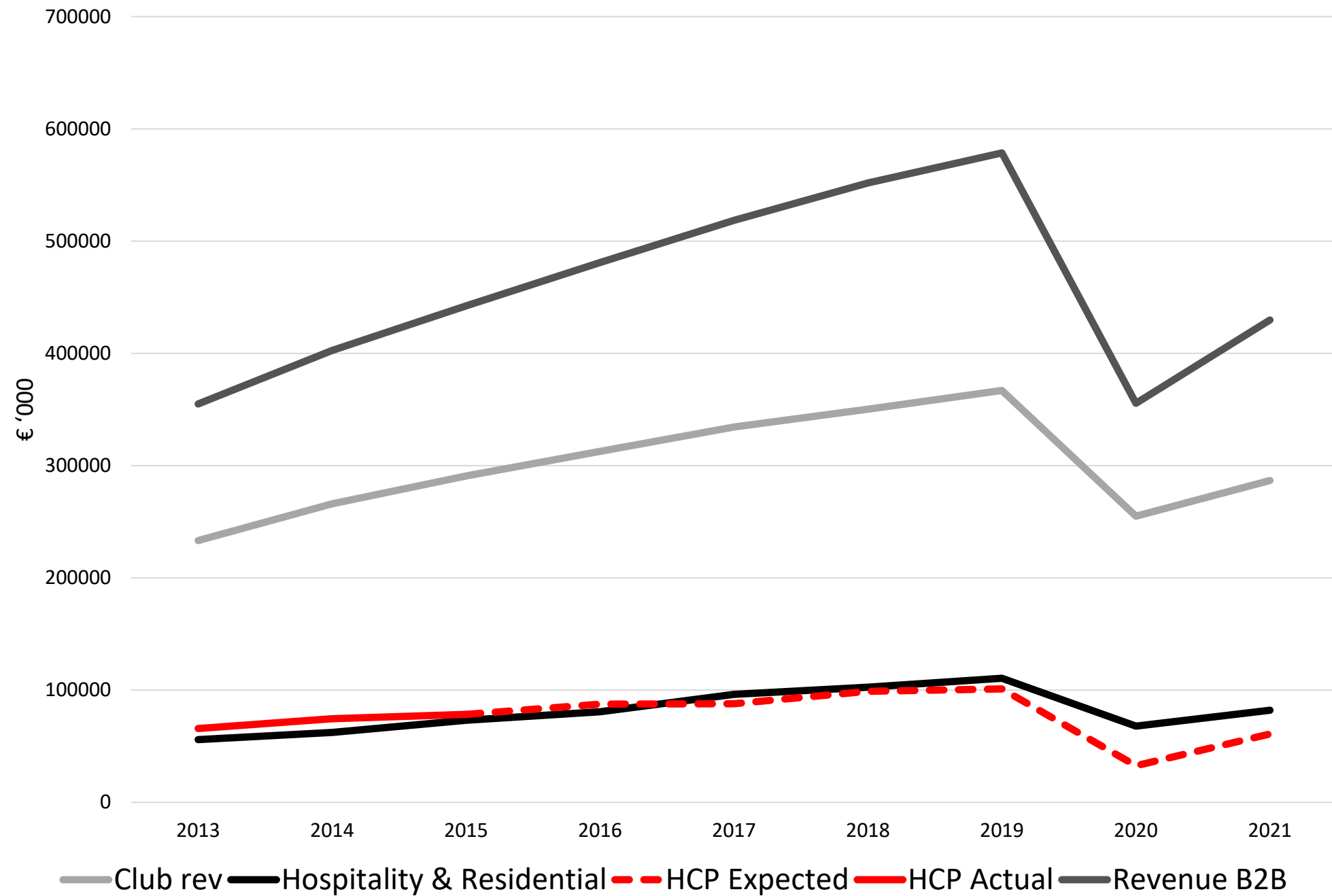
HP: Correlation of Hotel & Residential segment with TGYM-supplied Hotel revenues

Calculation: starting from 2015, we calculated the growth rate of the segment as the average of:

- Growth rate of Hotels revenues * (new client acquisition factor)
- Growth rate TGYM B2B segment



HCP revenues



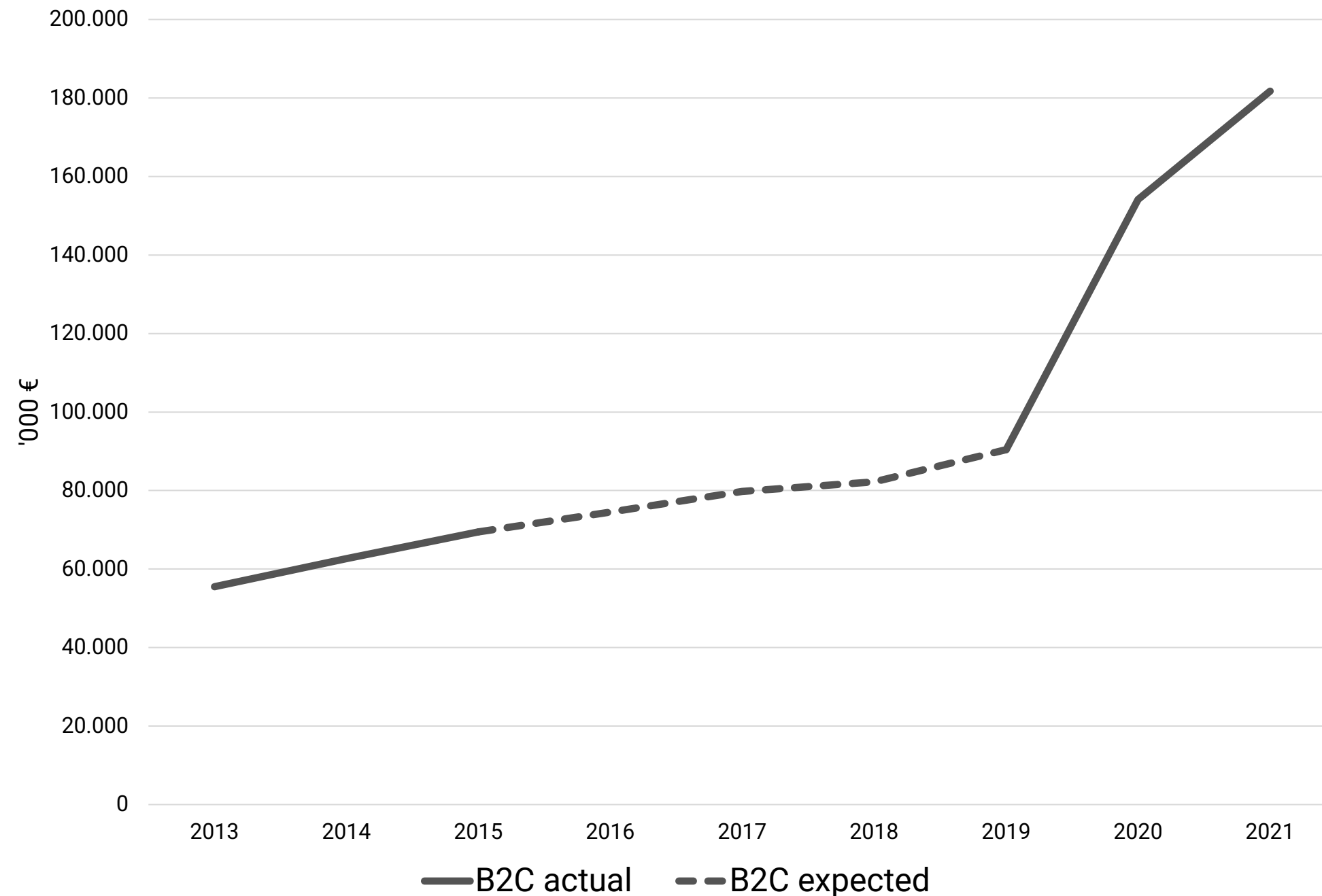
- Disclosed data 2013-2015 and 2019-2021

- HCP revenue made for difference:

(B2B revenues – Fitness Club revenues – H&R revenues), by year



B2C revenues



- Disclosed data 2013-2015 and 2019-2021

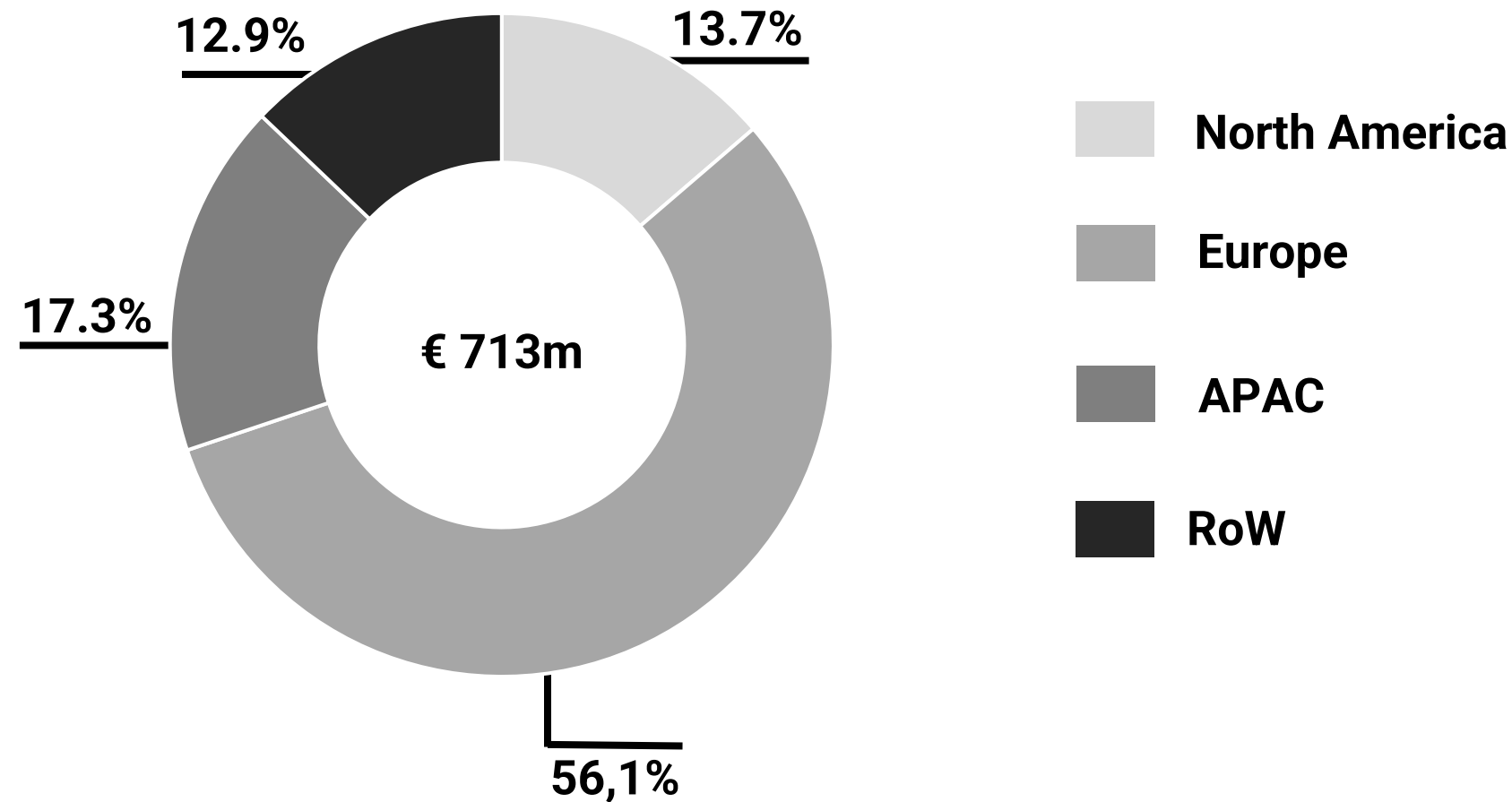
HP: Correlation with growth of number of HNWIs in Europe for 2013-2014-2015-2019: 99%

Calculation: starting from 2015, we calculated the growth rate of the segment as the average of:

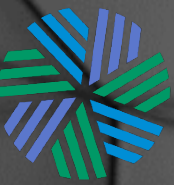
- 2015-2019 B2C segment CAGR
- growth rate European HNWIs by year



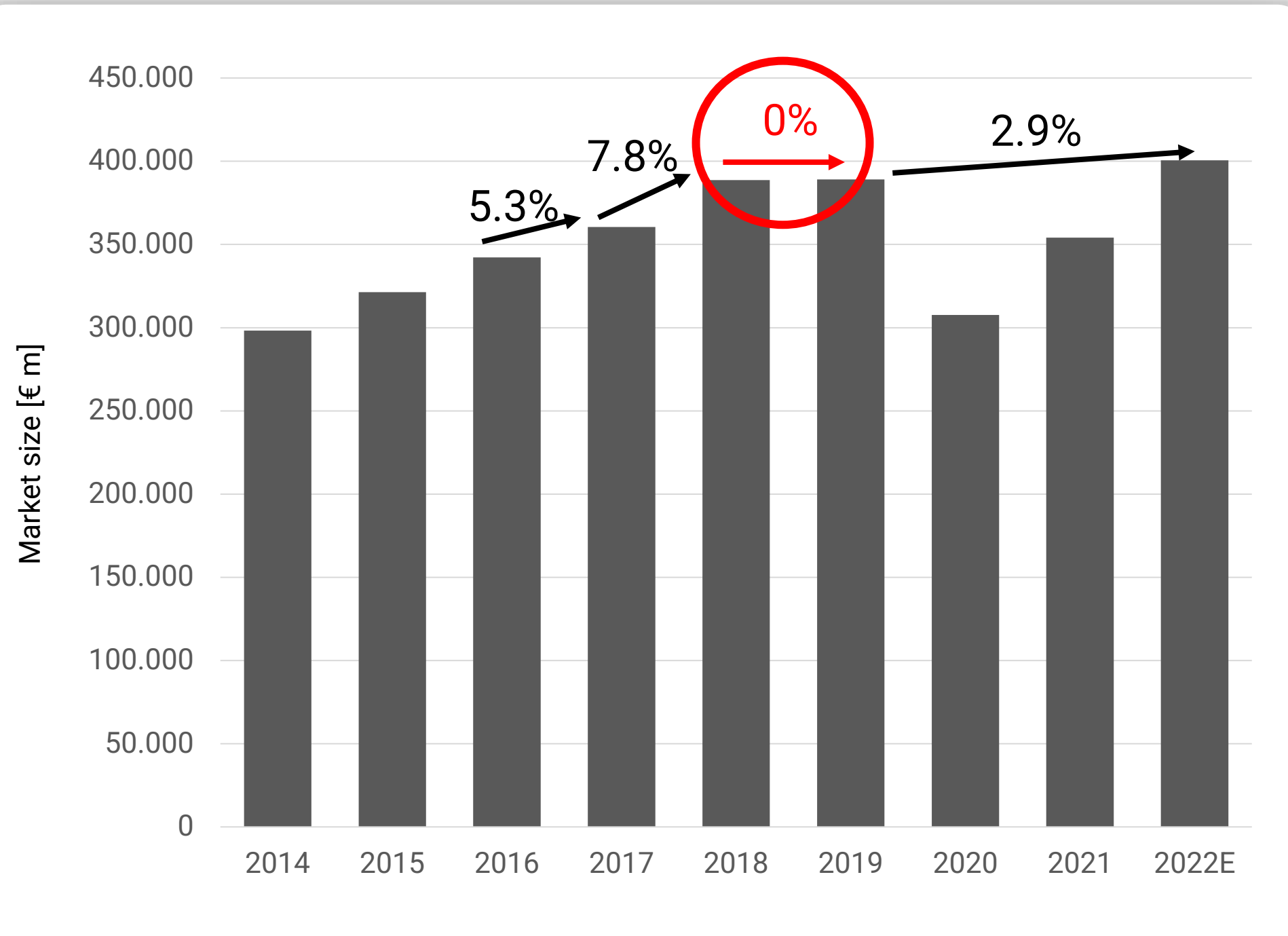
REVENUE BREAKDOWN BY GEOGRAPHY IN 2022E



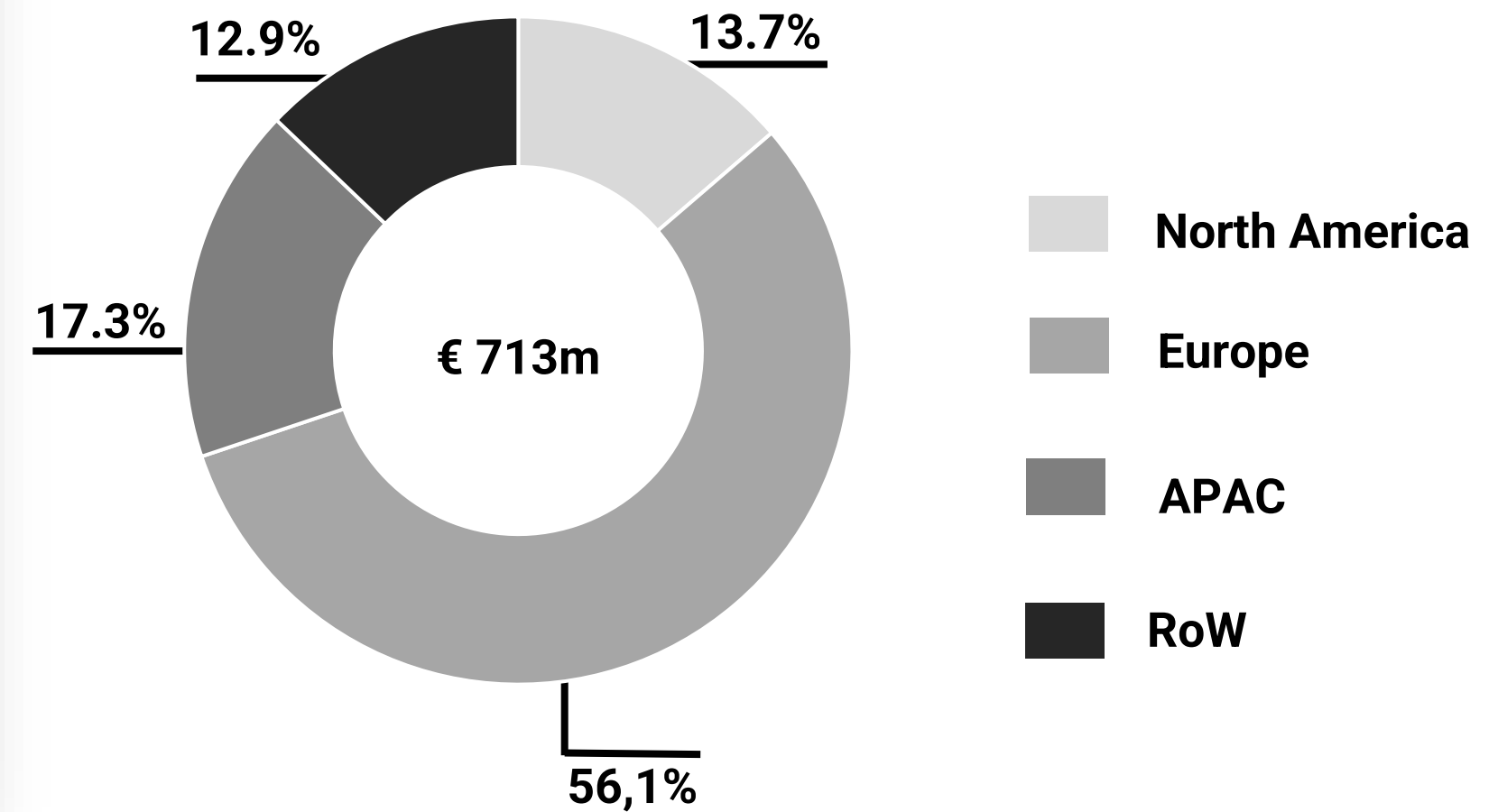
TGYM is a worldwide fitness equipment manufacturer. It has a global reach, with **APAC** and **North America** (NA) accounting for 17.3% and 13.7% 2022E revenues (respectively 5.6% and 2.6% of local market share), still its main market is represented by **Europe** (56.2% FY2022E revenues) where it has a leading position (15.1% market share).



EUROPE Sales FY2014 – FY2022E

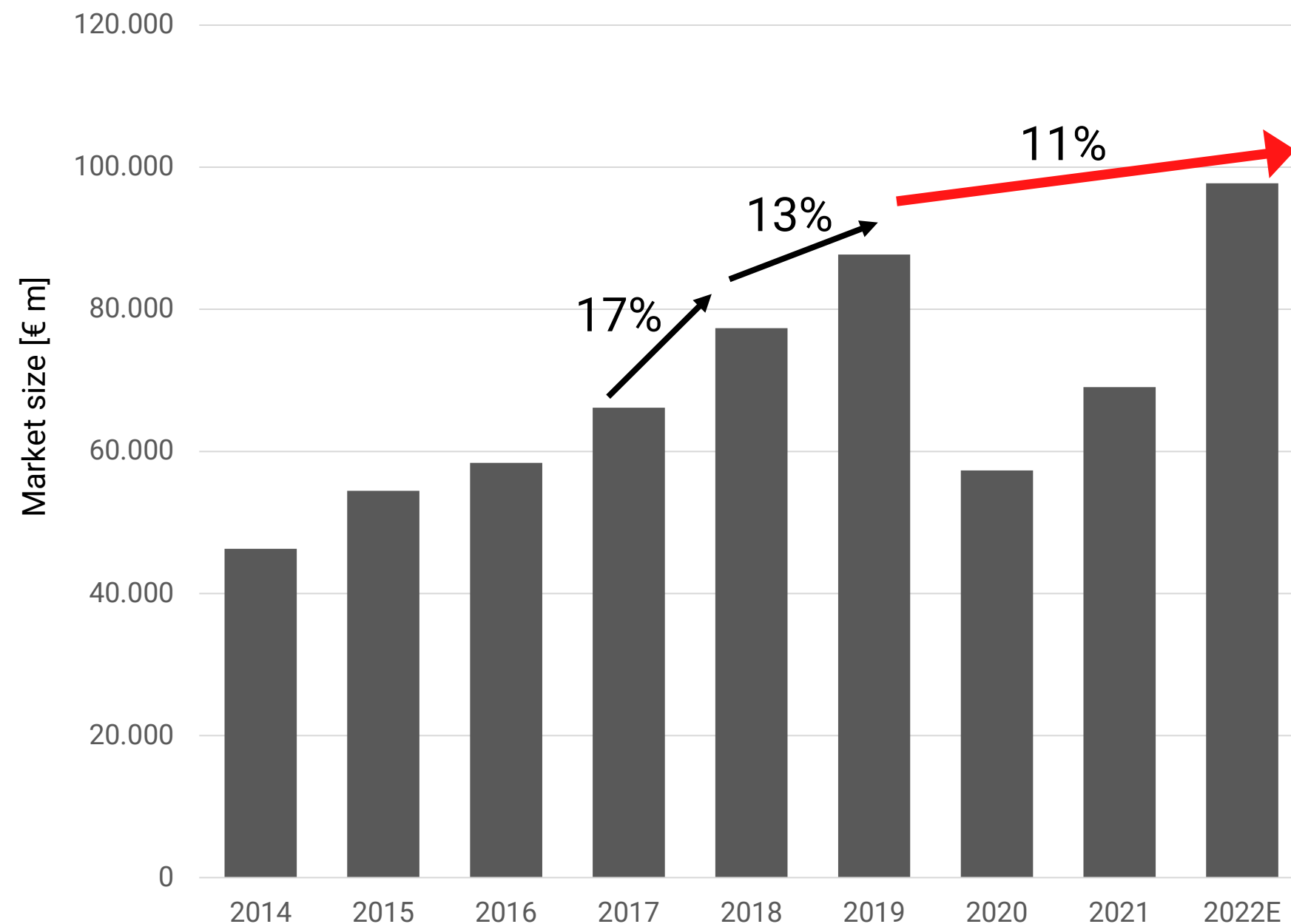


TGYM has its most exposure in Europe where it has 56.2% of total revenues and a market share of 15.1%.





NA Sales FY2014 – FY2022E



TGYM is a worldwide fitness equipment manufacturer. It has relevant position in the **North American** region that account for 13.7% of total revenue.

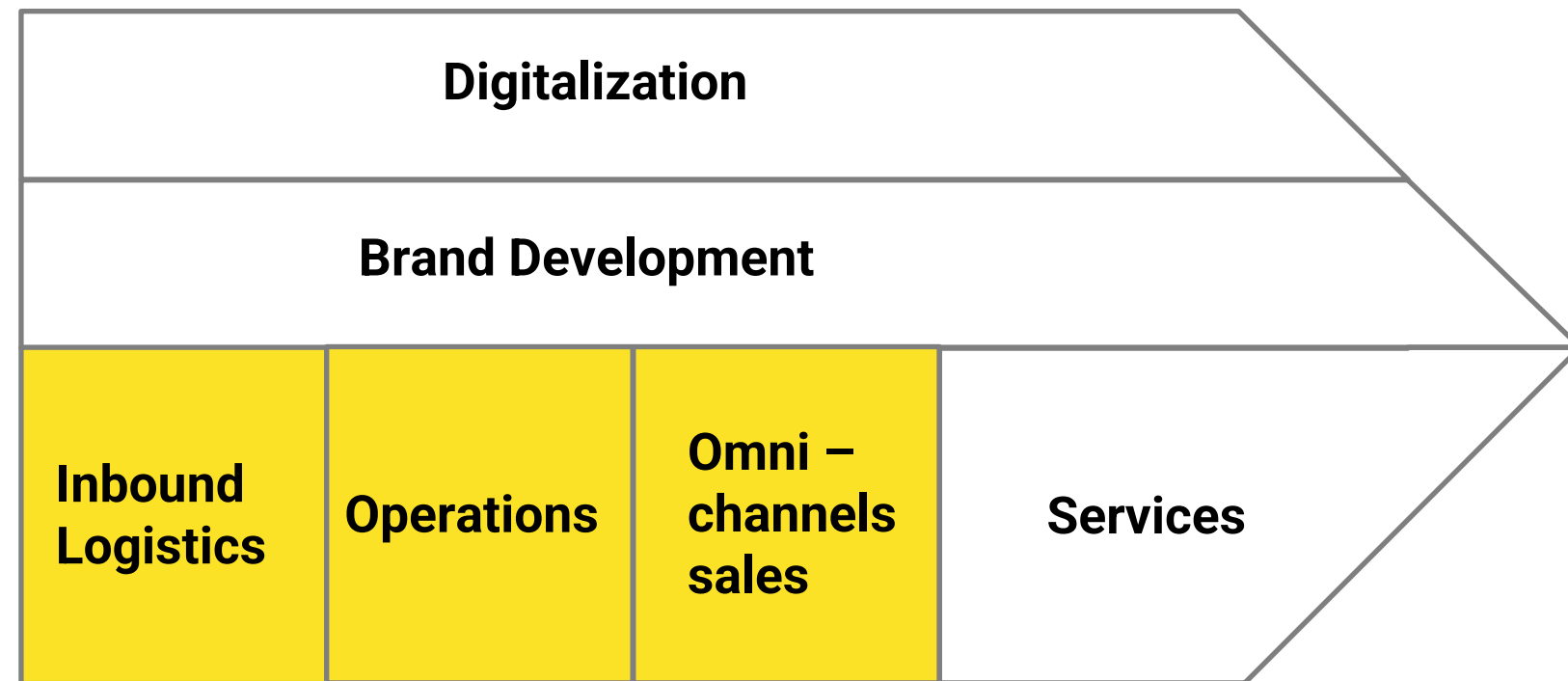
- However, there are already consolidated players this is market that make difficult the positioning of TGYM.
- The North American gyms are supplied by **multiple suppliers** and also, US consumers appreciate performance over design of the equipments.

Actually, we believe TGYM will not increase too much its position in this region, because it register already a decreasing revenue growth rate from FY2019 to FY2022E.

Technogym Value Chain – Primary Activities



TGYM differentiates its offer in the last phase of the Value Chain...



Inbound logistics: long-term relationships and strong influence on suppliers

Operations: cost reduction with economies of scale

Omni-channel Sales: Field sales, Inside sales, Retail, Wholesale.

Services:

Internal Design: TGYM organizes the floor's layout, matching the clients' product requests with space constraints;

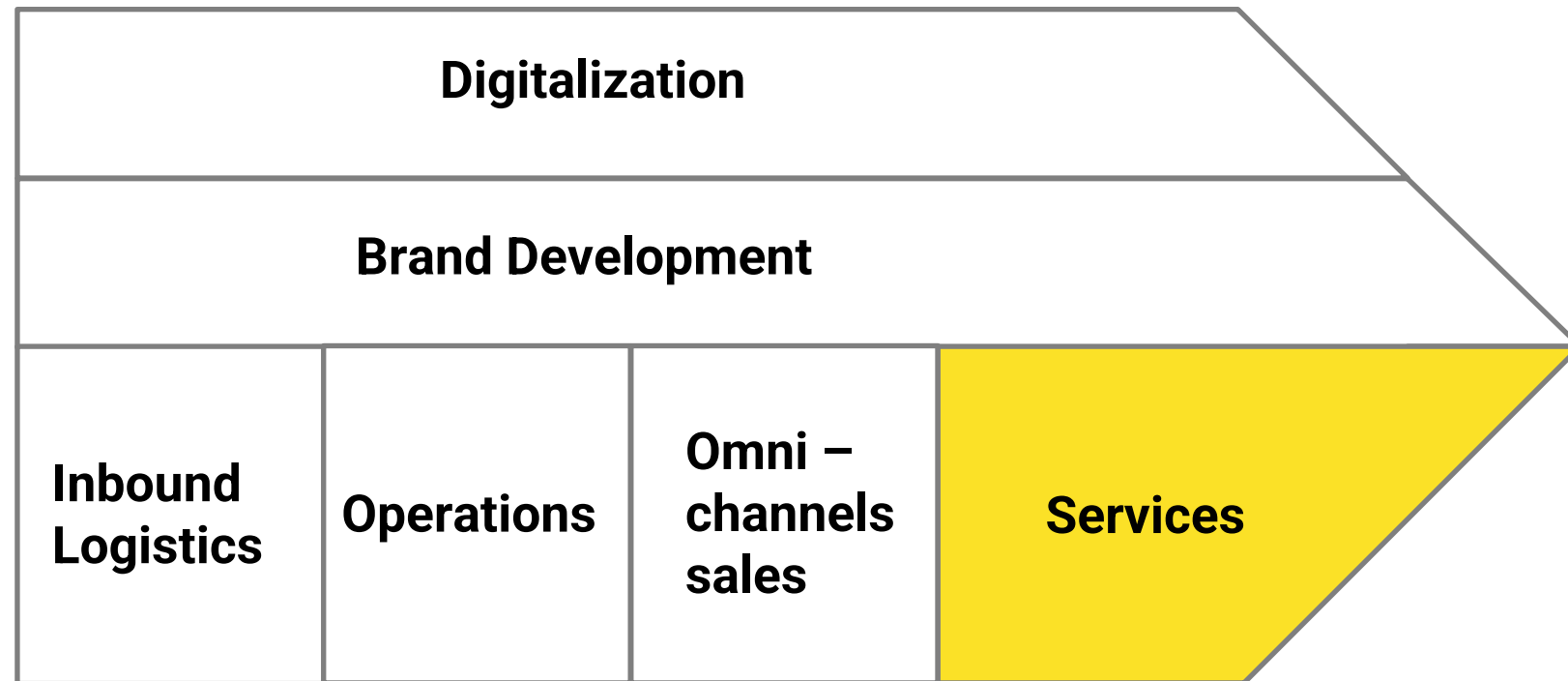
After-Sales Attention: little maintenance time results in greater value for the end-user, who never finds an unworking machine in the facility;

Employee Training: TGYM trains the customers' employees to use its equipment, to enhance its performances and therefore the end-users' experience.

Technogym Value Chain – Primary Activities



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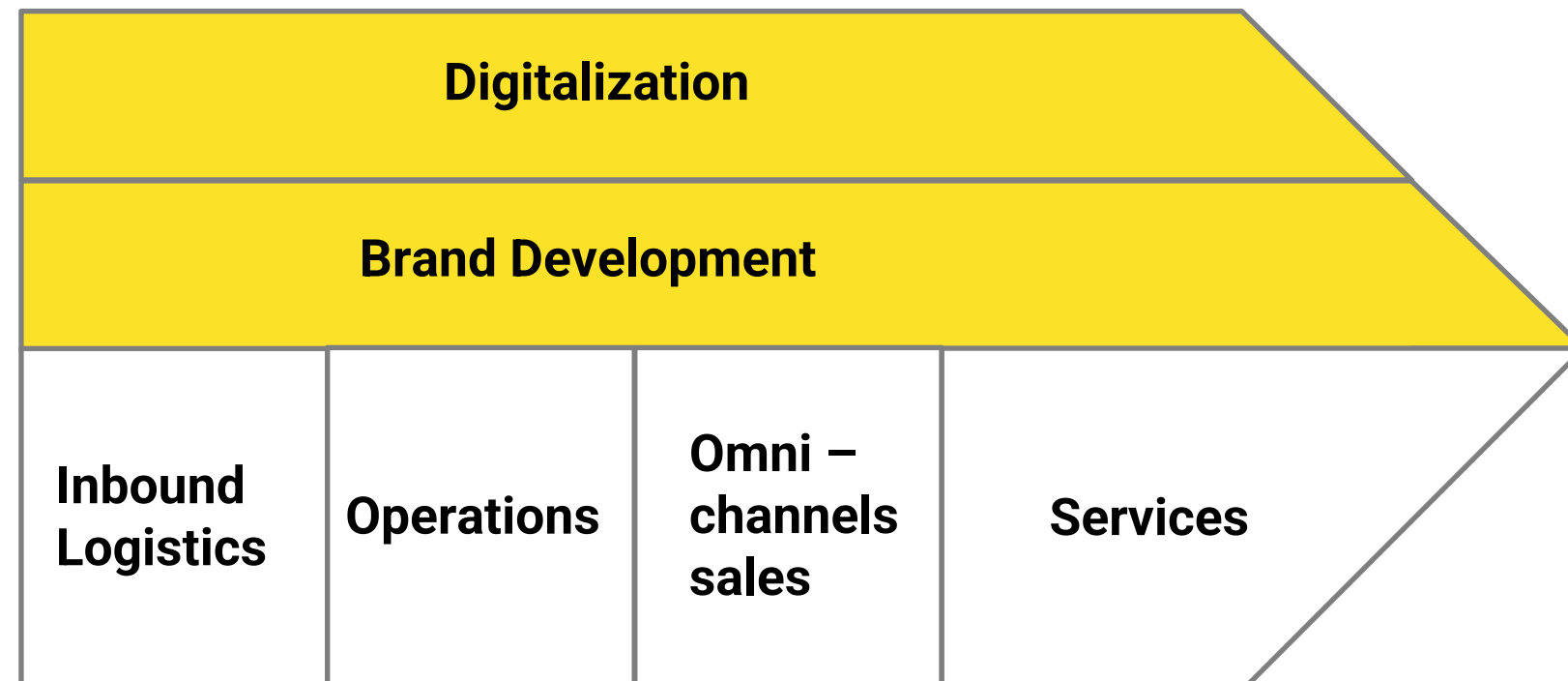
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After-Sales Attention: little maintenance time results in greater value for the end-user, who never finds an unworking machine in the facility;

Employee Training: TGYM trains the customers' employees to use its equipment, to enhance its performances and therefore the end-users' experience.



...plus its secondary activities



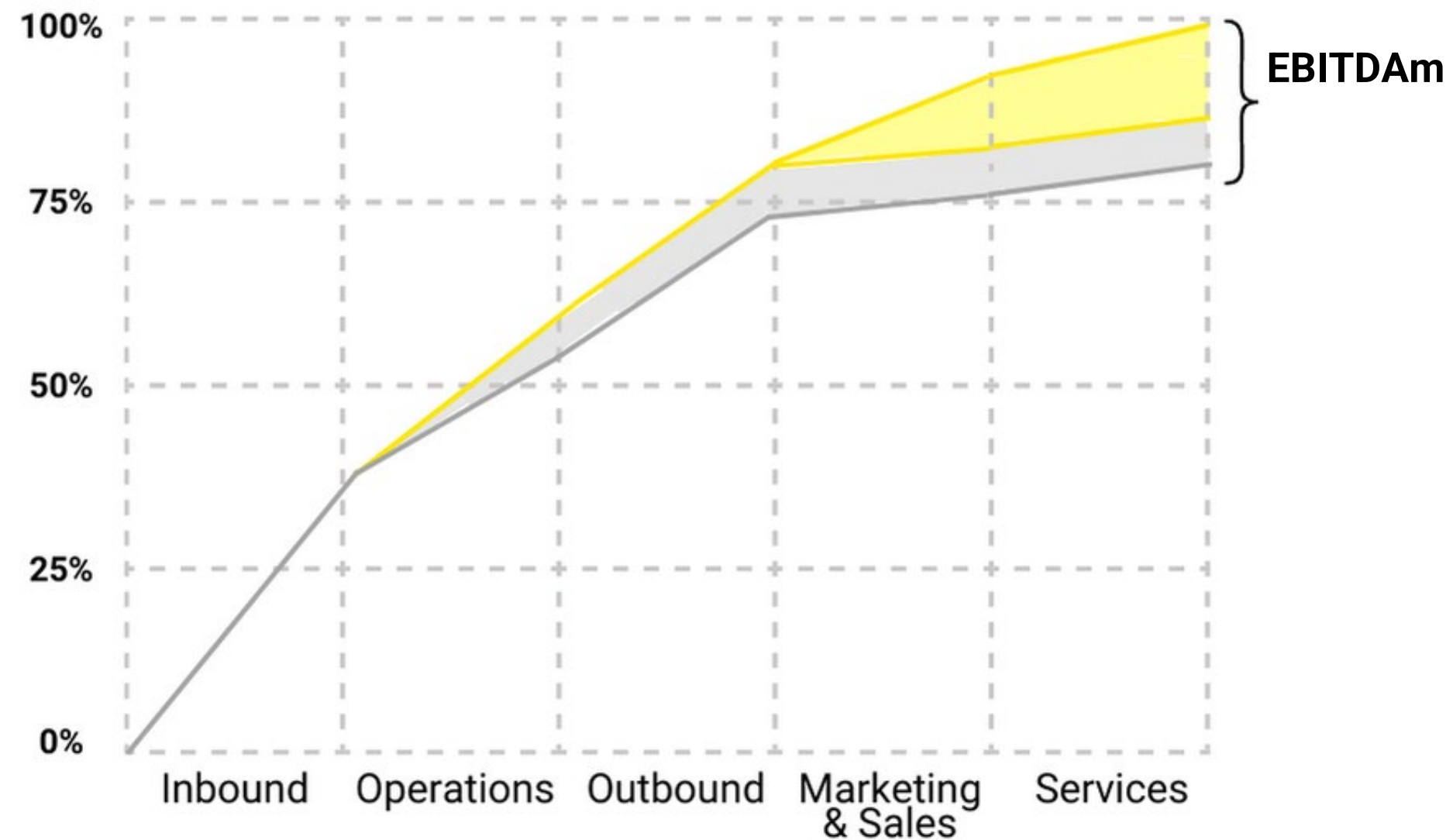
Brand Development and Digitalization.

For B2C it has a “status enabler” role: high-end positioning, collaborations and partnership with upscale companies and personalities, design-oriented features in the equipment build the aspirational spirits of the brand. Therefore, in terms of value, TGYM’s products are comparable to furniture on a home-design logic, so that customers stand out thanks to a unique and personalised style.

For B2B it has a «facilitator» role: the MyWellness Platform is an open CRM tool that enables operators to improve the customer experience and its management, from customer attraction to retention and secondary spending (assessment, programming, tracking, rewarding, analytics, etc.).



Value and cost creation

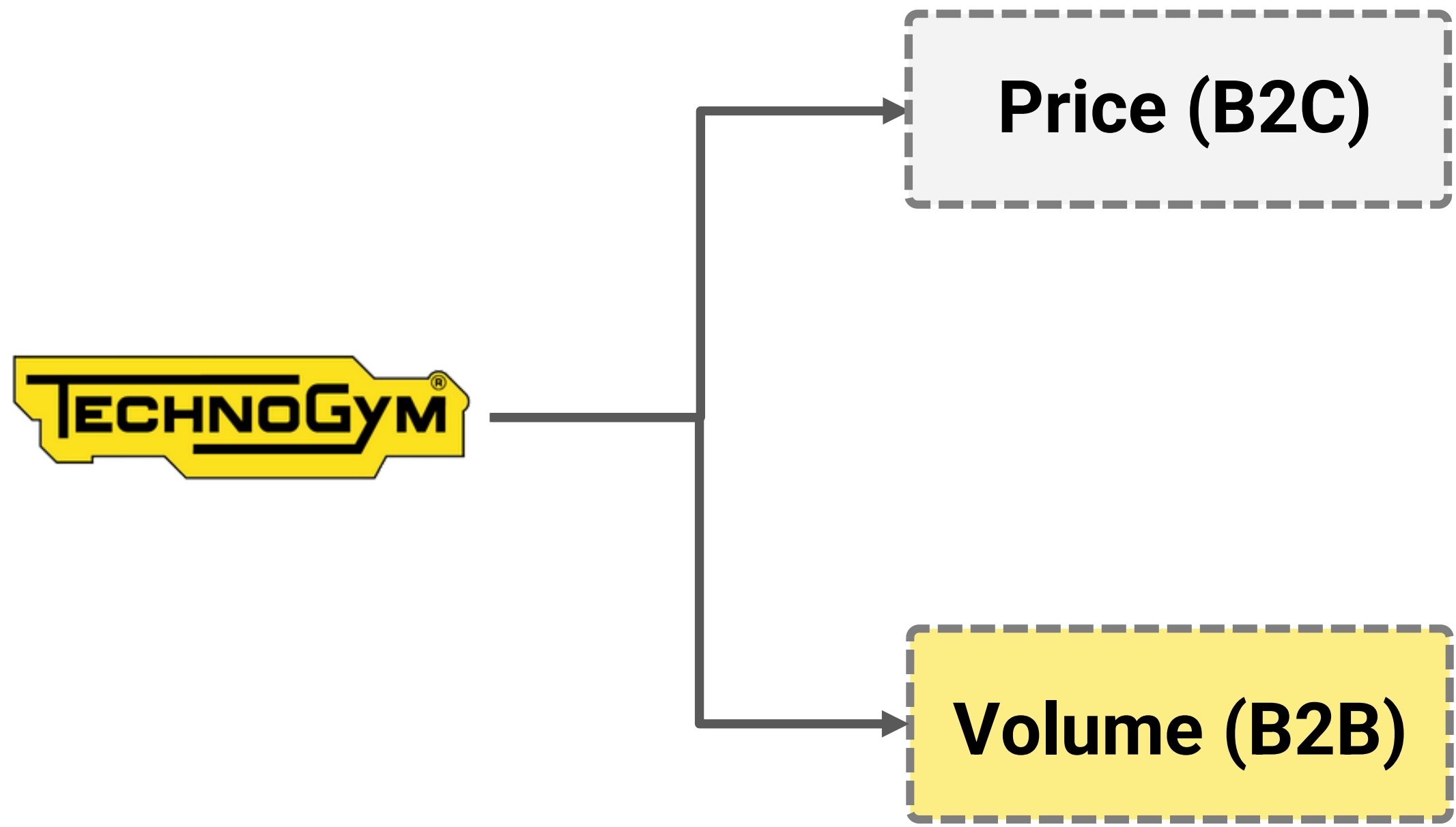


Sources: company data, team elaboration

Value differential elements are not high-cost generator:

Brand recognition, services and digital ecosystem account for 7% of OpEx and 19% of CapEx

Inbound logistics, operations, and outbound logistics build up the bulk of OpEx (82%) but without over-enhancing the quality of TGYM's products' technical characteristics



- Bold Pricing strategy
- Pricing Power Index > 1

- Expansion or refurbishment of existing clients
- Acquisition of new clients
- Cross-Selling of services
- Expanding number of HNWI's



Technogym has focused its strategy on strengthening its leading market position in 3 different pillars:

1. **Brand development**, creating the concept of a luxury fitness equipment
2. **Wellness on the GO**, enhancing the digital strategy with the ecosystem
3. **Global presence in different market**, targeting primarily North America



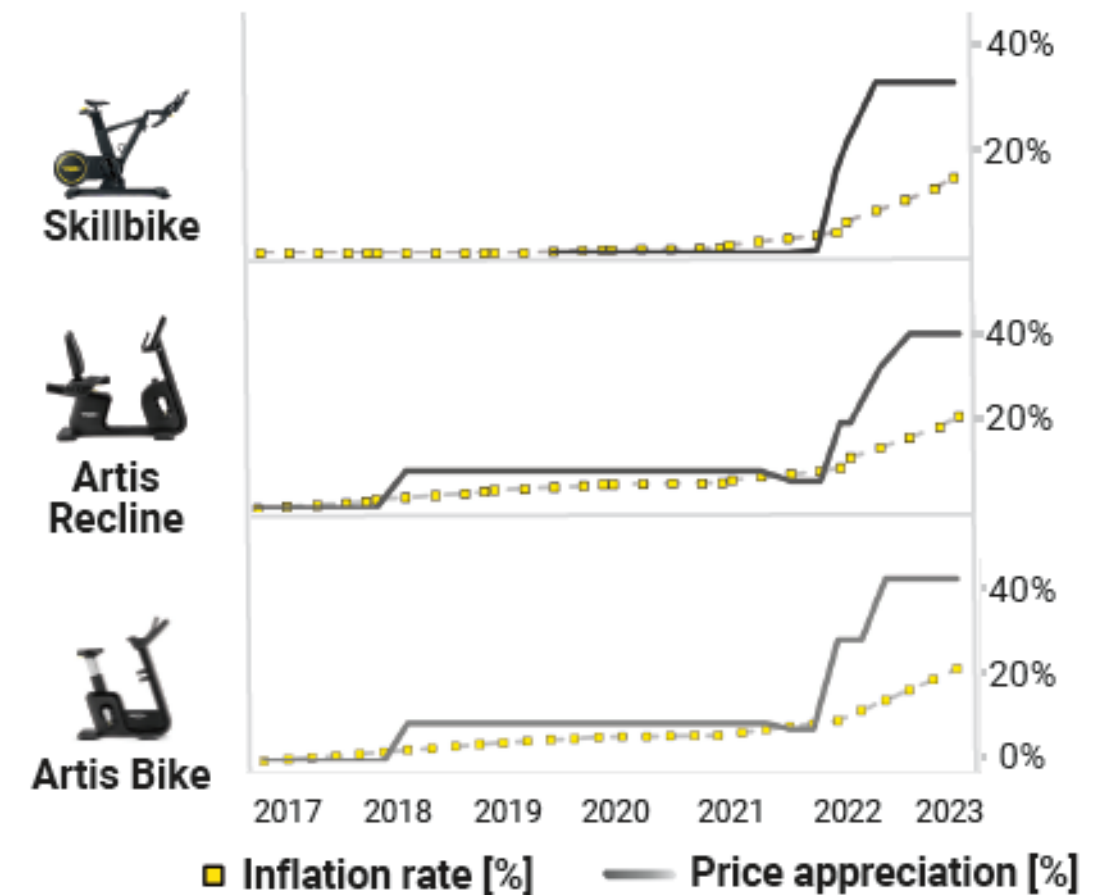
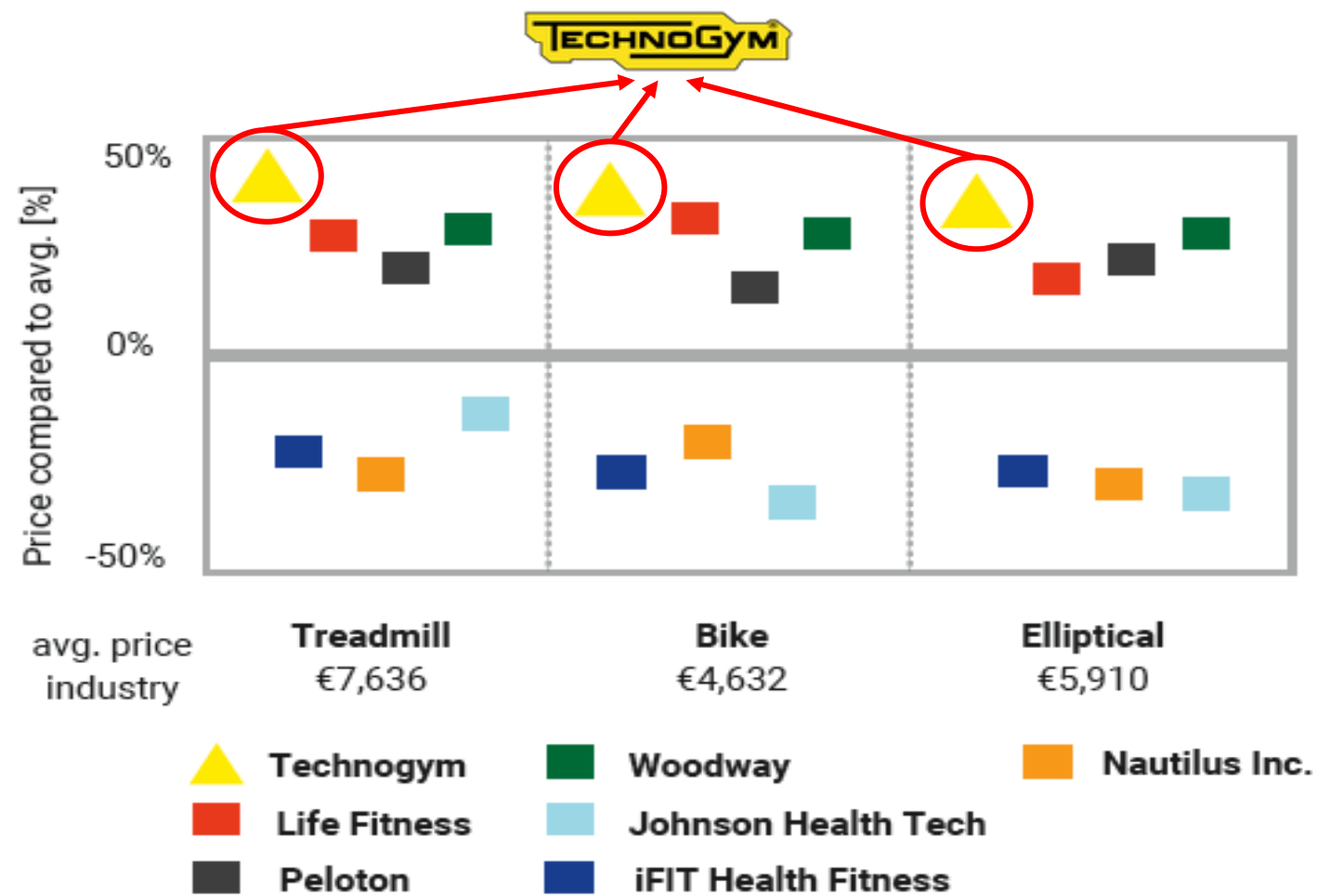
TGYM is committed to maintaining a **premium brand** image by offering both aesthetical and functional products.

The Company is currently at the forefront of **creating the concept of luxury fitness equipment**, striving to position itself as a luxury player through collaborations with luxury brands (e.g., Dior) and renowned designers (e.g., Citterio) to enhance its appeal.

President Alessandri plays a pivotal role in establishing partnerships and collaborations globally, effectively acting as an **ambassador** for the brand.

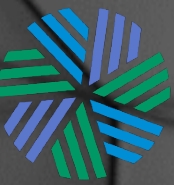
Noticeably, **we do not consider TGYM as an outright Luxury player yet (leaning-to-luxury)**.

TGYM falls into a grey area, as it possesses the traits of a luxury company – but not to a full extent – such as a strong branding, which allows the Company to be bolder in its **pricing strategy**.



Sources: company data, Internet Archive, team elaboration

Leaning-to-luxury position of TGYM



Partnership with Dior

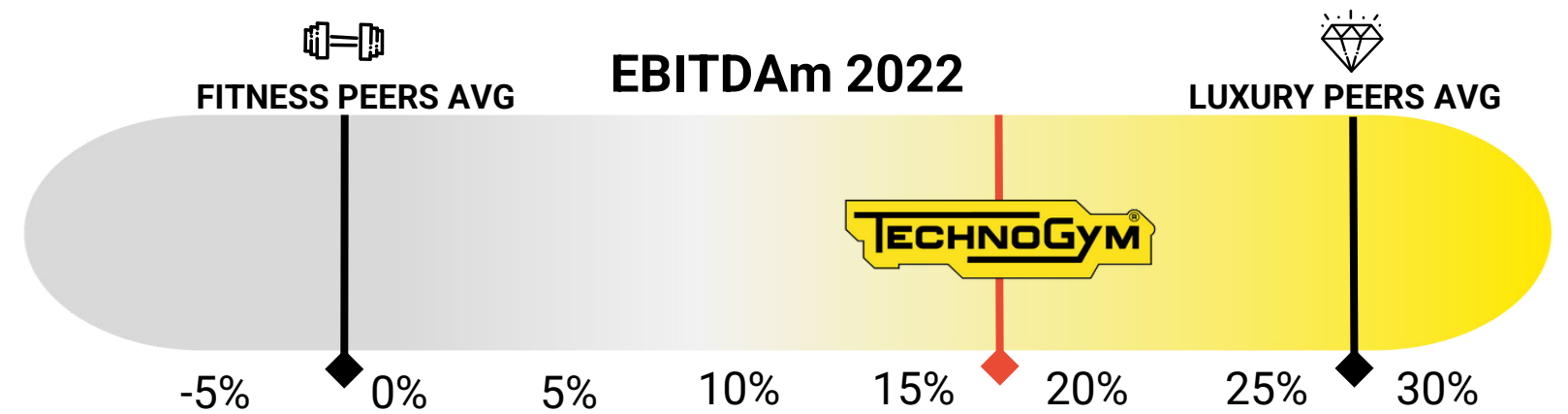
Design by Citterio



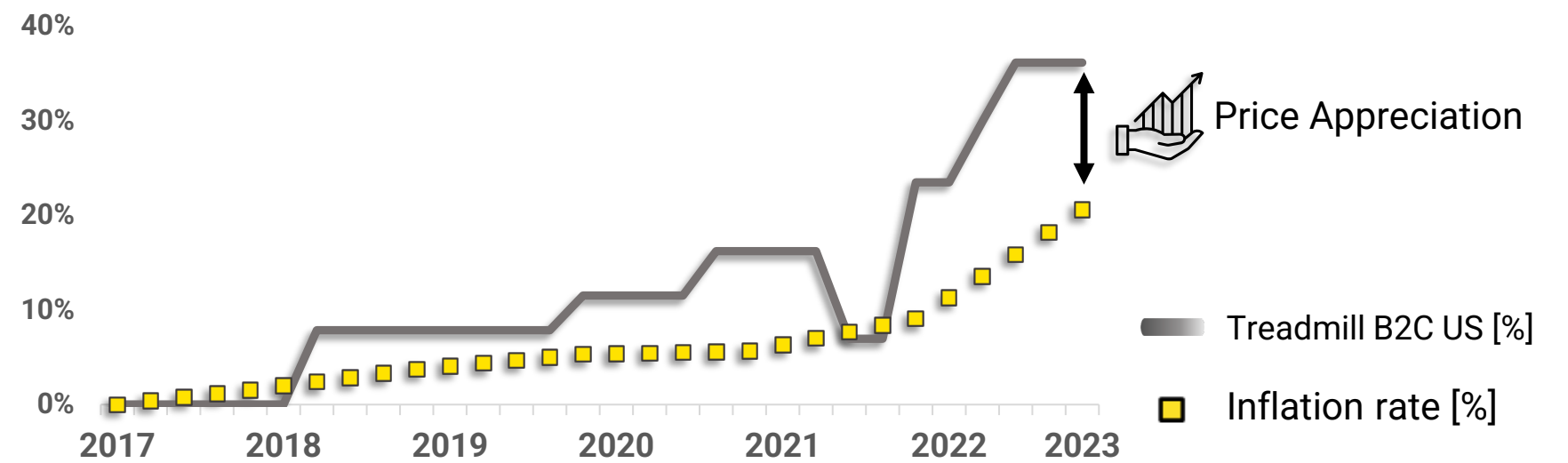
Addressing HNWIs



1 Best-in-class in the Fitness Equipment Industry



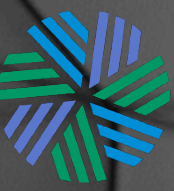
2 Strong pricing power



Source: Company Guidance

Source: Internet Archive

Product range Technogym



Technogym value segment equipment

Technogym Bench € 1,450	Technogym Bike € 3,450	Technogym MyRun € 3,450	Technogym Elliptical € 3,450	Technogym Skill Row € 3,950	Technogym Unica € 6,250
					

Technogym personal line (Luxury line)

Run Personal € 14,650	Bike Personal € 14,650	Recline Personal € 10,250	Cross Personal € 14,650	Power Personal € 9,240	Kinesis Personal € 11,950
					

Product range competitors



Peloton & Life Fitness products competing with Technogym Value segment

Peloton Bike € 1,745	Peloton Bike+ € 2,495	Peloton Tread € 2,495	Life Fitness Cycle € 1,773	Life Fitness Tread € 3,609	Life Fitness Elliptical € 2,576
					

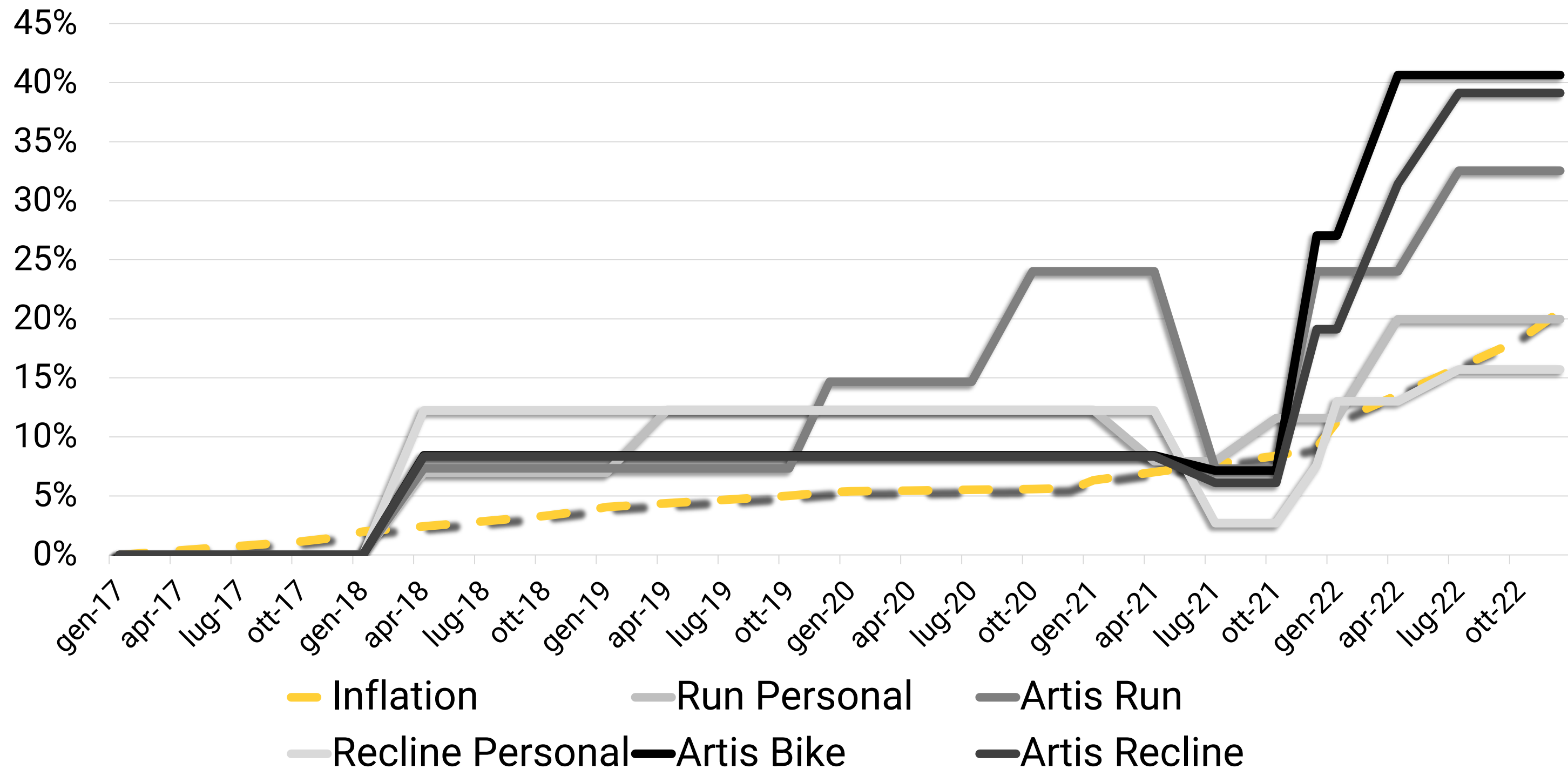
Platinum line Life Fitness series products

Life Fitness Platinum Club Tread € 14,055	Life Fitness Platinum Club bike € 9,406	Life Fitness Platinum Club recline/bike € 9,521	Life Fitness Platinum Club Elliptical € 11,345
			

Sources: companies data, team elaboration

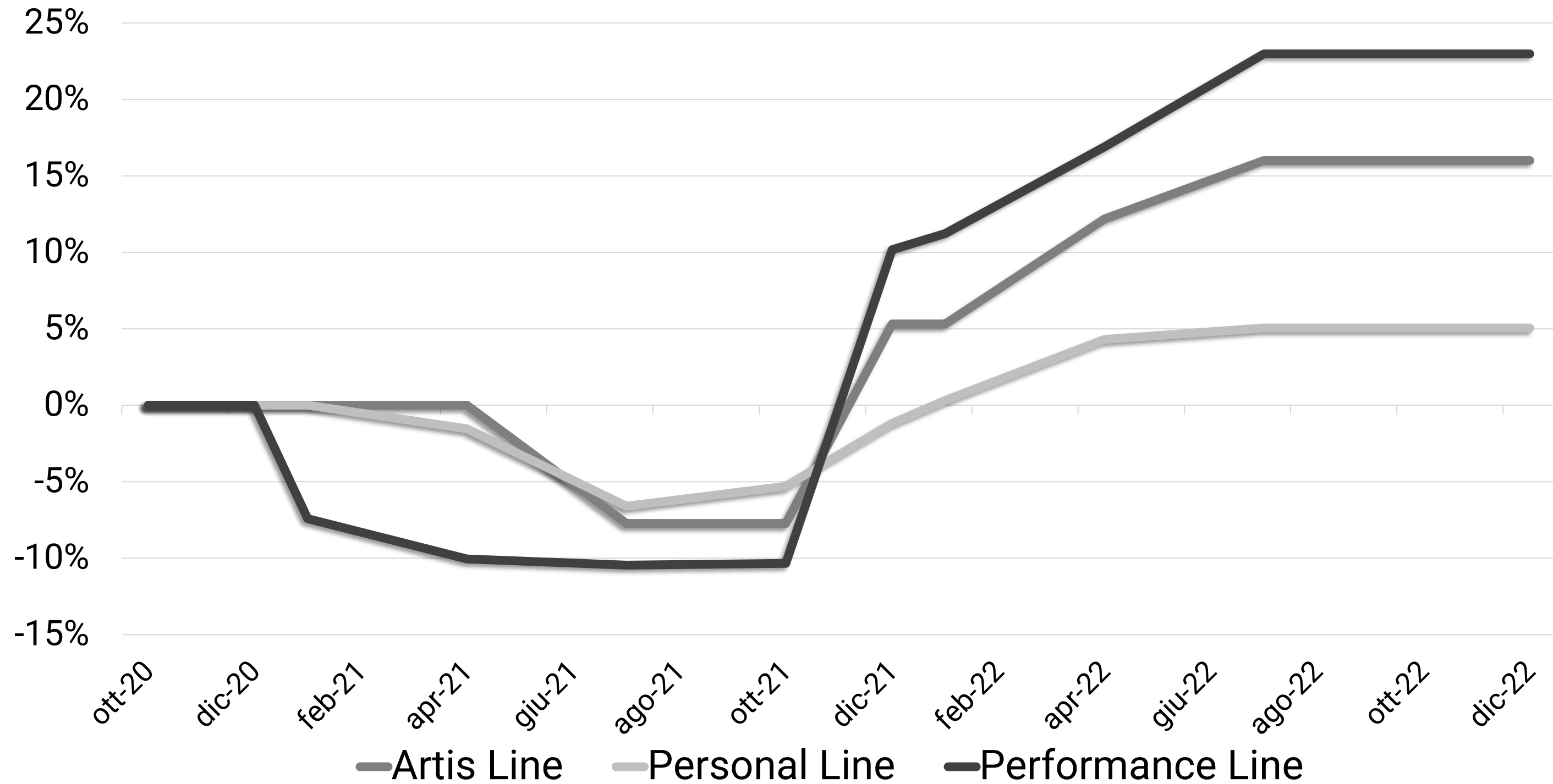


US B2C Segment – Historical prices vs Inflation, by product



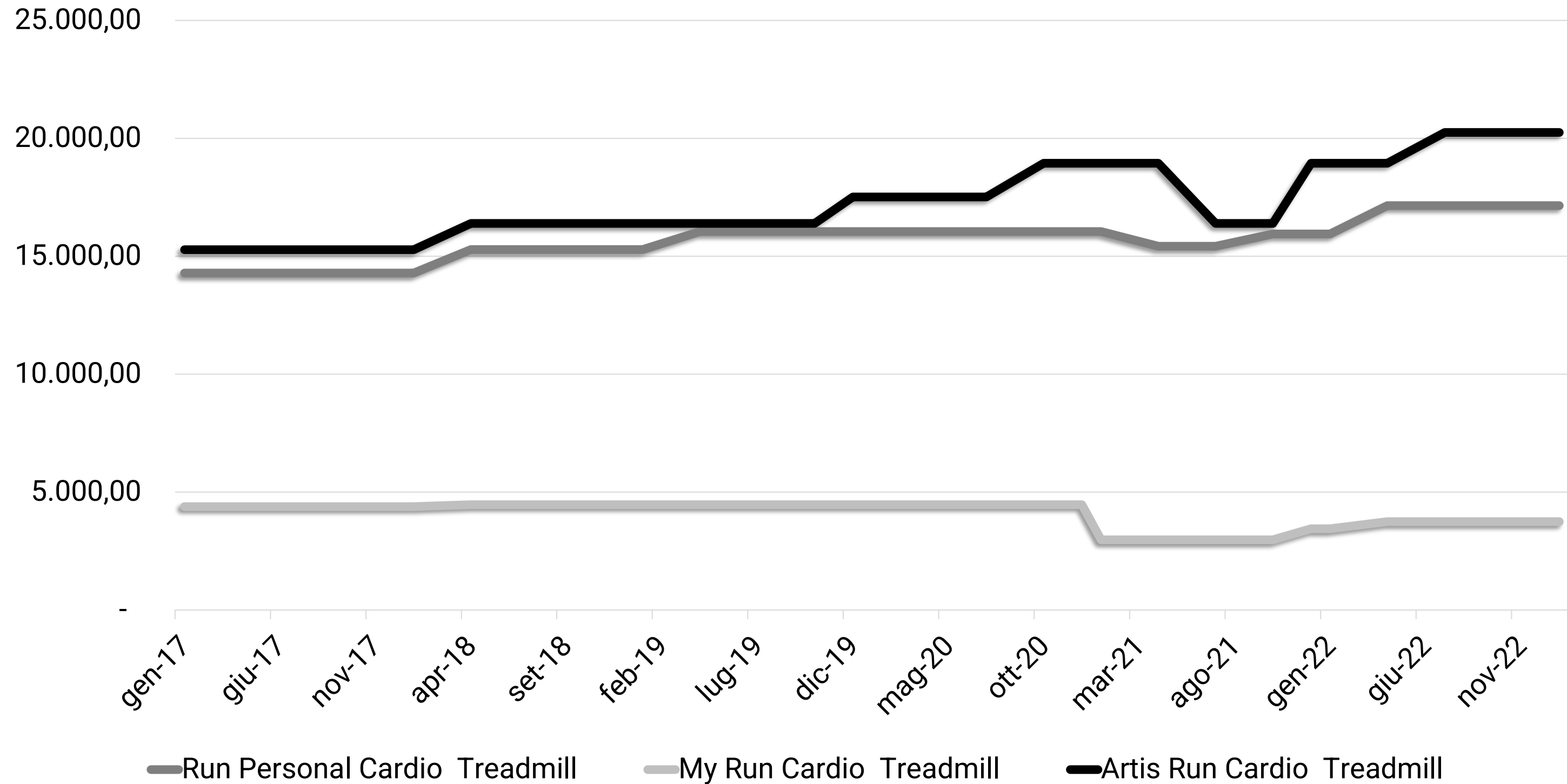


US B2C Segment – Pandemic period prices, by product



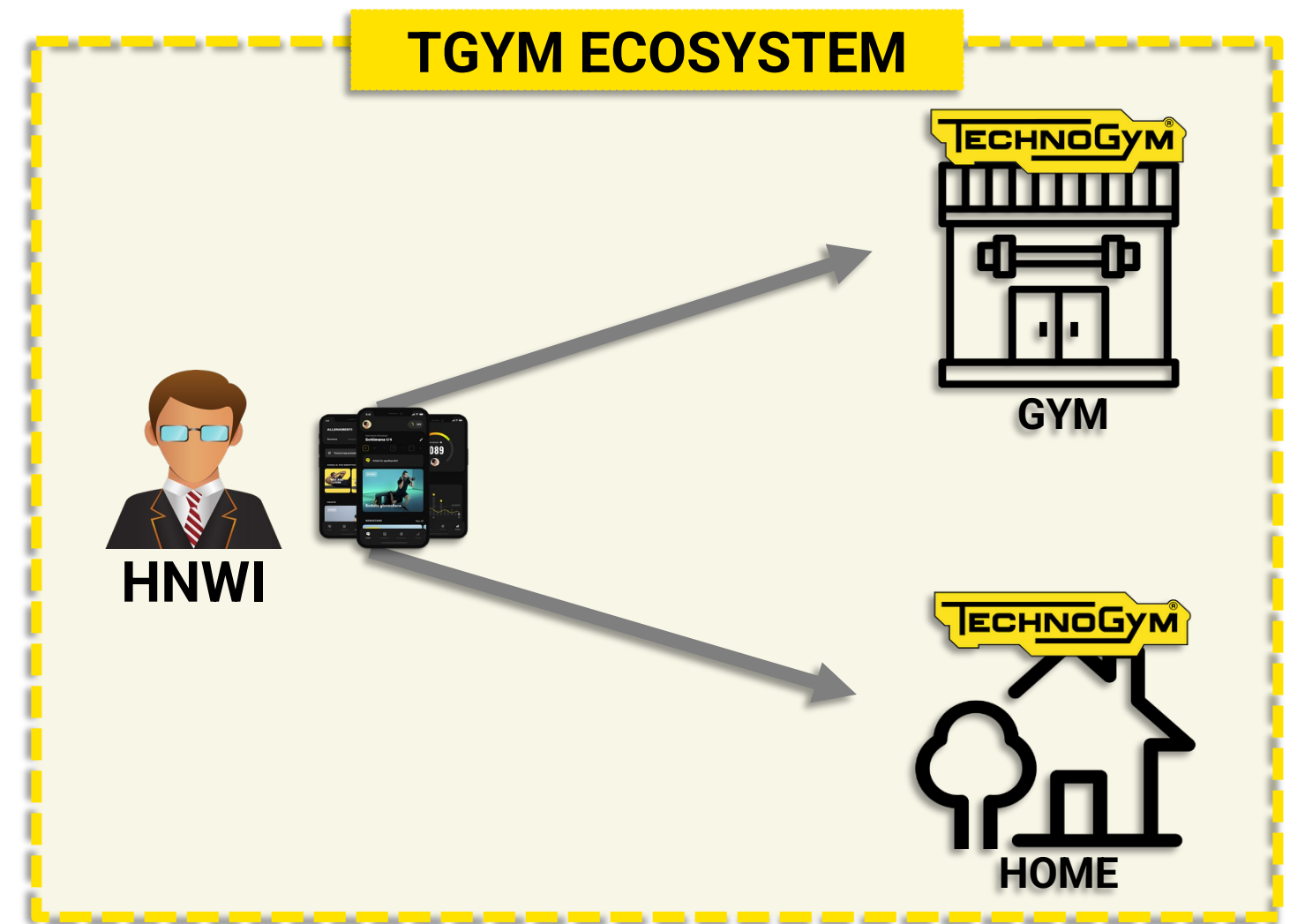


US B2C Segment – Treadmills historical prices, by line



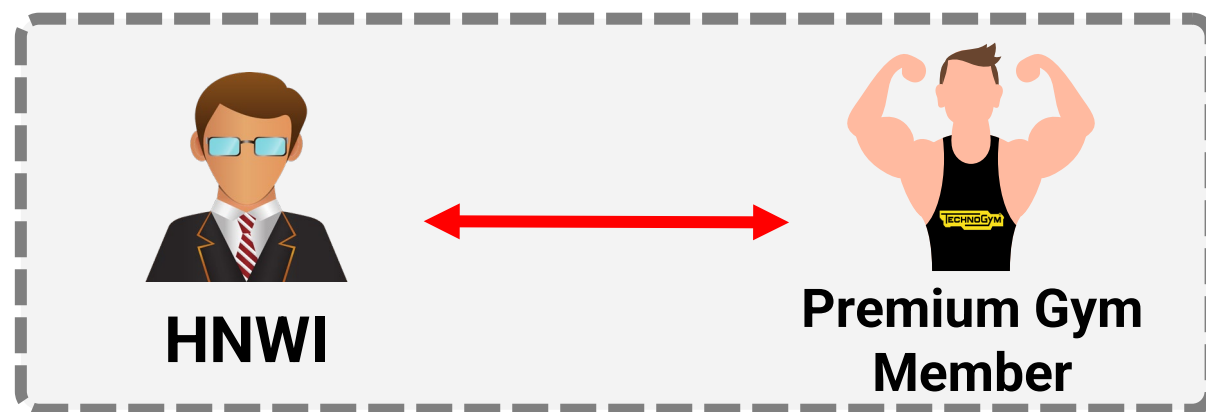


- In May 2021, TGYM launched the “Technogym APP” to wide its digital offer and enhance its ecosystem power.
- TGYM’s ecosystem, as it integrates equipment, digital platform, dedicated mobile apps and specific content, programs, and services.
- TGYM is pushing to be an exclusive supplier for business operators



✘ 2 problems to this strategy

**MISMATCH
between
End-users**



Different spending habits

**COMPETITION
by gym app**

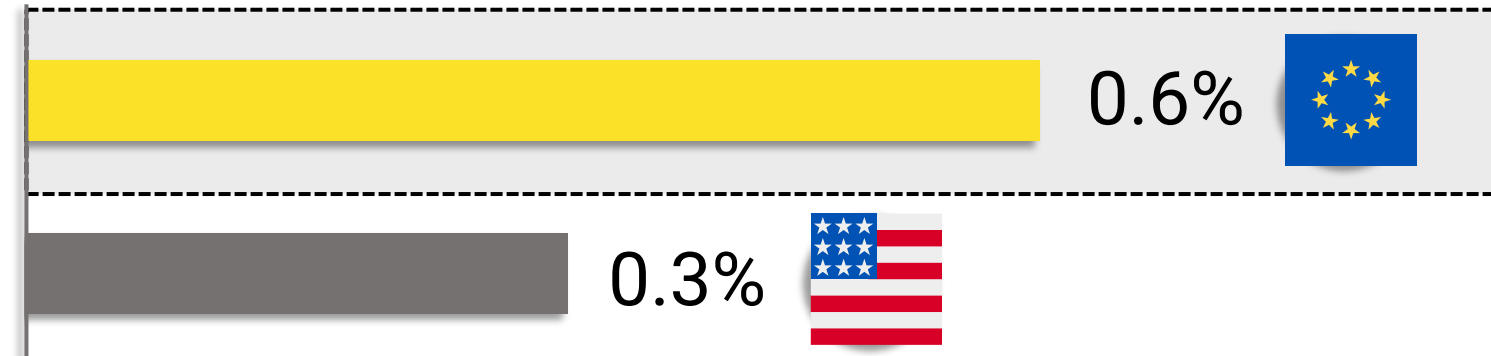
	MyVirginActive Salute e benessere ★★★★★ 16.215
	Technogym Workout e piani personalizzati ★★★★★ 1.212

Geographical expansion: problems in North America



In B2C TGYM bets on **design**, less valued by US customers

Expenditure in Luxury and Design
Goods Compared to GDP



COMPARISON EUROPEAN vs US PREMIUM TREADMILL



TECHNOGYM

14.650 €

“ Work out in **style**
Training made **classy**
When **form** follows function ”



LifeFitness

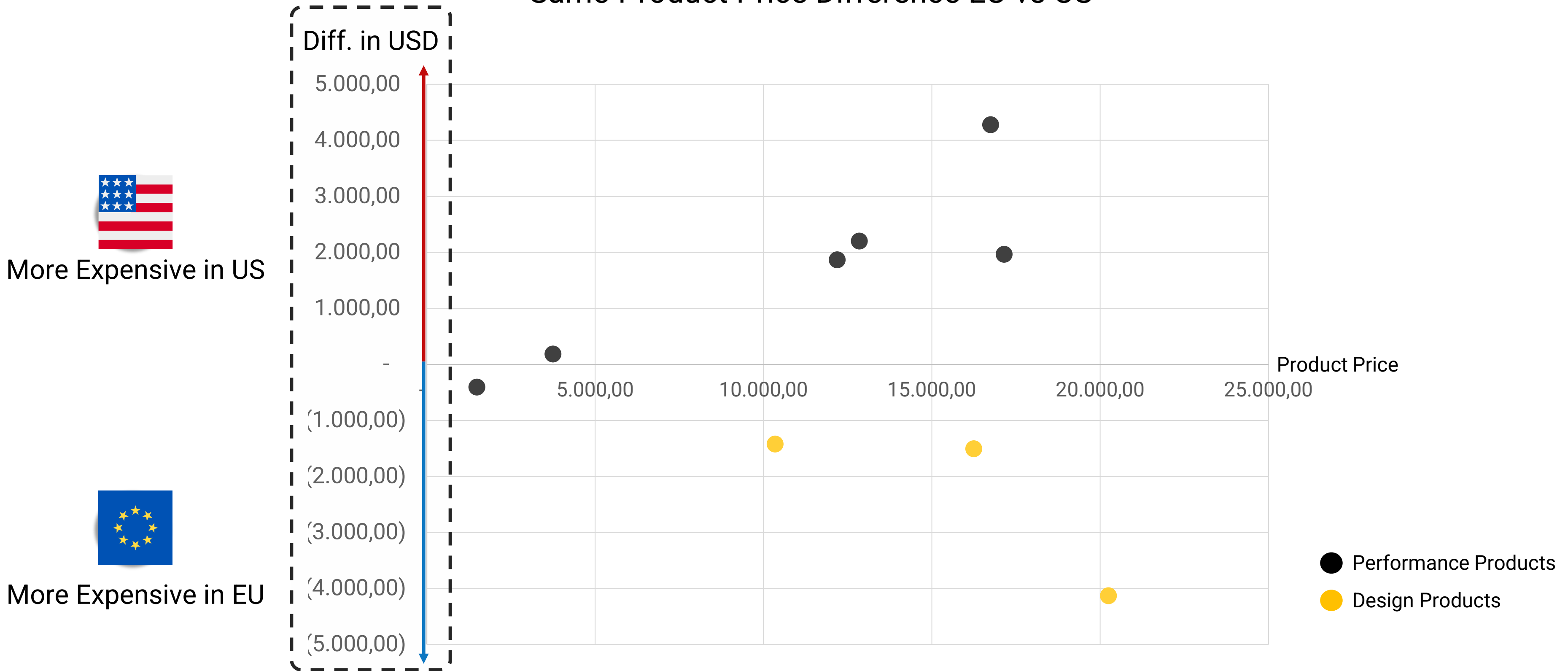
\$11,659.00

“ Powerful **motor**
Quality **engineering**
Shock Absorption **system** ”



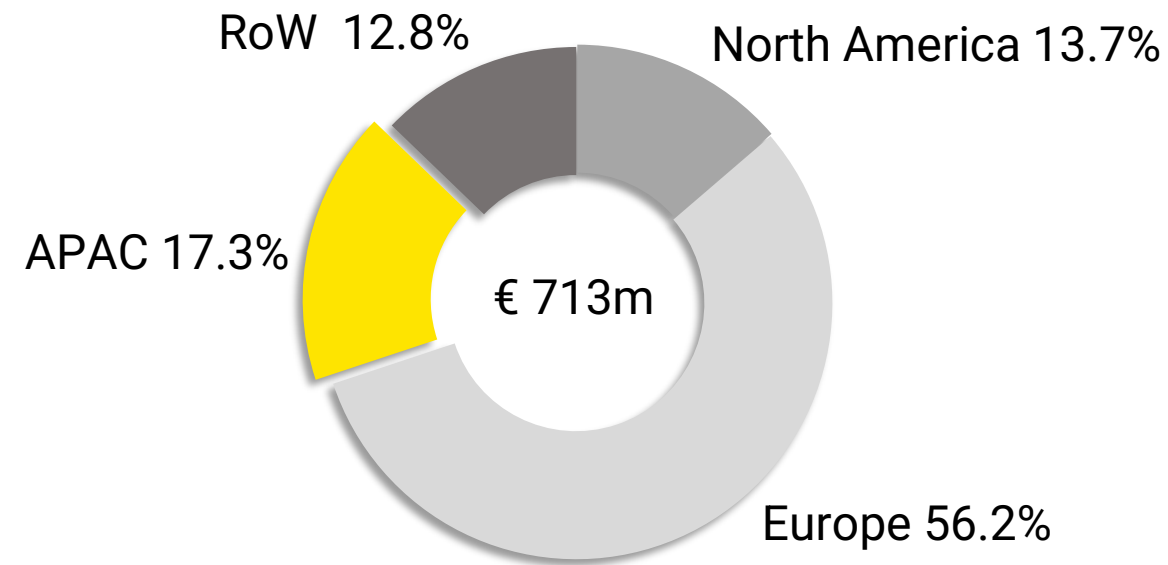


Same-Product Price Difference EU vs US





We see problems also in the expansion in APAC



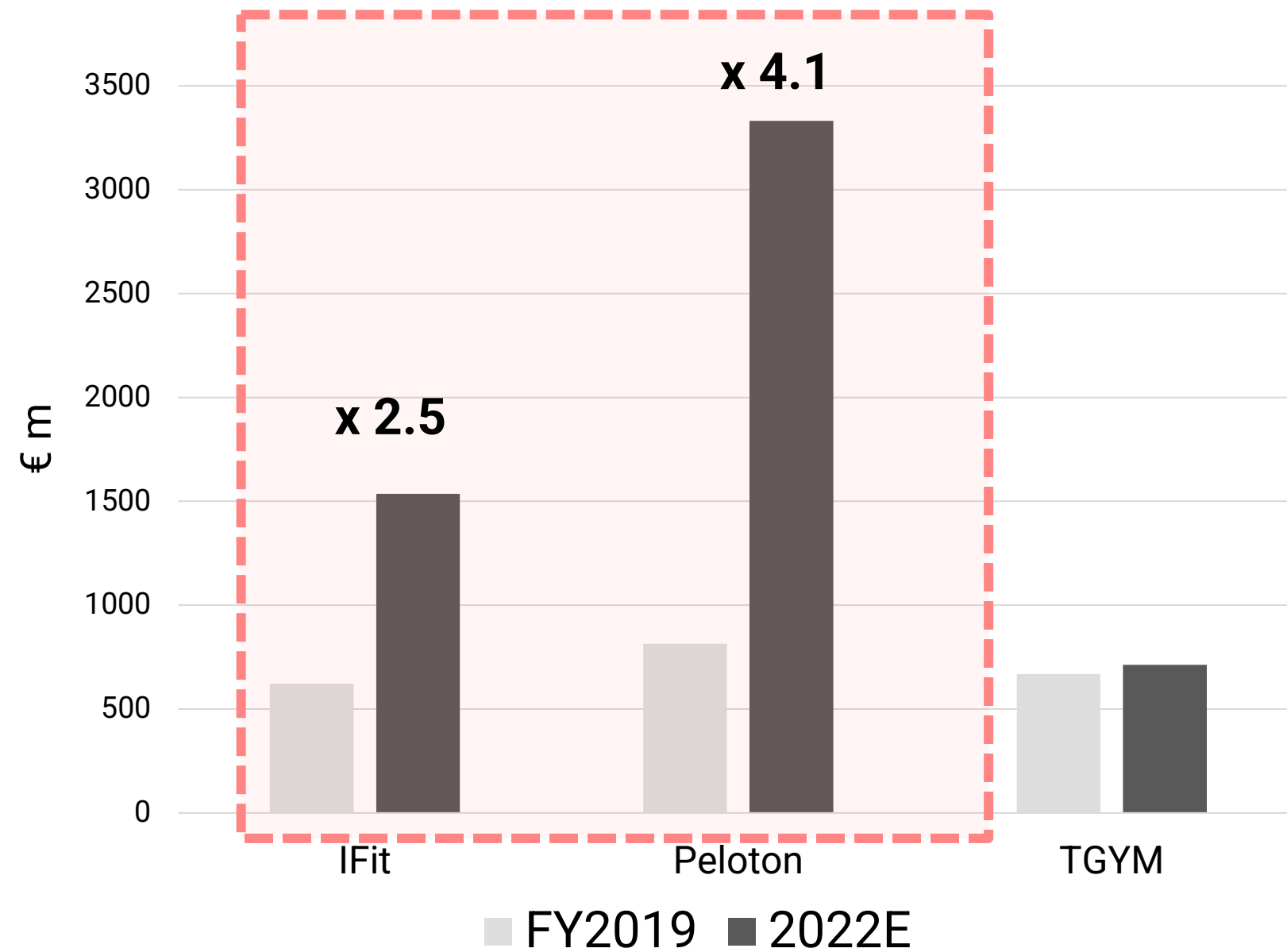
Largest Market in the world for fitness equipment by 2030

- 1 Lack of a specific marketing strategy to address Asian HNWI's
- 2 Scarcity of premium fitness chains (avg. membership cost for APAC gyms: \$21.6)
- 3 China National Fitness Plan

Digitalization, a missed opportunity

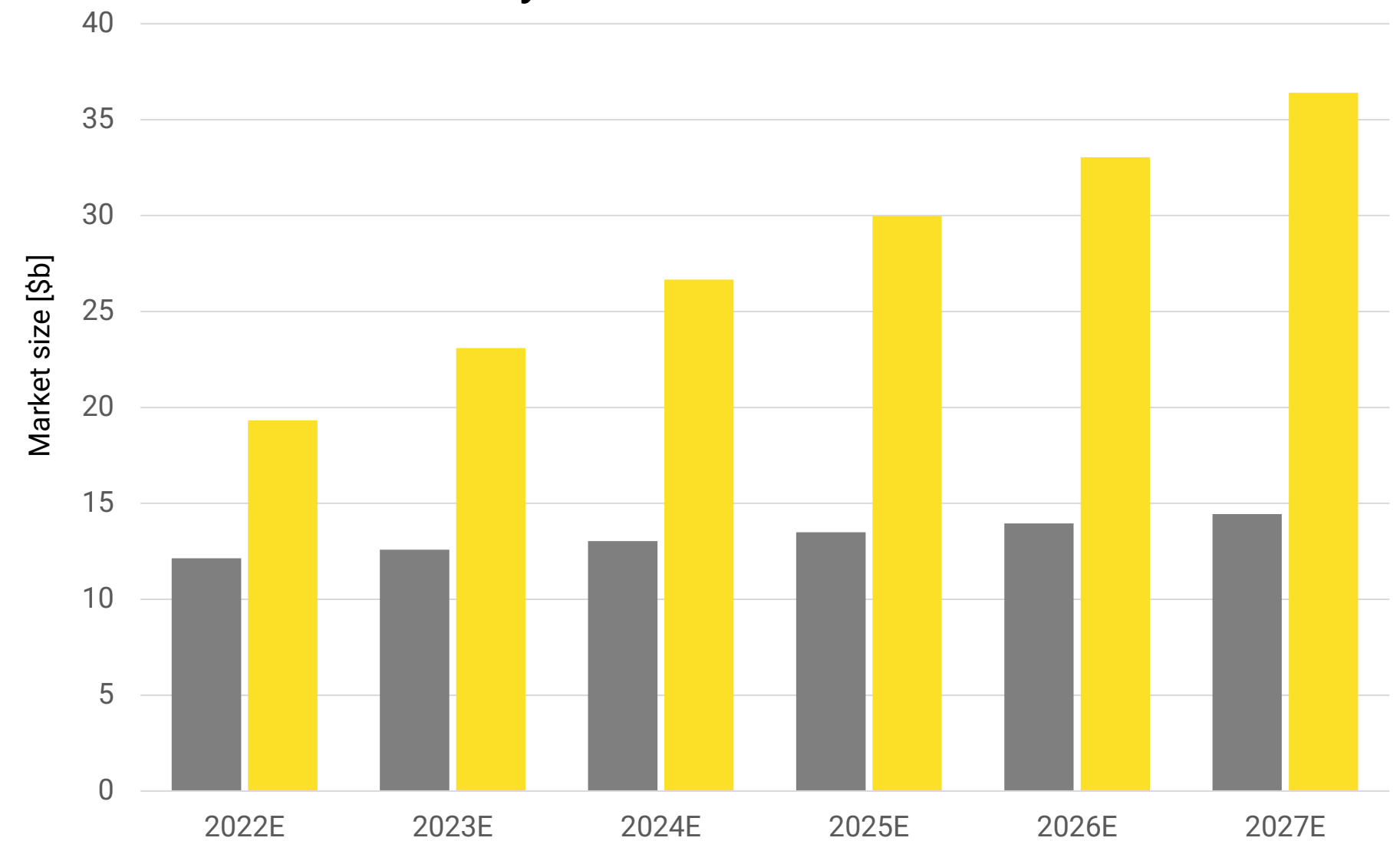


Fitness peers' revenues



Sources: Refinitiv, Companies' Data, Team Elaboration.

Hybrid Workout Market Size



Sources: Allied Market Research, Inkwood, team elaboration



STRENGTHS

- Iconic brand with strong heritage
- High focus on design
- Leading position in Europe

WEAKNESSES

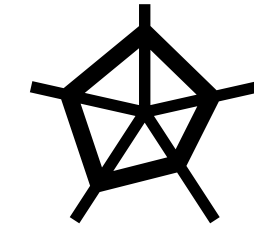
- Weak Digital App
- Reliance on one man (Nerio Alessandri)
- Low match with US preferences
- HNWIs and SFUs mismatch

OPPORTUNITIES

- Expanding population of HNWIs
- Penetration in USA and APAC
- Increasing demand for home fitness

THREATS

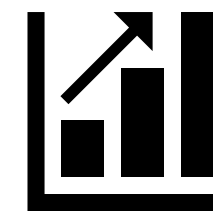
- Slowdown in macroeconomic scenario
- Growth coming from mass market
- Alternative ways of work-out



Technogym can **benefit** from growth in the fitness equipment market by leveraging its strengths, but must also be cautious of threats coming from the industry and from the macroeconomic scenario.

TGYM must **exploit** the opportunities to push on geographical expansion and increase its B2C exposition, in order to improve its sales' resilience.

Anyway, company's mismatch with the hybrid fitness trend, weak digital strategy, and difficulties to enter the NA market pose **serious challenges** on the success of its strategy.

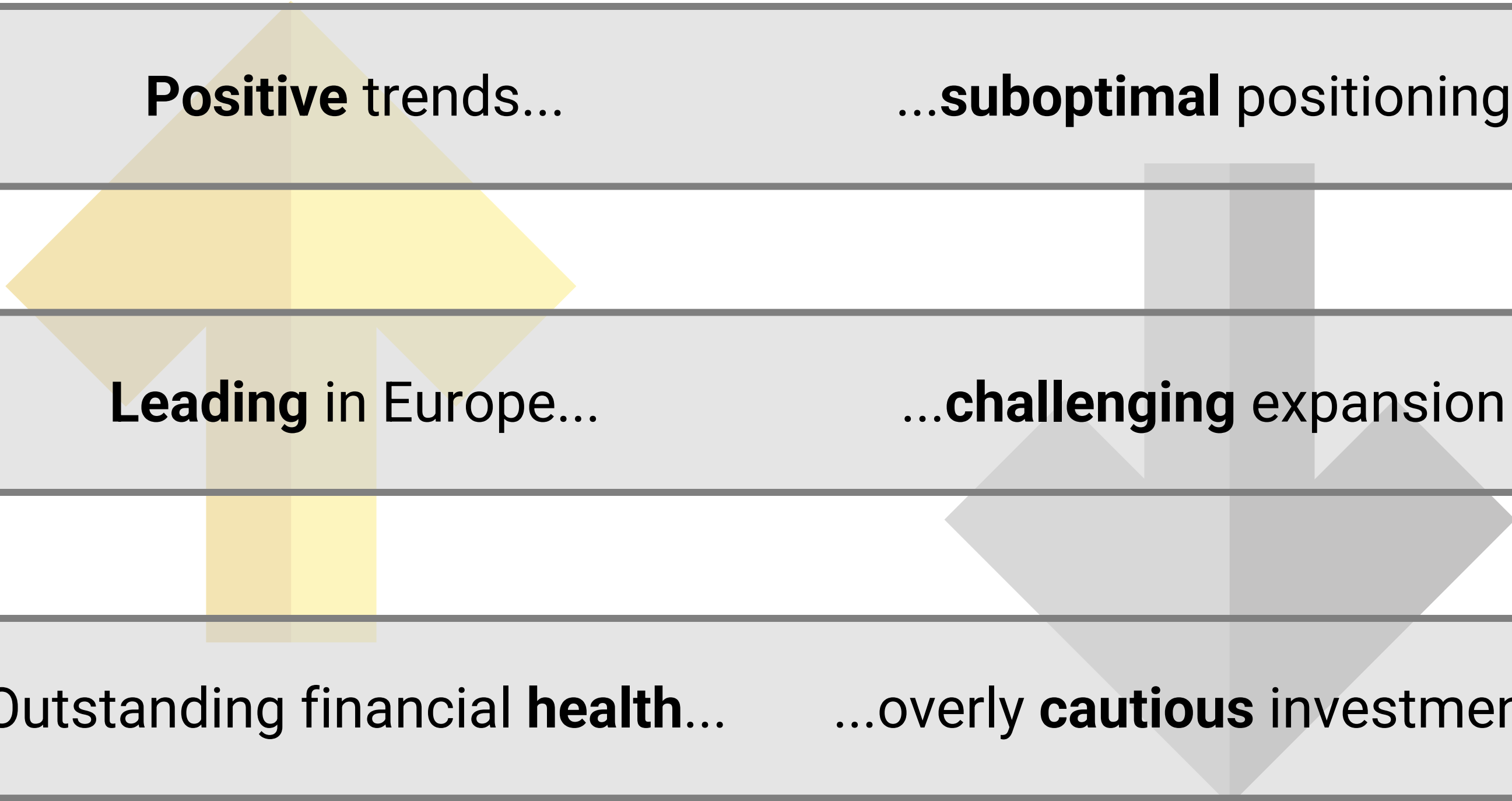




1. **Positive** trends... ...**suboptimal** positioning

2. **Leading** in Europe... ...**challenging** expansion

3. Outstanding financial **health**... ...overly **cautious** investments



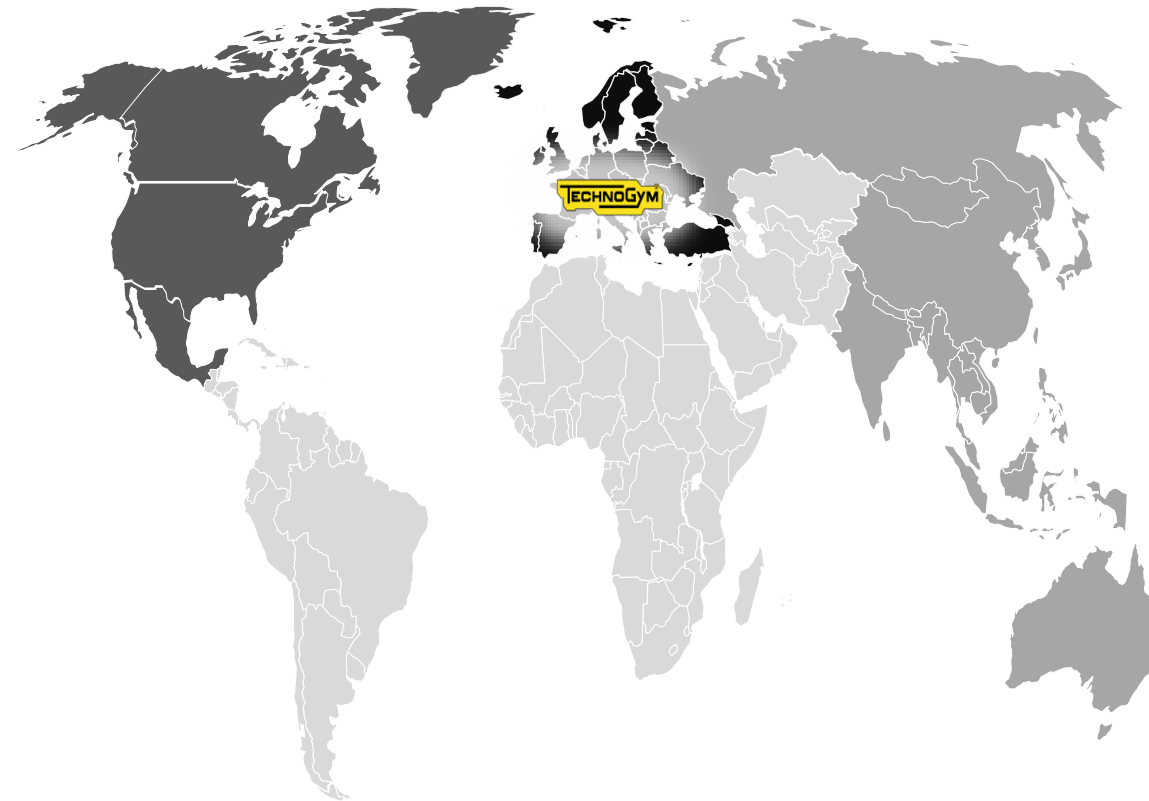


High-end digital offer



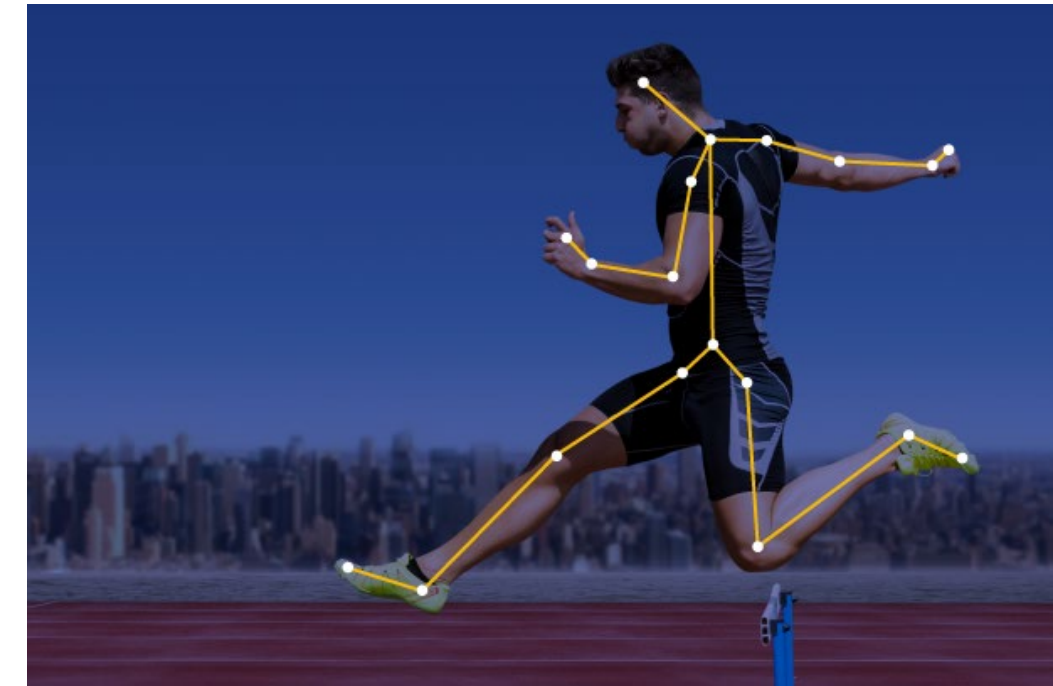
Reinforce partnership with celebrities and influencers
↓
Revenues from subscriptions

Stronger geographical expansion



- **Differentiated** marketing strategy to address Asian HNWI
- Bigger **network** of flagships in North America

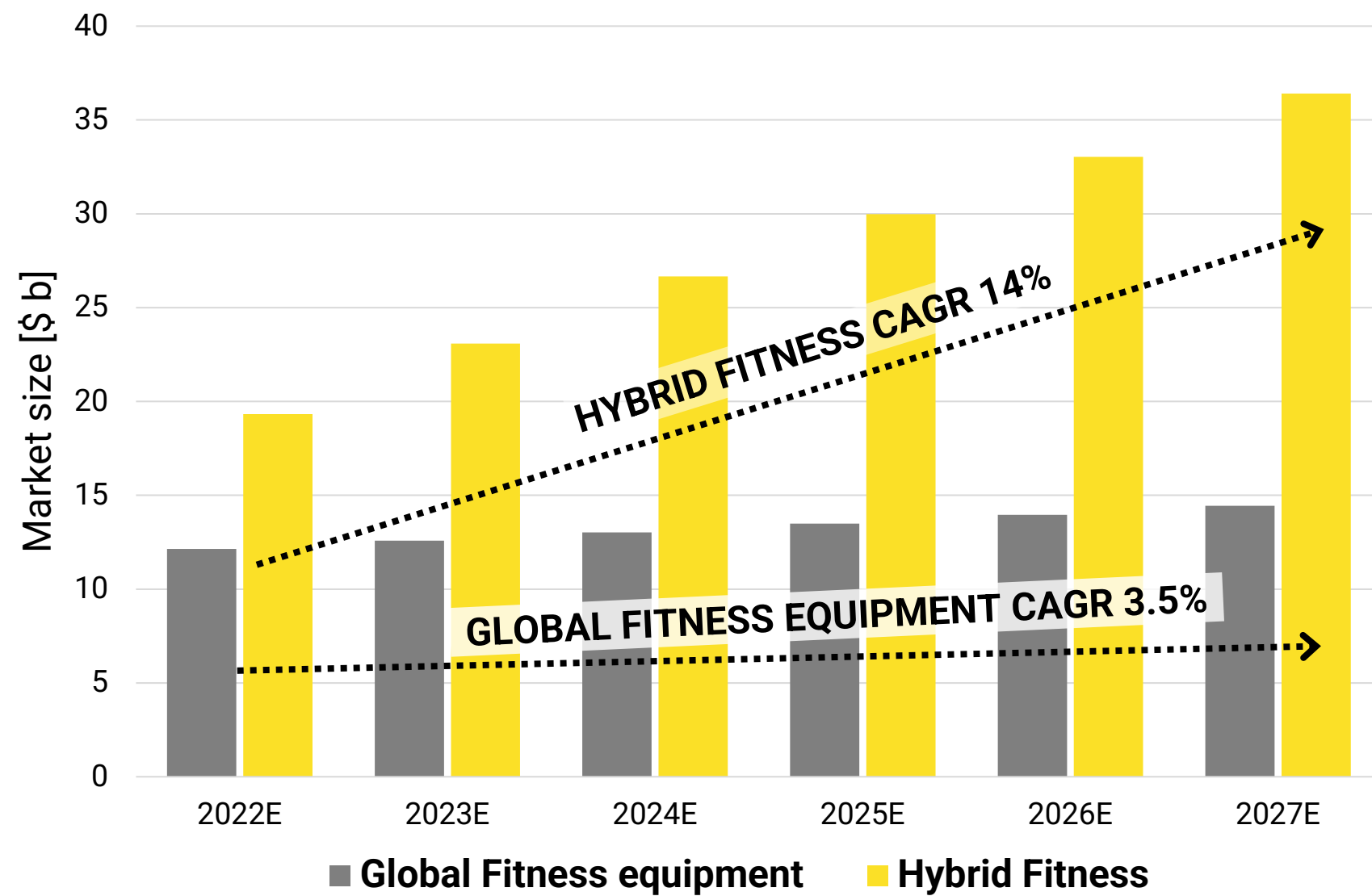
Start-up Acquisition (AI)



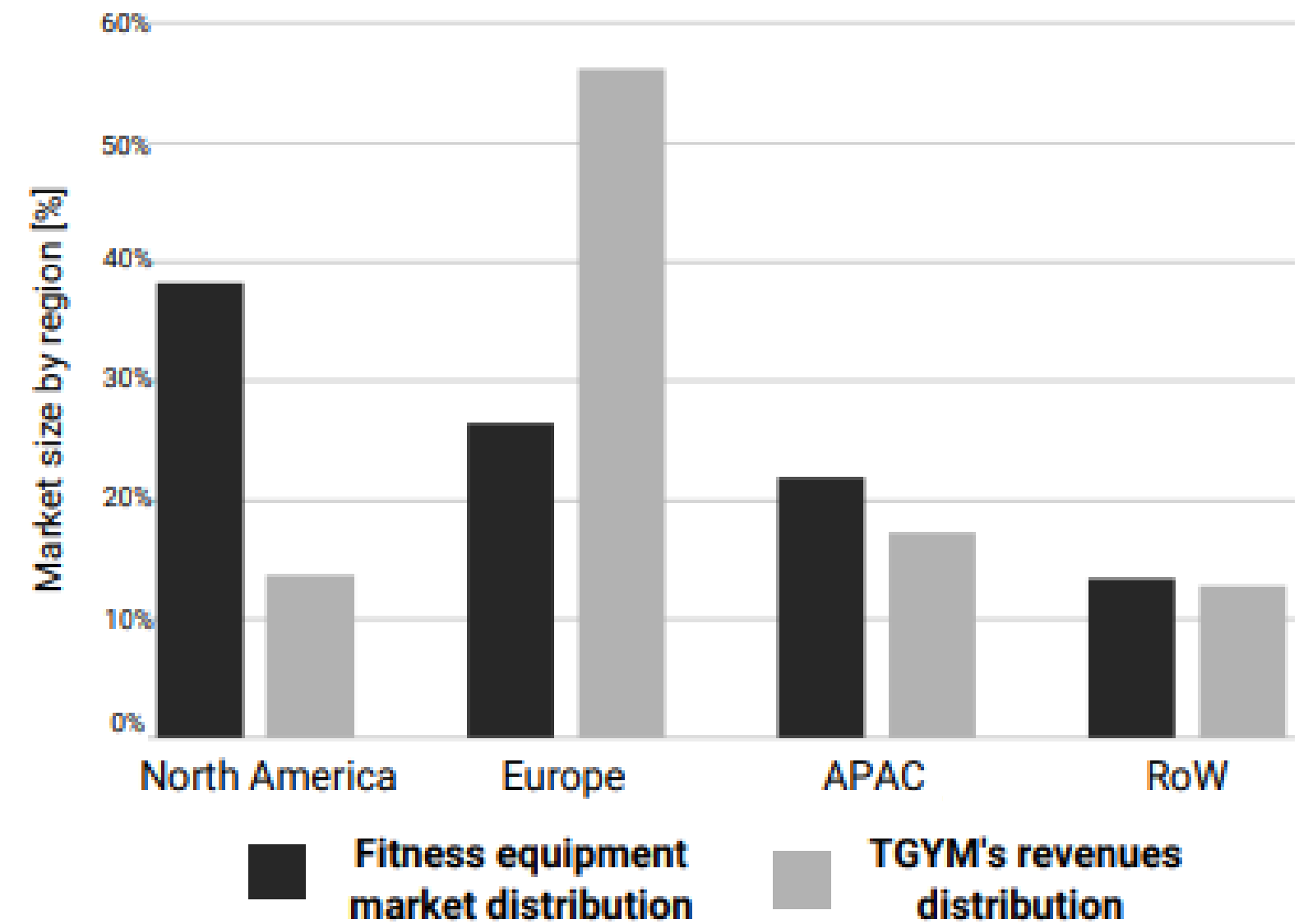
Acquisition of a tech Start-up to improve new way of training with AI software



Fitness Equipment vs Hybrid Fitness Markets



TGYM vs Market Geographical distribution



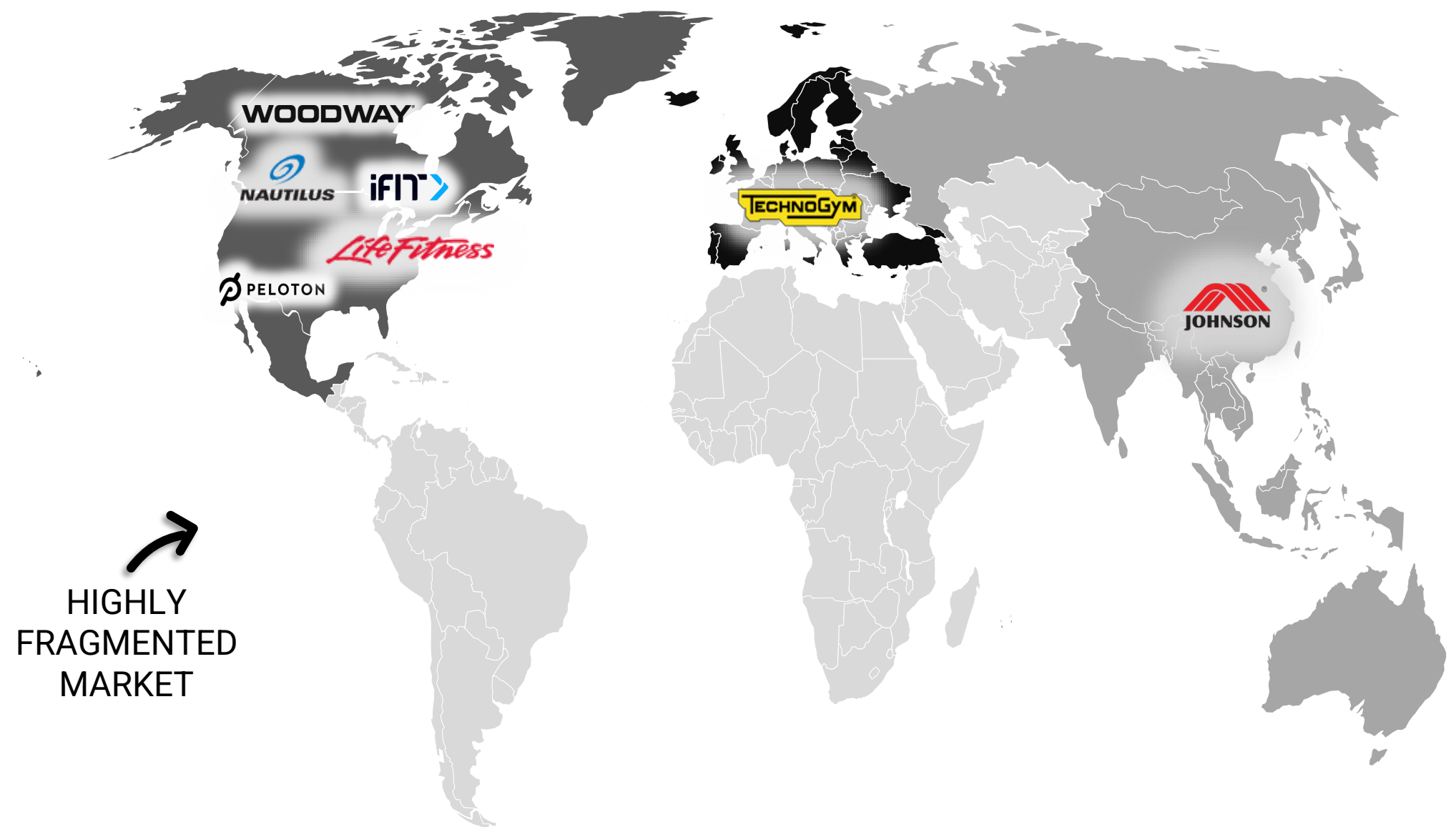
Competition Geography



Players	Market Cap
Technogym	€ 1.6 b
Peloton	€ 4.15 b
Life Fitness	-
Johson Health Tech	€ 655 m
iFIT	-
Nautilus	€ 53.5 m

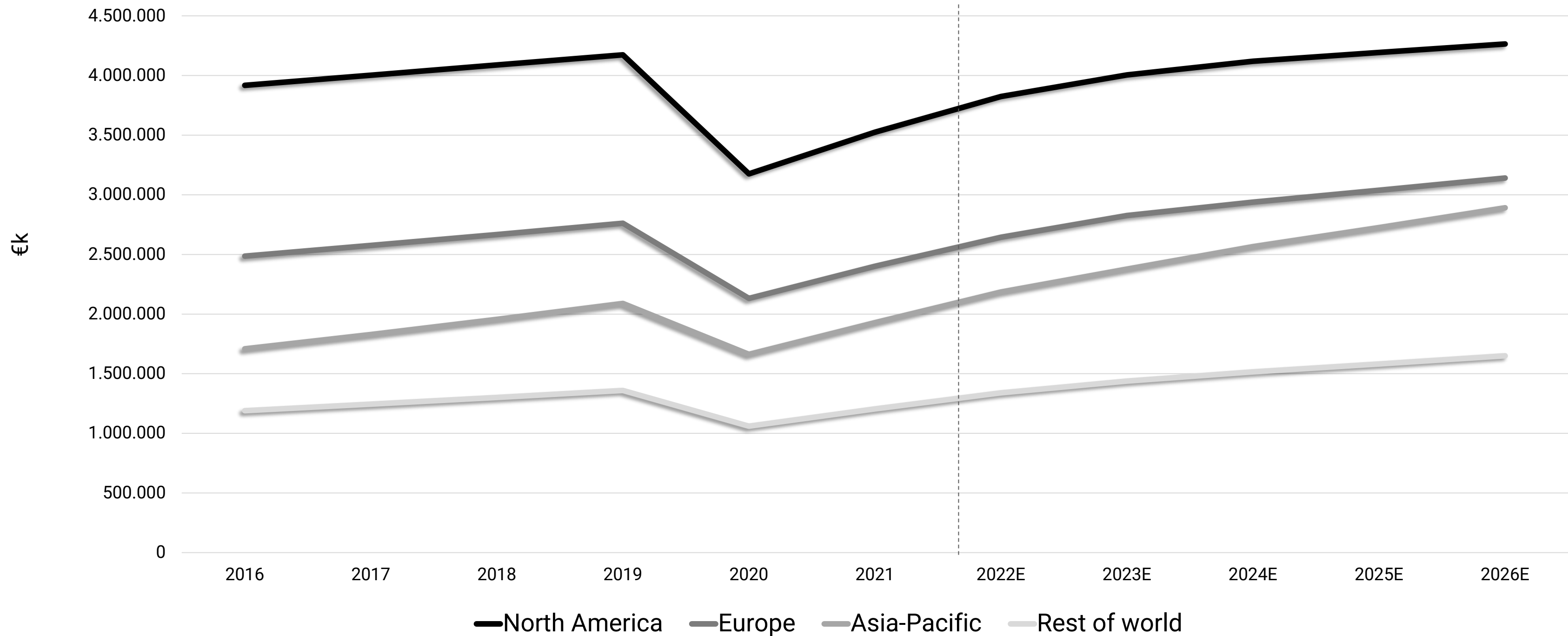
Main trends:

- Rising interest in wellness
 - Alternative workout
 - Mass market gyms
 - Hybrid Fitness





Fitness Equipment Market size, by region



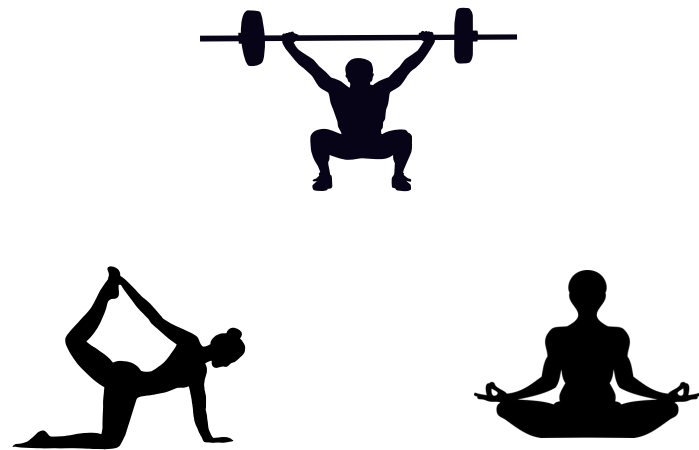
Industry trends – Alternative workout & Mass Market gyms



Among **500 Franchises** based on the total new units in 2021, we found that 12 of them are fitness related. In particular, they are different types of gyms.

Analysis of the 12 global fastest growing gym chains

**8/12 offer
ALTERNATIVE WORKOUT**



StretchLab	PureBarre	F45	ClubPilates
RowHouse	BurnBoot	TheExCoach	YogaSix
CycleBar	Crunch	Anytime	PlanetFit

**4/12 are
MASS MARKET oriented**

45 \$
Average price/month

vs

150 \$
Average price/month



Source: Entrepreneur Media, Inc.

Ranking based on the net total new units (franchises and company-owned) added worldwide

Fastest-growing gym chains vs TGYM customers



Among **500 Franchises** based on the total new units in 2021, we found that 12 of them are fitness related. In particular, they are different types of gyms.

Gym	Membership price per month (\$)	Type	Supplier
F45	\$200	Crossfit	Own Brand
Anytime Fitness	\$43	Traditional	Peloton
Planet Fitness	\$17	Traditional	Life Fitness
Row House	\$150	Crossfit	Own Brand
The exercise coach	\$21	Crossfit	Own Brand
Burn Boot Camp	\$145	Crossfit	Own Brand
StretchLab	\$250	Pilates / Yoga	NM
ClubPilates	\$199	Pilates / Yoga	NM
PureBarre	\$200	Crossfit	NM
Cycle Bar	\$70	Traditional	Nautilus
YogaSix	\$20	Pilates / Yoga	NM
Crunch Franchise	\$50	Traditional	Hoist Fitness
avg. price traditional gym	\$45		

TGYM CUSTOMERS	Membership price per month (\$)
Heimat	\$300
CPASE	\$300
Equinox	\$265
Retrofit London	\$180
EngineRoom	\$180
Life Time	\$150
Aspria	\$140
Virgin Active	\$100
CMG Sports Club	\$50
KeepCool	\$50
Leejam Sports	\$45
SnapFitness	\$40
avg.	\$150

Source: Entrepreneur Media, Inc.

Ranking based on the net total new units (franchises and company-owned) added worldwide



RISING INTEREST IN WELLNESS

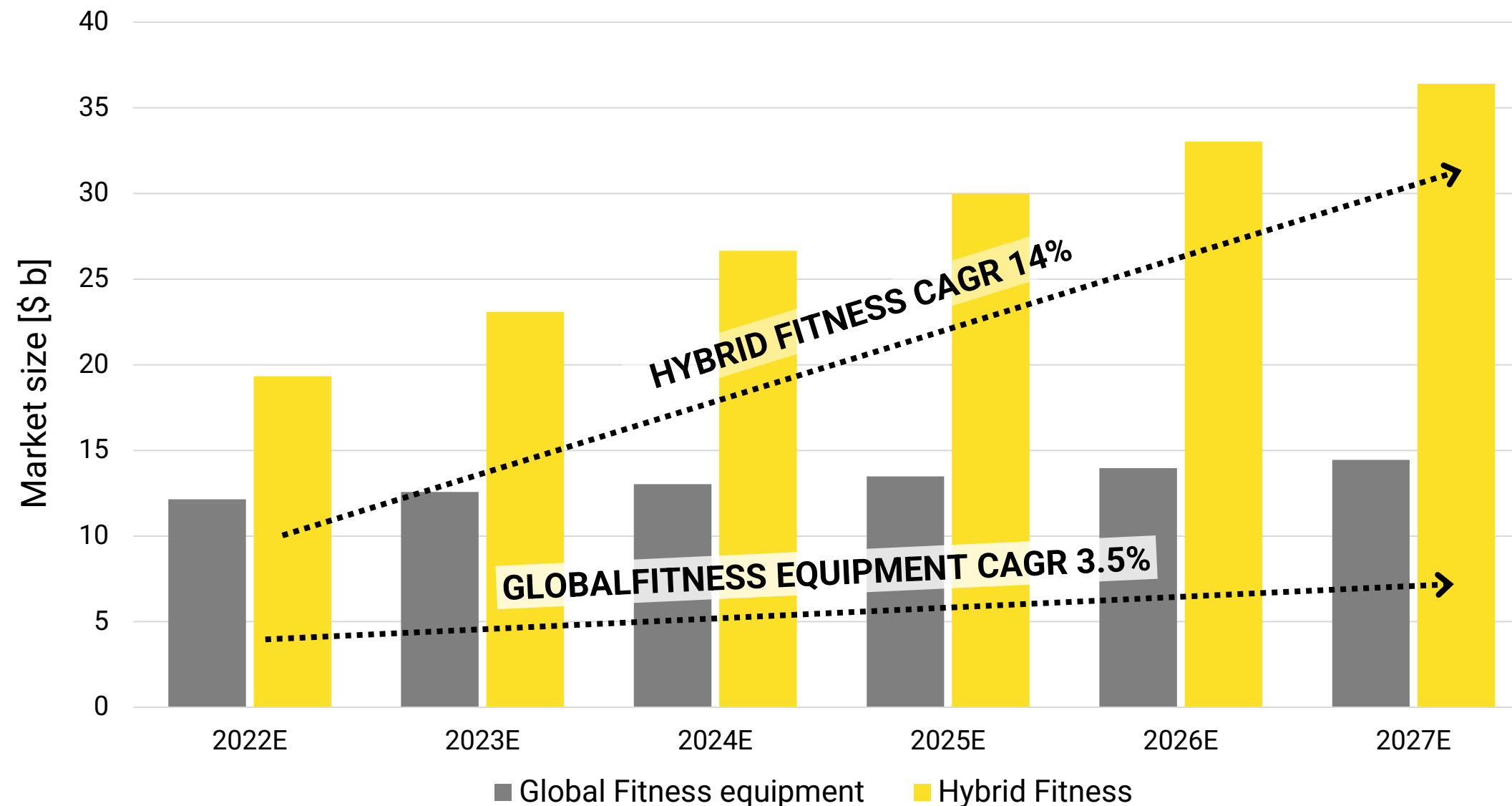
- From pandemic, more and more individuals and governments are increasing their interest in wellness.
- We found which governments and which type of incentives they are making to promote the physical activity.
- It might seem like a positive trend, but TGYM is not well positioned because the growing interest in wellness is driven by alternative workouts and mass market gyms that are not TGYM customers.

	Tax benefit or discounts on membership for individuals	Deductible taxes on Gym membership for employee	Incentives on Investments for gyms	VAT or general taxes reduction for gyms
UK	✓	✓	✗	✗
GERMANY	✗	✗	✓	✗
ITALY	✗	✓	✓	✗
CANADA	✓	✗	✗	✓
USA	✗	✓	✗	✗
AUSTRALIA	✗	✓	✗	✗
INDIA	✗	✓	✗	✗
CHINA	CHINA NATIONAL FITNESS PLAN			



The industry is characterized by different long-term trends, some of which favourable for TGYM's future growth, some unfavourable:

Fitness Equipment vs Hybrid Fitness Markets



What is Hybrid Fitness?

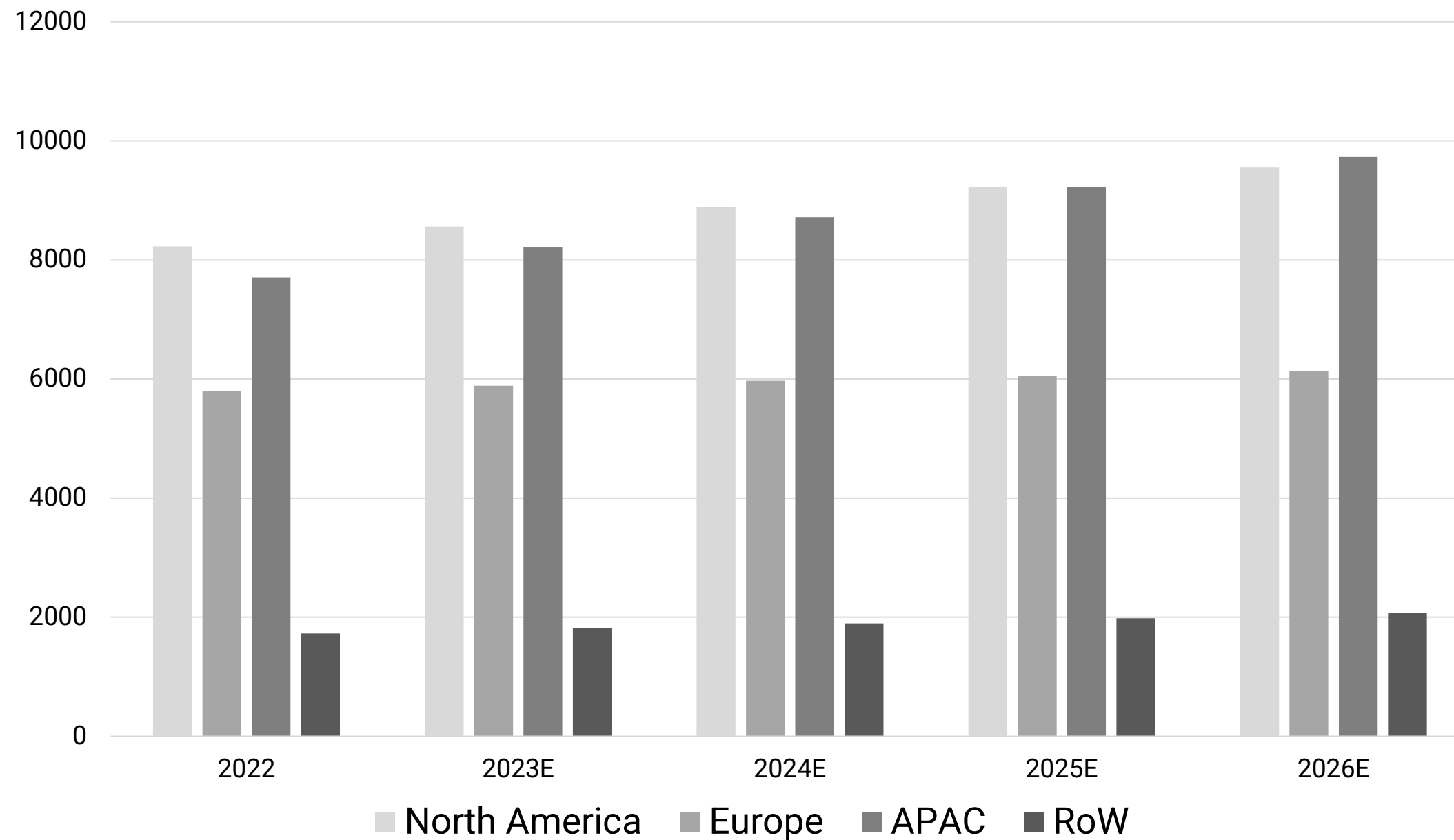
A combination of different fitness modalities like home fitness, gym fitness, digital fitness and outdoor fitness **into a one hybrid workout program.**

TGYM is not well positioned to benefit from this trend.



The industry is characterized by different long-term trends, some of which favourable for TGYM's future growth, some unfavourable:

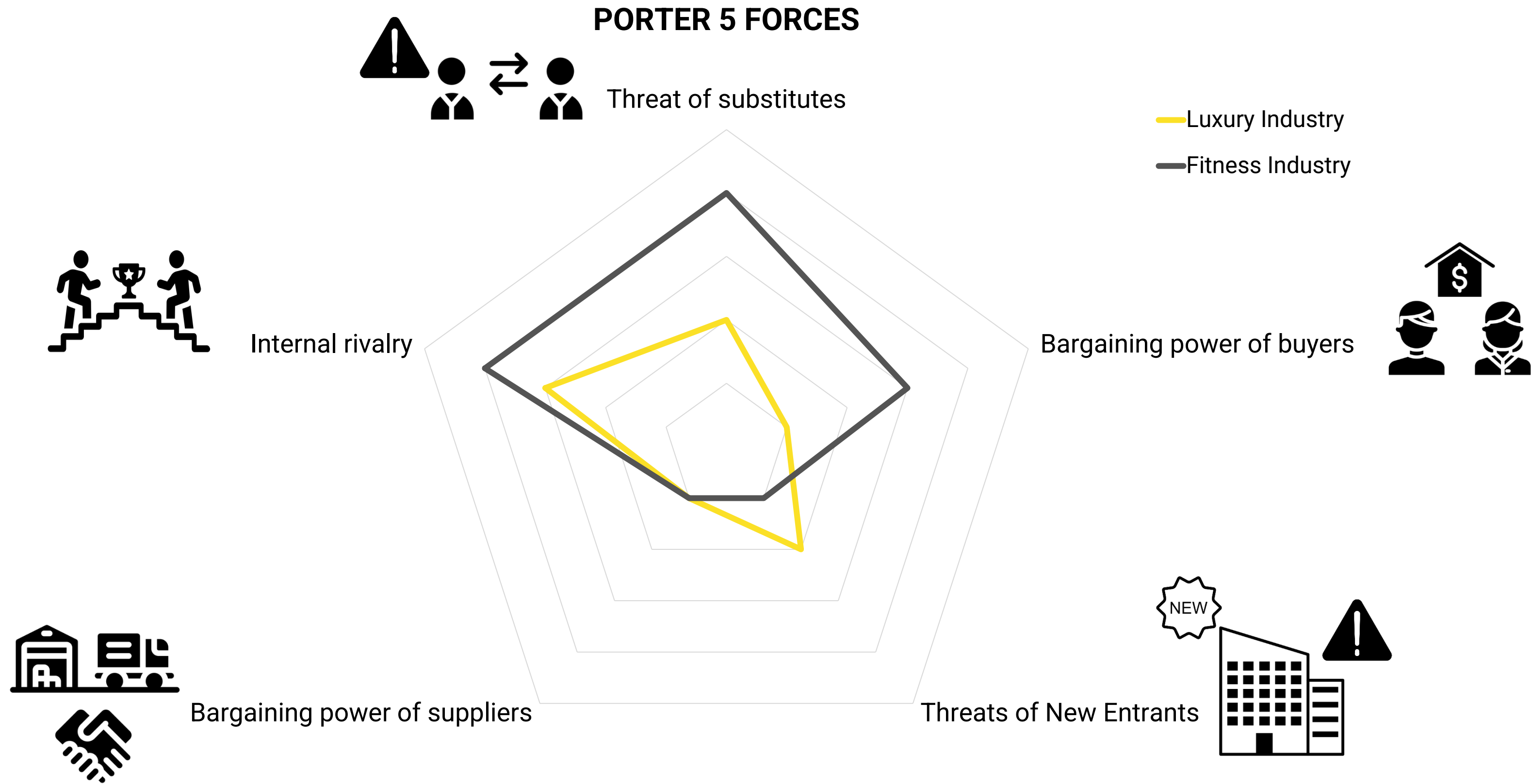
EXPANDING NUMBER OF HNWIs



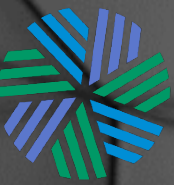
Why HNWIs?

The increasing number of HNWIs, represent a good opportunity for TGYM, because HNWIs represents the primary customer for the the B2C segment of the Company.

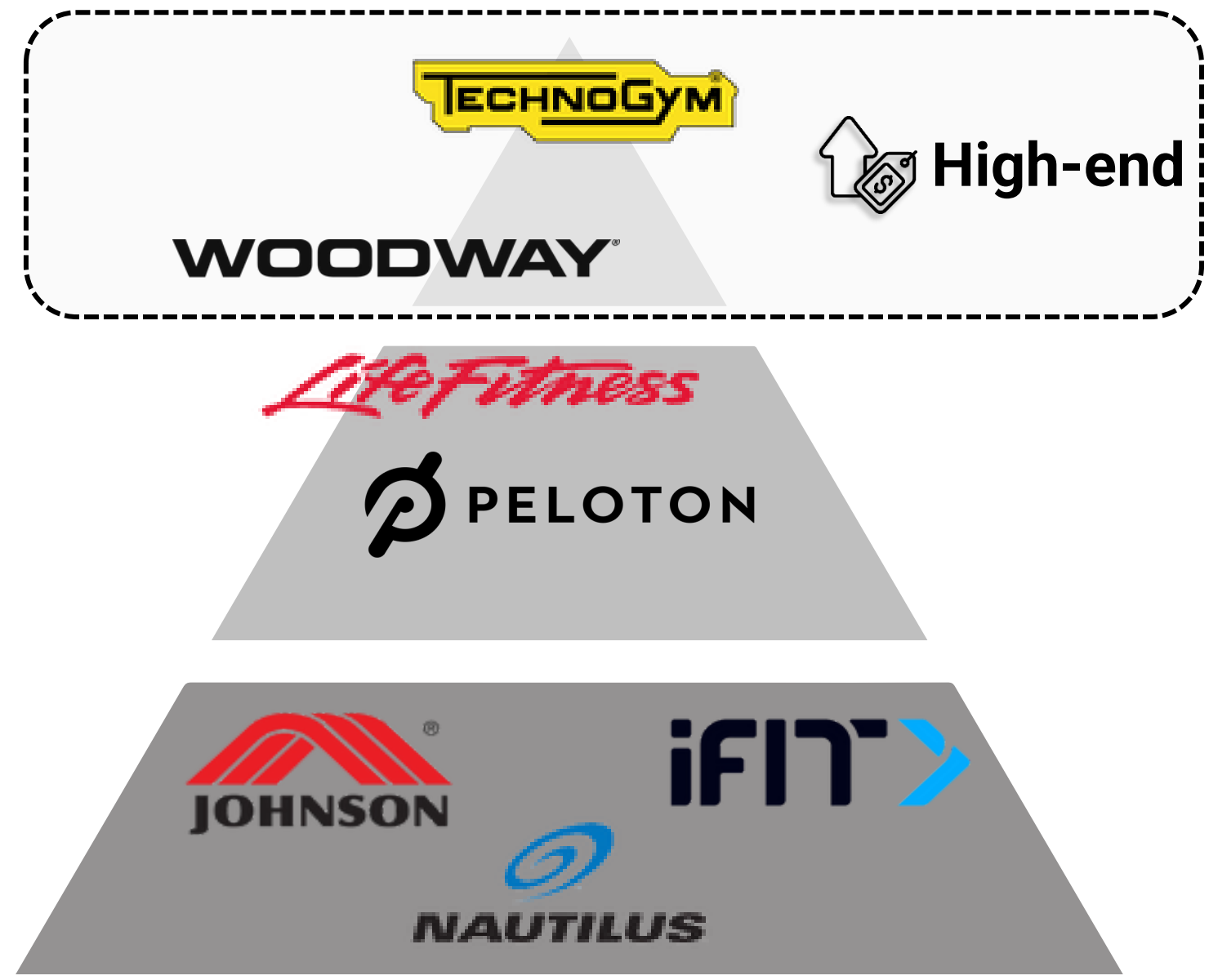
Industry attractiveness, Porter 5 forces



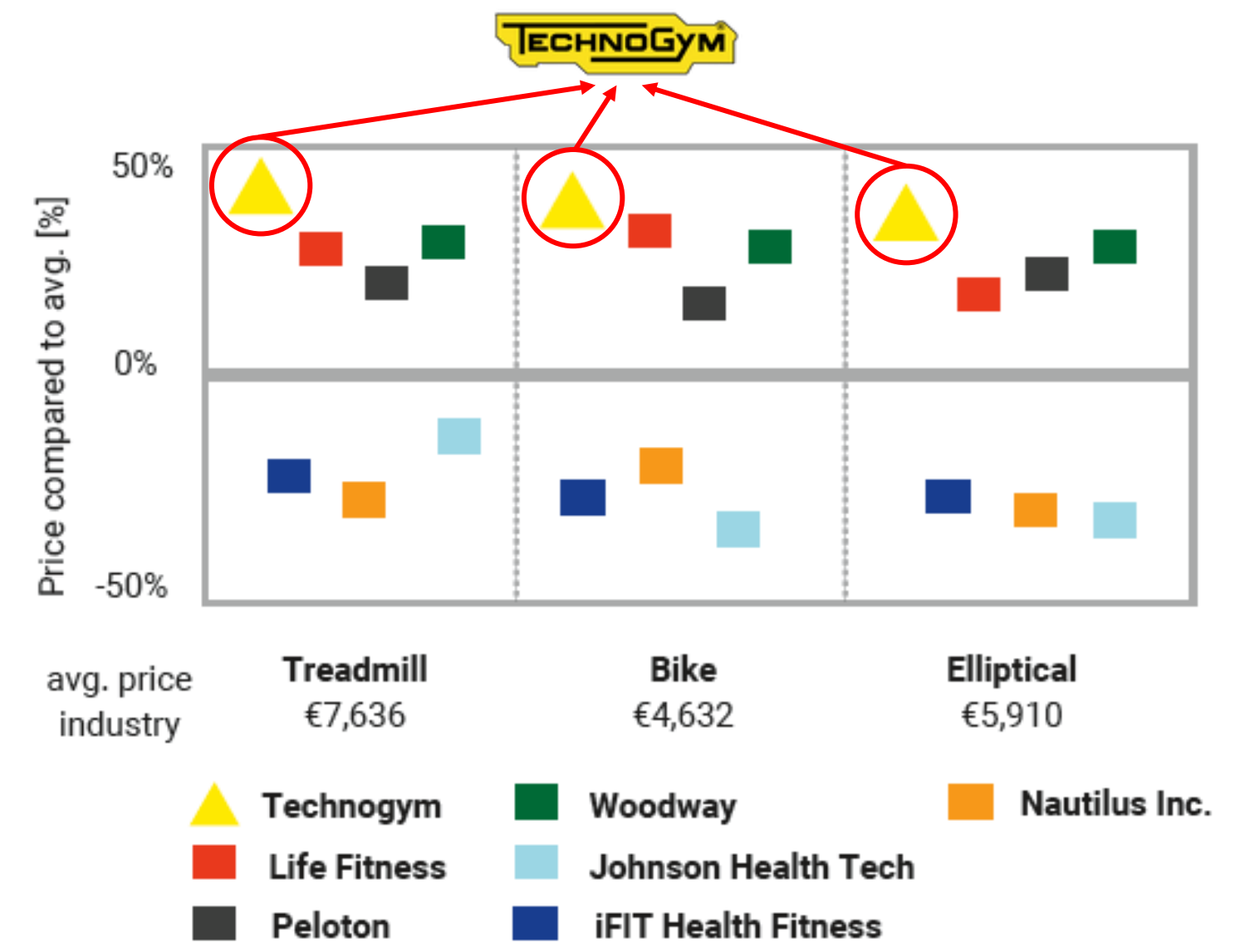
TGYM positioning



High-End market positioning



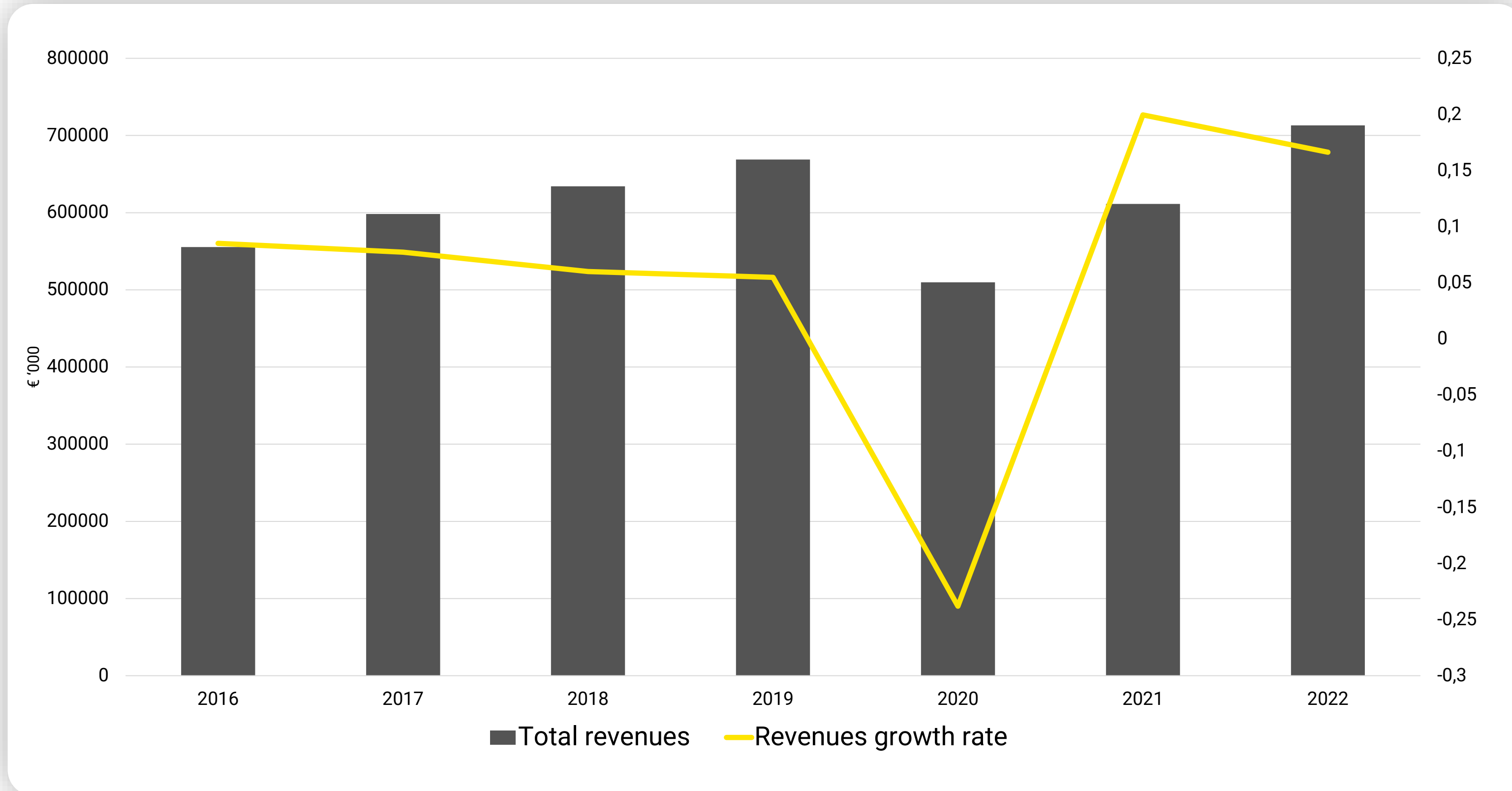
High-End Portfolio



Players	Market Cap
Technogym	€ 1.7 b
Peloton	€ 4.15 b
Johson Health Tech	€ 655 m
Nautilus	€ 53.5 m

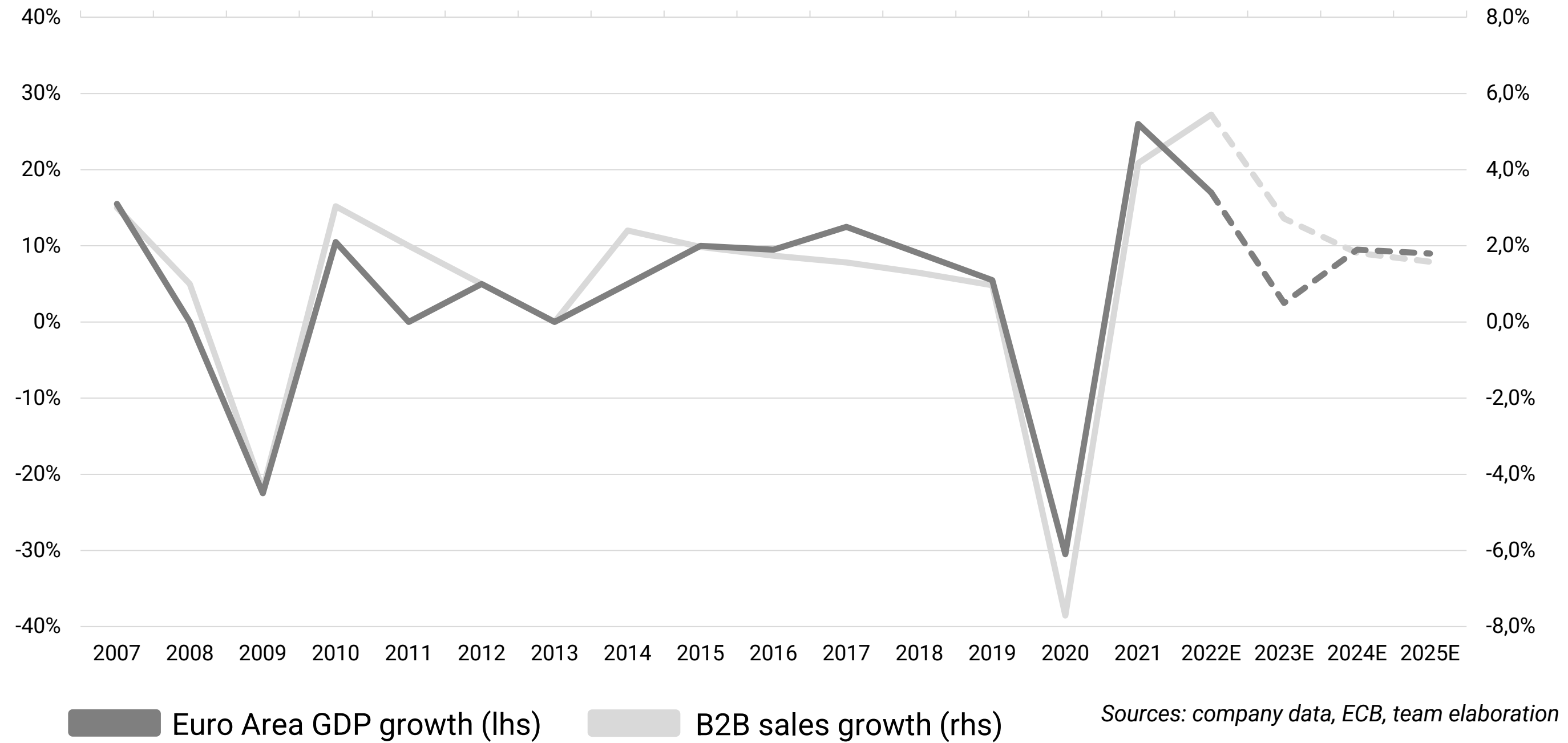


Technogym total revenues, by year



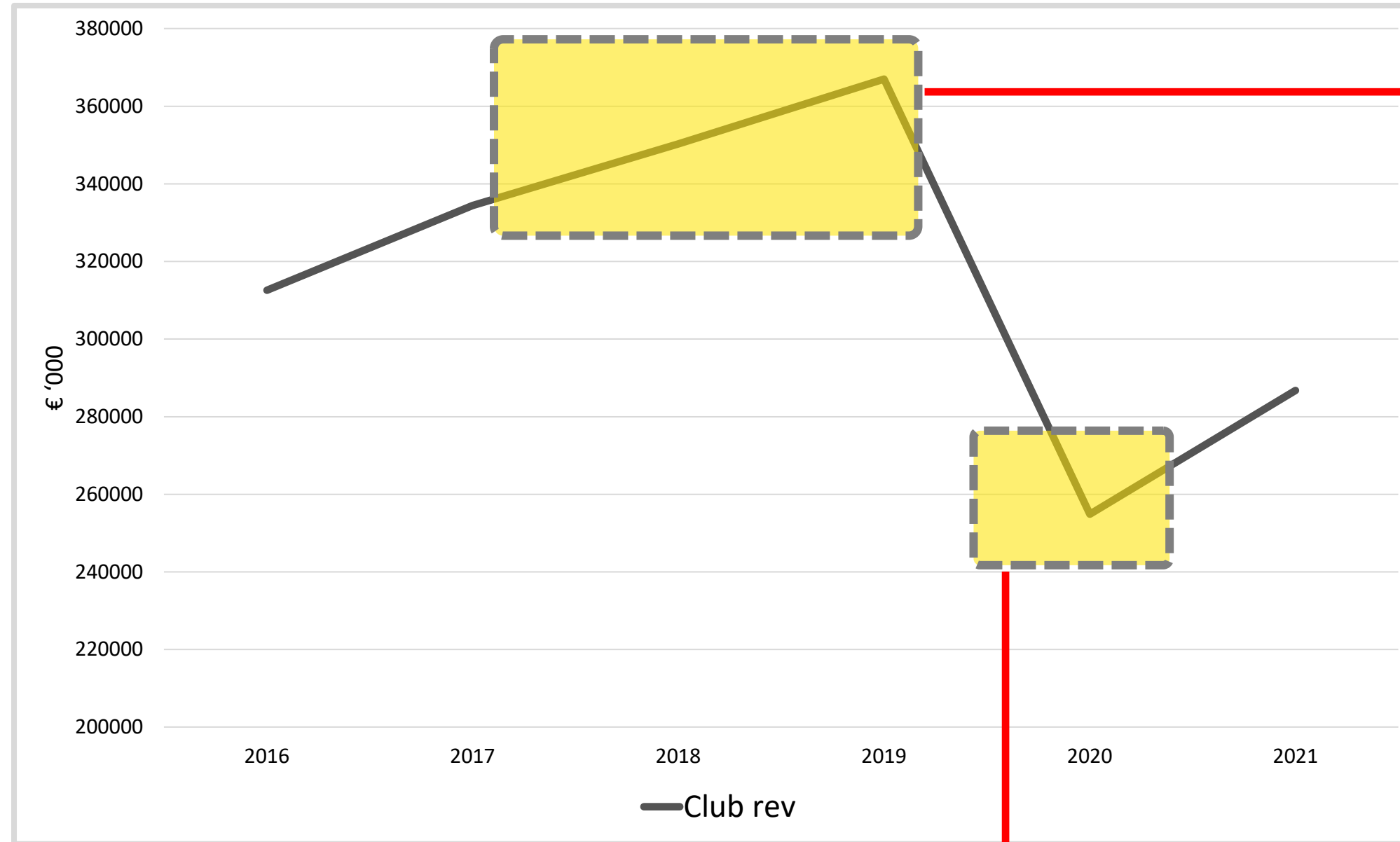


Technogym B2B sales correlation with Euro Area GDP





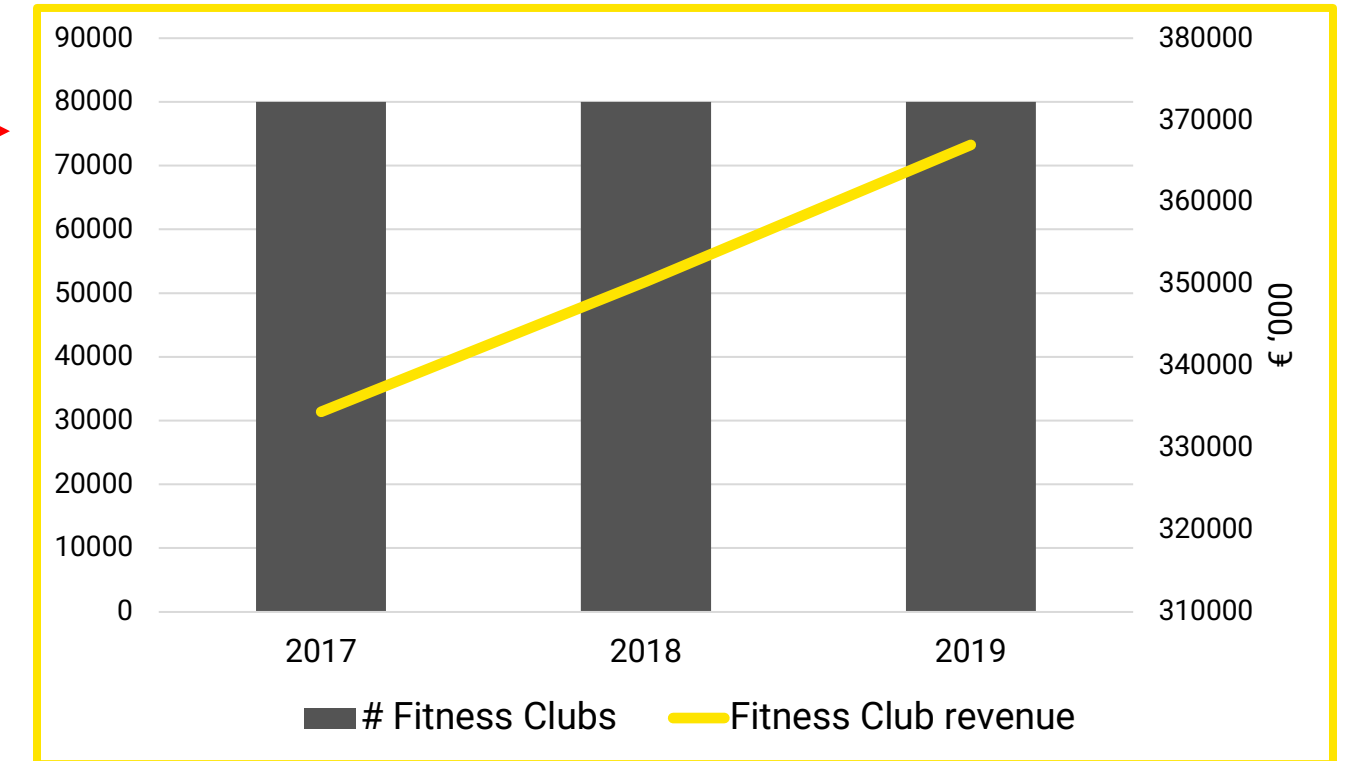
Fitness Club segment revenues, by year



Sources: company data, team estimates

COVID-19 Lockdowns

Fitness Clubs



Sources: company data, team estimates

- Stable number of fitness clubs among TGYM customers
- Revenue Increases derived by expansion of current customers and cross-selling of services



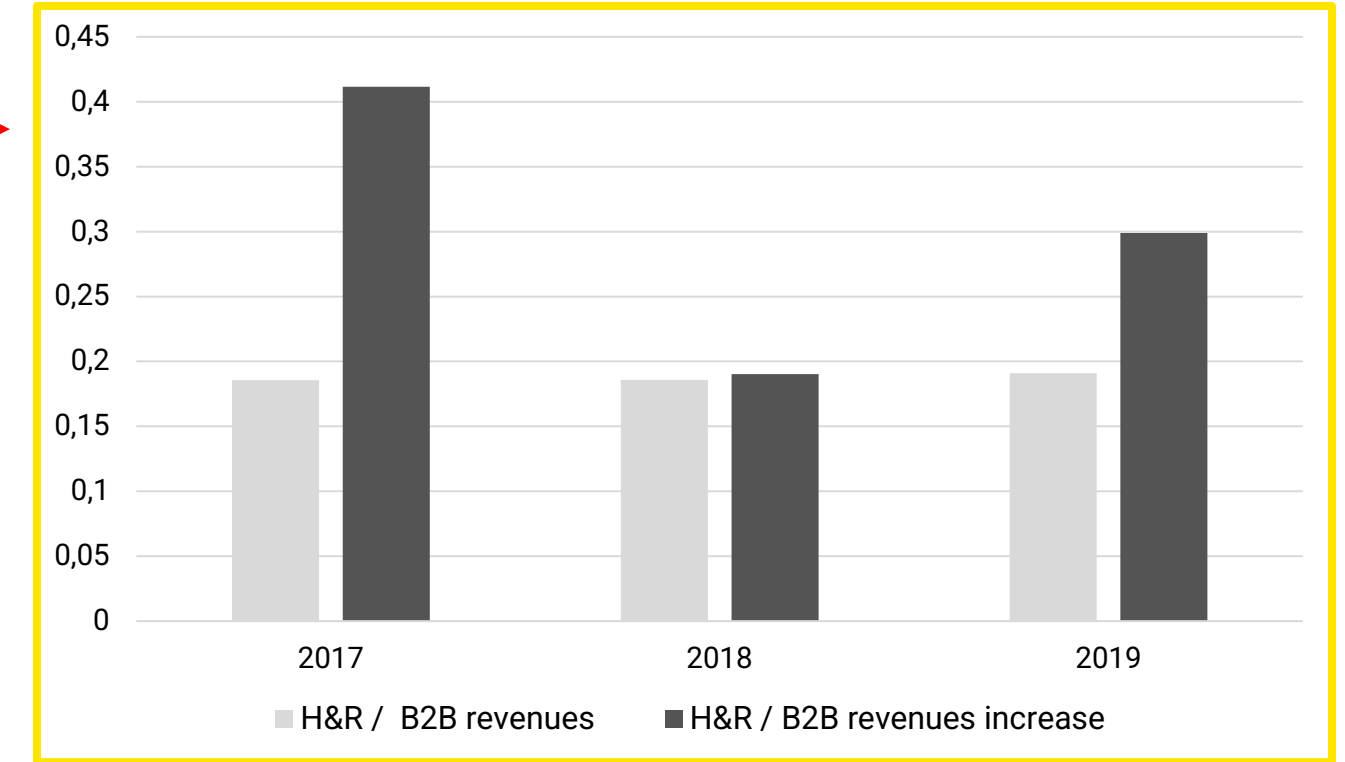
Hotel & residential segment revenues, by year



Sources: company data, team estimates

COVID-19 Lockdowns

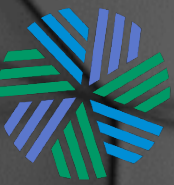
Weight on revenue vs weight on rev increase



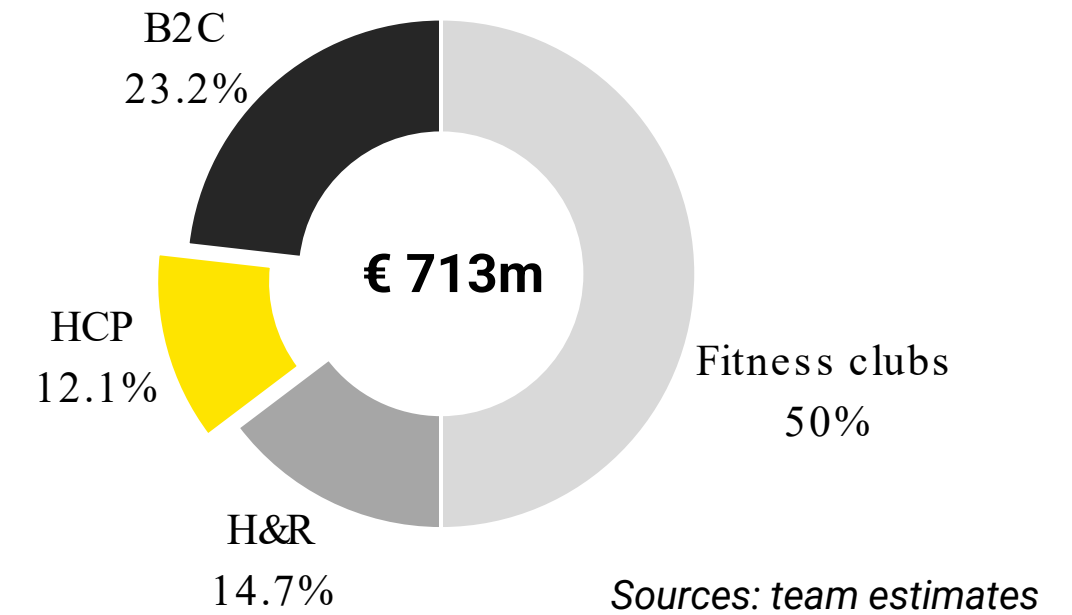
Sources: company data, team estimates

Despite accounting for only 16% of total revenues (avg. FY2016-FY2019), the segment has contributed to **37% (avg. FY2016-FY2019) of the overall revenues increase** in the period.

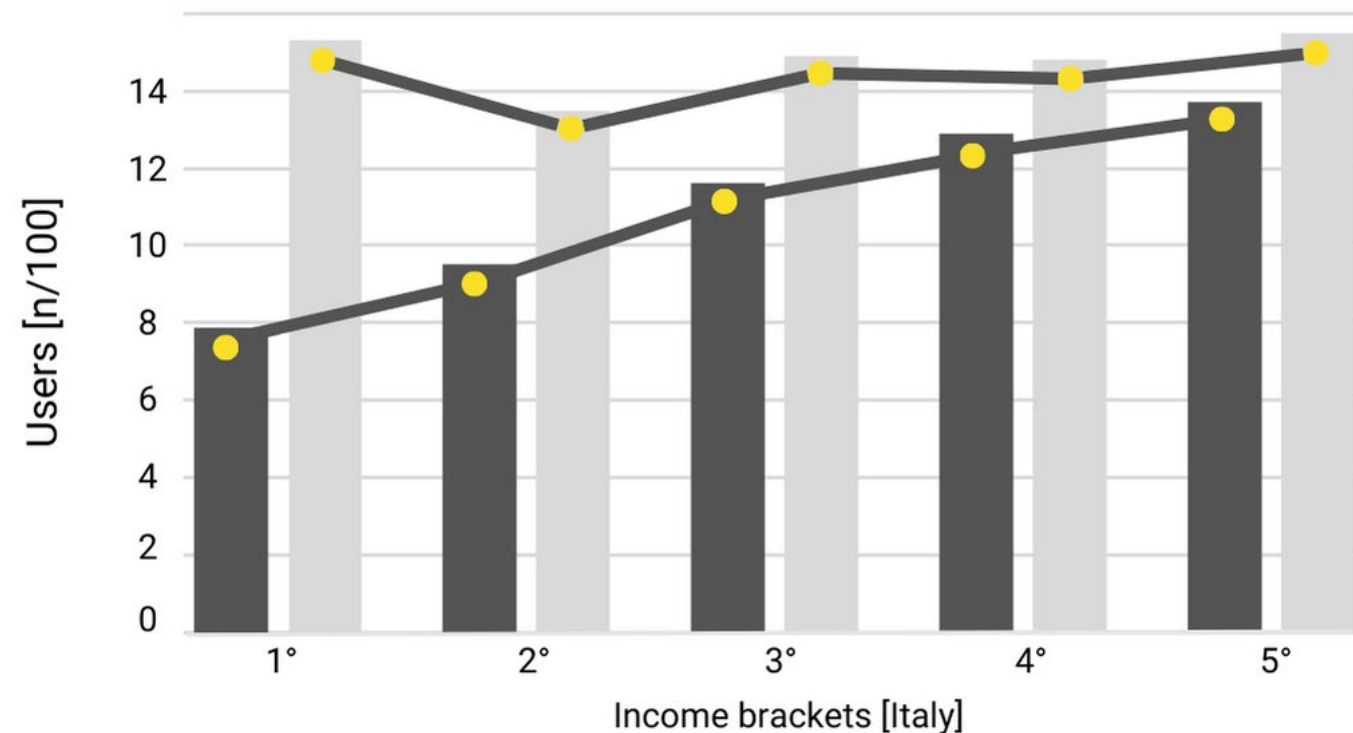
HCP revenues: a good opportunity to ride



TGYM's strategy of positioning its products as medical equipment and establishing partnerships with medical organizations (American College of Sports Medicine – ACSM), hospitals (S. Raffaele Pisana, Rome), and universities (Institute of motor sciences, Rome), is poised to drive future revenue growth. TGYM is already positioning itself as the leader and reference point of “Gym Equipment as Alternative Therapy”, fostering its creation.



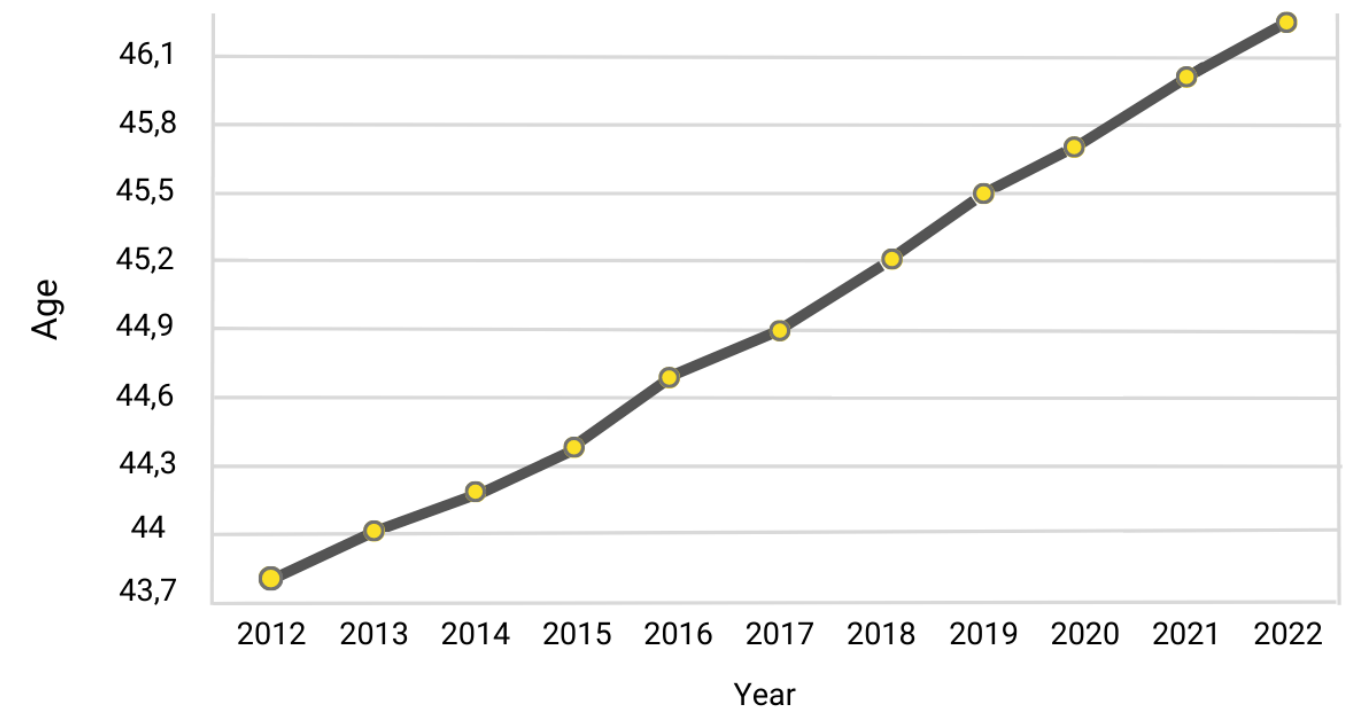
People purchasing rehabilitation services



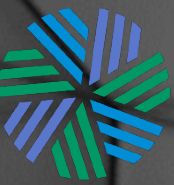
Sources: EUROSTAT, team elaboration

■ 15+ y.o. ■ 65+ y.o.

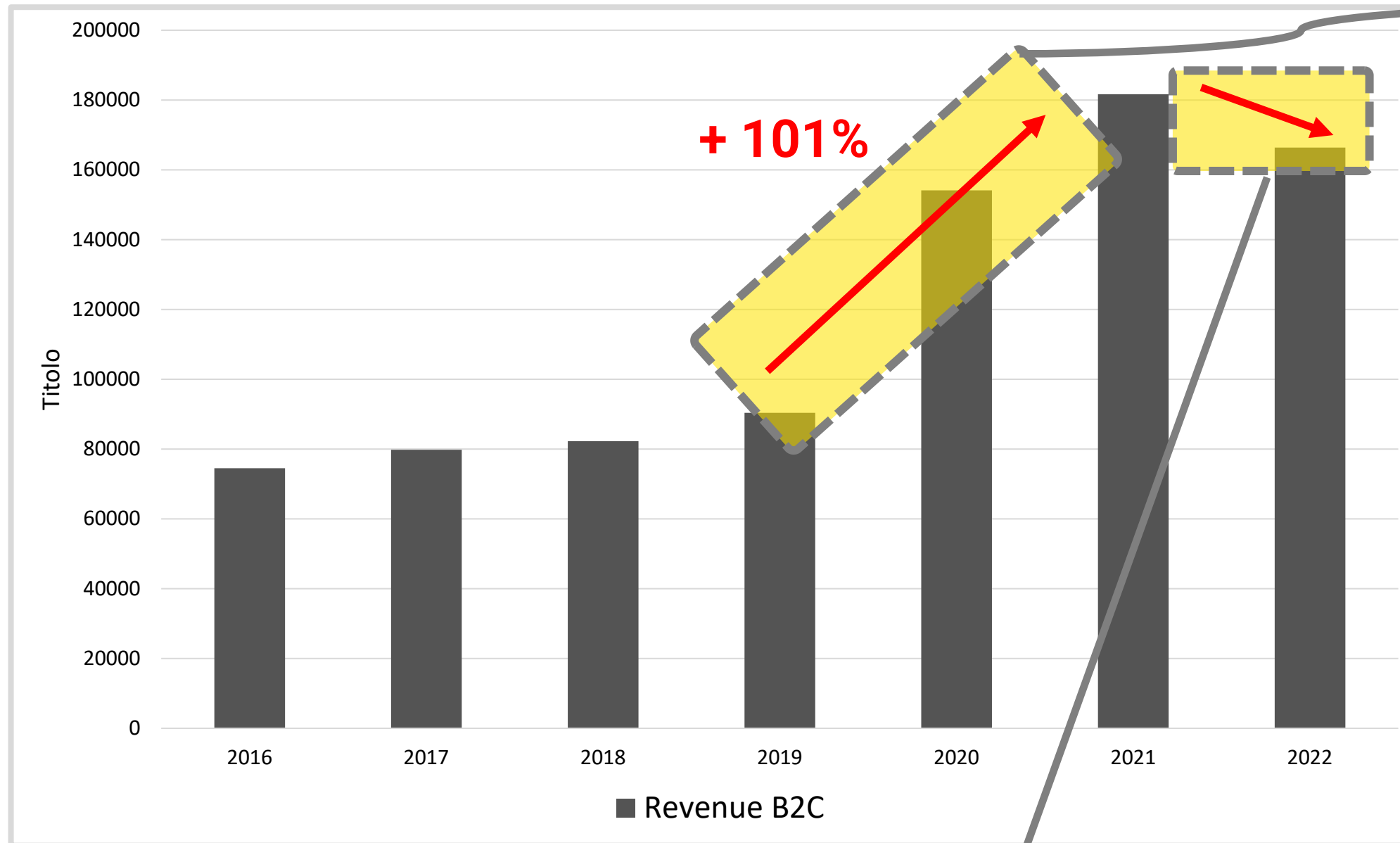
Average age in Italy, by year



Sources: ISTAT, team elaboration



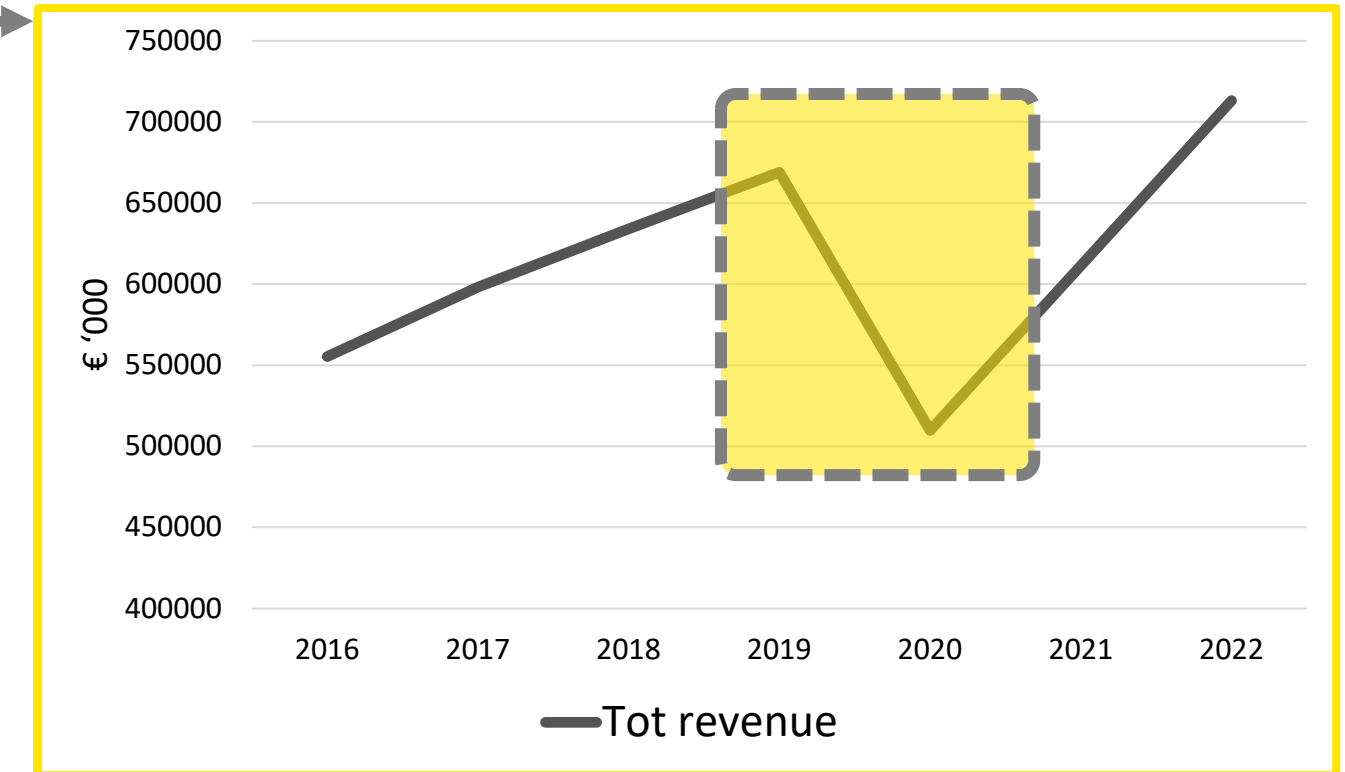
B2C sales, by year



Sources: company data, team estimates

Post-Covid rebound

B2B sales, by year



Sources: company data, team estimates

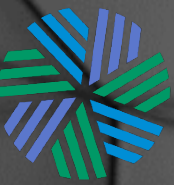
B2B sales increase during covid has not offset the B2B sales decrease

Financial analysis peers

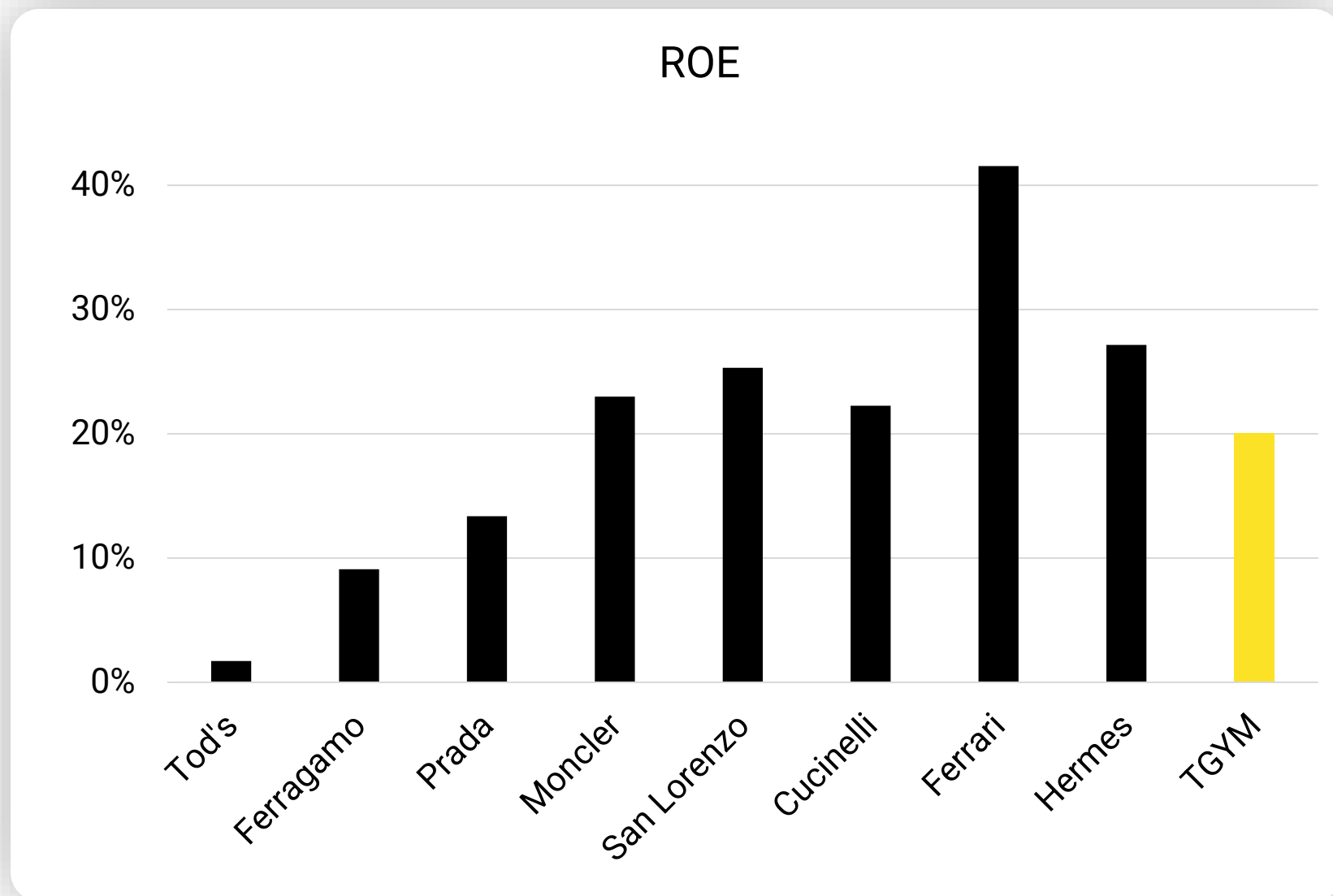


2021	Size and Growth		Margins			Returns		CapEx		Liquidity
€ m	Sales	Sales 17-21 CAGR	EBITm	EBITDAm	Net margin	ROA	ROCE	CapEx/ sales	CapEx/ D&A	NetDebt/ EBITDA
TGYM										
TGYM	610	0.1%	12.9%	17.5%	10.3%	8.7%	18.8%	4.5%	0.7	-1.4
LUXURY companies										
Cucinelli	712.8	10.3%	10.8%	27.1%	7.5%	4.7%	8.9%	7.5%	0.4	3.1
Ferrari	4,271	5.7%	23.8%	34.7%	19.4%	12.6%	18.4%	17.3%	1.6	0.8
Ferragamo	1,135	-3.8%	23.2%	26.2%	7.4%	4.7%	9.7%	3.9%	0.2	0.7
Hermes	8,982	14.1%	40%	46.2%	27.2%	19.7%	33.8%	5.9%	0.8	-1.2
Moncler	2,046	15.3%	28.3%	47.1%	19.2%	11.2%	20.2%	6.4%	0.5	-0.02
Prada	3,365	4.2%	15.6%	34.2%	8.7%	4.3%	8.3%	6.5%	0.3	1.5
Sanlorenzo	688	21.2%	9.9%	13.3%	7.6%	9.3%	26.7%	7.1%	2.2	-0.4
Tod's	1,044	-0.1%	3.2%	18.3%	-0.6%	-0.3%	1.3%	5.1%	0.2	3
Median	1,590.5	8%	19.4%	30.65%	8.1%	7%	14.1%	6.4%	0.4	0.7
Average	2,780	8.3%	19.3%	30.8%	12%	8.3%	17.7%	7.4%	0.7	0.9
FITNESS companies										
Adidas	21,234	0%	9.2%	14.6%	6.8%	6.7%	16%	3.1%	0.6	0.5
Johnson Health Tech	950	12%	0.5%	3.8%	0.1%	0.1%	2.2%	2.4%	0.7	11.5
Nautilus	589	9.7%	-4.3%	-2.8%	-3.7%	-6.9%	-12%	2.2%	1.6	-2.3
Peloton	3,496	69.3%	-4.6%	6.3%	-78.4%	-66.4%	-30.9%	9.6%	1.4	-0.9
Thule	930	15.3%	22.4%	25.8%	17.2%	19.2%	23.6%	4.8%	3.3	0.6
Median	950	12%	0.5%	6.3%	0.1%	0.1%	2.2%	3.1%	1.4	0.5
Average	1,197	21.2%	4.6%	9.5%	-11.5%	-9.4%	-0.2%	4.4%	1.5	1.6

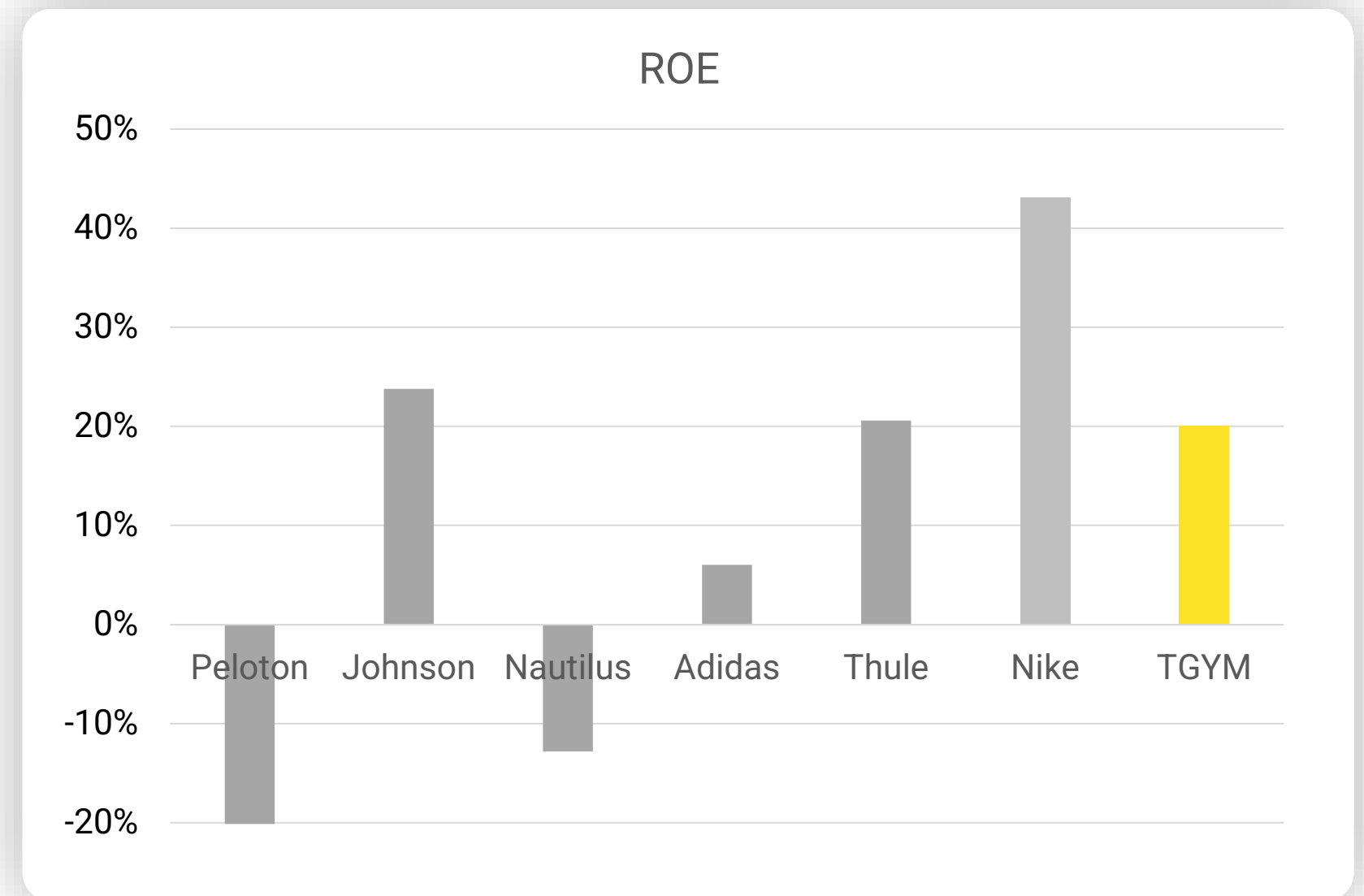
Sources: companies data, team estimates



LUXURY PEERS

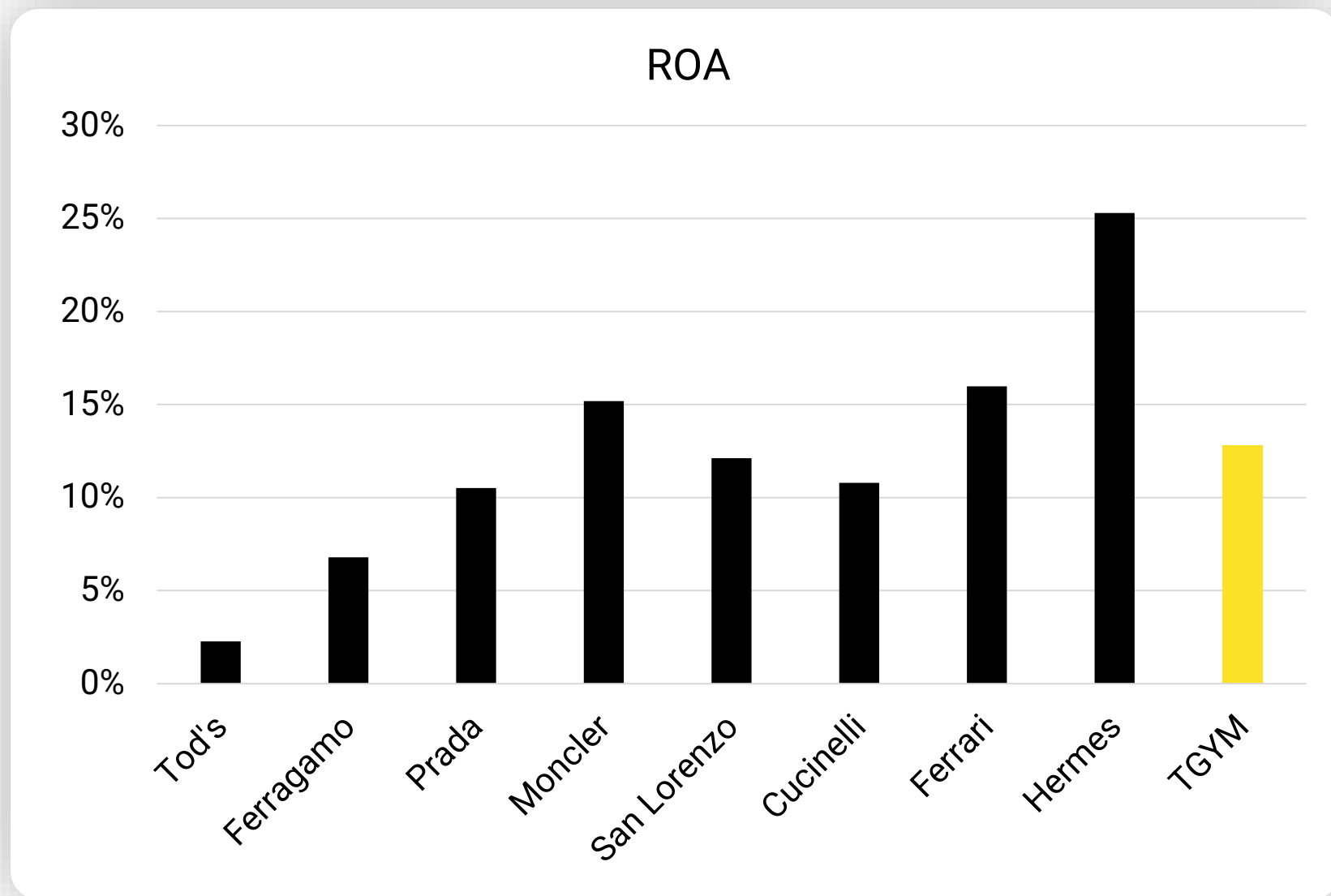


FITNESS PEERS

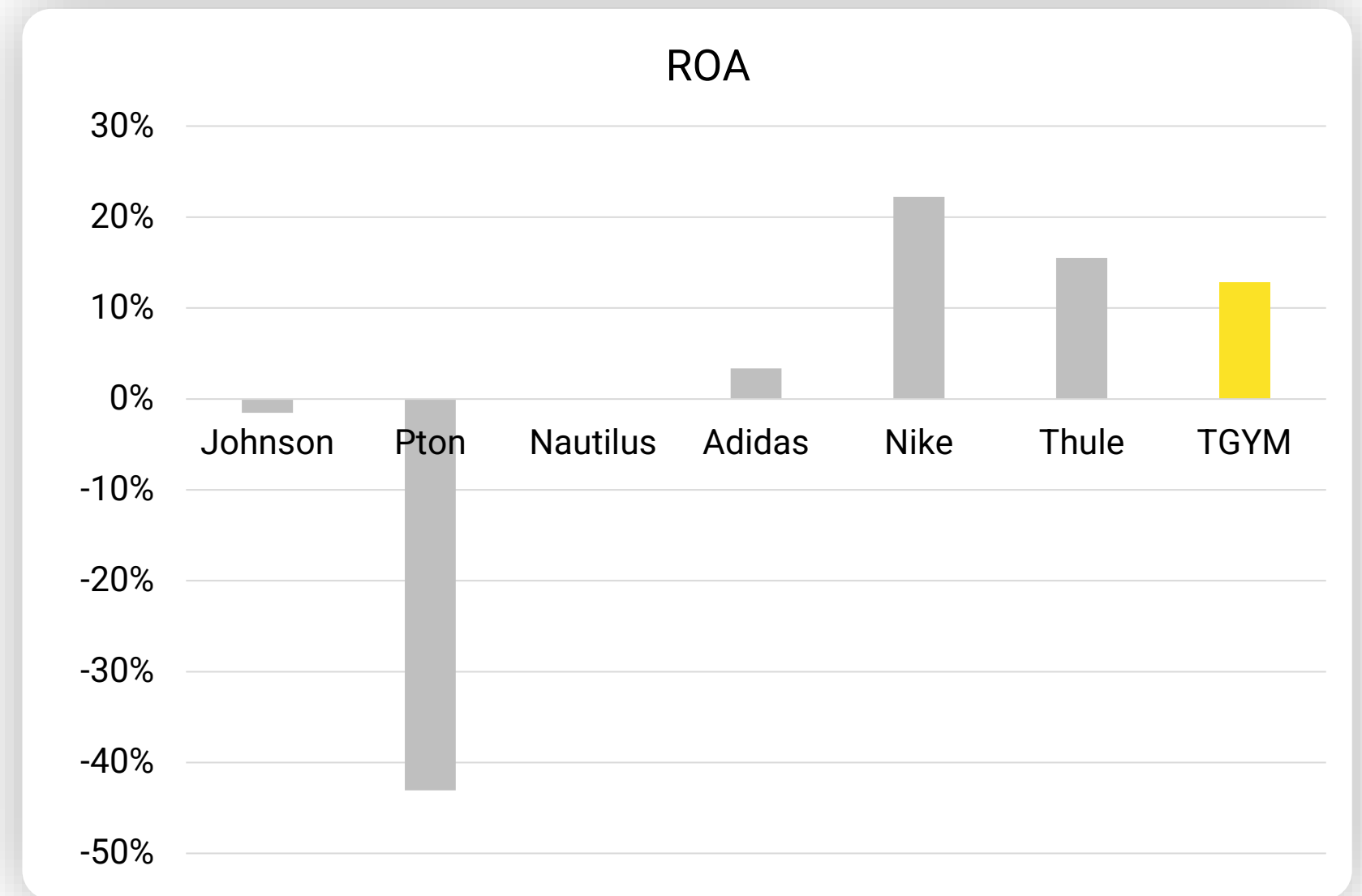




LUXURY PEERS

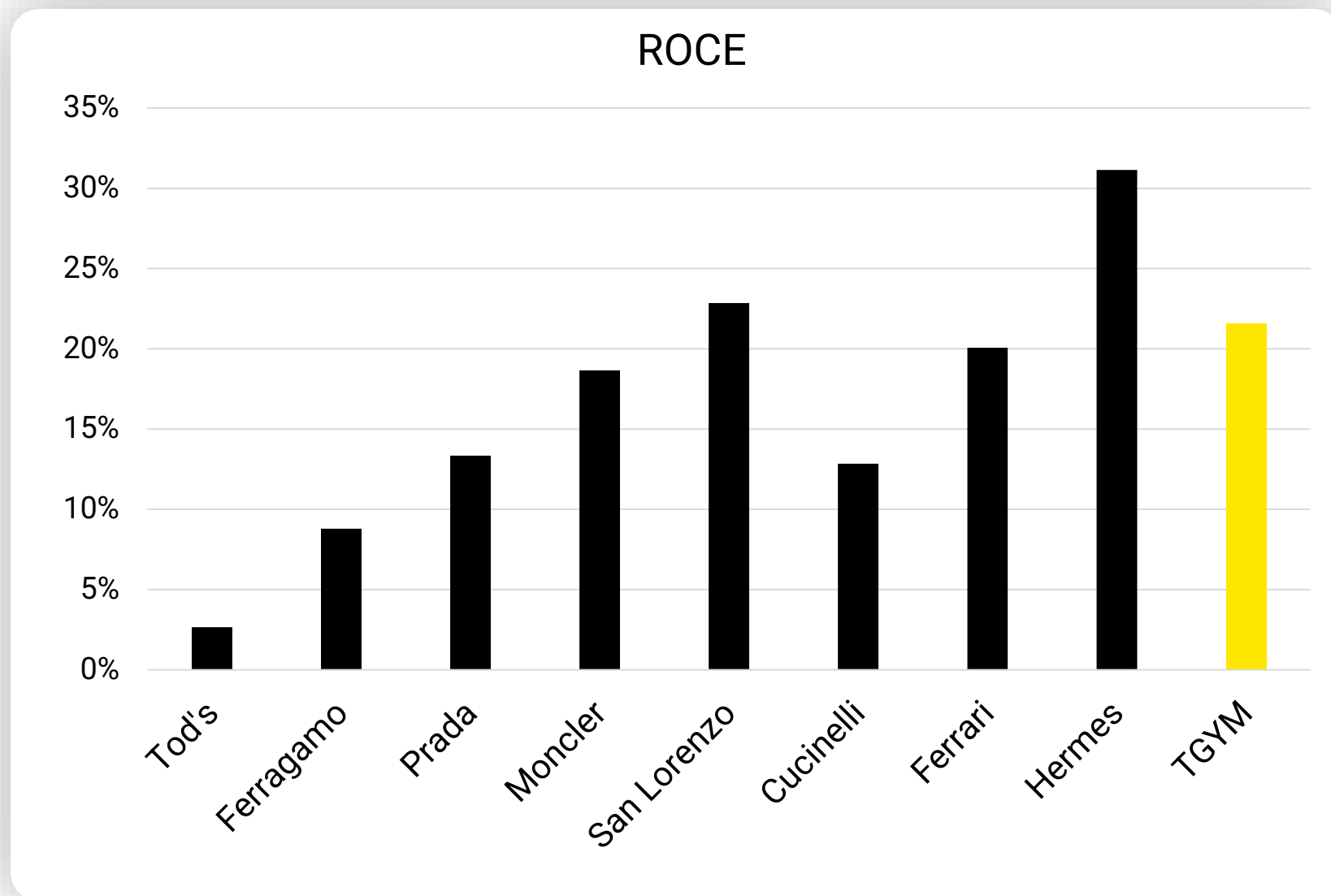


FITNESS PEERS

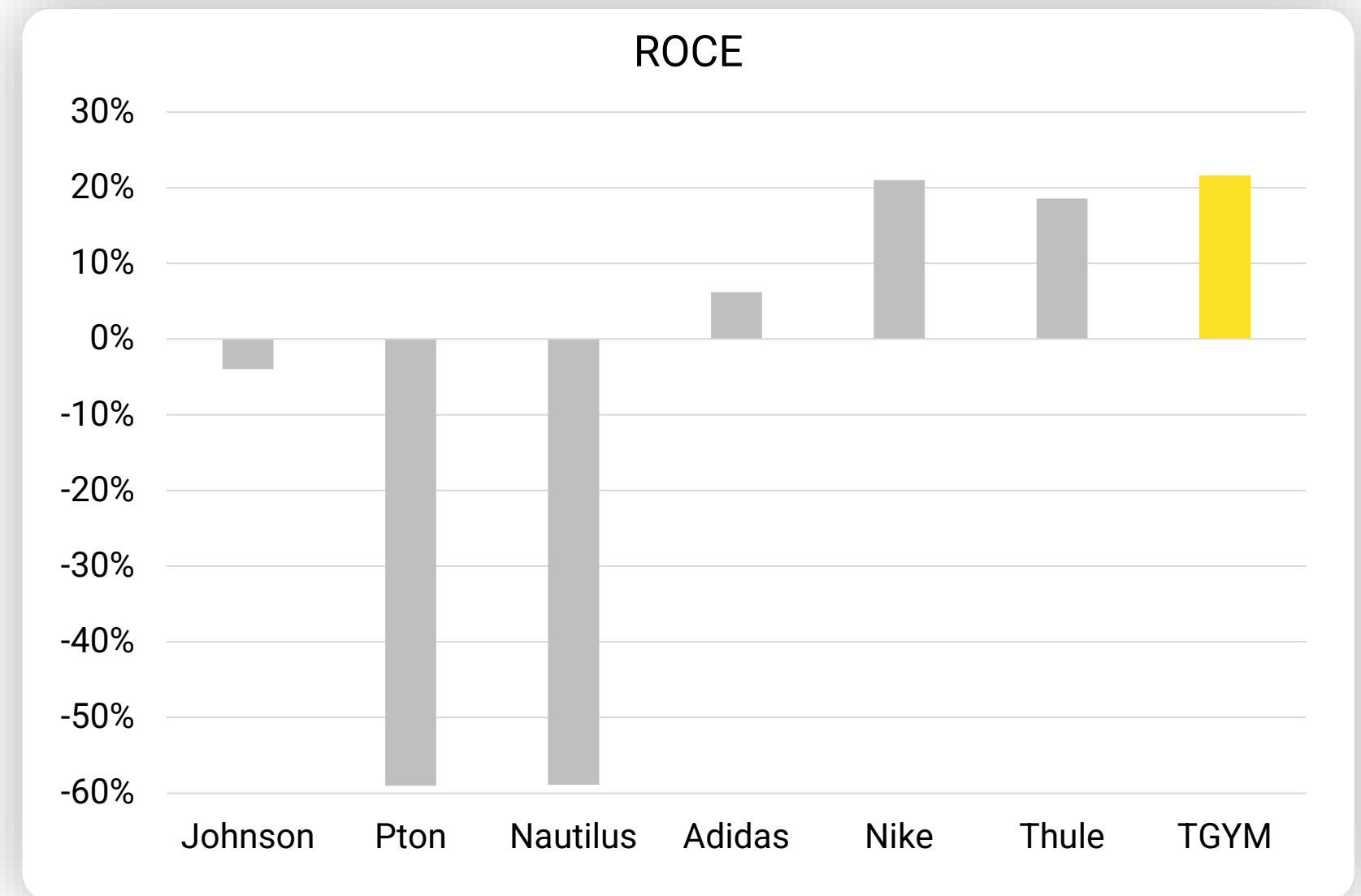




LUXURY PEERS

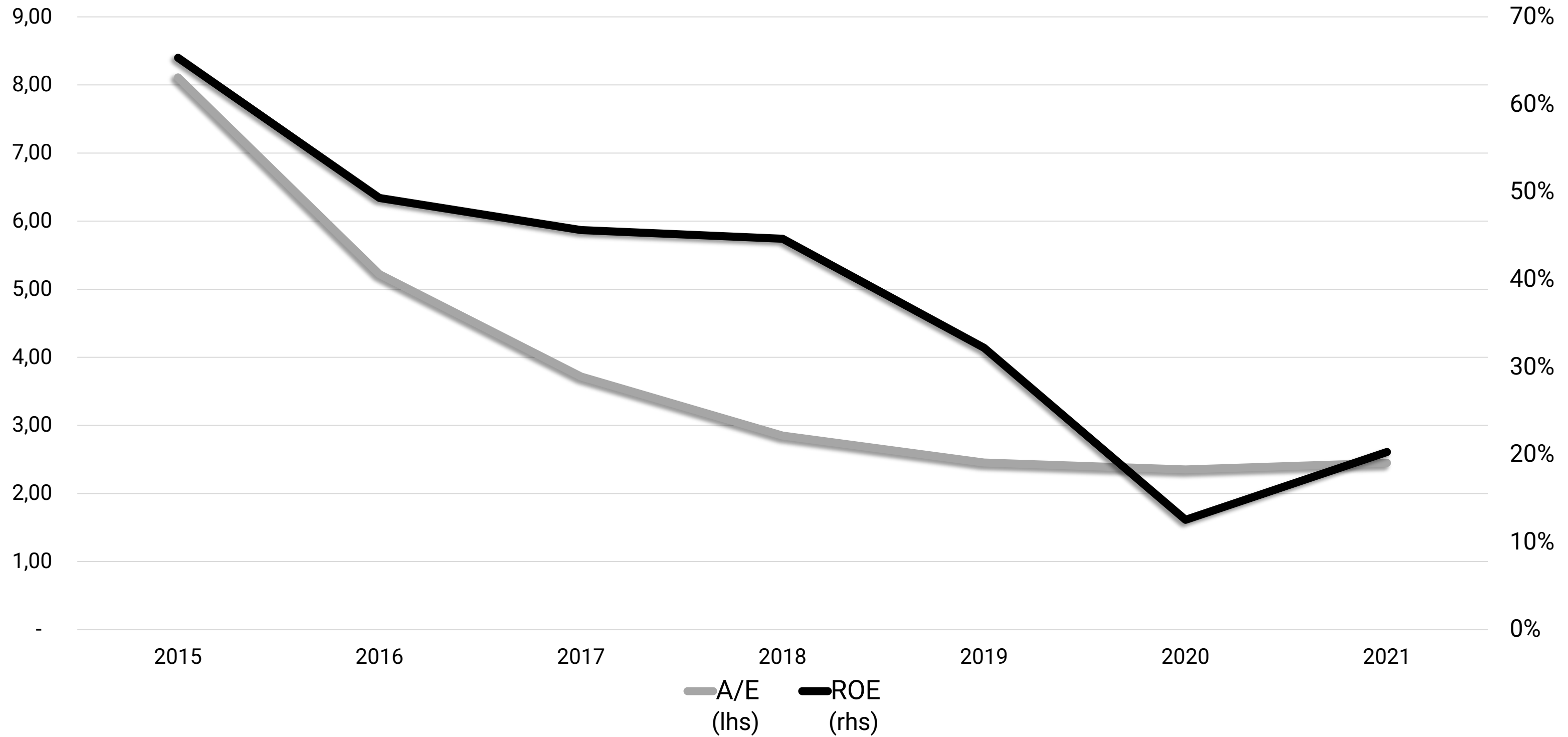


FITNESS PEERS



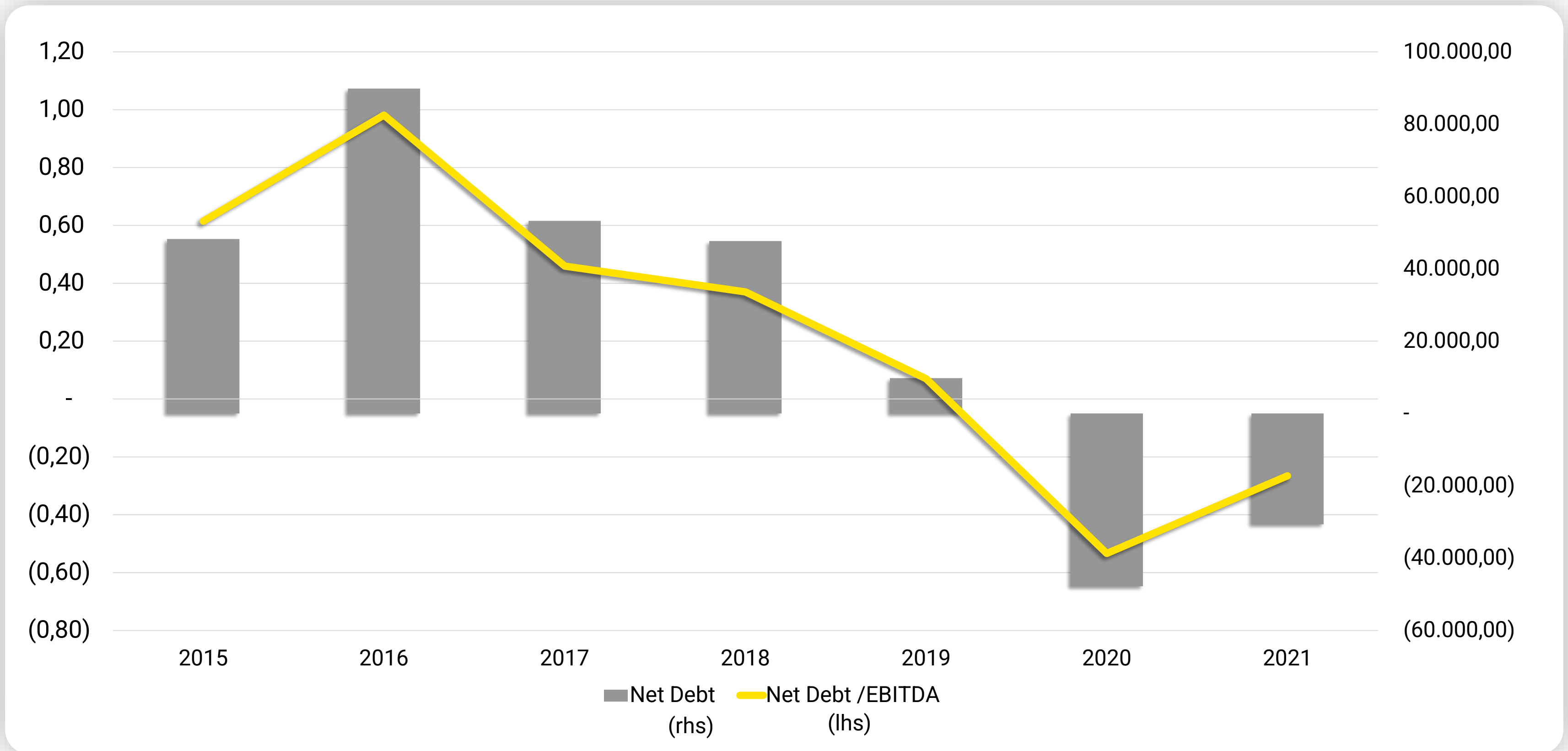


Technogym Return on Equity, by year





Net Debt on EBITDA, by year



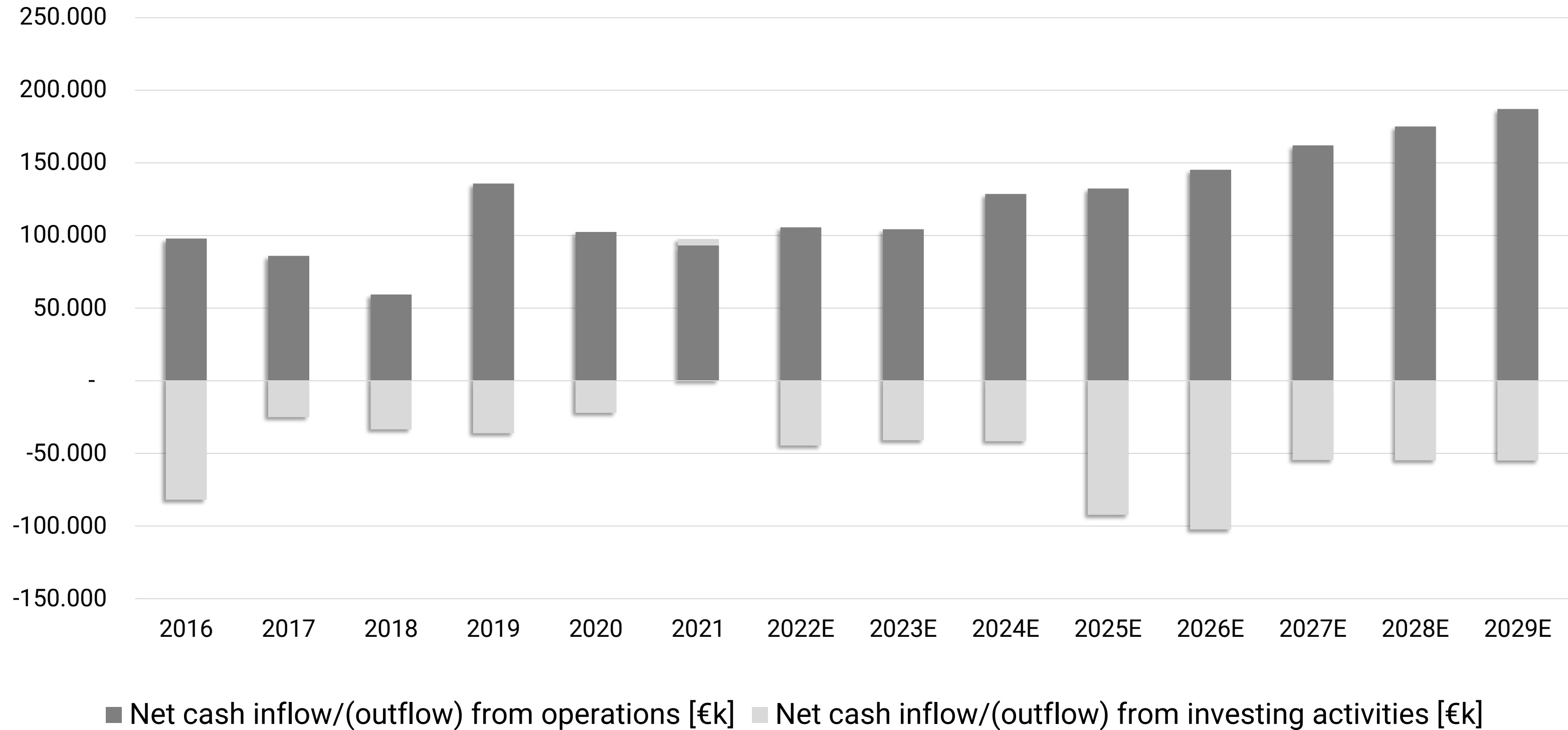


Debt on Equity, by year



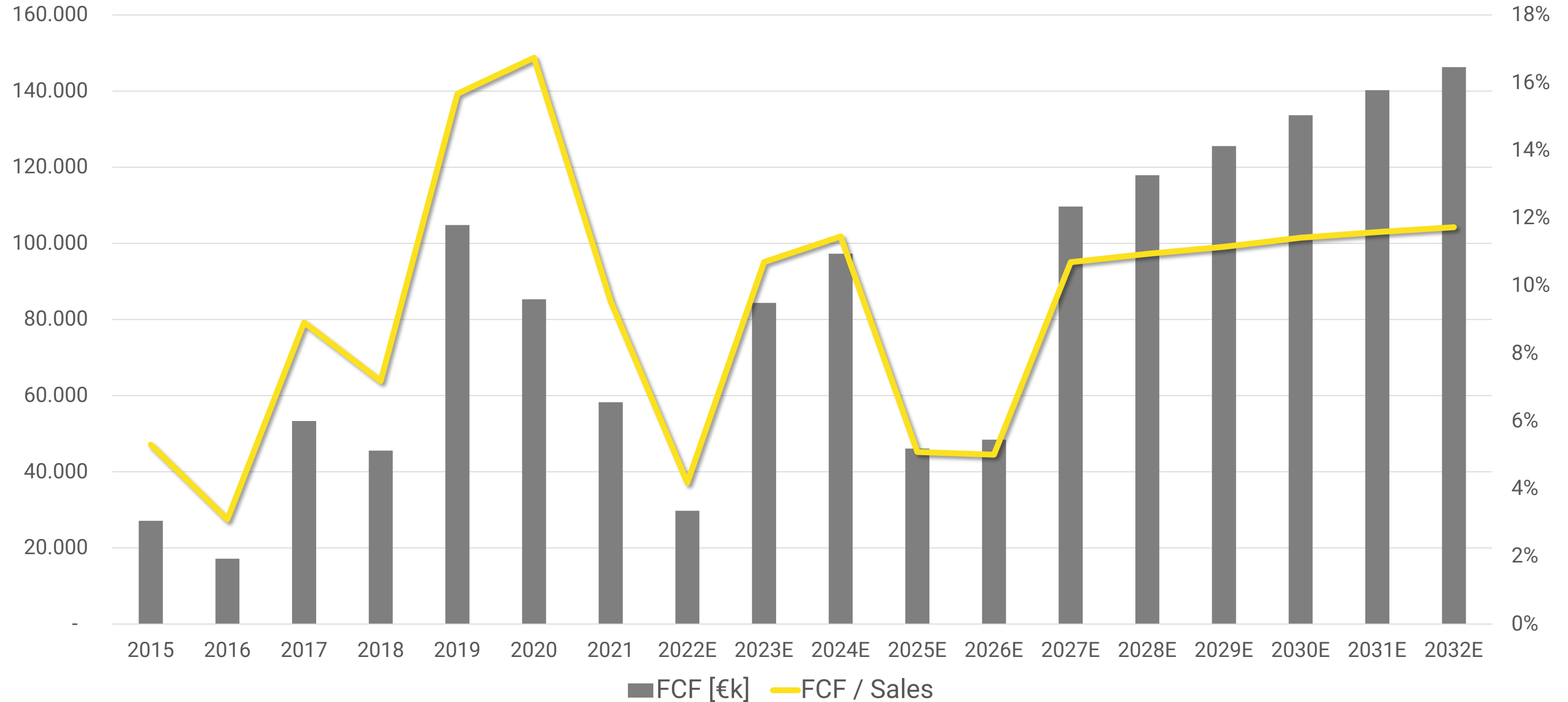


Net Cash Flows by operations and by investing activities, by year



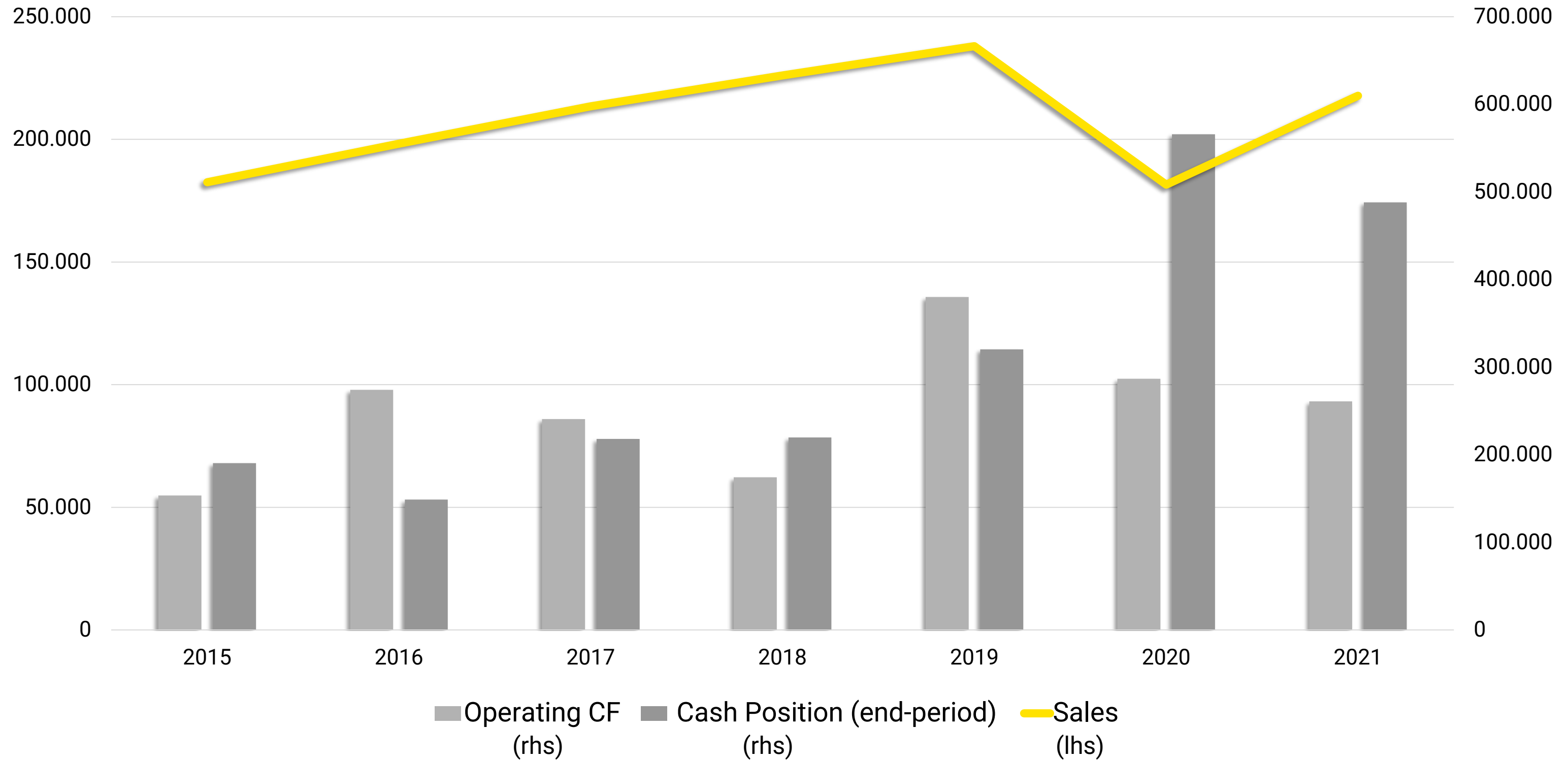


Free Cash Flows and Free Cash Flows / Sales



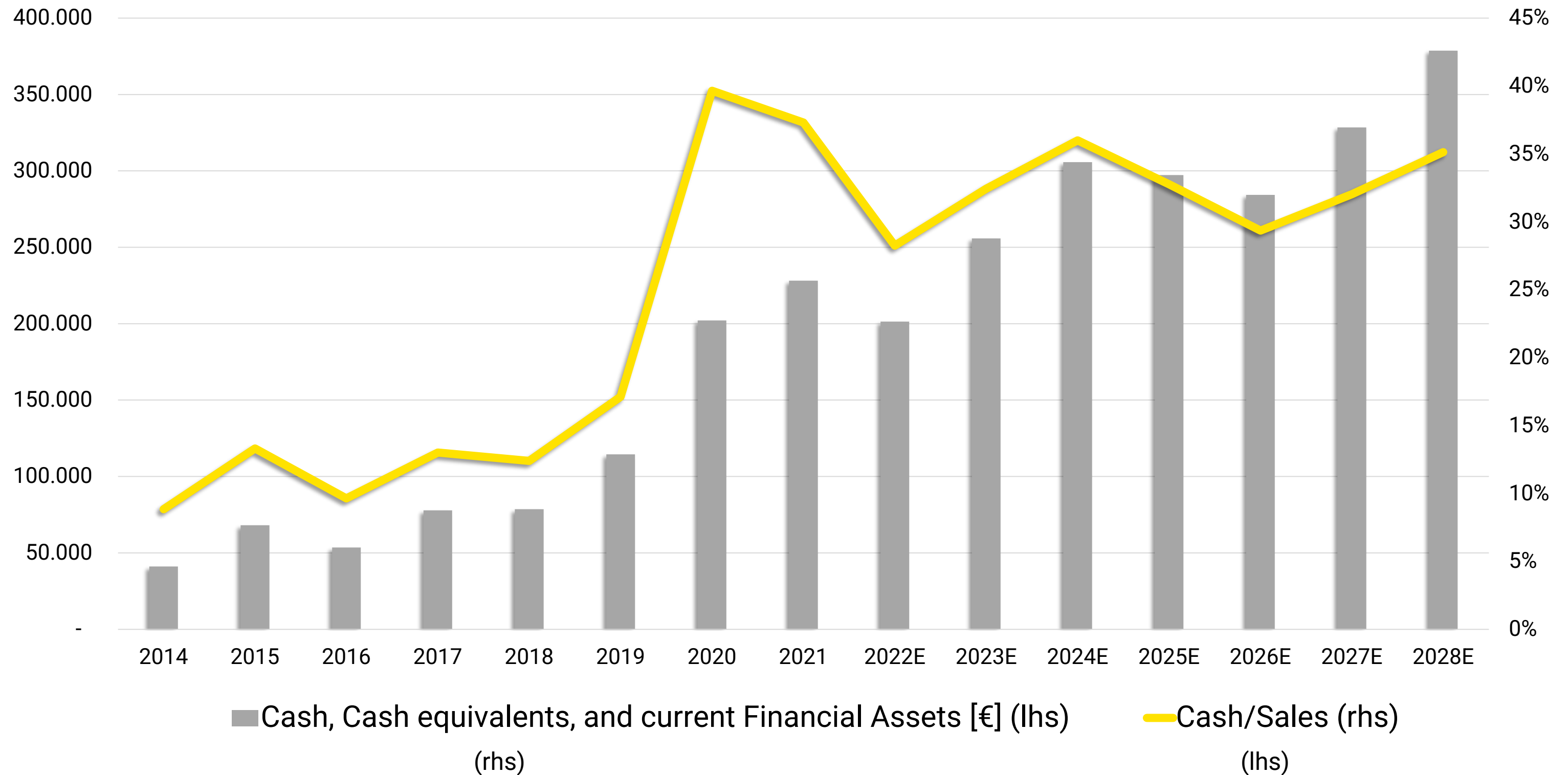


Operating CF, Cash Position and Sales, by year



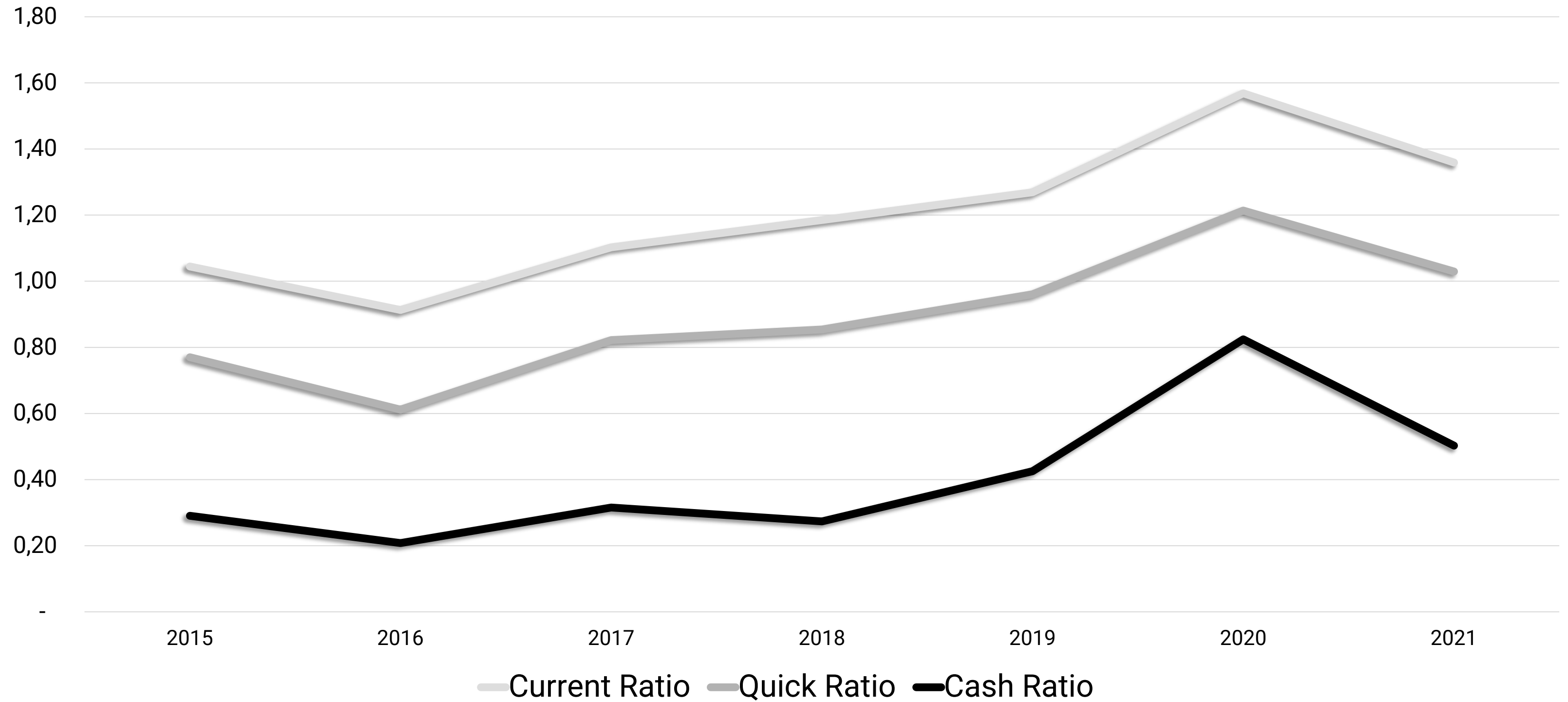


Cash and Cash on Sales, by year



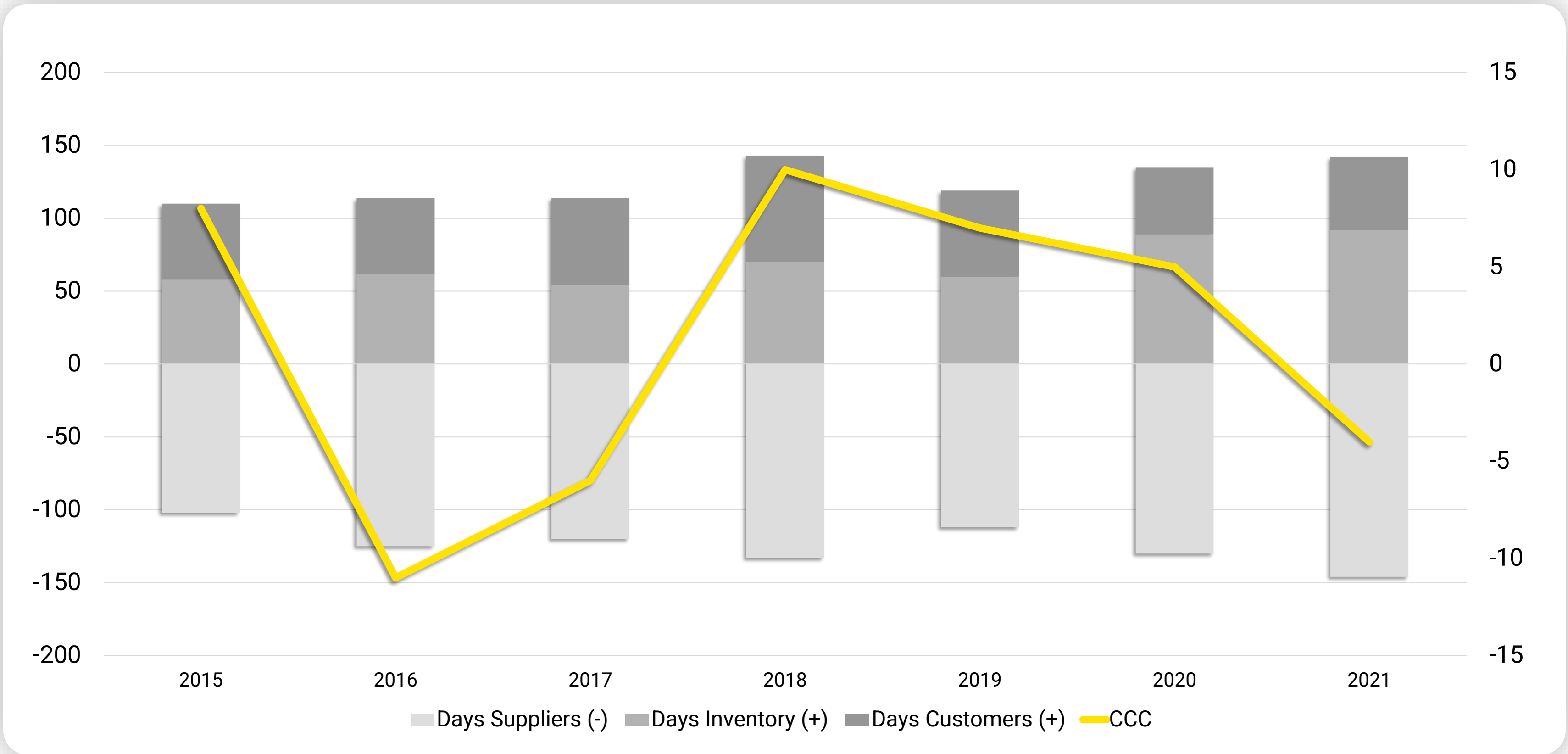


Current, quick and cash ratios, by year



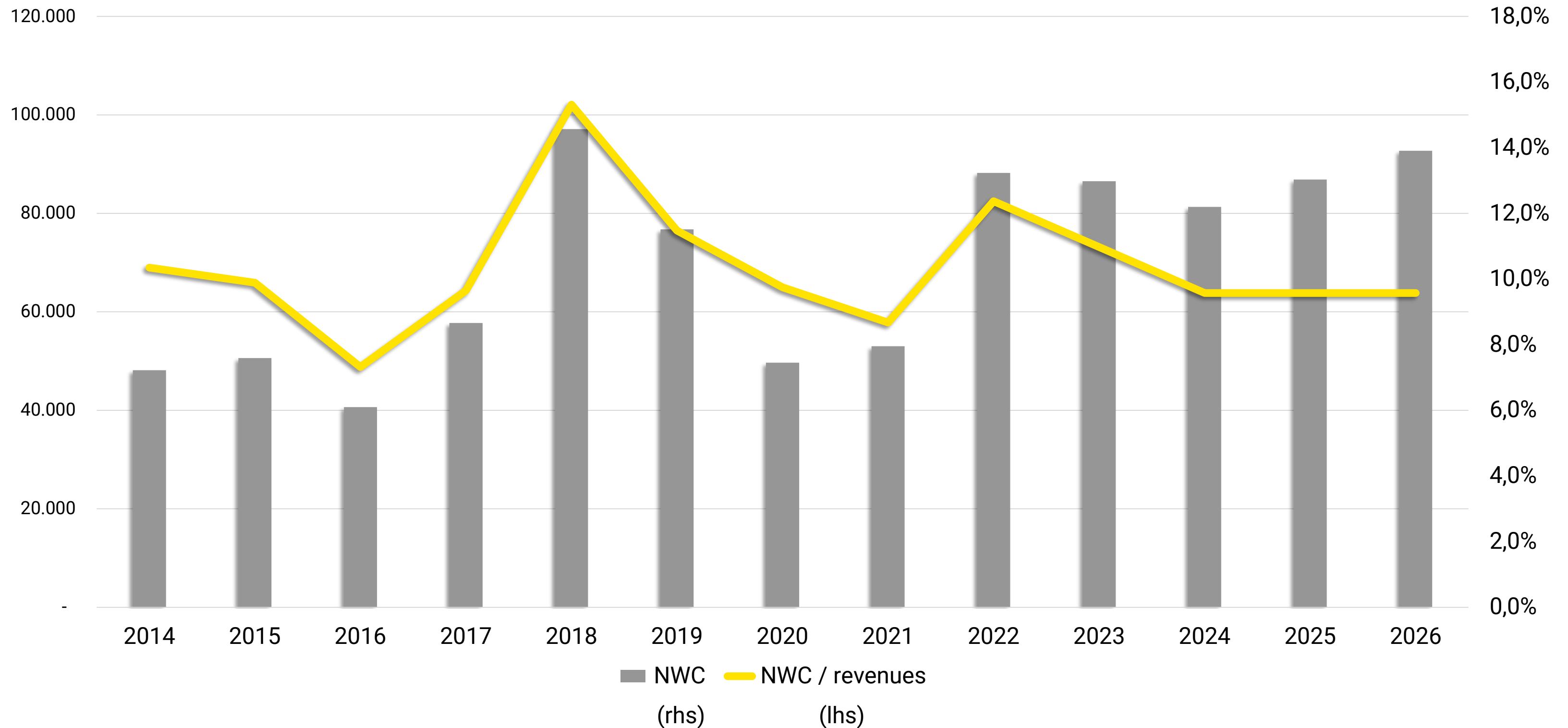


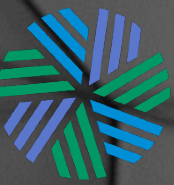
Cash conversion cycle, by year



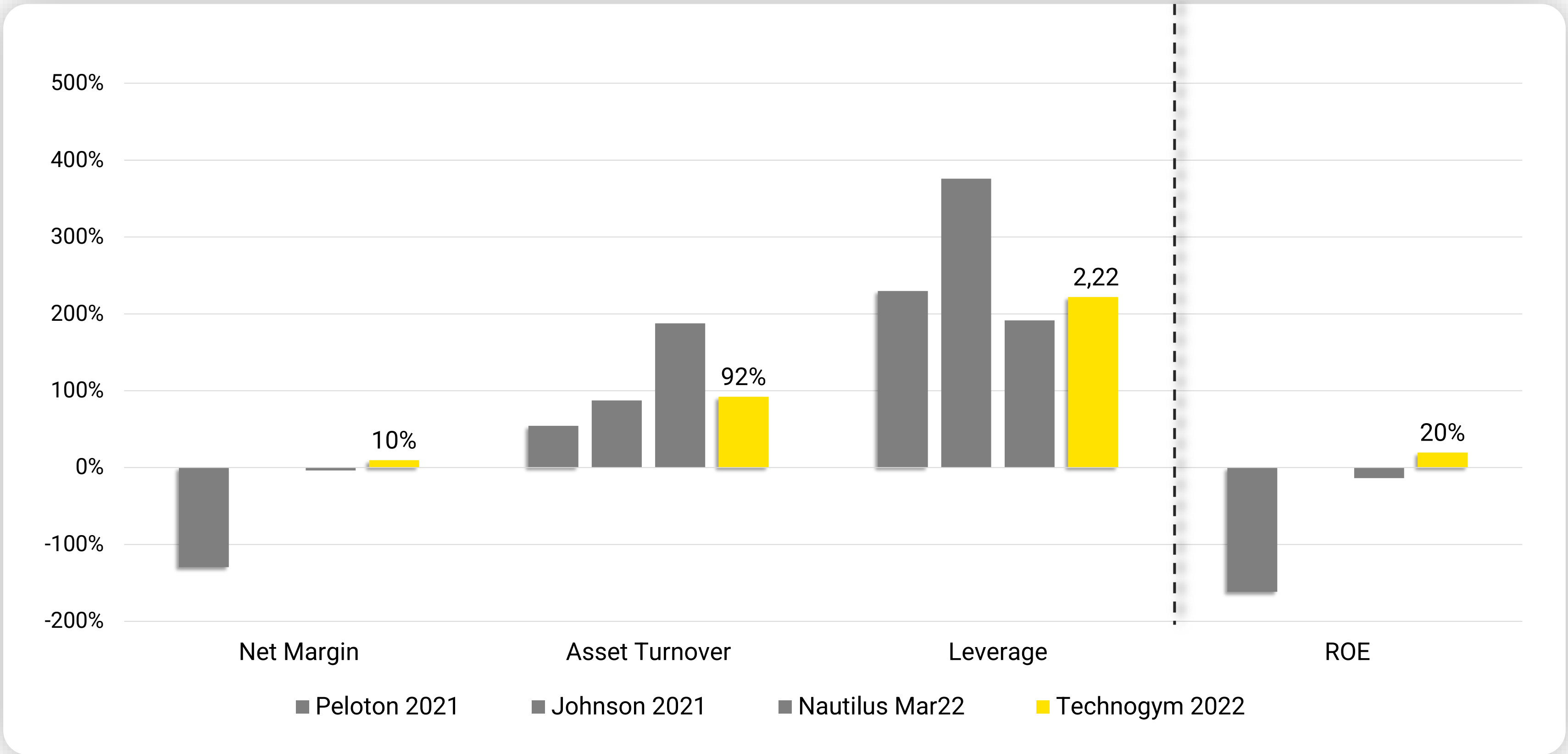


Absolute NWC and NWC on Sales, by year





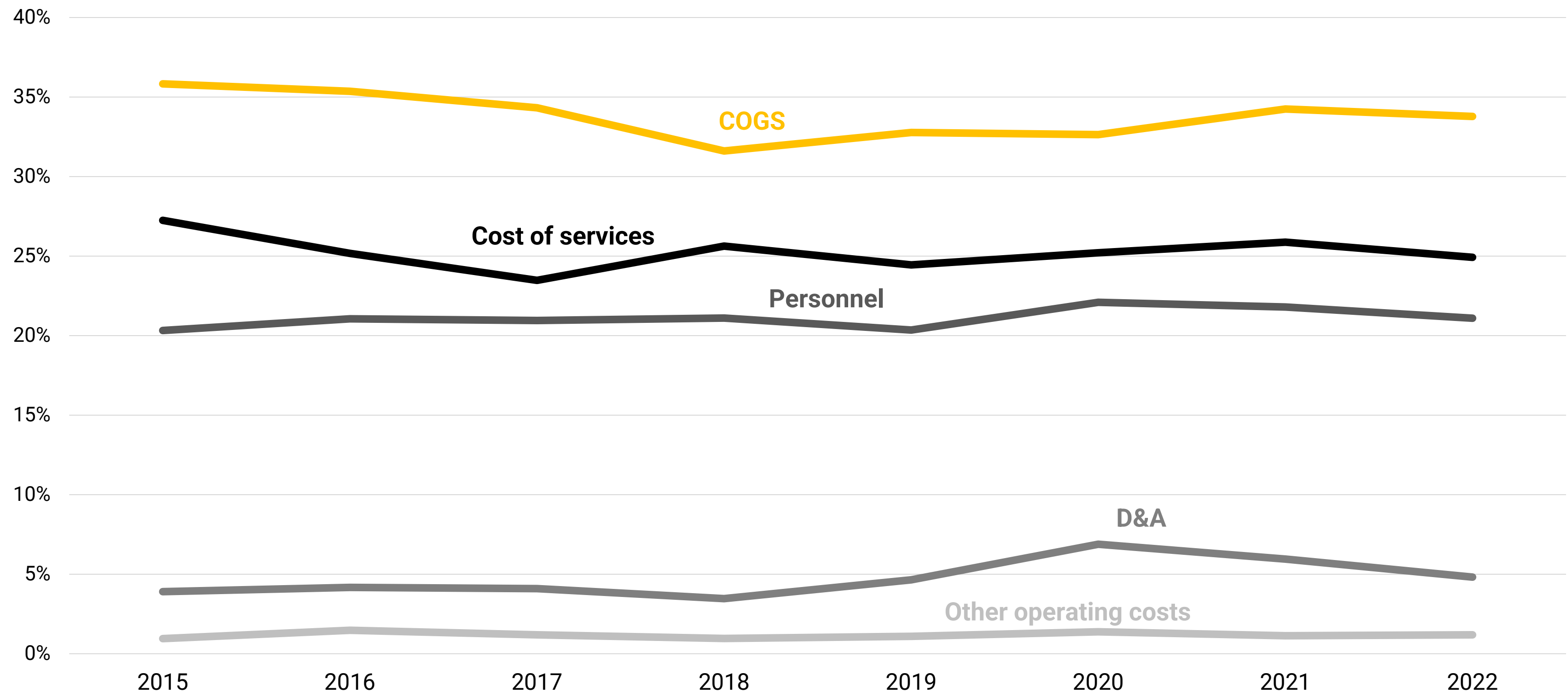
DuPont Analysis



Historical Costs as % of Sales

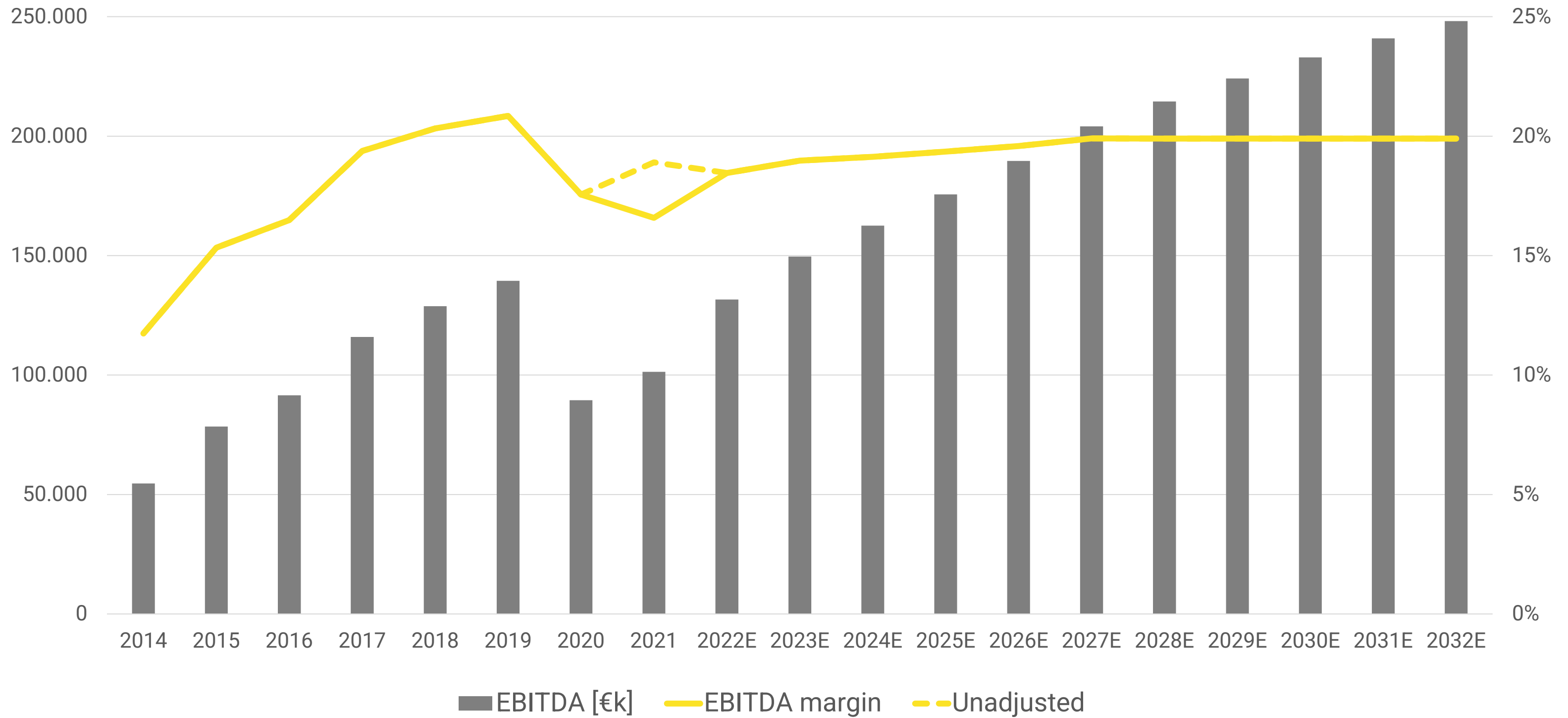


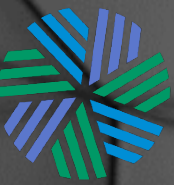
Historical costs as & of Sales, by year



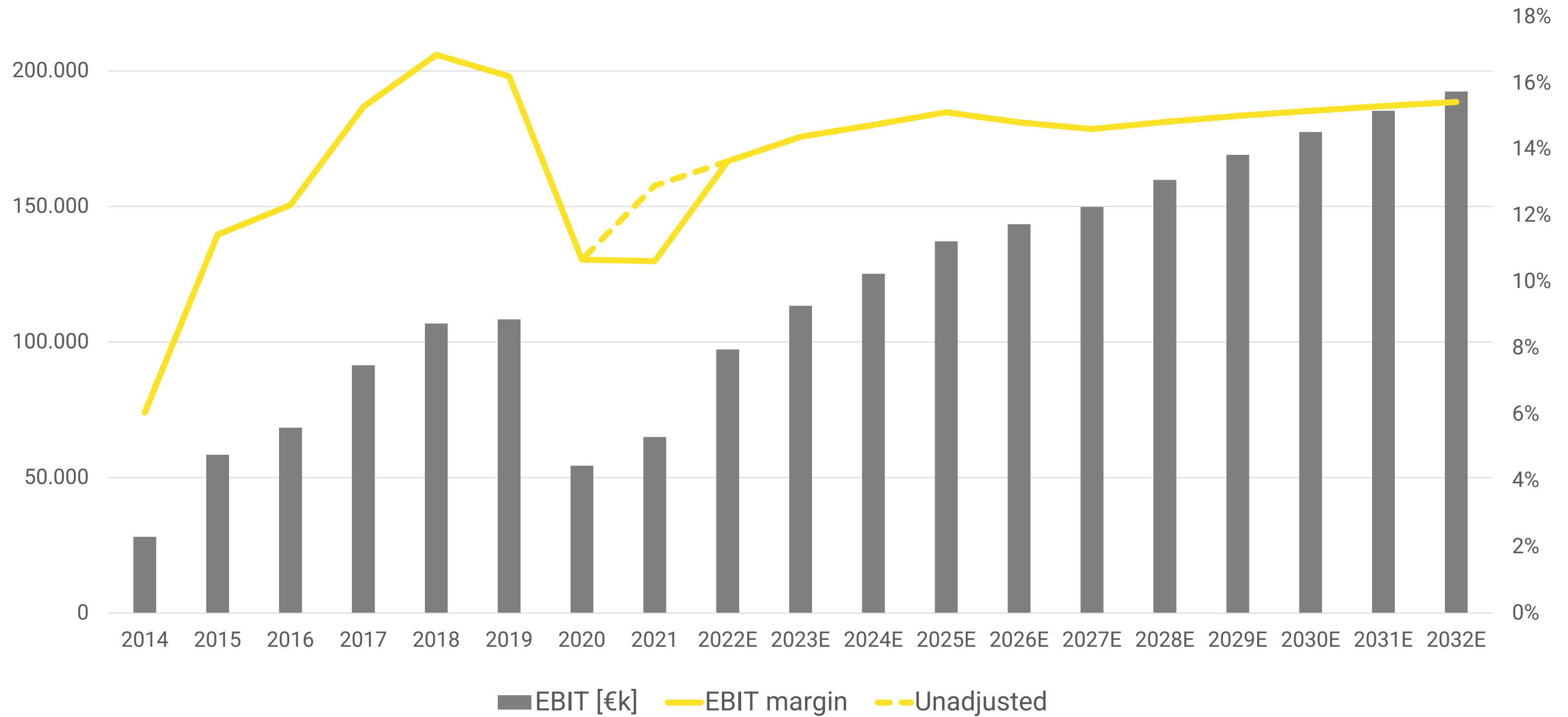


EBITDA and EBITDA margin



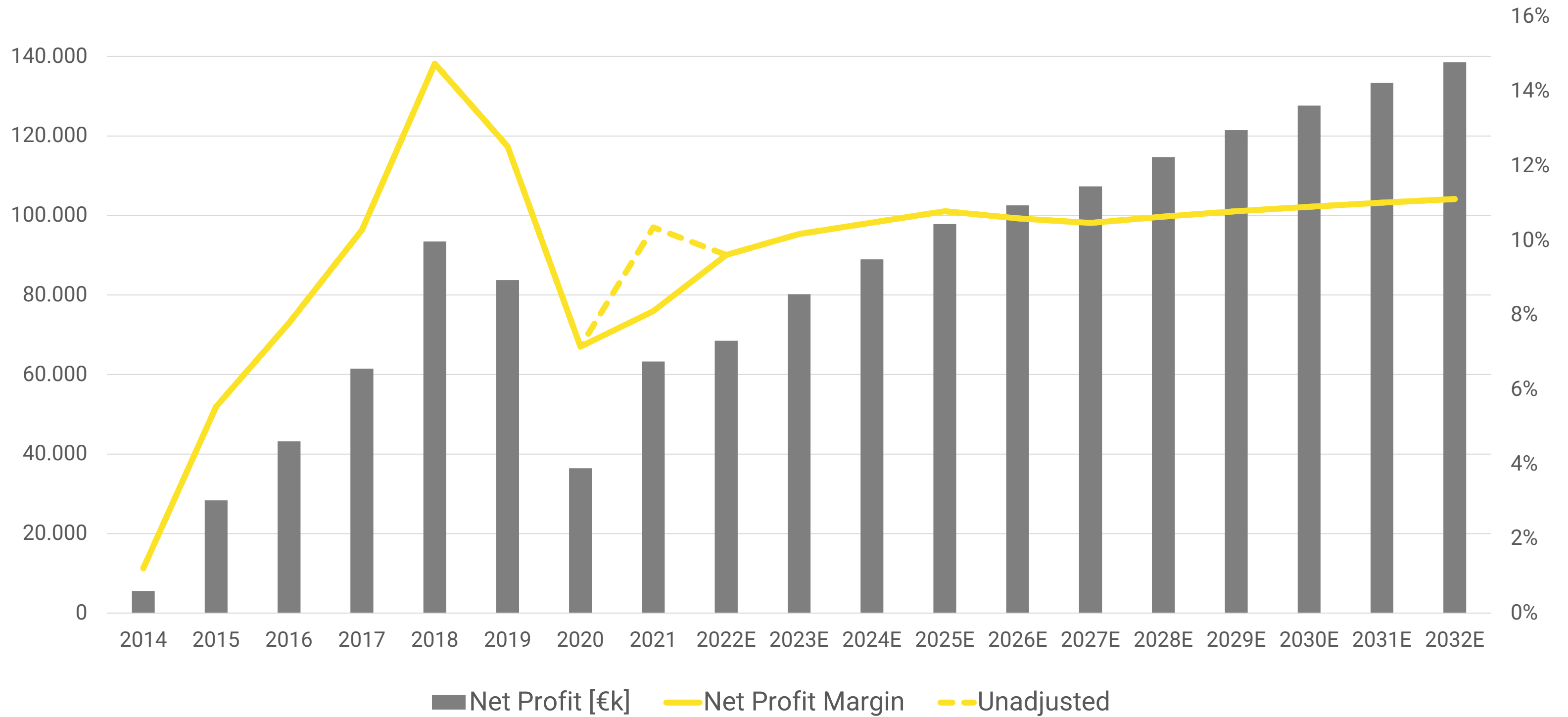


EBIT and EBIT margin



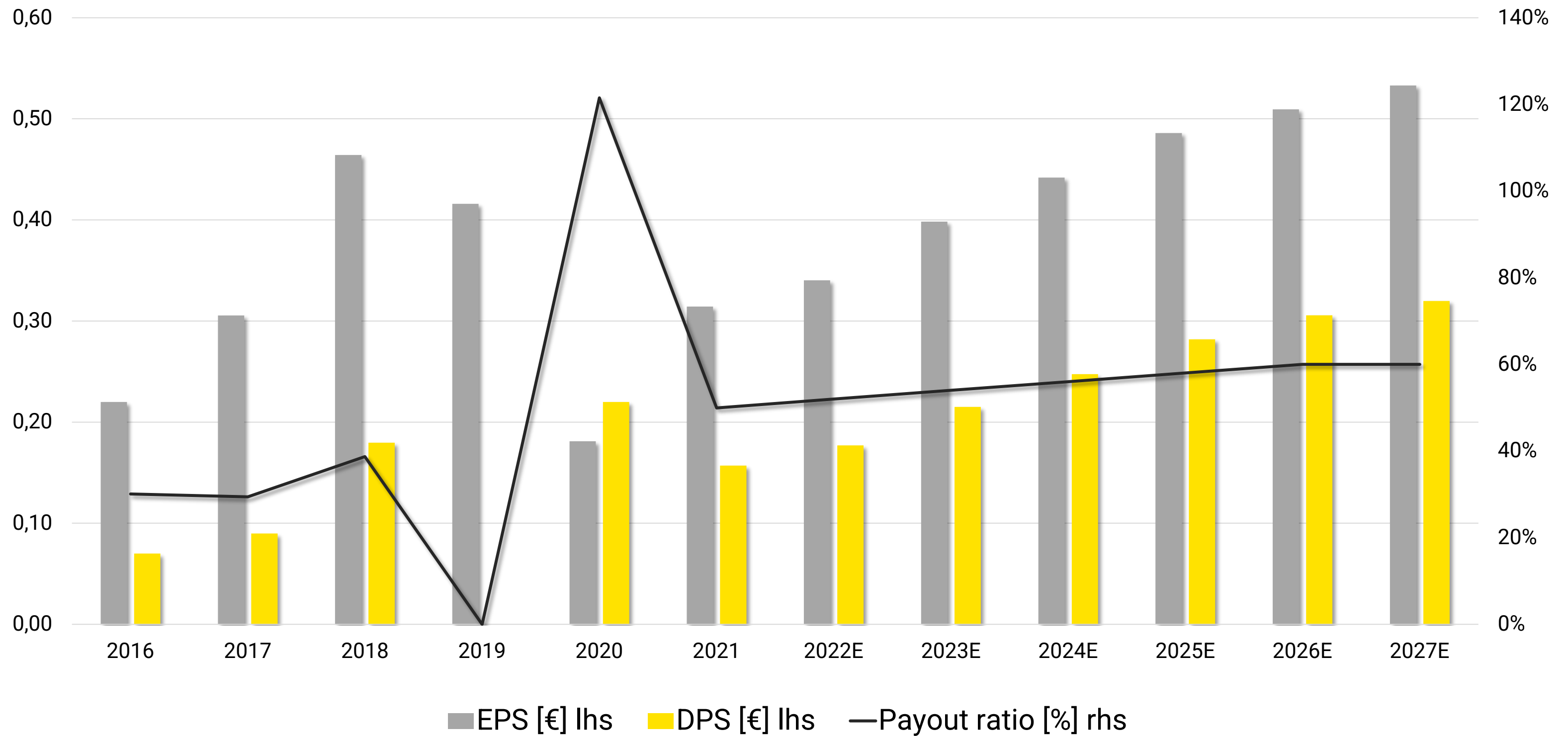


Net Profit and Net Profit margin





EPS, DPS and Payout Ratio, by year

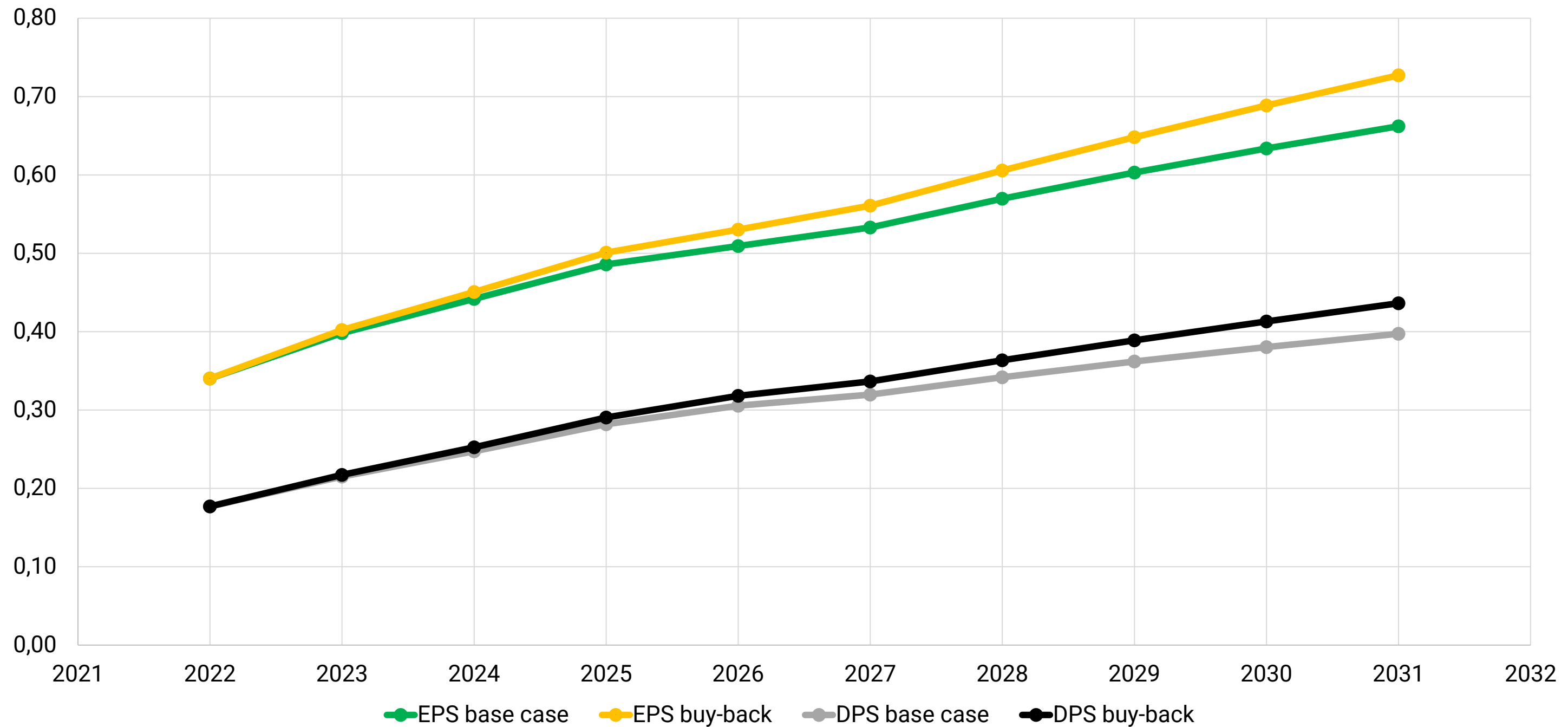


Buyback Scenario

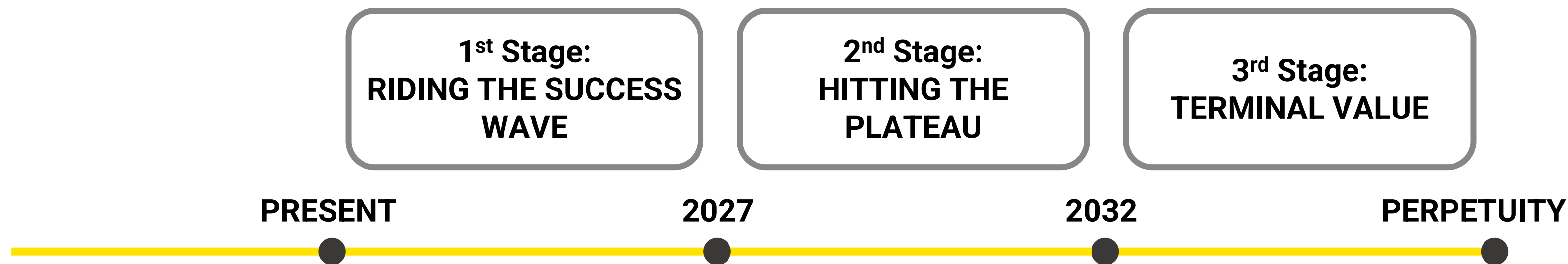


20,000,000 shares approved for Buyback

ESTIMATE OF DPS AND EPS IN CASE OF A BUYBACK



DCF SUMMARY



	1 stage	2 stage	3 stage
Revenues CAGR	7.1%	4.0%	3.0%*
Average EBITm	14.8%	15.1%	15.4%
% of total EV	16.5%	27.3%	56.2%

10.4% WACC

10.8% Ke 4.8% Kd

Enterprise Value	€1,418m
Net Cash Position	€145m
Equity Value	€1,563m
Price	€7.8/share

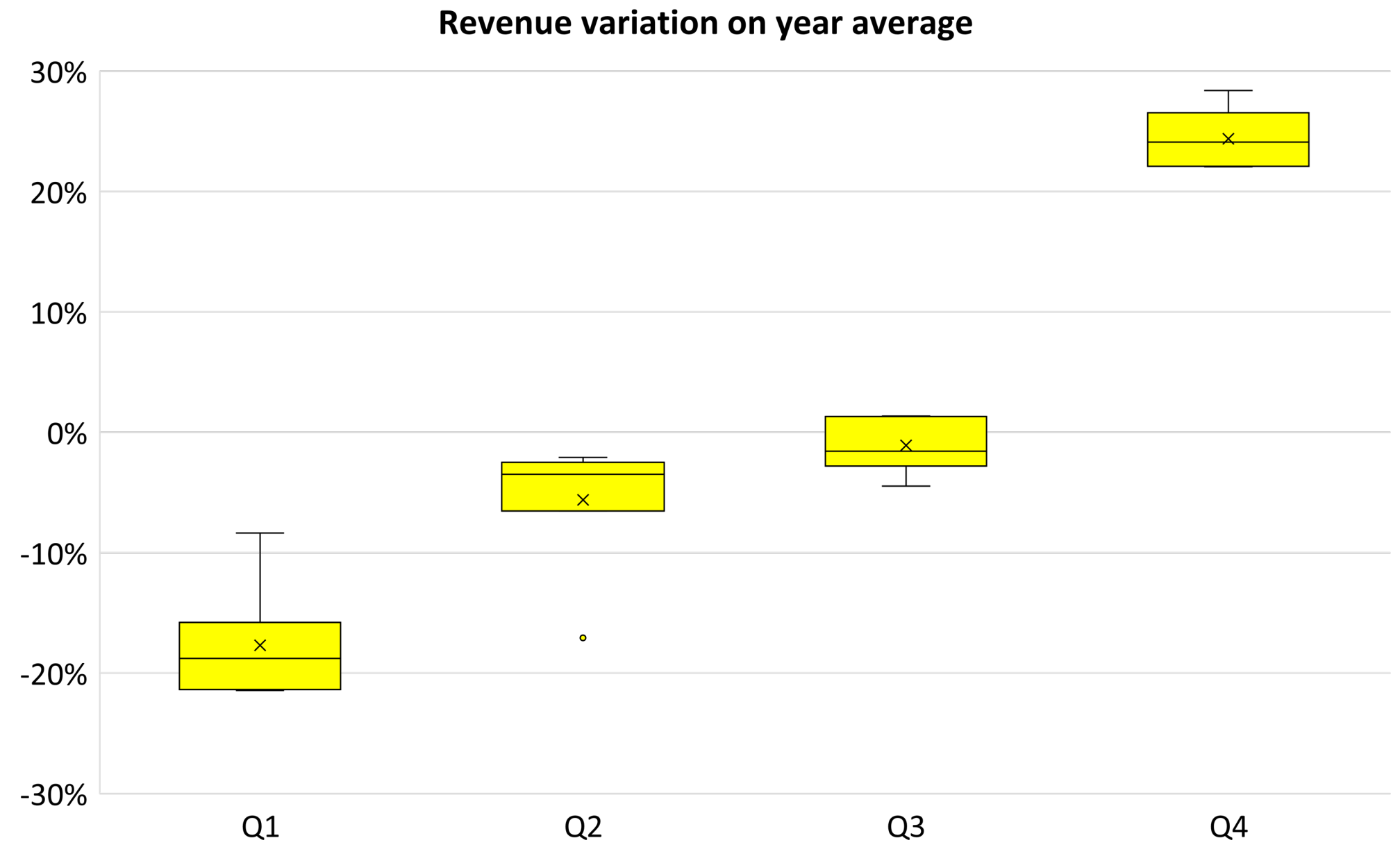
* Terminal Growth 3% = 2% inflation target + 1% average annual real economic growth in Europe (20y, ECB data)

Revenues Projections (1)



	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Revenues [€m]	713	789	849	907	968	1025	1078	1126	1171	1211	1247

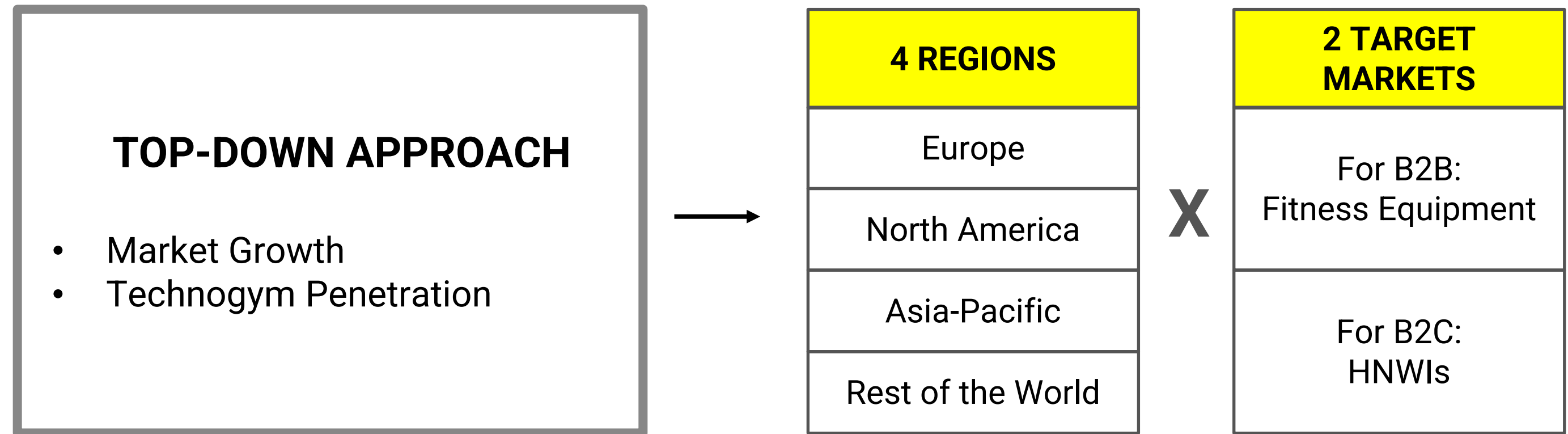
SEASONALITY APPROACH



Revenues Projections (2)



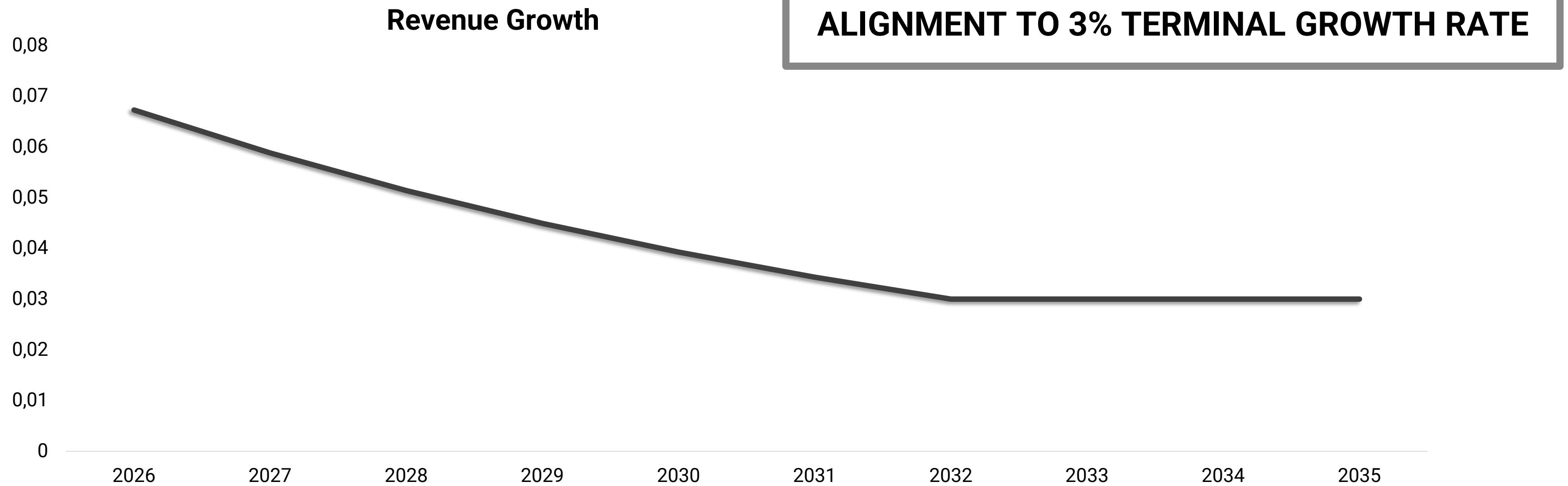
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Revenues [€m]	713	789	849	907	968	1025	1078	1126	1171	1211	1247



Revenues Projections (3)



	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Revenues [€m]	713	789	849	907	968	1025	1078	1126	1171	1211	1247



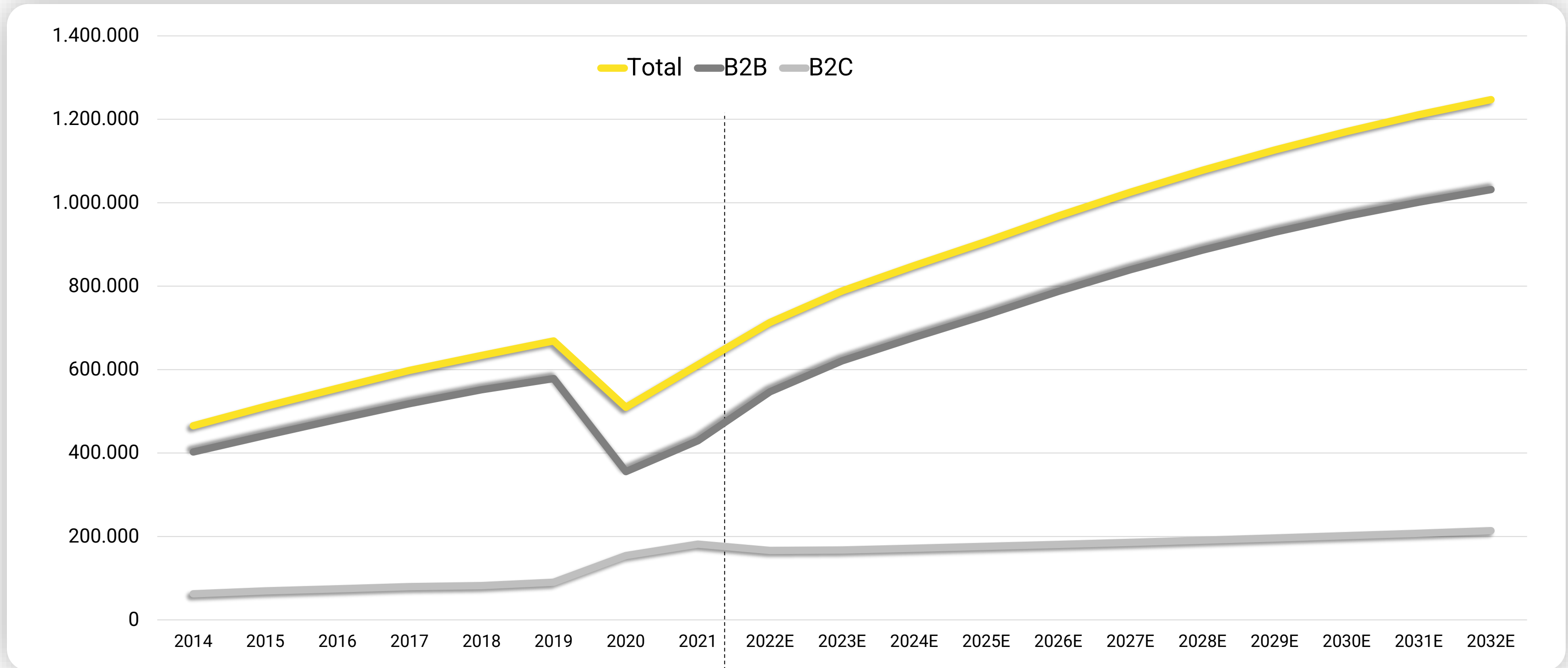


REVENUES BY SEGMENT AND GEOGRAPHICAL REGION [€m]

	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
NORTH AMERICA	46	54	58	66	77	88	57	69	98	118	130	141	152	162	172	180	188	194	200
EUROPE	298	321	342	361	389	389	308	354	401	427	447	466	486	506	525	544	563	581	598
APAC	59	69	81	89	102	118	88	111	123	141	159	178	197	214	230	243	254	264	272
REST OF WORLD	61	67	74	83	66	74	56	77	92	103	113	123	133	142	151	158	165	171	176
B2B	403	442	481	518	552	579	356	430	547	621	677	731	787	839	887	929	967	1,001	1,032
B2C	63	69	75	80	82	90	154	182	166	167	172	176	181	186	191	196	202	208	214
Total	465	512	555	598	634	669	510	611	713	789	849	907	968	1,025	1,078	1,126	1,171	1,211	1,247

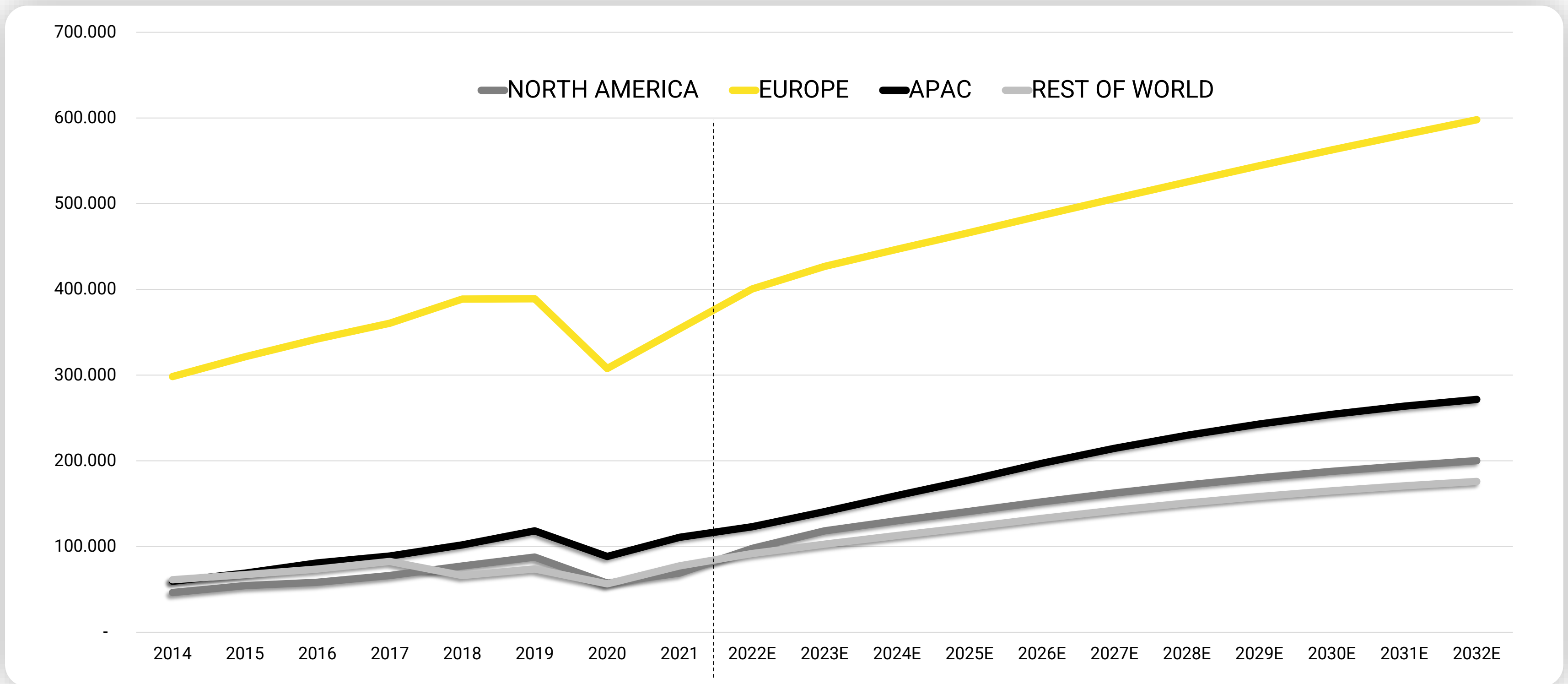


REVENUES BY SEGMENTS [€k]



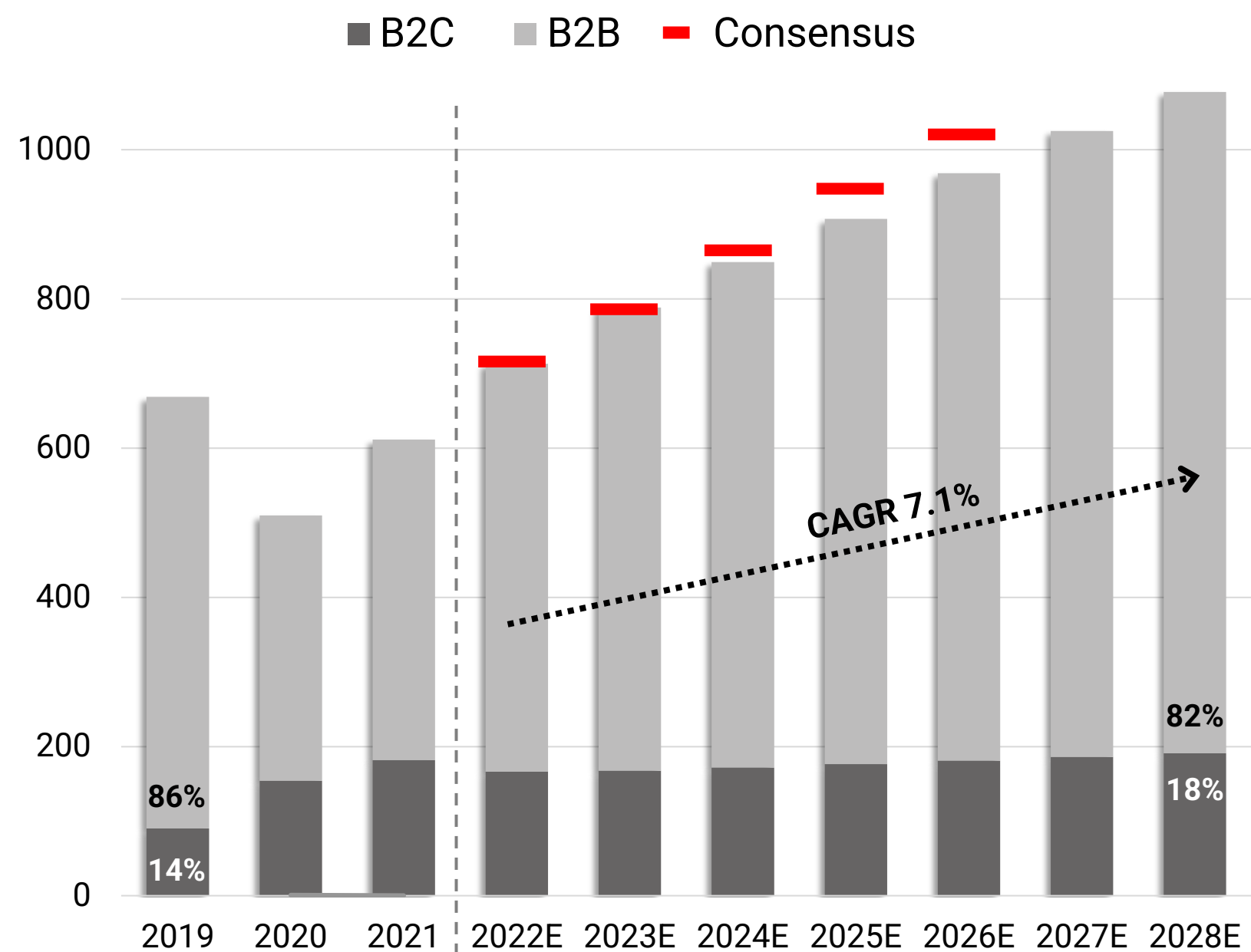


REVENUES BY GEOGRAPHICAL REGION [€k]





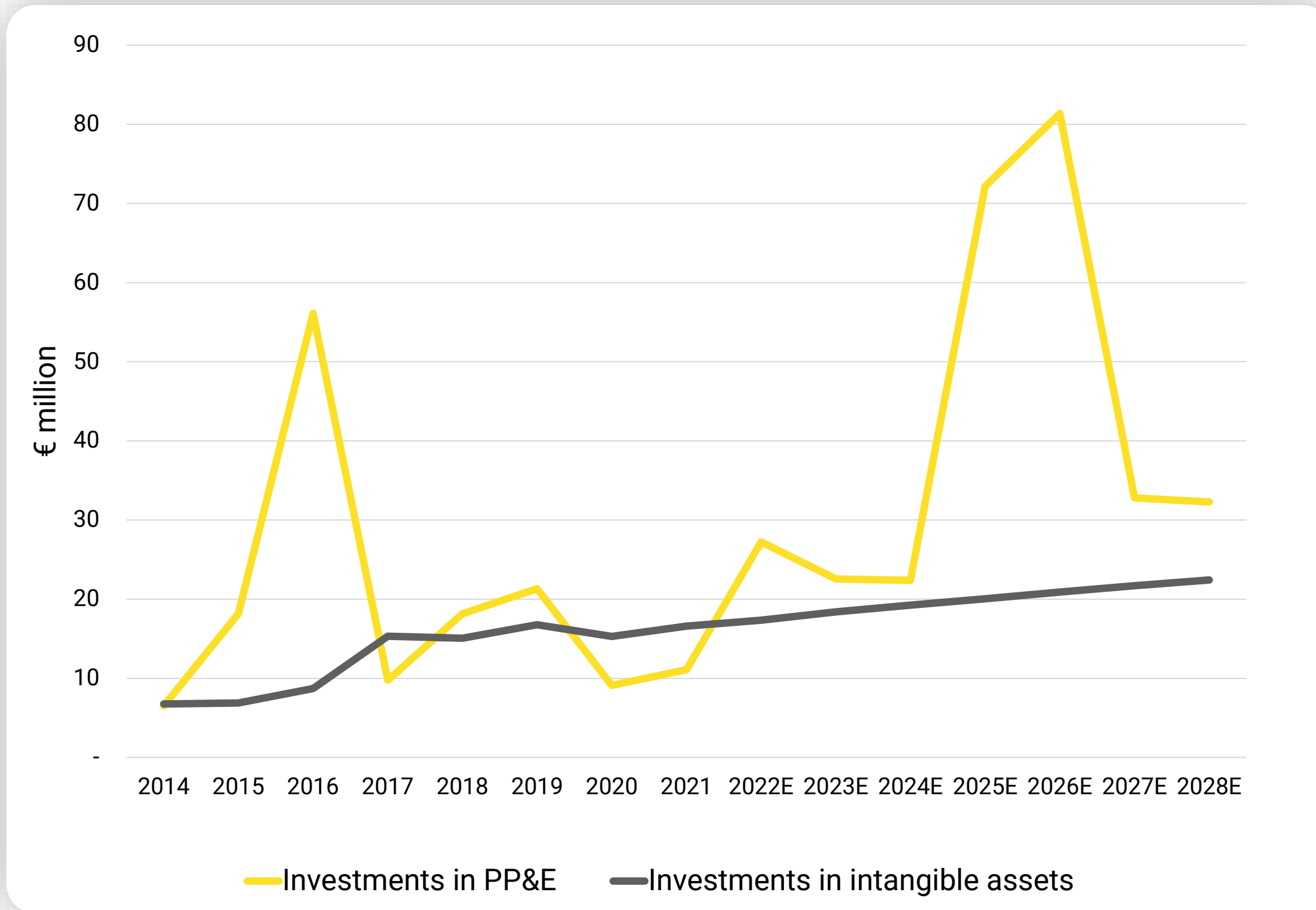
Projections vs Consensus



		2022	2023	2024	2025	2026
Revenues €m	Team	713	789	849	907	968
	Consensus	710	780	854	931	1001
EBITDAm %	Team	18.5%	19.0%	19.1%	19.4%	19.6%
	Consensus	18.4%	18.9%	20.3%	20.5%	20.8%
EPS €	Team	0.34	0.40	0.44	0.49	0.51
	Consensus	0.32	0.38	0.47	0.52	NA



Capex



PP&E

Individually considered growth and maintenance CapEx for: Land, buildings, Plant Machinery and Equipment, Construction in Progress

✚ CapEx related to new production plant (€95m, distributed over 2 years)



Intangibles

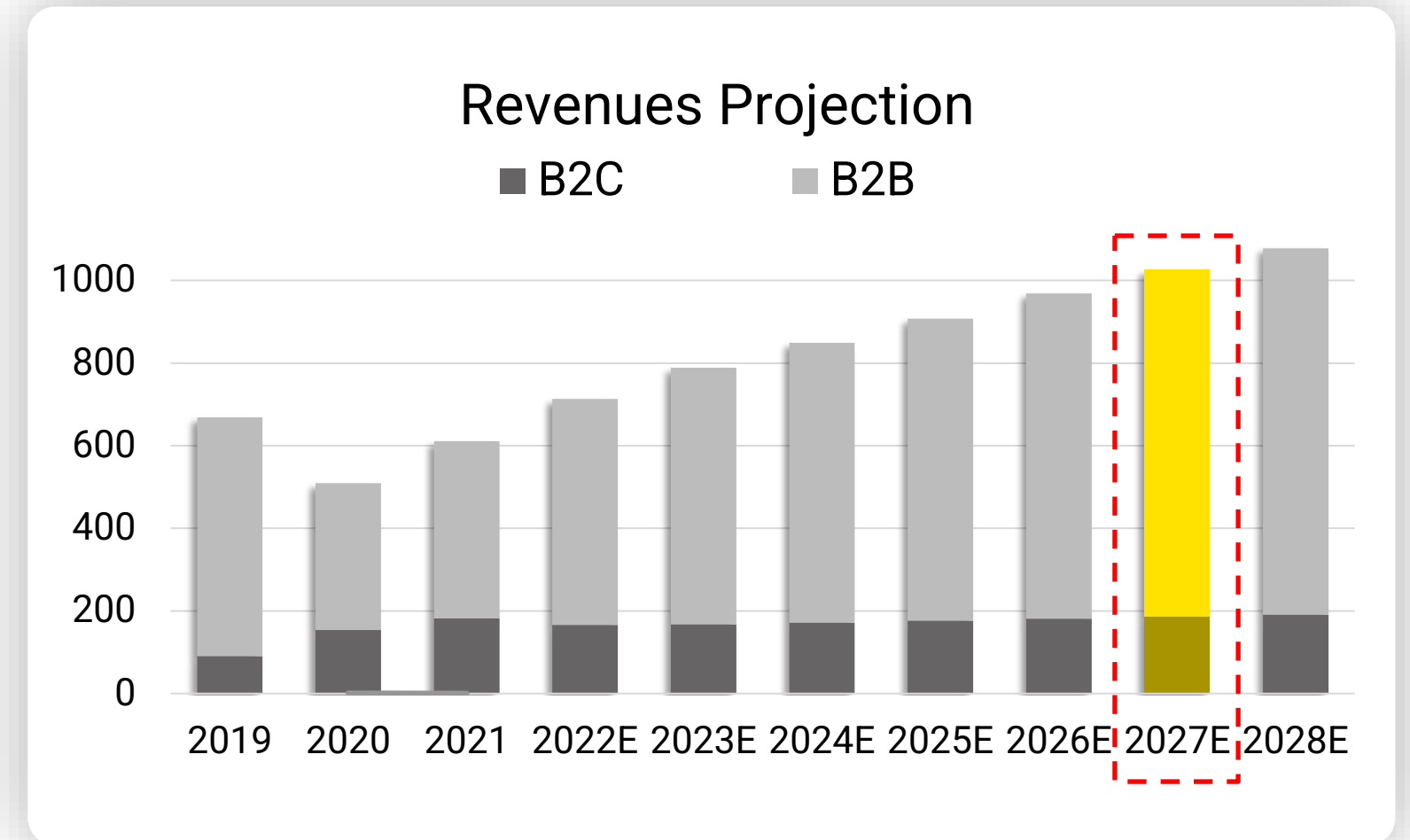
Estimated considering growth and maintenance CapEx, in the amount of:

- €7.5m maintenance CapEx
- 1.4% of sales for growth CapEx

Additional Production Plant



<p>1. PRODUCTION PLANT Cesena, Italy 90,000 products/year</p> 	<p>Current Production Capacity: 1b€ revenues</p>
<p>2. PRODUCTION PLANT Malý Krtíš, Slovakia 60,000 products/year</p> 	



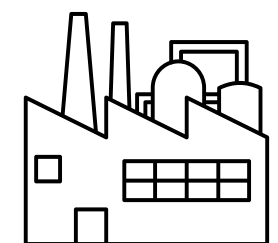
€75m: increase in PPE after acquisition of TGB srl (2016)

X

1+ 24.4%
expected inflation
2016-2027 (IMF)

=

€95m estimated
Production plant cost

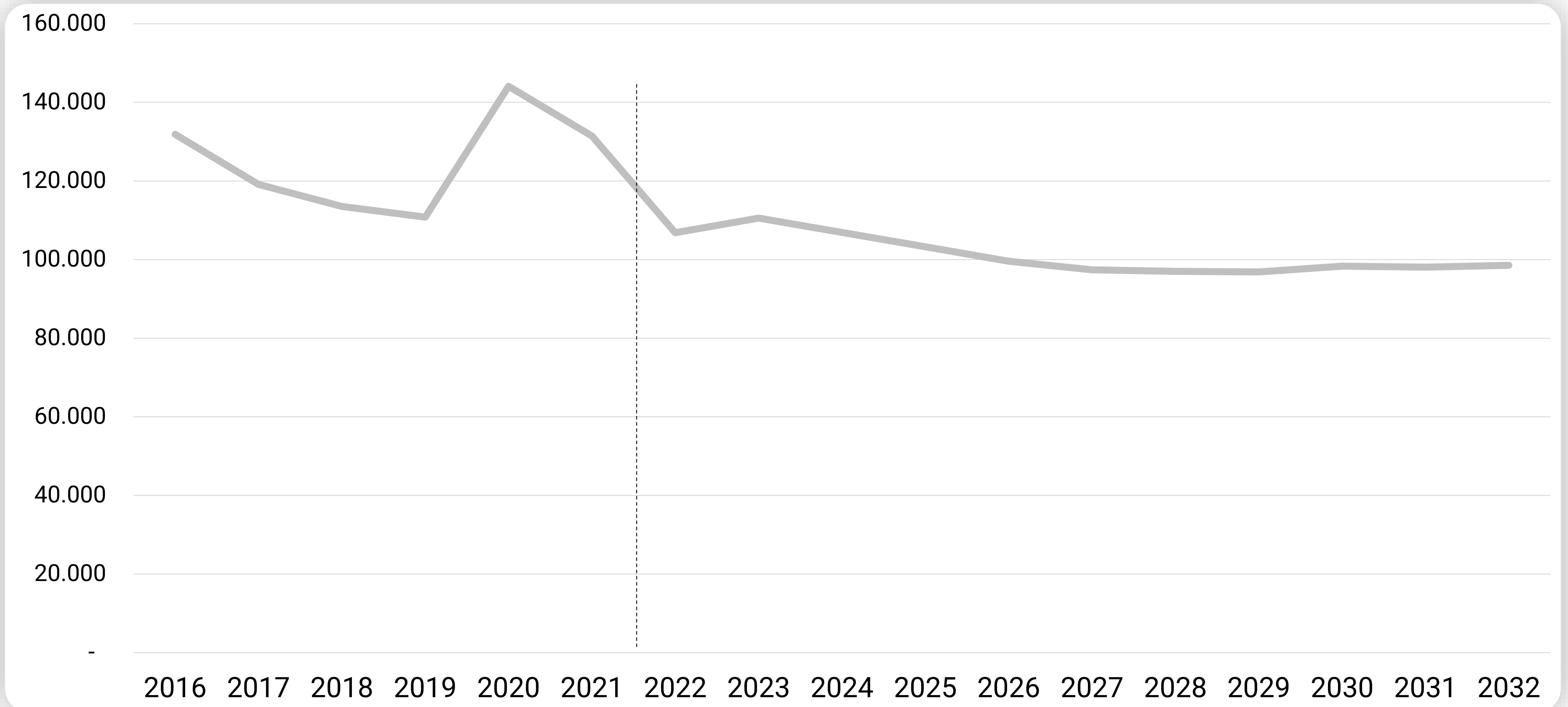




	2016	2017	2018	2019	2020	2021
Current Financial Liabilities	27.440	11.084	41.700	42.337	21.243	23.668
Other short-term borrowings	20.000	2.194	29.075	25.633	19	99
Current liabilities due to other lenders	7.140	8.652	12.371	9.966	15.035	16.395
Other current financial liabilities	300	238	254	237	224	9
IFRS 16 Financial liabilities - Current				6.501	5.965	7.165
Non-Current Financial Liabilities	104.425	108.043	71.809	68.481	122.844	107.774
Bank loans due after 12 months - non-current por	73.600	70.238	37.617	24.680	62.500	12.500
Non-current liabilities due to other lenders	10.018	14.225	15.772	16.152	17.414	28.303
IFRS 16 Non-current financial liabilities				15.163	17.763	16.868
Bank loans due after 12 months - current portion	20.807	23.580	18.420	12.486	25.167	50.103
CFL/FL	21%	9%	37%	38%	15%	18%
NCFL/FL	79%	91%	63%	62%	85%	82%



Debt forecast





WACC	10.39%
Tax Rate	27.21%
Cost of Equity	10.84%
Risk Free	2.31%
Equity Market Risk Premium	6.88%
Small Minus Big Premium	0.94%
High Minus Low Premium	2.86%
Market Beta	1.057
Size Beta	0.104
Value Beta	0.403
Cost of Debt	4.55%
Risk Free	2.31%
Country Default Risk Premium	1.39%
Interest Coverage Ratio Spread	0.85%
Leverage	6.39%
Equity Market Value	€ 1,671m
Debt Market Value	€ 107m

Weighted Average Cost of Capital

$$WACC = K_e \frac{E}{D + E} + K_d \frac{D}{D + E} (1 - t)$$

Cost of Equity - Fama & French Three Factor Model

$$K_e = r_f + \beta_m ERP + \beta_s SMB + \beta_v HML$$

Cost of Debt

$$K_d = r_f + CRP + ICR$$

WACC Computation – Risk Free



WACC	
Tax Rate	
Cost of Equity	
Risk Free	2.31%
Equity Market Risk Premium	
Small Minus Big Premium	
High Minus Low Premium	
Market Beta	
Size Beta	
Value Beta	
Cost of Debt	
Risk Free	2.31%
Country Default Risk Premium	
Interest Coverage Ratio Spread	
Leverage	
Equity Market Value	
Debt Market Value	

Average yield of Euro Zone AAA countries' 10-year bonds



Source: ECB statistical warehouse
Updated: 11-Feb-2023

WACC Computation – Market Premiums



WACC	
Tax Rate	
Cost of Equity	
Risk Free	
Equity Market Risk Premium	6.88%
Small Minus Big Premium	0.94%
High Minus Low Premium	2.86%
Market Beta	
Size Beta	
Value Beta	
Cost of Debt	
Risk Free	
Country Default Risk Premium	
Interest Coverage Ratio Spread	
Leverage	
Equity Market Value	
Debt Market Value	

SMB Premium (K. French)	0.94%
HML Premium (K. French)	2.86%

Equity Risk Premium	6.88%
----------------------------	--------------



Forward-Looking Measures

A. Damodaran Projections	7.84%
Dividend Discount Model (Team Estimates)	5.93%



Cross-check Measure

Historical Market Premium (K. French)	7.01%
---------------------------------------	-------

We further discuss ERP robustness –
Monte Carlo & Sensitivity Analysis



WACC	
Tax Rate	
Cost of Equity	
Risk Free	
Equity Market Risk Premium	
Small Minus Big Premium	
High Minus Low Premium	
Market Beta	1.057
Size Beta	0.104
Value Beta	0.403
Cost of Debt	
Risk Free	
Country Default Risk Premium	
Interest Coverage Ratio Spread	
Leverage	
Equity Market Value	
Debt Market Value	

Multi-linear Regression – Long-short Portfolios

Size Beta <small>SMB factor</small>	0.104
Value Beta <small>HML factor</small>	0.403

Multi-linear Regression – Long-only Portfolio

Market Beta Adj	1.057*
------------------------	---------------



Adjusted according to Efficient Market Hypothesis

Cross-check Measure

Comparable Companies Beta	1.005
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WACC Computation – Country Risk Premium



WACC	10.39%
Tax Rate	27.21%
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Leverage	6.39%
Equity Market Value	€ 1,671m
Debt Market Value	€ 107m



Geographical exposure

Macro-area default risk weight averaged by TGYM sales in the region

Macro-Area	TGYM's Sales	Weight Avg Default Risk Adj*
Europe (ex. Italy)	46.4%	0.7%
APAC	18.5%	1.8%
NA	13.9%	0.0%
MEIA	9.9%	2.5%
Italy	9.0%	3.8%
LATAM	2.3%	6.6%



Adjusted country default risks (A. Damodaran) weight averaged by GDP

WACC Computation – Interest Coverage Ratio



WACC	10.39%
Tax Rate	27.21%

Cost of Equity	10.84%
Risk Free	2.31%
Equity Market Risk Premium	6.88%
Small Minus Big Premium	0.94%
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Market Beta	1.057
Size Beta	0.104
Value Beta	0.403

Cost of Debt	4.55%
Risk Free	2.31%
Country Default Risk Premium	1.39%
Interest Coverage Ratio Spread	0.85%

Leverage	6.39%
Equity Market Value	€ 1,671m
Debt Market Value	€ 107m

Interest Coverage

	2019	2020	2021	2022E
EBIT	108.352,00	54.375,00	78.903,00	97.269,73
Interest Expenses only -	1.948,00 -	1.969,00 -	1.611,00 -	3.895,02
ICR	55,62	27,62	48,98	24,97
Avg ICR	39,30			

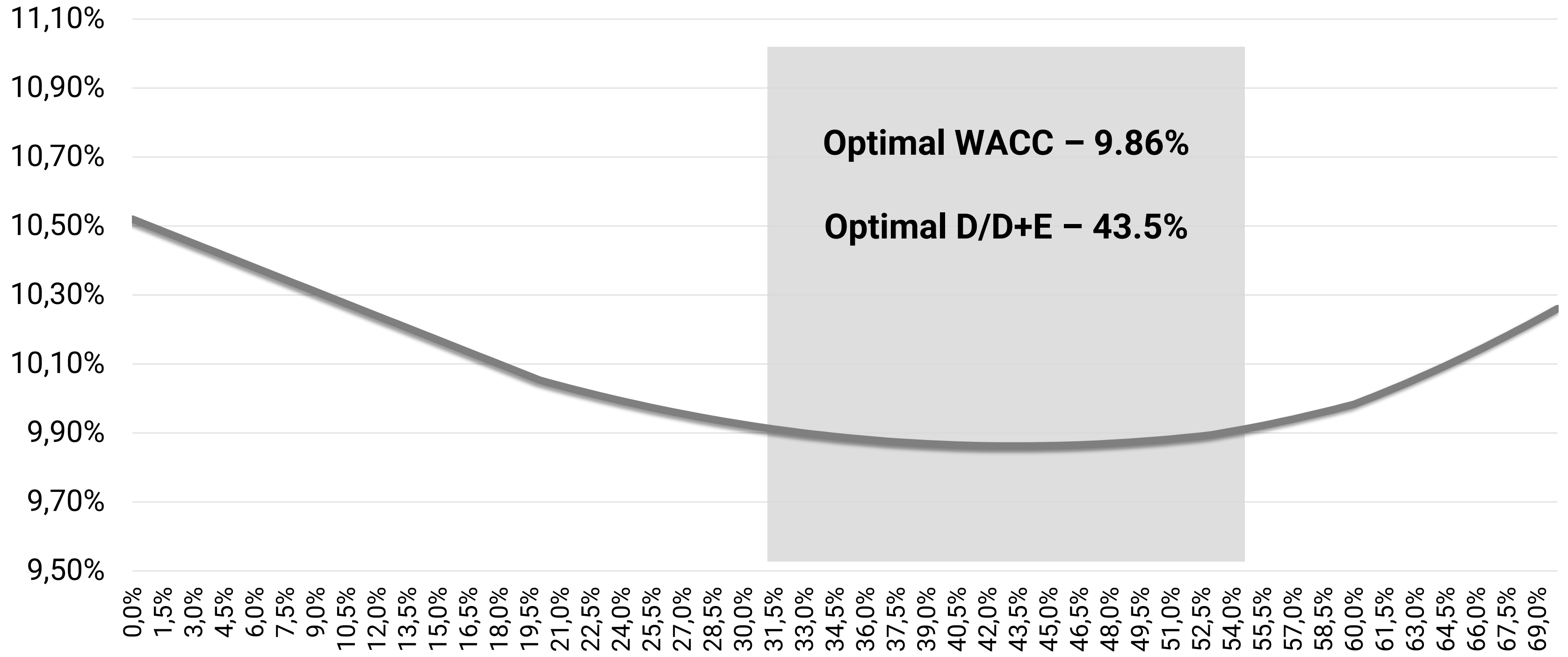


ICR Range	Rating	Spread	D/A
8,5 -	AAA	0,7%	26,0%
6,5 - 8,5	AA	0,9%	35,0%
5,5 - 6,5	A	1,2%	41,0%
4,3 - 5,5	A	1,4%	53,0%
3,0 - 4,3	A-	1,6%	75,5%
2,5 - 3,0	BBB	2,0%	145,0%
2,3 - 2,5	BB+	2,4%	-
2,0 - 2,3	BB	3,1%	-
1,8 - 2,0	B+	4,6%	-
1,5 - 1,8	B	5,3%	-
1,3 - 1,5	B-	7,4%	-

AA rating from ICR

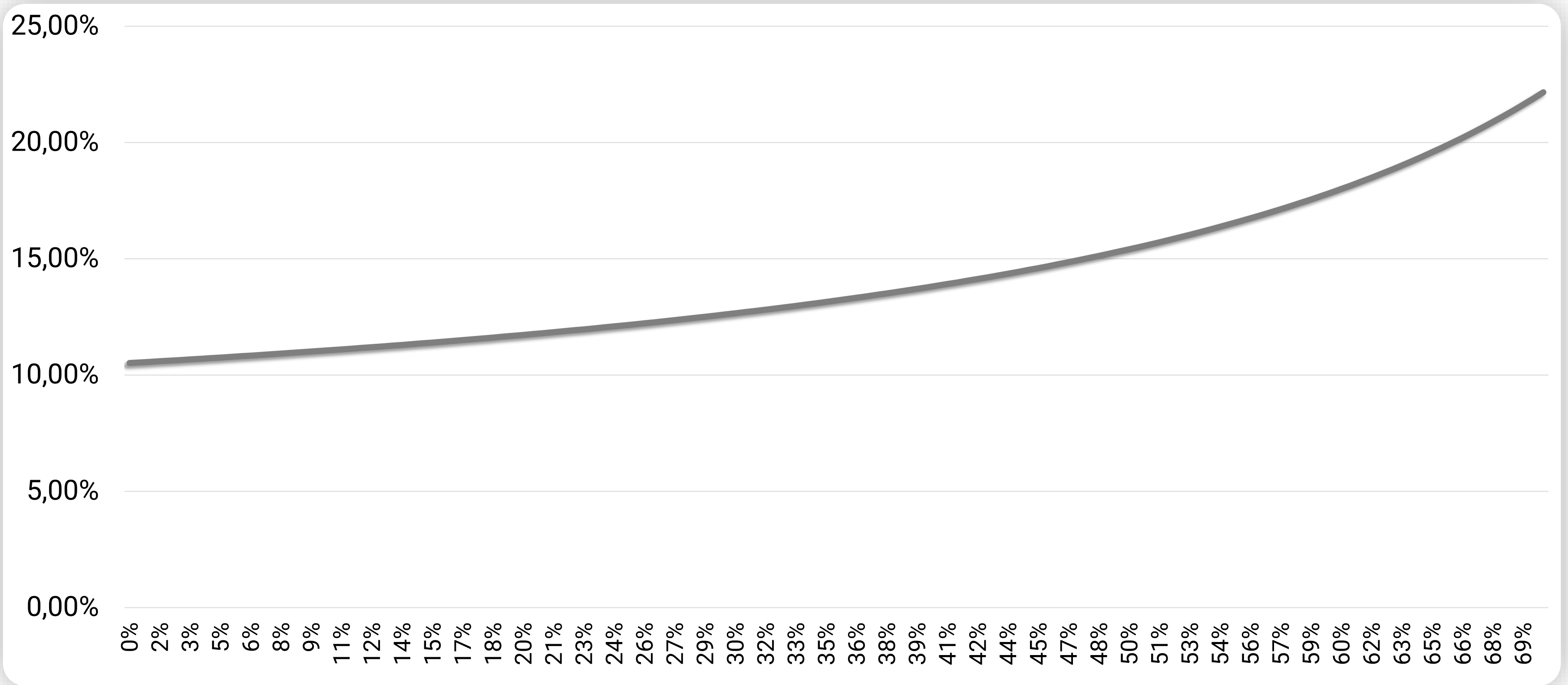


WACC x D/D+E



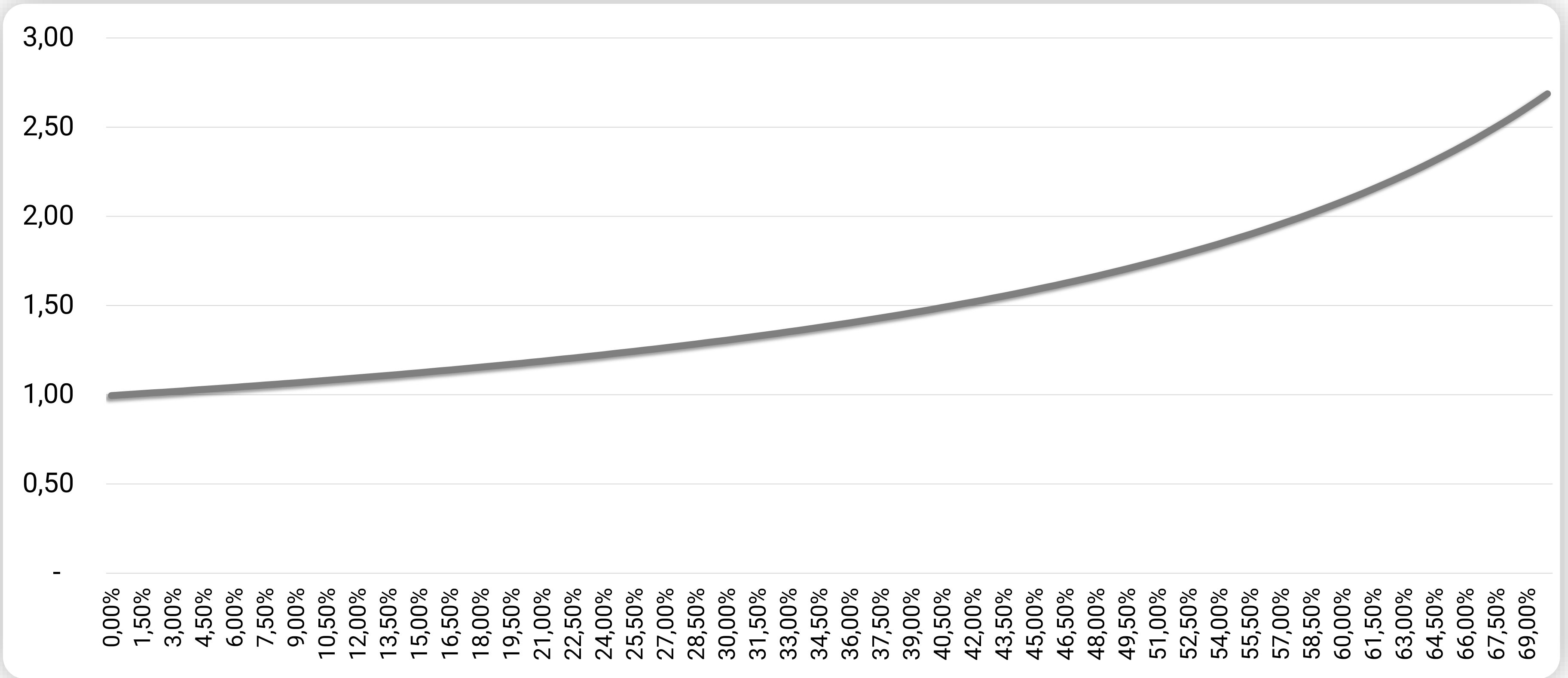


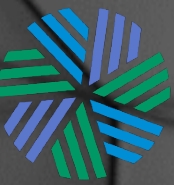
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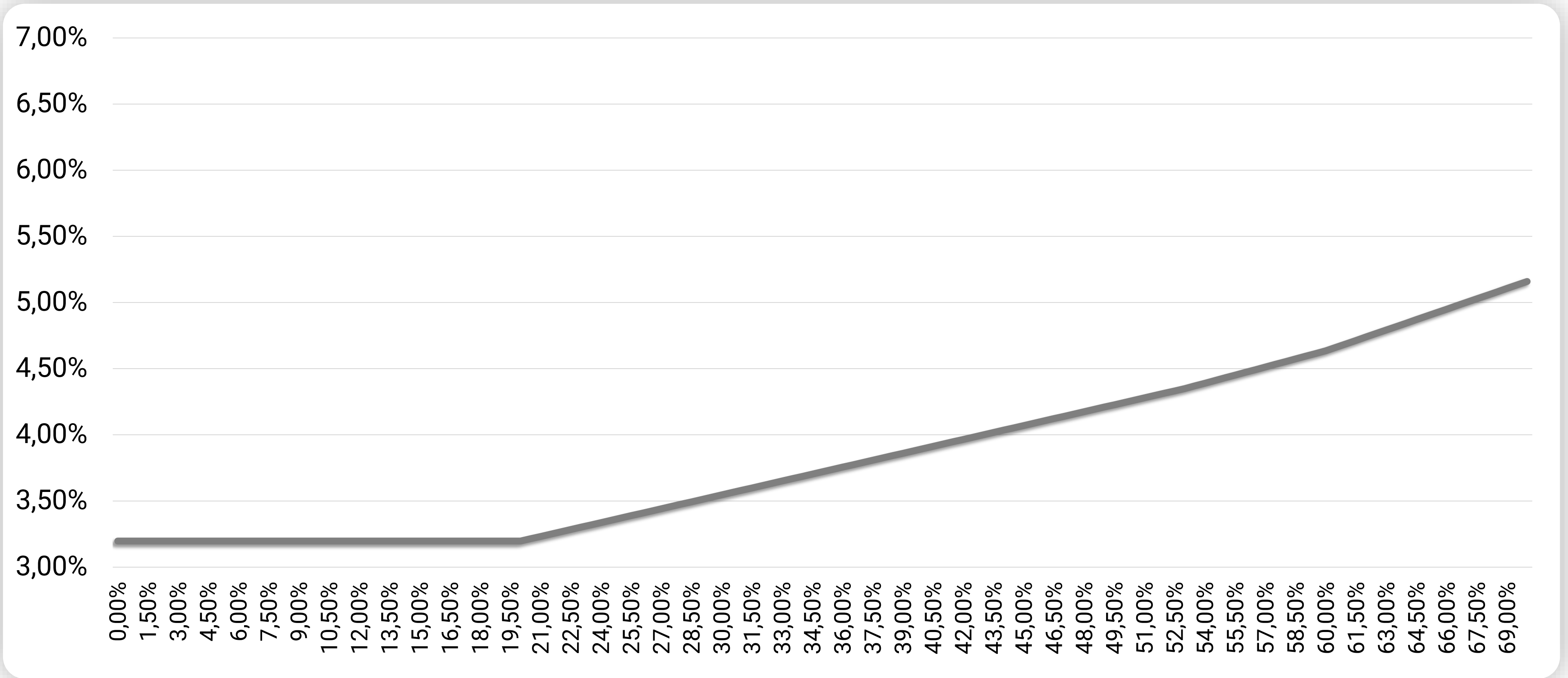


Beta

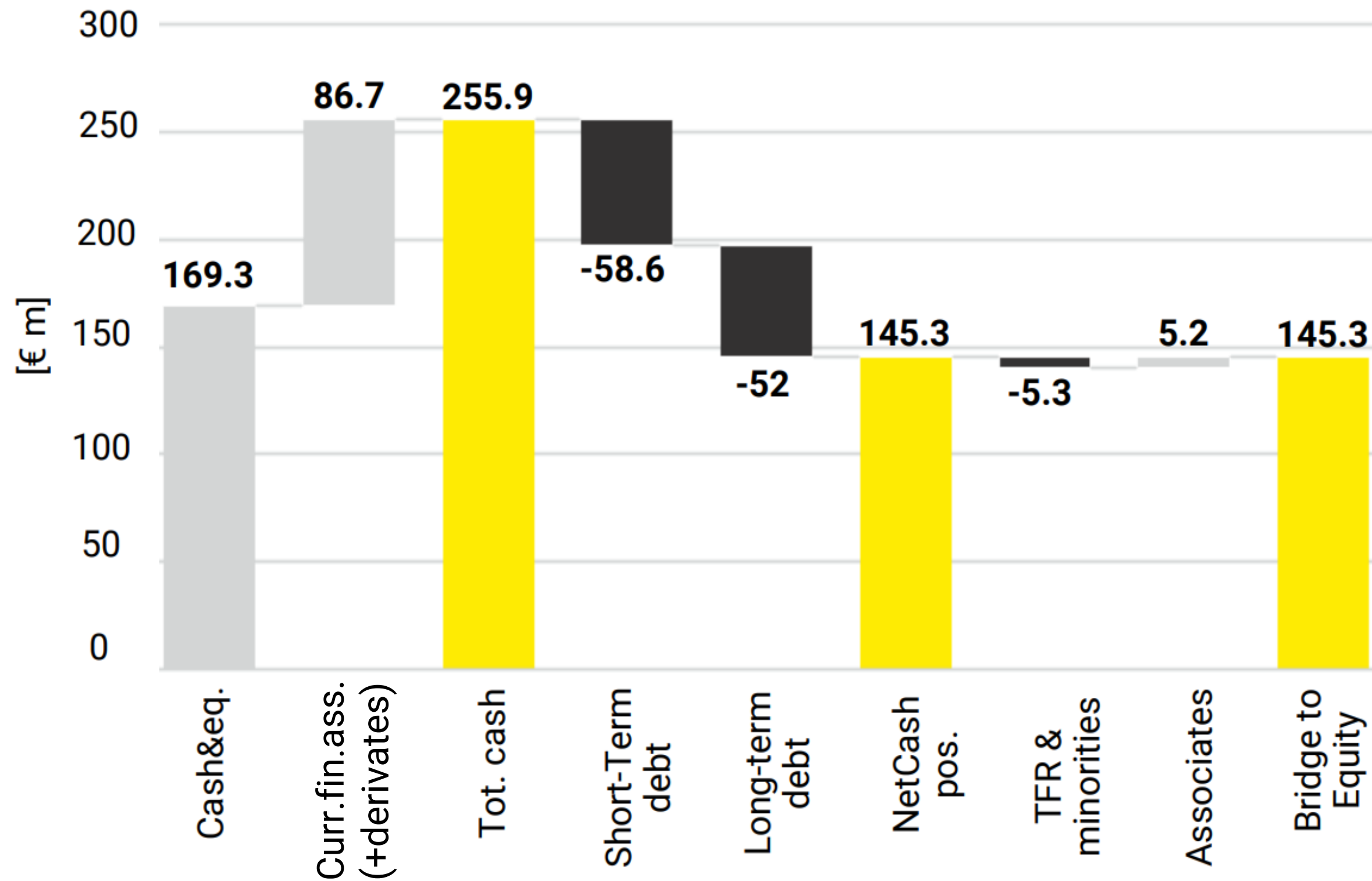




After Tax Kd



Bridge To Equity



Enterprise Value	€1,418m
Net Cash Position	€145m
Equity Value	€1,563m
Shares Outstanding	201,327,500
Price	€7.8/share

Robustness checks - Sensitivity



WACC

TP	Terminal Growth rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
8.8%	8.9	9.4	9.8	10.4	11.1
9.6%	8.0	8.3	8.7	9.1	9.6
10.4%	7.3	7.5	7.8	8.1	8.4
11.2%	6.6	6.8	7.0	7.3	7.5
12.0%	6.1	6.3	6.4	6.6	6.8

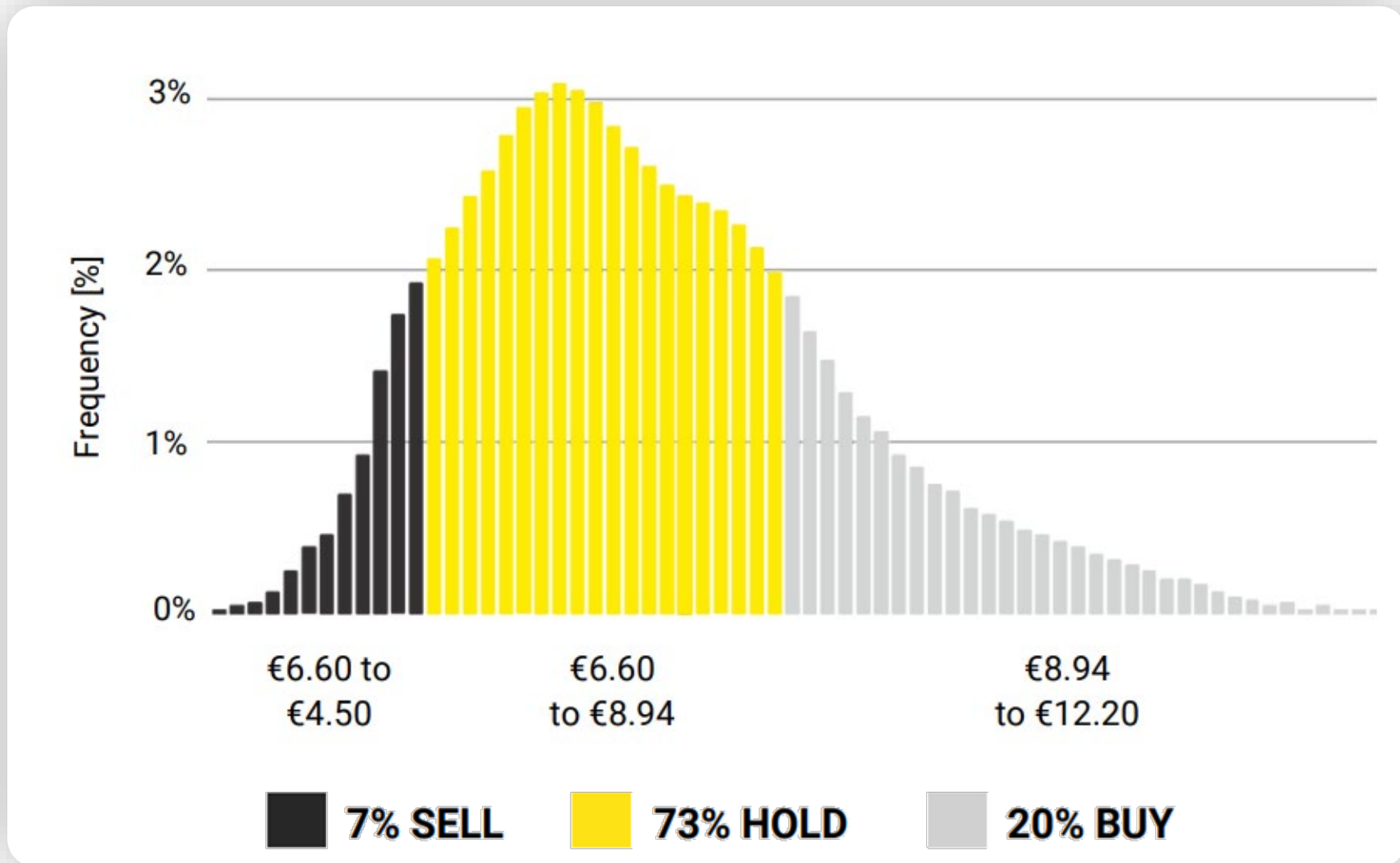
EBITm

TP	Revenues 2023E - 2026E				
	80%	90%	100%	110%	120%
10.0%	5.6	5.7	5.9	6.0	6.1
12.0%	6.3	6.4	6.6	6.7	6.9
13.5%	6.8	6.9	7.1	7.3	7.5
15.4%	7.4	7.6	7.8	8.0	8.2
17.5%	8.1	8.3	8.5	8.7	8.9
19.0%	8.6	8.8	9.0	9.2	9.5
20.0%	8.9	9.1	9.4	9.6	9.8

ERP Sensitivity Analysis

ERP	TP
9.5%	5.9
9.0%	6.1
8.5%	6.4
8.0%	6.8
7.5%	7.2
7.0%	7.7
6.5%	8.2
6.0%	8.8
5.5%	9.5
5.0%	10.3

Robustness checks – Monte Carlo Simulation



Variable	Base Case	Upper and Lower bound	Distribution
EBITm	15.4%	9.6% - 18.9%	Beta
Cost of Equity	10.4%	8.9% - 12.4%	Uniform
Revenue growth	100%	2% std dv	Normal
Terminal g	3%	2.2% - 4.0%	Beta
Financial Debt	100%	130% - 50%	Beta
Price of new factory	100%	85% - 115%	Beta



Bull Case

- € 12.2/share ① Luxury brand consolidation (+ € 2.4)
- € 9.8/share ② Successful digital strategy and B2C penetration (+ € 1.0)
- € 8.8/share ③ Deeper geographical penetration (+ € 1.0)



€ 7.8/share
Target Price



Bear Case



€ 7.8/share
Target Price

- € 6.6/share **1** Strong competition (- € 1.2)
- € 6.0/share **2** Macroeconomic recession (- € 0.6)
- € 5.5/share **3** Growth in hybrid fitness (- € 0.5)
- € 4.5/share **4** Loss of premium appeal (- € 1.0)

Relative Valuation: our model



LUXURY PANEL

Company	EV / CE 22	ROCE	EBITDAm	Target EV/CE
Tod's	0,89	2,65%	19,58%	0,43
Ferragamo	1,98	8,80%	23,41%	2,01
Prada	2,70	13,33%	22,44%	2,55
Moncler	3,27	18,65%	39,17%	6,10
San Lorenzo	2,43	22,86%	17,51%	3,21
Cucinelli	4,49	12,85%	28,69%	3,49
Ferrari	6,42	20,07%	35,11%	5,66
Hermes	10,30	31,14%	45,23%	9,03
TGYM	3,43	21,5%	18,51%	3,18

FITNESS PANEL

Company	EV / CE 22	ROCE 22	EBITDAm	Target EV/CE
Johnson	2,67	-4%	3,66%	2,59
Pton	1,62	-59%	-18,65%	1,46
Nautilus	0,78	-59%	-7,66%	0,91
Adidas	2,42	6%	8,07%	2,78
Thule	2,97	19%	19,16%	2,73
TGYM	3,43	21,5%	18,51%	2,89

Our model of Relative Valuation is based on the assumptions that the multiple EV/CE is well described by **two variables: ROCE and EBITDAm**.

On one side the **ROCE** represents how well a company is generating profits from its capital as it is put to use.

On the other side the **EBITDAm** is used as a proxy of the pricing power of a company.

Relative Valuation: peers



Players	Market Cap	Sales [€]
Technogym	€ 1.6 b	€ 713 m
FITNESS PEERS		
Peloton	€ 4.15 b	€ 2.9 b
Life Fitness	-	-
Johson Health Tech	€ 655 m	€ 1 b
iFIT	-	-
Nautilus	€ 53.5 m	€ 370 m
Adidas	€ 24.7 b	€ 22.9 b
Thule	€ 2.1 b	€ 916 m
LUXURY PEERS		
Cucinelli	€ 5.4 b	€ 902 m
Ferrari	€ 47.7 b	€ 5 b
Moncler	€ 16.1 b	€ 2.5 b
Tod's	€ 1.2 b	€ 1 b
Hermes	€ 179.9 b	€ 11.4 b
Prada	€ 135.6 b	€ 4 b
Ferragamo	€ 2.9 b	€ 1.2 b
Sanlorenzo	€ 1.4 b	€ 751 m

Peers' financials: competitive landscape

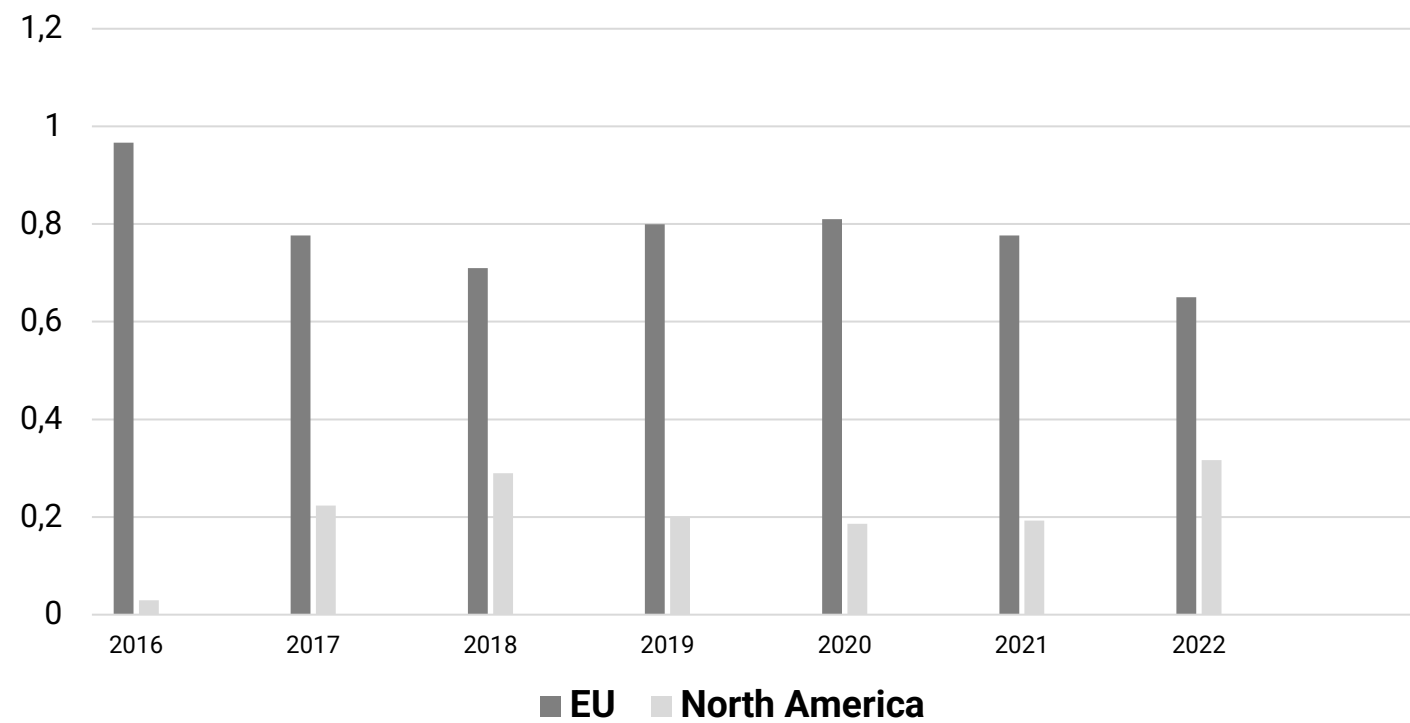


2021	Size and Growth		Margins			Returns		CapEx		Liquidity
€ m	Sales	Sales 17-21 CAGR	EBITm	EBITDAm	Net margin	ROA	ROCE	CapEx/ sales	CapEx/ D&A	NetDebt/ EBITDA
TGYM										
TGYM	610	0.1%	12.9%	17.5%	10.3%	8.7%	18.8%	4.5%	0.7	-1.4
LUXURY companies										
Cucinelli	712.8	10.3%	10.8%	27.1%	7.5%	4.7%	8.9%	7.5%	0.4	3.1
Ferrari	4,271	5.7%	23.8%	34.7%	19.4%	12.6%	18.4%	17.3%	1.6	0.8
Ferragamo	1,135	-3.8%	23.2%	26.2%	7.4%	4.7%	9.7%	3.9%	0.2	0.7
Hermes	8,982	14.1%	40%	46.2%	27.2%	19.7%	33.8%	5.9%	0.8	-1.2
Moncler	2,046	15.3%	28.3%	47.1%	19.2%	11.2%	20.2%	6.4%	0.5	-0.02
Prada	3,365	4.2%	15.6%	34.2%	8.7%	4.3%	8.3%	6.5%	0.3	1.5
Sanlorenzo	688	21.2%	9.9%	13.3%	7.6%	9.3%	26.7%	7.1%	2.2	-0.4
Tod's	1,044	-0.1%	3.2%	18.3%	-0.6%	-0.3%	1.3%	5.1%	0.2	3
Median	1,590.5	8%	19.4%	30.65%	8.1%	7%	14.1%	6.4%	0.4	0.7
Average	2,780	8.3%	19.3%	30.8%	12%	8.3%	17.7%	7.4%	0.7	0.9
FITNESS companies										
Adidas	21,234	0%	9.2%	14.6%	6.8%	6.7%	16%	3.1%	0.6	0.5
Johnson Health Tech	950	12%	0.5%	3.8%	0.1%	0.1%	2.2%	2.4%	0.7	11.5
Nautilus	589	9.7%	-4.3%	-2.8%	-3.7%	-6.9%	-12%	2.2%	1.6	-2.3
Peloton	3,496	69.3%	-4.6%	6.3%	-78.4%	-66.4%	-30.9%	9.6%	1.4	-0.9
Thule	930	15.3%	22.4%	25.8%	17.2%	19.2%	23.6%	4.8%	3.3	0.6
Median	950	12%	0.5%	6.3%	0.1%	0.1%	2.2%	3.1%	1.4	0.5
Average	1,197	21.2%	4.6%	9.5%	-11.5%	-9.4%	-0.2%	4.4%	1.5	1.6

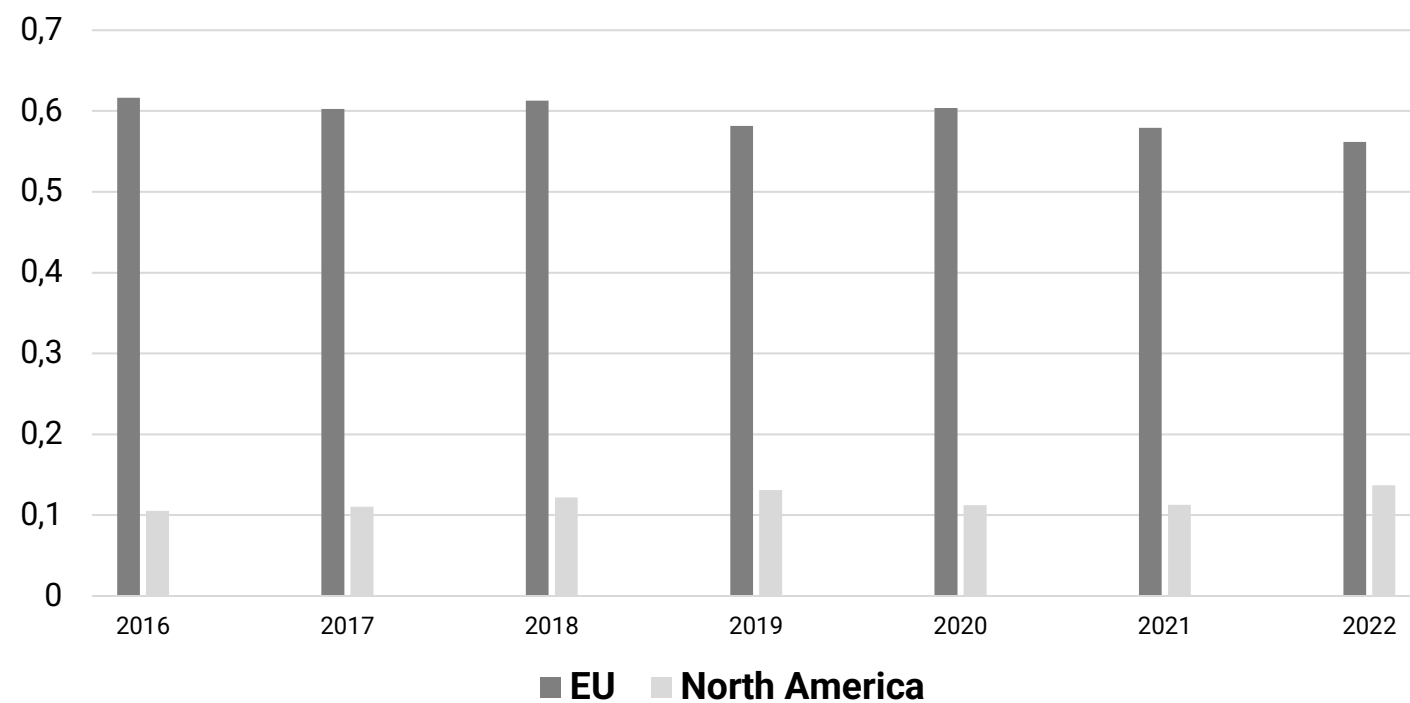
Relative valuation: shareholders' structure



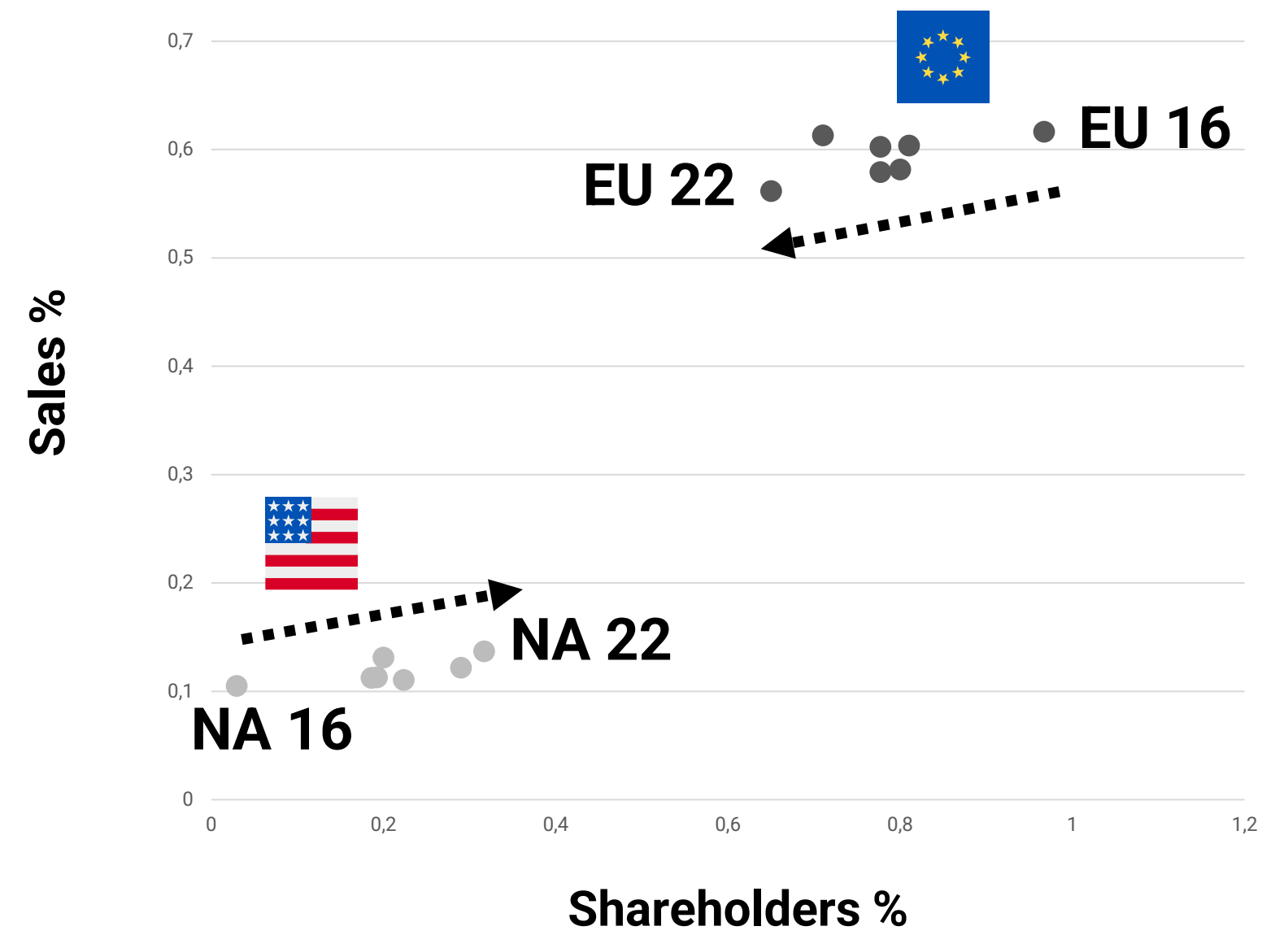
Shareholders' Structure %



Sales %



NA investors are increasing as sales' exposition in the area is growing



Peers' Value Drivers: Luxury panel



General			Value Drivers			Outcome
Company	Country	Market cap mln €	Pricing Power Index	Monobrand	Founder or Founder relative as CEO	Comparable
TGYM	IT	1.639 €	> 1	Yes	Yes	/
Cucinelli	IT	5.454 €	-	Yes	Yes	Yes
Ferrari	IT	47.725 €	> 1	Yes	No	Yes
Moncler	IT	16.110 €	> 1	Yes	No	Yes
LVMH	FR	406.107 €	> 1	No	Yes	No
Tod's	IT	1.195 €	> 1	No	Yes	Yes
Hermes	FR	179.890 €	> 1	No	Yes	Yes
Burberry	UK	7.781 €	-	Yes	No	No
Kering	FR	72.619 €	> 1	No	Yes	No
Hugo Boss	DE	4.501 €	> 1	No	No	No
Prada	IT	135.618 €	-	Yes	Yes	Yes
Ferragamo	IT	2.964 €	-	Yes	Yes	Yes
Richemont	CH	74.238 €	< 1	No	No	No
Harvia	FI	396 €	< 1	Yes	No	No
San Lorenzo	IT	1.413 €	> 1	Yes	No	Yes

We estimated a **pricing power index** considering the EBITDAm of each company, as well as how much companies have raised their prices in 2022 to face the upscaling inflation.

According to the formula we built:
 $(\Delta \text{revenues}_{B2C2022} / \Delta \text{price}_{B2C2022})$.

The companies which have increased their turnover, raising prices with a ratio >1 can totally offset the cost increase coming from the supply chain by transferring them to their customers.

Moreover, we focused on whether the company was built over a monobrand architecture and its governance profile.

Peers' Value Drivers: Fitness panel



General			Value Drivers			Outcome
Company	Country	Market cap mln €	Monobrand	Digital revenue stream	Pre and post sales services revenue stream	Comparable
TGYM	IT	1.639	Yes	Yes	Yes	/
Johnson	TAIWAN	636	No	No	Yes	Yes
Pton	US	4.536	No	Yes	Yes	Yes
Nautilus	US	56	No	Yes	Yes	Yes
Adidas	GER	24.736	Yes	Yes	Not meaningful*	Yes
Nike	US	187.091	Yes	Yes	Not meaningful*	No
Thule	SWE	23.987	No	No	No	Yes
Impulse	CHI	1.692	Yes	Yes	Yes	No
Life Fitness	US	-	Yes	Yes	Yes	No
iFit	US	-	No	Yes	No	No
Escalade	US	163	No	No	No	No

For the fitness panel we changed two value drivers.

The monobrand architecture stayed, however we included the digital revenues stream and the pre and post sales services revenues to emphasize TGYM's experiential model. The company strives on its digital offer and the services' architecture around its products.

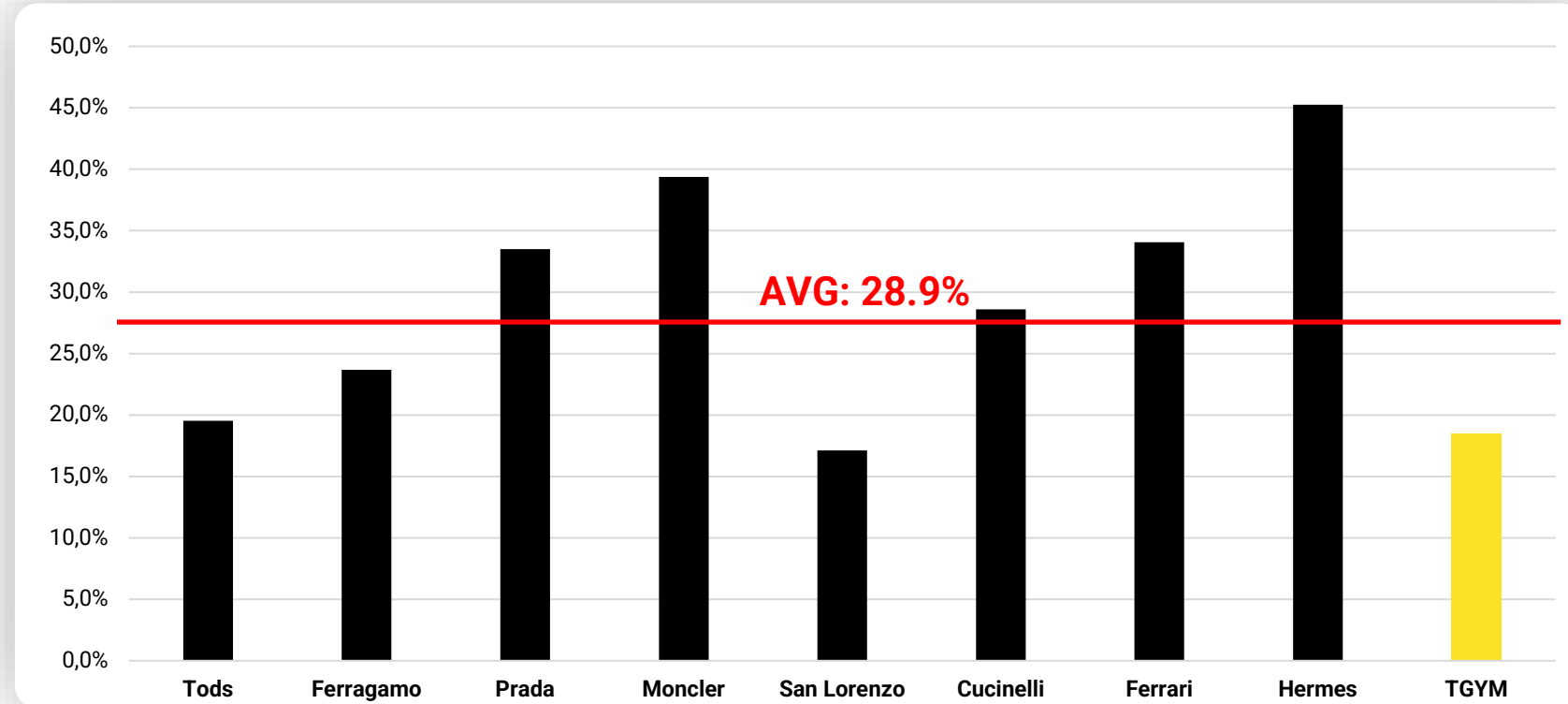
We exclude Escalade because its business model is based on private label.

Peers' financials: EBITDAm 2022E and ROCE 2022E



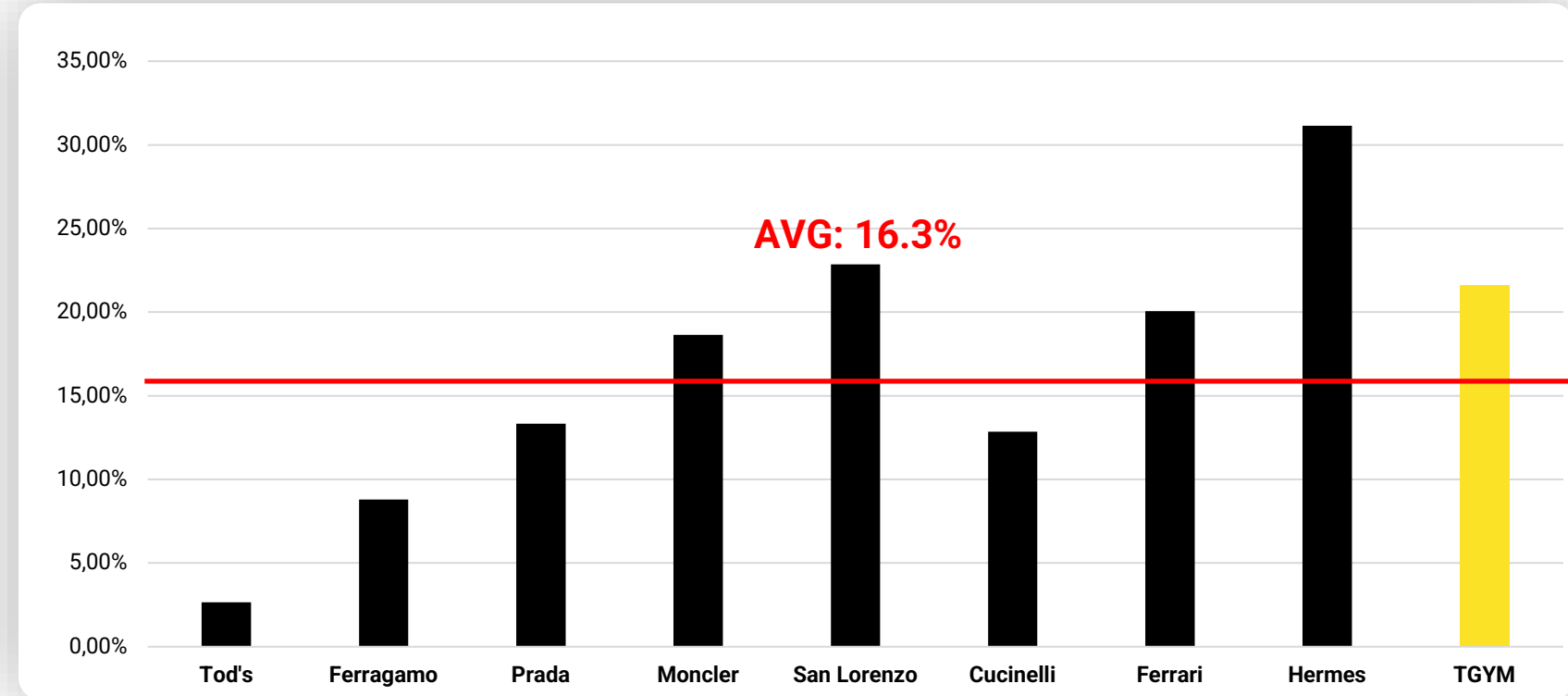
LUXURY

EBITDAm



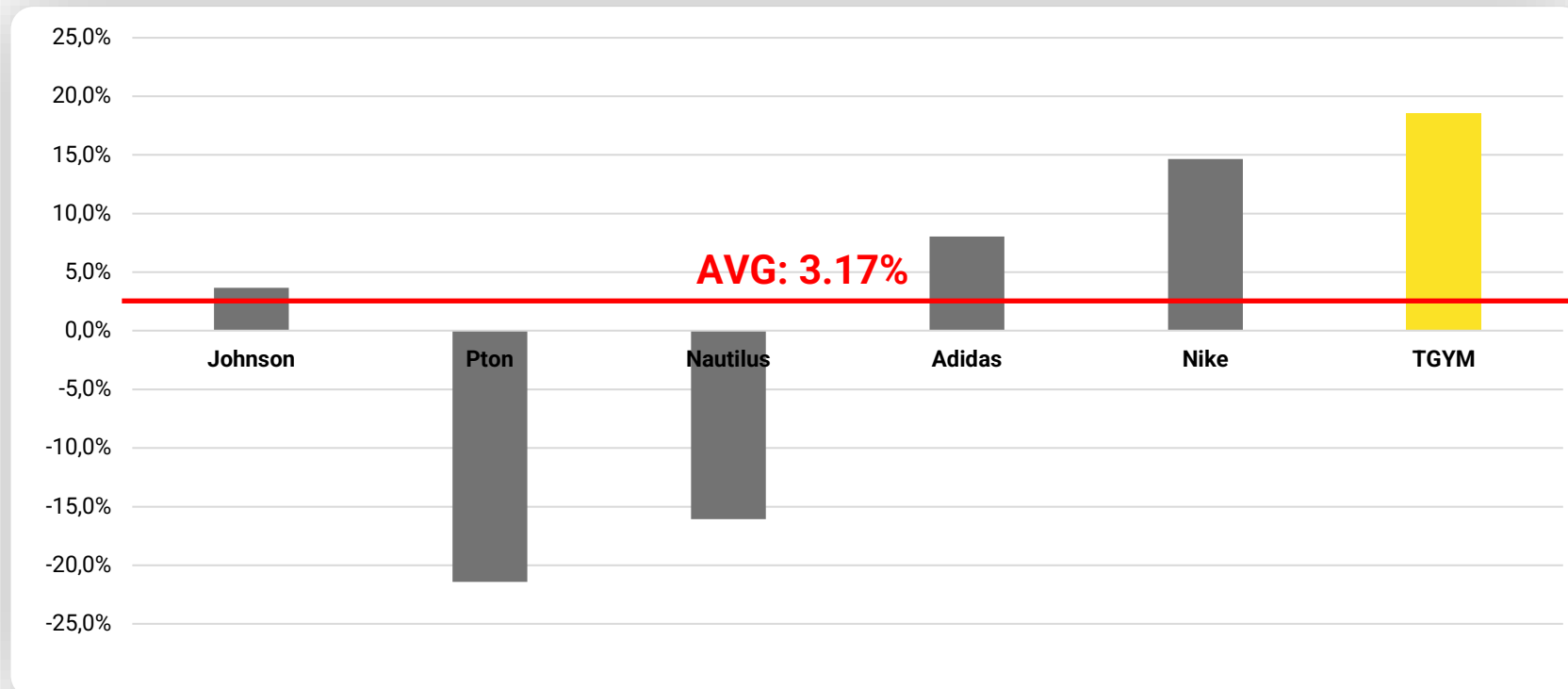
LUXURY

ROCE



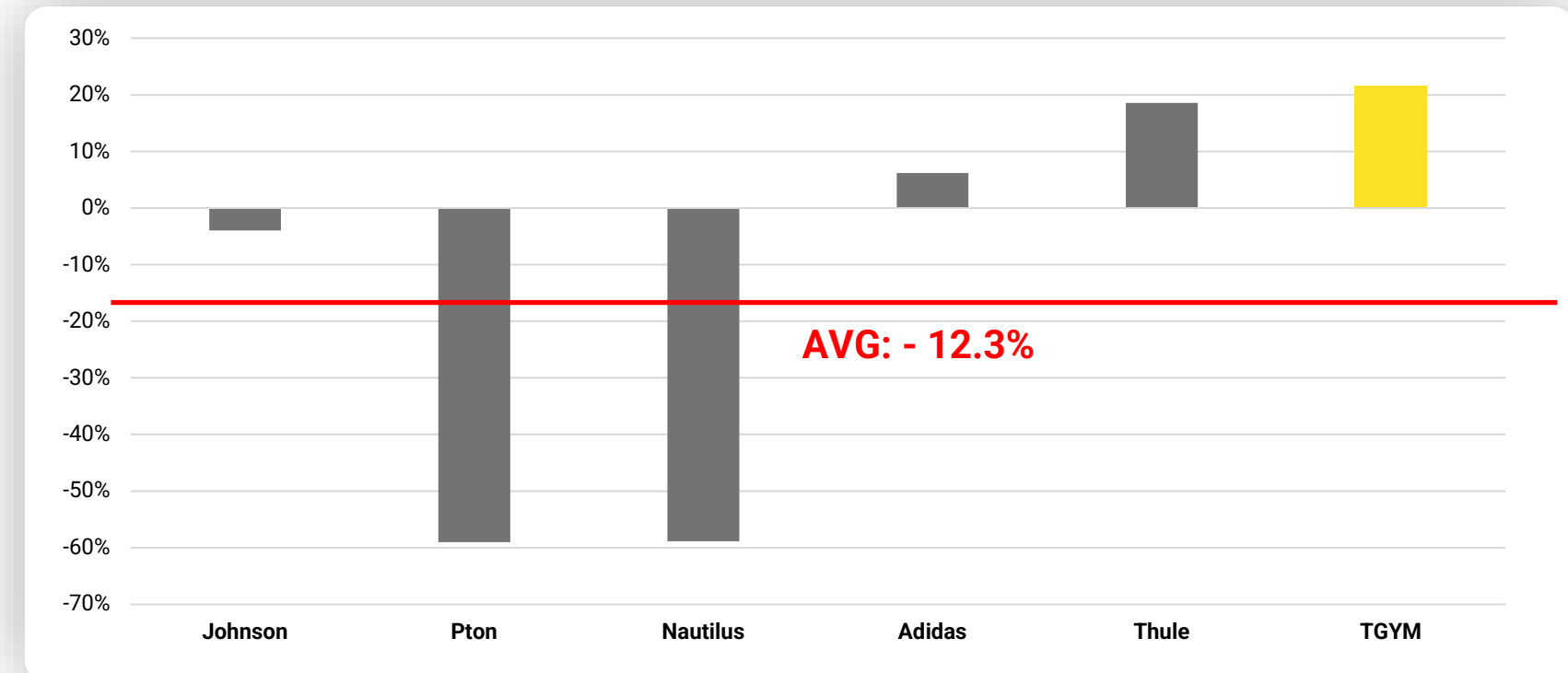
FITNESS

EBITDAm



FITNESS

ROCE

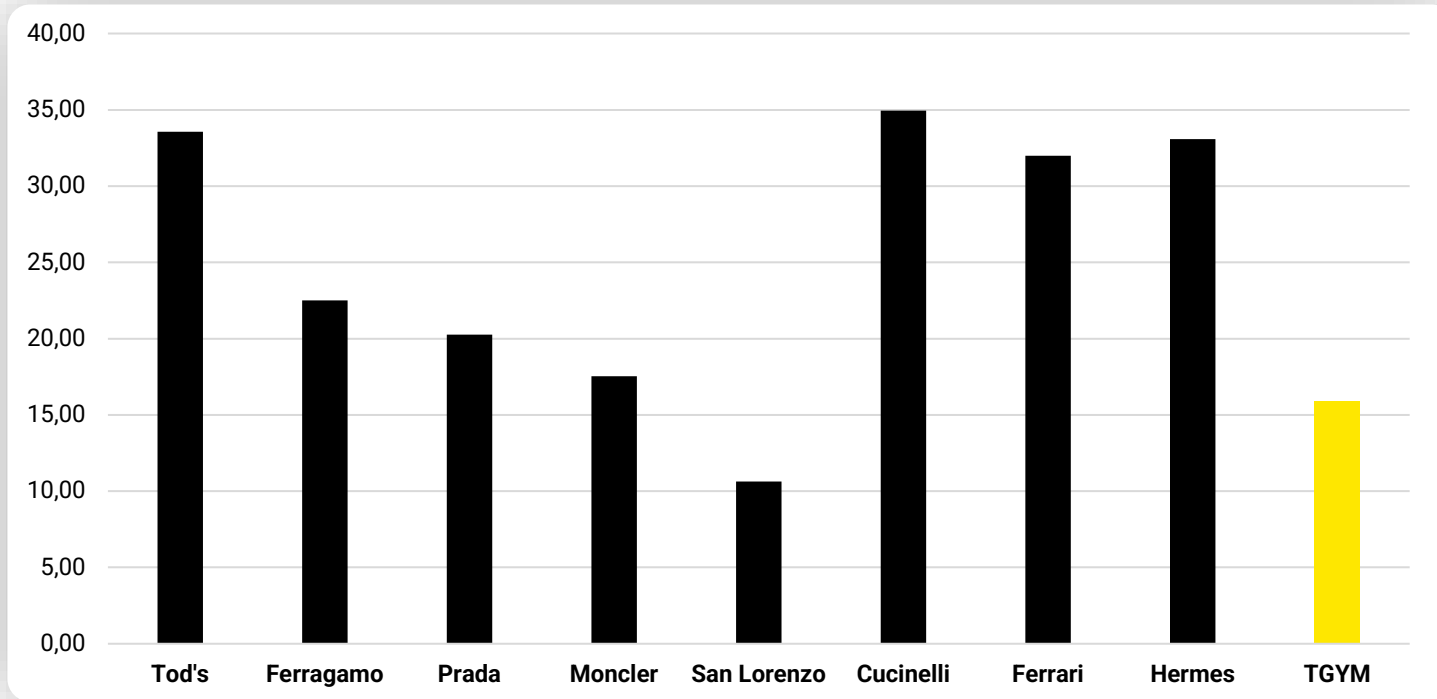


Peers' financials: EV/EBIT 2022E and EV/EBITDA 2022E



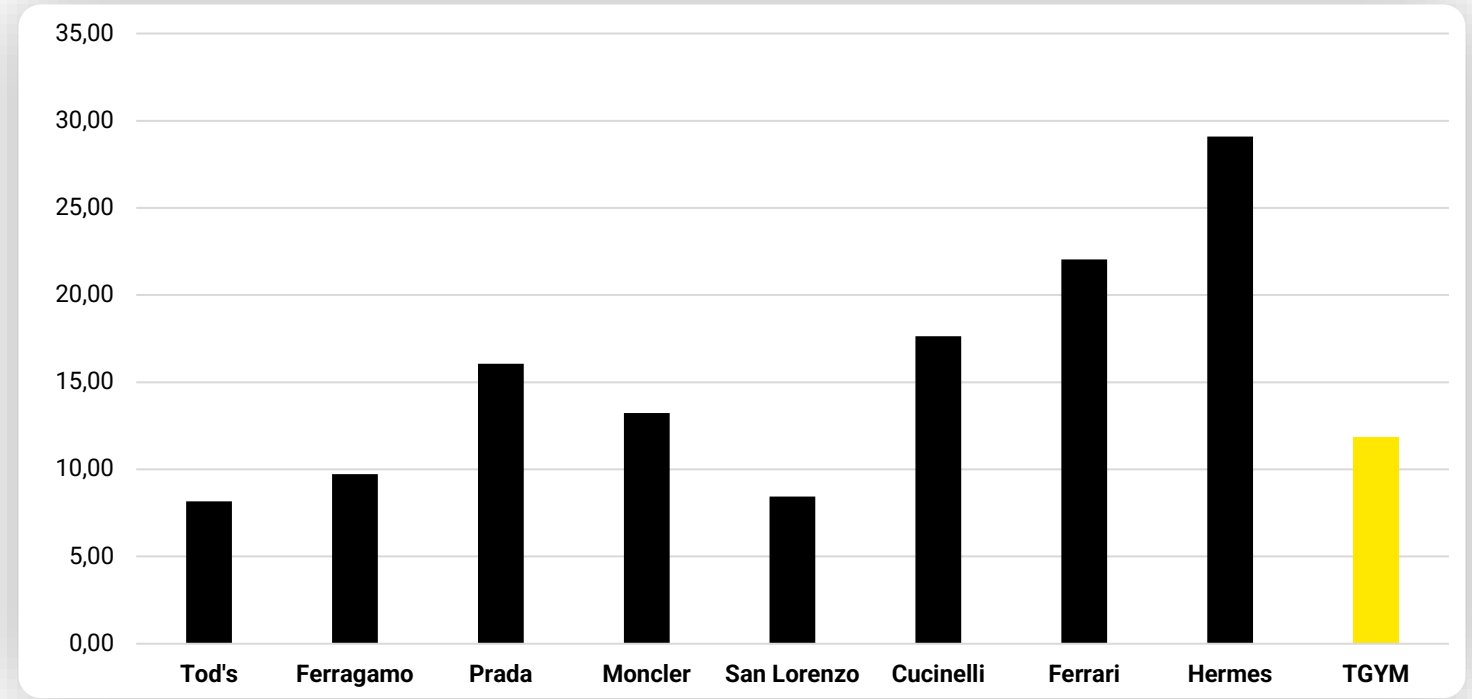
LUXURY

EV/Ebit



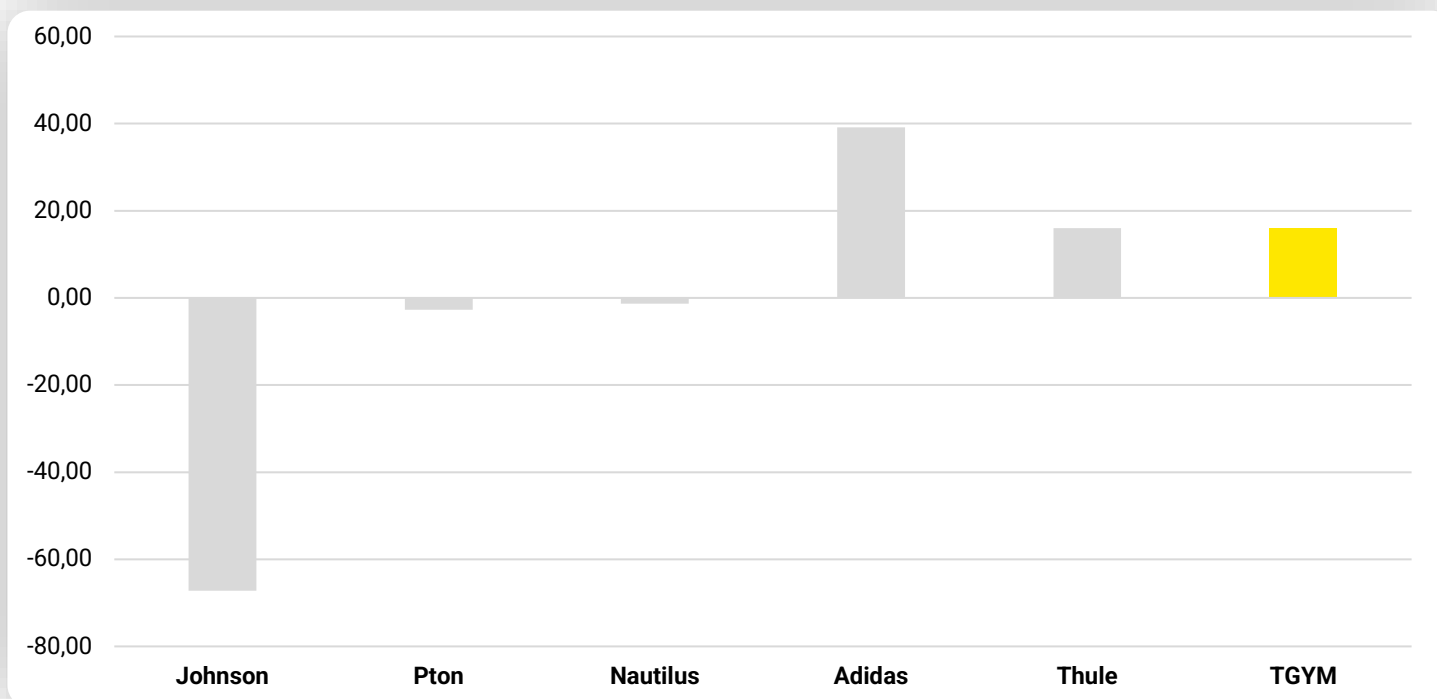
LUXURY

EV/Ebitda



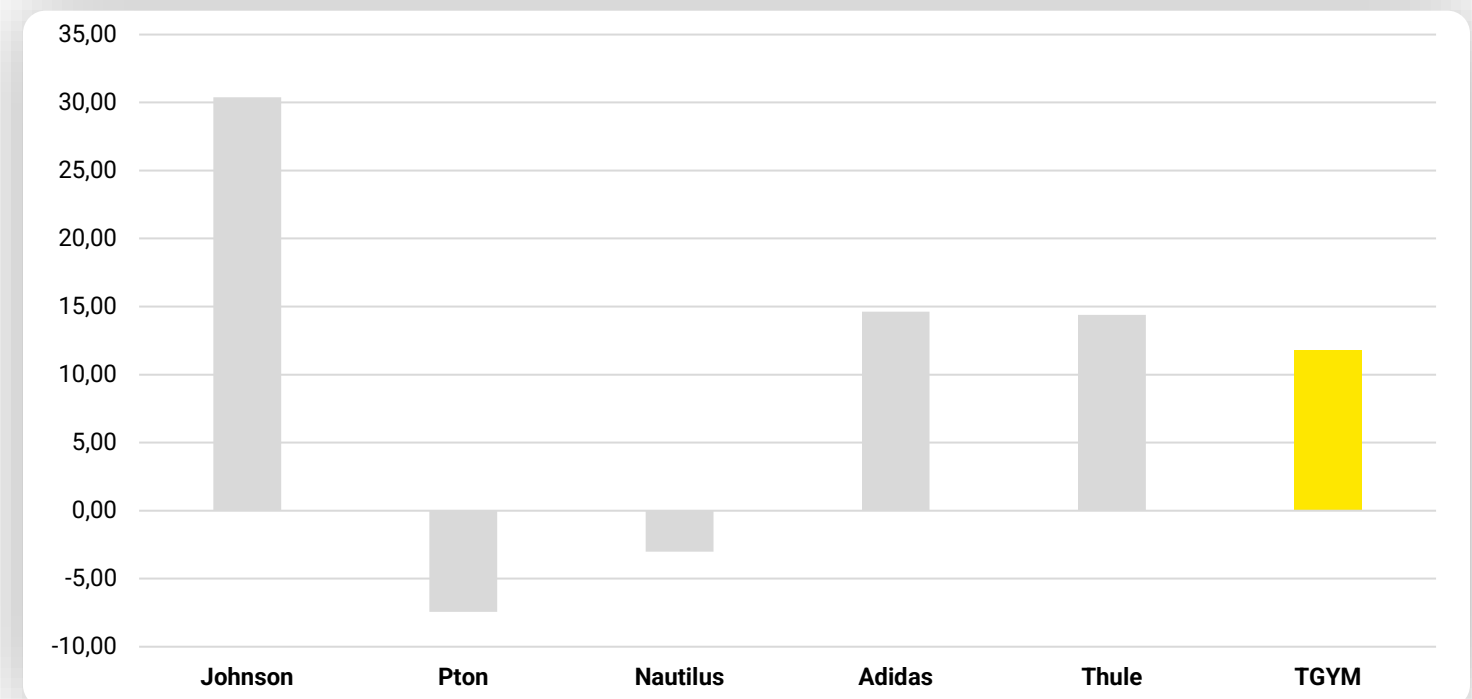
FITNESS

EV/Ebit



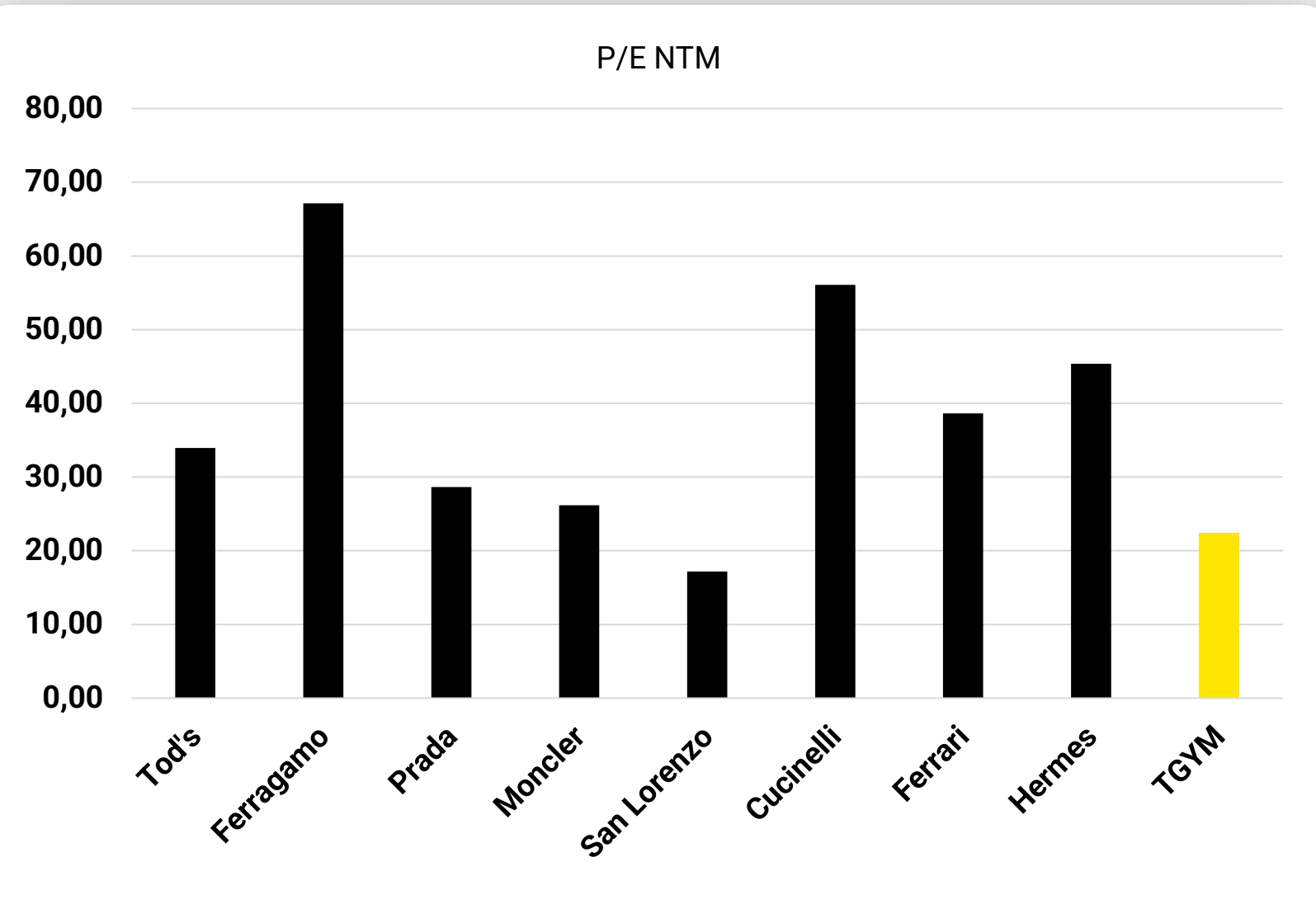
FITNESS

EV/Ebitda

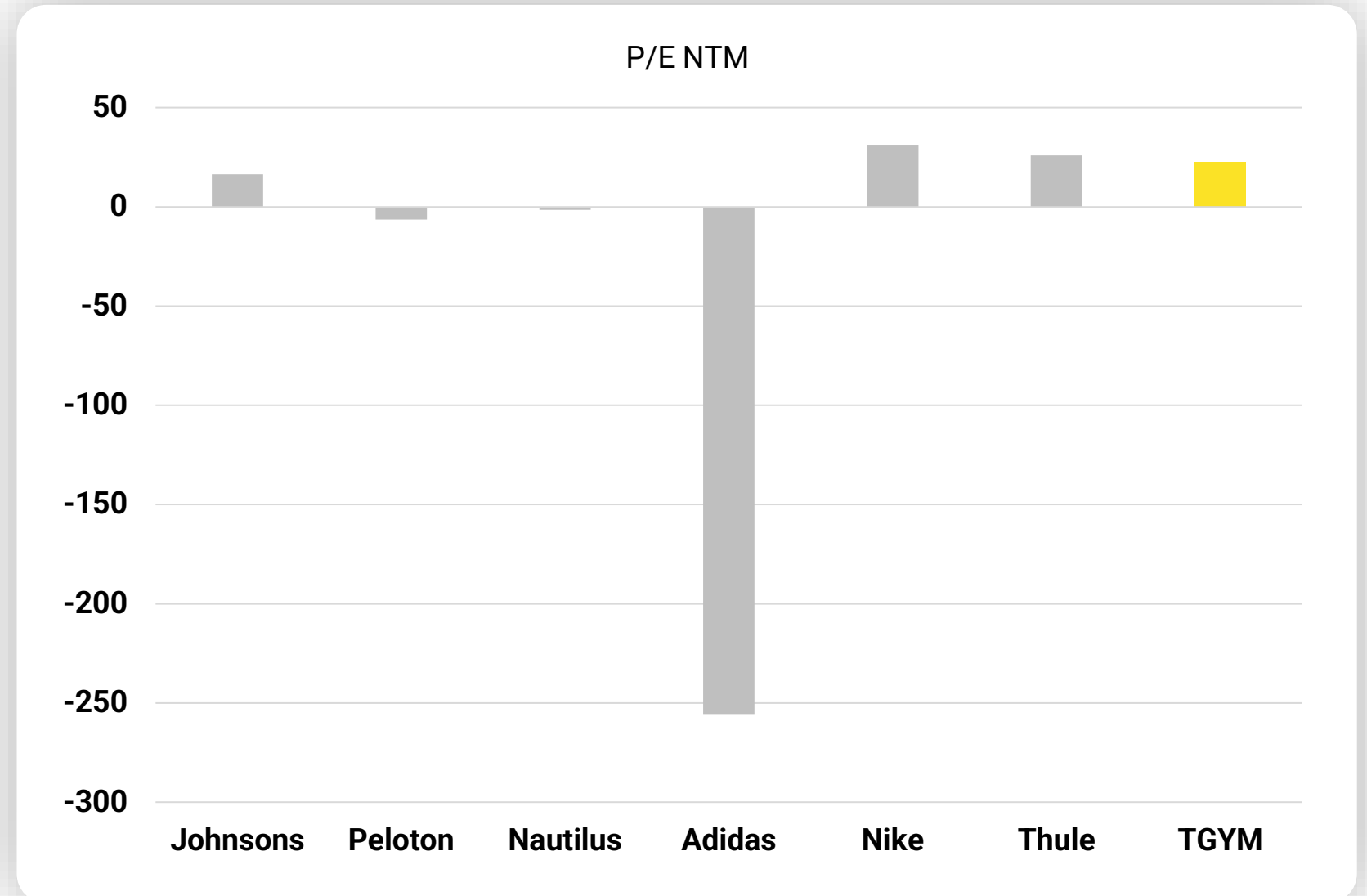




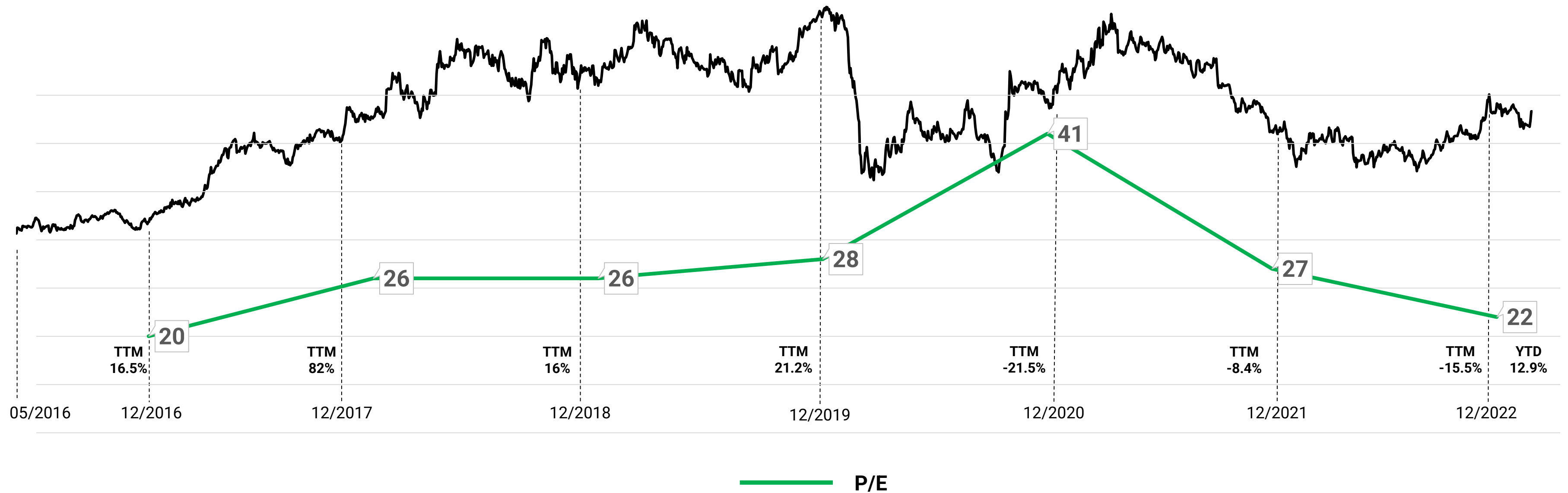
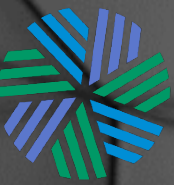
LUXURY



FITNESS



Historical & current multiples



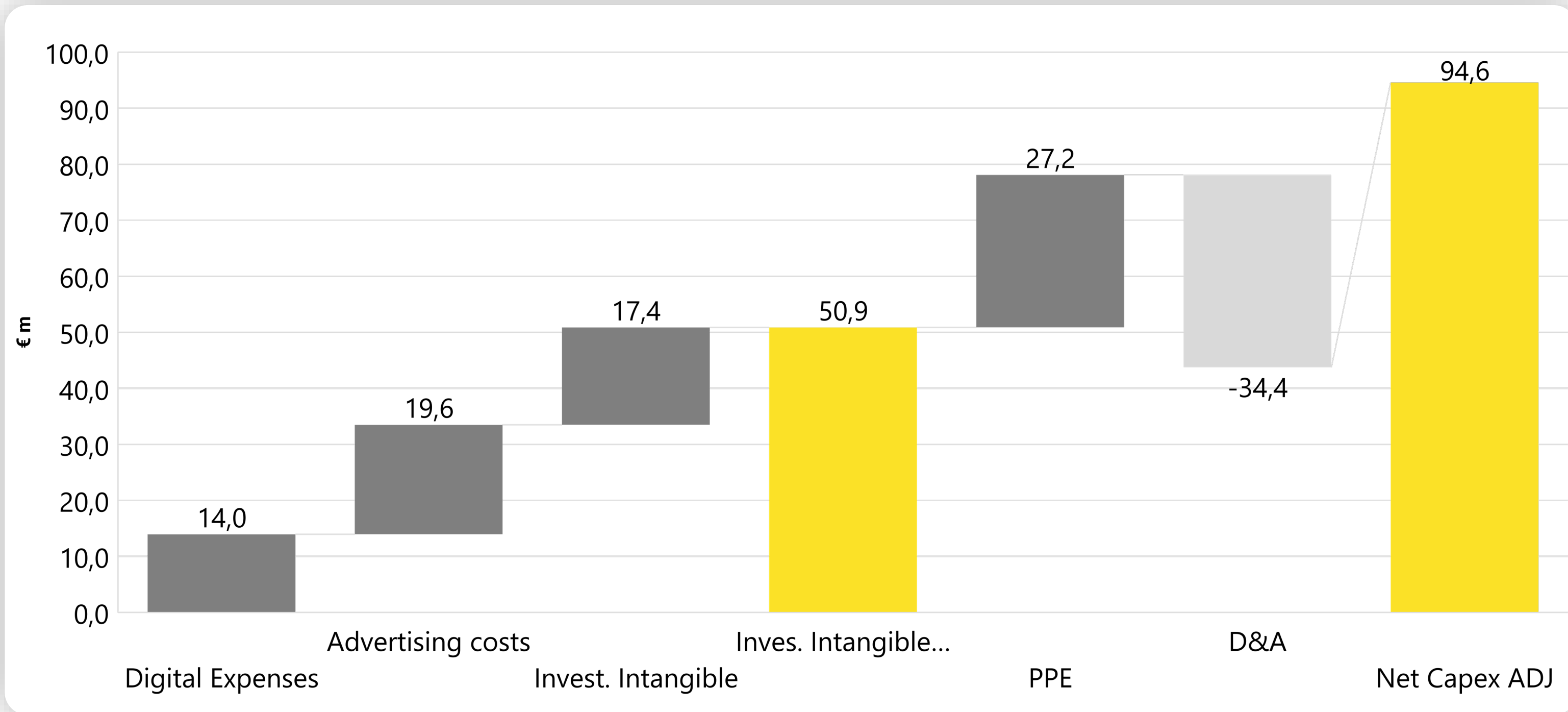
	2016	2017	2018	2019	2020	2021	2022
EV/SALES	1.7	2.8	3	3.5	3.5	2.6	1.94
EV/EBITDA	9.2	14.3	13.3	16.1	19.2	15.7	10.8
P/E	20	26	26	28	41	27	22
P/B			9.05	9.03	6.4	5.5	4.2

EXPECTATIONS	
	2022
EV/SALES	1.97
EV/EBITDA	10.8
P/E	22
P/B	4.19

Net Capex Adjusted Calculation



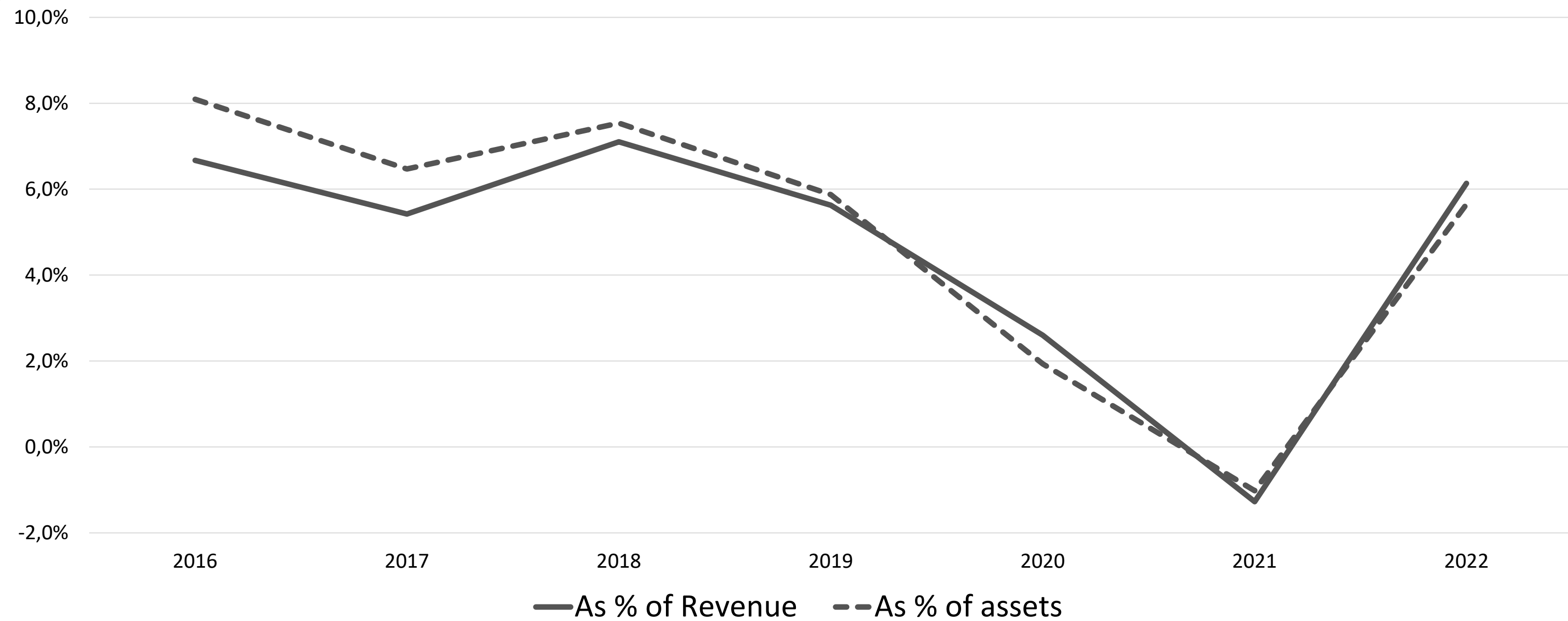
NET CAPEX ADJUSTED 2022E



Net Capex Adjusted / Sales and /Assets

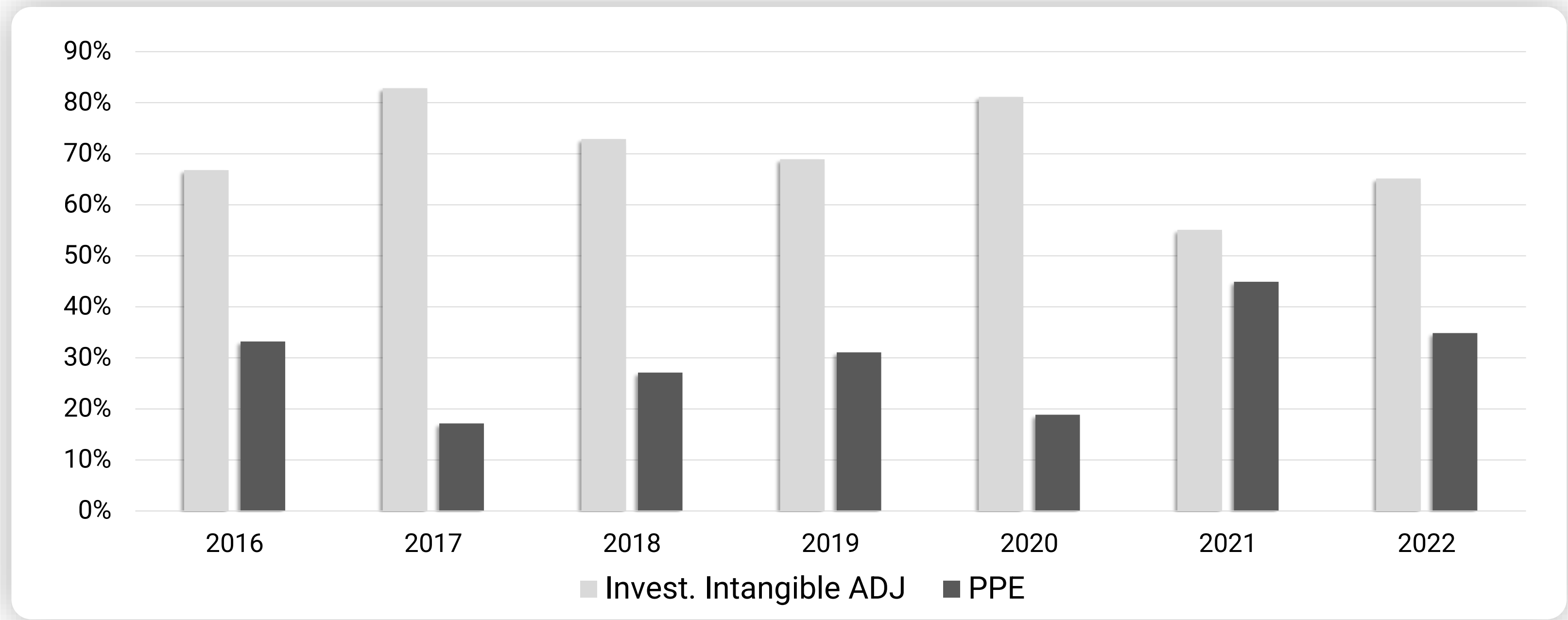


Net Capex Adjusted



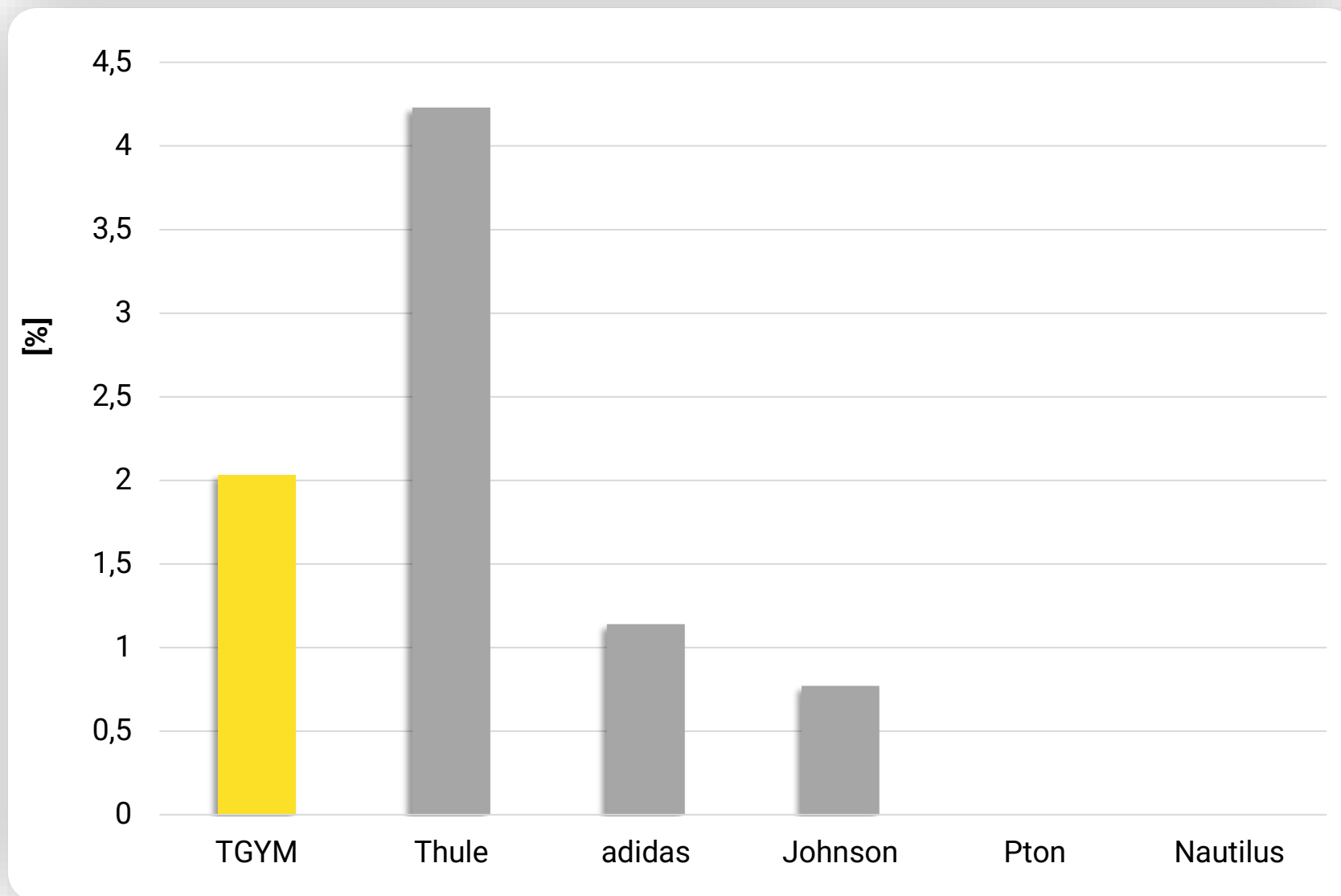


Intangibles vs PPE

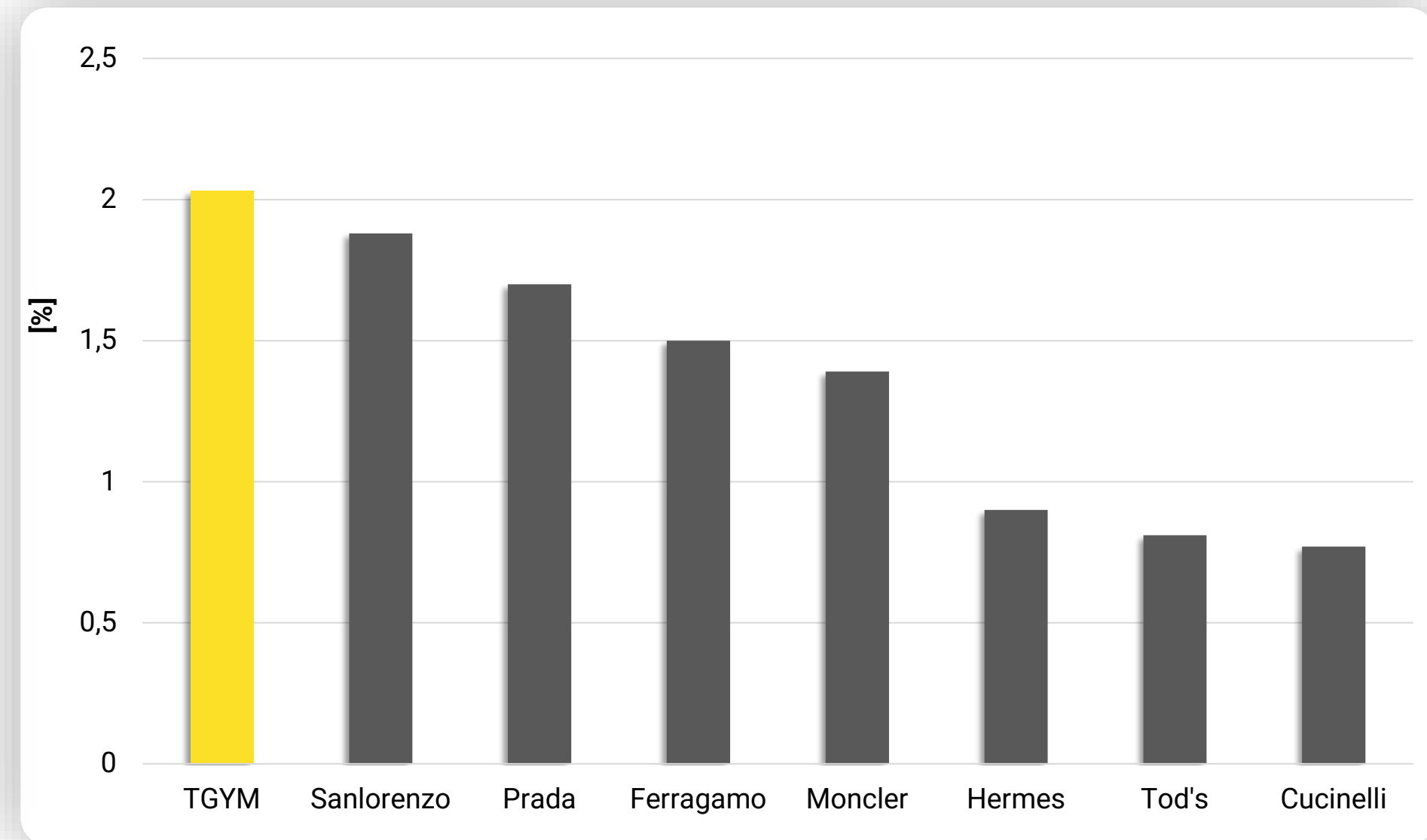




Dividend Yield - Fitness industry



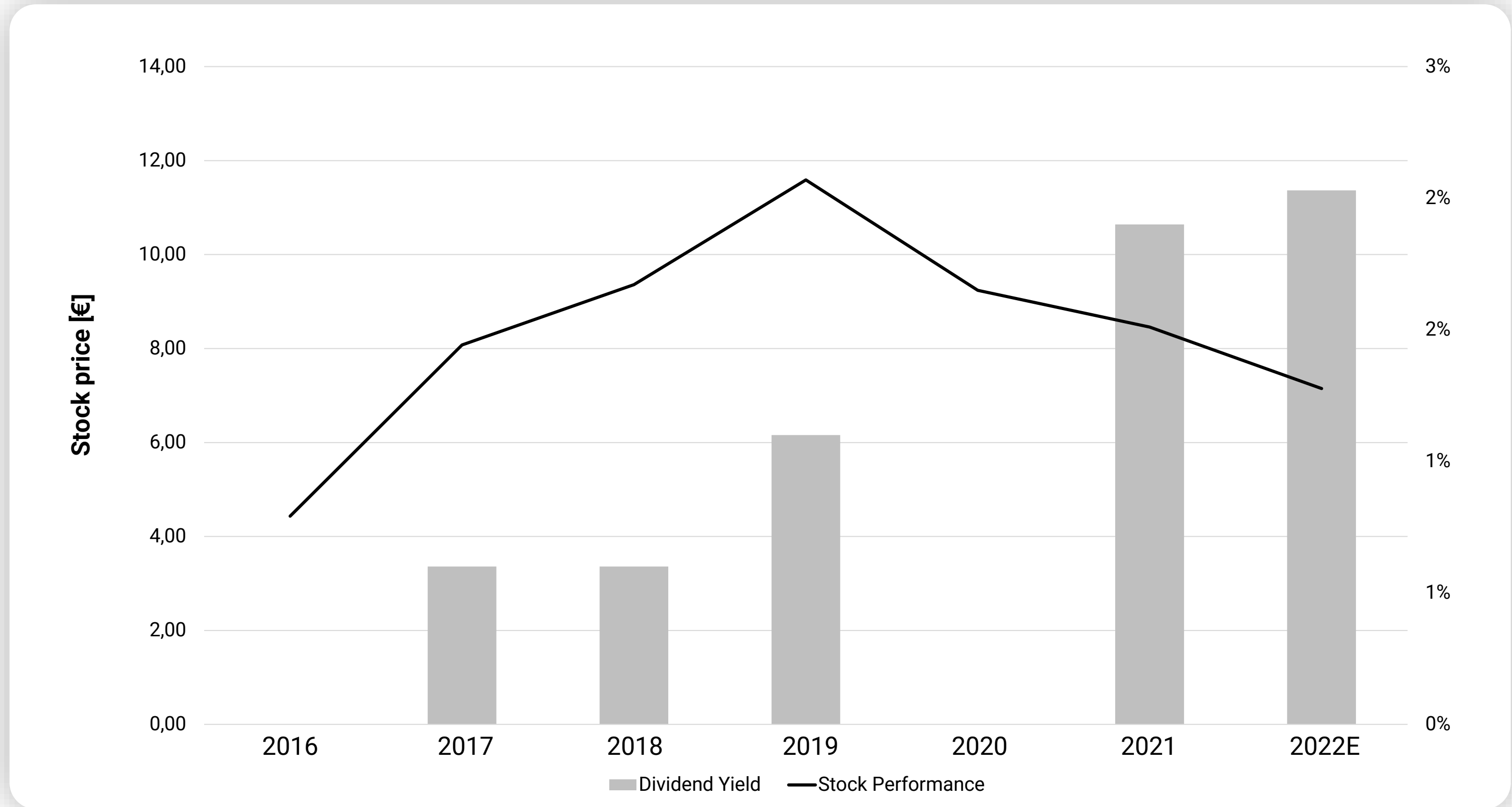
Dividend Yield - Luxury industry



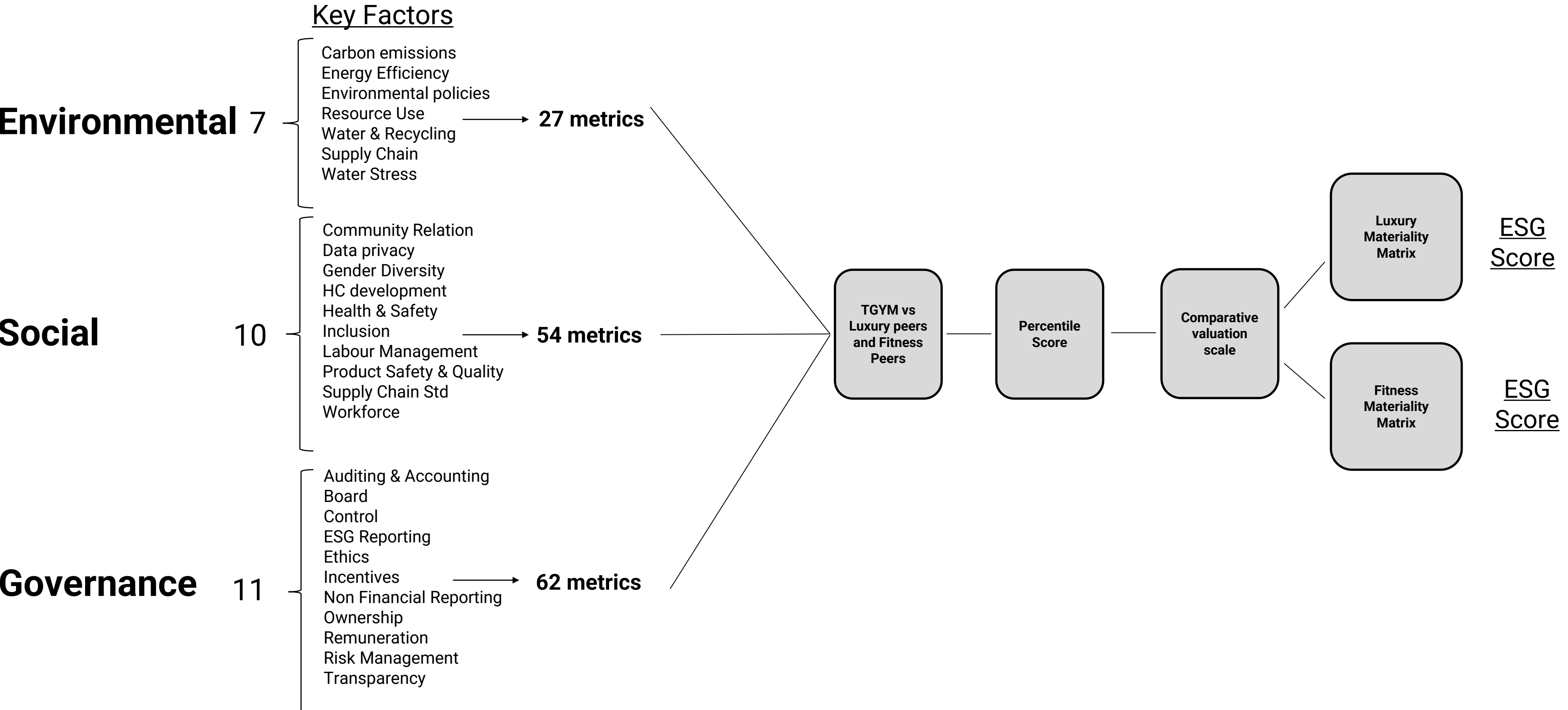
Dividend Yield vs Stock Performance



Dividend Yield vs Stock Performance



ESG: Framework and methodology





ENVIRONMENTAL

7 Factors

27 metrics

Key factor	Key metric	TGYM 21	TGYM 20	TGYM 19	Luxury 21	BEST 21	WORST 21	Fitness 21	BEST 21	WORST 21
Carbon emissions	Total CO2 Emissions / Million in Revenue \$	12,06	7,61	7,07	11,62	5,5	22,23	5,92	2,68	12,06
	Emissions Trading [T/F]	FALSE	FALSE	FALSE	22% T-78%F	TRUE	FALSE	0%T	-	FALSE
	Emission reduction policy [T/F]	TRUE	TRUE	TRUE	67%T-33%F	TRUE	FALSE	100%T	TRUE	FALSE
Energy efficiency	Policy Energy Efficiency [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	83%T-17%F	TRUE	FALSE
	Targets Energy Efficiency [T/F]	FALSE	FALSE	FALSE	11%T-89%F	TRUE	FALSE	0%T	-	FALSE
	Renewable Energy Use Ratio	3,22%	--	-	20%T-80%F	62%	2%	35%	66%	3%
	Renewable Energy Use [T/F]	TRUE	FALSE	FALSE	1,00	TRUE	FALSE	83%T-17%F	TRUE	FALSE
ENV policies	Environment Management Team [T/F]	FALSE	FALSE	FALSE	56%T-44%F	TRUE	FALSE	50%T-50%F	TRUE	FALSE
	Environment Management Training [T/F]	TRUE	TRUE	TRUE	89%T-11%F	TRUE	FALSE	83%T-17%F	TRUE	FALSE
	Energy Use Total	83.377,07	70,306	85,819	379292,60	67,976	1774000	10684953,60	83377,07	40689109,3
	Policy Emissions [T/F]	TRUE	TRUE	TRUE	89%T-11%F	TRUE	FALSE	83%T-17%F	TRUE	FALSE
	Targets Emissions [T/F]	FALSE	FALSE	FALSE	56%T-44%F	TRUE	FALSE	67%T-33%F	TRUE	FALSE
Resource use	Resource Reduction Policy [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	83%T-17%F	TRUE	FALSE
	Resource Reduction Targets [T/F]	FALSE	FALSE	FALSE	22%T-78%F	TRUE	FALSE	50%T-50%F	TRUE	FALSE
Supply chain	Environmental collaborations [T/F]	TRUE	TRUE	TRUE	78%T-22%F	TRUE	FALSE	100%t	TRUE	-
	Energy Purchased Direct	83.377,07	70,306	85,819	376573,97	67,976	1771000	1210187,07	2790043	83377,07
	Policy Environmental Supply Chain [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	FALSE	0,83	TRUE	FALSE
Waste & Recycling	Total Waste / Million in Revenue \$	1,96	1,87	2,35	1,39	0,46	2,6	4,27	1,37	9,28
	Waste Reduction Initiatives [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	100%T	TRUE	-
	e-Waste Reduction [T/F]	TRUE	TRUE	TRUE	22%T-78%F	TRUE	FALSE	17%T-83%F	TRUE	FALSE
	ISO 14000 or EMS [T/F]	TRUE	TRUE	TRUE	78%T-22%F	TRUE	FALSE	50%T-50%F	TRUE	FALSE
	Plastic usage reduction plans [T/F]	TRUE	TRUE	TRUE	67%T-33%F	TRUE	FALSE	67%T-33%F	TRUE	FALSE
	Environmental Waste Disposal [T/F]	TRUE	TRUE	TRUE	78%T-22%F	TRUE	FALSE	100%T	TRUE	-
	Policy sustainable packaging [T/F]	TRUE	TRUE	TRUE	78%T-22%F	TRUE	FALSE	67%T-33%F	TRUE	FALSE
Water stress	Policy Water Efficiency [T/F]	TRUE	TRUE	TRUE	56%T-44%F	TRUE	FALSE	67%T-33%F	TRUE	FALSE
	Targets Water Efficiency [T/F]	FALSE	FALSE	FALSE	11%T-89%F	TRUE	FALSE	50%T-50%F	TRUE	FALSE
	Total Water Use / Million in Revenue \$	143,87	152,35	106,12	101,12	0,12	195,21	201,07	25,15	434,19



SOCIAL

10 Factors

54 metrics

Key factor	Key metric	TGYM 21	TGYM 20	TGYM 19	Luxury 21	BEST 21	WORST 21	Fitness 21	BEST 21	WORST 21
Community relations	Human Rights Policy [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	67%T-33%F	TRUE	FALSE
	Human Rights Contractor [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	67%T-33%F	TRUE	FALSE
	Policy Fair Competition [T/F]	TRUE	TRUE	TRUE	67%T-33%F	TRUE	FALSE	100%T	TRUE	-
	Policy Bribery and Corruption [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	100%T	TRUE	-
	Policy Business Ethics [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	100%T	TRUE	-
	Policy Community Involvement [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	83%F	TRUE	FALSE
	Donations / € mln Revenues [%]	-	-	-	2662,54	6504,5	779,34	-	-	-
	Presence of Company Foundation [T/F]	TRUE	TRUE	TRUE	78%T-22%F	TRUE	FALSE	50%T-50%F	TRUE	FALSE
	Corporate Responsibility Awards [T/F]	FALSE	FALSE	FALSE	0%T	-	FALSE	33%T-67%F	TRUE	FALSE
	GRI compliance	TRUE	TRUE	TRUE	100%T	TRUE	-	100%T	TRUE	-
	Collabs, (universities, research centres, etc.) [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	100%T	TRUE	-
	Does the company has open controversies? [T/F]	FALSE	FALSE	FALSE	0%T	-	FALSE	50%T-50%F	TRUE	FALSE
	Local communities support [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	100%T	TRUE	-
Data privacy	Policy Data Privacy	TRUE	TRUE	TRUE	100%T	TRUE	-	100%T	TRUE	-
	Policy Cyber Security	TRUE	TRUE	FALSE	89%T-11%F	TRUE	FALSE	83%T-17%F	TRUE	FALSE
	Company's executive body responsible for Privacy and Data security	FALSE	FALSE	FALSE	78%T-22%F	TRUE	FALSE	0%T	-	FALSE
	Certification to widely recognized standards (e.g, ISO 27001)	TRUE	TRUE	TRUE	78%T-22%F	TRUE	FALSE	100%T	TRUE	-
Gender diversity	Women Employees	31%	29%	29%	52%	70%	15%	42%	53%	31%
	Women Managers	-	-	-	48%	61%	16%	37%	50%	28%
	Development opportunities for women [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	100%T	TRUE	-
	Percentage of female with a full-time contract [%]	27%	24%	23%	54%	90%	15%	67%	99%	27%
	Percentage of female recruited [%]	36%	33%	32%	43%	67%	9%	39%	41%	36%
	Targets Diversity and Opportunity [T/F]	FALSE	FALSE	FALSE	11%T-89%F	TRUE	FALSE	50%T-50%F	TRUE	FALSE
HC Development	Policy Skills Training [T/F]	TRUE	TRUE	TRUE	89%T-11%F	TRUE	FALSE	67%T-33%F	TRUE	FALSE
	Policy Career Development [T/F]	TRUE	TRUE	TRUE	89%T-11%F	TRUE	FALSE	67%T-33%F	TRUE	FALSE
	Employee receiving training [%]	-	-	-	86%	100%	35%	100%	100%	-
	Hours of training [h/employee]	14,45	15,72	21,62	12,71	24,06	2,93	14,45	14,45	-
Health & Safety	Health & Safety Training [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	83%T-17%F	TRUE	-
	Employees Health & Safety OHSAS 18001	TRUE	TRUE	TRUE	56%T-44%F	TRUE	FALSE	67%T-33%F	TRUE	FALSE
	Total Injury Rate Total [T/F]	1,53	0,88	2,12	0,00	41,75	1,07	0%T	1,53	16,06



SOCIAL

10 Factors

54 metrics

Key factor	Key metric	TGYM 21	TGYM 20	TGYM 19	Luxury 21	BEST 21	WORST 21	Fitness 21	BEST 21	WORST 21
Inclusion	Policy Diversity and Opportunity [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	100%T	TRUE	FALSE
	Employees With Disabilities [T/F]	1%	1%	1%	2%	2%	1%	1%	1%	-
	Represented nationalities [T/F]	-	--	-	0%T	TRUE	FALSE	-	-	-
	Targets for inclusion [T/F]	FALSE	FALSE	FALSE	62%T-38%T	TRUE	FALSE	83%T-17%F	TRUE	FALSE
Labour management	Whistleblower Protection [T/F]	TRUE	TRUE	TRUE	89%T-11%F	TRUE	FALSE	100%T	TRUE	-
	Salary Gap	25	27	24	24,00	24	24	96,33	25	225
	Net Employment Creation [T/F]	6,68%	-4,81%	-0,52%	5%	20%	-5%	28%T-72%F	113%	-3%
	Turnover of Employees	18,68%	15,84%	18,50%	19%	33%	3%	30%	50%	19%
	Employee Lost Working Days	214	214	214	4520,05	11964,6	0,01	155,00	96	214
	Employees / € mln Revenues	3,53	3,96	3,17	2,87	5,27	0,86	2,18	3,53	0,88
	Stock option for employees [T/F]	FALSE	FALSE	FALSE	11%T-89%F	TRUE	FALSE	50%T-50%F	TRUE	FALSE
	delta Employees / delta € mln Revenues	0,747	1,54	-3	2,14	15,3	0,12	1,11	2,94	-0,32
Product safety & quality	Quality Mgt Systems [T/F]	TRUE	TRUE	TRUE	33%T-67%F	TRUE	FALSE	50%T-50%F	TRUE	FALSE
	ISO 9001 [T/F]	TRUE	TRUE	TRUE	11%T-89%F	TRUE	FALSE	33%T-67%F	TRUE	FALSE
	Six Sigma and Quality Mgt Systems [T/F]	FALSE	FALSE	FALSE	11%T-89%F	TRUE	FALSE	17%T-83%F	TRUE	FALSE
	Product Access Low Price [T/F]	FALSE	FALSE	FALSE	0%T	-	-	-	-	FALSE
	Toxic chemical reduction [T/F]	TRUE	TRUE	TRUE	67%T-33%F	TRUE	FALSE	67%T-33%F	TRUE	FALSE
Supply Chain Std	Supply Chain Health & Safety Training [T/F]	FALSE	FALSE	FALSE	22%T-78%F	TRUE	FALSE	33%T-67%F	TRUE	FALSE
	Supplier with working standard [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	FALSE	100%T	TRUE	-
	Supplier Esg training [T/F]	TRUE	TRUE	TRUE	89%T-11%F	TRUE	FALSE	83%T-17%F	TRUE	FALSE
	Policy on suppliers [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	FALSE	100%T	TRUE	-
workforce	Average age [years]	-	--	-	40,30	41,2	40	32	32	32
	New young hired employees (<30) / total hired	26%	25%	32%	37%	55%	16%	38%	49%	26%
	Permanent workers [%]	91,90%	95,24%	92,00%	90%	99%	80%	85%	92%	79%



GOVERNANCE

11 Factors

63 metrics

Key factor	Key metric	TGYM 21	TGYM 20	TGYM 19	Luxury 21	BEST 21	WORST 21	Fitness 21	BEST 21	WORST 21	
Auditing & Accounting	Audit Committee Independence	75%	75%	75%	87%	100%	63%	93%	100%	75%	
	Audit Committee Expertise [T/F]	TRUE	TRUE	TRUE	89&T-11%F	TRUE	FALSE	0,67	TRUE	FALSE	
	CSR Sustainability External Audit [T/F]	TRUE	TRUE	TRUE	78%T-22%F	TRUE	FALSE	0,67	TRUE	FALSE	
	Auditor Tenure	9	8	7	6,78	12	1	7,50	23	1	
	Restatement of published financial statement [T/F]	TRUE	TRUE	TRUE	1,00	TRUE	-	0,83	TRUE	FALSE	
	Possible auditors concerns [T/F]	TRUE	FALSE	FALSE	0,44	TRUE	FALSE	1,00	TRUE	-	
	Audit fees ratio [%]	-	-	-	0%	-	-	0%	-	-	
	Audit Committe financial/industrial expertise [%]	100%	100%	100%	100%	100%	-	100%	100%	100%	
	Audit adverse opinion in the past years [T/F]	FALSE	FALSE	FALSE	0%T	TRUE	FALSE	0,00	-	FALSE	
Board	Board Functions Policy [T/F]	FALSE	FALSE	FALSE	0%T	TRUE	FALSE	0,50	TRUE	FALSE	
	Succession Plan [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	0,83	TRUE	FALSE	
	Nomination Committee Independence [T/F]	100,00%	100,00%	100,00%	95%T-5%F	100%	67%	97%	100%	86%	
	Nomination Committee Mgt Independence [T/F]	TRUE	TRUE	TRUE	78%T-22%F	0	0	0,83	TRUE	FALSE	
	Number of Board Meetings	10	8	7	4,00	4	4	8,00	8	8	
	Board Meeting Attendance Average	90,9%	94%	92,2%	93%	100%	87%	88%	100%	75%	
	Board Size More Ten Less Eight	1	1	1	3,50	7	0	2,00	2	2	
	Board Size	11	11	11	13,50	17	10	6,00	16	6	
	Board Gender Diversity, Percent	45,45%	36,36%	36,36%	39%	50%	29%	38%	50%	25%	
	Average Board Tenure	4,43	4,34	3,34	6,83	11,39	1,38	6,13	8,81	4,43	
	Independent Board Members	53,85%	45,45%	45,45%	50%	67%	29%	80%	100%	54%	
	CEO Chairman Duality [T/F]	TRUE	TRUE	TRUE	67%T-33%F	TRUE	FALSE	0,67	TRUE	FALSE	
	Board Member Affiliations	0,62	0,73	0,73	0,55	1,36	0,21	1,18	2,5	0,13	
	Board Member Compensation	464.838	408.805	363,529	4977029,67	37136982	464838	1566512,50	2999690	391296	
	CSR Sustainability Committee [T/F]	TRUE	TRUE	TRUE	78%T-22%F	TRUE	FALSE	0,83	TRUE	FALSE	
	Remuneration Committee Independence	100%	100%	100%	91%	100%	67%	100%	100%	-	
	Chair of Audit Committee Independence [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	1,00	TRUE	-	
	Control	Different Voting Right Share [T/F]	TRUE	TRUE	TRUE	78%T-22%F	TRUE	FALSE	0,17	TRUE	FALSE
		Minimum Number of Shares to Vote [T/F]	FALSE	FALSE	FALSE	0%T	TRUE	FALSE	0,17	TRUE	FALSE
Veto Power or Golden share [T/F]		TRUE	TRUE	TRUE	78%T-22%F	TRUE	FALSE	0,17	TRUE	FALSE	
One share-One vote policy [T/F]		TRUE	TRUE	TRUE	78%T-22%F	TRUE	FALSE	0,33	TRUE	FALSE	
ESG reporting	ESG reporting and transparency [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	0,83	TRUE	FALSE	
	Verification of ESG reporting [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	1,00	TRUE	FALSE	
	Incentives on ESG performance [T/F]	FALSE	FALSE	FALSE	56%T-44%F	TRUE	FALSE	0,33	TRUE	FALSE	
Ethics	Bribery and anti corruption policies [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	1,00	TRUE	-	
	Regular auditing for Ethical Standards [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	1,00	TRUE	-	
	Severe Controversies [#controversies]	0	0	0	0,00	0	-	0,00	1	0	
	Employee training on ethical standards [T/F]	TRUE	TRUE	TRUE	89%T-11%F	TRUE	-	1,00	TRUE	-	
	Policies on anti-money laundering [T/F]	FALSE	FALSE	FALSE	0%T	-	FALSE	0,17	TRUE	FALSE	
	Revenues in Countries with TI corruption index <6,0 [%]	0%	0,00%	0%	0%	0%	-	0%	0%	0%	



GOVERNANCE

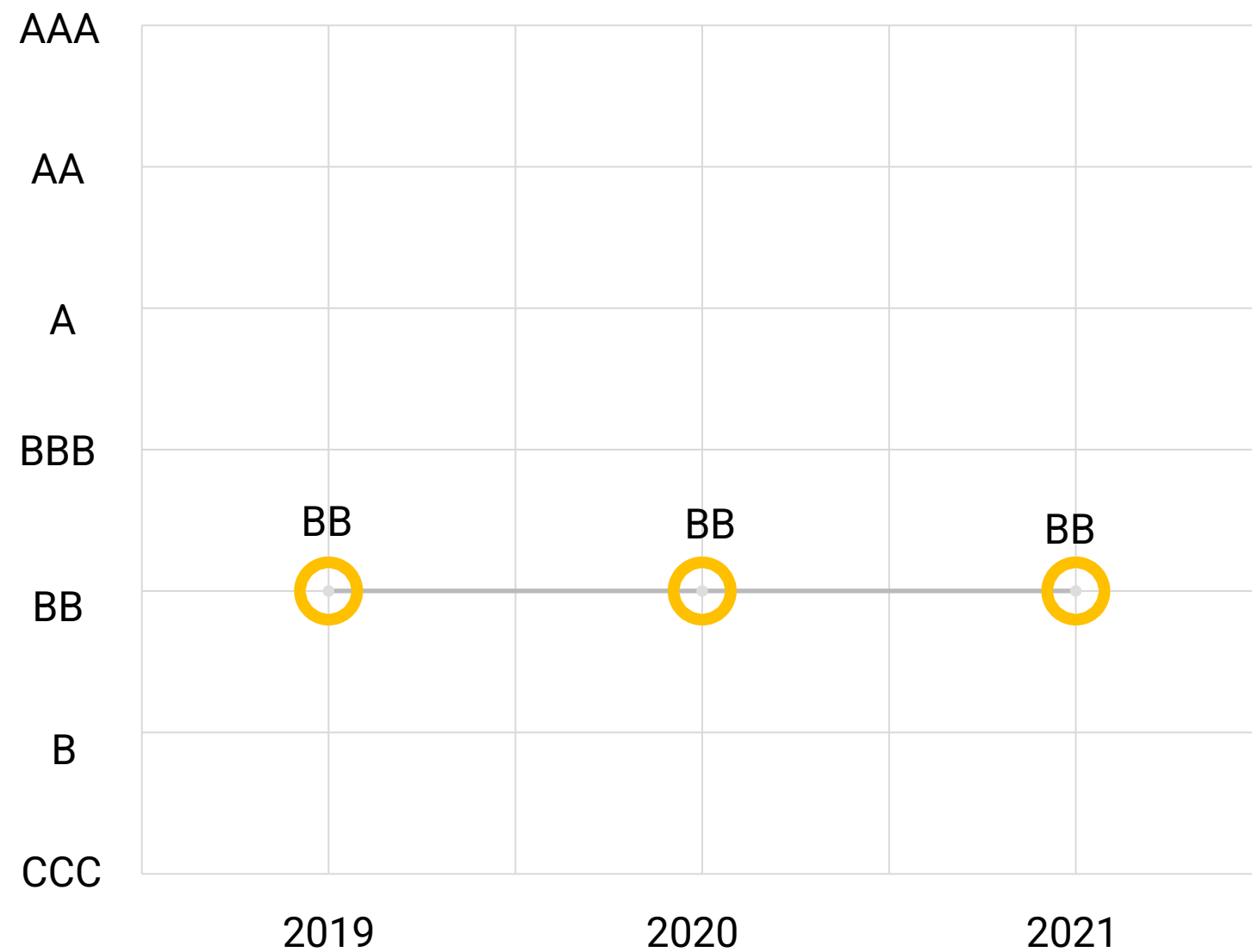
11 Factors

63 metrics

Key factor	Key metric	TGYM 21	TGYM 20	TGYM 19	Luxury 21	BEST 21	WORST 21	Fitness 21	BEST 21	WORST 21
Incentives	Performance-compensation scheme [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	-	1,00	TRUE	-
	Sustainability Compensation Incentives [T/F]	TRUE	TRUE	TRUE	56%T-44%F	TRUE	FALSE	0,50	TRUE	FALSE
	Board Member LT Compensation Incentives	0	0	0	0,45	-	-	0,83	4	0
Non financial reporting	CSR Sustainability Reporting [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	FALSE	0,83	TRUE	FALSE
	GRI Report Guidelines [T/F]	TRUE	TRUE	TRUE	89%T-11%F	TRUE	FALSE	0,67	TRUE	FALSE
ownership	Majority shareholders 30+% of voting share [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	FALSE	0,50	TRUE	FALSE
	Public ownership [%]	66,8%	60,3%	48,3%	52%	100%	20%	67%	100%	7%
	Disclousre concerns [T/F]	TRUE	TRUE	TRUE	22%T-78%F	TRUE	FALSE	0,33	TRUE	FALSE
	Dispersed ownership concerns [T/F]	FALSE	FALSE	FALSE	11%T-89%F	TRUE	FALSE	0,00	TRUE	FALSE
Remuneration	Compensation Committee Independence	100%	100%	100%	88%	100%	50%	100%	100%	100%
	Executive Compensation Policy	TRUE	TRUE	TRUE	100%T	TRUE	-	1,00	TRUE	-
	Total Senior Executives Compensation To Revenues in million	3.323,83	7.792,33	5,922	0,00	14393,87	535,6	0,00	14075,96	1318,58
	CEO Compensation Link to TSR	TRUE	TRUE	TRUE	56%T-44%F	TRUE	FALSE	0,67	TRUE	FALSE
	Directors paid in equity [T/F]	TRUE	TRUE	TRUE	67%T-33%F	TRUE	FALSE	1,00	TRUE	-
	Golden parachute [T/F]	FALSE	FALSE	FALSE	0%T	TRUE	FALSE	0,00	-	FALSE
	Clawback policy [T/F]	TRUE	TRUE	TRUE	56%T-44%F	TRUE	FALSE	0,50	TRUE	FALSE
	Votes against pay practices [%]	25%	22%	19%	10%	25%	1%	15%	28%	0%
	Directors paid according to performances [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	FALSE	1,00	TRUE	-
Risk management	Directors with risk management expertise [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	FALSE	1,00	TRUE	-
	Presence of risk management committee [T/F]	TRUE	TRUE	TRUE	100%T	TRUE	FALSE	1,00	TRUE	-
transparency	Level of tax gap	2136	-4387	-40,26	37211,50	-2271	143176	-2251,67	-20009	4400
	Taxes and subsidies controversies [T/F]	FALSE	FALSE	FALSE	0,00	FALSE	-	0,00	TRUE	FALSE
	Foreign revenues [%]	90%	90%	90%	88%	95%	75%	55%	92%	5%



TGYM ESG MOMENTUM



E:

- **disclosure improvements** in the products recovery, sustainable packaging and water efficiency areas can be made
- **policy about water efficiency for the coating operations**, but explicit targets for water reduction are missing
- strategy to reduce the **impact of materials in packaging and the use of raw materials** only describing **aims, not specific targets**.
- **Little of use renewable energies**

S:

- **no disclosure is offered in terms of women middle managers**
- disclosure on supply chain's themes is vague. Missing **targets' extent** when it comes to **chemical substances** used in their products, or **suppliers' training and frequency**.
- the Company scores very well for assessing the safety and quality of its products, performing **preventive and in-house testing**.
- **Wellness Valley and collaborations with universities**

G:

- **low public ownership, duality between chairman and CEO, voting system, succession plan**.
- **non-total independence** of the committees related to risk and audit .
- The percentage of independent members on the board has been increasing in the 3 years span of analysis from 45.4% to 53.8% with a more balanced gender mix.
- **No controversies or litigations** in the past years
- TGYM adheres to the **Corporate Governance Code** for Italian Listed Companies.



Nerio Alessandri



- CEO, founder, Chairman of Technogym.
- Major shareholder (75%) of TGH, which holds 33% shares of Technogym.
- No degree

Pierluigi Alessandri



- Co-founder and Vice-President of Technogym.
- Deputy Chair and shareholder (25%) of TGH.
- No degree

Erica Alessandri



- Technogym Board member.
- TGH board member
- Degree in Business Management in 2012, Queen Mary University. MBA in 2018, INSEAD Business School



Kenrick Briffa

- Services Director
- Economist
- Lease Plan Italia, CNH group
- From 2007



Massimiliano Casoni

- COO
- Mechanical engineer
- Ferrari, Maserati
- From 2015



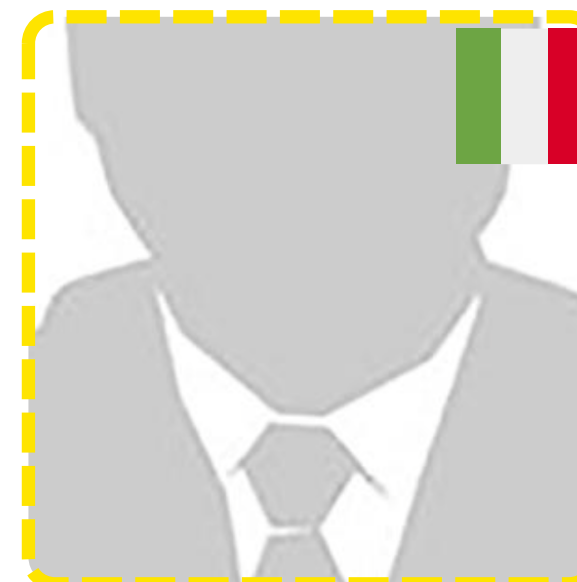
Edoardo Iovine

- IT director
- Management engineer and MBA
- Accenture
- From 2015



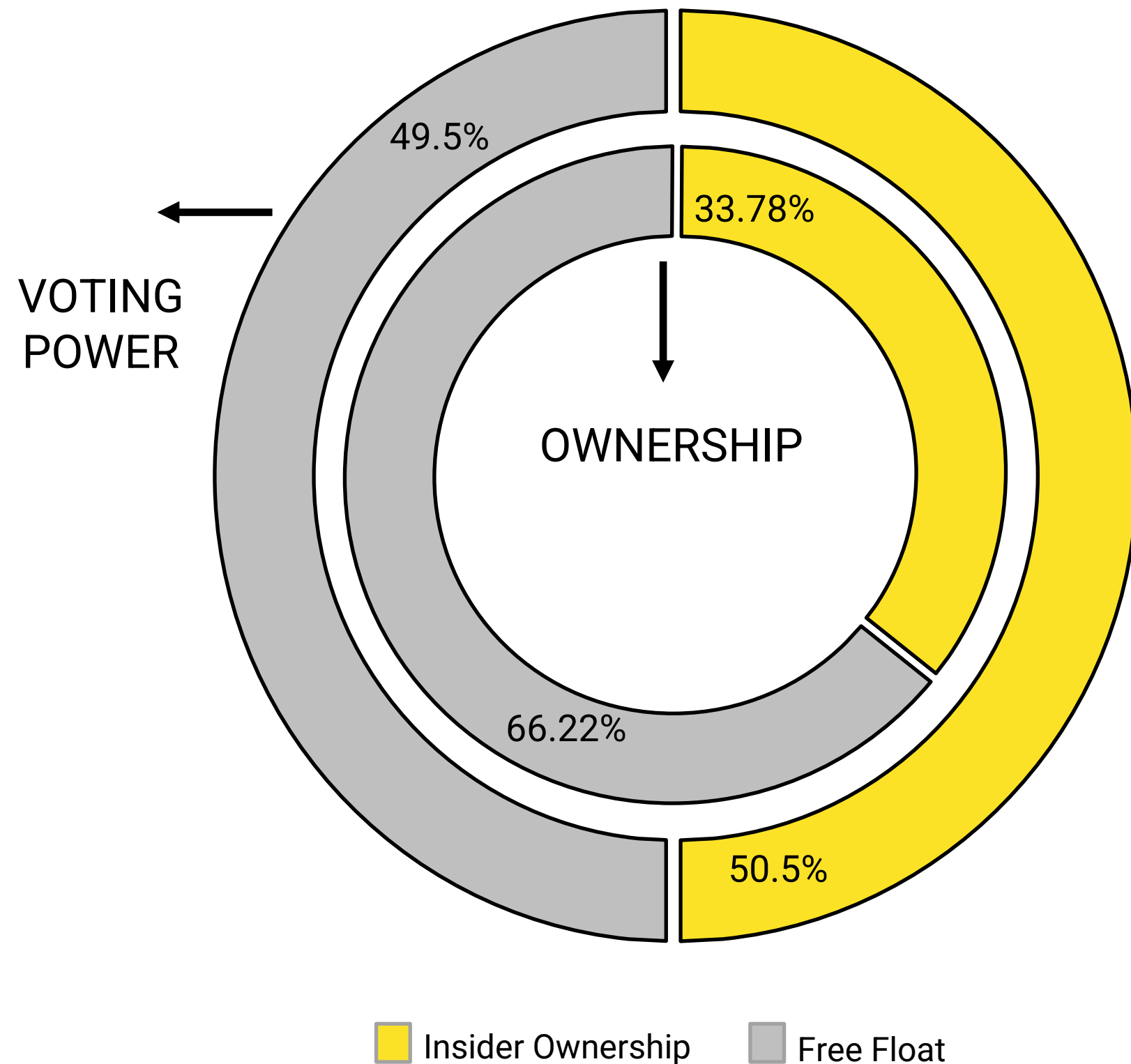
Massimiliano Moi

- CFO
- Economist
- BCG, ex CEO Unicredit Global Leasing, ex CFO Eataly
- From 2021



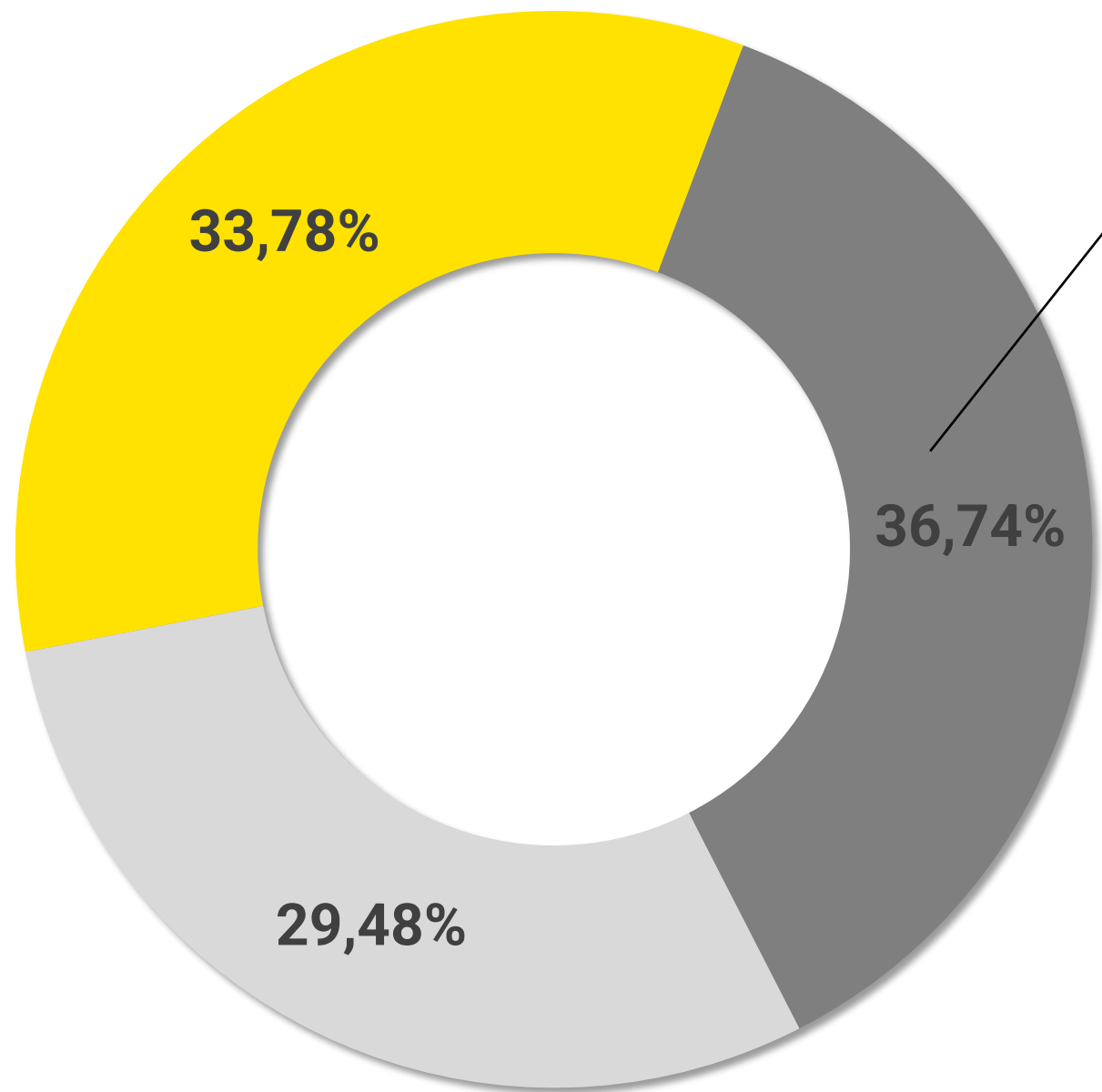
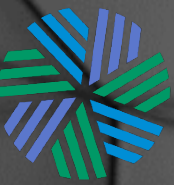
William Marabini

- ACF director and Financial reporting manager
- Economist
- From 2006



- During the Extraordinary Shareholders Meeting of 6th March 2017, shareholders have approved the introduction of double-voting rights shares. These special shares are granted upon application to all shareholders for more than two years.
- The only shareholder who can boast this benefit to date is the holding company Wellness Holding S.r.L., controlled by the Alessandri's family.

Shareholders' structure



- Insider Ownership
- Institutional Ownership
- Free Float

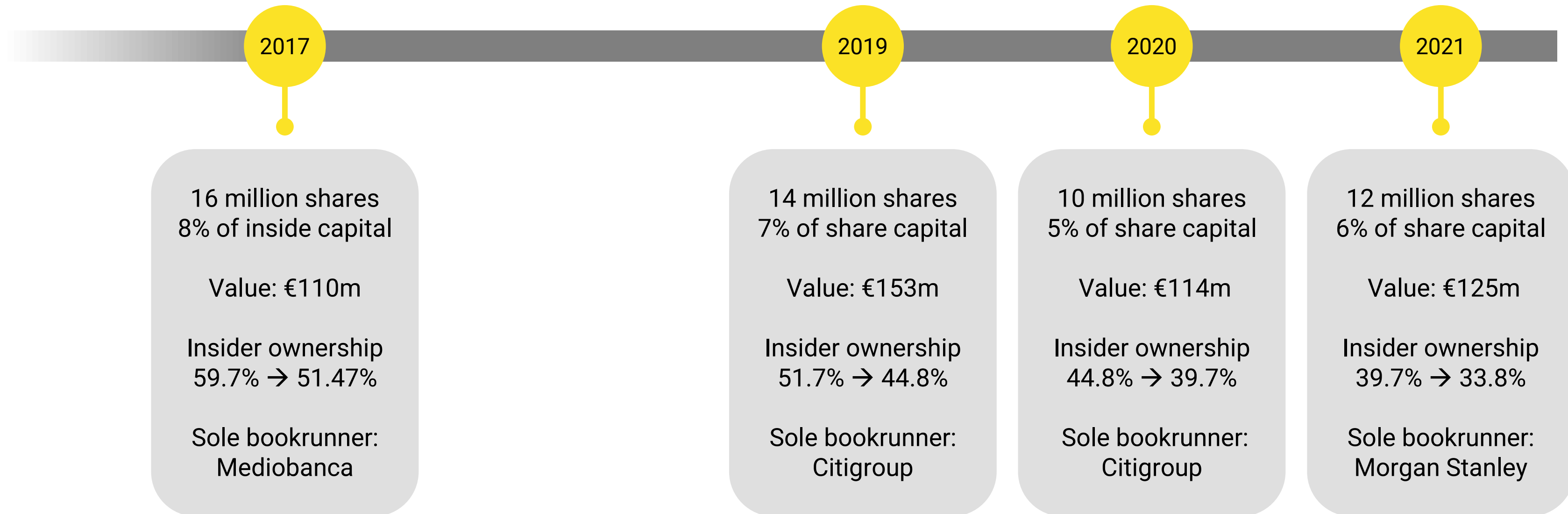
MAIN INSTITUTIONAL INVESTORS	% SHARES
Mawer Investment Management	3.2%
Mediolanum Gestione Fondi	2.5%
Groupama Asset Management	2.3%
Candriam Belgium	2.0%
Templeton Investment Counsel	1.9%
Hermes Investment Management	1.8%
The Vanguard Group	1.8%

- The Alessandri family's holding company, TGH, has always been the largest shareholder, initially owning 59% during the IPO
- Now it holds 33.78%, after four rounds of accelerated book-building transactions.
- The family still controls the company through a double-voting system.

	% non controlling Equity							
	2014	2015	2016	2017	2018	2019	2020	2021
Group	98%	99%	99%	99%	99%	99%	99%	99%
Non controlling	2%	1%	1%	1%	1%	1%	1%	1%



Alessandri's holding run two accelerated book-building transactions in the last 3 years, exclusively dedicated to institutional investors. Therefore, the family lowered its stake in the company, still maintaining its control, thanks to the double-voting rights system introduced in 2016.



Board of directors: competences/tenure/independency



Name	M/F	Age	Tenure (Years)	Boards	Independent	Background	Nationality
Nerio Alessandri (Ceo-Chair, Industry Expert)	M	61	39	1	No	Founder of Technogym S.p.A	Italy
Pierluigi Alessandri (Deputy Chair, Industry Expert)	M	57	39	1	No	<ul style="list-style-type: none"> Co-Founder of Technogym S.p.A Chair and CEO at TGB S.r.L 	Italy
Carlo Capelli (Industry and Financial Expert)	M	60	6	1	No	<ul style="list-style-type: none"> Degree in Economics and Commerce CCO at Alfin S.p.A Director of Alfin S.p.A, Enervit S.p.A 	Italy
Erica Alessandri	F	32	6	1	No	<ul style="list-style-type: none"> Degree in Business Management Queen University London Director of Enervit S.p.A Director of TGB S.r.L Business Developer and Digital Manager at the Technogym S.p.A 	Italy
Luca Martines	M	47	1	2	Yes	<ul style="list-style-type: none"> Degree Political Science CEO at REDA Industries Global Brand Manager at Castelli Cycling 	Italy
Maria Cecilia La Manna (Lead Independent Director, Financial Expert)	F	59	6	2	Yes	<ul style="list-style-type: none"> Degree in Economics and Commerce CEO at Italtractor ITM S.p.A. Deputy Chair of Titan ITM Holding S.p.A. Director of Brunello Cucinelli S.p.A. 	Italy
Maurizio Cereda (Financial Expert)	M	58	6	2	No	<ul style="list-style-type: none"> Degree in Business Economics Director of: Nexi S.p.A., Enervit S.p.A, Prada S.p.A, FIEE SGR S.p.A, Wealthness S.r.L, Nutramis S.r.L 	Italy
Melissa Ferretti Peretti	F	52	1	1	Yes	<ul style="list-style-type: none"> Degree in Economics and Commerce CEO at American Express Italia and Senior VP at American Express 	Italy
Chiara Dorigotti	F	53	4	1	Yes	<ul style="list-style-type: none"> Degree in Business Economics Managing Director of SEA Prime S.p.A Director at Enervit S.p.A 	Italy
Francesca Bellettini	F	52	6	2	Yes	<ul style="list-style-type: none"> Degree in B&A CEO at Saint Laurent 	Italy
Vincenzo Giannelli (Financial Expert)	M	58	6	1	Yes	<ul style="list-style-type: none"> Degree in B&A Managing Director of Techedge S.p.A 	Italy

Board of directors: committees



Name	Age	Role	Since	Independent	Committees		
					Remuneration	Risk & Control	Related party Transaction
Nerio Alessandri	61	Chairman & CEO	01/01/1983	No	No	No	No
Pierluigi Alessandri	57	Vice Chairman	01/01/1983	No	No	No	No
Erica Alessandri	32	Director	19/04/2016	No	No	No	No
Francesca Bellettini	52	Director	19/04/2016	Yes	No	No	No
Carlo Capelli	60	Managing Director	19/04/2016	No	No	No	No
Maurizio Cereda	58	Director	19/04/2016	No	No	Yes	No
Chiara Dorigotti	53	Director	08/05/2018	Yes	No	Yes	Yes
Melissa Ferretti Peretti	52	Director	05/05/2021	Yes	Yes	No	No
Vincenzo Giannelli	58	Director	19/04/2016	Yes	Yes	No	No
Maria Cecilia La Manna	59	Lead Director	19/04/2016	Yes	No	Yes	Yes
Luca Martines	47	Director	05/05/2021	Yes	Yes	No	Yes



Nerio Alessandri



Ambassador
Hands-on Profile
Strategic Decisions
Networking
Lifestyle Promoter



Compliance Risk
Reputational Risk
Board Oversight
Operational Risk



Lower Margins in Founder's Absence

Revenues 2023E - 2026E

	TP	80%	90%	100%	110%	120%
EBITm	10.0%	5.6	5.7	5.9	6.0	6.1
	12.0%	6.3	6.4	6.6	6.7	6.9
	13.5%	6.8	6.9	7.1	7.3	7.5
	15.4%	7.4	7.6	7.8	8.0	8.2



Market risks

Market risks		Price	Probability
M1	Fitness Market growth is stronger in hybrid and light-equipment fitness	€ 7.03	60%
M6	Resistance in NA expansion	€ 7.19	55%
M4	Widespread geographical exposure leads to local markets' risks	€ 7.41	50%
M7	Higher-than-expected growth	€ 8.10	30%
M3	Worse-than-expected macroeconomic landscape and consumer sentiment	€ 6.95	20%
M5	New positioning in high-end Fitness industry	€ 6.03	15%
M8	Long-term growth is too conservative	€ 8.34	15%
M2	New Covid-19 waves resume lockdowns worldwide	€ 6.66	5%



Business risks

Business risks		Price	Probability
B6	Success in brand construction	€ 7.94	75%
B2	Execution risks in B2C services market	€ 7.56	70%
B1	Execution risks in the digital strategy and contact with end-consumer	€ 7.50	65%
B5	My Wellness Platform and TGYM App increase customer engagement	€ 8.22	30%
B3	Lack of investment leads to disappearance of the premium appeal	€ 6.06	10%
B4	New factory necessity	€ 7.52	5%
B7	TGYM taps into Luxury Fitness Equipment Blue Ocean market	€ 9.01	5%



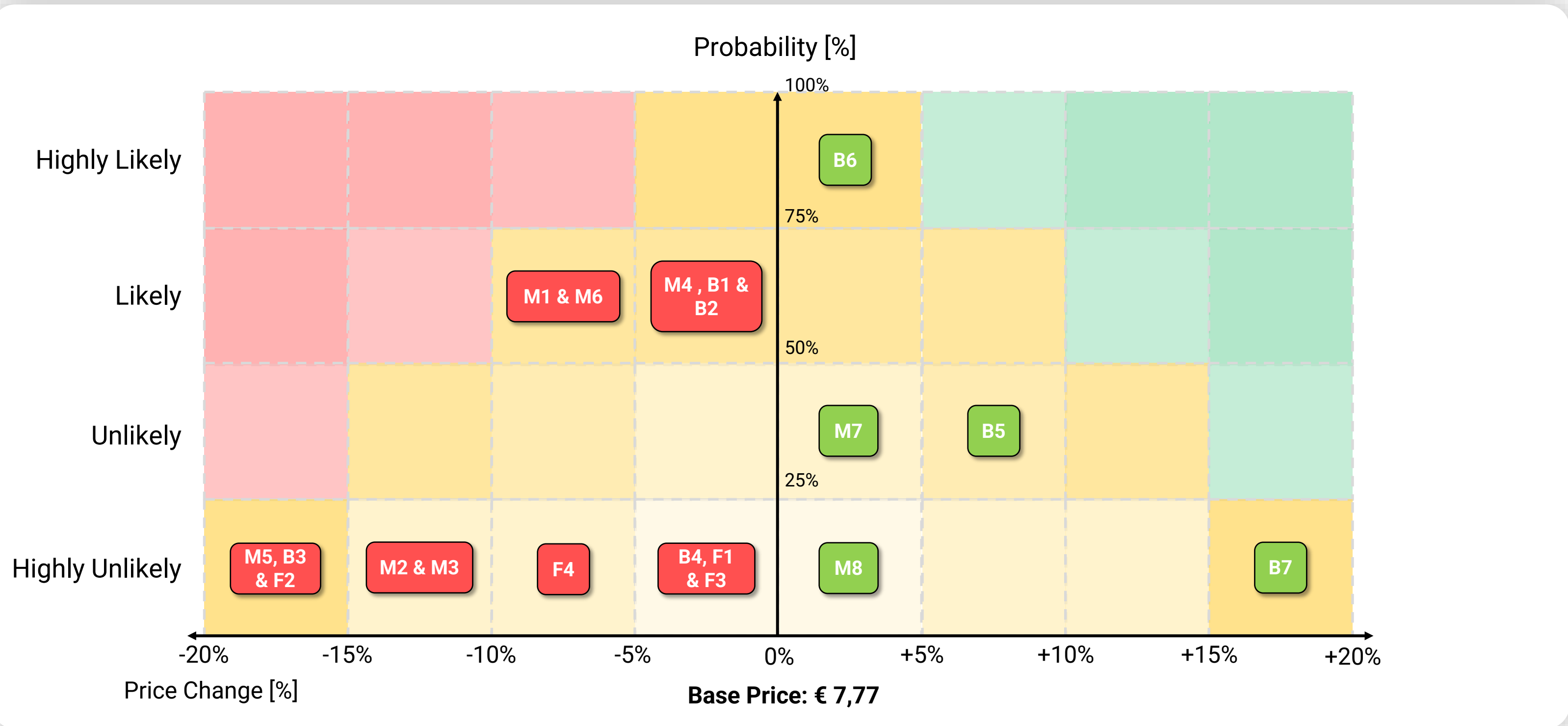
Financial risks

Financial risks		Price	Probability
F1	Forex risk	€ 7.94	
F2	Interest rate risk	€ 7.56	
F3	Credit risk	€ 7.50	
F4	Raw material price fluctuations	€ 8.22	



Most Relevant Risks

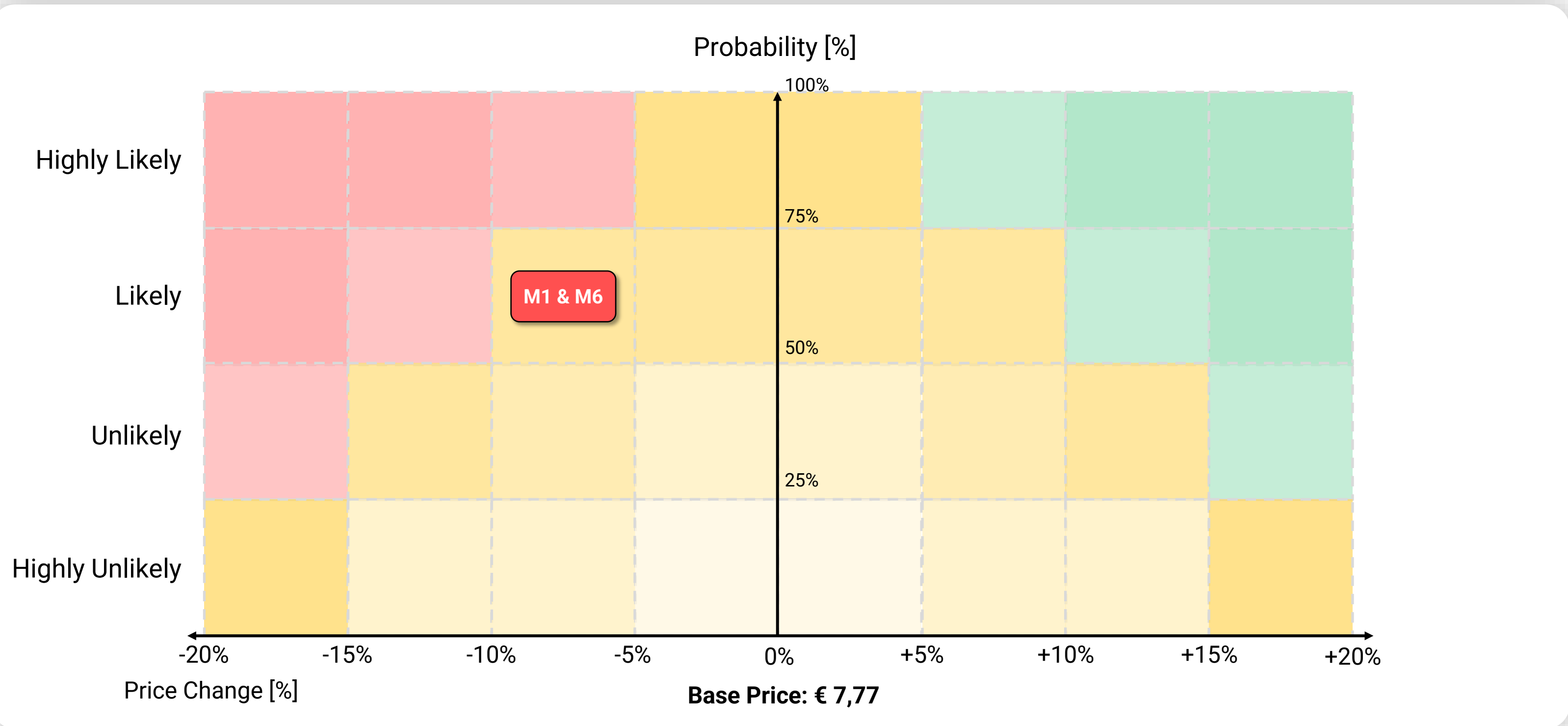
M1	Fitness Market growth is stronger in hybrid and light-equipment fitness
M6	Resistance in NA expansion





Most Relevant Risks

M1	Fitness Market growth is stronger in hybrid and light-equipment fitness
M6	Resistance in NA expansion



2022 Estimates vs Actual



€ million	Estimates	Actual	Variation
Revenues	713	721	+1%
B2C	166	165	-1%
B2B	547	556	+2%
Europe	401	397	-1%
North America	98	101	3%
APAC	123	122	-1%
Rest of the World	92	101	10%
EBITDA	131	123	-6%
<i>EBITDA margin</i>	18.5%	17.1%	
EBIT	97	83	-14%
<i>EBIT margin</i>	13.4%	11.5%	
Net Profit	68	64	-6%
<i>Net Profit margin</i>	9.4%	8.9%	

Main FCF Assumptions



FIGURE	AVG VALUE	ASSUMPTIONS
EBITDA margin	19.6%	Based on average value 2016-2019, gradual improvement from 2020-2021 crisis, considering short-term higher raw materials costs , it does not reach 2019 record because of increased competition, reduced pricing power, global shipping costs (higher cost of services). Personnel expenses based on past year average.
D&A	€48m	Based on the assets of the previous year (PPE for Depreciations, Intangible assets for Amortisations)
Financial Expenses (net of interests)	€2.4m	Based on debt of previous year (considering cost of debt increased because of higher risk-free rate). Financial gain is based on revenues
Tax Rate	27.2%	Based on the effective tax rate of the previous years (average 5 years), cleaned of extraordinary events related to taxation (such as patent box) or related to the company (such as the disposal of Exerp)
CapEx	€60m	For fixed assets: modelled based on historical increase in PPE , considering D&A, and considering new production plant For intangibles: maintenance capex (based on capex before 2017) and growth capex (additional investment from 2017)
Change in WC	€3m	Considering Receivables, Payables, and Inventories as proportional to revenues



Fitness Equipment peers – Net investments on Sales Ratio

