

YTD 3Q 2017 Results

December 2017



TWINSET

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YTD 3Q 2017 Highlights

■ Revenue

- YTD 3Q 2017 Twinset revenue were €202.3m with a slightly decline of 0.6% compare to the same period of last year but recovering from IH 2017
- **Retail channel** increased by 12.6% up to €69.9m vs YTD 3Q 2016 thanks to a solid rebound of 1.4% in Lfl performance and the contribution of 7 new shops opening
 - **Online channel** reached €6.7m in YTD 3Q 2017 with double digit growth of 24.2%
- **Wholesale channel** reached €132.4m in YTD 3Q 2017 with a decline of 6.4%, mainly as a result of lower Stock Sales and timing difference in delivery FW18 orders.
 - **Franchising** +38.8% reaching €8.8m vs €6.4m in YTD 3Q 2016 contributing to geographical diversification

■ Adjusted EBITDA¹

- YTD 3Q 2017 Adj EBITDA grew by 3.1% at €43.1m vs €41.8m in YTD 3Q2016 with Adj EBITDA margin at 21.3% (+0.8pp)
- LTM Adj EBITDA is €45.0m with Adj EBITDA margin 18.6%, improving the operating performance level reached in FY 2016

■ Capex

- Capex amounted to €10.9m for YTD 3Q 2017, driven by retail network expansion, new sewing and knitwear machineries, and IT projects

– Net debt and Cash Flow

- **Net Debt Position:** €100.8m as of September 30, 2017 vs €89.6m as of December 31, 2016
- **Cash Flow:** -€6.0m in YTD 3Q 2017 vs €14.6m in YTD 3Q 2016
- **Leverage Ratio:** 2.2x in YTD 3Q 2017

Note:

¹ We calculate Reported EBITDA as profit for the period plus income tax, extraordinary (income)/expenses, impairment of investments, financial (income)/expenses, depreciation and amortization, each as presented in our consolidated financial statements. We calculate Adjusted EBITDA by taking our Reported EBITDA, then adding back certain non-recurring items including, raw materials, non-recurring accruals and other items. We calculate Adjusted EBITDA Margin by dividing our Adjusted EBITDA by Twin Set Revenue for the relevant period.



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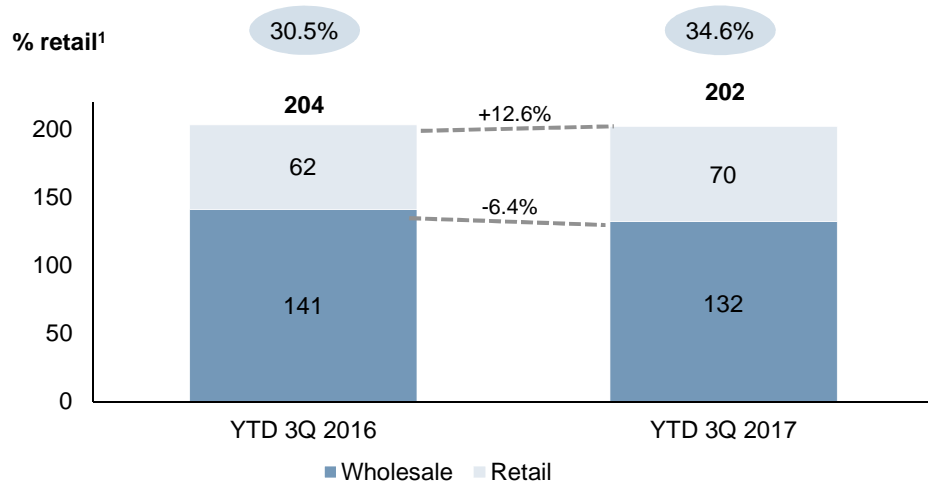
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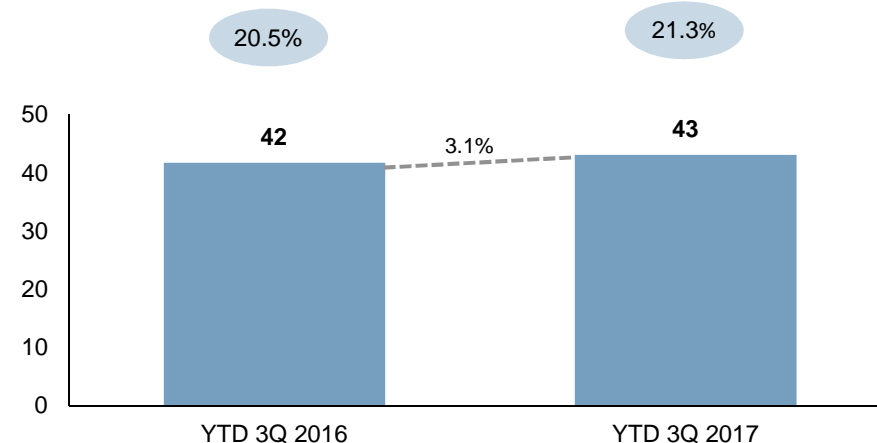
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YTD 3Q 2017 Results Summary

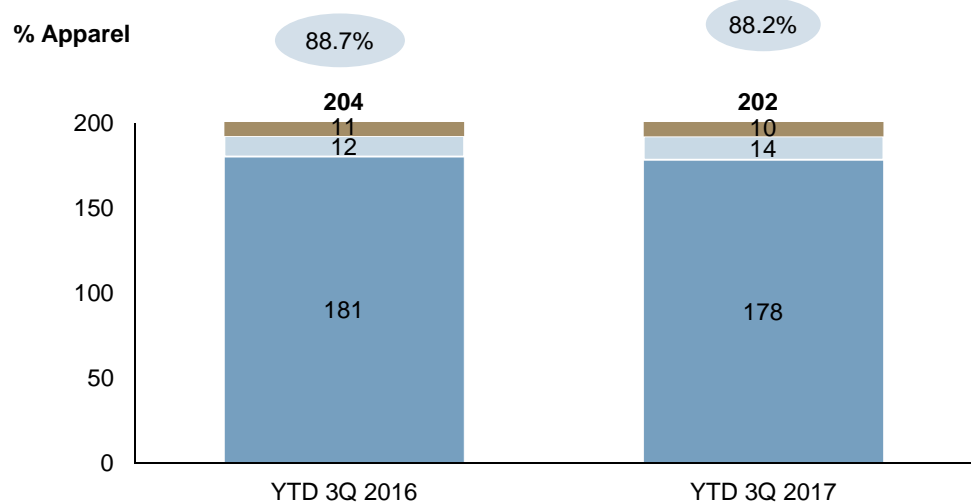
Revenue (€m)



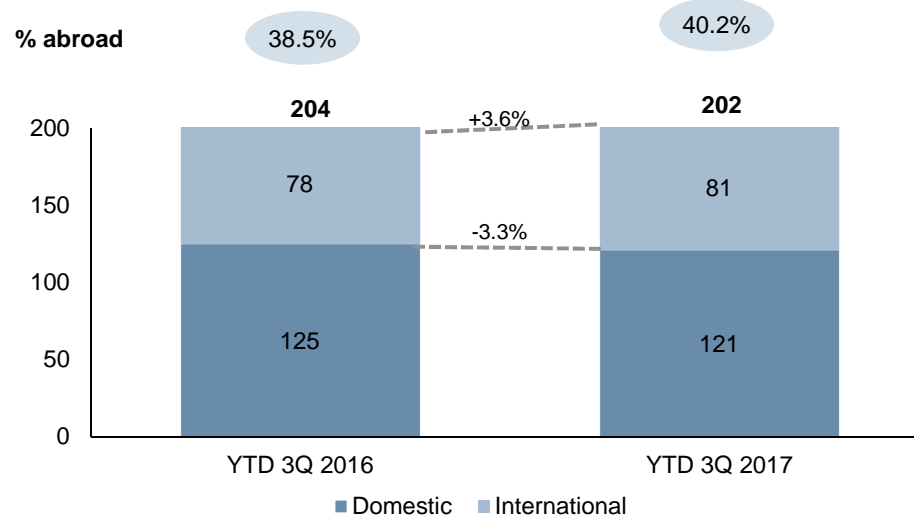
Adjusted EBITDA (€m)



Revenue by category (€m)



Revenue by geography (€m)



Note:
1 Including Online Channel

YTD 3Q 2017 Key Figures

| (€m) | YTD 3Q 2017 | YTD 3Q 2016 | % change |
|------------------------|--------------|--------------|----------|
| Wholesale | 132.4 | 141.5 | -6.4% |
| Retail ¹ | 69.9 | 62.1 | 12.6% |
| Twinset Revenue | 202.3 | 203.6 | -0.6% |
| Adjusted EBITDA | 43.1 | 41.8 | 3.1% |
| <i>Margin (%)</i> | 21.3% | 20.5% | |

Revenue

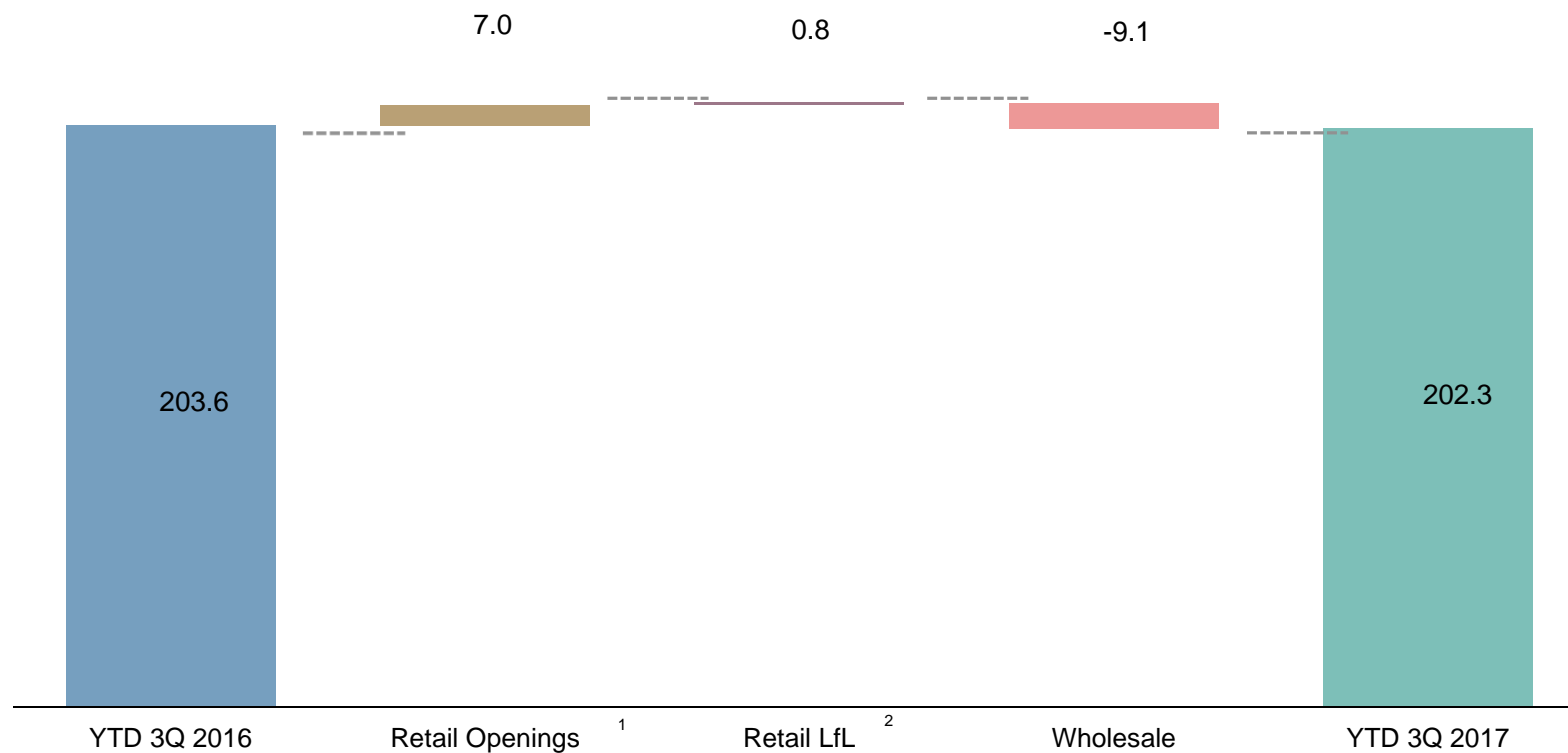
- Twinset Revenue reached €202.3m in the period with a slightly negative performance compare to the same period of last year.
- Twinset Revenue by Geography shows an increase in contribution of foreign countries to 40.2% from 38.5%, confirming growing brand awareness and international market penetration.
- **Retail channel** increased by +12.6% up to €69.9m vs YTD 3Q 2016 thanks to the rebound of +1.4% Lfl sales and 7 new shops opening Retail channel increased its share contribution to total Revenues by 4.1 p.p. now accounting for 34.6% of TWINSET Revenue
 - **Online** excellent performance +24.2% in the period confirm Twinset's Omnichannel strategy
- **Wholesale channel** performance in the period (-6.4%) as a result of deliberate rationalization toward top tier Italian wholesaler and Stock sale one off inventory "clean up" effect in 2016. Net of those effects Wholesale channel performance is positive driven by positive contribution form international markets (+€2.8m)
 - **Franchising** +38.8% reaching €8.8m vs €6.4m in YTD 3Q 2016 contributing to geographical diversification

Adjusted EBITDA

- Adjusted EBITDA reached €43.1m increased by 3.1% vs Last Year, with EBITDA Margin 21.3% or +0.8p.p compare to the PY
- LTM Adj EBITDA is €45.0m with Adj EBITDA margin 18.6%
 - confirming sustainability in the profitability and effectiveness of cost control initiative put in place

Revenues Evolution

Positive contribution from Retail while Off Season sale and Domestic market weigh on Wholesale

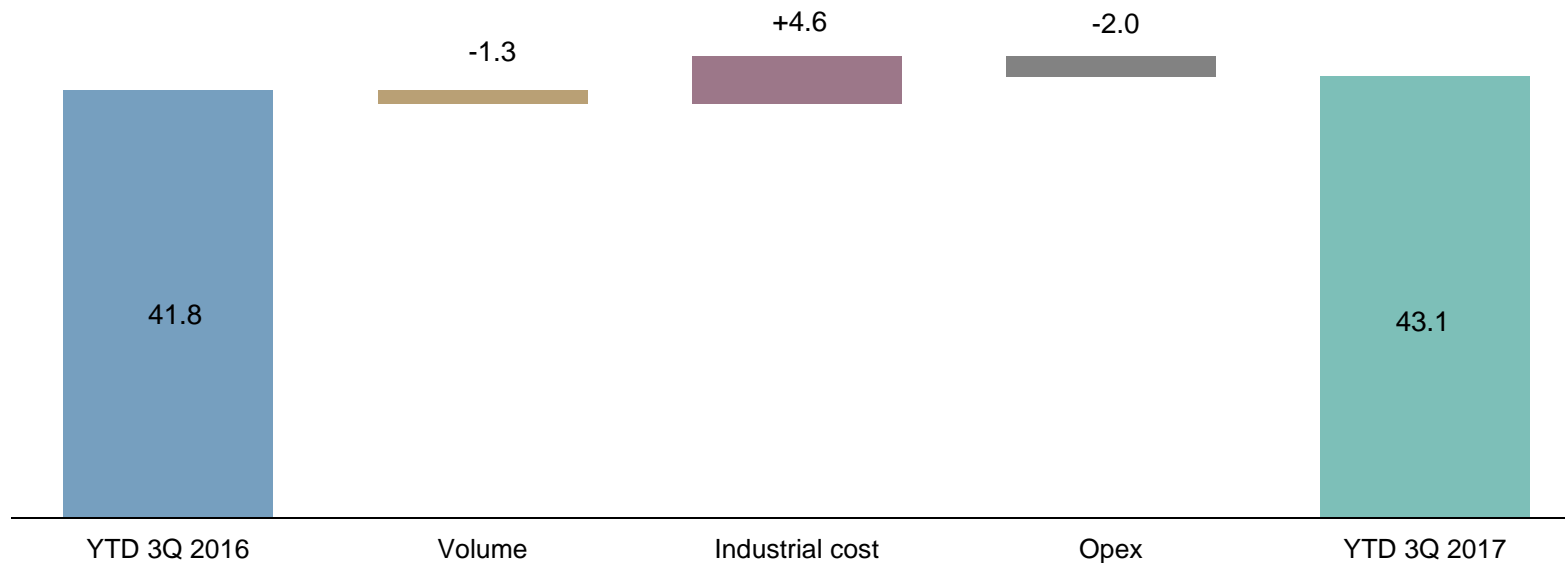


1. Includes all the retail figures excluded from the Like-for-Like analysis

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.

Adj Ebitda Evolution

Adjusted EBITDA Bridge (€m)



Gross Margin

- Gross Margin €117.9m reaching 58.3% of Twinset revenue, thanks to:
 - Increase volume in higher Gross Margin channel (Retail and Online) and decrease in Stock sales volume in the period led to a positive impact on Gross Margin (+€3.3m)
 - Ongoing improvement in the supply chain thank to increasing purchase power

Opex

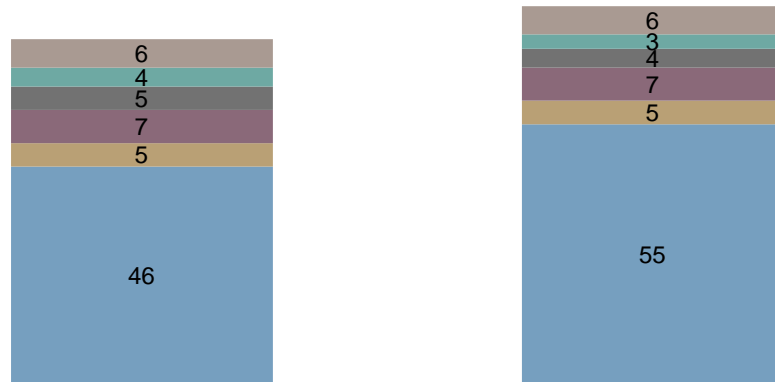
- Increasing Retail share has had a positive effect on Gross Margin but is carrying over into Opex
 - Opex +€2.0m compared to the same period of last year or 37% of Twinset Revenue vs 36% previous year.
 - Opex raised also from timing difference in Marketing campaign

CAPEX Evolution

Stores

73

80



YTD 3Q 2016

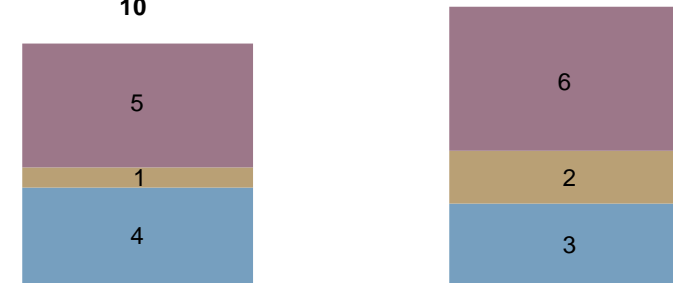
YTD 3Q 2017

Italy Belgium Spain France Germany Russia

Capex (€m)

10

11



YTD 3Q 2016

YTD 3Q 2017

Expansion Maintenance Headquarter

YTD 3Q 2017 Capex

- **Expansion Capex** amount to €3.2m in line with the previous year and are related to retail expansion strategy:
 - Already Opened: Venezia and Como (among others);
 - Opening soon: first new shop in New York in November and Nice in December
- **Maintenance:** Higher compare to the previous year due to the roll out of new store concept in Bruxelles and Milano Corso Vercelli
- **Headquarters:** new sewing and knitwear machineries for a new production factory in Carpi and new showrooms. Ongoing investment in IT projects

Focus on Mono-brand Stores Network

| | YTD 3Q 2017 | FY 2016 |
|-----------------|-------------|-----------|
| Boutique Italy | 37 | 34 |
| Boutique Abroad | 21 | 23 |
| Outlet Italy | 18 | 17 |
| Outlet Abroad | 4 | 4 |
| Total | 80 | 78 |

| | YTD 3Q 2017 | FY 2016 |
|-------------|-------------|---------|
| Franchising | 54 | 43 |





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Income Statement

| (€m) | YTD 3Q 2017 | YTD 3Q 2016 | % change |
|------------------------|--------------|--------------|-----------------|
| Wholesale | 132.4 | 141.5 | -6.4% |
| Retail ¹ | 69.9 | 62.1 | 12.6% |
| Twinset Revenue | 202.3 | 203.6 | -0.6% |
| Adjusted EBITDA | 43.1 | 41.8 | 3.1% |
| <i>Margin (%)</i> | <i>21.3%</i> | <i>20.5%</i> | |
| D&A | -17.9 | -17.2 | 4.2% |
| EBIT | 25.2 | 24.6 | 2.4% |
| <i>Margin (%)</i> | <i>12.5%</i> | <i>12.1%</i> | |
| Net Financial Items | -12.4 | -11.4 | 8.8% |
| Extraordinary Items | -4.0 | 0.3 | >100% |
| Income tax expenses | -8.1 | -8.6 | -5.9% |
| Net Profit | 0.9 | 4.9 | >100% |
| <i>Margin (%)</i> | <i>0.4%</i> | <i>2.4%</i> | |

- **D&A** are in line with Previous Year
- **Net Financial Items.** The amount is principally related to interest matured on the Bond, on the Shareholder Loan and Others minor financial Items. Difference came from interest capitalization of Shareholder loan and exchange rate effects.
- **Extraordinary Items** are not recurring cost mainly associated to the provision for risk and dispute with former wholesale agent and cost for closing the no performing shops in 2017

Cash Flow Statement

| (€m) | YTD 3Q 2017 | YTD 3Q 2016 | CHANGE |
|--|-------------|-------------|--------------|
| Total net cash at the beginning of the period | 62.2 | 39.0 | |
| Cash flow provided by/(used in) operating activities | 20.3 | 32.1 | -11.8 |
| Cash flow (used in) investing activities | -8.7 | -9.5 | 0.8 |
| Cash flow provided by/(used in) financing activities | -17.7 | -8.0 | -9.6 |
| Cash Flow from the period | -6.0 | 14.6 | -20.6 |
| Total net cash at the end of the period | 56.2 | 53.6 | |

Cash Flow

- **Cash flow provided by operating activities** amounts to €20.3m, confirming solid cash generation from the business; although lower compared to the last year exceptional result originated by the one off effect in Off season sales
- **Cash flow absorbed from investing activities** was €8.7m in the period as a result of new shops opening, investing in sewing and knitwear machineries, new Showrooms and IT projects partially compensate by €2.2m cash in from the disposal of the shop in Lyon and others old machineries
- **Cash flow absorbed from financing activities** was affected by the 10% share purchase from minority shareholder Mrs. Simona Barbieri in IH 2017 while the remaining amount is mainly related to the payment of the Bond coupons

Cash Flow Items

| (€m) | YTD 3Q 2017 | YTD 3Q 2016 | CHANGE |
|--|--------------|-------------|--------|
| Adjusted EBITDA | 43.1 | 41.8 | 1.3 |
| <i>Margin (%)</i> | 21.3% | 20.5% | |
| Change in Operating Working Capital | -20.7 | -9.1 | -11.6 |
| Investments | -8.7 | -9.5 | 0.8 |
| Operating Free Cash Flow | 13.7 | 23.2 | -9.5 |
| <i>% of Revenue</i> | 6.8% | 11.4% | |

Operating Free Cash Flow

- Increasing cash generation from operating activities for €1.3m confirm ongoing improvement in efficiency and profitability
- OWC is driven by the seasonality of our business that usually peak in I and III Quarter; this year we didn't benefit from the exceptional one off Stock sale related to the "clean up" inventory in 2016.
 - Thank to the rationalization toward top tier Italian wholesalers, we have seen a positive cash contribution from Trade receivables for around €3.4m

Net Debt and Leverage

| (€m) | 30 Sep 2017 | 31 Dec 2016 |
|--|---------------|--------------|
| Cash and Cash equivalents | 56.2 | 62.2 |
| Banks overdrafts | 0.0 | 0.0 |
| Total net cash | 56.2 | 62.2 |
| Banks loans - current portion | -7.0 | -1.7 |
| Banks loans - non current portion | | |
| Bank loans | -7.0 | -1.7 |
| Notes | -150.0 | -150.0 |
| Net financial indebttness | -100.8 | -89.6 |
| Leverage <i>(Net Debt / Adjusted LTM EBITDA)</i> | 2.2x | 2.1x |
| Interest Coverage <i>(Adjusted LTM EBITDA / LTM Net Financial Charges)</i> | 4.5x | 4.4x |

- **Liquidity:**
 - Total net cash available of €56.2m on balance sheet as of September 30, 2017 compare to €62.2m at the end of FY 2016
 - Available €10.0m Super Senior Revolving Credit Facility undrawn
- **Leverage Ratio:** 2.2x in YTD 3Q 2017 in line with the full year notwithstanding the 10% share purchase
- **Interest Cover Ratio:** stable at 4.5x YTD 3Q 2017



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Balance Sheet

| (€m) | 30 Sep 2017 | 31 Dec 2016 |
|------------------------------------|--------------|--------------|
| Intangible and Tangible Assets | 231.1 | 240.3 |
| Financial Assets | 1.1 | 1.3 |
| Total Fixed Assets | 232.2 | 241.6 |
| Inventory | 39.7 | 53.1 |
| Account Receivables | 59.5 | 35.7 |
| Account Payables | -38.4 | -48.7 |
| Operating Working Capital | 60.8 | 40.1 |
| Other Current Assets/(Liabilities) | -0.8 | 8.2 |
| Net Working Capital | 60.0 | 48.3 |
| Provision | -15.0 | -13.5 |
| Net Invested Capital | 277.1 | 276.3 |
| Equity | 91.6 | 106.2 |
| Shareholder Loan | 84.7 | 80.5 |
| Net Financial Position | 100.8 | 89.6 |
| Net Sources | 277.1 | 276.3 |

TWINSET Distribution Network

BOUTIQUES¹

ITALY

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

WORLDWIDE

BELGIUM

Antwerpen
Bruxelles
Ghent
Knokke

FRANCE

Galleries Lafayette
Paris (2)
Cannes

GERMANY

Berlin
Frankfurt
Munich

RUSSIA

Moscow (4)

SPAIN

Barcelona
Bilbao
Madrid
Palma de Mallorca
Puerto Banús Marbella
Valencia

FRANCHISING¹

WORLDWIDE

ALBANIA

Tirana

BELARUS

Minsk

BULGARIA

Sofia (2)

CANADA

Montreal

CZECH

REPUBLIC

Prague

CROATIA

Split
Zagabria

HUNGARY

Budapest

JAPAN

Hiroshima
Osaka
Tokyo

KAZAKISTAN

Almaty

KUWAIT

Kuwait City

LATVIA

Riga (2)

LEBANON

Beirut (2)

LITHUANIA

Kaunas
Vilnius

MOLDOVA

Chişinău

MONTENEGRO

Podgorica

POLAND

Katowice
Warsaw

QATAR

Doha

RUSSIA

Kaliningrad
Krasnodar
Nizhny
Novgorod
Novosibirsk
Saratov
Rostov

SAUDI ARABIA

Jedda
Riyadh

SLOVAKIA

Bratislava

SLOVENIA

Ljubljana (2)

TURKEY

Antalya

UAE

Dubai (3)

UKRAINE

Kiev (3)

OUTLETS

ITALY

Agira
Agira Girl
Barberino
Boretto
Brescia
Brugnato
Castel Romano
Fiano Romano
Marcianise
Milano Scalo (2)
Muggia
Noventa
Serravalle
Torino Outlet Village
Valmontone
Vicolungo

WORLDWIDE

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

Note:

1. (*) Number of stores in the City

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