

Bit Market Services

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PRESS RELEASE

AEFFE: In First Semester 2015 Growth In Sales Confirmed, Driven By United States and China

San Giovanni in Marignano, 30 July 2015 - The Board of Directors of Aeffe SpA approved today the Group's Report for the First Half of 2015. The company, listed on the STAR segment of Borsa Italiana, operates in the luxury sector, with a presence in the prêt-à-porter, footwear and leather goods division under renowned brand names such as Alberta Ferretti, Philosophy di Lorenzo Serafini, Moschino, Pollini, Emanuel Ungaro and Cédric Charlier.

The Board of Directors of Aeffe S.p.A. has approved today also the merger by way of incorporation of the 100% controlled subsidiary Nuova Stireria Tavoleto S.r.l.

- **Consolidated revenues of €128.7m, compared to €121.1m in 1H 2014 (+6.3% at current exchange rate and +4.4% at constant exchange rate**
- **Ebitda of €9.8m, compared to €12.6m in 1H 2014**
- **Profit before taxes of €1.68m, compared to a profit of €2.7m in 1H 2014**
- **Net Profit for the Group of €0.03m, compared to a net profit of €0.15m in 1H 2014**
- **Net financial debt of €98.1m, compared to €89.9m as of June 30, 2014 (€83.6m as of December 31, 2014)**

Consolidated Revenues

In the first semester of 2015, Aeffe consolidated revenues amounted to €128.7m compared to €121.1m in the first semester of 2014, with a 6.3% increase at current exchange rates (+4.4% at constant exchange rates).

Revenues of the prêt-à-porter division amounted to €99.5m, up by 5% at current exchange rates and by 2.5% at constant exchange rates compared to 1H 2014.

Revenues of the footwear and leather goods division increased by 22% to €46m, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: *"In light of the continued appreciation of the market, also witnessed by a 7% increase in the orders' backlog for the next Autumn/Winter collections, we have conceived a development plan designed to capitalize on the positive momentum for the Group, through the identification of opportunities for growth in the medium-long term. In a global and very competitive market, we believe it is the right time to undertake specific investments to promote the desirability and the distinctiveness of our brands, both in terms of visibility and positioning and retail distribution expansion".*

Revenues Breakdown by Region

(In thousands of Euro)	1H 15 Reported	1H 14 Reported	% Change	% Change*
Italy	57,134	52,925	8.0%	8.0%
Europe (Italy and Russia excluded)	28,657	28,416	0.8%	(0.4%)
Russia	4,666	9,482	(50.8%)	(50.8%)
United States	9,729	7,100	37.0%	14.6%
Japan	3,889	3,223	20.6%	20.6%
Rest of the World	24,647	19,919	23.7%	21.6%
Total	128,723	121,065	6.3%	4.4%

(*) Calculated at constant exchange rates

In 1H 2015, sales in Italy, amounting to 44.4% of consolidated sales, registered a very positive trend compared to 1H 2014, posting a 8.0% increase to €57.1m.

At constant exchange rates, sales in Europe, contributing to 22.3% of consolidated sales, decreased by 0.4%. The Russian market, representing 3.6% of consolidated sales, declined by 50.8%, solely due to current difficulties of the domestic economic situation.

Sales in the United States, contributing to 7.6% of consolidated sales, posted in the first semester 2015 an important growth of 14.6% at constant exchange rates.

Also Japanese sales, contributing to 3% of consolidated sales, registered a significant increase, posting a 20.6% growth.

In the Rest of the World, the Group's sales totalled €24.6m, amounting to 19.1% of consolidated sales, recording an increase of 21.6% compared to 1H 2014, especially thanks to the excellent performance in Greater China, which posted a 67.8% growth.

Network of Monobrand Stores

DOS	1H 15	FY 14	Franchising	1H 15	FY 14
Europe	49	47	Europe	49	54
United States	2	1	United States	3	3
Asia	12	12	Asia	135	129
Total	63	60	Total	187	186

Operating and Net Result Analysis

In 1H 2015 consolidated Ebitda was equal to €9.8m (with an incidence of 8% of consolidated sales), compared to €12.5m in 1H 2014 (10% of total sales), with a €2.8m decrease (-22%), mainly driven by the *prêt-à-porter* division.

In detail, in 1H 2015 Ebitda of the *prêt-à-porter* division amounted to €5.5m (representing 5.7% of sales), compared to €10.6m in 1H 2014 (11.2% of sales), with a €5.1m decrease.

Key factors which influenced this trend were as follows: a) initiatives to relaunch Philosophy brand following the change of the creative direction, together with events dedicated to Moschino brand to promote the new men's collection which will be produced in house starting from the Autumn/Winter 2015 season; b) increase in marketing and advertising activities aimed at further enhancing Moschino brand; c) discounts granted to Russian customers to support them in the current difficult economic local situation; d) investments in retail and staff for the new Moschino boutiques in Los Angeles and in Milan.

In 1H 2015 Ebitda of the footwear and leather goods division was of €4.2m (9% of sales), compared to an Ebitda of €1.9m in 1H 2014 (5% of sales), with a €2.3m improvement, attributable to the excellent sales growth. Consolidated Ebit was equal to €3.4m, compared to €6.2m in 1H 2014, with a €2.8m decrease.

In the first semester of 2015 there was an important reduction of the financial expenses that amounted to €1.7m from €3.5m in the first half of 2014, with a 50.8% decrease.

In the first semester 2015 the Group posted a Net Profit of €0.03m, compared to the net profit of €0.15m in 1H 2014.

Balance Sheet Analysis

Looking at the balance sheet as of June 30, 2015, Shareholders' equity was equal to €130.1m and net financial debt amounted to €98.1m compared to €89.9m as of June 30, 2014 (€83.6m as of December 31, 2014). The increase in net financial debt compared to 1H 2014 referred mainly to the increase in net working capital and to higher capex of the period.

As of June 30, 2015 operating net working capital amounted to €80.1m (30.9% of LTM sales) compared to €70.3m as of June 30, 2014 (28.2% of sales).

The percentage increase on sales was mainly related to the increase in inventories driven, in turn, by the growth of the sales of the period and of orders' backlog for Autumn/Winter 2015 collections compared to the corresponding seasons of 2014.

Capex in 1H 2015 amounted to €4.3m and were mainly related to maintenance and stores' refurbishment.

Other information

According to law and its By-laws, the Board of Directors of Aeffe S.p.A. approved today, the merger by way of incorporation into the Company of the fully owned subsidiary Nuova Stireria Tavoleto S.r.l.; the merger has been approved today also by the shareholders' meeting of the merging subsidiary.

After the lapse of the term provided by article 2503 of the Italian Civil Code, the deed of merger shall be signed and shall be published according to law.

The documentation regarding the merger is available to the public at the registered office and in the Company's website www.aeffe.com (section "Company Documents").

The minutes of the resolution shall be made available to the public within the terms provided by the applicable regulations.

Additional information may be found in the press release dated 24th June 2015 and in the "Company Documents" section of the Company's website www.aeffe.com.

Income Statement, Reclassified Balance Sheet and Cash Flow Statement are attached below.

1H 2015 data included in this press release were subject to limited review by the Auditors' company.

Please note that the Financial Report and the Results Presentation at 30 June 2015 are available at the following link: <http://www.aeffe.com/aeffeHome.php?lang=eng>

"The executive responsible for preparing the company's accounting documentation Marcello Tassinari declares pursuant to paragraph 2 of art. 154 bis of the Consolidate Financial Law, that the accounting information contained in this document agrees with the underlying documentation, records and accounting entries".

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<i>(In thousands of Euro)</i>	1H 15	%	1H 14	%	Change	Change %
Revenues from sales and services	128,723	100.0%	121,065	100.0%	7,658	6.3%
Other revenues and income	3,287	2.6%	2,026	1.7%	1,261	62.2%
Total Revenues	132,009	102.6%	123,091	101.7%	8,919	7.2%
Total operating costs	(122,245)	(95.0%)	(110,520)	(91.3%)	(11,725)	10.6%
EBITDA	9,764	7.6%	12,570	10.4%	(2,806)	(22.3%)
Total Amortization and Write-downs	(6,337)	(4.9%)	(6,288)	(5.2%)	(50)	0.8%
EBIT	3,426	2.7%	6,283	5.2%	(2,856)	(45.5%)
Total Financial Income/(expenses)	(1,742)	(1.4%)	(3,537)	(2.9%)	1,795	(50.8%)
Profit/(Loss) before taxes	1,685	1.3%	2,746	2.3%	(1,061)	(38.6%)
Taxes	(1,586)	(1.2%)	(2,095)	(1.7%)	510	(24.3%)
Net Profit/(Loss) net of taxes	99	0.1%	650	0.5%	(551)	(84.8%)
(Profit)/Loss attributable to minority shareholders	(64)	(0.0%)	(500)	(0.4%)	436	(87.2%)
Net Profit/(Loss) for the Group	35	0.0%	150	0.1%	(116)	(76.9%)

<i>(In thousands of Euro)</i>	1H 15	FY 14	1H 14
Trade receivables	38,184	36,885	36,464
Stock and inventories	93,887	83,867	78,628
Trade payables	(51,917)	(55,052)	(44,827)
Operating net working capital	80,154	65,700	70,265
Other receivables	37,616	33,413	32,502
Other liabilities	(19,856)	(17,444)	(19,488)
Net working capital	97,914	81,668	83,279
Tangible fixed assets	64,051	63,771	63,827
Intangible fixed assets	125,624	127,927	130,092
Investments	132	80	30
Other long term receivables	4,510	4,701	4,784
Fixed assets	194,317	196,479	198,734
Post employment benefits	(7,001)	(7,458)	(7,040)
Long term provisions	(968)	(2,047)	(1,356)
Assets available for sale	437	437	437
Liabilities available for sale			
Other long term liabilities	(14,511)	(14,080)	(14,045)
Deferred tax assets	12,681	13,368	12,047
Deferred tax liabilities	(36,666)	(36,829)	(37,132)
NET CAPITAL INVESTED	246,202	231,538	234,923
Capital issued	25,371	25,371	25,371
Other reserves	114,087	115,286	115,266
Profits/(Losses) carried-forward	(9,406)	(13,342)	(12,947)
Profit/(Loss) for the period	35	2,742	150
Group share capital and reserves	130,087	130,057	127,841
Minority interests	17,979	17,915	17,144
Shareholders' equity	148,066	147,972	144,985
Short term financial receivables	(2,216)	(1,000)	(1,000)
Liquid assets	(7,963)	(6,692)	(5,606)
Long term financial payables	17,699	12,752	13,910
Long term financial receivables	(1,949)	(1,718)	(1,416)
Short term financial payables	92,565	80,224	84,050
NET FINANCIAL POSITION	98,136	83,567	89,938
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	246,202	231,538	234,923

<i>(In thousands of Euro)</i>	1H 15	FY 14	1H 14
OPENING BALANCE	6,692	7,524	7,524
Profit (Loss) before taxes	1,685	6,113	2,746
Amortizations, provisions and depreciations	6,237	13,657	6,288
Accruals (availments) of long term provisions and post employment benefits	(1,535)	507	(602)
Taxes	(1,437)	(3,584)	(2,124)
Financial incomes and financial charges	1,742	5,916	3,537
Change in operating assets and liabilities	(15,440)	(5,651)	(5,787)
NET CASH FLOW FROM OPERATING ASSETS	(8,748)	16,958	4,058
Increase (decrease) in intangible fixed assets	(1,273)	(2,129)	(732)
Increase (decrease) in tangible fixed assets	(2,942)	(4,468)	(1,805)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	(51)	(50)	(247)
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(4,266)	(6,647)	(2,784)
Other changes in reserves and profit carried-forward to shareholders'equity	(5)	547	916
Proceeds (repayment) of financial payments	17,288	(5,723)	(739)
Increase (decrease) in financial receivables	(1,256)	(51)	168
Financial incomes and financial charges	(1,742)	(5,916)	(3,537)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	14,285	(11,143)	(3,192)
CLOSING BALANCE	7,963	6,692	5,606

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