

AEFFE

PRESS RELEASE

AEFFE: Double-Digit Growth Of All Economic Indicators In The First Quarter Of 2018.

Sales At €95.2m (+20.3% At Constant Exchange Rates), Ebitda At €20.3m (+32.0%) And Net Profit For The Group At €11.3m (+39%)

San Giovanni in Marignano, 10 May 2018 - The Board of Directors of Aeffe SpA approved today the Interim consolidated financial statement as of March 31, 2018. 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, Jeremy Scott and Cédric Charlier.

- Consolidated revenues of €95.2m, compared to €79.6m in Q1 2017, with a 20.3% increase at constant exchange rates (+19.7% at current exchange rates)
- Ebitda of €20.3m (21.4% on consolidated sales), compared to €15.4m in Q1 2017 (19.4% on consolidated sales), with a €4.9m improvement (+32.0%)
- Net Profit for the Group of €11.3m, compared to €8.1m in Q1 2017, with a €3.2m improvement (+39%)
- Net financial debt of €53.8m, compared to €64.4m as of March 31, 2017, with a €10.6m improvement (€50.6m as at 31st December, 2017)
- Orders' backlog of the upcoming Autumn/Winter 2018/2019 collections +12%

Consolidated Revenues

In Q1 2018, AEFFE consolidated revenues amounted to €95.2m compared to €79.6m in Q1 2017, with a 19.7% increase at current exchange rates (+20.3% at constant exchange rates).

Revenues of the prêt-à-porter division amounted to €72.1m, up by 17.5% at current exchange rates compared to Q1 2017 (+18.3% at constant exchange rates).

Revenues of the footwear and leather goods division increased by 26.2%, equal to Euro 32m.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: *"The Group is focused on a constant organic growth path for proprietary brands and the continuous progression of revenues and profitability, both in prêt-à-porter and footwear and leather goods divisions, demonstrates the effectiveness of our stylistic proposal along with management and investments strategies implemented. Considering that the Fall/Winter 2018-2019 season sales campaign ended with an increase of 12%, we continue to look forward positively"*.

Revenues Breakdown by Region

<i>(In thousands of Euro)</i>	1Q 18 Reported	1Q 17 Reported	% Change	% Change*
Italy	45.318	38.336	18,2%	18,2%
Europe (Italy and Russia excluded)	20.642	17.972	14,9%	15,0%
Russia	2.882	2.559	12,6%	12,6%
United States	4.914	5.904	(16,8%)	(11,0%)
Rest of the World	21.472	14.795	45,1%	45,9%
Total	95.227	79.565	19,7%	20,3%

(*) Calculated at constant exchange rates

In Q1 2018 sales in Italy, amounting to 47.6% of consolidated sales, registered a very positive trend compared to Q1 2017 posting an 18.2% increase to €45.3m.

At constant exchange rates, sales in Europe, contributing to 21.7% of consolidated sales, registered a 15% growth, driven especially by the good performance in UK, Germany and Spain.

The Russian market, representing 3.0% of consolidated sales, grew by 12.6%, showing a good recovery compared to last year.

Sales in the United States, contributing to 5.2% of consolidated sales, posted a decrease of 11.0% at constant exchange rates in Q1 2018. This change was mainly due to the slowdown in sales in the department stores.

In the Rest of the World, the Group's sales totalled €21.5m, amounting to 22.5% of consolidated sales, recording an increase of 45.9% compared to Q1 2017, especially thanks by excellent trend in Greater China which posted a 67.8%.

Revenues by distribution channel

<i>(In thousands of Euro)</i>	1Q 18 Reported	1Q 17 Reported	% Change	% Change*
Wholesale	71.172	57.507	23,8%	24,4%
Retail	21.543	19.948	8,0%	8,5%
Royalties	2.512	2.111	19,0%	19,0%
Total	95.227	79.565	19,7%	20,3%

(*) Calculated at constant exchange rates

By distribution channel, in Q1 2018, wholesale revenues grew by 24.4% at constant exchange rates (+23.8% at current exchange rates), contributing to 74.7% of consolidated sales.

The sales of our directly-operated stores (DOS) increased by 8.5% at constant exchange rates (+8.0% at current exchange rates) and contributed to 22.6% of consolidated sales. Royalty incomes increased by 19.0% compared to Q1 2017 and represented 2.6% of consolidated sales.

Network of Monobrand Stores

DOS	1Q 18	FY 17	Franchising	1Q 18	FY 17
Europe	44	44	Europe	45	49
Americas	2	3	Americas	1	1
Asia	17	16	Asia	135	135
Total	63	63	Total	181	185

The total network of directly operated stores (DOS) remained unchanged compared with the end of 2017. As far as the franchised stores is concerned, the change mainly regarded the European market with some closures in Italy and Spain.

Operating and Net Result Analysis

In Q1 2018 the Group posted a strong improvement in margins; consolidated Ebitda was equal to €20.3m (with an incidence of 21.4% of consolidated sales), compared to €15.4m in Q1 2017 (19.4% of total sales), with a €4.9m increase (+32%). The improvement in profitability was mainly driven by sales growth of both divisions. Ebitda of the *prêt-à-porter* division amounted to €14.8m (representing 20.5% of sales), compared to €11.9m in Q1 2017 (19.4% of sales), posting a €2.9m increase.

Ebitda of the footwear and leather goods division amounted to €5.6m (17.4% of sales) compared to a €3.5m in Q1 2017 (13.9% of sales), with a €2.1m increase.

Consolidated Ebit was equal to €17.3m, compared to €12.5m in Q1 2017, with a €4.8m increase (+39%).

In Q1 2018 net financial charges amounted to €0.5m, compared to €0.3m in Q1 2017.

Thanks to the improvement in operating profit, in Q1 2018 Profit before taxes amounted to €16.9m compared with Profit before taxes of €12.2m in Q1 2017, with a €4.7m increase (+39%).

Net profit of the Group was equal to €11.3m, compared to the Net Profit for the Group of €8.1m in Q1 2017, with a €3.2m improvement (+39%).

Balance Sheet Analysis

Looking at the balance sheet as of March 31, 2018, Shareholders' equity is equal to €157.4m and net financial debt amounts to €53.8m compared to €64.4m as of March 31, 2017, with a €10.6m improvement (€50.6m as of December 31, 2017). The financial debt decrease compared to Q1 2017 refers mainly to the better operating cash flow.

As of March 31, 2018 operating net working capital amounts to €88.2m (26.9% of LTM sales) compared to €84.0m as of March 31, 2017 (29.6% of sales).

The reduction of the incidence on sales is mainly related to the better management of the operating net working capital.

Capex in Q1 2018 amount to €5.1m and are mostly related to the maintenance and stores' refurbishment and the acquisition of the building located in Capri where the group has been managing for several years a directly operated store under Moschino brand.

Other Information

Income Statement, Reclassified Balance Sheet and Cash Flow Statement are attached below. It is specified that financial data included in the Consolidated Interim Report of this press release have not been audited by the Auditors' company.

Please note that the Interim Consolidated Financial Statements and the Results Presentation at 31 March 2018 are available at the following link: <http://www.aeffe.com/aeffeHome.php?pattern=11&lang=ita>, as well as on the authorized storage site www.emarketstorage.com.

It is also communicated that in the same way the minutes of the Meeting of the company on 12th April 2018 is now available for the consultation on the company's website, section Investor Relations/Company Documents, link: <http://www.aeffe.com/aeffeHome.php?pattern=78&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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GROUP'S PROFIT & LOSS

(In thousands of Euro)

	1Q 18	%	1Q 17	%	Change	Change %
Revenues from sales and services	95.227	100,0%	79.565	100,0%	15.662	19,7%
Other revenues and income	900	0,9%	1.848	2,3%	(947)	(51,3%)
Total Revenues	96.127	100,9%	81.413	102,3%	14.715	18,1%
Total operating costs	(75.781)	(79,6%)	(65.967)	(82,9%)	(9.814)	14,9%
EBITDA	20.346	21,4%	15.446	19,4%	4.901	31,7%
Total Amortization and Write-downs	(2.996)	(3,1%)	(2.926)	(3,7%)	(70)	2,4%
EBIT	17.350	18,2%	12.519	15,7%	4.831	38,6%
Total Financial Income /(expenses)	(450)	(0,5%)	(283)	(0,4%)	(167)	59,0%
Profit before taxes	16.900	17,7%	12.236	15,4%	4.664	38,1%
Taxes	(5.056)	(5,3%)	(3.533)	(4,4%)	(1.523)	43,1%
Net Profit	11.844	12,4%	8.704	10,9%	3.140	36,1%
Profit attributable to minority shareholders	(559)	(0,6%)	(565)	(0,7%)	5	(1,0%)
Net Profit for the Group	11.285	11,9%	8.139	10,2%	3.146	38,7%

GROUP'S BALANCE SHEET

<i>(migliaia di Euro)</i>	31.3.2018	31.12.2017	31.3.2017
Crediti commerciali	49.263	42.065	42.536
Rimanenze	97.830	97.818	95.033
Debiti commerciali	(58.887)	(68.619)	(53.567)
CCN operativo	88.206	71.264	84.002
Altri crediti	32.517	32.325	29.280
Altre passività	(25.900)	(22.251)	(24.641)
Capitale circolante netto	94.823	81.338	88.641
Immobilizzazioni materiali	58.487	59.104	60.820
Immobilizzazioni immateriali	108.370	109.679	113.833
Investimenti	132	132	132
Altri crediti a lungo termine	3.167	3.564	3.720
Attivo immobilizzato	170.156	172.479	178.505
Benefici successivi alla cessazione del rapporto di lavoro	(5.892)	(5.916)	(6.185)
Fondi a lungo termine	(2.456)	(2.415)	(2.384)
Attività disponibili per la vendita	4.551	437	437
Passività disponibili per la vendita			
Altri debiti non correnti	(733)	(788)	(446)
Attività fiscali per imposte anticipate	14.200	14.336	12.962
Passività fiscali per imposte differite	(30.525)	(30.437)	(30.770)
CAPITALE INVESTITO NETTO	244.124	229.034	240.759
Capitale emesso	25.371	25.371	25.371
Altre riserve	122.420	116.229	116.951
Utili/(perdite) accumulati	(1.663)	(6.957)	(6.956)
Risultato d'esercizio	11.284	11.490	8.139
Capitale e riserve di gruppo	157.412	146.133	143.505
Quota di pertinenza di terzi	32.866	32.307	32.863
Patrimonio netto	190.278	178.440	176.368
Crediti finanziari correnti	(1.420)	(1.420)	(2.257)
Cassa e disponibilità liquide	(25.931)	(22.809)	(13.216)
Debiti finanziari a lungo termine	18.295	22.080	25.479
Crediti finanziari a lungo termine	(2.518)	(2.592)	(3.347)
Debiti finanziari a breve termine	65.420	55.334	57.733
POSIZIONE FINANZIARIA NETTA	53.846	50.593	64.391
PATRIMONIO NETTO E INDEBITAMENTO FINANZIARIO NETTO	244.124	229.033	240.759

GROUP'S CASH FLOW

(In thousands of Euro)

	1Q 18	FY 17	1Q 17
OPENING BALANCE	22.809	14.521	14.521
Profit before taxes	16.900	18.939	12.236
Amortizations, provisions and depreciations	2.943	13.876	2.877
Accruals (availments) of long term provisions and post employment benefits	17	(594)	(356)
Taxes	(1.114)	(12.230)	(1.029)
Financial incomes and financial charges	450	3.757	283
Change in operating assets and liabilities	(17.258)	(6.509)	(17.427)
NET CASH FLOW FROM OPERATING ASSETS	1.938	17.239	(3.416)
Increase (decrease) in intangible fixed assets	(315)	(1.102)	(362)
Increase (decrease) in tangible fixed assets	(702)	(2.732)	(660)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	(4.114)		
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(5.131)	(3.834)	(1.022)
Other changes in reserves and profit carried-forward to shareholders'equity	(6)	(1.131)	(405)
Proceeds (repayment) of financial payments	6.301	(2.241)	3.557
Increase (decrease) financial receivables	470	2.013	264
Financial incomes and financial charges	(450)	(3.758)	(283)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	6.315	(5.117)	3.133
CLOSING BALANCE	25.931	22.809	13.216