

# DAMIANI

## PRESS RELEASE

### Damiani S.p.A:

### Board of Directors approves the consolidated financial third quarter report as of December 31, 2008 for the first 9 months of FY2008/2009<sup>(1)</sup>

- **Consolidated revenues:** 126.8 million euro (142.3 million euro at December 31, 2007<sup>(2)</sup>)
- **Retail revenues:** 18.8 million euro (7.6 million euro at December 31, 2007)
- **Consolidated EBITDA:** 14.7 million euro (26.0 million euro at December 31, 2007<sup>(2)</sup>)
- **Consolidated EBIT:** 11.7 million euro (24.3 million euro at December 31, 2007<sup>(2)</sup>)
- **Net Profit:** 7.7 million euro (13.9 million euro at December 31, 2007<sup>(2)</sup>)
- **Net financial position:** Net debt of 39.2 million euro (net cash of 25.9 million euro as of December 31, 2007<sup>(3)</sup>)

Milan, February 12, 2009 – The Board of Directors of **Damiani S.p.A.** (Milan, Star: DMN), the parent company of the Damiani Group, active in the design, production and distribution of luxury and designer jewellery in Italy and abroad, today approved the consolidated third quarter report for the first 9 months ending on **December 31, 2008**.

#### CONSOLIDATED REVENUES

During the first 9 months of the financial year 2008/09, Group consolidated revenues amounted to **126.8 million euro**, a decline of 10.9% at current exchange rates compared to 142.3 million euro recorded during the same period of the previous year (-11.0% at constant exchange rates).

#### Revenues breakdown by distribution channel

**Retail revenues** amounted to **18.8 million euro**, as of December 31 2008, up by 146.4% at current exchange rates (+146% at constant exchange rates), compared to the 7.6 million euro of retail revenues as of December 31, 2007 and up by 14% at constant exchange rates net of Rocca multibrand stores revenues). The positive trend of the retail sales is due to the increased number of DOS, and the Rocca boutiques, included in the perimeter of operations starting September 1, 2008(1).

In the first 9 months of financial year 2008/09, **Wholesale revenues** amounted to **96.5 million euro**, (76.1% of consolidated sales) with a decrease of 24.7% at current exchange rates (24.8% at constant exchange rates) compared to 128.2 million euro recorded in the same period of the previous year.

**Other channels/other revenues** amounted to **11.4 million euro** as of December 31, 2008, up by 76.8% at current exchange rates compared to the 6.5 million euro as of December 31, 2007 (+77.2 at constant exchange rates).

---

(1) It should be noted that the consolidation perimeter of Damiani S.p.A as of December 31, 2008 is different than the consolidation perimeter as of March 31, 2008 due to the acquisition of 100% of Rocca S.p.A which was completed on September 15, 2008. The consolidation of Rocca is effective starting September 1, 2008.

(2) Data at December 31, 2007 were net of 7.6 million euro of non recurring revenues related to two real estate transactions; the net effect on EBITDA is 7,1 million euro and on Group net profit was 6,6 million euro

(3) Net debt at December 31, 2008 includes 22.3 million euro of net debt of Rocca Group

# DAMIANI

Revenues breakdown by distribution channel (in thousand of euro)	9 months FY 2008/2009	9 months FY 2007/2008	% change at constant exchange rates	% change at current exchange rates
<b>Retail</b>	<b>18,836</b>	<b>7,643</b>	146.4%	146.0%
<i>% of total revenues</i>	<i>14.9%</i>	<i>5.1%</i>		
<b>Wholesale</b>	<b>96,545</b>	<b>128,157</b>	-24.7%	-24.8%
<i>% of total revenues</i>	<i>76.1%</i>	<i>85.5%</i>		
<b>Other channel/other revenues</b>	<b>11,406</b>	<b>6,452</b>	76.8%	77.2%
<i>% of total revenues</i>	<i>9.0%</i>	<i>4.3%</i>		
<b>Consolidated revenues net of non recurring revenues</b>	<b>126,787</b>	<b>142,252</b>	-10.9%	-11,0%
Non recurring revenues		7,612		
<b>Consolidated revenues</b>	<b>126,787</b>	<b>149,864</b>	-15.4%	-15.6%

## REVENUES BREAKDOWN BY GEOGRAPHICAL REGION

During the first 9 months of financial year 2008/2009, revenues for **Italy** amounted to **92.6 million euro** (-11.6% vs. December 31, 2007), equal to 73% of consolidated revenues.

This decrease is mainly due to a slowdown in the wholesale revenues, as a consequence of Italian economic environment only partially offset by the increase in the sales of the retail channel thanks to the contribution of the Rocca multibrand boutiques.

In the **Americas**, during the first 9 months of financial year 2008/2009, revenues, accounting for 5.3% of consolidated revenues, amounted to **6.7 million euro**, down by 9.4% at current exchange rates revenues (-5.2% at constant exchange rates) compared to December 31, 2007 as an effect of the general slowdown in consumption.

As of December 31, 2008, revenues in **Japan** amounted to 7.5 million euro, down by 17% at current exchange rates (-22.9% at constant exchange rates) compared to the same period of the previous year as a consequence of the wholesale slowdown while the positive performance of the retail channel.

During the first 9 months of the financial year 2008/09, revenues in the **Rest of the World** amounted to 20.0 million euro, with a decrease of 5.4% (net of non recurring revenues) mainly due to the decrease in wholesale channel in some regions which have been more affected by the decrease in the consumer demand (in particular Western Europe).

# DAMIANI

Revenues breakdown by region (in thousand of Euro)	9 months		9 months		% change current exchange rates	% change constant exchange rates
	FY 2008/2009	% on total	FY 2007/2008	% on total		
<b>Italy</b>	<b>92,577</b>	73.0%	<b>104,682</b>	73.6%	-11.6%	-11.6%
<b>Americas</b>	<b>6,695</b>	5.3%	<b>7,386</b>	5.2%	-9.4%	-5.2%
<b>Japan</b>	<b>7,494</b>	5.9%	<b>9,025</b>	6.3%	-17.0%	-22.9%
<b>Rest of world</b>	<b>20,021</b>	15.8%	<b>21,159</b>	14.9%	-5.4%	-5.4%
<b>Consolidated revenues net of non recurring revenues</b>	<b>126,787</b>	100%	<b>142,252</b>	100%	-10.9%	-11.0%
Non recurring revenues			7,612			
<b>Consolidated revenues</b>	<b>126,787</b>		<b>149,864</b>		-15.4%	-15.6%

## STORES NETWORK

As of December 31, 2008, the Group operates through **43 directly operated stores**, in addition to **40 franchising stores** located in the most prestigious Italian and international fashion streets.

During the first 9 months 2008/09, the Group opened **11 dos** directly managed including: 1 in **Los Angeles**, 1 in **St. Moritz**, 1 in **Turin** and 1 in **Naples** for the Damiani brand.

For Bliss the Group opened 1 DOS in **Brescia**, 1 in **Alessandria**, 1 in **Turin** and 4 franchising stores in Tokyo (in Omotesando, Ginza, Shinjuku, Ikebukuro areas) and 1 in **Osaka** (in Shinsaibashi). The openings in Japan, the first consumer of luxury goods in the world, is in line with the plan of making Bliss an internationally recognized brand.

The Group also opened 1 Salvini boutique and 1 Calderoni boutique in **Milan**, 1 Rocca Multibrand boutique in **Rome** and 1 in **Genoa**.

Abroad the Group opened in franchising 1 boutique in **Odessa** and the second boutique in **Dubai** both with the Damiani brand.

## OPERATING RESULTS AND NET PROFIT<sup>1</sup>

Damiani Group closed the first 9 months of the financial year 2008/09 with **consolidated EBITDA** of **14.7 million euro**, representing a decrease of 43.4% compared to 26.0 million euro as of December 31, 2007.

**Consolidated EBITDA margin** was 11.6%.

**Consolidated EBIT** was **11.7 million euro**, a decrease of 52% compared to the 24.3 million euro on December 31, 2007, with a margin on revenues of 9.2%.

**Net Profit** for the first 9 months of the financial year 2008/09 amounted to **7.7 million euro** compared to 13.9 million euro at December 31, 2007, a decline of 44.6% compared to December 31, 2007.

<sup>1</sup> Data at December 31, 2007 were net of 7.6 million euro of non recurring revenues related to two real estate transactions; the net effect on EBITDA is 7,1 million euro and on Group net profit was 6,6 million euro

# DAMIANI

## **NET FINANCIAL POSITION**

In the **first 9 months of the year 2008/09**, the **Damiani Group** reported a net debt of 39.2 million euro, an increase of 67.7 million euro compared to 28.4 million euro of net cash as of March 31, 2008, with an increase of 65.1 million euro compared with the net cash of 25.9 million euro at December 31, 2007. The change is mainly due to the consolidation of the Rocca Group which has caused a negative effect on the Group net financial position, at 31 December 2008 of 29.8 million euro, and to the cash outlay for its acquisition, as well as the seasonality of the net working capital and for the share buyback plan.

## **SHARE BUYBACK PLAN UPDATE**

As of **December 31, 2008**, 3,354,566 ordinary shares were purchased, equal to 4.061% of the Damiani S.p.A. share capital with a total outlay of 5.7 million euro and an average price of 1.70 euro per share.

## **SIGNIFICANT EVENTS OCCURRED DURING THE FIRST 9 MONTHS ENDING AT DECEMBER 31, 2008**

Damiani S.p.A. relaunched the brand Calderoni and acquired 100% of the share capital of Rocca S.p.A, which become part of the Group as a distribution brand besides the already existing 5 brands. In addition, the Group signed a partnership agreement to distribute Bliss products in Japan and two agreements with **Maison Martin Margiela** and **Jil Sander**, for the production of jewellery collections, so making its expertise available for companies outside the Group, who chose Damiani for its well known and superior quality in the production of jewellery.

*The manager in charge of preparing the company's financial reports (Gilberto Frola) declares, pursuant to paragraph 2 article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documented results, books and accounting entries.*

### **Damiani S.p.A.**

Damiani S.p.A. is the flagship company of the Damiani Group, leader in the Italian market for the production and sales of high-end jewels and design and active in the jewellery sector with prestigious brands such as Damiani, Calderoni 1840, Salvini, Alfieri & St. John and Bliss. It also owns Rocca 1794, a prestigious Italian chain with over 200 years of expertise in the retail sale of the world's most famous international brands of watches and jewellery.

With around 700 employees, the Damiani Group is active in Italy and the main world markets with its own operative affiliates and manages 43 direct points of sale and 40 more in franchising located on the main world international fashion streets.

Strong with a tradition that has lasted for centuries in the world of high end jewellery thanks to historically famous brands that make up the Group's portfolio, the Group today is careful in interpreting its legendary patrimony and presents it with full respect for tradition and the innovative spirit of its origins.

For further information:

Paola Maini  
**Corporate Media Relations**  
**Damiani Group**  
Tel: +39 02.46716237  
Email: [paolamaini@damiani.it](mailto:paolamaini@damiani.it)

Paola Burzi  
**Investor Relations Officer**  
**Damiani Group**  
Tel: +39 02.46716340  
Email: [paolaburzi@damiani.it](mailto:paolaburzi@damiani.it)

# DAMIANI

**Attachments:**

**Reclassified consolidated Income Statement and Balance Sheet schedules at December 31, 2008**

**Income statement 9 Months 2008/2009 and 9 Months 2007/2008**

<b>Economical Datas (In thousands of Euro)</b>	<b>9 Months</b>			<b>9 Months</b>	
	<b>FY 2008/2009</b>	<b>FY 2007/2008</b>	<b>Change %</b>	<b>2007/2008 net of non recurring items (1)</b>	<b>Change %</b>
Revenues from sales and services	126,372	141,780	-10.9%	141,780	-10.9%
Total revenues	126,787	149,864	-15.4%	142,252	-10.9%
Operating expenses	(112,050)	(116,766)	-4.0%	(116,206)	-3.6%
<b>EBITDA</b>	<b>14,737</b>	<b>33,098</b>	<b>-55.5%</b>	<b>26,046</b>	<b>-43.4%</b>
<b>Operating income</b>	<b>11,657</b>	<b>31,317</b>	<b>-62.8%</b>	<b>24,265</b>	<b>-52.0%</b>
Income before taxes	12,609	30,226	-58.3%	23,174	-45.6%
Net Group income	7,721	20,534	-62.4%	13,949	-44.6%
Basic earning per share	0.10	0.31			

(1) Data at December 31, 2007 were net of 7.6 million euro of non recurring revenues related to two real estate transactions; the related net effect on EBITDA was 7.1 million euro and on Groups net profit was 6.6 million euro.

# DAMIANI

## Balance Sheet at December 31<sup>st</sup> 2008, March 31<sup>st</sup> 2008, December 31<sup>st</sup> 2007

<b>Balance sheet datas (In thousands of Euro)</b>	December 31, 2008	March 31, 2008	December 31, 2007
Fixed assets	62,007	41,817	36,757
Net working capital	129,203	94,987	107,931
Current and non current liabilities	(8,350)	(9,272)	(7,158)
<b>Net Invested Capital</b>	<b>182,860</b>	<b>127,532</b>	<b>137,530</b>
Net Equity	143,621	155,959	163,424
Net indebtedness	39,239	(28,427)	(25,894)
<b>Sources of financing</b>	<b>182,860</b>	<b>127,532</b>	<b>137,530</b>

<b>Net financial position (in thousands of Euro)</b>	December 31, 2008	March 31, 2008	December 31, 2007
Medium-long term loans - Current share	7,183	4,474	1,173
Medium-long term loans with related parties - Current share	16,110	2,593	8,473
Current financial debts to banks and other financial institutes	619	688	672
<b>Current financial debt</b>	<b>23,912</b>	<b>7,755</b>	<b>10,318</b>
Medium-long term loans - Non-current share	8,407	8,562	24,324
Medium-long term loans with related parties - Non-current share	16,487	8,069	8,155
<b>Non-current financial debt</b>	<b>24,894</b>	<b>16,631</b>	<b>32,479</b>
<b>Total gross financial debt</b>	<b>48,806</b>	<b>24,386</b>	<b>42,797</b>
Bank and similar	(9,567)	(52,813)	(68,691)
<b>Net financial position</b>	<b>39,239</b>	<b>(28,427)</b>	<b>(25,894)</b>