

Full Year Results 2006



Folli Follie Full Year 2006 Financial Results

Folli Follie

15th March 2007

Full Year 2006 Highlights (1)



- Ø Formation of a new powerful group
- Ø HDFS acquisition of Links of London
- Ø Exploitation of inter-company synergies
- Ø Obtainment of the Chinese Retail Licence for Folli Follie
- Ø Creation of a Joint Venture with Lapin House (Folli Follie Baby)
- Ø Raising brand awareness through 16 new cooperations with international airlines in 2006 (35 total)

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Full Year 2006 Highlights (2)



- Ø Full consolidation of HDFS for an 8-months period
- Ø Record Sales for the new group (+117%) and solid sales growth for Folli Follie stand alone (+11%)
- Ø Folli Follie stand alone with a stable increase of net profit (+16%)
- Ø Impressive EPS growth of 18%
- Ø Still experiencing negative currency effects

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Full Year 2006 Highlights



IFRS Group Results

	2006 IFRS	2005 IFRS	Growth
Sales (Million €)	484,4	222,8	117,4 %
EBITDA (Million €)	121,2	67,6	79,3 %
EBITDA Margin	25,0%	30,3 %	
Gross Margin	53,8%	60,3 %	
EBT (Million €)	106,0	70,1	52 %
Net Profit (Million €)	81,7	56,6	45 %
EPS (€)	1,98	1,68	17,8%

Folli Follie stand alone

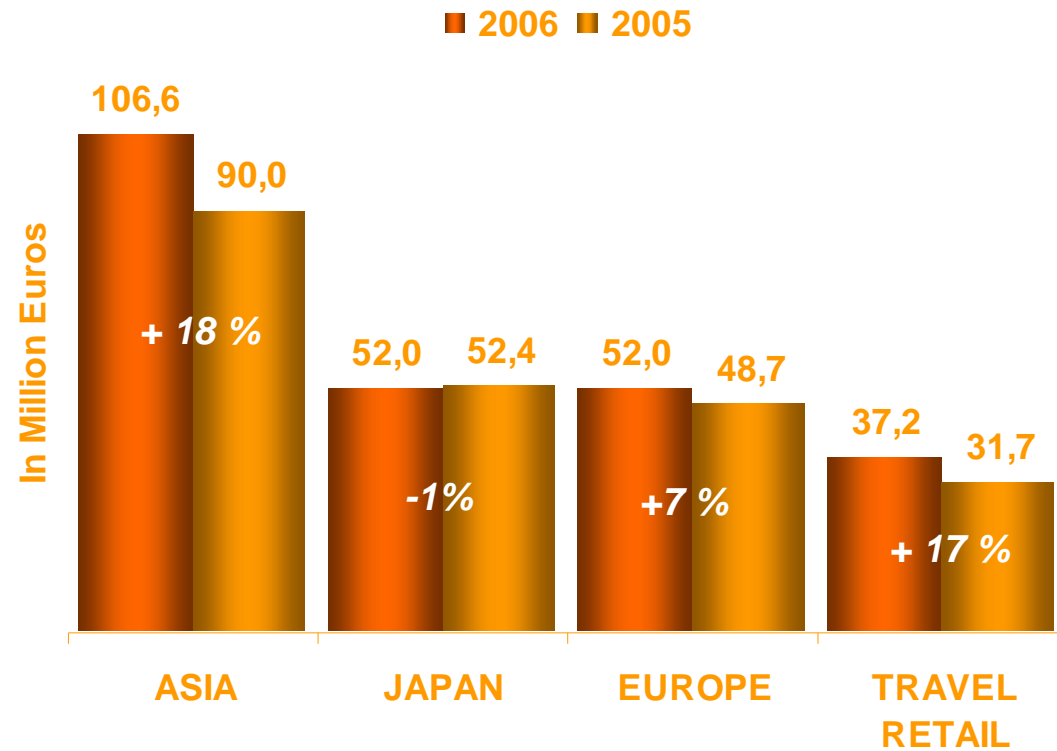


IFRS Group Results

Folli Follie stand-alone basis

	2006 IFRS	2005 IFRS	Growth
Sales (Million €)	247,8	222,8	11,2 %
EBITDA (Million €)	69,9	67,6	3,4 %
EBITDA Margin	28,2%	30,3 %	
Gross Margin	57,1%	60,3 %	
EBT (Million €)	77,5	70,0	10,7 %
Net Profit (Million €)	65,7	56,6	16,0 %

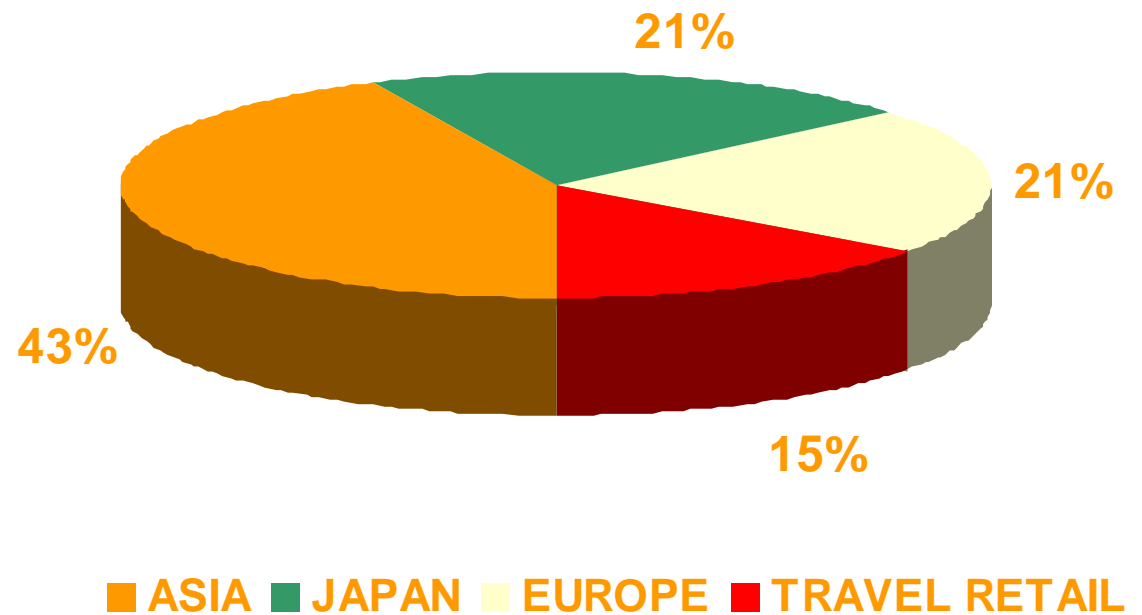
Net Sales by Region



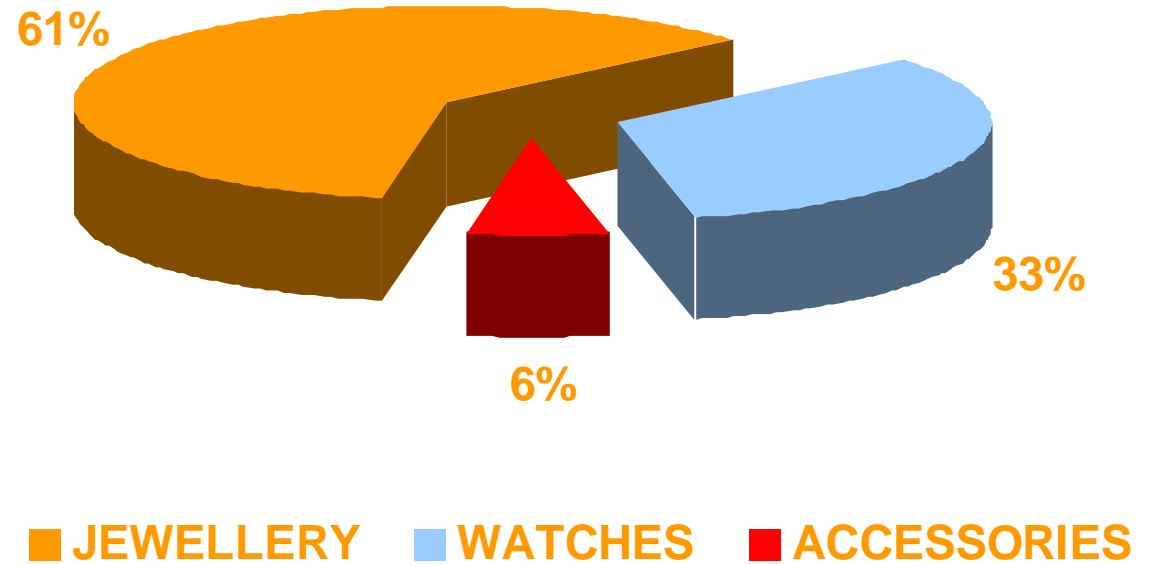
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Net Sales by Region



Financials – Product Category Sales



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BALANCE SHEET (Amounts reported in Euro)

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
ASSETS				
Tangible Assets	69.403.677,02	29.269.571,73	17.160.799,87	17.175.960,39
Investments in PPE	15.380.000,00	15.380.000,00	15.380.000,00	15.380.000,00
Intangible Assets	330.053.867,28	4.185.089,70	627.009,14	750.442,44
Investments in associates	0,00	40.395.445,88	387.438.470,75	159.505.501,95
Deferred income tax assets	2.109.039,58	2.660.750,50	352.870,16	703.225,42
Other long term receivables	6.676.684,23	6.838.204,67	293.421,34	419.574,43
Total non-current assets (a)	423.623.268,11	98.729.062,48	421.252.571,26	193.934.704,63
Inventories	125.598.481,85	71.758.888,21	13.583.250,86	14.134.365,54
Trade Receivables	140.239.131,14	121.290.148,36	15.850.440,84	18.872.475,88
Other Receivables	24.453.461,03	6.199.578,58	2.204.855,35	2.395.951,33
Other financial assets at fair value through profit or loss	3.419.646,43	2.921.508,63	1.464.116,71	2.921.508,63
Cash and cash equivalents	109.310.713,75	33.892.169,63	22.402.656,98	13.247.662,22
Total current assets (b)	403.021.434,20	236.062.293,41	55.505.320,74	51.571.963,60
TOTAL ASSETS (a) + (b)	826.644.702,31	334.791.355,89	476.757.892,00	245.506.668,23
EQUITY & LIABILITIES				
Long-term borrowings	406.901.777,95	125.149.592,17	341.000.000,00	119.499.958,91
Retirement benefit obligations	8.476.568,05	3.356.944,74	620.917,00	540.126,00
Deferred income tax liabilities	15.247.131,09	1.047.943,78	1.251.176,41	1.035.080,14
Provisions for other liabilities and charges	11.105.905,03	4.054.878,43	524.253,57	698.272,82
Total non-current liabilities	441.731.382,12	133.609.359,12	343.396.346,98	121.773.437,87
Trade payables	34.806.413,96	15.829.100,60	2.874.807,77	3.487.817,55
Short-term Borrowings	11.811.849,44	5.047.457,92	9.210.173,45	4.863.495,62
Other current liabilities	68.657.923,18	18.332.977,03	6.671.670,58	6.052.479,60
Total current liabilities	115.276.186,58	39.209.535,55	18.756.651,80	14.403.792,77
Total Liabilities (a)	557.007.568,70	172.818.894,67	362.152.998,78	136.177.230,64
Share capital	9.884.062,50	9.884.062,50	9.884.062,50	9.884.062,50
Share premium	62.531.731,47	62.531.731,47	62.531.731,47	62.531.731,47
Other reserves	8.832.577,14	24.513.525,66	20.184.566,82	19.679.018,84
Own Stock	-1.339.856,41	0,00	-108.985,61	0,00
Retained earnings	207.356.278,78	161.106.539,24	22.113.518,04	17.234.624,78
Exchange differences	-32.706.043,74	-12.980.009,96	0,00	0,00
Other capital and reserves attributable to equity holders of the Company	-88.927.927,73	-88.927.927,73	0,00	0,00
Total capital and reserves attributable to equity holders of the Company (b)	165.630.822,01	156.127.921,18	114.604.893,22	109.329.437,59

Balance Sheet

15th March 2007

DATA FROM INCOME STATEMENT FOR THE YEAR (Amounts reported in Euro)

	THE GROUP		THE COMPANY	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
Sales Revenue	484.399.340,17	222.796.934,45	35.032.150,23	36.980.835,86
Cost of goods sold	-223.688.912,80	-88.446.212,13	-12.017.987,36	-12.905.798,37
Gross profit	260.710.427,37	134.350.722,32	23.014.162,87	24.075.037,49
Other Operating income	16.831.147,48	6.066.792,76	1.968.034,27	4.643.121,97
Administrative expenses	-27.589.763,56	-11.586.965,70	-5.517.592,12	-4.793.128,43
Selling and marketing costs	-134.369.191,45	-61.797.910,10	-12.224.539,25	-10.346.725,55
Other expenses	-2.303.769,50	-2.556.704,96	-1.015.247,11	-792.398,81
Operating profit	113.278.850,34	64.475.934,32	6.224.818,66	12.785.906,67
Finance costs - profit	3.236.809,39	1.331.144,45	989.781,05	1.188.934,36
Finance costs - expenses	-14.666.330,16	-5.148.235,89	-12.545.570,22	-4.857.480,26
Share of profit of associates	4.177.374,06	9.395.738,69	20.988.636,25	9.671.639,04
Profit before taxes (EBT)	106.026.703,63	70.054.581,57	15.657.665,74	18.788.999,81
Income tax expense	-24.302.074,07	-13.391.086,52	-1.457.037,00	-3.360.297,83
Profit for the period (after taxes)	81.724.629,56	56.663.495,05	14.200.628,74	15.428.701,98
<u>Attributable to:</u>				
Equity holders of the Company	65.160.341,01	55.428.778,38		
Minority interest	-16.564.288,55	-1.234.716,67		
Earnings (after taxes) per share - basic (expressed in €)	1,98	1,68	0,43	0,47
Amortisation - Depreciation	7.952.028,91	3.082.378,44	1.054.074,99	949.794,62
Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)	121.230.879,25	67.558.312,76	7.278.893,65	13.735.701,29
Earnings (profit) before taxes, financing and investing results (EBIT)	113.278.850,34	64.475.934,32	6.224.818,66	12.785.906,67
Proposed dividend per share (expressed in €)			0,12	0,26

CASH FLOW STATEMENT (Amounts reported in Euro)				
	THE GROUP		THE COMPANY	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
Cash Flows related to Operating Activities				
Net Profit before taxes	106.026.703,63	70.054.581,57	15.657.665,74	18.788.999,81
<i>Adjustments in respect of non-cash transactions:</i>				
Depreciation and Amortisation	7.952.028,91	3.082.378,44	1.054.074,99	949.794,62
Provisions	1.067.649,93	1.188.610,09	232.823,00	854.320,94
Cash flows from investing activities	-6.005.841,35	-11.528.844,11	-21.500.927,58	-12.083.378,02
Debit interest and similar expenses	8.029.971,77	4.724.103,21	7.952.112,89	4.668.063,61
Other non-cash expense/income	0,00	0,00	0,00	0,00
Operating profit before adjustments of working capital	117.070.512,89	67.520.829,20	3.395.749,04	13.177.800,96
Decrease/(increase) of Inventories	5.492.850,82	-21.232.011,83	551.114,68	-2.703.139,87
Decrease/(increase) of Receivables	-27.213.232,14	-28.318.885,55	5.048.631,02	-5.921.292,33
Increase/(decrease) of payable accounts (except Banks)	-29.483.542,82	2.751.752,10	-529.254,41	1.573.232,40
Interest paid and similar expenses	-10.648.306,80	-5.148.235,89	-8.433.121,20	-4.950.020,20
Income Tax paid	-29.617.235,32	-11.332.373,00	-3.287.032,72	-1.950.571,40
<i>Net cash inflows/(outflows) from Operating Activities</i>	<u>25.601.046,63</u>	<u>4.241.075,03</u>	<u>-3.253.913,59</u>	<u>-773.990,44</u>
Cash Flows related to Investing Activities				
Purchases of subsidiaries, associates and other investments	-209.320.322,31	0,00	-227.789.431,30	-1.772.539,39
Purchases of tangible and intangible assets	-9.755.667,43	-10.272.671,44	-927.023,46	-1.982.571,72
Proceeds from sale of tangible and intangible assets	1.429.524,58	95.690,76	20.960,00	12.007,22
Proceeds from sale of financial assets	2.070.853,98	643.044,41	1.961.153,98	643.044,41
Dividends received	0,00	9.164.303,46	20.990.210,29	9.735.942,50
Interest received	2.618.335,03	424.132,66	481.008,31	281.956,59
Decrease/(increase) of other long-term receivables	3.292.142,66	1.272.691,65	-19.846,91	-42.682,56
<i>Net cash inflows/(outflows) from Investing Activities</i>	<u>-209.665.133,49</u>	<u>1.327.191,52</u>	<u>-205.282.969,09</u>	<u>6.875.157,05</u>
Cash Flows related to Financing Activities				
Cash received from issue of share capital				
Own Stock	-1339855,61		-108.985,61	
Proceeds from Loans	294.233.581,31	1.010.172,79	225.846.718,92	0,00
Repayment of Loans	0,00	0,00	0,00	-27.604,87
Payments for leases	-583.819,39	-632.199,66	-117.569,61	-123.547,81
Dividends paid	-29.551.841,65	-8.069.321,96	-7.928.286,26	-7.211.863,40
<i>Net cash inflows/(outflows) from Financing Activities</i>	<u>262.758.064,66</u>	<u>-7.691.348,83</u>	<u>217.691.877,44</u>	<u>-7.363.016,08</u>
Net increase/(decrease) in cash and cash equivalents	78.693.977,80	-2.123.082,28	9.154.994,76	-1.261.849,47
Cash and cash equivalents at the beginning of the period	33.892.169,63	33.723.558,93	13.247.662,22	14.509.511,69
Exchange rate differences from the conversion of cash equivalents	-3.275.433,68	2.291.692,98	0,00	0,00
<i>Cash and cash equivalents at the end of the period</i>	<u>109.310.713,75</u>	<u>33.892.169,63</u>	<u>22.402.656,98</u>	<u>13.247.662,22</u>

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Cash Flow Statement

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DATA FROM STATEMENT OF CHANGES IN EQUITY FOR THE YEAR (Amounts reported inEuro)

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Net equity of period Open.Balance (1/1/2006 and 1/1/2005 respectively)	161.972.461,22	95.908.062,29	109.329.437,59	101.349.048,11
Issue of share capital				
Dividends	-43.611.451,25	-8.125.853,46	-8.566.187,50	-7.248.312,50
Directors Fees	-313.514,50	-326.541,80	-250.000,00	-200.000,00
Net income recognised directly in Equity	0,00	1.660,89	0,00	0,00
Minority interest (Due to :New Subsidiaries / Increase of participation)	81.599.975,98	0,00	0,00	0,00
Net amounts effected directly Equity(Due to:New Subsidiaries/Increase of participation)	9.439.947,00	0,00	0,00	0,00
Profit for the period, after taxes	81.724.629,56	56.663.495,05	14.200.628,74	15.428.701,98
Adjustment in foreign currency translation differences	-19.835.058,79	17.851.638,25	0,00	0,00
Own Stock	-1.339.855,61	0,00	-108.985,61	0,00
Net equity of period Closing Balance	269.637.133,61	161.972.461,22	114.604.893,22	109.329.437,59

Folli Follie Statement on Changes in Equity

Remarks



Ø During Q4 of 2006, 6 new points of sale opened (including 2 relocations):
1 in Greece, 1 in Qatar, 1 in The Netherlands, 1 in Hong Kong and 1 in China, 1 in Korea, 2 in Singapore.

End of 2006 Folli Follie counted 335 points of sale in 24 countries

Ø 2% of total turnover in local currency accounted from new openings from 31/12/2005 till 31/12/2006

Links of London – new POS



Ø Since the acquisition of Links of London by HDFC in July 2006, 6 new points of sale have opened, increasing the total number to 48 points of sale worldwide:

Ø 2 in the United Kingdom

Ø 1 in Dublin

Ø 1 in Canada

Ø 2 in Chicago



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Disclaimer

This presentation contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations. Any statement in this presentation that states our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. These statements are based on plans, estimates and projections as they are currently available to the management of Folli Follie S.A.. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement.

Potential risks and uncertainties include, amongst other things, internal, industry and external factors, such as general economic conditions.