Informazione Regolamentata n. 0923-48-2019	Data/Ora Ricezione 13 Novembre 2019 11:50:47	MTA - Star

Societa'	:	AEFFE
Identificativo Informazione Regolamentata	:	124643
Nome utilizzatore	:	AEFFEN02 - Degano
Tipologia	:	REGEM
Data/Ora Ricezione	:	13 Novembre 2019 11:50:47
Data/Ora Inizio Diffusione presunta	:	13 Novembre 2019 11:50:48
Oggetto	:	9M 19 Results

Testo del comunicato

Vedi allegato.

AEFFE

MOSCHINO

POLLINI

ALBERTA FERRETTI

PHILOSOPHY DI LORENZO SERAFINI

PRESS RELEASE

AEFFE: 9M 2019 Results Approved. Sales At €269.0m, Ebitda At €33.8m And Net Profit For The Group At €13.4m Net Of IFRS 16 Effect

San Giovanni in Marignano, 13th November 2019 - The Board of Directors of Aeffe SpA approved today the Interim consolidated financial statement as of September 30, 2019. 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.

*Starting from 1st January 2019, the international accounting standard IFRS 16 was applied for the first time. The effects of the new standard are summarized in the following paragraph entitled "**Effects deriving from the first application of accounting standard IFRS 16" Leasing** "".*
For a better understanding of business performance, in the notes to the Income Statement and to the Balance Sheet reported in the following paragraphs, the data for the first 9M of 2019 are considered net of IFRS 16 effect in order to make an effective comparison with the data of the first 9M of 2018.

- **Consolidated revenues of €269.0m, compared to €264.6m in 9M 2018, with a 1.7% increase at current exchange rates (+1.4% at constant exchange rates)**
- **Ebitda with IFRS 16 effect included of €46.1m. Ebitda net of IFRS 16 effect of €33.8m (12.6% on consolidated sales), compared to €37.1m in 9M 2018 (14.0% on consolidated sales)**
- **Net Profit for the Group with IFRS 16 effect of €13.2m. Net Profit for the Group net of IFRS 16 effect of €13.4m, compared to €16.1m in 9M 2018**
- **Net financial debt with IFRS 16 effect of €149.9m. Financial debt net of IFRS 16 effect of €42.2m compared to €39.1m as of September 30, 2018, with a €3.1m increase (€31.3m as at 31st December, 2018)**
- **First-time application of the new Lease standard IFRS 16 from January 1st, 2019**

Consolidated Revenues

In 9M 2019, AEFFE consolidated revenues amounted to €269.0m compared to €264.6m in 9M 2018, with a 1.7% increase at current exchange rates (+1.4% at constant exchange rates).

Revenues of the *prêt-à-porter* division amounted to €200.9m, down by 1.0% at current exchange rates compared to 9M 2018.
Revenues of the footwear and leather goods division increased by 9.1%, equal to Euro 96.7m before interdivisional eliminations, mainly thanks to the good trend recorded by Moschino brand.

The retail channel continued to give encouraging signals for the future paired with the good trend showed by e-commerce channel. Even the wholesale channel, despite being subject to rationalization measures, reported signs of improvement with respect to the result achieved by the last Fall/Winter 2019 season. In particular, the orders' backlog for the next Spring/Summer 2020 recorded a 2% decrease compared to the corresponding S/S 2019, which, in turn, had been the most significant season in absolute value in AEFFE's history. Finally, the comparison of the sales campaign for the S/S 2020 with the previous Autumn/Winter 2019 season showed a 7% growth reflecting an improving trend in the wholesale business.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: "*In an uncertain market environment, characterized by turbulence in markets of importance for us, we positively evaluate the results of the first nine months and we believe that the investment plan implemented since last year across R&D, production and marketing departments will contribute to strengthen the strategic positioning of our brands at international level".*

Revenues Breakdown by Region

(thousands of Eur)	**9M 19 Reported**	**9M 18 Reported**	**% Change**	**% Change***
Italy	125.195	128.923	-2,9%	-2,9%
Europe (Italy exluded)	62.334	60.965	2,2%	2,2%
Asia and Rest of the World	67.464	61.398	9,9%	9,9%
America	14.048	13.331	5,4%	0,4%
Total	**269.041**	**264.616**	**1,7%**	**1,4%**

(*) Calculated at constant exchange rates

In 9M 2019, sales in the **Italian market** decreased by 2.9% to €125.2m compared to 9M 2018 directly due to the weakness of the wholesale channel, in contrast with the positive performance of retail. The Italian market accounted for 46.5% of consolidated sales; that incidence decreased to 37% net of the effect of sales to foreign customers on the national territory.
At constant exchange rates, sales in **Europe**, contributing to 23.2% of consolidated sales, increased by 2.2%.
In **Asia and in the Rest of the World**, the Group's sales totalled €67.5m, amounting to 25.1% of consolidated sales, with an increase of 9.9% at constant exchange rates compared to 9M 2018, especially driven by the good trend in Greater China and Korea, which posted 8% and 35% growth respectively.
Sales in **America**, contributing to 5.2% of consolidated sales, posted in the period an increase of 0.4% at constant exchange rates.

Revenues by distribution channel

(thousands of Eur)	**9M 19 Reported**	**9M 18 Reported**	**% Change**	**% Change***
Wholesale	187.575	190.441	-1,5%	-1,8%
Retail	71.608	65.670	9,0%	8,8%
Royalties	9.858	8.506	15,9%	15,9%
Total	**269.041**	**264.616**	**1,7%**	**1,4%**

(*) Calculated at constant exchange rates

By distribution channel, in 9M 2019, wholesale revenues declined by 1.8% at constant exchange rates (-1.5% at current exchange rates), contributing to 69.7% of consolidated sales. The decrease was due to the downturn registered in the second and third quarter as a result of the AW 2019 sales campaign trend. The sales of directly-operated stores (DOS) confirmed a good trend, increasing by 8.8% at constant exchange rates (+9.0% at current exchange rates) and contributed to 26.6% of consolidated sales.
Royalty incomes increased by 15.9% compared to 9M 2018 and represented 3.7% of consolidated sales.

Network of Monobrand Stores

DOS	**9M 19**	**FY 18**	***Franchising***	**9M 19**	**FY 18**
Europe	43	44	Europe	41	45
America	3	2	America	1	1
Asia	17	18	Asia	134	138
Total	**63**	**64**	**Total**	**176**	**184**

The total network of directly operated stores (DOS) remained substantially unchanged compared with the end of 2018, in accordance with the selective and calibrated development strategy of the retail network.
Regarding franchised stores, during the first 9M of 2019 some closures occurred for strategic repositioning of the stores, especially across Asian markets.

Effects from the first-time application of the new Lease standard IFRS 16

IFRS 16 was applied from 1st January, 2019, without restatement of comparative information.

The new accounting standard provides that all leasing contracts must be recognised in the balance sheet as assets and liabilities. In particular, the following is noted with reference to 30th September 2019:
- Fixed Assets increase of €112.6m from the right to use the leased assets (inclusive of the reclassification of Euro 23 million for key money previously entered under "Intangible assets");
- Leasing liabilities for €107.7m were posted in Financial liabilities (of which €93.1m as not current liabilities and €14.6m as current liabilities).

In the Profit & Loss statement for the first 9M of 2019, the costs for "lease installments" were cancelled from operating costs for €12.3m. As Amortisation of right to use assets were posted €10.9m and as Financial charges linked to the financial debt for leasing were recorded €1.6m. Accordingly, EBITDA increased of 12.3 million Euro as a result of the application of the IFRS 16 standard.

As already commented, for a better understanding of the business performance, in the notes to the Income Statement and to the Balance Sheet reported in the following paragraphs, the data for the first 9M of 2019 are considered net of IFRS 16 effect in order to make an effective comparison with the data of the first 9M of 2018.

Operating and Net Result Analysis

In 9M 2019 consolidated Ebitda net of IFRS 16 effect was equal to €33.8m (with an incidence of 12.6% of consolidated sales), compared to €37.1m in 9M 2018 (14.0% of total sales), with a €3.3m decrease (-9.0%). The change was attributable to the *prêt-à-porter* division.
In 9M 2019 Ebitda of the *prêt-à-porter* division, net of IFRS 16 effect, amounted to €22.1m (representing 11.0% of sales), compared to €26.0m in 9M 2018 (12.8% of sales), posting a €3.9m decrease. This change was due to the sales trend and higher costs for the strengthening of the R&D, production and marketing divisions. More in depth, with reference to the turnover, the decrease in sale impacted on overall profitability. In addition, personnel costs increased for the hiring of strategic skilled professionals to enhance the desiderability and distinctiveness of the group's brands, both in terms of visibility and positioning and expansion of online business.
Ebitda of the footwear and leather goods division, net of IFRS 16 effect, amounted to €11.7m (12.1% of sales) compared to a €11.1m in 9M 2018 (12.5% of sales), with a €0.6m increase.

Consolidated Ebit net of IFRS 16 effect was equal to €24.6m, compared to €27.7m in 9M 2018, with a €3.1m decrease.
In 9M 2019 financial charges net of IFRS 16 effect amounted to €0.3m, compared to €0.7m in 9M 2018.
Net profit of the Group, net of IFRS 16 effect, was equal to €13.4m, compared to the Net Profit for the Group of €16.1m in 9M 2018, with a €2.7m decrease, mostly due to the reduction of profitability, as commented above.

Balance Sheet Analysis

Looking at the balance sheet as of 30th September 2019, Shareholders' equity is equal to €173.6m and financial debt net of IFRS 16 effect amounts to €42.2m compared to €39.1m as of 30th September 2018, with a €3.1m improvement (€31.3m as of 31st December, 2018). The rise in financial debt compared to 9M 2018 is mainly attributable to the increase in working capital.
As of 30th September 2019 operating net working capital amounts to €97.3m (27.7% of LTM sales) compared to €84.3m as of 30th September, 2018 (24.6% of sales). The higher incidence is mainly attributable to higher inventories stored in directly managed shops due to the increase in sales.
Capex in 9M 2019 amount to €6.0m and are mostly related to the maintenance and stores' refurbishment, along with investment for a new warehouse.

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 were not audited by the Auditors' company.

The Interim financial statements at 30th September 2019, approved by the Board of Directors, is available to the public at Company's registered office.

The Interim Consolidated Financial Statements and the Results Presentation at 30th September 2019 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.

"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

GROUP'S PROFIT & LOSS

(In thousands of Eur)	9M 19 IFRS 16 effect included	%	9M 19 net of IFRS 16 effect	%	9M 18	%	Chg.% 9M 19 IFRS 16 included vs 9M 18	Chg.% 9M 19 net of IFRS 16 effect vs 9M 18 (Note 1)
Revenues from sales and services	**269.041**	**100,0%**	**269.041**	**100,0%**	**264.616**	**100,0%**	**1,7%**	**1,7%**
Other revenues and income	6.415	2,4%	6.415	2,4%	3.280	1,2%	(97,6%)	95,6%
Total Revenues	**275.456**	**102,4%**	**275.456**	**102,4%**	**267.896**	**101,2%**	**2,8%**	**2,8%**
Total operating costs	(229.365)	(85,3%)	(241.668)	(89,8%)	(230.775)	(87,2%)	(185,6%)	4,7%
EBITDA	**46.091**	**17,1%**	**33.788**	**12,6%**	**37.122**	**14,0%**	**24,2%**	**(9,0%)**
Total Amortization and Write-downs	(20.080)	(7,5%)	(9.166)	(3,4%)	(9.424)	(3,6%)	(154,1%)	(2,7%)
EBIT	**26.011**	**9,7%**	**24.622**	**9,2%**	**27.698**	**10,5%**	**(6,1%)**	**(11,1%)**
Total Financial Income /(expenses)	(1.922)	(0,7%)	(287)	(0,1%)	(690)	(0,3%)	(106,9%)	(58,4%)
Profit before taxes	**24.088**	**9,0%**	**24.334**	**9,0%**	**27.007**	**10,2%**	**(10,8%)**	**(9,9%)**
Taxes	(10.513)	(3,9%)	(10.582)	(3,9%)	(9.989)	(3,8%)	(138,9%)	5,9%
Net Profit	**13.575**	**5,0%**	**13.753**	**5,1%**	**17.019**	**6,4%**	**(20,2%)**	**(19,2%)**
Profit attributable to minority shareholders	(346)	(0,1%)	(346)	(0,1%)	(928)	(0,4%)	(102,0%)	(62,7%)
Net Profit for the Group	**13.229**	**4,9%**	**13.407**	**5,0%**	**16.090**	**6,1%**	**(17,8%)**	**(16,7%)**

Note 1: for a better understanding the business performance, in the notes mentioned above in this press release, economic data for the first 9M of 2018 were compared with the data of the first 9M of 2019 net of IFRS 16 for an effective comparison of the figures.

GROUP'S BALANCE SHEET

(In thousands of Eur)	9M 19	FY 18	9M 18
Trade receivables	49.078	43.139	48.469
Stock and inventories	108.751	104.262	96.557
Trade payables	(60.535)	(76.950)	(60.751)
Operating net working capital	**97.294**	**70.450**	**84.275**
Other receivables	41.497	42.825	37.095
Other liabilities	(25.826)	(27.527)	(30.964)
Net working capital	**112.965**	**85.748**	**90.406**
Tangible fixed assets	60.905	60.299	59.642
Intangible fixed assets	76.926	103.132	105.332
Right of use assets (IFRS 16 - see Note 2)	123.272		
Investments	160	132	132
Other long term receivables	2.607	2.810	3.138
Attivo immobilizzato	**263.870**	**166.373**	**168.243**
Post employment benefits	(5.101)	(5.492)	(5.665)
Long term provisions	(1.802)	(2.559)	(2.520)
Assets available for sale	437	437	437
Liabilities available for sale	(684)		
Other long term liabilities		(771)	(696)
Deferred tax assets	16.034	15.073	15.095
Deferred tax liabilities	(29.617)	(30.094)	(29.945)
NET CAPITAL INVESTED	**356.102**	**228.716**	**235.356**
Capital issued	25.289	25.371	25.371
Other reserves	128.448	123.799	123.229
Profits/(Losses) carried-forward	6.658	(1.287)	(1.663)
Profit/(Loss) for the period	13.229	16.726	16.090
Group share capital and reserves	**173.624**	**164.610**	**163.027**
Minority interests	32.612	32.850	33.235
Shareholders' equity	**206.236**	**197.459**	**196.263**
Short term financial receivables	(1.155)	(1.420)	(1.420)
Liquid assets	(24.645)	(28.037)	(28.444)
Long term financial payables	16.471	16.409	15.620
Long term financial receivables	(2.296)	(2.302)	(2.271)
Short term financial payables	53.812	46.607	55.608
NET FINANCIAL DEBT NET OF IFRS 16 EFFECT	**42.187**	**31.256**	**39.093**
Short term lease liabilities (IFRS 16 - see Note 2)	14.606		
Long term lease liabilities (IFRS 16 - see Note 2)	93.071		
NET FINANCIAL POSITION	**149.865**	**31.256**	**39.093**
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	**356.102**	**228.716**	**235.356**

Note 2: **Effects from the first-time application of the new Lease standard IFRS 16 on Balance sheet**
- Fixed Assets increase of €112.6m from the right to use the leased assets (inclusive of the reclassification of Euro 23 million for key money previously entered under "Intangible assets");
- Leasing liabilities for €107.7m were posted in Financial liabilities (of which €93.1m as not current liabilities and €14.6m as current liabilities)

GROUP'S CASH FLOW

(In thousands of Eur)	**9M 19**	**FY 18**	**9M 18**
OPENING BALANCE	**28.037**	**22.809**	**22.809**
Profit before taxes	24.088	28.797	27.007
Amortizations, provisions and depreciations	19.895	13.682	9.275
Accruals (availments) of long term provisions and post employment benefits	(1.148)	(281)	(146)
Taxes	(10.036)	(9.845)	(2.341)
Financial incomes and financial charges	1.922	850	690
Change in operating assets and liabilities	(27.664)	(7.677)	(18.058)
NET CASH FLOW FROM OPERATING ASSETS	**7.057**	**25.526**	**16.427**
Increase (decrease) in intangible fixed assets	(1.416)	(1.257)	(1.030)
Increase (decrease) in tangible fixed assets	(4.537)	(6.657)	(4.436)
Increase (-)/ Decrease (+) in Right of use assets (See Note 3)	(1.119)		
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	(28)		
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	**(7.100)**	**(7.914)**	**(5.466)**
Other changes in reserves and profit carried-forward to shareholders'equity	(405)	1.820	804
Proceeds (repayment) of financial payments	7.267	(14.398)	(6.186)
Proceeds (+)/ repayment (-) of lease payables (See Note 3)	(8.763)		
Increase (decrease) financial receivables	474	1.044	746
Financial incomes and financial charges	(1.922)	(850)	(690)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	**(3.349)**	**(12.384)**	**(5.326)**
CLOSING BALANCE	**24.645**	**28.037**	**28.444**

Nota 3: the item shows the cash flow change relating to the application of the new Lease standard IFRS 16.

Fine Comunicato n.0923-48	Numero di Pagine: 9