IT HOLDING

FERRE

exte

malo

licenses

D&G DOLCE & GABBANA

VERSACE JEANS COUTURE

VERSUS VERSACE

JUST cavalli

C'N'C COSTUME NATIONAL

**IT HOLDING GROUP: THE RESULTS AS AT SEPTEMBER 30, 2005 APPROVED:**

- **CONSOLIDATED NET REVENUES AT EURO 518.3 MILLION (+3.1% ON A LIKE-FOR-LIKE BASIS);**
- **EBITDA AT EURO 99.4 MILLION, SHOWING AN INCREASE AS A PERCENTAGE OF REVENUES (FROM 17.9% TO 19.2%);**
- **OPERATING INCOME AT EURO 32.1 MILLION SHOWING A NET IMPROVEMENT ON SEPTEMBER 2004.**

**CONFIRMED ARE THE EXCELLENT PERFORMANCE OF THE ACCESSORIES DIVISION (REVENUES OF EURO 67.6 MILLION, UP BY 44.8%) AND AN INCREASE IN PROFITABILITY DERIVING FROM THE OWNED BRANDS FERRÉ AND MALO.**

**Milan, Italy, November 10, 2005:** the Board of Directors of IT Holding S.p.A., today approved the interim consolidated financial statements for the nine months ended September 30, 2005, prepared in accordance with International Financial Reporting Standards (IAS/IFRS).

Net consolidated revenues amounted to Euro 518.3 million, and showed a growth of 3.1% on a like-for-like basis (the Group disposed of its eyewear business, Allison S.p.A. in October 2004) and year on year.

Revenues were driven by an excellent performance of the accessories division: the Euro 67.6 million achieved (up 44.8% with respect to the Euro 46.7 million recorded for the nine months ended September 30, 2004), confirm the positive development of the specialized sales channel for which five points of sale have already been opened (in Milan, Paris, Moscow, Warsaw and Casablanca).

### Exhibit 1. Net revenues analyzed by geographical segment

| (in millions of Euro) | Nine months ended September 30, | | | |
|---|---|---|---|---|
| | 2005 | | 2004 | |
| | | % | | % |
| Italy | 219.8 | 42.4 | 216.1 | 42.7 |
| Europe* | 176.8 | 34.1 | 181.1 | 35.8 |
| Americas | 49.4 | 9.5 | 48.7 | 9.6 |
| Far East and Japan | 44.1 | 8.5 | 36.5 | 7.2 |
| Rest of the world | 21.8 | 4.2 | 16.4 | 3.2 |
| Royalty income | 6.4 | 1.2 | 7.2 | 1.4 |
| **Total apparel and accessories** | **518.3** | **100.0** | **506.0** | **100.0** |
| Eyewear | - | - | 56.7 | - |
| Intersegment revenues | - | - | (3.3) | - |
| **Total** | **518.3** | **100.0** | **559.4** | **100.0** |

* excluding Italy

In terms of the geographical distribution of revenues, to be highlighted is the significant increase in revenues recorded in the Far East and Japan (Euro 44.1 million, +20.8%) and in the rest of the world (Euro 21.8 million, +32.9%).

### Exhibit 2. Net revenues analyzed by sales channel

| (in millions of Euro) | Nine months ended September 30, | | | |
|---|---|---|---|---|
| | 2005 | | 2004 | |
| | | % | | % |
| Wholesale | 479.7 | 92.6 | 464.2 | 91.7 |
| Retail | 32.2 | 6.2 | 34.6 | 6.8 |
| Royalty income | 6.4 | 1.1 | 7.2 | 1.4 |
| **Total apparel and accessories** | **518.3** | **100.0** | **506.0** | **100.0** |
| Eyewear | - | - | 56.7 | - |
| Intersegment revenues | - | - | (3.3) | - |
| **Total** | **518.3** | **100.0** | **559.4** | **100.0** |

In terms of sales channels, revenues are once again driven by the wholesale channel and in particular by licensed brands.

**Operating performance**

As had already become apparent from the results for the first six months of the year, the results for the nine months ended September 30, 2005 once again confirm the progressive focus that the Group is placing on its owned brands, particularly in terms of profitability.

There is a significant improvement in EBITDA as a percentage of revenues for both the Ferré brand (from 2.0% to 6.6%) and the Malo brand (from 3.1% to 7.9%).

With regards to the accessories division, growth was significant both in terms of revenues (+44.8% with respect to the corresponding nine months of the previous year) and in terms of EBITDA (amounting to Euro 17.3 million, +49.1%).

Operating income, amounting to Euro 32.1 million, improved significantly both in absolute terms (+52.1%) and as a percentage of net revenues (from 3.8% to 6.2%), following changes in accounting principles regarding amortization of intangible assets.

The nine months ended September 30, 2005 recorded a net loss of Euro 10.5 million, after tax of Euro 13.4 million, compared to a net profit of Euro 7.3 million in the corresponding period of the previous year which was however, positively influenced by a gain on disposal of the fragrance business of Euro 25.8 million.

Net debt as at September 30, 2005 amounted to Euro 374.5 million (of which Euro 138.3 million due to securitization and factoring), and is significantly lower than net debt at September 30, 2004 which amounted to Euro 427.5 million.

**Outlook**

"The results for the nine months ended September 30 give us confirmation that the decision to focus on three owned brands, each of which is strong, has a specific target and is characterized distinctively, was the correct decision to take" stated Mr. Tonino Perna, Chairman and Chief Executive Officer of IT Holding S.p.A.

"Each of Ferré, Malo and Extè have their own precise identity and are growing autonomously both in terms of volumes and profitability", further stated Mr. Perna, "in addition, the choice to pursue a specialized sales channel for accessories is proving to be a winning strategy".

Mr. Perna concluded stating that with two months remaining to the year end he is confident in confirming estimated revenues of approximately Euro 680 million and an EBITDA margin in the order of 16%.

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The Board of Directors called an extraordinary shareholders' meeting to be held on December 19, 2005 (second call on December 20, 2005) to propose that the term granted for the increase in share capital be extended to December 31, 2007 at the same conditions authorized on April 20, 2005.

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IT Holding S.p.A.'s shares are listed on the Italian Stock Exchange (ISIN: IT0001165049 Reuters: ITH.MI Bloomberg: ITH IM; Level I ADR, NASD: ITHJY US Cusip: 450473202). The Group is one of the leading players in the luxury goods sector and controls a group of companies that design, produce, and distribute high-quality products (ready-to-wear and accessories) under fully owned brands – Ferré, Malo, and Extè – as well as under license agreements – D&G, Versus, Versace Jeans Couture, Just Cavalli, and C'N'C Costume National. IT Holding S.p.A. distributes its products through third-party stores and directly operated stores in major world capitals.

www.itholding.com

**For media inquiries:**

Claudia Di Palma
*IT Holding Comunicazione*
Tel. +39 02763039.1
Cell. +39 3483709493
claudia_di_palma@itholding.it

**For financial media inquiries:**

Federico Steiner
Cell. +39 335424278
Niccolò Moschini
Cell. +39 3473355398
*Barabino & Partners S.p.A.*
Tel. +39 0272023535
f.steiner@barabino.it
n.moschini@barabino.it

**For analysts' and investors' inquiries:**

Giovanni Paese
*IT Holding S.p.A.*
Tel. +39 02763039.1
Cell. +39 3480825140
giovanni_paese@itholding.it

## Exhibit 3. Consolidated statements of income (unaudited)

| (in millions of Euro) | Nine months ended September 30, | | | |
|---|---|---|---|---|
| | **2005** | | **2004** | |
| **Net revenues** | **518.3** | **100.0%** | **559.4** | **100.0%** |
| Change in inventory of finished goods and work in progress | (1.1) | (0.2%) | 10.6 | 1.89% |
| Other operating income | 5.5 | 1.1% | 6.3 | 1.1% |
| Cost of materials used | (133.2) | (25.7%) | (140.4) | (25.1%) |
| Service costs | (209.3) | (40.4%) | (234.2) | (41.9%) |
| Personnel expenses | (56.3) | (10.9%) | (64.9) | (11.6%) |
| Other operating expenses | (24.5) | (4.7%) | (36.9) | (6.6%) |
| **EBITDA** | **99.4** | **19.2%** | **99.9** | **17.9%** |
| Depreciation and amortization | (67.3) | (13.0%) | (78.8) | (14.1%) |
| **Operating income** | **32.1** | **6.2%** | **21.1** | **3.8%** |
| Financial charges | (30.6) | (5.9%) | (21.4) | (3.8%) |
| Financial income | 1.4 | 0.3% | 2.6 | 0.5% |
| Gain on disposal of discontinuing operation | - | - | 25.8 | 4.6% |
| Loss on disposal of discontinuing operation | - | - | (0.5) | (0.1%) |
| **Income (loss) before tax** | **2.9** | **0.56%** | **27.6** | **4.9%** |
| Income taxes | (13.4) | (2.6%) | (20.3) | (3.6%) |
| **Net income (loss) for the period** | **(10.5)** | **(2.0%)** | **7.3** | **1.3%** |

## Exhibit 4. Consolidated financial positions (unaudited)

| (in millions of Euro) | September 30, 2005 | December 31, 2004 | September 30, 2004 |
|---|---|---|---|
| Intangible assets | 250.7 | 255.0 | 261.6 |
| Property, plant and equipment | 57.0 | 61.8 | 75.1 |
| Long-term financial assets | 2.4 | 2.3 | 2.3 |
| **Long-term assets** | **310.1** | **319.1** | **339.0** |
| Inventories | 155.1 | 143.4 | 177.9 |
| Trade receivables | 294.9 | 226.6 | 315.1 |
| Trade payables | (238.4) | (240.5) | (256.4) |
| Other net assets (liabilities) | 4.4 | 34.6 | 32.9 |
| **Net working capital** | **216.0** | **164.1** | **269.5** |
| **Severance pay fund** | **(14.0)** | **(13.8)** | **(15.6)** |
| **Net invested capital** | **512.1** | **469.4** | **592.9** |
| Financed by: | | | |
| Short-term borrowings net of short-term financial assets | 181.8 | 132.0 | 350.7 |
| Long-term borrowings | 239.5 | 207.1 | 86.5 |
| Cash and cash equivalents | (46.8) | (14.8) | (9.7) |
| **Net financial debt** | **374.5** | **324.3** | **427.5** |
| **Net equity including minority interests** | **137.6** | **145.1** | **165.4** |
| **Sources of finance** | **512.1** | **469.4** | **592.9** |

## Exhibit 5. Summary statements of consolidated cash flows (unaudited)

| (in millions of Euro) | Nine months ended September 30, | |
|---|---|---|
| | **2005** | **2004** |
| Net financial debt at the beginning of the period | 324.3 | 427.5 |
| Cash flow (provided by) used in operating activities | 48.9 | 37.8 |
| Net capital expenditure | 4.4 | 6.8 |
| Disposal of fragarance segment: | | |
| - deconsolidation of financial debt | - | (18.8) |
| - cash proceeds | - | (23.1) |
| Other | (3.1) | (2.7) |
| **Net financial debt at the end of the period** | **374.5** | **427.5** |