

AEFFE

PRESS RELEASE

AEFFE: In 2012 Progress In Profitability Improvement Compared To 2011: Ebitda At €22.8M (+24%) And Consolidated Revenues At €254M (+3.3%)

San Giovanni in Marignano, 12 March 2013, The Board of Directors of Aeffe SpA has today approved the consolidated results for the Full Year 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, Emanuel Ungaro and Cedric Charlier.

- **FY 2012 consolidated revenues of €254m, compared to €246m in FY 2011 (+3.3% at current exchange rates)**
- **Ebitda of €22.8m (9% on consolidated sales), compared to an Ebitda of €18.4m in FY 2011 (7.5% on consolidated sales), with a €4.4m improvement (+24%)**
- **Profit before taxes of €1.4m, compared to a loss before taxes of €1.2m in FY 2011, with a €2.6m improvement (+209%)**
- **Net loss for the Group of €3m, compared to a net loss of €4.3m in FY 2011, with a €1.3m improvement**
- **Net financial debt of €87.9m, compared to €98.1m as of December 31, 2011, with a €10.2m decrease**

Consolidated Revenues

In 2012, AEFPE's consolidated revenues amounted to €254m compared to €246m in 2011 (+3.3% at current exchange rates, +1.8% at constant exchange rates).

Revenues of the *prêt-à-porter* division amounted to Euro 201.3 million, up by 2.1% at current exchange rates compared to 2011 (up by 0.3% at constant exchange rates), while revenues of the footwear and leather goods division grew by 8.7% compared to 2011 and amounted to Euro 69.5 million, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has thus commented: *"In 2012 the Group's results confirm a 24% growth in operating profitability, which shows a more than proportional increase compared to revenues. We are satisfied with the choices we made over the last year, and especially those relating the reorganization of the licenses' portfolio. In particular, some unprofitable agreements have been closed and new projects with new creative directions have been launched, as in the case of the brands Philosophy and Emanuel Ungaro. In a strategic view, the Group is focused on the development of the presence in high-potential markets, such as Russia, Far East and Middle East, which have already contributed significantly to the sales' growth in 2012. Thanks to the positive backlog for the Spring/summer 2013, together with the positive results we have been registering for recently presented Autumn/Winter 2012/2013 collections, that have just been presented,*

including the debut of Emanuel Ungaro, we look at the new year with optimism 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 12 Reported	FY 11 Reported	% Change	% Change*
Italy	99,312	102,805	(3.4%)	(3.4%)
Europe (Italy and Russia excluded)	53,834	52,343	2.8%	2.3%
Russia	21,121	17,400	21.4%	21.4%
United States	19,167	18,064	6.1%	(0.5%)
Japan	24,207	22,461	7.8%	0.3%
Rest of the World	36,439	32,952	10.6%	9.5%
Total	254,080	246,025	3.3%	1.8%

(*) Calculated at constant exchange rates

Despite the difficult macroeconomic scenario, 4Q 2012 sales registered a significant progression almost across all regions, showing a double-digit growth such as in Russia and in the Rest of the World.

In 2012 sales in Italy, amounting to 39.1% of consolidated sales, decreased by 3.4% to €99,3m. In 4Q 2012 sales registered an important recovery, with an increase by 8.9% compared to 4Q 2011.

At constant exchange rates, FY 2012 sales in Europe, contributing to 21.2% of consolidated sales, increased by 2.3%. In the 4Q 2012 sales grew by 15.9% compared to 4Q 2011.

The Russian market, representing 8.3% of consolidated sales, increased by 21.4%. In 4Q 2012 sales increased by 39.4% in comparison with 4Q 2011.

Sales in the United States, contributing to 7.5% of consolidated sales, decreased by 0.5% at constant exchange rates. In 4Q 2012 sales increased by 1.7% at constant exchange rates compared to 4Q 2011.

Japanese sales, contributing to 9.5% of consolidated sales, increased by 0.3%, (up by 8.7% at constant exchange rates in 4Q 2012 with respect to 4Q 2011). In the Rest of the World, the Group's sales totalled €36,4m, amounting to 14.3% of consolidated sales, equal to an increase by 9.5% compared to FY 2011 (up by 24.8% in 4Q 2012 compared to 4Q 2011).

Network of Monobrand Stores

DOS	FY 12	FY 11	Franchising	FY 12	FY 11
Europe	46	44	Europe	69	60
United States	3	3	United States	4	7
Asia	44	42	Asia	120	100
Total	93	89	Total	193	167

Operating and Net Result Analysis

In 2012 consolidated Ebitda increased by 24% and amounted to €22.8m (with an incidence of 9% of consolidated sales), showing an improvement of €4.4m compared to an Ebitda of €18.4m in 2011 (7.5% on sales).

The improvement in Ebitda has been positively influenced by both 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 improvement in Ebitda has been recorded for both divisions.

Ebitda of the *prêt-à-porter* division amounted to €20.7m (representing 10.3% of sales), compared to an Ebitda of €17.8m in 2011 (equal to 9% of sales), posting a €2.9m improvement (+16.3%).

Ebitda of the footwear and leather goods division was equal to €2.1m (representing 3.1% of sales), compared to an Ebitda of €0.6m in 2011 (equal to 0.9% of sales), recording a €1.5m increase.

Consolidated Ebit amounted to €8.8m (representing 3.5% of sales), compared to an Ebit of €3.5m in 2011 (representing 1.4% of sales), with a €5.3m improvement.

Thanks to the improvement in operating profit, in 2012 the Group has posted a net loss of €3m, lower than the net loss of €4.3m in 2011, despite more than proportional increase in taxes of €1.7m.

Balance Sheet Analysis

Looking at the Group's balance sheet as of December 31, 2012 Shareholders' equity was equal to €131.4m and net financial debt amounted to €87.9m, compared to €98.1m as of December 31, 2011, with a €10.2m decrease. The decrease in net financial debt is partially related to the transaction for the rationalization of the group's real estate properties already decided at the time of the IPO in 2007.

As of December 31, 2012, operating net working capital amounted to €61.3m (24.1% of sales), up from €51.9m as of December 31, 2011 (21.1% of sales). This increase was mainly related to the growth in inventories for the introduction of new licenses and lower trade payables for higher cost savings referred to efficiencies achieved in the production process.

Capex in 2012 amounted to €7.1m and were mainly related to the maintenance and stores' refurbishment; disinvestments were equal to €17.1m and mainly referred to the sale of the Moschino store in Paris (Rue de Grenelle), to the sale of the Pollini store in Milan (Piazza Duomo) and to sale of the subsidiary Aeffe Usa's estates situated in New York City to Ferrim Usa.

Other information

The Board of Directors of Aeffe SpA has convened the annual Shareholder's meeting on April 18, 2013 to discuss and deliberate on (i) the approval of the financial statement for Aeffe SpA for the year ended on December 31, 2012 (iii) the remuneration policy of the company (iii) modifications of some articles of the current bylaw; in particular, modification of the call of the Shareholders' meetings and specification concerning the representation in the meeting; compliance with the regulation introduced by Law n. 120 on 12 July 2011 concerning the equal access to the Board of Directors and to the Board of Statutory Auditors; wording specifications.

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

The Board of Directors, in its meeting on 12th March 2013, verified the continued independence of the non-executive directors, Marco Salomoni and Roberto Lugano, pursuant to para. 4 of art. 147-ter of Decree 58/1998, the Code of Self-Regulation for Listed Companies and the Stock Exchange Regulations.

Proposal of the Board of Directors to approve the draft of the 2012 Annual Report for the parent company Aeffe SpA and the allocation of the profit of the year 2012

The Board of Directors also approved the draft of the 2012 Annual Report for the parent company Aeffe SpA. The Board of Directors will propose to the Shareholder's meeting on April 18, 2013 to allocate the profit of the year 2012 of EUR 1,160,050 as follows:

- Legal Reserve, EUR 58,002;
- Extraordinary Reserve, EUR 1,102,048.

Here below attached the Income Statement, the Reclassified Balance Sheet and the Cash Flow Statement. Full Year 2012 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".

Contacts:**Investor Relations**

AEFFE S.p.A

Annalisa Aldrovandi

+39 0541 965494

annalisa.aldrovandi@aeffe.comwww.aeffe.com**Press Relations**

Barabino & Partners

Marina Riva

m.riva@barabino.it

+39 02 72023535

CONSOLIDATED INCOME STATEMENT*(In thousands of Euro)*

	FY 12	%	FY 11	%	Change	Change %
Revenues from sales and services	254,080	100.0%	246,025	100.0%	8,055	3.3%
Other revenues and income	7,033	2.8%	6,519	2.6%	515	7.9%
Total Revenues	261,113	102.8%	252,544	102.6%	8,569	3.4%
Total operating costs	(238,325)	(93.8%)	(234,156)	(95.2%)	(4,169)	1.8%
EBITDA	22,788	9.0%	18,387	7.5%	4,400	23.9%
Total Amortization and Write-downs	(13,966)	(5.5%)	(14,823)	(6.0%)	857	(5.8%)
EBIT	8,822	3.5%	3,564	1.4%	5,257	147.5%
Total Financial Income /(expenses)	(7,464)	(2.9%)	(4,811)	(2.0%)	(2,653)	55.1%
Profit/(Loss) before taxes	1,357	0.5%	(1,247)	(0.5%)	2,604	(208.8%)
Taxes	(4,580)	(1.8%)	(2,860)	(1.2%)	(1,720)	60.1%
Profit/(Loss) Net of taxes	(3,222)	(1.3%)	(4,107)	(1.7%)	885	(21.5%)
(Profit)/ Loss attributable to minority shareholders	194	0.1%	(173)	(0.1%)	367	(212.5%)
Net Profit/(Loss) for the Group	(3,028)	(1.2%)	(4,280)	(1.7%)	1,251	(29.2%)

CONSOLIDATED RECLASSIFIED BALANCE SHEET

(In thousands of Euro)

	FY 12	FY 11
Trade receivables	32,355	32,547
Stock and inventories	77,122	74,260
Trade payables	(48,148)	(54,809)
Operating net working capital	61,330	51,997
Other receivables	34,464	33,508
Other liabilities	(18,295)	(18,287)
Net working capital	77,499	67,218
Tangible fixed assets	65,391	74,537
Intangible fixed assets	138,073	145,091
Investments	30	30
Other long term receivables	2,621	2,915
Fixed assets	206,116	222,572
Post employment benefits	(7,550)	(7,943)
Long term provisions	(1,098)	(1,071)
Assets available for sale	437	7,712
Other long term liabilities	(14,241)	(14,241)
Deferred tax assets	11,522	14,549
Deferred tax liabilities	(37,818)	(40,516)
NET CAPITAL INVESTED	234,866	248,280
Capital issued	25,371	25,371
Other reserves	119,066	117,064
Profits/(Losses) carried-forward	(10,011)	(3,938)
Profit for the period	(3,028)	(4,280)
Group share capital and reserves	131,398	134,218
Minority interests	15,549	15,979
Shareholders' equity	146,947	150,197
Short term financial receivables	(2,500)	
Liquid assets	(5,362)	(8,444)
Long term financial payables	4,007	7,060
Long term financial receivables	(2,691)	
Short term financial payables	94,465	99,467
NET FINANCIAL POSITION	87,919	98,083
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	234,866	248,280

CONSOLIDATED CASH FLOW STATEMENT

(In thousands of Euro)

	FY 12	FY 11
OPENING BALANCE	8,444	4,512
Profit before taxes	1,357	(1,247)
Amortizations, provisions and depreciations	13,966	14,823
Accruals (availments) of long term provisions and post employment benefits	(365)	(1,605)
Taxes	(3,652)	(2,579)
Financial incomes and financial charges	7,464	4,811
Change in operating assets and liabilities	(11,420)	(233)
NET CASH FLOW FROM OPERATING ASSETS	7,350	13,970
Increase (decrease) in intangible fixed assets	(587)	(6,082)
Increase (decrease) in tangible fixed assets	3,324	(4,820)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	7,275	353
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	10,012	(10,549)
Other changes in reserves and profit carried-forward to shareholders'equity	(28)	(1,240)
Proceeds (repayment) of financial payments	(8,055)	6,489
Increase (decrease) in long term financial receivables	(4,897)	73
Financial incomes and financial charges	(7,464)	(4,811)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	(20,444)	511
CLOSING BALANCE	5,362	8,444

AEFFE S.P.A. INCOME STATEMENT

(In thousands of Euro)

	FY 12	%	FY 11	%	Change	Change %
Revenues from sales and services	125,186	100.0%	125,239	100.0%	(53)	(0.0%)
Other revenues and income	4,990	4.0%	5,858	4.7%	(868)	(14.8%)
Total Revenues	130,176	104.0%	131,097	104.7%	(921)	(0.7%)
Total operating costs	(119,571)	(95.5%)	(121,369)	(96.9%)	1,798	(1.5%)
EBITDA	10,605	8.5%	9,728	7.8%	877	9.0%
Total Amortization and Write-downs	(2,778)	(2.2%)	(2,948)	(2.4%)	170	(5.8%)
EBIT	7,827	6.3%	6,780	5.4%	1,047	15.4%
Total Financial Income /(expenses)	(5,220)	(4.2%)	(3,561)	(2.8%)	(1,659)	46.6%
Profit/(Loss) before taxes	2,607	2.1%	3,219	2.6%	(612)	(19.0%)
Taxes	(1,447)	(1.2%)	(1,502)	(1.2%)	55	(3.7%)
Profit/(Loss) Net of taxes	1,160	0.9%	1,717	1.4%	(557)	(32.4%)

AEFFE S.P.A. RECLASSIFIED BALANCE SHEET

<i>(In thousands of Euro)</i>	FY 12	FY 11
Trade receivables	65,358	77,365
Stock and inventories	23,945	24,217
Trade payables	(69,657)	(75,903)
Operating net working capital	19,646	25,679
Other receivables	22,314	20,790
Other liabilities	(7,774)	(7,626)
Net working capital	34,186	38,843
Tangible fixed assets	46,391	47,687
Intangible fixed assets	4,134	4,168
Investments	103,951	102,949
Other long term receivables	41,857	42,180
Fixed assets	196,333	196,984
Post employment benefits	(4,476)	(4,653)
Long term provisions	(417)	(497)
Other long term liabilities	(5,058)	(4,578)
Deferred tax assets	3,556	6,544
Deferred tax liabilities	(7,995)	(8,226)
NET CAPITAL INVESTED	216,129	224,417
Capital issued	25,371	25,371
Other reserves	110,673	108,956
Profits/(Losses) carried-forward	2,175	2,175
Profit for the period	1,160	1,717
Shareholders' equity	139,379	138,219
Liquid assets	(40)	(105)
Long term financial payables	3,919	7,024
Short term financial payables	72,871	79,279
NET FINANCIAL POSITION	76,750	86,198
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	216,129	224,417

AEFFE S.P.A. CASH FLOW STATEMENT

(In thousands of Euro)

	FY 12	FY 11
OPENING BALANCE	105	851
Profit before taxes	2,607	3,219
Amortizations, provisions and depreciations	2,778	2,948
Accruals (availments) of long term provisions and post employment benefits	(256)	(730)
Taxes	(2,135)	(698)
Financial incomes and financial charges	5,220	3,561
Change in operating assets and liabilities	8,332	(2,848)
NET CASH FLOW FROM OPERATING ASSETS	16,545	5,452
Increase (decrease) in intangible fixed assets	(256)	(212)
Increase (decrease) in tangible fixed assets	(944)	(913)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	(1,000)	(7,379)
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(2,200)	(8,504)
Other changes in reserves and profit carried-forward to shareholders'equity	-	-
Proceeds (repayment) of financial payments	(9,513)	5,716
Increase (decrease) in long term financial receivables	323	152
Financial incomes and financial charges	(5,220)	(3,561)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	(14,409)	2,306
CLOSING BALANCE	40	105