

# YOOX GROUP



**Strategic Partnership with PPR and 1H 2012 Results**

**3 August 2012**

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- **STRATEGIC PARTNERSHIP WITH PPR**

- DESCRIPTION

- FINANCIAL CONSIDERATIONS

- **FIRST HALF 2012 RESULTS**

- BUSINESS UPDATE AND RESULTS HIGHLIGHTS

- FINANCIAL ANALYSIS

- **Q&A**



## Structure

- Joint Venture Company
  - 51% owned by PPR and 49% owned by YOOX Group
  - Incorporated in Italy, operating worldwide

## Business Scope

- Management of mono-brand online stores of 5 of PPR's luxury brands: Bottega Veneta, Yves Saint Laurent, Alexander McQueen, Balenciaga and Sergio Rossi
- PPR may in future decide to involve other brands
- Over 100 countries throughout Europe, North America and Asia Pacific (including China, Hong Kong and Japan)

## Indicative Timing

- Sergio Rossi and Bottega Veneta online stores to be launched first, by end of 2012
- All worldwide launches, including China, expected by end of 2013

## Other Information

- Put and call options on YOOX's stake in the JV exercisable by YOOX Group and PPR respectively in 4Q 2019



## YOOX GROUP

### contributes

- consolidated know-how in digital luxury fashion
- global and state-of-the-art technology and high precision customer logistics tailor-made for fashion

### by managing

- technology and R&D
- logistics (warehousing, handling and worldwide deliveries)
- localisation services

PPR

### contributes

- longstanding heritage in the luxury sector
- a collection of world-leading and widely-recognised luxury brands with their highly desirable products

### Brands are responsible for

- art direction
- communication (digital PR, guidelines for web marketing & CRM)
- product assortment planning & pricing

## JVCo

### capitalises on

leading positions in respective sectors and shared vision on

- creativity and innovation
- the customer as most valuable asset
- best-in-class service
- commitment to excellence

### by managing

- web design
- digital production
- customer care
- online store management
- web marketing & CRM

**Objective:** to support PPR brands in accelerating their global digital presence and fully realise their potential



## JVCo with PPR

balenciaga.com	BALENCIAGA	alexandermcqueen.com	ALEXANDER MCQUEEN	bottegaveneta.com	BOTTEGA VENETA
ysl.com	YVES SAINT LAURENT	OPENING SOON		sergiorossi.com	sergio rossi

## Online stores Powered by YOOX Group

missoni.com		brunellocucinelli.com		bally.com	
dodo.com		y-3store.com		moschino.com	MOSCHINO
alexanderwang.com	ALEXANDER WANG	zegna.com	Ermenegildo Zegna	emiliopucci.com	EMILIO PUCCI
pomellato.com		maisonmartinmargiela.com	Maison Martin Margiela	energie.it	ENERGIE
pringlescotland.com	PRINGLE OF SCOTLAND	zeishouse.com	BIKKEMBERGS	costumenational.com	CoSTUME NATIONAL
barbarabui.com	BARBARA BUI	albertaferretti.com	ALBERTA FERRETTI	misssixty.com	MISS SIXTY
trussardi.com	TRUSSARDI	napapijri.com		valentino.com	VALENTINO
armani.com	GIORGIO ARMANI	giuseppezanottidesign.com		stoneisland.com	STONE ISLAND
moncler.com	MONCLER	coccinelle.com	COCCINELLE	cpcompany.com	C.P. COMPANY
dolcegabbana.com	DOLCE & GABBANA	robertocavalli.com	roberto cavalli	diesel.com	DIESEL
bikkembergs.com	DIRK BIKKEMBERGS	jilsander.com	JIL SANDER	emporioarmani.com	EMPORIO ARMANI
		dsquared2.com	DSQUARED2	marni.com	MARNI



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- YOOX Group will receive a fee for the services provided to the JV based on a revenue sharing agreement (“Revenue Share”)
  - the Revenue Share is based on PPR online stores’ AOV and geographical sales mix
- YOOX Group will carry no inventory on its balance sheet
- The Joint Venture will be fully consolidated by PPR

## Comparison between Different Accounting Methods in YOOX’s Mono-brand P&L

	Mono-brand online stores Powered by YOOX Group	PPR mono-brand online stores managed by JVCo
<b>Net Revenues</b>	100% of Net Revenues	YOOX’s Revenue Share
<b>Gross Profit before delivery costs</b>	YOOX’s Revenue Share	YOOX’s Revenue Share
<b>Gross Margin (%)</b>	✓	✓ ✓
<b>Operating Costs</b>	✗ ✗	✗
<b>EBITDA</b>	Similar contribution	
<b>EBITDA Margin (%)</b>	✓	✓ ✓

✓ ✓ and ✗ ✗ mean “higher than” ✓ and ✗





## The Joint Venture will be accretive to YOOX Group's profitability

### # online stores

- PPR mono-brand online stores to contribute to the Group's target of 50 online stores<sup>1</sup>
- Mono-brand portfolio rationalisation to be implemented in the coming months

### Net Revenues

- No significant impact in 2012-2015 although PPR mono-brand online stores will contribute to the Group's Mono-brand net revenues only with YOOX's revenue share, due to bigger and faster-growing brands

### EBITDA Excl. Incentive Plan Costs

- Positive contribution to Mono-brand profitability
- No significant impact in 2012

### Capital Expenditure

- Increase in expected volumes and faster pace in online store launches will lead to
  - acceleration of capacity expansion at our existing automated operations and distribution platform: ~ €10m investment originally planned for 2012 - 2016 brought forward to 2012 - 2013, resulting in ~ €5m increase in logistics capex in 2012
  - further developments to our multi-channel technology platform resulting in ~ €2m increase in technology capex in 2012

<sup>1</sup>. Includes multi-brand and mono-brand online stores



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## Implementation of Mono-brand Portfolio Strategy in line with our 5Y Plan

### ▪ New openings

- JV with PPR
- missoni.com (in EU, US and Japan in 1H 2013)
- alexanderwang.com (launched in Asia-Pacific in May 2012)
- pomellato.com (launched in EU, US and Japan in May 2012)

### ▪ Renewals

- diesel.com (for a further 6 years until October 2018)
- stoneisland.com (for a further 5 years until March 2018)

### ▪ Terminations<sup>1</sup>

- missixty.com (beginning of September 2012)
- energie.it (beginning of October 2012)
- costumenational.com (end of December 2012)
- zeishouse.com (end of January 2013)
- cpcompany.com (end of February 2013)

## 1H 2012 Results - Highlights

- Group's Net Revenues at €172.9m (vs. €131.2m in 1H 2011)
  - Strong growth from all key foreign markets; international markets now account for 83.7%<sup>2</sup> (vs. 78.2%<sup>2</sup> in 1H 2011)
  - Sustained growth from both business lines
- EBITDA Excluding Incentive Plan Costs at €11.6m (vs. €10.1m in 1H 2011)
- Net Income at €2.2m (vs. €2.9m in 1H 2011)
- Positive Net Financial Position at €8.4m (vs. €12.9m at Dec. 2011)

*1. In FY 2011, these five online stores accounted for around 1.5% of the Group's Net Revenues*

*2. Excludes "Not Country Related" revenues*



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# KEY PERFORMANCE INDICATORS



## Monthly Unique Visitors (m)<sup>1</sup>

1H 2011

1H 2012

2Q 2011

2Q 2012



■ Multi-brand ■ Mono-brand

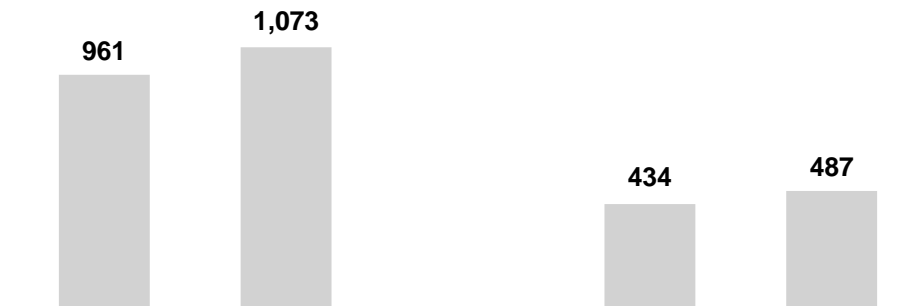
## # Orders ('000) - Group

1H 2011

1H 2012

2Q 2011

2Q 2012



## Average Order Value (€) - Group

1H 2011

1H 2012

2Q 2011

2Q 2012



## Active Customers<sup>2</sup> ('000) - Group<sup>3</sup>

1H 2011

1H 2012



1. Source: SiteCatalyst for yoox.com; Google Analytics for thecorner.com, shoescribe.com and the mono-brand online stores

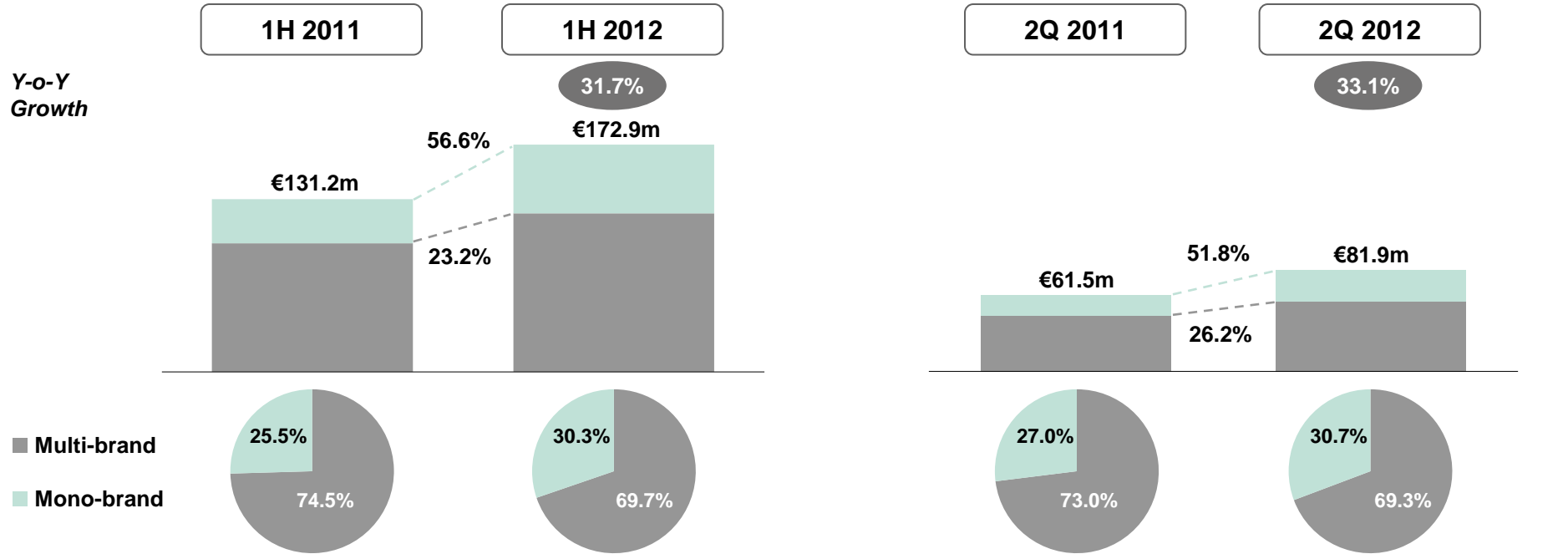
2. Active Customer is defined as a customer who placed at least one order in the 12 preceding months

3. Include Active Customers of the mono-brand online stores

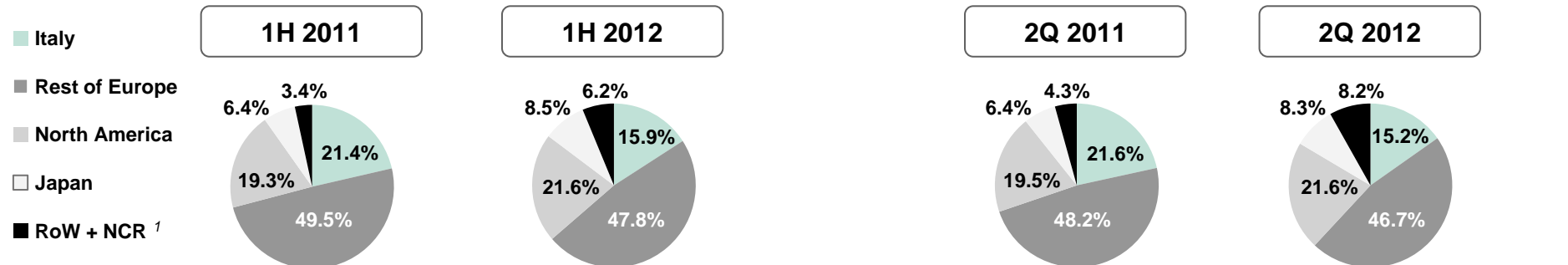


# NET REVENUES BREAKDOWN BY BUSINESS LINE AND GEOGRAPHY

## Net Revenues by Business Line



## Net Revenues by Geography



1. Not Country Related

# YOOX GROUP PROFIT & LOSS



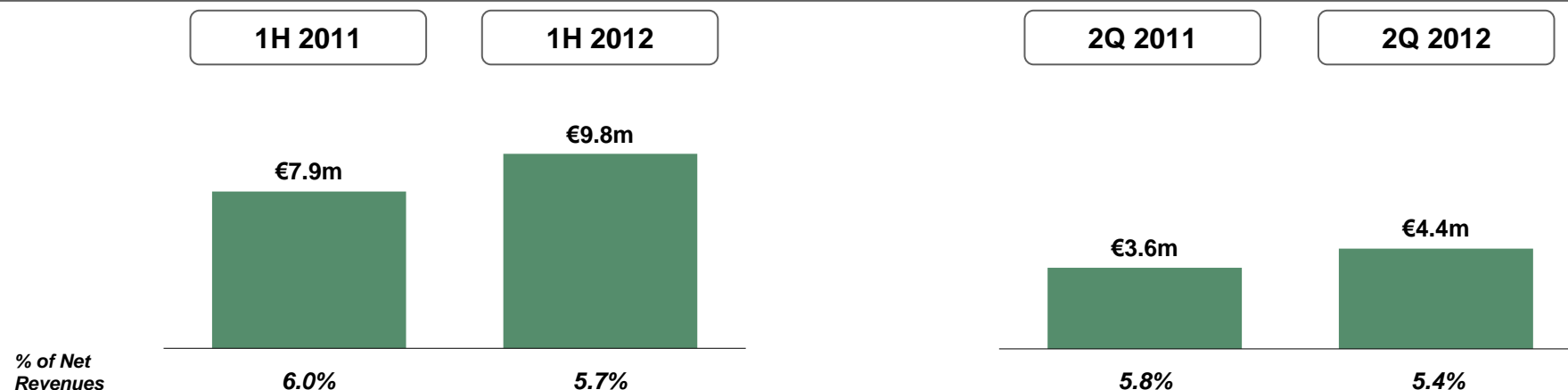
(€m)	1H 2011	1H 2012	2Q 2011	2Q 2012
Net Revenues	131.2	172.9	61.5	81.9
<i>growth</i>		31.7%		33.1%
COGS	(82.2)	(112.9)	(37.5)	(52.8)
Gross Profit	49.1	60.0	24.1	29.1
<i>% of Net Revenues</i>	37.4%	34.7%	39.1%	35.6%
Fulfillment	(14.4)	(16.3)	(7.3)	(7.5)
<i>% of Net Revenues</i>	11.0%	9.4%	11.9%	9.2%
Sales & Marketing	(14.7)	(19.8)	(7.2)	(10.0)
<i>% of Net Revenues</i>	11.2%	11.4%	11.7%	12.2%
EBITDA Pre Corporate Costs	20.0	23.9	9.6	11.6
<i>% of Net Revenues</i>	15.3%	13.8%	15.6%	14.1%
General & Administrative	(12.0)	(13.3)	(6.1)	(6.6)
<i>% of Net Revenues</i>	9.2%	7.7%	10.0%	8.1%
Other Income/ (Expenses)	(0.1)	(0.9)	0.2	(0.5)
<i>% of Net Revenues</i>	0.1%	0.5%	0.3%	0.6%
EBITDA	7.9	9.8	3.6	4.4
<i>% of Net Revenues</i>	6.0%	5.7%	5.8%	5.4%
Depreciation & Amortisation	(2.8)	(5.6)	(1.3)	(3.0)
<i>% of Net Revenues</i>	2.1%	3.2%	2.1%	3.7%
Operating Profit	5.1	4.2	2.3	1.4
<i>% of Net Revenues</i>	3.9%	2.4%	3.7%	1.7%
Net Financial Income / (Expenses)	(0.2)	(0.5)	(0.0)	0.2
Profit Before Tax	4.9	3.7	2.3	1.6
<i>% of Net Revenues</i>	3.8%	2.1%	3.7%	2.0%
Taxes	(2.0)	(1.5)	(1.0)	(0.7)
Net Income	2.9	2.2	1.3	0.9
<i>% of Net Revenues</i>	2.2%	1.3%	2.0%	1.1%
<b>EBITDA Excluding Incentive Plan Costs</b>	<b>10.1</b>	<b>11.6</b>	<b>4.5</b>	<b>5.2</b>
<i>% of Net Revenues</i>	7.7%	6.7%	7.4%	6.4%

Note: Figures as absolute values and in percentages are calculated using precise financial data. Some of the differences found in this presentation are due to rounding of the values expressed in millions of Euro  
 In this presentation, second quarter figures are calculated as the difference between the first-half results and the first-quarter results of the same year  
 Depreciation & Amortisation included in Fulfillment, Sales & Marketing, General & Administrative have been reclassified and grouped under Depreciation & Amortisation  
 EBITDA Excluding Incentive Plan Costs calculated adding back to EBITDA the costs associated with incentive plans in each period

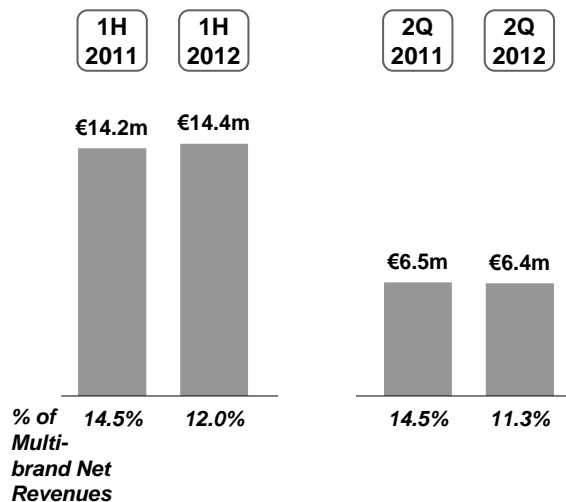
# EBITDA ANALYSIS BY BUSINESS LINE



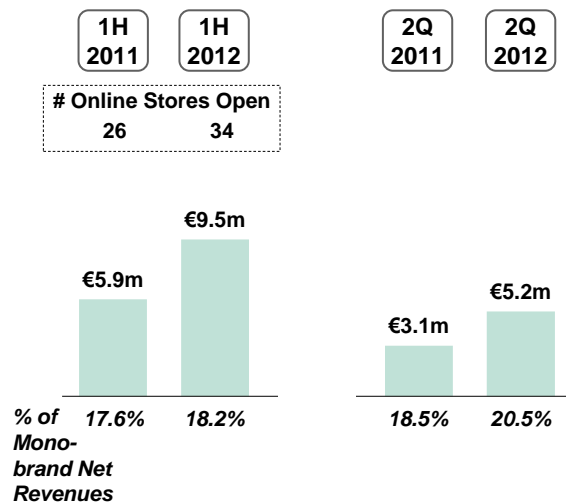
## EBITDA Evolution



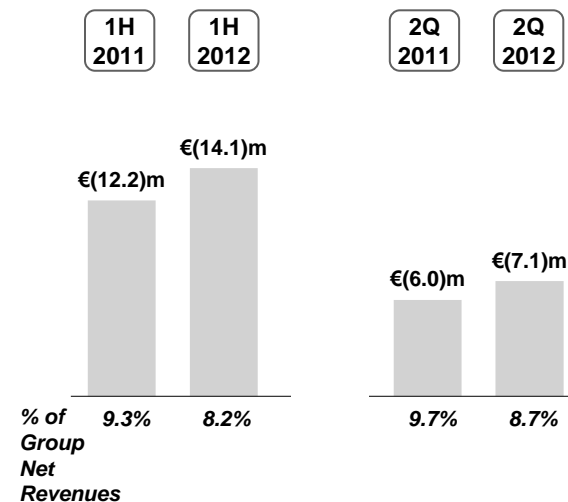
### Multi-brand EBITDA Pre Corporate Costs



### Mono-brand EBITDA Pre Corporate Costs



### Corporate Costs



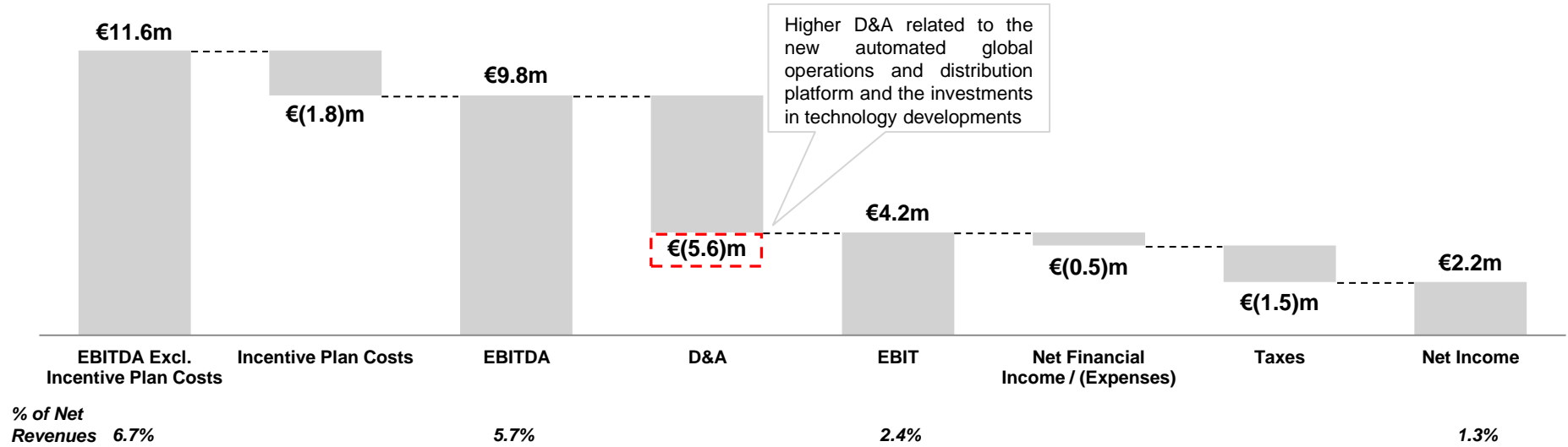
Note: Multi-brand and Mono-brand EBITDA Pre Corporate Costs include all costs directly associated with the business line, including COGS, Fulfillment, Sales & Marketing (all net of D&A); Corporate Costs include General & Administrative costs (net of D&A) and Other Income/ Expenses



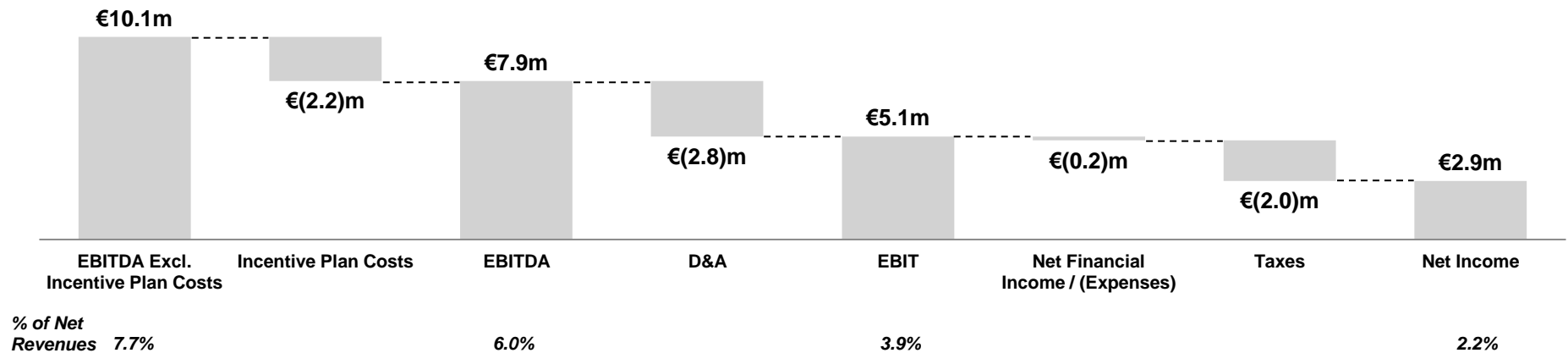


# FROM EBITDA TO NET INCOME

## 1H 2012



## 1H 2011



# YOOX GROUP SUMMARY BALANCE SHEET



1H 2011

FY 2011

1H 2012

(€m)

	1H 2011	FY 2011	1H 2012
Net Working Capital	38.2	33.0	38.4
Non Current Assets	31.8	36.9	45.2
Non Current Liabilities (excl. financial liabilities)	(0.3)	(0.3)	(0.3)
<b>Total</b>	<b>69.6</b>	<b>69.6</b>	<b>83.3</b>
Net Financial Debt / (Net Cash)	(4.1)	(12.9)	(8.4)
Shareholders' Equity	73.8	82.6	91.7
<b>Total</b>	<b>69.6</b>	<b>69.6</b>	<b>83.3</b>

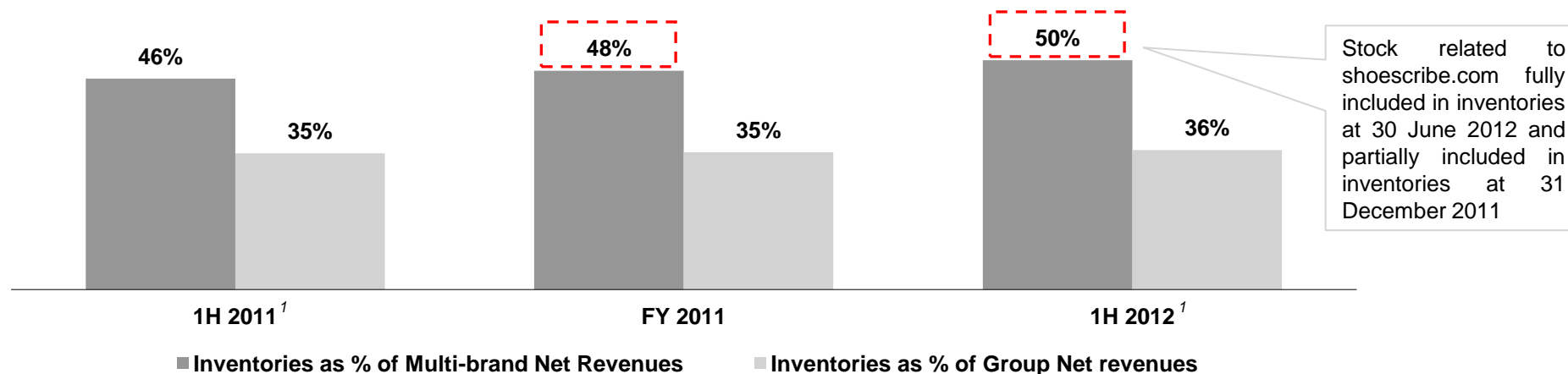
# NET WORKING CAPITAL EVOLUTION



## Net Working Capital

(€m)	1H 2011	FY 2011	1H 2012
Inventories	86.5	101.9	118.2
Trade Receivables	9.0	8.2	13.9
Trade Payables	(48.4)	(62.8)	(78.0)
Other Receivables / (Payables)	(8.9)	(14.3)	(15.7)
<b>Net Working Capital</b>	<b>38.2</b>	<b>33.0</b>	<b>38.4</b>
<i>as % of Net Revenues</i>	<i>15.3%<sup>1</sup></i>	<i>11.3%</i>	<i>11.6%<sup>1</sup></i>

## Inventory Level Evolution



1. Percentages calculated on LTM Net Revenues

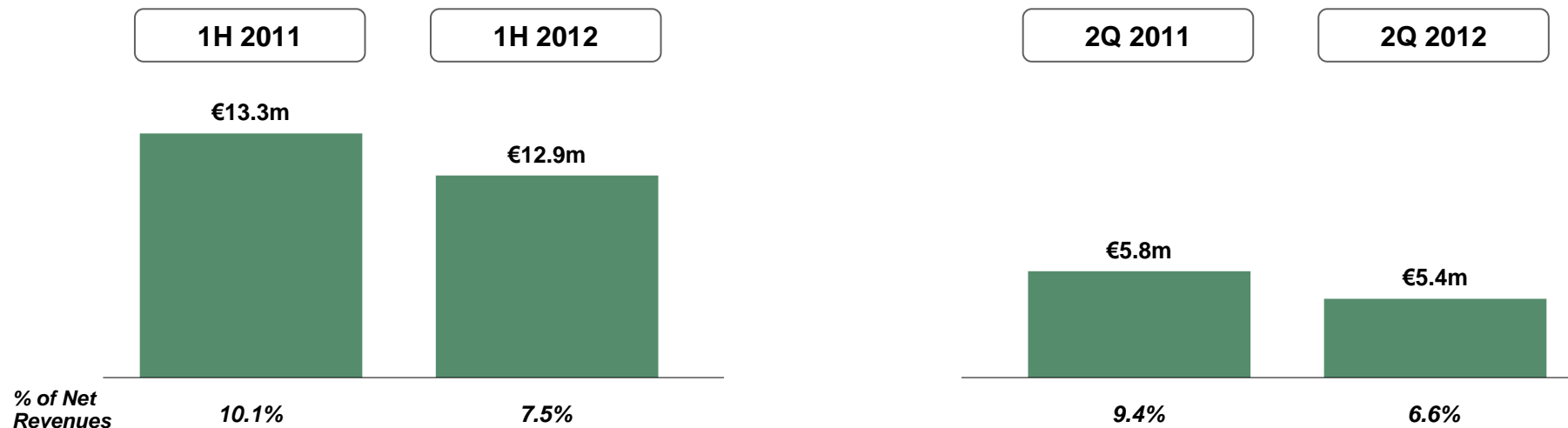
# YOOX GROUP CASH FLOW STATEMENT



## Cash Flow Statement

(€m)	1H 2011	1H 2012	2Q 2011	2Q 2012
Cash and Cash Equivalents at Beginning of Period	24.2	22.7	12.3	23.2
Cash Flow from Operations	(6.7)	3.5	(0.7)	1.0
Cash Flow from Investment Activities	(12.1)	(9.8) <sup>1</sup>	(5.9)	(5.3)
Sub Total	(18.7)	(6.3)	(6.6)	(4.3)
Cash Flow from Financing Activities	6.6	5.1	6.4	2.6
Cash Flow	(12.1)	(1.2)	(0.2)	(1.7)
Cash and Cash Equivalents at End of Period	12.1	21.5	12.1	21.5

## Capital Expenditure



1. As per IFRS, line of credit of €2.7m accounted for in Cash Flow from Investment Activities, being fully allocated to finance the new automated logistics platform

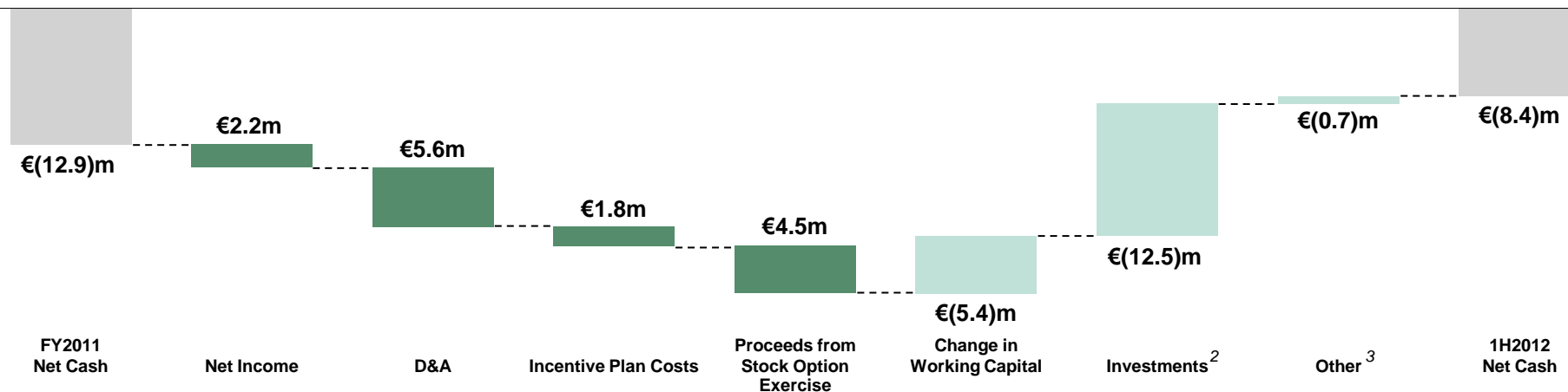
# YOOX GROUP NET FINANCIAL POSITION EVOLUTION



## Net Financial Position

(€m)	1H 2011	FY 2011	1H 2012
Cash and Cash Equivalents	(12.1)	(22.7)	(21.5)
Other Current Financial Assets	(0.1)	(5.5)	(5.8)
Current Financial Assets	(12.2)	(28.2)	(27.3)
Current Financial Liabilities	1.9	3.7	6.7
Long Term Financial Liabilities <sup>1</sup>	6.1	11.5	12.2
<b>Net Financial Debt / (Net Cash)</b>	<b>(4.1)</b>	<b>(12.9)</b>	<b>(8.4)</b>

## Net Financial Position Evolution



1. Medium/long-term line of credit mainly used to finance the new highly-automated global operations and distribution platform

2. Please note that line of credit of €2.7m has been restated from Cash Flow from Investment Activities to Cash Flow from Financing Activities

3. Mainly refers to deferred tax assets and the exchange rate impact resulting from the consolidation of foreign subsidiaries



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- YOOX GROUP PROFIT & LOSS EXCLUDING INCENTIVE PLAN COSTS
- FOCUS ON INCENTIVE PLAN COSTS
- SHAREHOLDER STRUCTURE

# YOOX GROUP PROFIT & LOSS EXCLUDING INCENTIVE PLAN COSTS



	1H 2011	1H 2012	2Q 2011	2Q 2012
<b>(€m)</b>				
<b>Net Revenues</b>	131.2	172.9	61.5	81.9
<i>growth</i>		31.7%		33.1%
<b>COGS</b>	(82.2)	(112.9)	(37.5)	(52.8)
<b>Gross Profit</b>	49.1	60.0	24.1	29.1
<i>% of Net Revenues</i>	37.4%	34.7%	39.1%	35.6%
Fulfillment Excl. Incentive Plan Costs	(14.3)	(16.1)	(7.2)	(7.4)
<i>% of Net Revenues</i>	10.9%	9.3%	11.8%	9.0%
Sales & Marketing Excl. Incentive Plan Costs	(14.0)	(19.2)	(6.9)	(9.7)
<i>% of Net Revenues</i>	10.7%	11.1%	11.2%	11.9%
<b>EBITDA Pre Corporate Costs</b>	20.8	24.7	9.9	12.0
<i>% of Net Revenues</i>	15.9%	14.3%	16.1%	14.7%
General & Administrative Excl. Incentive Plan Costs	(10.6)	(12.3)	(5.6)	(6.3)
<i>% of Net Revenues</i>	8.1%	7.1%	9.0%	7.7%
Other Income/(Expenses)	(0.1)	(0.9)	0.2	(0.5)
<i>% of Net Revenues</i>	0.1%	0.5%	0.3%	0.6%
<b>EBITDA Excluding Incentive Plan Costs</b>	10.1	11.6	4.5	5.2
<i>% of Net Revenues</i>	7.7%	6.7%	7.4%	6.4%



# FOCUS ON INCENTIVE PLAN COSTS



	1H 2011	% of Total	1H 2012	% of Total	2Q 2011	% of Total	2Q 2012	% of Total
<b>(€m)</b>								
<b>Fulfillment</b>	(14.376)		(16.290)		(7.303)		(7.544)	
<i>of which Incentive Plan Costs</i>	<b>(0.092)</b>	4.2%	<b>(0.231)</b>	12.6%	<b>(0.054)</b>	5.8%	<b>(0.176)</b>	22.3%
<b>Sales &amp; Marketing</b>	(14.660)		(19.779)		(7.187)		(10.000)	
<i>of which Incentive Plan Costs</i>	<b>(0.671)</b>	30.6%	<b>(0.573)</b>	31.3%	<b>(0.302)</b>	32.4%	<b>(0.256)</b>	32.5%
<b>General &amp; Administrative</b>	(12.016)		(13.287)		(6.144)		(6.649)	
<i>of which Incentive Plan Costs</i>	<b>(1.431)</b>	65.2%	<b>(1.029)</b>	56.1%	<b>(0.576)</b>	61.8%	<b>(0.355)</b>	45.1%
<b>Incentive Plan Costs</b>	<b>(2.194)</b>	100.0%	<b>(1.833)</b>	100.0%	<b>(0.933)</b>	100.0%	<b>(0.787)</b>	100.0%



<b>EBITDA Reported</b>	<b>7.885</b>		<b>9.784</b>		<b>3.594</b>		<b>4.443</b>	
<i>% of Net Revenues</i>	6.0%		5.7%		5.8%		5.4%	
<b>Incentive Plan Costs</b>	(2.194)		(1.833)		(0.933)		(0.787)	
<b>EBITDA Excl. Incentive Plan Costs</b>	<b>10.079</b>		<b>11.618</b>		<b>4.527</b>		<b>5.230</b>	
<i>% of Net Revenues</i>	7.7%		6.7%		7.4%		6.4%	

# SHAREHOLDER STRUCTURE



Shareholder	Fully Diluted <sup>1</sup>		Current	
Federico Marchetti	6,735,653	10.4%	3,993,433	7.0%
Management team and other stock option holders <sup>2</sup>	4,722,432	7.3%		
<i>Sub-total</i>	<i>11,458,085</i>	<i>17.8%</i>	<i>3,993,433</i>	<i>7.0%</i>
Balderton Capital	4,370,280	6.8%	4,370,280	7.7%
OppenheimerFunds	2,899,351	4.5%	2,899,351	5.1%
Red Circle Unipersonale	2,846,865	4.4%	2,846,865	5.0%
Federated	2,805,469	4.3%	2,805,469	4.9%
Baillie Gifford & Co	2,803,839	4.3%	2,803,839	4.9%
Caledonia Investments	2,718,266	4.2%	2,718,266	4.8%
Red Circle Investments	2,473,447	3.8%	2,473,447	4.3%
Aviva Investors Global Services	1,612,303	2.5%	1,612,303	2.8%
The Monks Investment Trust	1,414,915	2.2%	1,414,915	2.5%
Capital Research and Management Company	1,387,000	2.1%	1,387,000	2.4%
Pictet	1,304,905	2.0%	1,304,905	2.3%
Wasatch Advisors	1,274,789	2.0%	1,274,789	2.2%
Market <sup>3</sup>	25,149,538	39.0%	25,149,538	44.1%
<b>Total</b>	<b>64,519,052</b>	<b>100.0%</b>	<b>57,054,400</b>	<b>100.0%</b>

Updated as of 3 August 2012

1. The fully diluted column shows the effect on the Company's shareholder structure calculated assuming that all the stock options granted under the Company's stock option plans are exercised. It does not include 154,329 ordinary shares granted under the 2009 - 2014 Incentive Plan

2. Excludes Federico Marchetti

3. Includes 162,000 proprietary shares



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