AEFFE

PRESS RELEASE

AEFFE: Very Positive Results In The First Nine Months Of 2011: Sales Up 14,3% At Constant Exchange Rates And Strong Recovery Of Profitability

San Giovanni in Marignano, 9 November 2011, the Board of Directors of Aeffe SpA approved today the consolidated results for the First Nine months 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 €197.4m, compared to €173.2m in 9M 2010 (+14.3% at constant exchange rates)**
- **Ebitda of €19.1m (9.7% of consolidated sales), compared to an Ebitda of €5.9m in 9M 2010 (3.4% of sales) (+222%), with a €13.2m increase**
- **Net Profit for the Group of €0.1m, compared to a net loss of €5.1m in 9M 2010, with a €5.2m increase**
- **Net financial debt of €107.6m, compared to €95.5m as of December 31, 2010**

Consolidated Revenues

In 9M 2011, AEFFE consolidated revenues amounted to €197.4m compared to €173.2m in 9M 2010, with a 14% increase at current exchange rates (+14.3% at constant exchange rates). Revenues were positively influenced by the 17.4%, 15.4% and 10.1% increase, respectively, in the first, in the second and in the third quarter 2011 compared to the same periods of the previous year.
Revenues of the prêt-à-porter division amounted to €157.8m, up by 10.3% at current exchange rates and by 10.7% at constant exchange rates compared to 9M 2010, while revenues of the footwear and leather goods division increased by 31% to €50.7m, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: "*The sales growth continued in the third quarter of 2011, both in the retail and in the wholesale channel, registering, respectively, a 10.1% and 9.3% increase. Also the profitability improved significantly, which in the first nine months of 2011 increased by €13.2m compared to 9M 2010, thanks to the excellent sales growth. Also the orders backlog for Spring/Summer 2012 collections was positive and this leaves us confident about the trend of the next year".*

Revenues Breakdown by Region

(In thousands of Euro)	9M 11 Reported	9M 10 Reported	% Change	% Change*
Italy	84,120	73,559	14.4%	14.4%
Europe (Italy and Russia excluded)	41,844	37,478	11.6%	11.8%
Russia	14,309	11,261	27.1%	27.1%
United States	13,829	14,893	(7.1%)	(1.7%)
Japan	17,050	14,528	17.4%	15.3%
Rest of the World	26,295	21,535	22.1%	22.1%
Total	**197,447**	**173,253**	**14.0%**	**14.3%**

(*) Calculated at constant exchange rates

In 9M 2011 sales in Italy, amounting to 42.6% of consolidated sales, increased by 14.4% to €84.1m. In 3Q 2011 sales increased by 8.7% compared to 3Q 2010.
At constant exchange rates, sales in Europe, contributing to 21.2% of consolidated sales, increased by 11.8%. In 3Q 2011 sales increased by 12.8% compared to 3Q 2010.
The Russian market, representing 7.3% of consolidated sales, grew by 27.1%. In 3Q 2011 sales increased by 24% in comparison with 3Q 2010.
Sales in the United States, contributing 7.1% of consolidated sales, decreased by 1.7% at constant exchange rates. In 3Q 2011 sales decreased by 2.6% at constant exchange rates compared to 3Q 2010.
Japanese sales, contributing to 8.6% of consolidated sales, increased by 15.3% (up 20.1% in 3Q 2011 with respect to 3Q 2010). In the Rest of the World, the Group's sales totalled €26.3m, amounting to 13.3% of consolidated sales, equal to an increase by 22.1% compared to 9M 2010 (up 7.2% in 3Q 2011 compared to 3Q 2010).

Network of Monobrand Stores

DOS	9M 11	FY 10
Europe	44	44
United States	3	3
Asia	41	40
Total	**88**	**87**

Franchising	9M 11	FY 10
Europe	59	53
United States	7	7
Asia	95	98
Total	**161**	**158**

Operating and Net Result Analysis

In 9M 2011 consolidated Ebitda was equal to €19.1m (with an incidence of 9.7% of consolidated sales), compared to an Ebitda of €5.9m in 9M 2010 (representing 3.4% of sales).
The strong improvement in Ebitda 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 growth in profitability has involved both divisions.
Ebitda of the *prêt-à-porter* division amounted to €18.1m (representing 11.4% of sales), compared to €9.5m in 9M 2010 (6.6% of sales), posting a €8.6m increase.
Ebitda of the footwear and leather goods division was equal to €1m compared to a negative Ebitda of €3.6m in 9M 2010, recording a €4.6m improvement.
Consolidated Ebit amounted to €8.8m, compared to a negative Ebit of €4.3m in 9M 2010.
Thanks to the improvement in operating profit, in 9M 2011 the Group has showed a strong growth in net result, posting a net profit of €0.1m, compared to a net loss of €5m in 9M 2010.

Balance Sheet Analysis

Looking at the balance sheet as of September 30, 2011 Shareholders' equity was equal to €138.5m and net financial debt amounted to €107.6m (€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.
As of September 30, 2011, operating net working capital amounted to €75.1m (30.8% 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 primarely to the sales growth.
Capex in 9M 2011 amounted to €3.7m and were mainly related to leasehold improvements for the maintenance and stores' refurbishment.

Income Statement, Reclassified Balance Sheet and Cash Flow Statement are attached below.
9M 2011 and 9M 2010 data included in this press release have not been audited 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".

(In thousands of Euro)	**9M 11**	**%**	**9M 10**	**%**	**Change**	**Change %**	**Q3 11**	**%**	**Q3 10**	**%**	**Change%**
Revenues from sales and services	**197,447**	**100.0%**	**173,253**	**100.0%**	**24,194**	**14.0%**	**77,480**	**100.0%**	**70,383**	**100.0%**	**10.1%**
Other revenues and income	4,845	2.5%	3,305	1.9%	1,539	46.6%	2,309	3.0%	(580)	(0.8%)	(498.3%)
Total Revenues	**202,292**	**102.5%**	**176,558**	**101.9%**	**25,734**	**14.6%**	**79,789**	**103.0%**	**69,803**	**99.2%**	**14.3%**
Total operating costs	(183,188)	(92.8%)	(170,633)	(98.5%)	(12,555)	7.4%	(65,050)	(84.0%)	(61,605)	(87.5%)	5.6%
EBITDA	**19,104**	**9.7%**	**5,925**	**3.4%**	**13,179**	**222.4%**	**14,739**	**19.0%**	**8,198**	**11.6%**	**79.8%**
Total Amortization and Write-downs	(10,340)	(5.2%)	(10,191)	(5.9%)	(148)	1.5%	(3,414)	(4.4%)	(3,573)	(5.1%)	(4.4%)
EBIT	**8,765**	**4.4%**	**(4,266)**	**(2.5%)**	**13,031**	**(305.5%)**	**11,325**	**14.6%**	**4,625**	**6.6%**	**144.9%**
Total Financial Income /(expenses)	(3,550)	(1.8%)	(1,078)	(0.6%)	(2,472)	229.3%	(1,504)	(1.9%)	(1,457)	(2.1%)	3.2%
Profit/(Loss) before taxes	**5,214**	**2.6%**	**(5,344)**	**(3.1%)**	**10,558**	**(197.6%)**	**9,821**	**12.7%**	**3,168**	**4.5%**	**210.0%**
Taxes	(4,445)	(2.3%)	(467)	(0.3%)	(3,978)	851.2%	(3,915)	(5.1%)	(1,968)	(2.8%)	98.9%
Net Profit/(Loss) net of taxes	**769**	**0.4%**	**(5,811)**	**(3.4%)**	**6,580**	**(113.2%)**	**5,907**	**7.6%**	**1,200**	**1.7%**	**392.3%**
(Profit)/ Loss attributable to minority shareholders	(621)	(0.3%)	741	0.4%	(1,362)	(183.8%)	(642)	(0.8%)	32	0.0%	(2,129.9%)
Net Profit/(Loss) for the Group	**148**	**0.1%**	**(5,071)**	**(2.9%)**	**5,219**	**(102.9%)**	**5,265**	**6.8%**	**1,231**	**1.7%**	**327.6%**

(In thousands of Euro)	**9M 11**	**FY 10**	**9M 10**
Trade receivables	50,050	27,488	42,499
Stock and inventories	68,455	73,086	67,152
Trade payables	(43,416)	(47,644)	(37,736)
Operating net working capital	**75,089**	**52,930**	**71,915**
Other receivables	32,835	32,092	28,608
Other liabilities	(20,515)	(16,561)	(17,672)
Net working capital	**87,410**	**68,461**	**82,851**
Tangible fixed assets	73,872	75,620	76,215
Intangible fixed assets	149,649	154,173	158,276
Investments	30	29	29
Other long term receivables	3,066	2,989	2,972
Fixed assets	**226,617**	**232,810**	**237,491**
Post employment benefits	(8,180)	(9,204)	(9,271)
Long term provisions	(1,210)	(1,415)	(1,299)
Assets available for sale	437	794	437
Other long term liabilities	(14,241)	(14,241)	(14,239)
Deferred tax assets	12,754	15,027	14,980
Deferred tax liabilities	(40,979)	(41,162)	(42,234)
NET CAPITAL INVESTED	**262,608**	**251,070**	**268,717**
Capital issued	25,371	25,371	25,371
Other reserves	116,952	119,295	119,821
Profits/(Losses) carried-forward	(3,938)	(2,342)	(2,363)
Profit/(Loss) for the period	148	(12,507)	(5,071)
Group share capital and reserves	**138,534**	**129,818**	**137,758**
Minority interests	16,428	25,727	26,757
Shareholders' equity	**154,961**	**155,545**	**164,515**
Liquid assets	(4,247)	(4,512)	(4,668)
Long term financial payables	9,569	13,211	14,103
Short term financial payables	102,324	86,826	94,768
NET FINANCIAL POSITION	**107,646**	**95,525**	**104,202**
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	**262,608**	**251,070**	**268,717**

(In thousands of Euro)	**9M 11**	**FY 10**	**9M 10**
OPENING BALANCE	**4,512**	**5,337**	**5,337**
Profit before taxes	5,214	(14,606)	(5,344)
Amortizations, provisions and depreciations	10,340	16,662	10,191
Accruals (availments) of long term provisions and post employment benefits	(1,229)	(413)	(462)
Taxes	(1,297)	(2,227)	(1,583)
Financial incomes and financial charges	3,550	1,482	1,078
Change in operating assets and liabilities	(20,007)	(152)	(14,888)
NET CASH FLOW FROM OPERATING ASSETS	**(3,429)**	**746**	**(11,008)**
Increase (decrease) in intangible fixed assets	(424)	(4,940)	(6,132)
Increase (decrease) in tangible fixed assets	(3,569)	(5,039)	(4,938)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	282	3,727	6,949
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	**(3,711)**	**(6,252)**	**(4,121)**
Other changes in reserves and profit carried-forward to shareholders'equity	(1,352)	(694)	(168)
Proceeds (repayment) of financial payments	11,855	7,034	15,866
Increase (decrease) in long term financial receivables	(78)	(176)	(160)
Financial incomes and financial charges	(3,550)	(1,482)	(1,078)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	**6,875**	**4,682**	**14,460**
CLOSING BALANCE	**4,247**	**4,512**	**4,668**

Contacts:
Investor Relations
AEFFE S.p.A
Annalisa Aldrovandi
+39 0541 965494
annalisa.aldrovandi@aeffe.com
www.aeffe.com

Press Relations
Barabino & Partners
Marina Riva
m.riva@barabino.it
+39 02 72023535