

# DAMIANI

## PRESS RELEASE

Damiani S.p.A:

The Board of Directors approves the Group's interim report for the first half ending September 30, 2011 of fiscal year 2011/2012

### FIRST HALF FISCAL YEAR 2011/2012 CONSOLIDATED RESULTS

- **Consolidated Revenues from sales:** +11.2% at constant exchange rates, +10.5% at current exchange rates 61.2 million euro (55.4 million euro at September 30, 2010)
- **Consolidated EBITDA:** -3.3 million euro (1,5 million euro of improvement as of September 30, 2010)
- **Net Debt:** 28.1 million euro (in improvement compared to 39.4 million euro at September 30, 2010. At March 31, 2011 net debt was 28.9 million euro)

Valenza, November 25<sup>th</sup>, 2011 – The Board of Directors of **Damiani S.p.A.** (Milan, Star: DMN), the parent company of the Damiani Group, a designer, producer and distributor of luxury jewels in Italy and abroad, today approved the Group's interim consolidated results for the first half ending **September 30, 2011**.

Guido Damiani, Damiani Group's President and C.E.O. has commented: *"In this first half Damiani showed a good performance particularly due to the good results achieved by our retail network, confirming a positive trend that continued over the past two years, through both the Damiani monobrand boutiques in Italy and abroad, with an average increase of +27%, and the Rocca multibrand stores. The wholesale channel showed a double digit growth, with some positive signals on the domestic market despite the high degree of uncertainty still present in the sector. The careful monitoring over net working capital have led to additional improvement, compared to March 31 2011, in the net debt which is in strong decline as compared to the same period of last year. The uncertainty of the macroeconomic scenario makes more difficult the forecast for this second half, which is usually the high seasonal sales period in our sector. Anyway the Group will go on pursuing its targets maintaining the effective measures already achieved in the first half and concentrating on focused investments.*

### CONSOLIDATED REVENUES

During the first half of fiscal year 2011/2012 **Damiani consolidated revenues from sales and services** were equal to **61.3 million euro** compared to 55.5 million euro of the same period last year, with a **11.1%** increase at constant exchange rates and **10.4%** increase at current exchange rates.

### Revenues Breakdown by Geographical Area

In the **first half of fiscal year 2011/2012**, the revenues breakdown by **geographical area** reported **Italian** revenues with an increase of **13.3%** versus the same results at September 30, 2010. The growth in the first half was due to the increase in both wholesale and retail channels.

In the **Americas** revenues showed a 26.6% increase at constant exchange rates (13.8% increase at current exchange rates) compared to the same period of last year.

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In **Japan revenues** showed a 5.4% increase at constant exchange rates (5.7% increase at current exchange rates) compared to the same period of last year, as a result from the increase in retail channel.

In the **Rest of the World** revenues showed a 1.1% decrease at constant exchange rates (1.7% decrease at current exchange rates if compared to September 30, 2010).

Revenues by Geographical Area (In thousands of Euro)	I Half 2011/2012	I Half 2010/2011	change % at constant exchange rates	change % at current exchange rates
Italy	45,346	39,987	13.4%	13.4%
Americas	2,873	2,525	26.6%	13.8%
Japan	4,672	4,419	5.4%	5.7%
Rest of the World	8,332	8,456	-1.1%	-1.7%
Other revenues	92	112		
<b>Total revenues</b>	<b>61,306</b>	<b>55,508</b>	<b>11.1%</b>	<b>10.4%</b>

As for the Group expansion abroad in the first half 2011/2012, there was the enlargement of our subsidiary in Hong Kong and the opening of the new Damiani monobrand franchised stores in Chengdu, one of the most populous and important economic center of China and of a new Bliss monobrand boutiques in Shanghai in the International Finance Centre (IFC) the most prestigious mall of the city, and a new Rocca multibrand boutique in Lugano.

## OPERATING RESULT AND NET RESULT

Damiani Group closed the **first half of fiscal year 2011/2012** with a **negative consolidated EBITDA for – 3.3 million euro**, comparatively improving of 1.5 million euro from the -4.8 million euro result as of September 30, 2010.

**Consolidated EBIT** was negative at **–4.8 million euro**, improving of 3 million euro from -7.8 million euro as of September 30, 2010.

**The Consolidated net result for the first half of fiscal year 2011/2012** was negative and amounted to **– 7.2 million euro**, improving from the –8.5 million euro of September 30, 2010.

## NET FINANCIAL DEBT

As of September 30, 2011 the Group's net financial debt was equal to **28.1 million euro** in strong improvement compared to 39.4 million euro as of September 30, 2010 and slightly in improvement compared to 28.9 million euro as of March 31, 2011 thanks to the careful monitoring over net working capital.

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*The executive responsible for preparing corporate accounting documents (Gilberto Frola) states under Article 154 bis, paragraph 2, of the Consolidated Finance Act that the accounting information contained in this press release corresponds to the documents, registers and accounting records.*

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

Damiani S.p.A., founded in Valenza in 1924 and led today by the third generation, is the flagship company of the Damiani Group, a leader in Italy in manufacturing and marketing high end jewelry and luxury watches. Active in the jewelry sector with prestigious owned brands such as Damiani, Salvini, Bliss, Alfieri & St. John and Calderoni, the Group also manages various lines of prestigious international brands under license. The Group owns the Rocca 1794 chain, which has over 200 years of experience in retail sales of the best known brands of watches and jewelry. The Damiani Group operates in Italy and in major world markets through its operating subsidiaries and manages 32 stores and 47 franchises situated on the main streets of international fashion. With a tradition that is centuries-old, the group is careful to interpret its historical heritage with respect for its tradition and with the innovative spirit of its origins.

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## **Attachments:**

Consolidated Income Statement and Balance Sheet Statement as of September 30, 2011.

Consolidated Income Statement of I Half (april-september) FY 2011/2012 and FY 2010/2011

<b>Main economic data</b> (in thousands of Euro)	<b>I Half</b> <b>2011/2012</b>	<b>I Half</b> <b>2010/2011</b>	<b>Change %</b>
<b>Revenues from sales and services</b>	<b>61,214</b>	<b>55,396</b>	<b>10.5%</b>
Total revenues	61,306	55,508	10.4%
Cost of production	(64,588)	(60,290)	7.1%
<b>EBITDA</b>	<b>(3,282)</b>	<b>(4,782)</b>	<b>31.4%</b>
<b>EBITDA %</b>	<b>-5.4%</b>	<b>-8.6%</b>	
Depreciation and amortization	(1,496)	(3,035)	-50.7%
<b>Operating income</b>	<b>(4,778)</b>	<b>(7,817)</b>	<b>38.9%</b>
<b>Operating income %</b>	<b>-7.8%</b>	<b>-14.1%</b>	
Net financial incomes (expenses)	(971)	(855)	13.6%
Result before taxes	(5,749)	(8,672)	33.7%
Net result of the Group	(7,190)	(8,517)	15.6%
Basic Earnings (Losses) per Share	(0.10)	(0.11)	

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## Consolidated Balance Sheet at September 30 2011 and at March 31 2011

<b>Balance sheet Data</b> (In thousands of Euro)	<b>Situation at September 30 2011</b>	<b>Situation at March 31 2011</b>
Fixed Assets	51,294	51,684
Net working capital	72,924	79,653
Non current Liabilities	(6,869)	(7,380)
<b>Net Capital Invested</b>	<b>117,349</b>	<b>123,957</b>
Net Equity	89,232	95,106
Net Financial position	28,117	28,851
<b>Sources of Financing</b>	<b>117,349</b>	<b>123,957</b>

<b>Net Financial Position</b> (in thousands of Euro)	<b>Situation at September 30 2011</b>	<b>Situation at March 31 2011</b>
Medium-long term loans and financing - current portion	6,585	7,147
Usage of credit lines, short term financing and others	6,502	5,965
M/L term loans and financing with related parties - current portion	936	714
<b>Current financial indebtness</b>	<b>14,023</b>	<b>13,826</b>
M/L term loans and financing - non current portion	12,785	15,602
M/L term loans and financing with related parties - non current portion	10,077	10,714
<b>Non current financial indebtness</b>	<b>22,862</b>	<b>26,316</b>
<b>Total gross financial indebtness</b>	<b>36,885</b>	<b>40,142</b>
Financial current assets	(553)	(1,074)
Cash and cash equivalents	(8,215)	(10,217)
<b>Net Financial Position</b>	<b>28,117</b>	<b>28,851</b>