

TWINSET

SIMONA BARBIERI

I Half 2017 Results

August 2017



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Section 1

Highlights



I Half 2017 Highlights

Revenue

- I Half 2017 TWINSET revenue were €121.9m vs €123.2m of I Half 2016
 - **Retail channel** increased by 9.9% or +€4.0m with a positive 0.6% Lfl performance
 - **Online channel** reached €4.0m in IH 2017 increasing 6.6% confirming TWINSET multichannel strategy
 - **Wholesale channel** decreased €5.3m vs IH 2016, mainly as a result of shrinking contribution from the domestic markets and a reduction in Stocks sales (minus €3.2m in the period).
 - **Franchising** substantially increased by 46.3% in IH 2017, reaching €4.9m with 9 new openings in the period.

Adjusted EBITDA¹

- IH 2017 Adj EBITDA was €22.3m with Adj EBITDA margin of 18.3% compared to €22.7m in the same period last year

Capex

- Capex accounted for €7.3m for IH 2017, driven by new sewing and knitwear machineries, and IT projects

Net Debt and Cash Flow

- **Net Debt Position:** €96.2m as of June 30, 2017 vs €89.6m as of December 31, 2016
- **Cash Flow:** minus €3.0m for IH 2017
- **Leverage Ratio:** 2.2x in IH 2017 compared to 2.1x in FY 2016

The Carlyle Group sole shareholder

completed 10% share purchase from minority shareholder Mrs. Simona Barbieri on May 2nd 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.

Section 2

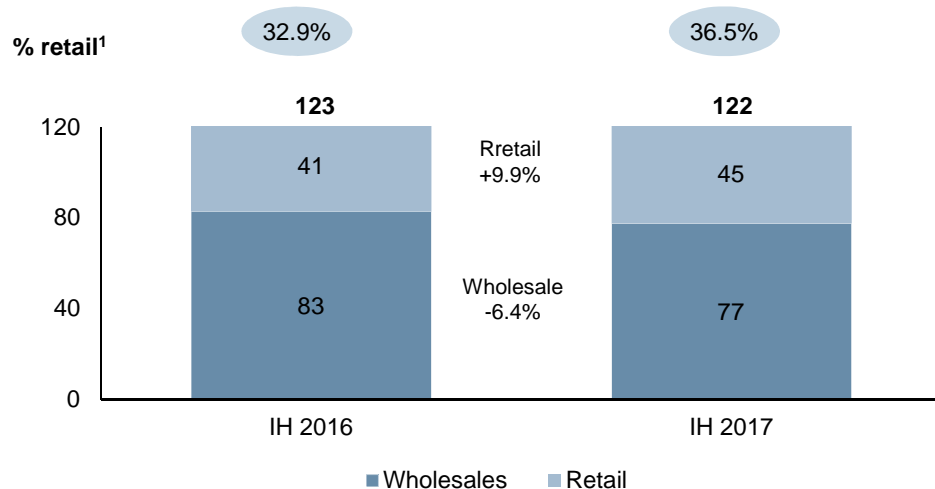
Business Performance



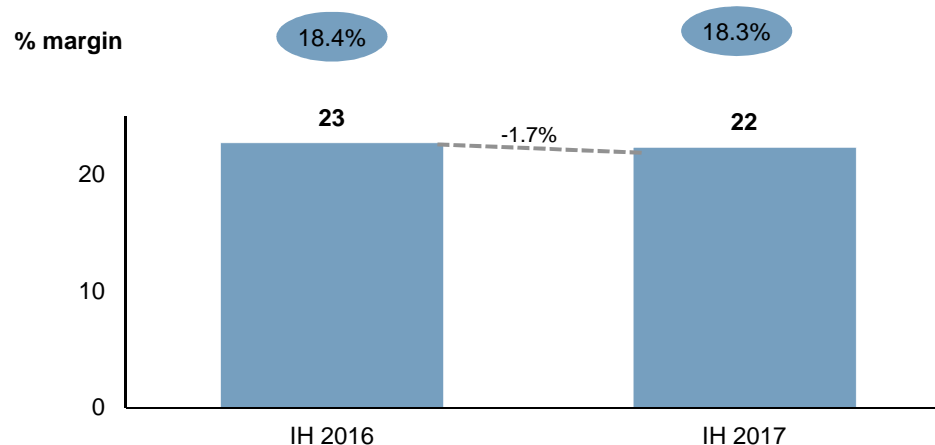
IH 2017 – Results Summary

Retail and International markets share contribution increased

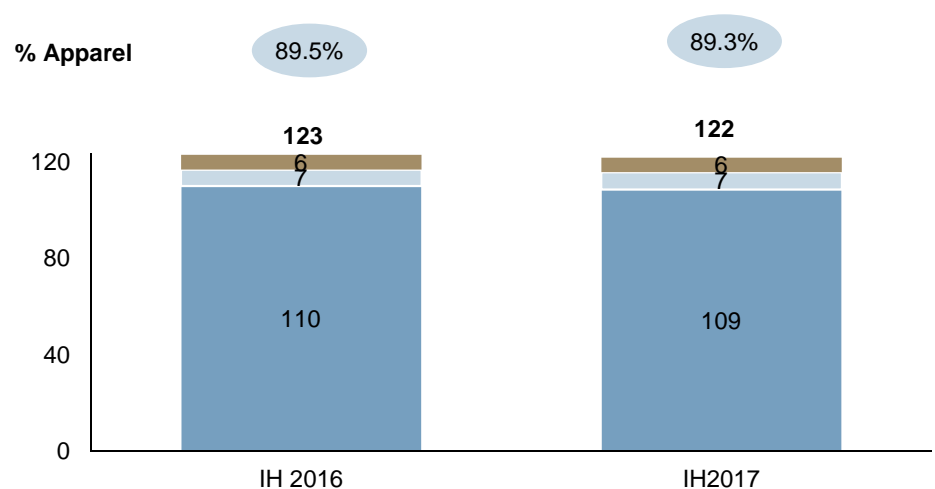
Revenue (€m)



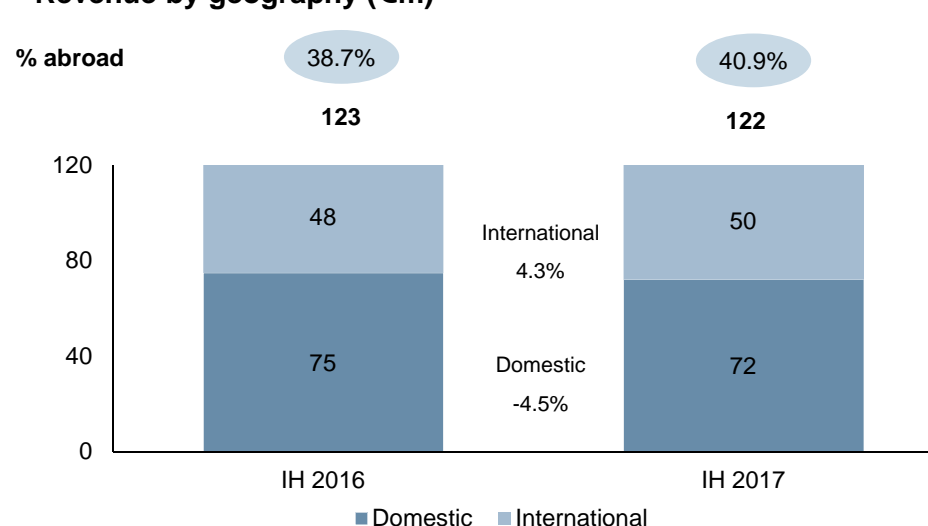
Adjusted EBITDA (€m)



Revenue by category (€m)



Revenue by geography (€m)



Note:
1 Including Online Channel

IH 2107 Key Figures

(€m)	1H 2017	1H 2016	% change
Wholesale	77.4	82.7	-6.4%
Retail ¹	44.5	40.5	9.9%
Twin Set Revenue	121.9	123.2	-1.1%
Adjusted EBITDA	22.3	22.7	-1.7%
Margin (%)	18.3%	18.4%	

Revenue

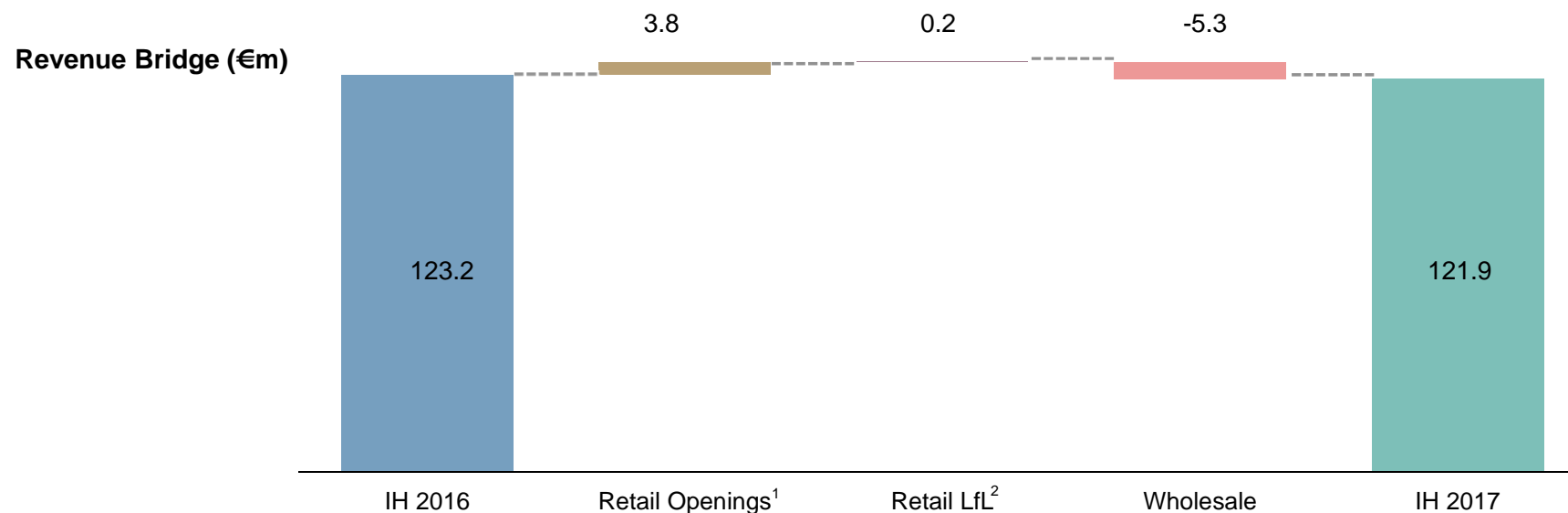
- TWINSET Revenue slightly decreased by 1.1% to €121.9m in the period from 123.2m with opposite contribution from Retail and Wholesale channels
 - **Retail channel:** Retail revenues increased 9.9% or €4.0m in the period, thanks to a slightly positive Lfl of 0.6% and new shops openings. Retail channel increased its share contribution to total Revenues by 3.6 p.p. now accounting for 36.5% of TWINSET Revenue
 - **Online:** grew by 6.6% reaching €4.0m in the period equal to 3.3% of total Revenues
 - **Wholesale channel:** Negative contribution from Wholesale for €5.3m or -6.4% compared to the previous year, as a consequence of our ongoing upgrading distribution strategy in the Domestic market; while foreign market (net of Off Season sales) posted a positive contribution. Off Season Sales decreased €3.2m Y/y .
 - **Franchising:** expanding network with 9 new franchisees. Total Revenues for the channel were €4.9m vs €3.3m the Previous Year (+46.3%Y/Y)
- Overall we saw an increase, as a share contribution, from International market which now accounts for 40.9% of TWINSET Revenue

Adjusted EBITDA

- Adjusted EBITDA slightly decreased to €22.3m from €22.7m of Last Period
- EBITDA margin was 18.3% for the period confirming TWINSET's high profitability (flat compared to same period of the Previous Year)

Revenue Evolution

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



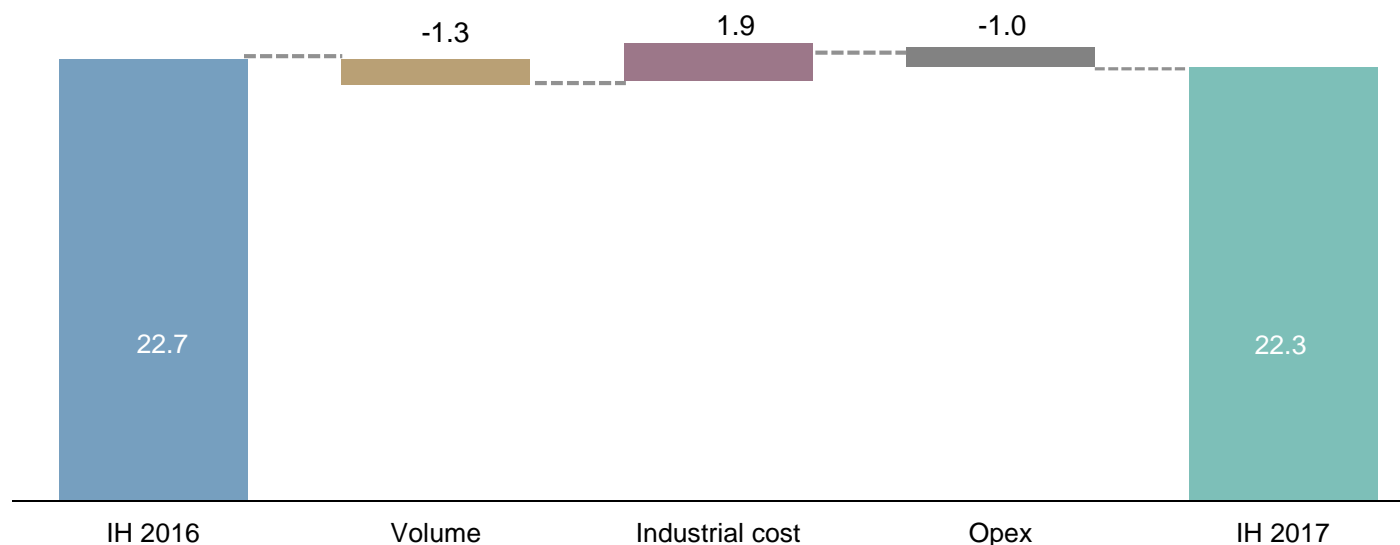
1. Includes all the retail figures excluded from the Like-for-Like analysis

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.

Adjusted EBITDA Evolution

Different channel mix lead to a flat EBITDA

Adjusted EBITDA Bridge (€m)



Gross Margin

- Different channel mix contribution lead to a positive effect on Gross Margin
- Gross Margin grew €0.6m thanks to increase retail channels share and reduce Off Season sales

Opex

- Increasing Retail share has had a positive effect on Gross Margin but is carrying over into Opex
- Opex +€1.0m compared to the same period of last year or 37.9% of TWINSET Revenue vs 36.8%
- Opex raised also from timing difference in Marketing campaign

Capex Evolution

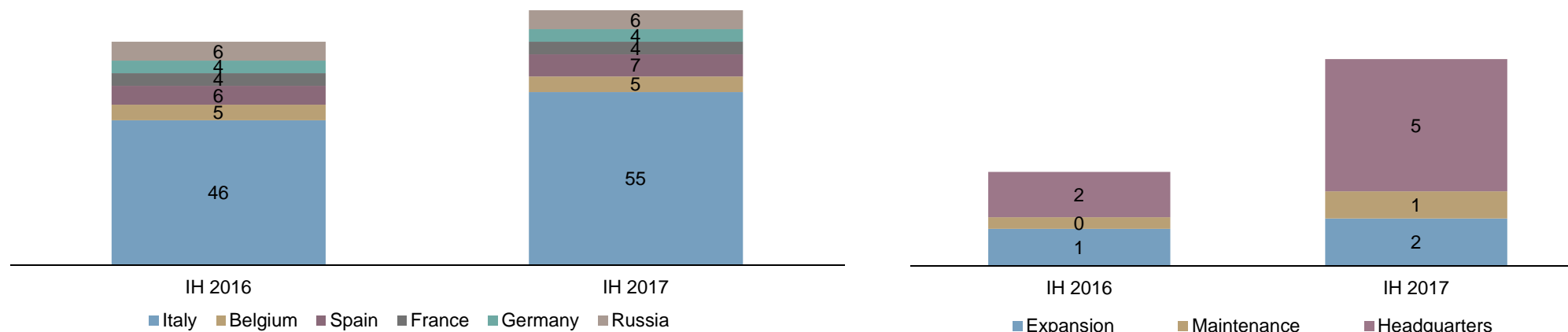
Capex not affected by Retail network expansion

N. Stores 71

81

Capex (€m) 4

8



IH 2017 Capex

- **Expansion Capex** almost flat in the period while 5 new shops were opened as per our retail expansion strategy
 - Among others, Venezia April 29° and Como May 27°
 - New Shop opening in Nice (France) in the pipeline
- **Maintenance** in line with the previous year mainly related to refurbishment of retail network
- **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

BOUTIQUE & OUTLET

	1H 2017	FY 2016
Boutique Italy	37	34
Boutique Abroad	22	23
Outlet Italy	18	17
Outlet Abroad	4	4
Total	81	78

FRANCHISING

	1H 2017	FY 2016
Franchising	52	43



Section 3

Financial Performance



Income Statement

(€m)	1H 2017	1H 2016	% change
Wholesale	77.4	82.7	-6.4%
Retail ¹	44.5	40.5	9.9%
Twin Set Revenue	121.9	123.2	-1.1%
Adjusted EBITDA	22.3	22.7	-1.7%
<i>Margin (%)</i>	<i>18.3%</i>	<i>18.4%</i>	
D&A	-11.5	-11.3	2.2%
EBIT	10.8	11.4	-5.3%
<i>Margin (%)</i>	<i>8.9%</i>	<i>9.3%</i>	
Net Financial Items	-8.1	-7.4	8.7%
Net Profit / (Loss)	-1.4	-1.0	43.3%
<i>Margin (%)</i>	<i>-1.2%</i>	<i>-0.8%</i>	

- **D&A** in IH 2017 in line with the Previous Year
- **Net Financial Items** increased owing to the negative effect of exchange rate and interest rates

Note:

1. Including Online Channel

Cash Flow Statement

Cash Flow affected by One Off 10% share purchase

(€m)	30 Jun 2017	30 Jun 2016	Change
Total net cash at the beginning of the period	62.2	39.0	23.1
Cash flow provided by/(used in) operating activities	19.2	28.2	-9.0
Cash flow (used in) investing activities	-7.3	-3.7	-3.6
Cash flow provided by/(used in) financing activities	-14.9	-5.2	-9.7
Cash Flow from the period	-3.0	19.3	-22.3
Total net cash at the end of the period	59.1	58.3	0.8

Cash Flow

- **Cash Flow provided by operations** was very positive in the IH 2017 notwithstanding NWC absorption necessary to support further business growth. Last year was affected by the exceptional result mainly driven by Off season Sales.
- **Cash flow used in investing activities** was €3.6m higher as a result of investing in sewing and knitwear machinery, new Showrooms and IT Projects
- **Cash flow used in financing activities** was affected by the 10% share purchase from minority shareholder Mrs. Simona Barbieri.

Cash Flow Items

Solid Free Cash Flow generation

(€m)	30 Jun 2017	30 Jun 2016	CHANGE
Adjusted EBITDA	22.3	22.7	-0.4
<i>Margin (%)</i>	<i>18.3%</i>	<i>18.4%</i>	
Change in Operating Working Capital	0.6	4.1	-3.5
Investments	-7.3	-3.7	-3.6
Operating Free Cash Flow	15.6	23.1	-7.5
<i>% of TWINSET Revenue</i>	<i>12.8%</i>	<i>18.8%</i>	

Change in Operating Working Capital

Positive contribution from OWC to cash flow generation due to seasonality of the business but below last year result.

- Decrease contribution from Inventory due to lower Off Season sales compared to the previous year.
- Positive contribution from Trade Receivables thanks to increasing share contribution from international markets
- Slightly negative contribution from Trade Payables owing to growth of the business

Operating Free Cash Flow

- Solid €15.6m OFCF generation in the period even with a rebound in Capex and less contribution from OWC necessary to support further business growth.

Net Debt and Leverage

Cash used to finance growth

(€m)	30 Jun 2017	31 Dec 2016
Cash and Cash equivalents	59.1	62.2
Banks overdrafts	0.0	0.0
Total net cash	59.1	62.2
Banks loans - current portion	-5.3	-1.7
Banks loans - non current portion		
Bank loans	-5.3	-1.7
Notes	-150.0	-150.0
Net financial indebtedness	-96.2	-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>	4.3x	4.4x

- **Liquidity:**
 - Total net cash available of €59.1m on balance sheet as of June 30, 2017 compared to €62.2m at the end of FY 2016
 - Available €10.0m Super Senior Revolving Credit Facility undrawn
- **Leverage Ratio:** 2.2x in IH 2017 compared to 2.1x in FY 2016
- **Interest Cover Ratio:** 4.3x vs 4.4x in the same period of last year

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 €80.5m as of December 31, 2016

Section 5

Q&A



Section 6

Appendix



Balance Sheet

(€m)	30 Jun 2017	31 Dec 2016
Intangible and Tangible Assets	235.1	240.3
Financial Assets	1.0	1.3
Total Fixed Assets	236.2	241.6
Inventory	54.0	53.1
Account Receivables	32.9	35.7
Account Payables	-45.9	-48.7
Operating Working Capital	41.1	40.1
Other Current Assets/(Liabilities)	7.0	8.2
Net Working Capital	46.5	48.3
Provisions	-13.6	-13.5
Net Invested Capital	270.7	276.3
Equity	91.2	106.2
Shareholder Loan	83.3	80.5
Net Financial Position	96.2	89.6
Net Sources	270.7	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

WORLDWIDE

BELGIUM

Antwerpen
Bruxelles
Ghent
Knokke

FRANCE

Lafayette Galleries
Paris (2)
Cannes

GERMANY

Berlin
Düsseldorf
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
Factory Outlet
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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