

The logo for PPR, consisting of the letters 'PPR' in a white, serif font, centered within a dark red square.

Cheuvreux Conférence d'Automne

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September 30, 2005

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Stable and long-term growth
strategy

PPR strategy



- Organic growth, platform for the Group's development
- Focus on international expansion
- Diversity and complementarity: Luxury Goods and Retail

Strong Increase in First-Half Results



- Sales: +3.1%
- Gross profit: +4.4%
- Recurring operating income: +11.3%
- Sharp improvement in free cash flow from operations

2

Operational performances
in the first-half 2005

Retail in H1 2005



■ Performance

- Sales up 1.6%
- Gross profit margin up 0.4 point
- Recurring operating income down 4.2%

■ Steady growth in sales outside France

- Sales outside France up 3.8%
- 5 new store openings overseas
- Expansion into new countries

■ PPR strengthens its leadership in e-commerce

Luxury Goods in H1 2005



- Sales: +11.2%
 - Robust increases across all product categories (leather goods +34.4%)
 - Strong growth across all regions (Asia including Japan +17.4%, Europe including France +11.0%)
- Recurring operating income: +76.4%
 - Gucci +16.2%
 - Bottega Veneta +145.3%
- Highly creative and innovative offering
- Expansion of distribution network
 - 13 additional stores in H1

3
Outlook

Strategy and Outlook - Retail



- Reassert positioning of the Group's Retail companies:
 - Conforama: discounter positioning, multi-style offering, immediate availability of products
 - Fnac: pioneer and trendsetter in new technology; unrivalled offering in music, books and video
 - Printemps: specialist in fashion, beauty and fashion accessories
 - Redcats: develop La Redoute brand; emphasis on Children & Family and Seniors

Strategy and Outlook - Retail



■ Conforama

- Consolidate discounter positioning
- Pursue store network modernisation
- Strengthen international positions
- Optimise sourcing and supply-chain structures

■ Fnac

- Further market share gains
- Continue store roll-out outside France

Strategy and Outlook - Retail



■ Printemps

- Strengthen Printemps' positioning as the "trend-setting fashion department store"
- Pursue sales floor refurbishment programme
- Raise contribution of concessions

■ Redcats

- Pursue improvement of international operations
- Optimise global sourcing
- Ensure sustained growth in e-commerce

Strategy and Outlook - Retail



■ CFAO

- Pursue and step up expansion in high-potential growth markets in North Africa in the Automobile and Pharmaceutical sectors
- Diversify portfolio of brands distributed in our mature markets
- Position Technology Division as major partner of leading brands

Strategy and Outlook - E-commerce



- Strengthen client marketing
- Emphasize Internet/store synergies
- Further develop innovative website features

Strategy and Outlook – Luxury Goods



- Seize the outstanding growth potential of Luxury Goods:
 - Capitalise on Gucci brand
 - Intensify brand development in the most attractive product categories and fastest growing regions
 - Significantly improve operating profitability of all brands

Strategy and Outlook – Luxury Goods



■ Gucci

- Maintain outstanding recurring operating income performance
- Reinforce perfect balance between tradition and innovation
- Seize opportunities in high-growth markets: China, Russia...

■ Bottega Veneta

- Improvement in recurring operating income
- Solid growth in all geographic regions
- Brand roll-out in new product lines

Strategy and Outlook – Luxury Goods



■ Yves Saint Laurent

- A transition year
- New management team in place
- Very favourable response to *Cruise* collection

■ YSL Beauté

- Increase communications spend
- Strengthen market share in North America and Asia
- Increase share of sales generated by make-up and skincare

Strategy and Outlook – Luxury Goods



■ Other brands

- Balenciaga: spectacular turnaround
- Boucheron: confirm recovery
- Designer brands: selective partnerships

PPR

Conclusion

PPR

Notes

Income Statement (1/2)

in € million

	H1 05	H1 04	Change
CONTINUING OPERATIONS			
Revenue	8,094.4	7,850.8	3.1%
Cost of sales	(4,510.3)	(4,418.8)	
Gross profit	3,584.1	3,432.0	4.4%
<i>As a % of revenue</i>	<i>44.3%</i>	<i>43.7%</i>	<i>+0.6 pt</i>
Payroll expenses	(1,314.5)	(1,265.6)	
Other recurring operating income and expenses	(1,921.0)	(1,853.1)	
Recurring operating income	348.6	313.3	11.3%
<i>Recurring operating income margin</i>	<i>4.3%</i>	<i>4.0%</i>	<i>+0.3 pt</i>
Other operating income and expenses	38.2	14.0	
Impairment of goodwill			
Operating income	386.8	327.3	18.2%
Finance costs	(151.9)	(126.8)	
Income before taxes	234.9	200.5	17.2%

Income Statement (2/2)

in € million

	H1 05	H1 04	Change
CONTINUING OPERATIONS			
Income before taxes	234.9	200.5	17.2%
Income taxes	(69.1)	(141.4)	
Share in earnings of associates	3.8	11.7	
Net income from continuing operations	169.6	70.8	139.5%
o/w attributable to equity holders of the parent	153.9	44.2	
o/w attributable to minority interests	15.7	26.6	
DISCONTINUED OPERATIONS			
Net income from discontinued operations	0.0	80.0	n/s
o/w attributable to equity holders of the parent		58.9	
o/w attributable to minority interests		21.1	
Net income	169.6	150.8	12.5%
Attributable to equity holders of the parent	153.9	103.1	
Attributable to minority interests	15.7	47.7	

Financial Structure

Group Consolidated

Balance Sheet

in € million

	06/30/2005	01/01/2005	Change	06/30/2004
Non current assets	15,426.7	15,391.9	34.8	15,401.6
Net current assets	306.1	(198.0)	504.1	611.3
Net assets held for sale			0.0	1,688.8
Shareholders' equity⁽¹⁾	7,758.9	7,605.7	153.2	7,580.0
Deferred tax liabilities	1,900.7	1,901.8	(1.1)	2,015.3
Provisions for retirement and other benefits	242.5	228.9	13.6	226.2
Provisions	253.5	273.7	(20.2)	325.0
Net financial debt	5,577.2	5,183.8	393.4	7,555.2
(¹) of which Group share	7,594.9	7,434.1	160.8	6,920.5

Change in Net Financial Debt

Net financial debt at December 31, 2004	4,725.3
Impact of application of IAS 32/39	458.5
Net financial debt at January 1, 2005	5,183.8
Free cash flow from operations	104.4
Taxes & costs related to disposals	85.2
Proceeds from Facet disposal	(87.2)
Impact of PPR treasury stock transactions	(203.5)
Dividends paid	310.0
Interest paid	84.4
Impact of IAS 32/39 on financial debt	39.8
Mark to market of hedging instruments	14.5
Other changes	45.8
Net financial debt at June 30, 2005	5,577.2
Net financial debt at June 30, 2004	7,555.2

Free Cash Flow from Operations

in € million

	H1 05	H1 04	Change
Cash flow before taxes, dividends and interest	494.9	492.7	2.2
Change in working capital requirement	(381.2)	(436.9)	55.7
Income taxes paid	(53.4)	(60.1)	6.7
Net cash flow from operating activities	60.3	(4.3)	64.6
Net operating investments	(164.7)	(169.0)	4.3
Free cash flow from operations	(104.4)	(173.3)	68.9

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