

DAMIANI

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PRESS RELEASE

Damiani Group – First Half 2017/2018 Revenues of 69.9 million of Euros, +1% at constant exchange rates

Valenza, December 29 2017 – 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, 2017.

In the First Half 2017/2018 the Damiani Group closed with **Revenues from sales** of 69.9 million of Euros (+1% at constant exchange rates, +0.2% at current exchange rates compared with the first half of the previous financial year). The retail channel recorded a positive +11.7% at constant exchange rates (+10.6% at current exchange rates), which confirms the trend already performed in the previous years and the validity of the Group's strategy increasingly focused on this channel to get closer to the final consumer, Italian and foreign. The wholesale segment contracted (-9.5% at constant exchange rates, -9.9% at current exchange rates), penalized by the performance of the domestic market.

At September 30, 2017 the Group manages 66 direct stores, including 50 mono-brand Damiani boutiques, located in the leading international luxury streets.

Revenues by Sales Channel <i>(in thousands of Euro)</i>	I Half 2017/2018	I Half 2016/2017	Change	Change %
Retail	38,090	34,447	3,643	10.6%
<i>Percentage on total revenues</i>	<i>54.5%</i>	<i>49.4%</i>		
Wholesale	31,790	35,291	(3,501)	-9.9%
<i>Percentage on total revenues</i>	<i>45.5%</i>	<i>50.6%</i>		
Total revenues from sales and services	69,880	69,738	142	0.2%
<i>Percentage on total revenues</i>	<i>99.9%</i>	<i>99.9%</i>		
Other revenues	60	63	(3)	-4.8%
<i>Percentage on total revenues</i>	<i>0.1%</i>	<i>0.1%</i>		
Total Revenues	69,940	69,801	139	0.2%

In terms of geographic distribution, in the first half 2017/2018 foreign revenues grew by 15.3% at constant exchange rates (+12.7% at current exchange rates), dragged from retail mainly in Asia (Japan included). In the domestic market revenues were down 5.5%.

OPERATING AND NET RESULTS

The consolidated **EBITDA** in the first half 2017/2018 was negative of 1.7 million of Euros, a decrease by 4.5 million of Euros compared with the result of the same period of the previous financial year. The gross operating performance in the first half of the previous financial year was positively affected even by non-recurring incomes for 1.5 million of Euros, net of which the delta is reduced to 2.9 million of Euros.

The consolidated **Operating result**, net of non-recurring impacts, recorded a worsening of 3.4 million of Euros compared with the first half of the previous financial year.

The consolidated **Net result** of the Group was equal to a loss of 4.9 million of Euros, compared with a loss of 0.8 million of Euros in the first half of the previous financial year.

NET FINANCIAL POSITION

At September 30, 2017 the Group had a negative net financial position of 59.8 million of Euros (53.1 million of Euros at March 31, 2017). The change in the six-month period is the direct

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consequence of the cash needs absorbed both by the loss of the period and the capital expenditures made (2.0 million of Euros), to develop the retail network.

IMPORTANT EVENTS DURING THE FIRST HALF

On 20 April 2017, the Board of Directors of Damiani S.p.A., with the favorable opinion of the Audit, Risk, Remuneration and Transaction with related parties Committee, resolved to sign an agreement with the majority shareholder Leading Jewels S.A. (attributable to the Grassi Damiani family) which it makes available an amount up to 30 million of Euros, with the right of Damiani S.p.A. to request its use at its discretion. These financial resources are aimed at allowing more efficient treasury management with consequent savings on the Group's financial charges.

During the half year, the Damiani Group has set up two prestigious exhibitions that have given visibility in Italy and over the world to the excellence of Made in Italy, exposing the most beautiful and precious jewels that retrace the almost centenary history of the maison. The first exhibition, between March and April 2017, was staged in the halls of the Palazzo Reale in Milan, in the central Piazza Duomo of the Italian metropolis. The second exhibition was held in September in the prestigious spaces of the State Historical Museum of Moscow, one of the most important capitals of world luxury and culture. Both initiatives have received considerable and appreciated feedback from the numerous visitors and will be re-proposed in the near future in other equally renowned locations.

The development of the Group's retail segment continued in the first half, with the opening of new stores directly managed abroad, with the aim of increasing the awareness and visibility of the Damiani brand in the world. In particular:

- In April, a new Damiani boutique was inaugurated inside the Ginza Six, the new mega store of 19 floors located in the shopping district of Tokyo.
- Always in April, a new Damiani single-brand store was inaugurated in Shanghai in the Plaza 66 shopping mall.
- In May the Damiani boutique was inaugurated in Dubai, inside the Dubai Mall, the largest shopping center in the world with over a thousand shops and eighty million annual visitors.
- In June, the first directly-owned Damiani single-brand boutique was inaugurated in the city of Singapore.
- In June and July two new Damiani points of sale were inaugurated in South Korea, inside the shopping malls Shinsegae Main and Shinsegae Gangnam.

IMPORTANT EVENTS OCCURRING AFTER THE END OF THE HALF YEAR

In December 2017 Damiani S.p.A. subscribed a medium/long term loan with a leading Italian bank for 5.0 million of Euros, not backed by collateral or financial covenants. The repayment plan for five years will end on December 31, 2022.

At the same time, following the favourable opinion of the Audit, Risk, Remuneration and Transaction with related parties Committee and having consulted with the Board of Statutory Auditors, the Board of Directors of Damiani S.p.A. on December 22, 2017, has perfected with the major shareholder Leading Jewels S.A. the transaction that postpone – limited to 5.0 million of Euros – the reimbursement of part of the credit line currently in place between Damiani S.p.A. and Leading Jewels S.A. to the full repayment of the afore mentioned bank loan.

On the same date, the Board of Directors of Damiani S.p.A. has resolved to change the maturity of the bond signed in October 2013 by the executive Directors Guido, Giorgio and Silvia Damiani, anticipating it as of December 31, 2017. The repayment will take place by January 15, 2018 using the financial resources deriving from a further disbursement from the credit line granted by the shareholder Leading Jewels S.A. and will entail a benefit in the financial management of Damiani S.p.A.

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Pursuant to Article 154 bis, paragraph 2, of the Consolidated Finance Act, the Executive in charge of drawing up the accounting documents (Gilberto Frola) declares that the accounting information in this press release corresponds to the documentary results, books and accounting entries based on the best available estimates.

For further information:

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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. 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.

ATTACHED:

CONSOLIDATED INCOME STATEMENT

Main economic data <i>(in thousands of Euro)</i>	I Half 2017/2018	I Half 2016/2017	Change	Change %
Revenues from sales and services	69,880	69,738	142	0.2%
Total revenues	69,940	69,801	139	0.2%
Cost of production	(71,632)	(67,022)	(4,610)	6.9%
EBITDA	(1,692)	2,779	(4,471)	n.m.
EBITDA Adjusted *	(1,692)	1,239	(2,931)	n.m.
Depreciation, amortization and write downs	(2,387)	(1,891)	(496)	26.2%
Operating result	(4,079)	888	(4,967)	n.m.
Operating result Adjusted *	(4,079)	(652)	(3,427)	n.m.
Net financial incomes (expenses)	(435)	(1,124)	689	-61.3%
Result before taxes	(4,514)	(236)	(4,278)	n.m.
Net result of the Group	(4,887)	(787)	(4,100)	n.m.
Basic Earnings (Losses) per Share	(0.06)	(0.01)		

* Net of non-recurring incomes

CONSOLIDATED BALANCE SHEET

Balance sheet <i>(in thousands of Euro)</i>	Situation at September 30, 2017	Situation at March 31, 2017	change
Fixed Assets	41,143	42,737	(1,594)
Net working capital	80,162	79,881	281
Non current liabilities	(5,619)	(6,361)	742
Net Capital Invested	115,686	116,257	(571)
Shareholders' Equity	55,894	63,133	(7,239)
Net Financial Position	59,792	53,124	6,668
Sources of Financing	115,686	116,257	(571)

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NET FINANCIAL POSITION

Net financial position <i>(in thousands of Euro)</i>	Situation at September 30, 2017	Situation at March 31, 2017	change
Current portion of loans and financing	1,689	12,909	(11,220)
Drawdown of credit lines, short term financing and others	27,601	31,148	(3,547)
Drawdown of credit lines, short term with related parties	454	104	350
Current portion of loans and financing with related parties	1,063	1,055	8
Current financial indebtedness	30,807	45,216	(14,409)
Non current portion of loans and financing	5,117	5,737	(620)
Non current portion of loans and financing with related parties	31,903	12,582	19,321
Non current financial indebtedness	37,020	18,319	18,701
Total gross financial indebtedness	67,827	63,535	4,292
Cash and cash equivalents	(8,035)	(10,411)	2,376
Net financial position	59,792	53,124	6,668