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AEFFE

PRESS RELEASE

AEFFE: In 9M 2015 Growth In Sales Confirmed, With A Significant Acceleration In United States and Asian Markets

San Giovanni in Marignano, 11 November 2015 - The Board of Directors of Aeffe SpA approved today the Group's Report for the First Nine months 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, Jeremy Scott, Emanuel Ungaro and Cédric Charlier.

- **Consolidated revenues of €206.5m, compared to €192.9m in 9M 2014 (+7.0% at current exchange rate and +5.1% at constant exchange rate)**
- **Ebitda of €17.9m, compared to €22.6m in 9M 2014**
- **Profit before taxes of €5.68m, compared to a profit of €7.63m in 9M 2014**
- **Net Profit for the Group of €1.5m, compared to a net profit of €2.5m in 9M 2014**
- **Net financial debt of €99.5m, compared to €90.1m as of September 30, 2014 (€83.6m as of December 31, 2014)**

Consolidated Revenues

In the first nine months of 2015, AEFFE consolidated revenues amounted to €206.5m compared to €192.9m in the first nine months of 2014, with a 7.0% increase at current exchange rates (+5.1% at constant exchange rates).

Revenues of the prêt-à-porter division amounted to €158.6m, up by 7.7% at current exchange rates and by 5.2% at constant exchange rates compared to 9M 2014.
Revenues of the footwear and leather goods division increased by 14.1% to €72.7m, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: "*The Group is embarking on a steady growth path, both in the prêt-à-porter and accessories segments, together with an expansion of its geographic presence in high-potential markets for our brands, such as United States and Asia. Looking forward with foresight, we are focused in the implementation of a significant strategic investment plan for the development of our brands, which will allow us to catch new growth opportunities in the medium-long term. We are therefore optimistic, encouraged by the results of the first nine months of the year and by the orders intake for next Spring/Summer collections, up by 14.3%".*

Revenues Breakdown by Region

(In thousands of Euro)	**9M 15 Reported**	**9M 14 Reported**	**% Change**	**% Change***
Italy	92,583	87,600	5.7%	5.7%
Europe (Italy and Russia excluded)	44,460	42,963	3.5%	2.0%
Russia	7,036	13,637	(48.4%)	(48.4%)
United States	16,280	11,364	43.3%	20.9%
Japan	5,622	4,982	12.8%	12.8%
Rest of the World	40,489	32,396	25.0%	23.4%
Total	**206,469**	**192,942**	**7.0%**	**5.1%**

(*) Calculated at constant exchange rates

In 9M 2015, sales in Italy, amounting to 44.8% of consolidated sales, registered a very positive trend compared to 9M 2014, posting a 5.7% increase to €92.6m.
At constant exchange rates, sales in Europe, contributing to 21.5% of consolidated sales, increased by 2.0%.
The Russian market, representing 3.4% of consolidated sales, declined by 48.4%, solely due to current difficulties of the domestic economic situation.
Sales in the United States, contributing to 7.9% of consolidated sales, posted in the period a very important growth of 20.9% at constant exchange rates.
Also Japanese sales, contributing to 2.7% of consolidated sales, registered a significant increase, posting a 12.8% growth.
In the Rest of the World, the Group's sales totalled €40.5m, amounting to 19.6% of consolidated sales, recording an increase of 23.4% compared to 9M 2014, especially thanks to the excellent performance in Greater China, which posted a 65% growth.

Network of Monobrand Stores

DOS	**9M 15**	**FY 14**
Europe	47	47
United States	3	1
Asia	8	12
Total	**58**	**60**

Franchising	**9M 15**	**FY 14**
Europe	48	54
United States	3	3
Asia	135	129
Total	**186**	**186**

Operating and Net Result Analysis

In 9M 2015 consolidated Ebitda was equal to €17.9m (with an incidence of 8.7% of consolidated sales), compared to €22.6m in 9M 2014 (11.7% of total sales), with a €4.7m decrease (-21%), related to the *prêt-à-porter* division.
In detail, in 9M 2015 Ebitda of the *prêt-à-porter* division amounted to €10.6m (representing 6.7% of sales), compared to €17.1m in 9M 2014 (11.6% of sales), with a €6.5m decrease.
In the period under review, the profitability was affected by a series of factors, mainly attributable to long-term strategic initiatives to strengthen the visibility of the group's brands, which have already produced a 14.3% increase of the orders' backlog of the Spring/Summer 2016 collections compared to the corresponding season of 2015.
The main expense items that affected the decrease in marginality in the period were as follows:

a) increase in marketing and advertising activities aimed at further enhancing Moschino and Alberta Ferretti brands, along with Philosophy brand's relaunch;
b) costs for 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
c) investments for the reorganization of the Moschino boutiques network.

Moreover, significant discounts were granted to Russian customers to support them in the current difficult economic local situation, given the importance of this market for the Group. Finally, there was a decrease in income from royalties and commissions attributable to both Love Moschino apparel and Moschino minor licenses, that need progressive adjustments following to the change in style of Maison Moschino.

In 9M 2015 Ebitda of the footwear and leather goods division was of €7.3m (10% of sales), compared to an Ebitda of €5.5m in 9M 2014 (8.6% of sales), with a €1.8m improvement, attributable to the excellent sales growth of the Moschino accessories lines.

Consolidated Ebit was equal to €8.3m, compared to €12.7m in 9M 2014, with a €4.4m decrease as a reflection of the reduction in Ebitda.
In the first nine months of 2015 there was an important decline of the financial expenses that amounted to €2.7m from €5.1m in the first nine months of 2014, with a 48% decrease.
Thanks to the significant drop in financial charges, the Profit before taxes for the period partially recovered the decrease in Ebitda to €5.7m, compared to €7.6m in the first nine months of 2014, reporting a €1.9m decrease.
Despite significant investments, the Group posted a Net Profit of €1.5m, compared to the net profit of €2.5m in 9M 2014, with a €1.0m decrease, result obtained thanks to the significant reduction in financial charges.

Balance Sheet Analysis

Looking at the balance sheet as of September 30, 2015, Shareholders' equity was equal to €131.6m and net financial debt amounted to €99.5m compared to €90.1m as of September 30, 2014 (€83.6m as of December 31, 2014). The increase in net financial debt compared to 9M 2014 referred mainly to the increase in net working capital and to higher capex of the period.
As of September 30, 2015 operating net working capital amounted to €90.6m (34% of LTM sales) compared to €81.1m as of September 30, 2014 (32% 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 and Spring/Summer 2016 collections compared to the corresponding seasons of last year.
Capex in 9M 2015 amounted to €5.6m and were mainly related to maintenance and stores' refurbishment.

Income Statement, Reclassified Balance Sheet and Cash Flow Statement are attached below.
9M 2015 and 9M 2014 data included in this press release have not been audited by the Auditors' company.

The Interim financial statements for the quarter ending 30 September 2015, approved by the Board of Directors, is available to the public at the Company's registered office.

Please note also that the Financial Report and the Results Presentation at 30 September 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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(In thousands of Euro)	9M 15	%	9M 14	%	Change	Change %	Q3 15	%	Q3 14	%	Change%
Revenues from sales and services	**206,469**	**100.0%**	**192,942**	**100.0%**	**13,526**	**7.0%**	**77,746**	**100.0%**	**71,877**	**100.0%**	**8.2%**
Other revenues and income	3,239	1.6%	3,196	1.7%	42	1.3%	(48)	(0.1%)	1,170	1.6%	(104.1%)
Total Revenues	**209,707**	**101.6%**	**196,138**	**101.7%**	**13,569**	**6.9%**	**77,698**	**99.9%**	**73,048**	**101.6%**	**6.4%**
Total operating costs	(191,759)	(92.9%)	(173,508)	(89.9%)	(18,251)	10.5%	(69,513)	(89.4%)	(62,988)	(87.6%)	10.4%
EBITDA	**17,948**	**8.7%**	**22,630**	**11.7%**	**(4,682)**	**(20.7%)**	**8,185**	**10.5%**	**10,060**	**14.0%**	**(18.6%)**
Total Amortization and Write-downs	(9,589)	(4.6%)	(9,883)	(5.1%)	295	(3.0%)	(3,251)	(4.2%)	(3,596)	(5.0%)	(9.6%)
EBIT	**8,360**	**4.0%**	**12,747**	**6.6%**	**(4,387)**	**(34.4%)**	**4,934**	**6.3%**	**6,464**	**9.0%**	**(23.7%)**
Total Financial Income /(expenses)	(2,677)	(1.3%)	(5,111)	(2.6%)	2,434	(47.6%)	(935)	(1.2%)	(1,574)	(2.2%)	(40.6%)
Profit/(Loss) before taxes	**5,683**	**2.8%**	**7,636**	**4.0%**	**(1,953)**	**(25.6%)**	**3,998**	**5.1%**	**4,890**	**6.8%**	**(18.2%)**
Taxes	(3,970)	(1.9%)	(4,188)	(2.2%)	218	(5.2%)	(2,384)	(3.1%)	(2,092)	(2.9%)	13.9%
Net Profit/(Loss) net of taxes	**1,714**	**0.8%**	**3,448**	**1.8%**	**(1,735)**	**(50.3%)**	**1,614**	**2.1%**	**2,798**	**3.9%**	**(42.3%)**
(Profit)/ Loss attributable to minority shareholders	(174)	(0.1%)	(967)	(0.5%)	793	(82.0%)	(110)	(0.1%)	(467)	(0.6%)	(76.5%)
Net Profit/(Loss) for the Group	**1,540**	**0.7%**	**2,482**	**1.3%**	**(942)**	**(37.9%)**	**1,505**	**1.9%**	**2,331**	**3.2%**	**(35.5%)**

(In thousands of Euro)	9M 15	FY 14	9M 14
Trade receivables	49,990	36,885	45,532
Stock and inventories	87,440	83,867	79,116
Trade payables	(46,803)	(55,052)	(43,514)
Operating net working capital	**90,628**	**65,700**	**81,134**
Other receivables	32,008	33,413	28,344
Other liabilities	(19,568)	(17,444)	(18,925)
Net working capital	**103,067**	**81,668**	**90,553**
Tangible fixed assets	63,692	63,771	63,279
Intangible fixed assets	124,215	127,927	128,557
Investments	132	80	30
Other long term receivables	4,430	4,701	4,496
Fixed assets	**192,469**	**196,479**	**196,362**
Post employment benefits	(6,871)	(7,458)	(7,003)
Long term provisions	(974)	(2,047)	(1,737)
Assets available for sale	437	437	437
Liabilities available for sale			
Other long term liabilities	(14,480)	(14,080)	(14,080)
Deferred tax assets	12,462	13,368	11,051
Deferred tax liabilities	(36,984)	(36,829)	(37,276)
NET CAPITAL INVESTED	**249,125**	**231,538**	**238,307**
Capital issued	25,371	25,371	25,371
Other reserves	114,041	115,286	114,805
Profits/(Losses) carried-forward	(9,406)	(13,342)	(12,113)
Profit/(Loss) for the period	1,540	2,742	2,482
Group share capital and reserves	**131,546**	**130,057**	**130,545**
Minority interests	18,088	17,915	17,611
Shareholders' equity	**149,634**	**147,972**	**148,156**
Short term financial receivables	(2,256)	(1,000)	(1,000)
Liquid assets	(7,084)	(6,692)	(6,368)
Long term financial payables	16,800	12,752	13,582
Long term financial receivables	(1,946)	(1,718)	(1,623)
Short term financial payables	93,977	80,224	85,559
NET FINANCIAL POSITION	**99,491**	**83,567**	**90,151**
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	**249,125**	**231,538**	**238,307**

(In thousands of Euro)	**9M 15**	**FY 14**	**9M 14**
OPENING BALANCE	**6,692**	**7,524**	**7,524**
Profit before taxes	5,683	6,113	7,636
Amortizations, provisions and depreciations	9,428	13,657	9,160
Accruals (availments) of long term provisions and post employment benefits	(1,659)	507	(258)
Taxes	(3,473)	(3,584)	(3,013)
Financial incomes and financial charges	2,677	5,916	5,111
Change in operating assets and liabilities	(20,434)	(5,651)	(13,089)
NET CASH FLOW FROM OPERATING ASSETS	**(7,778)**	**16,958**	**5,547**
Increase (decrease) in intangible fixed assets	(1,639)	(2,129)	(972)
Increase (decrease) in tangible fixed assets	(4,000)	(4,468)	(2,601)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	(51)	(50)	
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	**(5,690)**	**(6,647)**	**(3,573)**
Other changes in reserves and profit carried-forward to shareholders'equity	(51)	547	1,289
Proceeds (repayment) of financial payments	17,800	(5,723)	443
Increase (decrease) in long term financial receivables	(1,212)	(51)	249
Financial incomes and financial charges	(2,677)	(5,916)	(5,111)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	**13,860**	**(11,143)**	**(3,130)**
CLOSING BALANCE	**7,084**	**6,692**	**6,368**

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