



TWIN-SET

SIMONA BARBIERI

1H 2016 Results

September 2016

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Section 1

Highlights



1H 2016 Highlights

Revenue

- 1H 2016 Twin Set revenue increased by 4.4% vs 1H 2015 reaching €123.2m continuing the positive track record in top line growth
 - **Retail channel** increased by 10.1% up to €40.5m vs 1H 2015 thanks to the contribution of 9 new shops opening¹ and slightly negative -1.1% LfL performance
 - **Online channel** reached €3.8m in 1H 2016 with double digit growth of 39.1%
 - **Wholesale channel** reached €82.7m in 1H 2016 with a steady growth of 1.8%, notwithstanding the sluggish consumer confidence across European countries
 - **Franchising** +47% reaching €3.3m vs €2.3m in 1H 2015 contributing to geographical diversification

Adjusted EBITDA²

- 1H 2016 Adj EBITDA grew by 15.1% at €22.7m vs €19.7m in 1H 2015 with Adj EBITDA margin at 18.4%
- LTM Adj EBITDA is €41.0m with Adj EBITDA margin 16.9%, improving the operating performance level reached in FY 2015 by almost 1ppt

Capex

- Capex amounted to €3.6m for 1H 2016, driven mainly by retail network expansion and IT project completion

Net debt and Cash Flow

- **Net Debt Position:** €96.5m as of June 30, 2016 vs €115.2m as of December 31, 2015
- **Cash Flow:** €19.3m in 1H 2016 vs -€2.1m in 1H 2015
- **Leverage Ratio:** 2.3x in 1H 2016

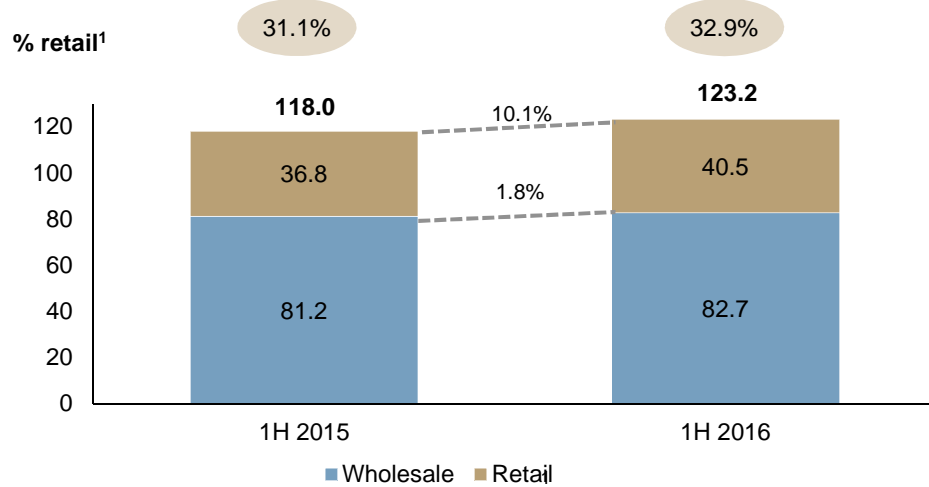
Note:

¹ The value considers the last twelve months openings

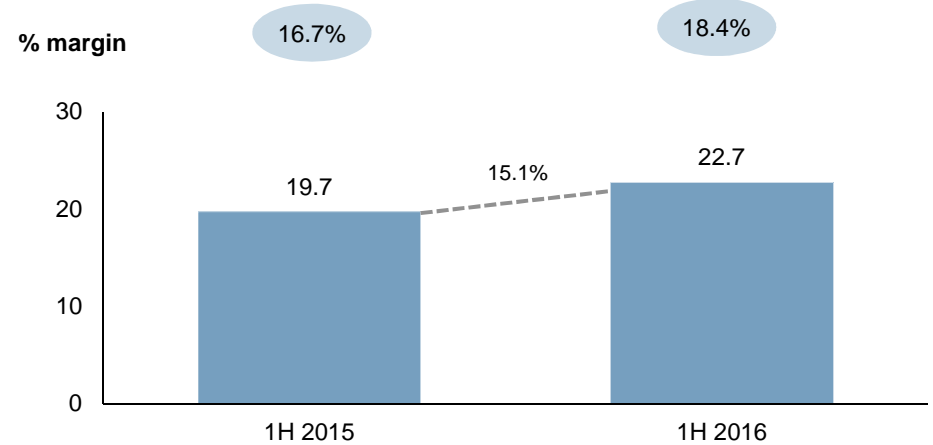
² Reported EBITDA: includes all profit components, excluding amortization and depreciation, impairment of investments, financial income and charges and income taxes. Adjusted EBITDA: is calculated taking our Reported EBITDA and adding back non-recurring items, including write-downs, non-recurring provisions and other non-recurring costs and revenues. Adjusted EBITDA margin: it is the ratio between Adjusted EBITDA and Twin Set Revenue.

1H 2016 Results Summary

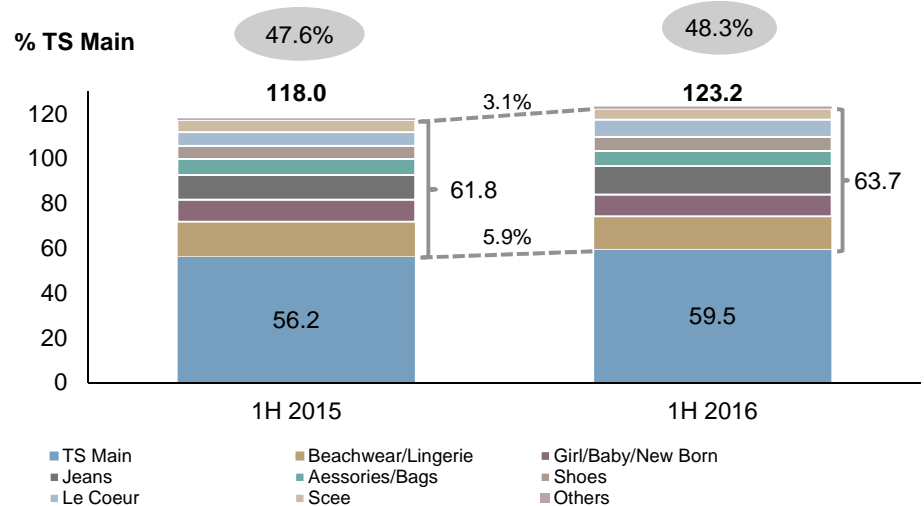
Twin Set Revenue (€m)



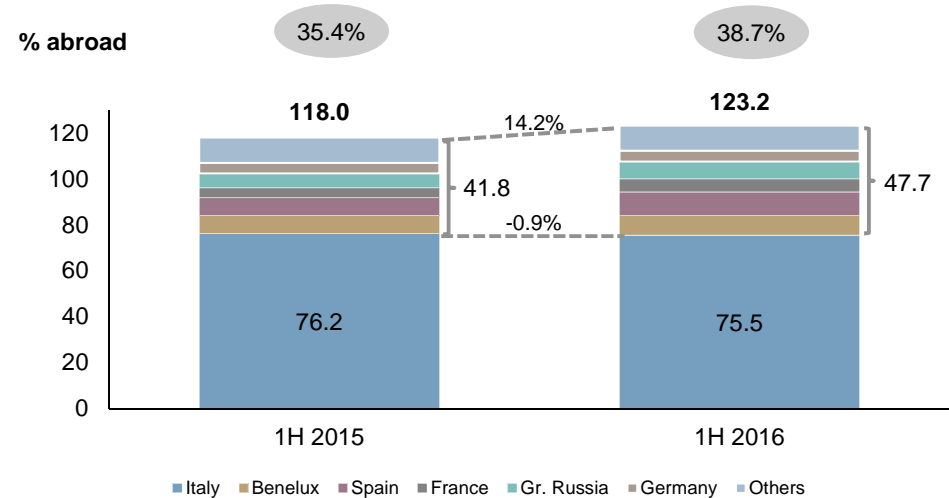
Adjusted EBITDA (€m)



Twin Set Revenue by category (€m)



Twin Set Revenue by geography (€m)



Note:
1 Including Online Channel

1H 2016 Key Figures

Steady growth and ongoing improving profitability

(€m)	2Q 2016	2Q 2015	% change	1H 2016	1H 2015	% change
Wholesale	16.6	16.0	3.7%	82.7	81.2	1.8%
Retail ¹	19.9	18.4	8.3%	40.5	36.8	10.1%
Twin Set Revenue	36.5	34.4	6.1%	123.2	118.0	4.4%
Adjusted EBITDA	1.6	-0.8	>100%	22.7	19.7	15.1%
Margin (%)	4.3%	-2.5%		18.4%	16.7%	

Revenue

- Twin Set Revenue posted a +4.4% growth, reaching €123.2m for 1H2016 thanks to a positive contribution of both channels
- Twin Set Revenue by Geography shows an increase in contribution of foreign countries to 38.7% from 35.4%, confirming growing brand awareness and penetration across Europe. Italy still affected by weak market conditions
- **Retail channel** increased by 10.1% up to €40.5m vs 1H 2015 thanks to the contribution of 9 new shops opening² confirming the retail expansion strategy, although at slower pace compare to the last 12 months rolling (9 vs 21). The low consumption attitude in Group's key markets generated a negative footfall in some important locations abroad resulting in -1.1% LfL performance
 - **Online** confirming excellent performance increasing by 39.1% with higher number of website visits and increasing conversion rate thanks to specific digital marketing campaign
- **Wholesale channel** steady growth thanks to the increase in international markets, Twin Set commercial effectiveness, positive contribution of Twin Set Main line which have offset SS16 Orders campaign lower than SS15 and lower contribution from Italy
 - **Franchising** expanding network with 6 new franchisees in selected countries mainly in Middle East and East Europe. Total Net Sales for the channel are €3.3m vs €2.3m of Previous Year

Adjusted EBITDA

- Adjusted EBITDA reached €22.7m increased by 15.1% vs Last Year, LTM Adj EBITDA is €41.0m with Adj EBITDA margin 16.9%
 - confirming sustainability in the profitability recovery and effectiveness of cost control initiative in place

Note:

1 Including Online Channel

2 The value considers the last twelve months openings

Focus on Mono-brand Stores Network

DOS & OUTLET

	1H 2016	FY 2015
DOS Italy ¹	31	31
DOS Abroad	21	19
Outlet Italy	15	14
Outlet Abroad	4	3
Total	71	67

FRANCHISING

	1H 2016	FY 2015
Franchising Abroad	36	30



Note:

¹ The values are net of the store closing in the period. Milano Pontaccio was closed during 1Q 2016. Milano Stazione Centrale was closed during 2Q 2016.

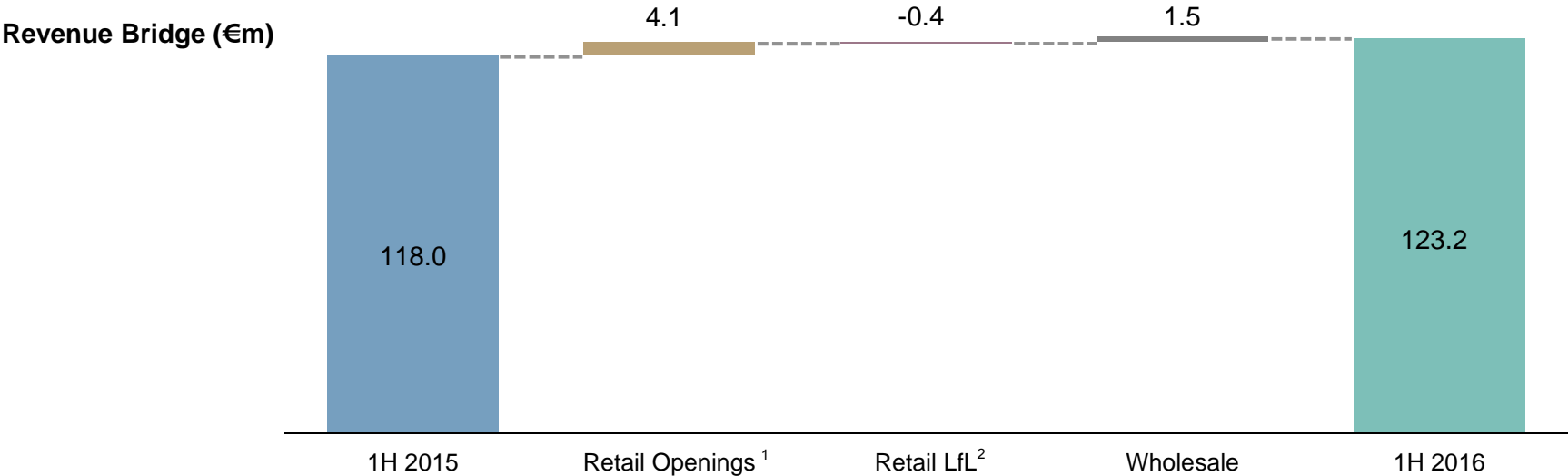
Section 2

Business Performance



Revenue Evolution

New openings lead the top line growth together with wholesale channel

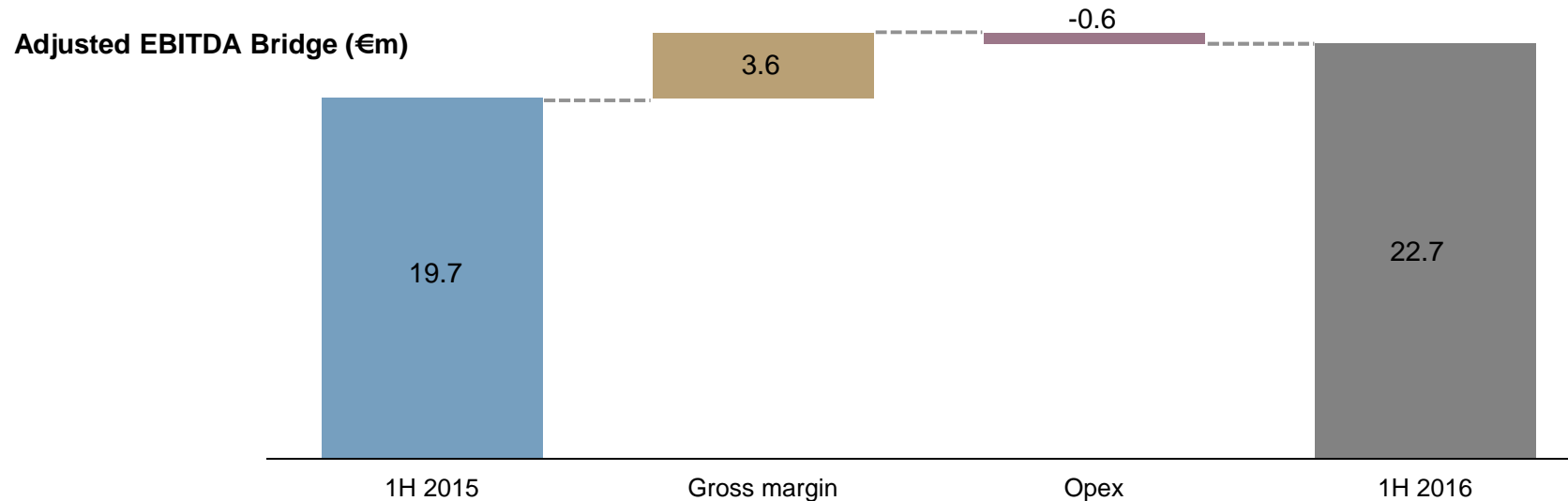


1. Includes all the retail figures excluded from the Like-for-Like analysis

2. Like-for-like retail performance consists of retail sales from Like-for-Like points of sale in any given period compared with the same period in the previous financial period, shown as a percentage change between the two periods. Like-for-like points of sale include all our points of sale that were in operation for more than one month and were open in both periods. Like-for-Like excludes points of sale closed during each period including stores temporarily closed for refurbishment (only the closing period is excluded). Retail sales consist of total retail sales generated in our points of sale net of rebates and discounts.

Adjusted EBITDA Evolution

Adjusted EBITDA benefits from volume increase and efficiency



Gross Margin

- Gross Margin €69.9m reaching 56.7% of Twin Set Revenue, thanks to:
 - Better profitability from the supply chain together with increase volume in higher Gross Margin channel (retail and on line)
 - Increase in Stock sales partially compensating the volume effect, but contributing for a better inventory management

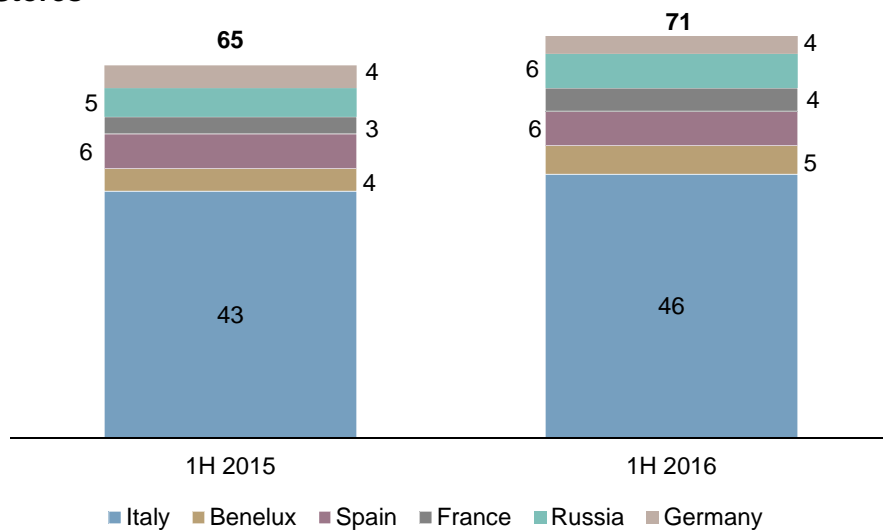
Opex

- Opex €0.6m higher than the same period of Previous Year or 38.3% on Net Sales vs 39.5% Last Year, confirming improvement in the Group processes' efficiency and sustainability of cost control efforts put in place

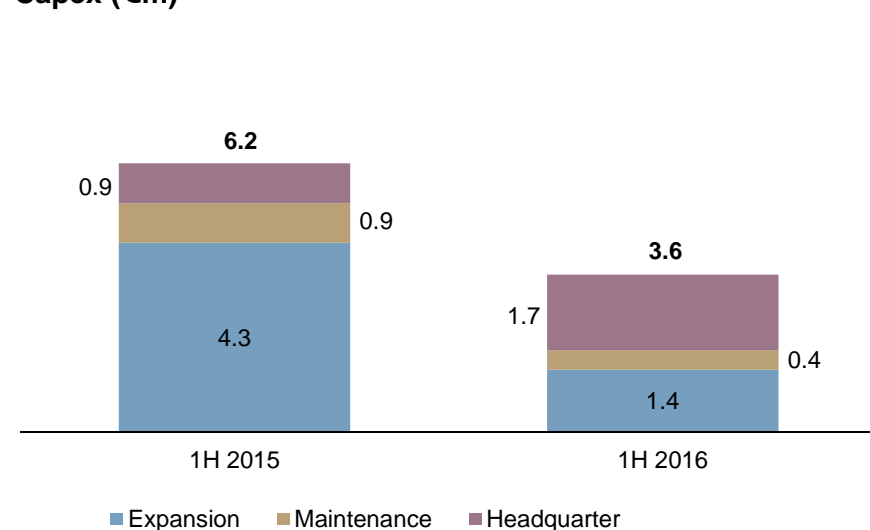
Capex Evolution

Opening in selected locations with less capital expenditures

Stores



Capex (€m)



1H 2016 Capex

- **Expansion Capex** continuing opening in selected locations according to the Company strategy with 6 new openings compare to 8 in previous period
 - 1H 2016 Capex for Gent (Belgium), Taormina (Italy), Galeries Lafayette Paris, Cannes (France)
 - Previous Year Capex was affected by significant Key Money paid for Siena and Puerto Banus (Marbella) Boutiques
- **Maintenance** includes €0.1m for refurbishment of retail network and €0.2m TSS tools
- **Headquarter** mainly includes renewal of knitwear machinery, on line re-platforming, new Showroom in Milan

Section 3

Financial Performance



Income Statement

(€m)	1H 2016	1H 2015	% change
Wholesale	82.7	81.2	1.8%
Retail ¹	40.5	36.8	10.1%
Twin Set Revenue	123.2	118.0	4.4%
Adjusted EBITDA	22.7	19.7	15.1%
<i>Margin (%)</i>	18.4%	16.7%	
D&A	11.3	11.2	0.5%
EBIT	11.4	8.5	34.4%
<i>Margin (%)</i>	9.3%	7.2%	
Net Financial Items	-7.7	-7.6	2.3%
Net Profit	-1.0	-2.6	>100%
<i>Margin (%)</i>	-0.8%	-2.2%	

- **D&A** are in line with Previous Year
- **Net Financial Items** are in line with previous year since the indebtedness did not change materially. The amount principally relates to interest matured on the Bond and on the Shareholder Loan

Note:

1. Including Online Channel

Cash Flow Statement

(€m)	1H 2016	1H 2015	change	LTM
Total net cash at the beginning of the period	39.0	31.3	7.7	29.2
Cash flow provided by/(used in) operating activities	28.2	9.6	18.6	44.7
Cash flow (used in) investing activities	-3.7	-6.0	2.4	-5.0
- Capex	-3.6	-6.2	2.6	-4.9
- Not Recurring	-0.1	0.1	-0.2	-0.1
Cash flow provided by/(used in) financing activities	-5.2	-5.7	0.4	-10.6
Cash Flow from the period	19.3	-2.1	21.4	29.1
Total net cash at the end of the period	58.3	29.2	29.1	58.3

Cash Flow

- **Cash flow provided by operating activities** amounts to €28.2m, increasing €18.6m mainly due to a reduction in the Net Working Capital that generated a cash flow for €5.9m in in the first six months of 2016 compared to an absorption for €14.0m in the same period of the last year
- **Cash flow absorbed from investing activities** relates to investments for the development of the Retail network. According to the Company strategy the retail expansion continued at a slower pace compared to the Previous Year with the aim to be more focused on the existing stores. Technology investment was substantially in line with the Previous Year
- **Cash flow absorbed from financing** activities relates principally to interest expenses paid on the bond issued in 2014 and it is in line with the Previous Year

Cash Flow Items

(€m)	1H 2016	1H 2015	change	LTM
Adjusted EBITDA	22.7	19.7	3.0	41.1
<i>Margin (%)</i>	18.4%	16.7%		16.9%
Change in Operating Working Capital	4.1	-14.4	18.5	12.5
Investments	-3.7	-6.0	2.4	-5.0
- Capex	-3.6	-6.2	2.6	-4.9
- Not Recurring	-0.1	0.1	-0.2	-0.1
Operating Free Cash Flow	23.1	-0.7	23.8	48.5
<i>% of Revenue</i>	18.8%	-0.6%		20.0%

Change in Operating Working Capital

OWC is driven by the business seasonality, compared to the same period of the Last Year, Operating Working Capital generated €18.5m cash thanks to:

- a better supply change management that lead to a decrease of €7.7m in inventory change and €7.8m increase intrade payables variance
- and decrease of €3.0m in trade receivables variance thanks to an accurate monitoring of the credit portfolio

Capex

- Capex reduction in line with the Company's more conservative expansion policy to better balance profitability and growth

Operating Free Cash Flow

- Improvement in OWC management together with reduction in Capex owing to the slowdown in the retail network expansion has generated €23.1m in 1H 2016

Net Debt and Leverage

(€m)	30 Jun 2016	31 Dec 2015
Cash and Cash equivalents	58.3	39.0
Banks overdrafts	0.0	-0.1
Total net cash	58.3	38.9
Banks loans - current portion	-4.7	-4.1
Banks loans - non current portion	0.0	-0.1
Bank loans	-4.7	-4.1
Notes	-150.0	-150.0
Net financial indebtedness	-96.5	-115.2
Leverage <i>(Net Debt / Adjusted LTM EBITDA)</i>	2.3x	3.3x
Interest Coverage <i>(Adjusted LTM EBITDA / LTM Net Financial Charges)</i>	4.0x	3.8x

- **Liquidity:**
 - Total net cash available of €58.3m on balance sheet as of June 30, 2016 compare to €39.0m at the end of FY 2015
 - Available €10.0m Super Senior Revolving Credit Facility and €49.7m of uncommitted bilateral credit lines
- **Leverage Ratio:** 2.3x in 1H 2016, thanks to a strong cash generation
- **Interest Cover Ratio:** stable at 4.0x 1H 2016

Note:

1. Bank loans-current portion include accrued interest relating to Notes, other banks loans and fair value of derivatives financial instruments
2. Net financial indebtedness is calculated as total net financial debt excluding amounts due under the Shareholders' Loan. The criteria for determining net financial indebtedness applied by us might not be the same as the criteria adopted by other companies and, therefore, the figures presented by us might not be comparable with those determined by such other groups. See "*Presentation of financial information—Non-GAAP financial measures*". Net financial indebtedness does not include indebtedness related to the Subordinated Shareholder Loan, equal to €77.7m as of June 30, 2016

Section 4

Appendix



Venice Film Festival



Simona Barbieri has just arrived in Venice to attend mini movie "Per Sempre" premiere



Lena Perminova



The cast members of Per Sempre, Giulia Bevilacqua, Claudia Potenza and Chiara Mastalli



Mia Moretti



The model Sistine Stallone attending the "Hacksaw Ridge" premier during the 73rd Venice Film Festival in Twinset dress



Twin Set ceo Alessandro Varisco, and "Per Sempre" by Paolo Genovese cast

Balance Sheet

(€m)	30 Jun 2016	31 Dec 2015
Intangible and Tangible Assets	245.3	253.1
Financial Assets	1.2	1.1
Total Fixed Assets	246.4	254.3
Inventory	51.1	57.5
Account Receivables	39.1	36.0
Account Payables	-43.6	-42.9
Operating Working Capital	46.6	50.6
Other Current Assets/(Liabilities)	0.9	7.0
Net Working Capital	47.5	57.6
Provisions	-12.8	-12.3
Net Invested Capital	281.1	299.5
Equity	106.9	109.1
Shareholder Loan	77.7	75.2
Net Financial Position	96.5	115.2
Net Sources	281.1	299.5

Twin-Set Distribution Network

BOUTIQUES¹

ITALY

Bari
Bologna (3)
Bolzano
Catania
Firenze
Forte dei Marmi (2)
Lucca
Milano (2)
Milano Marittima
Modena
Napoli
Padova
Palermo
Ravenna
Reggio Emilia
Riccione
Roma (4)
Salerno
Seregno
Siena
Taormina
Torino
Udine
Verona

WORLDWIDE

BELGIUM

Antwerpen
Bruxelles
Gent
Knokke

FRANCE

Lafayette Galeries
Lyon
Paris (2)

GERMANY

Berlin
Düsseldorf
Frankfurt
Munich

RUSSIA

Moscow (4)

SPAIN

Barcelona
Bilbao
Palma de Mallorca
Puerto Banús Marbella
Valencia

FRANCHISING¹

WORLDWIDE

BELARUS

Minsk

BULGARIA

Sofia

CANADA

Montreal

CZECH REPUBLIC

Prague

CROATIA

Split

JAPAN

Hiroshima
Osaka
Tokyo

KAZAKISTAN

Almaty

KUWAIT

Kuwait City

LATVIA

Riga

LEBANON

Beirut (2)

LITHUANIA

Kaunas
Vilnius

MOLDOVA

Chişinău

MONTENEGRO

Podgorica

POLAND

Katowice
Warsaw

QATAR

Doha

RUSSIA

Kaliningrad
Krasnodar
Nizhny Novgorod
Novosibirsk
Saratov

SAUDI ARABIA

Jedda

SLOVAKIA

Bratislava

SLOVENIA

Ljubljana (2)

TURKEY

Antalya

UAE

Dubai (4)

UKRAINE

Kiev (2)

OUTLETS

ITALY

Agira
Agira Girl
Barberino
Boretto
Brescia
Brugnato
Castel Romano
Factory Outlet
Marcianise
Muggia
Noventa
Serravalle
Soratte
Valmontone
Viculongo

WORLDWIDE

BELGIUM – Maasmechelen
RUSSIA - Belaya Dacha
RUSSIA - Vnukovo
SPAIN - La Roca

Note:

1. (*) Number of stores in the City