

DAMIANI

PRESS RELEASE

Damiani S.p.A.:

The Board of Directors has approved the Interim Report to 31 December 2013 of the Damiani Group relating to the first nine months of the financial year 2013/2014

**Revenues from sales and services of Euro 110.3 million
Foreign and retail revenues rising**

14 February 2014 Today, the Board of Directors of **Damiani S.p.A.** (Milan, Star: DMN) has approved the Interim Report to 31 December 2013 for the Damiani Group relating to the first nine months of the financial year 2013/2014. The performance in the 9 months of the financial year showed the growth in sales in the retail channel, confirming the trend that has now continued for some time. Directly-managed **Damiani mono-brand shops**, in Italy and abroad, recorded overall revenues **which rose by about 16%**, reflecting the quality of the offer and the appreciation of the brand. Wholesale sales also recorded a good performance abroad where the Group's penetration in markets with the highest potential continues, while in the domestic market, the performance is still penalized by the stagnation of consumption and the subsequent wariness in purchases by jewelers.

CONSOLIDATED REVENUES

In the first 9 months of the financial year 2013/2014, the group **revenues from sales and services** were **Euro 110.3 million**, with an increase of 5.6% at constant exchange rates and 2.6% at current exchange rates (in the same period of the previous financial year they were Euro 107.5 million).

Breakdown of revenues by sales channel

In the first 9 months of the financial year 2013/2014, the **revenues in the retail channel rose by 18.7%, at constant exchange rates** and 13.9% at current exchange rates.

At 31 December 2013, the group managed 55 direct points of sale positioned in the renowned international luxury streets. During the first 9 months of the financial year 2013/2014, revenues in the **wholesale** distribution channel fell back by -1.9% at constant exchange rates and -3.7% at current exchange rates.

Revenues by Sales Channel (In thousands of Euro)	Nine Months	
	Financial Year 2013/ 2014	Financial Year 2012/ 2013
Retail	44,135	38,757
<i>Percentage on total revenues</i>	<i>40.0%</i>	<i>36.0%</i>
Wholesale	66,157	68,726
<i>Percentage on total revenues</i>	<i>60.0%</i>	<i>63.9%</i>
Total revenues from sales and services	110,292	107,483
<i>Percentage on total revenues</i>	<i>100.0%</i>	<i>99.9%</i>
Other revenues	38	143
<i>Percentage on total revenues</i>	<i>0.0%</i>	<i>0.1%</i>
Total Revenues	110,330	107,626

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Distribution of revenues by geographical area

During the first 9 months of the financial year 2013/2014, the Revenues from Sales and Services highlights an increase of **1.5%** in **Italy** in respect to 31 December 2012.

Rest of the world revenues in the first 9 months of the financial year 2013/2014 **increased overall by 15% at constant exchange rates** and 5% at current exchange rates compared to the same period in the previous financial year, mainly penalised by the devaluation of the Yen. Overall, the weight of the overseas revenues was about 30% of the total in the first 9 months of the 2013/2014 financial year.

OPERATING EARNINGS AND NET PROFIT

The Damiani group recorded a **positive consolidated EBITDA of Euro 0.3 million** at income level for the first nine months of the financial year 2013/2014, an improvement with respect to the Euro -0.8 million recorded at 31 December 2012.

In the first 9 months of the current financial year there was an item of non-recurring proceed of Euro 2.0 million. **Net of this element, the EBITDA would have shown an improvement of Euro 3.0 million.**

The **consolidated operating result** was negative at Euro -2.2 million but improving in respect to the Euro -3.0 million at 31 December 2012. Net of the above-mentioned non-recurring return, the operating earnings would have shown an improvement of Euro 2.8 million.

In the first nine months of the current financial year, the group has noted the expected benefits of a series of actions implemented in the financial year 2012/2013 aimed at rationalising some company processes and containing operating costs.

The group closed the first nine months of the financial year 2013/2014 with a negative **consolidated net result** of Euro -3.6 million, an improvement in respect to the Euro -4.7 million of 31 December 2012.

NET DEBT

At 31 December 2013, the Group had a negative net debt of Euro 45.4 million (Euro 33.0 million at 31 March 2013).

SIGNIFICANT EVENTS IN THE THIRD QUARTER

In October, the Damiani group grew further abroad with the opening of the first franchised Damiani boutique in Kyrgyzstan, in the former Soviet republic in central Asia which is expanding significantly.

Also in October, the second directly managed boutique was opened at Xin Tian Di, a trendy and elegant pedestrian area for shopping and leisure time in Shanghai, the Chinese megalopolis.

On 20 November 2013, the event for the re-opening of the Damiani boutique in Via Condotti, Rome was organised. The store has been completely renovated and has 400 square metres on three floors with the new *concept* which was presented in Via Montenapoleone, Milan, the previous year. Sophia Loren was the ambassador of the event, which was a great success with the Press and the selected guests. The event in Rome also marked the start of the celebrations for the company's 90th anniversary, to be celebrated in 2014 and to continue in other key cities for the group.

At the end of November 2013, Damiani obtained another international recognition with the victory in the *Watch & Jewellery Awards 2013* at Kuala Lumpur, Malaysia. The exhibition, in its seventh edition, awarded a prize to the 'Sophia Loren' necklace, a unique Masterpiece in diamonds weighing a total of 81 carats. The group has a franchised mono-brand Damiani boutique in Kuala Lumpur which was opened in September 2013.

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SIGNIFICANT EVENTS AFTER THE END OF THE THIRD QUARTER

In January 2014, Damiani S.p.A. opened a new Damiani mono-brand point of sale in terminal T3 of the international airport Leonardo da Vinci, Fiumicino, in Rome. This opening is as further step in the strategy of expansion in the market sector consisting of travel retail after the inauguration of the Damiani boutique at Moscow airport in July 2013.

Pursuant to Article 154 bis, sub-paragraph 2, of the Consolidated Financial Act, the senior manager responsible for drafting the corporate accounting documents (Mr Gilberto Frola) declares, that the accounting information in this press release corresponds to the documentary results, books and book entries based on the best available estimates.

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Damiani S.p.A.

Damiani S.p.A., founded in Valenza in 1924 and now managed by the third generation, is the parent company of the Damiani group, leader in the Italian market of the production and sale of fine jewellery and watches. Active in the jewellery sector with the prestigious brands it owns such as Damiani, Calderoni 1840, Salvini, Alfieri & St. John and Bliss, it also manages some ranges of prestigious international brands under licence. The group also owns the chain Rocca 1794 with a history of more than 200 years in the retail of the best-known brands of watches and fine jewellery. The Damiani group can be found in Italy and major world markets through its operating subsidiaries and manages direct and franchised points of sale in principle international fashion high streets. Strengthened by a tradition of hundreds of years, the group is a careful interpreter of a heritage that has full respect for tradition with the same innovative spirit as its origins.

ENCLOSURES:

The consolidated tables of the Income Statement and Balance Sheet to 31 December 2013

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Interim Consolidated Income Statement for the first nine months (April-December) of the 2013/2014 financial year and the 2012/2013 financial year

Main economic data	Nine months	
	Financial Year 2013/2014	Financial Year 2012/2013
(in thousands of Euro)		
Revenues from sales and services	110,292	107,483
Total revenues	110,330	107,626
Cost of production	(110,059)	(108,592)
EBITDA	271	(966)
EBITDA %	0.2%	-0.9%
Amortization and depreciation	(2,465)	(2,228)
Operating income	(2,194)	(3,194)
Operating income %	-2.0%	-3.0%
Net financial income (expenses)	(1,148)	(1,335)
Result before taxes	(3,342)	(4,529)
Net result of the Group	(3,561)	(4,738)
Basic Earnings (Losses) per Share	(0.05)	(0.06)

(*) The economic data restated in relation to the first 9 months 2012/2013 incorporate the effects arising from IAS 19 (2011).

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Interim Consolidated Balance Sheet at 31 December 2013 and 31 March 2013

Balance sheet data (In thousands of Euro)	December 31 2013	March 31 2013
Fixed Assets	48,562	49,191
Net working capital	76,073	67,553
Non current Liabilities	(6,138)	(6,622)
Net Capital Invested	118,497	110,122
Net Equity	73,130	77,159
Net Financial Position	45,367	32,963
Sources of Financing	118,497	110,122

Net Financial Position (in thousands of Euro)	December 31 2013	March 31 2012
Medium-long term loans and financing - Current portion	4,285	5,500
Usage of credit lines, short term financing and others	25,764	21,493
Medium-long term loans and financing with related parties - Current portion	1,037	1,042
Current financial indebtness	31,086	28,035
Medium-long term loans and financing - Non current portion	9,774	4,500
Medium-long term loans and financing with related parties - Non current portion	12,421	8,263
Non current financial indebtness	22,195	12,763
Total gross financial indebtness	53,281	40,798
Financial current assets	-	(147)
Cash and cash equivalents	(7,914)	(7,688)
Net Financial Position	45,367	32,963