



**AEFFE**

**INTERIM FINANCIAL STATEMENT AT 30 SEPTEMBER 2016**

*Disclaimer*

*This Interim financial statement has been translated into English solely for the convenience of the International reader. In the event of conflict or inconsistency between the terms used in the Italian Version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.*

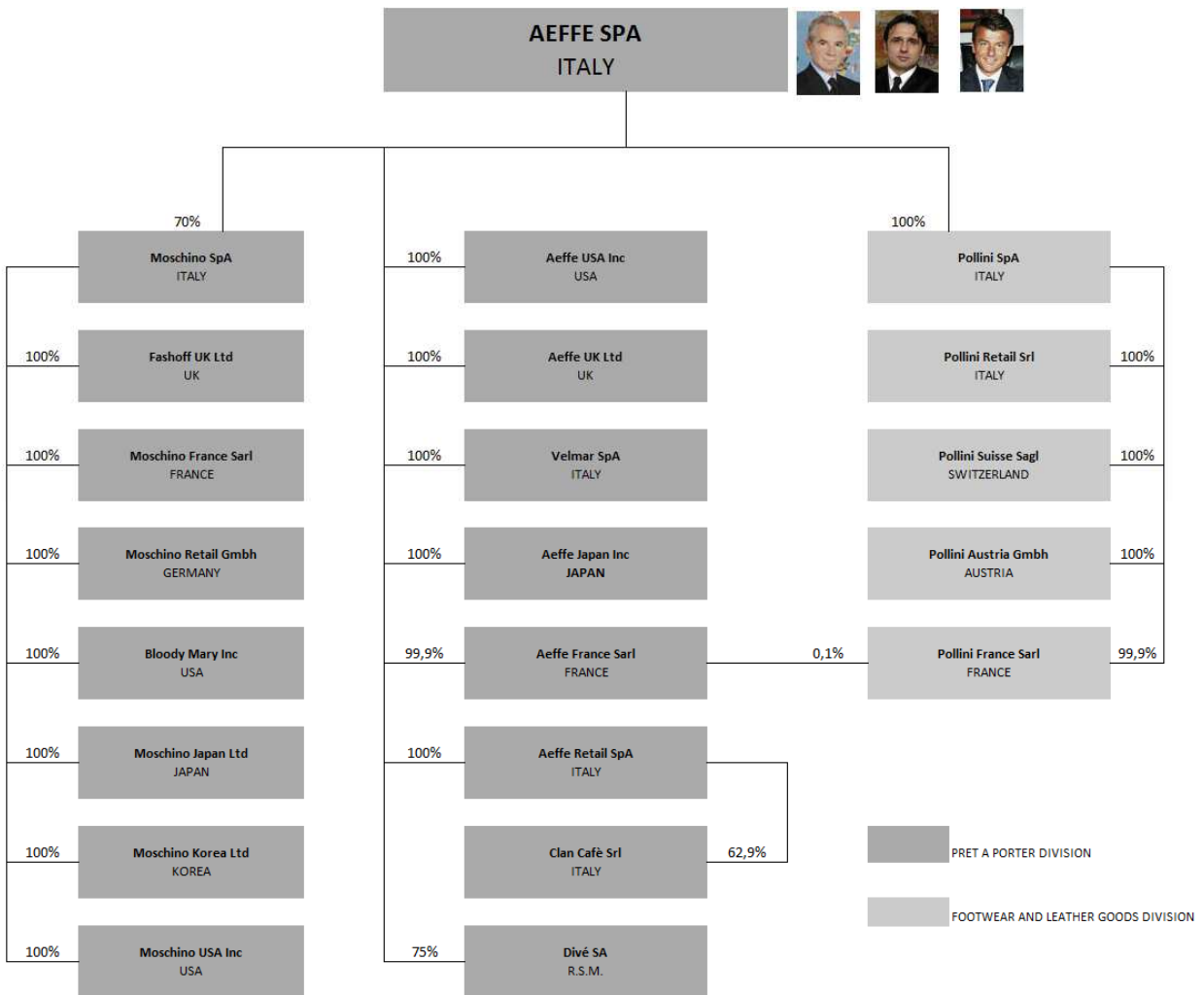
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# Corporate Boards of the Parent Company

Board of Directors	<b>Chairman</b> Massimo Ferretti
	<b>Deputy Chairman</b> Alberta Ferretti
	<b>Chief Executive Officer</b> Simone Badioli
	<b>Directors</b> Marcello Tassinari – Managing Director Roberto Lugano Pierfrancesco Giustiniani Marco Salomoni Sabrina Borocci
Board of Statutory Auditors	<b>President</b> Fernando Ciotti
	<b>Statutory Auditors</b> Daniela Saitta Luca Sapucci
	<b>Alternate Auditors</b> Barbara Ceppellini
Board of Compensation Committee	<b>President</b> Sabrina Borocci
	<b>Members</b> Roberto Lugano Pierfrancesco Giustiniani
Board of Internal Control Committee	<b>President</b> Roberto Lugano
	<b>Members</b> Sabrina Borocci Pierfrancesco Giustiniani

# Organisation chart



## Brands portfolio

**AEFFE**

Apparel- Accessories

**ALBERTA FERRETTI**

**PHILOSOPHY**  
DI  
LORENZO SERAFINI

**MOSCHINO®**

**BOUTIQUE  
MOSCHINO**

NEW YORK  
**JEREMY  
SCOTT**  
BRAND

**CEDRIC CHARLIER**

**POLLINI**

Footwear – Leather goods

**MOSCHINO**

Licences – Design

**VELMAR**

Beachwear - Lingerie

**POLLINI**

**MOSCHINO®**

**BOUTIQUE  
MOSCHINO**

**LOVE  
MOSCHINO**

**MOSCHINO®**

**BOUTIQUE  
MOSCHINO**

**LOVE  
MOSCHINO**

**MOSCHINO®**

*blugirl blugirl*  
beachwear      underwear

**FOLIES**  
BLUGIRL

## Headquarters

### **AEFFE**

Via Delle Querce, 51  
47842 - San Giovanni in Marignano (RN)  
Italy

### **MOSCHINO**

Via San Gregorio, 28  
20124 - Milan  
Italy

### **POLLINI**

Via Erbosa I° tratto, 92  
47030 - Gatteo (FC)  
Italy

### **VELMAR**

Via Delle Querce, 51  
47842 - San Giovanni in Marignano (RN)  
Italy



## Showrooms

### MILAN

(FERRETTI - POLLINI – CEDRIC CHARLIER)

Via Donizetti, 48

20122 - Milan

Italy

### MILAN

(MOSCHINO)

Via San Gregorio, 28

20124 - Milan

Italy

### LONDON

(FERRETTI - MOSCHINO)

28-29, Conduit Street

W1S 2YB - London

UK

### MILAN

(LOVE MOSCHINO)

Via Settembrini, 1

20124 - Milan

Italy

### PARIS

(FERRETTI - MOSCHINO - POLLINI)

43, Rue due Faubourg Saint Honoré

75008 - Paris

France

### PARIS

(CEDRIC CHARLIER)

28, Rue de Sevigne

75004 - Paris

France

### NEW YORK

(GROUP)

30, West 56th Street

10019 - New York

USA



## Main flagshipstore locations under direct management

### **ALBERTA FERRETTI**

Milan  
Rome  
Capri  
Paris  
London  
Los Angeles

### **POLLINI**

Milan  
Venice  
Bolzano  
Varese  
Verona

### **SPAZIO A**

Florence  
Venice

### **MOSCHINO**

Milan  
Rome  
Capri  
Paris  
London  
Los Angeles  
New York  
Seoul  
Pusan  
Daegu





## Main economic-financial data

		9 M	9 M
		2015	2016
Total revenues	(Values in millions of EUR)	209.7	219.1
Gross operating margin (EBITDA)	(Values in millions of EUR)	17.9	21.3
Net operating profit (EBIT)	(Values in millions of EUR)	8.4	12.2
Profit before taxes	(Values in millions of EUR)	5.7	10.5
Net profit for the Group	(Values in millions of EUR)	1.5	4.9
Basic earnings per share	(Values in units of EUR)	0.015	0.048
Cash Flow (net profit + depreciation)	(Values in millions of EUR)	8.0	8.0
Cash Flow/Total revenues	Ratio	3.8	3.6

		31 December	30 September	31 December	30 September
		2014	2015	2015	2016
Net capital invested	(Values in millions of EUR)	231.5	249.1	230.2	246.3
Net financial indebtedness	(Values in millions of EUR)	83.6	99.5	80.5	77.7
Group net equity	(Values in millions of EUR)	130.1	131.5	131.7	136.2
Group net equity per share	(Values in units of EUR)	1.2	1.2	1.2	1.3
Current assets/Current liabilities	Ratio	2.1	2.6	2.0	2.3
Current assets less invent./Current liabilities (ACID Test)	Ratio	1.0	1.2	0.9	1.0
Net financial indebtedness/Net equity	Ratio	0.6	0.7	0.5	0.5

## Financial statements

### Income statement at 30 September

(Values in units of EUR)	Notes	9 M 2016	% on revenues	9 M 2015	% on revenues	Change	%
<b>REVENUES FROM SALES AND SERVICES</b>	<b>(1)</b>	<b>213,760,278</b>	<b>100.0%</b>	<b>206,468,631</b>	<b>100.0%</b>	<b>7,291,647</b>	<b>3.5%</b>
Other revenues and income		5,351,329	2.5%	3,238,518	1.6%	2,112,811	65.2%
<b>TOTAL REVENUES</b>		<b>219,111,607</b>	<b>102.5%</b>	<b>209,707,149</b>	<b>101.6%</b>	<b>9,404,458</b>	<b>4.5%</b>
Changes in inventory		(1,275,361)	(0.6%)	1,159,694	0.6%	(2,435,055)	(210.0%)
Costs of raw materials, cons. and goods for resale		(67,514,447)	(31.6%)	(67,954,807)	(32.9%)	440,360	(0.6%)
Costs of services		(61,599,605)	(28.8%)	(58,592,608)	(28.4%)	(3,006,997)	5.1%
Costs for use of third parties assets		(17,396,075)	(8.1%)	(17,730,925)	(8.6%)	334,850	(1.9%)
Labour costs		(47,014,323)	(22.0%)	(45,237,851)	(21.9%)	(1,776,472)	3.9%
Other operating expenses		(3,016,646)	(1.4%)	(3,402,238)	(1.6%)	385,592	(11.3%)
Total Operating Costs		(197,816,457)	(92.5%)	(191,758,735)	(92.9%)	(6,057,722)	3.2%
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>(2)</b>	<b>21,295,150</b>	<b>10.0%</b>	<b>17,948,414</b>	<b>8.7%</b>	<b>3,346,736</b>	<b>18.6%</b>
Amortisation of intangible fixed assets		(5,099,837)	(2.4%)	(5,350,196)	(2.6%)	250,359	(4.7%)
Depreciation of tangible fixed assets		(3,829,411)	(1.8%)	(4,078,081)	(2.0%)	248,670	(6.1%)
Revaluations/(write-downs) and provisions		(152,948)	(0.1%)	(160,316)	(0.1%)	7,368	(4.6%)
Total Amortisation, write-downs and provisions		(9,082,196)	(4.2%)	(9,588,593)	(4.6%)	506,397	(5.3%)
<b>NET OPERATING PROFIT/LOSS (EBIT)</b>		<b>12,212,954</b>	<b>5.7%</b>	<b>8,359,821</b>	<b>4.0%</b>	<b>3,853,133</b>	<b>46.1%</b>
Financial income		398,794	0.2%	584,595	0.3%	(185,801)	(31.8%)
Financial expenses		(2,143,845)	(1.0%)	(3,261,142)	(1.6%)	1,117,297	(34.3%)
Total Financial Income/(expenses)		(1,745,051)	(0.8%)	(2,676,547)	(1.3%)	931,496	(34.8%)
<b>PROFIT/LOSS BEFORE TAXES</b>		<b>10,467,903</b>	<b>4.9%</b>	<b>5,683,274</b>	<b>2.8%</b>	<b>4,784,629</b>	<b>84.2%</b>
Taxes		(5,056,224)	(2.4%)	(3,969,755)	(1.9%)	(1,086,469)	27.4%
<b>NET PROFIT/LOSS</b>		<b>5,411,679</b>	<b>2.5%</b>	<b>1,713,519</b>	<b>0.8%</b>	<b>3,698,160</b>	<b>215.8%</b>
(Profit)/loss attributable to minority shareholders		(522,113)	(0.2%)	(173,731)	(0.1%)	(348,382)	200.5%
<b>NET PROFIT/LOSS FOR THE GROUP</b>	<b>(3)</b>	<b>4,889,566</b>	<b>2.3%</b>	<b>1,539,788</b>	<b>0.7%</b>	<b>3,349,778</b>	<b>217.5%</b>

## Income statement for the third quarter

(Values in units of EUR)	Notes	III Q 2016	% on revenues	III Q 2015	% on revenues	Change	%
<b>REVENUES FROM SALES AND SERVICES</b>	<b>(1)</b>	<b>75,977,610</b>	<b>100.0%</b>	<b>77,746,056</b>	<b>100.0%</b>	<b>(1,768,446)</b>	<b>(2.3%)</b>
Other revenues and income		(435,253)	(0.6%)	(48,166)	(0.1%)	(387,087)	803.7%
<b>TOTAL REVENUES</b>		<b>75,542,357</b>	<b>99.4%</b>	<b>77,697,890</b>	<b>99.9%</b>	<b>(2,155,533)</b>	<b>(2.8%)</b>
Changes in inventory		(1,332,445)	(1.8%)	(7,771,928)	(10.0%)	6,439,483	(82.9%)
Costs of raw materials, cons. and goods for resale		(22,318,093)	(29.4%)	(19,052,560)	(24.5%)	(3,265,533)	17.1%
Costs of services		(21,047,808)	(27.7%)	(21,032,329)	(27.1%)	(15,479)	0.1%
Costs for use of third parties assets		(5,878,684)	(7.7%)	(6,359,500)	(8.2%)	480,816	(7.6%)
Labour costs		(15,178,969)	(20.0%)	(14,509,720)	(18.7%)	(669,249)	4.6%
Other operating expenses		(717,026)	(0.9%)	(787,260)	(1.0%)	70,234	(8.9%)
<b>Total Operating Costs</b>		<b>(66,473,025)</b>	<b>(87.5%)</b>	<b>(69,513,297)</b>	<b>(89.4%)</b>	<b>3,040,272</b>	<b>(4.4%)</b>
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>(2)</b>	<b>9,069,332</b>	<b>11.9%</b>	<b>8,184,593</b>	<b>10.5%</b>	<b>884,739</b>	<b>10.8%</b>
Amortisation of intangible fixed assets		(1,653,363)	(2.2%)	(1,774,988)	(2.3%)	121,625	(6.9%)
Depreciation of tangible fixed assets		(1,284,052)	(1.7%)	(1,416,413)	(1.8%)	132,361	(9.3%)
Revaluations/(write-downs) and provisions		(68,224)	(0.1%)	(59,700)	(0.1%)	(8,524)	14.3%
<b>Total Amortisation, write-downs and provisions</b>		<b>(3,005,639)</b>	<b>(4.0%)</b>	<b>(3,251,101)</b>	<b>(4.2%)</b>	<b>245,462</b>	<b>(7.6%)</b>
<b>NET OPERATING PROFIT/LOSS (EBIT)</b>		<b>6,063,693</b>	<b>8.0%</b>	<b>4,933,492</b>	<b>6.3%</b>	<b>1,130,201</b>	<b>22.9%</b>
Financial income		192,341	0.3%	97,088	0.1%	95,253	98.1%
Financial expenses		(561,946)	(0.7%)	(1,032,078)	(1.3%)	470,132	(45.6%)
<b>Total Financial Income/(expenses)</b>		<b>(369,605)</b>	<b>(0.5%)</b>	<b>(934,990)</b>	<b>(1.2%)</b>	<b>565,385</b>	<b>(60.5%)</b>
<b>PROFIT/LOSS BEFORE TAXES</b>		<b>5,694,088</b>	<b>7.5%</b>	<b>3,998,502</b>	<b>5.1%</b>	<b>1,695,586</b>	<b>42.4%</b>
Taxes		(2,106,844)	(2.8%)	(2,383,831)	(3.1%)	276,987	(11.6%)
<b>NET PROFIT/LOSS</b>		<b>3,587,244</b>	<b>4.7%</b>	<b>1,614,671</b>	<b>2.1%</b>	<b>1,972,573</b>	<b>122.2%</b>
(Profit)/loss attributable to minority shareholders		(166,626)	(0.2%)	(109,540)	(0.1%)	(57,086)	52.1%
<b>NET PROFIT/LOSS FOR THE GROUP</b>	<b>(3)</b>	<b>3,420,618</b>	<b>4.5%</b>	<b>1,505,131</b>	<b>1.9%</b>	<b>1,915,487</b>	<b>127.3%</b>

## Reclassified balance sheet

(Values in units of EUR)	Notes	30 September 2016	31 December 2015	30 September 2015
Trade receivables		45,625,559	38,256,285	49,990,183
Stocks and inventories		88,774,058	89,988,199	87,440,303
Trade payables		(47,563,789)	(61,428,950)	(46,802,813)
<b>Operating net working capital</b>	<b>(4)</b>	<b>86,835,828</b>	<b>66,815,534</b>	<b>90,627,673</b>
Other short term receivables		24,029,761	26,254,111	24,781,336
Tax receivables		3,044,394	7,229,775	7,226,736
Other short term liabilities		(16,324,049)	(14,963,436)	(17,008,483)
Tax payables		(5,867,897)	(3,015,292)	(2,559,792)
<b>Net working capital</b>		<b>91,718,037</b>	<b>82,320,692</b>	<b>103,067,470</b>
Tangible fixed assets		61,526,689	63,260,612	63,692,176
Intangible fixed assets		116,429,921	122,820,750	124,214,974
Equity investments		131,666	131,558	131,557
Other fixed assets		3,800,742	4,265,083	4,430,133
<b>Fixed assets</b>	<b>(5)</b>	<b>181,889,018</b>	<b>190,478,003</b>	<b>192,468,840</b>
Post employment benefits		(6,422,600)	(6,551,605)	(6,871,403)
Provisions		(796,149)	(1,068,715)	(974,203)
Assets available for sale		436,885	436,885	436,885
Long term not financial liabilities		(285,000)	(14,330,132)	(14,480,132)
Deferred tax assets		11,068,217	11,089,214	12,461,981
Deferred tax liabilities		(31,328,334)	(32,207,692)	(36,984,235)
<b>NET CAPITAL INVESTED</b>		<b>246,280,074</b>	<b>230,166,650</b>	<b>249,125,203</b>
Share capital		25,371,407	25,371,407	25,371,407
Other reserves		114,796,600	114,336,595	114,040,678
Profits/(Losses) carried-forward		(8,883,005)	(9,486,229)	(9,405,881)
Profit/(Loss) of the period		4,889,566	1,522,096	1,539,788
<b>Group interest in shareholders' equity</b>		<b>136,174,568</b>	<b>131,743,869</b>	<b>131,545,992</b>
Minority interests in shareholders' equity		32,451,394	17,884,148	18,088,453
<b>Total shareholders' equity</b>	<b>(6)</b>	<b>168,625,962</b>	<b>149,628,017</b>	<b>149,634,445</b>
Short term financial receivables		(2,235,854)	(1,815,854)	(2,255,854)
Cash		(8,593,992)	(9,992,726)	(7,084,492)
Long term financial liabilities		20,531,492	18,393,626	16,799,601
Long term financial receivables		(3,216,724)	(2,031,138)	(1,945,640)
Short term financial liabilities		71,169,190	75,984,725	93,977,143
<b>NET FINANCIAL POSITION</b>	<b>(7)</b>	<b>77,654,112</b>	<b>80,538,633</b>	<b>99,490,758</b>
<b>SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS</b>		<b>246,280,074</b>	<b>230,166,650</b>	<b>249,125,203</b>

## Cash flow

(Values in thousands of EUR)	Notes	9 M 2016	9 M 2015
<b>OPENING BALANCE</b>		<b>9,993</b>	<b>6,692</b>
Profit / loss before taxes		10,468	5,683
Amortisation / write-downs		8,929	9,428
Accrual (+) / availment (-) of long term provisions and post employment benefits		( 402)	( 1,659)
Paid income taxes		( 3,062)	( 3,473)
Financial income (-) and financial charges (+)		1,745	2,677
Change in operating assets and liabilities		( 26,295)	( 20,434)
<b>CASH FLOW (ABSORBED) / GENERATED BY OPERATING ACTIVITY</b>		<b>( 8,617)</b>	<b>( 7,778)</b>
Increase (-) / decrease (+) in intangible fixed assets		1,291	( 1,639)
Increase (-) / decrease (+) in tangible fixed assets		( 2,095)	( 4,000)
Investments and write-downs (-)/ Disinvestments and revaluations (+)		-	( 51)
<b>CASH FLOW (ABSORBED) / GENERATED BY INVESTING ACTIVITY</b>		<b>( 804)</b>	<b>( 5,690)</b>
Other variations in reserves and profits carried-forward of shareholders'equity		13,586	( 51)
Dividends paid		-	-
Increase (+) / decrease (-) of financial liabilities		( 2,678)	17,800
Increase (-) / decrease (+) of financial receivables		( 1,141)	( 1,212)
Financial income (+) and financial charges (-)		( 1,745)	( 2,677)
<b>CASH FLOW (ABSORBED) / GENERATED BY FINANCING ACTIVITY</b>		<b>8,022</b>	<b>13,860</b>
<b>CLOSING BALANCE</b>		<b>8,594</b>	<b>7,084</b>

## Changes in shareholders' equity

(Values in thousands of EUR)

	Share capital	Share premium reserve	Other reserves	Fair Value reserve	IAS reserve	Profits/(Losses) carried-forward	Reamusement of defined benefit plans reserve	Net profit / loss for the Group	Translation reserve	Group interest in shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
<b>BALANCES AT 1 January 2015</b>	25,371	71,240	26,481	7,901	11,459	(12,112)	(1,229)	2,742	(1,796)	130,057	17,915	147,972
Allocation of 31/12/14 profit/(loss)	-	-	35	-	-	2,707	-	(2,742)	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buy-back)/ sale	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) at 30/09/15	-	-	-	-	-	-	-	1,540	(51)	1,489	173	1,662
Other changes	-	-	-	-	-	-	-	-	-	-	-	-
<b>BALANCES AT 30 September 2015</b>	25,371	71,240	26,516	7,901	11,459	(9,405)	(1,229)	1,540	(1,847)	131,546	18,088	149,634

(Values in thousands of EUR)

	Share capital	Share premium reserve	Other reserves	Fair Value reserve	IAS reserve	Profits/(Losses) carried-forward	Reamusement of defined benefit plans reserve	Net profit / loss for the Group	Translation reserve	Group interest in shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
<b>BALANCES AT 1 January 2016</b>	25,371	71,240	26,516	7,901	11,459	(9,486)	(1,017)	1,522	(1,762)	131,744	17,884	149,628
Allocation of 31/12/15 profit/(loss)	-	-	919	-	-	603	-	(1,522)	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buy-back)/ sale	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) at 30/09/16	-	-	-	-	-	-	-	4,890	(459)	4,431	522	4,953
Other changes	-	-	-	-	-	-	-	-	-	-	14,045	14,045
<b>BALANCES AT 30 September 2016</b>	25,371	71,240	27,435	7,901	11,459	(8,883)	(1,017)	4,890	(2,221)	136,175	32,451	168,626

## Interim management report

In the first nine months of 2016, revenues from sales and services are equal to EUR 213,760 thousand with an increase of 3.5%, at current exchange rates and +3.8% at constant exchange rates, compared to EUR 206,469 thousand in the first nine months of 2015.

In the first nine months of 2016, revenues of the prêt-à-porter division increase by 3.4% (+3.7% at constant exchange rates) to EUR 163,934 thousand, while revenues of the footwear and leather goods division decrease by 2.4%, before inter-divisional eliminations, to EUR 71,000 thousand.

In the first nine months of 2016 consolidated EBITDA is equal to EUR 21,295 thousand (with an incidence of 10.0% of consolidated sales), compared to EUR 17,948 thousand in the first nine months of 2015 (8.7% of total sales). The improvement in profitability is mainly driven by sales growth of the prêt-à-porter division.

EBITDA of the *prêt-à-porter* division is equal to EUR 14,346 thousand (representing the 8.8% of sales) compared to EUR 10,663 thousand in the first nine months of 2015 (representing the 6.7% of sales), mainly driven by sales growth.

EBITDA of the Footwear and leather goods division amounts to EUR 6,949 thousand (9.8% of sales) compared to EUR 7,285 thousand in the first nine months of 2015 (10.0% of sales), with a EUR 336 thousand decrease, mainly attributable to decline in revenues.

Consolidated EBIT amounts to EUR 12,213 thousand, showing an increase of EUR 3,853 thousand compared to an EBIT of EUR 8,360 thousand in the first nine months of 2015. The increase reflects the growth in EBITDA.

In the first nine months of 2016 there is an important decline of the financial expenses that amounts to EUR 1,745 thousand from EUR 2,677 thousand in the first nine months of 2015, with a 34.8% decrease.

Profit before taxes for the period increases of EUR 4,785 thousand from EUR 5,683 thousand in the first nine months of 2015 to EUR 10,468 thousand in the first nine months of 2016.

Such improvement is related to the better economic result and to the drop in financial charges.

The Group post a Net Profit of EUR 4,890 thousand, compared to a net profit of EUR 1,540 thousand in the first nine months of 2015, with an increase of 3,350 thousand.

Compared to 31 December 2015, the balance sheet at 30 September 2016 shows an increase in shareholders' equity from EUR 149,628 thousand to EUR 168,626 thousand. The main variation is due to the subscription of the capital increase of Moschino Spa by minority shareholders.

At 30 September 2016, operating net working capital amounts to EUR 86,836 thousand (31.4% of LTM sales) compared to EUR 90,628 thousand (34.2% of LTM sales) at 30 September 2015.

Fixed assets decrease by EUR 8,589 thousand from December 31, 2015 to September 30, 2016.

## Explanatory notes

### Income statement

#### 1. Revenues from sales and services

##### *Nine months 2016 vs 2015*

In the first nine months of 2016, revenues from sales and services are equal to EUR 213,760 thousand with an increase of 3.5%, at current exchange rates and +3.8% at constant exchange rates, compared to EUR 206,469 thousand in the first nine months of 2015.

#### **Sales by brand**

(Values in thousands of EUR)	9 M		9 M		Change	
	2016	%	2015	%	Δ	%
Alberta Ferretti	19,203	9.0%	19,904	9.6%	( 701)	(3.5%)
Philosophy	11,516	5.4%	8,748	4.2%	2,768	31.7%
Moschino	147,466	69.0%	140,781	68.2%	6,685	4.7%
Pollini	22,869	10.7%	22,519	10.9%	350	1.6%
Other	12,706	5.9%	14,517	7.1%	( 1,811)	(12.5%)
<b>Total</b>	<b>213,760</b>	<b>100.0%</b>	<b>206,469</b>	<b>100.0%</b>	<b>7,291</b>	<b>3.5%</b>

In the first nine months of 2016, Alberta Ferretti brand decreases by 3.5% (-2.7% at constant exchange rates), generating 9.0% of consolidated sales, while Philosophy brand increases by 31.7% (+32.1% at constant exchange rates), generating 5.4% of consolidated sales.

In the same period, Moschino brand sales increase by 4.7% (+5.0% at constant exchange rates) contributing to 69.0% of consolidated sales.

Pollini brand increases by 1.6% (+1.6% at constant exchange rates), generating 10.7% of consolidated sales, while the other brands sales decrease by 12.5% (-12.4% at constant exchange rates) contributing to 5.9% of consolidated sales.

#### **Sales by geographical area**

(Values in thousands of EUR)	9 M		9 M		Change	
	2016	%	2015	%	Δ	%
Italy	96,509	45.1%	92,583	44.8%	3,926	4.2%
Europe (Italy and Russia excluded)	46,447	21.7%	44,460	21.5%	1,987	4.5%
Russia	7,382	3.5%	7,036	3.4%	346	4.9%
United States	17,061	8.0%	16,280	7.9%	781	4.8%
Rest of the World	46,361	21.7%	46,110	22.4%	251	0.5%
<b>Total</b>	<b>213,760</b>	<b>100.0%</b>	<b>206,469</b>	<b>100.0%</b>	<b>7,291</b>	<b>3.5%</b>

In the first nine months of 2016 sales in Italy register a positive trend increasing by 4.2% to EUR 96,509 thousand. Sales in Europe, that amount to EUR 46,447 thousand, increase by 4.5% (+5.3% at constant exchange rates), contributing to 21.7% of consolidated sales, while the Russian market records sales equal to EUR 7,382 thousand, contributing to 3.5% of consolidated sales, with an increase of 4.9% compared to the corresponding period of 2015, showing signs of moderate recovery compared to last year.



Sales in the United States are equal to EUR 17,061 thousand, contributing to 8.0% of consolidated sales, posting in the period a growth of 4.8% (+4.9% at constant exchange rates).

In the Rest of the World, sales are equal to EUR 46,361 thousand, contributing to 21.7% of consolidated sales, with an increase of 0.5% (+0.9% at constant exchange rates) compared to the corresponding period of 2015.

### Sales by distribution channel

(Values in thousands of EUR)	9 M		9 M		Change	
	2016	%	2015	%	Δ	%
Wholesale	152,837	71.5%	142,134	68.8%	10,703	7.5%
Retail	53,581	25.1%	58,251	28.2%	(4,670)	(8.0%)
Royalties	7,342	3.4%	6,084	3.0%	1,258	20.7%
<b>Total</b>	<b>213,760</b>	<b>100.0%</b>	<b>206,469</b>	<b>100.0%</b>	<b>7,291</b>	<b>3.5%</b>

By distribution channel in the first nine months of 2016, wholesale sales increase by 7.5% (+7.6% at constant exchange rates) contributing to 71.5% of consolidated sales.

Sales of our directly-operated stores (retail channel) amount to EUR 53,581 thousand with a decrease of 8.0% (-7.3% at constant exchange rates) contributing to 25.1% of consolidated sales.

Royalty income is 20.7% higher than in the corresponding period of the previous year, representing 3.4% of consolidated sales.

### Third quarter 2016 vs 2015

In the third quarter of 2016, revenues from sales and services are equal to EUR 75,977 thousand with a decrease of 2.3% compared with EUR 77,746 thousand in the third quarter of 2015.

### Sales by brand

(Values in thousands of EUR)	III Q		III Q		Change	
	2016	%	2015	%	Δ	%
Alberta Ferretti	6,217	8.2%	7,046	9.1%	(829)	(11.8%)
Philosophy	4,313	5.7%	2,836	3.6%	1,477	52.1%
Moschino	52,059	68.5%	53,480	68.8%	(1,421)	(2.7%)
Pollini	9,276	12.2%	8,610	11.1%	666	7.7%
Other	4,112	5.4%	5,774	7.4%	(1,662)	(28.8%)
<b>Total</b>	<b>75,977</b>	<b>100.0%</b>	<b>77,746</b>	<b>100.0%</b>	<b>(1,769)</b>	<b>(2.3%)</b>

In the third quarter of 2016, Alberta Ferretti brand decreases by 11.8% generating 8.2% of consolidated sales, while Philosophy brand increases by 52.1% generating 5.7% of consolidated sales.

In the same period, Moschino brand sales decrease by 2.7% contributing to 68.5% of consolidated sales.

Pollini brand increases by 7.7% generating 12.2% of consolidated sales, while the other brands sales decrease by 28.8% contributing to 5.4% of consolidated sales.

## Sales by geographical area

(Values in thousands of EUR)	III Q		III Q		Change	
	2016	%	2015	%	Δ	%
Italy	35,941	47.3%	35,449	45.6%	492	1.4%
Europe (Italy and Russia excluded)	16,286	21.4%	15,803	20.3%	483	3.1%
Russia	2,545	3.4%	2,370	3.0%	175	7.4%
United States	5,940	7.8%	6,551	8.4%	( 611)	(9.3%)
Rest of the World	15,265	20.1%	17,573	22.7%	( 2,308)	(13.1%)
<b>Total</b>	<b>75,977</b>	<b>100.0%</b>	<b>77,746</b>	<b>100.0%</b>	<b>( 1,769)</b>	<b>(2.3%)</b>

In the third quarter of 2016 sales in Italy increase by 1.4% to EUR 35,941 thousand, contributing to 47.3% of consolidated sales.

Sales in Europe increase by 3.1% contributing to 21.4% of consolidated sales, while the Russian market records sales equal to EUR 2,545 thousand, contributing to 3.4% of consolidated sales, with an increase of 7.4%. Sales in the United States are equal to EUR 5,940 thousand, contributing to 7.8% of consolidated sales, with a decrease of 9.3%.

In the Rest of the World, sales are equal to EUR 15,265 thousand with a decrease of 13.1% and a contribution of 20.1% of consolidated sales.

## Sales by distribution channel

(Values in thousands of EUR)	III Q		III Q		Change	
	2016	%	2015	%	Δ	%
Wholesale	53,649	70.6%	55,666	71.6%	( 2,017)	(3.6%)
Retail	19,651	25.9%	20,026	25.8%	( 375)	(1.9%)
Royalties	2,677	3.5%	2,054	2.6%	623	30.3%
<b>Total</b>	<b>75,977</b>	<b>100.0%</b>	<b>77,746</b>	<b>100.0%</b>	<b>( 1,769)</b>	<b>(2.3%)</b>

By distribution channel in the third quarter of 2016, wholesale sales decrease by 3.6% contributing to 70.6% of consolidated sales.

Sales of our directly-operated stores (retail channel) amount to EUR 19,651 thousand with a decrease of 1.9% contributing to 25.9% of consolidated sales.

Royalty income is 30.3% higher than in the corresponding period of the previous year, representing 3.5% of consolidated sales.

## 2. Gross Operating Margin (EBITDA)

### Nine months 2016 vs 2015

In the first nine months of 2016 consolidated EBITDA is equal to EUR 21,295 thousand (with an incidence of 10.0% of consolidated sales), compared to EUR 17,948 thousand in the first nine months of 2015 (8.7% of total sales).

The improvement in profitability was mainly driven by sales growth of the prêt-à-porter division.

EBITDA of the prêt-à-porter division is equal to EUR 14,346 thousand (representing the 8.8% of sales) compared to EUR 10,663 thousand in the first nine months of 2015 (representing the 6.7% of sales).

EBITDA of the Footwear and leather goods division amounts to EUR 6,949 thousand (9.8% of sales) compared to a EUR 7,285 thousand (10.0% of sales) in the first nine months of 2015, with a EUR 336 thousand decrease, mainly attributable to decline in revenues.

#### *Third quarter 2016 vs 2015*

In the third quarter of 2016 consolidated EBITDA is EUR 9,069 thousand (with an incidence of 11.9% of consolidated sales), showing an increase of profitability compared to EUR 8,185 thousand in the third quarter of 2015, (with an incidence of 10.5% of consolidated sales).

### **3. Net profit for the Group**

#### *Nine months 2016 vs 2015*

The Group posts a Net Profit of EUR 4,890 thousand, compared to the net profit of EUR 1,540 thousand in the first nine months of 2015, with a EUR 3,350 thousand increase.

Such improvement is related to the better economic result and to the drop in financial charges.

#### *Third quarter 2016 vs 2015*

In the third quarter of 2016 Group records a net profit of EUR 3,421 thousand showing an increase compared to a net profit of EUR 1,505 thousand in the third quarter of 2015.

## Segment information

### **Economic performance by Divisions**

At international level, the Group is divided into two main business sectors:

- (i) *Prêt-à porter* Division;
- (ii) Footwear and leather goods Division.

### *Nine months 2016 vs 2015*

The following tables indicate the main economic data for the first nine months of 2016 and 2015 of the *Prêt-à porter* and Footwear and leather goods Divisions.

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
9M 2016				
<b>SECTOR REVENUES</b>	<b>163,934</b>	<b>71,000</b>	<b>( 21,174)</b>	<b>213,760</b>
Intercompany revenues	( 5,829)	( 15,345)	21,174	-
<b>Revenues with third parties</b>	<b>158,105</b>	<b>55,655</b>	-	<b>213,760</b>
<b>Gross operating margin (EBITDA)</b>	<b>14,346</b>	<b>6,949</b>	-	<b>21,295</b>
Amortisation	( 6,809)	( 2,120)	-	( 8,929)
Other non monetary items:				
Revaluations / write-downs	-	( 153)		( 153)
<b>Net operating profit / loss (EBIT)</b>	<b>7,537</b>	<b>4,676</b>	-	<b>12,213</b>
Financial income	490	228	( 319)	399
Financial expenses	( 1,679)	( 784)	319	( 2,144)
<b>Profit / loss before taxes</b>	<b>6,348</b>	<b>4,120</b>	-	<b>10,468</b>
Income taxes	( 3,539)	( 1,517)	-	( 5,056)
<b>Net profit / loss</b>	<b>2,809</b>	<b>2,603</b>	-	<b>5,412</b>

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
9M 2015				
<b>SECTOR REVENUES</b>	<b>158,610</b>	<b>72,733</b>	<b>( 24,874)</b>	<b>206,469</b>
Intercompany revenues	( 5,609)	( 19,265)	24,874	-
<b>Revenues with third parties</b>	<b>153,001</b>	<b>53,468</b>	-	<b>206,469</b>
<b>Gross operating margin (EBITDA)</b>	<b>10,663</b>	<b>7,285</b>	-	<b>17,948</b>
Amortisation	( 7,309)	( 2,119)	-	( 9,428)
Other non monetary items:				
Revaluations / write-downs		( 160)		( 160)
<b>Net operating profit / loss (EBIT)</b>	<b>3,354</b>	<b>5,006</b>	-	<b>8,360</b>
Financial income	987	5	( 408)	584
Financial expenses	( 2,688)	( 981)	408	( 3,261)
<b>Profit / loss before taxes</b>	<b>1,653</b>	<b>4,030</b>	-	<b>5,683</b>
Income taxes	( 2,489)	( 1,481)	-	( 3,970)
<b>Net profit / loss</b>	<b>( 836)</b>	<b>2,549</b>	-	<b>1,713</b>

### Prêt-à porter Division

In the first nine months of 2016, revenues of the prêt-à-porter division increase by 3.4% (+3.7% at constant exchange rates) to EUR 163,934 thousand. This division contributes to 68.6% of consolidated revenues in the first nine months of 2015 and 69.8% in the first nine months of 2016, before inter-divisional eliminations.

EBITDA of the *prêt-à-porter* division is equal to EUR 14,346 thousand in the first nine months of 2016 (representing 8.8% of consolidated sales) compared to an EBITDA of EUR 10,663 thousand in the first nine

months of 2015 (representing 6.7% of consolidated sales), showing an increase of EUR 3,683 thousand mainly driven by sales growth.

#### Footwear and leather goods Division

Revenues of the footwear and leather goods division decrease by 2.4% from EUR 72,733 thousand in the first nine months of 2015 to EUR 71,000 thousand in the first nine months of 2016.

The EBITDA of the footwear and leather goods division decreases from EUR 7,285 thousand in the first nine months of 2015 (representing 10.0% of consolidated sales) to EUR 6,949 thousand in the first nine months of 2016 (representing 9.8% of consolidated sales), with a reduction of EUR 336 thousand.

#### *Third Quarter 2016 vs 2015*

The following tables indicate the main economic data for the third quarter of 2016 and 2015 of the *Prêt-à-porter* and Footwear and leather goods Divisions.

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
III Q 2016				
<b>SECTOR REVENUES</b>	<b>56,980</b>	<b>26,181</b>	<b>( 7,184)</b>	<b>75,977</b>
Intercompany revenues	( 2,294)	( 4,890)	7,184	-
<b>Revenues with third parties</b>	<b>54,686</b>	<b>21,291</b>		<b>75,977</b>
<b>Gross operating margin (EBITDA)</b>	<b>5,812</b>	<b>3,257</b>		<b>9,069</b>
Amortisation	( 2,219)	( 718)		( 2,937)
Other non monetary items:				
Revaluations / write-downs	-	( 68)		( 68)
<b>Net operating profit / loss (EBIT)</b>	<b>3,593</b>	<b>2,471</b>		<b>6,064</b>
Financial income	191	105	( 103)	193
Financial expenses	( 469)	( 196)	103	( 562)
<b>Profit / loss before taxes</b>	<b>3,315</b>	<b>2,380</b>		<b>5,695</b>
Income taxes	( 1,301)	( 806)		( 2,107)
<b>Net profit / loss</b>	<b>2,014</b>	<b>1,574</b>		<b>3,588</b>

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
III Q 2015				
<b>SECTOR REVENUES</b>	<b>59,073</b>	<b>26,700</b>	<b>( 8,027)</b>	<b>77,746</b>
Intercompany revenues	( 2,181)	( 5,846)	8,027	-
<b>Revenues with third parties</b>	<b>56,892</b>	<b>20,854</b>		<b>77,746</b>
<b>Gross operating margin (EBITDA)</b>	<b>5,129</b>	<b>3,055</b>		<b>8,184</b>
Amortisation	( 2,462)	( 729)		( 3,191)
Other non monetary items:				
Revaluations / write-downs		( 59)		( 59)
<b>Net operating profit / loss (EBIT)</b>	<b>2,667</b>	<b>2,267</b>		<b>4,934</b>
Financial income	232	( 3)	( 133)	96
Financial expenses	( 821)	( 344)	133	( 1,032)
<b>Profit / loss before taxes</b>	<b>2,078</b>	<b>1,920</b>		<b>3,998</b>
Income taxes	( 1,677)	( 707)		( 2,384)
<b>Net profit / loss</b>	<b>401</b>	<b>1,213</b>		<b>1,614</b>

## **Balance sheet**

Compared to 31 December 2015, the balance sheet at 30 September 2016 shows an increase in shareholders' equity from EUR 149,628 thousand to EUR 168,626 thousand. The main variation is due to the subscription of the capital increase of Moschino Spa by minority shareholders.

## **4. Operating net working capital**

At 30 September 2016, operating net working capital amounts to EUR 86,836 thousand (31.4% of LTM sales) compared to EUR 66,816 thousand at 31 December 2015 (24.9% of sales) and to EUR 90,628 thousand (34.2% of LTM sales) at 30 September 2015.

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

## **5. Fixed assets**

Fixed assets decrease by EUR 8,589 thousand from December 31, 2015 to September 30, 2016.

## **6. Shareholders' equity**

Changes in shareholders' equity are presented in tables at page 14.

## **7. Net financial position**

The net financial indebtedness amounts to EUR 77,654 thousand in improvement compared to EUR 99,491 thousand at 30 September 2015 and EUR 80,539 thousand at 31 December 2015. The financial debt decrease mainly refers to cash flow increase.

## **Other information**

### **Earnings per share**

Basic earnings per share:

(Values in thousands of EUR)	30 September 2016	30 September 2015
Consolidated earnings/(losses) for the period for the shareholders of the Parent Company	4,890	1,540
Weighted average number of outstanding shares	101,486	101,486
<b>Basic earnings per share</b>	<b>0.048</b>	<b>0.015</b>

## **Accounting policies**

The main accounting policies and measurement basis adopted in preparing the consolidated financial statements at 30 September 2016, except for the interpretations and amendments to the accounting principles that have been mandatory since 1 January 2016 and illustrated in the half yearly financial

statement at 30 June 2016, are the same used in preparing the consolidated financial statements at 31 December 2015.

### **Significant events subsequent to the balance sheet date**

After the 30 September 2016 no significant events regarding the Group's activities have to be reported.

### **Outlook**

The Group is continuing to register a good trend both in term of sales growth and more than proportional increase in profitability. Despite the macroeconomic uncertainty and the slowdown in the retail channel, mainly due to lower tourists' flows, we are confident for the remaining part of the year, in the light of the good results of the Autumn/Winter collections currently in the stores and of the orders intake for next Spring/Summer collections, up by 5%.

The executive responsible for preparing the company's accounting documentation Marcello Tassinari declares, pursuant to paragraph 2 of art. 154b of the Consolidated Finance Law, that the accounting information contained in this document agrees with the underlying documentation, records and accounting entries.