



**FOX-WIZEL LTD.**

**Press release: financial statements for the nine months ended September 30, 2016**

**Mr. Harel Wizel, CEO of Fox Group:** "We are delighted to announce third quarter record revenues. We continued, this quarter, to leverage the group's both senior and new brands, in order to improve and exceed the Company's margin targets. The Company expects its annual sales to reach over 2 Billion NIS, and simultaneously to increase the profit margins, in the upcoming future. The Company is preparing for the launch of Foot Locker in Israel, a franchise agreement which coincides with the group's long term strategy and will upgrade the group's portfolio, particularly in the growing sports market."

- The sales turnover in the operating segments amounted to over NIS 1.5 billion, an increase of about 17.0%.
- Operating income in the third quarter amounted to approximately NIS 15.5 million, accounting for about 4.2% of sales, compared to operating income of approximately NIS 3.2 million, accounting for about 1.0% of sales in the corresponding quarter of last year (An increase of about 385%).
- Increase in same stores sales in the fashion and home fashion segment and in the aromatic bath and body care segment of about 5.8% and 14.1% respectively.

**Referring to the financial statements:**

- Revenues in the third quarter of 2016 according to operating segments, before adjustments, totaled approximately NIS 529.7 million, an increase of about 13.5%, approximately NIS 62.9 million.
  1. An increase of approximately NIS 48.6 million or about 14.0% in the fashion and home fashion in Israel segment.
  2. A decrease of approximately NIS 2.3 million or about 25.0% in the fashion abroad segment.
  3. An increase of approximately NIS 7.6 million or about 20.1% in aromatic bath and body care products segment.
  4. An increase of approximately NIS 9.0 million or about 12.6% in the "other" segment.

**The sales turnover in the three months ended September 30, 2016 amounted to approximately NIS 365.0 million compared to approximately NIS 304.7 million in the corresponding period of last year, an increase of approximately NIS 60.3 million (about 19.8%).**

**The increase in sales turnover in the third quarter compared to the corresponding period of last year arises from the growth in brand operations including in the new brands, Mango, Nike and Charles & Keith, which were launched at the beginning of last year and from the increase in same stores sales in the reporting period compared to the corresponding period of last year,**

**Gross profit in the third quarter amounted to approximately NIS 202.9 million, accounting for about 55.6% of sales, compared to operating income of approximately NIS 167.5 million, accounting for about 55.0% of sales in the corresponding quarter of last year.**

**Operating income in the third quarter amounted to approximately NIS 15.5 million, accounting for about 4.2% of sales, compared to operating income of approximately NIS 3.2 million, accounting for about 1.0% of sales in the corresponding quarter of last year.**

- Revenues in the first nine months of 2016 according to operating segments, before adjustments, totaled approximately NIS 1532.7 million, an increase of about 16.9%, approximately NIS 221.2 million.
  1. An increase of approximately NIS 175.3 million or about 17.7% in the fashion and home fashion in Israel segment.
  2. A decrease of approximately NIS 9.3 million or about 31.0% in the fashion abroad segment.
  3. An increase of approximately NIS 16.9 million or about 15.5% in aromatic bath and body care products segment.
  4. An increase of approximately NIS 38.4 million or about 21.0% in the "other" segment.

The sales turnover in the nine months ended September 30, 2016 (excluding the sales of the AE brands operation since May 1, 2015) amounted to approximately NIS 1046.0 million compared to approximately NIS 945.6 million in the corresponding period of last year, an increase of approximately NIS 100.4 million (about 10.6%).

The increase in sales turnover in the first nine months on 2016, compared to the corresponding period of last year arises mainly from the increase in same stores sales, in the fashion and home fashion segment and in the aromatic bath and body care segment of about 5.8% and 14.1% respectively, offset by the decrease in sales resulting from the exclusion of the sales of the AE brands operation since May 1, 2015.

Gross profit in the nine months ended September 30, 2016 amounted to approximately NIS 584.5 million, accounting for about 55.9% of sales, compared to operating income of approximately NIS 534.1 million, accounting for about 56.5% of sales in the corresponding quarter of last year.

Operating income in the nine months ended September 30, 2016 amounted to approximately NIS 45.8 million, accounting for about 4.4% of sales, compared to operating income of approximately NIS 34.8 million, accounting for about 3.7% of sales in the corresponding quarter of last year.

Net income in the nine months ended September 30, 2016 amounted to approximately NIS 28.0 million, representing about 2.7% of sales, compared to net income of approximately NIS 29.2 million, representing about 3.1% of sales in the corresponding period of last year.

**The Group's business results for the nine months ended September 30, 2016 and 2015 according to operating segments (NIS in thousands)**

	1-9/2016						
	Fashion and home fashion (FOX, Home, AE, TCP, C&K, Mango)		Aromatic bath and body care (Laline)	Other - unallocated (Billabong, Nike, Sacks, Yanga)	Total before adjustments based on 100% of the activity	Adjustments	Total consolidated financial statement
	Israel	Abroad					
Revenues from sales and services	1,165,732	20,661	125,662	220,648	1,532,703	(486,707)	1,045,996
Gross profit	672,416	8,672	82,000	130,932	894,020	(309,547)	584,473
Operating income	23,859	6,163	7,548	22,990	60,560	(14,731)	45,829
Profit margin	2.0%	29.8%	6.0%	10.4%			4.4%

	1-9/2015						
	Fashion and home fashion (FOX, Home, AE, TCP, C&K, Mango)		Aromatic bath and body care (Laline)	Other - unallocated (Billabong, Nike, Sacks, Yanga)	Total before adjustments based on 100% of the activity	Adjustments	Total consolidated financial statement
	Israel	Abroad					
Revenues from sales and services	990,396	29,993	108,821	182,281	1,311,491	(365,888)	945,603
Gross profit	572,653	10,943	70,692	112,692	766,980	(232,898)	534,082
Operating income	12,926	7,707	11,478	23,072	55,183	(20,382)	34,801
Profit margin	1.3%	25.7%	10.5%	12.7%			3.7%

	7-9/2016						
	Fashion and home fashion (FOX, Home, AE, TCP, C&K, Mango)		Aromatic bath and body care (Laline)	Other - unallocated (Billabong, Nike, Sacks, Yanga)	Total before adjustments based on 100% of the activity	Adjustments	Total consolidated financial statement
	Israel	Abroad					
Revenues from sales and services	397,271	6,857	45,524	80,057	529,709	(164,653)	365,056
Gross profit	229,040	2,758	28,711	46,536	307,045	(104,128)	202,917
Operating income	8,152	1,858	2,653	9,450	22,113	(6,653)	15,460
Profit margin	2.1%	27.1%	5.8%	11.8%			4.2%

	7-9/2015						
	Fashion and home fashion (FOX, Home, AE, TCP, C&K, Mango)		Aromatic bath and body care (Laline)	Other - unallocated (Billabong, Nike, Sacks, Yanga)	Total before adjustments based on 100% of the activity	Adjustments	Total consolidated financial statement
	Israel	Abroad					
Revenues from sales and services	348,629	9,203	37,901	71,082	466,815	(162,091)	304,724
Gross profit	198,113	3,411	23,739	42,670	267,933	(100,433)	167,500
Operating income	(4,802)	2,573	3,394	9,366	10,531	(7,349)	3,182
Profit margin	-1.4%	28.0%	9.0%	13.2%			1.0%

### **Condensed consolidated statements of cash flows (NIS in thousands):**

	Nine months ended September 30,		Nine months ended September 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	Unaudited				Audited
	NIS in thousands				
Net cash provided by (used in) operating activities	40,026	(38,651)	(58,965)	(53,033)	(5,660)
Net cash used in investing activities	(75,302)	(95,115)	(8,223)	(6,474)	(117,976)
Net cash provided by financing activities	36,131	5,072	26,103	53,643	4,894
Adjustment arising from translating balances of cash and cash equivalents	(281)	(426)	(119)	(40)	(519)
Increase (decrease) in cash and cash equivalents	574	(129,120)	(41,204)	(5,904)	(119,261)
Cash and cash equivalents at beginning of period	76,526	195,787	118,304	72,571	195,787
Cash and cash equivalents at end of period	77,100	66,667	77,100	66,667	76,526

## **Consolidated statements of profit or loss (NIS in thousands):**

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31, 2015
	2016	2015	2016	2015	
	Unaudited				Audited
	NIS in thousands (except per share data)				
Revenues from sales and rendering of services	1,045,996	945,603	365,056	304,724	1,322,427
Cost of sales	461,523	411,521	162,139	137,224	572,170
Gross profit	584,473	534,082	202,917	167,500	750,257
Selling and marketing expenses	531,050	497,522	184,291	165,904	679,463
General and administrative expenses	13,333	11,922	5,933	3,400	16,265
Other expenses (income)	(36)	182	(36)	107	(2,060)
Group's share of earnings of companies accounted for at equity, net	5,703	10,345	2,731	5,093	11,435
Operating income	45,829	34,801	15,460	3,182	68,024
Finance income	5,028	11,891	218	14,690	11,347
Finance expenses	(15,065)	(10,746)	(7,097)	(2,598)	(13,747)
Income before taxes on income	35,792	35,946	8,581	15,274	65,624
Taxes on income	7,744	6,761	1,434	2,983	10,943
Net income	28,048	29,185	7,147	12,291	54,681
Attributable to:					
Equity holders of the Company	27,617	28,928	6,953	12,219	54,333
Non-controlling interests	431	257	194	72	348
	28,048	29,185	7,147	12,291	54,681
Basic net earnings per share (in NIS)	2.05	2.18	0.52	0.92	4.07
Diluted net earnings per share (in NIS)	2.04	2.15	0.51	0.91	4.03