AEFFE

PRESS RELEASE

Aeffe: 2008 Organic Sales Rose By 3.2% To Euro 297 Million

San Giovanni in Marignano, 12 March 2009, the Board of Directors of Aeffe SpA approved today the consolidated results for the Full Year 08. 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 and JP Gaultier.

- **FY 2008 consolidated revenues of Euro 297 million, +3.2% compared to FY 2007 at constant exchange rates and excluding the effect of the termination of the Narciso Rodriguez licence**
- **Ebitda adjusted of Euro 34.3 million (11.6% of sales), -18.9% compared to FY 2007**
- **Net income adjusted of Euro 8.5 million (2.9% of sales), -25% compared to FY 2007**
- **Net financial debt of Euro 66.8 million (Euro 38.5 million as of 31 December 2007)**
- **Proposed dividend of Euro 0.007 per share**

Consolidated Revenues

In 2008, at constant exchange rates and excluding the effect of the Narciso Rodriguez license, consolidated revenues rose to Euro 297.1 million from Euro 288 million in 2007, up by 3.2%. At current exchange rates revenues were equal to Euro 294.7 million, up by 0.5% compared to 2007.
Revenues of the prêt-à-porter division increased by 4% at constant exchange rates and by 0.7% at current exchange rates, while revenues of the footwear and leather goods division rose by 1.2%, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has thus commented: "There is no doubt that, also in 2009, the consumer environment is expected to remain difficult. But a crisis situation does not always have to be regarded as negative. I believe this is the time when companies need to highly focus on their core businesses, on streamlining costs and improving efficiencies. AEFFE is facing the current environment with this attitude. The entire AEFFE management team is focused on the group's main brands, in particular Alberta Ferretti and Moschino, in order to keep product innovation as strong as ever and to continue to create highly desirable collections; all this supported by a distinctive communication strategy. Clearly, at the same time, the group is focusing further on costs' rationalization in all its divisions.

Revenues Breakdown by Brand

(In thousands of Euro)	**FY 08 Organic***	**FY 07 Organic***	**% Change***	**FY 08 Reported**	**FY 07 Reported**	**% Change**
Alberta Ferretti	65.958	63.004	4,7%	65.232	63.004	3,5%
Moschino	145.595	136.857	6,4%	142.877	136.857	4,4%
Pollini	50.991	52.311	(2,5%)	50.944	52.311	(2,6%)
J. P. Gaultier	22.760	23.749	(4,2%)	22.452	23.749	(5,5%)
Others **	11.761	12.043	(2,3%)	13.179	17.290	(23,8%)
Total	**297.065**	**287.964**	**3,2%**	**294.684**	**293.211**	**0,5%**

(*) Calculated at constant exchange rates and excluding the effect of the termination of the Narciso Rodriguez licence
(**) Blugirl, Authier, Narciso Rodriguez and Basso&Brooke

In 2008, at constant exchange rates, consolidated sales grew by 3.2% to Euro 297.1 million. The Alberta Ferretti brand grew by 4.7% contributing to 22.2% of consolidated sales, while Moschino brand grew by 6.4% contributing to 49% of consolidated sales.
Pollini brand decreased by 2.5%, generating 17.2% of consolidated sales, while the brand under license JP Gaultier decreased by 4.2%, equal to 7.7% of consolidated sales. At constant exchange rate and excluding the effect of the termination of the Narciso Rodriguez license the other brands recorded a decline of 2.3%.

Revenues Breakdown by Region

(In thousands of Euro)	**FY 08 Organic***	**FY 07 Organic***	**% Change***	**FY 08 Reported**	**FY 07 Reported**	**% Change**
Italy	114.629	112.468	1,9%	115.055	113.030	1,8%
Europe (Italy and Russia excluded)	69.851	69.100	1,1%	68.871	69.694	(1,2%)
Russia	24.429	21.853	11,8%	24.429	22.110	10,5%
United States	28.217	29.028	(2,8%)	27.576	32.263	(14,5%)
Japan	17.472	19.078	(8,4%)	18.172	19.343	(6,1%)
Rest of the World	42.467	36.437	16,5%	40.581	36.771	10,4%
Total	**297.065**	**287.964**	**3,2%**	**294.684**	**293.211**	**0,5%**

(*) Calculated at constant exchange rates and excluding the effect of the termination of the Narciso Rodriguez licence

In 2008, sales in Italy rose by 1.9% to Euro 114.6 million, contributing to 38.6% of consolidated sales.
At constant exchange rates and excluding the effect of the Narciso Rodriguez collections, sales in Europe rose by 1.1%, contributing to 23.5% of consolidated sales. The Russian market rose by 11.8%, contributing to 8.2% of consolidated sales. Sales in the United States, at constant exchange rates and excluding the effect of the Narciso Rodriguez collections, decreased by 2.8%, while Japan sales decreased by 8.4%. In the rest of the world, sales rose by 16.5% to Euro 42.5 million, contributing to 14.3% of consolidated sales.

Revenues Breakdown by Distribution Channel

(In thousands of Euro)	FY 08 Organic*	FY 07 Organic*	% Change*	FY 08 Reported	FY 07 Reported	% Change
Wholesale	212.207	201.841	5,1%	212.014	206.936	2,5%
Retail	66.458	71.121	(6,6%)	64.270	71.273	(9,8%)
Royalties	18.400	15.002	22,7%	18.400	15.002	22,7%
Total	**297.065**	**287.964**	**3,2%**	**294.684**	**293.211**	**0,5%**

(*) Calculated at constant exchange rates and excluding the effect of the termination of the Narciso Rodriguez licence

Looking at the Group's sales by distribution channel in 2008, at constant exchange rates, the wholesale channel grew by 5.1%, contributing to 71.4% of consolidated sales, while sales of our directly-operated stores (retail channel) decreased by 6.6%, and contributed to 22.4% of consolidated sales. Royalty income rose by 22.7% representing 6.2% of consolidated sales.

Network of Monobrand Stores

DOS	FY 08	FY 07
Europe	38	36
United States	3	1
Asia	38	38
Total	**79**	**75**

Franchising	FY 08	FY 07
Europe	50	41
United States	7	6
Asia	81	52
Total	**138**	**99**

Analysis of Operating Results and Net Income

In 2008, consolidated EBITDA was equal to Euro 34.3 million, down 18.9% compared to Euro 42.3 million in 2007 net of non recurring items (sale of 50% stake in Narciso Rodriguez LLC), with a 11.6% margin on sales.
The decrease in margin has been largely due to two factors. Firstly, the higher promotional activities in term of markdowns made to support customers, especially in the United States; secondly, the lower contribution to the group's profitability of the retail channel which suffered for the slowdown in sales and for the costs of the new openings.
EBITDA of the *prêt-à-porter* division was Euro 30.2 million in 2008, down 18% compared to Euro 36.9 million in 2007, with a 12.7% margin on sales.
EBITDA of the footwear and leather goods division was equal to Euro 4 million, down 24% compared to Euro 5.3 million in 2007 representing 5.5% of consolidated sales.
Consolidated EBIT amounted to Euro 21.9 million and represents 7.4% of consolidated sales.
The tax rate decreased from 49% in 2007 to 42% in 2008, and this reduction is due to the lower tax rates approved by the Italian 2008 Financial Act.
Net income adjusted of the Group was equal to Euro 8.5 million and represents 2.9% of total sales, before non-cash extraordinary costs of roughly Euro 2.0 million relating to stores' asset impairment.
Net income for the Group, net of extraordinary costs for the asset impairment of stores, was equal to Euro 7.7 million and represents 2.6% of total sales.

Balance Sheet Analysis

Looking at the Group's balance sheet as of 31 December 2008, shareholders' equity was equal to Euro 165 million and the net financial debt amounted to Euro 66.8 million (Euro 38.5 million as of 31 December 2007).

The increase in indebtedness was mainly due: a) to the investments made during the year, in particular for the distribution network and the renewable energy system (photovoltaic) at the headquarter in San Giovanni in Marignano; b) to the repurchase of Aeffe ordinary shares in conforming with the buy back programme approved by the Shareholders meeting last March 2008; c) to the increase in net working capital.
Net working capital amounted to Euro 73.5 million (24.9% of consolidated sales) in 2008 compared to Euro 51.6 million as of 31 December 2007 (17.6% of sales).
The increase in NWC mainly referred to the following factors: a) higher inventories of finished products partially due to the slowdown of the retail sales; b) higher trade receivables, related to the decision to give longer payments' extension to some selected clients, and higher credits for taxes paid
Capex in 2008 were mainly related to the new openings in the retail network, to the refurbishment of stores and to the renewable energy system (photovoltaic) for the headquarter in San Giovanni in Marignano.

(In thousands of Euro)	**FY 08**	**%**	**FY 07**	**%**	**Change %**
Revenues from sales and services	**294.684**	**100,0%**	**293.211**	**100,0%**	**0,5%**
Other revenues and income	6.049	2,1%	3.505	1,2%	72,6%
Total Revenues	**300.733**	**102,1%**	**296.716**	**101,2%**	**1,4%**
Total operating costs	(266.440)	(90,4%)	(254.419)	(86,8%)	4,7%
EBITDA Net of non-recurring items	**34.293**	**11,6%**	**42.296**	**14,4%**	**(18,9%)**
Non-recurring revenues			2.154	0,7%	
EBITDA	**34.293**	**11,6%**	**44.451**	**15,2%**	**(22,9%)**
Total Amortization and Write-downs	(12.429)	(4,2%)	(10.722)	(3,7%)	15,9%
EBIT	**21.864**	**7,4%**	**33.729**	**11,5%**	**(35,2%)**
Total Financial Income /(expenses)	(6.614)	(2,2%)	(8.084)	(2,8%)	(18,2%)
Profit before taxes	**15.250**	**5,2%**	**25.645**	**8,7%**	**(40,5%)**
Taxes	(6.473)	(2,2%)	(7.375)	(2,5%)	(12,2%)
Profit Net of taxes	**8.777**	**3,0%**	**18.270**	**6,2%**	**(52,0%)**
(Profit)/ Loss attributable to minority shareholders	(1.102)	(0,4%)	(2.950)	(1,0%)	(62,6%)
Net Profit for the Group Adjusted*	**8.540**	**2,9%**	**11.424**	**3,9%**	**(25,2%)**
Net Profit for the Group	**7.675**	**2,6%**	**15.320**	**5,2%**	**(49,9%)**

* In 2008, Net profit for the Group has been adjusted for non-cash extraordinary costs for roughly Euro 2.0 million relating to stores' asset impairment.
In 2007 Net profit for the Group adjusted excludes the one-off adjustment deriving from the application of the Document n. 1 of Consob, dated 21 February 2008, regarding deferred tax and liabilities allocated in previous year as a consequence of the reduction in the tax rate approved by the 2008 Financial Act.

(In thousands of Euro)	**FY 08**	**FY 07**
Trade receivables	43.230	36.911
Stock and inventories	77.434	67.761
Trade payables	(63.004)	(60.577)
Operating net working capital	**57.660**	**44.095**
Other receivables	37.002	31.869
Other liabilities	(21.196)	(24.376)
Net working capital	**73.466**	**51.588**
Tangible fixed assets	78.465	71.195
Intangible fixed assets	169.175	171.771
Investments	28	22
Other long term receivables	2.666	3.122
Fixed assets	**250.334**	**246.109**
Post employment benefits	(10.342)	(11.111)
Long term provisions	(1.744)	(1.708)
Net financial assets available for sale	1.637	1.637
Other long term liabilities	(14.406)	(14.251)
Deferred tax assets	8.357	8.869
Deferred tax liabilities	(44.487)	(48.022)
NET CAPITAL INVESTED	**262.815**	**233.111**
Capital issued	25.767	26.841
Other reserves	121.343	121.924
Profits/(Losses) carried-forward	10.236	679
Profit for the period	7.675	15.321
Group share capital and reserves	**165.021**	**164.764**
Minority interests	30.990	29.863
Shareholders' equity	**196.011**	**194.627**
Liquid assets	(7.706)	(14.525)
Long term financial payables	17.528	26.647
Short term financial payables	56.982	26.362
NET FINANCIAL POSITION	**66.804**	**38.484**
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	**262.815**	**233.111**

(In thousands of Euro)	**FY 08**	**FY 07**
OPENING BALANCE	**14.525**	**15.320**
Profit before taxes	15.250	25.645
Amortizations, provisions and depreciations	12.429	10.722
Accruals (availments) of long term provisions and post employment benefits	(733)	(2.431)
Taxes	(12.335)	(9.374)
Financial incomes and financial charges	6.615	8.084
Change in operating assets and liabilities	(18.883)	(9.538)
NET CASH FLOW FROM OPERATING ASSETS	**2.343**	**23.108**
Increase (decrease) in intangible fixed assets	(1.035)	(336)
Increase (decrease) in tangible fixed assets	(13.878)	(9.302)
Revaluations (Write-downs)	(2.191)	
Investments	(7)	95
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	**(17.111)**	**(9.543)**
Increase in reserves and profit carried-forward to shareholders'equity	(7.394)	71.954
Proceeds (repayment) of financial payments	21.502	(77.985)
Increase (decrease) in long term financial receivables	456	(245)
Financial incomes and financial charges	(6.615)	(8.084)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	**7.949**	**(14.360)**
CLOSING BALANCE	**7.706**	**14.525**

Dividend proposal

The board of Directors proposed to the Annual General Meeting, which will be held on 24th April 2009, the payment of a dividend of Euro 0.007 per share or Euro 0,7 million of total dividends equal to a payout ratio of roughly 14%.

Other information

The Board of Directors of Aeffe Spa has convened the annual Shareholder's meeting on the 24th April 2009 to discuss and deliberate on the following

AGENDA

1. Approval of the financial statement for Aeffe Spa for the year ended on 31 December 2008 and resolutions related and consequential. Presentation of the consolidated financial statements on 31 December 2008.

The documentation required by the current legislation for the topics and proposals on the Agenda will be available to the public in accordance with the law, at the registered offices and at Borsa Italiana Spa.
The Shareholders may consult and obtain copies of that documentation that will be made available, in terms of the law, also on the company's website: www.aeffe.com.

The Financial statements 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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