**MOLESKINE**

LIFESTYLE BRAND DISTRIBUTED
IN MORE THAN 100 COUNTRIES

WHAT WE DO

Moleskine is an **aspirational lifestyle brand** with global reach. It is synonymous with culture, travel, memory, imagination and personal identity. A **symbol of contemporary nomadism**, its product range encompasses notebooks, diaries, journals, bags, writing instruments, reading accessories and hybrid products migrating contents from paper to digital devices and vice versa. Moleskine connects with contemporary creativity and is present across a network of websites, blogs, online groups and virtual archives, not least within the brand's own online community, myMoleskine. The company sells its products through a **multichannel distribution platform in more than 100 countries**.

The Milanese publisher Modo&Modo created and registered the Moleskine brand in 1997, bringing back to life the legendary notebook used by artists and thinkers over the last two centuries. The company, with headquarters in Milan, was listed on the Milan stock exchange between April 2013 and January 2017.

MOLESKINE
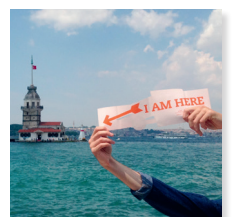
The story of an icon

It all began with a legendary notebook...

The brand's iconic product is undoubtedly its small, black notebook, a perfect blend of simplicity and practicality. It was designed as the heir to the iconic notebook used by artists and thinkers of the 19th and 20th centuries; painters like Vincent Van Gogh and Pablo Picasso and the writers Ernest Hemingway and Bruce Chatwin. The little black notebook became a faithful travelling companion and a repository for sketches, notes, stories and ideas that would blossom into famous images or the pages of our favourite books. As an enthusiastic user of the notebook, Chatwin gave it the name "moleskine" and recounted the story in his book The Songlines, published

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in 1987. The previous year, when the small family-owned company that produced the famous notebooks went out of business, Chatwin went on a mission to buy all the notebooks he could find. The story might well have ended there.

But in 1997, the Milanese publisher Modo&Modo brought the legendary notebook back to life, simultaneously registering the Moleskine brand. From the very outset Modo&Modo conceived and marketed the Moleskine notebook in a disruptive way – not simply as a notebook, but as an enabler

With its link to the creative arts, the company bridges the gap between the paper and digital worlds.

of personal creativity, thereby establishing the basis for an aspirational brand and a new market segment. By serving the needs of people dedicated to creative activities and involved in knowledge intensive industries, Moleskine established itself as the "lifestyle-of the-Creative-Class" brand.

In 2007, the management team led by CEO Arrigo Berni implemented a growth strategy focused on enlarging and enhancing the distribution footprint, broadening the product offering and growing brand visibility and awareness. While Moleskine has its roots in the iconic notebook, the brand gradually developed a range of "non-paper" products which would appeal to the contemporary target audience while maintaining its distinctive cultural heritage. In 2011 Moleskine developed a collection of WTR ("Writing, Travelling & Reading") accessories including travel bags, luggage accessories and writing instruments.

Moleskine has also supported the creation of a new range of hybrid products, called Moleskine+, aimed at delivering a seamless creative experience in migrating content from paper to digital devices and vice-versa. These products have been specially adapted for our increasingly mobile lives, and form part of Moleskine's analog-digital strategy. Altogether, "non-paper" categories (WTR and M+ collections) accounted for 16.5% of total net revenues in 2016 and this figure is expected to continue to rise over the coming years.

Bridging the analog-digital continuum

There is a widely-held belief that digital devices will gradually replace analog products. But in reality, we can clearly observe an "analog-digital continuum"; even in countries like the US where digital technologies are more firmly established, consumers do not replace analog tools with digital devices, but tend rather to switch from one to the other in their daily activities. This is visible for example, in the evolution of the stationery market which is expected to continue to grow in the coming years .
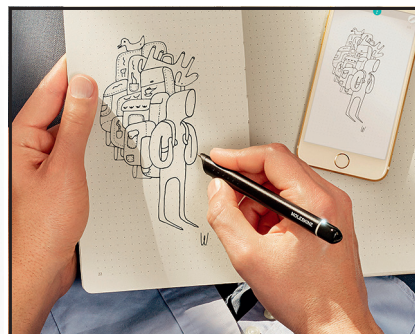
The Moleskine product range fits perfectly with this logic of a continuum. With its link to the creative arts, the company bridges the gap between the paper and digital worlds, as illustrated by the Moleskine+ category and the development of products, apps and services in partnership with major digital players like Adobe and Evernote. In 2016 Moleskine launched the Smart Writing Set, a specially designed paper tablet, smart pen and app working in tandem to instantly digitise notes and sketches made on paper.

High profitability, efficient operating model

Moleskine's sales grew from EUR 53 million in 2010 to EUR 145 million in 2016, implying a CAGR of 18% over the period. The company is targeting sales of EUR 200 million by 2018, which would represent a CAGR of 17% between 2016 and 2018. Most of this growth will be driven by direct to consumer channels.

Moleskine is not only a fast-growing company but also a highly profitable one, with strong cash flow generation, thanks to its premium brand positioning, and a scalable and flexible outsourced manufacturing model with a diversified suppliers base.

At 31 December 2016, Moleskine had 401 employees and sold its products in 102 countries. The EMEA (Europe, Middle East and Africa), Americas and Asia-Pacific zones contributed respectively 44%, 39% and 17% to 2016 sales.

The six pillars of Moleskine's growth strategy

- Awareness and engagement: Moleskine aims to continue to improve brand visibility through growing direct-to-consumer channels, strengthening customer relationships via digital channels (social networks, moleskine.com, Moleskine apps, myMoleskine online community), generating widespread media coverage and participating in high-profile events.

- Product offering: Moleskine seeks to drive growth by extending the product offering in three directions (paper, non-paper and services), consistently with its vision of building a lifestyle brand.

- Wholesale: comprising more than 28,700 doors globally. Moleskine will continue to pursue growth by leveraging an efficient network of partnering distributors while expanding direct sales to major retail chains.

- B2B: sells customised Moleskine products to global companies which use them as part of their marketing activities. This channel will continue to grow driven by a multi-channel approach to distribution and further geographic expansion.

- E-commerce: expansion of online sales is driven by an effective operating model and online customer engagement.

- Retail: while wholesale and B2B sales remain the biggest contributors to overall revenue, retail (79 directly operated stores to date) represents the fastest-growing distribution chanels. By 2018, Moleskine aims to expand its store network to 120 DOS (Directly Operated Stores), by opening some 20 new points of sales per year. As part of this strategy, the company recently launched the Moleskine Café concept.

AWARENESS & ENGAGEMENT

RETAIL

PRODUCT OFFERING

SUSTAINABLE GROWTH

ECOMMERCE

WHOLESALE

B2B

The Moleskine Café, for your daily dose of inspiration.

In July 2016, Moleskine launched a directly managed new concept, the Moleskine Café. It mixes the elements of the café, art gallery, store and library, to create a contemporary reinterpretation of the 'Café Littéraire' concept. It adds Moleskine brand values and products to a unique café experience, giving consumers a distinct opportunity to be exposed to the creative content Moleskine generates, either directly or through its ever-growing community of passionate followers.

The first Moleskine Café opened in Milan at the heart of the Brera Design District and has been met with a very positive reception from consumers and media. The concept is still in its testing phase and will require further validation before being replicated in cities across the world.

In 2016 we have delivered another set of strong results, with revenue growth across all geographies, product categories and channels, in line with expectations. We have achieved this while continuing to deliver strong operating cash generation and shareholder returns.

This is a direct result of the successful implementation and execution of our clear, proven strategy which focuses on increasing brand awareness and engagement, expanding our products and service offering and developing a multichannel distribution platform.

Our continued focus on innovation has played an important role in 2016, enabling us to deliver innovative concepts and products to our customers. The launch of the Smart Writing Set and the opening of our first directly operated street-based Moleskine Café are examples of those efforts. Both initiatives have received an excellent reception, confirming the strength of our brand and Moleskine's ability to respond to the evolving needs of its audience, by successfully introducing core brand values in new areas and formats.

Moleskine has a long-term vision: to build a unique, global brand synonymous with the lifestyle of the creative class, and I am very excited to partner up with the D'Ieteren group. We both have a rich history and our businesses are built on shared values.

I am confident that D'Ieteren will be an ideal partner to continue to develop our business on a sustainable growth pattern.
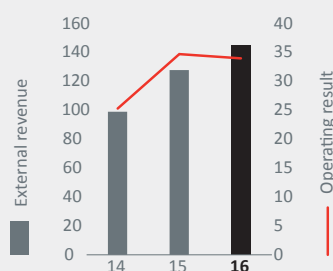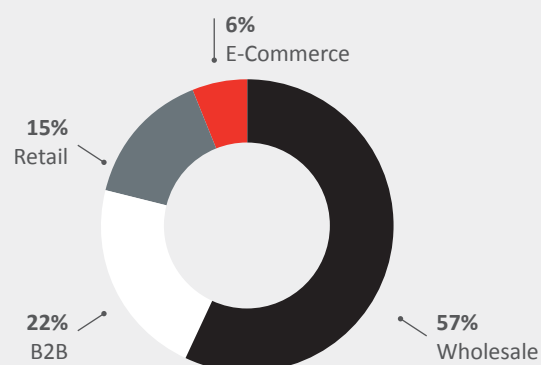
Arrigo Berni
CEO of Moleskine

KEY FIGURES

MOLESKINE

(EUR million)	2014	2015	2016
External revenue	98.8	128.2	**145.2**
Operating result	25.3	34.8	**34.0**
Operating margin	25.6%	27.2%	**23.4%**
Result before tax	24.1	34.6	**32.9**
Result after tax	16.5	27.1	**23.3**
Number of stores	41	58	**79**
Wholesale - Number of doors (in thousands)	26.7	27.1	**28.7**
Number of employees (year-and)	278	359	**401**

Note: Moleskine's results are fully consolidated in D'Ieteren's accounts as from 1 October 20016. The table above includes full-year figures.
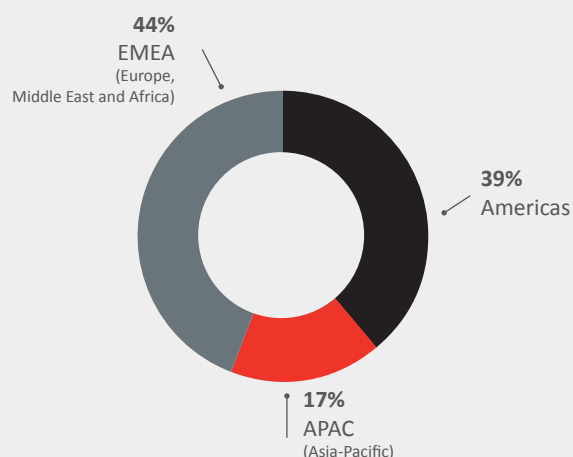
REVENUE AND OPERATING RESULT (EUR MILLION)

REVENUE BREAKDOWN BY CHANNEL (2016)

6% E-Commerce
15% Retail
22% B2B
57% Wholesale

REVENUE BREAKDOWN BY GEOGRAPHY (2016)

44% EMEA (Europe, Middle East and Africa)
39% Americas
17% APAC (Asia-Pacific)

REVENUE BREAKDOWN BY PRODUCT RANGE (2016)

7% M+
9% Non Paper
84% Paper