



TWINSET

SIMONA BARBIERI

FY 2016 Results

April 2017

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Agenda

1	Highlights	3
2	Business Performance	5
3	Financial Performance	12
4	Q&A	17
5	Appendix	18

Section 1

Highlights



FY 2016 Highlights

Revenue

- FY 2016 TWINSET revenue increased by 2.5% vs FY 2015 reaching €243.4m
- **Retail channel** increased by 5.7% or +€4.6m up to €85.1m thanks to 11 new shops opening partially offsetting negative Lfl performance
 - **Online channel** reached €7.1m in FY 2016 with double digit growth of 21.4% confirming TWINSET multichannel strategy
- **Wholesale channel** grew by €1.4m vs FY 2015 up to €158.3m, as a result of strong contribution from foreign markets
 - **Franchising** substantially increased by 47.4% in FY 2016, reaching €8.0m with 13 new openings

Adjusted EBITDA¹

- FY 2016 Adj EBITDA grew by 14.5% at €43.6m vs €38.1m in FY 2015. Adj EBITDA margin is up 1.9 p.p. at 17.9%

Capex

- Capex accounted for €12.3m for FY 2016, driven mainly by retail network expansion, IT projects and capital contribution for the new TWINSET Headquarters

Net debt and Cash Flow

- **Net Debt Position:** €89.6m as of December 31, 2016 vs €115.2m as of December 31, 2015
- **Cash Flow:** €23.1m for FY 2016
- **Leverage Ratio:** 2.1x in FY 2016 compared to 3.0x in FY 2015

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

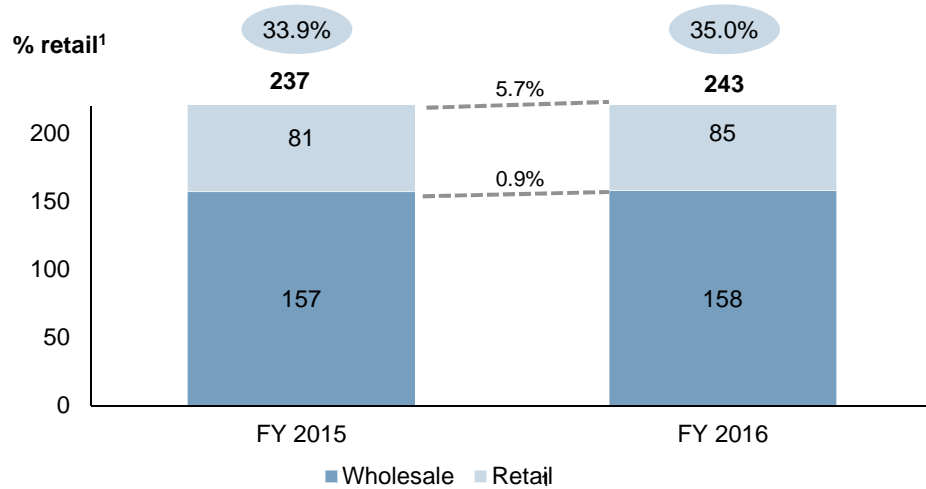
Business Performance



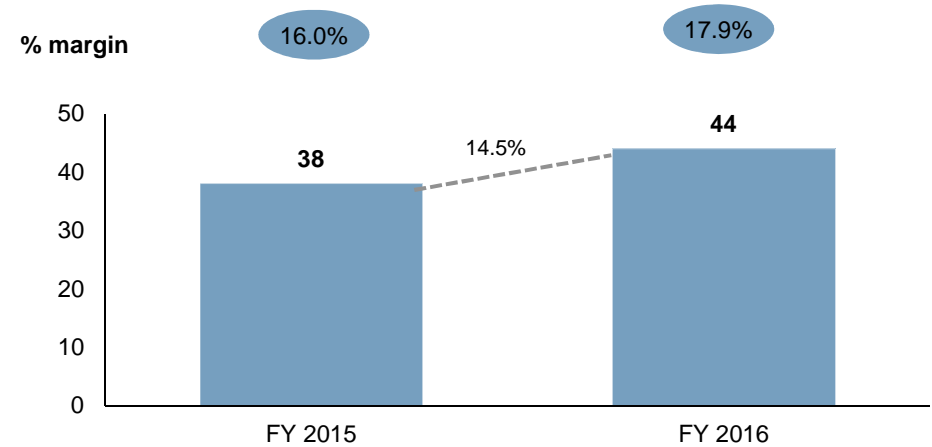
FY 2016 – Results Summary

Steady business growth with a substantial upswing in EBITDA margin

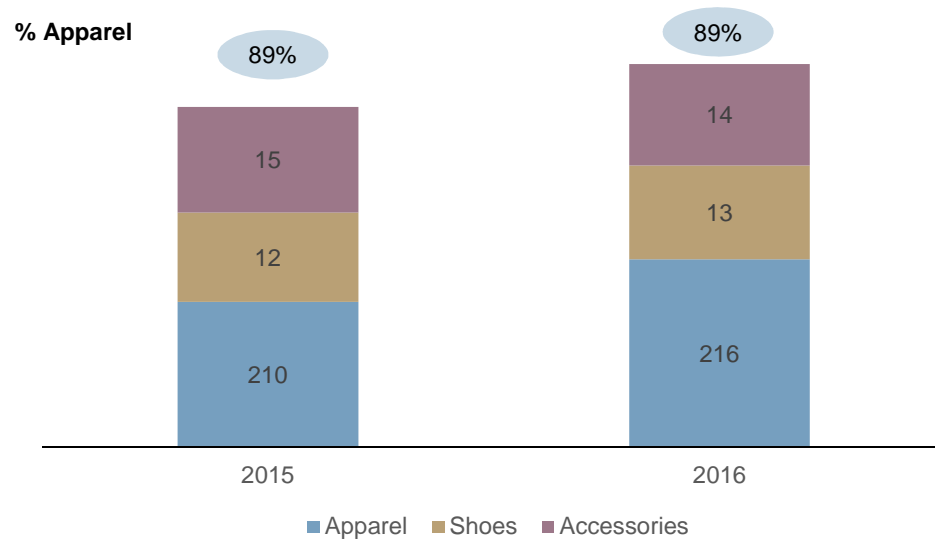
Revenue (€m)



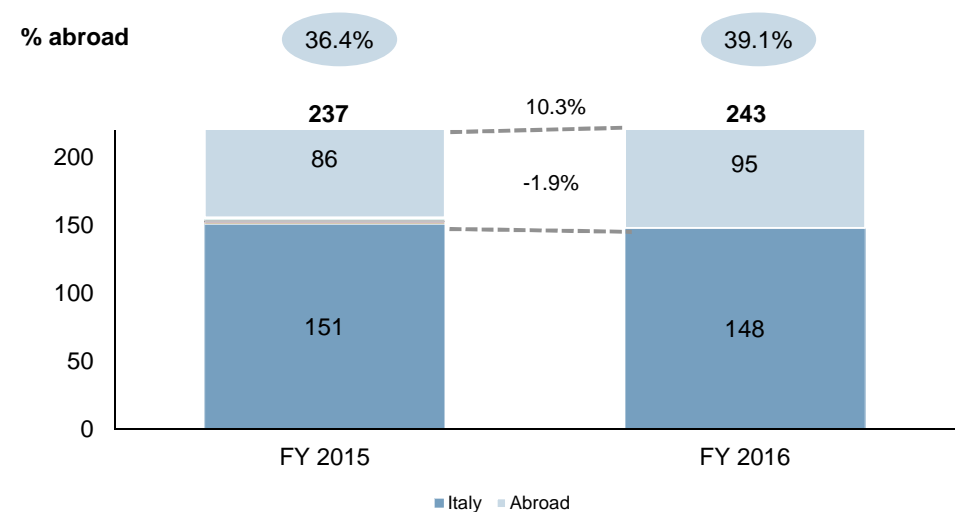
Adjusted EBITDA (€m)



Revenue by category (€m)



Revenue by geography (€m)



Note:
1 Including Online Channel

FY 2016 Key Figures

(€m)	FY16	FY15	% change	IVQ16	IVQ15	% change
Wholesale	158.3	156.9	0.9%	16.8	15.6	7.7%
Retail ¹	85.1	80.5	5.7%	23.0	21.8	5.3%
TWINSET Revenue	243.4	237.4	2.5%	39.8	37.4	6.3%
Adjusted EBITDA	43.6	38.1	14.5%	1.8	-1.7	>100%
Margin (%)	17.9%	16.0%		4.6%	-4.6%	

Revenue

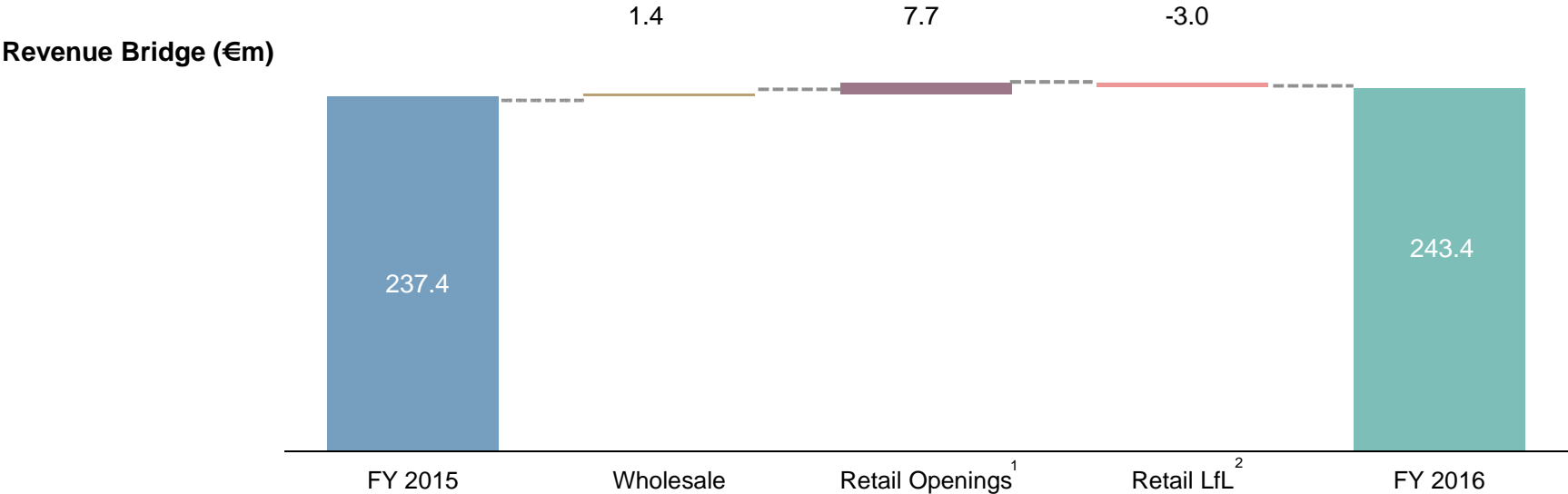
- TWINSET Revenue posted +2.5% top line growth, reaching €243.4m for FY 2016 thanks to positive contributions from both channels
- **Retail channel:** Retail net sales increased as a share by 1.1 p.p. compared to last year, accounting for 35% of TWINSET Revenue. Overall we have seen retail sales increase by 5.7% thanks to 11 new store openings offsetting negative Lfl of -4.2%
 - **Online:** excellent performance increasing by 21.4% with positive contribution from both domestic and international markets
- **Wholesale channel:** continuous steady growth thanks to the positive contribution of European countries and considerable growth in Russia confirming the increase of brand awareness abroad. Poor market conditions and restructuring of the distribution channel have contributed to a moderate decline in the domestic market
 - **Franchising:** expanding network with 13 new franchisees in selected countries mainly in Middle East and Eastern Europe. Total Net Sales for the channel were €8.0m vs €5.4m the Previous Year(+€2.6m Y/Y)
- As a consequence of the good performance in foreign markets (+10.3% Y/Y), we saw an increase as a share contribution for 2.7 p.p of TWINSET Revenue counting for 39.1%

Adjusted EBITDA

- Adjusted EBITDA posted a marked increase of 14.5% vs Last Year at €43.6m
- Upswing in EBITDA margin (17.9% vs 16.0%) confirming a continuing recovery in profitability seen last year in line with the Company target

Revenue Evolution

Top line growth was limited by Lfl performance



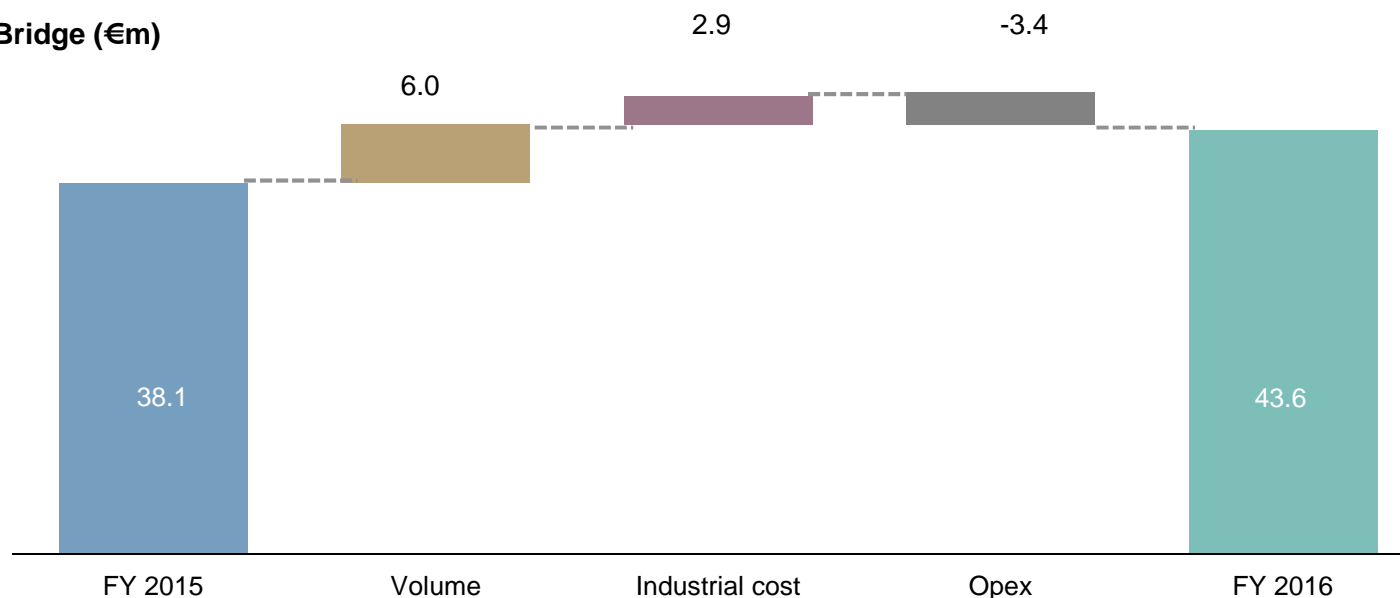
1. Includes all the retail figures excluded from the Like-for-Like analysis

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

Volume growth and efficiency led to a remarkable Adj Ebitda performance

Adjusted EBITDA Bridge (€m)



Gross Margin

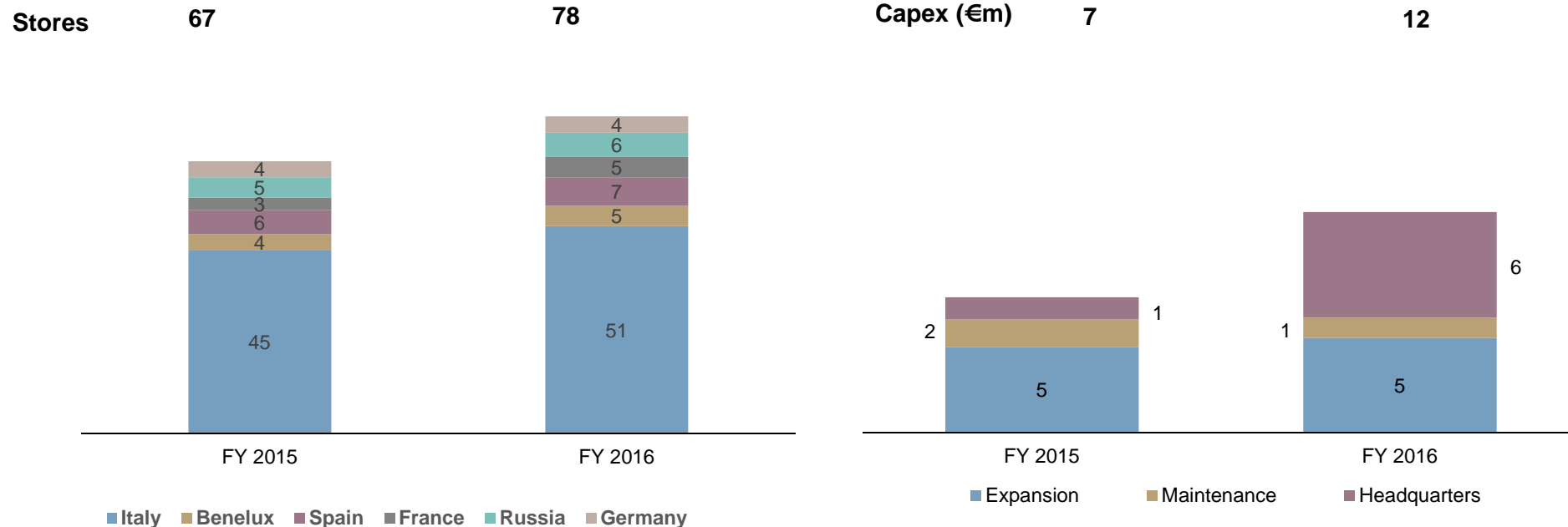
- Increased share of the retail channel together with efficiency improvements in the supply chain contributed to outstanding Adj Ebitda growth.
- Gross Margin +€9.0m reaching 55.5% of TWINSET Revenue, 2.4 p.p. higher than the same period of the Previous Year.

Opex

- Opex +€3.4m reaching 37.6% of TWINSET Revenue, slightly higher (0.5 p.p) than the same period of the Previous Year, consistent with the Company growth strategy to invest in retail channel with higher fixed cost
- These figures validated TWINSET Group's on going improvements in efficiency and confirmed the sustainability of the cost controls put in place.

Capex Evolution

Rebound in Capital expenditure



FY 2016 Capex

- **Expansion Capex** continuing retail expansion in selected locations according to the Group Strategy
 - FY 2016 €5m Capex Expansion, includes key money and expenditure for the refurbishment of 11 new stores opened among others in Italy Taormina, Milano Corso Buenos Aires and abroad Madrid (Spain) and Cannes (France)
 - The Venezia shop in the pipeline, expected opening in IIQ17 with some Capex already spent in 2016
- **Maintenance** in line with the previous year mainly related to refurbishment of retail network
- **Headquarters:** mainly includes contributions for the new TWINSET headquarters and IT projects to support future business growth

Focus on Mono-brand Stores Network

BOUTIQUE & OUTLET

	FY 2016	FY 2015
Boutique Italy	34	31
Boutique Abroad	23	19
Outlet Italy	17	14
Outlet Abroad	4	3
Total	78	67

FRANCHISING

	FY 2016	FY 2015
Franchising	43	30



Section 3

Financial Performance



Income Statement

(€m)	FY16	FY15	% change
Wholesale	158.3	156.8	0.9%
Retail ¹	85.1	80.5	5.7%
TWINSET Revenue	243.4	237.4	2.5%
Adjusted EBITDA	43.6	38.1	14.5%
<i>Margin (%)</i>	<i>17.9%</i>	<i>16.0%</i>	
D&A	24.5	25.3	-3.1%
EBIT	19.1	12.8	49.4%
<i>Margin (%)</i>	<i>7.9%</i>	<i>5.4%</i>	
Net Financial Items	-14.9	-16.6	-10.2%
Net Profit	-3.4	-10.4	>100%
<i>Margin (%)</i>	<i>-1.4%</i>	<i>-4.4%</i>	

- **D&A** in FY 2016 in line with the Previous Year
- **Net Financial Items** decreased owing to the positive effect of the Ruble appreciation and decreased interest rates

Note:

1. Including Online Channel

Cash Flow Statement

Positive Cash Flow generation

(€m)	FY 2016	FY 2015	change
Total net cash at the beginning of the period	39.0	31.3	7.7
Cash flow provided by/(used in) operating activities	46.6	26.1	20.4
Cash flow provided by/ (used in) investing activities	-12.3	-7.4	-5.0
Cash flow provided by/(used in) financing activities	-11.1	-11.0	-0.1
Cash Flow from the period	23.1	7.7	15.4
Total net cash at the end of the period	62.2	39.0	23.1

Cash Flow

- **Cash Flow provided by operations** finished at an outstanding €46.6m thanks to higher profitability and positive contribution from Net Working Capital partially offset by an increase in tax contribution
- **Cash flow used in investing activities** was €5.0m higher as a result of the new shop openings campaign
- **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

Strong Free Cash Flow generation

(€m)	FY 2016	FY2015	change
Adjusted EBITDA	43.6	38.1	5.5
<i>Margin (%)</i>	<i>17.9%</i>	<i>16.0%</i>	
Change in Operating Working Capital	10.6	-6.0	16.6
Investments	-12.3	-7.4	-5.0
Operating Free Cash Flow	41.9	24.7	17.1
<i>% of Revenue</i>	<i>17.2%</i>	<i>10.4%</i>	

Change in Operating Working Capital

Positive contribution from OWC to cash flow generation thanks to:

- Positive effect from **Inventory** were driven by improvement in demand planning process and introduction of efficient Stock management policy resulting in €4.4m decrease in Inventory value compare to FY2015.
- **Trade Payables** were supported form either improvement in the delivery process or renegotiation of payment terms with some suppliers as a result of increasing purchase power or a combination of both
- **Account Receivables** did not have any significant impact on the cash flow, confirming the quality of TWINSET credit portfolio notwithstanding the economic environment particularly in Italy.

Operating Free Cash Flow

- Bottom line: volume growth and efficiency of the management supply chain led to strong OFCF partially offset by investment to support further business growth

Net Debt and Leverage

Cash generation lead to deleveraging

(€m)	31 Dec 2016	31 Dec 2015
Cash and Cash equivalents	62.2	39.0
Banks overdrafts	0.0	-0.1
Total net cash	62.2	38.9
Banks loans - current portion	-1.7	-4.1
Banks loans - non current portion	0.0	-0.1
Bank loans	-1.7	-4.1
Notes	-150.0	-150.0
Net financial indebtedness	-89.6	-115.2
Leverage <i>(Net Debt / Adjusted LTM EBITDA)</i>	2.1x	3.0x
Interest Coverage <i>(Adjusted LTM EBITDA / LTM Net Financial Charges)</i>	4.4x	3.8x

- **Liquidity:**
 - Total net cash available of €62.2m on balance sheet as of December 31, 2016 compare to €38.9m at the end of FY 2015
 - Available €10.0m Super Senior Revolving Credit Facility undrawn
- **Leverage Ratio:** 2.1x in FY 2016 compared to 3.0x in FY 2015
- **Interest Cover Ratio:** 4.4x FY 2016 compare to 3.8x FY 2015

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)	31 Dec 2016	31 Dec 2015
Intangible and Tangible Assets	240.3	253.1
Financial Assets	1.3	1.1
Total Fixed Assets	241.6	254.2
Inventory	53.1	57.5
Account Receivables	35.7	36.0
Account Payables	-48.7	-42.9
Operating Working Capital	40.1	50.6
Other Current Assets/(Liabilities)	8.2	7.0
Net Working Capital	48.3	57.6
Provisions	-13.5	-12.3
Net Invested Capital	276.3	299.5
Equity	106.2	109.1
Shareholder Loan	80.5	75.2
Net Financial Position	89.6	115.2
Net Sources	276.3	299.5

TWINSET Distribution Network

BOUTIQUES¹

ITALY

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

WORLDWIDE

BELGIUM

Antwerpen
Bruxelles
Ghent
Knokke

FRANCE

Lafayette Galeries
Lyon
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
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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