1Q17 FINANCIAL RESULTS

June, 2017

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The manager in charge of preparing corporate accounting documents, Nicola Perin, declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the accounting figures, books and records.

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1Q17 Highlights

Sales growth 6.5% mainly driven by network expansion and good performance of existing stores

Network expanded by 53 stores, out of which 11 Full Format DOS

Prosecution of market share increase at 7.4% (+31 bps vs. Apr 2016)

€29.3m EBITDA, €3.0m higher than 1Q16 (+11.2%), with EBITDA margin increasing to 9.2% of sales (+40 bps), driven by a profitable network expansion

€13.8m EBT, €3.0m higher than 1Q16

+6.5%

Increase in Net Sales

+11

Full format DOS

+42 other stores
mainly Kids in franchising

+11.2%

EBITDA Growth

Source: Sita Ricerca for market share

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Key Income Statement Items
Positive performance confirmed in 1Q17

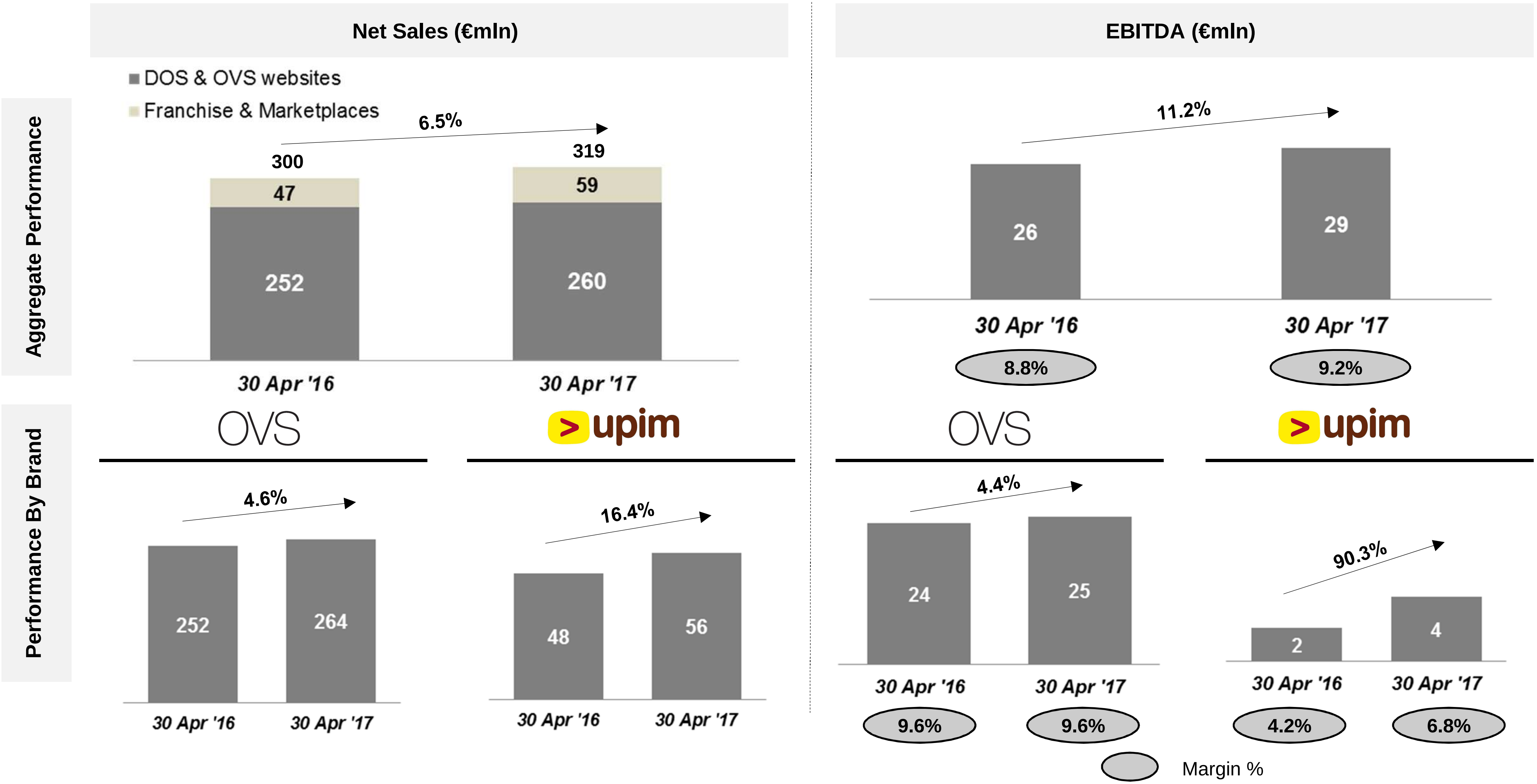
Key Metrics*	1Q17 € mln	1Q17 % of Net Sales	1Q16 € mln	1Q16 % of Net Sales	Growth
Net Sales	319.3		299.9		*6.5%*
EBITDA	29.3	*9.2%*	26.3	*8.8%*	*11.2%*
EBIT	16.9	*5.3%*	14.4	*4.8%*	*17.4%*
EBT	13.8	*4.3%*	10.7	*3.6%*	*28.2%*

- 1Q17 Net Sales grew by 6.5% despite the following negative impacts(1): (i) the anticipation of inventory count in the first quarter which determined one day less of net sales, (ii) the leap year in 2016, and (iii) more refurbishment activities performed. Refurbished stores show a 15% of net sales increase.
- EBITDA increased by 11.2% compared to 1Q16 and EBITDA margin grew by approx. 40bps to 9.2%, driven by (i) Gross Margin improvement and (ii) profitable network expansion.
- PBT increased by €3.0m thanks to the positive operating results.

(1)Estimated by management to account for 1.5%

(*) Excluding extraordinary costs

Sales and EBITDA Performance in 1Q17



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Consolidated Net Working Capital

€ mln	30 April '17	30 April '16	Change
Accounts Receivable	106.9	92.3	14.7
Inventory	332.0	290.3	41.7
Accounts Payable	(329.2)	(325.9)	(3.4)
Net Working Capital	109.7	56.7	53.0

- The working capital structure reflects the seasonality of the business and the increase reported at the end of FY16:
  - Higher account receivables (+€14.7m vs 30th April 2016), driven by the growth experienced by the franchise network and as a consequence of the commercial agreement with Charles Vögele (impacting for +€6m). As of today, receivables from Charles Vögele have been fully collected (DSO of 10 days)
  - As envisaged by management, OVS is starting to recover the peak in inventory reported at the end of 2016. A good first quarter allowed the company to significantly improve the inventory seasonality impact compared to the same period of last year. In the period that went from the 1st Feb17 to the end of April17 inventory decreased by €8.6m, (while in the same period of last year it increased by €0.6m), and therefore already recovering by 17% the growth reported at the end of FY16
  - Accounts payables substantially in line with the previous year
  - No material impact from the net working capital evolution related to Charles Vögele, which is in line with expectations

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Capex

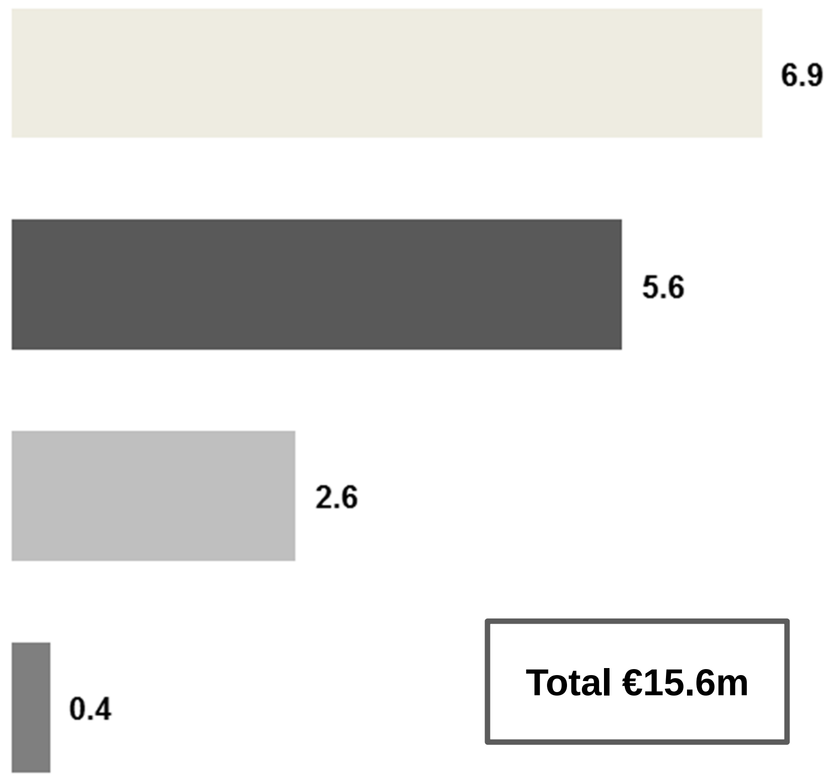
1Q 2017 Capex split (*€ mln*)

Refurbishment of the existing network (c. 44.6%)

New openings (c. 36.3% of total)

IT and special projects (c. 16.9%), mainly related to operational projects

Capex for the maintenance of the **headquarter building, logistics** and others (c. 2.3%)



Total €15.6m

Capex increase compared to last year of +€4.5m is mainly due to the increase of refurbishments

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Net Debt and Leverage

€ mln	30 April '17	30 April '16
Net Debt	339.2	319.3
EBITDA LTM	189.6	182.4
Leverage on EBITDA	1.8x	1.8x

- In the last 12 months, EBITDA leverage remained stable at 1.8x vs. 30 April 2016
- The interest rate of the period was 2.48% + Euribor 3m

Consolidated Cash Flow Statement

- Seasonality must be taken into account when considering quarterly cash generation: the business is usually cash absorbing in 1Q, slightly cash generative in 2Q and then progressively more cash generative in 3Q and 4Q. This trend is mainly driven by the seasonality of sales and payments to suppliers.

- Given this seasonal pattern, the quarterly cash absorption and the change in working capital are in line with management expectations, improving mainly thanks to a better operating performance compared to last year, both in terms of improved EBITDA and inventory cash generation.

€ mln	1Q17	1Q16
EBITDA	**29.3**	**26.3**
Change in Net Working Capital	(61.5)	(64.8)
Change in other assets (liabilities)	(7.6)	(9.8)
Capex	(15.6)	(11.1)
Operating Cash Flow	**(55.4)**	**(59.4)**
Other non operating items	(3.9)	(3.3)
Net Cash Flow (before MtM derivatives and amortized costs)	**(59.3)**	**(62.8)**

Outlook

- Acceleration of sales during month of May also thanks to favourable weather
- The network expansion plan continued with an additional 5 new directly operated stores and 15 new stores in franchising mainly kids format.
- International expansion is proceeding as envisaged with the opening of 3 full format stores, 1 in Iran, 1 in Georgia and 1 in Portugal, and 4 OVS kids stores, 2 in Spain, 1 in Lithuania and 1 in Greece. Also, the implementation plan regarding the minority investment in Charles Vögele is proceeding in line with expectations.
- After the great success of last year, OVS launched the second “Arts of Italy” campaign, a limited-edition capsule collection to promote Italian artworks, endorsed by well known brand ambassadors and an excellent media coverage.