9M16 FINANCIAL RESULTS

December 14, 2016

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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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9M16 Highlights

Sales (€986.2m) grew by 4.0% driven by network expansion

€125.9m EBITDA, €7.7m higher than 9M15 (+6.5%), with EBITDA margin increasing to 12.8% of sales (+30 bps)

€76.9m EBT, €6.2m higher than 9M15, benefitting from the improved EBITDA

Over the first nine months of the year, network expanded by 28 full format DOS and 114 other stores (mainly Kids formats in franchising)

Market share at 7.2% (+20bps vs. Jan 2016 and +50 bps vs. Oct 2015)

+4.0%

Increase in Net Sales

+28

Full format DOS

+6.5%

EBITDA Growth

Source: Sita Ricerca for market share

Key Income Statement Items
Positive performance confirmed in 9M16

Key Metrics*	9M16 € mln	9M16 % of Net Sales	9M15 € mln	9M15 % of Net Sales	Growth
Net Sales	986.2		948.7		*4.0%*
EBITDA	125.9	*12.8%*	118.2	*12.5%*	*6.5%*
EBIT	88.5	*9.0%*	82.3	*8.7%*	*7.6%*
PBT	76.9	*7.8%*	70.7	*7.4%*	*8.8%*

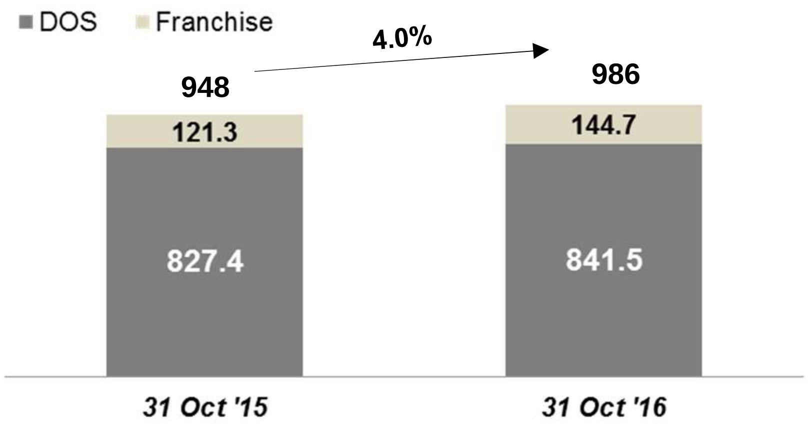
- 9M16 Net Sales increased by 4.0% driven by network expansion, while like-for-like sales were adversely was affected by the tough comparison with the previous year, when weather conditions were favorable at key seasonal times (May and September).
- Positive performance of UPIM brand both in terms of sales and EBITDA following (i) the success of the brand’s repositioning and (ii) the expansion of the kids franchising network.
- EBITDA increased by 6.5% vs. 9M15 and EBITDA margin grew by approx. 30bps to 12.8%, driven by (i) improved gross margin and (ii) cost control.
- PBT increased by €6.2m thanks to positive operating results.

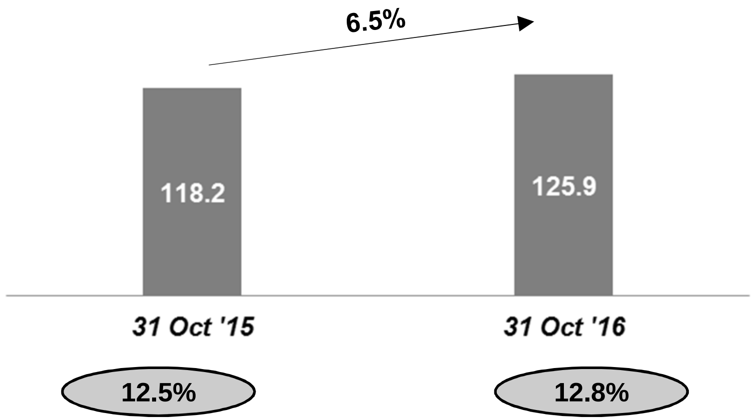
(*) Excluding extraordinary costs

Sales and EBITDA Performance in 9M16

	Net Sales (€mln)	EBITDA (€mln)

Aggregate Performance





Performance By Brand

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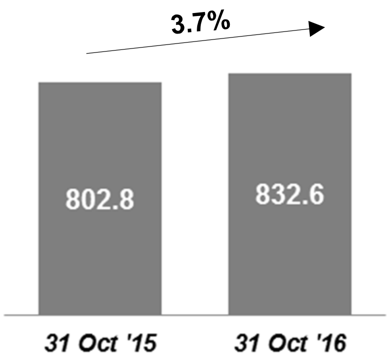
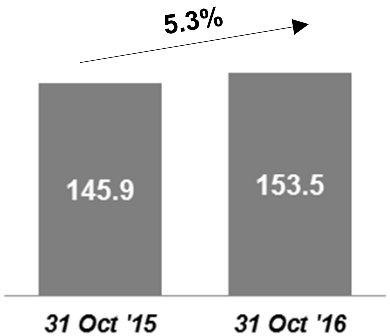


upim



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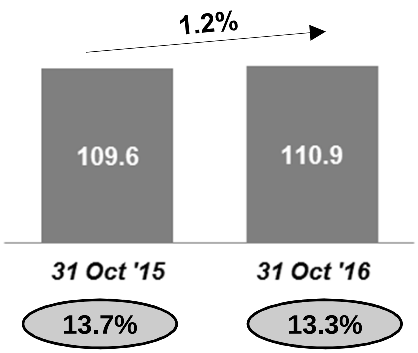

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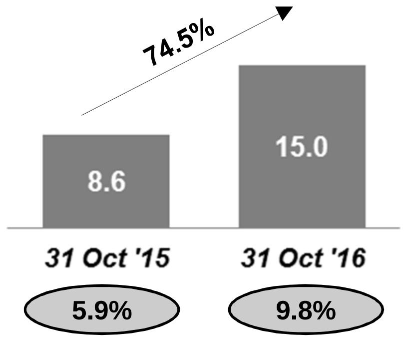

Margin %

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Consolidated Net Working Capital

€ mln	31 October '16	31 October '15	Change
Trade Receivables	113.5	103.1	10.4
Inventory	344.1	311.0	33.1
Trade Payables	(345.4)	(390.8)	45.4
Net Working Capital	**112.2**	**23.3**	**88.9**

- The working capital increased vs. October last year:
  - Higher trade receivables (+€10.4m vs 31 October 2015) in connection with the growth experienced by the franchise network, both in Italy and abroad (with unchanged average collection periods).
  - Inventory growth in line with (i) the increase in sales and (ii) the development of the network.
  - Trade payables decreased, reflecting (i) the closing of capex positions relating to the LED project implemented in previous periods and (ii) a partial change in the supplier mix.

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Capex

9M 2016 Capex breakdown (*€ mln*)

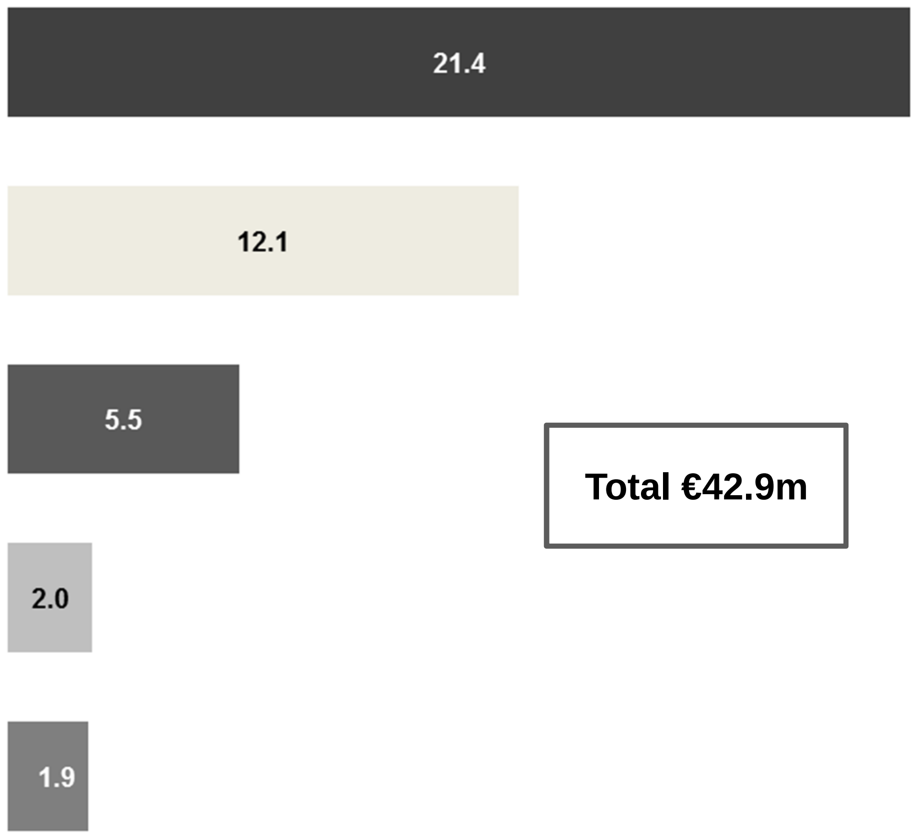
New openings (c. 50% of total)

IT and special projects (c. 28%), mainly related to operational projects

Refurbishment of existing network (c. 13%)

Other **investments related to network** and **logistics** (c. 5%)

Capex for a new **show room** and the maintenance of the **headquarter building** (c. 4%)



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Net Debt and Leverage

€ mln	31 October '16	31 October '15
Net Debt	351.5	304.5
EBITDA LTM	187.3	173.5
Leverage	1.9x	1.8x

- As of 31sr October 2016 net debt was slightly higher vs. the same period last year, given (i) the €34m dividend pay out in June 2016 and (ii) the payment in August 2016 of about €20m more taxes than last year.
- In the last 12 months, leverage slightly increased to 1.9x.
- The current interest rate on debt is 2.50% + Euribor 3m.

Consolidated Cash Flow Statement

Drivers of operating cash absorption in 9M16 (-€ 116.5), were mainly (i) the seasonality of the business and (ii) the increase in working capital related to:

- the expansion of the franchising network;
- the settlement of certain capex payables;
- lower payables to suppliers in return for improved efficiency.

€ mln	9M16	9M15
EBITDA	**125.9**	**118.2**
Change in Net Working Capital	(120.4)	(37.1)
Change in other assets (liabilities)	6.0	8.6
Capex	(42.9)	(50.8)
Operating Cash Flow	**(31.3)**	**38.8**
Financial Expenses	(11.1)	(17.3)
TFR (Employees' leaving indemnity)	(1.5)	(2.0)
Taxes	(32.7)	(17.9)
IPO costs (excl. bank commissions)	0.0	(3.4)
IPO proceeds (net of bank fees)	0.0	349.0
Dividends	(34.1)	
Other	(2.6)	(6.1)
Net Cash Flow (before MtM derivatives and amortized costs)	**(113.3)**	**341.2**
Change in MtM derivatives and amortized cost	(3.2)	(21.3)
Cumulated Net Cash Flow	**(116.5)**	**319.9**

Outlook

- The weather conditions in 2016 have again not been particularly positive. In November, weeks of temperatures well above normal, alternated with weeks that were more in line with the seasonal average, when sales suddenly recovered.
- The network continued to expand in November: +20 stores, including 7 DOS.
- Our strategy remains focused on the consolidation of the Italian market and our priorities are unchanged. Also, OVS is further increasing its international presence. The successful takeover bid launched by Sempione Retail (in which OVS has a minority stake) for Charles Vögele, combined with the related commercial agreement currently being finalised with the company, represent an important milestone in the growth and internationalisation of the OVS Group, for which major opportunities for growth have arisen in terms of turnover and profit margins, for a limited financial commitment.
- We believe the execution of our corporate strategy evidenced by strong historical financial results will continue to drive sustainable and profitable growth.

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Appendix

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Consolidated Balance Sheet Statement

€ mln	31 October '16	31 October '15	31 January '16	Delta vs. 31 October '15	Delta vs. 31 January '16
Trade Receivables	113.5	103.1	71.0	10.5	42.5
Inventory	344.1	311.0	289.7	33.1	54.5
Trade Payables	(345.4)	(390.8)	(368.8)	45.4	23.4
Net Operating Working Capital	**112.2**	**23.3**	**(8.1)**	**88.9**	**120.4**
Other Short-term Non-financial Receivables (Payables)	(62.8)	(60.6)	(91.3)	(2.2)	28.5
Net Working Capital	**49.4**	**(37.3)**	**(99.5)**	**86.7**	**148.9**
Net Assets	1,356.3	1,352.4	1,357.2	3.8	(0.9)
Net Deferred Taxes	(142.0)	(159.6)	(142.7)	17.6	0.7
Other Short-term Non-financial Receivables (Payables)	(7.8)	(5.5)	(6.1)	(2.4)	(1.7)
Severance Indemnity Provision and Other Provisions	(50.9)	(49.6)	(48.7)	(1.3)	(2.2)
Net Invested Capital	**1,204.9**	**1,100.5**	**1,060.1**	**104.4**	**144.8**
Equity	853.4	796.0	825.1	57.4	28.3
Net Debt	351.5	304.5	235.0	47.0	116.5
Total Sources of Funding	**1,204.9**	**1,100.5**	**1,060.1**	**104.4**	**144.8**