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Further acceleration in sales and EBITDA growth

The Board of Directors met today in Milan and approved the results for the first half of 2017 (1 February 2017 - 31 July 2017)

+8.9%	**+9.4%**	**7.55%**
Net sales	***EBITDA***	***Market share***

- ✓ **Net sales for the first half were €697.1 million**, up 8.9% compared with the same period a year earlier.
- ✓ **EBITDA was €82.1 million**, representing 11.8% of net sales, up by €7.0 million (+9.4%), representing a margin uplift of approx. 10 bps year on year.
- ✓ **The network increased by 16 full-format DOS** and another 48 stores, mainly smaller franchised stores focusing on kids.
- ✓ Further consolidation of **market share at 7.55%,** gaining 18 bps compared with the start of the period, and 40 bps year on year.
- ✓ **Normalised net profit was €38.4 million**, up by €7.6m (+24.8%) year on year. The reported result for the period was -€15.9 million once accounting for the non-cash impact of the mark-to-market of the EUR/USD hedges in place for 2018 purchase of goods.
- ✓ **Net financial position of €363.3 million, excluding the mark-to-market impact**, which is a non-cash item, after the payment of €34.1 million in dividends in June 2017.

CONSOLIDATED RESULTS

€mln	31 July '17	31 July '16	Chg	Chg %
Net Sales	697.1	640.1	57.0	8.9%
EBITDA*	82.1	75.1	7.0	9.4%
% on net sales	*11.8%*	*11.7%*		
EBIT*	56.3	51.0	5.3	10.3%
% on net sales	*8.1%*	*8.0%*		
Net Profit*	38.4	30.8	7.6	24.8%
% on net sales	*5.5%*	*4.8%*		
Net Profit - Reported	(15.9)	18.0	(33.9)	n.a.
% on net sales	*(2.3%)*	*2.8%*		
Net Debt *MtM of Derivatives Excluded*	363.3	331.7	31.6	9.5%
Market Share (%)	7.55	7.15	0.40	5.6%

***NB**: in order to give a clearer picture of the Company's performance, the data in this document have been normalised. Specifically, the net profit reported includes €62.6 million (€47.6 million net of tax) of non-cash costs for the MtM impact.

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Statement from the Chief Executive Officer Stefano Beraldo

In the first half of 2017, OVS S.p.A. continued to gain market shares in a still declining market (-1.4%). The Group continued to meet expectations, registering sales growth of 8.9% during the half-year, reflecting a flat like-for-like sales performance (0%), network expansion (+4.1%) and the initial effects of the commercial agreement with Charles Vögele (+4.8%).

During the period, 13 directly operated stores and 32 stores in franchising were opened in Italy.

International expansion also continued, with the opening of 19 stores, including 4 DOS and 15 franchised (mainly kids). In particular, the Spanish expansion continues to generate positive results with 4 new openings (including one full-format store in Madrid).

The first exciting phase of the Charles Vögele restructuring plan has begun. The first two phases of cutting central costs have been completed, resulting in more than CHF40m in cost savings on an annual run rate basis, and the whole of the Slovenian network has been converted to the OVS brand (11 stores), the process of converting the Swiss stores has begun, with 75 stores converted since the second half of July to date. The conversion process is going smoothly, helped by the collaborative and enthusiastic attitude of the staff involved in the relaunch. The results achieved so far have been largely positive. The encouraging performance of Charles Vögele should also be mentioned, with positive like-for-like sales and EBITDA, and a better than forecasted financial position.

The e-commerce channel has continued to grow, registering an overall increase in sales of +59%; growth was driven by the ongoing expansion of "ovs.it", which is focused on the Italian market, and the new platform, "ovsfashion.com" which serves all the European countries. Finally, the agreements with foreign marketplaces continued on a positive trend.

EBITDA improved, increasing to €82.1 million (+€7 million or +9.4% year on year), while the EBITDA margin was 11.8% (approx. +10bps). Both the Group's brands again generated positive results. It should also be noted that the positive contribution of royalties from the commercial agreement with Charles Vögele will only start to materialise in the second part of the year.

The capital structure remained sound, with net debt (excluding the market-to-market component) that was in line with previous year absorbing thus the last year end increase in inventory and the dividends paid in June 2017.

Network expansion continued in the first part of the second half of the year, with another 17 stores added to date, including 1 full format DOS. The autumn/winter season got off to a good start in Italy and abroad, due to favourable weather conditions in September.

It is also worth to mention the success of the red carpet during the Venice International Film Festival where our famous model Bianca Balti has been mentioned by the most influence fashion magazines for wearing one of the best dresses of the event.

We believe that our strategy will result in further consolidation and market share gains in the Italian market, which continues to reward players that are versatile and able to benefit from economies of scale. At the same time, expansion in foreign markets will bring tangible benefits for OVS, mainly thanks to the roll-out of the commercial agreement with Charles Vögele, whose effects start becoming material in the second half of the current year.

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NET SALES

Total sales grew by €57.0 million (+8.9%), with a positive contribution from network development (+4.1%) and the initial effects of the Commercial Agreement with Charles Voegele (+4.8%), while the like-for-like scope registered a flat performance, reflecting a particularly unfavourable market in July (-2.8%) which partially offset the positive results seen in May.

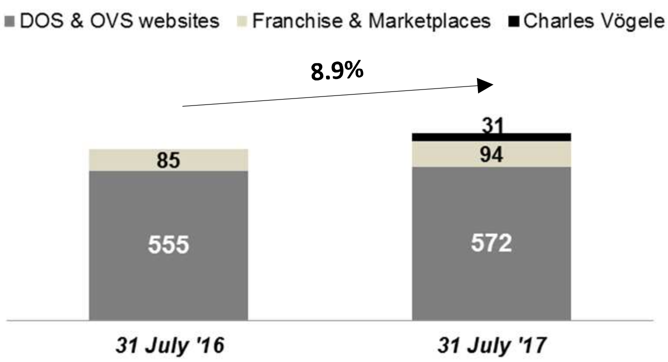
8.9%

The trend of growth has continued

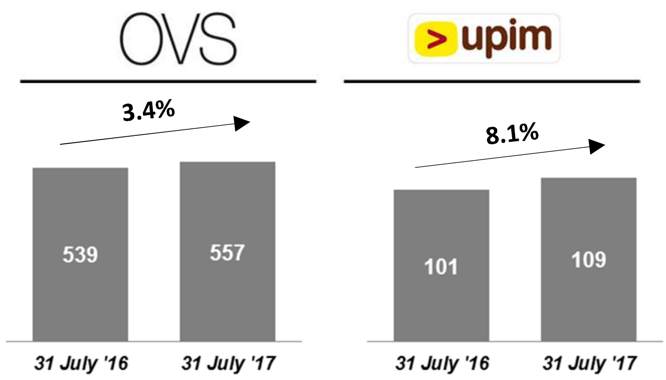
OVS registered an increase in sales of 3.4% (€18.2 million), driven by the steady expansion of the direct network. Sales were temporarily negatively affected by changes to customs procedures that led to delays in goods imports.

UPIM registered strong sales growth of 8.1% (€8.2 million), benefiting from the more than positive development of the full-format Upim network and kids franchising (Blukids).

NET SALES: aggregate performance



NET SALES: performance by brand[1]



1. Excluding sell-in to Charles Vögele.

EBITDA

EBITDA was €82.1 million, representing 11.8% of net sales, up by €7.0 million (+9.4%) and with margin improvement of around 10bps, compared with a figure of €75.1 million in the same period of 2016.

Both brands made positive contributions to this performance, thanks to (i) an improvement in the gross margin (excluding the sell-in to Charles Vögele in this rump-up period) as a result of ongoing actions taken in the supply chain (displacement of part of procurement to lower-cost countries) and a better sales performance in May, which lessened the impact of markdowns, and (ii) further benefits in terms of operating leverage due to profitable new openings and network restructuring.

+9.4%

EBITDA

Higher sales, along with improved margins and operating leverage

The EBITDA of the OVS brand increased by €3.5 million (+5.2% year on year), while the EBITDA of the UPIM brand grew by €3.6 million (+44.5%).

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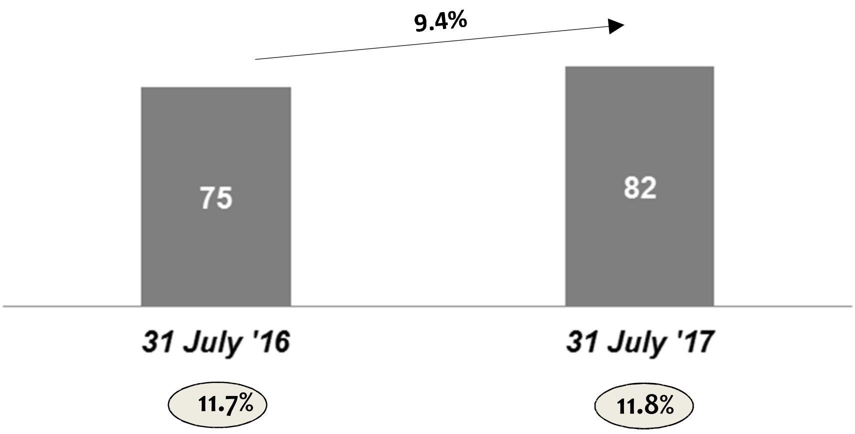
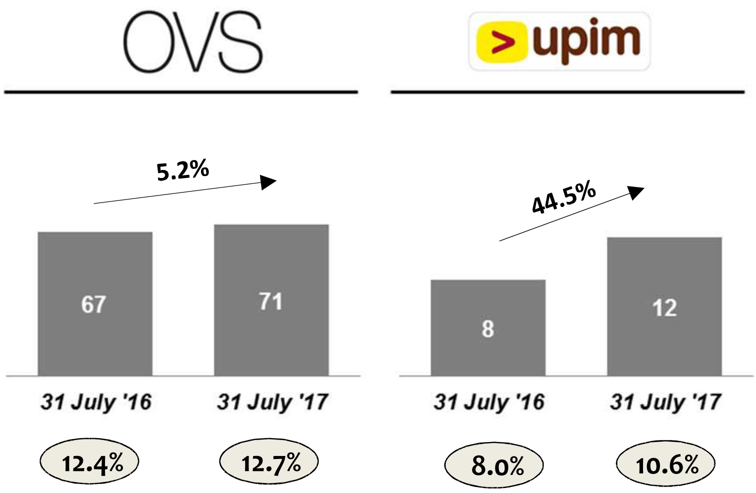
EBITDA : aggregate performance



EBITDA: performance by brand[1]



1. EBITDA Margin calculated on sales excluding revenues from Charles Vögele.

Margin in %

Bianca Balti in OVS
Venice International Film Festival 2017

Arts of Italy,
OVS capsule collection

Thanks to the positive EBITDA performance, ***operating income*** *came in at €56.3 million, up €5.3 million (10.3%) year-on-year.*

Normalised net profit *was €38.4 million, up by €7.6 million compared with the first half of 2016 and with a slightly lower tax rate compared to last year. The reported net result was negative €15.9 million, mainly reflecting a negative accounting effect of €62.6 million (€47.6 million net of €15 million in tax) due to the mark-to-market fair value of the derivatives. The cost entry is a non-cash item deriving from the difference between the hedging exchange rate for the expected purchase of goods in 2018 in USD and the effective EUR/USD exchange rate at the end of the first half of 2017.*

SUMMARY INCOME STATEMENT AND RELATIVE ADJUSTMENTS

€ mln	31.07.2017 Reported	o/w: non recurring; Stock Option; Derivatives; PPA	31.07.2017 Adjusted	31.07.2016 Reported	o/w: non recurring; Stock Option; Derivatives; PPA	31.07.2016 Adjusted
Net Sales	**697.1**		**697.1**	**640.1**		**640.1**
Purchases of consumables	302.3		302.3	270.6		270.6
Gross Margin	**394.8**		**394.8**	**369.5**		**369.5**
GM%	*56.6%*		*56.6%*	*57.7%*		*57.7%*
Total operating costs	314.3	1.7	312.7	297.9	3.5	294.4
EBITDA	**80.5**	**(1.7)**	**82.1**	**71.6**	**(3.5)**	**75.1**
EBITDA%	*11.5%*		*11.8%*	*11.2%*		*11.7%*
Depreciation & Amortization	30.1	4.3	25.8	28.4	4.3	24.1
EBIT	**50.4**	**(6.0)**	**56.3**	**43.3**	**(7.7)**	**51.0**
EBIT %	*7.2%*		*8.1%*	*6.8%*		*8.0%*
Net financial (income)/charges	64.4	(62.6)	1.8	14.8	(8.3)	6.5
PBT	**(14.0)**	**(68.6)**	**54.5**	**29.5**	**(16.0)**	**44.5**
Tax	1.9	14.2	16.1	10.5	3.2	13.7
Net Profit/(Loss)	**(15.9)**	**(54.3)**	**38.4**	**18.0**	**(12.8)**	**30.8**

With regard to the first half of 2017, the following normalizations are regarded as one-offs or as non-cash items: there were €0.6 million of one-off costs due to staff lay-offs; €1.0 million in costs relating to stock options with no impact on cash; €4.3 million in non-cash costs for amortization relating to purchase price allocation; €62.6 million in non-cash costs relating to the mark-to-market fair value, as explained above, and due to the difference between the hedging exchange rate for the expected purchase of goods in 2018 in USD and the effective EUR/USD exchange rate at the end of 1H17 fiscal year. Lastly, the tax effect of the above income statement adjustments was estimated at €14.2 million.

The accounting impact regarding the derivatives is also reflected within the balance sheet, with a negative effect on the net financial position of -€45.1 million due to the liability recorded through the recognition of the mark-to-market value at the 1H17 balance sheet date.

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SUMMARY STATEMENT OF CASH FLOWS

€mln	31 July '17	31 July '16	31 January '17
EBITDA	**82.1**	**75.1**	**186.7**
Change in Net Operating Working Capital	(59.1)	(59.6)	(56.3)
Other changes in Working Capital	(4.9)	(9.9)	7.3
Capex	(31.1)	(29.7)	(62.5)
Operating Cash Flow	**(12.9)**	**(24.1)**	**75.2**
Financial charges	(6.9)	(7.5)	(15.3)
Severance indemnity payment	(1.0)	(0.9)	(2.1)
Corporate taxes	(27.3)	(10.9)	(36.6)
Dividends	(34.1)	(34.1)	(34.1)
Partecipation Sempione Retail AG	0.0	0.0	(13.8)
Others	2.1	(0.9)	(3.2)
Net Cash Flow excl derivatives MtM and amortised costs	**(80.0)**	**(78.4)**	**(29.9)**

***Operating cash flow** improved by €11.1 million in the first half of 2017, compared with the first half of 2016. The negative flow of €12.9 million represents the typical seasonal nature of the business. The greater cash generation is mainly due to an improvement in EBITDA. Growth in inventory was in line with the first half of 2016 and with the dynamics of the business. The increase in net working capital remained under control, in line with the activities implemented and with the higher volumes managed due to the acceleration of the Group's international expansion. Net cash flow was in line with the previous year, despite larger cash outflows for tax, due to payment deferments benefited from in previous years.*

OVS Flagship Store in Locarno

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NET FINANCIAL POSITION

€ mln	31st July 2017	31st July 2016
Net Debt	408.5	321.7
Net Debt ***MtM of Derivatives Excluded***	363.3	331.7
EBITDA LTM	193.7	187.0
Leverage on EBITDA ***MtM of Derivatives Excluded***	1.9x	1.8x

OVS Flagship Store in Basel

*At 31 July 2017, the Group's **net financial position** was €363.3 million net of the mark-to-market effect (-€45.1 million). OVS purchases most goods in USD, and the accounting effect is due to the strengthening of the Euro against the Dollar in the later part of the first half. The ratio of net financial position to EBITDA (excluding mark-to-market) in the previous 12 months was 1.9x and largely in line with July 2016. The current spot interest rate is 2.50% + Euribor 3M (currently around 0%).*

SUMMARY STATEMENT OF FINANCIAL POSITION

€mln	31 July '17	31 January '17	Chg.
Trade Receivables	99.7	75.3	24.4
Inventory	373.8	340.6	33.2
Trade Payables	(366.2)	(367.7)	1.5
Net Operating Working Capital	**107.3**	**48.2**	**59.1**
Other assets/(liabilities)	(47.7)	(79.0)	31.3
Net Working Capital	**59.6**	**(30.9)**	**90.4**
Tangible and Intangible Assets	1,369.9	1,368.9	1.0
Net deferred taxes	(141.0)	(140.9)	(0.0)
Other long term assets/(liabilities)	(13.0)	(11.8)	(1.2)
Pension funds and other provisions	(45.7)	(47.7)	2.0
Net Capital Employed	**1,229.8**	**1,137.6**	**92.3**
Net Equity	821.4	871.7	(50.4)
Net Financial Debt	408.5	265.8	142.6
Total source of financing	**1,229.8**	**1,137.6**	**92.3**

The company's net invested capital of €1,229.8 million increased by €92.3 million (+8.1%), largely in line with turnover and network growth.

Implementation of the "Stock Option Plan 2017-2022" and exercise of the mandate to increase share capital

In execution of the resolutions adopted by the shareholders' meeting on 31 May last, which - inter alia - approved the Stock Option Plan 2017-2022 (hereinafter the "Plan") and granted the Board of Directors, for a five-year period as of the date of the meeting, the power to implement a paid-in share capital increase pursuant to Article 2443 of the Civil Code, in tranches and excluding any right of pre-emption as provided in Article 2441, comma 8, of the Civil Code, for a total maximum nominal amount of €4,080,000.00, by means of the issue, including in various tranches, of a maximum of 4,080,000 ordinary shares of no par value to the beneficiaries of the Plan, the Board of Directors has on this date (i) resolved to implement the Plan approved by the aforementioned shareholders' meeting, and (ii) resolved, following consultation with the Nomination and Remuneration Committee, the assignation to 32 beneficiaries of a total of 3.935.000 options, valid for the subscription of ordinary OVS shares (in the ratio of 1 new ordinary share for each option exercised) at a subscription price of €6.39 per share.

In particular, 1.500.000 options have been assigned to Mr Beraldo, Chief Executive Officer and General Manager of OVS and a total of 660.000 options to company managers with strategic responsibilities.

Consequently, the Board of Directors also resolved to partially execute the mandate, pursuant to Article 2443 of the Civil Code, to increase the share capital that was awarded to it by the shareholders' meeting on 31 May 2017, and accordingly resolved upon a capital increase to service the Stock Option Plan 2017-2022. In particular, the Board of Directors resolved to carry out a paid-in share capital increase by the deadline of 30 June 2027, by issuing, in one or more tranches, up to 3.935.000 new ordinary shares of no par value, with the same characteristics as the ordinary shares outstanding on the issue date, with ordinary dividend entitlement, excluding option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, to be reserved for subscription by the Beneficiaries of the aforementioned Plan, with a strike price of €6.39 per share.

For details of the Plan and the characteristics of the mandate, see the Reports of the Board of Directors and the information memorandum, pursuant to Article 84-bis of Consob Regulation 11971/1999, which is available from the Governance/Shareholders' Meeting section on the Company website at www.ovscorporate.it.

The parts of the minutes of the meeting of the Board of Directors concerning the mandate to increase the share capital shall be made available to the public under the terms established by law in the "Governance/Shareholders' Meeting" section of the company website at www.ovscorporate.it, using the "1info" authorized storage mechanism at the web address www.1info.it, and at the company's registered office.

Resolutions relating to corporate governance

The Board of Directors also reorganised its internal committees. In particular, the Board of Directors resolved to establish an internal committee for related-party transactions pursuant to the Company's procedure for related-party transactions and the rules on related-party transactions adopted by Consob with Resolution 17221 of 12 March 2010, as subsequently amended and supplemented. The following were appointed as members of the related-party committee: Board members Gabriele Del Torchio (Chairman), Heinz Jürgen Krogner-Kornalik and Chiara Mio from the list that had received the largest number of votes and Vincenzo Cariello from the minority list, all of whom are non-executive directors holding the independence requirements established by the current applicable law and the Corporate Governance Code adopted by the Company.

The Board of Directors also resolved to assign additional sustainability functions to the Control and Risk Committee, changing its name to the Control, Risk and Sustainability Committee. Furthermore, following the resignation, as professional commitments had also arisen due to a new appointment as member and Chairman of the OPC Committee, from the role of Chairman by Board member Gabriele Del Torchio, who continues to sit on the same Committee, the new Chairman was appointed in the person of director and Board member Chiara Mio. The Committee continues to consist of Chiara Mio (Chairman) and Gabriele Del Torchio from the list that had received the most votes and Vincenzo Cariello from the minority list, all of whom are non-executive directors holding the independence requirements established by the current applicable law and the Corporate Governance Code adopted by the Company.

No change was made to the composition and tasks of the Nomination and Remuneration Committee.

The Board members' CVs are available on the Company website at www.ovscorporate.it.

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

Approval of the Half-year Financial Report

The Half-year Financial Report was approved by the Board of Directors of OVS SpA on 20 September 2017 and, on the same date, the same body authorised its publication.

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 and results presentation

On Friday, 22nd September 2017 at 14:30 local time CET, a conference call will take place with analysts and investors during which the main results for the half year ended 31 July 2017 will be presented. To listen in on the conference call, dial +39 02 805 88 11 (from Italy), + 44 121 281 8003 (from the UK) and +1 718 7058794 (from the US) (+39 02 8058827 for journalists) and confirm the access code 830#. 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 meeting call.

Half-year Financial Report at 31 July 2017

The Half-year Financial Report at 31 July 2017, pursuant to Article 154-ter of the TUF - including the condensed half-year financial statements, the Interim Report on Operations and the declaration required under Article 154-bis, paragraph 5 of the TUF - will be made available to the public at the Company's registered office, via the "1info" centralised storage system at the website www.1info.it, and can be viewed on the Company website at www.ovscorporate.it, in the "Investor Relations/Results and Presentations" section. The external auditor's report will also be made available to the public in the same way as soon as it is available and pursuant to the law.

Upcoming events in the financial calendar

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, contact:

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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, financial and income 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.