AEFFE

PRESS RELEASE

Aeffe: First Half 2009 Revenues at Euro 111.1 million. The Group's Rationalization And Costs Savings Plan Continues With Larger Benefits Expected In 2010

San Giovanni in Marignano, 31 July 2009, the Board of Directors of Aeffe SpA approved today the consolidated results for the first semester of 2009. 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 111.1 million, compared to Euro 144.6 million in 1H 2008**
- **Negative Ebitda for Euro 7.2 million, compared to a positive Ebitda of Euro 20.9 million in 1H 2008**
- **Net loss of Euro 10 million compared to a net income of Euro 6 million in 1H 2008**
- **Net financial debt of Euro 88.9 million (Euro 66.8 million as of 31 December 2008)**
- **The Group's restructuring and rationalisation plan, started in early 2009, is on going. Significant attention has been made in reducing operating costs for the leather goods division and on the creation of collections which will be more focused and in line with the new market's needs**

Consolidated Revenues

In 1H 2009, AEFFE consolidated revenues amounted to Euro 111.1 million compared to Euro 144.6 million in 1H 2008, with a 23.1% decrease at current exchange rates (-23.9% at constant exchange rates and excluding the effect of the Narciso Rodriguez license).
Revenues of the prêt-à-porter division amounted to Euro 90.2 million, down by 22.6% at current exchange rates and by 23.6% at constant exchange rates compared to 1H 2008, while revenues of the footwear and leather goods division decreased by 25.8% to Euro 27.6 million, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has thus commented: "*First half 2009 results have been penalised not only by the general economic environment, but also by the negative performance of the Pollini division and, albeit to a lesser extent, by the costs associated with the expansion of our monobrand stores network; at the same time we are reassured with the fact that our core business continues to be profitable* *despite the general decline in consumption. Management has already taken actions to rationalize operating costs' for the Pollini division and others are to be implemented. The group is facing this difficult moment for the whole sector reinforcing its strong focus on costs savings in order to recover production efficiency and working on creating collections more in line with the new clients' needs".*

Revenues Breakdown by Region

(In thousands of Euro)	**1H 09 Reported**	**1H 08 Reported**	**% Change**	**% Change***
Italy	46,404	57,246	(18.9%)	(18.5%)
Europe (Italy and Russia excluded)	23,772	30,359	(21.7%)	(20.4%)
Russia	7,347	13,618	(46.0%)	(46.1%)
United States	9,081	13,232	(31.4%)	(34.3%)
Japan	8,163	8,702	(6.2%)	(20.4%)
Rest of the World	16,382	21,433	(23.6%)	(24.5%)
Total	**111,148**	**144,590**	**(23.1%)**	**(23.9%)**

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

In 1H 2009 sales in Italy decreased by 18.5% to Euro 46.4 million, contributing to 41.7% of consolidated sales. Sales in Europe at constant exchange rates and excluding the effect of the Narciso Rodriguez collections decreased by 20.4%, contributing to 21.4% of consolidated sales. The Russian market fell by 46.1%, contributing to 6.6% of consolidated sales. Sales in the United States, at constant exchange rates and excluding the effect of the Narciso Rodriguez collections, decreased by 34.3%, while Japan sales decreased by 20.4%. In the Rest of the World, sales decreased by 24.5% to Euro 16.4 million, contributing to 14.8% of consolidated sales.

Network of Monobrand Stores

DOS	**1H 09**	**FY 08**
Europe	39	38
United States	3	3
Asia	38	38
Total	**80**	**79**

Franchising	**1H 09**	**FY 08**
Europe	54	50
United States	7	7
Asia	85	81
Total	**146**	**138**

Analysis of Operating and Net Results

In 1H 2009 consolidated Ebitda was negative for Euro 7.2 million, compared to a positive Ebitda of Euro 20.9 million in 1H 2008.
Profitability has been negatively affected by the slowdown in both wholesale and retail channel, with increasing cost of goods sold, and by the effect of the new directly operated stores opened in the second semester 2008, which are still in a start-up phase.
Ebitda of the *prêt-à-porter* division was negative for Euro 3.2 million in 1H 2009, while Ebitda of the footwear and leather goods division was negative for Euro 4 million.
Consolidated Ebit was negative for Euro 12.4 million.
In 1H 2009 Group posted a net loss of Euro 10 million, compared to a net profit of Euro 6 million in 1H 2008.

Balance Sheet Analysis

Looking at the Group's balance sheet as of June 30, 2009 shareholders' equity was equal to Euro 153.8 million and net financial debt amounted to Euro 88.9 million (Euro 66.8 million as of 31 December 2008).
Net working capital amounted to Euro 80.3 million (24.2% of LTM sales) compared to Euro 73.5 million as of 31 December 2008 (19.5% of sales); the increase in NWC was mainly driven by higher receivables..
Capex in 1H 2009 was equal to Euro 3.7 million, mainly related to maintenance capex and expenses for stores' refurbishment.

(In thousands of Euro)	**1H 09**	**%**	**1H 08**	**%**	**Change %**
Revenues from sales and services	**111,148**	**100.0%**	**144,590**	**100.0%**	**(23.1%)**
Other revenues and income	2,600	2.3%	2,439	1.7%	6.6%
Total Revenues	**113,748**	**102.3%**	**147,029**	**101.7%**	**(22.6%)**
Total operating costs	(120,980)	(108.8%)	(126,114)	(87.2%)	(4.1%)
EBITDA	**(7,232)**	**(6.5%)**	**20,915**	**14.5%**	**(134.6%)**
Total Amortization and Write-downs	(5,179)	(4.7%)	(5,046)	(3.5%)	2.6%
EBIT	**(12,411)**	**(11.2%)**	**15,869**	**11.0%**	**(178.2%)**
Total Financial Income /(expenses)	(1,840)	(1.7%)	(3,339)	(2.3%)	(44.9%)
Profit before taxes	**(14,251)**	**(12.8%)**	**12,530**	**8.7%**	**(213.7%)**
Taxes	2,318	2.1%	(5,416)	(3.7%)	(142.8%)
Profit Net of taxes	**(11,933)**	**(10.7%)**	**7,114**	**4.9%**	**(267.7%)**
(Profit)/ Loss attributable to minority shareholders	1,898	1.7%	(1,137)	(0.8%)	(267.0%)
Net Profit/(Loss) for the Group	**(10,034)**	**(9.0%)**	**5,977**	**4.1%**	**(267.9%)**

(In thousands of Euro)	**1H 09**	**FY 08**	**1H 08**
Trade receivables	31,651	43,230	36,149
Stock and inventories	75,558	77,434	78,441
Trade payables	(43,999)	(63,004)	(59,072)
Operating net working capital	**63,210**	**57,660**	**55,518**
Other receivables	38,291	37,002	36,259
Other liabilities	(21,224)	(21,196)	(21,126)
Net working capital	**80,278**	**73,466**	**70,651**
Tangible fixed assets	78,487	78,465	71,312
Intangible fixed assets	167,697	169,175	168,645
Investments	28	28	22
Other long term receivables	2,719	2,666	3,134
Fixed assets	**248,931**	**250,334**	**243,113**
Post employment benefits	(10,272)	(10,342)	(10,564)
Long term provisions	(1,667)	(1,744)	(1,693)
Net financial assets available for sale	1,637	1,637	1,637
Other long term liabilities	(14,297)	(14,406)	(14,240)
Deferred tax assets	11,257	8,357	7,769
Deferred tax liabilities	(44,113)	(44,487)	(48,032)
NET CAPITAL INVESTED	**271,753**	**262,815**	**248,641**
Capital issued	25,371	25,767	26,754
Other reserves	125,681	121,343	124,018
Profits/(Losses) carried-forward	12,749	10,236	10,236
Profit for the period	(10,034)	7,675	5,977
Group share capital and reserves	**153,768**	**165,021**	**166,985**
Minority interests	29,092	30,990	31,025
Shareholders' equity	**182,860**	**196,011**	**198,010**
Liquid assets	(6,393)	(7,706)	(14,984)
Long term financial payables	13,073	17,528	22,115
Short term financial payables	82,214	56,982	43,500
NET FINANCIAL POSITION	**88,893**	**66,804**	**50,631**
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	**271,753**	**262,815**	**248,641**

(In thousands of Euro)	**1H 09**	**FY 08**	**1H 08**
OPENING BALANCE	**7,706**	**14,525**	**14,525**
Profit before taxes	(14,251)	15,250	12,530
Amortizations, provisions and depreciations	5,179	12,429	5,046
Accruals (availments) of long term provisions and post employment benefits	(147)	(733)	(562)
Taxes	(2,181)	(12,335)	(7,783)
Financial incomes and financial charges	1,840	6,615	3,339
Change in operating assets and liabilities	(5,695)	(18,883)	(15,589)
NET CASH FLOW FROM OPERATING ASSETS	**(15,255)**	**2,343**	**(3,019)**
Increase (decrease) in intangible fixed assets	(329)	(1,035)	1,323
Increase (decrease) in tangible fixed assets	(3,394)	(13,878)	(4,061)
Revaluations (Write-downs)		(2,191)	(42)
Investments		(7)	
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	**(3,723)**	**(17,111)**	**(2,780)**
Other changes in reserves and profit carried-forward to shareholders'equity	(1,219)	(7,394)	(2,997)
Proceeds (repayment) of financial payments	20,777	21,502	12,606
Increase (decrease) in long term financial receivables	(53)	456	(12)
Financial incomes and financial charges	(1,840)	(6,615)	(3,339)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	**17,665**	**7,949**	**6,258**
CLOSING BALANCE	**6,393**	**7,706**	**14,984**

"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:

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