



TWINSET

SIMONA BARBIERI

YTD 3Q 2016 Results

November 2016

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Section 1

Highlights



YTD 3Q 2016 Highlights

Revenue

- YTD 3Q 2016 TWINSET revenue increased by 1.8% vs YTD 3Q 2015, reaching €203.6m continuing the positive track record in top line growth
 - **Retail channel** increased by 5.8% up to €62.1m vs YTD 3Q 2015 thanks to the contribution of 10 new shops opening¹ partially compensated by slightly negative -3.8% LfL performance
 - **Online channel** reached €5.4m in YTD 3Q 2016 with double digit growth of 25.7%
 - **Wholesale channel** reached €141.4m in YTD 3Q 2016 with 0.2% growth, driven by good performance in franchising and international markets that balance the contraction in the domestic market.
 - **Franchising** +42.6% reaching €6.3m vs €4.5m in YTD 3Q 2015

Adjusted EBITDA²

- YTD 3Q 2016 Adj EBITDA grew by 5.0% at €41.8m vs €39.8m in YTD 3Q2015 with Adj EBITDA margin at 20.5%
- LTM Adj EBITDA is €40.0m with Adj EBITDA margin 16.6%, improving the operating performance level reached in FY 2015 (16.0%)

Capex

- Capex amounted to €9.5m YTD 3Q 2016, driven by retail network expansion, IT projects and investment in the new Headquarter in Carpi and Showroom in Milan

Net Debt and Cash Flow

- **Net Debt Position:** €100.6m as of September 30, 2016 vs €115.2m as of December 31, 2015
- **Cash Flow:** cash generation of €14.6m in YTD 3Q 2016 vs cash absorption of -€70m YTD 3Q 2015
- **Leverage Ratio:** 2.5x in YTD 3Q 2016

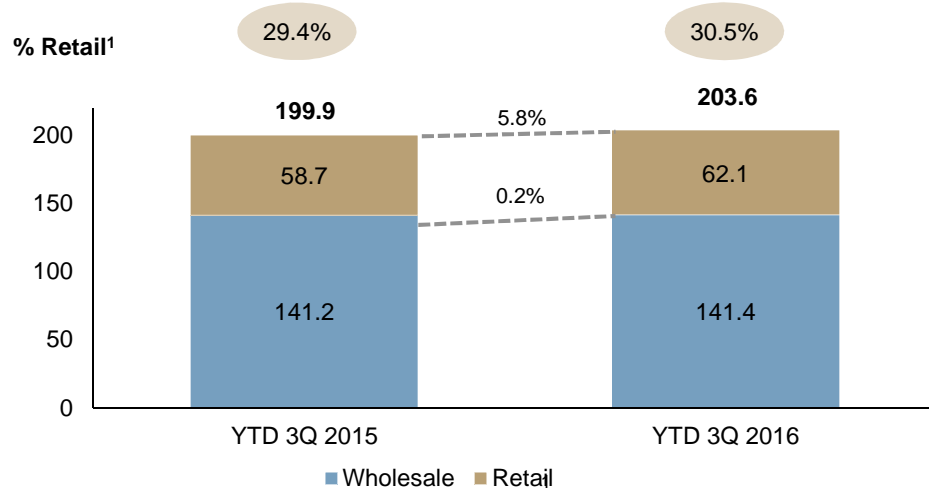
Note:

¹ The value considers the last twelve months openings

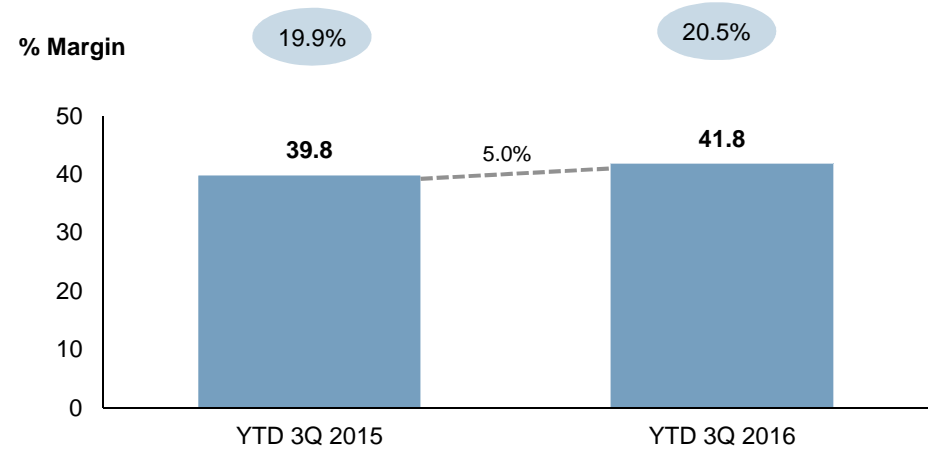
² Reported EBITDA: includes all profit components, excluding amortization and depreciation, impairment of investments, financial income and charges and income taxes. Adjusted EBITDA: is calculated taking our Reported EBITDA and adding back non-recurring items, including write-downs, non-recurring provisions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

YTD 3Q 2016 Results Summary

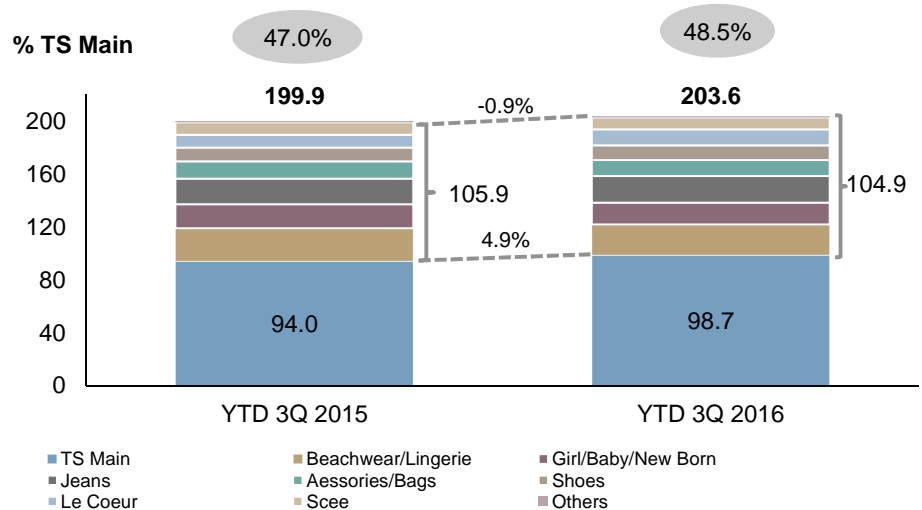
TWINSET Revenue (€m)



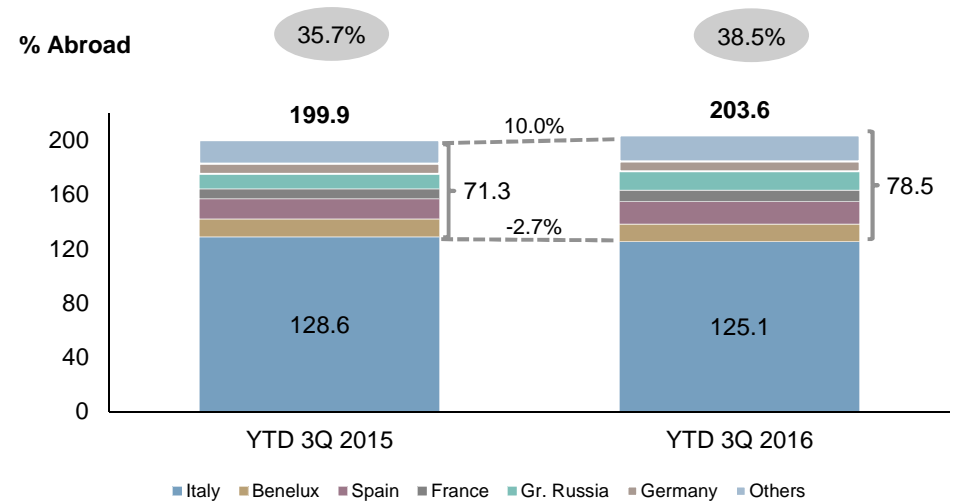
Adjusted EBITDA (€m)



TWINSET Revenue by category (€m)



TWINSET Revenue by geography (€m)



Note:
1 Including Online Channel

YTD 3Q 2016 Key Figures

YTD Adj Ebitda Margin back above 20%

(€m)	3Q 2016	3Q 2015	% change	YTD 3Q 2016	YTD 3Q2015	% change
Wholesale	58.7	60.0	-2.1%	141.4	141.2	0.2%
Retail ¹	21.6	22.0	-1.4%	62.1	58.7	5.8%
TWINSET Revenue	80.3	81.9	-1.9%	203.6	199.9	1.8%
Adjusted EBITDA	19.1	20.1	-4.9%	41.8	39.8	5.0%
<i>Margin (%)</i>	<i>23.8%</i>	<i>24.5%</i>		<i>20.5%</i>	<i>19.9%</i>	

Revenue

- TWINSET Revenue posted a +1.8% growth, reaching €203.6m for YTD 3Q 2016 mainly thanks to a positive contribution of retail channel
- **Retail channel** now weight 30.5% of total revenue for YTD 3Q 2016 (+1.1 p.p.) confirming TWINSET retail strategy expansion and increase brand awareness. Continuing sluggish consumer spending contributed to a negative footfall in some locations resulting in -3.8% LfL performance
 - **Online** confirming excellent performance increasing by 25.7% with higher number of website visits and increasing conversion rate thanks to specific digital marketing campaign
- **Wholesale channel** 0.2% growth was driven by international markets and Franchising network expansion offset by domestic market contraction
 - **Franchising** expanding network with 8 new franchisees mainly in East Europe, now count on total 38 stores.
- TWINSET Revenue by Geography shows an increase in contribution of foreign countries from 35.7% to 38.5%, confirming increasing penetration in international market thanks growing brand awareness. Italy still affected by weak market conditions

Adjusted EBITDA

- Adjusted EBITDA reached €41.8m increased by 5.0% vs Last Year with Adj EBITDA margin 20.5% (+0.6 p.p.)
- LTM Adj EBITDA is €40.0m with Adj EBITDA margin 16.6%
 - 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

	YTD 3Q 2016	FY 2015
DOS Italy ¹	31	31
DOS Abroad	23	19
Outlet Italy ¹	15	14
Outlet Abroad	4	3
Total	73	67

FRANCHISING

	YTD 3Q 2016	FY 2015
Franchising Abroad	38	30



Note:

¹ The values are net of the store closing in the period: Milano Pontaccio(1Q 2016); Milano Stazione Centrale (2Q 2016); Soratte Outlet (3Q 2016).

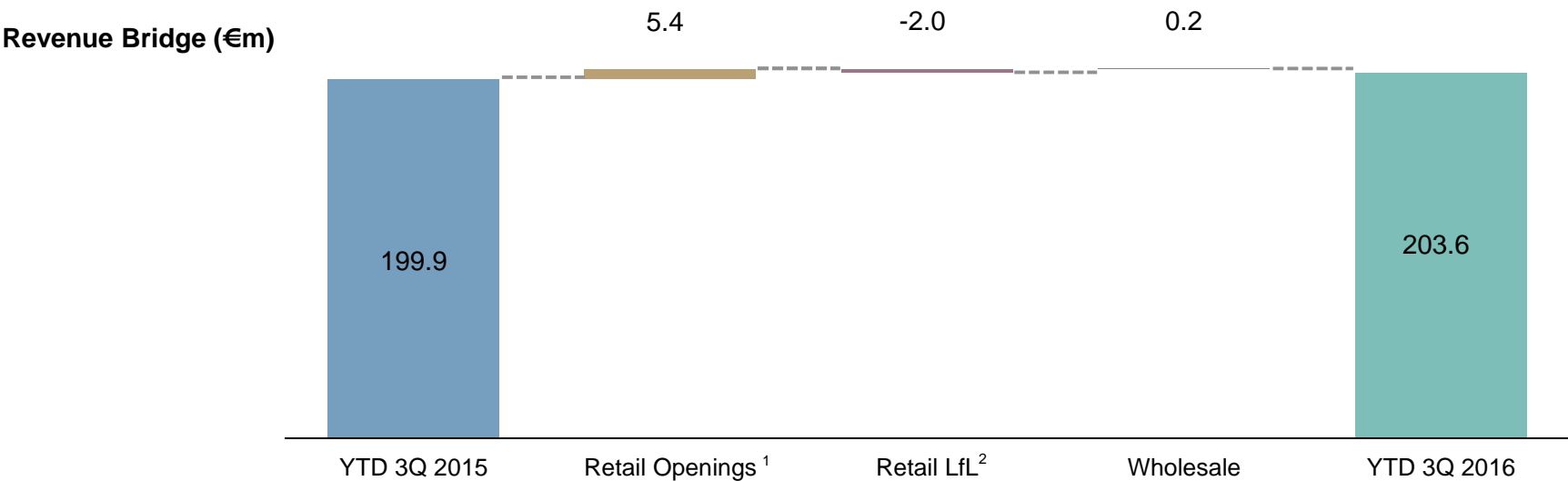
Section 2

Business Performance



Revenue Evolution

New Openings lead top line growth

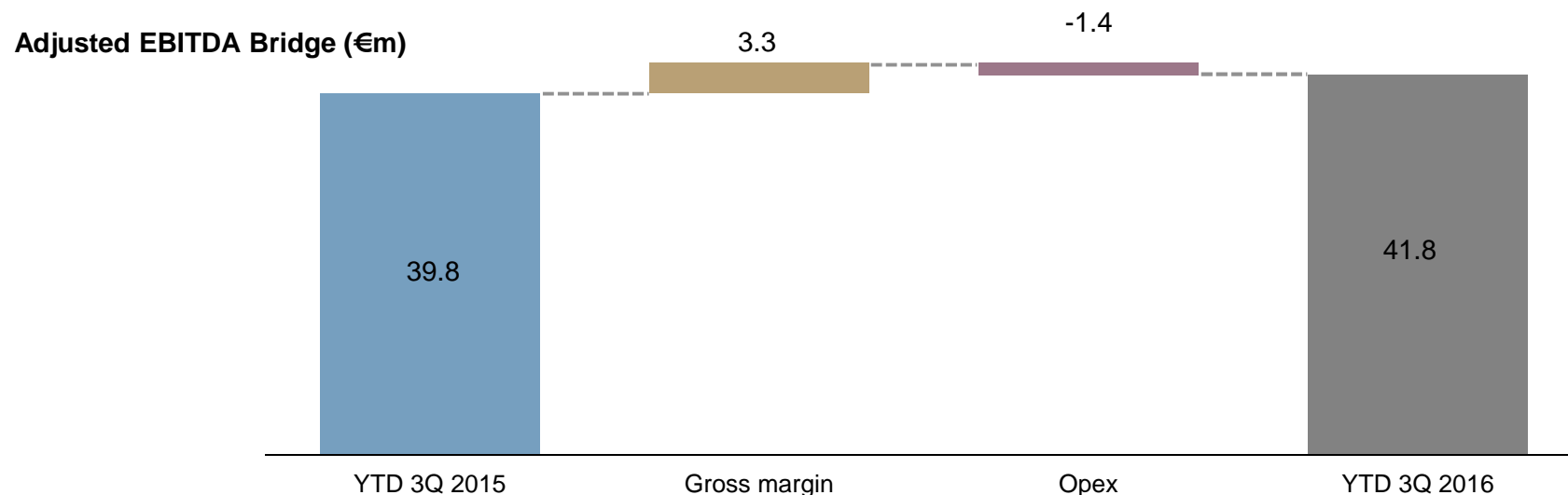


1. Includes all the retail figures excluded from the Like-for-Like analysis

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 Gross Margin growth



Gross Margin

- Gross Margin €114.6m reaching 56.3% of TWINSET Revenue increasing €3.3m (0.7 p.p), thanks to positive contribution from both Retail and Wholesale Channel:
 - Gross Margin growth driven by product line mix, pricing and improvement in the supply chain

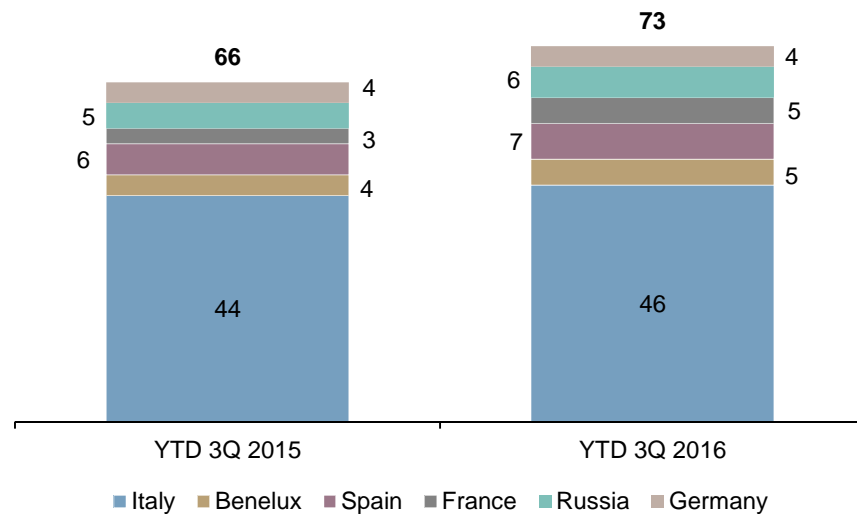
Opex

- Opex €1.4m higher than the same period of Previous Year but flat as a percentage of Total Net Sales 35.8% YTD 3Q16 vs 35.7% of Last Year, confirming the consolidation in the Group processes' efficiency and sustainability of cost control efforts put in place

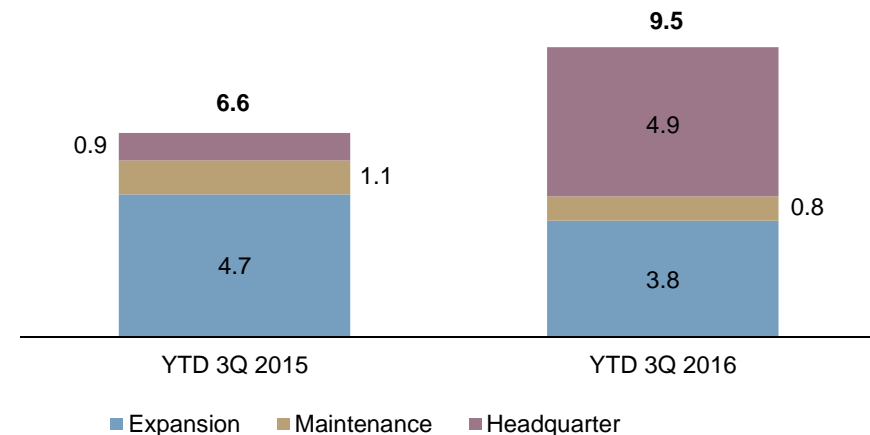
Capex Evolution

Ongoing retail new openings but lower Capex expansion

Stores



Capex (€m)



YTD 3Q 2016 Capex

- **Expansion Capex** continuing opening in selected locations according to the Company strategy.
 - YTD 3Q 2016 Capex Expansion refer to 9 new openings among others Gent (Belgium), Taormina (Italy), Galeries Lafayette Paris (France), Cannes (France), and new shops in the pipeline such as Milano C.so Buenos Aires
 - YTD 3Q 2015 new openings (10) Capex Expansion was affected by significant Key Money paid for Siena (Italy) and Puerto Banus (Spain)
- **Maintenance** in line with the pervious year
- **Headquarter** mainly refers to investment in new Headquarter in Carpi and new Showroom in Milan for total €3.7m

Section 3

Financial Performance



Income Statement

(€m)	YTD 3Q 2016	YTD 3Q 2015	% change
Wholesale	141,4	141,2	0,2%
Retail ¹	62,1	58,7	5,8%
TWINSET Revenue	203,6	199,9	1,8%
Adjusted EBITDA	41,8	39,8	5,0%
<i>Margin (%)</i>	20,5%	19,9%	
D&A	-17,2	-17,1	0,5%
EBIT	24,6	22,7	8,4%
<i>Margin (%)</i>	12,1%	11,4%	
Net Financial Items	-11,2	-12,0	-6,3%
Net Profit	4,9	2,2	122,9%
<i>Margin (%)</i>	2,4%	1,1%	

- **D&A** are in line with Previous Year
- **Net Financial Items** decrease thanks to exchange rate gains arising from Ruble's appreciation and drop of interest rate

Note:

1. Including Online Channel

Cash Flow Statement

(€m)	YTD 3Q 2016	YTD 3Q 2015	change	LTM
Total net cash at the beginning of the period	39,0	31,3	7,7	24,3
Cash flow provided by/(used in) operating activities	32,1	7,9	24,2	50,3
Cash flow (used in) investing activities	-9,5	-6,6	-2,9	-10,2
Cash flow provided by/(used in) financing activities	-8,0	-8,3	0,3	-10,7
Cash Flow from the period	14,6	-7,0	21,6	29,4
Total net cash at the end of the period	53,6	24,3	29,4	53,6

Cash Flow

- **Cash flow provided by operating activities** amounts to €32.1m driven by strong cash generation from the business profitability for €43.3m partially offset by the seasonality absorption of Net Working Capital for €7.9m and Tax paid for €34m
- **Cash flow absorbed from investing activities** was affected by the new Headquarter and Showroom while Capex Expansion and Technology investments were 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)	YTD 3Q 2016	YTD 3Q 2015	change	LTM
Adjusted EBITDA	41,8	39,8	2,0	40,0
<i>Margin (%)</i>	<i>20,5%</i>	<i>19,9%</i>		<i>16,6%</i>
Change in Operating Working Capital	-6,9	-34,4	27,6	21,6
Investments	-9,5	-6,6	-2,9	-10,2
Operating Free Cash Flow	25,5	-1,2	26,7	51,4
<i>% of Revenue</i>	<i>12,5%</i>	<i>-0,6%</i>		<i>21,3%</i>

Change in Operating Working Capital

OWC is subject to the business seasonality, cash absorption of €6.9m YTD 3Q 2016 is far below €34.4m occurred the same period of the Last Year, thanks to:

- Improvements in the Stock management process together with a better supply chain management lead to positive contribution from Inventories €10.9m and Trade Payable for €11.5m compared last year
- Continuous and accurate monitoring of the credit portfolio has generated €5.0m cash from Trade Receivables versus last year

Capex

- Capex were affected by one-off investments in new Headquarter and Showroom.

Operating Free Cash Flow

- Business profitability, improvement in OWC management together with reduction in Capex Expansion has generated a remarkable €51.4m Operating Free Cash flow in the last twelve months

Net Debt and Leverage

(€m)	30 Sep 2016	31 Dec 2015
Cash and Cash equivalents	53,6	39,0
Banks overdrafts	0,0	-0,1
Total net cash	53,6	38,9
Banks loans - current portion	-4,2	-4,1
Banks loans - non current portion	0,0	-0,1
Bank loans	-4,2	-4,1
Notes	-150,0	-150,0
Net financial indebtedness	-100,6	-115,2
Leverage <i>(Net Debt / Adjusted LTM EBITDA)</i>	2,5x	3,3x
Interest Coverage <i>(Adjusted LTM EBITDA / LTM Net Financial Charges)</i>	3,9x	3,8x

- **Liquidity:**
 - Total net cash available of €53.6m on balance sheet as of September 30, 2016 compare to €38.9m at the end of FY 2015
- **Leverage Ratio:** 2.5x in YTD IIIQ 2016, thanks to both a strong cash generation and Ebitda increase
- **Interest Cover Ratio:** stable at 3.9x YTD IIIQ 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 €79.1m as of September 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 Sep 2016	31 Dec 2015
Intangible and Tangible Assets	245.1	253.1
Financial Assets	1.2	1.1
Total Fixed Assets	246.3	254.3
Inventory	34.5	57.5
Account Receivables	62.4	36.0
Account Payables	-37.1	-42.9
Operating Working Capital	59.8	50.6
Other Current Assets/(Liabilities)	0.0	7.0
Net Working Capital	59.8	57.6
Provisions	-13.3	-12.3
Net Invested Capital	292.8	299.5
Equity	113.1	109.1
Shareholder Loan	79.1	75.2
Net Financial Position	100.6	115.2
Net Sources	292.8	299.5

TWINSET 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 (2)	Lyon
Milano Marittima	Paris (2)
Modena	Cannes
Napoli	GERMANY
Padova	Berlin
Palermo	Düsseldorf
Ravenna	Frankfurt
Reggio Emilia	Munich
Riccione	RUSSIA
Roma (4)	Moscow (4)
Salerno	SPAIN
Seregno	Barcelona
Siena	Bilbao
Taormina	Madrid
Torino	Palma de Mallorca
Udine	Puerto Banús Marbella
Verona	Valencia

FRANCHISING¹

WORLDWIDE	
ALBANIA	KAZAKISTAN
Tirana	Almaty
BELARUS	KUWAIT
Minsk	Kuwait City
BULGARIA	LATVIA
Sofia	Riga (2)
CANADA	LEBANON
Montreal	Beirut (2)
CZECH REPUBLIC	LITHUANIA
Prague	Kaunas
CROATIA	Vilnius
Split	MOLDOVA
Zagabria	Chişinău
HUNGARY	MONTENEGRO
Budapest	Podgorica
JAPAN	POLAND
Hiroshima	Katowice
Osaka	Warsaw
Tokyo	QATAR
	Doha
	RUSSIA
	Kaliningrad
	Krasnodar
	Nizhny Novgorod
	Novosibirsk
	Saratov
	SAUDI ARABIA
	Jedda
	SLOVAKIA
	Bratislava
	SLOVENIA
	Ljubljana (2)
	TURKEY
	Antalya
	UAE
	Dubai (3)
	UKRAINE
	Kiev

OUTLETS

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

Note:

1. (*) Number of stores in the City