



## **PRESS RELEASE**

### **Aeffe: Revenues and Net Income Rose by 4.6% In The First Nine Months 2008**

**San Giovanni in Marignano, 14 November 2008**, the Board of Directors of Aeffe SpA approved today the consolidated results for the First nine months 2008. 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.

- **Consolidated revenues of Euro 239.9 million, +4.6% compared to 9M 2007 at constant exchange rates and excluding the effect of the termination of the Narciso Rodriguez licence (+1.2% reported)**
- **Ebitda of Euro 36.3 million (15.3% of sales), -2.4% compared to 9M 07 net of non recurring items**
- **Net income of Euro 12.7 million (5.4% of sales), +4.6% compared to 9M 07**
- **Net financial debt of Euro 62.6 million (Euro 38.5 million as of 31 December 2007)**

#### **Consolidated revenues**

In 9M 2008, consolidated revenues rose to Euro 239.9 million from Euro 229.2 million in 9M 2007, up 4.6% at constant exchange rates and excluding the effect of the Narciso Rodriguez licence.

This improvement reflects the good performance achieved by the Group's two divisions: the revenues of the prêt-à-porter division increased to Euro 191.1 million, +3.8% at constant exchange rates, while the revenues of the footwear and leather goods division rose by 5.8% to Euro 62.1 million, before interdivisional eliminations.

"In 2008 the global economic growth has been adversely affected by the current financial crisis" commented Massimo Ferretti Executive Chairman of Aeffe Spa. "I believe that this crisis could have a negative impact on the economic system even during 2009. In such a difficult context, our group will remain totally focused on growth and profitability not only in 2008 but also for the years to come".

## Revenues by brand

<i>(In thousands of Euro)</i>	<b>9M08 Organic*</b>	<b>9M07 Organic*</b>	<b>% Change*</b>	<b>9M08 Reported</b>	<b>9M07 Reported</b>	<b>% Change</b>
Alberta Ferretti	52,469	51,123	2.6%	51,726	51,123	1.2%
Moschino	114,157	105,618	8.1%	110,970	105,618	5.1%
Pollini	42,789	40,652	5.3%	42,696	40,652	5.0%
J. P. Gaultier	20,501	21,173	(3.2%)	20,026	21,173	(5.4%)
Others **	9,949	10,647	(6.6%)	11,344	15,461	(26.6%)
<b>Total</b>	<b>239,865</b>	<b>229,213</b>	<b>4.6%</b>	<b>236,762</b>	<b>234,027</b>	<b>1.2%</b>

(\*) Calculated at constant exchange rates and excluding the effect of the termination of the Narciso Rodriguez licence

(\*\*) Blugirl, Authier, Narciso Rodriguez and Basso&Brooke

In 9M 2008, Alberta Ferretti brand increased by 2.6% at constant exchange rates, generating 21.9% of the group's consolidated sales.

In the same period, Moschino brand sales increased by 8.1% at constant exchange rates, contributing to 47.6% of consolidated sales.

Good results also for Pollini brand, that rose by 5.3%, generating 17.8% of consolidated sales.

The brand under licence JP Gaultier decreased by 3.2% at constant exchange rates, contributing to 8.5% of consolidated sales.

The Other brands sales decreased by 6.6% excluding Narciso Rodriguez collections, equal to 4.2% of consolidated sales.

## Revenues by region

<i>(In thousands of Euro)</i>	<b>9M08 Organic*</b>	<b>9M07 Organic*</b>	<b>% Change*</b>	<b>9M08 Reported</b>	<b>9M07 Reported</b>	<b>% Change</b>
Italy	92,450	89,984	2.7%	92,864	90,440	2.7%
Europe (Italy and Russia excluded)	52,467	51,377	2.1%	51,674	51,965	(0.6%)
Russia	22,101	19,350	14.2%	22,101	19,606	12.7%
United States	21,373	22,436	(4.7%)	20,222	25,376	(20.3%)
Japan	14,220	15,273	(6.9%)	14,123	15,538	(9.1%)
Rest of the World	37,254	30,793	21.0%	35,778	31,102	15.0%
<b>Total</b>	<b>239,865</b>	<b>229,213</b>	<b>4.6%</b>	<b>236,762</b>	<b>234,027</b>	<b>1.2%</b>

(\*) Calculated at constant exchange rates and excluding the effect of the termination of the Narciso Rodriguez licence

In 9M 2008, sales in Italy rose to Euro 92.5 million, contributing to 38.5% of consolidated sales with a 2.7% increase.

In Europe group's sales increased by 2.1% to Euro 52.5 million, contributing to 21.9% of consolidated sales. While in the Russian market, Aeffe recorded sales of Euro 22.1 million, contributing to 9.2% of consolidated sales, with a 14.2% increase compared to 9M 2007. Sales in United States decreased by 4.7% at constant exchange rates and excluding the effect of the termination of Narciso Rodriguez licence to Euro 21.4 million, contributing to 8.9% of consolidated sales. Sales in Japan fell by 6.9% at constant exchange rates and excluding the Narciso Rodriguez impact to Euro 14.2 million, contributing to 5.9% of consolidated sales.

The good performance in the Rest of world is continuing, sales rose by 21% at constant exchange rates to Euro 37.3 million, contributing to 15.6% of consolidated sales.

## **Revenues by distribution channel**

<i>(In thousands of Euro)</i>	<b>9M08 Organic*</b>	<b>9M07 Organic*</b>	<b>% Change*</b>	<b>9M08 Reported</b>	<b>9M07 Reported</b>	<b>% Change</b>
Wholesale	173,159	165,122	4.9%	172,021	169,815	1.3%
Retail	51,078	51,409	(0.6%)	49,113	51,530	(4.7%)
Royalties	15,628	12,682	23.2%	15,628	12,682	23.2%
<b>Total</b>	<b>239,865</b>	<b>229,213</b>	<b>4.6%</b>	<b>236,762</b>	<b>234,027</b>	<b>1.2%</b>

(\*) Calculated at constant exchange rates and excluding the effect of the termination of the Narciso Rodriguez licence

By distribution channel in the first nine months 2008, wholesale sales grew by 4.9% at constant exchange rates to Euro 173.2 million, contributing to 72.2% of consolidated sales.

While sales of our directly-operated stores (DOS) decreased by 0.6% at constant exchange rates and excluding the effect of Narciso Rodriguez to Euro 51.1 million, and contributed to 21.3% of consolidated sales.

Royalty income was 23.2% higher than in the corresponding period of 2007 to Euro 15.6 million representing 6.5% of consolidated sales.

## **Network of Monobrand stores**

<b>DOS</b>	<b>9M 08</b>	<b>FY07</b>	<b>Franchising</b>	<b>9M 08</b>	<b>FY07</b>
Europe	37	36	Europe	46	41
United States	3	1	United States	7	6
Asia	38	38	Asia	74	52
<b>Total</b>	<b>78</b>	<b>75</b>	<b>Total</b>	<b>127</b>	<b>99</b>

## **Analysis of operating results and net income**

In 9M 2008, consolidated EBITDA was equal to Euro 36.3 million, down 2.4% compared to Euro 37.2 million in 9M 2007 net of non recurring items (sale of 50% stake in Narciso Rodriguez LLC), and represents 15.3% of consolidated sales.

EBITDA of the *prêt-à-porter* division was Euro 30.4 million in 9M 2008 down compared to Euro 33.3 million in 9M 2007, and represents 16.2% of consolidated sales.

Footwear and leather goods division EBITDA rose by 48.2% to Euro 5.9 million, representing 9.5% of consolidated sales (6.8% in 9M 2007).

Consolidated EBIT amounted to Euro 28.4 million and representing 12% of consolidated sales.

The tax rate decrease from 45.2% in 9M 2007 to 36.8% in 9M 2008, and this reduction is due both to the lower incidence of the IRAP tax and to the lower tax rates approved by the Italian 2008 Financial Act.

Consolidated net income increased by 4.6% to Euro 12.7 million (vs Euro 12.2 million in 9M 2007).

## Balance sheet analysis

Compared to 31 December 2007, the Group's balance sheet as of 30 September 2008 showed an increase in shareholders' equity from Euro 164.8 million to Euro 172.1 million and an increase in net financial debt from Euro 38.5 million to Euro 62.6 million, as a consequence of the seasonality of our business.

Net working capital amounted to Euro 81.6 million (27.6% of LTM sales) in the 9M 2008 compared to Euro 51.6 million as of 31 December 2007 (17.6% of sales).

Capex in 9M 2008 was mainly related to the refurbishment of boutique and buildings.

<i>(In thousands of Euro)</i>	<b>9M 08</b>	<b>%</b>	<b>9M 07</b>	<b>%</b>	<b>Change %</b>	<b>3Q 08</b>	<b>%</b>	<b>3Q 07</b>	<b>%</b>	<b>Change %</b>
<b>Revenues from sales and services</b>	<b>236,762</b>	<b>100.0%</b>	<b>234,027</b>	<b>100.0%</b>	<b>1.2%</b>	<b>92,172</b>	<b>100.0%</b>	<b>92,385</b>	<b>100.0%</b>	<b>(0.2%)</b>
Other revenues and income	4,297	1.8%	2,539	1.1%	69.3%	1,858	2.0%	310	0.3%	500.3%
<b>Total Revenues</b>	<b>241,059</b>	<b>101.8%</b>	<b>236,566</b>	<b>101.1%</b>	<b>1.9%</b>	<b>94,030</b>	<b>102.0%</b>	<b>92,695</b>	<b>100.3%</b>	<b>1.4%</b>
Total operating costs	(204,735)	(86.5%)	(199,337)	(85.2%)	2.7%	(78,621)	(85.3%)	(76,377)	(82.7%)	2.9%
<b>EBITDA Net of non-recurring items</b>	<b>36,325</b>	<b>15.3%</b>	<b>37,228</b>	<b>15.9%</b>	<b>(2.4%)</b>	<b>15,409</b>	<b>16.7%</b>	<b>16,317</b>	<b>17.7%</b>	<b>(5.6%)</b>
Non-recurring revenues			1,990	0.9%						
<b>EBITDA</b>	<b>36,325</b>	<b>15.3%</b>	<b>39,219</b>	<b>16.8%</b>	<b>(7.4%)</b>	<b>15,409</b>	<b>16.7%</b>	<b>16,317</b>	<b>17.7%</b>	<b>(5.6%)</b>
Total Amortization and Write-downs	(7,890)	(3.3%)	(7,841)	(3.4%)	0.6%	(2,844)	(3.1%)	(2,673)	(2.9%)	6.4%
<b>EBIT</b>	<b>28,435</b>	<b>12.0%</b>	<b>31,378</b>	<b>13.4%</b>	<b>(9.4%)</b>	<b>12,566</b>	<b>13.6%</b>	<b>13,644</b>	<b>14.8%</b>	<b>(7.9%)</b>
Total Financial Income /(expenses)	(4,185)	(1.8%)	(5,993)	(2.6%)	(30.2%)	(846)	(0.9%)	(1,703)	(1.8%)	(50.3%)
<b>Profit before taxes</b>	<b>24,249</b>	<b>10.2%</b>	<b>25,385</b>	<b>10.8%</b>	<b>(4.5%)</b>	<b>11,720</b>	<b>12.7%</b>	<b>11,941</b>	<b>12.9%</b>	<b>(1.9%)</b>
Taxes	(8,912)	(3.8%)	(11,473)	(4.9%)	(22.3%)	(3,496)	(3.8%)	(4,690)	(5.1%)	(25.5%)
<b>Profit Net of taxes</b>	<b>15,338</b>	<b>6.5%</b>	<b>13,912</b>	<b>5.9%</b>	<b>10.2%</b>	<b>8,224</b>	<b>8.9%</b>	<b>7,251</b>	<b>7.8%</b>	<b>13.4%</b>
(Profit)/ Loss attributable to minority shareholders	(2,599)	(1.1%)	(1,730)	(0.7%)	50.2%	(1,462)	(1.6%)	(931)	(1.0%)	57.0%
<b>Net Profit for the Group</b>	<b>12,739</b>	<b>5.4%</b>	<b>12,182</b>	<b>5.2%</b>	<b>4.6%</b>	<b>6,762</b>	<b>7.3%</b>	<b>6,320</b>	<b>6.8%</b>	<b>7.0%</b>

<i>(In thousands of Euro)</i>	<b>9M 08</b>	<b>FY 07</b>	<b>9M 07</b>
Trade receivables	57,102	36,911	56,625
Stock and inventories	72,486	67,761	59,247
Trade payables	(52,364)	(60,577)	(59,419)
<b>Operating net working capital</b>	<b>77,224</b>	<b>44,095</b>	<b>56,453</b>
Other receivables	28,384	31,869	31,437
Other liabilities	(24,035)	(24,376)	(24,685)
<b>Net working capital</b>	<b>81,574</b>	<b>51,588</b>	<b>63,205</b>
Tangible fixed assets	75,337	71,195	70,541
Intangible fixed assets	171,698	171,771	172,405
Investments	22	22	22
Other long term receivables	2,607	3,122	2,751
<b>Fixed assets</b>	<b>249,663</b>	<b>246,109</b>	<b>245,719</b>
Post employment benefits	(10,634)	(11,111)	(11,235)
Long term provisions	(1,711)	(1,708)	(1,660)
Net financial assets available for sale	1,637	1,637	1,637
Other long term liabilities	(14,240)	(14,251)	(14,045)
Deferred tax assets	7,346	8,869	13,373
Deferred tax liabilities	(46,478)	(48,022)	(58,621)
<b>NET CAPITAL INVESTED</b>	<b>267,156</b>	<b>233,111</b>	<b>238,373</b>
Capital issued	26,324	26,841	26,841
Other reserves	122,781	121,924	121,825
Profits/(Losses) carried-forward	10,236	679	587
Profit for the period	12,739	15,321	12,182
<b>Group share capital and reserves</b>	<b>172,080</b>	<b>164,764</b>	<b>161,435</b>
Minority interests	32,487	29,863	28,161
<b>Shareholders' equity</b>	<b>204,567</b>	<b>194,627</b>	<b>189,596</b>
Liquid assets	(13,996)	(14,525)	(17,471)
Long term financial payables	19,894	26,647	40,155
Short term financial payables	56,692	26,362	26,093
<b>NET FINANCIAL POSITION</b>	<b>62,589</b>	<b>38,484</b>	<b>48,777</b>
<b>SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS</b>	<b>267,156</b>	<b>233,111</b>	<b>238,373</b>

<i>(In thousands of Euro)</i>	<b>9M 08</b>	<b>FY 07</b>	<b>9M 07</b>
<b>OPENING BALANCE</b>	<b>14,525</b>	<b>15,320</b>	<b>15,320</b>
Profit before taxes	24,249	25,645	25,385
Amortizations, provisions and depreciations	7,890	10,722	7,841
Accruals (availments) of long term provisions and post employment benefits	( 473)	( 2,431)	( 2,356)
Taxes	( 9,419)	( 9,374)	( 5,687)
Financial incomes and financial charges	4,185	8,084	5,993
Change in operating assets and liabilities	( 29,926)	( 9,538)	( 24,150)
<b>NET CASH FLOW FROM OPERATING ASSETS</b>	<b>( 3,494)</b>	<b>23,108</b>	<b>7,026</b>
Increase (decrease) in intangible fixed assets	( 2,642)	( 336)	( 61)
Increase (decrease) in tangible fixed assets	( 8,651)	( 9,302)	( 5,409)
Revaluations (Write-downs)	( 282)		
Investments		95	( 251)
<b>CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES</b>	<b>( 11,575)</b>	<b>( 9,543)</b>	<b>( 5,720)</b>
Increase in reserves and profit carried-forward to shareholders'equity	( 5,366)	71,954	71,097
Proceeds (repayment) of financial payments	23,577	( 77,985)	( 64,386)
Increase (decrease) in long term financial receivables	514	( 245)	126
Financial incomes and financial charges	( 4,185)	( 8,084)	( 5,993)
<b>CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES</b>	<b>14,540</b>	<b>( 14,360)</b>	<b>845</b>
<b>CLOSING BALANCE</b>	<b>13,996</b>	<b>14,525</b>	<b>17,471</b>

## Appendix

<i>(In thousands of Euro)</i>	<b>3Q 08</b>	<b>3Q 07</b>	<b>% Change</b>
	<b>Reported</b>	<b>Reported</b>	
Alberta Ferretti	20,897	21,487	(2.7%)
Moschino	40,236	38,202	5.3%
Pollini	17,767	16,784	5.9%
J. P. Gaultier	10,128	9,987	1.4%
Others	3,144	5,925	(46.9%)
<b>Total</b>	<b>92,172</b>	<b>92,385</b>	<b>(0.2%)</b>

<i>(In thousands of Euro)</i>	<b>3Q 08</b>	<b>3Q 07</b>	<b>% Change</b>
	<b>Reported</b>	<b>Reported</b>	
Italy	35,618	35,375	0.7%
Europe (Italy and Russia excluded)	21,315	21,649	(1.5%)
Russia	8,483	8,258	2.7%
United States	6,990	8,591	(18.6%)
Japan	5,421	5,771	(6.1%)
Rest of the World	14,345	12,742	12.6%
<b>Total</b>	<b>92,172</b>	<b>92,385</b>	<b>(0.2%)</b>

<i>(In thousands of Euro)</i>	<b>3Q 08</b>	<b>3Q 07</b>	<b>% Change</b>
	<b>Reported</b>	<b>Reported</b>	
Wholesale	69,316	70,038	(1.0%)
Retail	16,933	17,805	(4.9%)
Royalties	5,923	4,541	30.4%
<b>Total</b>	<b>92,172</b>	<b>92,385</b>	<b>(0.2%)</b>

"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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