



**AEFFE**

**INTERIM CONSOLIDATED FINANCIAL STATEMENT AT 31 MARCH 2018**

*Disclaimer*

*This Interim consolidated financial statement at 31 March 2018 has been translated into English solely for the convenience of the International reader. In the event of conflict or inconsistency between the terms used in the Italian Version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.*

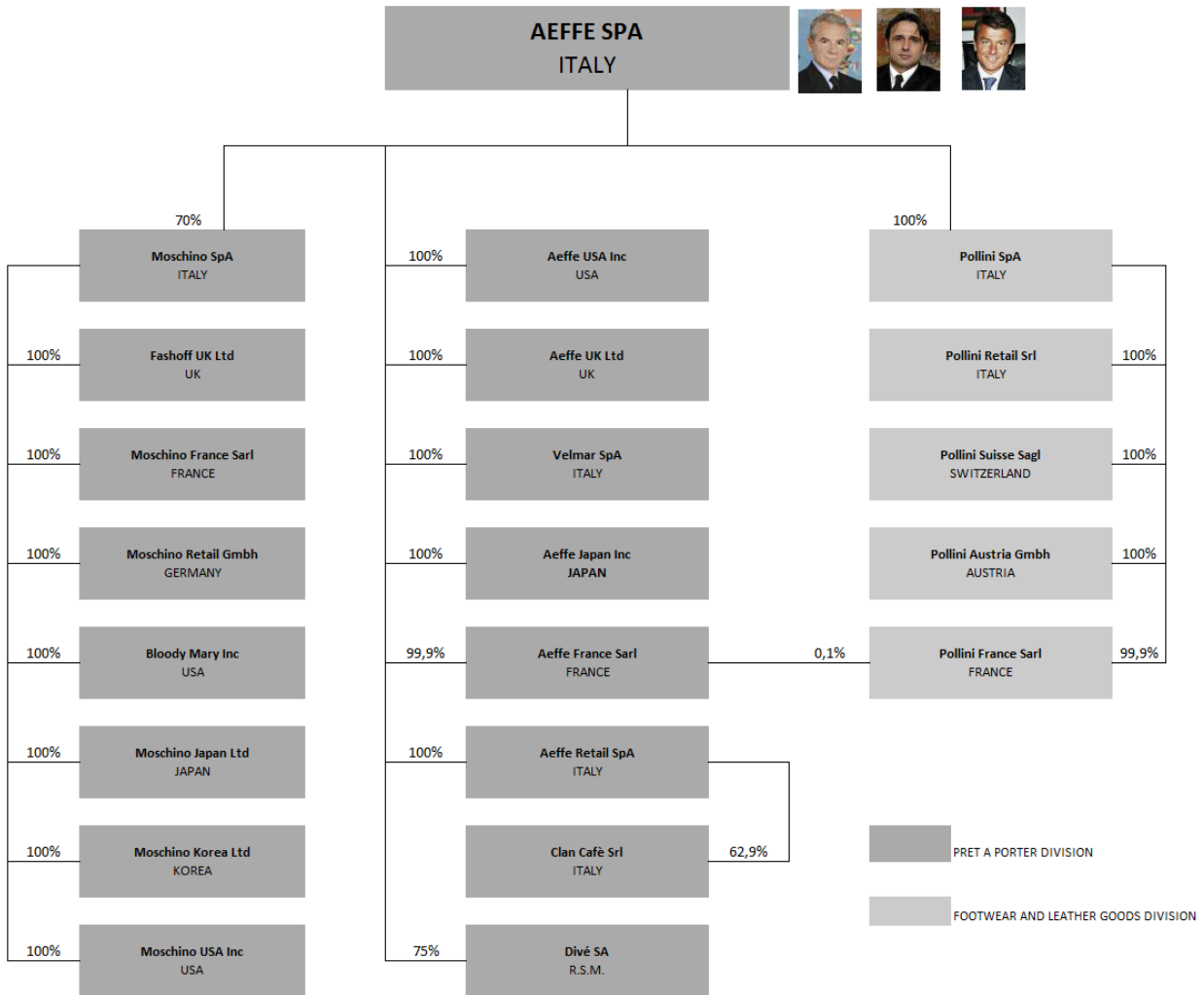
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# Corporate boards of the Parent Company

Board of Directors	<b>Chairman</b> Massimo Ferretti
	<b>Deputy Chairman</b> Alberta Ferretti
	<b>Chief Executive Officer</b> Simone Badioli
	<b>Directors</b> Marcello Tassinari – Managing Director Roberto Lugano Daniela Saitta Sabrina Borocci Alessandro Bonfiglioli
Board of Statutory	<b>President</b> Angelo Miglietta
	<b>Statutory Auditors</b> Fernando Ciotti Carla Trotti
	<b>Alternate Auditors</b> Nevio Dalla Valle Daniela Elvira Bruno
Board of Compensation Committee	<b>President</b> Daniela Saitta
	<b>Members</b> Roberto Lugano Sabrina Borocci
Board of Internal Control Committee	<b>President</b> Roberto Lugano
	<b>Members</b> Daniela Saitta Alessandro Bonfiglioli

# Organisation chart



## Brands portfolio

**AEFFE**  
Clothing - Accessories

**ALBERTA FERRETTI**

**PHILOSOPHY**  
DI  
LORENZO SERAFINI

**MOSCHINO®**

**BOUTIQUE**  
**MOSCHINO**

NEW YORK  
**JEREMY**  
BEVERLY HILLS  
**SCOTT**

**CEDRIC CHARLIER**

**POLLINI**

Footwear - Leather goods

**MOSCHINO**

Licences - Design

**VELMAR**

Beachwear - Lingerie

**POLLINI**

**MOSCHINO®**

**LOVE**  
**MOSCHINO**

**MOSCHINO®**

**BOUTIQUE**  
**MOSCHINO**

**LOVE**  
**MOSCHINO**

**MOSCHINO®**

**FOLIES**  
BLUGIRL

## Headquarters

### **AEFFE**

Via Delle Querce, 51  
47842 - San Giovanni in Marignano (RN)  
Italy

### **MOSCHINO**

Via San Gregorio, 28  
20124 - Milan  
Italy

### **POLLINI**

Via Erbosa 1° tratto, 92  
47030 - Gatteo (FC)  
Italy

### **VELMAR**

Via Delle Querce, 51  
47842 - San Giovanni in Marignano (RN)  
Italy



## Showrooms

### MILAN

(FERRETTI – PHILOSOPHY – POLLINI – CEDRIC CHARLIER)

Via Donizetti, 48  
20122 - Milan  
Italy

### MILAN

(MOSCHINO)  
Via San Gregorio, 28  
20124 - Milan  
Italy

### LONDON

(FERRETTI – PHILOSOPHY – MOSCHINO)

28-29 Conduit Street  
W1S 2YB - London  
UK

### MILAN

(LOVE MOSCHINO)  
Via Settembrini, 1  
20124 - Milan  
Italy

### PARIS

(FERRETTI – PHILOSOPHY – MOSCHINO)

43, Rue du Faubourg Saint Honoré  
75008 - Paris  
France

### PARIS

(CEDRIC CHARLIER)  
28 Rue de Sevigne  
75004 - Paris  
France

### NEW YORK

(GROUP)

30 West 56th Street  
10019 - New York  
USA



## Main flagshipstore locations under direct management

### **ALBERTA FERRETTI**

Milan  
Rome  
Capri  
Paris  
London  
Shanghai

### **POLLINI**

Milan  
Venice  
Bolzano  
Varese

### **SPAZIO A**

Florence  
Venice

### **MOSCHINO**

Milan  
Rome  
Capri  
Paris  
London  
Los Angeles  
New York  
Seoul  
Pusan  
Daegu





## Main economic-financial data

		I Q	I Q
		2017	2018
Total revenues	(Values in millions of EUR)	81.4	96.1
Gross operating margin (EBITDA)	(Values in millions of EUR)	15.4	20.3
Net operating profit/(loss) (EBIT)	(Values in millions of EUR)	12.5	17.4
Profit/(loss) before taxes	(Values in millions of EUR)	12.2	16.9
Net profit/(loss) for the Group	(Values in millions of EUR)	8.1	11.3
Basic earnings per share	(Values in units of EUR)	0.076	0.105
Cash Flow (net result + depreciation)	(Values in millions of EUR)	11.6	14.8
Cash Flow/total revenues	Ratio	14.2	15.4

		31 December	31 March	31 December	31 March
		2016	2017	2017	2018
Net capital invested	(Values in millions of EUR)	227.6	240.8	229.0	244.1
Net financial indebtedness	(Values in millions of EUR)	59.5	64.4	50.6	53.8
Group net equity	(Values in millions of EUR)	135.8	143.5	146.1	157.4
Group net equity per share	(Values in units of EUR)	1.3	1.3	1.4	1.5
Current assets/Current liabilities	Ratio	1.8	2.1	1.9	2.1
Current assets less invent./Current liabilities (ACID Test)	Ratio	0.8	0.9	0.8	1.0
Net financial indebtedness/Net equity	Ratio	0.4	0.4	0.3	0.3

## Financial statements

### Income statement at 31 March

(Values in units of EUR)	Notes	I Q 2018	% on revenues	I Q 2017	% on revenues	Change	%
<b>REVENUES FROM SALES AND SERVICES</b>	(1)	<b>95,227,257</b>	<b>100.0%</b>	<b>79,565,346</b>	<b>100.0%</b>	<b>15,661,911</b>	<b>19.7%</b>
Other revenues and income		900,169	0.9%	1,847,505	2.3%	( 947,336)	(51.3%)
<b>TOTAL REVENUES</b>		<b>96,127,426</b>	<b>100.9%</b>	<b>81,412,851</b>	<b>102.3%</b>	<b>14,714,575</b>	<b>18.1%</b>
Changes in inventory		( 2,923,519)	(3.1%)	3,186,101	4.0%	( 6,109,620)	(191.8%)
Costs of raw materials, cons. and goods for resale		( 23,681,590)	(24.9%)	( 24,921,918)	(31.3%)	1,240,328	(5.0%)
Costs of services		( 25,139,610)	(26.4%)	( 21,059,501)	(26.5%)	( 4,080,109)	19.4%
Costs for use of third parties assets		( 6,485,503)	(6.8%)	( 5,878,868)	(7.4%)	( 606,635)	10.3%
Labour costs		( 16,877,799)	(17.7%)	( 16,099,614)	(20.2%)	( 778,185)	4.8%
Other operating expenses		( 672,919)	(0.7%)	( 1,193,356)	(1.5%)	520,437	(43.6%)
Total Operating Costs		( 75,780,940)	(79.6%)	( 65,967,156)	(82.9%)	( 9,813,784)	14.9%
<b>GROSS OPERATING MARGIN (EBITDA)</b>	(2)	<b>20,346,486</b>	<b>21.4%</b>	<b>15,445,695</b>	<b>19.4%</b>	<b>4,900,791</b>	<b>31.7%</b>
Amortisation of intangible fixed assets		( 1,624,107)	(1.7%)	( 1,661,089)	(2.1%)	36,982	(2.2%)
Depreciation of tangible fixed assets		( 1,319,324)	(1.4%)	( 1,216,292)	(1.5%)	( 103,032)	8.5%
Revaluations / (write-downs) and provisions		( 52,734)	(0.1%)	( 48,833)	(0.1%)	( 3,901)	8.0%
Total Amortisation, write-downs and provisions		( 2,996,165)	(3.1%)	( 2,926,214)	(3.7%)	( 69,951)	2.4%
<b>NET OPERATING PROFIT / LOSS (EBIT)</b>		<b>17,350,321</b>	<b>18.2%</b>	<b>12,519,481</b>	<b>15.7%</b>	<b>4,830,840</b>	<b>38.6%</b>
Financial income		145,159	0.2%	448,713	0.6%	( 303,554)	(67.6%)
Financial expenses		( 595,600)	(0.6%)	( 732,048)	(0.9%)	136,448	(18.6%)
Total Financial Income/(expenses)		( 450,441)	(0.5%)	( 283,335)	(0.4%)	( 167,106)	59.0%
<b>PROFIT / LOSS BEFORE TAXES</b>		<b>16,899,880</b>	<b>17.7%</b>	<b>12,236,146</b>	<b>15.4%</b>	<b>4,663,734</b>	<b>38.1%</b>
Total Income Taxes		( 5,055,993)	(5.3%)	( 3,532,559)	(4.4%)	( 1,523,434)	43.1%
<b>NET PROFIT / LOSS</b>		<b>11,843,887</b>	<b>12.4%</b>	<b>8,703,587</b>	<b>10.9%</b>	<b>3,140,300</b>	<b>36.1%</b>
(Profit) / loss attributable to minority shareholders		( 559,362)	(0.6%)	( 564,787)	(0.7%)	5,425	(1.0%)
<b>NET PROFIT / LOSS FOR THE GROUP</b>	(3)	<b>11,284,525</b>	<b>11.9%</b>	<b>8,138,800</b>	<b>10.2%</b>	<b>3,145,725</b>	<b>38.7%</b>

## Reclassified balance sheet

(Values in units of EUR)	Notes	31 March 2018	31 December 2017	31 March 2017
Trade receivables		49,263,246	42,064,915	42,535,885
Stocks and inventories		97,830,154	97,817,891	95,032,574
Trade payables		( 58,886,830)	( 68,618,776)	( 53,566,708)
<b>Operating net working capital</b>		<b>88,206,570</b>	<b>71,264,030</b>	<b>84,001,751</b>
Other short term receivables		28,418,177	26,914,468	25,838,250
Tax receivables		4,099,127	5,411,024	3,441,672
Derivative assets		-	-	-
Other short term liabilities		( 18,037,889)	( 17,642,193)	( 15,439,215)
Tax payables		( 7,329,377)	( 3,611,468)	( 9,201,710)
Derivative liabilities		( 532,737)	( 997,532)	-
<b>Net working capital</b>	<b>(4)</b>	<b>94,823,871</b>	<b>81,338,329</b>	<b>88,640,748</b>
Tangible fixed assets		58,486,504	59,104,297	60,820,087
Intangible fixed assets		108,369,682	109,678,612	113,832,815
Equity investments		131,558	131,558	131,558
Other fixed assets		3,167,419	3,564,214	3,720,441
<b>Fixed assets</b>	<b>(5)</b>	<b>170,155,163</b>	<b>172,478,681</b>	<b>178,504,901</b>
Post employment benefits		( 5,892,309)	( 5,916,166)	( 6,185,113)
Provisions		( 2,455,754)	( 2,415,237)	( 2,384,253)
Assets available for sale		4,551,341	436,885	436,885
Liabilities available for sale		-	-	-
Long term not financial liabilities		( 733,116)	( 787,692)	( 446,000)
Deferred tax assets		14,199,884	14,335,779	12,962,343
Deferred tax liabilities		( 30,524,846)	( 30,436,700)	( 30,770,208)
<b>NET CAPITAL INVESTED</b>		<b>244,124,234</b>	<b>229,033,879</b>	<b>240,759,303</b>
Share capital		25,371,407	25,371,407	25,371,407
Other reserves		122,419,654	116,229,168	116,951,026
Profits / (Losses) carried-forward		( 1,663,267)	( 6,957,390)	( 6,956,308)
Profit / (Loss) of the period		11,284,525	11,490,343	8,138,800
<b>Group interest in shareholders' equity</b>		<b>157,412,319</b>	<b>146,133,528</b>	<b>143,504,925</b>
Minority interests in shareholders' equity		32,866,302	32,306,940	32,862,981
<b>Total shareholders' equity</b>	<b>(6)</b>	<b>190,278,621</b>	<b>178,440,468</b>	<b>176,367,906</b>
Short term financial receivables		( 1,420,000)	( 1,420,000)	( 2,257,181)
Cash		( 25,931,227)	( 22,808,913)	( 13,216,389)
Long term financial liabilities		18,294,840	22,079,795	25,478,753
Long term financial receivables		( 2,518,354)	( 2,591,605)	( 3,346,708)
Short term financial liabilities		65,420,354	55,334,134	57,732,922
<b>NET FINANCIAL POSITION</b>	<b>(7)</b>	<b>53,845,613</b>	<b>50,593,411</b>	<b>64,391,397</b>
<b>SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS</b>		<b>244,124,234</b>	<b>229,033,879</b>	<b>240,759,303</b>

## Cash flow

(Values in thousands of EUR)	Notes	I Q 2018	F Y 2017	I Q 2017
<b>OPENING BALANCE</b>		<b>22,809</b>	<b>14,521</b>	<b>14,521</b>
Profit before taxes		16,900	18,939	12,236
Amortisation / write-downs		2,943	13,876	2,877
Accrual (+)/availment (-) of long term provisions and post employment benefits		17	( 594)	( 356)
Paid income taxes		( 1,114)	( 12,230)	( 1,029)
Financial income (-) and financial charges (+)		450	3,757	283
Change in operating assets and liabilities		( 17,258)	( 6,509)	( 17,427)
<b>CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY</b>		<b>1,938</b>	<b>17,239</b>	<b>( 3,416)</b>
Increase (-)/ decrease (+) in intangible fixed assets		( 315)	( 1,102)	( 362)
Increase (-)/ decrease (+) in tangible fixed assets		( 702)	( 2,732)	( 660)
Investments and write-downs (-)/ Disinvestments and revaluations (+)		( 4,114)	-	-
<b>CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY</b>		<b>( 5,131)</b>	<b>( 3,834)</b>	<b>( 1,022)</b>
Other variations in reserves and profits carried-forward of shareholders'equity		( 6)	( 1,131)	( 405)
Dividends paid		-	-	-
Proceeds (+)/ repayment (-) of financial payments		6,301	( 2,241)	3,557
Increase (-)/ decrease (+) in financial receivables		470	2,013	264
Financial income (+) and financial charges (-)		( 450)	( 3,758)	( 283)
<b>CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY</b>		<b>6,315</b>	<b>( 5,117)</b>	<b>3,133</b>
<b>CLOSING BALANCE</b>		<b>25,931</b>	<b>22,809</b>	<b>13,216</b>

## Changes in shareholders' equity

(Values in thousands of EUR)

	Share capital	Share premium reserve	Other reserves	Fair Value reserve	IAS reserve	Profits/(losses) carried-forward	Reamusement of defined benefit plans reserve	Net profit/(loss) for the Group	Translation reserve	Group interest in shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
<b>BALANCES AT 31 December 2016</b>	25,371	71,240	27,435	7,901	11,459	(8,883)	(1,130)	3,641	(1,262)	135,772	32,298	168,070
Allocation of 2016 profit / (loss)	-	-	-	1,715	-	1,926	-	(3,641)	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buy-back)/ sale	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) of 1Q 2017	-	-	-	-	-	-	-	8,139	(406)	7,733	565	8,298
Other changes	-	-	-	-	-	-	-	-	-	-	-	-
<b>BALANCES AT 31 March 2017</b>	25,371	71,240	27,435	9,616	11,459	(6,957)	(1,130)	8,139	(1,668)	143,505	32,863	176,368

(Values in thousands of EUR)

	Share capital	Share premium reserve	Cash flow hedge reserve	Other reserves	Fair Value reserve	IAS reserve	Profits/(losses) carried-forward	Reamusement of defined benefit plans reserve	Net profit/(loss) for the Group	Translation reserve	Group interest in shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
<b>BALANCES AT 31 December 2017</b>	25,371	71,240		29,150	7,901	11,459	(6,957)	(1,173)	11,490	(2,348)	146,133	32,307	178,440
Effects deriving from the application of IFRS 9							621				621		621
<b>BALANCES AT 1 January 2018</b>	25,371	71,240		29,150	7,901	11,459	(6,336)	(1,173)	11,490	(2,348)	146,754	32,307	179,061
Allocation of 2017 profit / (loss)	-	-		6,817	-	-	4,673	-	(11,490)	-	-	-	-
Dividends paid	-	-		-	-	-	-	-	-	-	-	-	-
Treasury stock (buy-back)/ sale	-	-		-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) of 1Q 2018	-	-	(384)	-	-	-	-	-	11,285	(243)	10,658	559	11,217
Other changes	-	-		-	-	-	-	-	-	-	-	-	-
<b>BALANCES AT 31 March 2018</b>	25,371	71,240	(384)	35,967	7,901	11,459	(1,663)	(1,173)	11,285	(2,591)	157,412	32,866	190,278

## Interim management report

In the first quarter of 2018, consolidated revenues amount to EUR 95,227 thousand compared to EUR 79,565 thousand in the first quarter 2017, with a 19.7% increase at current exchange rates (+20.3% at constant exchange rates).

In the first quarter of 2018 consolidated EBITDA amounts to EUR 20,346 thousand (with an incidence of 21.4% of consolidated sales), compared to EUR 15,446 thousand in the first quarter 2017 (19.4% of consolidated sales) recording a good improvement in profitability of EUR 4,900 thousand (+31.7%). Such improvement is mainly driven by the sales growth of both divisions.

At 31 March 2018 operating net working capital amounts to EUR 88,207 thousand (26.9% of LTM sales) compared to EUR 84,002 thousand at 31 March 2017 (29.6% of sales). The decrease in the percentage on sales is mainly related to the positive dynamics of commercial receivables and payables of the first quarter 2018.

Net financial indebtedness decreases of EUR 10,545 thousand from EUR 64,391 thousand at 31 March 2017 to EUR 53,846 thousand at 31 March 2018. The indebtedness decrease compared to the first quarter 2017 is mainly related to the better economic results and a better management of net working capital.

## Explanatory notes

### Income statement

#### 1. Revenues from sales and services

##### *First quarter 2018 vs 2017*

In the first quarter of 2018, consolidated revenues amount to EUR 95,227 thousand compared to EUR 79,565 thousand in the first quarter 2017, with a 19.7% increase at current exchange rates (+20.3% at constant exchange rates).

The following table details the revenues by geographical area for the first quarters of 2018 and 2017.

(Values in thousands of EUR)	I Q		I Q		Change	
	2018	%	2017	%	Δ	%
Italy	45,318	47.6%	38,336	48.2%	6,982	18.2%
Europe (Italy and Russia excluded)	20,641	21.7%	17,971	22.6%	2,670	14.9%
Russia	2,882	3.0%	2,559	3.2%	323	12.6%
United States	4,914	5.2%	5,904	7.4%	( 990)	(16.8%)
Rest of the World	21,472	22.5%	14,795	18.6%	6,677	45.1%
<b>Total</b>	<b>95,227</b>	<b>100.0%</b>	<b>79,565</b>	<b>100.0%</b>	<b>15,662</b>	<b>19.7%</b>

In the first quarter of 2018, in Italy the Group records sales for EUR 45,318 thousand corresponding to 47.6% of consolidated sales, registering a very positive trend and posting a growth of 18.2%.

Sales in Europe increase by 14.9% (+15.0% at constant exchange rates), contributing to 21.7% of consolidated sales.

The Russian market, representing 3.0% of consolidated sales, increase by 12.6% (the increase remains unchanged at constant exchange rates) to EUR 2,882 thousand showing a good recovery compared to the previous period.

Sales in the United States are equal to EUR 4,914 thousand, contributing to 5.2% of consolidated sales, posting a decrease of 16.8% (-11.0% at constant exchange rates). This change is mainly due to the slowdown in sales in the department stores.

In the Rest of the World, the Group's sales total EUR 21,472 thousand, amounting to 22.5% of consolidated sales, recording an increase of 45.1% (+45.9% at constant exchange rate) compared to the first quarter 2017, especially driven by healthy trend in Greater China, which posted a 67.8% growth.

The following table details the revenues by brand for the first quarters of 2018 and 2017.

(Values in thousands of EUR)	I Q		I Q		Change	
	2018	%	2017	%	Δ	%
Alberta Ferretti	10,664	11.2%	9,588	12.1%	1,076	11.2%
Philosophy	6,595	6.9%	5,564	7.0%	1,031	18.5%
Moschino	64,562	67.8%	53,282	67.0%	11,280	21.2%
Pollini	10,043	10.5%	8,444	10.6%	1,599	18.9%
Other	3,363	3.6%	2,687	3.3%	676	25.1%
<b>Total</b>	<b>95,227</b>	<b>100.0%</b>	<b>79,565</b>	<b>100.0%</b>	<b>15,662</b>	<b>19.7%</b>

In the first quarter of 2018, Alberta Ferretti brand increases by 11.2% (+11.6% at constant exchange rates), generating 11.2% of consolidated sales, while Philosophy brand increase by 18.5% (+19.3% at constant exchange rates), generating 6.9% of consolidated sales.

In the same period, Moschino brand sales increase by 21.2% (+21.8% at constant exchange rates) contributing to 67.8% of consolidated sales.

Pollini brand increases by 18.9%, (+19.1% at constant exchange rates), generating 10.5% of consolidated sales, while the other brands sales increase by 25.1% (+27.1% at constant exchange rates) contributing to 3.6% of consolidated sales.

The following table details the revenues by distribution channel for the first quarters of 2018 and 2017.

(Values in thousands of EUR)	I Q		I Q		Change	
	2018	%	2017	%	Δ	%
Wholesale	71,172	74.7%	57,507	72.3%	13,665	23.8%
Retail	21,543	22.6%	19,948	25.1%	1,595	8.0%
Royalties	2,512	2.7%	2,110	2.6%	402	19.0%
<b>Total</b>	<b>95,227</b>	<b>100.0%</b>	<b>79,565</b>	<b>100.0%</b>	<b>15,662</b>	<b>19.7%</b>

By distribution channel in the first quarter of 2018, wholesale sales increase by 23.8% (+24.4% at constant exchange rates) contributing to 74.7% of consolidated sales.

Sales of our directly-operated stores (retail channel) amount to EUR 21,543 thousand with an increase of 8.0% (+8.5% at constant exchange rates) contributing to 22.6% of consolidated sales.

Royalty income is 19.0% higher than in the corresponding period of the previous year, representing 2.7% of consolidated sales.

## 2. Gross Operating Margin (EBITDA)

### *First quarter 2018 vs 2017*

In the first quarter of 2018 consolidated EBITDA amounts to EUR 20,346 thousand (with an incidence of 21.4% of consolidated sales), compared to EUR 15,446 thousand in the first quarter 2017 (19.4% of consolidated sales) recording a good improvement in profitability of EUR 4,900 thousand (+31.7%). Such improvement is mainly driven by the sales growth of both divisions.

EBITDA of the prêt-à-porter division amounts to EUR 14,781 thousand (equal to 20.5% incidence on sales) compared to EUR 11,915 thousand in the first quarter 2017 (equal to 19.4% incidence on sales), recording an increase of EUR 2,866 thousand.

EBITDA of the footwear and leather goods division is positive for EUR 5,565 thousand (representing 17.4% of sales), showing a 57.6% increase compared to EUR 3,531 thousand in the first quarter 2017 (representing 13.9% of sales), with a EUR 2,034 thousand rise.



### **3. Net profit for the Group**

#### *First quarter 2018 vs 2017*

In the first quarter 2018 the Group has posted a net profit of EUR 11,285 thousand compared to a net profit of EUR 8,139 thousand in the first quarter 2017 with a EUR 3,146 thousand improvement (+38.7%), thanks to the improvement in operating profit.

## Segment information

### ***Economic performance by Divisions***

At international level, the Group is divided into two main business sectors:

- (i) *Prêt-à porter* Division;
- (ii) Footwear and leather goods Division.

### *First quarter 2018 vs 2017*

The following tables indicate the main economic data for the first quarter of 2018 and 2017 of the *Prêt-à porter* and Footwear and leather goods Divisions.

(Values in thousands of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
I Q 2018				
<b>SECTOR REVENUES</b>	<b>72,114</b>	<b>32,027</b>	<b>( 8,914)</b>	<b>95,227</b>
Intercompany revenues	( 2,276)	( 6,638)	8,914	-
<b>Revenues with third parties</b>	<b>69,838</b>	<b>25,389</b>	-	<b>95,227</b>
<b>Gross operating margin (EBITDA)</b>	<b>14,781</b>	<b>5,565</b>	-	<b>20,346</b>
Amortisation	( 2,236)	( 707)	-	( 2,943)
Other non monetary items:				
Write-downs	-	( 53)	-	( 53)
<b>Net operating profit / loss (EBIT)</b>	<b>12,545</b>	<b>4,805</b>	-	<b>17,350</b>
Financial income	139	57	( 51)	145
Financial expenses	( 281)	( 365)	51	( 595)
<b>Profit / loss before taxes</b>	<b>12,403</b>	<b>4,497</b>	-	<b>16,900</b>
Income taxes	( 3,731)	( 1,325)	-	( 5,056)
<b>Net profit / loss</b>	<b>8,672</b>	<b>3,172</b>	-	<b>11,844</b>

(Values in thousands of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
I Q 2017				
<b>SECTOR REVENUES</b>	<b>61,360</b>	<b>25,379</b>	<b>( 7,174)</b>	<b>79,565</b>
Intercompany revenues	( 2,013)	( 5,161)	7,174	-
<b>Revenues with third parties</b>	<b>59,347</b>	<b>20,218</b>	-	<b>79,565</b>
<b>Gross operating margin (EBITDA)</b>	<b>11,915</b>	<b>3,531</b>	-	<b>15,446</b>
Amortisation	( 2,189)	( 689)	-	( 2,878)
Other non monetary items:				
Write-downs	-	( 49)	-	( 49)
<b>Net operating profit / loss (EBIT)</b>	<b>9,726</b>	<b>2,793</b>	-	<b>12,519</b>
Financial income	154	398	( 103)	449
Financial expenses	( 526)	( 309)	103	( 732)
<b>Profit / loss before taxes</b>	<b>9,354</b>	<b>2,882</b>	-	<b>12,236</b>
Income taxes	( 2,618)	( 914)	-	( 3,532)
<b>Net profit / loss</b>	<b>6,736</b>	<b>1,968</b>	-	<b>8,704</b>

### Prêt-à porter Division

In the first three months of 2018, revenues of the prêt-à-porter division increase by 17.5%, at current exchange rates (+18.3% at constant exchange rates) to EUR 72,114 thousand. This division contributes to 70.7% of consolidated revenues in the first quarter of 2017 and 69.2% in the first quarter of 2018, before inter-divisional eliminations.

EBITDA of the *prêt-à-porter* division is EUR 14,781 thousand in the first quarter of 2018 (representing 20.5% of sales) compared to EUR 11,915 thousand in the first quarter of 2017 (representing 19.4% of sales), recording an improvement in profitability of EUR 2,866 thousand.

#### Footwear and leather goods Division

Revenues of the footwear and leather goods division increase by 26.2% from EUR 25,379 thousand in the first quarter of 2017 to EUR 32,027 thousand in the first quarter of 2018.

EBITDA of the footwear and leather goods division is positive for EUR 5,565 thousand (representing 17.4% of sales), showing a 57.6% increase compared to EUR 3,531 thousand in the first quarter 2017 (representing 13.9% of sales), with a EUR 2,034 thousand increase.

### **Balance sheet**

#### **4. Net working capital**

At 31 March 2018 operating net working capital amounts to EUR 88,207 thousand (26.9% of LTM sales) compared to EUR 84,002 thousand at 31 March 2017 (29.6% of sales).

The decrease in the percentage on sales is mainly related to the positive dynamics of commercial receivables and payables of the first quarter 2018.

#### **5. Fixed assets**

The change in fixed assets, that decreases from EUR 172,479 thousand at 31 December 2017 to EUR 170,155 thousand at 31 March 2018, is determined by the investments related to the maintenance and stores' refurbishment and by the amortisation of the period.

#### **6. Shareholders' equity**

The balance sheet shows a shareholder's equity that changes from EUR 178,440 thousand at 31 December 2017 to EUR 190,279 thousand at 31 March 2018.

Changes in shareholders' equity are presented in tables at page 13.

#### **7. Net financial position**

Net financial indebtedness decreases of EUR 10,545 thousand from EUR 64,391 thousand at 31 March 2017 to EUR 53,846 thousand at 31 March 2018.

The indebtedness decrease compared to the first quarter 2017 is mainly related to the better economic results and a better management of net working capital.

### **Other information**

#### **Earnings per share**

## Reference earnings

The calculation of basic and dilutive earnings per share is based on the following elements:

(Values in thousands of EUR)	I Q	I Q
From continuing and discontinued activities	2018	2017
Earnings for determining basic earnings per share	11,285	8,139
Dilutive effects	-	-
<b>Earnings for determining dilutive earnings per share</b>	<b>11,285</b>	<b>8,139</b>

(Values in thousands of EUR)	I Q	I Q
From continuing activities	2018	2017
Earnings for the period	11,285	8,139
Earnings from discontinued operations	-	-
<b>Earnings for determining basic earnings per share</b>	<b>11,285</b>	<b>8,139</b>
Dilutive effects	-	-
<b>Earnings for determining dilutive earnings per share</b>	<b>11,285</b>	<b>8,139</b>

In both first quarter 2018 and 2017, there is no evidence of dilution of consolidated net earnings.

### *Number of reference share*

	I Q	I Q
	2018	2017
<b>Average number of shares for determining earnings per share</b>	<b>101.486</b>	<b>101.486</b>
Share options	-	-
<b>Average number of shares for determining diluted earnings per</b>	<b>101.486</b>	<b>101.486</b>

### *Basic earnings per share*

Group net earnings attributable to holders of ordinary shares of parent company AEFPE S.p.A., amounts to EUR 11,285 thousand (March 2017: EUR 8,139 thousand).

### *Dilutive earnings per share*

The calculation of diluted earnings per share for the period January - March 2018, matches with the calculation of basic earnings per share, as there are no tools with potential dilutive effects.

## Measurement basis

The main accounting policies and measurement basis adopted in preparing the consolidated financial statements at 31 March 2018 are the same used in preparing the consolidated financial statements at 31 December 2017.

## Significant events subsequent the balance sheet date

After the 31 March 2018 no significant events regarding the Group's activities have to be reported.

## **Outlook**

The Group is focused on a constant organic growth path for proprietary brands and the continuous progression of revenues and profitability, both in prêt-à-porter and footwear and leather goods divisions, demonstrates the effectiveness of our stylistic proposal along with management and investments strategies implemented. Considering that the Fall/Winter 2018-2019 season sales campaign ended with an increase of 12%, we continue to look forward positively.

## **Atypical and/or unusual transactions**

Pursuant to Consob communication n. DEM/6064293 dated 28 July 2006, it is confirmed that during the first quarter of 2018, the Group did not enter into any atypical and/or unusual transactions, as defined in that communication.

## **Significant non-recurring events and transactions**

During the first quarter of 2018 no significant non-recurring events and transaction have been realized.

The executive responsible for preparing the company's accounting documentation Marcello Tassinari declares, pursuant to paragraph 2 of art. 154b of the Consolidated Finance Law, that the accounting information contained in this document agrees with the underlying documentation, records and accounting entries.