

DAMIANI

HANDMADE IN ITALY SINCE 1924

PRESS RELEASE

Damiani Group – The first half 2016/2017 Revenues of 69.7 million of Euros, +2.8%

Milan - December 30, 2016 – Today, the Board of Directors of **Damiani S.p.A.**, parent company of the Damiani Group, has approved the consolidated interim financial report at September 30, 2016.

The first half 2016/2017 closed with **Revenues from sales** of 69.7 million of euros (+2.8% compared to the first half of the financial year 2015/2016). The wholesale sector recorded an increase of 8.2%, as a direct consequence of the good performance of the domestic market, where the customers shown a growing interest for the minor brands of the Group. The *retail* sector registered a slight decrease (-2.3%), due to the low performance recorded by the Italian boutiques, as a result of the contraction of foreign customers.

At September 30, 2016 the Group managed 59 direct stores, including 45 Damiani mono brand shops, located in the leading international luxury streets.

Revenues by Sales Channel (in thousands of Euro)	I Half 2016/2017	I Half 2015/2016	Change	Change %
Retail	34,447	35,240	(793)	-2.3%
<i>Percentage on total revenues</i>	<i>49.4%</i>	<i>51.3%</i>		
Wholesale	35,291	32,621	2,670	8.2%
<i>Percentage on total revenues</i>	<i>50.6%</i>	<i>47.5%</i>		
Total revenues from sales and services	69,738	67,861	1,877	2.8%
<i>Percentage on total revenues</i>	<i>99.9%</i>	<i>98.7%</i>		
Other revenues	63	880	(817)	-92.8%
<i>Percentage on total revenues</i>	<i>0.1%</i>	<i>1.3%</i>		
Total Revenues	69,801	68,741	1,060	1.5%

In terms of geographic distribution, in the first half 2016/2017 revenues in the domestic market remained substantially stable compared to the same period of the previous financial year. Foreign revenues increased of 7.8% (at current exchange rates).

OPERATING EARNINGS AND NET PROFIT

The consolidated **EBITDA** in the first half of 2016/2017 amounted to 2.8 million euros, and reported a decrease compared to the same period of the previous financial year. The operating performance in both periods, however, was influenced by non-recurring operations. EBITDA, net of the non-recurring operations, would show an improvement of 4.2 million of euros.

Even the consolidated **Operating result**, net of non-recurring operations, recorded an increase of 5 million of euros compared to the first half of the previous year.

The consolidated **Net result** of the group is a loss of 0.8 million of euros, compared to a profit of 5.2 million of euros in the same period of the previous financial year, because of the non-recurring operations.

NET FINANCIAL POSITION

At September 30, 2016, the Group had a negative net financial position of 63.3 million of euros (it was 52.5 million of euros at March 31, 2016).

The change is a direct result of the cash needs absorbed by both industrial investments made in

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the period (6.9 million euros), to develop the network of directly operated stores, and by operating working capital, affected by seasonal trends.

IMPORTANT EVENTS DURING THE FIRST HALF

In April 2016 Damiani's new advertising campaign was presented, that tells a fascinating journey in Italy. Images taken by the famous photographer Greg Williams, match the beauty and artistic excellence of the country to the new brand ambassador, actress Nicoletta Romanoff, a direct descendant of the tsar of Russia, who perfectly embodies modern elegance of Damiani jewelry.

During the first half year, the Group's retail segment continued its development with the opening of new DOS. In particular:

- Coinciding with the celebrations of the first thirty years of the Salvini brand, and as part of the development strategy in Italy and strengthening international visibility of the brand, the first two directly operated single-brand boutiques were opened in Milan (end of June) and Florence (July), places of reference for national and foreign customers who appreciate jewelry Made in Italy.
- In August, a new directly managed Damiani boutique was inaugurated in Paris, in Place Vendome, leading in the French capital of international luxury brands.
- In September, a new mono brand Damiani boutique was inaugurated in Venice, close to Piazza San Marco, in the heart of the lagoon city.

IMPORTANT EVENTS OCCURRING AFTER THE END OF THE HALF YEAR

In October, the new Damiani boutique in Kuala Lumpur, Malesia, was inaugurated, inside the shopping mall Pavilion located in the neighborhood of luxury Bukit Bintang. The boutique, in franchise, repeats the usual elements of sophistication and elegance of Italian style of Damiani and helps to strengthen the visibility and brand awareness in Asia.

In October, a new mono brand boutique Damiani in Florence was inaugurated.

In December, the new Rocca 1794 multi-brand boutique in Venice was inaugurated.

Pursuant to Article 154 bis, sub-paragraph 2, of the Consolidated Finance Act, the senior manager responsible for drafting the corporate accounting documents (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.

For further information:

Investor Relations Damiani Group

Email: investor@damiani.it

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. The group is active in the jewellery sector with the prestigious brands it owns such as Damiani, Salvini, Bliss, Calderoni 1840 and Alfieri & St. John. It 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 is present in Italy and major world markets through its operating subsidiaries and manages direct and franchised points of sale in the main international fashion high streets. The group is an attentive interpreter of a heritage, respecting the tradition with the same innovative spirit as its origins.

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ATTACHED: Consolidated income statement and balance sheet as of September 30, 2016

CONSOLIDATED INCOME STATEMENT

Main economic data <i>(in thousands of Euro)</i>	I Half 2016/2017	I Half 2015/2016	Change	Change %
Revenues from sales and services	69,738	67,861	1,877	2.8%
Total revenues	69,801	68,741	1,060	1.5%
Cost of production	(67,022)	(52,990)	(14,032)	26.5%
EBITDA	2,779	15,751	(12,972)	n.m.
EBITDA %	4.0%	22.9%		
EBITDA Adjusted *	1,239	(2,999)	4,238	n.m.
Depreciation, amortization and write downs	(1,891)	(5,242)	3,351	-63.9%
Operating result	888	10,509	(9,621)	-91.6%
Operating result %	1.3%	15.5%		
Operating result Adjusted *	(652)	(5,631)	4,979	n.m.
Net financial incomes (expenses)	(1,124)	(937)	(187)	20.0%
Result before taxes	(236)	9,572	(9,808)	n.m.
Net result of the Group	(787)	5,216	(6,003)	n.m.
Basic Earnings (Losses) per Share	(0.01)	0.07		

* Net of not recurring incomes

CONSOLIDATED BALANCE SHEET

Balance sheet Data <i>(in thousands of Euro)</i>	Situation at September 30, 2016	Situation at March 31, 2016	change
Fixed Assets	44,751	39,113	5,638
Net working capital	93,086	87,673	5,413
Non current Liabilities	(7,056)	(6,538)	(518)
Net Capital Invested	130,781	120,248	10,533
Shareholders' Equity	67,434	67,747	(313)
Net Financial Position	63,347	52,501	10,846
Sources of Financing	130,781	120,248	10,533

NET FINANCIAL POSITION

Net financial position <i>(in thousands of Euro)</i>	Situation at September 30, 2016	Situation at March 31, 2016	change
Current portion of loans and financing	5,424	4,013	1,411
Drawdown of credit lines, short term financing and others	35,330	28,378	6,952
Current portion of loans and financing with related parties	1,046	1,036	10
Current financial indebtedness	41,800	33,427	8,373
Non current portion of loans and financing	15,642	18,045	(2,403)
Non current portion of loans and financing with related parties	13,228	9,847	3,381
Non current financial indebtedness	28,870	27,892	978
Total gross financial indebtedness	70,670	61,319	9,351
Cash and cash equivalents	(7,323)	(8,818)	1,495
Net financial position	63,347	52,501	10,846