Informazione Regolamentata n. 0923-44-2020	Data/Ora Ricezione 13 Maggio 2020 15:06:49	MTA - Star

Societa'	:	AEFFE
Identificativo Informazione Regolamentata	:	132325
Nome utilizzatore	:	AEFFEN02 - Degano
Tipologia	:	REGEM
Data/Ora Ricezione	:	13 Maggio 2020 15:06:49
Data/Ora Inizio Diffusione presunta	:	13 Maggio 2020 15:06:50
Oggetto	:	1Q20 Financial Results

Testo del comunicato

Vedi allegato.

AEFFE

MOSCHINO

POLLINI

ALBERTA FERRETTI

PHILOSOPHY
DI
LORENZO SERAFINI

PRESS RELEASE

AEFFE: In 1Q20 Sales At €76.2m Compared With €102.2m In 1Q19. Important Actions adopted to face Covid-19 pandemic effects

San Giovanni in Marignano, 13th May 2020 - The Board of Directors of Aeffe SpA approved today the Interim consolidated financial statement as of March 31, 2020. 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 and Pollini.

- **Consolidated revenues of €76.2m, compared to €102.2m in Q1 2019, with a 25.4% decrease at current exchange rates (-25.5% at constant exchange rates) due to Covid-19 pandemic effect**
- **Ebitda of €8.6m, compared to €26.6m in Q1 2019, with a €18m decrease**
- **Net Profit for the Group of €4 thousands, compared to €11,840 thousands in Q1 2019**
- **Net financial debt with IFRS 16 effect of €149.6m. Financial debt net of IFRS 16 effect of €57.6m compared to €34.5m as of March 31, 2019, with a €23.1m increase (€39.4m as at 31st December, 2019)**
- **Action plan adopted by the management to safeguard employees and protect the economic and financial solidity of the business. Significant effects expected from the second quarter of the year**

Consolidated Revenues

In Q1 2020, AEFFE consolidated revenues amounted to €76.2m compared to €102.2m in Q1 2019, with a 25.4% decrease at current exchange rates (-25.5% at constant exchange rates).
The trend of the first quarter has been penalized by the rapid spread of the Covid-19 pandemic and the consequent rigorous measures adopted by the various countries in terms of bans and suspension of international traffic of people and non-essential activities; these restrictions concerned both the Group's directly operated stores and the wholesale distribution, with negative effects on both channels.

Revenues of the *prêt-à-porter* division amounted to €54.4m, down by 30% both at current and constant exchange rates compared with Q1 2019.
Revenues of the footwear and leather goods division decreased by 7.9% to €30.7m both at constant and current exchange rates, before interdivisional eliminations.
As far as the next Fall/Winter 2020-2021 season is concerned, the Group sales campaign ended with a 6.5% decrease compared to the corresponding season of last year; this result is worthy of satisfaction considering the difficult conditions of the macroeconomic scenario in which it was achieved, i.e. in full international emergency due to the spread of novel coronavirus Covid-19.
However, on the basis of the uncertainty and unpredictability of the current market context, it is to be considered the possibility that the orders' backlog for the Fall/Winter 2020-2021 collections may be subject to potential customers' returns and cancellations; this is in absolute contrast to what has always happened in AEFFE history where the sales campaign results have systematically equalled to the corresponding revenues values without substantial deviations for subsequent adjustments.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: "*The first quarter of 2020 was affected by the Covid-19 pandemic effects which led the various governments of the countries where the Group operates to adopt rigorous lockdown measures to contain the spread of the virus, resulting in severe restrictions on people circulation and business operations. In this context, AEFFE has immediately implemented a plan of actions aimed to safeguard the safety and the health of its employees and collaborators, to sustain its customers and to protect the solidity of the business from an economic and financial standpoint, while preserving the growth potential of its owned brands in the main reference markets and their ability to seize the opportunities that will be created in this challenging market scenario".*

Revenues Breakdown by Region

(migliaia di Euro)	**1Q 20 Reported**	**1Q 19 Reported**	**% Change**	**% Change***
Italy	36.461	46.130	-21,0%	-21,0%
Europe (Italy exluded)	20.724	23.192	-10,6%	-10,7%
Asia and Rest of the World	15.442	27.806	-44,5%	-44,2%
America	3.597	5.109	-29,6%	-31,4%
Total	**76.224**	**102.237**	**-25,4%**	**-25,5%**

(*) Calculated at constant exchange rates

In the first quarter 2020 all geographic areas recorded a decline.
In Q1 2020, sales in the **Italian market** decreased by 21% to €36.5m compared to Q1 2019, due to both the wholesale and retail channels, which all suffered from the rigid measures to contrast the spread of the pandemic in terms of suspension of non-essential activities starting from the second week of March.
The Italian market amounted to 47.8% of consolidated sales; that incidence decreased to 36% net of the effect of sales to foreign customers registered on the national territory.
At constant exchange rates, in Q1 2020, sales in **Europe**, contributing to 27.2% of consolidated sales, decreased by 10.7%; Russia, UK and Germany outperformed the average of the area. Both distribution channels were impacted by the emergency due to the pandemic.
In **Asia and in the Rest of the World**, the Group's sales totalled €15.4m, amounting to 20.3% of consolidated sales, recording a decrease of 44.2% at constant exchange rates compared to Q1 2019. The Far East area has been hardly impacted by the restrictions imposed to limit the virus, while Middle East has experienced a less significant drop. The Greater China area reported a 42% decrease over the period; in the last few days the region has recorded positive signs in terms of sales and the traffic in the stores is showing a recovery trend.
Sales in **America**, contributing to 4.7% of consolidated sales, posted a decrease of 31.4% at constant exchange rates; the Covid-19 impact has involved both the retail and the wholesale channels.

Revenues by distribution channel

(In thousands of Euro)	1Q 20 Reported	1Q 19 Reported	% Change	% Change*
Wholesale	55.596	75.700	-26,6%	-26,6%
Retail	17.903	23.289	-23,1%	-23,2%
Royalties	2.725	3.248	-16,1%	-16,1%
Total	**76.224**	**102.237**	**-25,4%**	**-25,5%**

(*) Calculated at constant exchange rates

By distribution channel, in 1Q20 all distribution channels were affected by the effects of the spread of Covid-19. The wholesale channel, contributing to 72.9% of consolidated sales, recorded a 26.6% decrease both at constant and current exchange rates. The decline is far higher than that registered by the Spring/Summer 2020 collections ordes' backlog; the measures adopted by the Government to block non-essential activities slowed shipments down significantly, with the result that the percentage of the products delivered at the end of the quarter was approximately 10% lower than in the corresponding period of last year. Such result was compounded by requests from some customers to postpone shipments in view of the difficult international market environment.
As of the date of this press release, the situation is evolving and a part of the products not shipped by the end of the first quarter has been delivered to customers. The Group is strongly committed to managing relations with its main commercial partners to provide them with the as much support possible for the stores reopening, including through granting discounts on the current Spring/Summer 2020 season.

The sales of directly-operated stores (DOS), equal to 23.5% of consolidated sales, after a positive start of the year in all main markets, suffered the effects of the progressive restrictions on the international circulation of people and on operations of non-essential activities adopted by the various countries where the Group operates. In 1Q2020 the retail channel decreased by 23.2% at constant exchange rates compared with 1Q 2019. On the other hand, the online sales recorded a good trend in the period.

Royalty incomes decreased by 16.1% compared to Q1 2019 and represented 3.6% of consolidated sales.

Network of Monobrand Stores

DOS	**1Q 20**	**FY 19**
Europe	42	42
Americas	2	3
Asia	16	16
Total	**60**	**61**

Franchising	**1Q 20**	**FY 19**
Europe	39	40
Americas	1	1
Asia	120	122
Total	**160**	**163**

As far the directly operated stores network is concerned, in the quarter the Moschino brand store in Los Angeles was closed because it was no longer considered strategic in terms of location. In terms of franchised stores, in the period some openings and closures took place in Europe and in the Asian market due to the strategic repositioning of the stores.

Group's Operating and Net Result Analysis

In Q1 2020 the consolidated Ebitda was equal to €8.6m (with an incidence of 11.3% of total sales), compared to €26.6m in Q1 2019 (26.0% of total sales), with a €18m decrease (-67.7%).
The significant decline in margins is directly referred to the sales decrease of both wholesale and retail channels in all geographies where the Group operates, because of the Covid-19 pandemic, as described above. The first quarter does not yet reflect the positive results that will come from the actions adopted to face the impacts of the spread of the virus on a global scale which will begin to materialize from the second quarter of the year.
In Q1 2020 Ebitda of the *prêt-à-porter* division amounted to €4.1m (representing 7.6% of sales), compared to €20.3m in Q1 2019 (25% of sales), posting a €16.2m decrease due to the sales decline.
Ebitda of the footwear and leather goods division amounted to €4.5m (14.7% of sales) compared to a €6.3m in Q1 2019 (18.9% of sales), with a €1.8m decrease due to the sales decline.
Consolidated Ebit was equal to €1.8m, compared to €19.9m in Q1 2019, with a €18.1m decrease due to the Ebitda reduction.
Net profit of the Group was equal to €4 thousands, compared to the Net Profit for the Group of €11,840 thousands in Q1 2019, with a €11,836 thousands decrease.

Group's Balance Sheet Analysis

Looking at the balance sheet as of 31st March 2020, Shareholders' equity is equal to €171.3m and financial debt net of IFRS 16 effect amounts to €57.6m compared to €34.5m as of 31st March 2019, with a €23.1m increase (€39.4m as of 31st December, 2019).
The financial debt increase compared to Q1 2019 mainly refers to the raise in working capital.
As of 31st March 2020 operating net working capital amounts to €97.8m (30.1% of LTM sales) compared to €94.2m as of 31st March, 2019 (26.6% of LTM sales).
The higher incidence is mainly attributable to: 1) higher inventories of finished products following the slowdown of the Spring/Summer 2020 collections deliveries in the first quarter, as commented above; 2) increase in trade receivables following the lower collections in the period due to the deferrals granted to customers.
Capex in Q1 2020 amount to €1.9m and are mostly related to the completion of a new warehouse.

Actions adopted by the Group to face the Covid-19 pandemic effects

The international macroeconomic situation remains very complicated and the economic and social consequences of the Covid-19 coronavirus pandemic are currently not quantifiable.
The negative impact of the pandemic on the luxury goods demand is significant and is affecting the entire industry globally.

AEFFE has taken timely measures deemed of fundamental importance for the long-term interest of the Group and to meet the challenges of the current international situation.

In this highly uncertain context, the primary objective of the Group is to protect the safety and the health of its employees, partners and clients. In this regard, the Group has urgently and responsibly adopted all the security measures and protocols introduced by the authorities in the various countries, while ensuring the continuity of the business operations adopting smart-working solutions, when possible.

The corrective measures taken by the Group are part of an ad hoc plan designed to effectively and efficiently contrast the negative effects of the global emergence of the Covid-19 coronavirus and to protect the economic and financial resilience of the business.
In terms of sales, the actions adopted aim to: 1) carefully manage the relations with the main commercial partners, especially in the Far East area, to support them as much as possible; 2) enhance digital activities to support the online business, customer care in particular, through the reallocation of human resources and time for the development of technologies and tools able to satisfy customers' needs in terms of a more and more personalized customer experience; 3) enhance the remote digital communication through the adoption of innovative digital technologies, such as the virtual showroom to present the new collections remotely to buyers and sector's operators.
On the costs side, the activities are focused on: 1) requests for reduction of rents for stores and offices; 2) use of government retention scheme and accrued holidays to make labour costs more flexible up to the reopening of shops and the complete resumption of production processes; 3) postponement of costs for advertising and

public relations which are not prejudicial to the strengthening and support of the brands; 4) request of all foreseen government grants and subsides, in all the countries where the Group operates, to face the pandemic effects.

With regards to financial position, the Group has available bank credit lines absolutely adequate to face the difficult economic situation and to honour regularly all its commitments; in this regards, it is very important to underline that the percentage of available credit lines used by the Group is about 40% of the total available, well below the maximum usable limit at disposal.

Other Information

Renewal of the design agreement with Mrs. Alberta Ferretti

The Aeffe's Board of Directors 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 the "Alberta Ferretti" collections manufactured and distributed by Aeffe S.p.A.)
The Alberta Ferretti's stylistic collaboration in 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, 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 the Maison's creative director.
In particular, the company, through the above-mentioned renewal, reached the goal to guarantee the Mrs Ferretti's stylistic performance until May 15, 2023, for a remuneration fully in line with the market price, equal to 1 (one) million of Euros per year.

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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 audited by the Auditors' company.

Please note that the Interim Consolidated Financial Statements and the Results Presentation at 31st March 2020 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.

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"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".

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GROUP'S PROFIT & LOSS

(In thousands of Euro)	**1Q 20**	**%**	**1Q 19**	**%**	**Change %**
Revenues from sales and services	**76.225**	**100,0%**	**102.237**	**100,0%**	**(25,4%)**
Other revenues and income	2.693	3,5%	2.768	2,7%	(2,7%)
Total Revenues	**78.918**	**103,5%**	**105.005**	**102,7%**	**(24,8%)**
Total operating costs	(70.311)	(92,2%)	(78.379)	(76,7%)	(10,3%)
EBITDA	**8.606**	**11,3%**	**26.626**	**26,0%**	**(67,7%)**
Total Amortization and Write-downs	(6.848)	(9,0%)	(6.723)	(6,6%)	1,9%
EBIT	**1.759**	**2,3%**	**19.903**	**19,5%**	**(91,2%)**
Total Financial Income /(expenses)	(788)	(1,0%)	(794)	(0,8%)	(0,7%)
Profit before taxes	**971**	**1,3%**	**19.109**	**18,7%**	**(94,9%)**
Taxes	(1.449)	(1,9%)	(6.217)	(6,1%)	(76,7%)
Net Profit/(Loss)	**(478)**	**(0,6%)**	**12.892**	**12,6%**	**(103,7%)**
(Profit)/Loss attributable to minority shareholders	482	0,6%	(1.052)	(1,0%)	(145,8%)
Net Profit for the Group	**4**	**0,0%**	**11.840**	**11,6%**	**(100,0%)**

GROUP'S BALANCE SHEET

(In thousands of Euro)	**1Q 20**	**FY 19**	**1Q 19**
Trade receivables	44.195	41.525	52.866
Stock and inventories	114.596	112.051	101.514
Trade payables	(60.975)	(74.300)	(60.161)
Operating net working capital	**97.817**	**79.275**	**94.219**
Other receivables	49.530	49.411	40.162
Other liabilities	(21.610)	(21.517)	(30.410)
Net working capital	**125.737**	**107.170**	**103.971**
Tangible fixed assets	63.354	62.825	60.099
Intangible fixed assets	75.086	76.083	78.734
Right of use assets	106.274	110.714	131.525
Investments	132	132	132
Other long term receivables	2.756	2.720	2.809
Attivo immobilizzato	**247.602**	**252.474**	**273.299**
Post employment benefits	(5.155)	(5.195)	(5.433)
Long term provisions	(1.898)	(1.847)	(1.950)
Assets available for sale	437	437	437
Liabilities available for sale			
Other long term liabilities	(681)	(717)	(721)
Deferred tax assets	16.938	16.950	15.615
Deferred tax liabilities	(29.852)	(29.982)	(30.035)
NET CAPITAL INVESTED	**353.127**	**339.289**	**355.184**
Capital issued	25.160	25.286	25.371
Other reserves	127.903	127.823	128.907
Profits/(Losses) carried-forward	18.278	6.585	6.658
Profit/(Loss) for the period	4	11.693	11.840
Group share capital and reserves	**171.345**	**171.386**	**172.776**
Minority interests	32.206	32.688	33.318
Shareholders' equity	**203.551**	**204.075**	**206.094**
Short term financial receivables	(1.150)	(1.132)	(1.420)
Liquid assets	(17.455)	(28.390)	(27.986)
Long term financial payables	9.783	13.449	20.243
Long term financial receivables	(2.282)	(2.225)	(2.357)
Short term financial payables	68.700	57.709	45.970
NET FINANCIAL DEBT NET OF IFRS 16 EFFECT	**57.596**	**39.410**	**34.450**
Short term lease liabilities	13.689	14.098	14.576
Long term lease liabilities	78.291	81.706	100.064
NET FINANCIAL POSITION	**149.576**	**135.214**	**149.090**
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	**353.127**	**339.289**	**355.184**

GROUP'S CASH FLOW

(In thousands of Euro)	1Q 20	FY 19	1Q 19
OPENING BALANCE	**28.390**	**28.037**	**28.037**
Profit before taxes	971	21.806	19.109
Amortizations, provisions and depreciations	6.848	28.028	6.723
Accruals (availments) of long term provisions and post employment benefits	11	(1.119)	(726)
Taxes	(1.752)	(13.144)	(480)
Financial incomes and financial charges	788	3.295	794
Change in operating assets and liabilities	(18.476)	(19.625)	(22.896)
NET CASH FLOW FROM OPERATING ASSETS	**(11.610)**	**19.241**	**2.525**
Increase (decrease) in intangible fixed assets	(40)	(1.813)	(156)
Increase (decrease) in tangible fixed assets	(1.842)	(7.847)	(1.070)
Increase (-)/ Decrease (+) in Right of use assets (See Note 3)		(1.119)	(1.934)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)			
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	**(1.882)**	**(10.779)**	**(3.160)**
Other changes in reserves and profit carried-forward to shareholders'equity	(46)	(976)	182
Proceeds (repayment) of financial payments	7.325	8.143	3.197
Proceeds (+)/ repayment (-) of lease payables	(3.824)	(12.435)	(1.947)
Increase (decrease) financial receivables	(110)	454	(54)
Financial incomes and financial charges	(788)	(3.295)	(794)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	**2.557**	**(8.109)**	**584**
CLOSING BALANCE	**17.455**	**28.390**	**27.986**

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