Moleskine

MEDIOBANCA SECURITIES

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Shareholders Pre-IPO	
Appunti S.A.R.L	84.8%
Pentavest S.A.R.L	15.2%

(€m)	2010	2011	2012	2013E	2014E	2015E
Turnover	53.4	67.3	78.1	94.5	121.8	158.0
EBITDA	21.2	28.4	31.4	38.0	49.6	66.0
EBIT	20.7	27.6	30.4	35.5	45.6	60.5
Net Profit	12.1	13.8	18.2	22.5	29.8	40.0

Source: MOLESKINE (historical figures), Mediobanca Securities (estimates)

A growth story….yet to be written

Identity & culture in the legendary notebook for people on the move

Moleskine is a creative brand that enjoys high awareness worldwide thanks to its flagship core product, the legendary notebooks used by great artists (Hemingway, Van Gogh, Bruce Chatwin) and a family of nomadic objects dedicated to individual mobile identity (diaries, writing and reading items). The products were originally aimed at super-creative core people (artists, designers, architects) but today the potential customer base is much wider and amounts to 228m people worldwide, set to become 320 million by 2020. The reason for the brand's success is its unique positioning, which combines identity and culture thanks to its high design and iconic content, as the product satisfies a sense of belonging to a community sharing common values, rather than just a function. This also justifies its premium positioning.

High growth potential from a multichannel strategy

Brand, product and distribution are the key pillars of the strategy. A stronger brand awareness will be achieved through below-the line communication and, most notably, a wider retail presence, leveraging on the multi-channel distribution structure, i.e.:

- B2C: increasing the number of outlets in Americas and APAC and increasing sales density in EMEA, increasing dedicated spaces and pushing the migration from *displays* to *ateliers*;
- B2B: expanding the number of customers in all regions;
- Retail: opening new DOS in EMEA (travel retail formats), APAC (shopping malls format) and America (free standing stores) from the current 5 POS to approx 90 on our estimates;
- E-commerce as a further engine for growth.

The extension to new product categories (WTR and digital items) is only in the initial phase but should support material future growth.

Plenty of scope for double digit growth and margin expansion ahead

Following outstanding past performance (09/12 sales CAGR 24%, EBITDA margin 40.2% in 2012 and 3 Y CAGR in net profit 30%) we still see huge potential ahead from full execution of the group strategy. We project a 26.5% 3Y CAGR for sales to €160m in FY15, a jump in EBITDA from €31.4m in 2012 to €66m (3Y CAGR 28%), the EBITDA margin rising +150bps to 41.7% in 2015 and net profit growing on average by 30%.

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Contents

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Executive summary

A high-growth creative company for a legendary brand

With 15 million units sold in 2012 generating revenues of €78m, which follow a 3-year CAGR of 24.2%, and a best-in-class level of profitability (with a 2012 adj. EBITDA margin of 42.8%), Moleskine is a high-growth creative company which manufactures and distributes a wide family of nomadic objects, including the legendary notebooks used by the greatest artists and thinkers.

Paper items have been Moleskine's historical product category, and now contribute 93% of group turnover. In 2011, the product line was extended to include writing, travelling, and reading items (WTR). New items are launched annually, and in 2012 contributed around 14% of paper revenues. In 2012, Moleskine expanded its product offer to include new digital platforms and products (*note-taking applications, Evernote Smart Notebooks).*

Moleskine is a truly global brand, operating in 92 countries, with a well-balanced geographical business mix split between EMEA (53% of 2012 revenues), the Americas (36%) and APAC (11%).

Distribution is run through a multi-channel strategy, including B2C (78% of 2012 revenues), B2B (16%) and the direct retail channel (four DOS in China and five in Italy), plus E-commerce launched at the end of 72010.

Multi-channel distribution to reach 3.3 million customers, with a potential customer base of 228 million

Moleskine's business model is based on an integrated operational structure, which includes the direct management of key segments of the value chain, with a tight control over the outsourced segments.

The group runs its most strategic activities (brand equity & communication, marketing, production development and distribution) in-house, whereas in manufacturing, it is supported by a network of 17 suppliers (seven for paper and ten for WTR), eight of which are based in China, under its continuous supervision.

The company operates a multi-channel distribution model, consisting of the B2C channel (78% of 2012 revenues) mostly run through a total of 51 distributors serving a total of 23,574 doors, where products are also displayed on displays (15,111), islands/walls (453) and ateliers (89), and the B2B channel (at the end of 2012 1,183 clients worldwide that use customised Moleskine products for their PR activities).

Moleskine has recently entered the retail channel (it currently has five stores in Italy and four DOS in China), and the E-commerce business, now serving 22 countries.

Brand, product and distribution as the key pillars of the group's future strategy

We consider the following to be the key pillars of Moleskine's future strategy:

- **Strengthening brand awareness:** by nurturing relationships with the design community and the creative class through below-the-line communication activities (PR & events) and increasing Moleskine's brand awareness globally, expanding consumer touch point opportunities through a wider retail presence, a deeper presence in underpenetrated markets, a better online business both expanding the number of markets reached and increasing the number of visits;
- **Expanding product offering and range:** innovation is a key strength of the Moleskine group, given that over the past three years, new products have accounted for approx. 15%-18% of total paper revenues. For the *WTR category,* there is much more room for expansion, given that this category was just launched in 2011. As concerns digital products and services, the

management aims to position Moleskine as the catalyst of a system enabling the transfer of content from analogue to digital tools and vice versa (examples of this are: the *"Moleskine Journal"* for iOS, Android and Windows 8, the *Print-on-demand service, the Evernote Smart Notebook).*

- **Exploiting multi-channel strategy potential:** in B2C, Moleskine aims to increase the number of doors where it sees room for expansion (the Americas and APAC), and upgrade its presence in existing accounts to achieve a higher sales density in EMEA. In the B2B channel, it needs to expand the number of clients by increasing its dedicated sales department resources. As regards retail, in EMEA it will roll out the travel retail format already tested and validated in Italy, where it already runs five stores (we assume a total of 36 openings over the 2012-15 period). In the Americas, it targets street format mono-brand shops (+12 in our 2012-15 estimates). In China, the mall format has already been validated in 2012 through four recently-opened stores, and will be further rolled out. We project 35 store openings in APAC over the 2012-15 period, meaning that at YE2015 we expect the group retail network to consist of a total of 92 DOS. Lastly, in E-commerce, Moleskine aims to expand its online operations into new geographical areas, and in 2H13, will switch to a proprietary platform.

2009-12 financials

Group revenues recorded a 2009-2012 CAGR of 24%, approaching €80m in 2012. This was due to dynamic expansion in all the group's distribution channels, markets and product categories.

Group EBITDA rose from €15m in 2009 to €31.4m in 2012 (2009-2012 CAGR of 28%), and the margin on sales advanced by 330bps to 40.2%, due both to higher gross profit and operating leverage, and to the exploitation of economies of scale on fixed costs.

Net income was up from €7.6m in 2009 to €18.2m at YE2012 (3Y CAGR of 34%).

With net debt of €43.5m at end-2012, D/EBITDA is currently 1.4x, vs. 2.6x in 2009.

Our 2012/15 forecasts

Over the 2012-15 period, we project a 26.5% 3Y CAGR for sales, seen close to €160m at YE2015 resulting from:

- a 12.7% 3Y CAGR for the B2C channel thanks to both the planned network expansion (by our estimates, the number of doors should total approx 29k at YE2015 vs. 23.6k in 2012) and the increase in sales per door (in MBe, €3k per door in 2015 from €2.6k in 2012);
- a 29.3% 3Y CAGR for the B2B channel, with the widening of the customer base as growth driver (approx 1,970 customers in 2015 vs. 1,183 in 2012) in all geographical areas;
- the opening of 83 stores over the next three years, with the retail network numbering a total of 93 stores in 2015, of which 41 in EMEA, 39 in APAC and 12 in the Americas;
- the development of E-commerce operations, seen as an additional source of top-line growth and expected to contribute approx €18m in FY2015, from €3.3m in 2012.

We project a jump in the EBITDA from €31.4m in 2012 to €66m (3Y CAGR @28%) with the EBITDA margin +150bps to 41.7% in 2015 and net profit seen growing on average by 30%.

IPO structure and rationale

The offer structure comprises a secondary offer by existing shareholders and a primary offer.

The selling shareholders are Appunti S.A.R.L and Pentavest S.A.R.L.

The stock will be listed on the Italian Stock Exchange on the MTA (Mercato Telematico Azionario).

The IPO is aimed at achieving the following goals:

- To give shareholders access to liquidity while retaining exposure to the company's future growth;
- To raise proceeds aimed at enhancing the group's financial flexibility and supporting its future growth;
- To enhance the company's public profile, for the purpose of retaining and attracting talent and managerial skills.

Valuation criteria

We have identified two criteria to provide a fair valuation of Moleskine:

- **a sector comparison,** in which we identify a panel of comparable companies that target a similar reference market or have business similarities with Moleskine, as detailed below;

- a **discounted cash flow model**, which we would use only to cross-check the sector multiples valuation, but do not consider a fully reliable criterion. We therefore suggest due caution when looking at it, given Moleskine's growth profile and therefore the difficulty in assessing when its cash flows will start to stabilize.

Sector comparison

Moleskine's unique market positioning, with the brand expressing a set of intangible values combining identity and culture, its product profile (premium and high-end products) and business model make it very hard to identify a clear panel of comparable companies with the same features and future prospects.

For this reason, we have identified two categories of possible comparable companies:

a) Premium & branded goods companies with an iconic core product and brand extension opportunities

This group includes premium and branded goods companies, whose past and current appeal to consumers is strictly linked to the success of one or few iconic products, which from being the brand's historical flagship, have now become a benchmark within their market segment.

The cultural significance behind owning this product, the sense of being part of a community sharing common values, together with the product's intrinsic value, justifies its premium positioning. This helps these groups to keep the business risk under better control and make the overall business resilient in a sector where tastes and fashion trends usually generate some volatility.

Moreover, for brands whose awareness among consumers is very high for the core product, there are opportunities to extend the brand to other product categories, which is likely to become an additional source of top-line growth when the flagship product reaches a maturity phase in its growth path.

For these reasons, we include in our panel of companies comparable to Moleskine **Tod's, Ferragamo, Burberry, Tumi, Brunello Cucinelli** and **Prada**.

MOLESKINE: comparable branded goods companies

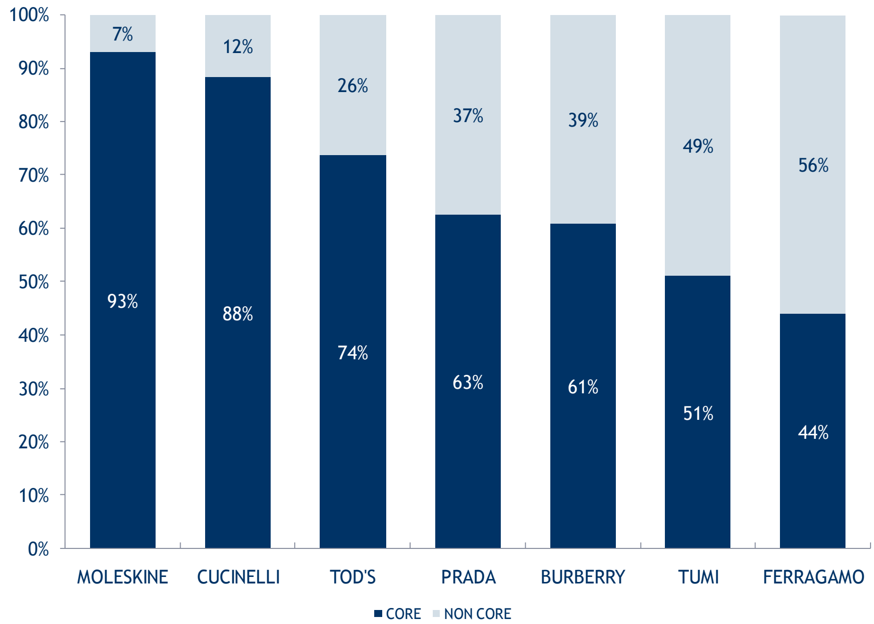
BRAND	core product	brand extension
BRUNELLO CUCINELLI	CASHMERE KNITWEAR	ACCESSORIES
BURBERRY	TRENCH COAT	APPAREL, LEATHER GOODS, ACCESSORIES
PRADA	HANDBAGS	APPAREL, LEATHER GOODS, ACCESSORIES
FERRAGAMO	WOMENS' SHOES	APPAREL, LEATHER GOODS, ACCESSORIES
TOD'S	MEN' SHOES	LEATHER GOODS, ACCESSORIES
TUMI	LUGGUAGES	ACCESSORIES
MOLESKINE	**NOTEBOOKS**	**WRITING, TRAVEL AND READING ITEMS**

Source: Mediobanca Securities

MOLESKINE: Iconic products within branded goods

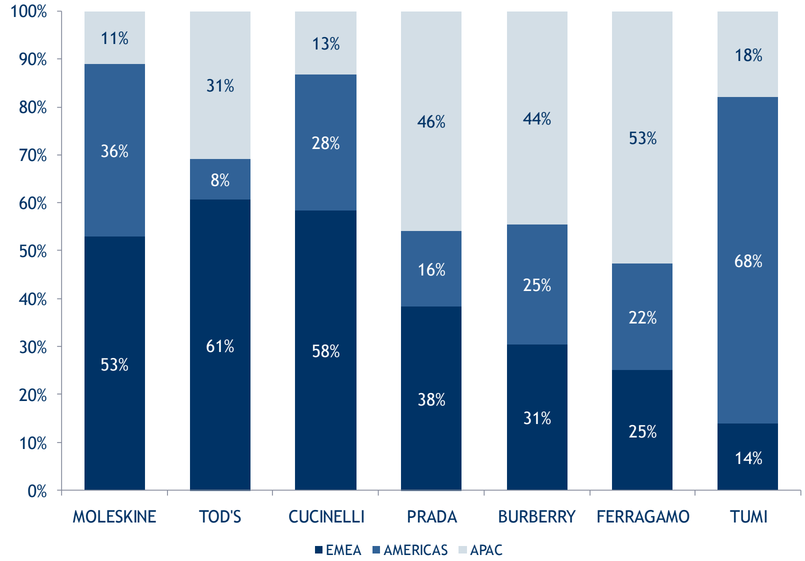
Source: Mediobanca Securities

MOLESKINE: peers business breakdown by product (core/non core)



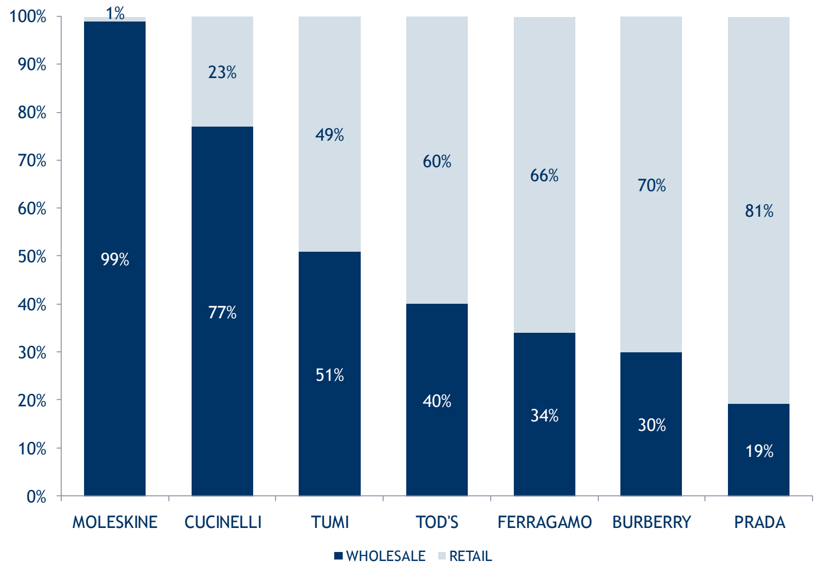
Source: Companies data

MOLESKINE: peers business breakdown by geographic area



Source: Companies data

MOLESKINE: peers business breakdown by channel



Source: Companies data

b) On-line retailers with a huge and still underpenetrated customer base

We also include in our panel online retailers such as ASOS and YOOX, since they share with Moleskine a very positive track record in terms of double-digit growth rates for their businesses and potential upside thanks to an un-penetrated customer base.

Despite the materially different business models of these three companies, we consider that the target customers of Moleskine, YOOX and ASOS products are fairly similar, and likely to overlap, as they include a wide range of people of different ages, with a medium/high level of education, all of whom are online users and have fairly extensive digital experience on a daily basis. In all three cases, their potential customer base is still underpenetrated, which means that even though they have all recorded impressive growth rates, they have huge room to expand their businesses, through increased distribution, be it online or offline (physical distribution).

MOLESKINE: peers' fundamentals (2011-15E)

(m)	CURR.	REVENUES	REVENUES GROWTH					CAGR	
		2012E	2011	2012E	2013E	2014E	2015E	09/12	12/15
B. CUCINELLI	E	276	19%	13%	13%	14%	12%	20%	13%
BURBERRY	£	1,981	24%	7%	14%	11%	10%	19%	12%
FERRAGAMO	E	1,153	26%	17%	9%	10%	9%	23%	9%
PRADA	E	3,297	23%	31%	18%	13%	9%	28%	13%
TOD'S	E	963	13%	8%	7%	8%	7%	11%	7%
TUMI	U$	399	31%	21%	18%	19%	12%	27%	16%
BRANDED GOODS - AVGE			**23%**	**16%**	**13%**	**12%**	**10%**	**21%**	**12%**
YOOX	E	370	36%	29%	22%	24%	23%	34%	24%
ASOS	£	553	56%	37%	32%	28%	23%	n.m	28%
ON LINE RETAILERS - AVGE			**46%**	**33%**	**27%**	**26%**	**23%**	**34%**	**26%**
AVGE TOT			28%	20%	17%	16%	13%	23%	15%
MOLESKINE	**E**	**78**	**26%**	**16%**	**21%**	**29%**	**30%**	**29%**	**21%**

(m)	CURR.	EBITDA	EBITDA MARGIN					CAGR	
		2012E	2011	2012E	2013E	2014E	2015E	09/12	12/15
B.CUCINELLI	E	47	16.5%	17.2%	17.9%	19.2%	20.7%	48%	20%
BURBERRY	£	501	25.0%	25.3%	25.5%	26.2%	26.6%	23%	14%
FERRAGAMO	E	218	18.6%	18.9%	20.2%	21.1%	22.0%	52%	15%
PRADA	E	1,051	30.1%	31.9%	32.8%	33.3%	33.0%	54%	14%
TOD'S	E	251	26.0%	26.1%	26.3%	26.9%	27.7%	17%	10%
TUMI	U$	90	21.9%	22.6%	23.7%	25.2%	n.a.	49%	n.a.
BRANDED GOODS - AVGE			**23%**	**24%**	**24%**	**25%**	**26%**	**40%**	**15%**
YOOX	E	32	8.3%	8.6%	9.3%	10.4%	10.8%	29%	33%
ASOS	£	56	9.4%	10.1%	9.7%	9.8%	10.1%	n.m	27%
ON LINE RETAILERS - AVGE			**9%**	**9%**	**9%**	**10%**	**10%**	**29%**	**30%**
AVGE TOT			19%	20%	21%	22%	22%	39%	19%
MOLESKINE	**E**	**32**	**42%**	**41%**	**41%**	**41%**	**42%**	**28%**	**28%**

(m)	CURR.	EBIT	EBIT MARGIN					CAGR	
		2012E	2011	2012E	2013E	2014E	2015E	09/12	12/15
BRUNELLO CUCINELLI	E	40	14.3%	14.7%	14.6%	16.0%	17.8%	52%	21%
BURBERRY	£	403	20.3%	20.3%	20.3%	20.8%	21.2%	22%	13%
FERRAGAMO	E	189	15.9%	16.4%	17.2%	18.2%	19.2%	73%	15%
PRADA	E	901	24.9%	27.3%	28.2%	28.4%	28.9%	69%	15%
TOD'S	E	209	21.8%	21.7%	22.0%	22.8%	23.8%	18%	11%
TUMI	U$	78	18.3%	19.7%	20.7%	22.0%	21.9%	70%	21%
BRANDED GOODS - AVGE			**19%**	**20%**	**20%**	**21%**	**22%**	**51%**	**16%**
YOOX	E	19	5.6%	5.2%	5.9%	7.1%	7.5%	30%	40%
ASOS	£	46	7.9%	8.3%	7.8%	8.0%	8.0%	n.m	26%
ON LINE RETAILERS - AVGE			**7%**	**7%**	**7%**	**8%**	**8%**	**30%**	**33%**
AVGE TOT			16%	17%	17%	18%	19%	48%	20%
MOLESKINE	**E**	**31**	**41%**	**40%**	**38%**	**38%**	**39%**	**28%**	**25%**

(m)	CURR.	NP 2012E	net income growth YoY 2011	2012E	2013E	2014E	2015E	CAGR 09/12	12/15
BRUNELLO CUCINELLI	E	26	n.m	27%	10%	26%	25%	74%	20%
BURBERRY	£	295	26%	12%	15%	15%	10%	54%	13%
FERRAGAMO	E	97	n.m	20%	35%	18%	16%	n.m	23%
PRADA	E	646	72%	50%	21%	14%	10%	86%	15%
TOD'S	E	147	24%	9%	9%	11%	12%	20%	11%
TUMI	U$	48	n.m.	187%	24%	28%	11%	n.m	21%
BRANDED GOODS - AVGE			**41%**	**51%**	**19%**	**19%**	**14%**	**58%**	**17%**
YOOX	E	10	n.m	3%	49%	51%	35%	37%	45%
ASOS	£	33	28%	50%	22%	36%	25%	n.m	28%
ON LINE RETAILERS - AVGE			**28%**	**26%**	**36%**	**44%**	**30%**	**37%**	**36%**
AVGE TOT			38%	45%	23%	25%	18%	54%	22%
MOLESKINE	E	**19**	**14%**	**34%**	**23%**	**32%**	**34%**	**35%**	**30%**

Source: Mediobanca Securities, IBES Consensus estimates

Looking at the financials of the peers included in our sample, it emerges that:

- with 2012 revenues of €78m, Moleskine's critical mass is much smaller than that of its peers;
- on the other hand, we believe Moleskine's growth prospects are much better than those of its peers within branded goods, while it has similar growth rates to online retailers;
- Moleskine's current and prospective profitability is materially better than that of all the companies in our panel. This means, however, that room for further margins improvement is quite limited;
- Looking at the balance sheet, all comparable companies are cash positive, while Moleskine has some debt.

Looking at the market multiples of our sample of peers:

- in the branded goods sector, the average EV/EBITDA is 13.5x for 2013E and 11.2x for 2014, while PEs are 25.2x and 21.1x respectively;
- the online retailers in our panel trade at more appealing multiples than the branded goods companies (i.e. 25.1x and 18.6x EV/EBITDA for 2013 and 2014, and 54.3x and 38x PE multiples for 2013 and 2014): we believe that this higher valuation is fully justified by the better future growth prospects both at top-line (2012/15 CAGR @ 26% vs. 12% for branded goods companies) and net profit level (2012/15 @ 36% vs.17%).

In light of Moleskine's growth profile, particularly in terms of the top line and net profit, it is essential to define the reference year when evaluating the company. Given our sales and net profit estimates, the multiples valuation would imply a different outcome if we look at the short term (namely 2013), rather than 2014 or 2015.

From a business viewpoint, as of today, visibility on 2013 numbers is much higher and a valuation based on these multiples would be safer and reduce any downside risk. We therefore suggest looking at 2013 sector multiples.

MOLESKINE: sector's peers (*)

	CURR	Market Cap (m)	EV/SALES 2013E	EV/SALES 2014E	EV/SALES 2015E	EV/EBITDA 2013E	EV/EBITDA 2014E	EV/EBITDA 2015E
B. CUCINELLI	EUR	1,042	3.3	2.9	2.5	18.6	15.0	12.2
BURBERRY	GBP	6,012	2.5	2.2	1.9	9.7	8.3	7.2
FERRAGAMO	EUR	3,402	2.7	2.5	2.2	13.6	11.7	10.0
PRADA	HKD	18,418	4.6	3.9	3.4	13.9	11.7	10.4
TOD'S	EUR	3,336	3.0	2.7	2.5	11.5	10.2	9.0
TUMI	USD	1,565	3.2	2.6	n.a.	13.6	10.4	n.a.
BRANDED GOODS - AVGE			**3.2**	**2.8**	**2.5**	**13.5**	**11.2**	**9.7**
YOOX	EUR	796	1.7	1.4	1.1	18.3	13.1	10.1
ASOS	GBP	2,293	3.1	2.4	1.9	31.8	24.0	18.8
ON-LINE RETAILERS - AVGE			**2.4**	**1.9**	**1.5**	**25.1**	**18.6**	**14.4**
AVGE TOT			**3.0**	**2.6**	**2.2**	**16.4**	**13.1**	**11.1**

Source: Mediobanca Securities, IBES consensus estimates, Datastream (*) prices as of 27 Feburary 2013

MOLESKINE: sector's peers (*)

	EV/EBIT 2013E	EV/EBIT 2014E	EV/EBIT 2015E	PE 2013E	PE 2014E	PE 2015E
B. CUCINELLI	22.8	18.0	14.1	36.8	29.1	23.4
BURBERRY	12.2	10.4	9.1	17.7	15.4	13.9
FERRAGAMO	16.0	13.5	11.5	25.9	22.0	19.1
PRADA	16.2	13.7	11.9	23.5	20.6	18.7
TOD'S	13.8	12.0	10.4	20.9	18.8	16.8
TUMI	15.6	11.9	n.a.	26.4	20.7	18.6
BRANDED GOODS - AVGE	**16.1**	**13.3**	**11.4**	**25.2**	**21.1**	**18.4**
YOOX	28.8	19.3	14.5	51.6	34.1	25.3
ASOS	39.3	29.5	23.6	56.9	41.8	33.4
ON LINE RETAILERS - AVGE	**34.1**	**24.4**	**19.0**	**54.3**	**38.0**	**29.4**
AVGE TOT	**20.6**	**16.1**	**13.6**	**32.5**	**25.3**	**21.2**

Source: Mediobanca Securities, IBES consensus estimates, Datastream (*) prices as of 27 Feburary 2013

DCF Analysis

We consider the discounted cash flow (DCF) model as a fair method to reflect more fully the cash flows generated by the group in the medium term. We would base our DCF model on the following assumptions:

- detailed estimates until 2017, which we consider to be a sufficient length of time for the Group's cash flows to stabilise;
- terminal value calculated with a long-term growth rate of 2%, generating an exit EV/EBITDA multiple of 10.6x;
- to calculate the weighted average cost of capital (WACC), we would use a cost of equity of 13.1% based on a 5.25% risk-free rate, a market premium of 4%, a gross cost of debt of 5% and a beta of 1.96x, based on an unlevered beta for sector peers at 1.03x;
- based on the company's current leverage, a WACC of 7.52% would be obtained.

MOLESKINE: Beta calculation

COMPANY	Beta unlevered
BRUNELLO CUCINELLI	0.60
BURBERRY GROUP	1.33
FERRAGAMO	0.79
PRADA	1.32
TOD'S	0.81
TUMI	1.76
YOOX	0.65
ASOS	0.98
AVERAGE	**1.03**
MOLESKINE BETA RE-LEVERED	**1.96**

Source: Mediobanca Securities

MOLESKINE: WACC Calculation

FREE RISK RATE	5.25%
BETA	1.96x
MARKET RISK PREMIUM	4.0%
COST OF EQUITY	13.1%
% EQUITY	42.8%
COST OF DEBT (NET)	3.4%
% DEBT	57.2%
WACC	**7.52%**

Source: Mediobanca Securities

Company at a glance

Moleskine is a high-growth and very profitable creative company which manufactures and distributes a wide family of nomadic objects, including the legendary notebooks used by the greatest artists and thinkers.

Paper items have been the historical Moleskine product category and they now contribute 93% of group turnover. In 2011 the product line was extended to include writing, travelling, and reading items (WTR). New items are launched annually and in 2012 contribute some 16% of paper revenues. In 2012 Moleskine expanded its product offer to include new digital platforms and products (*Note taking applications, Evernote smart notebooks).*

Moleskine is a truly global brand, operating in 92 countries, with a well-balanced geographic business mix between EMEA (53% of 2012 revenues), Americas (36%) and APAC (11%).

Distribution is run through a multi-channel strategy, including B2C (78% of 2012 revenues), B2B (16%) and the direct channel of retail (4 DOS in China and 5 in Italy), plus E-commerce launched in 2010.

With 15 million units sold in 2012 generating revenues of around €78m, which follow a 3-year CAGR of 24.2%, and a best-in-class level of profitability (with an Adj.EBITDA margin of 42.8% last year), Moleskine is a high-growth creative company that manufactures and distributes not only the legendary notebooks used by the greatest artists and thinkers, but also a wide family of nomadic objects: diaries, journals, bags, writing instruments and reading accessories, dedicated to each person's mobile identity, being strictly tied to the digital world.

a) Market positioning

Today the Moleskine brand expresses a set of intangible values fully shared by its customer base, namely culture, design, imagination, memory and travel. This makes the brand positioning somehow unique and very hard to replicate.

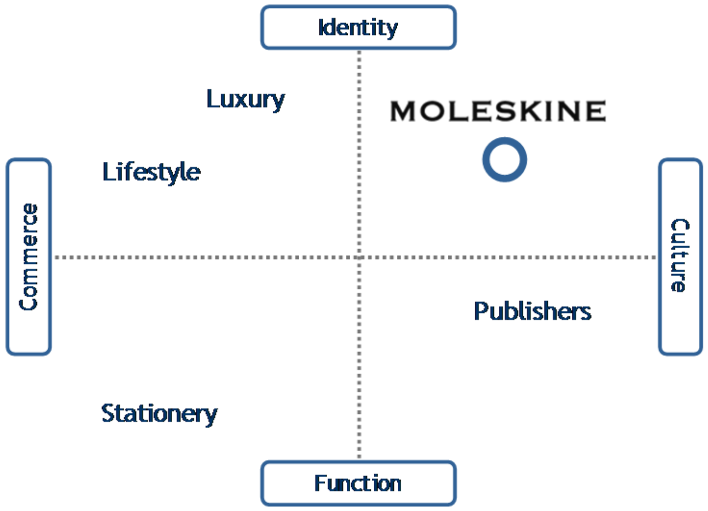
We define the positioning of the brand based on its *reason for being* (i.e. *identity/function*) and on the way *it delivers its value to users*, (i.e. *culture/commerce*).

The Moleskine brand is a combination of "***identity***" as its reason for being consists of helping to define the identity of its users more than to satisfy a need. Looking at the way it delivers its value, the Moleskine brand belongs to the ***"culture"*** area, given the strong heritage linked to it.

At the beginning Moleskine addressed "*super-creative core people"*, i.e. whose profession is strongly related to creativity (artists, designers, architects, actors etc) and "*creative professionals"* (i.e. people working in wide range of knowledge-intensive industries).

Today the brand's target clients include a much wider range of people, from 18 to 55 years old, both male and female, with a medium-high degree of education (diploma and higher), living in urban areas, or workers who usually are heavy online users.

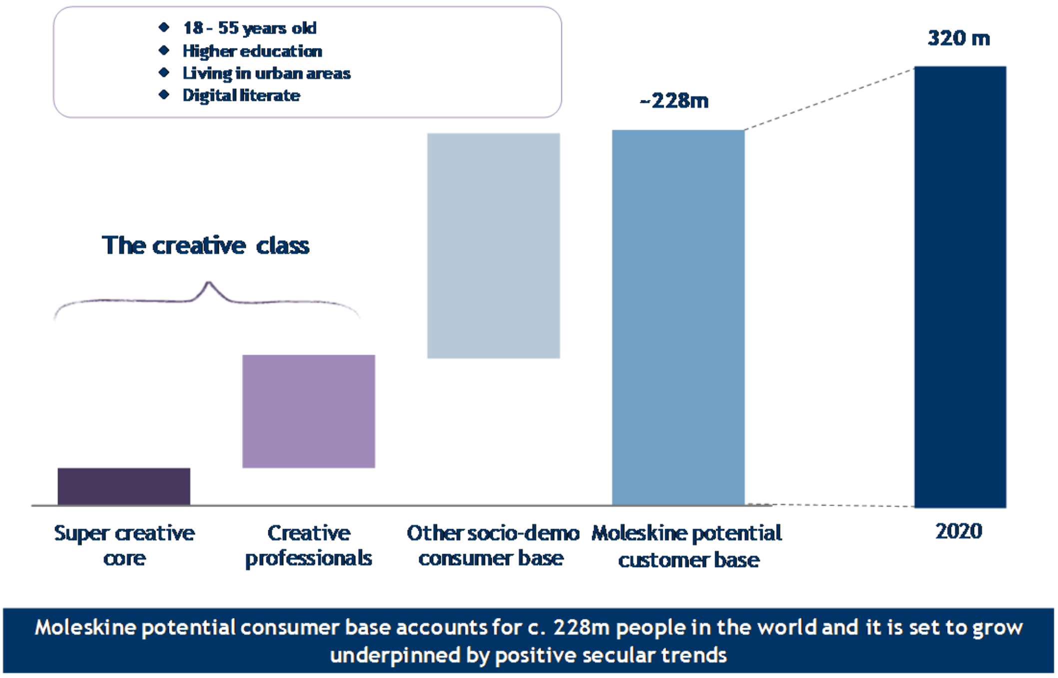
MOLESKINE: Brand positioning



Source: Company data

Based on official statistics (Source: *Ales research*, 2012 and *Euromonitor*), in 2011 Moleskine's target market was 228 million people and this is set to rise to 320 million people by 2020, assuming the growth rate of its target clientele is 3.8x times faster than total world GDP (2011-20 CAGR at 1%).

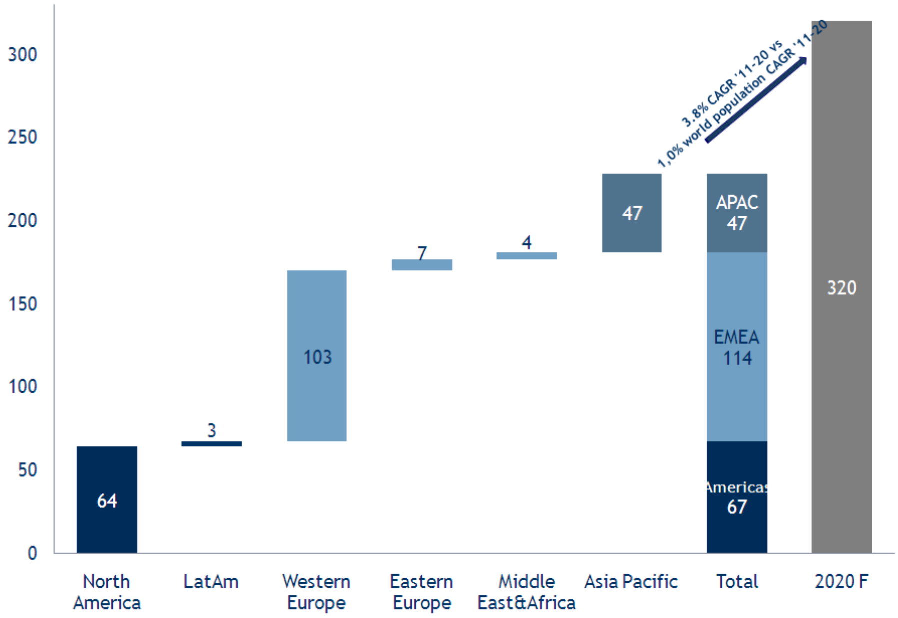
MOLESKINE: potential customer base



Source: Moleskine elaboration based on Ales Research (2012) and Euromonitor data

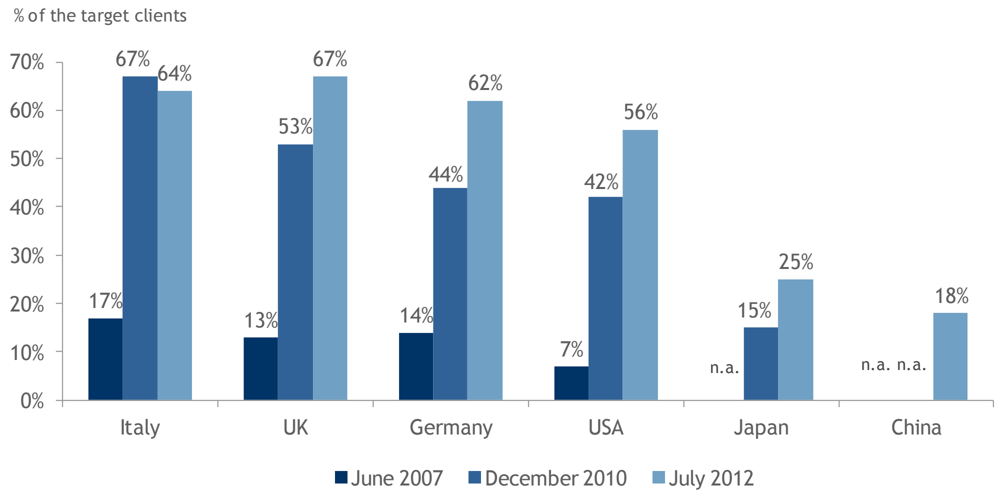
With 3.3 million customers served (i.e. people having bought at least one Moleskine item in the previous 12 months), the penetration of the Moleskine brand is only at 1.5%, which clearly implies that the potential for growth is great.

MOLESKINE: target clients (m units)



Source: Moleskine estimates based on Ales Research (2012) and Euromonitor Data

MOLESKINE: target market- brand awareness



Source: Company data based on market research by Lorien Consulting (2007) and Ales Research (2010 and 2012)
Note Confidence interval of the 2012 research is +/-4%, therefore the difference between December 2010 and July 2012 awareness data is not statistically significant

b) Product portfolio

Paper items have been the historical Moleskine product category. In FY2012 they contributed 93% of consolidated revenues, following the launch in 2011 of WTR collections (writing, travelling, and reading items), which account for 7% of the group turnover. Specifically:

a) **Paper:** consists of a wide range of paper-based items, which totalled 635 SKUS in 2012 of which 144 were new SKUS. The product range today includes:

- ***Notebooks*** i.e. classic notebooks, volants, cahiers, passion books, creative and city notebooks, limited editions;
- ***Dairies and planners*** available as 12/18month diaries, professional diaries, limited editions (of these diaries sold are 3.0-3.5 million units annually);
- ***Home office*** such as binders, folders, filers, pads and album;
- ***Gift products*** i.e. gift box and greeting cards.

New items are launched annually, and in 2012 they contribute 14% of paper revenues.

The first three best sellers account for 15% of group revenues. Within them, the best seller is the hardcover ruled notebook, accounting for some 9% of the group's turnover.

b) ***Writing, Travelling and Reading*** (WTR from now on) in 2012 consisted of 115 SKUs of which 65 were new. They include:

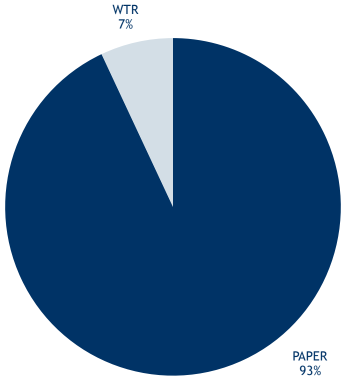
- ***Writing collections*** such as pens, pencils and refills;
- ***Travelling collections*** such as bags, backpacks, laptop cases, tablet covers, shells, luggage tags;
- ***Reading collections*** including glasses, book lights and reading stands.

Within the WTR product range, the plastic roller pen is the best seller, accounting for approx 0.4% of net sales.

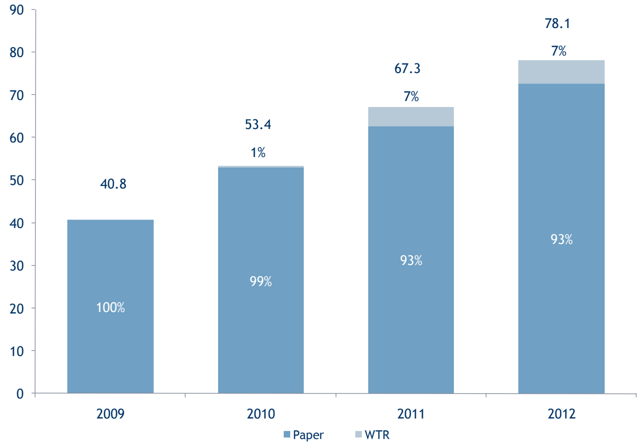
c) **Digital:** In 2012 Moleskine expanded its product offer to include new digital platforms and products which, despite not being meaningful yet in terms of contribution to sales, are likely to fuel future growth. Today the range of digital products include:

- ***Note taking applications*** including *Moleskine App for iPad and iPhone* (launched in April 2011 with 750,000 downloads as of September 2012) and *Moleskine Journal App for IOS,* launched in September 2012 with 250,000 downloads as of December 2012;
- ***Moleskine application original templates*** including diary models or specific passion notebook pages and tracing papers downloadable from the company website (1.7 million downloads as of December 2012);
- ***Artist market place***, a virtual marketplace where customers can sell/buy customised Moleskine products;
- ***Evernote smart notebook*** consisting of special edition notebooks, which enable the conversion and transfer of analogue content from the page into a digital indexed version to an Evernote account (€1m revenues over the period October-December 2012).

MOLESKINE: Sales breakdown by product (2012)



MOLESKINE: Sales breakdown by product ('09-'12)



Source: company data

c) Geographic exposure

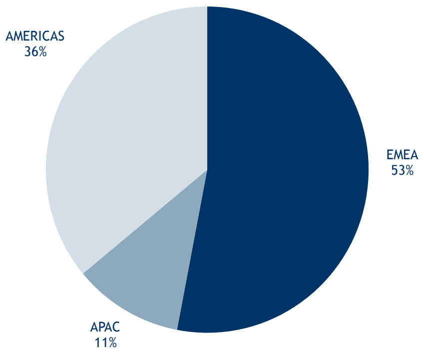
Moleskine is a truly global brand, operating in 92 countries, with a well-balanced geographic business mix between EMEA (53% on 2012 revenues), Americas (36%) and APAC (11%).

Over the period 2009/12, notwithstanding double-digit annual growth, EMEA has decreased its contribution to total sales by 10 percentage points (from 63% in 2009). Within this region, Germany, UK, Italy and France are the major countries.

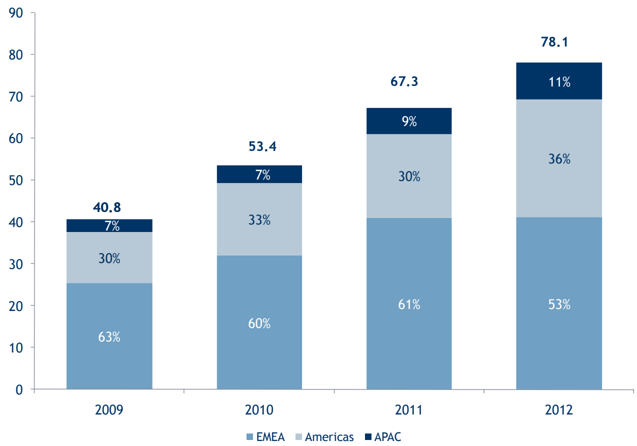
The Americas, which are covered through a direct subsidiary in New York set up in 2007, accounted for 36% of 2012 revenues, up from 30% in 2009.

As far as the business in Asia Pacific is concerned, this is run through two direct subsidiaries in Hong Kong (from 2011) and Shanghai (from 2012). Today it contributes approx. 11% of consolidated revenues, having grown materially from approx 8% at YE-09. Major markets here are Japan, Australia, Korea, South East Asia and Mainland China.

MOLESKINE: Sales breakdown by market (2012)



MOLESKINE: Sales breakdown by market ('09-'12)



Source: company data

d) Distribution network

Moleskine products are distributed through a multi-channel distribution strategy aimed at reaching a wide customer base. The distribution channels are the following:

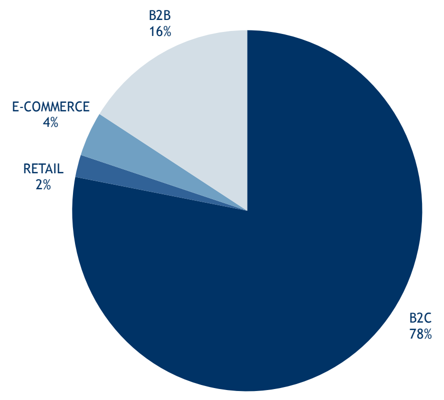
Indirect channel

- ***B2C***, contributing 78% of 2012 revenues, consists of both a direct relationship with key accounts and 51 distributors covering 92 countries. At the end of 2012 the group's customer base consists of 23,575 doors, which include bookstores (accounting for some 40% of B2C sales in 2012), stationery stores and online (3rd party) for some 10% each, and department stores for approx. 8%.

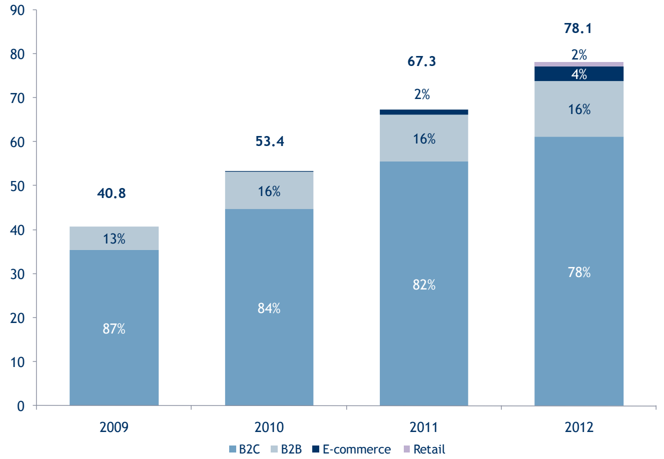
Direct channel

- ***B2B*** (16%) consisting of customized Moleskine products sold to companies, institutions, etc., which use them as part of their PR activities. At the end of 2012 the group customers totalled 1,183.
- ***Retail*** (2%) consisting of 4 DOS in China (opened from 2011) and 5 stores in Italy (Milan, 2 in Rome, Naples and Turin);
- ***E-commerce*** (4%) launched in Italy in July 2010, in Europe and US in 2011.

MOLESKINE: Revenues breakdown by channel (2012)



MOLESKINE: Revenues trend by channel (2009-12)



Source: company data

An efficient and scalable business model

Moleskine's business model is based on an integrated operational structure, which includes the direct management of key segments of the value chain with tight control over the outsourced segments.

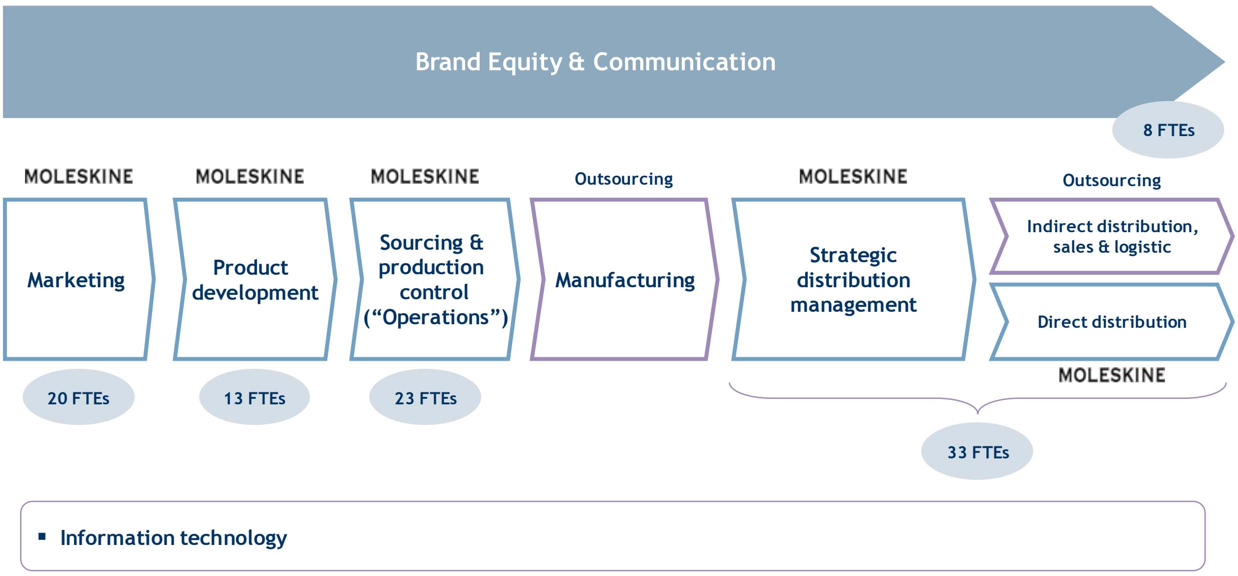
The group runs its most strategic activities (brand equity & communication, marketing, production development and distribution) in-house, whereas for manufacturing activities it is supported by a network of 17 suppliers (7 for papers and 10 for WTR) 8 of which based in China, under its continuous supervision.

The distribution is multi-channel, as it consists of the B2C channel (78% of 2012 revenues) mostly run through a total of 51 distributors, and the B2B channel (at the end of 2012 1,183 clients worldwide that use customised Moleskine products for their PR activities).

Moleskine has recently entered the retail channel (today it runs 5 stores in Italy and 4 DOS in China) and the e-commerce business now serving 22 countries.

The group's business model is lean and flexible, as it is based on an integrated operational structure that implies the direct management of key segments of the value chain and strong control over outsourced segments. The table below highlights the various phases of the entire production cycle, with some phases of the process outsourced and full control over the most strategic and critical functions, as detailed below.

MOLESKINE: Business model overview



Source: Company data

a) Brand equity and communication

This is an across-the-board function spanning the entire value chain, aimed at ensuring a consistent brand identity. All the activities are related to:

- ***Brand positioning:*** aimed at granting the brand a positioning consistent with its values, through a continuous search for the most effective communication methods, to be aligned with the market dynamics;

- ***Brand protection*** through a very tight trademark registration policy and by monitoring potential IP threats. Today the Moleskine brand is registered in almost each of the 92 countries where the company operates. Design protection has been obtained for Writing, Travelling and Reading collections, while for notebooks and diaries Moleskine products cannot be protected, since it corresponds to the product features of books in general;
- ***Communication:*** since its foundation the company has chosen to use "Word of Mouth" and the Internet as its major *below-the-line* communication tools (blogs, *ad hoc* events, workshops, social networks). The B2B channel also represents an additional communication initiative. Examples of *below-the-line* communication initiatives include:
  - a) **Detour** since 2008, with 8 main editions in major cities (London, NY, Paris, Berlin, Istanbul Tokyo, Venice, and Shanghai) and 3 special editions in Milan, Venice and Bologna with a total number of visitors estimated at 21,000;
  - a) **MyDetour** with 8 main editions and 13 special editions;
  - b) **In-store events:** with 22 editions in 2012 with 7,700 active participants and 42,000 people exposed to the event and 440,000 online active participants;
  - c) **Special editions** (Moleskine SMS) in April 2012;
  - d) **Viral videos:** with 48 videos over the last three years, which received 1.9 million views over the period Jan 2012-Jan 2013.

b) Marketing

This department works in close cooperation with all the other functions to grant effective new product launches and development. A direct relationship with key retailers is essential to stay close to final customers and remain successful. The activity consists of:

- **Product marketing** which includes both new product development and the renewal of existing products, taking account of the results of market research on the competitive environment and on consumers' behaviours;
- **Trade marketing** that develops the group strategy for merchandising and in-store display. To better understand clients' tastes and preferences it is essential to carry on a direct interaction with distributors and key retailers;
- **Visual merchandising** which executes the in-store display strategy, leveraging interaction with key retailers. The tools adopted are:
  - a) ***Displays*** – tools for an entry strategy in small locations or to support limited edition campaigns. They have a display capacity of 150-500 pieces on average. In 2012 there were a total of 15,111 displays in the group distribution network;
  - b) ***Walls/Islands*** – can be considered an upgrade of displays, with a maximum capacity of 1,500 pieces, they total 453 at YE12;
  - c) ***Ateliers*** – positioned in high-potential locations as they have a much bigger capacity, with a maximum of 3,000 pieces. The first one was opened in 2011, and now there are 89 Ateliers in total.

MOLESKINE: display formats (2012)

	DISPLAYS 100-500 pieces	WALLS/ISLANDS Max 1,500 pieces	ATELIERS Max 3,000 pieces
EMEA	8,659	345	67
AMERICAS	4,409	58	8
APAC	2,043	50	14
TOTAL	**15,111**	**453**	**89**

Source: company data

MOLESKINE: visual merchandising tools

Walls/Islands

Ateliers

Displays

Displays

Source: Moleskine

c) Product development

The product development pipeline is organized in four steps, as detailed in the graph below. It takes approx. 12 months from the first concept for a final product to come to the market.

The team involved takes account of the following key objectives for new products:

- They should account for at least 15% of group turnover annually;
- Delivery to retailers should take into consideration their commercial calendar;
- New products are expected to enhance the brand value and have a high degree of longevity.

MOLESKINE: product development

	1 New product plan definition	2 New product development	3 New product prototypes	4 New product approval
Input	◆ Strategic plan	◆ Product marketing plan	◆ New product development plan	◆ Prototypes
Output	◆ Product marketing plan	◆ New product development plan	◆ Prototypes	◆ New product to be included in the catalogue
Resp.	◆ Marketing	◆ PDP[1]	◆ Operations	◆ PDP[1]

Source: Company data (1) product, design and publishing

d) Sourcing and production control

Although the manufacturing process is fully outsourced, Moleskine keeps a tight control over the production process which entails the following key phases:

- **Supplier development & planning**: Moleskine continuously controls and certificates its external manufacturing suppliers base, carrying out a 12 month forward monthly capacity plan and planning production need on a monthly basis, based on existing sales and budget;
- **Purchasing and procurement:** raw materials are directly purchased by the company and then transferred to external manufacturers at 100% for covers and 20% of paper. WTR raw materials are 100% bought locally by manufacturers. As far as both paper and materials for cover are concerned, sourcing is concentrated in a very limited and selected number of suppliers (the top 5 accounting for approx 95% of the total purchase of raw materials);
- **Quality control:** a tight quality control on both raw materials and finished products is carried out on a statistical basis at suppliers' premises and at the group logistic hub locations in Milan (Italy) and Futian (China), based on the company's quality standard and procedures. Quality issues are really limited, as defective products represent historically less than 0.025% of the total products sold;
- **Logistics & distribution:** Finished products are transferred from the suppliers' premises to logistics provider warehouse in China where the partner is DB Shenker, located in the free trade zone of Futian. From there they are shipped across the world to distributors' warehouses and specifically:

  a) To the *APAC and Central and South America* distributors' warehouses, based on orders received by distributors;

  b) To the warehouses of *US and Canadian* distributors, in consignment, based on transfer orders generated by the group's planning Department;

  c) To the warehouse of Moleskine European logistics service provider, Swiss Post, near Milan, based on transfer orders generated by the group's planning department. From here products are transferred to the warehouses of *EMEA* distributors, based on purchase orders for non-consignment distributors, or orders generated by the group's planning department, for consignment distributors.

e) Outsourced manufacturing

Manufacturing activities are 100% outsourced to a broad set of qualified suppliers based in Asia (11 mostly for Paper) and in Europe (6 mainly for WTR). The production is concentrated in only a few supply locations to generate cost efficiencies and control the sourcing process, while the supply base is sufficiently diversified, qualified and ready to deliver products when needed.

The outsourced industrial footprint consists of:

- For ***Paper items*** 7 suppliers of which 4 in China which cover more than 90% of total products supply. Approx 6.5% of total production has only recently been outsourced to Vietnam, which is much cheaper than China (labour costs are 30% lower than in China);
- For ***WTR items*** 10 suppliers, of which 3 in Italy contributing more than 40% of the total supply, while 4 suppliers in China cover some 30% of the total production.

MOLESKINE: Industrial footprint

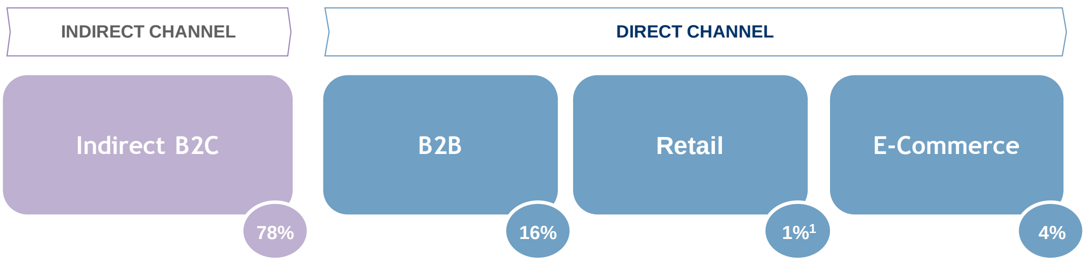
COUNTRY	NR SUPPLIERS	% OF TOTAL SUPPLY
PAPER ITEMS	**7**	
CHINA	4	93.2%
KOREA	1	0.4%
VIETNAM	2	6.4%
WTR ITEMS	**10**	
ITALY	3	42.1%
CHINA	4	30.6%
CZECH REPUBLIC	1	10.9%
GERMANY	1	9.5%
SPAIN	1	**7%**

Source: Mediobanca Securities on company data

f) Distribution

Moleskine serves its final customers through a multi-channel distribution strategy, which guarantees cost control, high visibility on sell-in and sell-out data and strategic control over retailers.

MOLESKINE: Distribution management & sales



Source: Company data
Note (1) Direct retail distribution started in June 2012.

Specifically:

Indirect channel

- ***The B2C channel*** (contributing 78% of 2012 revenues) is run by the group's area managers based in New York (US), Hong Kong (APAC) and Milan (EMEA), who run relationships either with distributors (51) or directly with its key accounts.

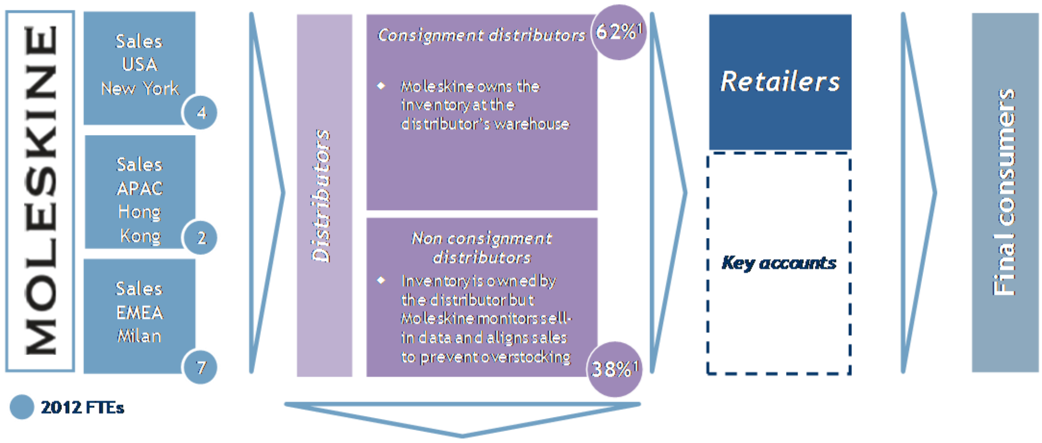
  Based on the terms of the agreement, the distribution contract has an average duration of 2 years and is based on exclusivity by channel and/or geographical area. The two parties agree on target sales per annum and retail network coverage, while the wholesale price is based on a suggested retail price. The distribution model can be either on consignment or on a non consignment basis. Specifically:

  a) ***Consignment:*** for 7 distributors contributing 62% of 2012 B2C revenues, Moleskine is the owner of inventories and the ownership and risks are transferred when the distributor withdraws the products from the warehouse after selling them to the retailer;

  b) ***Non consignment:*** For 44 distributors accounting for 38% of B2C revenues, the ownership and related risks are transferred at the time of the shipping and Moleskine does not take the risks for products in the distributors' warehouse.

For Moleskine the consignment model is the preferred distribution model as it allows better control, visibility on sell-in and higher margins.

MOLESKINE: B2C distribution network



Source: company data

(1) As percentage of total B2C

MOLESKINE: Distributors concentration (% of 2011 revenues)

	% of 2011 group revenues
TOP 5 DISTRIBUTORS	47%
TOP 10 DISTRIBUTORS	64%
TOP 15 DISTRIBUTORS	72%
ALL	82%

Source: Documento di registrazione

Moleskine has direct relationships with 50 key retailers which account for 50% of B2C revenues. In this case they share marketing activities and product development strategies, usually agree upon in-store merchandising and display programmes, and organize in-store events.

The table below shows the group's key retailers by region.

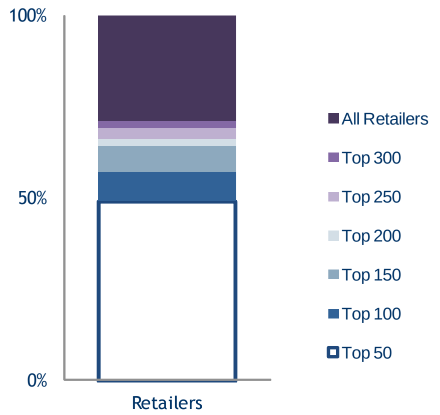
MOLESKINE: key retailers by geographic area

EMEA	AMERICAS	APAC
WATERSTONE'S	BARNES & NOBLES	SOFT
FNAC	TARGET	TOKYU HANDS
FELTRINELLI	AMAZON	
THALIS	STABLES	
PAPERCHASE	INDIGO	
GALERIA KAUFHOF	DICK BLICK	
KARSTADT	UTRECHT ART SUPPLY	

Source: Company data

As can be seen in the graph below, the top 50 key retailers account for 49% of the B2C revenues, and the top 150 accounts for 64%.

MOLESKINE: B2C retailers concentration based on 2012 B2C revenues (1)



Source: company data (1) Cumulative percentage shown

At the end of 2012 the B2C channel distributed Moleskine products to a total of 23,574 doors, of which 12,509 in EMEA, 8,474 in Americas and 2,591 in APAC.

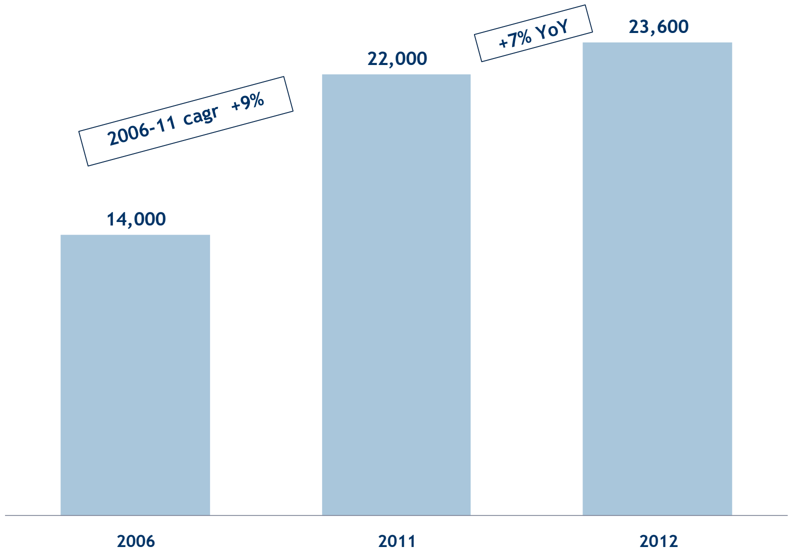
Within them, the penetration of personalized displays /areas (i.e. displays, walls, islands and ateliers) ranges from 53% in US to 81% in APAC.

MOLESKINE: Number of doors by region (2011-12)

	2011	2012	DELTA
EMEA	12,485	12,509	+24
AMERICAS	7,249	8,474	+1,225
APAC	2,504	2,591	+87
B2C TOTAL NUMBER OF DOORS	**22,238**	**23,574**	**+1,336**

Source: company data

MOLESKINE: B2C number of doors (2006-12)



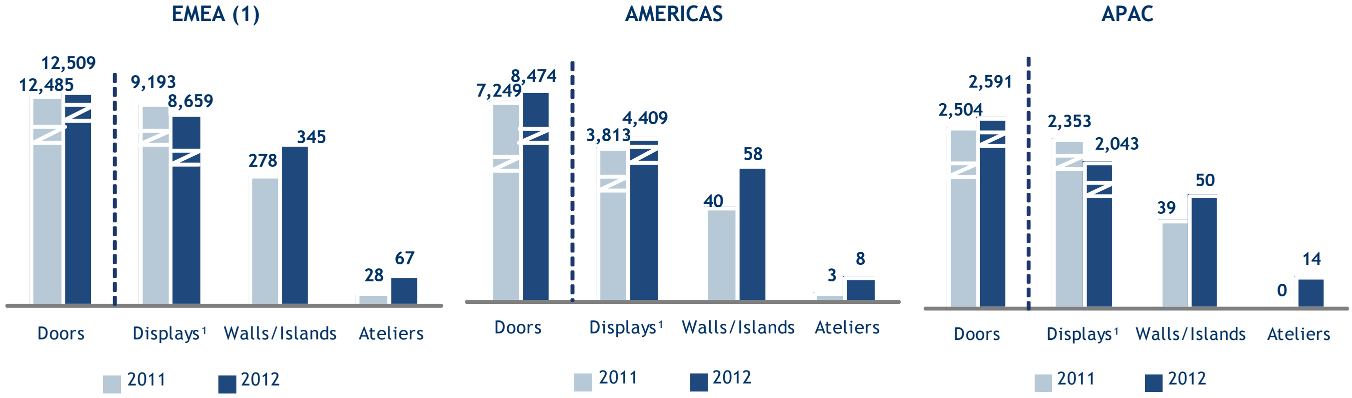
Source: company data

MOLESKINE: doors and display format by region (2012)

	DOORS	DISPLAYS	WALLS/ISLANDS	ATELIERS	TOTAL	PENETRATION RATE
EMEA	12,509	8,659	345	67	9,071	73%
AMERICAS	8,474	4,409	58	8	4,475	53%
APAC	2,591	2,043	50	14	2,107	81%
TOTAL	**23,574**	**15,111**	**453**	**89**	**15,653**	**66%**

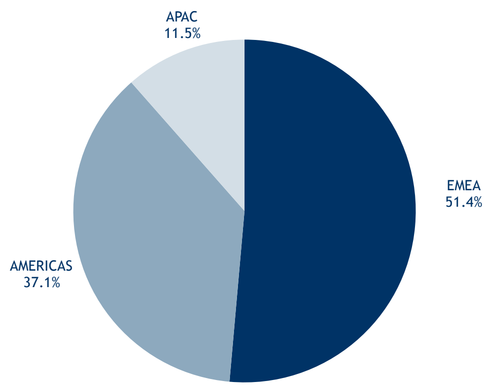
Source: Mediobanca Securities on company data

MOLESKINE: Number of doors and display format (2011-12)

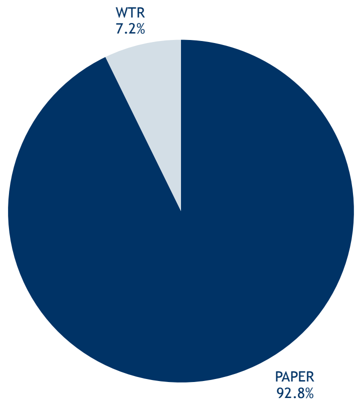


Source: company data
Note 1 Excludes Corrugate displays mainly used for limited editions and temporary actions on the market

MOLESKINE: 2012 B2C sales by region



MOLESKINE: 2012 B2C sales by product



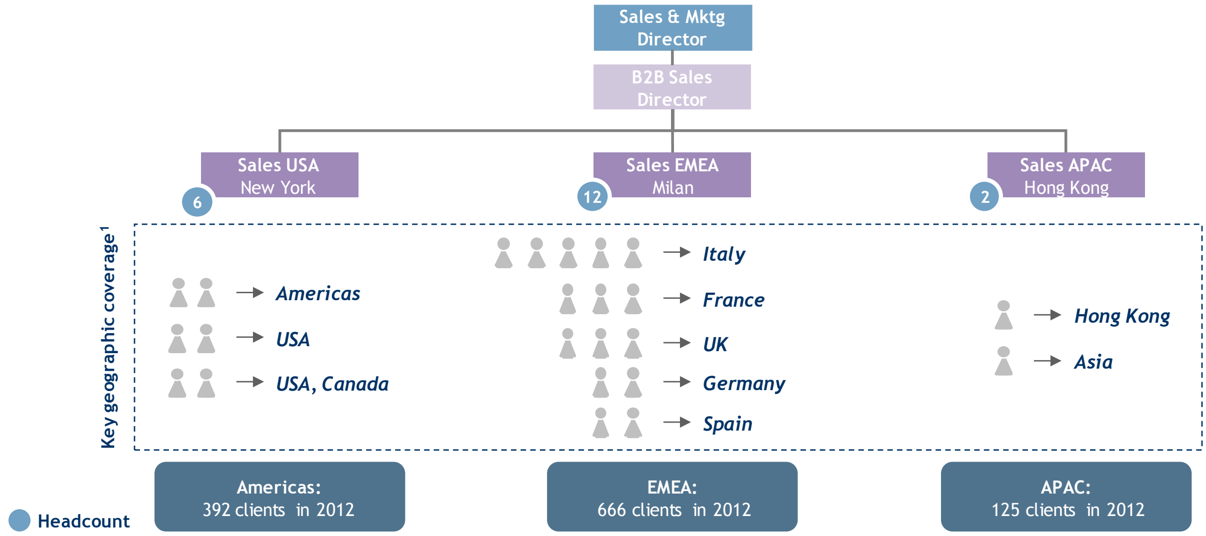
Source: company data

Direct channel

- ***B2B*** (16% of 2012 revenues) consists of customized Moleskine products sold to companies, institutions, etc., that use them as part of their PR and communication activities. The B2B channel is directly run by Moleskine through a dedicated sales force based in three main locations (Milan, New York and Hong Kong), but it is also developing an indirect channel through local specialised distributors focused on small/medium companies/orders.

  At the end of 2012 the number of B2B clients totalled 1,183, of which 392 in the Americas, 666 in the EMEA region and 125 in APAC countries.

MOLESKINE: B2B sales organization



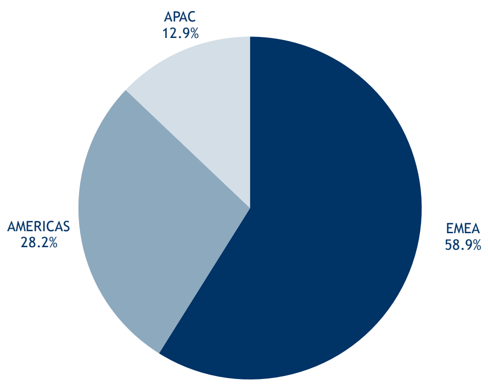
Source: company data

MOLESKINE: B2B channel by region (2011-12)

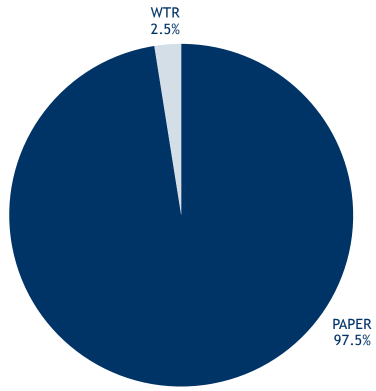
		2011	2012	Delta
EMEA	NR CLIENTS	600	666	+66
	FTE	*8*	*11*	
AMERICA	NR CLIENTS	308	392	+84
	FTE	*0*	*2*	
APAC	NR CLIENTS	68	125	+57
	FTE	*2*	*4*	
TOTAL	NR CLIENTS	976	1,183	+207
	FTE	10	17	

Source: Company data

MOLESKINE: 2012 B2B sales by region



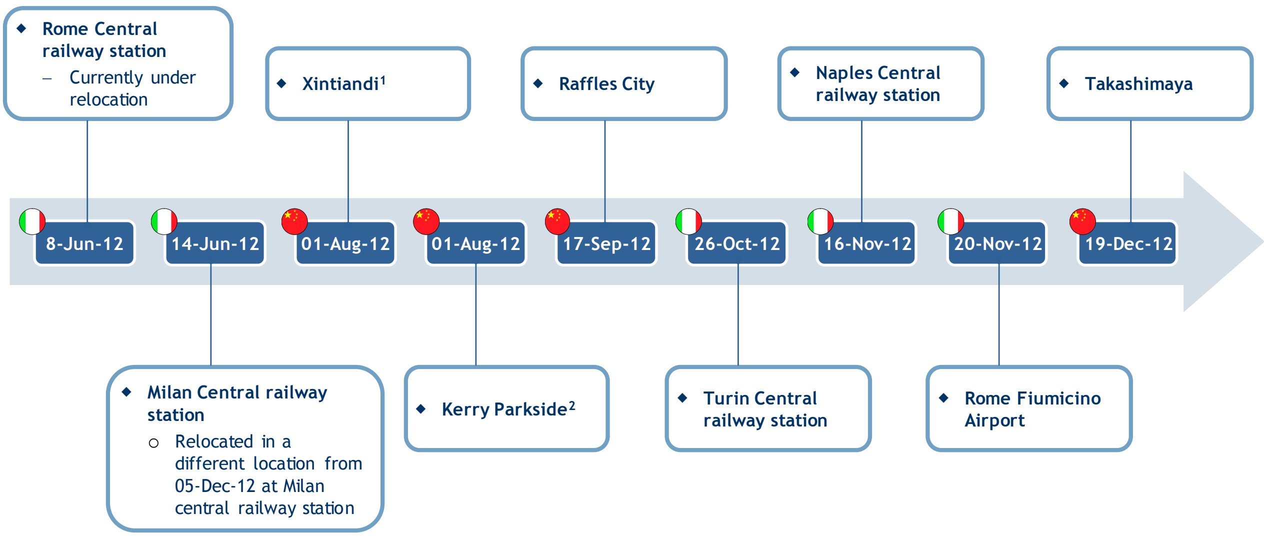
MOLESKINE: 2012 B2B sales by product



Source: company data

- ***Retail*** (1% of 2012 revenues) at the end of 2012 it consisted of 5 stores in Italy (Milan, 2 in Rome, Naples and Turin) and 4 DOS in China (opened from 2011).

MOLESKINE: stores roll out in Italy and China



Source: company data

Notes

1 Managed by the distributor during the period 16th March 2011 until 1st August 2012

2 Managed by the distributor during the period 16th September 2011 until 1st August 2012

In **Italy** the DOS expansionary strategy started in June 2012 through 2 openings in Italy (Rome and Milan Central railways stations) through the travel retail format. In 2H12 the group opened three other locations in the Turin and Naples railway stations and at Rome Fiumicino Airport.

Due to the limited capex requirement, these stores reach break-even in a very limited period of time.

MOLESKINE: EMEA travel retail DOS formats - validated examples

CLUSTER	Cluster A - Premium locations	Cluster B - Tier 1	Cluster C - Tier 2
LOCATION	Milan Central railway station	Rome Central railway station	Naples Central railway station
OPENING-CLOSING DATE	Jun 2012-Dec 2012	Jun 2012-Dec 2012	Nov 2012—Dec 2012
SIZE	20 sqm	40sqm	42sqm
REVENUES (JUN-DEC 2012)	€ 255,418	€ 390,007	€ 51,913
REVENUES PER SQM	€ 27,100	€ 17,200	€ 9,800

Source: company data

In **China**, the store network roll-out started in 2011, with the first store being opened in March 2011 by a group distributor in Xintiandi, and since 2012 the business is directly managed.

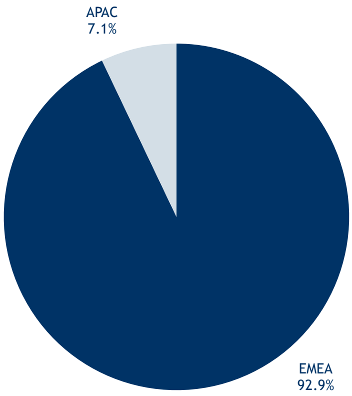
Today the DOS network in China includes 4 stores in Shanghai, mostly located within high-end malls and shopping centres (in Xintiandi, Kerry Parkside, Raffles City Mall and Takashimaya).

MOLESKINE: APAC mall DOS format - validated examples

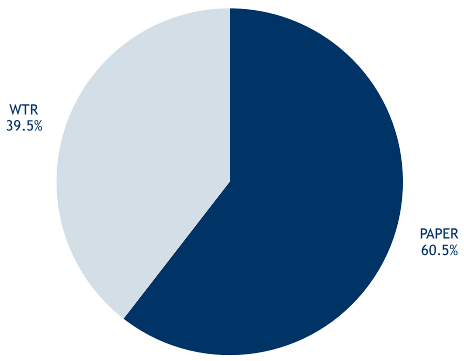
CLUSTER	Cluster A - Tier 1	Cluster B - Tier 2
LOCATION	Xintiandi	Kerry Parkside
MANAGED SINCE	August 2012	August 2012
SIZE	9sqm	21sqm
REVENUES (JUN-DEC 2012)	€ 43,296	€ 21,055
REVENUES PER SQM	€ 11,546	€ 2,406

Source: Company data

MOLESKINE: 2012 retail sales by region



MOLESKINE: 2012 retail sales by product

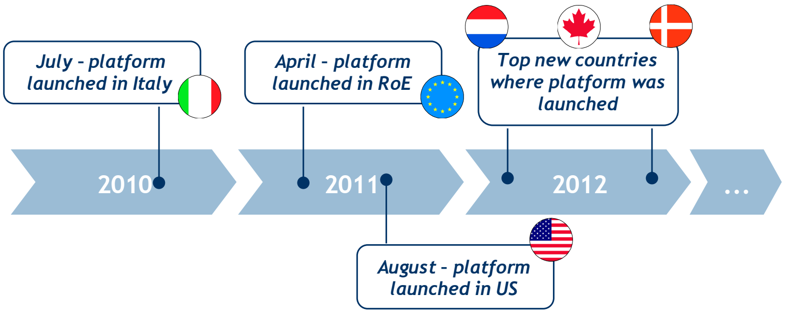


Source: company data

- ***E-commerce*** (5%) was launched in Italy in July 2010, and in Europe and US in 2011. Despite being only at start-up phase, the results are impressive: visits to the website reached 3.5 million in 2012 (+201% YoY), revenues tripled in one year to €3.3m (€2.9m from paper and €0.4m from WTR), with a conversion rate of 2.8% and an AOV of €39 up from €37 in 2011.

  At the end of 2012 22 markets were served by e-commerce.

MOLESKINE: E-commerce evolution



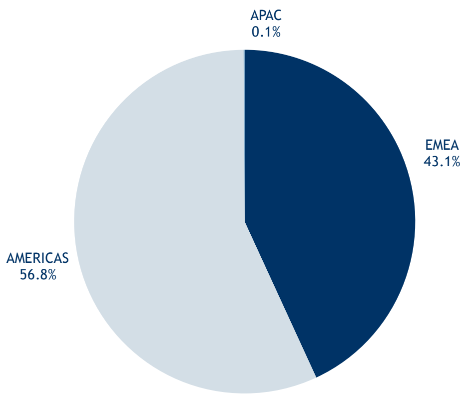
Source: Company data

MOLESKINE: E-commerce key statistics

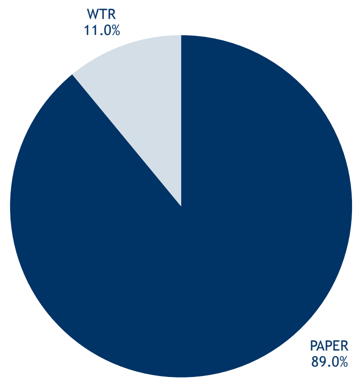
	EMEA		AMERICAS		TOTAL	
	2011	2012	2011	2012	2011	2012
CONVERSION RATE	2.0%	2.0%	4.9%	3.8%	3.1%	2.8%
AVERAGE ORDER VALUE	€ 42	€ 41	€ 34	€ 37	€ 37	€ 39
E-STORE VISITS (M)	0.7	1.9	0.4	1.6	1.2	3.5
PRODUCTS PER ORDER	na	4.0	2.5	2.8	na	3.3

Source: Company data

MOLESKINE: 2012 e-commerce sales by region



MOLESKINE: 2012 e-commerce sales by product



Source: company data

Strategy

We consider the following to be the key pillars of Moleskine's future strategy:

- **Brand – Strengthening of brand awareness;**
- **Product – Expansion of product offering and range;**
- **Distribution – Exploitation of multi-channel strategy potential.**

Historical milestones

Moleskine's history dates back to **mid 1800**, when the little black notebook with its typical rounded corners and elastic closure, initially nameless, was used by great thinkers, such as Vincent Van Gogh, Picasso, Ernest Hemingway and Bruce Chatwin.

The Moleskine name comes from the nickname given to his favourite notebook by Bruce Chatwin in his book *Songlines*.

In **1986** the original manufacturer – a family operating in Tours - closed down forever. In 1995 a Milanese publisher *Modo&Modo* brought the legendary notebook back to life under the name of "Moleskine".

Subsequently, the history of the brand can be split into two periods:

1995-2006: **start up and initial development:** in this period the focus was on establishing Moleskine as a brand and developing an initial distribution network, together with setting up a suppliers' network;

2006-2012: **Accelerating growth:** the focus was on building brand awareness, broadening the product offering and expanding the distribution network.

Future strategic drivers

Moleskine's strategic mission is to develop and market globally products and services that provide an open platform to create, communicate and share, thus supporting its customers in expanding knowledge, creativity and individual expressions.

We see the following as the key pillars of the group's strategy in the near future:

- **Brand –** Strengthening of brand awareness;
- **Product –** Expansion of product offering and range;
- **Distribution –** Exploitation of multi-channel strategy potential.

a) Strengthening of brand awareness

The group intends to capitalise on the strong intangible value related to the Moleskine brand and profit from its high design and iconic content.

This will occur by nurturing relationships with the design community and the creative class through below-the- line communication actions (PR & events) which consist of:

- ***Viral communication***: supporting collection launches through artists for web videos, illustration, gifts and photo sets;
- ***Conferences:*** Moleskine representatives are usually invited to speak and contribute special editions for conferences worldwide (such as *the Economist Big Rethink*, *Tokyo Graphic*

Passport, *Communicating the Museum*, *Munich creative business week*, *Moleskine salons* in US);

- ***Special editions and event partnerships:*** the group partners with 25 important festival and cultural events worldwide (*Hong Kong International Film Festival, Berlinale, Beijing Design week, Milan Design week*);
- ***In-store events:*** production of 20 events for 3 existing formats.

The management also intends to increase Moleskine brand awareness globally, expanding consumer touch point opportunities through:

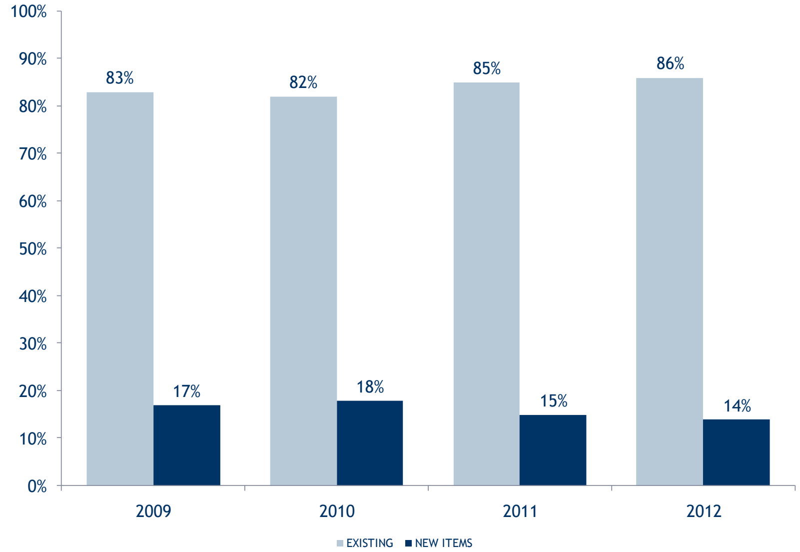
- A ***wider retail presence***: number of doors has almost doubled from 14,000 in 2006 to approx. 23,600 in 2012;
- A ***deeper presence in underpenetrated markets*** (such as China, APAC, LatAm and US);
- A ***wider and better on-line business*** both expanding the number of markets reached and increasing the number of visits (which were up >200% in 2012 at 3.5million vs. 1.2million in 2011);
- A ***richer online presence*** in terms of content on the website, but also social media marketing campaigns.

b) Expansion of product offering and range

As far as the core ***paper category*** is concerned, the group sees potential for expanding the core product assortment to address new trends and the needs of specific geographies.

Innovation is a key strength for the group, given that over the past three years new products have accounted for approx. 14%-18% of total paper revenues.

MOLESKINE: Breakdown of paper sales existing and new items (1) (2009-12)



Source: company data

(1) New items defined as SKUs launched during the year

In 2013 new product launches will include a colour-cover version of the classic black/red hardcover notebook and new limited editions of notebooks and diaries (*Mickey Mouse* and *The Hobbit*).

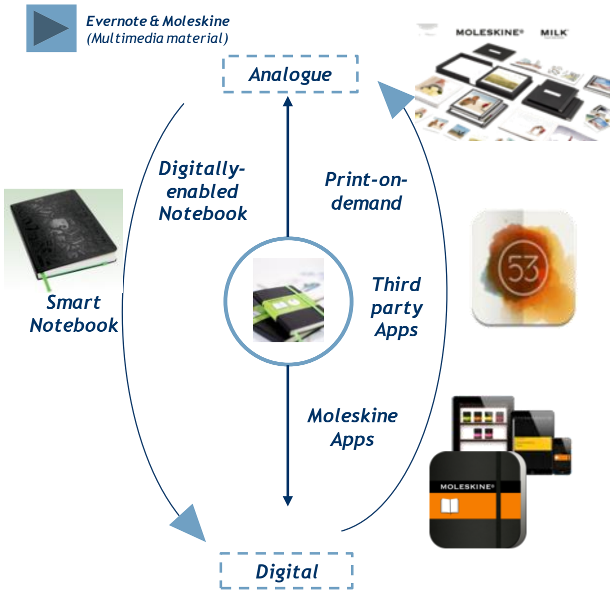
This also allows some price increase: in January 2013 a price increase of 1.5% on average has been implemented worldwide excluding Asia on most of paper products.

For the ***WTR category*** there is undoubtedly much more room for expansion, given that this category was just launched in 2011. The plan currently envisages the expansion of the range of existing product lines, and namely for the current year a new line of plastic/metal and colour pens and some new smartphone/tablet covers.

Moreover WTR products can benefit from a wider distribution strategy, since WTR sales are expected to benefit from the expansion of the direct channels (B2B, Retail and e-Commerce), in the light of the very positive performance that WTR products had on E-commerce and retail last year.

Lastly as concerns **digital products and services**, the management aims to position Moleskine as the catalyst of a system enabling the transfer of content from analogue to digital tools and vice versa.

MOLESKINE: Digital products and services



Source: company data

Just to name a few examples, the company has just launched an upgraded version of the Moleskine app ***"Moleskine Journal"*** for iOS (September 2012) and Android and Windows 8 (from December) enabling interaction from digital to analogue, and the ***Print on demand service*** (from digital to analogue) which allows the home delivery of digital content printed on Moleskine albums.

New tools and services to be launched in the near future include:

- ***Evernote smart Notebook*** (launched in October 2012) with a revenue sharing agreement with Evernote on premium accounts;
- ***New product lines***, such as print-on-demand launch with 53/Paper, and print-on-demand integration with Moleskine Journal.

c) Exploitation of multi-channel strategy potential

The management aims to increase the penetration of its products globally by leveraging its already existing multi-channel structure and further exploiting its potential. The distribution strategy is customized by market. Specifically:

- **Indirect B2C channel**

  Moleskine aims to expand its presence in the B2C channel by increasing the number of doors where it sees room for expansion, namely North America, LatAm where it recently entered, and APAC countries - the latter particularly in department stores and travel retail.

  In markets where the company has already achieved wide penetration (EMEA), the goal is to upgrade its presence in existing accounts to achieve a higher sales density, either by increasing the dedicated space within POS, or pushing the migration from *displays* to *ateliers*.

  Moreover, in all regions a better product mix should also come from increased penetration of WTR collections (today at only 7.2% of B2C 2012 revenues).

- **B2B channel**

  In markets where the group already has well-developed operations (EMEA and Americas), it needs to expand the number of clients by increasing its dedicated sales department resources:

  i. In the ***EMEA region***, where clients are above 650, growth should come from country-specific targeting efforts in Italy, UK, Greece and Germany, targeting small-medium companies through distributors, and covering new emerging markets;

  ii. In the ***Americas****,* a wider client base should be achieved through the development of a direct sales channel, as today 80% of net revenues are generated through agents and distributors;

  iii. In the ***APAC*** region, the group is targeting new markets such as China, Singapore, and Australia and aims to develop the indirect channel further (such as PR agencies in Japan).

- **Retail**

  The development of the direct retail channel is a strategic growth and marketing tool for Moleskine. Specifically:

  i. In the ***EMEA*** region Moleskine will roll out the travel retail format already tested and validated in Italy, where it already runs 5 stores.

     In 2013 new openings are planned in *Milan's Linate Airport, Zurich Airport and London Heathrow T4*, while the company is negotiating agreements for 3 additional stores in Italy and 2 in UK.

  ii. In the ***Americas*** the retail expansion is targeting large cities in locations with high traffic and a concentration of cultural and academic institutions. This includes street format mono-brand shops in locations close to educational, design and cultural centres: two openings in free-standing street locations are planned this year.

     Two openings are will be opened in 2013 to test free standing locations in US.

  iii. In ***China*** the mall format has already been validated in 2012, through 4 stores just opened.

     The group plans 3 new opening this year in Shanghai (*Kerry Center, IAPM and IFC*), while it is negotiating agreement to open an additional store in Shanghai (*Grand Gateway*), and another in Beijing (*Sanlitun Village*).

- **E-commerce & digital strategy**

  E-commerce is expected to represent a further engine of growth, despite being a minor business today.

  In those markets where it already operates, the strategic goal is to expand the visitor base and the frequency of use, setting up marketing investments, increasing flows from the moleskine.com institutional website and increasing traffic generated by Moleskine apps installed on smartphones and tablets.

  The group also aims to expand its online operations in new geographies such as China, Taiwan, Korea Indonesia, Hong Kong, Macau, Australia, Brazil, and some minor European markets (Portugal and Switzerland).

  In 2H13 Moleskine will switch to a proprietary platform for e-commerce (now run by T-Buy in Europe and Sky Blue in US), therefore saving on fees and bringing the margin currently left to service providers in-house.

SWOT Analysis

Having thoroughly explored Moleskine's business model and future strategy, we believe that the company's main strengths and weaknesses are the following:

Strengths

- Unique positioning of the brand, which expresses a set of intangible values (namely culture, design, imagination, memory and travel) and is endowed with a unique heritage;
- Wide potential customer base, numbering 228 million people today, expected to rise to 320 million by 2020;
- Very strong brand awareness in major European countries (Italy, the UK and Germany) and the US;
- Flexible production structure based on outsourcing to third parties, which enables the group to expand its business significantly with only a limited increase in fixed costs;
- Strong relationship with suppliers of both raw materials and finished products;
- Cross-age customer base (18-55 years old);
- Highly-skilled management team.

Weaknesses

- Small size of the business;
- Business seasonality by quarter, which might increase given the planned development of e-commerce and retail; this implies that 1H12 is likely to be weaker than 2H in terms of both sales and more notably profitability.
- Higher concentration of suppliers in both Paper and WTR categories (the top 5 suppliers account for 95% of the total purchase of raw materials).

Opportunities

- Ample room for growth in new and emerging markets;
- Developments of the digital world and its connections with analogue;
- Room for brand extension into new product categories;
- Opportunities to develop the more profitable retail business.

Threats

- Entry of competitors in the sector ;
- Cost inflation and in particular increase in labour costs in countries where production is outsourced;
- Soft consumer environment in both Europe and the Americas.

Financials

2009-12 financials

- **Group revenues recorded a 2009-2012 CAGR of 24%, approaching €80m in 2012. This was due to dynamic expansion in all the group's distribution channels, markets and start of the expansion to new products categories.**
- **Group EBITDA rose from €15m in 2009 to €31.4m in 2012 (2009-2012 CAGR of 28%), and the margin on sales advanced by 330 bps to 40.2%, due both to higher gross profit and operating leverage, and to exploiting economies of scale on fixed costs.**
- **Net income was up from €7.6m in 2009 to €18.2m at YE 2012 (3Y CAGR of 34%).**
- **With net debt of €43.5m at end-2012, D/EBITDA is currently 1.4x, vs. 2.6x in 2009.**

Our 2012/15 forecasts

- **3Y revenue CAGR of 26.5% with revenues close to €160m at YE2015, EBITDA margin up 150bps to 41.7% in 2015, 3Y net income CAGR of 30%, and a healthy balance sheet with the group expected to steadily reduce debt and to be cash positive by YE14.**

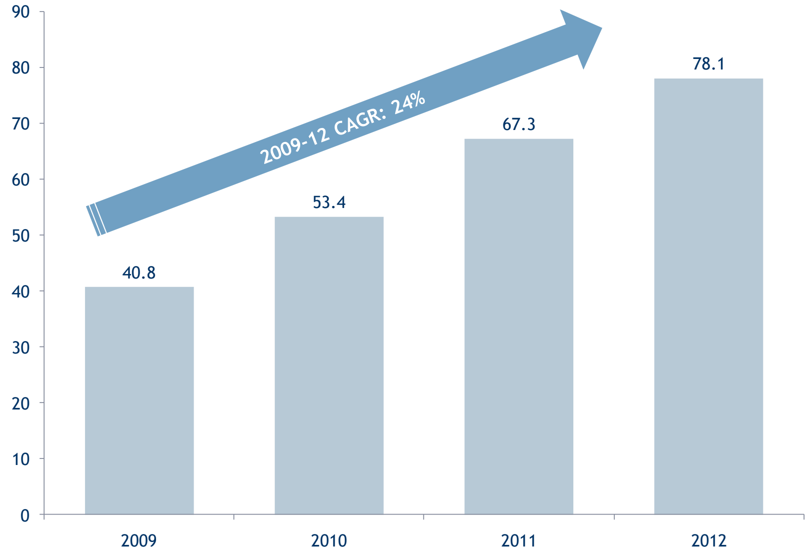
Historical performance (2009-12)

Revenue structure

Please note that our analysis of the historical sales performance refers to reported data, whereas for some consolidated figures we also refer to adjusted data with the following differences:

- Adj. revenues do not include display revenues, exchange rate effects and other revenues;
- Adj. EBITDA does not include extraordinary costs (write-offs, severance costs, legal costs, other one-off items).

MOLESKINE: Revenue trend (2009-12) (€m)



Source: Company data

Over the period 2009-2012, total sales increased from €40.8m in 2009 to €78.1m in 2012, at a 3Y CAGR of 24%, the result of dynamic expansion on international markets and the rapid development of the two major distribution channels (B2C and B2B)

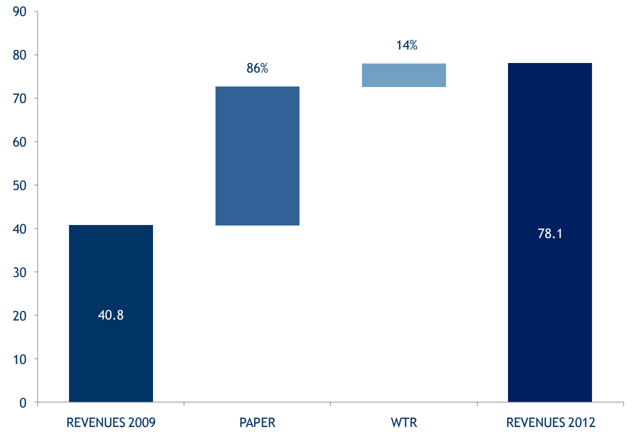
By **product**, although paper is the group's core business, accounting for 93% of net sales in 2012, this percentage was 100% in 2009, whereas in mid-2011 the group launched WTR products, which accounted for 7% of the total in 2012. Please note that in 2010 some WTR products (e.g. covers for tablets) were sold at the specific request of customers, thereby generating sales of €0.4m.

MOLESKINE: group sales breakdown by product (2009-12)

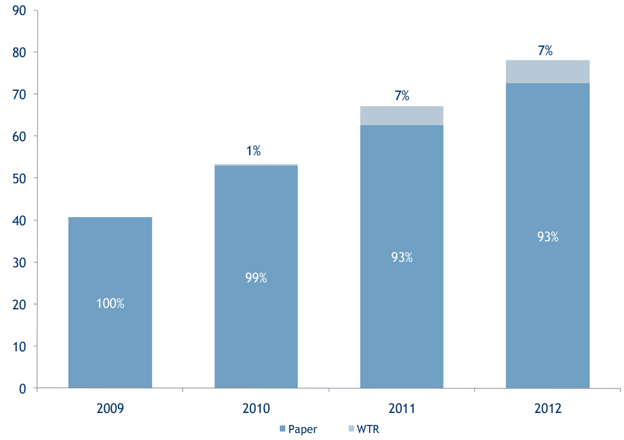
(€m)	2009	%	2010	%	2011	%	2012	%	09/12 CAGR
PAPER	**40.8**	**100%**	**53.0**	**99%**	**62.8**	**93%**	**72.7**	**93%**	21%
YoY Chge%			30%		18%		16%		
SKUs	277		356		529		635		32%
WTR	**0.0**	**0%**	**0.4**	**1%**	**4.4**	**7%**	**5.4**	**7%**	NM
YoY Chge%			nm		1015%		23%		
SKUs	0		5		56		115		NM
GROUP REVENUES	**40.8**	**100%**	**53.4**	**100%**	**67.3**	**100%**	**78.1**	**100%**	24%
YoY Chge%			31%		26%		16%		

Source: company data

MOLESKINE: sales bridge by product (2009-12)(€m)



MOLESKINE: sales by product (2009-12) (%)



Source: Mediobanca Securities on company data

In terms of markets, expansion on international markets has enabled Moleskine to reduce its dependence on the domestic market (EMEA), which contributed around 40% to overall growth in the period and now accounts for 53% of consolidated turnover vs. 63% in 2009. It now relies more on the increasing contribution of the Americas (36%, up from 30% in 2009) and APAC countries (11% or almost 3x 2009 figure).

Specifically, in 2012 the group's performance in EMEA was flat due to challenging macroeconomic conditions in Southern Europe (Italy and Spain), offset by double-digit growth in France and UK.

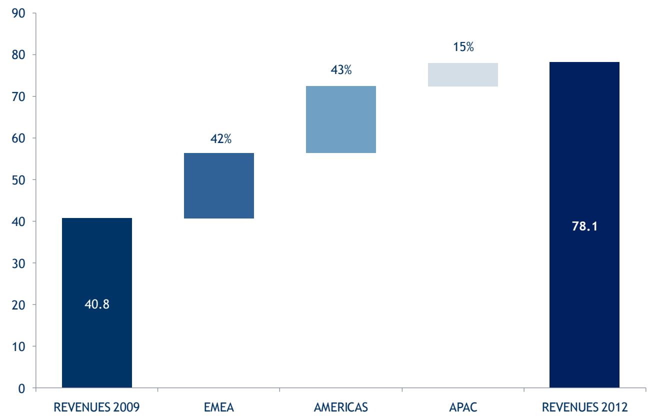
Conversely, strong growth was seen in both Americas and the APAC region, with the latter reporting the highest growth rate (+43% YoY) thanks both to deeper penetration of the existing markets and new distributors in Australia and South Korea.

MOLESKINE: group sales breakdown by market (2009-12)

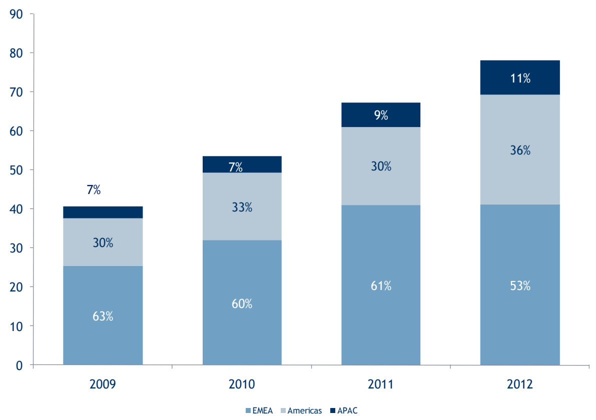
(€m)	2009	%	2010	%	2011	%	2012	%	09/12 CAGR
EMEA	25.5	63%	32.0	60%	41.1	61%	41.2	53%	17%
YoY Chge%			25%		29%		0%		
AMERICAS	12.1	30%	17.4	33%	20.0	30%	28.1	36%	32%
YoY Chge%			43%		15%		41%		
APAC	3.1	7%	4.1	7%	6.2	9%	8.8	11%	42%
YoY Chge%			31%		52%		42%		
GROUP REVENUES	**40.8**	**100%**	**53.4**	**100%**	**67.3**	**100%**	**78.1**	**100%**	**24%**
YoY Chge%			**31%**		**26%**		**16%**		

Source: company data

MOLESKINE: sales bridge by market (2009-12)(€m)



MOLESKINE: sales by market (2009-12) (€m)



Source: Mediobanca Securities on company data

By **channel**, although the B2C business still accounts for around 78% of consolidated revenues, it has steadily reduced its contribution to group turnover from 87% at YE 2009, despite showing a 3Y CAGR of 20%, assisted by the increase in the number of doors and sales density. This was the result of proactive expansion in the B2B business (3Y CAGR of 34%) in terms of number of customers, following the strengthening of the division's sales organizations.

The 10% YoY increase reported in the B2C channel in 2012 resulted from a weak performance in Italy (overall the domestica market was -11.3% in 2012 due to the business reorganization in bookstores) and Germany (following the shift from a non consignment to a consignment model) while the turnover grew double digit in France and UK.

Lastly the strong growth reported in APAC region benefited from the launch of activities in Australia and Korea.

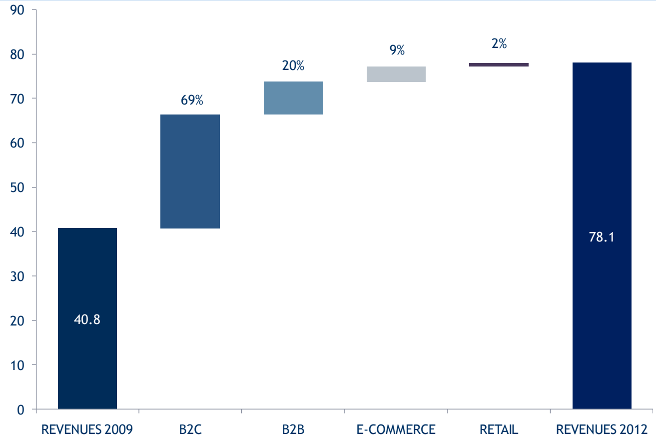
In 2011-2012, the group added two more channels, namely E-commerce, which in 2012 experienced a 3x YoY rise, driven by the increase in traffic and opening of new countries, and Retail, with the first shop opened in 2012.

MOLESKINE: group sales breakdown by channel (2009-12)

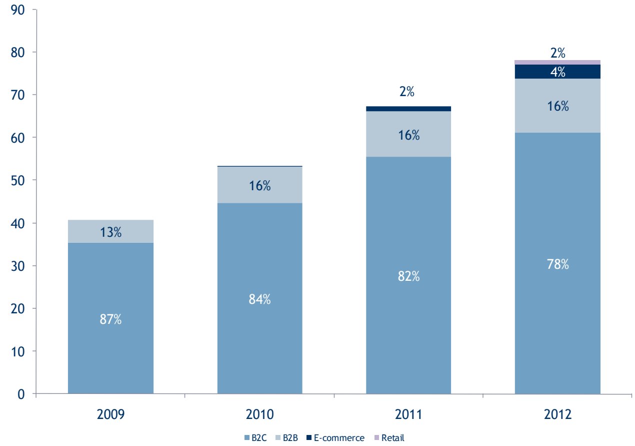
(€m)	2009	%	2010	%	2011	%	2012	%	09/12 CAGR
B2C	35.5	87%	44.7	84%	55.5	82%	61.2	78%	20%
YoY Chge%			26%		24%		10%		
B2B	5.3	13%	8.6	16%	10.7	16%	12.7	16%	34%
YoY Chge%			63%		24%		19%		
E-COMMERCE	0.0	0%	0.1	0%	1.1	2%	3.3	4%	NM
YoY Chge%			nm		nm		196%		
RETAIL	0	0%	0.0	0%	0.0	0%	1.0	2%	NM
YoY Chge%			na		na		nm		
GROUP REVENUES	**40.8**	**100%**	**53.4**	**100%**	**67.3**	**100%**	**78.1**	**100%**	**24%**
YoY Chge%			31%		26%		16%		

Source: company data

MOLESKINE: sales bridge by channel (2009-12)(€m)



MOLESKINE: sales by channel (2009-12) (€m)



Source: Mediobanca Securities on company data

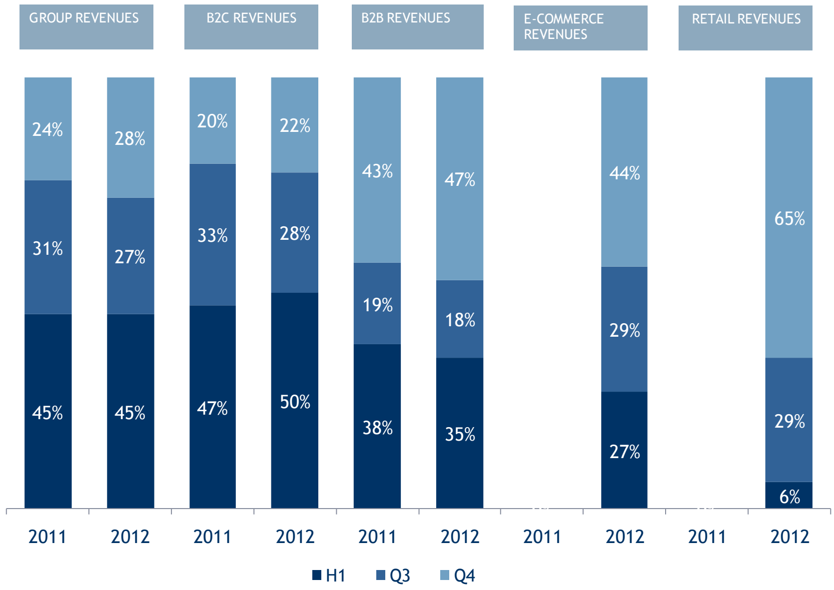
Looking at the group business model, it is worth mentioning two aspects, i.e. business seasonality by channel and volatility:

- **Revenue seasonality by channel**: today the group's revenues are almost equally split between 1H and 2H, with 2H accounting for 55% of the full-year revenues, and 4Q only around one-third.

  Looking at the business seasonality for each channel, it can clearly be seen that 4Q accounts for more than one-third of full-year revenues in the B2B channel and e-commerce channel (approx 45%-47%) and almost two-thirds in the retail business.

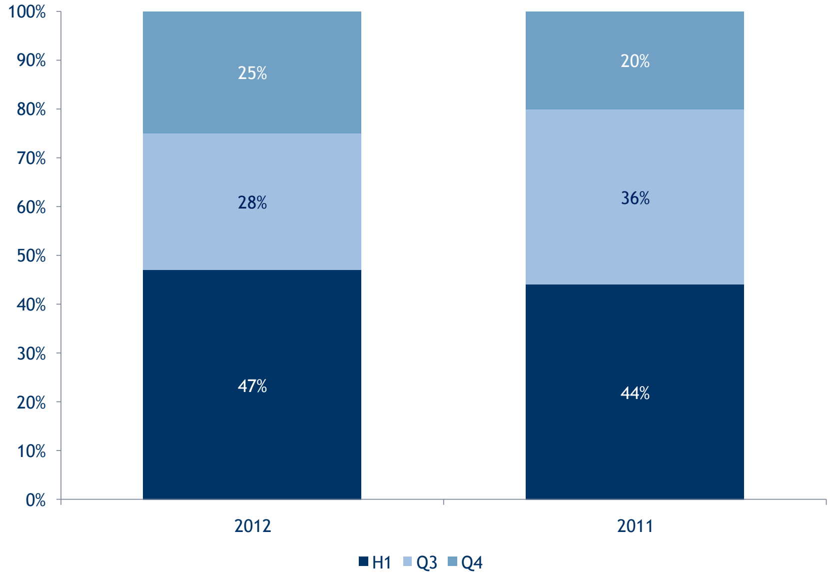
  This means that the execution of the above-mentioned strategy focusing on the development of e-commerce and retail will shift revenue generation towards the second part of the year, and increasingly towards 4Q. This has a wider impact on EBITDA.

MOLESKINE: Revenue seasonality by quarter (2011-12)



Source: Company data

MOLESKINE: Adj.EBITDA seasonality by quarter (2011-12)



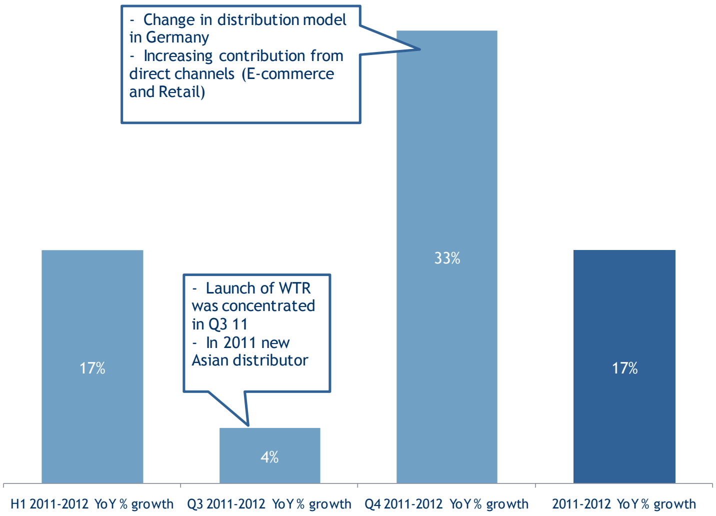
Source: Company data

- **Revenue volatility**: When looking at the historical sales performance, the business volatility shown by the company on quarterly revenues and EBITDA should be borne in mind.

  This is the result of some discontinuities such as: the start of new retail chains, launch of new product lines (WTR collections), entry into new channels, progressive shift from non-consignment to consignment in the B2C distribution model, and change of distributors.

  The table below provides some examples.

MOLESKINE: Revenues volatility (2011-12)



Source: Company data

Cost structure

Like other players in the industry whose manufacturing process is based on production outsourcing, Moleskine's main costs relate to the purchase of raw materials and finished products and external manufacturing. We will define these two items as purchasing costs or for simplicity's sake COGS. With this caveat in mind, we consider the difference between revenues and COGS as defined above to be a good proxy of gross profit. That said, in 2012 COGS totalled €19.8m and represented 42% of total costs. They include costs for the purchase of raw materials and finished products (91% of total COGS or 23% of consolidated revenues, consisting mostly of finished products since raw materials are around 20% of the paper requirement of Paper collections) and third-party manufacturing costs contributing 9% to total COGS. Over the period 2009-2012, COGS grew less proportionally than sales (i.e. at a CAGR of 13% vs. a 24% 3Y CAGR for revenues), thereby declining as a percentage of sales from 33% in 2009 to 25% in 2012.

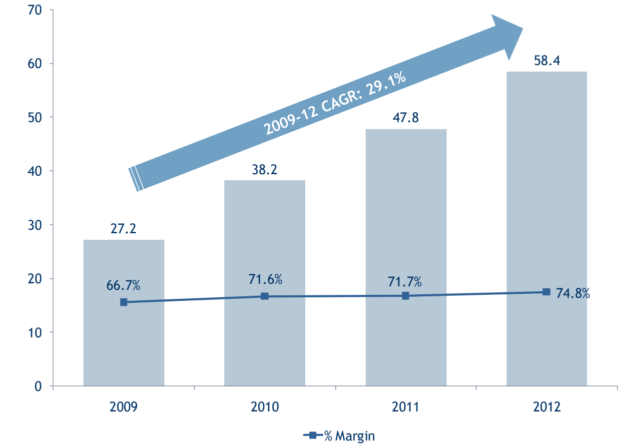
In FY2012, purchasing costs were flat compared to the previous year, thereby declining materially as a percentage of sales (25% of sales in 2012 vs. 33% in 2009), the result of both the ongoing purchasing costs optimization strategy focusing on the diversification of its suppliers network (an increasing part of the production for the supply of paper products has been shifted from China to Vietnam) and a material increase in purchases in 2011 for the launch of WTR products. Please also note that the company's purchasing costs are denominated in dollars. As a result, the group's gross margin rose from 66.6% in 2009 to 74.7% in 2012.

MOLESKINE: Purchasing costs (2009-12)

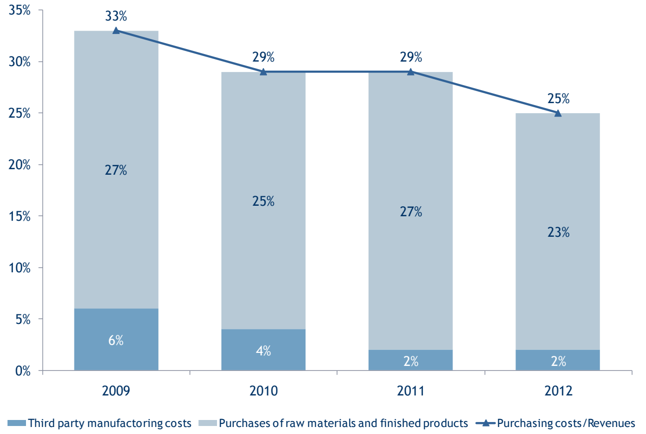
(€m)	2009	%	2010	%	2011	%	2012	%	09/12 CAGR
PURCHASE OF RAW MATERIALS AND FP	11.0	81%	13.2	86%	18.0	92%	18.0	91%	18%
YoY chge %			19%		37%		0%		
as % of group revenues	27%		25%		27%		23%		
THIRD PARTY MANUFACTURING COSTS	2.6	19%	2.1	14%	1.5	8%	1.8	9%	NM
YoY chge %			-20%		-29%		21%		
as % of group revenues	6%		4%		2%		2%		
TOT PURCHASING COSTS	**13.6**	**100%**	**15.2**	**100%**	**19.5**	**100%**	**19.8**	**100%**	**13%**
YoY chge %			12%		28%		1%		
as % of group revenues	33%		29%		29%		25%		

Source: Mediobanca Securities on company data

MOLESKINE: Gross margin on adj. sales(09-12) (€m)



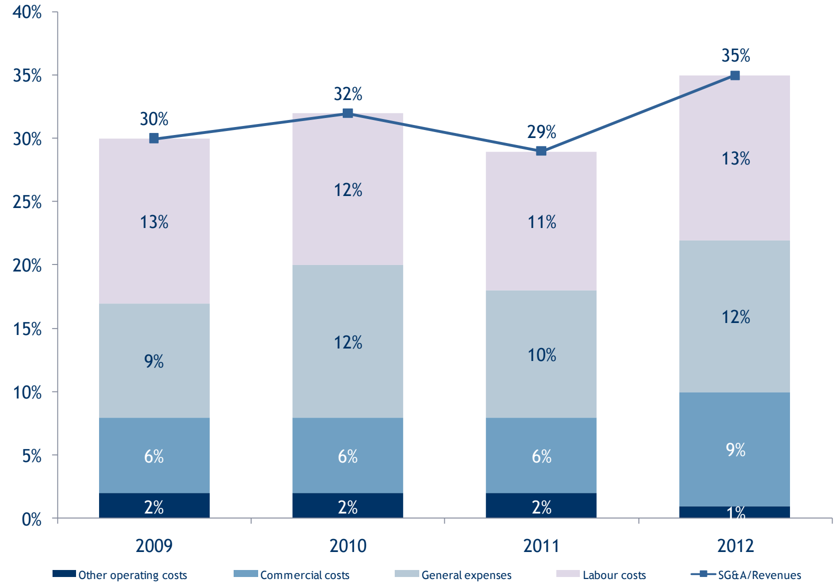
MOLESKINE: purchasing costs (2009-12) (%)



Source: Mediobanca Securities on company data

As for operating expenses, the major items are represented by labour costs and G&A expenses:

MOLESKINE: Opex (2009-12)



Source: company data

- **Labour costs**, accounting for approx ***36% of total opex and 13% of FY12 group revenues,*** which over the last three years recorded CAGR of 22%, keeping their contribution as a percentage of revenues steady at 12%-13%. The 31% YoY increase reported in 2012 was due to new hires to strengthen and support Moleskine's growth path (125 FTE as the average for the FY12 vs. 100 in 2011);
- **Commercial costs**, accounting for ***approx 27% of total opex and 9% of FY12 group revenues***, over the last three years grew at a faster pace than sales (3Y CAGR of 40%), thereby increasing their percentage of revenues from 6% in 2009 to 9% in 2012. This cost item includes PR & communication activities (marketing expenses, events sponsorships, fairs and events) and commercial sales expenses (including commission to distributors for B2B developments) and paid traffic in e-commerce.

The 70% YoY increase reported in commercial costs in 2012 incorporate:

a) a material increase in selling commercial expenses due to commissions paid to web agencies for paid traffic on the on-line website (€0.6m);

b) an increase of transportation costs higher than sales, as due air freights related to new commercial initiatives;

- **G&A expenses (34% of total opex or 12% of FY12 group *revenues*)** include utilities, maintenance, rents, royalties and other G&A expenses.

MOLESKINE: Total opex (2009-12)

(€m)	2009	%	2010	%	2011	%	2012	%	09/12 CAGR
LABOUR COSTS	**5.4**	**43%**	**6.6**	**38%**	**7.5**	**38%**	**9.8**	**36%**	**22%**
YoY chge %			22%		14%		31%		
as % of group revenues	13%		12%		11%		13%		
COMMERCIAL COSTS	**2.7**	**21%**	**3.2**	**19%**	**4.3**	**22%**	**7.3**	**27%**	**40%**
YoY chge %			22%		32%		70%		
as % of group revenues	6.5%		6.1%		6.3%		9.3%		
G&A EXPENSES	**3.6**	**29%**	**6.4**	**37%**	**6.9**	**35%**	**9.2**	**34%**	**37%**
YoY chge %			81%		6%		34%		
as % of group revenues	9%		12%		10%		12%		
OTHERS	**0.8**		**0.9**		**1.0**		**0.9**		
YoY chge %			23%		9%		-11%		
as % of group revenues	2%		2%		2%		1%		
TOTAL OPEX	**12.4**	**100%**	**17.2**	**100%**	**19.7**	**100%**	**27.2**	**100%**	**30%**
YoY chge %			39%		14%		38%		
as % of group revenues	30%		32%		29%		35%		

Source: company data

MOLESKINE: Cost structure (2009-12)

(€m)	2009	%	2010	%	2011	%	2012	%	09/12 CAGR
PURCHASING COSTS	13.6	52%	15.2	47%	19.5	50%	19.8	42%	13%
YoY chge %			12%		28%		1%		
as % of group revenues	33%		29%		29%		25%		
OPERATING EXPENSES	12.4	48%	17.2	53%	19.7	50%	27.2	58%	30%
YoY chge %			39%		14%		38%		
as % of group revenues	30%		32%		29%		35%		
TOTAL COSTS	**26.0**	**100%**	**32.4**	**100%**	**39.2**	**100%**	**47.0**	**100%**	**22%**
YoY chge %			25%		21%		20%		
as % of group revenues	64%		61%		58%		60%		

Source: company data

Looking at historical profitability, group EBITDA advanced from €15m in 2009 to €31.4m in 2012, with the EBITDA margin at 40.2% at YE 2012, an increase of 330 bps vs. YE 2009, thanks to better gross profit and some operating leverage. On adjusted numbers, EBITDA would have shown a 3Y CAGR of 29% with the EBITDA margin at 42.8%, an increase of 480bps compared to YE09.

MOLESKINE: Group profitability (2009-2012)

(€m)	2009	2010	2011	2012	09/12 CAGR
REVENUES	**40.8**	**53.4**	**67.3**	**78.1**	**24%**
YoY chge %		31%	26%	16%	
GROSS PROFIT	**27.2**	**38.2**	**47.8**	**58.4**	**29%**
YoY chge %		41%	25%	22%	
Margin%	66.6%	71.5%	71.0%	74.7%	
EBITDA	**15.0**	**21.2**	**28.4**	**31.4**	**28%**
YoY chge %		41%	34%	10%	
Margin%	36.9%	39.7%	42.3%	40.2%	
EBIT	**14.6**	**20.7**	**27.6**	**30.4**	**28%**
YoY chge %		41%	34%	10%	
Margin%	35.9%	38.7%	41.1%	39.0%	

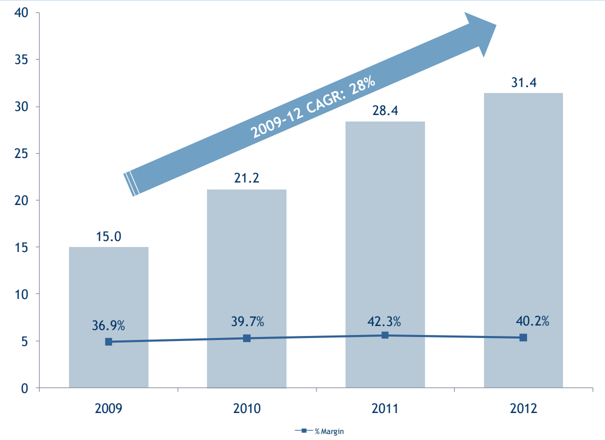
Source: Company data

MOLESKINE: Group profitability on adjusted figures (2009-2012)

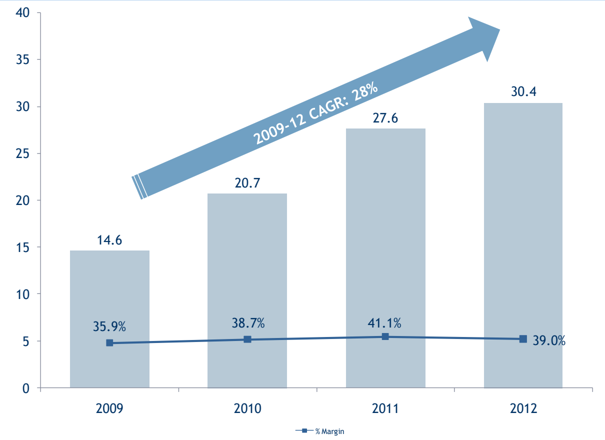
(€m)	2009	2010	2011	2012	09/12 CAGR
REVENUES ADJ	**40.7**	**53.3**	**66.7**	**78.0**	**24%**
YoY chge %		31%	25%	17%	
GROSS PROFIT	**27.2**	**38.2**	**47.8**	**58.4**	**29%**
YoY chge %		41%	25%	22%	
Margin%	66.7%	71.6%	71.7%	74.8%	
EBITDA ADJ	**15.5**	**22.8**	**29.1**	**33.5**	**29%**
YoY chge %		47%	28%	15%	
Margin%	38.0%	42.7%	43.6%	42.8%	
EBIT ADJ	**15.0**	**22.2**	**28.2**	**32.4**	**29%**
YoY chge %		48%	27%	15%	
Margin%	36.9%	41.6%	42.4%	41.5%	
NET PROFIT ADJ	**7.6**	**12.2**	**15.7**	**19.7**	**37%**
YoY chge %		60%	29%	25%	
Margin%	18.6%	22.8%	23.6%	25.1%	

Source: Company data

MOLESKINE: Revenues & EBITDA mg% (2009-12) (€m)



MOLESKINE: Revenues & EBIT mg % (2009-12)

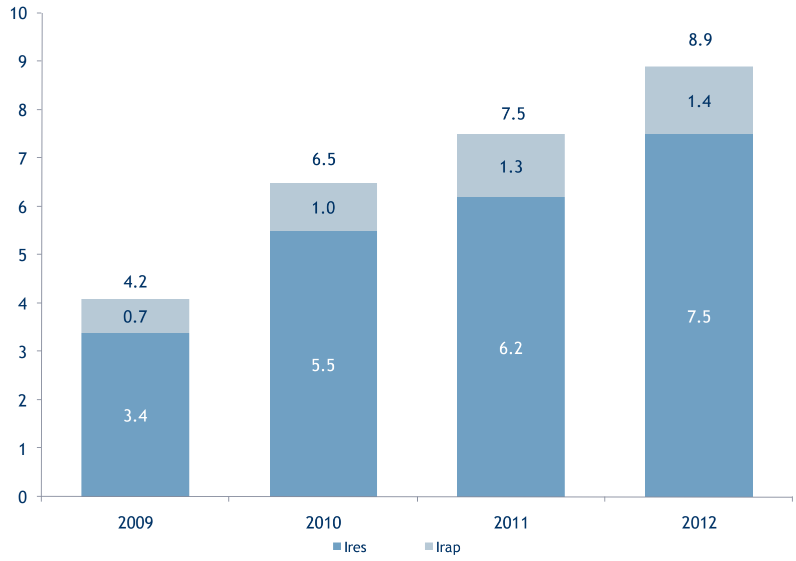


Source: Mediobanca Securities on company data

Net profit jumped from €7.6m at YE2009 to €18.2m at YE 2012 (3Y CAGR of approx 34%), as a result of:

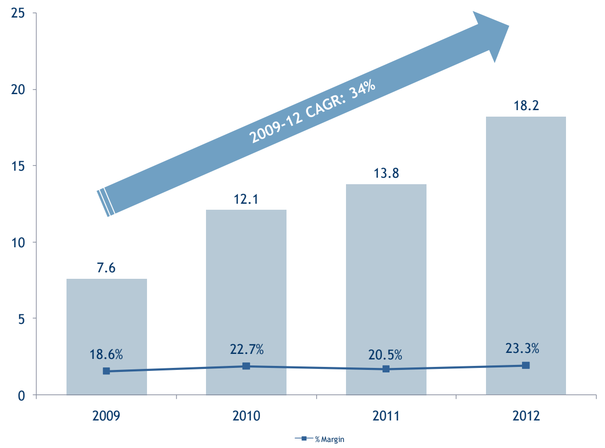
- the increase in group profitability, as mentioned above;
- an increase in net financial charges in 2011 vs. 2010 for €4.3m due to higher debt toward the shareholder Appunti, following the LBO to acquire 70% of Ex-Moleskine;
- a steady reduction in the tax rate, to 32.8% in 2012 from 35.4% in 2009, with total taxes including IRES (tax rate at 27.5%) and IRAP (3.9% on EBIT+ labour costs).

MOLESKINE: taxes (2009-12) (€m)

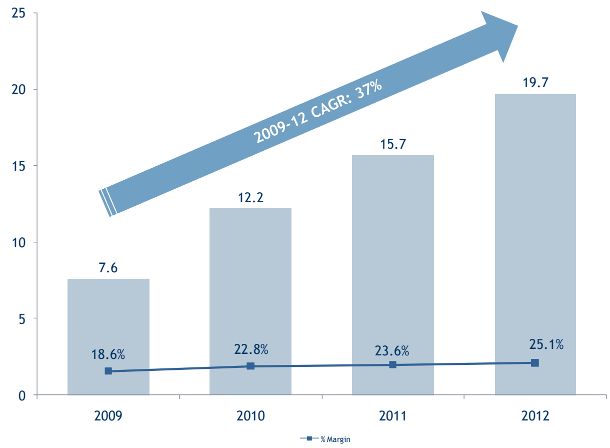


Source: company data

MOLESKINE: net income (2009-12) (€m)



MOLESKINE: net income adj. (2009-12)



Source: Mediobanca Securities on company data

With regard to the group's balance sheet, note the following key issues:

a) Working capital management

Over the period, the group's net working capital grew from €7.0m in 2009 to €11.1m in 2012, and since the top line increased over the same period at a higher rate, its percentage of total sales declined from 17.2% in 2009 to 14.2% in 2012.

Looking at the 2012 figures, working capital increased by €3.5m last year, putting the NWC/Sales figure at 14.2% of sales from 11.2% in 2011. This is the result of:

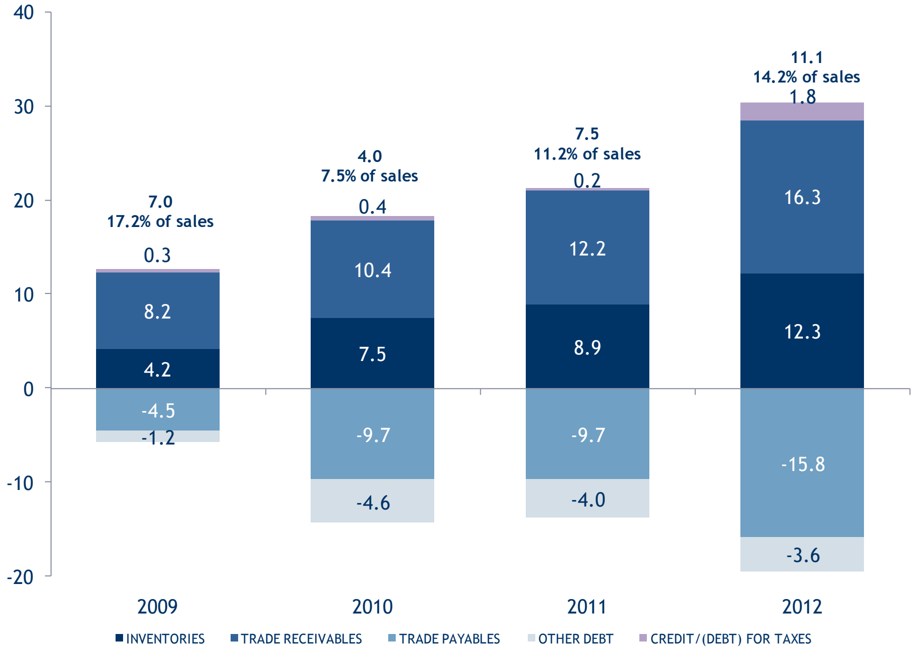
- Higher inventories due to both the currency effect of the appreciation of the USD against the Euro (€1.2m) and the increase in stock of both final products and displays to support its growth strategy in the B2C channel, E-commerce and Retail. Moreover inventories were also impacted by stock build-up in 4Q12 for new products to be launched at the beginning of 2013;
- Higher receivables relating to business development and some payment delays from a distributor in Italy due to its corporate reorganization and some delayed payments to customers authorized by Moleskine for new products (diaries and new products);
- These two effects were partially offset by the increase in trade payables due to inventory build-up.

MOLESKINE: NWC (2009-12)

	2009	2010	2011	2012	09/12 CAGR
INVENTORIES	4.2	7.5	8.9	12.3	44%
ACCOUNTS RECEIVABLE	8.2	10.4	12.2	16.3	26%
ACCOUNTS PAYABLE	-4.5	-9.7	-9.7	-15.8	52%
OTHER ACTIVITIES	0.3	0.4	0.2	1.8	90%
OTHER LIABILITIES	-1.2	-4.6	-4.0	-3.6	45%
NET WORKING CAPITAL (NWC)	**7.0**	**4.0**	**7.5**	**11.1**	**17%**
as % of sales	**17.2%**	**7.5%**	**11.2%**	**14.2%**	
days of inventory (DSI)	124	128	158	208	
days of receivables (DSO)	69	58	60	62	
days of payables (DPO)	101	75	95	119	

Source: Company data

MOLESKINE: NWC (2009-12) (€m)



Source: company data

b) Capital structure

With net debt of €43.5m at end-2012, the group's net financial position is generally sound, and corresponds to 1.4x DEBT/EBITDA compared to 2.6x in 2009 and the peak of 3.1x in 2010, when net debt was materially higher in absolute terms (at €65.7m). The decrease in group net debt at YE 2012 compared to one year before is due to operating cash flow.

Please note that the reported figure for net debt at the end of 2010 was €107.7m and included €46m of shareholder loan following the LBO, which in 2011 was converted into equity reserve non distributable after the refunding of €6m.

The financial LT debt includes €64m of a bank facility agreement, split in 2 tranches for an original nominal amount of €41.6m and €22.4m respectively, expiring on 30 November 2016 and 30 November 2017. Based on the agreement the spread applied is defined in the table below (today the spread stands at 2% for Tranche A, and 3.5% for Tranche B).

MOLESKINE: Interests paid on existing bank facility

LEVERAGE RATIO	TRANCHE A	TRANCHE B
NET DEBT/EBITDA >2.5x	3.50%	4%
2<NET DEBT/EBITDA <2.5x	2.75%	3.50%
NET DEBT/EBITDA <2x	2%	3%

Source: Company data

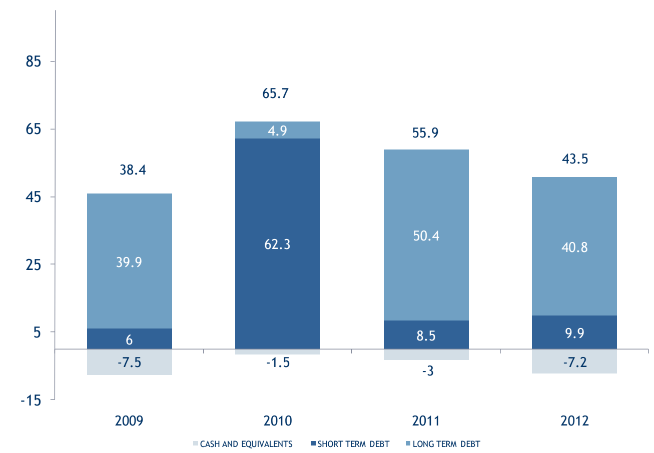
The average cost of debt is 6 months EURIBOR + spread in the range of 200bps and 300bps.

On 15 February 2013 Moleskine signed an agreement to amend the existing Facility Agreement, whose main elements are the following:

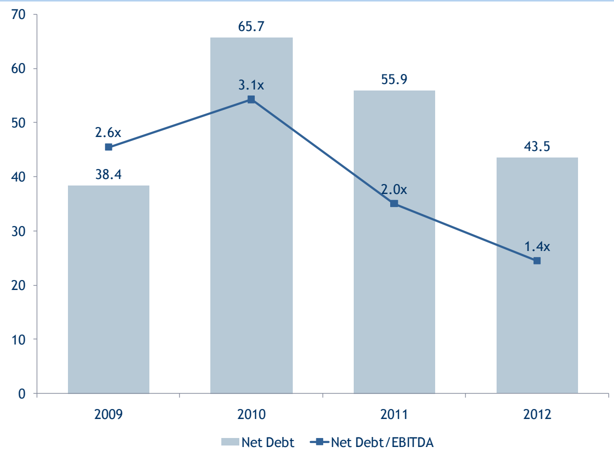
- Following the start of trading of Moleskine shares on the MTA, the Company shall reimburse the Facility for an amount such that the outstanding amount of debt will be €20m (the "Residual Indebtness"). This will imply the entire reimbursement of the Tranche B;
- Cost of Tranche A (amortizing) will be 4%;
- Tranche A will be extended to 30 September 2016.

The Company will pay the financing bank a waiver fee of 150 b.p. on the Residual Indebtness.

MOLESKINE: Capital structure (2009-12) (€m)



MOLESKINE: Debt and D/EBITDA (2009-12) (€m)



Source: Mediobanca Securities on Company data

c) Capital expenditures

Capital expenditure amounted to €3.2m in the FY12, double that of one year before. The main areas of investment for Moleskine are visual merchandising (ateliers, islands and displays), which are classified as tangible investment, and software investment and brand registration costs, classified as intangible capex.

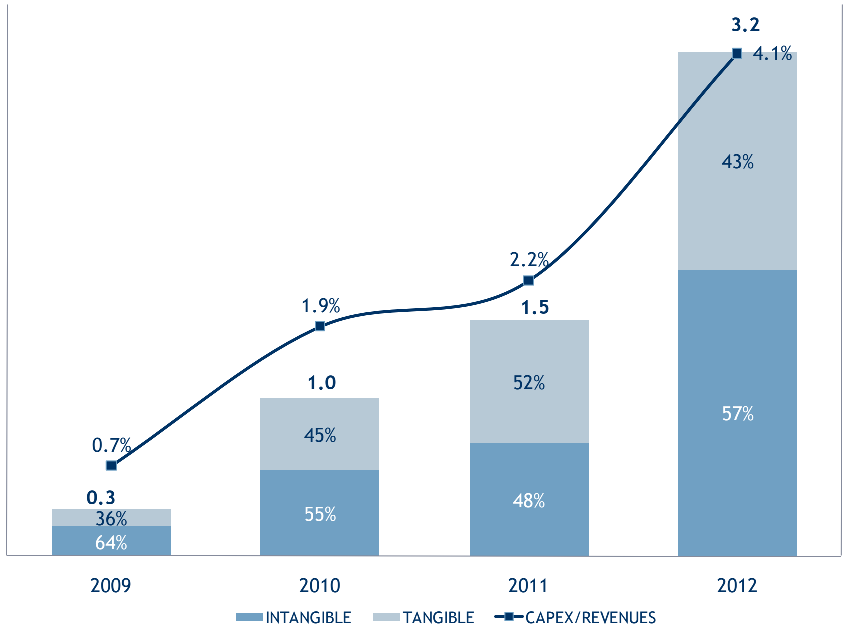
The increase reported in intangible capex over the period 2009-12 is mostly related to the registration of the trademark in new countries and for new product categories.

MOLESKINE: capex trend (2009-12)

(€m)	2009	%	2010	%	2011	%	2012	%
INTANGIBLE	0.2	64%	0.6	55%	0.7	48%	1.8	57%
TANGIBLE	0.1	36%	0.6	45%	0.8	52%	1.4	43%
TOTAL CAPEX	**0.3**		**1.0**		**1.5**		**3.2**	

Source: company data

MOLESKINE: Capex (2009-12) (€m)



Source: company data

Medium-term prospects (2012-15)

Revenue: 3Y CAGR @26.5% expected

Please note that our estimates are pre-money. Assuming that no non-recurring events impact our mid-term estimates, we see Moleskine's revenue increasing by 26.5% annually over the next three years, and approaching €160m by the end of 2015; this, as a result of the successful implementation of the above-mentioned strategy to fully exploit the brand's strength in relation to expansion in all channels and growth in foreign markets, leveraging on the strong awareness that the brand already enjoys.

In terms of the sales mix by **distribution channel,** we expect the bulk of top-line growth to come from the B2C channel, but a significant portion of turnover growth is also likely to come from direct retail channels, i.e. DOS and E-commerce, which are expected to account for almost one third of consolidated turnover by YE2015.

Looking in more detail at our estimates by channel:

- The **B2C channel** is expected to grow at a 3Y CAGR of 12.7%, thanks to both the planned network expansion and the increase in sales/doors on the existing network.

  As far the network expansion is concerned, we project around 28,900 doors to be served by YE2015, and expect most of the openings to occur in APAC (by our estimates +850 DOS in the next three years) and even more in Americas (+4,200 over the period 2012/15, by our estimates), particularly in specialty stores, stationery stores and coffee shops.

  In EMEA, where Moleskine already has a strong presence in the B2C channel and enjoys strong relationships with retailers, its strategy consists rather of increasing sales density within existing accounts through its display strategy and a better penetration of WTR products. In terms of door number, we project only 60-80 openings annually in EMEA, on top of a customer basis of approximately 12,500 doors.

  By our estimates, sales density in the B2C channel should improve with sales per door seen at €3,000 in 2015, versus €2,600 in FY2012, as a result of both an increase in dedicated space within existing doors (islands, walls, ateliers), which is expected to help the sell- out, and a better assortment with a higher presence of WTR products.

MOLESKINE: B2C revenues (2012-15E)

(€m)	2012	%	2013E	%	2014E	%	2015E	%	12/15 CAGR
B2C REVENUES	**61.2**	**78%**	**68.0**	**72%**	**76.3**	**63%**	**87.6**	**55%**	13%
YoY Chge%	10%		11%		12%		15%		
Nr. doors	23,574		25,084		26,884		28,884		7%
net openings	*1,336*		*1,510*		*1,800*		*2,000*		
AMERICA B2C	22.7	37%	26.9	40%	31.7	41%	37.7	43%	18%
YoY Chge%	33%		18%		18%		19%		
APAC B2C	7.0	11%	8.0	12%	9.6	13%	11.8	13%	19%
YoY Chge%	33%		14%		20%		22%		
EMEA B2C	31.4	51%	33.1	49%	35.0	46%	38.12	44%	7%
YoY Chge%	-4%		6%		6%		9%		
Sales per door (000 €)	2.6		2.7		2.8		3.0		

Source: Mediobanca Securities, company data

- Within the **B2B channel** (2012/15 CAGR seen at 29.3%), we consider the increase in the customer base as the growth driver, with a growth strategy tailored to individual markets.

  Based on our estimates, the number of B2B customers might approach 2,000 by 2015, from the current 1,183, and the turnover generated by this channel could exceed €27m by YE2015, of which roughly half will be generated in EMEA, some 30% in America and 20% in APAC.

MOLESKINE: B2B revenues (2012-15E)

(€m)	2012	%	2013E	%	2014E	%	2015E	%	12/15 CAGR
B2B REVENUES	**12.7**	**16%**	**15.9**	**17%**	**20.4**	**17%**	**27.5**	**17%**	29%
YoY Chge%	19%		25%		29%		35%		
nr of customers	1,183		1,363		1,623		1,973		19%
net additions	*221*		*180*		*260*		*350*		
AMERICA B2B	3.6	28%	4.7	29%	6.3	31%	8.5	31%	33%
YoY Chge%	56%		30%		34%		35%		
APAC B2B	1.6	13%	2.4	15%	3.6	18%	5.7	21%	51%
YoY Chge%	98%		45%		50%		59%		
EMEA B2B	7.5	59%	8.8	56%	10.6	52%	13.3	48%	21%
YoY Chge%	-1%		18%		20%		26%		

Source: Mediobanca Securities, company data

- As far as the **retail** channel is concerned, we assume a total of 83 store openings over the period 2012-15, with a total of 92 stores at YE2015, split as follows:

  a) In EMEA, through the travel retail formats in major European airports and railways stations, replicating the great success of stores opened in 2012: we project eight store openings in 2013, and 14 in both 2014 and 2015, giving a total of 36 store openings; for the sake of simplicity, we assume each new POS has an average selling space of 30-35 sqm and annual sales of €16-20k/sqm;

  b) In APAC, the format to be used is the shopping mall stores: we assume five store openings in 2013, 15 in both 2014 and 2015, giving a total of 39 store openings by 2015. For new stores, we assume a selling space of 18sqm and annual sales/sqm of €10k;

  c) In the US, Moleskine will start testing free standing locations with two openings this year, and if successful, will roll out this format going forward (we assume five net openings in both 2014 and 2015). In our estimates, we assume each store will have an average selling space of 40sqm and annual sales of €18k/sqm.

MOLESKINE: Store openings (2012-15E)

NR	2012	2013E	2014E	2015E	Delta 12/15E
EMEA DOS	**5**	**13**	**27**	**41**	**+36**
Net openings		*+8*	*+14*	*+14*	
APAC DOS	**4**	**9**	**24**	**39**	**+35**
Net openings		*+5*	*+15*	*+15*	
AMERICAS DOS	**0**	**2**	**7**	**12**	**+12**
Net openings		*+2*	*+5*	*+5*	
TOTAL DOS	**9**	**24**	**58**	**92**	**+83**
Net openings		+15	+34	+34	

Source: Mediobanca Securities, company data

MOLESKINE: Retail channel revenues (2012-15E)

(€m)	2012	%	2013E	%	2014E	%	2015E	%
RETAIL	**0.9**	**1%**	**5.2**	**6%**	**15.0**	**12%**	**25.1**	**16%**
YoY Chge%	nm		482%		187%		67%	
AMERICA DOS	0.0	0%	0.6	11%	2.7	18%	6.1	24%
YoY Chge%			nm		375%		124%	
APAC DOS	0.1	8%	0.8	15%	1.9	13%	3.2	13%
YoY Chge%			nm		156%		66%	
EMEA DOS	0.8	90%	3.9	74%	10.4	69%	15.7	63%
YoY Chge%			384%		165%		52%	
SALES PER DOS (k€)	100		218		259		273	
TOTAL SQM	244		918		1,878		2,838	
SALES X SQM (K€/SQM)	3.6		5.7		8.0		8.8	

Source: Mediobanca Securities, company data

- **E-commerce** is expected to become an additional source of top-line growth and is seen contributing revenues of approx €18m in FY2015, from €3.3m in 2012. Our estimates are based on the following assumptions:
  a) Traffic is expected to grow annually by 60%, meaning that the number of visits should exceed 14 million in FY2015;
  b) A conversion rate seen in the area of 2.4%-2.6%;
  c) The AOV seen growing from €39 to €48 in three years' time.

MOLESKINE: E-commerce revenues (2012-15E)

(€m)	2012E	2013E	2014E	2015E	12/15 CAGR
E-COMMERCE	**3.3**	**5.4**	**10.1**	**17.9**	76%
YoY Chge%	196%	63%	88%	77%	
NR OF VISITS (m)	3.5	5.6	8.96	14.336	60%
YoY Chge%	192%	60%	60%	60%	
conversion rate	2.4%	2.4%	2.5%	2.6%	
NR ORDERS	85,500	134,400	224,000	372,736	64%
YoY Chge%	181%	59%	67%	66%	
AOV (€)	39	40	45	48	7%

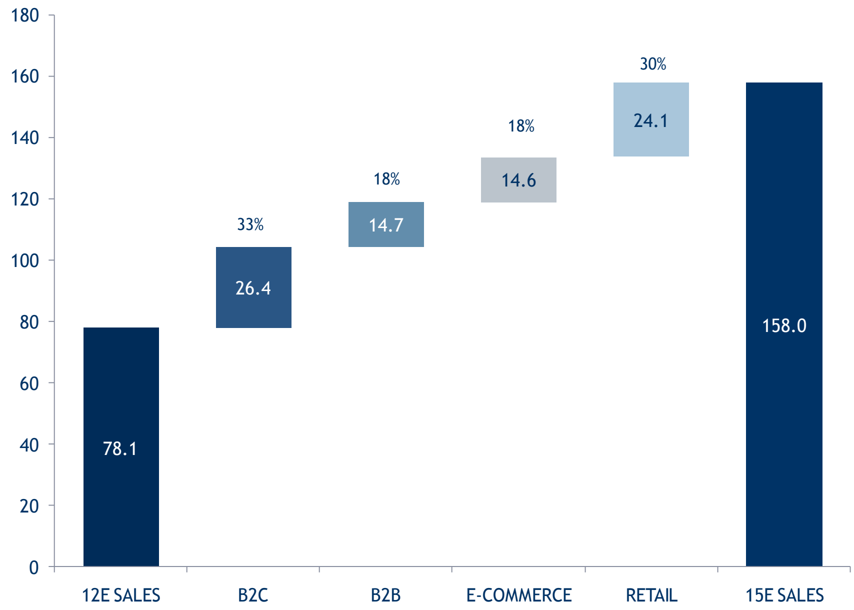
Source: Mediobanca Securities, company data

MOLESKINE: Revenues by channel (2012-15E)

(€m)	2012	%	2013	%	2014	%	2015	%	12/15 CAGR
B2C	61.2	78%	68.0	72%	76.3	63%	87.6	55%	13%
YoY Chge%	10%		11%		12%		15%		
B2B	12.7	16%	15.9	17%	20.4	17%	27.5	17%	29%
YoY Chge%	19%		25%		29%		35%		
E-COMMERCE	3.3	4%	5.4	6%	10.1	8%	17.9	11%	76%
YoY Chge%	196%		63%		88%		77%		
RETAIL	1.0	1%	5.2	6%	15.0	12%	25.1	16%	197%
YoY Chge%	nm		445%		187%		67%		
TOTAL REVENUES	**78.1**	**100%**	**94.5**	**100%**	**121.8**	**100%**	**158.0**	**100%**	26%
YoY Chge%	16%		21%		29%		30%		

Source: Mediobanca Securities, company data

MOLESKINE: 2012-15E revenues bridge by distribution channel (€m)

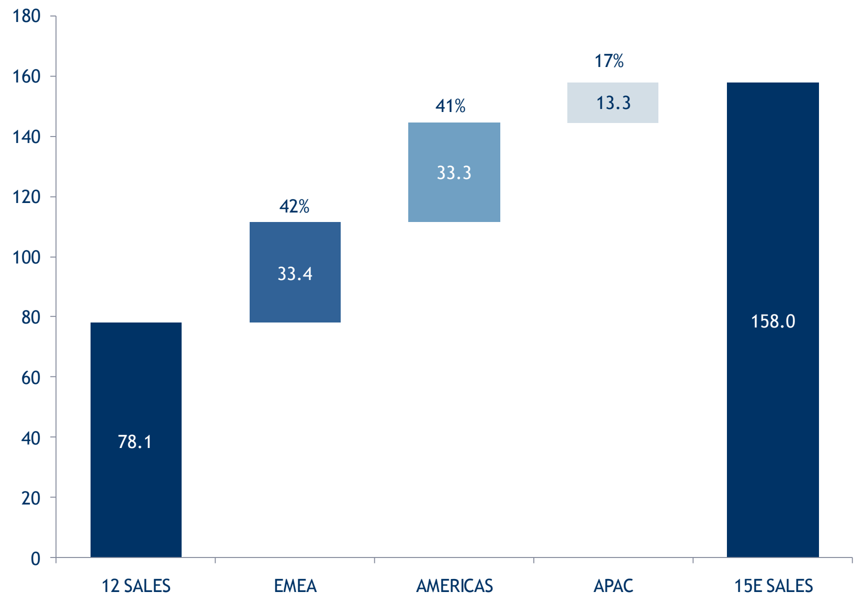


Source: Mediobanca Securities, company data

In terms of mix by **geographical area**, the planned business development measures to be implemented as part of the international multichannel strategy should also help further internationalise the brand's revenues.

By our estimates, the Americas and Europe are likely to be the biggest contributor to the sales increase over the 2012-15 period (42% of 2012/15 sales growth each), and in terms of growth rates, APAC is seen outperforming other regions (3Y CAGR seen at 36%).

MOLESKINE: 2012-15E revenues bridge by market (€m)



Source: Mediobanca Securities, company data

MOLESKINE: Revenues by market (2012-15E)

(€m)	2012	%	2013E	%	2014E	%	2015E	%	12/15 CAGR
EMEA	41.2	53%	48.1	51%	60.3	49%	74.5	47%	22%
YoY Chge%	0%		17%		25%		24%		
AMERICAS	28.1	36%	35.1	37%	46.0	38%	61.4	39%	30%
YoY Chge%	41%		25%		31%		34%		
APAC	8.8	11%	11.3	12%	15.6	13%	22.1	14%	36%
YoY Chge%	42%		28%		38%		42%		
TOT REVENUES	**78.1**	**100%**	**94.5**	**100%**	**121.8**	**100%**	**158.0**	**100%**	**27%**
YoY Chge%	**16%**		**21%**		**29%**		**30%**		

Source: Mediobanca Securities, company data

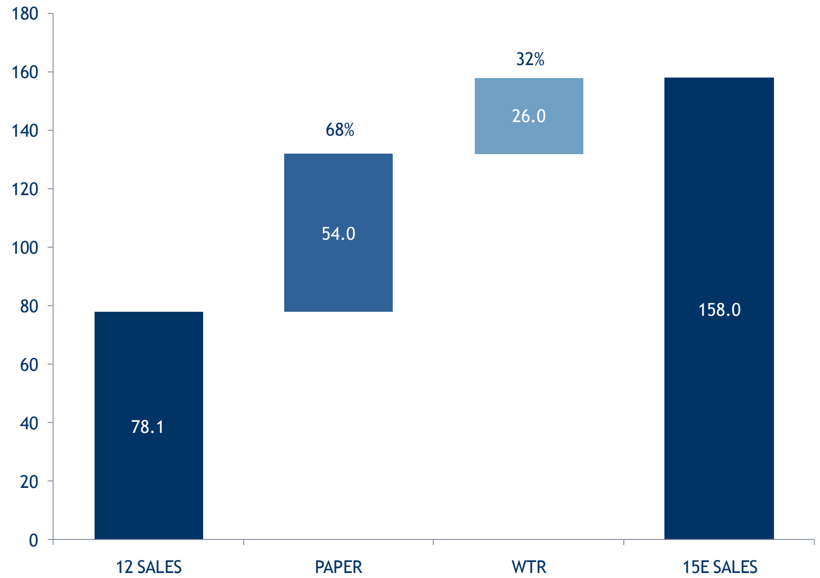
Lastly by product, a better assortment mix in both the B2C channel and in E-commerce should help the WTR business to increase its contribution to total sales from 7% in 2012 to approximately 20% in 2015.

MOLESKINE: Revenues by product (2012-15E)

(€m)	2012	%	2013E	%	2014E	%	2015E	%	12/15 CAGR
PAPER	72.7	93%	84.3	89%	102.7	84%	126.6	80%	20%
YoY Chge%	16%		16%		22%		23%		
WTR	5.4	7%	10.2	11%	19.1	16%	31.4	20%	80%
YoY Chge%	22%		89%		87%		64%		
TOT REVENUES	**78.1**	**100%**	**94.5**	**100%**	**121.8**	**100%**	**158.0**	**100%**	**27%**
YoY Chge%	16%		21%		29%		30%		

Source: Mediobanca Securities, company data

MOLESKINE: 2012-15E revenues bridge by product (€m)



Source: Mediobanca Securities, company data

Profitability trend

Over the next three years, we project a jump in EBITDA from €31.4m in 2012 to €66m in 2015, which means a 3Y CAGR of approx. 28% and a 150bps increase in the EBITDA margin (our estimates project an increase from 40.2% in 2011 to 41.7% by YE2015). Our estimates assume:

- **a decrease in purchasing costs, from 25% of 2012 sales to 21% in 2015,** thanks to a better sales mix in terms of channel (with direct retail distribution and E-commerce offering a higher gross margin), a gradual shift of production from China to Vietnam, and a 1.5% price increase starting from January 2013 in a set of paper products in EMEA and the Americas;
- a more than proportional increase in **operating expenses (3Y CAGR of approx 30%),** expected to grow from 35% of net sales to around 37%, attributable to:
  - a) a more than proportional increase in **commercial costs,** growing from 9.3% to 10% of sales, mostly due to expenses for paid traffic to develop the e-commerce business (we assume that 1/3 of total traffic is paid traffic);
  - b) an increase in **G&A** (3Y CAGR of 31.3%), due to rents related to the enlargement of the head office in Milan in 2012 and the planned expansion of the direct retail channel, and management fees related to the management of some new stores by third parties in the travel retail channel.

MOLESKINE: Cost structure (2012-15E)

(€m)	2012	%	2013E	%	2014E	%	2015E	%	12/15 CAGR
PURCHASING COSTS	19.8	42%	22.5	40%	27.2	38%	32.9	36%	18.5%
YoY chge %	1%		14%		21%		21%		
as % of group revenues	25%		24%		22%		21%		
OPERATING EXPENSES	27.2	58%	34.0	60%	45.1	62%	59.2	64%	29.6%
YoY chge %	38%		25%		33%		31%		
as % of group revenues	35%		36%		37%		37%		
TOTAL COSTS	47.0	100%	56.4	100%	72.2	100%	92.1	100%	25.2%
YoY chge %	20%		20%		28%		27%		
as % of group revenues	60%		60%		59%		58%		

Source: Mediobanca Securities, company data

MOLESKINE: Operating expenses (2012-15E)

(€m)	2012	%	2013E	%	2014E	%	2015E	%	12/15 CAGR
LABOUR COSTS	**9.8**	**36%**	**10.5**	**31%**	**15.1**	**34%**	**21.5**	**36%**	30.0%
YoY chge %	31%		7%		44%		42%		
as % of group revenues	13%		11%		12%		14%		
COMMERCIAL COSTS	**7.3**	**27%**	**9.7**	**29%**	**12.8**	**28%**	**15.8**	**27%**	29.6%
YoY chge %	70%		34%		31%		24%		
as % of group revenues	9.3%		10.3%		10.5%		10.0%		
G&A EXPENSES	**9.2**	**34%**	**12.7**	**37%**	**16.2**	**36%**	**20.9**	**35%**	31.3%
YoY chge %	34%		38%		27%		29%		
as % of group revenues	12%		13%		13%		13%		
OTHERS	**0.9**		**1.0**		**1.0**		**1.0**		
YoY chge %	-11%		9%		0%		0%		
as % of group revenues	1%		1%		1%		1%		
TOTAL OPEX	**27.2**	**100%**	**34.0**	**100%**	**45.1**	**100%**	**59.2**	**100%**	29.6%
YoY chge %	38%		25%		33%		31%		
as % of group revenues	35%		36%		37%		37%		

Source: Mediobanca Securities, company data

Looking at developments in the group's cost structure, our projections forecast that:

- variable costs (58% of total costs based on our estimates) will increase annually by 22% on average, and fall as a percentage of sales from 34.6% to 30.8%, thanks to a lower than proportional rise in purchasing costs;
- fixed costs (42% of total costs) will grow by an annual average of 30%, thus increasing as a proportion of sales from the current 25.2% to an expected 27.4% by YE2015.

Note, however, that our analysis is rather simplistic, given that we assume all retail rents as fixed, whereas in some markets, a portion of the rents for DOS are set as a percentage of sales.

MOLESKINE: costs structure (2012-15E)

(€m)	2012E	%	2013E	%	2014E	%	2015E	%	12/15 CAGR
TOTAL COSTS	46.8	100%	56.4	100%	72.2	100%	92.1	100%	110.3
VARIABLE	27.0	58%	32.2	57%	39.9	55%	48.7	53%	58.5
as % of group revenues	34.6%		34.1%		32.8%		30.8%		30.8%
FIXED	19.7	42%	24.2	43%	32.3	45%	43.4	47%	51.8
as % of group revenues	25.2%		25.6%		26.5%		27.4%		27.3%

Source: Mediobanca Securities

MOLESKINE: Revenues, EBITDA & EBIT (2012-15E)

(€m)	2012	2013E	2014E	2015E	12/15 CAGR
REVENUES	**78.1**	**94.5**	**121.8**	**158.0**	26.5%
YoY chge %	16%	21%	29%	30%	
GROSS PROFIT	**58.4**	**72.0**	**94.7**	**125.2**	29.0%
YoY chge %	22%	23%	31%	32%	
Margin%	74.7%	76.2%	77.7%	79.2%	
EBITDA	**31.4**	**38.0**	**49.6**	**66.0**	28.1%
YoY chge %	10%	21%	30%	33%	
Margin%	40.2%	40.3%	40.7%	41.7%	1.6%
EBIT	**30.4**	**35.5**	**45.6**	**60.5**	25.7%
YoY chge %	10%	17%	28%	33%	
Margin%	39.0%	37.6%	37.4%	38.3%	

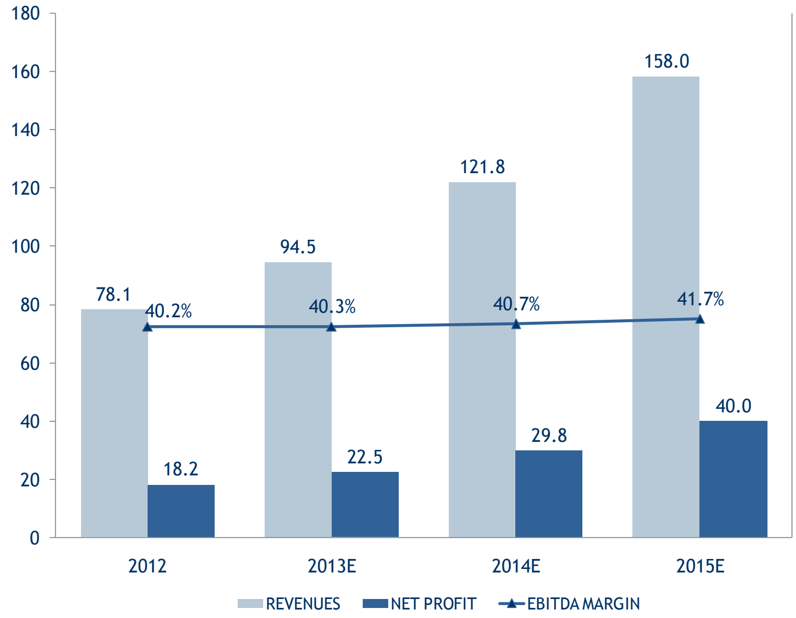
Source: Mediobanca Securities, company data

Earnings trend

At the bottom line, we expect group net profit to grow by approximately 30% annually over the next three years, reaching €40m at YE2015. The rise in net income is likely to be driven by:

- improved EBITDA both in absolute terms and as a percentage of sales (around €35m more in 2015 compared to the annual figures for FY 2012);
- an expected decline in net financial charges, as FCF generation reduces net debt;
- a tax rate assumed to be stable at 33%.

MOLESKINE: revenues, net profit and EBITDA margin (2012-15E) (€m)



Source: Mediobanca Securities, Company data

Cash flow

The table below provides details of our projections on the cash flow statement, and is based on the following assumptions:

- annual capex of approximately €4-5m, peaking at €5.2m in 2013, since we include investment in the E-commerce platform, which will be brought in-house.
- in relation to DOS openings, we assume investments of €1k/sqm for store furniture and fittings.

MOLESKINE: Capex (2013-15E)

€m	2013E	2014E	2015E
TANGIBLE	1.3	1.3	1.300
BRAND AND GOOODWILL	1.8	1.8	1.800
INTANGIBLE	2.1	1.0	1.0
TOTAL	**5.2**	**4.1**	**4.1**
AS % OF SALES	5.5%	3.3%	2.6%
Of which:			
DOS OPENINGS	*0.67*	*0.96*	*0.96*
E-COMMERCE PLATFORM	*1.4*	*0*	*0*

Source: Mediobanca Securities

- net working capital almost unchanged as a percentage of sales at 14.2%-14.4%; this is the result of lower inventory days, thanks to the positive effect of demand planning, an almost stable level of days receivables and better conditions of payments by suppliers.
- no dividend payout.

MOLESKINE: NWC trend (2012-15E)

(€m)	2012	2013E	2014E	2015E
INVENTORIES	12.3	12.6	14.5	17.1
ACCOUNTS RECEIVABLE	16.3	15.5	20.0	26.0
ACCOUNTS PAYABLE	-15.8	-13.2	-15.6	-18.6
OTHER ACTIVITIES	1.8	1.8	1.8	1.8
OTHER LIABILITIES	-3.6	-3.6	-3.6	-3.6
NET WORKING CAPITAL (NWC)	**11.1**	**13.2**	**17.1**	**22.8**
as % of sales	**14.2%**	**14.0%**	**14.1%**	**14.4%**

Source: Mediobanca Securities

We therefore expect group net debt to decrease steadily, and for the group to be cash positive by YE2014, as shown in the table below.

MOLESKINE: 2012-15 financial ratios

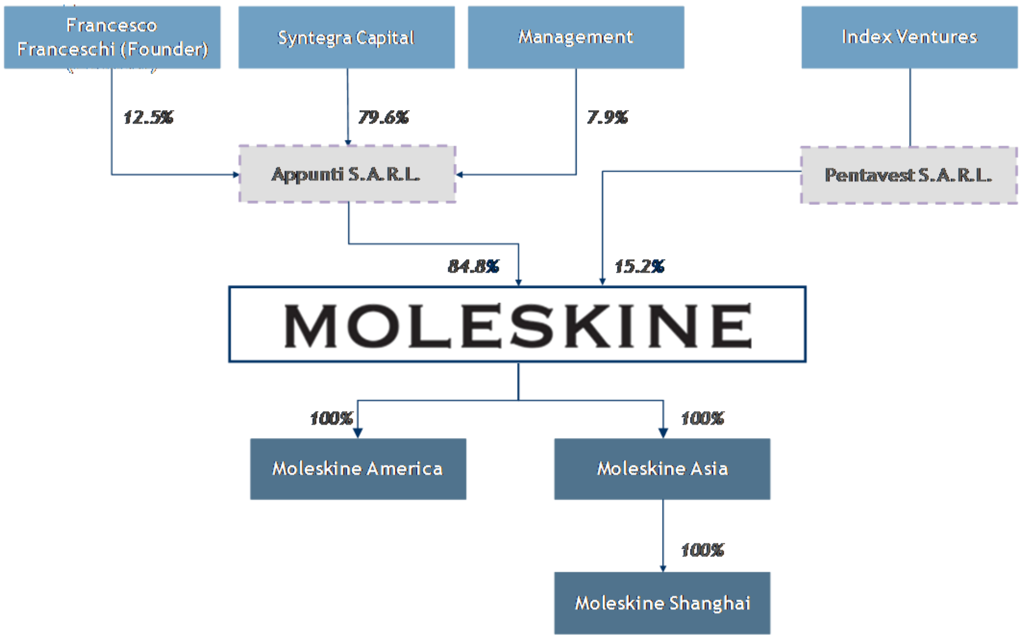
(€m)	2012	2013E	2014E	2015E
NET DEBT (-) CASH (+)	**43.5**	**24.4**	**-9.2**	**-55.7**
EBITDA/INTEREST COVER	9.4	19.0	45.1	82.4
EBIT/INTEREST COVER	9.1	17.8	41.4	75.6
DEBT/EQUITY	1.4	0.4	nm	nm
DEBT/EBITDA	1.4	0.6	-0.2	-0.8

Source: Mediobanca Securities

Appendix

1) the group structure

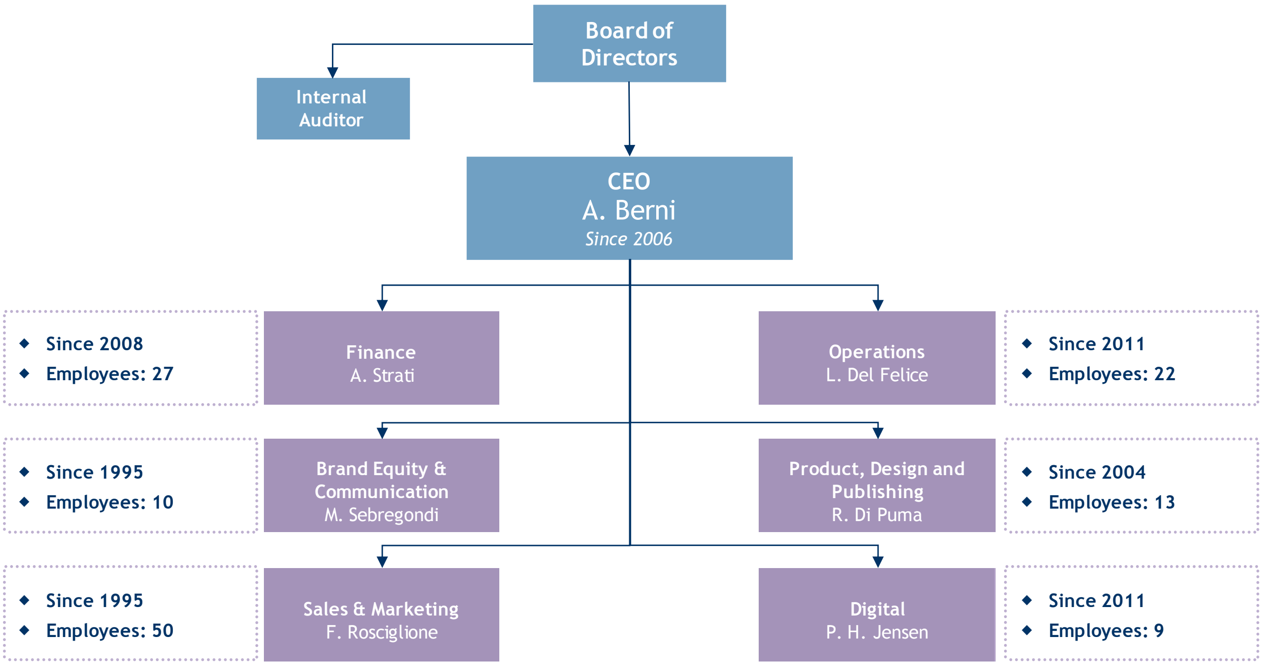
MOLESKINE: Group Structure



Source: Company data

2) The organizational structure

MOLESKINE: Organizational Structure



Source: Company data

3) Management team

Marco Ariello *(Chairman)*	◆ From 1999: Managing Partner of SG Capital Europe Mr. Ariello continues to be Managing Partner at the fund, which in 2009 changed its name to Syntegra Capital. As of the date hereof, director of several companies, including Syntegra Capital Ltd, Syntegra Capital Advisors Ltd., and Syntegra Capital Investors Ltd. ◆ 1994-1998: Investment Manager for the equity firm B&S Electra S.p.A. ◆ 1990-1994: Reich & Co.'s M&A department (NY) . Later, he worked for the bank Oppenheimer & Co in International Institutional Sales. ◆ Bachelor of Science degree in Business Administration from Mercy College (NY) and an MBA from Insead.
Arrigo Berni *(CEO)*	◆ Joined the company since the acquisition by Syntegra Capital ◆ 2002-2005: Managing Director of Testoni S.p.A. ◆ 1992: worked for the Bulgari Group, first in New York, as Executive Vice President, responsible for the Group's North American branch, and then in Neuchatel, as Managing Director responsible for the Supply Chain of the Group's Jewelry, Watches and Accessories Division. ◆ 1989: manager at the Milan office of the consultancy firm Bain&Co. ◆ He began working at Procter&Gamble' s marketing department as brand Manager, first in Italy and later in Japan. ◆ Degree in Economics from the University di Pisa, Scuola Superiore Sant'Anna.
Alessandro Strati *(CFO)*	◆ 2008: Chief Financial Officer of the Company. ◆ 2006: Chief Financial Officer-EMEA for FILA. ◆ 2002: Financial Manager for the Newell-Rubbermaid group, first for the Italian branch and then for South Europe, and later for Europe. ◆ 2000: Mr. Strati became Financial Controller for ENI, and worked in Italy, Congo, Kazakhstan and Holland. ◆ He first worked the Italian branch of Black&Decker, initially as business cost control manager and later as internal audit and business intelligence systems development manager. ◆ Degree in Economics from the Cattolica University in Milan.
Maria Sebregondi *(Director Brand Equity & Communication)*	◆ 2007: Company's Brand Equity and Communication Manager. ◆ 1995: has developed the Moleskine brand from its origin, consulting with Modo&Modo. ◆ 1997-2006: she taught various courses at private and public universities: translation of literature, writing and communication, and sociology of fashion and trends. She has cooperated with businesses and institutions for various projects linked to creativity and innovation. ◆ 1980s: free-lance consultant in communication and product concept. She is the author of socio-anthropological essays on contemporary changes and of numerous newspaper and magazine articles, and has worked in the writing field in several roles: creative writer, copywriting and communication, essayist and translation of literature. ◆ Degree in sociology from the University of Naples.
Fabio Rosciglione *(Director Sales & Marketing)*	◆ 2006: Company's Marketing Director ◆ 1996: marketing consultant for Modo&Modo S.p.A ◆ 1993: Managing Director of Parole di Cotone, a company whose T-shirts displaying literary texts have become very well-known and are sold mainly in bookstores ◆ 1993: he opened Design Studies, a strategic communication company offering business consultancy services as well as service for special events. ◆ 1989: CEO of Decor Line Franchising, a furnishings and design retail company. ◆ 1980s: free-lancer, working for companies in the fashion and in the stationery products industry, and developing his own distribution network.

4) Management compensation

The Board of Directors, appointed on November 28 2012, is entitled to a total annual remuneration of €90,000.

If the IPO takes place the company's CEO, Arrigo Berni, will be entitled to a gross fixed annual remuneration of €450,000 for fiscal year 2013 and €500,000 for fiscal year 2014 and 2015.

The current stake of 6.5% in Appunti Sarl and the 10% of preferred shares owned by Arrigo Berni, Fabio Rosciglione, Maria Sebregondi, Roberto Di Puma and two former managers will be liquidated as follows:

- 1/3 cash at IPO;
- 1/3 Moleskine shares subject to a 18-month lock-up;
- 1/3 Moleskine shares subject to a 24-month lock-up.

Alessandro Strati, Peter Jensen, Lorenzo Del Felice are entitled to receive a bonus linked to the value of the Company, of which 1/3 will be paid in cash at IPO and the remaining 2/3 will be paid in Moleskine's shares one year from the IPO date with a lock-up period of 18/24 months.

Please note that in 2008 the BoD approved an incentive plan related to some managers.

The fair value of the two bonus plans was estimated at €2.4m on 31 December 2012. This estimate includes both the shares and cash components and takes into consideration, among other things, the probability of an IPO occurring. Part of this amount, namely €0564m, was reported in the 2012 P&L under personnel expenses.

5) Top management stock options schemes

On November 22, 2012, Moleskine BoD approved the guidelines for future stock option plan, to be approved by shareholders meeting only if Moleskine IPO takes place.

Stock option guidelines are:

- Duration: 5 years;
- Underlying share: up to 3% of the share capital of Moleskine;
- Beneficiaries: people identified by the Board of Directors;
- Conditions for exercise: maintenance of the office at each option vesting date and achievement of specific operating targets (based on EBITDA);
- Price range: IPO offering price range (if the assignment occurs within the first month of trading company's shares) or previous month average share price (if it occurs after more than a month after listing).

MOLESKINE: 2009-15 main financials

Profit & Loss account (€ m)	2009	2010	2011	2012	2013E	2014E	2015E
Turnover	40.8	53.4	67.3	78.1	94.5	121.8	158.0
Turnover growth (%)	NA	31.0%	25.9%	16.2%	20.9%	28.9%	29.7%
EBITDA	15.0	21.2	28.4	31.4	38.0	49.6	66.0
EBITDA margin (%)	36.9%	39.7%	42.3%	40.2%	40.3%	40.7%	41.7%
EBITDA growth (%)	NA	41.2%	33.9%	10.3%	21.3%	30.3%	33.0%
Depreciation & Amortization	-0.4	-0.6	-0.8	-1.0	-2.5	-4.0	-5.5
EBIT	14.6	20.7	27.6	30.4	35.5	45.6	60.5
EBIT margin (%)	35.9%	38.7%	41.1%	38.9%	37.6%	37.4%	38.3%
EBIT growth (%)	NA	41.3%	33.6%	10.1%	16.9%	28.2%	32.6%
Net Financial Income	-2.9	-2.0	-6.3	-3.3	-2.0	-1.1	-0.8
Pre-tax Profit	11.7	18.6	21.3	27.1	33.5	44.5	59.7
Tax	-4.2	-6.5	-7.5	-8.9	-11.1	-14.7	-19.7
Tax rate (%)	35.4%	34.8%	35.1%	32.8%	33.0%	33.0%	33.0%
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit	7.6	12.1	13.8	18.2	22.5	29.8	40.0
Net Profit growth (%)	NA	60.0%	13.9%	31.7%	23.5%	32.6%	34.1%

Balance Sheet (€ m)	2009	2010	2011	2012	2013E	2014E	2015E
Working Capital	7.0	4.0	7.5	11.1	13.2	17.1	22.8
Net Fixed Assets	77.6	78.1	78.9	80.7	83.3	83.4	82.0
Total Capital Employed	84.6	82.1	86.5	91.8	96.5	100.5	104.7
Net Debt (-) Cash (+)	-38.4	-65.7 (*)	-55.9	-43.5	-24.4	9.2	55.7

Source: Mediobanca Securities (estimates), company data (historical figures)

(*) excludes €42m shareholder loan