

Bit Market Services

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PRESS RELEASE

AEFFE: First Quarter 2016 Results Point Out A Significant Growth Of All Economic Indicators.

Sales At €76.2m (+7.0% At Constant Exchange Rate), Ebitda At €13.9m (+11.0%) And Net Profit For The Group At €5.7m (+26.7%)

San Giovanni in Marignano, 12 May 2016 - The Board of Directors of Aeffe SpA approved today the Interim consolidated financial statement as of March 31, 2016. 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 and Cédric Charlier.

- **Consolidated revenues of €76.2m, compared to €71.2m in Q1 2015 (+7.0% at current and constant exchange rate)**
- **Ebitda of €13.9m (18.3% on consolidated sales), compared to €12.5m in Q1 2015 (17.6% on consolidated sales), with a €1.4m improvement (+11.0%)**
- **Net Profit for the Group of €5.7m, compared to €4.5m in Q1 2015, with a €1.2m improvement (+26.7%)**
- **Net financial debt of €87.2m, compared to €95.4m as of March 31, 2015 (€80.5m as at 31st December, 2015)**

Consolidated Revenues

In Q1 2016, Aeffe consolidated revenues amounted to €76.2m compared to €71.2m in Q1 2015, with a 7% increase at current and constant exchange rates.

Revenues of the *prêt-à-porter* division amounted to €59.3m, up by 7.4% at current and constant exchange rates compared to Q1 2015.

Revenues of the footwear and leather goods division decreased by 4.2% and amounted to Euro 23.5m.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: *"The good results recorded in the first quarter of 2016 confirm the appreciation of our offer and the effectiveness of investments realized last year to enhance our brands, confirmed also by a 6% increase in the orders backlog of the next Fall/Winter collections. In particular, we are very satisfied with feedbacks gathered in Europe, in the United States and in Greater China, where we grow by 8.3%, 29.5% and 24%, respectively, despite critical issues in some markets and the slowdown of the retail channel, mainly due to lower tourists' flows in Europe. In the coming months we aim to intensify our presence in high potential markets such as Far East and Middle East"*.

Revenues Breakdown by Region

<i>(In thousands of Euro)</i>	1Q 16	1Q 15	%	%
	Reported	Reported	Change	Change*
Italy	33,088	31,962	3.5%	3.5%
Europe (Italy and Russia excluded)	17,868	16,492	8.3%	8.6%
Russia	2,346	2,413	(2.8%)	(2.8%)
United States	6,726	5,195	29.5%	27.0%
Rest of the World	16,181	15,162	6.7%	7.3%
Total	76,210	71,224	7.0%	7.0%

(*) Calculated at constant exchange rates

In Q1 2016 sales in Italy, amounting to 43.4% of consolidated sales, registered a 3.5% increase to €33.1m. At constant exchange rates, sales in Europe, contributing to 23.4% of consolidated sales, registered a very positive trend posting an 8.6% increase.

The Russian market, representing 3.1% of consolidated sales, declined by 2.8%, showing recovery signs compared to last year.

Sales in the United States, contributing to 8.8% of consolidated sales, posted in Q1 2016 a significant growth of 27% at constant exchange rates.

In the Rest of the World, the Group's sales totalled €16.2m, amounting to 21% of consolidated sales, recording an increase of 7.3% compared to Q1 2015, especially thanks to the good performance in Greater China, which posted a 24% growth.

Revenues by distribution channel

<i>(In thousands of Euro)</i>	1Q 16	1Q 15	%	%
	Reported	Reported	Change	Change*
Wholesale	55,672	48,365	15.1%	14.9%
Retail	18,273	20,389	(10.4%)	(9.9%)
Royalties	2,265	2,470	(8.3%)	(8.3%)
Total	76,210	71,224	7.0%	7.0%

(*) Calculated at constant exchange rates

By distribution channel, in Q1 2016, wholesale sales grew by 14.9% at constant exchange rates (+15.1% at current exchange rates), contributing to 73% of consolidated sales.

The sales of our directly-operated stores (DOS) decreased by 9.9% at constant exchange rates (-10.4% at current exchange rates) and contributed to 24% of consolidated sales. The trend is substantially related to lower tourists' flows in the main European cities.

Royalty incomes decreased by 8.3% compared to Q1 2015 and represented 3% of consolidated sales.

Network of Monobrand Stores

DOS	1Q 16	FY 15	Franchising	1Q 16	FY 15
Europe	46	47	Europe	49	45
United States	3	3	United States	3	3
Asia	14	11	Asia	134	137
Total	63	61	Total	186	185

Operating and Net Result Analysis

In Q1 2016 the Group posted a good improvement in margins; consolidated Ebitda was equal to €13.9m (with an incidence of 18.3% of consolidated sales), compared to €12.5m in Q1 2015 (17.6% of total sales), with a €1.4m increase (+11%). The improvement in profitability was mainly driven by the sales growth of the *prêt-à-porter* division.

Ebitda of the *prêt-à-porter* division amounted to €10.9m (representing 18.4% of sales), compared to €8.4m in Q1 2015 (15.2% of sales); the €2.5m increase is mainly driven by the sales growth.

Ebitda of the footwear and leather goods division amounted to €3m (13% of sales) compared to a €4.1m in Q1 2015 (16.7% of sales), with a €1.1m decrease, mainly attributable to the sales decline.

Consolidated Ebit was equal to €10.9m, compared to €9.4m in Q1 2015, with a €1.5m increase (+15.7%).

Thanks to the improvement in operating profit and to the decrease in financial expenses, in Q1 2016 Profit before taxes amounted to €10m compared with Profit before taxes of €8.3m in Q1 2015, with a €1.7m increase.

Net result of the Group was equal to €5.7m, compared to the Net Profit for the Group of €4.5m in Q1 2015, with a €1.2m improvement.

Balance Sheet Analysis

Looking at the balance sheet as of March 31, 2016, Shareholders' equity is equal to €136.9m and net financial debt amounts to €87.2m compared to €95.4m as of March 31, 2015 (€80.5m as of December 31, 2015). The financial debt decrease compared to Q1 2015 refers mainly to the better economic results and a better management of net working capital.

As of March 31, 2016 operating net working capital amounts to €83.9m (30.7% of LTM sales) compared to €86.4m as of March 31, 2015 (33.9% of sales).

The reduction of the incidence on sales is mainly related to the positive trend of trade receivables and payables in the first quarter of 2016.

Capex in Q1 2016 amount to €0.7m and are mostly related to the maintenance and stores' refurbishment.

It is finally communicated that the minutes of the Meeting of the company on 13th April 2016 is now available for the consultation at the legal seat of the company, at Borsa Italiana S.p.A as well as on the company's website, section Investor Relations/Company Documents, link: <http://www.aeffe.com/aeffeHome.php?pattern=78&lang=eng>.

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

Q1 2016 data included in this press release are not audited by the Auditors' company.

Please note that the Interim Consolidated Financial Statements and the Results Presentation at 31 March 2016 are available at the following link: <http://www.aeffe.com/aeffeHome.php?pattern=11&lang=ita>.

"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>	1Q 16	%	1Q 15	%	Change	Change %
Revenues from sales and services	76,210	100.0%	71,224	100.0%	4,986	7.0%
Other revenues and income	1,189	1.6%	2,056	2.9%	(868)	(42.2%)
Total Revenues	77,399	101.6%	73,281	102.9%	4,118	5.6%
Total operating costs	(63,463)	(83.3%)	(60,742)	(85.3%)	(2,721)	4.5%
EBITDA	13,936	18.3%	12,539	17.6%	1,396	11.1%
Total Amortization and Write-downs	(3,047)	(4.0%)	(3,127)	(4.4%)	80	(2.5%)
EBIT	10,888	14.3%	9,412	13.2%	1,476	15.7%
Total Financial Income /(expenses)	(885)	(1.2%)	(1,145)	(1.6%)	260	(22.7%)
Profit before taxes	10,003	13.1%	8,267	11.6%	1,736	21.0%
Taxes	(3,666)	(4.8%)	(3,064)	(4.3%)	(602)	19.6%
Net Profit	6,337	8.3%	5,203	7.3%	1,134	21.8%
Profit attributable to minority shareholders	(550)	(0.7%)	(637)	(0.9%)	87	(13.7%)
Net Profit for the Group	5,787	7.6%	4,566	6.4%	1,221	26.7%

<i>(In thousands of Euro)</i>	1Q 16	FY 15	1Q 15
Trade receivables	41,860	38,256	46,243
Stock and inventories	90,674	89,988	89,600
Trade payables	(48,608)	(61,429)	(49,395)
Operating net working capital	83,926	66,816	86,448
Other receivables	33,054	33,484	34,117
Other liabilities	(19,780)	(17,979)	(19,513)
Net working capital	97,199	82,321	101,052
Tangible fixed assets	62,401	63,261	63,674
Intangible fixed assets	121,367	122,821	127,000
Investments	132	132	83
Other long term receivables	4,307	4,265	4,795
Fixed assets	188,206	190,478	195,552
Post employment benefits	(6,480)	(6,552)	(7,115)
Long term provisions	(935)	(1,069)	(1,405)
Assets available for sale	437	437	437
Liabilities available for sale			
Other long term liabilities	(14,330)	(14,330)	(14,480)
Deferred tax assets	10,597	11,089	12,230
Deferred tax liabilities	(32,129)	(32,208)	(37,033)
NET CAPITAL INVESTED	242,565	230,167	249,237
Capital issued	25,371	25,371	25,371
Other reserves	113,701	114,337	114,700
Profits/(Losses) carried-forward	(7,964)	(9,486)	(9,371)
Profit/(Loss) for the period	5,787	1,522	4,566
Group share capital and reserves	136,895	131,744	135,266
Minority interests	18,434	17,884	18,552
Shareholders' equity	155,329	149,628	153,818
Short term financial receivables	(1,816)	(1,816)	(1,460)
Liquid assets	(11,587)	(9,993)	(7,530)
Long term financial payables	18,700	18,394	14,579
Long term financial receivables	(1,899)	(2,031)	(2,067)
Short term financial payables	83,838	75,985	91,897
NET FINANCIAL POSITION	87,236	80,539	95,420
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	242,565	230,167	249,237

<i>(In thousands of Euro)</i>	1Q 16	FY 15	1Q 15
OPENING BALANCE	9,993	6,692	6,692
Profit before taxes	10,003	2,853	8,267
Amortizations, provisions and depreciations	3,001	13,459	3,073
Accruals (availments) of long term provisions and post employment benefits	(206)	(1,885)	(984)
Taxes	(2,122)	(3,596)	(1,648)
Financial incomes and financial charges	885	3,031	1,145
Change in operating assets and liabilities	(16,009)	(1,097)	(19,058)
NET CASH FLOW FROM OPERATING ASSETS	(4,448)	12,765	(9,205)
Increase (decrease) in intangible fixed assets	(309)	(2,047)	(843)
Increase (decrease) in tangible fixed assets	(379)	(4,992)	(1,206)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)		(51)	(3)
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(688)	(7,090)	(2,052)
Other changes in reserves and profit carried-forward to shareholders'equity	(636)	(52)	643
Proceeds (repayment) of financial payments	8,160	1,402	13,500
Increase (decrease) financial receivables	91	(693)	(903)
Financial incomes and financial charges	(885)	(3,031)	(1,145)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	6,730	(2,374)	12,095
CLOSING BALANCE	11,587	9,993	7,530

Fine Comunicato n.0923-13

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