

# DAMIANI S.p.A.

## PRESS RELEASE

**Damiani S.p.A.: the Board approved the Annual Financial Statements for the 2017/2018  
Revenues from sales of Euro 164.1 million, +3.1% at constant exchange rates, compared with  
the previous financial year**

**Retail revenues +12.9%**

**EBITDA +24.1%**

Milan, 15 June 2018 – Today, the Board of Directors of **Damiani S.p.A.** (the “Company”), parent company of the Damiani Group, has approved the draft of its Financial Statements and the Consolidated Financial Statements to March 31, 2018, the Report on operations, including the consolidated non-financial statement pursuant to the Legislative Decree 254/2016, the Annual Report on Corporate Governance and the Ownership Structure for the financial year ended March 31, 2018 and the Remuneration Report.

### CONSOLIDATED ECONOMIC AND FINANCIAL RESULTS

The 2017/2018 financial year closed with an increase in consolidated revenues by 1.6% at current exchange rates (+3.1% at constant exchange rates). The growth was related to the retail channel, that increased by 12.9% at current exchange rate and 15.3% at constant exchange rates. The weight of the retail revenues reached almost 53% on total. Wholesale was instead contracting.

At March 31, 2018 the Group manages 63 direct stores worldwide, of which 49 Damiani mono brand shops, located in the luxury streets of the main cities and in the most exclusive luxury department stores.

<b>Revenues by Sales Channel</b> <i>(in thousands of Euro)</i>	<b>Financial Year</b> <b>2017/2018</b>	<b>Financial Year</b> <b>2016/2017</b>	<b>Change %</b> <b>(at current</b> <b>exchange rates)</b>	<b>Change %</b> <b>(at constant</b> <b>exchange rates)</b>
<b>Retail</b>	<b>86,389</b>	<b>76,486</b>	<b>12.9%</b>	<b>15.3%</b>
<i>Percentage on total revenues</i>	<i>52.6%</i>	<i>47.3%</i>		
<b>Wholesale</b>	<b>77,676</b>	<b>85,059</b>	<b>-8.7%</b>	<b>-7.9%</b>
<i>Percentage on total revenues</i>	<i>47.3%</i>	<i>52.6%</i>		
<b>Total revenues from sales and services</b>	<b>164,065</b>	<b>161,545</b>	<b>1.6%</b>	<b>3.1%</b>
<i>Percentage on total revenues</i>	<i>99.9%</i>	<i>99.9%</i>		
<b>Other revenues</b>	<b>187</b>	<b>164</b>	<b>14.0%</b>	<b>14.0%</b>
<i>Percentage on total revenues</i>	<i>0.1%</i>	<i>0.1%</i>		
<b>Total Revenues</b>	<b>164,252</b>	<b>161,709</b>	<b>1.6%</b>	<b>3.1%</b>

In geographical terms, domestic revenues amounted to Euro 112.1 million (-1.9% compared with the previous financial year), while foreign ones reached Euro 52.2 million, up 9.9% at current exchange rates (+15% approx at constant exchange rates).

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## Operating earnings and Net result

The consolidated EBITDA in 2017/2018 financial year was Euro 5.3 million, up 24.1% compared with the previous financial year, which also benefited from non-recurring income of Euro 1.5 million. Net of this component, EBITDA would therefore have increased by more than +93%. The improvement derives both from the growth in revenues and margins and the contraction in some items of operating costs.

Consolidated Operating result was positive for Euro 0.3 million, compared with the previous year result of Euro 0.1 million, and an increase of Euro 1.7 million if the 2016/2017 result were cleared of the aforementioned non-recurring income.

The consolidated Net result relating to the Group was a loss of Euro 4.0 million, compared with a loss of Euro 5.5 million in the previous financial year.

## Net financial position

At March 31, 2018 the Group had a negative financial position of Euro 57.3 million (Euro 53.1 million at March 31, 2017).

Compared to the end of the previous financial year, the composition of the sources is significantly modified: thanks to the majority shareholder's contribution, 57% of the gross debt is medium/long term, compared with 29% at March 31, 2017. Group treasury management is therefore more flexible and efficient.

## RESULTS OF THE PARENT COMPANY

In the financial year ended March 31, 2018 the parent company Damiani S.p.A. recorded total revenues of Euro 144.4 million (Euro 141.6 million in the previous year). EBITDA was positive for Euro 6.4 million, similar to the previous year. Net result was negative for Euro 6.2 million, mainly due to the value adjustment of a shareholding (Euro 3.6 million) and for negative exchange rate effects (Euro 3.2 million).

The Board of Directors decided to suggest of the Shareholders' Meeting to cover the loss using the available reserves.

## IMPORTANT EVENTS DURING THE FINANCIAL YEAR

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 Euro 30 million, 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 financial 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.

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The development of the Group's retail segment continued in the financial year, 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 2017, 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 FINANCIAL YEAR

On May 15, 2018 the Board of Directors of Damiani S.p.A. renewed until May 10, 2019 the framework agreement, already described above, which provides for the commitment of the majority shareholder Leading Jewels S.A. to make a credit line available to the Company up to a maximum of Euro 25 million. A further portion of the financing of Leading Jewels S.A., equal to Euro 5 million, was converted into medium/long term, starting from January 1, 2018 (expiring on January 31, 2023).

On June 4, 2018 the President of the Italian Republic, Sergio Mattarella, appointed Silvia Damiani, Vice President of the Group, a knight of the "Order of the Star of Italy". The award is given to the Italians who have distinguished themselves in promoting and developing relations with other countries, both in economy and culture.

## CONSOLIDATED NON FINANCIAL STATEMENT (pursuant to Legislative decree 254/2016)

The Board of Directors of Damiani S.p.A. has approved the first Consolidated non financial statement (the so-called Social Responsibility Report), drawn up pursuant to Legislative Decree 254/2016 which introduced the drafting obligation for medium-large public-interest entities. For the Damiani Group, the obligation arose from the 2017/2018 financial year and the Non financial statement is part of the Report on operations of the Consolidated Financial Statements at March 31, 2018, which will be made available to the public at the registered office, on the Company's website at [www.damiani.com](http://www.damiani.com) and *eMarket Storage* at [www.emarketstorage.com](http://www.emarketstorage.com).

## REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

Today, the Board of Directors also approved the Report on Corporate Governance and Ownership Structure for the 2017/2018 financial year, which will be made available to the public jointly to the Annual Financial Report at March 31, 2018 and to Reports of the Statutory Auditors and of the Independent Auditors within the terms of law, at the registered office, on the Company's website at [www.damiani.com](http://www.damiani.com) and *eMarket Storage* at [www.emarketstorage.com](http://www.emarketstorage.com)

## REPORT ON REMUNERATION AND REMUNERATION POLICIES AND PROCEDURES

In addition, today the Board of Directors approved the Remuneration Report prepared pursuant to art. 123-ter of the Legislative Decree 58/1998, and also confirmed the adequacy of the Remuneration Policies and Procedures of Damiani S.p.A. (with the aid of the Audit, Risks, Remuneration and Operations with Related parties Committee), illustrated in the first section of the Remuneration Report that will be made available to public jointly to the Annual Financial Report at March 31, 2018 at the registered office, on the Company's website at [www.damiani.com](http://www.damiani.com) and *eMarket Storage* at [www.emarketstorage.com](http://www.emarketstorage.com)

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Pursuant to article 154 bis, paragraph 2, of the Consolidated Law of Finance the executive in charge of drawing up the accounting documents (Gilberto Frola) declares that the accounting information in this press release correspond to the documentary results, books and accounting records based on the best estimates.

With reference to the data presented in this press release, it should be noted that these are data for which the legal audit has not been completed.

For further information:

**Investor Relator**

**Damiani Group**

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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, Calderoni 1840, Salvini e Bliss. 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 and Statement of financial position at March 31, 2018

<b>Economic data</b> <i>(in thousands of Euro)</i>	<b>Financial Year</b> <b>2017/2018</b>	<b>Financial Year</b> <b>2016/2017</b>	<b>Change</b>	<b>Change %</b>
Revenues from sales and services	164,065	161,545	2,520	1.6%
<b>Total revenues</b>	<b>164,252</b>	<b>161,709</b>	<b>2,543</b>	<b>1.6%</b>
Cost of production	(158,909)	(157,402)	(1,507)	1.0%
<b>EBITDA</b>	<b>5,343</b>	<b>4,307</b>	<b>1,036</b>	<b>24.1%</b>
<b>EBITDA %</b>	<b>3.3%</b>	<b>2.7%</b>		
<b>EBITDA adjusted (*)</b>	<b>5,343</b>	<b>2,767</b>	<b>2,576</b>	<b>93.1%</b>
Amortization, depreciation and write downs	(5,034)	(4,200)	(834)	-19.9%
<b>Operating income</b>	<b>309</b>	<b>107</b>	<b>202</b>	<b>n.m.</b>
<b>Operating income %</b>	<b>0.2%</b>	<b>0.1%</b>		
<b>Operating income adjusted (*)</b>	<b>309</b>	<b>(1,433)</b>	<b>1,742</b>	<b>n.m.</b>
Net financial incomes (expenses)	(1,409)	(2,652)	1,243	46.9%
Result before taxes	(1,100)	(2,545)	1,445	56.8%
Net result of the Group	(3,982)	(5,454)	1,472	27.0%
Basic Earnings (Losses) per Share	(0.05)	(0.07)		

(\*) Net of non-recurring income

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<b>Balance sheet data</b> <i>(in thousands of Euro)</i>	<b>Situation at</b> <b>March 31, 2018</b>	<b>Situation at</b> <b>March 31, 2017</b> <b>(restated)*</b>	<b>change</b>
Fixed Assets	39,599	42,737	(3,138)
Net working capital	83,592	83,801	(209)
Non current Liabilities	(9,236)	(10,281)	1,045
<b>Net Capital Invested</b>	<b>113,955</b>	<b>116,257</b>	<b>(2,302)</b>
Shareholders' Equity	56,654	63,133	(6,479)
Net Financial position (*)	57,301	53,124	4,177
<b>Sources of Financing</b>	<b>113,955</b>	<b>116,257</b>	<b>(2,302)</b>

*(\*) The figures for the financial statements at March 31, 2017 have been reclassified to conform to the financial representation adopted in the financial statements at March 31, 2018*

<b>Net Financial Position</b> <i>(in thousands of Euro)</i>	<b>Situation at</b> <b>March 31, 2018</b>	<b>Situation at</b> <b>March 31, 2017</b>	<b>change</b>
Current portion of loans and financing	2,595	12,909	(10,314)
Drawdown of credit lines, short term financing and others	25,363	31,148	(5,785)
Drawdown of credit lines with related parties	602	104	498
Current portion of loans and financing with related parties	910	1,055	(145)
<b>Current financial indebtedness</b>	<b>29,470</b>	<b>45,216</b>	<b>(15,746)</b>
Non current portion of loans and financing	8,002	5,737	2,265
Non current portion of loans and financing with related parties	30,627	12,582	18,045
<b>Non current financial indebtedness</b>	<b>38,629</b>	<b>18,319</b>	<b>20,310</b>
<b>Total gross financial indebtedness</b>	<b>68,099</b>	<b>63,535</b>	<b>4,564</b>
Cash and cash equivalents	(10,798)	(10,411)	(387)
<b>Net Financial Position</b>	<b>57,301</b>	<b>53,124</b>	<b>4,177</b>

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