



**AEFFE**

**INTERIM CONSOLIDATED FINANCIAL STATEMENT AT 31 MARCH 2019**

*Disclaimer*

*This Interim consolidated financial statement at 31 March 2019 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.*

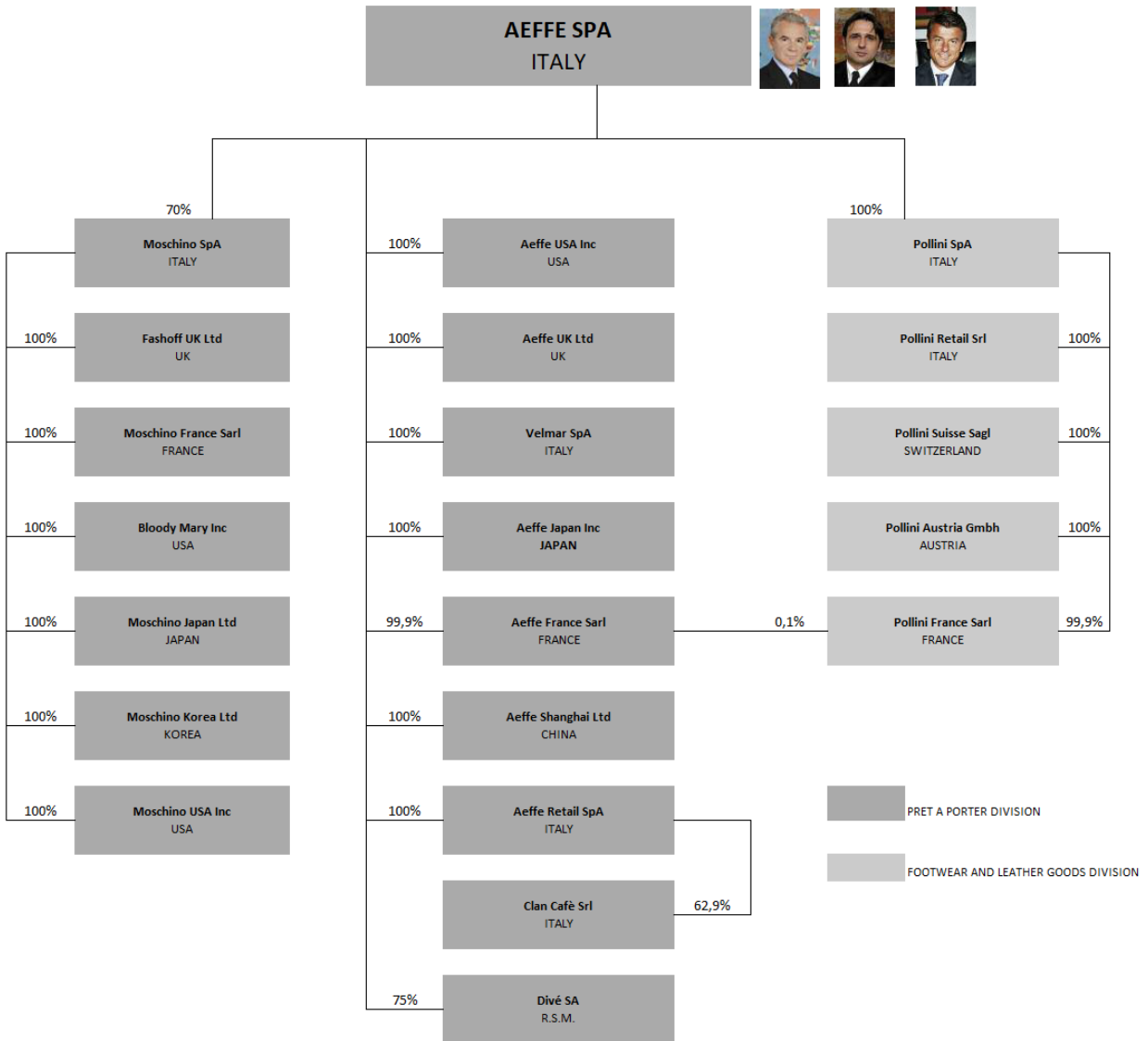
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# Corporate boards of the Parent Company

Board of Directors	<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 Daniela Saitta Alessandro Bonfiglioli
Board of Statutory	<b>President</b> Angelo Miglietta
	<b>Statutory Auditors</b> Fernando Ciotti Carla Trotti
	<b>Alternate Auditors</b> Nevio Dalla Valle Daniela Elvira Bruno
Board of Compensation Committee	<b>President</b> Daniela Saitta
	<b>Members</b> Roberto Lugano
Board of Internal Control Committee	<b>President</b> Roberto Lugano
	<b>Members</b> Daniela Saitta Alessandro Bonfiglioli

# Organisation chart



## Brands portfolio

**AEFFE**

Clothing - Accessories

**ALBERTA FERRETTI**

**PHILOSOPHY**  
DI  
LORENZO SERAFINI

**MOSCHINO®**

**BOUTIQUE  
MOSCHINO**

NEW YORK  
**JEREMY  
SCOTT**  
BEVERLY HILLS

**CEDRIC CHARLIER**

**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 I° 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 – PHILOSOPHY – MOSCHINO)

43, Rue du 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  
Paris  
London  
Shanghai

### **POLLINI**

Milan  
Venice  
Bolzano  
Varese

### **SPAZIO A**

Florence  
Venice

### **MOSCHINO**

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





## Main economic-financial data

		I Q	I Q	I Q
		2019	2019	2018
		Included IFRS16	excluded IFRS16	
Total revenues	(Values in millions of EUR)	105.0	105.0	96.1
Gross operating margin (EBITDA)	(Values in millions of EUR)	26.6	22.2	20.3
Net operating profit/(loss) (EBIT)	(Values in millions of EUR)	19.9	19.1	17.4
Profit/(loss) before taxes	(Values in millions of EUR)	19.1	19.0	16.9
Net profit/(loss) for the Group	(Values in millions of EUR)	11.8	11.8	11.3
Basic earnings per share	(Values in units of EUR)	0.110	0.110	0.105
Cash Flow (net result + depreciation)	(Values in millions of EUR)	19.6	19.6	14.8
Cash Flow/total revenues	Ratio	18.6	18.6	15.4

		31 March	31 December	31 March	31 December
		2019	2018	2018	2017
Net capital invested	(Values in millions of EUR)	355.2	228.7	244.1	229.0
Net financial indebtedness	(Values in millions of EUR)	149.1	31.3	53.8	50.6
Group net equity	(Values in millions of EUR)	172.8	164.6	157.4	146.1
Group net equity per share	(Values in units of EUR)	1.6	1.5	1.5	1.4
Current assets/Current liabilities	Ratio	2.1	1.8	2.1	1.9
Current assets less invent./Current liabilities (ACID Test)	Ratio	1.0	0.8	1.0	0.8
Net financial indebtedness/Net equity	Ratio	0.7	0.2	0.3	0.3

## Measurement basis

The accounting principles and valuation criteria adopted for the preparation of the consolidated financial statements at March 31, 2019 are the same as those adopted for the preparation of the financial statements at December 31, 2018 except for IFRS 16, which was applied for the first time in the consolidated financial statements of the Aeffe Group closed on 31 March 2019.

The Group has opted for a retrospective application of the principle, without restatement of the comparative information. The cumulative effect has been noted as a reduction of the retained opening earnings. The incremental borrowing rate used is the one at the transaction date.

The effect reflected in the financial statements at 01/01/2019 mainly concerned lease liabilities of around € 116.5 million and assets deriving from the right to use assets of approximately € 110.4 million.

Leasing contracts with a duration equal to or less than 12 months and those that have assets of modest value have been excluded.

Lease liabilities have been discounted at a weighted average interest rate of 2%. Below is a representation of the leases in the opening balance sheet as at 01/01/2019.

### Adjustments on the opening balance sheet:

(Values in thousands of EUR)	Notes	1 January 2019	IFRS 16 Adjustment	31 December 2018
Operating net working capital		70,450		70,450
Net working capital		85,748		85,748
Fixed assets	a	276,806	110,434	166,373
NET CAPITAL INVESTED	b	340,866	112,150	228,716
Total shareholders' equity	c	193,023	( 4,436)	197,459
Short term financial receivables		( 1,420)	-	( 1,420)
Cash		( 28,037)	-	( 28,037)
Long term financial liabilities		16,409	-	16,409
Long term lease liabilities	d	102,895	102,895	-
Long term financial receivables		( 2,302)	-	( 2,302)
Short term financial liabilities		46,607	-	46,607
Short term lease liabilities	e	13,691	13,691	-
NET FINANCIAL POSITION		147,843	116,587	31,256
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS		340,866	112,150	228,716

- a) Increase for the recognition of assets for rights of use;
- b) Detection of the tax effect;
- c) Cumulative effect on the previous years to reduce the results of new opening;
- d) - e) Increase in financial liabilities due to the recognition of debts for leasing;

Concurrently with the application of IFRS 16 and to give a more truthful and correct representation the amortization plan of the Key Money has been modified making them fall within the rights of use of assets as they represent the initial direct costs of the lessee. The change of estimate (Vita Utile) has been made in a prospective way.

## Financial statements

### Income statement at 31 March

(Values in units of EUR)	Note	I Q 2019	% on	I Q 2019	% on	I Q	% on	Change	Change
		IFRS 16	revenues	No IFRS 16	revenues	2018	revenues	% included	% excluded
								IFRS 16	IFRS 16
<b>REVENUES FROM SALES AND SERVICES</b>	(1)	<b>102,237</b>	<b>100.0%</b>	<b>102,237</b>	<b>100.0%</b>	<b>95,227</b>	<b>100.0%</b>	<b>7.4%</b>	<b>7.4%</b>
Other revenues and income		2,768	2.7%	2,768	2.7%	900	0.9%	207.5%	207.5%
<b>TOTAL REVENUES</b>		<b>105,005</b>	<b>102.7%</b>	<b>105,005</b>	<b>102.7%</b>	<b>96,127</b>	<b>100.9%</b>	<b>9.2%</b>	<b>9.2%</b>
Changes in inventory		(2,033)	(2.0%)	(2,033)	(2.0%)	(2,924)	(3.1%)	(30.5%)	(30.5%)
Costs of raw materials, cons. and goods for resale		(28,017)	(27.4%)	(28,017)	(27.4%)	(23,682)	(24.9%)	18.3%	18.3%
Costs of services		(27,737)	(27.1%)	(27,737)	(27.1%)	(25,140)	(26.4%)	10.3%	10.3%
Costs for use of third parties assets		(2,030)	(2.0%)	(6,480)	(6.3%)	(6,486)	(6.8%)	(68.7%)	(0.1%)
Labour costs		(17,766)	(17.4%)	(17,766)	(17.4%)	(16,878)	(17.7%)	5.3%	5.3%
Other operating expenses		(795)	(0.8%)	(795)	(0.8%)	(673)	(0.7%)	18.2%	18.2%
<b>Total Operating Costs</b>		<b>(78,379)</b>	<b>(76.7%)</b>	<b>(82,829)</b>	<b>(81.0%)</b>	<b>(75,781)</b>	<b>(79.6%)</b>	<b>3.4%</b>	<b>9.3%</b>
<b>GROSS OPERATING MARGIN (EBITDA)</b>	(2)	<b>26,626</b>	<b>26.0%</b>	<b>22,176</b>	<b>21.7%</b>	<b>20,346</b>	<b>21.4%</b>	<b>30.9%</b>	<b>9.0%</b>
Amortisation of intangible fixed assets		(1,166)	(1.1%)	(1,718)	(1.7%)	(1,624)	(1.7%)	(28.2%)	5.8%
Depreciation of tangible fixed assets		(1,269)	(1.2%)	(1,269)	(1.2%)	(1,319)	(1.4%)	(3.8%)	(3.8%)
Depreciation of right-of-use assets		(4,230)	(4.1%)		0.0%	-	0.0%	n.a	n.a
Revaluations / (write-downs) and provisions		(58)	(0.1%)	(58)	(0.1%)	(53)	(0.1%)	9.3%	9.3%
<b>Total Amortisation, write-downs and provisions</b>		<b>(6,723)</b>	<b>(6.6%)</b>	<b>(3,045)</b>	<b>(3.0%)</b>	<b>(2,996)</b>	<b>(3.1%)</b>	<b>124.4%</b>	<b>1.6%</b>
<b>NET OPERATING PROFIT / LOSS (EBIT)</b>		<b>19,903</b>	<b>19.5%</b>	<b>19,130</b>	<b>18.7%</b>	<b>17,350</b>	<b>18.2%</b>	<b>14.7%</b>	<b>10.3%</b>
Financial income		358	0.4%	358	0.4%	145	0.2%	146.7%	146.7%
Financial expenses		(476)	(0.5%)	(476)	(0.5%)	(596)	(0.6%)	(20.0%)	(20.0%)
Financial expenses on right-of-use asset		(676)	(0.7%)		0.0%	-	0.0%	n.a	n.a
<b>Total Financial Income/(expenses)</b>		<b>(794)</b>	<b>(0.8%)</b>	<b>(118)</b>	<b>(0.1%)</b>	<b>(450)</b>	<b>(0.5%)</b>	<b>76.3%</b>	<b>(73.7%)</b>
<b>PROFIT / LOSS BEFORE TAXES</b>		<b>19,109</b>	<b>18.7%</b>	<b>19,012</b>	<b>18.6%</b>	<b>16,900</b>	<b>17.7%</b>	<b>13.1%</b>	<b>12.5%</b>
Total Income Taxes		(6,217)	(6.1%)	(6,190)	(6.1%)	(5,056)	(5.3%)	23.0%	22.4%
<b>NET PROFIT / LOSS</b>		<b>12,892</b>	<b>12.6%</b>	<b>12,822</b>	<b>12.5%</b>	<b>11,844</b>	<b>12.4%</b>	<b>8.8%</b>	<b>8.3%</b>
(Profit) / loss attributable to minority shareholders		(1,052)	(1.0%)	(1,052)	(1.0%)	(559)	(0.6%)	88.0%	88.0%
<b>NET PROFIT / LOSS FOR THE GROUP</b>	(3)	<b>11,840</b>	<b>11.6%</b>	<b>11,770</b>	<b>11.5%</b>	<b>11,285</b>	<b>11.9%</b>	<b>4.9%</b>	<b>4.3%</b>

### Statement of reconciliation of the income statement as of March 31<sup>st</sup>

The effects of the application of the new IFRS 16 are as follows:

(Values in thousands of EUR)	I Q 2019	IFRS 16 Effects	I Q 2019	I Q 2018	Change	Change
			Comparable			
			2019	2018		%
<b>TOTAL REVENUES</b>	<b>105,005</b>	<b>0</b>	<b>105,005</b>	<b>96,127</b>	<b>8,877</b>	<b>9.2%</b>
Total Operating Costs	(78,379)	(4,450)	(82,829)	(75,781)	(2,598)	9.3%
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>26,626</b>	<b>(4,450)</b>	<b>22,176</b>	<b>20,346</b>	<b>6,279</b>	<b>9.0%</b>
Total Amortisation, write-downs and provisions	(6,723)	3,678	(3,045)	(2,996)	(3,727)	1.6%
<b>NET OPERATING PROFIT / LOSS (EBIT)</b>	<b>19,903</b>	<b>(773)</b>	<b>19,130</b>	<b>17,350</b>	<b>2,553</b>	<b>10.3%</b>
Total Financial Income / (expenses)	(794)	676	(118)	(450)	(344)	-73.7%
<b>PROFIT / LOSS BEFORE TAXES</b>	<b>19,109</b>	<b>(97)</b>	<b>19,012</b>	<b>16,900</b>	<b>2,209</b>	<b>12.5%</b>
Taxes	(6,217)	27	(6,190)	(5,056)	(1,161)	22.4%
<b>NET PROFIT / LOSS</b>	<b>12,892</b>	<b>(70)</b>	<b>12,822</b>	<b>11,844</b>	<b>1,048</b>	<b>8.3%</b>

## Reclassified balance sheet

(Values in units of EUR)	Notes	31 March 2019	31 December 2018 Included IFRS 16	31 December 2018 Excluded IFRS 16
Trade receivables		52,866,068	43,138,560	43,138,560
Stocks and inventories		101,514,478	104,261,515	104,261,515
Trade payables		( 60,160,704)	( 76,949,819)	( 76,949,819)
<b>Operating net working capital</b>		<b>94,219,842</b>	<b>70,450,256</b>	<b>70,450,256</b>
Other short term receivables		32,951,058	34,852,460	34,852,460
Tax receivables		6,735,662	7,759,828	7,759,828
Derivative assets		475,065	219,632	219,632
Other short term liabilities		( 19,335,230)	( 21,081,936)	( 21,081,936)
Tax payables		( 11,074,747)	( 6,452,612)	( 6,452,612)
Derivative liabilities		-	-	-
<b>Net working capital</b>	<b>(4)</b>	<b>103,971,650</b>	<b>85,747,628</b>	<b>85,747,628</b>
Tangible fixed assets		60,099,497	60,298,801	60,298,801
Intangible fixed assets		78,734,092	80,098,155	103,132,467
Right-of-use assets		131,525,497	133,467,880	-
Other fixed assets		131,558	131,558	131,558
Equity investments		2,808,904	2,810,046	2,810,046
<b>Fixed assets</b>	<b>(5)</b>	<b>273,299,548</b>	<b>276,806,440</b>	<b>166,372,872</b>
Post employment benefits		( 5,432,668)	( 5,491,570)	( 5,491,570)
Provisions		( 1,949,827)	( 2,558,544)	( 2,558,544)
Assets available for sale		436,885	436,885	436,885
Liabilities available for sale		-	-	-
Long term not financial liabilities		( 721,155)	( 770,731)	( 770,731)
Deferred tax assets		15,615,142	16,789,691	15,073,001
Deferred tax liabilities		( 30,035,206)	( 30,093,668)	( 30,093,668)
<b>NET CAPITAL INVESTED</b>		<b>355,184,369</b>	<b>340,866,131</b>	<b>228,715,873</b>
Share capital		25,371,407	25,371,407	25,371,407
Other reserves		128,906,969	123,799,107	123,799,107
Profits / (Losses) carried-forward		6,658,420	( 5,139,501)	( 1,287,069)
Profit / (Loss) of the period		11,839,779	16,726,101	16,726,101
<b>Group interest in shareholders' equity</b>		<b>172,776,575</b>	<b>160,757,114</b>	<b>164,609,546</b>
Minority interests in shareholders' equity		33,317,803	32,265,958	32,849,847
<b>Total shareholders' equity</b>	<b>(6)</b>	<b>206,094,378</b>	<b>193,023,072</b>	<b>197,459,393</b>
Short term financial receivables		( 1,420,000)	( 1,420,000)	( 1,420,000)
Cash		( 27,985,699)	( 28,037,213)	( 28,037,213)
Long term financial liabilities		20,243,326	16,408,975	16,408,975
Long term financial receivables		( 2,357,250)	( 2,302,096)	( 2,302,096)
Short term financial liabilities		45,969,645	46,606,814	46,606,814
<b>NET FINANCIAL POSITION WITHOUT IFRS 16 EFFECTS</b>		<b>34,450,022</b>	<b>31,256,480</b>	<b>31,256,480</b>
Short term lease liabilities		14,575,782	13,691,310	-
Long term lease liabilities		100,064,187	102,895,269	-
<b>NET FINANCIAL POSITION</b>	<b>(7)</b>	<b>149,089,991</b>	<b>147,843,059</b>	<b>31,256,480</b>
<b>SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS</b>		<b>355,184,369</b>	<b>340,866,131</b>	<b>228,715,873</b>

## Cash flow

(Values in thousands of EUR)	Notes	I Q 2019	F Y 2018	I Q 2018
<b>OPENING BALANCE</b>		<b>28,037</b>	<b>22,809</b>	<b>22,809</b>
Profit before taxes		19,109	28,797	16,900
Amortisation / write-downs		6,723	13,682	2,943
Accrual (+)/availment (-) of long term provisions and post employment benefits		( 726)	( 281)	17
Paid income taxes		( 479)	( 9,845)	( 1,114)
Financial income (-) and financial charges (+)		794	850	450
Change in operating assets and liabilities		( 22,896)	( 7,677)	( 17,258)
<b>CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY</b>		<b>2,525</b>	<b>25,526</b>	<b>1,938</b>
Increase (-)/ decrease (+) in intangible fixed assets		( 156)	( 1,257)	( 315)
Increase (-)/ decrease (+) in tangible fixed assets		( 1,070)	( 6,657)	( 702)
Increase (-)/ decrease (+) in right-of-use assets (1)		( 1,934)	-	-
Investments and write-downs (-)/ Disinvestments and revaluations (+)		-	-	( 4,114)
<b>CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY</b>		<b>( 3,160)</b>	<b>( 7,914)</b>	<b>( 5,131)</b>
Other variations in reserves and profits carried-forward of shareholders'equity		182	1,820	( 6)
Dividends paid		-	-	-
Proceeds (+)/ repayment (-) of financial payments		3,197	( 14,398)	6,301
Proceeds (+)/ repayment (-) of lease payments (2)		( 1,947)		
Increase (-)/ decrease (+) in financial receivables		( 54)	1,044	470
Financial income (+) and financial charges (-)		( 794)	( 850)	( 450)
<b>CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY</b>		<b>584</b>	<b>( 12,384)</b>	<b>6,315</b>
<b>CLOSING BALANCE</b>		<b>27,986</b>	<b>28,037</b>	<b>25,931</b>

1: cash flow changes on assets for rights of use relating to the application of IFRS 16

2: cash flow changes on lease payables relating to the application of IFRS 16

## Changes in shareholders' equity

*(Values in thousands of EUR)*

	Share capital	Share premium reserve	Cash flow hedge reserve	Other reserves	Fair Value reserve	IAS reserve	Profits/(losses) carried-forward	Reassessment 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 2018</b>	25,371	71,240	158	35,967	7,901	11,459	(1,286)	(1,095)	16,726	(1,832)	164,609	32,850	197,459
Effects deriving from the application of IFRS 16						(3,852)					(3,852)	(584)	(4,436)
<b>BALANCES AT 1 January 2019</b>	25,371	71,240	158	35,967	7,901	7,607	(1,286)	(1,095)	16,726	(1,832)	160,757	32,266	193,023
Allocation of 2018 profit / (loss)	-	-	-	8,781	-	-	7,945	-	(16,726)	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buy-back)/ sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) of 1Q 2019	-	-	184	-	-	-	-	-	11,840	(5)	12,019	1,052	13,071
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>BALANCES AT 31 March 2019</b>	25,371	71,240	342	44,748	7,901	7,607	6,659	(1,095)	11,840	(1,837)	172,776	33,318	206,094

## Interim management report

In the first quarter of 2019, consolidated revenues amount to EUR 102,237 thousand compared to EUR 95,227 thousand in the first quarter 2018, with a 7.4% increase at current exchange rates (+7.3% at constant exchange rates).

In the first quarter of 2019 consolidated EBITDA, excluding the effect of the application of IFRS 16 (€ 4,450 thousand), amounts to EUR 22,176 thousand (with an incidence of 21.7% of consolidated sales), compared to EUR 20,346 thousand in the first quarter 2018 (21.4% of consolidated sales) recording a good improvement in profitability of EUR 1,830 thousand (+9.0%). Such improvement is mainly driven by the sales growth of both divisions.

At 31 March 2019 operating net working capital amounts to EUR 94,220 thousand (29.3% of LTM sales) compared to EUR 88,207 thousand at 31 March 2018 (29.0% of sales).

Net financial indebtedness, excluding the effect of the application of IFRS 16 (EUR 114,640 thousand), decreases of EUR 19,396 thousand from EUR 53,846 thousand at 31 March 2018 to EUR 34,450 thousand at 31 March 2019. The indebtedness decrease compared to the first quarter 2018 is mainly related to the better economic results and a better management of net working capital.

## Explanatory notes

### Income statement

#### 1. Revenues from sales and services

##### *First quarter 2019 vs 2018*

In the first quarter of 2019, consolidated revenues amount to EUR 102,237 thousand compared to EUR 95,227 thousand in the first quarter 2018, with a 7.4% increase at current exchange rates (+7.3% at constant exchange rates).

The following table details the revenues by geographical area for the first quarters of 2019 and 2018.

(Values in thousands of EUR)	I Q		I Q		Change	
	2019	%	2018	%	Δ	%
Italy	46,130	45.1%	45,318	47.6%	812	1.8%
Europe (Italy excluded)	23,192	22.7%	23,523	24.7%	( 331)	(1.4%)
Asia and Rest of the World	27,806	27.2%	21,472	22.5%	6,334	29.5%
America	5,109	5.0%	4,914	5.2%	195	4.0%
<b>United States</b>	<b>102,237</b>	<b>100.0%</b>	<b>95,227</b>	<b>100.0%</b>	<b>7,010</b>	<b>7.4%</b>

In the first quarter of 2019, in Italy the Group records sales for EUR 46,130 thousand corresponding to 45.1% of consolidated sales, posting a growth of 1.8%.

Sales in Europe decrease by 1.4% (same percentage at constant exchange rates), contributing to 22.7% of consolidated sales.

In Asia and Rest of the World, the Group's sales total EUR 27,806 thousand, amounting to 27.2% of consolidated sales, recording an increase of 29.5% (+29.3% at constant exchange rate) compared to the first quarter 2018, especially driven by healthy trend in Greater China, which posted a 20.1% growth.

Sales in the United States are equal to EUR 5,109 thousand, contributing to 5.0% of consolidated sales, posting an increase of 4.0% (+2.9% at constant exchange rates).

The following table details the revenues by brand for the first quarters of 2019 and 2018.

(Values in thousands of EUR)	I Q		I Q		Change	
	2019	%	2018	%	Δ	%
Alberta Ferretti	11,036	10.8%	10,664	11.2%	372	3.5%
Philosophy	6,588	6.4%	6,595	6.9%	( 7)	(0.1%)
Moschino	71,455	69.9%	64,562	67.8%	6,893	10.7%
Pollini	10,393	10.2%	10,043	10.5%	350	3.5%
Other	2,765	2.7%	3,363	3.6%	( 598)	(17.8%)
<b>Total</b>	<b>102,237</b>	<b>100.0%</b>	<b>95,227</b>	<b>100.0%</b>	<b>7,010</b>	<b>7.4%</b>

In the first quarter of 2019, Alberta Ferretti brand increases by 3.5% (+3.4% at constant exchange rates), generating 10.8% of consolidated sales, while Philosophy brand decrease by 0.1% (-0.2% at constant exchange rates), generating 6.4% of consolidated sales.



In the same period, Moschino brand sales increase by 10.7% (+10.6% at constant exchange rates) contributing to 69.9% of consolidated sales.

Pollini brand increases by 3.5%, (same percentage at constant exchange rates), generating 10.2% of consolidated sales, while the other brands sales decrease by 17.8% (-18.0% at constant exchange rates) contributing to 2.7% of consolidated sales.

The following table details the revenues by distribution channel for the first quarters of 2019 and 2018.

(Values in thousands of EUR)	I Q		I Q		Change	
	2019	%	2018	%	Δ	%
Wholesale	75,700	74.0%	71,172	74.7%	4,528	6.4%
Retail	23,289	22.8%	21,543	22.6%	1,746	8.1%
Royalties	3,248	3.2%	2,512	2.7%	736	29.3%
<b>Total</b>	<b>102,237</b>	<b>100.0%</b>	<b>95,227</b>	<b>100.0%</b>	<b>7,010</b>	<b>7.4%</b>

By distribution channel in the first quarter of 2019, wholesale sales increase by 6.4% (+6.2% at constant exchange rates) contributing to 74.0% of consolidated sales.

Sales of our directly-operated stores (retail channel) amount to EUR 23,289 thousand with an increase of 8.1% (+8.0% at constant exchange rates) contributing to 22.8% of consolidated sales.

Royalty income is 29.3% higher than in the corresponding period of the previous year, representing 3.2% of consolidated sales.

## 2. Gross Operating Margin (EBITDA)

### *First quarter 2019 vs 2018*

In the first quarter of 2019 consolidated EBITDA amounts to EUR 26,626 thousand (with an incidence of 26.0% of consolidated sales), compared to EUR 20,346 thousand in the first quarter 2018 (21.4% of consolidated sales) recording an improvement in profitability of EUR 6,280 thousand (+30.9%). The application of the new standard has led to the cancellation of operating lease installments recognized as costs for services that will be re-allocated between depreciation of the rights to use assets and financial charges linked to the valuation of the amortized cost of the financial debt of the lease. The cumulative effect deriving from the application of IFRS 16 is equal to EUR 4,450 thousand.

EBITDA of the prêt-à-porter division amounts to EUR 20,284 thousand (equal to 25.0% incidence on sales) compared to EUR 14,781 thousand in the first quarter 2018 (equal to 20.5% incidence on sales), recording an increase of EUR 5,503 thousand, of which EUR 4,074 thousand relating to the application of IFRS 16.

EBITDA of the footwear and leather goods division is positive for EUR 6,342 thousand (representing 18.9% of sales), showing a 14% increase compared to EUR 5,565 thousand in the first quarter 2018 (representing 17.2% of sales), with a EUR 777 thousand rise, of which EUR 376 thousand relating to the application of IFRS 16.

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

#### *First quarter 2019 vs 2018*

In the first quarter 2019 the Group has posted a net profit of EUR 11,840 thousand compared to a net profit of EUR 11,285 thousand in the first quarter 2018 with a EUR 555 thousand improvement (+4.9%), thanks to the improvement in operating profit. It should be noted that the effect relating to the application of IFRS 16 on the result is equal to Euro 70 thousand.

## 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 2019 vs 2018*

The following tables indicate the main economic data for the first quarter of 2019 and 2018 of the *Prêt-à porter* and Footwear and leather goods Divisions.

#### I Quarter 2019 including IFRS 16 effects

(Values in thousands of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
I Q 2019				
<b>SECTOR REVENUES</b>	<b>77,905</b>	<b>33,309</b>	<b>( 8,977)</b>	<b>102,237</b>
Intercompany revenues	( 2,424)	( 6,553)	8,977	-
<b>Revenues with third parties</b>	<b>75,481</b>	<b>26,756</b>	-	<b>102,237</b>
<b>Gross operating margin (EBITDA)</b>	<b>20,284</b>	<b>6,342</b>	-	<b>26,626</b>
Amortisation	( 5,679)	( 986)	-	( 6,665)
Other non monetary items:				
Write-downs	-	( 58)	-	( 58)
<b>Net operating profit / loss (EBIT)</b>	<b>14,605</b>	<b>5,298</b>	-	<b>19,903</b>
Financial income	101	304	( 47)	358
Financial expenses	( 915)	( 284)	47	( 1,152)
<b>Profit / loss before taxes</b>	<b>13,791</b>	<b>5,318</b>	-	<b>19,109</b>
Income taxes	( 4,744)	( 1,473)	-	( 6,217)
<b>Net profit / loss</b>	<b>9,047</b>	<b>3,845</b>	-	<b>12,892</b>

#### I Quarter 2019 excluding IFRS 16 effects

(Values in thousands of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
I Q 2019				
<b>SECTOR REVENUES</b>	<b>77,905</b>	<b>33,309</b>	<b>( 8,977)</b>	<b>102,237</b>
Intercompany revenues	( 2,424)	( 6,553)	8,977	-
<b>Revenues with third parties</b>	<b>75,481</b>	<b>26,756</b>	-	<b>102,237</b>
<b>Gross operating margin (EBITDA)</b>	<b>16,210</b>	<b>5,965</b>	-	<b>22,176</b>
Amortisation	( 2,249)	( 738)	-	( 2,988)
Other non monetary items:				
Write-downs	-	( 58)	-	( 58)
<b>Net operating profit / loss (EBIT)</b>	<b>13,961</b>	<b>5,169</b>	-	<b>19,130</b>
Financial income	101	303	( 47)	358
Financial expenses	( 286)	( 237)	47	( 476)
<b>Profit / loss before taxes</b>	<b>13,777</b>	<b>5,236</b>	-	<b>19,012</b>
Income taxes	( 4,740)	( 1,450)	-	( 6,190)
<b>Net profit / loss</b>	<b>9,037</b>	<b>3,785</b>	-	<b>12,822</b>

## I Quarter 2018

(Values in thousands of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
I Q 2018				
<b>SECTOR REVENUES</b>	<b>72,114</b>	<b>32,027</b>	<b>( 8,914)</b>	<b>95,227</b>
Intercompany revenues	( 2,276)	( 6,638)	8,914	-
<b>Revenues with third parties</b>	<b>69,838</b>	<b>25,389</b>	-	<b>95,227</b>
<b>Gross operating margin (EBITDA)</b>	<b>14,781</b>	<b>5,565</b>	-	<b>20,346</b>
Amortisation	( 2,236)	( 707)	-	( 2,943)
Other non monetary items:				
Write-downs	-	( 53)	-	( 53)
<b>Net operating profit / loss (EBIT)</b>	<b>12,545</b>	<b>4,805</b>	-	<b>17,350</b>
Financial income	139	57	( 51)	145
Financial expenses	( 281)	( 365)	51	( 595)
<b>Profit / loss before taxes</b>	<b>12,403</b>	<b>4,497</b>	-	<b>16,900</b>
Income taxes	( 3,731)	( 1,325)	-	( 5,056)
<b>Net profit / loss</b>	<b>8,672</b>	<b>3,172</b>	-	<b>11,844</b>

### Prêt-à porter Division

In the first three months of 2019, revenues of the prêt-à-porter division increase by 8.0%, from EUR 72,114 thousand at 31 March 2018 to EUR 77,905 at 31 March 2019.

EBITDA of the *prêt-à-porter* division (excluding IFRS 16 effects) is EUR 16,210 thousand in the first quarter of 2019 (representing 20.8% of sales) compared to EUR 14,781 thousand in the first quarter of 2018 (representing 20.5% of sales), recording an improvement of EUR 1,429 thousand.

### Footwear and leather goods Division

Revenues of the footwear and leather goods division increase by 3.8% from EUR 32,027 thousand in the first quarter of 2018 to EUR 33,309 thousand in the first quarter of 2019.

EBITDA of the footwear and leather goods division (excluding IFRS 16 effects equal to EUR 376 thousand) is positive for EUR 5,965 thousand (representing 17.9% of sales), showing a 7.2% increase compared to EUR 5,566 thousand in the first quarter 2018 (representing 17.4% of sales), with a EUR 399 thousand increase.

## **Balance sheet**

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

At 31 March 2019 operating net working capital amounts to EUR 94,220 thousand (29.3% of LTM sales) compared to EUR 88,207 thousand at 31 March 2018 (29.0% of sales).

### **5. Fixed assets**

The change in fixed assets, that increases from EUR 166,373 thousand at 31 December 2018 to EUR 273,300 thousand at 31 March 2019, is attributable to the application of IFRS 16 with the recording of rights to use assets. In addition, in the 2019 financial year following the application of IFRS 16, the amortization plan for the Key Money was modified, making them part of the rights to use assets as they represent the initial direct costs of the lessee. The effect of the application of IFRS 16 is equal to Euro 108,521 thousand, while that of the reclassification of Key Money is equal to Euro 23,004 thousand.

## 6. Shareholders' equity

The balance sheet shows a shareholder's equity that changes from EUR 197,459 thousand at 31 December 2018 to EUR 206,094 thousand at 31 March 2019. The Group opting for a retrospective application of the new IFRS 16 standard, without restatement of comparative information, raised the cumulative effect as a reduction of retained earnings for a total of Euro 4,432 thousand.

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

## 7. Net financial position

The increase in the net financial position relates to the application of IFRS 16, which weighed € 114,640 thousand. Without considering the effect of the application of the new standard, the net financial position decreases by € 19,396 thousand, from € 53,846 thousand at March 31, 2018 to € 34,450 thousand at March 31, 2019.

### Statement of reconciliation of the net financial position

The effects of the application of the new IFRS 16 are shown below

(Values in thousands of EUR)	31 March 2019	IFRS 16 Effects	31 March 2019 comparable	31 December 2018	31 March 2018	Change on December 2018	Change on March 2018
Short term financial receivables	(1,420)		(1,420)	(1,420)	(1,420)	0	0
Cash	(27,986)		(27,986)	(28,037)	(25,931)	52	(2,054)
Long term financial liabilities	20,243		20,243	16,409	18,295	3,834	1,948
Long term financial receivables	(2,357)		(2,357)	(2,302)	(2,518)	(55)	161
Short term financial liabilities	45,970		45,970	46,607	65,420	(637)	(19,451)
Short term lease liabilities (IFRS 16)	14,576	14,576	-	-	-	-	-
Long term lease liabilities (IFRS 16)	100,064	100,064	-	-	-	-	-
<b>NET FINANCIAL POSITION</b>	<b>149,090</b>	<b>114,640</b>	<b>34,450</b>	<b>31,256</b>	<b>53,846</b>	<b>3,194</b>	<b>(19,396)</b>

## Other information

### 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)	I Q 2019	I Q 2018
From continuing and discontinued activities		
Earnings for determining basic earnings per share	11,840	11,285
Dilutive effects	-	-
<b>Earnings for determining dilutive earnings per share</b>	<b>11,840</b>	<b>11,285</b>

(Values in thousands of EUR)	I Trimestre 2019	I Trimestre 2018
From continuing activities		
Earnings for the period	11,840	11,285
Earnings from discontinued operations	-	-
<b>Earnings for determining basic earnings per share</b>	<b>11,840</b>	<b>11,285</b>
Dilutive effects	-	-
<b>Earnings for determining dilutive earnings per share</b>	<b>11,840</b>	<b>11,285</b>

In both first quarter 2019 and 2018, there is no evidence of dilution of consolidated net earnings.

Number of reference share

	I Trimestre 2019	I Trimestre 2018
<b>Average number of shares for determining earnings per share</b>	<b>101,486</b>	<b>101,486</b>
Share options	-	-
<b>Average number of shares for determining diluted earnings per</b>	<b>101,486</b>	<b>101,486</b>

Basic earnings per share

Group net earnings attributable to holders of ordinary shares of parent company AEFPE S.p.A., amounts to EUR 11,840 thousand (March 2018: EUR 11,285 thousand).

Dilutive earnings per share

The calculation of diluted earnings per share for the period January - March 2019, matches with the calculation of basic earnings per share, as there are no tools with potential dilutive effects.

## Significant events subsequent the balance sheet date

After the 31 March 2019 no significant events regarding the Group's activities have to be reported.

## Outlook

In the first quarter of the current year, the Group continued to record a good progression in revenues and profitability, both in prêt-à-porter and footwear and leather goods divisions, reflecting the effectiveness of the stylistic proposal and the strategies implemented. Despite signs of macroeconomic and geopolitical uncertainty, the Group is reacting with determination to develop collections with strong distinctiveness to seize any opportunity arising in this challenging market environment.

## 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 2019, 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 2019 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.