



PRESS RELEASE

AEFFE: In 2010 Improvement in Profitability Of €16.5M Compared To 2009. Consolidated Revenues at €219M

San Giovanni in Marignano, 9 March 2011, the Board of Directors of Aeffe SpA approved today the consolidated results for the Full Year 2010. The company, listed on the STAR segment of Borsa Italiana, operates in the luxury sector, with a presence in the prêt-à-porter, footwear and leather goods division under renowned brand names such as Alberta Ferretti, Moschino, Pollini and JP Gaultier.

- **FY 2010 consolidated revenues of €219m, compared to €217m in FY 2009**
- **Positive Ebitda for €3.54m (1.6% on consolidated sales), compared to a negative Ebitda of €12.9m in FY 2009**
- **Net loss for the Group of €12.5m, compared to a net loss of €20.1m in FY 2009**
- **Net financial debt of €95.5m, compared to €87.7m as of December 31, 2009**

Consolidated Revenues

In 2010, Aeffe consolidated revenues amounted to €219.2m compared to €217m in 2009, with a 1.0% increase at current exchange rates (-0.6% at constant exchange rates). Revenues for the period showed a continuous and growing progression, posting an acceleration in the second, third and fourth quarter of the year, up by 7%, 9% and 11% respectively, compared to the same period of the previous year.

Revenues of the *prêt-à-porter* division amounted to Euro 180.8 million, up by 1.5% at current exchange rates compared to 2009 (down by 0.5% at constant exchange rates), while revenues of the footwear and leather goods division were in line with 2009 and amounted to Euro 50.3 million, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has thus commented: *"We are very satisfied with the results reached in 2010, which showed an increasing progression in revenues and a more than proportional increase in profitability. In 2010 the profitability increased by 16.5 million of Euro compared to 2009, confirming the validity and the effectiveness of the costs reduction and efficiency improvement plans at Group level. The rationalisation of the business processes, the 12% increase in the sales for the Spring/Summer 2011 collections, the good data we are collecting on the orders backlog for Autumn/Winter 2011/2012 collections along with the positive trend recorded in the retail channel in the first months of 2011 represent for the Group a solid basis for the evolution*

of the business for the current year both in term of revenues growth and a more than proportional increase in profitability”.

Revenues Breakdown by Region

<i>(In thousands of Euro)</i>	FY 10 Reported	FY 09 Reported	% Growth	% Growth*
Italy	93,123	89,692	3.8%	3.8%
Europe (Italy and Russia excluded)	46,726	48,493	(3.6%)	(4.1%)
Russia	13,473	14,394	(6.4%)	(6.4%)
United States	19,443	17,832	9.0%	4.5%
Japan	19,283	15,226	26.6%	12.7%
Rest of the World	27,193	31,402	(13.4%)	(14.4%)
Total	219,240	217,039	1.0%	(0.6%)

(*) Calculated at constant exchange rates

In 2010 sales in Italy, amounting to 42.5% of consolidated sales, increased by 3.8% to €93.1m. In 4Q 2010 sales increased by 14.1% compared to 4Q 2009.

At constant exchange rates, FY 2010 sales in Europe, contributing to 21.3% of consolidated sales, decreased by 4.1%. In the 4Q 2010 sales decreased by 3.2% compared to 4Q 2009.

The Russian market, representing 6.1% of consolidated sales, fell by 6.4%. In 4Q 2010 sales decreased by 21.6% compared to the same period of 2009 but it was only due to the postponement of part of the shipment of Spring/Summer 2011 collections to the next year.

Sales in the United States, contributing 8.9% of consolidated sales, increased by 4.5% at constant exchange rates (up by 11.8% in 4Q 2010 compared to 4Q 2009). Japanese sales, contributing to 8.8% of consolidated sales, increased by 12.7%, (up by 143% in 4Q 2010 with respect to 4Q 2009). In the Rest of the World, the Group's sales totalled €27.2m, amounting to 12.4% of consolidated sales, recording a decrease by 14.4% compared to FY 2009 but showing a continuous improvement during the year (down by 2.4% in 4Q 2010 compared to 4Q 2009).

Network of Monobrand Stores

DOS	FY 10	FY 09	Franchising	FY 10	FY 09
Europe	44	38	Europe	53	52
United States	3	3	United States	7	7
Asia	40	38	Asia	98	89
Total	87	79	Total	158	148

Operating and Net Result Analysis

In 2010 consolidated Ebitda was positive for €3.54m (with an incidence of 1.6% of consolidated sales), showing a significant improvement compared to a negative Ebitda of €12.9m in 2009.

Profitability has been positively influenced by the lower incidence of the operating costs thanks to the policy of costs' reduction and efficiency improvement implemented at Group level.

The strong improvement in Ebitda has involved both divisions.

Ebitda of the *prêt-à-porter* division amounted to €6.5m (representing 3.6% of sales), compared to a negative Ebitda of €6.4m in 2009, showing a strong recovery in profitability in the second, third and fourth quarter 2010 compared to the correspondent periods of 2009.

Ebitda of the footwear and leather goods division was negative for €3m compared to a negative Ebitda of €6.5m in 2009.

Consolidated Ebit was negative for €13.1m, compared to a negative Ebit of €27.1m in 2009.

Thanks to the improvement in operating profit, in 2010 the Group has showed a strong growth in the net result, posting a net loss of €12.5m, compared to a net loss of €20.1m in 2009.

Balance Sheet Analysis

Looking at the Group's balance sheet as of December 31, 2010 Shareholders' equity was equal to €129.8m and net financial debt amounted to €95.5m (€87.7m as of December 31, 2009).

As of December 31, 2010, operating net working capital amounted to €52.9m (24.1% of sales), compared to €54.2m as of December 31, 2009 (25% of sales)

Capex in 2010 amounted to €6.2m and were mainly related to the key money paid for a store located in Via Montenapoleone in Milan and to the maintenance and stores' refurbishment.

Other information

The Board of Directors of Aeffe SpA has convened the annual Shareholder's meeting on April 21, 2011 to discuss and deliberate on the following

AGENDA

1. Approval of the financial statement for Aeffe SpA for the year ended on December 31, 2010 and related and consequential resolutions. Presentation of the consolidated financial statements as of December 31, 2010;
2. Appointment of the Board of Directors and appointment of the President of the Board of Directors and resolutions ex art. 2389 Civil Code;
 - 2.1 appointment of the Board of Directors;
 - 2.2 appointment of the President;
 - 2.3 resolutions ex art. 2389 Civil Code
3. Appointment of the Board of Statutory Auditors and resolutions ex art. 2402 Civil Code;
 - 3.1. appointment of the Board of Statutory Auditors
 - 3.2. resolutions ex art. 2402 Civil Code.

The documentation relating to the topics on the Agenda will be made available to the public in the terms and conditions required by the law.

The Shareholders may consult and obtain copies of that documentation that will be made available, according to the terms of the law, also on the company's website: www.aeffe.com <<http://www.aeffe.com/>>.

Here below attached the Income Statement, the Reclassified Balance Sheet and the Cash Flow Statement.

Full Year 2010 data included in this press release are currently under the activity of the Auditors' company.

"The executive responsible for preparing the company's accounting documentation Marcello Tassinari declares pursuant to paragraph 2 of art. 154 bis of the Consolidate Financial Law, that the accounting information contained in this document agrees with the underlying documentation, records and accounting entries".

Contatto:**Investor Relations**

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(In thousands of Euro)

	FY 10	%	FY 09	%	Change	Change %
Revenues from sales and services	219,240	100.0%	217,039	100.0%	2,201	1.0%
Other revenues and income	5,854	2.7%	5,856	2.7%	(3)	(0.0%)
Total Revenues	225,094	102.7%	222,895	102.7%	2,199	1.0%
Total operating costs	(221,555)	(101.1%)	(235,851)	(108.7%)	14,296	(6.1%)
EBITDA	3,539	1.6%	(12,956)	(6.0%)	16,495	(127.3%)
Total Amortization and Write-downs	(16,663)	(7.6%)	(14,175)	(6.5%)	(2,487)	17.5%
EBIT	(13,124)	(6.0%)	(27,132)	(12.5%)	14,007	(51.6%)
Total Financial Income /(expenses)	(1,482)	(0.7%)	(3,705)	(1.7%)	2,223	(60.0%)
Profit before taxes	(14,606)	(6.7%)	(30,836)	(14.2%)	16,231	(52.6%)
Taxes	350	0.2%	7,059	3.3%	(6,709)	(95.0%)
Profit Net of taxes	(14,255)	(6.5%)	(23,777)	(11.0%)	9,522	(40.0%)
(Profit)/ Loss attributable to minority shareholders	1,749	0.8%	3,689	1.7%	(1,940)	(52.6%)
Net Profit for the Group	(12,507)	(5.7%)	(20,088)	(9.3%)	7,582	(37.7%)

<i>(In thousands of Euro)</i>	FY 10	FY 09
Trade receivables	27,488	26,869
Stock and inventories	73,086	69,483
Trade payables	(47,644)	(42,133)
Operating net working capital	52,930	54,219
Other receivables	32,092	31,630
Other liabilities	(16,561)	(18,023)
Net working capital	68,461	67,825
Tangible fixed assets	75,620	76,587
Intangible fixed assets	154,173	157,008
Investments	29	28
Other long term receivables	2,989	2,812
Fixed assets	232,810	236,435
Post employment benefits	(9,204)	(9,785)
Long term provisions	(1,415)	(1,247)
Assets available for sale	794	9,257
Liabilities available for sale		(1,854)
Other long term liabilities	(14,241)	(14,241)
Deferred tax assets	15,027	14,545
Deferred tax liabilities	(41,162)	(42,773)
NET CAPITAL INVESTED	251,070	258,161
Capital issued	25,371	25,371
Other reserves	119,295	125,160
Profits/(Losses) carried-forward	(2,342)	12,749
Profit for the period	(12,507)	(20,088)
Group share capital and reserves	129,818	143,193
Minority interests	25,727	27,301
Shareholders' equity	155,545	170,494
Liquid assets	(4,512)	(5,337)
Long term financial payables	13,211	18,159
Short term financial payables	86,826	74,844
NET FINANCIAL POSITION	95,525	87,667
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	251,070	258,161

<i>(In thousands of Euro)</i>	FY 10	FY 09
OPENING BALANCE	5,337	7,706
Profit before taxes	(14,606)	(30,836)
Amortizations, provisions and depreciations	16,663	13,636
Accruals (availments) of long term provisions and post employment benefits	(413)	(1,054)
Taxes	(2,227)	(1,783)
Financial incomes and financial charges	1,482	3,705
Change in operating assets and liabilities	(152)	5,708
NET CASH FLOW FROM OPERATING ASSETS	746	(10,624)
Increase (decrease) in intangible fixed assets	(4,940)	1,142
Increase (decrease) in tangible fixed assets	(5,039)	(4,999)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	3,727	(362)
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(6,252)	(4,219)
Other changes in reserves and profit carried-forward to shareholders'equity	(1,030)	(1,030)
Dividends paid by the Parent Company	(710)	(710)
Proceeds (repayment) of financial payments	18,494	18,494
Increase (decrease) in long term financial receivables	(575)	(575)
Financial incomes and financial charges	(3,705)	(3,705)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	12,474	12,474
CLOSING BALANCE	12,305	5,337