

# Financial Results



## Folli Follie Group 1st Half 2008 Financial Results

Folli Follie

28<sup>th</sup> August 2008

# H1 2008 Highlights – Group level



- Ø Full consolidation of Elmec for a 6-months period
- Ø Increased sales by 53% compared to H1 2007\* supported by the new group structure
- Ø Operating profit increased by 24,1%
- Ø Decline of group's EBITDA margin to 22,3% from 26,9%
- Ø Despite increased interest expenses compared to H1 2007, a solid net profit growth after minorities of 8,5% on group level

\*1<sup>st</sup> Half 2007 group results ex- Elmec

# H1 2008 Highlights – FF stand alone



- Ø Strong sales growth for Folli Follie stand alone (+27% in constant currency terms), indicating resilience in a difficult market environment
- Ø All regions keep on recording strong sales growth, despite an adverse currency effect
- Ø EBITDA growth of 12% compared to H1 2007
- Ø Gross margin for Folli Follie stand-alone on FY 2007 level
- Ø Net profit growth of 12,5%
- Ø EPS growth for FF stand alone of 8,4%

# H1 2008 Highlights



## IFRS Group Results

	H1 2008 IFRS	H1 2007 IFRS	Change
Sales (Million €)	413,3	270,7	52,6%
EBITDA (Million €)	92,0	72,8	26,4%
EBITDA Margin	22,3%	26,9%	
Gross Margin	52,0%	57,9%	
EBT (Million €)	64,1	60,7	5,6%
Net Profit b.min. (Million €)	51,6	45,9	12,4%
EPS (€)	1,29	1,19	8,5%

# H1 2008 Highlights



## IFRS Group Results

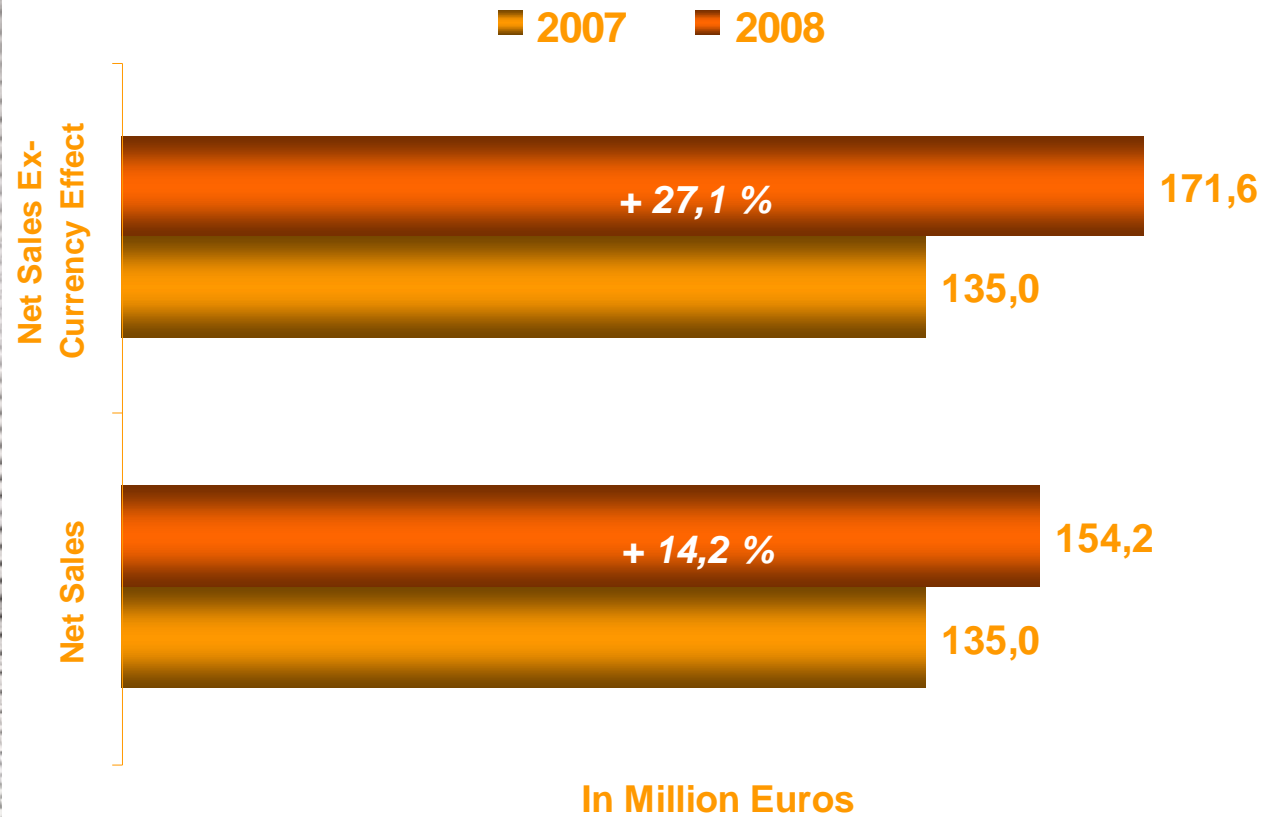
Folli Follie stand-alone basis

	H1 2008 IFRS	H1 2007 IFRS	Change
Sales (Million €)	154,2	134,9	14,3%
EBITDA (Million €)	51,9	46,3	12,1%
EBITDA Margin	33,7%	34,3 %	
Gross Margin	56,0%	61,7 %	
EBT (Million €)	49,9	47,4	5,3%
Net Profit (Million €)	43,1	38,3	12,5%
EPS (€)	1,30	1,20	8,3%

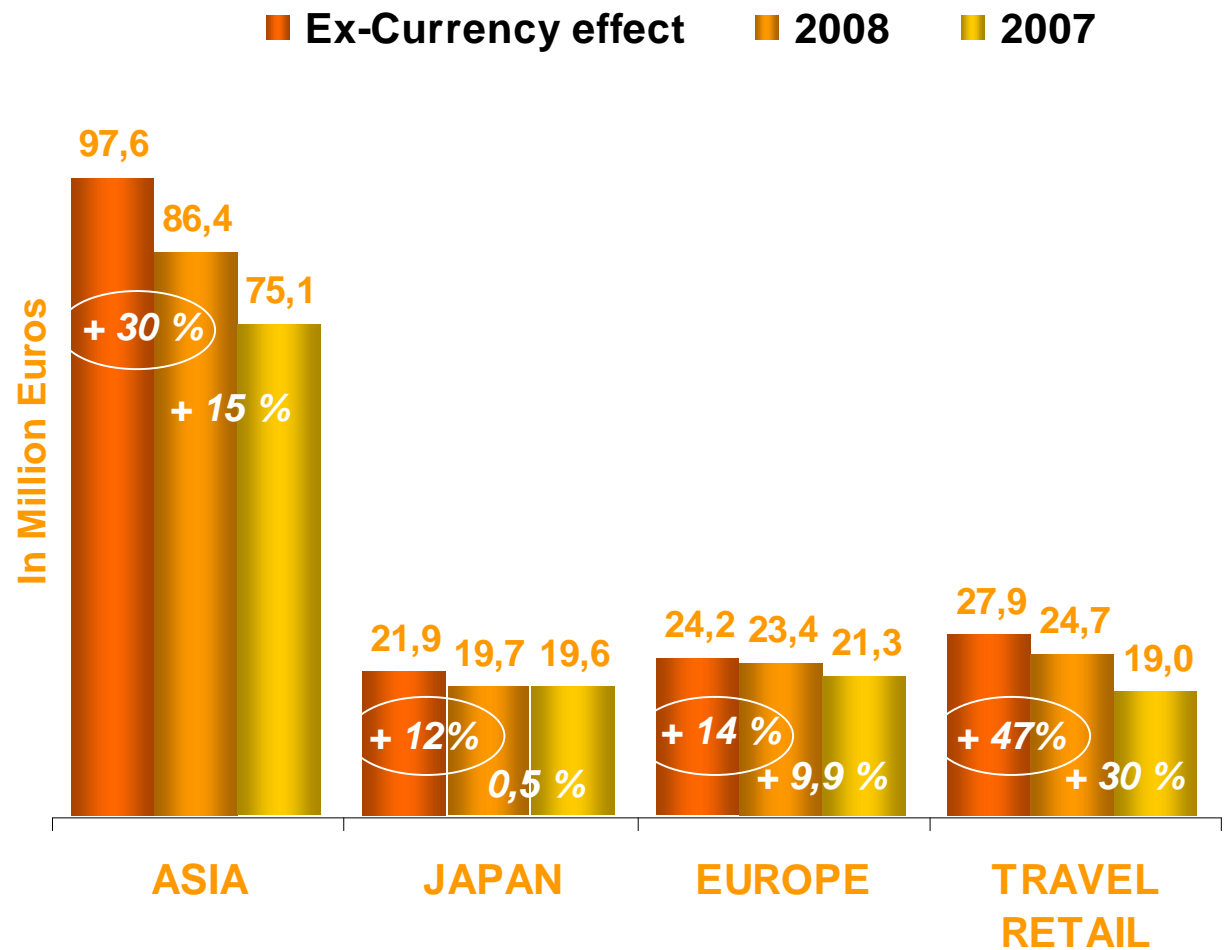
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# Net Sales H1 2007 vs. H1 2008



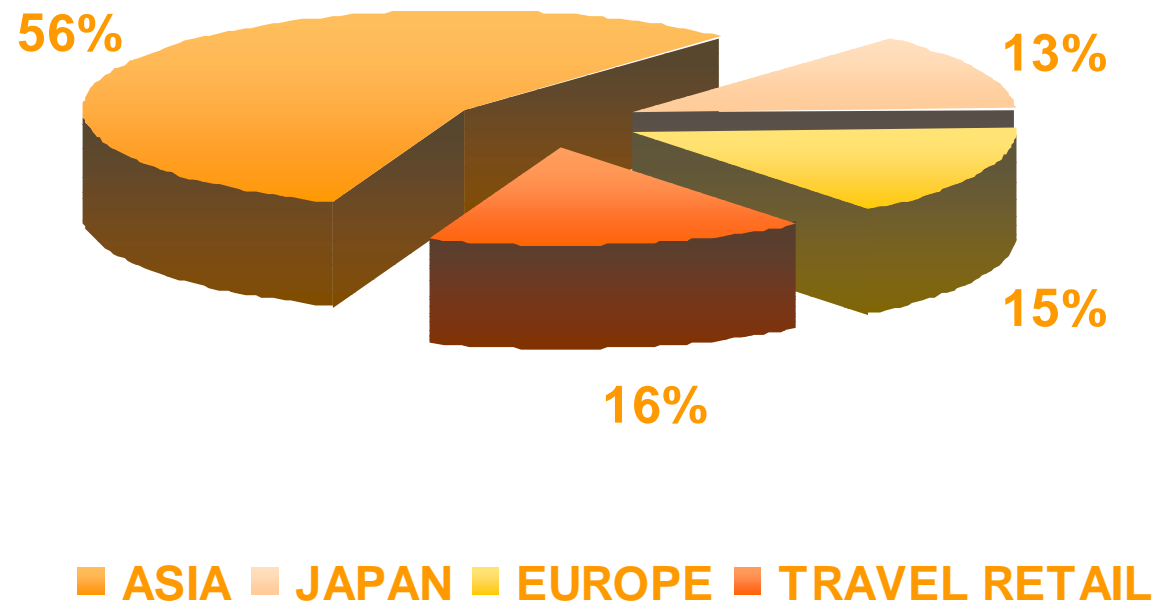
# Net Sales by Region



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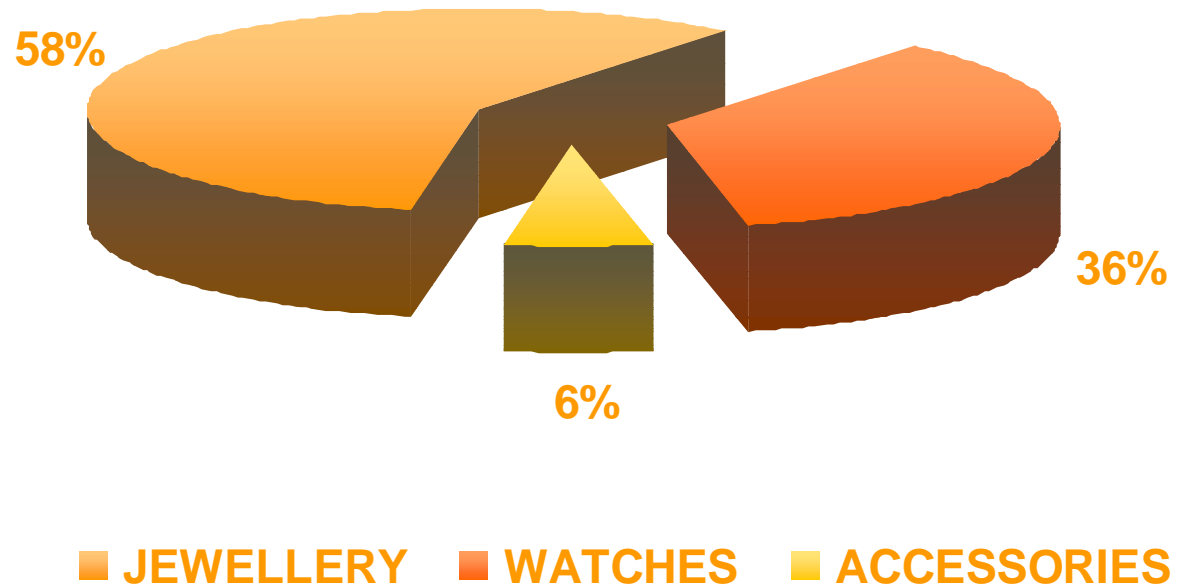
28<sup>th</sup> August 2008

# Net Sales by Region





# Financials – Product Category Sales



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28<sup>th</sup> August 2008

## BALANCE SHEET ( Amounts reported in Thousand Euros )

ASSETS	THE GROUP		THE COMPANY	
	30/6/2008	31/12/2007	30/6/2008	31/12/2007
Tangible Assets	203.969	199.152	23.243	22.962
Investments in PPE	0	0	9.500	9.500
Goodwil	360.134	347.928	0	0
Intangible Assets	111.669	112.748	683	727
Investments in associates	0	0	400.894	387.438
Deferred income tax assets	5.408	3.703	255	316
Other long term receivables	11.529	12.567	319	295
<b>Total non-current assets (a)</b>	<b>692.709</b>	<b>676.098</b>	<b>434.894</b>	<b>421.238</b>
Inventories	231.771	209.190	16.559	15.573
Trade Receivables	214.214	195.126	16.407	16.360
Other Receivables	57.742	49.382	2.306	3.461
Other financial assets at fair value through profit or loss	0	0	0	0
Cash and cash equivalents	2.573	3.342	1.450	1.629
<b>Total current assets (b)</b>	<b>98.837</b>	<b>91.509</b>	<b>20.439</b>	<b>14.443</b>
<b>TOTAL ASSETS (a) + (b)</b>	<b>605.137</b>	<b>548.549</b>	<b>57.161</b>	<b>51.466</b>
<b>1.297.846</b>	<b>1.224.647</b>	<b>492.055</b>	<b>472.704</b>	
<b>EQUITY &amp; LIABILITIES</b>				
Share capital	9.884	9.884	9.884	9.884
Share premium	62.532	62.532	62.532	62.532
Other reserves	25.380	25.443	16.800	16.887
Own Stock	-9.015	-7.899	-108	-108
Retained earnings	314.167	277.332	37.046	29.857
Exchange differences	-75.052	-59.102	0	0
Other capital and reserves attributable to equity holders of the Company	-88.928	-88.928	0	0
<b>Total capital and reserves attributable to equity holders of the Company (a)</b>	<b>238.968</b>	<b>219.262</b>	<b>126.154</b>	<b>119.052</b>
<b>Minority interest (b)</b>	<b>117.994</b>	<b>134.487</b>	<b>0</b>	<b>0</b>
<b>Total Equity (c) = (a)+(b)</b>	<b>356.962</b>	<b>353.749</b>	<b>126.154</b>	<b>119.052</b>
Long-term borrowings	548.412	547.902	334.500	334.500
Retirement benefit obligations	8.426	10.271	726	674
Deferred income tax liabilities	19.908	18.092	1.237	1.168
Provisions for other liabilities and charges	9.399	10.420	462	439
<b>Total non-current liabilities</b>	<b>586.145</b>	<b>586.685</b>	<b>336.925</b>	<b>336.781</b>
Trade payables	110.982	94.738	2.817	3.319
Short-term Borrowings	176.488	122.027	18.352	8.116
Other current liabilities	67.269	67.448	7.807	5.436
<b>Total current liabilities</b>	<b>354.739</b>	<b>284.213</b>	<b>28.976</b>	<b>16.871</b>
<b>Total Liabilities (d)</b>	<b>940.884</b>	<b>870.898</b>	<b>365.901</b>	<b>353.652</b>
<b>TOTAL EQUITY AND LIABILITIES (c)+(d)</b>	<b>1.297.846</b>	<b>1.224.647</b>	<b>492.055</b>	<b>472.704</b>



# Balance Sheet

DATA FROM INCOME STATEMENT FOR THE PERIOD ( Amounts reported in Thousand Euros )

	THE GROUP		THE COMPANY	
	1/1-30/06/2008	1/1-30/06/2007	1/1-30/06/2008	1/1-30/06/2007
Sales Revenue	413.256	270.734	14.902	15.360
Cost of goods sold	-198.196	-114.014	-5.245	-5.264
<b>Gross profit</b>	<b>215.060</b>	<b>156.720</b>	<b>9.657</b>	<b>10.096</b>
Other Operating income	16.443	8.064	2.810	856
Administrative expenses	-26.096	-20.078	-3.368	-3.022
Selling and marketing costs	-121.164	-76.610	-7.371	-6.494
Other expenses	-1.693	-1.551	-762	-249
<b>Earnings (profit) before taxes, financing and investing results (EBIT)</b>	<b>82.550</b>	<b>66.545</b>	<b>966</b>	<b>1.187</b>
Finance costs - profit	2.215	5.849	1.472	4.138
Finance costs - expenses	-20.645	-11.685	-9.684	-9.412
Share of profit of associates			18.176	18.176
<b>Profit/Loss before taxes (EBT)</b>	<b>64.120</b>	<b>60.709</b>	<b>10.930</b>	<b>14.089</b>
Income tax expense	-12.524	-14.794	-130	-339
<b>Profit/Loss for the period (after taxes)</b>	<b>51.596</b>	<b>45.915</b>	<b>10.800</b>	<b>13.750</b>
<u>Attributable to:</u>				
Equity holders of the Company	42.402	39.080		
Minority interest	-9.194	-6.835		
Earnings (after taxes) per share - basic (expressed in €)	1,29	1,19	0,33	0,42
Amortisation - Depreciation	9.482	6.211	595	555
<b>Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)</b>	<b>92.032</b>	<b>72.756</b>	<b>1.561</b>	<b>1.742</b>

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Income Statement

## CASH FLOW STATEMENT-indirect method ( Amounts reported in Thousand Euros )

	THE GROUP		THE COMPANY	
	1/1-30/06/2008	1/1-30/06/2007	1/1-30/06/2008	1/1-30/06/2007
Cash Flows related to Operating Activities				
Net Profit before taxes	64.120	60.709	10.930	14.089
<i>Adjustments in respect of non-cash transactions:</i>	0	0	0	0
Depreciation and Amortisation	9.482	6.211	595	555
Devaluation of tangible and intangible assets	0	0	0	0
Provisions	733	634	116	61
Exchange differences	-7.497	-2.452	0	0
Cash flows from investing activities	-1.716	-4.085	-19.385	-22.081
Debit interest and similar expenses	20.052	9.741	9.576	9.231
<b>Adjustments related to working capital or other operating activities</b>	0	0	0	0
Decrease/(increase) of Inventories	-24.220	-25.742	-1.016	-463
Decrease/(increase) of Receivables	-33.337	-15.731	679	-4.597
Increase/(decrease) of payable accounts (except Banks)	17.102	10.226	-374	-4.828
<b>Minus</b>	0	0	0	0
Interest paid and similar expenses	-11.812	-5.723	-4.598	-4.002
Income Tax paid	-10.633	-5.585	-470	-95
<b>Net cash inflows/(outflows) from Operating Activities (a)</b>	<b>22.274</b>	<b>28.203</b>	<b>-3.947</b>	<b>-12.130</b>
Cash Flows related to Investing Activities				
Purchases of subsidiaries, associates and other investments	-21.847	0	-13.455	0
Purchases of tangible and intangible assets	-13.780	-6.096	-1.038	-381
Proceeds from sale of tangible and intangible assets	666	499	230	0
Proceeds from sale of financial assets	1.430	10	1.365	3.734
Dividends received	0	0	18.176	18.176
Interest received	785	1.944	107	233
Decrease/(increase) of other long-term receivables	1.392	-1.766	-24	-11
<b>Net cash inflows/(outflows) from Investing Activities (b)</b>	<b>-31.354</b>	<b>-5.409</b>	<b>5.361</b>	<b>21.751</b>
Cash Flows related to Financing Activities				
Own Stock	-1.116	-1.638	0	0
Proceeds from Loans	38.599	472	5.098	0
Repayment of Loans	0	0	0	-2.000
Payments for leases	-91	-75	-16	-15
Dividends paid	-20.984	-18.540	-500	-1.950
<b>Net cash inflows/(outflows) from Financing Activities (c)</b>	<b>16.408</b>	<b>-19.781</b>	<b>4.582</b>	<b>-3.965</b>
<b>Net increase/(decrease) in cash and cash equivalents (a)+(b)+( c )</b>	<b>7.328</b>	<b>3.013</b>	<b>5.996</b>	<b>5.656</b>
Cash and cash equivalents at the beginning of the period	91.509	109.311	14.443	22.403
<b>Cash and cash equivalents at the end of the period</b>	<b>98.837</b>	<b>112.324</b>	<b>20.439</b>	<b>28.059</b>

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Cash Flow Statement

DATA FROM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ( Amounts reported in Thousand Euros )

	THE GROUP		THE COMPANY	
	30/6/2008	30/6/2007	30/6/2008	30/6/2007
Net equity of period Open.Balance (1/1/2008 and 1/1/2007 respectively)	353.749	269.637	119.052	114.605
Minority interest (due to new subsidiaries/increase of participation)	-23.779	-3.954	-3.295	-3.954
Net income recognised directly in Equity	-403	18.176	-403	0
Minority interest (due to new subsidiaries/increase of participation)	-4.982	0	0	0
Directors Fees	0	-250	0	-250
Profit for the period, after taxes	51.596	45.915	10.800	13.750
Adjustment in foreign currency translation differences	-18.103	-5.495	0	0
Own Stock	-1.116	-1.638	0	0
Net equity of period Closing Balance	356.962	322.391	126.154	124.151

# Remarks



Ø During the second quarter of 2008, 11 new points of sale opened, 4 of them where relocations:

1 in Greece, 1 in France, 1 in Spain, 1 in Japan, 2 in Korea, 2 in China, 1 in Indonesia and 2 in Thailand

Ø End of H1 2008, Folli Follie counted 366 points of sale in 25 countries

Ø 5 % of total turnover in local currency accounted from new openings from 30/6/2006 till 30/6/2007