



BVLGARI GROUP: BUSINESS STRATEGY

FRANCESCO TRAPANI – Chief Executive Officer
RENATA CASARO – Head of IR

Deutsche Bank Luxury Goods Conference

Paris, 17 th June 2010



Q1 FINANCIAL HIGHLIGHTS – KEY MESSAGES

- **TOP LINE **GROWTH RESUMED**: NET REVENUES UP BY **12.6%** AT COMPARABLE FX RATES, WITH BOTH CHANNELS **EQUALLY** CONTRIBUTING**
- **COST REDUCTION CONTINUES: TOTAL OPEX **DOWN 6.1%** AT COMPARABLE FX RATES**
- **BREAK-EVEN AT EBIT LEVEL vs EUR 24 MILLION LOSS OF Q1 2009**
- **INVENTORY AND NET DEBT UNDER **STRICT CONTROL****



FINANCIAL HIGHLIGHTS: Q1 2010 WRAP-UP

EUR M.	Q1 10 EUR M.	Q1 09 EUR M.
REVENUES	199.1	178.1
CONTRIBUTION MARGIN <i>% on Sales</i>	126.9 63.8%	112.7 63.3%
EBITDA	17.0	(7.7)
EBIT	(0.3)	(23.8)
NET PROFIT	(8.3)	(29.3)

+11.8% at reported fx
+12.6% at comparable fx
No significant difference
between DOS and wholesale



REVENUES BY PRODUCT CATEGORY

PRODUCT CATEGORY	Q1 2010		Q1 2010/Q1 2009	
	EUR M.	% ON TOTAL SALES	REPORTED	AT COMP.FX
			% DELTA	
JEWELRY	88.2	44.3%	+10.6%	+11.0%
WATCHES	41.5	20.9%	-1.4%	-0.4%
PERFUME & COSMETICS	45.2	22.7%	+28.8%	+30.4%
ACCESSORIES	17.4	8.7%	+22.5%	+24.6%
HOTEL	3.6	1.8%	-5.4%	-
ROYALTIES AND OTHER	3.2	1.6%	+1.3%	-
TOTAL	199.1	100%	+11.8%	+12.6%



WATCHES – TOTAL vs DOS PERFORMANCE

WATCHES Delta at comparable Exchange rates	Q1 2010
TOTAL REVENUES	-0.4%
DOS REVENUES	+16.2%

+7.4% w/out GG/DR





ACCESSORIES – TOTAL vs DEDICATED NETWORK PERFORMANCE

ACCESSORIES Delta at comparable Exchange rates	Q1 2010
TOTAL REVENUES	+24.6%
REVENUES FROM DOS DEDICATED TO ACCESSORIES	+27.3%

+43% HANDBAGS



REVENUES BY GEOGRAPHICAL AREA

GEOGRAPHICAL AREAS	Q1 2010		Q1 2010/Q1 2009	
	EUR M.	% ON TOTAL SALES	% DELTA	
			REPORTED	AT COMP.FX
EUROPE	68.2	34.3%	+5.6%	-
Of which Italy	23.2	11.6%	+7.4%	-
AMERICAS	27.2	13.6%	+40.5%	+48.6%
ASIA	91.6	46.0%	+10.6%	+13.0%
Of which Japan	35.7	17.9%	-10.1%	-7.6%
Of which Rest of Asia	55.9	28.1%	+29.7%	+31.8%
MIDDLE EAST/ OTHER	12.1	6.1%	+6.4%	
TOTAL	199.1	100%	+11.8%	+12.6%

**GREATER CHINA - NOW 15.7% OF TOTAL REVENUES -
GREW BY 39% AT COMPARABLE FX IN THE QUARTER,
WITH DOS UP 46%.**

**THE OTHER COUNTRIES IN THE REST OF ASIA
- AMONG WHICH SOUTH KOREA IS THE MOST IMPORTANT -
GREW BY +24% AT COMPARABLE FX.**



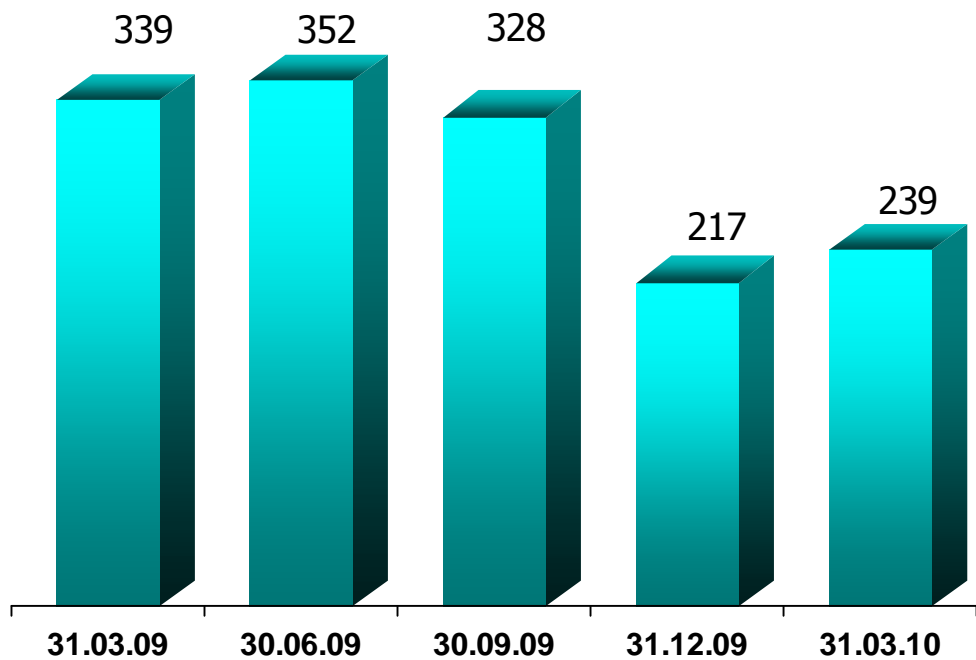
INVENTORY MANAGEMENT

EUR M.	Q1 2009	Q1 2010	DELTA REPORTED FX
TOTAL REVENUES	178	199	+11.8%
AVERAGE INVENTORY	740	636	-14.0%



NET INDEBTEDNESS

GEARING AS OF END OF PERIOD
43% 47% 42% 28% 30%



100% of the debt position is covered by long-term loans and by committed credit lines with expiring dates over 36 months.



STRATEGY

- **IN 2009 OUR ACTIONS FOCUSED ON **COST EFFICIENCY** AND **BALANCE SHEET IMPROVEMENT** – OUR COMMITMENT DELIVERED THE BENEFITS **FASTER THAN EXPECTED****
- **2010 PROJECTS PUT THE **BULGARI CUSTOMER** AT THE CENTER OF OUR STRATEGY:**

 - **CREATIVITY AND CRAFTSMANSHIP** WILL CHARACTERIZE MORE THAN EVER OUR PRODUCT LAUNCH INITIATIVES
 - OUR COMMUNICATION APPROACH - BE IT ADVERTISING, PR, DIGITAL - WILL EVOLVE: **FEWER, MORE IMPACTFUL** AND **LATERAL-THINKING, CREATIVE** PROJECTS
 - A GREATER FOCUS AND EFFORT WILL BE DEDICATED TO THE **STORE EXPERIENCE**, WITH INCREASED COMMITMENTS ON **SALES FORCE EXPERTISE, SERVICE** TO THE CLIENT AND **CUSTOMER LOYALTY**

- **IMPROVING PROFITABILITY** WILL BE A PRIORITY IN 2010, THANKS TO SUPPLY CHAIN REALIGNMENT - POSITIVELY IMPACTING **WORKING CAPITAL** - AND CONTINUED **COST OPTIMIZATION**
- OUR FOCUSED INVESTMENTS WILL CONTINUE TO TARGET THE **GREATER CHINA** REGION



STRATEGY

THE WOMAN'S WORLD

BVLGARI



COMMERCIAL STRATEGY

IMAGE – BVLGARI UMBRELLA CAMPAIGN S/S 2010



BVLGARI

SYDNEY • 75 CASTLEBAGH STREET • MELBOURNE • AT CROWN
STONEY • DAVID JONES, 10 FINE WATCHES AND JEWELLERY, MIDLANDS WATCHES OF SWITZERLAND • MELBOURNE • DAVID JONES
BRISBANE • LANGFORDS • CAIRNS • PRINCESS JEWELLERY • GOLD COAST • THE HIGH CLASS WATCHES OF SWITZERLAND
PERTH • DAVID JONES WATCHES OF SWITZERLAND • PORT DOUGLAS • PRINCESS JEWELLERY • ADELAIDE • DAVID JONES

BVLGARI



COMMERCIAL STRATEGY

IMAGE – BVLGARI UMBRELLA CAMPAIGN S/S 2010



BVLGARI

STONES • 75 CASTLE BISH STREET • MELBOURNE • AT CROWN
STONES • DAVID JONES JR FIRE WATCHES AND JEWELLERY • MONTREUX WATCHES OF SWITZERLAND • MELBOURNE • DAVID JONES
BRIDGEMAN • LANGFORDS • CARME • PRINCE'S JEWELLERY • GOLD SMITH • THE HOUR GLASS WATCHES OF SWITZERLAND
PERRI • DAVID JONES WATCHES OF SWITZERLAND • PINK DIAMONDS • PRINCE'S JEWELLERY • ADELAIDE • DAVID JONES

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COMMERCIAL STRATEGY

IMAGE – BVLGARI UMBRELLA CAMPAIGN S/S 2010



BVLGARI

COMMERCIAL STRATEGY

IMAGE – BVLGARI UMBRELLA CAMPAIGN F/W 2010



BVLGARI



COMMERCIAL STRATEGY

IMAGE – BVLGARI UMBRELLA CAMPAIGN F/W 2010





COMMERCIAL STRATEGY

MATTHEW WILLIAMSON ACCESSORY CAPSULE COLLECTION



- Fashion Designer, born in Manchester in 1971
- Creative Director @ Ungaro and at Pucci until 2008, today he has his own brand
- Famous for his strong use of color, “very Bulgari”
- Williamson will create an **accessory capsule collection** for Bulgari, focused on handbags, to be presented at Milan Fashion Week in September

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COMMERCIAL STRATEGY

ISABELLA ROSSELLINI HANDBAG



*Isabella Rossellini with her mother,
Ingrid Bergman, in Via dei Condotti (1966)*

BVLGARI

and

A handwritten signature in black ink that reads "Isabella Rossellini".

Cordially invite you
to the presentation of

The Isabella Rossellini
Handbag

Wednesday, July 7th
7:00 p.m. – 9:00 p.m.

Bulgari
40 Avenue George V
75008 Paris

By invitation only



COMMERCIAL STRATEGY

THE BVLGARI WOMAN – **B.zero1** celebrating 10 YEARS



BVLGARI



COMMERCIAL STRATEGY

THE BVLGARI WOMAN – B.zero1 CERAMIC





COMMERCIAL STRATEGY

THE BVLGARI WOMAN – B.zero1 by ANISH KAPOOR





ANISH KAPOOR - one of the world's most acclaimed and successful contemporary artists



Anish Kapoor
Cloud gate at Millennium park, Chicago

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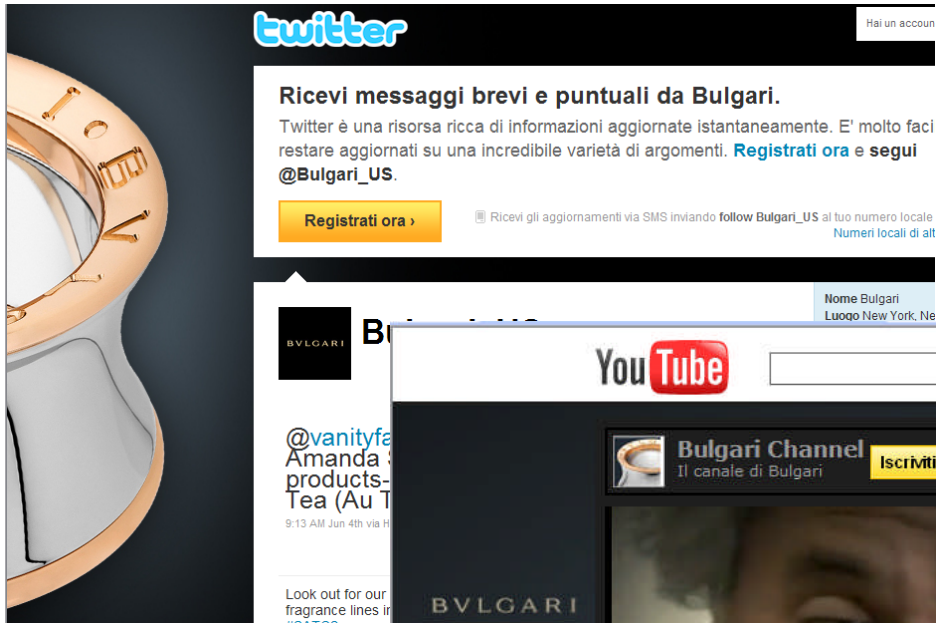
DIGITAL MARKETING – [THE NEW BULGARI.COM](https://www.bulgari.com)





COMMERCIAL STRATEGY

DIGITAL MARKETING – SOCIAL NETWORKS



twitter Hai un account

Ricevi messaggi brevi e puntuali da Bulgari.

Twitter è una risorsa ricca di informazioni aggiornate istantaneamente. E' molto facile restare aggiornati su una incredibile varietà di argomenti. [Registrati ora](#) e [segui @Bulgari_US](#).

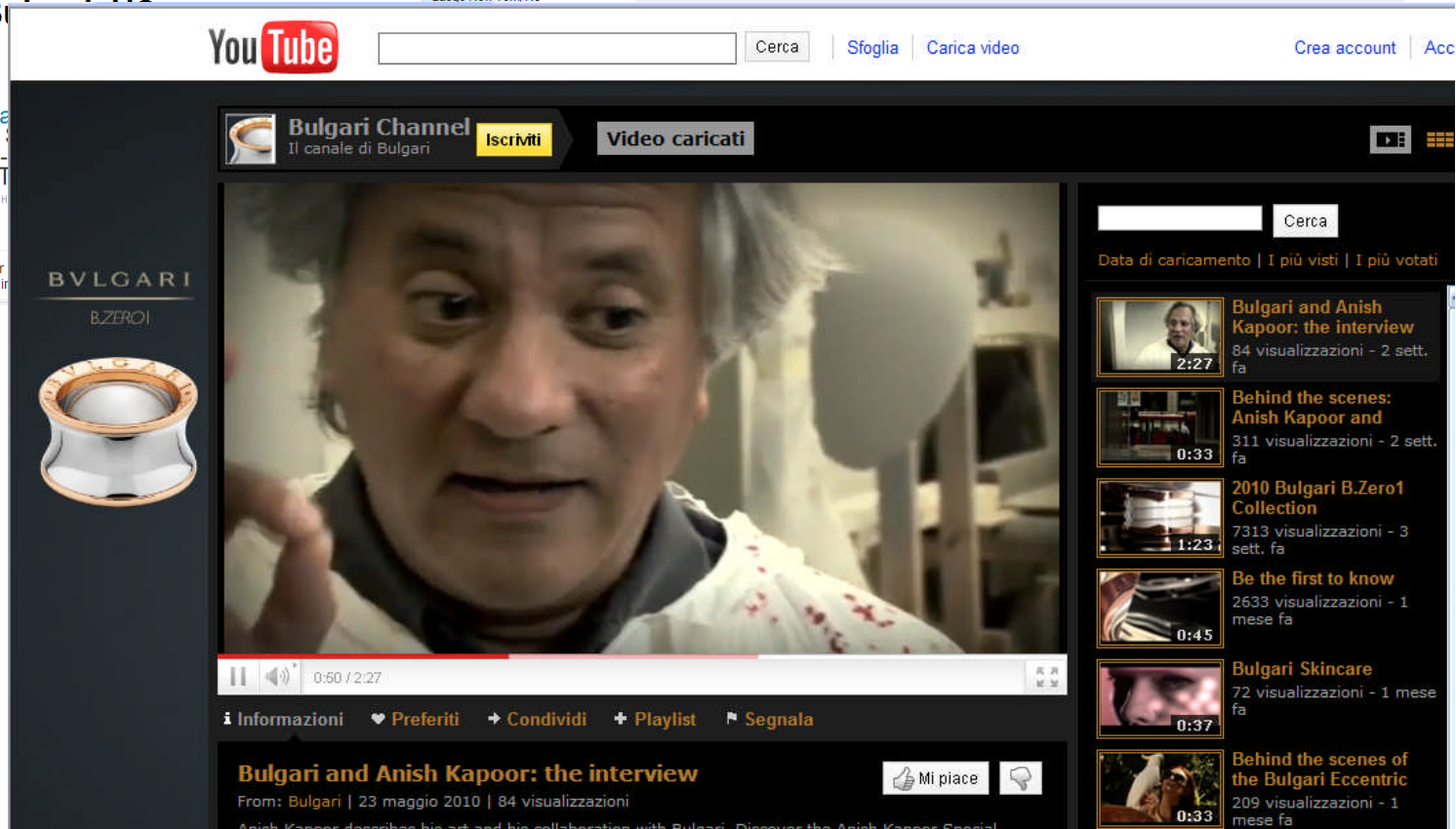
[Registrati ora](#) Ricevi gli aggiornamenti via SMS inviando [follow Bulgari_US](#) al tuo numero locale. [Numeri locali di altri paesi](#)

Nome Bulgari
Luogo New York, New York



facebook

[Registrazione](#) **BVLGARI – The Official Page è su Facebook**
Registrati su Facebook per connetterti con BVLGARI



YouTube Cerca Sfoglia Carica video Crea account Accedi

Bulgari Channel Il canale di Bulgari [Iscriviti](#) Video caricati

Bulgari and Anish Kapoor: the interview
From: Bulgari | 23 maggio 2010 | 84 visualizzazioni
Anish Kapoor describes his art and his collaboration with Bulgari. Discover the Anish Kapoor Special

Bulgari and Anish Kapoor: the interview
84 visualizzazioni - 2 sett. fa

Behind the scenes: Anish Kapoor and
311 visualizzazioni - 2 sett. fa

2010 Bulgari B.Zero1 Collection
7313 visualizzazioni - 3 sett. fa

Be the first to know
2633 visualizzazioni - 1 mese fa

Bulgari Skincare
72 visualizzazioni - 1 mese fa

Behind the scenes of the Bulgari Eccentric
209 visualizzazioni - 1 mese fa

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COMMERCIAL STRATEGY THE BVLGARI WOMAN: SERPENTI





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COMMERCIAL STRATEGY

THE BVLGARI WOMAN: **BLV II Eau d'Été**





STRATEGY

THE MAN'S WORLD



COMMERCIAL STRATEGY

BVLGARI MAN: THE NEW FRAGRANCE PILLAR

BVLGARI



Celebrity: Clive Owen

MASCULINE CHARISMA



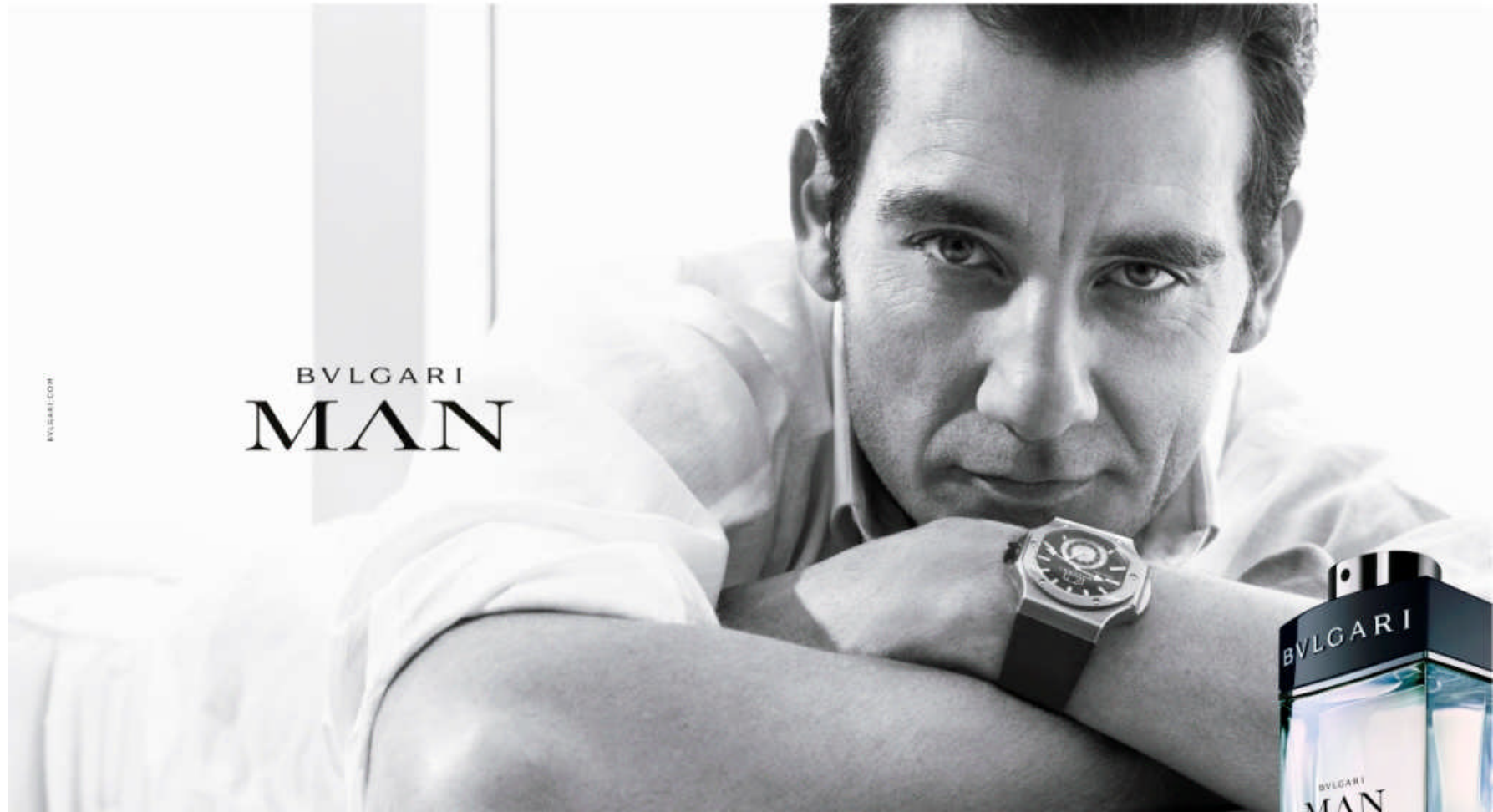


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COMMERCIAL STRATEGY

BVLGARI MAN: THE MASCULINE CHARISMA CAMPAIGN

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BVLGARI.COM

BVLGARI
MAN

Celebrity: Clive Owen

MASCULINE CHARISMA



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THE BVLGARI MAN: **SOTIRIO** **calibro 168**





COMMERCIAL STRATEGY

THE BVLGARI MAN – GENTA AND ROTH COLLECTION





COMMERCIAL STRATEGY

BRAND STORES: ENHANCING THE SHOPPING EXPERIENCE



Shinsegae Youngdeungpo - Seoul



COMMERCIAL STRATEGY

BRAND STORES: UNIQUE ELEMENTS



Las Vegas, City Center





COMMERCIAL STRATEGY

THE LUXURY CUSTOMER AFTER THE CRISIS

DID THE LUXURY CUSTOMER CHANGE AFTER THE CRISIS?

- **NO POLARIZATION**, NEITHER IN TERMS OF PRICE, NOR STYLE
- A **LOWER NUMBER** OF CLIENTS PURCHASED LUXURY GOODS DURING THE CRISIS
- CLIENTS ARE NOW **EVEN MORE DISCERNING** AND **DEMANDING** BOTH IN TERMS OF BRAND PROFILE AND CRAFTSMANSHIP



COMMERCIAL STRATEGY

MARKET FOCUS

GREATER CHINA (PRC, HK, MACAU, TAIWAN)

- **OUR CORE AREA OF (CAPEX) INVESTMENT GOING FORWARD**
 - **BALANCED DISTRIBUTION NETWORK: D.O.S., FRANCHISEES AND MULTIBRAND RETAILERS**
 - **2011: ENHANCEMENT OF THE BRAND'S VISIBILITY THROUGH HIGH ADVERTISING INVESTMENT AND WITH POSSIBLY 3 BULGARI RETROSPECTIVE EXHIBITIONS IN CHINA**



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RUSSIA AND MIDDLE EAST

- **IMPORTANT MARKETS, MAINLY SERVED VIA FRANCHISEE AGREEMENTS**
- **TO CONSOLIDATE OUR ALREADY STRONG PRESENCE**



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RUSSIA AND MIDDLE EAST

- **IMPORTANT MARKETS, MAINLY SERVED VIA FRANCHISEE AGREEMENTS**
- **TO CONSOLIDATE OUR ALREADY STRONG PRESENCE**

INDIA, BRAZIL , CENTRAL ASIA, EASTERN EUROPE, VIETNAM

- **GOOD POTENTIAL, EVEN IF LOWER THAN GREATER CHINA**
- **OPPORTUNISTIC PRESENCE: TO BE READY TO FULLY EXPLOIT LOCAL POTENTIAL UPSIDE**



CONCLUSIONS

- **CURRENT TRADING**





CONCLUSIONS

- QUESTION & ANSWERS





END OF PRESENTATION

QUESTION & ANSWERS

BULGARI INVESTOR RELATIONS WEBSITES:

<http://ir.bulgari.com>

<http://ir.mobi.bulgari.com>

BULGARI CORPORATE WEBSITE

<http://www.bulgari.com>



ANNEX

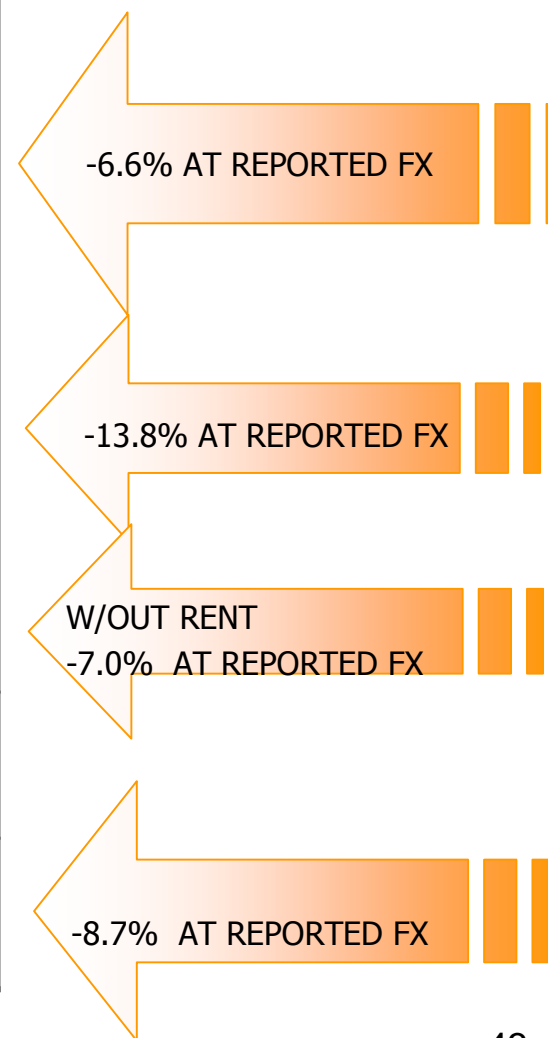
Q1 2010 GROUP PROFIT & LOSS

EUR M.	Q1 2010 EUR M.	Q1 2009 EUR M.	Q1 2010/ Q1 2009 % DELTA
REVENUES	199.1	178.1	11.8%
CONTRIBUTION MARGIN <i>% on Sales</i>	126.9 63.8%	112.7 63.3%	12.6%
VARIABLE SELLING EXPENSES	(8.3)	(8.4)	-1.4%
PERSONNEL COSTS	(43.8)	(50.8)	-13.8%
OTHER GENERAL EXPENSES	(39.2)	(39.5)	-0.6%
AMORTIZATION AND DEPRECIATION	(16.3)	(16.1)	1.4%
ADVERTISING AND PROMOTION	(19.6)	(21.5)	-8.7%
TOTAL OPERATING EXPENSES	(127.2)	(136.3)	-6.6%
EBITDA before Restructuring & Other Related costs <i>% on Sales</i>	16.0	(7.4)	
EBIT before Restructuring & Other Related costs	(0.3)	(23.6)	
RESTRUCTURING & OTHER RELATED COSTS	0	(0.2)	
EBITDA	17.0	(7.7)	
EBIT	(0.3)	(23.8)	
TOTAL FINANCIAL COSTS	(8.6)	(8.4)	
• FX Loss	(4.9)	(4.1)	
• Interest	(3.7)	(4.3)	
CURRENT AND DEFERRED TAXES	0.6	2.9	
MINORITY INTEREST PROFIT	0.0	0.0	
NET PROFIT	(8.3)	(29.3)	

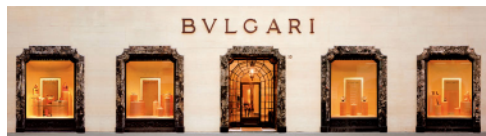


OPERATING EXPENSES

OPERATING EXPENSES DETAIL	Q1 2010	Q1 2009
TOTAL OPERATING EXPENSES	(127.2)	(136.3)
<i>Of which:</i>		
VARIABLE SELLING EXPENSES	(8.3)	(8.4)
PERSONNEL EXPENSES	(43.8)	(50.8)
OTHER GENERAL EXPENSES (Rents included)	(39.2)	(39.5)
AMORTIZATION AND DEPR.	(16.3)	(16.1)
ADVERTISING AND PROM.	(19.6)	(21.5)



EUR M.	MARCH 2009	MARCH 2010
NET INDEBTEDNESS AT BEGINNING PERIOD	(303.6)	(216.8)
CASH FLOW from P&L	(13.0)	9.3
CHANGE in WORKING CAPITAL	5.6	(29.0)
CASH FLOW from INVESTING ACTIVITY	(17.5)	(22.5)
• CAPITAL EXPENDITURE	(13.4)	(9.9)
• ACQUISITION OF COMPANIES	(5.4)	0
• GUARANTEE DEPOSIT	0.3	(0.2)
• OTHER	1.0	(12.4)
DIVIDENDS	0	0
OTHER	(10.5)	20.2
TOTAL	(35.4)	(21.9)
NET INDEBTEDNESS AT ENDING PERIOD	(338.9)	(238.7)



NET WORKING CAPITAL

EUR M.	End of March 2009	End of December 2009	End of March 2010
RECEIVABLES	137	148	125
INVENTORY	751	615	657
PAYABLES	(154)	(145)	(142)
OTHER RECEIVABLES AND PAYABLES	4	(1)	6
TOT NWC	738	617	646

AT COMP.FX:
 INVENTORY +2.6% vs DEC 09
 WHILE REVENUES + 12.6%



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