AEFFE

PRESS RELEASE

AEFFE: The Board Of Directors Approved 2013 Financial Results

San Giovanni in Marignano, March 13th, 2014 - The Board of Directors of Aeffe SpA has today approved the consolidated results for the Full Year 2013. 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 2013 consolidated revenues of €251.1m, compared to €254m in FY 2012 (+1.2% at constant exchange rates); net of the effects of already terminated licenses of Jean Paul Gaultier and Cacharel and excluding the new license with Ungaro, revenues would have increased by 3.9% at constant exchange rates**

- **Ebitda of €20.6m (8.2% on consolidated sales), compared to an Ebitda of €22.8m in FY 2012 (9% on consolidated sales)**

- **Loss net of taxes of €1.9m, compared to a net loss of €3.2m in FY 2012, with a €1.3m improvement**

- **Net loss for the Group of €3.2m, compared to a net loss of €3m in FY 2012**

- **Net financial debt of €88.6m, compared to €87.9m as of December 31, 2012**

Consolidated Revenues

In 2013, AEFFE's consolidated revenues amounted to €251.1m compared to €254.1m in 2012 (-1.2% at current exchange rates, +1.2% at constant exchange rates). It should be noted that consolidated revenues would have increased by 3.9% at constant exchange rates compared to FY 2012, net of the effects of already terminated licenses of Jean Paul Gaultier and Cacharel and the new license with Ungaro.

Revenues of the *prêt-à-porter* division amounted to Euro 196.9 million, up by 0.8% at constant exchange rates compared to 2012 (down by 2.2% at current exchange rates). Net of the effects of already terminated licenses of Jean Paul Gaultier and Cacharel and the new license with Ungaro, revenues of the *prêt-à-porter* division would have increased by 4.5% at constant exchange rates compared to FY 2012 (up by 1.4% at current exchange rates).
Revenues of the footwear and leather goods division grew by 3.5% compared to 2012 and amounted to Euro 71.9 million, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has thus commented: "*We are satisfied with the results of the Group, especially thinking about the future. Fiscal year 2013 was a transition year, in particular with regard to the reorganization of the brand portfolio: the consent gathered by the long-awaited debut of Jeremy Scott at the helm of the Maison Moschino was beyond our expectations and so was also for the development of other*

projects, such as the upgrade of the Alberta Ferretti collections as well as Cédric Charlier and Emanuel Ungaro by Fausto Puglisi collections.
With such renewed offering, the group will be able to put in place initiatives to support future growth, aimed at strengthening its presence across wholesale, retail and on-line channels, whose first positive results are showing in the ongoing sales campaign for the Autumn/Winter 2014/2015 collections".

Revenues Breakdown by Region

(In thousands of Euro)	FY 13 Reported	FY 12 Reported	% Change	% Change*
Italy	104,504	99,312	5.2%	5.2%
Europe (Italy and Russia excluded)	50,043	53,834	(7.0%)	(6.6%)
Russia	19,351	21,121	(8.4%)	(8.4%)
United States	17,072	19,167	(10.9%)	(8.4%)
Japan	21,926	24,207	(9.4%)	12.1%
Rest of the World	38,175	36,439	4.8%	4.8%
Total	**251,071**	**254,080**	**(1.2%)**	**1.2%**

(*) Calculated at constant exchange rates

In 2013 sales in Italy, amounting to 41% of consolidated sales, increased by 5.2% to €104m. Beyond the contribution of the tourism flows, the positive trend of the domestic market is attributable to both an increase in sales registered by the Moschino brand, mostly thanks to the positive results of the new boutique in Rome, and to the growth of licensed brands.
At constant exchange rates, FY 2013 sales in Europe, contributing to 20% of consolidated sales, decreased by 6.6%. This change is mainly attributable to the decrease in revenues from licensed brands whose license agreement have already been completed as well as to the macro-economic uncertainty.
The Russian market, representing 8% of consolidated sales, declined by 8.4% due to the decreased in revenues related to brands whose license agreements ended.
Sales in the United States, contributing to 7% of consolidated sales, decreased by 8.4% at constant exchange rates, especially explained by the termination of the license agreement with Jean Paul Gaultier.
Japanese sales, contributing to 9% of consolidated sales, increased by 12.1% at constant exchange rates.
In the Rest of the World, the Group's sales totalled €38.2m, amounting to 15% of consolidated sales, equal to an increase by 4.8% at constant exchange rates compared to FY 2012, thanks to the positive trends in Greater China (+20%) and in Middle East (+7%).

Network of Monobrand Stores

DOS	FY 13	FY 12
Europe	46	46
United States	3	3
Asia	42	44
Total	**91**	**93**

Franchising	FY 13	FY 12
Europe	62	69
United States	3	4
Asia	113	120
Total	**178**	**193**

In 2013 the number of franchised stores decreased by 15 units compared to December 31, 2012; it was mainly due to the exclusion of the Jean Paul Gaultier stores, whose license agreement with Aeffe Group ended with the Spring/Summer 2013 collections.
Excluding this effect, in 2013 the number of franchised stores increased by 5 units mainly driven by new openings located in Greater China.

Operating and Net Result Analysis

In 2013 consolidated Ebitda was equal to €20.6m (with an incidence of 8.2% of consolidated sales), compared to €22.8m in 2012 (9% of total sales). The decrease in Ebitda was mainly attributable to costs incurred for promotional activities and human resources primarily related to brand Philosophy, Ungaro and Cédric Charlier. These actions will produce their benefits starting from Fiscal Year 2014.
In 2013 Ebitda of the *prêt-à-porter* division amounted to €18.4m (representing 9.3% of sales), compared to €20.7m in 2012 (10.3% of sales).
Ebitda of the footwear and leather goods division was equal to €2.2m (3.1% of sales) compared to an Ebitda of €2.1m in 2012 (3.1% of sales).
Consolidated Ebit amounted to €6m (with an incidence of 2.4% of consolidated sales), compared to an Ebit of €8.8m in 2012 (3.5% of sales).
In 2013 Net loss amounted to €1.9m, compared to a net loss of €3.2m in 2012, with a €1.3m improvement mainly attributable to lower taxes of the year.
In 2013 the Group posted a net loss of €3.2m, compared to a net loss of €3m in 2012. The main reasons for the higher loss reflect the above mentioned explanations attributable to the Ebitda variation.

Balance Sheet Analysis
Looking at the Group's balance sheet as of December 31, 2013 Shareholders' equity was equal to €126.8m and net financial debt amounted to €88.6m, compared to €87.9m as of December 31, 2012. The increase in net financial debt with respect to December 31, 2012 was mainly due to the growth of operating net working capital.
As of December 31, 2013, operating net working capital amounted to €64.4m (25.7% of sales), up from €61.4m as of December 31, 2012 (24.1% of sales). This increase was mainly attributable to the growth in trade receivables resulting from higher shipments made in December and lower trade payables due to fewer purchases.
Capex in 2013 amounted to €7.2m and mostly related to the maintenance and stores' refurbishment.

Other information
The Board of Directors of Aeffe SpA announces that, in order to comply with the provisions of the current law, on March 7th, 2014 the company has already fulfilled the necessary requirements for the call of the annual Shareholder's meeting on April 16th, 2014 to discuss and deliberate on (i) the approval of the financial statement for Aeffe SpA for the year ended on December 31, 2013, (iii) the remuneration policy of the company, (iii) the appointment of the Board of Directors and of the Board of Statutory Auditors, ending their office at the meeting convened to approve the financial statement of Aeffe SpA for the year ended on December 31, 2013.

The documentation relating to the topics on the Agenda will be available to the public in compliance with the terms and conditions required by the law. The Shareholders may consult and obtain copies of that documentation that will be available, according to the terms of the law, also on the company's website: www.aeffe.com.

Comments on the main economic-financial data of the Parent Company Aeffe SpA

Revenues of the Parent company Aeffe SpA amounted to Euro 114.8 million, down by 8.3% at current exchange rates compared to 2012. Net of the effects of already terminated licenses of Jean Paul Gaultier and Cacharel and the new license with Ungaro, revenues of Aeffe SpA would have decreased by 2% at constant exchange rates.
In 2013 Ebitda was equal to €6.1m (with an incidence of 5.3% of consolidated sales), compared to €10.6m in 2012 (8.5% of total sales). The decrease in Ebitda was mainly attributable to costs incurred for promotional activities and human resources primarily related to brand Philosophy, Ungaro and Cédric Charlier. These actions will produce their benefits since 2014.
Ebit was negative for €0.4m, compared to a positive Ebit of €7.8m in 2012 (6.3% of sales). The decrease in Ebit was mainly due to both the decline in margins, for the reasons mentioned above, and to the write-down of both its stake in Aeffe Japan Inc. and of its Japanese subsidiary's accounts receivables. These write-offs stemmed from the reorganization of the Japanese distribution network. Particularly, Aeffe S.p.A. have signed with Woollen Co., Ltd. and Mitsubishi Corporation Fashion Co., Ltd. an important distribution and franchise agreement, whereby Woollen Co., Ltd. has become the exclusive distributor for the whole territory of Japan. At

the same time of the conclusion of the mentioned distribution and franchise agreement, Aeffe Japan Co., Ltd. have transferred to Woollen Co., Ltd., accounts receivables, stock along with furniture and accessories in the stores and the most of staff working at the local branch.
In 2013 Aeffe SpA posted a net loss €5.3m, compared to a net profit of €1.2m in 2012, mainly attributable to the variations of Ebitda and Ebit explained above.
As of December 31, 2013, net financial debt amounted to €78.9m, compared to €76.7m as of December 31, 2012. The increase in net financial debt with respect to December 31, 2012 was mainly due to the operating net working capital growth relating lower accounts payables due to fewer purchases during the last part of the year.
Shareholders' equity was equal to €133.6m, compared to €138.8m as of December 31, 2012.

The Board of Directors also approved the draft of the 2013 Annual Report for the parent company Aeffe SpA.
The Board of Directors will propose to the Shareholder's meeting on April 16, 2013 to cover the loss of the year 2013 of EUR 5,284,413 with Extraordinary Reserve.

Here below attached the Income Statement, the Reclassified Balance Sheet and the Cash Flow Statement for the Group and for the parent company Aeffe SpA.
Full Year 2013 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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CONSOLIDATED INCOME STATEMENT

(In thousands of Euro)	**FY 13**	**%**	**FY 12**	**%**	**Change**	**Change %**
Revenues from sales and services	**251,071**	**100.0%**	**254,080**	**100.0%**	**(3,009)**	**(1.2%)**
Other revenues and income	7,484	3.0%	7,033	2.8%	451	6.4%
Total Revenues	**258,555**	**103.0%**	**261,113**	**102.8%**	**(2,558)**	**(1.0%)**
Total operating costs	(237,956)	(94.8%)	(238,325)	(93.8%)	369	(0.2%)
EBITDA	**20,599**	**8.2%**	**22,788**	**9.0%**	**(2,189)**	**(9.6%)**
Total Amortization and Write-downs	(14,571)	(5.8%)	(13,966)	(5.5%)	(605)	4.3%
EBIT	**6,028**	**2.4%**	**8,822**	**3.5%**	**(2,794)**	**(31.7%)**
Total Financial Income /(expenses)	(6,745)	(2.7%)	(7,464)	(2.9%)	719	(9.6%)
Profit/(Loss) before taxes	**(717)**	**(0.3%)**	**1,357**	**0.5%**	**(2,075)**	**(152.9%)**
Taxes	(1,254)	(0.5%)	(4,580)	(1.8%)	3,326	(72.6%)
Profit/(Loss) Net of taxes	**(1,971)**	**(0.8%)**	**(3,222)**	**(1.3%)**	**1,251**	**(38.8%)**
(Profit)/ Loss attributable to minority shareholders	(1,226)	(0.5%)	194	0.1%	(1,421)	(731.8%)
Net Profit/(Loss) for the Group	**(3,198)**	**(1.3%)**	**(3,028)**	**(1.2%)**	**(169)**	**5.6%**

CONSOLIDATED RECLASSIFIED BALANCE SHEET

(In thousands of Euro)	**FY 13**	**FY 12 (*)**
Trade receivables	35,797	32,355
Stock and inventories	74,085	77,122
Trade payables	(45,448)	(48,148)
Operating net working capital	**64,434**	**61,330**
Other receivables	30,471	34,464
Other liabilities	(18,475)	(18,295)
Net working capital	**76,429**	**77,499**
Tangible fixed assets	64,555	65,391
Intangible fixed assets	132,788	138,073
Investments	30	30
Other long term receivables	4,794	2,621
Fixed assets	**202,167**	**206,116**
Post employment benefits	(7,536)	(8,999)
Long term provisions	(1,167)	(1,098)
Assets available for sale	517	437
Liabilities available for sale	(329)	
Other long term liabilities	(14,045)	(14,241)
Deferred tax assets	13,156	11,522
Deferred tax liabilities	(37,173)	(37,419)
NET CAPITAL INVESTED	**232,020**	**233,816**
Capital issued	25,371	25,371
Other reserves	119,633	118,027
Profits/(Losses) carried-forward	(15,033)	(10,011)
Profit/(Loss) for the period	(3,198)	(3,028)
Group share capital and reserves	**126,775**	**130,359**
Minority interests	16,644	15,538
Shareholders' equity	**143,419**	**145,897**
Short term financial receivables	(1,000)	(3,500)
Liquid assets	(7,524)	(5,362)
Long term financial payables	15,559	4,007
Long term financial receivables	(1,574)	(1,691)
Short term financial payables	83,140	94,465
NET FINANCIAL POSITION	**88,601**	**87,918**
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	**232,020**	**233,815**

(*) Following the retrospective application of the amendment to IAS 19, the comparative figures at 31 December 2012 have been restated as required by IAS 1. More specifically, the figure for closing equity reported in the Consolidated Financial Statements at 31 December 2012 has decreased by €1.050 million, of which €1.039 million relating to Equity attributable to owners of the parent and €0.011 million relating to Non-controlling interest.

CONSOLIDATED CASH FLOW STATEMENT

(In thousands of Euro)	**FY 13**	**FY 12 (*)**
OPENING BALANCE	**5,362**	**8,444**
Profit before taxes	(717)	1,357
Amortizations, provisions and depreciations	14,571	13,966
Accruals (availments) of long term provisions and post employment benefits	(1,099)	859
Taxes	(3,029)	(3,989)
Financial incomes and financial charges	6,745	7,464
Change in operating assets and liabilities	(499)	(11,420)
NET CASH FLOW FROM OPERATING ASSETS	**15,972**	**8,237**
Increase (decrease) in intangible fixed assets	(2,185)	(587)
Increase (decrease) in tangible fixed assets	(5,044)	3,324
Investments and Write-downs (-)/Disinvestments and Revaluations (+)		7,275
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	**(7,229)**	**10,012**
Other changes in reserves and profit carried-forward to shareholders'equity	(507)	(915)
Proceeds (repayment) of financial payments	227	(8,055)
Increase (decrease) in long term financial receivables	444	(4,897)
Financial incomes and financial charges	(6,745)	(7,464)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	**(6,581)**	**(21,331)**
CLOSING BALANCE	**7,524**	**5,362**

(*) Following the retrospective application of the amendment to IAS 19, the comparative figures at 31 December 2012 have been restated as required by IAS 1. More specifically, the figure for closing equity reported in the Consolidated Financial Statements at 31 December 2012 has decreased by €1.050 million, of which €1.039 million relating to Equity attributable to owners of the parent and €0.011 million relating to Non-controlling interest.

AEFFE S.P.A. INCOME STATEMENT

(In thousands of Euro)	FY 13	%	FY 12	%	Change	Change %
Revenues from sales and services	**114,806**	**100.0%**	**125,186**	**100.0%**	**(10,380)**	**(8.3%)**
Other revenues and income	5,615	4.9%	4,990	4.0%	625	12.5%
Total Revenues	**120,421**	**104.9%**	**130,176**	**104.0%**	**(9,755)**	**(7.5%)**
Total operating costs	(114,307)	(99.6%)	(119,571)	(95.5%)	5,264	(4.4%)
EBITDA	**6,114**	**5.3%**	**10,605**	**8.5%**	**(4,491)**	**(42.3%)**
Total Amortization and Write-downs	(6,571)	(5.7%)	(2,778)	(2.2%)	(3,793)	136.5%
EBIT	**(457)**	**(0.4%)**	**7,827**	**6.3%**	**(8,284)**	**(105.8%)**
Total Financial Income /(expenses)	(4,722)	(4.1%)	(5,220)	(4.2%)	498	(9.5%)
Profit/(Loss) before taxes	**(5,179)**	**(4.5%)**	**2,607**	**2.1%**	**(7,786)**	**(298.7%)**
Taxes	(105)	(0.1%)	(1,447)	(1.2%)	1,342	(92.7%)
Profit/(Loss) Net of taxes	**(5,284)**	**(4.6%)**	**1,160**	**0.9%**	**(6,444)**	**(555.5%)**

AEFFE S.P.A. RECLASSIFIED BALANCE SHEET

(In thousands of Euro)	**FY 13**	**FY 12 (*)**
Trade receivables	59,406	65,358
Stock and inventories	24,865	23,945
Trade payables	(62,021)	(69,657)
Operating net working capital	**22,250**	**19,646**
Other receivables	17,087	22,314
Other liabilities	(6,479)	(7,774)
Net working capital	**32,858**	**34,186**
Tangible fixed assets	44,630	46,391
Intangible fixed assets	4,172	4,134
Investments	103,018	103,951
Other long term receivables	41,780	41,857
Fixed assets	**193,600**	**196,333**
Post employment benefits	(4,421)	(5,209)
Long term provisions	(357)	(417)
Other long term liabilities	(4,812)	(5,058)
Deferred tax assets	3,792	3,556
Deferred tax liabilities	(8,034)	(7,794)
NET CAPITAL INVESTED	**212,626**	**215,597**
Capital issued	25,371	25,371
Other reserves	111,413	110,141
Profits/(Losses) carried-forward	2,175	2,175
Profit/(Loss) for the period	(5,284)	1,160
Shareholders' equity	**133,675**	**138,847**
Liquid assets	(309)	(40)
Long term financial payables	15,488	3,919
Short term financial payables	63,772	72,871
NET FINANCIAL POSITION	**78,951**	**76,750**
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	**212,626**	**215,597**

(*) Following the retrospective application of the amendment to IAS 19, the comparative figures at 31 December 2012 have been restated as required by IAS 1. More specifically, the figure for closing equity reported in the Financial Statements at 31 December 2012 has decreased by Eur 531,576.

AEFFE S.P.A. CASH FLOW STATEMENT

(In thousands of Euro)	**FY 13**	**FY 12 (*)**
OPENING BALANCE	**40**	**105**
Result before taxes	(5,179)	2,607
Amortizations, provisions and depreciations	5,462	2,778
Accruals (availments) of long term provisions and post employment benefits	(847)	570
Taxes	(693)	(2,135)
Financial incomes and financial charges	4,722	5,220
Change in operating assets and liabilities	(2,382)	8,105
NET CASH FLOW FROM OPERATING ASSETS	**1,083**	**17,145**
Increase (decrease) in intangible fixed assets	(437)	(256)
Increase (decrease) in tangible fixed assets	(357)	(944)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	2,042	(1,001)
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	**1,248**	**(2,201)**
Other changes in reserves and profit carried-forward to shareholders'equity	112	(600)
Proceeds (repayment) of financial payments	2,471	(9,513)
Increase (decrease) in long term financial receivables	77	323
Financial incomes and financial charges	(4,722)	(5,220)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	**(2,062)**	**(15,009)**
CLOSING BALANCE	**309**	**40**

(*) Following the retrospective application of the amendment to IAS 19, the comparative figures at 31 December 2012 have been restated as required by IAS 1. More specifically, the figure for closing equity reported in the Financial Statements at 31 December 2012 has decreased by Eur 531,576.