

**giglio**

GROUP S.p.A.

**STAR CONFERENCE 20 MARZO 2019**



**GLOBAL DIGITAL  
ENABLER**  
FOR FASHION BRANDS

**BUSINESS PLAN 2019-2021**

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**GIGLIO**  
OVERVIEW

**THE MARKET**  
FASHION LUXURY

**BUSINESS PLAN**  
2019-2021

# GIGLIO GROUP

## FASHION DIGITAL ENABLER

- Partner for Fashion Luxury Brand to get a privileged and unlimited access to e-commerce globally;
- B2B and B2C tailor-made services to Fashion Luxury industry:
  - *From the creation of e-commerce platform to global inventories management;*
- 4 Operating Hubs: Milano, Lugano, Shanghai, New York;

**2018**

**50+**

FASHION  
BRAND

**50+**

GLOBAL  
MARKETPLACE

**€75mn**

GMV 2018

**100+**

COUNTRIES

**2015  
2017**

**Construction of the integrated business model 4.0:**

- M&A
- Technological Development

**2018**

**Business consolidation:**

- Unique Technological Platform
- Team integration

**New businesses:**

- Proprietary Marketplace
- T-commerce

**FUTURE  
PRIORITIES**

- Main Digital Partner for Brand
- Greater China
- T-commerce

**MISSION**

**SELL THROUGH 100%**



# GIGLIO GROUP HISTORY

## 2003



Giglio Group is established and the television channel Music Box is founded

## 2010

- Play.Me (LCN 68) TV channel starts broadcasting
- Dada purchases a further 15% increasing its stake to 25%

## 2014

- Giglio TV was founded at the end of July, it is the first television channel in China, entirely dedicated to the Italian lifestyle
- The 49% of Giglio TV is participated equally by the Ministero dello Sviluppo Economico (the Ministry of Economy and Development) and SIMEST
- At the end of November, Giglio Group increased its stake in Nautical Channel to 100%

## 2016



Acquisition of MF Fashion (which becomes **Giglio Fashion**), the new online marketplace at a worldwide level for products in the category of fashion

## 2018

- Listing on MTA, STAR segment (on March)



- Giglio Group launched Channel “ibox 65”, the first T-commerce channel in Italy dedicated to made in Italy “Home, Food, Furniture”
- Launch of T-commerce for fashion
- Agreement with WeChat to bring Italian brands into the widest chinese platforms

## 2008

Dada enters into Giglio Group with a 10% stake



Live TV channel is created, a thematic TV channel dedicated to live concerts

## 2011

- Acqua (LCN 65) TV channel starts broadcasting
- Yacht and Sail TV channel is purchased from the RCS group
- Nautical Channel is established: it is distributed in 56 nations and 5 continents and is the only Pay TV television channel in the world, entirely dedicated to sailing and water sports
- Buongiorno Spa purchases 100% of Dada (Dmobilelab Spa) including the stake in Giglio Group

7 August  

## 2015

Listing on AIM Italia.



Acquisition of M-Three Satcom, a strategic partner within the distribution of the television signal via satellite and fiber optic signal

## 2017

### evolve

Giglio Group purchases **100% of Evolve Service**, one of the most important players in the e-commerce industry for fashion, beauty and design

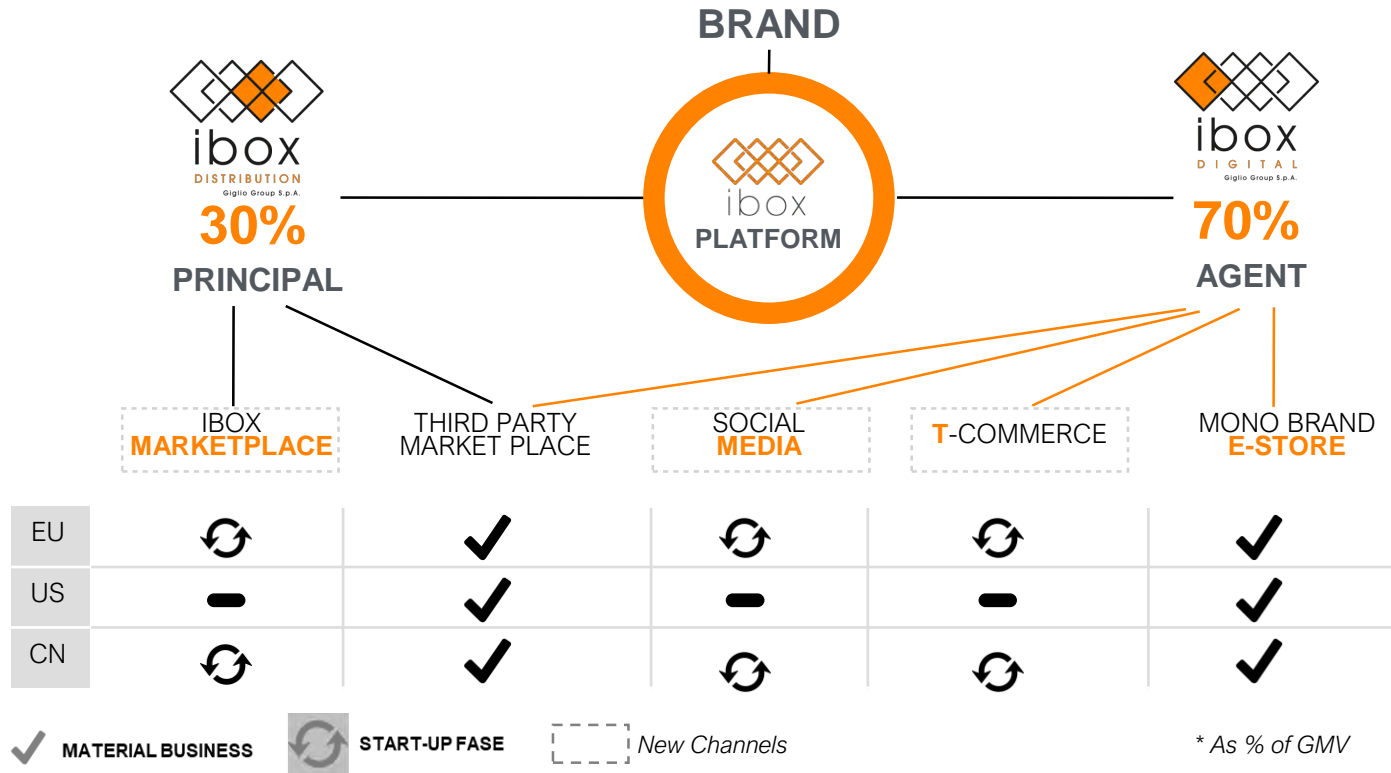


## 2019

### Pure e-commerce player

- Giglio Group become a 100% e-commerce company with a global coverage of commercial hubs and logistics.
- Sales of Media Asset to Vertice 360 and signing of Strategical Partnership.

# IBOX: THE CONNECTION BETWEEN BRAND AND DIGITAL CONSUMER



- Totally Integrated Model in terms of both distribution channels and Business Model:
  - Excellent fertilization among distribution channels;
  - 100% Sell-through.

**On-season**  
60/75%

**Off-season**  
40/25%

+ **INCREMENTAL STOCK**  
**SPECIAL PRODUCTION**

Europe:	Consolidated market	79% GMV	B2B
US:	Mainly Distribution	15% GMV	B2B
China:	Partnership with Marketplaces + New Digital Channels	6% GMV	B2B

# IBOX DIGITAL

## B2C

### A SUITE OF SERVICES FOR A COMPLETE OUTSOURCING OF ONLINE BRAND MANAGEMENT

- Ibox digital provides e-commerce services to fashion brands: a unique technological platform to manage: monobrand website, marketplace connections, payment systems and logistics;
- Giglio takes a fee for its services, also related to level of sales, without bearing any inventory risk.
- GMV 2016 - 2018 CAGR +20%
- REVENUES 2016 – 2018 + 26%

**23 MONOBRAND WEBSITE MANAGED**

**€330 AVERAGE ORDER VALUE**

**280 MLN VISITED WEBPAGES**

**100 MANAGED PROJECTS**

**230 k ORDERS**

**DELIVERIES IN 100+ COUNTRIES**



WEB DESIGN

WEB MERCHANDISING & FOTOSHOOTING

WEB MARKETING

CUSTOMER SERVICE 24H OMNICHANNEL

PREFERRED PARTNER **ORACLE**  
COMMERCE CLOUD

TECHNOLOGICAL PLATFORM

CHANNEL MANAGEMENT

LOGISTIC & DISTRIBUTION

LEGAL & FINANCIAL SERVICES

### KEY PARTNER BRAND



# IBOX DISTRIBUTION B2B

MANAGE THE BRAND INDIRECT ONLINE SALES TO THE MAIN E-COMMERCE PLATFORM GLOBALLY.

- Ibox platform is connected to the main marketplaces worldwide with a complete integration of payment systems and managing products logistics.

**50+**  
GLOBAL E-COMMERCE  
PLATFORMS

**40+**  
PARTNER  
BRAND

**300 MLN**  
USERS ON REACHED PLATFORMS

**20+ COUNTRIES AND 3 CONTINENTS**  
REACHED

## KEY PARTNER BRAND





# IBOX PLATFORM

## EXPLOITING CHINA

- Giglio Group developed an important hub with dedicated team in China, allowing brands to rapidly develop - at low cost - the e-commerce channel.
- Giglio enjoys a unique presence in Chinese media, allowing to strengthen brand awareness through:
  - Chinese media (TV, social, marketplace with over 100 millions of daily users)
  - Well positioned traditional media;
  - iBox Marketplace, with an immediate conversion in product sales.



### EXPERIENCE AND KNOW-HOW

To develop local e-commerce channel

### ICP LICENSES

Chinese government authorization to manage websites

### LOCAL TEAM

For an optimal management of e-commerce digital activities

### BRAND AWARENESS

Through Giglio media network

### LOGISTIC HUB

Mainland and Free Trade Zone in Shanghai - possibility to have stock without anticipating duties

### DIGITAL MARKETING EXPERIENCE

To develop the best positioning and the best marketing plans

# IBOX PLATFORM EXPLOITING CHINA

LOCAL E-COMMERCE WEBSITE  
Focus on Chinese market

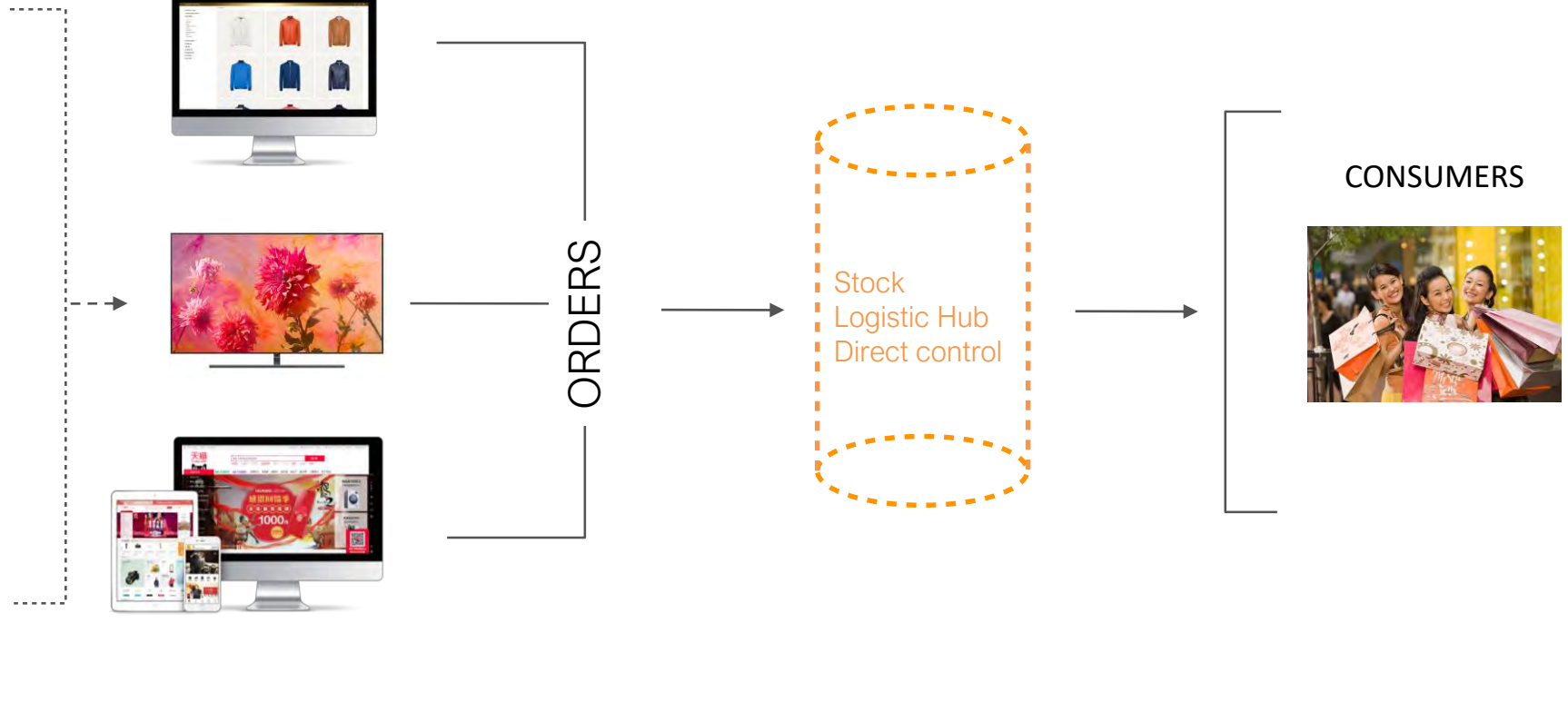
T-COMMERCE  
Partnership with WeChat



“SHOP IN SHOP”  
On main Chinese e-commerce platform

VIPLUX.COM 天猫 Tmall.COM JD 京东 .COM

SECOO/赛可



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2019-2021

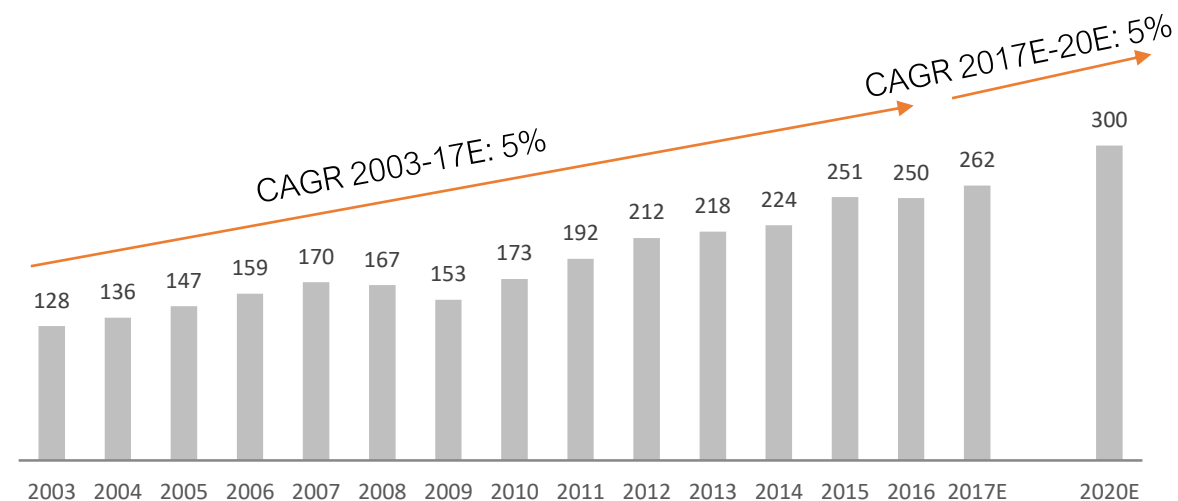
# PERSONAL LUXURY GLOBAL MARKET

## BIG MARKET WITH STABLE GROWTH RATE: €300+bn WITHIN 2020

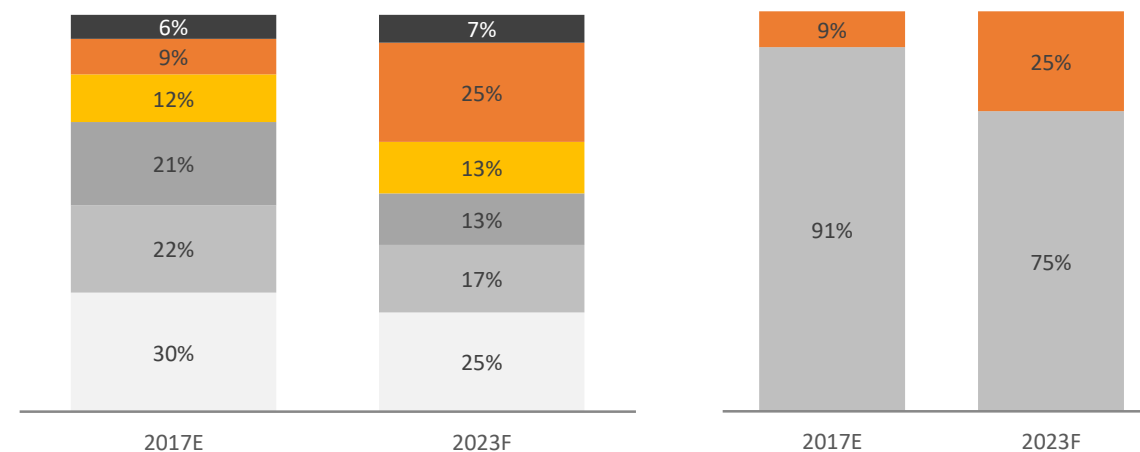
- Prevailing Family Ownership: The market is characterized by companies owned by families who ensure the brand integrity.
- Fragmented Sector: 19 out of 20 larger global fashion luxury brand have their headquarter in Europe and have their own direct distribution channels, while smaller Brands mainly rely on a network of independent stores. Inventories fragmentation implies inefficiencies and lost business opportunities.

## STRONG FASHION E-COMMERCE GROWTH: FROM 9% TO 25% IN 2023

- Social and Digital Marketing: Digital transformation is influencing the relationship between luxury brand and their consumer. As a proof, today digital influencer drives the 70% of consumer decision.
- New Generation: During 2017, Millennials and Z-generation represented the 85% of fashion growth. Young consumers are expected to contribute for 45% of global fashion turnover within 2025 relying on e-commerce as main channel.



Source: Bain & Company; Data in €bn



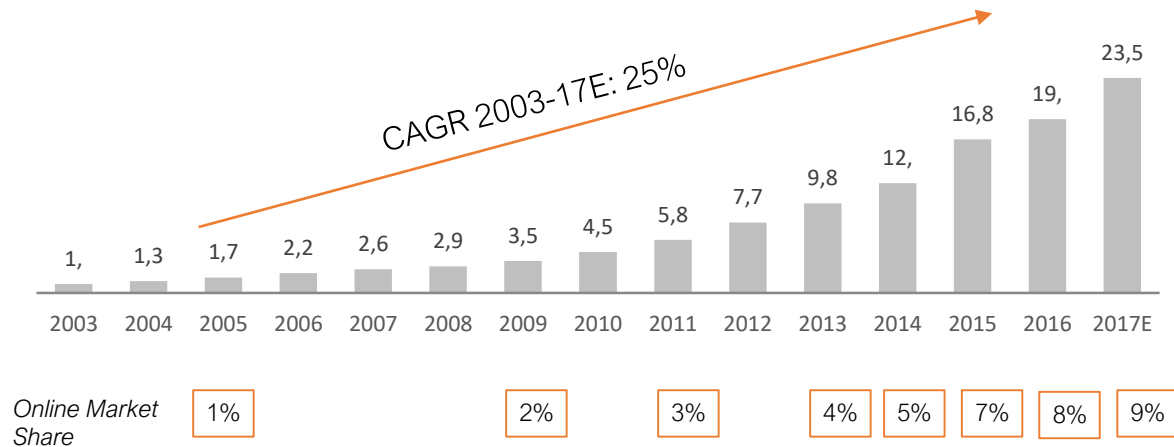
Source: Bain & Company

# ONLINE LUXURY MARKET

## OUTSTANDING ONLINE GROWTH: MARKET SHARE OF 9%

- Global Retail market (B2C) reached around €380bn in 2017 and is expected to reach €820bn with a CAGR of more than 13%;
- Online discount sales and home delivery attracted numerous clients. However brand have to innovate their services to maintain the luxury customer experience.
- Technological development, such as safer online transactions and greater customer experience, driven the market growth;

## PERSONAL LUXURY ONLINE MARKET €bn



Source: Bain & Company

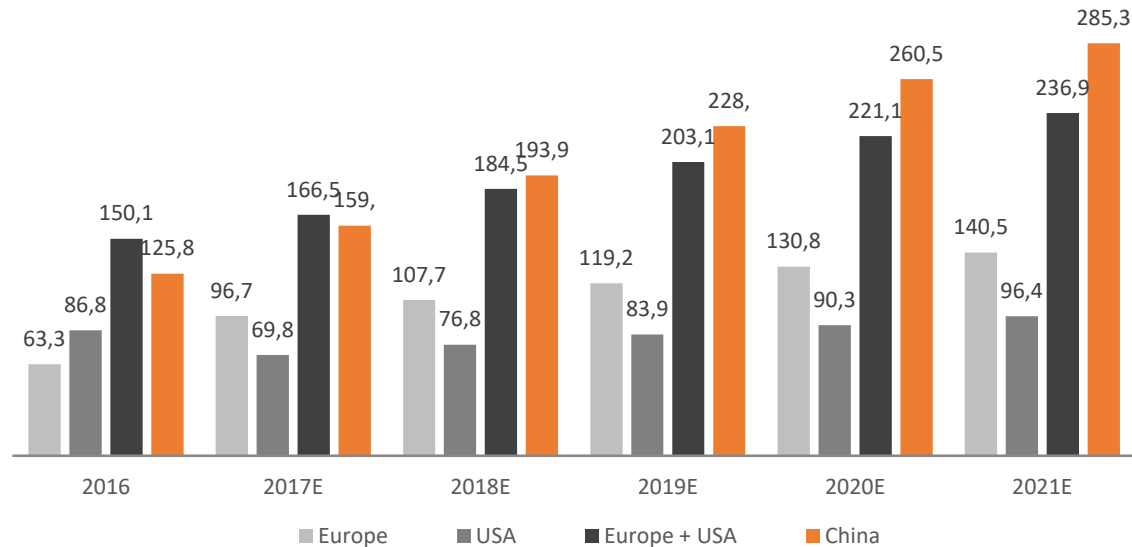
Source: Osservatorio eCommerce B2c 2018 (1)

# CINA E-COMMERCE LUXURY MARKET

## ASIA TAKING THE LION'S SHARE: CHINA OVER THE AGGREGATE EU-USA

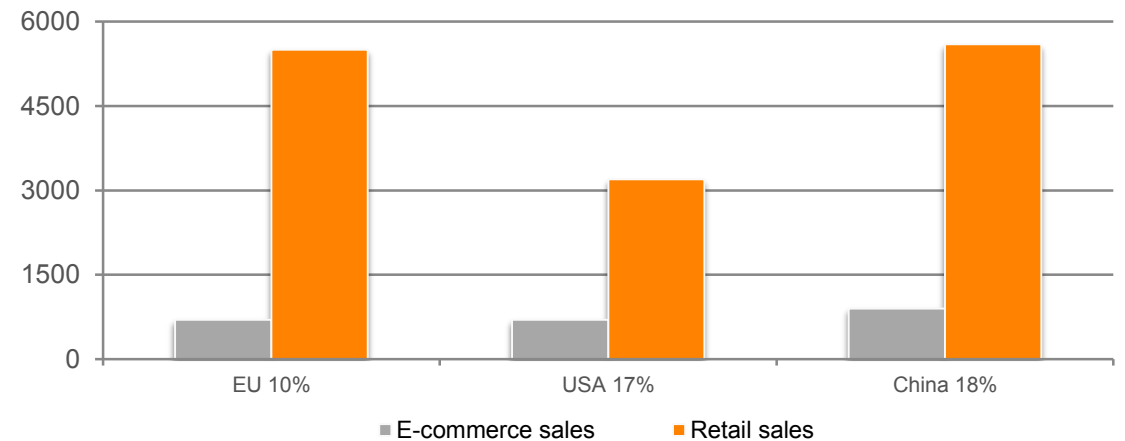
- Asia-Pacific region will be the faster growing market in the next 3 years, followed by MEA. China and India will be the main focus with the objective of penetrating the developing online channel;

## FASHION ONLINE MARKET €bn



Source: Statista

## E-COMMERCE VS RETAIL €bn



Source: Osservatorio E-commerce B2C 2018

# COMPETITIVE LANDSCAPE

## UNIQUE COMPETITIVE POSITIONING

- Giglio Group operates within the fashion e-commerce market, along with companies such as Farfetch, YNAP, Zalando, Showroom Privè (SRP), asos;
- Despite the size, Giglio enjoys a unique positioning being active on all main distribution channels of online and fast growing;
- There is no such competence, global coverage, business model and direction in the market. Unique player.
- For much of the brands now, we see only two options: in-house management or Giglio support.

## DISTINCTIVE ADVANTAGES

### POSITIONING

- Luxury Segment
- High GMV per Brand
- Total Quality service to brand

### BUSINESS MODEL

- Integrated Services
- Brand-Marketplace connection

### TECNOLOGY

- Innovative
- Proprietary
- Flexible

### CHINA PENETRATION

- Widespread Presence
- Brand Awareness support
- Only Certified Media Operator

### KNOW-HOW







- Sector
- Products
- Trust Relationship

### PEOPLE

- High-level expertise
- Tailor-made support
- Internal engineering team

# COMPETITIVE LANDSCAPE

## DISTRIBUTION CHANNELS

OWN MARKET	E-STORE MONOBRAND <i>Es. MaxMara.com</i>	SOCIAL <i>Sales through WeChat, Facebook, etc</i>	T-COMMERCE <i>See and Buy</i>	MARKETPLACE <i>Amazon, Zalando, ecc.</i>
 <b>FARFETCH</b>  YOOX NET-A-PORTER GROUP  <b>ASOS</b>  	YOOX NET-A-PORTER GROUP  showroomprive.com  	<b>FARFETCH</b>  		



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2019-2021

# GROUP STRATEGY

**DEVELOPMENT COSTS**  
2019-2021

## PLATFORM EVOLUTION

Complete platform integration with all digital channels, with particular focus on e-commerce marketplace.

## ONE PLATFORM

**100% COVERAGE**  
ALL BRANDS  
MADE IN ITALY

**€6-7MN**

## COMMERCIAL DEVELOPMENT

Enlarge the brand portfolio, with particular focus on luxury segment, thanks to the strengthening of commercial activity also through new talent hiring;

## THE DIGITAL BRIDGE TO CHINA

## PROJECT CHINA

Expansion on Asian markets, mainly exploiting the Chinese opportunities, thanks to the cross presence in all digital channel and thanks to new agreements with new brands.

80+  
BRAND



T-COMMERCE



E-COMMERCE



SOCIAL



## STRATEGICAL OBJECTIVES

*Leader e-commerce Fashion Made in Italy*

*Target 2-3% online Sales of Fashion Made in Italy*

*Partnership and integration with the firsts 50 e-commerce platform all over the world*

*Main E-commerce partner for Made in Italy Fashion Luxury in China*

# MEDIA AREA

*March 2019 - GIGLIO GROUP SIGNED A CONTRACT WITH SPANISH LISTED COMPANY VERTICE 360 AND WITH SQUIRREL CAPITAL FOR THE TRANSFER OF GIGLIO GROUP'S MEDIA AREA TO VERTICE 360, HAVING IN EXCHANGE VERTICE 360'S SHARES RESERVED TO GIGLIO GROUP*

## GIGLIO ASSETS

- TV channel 68 + minor
- 100% of M-Three Satcom
- 100% Nautical Channel
- TV contents and rights in China.

€ 12,5 mln MEDIA AREA ASSETS



1,136,363,636.00 shares @ € 0,011

## SQUIRREL CAPITAL

Squirrel Capital is the majority shareholder of Vertice 360, with 54.66% of its share capital. It is the most important advertising and audiovisual group in the Spanish market, with strong coverage in Europe and South America. A digital agency managing exclusively the European budget of TRIVAGO.

VERTICE 360

Vertice 360, listed on Madrid's stock exchange market ever since 2007, operates on two main business lines: production and distribution of international audiovisual contents. It is a fast growing company

*ALLIANCE BETWEEN GIGLIO GROUP AND VERTICE 360 FOR THE PROMOTION OF THE SYNERGIES BETWEEN EACH COMPANY'S E-COMMERCE AND MEDIA BUSINESSES*

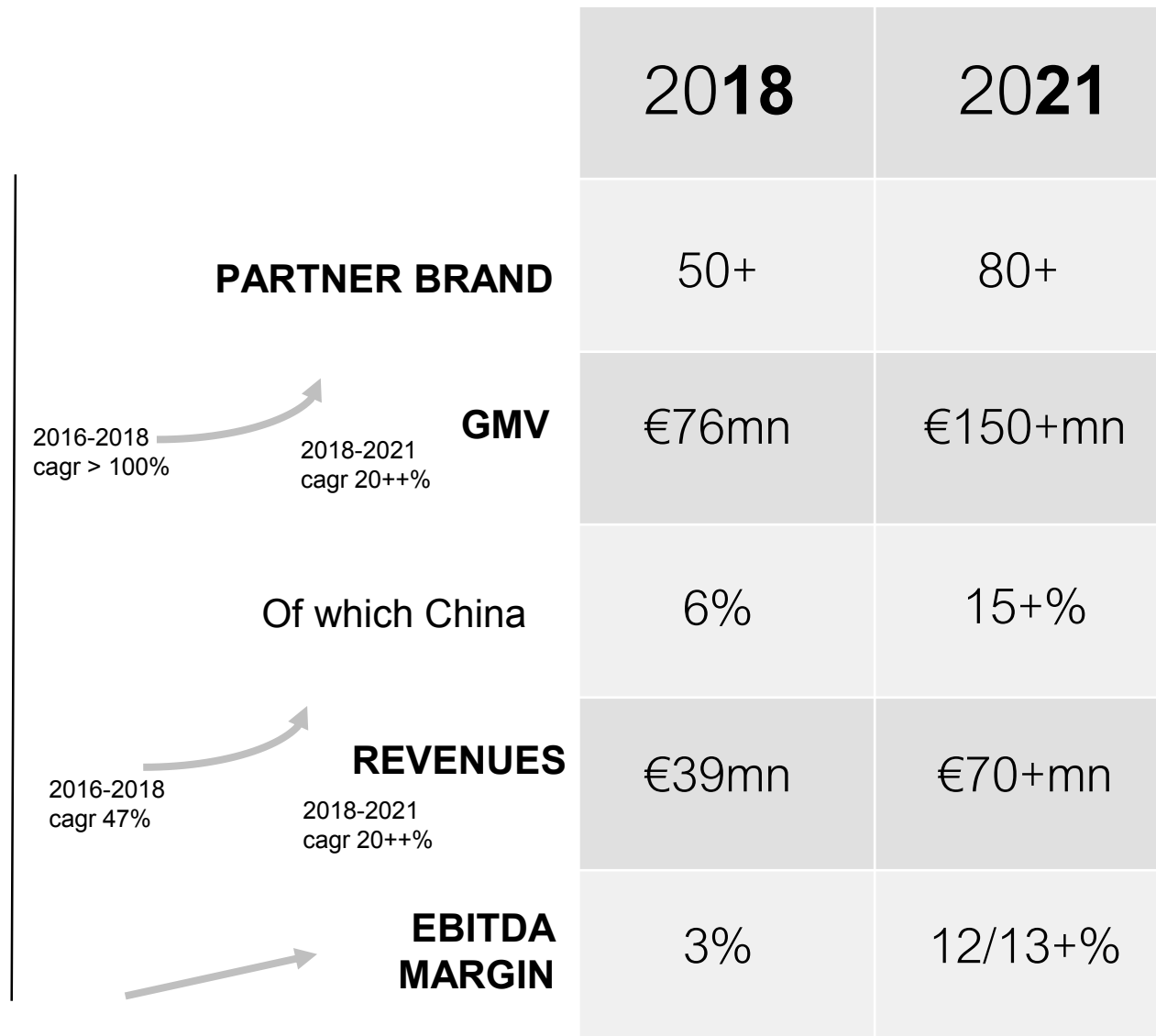
# GROUP STRATEGY

## KEY GROWTH DRIVER

- **BRANDS BRANDS BRANDS.** Enlarge Portfolio and gaining market share
- **Cross-Fertilization** between Distribution Channels;
- Consolidation in Europe and **penetration in China**;
- **Market Places** direct access, the next big thing
- **Technology Improvement:** Ibox Platform and T-commerce.

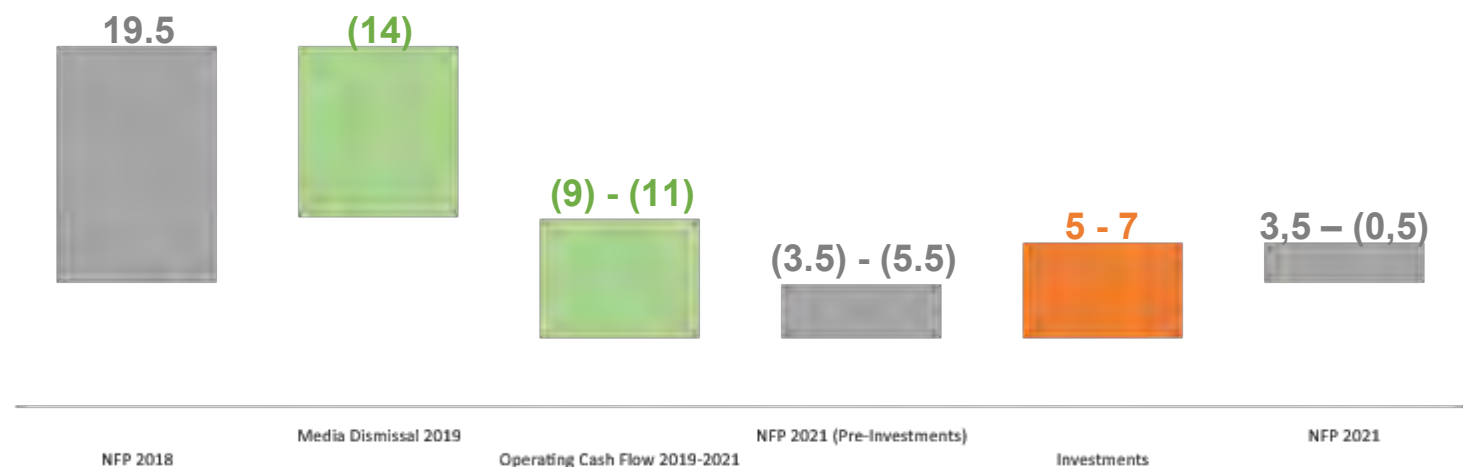
## PROFITABILITY EVOLUTION

- **Gaining Fast long-term sustainable profitability > 15%**
- 2018 EBITDA Margin is influenced by expenses for **tech platform development** and business development
- 2019 finalization of the **Media exit process**
- 2020 EBITDA Margin is expected to be **around 12%.**
- **Targeting a lean organization** by 2019 end in line with smaller complexity and



# NET FINANCIAL POSITION 2018-2021

Data in €mn;



Note: Data in parenthesis represents positive components of NFP.

Operating Cash Flow: EBITDA - Taxes + Financial Income/(expenses)

Investments: Working Capital + Capex

## A TRULY AGILE AND TACTIC COMPANY

### INVESTMENTS:

- 4.0 E-commerce Platform Integration and development;
- Working capital to sustain the business turnover increase on the B2B

### EXTRAORDINARY OPERATION

- Media Asset Dismissal for €14mn  
Vertice shares + LCN 65 sale cash in

### CAPITAL STRUCTURE OPTIMIZATION

- Increase Average Debt Duration
- Reduce short term facilities

### POTENTIAL ADDITIONAL OPTIMIZATION

- Vat Receivables €5-9 mln
- Industrial partner



**INVESTOR  
PRESENTATION**  
March 2019

# FY 2018

## FINANCIALS (1/2)

- **BOARD APPROVES THE RESULTS AT 31/12/2018 AND THE NEW INDUSTRIAL PLAN 2019-2021**
- The Gross Merchandise Value (GMV) from Giglio Group's access to the B2C activity throughout 2017 went from €51.1 million by the end of the previous fiscal year to €75.7 million in 2018, with a growth rate of 48%;
- Consolidated IFRS 15 revenue of €39 million, growing by 27% if compared to 2017 (€30.7\* million);
- The newly approved industrial plan, on the wake of the strong increase in GMV (€ 0 in 2016), foresees a doubling of transactions of 2018 (€ 75.7 million), with expected results of more than € 150 million by the end 2021 and an expected EBITDA margin of more than 12%;
- By the end of 2018, Giglio Group represented 70 brands (b2b and b2c), while negotiations to win over 30 new important brands are at an advanced stage; in particular, Trussardi, Stefano Ricci and Bric's e-stores are currently being launched on the Chinese market. Considering the significant increase in volumes for the e-commerce area, the Group decided to transfer in advance the media area to Vertice 360 for € 12,500,000.00 in order to focus all work efforts, time and resources on the e-commerce, which overcome the break-even point and thus became profitable.;
- The EBITDA\*\* of continuing operations, adjusted to non-recurring charges (€ 0.9 million) and to IFRS 5 effects amounts to € 1.2 million (€ 2.4\* million consolidated data of 31 December 2017); this reduction -other than from the realization and implementation costs of the Ibox platform, which automatically connects brands' products to 200 marketplaces worldwide- stems also from structural costs required to improve the commercial strength and from the expenses related to the start of Chinese activities incurred in 2018;

\*FY 2017 consolidated figures restated, applying effects from application of IFRS 15 and IFRS 5 retrospectively

\*\*EBITDA, Net result of continuing operations and net profit adjusted for non-recurring charges totalling approx. Euro 0.9 million, principally relating to the listing on the MTA market, STAR segment, managed by Borsa Italiana.

# FY 2018

## FINANCIALS (2/2)

### **BOARD APPROVES THE RESULTS AT 31/12/2018 AND THE NEW INDUSTRIAL PLAN 2019-2021**

- The net result of continuing operations\*\*, adjusted to non-recurring charges and to IFRS 5 effects amounts to € - 0.1 million (€ 1.9\* million consolidated data of 31 December 2017) and does not take into account the € 2.8 million capital gain to be recorded in 2019 Financial Statement, conversely to the capital losses already calculated in 2018, under the application of international accounting standards;
- The Net Profit\*\* is negative, by € 8.3 million, decreasing if compared to 2017 (€ 0\* million) due to the effects of the result arising from the activities connected with the divestment of the media area, negative by € 7.3 million, including all capital losses related to the transfer and excluding all capital gains to be recorded in 2019;
- The transfer of the media area that took place in 2019 will lead to a favourable and more-than-significant reduction of amortization incidence, given to the low level of capital invested in e-commerce activities, with substantial positive effects on the EBIT;
- The Net financial debt position of € 19.2 million, increasing, is mainly connected to an increase in the net working capital and to a greater investment for the development of e-commerce activities, which does integrate the revenues to be collected in 2019 by Giglio Group as a result of the media area's transfer worth € 12,500,000.00;

\*FY2017 consolidated figures restated, applying effects from application of IFRS 15 and IFRS 5 retrospectively..

\*\*EBITDA, Net result of continuing operations and net profit adjusted for non-recurring charges totalling approx. Euro 0.9 million, principally relating to the listing on the MTA market, STAR segment, managed by Borsa Italiana



# FY 2018 FINANCIALS

FINANCIALS (€/k)	31.12.2018	31.12.2017*	31.12.2017**
REVENUES	39.615	32.287	36.919
EBITDA adjusted***	<b>1.234</b>	<b>2.363</b>	<b>3.004</b>
EBITDA %	<b>3.1%</b>	<b>7.3%</b>	<b>8.1%</b>
Non recurring costs	892	1.747	1.747
Adjusted Net profit of continuing operations***	<b>(116)</b>	<b>1.937</b>	<b>2.512</b>
Adjusted Net profit****	<b>(7.372)</b>	<b>1.790</b>	<b>2.366</b>

\*FY 2017 consolidated figures restated, applying effects from application of IFRS 15 and IFRS 5 retrospectively.

\*\*FY 2017 Pro-forma consolidated figures restated, applying effects from application of IFRS 15 and IFRS 5 retrospectively. The Pro-forma figures include the Ibox Group (former E-volve) in the consolidation from January 1, 2017.

\*\*\*EBITDA, EBIT and net profit adjusted for non-recurring charges totalling approx. Euro 0.9 million, principally relating to the listing on the MTA market, STAR segment, managed by Borsa Italiana and normalised to IFRS 5 effects.

\*\*\*\*Net profit adjusted for non-recurring charges totalling approx. Euro 0.9 million, principally relating to the listing on the MTA market, STAR segment, managed by Borsa Italiana.

**FY 2018**

# CONSOLIDATEMENT STATEMENT OF FINANCIAL POSITION

€/K	31.12.2018	31.12.2017
<b>Non - Current</b>		
Total non-current assets	<b>16.558</b>	<b>30.706</b>
<b>Current Assets (no cash)</b>		
Current assets (no cash)	<b>30.197</b>	<b>40.487</b>
Cash and cash equivalents	<b>2.889</b>	<b>6.209</b>
<b>TOTAL CURRENT ASSETS</b>	<b>33.086</b>	<b>46.696</b>
ASSETS DISCONTINUED OPERATIONS	<b>18.431</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>68.075</b>	<b>77.402</b>
<b>Shareholders' Equity</b>		
TOTAL SHAREHOLDERS' EQUITY	<b>8.409</b>	<b>16.692</b>
<b>Non Current Liabilities</b>		
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>7.470</b>	<b>10.347</b>
<b>Current Liabilities</b>		
TOTAL CURRENT LIABILITIES	<b>43.688</b>	<b>50.363</b>
LIABILITIES DISCONTINUED OPERATIONS	<b>8.508</b>	<b>-</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>68.075</b>	<b>77.402</b>

# 2018

<i>Reclassified Income Statement</i>					
	A	B	C	C=A-B	D=A-C
<i>(thousands of Euro)</i>	2018	2017*	2017**	Change	Change
Revenues	38,952	30,688	35,320	8,264	3,632
Restatement of eliminations arising from inter-company transactions toward discontinued operations	663	1,599	1,599	(936)	(936)
<b>Adjusted Revenues</b>	<b>39,615</b>	<b>32,287</b>	<b>36,919</b>	<b>7,328</b>	<b>2,696</b>
Operating Costs	(34,728)	(27,599)	(30,993)	(7,129)	(3,735)
<b>ADDED VALUE</b>	<b>4,887</b>	<b>4,689</b>	<b>5,926</b>	<b>198</b>	<b>(1,039)</b>
<b>ADDED VALUE%</b>	<b>12.5%</b>	<b>15.3%</b>	<b>16.8%</b>	<b>(2.7)%</b>	<b>(4.2)%</b>
Personnel expense	(3,653)	(2,326)	(2,922)	(1,327)	(731)
<b>Adjusted EBITDA</b>	<b>1,234</b>	<b>2,363</b>	<b>3,004</b>	<b>(1,129)</b>	<b>(1,770)</b>
<b>EBITDA%</b>	<b>3.1%</b>	<b>7.3%</b>	<b>8.1%</b>	<b>(4.2)%</b>	<b>(5.0)%</b>
Non-recurring charges	(892)	(1,747)	(1,747)	855	855
Amortisation, depreciation and write-downs	(340)	(206)	(260)	(134)	(80)
<b>EBIT</b>	<b>2</b>	<b>410</b>	<b>997</b>	<b>(408)</b>	<b>(995)</b>
Net financial expenses	(1,085)	(580)	(585)	(505)	(500)
<b>PROFIT BEFORE TAXES</b>	<b>(1,083)</b>	<b>(170)</b>	<b>412</b>	<b>(913)</b>	<b>(1,495)</b>
Income taxes	75	360	353	(285)	(278)
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	<b>(1,008)</b>	<b>190</b>	<b>765</b>	<b>(1,198)</b>	<b>(1,773)</b>
<b>NET PROFIT FROM DISCONTINUED OPERATIONS</b>	<b>(7,256)</b>	<b>(146)</b>	<b>(146)</b>	<b>(7,110)</b>	<b>(7,110)</b>
<b>NET PROFIT</b>	<b>(8,264)</b>	<b>43</b>	<b>619</b>	<b>(8,307)</b>	<b>(8,883)</b>

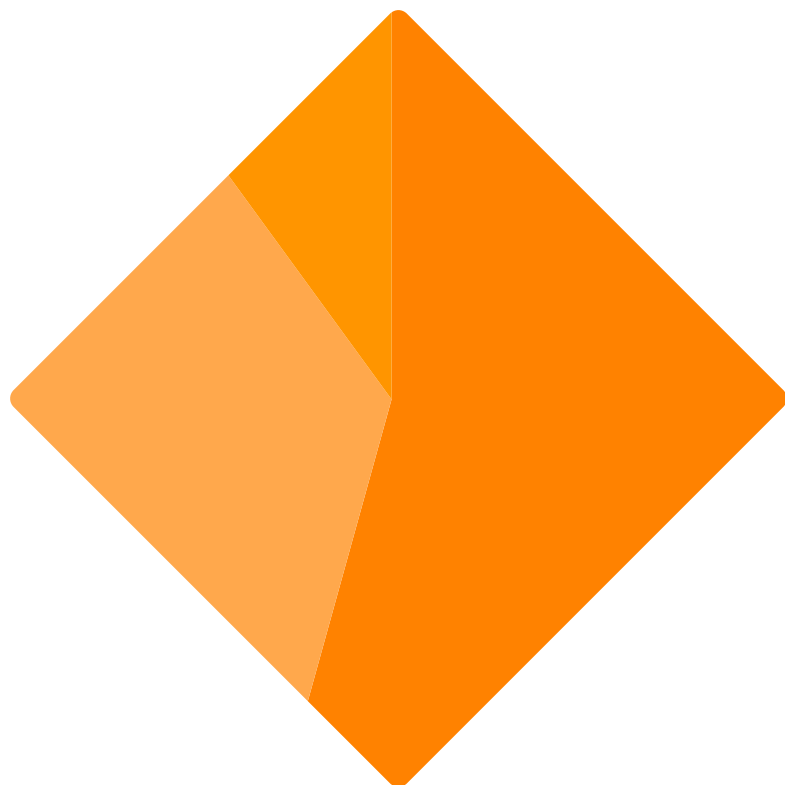
\* 31 December 2017 consolidated figures restated, applying effects from application of FRS 15 and FRS 5 retrospectively.

\*\* 31 December 2017 pro-forma consolidated figures restated, applying effects from application of FRS 15 retrospectively, in addition to the effect from the acquisition of the Evolve Group.

*Reclassified Balance Sheet*

<b>(thousands of Euro)</b>	<b>2018</b>	<b>31.12.2017</b>	<b>Change</b>
<b>Fixed assets</b>			
Intangible Fixed Assets	12,297	22,644	(10,347)
Tangible Fixed Assets	1,492	6,829	(5,337)
Financial Fixed Assets	1,595	292	1,303
<b>Fixed Assets</b>	<b>15,384</b>	<b>29,765</b>	<b>(14,381)</b>
Inventories	5,273	6,729	(1,456)
Commercial credits and other receivables	12,321	20,926	(8,605)
Commercial debts and other receivables	(23,873)	(33,728)	9,855
<b>Operating/Commercial Working Capital</b>	<b>(6,279)</b>	<b>(6,073)</b>	<b>(206)</b>
Other current assets and liabilities	8,177	7,959	218
<b>Net Working Capital</b>	<b>1,898</b>	<b>1,886</b>	<b>12</b>
Provisions for risks and charges	(804)	(864)	60
Deferred tax assets and liabilities	1,171	659	512
<b>Net Invested Capital of Sales Activities</b>	<b>17,649</b>	<b>31,446</b>	<b>(13,797)</b>
<b>Net Invested Capital of Sales Activities</b>	<b>9,923</b>	<b>-</b>	<b>9,923</b>
<b>Total Net Invested Capital</b>	<b>27,572</b>	<b>31,446</b>	<b>(3,874)</b>
<b>Net Worth</b>	<b>(8,408)</b>	<b>(16,692)</b>	<b>8,284</b>
<b>Total NFP</b>	<b>(19,164)</b>	<b>(14,754)</b>	<b>(4,410)</b>
<b>Total Sources</b>	<b>(27,572)</b>	<b>(31,446)</b>	<b>3,874</b>

## GIGLIO GROUP SHAREHOLDERS ID



◆ 55,67%  
Meridiana Holding

◆ 34,42%  
Free Float

◆ 9,91%  
Buongiorno Spa

Total outstanding shares, including capital increase  
of 1.222.000, totalling 16.040.250 shares



# NEW STRATEGIC GUIDELINES AND E-COMMERCE OPPORTUNITIES



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## EVOLUTION OF BRAND/CLIENT RELATIONSHIP

Technological innovations enable the evolution of sales channels.  
Products life cycle evolves around and adapts to the client and its needs.

*New business opportunities  
that brands must monitor*

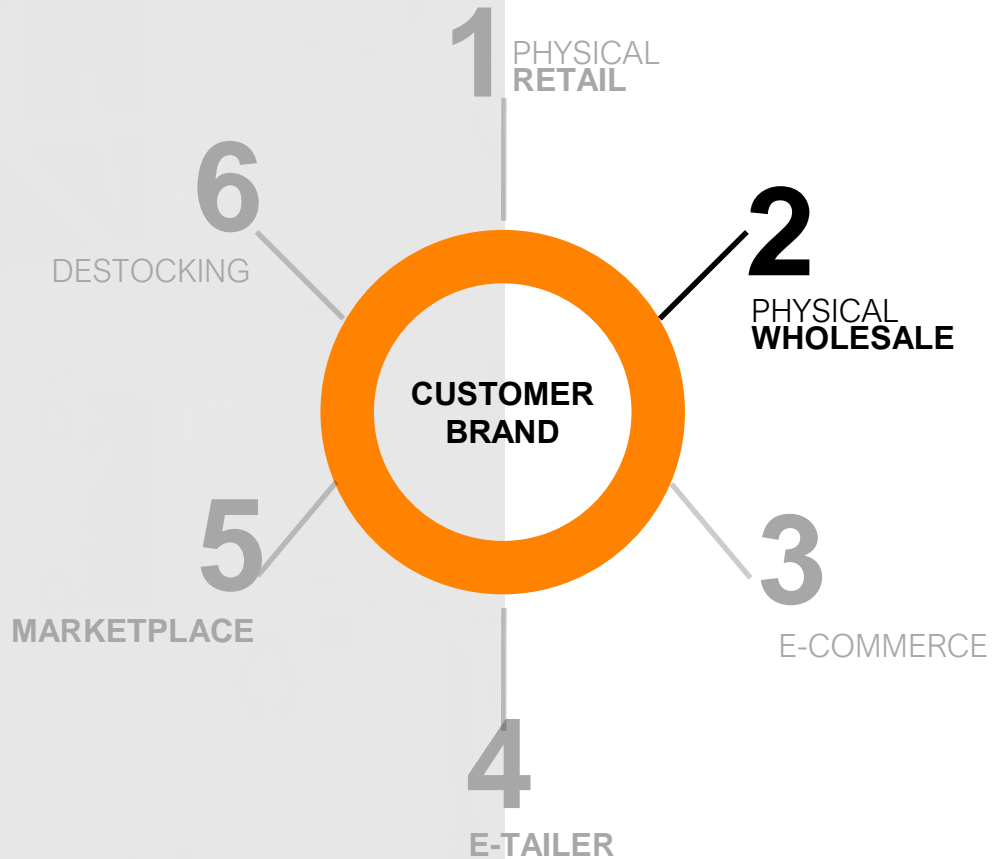


## PHYSICAL RETAIL

•According to our vision, physical retail is committed to strengthen the efficacy of all other sales channels, as well as being involved in additional differentiated services and functionalities (e.g. click & collect, change & return, in-store personal shopper)

- Growth of brand database
- CRM
- Up-sell





## PHYSICAL WHOLESALE

- Department stores and multi-brand boutiques amplify the «physical» distribution of a brand.
- They represent an important meeting point between the brand and the consumer.

- Sales increase
- Brand-awareness increase
- Geographic market penetration

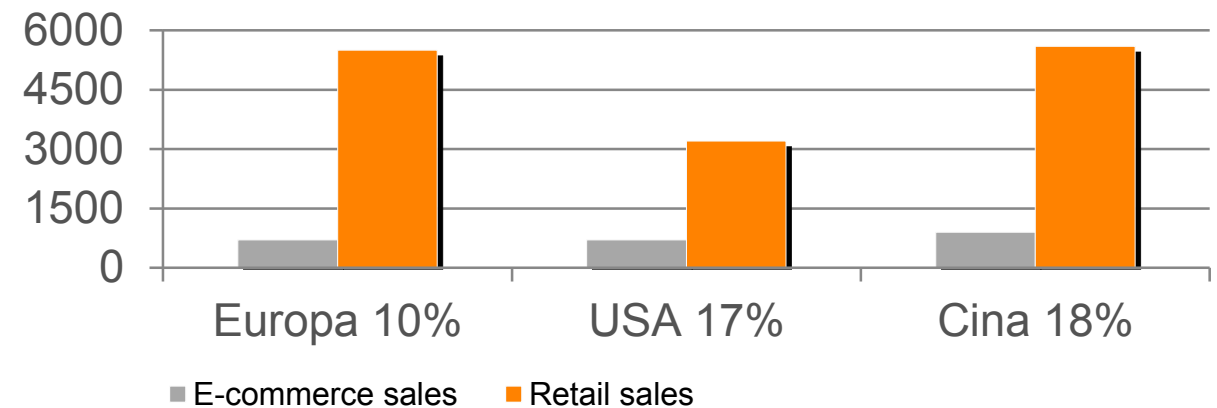


## E-COMMERCE

•E-commerce is the first sales pillar within the online market and is capable of accounting for about 13% of a brand's total sales.

- Brand DNA
- Maximum catalogue range
- Contact personalisation
- Significant sales volumes
- Direct control of online distribution

2018 e-commerce vs. retail sales  
Billions of €



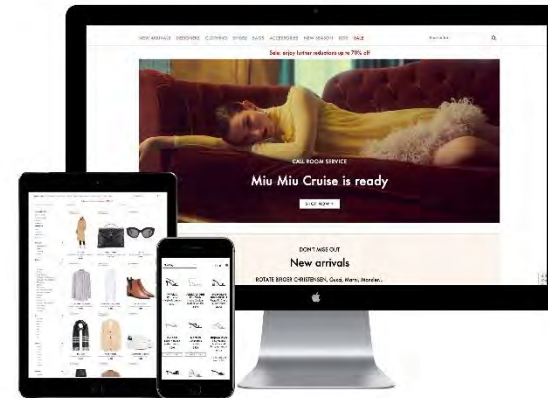
Source: graphic elaboration on 2018 eCommerce B2C Observatory data (1)



## E-TAILER

•E-tailers (or multi-brand stores) amplify brands' online distribution by maintaining its positioning

- Brand-awareness increase
- Digital sales increase
- Geographic market penetration





## MARKETPLACE

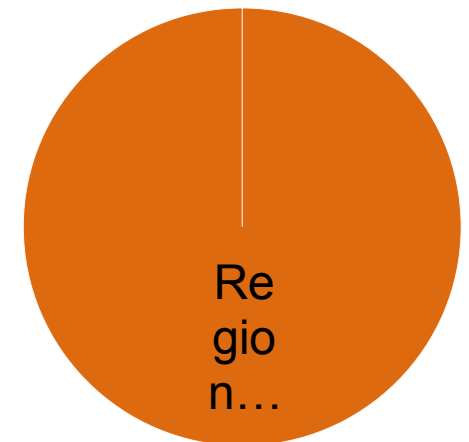
•2018 was the year of marketplaces and affiliation for the fashion market thanks to the growth of giants such as Farfetch, Lyst, Amazon and Alibaba. It is estimated that 9 users out of 10 visit at least one marketplace during the purchase consideration phase.

Any brand that wishes to obtain significant incremental sales must focus on being present in a marketplace.

Where Do You Begin Your Product Search? 13



MARKETPLACE SALES ACCOUNT FOR **50%** OF GLOBAL ONLINE RETAIL SALES 12



Source: graphic elaboration of 2017 BusinessWire (2) and Business Insider (3) data



## DESTOCKING

•Set of stock planning and distribution services. The goal is optimizing the brand's sales potential through warehouse cleaning or dedicated stock productions' sales.

- Optimisation of stock value
- Sales increase
- Geographic penetration of new markets
- Long-tail brand-awareness increase



## GLOBAL DIGITAL ENABLER FOR FASHION BRANDS

- Partner for managing the whole digital life cycle of the product
- Only access point for any e-commerce solution of the brand
- 100% selling rate on supplied stock over one year

### UNIQUENESS

Exclusive combination of specialistic B2B and B2C services for fashion industry and direct global experience

### WIN-WIN

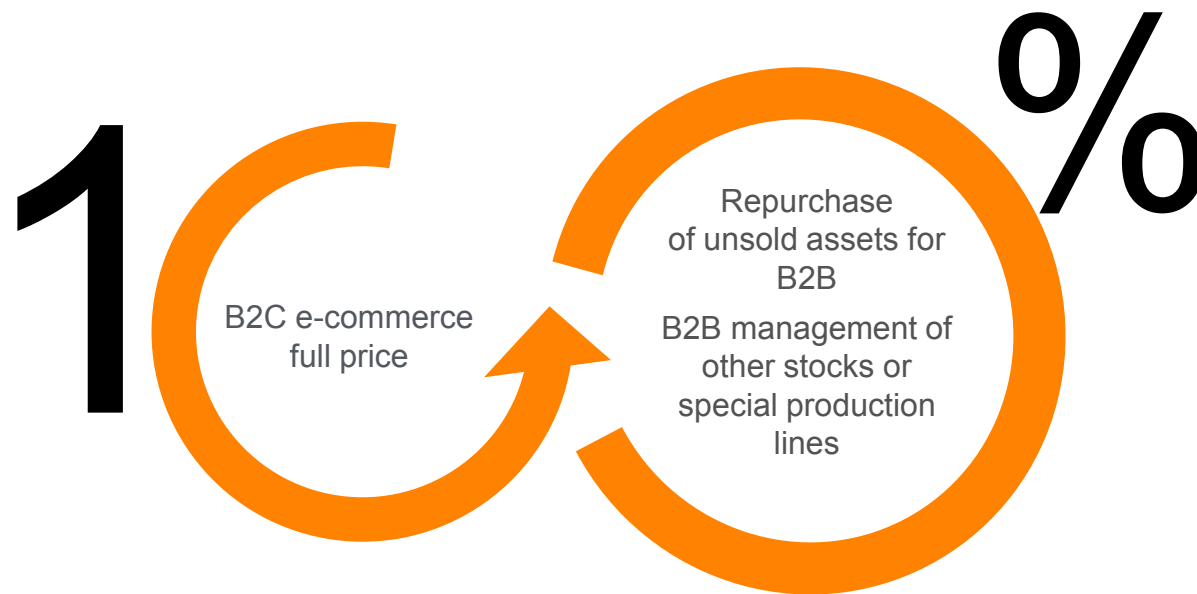
Objectives alignment, performance check and sharing of results, both in planning and managing

### FLEXIBILITY

Compatible with most common e-commerce solutions, integration facilitator, customized projects

# MISSION: 100% SELL THROUGH RATE

\*Thanks to the combination of more sales channels and economic models, we aim at enabling a 100% sell-through rate of digital channels for our partner brands



## SELL THROUGH RATE 60/75%

B2C "in-season" product can be increased if compared to real sales forecast.

## UNSOLD ASSETS 40/35%

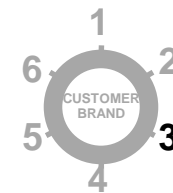
At the end of the season, Giglio Group ensures the repurchase of B2C e-commerce channel's unsold assets to distribute the whole stock via its own B2B channels

## + INCREMENTAL STOCK

Opportunity to add further off-season stock or special productions in order to further maximise the B2B sales channel and sales performances



## E-COMMERCE NUMBERS



The Ibox Digital division counts on more than 100 projects for important brands, including creating and managing e-commerce platforms worldwide and developing technologies capable of supporting brands in their wholesale buying and refill activities.

**280 mln**

Clicked pages

**115**

Countries of dispatch

**45 mln**

Web sessions

**20**

Managed brands

*Source: internal data*





## FROM SERVICE PROVIDER TO **DIGITAL ENABLER**

**PEOPLE:** numerical and qualitative development, recruitment of professionals with strong international experience and specific skills in digital fashion that share the brand DNA and are capable of building highly tailored strategies, create innovative and complex projects and ensure results over time, always with a win-win approach.

**TECHNOLOGIES:** ORACLE as preferred partner and commercial joint venture with Sopra-steria, in order to enable any e-commerce platform to brands

**OPERATIONS:** 3 logistic hubs to ensure clients the perfect purchase experience all around the world

**MARKETS:** consolidation of geographical coverage and focus on luxury markets (CHINA)



# MARKETPLACE

Marketplaces' variety and quantity multiplied over the years, ranging from more fashion-oriented to more general ones, with a wide array of product categories and worldwide coverage.

**FARFETCH**

**zalando**

**lyst**

**ASOS**

**Istdibs**  
The Most Beautiful Things On Earth

**MYBESTBRANDS**

HARVEY NICHOLS

*Galleries Lafayette*

**El Corte Inglés**

ZALORA

THE ICONIC

**WINKELSTRAAT.NL**  
FASHION. BOUTIQUE STYLE

*BlingHour*  
闪亮时刻海淘搜索

**AXES**  
BRAND SHOP

**privalia**

**BUYMA**

BrandAlley

**Rakuten**

**GOXIP**  
SNAP SHOP WEAR

CETTIRE

La Redoute

**KOMEHYO**

FASHIONTAMERS

**amazon**

LUSTRELIFE

**REEBONZ**  
YOUR WORLD OF LUXURY

FASHIOLA.

STYLELOUNGE

**MILAN STYLE**

**SOUQ**  
an amazon company

SHOPSTYLE

**Nuji**

**MODESENS**  
YOUR FASHION SHOPPING ASSISTANT

**spartoo**

RAFFAELLO  
NETWORK

# MARKETPLACES

## FASHION CASES



Many brands already accessed marketplaces in a direct manner. Some interesting collaborations:



From 2016 to 2017, its digital budget on Amazon went from 3% to 30% of total. (4)



Starting from 2016, Harvey Nichols launched his own marketplace to strengthen the offer of the British department store, reaching a deal with Burberry for direct distribution on the channel.

CALVIN KLEIN

It arrived at the 3rd pop-up shop in collaboration with Amazon to experiment new shopping methods and tapping into the Generation Z.

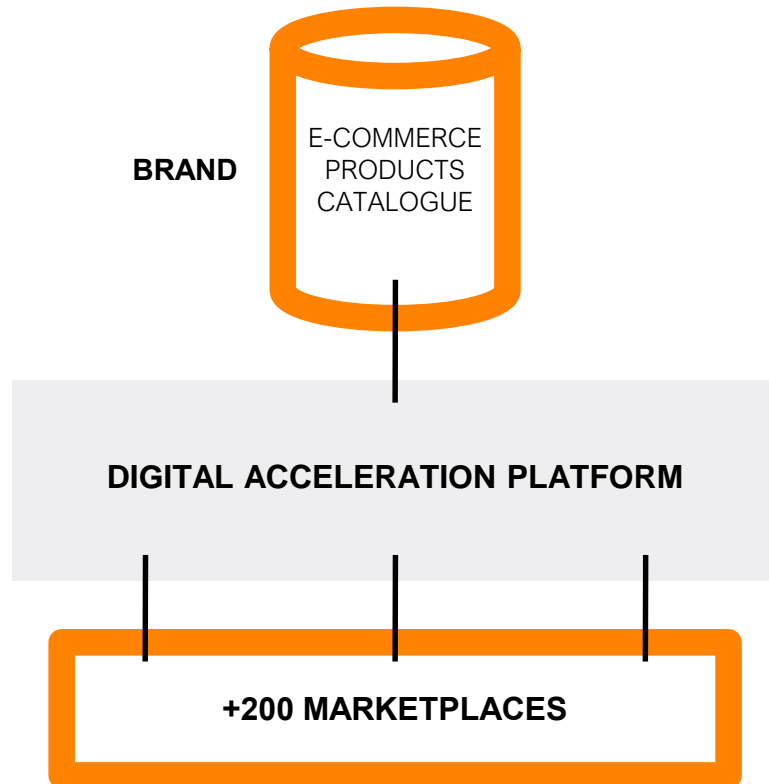


The marketplace with 4,200 orders per minute during Black Friday announced its plan to expand its presence in the premium sector (already inside brands such as Versace, Furla, Moschino, Missoni). (6)

# MARKETPLACES: THE IBOX DIGITAL TECHNOLOGY



Ibox Digital built a proprietary technology capable of connecting brands in plug-and-play mode to one or more marketplaces, drawing from more than 200 platforms worldwide.



## (CURRENT) FEATURES:

- Maximum flexibility toward brand's needs

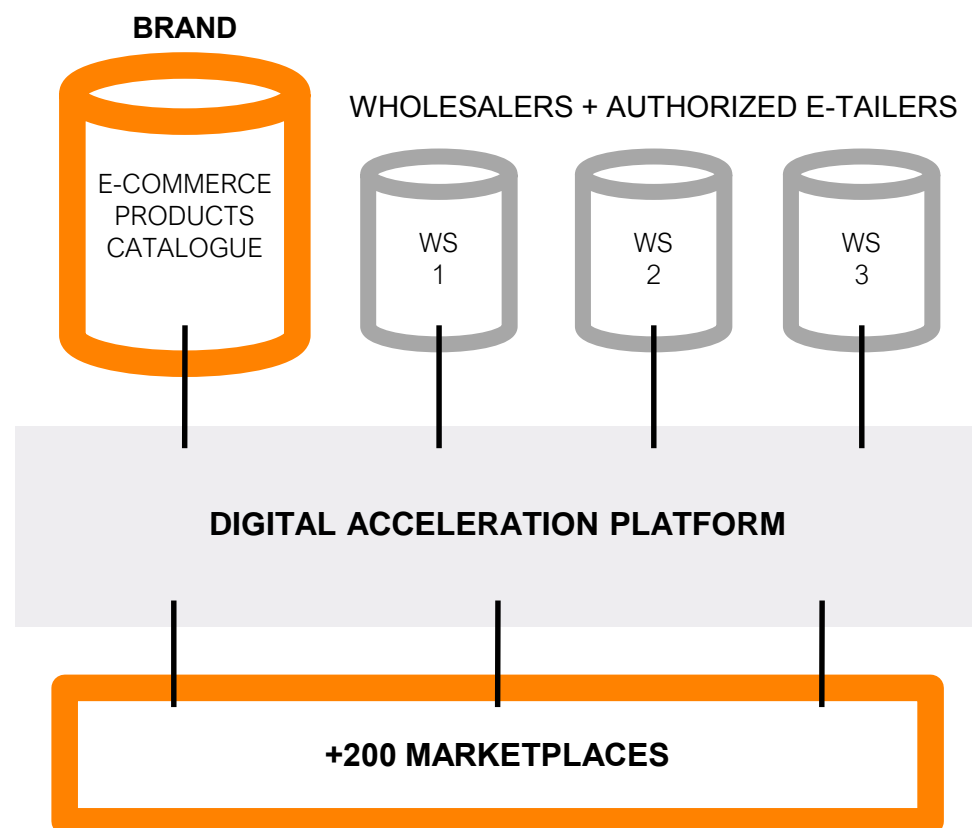
CATEGORIES	INVENTORY	COUNTRIES
	0% ————— 100%	
Apparel	<b>FULL PRICE</b>   % PRICE	IT, FR, DE
Bags and accessories	FP   %P	US, KR, CN, UK
Shoes	FP   %P	IT, US, CN, UK

- Proprietary algorithm to optimize shipment through multi-country logistics and multi-courier shipping
- 24/7 multi-language customer service
- Content adaptation and localization for every marketplace (pictures/videos/texts)

# MARKETPLACES THE EVOLUTION



In order to allow further control on the brand's distribution chain, Ibox Digital will release in the coming months new features allowing online and physical wholesalers to manage their own activities on the marketplaces.



## VALUE FOR BRANDS:

- Product distribution check
- Pricing and contents check
- Inventory optimization
- Markets control (geo-pricing rules + licensing)
- Localized marketing for markets and specific marketplaces

## VALUE FOR WHOLESALEERS:

- Quick time to market
- More choice of marketplaces platforms
- Inventory optimization
- Technological development decrease
- Use of pre-authorized contents from brands and marketplaces
- Cost optimization

# MARKETPLACES THE EXPERIENCE OF IBOX DIGITAL



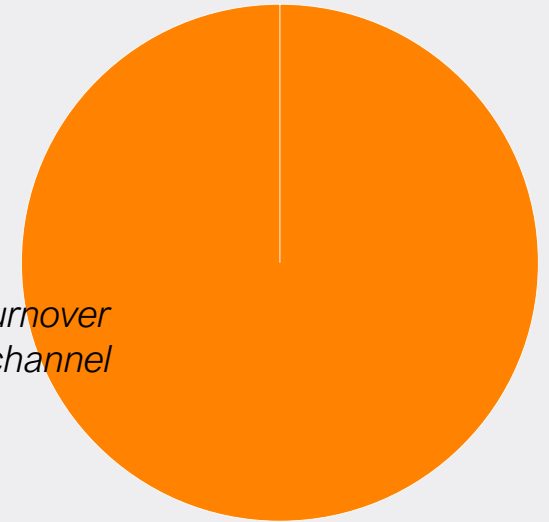
The results of the first quarter of activity of brands managed by Ibox Digital confirmed the online sales growth trend thanks to the marketplace channel

**+22%**



**18%**

*Share of marketplaces turnover  
compared to the online channel  
(year 1)*



Data concerning brands with physical sales point and e-commerce with international shipping

Source: internal data

# CHINA: GIANT OF THE E-COMMERCE MARKET

The biggest online market worldwide

- worth 83% of Asia-Pacific online sales and about twice of USA sales (10)
- E-commerce as purchase standard and most used method by young people and middle class in secondary cities
- 53% of Chinese population is digitalised (on 1.4 bln people) (8)

Pole of attraction for luxury companies due to its huge growth potential: from 8% of global market in 2017 to an estimated 22% in 2025 (7)

Direct online presence is fundamental

- 78% of Chinese consumers finds information on luxury goods online or from mobile apps (9)
- 50% of Chinese consumers declares having increased its online luxury goods' expenses on Chinese websites the last year and only 41% on international websites (9)

# CHINA: OUR OFFER

*Giglio Group, together with its subsidiary Ibox Digital, developed an important infrastructure hub with dedicated teams that allow brand to develop within a reasonable time and at a reasonable cost the e-commerce market in China.*



## EXPERTISE

in developing an tailor-made e-commerce for the local market

## LOCAL TEAM

to effectively manage digital and e-commerce activities

## ICP LICENCES

authorization from the Chinese Government to publish Internet websites

## BRAND-AWARENESS ACTIVITY

through the Group's TV channels

## LOGISTICAL HUB IN CHINA

in the mainland and in Shanghai's free trade zone, allowing partners to keep their stock in China without having to pay import duties

## CONNECTION WITH MAIN E-COMMERCE PLAYERS

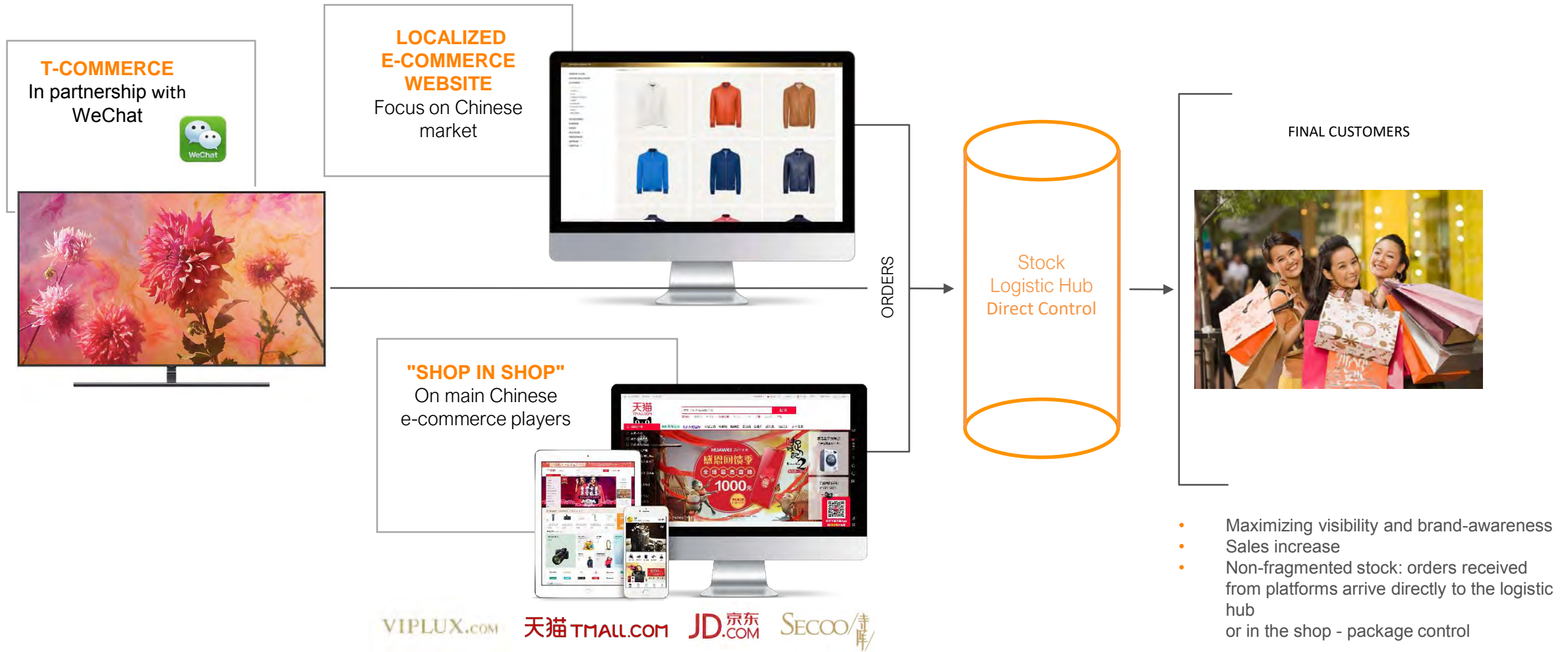
from China to ensure sales efficacy and correct brand positioning

## DIGITAL MARKETING EXPERIENCE

to develop positioning and marketing plans

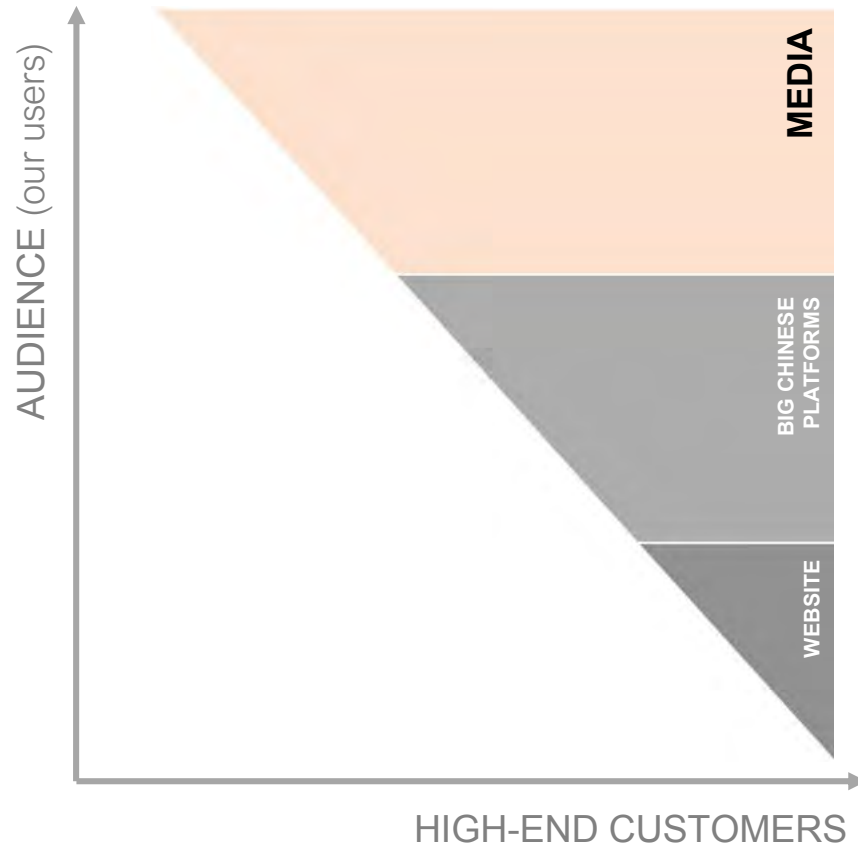


# CHINA: THE PILLARS OF OUR STRATEGY



# CHINA: A FULL-FUNNEL STRATEGY

*Brand-awareness uplift and emotional conversion through T-Commerce*



## MEDIA PARTNERSHIP:



MAGAZINE SETTIMANALE  
IN PRIME TIME

PRIME TIME WEEKLY MAGAZINE



3 CANALI TELEVISIVI  
TEMATICI

3 THEMATIC TV CHANNELS



TRASMISIONE DEI CANALI  
DI GIGLIO TV

BROADCASTING GIGLIO TV  
CHANNELS



TRASMISIONE DEI CANALI  
DI GIGLIO TV

BROADCASTING GIGLIO TV  
CHANNELS



CANALE ITALUXORY DI  
FASHION MADE IN ITALY

ITALUXORY CHANNEL BY  
FASHION MADE IN ITALY



CANALE ITALUXORY DI  
FASHION MADE IN ITALY

ITALUXORY CHANNEL BY  
FASHION MADE IN ITALY



CANALE 52ITALY

52ITALY CHANNEL

**>180 mln**

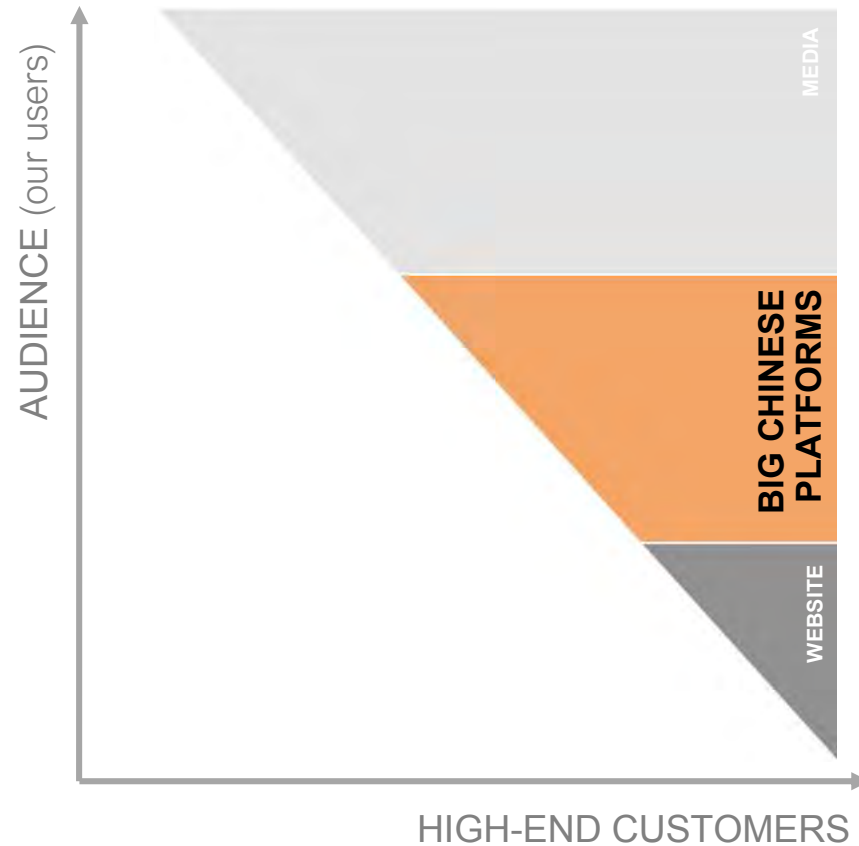
Users on social channels

**100 mln**

TV viewers per week

# CHINA: A FULL-FUNNEL STRATEGY

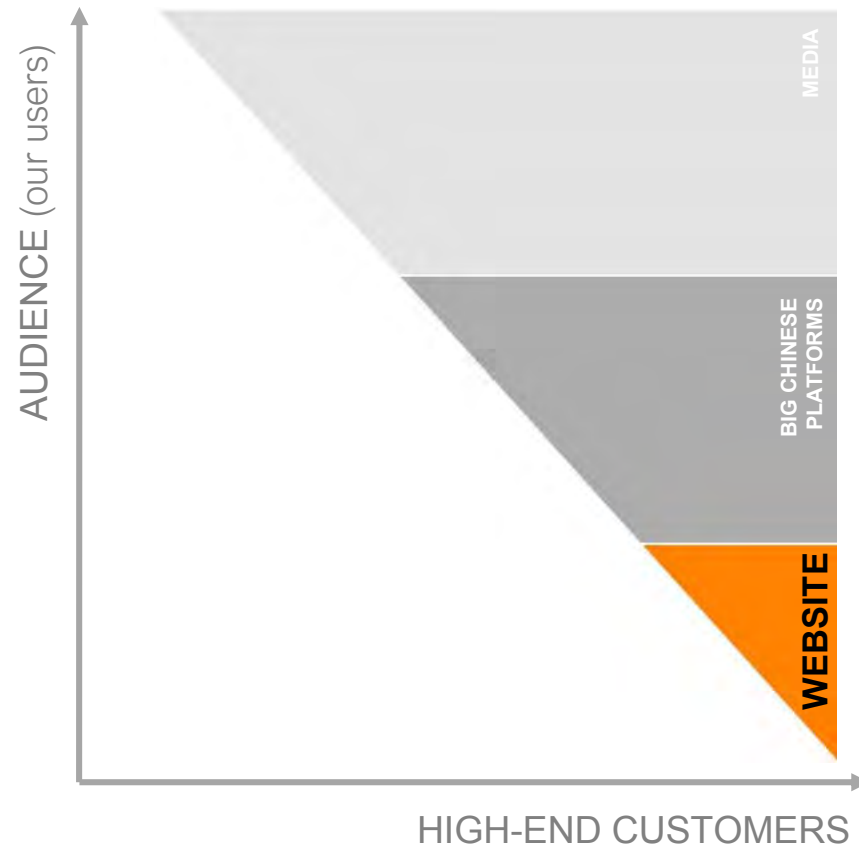
Sales, direct channel monitoring, control of grey and fake market



Source: 2019 Giglio Group elaboration

# CHINA: A FULL-FUNNEL STRATEGY

*Clients acquisition and retention (CRM & Loyalty), maximum catalogue range, brand DNA, local purchase experience*



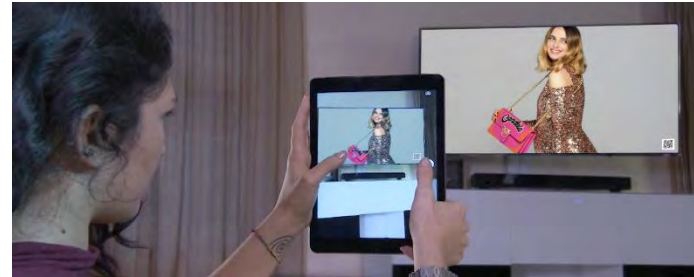
## KEY ELEMENTS:

- Same look & feel worldwide so that users recognize the distinctive DNA of the brand
- Localized user-experience starting from check-out, based on the Chinese model
- Translated contents: localization of the whole website and contents adapted to the context
- Local payment methods: credit cards, Alipay, WeChat Pay
- Customer service and logistics: developed on site for maximum service to final customer



# CHINA: THE INNOVATIVE T-COMMERCE MODEL

1



- TV channels
- Social
- Marketplace

2



Commercial partnership  
for T-Commerce

3



Platform on  
WeChat

\*Our strategy for the Chinese market can be strengthened and accelerated through the convergence between TV channels, media and e-commerce. Thanks to the strong TV presence of Giglio Group, the brand can be presented on the whole Chinese network (TV, social, marketplace with more than 100 mln viewers) through publishing media in target with positioning (brand-awareness increase) and through the Ibox marketplace, which can immediately convert the offer in product sales (pushing online sales).



# DISTRIBUTION OUR OFFER

- **OPERATIONS:** structure comprising 3 commercial and operational bases (logistics)
  - Milan for the whole EMEA area and Russia;
  - New York for North and South American area;
  - Shanghai for the Pacific Asian area.
- **SERVICES:**
  - complete management of stock-in-trade, relieving companies from a major unprofitable burden.
  - special productions aimed at e-commerce websites to dispose of unsold assets
  - in-season orders on markets that cannot be reached directly by the brand
- **BUSINESS MODEL:** Single client / Global Planning / Single stock

**78**

Platforms worldwide

**46**

Brands

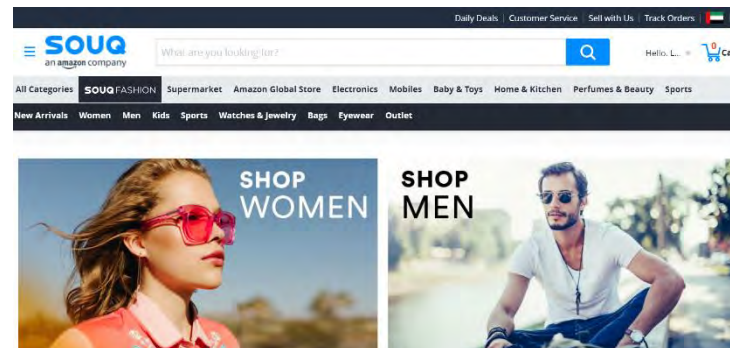
**5 Markets**

USA, Europe, Russia, China,  
Australia



# DISTRIBUTION NEXT STEPS

- NEW MARKETS
  - During 2019 Q2 and Q3, we expect an expansion in other geographic markets
  - Canada
  - Latin America
  - India
- 
- Starting from January 2019, the UAE market was reached thanks to the agreement signed with SOUQ distribution platform



# SOURCES IN DETAIL

ref no.	article	source article	author, study	article url	access date
1	<i>eCommerce B2c: cresce il mercato, ma anche il valore?, 15 dicembre 2018</i>	Osservatori.net Digital Innovation	Osservatori Digital Innovation del Politecnico di Milano	<a href="https://www.osservatori.net/it_it/osservatori/comunicati-stampa/ecommerce-b2c-crescita-mercato-2018">https://www.osservatori.net/it_it/osservatori/comunicati-stampa/ecommerce-b2c-crescita-mercato-2018</a>	04/02/2019
2	<i>Global E-Commerce Marketplaces Report 2018: How much of global online retail sales was generated on marketplaces in 2017 and what is the projection for 2022? 21 marzo 2018</i>	Business Wire	Research and Markets	<a href="https://www.businesswire.com/news/home/20180321006098/en/Global-E-Commerce-Marketplaces-Report-2018-global-online">https://www.businesswire.com/news/home/20180321006098/en/Global-E-Commerce-Marketplaces-Report-2018-global-online</a>	04/02/2019
3	<i>Search engines are weakening Amazon's hold on product search, 26 dicembre 2017</i>	Business Insider	Daniel Keyes	<a href="https://www.businessinsider.com/google-search-engines-weaken-amazon-hold-on-product-search-2017-12?IR=T">https://www.businessinsider.com/google-search-engines-weaken-amazon-hold-on-product-search-2017-12?IR=T</a>	04/02/2019
4	<i>Levi's Has Amazon Success in Its Jeans, 21 maggio 2018</i>	Gartner L2 Daily Insights	Gartner L2, Analysis of Pathmatics data, May 2018	<a href="https://www.l2inc.com/daily-insights/levis-has-amazon-success-in-its-jeans">https://www.l2inc.com/daily-insights/levis-has-amazon-success-in-its-jeans</a>	04/02/2019
5	-	Harvey Nichols.com	-	<a href="https://www.harveynichols.com/int/brand/burberry/?sqr=burberry">https://www.harveynichols.com/int/brand/burberry/?sqr=burberry</a>	04/02/2019
6	<i>Zalando: 2 milioni di ordini durante il Black Friday, 28 novembre 2018</i>	Fashion United	-	<a href="https://fashionunited.it/news/retail/zalando-2-milioni-di-ordini-durante-il-black-friday/2018112818812">https://fashionunited.it/news/retail/zalando-2-milioni-di-ordini-durante-il-black-friday/2018112818812</a>	04/02/2019
7	<i>Lusso: le previsioni di Bain &amp; Company al 2025, 15 novembre 2018</i>	Fashion magazine.it	Bain & Company Altgamma Worldwide Luxury Market Monitor	<a href="https://www.fashionmagazine.it/market/sar-un-mercato-pi-cinese-online-e-delle-subculture-lusso-le-previsioni-di-bain-company-al-2025-101244">https://www.fashionmagazine.it/market/sar-un-mercato-pi-cinese-online-e-delle-subculture-lusso-le-previsioni-di-bain-company-al-2025-101244</a>	04/02/2019
8	<i>Rapporto annuale CeSIF 2018, 16 luglio 2018</i>	Fondazione Italia Cina	CeSIF	<a href="https://www.fondazioneitaliacina.it/m/cesif/rapporto-annuale/2018/">https://www.fondazioneitaliacina.it/m/cesif/rapporto-annuale/2018/</a>	04/02/2019
9	<i>Cina e consumatori cinesi nel mercato globale del lusso, 20 settembre 2017</i>	E-COMMERCE Monitor	Bain & Company Cina e consumatori cinesi nel mercato globale del lusso	<a href="http://www.ecommercemonitor.it/2017/09/cina-consumatori-cinesi-lusso-bainco-mei-com/">http://www.ecommercemonitor.it/2017/09/cina-consumatori-cinesi-lusso-bainco-mei-com/</a>	04/02/2019
10	<i>L'e-commerce 2018: presente in crescita e futuro che parla cinese, 4 giugno 2018</i>	eMarketer	eMarketer "Worldwide Retail and Ecommerce Sales"	<a href="https://www.keyformat.it/ecommerce-nel-2018-presente-in-crescita-e-futuro-che-parla-cinese/">https://www.keyformat.it/ecommerce-nel-2018-presente-in-crescita-e-futuro-che-parla-cinese/</a>	04/02/2019



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