FY17 FINANCIAL RESULTS

April 18, 2018

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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.

This investor presentation contains measures that were not prepared in accordance with IAS/IFRS.

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FY17 Highlights

Total Net Sales reached €1,525.7m (+12.0%), or €1,415.1m (+3.9%) excluding the sell-in to Sempione Fashion AG (ex. Charles Vögele). The growth was driven by network expansion, despite the contraction in the domestic market of -1.3% in 2017 and of -5% in January 2018. Like-for-like performance of the year was slightly below zero (-1.1%)

Adjusted EBITDA continued to grow thanks to the positive contribution of both brands OVS and Upim, reaching €196.5m, €9.8m higher than FY16 (+5.3%). Also the EBITDA margin improved by about 19bps, reaching 13,9% on net sales excluding the sell-in to Sempione Fashion AG.

Adjusted EBT amounted to €133.6m, growing by €12.0m or +9.9% YoY, while net profit adjusted stood at €106.5m, increasing by +€14.7m or +16.0%, also thanks to lower financial costs and a decreased tax rate.

Over the year, the network expanded by 38 full format DOS (out of which a couple opened in foreign markets) and 113 other stores (of which 61 in foreign markets under the OVS brand). On top of this, more than 100 stores have been converted in Switzerland and Slovenia thanks to the Commercial Agreement signed with Sempione Fashion AG one year ago.

Italian market share was at 7.84% (+47bps vs. Jan 2017), representing the highest market share improvement among all the players in the Italian market. Market share in foreign markets expanded as well, as 2017 represented the year where OVS increased its presence in foreign markets more than ever, with an increase of surfaces of 50% compared to 2016 (excluding stores converted by Sempione Fashion AG).

+3.9%

Increase in Net Sales excluding sell-in to Sempione Fashion AG

+5.3%

EBITDA Growth

7.8%

Italian Market share

Source: Sita Ricerca for market share and market trends

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Key Income Statement Items
Positive operating performance confirmed in FY17

€ mln	31.01.2018	31.01.2018 Adjusted	31.01.2017	31.01.2017 Adjusted	Chg. (Adjusted)	Chg. % (Adjusted)
Net Sales	1,525.7	**1,525.7**	1,362.6	**1,362.6**	163.1	12.0%
*Net Sales**	1,415.1	1,415.1	1,362.6	1,362.6	52.5	3.9%
Gross Margin	824.3	**828.8**	774.7	**785.8**	43.1	5.5%
GM%	58.2%	58.6%	56.9%	57.7%		+90ppt
EBITDA	174.8	**196.5**	169.3	**186.7**	9.8	5.3%
EBITDA%	12.3%	13.9%	12.4%	13.7%		+19ppt
EBIT	112.0	**142.4**	110.3	**136.2**	6.1	4.5%
EBIT%	7.9%	10.1%	8.1%	10.0%		+6ppt
PBT	9.5	**133.6**	105.8	**121.6**	12.0	9.9%
Net Income	5.1	**106.5**	78.0	**91.8**	14.7	16.0%
Net Financial Position	377.8	**317.9**	265.8	**283.2**	34.7	12.3%
Market Share	7.84%		7.37%			+47ppt

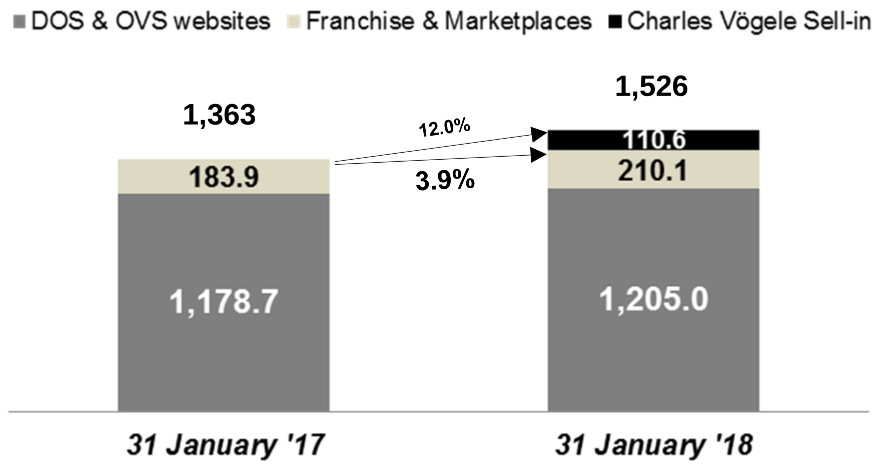
- Net Sales (excluding the sell-in to Sempione Fashion AG) grew by 3.9% in FY17, despite a slightly negative like-for-like performance. To be underlined that the same store perimeter performance has been flat until December ’17, while January market contraction pushed down the year to date performance to -1.1%. Top line increase of 3.9%, has been achieved thanks to a combination of new openings in Italy and abroad and e-commerce. This allowed OVS to keep expanding its market share in the Italian market and its international presence. Organic International sales through the OVS brand increased by 30.4% to €49.2m. Also the brand Upim, expanded abroad, mainly through the BluKids band. All in all, international organic sales amounted to €58.8m. Online sales almost doubled compared to 2016.
- Adjusted EBITDA continued to increase (+5.3% vs. FY16) and the EBITDA margin improved by approx. 19bps to 13.9% (calculated on net sales excluding the sell-in to Charles Vögele). Both brands contributed to this growth, which was mainly driven by (i) an improved gross margin, and (ii) good performances achieved by new openings and stores refurbished.
- Adjusted Net Income increased significantly (+€14.7m, or +16.0%) thanks to positive operating results. Adjusted Net Financial Position increased by €34.7m.
- Some of the amounts adjusted refers to the write down of the commercial receivable, the financial receivable and the investment, reflecting the difficult turnaround of Sempione Fashion AG resulting from negative trading performance over the last period.
- Please see page 13 and 14 for more details regarding the adjustments.

(*) Excluding the sell-in to Sempione Fashion AG

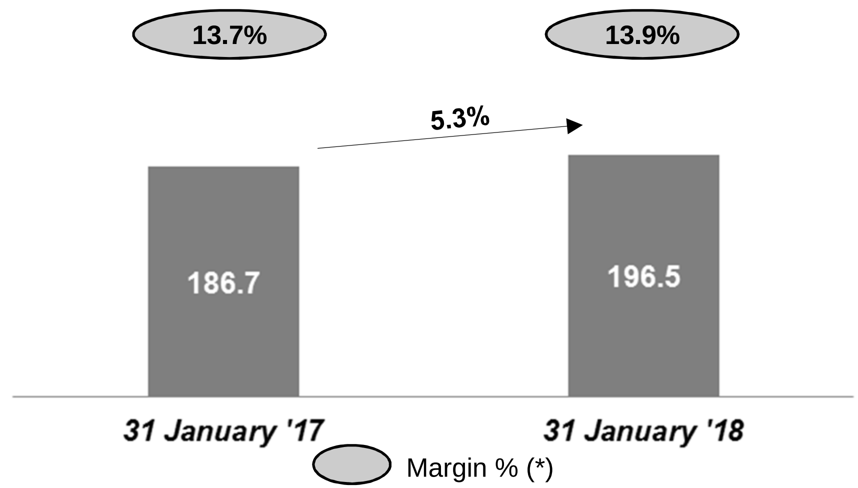
Aggregate Sales and EBITDA Performance in FY17

Aggregate Performance

Net Sales (€mln)



EBITDA (€mln)

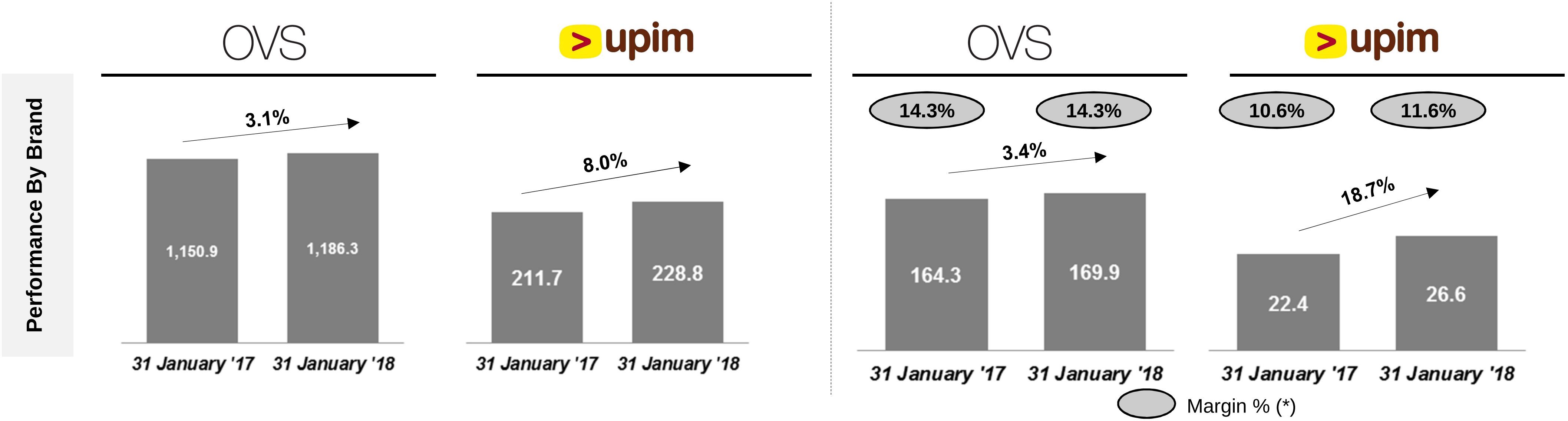


- Net Sales amounted to €1.5 billions, increasing by +€163m, out of which €111m were related to the sell-in to Sempione Fashion AG. The operating turnover increase amounts to +€52.5m, or +3.9% compared to 2016.
- Adjusted EBITDA reached €196.5m, up by +5.3% or +€9.8m. EBITDA margin (without considering Sempione Fashion sell-in) achieved 13.9% (19bps higher compared to 2016).

The market conditions suddenly changed in Italy and abroad, impacting negatively the performance in terms of sales and EBITDA generation

(*) EBITDA margin calculated excluding the sell-in to Sempione Fashion AG

FY17 Sales and EBITDA Performance by brand



- OVS net sales increased by +€35.4m (+3.1%), driven by network expansion in Italy and in foreign countries. Upim net sales rose by €17m (+8.0%), benefiting from the positive development of full-format stores and kids franchising (Blukids). Both brands continued to overperform the Italian market, in contraction by -1.5% during the twelve months period ending in Jan18.

- Both OVS and Upim EBITDA increased compared to 2016: OVS brand grew by 3.4%, while Upim brand by 18.7%, confirming the growth potentials of the brand both in terms of top line and profitability.

(*) EBITDA margin calculated excluding the sell-in to Sempione Fashion AG

FY17 Top line growth: pillars

Italy

International

Organic Growth

Inorganic Growth

Commercial Agreement with Sempione Fashion AG

Digital

www.OVS.it

*The **consolidation of the domestic market** continued successfully. The network expanded by:*

1. *22 new DOS OVS performing above the expectations*
2. *15 new DOS Upim performing above the expectations*
3. *12 DOS OVS refurbished, showing an increase on sales between 15/20% on average*
4. *66 stores in franchising*

***1) Organic Growth** proceeded as planned, with OVS and OVS Kids increasing their presence by 43% of surfaces, serving 33 countries with a network of 238 stores; Blukids grew as well, more than doubling its surfaces and serving 22 countries with almost 70 stores.*

***2) Commercial Agreement with Sempione AG:** 2017 has seen the conversion of more than 100 stores mainly in Switzerland and Slovenia. The planned turnaround has been tougher than envisaged due to the Swiss market contraction (-5% in 2017), and unfavourable weather conditions that slowed the process related to the switch of the customer base from the more traditional one to the one more alligned with OVS abitual clientele.*

To protect OVS from any kind of risk, 3 write-offs have been made in 2017: (i) €13.5m of allowances for doubtful accounts, which offset a portion of trade receivables from Sempione Fashion AG; (ii) €12.8m relating to the write-down of the Sempione Retail AG financial receivable and (iii) €8.3m of write-off regarding the equity investment in the same company.

To be underlined that the significant increase in volumes bought in 2017 compared to the previous year, allowed OVS to take a significant improvement in terms of bargaining power with vendors, which translates into a lower cost of the product. We foresee that this positive impact will be maintained in the following years thanks to the continuous expansion of OVS, independently form the final size of the turnover to Sempione.

FY17 e-commerce sales almost doubled compared to FY16 also thanks to the successful omnichannel initiatives lounched in 2017. Loyal customers are keep on growing, and a number of projects leveraging on digital technology innovation in the back end systems have been delivered so far.
A new advanced approach to CRM based on the «single customer view» will be delivered in 2018.
Further steps in the digitalization will involve back end systems, from planning to distribution, in order to unlock the omnichannel potential and adapt the supply chain to completely address market demands.

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31Jan18 Consolidated Trade Working Capital

CV Impact on TWC

€mln	31Jan17	31Jan18	*Change*	*of Which Related to Sempione Fashion AG*	*Change without Sempione Fashion AG Impact*
Trade Receivables	75.3	113.0	37.7	30.3	7.4
Inventory	340.6	387.9	47.3	34.3	13.0
Trade Payables	(367.7)	(403.4)	(35.7)	(25.8)	(10.0)
Trade Working Capital	**48.2**	**97.5**	**49.3**	**38.8**	**10.5**

- Trade working capital is €49.3m higher compared to the one at 31Jan17. Trade working capital is under control, and main part of the cash absorption at working capital level is not related to the operating business.

- The cash absorption experienced has been driven by the first year impact of the agreement in place with Sempione fashion AG. In particular at 31Jan18:

- Trade receivables from Sempione Fashion AG amounts to €30.3m (figure net of the accrual related to the provision for doubtful accounts of €14.5m)

- At inventory level, €34.3m relates to the merchandising bought for Sempione Fashion AG.

- Within trade payables, €25.8m refer to goods bought for Sempione Fashion AG.

Once the above impacts have been excluded, the TWC growth is in line with the growth of the business.

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Capex

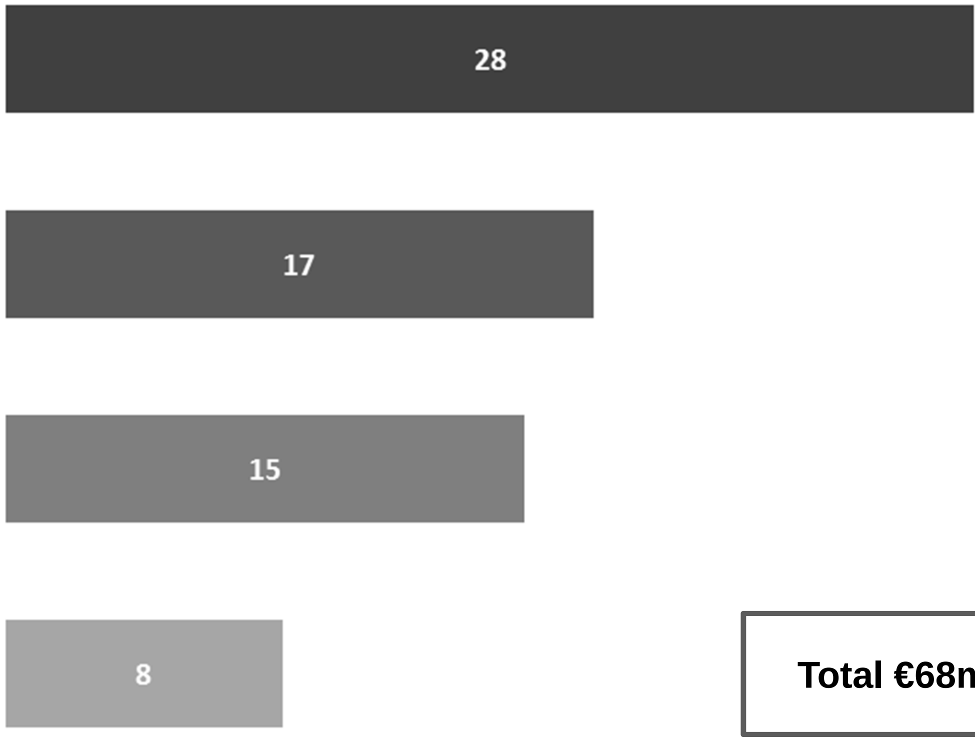
2017 Capex breakdown (*€ mln)*

New openings (c. 41.2% of total)

Refurbishment, maintenance and other commercial projects of the existing network (c. 25.0%)

IT and Digital Transformation (c. 22.1%), mainly related to operational projects

Logistics and others (c. 11.8 %)



Total €68m

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Net Debt and Leverage

€ mln	31 January 2018	31 January 2017
Net Debt (*)	317.9	283.2
EBITDA LTM Adjusted	196.5	186.7
Leverage su EBITDA (*)	1.6x	1.5x

- As of 31st January 2018 net debt was equal to €317.9m. The amount excludes the liability of -€59.9m related to the mark-to-market effect. It has to be underlined that OVS purchases most merchandise in USD, and therefore uses forward operating hedging instruments to guarantee costs for the purchase of goods not influenced by exchange rate fluctuations. The merely accounting impact arises from the mark-to-market valuation, which is calculated as the difference between the exchange rate hedging of the goods expected to be purchased mainly in 2018 in USD and the actual exchange rate EUR/USD at the closing date of 31January2018. Given the recent trend of the EUR/USD exchange rate and in light of the hedging policy in place, OVS will benefit from a favourable exchange rate both in 2018 and 2019.
- The ratio of net financial position to EBITDA at year-end, excluding the mark-to-market effect, was 1.6x, largely in line with January 2017.
- The current interest rate on debt is 2.50% + Euribor 3m (currently around 0%).

(*) Net Debt does not include the impact arising from the valuation at fair value of the mark-to-market (impacting for -€59.9m at 31st January 2018).

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Consolidated Cash Flow Statement

Operating cash flow improved by +€9.5m, even in presence of capex increase of about +€5.5m and the already explained impact at working capital level arising from the Commercial Agreement in place with Sempione Fashion AG. Financial charges remained stable compared to FY16, while corporate taxes cash out will benefit the payment of the balance next year. The financial receivable write-off related to Sempione Fashion AG is a non-cash item which in any case impacted negatively the Net debt.

€mln	31 January '18	31 January '17
EBITDA Adjusted	**196.5**	**186.7**
Adjustments[1]	(21.7)	(17.4)
Change in Net Operating Working Capital	(49.3)	(56.3)
Other changes in Working Capital	9.9	7.3
Capex	(68.0)	(62.5)
Operating Cash Flow	**67.3**	**57.8**
Financial charges	(14.2)	(15.3)
Corporate taxes	(46.9)	(36.6)
Dividends	(34.1)	(34.1)
Svalutazione Credito Fin Sempione Retail AG	(5.5)	0.0
Others	(1.4)	(1.7)
Net Cash Flow excl derivatives MtM and amortised costs	**(34.7)**	**(29.9)**

Notes:

1. Relates to adjustments at EBITDA level. Please see Appendix for further details

Outlook

- After a tough Italian market experienced in January 2018, February and March continued to be negative according to Sita Ricerca. Main reasons are linked to unfavourable weather conditions (exeptional long winter with Spring that started only in mid April) and the Italian elections held at the beginning of March.
- The International expansion through our International Business Unit is proceeding in line with our expectations at top line level, with an EBITDA contribution even higher compared to the plan. During the first 2 months of the year, OVS International network expanded by 14 stores (out of which 2 DOS).
- The network refurbishment in Italy started in line with the plan: 7 stores have been already refurbished during the first two months of the year, all showing an increase of sales higher than envisaged. Moreover, 6 full format DOS have already being added to the existing network of 2017 year end.
- OVS will continue to consolidate the Italian market by gaining market share from other competitors, such as street vendors, independent stores and mono-brand retailers, which are still experiencing difficulties, while being ready to be the first to take advantage from the first reassuring signals regarding the Italian economic recovery.
- Given the recent trend of the EUR/USD exchange rate and in light of the hedging policy in place, OVS is expected to benefit significantly from a favourable exchange rate both in 2018 and 2019.
- Our main franchisee partner Sempione Fashion AG has been closely monitored by OVS during the first months of the year. The company is doing its best to face a Swiss market which is still tough also in consideration of the weather conditions at the beginning of the year.

Appendix

Consolidated Profit and Loss and related adjustments (1 of 2)

€ mln	31.01.2018 IFRS	o/w: non recurring	o/w: forex reclass.	o/w: non recurring; Stock Option; Derivatives; PPA; Adjustment items	Adjustments & Reclass.	31.01.2018 Adjusted	31.01.2017 IFRS	o/w: non recurring	o/w: forex reclass.	o/w: non recurring; Stock Option; Derivatives; PPA; Adjustment items	Adjustments & Reclass.	31.01.2017 Adjusted
Net Sales	**1,525.7**					**1,525.7**	**1,362.6**					**1,362.6**
Purchases of consumables	701.4		4.6		4.6	**696.8**	587.9		11.1		11.1	576.8
Gross Margin	**824.3**		**4.6**		**4.6**	**828.8**	**774.7**		11.1		11.1	**785.8**
GM%	*54.0%*					*54.3%*	*56.9%*					*57.7%*
Personnel costs	293.0	0.6		3.0	3.5	289.5	277.8	0.2		2.5	2.7	275.2
Costs for services	191.8	0.0			0.0	191.7	176.3	0.9		0.0	0.9	175.4
Rent costs	125.3	0.1			0.1	125.2	126.0	0.0		0.0	0.0	126.0
Provisions	15.2	0.0		13.5	13.5	1.7	1.2	0.0			0.0	1.2
Other operating costs	24.2	0.0				24.2	24.1	2.7			2.7	21.4
Total operating costs	649.5	0.7		16.5	17.2	632.3	605.4	3.8		2.5	6.3	599.1
EBITDA	**174.8**	**0.7**	**4.6**	**16.5**	**21.7**	**196.5**	**169.3**	**3.8**	**11.1**	**2.5**	**17.4**	**186.7**
EBITDA%	*11.5%*					*12.9%*	*12.4%*					*13.7%*
Depreciation & Amortization	62.7			8.6	8.6	54.1	59.0			8.6	8.6	50.4
EBIT	**112.0**	**0.7**	**4.6**	**25.1**	**30.3**	**142.4**	**110.3**	**3.8**	**11.1**	**11.1**	**26.0**	**136.2**
EBIT %	*7.3%*					*9.3%*	*8.1%*					*10.0%*
Net financial (income)/charges	102.5	21.1	(4.6)	77.3	93.7	8.8	4.5		(11.1)	0.9	(10.2)	14.7
PBT	**9.5**	**21.8**	**0.0**	**102.3**	**124.1**	**133.6**	**105.8**	**3.8**	**0.0**	**12.0**	**15.8**	**121.6**
Taxes	4.5	(0.2)		(22.5)	(22.7)	27.1	27.8	(1.0)		(1.0)	(2.0)	29.8
Net Income	**5.1**	**21.6**		**79.8**	**101.4**	**106.5**	**78.0**	**2.8**	**0.0**	**11.0**	**13.8**	**91.8**

See next page for further details on the FY17 elements adjusted and normalized

Consolidated Profit and Loss and related adjustments (2 of 2)

The following normalizations and adjustments were carried out in 2017, with no impact on cash and/or not representative of the normal course of business operations. Specifically, there were €4.6 million of financial incomes reclassified within the Gross Margin in order to reflect the impact of the EUR/USD hedging related to the merchandising sold during the year; €0.6 million in one-off costs due to staff lay-offs; €3.0 million in costs relating to stock options with no impact on cash; €13.5 million refers to the adjustement arising from the accrual to the provision for doubtful accounts related to a portion of the receivable from Swiss partner Sempione Fashion AG; €8.6 million in non-cash costs relating to purchase price allocation; €77.3 million in non-cash costs relating to mark-to-market accounting, due to the difference between the hedging exchange rate for the expected purchase of merchandise in 2018 and partly in 2019 in USD, and the effective EUR/USD exchange rate at the balance sheet date of FY17. At this regards, it needs to be underlined that the amount includes the reverse of the positive mark-to-market at the end of 2016, to which is added the liability equal to €59.9m as at 31st January 2018; €8.3 million in one-off costs relating to the write-down of the equity investment in Sempione Retail AG; and €12.8 million in one-off costs relating to the write-down of the financial receivable from the same partner. Lastly, the tax effect of the above income statement adjustments was estimated at €22.7 million.

The effect relating to derivatives was also reflected in assets and liabilities and cash flows, and particularly in the net financial position for -€59.9 million.

It should also be noted that EBITDA is not identified as an accounting measure under IFRS, but is a measure commonly used by both management and investors to assess the company's operating performance. Reported EBITDA corresponds to EBIT (Operating Income) plus amortization, depreciation and write-downs, and can be directly extrapolated from Consolidated Financial Statements according to IFRS, supplemented by the Explanatory Notes.

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Consolidated Balance Sheet Statement

€mln	31 January '18	31 January '17	Chg.
Trade Receivables	113.0	75.3	37.7
Inventory	387.9	340.6	47.3
Trade Payables	(403.4)	(367.7)	(35.7)
Net Operating Working Capital	**97.5**	**48.2**	**49.3**
Other assets/(liabilities)	(51.2)	(79.0)	27.8
Net Working Capital	**46.3**	**(30.9)**	**77.2**
Tangible and Intangible Assets	1,365.8	1,368.9	(3.1)
Net deferred taxes	(134.3)	(140.9)	6.6
Other long term assets/(liabilities)	(14.7)	(11.8)	(2.9)
Pension funds and other provisions	(43.7)	(47.7)	4.0
Net Capital Employed	**1,219.5**	**1,137.6**	**81.9**
Net Equity	841.7	871.7	(30.0)
Net Financial Debt (*)	377.8	265.8	112.0
Total source of financing	**1,219.5**	**1,137.6**	**81.9**

(*) It includes -€59.9m of liability recorded through the recognition of the mark-to-market value at the 31st January 2018.