



PRESS RELEASE

Aeffe: Growth Continuing Also In The Third Quarter 2010 Sales Up 9% compared to 3Q 2009. Strong Growth In 3Q 2010 Profitability

San Giovanni in Marignano, 10 November 2010, the Board of Directors of Aeffe SpA approved today the consolidated results for the First Nine months of 2010. 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.

- **Consolidated revenues of €173.2m, compared to €175.7m in 9M 2009**
- **Positive Ebitda of €5.9m (3.4% of consolidated sales), up 200% compared to a negative Ebitda of €5.9m in 9M 2009 with a €11.8m increase**
- **Net loss for the Group of €5m, with a €6.7m decrease compared to a net loss of €11.7m in 9M 2009**
- **Net financial debt of €104.2m, compared to €87.7m as of December 31, 2009**

Consolidated Revenues

In 9M 2010, Aeffe consolidated revenues amounted to €173.2m compared to €175.7m in 9M 2009 (-1.4% decrease at current exchange rates, -2.7% at constant exchange rates): revenues were positively influenced by the 7% and 9% increase, respectively, in the second and third quarter 2010 compared to the same period of the previous year.

Revenues of the prêt-à-porter division amounted to €143.1m, down by 0.4% at current exchange rates and by 2.1% at constant exchange rates compared to 9M 2009, while revenues of the footwear and leather goods division decreased by 6.1% to €38.7m, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: "*In line with our expectations, in the third quarter of 2010 sales growth have strengthened further, both in the retail and in the wholesale channel, whose turnover showed, respectively, a 21% and 5.6% growth. Also the profitability growth has been very encouraging, which in the first nine months of 2010 improved by €11.8m compared to 9M 2009, thanks to the effective implementation of the costs reduction and efficiency improvement plans at Group level. Also the orders backlog for Spring/Summer collections 2011 has been positive and this leaves us optimistic about the strengthening of the market recovery and the prospects of the Group.*"

Revenues Breakdown by Region

<i>(In thousands of Euro)</i>	9M 10 Reported	9M 09 Reported	% Change	% Change*
Italy	73,559	72,538	1.4%	1.4%
Europe (Italy and Russia excluded)	37,478	38,943	(3.8%)	(4.1%)
Russia	11,261	11,573	(2.7%)	(2.7%)
United States	14,893	13,763	8.2%	4.9%
Japan	14,528	13,270	9.5%	0.4%
Rest of the World	21,535	25,603	(15.9%)	(17.9%)
Total	173,253	175,689	(1.4%)	(2.7%)

(*) Calculated at constant exchange rates

All geographical areas have seen a recovery in comparison with the previous quarters.

More specifically, in 9M 2010 sales in Italy increased by 1.4% to €73.5m, contributing to 42.5% of consolidated sales. In 3Q 2010 sales increased by 12.8% compared to 3Q 2009.

At constant exchange rates, 9M 2010 sales in Europe decreased by 4.1%, contributing to 21.6% of consolidated sales. In 3Q 2010 sales increased by 0.3% compared to 3Q 2009.

In 9M 2010 the Russian market fell by 2.7%, contributing to 6.5% of consolidated sales. In 3Q 2010 sales increased by 21.8% in comparison with 3Q 2009.

9M 2010 sales in the United States, at constant exchange rates, increased by 4.9%, contributing to 8.5% of consolidated sales (up 17.9% in 3Q 2010 compared to 3Q 2009) while Japan sales increased by 0.4%, contributing to 8.4% of consolidated sales (up 22.1% in 3Q 2010 with respect to 3Q 2009). In the Rest of the World, 9M 2010 sales decreased, at constant exchange rates, by 17.9% to €21.5m, contributing to 12.4% of consolidated sales (down 4.8% in 3Q 2010 compared to 3Q 2009).

Network of Monobrand Stores

DOS	9M 10	FY 09	Franchising	9M 10	FY 09
Europe	43	38	Europe	54	52
United States	3	3	United States	7	7
Asia	40	38	Asia	98	89
Total	86	79	Total	159	148

Operating and Net Result Analysis

In 9M 2010 consolidated Ebitda was positive for €5.9m (with an incidence of 3.4% of consolidated sales), showing a significant improvement compared to a negative Ebitda of €5.9m in 9M 2009.

Profitability has been positively influenced by the lower incidence of the operating costs thanks to the policy of costs' reduction and efficiency improvement taken by the group.

The strong improvement in Ebitda has regarded both divisions.

Ebitda of the *prêt-à-porter* division amounted to €9.5m (representing 6.6% of sales), compared to a negative Ebitda of €0.074m in 9m 2009, showing a strong recovery of profitability in the second and third quarter 2010 compared to the correspondent periods of 2009.

Ebitda of the footwear and leather goods division was negative for €3.6m compared to a negative Ebitda of €5.83m in 9M 2009.

Consolidated Ebit was negative for €4.2m, compared to a negative Ebit of €13.8m in 9M 2009. The difference also includes €2.1m deriving from the change in accounting estimates of the key money useful life from indefinite to finite. The change has been accounted in accordance with IAS 8 and, in details, key money have been amortised on a systematic basis over their residual term of lease.

Thanks to the improvement in operating profit, in 9M 2010 the Group has showed a strong growth in net results, posting a net loss of €5m, compared to a net loss of €11.7m in 9M 2009.

Balance Sheet Analysis

Looking at the balance sheet as of September 30, 2010 Shareholders' equity was equal to €137.7m and net financial debt amounted to €104.2m (€87.7m as of December 31, 2009).

As of September 30, 2010, operating net working capital amounted to €71.9m (33.5% of LTM sales), compared to €54.2m as of December 31, 2009 (25% of sales)

Capex in 9M 2010 were mainly related to the key money paid for a store located in Via Montenapoleone in Milan and to the maintenance and stores' refurbishment.

Income Statement, Reclassified Balance Sheet and Cash Flow Statement are attached below.

9M 2010 and 9M 2009 data included in this press release have not been audited by the Auditors' company, while 2009 full year results have been audited.

"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".

The Board of Directors of Aeffe SpA, in compliance with the provisions of Consob Regulation No. 17 221 of 12 March 2010, adopted today a new procedures for transactions with related parties.

The above mentioned procedure will be applied, in accordance with the Regulation, starting from 1st January 2011. Until that date, will be applied the existing code for transactions with related parties, that is currently applied in corporate governance.

The text of the procedure for transactions with related parties is available for consultation at Aeffe's registered office, at the website www.aeffe.com as well as at Borsa Italiana's website.

(In thousands of Euro)

	9M 10	%	9M 09	%	Change	Change %	Q3 10	%	Q3 09	%	Var.%
Revenues from sales and services	173,253	100.0%	175,689	100.0%	(2,437)	(1.4%)	70,383	100.0%	64,541	100.0%	9.1%
Other revenues and income	3,305	1.9%	4,266	2.4%	(960)	(22.5%)	(580)	(0.8%)	1,665	2.6%	(134.8%)
Total Revenues	176,558	101.9%	179,955	102.4%	(3,397)	(1.9%)	69,803	99.2%	66,206	102.6%	5.4%
Total operating costs	(170,633)	(98.5%)	(185,860)	(105.8%)	15,227	(8.2%)	(61,605)	(87.5%)	(64,880)	(100.5%)	(5.0%)
EBITDA	5,925	3.4%	(5,906)	(3.4%)	11,831	200.3%	8,198	11.6%	1,326	2.1%	518.2%
Total Amortization and Write-downs	(10,191)	(5.9%)	(7,864)	(4.5%)	(2,327)	29.6%	(3,573)	(5.1%)	(2,685)	(4.2%)	33.1%
EBIT	(4,266)	(2.5%)	(13,769)	(7.8%)	9,503	(69.0%)	4,625	6.6%	(1,359)	(2.1%)	440.4%
Total Financial Income /(expenses)	(1,078)	(0.6%)	(3,041)	(1.7%)	1,963	(64.5%)	(1,457)	(2.1%)	(1,201)	(1.9%)	21.3%
Profit before taxes	(5,344)	(3.1%)	(16,810)	(9.6%)	11,466	(68.2%)	3,168	4.5%	(2,560)	(4.0%)	(223.8%)
Taxes	(467)	(0.3%)	2,690	1.5%	(3,157)	(117.4%)	(1,968)	(2.8%)	372	0.6%	(629.5%)
Profit Net of taxes	(5,811)	(3.4%)	(14,121)	(8.0%)	8,310	(58.8%)	1,200	1.7%	(2,188)	(3.4%)	(154.8%)
(Profit)/ Loss attributable to minority shareholders	741	0.4%	2,377	1.4%	(1,637)	(68.8%)	32	0.0%	479	0.7%	(93.3%)
Net Profit for the Group	(5,071)	(2.9%)	(11,744)	(6.7%)	6,673	(56.8%)	1,232	1.8%	(1,709)	(2.6%)	(172.1%)

<i>(In thousands of Euro)</i>	9M 10	FY 09	9M 09
Trade receivables	42,499	26,869	41,931
Stock and inventories	67,152	69,483	68,845
Trade payables	(37,736)	(42,133)	(37,813)
Operating net working capital	71,915	54,219	72,963
Other receivables	28,608	31,630	31,299
Other liabilities	(17,672)	(18,023)	(19,998)
Net working capital	82,851	67,825	84,264
Tangible fixed assets	76,215	76,587	77,093
Intangible fixed assets	158,276	157,008	166,812
Investments	29	28	28
Other long term receivables	2,972	2,812	2,494
Fixed assets	237,491	236,435	246,426
Post employment benefits	(9,271)	(9,785)	(9,935)
Long term provisions	(1,299)	(1,247)	(1,053)
Assets available for sale	437	9,257	1,687
Liabilities available for sale		(1,854)	
Other long term liabilities	(14,239)	(14,241)	(14,241)
Deferred tax assets	14,980	14,545	12,055
Deferred tax liabilities	(42,234)	(42,773)	(44,404)
NET CAPITAL INVESTED	268,717	258,161	274,798
Capital issued	25,371	25,371	25,371
Other reserves	119,821	125,160	125,632
Profits/(Losses) carried-forward	(2,363)	12,749	12,749
Profit for the period	(5,071)	(20,088)	(11,744)
Group share capital and reserves	137,758	143,193	152,010
Minority interests	26,757	27,301	28,613
Shareholders' equity	164,515	170,494	180,623
Liquid assets	(4,668)	(5,337)	(7,108)
Long term financial payables	14,103	18,159	24,227
Short term financial payables	94,768	74,844	77,057
NET FINANCIAL POSITION	104,202	87,667	94,176
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	268,717	258,161	274,798

<i>(In thousands of Euro)</i>	9M 10	FY 09	9M 09
OPENING BALANCE	5,337	7,706	7,706
Profit before taxes	(5,344)	(30,836)	(16,810)
Amortizations, provisions and depreciations	10,191	13,636	7,864
Accruals (availments) of long term provisions and post employment benefits	(462)	(1,054)	(1,097)
Taxes	(1,583)	(1,783)	(2,140)
Financial incomes and financial charges	1,078	3,705	3,041
Change in operating assets and liabilities	(14,888)	5,708	(9,914)
NET CASH FLOW FROM OPERATING ASSETS	(11,008)	(10,624)	(19,056)
Increase (decrease) in intangible fixed assets	(6,132)	1,142	(401)
Increase (decrease) in tangible fixed assets	(4,938)	(4,999)	(3,778)
Revaluations (Write-downs)		(362)	
Investments	6,949		
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(4,121)	(4,219)	(4,179)
Other changes in reserves and profit carried-forward to shareholders'equity	(168)	(1,030)	(1,268)
Dividends paid by the Parent Company		(710)	
Proceeds (repayment) of financial payments	15,866	18,494	26,774
Increase (decrease) in long term financial receivables	(160)	(575)	172
Financial incomes and financial charges	(1,078)	(3,705)	(3,041)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	14,460	12,474	22,637
CLOSING BALANCE	4,668	5,337	7,108

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