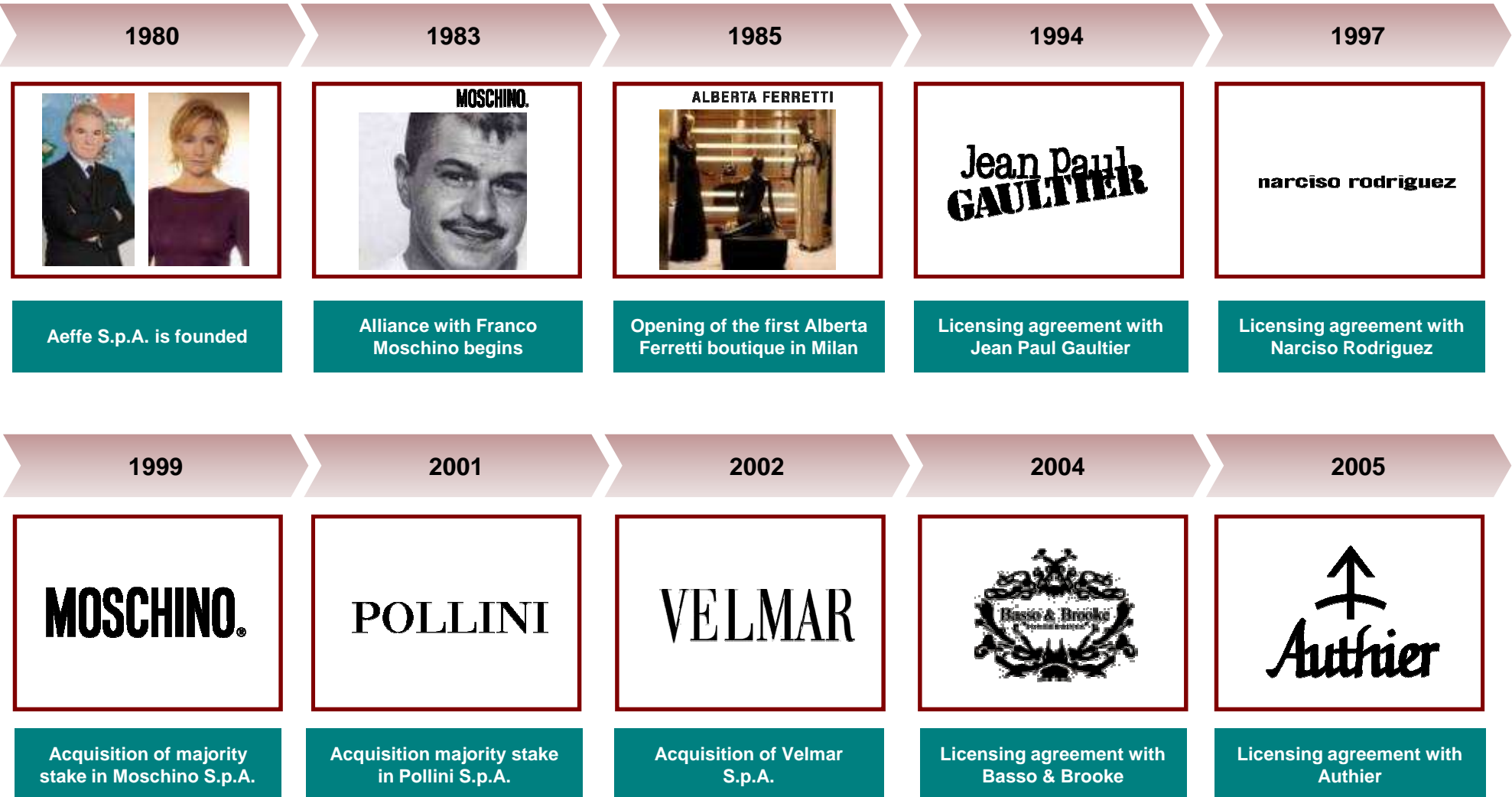


Aeffe Company Profile



# Our History



# Unique Portfolio of International Luxury Brands

## Owned



Alberta Ferretti



Philosophy  
di Alberta Ferretti



Moschino



Moschino  
Cheap and Chic



Pollini

## Licensed



Jean Paul  
Gaultier



Gaultier2



Blugirl



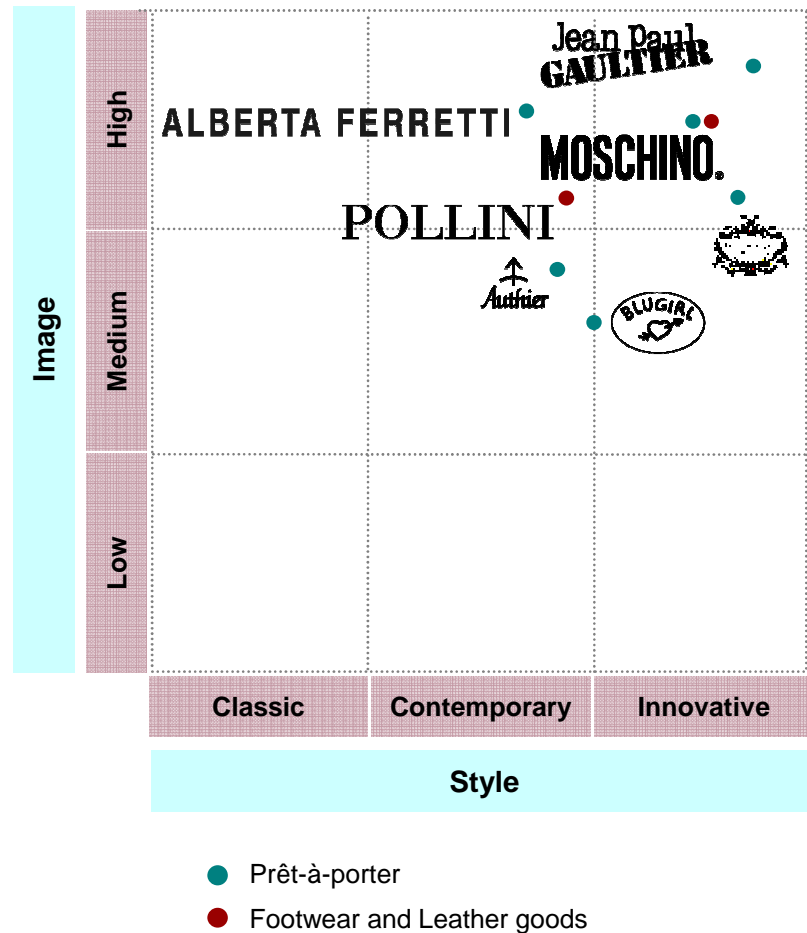
Basso &  
Brooke



Authier

- Strong brand personality
- Offering a broad range of products
- Product mix addressing most of high-end customers needs
- Strong international presence with further expansion currently under way
- Able to generate commercial and distribution synergies with licensed brands

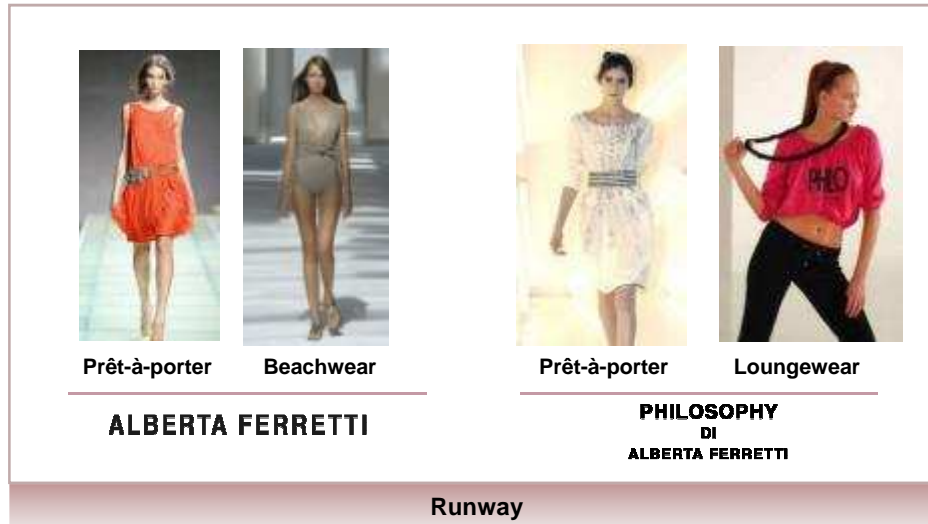
# Complete and Complementary Brand Portfolio



- Broad portfolio of 7 complementary brands
  - All positioned in the high-end of the market
  - Each with a unique appeal
- From the feminine elegance of Alberta Ferretti to the provocative collections of Jean Paul Gaultier
- Competing, both in image and price, with the leading global luxury brands
- Group focused on contemporary and innovative styles

# Alberta Ferretti – The Brand Value

ALBERTA FERRETTI



- Global brand, launched in 1981
- Second largest brand with c.22% of total 2007 Group net sales
- Core value: contemporary feminine elegance and glamour
- Since 1984, “Philosophy di Alberta Ferretti” brand
- Core values: transversal, youthful and contemporary

# Alberta Ferretti – The Products

ALBERTA FERRETTI



Underwear



Prêt-à-porter



Beachwear



Accessories



Handbags

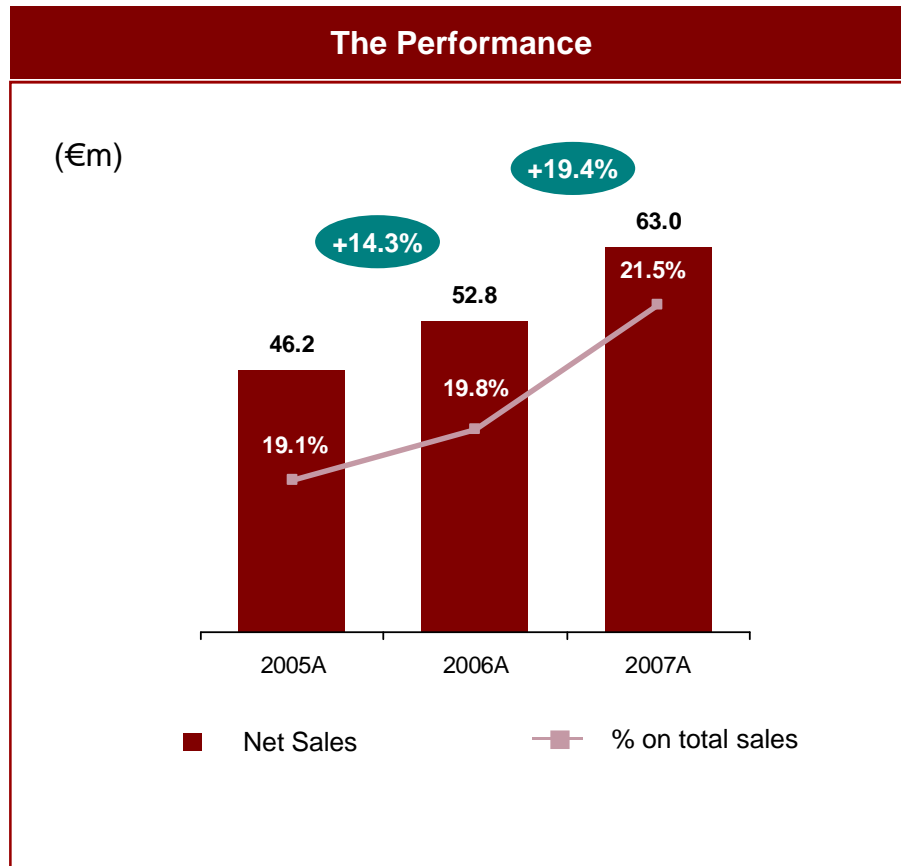


Footwear



Girls

- Broad range of products under the Alberta Ferretti brand
- 94% of sales still in the prêt-à-porter segment
- Rapidly expanding in footwear and leather goods (6% of sales in 2007)
- Platform for brand extension now in place
  - Kids wear
  - Eyewear
  - Fragrance



- Strong topline growth momentum:
  - +14.3% 2006 vs. 2005
  - +19.4% 2007 vs. 2006
- Future brand extension will further fuel growth and profitability

	ALBERTA FERRETTI	PHILOSOPHY DI ALBERTA FERRETTI
Women's wear	●	●
Lingerie	●	●
Beachwear	●	●
Leather goods	●	●
Shoes	●	●
Fragrances	●	●
Eyewear	●	●
Kids wear	●	●

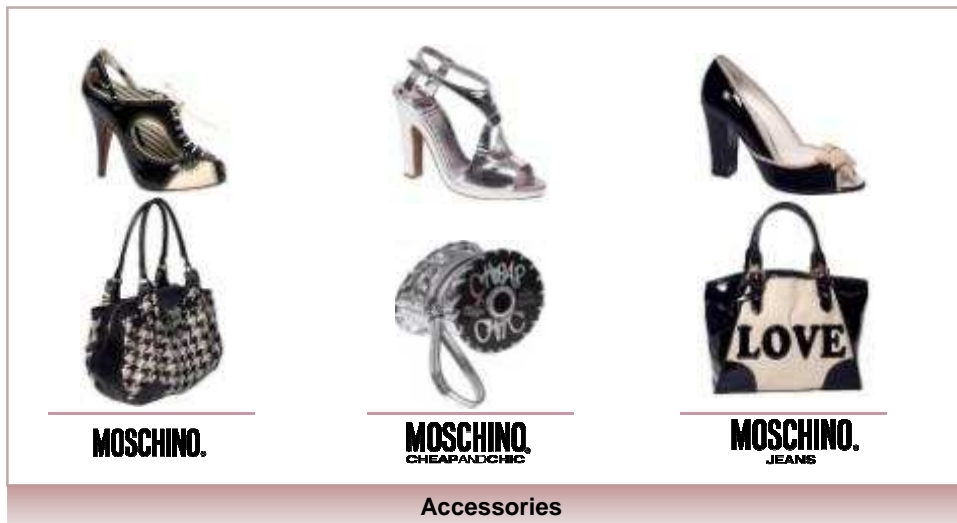
●	Actual	●	Start up	●	In process	●	Preliminary study
---	--------	---	----------	---	------------	---	-------------------

- Development of existing collections both internally and through new partnerships aimed at brand extension:
  - Alberta Ferretti and Philosophy shoes, bags and leather goods
  - Alberta Ferretti and Philosophy lingerie and beachwear
  - Alberta Ferretti and Philosophy fragrance, eyeglasses and sunglasses
  - Alberta Ferretti kids wear
  - New stores openings:
    - DOS target cities: Los Angeles, New York, Madrid
    - Franchised stores mainly in Russia, Far East and Middle East



# Moschino – The Brand Value

# MOSCHINO®



- Brand known for challenging fashion stereotypes
- Group's largest brand with c.47% of Group 2007 total net sales
- Core values: playful glamour
- Strong couture technique and culture
- Distinctive features of brand image: strong use of social themes.

# Moschino – The Products

# MOSCHINO®



Women's Prêt-à-porter



Eyewear



Footwear



Fragrances



Men's Prêt-à-porter



Watches & jewellery



Children

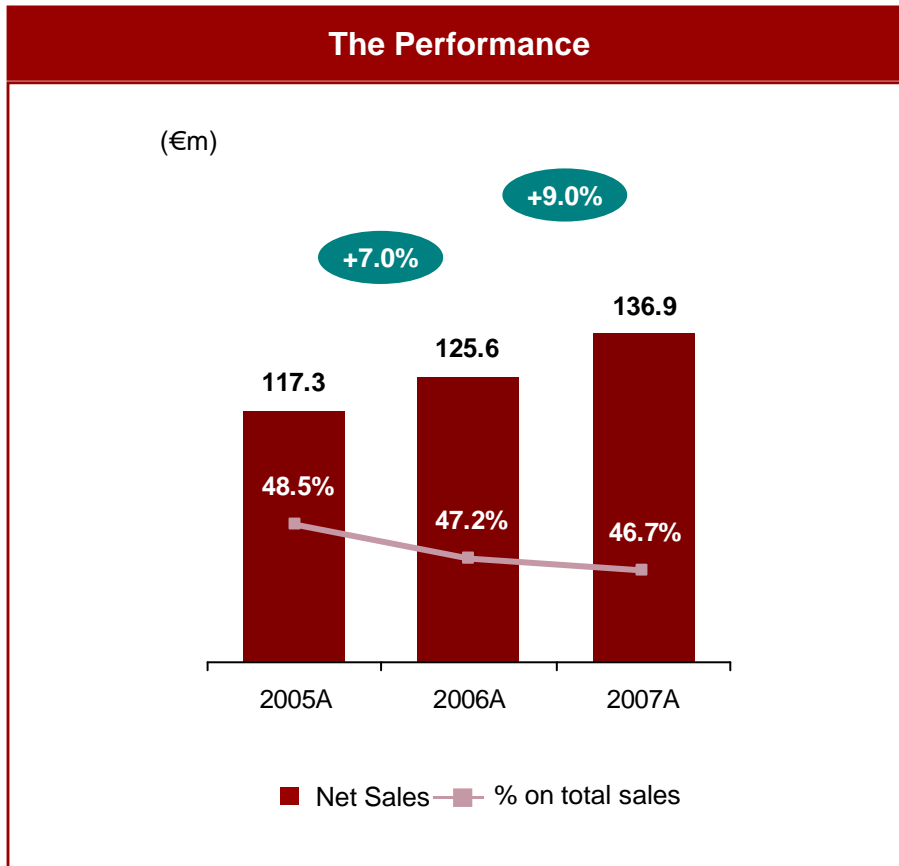


Handbags



Helmets

- Complete range of products under the Moschino brand
- 76% of Moschino sales still in women's prêt-à-porter
- 13% of Moschino sales in footwear and leather goods
- 11% of Moschino sales derive from royalties
- Consolidated presence in fragrances (since 1985), eyewear (1995) and watches (2002)



- 2007 vs 2006 increase is 9.0%
- Strong growth momentum in core segments
  - Prêt-à-porter: +9% 2007 vs. 2006
  - Footwear and leather goods: +32% 2007 vs. 2006
  - Royalties: +15% 2007 vs. 2006

# Moschino – Future Strategy

# MOSCHINO.

	MOSCHINO.	MOSCHINO. CHEAPANDCHIC	MOSCHINO. JEANS
Women's wear	●	●	●
Men's wear	●		●
Kids' wear	●		
Lingerie	●	●	
Beachwear	●	●	
Loungewear	●		
Fragrances	●	●	
Watches	●		
Eyewear	●		
Leather goods	●	●	●
Shoes	●	●	●
Ties - Foulards	●		
Hotel <sup>(1)</sup>	●		
Helmets	●		

● Actual      ● Start up      ● Preliminary study

- Strong development of the shoes and bags collections with the brands Moschino, Moschino Cheap and Chic and Moschino Jeans
- Increase and strengthening of Moschino license agreements, specifically eyewear, watches and fragrances
- Development of Moschino Lingerie and Beachwear license agreements with Velmar
- Strengthen the penetration in Far East
- Agreement with Hembly International Holdings Limited for the franchise and distribution in China
- New stores openings:
  - DOS target cities: New York, Madrid, Paris
  - Franchised stores mainly in Europe, Middle East, Far East and China

(1) Moschino hotel in Milan to be opened in 2008



# Pollini – The Brand Value

# POLLINI



- Founded in 1953, Pollini is internationally acknowledged to represent the best tradition of Italian footwear and leather goods craftsmanship
- Represents c.18% of total 2007 Group net sales
- Core values: superior quality and design (“Made in Italy”)
- Industry leading expertise in the selection and use of hides/leather
- Products characterised by high quality and contemporary design
- Unique technically know-how, applicable/transferable to other Group’s brands



Prêt-à-porter



Footwear

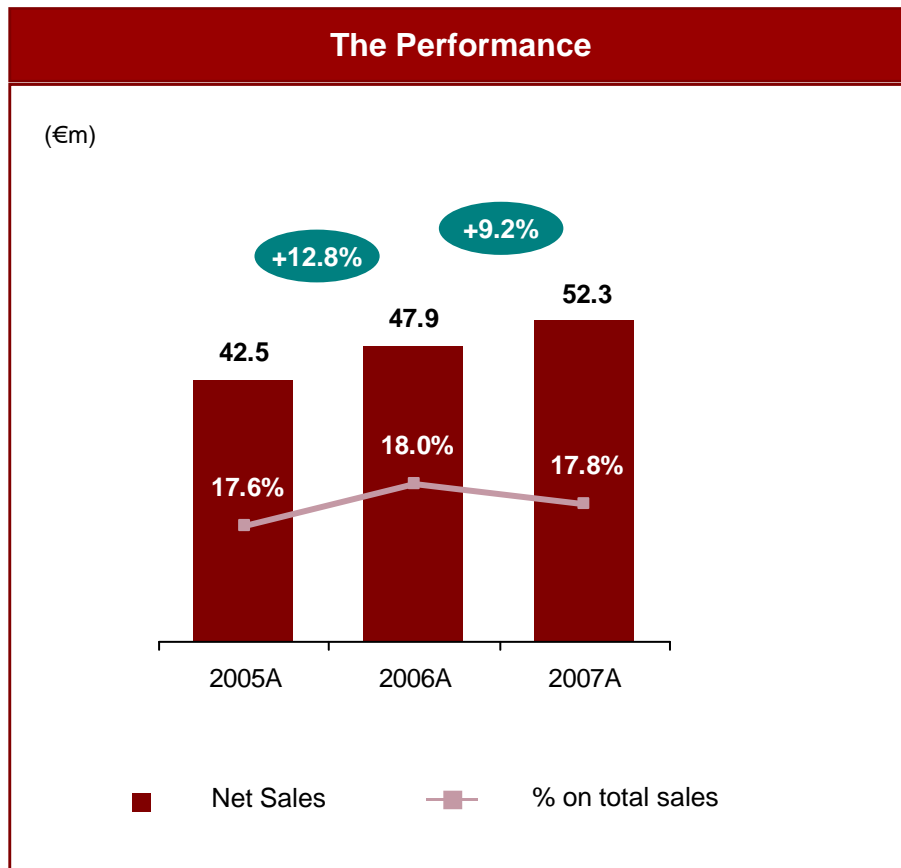


Eyewear



Handbags

- The company's core business since 1953 is the production of:
  - Footwear
  - Leather goods, specifically handbags
- "Studio Pollini" brand is the youth-oriented brand of the *maison*
- In 2003, introduction of *prêt-à-porter* product line, directed by Rifat Ozbek to improve international visibility and positioning
- In 2006 and 2007, license agreements with Elite Group for production and distribution of eyewear for Pollini and Studio Pollini brands
- 90% of Pollini sales still in the footwear and leather goods segment



- Significant growth in revenues:
  - +12.8% 2006 vs. 2005
  - + 9.2% 2007 vs. 2006
- Fastest growing areas were: Europe and Russia

	POLLINI	STUDIO POLLINI
Shoes	●	●
Leather goods	●	●
Women's wear	●	
Eyewear	●	●
Scarves	●	
Umbrellas	●	
Fragrances	●	

● Actual	● Start up	● In process	● Preliminary study
----------	------------	--------------	---------------------

- Develop existing collections, with strong focus on:
  - Further develop shoes and bags under Pollini brand
- Platform for brand extension now in place:
  - Eyewear
  - Scarves
  - Umbrellas
- In process:
  - Fragrances
- New stores openings:
  - DOS target countries: Germany and United Kingdom
  - Franchised stores in Europe and Middle East



# Jean Paul Gaultier – The Brand Value

Jean Paul  
**GAULTIER**



Jean Paul  
**GAULTIER**



**GAULTIER**  
HEALTHY



Jean Paul  
**GAULTIER**



**GAULTIER**  
HEALTHY

Runway

- Jean Paul Gaultier is widely recognized as the “*enfant prodige*” of international couture, constantly reinventing the rules of fashion
- Since 1994, Aeffe produces and distributes the designer’s ready-to-wear collections
- Contributes c.8% to Group 2007 total net sales
- Core values: unconventional, provocative and creative
- Products characterised by the desire to surprise and impress the marketplace

# Jean Paul Gaultier – The Products

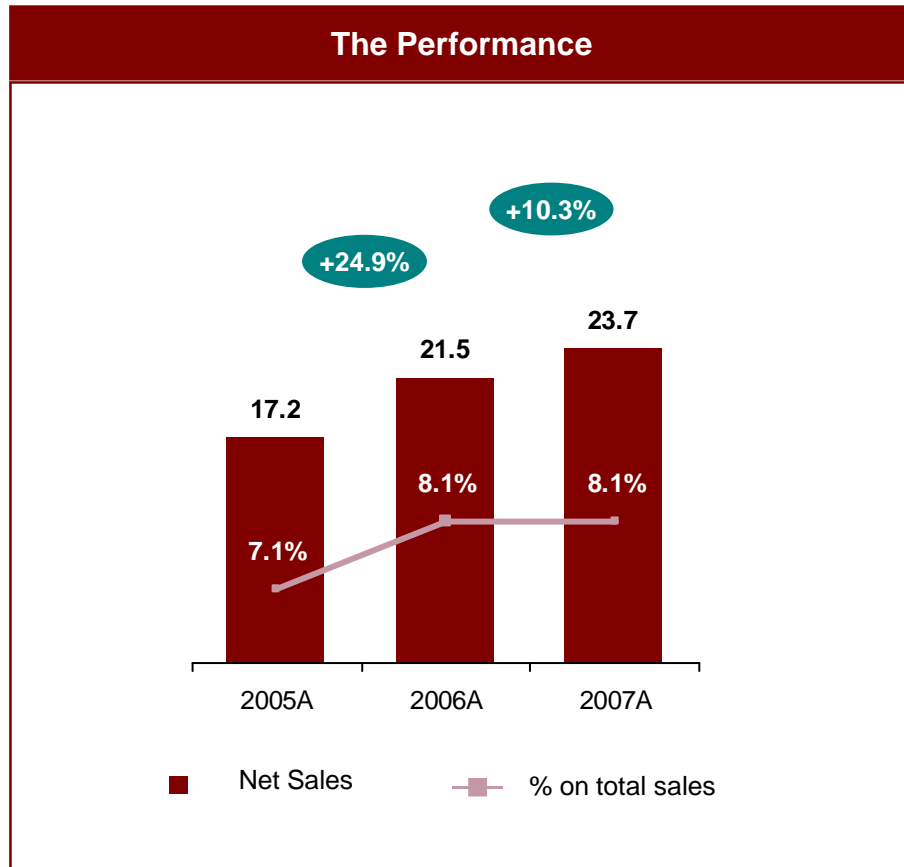
Jean Paul  
**GAULTIER**



- Group license covers exclusively worldwide production and distribution of ready-to-wear apparel for Jean Paul Gaultier and Gaultier<sup>2</sup> brands
- New future projects include production of footwear
- Today, Jean Paul Gaultier brand is still focused on the Prêt-à-porter lines

---

Prêt-à-porter



- High growth in revenues:
  - + 25%, 2006 vs. 2005
  - +10.3% 2007 vs. 2006
- Growth supported by significant growth across nearly all geographies
  - Far East: +72.4% FY 07 vs. FY 06
  - Japan: + 61.2% FY 07 vs. FY 06

# Jean Paul Gaultier – Future Strategy

Jean Paul  
GAULTIER



- Brand extension into footwear
- Rapid expansion of franchised stores over the next few years with 15-20 store openings, mainly in Europe and the Middle East
- New partnership agreements with importers (Middle East)
- Increased penetration in department stores



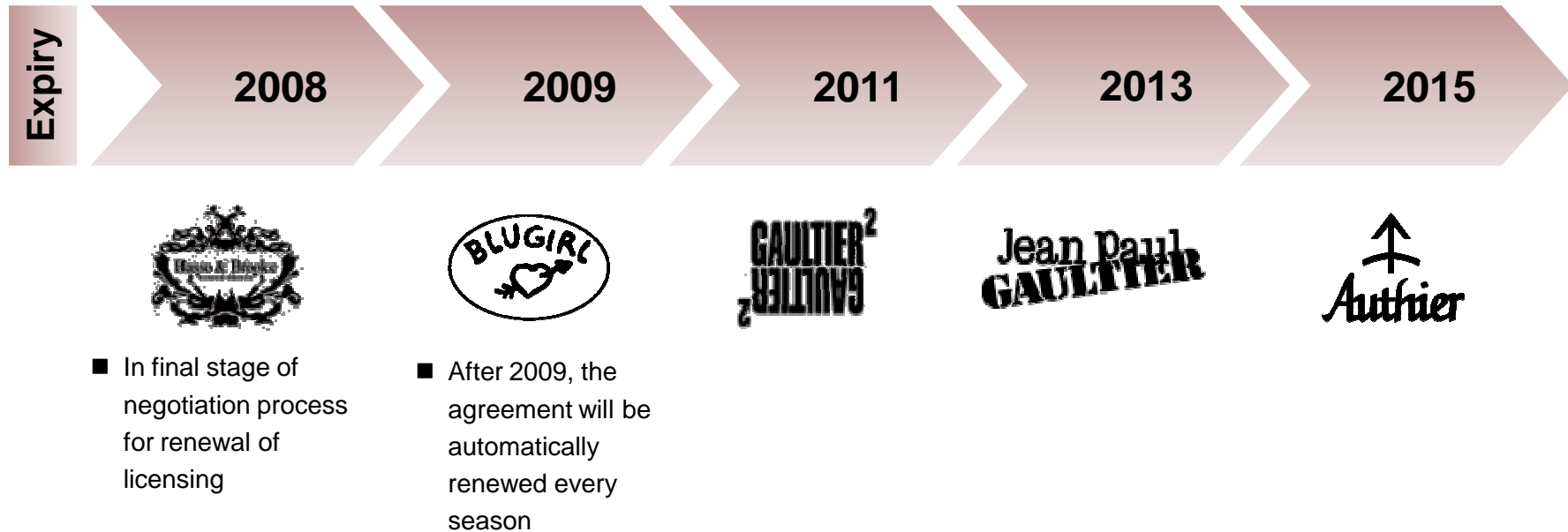
# Tactic Brands



<b>Key Characteristics</b>	<ul style="list-style-type: none"> <li>■ Sport chic</li> </ul>	<ul style="list-style-type: none"> <li>■ Innovative and print intensive</li> </ul>	<ul style="list-style-type: none"> <li>■ Fresh and feminine</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>■ Ski and après-ski apparel</li> </ul>	<ul style="list-style-type: none"> <li>■ Prêt-à-porter</li> </ul>	<ul style="list-style-type: none"> <li>■ Beachwear</li> <li>■ Lingerie</li> <li>■ Fitness</li> </ul>
<b>Positioning</b>	<ul style="list-style-type: none"> <li>■ Luxury active wear</li> </ul>	<ul style="list-style-type: none"> <li>■ Young couture</li> </ul>	<ul style="list-style-type: none"> <li>■ High-end active wear</li> </ul>
<b>% of 2007 Group's Revenues</b>	<ul style="list-style-type: none"> <li>■ 0.5%</li> </ul>	<ul style="list-style-type: none"> <li>■ 0.6%</li> </ul>	<ul style="list-style-type: none"> <li>■ 2.3%</li> </ul>



# Licenses Renewals Negotiations in Advanced Stages



# Superior Design Capabilities

ALBERTA FERRETTI



Alberta Ferretti

Team: 10 people

MOSCHINO.



Rossella Jardini

Team: 30 people

POLLINI



Rifat Ozbek

Team: 12 people

Jean Paul  
GAULTIER



Jean Paul Gaultier

Team: 35 people



Golden Globe Awards  
Courtney Cox



Tribeca Film Festival  
Ivanka Trump



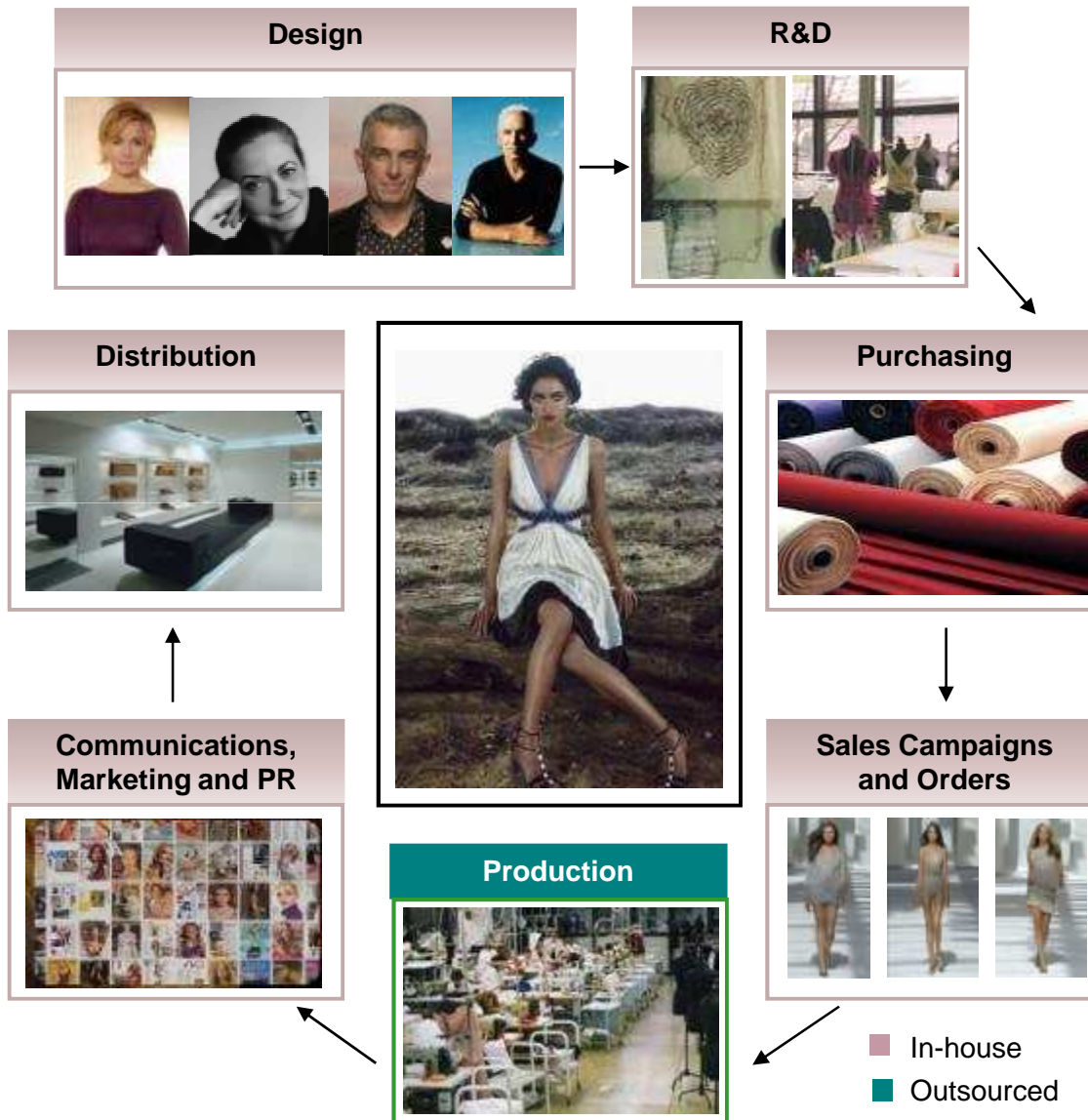
Liz Hurley



Madonna  
During Catwalk

- Top in-house designers with strong commercial focus
  - Alberta Ferretti, Rossella Jardini, Rifat Ozbek
- Longstanding cooperation with leading international designers
  - Jean Paul Gaultier
- Unique appeal in attracting the most talented individuals of the world of fashion
  - Designers willing to be part of a Group which provides them with significant creative and stylistic independence (*"modello a isole"*)
- Translating into regular presence in the most important international events
  - Celebrities as testimonials at major cinema and music awards

# Flexible and Efficient Business Model



- Complete outsourcing of production, translating into lower fixed costs
- Long term relationship with more than 500 selected third-party manufacturers<sup>(1)</sup>
  - At least 20 manufacturers available for each phase
  - Ensures no bottlenecks in production
- The Group strictly controls production quality and all logistic flows
- Low capex requirement, translating into high cash generation
  - 79% cash conversion<sup>(2)</sup> in 2007

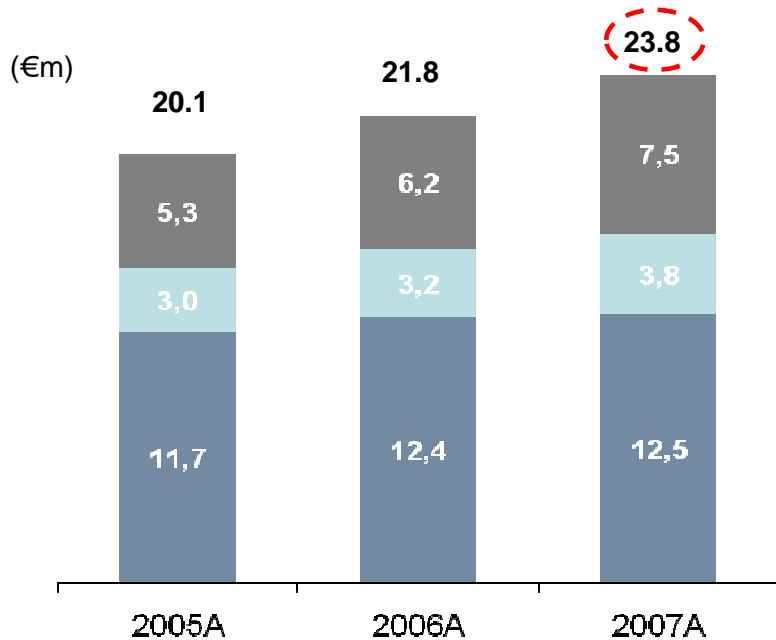
(1) Manufacturers with order value higher than Euro 5,000 in 2007

(2) Defined as  $(EBITDA - Capex) / EBITDA$ ; changes in Working Capital not included in calculation as generated cash in 2007



# Distinctive and Effective Communication Strategy

As % of Net Sales: 8.3%      8.2%      8.1%



■ Magazines



■ Catwalks



■ Public Relations



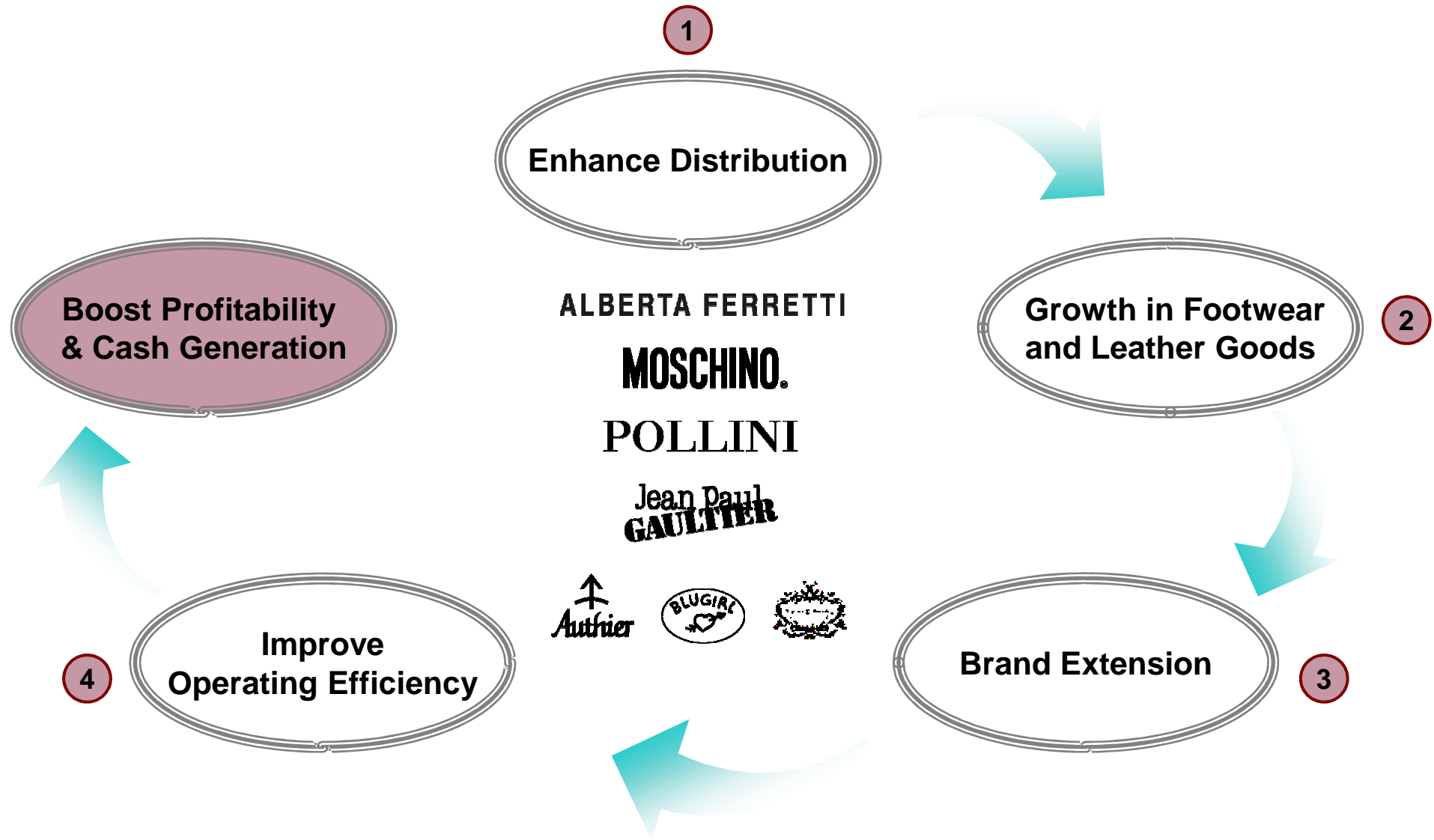
- 3 pillars of communication strategy:
  - Dedicated public relations activities
  - Dedicated advertising campaigns
  - Fashion shows and events
- Consolidated relationships with leading publications ensures optimal editorial coverage
- Costs stable at c.8.1 % of net sales
- In addition, the company benefits from unsolicited exposure in editorials
  - This free additional visibility has been estimated to be equivalent to c.€86 m in 2007<sup>(1)</sup>

Estimated Value of Editorials<sup>(1)</sup>

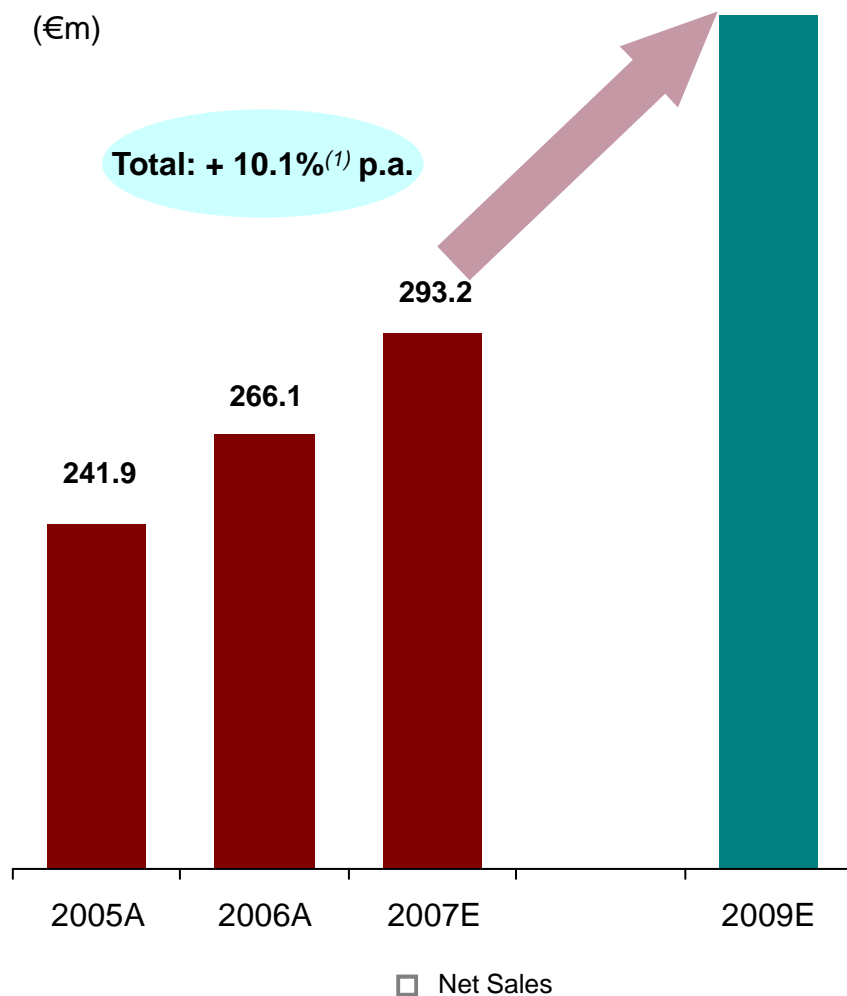
(€m)	2006A	2007A
ALBERTA FERRETTI	35.9	40.5
<b>MOSCHINO.</b>	40.4	35.8
POLLINI	7.4	9.5
<b>Total</b>	<b>83.7</b>	<b>85.8</b>

(1) Source: Digital Research

# Future Strategy



# Untapped Growth Opportunities



Total: + 10.1%<sup>(1)</sup> p.a.

- Superior top-line growth across all business units expected to be driven by:
  - Distribution: new DOS, more franchising and more wholesale
  - Expanding presence in high growth potential markets: China, Far East, Middle East, Russia and Ex Soviet Union Countries
  - Product lines expansion: strengthening presence in footwear and leather goods
  - Brand extension: fragrances, eyewear, children

(1) 2005A/07A CAGR

# Capturing Benefits of Operating Leverage Effect

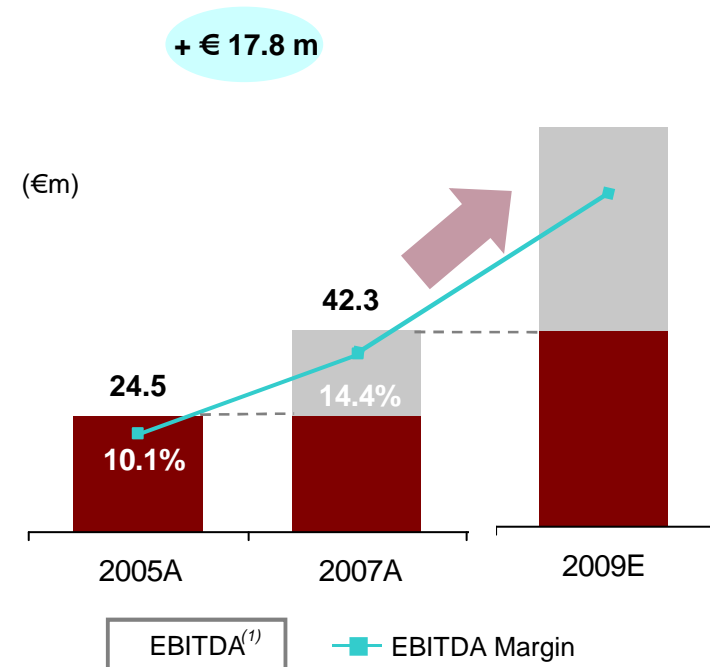
## COGS

- Rationalisation of supply chain in footwear & leather goods
- Increase retail presence
- Product mix improvement



## SG&A

- Strict control of overheads
- Fully exploit economies of scale
- Fixed costs expected to remain stable



(1) Net of non recurring items



AEFFE

## Financial Overview



# FY 2007 Key Facts

- Consolidated Revenues +10.2% at € 293.2 m (+12.2% at constant exchange rates; +13.4% excluding also the effect of the termination of the Narciso Rodriguez licence)
- Consolidated EBITDA +19.8% at € 44.5 m (margin of 15.2%) (+21.7% at constant exchange rates), +28.5% at € 42.3 m net of non recurring items compared to FY 2006 net of non recurring items (margin of 14.4%) (+29.3% at constant exchange rates)
- Consolidated Net Income +62.2% at € 12.9 m
- Consolidated Net Financial Debt of € 38.5 m (€115.3m as of 31 December 2006)
- 174 Mono Brand Stores (149 in FY 2006)



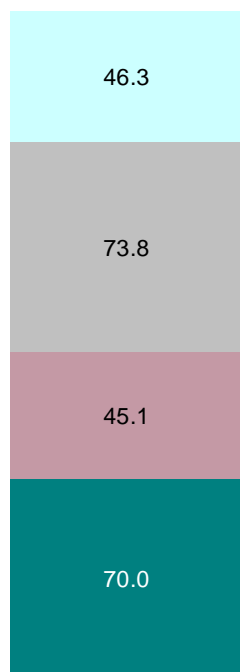
# Net Sales Breakdown by Division

## FY 2007 Current Currencies

## FY 2006 Current Currencies

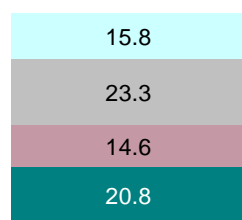
(€m)

235.2



Prêt à porter<sup>(1)</sup>

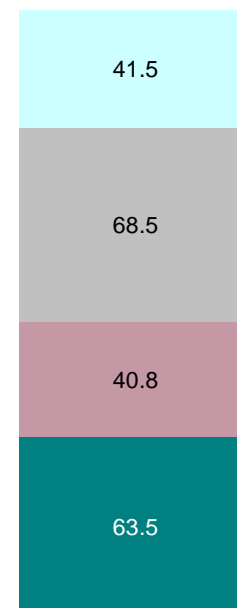
74.5



Footwear & Leather Goods<sup>(1)</sup>

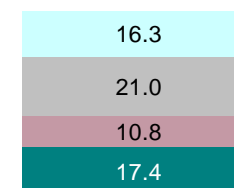
(€m)

214.3



Prêt à porter<sup>(1)</sup>

65.5



Footwear & Leather Goods<sup>(1)</sup>

FY 07  
% Growth  
constant FX

12.3%

13.8%

FY 07  
% Growth  
current FX

9.8%

13.8%

% on Total  
Sales<sup>(1)</sup>

75.9%

24.1%

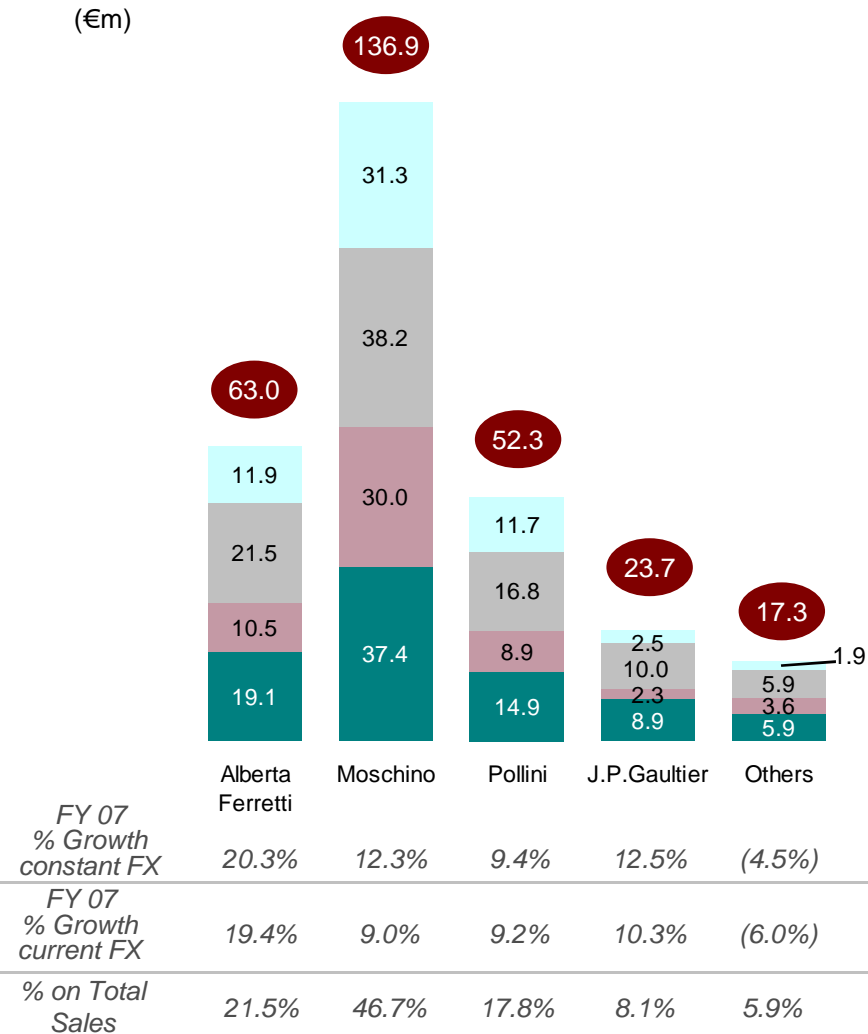
76.6%

23.4%

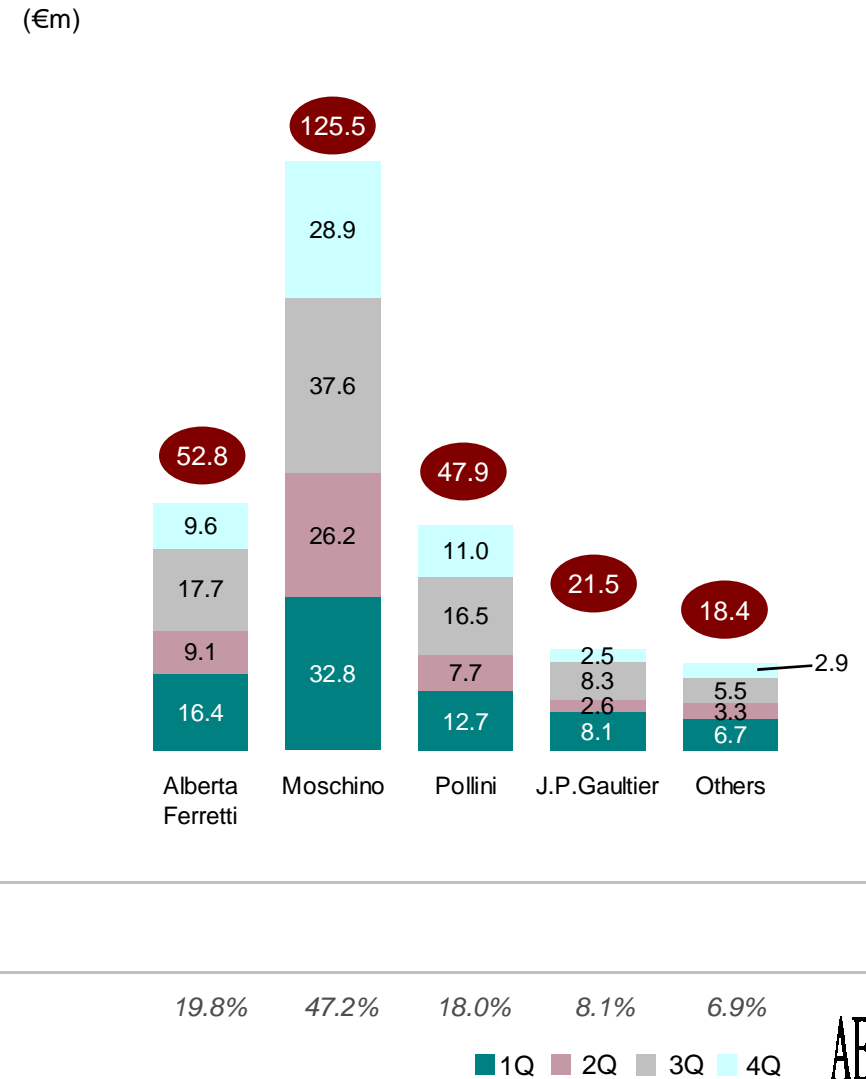
(1) Before inter-divisional eliminations

# Net Sales Breakdown by Brand

## FY 2007 Current Currencies

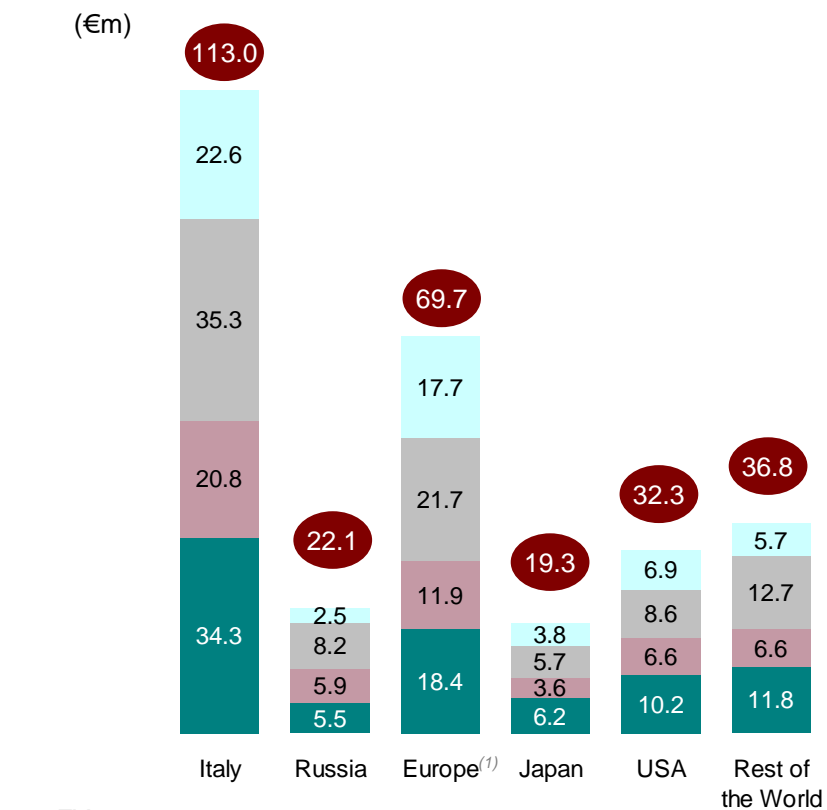


## FY 2006 Current Currencies



# Net Sales Breakdown by Region

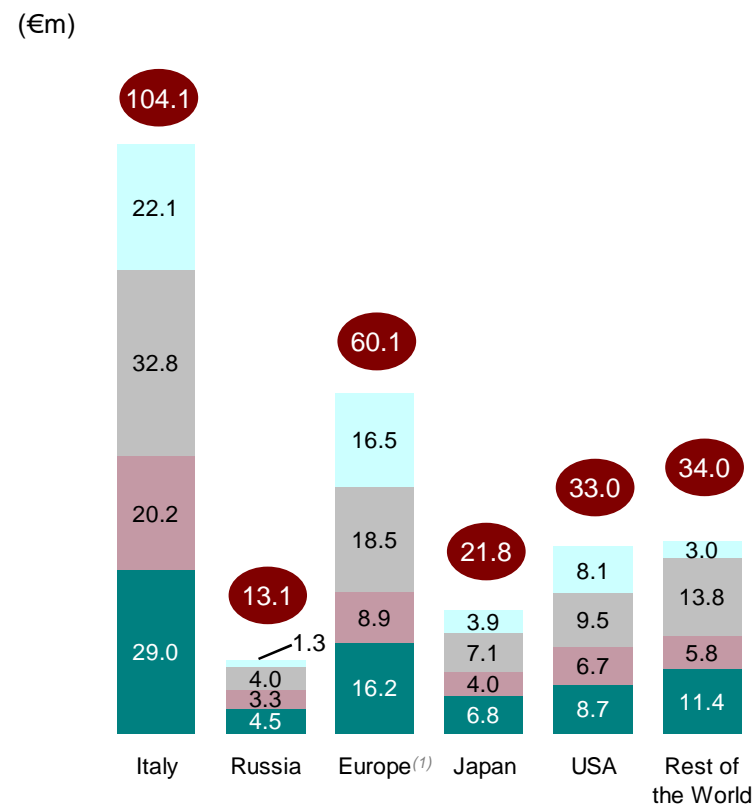
## FY 2007 Current Currencies



FY 07 % Growth constant FX	8.6%	68.8%	16.0%	(5.3%)	5.7%	12.5%
FY 07 % Growth current FX	8.6%	68.8%	15.9%	(11.3%)	(2.2%)	8.2%
% on Total Sales	38.5%	7.5%	23.8%	6.6%	11%	12.6%

(1) Italy and Russia excluded

## FY 2006 Current Currencies



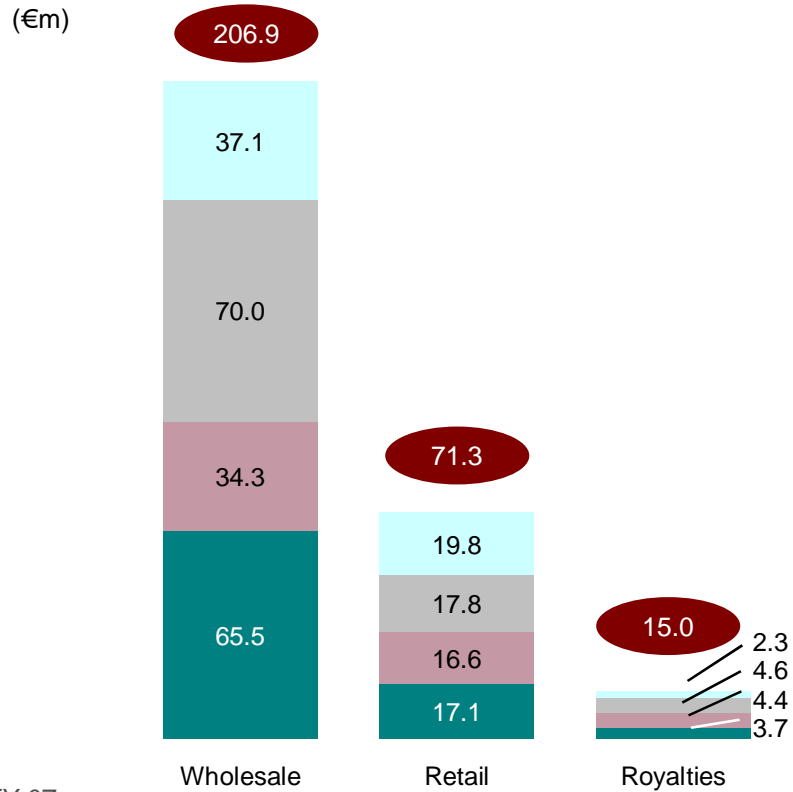
% on Total Sales	39.1%	4.9%	22.6%	8.2%	12.4%	12.8%
---------------------	-------	------	-------	------	-------	-------

■ 1Q ■ 2Q ■ 3Q ■ 4Q

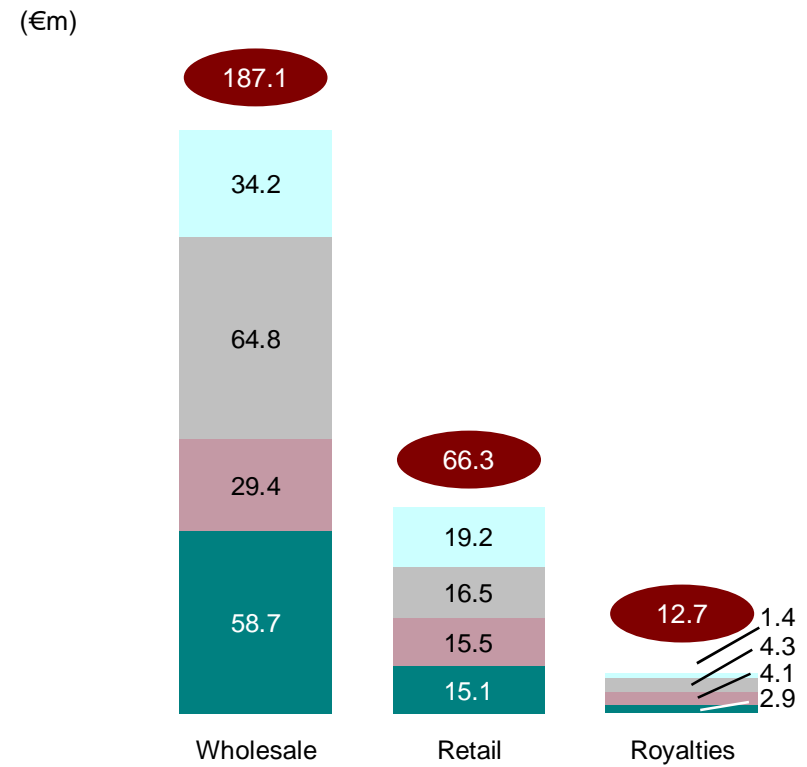


# Net Sales Breakdown by Channel

## FY 2007 Current Currencies



## FY 2006 Current Currencies



FY 07  
% Growth  
constant FX

Wholesale 12.4%    Retail 10.6%    Royalties 17.8%

FY 07  
% Growth  
current FX

Wholesale 10.6%    Retail 7.6%    Royalties 17.8%

% on Total  
Sales

Wholesale 70.6%    Retail 24.3%    Royalties 5.1%

Wholesale 70.3%    Retail 24.9%    Royalties 4.8%

■ 1Q ■ 2Q ■ 3Q ■ 4Q





# Mono-brand Stores Network

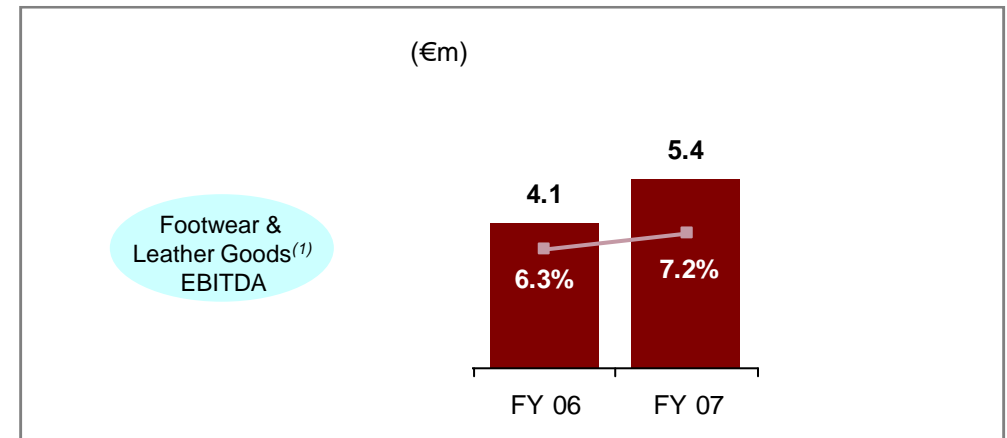
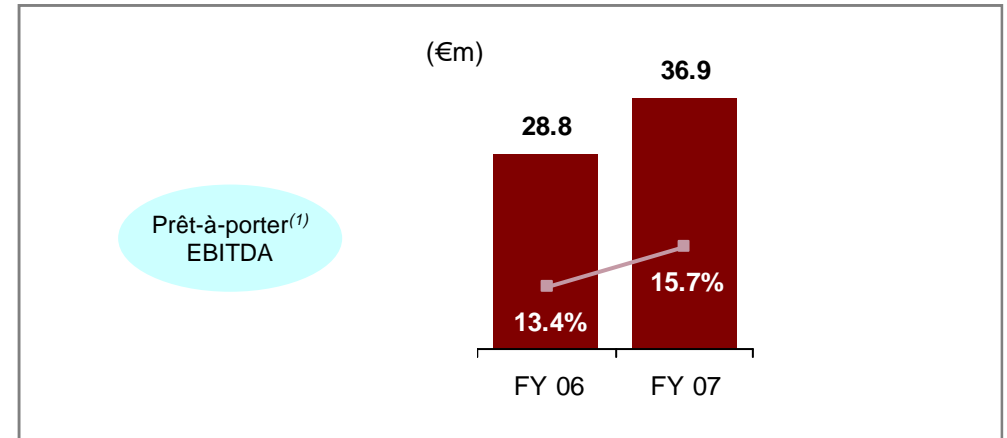
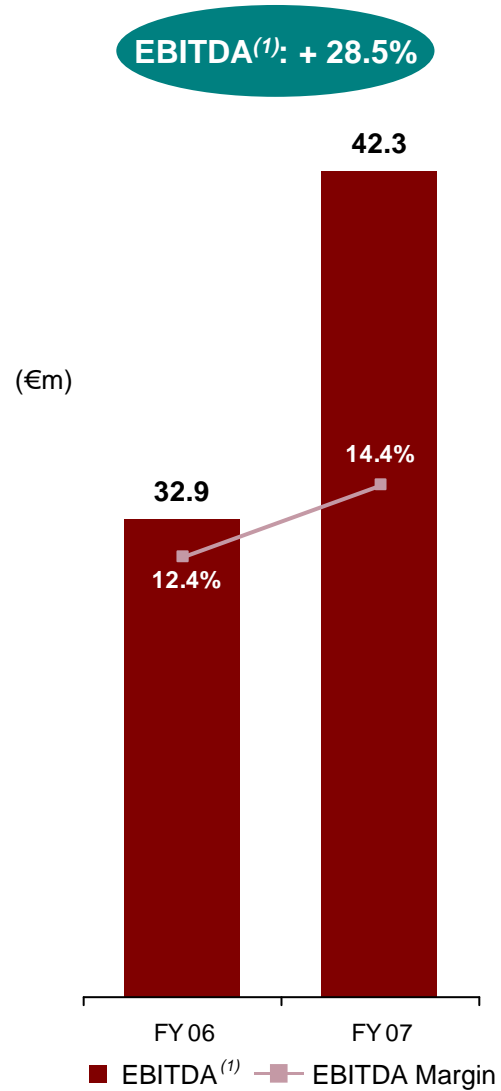
## DOS

	FY07	FY06
Europe	36	36
USA	1	1
Asia	38	38
<b>Total</b>	<b>75</b>	<b>75</b>

## Franchising

	FY 07	FY06
Europe	41	33
USA	6	4
Asia	52	37
<b>Total</b>	<b>99</b>	<b>74</b>

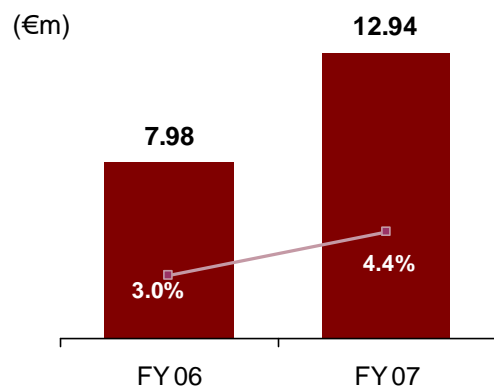
# Profitability Analysis



(1) Net of non recurring items

# Group Net Income and Income Taxes

+62.2%



■ Net Income  
 — Net income Margin

(€m)	FY Ending December 31,	
	2007A	2006A
PBT	25.6	19.3
Current Taxes	(11.1)	(7.4)
Deferred Taxes	0.6	(3.3)
<b>Total Taxes</b>	<b>(10.5)</b>	<b>(10.7)</b>
<i>Effective Tax Rate</i>	40.9%	55.6%



**AEFFE**

# Summary Balance Sheet

## IAS-IFRS

	FY2007	FY2006
Net Working Capital	51.5	44.0
Net Tangible Assets	71.2	69.9
Net Intangible Assets	171.8	175.1
Net Financial Assets	3.1	3.0
Severance Staff, Provisions & Others	(63.4)	(74.2)
<b>Net Capital Employed</b>	<b>234.2</b>	<b>217.8</b>
Group Shareholders' Equity	166.6	76.0
Minorities	29.1	26.5
Shareholders' Equity & Minorities	195.7	102.5
Net Debt	38.5	115.3
<b>Net Financial Debt and Shareholders' Equity</b>	<b>234.2</b>	<b>217.8</b>
Accounts Receivables	36.9	33.4
Accounts Payable	(60.6)	(57.5)
Inventory	67.8	57.7
Other Current Assets/Liabilities	7.4	10.5
<b>NWC</b>	<b>51.5</b>	<b>44.0</b>
<i>As % of Net sales</i>	17.6%	16.5%

# Summary Cash Flow

IAS-IFRS

	FY2007	FY2006
PBT	25.6	19.3
Operating Cash Flow	23.1	33.0
Capital Expenditure	(9.5)	(3.9)
Free Cash Flow	13.6	29.1
Cash Flows from Financing Activities	(15.6)	(20.8)
Cash and cash equivalents at the beginning of the year	15.3	7.0
Cash Flow of the Period	(2.0)	8.3
Cash and cash equivalents at the end of the year	13.3	15.3



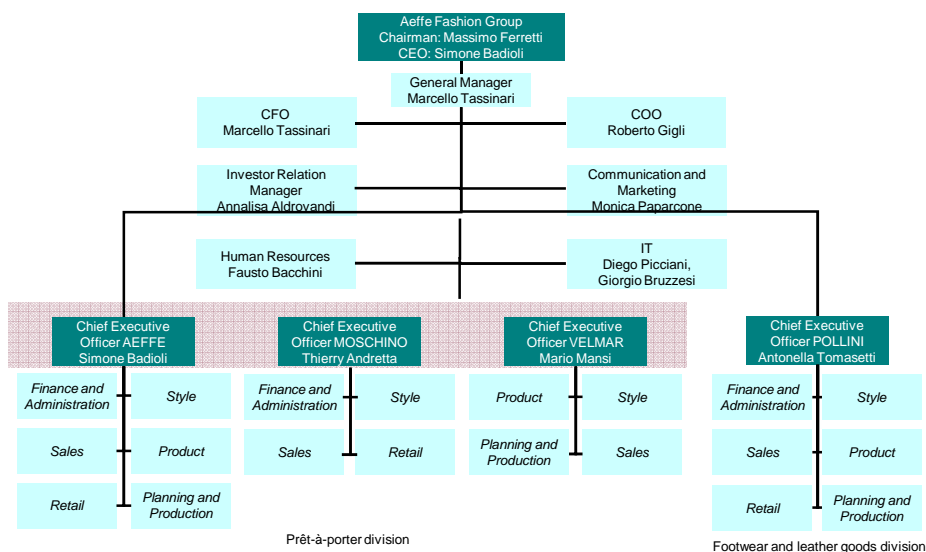
AEFFE

Appendices



# Company Profile

## Organisational Structure



## Share Information

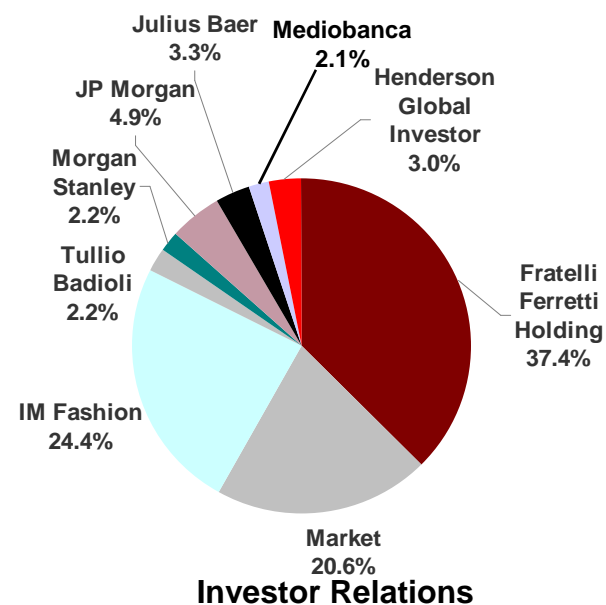
N° of shares outstanding: 107,362,504

Italian Stock Exchange – STAR Segment

Specialist: Mediobanca S.p.A.

Tickers: AEF IM (Bloomberg) AEF MI (Reuters), AEF (Borsa Italiana)

## Ownership Structure <sup>(1)</sup>



Investor Relations  
AEFFE S.p.A  
Annalisa Aldrovandi  
+39 0541 965494  
annalisa.aldrovandi@aeffe.com  
www.aeffe.com

(1) Source: Consob as of 12 February 2008

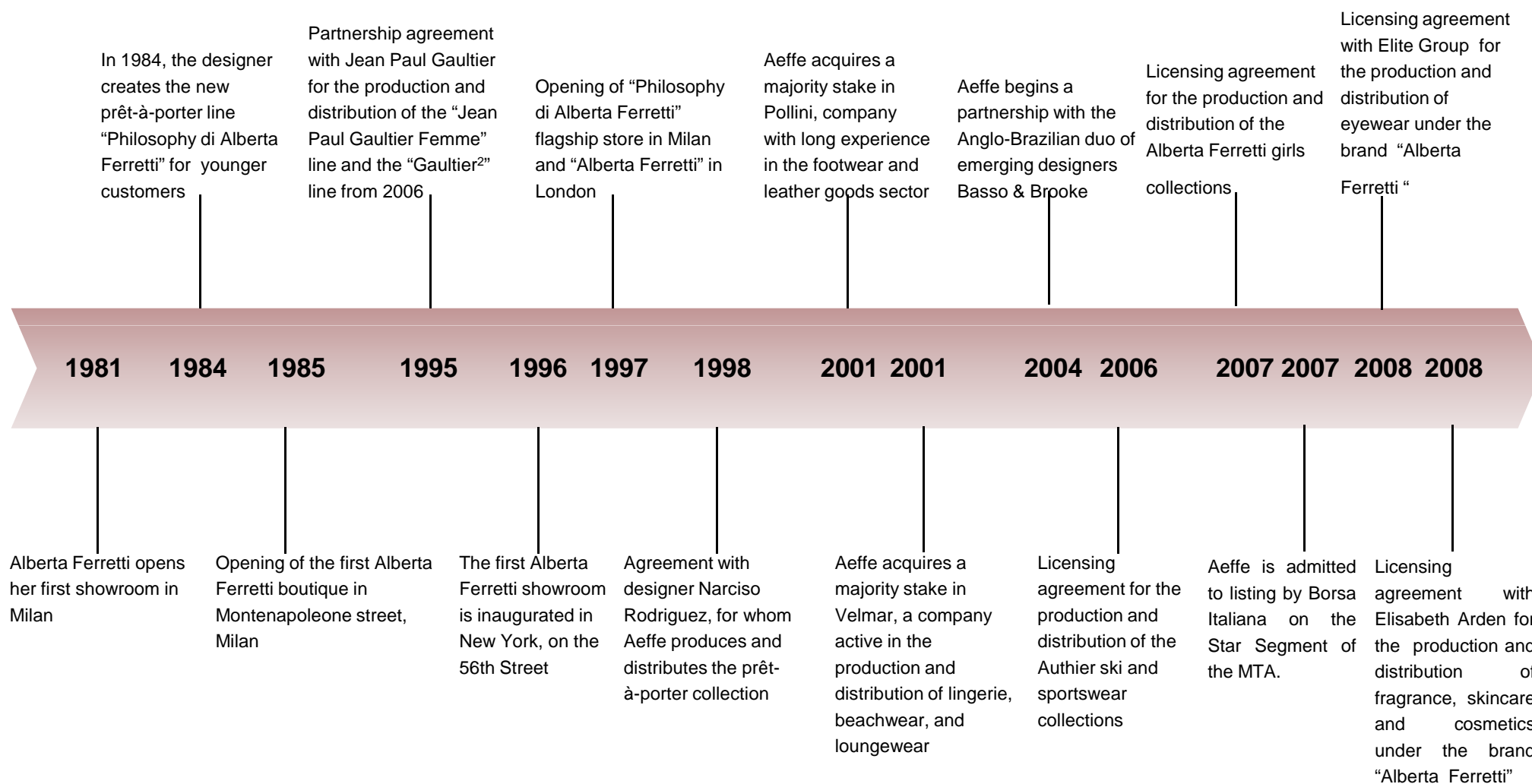
# Group Structure



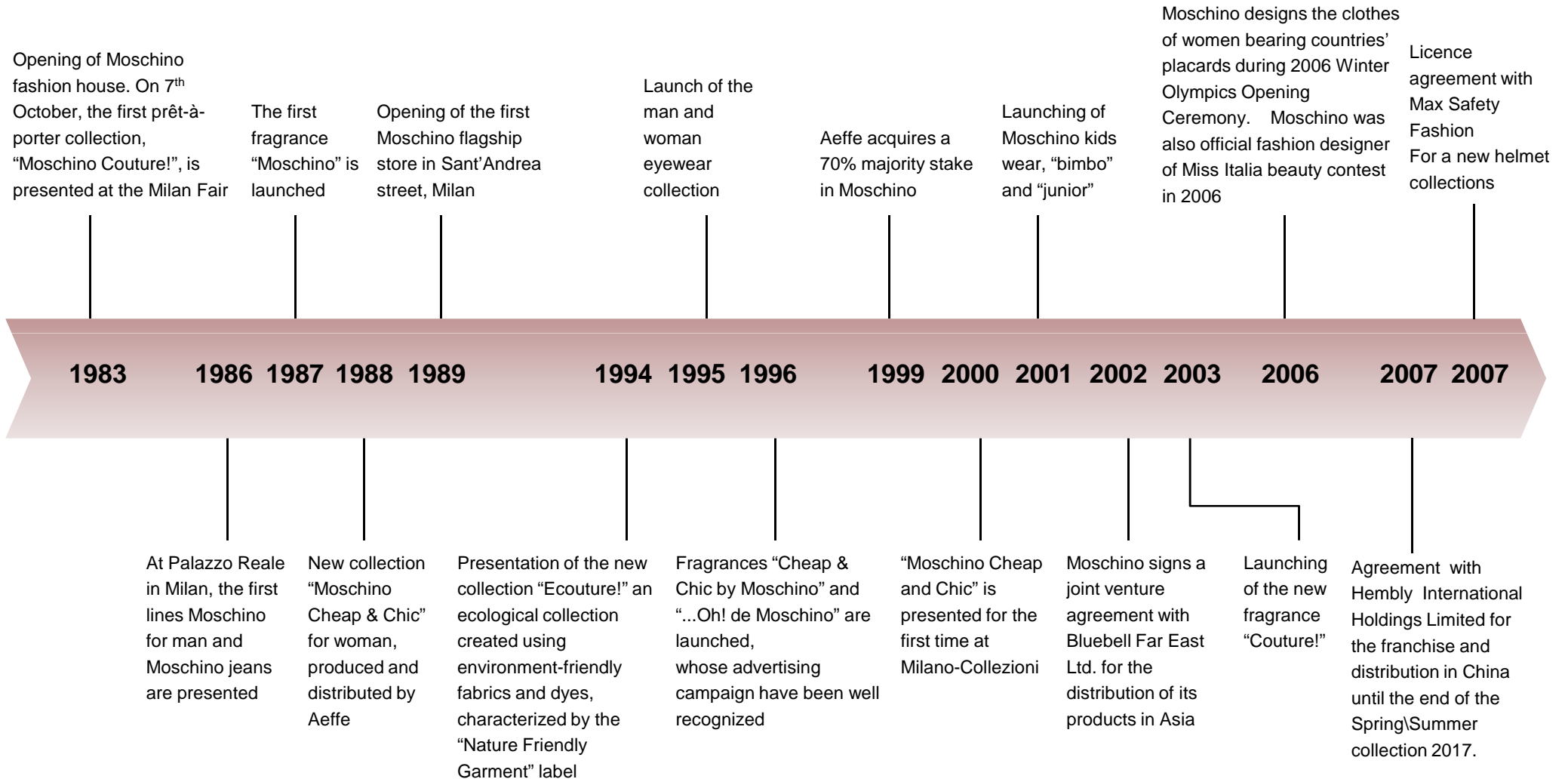
## Minority interests owned by:

- Moschino S.p.A.: 30% by SINV S.p.A.
- Moschino Far East: 49,9% by Bluebell Ltd.
- Ozbek Ltd: 8% by Rifat Ozbek
- Divè: 25% by Angela Filippini
- AV Suisse: 30% by Gustavo Sangiorgi
- Pollini S.p.A.: 28% by Four Pollini S.r.l.
- Clan Cafè: 37.1% by Clan Cafè S.r.l. (Milano)

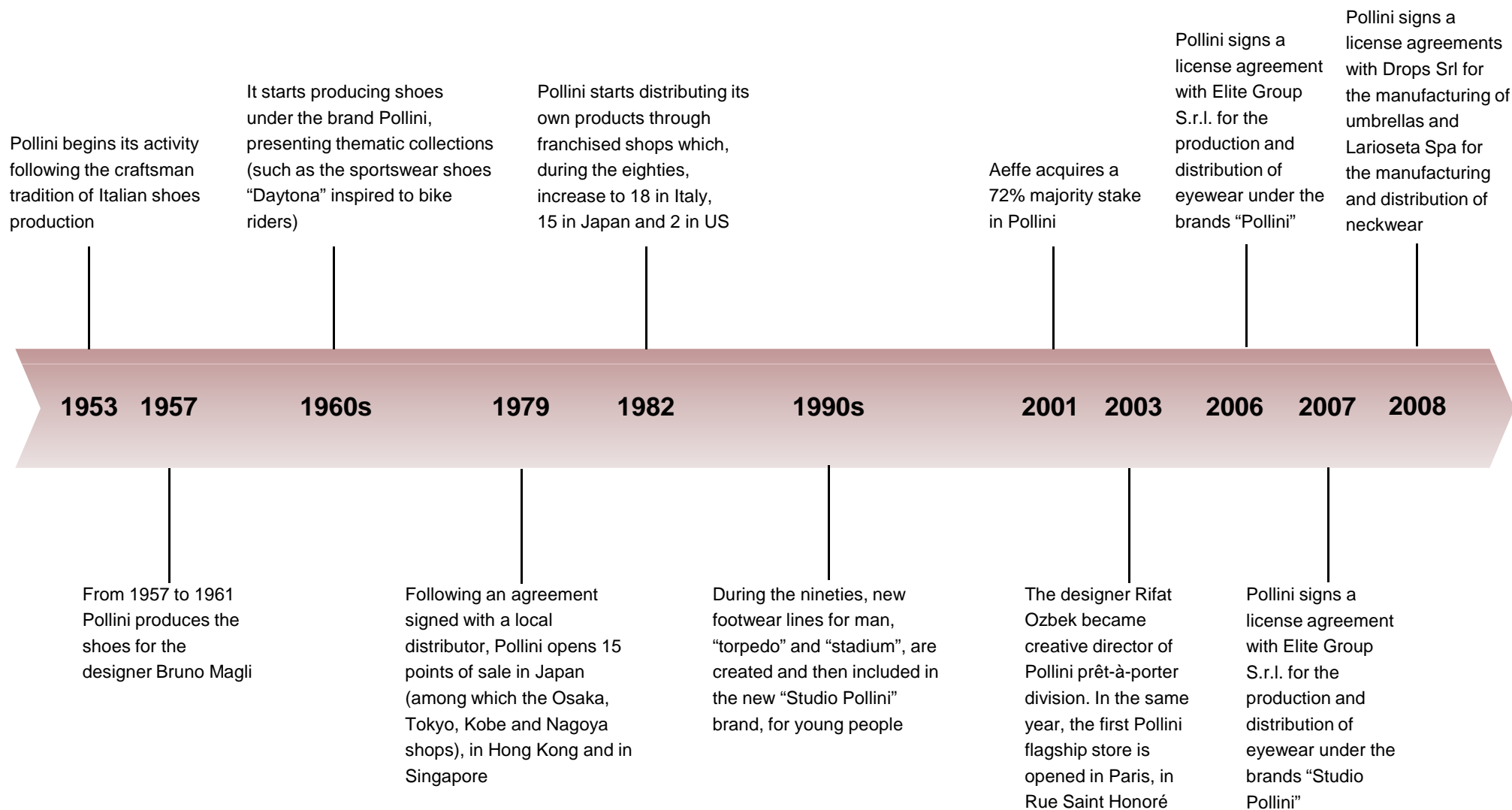
# Aeffe History



# Moschino History



# Pollini History



# Key Managers' Curricula Vitae

Name	Description
<b>Simone Badioli</b>	Age 38, Simone is CEO of Aeffe Group. He was born in Rimini in 1969. He earned a degree in Economics from the University of Bologna and is an entrepreneur in the field of fashion and real estate. In 1997 he was appointed Co-Chief Executive Officer of Aeffe, with specific responsibility for finance, retail and information technology. In May 2004, he became the sole Chief Executive Officer of Aeffe. In 2001 he oversaw the acquisition of Pollini and managed its integration into the Group
<b>Marcello Tassinari</b>	Age 44, Marcello is Group General Manager and CFO. He was born in Faenza (RA) in 1963. He has a degree in Economics from the University of Bologna, and in 1998 became a qualified Italian professional accountant (" <i>dottore commercialista</i> ") as well as certified public accountant (" <i>revisore dei conti</i> "). From 1990 to 1998 he worked as a manager for the company Arthur Andersen S.p.A. From 1998 to 2001 he served as financial director at the Caviro Group, and in 2001–2002 worked at Deloitte & Touche S.p.A. as a senior manager. Starting in 2002 he became CFO of Aeffe Group, and in 2007 became General Manager. On the date of the Offering Memorandum he is a director of many Group companies and is also chairman of the company Nuova Stireria Tavoleto S.r.l.
<b>Roberto Gigli</b>	Age 44, Roberto is Group COO. He was born in Castiglione del Lago (PG) in 1963. From 1983 to 1986 he worked at Confezioni Stefin as the head of planning, procurement and production. From 1986 to 1990 he worked for Helenconf Mode as Planning, Procurement and Production Manager. From 1990 to 1996 he was Production Manager at Gilmar S.p.A.. From 1996 to 2001 he was Chief Operating Officer at Antonio Fusco S.p.A. and Cantarelli S.p.A.. From 2001 to 2003 he took the same role at Valentino S.p.A. In 2003, he became Chief Operating Officer of Pollini, of which he is also a Director. He currently serves as Group Chief Operating Officer
<b>Antonella Tomasetti</b>	Age 47, Antonella is CEO of Pollini. She was born in Cattolica (RN) in 1960. From 1979 to 1981 she attended the Advanced School for Interpreters and Translators of Bologna. From 1981 to 1983 she worked at Creazioni di Marzia, as responsible in the marketing and foreign sales division. In 1983 she began her career at Aeffe in the sales area. From 1991 to 1995 she was head of the international sales office with responsibility for all the collections under the brands "Alberta Ferretti", "Moschino", "Jean Paul Gaultier", and "Narciso Rodriguez". In 2004 she became General Manager of Moschino. As of January 1, 2007 she is CEO of Pollini S.p.A. and Pollini Retail S.r.l.
<b>Thierry Andretta</b>	Age 50, Thierry is CEO of Moschino. He was born in Toulouse (France) in 1957. From 1980 to 1997 he worked for the companies Belfe S.p.A. and Skinea S.r.l. as chief executive officer from 1990 to 1997. From 1998 to 1999 he was Executive Chairman of Emmanuel Ungaro – Ferragamo Group. From 1999 to 2000 he was Executive Chairman of Celine and Executive Vice Chairman of LVMH Fashion Division – Paris. From January to December 2001 he was Executive Vice Chairman of the Gucci Group – London and managed the development of the emerging brands McQueen, McCartney, and Balenciaga. At the same time he was Vice Chairman of Bottega Veneta. From January 2002 to December 2003 he was Managing Director of Belfe S.p.A. From January 2004 to December 2006 he was Chairman of Fashion Box USA and Fashion Box Industries. He is currently Chief Executive Officer of Moschino



# Board of Directors' Curricula Vitae

Name	Description
<b>Massimo Ferretti</b>	Age 51, Massimo is Chairman of the Board of Directors of Aeffe Group. He was born in Cattolica (RN) in 1956. In 1980, Massimo and his sister Albe founded Aeffe. Currently he is Chairman of Aeffe, devoting himself to developing the family brands. He is the principal architect, together with Albe Ferretti, of Aeffe's growth strategy and the creation of the Aeffe Fashion Group. Besides occupying the position of Chairman in many other companies the Group, Massimo Ferretti also is Managing Director of the National Chamber for Italian Fashion and Director of Altagama for the period 2007–2009
<b>Alberta Ferretti</b>	Age 57, Alberta is member of the Board of Directors of Aeffe Group. She was born in Gradara (PS) in 1950. In 1981, Alberta Ferretti opened her first showroom in Milan, where she made her debut on the catwalk in 1983. The brand "Philosophy of Alberta Ferretti" was launched in 1984. In 1994, the first showroom for the Alberta Ferretti and the Philosophy of Alberta Ferretti collections was opened at the Palazzo Donizetti in Milan. In 1996, the Albe Ferretti showroom was opened on 56th Street in New York. In 1998, Alberta Ferretti was awarded the Knight of Labor by the President of the Republic. In 2001, the new line of lingerie and beachwear bearing the "Alberta Ferretti" brand, produced and distributed by Velmar, was launched. In 2003, Albe Ferretti consolidated her visibility in the major world capitals with the opening of flagship stores in Moscow and Paris, which were added to those already existing in Milan, Rome, Tokyo, New York, London, and Taipei. In 2004 the new line of lingerie and beachwear bearing the "Philosophy of Alberta Ferretti" brand, produced and distributed by Velmar, was launched. In 2005, Alberta Ferretti received from the Mayor of Rome, Walter Veltroni, the Career Prize and presented, in the square of Campidoglio, her first Prêt-à-Couture collection. In the same year, the "The Romantics" prize was conferred upon her in New York by the International Fashion Group on the occasion of the annual "Night of Stars" event. In 2006, two new Alberta Ferretti flagship stores were opened in Kaliningrad in Russia and Jeddah in Saudi Arabia. In 2007, the "Philosophy of Alberta Ferretti" collection was shown in New York
<b>Gianfranco Vanzini</b>	Age 67, Gianfranco is member of the Board of Directors of Aeffe Group. He was born in Cattolica in 1939 and graduated in Economics from the University of Urbino. He is a qualified accountant (" <i>ragioniere</i> ") and a certified public accountant (" <i>revisore dei conti</i> "). From 1966 to 1981 he gained professional experience at the Istituto Bancario Credito Romagnolo (today merged with Unicredit Banca S.p.A.), rising to the rank of manager. In 1981 he became member of the board of directors of Aeffe and General Manager. In 1997 he became Co-CEO, which he held until 2001. From 1999 he has been on the board of directors of the Cassa di Risparmio di Rimini. In 2004 he was appointed Director of the Istituto Bancario Credito Industriale of San Marino
<b>Umberto Paolucci</b>	Age 62, Umberto is member of the Board of Directors of Aeffe Group. He was born in Ravenna in 1944 and holds a degree in electronics engineering from the University of Bologna. After a period of teaching in upper school between 1969 and 1970 he worked in the information technology sector for Hewlett-Packard and, General Automation of Anaheim, California. In 1985 he founded the Italian branch of Microsoft becoming Managing Director and Chief Executive Officer. He became a vice president of Microsoft Corporation in 1998 and, in February 2003, Senior Chairman of Microsoft Europe Middle East and Africa. In 1998 he received an honorary degree from the University of Bologna in Statistics and Corporate Computer Science. Umberto is a Director of various companies, associations and foundations in Italy and in Europe. As of June 29, 2006 he is the chairman of the American Chamber of Commerce in Italy. He has also been named Chairman of Enit-Agenzia Nazionale per il Turismo, starting on November 15, 2006
<b>Roberto Lugano</b>	Age 47, Roberto is member of the Board of Directors of Aeffe Group. He was born in Voghera, Pavia, Italy. He has a degree in Economics from the University of Pavia, and is a qualified Italian Professional Accountant (" <i>dottore commercialista</i> ") as well as a certified public accountant (" <i>revisore dei conti</i> "). He is a partner of the firm Ceppellini, Lugano & Associates and is also a consultant to the Court of Voghera. Mr. Lugano is also a journalist and since 1990 he has published articles and other publications on tax, accounting, corporate and financial matters with "Il Sole 24 Ore" publishing group. He is a director of Snam Rete Gas S.p.A., a statutory auditor of several Italian companies and a member of the company law committee of Assolombarda.

Note: Simone Badioli (CEO) and Marcello Tassinari (General Manager and CFO) are also on the Board of Directors of Aeffe Group

# Income Statement Full Year 2005-2007

IAS-IFRS

(€m)

FY Ending December 31,

	2005A	2006A	2007A
Net Sales	241.9	266.1	293.2
% growth	2.9%	10.0%	10.2%
Other Revenues	2.6	4.7	3.5
Non-Recurring Revenues	5.4	4.2	2.2
<b>Total Revenues</b>	<b>249.9</b>	<b>275.1</b>	<b>298.9</b>
% growth	(6.1%)	10.1%	8.7%
Non-Recurring Costs	(0.4)	0.0	0.0
Raw Materials Costs	68.0	74.2	80.9
Service Costs	78.6	87.8	95.7
Rental Costs	15.4	16.4	17.1
Personnel	54.1	56.3	58.2
Other Operating Expenses	4.2	3.1	2.5
Total Operating Expenses	(220.1)	(238.0)	(254.4)
<b>EBITDA<sup>(1)</sup></b>	<b>29.4</b>	<b>37.1</b>	<b>44.5</b>
Margin (% of Net sales)	12.2%	13.9%	15.2%
<b>EBITDA Adjusted<sup>(2)</sup></b>	<b>24.5</b>	<b>32.9</b>	<b>42.3</b>
Margin (% of Net sales)	10.1%	12.4%	14.4%
Depreciation and Amortisation	(11.1)	(10.7)	(10.7)
<b>EBIT (Reported)</b>	<b>18.3</b>	<b>26.4</b>	<b>33.7</b>
Margin (% of Net sales)	7.6%	10.0%	11.5%
Net Financial Income / (Expenses)	(4.7)	(7.1)	(8.1)
<b>PBT</b>	<b>13.6</b>	<b>19.3</b>	<b>25.6</b>
Margin (% of Net sales)	5.6%	7.2%	8.7%
Taxes	(7.0)	(10.8)	(10.5)
<b>Net income/(loss) before Minorities</b>	<b>6.6</b>	<b>8.5</b>	<b>15.2</b>
Margin (% of Net sales)	2.7%	3.2%	5.2%
Minority Interests	(1.1)	(0.6)	(2.2)
<b>Net Income/(loss) to the Group</b>	<b>5.5</b>	<b>8.0</b>	<b>12.9</b>
Margin (% of Net sales)	2.3%	3.0%	4.4%

▪ Includes currency gains, sale of raw materials and rents received

▪ In 2007 sale of Narciso Rodriguez stake (50% of equity)  
 ▪ In 2006, sale of Narciso Rodriguez store in Milan  
 ▪ In 2005, release of provision from Pollini S.p.A. and Pollini Retail

▪ EBITDA net of non recurring income and costs

(1) Gross of non recurring items

(2) Net of non recurring items

# Revenues Breakdown

(€m)	FY Ending December 31,			CAGR 2005/07A	Growth 2006/07A
	2005A	2006A	2007A		
<b>By Region</b>					
Italy	90.4	104.1	113.0	11.8%	8.6%
Europe (excluding Italy)	51.8	60.1	69.7	16%	15.9%
USA	33.8	33.0	32.3	(2.2%)	(2.2%)
Russia	n.a.	13.1	22.1	n.a.	68.8%
RoW	66.0 <sup>(1)</sup>	55.8	56.1	(7.8%)	0.6%
<b>Total</b>	<b>241.9</b>	<b>266.1</b>	<b>293.2</b>	<b>10.1%</b>	<b>10.2%</b>
<b>By Brand</b>					
Alberta Ferretti	46.2	52.8	63.0	16.8%	19.4%
Moschino	117.4	125.5	136.9	8.0%	9.0%
Pollini	42.5	47.9	52.3	10.9%	9.2%
Jean Paul Gaultier	17.2	21.5	23.8	17.6%	10.3%
Tactical Brands	18.7	18.4	17.3	(3.8%)	(6.0%)
<b>Total</b>	<b>241.9</b>	<b>266.1</b>	<b>293.2</b>	<b>10.1%</b>	<b>10.2%</b>
<b>By Division</b>					
Prêt-à-Porter	198.7	214.3	235.2	8.8%	9.8%
Footwear & Leather Goods	56.4	65.5	74.5	14.9%	13.8%
Eliminations	(13.2)	(13.6)	(16.5)		
<b>Total</b>	<b>241.9</b>	<b>266.1</b>	<b>293.2</b>	<b>10.1%</b>	<b>10.2%</b>

(1) Including Russia in 2005

# Balance Sheet Full Year 2005-2007

(€m)	IAS-IFRS		
	FY Ending December 31,		
	2005A	2006A	2007A
Net Working Capital	46.8	44.0	51.5
Net Tangible Assets	68.0	69.9	71.2
Net Intangible Assets	178.8	175.1	171.8
Net Financial Assets	4.6	3.0	3.1
Severance Staff, Provisions & Others	(69.0)	(74.2)	(63.4)
<b>Net Capital Employed</b>	<b>229.2</b>	<b>217.8</b>	<b>234.2</b>
Group Shareholders' Equity	70.4	76.0	166.6
Minorities	25.9	26.5	29.1
Shareholders' Equity & Minorities	96.3	102.5	195.7
Net Debt	132.9	115.3	38.5
<b>Net Financial Debt and Shareholders' Equity</b>	<b>229.2</b>	<b>217.8</b>	<b>234.2</b>
<b>Key Ratios</b>			
NWC as % of Net Sales	19.4%	16.5%	17.6%

▪ Including € 74.3 m in 2007 for lpo proceeds

# Cash Flow Statement Full Year 2005/2007

IAS-IFRS

FY Ending December 31,

	2005A	2006A	2007A
<b>PBT</b>	<b>13.6</b>	<b>19.3</b>	<b>25.6</b>
Depreciation & Amortisation	10.7	10.2	10.7
Provisions & Impairments	(4.0)	0.7	(2.4)
Taxes	(5.1)	(4.9)	(9.4)
Net Interest	4.6	7.0	8.1
Change in other liabilities / (assets)	(3.4)	0.6	(9.5)
<b>Operating Cash Flow</b>	<b>16.4</b>	<b>33.0</b>	<b>23.1</b>
Capital expenditure for intangible assets	6.1	(0.0)	(0.3)
Capital expenditure for tangible assets	(2.2)	(4.0)	(9.3)
(Increase) / decrease in investments in other fixed assets	0.2	0.2	0.1
<b>Cash Flows from Investing Activities</b>	<b>4.0</b>	<b>(3.9)</b>	<b>(9.5)</b>
<b>Free Cash Flow</b>	<b>20.4</b>	<b>29.1</b>	<b>13.6</b>
Equity Issue	0.0	(6.0)	72
Change in short term debt	(19.7)	(9.3)	(78)
Change in long term debt	(0.1)	1.5	(1.5)
Net Interest	(4.6)	(7.0)	(8.1)
<b>Cash Flows from Financing Activities</b>	<b>(24.3)</b>	<b>(20.8)</b>	<b>(15.6)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>10.9</b>	<b>7.0</b>	<b>15.3</b>
<b>Cash Flow of the Period</b>	<b>(3.9)</b>	<b>8.3</b>	<b>(2.0)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>7.0</b>	<b>15.3</b>	<b>13.3</b>

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