TWIN-SET

SIMONA BARBIERI

1Q 2015 Results

June 2015

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Agenda

Section 1

Highlights

1Q 2015 Highlights

Revenue

– Twin Set revenue increased by 20.8% in 1Q 2015 compared to 1Q 2014 reaching €84.2m

1Q 2015 results was driven by:

- **Retail channel** increased by 43.9% up to €16.8m vs 1Q 2014 thanks to a positive LfL performance (+2.8%) and the contribution of new stores opened during 2014 and 1Q 2015
  - **Online channel** reached €1.6m in 1Q 2015 almost doubled compared to 1Q 2014
- **Wholesale channel** grew by €8.7m vs 1Q 2014 up to €65.8m, thanks to the good performance of SS15 and positive contribution from all core markets

Adjusted EBITDA[1]

– Adjusted EBITDA reached €20.6m in 1Q 2015 (+18.4% vs 1Q 2014) with marginality substantially in line with the same period of Last Year (24.4% of Twin Set Revenue)

Capex

– Capex for the period stood at €3.6m of which €2.8m for Retail expansion

– Key Openings in 1Q 2015: Moscow (Gum Shopping Center), Salerno (Corso Vittorio Emanuele), Catania (Corso Italia)

Net debt and Cash Flow

– **Net Debt Position**: €135.0m as of March, 31 2015 vs €76.1m as of March 31, 2014

– **Cash Flow**: -€14.2m for 1Q 2015

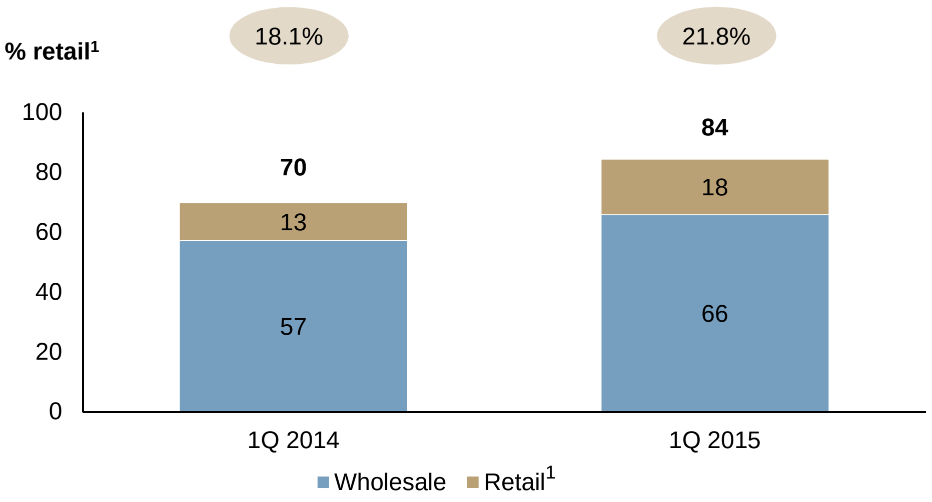
– **Leverage Ratio**: 3.8x Adjusted LTM EBITDA as of March 31, 2015

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.

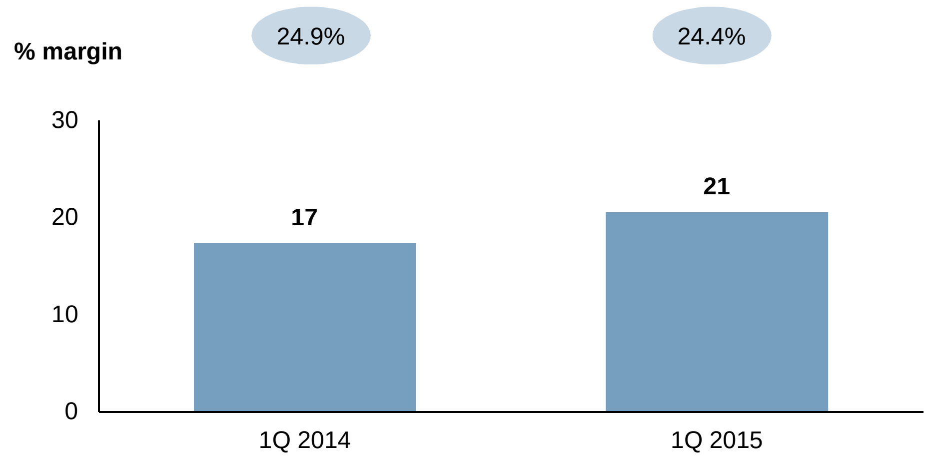
1Q 2015 – Results Summary

Solid business growth in all channels with positive contribution from all countries and categories

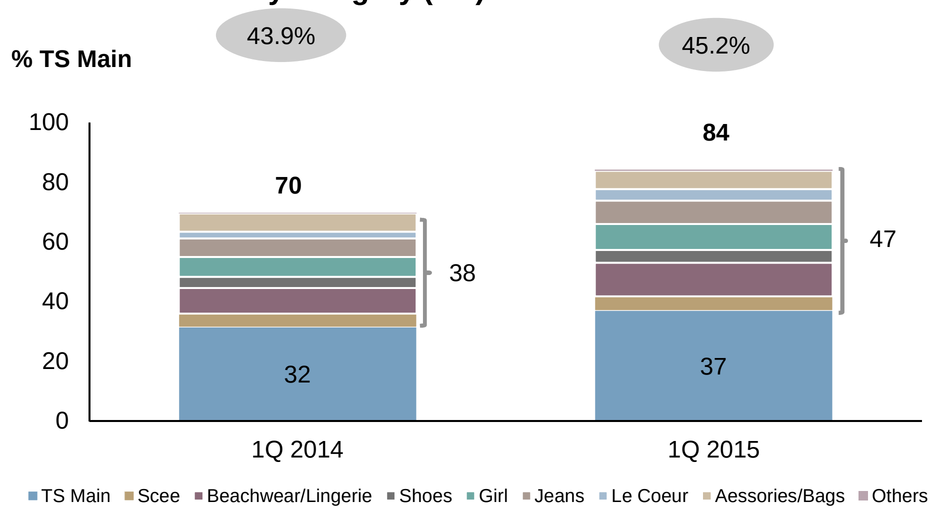
Twin Set Revenue (€m)



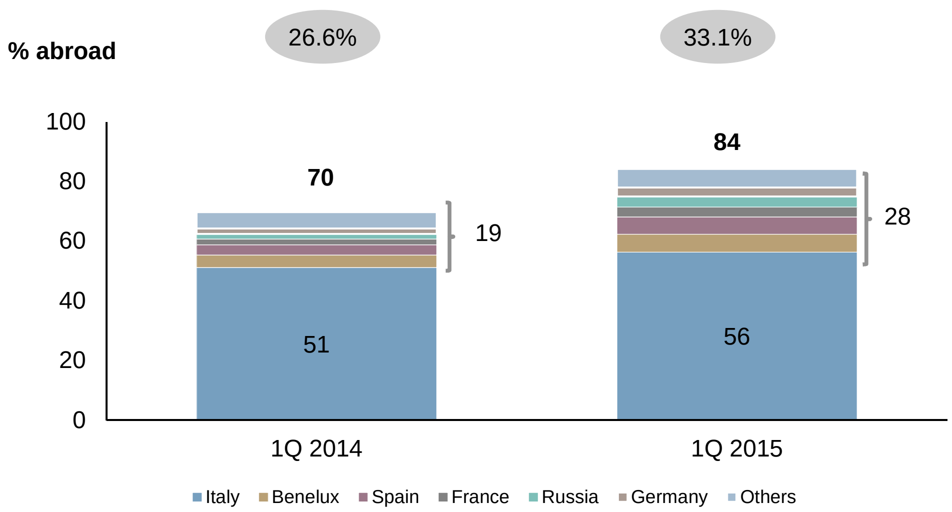
Adjusted EBITDA (€m)



Twin Set Revenue by category (€m)



Twin Set Revenue by geography (€m)



Note:
1 Including Online Channel

1Q 2015 Key Figures

Adjusted EBITDA margin in line with previous year with higher volume

(€m)	1Q 2014	1Q 2015	change	% change
Wholesale	57.1	65.8	8.7	15.2%
Retail[1]	12.6	18.4	5.8	45.9%
Twin Set Revenue	**69.7**	**84.2**	**14.5**	20.8%
Adjusted EBITDA	17.4	20.6	3.2	18.4%
Margin (%)	*24.9%*	*24.4%*	*-0.5%*	

Revenue

- Net sales growth +20.8%, reaching €84.2m for the 1Q 2015
  - **Retail channel:** thanks to the strong retail expansion in previous year, the weight of LTM retail net sales increase of 5.6pp (from 21.2% for 12 months ended March 31, 2014 to 26.8% for the 12 months ended March 31, 2015). Existing retail network realized a solid 2.8% LfL growth
    - **Online channel:** increase by 71.6% (double digit grown both in domestic and foreign markets) thanks to the expanded product offering, the introduction of alternative payments methods and faster delivery
  - **Wholesale channel:** in Italy steady growth trend in TS Main collection, combined with very good performance in new product categories like Girl, Lingerie and Beachwear. Consolidation of the brand position in European core markets thanks to investment realized in the previous periods. Good performance of new franchising stores in East Europe and Middle East, while confirming brand appeal in Russia market (notwithstanding the uncertain economic conditions)

Adjusted EBITDA

- Adjusted EBITDA of €20.6m (EBITDA margin 24.4%) mainly thanks to volume growth and driven by:
  - Healthy Wholesale performance with higher EBITDA margin in addition to increased contribution from Online channel growth
  - Still developing retail network with +21 point of sales from 1Q 2014 to 1Q 2015 and an increased international mix effect (17 out of 21 abroad) with higher fixed costs (i.e.: rents and store personnel) and sales ramp-up
  - Annualized cost impact deriving from the organization reinforcement realized during all previous year (+29.4% personnel costs[2] 1Q 2015 vs 1Q 2014)

Note:
1 Including Online Channel
2 Reinforcement in Administration, Commercial, Operation Headquarter Teams

Focus on retail network

Total Stores[1]	Italy	Abroad	Total
DOS	27	17	**44**
Outlet	11	2	**13**
Retail Network as of December 31, 2014	**38**	**19**	**57**

Opened 1Q 2015	
Italy	**Abroad**
Salerno	Mosca Gum
Catania	
Soliera Factory Outlet	

Total Stores	Italy	Abroad	Total
DOS	29	18	**47**
Outlet	12	2	**14**
Retail Network as of March 31, 2015	**41**	**20**	**61**

Mosca Gum

Dusseldorf

Barcelona

Note:
1 The relevant amounts are net of the three stores closing in the period

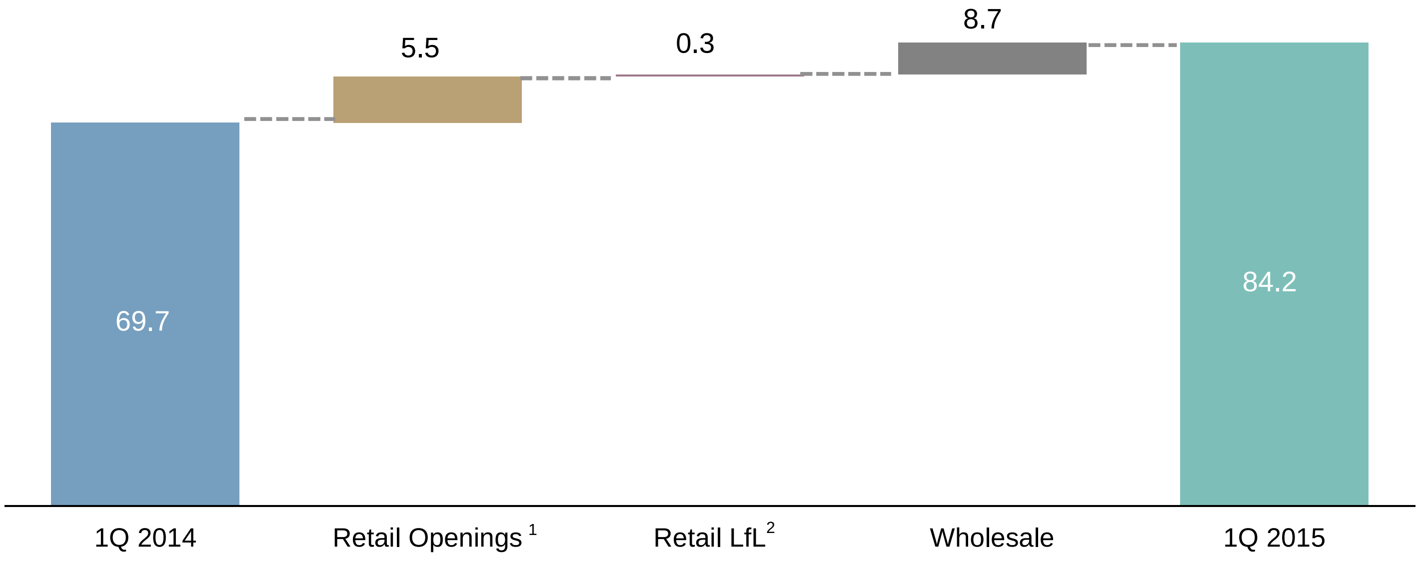
Section 2

Business Performance

Revenue Evolution

All revenue streams contributing to the strong top line growth

Revenue Bridge (€m)



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 in according with the company strategy

Adjusted EBITDA Bridge (€m)

Gross Margin

- Gross Margin +€9.6m, or 57.7% of Twin Set Revenue; 1.8pp higher than the same period of Previous Year, driven by:
  - Higher volume in all channels, especially strong Wholesale volume in line with the seasonality of the business
  - Positive channel mix thanks to retail growth

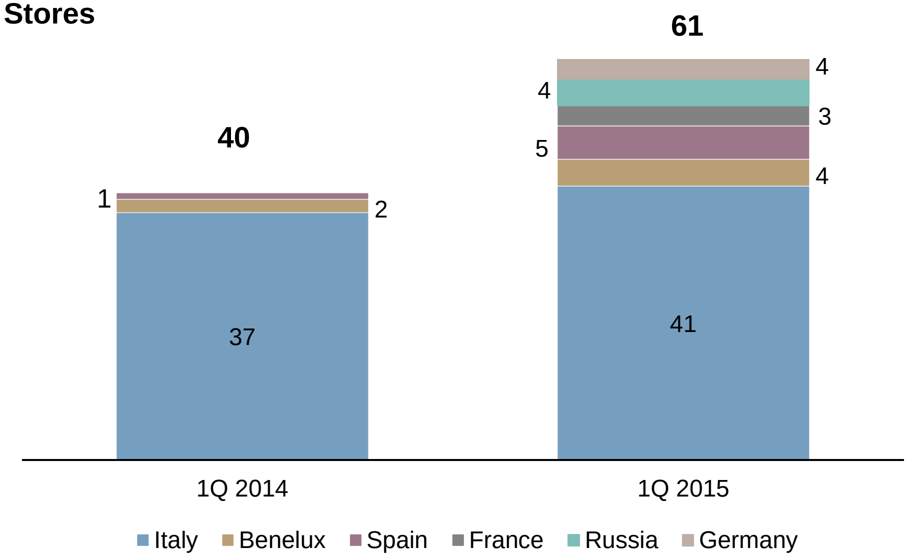
Opex

- Operating costs increased more than proportional compared to Revenue growth. The increase is almost entirely related to the Selling activities (rents, store personnel, commercial and operations functions) consistently with the Company growth strategy pursed in 2014
- Cost control initiatives in place to manage the higher Opex based

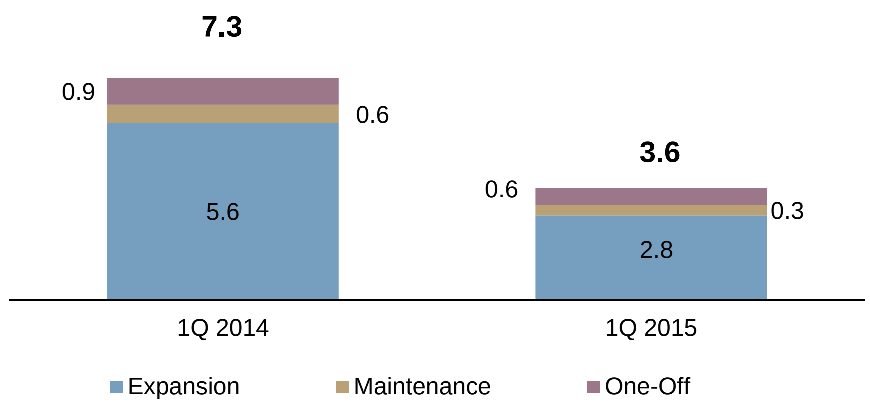
Capex Evolution

Less capital expenditure with focus on selected locations

Stores



Capex (€m)



1Q 2015 Capex

- **Expansion Capex** includes key money and expenditures for the refurbishment of 3 new stores (Moscow, Catania, Salerno) and 1 Factory Outlet in Italy (Soliera) for a total of €2.8m compared to €5.6m in 1Q 2014 for 2 new stores and the part of the set up of the 3 new stores opened in April 2014. Last Year Capex was affected by the significant Key Money for Paris Rue de Colombier and Lyon
- **Maintenance** mainly is for the renewal of existing stores, low as expected thanks to young retail network
- **One-Off** mainly includes project related IT investments (new ERP, PLM, Retail SW management)

Section 3

Financial Performance

Income Statement

(€m)	1Q 2014	1Q 2015	change	% change
Wholesale	57.1	65.8	8.7	15.2%
Retail[1]	12.6	18.4	5.8	45.9%
Twin Set Revenue	**69.7**	**84.2**	**14.5**	**20.8%**
Adjusted EBITDA	**17.4**	**20.6**	**3.2**	**18.4%**
Margin (%)	*24.9%*	*24.4%*		
D&A	-4.7	-5.5	-0.8	16.9%
Extraordinary Items	-0.2	-0.3	0.0	19.7%
EBIT	**12.5**	**14.8**	**2.4**	**18.9%**
Margin (%)	*17.9%*	*17.6%*		
Net Financial Items	-2.9	-3.4	-0.4	14.3%
Net Profit	**6.1**	**6.3**	**0.2**	**4.1%**
Margin (%)	*8.7%*	*7.5%*		

- **D&A** increased by €0.8m mainly related to higher amortization costs for the retail network expansion
- **Extraordinary costs** includes minor not recurring items
- **Net Financial Items** mainly related to interest on €150m SSFRN issued on July, 22nd 2014 and capitalized interest on Shareholder Loan

Note:
1. Including Online Channel

Cash Flow Statement

(€m)	1Q 2014	1Q 2015
Total net cash at the beginning of the period	**14.3**	**31.3**
Cash flow provided by/(used in) operating activities	-6.2	-7.5
Cash flow (used in) investing activities	-7.2	-3.9
- Capex	*-7.3*	*-3.6*
- Not Recurring	*0.0*	*-0.2*
Cash flow provided by/(used in) financing activities	10.4	-2.8
Cash Flow from the period	**-3.0**	**-14.2**
Total net cash at the end of the period	**11.2**	**17.2**

Cash Flow

- Cash Flow used in operations is related to the seasonality of the Wholesale channel and in line with the business growth
- Investment activities are essentially related to capital expenditures in new DOS opening and in a small part in technology investments
- In 1Q 2015 the cash flow used in financing activities €2.8m is mainly related to the payment of the Bond Coupon where in the previous quarter the Cash flow generated by financing activities was related to the withdrawn of Capex line for €7.0m and €4.0m of banks overdrafts

Cash Flow Items

(€m)	1Q 2014	1Q 2015	change	% change
Adjusted EBITDA	**17.4**	**20.6**	**3.2**	**18.4%**
Margin (%)	*24.9%*	*24.4%*		
Change in Operating Working Capital	**-26.9**	**-33.7**	**-6.8**	**25.4%**
Investments	**-7.2**	**-3.9**	**3.4**	**46.5%**
- Capex	*-7.3*	*-3.6*		
- Not Recurring	*0.0*	*-0.2*		
Operating Free Cash Flow	**-16.7**	**-17.0**	**-0.3**	**1.7%**
% of Revenue	*-24.0%*	*-20.2%*		

Change in Operating Working Capital

- **Inventory**: positive contribution to the cash flow compare to the previous year, despite the increase in the retail network
- **Trade Receivable**: increase with the seasonality of the business and in line with the Wholesale Channel growth
- **Trade Payable**: in line with the business growth
- **OWC:** typically follows seasonal sales trends and the business growth, but improves as % Revenue from 42,0% in 1Q 2014 to 41,5% in 1Q 2015

Capex

- Capex less spending compare with Last Year:
  - 1Q 2015: open 2 Stores in Italian 2tier cities, 1 abroad and 1 Factory Outlet plus a set up of 4 new stores for 2Q 2015 (of which 3 stores already opened as of end of May)
  - 1Q 2014: open 2 new stores and set up of 3 new stores opened in April 2014

Operating Free Cash Flow

- The increase of Adj EBITDA together with a decrease in investment activities balanced the seasonality of the Change in Operating Working Capital

Net Debt and Leverage

(€m)	1Q 2014	1Q 2015
Cash and Cash equivalents	11.2	17.2
Banks overdrafts	-4.6	-0.1
Total net cash	**6.6**	**17.0**
Banks loans - current portion	-11.1	-1.5
Banks loans - not current portion	-71.5	-0.6
Bank loans	**-82.7**	**-2.1**
Notes		-150.0
Net financial indebtness	**-76.1**	**-135.0**

Leverage *(Net Debt / Adjusted LTM EBITDA)*	**1.8x**	**3.8x**
Interest Coverage *(Adjusted LTM EBITDA / LTM Net Financial Charges)*	**6.6x**	**3.5x**

– **Liquidity**:
  - Total net cash available of €17.0m on balance sheet compare to €6.6m in 1Q 2014
  - Available €10.0m Super Senior Revolving Credit Facility and €49.7m of uncommitted bilateral undrawn credit lines

– **Leverage Ratio:** 3.8x Adjusted LTM EBITDA as of March 31, 2015 and in line with FY 2014

– **Interest Cover Ratio**: 3.5x Adjusted LTM EBITDA as of March 31, 2015 in line with FY 2014

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 €71.4m as of March 31, 2015

Section 5

Q&A

Section 6

Appendix

Balance Sheet

(€m)	1Q 2014	1Q 2015	change
Intangible and Tangible Assets	265.4	269.5	4.2
Financial Assets	0.7	1.3	0.5
Total Fixed Assets	**266.1**	**270.8**	**4.7**
Inventory	40.8	45.6	4.9
Account Receivable	73.0	77.9	4.9
Account Payable	-42.8	-45.2	-2.4
Operating Working Capital	**70.9**	**78.3**	**7.4**
Other Current Assets/(Liabilities)	-1.5	-2.7	-1.2
Net Working Capital	**69.4**	**75.6**	**6.2**
Provisions	-12.4	-12.9	-0.5
Net Invested Capital	**323.1**	**333.5**	**10.5**
Equity	168.1	127.1	-40.9
Net Financial Position	76.4	135.0	58.6
Shareholder Loan	78.6	71.4	-7.2
Net Sources	**323.1**	**333.5**	**10.5**