

DAMIANI

HANDMADE IN ITALY SINCE 1924

PRESS RELEASE

Damiani Group – First Half 2018/2019 Revenues of 66.7 million of Euros

Valenza, December 21 2018 – 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, 2018.

In the First Half 2018/2019 the Damiani Group closed with **Revenues from sales** of 66.7 million of Euros (-3.7% at constant exchange rates compared with the first half of the previous financial year). The retail channel recorded a positive +11.9% at constant exchange rates (+10.9% 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, penalized by the performance of the domestic market.

At September 30, 2018 the Group manages 65 direct stores, including 51 mono-brand Damiani boutiques, located in the leading international luxury streets.

Revenues by Sales Channel <i>(in thousands of Euro)</i>	I Half 2018/2019	I Half 2017/2018	Change	Change %
Retail	42,248	38,090	4,158	10.9%
<i>Percentage on total revenues</i>	63.2%	54.5%		
Wholesale	24,488	31,790	(7,302)	-23.0%
<i>Percentage on total revenues</i>	36.6%	45.5%		
Total revenues from sales and services	66,736	69,880	(3,144)	-4.5%
<i>Percentage on total revenues</i>	99.8%	99.9%		
Other revenues	163	60	103	171.7%
<i>Percentage on total revenues</i>	0.2%	0.1%		
Total Revenues	66,899	69,940	(3,041)	-4.3%

In terms of geographic distribution, in the first half 2018/2019 revenues in the domestic market grew by 2.7%, dragged from the growth of retail. In the foreign markets revenues were down 15% at constant exchange rates.

OPERATING AND NET RESULTS

The consolidated **EBITDA** in the first half 2018/2019 was negative of 1.4 million of Euros, with an improvement by 0.3 million of Euros compared with the result of the same period of the previous financial year.

Consolidated **EBIT** was negative by 4.0 million of Euros and substantially unchanged compared with the first half of the previous financial year.

The consolidated **Net result** of the Group was equal to a loss of 5.9 million of Euros, compared with a loss of 4.9 million of Euros in the first half of the previous financial year. The worsening is due to the negative exchange rate effect.

NET FINANCIAL POSITION

At September 30, 2018 the Group had a negative net financial position of 59.4 million of Euros (57.3 million of Euros at March 31, 2018). The change in the six-month period is the direct consequence of the cash needs absorbed both by the loss of the period and the capital

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expenditures.

IMPORTANT EVENTS DURING THE FIRST HALF

On May 15, 2018, the Board of Directors of Damiani S.p.A., has renewed until May 10, 2019 the framework agreement with the majority shareholder Leading Jewels S.A. which it makes available an amount up to 25 million of Euros (of which 20 million of Euros already granted). A further portion of the loan of Leading Jewels S.A., equal to 5 million of Euros, has been converted into medium / long term, with effect from January 1st, 2018 (deadline January 31st, 2023). These financial resources are aimed at allowing more efficient treasury management with consequent savings on the Group's liquidity risk.

On June 4, 2018, Silvia Damiani, Vice President of the Group, has been awarded Cavaliere of the "Order of the Star of Italy" by the President of the Italian Republic, Sergio Mattarella. The award is given to Italians who have distinguished themselves in promoting and developing relations with other countries, both in the economic and cultural fields.

IMPORTANT EVENTS OCCURRING AFTER THE END OF THE HALF YEAR

On November 8, 2018, president Guido Damiani has handed over to the President of the Italian Republic, Sergio Mattarella, the limited edition pieces of the "Tricolore" produced by Venini, a company in which the Group owns a participation. The 39 pieces that will be used as institutional gifts reproduce a historical model, born in the '70s, which symbolizes the excellence of the Italian artisan glass tradition, a national cultural heritage to be preserved and promoted in the world.

On November 20, 2018 Borsa Italiana has completed the annual review of the showcase of *Italian Brands* referred to the stocks of *Lifestyle* sector. For the second year in a row, Damiani has been included in the list of Italian brands with the highest Brand Awareness.

Pursuant to Article 154 bis, paragraph 2, of the Consolidated Finance Act, the Executive in charge of drawing up the accounting documents (Antonella Pisano) 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.

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ATTACHMENTS:

CONSOLIDATED INCOME STATEMENT

Main economic data <i>(in thousands of Euro)</i>	I Half 2018/2019	I Half 2017/2018	Change	Change %
Revenues from sales and services	66,736	69,880	(3,144)	-4.5%
Total revenues	66,899	69,940	(3,041)	-4.3%
Cost of production	(68,331)	(71,632)	3,301	-4.6%
EBITDA	(1,432)	(1,692)	260	15.4%
EBITDA %	-2.1%	-2.4%		
Depreciation, amortization and write downs	(2,617)	(2,387)	(230)	9.6%
Operating result	(4,049)	(4,079)	30	0.7%
Operating result %	-6.1%	-5.8%		
Net financial incomes (expenses)	(1,727)	(435)	(1,292)	n.m.
Result before taxes	(5,776)	(4,514)	(1,262)	-28.0%
Net result of the Group	(5,897)	(4,887)	(1,010)	-20.7%
Basic Earnings (Losses) per Share	(0.08)	(0.06)		

CONSOLIDATED BALANCE SHEET

Balance sheet <i>(in thousands of Euro)</i>	Situation at September 30, 2018	Situation at 31-Mar-18	change
Fixed Assets	38,055	39,599	(1,544)
Net working capital	76,605	80,207	(3,602)
Non current liabilities	(5,412)	(5,851)	439
Net Capital Invested	109,248	113,955	(4,707)
Shareholders' Equity	49,886	56,654	(6,768)
Net Financial Position	59,362	57,301	2,061
Sources of Financing	109,248	113,955	(4,707)

NET FINANCIAL POSITION

Net financial position <i>(in thousands of Euro)</i>	Situation at September 30, 2018	Situation at March 31, 2018	change
Current portion of loans and financing	1,906	2,295	(389)
Drawdown of credit lines, short term financing and others	26,360	25,363	997
Drawdown of credit lines, short term with related parties	302	602	(300)
Current portion of loans and financing with related parties	21,675	1,210	20,465
Current financial indebtedness	50,243	29,470	20,773
Non current portion of loans and financing	7,769	8,302	(533)
Non current portion of loans and financing with related parties	9,301	30,327	(21,026)
Non current financial indebtedness	17,070	38,629	(21,559)
Total gross financial indebtedness	67,313	68,099	(786)
Cash and cash equivalents	(7,951)	(10,798)	2,847
Net financial position	59,362	57,301	2,061