

LA PERLA

FASHION HOLDING N.V.

La Perla Fashion Holding N.V.
Registered office: Schiphol Boulevard 127, G4.02, 1118 BG Schiphol, the Netherlands

May 15, 2020

Results for the year ended 31 December 2019

La Perla Fashion Holding N.V. (“La Perla” and together with its consolidated subsidiaries, the “Group”), a luxury fashion holding company and leading designer, manufacturer and retailer of luxury lingerie, nightwear and swimwear, announces results for the year ended 31 December 2019.

- La Perla business transformation strategy advancing well, reflected in progressively improving results during the year
- Strengthened management team in place following key talent hires
- Continuing positive trends in early 2020 disrupted by impact of Covid-19, resulting in suspension of forward guidance
- Focus on maximizing results in operating channels and geographies, reducing expenses and deferring investment, while continuing to implement business revitalization strategy

Pascal Perrier, CEO of the Group’s main operating subsidiary, commented:

“Our strategy to transform the business and revitalise the brand has shown encouraging results, demonstrated by the progressive increase in full price sales over the year and improved cost structure. New product lines have been well received by customers, while our marketing continues to evolve in line with our energy and vision to reach a broader, more inclusive customer base.”

“We are now operating in a changed landscape, and the impact of COVID-19 will be far-reaching for the industry. During these times our priority is the health and safety of our colleagues, customers and business partners, while remaining focused on measures to protect the business. We remain confident in the strength of the iconic La Perla brand and our transformation strategy.”

Financial Overview

€ 000 unless stated	Consolidated La Perla Group 2019 ⁽¹⁾	Combined La Perla Fashion Holding N.V. and La Perla Global Management Ltd. ⁽²⁾ 2018
	Actual	Actual
Revenue	85,821	106,240
Retail	74,077	94,876
Wholesale/Other	11,744	11,364
Gross profit	41,871	43,215
<i>Gross profit margin (%)</i>	<i>49</i>	<i>41</i>
Operating Expenses	(86,132) ⁽³⁾	(124,141)
EBITDA	(44,261)	(80,926)
Operating profit/(loss)	(72,765)	(91,316)
Profit/(loss) for the year	(89,041)	50,067
Earnings (loss) per share in €	(0.8471)	0.5007

(1) Reflects adoption of IFRS 16 during the period.

(2) On February 25, 2018 the Company acquired 100% of the voting shares of La Perla Global Management (UK) Ltd., an unlisted company based in the United Kingdom. For the purposes of a comparable analysis of year-on-year performance, the year summary is presented on a pro-forma basis as if the acquisition had taken place on January 1, 2018. The La Perla Fashion Holding N.V. consolidated accounts are published from page 10.

(3) Includes social plan charge of €7.0 million.

The accounts can be viewed in full at the following link: <https://laperlafashionholding.com/financial-reports-presentations/>

Operational report

In 2019 the Group implemented a restructuring program and embarked on a revitalization strategy to transform its brand and business. Restructuring activity included:

- Re-establishing production and sourcing capability
- Streamlining La Perla's points of sale in order to focus on high-potential locations
- Improving the company's inventory management
- Simplifying and resizing La Perla's organizational structure

In mid-2019, management began to implement La Perla's revitalization strategy, which is based upon the following themes:

- Modernizing the La Perla brand to engage a broader audience
- Revitalizing the product to be more relevant for today's luxury consumer
- Bringing a digital mindset to all stages of La Perla's consumer interaction
- Enhancing the retail experience
- Building operational excellence, which includes investment in back-of-house infrastructure

Financial review

La Perla's full year results reflect both 2018's legacy issues and 2019's transformation initiatives. Factors underlying the revenue decline in 2019 include:

- Lost sales from discontinued product categories which are not relevant under the revitalization strategy
- A reduction in selling space, due to the exit of low productivity retail locations
- Production complications reducing the supply of fresh merchandise to stores, particularly during the first half of the year
- A decline in promotional activity and discounting

Within this, initial success of the Group's transformation initiatives drove relative improvements in performance, particularly during the second half of the year. On a like-for-like basis, La Perla's directly-operated boutiques and concessions (together "physical retail") experienced double-digit gains in full-price sales during the second half of the year, relative to a decline in the first half. The gains were fueled by increases in core underwear category sales. Overall, the Group achieved positive like-for-like sales growth in physical retail during the fourth quarter. Wholesale/Other revenues increased, primarily due to customers' positive response to new product lines and the Group's improved merchandising and customer service.

During 2019, gross margin benefitted from the reduced promotional activity and supply chain rationalization. The reduction in operating expenses was largely driven by adoption of IFRS 16, the effect of the retail space rationalization and organizational improvements, partially offset by a €7.0 million charge associated with the implementation of a social plan in the Group's Italian operations.

The improvement in operating loss resulted from the above factors.

Strategic highlights

Under its revitalization strategy, the company achieved good progress during the second half of 2019

- Strengthened management team. La Perla added key talent across its business in merchandising, marketing, commercial, operations and finance functions, building a seasoned executive team, strengthening the larger organization's core capability
- Began product revitalization. In design and merchandising, began to develop a product assortment aligned with today's luxury customer – initial products expected to be present in-store during the second half of 2020
- Evolved marketing program. Began to evolve marketing imagery, messaging and media consistent with a broader, more inclusive customer base
- Launched Beauty. Launched La Perla Beauty subsidiary to capitalize on the brand's opportunity in the fragrance, color and skincare categories
- Strengthened infrastructure. Initiated upgrade of IT and core information systems, following several years of under-investment

Outlook

Although management was encouraged by a continuation of 2019's positive trends during the first few weeks of 2020, the Covid-19 crisis has significantly affected the business due to the closure of a majority of its physical stores and disruption to the production network. Given the ongoing Covid-19 crisis and the uncertainty in relation to further impact on the economy and consumer spending, the Group cannot adequately determine the future effect on its business. Therefore, La Perla is currently not providing forward guidance.

During this period, La Perla's management team is continuing to focus on maximizing the performance of the parts of the business continuing to operate while reducing expenses and deferring some investment, and continuing to implement its revitalization strategy.

Enquiries

Finsbury, Edward Simpkins/Jenny Bahr: LaPerla-LON@finsbury.com / +44 207 251 38 01

About La Perla:

La Perla Fashion Holding N.V., a luxury fashion holding company, is the direct shareholder of La Perla Global Management (UK) Limited and its subsidiaries (the "Operating La Perla Group"). La Perla, through the Operating La Perla Group, is a leading designer, manufacturer and retailer of luxury lingerie, nightwear and swimwear. The group operates under the brand "La Perla". Founded in 1954 in Bologna, Italy, the brand is renowned for its heritage and craftsmanship.

This release may contain forward-looking statements, i.e., statements that do not relate to historical facts or events. By their nature, forward-looking statements involve known and unknown risks and uncertainties, both general and specific. La Perla Fashion Holding N.V. bases these statements on its current plans, estimates, projections and expectations and they relate to events and are based on current assumptions that may not occur in the future. These forward-looking statements may not be indicative of future performance; the actual outcome of the financial condition and results of operations of La Perla Fashion Holding N.V. and its consolidated subsidiaries, and the development of economic conditions, may differ materially from, in particular be more negative than, those conditions expressly or implicitly assumed or described in such statements. Even if the actual results of the La Perla Fashion Holding N.V. or its consolidated subsidiaries, including the financial condition, results of operations and economic conditions, develop in line with the forward-looking statements contained in this press release, there can be no assurance that this will be the case in the future.