



# FOLLI FOLLIE GROUP

## First Quarter 2011 Financial Results

May 26<sup>th</sup>, 2011



## Revenue split by geographical region



763 total POS with 48 new POS between 31/03/2010 and 31/03/2011  
in 28 countries

## Synoptic overview financials Q1 2011

|                       |              | % of sales |
|-----------------------|--------------|------------|
| <b>Total Sales</b>    | <b>219,2</b> |            |
| <b>EBITDA</b>         | <b>43,5</b>  | 19,8%      |
| <b>EBIT</b>           | <b>37,6</b>  | 17,2%      |
| <b>EBT</b>            | <b>26,5</b>  | 12,1%      |
| <b>EAT</b> after min. | <b>22,9</b>  | 10,4%      |

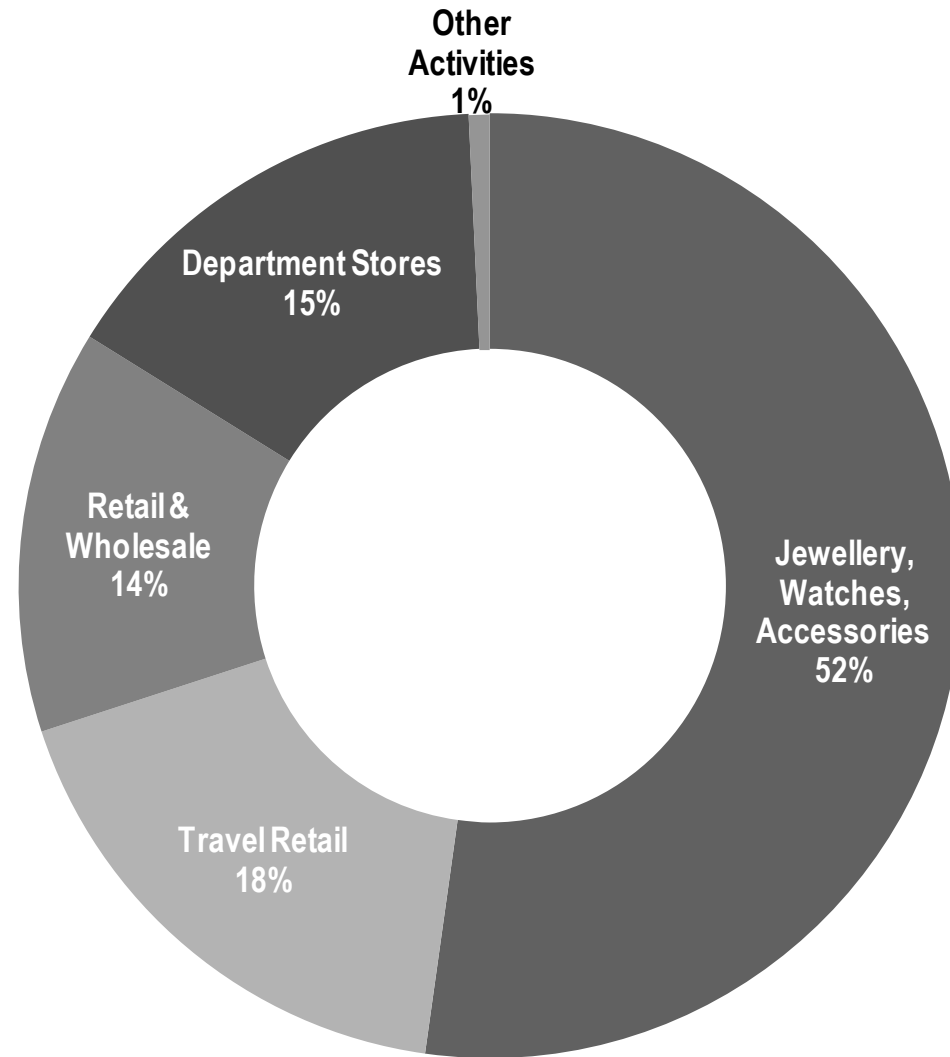
## First Quarter 2011 Summarized Income Statement

| <i>In million EUR</i>                       | Q1 2011      | Pro Forma<br>Q1 2010 | % Change      |
|---|--------------|----------------------|---------------|
| <b>Revenue</b>                              | <b>219,2</b> | <b>229,4</b>         | <b>-4,4%</b>  |
| <b>Gross margin</b>                         | <b>106,8</b> | <b>116,9</b>         | <b>-8,6%</b>  |
| Selling expenses                            | -65,7        | -64,0                | 2,7%          |
| Administrative expenses                     | -12,8        | -11,8                | 8,5%          |
| Other income and expenses                   | 9,3          | 7,7                  | 20,8%         |
| <b>Operating profit</b>                     | <b>37,6</b>  | <b>48,8</b>          | <b>-23,0%</b> |
| Net financial income (expense)              | -11,1        | -11,2                | -0,9%         |
| Income taxes                                | -3,3         | -7,9                 | -58,2%        |
| <b>Net profit before minority interests</b> | <b>23,2</b>  | <b>29,7</b>          | <b>-21,9%</b> |
| Minority interests                          | -0,2         | -0,6                 | -66,7%        |
| <b>Group share of net profit</b>            | <b>22,9</b>  | <b>29,1</b>          | <b>-21,3%</b> |
| Amortisation - Depreciation                 | 5,9          | 5,5                  | 7,3%          |
| <b>EBITDA</b>                               | <b>43,5</b>  | <b>54,3</b>          | <b>-19,9%</b> |

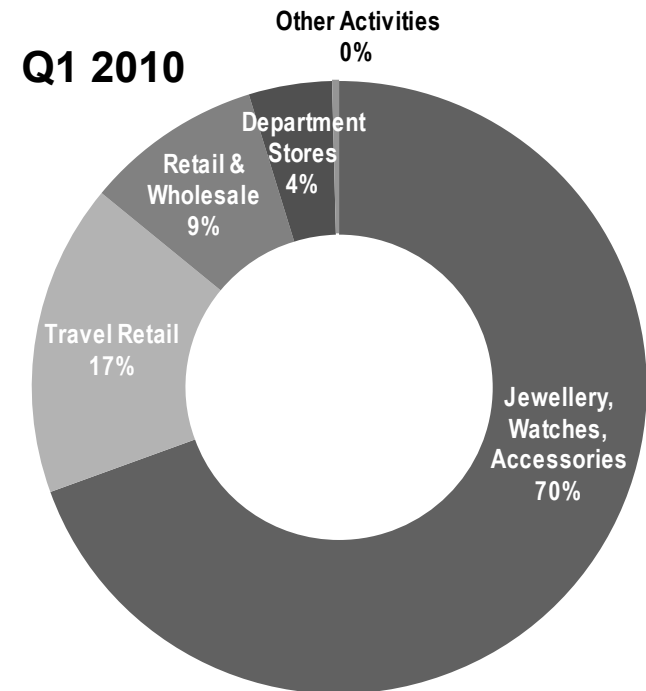
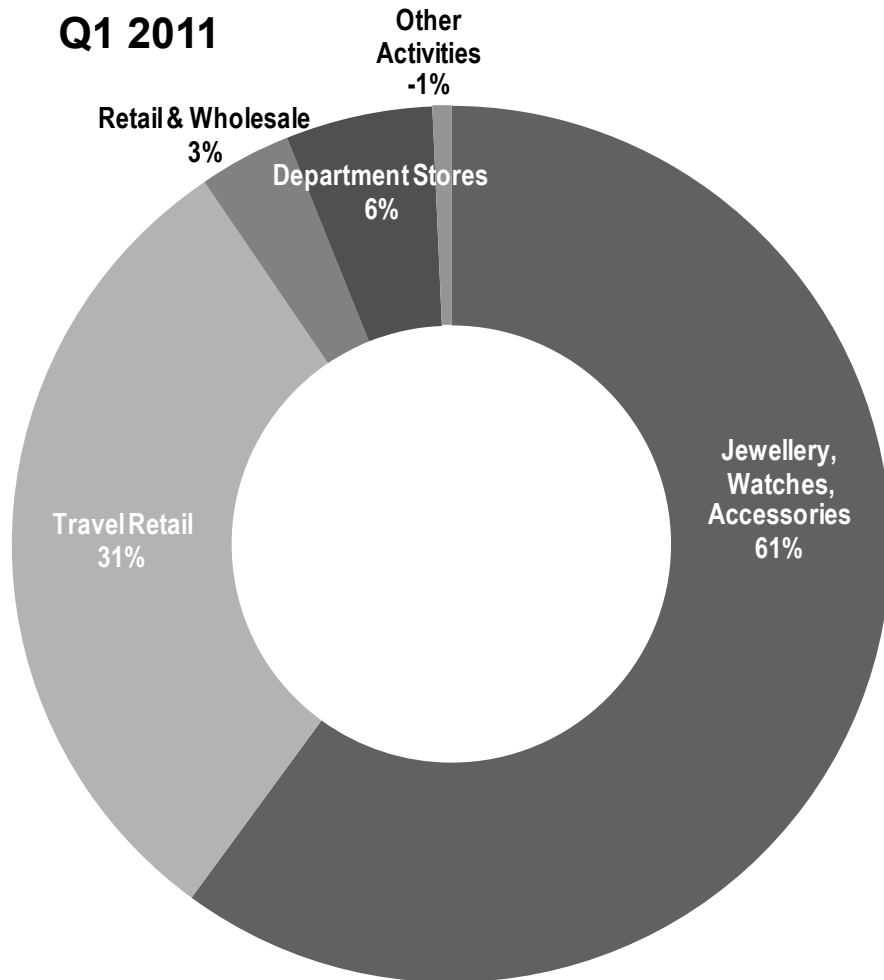
## Revenue by activity

| <i>In million EUR</i>           | Q1 2011      | Pro Forma<br>Q1 2010 | Organic growth |
|---------------------------------|--------------|----------------------|----------------|
| Jewellery, Watches, Accessories | 114,4        | 115,7                | -1,1%          |
| Travel Retail                   | 39,0         | 38,7                 | 0,8%           |
| Retail & Wholesale              | 30,4         | 37,8                 | -19,6%         |
| Department Stores               | 33,8         | 36,5                 | -7,4%          |
| Other Activities                | 1,6          | 0,7                  | 128,6%         |
| <b>Total</b>                    | <b>219,2</b> | <b>229,4</b>         | <b>-4,4%</b>   |

## Revenue split by activity

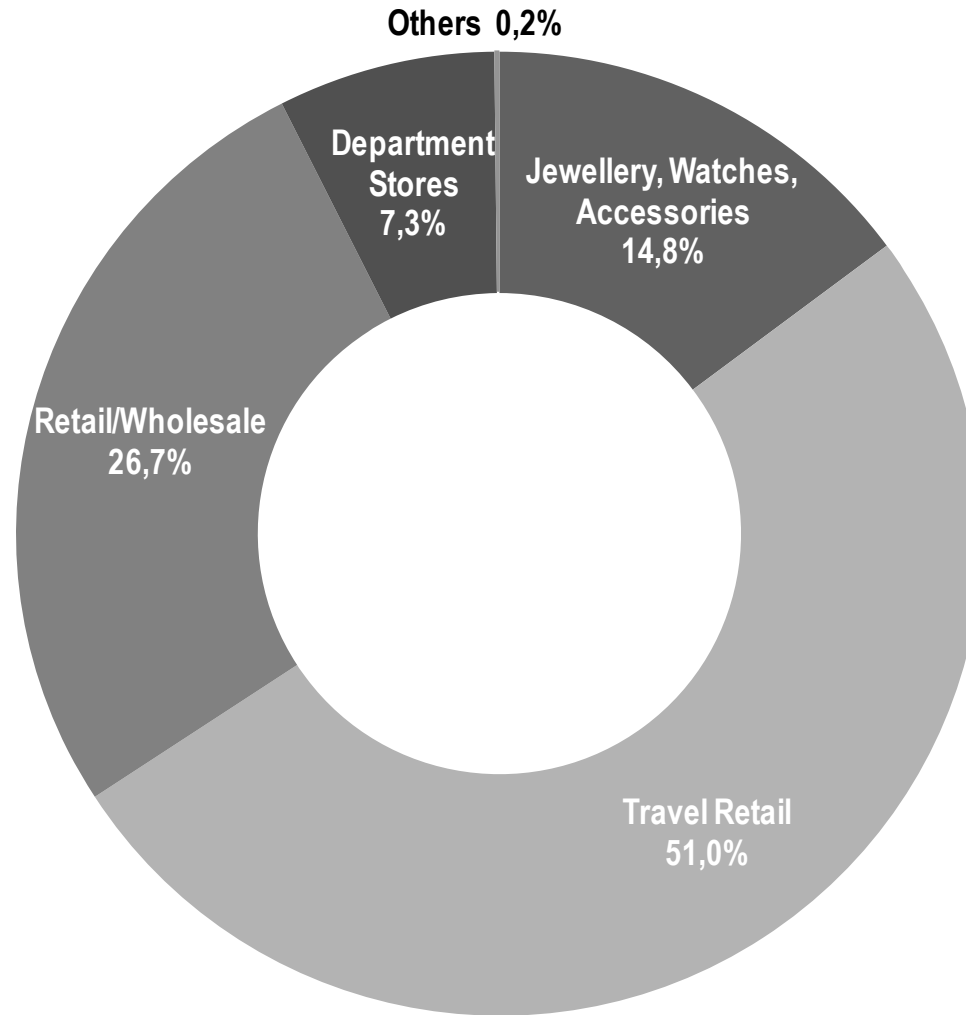


## EBITDA by activity





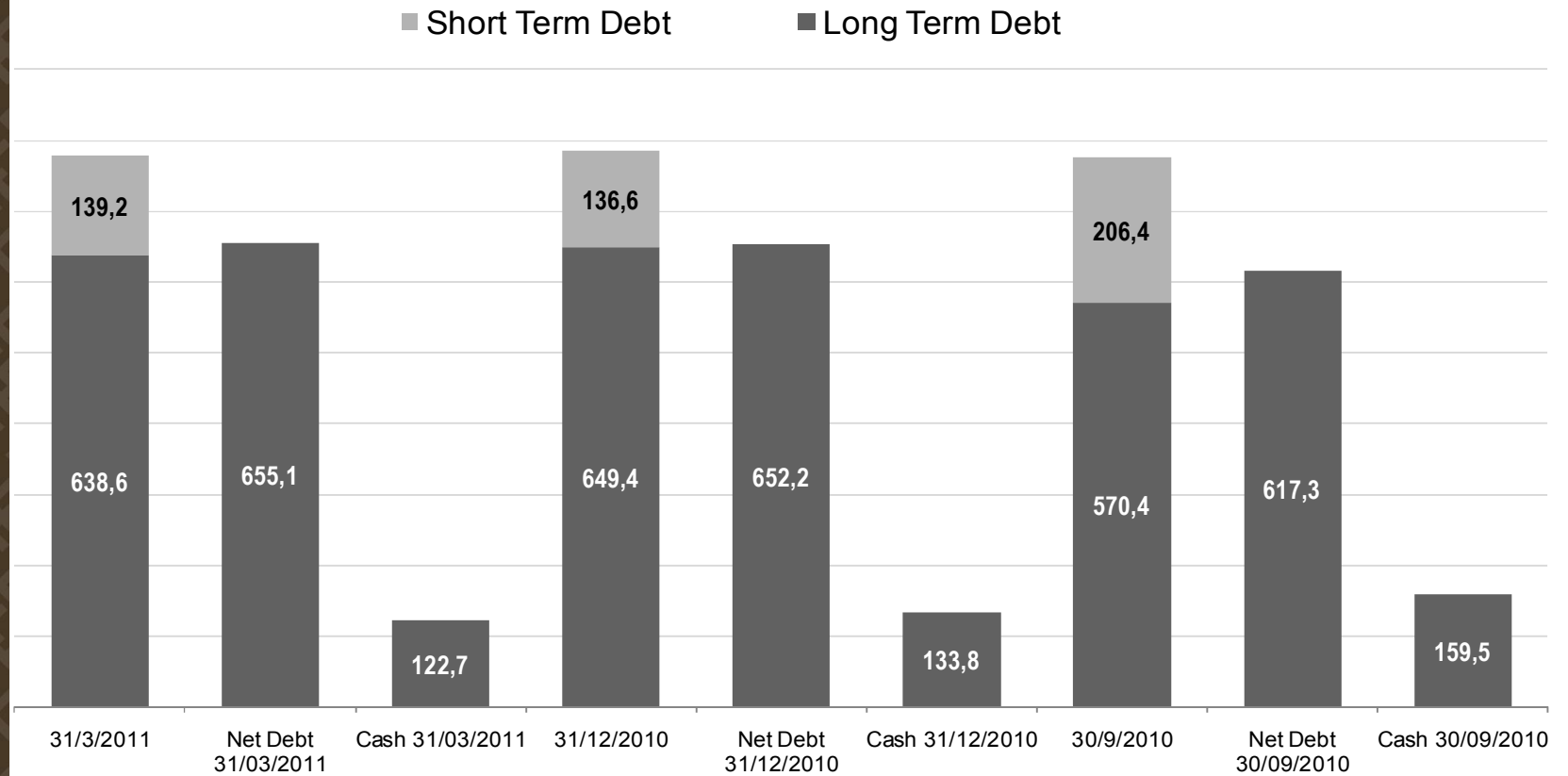
## Capex split by activity



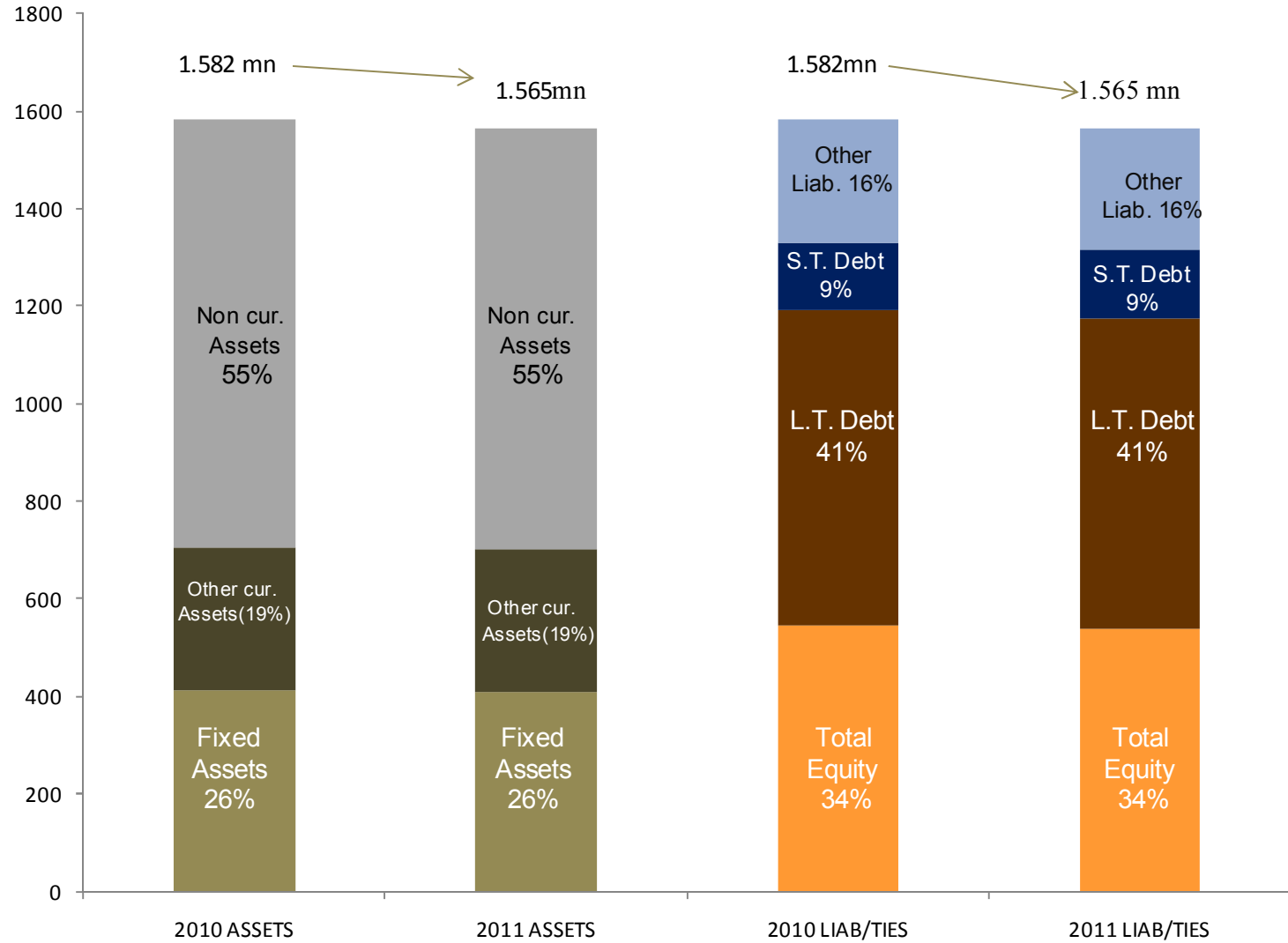
Total Group capex in Q1 2011 reached € 4,1million



## Debt Structure by quarter



# Financial Structure



## Free Cash Flow evolution

| <i>in millions of euro</i>             | FY 2006    | FY 2007    | FY 2008    | FY 2009    | FY 2010    | Q1 2011   |
|--|------------|------------|------------|------------|------------|-----------|
| <b>Cash from operations before</b>     |            |            |            |            |            |           |
| <b>changes in working capital</b>      | <b>117</b> | <b>152</b> | <b>197</b> | <b>199</b> | <b>204</b> | <b>30</b> |
| Net interest paid                      | -11        | -24        | -45        | -31        | -33        | -8        |
| Income taxes paid                      | -30        | -33        | -34        | -32        | -46        | -9        |
| <b>Net cash from operations before</b> |            |            |            |            |            |           |
| <b>changes in working capital</b>      | <b>77</b>  | <b>95</b>  | <b>118</b> | <b>135</b> | <b>125</b> | <b>13</b> |
| Working capital requirements**         | -52        | -24        | -85        | -80        | -95        | -12       |
| Net Operating investments***           | -7         | -22        | -38        | -26        | -22        | -4        |
| <b>Free Cash Flow*</b>                 | <b>17</b>  | <b>48</b>  | <b>-6</b>  | <b>29</b>  | <b>7</b>   | <b>-3</b> |

\* before available for sale financial assets and investments, transactions relating to equity and financing

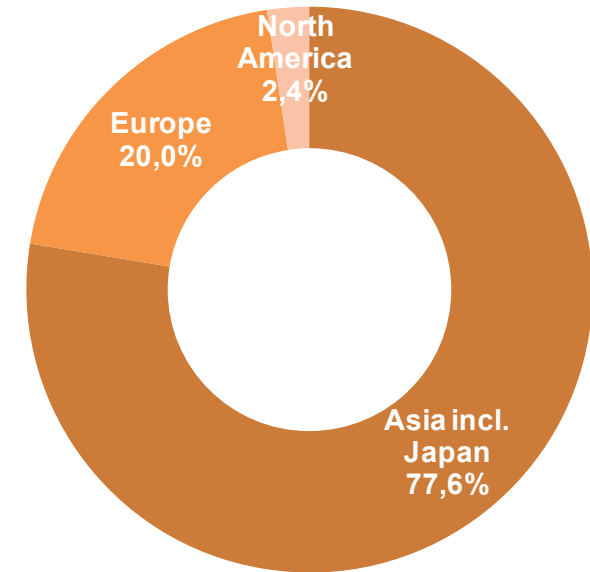
\*\*in 2006 Links acquisition, in 2007 Elmec only 4Q fully consolidated, in Nov 2008 Elmec launches new department store where almost 80% of inventories are under consignment agreements

\*\*\* 18 mn euros the Capex requirements for new department store

## Jewellery, Watches and Accessories:

### Key figures (in Eur million)

|               | Q1 2011 | Q1 2010 | change |
|---------------|---------|---------|--------|
| Revenue       | 114,4   | 115,7   | -1,1%  |
| EBITDA        | 26,6    | 38,1    | -30,2% |
| EBITDA margin | 23,2%   | 32,9%   |        |
| Gross Margin  | 55,9%   | 59,6%   |        |



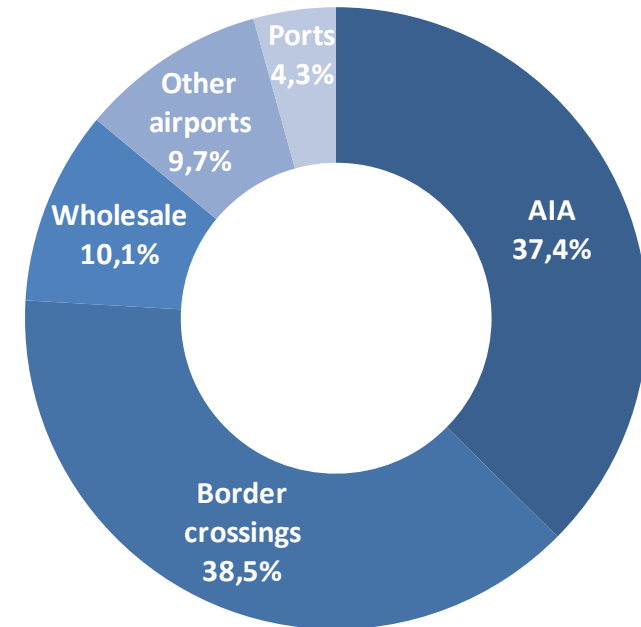
- Revenues almost unchanged with a slight decrease from € 114,4m to € 115,7m
- Gross profit decreased by 7,4% from €63,9m to €68,9m, with the respective margin at 55,9% from 59,6% due to pressure from higher raw materials costs
- EBITDA at €26,6m from €38,0m with the respective margin at 23,2% from 32,9% impacted by increased selling and administrative expenses due to the expansion of the store network and increased PR and marketing costs.
- Folli Follie brand opened in the first quarter of 2011 – 6 new POS\* with the network reaching now 428 POS from 413 POS the same period last year.

\*3 relocations and 12 shop-in-shop closed in Japan

## Travel Retail:

### Key figures (in Eur million)

|               | Q1 2011 | Q1 2010 | change |
|---------------|---------|---------|--------|
| Revenue       | 39      | 38,7    | 0,8%   |
| EBITDA        | 13,4    | 8,9     | 50,6%  |
| EBITDA margin | 34,2%   | 23,2%   |        |
| Gross Margin  | 49,6%   | 54,1%   |        |

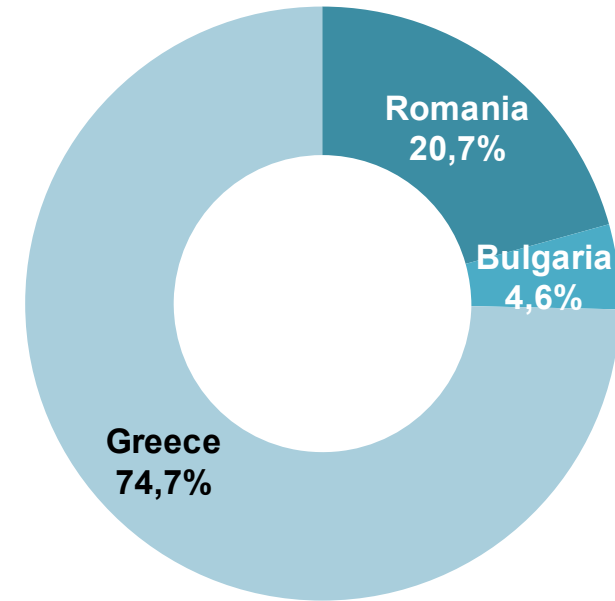


- Slightly increased revenues from € 39,0m to € 38,7m
- Gross profit decreased by 1,9% from €20,9m to €20,5m, with the respective margin at 52,6% from 54,1%.
- EBITDA reached €13,4m from €8,9m with the respective margin at 34,2% from 23,2% supported by a favorable Duty Free vs. Duty Paid mix (DF 51,3% vs. 42,9% and DP at 48,7% vs. 57,1% in the same period last year).

## Retail/Wholesale:

### Key figures (in Eur million)

|               | Q1 2011 | Q1 2010 | change |
|---------------|---------|---------|--------|
| Revenue       | 30,4    | 37,8    | -19,6% |
| EBITDA        | 1,5     | 5,1     | -70,6% |
| EBITDA margin | 4,9%    | 13,4%   |        |
| Gross Margin  | 41,5%   | 45,8%   |        |



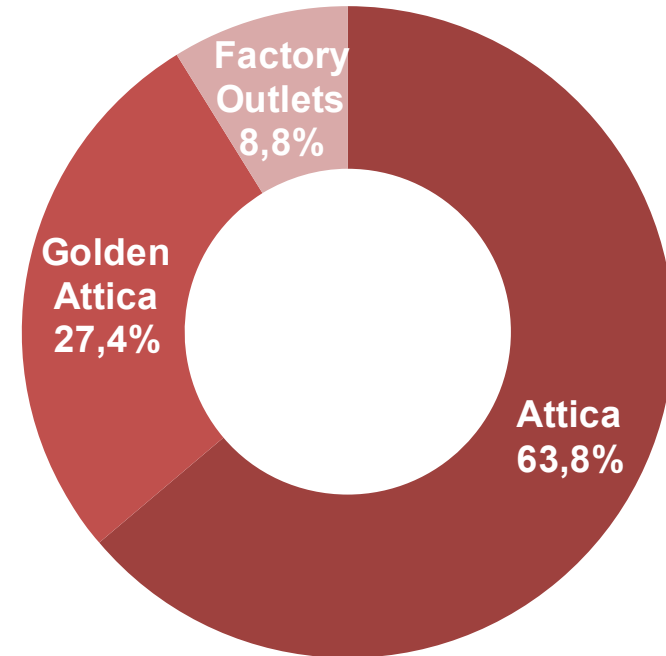
- Revenues decreased by 19,6% from €37,8m to €30,4m mainly impacted by the missing Eastern business, last years high comparables and difficult trading conditions in the local market.
- Gross profit decreased by 27,1% from €17,3m to €12,6m, with the gross margin at 41,5% from 45,8% in the same period last year.
- EBITDA declined by 70,6% from €5,1m to €1,5m in the first quarter of 2011.



## Department Stores:

### Key figures (in Eur million)

|               | Q1 2011 | Q1 2010 | change |
|---------------|---------|---------|--------|
| Revenue       | 33,8    | 36,5    | -7,4%  |
| EBITDA        | 2,5     | 2,4     | 1,2%   |
| EBITDA margin | 7,3%    | 6,7%    |        |
| Gross Margin  | 31,7%   | 26,4%   |        |



- Revenues decreased by -7,4% from €36,5m to €33,8m mainly impacted by the missing Eastern business, last years high comparables.
- Gross profit decreased by 10,9% from €10,7m to €9,6m, with the gross margin at 31,7% from 26,4% in the same period last year.
- EBITDA increased by 1,2% from €2,4m to €2,5m in the first quarter of 2011.



## Other activities:

### Key figures (in Eur million)

|               | Q1 2011 | Q1 2010 | change |
|---------------|---------|---------|--------|
| Revenue       | 1,6     | 0,68    | 141,1% |
| EBITDA        | -0,4    | -0,2    | 80,7%  |
| EBITDA margin | -21,4%  | -32,7%  |        |
| Gross Margin  | 14,9%   | 5,4%    |        |

- Revenues increased by 141,1% to €1,6m from €0,68 m.
- Gross profit increased to €0,24m m from minus € 37 thousand in the same period last year.
- EBITDA at minus €0,35m from €0,23m .

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