

# Financial Results



## Folli Follie Group 1st Half 2007 Financial Results

Folli Follie

30<sup>th</sup> August 2007

# H1 2007 Highlights – Group level



- Ø Full consolidation of HDFS for a 6-months period
- Ø Increased sales by 61,8% compared to H1 2006\*
- Ø Improved gross margin on group level to 57,9% from 56,2% compared to H1 2006\*
- Ø Net profit growth of 17,1% on group level before minorities despite interest expenses accounting for 6-months (vs. 2-months the year before) including interest expenses for the LoL acquisition
- Ø Net profits after minorities reaching +14%

\*1<sup>st</sup> Half 2006 group results with a consolidation of HDFS for an 2-months period

# H1 2007 Highlights – FF stand alone



- Ø Solid sales growth for Folli Follie stand alone (+22% in constant currency terms)
- Ø Impressive EBITDA growth of 26,8% compared to H1 2006
- Ø High gross margin level for Folli Follie stand alone (61,7% vs. 58,9% in H1 2006) supported by a favorable sales mix
- Ø EPS growth for FF stand alone of 18,8%

# H1 2007 Highlights



## IFRS Group Results

	2007 IFRS (HDFS fully consolidated)	2006 IFRS	Growth
Sales (Million €)	270,7	167,3	61,8%
EBITDA (Million €)	72,8	51,2	42,2%
EBITDA Margin	26,9%	30,6 %	
Gross Margin	57,9%	56,2 %	
EBT (Million €)	60,7	50,6	20,0%
Net Profit b.min. (Million €)	45,9	39,2	17,1%
EPS (€)	1,19	1,04	14,4%

# H1 2007 Highlights



## IFRS Group Results

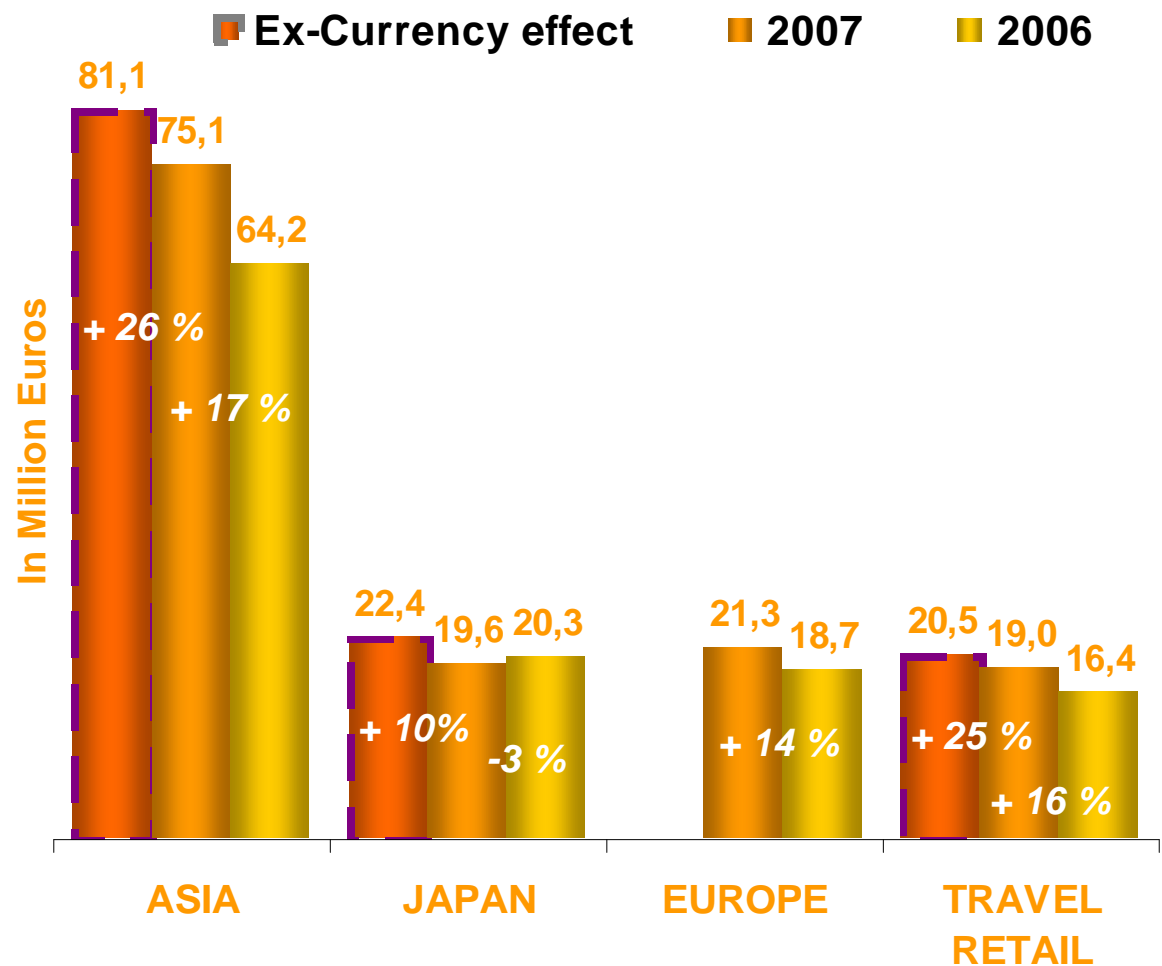
Folli Follie stand-alone basis

	2007 IFRS	2006 IFRS	Growth
Sales (Million €)	134,9	119,3	13,1%
EBITDA (Million €)	46,3	36,5	26,8%
EBITDA Margin	34,3%	30,6 %	
Gross Margin	61,7%	58,9 %	
EBT (Million €)	47,4	40,9	15,9%
Net Profit (Million €)	39,6	33,8	17,2%
EPS (€)	1,20	1,01	18,8%

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30<sup>th</sup> August 2007

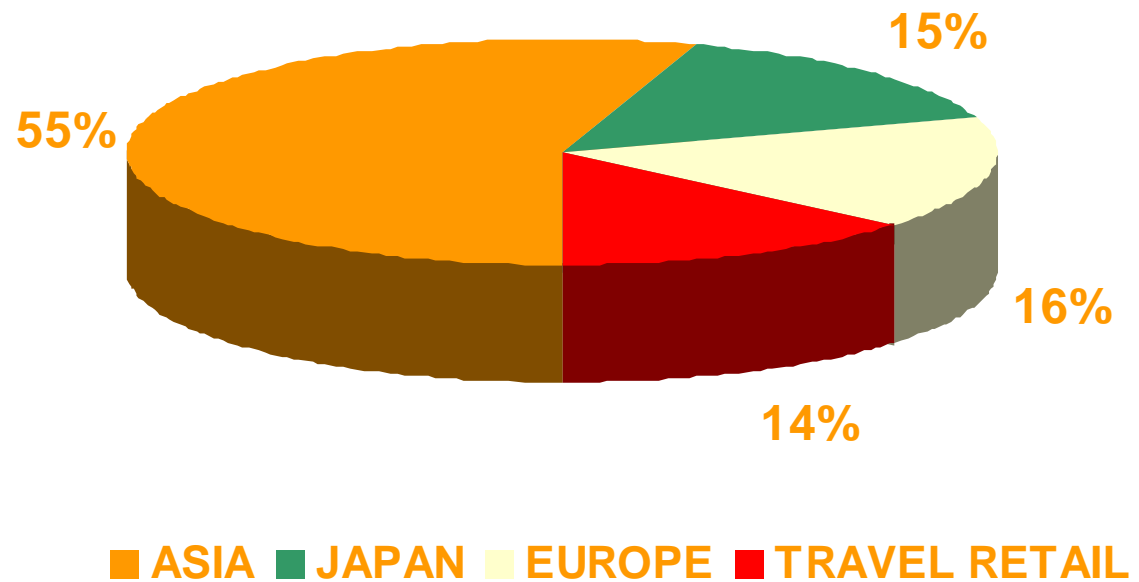
# Net Sales by Region



Folli Follie

30<sup>th</sup> August 2007

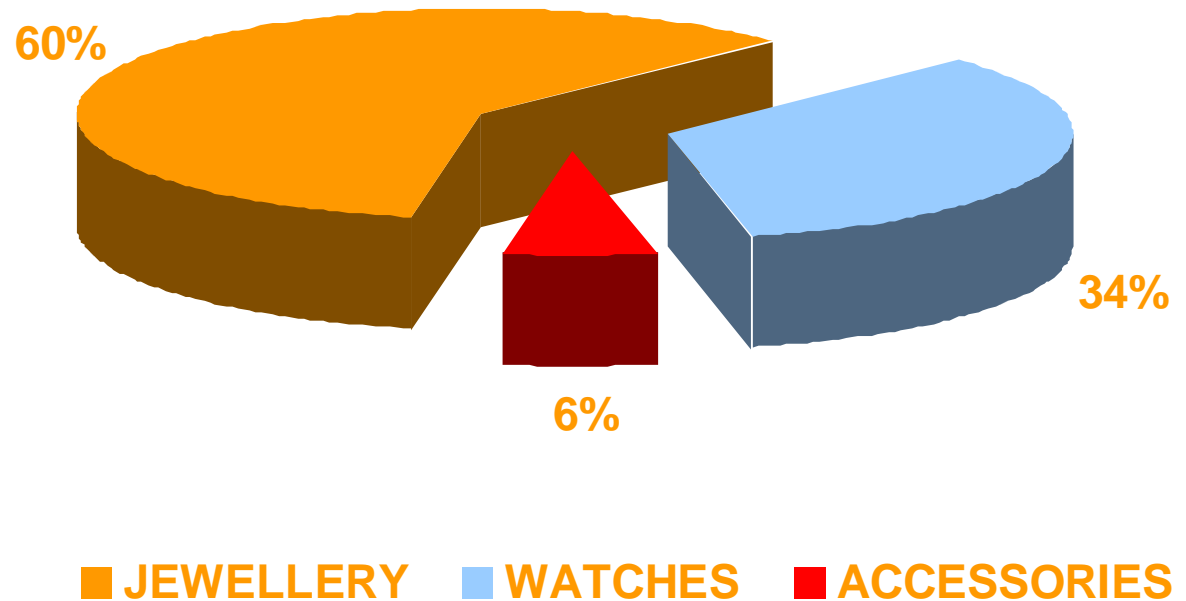
# Net Sales by Region



Folli Follie

30<sup>th</sup> August 2007

# Financials – Product Category Sales



Folli Follie

30<sup>th</sup> August 2007



BALANCE SHEET (Amounts in Thousand Euro €)				
	THE GROUP		THE COMPANY	
	30/6/2007	31/12/2006	30/6/2007	31/12/2006
<b>ASSETS</b>				
Tangible Assets	84.917,17	84.783,68	32.363,67	32.540,80
Intangible Assets	328.835,52	330.053,87	629,89	627,01
Investments in associates	0,00	0,00	387.438,47	387.438,47
Deferred income tax assets	1.205,82	2.109,04	320,06	352,87
Other long term receivables	9.068,26	6.676,68	304,30	293,42
<b>Total non-current assets (a)</b>	<b>424.026,77</b>	<b>423.623,27</b>	<b>421.056,39</b>	<b>421.252,57</b>
Inventories	150.867,42	125.598,48	14.045,92	13.583,25
Trade Receivables and other receivables	182.108,41	164.692,59	22.652,62	18.055,30
Other financial assets at fair value	0,00	0,00	0,00	0,00
through profit or loss	3.771,34	3.419,65	1.635,30	1.464,12
Cash and cash equivalents	112.323,83	109.310,71	28.060,02	22.402,66
<b>Total current assets (b)</b>	<b>449.070,99</b>	<b>403.021,43</b>	<b>66.393,86</b>	<b>55.505,32</b>
<b>TOTAL ASSETS (a) + (b)</b>	<b>873.097,76</b>	<b>826.644,70</b>	<b>487.450,25</b>	<b>476.757,89</b>
<b>EQUITY &amp; LIABILITIES</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Long-term borrowings	408.400,73	406.901,78	341.167,94	341.000,00
Retirement benefit obligations	8.882,37	8.476,57	674,45	620,92
Deferred income tax liabilities	14.899,56	15.247,13	1.095,64	1.251,18
Provisions for other liabilities and charges	11.660,25	11.105,91	511,11	524,25
<b>Total non-current liabilities</b>	<b>443.842,90</b>	<b>441.731,38</b>	<b>343.449,14</b>	<b>343.396,35</b>
Trade payables and short term borrowings	96.030,82	103.464,34	11.387,73	9.546,48
Other current liabilities	10.833,46	11.811,85	8.461,85	9.210,17
<b>Total current liabilities</b>	<b>106.864,28</b>	<b>115.276,19</b>	<b>19.849,59</b>	<b>18.756,65</b>
<b>Total Liabilities (a)</b>	<b>550.707,18</b>	<b>557.007,57</b>	<b>363.298,73</b>	<b>362.153,00</b>
Share capital	9.884,06	9.884,06	9.884,06	9.884,06
Share premium	62.531,73	62.531,73	62.531,73	62.531,73
Other reserves	23.953,92	8.832,58	20.756,13	20.184,57
Own Stock	-2.977,72	-1.339,86	-108,99	-108,99
Retained earnings	245.286,89	207.356,28	31.088,59	22.113,52
Exchange differences	-38.192,07	-32.706,04	0,00	0,00
Other capital and reserves attributable to equity holders of the Company	-88.927,93	-88.927,93	0,00	0,00
<b>Total capital and reserves attributable to equity holders of the Company (b)</b>	<b>211.558,89</b>	<b>165.630,82</b>	<b>124.151,52</b>	<b>114.604,89</b>
Minority interest (c)	110.831,69	104.006,31	0,00	0,00
<b>Total Equity (d) = (b)+(c)</b>	<b>322.390,58</b>	<b>269.637,13</b>	<b>124.151,52</b>	<b>114.604,89</b>
<b>TOTAL EQUITY AND LIABILITIES (e) = (a)+(d)</b>	<b>873.097,76</b>	<b>826.644,70</b>	<b>487.450,25</b>	<b>476.757,89</b>

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Balance Sheet

## DATA FROM INCOME STATEMENT OF THE YEAR (Amounts in Thousand Euro €)

	THE GROUP		THE COMPANY	
	1/1-30/6/2007	1/1-30/6/2006	1/1-30/6/2007	1/1-30/6/2006
Sales Revenue	270.734,50	167.278,97	15.360,11	17.108,82
Cost of goods sold	-114.014,02	-73.263,84	-5.264,36	-5.351,18
Gross profit	156.720,48	94.015,13	10.095,75	11.757,65
Other Operating income	8.064,04	6.538,65	855,90	950,13
Administrative expenses	-20.078,50	-8.683,34	-3.022,23	-2.605,03
Selling and marketing costs	-76.610,19	-42.195,57	-6.493,28	-5.883,89
Other expenses	-1.551,03	-938,30	-248,55	-499,03
Operating profit	66.544,81	48.736,57	1.187,57	3.719,82
Finance results	-5.836,21	1.866,00	12.901,80	17.974,62
Profit before taxes (EBT)	60.708,59	50.602,57	14.089,37	21.694,45
Income tax expense	-14.793,91	-11.402,66	-339,11	-1.776,60
Profit for the period (after taxes)	45.914,68	39.199,91	13.750,26	19.917,85
<u>Attributable to:</u>				
Equity holders of the Company	39.079,84	34.332,00		
Minority interest	-6.834,84	-4.867,92		
Earnings (after taxes) per share - basic (expressed in €)	1,19	1,04	0,42	0,60
Amortisation - Depreciation	6.211,33	2.474,70	554,92	520,65
Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)	72.756,14	51.211,27	1.742,49	4.240,48
Earnings (profit) before taxes, financing and investing results (EBIT)	66.544,81	48.736,57	1.187,57	3.719,82

**Folli Follie**

**Income Statement**

<b>CASH FLOW STATEMENT (Amounts in Thousand Euro)</b>				
	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>1/1-30/6/2007</b>	<b>1/1-30/6/2006</b>	<b>1/1-30/6/2007</b>	<b>1/1-30/6/2006</b>
<b>Cash Flows related to Operating Activities</b>				
Net Profit before taxes	60.708,59	50.602,57	14.089,37	21.694,45
<i>Adjustments in respect of non-cash transactions:</i>	0,00	0,00	0,00	0,00
Depreciation and Amortisation	6.211,33	2.474,70	554,92	520,65
Provisions	634,25	661,21	61,26	111,00
Cash flows from investing activities	-4.085,45	-4.610,48	-22.080,54	-21.405,77
Debit interest and similar expenses	9.741,27	2.724,91	9.230,92	3.464,72
Other non-cash expense/income				
Operating profit before adjustments of working capital	73.210,00	51.852,90	1.855,93	4.385,05
Decrease/(increase) of Inventories	-25.741,74	-8.358,66	-462,67	109,22
Decrease/(increase) of Receivables	-15.730,78	-15.571,85	-4.597,32	519,07
Increase/(decrease) of payable accounts (except Banks)	10.226,34	-9.590,27	-4.826,97	-2.037,90
Interest paid and similar expenses	-5.722,89	-3.801,78	-4.001,88	-3.832,01
Income Tax paid	-5.584,51	-19.224,68	-94,75	-858,73
<i>Net cash inflows/(outflows) from Operating Activities</i>	<b>30.656,42</b>	<b>-4.694,33</b>	<b>-12.127,66</b>	<b>-1.715,30</b>
<b>Cash Flows related to Investing Activities</b>				
Purchases of subsidiaries, associates and other investments	0,00	-202.989,65	0,00	-205.798,63
Purchases of tangible and intangible assets	-6.095,98	-1.292,54	-381,03	-158,24
Proceeds from sale of tangible and intangible assets	498,82	113,43	0,11	18,23
Proceeds from sale of financial assets	9,65	1.961,15	3.733,75	1.961,15
Dividends received	0,00	0,00	18.175,86	20.987,84
Interest received	1.943,68	1.076,88	232,81	167,29
Decrease/(increase) of other long-term receivables	-1.766,18	-288,51	-10,88	133,50
<i>Net cash inflows/(outflows) from Investing Activities</i>	<b>-5.410,00</b>	<b>-201.419,24</b>	<b>21.750,62</b>	<b>-182.688,87</b>
<b>Cash Flows related to Financing Activities</b>				
Cash received from issue of share capital				
Own Stock	-1.637,86	0	0	0
Proceeds from Loans	471,74	206.103,81	0,00	204.427,02
Repayment of Loans	0,00	0,00	-2.000,00	0,00
Payments for leases	-74,82	-315,05	-15,48	-61,77
Dividends paid	-18.539,88	-22.921,24	-1.950,12	-1.300,68
<i>Net cash inflows/(outflows) from Financing Activities</i>	<b>-19.780,83</b>	<b>182.867,52</b>	<b>-3.965,60</b>	<b>203.064,56</b>
Net increase/(decrease) in cash and cash equivalents	5.465,59	-23.246,05	5.657,36	18.660,40
Cash and cash equivalents at the beginning of the period	109.310,71	112.040,53	22.402,66	13.247,66
Exchange rate differences from the conversion of cash equivalents	-2.452,48	-1.320,44	0,00	0,00
<i>Cash and cash equivalents at the end of the period</i>	<b>112.323,83</b>	<b>87.474,04</b>	<b>28.060,02</b>	<b>31.908,06</b>

**Folli Follie**

# Cash Flow Statement

DATA FROM STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ( Amounts in Thousand Euro )				
	THE GROUP		THE COMPANY	
	30/6/2007	30/6/2006	30/6/2007	30/6/2006
Net equity of period Open.Balance (1/1/2007 and 1/1/2006 respectively)	269.637,13	161.972,46	114.604,89	109.329,44
Issue of share capital	0,00	0,00	0,00	0,00
Dividends	-3.953,63	-8.845,95	-3.953,63	-8.566,19
Directors Fees	-250,00	-313,51	-250,00	-250,00
Net income recognised directly in Equity	18.175,74	0,00	0,00	0,00
Minority interest (Due to :New Subsidiaries / Increase of participation )	0,00	86.318,07	0,00	0,00
Net amounts effected directly Equity(Due to:New Subsidiaries/Increase of participation )	0,00	9.438,95	0,00	0,00
Profit for the period, after taxes	45.914,68	39.199,91	13.750,26	19.917,85
Adjustment in foreign currency translation differences	-5.495,49	-12.729,60	0,00	0,00
Own Stock	-1.637,86	-108,99	0,00	-108,99
Net equity of period Closing Balance	322.390,58	274.931,34	124.151,52	120.322,11

**Folli Follie** Statement on Changes in Equity

# Remarks



Ø During the second quarter of 2007, 6 new points of sale opened, 3 of them where relocations:

1 in UAE, 1 in Japan, 2 in Korea and 2 in China

Ø End of H1 2007, Folli Follie counted 343 points of sale in 24 countries

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

[www.follifollie.com](http://www.follifollie.com)



Folli Follie

30<sup>th</sup> August 2007