



AETFE

INTERIM FINANCIAL STATEMENT AT 30 SEPTEMBER 2017

Disclaimer

This Interim financial statement 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.

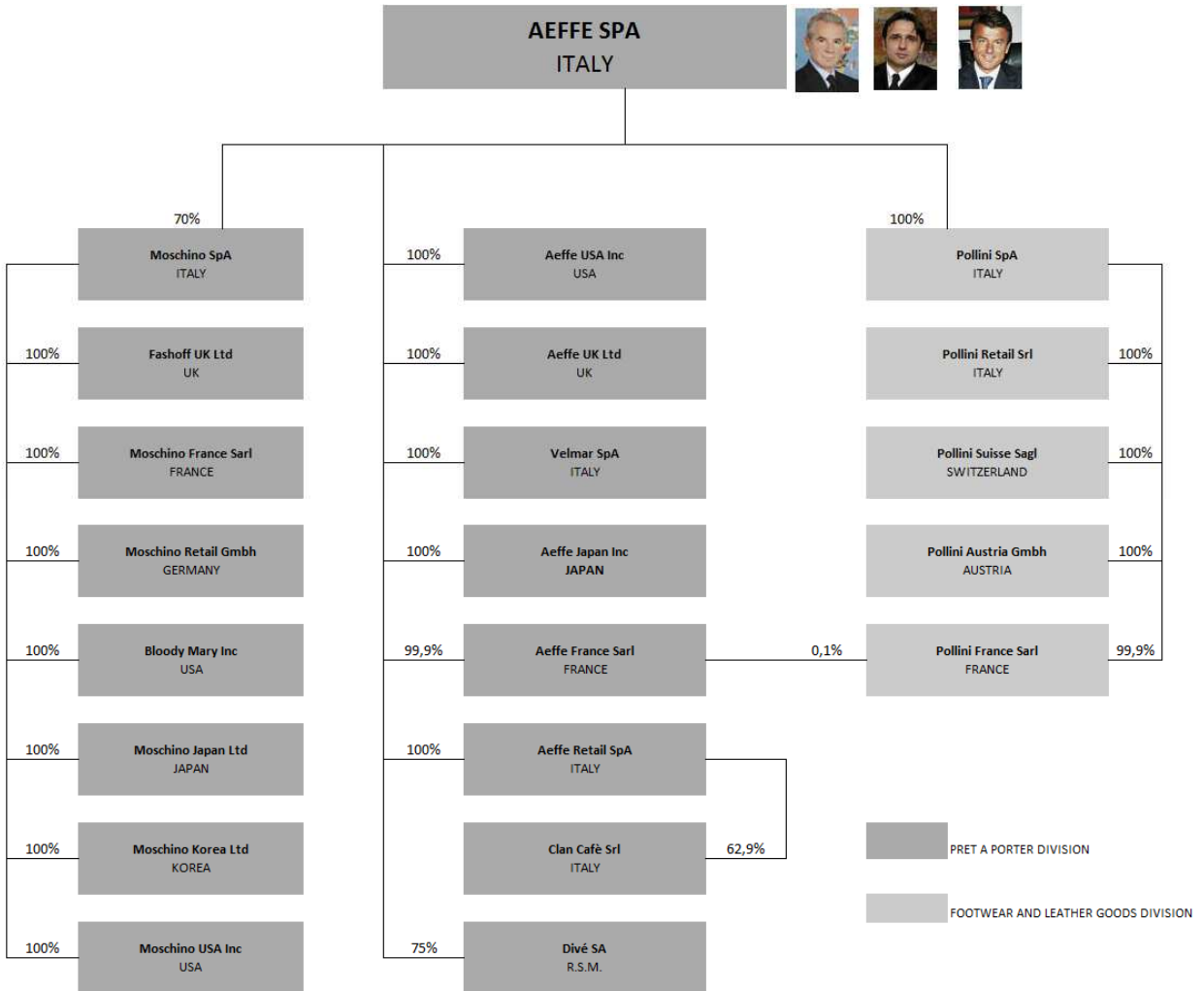
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Corporate Boards of the Parent Company

| | |
|-------------------------------------|---|
| Board of Directors | Chairman Massimo Ferretti |
| | Deputy Chairman Alberta Ferretti |
| | Chief Executive Officer Simone Badioli |
| | Directors Marcello Tassinari – Managing Director Roberto Lugano Daniela Saitta Sabrina Borocci Alessandro Bonfiglioli |
| Board of Statutory Auditors | President Angelo Miglietta |
| | Statutory Auditors Fernando Ciotti Carla Trotti |
| | Alternate Auditors Nevio Dalla Valle Daniela Elvira Bruno |
| Board of Compensation Committee | President Daniela Saitta |
| | Members Roberto Lugano Sabrina Borocci |
| Board of Internal Control Committee | President Roberto Lugano |
| | Members Daniela Saitta Alessandro Bonfiglioli |

Organisation chart



Brands portfolio

AEFFE
Clothing - Accessories

ALBERTA FERRETTI **PHILOSOPHY**
DI
LORENZO SERAFINI

MOSCHINO® **BOUTIQUE**
MOSCHINO

JEREMY SCOTT **CEDRIC CHARLIER**
NEW YORK
BEVERLY HILLS

POLLINI
Footwear - Leather goods

MOSCHINO
Licences - Design

VELMAR
Beachwear - Lingerie

POLLINI

MOSCHINO®

LOVE
MOSCHINO

MOSCHINO®

BOUTIQUE
MOSCHINO

LOVE
MOSCHINO

MOSCHINO®

FOLIES
BLUGIRL

Headquarters

AEFFE

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

MOSCHINO

Via San Gregorio, 28
20124 - Milan
Italy

POLLINI

Via Erbosa 1° tratto, 92
47030 - Gatteo (FC)
Italy

VELMAR

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



Showrooms

MILAN

(FERRETTI – PHILOSOPHY – POLLINI – CEDRIC CHARLIER)

Via Donizetti, 48
20122 - Milan
Italy

MILAN

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

LONDON

(FERRETTI – PHILOSOPHY – MOSCHINO)

28-29, Conduit Street
W1S 2YB - London
UK

MILAN

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

PARIS

(FERRETTI - MOSCHINO – PHILOSOPHY)

43, Rue due Faubourg Saint Honoré
75008 - Paris
France

PARIS

(CEDRIC CHARLIER)
28, Rue de Sevigne
75004 - Paris
France

NEW YORK

(GROUP)

30, West 56th Street
10019 - New York
USA



Main flagshipstore locations under direct management

ALBERTA FERRETTI

Milan
Rome
Capri
Paris
London
Los Angeles

POLLINI

Milan
Venice
Bolzano
Varese
Verona

SPAZIO A

Florence
Venice

MOSCHINO

Milan
Rome
Capri
Paris
London
Los Angeles
New York
Seoul
Pusan
Daegu



Main economic-financial data

| | | 9 M | 9 M |
|---------------------------------------|-----------------------------|-------|-------|
| | | 2016 | 2017 |
| Total revenues | (Values in millions of EUR) | 219.1 | 237.5 |
| Gross operating margin (EBITDA) | (Values in millions of EUR) | 21.3 | 30.4 |
| Net operating profit (EBIT) | (Values in millions of EUR) | 12.2 | 21.6 |
| Profit before taxes | (Values in millions of EUR) | 10.5 | 18.6 |
| Net profit for the Group | (Values in millions of EUR) | 4.9 | 11.9 |
| Basic earnings per share | (Values in units of EUR) | 0.048 | 0.117 |
| Cash Flow (net profit + depreciation) | (Values in millions of EUR) | 14.3 | 20.7 |
| Cash Flow/Total revenues | Ratio | 6.5 | 8.7 |

| | | 31 December | 30 September | 31 December | 30 September |
|---|-----------------------------|-------------|--------------|-------------|--------------|
| | | 2015 | 2016 | 2016 | 2017 |
| Net capital invested | (Values in millions of EUR) | 230.2 | 246.3 | 227.6 | 245.4 |
| Net financial indebtedness | (Values in millions of EUR) | 80.5 | 77.7 | 59.5 | 66.1 |
| Group net equity | (Values in millions of EUR) | 131.7 | 136.2 | 135.8 | 146.9 |
| Group net equity per share | (Values in units of EUR) | 1.2 | 1.3 | 1.3 | 1.4 |
| Current assets/Current liabilities | Ratio | 2.0 | 2.3 | 1.8 | 2.3 |
| Current assets less invent./Current liabilities (ACID Test) | Ratio | 0.9 | 1.0 | 0.8 | 1.1 |
| Net financial indebtedness/Net equity | Ratio | 0.5 | 0.5 | 0.4 | 0.4 |

Financial statements

Income statement at 30 September

| (Values in units of EUR) | Notes | 9 M | % on | 9 M | % on | Change | % |
|---|------------|--------------------|---------------|--------------------|---------------|-------------------|---------------|
| | | 2017 | revenues | 2016 | revenues | | |
| REVENUES FROM SALES AND SERVICES | (1) | 234,973,494 | 100.0% | 213,760,278 | 100.0% | 21,213,216 | 9.9% |
| Other revenues and income | | 2,572,852 | 1.1% | 5,351,329 | 2.5% | (2,778,477) | (51.9%) |
| TOTAL REVENUES | | 237,546,346 | 101.1% | 219,111,607 | 102.5% | 18,434,739 | 8.4% |
| Changes in inventory | | 1,872,757 | 0.8% | (1,275,361) | (0.6%) | 3,148,118 | (246.8%) |
| Costs of raw materials, cons. and goods for resale | | (74,940,985) | (31.9%) | (67,514,447) | (31.6%) | (7,426,538) | 11.0% |
| Costs of services | | (65,236,028) | (27.8%) | (61,599,605) | (28.8%) | (3,636,423) | 5.9% |
| Costs for use of third parties assets | | (17,682,410) | (7.5%) | (17,396,075) | (8.1%) | (286,335) | 1.6% |
| Labour costs | | (47,770,281) | (20.3%) | (47,014,323) | (22.0%) | (755,958) | 1.6% |
| Other operating expenses | | (3,354,932) | (1.4%) | (3,016,646) | (1.4%) | (338,286) | 11.2% |
| Total Operating Costs | | (207,111,879) | (88.1%) | (197,816,457) | (92.5%) | (9,295,422) | 4.7% |
| GROSS OPERATING MARGIN (EBITDA) | (2) | 30,434,467 | 13.0% | 21,295,150 | 10.0% | 9,139,317 | 42.9% |
| Amortisation of intangible fixed assets | | (4,934,753) | (2.1%) | (5,099,837) | (2.4%) | 165,084 | (3.2%) |
| Depreciation of tangible fixed assets | | (3,730,465) | (1.6%) | (3,829,411) | (1.8%) | 98,946 | (2.6%) |
| Revaluations/(write-downs) and provisions | | (167,140) | (0.1%) | (152,948) | (0.1%) | (14,192) | 9.3% |
| Total Amortisation, write-downs and provisions | | (8,832,358) | (3.8%) | (9,082,196) | (4.2%) | 249,838 | (2.8%) |
| NET OPERATING PROFIT/LOSS (EBIT) | | 21,602,109 | 9.2% | 12,212,954 | 5.7% | 9,389,155 | 76.9% |
| Financial income | | 1,295,261 | 0.6% | 398,794 | 0.2% | 896,467 | 224.8% |
| Financial expenses | | (4,326,874) | (1.8%) | (2,143,845) | (1.0%) | (2,183,029) | 101.8% |
| Total Financial Income/(expenses) | | (3,031,613) | (1.3%) | (1,745,051) | (0.8%) | (1,286,562) | 73.7% |
| PROFIT/LOSS BEFORE TAXES | | 18,570,496 | 7.9% | 10,467,903 | 4.9% | 8,102,593 | 77.4% |
| Taxes | | (6,530,268) | (2.8%) | (5,056,224) | (2.4%) | (1,474,044) | 29.2% |
| NET PROFIT/LOSS | | 12,040,228 | 5.1% | 5,411,679 | 2.5% | 6,628,549 | 122.5% |
| (Profit)/loss attributable to minority shareholders | | (131,337) | (0.1%) | (522,113) | (0.2%) | 390,776 | (74.8%) |
| NET PROFIT/LOSS FOR THE GROUP | (3) | 11,908,891 | 5.1% | 4,889,566 | 2.3% | 7,019,325 | 143.6% |
| Basic earnings per share | (4) | 0.117 | | 0.048 | | | |
| Dilutive earnings per share | (4) | 0.117 | | 0.048 | | | |

Income statement for the third quarter

| (Values in units of EUR) | Notes | III Q 2017 | % on revenues | III Q 2016 | % on revenues | Change | % |
|---|------------|---------------------|------------------|---------------------|------------------|--------------------|---------------|
| REVENUES FROM SALES AND SERVICES | (1) | 85,020,528 | 100.0% | 75,977,610 | 100.0% | 9,042,918 | 11.9% |
| Other revenues and income | | 1,183,367 | 1.4% | (435,253) | (0.6%) | 1,618,620 | (371.9%) |
| TOTAL REVENUES | | 86,203,895 | 101.4% | 75,542,357 | 99.4% | 10,661,538 | 14.1% |
| Changes in inventory | | (446,839) | (0.5%) | (1,332,445) | (1.8%) | 885,606 | (66.5%) |
| Costs of raw materials, cons. and goods for resale | | (25,289,616) | (29.7%) | (22,318,093) | (29.4%) | (2,971,523) | 13.3% |
| Costs of services | | (22,677,060) | (26.7%) | (21,047,808) | (27.7%) | (1,629,252) | 7.7% |
| Costs for use of third parties assets | | (6,145,936) | (7.2%) | (5,878,684) | (7.7%) | (267,252) | 4.5% |
| Labour costs | | (15,329,010) | (18.0%) | (15,178,969) | (20.0%) | (150,041) | 1.0% |
| Other operating expenses | | (1,375,354) | (1.6%) | (717,026) | (0.9%) | (658,328) | 91.8% |
| Total Operating Costs | | (71,263,815) | (83.8%) | (66,473,025) | (87.5%) | (4,790,790) | 7.2% |
| GROSS OPERATING MARGIN (EBITDA) | (2) | 14,940,080 | 17.6% | 9,069,332 | 11.9% | 5,870,748 | 64.7% |
| Amortisation of intangible fixed assets | | (1,613,619) | (1.9%) | (1,653,363) | (2.2%) | 39,744 | (2.4%) |
| Depreciation of tangible fixed assets | | (1,243,886) | (1.5%) | (1,284,052) | (1.7%) | 40,166 | (3.1%) |
| Revaluations/(write-downs) and provisions | | (73,299) | (0.1%) | (68,224) | (0.1%) | (5,075) | 7.4% |
| Total Amortisation, write-downs and provisions | | (2,930,804) | (3.4%) | (3,005,639) | (4.0%) | 74,835 | (2.5%) |
| NET OPERATING PROFIT/LOSS (EBIT) | | 12,009,276 | 14.1% | 6,063,693 | 8.0% | 5,945,583 | 98.1% |
| Financial income | | 276,741 | 0.3% | 192,341 | 0.3% | 84,400 | 43.9% |
| Financial expenses | | (1,110,399) | (1.3%) | (561,946) | (0.7%) | (548,453) | 97.6% |
| Total Financial Income/(expenses) | | (833,658) | (1.0%) | (369,605) | (0.5%) | (464,053) | 125.6% |
| PROFIT/LOSS BEFORE TAXES | | 11,175,618 | 13.1% | 5,694,088 | 7.5% | 5,481,530 | 96.3% |
| Taxes | | (3,691,193) | (4.3%) | (2,106,844) | (2.8%) | (1,584,349) | 75.2% |
| NET PROFIT/LOSS | | 7,484,425 | 8.8% | 3,587,244 | 4.7% | 3,897,181 | 108.6% |
| (Profit)/loss attributable to minority shareholders | | (193,403) | (0.2%) | (166,626) | (0.2%) | (26,777) | 16.1% |
| NET PROFIT/LOSS FOR THE GROUP | (3) | 7,291,022 | 8.6% | 3,420,618 | 4.5% | 3,870,404 | 113.1% |

Reclassified balance sheet

| (Values in units of EUR) | Notes | 30 September 2017 | 31 December 2016 | 30 September 2016 |
|--|------------|----------------------|---------------------|----------------------|
| Trade receivables | | 50,627,137 | 40,711,059 | 45,625,559 |
| Stocks and inventories | | 91,884,436 | 89,389,833 | 88,774,058 |
| Trade payables | | (53,553,114) | (61,880,670) | (47,563,789) |
| Operating net working capital | (5) | 88,958,459 | 68,220,222 | 86,835,828 |
| Other short term receivables | | 26,626,430 | 25,082,908 | 24,029,761 |
| Tax receivables | | 2,940,427 | 4,094,261 | 3,044,394 |
| Other short term liabilities | | (16,939,190) | (16,958,605) | (16,324,049) |
| Tax payables | | (5,759,411) | (7,376,339) | (5,867,897) |
| Net working capital | | 95,826,715 | 73,062,447 | 91,718,037 |
| Tangible fixed assets | | 60,086,705 | 61,376,021 | 61,526,689 |
| Intangible fixed assets | | 111,179,468 | 115,131,885 | 116,429,921 |
| Equity investments | | 131,558 | 131,558 | 131,666 |
| Other fixed assets | | 3,324,621 | 3,961,836 | 3,800,742 |
| Fixed assets | (6) | 174,722,352 | 180,601,300 | 181,889,018 |
| Post employment benefits | | (6,047,103) | (6,366,872) | (6,422,600) |
| Provisions | | (2,436,095) | (2,558,786) | (796,149) |
| Assets available for sale | | 436,885 | 436,885 | 436,885 |
| Long term not financial liabilities | | (471,152) | (469,000) | (285,000) |
| Deferred tax assets | | 13,944,734 | 13,856,302 | 11,068,217 |
| Deferred tax liabilities | | (30,603,337) | (30,985,927) | (31,328,334) |
| NET CAPITAL INVESTED | | 245,372,999 | 227,576,349 | 246,280,074 |
| Share capital | | 25,371,407 | 25,371,407 | 25,371,407 |
| Other reserves | | 116,529,898 | 115,641,684 | 114,796,600 |
| Profits/(Losses) carried-forward | | (6,956,308) | (8,883,005) | (8,883,005) |
| Profit/(Loss) of the period | | 11,908,891 | 3,641,244 | 4,889,566 |
| Group interest in shareholders' equity | | 146,853,888 | 135,771,330 | 136,174,568 |
| Minority interests in shareholders' equity | | 32,429,531 | 32,298,194 | 32,451,394 |
| Total shareholders' equity | (7) | 179,283,419 | 168,069,524 | 168,625,962 |
| Short term financial receivables | | (2,236,173) | (2,235,854) | (2,235,854) |
| Cash | | (14,937,148) | (14,521,334) | (8,593,992) |
| Long term financial liabilities | | 24,964,974 | 23,840,201 | 20,531,492 |
| Long term financial receivables | | (2,635,189) | (3,390,633) | (3,216,724) |
| Short term financial liabilities | | 60,933,116 | 55,814,445 | 71,169,190 |
| NET FINANCIAL POSITION | (8) | 66,089,580 | 59,506,825 | 77,654,112 |
| SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS | | 245,372,999 | 227,576,349 | 246,280,074 |

Cash flow

| (Values in thousands of EUR) | Notes | 9 M 2017 | 9 M 2016 |
|--|-------|-----------------|-----------------|
| OPENING BALANCE | | 14,521 | 9,993 |
| Profit / loss before taxes | | 18,570 | 10,468 |
| Amortisation / write-downs | | 8,665 | 8,929 |
| Accrual (+) / availment (-) of long term provisions and post employment benefits | | (442) | (402) |
| Paid income taxes | | (8,618) | (3,062) |
| Financial income (-) and financial charges (+) | | 3,032 | 1,745 |
| Change in operating assets and liabilities | | (21,145) | (26,295) |
| CASH FLOW (ABSORBED) / GENERATED BY OPERATING ACTIVITY | | 62 | (8,617) |
| Increase (-) / decrease (+) in intangible fixed assets | | (982) | 1,291 |
| Increase (-) / decrease (+) in tangible fixed assets | | (2,441) | (2,095) |
| Investments and write-downs (-)/ Disinvestments and revaluations (+) | | - | - |
| CASH FLOW (ABSORBED) / GENERATED BY INVESTING ACTIVITY | | (3,423) | (804) |
| Other variations in reserves and profits carried-forward of shareholders'equity | | (826) | 13,586 |
| Dividends paid | | - | - |
| Increase (+) / decrease (-) of financial liabilities | | 6,243 | (2,678) |
| Increase (-) / decrease (+) of financial receivables | | 1,392 | (1,141) |
| Financial income (+) and financial charges (-) | | (3,032) | (1,745) |
| CASH FLOW (ABSORBED) / GENERATED BY FINANCING ACTIVITY | | 3,777 | 8,022 |
| CLOSING BALANCE | | 14,937 | 8,594 |

Changes in shareholders' equity

(Values in thousands of EUR)

| | 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 |
|---|---------------|-----------------------|----------------|--------------------|-------------|----------------------------------|--|---------------------------------|---------------------|--|--|----------------------------|
| BALANCES AT 1 January 2016 | 25,371 | 71,240 | 26,516 | 7,901 | 11,459 | (9,486) | (1,017) | 1,522 | (1,762) | 131,744 | 17,884 | 149,628 |
| Allocation of 31/12/15 profit/(loss) | - | - | 919 | - | - | 603 | - | (1,522) | - | - | - | - |
| Dividends paid | - | - | - | - | - | - | - | - | - | - | - | - |
| Treasury stock (buy-back)/ sale | - | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income/(loss) at 30/09/16 | - | - | - | - | - | - | - | 4,890 | (459) | 4,431 | 522 | 4,953 |
| Other changes | - | - | - | - | - | - | - | - | - | - | 14,045 | 14,045 |
| BALANCES AT 30 September 2016 | 25,371 | 71,240 | 27,435 | 7,901 | 11,459 | (8,883) | (1,017) | 4,890 | (2,221) | 136,175 | 32,451 | 168,626 |

(Values in thousands of EUR)

| | 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 |
|---|---------------|-----------------------|----------------|--------------------|-------------|----------------------------------|--|---------------------------------|---------------------|--|--|----------------------------|
| BALANCES AT 1 January 2017 | 25,371 | 71,240 | 27,435 | 7,901 | 11,459 | (8,883) | (1,130) | 3,641 | (1,262) | 135,772 | 32,298 | 168,070 |
| Allocation of 31/12/16 profit/(loss) | - | - | 1,715 | - | - | 1,926 | - | (3,641) | - | - | - | - |
| Dividends paid | - | - | - | - | - | - | - | - | - | - | - | - |
| Treasury stock (buy-back)/ sale | - | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income/(loss) at 30/09/17 | - | - | - | - | - | - | - | 11,909 | (827) | 11,082 | 131 | 11,213 |
| Other changes | - | - | - | - | - | - | - | - | - | - | - | - |
| BALANCES AT 30 September 2017 | 25,371 | 71,240 | 29,150 | 7,901 | 11,459 | (6,957) | (1,130) | 11,909 | (2,089) | 146,854 | 32,429 | 179,283 |

Interim management report

In the first nine months of 2017, revenues from sales and services are equal to EUR 234,973 thousand with an increase of 9.9%, at current exchange rates and +10.0% at constant exchange rates, compared to EUR 213,760 thousand in the first nine months of 2016.

In the first nine months of 2017, revenues of the prêt-à-porter division increase by 9.8% (same percentage at constant exchange rates) to EUR 179,928 thousand, while revenues of the footwear and leather goods division increase by 12.8%, before inter-divisional eliminations, to EUR 80,111 thousand.

In the first nine months of 2017 consolidated EBITDA is equal to EUR 30,434 thousand (with an incidence of 13.0% of consolidated sales), compared to EUR 21,295 thousand in the first nine months of 2016 (10.0% of total sales).

The improvement in profitability is mainly driven by sales growth of both divisions.

In particular, EBITDA of the *prêt-à-porter* division is equal to EUR 21,657 thousand (representing the 12.0% of sales) compared to EUR 14,346 thousand in the first nine months of 2016 (representing the 8.8% of sales).

EBITDA of the Footwear and leather goods division amounts to EUR 8,777 thousand (11.0% of sales) compared to EUR 6,949 thousand in the first nine months of 2016 (9.8% of sales), with a EUR 1,828 thousand increase.

Consolidated EBIT amounts to EUR 21,602 thousand, showing an increase of EUR 9,389 thousand compared to an EBIT of EUR 12,213 thousand in the first nine months of 2016. The increase reflects the growth in EBITDA.

As far the increase in financial expenses in the first nine months of 2017 compared with the first nine months of 2016 is concerned, the positive effect of minor charges on lower financial debt is offset by the valuation at fair value of the contracts entered to cover currency risk for business transactions in foreign currencies. The effect is posted in the P&L statement because the forward-exchange contracts mentioned above, also in the view provided by IAS 39, are accounted as not "Cash flow hedge".

The Group post a Net Profit of EUR 11,909 thousand, compared to a net profit of EUR 4,890 thousand in the first nine months of 2016, with an increase of 7,019 thousand.

Compared to 31 December 2016, the balance sheet at 30 September 2017 shows an increase in shareholders' equity from EUR 168,070 thousand to EUR 179,283 thousand. The main variation is due to the economic result of the period.

At 30 September 2017, operating net working capital amounts to EUR 88,958 thousand (29.5% of LTM sales) compared to EUR 68,220 thousand at 31 December 2016 (24.3% of LTM sales) and to EUR 86,836 thousand at 30 September 2016 (31.4% of LTM sales).

Fixed assets decrease by EUR 5,879 thousand from December 31, 2016 to September 30, 2017.

Explanatory notes

Income statement

1. Revenues from sales and services

Nine months 2017 vs 2016

In the first nine months of 2017, revenues from sales and services are equal to EUR 234,973 thousand with an increase of 9.9%, at current exchange rates and +10.0% at constant exchange rates, compared to EUR 213,760 thousand in the first nine months of 2016.

Sales by brand

| (Values in thousands of EUR) | 9 M | | 9 M | | Change | |
|------------------------------|----------------|---------------|----------------|---------------|---------------|-------------|
| | 2017 | % | 2016 | % | Δ | % |
| Alberta Ferretti | 23,566 | 10.0% | 19,203 | 9.0% | 4,363 | 22.7% |
| Philosophy | 12,987 | 5.5% | 11,516 | 5.4% | 1,471 | 12.8% |
| Moschino | 163,405 | 69.5% | 147,466 | 69.0% | 15,939 | 10.8% |
| Pollini | 26,439 | 11.3% | 22,869 | 10.7% | 3,570 | 15.6% |
| Other | 8,576 | 3.7% | 12,706 | 5.9% | (4,130) | (32.5%) |
| Total | 234,973 | 100.0% | 213,760 | 100.0% | 21,213 | 9.9% |

In the first nine months of 2017, Alberta Ferretti brand increases by 22.7% (+23.3% at constant exchange rates), generating 10.0% of consolidated sales, while Philosophy brand increases by 12.8% (+13.0% at constant exchange rates), generating 5.5% of consolidated sales.

In the same period, Moschino brand sales increase by 10.8% (+10.8% at constant exchange rates) contributing to 69.5% of consolidated sales.

Pollini brand increases by 15.6% (+15.6% at constant exchange rates), generating 11.3% of consolidated sales, while the other brands sales decrease by 32.5% (same percentage at constant exchange rates) contributing to 3.7% of consolidated sales.

Sales by geographical area

| (Values in thousands of EUR) | 9 M | | 9 M | | Change | |
|------------------------------------|----------------|---------------|----------------|---------------|---------------|-------------|
| | 2017 | % | 2016 | % | Δ | % |
| Italy | 115,958 | 49.3% | 96,509 | 45.1% | 19,449 | 20.2% |
| Europe (Italy and Russia excluded) | 48,849 | 20.8% | 46,447 | 21.7% | 2,402 | 5.2% |
| Russia | 7,161 | 3.0% | 7,382 | 3.5% | (221) | (3.0%) |
| United States | 14,794 | 6.3% | 17,061 | 8.0% | (2,267) | (13.3%) |
| Rest of the World | 48,211 | 20.6% | 46,361 | 21.7% | 1,850 | 4.0% |
| Total | 234,973 | 100.0% | 213,760 | 100.0% | 21,213 | 9.9% |

In the first nine months of 2017 sales in Italy, amounting to 49.3% of consolidated sales, register a very positive trend increasing by 20.2% to EUR 115,958 thousand, thanks to organic growth both of wholesale and retail channel.

Sales in Europe, that amount to EUR 48,849 thousand, increase by 5.2% (+5.8% at constant exchange rates), contributing to 20.8% of consolidated sales, while the Russian market records sales equal to EUR 7,161

thousand, contributing to 3.0% of consolidated sales, with a decrease of 3.0% compared to the corresponding period of 2016.

Sales in the United States are equal to EUR 14,794 thousand, contributing to 6.3% of consolidated sales, posting in the period a decrease of 13.3% (-13.4% at constant exchange rates). This change is mainly due to the slowdown in sales in the department stores.

In the Rest of the World, sales are equal to EUR 48,211 thousand, contributing to 20.6% of consolidated sales, with an increase of 4.0% (+3.8% at constant exchange rates) compared to the corresponding period of 2016, mainly thanks to the excellent trend in Greater China, that increased by 16%.

Sales by distribution channel

| (Values in thousands of EUR) | 9 M | | 9 M | | Change | |
|------------------------------|----------------|---------------|----------------|---------------|---------------|-------------|
| | 2017 | % | 2016 | % | Δ | % |
| Wholesale | 164,429 | 70.0% | 152,837 | 71.5% | 11,592 | 7.6% |
| Retail | 63,234 | 26.9% | 53,581 | 25.1% | 9,653 | 18.0% |
| Royalties | 7,310 | 3.1% | 7,342 | 3.4% | (32) | (0.4%) |
| Total | 234,973 | 100.0% | 213,760 | 100.0% | 21,213 | 9.9% |

By distribution channel in the first nine months of 2017, wholesale sales increase by 7.6% (+7.5% at constant exchange rates) contributing to 70.0% of consolidated sales.

Sales of our directly-operated stores (retail channel) amount to EUR 63,234 thousand with an increase of 18.0% (+18.4% at constant exchange rates) contributing to 26.9% of consolidated sales.

Royalty income is 0.4% lower than in the corresponding period of the previous year, representing 3.1% of consolidated sales.

Third quarter 2017 vs 2016

In the third quarter of 2017, revenues from sales and services are equal to EUR 85,020 thousand with an increase of 11.9% compared with EUR 75,977 thousand in the third quarter of 2016.

Sales by brand

| (Values in thousands of EUR) | III Q | | III Q | | Change | |
|------------------------------|---------------|---------------|---------------|---------------|--------------|--------------|
| | 2017 | % | 2016 | % | Δ | % |
| Alberta Ferretti | 7,791 | 9.2% | 6,217 | 8.2% | 1,574 | 25.3% |
| Philosophy | 4,493 | 5.3% | 4,313 | 5.7% | 180 | 4.2% |
| Moschino | 58,618 | 68.9% | 52,059 | 68.5% | 6,559 | 12.6% |
| Pollini | 10,766 | 12.7% | 9,276 | 12.2% | 1,490 | 16.1% |
| Other | 3,352 | 3.9% | 4,112 | 5.4% | (760) | (18.5%) |
| Total | 85,020 | 100.0% | 75,977 | 100.0% | 9,043 | 11.9% |

In the third quarter of 2017, Alberta Ferretti brand increases by 25.3% generating 9.2% of consolidated sales, while Philosophy brand increases by 4.2% generating 5.3% of consolidated sales.

In the same period, Moschino brand sales increase by 12.6% contributing to 68.9% of consolidated sales.

Pollini brand increases by 16.1% generating 12.7% of consolidated sales, while the other brands sales decrease by 18.5% contributing to 3.9% of consolidated sales.

Sales by geographical area

| (Values in thousands of EUR) | III Q | | III Q | | Change | |
|------------------------------------|---------------|---------------|---------------|---------------|--------------|--------------|
| | 2017 | % | 2016 | % | Δ | % |
| | Italy | 43,907 | 51.6% | 35,941 | 47.3% | 7,966 |
| Europe (Italy and Russia excluded) | 16,921 | 19.9% | 16,286 | 21.4% | 635 | 3.9% |
| Russia | 2,610 | 3.1% | 2,545 | 3.4% | 65 | 2.6% |
| United States | 5,059 | 6.0% | 5,940 | 7.8% | (881) | (14.8%) |
| Rest of the World | 16,523 | 19.4% | 15,265 | 20.1% | 1,258 | 8.2% |
| Total | 85,020 | 100.0% | 75,977 | 100.0% | 9,043 | 11.9% |

In the third quarter of 2017 sales in Italy increase by 22.2% to EUR 43,907 thousand, contributing to 51.6% of consolidated sales.

Sales in Europe increase by 3.9% contributing to 19.9% of consolidated sales, while the Russian market records sales equal to EUR 2,610 thousand, contributing to 3.1% of consolidated sales, with an increase of 2.6%. Sales in the United States are equal to EUR 5,059 thousand, contributing to 6.0% of consolidated sales, with a decrease of 14.8%.

In the Rest of the World, sales are equal to EUR 16,523 thousand with an increase of 8.2% and a contribution of 19.4% of consolidated sales.

Sales by distribution channel

| (Values in thousands of EUR) | III Q | | III Q | | Change | |
|------------------------------|---------------|---------------|---------------|---------------|--------------|--------------|
| | 2017 | % | 2016 | % | Δ | % |
| | Wholesale | 59,187 | 69.6% | 53,649 | 70.6% | 5,538 |
| Retail | 23,216 | 27.3% | 19,651 | 25.9% | 3,565 | 18.1% |
| Royalties | 2,617 | 3.1% | 2,677 | 3.5% | (60) | (2.2%) |
| Total | 85,020 | 100.0% | 75,977 | 100.0% | 9,043 | 11.9% |

By distribution channel in the third quarter of 2017, wholesale sales increase by 10.3% contributing to 69.6% of consolidated sales.

Sales of our directly-operated stores (retail channel) amount to EUR 23,216 thousand with an increase of 18.1% contributing to 27.3% of consolidated sales.

Royalty income is 2.2% lower than in the corresponding period of the previous year, representing 3.1% of consolidated sales.

2. Gross Operating Margin (EBITDA)

Nine months 2017 vs 2016

In the first nine months of 2017 consolidated EBITDA is equal to EUR 30,434 thousand (with an incidence of 13.0% of consolidated sales), compared to EUR 21,295 thousand in the first nine months of 2016 (10.0% of total sales).

The improvement in profitability is mainly driven by sales growth of both divisions.

EBITDA of the *prêt-à-porter* division is equal to EUR 21,657 thousand (representing the 12.0% of sales) compared to EUR 14,346 thousand in the first nine months of 2016 (representing the 8.8% of sales).

EBITDA of the Footwear and leather goods division amounts to EUR 8,777 thousand (11.0% of sales) compared to EUR 6,949 thousand in the first nine months of 2016 (9.8% of sales), with a EUR 1,828 thousand increase.

Third quarter 2017 vs 2016

In the third quarter of 2017 consolidated EBITDA is EUR 14,940 thousand (with an incidence of 17.6% of consolidated sales), showing an increase of profitability compared to EUR 9,069 thousand in the third quarter of 2016, (with an incidence of 11.9% of consolidated sales).

3. Net profit for the Group

Nine months 2017 vs 2016

The Group posts a Net Profit of EUR 11,909 thousand, compared to the net profit of EUR 4,890 thousand in the first nine months of 2016, with a EUR 7,019 thousand increase.

As far the increase in financial expenses in the first nine months of 2017 compared with the first nine months of 2016 is concerned, the positive effect of minor charges on lower financial debt is offset by the valuation at fair value of the contracts entered to cover currency risk for business transactions in foreign currencies. The effect is posted in the P&L statement because the forward-exchange contracts mentioned above are accounted as not "Cash flow hedge".

Third quarter 2017 vs 2016

In the third quarter of 2017 Group records a net profit of EUR 7,291 thousand showing an increase compared to a net profit of EUR 3,421 thousand in the third quarter of 2016.

4. Earnings per share

Reference earnings

The calculation of basic and dilutive earnings per share is based on the following elements:

| (Values in thousands of EUR) | 30 September 2017 | 30 September 2016 |
|---|----------------------|----------------------|
| From continuing and discontinued activities | | |
| Earnings for determining basic earnings per share | 11,909 | 4,890 |
| Dilutive effects | - | - |
| Earnings for determining dilutive earnings per share | 11,909 | 4,890 |

| (Values in thousands of EUR) | 30 September 2017 | 30 September 2016 |
|---|----------------------|----------------------|
| From continuing activities | | |
| Earnings for the period | 11,909 | 4,890 |
| Earnings from discontinued operations | - | - |
| Earnings for determining basic earnings per share | 11,909 | 4,890 |
| Dilutive effects | - | - |
| Earnings for determining dilutive earnings per share | 11,909 | 4,890 |

In both periods, September 2017 and September 2016, there is no evidence of dilution of consolidated net earnings.

Number of reference share

| | 30 September 2017 | 30 September 2016 |
|--|----------------------|----------------------|
| Average number of shares for determining earnings per share | 101,486 | 101,486 |
| Share options | - | - |
| Average number of shares for determining diluted earnings per share | 101,486 | 101,486 |

Basic earnings per share

Group net earnings attributable to holders of ordinary shares of parent company AEFSE S.p.A., amounts to EUR 11,909 thousand (September 2016: EUR 4,890 thousand).

Dilutive earnings per share

The calculation of diluted earnings per share for the period January - September 2017, matches with the calculation of basic earnings per share, as there are no tools with potential dilutive effects.

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.

Nine months 2017 vs 2016

The following tables indicate the main economic data for the first nine months of 2017 and 2016 of the *Prêt-à porter* and Footwear and leather goods Divisions.

| (Values in thousand of EUR) | Prêt-à porter Division | Footwear and leather goods Division | Elimination of intercompany transactions | Total |
|---|------------------------|-------------------------------------|--|----------------|
| 9M 2017 | | | | |
| SECTOR REVENUES | 179,928 | 80,111 | (25,066) | 234,973 |
| Intercompany revenues | (5,828) | (19,238) | 25,066 | - |
| Revenues with third parties | 174,100 | 60,873 | - | 234,973 |
| Gross operating margin (EBITDA) | 21,657 | 8,777 | - | 30,434 |
| Amortisation | (6,536) | (2,129) | - | (8,665) |
| Other non monetary items: | | | | |
| Revaluations / write-downs | | (167) | | (167) |
| Net operating profit / loss (EBIT) | 15,121 | 6,481 | - | 21,602 |
| Financial income | 698 | 911 | (314) | 1,295 |
| Financial expenses | (1,326) | (3,315) | 314 | (4,327) |
| Profit / loss before taxes | 14,493 | 4,077 | - | 18,570 |
| Income taxes | (5,106) | (1,424) | - | (6,530) |
| Net profit / loss | 9,387 | 2,653 | - | 12,040 |

| (Values in thousand of EUR) | Prêt-à porter Division | Footwear and leather goods Division | Elimination of intercompany transactions | Total |
|---|------------------------|-------------------------------------|--|----------------|
| 9M 2016 | | | | |
| SECTOR REVENUES | 163,934 | 71,000 | (21,174) | 213,760 |
| Intercompany revenues | (5,829) | (15,345) | 21,174 | - |
| Revenues with third parties | 158,105 | 55,655 | - | 213,760 |
| Gross operating margin (EBITDA) | 14,346 | 6,949 | - | 21,295 |
| Amortisation | (6,809) | (2,120) | - | (8,929) |
| Other non monetary items: | | | | |
| Revaluations / write-downs | - | (153) | | (153) |
| Net operating profit / loss (EBIT) | 7,537 | 4,676 | - | 12,213 |
| Financial income | 490 | 228 | (319) | 399 |
| Financial expenses | (1,679) | (784) | 319 | (2,144) |
| Profit / loss before taxes | 6,348 | 4,120 | - | 10,468 |
| Income taxes | (3,539) | (1,517) | - | (5,056) |
| Net profit / loss | 2,809 | 2,603 | - | 5,412 |

Prêt-à porter Division

In the first nine months of 2017, revenues of the prêt-à-porter division increase by 9.8% (same percentage at constant exchange rates) to EUR 179,928 thousand. This division contributes to 69.8% of consolidated revenues in the first nine months of 2016 and 69.2% in the first nine months of 2017, before inter-divisional eliminations.

EBITDA of the *prêt-à-porter* division is equal to EUR 21,657 thousand in the first nine months of 2017 (representing 12.0% of consolidated sales) compared to an EBITDA of EUR 14,346 thousand in the first nine months of 2016 (representing 8.8% of consolidated sales), showing an increase of EUR 7,311 thousand mainly driven by sales growth.

Footwear and leather goods Division

Revenues of the footwear and leather goods division increase by 12.8% from EUR 71,000 thousand in the first nine months of 2016 to EUR 80,111 thousand in the first nine months of 2017.

EBITDA of the Footwear and leather goods division amounts to EUR 8,777 thousand (11.0% of sales) compared to EUR 6,949 thousand in the first nine months of 2016 (9.8% of sales), with a EUR 1,828 thousand increase, mainly driven by sales growth.

Third Quarter 2017 vs 2016

The following tables indicate the main economic data for the third quarter of 2017 and 2016 of the *Prêt-à-porter* and Footwear and leather goods Divisions.

| (Values in thousand of EUR) | Prêt-à porter Division | Footwear and leather goods Division | Elimination of intercompany transactions | Total |
|---|------------------------|-------------------------------------|--|---------------|
| III Q 2017 | | | | |
| SECTOR REVENUES | 63,597 | 29,710 | (8,287) | 85,020 |
| Intercompany revenues | (1,901) | (6,386) | 8,287 | - |
| Revenues with third parties | 61,696 | 23,324 | | 85,020 |
| Gross operating margin (EBITDA) | 10,247 | 4,693 | | 14,940 |
| Amortisation | (2,147) | (710) | | (2,857) |
| Other non monetary items: | | | | |
| Revaluations / write-downs | | (73) | | (73) |
| Net operating profit / loss (EBIT) | 8,100 | 3,910 | | 12,010 |
| Financial income | 400 | (22) | (102) | 276 |
| Financial expenses | (343) | (870) | 102 | (1,111) |
| Profit / loss before taxes | 8,157 | 3,018 | | 11,175 |
| Income taxes | (2,723) | (968) | | (3,691) |
| Net profit / loss | 5,434 | 2,050 | | 7,484 |

| (Values in thousand of EUR) | Prêt-à porter Division | Footwear and leather goods Division | Elimination of intercompany transactions | Total |
|---|------------------------|-------------------------------------|--|---------------|
| III Q 2016 | | | | |
| SECTOR REVENUES | 56,980 | 26,181 | (7,184) | 75,977 |
| Intercompany revenues | (2,294) | (4,890) | 7,184 | - |
| Revenues with third parties | 54,686 | 21,291 | | 75,977 |
| Gross operating margin (EBITDA) | 5,812 | 3,257 | | 9,069 |
| Amortisation | (2,219) | (718) | | (2,937) |
| Other non monetary items: | | | | |
| Revaluations / write-downs | - | (68) | | (68) |
| Net operating profit / loss (EBIT) | 3,593 | 2,471 | | 6,064 |
| Financial income | 191 | 105 | (103) | 193 |
| Financial expenses | (469) | (196) | 103 | (562) |
| Profit / loss before taxes | 3,315 | 2,380 | | 5,695 |
| Income taxes | (1,301) | (806) | | (2,107) |
| Net profit / loss | 2,014 | 1,574 | | 3,588 |

Balance sheet

Compared to 31 December 2016, the balance sheet at 30 September 2017 shows an increase in shareholders' equity from EUR 168,070 thousand to EUR 179,283 thousand. The main variation is due to the economic result of the period.

5. Operating net working capital

At 30 September 2017, operating net working capital amounts to EUR 88,958 thousand (29.5% of LTM sales) compared to EUR 68,220 thousand at 31 December 2016 (24.3% of sales) and to EUR 86,836 thousand (31.4% of LTM sales) at 30 September 2016.

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

6. Fixed assets

Fixed assets decrease by EUR 5,879 thousand from December 31, 2016 to September 30, 2017.

7. Shareholders' equity

Changes in shareholders' equity are presented in tables at page 14.

8. Net financial position

The net financial indebtedness amounts to EUR 66,090 thousand in improvement compared to EUR 77,654 thousand at 30 September 2016. The financial debt decrease mainly refers to cash flow increase.

Other information

Accounting policies

The main accounting policies and measurement basis adopted in preparing the consolidated financial statements at 30 September 2017, except for the interpretations and amendments to the accounting principles that have been mandatory since 1 January 2017 and illustrated in the half yearly financial statement at 30 June 2017, are the same used in preparing the consolidated financial statements at 31 December 2016.

Significant events subsequent to the balance sheet date

After the 30 September 2017 no significant events regarding the Group's activities have to be reported.

Outlook

We positively look forward in the light of the results of the first nine months of the year, both in terms of revenue growth and more than proportional increase of profitability, also thanks to a 15% increase of the Spring/Summer 2018 orders' backlog. These results are very encouraging and, especially, confirm the goodness of our long-term strategy milestones aimed to strengthen the brands' distinctiveness, with strong focus on the quality of our collections and post-sales service and on market dynamics with attention on e-commerce and retail development.

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.