

Bit Market Services

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Press Release

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PRESS RELEASE

AEFFE: In 9M 2016 Confirmed Positive Trend Of All Economic Indicators

Sales At €213.8m (+3.8% At Constant Exchange Rate), Ebitda At €21.3m (+18.6%) And Net Profit For The Group At €4.9m (+217.5% compared with €1.5m In 9M2015)

San Giovanni in Marignano, 10 November 2016 - The Board of Directors of Aeffe SpA has approved today the Group's Report for the First Nine months of 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 €213.8m, compared to €206.5m in 9M 2015 (+3.5% at current exchange rate and +3.8% at constant exchange rate)**
- **Ebitda of €21.3m, compared to €17.9 in 9M 2015 (+19%)**
- **Profit before taxes of €10.5m, compared to a profit of €5.68m in 9M 2015 with a €4.8m improvement (+84%)**
- **Net Profit for the Group of €4.9m, compared to a net profit of €1.5m in 9M 2015 (+217%)**
- **Net financial debt of €77.6m, compared to €99.5m as of September 30, 2015 (€80.5m as of December 31, 2015)**

Consolidated Revenues

In the first nine months of 2016, Aeffe consolidated revenues amounted to €213.8m compared to €206.5m in the first nine months of 2015, with a 3.5% increase at current exchange rates (+3.8% at constant exchange rates).

Revenues of the prêt-à-porter division amounted to €163.9m, up by 3.4% at current exchange rates and by 3.7% at constant exchange rates compared to 9M 2015.

Revenues of the footwear and leather goods division decreased by 2.4% to €71m, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: *"The Group is continuing to register a good trend both in term of sales growth and a more than proportional increase in profitability. Despite the macroeconomic uncertainty and the slowdown in the retail channel, mainly due to lower tourists' flows, we are confident for the remaining part of the year, in the light of the good results of the Autumn/Winter collections currently in the stores and of the orders intake for next Spring/Summer collections, up by 5%".*

Revenues Breakdown by Region

<i>(In thousands of Euro)</i>	9M 16 Reported	9M 15 Reported	% Change	% Change*
Italy	96,509	92,583	4.2%	4.2%
Europe (Italy and Russia excluded)	46,447	44,460	4.5%	5.3%
Russia	7,382	7,036	4.9%	4.9%
United States	17,061	16,280	4.8%	4.9%
Rest of the World	46,361	46,110	0.5%	0.9%
Total	213,760	206,468	3.5%	3.8%

(*) Calculated at constant exchange rates

In 9M 2016, sales in Italy, amounting to 45.1% of consolidated sales, registered a 4.2% increase to €96.5m compared to 9M 2015.

At constant exchange rates, sales in Europe, contributing to 21.7% of consolidated sales, increased by 5.3%. The Russian market, representing 3.5% of consolidated sales, increased by 4.9%, showing timid signs of recovery compared to last year.

Sales in the United States, contributing to 8% of consolidated sales, posted in the period a growth of 4.9% at constant exchange rates.

In the Rest of the World, the Group's sales totalled €46.4m, amounting to 21.7% of consolidated sales, recording an increase of 0.9% compared to 9M 2015.

Revenues by distribution channel

<i>(In thousands of Euro)</i>	9M 16 Reported	9M 15 Reported	% Change	% Change*
Wholesale	152,837	142,134	7.5%	7.6%
Retail	53,581	58,251	(8.0%)	(7.3%)
Royalties	7,342	6,084	20.7%	20.7%
Total	213,760	206,469	3.5%	3.8%

(*) Calculated at constant exchange rates

By distribution channel, in 9M 2016, wholesale sales grew by 7.6% at constant exchange rates (+7.5% at current exchange rates), contributing to 71.5% of consolidated sales.

The sales of our directly-operated stores (DOS), representing 25.1% of consolidated sales, decreased by 7.3% at constant exchange rates (-8.0% at current exchange rates), with direct negative impact on Group's operating marginality. The change is substantially related to lower tourists' flows across the main European cities.

Royalty incomes, representing 3.4% of consolidated sales, significantly recovered compared to 9M 2015 recording a 20.7% increase.

Network of Monobrand Stores

DOS	9M 16	FY 15	Franchising	9M 16	FY 15
Europe	45	47	Europe	48	45
United States	3	3	United States	2	3
Asia	16	11	Asia	139	137
Total	64	61	Total	189	185

Operating and Net Result Analysis

In 9M 2016 the Group posted a significant improvement in margins; consolidated Ebitda was equal to €21.3m (with an incidence of 10% of consolidated sales), compared to €17.9m in 9M 2015 (8.7% of total sales), with a €3.4m increase (+19%). The improvement in profitability was mainly driven by sales growth of the *prêt-à-porter* division.

Ebitda of the *prêt-à-porter* division amounted to €14.3m (representing 8.8% of division sales), compared to €10.6m in 9M 2015 (6.7% of division sales); the €37m increase is mainly driven by sales growth.

Ebitda of the footwear and leather goods division amounted to €6.9m (10% of division sales) compared to €7.3m in 9M 2015 (10% of division sales), with a €04m decrease, mainly attributable to decline in revenues.

Consolidated Ebit was equal to €12.2m, compared to €8.3m in 9M 2015, with a €3.9m increase (+46%).

Thanks to improvement in operating profit and to decrease in financial expenses, in 9M 2016 Profit before taxes amounted to €10.5m compared with Profit before taxes of €5.7m in 9M 2015, with a €4.8m increase (+84%).

Net result of the Group was equal to €4.9m, compared to the Net Profit for the Group of €1.5m in 9M 2015, with a €3.4m improvement.

Balance Sheet Analysis

Looking at the balance sheet as of September 30, 2016, Shareholders' equity is equal to €136.2m and net financial debt amounts to €77.6m compared to €80.5m at the end of 2015. The financial debt decrease mainly refers to cash flow increase.

As of September 30, 2016 operating net working capital amounts to €86.8m (31.4% of LTM sales) compared to €90.6m as of September 30, 2015 (34.2% of LTM sales).

The reduction of incidence on sales is mainly related to better management of the operating net working capital management.

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

9M 2016 and 9M 2015 data included in this press release have not been audited by the Auditors' company.

The Interim financial statements for the quarter ending 30 September 2016, 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 2016 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".

Contacts:

Investor Relations

AEFFE S.p.A

Annalisa Aldrovandi

+39 0541 965494

annalisa.aldrovandi@aeffe.com

www.aeffe.com

Press Relations

Barabino & Partners

Marina Riva

m.riva@barabino.it

+39 02 72023535

<i>(In thousands of Euro)</i>	9M 16	%	9M 15	%	Change	Change %
Revenues from sales and services	213,760	100.0%	206,469	100.0%	7,292	3.5%
Other revenues and income	5,351	2.5%	3,239	1.6%	2,113	65.2%
Total Revenues	219,112	102.5%	209,707	101.6%	9,404	4.5%
Total operating costs	(197,816)	(92.5%)	(191,759)	(92.9%)	(6,058)	3.2%
EBITDA	21,295	10.0%	17,948	8.7%	3,347	18.6%
Total Amortization and Write-downs	(9,082)	(4.2%)	(9,589)	(4.6%)	506	(5.3%)
EBIT	12,213	5.7%	8,360	4.0%	3,853	46.1%
Total Financial Income /(expenses)	(1,745)	(0.8%)	(2,677)	(1.3%)	931	(34.8%)
Profit before taxes	10,468	4.9%	5,683	2.8%	4,785	84.2%
Taxes	(5,056)	(2.4%)	(3,970)	(1.9%)	(1,086)	27.4%
Net Profit	5,412	2.5%	1,714	0.8%	3,698	215.8%
Profit attributable to minority shareholders	(522)	(0.2%)	(174)	(0.1%)	(348)	200.5%
Net Profit for the Group	4,890	2.3%	1,540	0.7%	3,350	217.5%

(In thousands of Euro)

	9M 16	FY 15	9M 15
Trade receivables	45,626	38,256	49,990
Stock and inventories	88,774	89,988	87,440
Trade payables	(47,564)	(61,429)	(46,803)
Operating net working capital	86,836	66,816	90,628
Other receivables	27,074	33,484	32,008
Other liabilities	(22,192)	(17,979)	(19,568)
Net working capital	91,718	82,321	103,067
Tangible fixed assets	61,527	63,261	63,692
Intangible fixed assets	116,430	122,821	124,215
Investments	132	132	132
Other long term receivables	3,801	4,265	4,430
Fixed assets	181,889	190,478	192,469
Post employment benefits	(6,423)	(6,552)	(6,871)
Long term provisions	(796)	(1,069)	(974)
Assets available for sale	437	437	437
Liabilities available for sale			
Other long term liabilities	(285)	(14,330)	(14,480)
Deferred tax assets	11,068	11,089	12,462
Deferred tax liabilities	(31,328)	(32,208)	(36,984)
NET CAPITAL INVESTED	246,280	230,167	249,125
Capital issued	25,371	25,371	25,371
Other reserves	114,797	114,337	114,041
Profits/(Losses) carried-forward	(8,883)	(9,486)	(9,406)
Profit/(Loss) for the period	4,890	1,522	1,540
Group share capital and reserves	136,175	131,744	131,546
Minority interests	32,451	17,884	18,088
Shareholders' equity	168,626	149,628	149,634
Short term financial receivables	(2,236)	(1,816)	(2,256)
Liquid assets	(8,594)	(9,993)	(7,084)
Long term financial payables	20,531	18,394	16,800
Long term financial receivables	(3,217)	(2,031)	(1,946)
Short term financial payables	71,169	75,985	93,977
NET FINANCIAL POSITION	77,654	80,539	99,491
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	246,280	230,167	249,125

<i>(In thousands of Euro)</i>	9M 16	FY 15	9M 15
OPENING BALANCE	9,993	6,692	6,692
Profit before taxes	10,468	2,853	5,683
Amortizations, provisions and depreciations	8,929	13,459	9,428
Accruals (availments) of long term provisions and post employment benefits	(402)	(1,885)	(1,659)
Taxes	(3,062)	(3,596)	(3,473)
Financial incomes and financial charges	1,745	3,031	2,677
Change in operating assets and liabilities	(26,295)	(1,097)	(20,434)
NET CASH FLOW FROM OPERATING ASSETS	(8,617)	12,765	(7,778)
Increase (decrease) in intangible fixed assets	1,291	(2,047)	(1,639)
Increase (decrease) in tangible fixed assets	(2,095)	(4,992)	(4,000)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)		(51)	(51)
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(804)	(7,090)	(5,690)
Other changes in reserves and profit carried-forward to shareholders'equity	13,586	(52)	(51)
Proceeds (repayment) of financial payments	(2,678)	1,402	17,800
Increase (decrease) financial receivables	(1,141)	(693)	(1,212)
Financial incomes and financial charges	(1,745)	(3,031)	(2,677)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	8,022	(2,374)	13,860
CLOSING BALANCE	8,594	9,993	7,084

Fine Comunicato n.0923-24

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