1Q18 FINANCIAL RESULTS

June 20, 2018

OVS

OVS

Disclaimer

This presentation is being furnished to you solely for your information and may not be reproduced or redistributed to any other person.

This presentation might contain certain forward-looking statements that reflect the Company's management's current views with respect to future events and financial and operational performance of the Company and its subsidiaries. These forward-looking statements are based on OVS S.p.A.'s current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of OVS S.p.A. to control or estimate. You are cautioned not to place undue reliance on the forward-looking statements contained herein, which are made only as of the date of this presentation.
OVS S.p.A. does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation.

Any reference to past performance or trends or activities of the OVS S.p.A. shall not be taken as a representation or indication that such performance, trends or activities will continue in the future.

This presentation does not constitute an offer to sell or the solicitation of an offer to buy OVS's securities, nor shall the document form the basis of or be relied on in connection with any contract or investment decision relating thereto, or constitute a recommendation regarding the securities of OVS. OVS's securities referred to in this document have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

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.

1Q18 Highlights

New store in Doha, Qatar

Sales grew by 2% excluding the sell-in to Sempione Fashion Group, despite a significant market contraction that affected the European and the domestic markets (a cumulative -5.1% during the February-April period).

The network expanded by 54 stores, of which 26 abroad, mainly in franchising, and 7 Full Format DOS.

Market share increased at 7.9% (+43 bps vs. Apr 2017).

Adjusted EBITDA reached €30.1m, €0.8m higher than 1Q17 (+2.8%), with the EBITDA margin slightly increasing to 9.4% of sales (excluding the sell-in to Sempione Fashion Group), driven by a profitable network expansion and tight costs control.

Adjusted PBT was €13.2m, in line with the previous year.

Reported results are mainly affected by the second part of provisions and depreciations relating to assets directly linked to the commercial agreement with Sempione Fashion Group. Total write-downs amounted to €53.4m, with similar impact on the cash flow. Based on the available information, the depreciations and write-offs booked in the first quarter represents the last portion of assets that may be not recovered.

+2.0%

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

+2.8%

Adjusted EBITDA Growth

7.9%

Italian Market share

Source: Sita Ricerca for market share and market trends

OVS

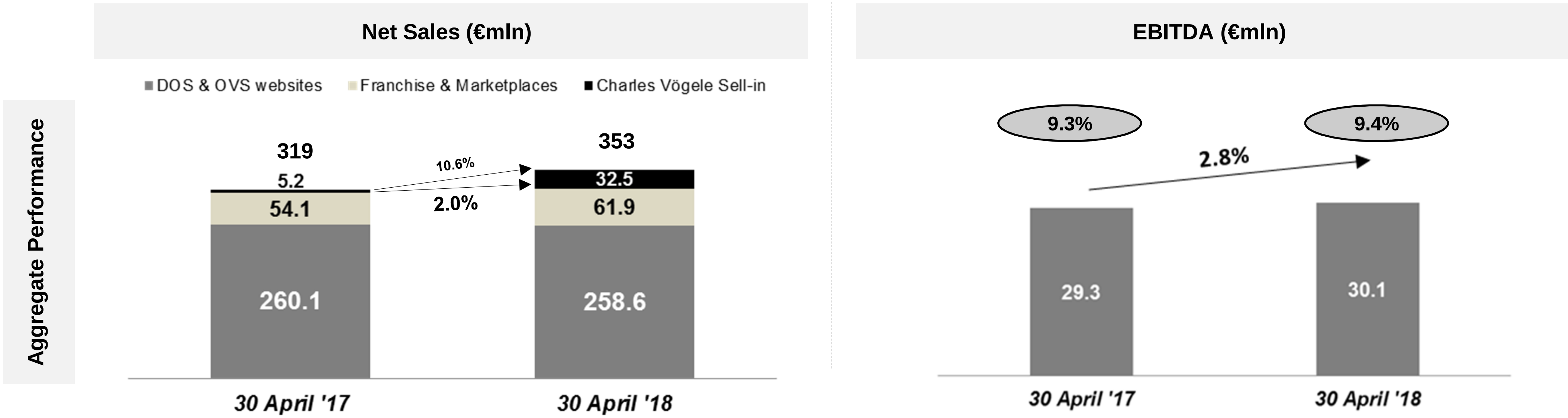
Key Income Statement Items
Continuing to outperform the market also in Q1

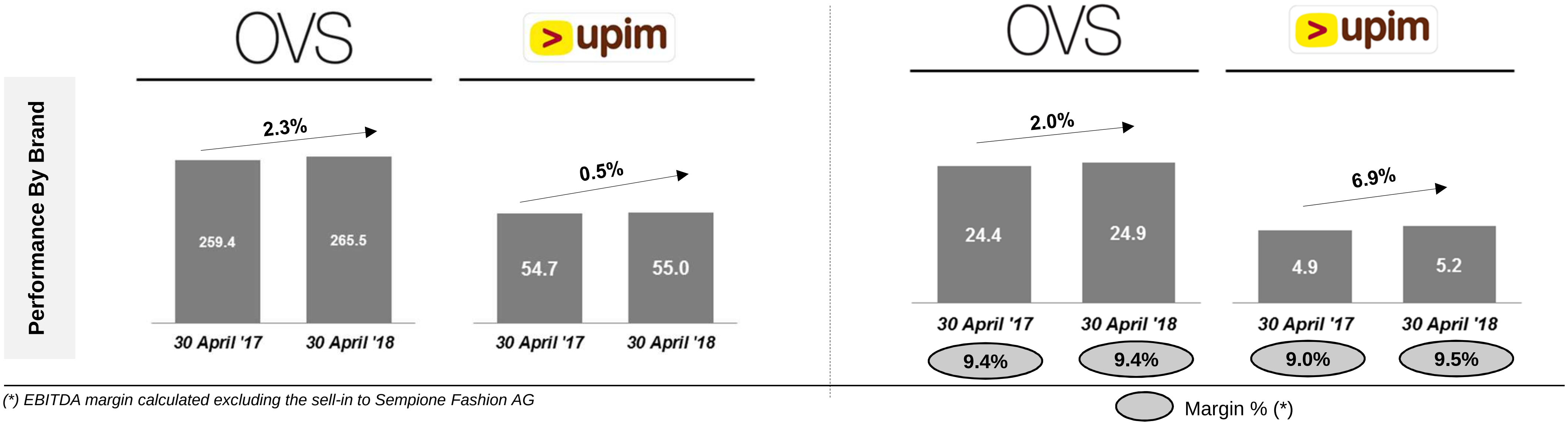
€ mln	30.04.2018	30.04.2018 Adjusted	30.04.2017	30.04.2017 Adjusted	Chg. (Adjusted)	Chg. % (Adjusted)
Net Sales	353.0	353.0	319.3	319.3	33.7	10.6%
Net Sales*	**320.5**	**320.5**	**314.1**	**314.1**	**6.3**	**2.0%**
EBITDA	(24.5)	**30.1**	28.6	**29.3**	0.8	2.8%
EBITDA%	(7.7%)	9.4%	9.1%	9.3%		+8ppt
EBIT	(39.9)	**16.9**	14.1	**16.9**	(0.1)	(0.4%)
EBIT%	(12.4%)	5.3%	4.5%	5.4%		(13ppt)
PBT	(26.1)	**13.2**	(0.1)	**13.8**	(0.6)	(4.1%)
Net Financial Position	451.2	**423.5**	339.2	**342.6**	80.9	23.6%
Market Share	7.9%		7.4%			+43ppt

- Net Sales (excluding the sell-in to Sempione Fashion Group) grew by 2.0% in 1Q18, despite a significant market contraction. OVS outperformed the market also in a quarter that was affected by adverse weather conditions until the second half of April. Also for this reason, the competitive environment was characterized by significant promotional activities in order to sell out the spring collection.
- Adjusted EBITDA continued to increase (+2.8% vs. 1Q17) with the EBITDA margin improving by approximately 8bps to 9.4% (calculated on net sales excluding the sell-in to Sempione Fashion Group). Both brands contributed to this growth, which was mainly driven by (i) Intake improvement thanks to synergies and EUR/USD exchange rate, (ii) costs control activated since the early signals of market contraction, and (iii) improved profitability of new and refurbished stores.
- The difference between reported and adjusted EBITDA of €54.6m is explained by the following factors: (i) a €30.4m one-off bad debt provision for trade receivables related to Sempione Fashion Group; (ii) a €20m one-off inventory write-off for the excess of inventory and the one under consignment, both in relation to Sempione Fashion Group; (iii) €3m in accruals for risk provisions related to possible costs (mainly legal) linked to Sempione Fashion Group; (iv) €1m of non-cash costs related to the stock option plans.
- Adjusted PBT and EBIT are in line with the figures for 1Q17.

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

Aggregate Sales and EBITDA Performance in 1Q18





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

OVS

30Apr18 Consolidated Trade Working Capital

€mln	30Apr18	30Apr17	*Change Apr18-Jan18*	*Change Apr17-Jan17*
Trade Receivables	111.3	106.9	(1.7)	31.6
Inventory	382.1	332.0	(5.8)	(8.6)
Trade Payables	(358.2)	(329.2)	45.2	38.5
Trade Working Capital	**135.2**	**109.7**	**37.7**	**61.5**

The trade working capital structure, after depreciations and write-offs booked in relation to Sempione Fashion Group (-€50.4m), reflects the normal seasonality of the business. In particular:

- Compared to 1Q17, trade receivables increased by +€4.4m, driven by the growth of the franchise network. It should be noted that the outstanding trade receivables, after the write down of €30.4m in trade receivables relating to Sempione Fashion Group, invoiced during the first quarter of 2018, show a significant improvement in terms of DSO compared to one year ago (the total amount decreased by -€1.7m at 30 April 2018, compared to an increase of +€31.6m last year).
- The amount of inventory linked to OVS business, after the write-offs relating to Sempione Fashion Group's merchandising (€20m), grew in line with the growth in 1Q17, reflecting the normal seasonality of the business. This has been possible thanks to a better planning of purchased, despite a weak first quarter top line.
- During 1Q18, the decrease in trade payables was in line with last year. The increased reduction is due to the additional merchandising paid to vendors for Sempione Fashion Group.
- Looking at OVS business excluding Sempione Fashion Group, the seasonal cash absorption at the level of trade working capital was lower than 1Q17.

OVS

Capex

1Q2018 Capex breakdown (*€ mln)*

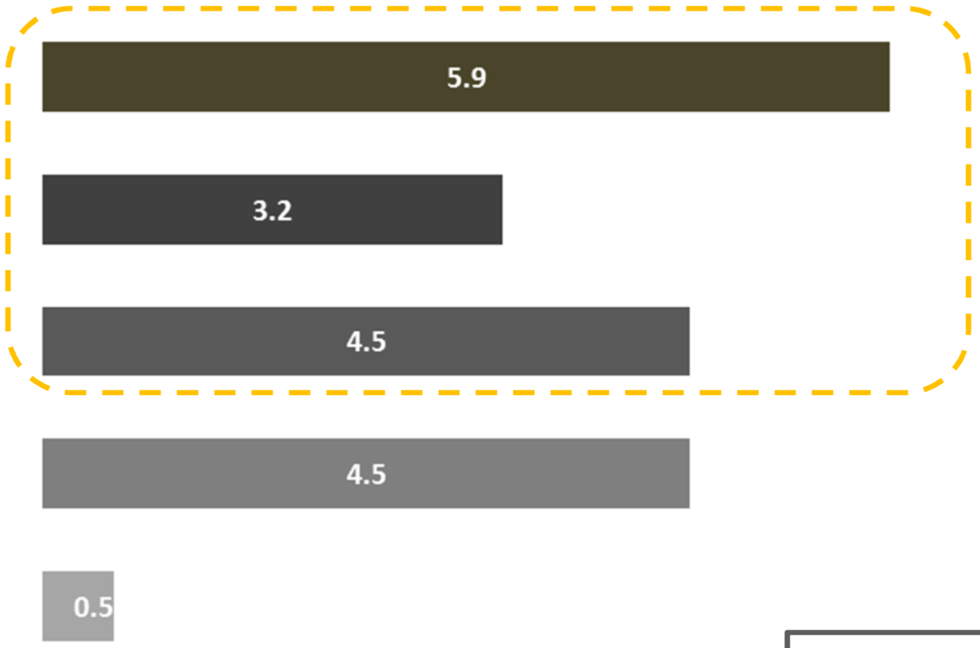
New openings (c. 32% of total)

OVS Full Refurbishments–new project (c. 24% of total)

General Refurbishments & maintenance (including perfumery project) (c. 24% of total)

IT and Digital Transformation (c. 24% of total)

Building HQ and corporate sustainability (c. 3%)



Total €18.6m

Directly impacting the Top line growth

OVS

Net Debt and Leverage

€ mln	30 April 2018	30 April 2017
Net Debt excluding MtM	423.5	342.6
EBITDA LTM Adjusted	197.3	189.6
Leverage on EBITDA (*)	2.1x	1.8x
Average Leverage on EBITDA (**)	1.8x	1.8x

Notes:

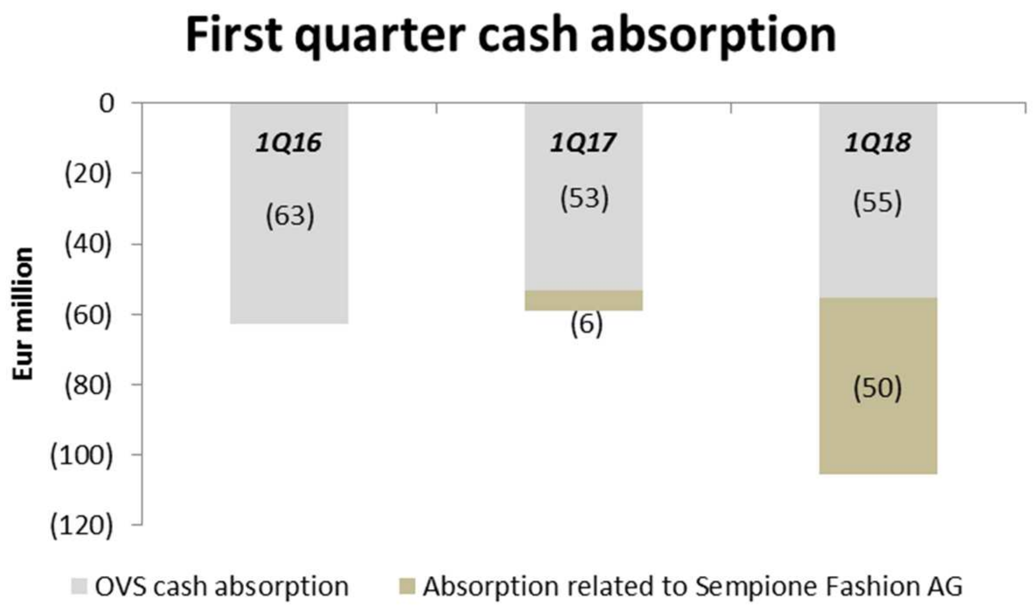
(*) calculated on Net Debt at 30th April excluding the MtM

(**) calculated on the average last 12 months Net Deb excluding the MtM

- Average Leverage on adjusted EBITDA, considering the average last twelve months net debt excluding the MtM impact, amounts to 1.8x, in line with the one of one year ago.
- Leverage on adjusted EBITDA, excluding the MtM liability at 30th April 2018, increased by 0.3x compared to one year ago, mainly due to the temporary cash absorption caused by Sempione Fashion Group.
- The current interest rate on debt is 2.50% + Euribor 3m (currently around 0%).

Consolidated Cash Flow Statement

€mln	1Q16	1Q17	1Q18
EBITDA Adjusted	**26.3**	**29.3**	**30.1**
Adjustments[1]	(1.0)	(0.7)	(54.6)
EBITDA	**25.3**	**28.6**	**(24.5)**
Change in Net Operating Working Capital	(64.8)	(61.5)	(37.7)
Change in other Assets (liabilities)	(9.8)	(7.6)	(14.9)
Capex	(11.1)	(15.6)	(18.6)
Operating Cash Flow	**(60.3)**	**(56.1)**	**(95.7)**
Other non operating items	(2.5)	(3.2)	(9.9)
Net Cash Flow excl derivatives MtM and amortised costs	**(62.8)**	**(59.3)**	**(105.6)**



1Q18 cash flow absorbed €46.3m more cash compared to 1Q17. This was mainly the consequence of €50.4m of cash absorption for Trade Receivables and Inventory relating to Sempione Fashion Group (included within the Adjustments). Cash is normally absorbed in the first quarter of the year due to the seasonality of the business. Looking at the cash absorption of the OVS stand alone business, cash absorption was in line with last year and performed even better than 1Q16.

Notes:

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

Outlook

- After a tough start to 2018, from mid April the market recovered thanks to better weather conditions. The recovery continued until mid May, when the weather started to be characterized by volatile temperatures, with rainy and sunny days.
- Since the beginning of the year, the network expanded by 65 stores (mainly in franchising), of which 32 in foreign countries.
- The DOS refurbishments in Italy are in line with the plan (already 7 YTD), with a performance that has shown an improvement of 15.2% in net sales compared to the same period of last year. This represents a solid assumption in relation to the imminent refurbishments.
- Given the recent trend in the EUR/USD exchange rate, at the end of May the spot exchange rate was in line with OVS' hedged USD. The trend seen in June with the appreciation of the Euro against the US Dollar will benefit the company even more in 2019.
- The commercial relationship with the Sempione Fashion group (formerly Charles Vögele) has been subject to a radical change in the first quarter. The Board of Directors decided to start a process aimed at the protection of our receivables and at the same time at allowing Sempione Fashion Group to continue its activities, switching from a wholesale model to a consignment model. Notwithstanding, the Swiss company has not succeeded in reversing the negative current trend. On the 30th of May 2018 Sempione Fashion AG has obtained the admission to the provisional composition moratorium procedure. Although the Austrian, Slovenian and Hungarian companies have been recording better trends, it is not possible at this stage to predict whether their activities will continue or will be affected by the procedure of the parent company. The German company has instead been sold to a third party by Sempione Fashion AG. On the basis of the information available to date and taking into account the costs already booked in the FY17 Financial Statement, management is convinced that the commercial relationship with Sempione Fashion Group will not result in any further significant material negative impact on the company.

Appendix

OVS

Consolidated Profit and Loss and related adjustments

€ mln	30.04.2018	o/w: non recurring	o/w: non recurring; Stock Option; Derivatives; PPA; Normalization items	Adjustments, Normalizations & Reclass.	30.04.2018 Adjusted	30.04.2017	o/w: non recurring	o/w: non recurring; Stock Option; Derivatives; PPA; Normalization items	Adjustments, Normalizations & Reclass.	30.04.2017 Adjusted	Chg. (Adjusted)	Chg. % (Adjusted)
Net Sales	353.0				353.0	319.3				319.3	33.7	10.6%
Net Sales*	**320.5**				**320.5**	**314.1**				**314.1**	**6.3**	**2.0%**
EBITDA	(24.5)	53.6	1.0	54.6	**30.1**	28.6	0.1	0.6	0.7	**29.3**	0.8	2.8%
EBITDA%	(7.7%)				9.4%	9.1%				9.3%		+8ppt
EBIT	(39.9)	53.6	3.2	56.8	**16.9**	14.1	0.1	2.8	2.8	**16.9**	(0.1)	(0.4%)
EBIT%	(12.4%)				5.3%	4.5%				5.4%		(13ppt)
PBT	(26.1)	53.6	(14.3)	39.3	**13.2**	(0.1)	0.1	13.8	13.8	**13.8**	(0.6)	(4.1%)
Net Financial Position	451.2		27.7		**423.5**	339.2		(3.4)		**342.6**	80.9	23.6%
Market Share	7.9%					7.4%						+43ppt

The following normalizations and adjustments were carried out in 1Q18, with no impact on cash and/or not representative of the normal course of business operations. Specifically, there was a €20 million inventory write-off corresponding to merchandising to be sold to Sempione Fashion AG; €30.4 million in one-off costs due to the bad debt accrual related to Sempione Fashion AG Group; €1.0 million in costs relating to stock options with no impact on cash; €3 million relates to the adjustment arising from the accrual to the risk provision for possible future (mainly legal) costs; €2.1 million in non-cash costs relating to purchase price allocation; €17.5 million in non-cash incomes relating to mark-to-market accounting, due to the difference between the exchange rate hedge for the expected purchase of merchandise in 2018 and part of 2019 in USD, and the effective EUR/USD exchange rate at the balance sheet date of 30April2018.
The effect of derivatives was also reflected in assets and liabilities and cash flows, and particularly in the net financial position of -€27.9 million.
It should also be noted that EBITDA is not identified as an accounting measure under IFRS. It is, however, a measure commonly used by both management and investors to assess the company's operating performance.