



OVS S.p.A. - At its meeting today in Venice, the Board of Directors approved the results for the first quarter of 2015 (1 February 2015 - 30 April 2015) and implemented the 2015-2020 Stock Option Plan, approved by the general meeting on 26 May 2015.

In the first quarter of 2015, OVS successfully completed the IPO process and continued to generate strong operating and financial results.

- ✓ Trading of the company's shares on the Mercato Telematico Azionario (MTA) began on 2 March 2015. The listing entailed a capital increase of €349m (of which €87m of share capital), corresponding to a liquidity injection of €349m (net of bank fees).
- ✓ Net sales of €284.6m, up by 7.9% compared to the first quarter of 2014.
- ✓ EBITDA was €23.5m, or 8.3% of net sales, an improvement of €4.1m or increase of +21.2% and approximately 90 bps as a percentage of sales compared to the same period of the previous year.
- ✓ The network expanded by 76 stores, of which 15 full format (9 direct) and 63 small "kids" formats (47 franchise stores).
- ✓ Further increase of market share to 6.5% (approximately +10 bps compared to 31 January 2015 and +50 bps compared to the same period last year).
- ✓ Profit before tax was €2.6m (excluding non-recurring elements), up by €12.3m compared to the same period of the previous year.
- ✓ Net debt (€349m) declined significantly following the listing process and the corresponding debt refinancing, resulting in much lower interest rates during the last two months of the quarter.

	30 April '15	30 April '14	Change	Chg %
Market Share (%)	6.5	6.0	0.5	7.6%
Net Sales (€m)	284.6	263.8	20.8	7.9%
EBITDA (€m)	23.5	19.4	4.1	21.2%
% on net sales	8.3%	7.4%		
EBIT (€m)	10.1	5.3	4.8	91.7%
% on net sales	3.6%	2.0%		
EBT (€m)	2.6	(9.7)	12.3	n.a.
in % sulle vendite nette	0.9%	-3.7%		
Net Financial Debt (€m)	349.0	n.d.	n.a.	n.d.

Basis of preparation

OVS S.p.A. was incorporated on 14 May 2014 and has been operational since the final instant of 31 July 2014. Accordingly, the asset and liability, result and cash flow information for the first quarter of 2015 has no comparative. The income statement figures for the first quarter of 2014 have been reconstructed by management on a carve-out basis and have not been audited. In addition, in the interest of a clearer presentation of the company's financial performance, non-recurring elements have been eliminated from both the income statement information presented for the first quarter of 2015 and the comparative figures. Such elements amounted to €0.3m in the first quarter of 2014 and €10.2m in the first quarter of 2015. In the latter case, they were almost entirely related to IPO activities (€3.2m) and refinancing activities (€6.8m, consisting solely of financial expenses).

OVS SpA

Sede legale: via Terraglio, 17
30174 Venezia Mestre, Italy
T +39 041 2397500 F +39 041 2397630

N. Iscrizione Reg. Imprese Venezia
C.F. e P.I. 04240010274

ovscorporate.it

Capitale sociale euro 227.000.000,00 i.v.



Chief executive officer's commentary

In the first quarter of 2015, OVS S.p.A. continued its strong performance in terms of both sales (+7.9% compared to the same period of the previous year) and profitability, with EBITDA up by 21.2% by absolute value and by approximately 90 bps as a percentage of sales. Despite (i) the unfavourable climatic conditions, with heavy snowfall and below-average temperatures and rain for an extended period, and (ii) a less favourable holiday calendar than in the previous year, like-for-like sales were resilient, notwithstanding the strong growth recorded in the first quarter of 2014. Climatic conditions have improved in the first part of the second quarter, with a noticeable positive impact on sales.

On the whole, the network expanded by 76 stores, of which 15 full format (nine direct) and 63 small kids formats (47 franchise stores), with all new locations performing very well. Consequently, overall development is proceeding according to plan, and ahead of schedule with regard to the opening of franchise stores. During the quarter, a pilot project was also launched with a partner, involving the opening of three Blukids corners in hypermarkets under a supply contract. The results to date are promising.

Measures aimed at innovating the company's operations continued to be rolled out during the quarter. In particular, it should be noted that the post-distribution project has proved effective, with positive results across the entire store network, covering 30% of the total assortment. The sales planning process continued to be refined so as to align product intake more closely with demand, also through the use of cutting-edge statistical tools.

In addition, there has been growth of new product categories, including *"teen"* and *"fitness"*. These categories were added to the assortment of a limited number of stores in 2014 and are now present in most of the network.

Close attention continued to be devoted to social networks and web-marketing initiatives.

In terms of costs, the Group benefited from improved operating leverage, in addition to cost-saving initiatives primarily involving energy and rents.

The financial structure of OVS S.p.A. was strengthened through the IPO process, with a substantial reduction of its debt, which was fully refinanced at more favourable interest rates. As a result, there was a significant decline in financial expenses, from which the reporting quarter benefited for only two months.

As to the current trading, the month of May recorded strong sales and the store-opening plan continued with a further expansion of the network by 21 stores, of which 6 direct stores and 15 stores in franchising of which 11 *"kids only"*.

Finally, on 27 May the OVS space at the Expo in Milan opened, receiving great interest from both an artistic and commercial perspective.

Our strategy for consolidation on the Italian market and our priorities remain unchanged. We renew our commitment to pursue sustainable, profitable growth for our shareholders.

Consolidated profit performance

	30 April '15 €mln	30 April '14 €mln	Chg %
Net Sales			
OVS	236.9	223.7	5.9%
UPIM	47.7	37.5	27.3%
other	0.0	2.6	n.a.
Total Net Sales	284.6	263.8	7.9%
EBITDA			
OVS	22.0	19.6	12.0%
<i>EBITDA margin</i>	9.3%	8.8%	
UPIM	1.6	0.2	680.4%
<i>EBITDA margin</i>	3.3%	0.5%	
other	0.0	(0.4)	n.m.
Totale EBITDA	23.5	19.4	21.2%
<i>EBITDA margin</i>	8.3%	7.4%	
Depreciation	(13.4)	(14.1)	5.1%
of which PPA	(2.1)	(2.1)	
EBIT	10.1	5.3	91.7%
Net financial income/(charges)	(7.6)	(15.0)	49.6%
of which amortized cost and exchange diff.	(1.4)	n.d.	
EBT	2.6	(9.7)	n.m.

Net sales

Total sales increased by €20.8m, or +7.9%, with positive contributions from both brands.

OVS recorded an increase in sales of 5.9% (or +€13.2m), primarily due to the expansion of the network, with a LfL that did not suffer despite (i) the adverse climatic conditions in much of the quarter, (ii) the less favourable calendar, with the Easter holiday in early April and the 25 April holiday falling on Saturday, and (iii) the extraordinary growth recorded in the same period of the previous year.

UPIM's sales rose by €10.2m, or +27.3%, benefiting from the run-rate impact of the conversions and openings that took place in 2014, in addition to the opening of a large number of direct and franchise Blukids stores. In addition, the integration of the residual stores under other brands into the OVS/UPIM network was completed at the beginning of the year.

EBITDA

In the first quarter of 2015, EBITDA was €23.5m (8.3% of net sales), up by €4.1m or 21.2% compared to the same period of 2014, when it was €19.4m (7.4% as a percentage of net sales).

Both brands contributed positively to achieving this result, benefiting from (i) improved operating leverage, (ii) the greater contribution of franchising to EBITDA both in absolute value and as a percentage of sales and (iii) careful cost control and specific cost-cutting measures (in particular, rent and energy costs through the LED project).

The EBITDA of OVS increased by €2.4m (approximately +50 basis points as a percentage of sales), and the EBITDA of UPIM rose from €0.2m in 1Q14 to €1.6m in 1Q15.

Operating profit

As a result of the positive EBITDA performance and reduced depreciation and amortisation, operating profit was €10.1m, up by €4.8m or 91.7% compared to the same period of the previous year.

Profit before tax

Profit before tax was €2.6m, an improvement of €12.3m. This was due to higher operating profit and the significant reduction of financial expenses (-€7.6m) declining by 49.6% compared to the same period of the previous year, following the IPO and the refinancing of the debt on 2 March 2015. The full benefit of these events will become evident in the next quarter, whereas the current reporting quarter still includes approximately one month of financial expenses tied to the previous debt structure.

Net debt

At 30 April 2015, the Group's net debt was €349.0m, 2.2x its EBITDA for the previous twelve months. As a result of the refinancing process, the average interest rate was reduced from 5.41% in the fourth quarter of 2014 to 4.17% in the first quarter of 2015 and will decline further in the final part of 2015. Indeed, the current interest rate is 3.00% + Euribor 3M (almost nil as of today)

Shareholders' equity

The company's shareholders' equity rose from €408.0m at 31 January 2015 to €744.6m at 30 April 2015. In addition to the financial performance for the period, this change also reflects the impact of the capital increase through the IPO, which entailed an increase in the number of shares from 140,000,000 to 227,000,000, with an impact on shareholders' equity of €349.3m, of which €87.0m by way of increased share capital and €262.3m allocated to the share premium reserve.

Statement of financial position

€mln	30 April '15	31 January '15	Change
Receivables	95.8	73.0	22.8
Inventory	291.1	287.6	3.5
Payables	(344.6)	(374.4)	29.8
Net Operating Working Capital	42.4	(13.8)	56.2
Other assets/(liabilities)	(71.6)	(69.5)	(2.1)
Net Working Capital	(29.2)	(83.3)	54.1
Tangible and Intangible Assets	1,341.2	1,343.9	(2.8)
Net deferred taxes	(160.8)	(168.5)	7.7
Other long term assets/(liabilities)	(4.5)	(5.9)	1.4
Pension funds and other provisions	(53.0)	(53.8)	0.8
Net Capital Employed	1,093.6	1,032.4	61.2
Net Equity	744.6	408.0	336.6
Net Financial Debt	349.0	624.4	(275.4)
Total source of financing	1,093.6	1,032.4	61.2

Statement of cash flows

€m	30 April '15
EBITDA	23.5
Change in Net Operating Working Capital	(56.2)
Other changes in Working Capital	(1.6)
Capex	(10.6)
Operating Cash Flow	(44.8)
Financial charges	(7.6)
Severance indemnity payment	(1.3)
Corporate taxes	0.0
IPO costs (excl. bank commissions)	(3.2)
IPO proceeds (net of bank commissions)	349.0
Net Cash Flow (excl derivatives MtM and amortised costs)	292.1
MtM derivatives, amortized cost and exchange differences	(16.7)
Net cash flow	275.4

Cash used in operating activity

It should be noted that the cash used in operating activity during the first quarter (-€44.8m) is representative of the typical seasonal nature of the business and is in line with management expectations. The cash absorption was partly accentuated by the increasing weight of franchising in the channel mix. With regards to the spring/summer assortment, sales to franchisees normally occur largely in the first three months of the year, with collections scheduled for May and June.

Significant events after the end of 1Q15

Approval of the stock-option plan

On 26 May 2015 the general meeting approved the 2015-2020 Stock-Option Plan (hereinafter "the Plan"), to be executed through the free assignment of options for the subscription of newly issued ordinary shares of OVS S.p.A. The Plan is reserved for directors who are also employees, key executives and/or other employees of OVS S.p.A. and its subsidiaries. The Plan is intended to create value for the shareholders by improving long-term company performance and supporting the retention of individuals with key roles in the Company's development.

A maximum of 5,107,500 options will be issued under the Plan. These options, which will be assigned to the beneficiaries at no cost upon the achievement of certain performance objectives, will confer on each beneficiary the right to subscribe for one ordinary company share per each option assigned.

On that same date, an extraordinary session of the general meeting was also held to consider the proposal to grant to the Board of Directors the power to increase share capital, for a period of five years from the date of the resolution by the general meeting, pursuant to Article 2443 of the Italian Civil Code, on one or more occasions, with the exclusion of option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, by a maximum nominal amount of €35,000,000.00, through the issuance, in one or more tranches, of a maximum of 5,107,500 ordinary shares without par value, to be reserved for the beneficiaries of the 2015-2020 Stock-Option Plan, and the ensuing amendment of Article 5 of the Articles of Association.

Implementation of the 2015-2020 Stock-Option Plan

On today's date, in execution of the resolutions passed by the general meeting on 26 May, the Board of Directors (i) authorised the implementation of the 2015-2020 Stock-Option Plan approved by the general meeting, (ii) approved the implementation rules for the aforementioned Stock-Option Plan, and (iii) resolved, with the favourable opinion of the Nomination and Remuneration Committee, to assign 5,107,500 options to 25 beneficiaries, with each option valid for the subscription of OVS ordinary shares (in the ratio of one new ordinary share for each one option exercised) at the subscription price of €4.88 per share.

In particular, 2,291,375 options were assigned to Mr. Beraldo, OVS' chief executive officer and general manager, and a total of 920,000 options to the Company's key executives.

Exercise of the power to increase share capital

The Board of Directors, also, resolved to proceed with the exercise of the power to increase share capital granted, pursuant to Article 2443 of the Italian Civil Code, to the Board of Directors by the extraordinary general meeting of 26 May 2015. Accordingly, it approved a capital increase in service of the 2015-2020 Stock-Option Plan, as approved by the general meeting. For information about the characteristics of the Plan, refer to the Board of Directors' report and the disclosure document pursuant to Article 84-*bis* of Consob Regulation No. 11971/1999, available from the Company's website, www.ovscorporate.it, in the section Governance/Shareholders' Meeting.

In particular, in exercise of the power granted by the extraordinary general meeting of 26 May, the Board of Directors approved a paid-in capital increase, by 8 June 2025, through the issuance, in one or more tranches, of a maximum of 5,107,500 new ordinary shares, without indication of par value, having the same characteristics as the ordinary shares

outstanding at the date of issuance, with regular dividend entitlement, and with the exclusion of option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, to be reserved for subscription by the beneficiaries of the aforementioned 2015-2020 Stock-Option Plan at an exercise price of €4.88 per share.

The portion of the minutes of the Board of Directors subject to notarisation, concerning the exercise of the power to increase share capital, will be made available to the public on the Company's website, www.ovscorporate.it, in the section Governance/Shareholders' Meeting, through the authorised storage service "1info" at the address www.1info.it, and at the Company's registered office, pursuant to the law.

OTHER INFORMATION

Information about the company

OVS S.p.A. is a registered Italian company (VAT registration 04240010274) having its registered office in Mestre, Venice (Italy). The shares of OVS S.p.A. have been listed on the Mercato Telematico Azionario (MTA) of Milan since 2 March 2015.

Basis of preparation of the quarterly report

The OVS Group's interim report on operations for the period ended 30 April 2015 has been prepared in accordance with Article 154-ter, paragraph 5, of the Consolidated Law on Finance, introduced by Legislative Decree 195/2007 implementing Directive 2004/109/EC (the "Transparency Directive").

The interim report on operations was approved by the Board of Directors of OVS S.p.A. on 8 June 2015 and authorised for dissemination to the public by that body on the same day.

Accounting standards

The income statement, balance sheet and statement of cash flows at and for the period ended 30 April 2015 have been prepared in accordance with the IAS/IFRS issued by the IASB and endorsed by the European Union at the reporting date. The term "IAS/IFRS" refers to the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and all interpretative documents issued by the IFRIC (formerly known as the "Standing Interpretations Committee").

Non-recurring items

The non-recurring expenses (€10.2m nel primo trimestre 2015) excluded from the income statement figures presented in this document refer primarily to IPO costs (€1.6m for advice and services and €1.6m for financial advertising), the residual amortised costs of the old loan agreement (€6.2m) and advice concerning the refinancing (€0.5m). In the same period of 2014, the non-recurring expenses amounted to €0.3m

Declaration by the executive responsible for preparing the company's accounting statements

The executive responsible for preparing the company's accounting statements, Nicola Perin, hereby declares, pursuant to Article 154-bis, paragraph 2, of the Consolidated Law on Finance, that the accounting disclosures presented in this press release correspond to the accounting documents, books and records.

Nicola Perin

Conference call to present results

Tomorrow, 9 June 2015, at 3:30 PM local time (CET), a conference call will be held with analysts and investors, during which the main results for the quarter ended 30 April 2015 will be illustrated. To participate in the conference call, dial +39 02 805 88 11 (from Italy), + 44 121 281 8003 (from the UK), +1 718 7058794 (from the USA), or +39 02 8058827 (for journalists) and confirm with access code 897#.

A presentation will also be available for download from the Company's website at the address "http://www.ovscorporate.it, in the section Investor Relations/Presentations, as well as from the storage service "1info" at the address www.1info.it. Starting from the day following the call, an audio record will be available in the same section of our website.

Availability of interim report on operations at 30 April 2015

The interim report on operations at 30 April 2015 will be made available to the public by tomorrow from the Company's registered office, the centralised storage service 1info at the address www.1info.it and the Company's website at the address www.ovscorporate.com, in the section Investor Relations/Presentations.

Upcoming events on the financial calendar

Financial report for the half-year ending 31 July 2015	24 September 2015
Interim report on operations for the third quarter ending 31 October 2015	10 December 2015

For more information:

Federico Steiner
Barabino & Partners SpA

E-mail: f.steiner@barabino.it
Cell. +39 335.42.42.78

Investor Relations
investor.relations@ovs.it

Via Terraglio n. 17, 30174,
Venezia – Mestre

Disclaimer

- i) *The information presented in this document has not been audited.*
- ii) *This document may contain forward-looking statements concerning future events and OVS' operating and financial performance results. By nature, such forecasts include an element of risk and uncertainty, since they depend on the occurrence of future events and circumstances. Actual results could differ from announcements, possibly to a material degree, due to a variety of factors.*