

## PRESS RELEASE

#investingforgrowth

### **IN 2018 GRUPPO TEDDY DEVELOPED ITS SALES NETWORK IN ITALY AND ALL OVER THE WORLD, ACHIEVED GREATER PROFITABILITY (ADJUSTED EBITDA 77.2 M, 12% OF THE TURNOVER) WITH STABLE CONSOLIDATED SALES (€ 642 M)**

In a difficult market context, Teddy consolidates its positions and keeps on going along its development path, meant to be steady and sustainable over time.

Its development is also supported by the investments made to help the company grow, targeting the sales network and marketing management, which totalled € 32.2 M in the past financial year. Further investments were made on the growth of employees, by providing training that exceeded a total amount of one million Euros in 2018.

The sales network in Italy and abroad kept being expanded at a steady pace in 2018, with more than 90 openings in 14 countries.

Rimini, 25 July 2019 – Gruppo Teddy, one of the leading companies in the international fast fashion industry, together with its brands, again achieved **positive results in 2018 in terms of sales volumes and profitability, keeping on investing in its own growth**, through all the corporate main areas: **brand, digital, logistics and training**. More specifically, in the past financial year € 32.3 M were invested to develop further the sales network and marketing management, to which one million Euros was added to train and make people grow inside the company. The ultimate goal was to meet customer needs more and more, with closer attention to Millennials and Generation Z, as to make them live a shopping experience matching their expectations.

The abovementioned developments look even more positive when considering the ongoing downturn that has been affecting the clothing market for a while, with a 2.5% decline in Italy in 2018 (source: Sitaricerca), besides the deep change in consumer shopping behaviours. In addition to that, social and currency instability played an important role in some countries such as Russia.

Teddy is therefore holding fast to pursue the dream of its founder Vittorio Tadei, the dream of building “a large and global company that earns enough much money to create jobs and to use a part of the net profits to help weaker people thanks to charities operating in Italy and abroad”.

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The corporate group is thus firm and sound, with a Compound Annual Growth Rate (CAGR) from 1988 to 2018 equal to 15.7%; Teddy can rely on a strong drive to support a sustainable, self-financed and balanced development, to be successful on the market in the years to come.

Teddy's driving force are the pillars of Teddy strategy: **long-term growth, focus on customer, shared entrepreneurship/leadership and attention to efficiency.**

Thanks to a strong attention paid to those factors, Teddy **consolidated sales** in 2018 reached € **642 M**, the same of 2017. At constant exchange rates, those earnings total € **650 M**, with an increase of 1.3% compared to the past financial year. The corporate group registered a major increase in earnings on the Italian market (€ 336.9 M, +9.3% compared to 2017). Thanks to this performance, the share of earnings from the Italian markets reached 52.2% (compared to 47.3% in 2017).

Profitability was stable with an **Adjusted EBITDA** (which takes into consideration foreign exchange effect) totalling € 77.2 M, compared to € 83.3 M in 2018 (with a little profit effect on turnover, 12% vs 13% of the past financial year).

When including the gross margin made in the points of sales by our clients, both franchised and multi-branding stores, the sales **referred to retail prices** (including VAT) of the products sold around the world total an estimated amount of about € **1.139 bn** (1.132 bn in 2017).

Teddy brands have been following a development path based on the ability to provide new stimuli to customers in terms of both offers and customer experience. Teddy brands **Terranova** and **Calliope** **have their retail networks**, the brand **Rinascimento** is mainly a wholesale brand with a retail component steadily growing, to which the exclusively wholesale brand **Miss Miss** is to be added.

More specifically, in 2018, Terranova launched the store format **Welcome**, which draws inspiration from Romagna Riviera and its sunny character; **35 store in 11 countries** have already adopted the new store format. After the launch of its own underwear collection, Calliope keeps on developing its offer, with the new kidswear line launched at the beginning of 2019.

Rinascimento opened new **flagships** in 2018, totalling 54 points of sales opened, which show the great success of the new concept store. The amount of retail store openings in 2018 (Terranova/Calliope) exceeded 90 new points of sales, reaching a total number of 617 retail stores in 40 countries. To this number, **Rinascimento**-branded stores opened with the **Fits You** franchising formula have to be added: the new business formula allows retailers to become Rinascimento franchisees and make use of **Rinascimento®** know-how, the official brand format, tailoring it to their sales needs, and to have access to the sales services related to stock replenishment, right to return, fidelity system and special discounts, as to be able to be more competitive during seasonal sales. At 31/12/2018, **a total number of 37 Rinascimento stores** were opened, **19 in Italy and 18 abroad.**

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73.9% of the points of sale are **franchised stores**, through the franchising business formula that Teddy regards essential for its own development, as it allows Teddy to rely on the expertise and knowledge franchisees have of local markets.

The wholesale distribution network delivered Rinascimento and Miss Miss-branded products to **6,000 multi-branded clients in 91 countries**.

Teddy financial structure is sound and firm with a **Net Financial Position** showing a positive balance of € 46.2 M at the date of 31.12.2018.

One of the most important “points” of Teddy Dream is to create jobs, with an ongoing search for people who want to become “entrepreneur of themselves”. The company honoured its founding value after being included in the list of the 70 small-to-medium enterprises that helped to increase the number of employees by 30% at least, over the period 2008-2017, thus reaching a considerable increase of **314%** (source: **Affari&Finanza/Ufficio Studi Mediobanca**). Care for employees and people is furthermore proved by the investments in **Welfare**, totalling 4% of the **profit**, which were used to launch activities to support parents inside the company such as the day nursery within company premises, which is open also to external people, activities to support the local community with social projects or disabled or poor people to help them find a job, or to benefit from additional healthcare covers or special corporate rates.

### Gruppo Teddy

Gruppo Teddy is a company competing in the world fast fashion market with consolidated sales exceeding half a billion Euros (642 million euros, last update 2018). In addition to Terranova and Calliope retail brands, the corporate group also sells Rinascimento and Miss Miss brands and operates in 50 countries in the world through its retail sales network (flagships) and wholesale network. Teddy was founded in 1961 in Rimini and has been pursuing its Dream for over 50 years, the dream of building “a large and global company that earns enough money to create jobs and to use a part of the net profits to help charities operating in Italy and abroad” (Vittorio Tadei, founder of Gruppo Teddy).

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**Terranova**

**RINASCIMENTO**

**CALLIOPE**