



TWIN-SET

SIMONA BARBIERI

1Q 2016 Results

May 2016

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Section 1

Highlights



1Q 2016 Highlights

Revenue

- 1Q 2016 Twin Set revenue increased by 3.7% vs 1Q 2015 reaching €86.7m continuing the positive track record in top line growth
 - **Retail channel** increased by 12.0% up to €20.6m vs 1Q 2015 thanks to a positive 1.8% LfL performance and the contribution of 10¹ new shops opening
 - **Online channel** reached €2.1m in 1Q 2016 with double digit growth of 29.7%
 - **Wholesale channel** €66.1m in 1Q 2016 with a steady growth of 1.4%, notwithstanding the rationalization of the distribution channel and anemic consumption attitude in Group's key markets
 - **Franchising** almost doubled in 1Q 2016, reached €2.5m vs €1.3m in 1Q 2015 contributing geographical diversification

Adjusted EBITDA²

- 1Q 2016 Adj EBITDA grew by 2.7% at €21.1m vs €20.6m in 1Q 2015 with Adj EBITDA margin at 24.4%
- LTM Adj EBITDA is €38.7m with Adj EBITDA margin 16.0%, confirming operating performance level reached in FY 2015

Capex

- Capex amounted to €1.7m for 1Q 2016, driven mainly by retail network expansion and IT project completion

Net debt and Cash Flow

- **Net Debt Position:** €117.9m as of March 31, 2016 vs €115.5m as of December 31, 2015
- **Cash Flow:** -€0.4m in 1Q 2016 vs -€14.2m in 1Q 2015
- **Leverage Ratio:** 3.0x in 1Q 2016 in line with in FY 2015

Note:

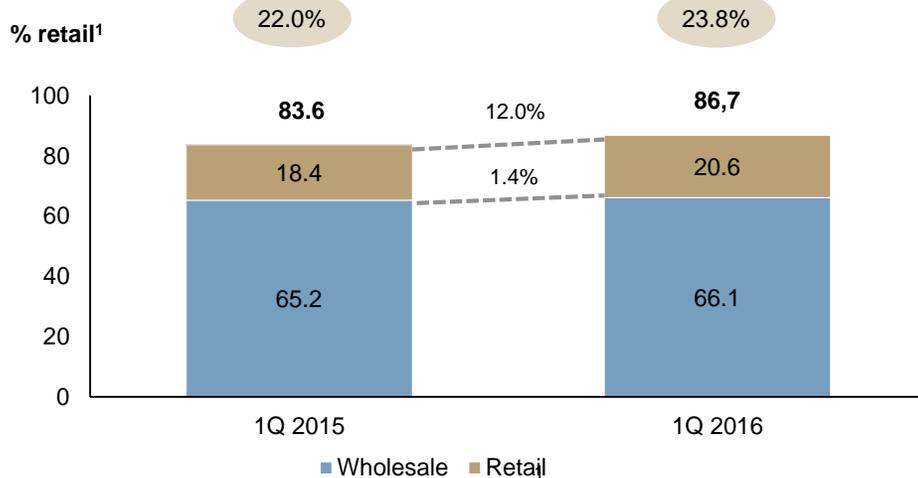
1 The value doesn't consider the closing occurring during the period

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.

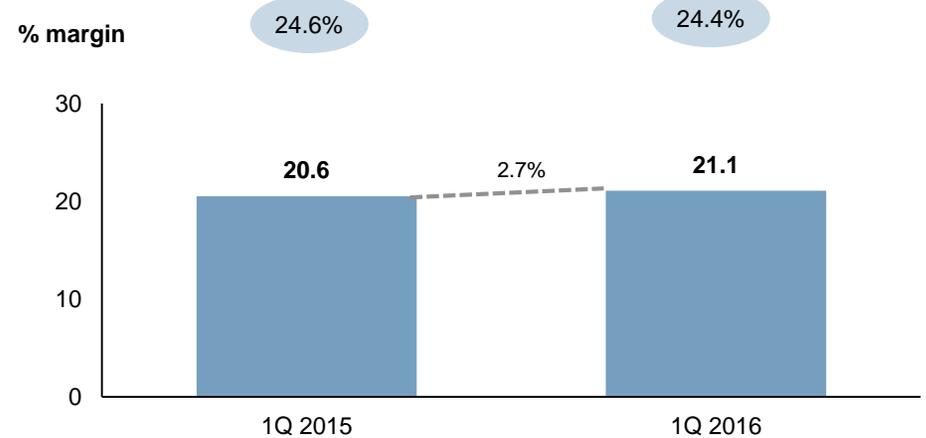
1Q 2016 Results Summary

Continuing track record top line growth, both organic and from retail expansion

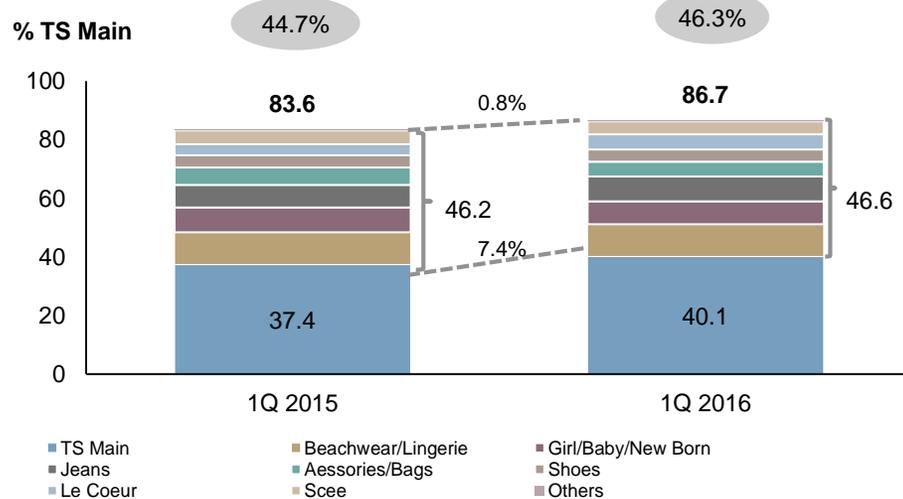
Twin Set Revenue (€m)



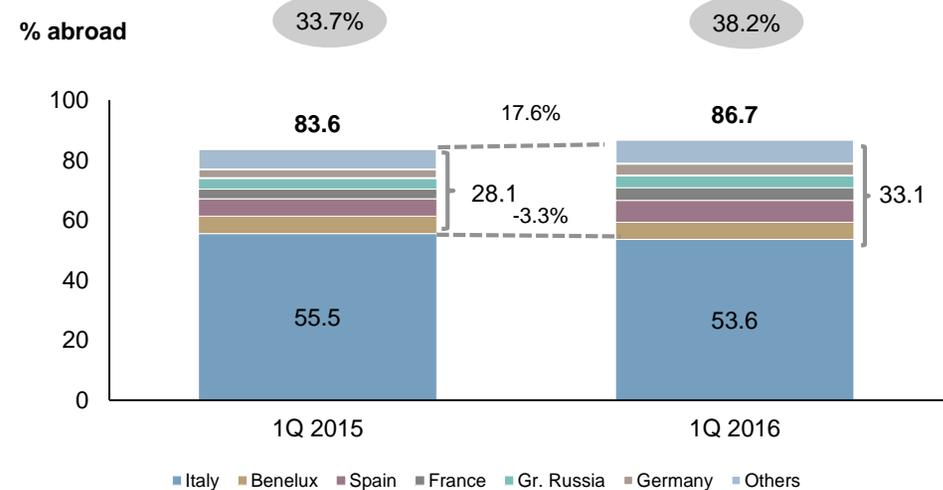
Adjusted EBITDA (€m)



Twin Set Revenue by category (€m)



Twin Set Revenue by geography (€m)



Note:
1 Including Online Channel

1Q 2016 Key Figures

Growing brand awareness across Europe

(€m)	1Q 2016	1Q 2015	% change
Wholesale	66.1	65.2	1.4%
Retail ¹	20.6	18.4	12.0%
Twin Set Revenue	86.7	83.6	3.7%
Adjusted EBITDA	21.1	20.6	2.7%
Margin (%)	24.4%	24.6%	

Revenue

- Twin Set Revenue posted a +3.7% growth, reaching €86.7m for 1Q 2016 thanks to a positive contribution of both channels
- Twin Set Revenue by Geography shows an increase in contribution of foreign countries to 38.2% from 33.7%, confirming growing brand awareness and penetration across Europe. Italian market was affected by distribution rationalization and sluggish consumer spending
- **Retail channel** grew 12.0% owing to the retail network expansion and 1.8% LfL growth; retail channel count for 23.8% (+1.8 p.p.) of total revenue
 - **Online** confirming excellent performance increasing by 29.7% thanks to higher conversion rate and new markets opening/delivery i.e. Greater Russia
- **Wholesale channel** continuing steady growth driven by TS Main Line maintaining a solid footprint, thanks to increasing brand awareness and customer loyalty
 - **Franchising** expanding network with 5 new franchisees in selected countries mainly in Middle East and East Europe. Total Net Sales for the channel are €2.5m vs €1.3m of Previous Year

Adjusted EBITDA

- Adjusted EBITDA reached €21.1m increased by 2.7% vs Last Year, LTM Adj EBITDA is €38.7m with Adj EBITDA margin 16.0%
 - confirming sustainability in the profitability recovery and effectiveness cost control initiative in place

Focus on Mono-brand Stores Network

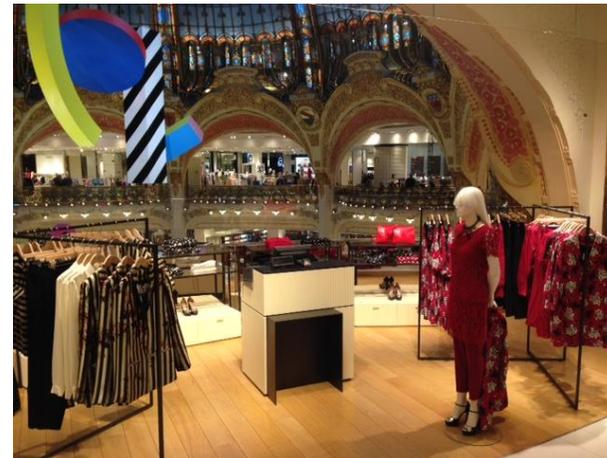
DOS & OUTLET

	1Q 2016	FY 2015
DOS Italy ¹	31	31
DOS Abroad	21	19
Outlet Italy	14	14
Outlet Abroad	3	3
Total	69	67



FRANCHISING

	1Q 2016	FY 2015
Franchising	35	30



Note:
 1 The values are net of the store closing in the period. Milano Pontaccio was closed during 1Q 2016.

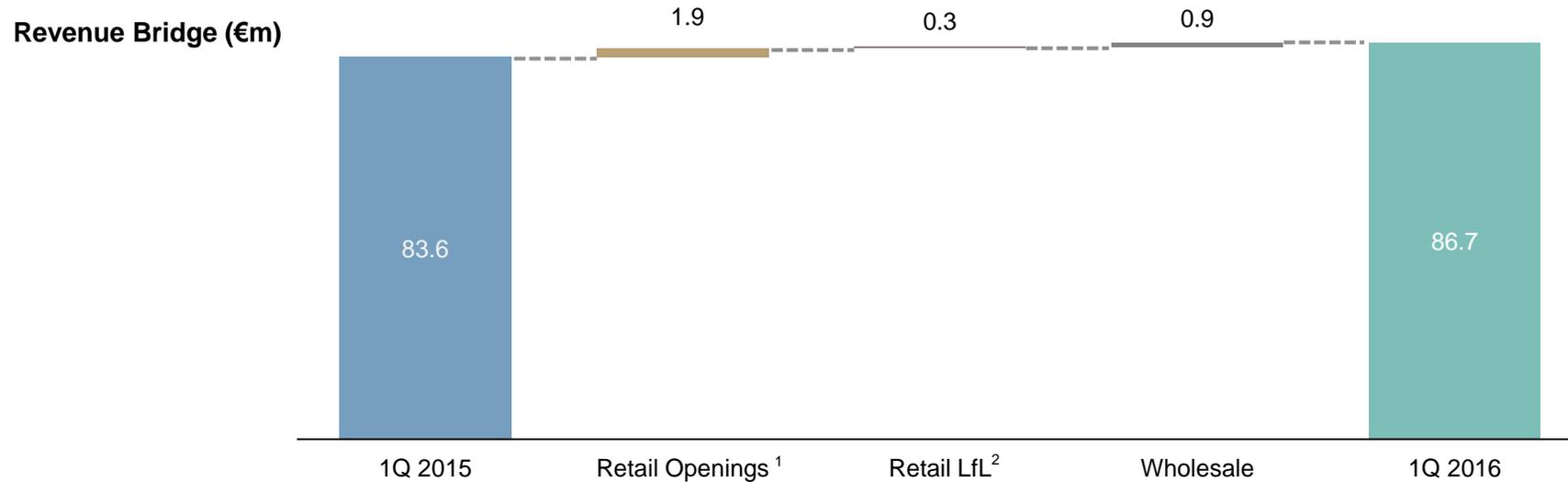
Section 2

Business Performance



Revenue Evolution

All revenue streams contributing to the positive top line growth



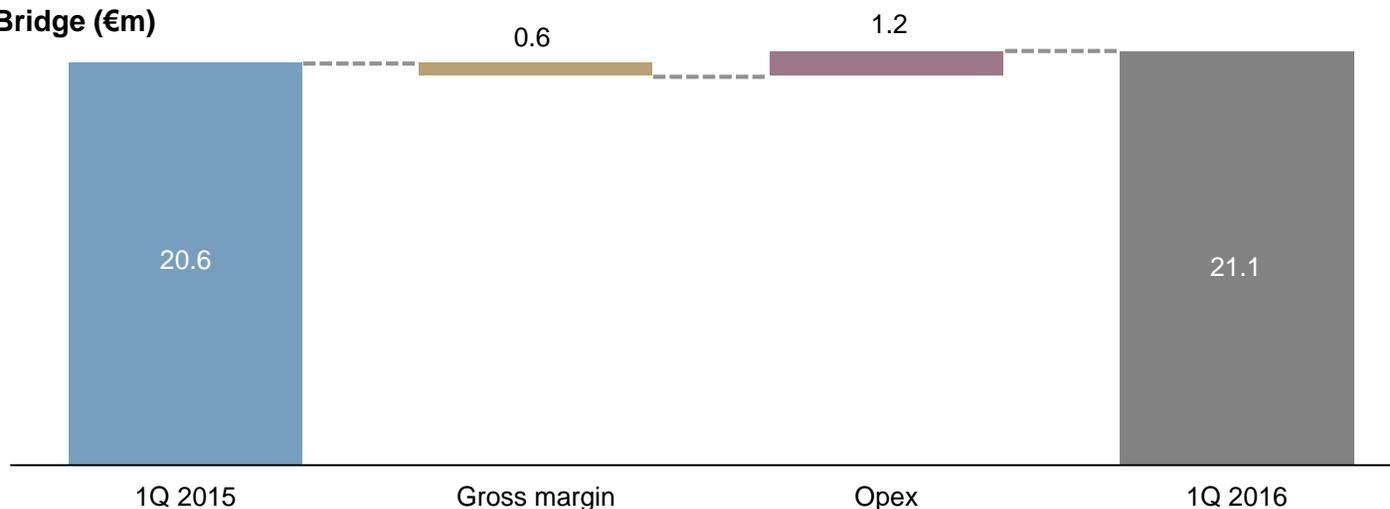
1. Includes all the retail figures excluded from the Like-for-Like analysis

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 cost control management

Adjusted EBITDA Bridge (€m)



Gross Margin

- Gross Margin €47.1m reaching 54.3% of Twin Set Revenue, slightly lower than the same period of Previous Year, mainly due to:
 - Better profitability from the supply chain, driven by higher volume
 - Increase in Stock sales that contributing to a better inventory management

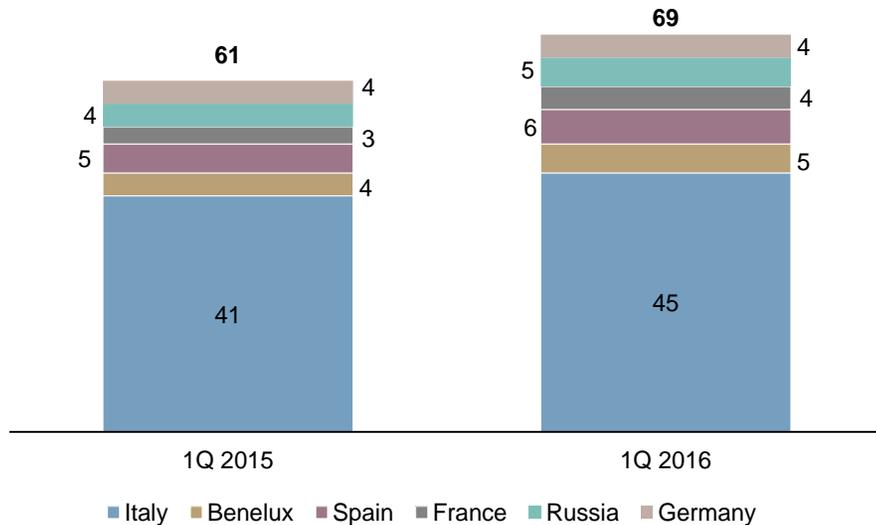
Opex

- Opex €1.2m lower than the same period of Previous Year, confirming the sustainability of cost control efforts put in place:
 - Improvement efficiency in Operation process i.e. Sample and Logistics & Transports
 - Cost control initiative in renegotiation agent fees and other Opex contracts

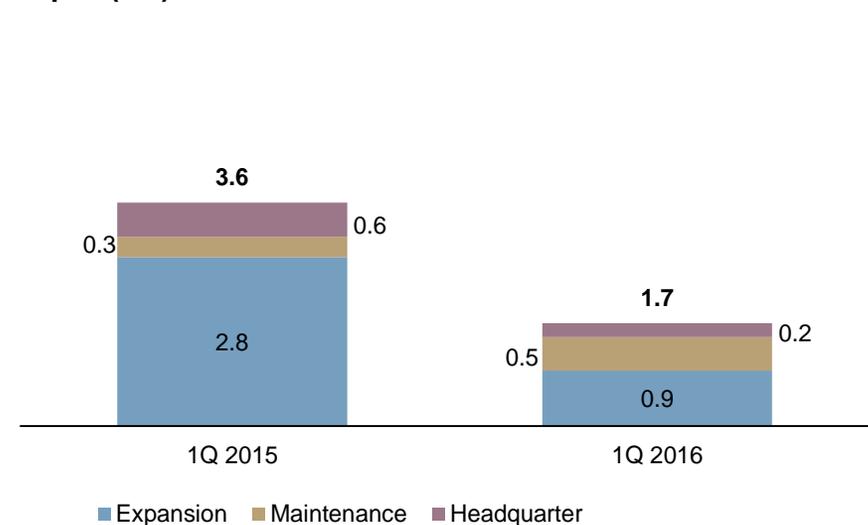
Capex Evolution

Opening in selected locations with less capital expenditures

Stores



Capex (€m)



1Q 2016 Capex

- **Expansion Capex** continuing opening in selected locations according to the Company strategy with 3 new openings compare to 4 in previous period
 - 1Q 2016 Capex for Gent (Belgium), Taormina (Italy), Galeries Lafayette Paris
 - Previous Year Capex was affected by significant Key Money paid for Siena Boutiques
- **Maintenance** includes €0.1m for refurbishment of retail network
- **Headquarter** mainly includes renewal of knitwear machinery

Section 3

Financial Performance



Income Statement

(€m)	1Q 2016	1Q 2015	% change
Wholesale	66.1	65.2	1.4%
Retail ¹	20.6	18.4	12.0%
Twin Set Revenue	86.7	83.6	3.7%
Adjusted EBITDA	21.1	20.6	2.7%
<i>Margin (%)</i>	24.4%	24.6%	
D&A	5.5	5.5	0.6%
EBIT	15.6	15.1	3.6%
<i>Margin (%)</i>	18.0%	18.0%	
Net Financial Items	-3.9	-3.7	3.6%
Net Profit	6.6	6.3	3.9%
<i>Margin (%)</i>	7.6%	7.5%	

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

Note:

1. Including Online Channel

Cash Flow Statement

(€m)	1Q 2016	1Q 2015	change	LTM
Total net cash at the beginning of the period	39.0	31.3	7.7	17.2
Cash flow provided by/(used in) operating activities	3.9	-7.5	11.4	37.5
Cash flow (used in) investing activities	-1.7	-3.9	2.2	-5.1
- Capex	-1.7	-3.6	2.0	-5.5
- Not Recurring	0.0	-0.2	0.3	0.3
Cash flow provided by/(used in) financing activities	-2.6	-2.8	0.2	-10.9
Cash Flow from the period	-0.4	-14.2	13.8	21.5
Total net cash at the end of the period	38.7	17.2	21.5	38.7

Cash Flow

- **Cash Flow provided by operations** was positive for €3.9m (+€11.4m vs PY and LTM €37.5m) driven by higher profitability (€1.6m) and positive contribution of Net Working Capital (€9.8m)
- **Cash flow used in investing activities** is related to continuing development of Retail network, although slower pace. Technology investment was substantially in line with the Previous Year
- **Cash flow used in financing activities** is mainly related to the payment of the Bond Coupon and in small part to the repayment of minor bank loans

Cash Flow Items

(€m)	1Q 2016	1Q 2015	change	LTM
Adjusted EBITDA	21.1	20.6	0.6	38.7
<i>Margin (%)</i>	<i>24.4%</i>	<i>24.6%</i>		<i>16.0%</i>
Change in Operating Working Capital	-20.0	-33.7	13.7	7.7
Investments	-1.7	-3.9	2.2	-5.1
- Capex	-1.7	-3.6	2.0	-5.5
- Not Recurring	0.0	-0.2	0.3	0.3
Operating Free Cash Flow	-0.5	-17.0	16.5	41.2
<i>% of Revenue</i>	<i>-0.6%</i>	<i>-20.3%</i>		<i>17.1%</i>

Change in Operating Working Capital

Cash Flow used to financing OWC is related to the business seasonality, but far less compare to PY due to the following effects:

- Positive effect in **Inventory** thanks to improved demand planning process and orders delivery
- Positive contribution by **Account Receivables**, notwithstanding the increase in Wholesale channel, mainly in international markets with shorter collection time and improved customer selection in Italy
- Decrease in **Trade Payables** mainly due to the different sourcing strategy with the aim of collect goods in advance

Capex

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

Operating Free Cash Flow

- Reduction in Capex owing to the slowdown in the retail network expansion together with improvement in the OWC management has generated €41.2m LTM OFCF (+€16.5m Q/Q)

Net Debt and Leverage

(€m)	31 Mar 2016	31 Dec 2015
Cash and Cash equivalents	38.7	39.0
Banks overdrafts	-0.3	-0.1
Total net cash	38.4	38.9
Banks loans - current portion	-6.3	-4.1
Banks loans - non current portion		-0.1
Bank loans	-6.3	-4.1
Notes	-150.0	-150.0
Net financial indebtedness	-117.9	-115.2
Leverage <i>(Net Debt / Adjusted LTM EBITDA)</i>	3.0x	3.0x
Interest Coverage <i>(Adjusted LTM EBITDA / LTM Net Financial Charges)</i>	3.8x	3.8x

– **Liquidity:**

- Total net cash available of €38.4m on balance sheet as of March 31, 2016 compare to €38.9m at the end of FY 2015
- Available €10.0m Super Senior Revolving Credit Facility and €49.7m of uncommitted bilateral undrawn credit lines

– **Leverage Ratio:** stable at 3.0x in 1Q 2016

– **Interest Cover Ratio:** stable at 3.8x 1Q 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 €76.5m as of March 31, 2016

Section 4

Appendix



Balance Sheet

(€m)	31 Mar 2016	31 Dec 2015
Intangible and Tangible Assets	249.3	253.1
Financial Assets	1.1	1.1
Total Fixed Assets	250.5	254.3
Inventory	31.0	57.5
Account Receivables	68.4	36.0
Account Payables	-28.8	-42.9
Operating Working Capital	70.6	50.6
Other Current Assets/(Liabilities)	3.3	8.5
Net Working Capital	73.9	59.1
Provisions	-13.0	-12.3
Net Invested Capital	311.4	301.0
Equity	117.1	110.6
Shareholder Loan	76.5	75.2
Net Financial Position	117.9	115.2
Net Sources	311.4	301.0

Twin-Set Distribution Network

BOUTIQUES¹

ITALY	WORLDWIDE
Bari	BELGIUM
Bologna (3)	Antwerpen
Bolzano	Bruxelles
Catania	Gent
Firenze	Knokke
Forte dei Marmi (2)	FRANCE
Lucca	Lafayette Galeries
Milano (3)	Lyon
Milano Marittima	Paris (2)
Modena	GERMANY
Napoli	Berlin
Padova	Düsseldorf
Palermo	Frankfurt
Ravenna	Munich
Reggio Emilia	RUSSIA
Riccione	Moscow (4)
Roma (4)	SPAIN
Salerno	Barcelona
Siena	Bilbao
Taormina	Palma de Mallorca
Torino	Puerto Banús Marbella
Udine	Valencia
Verona	

FRANCHISING¹

WORLDWIDE	
BELARUS	LATVIA
Minsk	Riga
BULGARIA	LEBANON
Sofia	Beirut (2)
CANADA	LITHUANIA
Montreal	Kaunas
CZECH REPUBLIC	Vilnius
Prague	MOLDOVA
CROATIA	Chişinău
Split	MONTENEGRO
JAPAN	Podgorica
Hiroshima	POLAND
Osaka	Katowice
Tokyo	Warsaw
KAZAKISTAN	QATAR
Almaty	Doha
KUWAIT	
Kuwait City	

OUTLETS

ITALY
Agira
Agira Girl
Barberino
Boretto
Brescia
Castel Romano
Factory Outlet
Marcianise
Muggia
Noventa
Serravalle
Soratte
Valmontone
Vicolungo
WORLDWIDE
BELGIUM – Maasmechelen
RUSSIA - Belaya Dacha
SPAIN - La Roca

Note:

1. (*) Number of stores in the City