FY16 FINANCIAL RESULTS

April 18, 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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FY16 Highlights

Sales (€1,362.6m) grew by 3.3% driven by network expansion in a tough 2016 market

€186.7m EBITDA, €7.1m higher than 2015 (+3.9%), with EBITDA margin increasing to 13.7% of sales (+10 bps), as a result of (i) a higher GM and (ii) effective cost control activities

€121.6m EBT, €6.7m higher than FY15, benefitting from the improved EBITDA and lower financial expenses

Net profit of €91.8m (€0.40 EPS), up by €10.7m vs FY15, benefitting from (i) an improvement in the operating result and (ii) decreasing financial expenses

Over the year, network expanded by 35 full format DOS and 167 other stores (mainly Kids formats in franchising). The increase in terms of surface amounts to about +6% (normalized for the franchising network sell-in/out ratio)

Market share at 7.4% (+37bps vs. Dec 2015)

Proposed total dividends €34.05m, or €0.15 per share, representing a pay-out of 37.0%

+3.3%

Increase in Net Sales

+3.9%

EBITDA Growth

€91.8m

Net Income (€0.40 EPS)

+35

Full format DOS

+167 other stores

mainly kids in franchising

Source: Sita Ricerca for market share

Key Income Statement Items
Sales and profitability growth driven by network development

Key Metrics*	FY16 € mln	FY16 % of Net Sales	FY15 € mln	FY15 % of Net Sales	Growth
Net Sales	1,362.6		1,319.5		*3.3%*
EBITDA	186.7	*13.7%*	179.6	*13.6%*	*3.9%*
EBIT	136.2	*10.0%*	130.0	*9.8%*	*4.8%*
PBT	121.6	*8.9%*	114.9	*8.7%*	*5.8%*
Net Profit	91.8	*6.7%*	81.1	*6.1%*	*13.2%*

- FY16 Net Sales increased by 3.3% driven by network expansion, while like-for-like sales closed in line with 1H16 results (-3.2%), reflecting the tough external FY16 market conditions, particularly unfavorable in May and September, which represent key months for OVS' turnover.
- Positive performance of UPIM brand both in terms of sales and EBITDA following (i) the success of the brand's repositioning and (ii) the expansion of the kids franchising network.
- EBITDA increased by 3.9% vs. FY15 and EBITDA margin grew by approx. 10bps to 13.7%, tempered by negative Like-for-like and driven by (i) operating leverage due to cost control activities (savings on rent costs and on energy expenses, thanks to the LED project) and (ii) improved gross margin (as a results of sourcing reshoring activities and improved distribution)
- PBT increased by €6.7m and net income improved by €10.7m, thanks to (i) positive operating results and (ii) slightly decreasing financial interests.

(*) Excluding extraordinary costs

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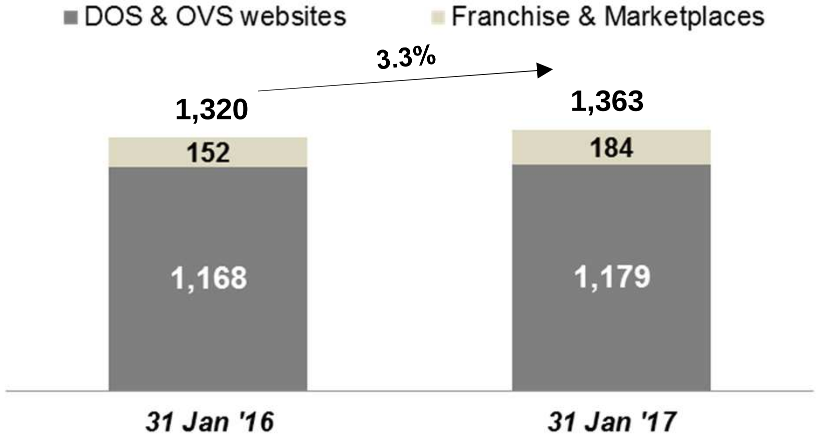
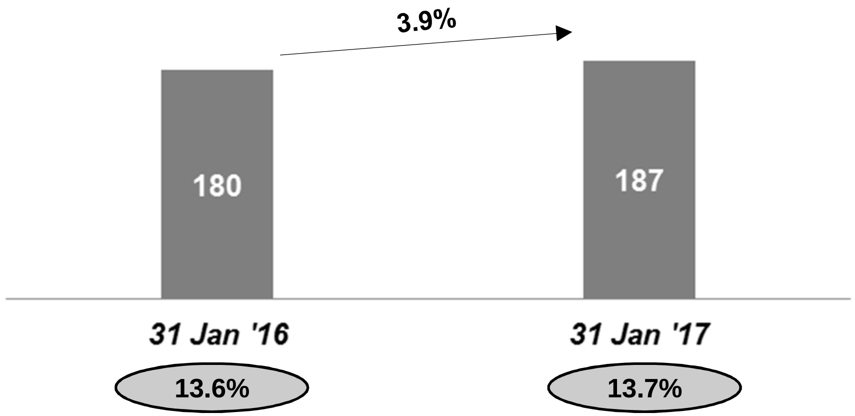
Sales and EBITDA Performance in FY16

Aggregate Performance

Net Sales (€mln)



EBITDA (€mln)



Performance By Brand

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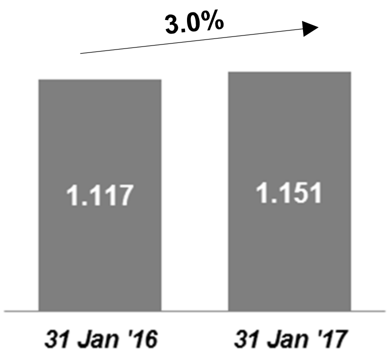
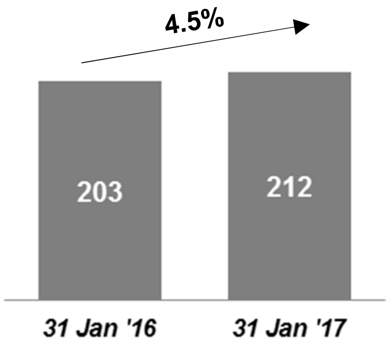


upim



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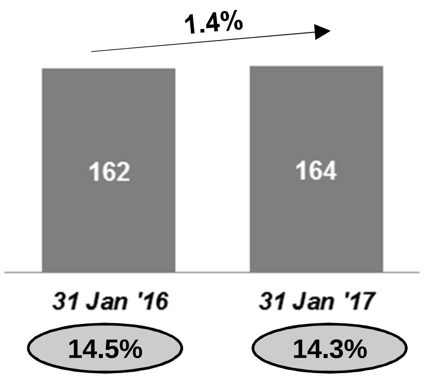
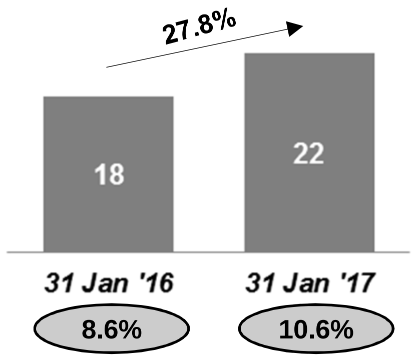


upim



Margin %

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Consolidated Net Working Capital

€ mln	31 January '17	31 January '16	Change
Trade Receivables	75.3	71.0	4.2
Inventory	340.6	289.7	50.9
Trade Payables	(367.7)	(368.8)	1.2
Net Working Capital	**48.2**	**(8.1)**	**56.3**

- The working capital increased vs. January last year:
  - Higher trade receivables (+€4.2m vs 31 January 2016) as a result of the development of the network (with stable average collection periods).
  - Growth in inventory caused by (i) the acceleration in the network expansion, both in Italy and abroad, (ii) the development of the commercial plan agreed with Charles Vögele and (iii) unfavourable weather conditions that impacted 2016 market. A sizable amount of this increase will be absorbed by good sales of February, pilot stores and the conversion of Charles Voegele’s network.
  - Trade payables substantially in line with last year (+€1.2m vs 31 January 2016).

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Capex

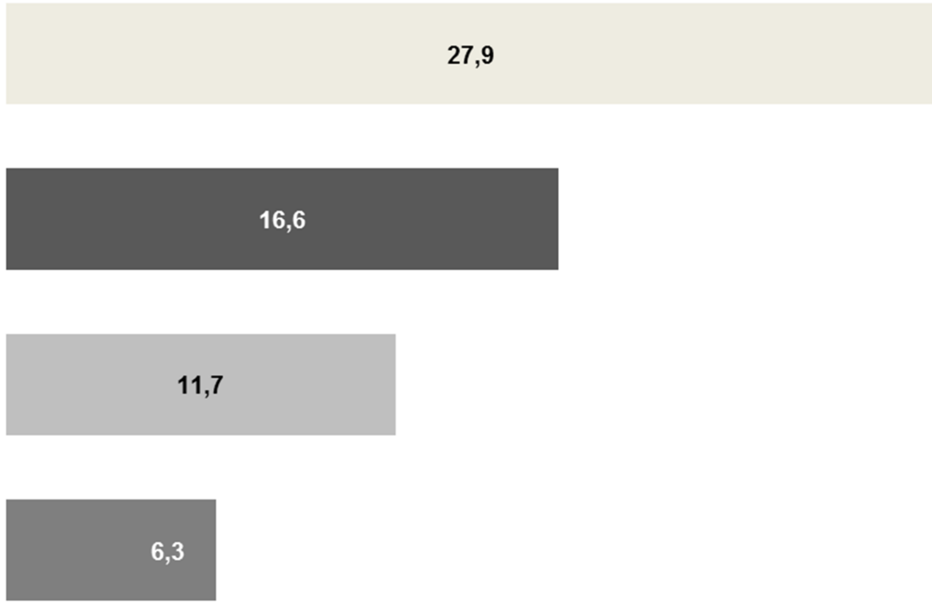
FY 2016 Capex breakdown (*€ mln)*

New openings (c. 45% of total)

Refurbishment and maintenance of existing network (c. 27%)

IT and special projects (c. 19%), mainly related to operational projects

Capex for the maintenance of the **headquarter building, logistics** and others



Total €62.5m

Net Debt and Leverage

€ mln	31 January '17	31 January '16
Net Debt	265.8	235.0
EBITDA LTM	186.7	179.6
Leverage	1.4x	1.3x

- As of 31st January 2017 net debt was slightly higher vs. last year, given (i) the €34m dividend pay out in June 2016, (ii) the payment of higher taxes vs FY15, despite a decreasing tax rate (tax advances were not due last year) and (iii) the investment of CHF14.1m (€13.8m) in Sempione Retail AG.
- The average interest rate was 2.6% in FY16 vs 3.4% in FY15.

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Consolidated Cash Flow Statement

Operating cash flow for the year reached €75.2m.

The increase in operating working capital is mainly related to (i) the development of the network, (ii) the international expansion through the Charles Vögele deal and (iii) unfavourable market conditions.

€ mln	FY16	FY15
EBITDA	**186.7**	**179.6**
Change in Net Working Capital	(56.3)	(5.6)
Change in other assets (liabilities)	7.3	12.4
Capex	(62.5)	(68.3)
Operating Cash Flow	**75.2**	**118.0**
Financial Expenses	(15.3)	(20.2)
TFR (Employees' leaving indemnity)	(2.1)	(2.5)
Taxes	(36.6)	(20.5)
IPO costs (excl. bank commissions)	0.0	(3.6)
IPO proceeds (net of bank fees)	0.0	349.1
Dividends	(34.1)	
Participation in Sempione Retail AG	(13.8)	
Other	(3.2)	(6.1)
Net Cash Flow (before MtM derivatives and amortized costs)	**(29.9)**	**414.1**
Change in MtM derivatives and amortized cost	(0.9)	(24.7)
Cumulated Net Cash Flow	**(30.8)**	**389.4**

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Outlook

- Positive top line performance in the first months of 2017 thanks to (i) more favorable weather conditions vs 2016 and (ii) new commercial initiatives.
- The network continued to expand in the first months of the year: +37 stores, including 8 DOS.
- The action taken in 2016 with the acquisition of the minority stake continued with the formalization of the business agreement with Charles Vögele. Under this agreement:
  - (i) the parties agreed to start the progressive conversion of Charles Vögele stores to the OVS and Upim format with investments borne by the Swiss company. The plan provides for the conversion of over 300 stores in Switzerland, Austria, Hungary and Slovenia, to the OVS and Upim brands by the end of 2018.
  - (ii) OVS will benefit from the payment of royalties equal to 3% of the net sales generated by the stores from the conversion date, as well as from the relevant synergies generated by the increased purchase volumes.
- The process of disposing part of the German network is under going. The cost rationalization phase has already been launched in Switzerland, enabling Charles Vögele to significantly improve the operating leverage. The results of the rationalization process are currently in line with forecasts. A this regard the redundancy process has been already been accomplished.
- The Charles Vögele transaction will allow for significant acceleration in the international expansion of the OVS SpA Group, with an extremely limited financial risk.
- From 16 December 2019, OVS will be able to exercise a call option to purchase another 44.5% stake in Sempione Retail at the OVS multiple at the option exercise date, discounted by 25%.
- In the first months of 2017, pilot stores were opened to test the format and the product offering, in order to gather all the feedback from the various markets, in view of the major conversion phase scheduled to begin in the summer of 2017; the first results and feedbacks are very encouraging. Sales EBITDA and cash generation are overall above the expectations.
- The management is looking ahead to the new year with confidence and conviction for its strategy and believes that its proven ability to execute and react in a costantly changing and increasingly competitive market, will result in sustainable and remunerative growth in 2017.

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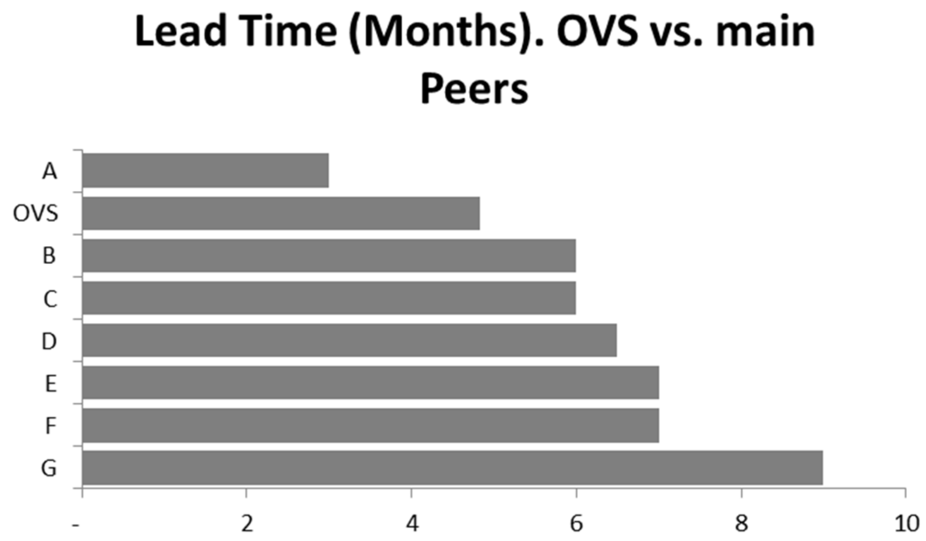
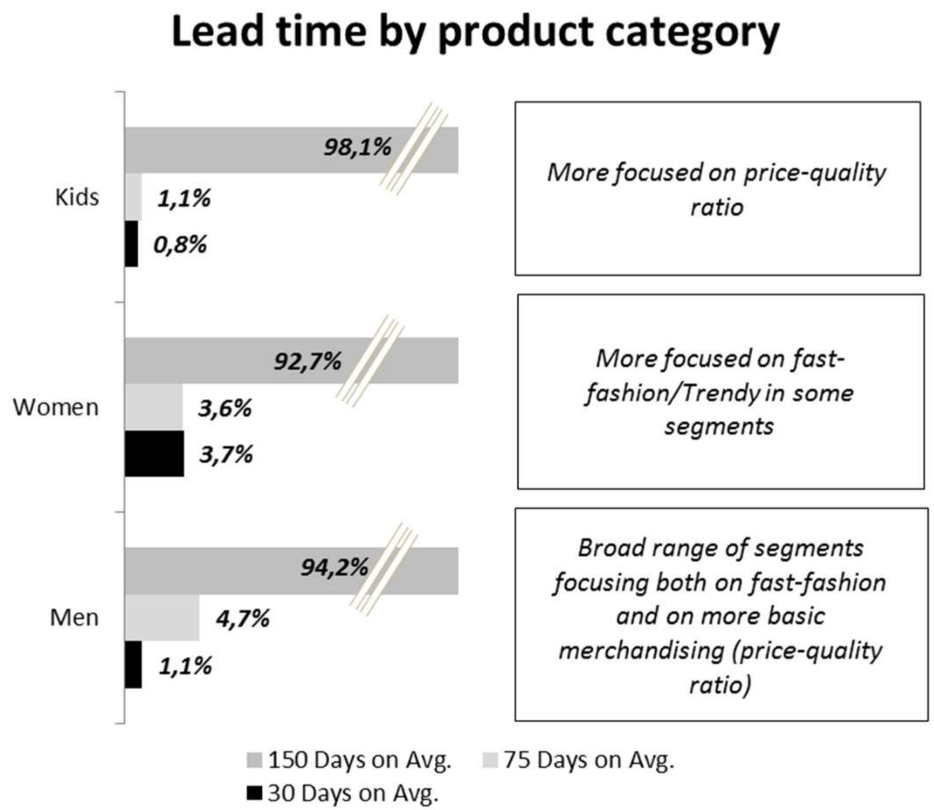
Appendix

OVS Lead times

*The average OVS Lead time is **145 days**. The average lead time is estimated to decrease by about 30 days after the fully completion of the PLM roll-out (Product Life Cycle Management). Fast fashion and Speedy orders are characterized by lead times that go from 2 to 9 weeks.*



Source on competitors data: Goldman Sachs Global Investment Research



Analyzing the main competitors' capacity to address a flexible/short lead-time business model, OVS is just below one of its peers, and is envisaged to almost achieve the same supply chain performance by 2018.

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P&L Adjustments Bridge 1/2

€ mln	31-Jan-17 Reported	o/w non-Recurring	o/w Stock Options, Derivatives and PPA	31-Jan-17 Adjusted	31-Jan-16 Reported	o/w non-Recurring	o/w Stock Options, Derivatives and PPA	31-Jan-16 Adjusted
Net Sales	**1362.6**			**1362.6**	**1,319.5**			**1,319.5**
Purchases of consumables	576.8			576.8	565.0			565.0
Gross Margin	**785.8**			**785.8**	**754.5**			**754.5**
Gross Margin %	*57.7%*			*57.7%*	*57.2%*			*57.2%*
Personnel Cost	277.8	0.2	2.5	275.2	261.9	0.3	1.4	260.2
Services	176.3	0.9		175.4	171.6	2.1		169.5
Rents Net of Other Income	126.0			126.0	124.5	1.0		123.5
Write-downs and Accruals	1.2			1.2	1.8			1.8
Other Operating Charges	24.1	2.7		21.4	23.4	3.6		19.8
EBITDA	**180.4**	**(3.8)**	**(2.5)**	**186.7**	**171.3**	**(6.9)**	**(1.4)**	**179.6**
EBITDA%	*13.2%*			*13.7%*	*13.0%*			*13.6%*
Depreciation & Amortization	59.0		8.6	50.4	58.2		8.6	49.6
EBIT	**121.3**	**(3.8)**	**(11.1)**	**136.2**	**113.1**	**(6.9)**	**(10.0)**	**130.0**
EBIT %	*8.9%*			*10.0%*	*8.6%*			*9.8%*
Net Financial Income/(Charges)	15.6		(0.9)	14.6	14.6	(6.8)	7.2	15.0
PBT	**105.8**	**(3.8)**	**(12.0)**	**121.6**	**98.5**	**(13.7)**	**(2.8)**	**114.9**
Taxes	27.8	1.0	0.9	29.8	11.9	23.5	(1.6)	33.8
Net Income	**78.0**	**(2.8)**	**(11.1)**	**91.8**	**86.6**	**9.9**	**(4.3)**	**81.1**

P&L Adjustments Bridge 2/2

Non-recurring items

To give a clearer representation of the financial performance of the OVS Group, the income statement information shown for 2016 has been adjusted for: i) non-recurring expenses of €2.8 million, mainly related to costs incurred for M&A activities; ii) other normalizing elements relating to the accounting treatment of stock options (“non-cash” expenses of €2.5 million), iii) currency derivatives for which mark-to-market accounting is required (costs of €0.9 million), and iv) amortisation of intangible assets related to PPA (€8.6 million). In the same way, the comparative figures for 2015 do not include: i) non-recurring net income of €9.9 million, mainly deriving from tax entries (€19.7 million relating to the “non-cash” impact of the release of deferred tax liabilities due to the announced reduction in the IRES rate in 2017), partly offset by costs associated with the IPO (€3.6 million) and with the simultaneous refinancing of the company (€6.8 million in financial fees); ii) other normalising elements relating to the accounting treatment of stock options ("non-cash" expenses of €1.4 million) and currency derivatives, for which mark-to-market accounting is required, resulting in high volatility (revenue of €7.2 million) and the relative tax effect (€1.6 million); and iii) amortisation of intangible assets relating to PPA of €8.6 million.

Net Profit in 2016, not adjusted for the above elements, was €78.0 million.

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Consolidated Balance Sheet Statement

€ mln	31 January '17	31 January '16	Delta
Trade Receivables	75.3	71.0	4.2
Inventory	340.6	289.7	50.9
Trade Payables	(367.7)	(368.8)	1.2
Net Operating Working Capital	**48.2**	**(8.1)**	**56.3**
Other Short-term Non-financial Receivables (Payables)	(79.0)	(91.3)	12.3
Net Working Capital	**(30.9)**	**(99.5)**	**68.6**
Net Assets	1,368.9	1,357.2	11.7
Net Deferred Taxes	(140.9)	(142.7)	1.8
Other Short-term Non-financial Receivables (Payables)	(11.8)	(6.1)	(5.7)
Severance Indemnity Provision and Other Provisions	(47.7)	(48.7)	1.1
Net Invested Capital	**1,137.6**	**1,060.1**	**77.5**
Equity	871.7	825.1	46.7
Net Debt	265.8	235.0	30.8
Total Sources of Funding	**1,137.6**	**1,060.1**	**77.5**