BIt Market Services

| Informazione Regolamentata n. 1136-52-2016 | Data/Ora Ricezione 04 Agosto 2016 17:41:23 | MTA |
|---|---|---|

| | | |
|---|---|---|
| Societa' | : | YOOX NET-A-PORTER GROUP |
| Identificativo Informazione Regolamentata | : | 77998 |
| Nome utilizzatore | : | YOOXN04 - Valerio |
| Tipologia | : | IRAG 02 |
| Data/Ora Ricezione | : | 04 Agosto 2016 17:41:23 |
| Data/Ora Inizio Diffusione presunta | : | 04 Agosto 2016 17:56:24 |
| Oggetto | : | 1H 2016 Results |

*Testo del comunicato*

Vedi allegato.

YOOX
NET-A-PORTER
GROUP

PRESS RELEASE

4 AUGUST 2016

# YOOX NET-A-PORTER GROUP: First Half Results to 30 June 2016[1]

## ACCELERATION IN NET REVENUE GROWTH TO 17% AT CONSTANT FX IN THE SECOND QUARTER

- **Second-quarter net revenues** at Euro **450.8 million**, **+17.0%** at constant FX (12.8% at current FX) compared with pro-forma net revenues of Euro 399.7 million in the same period of 2015, with all business lines accelerating on the first quarter. **First-half net revenues** at Euro **897.0 million**, **+15.8%** at constant FX (13.3% at current FX) compared with pro-forma net revenues of Euro 791.8 million in the first half of 2015
- **First-half adjusted EBITDA**[2] at Euro **76.5 million**, **+15.2%** compared with pro-forma adjusted EBITDA of 66.4 million in the first half of 2015. EBITDA at Euro 70.6 million compared to pro-forma EBITDA of 60.2 million in the first half of 2015
- **First-half adjusted net income**[3] at Euro **37.0 million**, **+15.2%** compared to pro-forma adjusted net income of 32.1 million in the first half of 2015. After Euro 13.8 million of non-cash amortisation related to the Purchase Price Allocation arising from the merger ("PPA")[4] net of its related tax effect and 4.4 million of non-cash costs relating to share-based incentive plans net of their related tax effects, net income at Euro 18.8 million in the first half of 2016. This compares to pro-forma net income at 26.4 million in the first half of 2015, which, as opposed to first-half 2016 net income, was not adjusted to take into account the PPA-related amortisation
- **Positive net financial position** at Euro **138.8 million** compared to 62.1 million at 31 December 2015
- **Key Performance Indicators**:
  - **28.0 million average monthly unique visitors**, compared with 26.1[5] million in the first half of 2015
  - **3.9 million orders**, compared with 3.3 million in the first half of 2015
  - **Euro 335 AOV** (Average Order Value) compared with Euro 354 in the first half of 2015
  - **2.6 million active customers**, compared with 2.3 million in the first half of 2015

*"YOOX NET-A-PORTER's growth has accelerated, reaching the high-teens in the second quarter, despite the mixed economic environment. The positive momentum maintained across all our business lines demonstrates the strength of our model and its significant potential for further profitable development."*

- commented Federico Marchetti, Chief Executive Officer of YOOX NET-A-PORTER GROUP.

[1] Preliminary consolidated financials for the period ended 30 June 2016 of YOOX NET-A-PORTER GROUP ("YNAP") are compared with pro-forma consolidated financials for the period ended 30 June 2015, which were prepared by aggregating the historical data of YOOX GROUP and of THE NET-A-PORTER GROUP and then carrying out adjustments for the purpose of simulating the economic effects of the merger on the operating performance of YNAP as if such transaction had virtually occurred on 1 January 2015.
The pro-forma financials for the period ended 30 June 2015 derive from those contained in the Informative Document on the merger by absorption of Largenta Italia S.p.A. into YOOX S.p.A. published on 3 October 2015 and were subject to audit by the independent auditors with an audit report issued on 28 August 2015.
[2] Excludes the non-cash costs relating to existing share-based incentive plans.
[3] Excludes both the non-cash costs relating to existing share-based incentive plans, net of their related tax effects, and the non-cash amortisation related to the Purchase Price Allocation arising from the merger of YOOX GROUP and NET-A-PORTER GROUP, net of its related tax effect.
[4] The Purchase Price Allocation process relates to the allocation of the identifiable part of the goodwill arising from the merger of YOOX GROUP and NET-A-PORTER GROUP to intangibles assets.
[5] 1H 2015 monthly unique visitors have been restated to account for the change in data source used for YOOX.COM monthly unique visitors starting from November 2015. Specifically, monthly unique visitors for both 1H 2015 and 1H 2016 are now sourced from Google Analytics, instead of Google Analytics for the website and SiteCatalyst for the mobile site as previously used.

Note: For clarity of information, it should be noted that the percentage changes reported in this press release have been calculated using exact figures. It should also be noted that any differences found in some tables are due to rounding of values expressed in millions of Euro.

YOOX
NET-A-PORTER
GROUP

*Milan, 4 August 2016* - The Board of Directors of YOOX NET-A-PORTER GROUP S.p.A. (MTA: YNAP), the world's leading online luxury fashion retailer, has today examined and approved the half-year financial statements for the six months ended 30 June 2016, compared with the pro-forma financials related to the same period of the previous year.

## YOOX NET-A-PORTER GROUP'S PERFORMANCE IN THE FIRST HALF ENDED 30 JUNE 2016 AND THE RELATED COMPARATIVE PERIOD

### *Key Performance Indicators*[6]

| | 1H 2016 | 1H 2015 PRO-FORMA |
|---|---|---|
| Monthly unique visitors[7] (millions) | 28.0 | 26.1[8] |
| Orders (millions) | 3.9 | 3.3 |
| AOV[9] (Euro) | 335 | 354 |
| Active customers[10] (millions) | 2.6 | 2.3 |

In the first half of 2016, YOOX NET-A-PORTER GROUP recorded a **monthly average** of **28.0 million unique visitors**, which translated into **3.9 million orders** (**+18.7%**) with an **Average Order Value** (**AOV**) excluding VAT of **Euro 335**. **Active customers** also increased to **2.6 million** at 30 June 2016 compared with 2.3 million at 30 June 2015.

### *Consolidated Net Revenues*

In the **second quarter** of 2016, YOOX NET-A-PORTER GROUP recorded **consolidated net revenues**, net of returns and customer discounts, of Euro **450.8 million**, **+17.0%** at constant exchange rates (12.8% at current exchange rates) compared with pro-forma[1] net revenues of Euro 399.7 million in the second quarter of 2015, with all business lines **accelerating** on the first three months of 2016. This performance resulted in **first-half** net revenues of **Euro 897.0 million**, **up 15.8%** at constant exchange rates (13.3% at current exchange rates) from pro-forma net revenues of Euro 791.8 million in the first half of 2015.

### *Consolidated Net Revenues by Business Line*

| € million | 2Q 2016 | % | 2Q 2015 PRO-FORMA | % | CHANGE % CURR. | CHANGE % CONST. |
|---|---|---|---|---|---|---|
| Multi-brand In-Season | 252.4 | 56.0% | 229.3 | 57.4% | +10.1% | +14.5% |
| Multi-brand Off-Season | 156.1 | 34.6% | 133.2 | 33.3% | +17.2% | +21.7% |
| Online Flagship Stores | 42.3 | 9.4% | 37.2 | 9.3% | +13.7% | +15.7% |
| **Total YOOX NET-A-PORTER-GROUP** | **450.8** | **100.0%** | **399.7** | **100.0%** | **+12.8%** | **+17.0%** |

[6] Key performance indicators refer to the proprietary multi-brand online stores - NET-A-PORTER.COM, MR PORTER.COM, THECORNER.COM, SHOESCRIBE.COM, YOOX.COM and THE OUTNET.COM - and the Online Flagship Stores "Powered by YOOX NET-A-PORTER GROUP". Key performance indicators related to the joint venture with Kering and to the jimmychoo.com online flagship store are excluded.
[7] Monthly unique visitor is defined as a visitor who opened at least one browser session to visit the online store over the month. The figure reported is calculated as the average of monthly unique visitors for the reporting period.
Source: Adobe Analytics for NET-A-PORTER.COM, MR PORTER.COM and THE OUTNET.COM; SiteCatalyst and Google Analytics for YOOX.COM in 1H 2015; Google Analytics for YOOX.COM in 1H 2016, THECORNER.COM, SHOESCRIBE.COM and the Online Flagship Stores "Powered by YOOX NET-A-PORTER GROUP".
[8] 1H 2015 monthly unique visitors have been restated to account for the change in data source used for YOOX.COM monthly unique visitors starting from November 2015. Specifically, monthly unique visitors for both 1H 2015 and 1H 2016 are now sourced from Google Analytics, instead of Google Analytics for the website and SiteCatalyst for the mobile site as previously used.
[9] Average Order Value, or AOV, indicates the average value of all orders placed, excluding VAT.
[10] Active customer is defined as a customer who placed at least one order during the 12 preceding months.

YOOX
NET-A-PORTER
GROUP

| € million | 1H 2016 | % | 1H 2015 PRO-FORMA | % | CHANGE % CURR. | CHANGE % CONST. |
|---|---|---|---|---|---|---|
| Multi-brand In-Season | 490.1 | 54.6% | 443.4 | 56.0% | +10.5% | +13.1% |
| Multi-brand Off-Season | 318.3 | 35.5% | 268.3 | 33.9% | +18.6% | +21.5% |
| Online Flagship Stores | 88.7 | 9.9% | 80.1 | 10.1% | +10.8% | +11.4% |
| **Total YOOX NET-A-PORTER-GROUP** | **897.0** | **100.0%** | **791.8** | **100.0%** | **+13.3%** | **+15.8%** |

## *Multi-brand In-Season*

In the **second quarter** of 2016, the **Multi-brand In-Season** business line, which includes NET-A-PORTER, MR PORTER, THECORNER and SHOESCRIBE, recorded consolidated net revenues of **Euro 252.4 million, up 14.5%** at constant exchange rates (+10.1% at current exchange rates) from pro-forma net revenues of Euro 229.3 million in the second quarter of 2015, marking a **strong organic acceleration** over the first three months of the year. This result was achieved despite increasingly tough comparatives (net revenues +26.5% at constant FX and +44.3% at current FX in the second quarter of 2015) and a slowdown in growth at THECORNER and SHOESCRIBE following the reduction of marketing investments ahead of the discontinuation of the Brands in the third quarter.
This quarterly performance contributed to first-half net revenues of **Euro 490.1 million, up 13.1%** at constant exchange rates (+10.5% at current exchange rates) from pro-forma net revenues of Euro 443.4 million in the first half of 2015.

The In-Season business line achieved important partnerships with **new prestige brands**: specifically, **PRADA** debuted on both NET-A-PORTER and MR PORTER in July 2016, NET-A-PORTER introduced **Tiffany & Co.** in April 2016 and will welcome **Moncler** in August 2016, while MR PORTER launched **Ermenegildo Zegna** in July 2016.

In addition, numerous **exclusive capsule collections** were unveiled on NET-A-PORTER, including **GUCCI *for* NET-A-PORTER** - the limited edition collection designed for NET-A-PORTER in May 2016 - **Dolce & Gabbana Portofino**, **Chloé Sun** and **Oscar de la Renta Caftan**, which all launched in the second quarter. MR PORTER also welcomed several exclusive capsule collections, including **Aspesi** and **Moncler** Gamme Bleu.

Overall, as at 30 June 2016, the Multi-brand In-Season business line accounted for **54.6%** of the Group's consolidated net revenues.

## *Multi-brand Off-Season*

In the **second quarter** of 2016, the **Multi-brand Off-Season** business line, which includes YOOX and THE OUTNET, recorded consolidated net revenues of **Euro 156.1 million, up 21.7%** at constant exchange rates (+17.2% at current exchange rates) compared with pro-forma net revenues of Euro 133.2 million in the same period of the previous year, with excellent results by both online stores.
This performance translated into first-half net revenues of **Euro 318.3 million, up 21.5%** at constant exchange rates (+18.6% at current exchange rates) from pro-forma net revenues of Euro 268.3 million in the first half of 2015.

In June 2016, YOOX launched its second edition of the **#YOOXSOCCERCOUTURE** project to coincide with the 2016 European football championship, where 10 leading designers, including Marni, Paul Smith and Dries Van Noten, joined together to create a limited edition capsule collection "Made in Italy" exclusively for YOOX.
In addition, THE OUTNET introduced **Golden Goose** and **Proenza Schouler** handbags, in line with its strategy of enhancing its product offer with activewear and a richer selection of shoes and bags.

Overall, as at 30 June 2016, the Multi-brand Off-Season business line accounted for **35.5%** of the Group's consolidated net revenues.

## *Online Flagship Stores*

The Online Flagship Stores business line includes the design, set-up and management of the Online Flagship Stores of some of the leading global fashion and luxury brands.
In the **second quarter** of 2016, this business line achieved consolidated net revenues of **Euro 42.3 million**, accelerating to **15.7%** at constant exchange rates (+13.7% at current exchange rates) from pro-forma net revenues of Euro 37.2 million in the second quarter of 2015. Gross merchandise value ("**GMV**"[11]) advanced by **17.9%** at constant exchange rates (+16.2% at current exchange rates).
This quarterly result led this business line to achieve consolidated net revenues of **Euro 88.7 million** in the first half of 2016, **up 11.4%** at constant exchange rates (+10.8% at current exchange rates) from pro-forma net revenues of Euro 80.1 million in the first half of 2015, while gross merchandise value ("**GMV**"[11]) was **up 13.5%** at constant exchange rates (+13.1% at current exchange rates).

On 23 June 2016, the new online flagship store of **Chloé** was **launched** in Europe, the United States and in the Asia-Pacific region, including China.

Overall, as at 30 June 2016, the Mono-brand business line accounted for **9.9%** of the Group's consolidated net revenues.

## *Consolidated Net Revenues by Geography*

| € million | 2Q 2016 | % | 2Q 2015 PRO-FORMA | % | CHANGE % CURR. | CHANGE % CONST. |
|---|---|---|---|---|---|---|
| Italy | 29.2 | 6.5% | 23.9 | 6.0% | +22.4% | +22.5% |
| UK | 70.2 | 15.6% | 66.8 | 16.7% | +5.1% | +14.3% |
| Europe (excluding Italy and the UK) | 117.5 | 26.1% | 99.6 | 24.9% | +18.0% | +21.8% |
| North America | 135.1 | 30.0% | 124.5 | 31.1% | +8.5% | +10.9% |
| APAC | 68.2 | 15.1% | 58.7 | 14.7% | +16.2% | +19.4% |
| Rest of the World and Not country related | 30.7 | 6.8% | 26.3 | 6.6% | +16.4% | +24.8% |
| **Total YOOX NET-A-PORTER-GROUP** | **450.8** | **100.0%** | **399.7** | **100.0%** | **+12.8%** | **+17.0%** |

| € million | 1H 2016 | % | 1H 2015 PRO-FORMA | % | CHANGE % CURR. | CHANGE % CONST. |
|---|---|---|---|---|---|---|
| Italy | 57.5 | 6.4% | 48.3 | 6.1% | +19.0% | +19.0% |
| UK | 135.2 | 15.1% | 124.6 | 15.7% | +8.6% | +15.4% |
| Europe (excluding Italy and the UK) | 238.4 | 26.6% | 208.6 | 26.3% | +14.3% | +17.3% |
| North America | 268.1 | 29.9% | 238.4 | 30.1% | +12.5% | +12.5% |
| APAC | 137.4 | 15.3% | 118.4 | 15.0% | +16.0% | +17.5% |
| Rest of the World and Not country related | 60.4 | 6.7% | 53.4 | 6.7% | +13.0% | +18.7% |
| **Total YOOX NET-A-PORTER-GROUP** | **897.0** | **100.0%** | **791.8** | **100.0%** | **+13.3%** | **+15.8%** |

[11] Retail value of sales of all the online flagship stores, including the JV online store sales to final customers, net of returns and customer discounts. Set-up, design and maintenance fees for the online flagship stores, accounted for within "Rest of the World and Not country related", are excluded.

YOOX NET-A-PORTER GROUP

YOOX NET-A-PORTER GROUP recorded positive growth across all of its key markets over the period.

**Italy** achieved **strong acceleration** in net revenue growth in the **second quarter** of the year (**+22.5%** at constant exchange rates) to **Euro 29.2 million**, translating into net revenues of **Euro 57.5 million** in the first half of 2016, **up 19.0%**.

Positive growth was registered in the **UK** in the **second quarter** of 2016, with net revenues growing by **14.3%** at constant exchange rates (+5.1% at current exchange rates) to **Euro 70.2 million** despite the slowdown seen over the last two weeks of June 2016, the period around the referendum for the UK's exit from the European Union. In the first half of 2016, net revenues totalled **Euro 135.2 million**, **up 15.4%** at constant exchange rates (+8.6% at current exchange rates).

**Europe** (excluding Italy and the UK) posted a **marked acceleration** in growth to **21.8%** at constant exchange rates in the **second quarter** of 2016 (+18.0% at current exchange rates) with net revenues reaching Euro 117.5 million, thanks to the strong performance of France, Germany, Spain and Russia. This strong result contributed to first-half net revenues increasing by **17.3%** at constant exchange rates (+14.3% at current exchange rates) to **Euro 238.4 million**.

**North America** posted net revenues of **Euro 135.1 million** in the **second quarter** of 2016, advancing **10.9%** at constant FX (+8.5% at current FX), while the first half of 2016 grew by **12.5%** (at both constant and current exchange rates), reflecting a very **tough comparison base** (+24.9% at constant FX and +53.0% at current FX in the first half of 2015).

**Asia Pacific** achieved solid performance, with net revenues up **19.4%** at constant exchange rates in the **second quarter** of 2016 (+16.2% at current exchange rates), on the back of strong growth in Japan and China, which outperformed the Group's average. This resulted in a net revenue increase of **17.5%** at constant exchange rates in the first half (+16.0% at current exchange rates).

Finally, **Rest of the World and Not country related** recorded a **marked acceleration** in net revenue growth in the **second quarter** of 2016 (+**24.8%** at constant exchange rates, +16.4% at current exchange rates), driven by the excellent performance of the Middle East. In the first half, net revenues grew **18.7%** at constant exchange rates (+13.0% at current exchange rates).

## *Preliminary Profitability by Business Line*

| | MULTI-BRAND IN-SEASON | | MULTI-BRAND OFF-SEASON | | ONLINE FLAGSHIP STORES | |
|---|---|---|---|---|---|---|
| € million | 1H 2016 | 1H 2015 | 1H 2016 | 1H 2015 | 1H 2016 | 1H 2015 |
| Gross profit[12] | 206.0 | 181.2 | 116.9 | 101.4 | 32.0 | 31.0 |
| % of business line net revenues | 42.0% | 40.9% | 36.7% | 37.8% | 36.1% | 38.7% |
| *% change* | *13.7%* | | *15.3%* | | *3.1%* | |

**Gross profit in the Multi-brand In-Season business line came in at Euro 206.0 million, up 13.7%** from pro-forma gross profit of Euro 181.2 million in the first half of 2015, with a margin of 42.0% compared to 40.9% in the first half of 2015. This result was driven by retail margin gains at both NET-A-PORTER and MR PORTER.

**Gross profit in the Multi-brand Off-Season business line was Euro 116.9 million**, **up 15.3%** from pro-forma gross profit of Euro 101.4 million in the first half of 2015, with a margin of 36.7% compared to 37.8% in the first half of 2015 entirely reflecting the adverse exchange rate movements against the Euro, especially of the British Sterling and the Russian Rouble.

[12] Gross profit is defined as net revenues less cost of goods sold ("COGS"), which includes shipping costs.

YOOX
NET-A-PORTER
GROUP

**Gross profit in the Online Flagship Stores business line totaled Euro 32.0 million, up 3.1%** from pro-forma gross profit of Euro 31.0 million in the first half of 2015, with a margin of 36.1% compared to 38.7% in the first half of 2015. This performance is attributable to an unfavorable mix of online flagship stores.

## *EBITDA*

In the first half of 2016, **adjusted EBITDA** came in at **Euro 76.5 million**, **up 15.2%** from pro-forma adjusted EBITDA of 66.4 million in the same period of the previous year. The adjusted EBITDA margin stood at **8.5%**, compared with 8.4% in the first half of 2015. This performance mainly reflects a gross margin in line with 2015 and operating leverage on general expenses, which more than offset the slightly higher incidence of sales & marketing costs.

After Euro 5.9 million of non-cash costs relating to incentive plans, EBITDA amounted to Euro 70.6 million compared to pro-forma EBITDA of 60.2 million in the same period of the previous year.

## *Net Income*

In the first half of 2016, **adjusted net income** amounted to **Euro 37.0 million**, an **increase** of **15.2%** compared to pro-forma adjusted net income of 32.1 million in the first half of 2015, with a **margin** at **4.1%** in the first half of 2016.

After Euro 13.8 million of non-cash amortisation related to the Purchase Price Allocation ("PPA") [13] arising from the merger net of its related tax effect and Euro 4.4 million of non-cash costs relating to share-based incentive plans net of their related tax effects, net income stood at Euro 18.8 million for the first half of 2016. This compares to pro-forma net income at 26.4 million in the first half of 2015, which, as opposed to first-half 2016 net income, was not adjusted to take into account the PPA-related amortisation.

## *Net Working Capital*

In the first half of 2016, ordinary **net working capital**[14] amounted to **Euro 127.9 million** compared to 96.1 million at 31 December 2015. This increase is mainly due to a decrease in other payables attributable to forex and a timing effect in returns payments.

## *Investments*

In the first half of 2016, the Group continued to enhance its existing technology and operational capabilities while investing in the convergence of the former systems of YOOX GROUP and THE NET-A-PORTER GROUP: **capital expenditure** amounted to **Euro 48.1 million**, compared to pro-forma capex of 46.9 million in the same period of the previous year.

In particular, over the period, the Group prepared for the **roll-out** of the **new Order Management System** ("OMS") on the former YOOX GROUP, which delivered its first milestone in **August** with the successful migration of the **first online store**. The transition of all the former YOOX GROUP's online stores to the new OMS is fully on track for completion in the fourth quarter of this year. The new OMS will significantly enhance the Group's order management capabilities as well as upscale the Groups' omni-channel offering, allowing for seamless inventory integration between YNAP and its brand partners' retail stores.

[13] The Purchase Price Allocation process relates to the allocation of the identifiable part of the goodwill arising from the merger of YOOX GROUP and NET-A-PORTER GROUP to intangibles assets.
[14] Ordinary working capital calculated by converting values of Inventories, Trade receivables, Trade Payables, Other Receivables/(Payables) as at 30 June 2016 into Euro utilising 31 December 2015 exchange rates.

The first half of 2016 also saw the **kick-off** of the **construction** works of the new **In-season warehouse** which will be located in Italy and is expected to become fully operational in 2018.

Finally, the Group continued with the roll-out of **cross-channel functionalities** for more of the Group's Mono-brand partners as well as with the enhancement of its **mobile offer**.

### *Net Financial Position*

As at 30 June 2016, the Group's **net financial position** was **positive** at **Euro 138.8 million**, compared with a positive net financial position of 62.1 million at 31 December 2015. The increase in cash in the first half of 2016 was mainly attributable to the €100 million equity capital raise subscribed for by Alabbar Enterprises in April 2016, which funded the higher ordinary net working capital and the capital expenditure invested in innovation and the convergence to a shared global platform.

## SIGNIFICANT EVENTS AFTER 30 JUNE 2016

### *Online Flagship Stores*

On 12 July 2016, the **A|X Armani Exchange** brand was **launched** in North America as an extension of the existing partnership with Armani.

## INCENTIVE PLANS

### *2015 - 2025 Stock Option Plan*

In the first half of 2016, in accordance with the Regulations for the YOOX NET-A-PORTER GROUP S.p.A. 2015 - 2025 Stock Option Plan, 760,000 options were granted, valid for the subscription of 760,000 ordinary YNAP shares.
For further information on the terms and conditions of the existing Stock Option Plans, please refer to the press releases previously issued and the Informative Documents prepared pursuant to art. 84-bis of the Consob Issuer Regulation filed at the Company's registered office and also available on the Company's website at www.ynap.com.

## FY 2016 BUSINESS OUTLOOK

In light of the Group's leadership position in luxury e-commerce, the results achieved in the first half of the year and the positive outlook for the online retail market, YOOX NET-A-PORTER GROUP expects to achieve further revenue growth and an improvement in the adjusted EBITDA margin in 2016.
All of the Group's business lines and key markets are anticipated to positively contribute to this result.
The Company confirms its expectations to achieve net positive EBITDA synergies in 2016 and revises its guidance for capital expenditures to Euro 140 million from previous 150 million mainly as a result of the depreciation of the British Sterling against the Euro.
The 2016 capital expenditures will be invested in laying the foundations for the development of one shared global techno-logistics platform and expanding warehouse capacity in Italy to support the Group's future growth and continue to offer customers and brand partners a world-class service.

***

*Pursuant to Article 154-bis, paragraph 2 of the Italian Consolidated Law on Finance, Enrico Cavatorta, the Director responsible for preparing the financial statements, certifies that the accounting information contained in this press release corresponds to documentary records and to accounting books and ledger entries.*

***

*In the previous pages the pro-forma financials and some performance indicators (hereafter the "pro-forma financials") relating to the period ended 30 June 2016 and 30 June 2015 of YOOX-NET-A-PORTER GROUP S.p.A. are laid out.*
*The pro-forma financials for the period ended 30 June 2015 derive from those contained in the Informative Document on the merger by absorption of Largenta Italia S.p.A. into YOOX S.p.A. published on 3 October 2015 and were subject to audit by the independent auditors with an audit report issued on 28 August 2015.*
*The pro-forma financials for the period ended 30 June 2015 have been prepared by aggregating the historical data of YOOX GROUP and of THE NET-A-PORTER GROUP and then carrying out the adjustments specified below for the purpose of simulating - according to valuation criteria consistent with the historical data and compliant, where appropriate, with the reference regulation represented by the International Financial Reporting Standards ("IFRS") endorsed by the European Union - the economic effects of the merger on the operating performance of YOOX NET-A-PORTER GROUP as if such transaction had virtually occurred, respectively, at the beginning of fiscal year 2015 (1 January 2015).*
*Please note that the information contained in the pro-forma financials of YOOX NET-A-PORTER GROUP represents, as mentioned above, a simulation, provided for illustration purposes only, of the possible effects of the merger on YOOX NET-A-PORTER GROUP's financials.*
*In particular, YOOX NET-A-PORTER GROUP pro-forma financials implied the adjustment of actual figures to retroactively reflect the effects of the merger; as a result, in spite of the compliance with the general criteria commonly accepted and the use of reasonable assumptions, intrinsic limits of the actual nature of the pro-forma financials persist because they are representations based on assumptions.*
*Therefore, pro-forma financials should not be deemed representative of the results that would have been achieved if the transactions considered in the preparation of the pro-forma financials had actually taken place as at the dates taken as a reference. Pro-forma financials reproduce a hypothetical situation and therefore do not intend in any way to depict current or prospective financials of YOOX NET-A-PORTER GROUP.*
*In light of the different purposes of the pro-forma financials compared to the historical financial statements, and, as regards those latter, of the conversion and restatement of THE NET-A-PORTER GROUP Limited data in the abovementioned terms, as well as of the different computation modalities of the effects of the merger with reference to the pro-forma financials presented, such pro-forma financials shall be read and construed independently from historical data, without seeking accounting connections between them.*
*Pro-forma financials do not, in any way, intend to represent a forecast of future results and should therefore not be used for this purpose: pro-forma financials do not reflect prospective data in that they are only prepared to represent the most significant effects, capable of being isolated and objectively measured, of the merger and the associated economic transactions, without taking into account the potential effects resulting from any management decisions and operational choices taken as a result of the merger.*
*The most important adjustments are outlined below:*
- *elimination of costs related to fair value adjustments of THE NET-A-PORTER GROUP Limited B-Shares associated with an incentive plan, the cost of which has been borne by the Richemont Group;*
- *elimination of costs due to the interruption of non-commercial relations between the companies of THE NET-A-PORTER GROUP Limited and the companies of the Richemont Group;*
- *elimination of financial income and expenses deriving from extinguished financial liabilities of THE NET-A-PORTER GROUP Limited;*

YOOX NET-A-PORTER GROUP

- *elimination of non-recurring costs borne in connection with the merger between YOOX Group and THE NET-A-PORTER GROUP Limited;*
- *elimination of the related tax effects on the aforementioned adjustments, where applicable.*

***

## CONFERENCE CALL

A conference call will take place today, Thursday 4 August 2016, at 18:00 (CET), during which YOOX NET-A-PORTER GROUP's management will present the 2016 first half results. If you wish to take part in the conference call, please dial one of the following numbers:

- from Italy: +39 02 805 88 11
- from the UK: +44 121 281 8003
- from the US (local number): +1 718 705 8794
- from the US (toll-free number): 1 855 265 6959

The presentation may be downloaded before the start of the conference call from the Investor Relations section of the YOOX NET-A-PORTER GROUP website:
www.ynap.com/pages/investor-relations/results-centre/presentation/.

A recording of the conference call will be available from today, after the end of the call, until Friday 26 August 2016 on the following numbers:

- from Italy: +39 02 724 95
- from the UK: +44 121 281 8005
- from the US (local number): +1 718 705 8797

Access code: 896#

YOOX NET-A-PORTER GROUP

YOOX NET-A-PORTER GROUP

Analyst/Investor contacts

Silvia Scagnelli
Corporate Development & Investor Relations Director
T +39 02 83112811
investor.relations@ynap.com

Media contacts

Finsbury
Edward Simpkins, James Thompson, Benita Barretto
T: +44 (0) 207 251 3801
ynap@finsbury.com

Image Building
Giuliana Paoletti, Simona Raffaelli
T +39 02 89011300
ynap@imagebuilding.it

## YOOX NET-A-PORTER GROUP

YOOX NET-A-PORTER GROUP is the world's leading online luxury fashion retailer. The Group is a Global company with Anglo-Italian roots, the result of a game-changing merger, which in October 2015, brought together YOOX GROUP and THE NET -A-PORTER GROUP; the two companies had revolutionized the luxury fashion industry since their birth in 2000.

YOOX NET-A-PORTER GROUP is a unique business with an unrivalled offering including multi-brand in-season online stores NET-A-PORTER, MR PORTER, multi-brand off-season online stores YOOX and THE OUTNET, as well as numerous ONLINE FLAGSHIP STORES, all "Powered by YNAP". Through a joint venture established in 2012, YOOX NET -A-PORTER GROUP has partnered with Kering to manage the ONLINE FLAGSHIP STORES of several of the French Group's luxury brands.

Uniquely positioned in the high growth online luxury sector, YOOX NET-A-PORTER GROUP has an unrivalled client base of more than 2.5 million high-spending customers, 27 million monthly unique visitors worldwide and combined 2015 net revenues of €1.7 billion. The Group has offices and operations in the United States, Europe, Japan, China and Hong Kong and delivers to more than 180 countries around the world. YOOX NET-A-PORTER GROUP is listed on the Milan Stock Exchange as YNAP. For further information: www.ynap.com.

YOOX NET-A-PORTER GROUP

## ANNEX 1 – YOOX NET-A-PORTER GROUP RECLASSIFIED CONSOLIDATED ADJUSTED INCOME STATEMENT

| € million | 1H 2016 | 1H 2015 PRO-FORMA | CHANGE % |
|---|---|---|---|
| Consolidated net revenues | 897.0 | 791.8 | 13.3% |
| Cost of goods sold | (542.2) | (478.2) | 13.4% |
| **Gross profit[15]** | **354.9** | **313.6** | **13.2%** |
| *% of consolidated net revenues* | 39.6% | 39.6% | |
| Fulfillment costs Excl. IPC | (88.5) | (78.9) | 12.1% |
| Sales and marketing costs Excl. IPC | (106.0) | (92.2) | 15.0% |
| General & administrative expenses Excl. IPC | (81.0) | (73.5) | 10.2% |
| Other income and expenses | (2.8) | (2.5) | 12.4% |
| **Adjusted EBITDA[16]** | **76.5** | **66.4** | **15.2%** |
| *% of consolidated net revenues* | 8.5% | 8.4% | |
| Ordinary depreciation and amortisation | (24.4) | (27.7) | (12.1)% |
| Non-recurring items | - | - | - |
| **Adjusted operating profit[17]** | **52.2** | **38.7** | **34.7%** |
| *% of consolidated net revenues* | 5.8% | 4.9% | |
| Income/Loss from investment in associates | 0.2 | 0.1 | >100% |
| Financial income | 12.9 | 9.9 | 31.2% |
| Financial expenses | (14.0) | (7.5) | 85.0% |
| **Adjusted profit before tax[18]** | **51.4** | **41.1** | **24.9%** |
| *% of consolidated net revenues* | 5.7% | 5.2% | |
| Taxes | (14.4) | (9.0) | 59.4% |
| **Adjusted net income[19]** | **37.0** | **32.1** | **15.2%** |
| *% of consolidated net revenues* | 4.1% | 4.1% | |

[15] Gross profit is earnings before fulfillment costs, sales and marketing costs, general and administrative expenses, non-cash costs relating to existing share-based incentive plans (IPC), other operating income and expenses, ordinary depreciation and amortisation, non-recurring expenses, income/loss from investment in associates, financial income and expenses and income taxes. Since gross profit is not recognised as an accounting measure under the IFRS endorsed by the European Union, its calculation might not be standard. The criterion adopted by the Group to calculate gross profit might not be consistent with that adopted by other groups. Accordingly, the resulting figures may not be comparable.

[16] Adjusted EBITDA is earnings before ordinary depreciation and amortisation, non-recurring expenses, income/loss from investment in associates, financial income and expenses and income taxes and excludes non-cash costs relating to existing share-based incentive plans (IPC). Since adjusted EBITDA is not recognised as an accounting measure under the IFRS endorsed by the European Union, its calculation might not be standard. Group management uses adjusted EBITDA to monitor and measure the Group's performance. The management believes that adjusted EBITDA is an important indicator of operating performance in that it is not affected by the various criteria used to calculate taxes, the amount and characteristics of invested capital and the related amortisation and depreciation methods. The criterion adopted by the Group to calculate adjusted EBITDA might not be consistent with that used by other groups. Accordingly, the resulting figures may not be comparable.

[17] Adjusted operating profit is earnings before income/loss from investment in associates, financial income and expenses and income taxes and excludes non-cash costs relating to existing share-based incentive plans (IPC) and the non-cash amortisation related to the Purchase Price Allocation ("PPA") arising from the merger. Since adjusted operating profit is not recognised as an accounting measure under the IFRS endorsed by the European Union, its calculation might not be standard. The criterion adopted by the Group to calculate adjusted operating profit might not be consistent with that used by other groups. Accordingly, the resulting figures may not be comparable.

[18] Adjusted profit before tax is earnings before income taxes and excludes non-cash costs relating to existing share-based incentive plans (IPC) and the non-cash amortisation related to the Purchase Price Allocation ("PPA") arising from the merger. Since adjusted profit before tax is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union, its calculation might not be standard. The criterion adopted by the Group to calculate adjusted profit before tax might not be consistent with that used by other groups. Accordingly, the resulting figures may not be comparable.

[19] Adjusted Net Income is defined as the earnings of the period before the non-cash costs relating to existing share-based incentive plans (IPC), net of their related tax effects, and before the non-cash amortisation related to the Purchase Price Allocation ("PPA") arising from the merger, net of its related tax effect.

YOOX
NET-A-PORTER
GROUP

## ANNEX 2 – YOOX NET-A-PORTER GROUP RECLASSIFIED CONSOLIDATED REPORTED INCOME STATEMENT

| € million | 1H 2016 | 1H 2015 PRO-FORMA | CHANGE % |
|---|---|---|---|
| Consolidated net revenues | 897.0 | 791.8 | 13.3% |
| Cost of goods sold | (542.2) | (478.2) | 13.4% |
| **Gross profit[20]** | **354.9** | **313.6** | **13.2%** |
| *% of consolidated net revenues* | 39.6% | 39.6% | |
| Fulfillment costs Excl. IPC | (88.5) | (78.9) | 12.1% |
| Sales and marketing costs Excl. IPC | (106.0) | (92.2) | 15.0% |
| General & administrative expenses Excl. IPC | (81.0) | (73.5) | 10.2% |
| Incentive plan costs ("IPC")[21] | (5.9) | (6.2) | (5.2%) |
| Other income and expenses | (2.8) | (2.5) | 12.4% |
| **Reported EBITDA[22]** | **70.6** | **60.2** | **17.3%** |
| *% of consolidated net revenues* | 7.9% | 7.6% | |
| Ordinary depreciation and amortisation | (24.4) | (27.7) | (12.1)% |
| PPA-related amortisation[23] | (17.3) | - | >100% |
| Non-recurring items | - | - | - |
| **Reported operating profit** | **29.0** | **32.5** | **(10.8)%** |
| *% of consolidated net revenues* | 3.2% | 4.1% | |
| Income/Loss from investment in associates | 0.2 | 0.1 | >100% |
| Financial income | 12.9 | 9.9 | 31.2% |
| Financial expenses | (14.0) | (7.5) | 85.0% |
| **Reported profit before tax** | **28.2** | **34.9** | **(19.2)%** |
| *% of consolidated net revenues* | 3.1% | 4.4% | |
| Taxes | (9.4) | (8.5) | 10.4% |
| **Reported net income** | **18.8** | **26.4** | **(28.7)%** |
| *% of consolidated net revenues* | 2.1% | 3.3% | |

[20] See footnote no. 15.
[21] Incentive plan costs relate to non-cash costs relating to existing share-based incentive plans.
[22] Reported EBITDA is earnings before ordinary depreciation and amortisation, non-recurring expenses, income/loss from investment in associates, financial income and expenses and income taxes. Since reported EBITDA is not recognised as an accounting measure under the IFRS endorsed by the European Union, its calculation might not be standard. Group management uses reported EBITDA to monitor and measure the Group's performance. The management believes that reported EBITDA is an important indicator of operating performance in that it is not affected by the various criteria used to calculate taxes, the amount and characteristics of invested capital and the related amortisation and depreciation methods. The criterion used by the Group to calculate reported EBITDA might not be consistent with that adopted by other groups. Accordingly, the resulting figures may not be comparable between groups.
[23] The Purchase Price Allocation process relates to the allocation of the identifiable part of the goodwill arising from the merger of YOOX GROUP and NET-A-PORTER GROUP to intangibles assets.

YOOX
NET-A-PORTER
GROUP

## ANNEX 3 - YOOX NET-A-PORTER GROUP RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| € million | 30 JUN 2016 | 31 DEC 2015 | CHANGE % |
|---|---|---|---|
| Net working capital[24] | 0.6 | (23.8) | >100% |
| Non-current assets | 1,914.3 | 2,013.2 | (4.9%) |
| Non-current liabilities (excluding financial liabilities) | (90.8) | (15.0) | >100% |
| **Net invested capital[25]** | **1,824.1** | **1,974.4** | **(7.6%)** |
| Shareholders' equity | 1,962.9 | 2,036.5 | (3.6%) |
| Net debt / (net financial position)[26] | (138.8) | (62.1) | >100% |
| **Total sources of financing** | **1,824.1** | **1,974.4** | **(7.6%)** |

## ANNEX 4 - YOOX NET-A-PORTER GROUP RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS

| € million | 1H 2016 | 1H 2015 PRO-FORMA |
|---|---|---|
| Adjusted EBITDA | 76.5 | 66.4 |
| Net Financial Income / (Expenses) & Associates | (2.5) | 2.4 |
| Taxes Paid | (10.9) | (11.8) |
| Change in Ordinary Working Capital[27] | (31.8) | (27.1) |
| Capital Expenditure[27] | (49.5) | (46.9) |
| Other[27, 28] | 6.1 | (2.5) |
| **Free Cash Flow** | **(12.1)** | **(19.5)** |
| M&A related items | - | (3.9) |
| Proceeds from Stock Option Exercise & Capital Increase | 100.0 | 0.2 |
| Translation Adjustment[29] | (11.2) | - |
| **Change in Net Financial Position** | **76.7** | **(23.2)** |

[24] Net working capital is current assets, net of current liabilities, with the exception of cash and cash equivalents, bank loans and borrowings and other financial payables falling due within one year and financial assets and liabilities included under other current assets and liabilities. Net working capital is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union. The measurement criterion adopted by the Company might not be consistent with that adopted by other groups. Accordingly, the balance obtained by the Company may not be comparable with the figures obtained by other groups.
[25] Net invested capital is the sum of net working capital, non-current assets and non-current liabilities net of non-current financial liabilities. Net invested capital is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union. The measurement criterion adopted by the Company might not be consistent with that adopted by other groups. Accordingly, the balance obtained by the Company may not be comparable with the figures obtained by other groups.
[26] Net debt (or net financial position) is the sum of cash and cash equivalents, other current financial assets, net of bank loans and borrowings and other financial payables falling due within one year, other current financial liabilities and non-current financial liabilities. Net debt (or net financial position) is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union. The measurement criterion adopted by the Company might not be consistent with that adopted by other groups. Accordingly, the balance obtained by the Company may not be comparable with the figures obtained by other groups. Other current financial assets are not governed in detail in CESR's definition of net debt (or net financial position): the Group considers it appropriate to supplement this definition by including receivables from acquirers and logistics operators that have been requested to collect cash on delivery under "other current financial assets".
[27] Change in Ordinary Working Capital, Fixed Assets and Other calculated by converting values as at 30 June 2016 into Euro utilising 31 Dec 2015 exchange rates.
[28] Other mainly refers to exchange rate impact resulting from the consolidation of foreign subsidiaries and unrealised gain and losses.
[29] Translation Adjustments refer to the delta FX which arises from converting Ordinary Working Capital, Capital Expenditure and Other into Euro at the exchange rates as at 30 June 2016 and 31 Dec 2015.

YOOX
NET-A-PORTER
GROUP

## ANNEX 5 - EXCHANGE RATES

| | PERIOD AVERAGE | | | | END OF PERIOD | | |
|---|---|---|---|---|---|---|---|
| | 1H 2016 | 1H 2015 | 2Q 2016 | 2Q 2015 | 30/06/2016 | 31/03/2016 | 31/12/2015 |
| EUR USD | 1.116 | 1.116 | 1.129 | 1.105 | 1.110 | 1.139 | 1.089 |
| *Apprec. / (Deprec.) vs. EUR* | *(0.0%)* | *22.8%* | *(2.1%)* | *24.0%* | *0.8%* | *(5.5%)* | *11.5%* |
| EUR GBP | 0.779 | 0.732 | 0.787 | 0.721 | 0.827 | 0.792 | 0.734 |
| *Apprec. / (Deprec.) vs. EUR* | *(6.0%)* | *12.2%* | *(8.4%)* | *13.0%* | *(13.9%)* | *(8.1%)* | *6.1%* |
| EUR JPY | 124.414 | 134.204 | 121.949 | 134.289 | 114.050 | 127.900 | 131.070 |
| *Apprec. / (Deprec.) vs. EUR* | *7.9%* | *4.6%* | *10.1%* | *4.3%* | *20.1%* | *0.8%* | *10.8%* |
| EUR CNY | 7.296 | 6.941 | 7.379 | 6.857 | 7.376 | 7.351 | 7.061 |
| *Apprec. / (Deprec.) vs. EUR* | *(4.9%)* | *21.7%* | *(7.1%)* | *24.6%* | *(6.0%)* | *(9.3%)* | *6.7%* |
| EUR RUB | 78.297 | 64.641 | 74.335 | 58.219 | 71.520 | 76.305 | 80.674 |
| *Apprec. / (Deprec.) vs. EUR* | *(17.4%)* | *(25.8%)* | *(21.7%)* | *(17.7%)* | *(12.8%)* | *(18.2%)* | *(10.3%)* |
| EUR HKD | 8.668 | 8.652 | 8.764 | 8.568 | 8.614 | 8.828 | 8.438 |
| *Apprec. / (Deprec.) vs. EUR* | *(0.2)%* | *21.8%* | *(2.2%)* | *24.1%* | *0.7%* | *(5.5%)* | *11.6%* |
| EUR KRW | 1,318.916 | 1,277.312 | 1,313.744 | 1,214.256 | 1,278.480 | 1,294.880 | 1,280.780 |
| *Apprec. / (Deprec.) vs. EUR* | *(3.2%)* | *8.2%* | *(7.6%)* | *16.2%* | *(2.1%)* | *(7.9%)* | *3.4%* |
| EUR AUD | 1.522 | 1.426 | 1.515 | 1.421 | 1.493 | 1.481 | 1.490 |
| *Apprec. / (Deprec.) vs. EUR* | *(6.3%)* | *5.1%* | *(6.2%)* | *3.5%* | *(2.5%)* | *(4.4%)* | *(0.5%)* |
| EUR CAD | 1.484 | 1.377 | 1.455 | 1.359 | 1.438 | 1.474 | 1.512 |
| *Apprec. / (Deprec.) vs. EUR* | *(7.2%)* | *9.1%* | *(6.6%)* | *10.0%* | *(3.8%)* | *(6.8%)* | *(7.0%)* |

| Fine Comunicato n.1136-52 | Numero di Pagine: 16 |
| --- | --- |