

Ermenegildo Zegna



**Folli Follie Group
Nine Months 2010 Financial Results**

November 25th, 2010

FF Group Nine Months 2010 - Overview Financials

		% of sales
Total Sales	737,6	
EBITDA	168,7	22,9%
EBIT	151,9	20,6%
EBT	113,1	15,3%
EAT after min.	63,9	8,7%

FF Group – Financial Highlights Nine Months 2010

- § Overall a solid nine-months performance of the Folli Follie Group despite the difficult local environment and last year's high comparables. 9-M Group revenues increased by 0,8%, gross profit and operating profit increased by 3% and 5%.
- § On an adjusted basis (excluding the special levy of € 6,2m, paid in Q2 2010 as well as excluding income and expenses of FX instruments in 9-M 2009 and 9-M 2010), EBT would have been flat at € 120,7m instead of reported € 113,1m (-12,5%), and net profit would have reached € 75,8m (-0,2%) instead of reported € 64,0m (-23,8%).
- § In the third quarter sales were slightly down (-2,1%) at the same time the group focused on profitability by increasing the gross margin from 47,4% to 51,9% and EBITDA margin from 21,4% to 23,9% compared to the same period last year.
- § Hellenic Duty Free Shops succeeded yet for another quarter despite decreased revenues (-6%) to increase profitability through cost control measures and increased Duty Free sales by 6,7% reaching € 90,8m from € 85,1m same period last year.
- § Although Elmec Sport sales remained flat in the 9-M period, third quarter performance was very encouraging with the gross profit increasing from 34,8% to 36,3% and EBITDA margin from 7,3% to 7,5% taking also into consideration that in the third quarter 8 new POS were opened.
- § Folli Follie with a strong top line performance, sales increased by 8,4%, EBITDA increased by 10,3% with the respective EBITDA margin improving from 31,1% to 31,6%

FF Group – 9-M 2010 Summarized Income Statement

<i>In million EUR</i>	2010	2009	% Change
Revenue	737,6	731,6	0,8%
Gross margin	379,9	369,4	2,8%
Selling expenses	-210,7	-198,0	6,4%
Administrative expenses	-37,4	-41,6	-10,1%
Other income and expenses	20,1	15,3	31,4%
Operating profit	151,9	145,1	4,7%
Net financial income (expense)	-38,9	-15,9	144,7%
Income taxes	-34,3	-29,2	17,5%
Net profit before minority interests	78,7	99,9	-21,2%
Minority interests	-14,8	-15,9	-6,9%
Group share of net profit	63,9	84,0	-23,9%
Amortisation - Depreciation	16,8	16,1	
EBITDA	168,7	161,2	4,7%

FF Group – adjusted* 9-M 2010 Summarized Income Statement

<i>In million EUR</i>	2010	2009	% Change
Revenue	737,6	731,6	0,8%
Gross margin	379,9	369,4	2,8%
Selling expenses	-210,7	-198,0	6,4%
Administrative expenses	-37,4	-41,6	-10,1%
Other income and expenses	20,1	15,3	31,4%
Operating profit	151,9	145,1	4,7%
Net financial income (expense)	-31,2	-24,4	27,9%
Income taxes	-28,1	-28,9	-2,8%
Net profit before minority interests	92,6	91,8	0,9%
Minority interests	-16,8	-15,9	5,7%
Group share of net profit	75,8	75,9	-0,1%
Amortisation - Depreciation	16,8	16,1	
EBITDA	168,7	161,2	4,7%

* excluding the special levy of €6,2m (paid in Q2 2010) as well as excluding income and expenses of FX instruments in 9-M 2009 and 9-M 2010

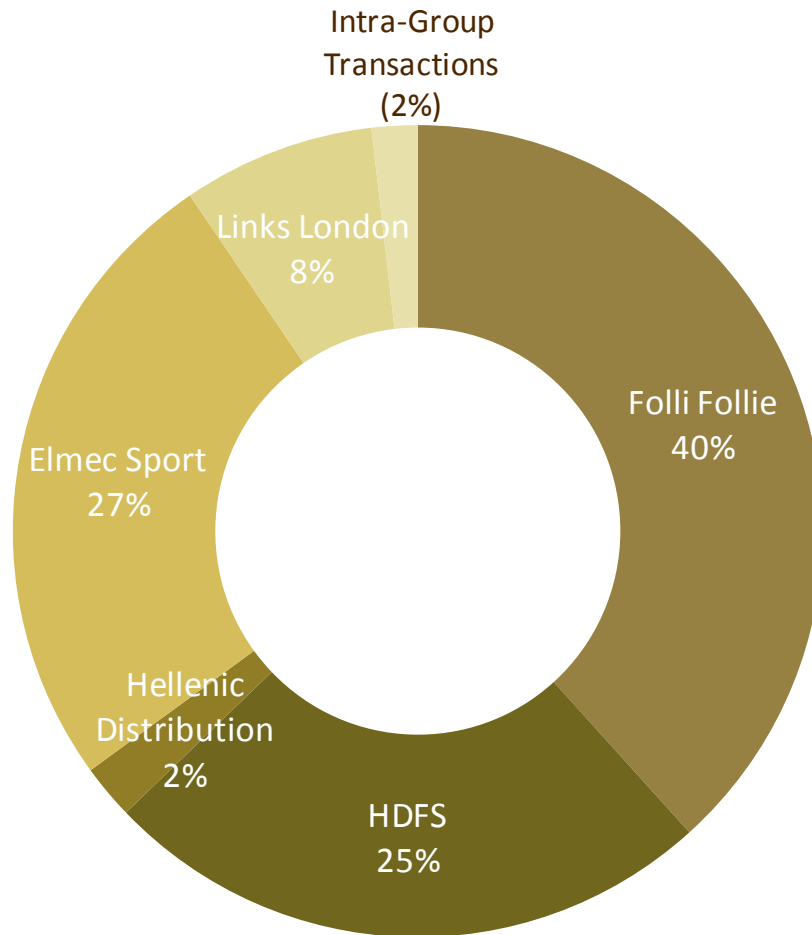
FF Group – Revenue by company

<i>In million EUR</i>	9-M 2010	9-M 2009	Organic growth
Folli Follie stand alone	293,4	270,6	8,4%
Hellenic Duty Free Shops	187,3	199,2	-6,0%
Hellenic Distributions	16,6	17,0	-2,4%
Elmec Sport	195,6	195,4	0,1%
Links of London	58,7	58,5	0,3%
Intra-Group Sales	14,0	9,1	53,8%
Total	737,6	731,6	0,8%

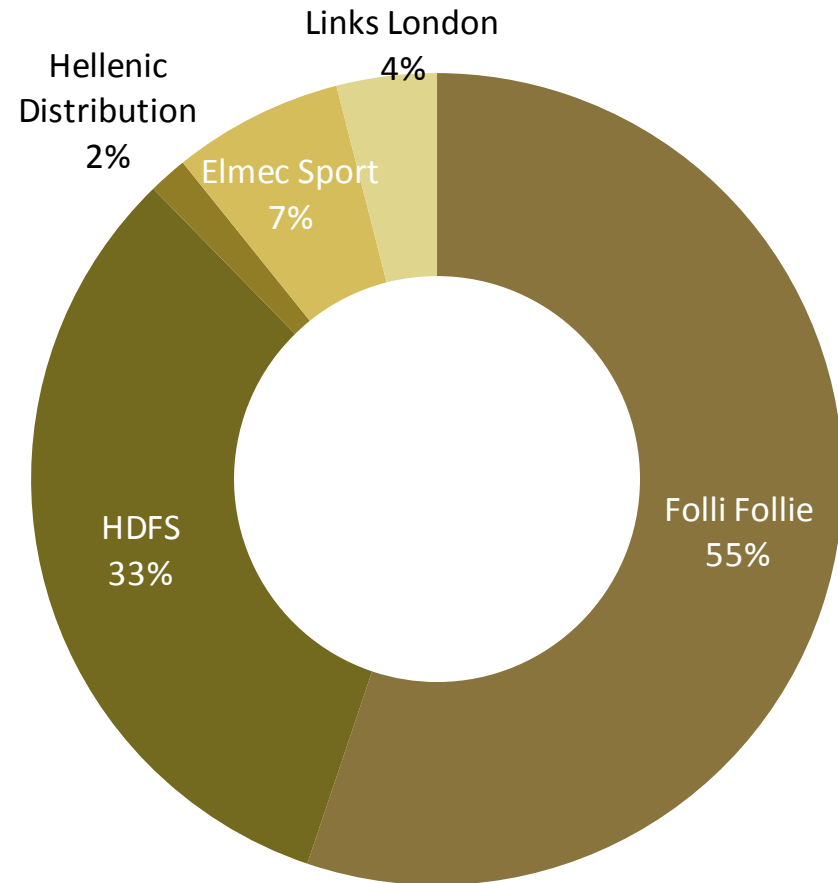
Intra-Group Sales on HDFS Group level € 4,1m

FF Group – Revenue and EBITDA split by company

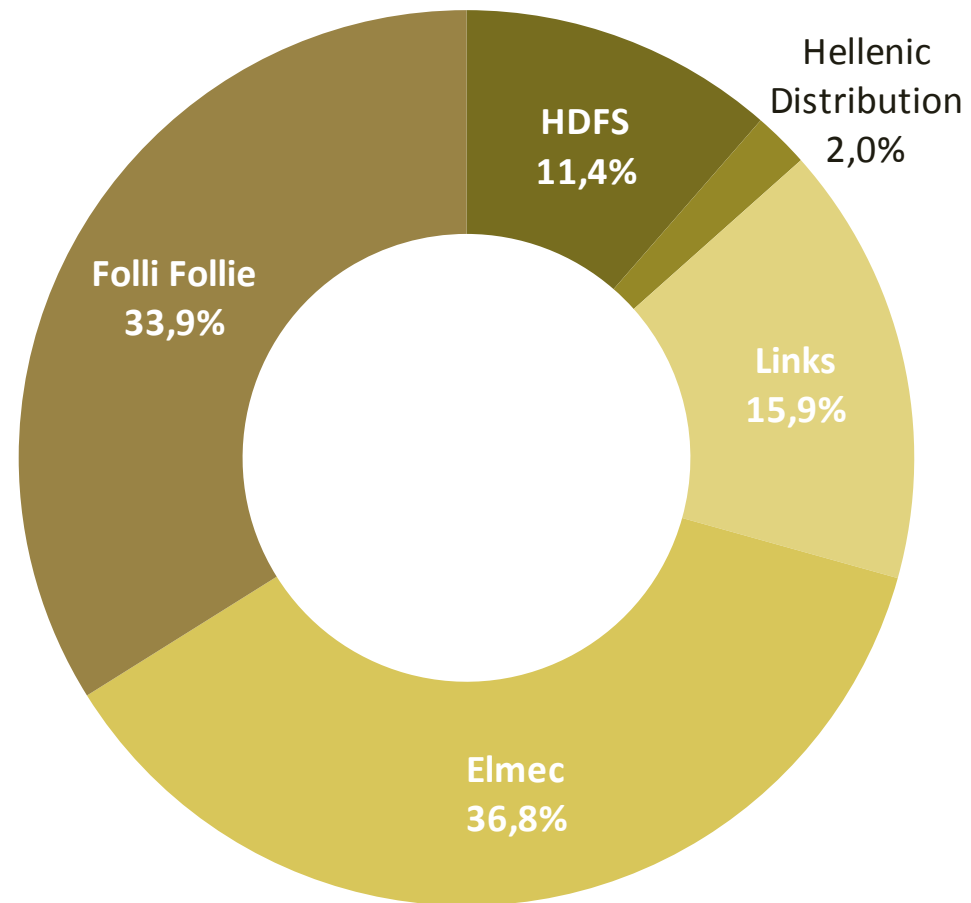
Revenue split by company



EBITDA split by company

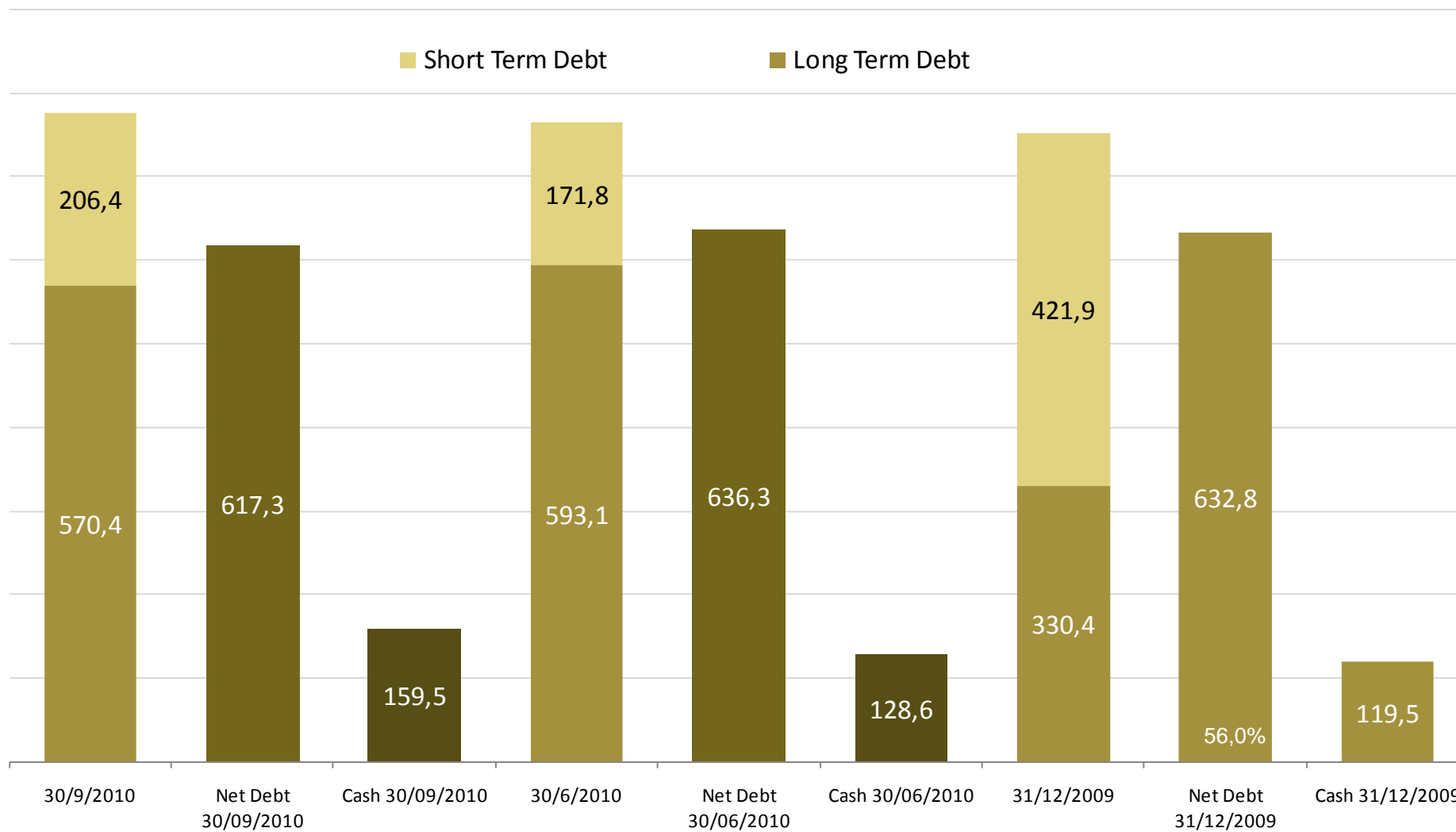


FF Group – Capex Split by company



Group Capex € 21,0m

FF Group Debt Structure by quarter



Net debt decreased by €19,0 million, cash increased by €30,9 million from 30/06/2010 to 30/09/2010

CASH FLOW STATEMENT 2η alternative: Indirect Method

	The Group		The Company	
	1/1-30/09/2010	1/1-30/09/2009	1/1-30/09/2010	1/1-30/09/2009
Cash Flows related to Operating Activities				
Net Profit before taxes	113.069.848,94	129.152.351,19	-23.128.099,54	14.310.389,59
Adjustments in respect of non-cash transactions:				
Depreciation and Amortisation	16.766.030,00	16.077.946,38	728.378,47	945.048,24
Devaluation of tangible and intangible assets				
Provisions	943.814,84	5.111.882,33	161.983,92	913.993,15
Exchange differences	20.011.243,20	1.333.989,83		
Cash flows from investing activities	12.016.407,28	-10.921.293,63	11.317.491,37	-23.727.352,94
Debit interest and similar expenses	27.080.319,75	26.016.215,56	14.486.463,55	9.813.563,61
Adjustments related to working capital or other operating				
Decrease/(increase) of Inventories	-50.120.047,13	-54.539.225,72	394.665,00	-186.291,96
Decrease/(increase) of Receivables	-31.776.338,00	-34.320.042,40	-1.557.746,28	-3.335.199,19
Increase/(decrease) of payable accounts (except Banks)	-8.653.802,15	829.977,63	995.962,80	769.504,69
Minus				
Interest paid and similar expenses	-21.642.477,97	-25.770.771,87	-9.862.610,29	-8.524.119,92
Income Tax paid	-25.107.118,55	-16.666.099,66	-1.414.300,42	0,00
Net cash inflows/(outflows) from Operating Activities (a)	52.587.880,21	36.304.929,64	-7.877.811,42	-9.020.464,73
Cash Flows related to Investing Activities				
Purchases of subsidiaries, associates and other investments		-200.931,89		-27.931,89
Purchases of tangible and intangible assets	-21.027.556,67	-18.144.460,14	-370.821,76	-541.236,68
Proceeds from sale of tangible and intangible assets	4.008.580,58	3.074.089,07	30.000,00	5.877,80
Proceeds from sale of financial assets	-12.224.208,96	9.198.541,92	-11.173.428,96	8.529.541,92
Dividends received	90.604,00	91.000,00	0,00	15.162.206,31
Interest received	764.287,96	467.320,04	7.572,87	1.732,81
Decrease/(increase) of other long-term receivables	-1.812.296,23	-2.458.151,90	48.272,79	-7.942,52
Net cash inflows/(outflows) from Investing Activities (b)	-30.200.589,32	-7.972.592,90	-11.458.405,06	23.122.247,75
Cash Flows related to Financing Activities				
Capital returning to Minorities				
Own Stock	3.292.855,08	-577.276,45	3.957.962,00	
Proceeds from Loans	43.307.660,95	86.990.366,11	26.700.000,00	33.600.000,00
Repayment of Loans	-22.692.825,05	-68.247.099,96	-6.398.781,17	-44.432.356,84
Payments for leases	-2.582.781,22	-1.378.008,25	-43.601,22	-25.008,25
Dividends paid	-3.680.584,10	-13.481.683,35	-3.556.926,10	-2.250.889,66
Net cash inflows/(outflows) from Financing Activities (c)	17.644.325,66	3.306.298,10	20.658.653,51	-13.108.254,75
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	40.031.616,55	31.638.634,84	1.322.437,03	993.528,27
Cash and cash equivalents at the beginning of the period	119.476.328,10	73.064.483,75	4.889.945,10	3.983.042,61
Cash and cash equivalents at the end of the period	159.507.944,65	104.703.118,59	6.212.382,13	4.976.570,88

Folli Follie



Folli Follie stand-alone: Financial Highlights Nine Months 2010

- § Solid revenue growth of the Folli Follie brand (+8,4%) despite last years high comparables.
- § On an adjusted basis (excluding the special levy of € 1,4m, paid in Q2 2010 as well as excluding income and expenses of FX instruments in 9-M 2009 and 9-M 2010), EBT would have reached €88,9m from €91,4m (-2,7%) compared to reported €81,3m from €99,8m (-18,6%).
- § The third quarter revenues increased by 4,2% compared to the same period last year, gross margin climbed from 52,1% to 58,4%, EBITDA margin increased from 30,1% to 32,3%, driven by a more favorable retail vs. wholesale mix.
- § Asia and the travel retail as best performing regions with revenues up 18% and 9% respectively, Japan and Europe still facing challenging market environments with a slightly better third quarter performance compared to the second quarter 2010.

Folli Follie stand-alone: 9-M 2010 Financial Highlights

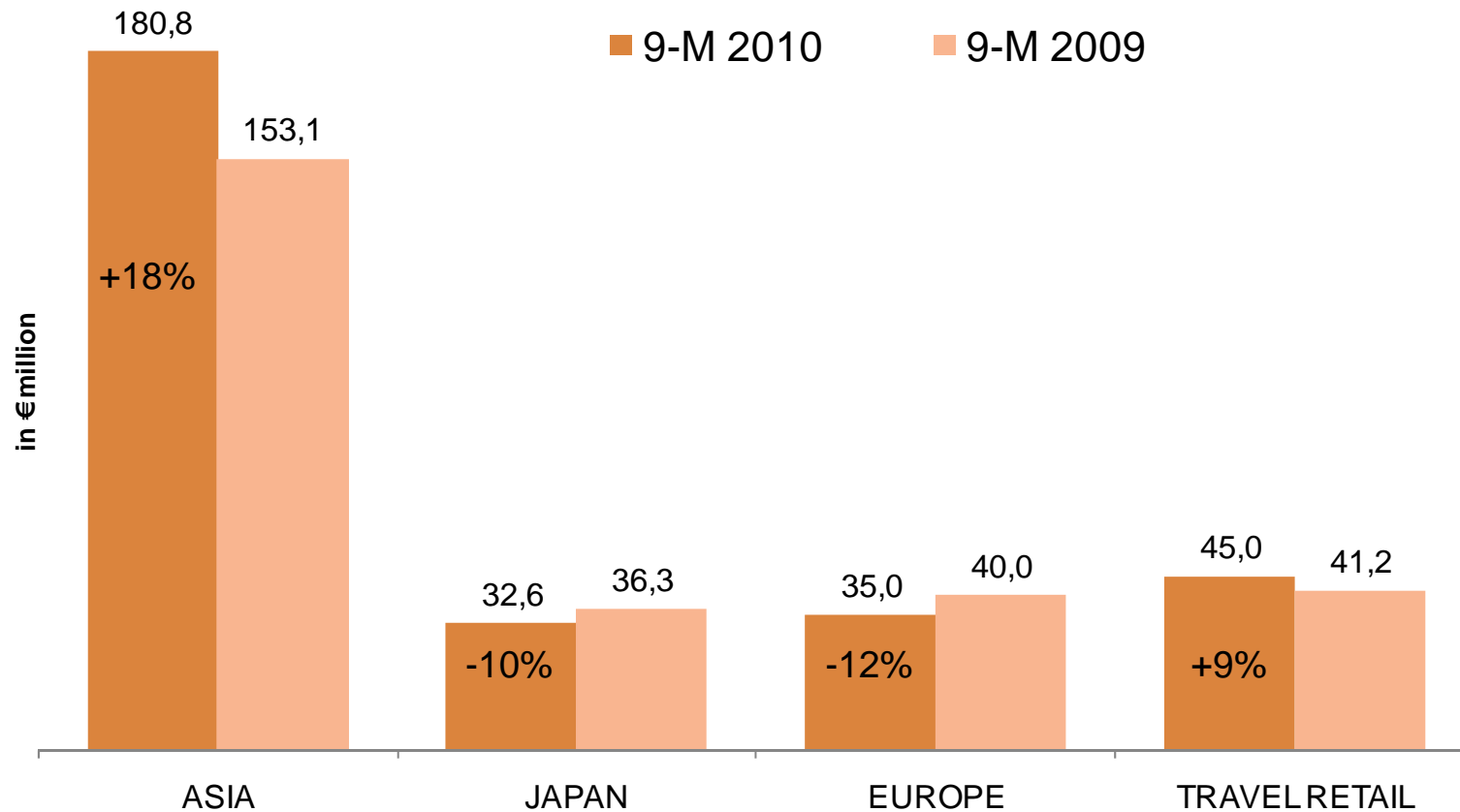
<i>In million EUR</i>	9-M 2010	9-M 2009	% Change
Revenue	293,4	270,6	8,4%
EBITDA	92,7	84,1	10,2%
EBITDA Margin	31,6%	31,1%	
Gross Margin	54,4%	54,9%	
EBT	81,3	99,8	-18,5%

Folli Follie stand-alone: adjusted* 9-M 2010 Financial Highlights

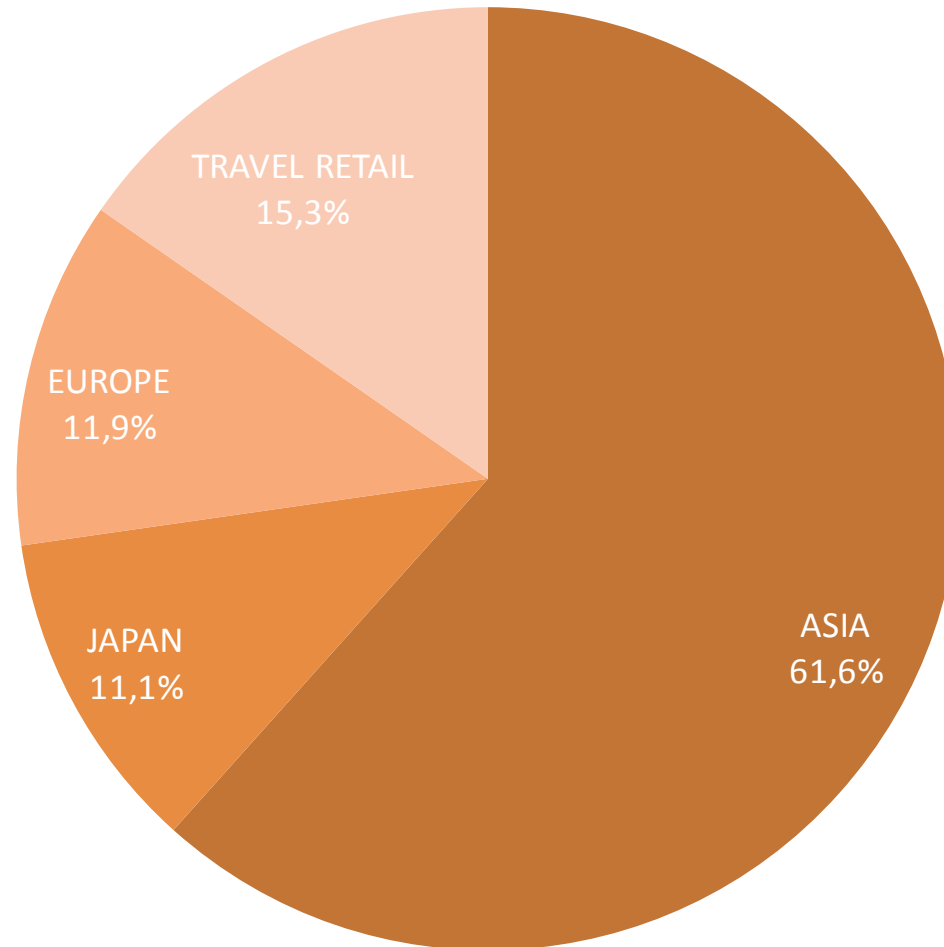
<i>In million EUR</i>	9-M 2010	9-M 2009	% Change
Revenue	293,4	270,6	8,4%
EBITDA	92,7	84,1	10,2%
EBITDA Margin	31,6%	31,1%	
Gross Margin	54,4%	54,9%	
EBT	88,9	91,4	-2,7%

* excluding the special levy of € 1,4m (paid in Q2 2010) as well as excluding income and expenses of FX instruments in 9-M 2009 and 9-M 2010

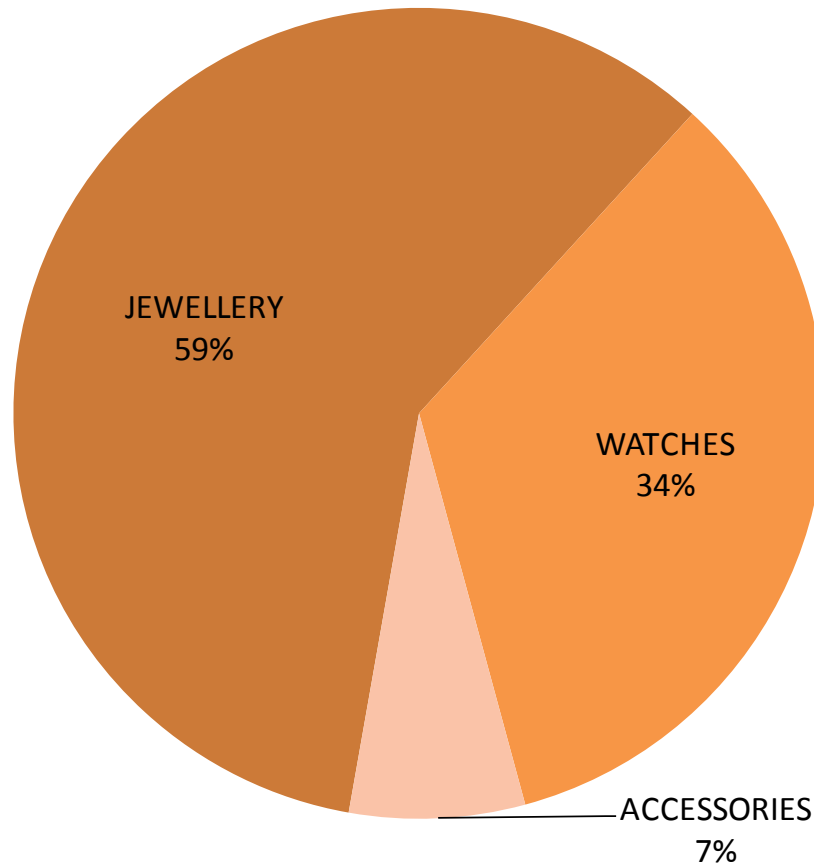
Net sales by Region



Net sales by Region



Product Category Sales



Remarks

- § During the 3rd quarter of 2010, 18 new points of sale opened*:
2 in the UK, 4 in Japan, 1 in Korea, 2 in Taiwan, 8 in China and 1 Duty Free Shop
- § End of Q3 2010 Folli Follie counted 426 points of sale in 24 countries, including 24 net openings since beginning of the year.
- § 3,0% of total turnover in local currency accounted from new openings from 30/09/2009 till 30/09/2010.

* including 11 relocations

HELLENIC DUTY FREE SHOPS



Athens International Airport

9M 2010 – Contribution by Company

Amounts in €million					HDFS Group		HDFS Group		YoY
	HDFS	ELMEC Sport	Hellenic Distributions	Links London	9M 2010	% of sales	9M 2009	% of sales	
Sales	187.3	195.6	16.6	58.7	458.3		470.1		
Intra-Group Sales	-4.1				-4.1		-2.8		
Total Sales	183.2	195.6	16.6	58.7	454.1		467.3		-2.8%
EBITDA	54.6	11.4	2.6	6.7	76.1	16.7%	78.1	16.7%	-2.6%
Depreciation					11.8		11.3		
EBIT					64.3	14.1%	66.8	14.3%	-3.9%
Interest & participation income					-12.8		-14.3		
EBT					51.4	11.3%	52.6	11.3%	-2.1%
Taxes					17.7		14.6		
EAT					33.7	7.4%	38.0	8.1%	-11.2%
Minority interest					0.9		1.0		
EAT after minorities					32.8	7.2%	36.9	7.9%	-11.2%
Windfall tax					4.8				
EAT after minorities before windfall taxes					37.6	8.3%	36.9	7.9%	1.8%

Links of London: 9M year-on-year comparison



Madison



Shanghai

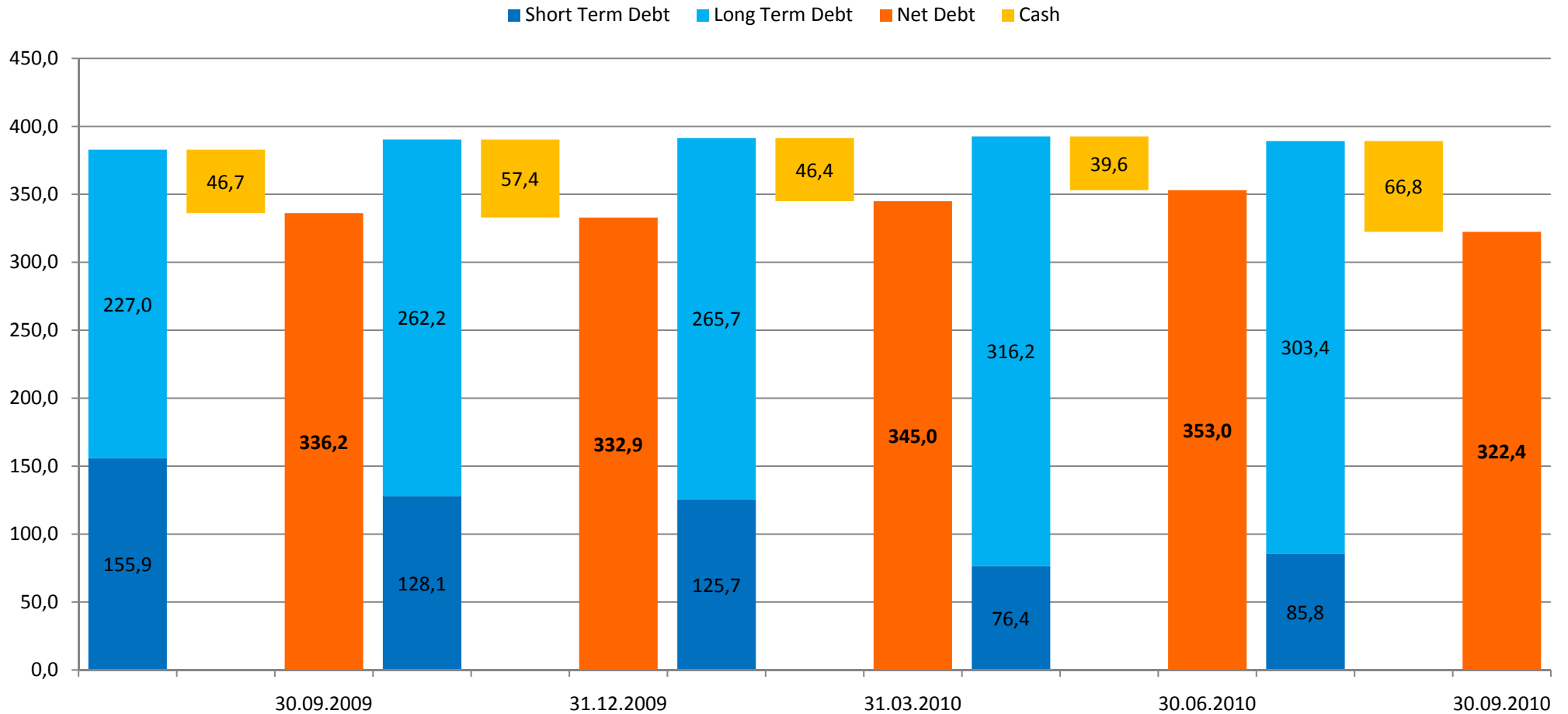
(amounts in GBP '000)

	<u>9M 2009</u>	<u>% Sales</u>	<u>+/- 10/09</u>
Turnover	50,317	100.0%	-3.0%
Cost of Sales	<u>14,005</u>	27.8%	-11.1%
Gross Profit	<u>36,311</u>	72.2%	0.6%
Other Income	-52		-113.5%
Administration Expenses	8,995	17.9%	12.0%
Sales Expenses	23,751	47.2%	-2.7%
Interest Income/Expenses	-257		
Earnings before Tax	<u>3,256</u>	6.5%	-12.9%
Total Depreciation	2,257		
EBITDA	<u>5,771</u>	11.5%	-7.3%
EBIT	<u>3,514</u>	7.0%	-13.4%
Income tax	1,074		
EAT	<u>2,182</u>	4.3%	-10.6%

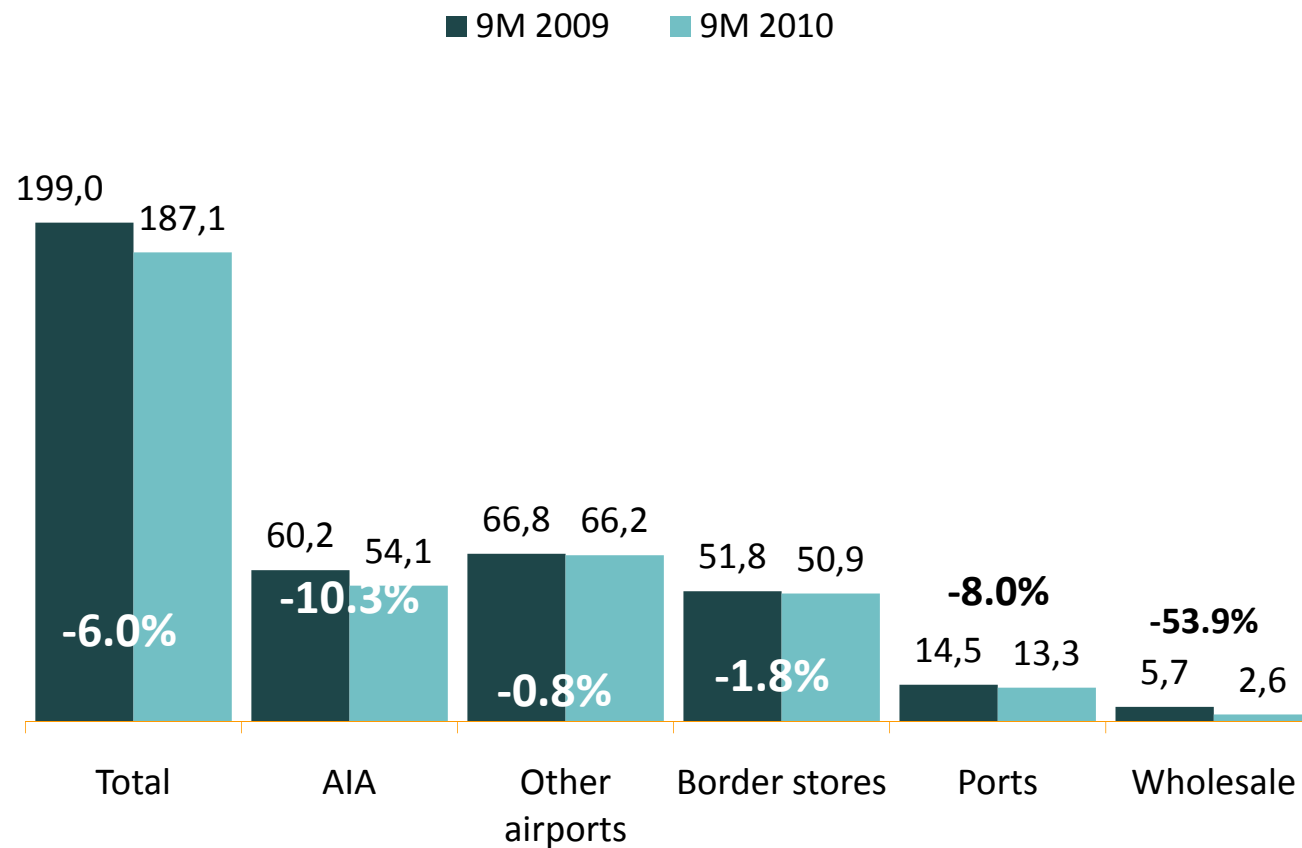
HDFS Group Cash Flow Statement – 9M 2010

<i>(Euro '000)</i>	<u>9M 2010</u>	<u>9M 2009</u>
<u>Operating Cash Flow</u>		
Cash flow before working capital changes	76,612	78,095
Investments in working capital	-25,983	-34,430
Cash from operations	50,629	43,665
Interest expenses	-11,625	-16,023
Taxes paid	-17,922	-12,757
Net cash from operating activities (a)	21,082	14,885
<u>Cash flow from investment activities</u>		
Acquisition of subsidiaries	0	-174
CapEx and other investments	-13,898	-14,040
Sale of assets	3,905	572
Interest income	480	409
Dividends received	91	91
Sale of financial assets	288	669
Cash flow from investment activities (b)	-9,134	-12,473
<u>Cash flow from financing activities</u>		
Capital return to minority stakeholders	-102	0
Increase / (Decrease) of debt	-1,747	29,811
Share buyback	-665	-577
Share capital increase expenses	75	0
Dividends paid	-124	-26,393
Cash flow from financing activities (c)	-2,563	2,842
Increase / (decrease) in cash and cash equivalents (a)+(b)+(c)	9,385	5,254
Cash at the beginning of the period	57,427	41,416
Cash at the end of the period	66,812	46,670
Operating Free Cash Flow (net cash flow from operating activities minus capex)	7,184	846

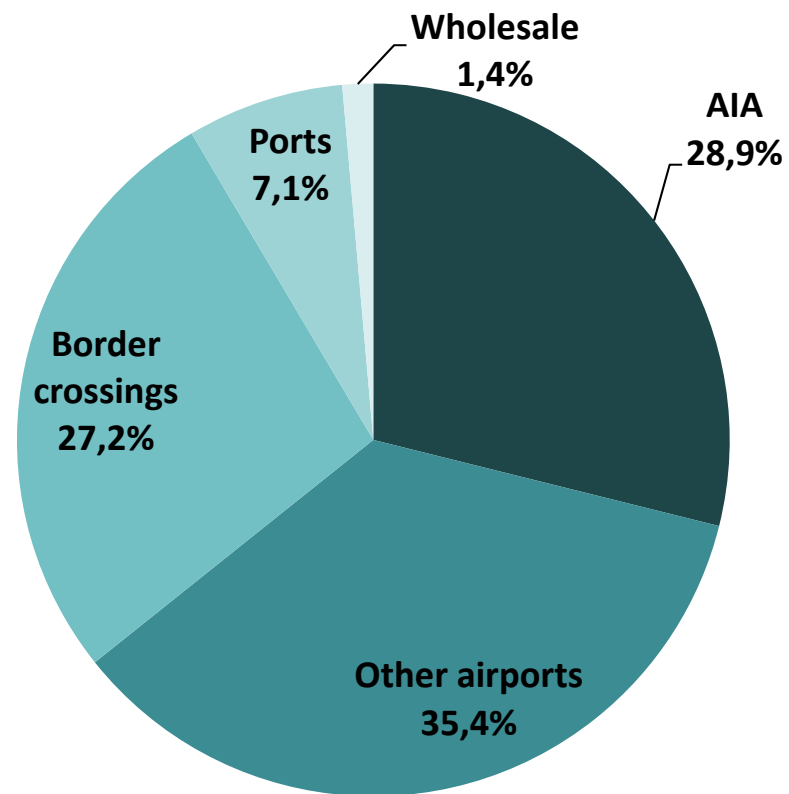
HDFS Group Debt Structure – 9M 2010



Sales by channel



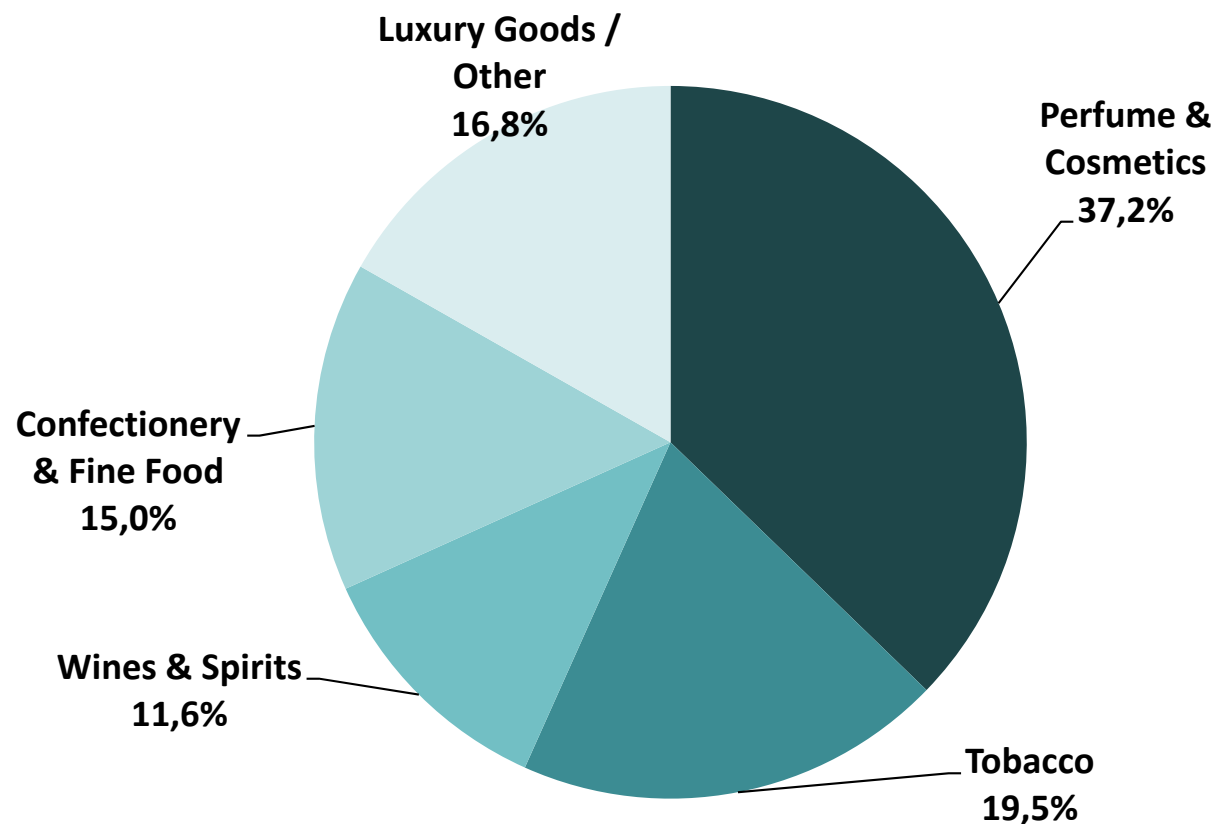
Sales by channel



Sales 9M 2010 vs. 9M 2009:

- § AIA sales -10.3% YoY
- § Other airports' sales -0.8% YoY
- § Border sales -1.8% YoY
- § Port sales -8.0% YoY
- § Wholesale -53.9% YoY

Sales by category

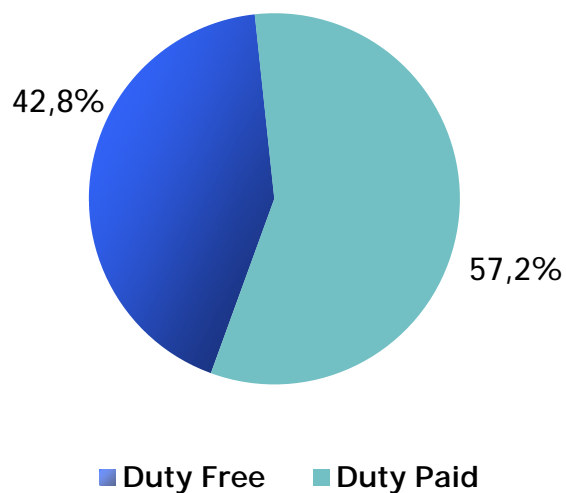


Best performing product categories:

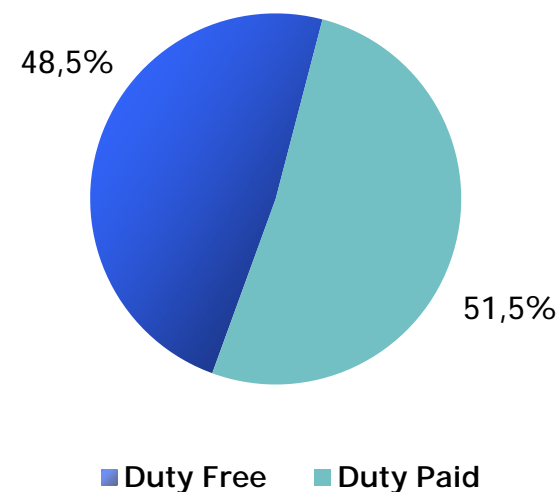
- § Confectionery & Fine Food sales +5.3% at €28.0 million.
- § Tobacco sales +0.7% at €36.4 million.
- § Wines & Spirits sales -1.8% at €21.6 million.

Duty Free versus Duty Paid sales

9M 2009

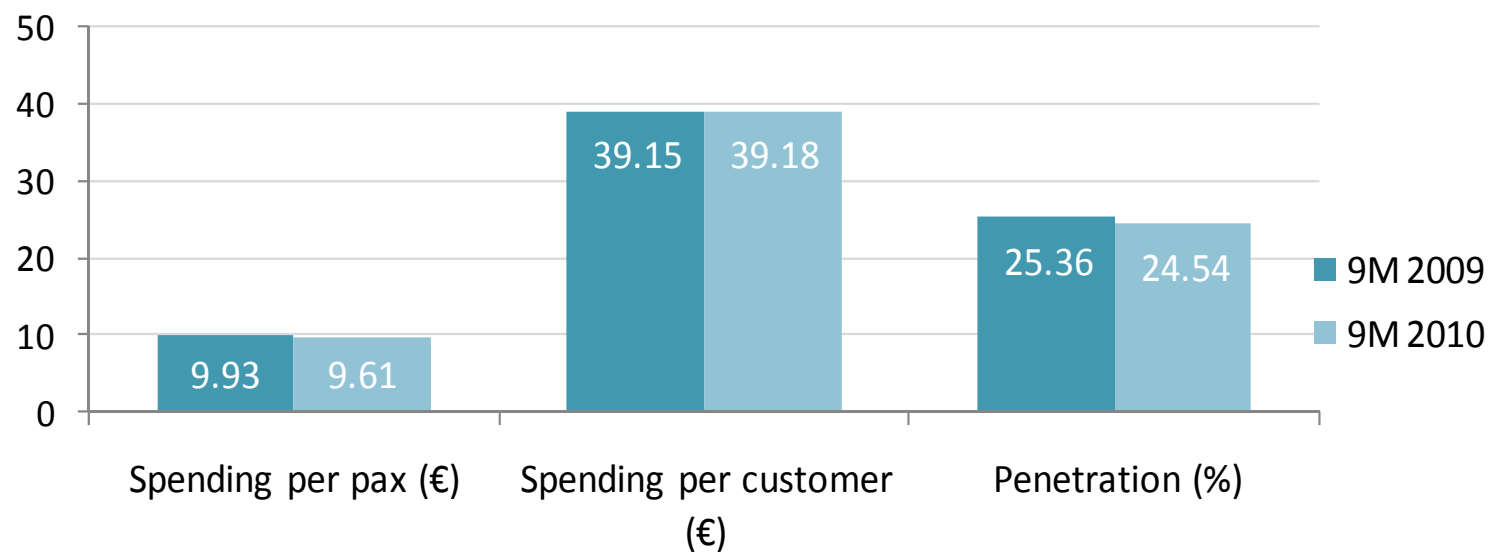


9M 2010



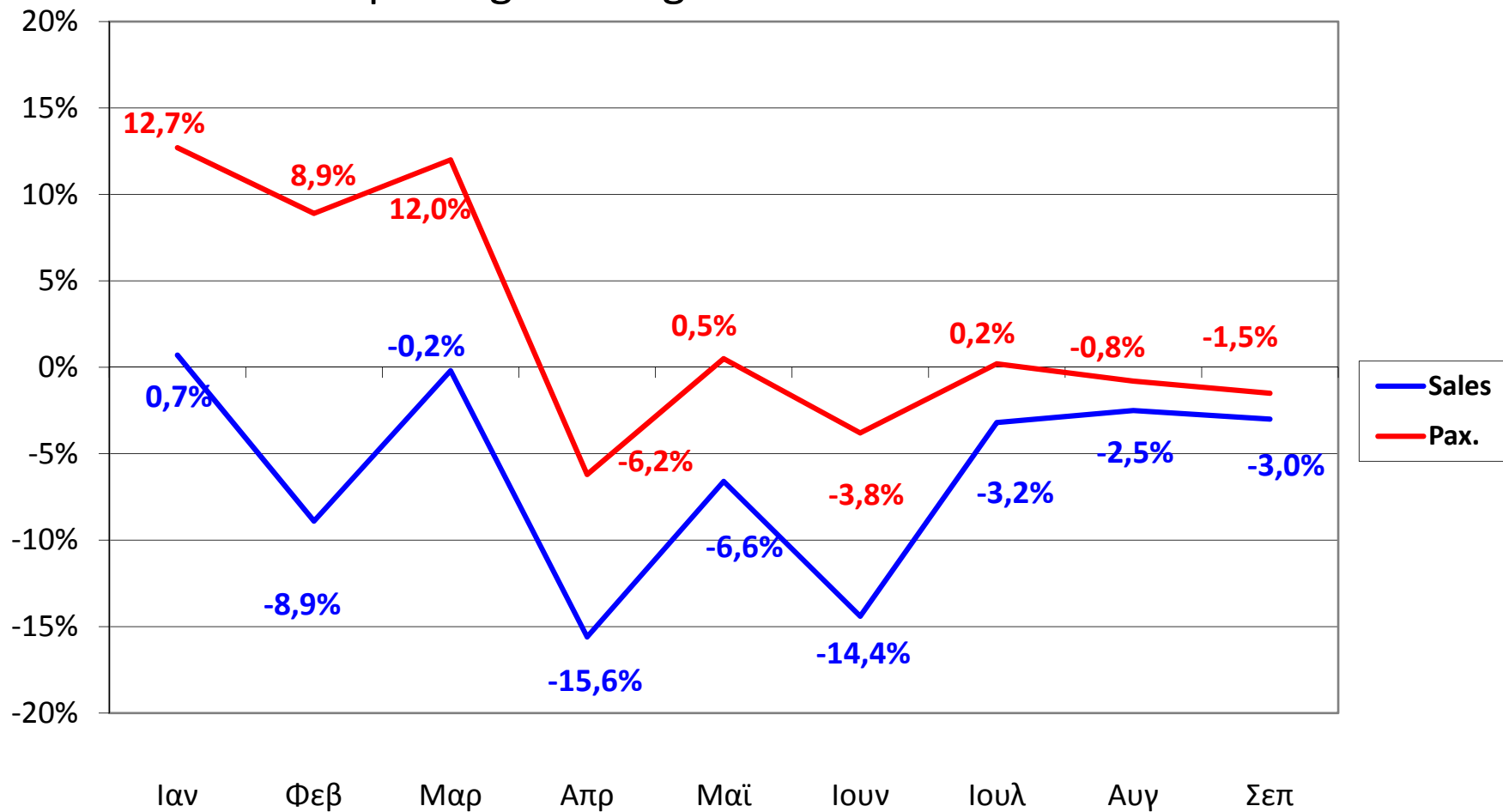
- § DF sales increased by 6.7% reaching €90.8 million from €85.1 million in 9M 2009.
- § DP sales decreased by 15.4% reaching €96.4 million from €113.9 million in 9M 2009.

Key performance indicators



- § Pax spending -3.2% YoY.
- § Customer spending +0.1% YoY (+1.5% Q3).
- § Decreased penetration by 82 bps.

Sales vs. Departing Passengers Growth



Sales performance for 9M 2010 -6.0%

Pax performance for 9M 2010 +0.1%



Elmec Sport - Collective Shop Patras

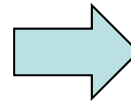
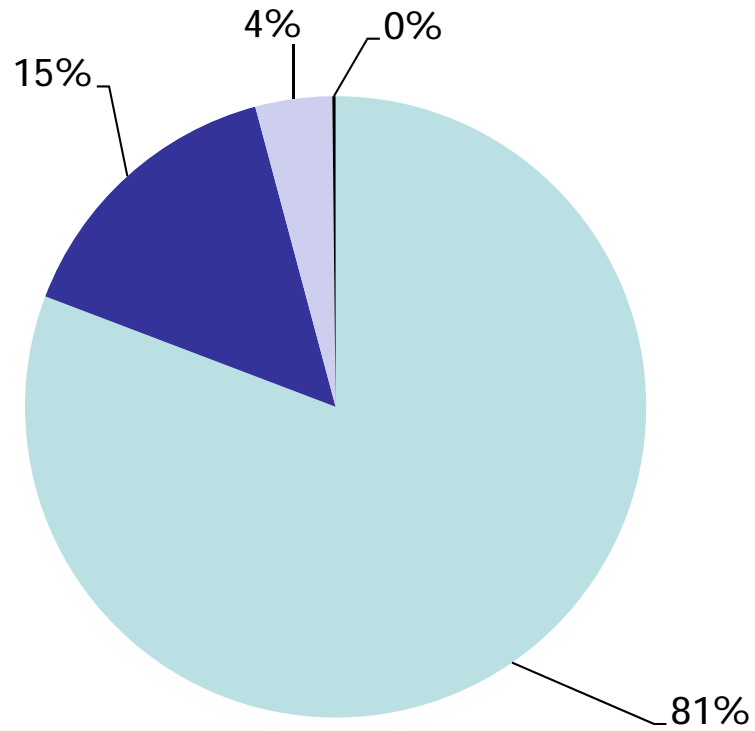


9M 2010 – Contribution by company

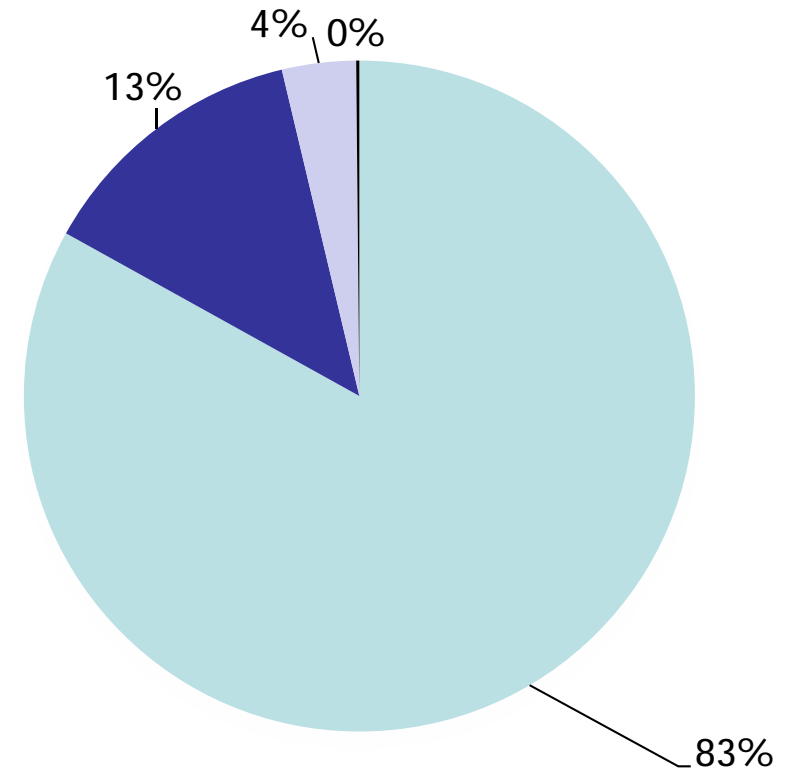
Amounts in € mn	parent	attica I,II	Romania	Bulgaria	Factory Outlets	other affiliates	intra- group	Elmec Group 9M 2010	% of sales	Elmec Group 9M 2009	% of sales	Y-o-Y
										-		
Sales	77,5	94,3	27,6	6,9	10,8	2,5	-24,0	195,6		195,4		0,1%
<i>chn g %</i>	2%	-3%	-6%	-12%	-3%	74%	-16%					
EBITDA								11,4	5,8%	16,0	8,2%	-28,7%
EBIT								6,1	3,1%	11,1	5,7%	-45,3%
Net Interests								-0,3		-1,0		
EBT								5,8	3,0%	10,1	5,2%	-42,6%
Taxes								-1,3		-2,5		
EAT reported								4,5	2,3%	7,6	3,9%	-41,6%
Minority interests								-0,7		-0,7		
EAT after minorities								3,7	1,9%	6,9	3,6%	-46,4%

% Sales by region

9M 2009



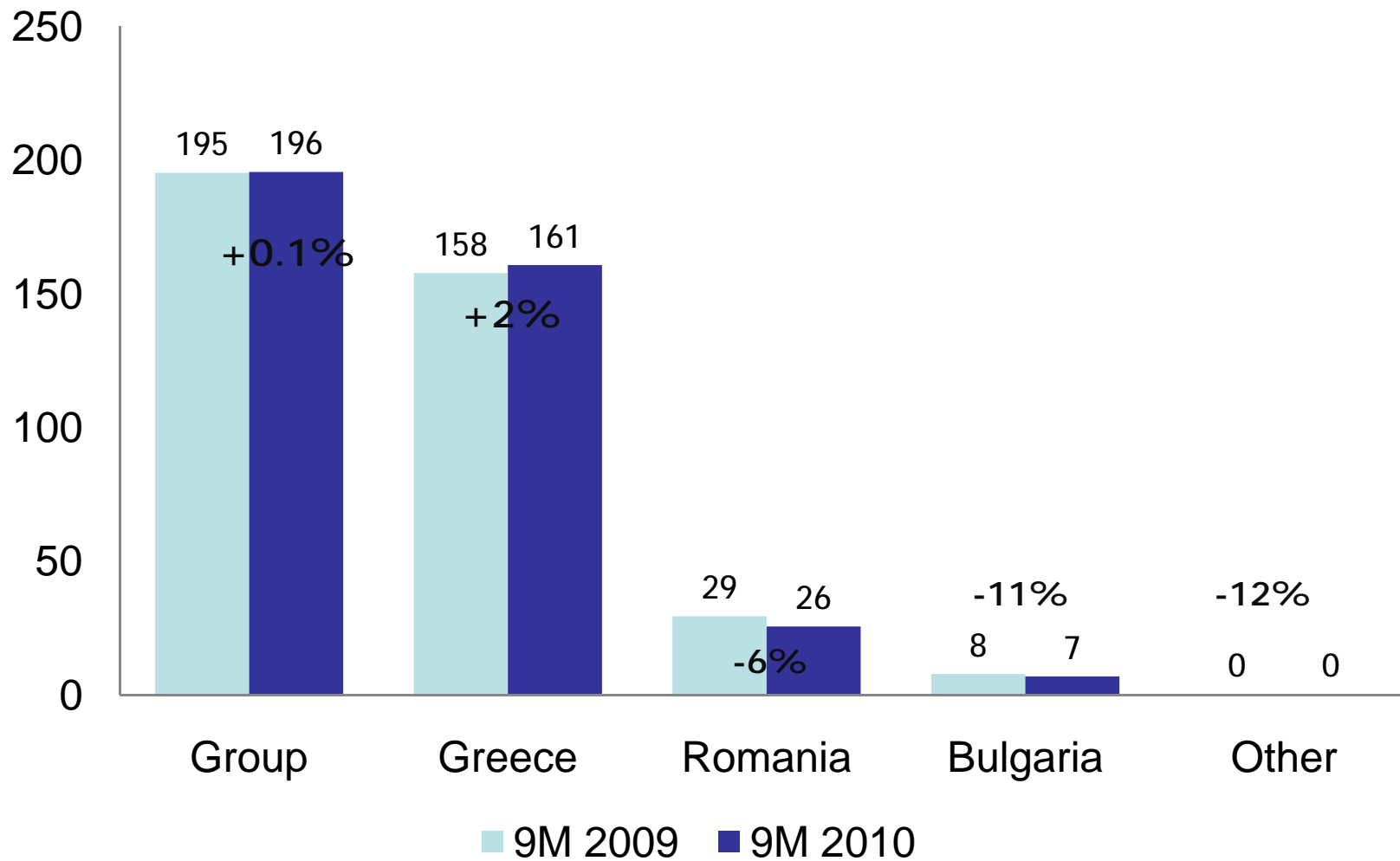
9M 2010



■ Greece ■ Romania ■ Bulgaria ■ Other

■ Greece ■ Romania ■ Bulgaria ■ Other

Net Sales by region

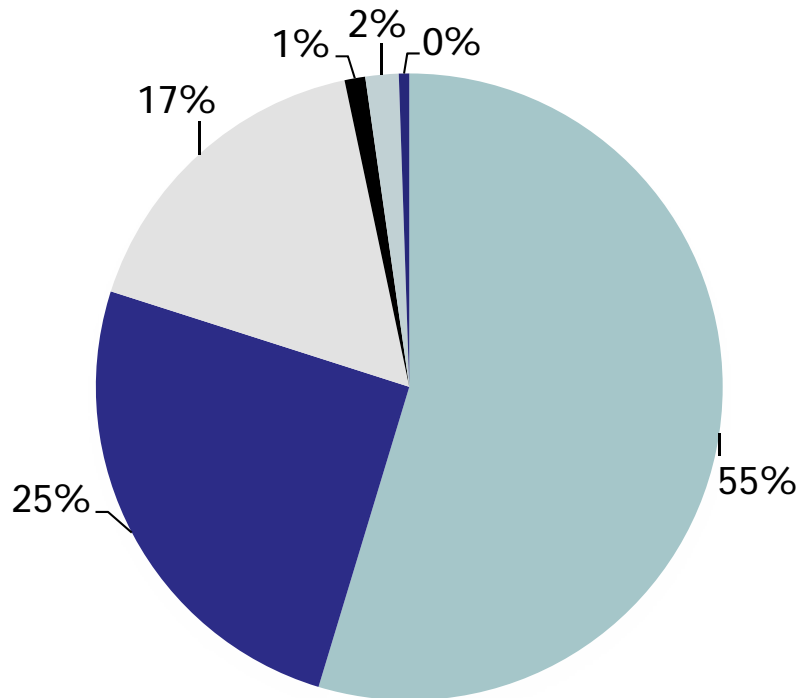


Amounts are in mn euro

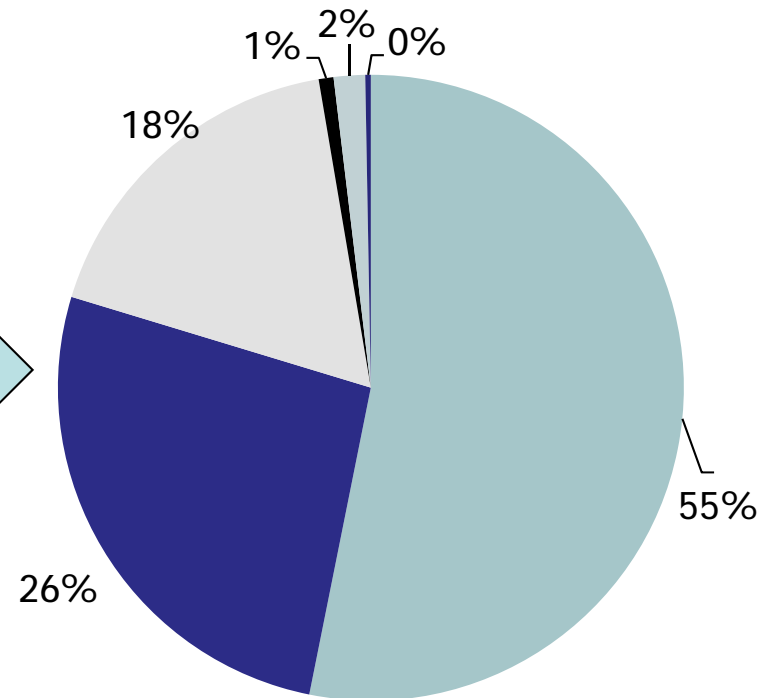
Intra group sales (mainly from Greece) stood at € 24 mn in 9M 2010 Vs € 28.2 mn in 9M 2009

% Sales by segment

9M 2009



9M 2010



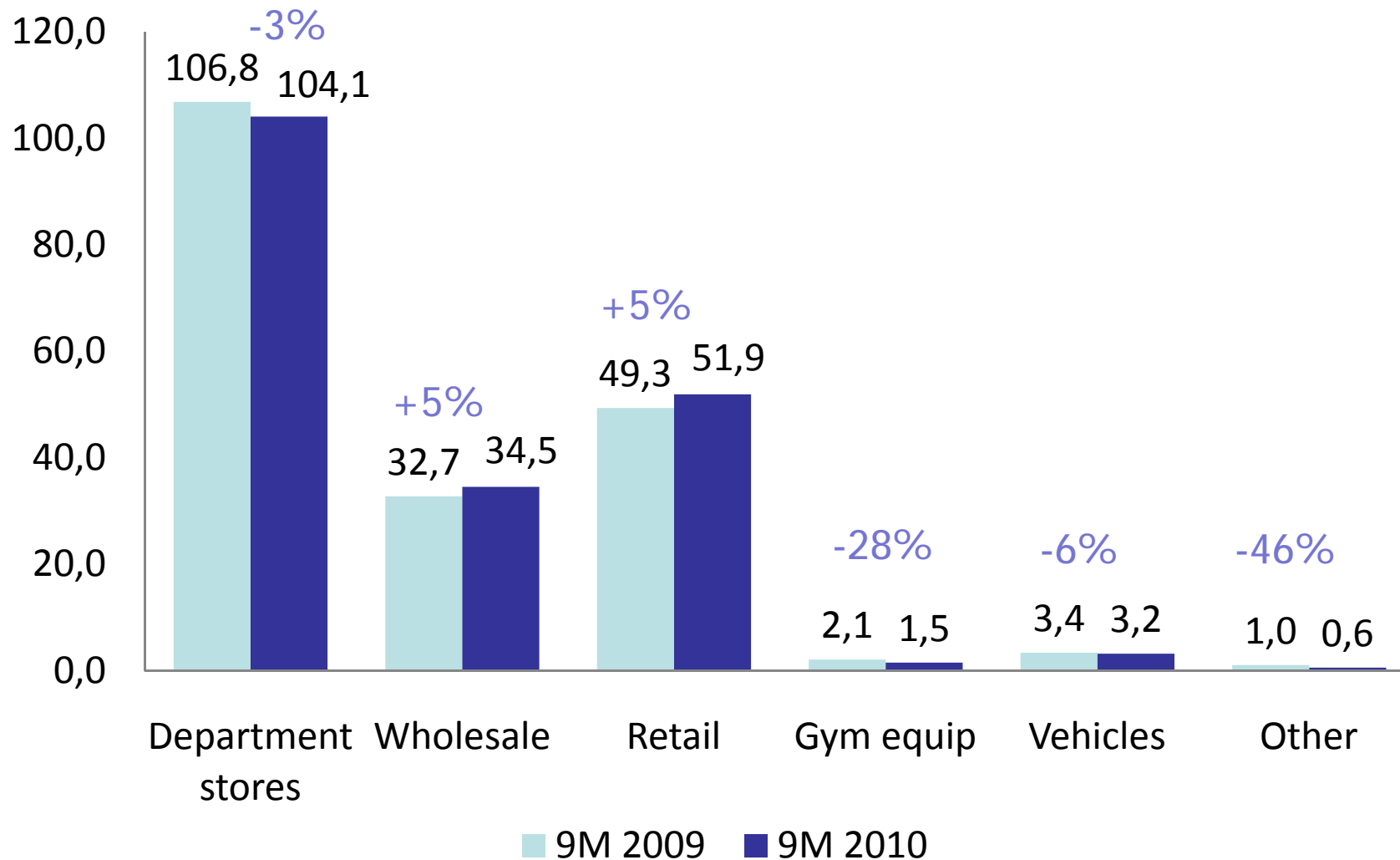
■ Department Stores
 ■ Wholesale
 ■ Vehicle

■ Retail
 ■ Gym equip
 ■ Other

■ Department Stores
 ■ Wholesale
 ■ Vehicle

■ Retail
 ■ Gym equip
 ■ Other

Net Sales by segment



Amounts are in million euro

