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Further growth in sales and EBITDA

The Board of Directors met today in Venice and approved the results for the first nine months of 2017 (1 February 2017 - 31 October 2017)

- ✓ Net sales for the first nine months of the year reached €1,124.3 million. Excluding the sell-in to Charles Vögele **net sales were €1,031.4 million**, up 4.6% compared with the same period a year earlier, and +5.4% during the third quarter.
- ✓ **EBITDA was €138.0 million**, representing 13.4% of net sales, up by €12.0 million (+9.6%) on the first nine months of 2016 and representing a margin uplift of approx. +60 bps. Including the sell-in to Charles Vögele, EBITDA represents 12.3% of net sales.
- ✓ **PBT** adjusted amounted €91.5m, €14.7m higher than October 2016 (+19.2%).
- ✓ **The network increased by 29 full-format DOS** and 98 other stores, mainly Kids stores in franchising.
- ✓ **E-commerce sales registered strong growth** (+74%) compared with the same period a year earlier.
- ✓ **Market share again increased, reaching 7.67%** and gaining 30 bps compared with the start of the period, and 47 bps compared with October 2016.
- ✓ **Net financial debt was €334.8 million**, excluding the mark-to-market effect, which is a non-cash item, representing an improvement of €31.8 million on the first nine months of 2016.

CONSOLIDATED RESULTS

€mln	31 October '17	31 October '16	Chg	Chg %
Net Sales**	1,031.4	986.2	45.2	4.6%
EBITDA*	138.0	125.9	12.0	9.6%
*% on net sales***	*13.4%*	*12.8%*		
EBIT*	99.0	88.5	10.5	11.8%
*% on net sales***	*9.6%*	*9.0%*		
EBT*	91.5	76.8	14.7	19.2%
*% on net sales***	*8.9%*	*7.8%*		
Net Debt ***MtM of Derivatives Excluded***	334.8	366.6	(31.8)	(8.7%)
Market Share (%)	7.67	7.20	0.47	6.5%

Bianca Balti in OVS

Venice International Film Festival 2017

Notes:

*in order to give a clearer picture of the Company's performance, the data in this document have been normalised. Specifically, profit before tax included €48.4 million in non-cash costs related to the MtM effect.

**In order to give a clearer picture of the Company's organic business and to provide financial data comparable with the previous year, net sales and financial KPIs do not include the sales arising from the service agreement with the Swiss client Charles Vögele.

Statement from the Chief Executive Officer Stefano Beraldo

In the first nine months of 2017, OVS S.p.A. once again recorded growth in both sales and profitability, thanks to its development in the domestic and international market.

The reference market contracted by 1.7%, not yet reflecting the reassuring data on Italy's economic recovery (estimated GDP growth of 1.6% in 2017). In this context, OVS S.p.A. continued its growth and consolidation of the domestic market, achieving market share of 7.67%, up by 30 bps during the year.

From the onboarding book of OVS

The Group is also growing in its international markets, in terms of both sales and EBITDA generation. Another 35 stores were launched in foreign markets in the first nine months of this year. To be noted the success achieved by the new stores launched in France, and particularly the new full-format opening in Chambourcy, Paris, where the results were better than expected, and the excellent performances recorded in Israel and Saudi Arabia, as well as the ongoing positive trend in the Spanish market, also thanks to the full-format DOS launched in Madrid in the first half of this year. Lastly, the major collaboration with our Chinese partner is moving forward, allowing the launch in China of four Kids stores in franchising in the third quarter of this year (out of 18 that will be opened by the end of this year).

With regard to the commercial agreement in place with Swiss retailer Charles Vögele, the conversion into OVS brand of 140 stores in Switzerland and 11 stores in Slovenia has been completed. The first advertising campaign was launched as these conversions were taking place, with the aim of raising awareness of the OVS brand in new markets.

At the consolidated level, total sales increased by 4.6% in the first nine months of 2017 (or by 14.0% including the sell-in to Charles Vögele). Launches of new stores achieving excellent results and the contribution of the franchising network were factors in this performance. Specifically, in the first nine months of the year, the network increased by 29 full-format DOS and 98 other stores, mainly Kids stores in franchising.

EBITDA came in at €138 million, up by €12 million (+9.6%) and representing 13.4% of net sales (approx. +60 bps). Both brands increased their profitability, with OVS and Upim adding 40 bps and 210 bps respectively to their EBITDA margins.

Normalised net profit before tax was €91.5 million, up by 19.2% compared with the same period a year earlier. Excluding the mark-to-market effect, net financial debt also improved, from €366.6 million to €334.8 million in October.

Statement from the Chief Executive Officer Stefano Beraldo

The e-commerce channel continues to grow rapidly, with an overall increase in sales of 74%; this has been achieved in part due to the launch of successful initiatives to integrate the e-commerce and physical store experiences, moving in the direction of multi-channelling and customising the buying experience, through the use of rich data and the new single customer view and CRM projects, which are currently in the implementation phase. Digital has always been a central part of OVS's development strategy; in this regard a new digital transformation director will promote a new phase of digitalization of the company according to an end-to-end approach – ranging from new ways of serving our customers to digitising back-end processes and systems – and a customer-centric and data-driven vision.

After years of hard work on sustainability, OVS has launched the "wecare.ovscorporate.it" website. The aim is to provide ever-increasing transparency on the processes and initiatives undertaken by the Company, enhancing its future goals while giving visibility on the major objectives already achieved, which have enabled OVS S.p.A. to position itself today as one of the most highly evolved companies on the market.

Network expansion continued in the latter part of the second half of the year, with another 18 stores added to date. 5 of these are full-format DOS, including the new concept store in the CityLife Shopping District in Milan. It should be highlighted that this store performed better than anticipated in the early days of the launch.

We continue to believe that the Group is correctly positioned at both the domestic and the international levels to pursue, with the correct formats, growth and value creation in a highly competitive market.

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NET SALES

Total sales (excluding the sell-in to Charles Vögele) grew by €45.2 million, or 4.6%, mainly due to the positive contribution of network expansion (+4.4%). The market contracted further in the third quarter, with weather that was favourable in September and extremely negative in October.

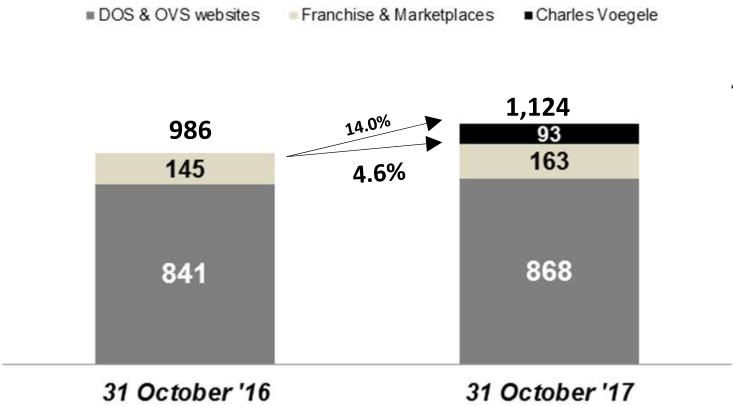
Both the OVS and Upim brands contributed, with respective increases in sales of 3.9% (+€32.2 million) and 8.5% (+€13.0 million).

The e-commerce channel again registered rapid growth of 93% in the third qurter, bringing the overall year to date growth figure to 74%.

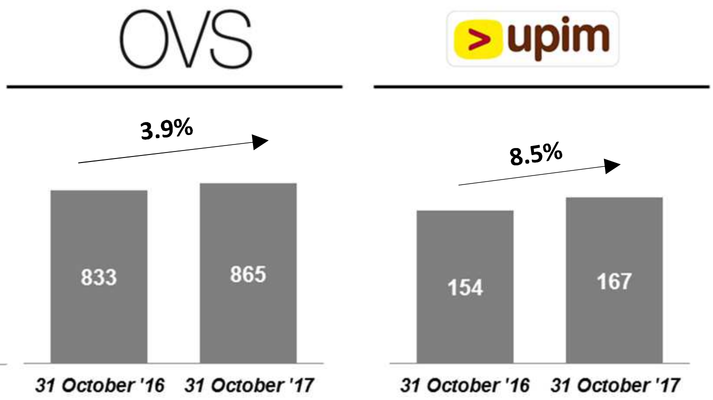
4.6%

NET SALES (Excluding sell-in to Charles Vögele)

NET SALES: aggregate performance



NET SALES: performance by brand[1]



1. Excluding sell-in to Charles Vögele.

EBITDA

EBITDA was €138.0 million, representing 13.4% of net sales, up by €12.0 million (+9.6%) and by around 60 bps, compared with a figure of €125.9 million in the same period of 2016. Including the sell-in to Charles Vögele, EBITDA represents 12.3% of net sales.

Both brands made a positive contribution to this result: OVS recorded EBITDA growth of €7.4 million (+6.7% year-on-year), while Upim registered an increase in EBITDA of €4.6 million (+31.3%). The improvement in the gross margin, stable costs and the operational effect of network expansion were all contributing factors.

+9.6%

EBITDA

Higher sales, along with improved margins and operating leverage

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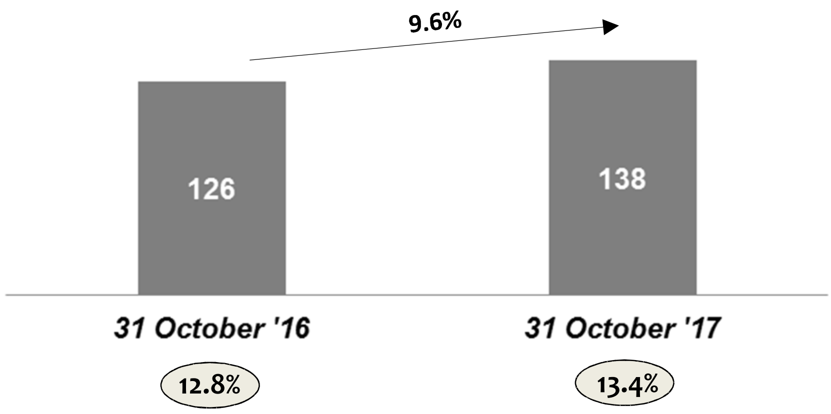
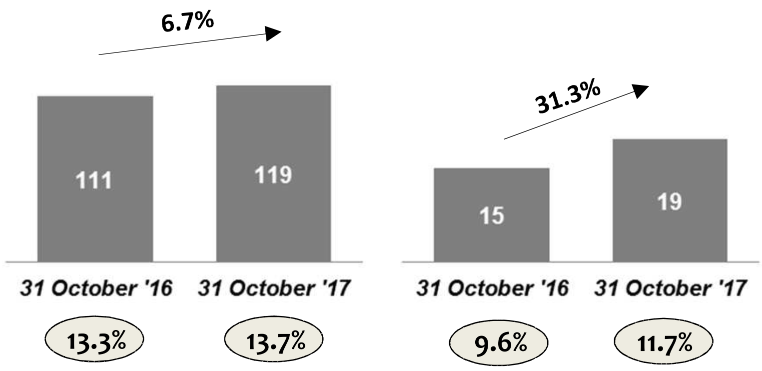
EBITDA : aggregate performance[1]



Bianca Balti in OVS

EBITDA: performance by brand[1]

OVS | upim



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

Margin %

Arts of Italy, OVS capsule collection

OPERATING INCOME AND PROFIT BEFORE TAX

*Thanks to the positive EBITDA performance, **normalised operating income** came in at €99.0 million, up €10.5 million (+11.8%) compared with the same period a year earlier.*

***Normalised net profit before tax** was €91.5 million, up €14.7 million (+19.2%) on the first nine months of 2016. Reported pre-tax profit was €34.5 million, mainly reflecting €48.4 million of negative accounting impact relating to the mark-to-market valuation. 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 and part of 2019 in USD and the effective EUR/USD exchange rate at 31 October 2017.*

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SUMMARY INCOME STATEMENT AND RELATED ADJUSTMENTS

€ mln	31.10.2017 Reported	o/w: non recurring; Stock Option; Derivatives; PPA	31.10.2017 Adjusted	31.10.2016 Reported	o/w: non recurring; Stock Option; Derivatives; PPA	31.10.2016 Adjusted
Net Sales	1,124.3		1,124.3	986.2		986.2
EBITDA	135.8	(2.2)	138.0	121.4	(4.5)	125.9
% on net sales including sell-in to Charles Vögele	12.1%			12.3%		12.8%
% on net sales excluding sell-in to Charles Vögele	13.2%		13.4%	12.3%		12.8%
Depreciation & Amortization	45.4	6.4	39.0	43.8	6.4	37.4
EBIT	90.4	(8.6)	99.0	77.6	(10.9)	88.5
% on net sales including sell-in to Charles Vögele	8.0%		8.8%	7.9%		9.0%
% on net sales excluding sell-in to Charles Vögele	8.8%		9.6%	7.9%		9.0%
Net financial (income)/charges	55.9	48.4	7.4	14.9	3.2	11.7
PBT	34.5	(57.0)	91.5	62.7	(14.1)	76.8

With regard to the first nine months of 2017, the following normalisations are regarded as one-offs or as non-cash items. Specifically, there were €0.6 million in one-off costs due to staff lay-offs; €1.6 million in costs relating to stock options with no effect on cash; €6.4 million in non-cash costs for amortisation relating to the purchase price allocation; and €48.4 million in non-cash costs relating to the mark-to-market valuation, due to the difference between the hedging exchange rate for the expected purchase of goods in 2018 and 2019 in USD and the effective EUR/USD exchange rate at 31 October 2017. The same effect at the end of 1H17 was €62.6 million.
The effect relating to the derivatives was also reflected in assets and liabilities and cash flows, and particularly net financial position, on which it had an impact of -€30.9 million, due to the liability recorded through the recognition of the mark-to-market at the end of the first nine months of 2017.

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SUMMARY STATEMENT OF CASH FLOWS

€mln	31 October '17	31 October '16	31 January '17
EBITDA	**138.0**	**125.9**	**186.7**
Change in Net Operating Working Capital	(73.7)	(120.4)	(56.3)
Other changes in Working Capital	3.8	6.0	7.3
Capex	(46.8)	(42.9)	(62.5)
Operating Cash Flow	**21.2**	**(31.3)**	**75.2**
Financial charges	(10.3)	(11.1)	(15.3)
Severance indemnity payment	(1.5)	(1.5)	(2.1)
Corporate taxes	(27.3)	(32.7)	(36.6)
Dividends	(34.1)	(34.1)	(34.1)
Partecipation Sempione Retail AG	0.0	0.0	(13.8)
Others	0.5	(2.6)	(3.2)
Net Cash Flow excl derivatives MtM and amortised costs	**(51.4)**	**(113.3)**	**(29.9)**

Operating cash flow *was up by €52.6 million in the first nine months of 2017, compared with the same period a year earlier, in a context of €46.8 million in investments (+€4 million compared with October 2016). EBITDA and lower absorption deriving from net working capital, even more evident in view of the peak in working capital in the previous year, were contributing factors in this improvement. All of this was made possible also thanks to the starting of recovery activities of inventories and good management of suppliers.*

OVS Flagship Store in Zurich

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NET FINANCIAL POSITION

€ mln	31st October 2017	31st October 2016
Net Debt	365.7	351.5
Net Debt **MtM of *Derivatives Excluded***	334.8	366.6
EBITDA LTM	198.7	187.3
Leverage on EBITDA ***MtM of Derivatives Excluded***	1.7x	2.0x

*At 31 October 2017, the Group's **net financial position** was €334.8 million net of the mark-to-market effect[1] (of -€30.9 million). The ratio of net debt to EBITDA excluding mark-to-market in the last 12 months was 1.7x and therefore an improvement on October 2016. The current interest rate is 2.50% + Euribor 3M (currently around 0%).*

[1]*See page 6 for further details.*

SUMMARY STATEMENT OF FINANCIAL POSITION

€mln	31 October '17	31 January '17	Chg.
Trade Receivables	148.5	75.3	73.2
Inventory	374.0	340.6	33.4
Trade Payables	(400.6)	(367.7)	(32.9)
Net Operating Working Capital	**121.9**	**48.2**	**73.7**
Other assets/(liabilities)	(54.1)	(79.0)	25.0
Net Working Capital	**67.8**	**(30.9)**	**98.7**
Tangible and Intangible Assets	1,370.2	1,368.9	1.4
Net deferred taxes	(141.1)	(140.9)	(0.1)
Other long term assets/(liabilities)	(14.4)	(11.8)	(2.6)
Pension funds and other provisions	(44.2)	(47.7)	3.5
Net Capital Employed	**1,238.3**	**1,137.6**	**100.7**
Net Equity	872.6	871.7	0.9
Net Financial Debt	365.7	265.8	99.9
Total source of financing	**1,238.3**	**1,137.6**	**100.7**

*The Company's **net invested capital**, which was €1,238.3 million, increased by €100.7 million (+8.9%) compared with January 2017.*

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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.

Quarterly information

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

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

Tomorrow, Tuesday, 12 December 2017 at 15:00 local time (CET), a conference call will take place with analysts and investors during which the key results for the nine months ended 31 October 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 854#. 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.

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