

OVS

The Growth of OVS SpA continues

The Board of Directors met today in Milan and approved the first quarter 2017 results (1 February 2017 - 30 April 2017)

+6.5%

Net Sales

+11.2%

EBITDA

+28.2%

EBT

- ✓ **Net sales of €319.3 million** were 6.5% up on the first quarter of 2016.
- ✓ **EBITDA was €29.3 million**, representing 9.2% of net sales, up by €3m (+11.2%), resulting in a margin uplift of 40 bps year on year.
- ✓ **The network increased by 11 full-format DOS** and another 42 stores, mainly kids franchisees.
- ✓ **Further consolidation of market share at 7.4%** gaining 31 bps year on year.
- ✓ **Earnings before tax were €13.8m**, up €3m (+28.2%) year on year.
- ✓ **Net financial position of €339.2m**, with cash flow in the quarter improved since the same period in 2016.

CONSOLIDATED RESULTS

€mln	30 April '17	30 April '16	Chg	Chg %
Net Sales	319.3	299.9	19.4	6.5%
EBITDA	29.3	26.3	3.0	11.2%
<i>% on net sales</i>	<i>9.2%</i>	<i>8.8%</i>		
EBIT	16.9	14.4	2.5	17.4%
<i>% on net sales</i>	<i>5.3%</i>	<i>4.8%</i>		
EBT	13.8	10.7	3.0	28.2%
<i>% on net sales</i>	<i>4.3%</i>	<i>3.6%</i>		
Net Financial Debt	339.2	319.3	19.9	6.2%
Market Share (%)	7.4	7.1	0.3	4.7%



N.B. In order to give a clearer picture of the company's performance, the data in this document have been normalised, as better described overleaf in the third paragraph of "Other information".



Statement from the Chief Executive Officer Stefano Beraldo

OVS SpA continued to grow in the first quarter of 2017, with net sales increasing by +6.5%.

EBITDA increased by €3.0m (+11.2%) thanks to good like-for-like sales performance as well as the network expansion, with central costs under control.

The development plan has continued in line with expectations and new openings delivered strong performance. During the period, 11 directly operated full format stores and 42 stores in franchising (mainly kids) were opened.

The performance at the top line level was even more positive in light of: the anticipation of the inventory count in the first quarter which determined one day less of net sales (last year inventory count was performed in the second quarter); one day less compared to 2016 (leap year).

In addition to the positive consolidation of the domestic market, which is proceeding as envisaged, the internationalization process of OVS SpA is continuing in line with expectations, through the network expansion of a further 9 stores, out of which 5 directly operated and 4 in franchising.

The integration with Charles Vögele and the consequent external international growth is in line with the plan, both in terms of store conversions and central costs rationalization. Converted stores allowed to test the validity of the strategy in order to efficiently start the first significant wave of conversions (in July and August 2017) that will involve the entirety of the Swiss network (around 150 stores).

The strengthening of online activities has continued, with a solid progress in sales through both OVS' own websites and the main marketplaces with which we collaborate. We highlight the positive customers' feedback in relation to the second recently opened website OVS&kids. Moreover, the second edition of Arts of Italy took place in May, with an excellent media coverage.

Trade working capital improved compared to the first quarter of 2016, especially in relation to inventory.

2017 targets are confirmed. The favourable weather conditions starting from the second half of May resulted in an acceleration of the positive dynamics of the first quarter. Finally, the expansion plan as of today is continuing with the further network expansion of 15 stores in franchising and 5 directly operated.

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NET SALES

Total sales rose by €19.4 million, or +6.5%.

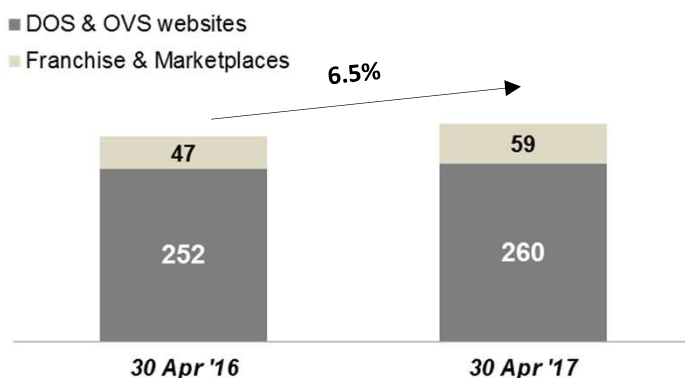
OVS increased its sales by 4.6% (or +€11.5m), despite having been penalized by the following effects: (i) inventory count carried out in February 2017, and (ii) the leap year in 2016.

The strong growth of UPIM continued thanks to good sales performance, network development (sales increased by + € 7.8m, or + 16.4%) and increasing profitability.

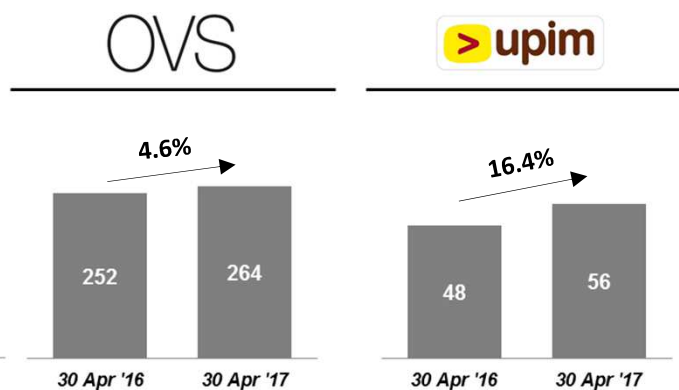
+6.5%

Net sales continuing to grow

NET SALES: aggregate performance



NET SALES: performance by brand



EBITDA

EBITDA equal to €29.3m (9.2% on net sales), an increase of €3.0m (or 11.2%) in absolute value, and 40 bps of margin improvement compared to the same period in 2016.

Both divisions contributed positively to the achievement of this result, benefitting from (i) an improvement in gross margin, despite a significant increase in the franchise channel, (ii) a profitable expansion of the network, and (iii) a corresponding benefit in terms of operating leverage.

EBITDA of both brands is up on the previous year, with OVS increasing by €1.1m partially affected by the one-off effects described above, while UPIM's growth of +€1.8m (+270 basis points margin improvement) is in line with forecasts, as the new openings show significantly better metrics than the average of the existing brand.

+11.2%

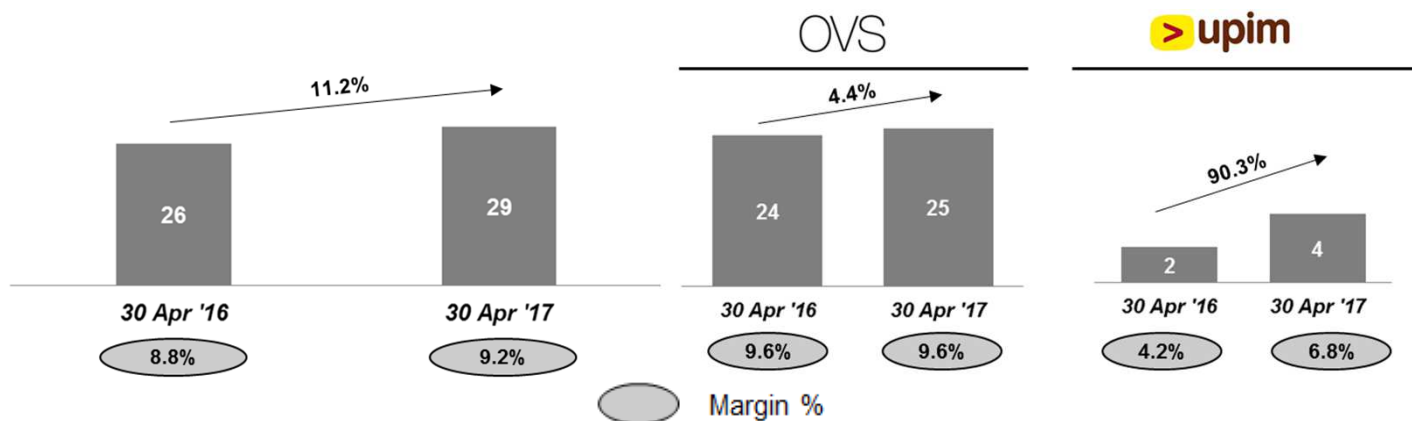
EBITDA

Growth in sales and improved margins

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EBITDA : aggregate performance

EBITDA: performance by brand



OPERATING INCOME

Operating income, at €16.9 million, was up by €2.5 million, or 17.4% compared to the same period of last year.

PROFIT BEFORE TAX

Earnings before tax were €13.8 million, up €3 million year on year.

NET FINANCIAL POSITION

At 30 April 2017, the Group's net financial position was €339.2 million and the ratio of net financial position to EBITDA was 1.8x, in line with the previous year. The interest rate for the period was 2.48% + Euribor 3m, down from the first quarter of 2016 (3.01% + Euribor 3m).

It should be recalled that in 2016 cash flow was characterized by an extraordinary payment of taxes, the distribution of dividends, and the indirect investment in Charles Vögele.



Bianca Balti, OVS' testimonial



Arts of Italy, new capsule collection

€ mln	30 April '17	30 April '16
Net Debt	339.2	319.3
EBITDA LTM	189.6	182.4
Leverage on EBITDA	1.8x	1.8x

CAPITAL STRUCTURE

The company's net invested capital of €1,211.0 million increased by €73.4 million compared with 31 January 2017. The increase is mainly due to greater investments than the same period of the previous year, linked to restructuring and new openings (total capex of €15.6m in the first quarter of 2017) and the typical seasonality of the business, which resulted in a peak in net operating working capital in the period in question, which in any case was lower than the increase recorded in the first quarter of 2016 (+€61.5 million in 2017, compared to +€64.8 million in 2016).



OVS new store in Madrid

OPERATING CASH FLOW

Operating cash flow in the first quarter (-€55.4 million) also reflects the typically seasonal nature of the business and is in line with expectations. The lower cash absorption compared to the same period in the previous year, when the operating flow amounted to -€59.4m, is mainly due to an improvement in the EBITDA and inventory.



The renewed store in Venice



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. shares have been listed on the Mercato Telematico Azionario in Milan since 2 March 2015.

Quarterly information

OVS S.p.A. announces that, as indicated in the calendar of corporate events and pursuant to Article 82-ter of the Regulation of Issuers, it has decided to publish, on a voluntary basis, a quarterly update of the main indicators of economic performance, with a view to maintaining a timely and transparent dialogue regarding the dynamics of the company's business with the financial community and with key stakeholders.

Nicola Perin, the executive responsible for preparing the company's accounting statements, hereby attests, pursuant to Article 154-bis, paragraph 2, of Legislative Decree No. 58 of 1998, that the accounting information contained in this press release corresponds to the company documents, books and accounting records.

Non-recurring items

To give a clearer representation of the financial performance of the OVS Group, the income statement information shown for the first quarter of 2017 has been adjusted for: i) non-recurring expenses of €60 thousands; ii) other normalizing elements relating to the accounting treatment of stock options ("non-cash" expenses of €0.6 million), and iii) amortisation of intangible assets related to PPA (€2.1 million). In the same way, the comparative figures for the first quarter of 2016 do not include: i) non-recurring expenses of €0.5 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 €0.5 million), and iii) amortisation of intangible assets related to PPA (€2.1 million).

Conference call and results presentation

Tomorrow, 16 June 2017 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 2017 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 844#. 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 'iinfo' 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 2017

20 september 2017

Interim Report on Operations for the third quarter of the year to 31 October 2017

Between 01.12 and 16.12 2017

For further information:

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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, 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.*