



SPAFID CONNECT

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PRESS RELEASE

AIEFFE: In 2016 Confirmed Positive Trend Of All Economic Indicators, With A significant Progression Of Profitability

Sales At €280.7m (+4.7% At Constant Exchange Rate), Ebitda At €25.2m (+30%) And Net Profit For The Group At €3.6m (+139% compared with €1.5m In 2015)

San Giovanni in Marignano, 9th March 2017 - The Board of Directors of Aeffe SpA approved today the consolidated results for the Full Year 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 €280.7m, compared to €268.8m in 2015 (+4.7% at constant exchange rate and +4.4% at current exchange rate)**
- **Ebitda of €25.2m compared to €19.3m in 2015, with a €5.9m increase (+30%)**
- **Profit before taxes of €8.3m, compared to a profit of €2.8m in 2015, with a €5.5m improvement (+192%)**
- **Net Profit for the Group of €3.6m, compared to a net profit of €1.5m in 2015, with a €2.1m increase (+139%)**
- **Net financial debt of €59.5m, compared to €80.5m as of 31st December 2015, with a €21m improvement (-26%)**

Consolidated Revenues

In the year 2016 Aeffe Group registered sales of Euro 280.7 million compared to €268.8m in 2015, with a 4.7% increase at constant exchange rates (+4.4% at current exchange rates).

Revenues of the prêt-à-porter division amounted to €215.8m, up by 4.5% at constant exchange rates compared to 2015 (+4.2% at current exchange rates).

Revenues of the footwear and leather goods division increased by 0.2% to €95.9m, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe SpA, has commented: *"We are satisfied with the Group's continuous growth and, in particular, with the profitability momentum. Constant attention and weighting of initiatives aimed at enhancing our brands' positioning in terms of special projects and high-potential markets, along with business model's optimization are the cornerstones of the effectively adopted strategy and the basis for the long-term development. We are therefore confident about the future, in the light of the trend registered in 2016 and the positive feedbacks on the ongoing Fall/Winter 2017-2018 collections sales campaign"*.

Revenues Breakdown by Region

<i>(In thousands of Euro)</i>	FY 16 Reported	FY 15 Reported	% Change	% Change*
Italy	126,079	119,753	5.3%	5.3%
Europe (Italy and Russia excluded)	59,934	56,842	5.4%	6.4%
Russia	9,107	9,172	(0.7%)	(0.7%)
United States	22,941	22,248	3.1%	2.9%
Rest of the World	62,630	60,809	3.0%	3.2%
Total	280,691	268,825	4.4%	4.7%

(*) Calculated at constant exchange rates

In 2016, sales in Italy, amounting to 44.9% of consolidated sales, registered a very positive increase marking a 5.3% growth to €126.1m compared to 2015.

At constant exchange rates, sales in Europe, contributing to 21.4% of consolidated sales, increased by 6.4%, driven by the good performance in Germany, Spain and Eastern Europe.

The Russian market, representing 3.2% of consolidated sales, decreased by 0.7%, showing timid signs of recovery compared to last year.

Sales in the United States, contributing to 8.2% of consolidated sales, posted in the period a growth of 2.9% at constant exchange rates.

In the Rest of the World, the Group's sales totalled €62.6m, amounting to 22.3% of consolidated sales, recording an increase of 3.2% compared to 2015, especially driven by excellent trend in Greater China, which posted a 7.1% growth.

Revenues by distribution channel

<i>(In thousands of Euro)</i>	FY 16 Reported	FY 15 Reported	% Change	% Change*
Wholesale	201,271	185,859	8.3%	8.3%
Retail	70,334	74,272	(5.3%)	(4.5%)
Royalties	9,086	8,694	4.5%	4.5%
Total	280,691	268,825	4.4%	4.7%

(*) Calculated at constant exchange rates

By distribution channel, in 2016, wholesale sales grew by 8.3% both at constant and current exchange rates, contributing to 71.7% of consolidated sales.

The sales of our directly-operated stores (DOS), representing 25.1% of consolidated sales, decreased by 4.5% at constant exchange rates (-5.3% at current exchange rates), compared with 2015. The change is substantially related to lower tourists' flows across the main European cities.

Royalty incomes, representing 3.2% of consolidated sales, recorded a 4.5% increase compared to 2015.

Network of Monobrand Stores

DOS	FY 16	FY 15	Franchising	FY 16	FY 15
Europe	45	47	Europe	50	45
United States	3	3	United States	2	3
Asia	16	11	Asia	139	137
Total	64	61	Total	191	185

As far as the directly operated stores is concerned, in 2016 five new duty free stores were opened in Korea for Moschino brand, in addition to a new flagship store in Milan that reunites collections previously sold in

two different boutiques, located, respectively, in Via S. Andrea and Via Spiga. In the new store, over 600 s. m., all Moschino collections are sold, including kidswear.

For Pollini brand there was the closure of the outlet site in Città di Castello (Pescara).

On franchised stores, five new stores were opened in Europe, of which two for Moschino brand and three for Pollini brand. Other changes were mainly concerned across Asian markets for openings and closures made for strategic repositioning of the stores.

Operating and Net Result Analysis

In 2016 the Group posted an excellent improvement in margins; consolidated Ebitda was equal to €25.2m (with an incidence of 9% of consolidated sales), compared to €19.3m in 2015 (7.2% of total sales), with a €5.9m increase (+30%). This improvement was due to both sales growth and lower incidence of the operating costs, in turn closely linked to the Group's business model. In particular, thanks to full exploitation of economies of scale, an increase in sales corresponds to a more than proportional increase in margins.

The improvement in profitability was mainly driven by the *prêt-à-porter* division.

Ebitda of the *prêt-à-porter* division amounted to €18.9m (representing 8.8% of division sales), compared to €12.2m in 2015 (5.9% of division sales), with a €6.7m increase (+55%).

Ebitda of the footwear and leather goods division amounted to €6.3m (6.5% of division sales) compared to a €7.1m in 2015 (7.5% of division sales), with a €0.8m decrease, mainly attributable to decline in revenues.

Consolidated Ebit was equal to €10.1m, compared to €5.9m in 2015, with a €4.2m increase (+71%).

Financial expenses decreased by 42%, amounting to Euro 1.7 million compared with Euro 3 million in 2015.

Thanks to improvement in operating profit and to decrease in financial expenses, in 2016 Profit before taxes amounted to €8.3m compared with Profit before taxes of €2.8m in 2015, with a €5.5m increase (+192%).

Net result of the Group was equal to €3.6m, compared to the Net Profit for the Group of €1.5m in 2015, with a €2.1m improvement (+139%).

Group's Balance Sheet Analysis

Looking at the balance sheet as of 31st December 2016, Shareholders' equity was equal to €135.8m.

Shareholders' Equity, Minorities included, amounted to Euro 168.1 million compared with Euro 149.6 million in 2015: beyond 2016 net result, the equity growth was driven by the capital increase of Moschino spa subsidiary, subscribed pro-quota both by the parent company Aeffe spa and the minority stakeholder. The capital increase was realized by converting to equity Moschino debts towards Aeffe spa for Euro 32,772 million and to minority stakeholder for Euro 14,045. Such debts were shareholders' loans qualified as capital contributions. Therefore, this capital increase occurred without any financial outlay.

The Group's net financial debt amounted to €59.5m compared to €80.5m as of 31st December 2015. The financial debt decrease mainly referred to cash flow increase.

As of 31st December 2016 operating net working capital amounted to €68.2m (24.3% on sales) compared to €66.8m as of 31st December 2015 (24.8% on sales).

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

Proposal of the Board of Directors to approve 2016 Annual Report draft for the parent company Aeffe SpA and the allocation of the profit of the year 2016

The Board of Directors also approved the draft of the 2016 Annual Report for the parent company Aeffe SpA. On 12th April 2017 the Board of Directors will propose to the Shareholder's meeting to allocate the profit of the year 2016 amounting to € 1,714,547 as follows:

- Legal Reserve, €85,727;
- Extraordinary Reserve, € 1,628,820.

Comments on the main economic-financial data of the Parent Company Aeffe SpA

Revenues of the Parent company Aeffe SpA amounted to €145.9 million, up by 6.2% at current exchange rates compared to 2015.

In 2016 Ebitda was equal to €7.5m (with an incidence of 5.1% of consolidated sales), compared to €6.5m in 2015 (4.7% of total sales). This increase is significantly driven by the sales growth and the following lower incidence of the operating costs, thanks to the benefits of operating leverage effect.

Ebit amounted to €5.3m, compared to an Ebit of €3.9m of previous year and this improvement was driven by Ebitda increase.

Also in 2016 net financial expenses significantly decreased amounting to €1.8m compared with €2.5m in 2015, with a €0.7m decrease (-27%).

Profit before taxes for the period reported a €2m increase, amounting to €3.4m compared to €1.4m in 2015. In 2016 the Parent company Aeffe SpA posted a Net Profit of €1.7m, compared to the net profit of €0.9m in 2015, result mainly obtained thanks to Ebitda increase and reduction in financial charges as commented above.

As of 31st December 2016, net financial debt amounted to €67.3m, compared to €77.1m as of 31st December 2015, with a €9.8m improvement. The decrease in net financial debt was mainly related to operating cash flow improvement.

Shareholders' equity was equal to €136.7m, compared to €135m as of 31st December 2015.

Here below attached the Income Statement, the Reclassified Balance Sheet and the Cash Flow Statement for the Group and for the parent company Aeffe SpA.

Full Year 2016 data included in this press release are currently under the activity of the Auditors' company.

Please note also that the Results Presentation at 31st December 2016 is available at the following link:

<http://www.aeffe.com/aeffeHome.php?lang=eng>

It is specified that Consolidated Financial Statement and the Draft of Annual Report of the parent company Aeffe SpA at 31st December 2016 will be available to the public in compliance with the terms and conditions required by the law at the legal seat of Aeffe, on the company's website www.aeffe.com and via the SDIR NIS circuit organized by Borsa Italiana.

"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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CONSOLIDATED INCOME STATEMENT

(In thousands of Euro)

	FY 16	%	FY 15	%	Change	Change %
Revenues from sales and services	280,691	100.0%	268,825	100.0%	11,866	4.4%
Other revenues and income	6,817	2.4%	5,213	1.9%	1,603	30.8%
Total Revenues	287,507	102.4%	274,038	101.9%	13,469	4.9%
Total operating costs	(262,313)	(93.5%)	(254,695)	(94.7%)	(7,618)	3.0%
EBITDA	25,195	9.0%	19,343	7.2%	5,851	30.3%
Total Amortization and Write-downs	(15,109)	(5.4%)	(13,459)	(5.0%)	(1,649)	12.3%
EBIT	10,086	3.6%	5,884	2.2%	4,202	71.4%
Total Financial Income /(expenses)	(1,754)	(0.6%)	(3,031)	(1.1%)	1,277	(42.1%)
Profit/(Loss) before taxes	8,331	3.0%	2,853	1.1%	5,479	192.1%
Taxes	(3,955)	(1.4%)	(1,144)	(0.4%)	(2,811)	245.8%
Profit/(Loss) Net of taxes	4,376	1.6%	1,709	0.6%	2,668	156.1%
(Profit)/ Loss attributable to minority shareholders	(735)	(0.3%)	(187)	(0.1%)	(548)	293.9%
Net Profit/(Loss) for the Group	3,641	1.3%	1,522	0.6%	2,119	139.2%

CONSOLIDATED RECLASSIFIED BALANCE SHEET

<i>(In thousands of Euro)</i>	FY 16	FY 15
Trade receivables	40,711	38,256
Stock and inventories	89,390	89,988
Trade payables	(61,881)	(61,429)
Operating net working capital	68,220	66,816
Other receivables	29,177	33,484
Other liabilities	(24,335)	(17,979)
Net working capital	73,062	82,321
Tangible fixed assets	61,376	63,261
Intangible fixed assets	115,132	122,821
Investments	132	132
Other long term receivables	3,962	4,265
Fixed assets	180,601	190,478
Post employment benefits	(6,367)	(6,552)
Long term provisions	(2,559)	(1,069)
Assets available for sale	437	437
Liabilities available for sale		
Other long term liabilities	(469)	(14,330)
Deferred tax assets	13,856	11,089
Deferred tax liabilities	(30,986)	(32,208)
NET CAPITAL INVESTED	227,576	230,167
Capital issued	25,371	25,371
Other reserves	115,642	114,337
Profits/(Losses) carried-forward	(8,883)	(9,486)
Profit/(Loss) for the period	3,641	1,522
Group share capital and reserves	135,771	131,744
Minority interests	32,298	17,884
Shareholders' equity	168,070	149,628
Short term financial receivables	(2,236)	(1,816)
Liquid assets	(14,521)	(9,993)
Long term financial payables	23,840	18,394
Long term financial receivables	(3,391)	(2,031)
Short term financial payables	55,814	75,985
NET FINANCIAL POSITION	59,507	80,539
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	227,576	230,167

CONSOLIDATED CASH FLOW STATEMENT

(In thousands of Euro)

	FY 16	FY 15
OPENING BALANCE	9,993	6,692
Profit before taxes	8,331	2,853
Amortizations, provisions and depreciations	15,110	13,459
Accruals (availments) of long term provisions and post employment benefits	1,305	(1,885)
Taxes	(3,583)	(3,596)
Financial incomes and financial charges	1,754	3,031
Change in operating assets and liabilities	(12,195)	(1,097)
NET CASH FLOW FROM OPERATING ACTIVITIES	10,722	12,765
Increase (decrease) in intangible fixed assets	883	(2,047)
Increase (decrease) in tangible fixed assets	(3,265)	(4,992)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	77	(51)
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(2,305)	(7,090)
Other changes in reserves and profit carried-forward to shareholders'equity	20	(52)
Proceeds (repayment) of financial payments	(679)	1,402
Increase (decrease) in long term financial receivables	(1,476)	(693)
Financial incomes and financial charges	(1,754)	(3,031)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	(3,889)	(2,374)
CLOSING BALANCE	14,521	9,993

AEFFE S.P.A. INCOME STATEMENT

(In thousands of Euro)

	FY 16	%	FY 15	%	Change	Change %
Revenues from sales and services	145,903	100.0%	137,380	100.0%	8,523	6.2%
Other revenues and income	5,244	3.6%	6,689	4.9%	(1,445)	(21.6%)
Total Revenues	151,148	103.6%	144,069	104.9%	7,078	4.9%
Total operating costs	(143,683)	(98.5%)	(137,560)	(100.1%)	(6,123)	4.5%
EBITDA	7,465	5.1%	6,510	4.7%	955	14.7%
Total Amortization and Write-downs	(2,203)	(1.5%)	(2,606)	(1.9%)	404	(15.5%)
EBIT	5,262	3.6%	3,903	2.8%	1,359	34.8%
Total Financial Income /(expenses)	(1,793)	(1.2%)	(2,461)	(1.8%)	668	(27.1%)
Profit/(Loss) before taxes	3,469	2.4%	1,443	1.1%	2,026	140.5%
Taxes	(1,755)	(1.2%)	(524)	(0.4%)	(1,231)	234.9%
Profit/(Loss) Net of taxes	1,715	1.2%	919	0.7%	796	86.6%

AEFFE S.P.A. RECLASSIFIED BALANCE SHEET

(In thousands of Euro)

	FY 16	FY 15
Trade receivables	63,926	59,353
Stock and inventories	28,352	30,920
Trade payables	(71,790)	(70,444)
Operating net working capital	20,487	19,829
Other receivables	14,125	17,070
Other liabilities	(13,149)	(7,243)
Net working capital	21,463	29,656
Tangible fixed assets	42,870	43,291
Intangible fixed assets	3,759	3,887
Investments	139,409	105,937
Other long term receivables	6,889	40,929
Fixed assets	192,927	194,043
Post employment benefits	(4,284)	(4,293)
Long term provisions	(282)	(311)
Other long term liabilities	(761)	(1,316)
Deferred tax assets	2,279	1,687
Deferred tax liabilities	(7,326)	(7,350)
NET CAPITAL INVESTED	204,016	212,117
Capital issued	25,371	25,371
Other reserves	107,252	106,402
Profits/(Losses) carried-forward	2,348	2,348
Profit/(Loss) for the period	1,715	919
Shareholders' equity	136,685	135,040
Liquid assets	(2,635)	(1,340)
Long term financial payables	25,118	17,918
Short term financial payables	44,847	60,498
NET FINANCIAL POSITION	67,330	77,076
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	204,016	212,117

AEFFE S.P.A. CASH FLOW STATEMENT*(In thousands of Euro)*

	FY 16	FY 15
OPENING BALANCE	1,339	578
Result before taxes	3,469	1,443
Amortizations, provisions and depreciations	2,203	2,606
Accruals (availments) of long term provisions and post employment benefits	(38)	(460)
Taxes	2,162	(669)
Financial incomes and financial charges	1,793	2,461
Change in operating assets and liabilities	2,506	(5,056)
NET CASH FLOW FROM OPERATING ACTIVITIES	12,095	325
Increase (decrease) in intangible fixed assets	(282)	(280)
Increase (decrease) in tangible fixed assets	(1,072)	(1,307)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	(400)	(838)
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(1,754)	(2,426)
Other changes in reserves and profit carried-forward to shareholders'equity	(70)	672
Proceeds (repayment) of financial payments	(8,451)	3,929
Increase (decrease) in long term financial receivables	1,267	721
Financial incomes and financial charges	(1,793)	(2,461)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	(9,047)	2,862
CLOSING BALANCE	2,633	1,339

Fine Comunicato n.0923-9

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