



# AEFFE

## **INTERIM CONSOLIDATED FINANCIAL STATEMENT AT 31 MARCH 2014**

*Disclaimer*

*This Interim consolidated financial statement at 31 March 2014 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.*

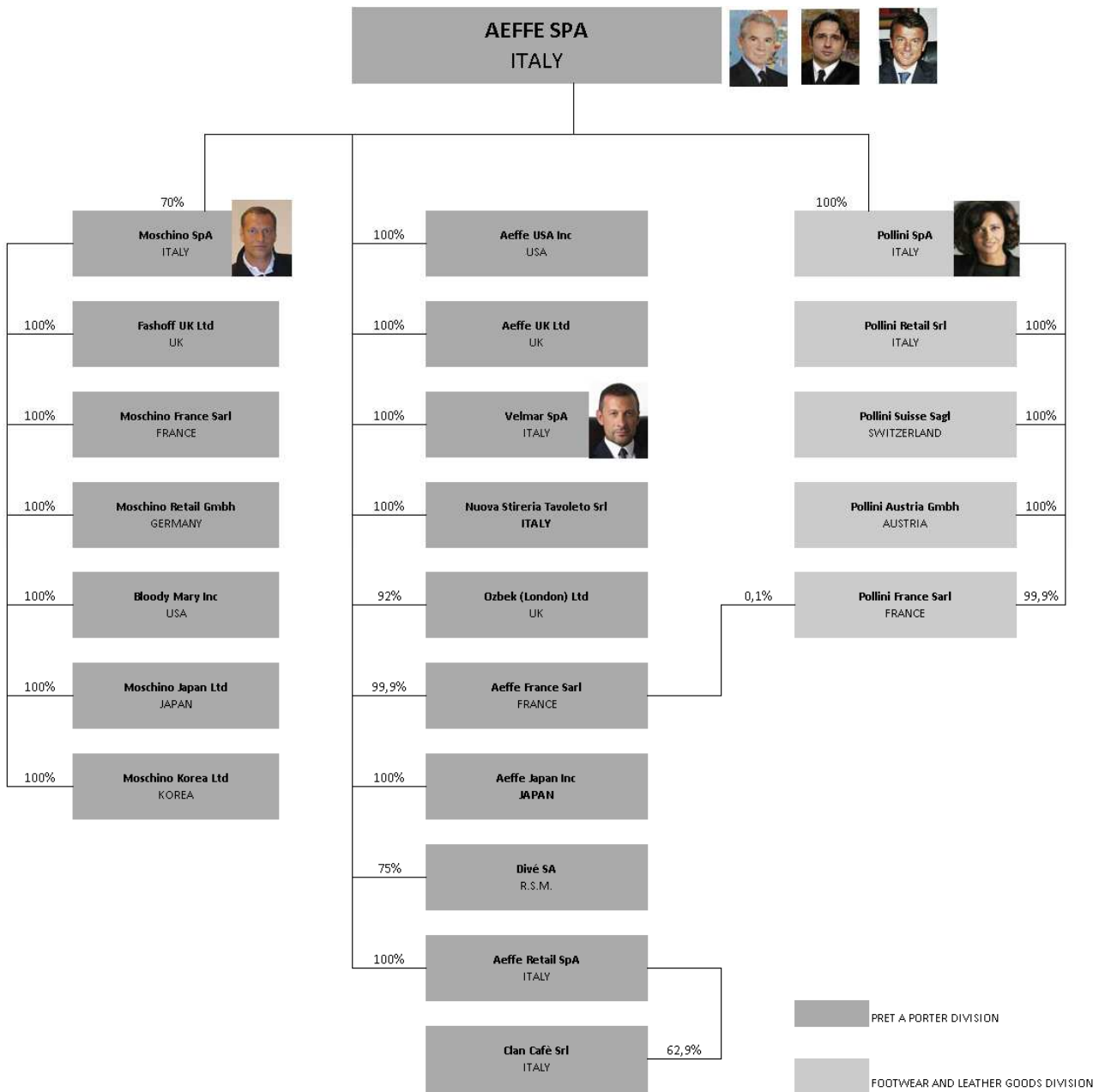
# SUMMARY

<i>INTERIM CONSOLIDATED FINANCIAL STATEMENT AT 31 MARCH 2014</i>	<i>1</i>
<i>CORPORATE BOARDS OF THE PARENT COMPANY</i>	<i>3</i>
<i>ORGANISATION CHART</i>	<i>4</i>
<i>BRANDS PORTFOLIO</i>	<i>5</i>
<i>HEADQUARTERS</i>	<i>6</i>
<i>SHOWROOMS</i>	<i>7</i>
<i>MAIN FLAGSHIPSTORE LOCATIONS UNDER DIRECT MANAGEMENT</i>	<i>8</i>
<i>MAIN ECONOMIC-FINANCIAL DATA</i>	<i>9</i>
<i>FINANCIAL STATEMENTS</i>	<i>10</i>
<i>INTERIM MANAGEMENT REPORT</i>	<i>14</i>
<i>EXPLANATORY NOTES</i>	<i>15</i>

# 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 Pierfrancesco Giustiniani Marco Salomoni Sabrina Borocci
Board of Statutory	<b>President</b> Pier Francesco Sportoletti
	<b>Statutory Auditors</b> Fernando Ciotti Daniela Saitta
	<b>Alternate Auditors</b> Barbara Ceppellini Luca Sapucci
Board of Compensation Committee	<b>President</b> Sabrina Borocci
	<b>Members</b> Roberto Lugano Pierfrancesco Giustiniani
Board of Internal Control Committee	<b>President</b> Roberto Lugano
	<b>Members</b> Sabrina Borocci Pierfrancesco Giustiniani

# Organisation chart



**Brands portfolio**

**AEFFE**  
Clothing - Accessories

**ALBERTA FERRETTI**      **PHILOSOPHY**

**MOSCHINO.**      **MOSCHINO.**  
CHEAPANDCHIC

**emanuel ungaro**      **CEDRIC CHARLIER**  
PARIS

**POLLINI**  
Footwear - Leather goods

**MOSCHINO**  
Licences - Design

**VELMAR**  
Beachwear - Lingerie

**POLLINI**  
STUDIO POLLINI

**MOSCHINO.**

**MOSCHINO.**  
CHEAPANDCHIC

**LOVE**  
**MOSCHINO**

**MOSCHINO.**

**MOSCHINO.**  
CHEAPANDCHIC

**LOVE**  
**MOSCHINO**

**MOSCHINO.**

*blugirl blugirl*  
*beachwear      underwear*

**FOLIES** BLUGIRL

## Headquarters

### **AEFFE**

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

### **MOSCHINO**

Via San Gregorio, 28  
20124 - Milan  
Italy

### **POLLINI**

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

### **VELMAR**

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



## Showrooms

### MILAN

(FERRETTI – POLLINI – CEDRIC CHARLIER – UNGARO)

Via Donizetti, 48  
20122 - Milan  
Italy

### MILAN

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

### LONDON

(FERRETTI – MOSCHINO)

28-29 Conduit Street  
W1S 2YB - London  
UK

### MILAN

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

### PARIS

((FERRETTI – MOSCHINO – POLLINI – CEDRIC CHARLIER)

6, Rue Caffarelli  
75003 - Paris  
France

### PARIS

(UNGARO)  
2 Avenue Montaigne  
75008 - Paris  
France

### NEW YORK

(GROUP)

30 West 56th Street  
10019 - New York  
USA



# Main flagshipstore locations under direct management

## ALBERTA FERRETTI

- Milan
- Rome
- Capri
- London
- Los Angeles

## POLLINI

- Milan
- Venice
- Bolzano
- Varese
- Verona

## SPAZIO A

- Florence
- Venice

## MOSCHINO

- Milan
- Rome
- Capri
- Paris
- London
- Berlin
- New York
- Seoul
- Pusan
- Daegu





## Main economic-financial data

		I Q	I Q
		2013	2014
Total revenues	(Values in millions of EUR)	75.3	69.5
Gross operating margin (EBITDA)	(Values in millions of EUR)	9.5	10.7
Net operating profit/(loss) (EBIT)	(Values in millions of EUR)	6.3	7.7
Profit/(loss) before taxes	(Values in millions of EUR)	4.6	6.1
Net profit/(loss) for the Group	(Values in millions of EUR)	2.0	3.2
Basic earnings per share	(Values in units of EUR)	0.020	0.032
Cash Flow (net result + depreciation)	(Values in millions of EUR)	5.7	6.5
Cash Flow/total revenues	Ratio	7.6	9.3

		31 December	31 March	31 December	31 March
		2012	2013	2013	2014
Net capital invested	(Values in millions of EUR)	234.9	244.1	232.0	235.1
Net financial indebtedness	(Values in millions of EUR)	87.9	94.5	88.6	88.3
Group net equity	(Values in millions of EUR)	131.4	133.4	126.8	129.8
Group net equity per share	(Values in units of EUR)	1.2	1.2	1.2	1.2
Current assets/Current liabilities	Ratio	2.2	2.3	2.2	2.4
Current assets less invent./Current liabilities (ACID Test)	Ratio	1.0	1.2	1.0	1.2
Net financial indebtedness/Net equity	Ratio	0.6	0.6	0.6	0.6

## Financial statements

### Income statement at 31 March

(Values in units of EUR)	Notes	I Q	% on	I Q	% on	Change	%
		2014	revenues	2013	revenues		
<b>REVENUES FROM SALES AND SERVICES</b>	<b>(1)</b>	<b>67,639,493</b>	<b>100.0%</b>	<b>73,063,832</b>	<b>100.0%</b>	<b>-5,424,339</b>	<b>-7.4%</b>
Other revenues and income		1,871,856	2.8%	2,191,443	3.0%	-319,587	-14.6%
<b>TOTAL REVENUES</b>		<b>69,511,349</b>	<b>102.8%</b>	<b>75,255,275</b>	<b>103.0%</b>	<b>-5,743,926</b>	<b>-7.6%</b>
Changes in inventory		-1,980,234	-2.9%	-1,797,211	-2.5%	-183,023	10.2%
Costs of raw materials, cons. and goods for resale		-18,630,494	-27.5%	-21,564,442	-29.5%	2,933,948	-13.6%
Costs of services		-16,467,404	-24.3%	-17,973,007	-24.6%	1,505,603	-8.4%
Costs for use of third parties assets		-5,614,004	-8.3%	-6,524,316	-8.9%	910,312	-14.0%
Labour costs		-14,998,023	-22.2%	-16,252,933	-22.2%	1,254,910	-7.7%
Other operating expenses		-1,102,868	-1.6%	-1,668,167	-2.3%	565,299	-33.9%
Total Operating Costs		-58,793,027	-86.9%	-65,780,076	-90.0%	6,987,049	-10.6%
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>(2)</b>	<b>10,718,322</b>	<b>15.8%</b>	<b>9,475,199</b>	<b>13.0%</b>	<b>1,243,123</b>	<b>13.1%</b>
Amortisation of intangible fixed assets		-1,656,944	-2.4%	-1,780,695	-2.4%	123,751	-6.9%
Depreciation of tangible fixed assets		-1,282,593	-1.9%	-1,336,163	-1.8%	53,570	-4.0%
Revaluations / (write-downs) and provisions		-31,625	0.0%	-22,592	0.0%	-9,033	40.0%
Total Amortisation, write-downs and provisions		-2,971,162	-4.4%	-3,139,450	-4.3%	168,288	-5.4%
<b>NET OPERATING PROFIT / LOSS (EBIT)</b>		<b>7,747,160</b>	<b>11.5%</b>	<b>6,335,749</b>	<b>8.7%</b>	<b>1,411,411</b>	<b>22.3%</b>
Financial income		63,738	0.1%	59,955	0.1%	3,783	6.3%
Financial expenses		-1,698,276	-2.5%	-1,765,224	-2.4%	66,948	-3.8%
Total Financial Income/(expenses)		-1,634,538	-2.4%	-1,705,269	-2.3%	70,731	-4.1%
<b>PROFIT / LOSS BEFORE TAXES</b>		<b>6,112,622</b>	<b>9.0%</b>	<b>4,630,480</b>	<b>6.3%</b>	<b>1,482,142</b>	<b>32.0%</b>
Total Income Taxes		-2,569,831	-3.8%	-2,005,134	-2.7%	-564,697	28.2%
<b>NET PROFIT / LOSS</b>		<b>3,542,791</b>	<b>5.2%</b>	<b>2,625,346</b>	<b>3.6%</b>	<b>917,445</b>	<b>34.9%</b>
(Profit) / loss attributable to minority shareholders		-309,074	-0.5%	-598,354	-0.8%	289,280	-48.3%
<b>NET PROFIT / LOSS FOR THE GROUP</b>	<b>(3)</b>	<b>3,233,717</b>	<b>4.8%</b>	<b>2,026,992</b>	<b>2.8%</b>	<b>1,206,725</b>	<b>59.5%</b>

## Reclassified balance sheet

(Values in units of EUR)	Notes	31 March 2014	31 December 2013	31 March 2013
Trade receivables		41,228,301	35,796,691	42,136,966
Stocks and inventories		72,764,934	74,085,293	75,315,412
Trade payables		-41,750,851	-45,448,082	-46,377,217
<b>Operating net working capital</b>		<b>72,242,384</b>	<b>64,433,902</b>	<b>71,075,161</b>
Other short term receivables		22,978,892	23,311,361	25,153,751
Tax receivables		6,550,652	7,159,456	9,667,448
Other short term liabilities		-14,212,817	-14,430,223	-15,653,262
Tax payables		-2,734,414	-4,045,012	-3,757,282
<b>Net working capital</b>	<b>(4)</b>	<b>84,824,697</b>	<b>76,429,484</b>	<b>86,485,816</b>
Tangible fixed assets		64,289,853	64,554,791	66,915,717
Intangible fixed assets		128,746,963	132,788,262	136,561,918
Equity investments		30,250	30,252	30,252
Other fixed assets		4,805,248	4,793,840	2,749,439
<b>Fixed assets</b>	<b>(5)</b>	<b>197,872,314</b>	<b>202,167,145</b>	<b>206,257,326</b>
Post employment benefits		-7,154,569	-7,535,522	-7,345,535
Provisions		-1,184,159	-1,166,839	-728,153
Assets available for sale		436,885	516,885	436,885
Liabilities available for sale		-	-329,200	-
Long term not financial liabilities		-14,045,132	-14,045,132	-14,241,401
Deferred tax assets		11,500,098	13,156,227	11,085,902
Deferred tax liabilities		-37,183,741	-37,173,257	-37,896,573
<b>NET CAPITAL INVESTED</b>		<b>235,066,393</b>	<b>232,019,791</b>	<b>244,054,267</b>
Share capital		25,371,407	25,371,407	25,371,407
Other reserves		119,399,861	118,800,400	119,025,064
Profits / (Losses) carried-forward		-18,230,264	-14,199,499	-13,039,430
Profit / (Loss) of the period		3,233,717	-3,197,728	2,026,992
<b>Group interest in shareholders' equity</b>		<b>129,774,721</b>	<b>126,774,580</b>	<b>133,384,033</b>
Minority interests in shareholders' equity		16,953,390	16,644,316	16,147,558
<b>Total shareholders' equity</b>	<b>(6)</b>	<b>146,728,111</b>	<b>143,418,896</b>	<b>149,531,591</b>
Short term financial receivables		-1,580,000	-1,000,000	-1,000,000
Cash		-5,995,908	-7,524,153	-4,109,583
Long term financial liabilities		14,986,786	15,559,284	2,950,553
Long term financial receivables		-1,393,386	-1,574,143	-1,772,355
Short term financial liabilities		82,320,790	83,139,907	98,454,061
<b>NET FINANCIAL POSITION</b>	<b>(7)</b>	<b>88,338,282</b>	<b>88,600,895</b>	<b>94,522,676</b>
<b>SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS</b>		<b>235,066,393</b>	<b>232,019,791</b>	<b>244,054,267</b>

## Cash flow

(Values in thousands of EUR)	Notes	I Q 2014	F Y 2013	I Q 2013
<b>OPENING BALANCE</b>		<b>7,524</b>	<b>5,362</b>	<b>5,362</b>
Profit before taxes		6,113	-717	4,630
Amortisation / write-downs		2,971	14,571	3,139
Accrual (+)/availment (-) of long term provisions and post employment benefits		-659	-1,099	-574
Paid income taxes		-2,214	-3,029	-1,674
Financial income (-) and financial charges (+)		1,635	6,745	1,705
Change in operating assets and liabilities		-7,119	-499	-8,803
<b>CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY</b>		<b>727</b>	<b>15,972</b>	<b>-1,577</b>
Increase (-)/ decrease (+) in intangible fixed assets		2,384	-2,185	-269
Increase (-)/ decrease (+) in tangible fixed assets		-938	-5,044	-2,858
Investments and write-downs (-)/ Disinvestments and revaluations (+)		-31	0	-25
<b>CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY</b>		<b>1,415</b>	<b>-7,229</b>	<b>-3,152</b>
Other variations in reserves and profits carried-forward of shareholders'equity		-233	-507	-41
Dividends paid		0	0	0
Proceeds (+)/ repayment (-) of financial payments		-1,392	227	2,933
Increase (-)/ decrease (+) in financial receivables		-411	444	2,290
Financial income (+) and financial charges (-)		-1,634	-6,745	-1,705
<b>CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY</b>		<b>-3,670</b>	<b>-6,581</b>	<b>3,477</b>
<b>CLOSING BALANCE</b>		<b>5,996</b>	<b>7,524</b>	<b>4,110</b>

## Changes in shareholders' equity

	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
<i>(Values in thousands of EUR)</i>												
<b>BALANCES AT 31 December 2012</b>	25,371	71,240	30,605	7,901	11,459	-10,010	-	- 3,028	- 2,140	131,398	15,549	146,947
<b>Changes in equity for 1Q 2013</b>												
Allocation of 2012 profit / (loss)	-	-	-	-	-	- 3,028	-	3,028	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buy-back)/ sale	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) of 1Q 2013	-	-	-	-	-	-	-	2,027	- 41	1,986	599	2,585
Other changes	-	-	-	-	-	-	-	-	-	-	-	-
<b>BALANCES AT 31 March 2013</b>	25,371	71,240	30,605	7,901	11,459	-13,038	-	2,027	- 2,181	133,384	16,148	149,532
<i>(Values in thousands of EUR)</i>												
	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 2013</b>	25,371	71,240	31,765	7,901	11,459	-14,198	- 833	- 3,198	- 2,733	126,774	16,644	143,418
<b>Changes in equity for 1Q 2014</b>												
Allocation of 2013 profit / (loss)	-	-	-	-	-	- 3,198	-	3,198	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buy-back)/ sale	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) of 1Q 2014	-	-	-	-	-	-	-	3,234	- 233	3,001	309	3,310
Other changes	-	-	-	-	-	-	-	-	-	-	-	-
<b>BALANCES AT 31 March 2014</b>	25,371	71,240	31,765	7,901	11,459	-17,396	- 833	3,234	- 2,966	129,775	16,953	146,728

## **Interim management report**

In the first quarter of 2014, consolidated revenues amount to EUR 67,639 thousand compared to EUR 73,064 thousand in the first quarter 2013, with a 7.4% decrease at current exchange rates and a 7.3% decrease at constant exchange rates. It should be noted that consolidated revenues would have increased by 3.7% at constant exchange rates, net of the effects of already terminated licenses and of the reorganization of the distribution network in Japan.

In the first quarter 2014 consolidated EBITDA amounts to EUR 10,718 thousand (with an incidence of 15.8% of consolidated sales), compared to EUR 9,475 thousand in the first quarter 2013 (13.0% of total sales). The growth has been mainly driven by the lower incidence of the operating costs thanks to the policies of rationalization and efficiency improvement implemented at Group level.

The improvement in profitability has involved both divisions.

At 31 March 2014 net working capital amounts to EUR 84,825 thousand (34.5% of LTM sales) compared with EUR 76,396 thousand at 31 December 2013 (30.4% of sales); the increase of the incidence of net working capital on sales is mainly due to the seasonality of the business.

Net financial indebtedness decreases of EUR 263 thousand from EUR 88,601 thousand at 31 December 2013 to EUR 88,338 thousand at 31 March 2014.

## Explanatory notes

### Income statement

#### 1. Revenues from sales and services

##### *First quarter 2014 vs 2013*

In the first quarter of 2014, consolidated revenues amount to EUR 67,639 thousand compared to EUR 73,064 thousand in the first quarter 2013, with a 7.4% decrease at current exchange rates and a 7.3% decrease at constant exchange rates. It should be noted that consolidated revenues would have increased by 3.7% at constant exchange rates, net of the effects of already terminated licenses and of the reorganization of the distribution network in Japan.

The following table details the revenues by geographical area for the first quarters of 2014 and 2013.

(Values in thousands of EUR)	I Q		I Q		Change	
	2014	%	2013	%	Δ	%
Italy	28,880	42.7%	29,229	40.0%	-349	-1.2%
Europe (Italy and Russia excluded)	16,947	25.1%	14,854	20.3%	2,093	14.1%
Russia	5,125	7.6%	5,735	7.8%	-610	-10.6%
United States	3,504	5.2%	4,502	6.2%	-998	-22.2%
Japan	1,461	2.2%	6,693	9.2%	-5,232	-78.2%
Rest of the World	11,722	17.2%	12,051	16.5%	-329	-2.7%
<b>Total</b>	<b>67,639</b>	<b>100.0%</b>	<b>73,064</b>	<b>100.0%</b>	<b>-5,425</b>	<b>-7.4%</b>

In the first quarter of 2014 sales in Italy decrease by 1.2% to EUR 28,880 thousand, contributing to 42.7% of consolidated sales.

Sales in Europe increase by 14.1% (+13.9% at constant exchange rates), contributing to 25.1% of consolidated sales, thanks to the good recovery in almost all markets, while the Russian market, representing 7.6% of consolidated sales, declined by 10.6% (the decrease remains unchanged at constant exchange rates) to EUR 5,125 thousand due to the decreased in revenues related to brands whose license agreements ended. Sales in the United States are equal to EUR 3,504 thousand, contributing to 5.2% of consolidated sales, with a decrease of 22.2% (-19.7% at constant exchange rates) especially explained by the decrease in revenues related to brands whose license agreements ended. In Japan sales decrease by 78.2% (-78.2% at constant exchange rates) to EUR 1,461 thousand, contributing to 2.2% of consolidated sales. The decline is due to the reorganization of the distribution network in this market, effective from the beginning of 2014. Specifically, Aeffe S.p.A. and Moschino S.p.A. have signed with Woollen Co., Ltd. and Mitsubishi Corporation Fashion Co., Ltd. a distribution and franchise agreement whereby Woollen Co., Ltd. has become the exclusive distributor for the whole territory of Japan. It follows that, as of 2014, the sales in this market are made exclusively through the wholesale and no longer via the retail channel.

In the Rest of the World, sales are equal to EUR 11,722 thousand with a decrease of 2.7% (-2.5% at constant exchange rates) and a contribution of 17.2% of consolidated sales.

The following table details the revenues by brand for the first quarters of 2014 and 2013.

(Values in thousands of EUR)	I Q		I Q		Change	
	2014	%	2013	%	Δ	%
Alberta Ferretti	12,984	19.2%	12,594	17.2%	390	3.1%
Moschino	39,015	57.7%	40,793	55.8%	-1,778	-4.4%
Pollini	8,252	12.2%	8,546	11.7%	-294	-3.4%
J.P.Gaultier	158	0.2%	3,613	4.9%	-3,455	-95.6%
Other	7,230	10.7%	7,518	10.4%	-288	-3.8%
<b>Total</b>	<b>67,639</b>	<b>100.0%</b>	<b>73,064</b>	<b>100.0%</b>	<b>-5,425</b>	<b>-7.4%</b>

In the first quarter of 2014, Alberta Ferretti brand increases by 3.1% (+3.2% at constant exchange rates), generating 19.2% of consolidated sales.

In the same period, Moschino brand sales decrease by 4.4% (-4.3% at constant exchange rates) contributing to 57.7% of consolidated sales.

Pollini brand decreases by 3.4% (-3.4% at constant exchange rates), generating 12.2% of consolidated sales, while brand under licence JP Gaultier decreases by 95.6% (-95.5% at constant exchange rates) contributing to 0.2% of consolidated sales. Such decrease is tied up to the termination, with the 2013 spring-summer collection, of the license agreement for the women prêt-à-porter collections branded "Jean Paul Gaultier".

The other brands sales decrease by 3.8% (-3.3% at constant exchange rates) contributing to 10.7% of consolidated sales.

The following table details the revenues by distribution channel for the first quarters of 2014 and 2013.

(Values in thousands of EUR)	I Q		I Q		Change	
	2014	%	2013	%	Δ	%
Wholesale	45,144	66.7%	50,020	68.5%	-4,876	-9.7%
Retail	18,923	28.0%	19,298	26.4%	-375	-1.9%
Royalties	3,572	5.3%	3,746	5.1%	-174	-4.6%
<b>Total</b>	<b>67,639</b>	<b>100.0%</b>	<b>73,064</b>	<b>100.0%</b>	<b>-5,425</b>	<b>-7.4%</b>

By distribution channel in the first quarter of 2014, wholesale sales decrease by 9.7% (-9.6% at constant exchange rates) contributing to 66.7% of consolidated sales.

Sales of our directly-operated stores (retail channel) amount to EUR 18,923 thousand with a decrease of 1.9% (-1.9% at constant exchange rates) contributing to 28.0% of consolidated sales.

Royalty income is 4.6% lower than in the corresponding period of the previous year, representing 5.3% of consolidated sales.

The following table details the revenues by own brand and brand under license for the first quarters of 2014 and 2013.

(Values in thousands of EUR)	I Q		I Q		Change	
	2014	%	2013	%	Δ	%
Own brands	60,251	89.1%	61,933	84.8%	-1,682	-2.7%
Brands under license	7,388	10.9%	11,131	15.2%	-3,743	-33.6%
<b>Total</b>	<b>67,639</b>	<b>100.0%</b>	<b>73,064</b>	<b>100.0%</b>	<b>-5,425</b>	<b>-7.4%</b>

Revenues generated by own brands decrease in absolute value by EUR 1,682 thousand (-2.7% compared with the previous year), with an incidence on total revenues which increases from 84.8% in the first quarter of 2013 to 89.1% in the first quarter of 2014.



## **2. Gross Operating Margin (EBITDA)**

### *First quarter 2014 vs 2013*

In the first quarter of 2014 consolidated EBITDA amounts to EUR 10,718 thousand (with an incidence of 15.8% of consolidated sales), compared to EUR 9,475 thousand in the first quarter 2013 (13.0% of consolidated sales). The growth has been mainly driven by the lower incidence of the operating costs thanks to the policies of rationalization and efficiency improvement implemented at Group level.

The improvement in profitability has involved both divisions.

EBITDA of the *prêt-à-porter* division amounts to EUR 9,595 thousand (representing 18.2% of sales), compared to EUR 8,652 thousand in the first quarter 2013 (representing 15.2% of sales), posting an increase of EUR 943 thousand.

EBITDA of the footwear and leather goods division is positive for EUR 1,123 thousand (representing 5.7% of sales), showing a 36.5% increase compared to EUR 823 thousand in the first quarter 2013 (representing 4.1% of sales).

Consolidated Ebit is positive for EUR 7,747 thousand, compared to EUR 6,336 thousand in the first quarter 2013, showing a EUR 1,411 thousand improvement (+22.3%) .

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

### *First quarter 2014 vs 2013*

In the first quarter 2014 the Group has posted a net profit of EUR 3,234 thousand compared to a net profit of EUR 2,027 thousand in the first quarter 2013 with a EUR 1,207 thousand improvement (+59.5%), mainly attributable to the EBITDA growth.

## 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 2014 vs 2013*

The following tables indicate the main economic data for the first quarter of 2014 and 2013 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 2014				
<b>SECTOR REVENUES</b>	<b>52,718</b>	<b>19,845</b>	<b>-4,924</b>	<b>67,639</b>
Intercompany revenues	-1,634	-3,290	4,924	0
<b>Revenues with third parties</b>	<b>51,084</b>	<b>16,555</b>	-	<b>67,639</b>
<b>Gross operating margin (EBITDA)</b>	<b>9,595</b>	<b>1,123</b>	-	<b>10,718</b>
Amortisation	-2,235	-704	-	-2,939
Other non monetary items:				
Write-downs	0	-32	-	-32
<b>Net operating profit / loss (EBIT)</b>	<b>7,360</b>	<b>387</b>	-	<b>7,747</b>
Financial income	244	4	-184	64
Financial expenses	-1,454	-428	184	-1,698
<b>Profit / loss before taxes</b>	<b>6,150</b>	<b>-37</b>	-	<b>6,113</b>
Income taxes	-2,490	-80	-	-2,570
<b>Net profit / loss</b>	<b>3,660</b>	<b>-117</b>	-	<b>3,543</b>

(Values in thousands of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
I Q 2013				
<b>SECTOR REVENUES</b>	<b>56,903</b>	<b>20,304</b>	<b>-4,143</b>	<b>73,064</b>
Intercompany revenues	-1,400	-2,743	4,143	0
<b>Revenues with third parties</b>	<b>55,503</b>	<b>17,561</b>	-	<b>73,064</b>
<b>Gross operating margin (EBITDA)</b>	<b>8,652</b>	<b>823</b>	-	<b>9,475</b>
Amortisation	-2,408	-709	-	-3,117
Other non monetary items:				
Write-downs	0	-22	-	-22
<b>Net operating profit / loss (EBIT)</b>	<b>6,244</b>	<b>92</b>	-	<b>6,336</b>
Financial income	237	2	-179	60
Financial expenses	-1,447	-498	179	-1,766
<b>Profit / loss before taxes</b>	<b>5,034</b>	<b>-404</b>	-	<b>4,630</b>
Income taxes	-1,935	-70	-	-2,005
<b>Net profit / loss</b>	<b>3,099</b>	<b>-474</b>	-	<b>2,625</b>

### Prêt-à porter Division

In the first three months of 2014, revenues of the prêt-à-porter division decrease by 7.4% (-7.2% at constant exchange rates) to EUR 52,718 thousand. This division contributes to 73.7% of consolidated revenues in the first quarter of 2013 and 72.7% in the first quarter of 2014, before inter-divisional eliminations.

EBITDA of the *prêt-à-porter* division is EUR 9,595 thousand in the first quarter of 2014 with an increase of 10.9% compared to EUR 8,652 thousand in the first quarter of 2013 and a 18.2% margin on sales.

#### Footwear and leather goods Division

Revenues of the footwear and leather goods division decrease by 2.3% from EUR 20,304 thousand in the first quarter of 2013 to EUR 19,845 thousand in the first quarter of 2014.

The EBITDA of the footwear and leather goods division has been positive for EUR 1,123 thousand, +36.5% compared to EUR 823 thousand of the first quarter 2013.

### **Balance sheet**

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

At 31 March 2014 net working capital amounts to EUR 84,825 thousand (34.5% of LTM sales) compared with EUR 76,429 thousand at 31 December 2013 (30.4% of sales); the increase of the incidence of net working capital on sales is due to the seasonality of the business.

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

The change in fixed assets, that decrease from EUR 202,167 thousand at 31 December 2013 to EUR 197,872 thousand at 31 March 2014, is determined by the investments related to the maintenance and stores' refurbishment and by the disinvestment related to the sale of the Alberta Ferretti store in Paris (St. Honorè).

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

The balance sheet shows a shareholder's equity that changes from EUR 143,419 thousand at 31 December 2013 to EUR 146,728 thousand at 31 March 2014.

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

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

Net financial indebtedness decreases of EUR 263 thousand from EUR 88,601 thousand at 31 December 2013 to EUR 88,338 thousand at 31 March 2014.

### **Other information**

#### **Earnings per share**

Basic earnings per share:

(Values in thousands of EUR)	31 March 2014	31 March 2013
Consolidated earnings/(losses) for the period for the shareholders of the Parent Company	3,234	2,027
Weighted average number of outstanding shares	101,486	101,486
<b>Basic earnings per share</b>	<b>0.032</b>	<b>0.020</b>

## Measurement basis

The main accounting policies and measurement basis adopted in preparing the consolidated financial statements at 31 March 2014 are the same used in preparing the consolidated financial statements at 31 December 2013.

## Significant events subsequent the balance sheet date

After the 31 March 2014 no significant events regarding the Group's activities have to be reported.

## Outlook

We are satisfied with the results achieved by the Group, which records a new boost in profitability. The commitment and the prompt response to a new market scenario, which led to the refocusing of certain aspects of the business strategies: the reorganization of the licenses' portfolio, the stylistic renewal of some brands and the strengthening of the distribution channels, have already registered positive results in the first three months of the year. Therefore, we are confident for the future, also encouraged by a 10% increase in orders' backlog for the next Autumn/Winter collections.

## 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 2014, 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 2014 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.