

OVS

Another Quarter of Strong Growth for OVS SpA

The Board of Directors met today in Milan and approved the First Quarter 2016 results (1 February 2016 - 30 April 2016)

+5.4%
Net sales

+11.9%
EBITDA

7.1%
Market share

- ✓ **Net sales of €299.9 million**, 5.4% up on the first quarter of 2015.
- ✓ **EBITDA was €26.3 million**, representing 8.8% of net sales, up by €2.8 million, or 11.9%, and by around 50 bps of sales vs. 1Q15.
- ✓ **The perimeter has increased by 9 full format DOS** and another 47 stores, mainly kids franchisees.
- ✓ **Further growth of market share to 7.1%**, up 10 bps from the start of the quarter and up 60 bps from the first quarter of 2015.
- ✓ **Earnings before tax were €10.7 million**, up €6 million (128.2%) vs. the same period last year.
- ✓ **Net financial position €319 million**, a €30 million decrease vs. April 2015.

CONSOLIDATED RESULTS

€mln	30 April '16	30 April '15	Chg	Chg %
Net Sales	299.9	284.6	15.3	5.4%
EBITDA	26.3	23.5	2.8	11.9%
<i>% on net sales</i>	<i>8.8%</i>	<i>8.3%</i>		
EBIT	14.4	12.3	2.2	17.7%
<i>% on net sales</i>	<i>4.8%</i>	<i>4.3%</i>		
EBT	10.7	4.7	6.0	128.2%
<i>% on net sales</i>	<i>3.6%</i>	<i>1.7%</i>		
Net Financial Debt	319.3	349.0	(29.7)	(8.5%)
Market Share (%)	7.1	6.5	0.6	8.8%



N.B. In order to give a clearer picture of the company's performance, the data in this document has been normalised.

Statement from the Chief Executive Officer Stefano Beraldo

OVS SpA has maintained a constant rate of growth in the first three months of the fiscal year 2016, with net sales up 5.4%.

EBITDA rose by €2.8 million (up 11.9%), thanks to the operating leverage and also to an increase in gross margin, driven by the strong focus on procurement and merchandise management.

The growth plan continued in line with management's expectations (56 new stores of which 9 full format directly operated), with the trends in store openings all very positive.

The leap year helped to compensate for a calendar that was less favourable in terms of Easter holidays, which fell at the end of March, a month in which weather conditions were also particularly unfavourable. Sales performed extremely well, given the context.

The process of improving operations continued with the launch of the new automated system at the Piacenza warehouse to make in-season store replenishment more efficient. This also resulted in an increase in the post-distribution volumes that can be handled. The constant improvement in processes also made it possible to optimise inventory management and further increase inventory rotation.

In terms of costs, in addition to the improvement in operating leverage, the expected savings in electricity and rental costs were also achieved.

During the quarter the Group continued to strengthen its position on social networks, as well as developing new marketing and social initiatives including Arts of Italy, a limited-edition capsule collection to promote Italian artworks started in May, endorsed by well known brand ambassadors and an excellent media coverage.

The company's capital structure has proven to be solid, and its financial charges have fallen in line with the reduction in the net financial position.

Despite the unfavourable weather in May, management confirms its targets for the fiscal year 2016. The network expansion plan continued during the second quarter with an additional 14 new store openings, 3 of which directly operated.



OVS

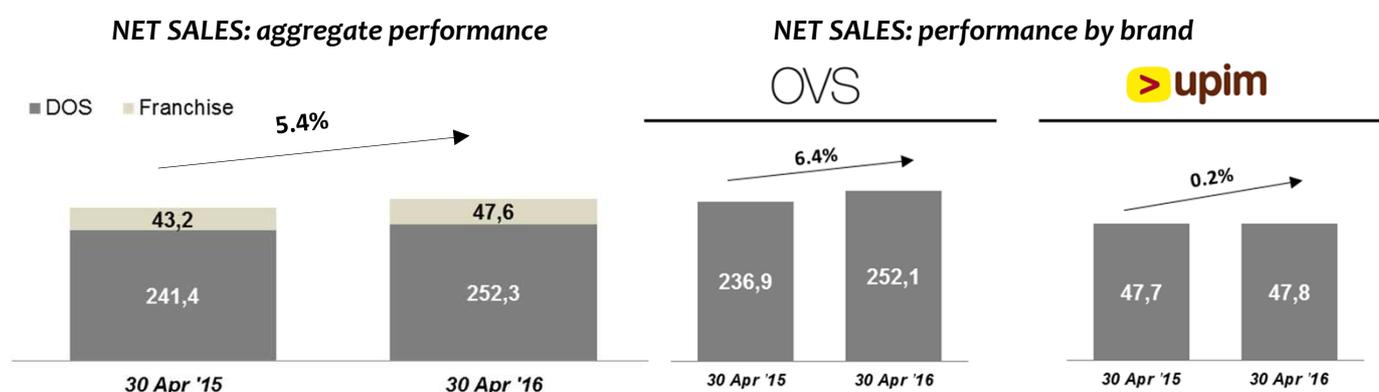
NET SALES

Total sales rose by €15.3 million, or 5.4%.

OVS saw a 6.4% increase in sales (up €15.2 million), mainly due to expansion of the network. The quarter was affected by cool and rainy weather in March, partly offset by an extra day (29 February).

UPIM sales essentially remained stable (up €0.1 million, or 0.2%), despite the closure of three stores, the format of which was unsuited to the new brand positioning. In the next few months, UPIM will start to feel the benefit of the new growth initiatives recently announced, with the opening of new directly operated stores.

+5.4%
The trend of growth
driven by development has
continued



EBITDA

EBITDA was €26.3 million (8.8% of net sales), up €2.8 million (11.9%) from the previous year's figure of €23.5 million (8.3% of net sales).

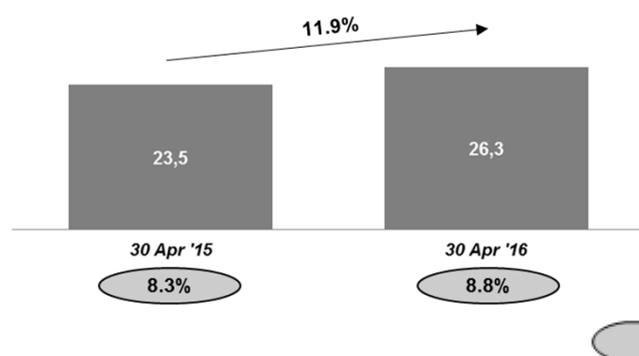
Both divisions made a positive contribution to the achievement of this result, benefiting from (i) improved margins from the directly operated network, (ii) the increased contribution to EBITDA, in both absolute terms and as a percentage, of the growing presence of the franchise channel in the sales mix, and (iii) improved operating leverage and specific cost saving initiatives (particularly on rents, energy and logistics).

The OVS brand registered an increase in EBITDA of €2.3 million (+30 basis points margin improvement), while UPIM recorded an increase in EBITDA of €0.4 million (around 100 bps margin improvement).

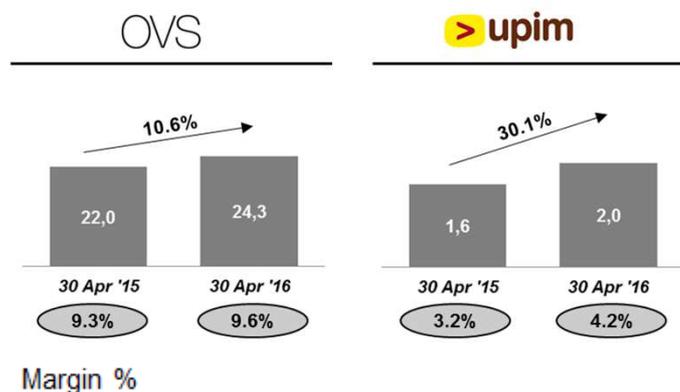
+11.9%
EBITDA
Higher sales, along with
improved margins and
operating leverage

OVS

EBITDA : aggregate performance



EBITDA: performance by brand



OPERATING INCOME

Operating income, at €14.4 million, was up by €2.1 million, or 17.7% year on year.

EARNINGS BEFORE TAX

Earnings before tax were €10.7 million, up €6.0 million year on year. This result was supported by the operating income and the significant €3.7 million reduction in financial charges year on year, when financial charges did not yet fully benefit from the reduction in debt relating to the IPO that took place on 2 March 2015, and the interest rate paid by the company after the IPO remained higher than the rate it is currently paying.

NET FINANCIAL POSITION

At 30 April 2016, the Group's net financial position was €319.3 million and the ratio of net financial position to EBITDA was 1.8x. As a result of the refinancing at the time of IPO, the average interest rate on debt decreased from 4.17% in the first quarter of 2015 to 3.01% in the first quarter of 2016.

€ mln	30 April '16	30 April '15
Net Debt	319.3	349.0
EBITDA LTM	182.4	161.2
Leverage on EBITDA	1.8x	2.2x



The Flagship Store in Naples



Arts of Italy, the new OVS capsule collection

CAPITAL STRUCTURE

The company's net invested capital of €1,135.2 million has increased by €75.1 million since 31 January 2016. The increase is mainly due to investments in new store openings (total capex €11.1 million in the first quarter of 2016) and the typically seasonal nature of the business, which has involved a temporary increase in net working capital (still negative at €21.7 million).



The Flagship Store in Milan

OPERATING CASH FLOW

Operating cash flow for the first quarter (-€59.4 million) also reflects the typically seasonal nature of the business and is in line with management expectations. The rise in absorption levels vs. 1Q15, when operating flows were -€44.8 million, is mainly due to the fact that trade payables in the period included important investments in logistics and the LED project. Inventories have remained stable, despite the significant increase in the number of stores, as a result of an improved rotation.



The Flagship Store in Turin



OTHER INFORMATION

Company information

OVS SpA is a registered Italian company (VAT number 04240010274), with its registered office in Mestre, Venice (Italy). OVS SpA shares have been listed on the Mercato Telematico Azionario in Milan since 2 March 2015.

Quarterly information

OVS S.p.A. informs that, following the entry into force on March 18, 2016 of the Italian Legislative Decree no. 25 of 15 February 2016, which eliminates, in accordance with the European Union's Transparency Directive, the obligation to publish interim management statements, the Company has decided to release on a voluntary basis a trading update for its first quarter key financial KPIs with the objective to maintain a timely and transparent dialogue with the financial community and key stakeholders on the Group's business dynamics.

While it is OVS S.p.A.'s intention to provide such information for the three-month periods ending April 30, OVS S.p.A. may decide to revise this communication choice at a later stage, also in the light of possible changes in the regulatory framework.

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.

Conference call to present the results

Tomorrow, 15 June 2016 at 15:00 local time (CET), a conference call will take place with analysts and investors during which the main results for the first quarter ended 30 April 2016 will be presented. The conference call can be followed on these numbers: +39 02 805 88 11 (from Italy); + 44 121 281 8003 (from the UK); +1 718 7058794 (from the US); or +39 02 8058827 (for journalists) using access code 885#. A presentation will be available and can be downloaded from the 'Investor Relations/Results and Presentations' section of the Company website at www.ovscorporate.it and from the 'info' storage mechanism at www.iinfo.it. A recording of the presentation will also be available on the same website, from the day after the meeting call.

Upcoming events in the financial calendar

Half-year Financial Report as at 31 July 2016

21 September 2016

Interim Report on Operations for the third quarter of the year to 31 October 2016

14 December 2016

For further information, contact:

Federico Steiner

Investor Relations

Barabino & Partners SpA
Email: f.steiner@barabino.it
Mob. +39-335-424278

investor.relations@ovs.it
Via Terraglio 17, 30174
Venice - Mestre

Disclaimer

- i) *The information presented in this document has not been audited.*
- ii) *The document may contain forward-looking statements relating to future events and OVS's operating, financial and income results. These forecasts, by their nature, involve risk and uncertainty, as they depend on future events and developments. The actual results may differ, sometimes substantially, from those announced, due to multiple factors.*