



SPAFID CONNECT

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PRESS RELEASE

AEFFE: In 9M 2018 Sales At €264.6m (+13.1% At Constant Exchange Rates), Ebitda At €37.1m (+22%) And Net Profit For The Group At €16.1m (+35%).

San Giovanni in Marignano, November 8, 2018 - The Board of Directors of Aeffe SpA approved today the Group's Report for the First Nine Months 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 €264.6m, compared to €235.0m in 9M 2017, with a 13.1% increase at constant exchange rates (+12.6% at current exchange rates)**
- **Ebitda of €37.1m, compared to €30.4m in 9M 2017, with a €6.7m improvement (+22%)**
- **Profit before taxes of €27.0m compared to a profit of €18.6m in 9M 2017, with an €8.4m improvement (+45%)**
- **Net Profit for the Group of €16.1m, compared to €11.9m in 9M 2017, with a €4.2m improvement (+35%)**
- **Net financial debt of €39.1m, compared to €66.1m as of September 30, 2017, with a €27.0m improvement (€0.6m as of December 31, 2017)**

Consolidated Revenues

In 9M 2018, AEF FE consolidated revenues amounted to €264.6m compared to €235.0m in 9M 2017, with a 12.6% increase at current exchange rates (+13.1% at constant exchange rates).

Revenues of the *prêt-à-porter* division amounted to €202.9m, up by 13.5% at constant exchange rates compared to 9M 2017 (+12.8% at current exchange rates).

Revenues of the footwear and leather goods division increased by 10.7%, equal to Euro 88.6m, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: *"The Group confirms a path of solid and continuous development, thanks to the creation of high quality and distinctiveness collections. Despite the challenging scenario also at macroeconomic level, we are confident about the remaining part of the year and we expect increase in sales and a more than proportional growth in profitability for the full 2018. Moreover, the orders' backlog of the Spring/Summer 2019 season, which posted a 6% increase, contributes to a positive sentiment on the growth over the mid-long term"*.

Revenues Breakdown by Region

<i>(In thousands of Euro)</i>	9M 18 Reported	9M 17 Reported	% Change	% Change*
Italy	128.923	115.958	11,2%	11,2%
Europe (Italy and Russia excluded)	53.675	48.849	9,9%	10,0%
Russia	7.291	7.161	1,8%	1,8%
United States	13.331	14.794	-9,9%	-4,4%
Rest of the World	61.398	48.212	27,4%	27,9%
Total	264.616	234.973	12,6%	13,1%

(*) Calculated at constant exchange rates

In 9M 2018 sales in Italy, amounting to 48.7% of consolidated sales, registered a positive trend compared to 9M 2017 posting a 11.2% increase to €129.0m, thanks to organic growth both in the wholesale and in the retail channel.

At constant exchange rates, sales in Europe, contributing to 20.3% of consolidated sales, registered a 10.0% growth mostly driven by good performance in the UK, Germany, France and Eastern Europe.

The Russian market, representing 2.8% of consolidated sales, increased by 1.8% compared with 9M 2017.

Sales in the United States, contributing to 5.0% of consolidated sales, posted a decrease of 4.4% at constant exchange rates in 9M 2018.

In the Rest of the World, the Group's sales totalled €61.4m, amounting to 23.2% of consolidated sales, recording an increase of 27.9% at constant exchange rates compared to 9M 2017 especially thanks to an excellent trend in Far East area which posted a 38% growth.

Revenues by distribution channel

<i>(In thousands of Euro)</i>	9M 18 Reported	9M 17 Reported	% Change	% Change*
Wholesale	190.441	164.430	15,8%	16,4%
Retail	65.670	63.234	3,9%	4,2%
Royalties	8.506	7.310	16,4%	16,4%
Total	264.616	234.973	12,6%	13,1%

(*) Calculated at constant exchange rates

By distribution channel, in 9M 2018, wholesale sales grew by 16.4% at constant exchange rates (+15.8% at current exchange rates), contributing to 72% of consolidated sales.

The sales of our directly-operated stores (DOS) increased by 4.2% at constant exchange rates (+3.9% at current exchange rates) and contributed to 24.8% of consolidated sales. Royalty incomes increased by 16.4% compared to 9M 2017 and represented 3.2% of consolidated sales.

Network of Monobrand Stores

DOS	9M 18	FY 17	Franchising	9M 18	FY 17
Europe	45	44	Europe	47	49
America	2	3	America	1	1
Asia	18	16	Asia	139	135
Total	65	63	Total	187	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 9M 2018 the Group posted a good improvement in margins; consolidated Ebitda was equal to €37.1m (with an incidence of 14.0% of consolidated sales), compared to €30.4m in 9M 2017 (13.0% of total sales), with a €6.7m increase (+22%). The improvement in profitability was driven by sales growth of both divisions.

Ebitda of the *prêt-à-porter* division amounted to €26.0m (representing 12.8% of sales), compared to €21.6m in 9M 2017 (12.0% of sales), posting a €4.4m increase (+20.0%).

Ebitda of the footwear and leather goods division amounted to €11.1m (12.5% of sales) compared to €8.8m in 9M 2017 (11.0% of sales), with a €2.3m increase (+26%).

Consolidated Ebit was equal to €27.7m, compared to €21.6m in 9M 2017, with a €6.1m increase (+28%).

In 9M 2018 net financial charges amounted to €0.7m, compared to €3.0m in 9M 2017; the decrease was mainly driven by the reduction of both bank charges and foreign exchange losses.

Thanks to the improvement in operating profit, in 9M 2018 Profit before taxes amounted to €27.0m compared with Profit before taxes of €18.6m in 9M 2017, with a €8.4m increase (+45%).

Net result of the Group increased significantly amounting to €16.1m, compared to the Net Profit for the Group of €11.9m in 9M 2017, with a €4.2m improvement (+35%).

Balance Sheet Analysis

Looking at the balance sheet as of September 30, 2018, Shareholders' equity is equal to €163.0m and net financial debt amounts to €39.1m compared to €66.1m as of September 30, 2017, with a €27.0m improvement (€50.6m as of December 31, 2017). The financial debt decrease compared to 9M 2017 refers mainly to the improvement of the operating cash flow.

As of September 30, 2018, operating net working capital amounts to €84.3m (24.6% of LTM sales) compared with €88.9m as of September 30, 2017 (29.5% of LTM sales).

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

Capex in 9M 2018 amount to €5.5m and are mostly related to the maintenance and stores' refurbishment.

Other Information

Reclassified Income Statement, Balance Sheet and Cash Flow Statement are attached below. 9M 2018 and 9M 2017 data included in this press release have not been audited by the Auditors' company.

The Interim financial statements at 30 September 2018, approved by the Board of Directors, is available to the public at Company's registered office.

Please note that the Interim Consolidated Financial Statements and the Results Presentation as of 30 September 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>	9M 18	%	9M 17	%	Change	Change %
Revenues from sales and services	264.616	100,0%	234.973	100,0%	29.643	12,6%
Other revenues and income	3.280	1,2%	2.573	1,1%	707	27,5%
Total Revenues	267.896	101,2%	237.546	101,1%	30.350	12,8%
Total operating costs	(230.775)	(87,2%)	(207.112)	(88,1%)	(23.663)	11,4%
EBITDA	37.122	14,0%	30.434	13,0%	6.687	22,0%
Total Amortization and Write-downs	(9.424)	(3,6%)	(8.832)	(3,8%)	(591)	6,7%
EBIT	27.698	10,5%	21.602	9,2%	6.096	28,2%
Total Financial Income /(expenses)	(690)	(0,3%)	(3.032)	(1,3%)	2.341	(77,2%)
Profit before taxes	27.007	10,2%	18.570	7,9%	8.437	45,4%
Taxes	(9.989)	(3,8%)	(6.530)	(2,8%)	(3.458)	53,0%
Net Profit	17.019	6,4%	12.040	5,1%	4.979	41,3%
(Profit)/loss attributable to minority shareholders	(928)	(0,4%)	(131)	(0,1%)	(797)	606,9%
Net Profit for the Group	16.090	6,1%	11.909	5,1%	4.181	35,1%

GROUP'S BALANCE SHEET

<i>(In thousands of Euro)</i>	9M 18	FY 17	9M 17
Trade receivables	48.469	42.065	50.627
Stock and inventories	96.557	97.818	91.884
Trade payables	(60.751)	(68.619)	(53.553)
Operating net working capital	84.275	71.264	88.958
Other receivables	37.095	32.325	29.567
Other liabilities	(30.964)	(22.251)	(22.699)
Net working capital	90.406	81.338	95.827
Tangible fixed assets	59.642	59.104	60.087
Intangible fixed assets	105.332	109.679	111.179
Investments	132	132	132
Other long term receivables	3.138	3.564	3.325
Fixed assets	168.243	172.479	174.722
Post employment benefits	(5.665)	(5.916)	(6.047)
Long term provisions	(2.520)	(2.415)	(2.436)
Assets available for sale	437	437	437
Liabilities available for sale			
Other long term liabilities	(696)	(788)	(471)
Deferred tax assets	15.095	14.336	13.945
Deferred tax liabilities	(29.945)	(30.437)	(30.603)
NET CAPITAL INVESTED	235.356	229.034	245.373
Capital issued	25.371	25.371	25.371
Other reserves	123.229	116.229	116.530
Profits/(Losses) carried-forward	(1.663)	(6.957)	(6.956)
Profit/(Loss) for the period	16.090	11.490	11.909
Group share capital and reserves	163.027	146.134	146.854
Minority interests	33.235	32.307	32.430
Shareholders' equity	196.263	178.440	179.283
Short term financial receivables	(1.420)	(1.420)	(2.236)
Liquid assets	(28.444)	(22.809)	(14.937)
Long term financial payables	15.620	22.080	24.965
Long term financial receivables	(2.271)	(2.592)	(2.635)
Short term financial payables	55.608	55.334	60.933
NET FINANCIAL POSITION	39.093	50.593	66.090
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	235.356	229.034	245.373

GROUP'S CASH FLOW

<i>(In thousands of Euro)</i>	9M 18	FY 17	9M 17
OPENING BALANCE	22.809	14.521	14.521
Profit before taxes	27.007	18.939	18.570
Amortizations, provisions and depreciations	9.275	13.876	8.665
Accruals (availments) of long term provisions and post employment benefits	(146)	(594)	(442)
Taxes	(2.341)	(12.230)	(8.618)
Financial incomes and financial charges	690	3.757	3.032
Change in operating assets and liabilities	(18.058)	(6.509)	(21.145)
NET CASH FLOW FROM OPERATING ASSETS	16.427	17.239	62
Increase (decrease) in intangible fixed assets	(1.030)	(1.102)	(982)
Increase (decrease) in tangible fixed assets	(4.436)	(2.732)	(2.441)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)			
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(5.466)	(3.834)	(3.423)
Other changes in reserves and profit carried-forward to shareholders'equity	804	(1.131)	(826)
Proceeds (repayment) of financial payments	(6.186)	(2.241)	6.243
Increase (decrease) financial receivables	746	2.013	1.392
Financial incomes and financial charges	(690)	(3.758)	(3.032)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	(5.326)	(5.117)	3.777
CLOSING BALANCE	28.444	22.809	14.937

Fine Comunicato n.0923-27

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