



PRESS RELEASE

AIEFFE: In 2011 Improvement In Profitability Of €15M Compared To 2010. Consolidated Revenues At €246M (+12.2%)

San Giovanni in Marignano, 8 March 2012, the Board of Directors of Aeffe SpA approved today the consolidated results for the Full Year 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.

- **FY 2011 consolidated revenues of €246m, compared to €219m in FY 2010 (+12.1% at constant exchange rates)**
- **Ebitda of €18.4m (7.5% on consolidated sales), compared to an Ebitda of €3.5m in FY 2010 (1.6% on consolidated sales), with a €14.9m increase**
- **Loss before taxes of €1.2m, compared to a loss before taxes of €14.6m in FY 2010, with a €13.4m improvement**
- **Net loss for the Group of €4.3m, compared to a net loss of €12.5m in FY 2010, with a €8.2m improvement**
- **Net financial debt of €98.1m, compared to €95.5m as of December 31, 2010**

Consolidated Revenues

In 2011, AIEFFE consolidated revenues amounted to €246m compared to €219.2m in 2010 (+12.2% at current exchange rates, +12.1% at constant exchange rates). Revenues were positively influenced by the 17.4%, 15.4%, 10.1% and 5.6% increase, respectively, in the first, in the second, in the third and in the fourth quarter of 2011 compared to the same periods of the previous year.

Revenues of the *prêt-à-porter* division amounted to Euro 197.2 million, up by 9.1% at current exchange rates compared to 2010 (up by 9% at constant exchange rates), while revenues of the footwear and leather goods division grew by 27% compared to 2010 and amounted to Euro 63.9 million, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has thus commented: *"We are very satisfied with the results reached in 2011, which showed a significant growth in revenues and a more than proportional increase in profitability. In 2011 the profitability increased by 14.9 million of Euro compared to 2010, confirming the validity and the effectiveness of the costs reduction and efficiency improvement plans at Group level. The good data collected from the Spring/summer 2012 and the positive trend we are registering on the orders backlog for Autumn/Winter 2012/2013 make us confident for the positive evolution of the business for the current year both in term of revenues growth and a more than proportional increase in profitability"*.

Revenues Breakdown by Region

<i>(In thousands of Euro)</i>	FY 11 Reported	FY 10 Reported	% Growth	% Growth*
Italy	102,805	93,123	10.4%	10.4%
Europe (Italy and Russia excluded)	52,343	46,726	12.0%	12.1%
Russia	17,400	13,473	29.2%	29.2%
United States	18,064	19,443	(7.1%)	(3.4%)
Japan	22,461	19,283	16.5%	11.4%
Rest of the World	32,952	27,193	21.2%	21.3%
Total	246,025	219,240	12.2%	12.1%

(*) Calculated at constant exchange rates

In 2011 sales in Italy, amounting to 41.8% of consolidated sales, increased by 10.4% to €102,8m. In 4Q 2011 sales decreased by 4.5% compared to 4Q 2010, reflecting the difficult economic environment of the Italian market.

At constant exchange rates, FY 2011 sales in Europe, contributing to 21.3% of consolidated sales, increased by 12.1%. In the 4Q 2011 sales grew by 13.5% compared to 4Q 2010.

The Russian market, representing 7% of consolidated sales, increased by 29.2%. In 4Q 2011 sales increased by 39.7% in comparison with 4Q 2010.

Sales in the United States, contributing to 7.3% of consolidated sales, decreased by 3.4% at constant exchange rates. In 4Q 2011 sales decreased by 7% at constant exchange rates compared to 4Q 2010. Japanese sales, contributing to 9.1% of consolidated sales, increased by 11.4%, (up by 5.9% at constant exchange rates in 4Q 2011 with respect to 4Q 2010). In the Rest of the World, the Group's sales totalled €32,9m, amounting to 13.4% of consolidated sales, equal to an increase by 21.3% compared to FY 2010 (up by 17.7% in 4Q 2011 compared to 4Q 2010).

Network of Monobrand Stores

<i>DOS</i>	FY 11	FY 10	<i>Franchising</i>	FY 11	FY 10
Europe	44	44	Europe	60	53
United States	3	3	United States	7	7
Asia	42	40	Asia	100	98
Total	89	87	Total	167	158

Operating and Net Result Analysis

In 2011 consolidated Ebitda was equal to €18.38m (with an incidence of 7.5% of consolidated sales), showing a significant improvement compared to an Ebitda of €3.54m in 2010 (1.6% on sales).

The 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 improvement in Ebitda has involved both divisions.

Ebitda of the *prêt-à-porter* division amounted to €17.8m (representing 9% of sales), compared to an Ebitda of €6.5m in 2010 (equal to 3.6% of sales), posting a €11.3m improvement.

Ebitda of the footwear and leather goods division was equal to €0.6m (representing 0.9% of sales), compared to a negative Ebitda of €2.97m in 2010, recording a €3.5m increase.

Consolidated Ebit amounted to €3.5m (representing 1.4% of consolidated sales), compared to a negative Ebit of €13.1m in 2010, with a €16.6m improvement.

Thanks to the improvement in operating profit, in 2011 the Group has showed a strong growth in the net result, posting a net loss of €4.3m, compared to a net loss of €12.5m in 2010, despite more than proportional increase in taxes of €3.2m.

Balance Sheet Analysis

Looking at the Group's balance sheet as of December 31, 2011 Shareholders' equity was equal to €134.2m and net financial debt amounted to €98.1m (€95.5m as of December 31, 2010).

As of December 31, 2011, operating net working capital amounted to €51.9m (21.1% of sales), compared to €52.9m as of December 31, 2010 (24.1% of sales)

Capex in 2011 amounted to €10.5m and were mainly related to the advance regarding the key money for a store located in Milan and to the maintenance and stores' refurbishment.

Other information

The Board of Directors of Aeffe SpA has convened the annual Shareholder's meeting on April 19, 2012 to discuss and deliberate on the approval of the financial statement for Aeffe SpA for the year ended on December 31, 2011 and on the remuneration policy of the company.

The documentation relating to the topics on the Agenda will be made available to the public in the terms and conditions required by the law.

The Shareholders may consult and obtain copies of that documentation that will be made available, according to the terms of the law, also on the company's website: www.aeffe.com <<http://www.aeffe.com/>>.

Here below attached the Income Statement, the Reclassified Balance Sheet and the Cash Flow Statement. Full Year 2011 data included in this press release are currently under the activity of 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".

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(In thousands of Euro)

	FY 11	%	FY 10	%	Change	Change %
Revenues from sales and services	246,025	100.0%	219,240	100.0%	26,785	12.2%
Other revenues and income	6,519	2.6%	5,854	2.7%	665	11.4%
Total Revenues	252,544	102.6%	225,094	102.7%	27,450	12.2%
Total operating costs	(234,156)	(95.2%)	(221,555)	(101.1%)	(12,601)	5.7%
EBITDA	18,387	7.5%	3,539	1.6%	14,849	419.6%
Total Amortization and Write-downs	(14,823)	(6.0%)	(16,663)	(7.6%)	1,840	(11.0%)
EBIT	3,564	1.4%	(13,124)	(6.0%)	16,688	(127.2%)
Total Financial Income /(expenses)	(4,811)	(2.0%)	(1,482)	(0.7%)	(3,330)	224.7%
Profit/(Loss) before taxes	(1,247)	(0.5%)	(14,606)	(6.7%)	13,359	(91.5%)
Taxes	(2,860)	(1.2%)	350	0.2%	(3,210)	(916.3%)
Profit/(Loss) Net of taxes	(4,107)	(1.7%)	(14,255)	(6.5%)	10,148	(71.2%)
(Profit)/ Loss attributable to minority shareholders	(173)	(0.1%)	1,749	0.8%	(1,921)	(109.9%)
Net Profit/(Loss) for the Group	(4,280)	(1.7%)	(12,507)	(5.7%)	8,227	(65.8%)

<i>(In thousands of Euro)</i>	FY 11	FY 10
Trade receivables	32,547	27,488
Stock and inventories	74,260	73,086
Trade payables	(54,809)	(47,644)
Operating net working capital	51,997	52,930
Other receivables	33,508	32,092
Other liabilities	(18,287)	(16,561)
Net working capital	67,218	68,461
Tangible fixed assets	74,537	75,620
Intangible fixed assets	145,091	154,173
Investments	30	29
Other long term receivables	2,915	2,989
Fixed assets	222,572	232,810
Post employment benefits	(7,943)	(9,204)
Long term provisions	(1,071)	(1,415)
Assets available for sale	7,712	794
Other long term liabilities	(14,241)	(14,241)
Deferred tax assets	14,549	15,027
Deferred tax liabilities	(40,516)	(41,162)
NET CAPITAL INVESTED	248,280	251,070
Capital issued	25,371	25,371
Other reserves	117,064	119,295
Profits/(Losses) carried-forward	(3,938)	(2,342)
Profit for the period	(4,280)	(12,507)
Group share capital and reserves	134,218	129,818
Minority interests	15,979	25,727
Shareholders' equity	150,197	155,545
Liquid assets	(8,444)	(4,512)
Long term financial payables	7,060	13,211
Short term financial payables	99,467	86,826
NET FINANCIAL POSITION	98,083	95,525
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	248,280	251,070

<i>(In thousands of Euro)</i>	FY 11	FY 10
OPENING BALANCE	4,512	5,337
Profit before taxes	(1,247)	(14,606)
Amortizations, provisions and depreciations	14,823	16,662
Accruals (availments) of long term provisions and post employment benefits	(1,605)	(413)
Taxes	(2,579)	(2,227)
Financial incomes and financial charges	4,811	1,482
Change in operating assets and liabilities	(233)	(152)
NET CASH FLOW FROM OPERATING ASSETS	13,970	746
Increase (decrease) in intangible fixed assets	(6,082)	(4,940)
Increase (decrease) in tangible fixed assets	(4,820)	(5,039)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	353	3,727
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(10,549)	(6,252)
Other changes in reserves and profit carried-forward to shareholders'equity	(1,240)	(694)
Proceeds (repayment) of financial payments	6,489	7,034
Increase (decrease) in long term financial receivables	73	(176)
Financial incomes and financial charges	(4,811)	(1,482)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	511	4,682
CLOSING BALANCE	8,444	4,512