



## 1H16 FINANCIAL RESULTS

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September 21, 2016

OVS

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**Sales (€640.1m) grew 4.7% driven by network expansion**

**Improved gross margin and good cost control generated sound profitability increase both at OVS and UPIM**

**€75.1m EBITDA, €7.4m higher than 1H15 (+10.9%), with EBITDA margin increasing to 11.7% of sales (+60 bps)**

**€44.5m EBT, €7m higher than 1H15, benefitting also from the improved capital structure**

**L-f-L sales (-2.9%) impacted by negative weather conditions.**

**Over the first six months of the year, network expanded by 12 full format DOS and 58 other stores (mainly Kids formats in franchising)**

**Further market share increase to 7.2% (+20bps vs. Jan 2016 and +50 bps vs. Jul 2015)**

**+4.7%**

Increase in Net Sales

**+12**

Full format DOS

**+10.9%**

EBITDA Growth



## Key Income Statement Items

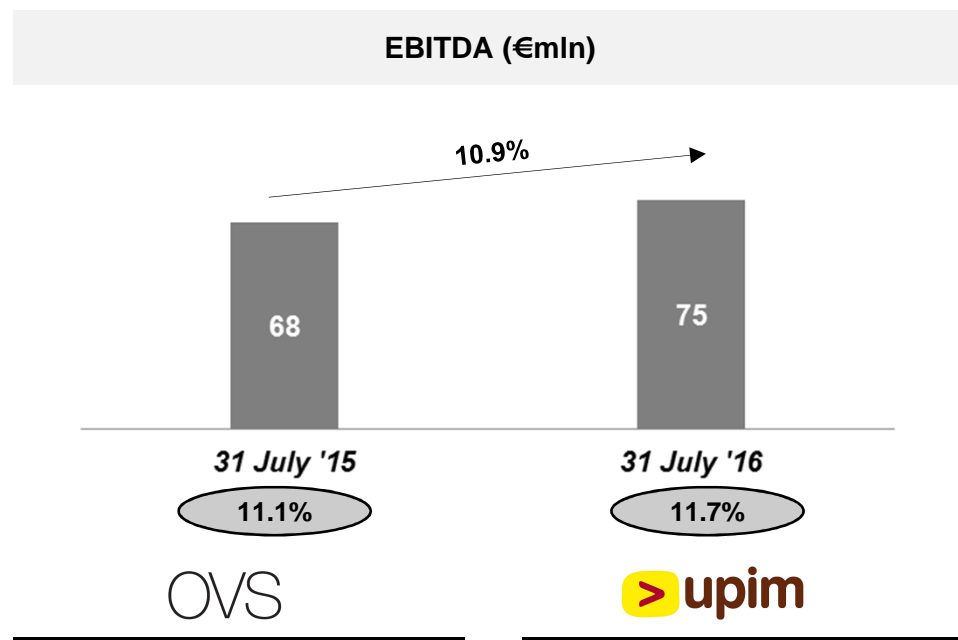
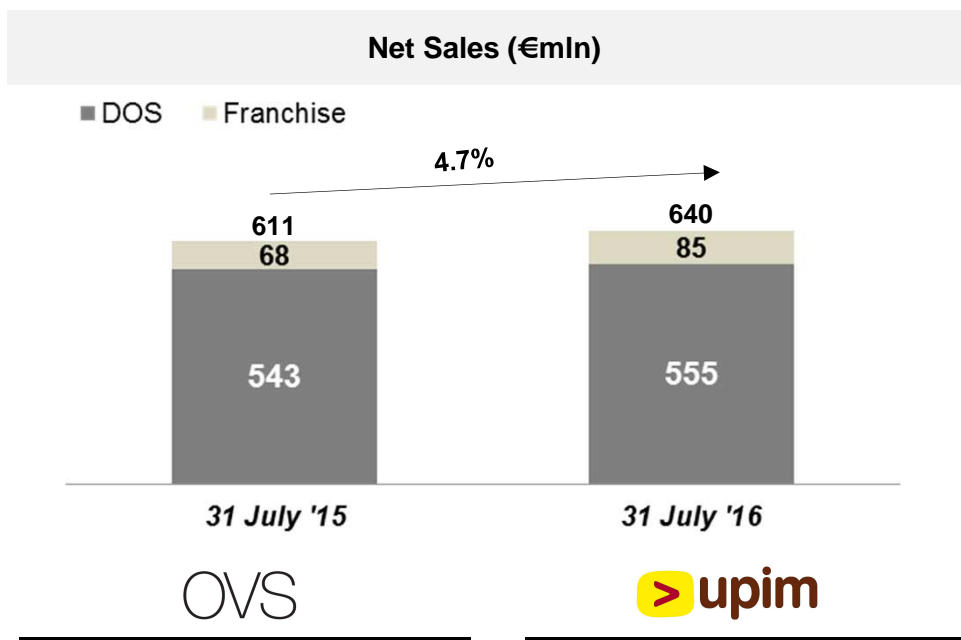
### Positive performance confirmed in 1H16

Key Metrics*	1H16		1H15		Growth
	€ mln	% of Net Sales	€ mln	% of Net Sales	
Net Sales	640.1		611.1		4.7%
EBITDA	75.1	11.7%	67.7	11.1%	10.9%
EBIT	51.0	8.0%	44.4	7.3%	14.8%
PBT	44.5	7.0%	37.5	6.1%	18.7%
Net Income	30.8	4.8%	24.3	4.0%	26.9%

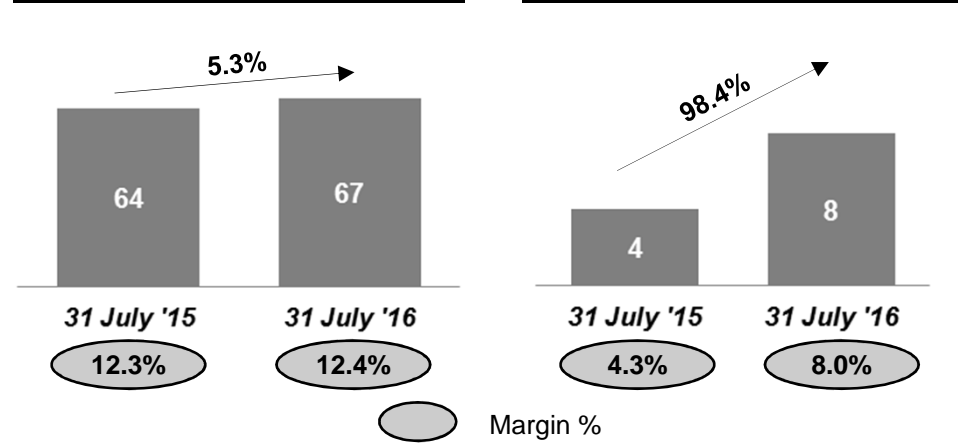
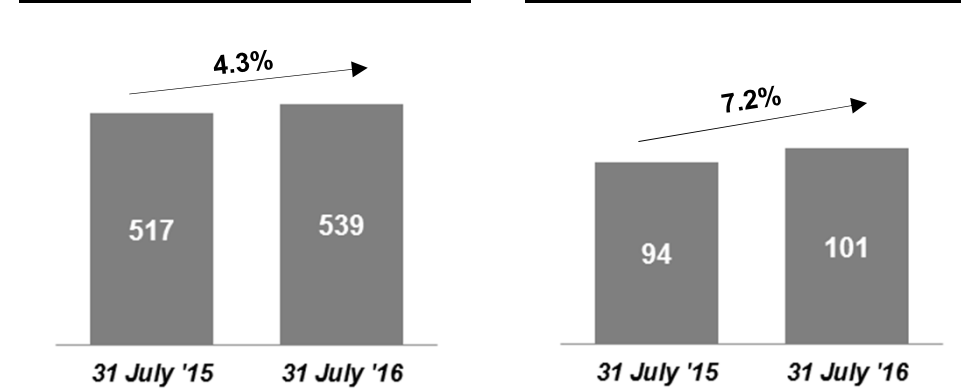
- 1H16 Net Sales increased by 4.7% driven by network expansion in a period characterized by adverse weather conditions in May (important month for the Spring/Summer collection and very favourable in 2015), which negatively affected the I-f-I performance of 1H16. L-f-I sales excluding May slightly positive.
- Very positive performance of UPIM brand both in terms of sales and EBITDA following its successful strategic repositioning.
- EBITDA increased by 10.9% vs. 1H15 and EBITDA margin grew by approx. 60bps to 11.7%, driven by (i) improved gross margin and (iii) cost control.
- PBT increased by €7.0m thanks to positive operating results.

(\*) Excluding extraordinary costs

Aggregate Performance



Performance By Brand

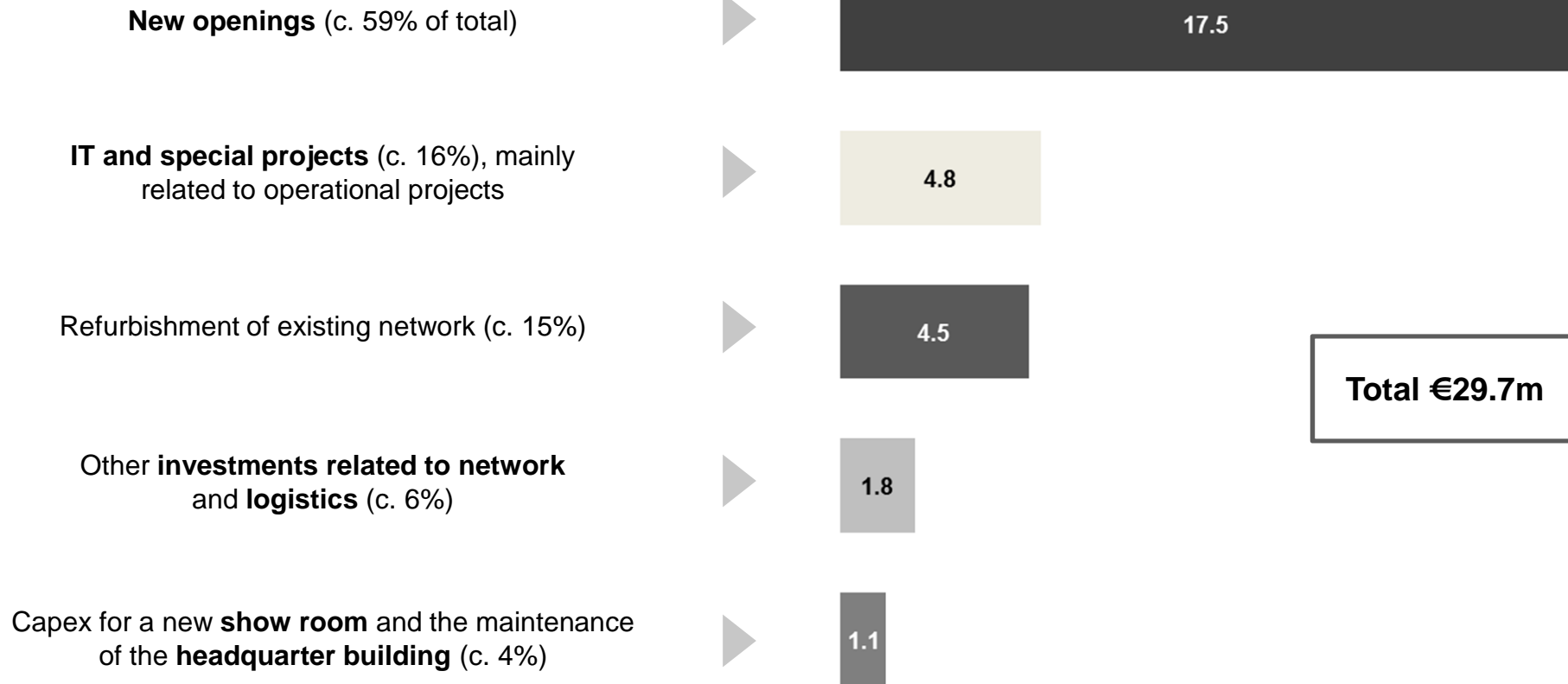


## Consolidated Net Working Capital

€ mln	31 July '16	31 July '15	Change
Trade Receivables	83.7	65.0	18.6
Inventory	317.9	301.9	16.0
Trade Payables	(350.1)	(367.6)	17.4
<b>Net Working Capital</b>	<b>51.4</b>	<b>(0.7)</b>	<b>52.1</b>

- The working capital increased vs. July last year:
  - Higher trade receivables (+€18.6m vs 31 July 2015) in connection with the growth experienced by the franchise network, both in Italy and abroad. Very limited risk: collection generally in line with agreed terms and balance mostly covered by bank warranties.
  - Inventory growth in line with the increase in sales.
  - Trade payables decrease mainly due to the settlement of certain payables related to the LED project (included in 1H15 and FY15 balances) and due to slightly faster payments (i) related to a further change in sourcing mix towards Bangladesh and other new low cost countries and (ii) with certain suppliers against better purchasing conditions.

### 1H 2016 Capex breakdown (€ mln)




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**Net Debt and Leverage**

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€ mln	31 July '16	31 July '15
<b>Net Debt</b>	321.7	319.2
<b>EBITDA LTM</b>	187.0	168.5
<b>Leverage</b>	1.7x	1.9x



- As of 31<sup>st</sup> July 2016 net debt was broadly in line vs. the same period last year, despite the €34m dividend pay out in June 2016.
  - In the last 12 months, leverage declined to 1.7x (-0.2x).
  - The current interest rate on debt is 2.50% + Euribor 3m.
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## Consolidated Cash Flow Statement

Drivers of operating cash absorption in 1H16 (-€ 24.1), were mainly (i) the seasonality of the business and (ii) the increase in working capital related to:

- the expansion of the franchising network;
- the settlement of certain capex payables;
- lower payables to suppliers in return for improved efficiency.

€ mln	1H16	1H15
<b>EBITDA</b>	<b>75.1</b>	<b>67.7</b>
Change in Net Working Capital	(59.6)	(13.1)
Change in other assets (liabilities)	(9.9)	(11.5)
Capex	(29.7)	(33.9)
<b>Operating Cash Flow</b>	<b>(24.1)</b>	<b>9.2</b>
Financial Expenses	(7.5)	(12.3)
TFR (Employees' leaving indemnity)	(0.9)	(1.6)
Taxes	(10.9)	(17.9)
IPO costs (excl. bank commissions)	0.0	(3.4)
IPO proceeds (net of bank fees)	0.0	349.0
Dividends	(34.1)	
Other	(0.9)	(5.8)
<b>Net Cash Flow (before MtM derivatives and amortized costs)</b>	<b>(78.4)</b>	<b>317.2</b>
Change in MtM derivatives and amortized cost	(8.3)	(12.0)
<b>Cumulated Net Cash Flow</b>	<b>(86.7)</b>	<b>305.2</b>

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- After a slow start in August, albeit a small month for OVS, and the beginning of September, trading has materially improved as temperatures returned to normal levels for the season.
  - The network continued to expand in the first part of the second semester: +31 stores, including 5 full format DOS.
  - Our strategy remains focused on the consolidation of the Italian market and our priorities are unchanged. Also, OVS is further increasing its international presence. The recently announced minority investment in Sempione Retail and the commercial agreement with Charles Vögele represent a great commercial opportunity for the internationalization of OVS brand through a limited financial investment of CHF14.1 million by the group with material upside.
  - We believe the execution of our corporate strategy evidenced by strong historical financial results will continue to drive sustainable and profitable growth.
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# OVS

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## Appendix

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## Consolidated Balance Sheet Statement

€ mln	31 July '16	31 July '15	31 January '16	Delta vs. 31 July '15	Delta vs. 31 January '16
Trade Receivables	83.7	65.0	71.0	18.6	12.6
Inventory	317.9	301.9	289.7	16.0	28.2
Trade Payables	(350.1)	(367.6)	(368.8)	17.4	18.7
<b>Net Operating Working Capital</b>	<b>51.4</b>	<b>(0.7)</b>	<b>(8.1)</b>	<b>52.1</b>	<b>59.6</b>
Other Short-term Non-financial Receivables (Payables)	(80.9)	(50.5)	(91.3)	(30.4)	10.4
<b>Net Working Capital</b>	<b>(29.5)</b>	<b>(51.2)</b>	<b>(99.5)</b>	<b>21.7</b>	<b>70.0</b>
Net Assets	1,358.5	1,349.5	1,357.2	9.1	1.4
Net Deferred Taxes	(141.5)	(162.5)	(142.7)	21.0	1.2
Other Short-term Non-financial Receivables (Payables)	(6.8)	(4.7)	(6.1)	(2.1)	(0.6)
Severance Indemnity Provision and Other Provisions	(51.3)	(49.9)	(48.7)	(1.4)	(2.6)
<b>Net Invested Capital</b>	<b>1,129.4</b>	<b>1,081.2</b>	<b>1,060.1</b>	<b>48.2</b>	<b>69.3</b>
Equity	807.7	762.0	825.1	45.7	(17.4)
Net Debt	321.7	319.2	235.0	2.5	86.7
<b>Total Sources of Funding</b>	<b>1,129.4</b>	<b>1,081.2</b>	<b>1,060.1</b>	<b>48.2</b>	<b>69.3</b>