



PRESS RELEASE

AEFFE: First Half 2016 Results Point Out Growth Of All Economic Indicators, Driven By The Positive Trend In All The Key Markets

Sales At €137.8m (+7.3% At Constant Exchange Rate), Ebitda At €12.2m (+25.0%) And Net Profit For The Group At €1.5m (compared with €35,000 In First Half 2015)

San Giovanni in Marignano, 28 July 2016 - The Board of Directors of Aeffe SpA approved today the Group's Report for the First Half of 2016. 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 €137.8m, compared to €128.7m in 1H 2015 (+7.0% at current exchange rates and +7.3% at constant exchange rates)**
- **Ebitda of €12.2m (8.9% on consolidated sales), compared to €9.8m in 1H 2015 (7.6% on consolidated sales), with a €2.4m improvement (+25%)**
- **Net Profit for the Group of €1.47m, compared to €35K in 1H 2015, with a €1.43m improvement**
- **Net financial debt of €76.3m, compared to €80.5m as of December 31, 2015 with a €4.2m improvement**

Consolidated Revenues

In the first half of 2016, Aeffe consolidated revenues amounted to €137.8m compared to €128.7m in 1H 2015, with a 7% increase at current exchange rates (+7.3% at constant exchange rates).

Revenues of the *prêt-à-porter* division amounted to €106.9m, up by 7.8% at constant exchange rates compared to 1H 2015 (+7.5% at current exchange rates).

Revenues of the footwear and leather goods division decreased by 2.6% and amounted to Euro 44.8m.

Massimo Ferretti, Executive Chairman of Aeffe SpA, has commented: *"We are very satisfied with the Group's positive performance, both in terms of revenues and profitability, as well as with the growth in all the key markets, especially given the continuing geopolitical uncertainty. The slowdown in tourism is currently impacting the retail channel, particularly in Europe, but is more than offset by the continued expansion in geographical areas, such as Greater China and United States. The current global context presents many challenges that we are ready to face implementing strategies focused on the distinctiveness of our brands and on the market's evolution."*

Revenues Breakdown by Region

<i>(In thousands of Euro)</i>	1H 16	1H 15	%	%
	Reported	Reported	Change	Change*
Italy	60,568	57,134	6.0%	6.0%
Europe (Italy and Russia excluded)	30,161	28,657	5.2%	5.7%
Russia	4,837	4,666	3.7%	3.7%
United States	11,120	9,729	14.3%	14.3%
Rest of the World	31,096	28,536	9.0%	9.7%
Total	137,783	128,723	7.0%	7.3%

(*) Calculated at constant exchange rates

In 1H 2016 sales in Italy, amounting to 44% of consolidated sales, registered a good growth posting a 6% increase to €60.5m.

At constant exchange rates, sales in Europe, contributing to 22% of consolidated sales, registered a positive trend reporting an 5.7% increase.

The Russian market, representing 3% of consolidated sales, increased by 3.7%, showing signs of moderate recovery compared to last year.

Sales in the United States, contributing to 8% of consolidated sales, posted in 1H 2016 a significant growth of 14.3% at constant exchange rates.

In the Rest of the World, the Group's sales totalled €31.1m, amounting to 23% of consolidated sales, recording an increase of 9.7% compared to 1H 2015, especially thanks to the good performance in Greater China, which posted a 27.7% growth.

Revenues by distribution channel

<i>(In thousands of Euro)</i>	1H 16	1H 15	%	%
	Reported	Reported	Change	Change*
Wholesale	99,188	86,468	14.7%	14.8%
Retail	33,929	38,225	(11.2%)	(10.5%)
Royalties	4,665	4,030	15.8%	15.8%
Total	137,783	128,723	7.0%	7.3%

(*) Calculated at constant exchange rates

By distribution channel, in 1H 2016, wholesale sales grew by 14.8% at constant exchange rates (+14.7% at current exchange rates), contributing to 72% of consolidated sales.

The sales of our directly-operated stores (DOS), representing 25% of consolidated sales, decreased by 10.5% at constant exchange rates (-11.2% at current exchange rates), with direct negative impact on Group's operating marginality. The change is substantially related to lower tourists' flows across the main European cities.

Royalty incomes, representing 3% of consolidated sales, significantly recovered compared to 1H 2015 recording a 15.8% increase.

Network of Monobrand Stores

DOS	1H 16	FY 15	Franchising	1H 16	FY 15
Europe	45	47	Europe	48	45
United States	3	3	United States	3	3
Asia	15	11	Asia	136	137
Total	63	61	Total	187	185

Operating and Net Result Analysis

In 1H 2016 the Group posted a good improvement in margins; consolidated Ebitda was equal to €12.2m (with an incidence of 8.9% of consolidated sales), compared to €9.8m in 1H 2015 (7.6% of total sales), with a €2.4m increase (+25%). The improvement in profitability was mainly driven by sales growth of the *prêt-à-porter* division.

Ebitda of the *prêt-à-porter* division amounted to €8.5m (representing 8.0% of sales), compared to €5.5m in 1H 2015 (5.7% of sales); the €3m increase is mainly driven by sales growth.

Ebitda of the footwear and leather goods division amounted to €3.7m (8.2% of sales) compared to a €4.2m in 1H 2015 (9.2% of sales), with a €0.5m decrease, mainly attributable to decline in revenues.

Consolidated Ebit was equal to €6.1m, compared to €3.4m in 1H 2015, with a €2.7m increase (+79%).

Thanks to improvement in operating profit and to decrease in financial expenses, in 1H 2016 Profit before taxes amounted to €4.8m compared with Profit before taxes of €1.7m in 1H 2015, with a €3.1m increase. Net result of the Group was equal to €1.47m, compared to the Net Profit for the Group of €35K in 1H 2015, with a €1.43m improvement.

Balance Sheet Analysis

Looking at the balance sheet as of June 30, 2016, Shareholders' equity is equal to €132.4m and net financial debt amounts to €76.3m compared to €80.5m at the end of 2015. The financial debt decrease compared to 1H 2015 mainly refers to cash flow increase.

As of June 30, 2016 operating net working capital amounts to €75.9m (27.3% of LTM sales) compared to €80.1m as of June 30, 2015 (30.9% of LTM sales).

The reduction of incidence on sales is mainly related to the positive trend of trade receivables and payables in the first half of 2016.

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

1H 2016 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 2016 are available at the following link: <http://www.aeffe.com/aeffeHome.php?pattern=11&lang=ita>.

"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 16	%	1H 15	%	Change	Change %
Revenues from sales and services	137,783	100.0%	128,723	100.0%	9,060	7.0%
Other revenues and income	5,787	4.2%	3,287	2.6%	2,500	76.1%
Total Revenues	143,569	104.2%	132,009	102.6%	11,560	8.8%
Total operating costs	(131,343)	(95.3%)	(122,245)	(95.0%)	(9,098)	7.4%
EBITDA	12,226	8.9%	9,764	7.6%	2,462	25.2%
Total Amortization and Write-downs	(6,077)	(4.4%)	(6,337)	(4.9%)	261	(4.1%)
EBIT	6,149	4.5%	3,426	2.7%	2,723	79.5%
Total Financial Income /(expenses)	(1,375)	(1.0%)	(1,742)	(1.4%)	366	(21.0%)
Profit before taxes	4,774	3.5%	1,685	1.3%	3,089	183.4%
Taxes	(2,949)	(2.1%)	(1,586)	(1.2%)	(1,363)	86.0%
Net Profit	1,824	1.3%	99	0.1%	1,726	1,745.7%
Profit attributable to minority shareholders	(355)	(0.3%)	(64)	(0.0%)	(291)	453.8%
Net Profit for the Group	1,469	1.1%	35	0.0%	1,434	4,138.4%

(In thousands of Euro)

	1H 16	FY 15	1H 15
Trade receivables	37,785	38,256	38,184
Stock and inventories	88,920	89,988	93,887
Trade payables	(50,762)	(61,429)	(51,917)
Operating net working capital	75,944	66,816	80,154
Other receivables	32,222	33,484	37,616
Other liabilities	(23,701)	(17,979)	(19,856)
Net working capital	84,464	82,321	97,914
Tangible fixed assets	62,080	63,261	64,051
Intangible fixed assets	117,713	122,821	125,624
Investments	132	132	132
Other long term receivables	3,802	4,265	4,510
Fixed assets	183,727	190,478	194,317
Post employment benefits	(6,469)	(6,552)	(7,001)
Long term provisions	(950)	(1,069)	(968)
Assets available for sale	437	437	437
Liabilities available for sale			
Other long term liabilities	(285)	(14,330)	(14,511)
Deferred tax assets	11,412	11,089	12,681
Deferred tax liabilities	(31,308)	(32,208)	(36,666)
NET CAPITAL INVESTED	241,028	230,167	246,202
Capital issued	25,371	25,371	25,371
Other reserves	114,468	114,337	114,087
Profits/(Losses) carried-forward	(8,883)	(9,486)	(9,406)
Profit/(Loss) for the period	1,469	1,522	35
Group share capital and reserves	132,426	131,744	130,087
Minority interests	32,285	17,884	17,979
Shareholders' equity	164,710	149,628	148,066
Short term financial receivables	(2,236)	(1,816)	(2,216)
Liquid assets	(10,820)	(9,993)	(7,963)
Long term financial payables	21,010	18,394	17,699
Long term financial receivables	(3,232)	(2,031)	(1,949)
Short term financial payables	71,596	75,985	92,565
NET FINANCIAL POSITION	76,317	80,539	98,136
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	241,028	230,167	246,202

<i>(In thousands of Euro)</i>	1H 16	FY 15	1H 15
OPENING BALANCE	9,993	6,692	6,692
Profit before taxes	4,774	2,853	1,685
Amortizations, provisions and depreciations	5,992	13,459	6,237
Accruals (availments) of long term provisions and post employment benefits	(202)	(1,885)	(1,535)
Taxes	(2,294)	(3,596)	(1,437)
Financial incomes and financial charges	1,375	3,031	1,742
Change in operating assets and liabilities	(18,066)	(1,097)	(15,440)
NET CASH FLOW FROM OPERATING ASSETS	(8,421)	12,765	(8,748)
Increase (decrease) in intangible fixed assets	1,661	(2,047)	(1,273)
Increase (decrease) in tangible fixed assets	(1,365)	(4,992)	(2,942)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)		(51)	(51)
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	296	(7,090)	(4,266)
Other changes in reserves and profit carried-forward to shareholders'equity	13,258	(52)	(5)
Proceeds (repayment) of financial payments	(1,772)	1,402	17,288
Increase (decrease) financial receivables	(1,158)	(693)	(1,256)
Financial incomes and financial charges	(1,376)	(3,031)	(1,742)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	8,952	(2,374)	14,285
CLOSING BALANCE	10,820	9,993	7,963