

Group

**BasicNet**<sup>®</sup>

CONFERENCE CALL – 8<sup>th</sup> March 2019

# 2018 Highlights

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- Aggregated sales € 875 million, up 17%
- Consolidated revenues € 210 million, up 14.7%
- EBITDA € 33 million, up 43.2%
- Operating income (EBIT) € 27 million, up 59.7%
- EBT € 25 million, up 68.6%
- Net Result € 21 million, up 97.4%
- Net Financial Position € 51,7 million, a decrease of € 10 million as compared to year-end 2017, Debt-Equity ratio at 0.46 (vs 0.63 in 2017)

# Main Events

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- **Acquisition of Sport Finance SAS controlling stake by BasicItalia**

In January 2019, BasicItalia, BasicNet Group brands licensee for Italy, has acquired 61% of the French company Sport Finance, the holding company of a group of Kappa brand licensee companies for France, UK, Switzerland, Spain and Portugal.

In 2018, the Sport Finance Group returned Kappa brand revenues of over Euro 60 million.

The BasicItalia and Sport Finance licensees will amalgamate their Kappa and Robe di Kappa brand distribution operations on the main European markets.

The new “powered by BasicNet” distribution structure will benefit from the operational and organizational strengths of the BasicNet Group business model, leveraging synergies in terms of optimised procurement costs, logistics, communications and sponsorship, boosting its presence on the various distribution channels to drive both the sportswear and lifestyle segment performances of the Kappa brand in Europe.

- **Settlement with AS Roma S.p.A. and Soccer S.a.s.**

As per the agreement signed on January 8, 2019, BasicItalia, AS Roma and Soccer have settled a portion of the disputes arising between them, revoking the relative demands, claims and rights and with a joint commitment to refrain from pursuing the two pending cases and the payment by Soccer S.a.s and AS Roma to BasicItalia of approx. Euro 3,115,000, partly as the balance for prior supplies and partly in settlement. A first tranche was received on signing the agreement.

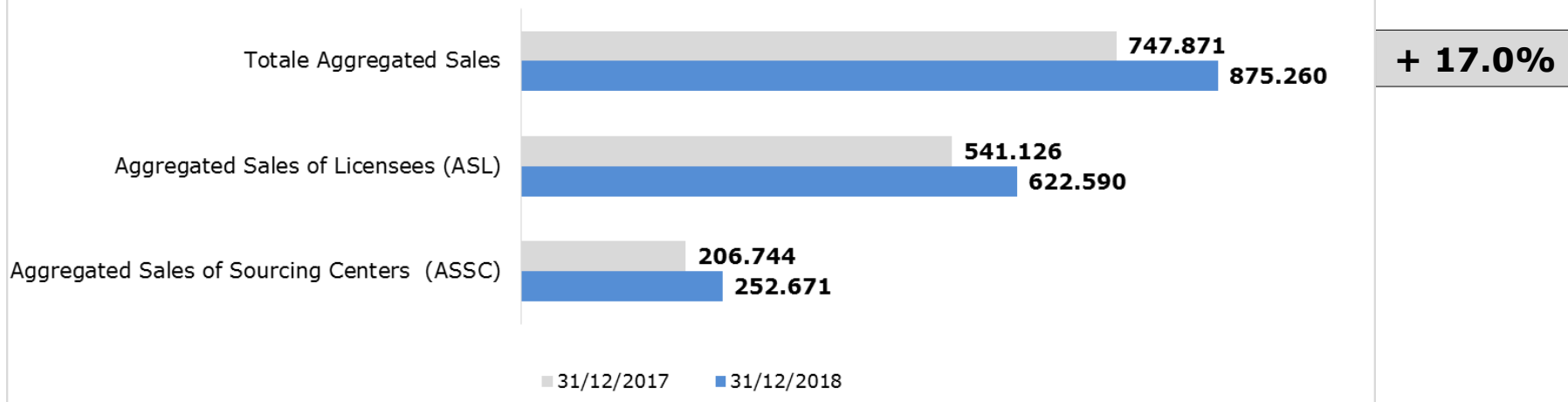
An agreement has not yet been reached on the mutual claims on the last sponsorship instalment, subsequent to the rescission date and of a similar amount of damages from early rescission, claimed by BasicItalia and as covered by the contract.

Everything above mentioned refers to fiscal year 2019 and will be reported accordingly.

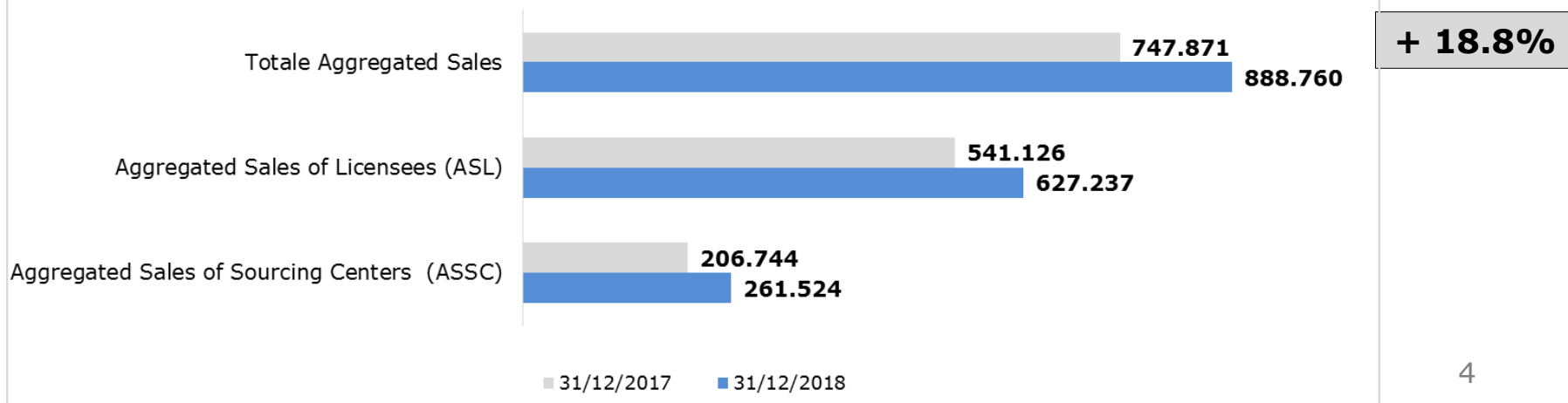
# Total Aggregated Sales

Euro/000

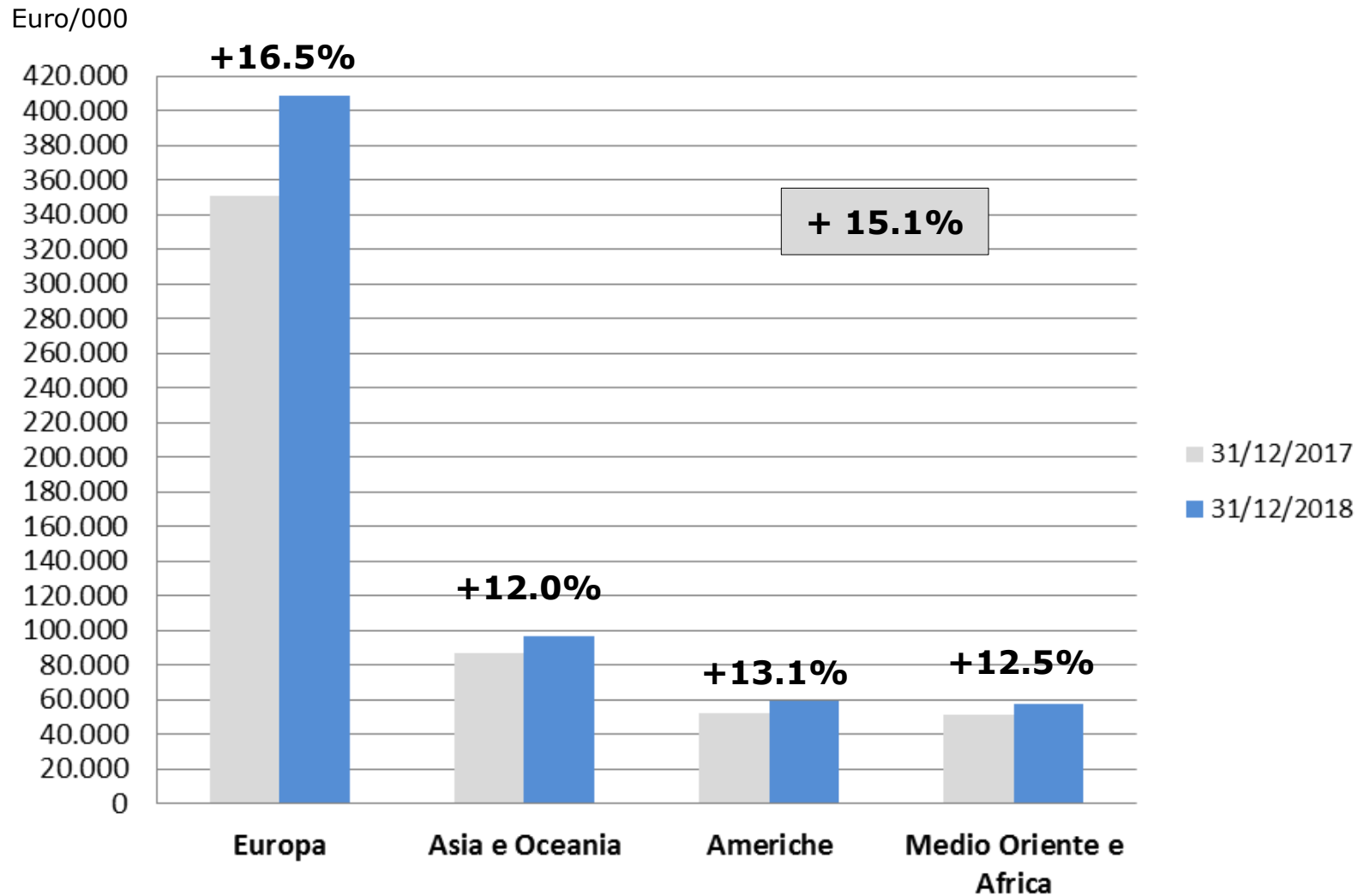
## Total Aggregated Sales (current exchange rates)



## Total Aggregated Sales (like-for-like exchange rates)



## Aggregated sales of licensees (ASL) – geographic area -



# Consolidated Revenues

Euro/000

	31/12/2018	31/12/2017	Variances	%
<b>Total consolidated revenues</b>	<b>210.449</b>	<b>183.507</b>	<b>26.941</b>	<b>14,7%</b>
Consolidated direct sales	155.616	135.583	20.033	14,8%
Royalties from ASL	39.562	36.085	3.476	9,6%
Royalties from ASSC	15.271	11.838	3.433	29,0%

# Income Statement

Euro/000

	31/12/2018		31/12/2017		Variances	
Consolidated direct sales	155.615	100%	135.583	100%	20.032	14,8%
Cost of sales	(91.542)	-58,8%	(81.065)	-59,8%	(10.477)	-12,9%
<b>GROSS MARGIN</b>	<b>64.074</b>	<b>41,2%</b>	<b>54.518</b>	<b>40,2%</b>	<b>9.555</b>	<b>17,5%</b>
Royalties and sourcing commissions	54.832	35,2%	47.924	35,3%	6.909	14,4%
Other income	3.053	2,0%	3.639	2,7%	(586)	-16,1%
Sponsorship and media costs	(25.650)	-16,5%	(24.627)	-18,2%	(1.023)	-4,2%
Personnel costs	(23.074)	-14,8%	(21.084)	-15,6%	(1.990)	-9,4%
Selling, general and administrative costs, royalties expenses and amortization	(46.653)	-30,0%	(43.729)	-32,3%	(2.924)	-6,7%
<b>EBIT</b>	<b>26.582</b>	<b>17,1%</b>	<b>16.642</b>	<b>12,3%</b>	<b>9.940</b>	<b>59,7%</b>
Net financial income (charges)	(1.181)	-0,8%	(1.578)	-1,2%	397	25,2%
<b>EBT</b>	<b>25.401</b>	<b>16,3%</b>	<b>15.063</b>	<b>11,1%</b>	<b>10.338</b>	<b>68,6%</b>
Income taxes	(4.387)	-2,8%	(4.418)	-3,3%	30	0,7%
<b>Net Result</b>	<b>21.014</b>	<b>13,5%</b>	<b>10.646</b>	<b>7,9%</b>	<b>10.368</b>	<b>97,4%</b>

# Cash Flow Statement

Euro/000

	31/12/2018	31/12/2017
<b>Net Financial Position, beg. of the period</b>	<b>(61.480)</b>	<b>(49.459)</b>
<b>Net result</b>	<b>21.014</b>	<b>10.646</b>
Depreciation and amortization	6.448	6.419
Change in Operating Working Capital	(6.128)	(5.667)
Change in Employee and Director Benefits	505	672
Change in other Current Assets, net	73	(405)
<b>Operating Cash Flow</b>	<b>21.912</b>	<b>11.665</b>
Capital expenditures	(5.801)	(18.581)
Disposals	294	825
<b>Capital expenditures, net</b>	<b>(5.507)</b>	<b>(17.756)</b>
Acquisition of treasury shares	(3.332)	(2.605)
Dividends	(3.273)	(3.324)
<b>Change in Net Financial Position</b>	<b>9.800</b>	<b>(12.020)</b>
<b>Net Financial Position, end of the period</b>	<b>(51.680)</b>	<b>(61.480)</b>



# Dividend distribution

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Euro	2018	2017	Variances	%
Dividend	0,12	0,06	0,06	<b>100,0%</b>

Euro /000	2018	2017	Variances	%
Total dividends	7.319	3.660	3.660	<b>100,0%</b>
Dividends (cash outflow)	6.479	3.283	3.196	<b>97,3%</b>
Net result	21.014	10.646	10.368	<b>97,4%</b>
<i>Pay-out ratio</i>	<i>30,8%</i>	<i>30,8%</i>	<i>0,0%</i>	

The dividend will be paid from May 22, 2019, with coupon at May 20, 2019 and *record date* of May 21, 2019.

# Treasury shares buy-back programme

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*As of today's date, the company owns:*

- ⇒ N. 7.005.822 equal to 11,48% of the share capital
- ⇒ Average price Euro 2,57
- ⇒ Investment of Euro 18 million
- ⇒ Current exchange price Euro 5,46
- ⇒ Equivalent at the current exchange price Euro 38 million
- ⇒ Implicit capital gain of Euro 20 million

- ⇒ % share price change in the period January 1<sup>st</sup> and December 31<sup>st</sup> 2018: **+18,8%**
- ⇒ % share price change from January 1<sup>st</sup> 2019 until Today: **+20%**

# Treasury shares buy-back programme

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	Shareholders' AGM authorisation of April 27th 2017	Shareholders' AGM authorisation of April 24th 2018
	Apr 2017 - Apr 2018	Apr 2018 - Today
Maximum financial commitment	€ 3.500.000	€ 3.500.000
Total investment of the period	€ 2.641.324	€ 2.648.383
Number of acquired treasury shares	717.282	629.843
Average price	3,69	4,20
% of the share capital	1,17%	1,03%

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