



SPAFID CONNECT

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PRESS RELEASE

AEFFE: Double-Digit Growth Of All Economic Indicators In The First Semester Of 2018.

Sales At €171.1m (+15% At Constant Exchange Rates), Ebitda At €21m (+35%) And Net Profit For The Group At €3.3m (+79%)

San Giovanni in Marignano, July 27, 2018 - The Board of Directors of Aeffe SpA approved today the Group's Report for the First Half of 2018. 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 €171.1m, compared to €150m in 1H 2017, with a 15% increase at constant exchange rates (+14% at current exchange rates)**
- **Ebitda of €21m (12.3% on consolidated sales), compared to €15.5m in 1H 2017 (10.3% on consolidated sales), with a €5.5m improvement (+35%)**
- **Net Profit for the Group of €3.3m, compared to €4.6m in 1H 2017, with a €3.7m improvement (+79%)**
- **Net financial debt of €40.9m, compared to €67.1m as of June 30, 2017, with a €26.2m improvement (€50.6m as of December 31, 2017)**

Consolidated Revenues

In the First Half of 2018, Aeffe consolidated revenues amounted to €171.1m compared to €150m in 1H 2017, with a 14.1% increase at current exchange rates (+15% at constant exchange rates).

Revenues of the *prêt-à-porter* division amounted to €131.7m, up by 13.2% at current exchange rates compared to 1H 2017 (+14.3% at constant exchange rates).

Revenues of the footwear and leather goods division increased by 15.4%, equal to Euro 58.1m.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: *"We assess very positively the results of the first half and we are satisfied with the continuous growing trend of our proprietary brands, especially in a macroeconomic context characterized by volatility and high competitiveness. The long-term development and investment strategy reconfirms to be effective whilst sustainable, both in terms of an increase in sales and out of proportion growth in profitability. We are therefore optimistic for 2018 and, in light of the orders' backlog of the pre-collections of the Spring/Summer 2019 season, we are confident also for the next year"*.

Revenues Breakdown by Region

<i>(In thousands of Euro)</i>	1H 18 Reported	1H 17 Reported	% Change	% Change*
Italy	81.170	72.051	12,7%	12,7%
Europe (Italy and Russia excluded)	36.124	31.928	13,1%	13,4%
Russia	5.185	4.551	13,9%	13,9%
United States	9.002	9.735	(7,5%)	1,6%
Rest of the World	39.617	31.688	25,0%	26,0%
Total	171.100	149.953	14,1%	15,0%

(*) Calculated at constant exchange rates

In 1H 2018 sales in Italy, amounting to 47% of consolidated sales, registered a very positive trend compared to 1H 2017 posting a 12.7% increase to €81.2m.

At constant exchange rates, sales in Europe, contributing to 21% of consolidated sales, registered a 13.4% growth driven especially by good performance in the UK, Germany, France and Eastern Europe.

The Russian market, representing 3% of consolidated sales, increased by 13.9%, showing a good recovery compared to the last year.

Sales in the United States, contributing to 5% of consolidated sales, posted an increase of 1.6% at constant exchange rates in 1H 2018.

In the Rest of the World, the Group's sales totalled €39.6m, amounting to 23% of consolidated sales, recording an increase of 26% at constant exchange rates compared to 1H 2017 especially thanks to excellent trend in Greater China which posted a 41% growth.

Revenues by distribution channel

<i>(In thousands of Euro)</i>	1H 18 Reported	1H 17 Reported	% Change	% Change*
Wholesale	123.888	105.242	17,7%	18,7%
Retail	42.181	40.018	5,4%	6,1%
Royalties	5.030	4.693	7,2%	7,2%
Total	171.100	149.953	14,1%	15,0%

(*) Calculated at constant exchange rates

By distribution channel, in 1H 2018, wholesale sales grew by 18.7% at constant exchange rates (+17.7% at current exchange rates), contributing to 72% of consolidated sales.

The sales of our directly-operated stores (DOS) increased by 6.1% at constant exchange rates (+5.4% at current exchange rates) and contributed to 25% of consolidated sales. Royalty incomes increased by 7.2% compared to 1H 2017 and represented 3% of consolidated sales.

Network of Monobrand Stores

DOS	1H 18	FY 17	Franchising	1H 18	FY 17
Europe	44	44	Europe	47	49
America	2	3	America	1	1
Asia	18	16	Asia	141	135
Total	64	63	Total	189	185

The total network of directly operated stores (DOS) remained substantially unchanged compared with the end of 2017.

As far as the franchised stores is concerned, the change mainly regarded the Asian market with some new openings in China for Moschino brand.

Operating and Net Result Analysis

In 1H 2018 the Group posted a robust improvement in margins; consolidated Ebitda was equal to €21m (with an incidence of 12.3% of consolidated sales), compared to €15.5m in 1H 2017 (10.3% of total sales), with a €5.5m increase (+35%). The improvement in profitability was mainly driven by sales growth of both divisions.

Ebitda of the *prêt-à-porter* division amounted to €14.3m (representing 10.9% of sales), compared to €11.4m in 1H 2017 (9.8% of sales), posting a €2.9m increase.

Ebitda of the footwear and leather goods division amounted to €6.7m (11.4% of sales) compared to a €4.1m in 1H 2017 (8.1% of sales), with a €2.6m increase.

Consolidated Ebit was equal to €14.5m, compared to €9.6m in 1H 2017, with a €4.9m increase (+39%).

In 1H 2018 net financial charges amounted to €0.6m, compared to €2.2m in 1H 2017; the decrease was mainly driven by the fall of both bank charges and foreign exchange losses.

Thanks to the improvement in operating profit, in 1H 2018 Profit before taxes amounted to €13.9m compared with Profit before taxes of €7.4m in 1H 2017, with a €6.5m increase (+88%).

Net result of the Group increased significantly amounting to €8.3m, compared to the Net Profit for the Group of €4.6m in 1H 2017, with a €3.7m improvement (+79%).

Balance Sheet Analysis

Looking at the balance sheet as of June 30, 2018, Shareholders' equity is equal to €155.3m and net financial debt amounts to €40.9m compared to €67.1m as of June 30, 2017, with a €26.2m improvement (€50.6m as of December 31, 2017). The financial debt decrease compared to 1H 2017 refers mainly to the improvement of the operating cash flow.

As of June 30, 2018, operating net working capital amounts to €77.1m (23.1% of LTM sales) in line with to €77.1m as of June 30, 2017 (26.3% of LTM sales).

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

Capex in 1H 2018 amount to €2.8m and are mostly related to the maintenance and stores' refurbishment.

Other Information

Reclassified Income Statement, Balance Sheet and Cash Flow Statement are attached below. 1H 2018 data included in this press release were subject to limited review by the Auditors' company.

Please note that the Interim Consolidated Financial Statements and the Results Presentation at 30 June 2018 are available at the following link: <http://www.aeffe.com/aeffeHome.php?lang=ita> , as well as on the authorized storage site www.emarketstorage.com.

"The executive responsible for preparing the company's accounting documentation Marcello Tassinari declares pursuant to paragraph 2 of art. 154 bis of Legislative Decree no. 58 of 1998 that the accounting information contained in this document agrees with the underlying documentation, records and accounting entries".

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GROUP'S PROFIT & LOSS

<i>(In thousands of Euro)</i>	1H 18	%	1H 17	%	Change	Change %
Revenues from sales and services	171.100	100,0%	149.953	100,0%	21.147	14,1%
Other revenues and income	2.308	1,3%	1.389	0,9%	918	66,1%
Total Revenues	173.407	101,3%	151.342	100,9%	22.065	14,6%
Total operating costs	(152.438)	(89,1%)	(135.848)	(90,6%)	(16.590)	12,2%
EBITDA	20.969	12,3%	15.494	10,3%	5.474	35,3%
Total Amortization and Write-downs	(6.424)	(3,8%)	(5.902)	(3,9%)	(522)	8,8%
EBIT	14.545	8,5%	9.593	6,4%	4.952	51,6%
Total Financial Income /(expenses)	(619)	(0,4%)	(2.198)	(1,5%)	1.579	(71,9%)
Profit before taxes	13.926	8,1%	7.395	4,9%	6.531	88,3%
Taxes	(5.566)	(3,3%)	(2.839)	(1,9%)	(2.727)	96,0%
Net Profit	8.361	4,9%	4.556	3,0%	3.805	83,5%
(Profit)/loss attributable to minority shareholders	(84)	(0,0%)	62	0,0%	(146)	(236,0%)
Net Profit for the Group	8.276	4,8%	4.618	3,1%	3.658	79,2%

GROUP'S BALANCE SHEET

(In thousands of Euro)

	1H 18	FY 17	1H 17
Trade receivables	44.043	42.065	40.667
Stock and inventories	97.718	97.818	91.314
Trade payables	(64.656)	(68.619)	(54.868)
Operating net working capital	77.105	71.264	77.113
Other receivables	36.094	32.325	34.075
Other liabilities	(29.333)	(22.251)	(22.822)
Net working capital	83.867	81.338	88.366
Tangible fixed assets	58.694	59.104	60.092
Intangible fixed assets	106.538	109.679	112.505
Investments	132	132	132
Other long term receivables	2.835	3.564	3.352
Fixed assets	168.199	172.479	176.081
Post employment benefits	(5.696)	(5.916)	(6.127)
Long term provisions	(2.493)	(2.415)	(2.407)
Assets available for sale	437	437	437
Liabilities available for sale			
Other long term liabilities	(696)	(788)	(446)
Deferred tax assets	14.955	14.336	13.834
Deferred tax liabilities	(29.984)	(30.437)	(30.650)
NET CAPITAL INVESTED	228.589	229.034	239.087
Capital issued	25.371	25.371	25.371
Other reserves	123.350	116.229	116.674
Profits/(Losses) carried-forward	(1.663)	(6.957)	(6.956)
Profit/(Loss) for the period	8.276	11.490	4.618
Group share capital and reserves	155.335	146.134	139.707
Minority interests	32.391	32.307	32.236
Shareholders' equity	187.726	178.440	171.943
Short term financial receivables	(1.420)	(1.420)	(2.236)
Liquid assets	(22.074)	(22.809)	(9.778)
Long term financial payables	15.573	22.080	18.930
Long term financial receivables	(2.251)	(2.592)	(2.732)
Short term financial payables	51.035	55.334	62.959
NET FINANCIAL POSITION	40.863	50.593	67.144
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	228.589	229.034	239.087

GROUP'S CASH FLOW

(In thousands of Euro)

	1H 18	FY 17	1H 17
OPENING BALANCE	22.809	14.521	14.521
Profit before taxes	13.926	18.939	7.395
Amortizations, provisions and depreciations	6.325	13.876	5.808
Accruals (availments) of long term provisions and post employment benefits	(143)	(594)	(391)
Taxes	(601)	(12.230)	(6.023)
Financial incomes and financial charges	619	3.757	2.198
Change in operating assets and liabilities	(8.657)	(6.509)	(12.456)
NET CASH FLOW FROM OPERATING ASSETS	11.469	17.239	(3.469)
Increase (decrease) in intangible fixed assets	(633)	(1.102)	(694)
Increase (decrease) in tangible fixed assets	(2.141)	(2.732)	(1.203)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)			
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(2.774)	(3.834)	(1.897)
Other changes in reserves and profit carried-forward to shareholders'equity	925	(1.131)	(682)
Proceeds (repayment) of financial payments	(10.806)	(2.241)	2.234
Increase (decrease) financial receivables	1.070	2.013	1.269
Financial incomes and financial charges	(619)	(3.758)	(2.198)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	(9.430)	(5.117)	623
CLOSING BALANCE	22.074	22.809	9.778

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