



SPAFID CONNECT

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PRESS RELEASE

AIEFFE: In First Quarter 2017 Confirmed The Growth Of All Economic Indicators.

Sales At €79.6m (+4.4% At Current Exchange Rates), Ebitda At €15.4m (+11.0%) And Net Profit For The Group At €8.1m (+41%)

San Giovanni in Marignano, 11 May 2017 - The Board of Directors of Aeffe SpA approved today the Interim consolidated financial statement as of March 31, 2017. 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 €79.6m, compared to €76.2m in Q1 2016, with a 4.4% increase at current exchange rates (+4.1% at constant exchange rates)**
- **Ebitda of €15.4m (19.4% on consolidated sales), compared to €13.9m in Q1 2016 (18.3% on consolidated sales), with a €1.5m improvement (+11.0%)**
- **Net Profit for the Group of €8.1m, compared to €5.8m in Q1 2016, with a €2.3m improvement (+41%)**
- **Net financial debt of €64.4m, compared to €87.2m as of March 31, 2016, with a €22.8m improvement (€59.5m as at 31st December, 2016)**

Consolidated Revenues

In Q1 2017, AIEFFE consolidated revenues amounted to €79.6m compared to €76.2m in Q1 2016, with a 4.4% increase at current exchange rates (+4.1% at constant exchange rates).

Revenues of the *prêt-à-porter* division amounted to €61.4m, up by 3.5% at current exchange rates compared to Q1 2016 (+3.1% at constant exchange rates).

Revenues of the footwear and leather goods division increased by 8%, equal to Euro 25.4m.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: *"We are satisfied with the continuous Group's progression, thanks to the positive performance of all proprietary brands, along with the recovery of the retail channel, especially in Europe. In addition, the Fall / Winter collection sales campaign ended with an increase of 13.1%, providing visibility on the good prospects for the current year"*.

Revenues Breakdown by Region

<i>(In thousands of Euro)</i>	1Q 17 Reported	1Q 16 Reported	% Change	% Change*
Italy	38,336	33,088	15.9%	15.9%
Europe (Italy and Russia excluded)	17,972	17,868	0.6%	1.2%
Russia	2,559	2,346	9.1%	9.1%
United States	5,904	6,726	(12.2%)	(14.5%)
Rest of the World	14,795	16,181	(8.6%)	(9.6%)
Total	79,565	76,210	4.4%	4.1%

(*) Calculated at constant exchange rates

In Q1 2017 sales in Italy, amounting to 48.2% of consolidated sales, registered a very positive trend compared to Q1 2016 posting a 15.9% increase to €38.3m.

At constant exchange rates, sales in Europe, contributing to 22.6% of consolidated sales, registered a 1.2% growth.

The Russian market, representing 3.2% of consolidated sales, grew by 9.1%, showing a good recovery compared to the decrease of last year.

Sales in the United States, contributing to 7.4% of consolidated sales, posted a decrease of 14.5% at constant exchange rates in Q1 2017. This change was mainly due to the slowdown in sales in the department stores.

In the Rest of the World, the Group's sales totalled €14.8m, amounting to 18.6% of consolidated sales, recording a decrease of 9.6% compared to Q1 2016, especially due to the delivery shifting that characterized the business in the period.

Revenues by distribution channel

<i>(In thousands of Euro)</i>	1Q 17 Reported	1Q 16 Reported	% Change	% Change*
Wholesale	57,507	55,672	3.3%	2.9%
Retail	19,948	18,273	9.2%	9.3%
Royalties	2,111	2,265	(6.8%)	(6.8%)
Total	79,565	76,210	4.4%	4.1%

(*) Calculated at constant exchange rates

By distribution channel, in Q1 2017, wholesale sales grew by 2.9% at constant exchange rates (+3.3% at current exchange rates), contributing to 72.3% of consolidated sales.

The sales of our directly-operated stores (DOS) increased by 9.3% at constant exchange rates (+9.2% at current exchange rates) and contributed to 25.1% of consolidated sales. Royalty incomes decreased by 6.8% compared to Q1 2016 and represented 2.7% of consolidated sales.

Network of Monobrand Stores

DOS	1Q 17	FY 16	Franchising	1Q 17	FY 16
Europe	46	45	Europe	48	50
America	3	3	America	1	2
Asia	15	16	Asia	126	139
Total	64	64	Total	175	191

As far as the franchised stores is concerned, the change mainly regarded the Asian market with openings and closures decided for strategic repositioning of the stores. In this perspective, the Group has defined a plan for more than 10 new franchise openings by the end of 2017 to strengthen the presence of its own brands in Asia.

Operating and Net Result Analysis

In Q1 2017 the Group posted a good improvement in margins; consolidated Ebitda was equal to €15.4m (with an incidence of 19.4% of consolidated sales), compared to €13.9m in Q1 2016 (18.3% of total sales), with a €1.5m increase (+11%). The improvement in profitability was mainly driven by sales growth of both divisions. Ebitda of the *prêt-à-porter* division amounted to €11.9m (representing 19.4% of sales), compared to €10.9m in Q1 2016 (18.4% of sales), posting a €1m increase.

Ebitda of the footwear and leather goods division amounted to €3.5m (13.9% of sales) compared to a €3m in Q1 2016 (13% of sales), with a €0.5m increase.

Consolidated Ebit was equal to €12.5m, compared to €10.9m in Q1 2016, with a €1.6m increase (+15%).

Thanks to the improvement in operating profit and to the decrease in financial expenses, in Q1 2017 Profit before taxes amounted to €12.2m compared with Profit before taxes of €10m in Q1 2016, with a €2.2m increase.

Net result of the Group was equal to €8.1m, compared to the Net Profit for the Group of €5.8m in Q1 2016, with a €2.3m improvement.

Balance Sheet Analysis

Looking at the balance sheet as of March 31, 2017, Shareholders' equity is equal to €143.5m and net financial debt amounts to €64.4m compared to €87.2m as of March 31, 2016, with a €22.8m improvement (€59.5m as of December 31, 2016). The financial debt decrease compared to Q1 2016 refers mainly to the better economic results and a better operating cash flow.

As of March 31, 2017 operating net working capital amounts to €84m (29.6% of LTM sales) compared to €83.9m as of March 31, 2016 (30.7% of sales).

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

Capex in Q1 2017 amount to €1m and are mostly related to the maintenance and stores' refurbishment.

Other Information

Income Statement, Reclassified Balance Sheet and Cash Flow Statement are attached below. It is specified that financial data included in the Consolidated Interim Report of this press release have not been not audited by the Auditors' company.

Please note that the Interim Consolidated Financial Statements and the Results Presentation at 31 March 2017 are available at the following link: <http://www.aeffe.com/aeffeHome.php?pattern=11&lang=ita>, as well as on the authorized storage site www.emarketstorage.com.

It is also communicated that in the same way the minutes of the Meeting of the company on 12th April 2017 is now available for the consultation on the company's website, section Investor Relations/Company Documents, link: <http://www.aeffe.com/aeffeHome.php?pattern=78&lang=eng>.

The Aeffe's Board of Directors also informs to have decided the renewal of the design agreement with Mrs. Alberta Ferretti (who is one of the interested shareholder, an executive director and, contemporaneously, the creator and the designer of "Alberta Ferretti" collections manufactured and distributed by Aeffe S.p.A.). The Alberta Ferretti's stylistic collaboration for the creation and development of ready to wear and accessories collections under the brand "Alberta Ferretti", owned by Aeffe, is indispensable and strategic for the company, being Ms Alberta Ferretti, since like always, the creator and the designer of the above mentioned collections, which are designed and developed personally, and exclusively for Aeffe, by Mrs. Ferretti herself. The renewal of the design contract allows the company to take advantage of the designer's collaboration for a further three years period, granting in this way the continuity in the style, in the presentation and in image of the collections as well as the Mrs. Ferretti's presence and commitment as Maison's creative director. In particular, the company, through the above-mentioned renewal, reached the goal to guarantee the Mrs Ferretti's stylistic

consultancy until May 15, 2020, for a remuneration fully in line with market standard fees, equal to 1 (one) million of Euros per year.

“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>	1Q 17	%	1Q 16	%	Change	Change %
Revenues from sales and services	79,565	100.0%	76,210	100.0%	3,355	4.4%
Other revenues and income	1,848	2.3%	1,189	1.6%	659	55.4%
Total Revenues	81,413	102.3%	77,399	101.6%	4,014	5.2%
Total operating costs	(65,967)	(82.9%)	(63,463)	(83.3%)	(2,504)	3.9%
EBITDA	15,446	19.4%	13,936	18.3%	1,510	10.8%
Total Amortization and Write-downs	(2,926)	(3.7%)	(3,047)	(4.0%)	121	(4.0%)
EBIT	12,519	15.7%	10,888	14.3%	1,631	15.0%
Total Financial Income /(expenses)	(283)	(0.4%)	(885)	(1.2%)	602	(68.0%)
Profit before taxes	12,236	15.4%	10,003	13.1%	2,233	22.3%
Taxes	(3,533)	(4.4%)	(3,666)	(4.8%)	133	(3.6%)
Net Profit	8,704	10.9%	6,337	8.3%	2,367	37.3%
Profit attributable to minority shareholders	(565)	(0.7%)	(550)	(0.7%)	(15)	2.7%
Net Profit for the Group	8,139	10.2%	5,787	7.6%	2,352	40.6%

(In thousands of Euro)

	1Q 17	FY 16	1Q 16
Trade receivables	42,536	40,711	41,860
Stock and inventories	95,033	89,390	90,674
Trade payables	(53,567)	(61,881)	(48,608)
Operating net working capital	84,002	68,220	83,926
Other receivables	29,280	29,177	33,054
Other liabilities	(24,641)	(24,335)	(19,780)
Net working capital	88,641	73,062	97,199
Tangible fixed assets	60,820	61,376	62,401
Intangible fixed assets	113,833	115,132	121,367
Investments	132	132	132
Other long term receivables	3,720	3,962	4,307
Fixed assets	178,505	180,601	188,206
Post employment benefits	(6,185)	(6,367)	(6,480)
Long term provisions	(2,384)	(2,559)	(935)
Assets available for sale	437	437	437
Liabilities available for sale			
Other long term liabilities	(446)	(469)	(14,330)
Deferred tax assets	12,962	13,856	10,597
Deferred tax liabilities	(30,770)	(30,986)	(32,129)
NET CAPITAL INVESTED	240,759	227,576	242,565
Capital issued	25,371	25,371	25,371
Other reserves	116,951	115,642	113,701
Profits/(Losses) carried-forward	(6,956)	(8,883)	(7,964)
Profit/(Loss) for the period	8,139	3,641	5,787
Group share capital and reserves	143,505	135,771	136,895
Minority interests	32,863	32,298	18,434
Shareholders' equity	176,368	168,070	155,329
Short term financial receivables	(2,257)	(2,236)	(1,816)
Liquid assets	(13,216)	(14,521)	(11,587)
Long term financial payables	25,479	23,840	18,700
Long term financial receivables	(3,347)	(3,391)	(1,899)
Short term financial payables	57,733	55,814	83,838
NET FINANCIAL POSITION	64,391	59,507	87,236
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	240,759	227,576	242,565

<i>(In thousands of Euro)</i>	1Q 17	FY 16	1Q 16
OPENING BALANCE	14,521	9,993	9,993
Profit before taxes	12,236	8,331	10,003
Amortizations, provisions and depreciations	2,877	15,110	3,001
Accruals (availments) of long term provisions and post employment benefits	(356)	1,305	(206)
Taxes	(1,029)	(3,583)	(2,122)
Financial incomes and financial charges	283	1,754	885
Change in operating assets and liabilities	(17,427)	(12,195)	(16,009)
NET CASH FLOW FROM OPERATING ASSETS	(3,416)	10,722	(4,448)
Increase (decrease) in intangible fixed assets	(362)	883	(309)
Increase (decrease) in tangible fixed assets	(660)	(3,265)	(379)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)		77	
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(1,022)	(2,305)	(688)
Other changes in reserves and profit carried-forward to shareholders'equity	(405)	20	(636)
Proceeds (repayment) of financial payments	3,557	(679)	8,160
Increase (decrease) financial receivables	264	(1,476)	91
Financial incomes and financial charges	(283)	(1,754)	(885)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	3,133	(3,889)	6,730
CLOSING BALANCE	13,216	14,521	11,587

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