



Silvano Fashion Group

2Q 2008 Highlights

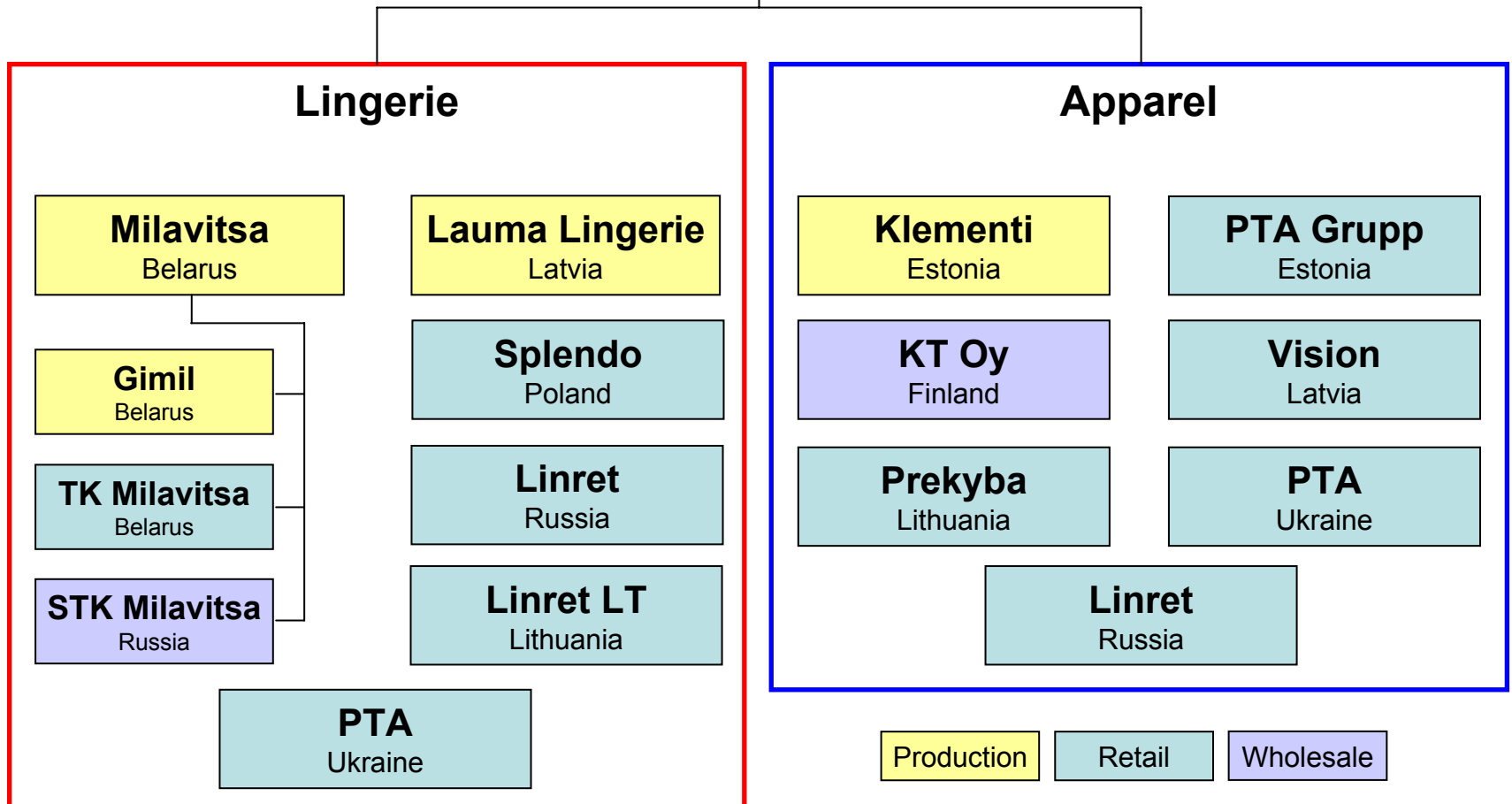
IMPLEMENTATION OF PROVED BUSINESS MODEL OF INTEGRATED FASHION GROUP

- Vertically integrated fashion group (design, manufacturing, retail) focusing on lingerie womenswear in Baltics, Russia and CIS with a strong focus on development of own retail capacity
- Operating top lingerie brands in Russia, Ukraine and Belarus, including Milavitsa – one of the most recognized brands in this region
- In-house design supported by experienced foreign designers
- Own production facilities in the region allowing for cost efficient and flexible production supply
- Quickly growing retail capacity benefiting from accelerating retail space development in Russia and Ukraine
- Favourable trends in consumption habits in major target markets – shift from open-air shopping to branded stores, strong GDP and disposable income growth
- Large potential customer base – 252 million population in target markets

Competitive Advantages

- **Well-recognized and reputable trademarks** - the trademarks of “Milavitsa” and “Lauma Lingerie” are among the best-known lingerie brands in Russia and CIS countries. The “PTA” trademark products are highly regarded in the Baltic States and Scandinavia.
- **Flexible and vertically integrated Group structure with quickly growing retail capacity** - the vertical integration of the Group allows it to capture the overwhelming share of value from product development to retail.
- **Strong management team** - the combined management of the Group is comprised of highly qualified and professional executives having long-term experience in women’s apparel and lingerie industry in different markets.
- **Flexibility in manufacturing and logistics** - the proximity of the Group’s manufacturing capacity to the target markets serves as a material competitive advantage as compared to many competitors.
- **Access to affordable labour resources** - a large share of the output of the Group is manufactured in Belarusian regions. Outsourcing is organized and controlled by Milavitsa.
- **Committed principal shareholder** - the Principal Shareholder is actively involved in the management of the Company and contributes its investment and management expertise towards the successful fulfilment of the strategic objectives of the Group.

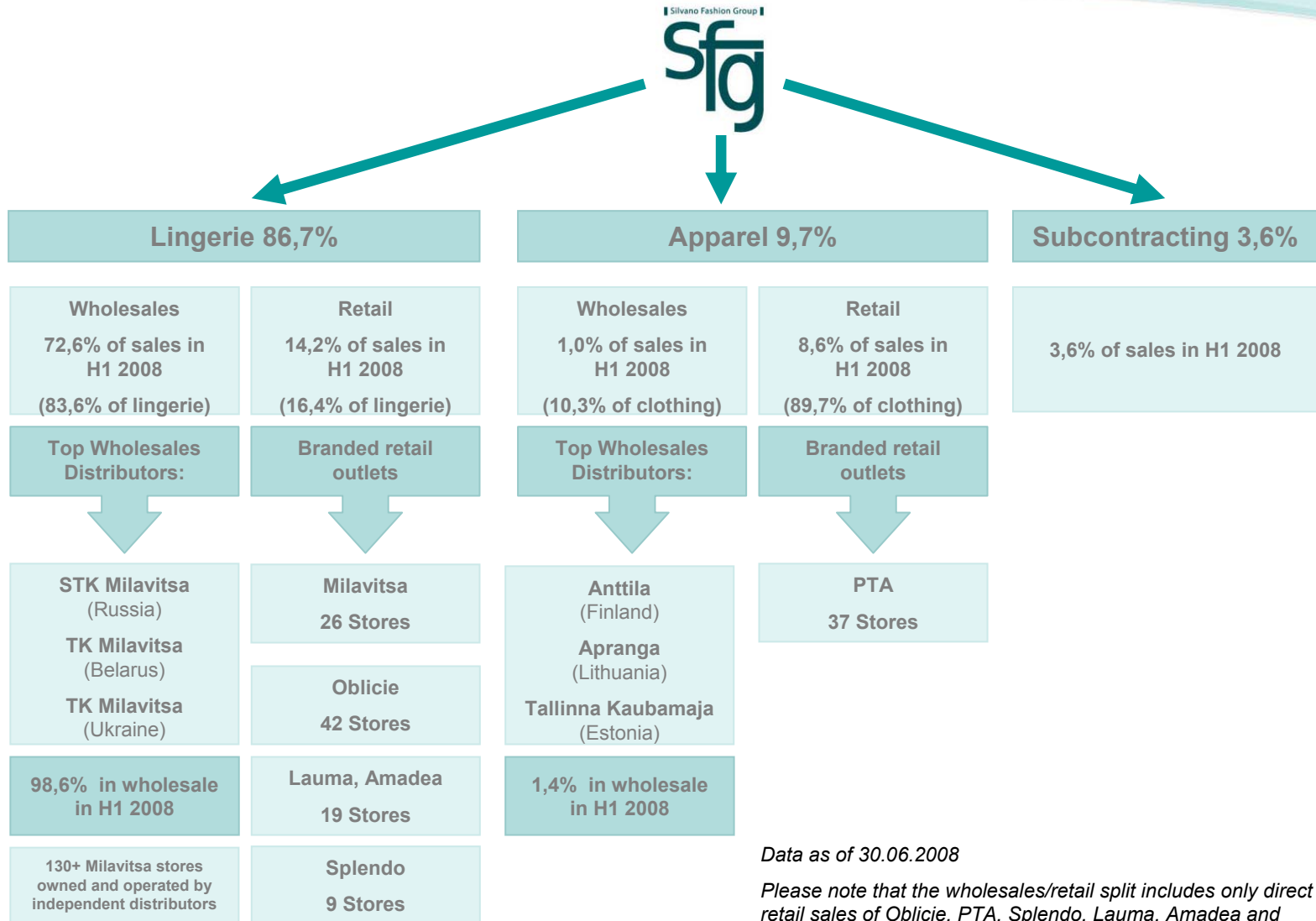
Business model – existing structure





Markets & Brands

Revenue Breakdown



Data as of 30.06.2008

Please note that the wholesales/retail split includes only direct retail sales of Oblicie, PTA, Splendo, Lauma, Amadea and Milavitsa (operated by TKM in Belarus) stores

Wholesales Distribution

Lingerie

98,6% in wholesales in H1 2008

3 Top Wholesales Distributors in 1Q 2008:

- STK Milavitsa (Russia)
- TK Milavitsa (Belarus)
- TK Milavitsa (Ukraine)

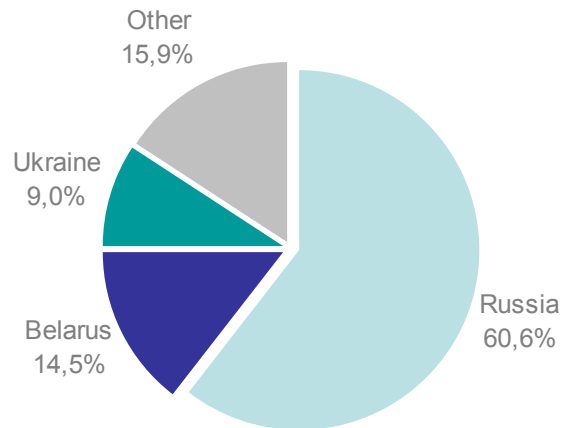
Apparel

1,4% in wholesales in H1 2008

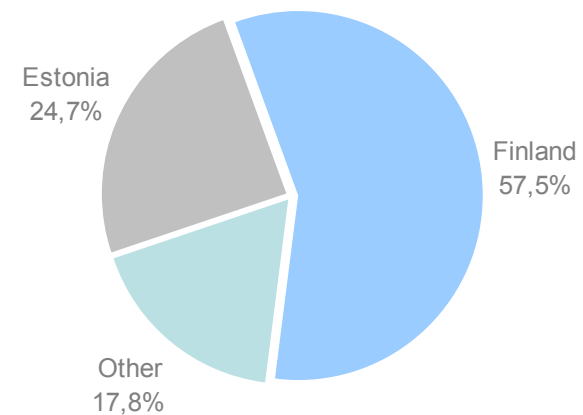
3 Top Wholesales Distributors in 1Q 2008:

- Anttila (Finland)
- Apranga (Lithuania)
- Tallinna Kaubamaja (Estonia)

Major Markets



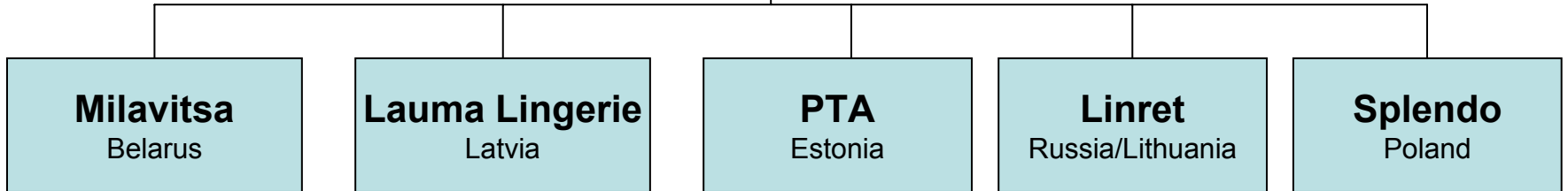
Major Markets



Wholesales

- 0.6M EUR apparel wholesales
 - 40.1% decline
- Decline in Lithuania due to the PTA retail operations in Lithuania
 - direct competition with Apranga
- Decline in Finland due to Anttila's product mix reshuffle, optimization of the number of suppliers
 - Negotiations with a large Finnish retail chain are in process
- Wholesales operation to start in Russia and Ukraine
 - Launch of a new brand specifically designed for the wholesales operations
 - Wholesales manager in Russia, other markets to be coordinated from Estonia
 - Wholesales results in the new markets may overcome those in Lithuania and Finland in 2009
- Apranga to be approached with the new brand/collection
- 42.4M EUR lingerie wholesales
 - 3.5% growth in lingerie wholesales

Product Brand Portfolio



Avenue

- A new brand for the PTA wholesale partners
- Designed for wholesales only to avoid conflict with directly operated PTA stores
- Avenue collection allows starting indirect sales in Russia and Ukraine avoiding competition with the PTA stores
- Spring-Summer 2009
 - High-quality women's clothing for mature business ladies, modern and urban. Individuality of the style is achieved by carefully selected fabrics with wide choice of textures and colours, modern silhouettes and perfect cuts
- PTA collection will be exclusively available for the PTA stores starting from January 2009



AVENUE

Hidalgo

- Men's underwear collection
- Launched in May
- To complement Lauma Lingerie and Milavitsa made women's lingerie
- Mainly for women buying men's underwear for their beloved
- Exclusively for the SFG directly operated and franchised stores
 - Milavitsa, Oblicie, Lauma
- Wholesales are not intended

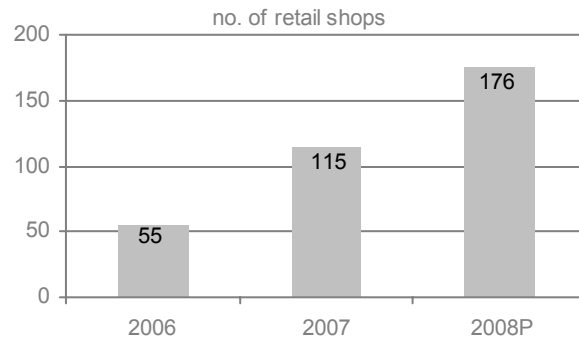
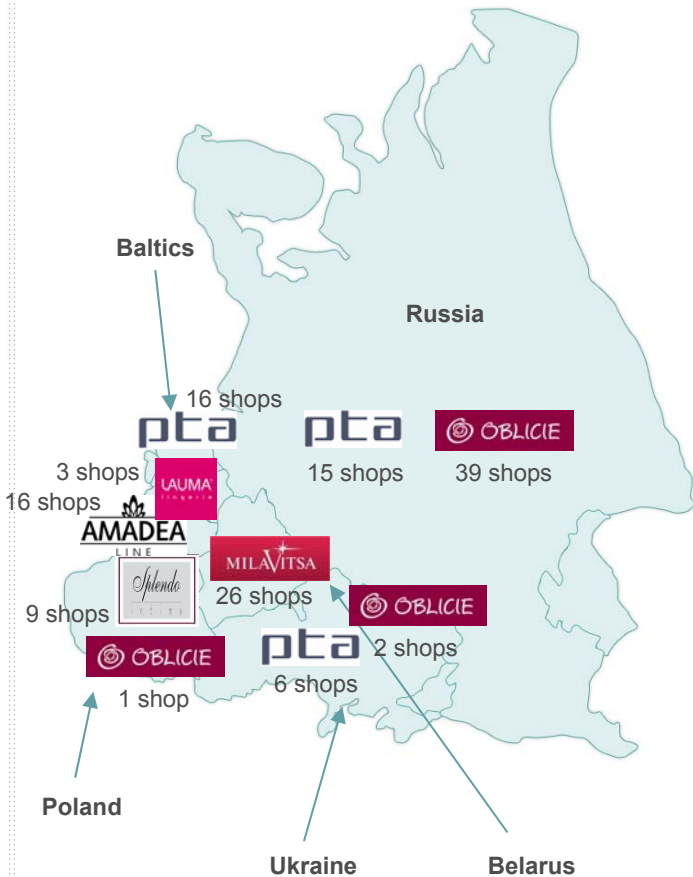




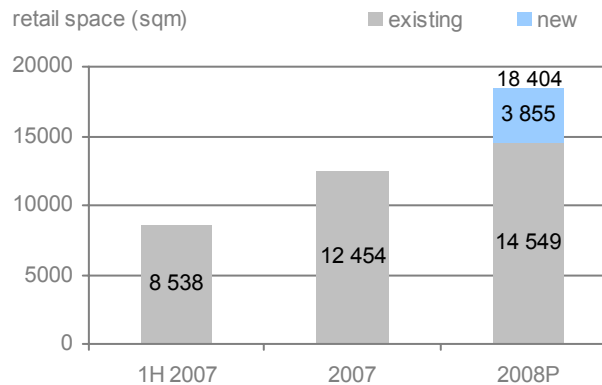
Operations

Retail Network as of 01.07.2008

WITH QUICKLY GROWING OUTLET NETWORK THE IMPORTANCE OF RETAIL CHANNEL WILL GROW

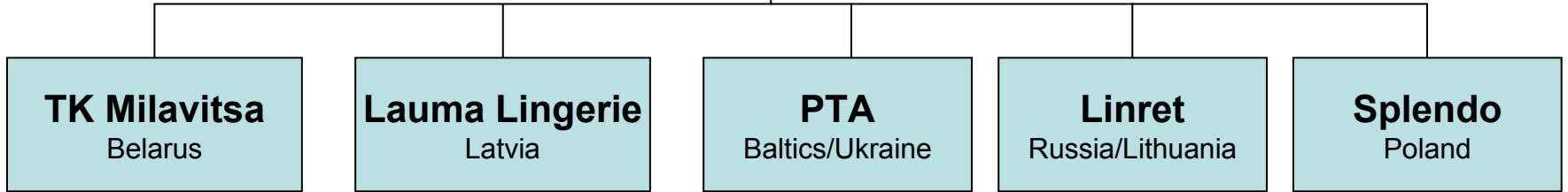


- 60 shoses opened/acquired in 2007
- 19 new stores opened in 1H 2008
- 1 shop closed in Q1 2008
- 51 sites originally secured for 2008
- Delays in Shopping Center openings



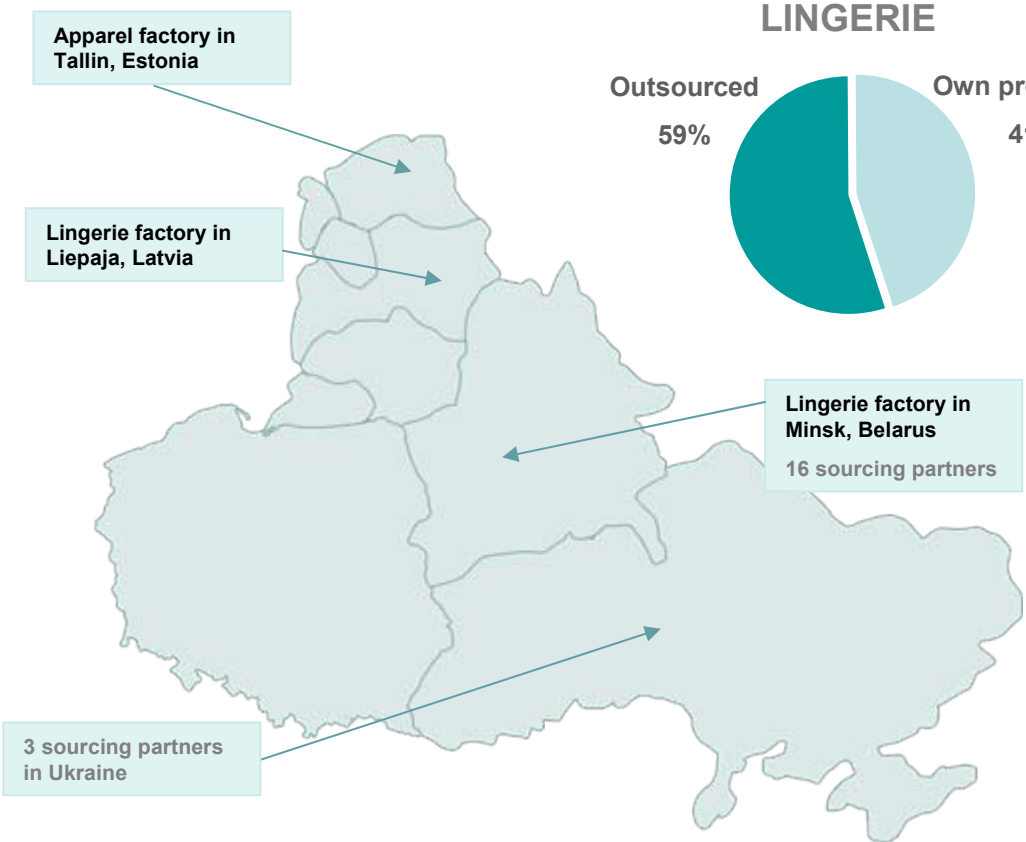
130+ MILAVITSA BRANDED OUTLETS OWNED AND OPERATED BY DISTRIBUTORS – FRANCHISE PROGRAM TO BE LAUNCHED

Retail Brand Portfolio

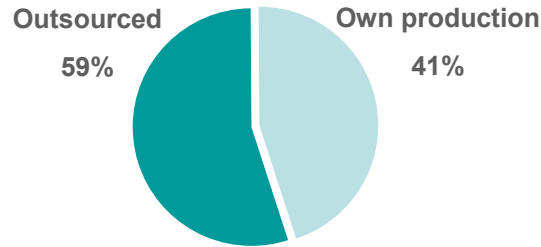


Production Model

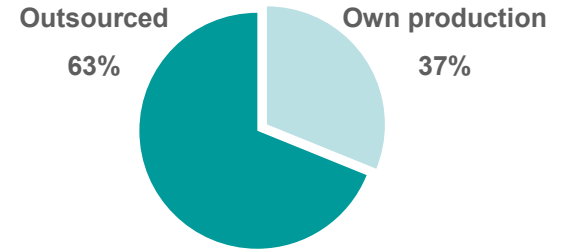
OWN PRODUCTION FACILITIES ALLOW FOR FASTER RESPONSE TO CHANGING CUSTOMER DEMAND



LINGERIE



APPAREL



WHILE MAINTAINING OWN PRODUCTION FACILITIES SHARE OF OUTSOURCING WILL BE INCREASING



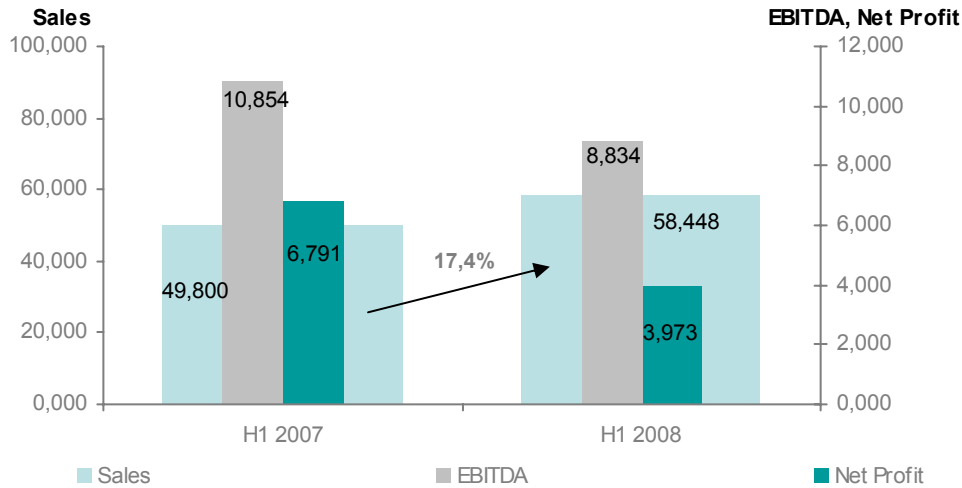
Financials & Business Development

H1 2008 Financial Results

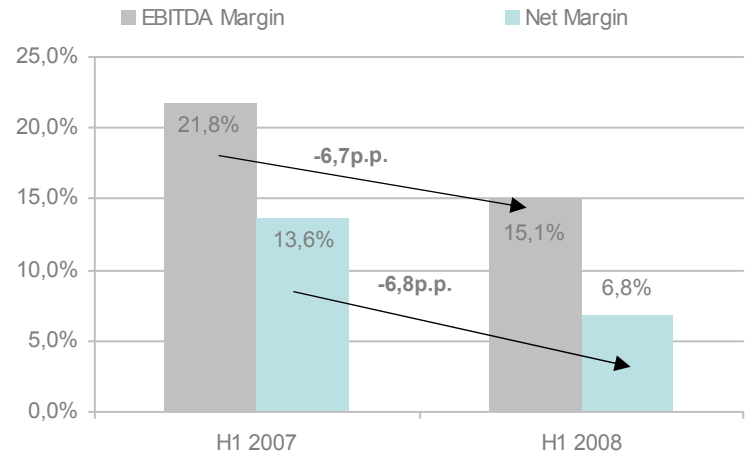
- 17.4% Net Sales increase on the H1 of 2007
 - 18.3% Net Sales increase on Q2 2007
- Gross Margin in the first six months of 2008 reached 43.7% compared to 43.9% in the first half of 2007 (normalised)
 - GM in Q2 2008 reached 42.7% down from 46.3% in Q2 2007
- Operating Margin reached 12.6%, down from 19.5% in H1 2007 (normalised)
 - Q2 Operating Margin reached 12.3%, down from 21.5% in Q2 2007(normalised)
- Decline in profitability compared to H1 2007 are a function of the rapid expansion of the Group's retail network
 - in line with the management's expectations
 - 19 stores opened in the recent 6 months
- Inventories increased by EUR 2.0 million to reach EUR 23.6 million
 - Mainly due to retail expansion and slowdown on the Baltic markets

Margins H1 2008

Revenue, EBITDA, Net Profit (€ '000)

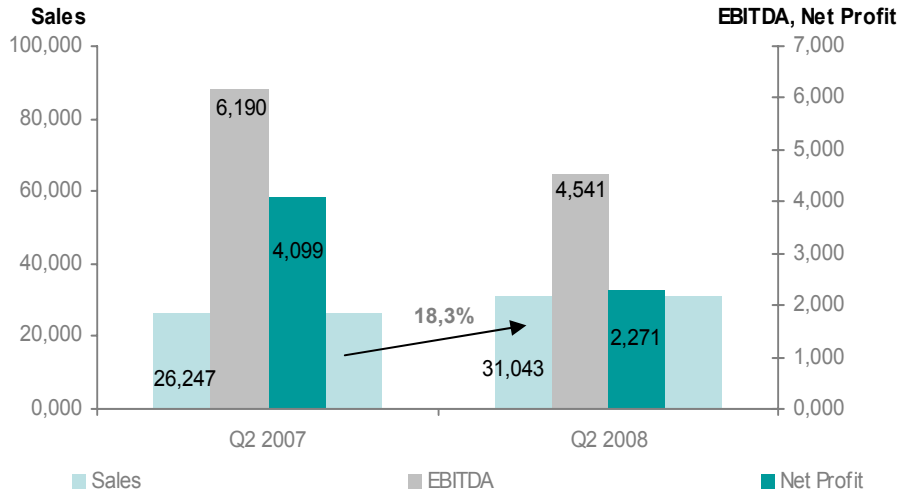


EBITDA, Net Profit Margin (%)

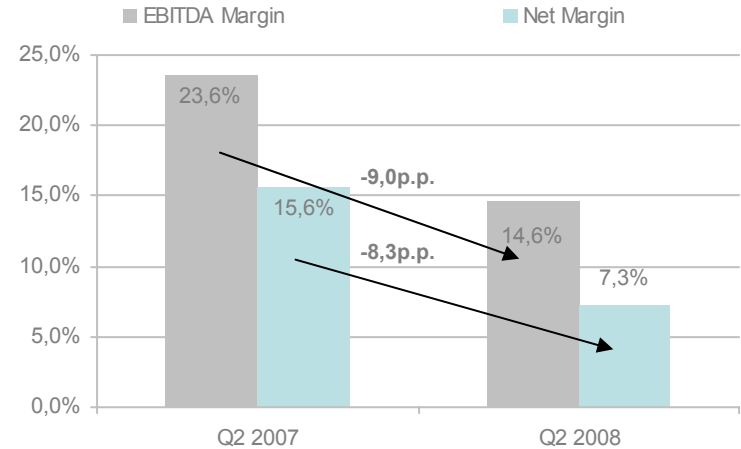


Margins Q2 2008

Revenue, EBITDA, Net Profit (€ '000)



Revenue, EBITDA, Net Profit (%)



Financial Performance

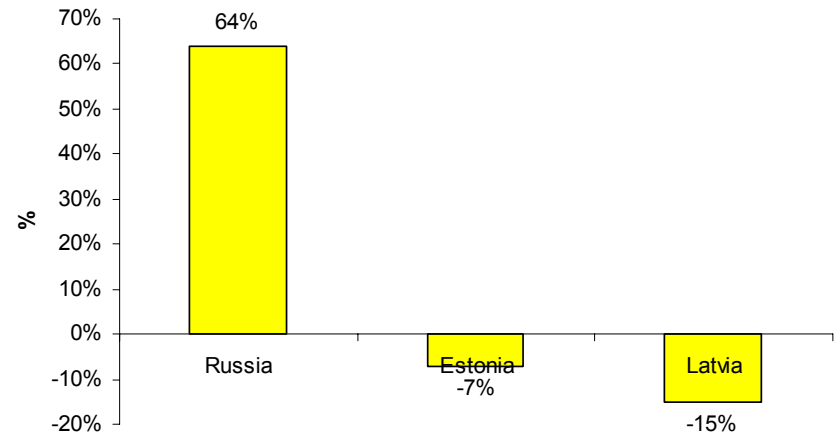
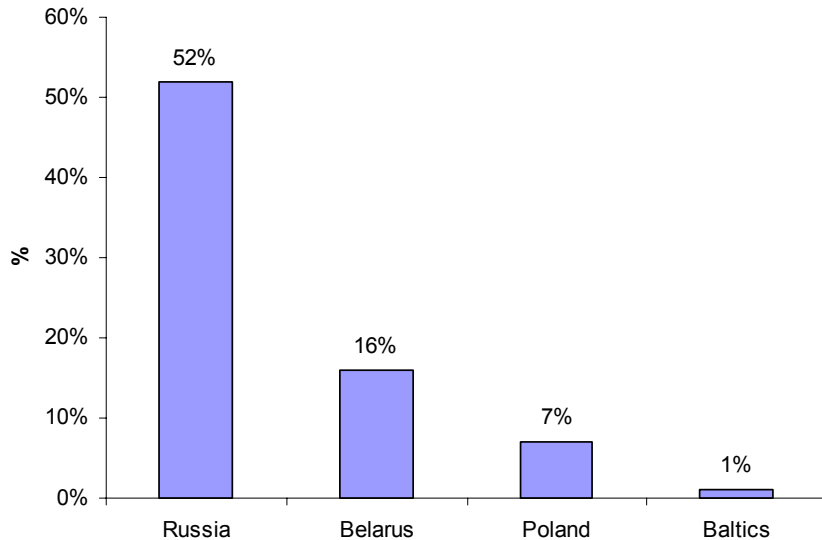
Consolidated P&L						
€ `000	Q2 2008	Q2 2007	change %	H1 2008	H1 2007	change %
Sales revenue	31,043	26,247	+18,3%	58,448	49,800	+17,4%
COGS	17,796	14,098	+26,2%	32,920	27,953	+17,8%
Gross profit	13,247	12,149	+9,0%	25,528	21,847	+16,8%
<i>Gross profit margin</i>	42,7%	46,3%	-3,6 p.p.	43,7%	43,9%	-0,2 p.p.
Distribution costs	5,570	3,188	+74,7%	9,975	5,750	+73,5%
Administrative expenses	3,198	2,169	+47,4%	6,672	4,957	+34,6%
Other operating income	375	271	+38,4%	649	463	+40,2%
Other operating expenses	1,036	1,409	-26,5%	2,162	1,915	+12,9%
EBITDA	4,541	6,190	-26,6%	8,834	10,854	-18,6%
<i>EBITDA margin</i>	14,6%	23,6%	-9,0 p.p.	15,1%	21,8%	-6,7 p.p.
EBIT	3,818	5,654	-32,5%	7,368	9,688	-23,9%
<i>EBIT margin</i>	12,3%	21,5%	-9,2 p.p.	12,6%	19,5%	-6,9 p.p.
Corporate income tax	1,822	1,512	+20,5%	3,619	3,035	+19,2%
Net profit	2,271	4,099	-44,6%	3,973	6,791	-41,5%
<i>Net profit margin</i>	7,3%	15,6%	-8,3 p.p.	6,8%	13,6%	-6,8 p.p.

2Q 2008 Business Highlights

- Acquisition of FSL
 - 49% stake in TKM (Belarus)
 - 51% owned by Milavitsa
 - 25% stake in STD (Russia)
 - 25% owned by Milavitsa
 - The biggest Russian trade partner of Milavitsa
 - Retail operator managing 30 stores (27 under Milavitsa name)
 - Ownership of the Alisee brand
- Acquisition of Junona
 - 58.3% acquired by Milavitsa
 - Up to 7.4% of Milavitsa's production in 2009 up from 3% in 2008
- Downsizing programme continued at Lauma Lingerie
 - 134 people laid off in 1H, 70 will be gone in 2H
 - Production to be shifted to Belarus and China
- Slowdown in operations in the Baltic states mainly due to the weak economy

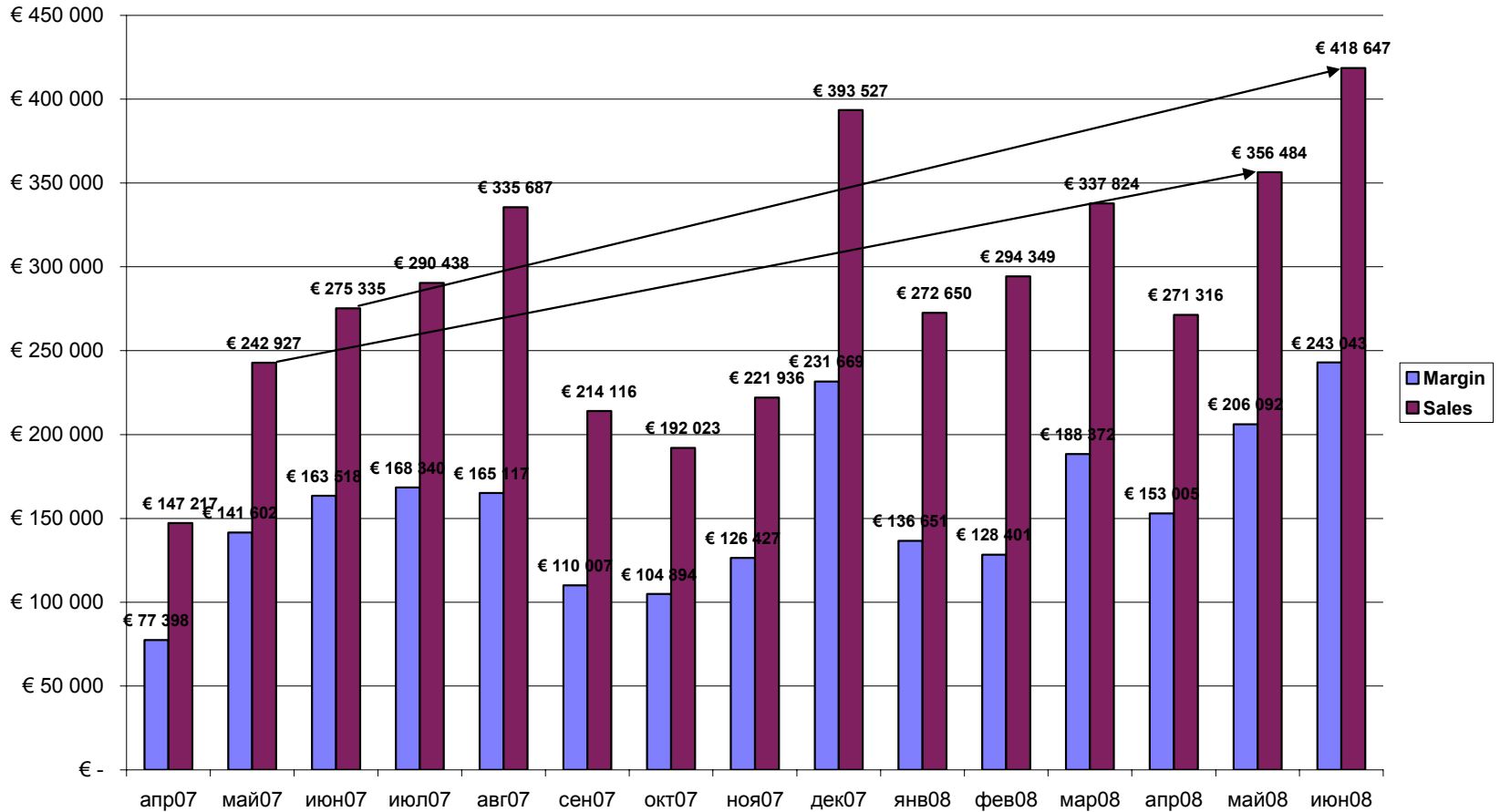
Retail Performance

- 117% growth in retail operations in 1H 2008 compare to 1H 2007
- LFL lingerie retail performance
 - Russia +52%
 - Belarus +16%
 - Poland +7%
 - Baltics +1%
- LFL apparel retail performance
 - Russia +64%
 - Estonia -7%
 - Latvia -15%



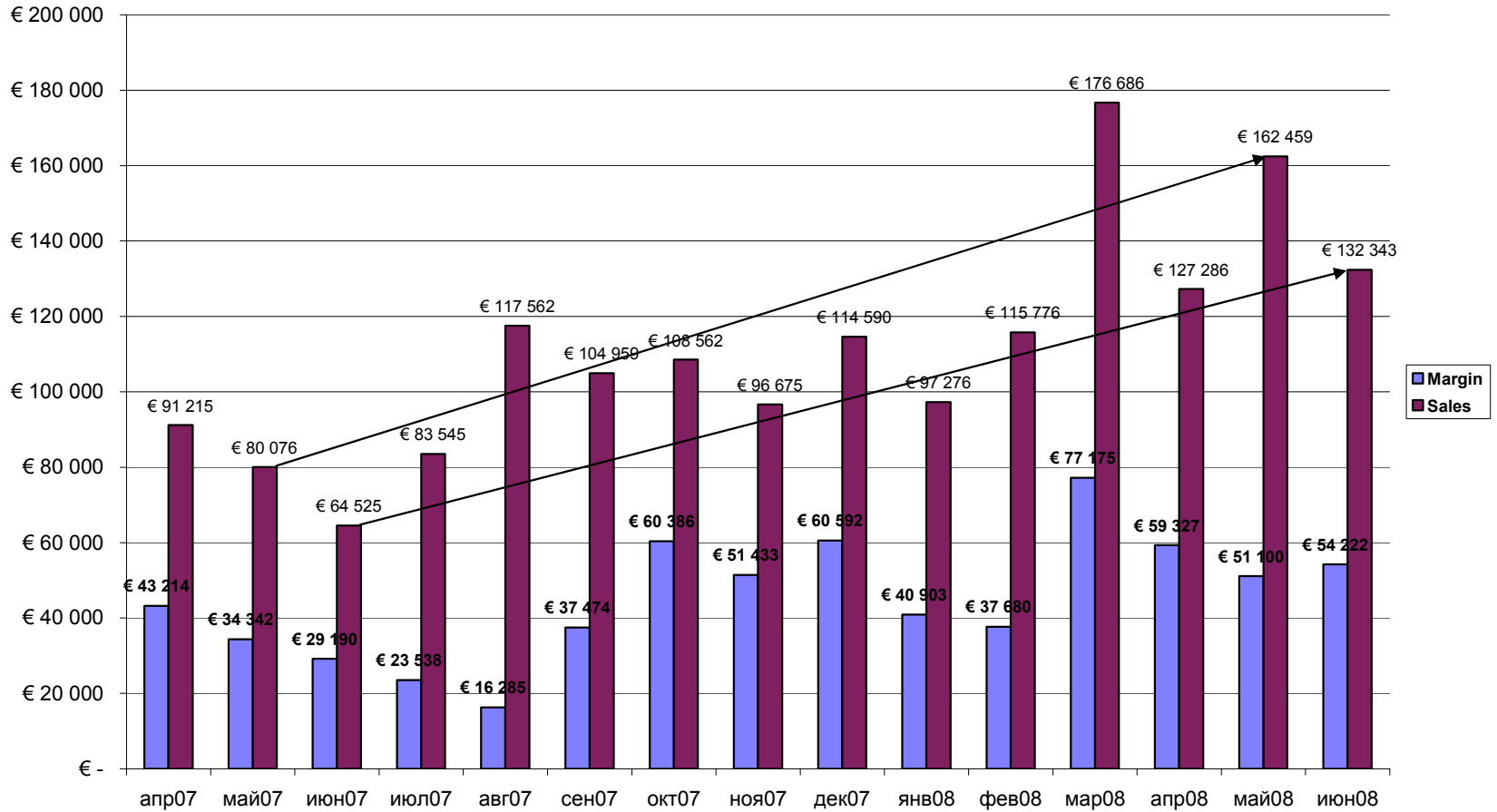
Oblicie LFL sales in Russia

18 Oblicie stores LFL (2007-2008)



PTA LFL Sales in Russia

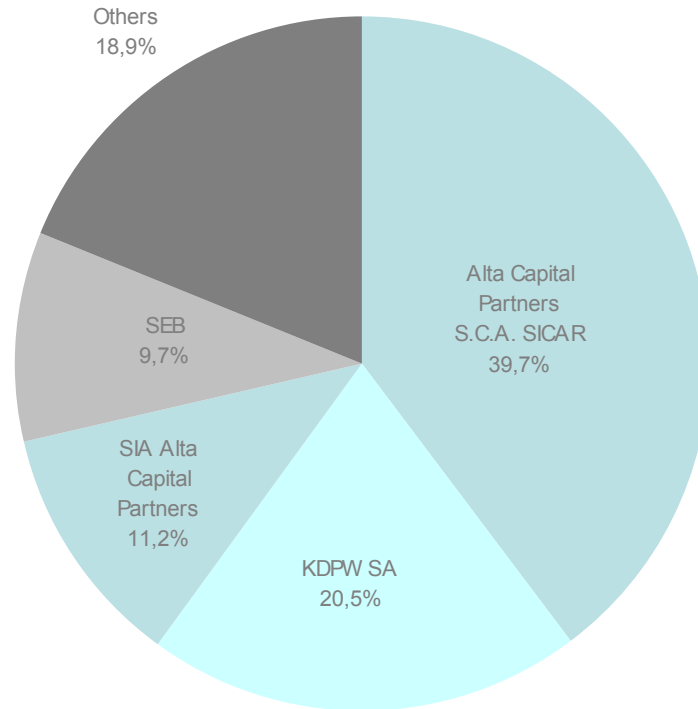
PTA 5 stores LFL (2007-2008)



Shop Openings

- 19 new stores opened in 1H
 - Including the flagship Milavitsa store
 - 1 shop closed
- Less than expected new stores opened in 1H due to delays in shopping center openings
 - 11 Oblicie shops rescheduled for 2H
 - 42 new lingerie shops in the pipeline, 1 shop to be closed
 - 2 PTA shops rescheduled for 2H
 - 9 new shops in the pipeline, 1 shop to be closed
- SFG to start opening Milavitsa shops in Russia in 2H
 - To capitalize on brand awareness and extend business opportunities
 - To polish existing franchised model
 - 150+ Milavitsa stores in 10 countries
 - 7 stores to be opened by the end of the year

Shareholder Structure



as of 30.06.2008



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