AEFFE

**PRESS RELEASE**

## AEFFE: In First Semester 2015 Growth In Sales Confirmed, Driven By United States and China

**San Giovanni in Marignano, 30 July 2015 -** The Board of Directors of Aeffe SpA approved today the Group's Report for the First Half of 2015. 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, Philosophy di Lorenzo Serafini, Moschino, Pollini, Emanuel Ungaro and Cédric Charlier.
The Board of Directors of Aeffe S.p.A. has approved today also the merger by way of incorporation of the 100% controlled subsidiary Nuova Stireria Tavoleto S.r.l.

- **Consolidated revenues of €128.7m, compared to €121.1m in 1H 2014 (+6.3% at current exchange rate and +4.4% at constant exchange rate**
- **Ebitda of €9.8m, compared to €12.6m in 1H 2014**
- **Profit before taxes of €1.68m, compared to a profit of €2.7m in 1H 2014**
- **Net Profit for the Group of €0.03m, compared to a net profit of €0.15m in 1H 2014**
- **Net financial debt of €98.1m, compared to €89.9m as of June 30, 2014 (€83.6m as of December 31, 2014)**

**Consolidated Revenues**

In the first semester of 2015, AEFFE consolidated revenues amounted to €128.7m compared to €121.1m in the first semester of 2014, with a 6.3% increase at current exchange rates (+4.4% at constant exchange rates).

Revenues of the prêt-à-porter division amounted to €99.5m, up by 5% at current exchange rates and by 2.5% at constant exchange rates compared to 1H 2014.
Revenues of the footwear and leather goods division increased by 22% to €46m, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: "*In light of the continued appreciation of the market, also witnessed by a 7% increase in the orders' backlog for the next Autumn/Winter collections, we have conceived a development plan designed to capitalize on the positive momentum for the Group, through the identification of opportunities for growth in the medium-long term. In a global and very competitive market, we believe it is the right time to undertake specific investments to promote the desirability and the distinctiveness of our brands, both in terms of visibility and positioning and retail distribution expansion* ".

**Revenues Breakdown by Region**

| *(In thousands of Euro)* | **1H 15 Reported** | **1H 14 Reported** | **% Change** | **% Change*** |
|---|---|---|---|---|
| Italy | 57,134 | 52,925 | 8.0% | 8.0% |
| Europe (Italy and Russia excluded) | 28,657 | 28,416 | 0.8% | (0.4%) |
| Russia | 4,666 | 9,482 | (50.8%) | (50.8%) |
| United States | 9,729 | 7,100 | 37.0% | 14.6% |
| Japan | 3,889 | 3,223 | 20.6% | 20.6% |
| Rest of the World | 24,647 | 19,919 | 23.7% | 21.6% |
| **Total** | **128,723** | **121,065** | **6.3%** | **4.4%** |

(*) Calculated at constant exchange rates

In 1H 2015, sales in Italy, amounting to 44.4% of consolidated sales, registered a very positive trend compared to 1H 2014, posting a 8.0% increase to €57.1m.
At constant exchange rates, sales in Europe, contributing to 22.3% of consolidated sales, decreased by 0.4%.
The Russian market, representing 3.6% of consolidated sales, declined by 50.8%, solely due to current difficulties of the domestic economic situation.
Sales in the United States, contributing to 7.6% of consolidated sales, posted in the first semester 2015 an important growth of 14.6% at constant exchange rates.
Also Japanese sales, contributing to 3% of consolidated sales, registered a significant increase, posting a 20.6% growth.
In the Rest of the World, the Group's sales totalled €24.6m, amounting to 19.1% of consolidated sales, recording an increase of 21.6% compared to 1H 2014, especially thanks to the excellent performance in Greater China, which posted a 67.8% growth.

**Network of Monobrand Stores**

| *DOS* | 1H 15 | FY 14 |
|---|---|---|
| Europe | 49 | 47 |
| United States | 2 | 1 |
| Asia | 12 | 12 |
| Total | 63 | 60 |

| *Franchising* | 1H 15 | FY 14 |
|---|---|---|
| Europe | 49 | 54 |
| United States | 3 | 3 |
| Asia | 135 | 129 |
| Total | 187 | 186 |

**Operating and Net Result Analysis**

In 1H 2015 consolidated Ebitda was equal to €9.8m (with an incidence of 8% of consolidated sales), compared to €12.5m in 1H 2014 (10% of total sales), with a €2.8m decrease (-22%), mainly driven by the *prêt-à-porter* division.
In detail, in 1H 2015 Ebitda of the *prêt-à-porter* division amounted to €5.5m (representing 5.7% of sales), compared to €10.6m in 1H 2014 (11.2% of sales), with a €5.1m decrease.
Key factors which influenced this trend were as follows: a) initiatives to relaunch Philosophy brand following the change of the creative direction, together with events dedicated to Moschino brand to promote the new men's collection which will be produced in house starting from the Autumn/Winter 2015 season; b) increase in marketing and advertising activities aimed at further enhancing Moschino brand; c) discounts granted to Russian customers to support them in the current difficult economic local situation; d) investments in retail and staff for the new Moschino boutiques in Los Angeles and in Milan.
In 1H 2015 Ebitda of the footwear and leather goods division was of €4.2m (9% of sales), compared to an Ebitda of €1.9m in 1H 2014 (5% of sales), with a €2.3m improvement, attributable to the excellent sales growth.
Consolidated Ebit was equal to €3.4m, compared to €6.2m in 1H 2014, with a €2.8m decrease.

In the first semester of 2015 there was an important reduction of the financial expenses that amounted to €1.7m from €3.5m in the first half of 2014, with a 50.8% decrease.
In the first semester 2015 the Group posted a Net Profit of €0.03m, compared to the net profit of €0.15m in 1H 2014.

**Balance Sheet Analysis**

Looking at the balance sheet as of June 30, 2015, Shareholders' equity was equal to €130.1m and net financial debt amounted to €98.1m compared to €89.9m as of June 30, 2014 (€83.6m as of December 31, 2014). The increase in net financial debt compared to 1H 2014 referred mainly to the increase in net working capital and to higher capex of the period.
As of June 30, 2015 operating net working capital amounted to €80.1m (30.9% of LTM sales) compared to €70.3m as of June 30, 2014 (28.2% of sales).
The percentage increase on sales was mainly related to the increase in inventories driven, in turn, by the growth of the sales of the period and of orders' backlog for Autumn/Winter 2015 collections compared to the corresponding seasons of 2014.
Capex in 1H 2015 amounted to €4.3m and were mainly related to maintenance and stores' refurbishment.

**Other information**

According to law and its By-laws, the Board of Directors of Aeffe S.p.A. approved today, the merger by way of incorporation into the Company of the fully owned subsidiary Nuova Stireria Tavoleto S.r.l.; the merger has been approved today also by the shareholders' meeting of the merging subsidiary.
After the lapse of the term provided by article 2503 of the Italian Civil Code, the deed of merger shall be signed and shall be published according to law.
The documentation regarding the merger is available to the public at the registered office and in the Company's website www.aeffe.com (section "Company Documents").
The minutes of the resolution shall be made available to the public within the terms provided by the applicable regulations.
Additional information may be found in the press release dated 24th June 2015 and in the "Company Documents " section of the Company's website www.aeffe.com.

Income Statement, Reclassified Balance Sheet and Cash Flow Statement are attached below.
1H 2015 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 2015 are available at the following link: http://www.aeffe.com/aeffeHome.php?lang=eng

"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 15** | **%** | **1H 14** | **%** | **Change** | **Change %** |
|---|---|---|---|---|---|---|
| **Revenues from sales and services** | **128,723** | **100.0%** | **121,065** | **100.0%** | **7,658** | **6.3%** |
| Other revenues and income | 3,287 | 2.6% | 2,026 | 1.7% | 1,261 | 62.2% |
| **Total Revenues** | **132,009** | **102.6%** | **123,091** | **101.7%** | **8,919** | **7.2%** |
| Total operating costs | (122,245) | (95.0%) | (110,520) | (91.3%) | (11,725) | 10.6% |
| **EBITDA** | **9,764** | **7.6%** | **12,570** | **10.4%** | **(2,806)** | **(22.3%)** |
| Total Amortization and Write-downs | (6,337) | (4.9%) | (6,288) | (5.2%) | (50) | 0.8% |
| **EBIT** | **3,426** | **2.7%** | **6,283** | **5.2%** | **(2,856)** | **(45.5%)** |
| Total Financial Income/(expenses) | (1,742) | (1.4%) | (3,537) | (2.9%) | 1,795 | (50.8%) |
| **Profit/(Loss) before taxes** | **1,685** | **1.3%** | **2,746** | **2.3%** | **(1,061)** | **(38.6%)** |
| Taxes | (1,586) | (1.2%) | (2,095) | (1.7%) | 510 | (24.3%) |
| **Net Profit/(Loss) net of taxes** | **99** | **0.1%** | **650** | **0.5%** | **(551)** | **(84.8%)** |
| (Profit)/Loss attributable to minority shareholders | (64) | (0.0%) | (500) | (0.4%) | 436 | (87.2%) |
| **Net Profit/(Loss) for the Group** | **35** | **0.0%** | **150** | **0.1%** | **(116)** | **(76.9%)** |

| (In thousands of Euro) | 1H 15 | FY 14 | 1H 14 |
|---|---|---|---|
| Trade receivables | 38,184 | 36,885 | 36,464 |
| Stock and inventories | 93,887 | 83,867 | 78,628 |
| Trade payables | (51,917) | (55,052) | (44,827) |
| **Operating net working capital** | **80,154** | **65,700** | **70,265** |
| Other receivables | 37,616 | 33,413 | 32,502 |
| Other liabilities | (19,856) | (17,444) | (19,488) |
| **Net working capital** | **97,914** | **81,668** | **83,279** |
| Tangible fixed assets | 64,051 | 63,771 | 63,827 |
| Intangible fixed assets | 125,624 | 127,927 | 130,092 |
| Investments | 132 | 80 | 30 |
| Other long term receivables | 4,510 | 4,701 | 4,784 |
| **Fixed assets** | **194,317** | **196,479** | **198,734** |
| Post employment benefits | (7,001) | (7,458) | (7,040) |
| Long term provisions | (968) | (2,047) | (1,356) |
| Assets available for sale | 437 | 437 | 437 |
| Liabilities available for sale | | | |
| Other long term liabilities | (14,511) | (14,080) | (14,045) |
| Deferred tax assets | 12,681 | 13,368 | 12,047 |
| Deferred tax liabilities | (36,666) | (36,829) | (37,132) |
| **NET CAPITAL INVESTED** | **246,202** | **231,538** | **234,923** |
| Capital issued | 25,371 | 25,371 | 25,371 |
| Other reserves | 114,087 | 115,286 | 115,266 |
| Profits/(Losses) carried-forward | (9,406) | (13,342) | (12,947) |
| Profit/(Loss) for the period | 35 | 2,742 | 150 |
| **Group share capital and reserves** | **130,087** | **130,057** | **127,841** |
| Minority interests | 17,979 | 17,915 | 17,144 |
| **Shareholders' equity** | **148,066** | **147,972** | **144,985** |
| Short term financial receivables | (2,216) | (1,000) | (1,000) |
| Liquid assets | (7,963) | (6,692) | (5,606) |
| Long term financial payables | 17,699 | 12,752 | 13,910 |
| Long term financial receivables | (1,949) | (1,718) | (1,416) |
| Short term financial payables | 92,565 | 80,224 | 84,050 |
| **NET FINANCIAL POSITION** | **98,136** | **83,567** | **89,938** |
| **SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS** | **246,202** | **231,538** | **234,923** |

| *(In thousands of Euro)* | **1H 15** | **FY 14** | **1H 14** |
|---|---|---|---|
| **OPENING BALANCE** | **6,692** | **7,524** | **7,524** |
| Profit (Loss) before taxes | 1,685 | 6,113 | 2,746 |
| Amortizations, provisions and depreciations | 6,237 | 13,657 | 6,288 |
| Accruals (availments) of long term provisions and post employment benefits | ( 1,535) | 507 | ( 602) |
| Taxes | ( 1,437) | ( 3,584) | ( 2,124) |
| Financial incomes and financial charges | 1,742 | 5,916 | 3,537 |
| Change in operating assets and liabilities | ( 15,440) | ( 5,651) | ( 5,787) |
| **NET CASH FLOW FROM OPERATING ASSETS** | **( 8,748)** | **16,958** | **4,058** |
| Increase (decrease) in intangible fixed assets | ( 1,273) | ( 2,129) | ( 732) |
| Increase (decrease) in tangible fixed assets | ( 2,942) | ( 4,468) | ( 1,805) |
| Investments and Write-downs (-)/Disinvestments and Revaluations (+) | ( 51) | ( 50) | ( 247) |
| **CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES** | **( 4,266)** | **( 6,647)** | **( 2,784)** |
| Other changes in reserves and profit carried-forward to shareholders'equity | ( 5) | 547 | 916 |
| Proceeds (repayment) of financial payments | 17,288 | ( 5,723) | ( 739) |
| Increase (decrease) in financial receivables | ( 1,256) | ( 51) | 168 |
| Financial incomes and financial charges | ( 1,742) | ( 5,916) | ( 3,537) |
| **CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES** | **14,285** | **( 11,143)** | **( 3,192)** |
| **CLOSING BALANCE** | **7,963** | **6,692** | **5,606** |