



## PRESS RELEASE

### **AEFFE: Growth Of Profitability Confirmed In 2014. Net Profit Of €4M Compared To A Net Loss Of €1.9M h FY 2013**

**San Giovanni in Marignano, March 11<sup>th</sup>, 2015** - The Board of Directors of Aeffe SpA has today approved the consolidated results for the Full Year 2014. 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, Emanuel Ungaro and Cédric Charlier.

- **Consolidated revenues of €251.5m, compared to €251.1m in 2013 (+0.2% at current exchange rates); net of the effects of already terminated licenses and of the reorganization of the Japanese distribution network, revenues would have increased by 7.6% at constant exchange rates**
- **Ebitda of €25.7m (10.2% on total sales), compared to €20.6m (8.2% on sales) in 2013**
- **Profit after taxes of €4m, compared to a net loss of €1.9m in 2013, with a €5.9m improvement**
- **Net profit for the Group of €2.7m, compared to a net loss of €3.2m in 2013, with a €5.9m improvement**
- **Net financial debt of €83.5m, compared to €88.6m as of December 31, 2013, with a €5.1m improvement**

### **Consolidated Revenues**

In 2014, AEFfe consolidated revenues amounted to €251.5m compared to €251.1m in 2013, with a 0.2% increase at current exchange rates (flat at constant exchange rates).

We highlight that consolidated revenues would have increased by 7.6% at constant exchange rates, net of the effects of already terminated licenses and of the reorganization of the Japanese distribution network, currently managed exclusively through the wholesale channel.

Revenues of the prêt-à-porter division amounted to €192.1m, down by 2.7% at constant exchange rates and by 2.4% at current exchange rates. Net of the effects of already terminated licenses and of the reorganization of the Japanese distribution network, revenues of the prêt-à-porter division would have increased by 7.3% at constant exchange rates.

Revenues of the footwear and leather goods division increased by 19.5% to €86m, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe SpA, has commented: *"2014 was a crucial year for the Group, which has pursued a strategy conceived to enhance the portfolio's brands. Choices implemented in the renewal of the stylistic offering, in organization and management efficiency have already given good results, which will be fully operational in the coming years. In particular, the return to profit of the Group is definitely a confirmation and a further motivation to look to the future with optimism. We believe that the Group's brands have a significant potential of development, both in mature and in emerging markets, including through the growth in the accessories segment"*.

## Revenues Breakdown by Region

<i>(In thousands of Euro)</i>	<b>FY 14 Reported</b>	<b>FY 13 Reported</b>	<b>% Growth</b>	<b>% Growth*</b>
Italy	113,591	104,504	8.7%	8.7%
Europe (Italy and Russia excluded)	55,858	50,043	11.6%	11.1%
Russia	16,614	19,351	(14.1%)	(14.1%)
United States	16,109	17,072	(5.6%)	(5.6%)
Japan**	7,038	21,926	(67.9%)	(67.9%)
Rest of the World	42,327	38,175	10.9%	10.4%
<b>Total</b>	<b>251,538</b>	<b>251,071</b>	<b>0.2%</b>	<b>0.0%</b>

(\*) Calculated at constant exchange rates

(\*\*) Data reflect the reorganization of the distribution network. Further details in the following paragraph.

In 2014, sales in Italy, amounting to 45.1% of consolidated sales, registered a very positive trend posting an 8.7% increase to €113.6m.

At constant exchange rates, in 2014 sales in Europe, contributing to 22.2% of consolidated sales, increased by 11.1%, thanks to a good recovery across the main markets.

The Russian market, representing 6.6% of consolidated sales, decreased by 14.1% compared to the corresponding period of 2013, solely due to its current difficult economic situation.

Sales in the United States, contributing to 6.4% of consolidated sales, decreased by 5.6% at constant exchange rates, a change mostly explained by the decrease in revenues related to brands whose license agreements ended.

Japanese sales, contributing to 2.8% of consolidated sales, decreased by 67.9%, as a consequence of the reorganization of the local distribution network, effective from the beginning of 2014. Specifically, on the basis of an exclusive distribution and franchise agreement with Woollen Co., Ltd. and Mitsubishi Corporation Fashion Co., Ltd., since the beginning of the year 2014, sales of the collections under the brands Alberta Ferretti, Philosophy and Moschino are exclusively realized through the wholesale and no longer via retail channel.

In the Rest of the World, the Group's sales totalled €42.3m, amounting to 16.9% of consolidated sales, recording an increase of 10.4% at constant exchange rates compared to 2013, especially thanks to a good trend in Greater China, which posted a 25.8% growth.

## Network of Monobrand Stores

<b>DOS</b>	<b>FY 14</b>	<b>FY 13</b>	<b>Franchising</b>	<b>FY 14</b>	<b>FY 13</b>
Europe	47	46	Europe	54	62
United States	1	3	United States	3	3
Asia	12	42	Asia	129	113
<b>Total</b>	<b>60</b>	<b>91</b>	<b>Total</b>	<b>186</b>	<b>178</b>

The change in the number of the Asian stores is explained by the transfer of the shops located in Japan from the category of DOS (directly operated stores) to the category of Franchised stores; 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 brands Alberta Ferretti, Philosophy and Moschino for the whole territory of Japan. Accordingly, as of 2014, sales in this market are exclusively realized through wholesale and no longer via retail channel.

## Operating and Net Result Analysis

In 2014 there has been a strong improvement in margins; consolidated Ebitda was equal to €25.7m (with an incidence of 10.2% of consolidated sales), compared to €20.6m in 2013 (8.2% of total sales), with a €51m increase (+24.7%).

The growth was significantly driven by the positive effects resulting from 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.

In 2014 Ebitda of the *prêt-à-porter* division amounted to €18.6m (representing 9.7% of sales), compared to €18.4m in 2013 (9.3% of sales), with a €0.2m improvement.

In 2014 Ebitda of the footwear and leather goods division was of €7.1m (8.2% of sales), compared to the Ebitda of €2.2m in 2013, with a €4.9m improvement.

Consolidated Ebit was equal to €12m, compared to €6m in 2013, with a €6m increase.

Thanks to the improvement in operating profit and to the decrease in financial expenses, in 2014 both the Net result and the Net result of the Group registered a significant growth, posting, respectively, a Net Profit of €4m, compared to the net loss of €1.9m in 2013, and a Net Profit for the Group of €2.7m, compared to the net loss of €3.2m in 2013 with a €5.9m improvement.

## Balance Sheet Analysis

Looking at the balance sheet as of December 31, 2014, Shareholders' equity was equal to €130m and net financial debt amounted to €83.5m compared to 88.6m as of December 31, 2013. The decrease compared to December 2013 is mainly attributable to the improvement in the economic result for the period.

As of December 31, 2014 operating net working capital amounted to €65.7m (26.1% of sales) compared to €64.4m as of December 31, 2013 (25.7% of sales). The percentage increase on sales was mainly related to the increase in trade receivables and to the increase in inventories driven by the growth of orders' backlog both for the Spring/Summer 2015 collections compared to the corresponding seasons of 2014.

Capex in 2014 amounted to €9.5m and were mainly related to the maintenance and stores' refurbishment and to key money paid for new shops; disinvestments were equal to €2.9m and mainly referred to the sale of stores.

## Other Information

The Board of Directors of Aeffe SpA has called the annual Shareholder's meeting on April 16th, 2015, to discuss and deliberate on (i) the approval of the financial statement for Aeffe SpA for the year ended on December 31, 2014, (ii) the remuneration policy of the company.

The documentation relating to the topics on the Agenda will be available to the public in compliance with the terms and conditions required by the law. The Shareholders may consult and obtain copies of that documentation that will be available, according to the terms of the law, also on the company's website: [www.aeffe.com](http://www.aeffe.com)

Furthermore, the Board of Directors, in its meeting on 11th March 2015, verified the continued independence of the non-executive directors, Marco Salomoni, Sabrina Borocci and Roberto Lugano, pursuant to para. 4 of art. 147-ter of Decree 58/1998, the Code of Self-Regulation for Listed Companies and the Stock Exchange Regulations.

## Proposal of the Board of Directors to approve the draft of the 2014 Annual Report for the parent company Aeffe SpA and the allocation of the profit of the year 2014

The Board of Directors also approved the draft of the 2014 Annual Report for the parent company Aeffe SpA.

On April 16, 2015 the Board of Directors will propose to the Shareholder's meeting to allocate the profit of the year 2014 amounting to € 34,737.97 as follows:

- Legal Reserve, €1,736.9;
- Extraordinary Reserve, € 33,001.07.

## Comments on the main economic-financial data of the Parent Company Aeffe SpA

Revenues of the Parent company Aeffe SpA amounted to €123.3 million, up by 7.4% at current exchange rates compared to 2013.

In 2014 Ebitda was equal to €6.6m (with an incidence of 5.3% of consolidated sales), compared to €6.1m in 2013 (5.3% of total sales). Ebit amounted to €3.9m (3.2% of sales), compared to a negative Ebit of €0.4m in 2013 posting a €4.3m improvement. The increase in Ebit is mainly due to lower write-downs in 2014 compared with 2013, when its stake in Aeffe Japan Inc. and its Japanese subsidiary's accounts receivables were devaluated.

In 2014 Aeffe SpA posted a net profit of €0.03m, compared to a net loss of €5.3m in 2013. The main reasons for the increase in profit for the year 2014 were attributable to the increase in Ebitda, to lower write-downs as commented above and lower financial expenses incurred.

As of December 31, 2014, net financial debt amounted to €73.9m, compared to €78.9m as of December 31, 2013, with a €5m improvement. The decrease in net financial debt with respect to December 31, 2013 was mainly related to the operating cash flow improvement.

Shareholders' equity was equal to €133.4m, compared to €133.6m as of December 31, 2013.

Here below attached the Income Statement, the Reclassified Balance Sheet and the Cash Flow Statement for the Group and for the parent company Aeffe SpA.

Full Year 2014 data included in this press release are currently under the activity of the Auditors' company.

Please note also that the Results Presentation at 31 December 2014 is available at the following link:

<http://www.aeffe.com/aeffeHome.php?lang=eng>

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

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## CONSOLIDATED INCOME STATEMENT

(In thousands of Euro)

	FY 14	%	FY 13	%	Change	Change %
<b>Revenues from sales and services</b>	<b>251,538</b>	<b>100.0%</b>	<b>251,071</b>	<b>100.0%</b>	<b>467</b>	<b>0.2%</b>
Other revenues and income	4,342	1.7%	7,484	3.0%	(3,142)	(42.0%)
<b>Total Revenues</b>	<b>255,880</b>	<b>101.7%</b>	<b>258,555</b>	<b>103.0%</b>	<b>(2,675)</b>	<b>(1.0%)</b>
Total operating costs	(230,194)	(91.5%)	(237,956)	(94.8%)	7,762	(3.3%)
<b>EBITDA</b>	<b>25,686</b>	<b>10.2%</b>	<b>20,599</b>	<b>8.2%</b>	<b>5,087</b>	<b>24.7%</b>
Total Amortization and Write-downs	(13,657)	(5.4%)	(14,571)	(5.8%)	914	(6.3%)
<b>EBIT</b>	<b>12,029</b>	<b>4.8%</b>	<b>6,028</b>	<b>2.4%</b>	<b>6,001</b>	<b>99.6%</b>
Total Financial Income /(expenses)	(5,916)	(2.4%)	(6,745)	(2.7%)	830	(12.3%)
<b>Profit/(Loss) before taxes</b>	<b>6,113</b>	<b>2.4%</b>	<b>(717)</b>	<b>(0.3%)</b>	<b>6,831</b>	<b>(952.2%)</b>
Taxes	(2,107)	(0.8%)	(1,254)	(0.5%)	(853)	68.1%
<b>Profit/(Loss) Net of taxes</b>	<b>4,006</b>	<b>1.6%</b>	<b>(1,971)</b>	<b>(0.8%)</b>	<b>5,977</b>	<b>(303.2%)</b>
(Profit)/ Loss attributable to minority shareholders	(1,264)	(0.5%)	(1,226)	(0.5%)	(38)	3.1%
<b>Net Profit/(Loss) for the Group</b>	<b>2,742</b>	<b>1.1%</b>	<b>(3,198)</b>	<b>(1.3%)</b>	<b>5,939</b>	<b>(185.7%)</b>

## CONSOLIDATED RECLASSIFIED BALANCE SHEET

<i>(In thousands of Euro)</i>	<b>FY 14</b>	<b>FY 13</b>
Trade receivables	36,885	35,797
Stock and inventories	83,867	74,085
Trade payables	(55,052)	(45,448)
<b>Operating net working capital</b>	<b>65,700</b>	<b>64,434</b>
Other receivables	33,413	30,471
Other liabilities	(17,444)	(18,475)
<b>Net working capital</b>	<b>81,668</b>	<b>76,429</b>
Tangible fixed assets	63,771	64,555
Intangible fixed assets	127,927	132,788
Investments	80	30
Other long term receivables	4,701	4,794
<b>Fixed assets</b>	<b>196,479</b>	<b>202,167</b>
Post employment benefits	(7,458)	(7,536)
Long term provisions	(2,047)	(1,167)
Assets available for sale	437	517
Liabilities available for sale		(329)
Other long term liabilities	(14,080)	(14,045)
Deferred tax assets	13,368	13,156
Deferred tax liabilities	(36,829)	(37,173)
<b>NET CAPITAL INVESTED</b>	<b>231,538</b>	<b>232,020</b>
Capital issued	25,371	25,371
Other reserves	115,286	119,633
Profits/(Losses) carried-forward	(13,342)	(15,033)
Profit/(Loss) for the period	2,742	(3,198)
<b>Group share capital and reserves</b>	<b>130,057</b>	<b>126,775</b>
Minority interests	17,915	16,644
<b>Shareholders' equity</b>	<b>147,972</b>	<b>143,419</b>
Short term financial receivables	(1,000)	(1,000)
Liquid assets	(6,692)	(7,524)
Long term financial payables	12,752	15,559
Long term financial receivables	(1,718)	(1,574)
Short term financial payables	80,224	83,140
<b>NET FINANCIAL POSITION</b>	<b>83,567</b>	<b>88,601</b>
<b>SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS</b>	<b>231,538</b>	<b>232,020</b>

## CONSOLIDATED CASH FLOW STATEMENT

<i>(In thousands of Euro)</i>	<b>FY 14</b>	<b>FY 13</b>
<b>OPENING BALANCE</b>	<b>7,524</b>	<b>5,362</b>
Profit before taxes	6,113	( 717)
Amortizations, provisions and depreciations	13,657	14,571
Accruals (availments) of long term provisions and post employment benefits	507	( 1,099)
Taxes	( 3,584)	( 3,029)
Financial incomes and financial charges	5,916	6,745
Change in operating assets and liabilities	( 5,651)	( 499)
<b>NET CASH FLOW FROM OPERATING ASSETS</b>	<b>16,958</b>	<b>15,972</b>
Increase (decrease) in intangible fixed assets	( 2,129)	( 2,185)
Increase (decrease) in tangible fixed assets	( 4,468)	( 5,044)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	( 50)	
<b>CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES</b>	<b>( 6,647)</b>	<b>( 7,229)</b>
Other changes in reserves and profit carried-forward to shareholders'equity	547	( 507)
Proceeds (repayment) of financial payments	( 5,723)	227
Increase (decrease) in long term financial receivables	( 51)	444
Financial incomes and financial charges	( 5,916)	( 6,745)
<b>CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES</b>	<b>( 11,143)</b>	<b>( 6,581)</b>
<b>CLOSING BALANCE</b>	<b>6,692</b>	<b>7,524</b>

## AEFFE S.P.A. INCOME STATEMENT

(In thousands of Euro)

	FY 14	%	FY 13	%	Change	Change %
<b>Revenues from sales and services</b>	<b>123,261</b>	<b>100.0%</b>	<b>114,806</b>	<b>100.0%</b>	<b>8,455</b>	<b>7.4%</b>
Other revenues and income	5,453	4.4%	5,616	4.9%	(163)	(2.9%)
<b>Total Revenues</b>	<b>128,714</b>	<b>104.4%</b>	<b>120,422</b>	<b>104.9%</b>	<b>8,293</b>	<b>6.9%</b>
Total operating costs	(122,128)	(99.1%)	(114,307)	(99.6%)	(7,820)	6.8%
<b>EBITDA</b>	<b>6,587</b>	<b>5.3%</b>	<b>6,114</b>	<b>5.3%</b>	<b>472</b>	<b>7.7%</b>
Total Amortization and Write-downs	(2,672)	(2.2%)	(6,572)	(5.7%)	3,900	(59.3%)
<b>EBIT</b>	<b>3,915</b>	<b>3.2%</b>	<b>(457)</b>	<b>(0.4%)</b>	<b>4,373</b>	<b>(956.2%)</b>
Total Financial Income /(expenses)	(3,693)	(3.0%)	(4,722)	(4.1%)	1,029	(21.8%)
<b>Profit/(Loss) before taxes</b>	<b>222</b>	<b>0.2%</b>	<b>(5,179)</b>	<b>(4.5%)</b>	<b>5,401</b>	<b>(104.3%)</b>
Taxes	(188)	(0.2%)	(105)	(0.1%)	(82)	78.1%
<b>Profit/(Loss) Net of taxes</b>	<b>35</b>	<b>0.0%</b>	<b>(5,284)</b>	<b>(4.6%)</b>	<b>5,319</b>	<b>(100.7%)</b>



## AEFFE S.P.A. RECLASSIFIED BALANCE SHEET

(In thousands of Euro)

	FY 14	FY 13
Trade receivables	57,743	59,406
Stock and inventories	28,144	24,865
Trade payables	(73,067)	(62,021)
<b>Operating net working capital</b>	<b>12,820</b>	<b>22,250</b>
Other receivables	19,607	17,087
Other liabilities	(6,713)	(6,479)
<b>Net working capital</b>	<b>25,714</b>	<b>32,858</b>
Tangible fixed assets	43,850	44,630
Intangible fixed assets	4,046	4,172
Investments	105,098	103,018
Other long term receivables	41,650	41,780
<b>Fixed assets</b>	<b>194,645</b>	<b>193,600</b>
Post employment benefits	(4,697)	(4,421)
Long term provisions	(367)	(357)
Other long term liabilities	(2,452)	(4,812)
Deferred tax assets	2,195	3,792
Deferred tax liabilities	(7,680)	(8,034)
<b>NET CAPITAL INVESTED</b>	<b>207,357</b>	<b>212,626</b>
Capital issued	25,371	25,371
Other reserves	105,868	111,413
Profits/(Losses) carried-forward	2,175	2,175
Profit/(Loss) for the period	35	(5,284)
<b>Shareholders' equity</b>	<b>133,449</b>	<b>133,675</b>
Liquid assets	(579)	(309)
Long term financial payables	12,680	15,488
Short term financial payables	61,807	63,772
<b>NET FINANCIAL POSITION</b>	<b>73,908</b>	<b>78,951</b>
<b>SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS</b>	<b>207,357</b>	<b>212,626</b>

**AEFFE S.P.A. CASH FLOW STATEMENT***(In thousands of Euro)*

	<b>FY 14</b>	<b>FY 13</b>
<b>OPENING BALANCE</b>	<b>309</b>	<b>40</b>
Result before taxes	222	( 5,179)
Amortizations, provisions and depreciations	2,672	5,462
Accruals (availments) of long term provisions and post employment benefits	284	( 847)
Taxes	( 880)	( 693)
Financial incomes and financial charges	3,693	4,722
Change in operating assets and liabilities	6,571	( 2,382)
<b>NET CASH FLOW FROM OPERATING ASSETS</b>	<b>12,561</b>	<b>1,083</b>
Increase (decrease) in intangible fixed assets	( 308)	( 437)
Increase (decrease) in tangible fixed assets	( 1,308)	( 357)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	( 2,080)	2,042
<b>CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES</b>	<b>( 3,696)</b>	<b>1,248</b>
Other changes in reserves and profit carried-forward to shareholders'equity	( 261)	112
Proceeds (repayment) of financial payments	( 4,774)	2,471
Increase (decrease) in long term financial receivables	130	77
Financial incomes and financial charges	( 3,693)	( 4,722)
<b>CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES</b>	<b>( 8,596)</b>	<b>( 2,062)</b>
<b>CLOSING BALANCE</b>	<b>578</b>	<b>309</b>