



## **PRESS RELEASE**

### **AEFFE: Strong Improvement In Profitability In First Semester 2012 Compared To First Semester 2011: Ebitda +63%; Revenues At €121.6M (+1.4%)**

**San Giovanni in Marignano, 27 July 2012** - The Board of Directors of Aeffe SpA approved today the consolidated results for the First Semester of 2012. 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 €121.6m, compared to €119.9m in 1H 2011 (+1.4%)**
- **Ebitda of €7.1m, compared to €4.4m in 1H 2011 (+63%), with a €2.7m increase**
- **Loss before taxes of €3.6m, compared to €4.6m in 1H2011, with a €1m improvement**
- **Net Loss for the Group of €4.3m, compared to a net loss of €5.1m in 1H 2011, with a €0.8m improvement**
- **Net financial debt of €101.6m, compared to €103.5m as of June 30, 2011 (€98.1m as of December 31, 2011)**

## **Consolidated Revenues**

In the first semester of 2012, Aeffe consolidated revenues amounted to €121.6m compared to €119.9m in the first semester of 2011, with a 1.4% increase at current exchange rates (-0.2% at constant exchange rates). Revenues of the prêt-à-porter division amounted to €96.9m, down by 1.3% at current exchange rates and by 3.2% at constant exchange rates compared to 1H 2011, while revenues of the footwear and leather goods division increased by 13.5% to €32.3m, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: *“The results achieved by our group in the first semester 2012 continue to show a significant recovery in operating profitability, which increased more than proportionally to the trend of revenues. In the current difficult economic conditions, the Group remains also strongly focused on growth through the geographic diversification; in fact, by the end of the year, it is scheduled the opening of around twenty new franchised stores, of which more than half in Asia”.*

## Revenues Breakdown by Region

<i>(In thousands of Euro)</i>	<b>1H 12 Reported</b>	<b>1H 11 Reported</b>	<b>% Change</b>	<b>% Change*</b>
Italy	49,894	52,075	(4.2%)	(4.2%)
Europe (Italy and Russia excluded)	24,564	24,689	(0.5%)	(1.1%)
Russia	10,153	7,929	28.1%	28.1%
United States	9,311	8,821	5.6%	(1.0%)
Japan	11,205	9,565	17.1%	6.0%
Rest of the World	16,536	16,887	(2.1%)	(2.8%)
<b>Total</b>	<b>121,663</b>	<b>119,967</b>	<b>1.4%</b>	<b>(0.2%)</b>

(\*) Calculated at constant exchange rates

In 1H 2012 sales in Italy, amounting to 41% of consolidated sales, decreased by 4.2% to €49.9m. At constant exchange rates, sales in Europe, contributing to 20.2% of consolidated sales, decreased by 1.1%. The Russian market, representing 8.3% of consolidated sales, grew by 28.1%. Sales in the United States, contributing to 7.7% of consolidated sales, decreased by 1% at constant exchange rates. Japanese sales, contributing to 9.2% of consolidated sales, increased by 6.0%. In the Rest of the World, the Group's sales totalled €16.5m, amounting to 13.6% of consolidated sales, recording a decrease by 2.8% compared to 1H 2011.

## Network of Monobrand Stores

<i>DOS</i>	<b>1H 12</b>	<b>FY 11</b>	<i>Franchising</i>	<b>1H 12</b>	<b>FY 11</b>
Europe	45	44	Europe	63	60
United States	3	3	United States	4	7
Asia	41	42	Asia	113	100
<b>Total</b>	<b>89</b>	<b>89</b>	<b>Total</b>	<b>180</b>	<b>167</b>

## Operating and Net Result Analysis

1H 2012 profitability showed a significant improvement with consolidated Ebitda equal to €7.1m (with an incidence of 5.8% of consolidated sales), compared to €4.4m in 1H 2011 (3.6% of total sales).

Ebitda growth has been positively influenced especially by the lower incidence of the operating costs thanks to the policy of costs' reduction and efficiency improvement implemented at Group level.

The improvement in Ebitda has involved both divisions.

Ebitda of the *prêt-à-porter* division amounted to €7.7m (representing 8% of sales), compared to €6.1m in 1H 2011 (6.2% of sales), posting a €1.6m increase.

Ebitda of the footwear and leather goods division was negative for €0.6m compared to a negative Ebitda of €1.7m in 1H 2011, with a €1.1m improvement.

Consolidated Ebit was equal to €0.3m, compared to a negative Ebit of €2.6m in 1H 2011, with a €2.9m increase.

Thanks to the improvement in operating profit, in 1H 2012 the Group has showed a good growth in the net result, posting a net loss of €4.3m, compared to a net loss of €5.1m in 1H 2011.

## Balance Sheet Analysis

Looking at the balance sheet as of June 30, 2012, Shareholders' equity was equal to €130.4m and net financial debt amounted to €101.6m compared to €103.5m as of June 30, 2011.

As of June 30, 2012 operating net working capital amounted to €60.9m (24.6% of LTM sales) compared to €57.4m as of June 30, 2011 (24.3% of LTM sales).

Capex in H1 2012 amounted to €3.1m and were mainly related to the maintenance and stores' refurbishment; disinvestments were equal to €8.3m and mainly referred to the sale of the Moschino store in Paris (Rue de Grenelle) and to the sale of the Pollini store in Milan (Piazza Duomo).

Income Statement, Reclassified Balance Sheet and Cash Flow Statement are attached below.  
1H 2012 data included in this press release were subject to limited review by the Auditors' company.

Please note that the Financial Report and the Results Presentation at 30 June 2012 are available at the following link: <http://www.aeffe.com/aeffeHome.asp?pattern=11&lang=ita>.

"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)

	1H 12	%	1H 11	%	Change	Change %
<b>Revenues from sales and services</b>	<b>121,663</b>	<b>100.0%</b>	<b>119,967</b>	<b>100.0%</b>	<b>1,697</b>	<b>1.4%</b>
Other revenues and income	3,205	2.6%	2,536	2.1%	669	26.4%
<b>Total Revenues</b>	<b>124,868</b>	<b>102.6%</b>	<b>122,502</b>	<b>102.1%</b>	<b>2,365</b>	<b>1.9%</b>
Total operating costs	(117,751)	(96.8%)	(118,138)	(98.5%)	386	(0.3%)
<b>EBITDA</b>	<b>7,116</b>	<b>5.8%</b>	<b>4,365</b>	<b>3.6%</b>	<b>2,751</b>	<b>63.0%</b>
Total Amortization and Write-downs	(6,761)	(5.6%)	(6,925)	(5.8%)	164	(2.4%)
<b>EBIT</b>	<b>355</b>	<b>0.3%</b>	<b>(2,561)</b>	<b>(2.1%)</b>	<b>2,916</b>	<b>(113.9%)</b>
Total Financial Income /(expenses)	(3,928)	(3.2%)	(2,047)	(1.7%)	(1,881)	91.9%
<b>Profit/(Loss) before taxes</b>	<b>(3,573)</b>	<b>(2.9%)</b>	<b>(4,607)</b>	<b>(3.8%)</b>	<b>1,034</b>	<b>(22.5%)</b>
Taxes	(606)	(0.5%)	(531)	(0.4%)	(75)	14.1%
<b>Net Profit/(Loss) net of taxes</b>	<b>(4,178)</b>	<b>(3.4%)</b>	<b>(5,138)</b>	<b>(4.3%)</b>	<b>960</b>	<b>(18.7%)</b>
(Profit)/Loss attributable to minority shareholders	(174)	(0.1%)	21	0.0%	(195)	(943.6%)
<b>Net Profit/(Loss) for the Group</b>	<b>(4,352)</b>	<b>(3.6%)</b>	<b>(5,117)</b>	<b>(4.3%)</b>	<b>765</b>	<b>(14.9%)</b>

<i>(In thousands of Euro)</i>	<b>1H 12</b>	<b>FY 11</b>	<b>1H 11</b>
Trade receivables	29,588	32,547	33,119
Stock and inventories	77,654	74,260	72,728
Trade payables	(46,252)	(54,809)	(48,418)
<b>Operating net working capital</b>	<b>60,989</b>	<b>51,997</b>	<b>57,429</b>
Other receivables	36,950	33,508	36,345
Other liabilities	(20,670)	(18,287)	(20,611)
<b>Net working capital</b>	<b>77,270</b>	<b>67,218</b>	<b>73,162</b>
Tangible fixed assets	73,840	74,537	73,235
Intangible fixed assets	141,077	145,091	151,118
Investments	30	30	65
Other long term receivables	2,918	2,915	3,014
<b>Fixed assets</b>	<b>217,865</b>	<b>222,572</b>	<b>227,432</b>
Post employment benefits	(7,769)	(7,943)	(8,475)
Long term provisions	(1,007)	(1,071)	(1,177)
Assets available for sale	437	7,712	794
Other long term liabilities	(14,241)	(14,241)	(14,241)
Deferred tax assets	13,437	14,549	15,594
Deferred tax liabilities	(38,098)	(40,516)	(40,676)
<b>NET CAPITAL INVESTED</b>	<b>247,893</b>	<b>248,280</b>	<b>252,413</b>
Capital issued	25,371	25,371	25,371
Other reserves	119,366	117,064	116,836
Profits/(Losses) carried-forward	(10,011)	(3,938)	(3,938)
Profit/(Loss) for the period	(4,352)	(4,280)	(5,117)
<b>Group share capital and reserves</b>	<b>130,374</b>	<b>134,218</b>	<b>133,152</b>
Minority interests	15,917	15,979	15,786
<b>Shareholders' equity</b>	<b>146,292</b>	<b>150,197</b>	<b>148,938</b>
Short term financial receivables	(1,015)		
Liquid assets	(6,164)	(8,444)	(3,858)
Long term financial payables	5,520	7,060	10,995
Short term financial payables	103,260	99,467	96,338
<b>NET FINANCIAL POSITION</b>	<b>101,601</b>	<b>98,083</b>	<b>103,475</b>
<b>SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS</b>	<b>247,893</b>	<b>248,280</b>	<b>252,413</b>

<i>(In thousands of Euro)</i>	<b>1H 12</b>	<b>FY 11</b>	<b>1H 11</b>
<b>OPENING BALANCE</b>	<b>8,444</b>	<b>4,512</b>	<b>4,512</b>
Profit before taxes	( 3,573)	( 1,247)	( 4,607)
Amortizations, provisions and depreciations	6,761	14,823	6,925
Accruals (availments) of long term provisions and post employment benefits	( 237)	( 1,605)	( 967)
Taxes	( 1,768)	( 2,579)	( 1,030)
Financial incomes and financial charges	3,928	4,811	2,047
Change in operating assets and liabilities	( 10,194)	( 233)	( 5,254)
<b>NET CASH FLOW FROM OPERATING ASSETS</b>	<b>( 5,083)</b>	<b>13,970</b>	<b>( 2,886)</b>
Increase (decrease) in intangible fixed assets	146	( 6,082)	( 287)
Increase (decrease) in tangible fixed assets	( 2,162)	( 4,820)	( 1,170)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	7,239	353	( 65)
<b>CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES</b>	<b>5,223</b>	<b>( 10,549)</b>	<b>( 1,522)</b>
Other changes in reserves and profit carried-forward to shareholders' equity	272	( 1,240)	( 1,468)
Proceeds (repayment) of financial payments	2,254	6,489	7,295
Increase (decrease) in long term financial receivables	( 1,018)	73	( 26)
Financial incomes and financial charges	( 3,928)	( 4,811)	( 2,047)
<b>CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES</b>	<b>( 2,420)</b>	<b>511</b>	<b>3,754</b>
<b>CLOSING BALANCE</b>	<b>6,164</b>	<b>8,444</b>	<b>3,858</b>