OVS

Increasing market share. Net Sales at Euro 1,392 million. EBITDA of Euro 144 million. Net Financial Position of Euro 376 million.

The Board of Directors met today in Milan and approved the results for financial year 2018 (1 February 2018 – 31 January 2019)

- ✓ **Market share** continues to increase, from 7.8% to **8%**.
- ✓ **Sales** were almost stable (-1.7% to **€1,391.6 million** excluding the sell-in to the former Sempione Fashion Group). The slight reduction is due to a very negative market trend, also due to the extraordinarily adverse weather conditions in the second part of the year. Strong growth of online sales (up 87% to €16 million), which although still a marginal part of the business, accelerated far more than the performance of the related market. International organic sales also grew (+18% to almost €70 million).
- ✓ **Adjusted EBITDA** of **€144.2 million** (-26.6% compared to the previous year), with a reduction born entirely in the second half of the year due to (i) extraordinary weather conditions until mid-November, and (ii) high mark-downs made necessary to avoid excess of stock, as well as the fact that high temperatures have normalized only during the "Black Friday" week, with a consequent impact on margins. Reported Ebitda of €74.4 million, mainly affected by the write-downs of the Balance sheet items relating to the former Swiss Group Sempione Fashion. As far as we know, the financial impact of non-recurring expenses was fully completed in 2018.
- ✓ The **adjusted net income** was **€55.2 million**, down by €51.3 million, reflecting the decrease in EBITDA. The reported net result was €25.3 million, up €20.2 million compared with the previous year, mainly due to a positive mark-to-market effect (which was negative in 2017).
- ✓ **Adjusted net financial position** of **€375.8 million** (€364.9 million, taking into account the positive mark-to-market impact of €10.8 million). The difference in net financial position compared with the previous year, which stood at €105.6 million at the end of the third quarter of 2018, decreased to €57.8 million, reflecting a cash generation of €64.7 million in the fourth quarter of 2018 alone (it was €16.9 million in the previous year).

Key consolidated economic and financial results

The table shows both adjusted and reported results to represent the Group's operating performance net of non-recurring events which are unrelated to ordinary operations. The adjusted results therefore enable a uniform analysis of performance in the periods indicated.
For details of non-recurring items unrelated to the core business, see pages 13 and 14 of the document.

€ mln	31.01.2019 Reported	31.01.2019 Adjusted	31.01.2018 Reported	31.01.2018 Adjusted	*Chg. (Adjusted)*	*Chg. % (Adjusted)*
Net Sales	1,457.2	1,457.2	1,525.7	1,525.7	(68.5)	(4.5%)
Net Sales*	**1,391.6**	**1,391.6**	**1,415.1**	**1,415.1**	**(23.4)**	**(1.7%)**
Gross Margin	789.7	**791.6**	824.3	**828.8**	(37.2)	(4.5%)
GM%	56.7%	56.9%	58.2%	58.6%		(169ppt)
EBITDA	74.4	**144.2**	174.8	**196.5**	(52.3)	(26.6%)
EBITDA%	5.3%	10.4%	12.3%	13.9%		(352ppt)
EBIT	7.2	**85.6**	112.0	**142.4**	(56.7)	(39.8%)
EBIT%	0.5%	6.2%	7.9%	10.1%		(391ppt)
PBT	32.8	**67.9**	9.5	**133.6**	(65.7)	(49.1%)
Net Income	25.3	**55.2**	5.1	**106.5**	(51.3)	(48.2%)
Net Financial Position	364.9	**375.8**	377.8	**317.9**	57.8	
Market Share	8.0%		7.8%			+12ppt

(*) In order to give a picture of the organic business and make it comparable to the previous year, the net sales figure used to calculate the financial KPIs was adjusted to exclude sales under the service contract with the former Swiss Group Sempione Fashion.

Business performance

The first half of the year was characterized by substantial stability in sales and margins, and by an increase in working capital largely arising from the stock originally destinated to the former Swiss Sempione Fashion Group. The second part of the year, on the other hand, saw a decline in turnover up to mid November, when finally temperatures went down to seasonal averages. Sales in the "kids" segment, pillar in Group's performance, were even more affected by the lack of season change, especially in the "back to school" period. Overall, sales on a like-for-like basis fell by 5% in the last twelve months.

In the second half of the year, we decided to increase the mark-downs leveraging the two periods usually dedicated to sales in the Italian market: August and January. Thanks to that, we managed to invert the trend in the inventory level, which translated, also due to declining sales, into a lower EBITDA compared to the same period of previous year. However, also thanks to lower purchases, it allowed a strong cash generation.

At year-end, inventory is still slightly higher than in the previous year (+6%): however, its level and composition improved considerably compared with the first half of the year, and even more so than in the third quarter, when tough seasonal performance prevented the visibility of the progress of the actions already implemented.

The Group's net debt, after being impacted by the worsening of the commercial relationship with former Sempione Fashion Group until the end of the third quarter, benefited from a fourth quarter that reflected the good cash generation, also thanks to the stock rationalisation. The net financial position at year end was €375.8 million, reflecting cash generation of €64.7 million in the fourth quarter only, compared with €16.9 million in the fourth quarter of 2017, thus reducing the gap compared with the previous year from €105.6 million at 31 October 2018 to €57.8 million in January 2019. As of today the situation is further improved.

In 2018, the network grew by 123 stores between Italy and abroad, out of which 14 Full format DOS in Italy and 109 franchising stores mainly in kids format; the overall network is now made up of 1,747 stores, out of which 763 directly managed.

2019 Outlook

***OVS** will open new stores both directly operated and in franchising, and will continue the refurbishment of the network. Stores renovated in 2018 and beginning 2019 are delivering very positive results.*

*Also **Upim**, brand with a format more suitable to neighborhood locations, will continue to grow, through both directly operated stores and franchising. In the latter case, openings in small catchment areas are confirming the expected excellent results, thanks to the capacity of Upim to offer to residents a modern and efficient format, with high profitability, also given the lower competition. In addition, it is confirmed the opportunity to capture a relevant macro trend, such as the difficulty of hypermarkets in offering a sufficiently specialised wideness of assortment and price-quality ratio. In this respect, we have recently signed an important commercial agreement with **Finiper**, one of the largest and most renowned hypermarket chains. In this regard, we have recently opened three new Upim shops within the hypermarkets' shop floors, with encouraging results.*

Blukids store inside Verona's Iper

These stores, that add up to the three already within the Panorama hypermarkets, represent the proof of an opportunity that we should be able to capture better than other players.

The international expansion will continue mostly with new openings in franchising.

Our digital evolution is making rapid progress. By now more than 50% of sales in brick and mortar stores are anticipated by an on-line search and about 50% of products sold through the e-commerce are collected in physical stores. The integration of digital and physical channels are already allowing us to increase the touch-points with customers moving towards a one-to-one relation.

The central role of customers and optimum understanding of their needs, supported by the ever-more analytical interpretation provided by digital innovation and CRM, encourage us to continue to evolve merchandising towards the values that our customers hold most dear. Entry price, which we will pay constant attention to, is not and will not be the only reason to prefer our product; we have already introduced, with very encouraging feedback, some premium quality products keeping the optimal price-quality ratio for which we are renowned. We will continue along this path, supported by a consistent communication that will highlight not only the convenience of our offer, for which we have always been recognised, but also products' quality.

We believe that margins could gradually improve over 2019, as we expect the markdowns carried out in 2018 to gradually decrease from quarter to quarter. However, the contraction of the market has obliged us to focus further on cost rationalisation. Technological innovation related to certain processes, improvements in logistics and the simplification of many procedures, together with increased flexibility and the reduction in stock, have enabled us to plan a reduction in general costs in 2019, to which we intend to add a reduction in rents in order to align at least partially lease values to the market conditions.

Thanks also to contributions from real estate owners to store restructuring and the increasingly complete finishing level that we require to properties as a condition for the opening of a store, we anticipate a significant reduction in investments, while maintaining those dedicated to technological innovation with particular regard to the digital experience, CRM and supporting the flexibility of our operations.

We expect 2019 with like-for-like sales slightly negative, given our determination to reduce planned purchases which will allow us to continue reducing the stock level and improving its quality. The consequent lower mark downs together with cost saving initiatives lay the basis for the expectation of a partial recovery of EBITDA compared to the past year and a good cash generation.

The transfer of shares of our company from BC Partners to TIP, brought a new structure for the Group's equity base, characterised by the presence of a strategic investor oriented towards achieving growth objectives.

NET SALES

Total sales for the year (excluding the sell-in to the former Group Sempione Fashion) decreased by €23.4 million, or -1.7%, reflecting a performance that in the second half of the year, as anticipated, was affected by extremely mild temperatures that lasted until the end of November, resulting in a marked decrease in traffic throughout the whole apparel sector.

Most affected the OVS brand, which was hit also by the negative performance of the kid's component, a decisive factor for the brand: due to the high temperatures in September and October (the "back to school" period), there was not the usual surge in "wardrobe renewing" purchases.

Upim continued to grow, due to the greater expansion of the network, and also benefited from non-seasonal sales of goods. The brand gained +5.1% in total on the previous year.

(in EurM)	31 January '19	31 January '18	Chg. (Adjusted) Eur/mln	Chg. % (Adjusted)
Total Net Sales	**1,391.6**	**1,415.1**	(23.4)	(1.7%)
Breakdown by channel:				
DOS & E-commerce	1,161.8	1,205.0	(43.1)	(3.6%)
as % on total	*83.5%*	*85.2%*		
Franchise & Marketplaces	229.8	210.1	19.7	9.4%
as % on total	*16.5%*	*14.8%*		
Breakdown by brand:				
OVS	1,151.1	1,186.3	(35.2)	(3.0%)
UPIM	240.5	228.8	11.8	5.1%

Note: Net sales exclude the sell-in to the former Swiss Group Sempione Fashion.

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EBITDA

EBITDA, adjusted as usual to better reflect the company's normalized operating performance, was €144.2 million, down €52.3 million compared with €196.5 million in 2017. The loss of EBITDA was entirely attributable to the second half of the year, when there was a significant reduction in store traffic in the exceptionally mild months of September, October and November. The adverse weather trends and the stock surplus experienced by the entire industry, in addition to the goods not sent to the former Swiss customer, resulted in a high level of promotional activity that affected the second half of the year, but which at the same time allowed the year to end with a decrease in stock of €31.5 million compared with the third quarter of the year. To mitigate the effect of lower sales, the company has activated and obtained some savings on fixed costs.

(in EurM)	**31 January '19**	**31 January '18**	**Chg. (Adjusted) Eur/mln**	**Chg. % (Adjusted)**
Total EBITDA	**144.2**	**196.5**	**(52.3)**	**(26.6%)**
as % on net sales	10.4%	13.9%	(352 ppt)	
Breakdown by brand:				
OVS	118.9	169.9	(51.0)	(30.0%)
as % on net sales	10.3%	14.3%	(399 ppt)	
UPIM	25.3	26.6	(1.3)	(4.7%)
as % on net sales	10.5%	11.6%	(109 ppt)	

Note: EBITDA margin is calculated excluding the sell-in to the former Group Sempione Fashion.

NET INCOME

The adjusted net income was €55.2 million, down €51.3 million compared with FY17, reflecting the decrease in EBITDA and some positive and negative components compared with the previous year, and specifically: (i) higher depreciation and amortisation, (ii) non-operating expenses due to the EUR/USD exchange rate reflecting timing effects and, to a lesser extent, higher financial expenses, and (iii) a decrease in the tax rate, due to the benefits deriving from the Patent Box and from Research and Development. The reported net result was up by around €20.2 million compared with the previous year, mainly thanks to a better hedging of the EUR/USD exchange rate at 31 January 2019.

STATEMENT OF CASH FLOW SUMMARY

€mln	31 January '19	31 January '18
EBITDA Adjusted	**144.2**	**196.5**
Adjustments[1]	(69.8)	(21.7)
EBITDA Reported	**74.4**	**174.8**
Change in Net Operating Working Capital	(60.9)	(49.3)
Other changes in Working Capital	21.6	9.9
Capex, net of proceeds from HQ disposal	(60.9)	(68.0)
Operating Cash Flow	**(25.8)**	**67.3**
Financial charges	(14.9)	(14.2)
Corporate taxes	(17.1)	(48.3)
Dividends	0.0	(34.1)
Depreciation Fin Receiv Sempione Retail AG	0.0	(5.5)
Net Cash Flow excl derivatives MtM and amortised costs	**(57.8)**	**(34.7)**
MtM derivatives, amortized cost and exchange differences	70.6	(77.3)
Net cash flow	**12.8**	**(112.0)**

1. Please refer to pages 13 and 14 for details.

Trade working capital absorbed €11.6 million more than in the previous year. Unlike last year, however, this absorption was the result of a negative initial phase and a strong recovery in the second part of the year. This recovery will also be visible in the following months, thanks mainly to lower purchases and greater flexibility. Investments for the year amounted to €80.7 million, but approximately €18 million, relating to the refurbishments carried out, were realised through the use of a vendor financing, the cash out of which is expected to be in line with the growth in EBITDA at the store level in the next three years.

In the fourth quarter, the external impacts on the Group's business no longer existed, while the inventory disposal level continued along with lower purchases: this resulted in the company generating €64.7 million in cash in the last three months of the year only.

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NET FINANCIAL POSITION

€ mln	31st January 2019	31st January 2018
Net Debt	364.9	377.8
Net Debt Excluding MtM (*)	375.8	317.9
EBITDA LTM Adjusted	144.2	196.5
Leverage on EBITDA (**)	2.6x	1.6x
Average Leverage on EBITDA (***)	2.97x	1.73x

(*) Net Debt at 31st January excluding the MtM impact of €10.8m.

(**) Calculated on Net Debt at 31st January excluding the MtM.

(***) Calculated on the average last 12 months Net Deb excluding the MtM.

At 31 January 2019, the Group's adjusted net financial position was €375.8 million, net of the mark-to-market effect of €10.8 million. Cash generated in the last quarter of the 2018 amounted to €64.7 million vs. the €16.9 million of the fourth quarter of 2017 (+€47.8 million), reflecting a significant improvement. Adjusted net debt was €57.8 million higher than at 31 January 2018, down significantly compared with the gap reported at the end of the third quarter, when it amounted to €105.6 million. The improvement in cash generation compared to one year ago has continued: the gap compared with the previous year is decreasing even further.

The ratio of the average net financial position over the last 12 months (excluding the mark-to-market effect) to adjusted EBITDA is 2.97x, up from 2017. This increase will result in the application of a spot interest rate of 3.00% + Euribor 3M in 2019 (previously 2.50% + Euribor 3M).

BALANCE SHEET SUMMARY

€mln	31 January '19	31 January '18
Trade Receivables	98.4	113.0
Inventory	411.0	387.9
Trade Payables	(351.0)	(403.4)
Net Operating Working Capital	**158.4**	**97.5**
Other assets/(liabilities)	(86.3)	(51.2)
Net Working Capital	**72.1**	**46.3**
Tangible and Intangible Assets	1,359.5	1,365.8
Net deferred taxes	(124.4)	(134.3)
Other long term assets/(liabilities)	(31.4)	(14.7)
Pension funds and other provisions	(43.2)	(43.7)
Net Capital Employed	**1,232.6**	**1,219.5**
Net Equity	867.7	841.7
Net Financial Debt	364.9	377.8
Total source of financing	**1,232.6**	**1,219.5**

***Net invested capital** increased by €13.1 million to €1,232.6 million, mainly due to the increase in commercial working capital. Equity thus increased by €26.0 million, while net debt decreased by €12.9 million. Net fixed assets (including intangible assets and goodwill, totalling €1,085 million) were tested for impairment, as per policy, which confirmed the carrying amount recognised in the financial statements.*

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PROPOSED ALLOCATION OF NET RESULT FOR THE YEAR

The Board of Directors has resolved not to propose the payment of dividends to the Shareholders' Meeting.

NON-FINANCIAL DECLARATION PURSUANT TO LEGISLATIVE DECREE 254 OF 30 DECEMBER 2016

The Board has reviewed the non-financial declaration pursuant to Legislative Decree 254 of 30 December 2016, included in the financial statements at 31 January 2019.

The declaration, which was drawn up pursuant to GRI (Global Reporting Initiative) standards, describes the main social, environmental and economic activities carried out in 2018, and publicly discloses the medium/long-term objectives of the Sustainability Plan, demonstrating the Company's aim of growing and developing while taking the interests of a range of stakeholders into consideration.

The declaration, which is included in the financial statements, will be made public according to the procedures and deadlines required by law.

2019-2022 STOCK OPTION PLAN

The Board has also defined, at the recommendation of the Nomination and Remuneration Committee, general guidelines for a new "2019-2022 Stock Option Plan" (hereinafter, the "Plan"), to be implemented through the free assignment of options to subscribe for newly issued ordinary shares of OVS SpA. The Plan is reserved for directors who are also employees, managers with strategic responsibilities and/or other employees of OVS SpA and its subsidiaries pursuant to Article 93 of Legislative Decree 58 of 24 February 1998 ("TUF"), who will be identified by the Board of Directors, after consulting the Nomination and Remuneration Committee, from among those individuals who perform a key role in the achievement of the Company's strategic objectives (hereinafter, the "Beneficiaries").

The Plan is aimed at creating value for shareholders through the commitment of key persons to improving company performance, while also ensuring adequate attention to the pursuit of long-term objectives of the Company.

The Plan provides that a maximum of 5,000,000 options will be issued, which will be freely allocated to the Beneficiaries. Each Beneficiary may exercise the options effectively accrued depending on the achievement of a condition of access to the Plan (gate €2.5 minimum per share) and a performance condition linked to a predefined value of three-year cumulative EBITDA (2019-2021) set at €550 million (applying the accounting principles in force at January 31, 2019). This objective is also considered relevant in light of the current market situation. Each Option will confer on each Beneficiary the right to subscribe for one ordinary share of the Company for each option assigned. The exercise price of the Shares is set at €1.85. If the arithmetic average recorded by the OVS stock price in the 30 calendar days prior to the date of assignment of the options to the beneficiaries by the Board of Directors were greater than € 1.85, the exercise price will be equal to that average. The percentage of dilution of the share capital deriving from the third stock option plan, proposed for the three-year period, is equal to 2.2%. If this percentage is added to those generated by the first two stock option plans, currently in place, a total dilution percentage of the share capital of 4.9% is reached. In theory the sum of the three plans would have determined a percentage of dilution equal to 6.25%, but part of the options of the first two plans has decayed and therefore they can no longer be reassigned; therefore the total effective dilution is limited to 4.9%. The reasons for this partial forfeiture of the options provided by the first two plans are the following: failure to vest the rights of the two first plans in relation to the results of the 2018 financial year; partial accrual of the rights of the second plan in relation to the results of the 2017 financial year; loss of rights by beneficiaries who have terminated the employment relationship with the Company. The information document on the characteristics of the Plan will be made public within the legal deadlines before the Shareholders' Meeting called to approve the Plan and convened by today's meeting of the Board of Directors for 31 May 2019. Decisions concerning the implementation of the Plan will be made public pursuant to Article 84-bis of the Issuers' Regulation. The same meeting was also convened in an extraordinary session to resolve upon the proposal to give the Board of Directors, for a period of a maximum period of five years from the date of the resolution, the power to increase the share capital, pursuant to Article 2443 of the Italian Civil Code, in tranches, excluding option rights pursuant to Article 2441, paragraph 8 of the Italian Civil Code, for a total maximum nominal amount of €5,000,000.00, through the issue, in one or more tranches, of up to 5,000,000 ordinary shares with no par value, to be reserved for the beneficiaries of the Stock Option Plan 2019 – 2022, with the consequent amendment of Article 5 of the Articles of Association.

AUTHORISATION TO PURCHASE AND DISPOSE OF TREASURY SHARES

The Board resolved to propose that the Ordinary Shareholders' Meeting authorise the purchase and sale of the Company's treasury shares, pursuant to and for the purposes of the legislations subsequently amended and supplemented, subject to revocation of the previous authorisation granted by the Ordinary Shareholders' Meeting on 31 May 2018, which was partially unexecuted.

The above request for authorisation to purchase and sell treasury shares, which is the subject of this proposal, is intended to enable the Company to purchase and sell ordinary shares, in strict compliance with current Community and national legislation and in accordance with market practice, from time to time admitted pursuant to Article 13 of the MAR, for the following purposes: i) the undertaking, directly or through intermediaries, of any investment transactions, including those aimed to contain anomalous movements in prices, regularise trading and price performance and support the liquidity of the security on the market, in order to facilitate the orderly conduct of trading outside normal changes related to market performance, in all cases without prejudice to compliance with current provisions; ii) retention for subsequent uses (the creation of a "securities warehouse"), including: as consideration in extraordinary transactions, including exchanges or disposals of equity investments to be carried out by means of exchange, transfer or other instrument of disposal and/or use, with other entities, including allocation to the service of bonds convertible into shares of the Company or bonds with warrants; and iii) to service compensation and incentive plans based on financial instruments reserved for the directors and employees of the Company and/or the companies directly or indirectly controlled by the Company, either through the granting of free purchase options or free shares (stock option plans and stock grant plans) pursuant to Article 114-bis of the TUF, as well as plans for the allocation of bonus shares to shareholders.

The Shareholders' Meeting will also be asked to authorise the purchase, for a period of 18 months starting from the date when the Sahreholder's Meeting approves, in one or more tranches, of ordinary shares with no par value, up to a maximum number that, taking into account the ordinary shares held from time to time by the Company and its subsidiaries, will not exceed, in total, 10% of the Company's share capital. Purchases of treasury shares will, however, take place within the limits of the distributable earnings and available reserves recorded in the latest financial statements approved at the time of each transaction. The amount paid or received for the purchase and sale of treasury shares will be recorded directly in shareholders' equity, pursuant to accounting standard IAS 32 and, in any event, will be recognised according to the procedures provided for by the law and regulations from time to time in force.

The price of each share shall be no less than the official stock market price of the OVS shares registered on the day prior to the purchase date minus 15%, and no higher than the official stock market price registered on the day prior to the purchase date plus 15%, in compliance, in any case, with the terms and conditions established by Regulation (EU) 596 of 16 April 2016 (MAR), Delegated Regulation (EU) 1052 of 8 March 2016 (Delegated Regulation) and by accepted practices, where applicable.

Treasury shares will be purchased on regulated markets, in accordance with the operating procedures established by the regulations for the organisation and management of these markets, in compliance with the current legislation and, specifically, with reference to the principle of equal treatment of shareholders, as required by Article 132 of the TUF, Article 144-bis (excluding letter c, paragraph 1) and Article 144-bis.1 of the Issuers' Regulation and any other applicable regulations, and to EU and national legislation (including the MAR and Delegated Regulation) and accepted practices.
The Company holds n. 809.226 own shares (about 0.356% of the Share Capital).

For further information regarding the proposed authorisation of the purchase and disposal of treasury shares, please see the directors' explanatory report, which will be published within the deadlines and according to the procedures established by the laws and regulations in force.

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The Board of Directors, taking into account its new composition following the co-optation of new members that took place on the 13th March 2019, resolved to hold Mr. Giovanni Tamburi the position of Vice President.

The Board of Directors also approved the Report on Remuneration pursuant to Article 123-ter of the of Legislative Decree 58 of 24 February 1998 and Article 84-quater of Consob Regulation 11971/1999 (the "Issuers' Regulation") and the Report on Corporate Governance and Ownership Structure pursuant to Article 123-bis of the of Legislative Decree 58 of 24 February 1998.

Self-assessment of the Board of Statutory Auditors: It is hereby announced that the Board of Directors has taken note of the self-assessment report of the Board of Statutory Auditors that has carried out, according to the current legislation, its own self-assessment about the recurrence and permanence of the suitability requirements of the components and about the correctness and effectiveness of its operation.

TIP HOLDS 22.747% OF THE SHARE CAPITAL OF OVS S.P.A.

It should be recalled that on 11 March 2019, the shareholder Gruppo Coin S.p.A., as the seller, sold its equity investment (17.835%) in the Company to Tamburi Investment Partners S.p.A. (TIP), as the buyer; as a result of this acquisition, TIP, already a shareholder of OVS with an equity investment of approximately 4.912%, has a total stake of 22.747% in OVS's share capital.
Referring to the press releases issued on 11 March and 13 March, on 11 March 2019, the non-executive directors Stefano Ferraresi, Stefania Criveller and Marvin Teubner tendered their resignations and on 13 March 2019, the Board of Directors of OVS S.p.A. therefore decided to co-opt three new members, namely Giovanni Tamburi, Alessandra Gritti and Massimiliano Magrini. These resignations as well as the co-optation were related to the aforementioned transaction.
It should be noted that on the 11th March 2019 the current Chairman of the Company, Nikholas Stathopoulos, resigned with effect from the date of the Shareholders' Meeting for the approval of the financial statements as at 31th January 2019.
On the basis of communications received by the Company in relation to significant equity investments, to date no party has declared that it exercises control.
The new corporate structure and the new composition of the Board of Directors have not resulted in a "change of control" event under the existing loan agreement.

FURTHER EVENTS AFTER YEAR-END

It should be noted that with respect to Charles Voegele Deutschland GmbH, which is now owned by a European operator and has changed its name to Vidrea Deutschland GmbH, on 16 April 2019 it was announced that its bankruptcy had been declared by the Court of Hechingen. At the close of the financial statements as at 31 January 2019, the assets relating to this company were fully written down as the receivables held were regarded as difficult to collect.

OUTSTANDING FINANCING

With regard to the outstanding loan of €475 million, maturing in March 2020, the Company is continuing its dialogue with the various banks in the pool.
In particular, a first phase was concluded with the attainment of minor changes, which did not require the consent of the entire pool, such as: i) elimination of certain guarantees linked to pledges on trade receivables, on the condition of the achievement of some financial parameters, and elimination of special privileges on certain unregistered movable assets; ii) possibility of issuing capital market instruments; and iii) expansion of the factoring basket provided by the contract from 20 to 30 million euros. At the date of this, the formalization of the aforementioned changes is being finalized.
The wider process of refinancing the entire financial package is still ongoing. In this regard, we inform you that: i) a financial advisor has been identified to support the process; ii) the different legal teams have been identified; and iii) the timetable of the process was even better defined. It should also be noted that the current financial package has only one covenant, relative to the ratio between the average Net Financial Position of the last 12 months (excluding the impact deriving from the mark-to-market of derivative contracts) and adjusted EBITDA of the last 12 months. The aformentioned calculation is made in compliance with the contractual provisions and the international accounting standards in force on the effective date of the loan agreement (March 2015). The EBITDA is adjusted in order to not reflect both non-recurring elements and specific accounting impacts provided specifically in the contract.

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OTHER INFORMATION

Company information

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

Notice of meeting for the ordinary shareholders' meeting, in single call, for 31 May 2019

In the coming days, the notice of meeting for the shareholders' meeting will be available on the website at www.ovscorporate.it/it/investor-relations and in "1info", the centralised storage system for regulated information, where the explanatory reports by the directors to the shareholders' meeting on the proposals regarding the items on the agenda will also be made available, as well as any other documentation required by law.

Attestation by the Director responsible for preparing the company's accounting statements

Nicola Perin, the Director responsible for preparing the Company's accounting statements, hereby attests, pursuant to Article 154-bis, paragraph 2, of the Italian Consolidated Finance Act, that the accounting information contained in this press release corresponds to the company documents, books and accounting records.

Conference call to present the results

Tomorrow, 18 April 2019 at 15:00 local time (CET), a conference call will take place with analysts and investors during which the main results for the financial year ended 31 January 2019 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 875#. 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 "1info" storage mechanism at www.1info.it. A recording of the presentation will also be available on the same website, from the day after the conference call.

Upcoming Events in the financial calendar

Interim first quarter Financial Report as at 30 April 2019	**19 June 2019**
Half year Financial Report as at 31 July 2019	**19 September 2019**
Interim third quarter Financial Report as at 31 October 2019	**11 December 2019**

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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' operating, economic and financial 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.

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CONSOLIDATED INCOME STATEMENT _ Appendix

€ mln	31.01.2019 Reported	o/w: non recurring	o/w: forex reclass.	o/w: non recurring; Stock Option; Derivatives; PPA	Adjustments	31.01.2019 Adjusted	31.01.2018 Reported	o/w: non recurring	o/w: forex reclass.	o/w: non recurring; Stock Option; Derivatives; PPA	Adjustments	31.01.2018 Adjusted
Net Sales	1,457.2					1,457.2	1,525.7					1,525.7
Net Sales*	**1,391.6**					**1,391.6**	**1,415.1**					**1,415.1**
Purchases of consumables	667.5	11.5	(9.5)		2.0	665.5	701.4		4.6		4.6	696.8
Gross Margin	**789.7**	**(11.5)**	**9.5**		**(2.0)**	**791.6**	**824.3**		**(4.6)**			**828.8**
GM%	*56.7%*					*56.9%*	*58.2%*					*58.6%*
Personnel costs	292.6	2.7		0.3	3.0	289.6	293.0	0.6		3.0	3.5	289.5
Costs for services	197.9	3.2			3.2	194.8	191.8	0.0			0.0	191.7
Rent costs	132.7	(0.9)			(0.9)	133.6	125.3	0.1			0.1	125.2
Provisions	28.0	23.9			23.9	4.2	15.2	13.5			13.5	1.7
Other operating costs	63.9	38.7			38.7	25.3	24.2	0.0			0.0	24.2
Total operating costs	715.2	67.5	0.0	0.3	67.8	647.4	649.5	14.2	0.0	3.0	17.2	632.3
EBITDA	**74.4**	**(79.0)**	**9.5**	**(0.3)**	**(69.8)**	**144.2**	**174.8**	**(14.2)**	**(4.6)**	**(3.0)**	**(17.2)**	**196.5**
EBITDA%	*5.3%*					*10.4%*	*12.3%*					*13.9%*
Depreciation & Amortization	67.2			8.6	8.6	58.6	62.7			8.6	8.6	54.1
EBIT	**7.2**	**(79.0)**	**9.5**	**(8.9)**	**(78.4)**	**85.6**	**112.0**	**(14.2)**	**(4.6)**	**(11.6)**	**(25.8)**	**142.4**
EBIT%	*0.5%*					*6.2%*	*7.9%*					*10.1%*
Net financial (income)/charge	(25.6)	(0.1)	(9.5)	53.0	43.3	17.7	102.5		4.6	(77.3)	(93.7)	8.8
PBT	**32.8**	**(79.2)**	**0.0**	**44.1**	**(35.1)**	**67.9**	**9.5**	**(14.2)**	**0.0**	**(88.8)**	**(119.5)**	**133.6**
Taxes	7.5	19.0		(13.7)	5.3	12.8	4.5	0.2		22.5	22.7	27.1
Net Income	**25.3**	**(60.2)**	**0.0**	**30.4**	**(29.8)**	**55.2**	**5.1**	**(14.0)**	**0.0**	**(66.3)**	**(96.8)**	**106.5**

The following adjustments regarded as one-offs were carried out in 2018, with no impact on cash and/or not representative of the normal course of business operations. Specifically, at the EBITDA level, (i) €79 million represents non-recurring expenses, mainly attributable to the end of relations with the former Group Sempione Fashion, the impact of which came to an end in 2018 (see the next page for its evolution and an explanation); (ii) €9.5 million are financial costs reclassified to the gross margin, in order to reflect the actual impact of EUR/USD hedging on goods sold in the year; and (iii) €0.3 million represents costs relating to stock options that have no cash impact. At the EBIT level, this was in addition to €8.6 million in non-cash expenses for depreciation and amortisation relating to purchase price allocation, and at the level of the net result for the year, adjusted incomes of €53 million, mainly relating to foreign exchange differences arising from the valuation of items in foreign currency, including with respect to forward derivatives and realised foreign exchange differences.
Lastly, the tax effect of the above income statement adjustments was estimated at €5.3 million.

It should also be noted that EBITDA is not identified as an accounting measure within the scope of IFRS, but is a measure commonly used by both management and investors when assessing the company's operating performance. EBITDA corresponds to EBIT (operating result) plus depreciation, amortisation and write-downs, and can be directly extrapolated from the consolidated financial statements prepared pursuant to IFRS, supplemented by the notes to the financial statements.

The following is a detailed presentation and explanation of non-recurring and non-operating elements that affected the Group's results in 2018.

€ mln	2018			2017		
	12 months	of which first half	of which second half	12 months	of which first half	of which second half
Non operating and non recurrent elements within the Reported EBITDA	(79.0)	(56.6)	(22.4)	(14.2)	(0.6)	(13.6)
Of which:						
Related to the closure of the relationships with Sempione Fashion Group	(74.7)	(56.4)	(18.3)	(13.5)	0.0	(13.5)
Staff layoffs and construction costs	(2.9)	(0.2)	(2.7)	(0.7)	(0.6)	(0.1)
Others	(1.4)	0.0	(1.4)	0.0	0.0	0.0

In 2018, non-recurring items affected Group EBITDA by €79.0 million (€14.2 million on EBITDA in the previous year); of this amount, €56.6 million arose in the first half of 2018, mainly as a result of the end of the activities of the former Swiss Group, while the remaining €22.4 million arose in the second half of the year.

An analysis of the components of non-recurring and non-operating expenses shows the impact of the end of the Sempione Fashion Group's activities. The OVS Group was a minority shareholder (with an equity stake of approximately 30% of the total share capital of the former Swiss retailer) and had commercial relations to the former Sempione Fashion Group.

During the spring season, but particularly starting from May 2018, the Swiss group began to show difficulties in both financial and economic terms: hence the administrative body of Sempione Fashion AG decided to close the business, with the consequent disposal of all companies belonging to the Charles Vögele network.

In light of these events, the recoverability of the assets generated by commercial relations with the Swiss group was compromised. The OVS Group therefore wrote-down these assets, considering as non-recurring both the necessary write-downs and some costs associated with managing this particular event, which, as a whole, at the EBITDA level, affected the company's accounting results by €74.7 million in 2018, in addition to the €13.5 million already accrued and adjusted in 2017. In detail, these expenses were related to: (i) asset write-downs of €66.7 million relating to receivables from the former Sempione Fashion Group and goods at the companies of the former Sempione Group (Austria, Switzerland, Germany, Slovenia and Hungary); (ii) €4.4 million relating to one-off costs, mainly legal expenses; and (iii) €3.6 million for logistics costs necessary to recover part of the inventory owned by OVS SpA that had been sent to Switzerland.

With reference to the evolution of these costs in the second half of 2018, it should be noted that the increase of €18.3 million was due to: (i) the write-down of a further €9.3 million in receivables from the company Charles Vögele Deutschland Gmbh (after this provision, the nominal receivable of €24.3 million from the German company of the former Sempione Fashion Group was fully written down - it should be noted that with respect to Charles Voegele Deutschland GmbH, which is now owned by a European operator and has changed its name to Vidrea Deutschland GmbH, on 16 April 2019 it was announced that its bankruptcy had been declared by the Court of Hechingen); (ii) €4.0 million in further write-downs of a receivable, mainly for non-recoverable VAT due to the decision to close the operations in Austria, (iii) €3.0 million in write-downs of assets relating to goods originally bought for the stores of the Sempione Fashion Group, but retained in Italy and sold within our network, with appropriate promotional actions, due to the corporate events concerning the Swiss group, and (iv) logistics and further legal costs of €2.0 million. Following the above write-downs, total assets in the financial statements relating to the former Sempione Fashion Group amounted to just €0.3 million and only concerned Charles Voegele Hungaria.

Other non-recurring and non-operating expenses occurring in 2018 included €1.4 million for losses and costs associated with the sale of the property used as headquarter, and €2.9 million for other non-recurring costs, mainly relating to transactions with former employees, and costs incurred during some periods of store closure due to refurbishment works.