



## **PRESS RELEASE**

### **Aeffe: In The First Semester 2011 Very Positive Sales Growth (+16.6%) And Strong Recovery of Profitability**

**San Giovanni in Marignano, 27 July 2011**, the Board of Directors of Aeffe SpA approved today the consolidated results for the First Semester of 2011. 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 €119.97m, compared to €102.9m in 1H 2010 (+16.6%)**
- **Ebitda of €4.4m, compared to a negative Ebitda of €2.3m in 1H 2010 (+292%)**
- **Net Loss for the Group of €5.1m, compared to a net loss of €6.3m in 1H 2010**
- **Net financial debt of €103.5m, compared to €95.5m as of December 31, 2010**

#### **Consolidated Revenues**

In the first semester of 2011, AEFEE consolidated revenues amounted to €119.97m compared to €102.9m in the first semester of 2010, with a 16.6% increase at current exchange rates (+16.5% at constant exchange rates). Revenues of the prêt-à-porter division amounted to €98.2m, up by 14.3% at current exchange rates and by 14.2% at constant exchange rates compared to 1H 2010, while revenues of the footwear and leather goods division increased by 27.7% to €28.5m, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: *"We are very satisfied with the excellent results of the first semester of 2011. The Group continued also in the second quarter of the year to record a strong improvement in profitability that was supported by the good revenues growth both in the directly operated stores and in the wholesale channel, up by 14% and 18%, respectively, over the same period of the previous year. We believe the Group will register a positive trend in the second half of the year on the basis of the excellent results achieved so far and the very good data collected from the Fall/Winter 2011/2012 collections."*

## Revenues Breakdown by Region

<i>(In thousands of Euro)</i>	<b>1H 11 Reported</b>	<b>1H 10 Reported</b>	<b>% Change</b>	<b>% Change*</b>
Italy	52.075	44.071	18,2%	18,2%
Europe (Italy and Russia excluded)	24.689	22.263	10,9%	10,9%
Russia	7.929	6.115	29,7%	29,7%
United States	8.821	9.370	(5,9%)	(1,2%)
Japan	9.565	8.294	15,3%	9,0%
Rest of the World	16.887	12.756	32,4%	32,2%
<b>Total</b>	<b>119.967</b>	<b>102.870</b>	<b>16,6%</b>	<b>16,5%</b>

(\*) Calculated at constant exchange rates

In 1H 2011 sales in Italy, amounting to 43,4% of consolidated sales, increased by 18.2% to €52m. At constant exchange rates, sales in Europe, contributing to 20.6% of consolidated sales, increased by 10.9%. The Russian market, representing 6.6% of consolidated sales, grew by 29.7%. Sales in the United States, contributing 7.4% of consolidated sales, decreased by 1.2% at constant exchange rates. Japanese sales, contributing to 8% of consolidated sales, increased by 9%. In the Rest of the World, the Group's sales totalled €16.9m, amounting to 14% of consolidated sales, equal to an increase by 32.2% compared to 1H 2010.

## Network of Monobrand Stores

<b>DOS</b>	<b>1H 11</b>	<b>FY 10</b>	<b>Franchising</b>	<b>1H 11</b>	<b>FY 10</b>
Europe	45	44	Europe	55	53
United States	3	3	United States	7	7
Asia	42	40	Asia	97	98
<b>Total</b>	<b>90</b>	<b>87</b>	<b>Total</b>	<b>159</b>	<b>158</b>

## Operating and Net Result Analysis

In the first half of 2011 profitability showed a significant improvement; consolidated Ebitda was equal to €4.4m (with an incidence of 3.6% of consolidated sales), compared to a negative Ebitda of €2.3m in 1H 2010.

Ebitda growth has been positively influenced by the increase in revenues and 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 €6.1m (representing 6.2% of sales), compared to €2m in 1H 2010, posting a €4.1m increase.

Ebitda of the footwear and leather goods division was negative for €1.7m compared to a negative Ebitda of €4.2m in 1H 2010, recording a €2.5m improvement.

Consolidated Ebit was negative for €2.6m, compared to a negative Ebit of €8.9m in 1H 2010.

In 1H 2011 the Group posted a net loss of €5.1m, compared to a net loss of €6.3m in 1H 2010.

## Balance Sheet Analysis

Looking at the balance sheet as of June 30, 2011 Shareholders' equity was equal to €133.2m and net financial debt amounted to €103.5m (€95.5m as of December 31, 2010). The increase in net financial debt is due to the seasonality of the business and to the higher net working capital.

Operating net working capital amounted to €57.4m (24.3% of LTM sales) compared to €52.9m as of December 31, 2010 (24.1% of sales); the increase of Operating net working capital's incidence on sales was related to the seasonality of the business but primarily to the sales growth.

Capex in 1H 2011 amounted to €1.5m and were mainly related to the maintenance and stores' refurbishment.

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

1H 2011 data included in this press release were subject to limited review by 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:**

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<i>(In thousands of Euro)</i>	<b>1H 11</b>	<b>%</b>	<b>1H 10</b>	<b>%</b>	<b>Change</b>	<b>Change %</b>
<b>Revenues from sales and services</b>	<b>119.967</b>	<b>100,0%</b>	<b>102.870</b>	<b>100,0%</b>	<b>17.097</b>	<b>16,6%</b>
Other revenues and income	2.536	2,1%	3.885	3,8%	(1.350)	(34,7%)
<b>Total Revenues</b>	<b>122.502</b>	<b>102,1%</b>	<b>106.755</b>	<b>103,8%</b>	<b>15.748</b>	<b>14,8%</b>
Total operating costs	(118.138)	(98,5%)	(109.028)	(106,0%)	(9.110)	8,4%
<b>EBITDA</b>	<b>4.365</b>	<b>3,6%</b>	<b>(2.273)</b>	<b>(2,2%)</b>	<b>6.638</b>	<b>(292,0%)</b>
Total Amortization and Write-downs	(6.925)	(5,8%)	(6.618)	(6,4%)	(307)	4,6%
<b>EBIT</b>	<b>(2.561)</b>	<b>(2,1%)</b>	<b>(8.891)</b>	<b>(8,6%)</b>	<b>6.331</b>	<b>(71,2%)</b>
Total Financial Income /(expenses)	(2.047)	(1,7%)	379	0,4%	(2.426)	(639,5%)
<b>Profit/(Loss) before taxes</b>	<b>(4.607)</b>	<b>(3,8%)</b>	<b>(8.512)</b>	<b>(8,3%)</b>	<b>3.905</b>	<b>(45,9%)</b>
Taxes	(531)	(0,4%)	1.501	1,5%	(2.031)	(135,4%)
<b>Net Profit/(Loss) net of taxes</b>	<b>(5.138)</b>	<b>(4,3%)</b>	<b>(7.011)</b>	<b>(6,8%)</b>	<b>1.873</b>	<b>(26,7%)</b>
(Profit)/ Loss attributable to minority shareholders	21	0,0%	709	0,7%	(688)	(97,1%)
<b>Net Profit/(Loss) for the Group</b>	<b>(5.117)</b>	<b>(4,3%)</b>	<b>(6.302)</b>	<b>(6,1%)</b>	<b>1.185</b>	<b>(18,8%)</b>

<i>(In thousands of Euro)</i>	<b>1H 11</b>	<b>FY 10</b>	<b>1H 10</b>
Trade receivables	33.119	27.488	26.507
Stock and inventories	72.728	73.086	71.277
Trade payables	(48.418)	(47.644)	(44.003)
<b>Operating net working capital</b>	<b>57.429</b>	<b>52.930</b>	<b>53.781</b>
Other receivables	36.345	32.092	33.127
Other liabilities	(20.611)	(16.561)	(18.719)
<b>Net working capital</b>	<b>73.162</b>	<b>68.461</b>	<b>68.189</b>
Tangible fixed assets	73.235	75.620	78.101
Intangible fixed assets	151.118	154.173	159.865
Investments	65	29	29
Other long term receivables	3.014	2.989	3.081
<b>Fixed assets</b>	<b>227.432</b>	<b>232.810</b>	<b>241.076</b>
Post employment benefits	(8.475)	(9.204)	(9.362)
Long term provisions	(1.177)	(1.415)	(1.276)
Assets available for sale	794	794	437
Other long term liabilities	(14.241)	(14.241)	(14.241)
Deferred tax assets	15.594	15.027	17.390
Deferred tax liabilities	(40.676)	(41.162)	(43.083)
<b>NET CAPITAL INVESTED</b>	<b>252.413</b>	<b>251.070</b>	<b>259.129</b>
Capital issued	25.371	25.371	25.371
Other reserves	116.836	119.295	119.987
Profits/(Losses) carried-forward	(3.938)	(2.342)	(2.363)
Profit/(Loss) for the period	(5.117)	(12.507)	(6.302)
<b>Group share capital and reserves</b>	<b>133.152</b>	<b>129.818</b>	<b>136.694</b>
Minority interests	15.786	25.727	26.788
<b>Shareholders' equity</b>	<b>148.938</b>	<b>155.545</b>	<b>163.482</b>
Liquid assets	(3.858)	(4.512)	(5.868)
Long term financial payables	10.995	13.211	15.427
Short term financial payables	96.338	86.826	86.088
<b>NET FINANCIAL POSITION</b>	<b>103.475</b>	<b>95.525</b>	<b>95.647</b>
<b>SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS</b>	<b>252.413</b>	<b>251.070</b>	<b>259.129</b>

<i>(In thousands of Euro)</i>	<b>1H 11</b>	<b>FY 10</b>	<b>1H 10</b>
<b>OPENING BALANCE</b>	<b>4.512</b>	<b>5.337</b>	<b>5.337</b>
Profit before taxes	( 4.607)	( 14.606)	( 8.512)
Amortizations, provisions and depreciations	6.925	16.662	6.618
Accruals (availments) of long term provisions and post employment benefits	( 967)	( 413)	( 393)
Taxes	( 1.030)	( 2.227)	( 1.743)
Financial incomes and financial charges	2.047	1.482	( 379)
Change in operating assets and liabilities	( 5.254)	( 152)	344
<b>NET CASH FLOW FROM OPERATING ASSETS</b>	<b>( 2.886)</b>	<b>746</b>	<b>( 4.065)</b>
Increase (decrease) in intangible fixed assets	( 287)	( 4.940)	( 6.076)
Increase (decrease) in tangible fixed assets	( 1.170)	( 5.039)	( 4.878)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	( 65)	3.727	6.930
<b>CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES</b>	<b>( 1.522)</b>	<b>( 6.252)</b>	<b>( 4.024)</b>
Other changes in reserves and profit carried-forward to shareholders'equity	( 1.468)	( 694)	( 1)
Proceeds (repayment) of financial payments	7.295	7.034	8.511
Increase (decrease) in long term financial receivables	( 26)	( 176)	( 269)
Financial incomes and financial charges	( 2.047)	( 1.482)	379
<b>CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES</b>	<b>3.754</b>	<b>4.682</b>	<b>8.620</b>
<b>CLOSING BALANCE</b>	<b>3.858</b>	<b>4.512</b>	<b>5.868</b>