

PPR

An adventure of enterprise

# 2009 First Half Results

July 31, 2009

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# Introduction

François-Henri Pinault

# Solid operating & financial performances

- Revenues of €9.2 billion
- EBITDA margin up 0.2 point to 10%
- Stable EBIT margin at 7.7%
- Sharp improvement in free cash flow from operations

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# Analysis of first half results

Jean-François Palus

# Operating performance

€m

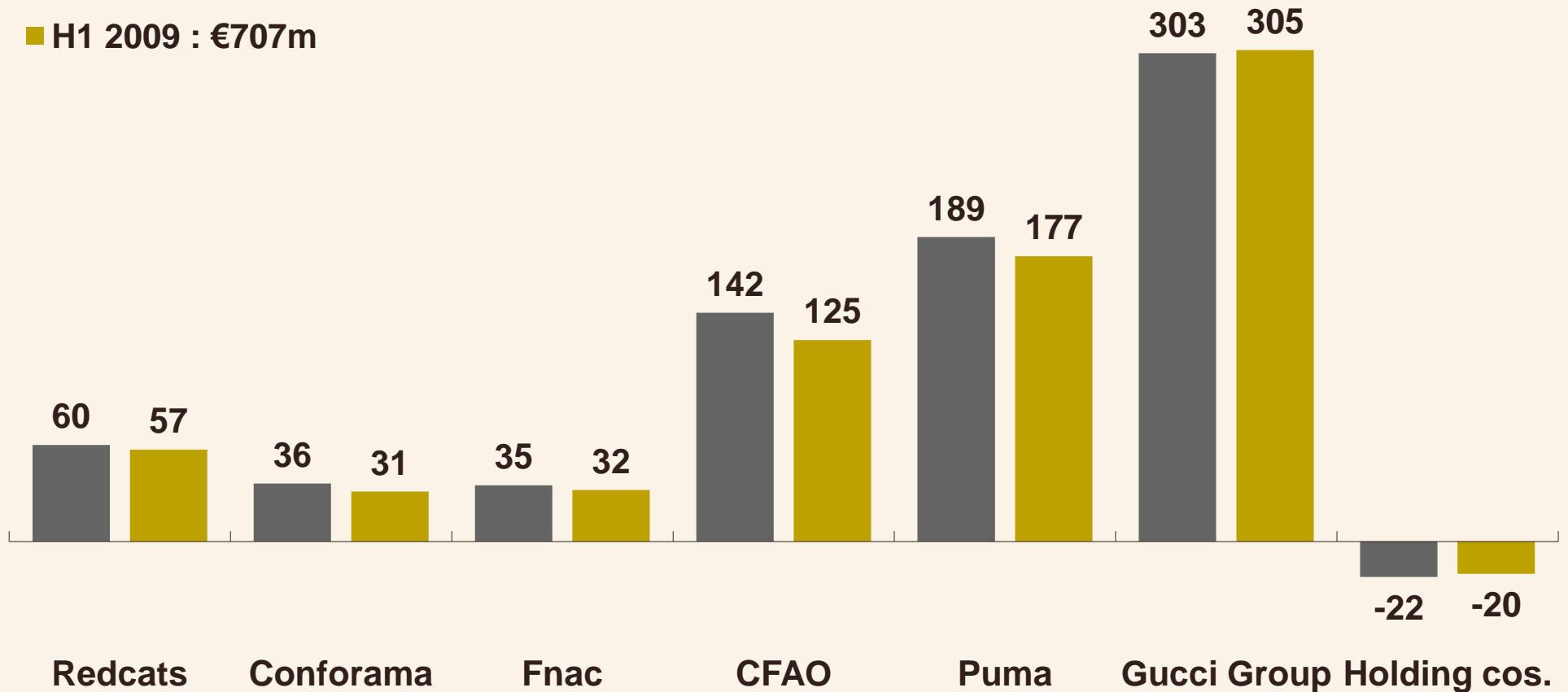
CONTINUING OPERATIONS	H1 2009	H1 2008	Change
<b>Revenues</b>	<b>9,235</b>	<b>9,584</b>	<b>- 3.6%</b>
<b>Gross profit</b>	<b>4,094</b>	<b>4,236</b>	<b>- 3.3%</b>
<i>Gross profit margin</i>	<i>44.3%</i>	<i>44.2%</i>	<i>+ 0.1 pt</i>
<b>Recurring operating income</b>	<b>707</b>	<b>743</b>	<b>- 4.8%</b>
<i>Recurring operating income margin</i>	<i>7.7%</i>	<i>7.7%</i>	<i>+ 0.0 pt</i>
<b>EBITDA</b>	<b>925</b>	<b>942</b>	<b>- 1.8%</b>
<i>EBITDA margin</i>	<i>10.0%</i>	<i>9.8%</i>	<i>+ 0.2 pt</i>

# Recurring operating income

€m

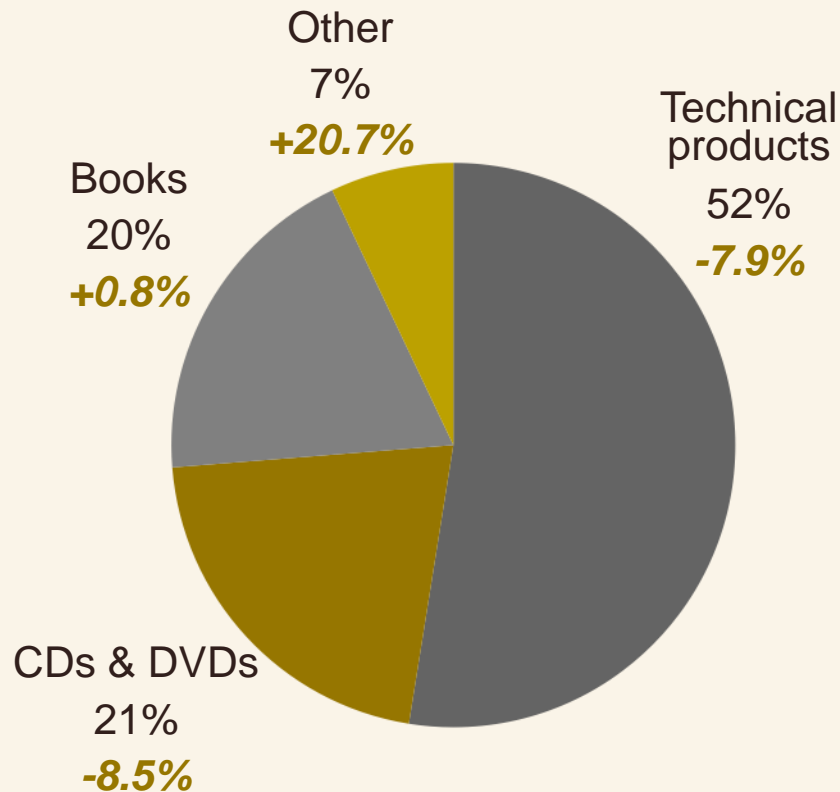
■ H1 2008 : €743m

■ H1 2009 : €707m



# Fnac

**H1'09 revenues: €1,904 M**  
**-4.8% comparable; -5.0% reported**



X%: % of H1'09 revenues

X%: H1'09 revenues / H1'08 revenues

- Sales down 5% in France despite a pick-up in June
  - \* Technical products down 9%
  - \* Editorial products down 5%
  - \* Strong momentum in services, up 40%
  - \* Continuing solid growth of fnac.com, up 7.5%
- Mixed performances in international activities, down 4%
  - \* Solid growth in Belgium, Portugal and Brazil
  - \* Good resilience in Italy
  - \* Switzerland impacted by closure of Basel store
  - \* Continuing deterioration in Spain, down 11%

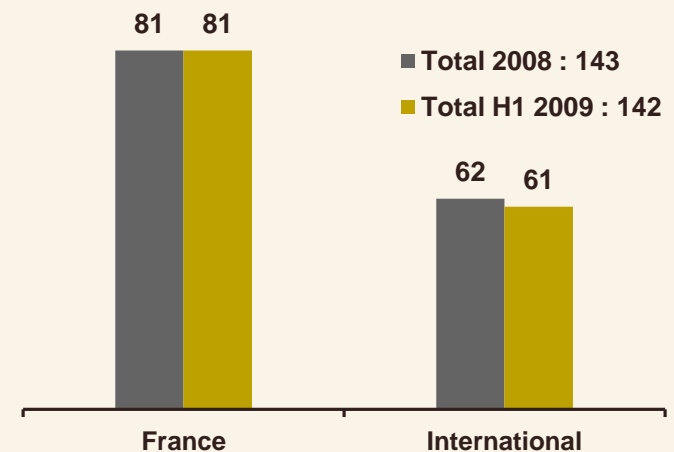
# Fnac

- Higher gross margin in France & international operations
- Sustained level of profitability driven by better productivity & lower operating costs
- Improved WCR chiefly driven by efficient inventory management
- Gross Capex down 5% - 2 store openings outside of France scheduled for H2

Key figures (€m)	H1 09	H1 08
Revenues*	1,904	2,004
<b>Recurring operating income</b>	<b>32</b>	<b>35</b>
<i>Recurring operating income margin</i>	1.7%	1.7%
EBITDA	68	73
<i>EBITDA margin</i>	3.6%	3.6%
Gross capex	34	36
Average headcount	14,945	15,115

\* After inter-company eliminations

## Number of Fnac stores\*

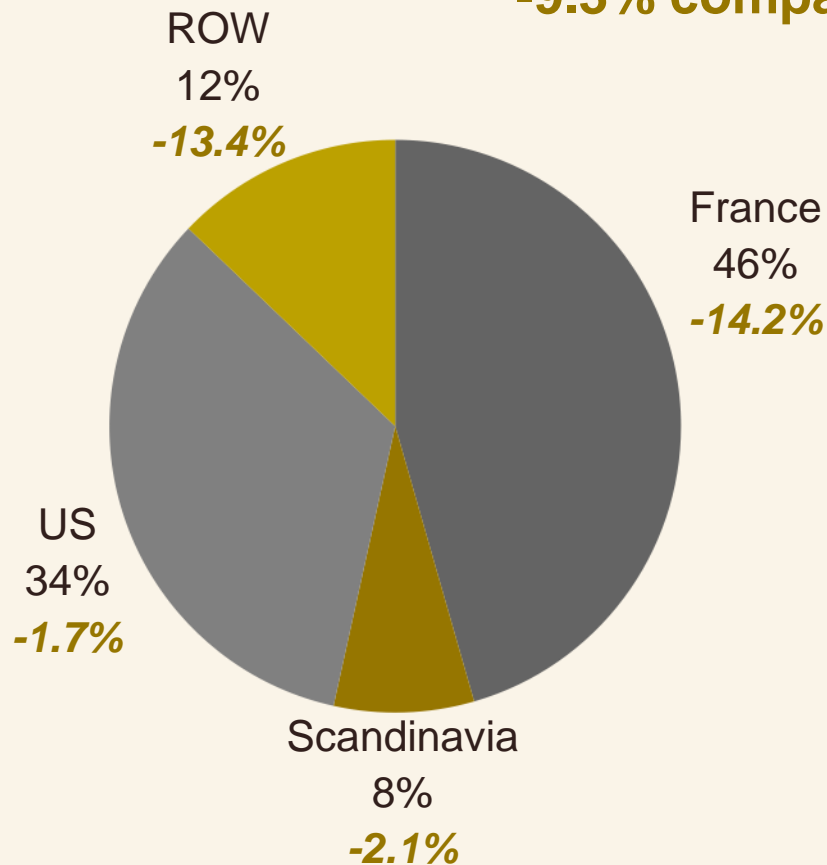


\* Excluding Fnac Eveil & Jeux

# Redcats

H1'09 revenues: €1,730 M

-9.3% comparable; -6.8% reported



- Further sales drop at La Redoute
  - \* France down 14%
  - \* International sales down 13%, with particularly tough Q2
- Good resilience in Scandinavia
- US Large Sizes down 3% - Home shopping brands resilient, down only 1%
- Continuing strong growth in Sports & Leisure sales, up 15%
- Steady growth in online sales, up 2% (45% of total sales)

X%: % of H1'09 revenues

X%: H1'09 revenues / H1'08 revenues

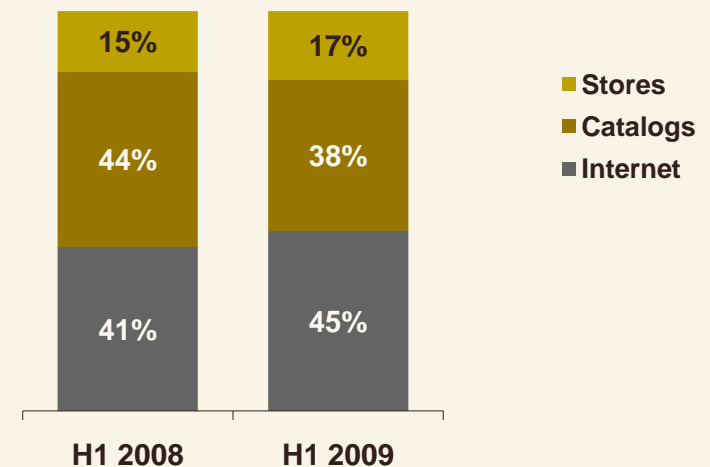
# Redcats

- Operating profit down at La Redoute & in Children & Family brands
- Improving profitability of Senior division, Scandinavia & La Redoute international operations
- Sharp increase in operating income of US Large Size Division & Sports & Leisure
- Significant improvement in WCR & Gross Capex, down 32%

Key figures (€m)	H1 09	H1 08
Revenues*	1,728	1,855
<b>Recurring operating income</b>	<b>57</b>	<b>61</b>
<i>Recurring operating income margin</i>	3.3%	3.3%
EBITDA	84	85
<i>EBITDA margin</i>	4.9%	4.6%
Gross capex	18	27
Average headcount	16,009	16,932

\* After inter-company eliminations

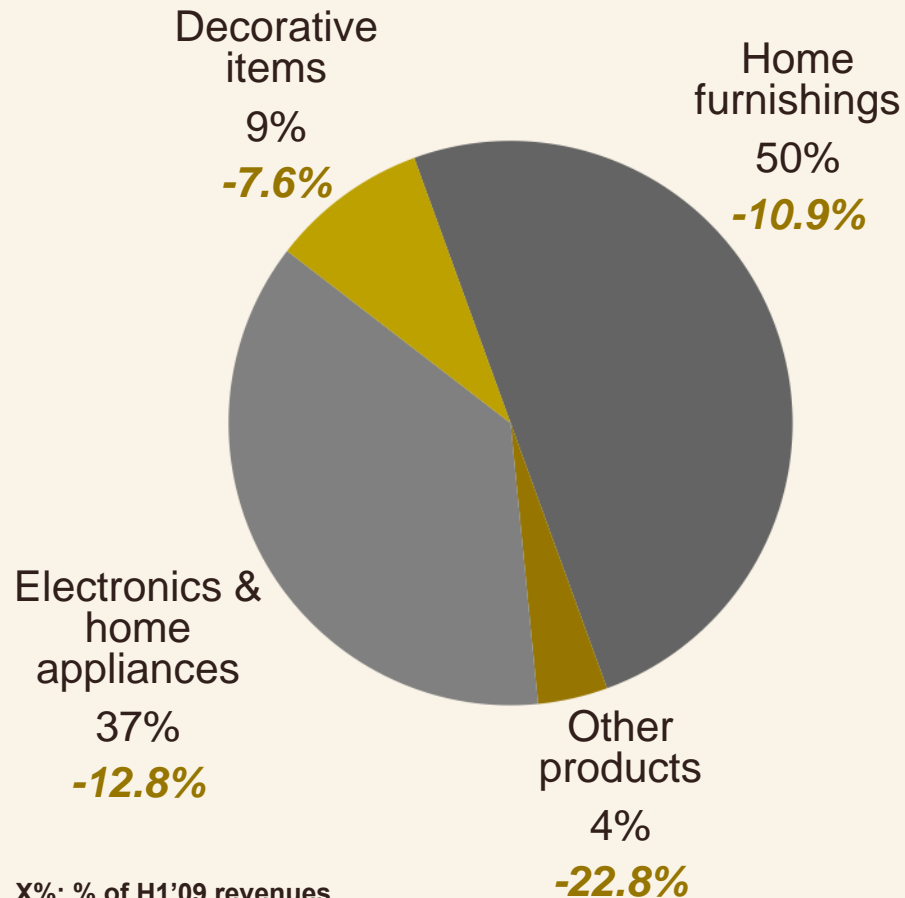
## Revenues by sales format



# Conforama

H1'09 revenues: €1,331 M

-11.3% comparable; -10.9% reported



X%: % of H1'09 revenues

X%: H1'09 revenues / H1'08 revenues

■ Sales in France down 10%

- \* Furniture down 10%
- \* Electronics & home appliances down 11%: improvement in white & grey goods sales in Q2
- \* Satisfactory resilience in decorative items
- \* Further strong growth of conforama.fr

■ International sales down 15%

- \* Sharp deterioration in Italy, down 23%, and in Spain & Portugal, down 16%, affected by store closures
- \* Good resilience in Switzerland

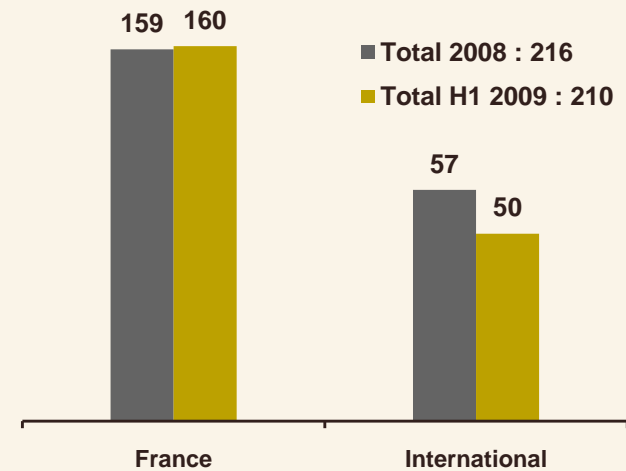
# Conforama

- Stable EBIT margin - Good level of gross margin sustained
- Efficient cost-reduction programs in France
- Sharp decrease in losses in Italy & Spain/Portugal – Improved profitability in Switzerland
- Inventory levels down

Key figures (€m)	H1 09	H1 08
Revenues*	1,331	1,493
<b>Recurring operating income</b>	<b>31</b>	<b>36</b>
<i>Recurring operating income margin</i>	<i>2.4%</i>	<i>2.4%</i>
EBITDA	63	68
<i>EBITDA margin</i>	<i>4.7%</i>	<i>4.6%</i>
Gross capex	31	31
Average headcount	11,987	12,894

\* After inter-company eliminations

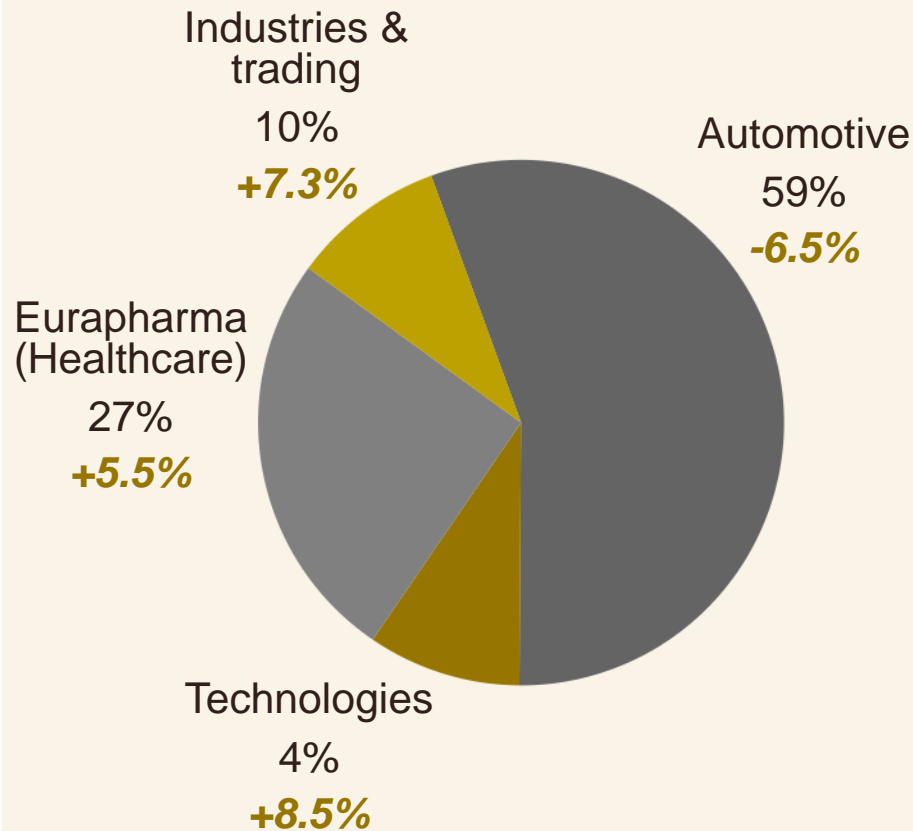
## Number of Conforama stores\*



\* Excluding affiliates

# CFAO

**H1'09 revenues: €1,339 M**  
**-1.6% comparable; -5.5% reported**



X%: % of H1'09 revenues

X%: H1'09 revenues / H1'08 revenues

- Slowdown in Automotive sales on very high comps
  - \* Good resilience in Sub-Saharan Africa, down 1%
  - \* Tough environment in Mediterranean Africa, down 12%
  - \* French overseas territorial collectivities down 14%
- Solid growth in pharmaceutical sales continuing
  - \* Highly satisfactory performances in Sub-Saharan Africa, up 8%, & in Mediterranean Africa, up 46%
  - \* Sales improvement in French overseas territorial collectivities in Q2
- Very good performance of the Beverage activity

# CFAO

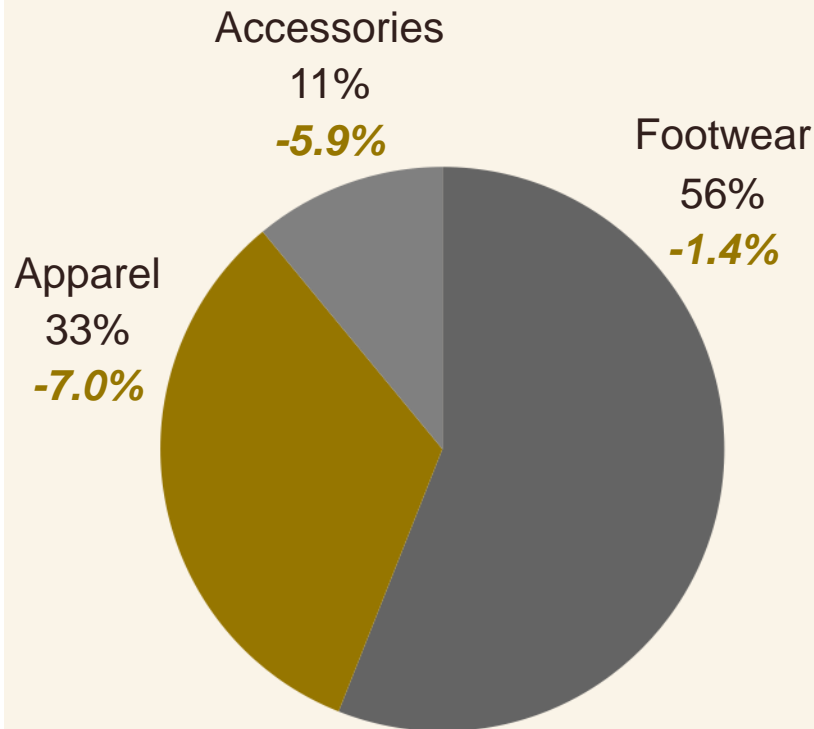
- Lower profitability against very high comps
- Gross margin impacted by unfavorable currency fluctuations – Further productivity improvement & sharp decline in operating costs
- Results in Automotive down: lower gross margin due to unfavorable currency exchange rates  
Stable profitability in Pharma – Higher profitability in Technologies & Industries & trading activities
- Satisfactory inventory management – Gross Capex down 19%

Key figures (€m)	H1 09	H1 08
Revenues*	1,339	1,417
<b>Recurring operating income</b>	<b>125</b>	<b>142</b>
<i>Recurring operating income margin</i>	<i>9.3%</i>	<i>10.0%</i>
EBITDA	144	159
<i>EBITDA margin</i>	<i>10.8%</i>	<i>11.2%</i>
Gross capex	31	38
Average headcount	9,631	10,242

\* After inter-company eliminations

# Puma

**H1'09 revenues: €1,298 M**  
**-3.8% comparable; +3.8% reported**



- Team sports affected by lack of major sporting events
- EMEA sales ( 50% of total) down 10% on high comps
- Sustained strong growth in Americas (27% of total), up 9%, driven by Footwear & Apparel
  - \* Continuing good performance in the US
- Asia-Pacific ( 23% of total) down 3%, impacted by tough market conditions

X%: % of H1'09 revenues

X%: H1'09 revenues / H1'08 revenues

# Puma

- Lower gross margin due to intensified promotional operations
- Good control of operating costs
- Lower marketing & communication expenses
- Gross Capex down 45%

Key figures (€m)	H1 09	H1 08
Revenues*	1,292	1,243
<b>Recurring operating income</b>	<b>177</b>	<b>189</b>
<i>Recurring operating income margin</i>	<i>13.7%</i>	<i>15,2%</i>
EBITDA	208	216
<i>EBITDA margin</i>	<i>16.1%</i>	<i>17,4%</i>
Gross capex	28	51
Average headcount	9,796	9,311

\* After inter-company eliminations

# Luxury Goods

**H1'09 revenues: €1,642 M**

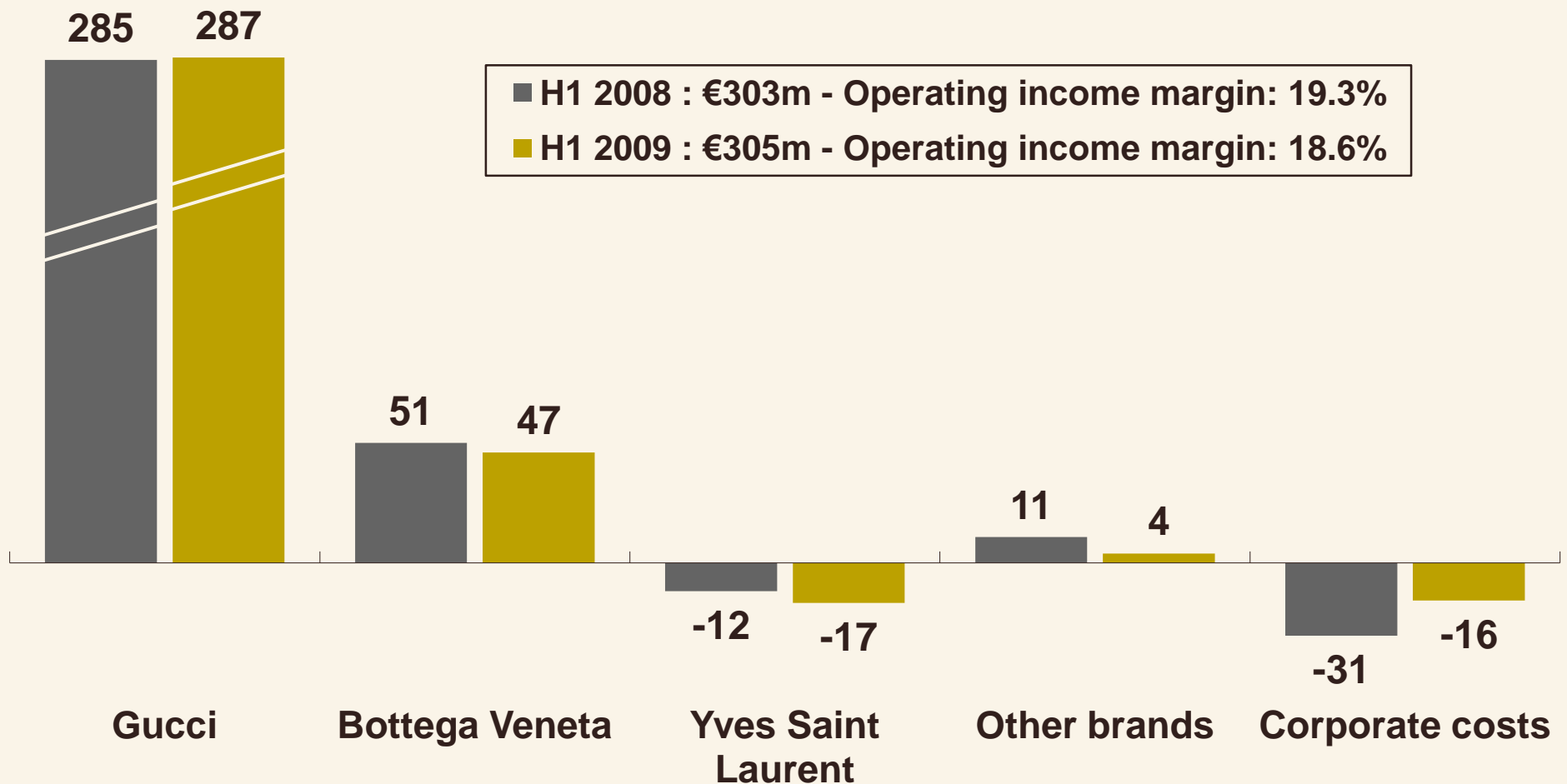
**-3.7% comparable; +4.4% reported**

- Slight decrease in Fashion & Leather Goods, down 1%
  - \* Steady growth in Leather Goods, up 2%
- Emerging countries (31% of total sales) up 15%
  - \* Asia-Pacific excl. Japan (26% of total sales) up 19%, with Greater China up 11%
- Continuing tough environment in mature markets
  - \* Europe (32% of total sales) down 4%
  - \* North America (18% of total sales) down 9%
  - \* Japan (15% of total sales) down 19%
- 587 DOS at end of June, including 38 in China

# Luxury Goods

## Recurring operating income

€m



# Gucci

**H1'09 revenues: €1,102 M**  
**-0.6% comparable; +8.3% reported**

- Robust increase in Fashion & Leather Goods, up 2%
  - \* Solid rise in Leather Goods, up 6%
- Solid growth in Retail sales – Good resilience in Wholesale
- 14% increase in emerging countries (35% of total sales)
  - \* Asia-Pacific excl. Japan (31% of total sales) up 17%, with Greater China up 14%
- Mixed performances in mature markets, down 7%
  - \* Improved performances in Western Europe, up 1%
  - \* Continuing deteriorated environment in Japan, down 20%, and in North America, down 8%, despite good resilience in Retail
- 14 store openings, including 6 in China & 4 in other emerging countries

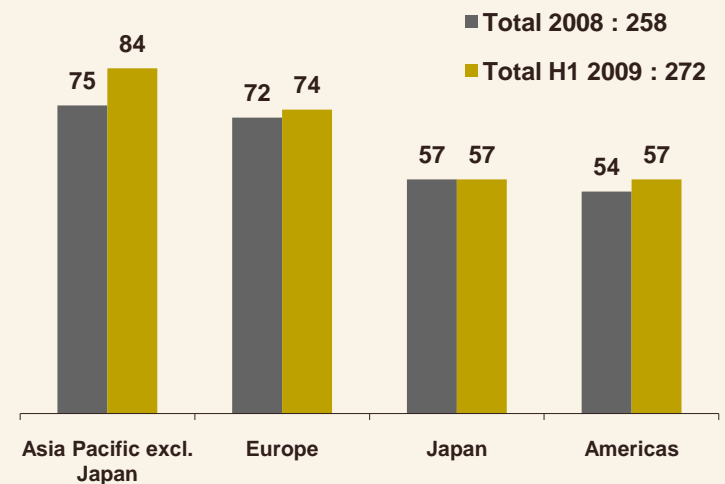
# Gucci

- Recurring operating income up 1%
- Slight decrease in gross margin
- Limited increase in operating costs
- Inventory levels down
- Store network expansion continuing, mainly in emerging countries

Key figures (€m)	H1 09	H1 08
Revenues*	1,102	1,018
<b>Recurring operating income</b>	<b>287</b>	<b>285</b>
<i>Recurring operating income margin</i>	26.0%	28.0%
EBITDA	333	322
<i>EBITDA margin</i>	30.2%	31.6%
Gross capex	41	48
Average headcount	6,881	6,491

\* After inter-company eliminations

## Number of Directly Operated Stores



# Bottega Veneta

**H1'09 revenues: €203 M**

**-8.1% comparable; +2.7% reported**

- Better sales momentum in Q2 (-2%) despite high comps
- Sharp growth in Asia-Pacific excl. Japan (29% of total sales), up 30%
- Performances in mature countries significantly affected by Japan (28% of total sales), down 26%
  - \* Europe (27% of total sales) down 16%
  - \* Limited decrease in sales in North America (16% of total sales), down 2%

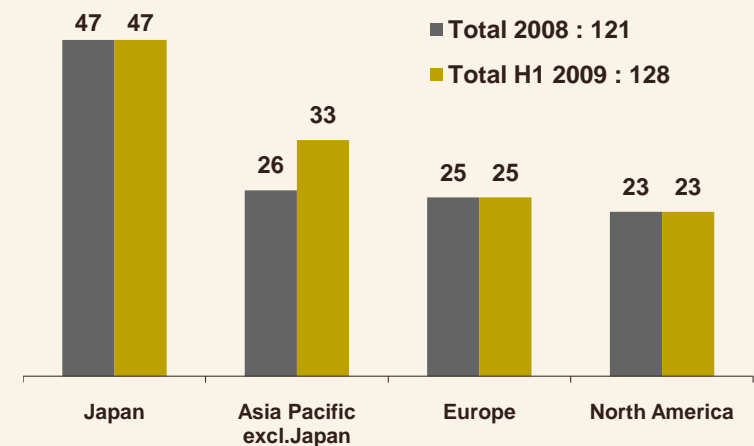
# Bottega Veneta

- Good level of gross margin sustained
- Stable communication expenses
- Efficient management of other operating costs
- Store network expansion continuing (7 store openings in H1'09; 4 store openings in H1'08)

Key figures (€m)	H1 09	H1 08
Revenues*	203	197
<b>Recurring operating income</b>	<b>47</b>	<b>51</b>
<i>Recurring operating income margin</i>	22.9%	26.0%
EBITDA	52	57
<i>EBITDA margin</i>	25.7%	28.7%
Gross capex	6	2
Average headcount	1,366	1,240

\* After inter-company eliminations

## Number of Directly Operated Stores



# Yves Saint Laurent

**H1'09 revenues: €113 M**

**-10.8% comparable; -6.0% reported**

- Mixed performances across product categories
  - \* Lower sales of Leather Goods against high comps
  - \* Slowdown in Ready-to-wear
  - \* Continuing solid growth in Shoes
  - \* Good resilience of Beauté royalties
- Retail sales impacted by slower traffic in all regions except Asia-Pacific excl. Japan
- Wholesale affected by drop in North American sales
- Mixed performances by region: Asia-Pacific excl. Japan up 5%, Europe down 11%, North America down 22% & Japan down 23%

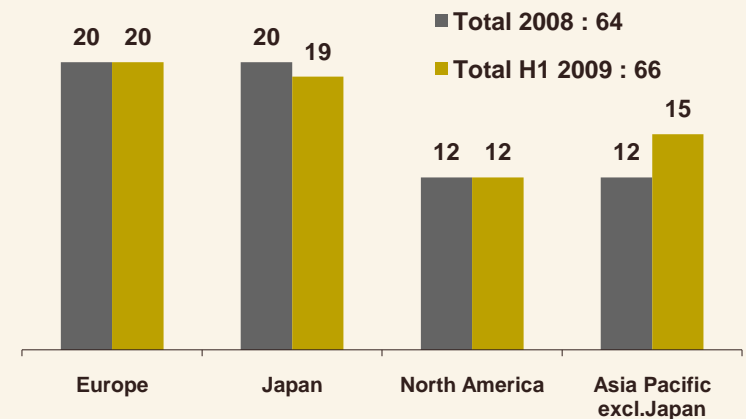
# Yves Saint Laurent

- Gross margin affected by unfavorable product-mix & rapid adjustment in inventory levels
- Sharp decrease in operating costs
- Store network optimization program continuing

Key figures (€m)	H1 09	H1 08
Revenues*	113	120
<b>Recurring operating income</b>	<b>(17)</b>	<b>(12)</b>
<i>Recurring operating income margin</i>	<i>-15.2%</i>	<i>-10.0%</i>
EBITDA	(10)	(7)
<i>EBITDA margin</i>	<i>-8.9%</i>	<i>-5.5%</i>
Gross capex	2	5
Average headcount	1,033	949

\* After inter-company eliminations

## Number of Directly Operated Stores



# Other Brands

**H1'09 revenues: €224 M**

**-9.4% comparable; -5.7% reported**

- High comps: sales up 27% in H1'08
- Continued strong growth at Balenciaga driven by all regions, very good performance in Leather Goods & DOS expansion
- Improved performances at Boucheron in Q2 despite tough market conditions
- Sergio Rossi affected by DOS closures in North America
- Good resilience at Alexander McQueen, driven by Retail sales
- Stella McCartney: solid growth maintained in Retail sales & royalties

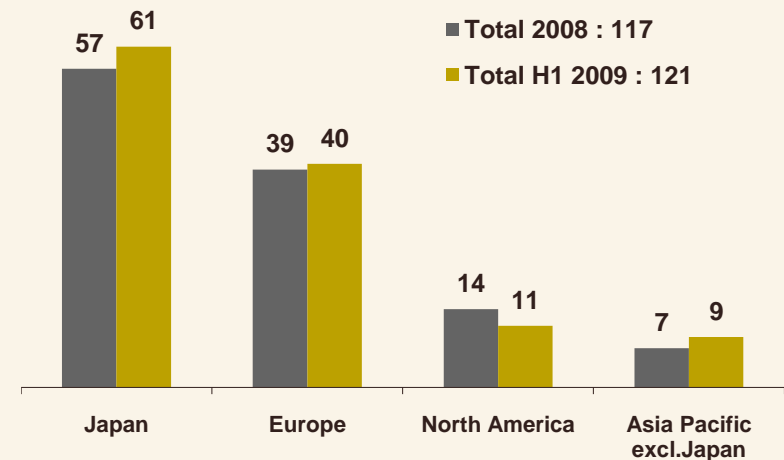
# Other Brands

- Sharp increase in Balenciaga earnings & sustained profitability at Boucheron
- Sergio Rossi, Stella McCartney & Alexander McQueen affected by lower sales
- Limited Gross Capex despite continuing store network expansion

Key figures (€m)	H1 09	H1 08
Revenues*	224	238
<b>Recurring operating income</b>	<b>4</b>	<b>11</b>
<i>Recurring operating income margin</i>	<i>1.7%</i>	<i>4.4%</i>
EBITDA	13	19
<i>EBITDA margin</i>	<i>5.9%</i>	<i>7.9%</i>
Gross capex	8	14
Average headcount	1,844	1,748

\* After inter-company eliminations

## Number of Directly Operated Stores



# Financial performance

€m	H1 2009	H1 2008	Change
<b>Recurring operating income</b>	<b>707</b>	<b>743</b>	<b>-4.8%</b>
Other non-recurring operating income and expenses	(127)	23	
Financial charges	242)	(180)	
Corporate income tax	(105)	(156)	
Income from equity affiliates	0	(1)	
<b>Net income from continuing operations</b>	<b>233</b>	<b>430</b>	<b>-45.7%</b>
<b>Net income, Group share</b>	<b>189</b>	<b>777</b>	<b>-75.7%</b>
Net income from continuing operations, Group share	203	363	-44.2%
Net income from discontinued operations, Group share	(14)	414	
<b>Net income, Group share, from continuing operations excluding non-current items</b>	<b>281</b>	<b>346</b>	<b>-18.7%</b>
Net income per share from continuing operations, Group share, excluding non-current items	€2.22	€2.74	-19.0%

# Financial charges

€m

	H1 2009	H1 2008
Cost of net indebtedness	(127)	(185)
Other financial charges	(115)	5
<b>Financial charges</b>	<b>(242)</b>	<b>(180)</b>
<b>Net interest paid (Cash flow statement)</b>	<b>(109)</b>	<b>(148)</b>

# Income tax

€m

	H1 2009	H1 2008
Current tax (expense)/income	(128)	(151)
Tax on non-current items	23	(5)
<b>Total tax</b>	<b>(105)</b>	<b>(156)</b>
<b>Effective tax rate</b>	<b>31.2%</b>	<b>26.5%</b>
<b>Current tax rate</b>	<b>27.6%</b>	<b>26.7%</b>

# Recurring net income, Group share, from continuing operations

€m

	H1 2009	H1 2008	Change
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Net income per share from continuing operations, Group share, excluding non-current items	€2.22	€2.74	-19.0%

# Free cash flow

€m

	H1 2009	H1 2008
Cash flow before taxes, dividends and interest	908	928
Change in working capital requirement (before taxes)	(621)	(700)
Corporate income tax paid	(143)	(163)
<b>Net cash flow from operating activities</b>	<b>144</b>	<b>65</b>
Acquisition of fixed operating assets	(201)	(253)
Sale of fixed operating assets	23	23
<b>Free cash flow from operations</b>	<b>(34)</b>	<b>(165)</b>
Net interest paid	(109)	(148)
<b>Free cash flow</b>	<b>(143)</b>	<b>(313)</b>

# Net financial indebtedness

€m

<b>Net indebtedness at December 31, 2008</b>	<b>5,510</b>
Free cash flow from operations	34
Net interest paid and dividend received	109
<b>Free cash flow</b>	<b>143</b>
Net investments in financial assets	89
Acquisition of Puma shares	-
Impact of PPR treasury stock transactions	4
Dividends paid	446
Other	212
<b>Net indebtedness at June 30, 2009</b>	<b>6,406</b>

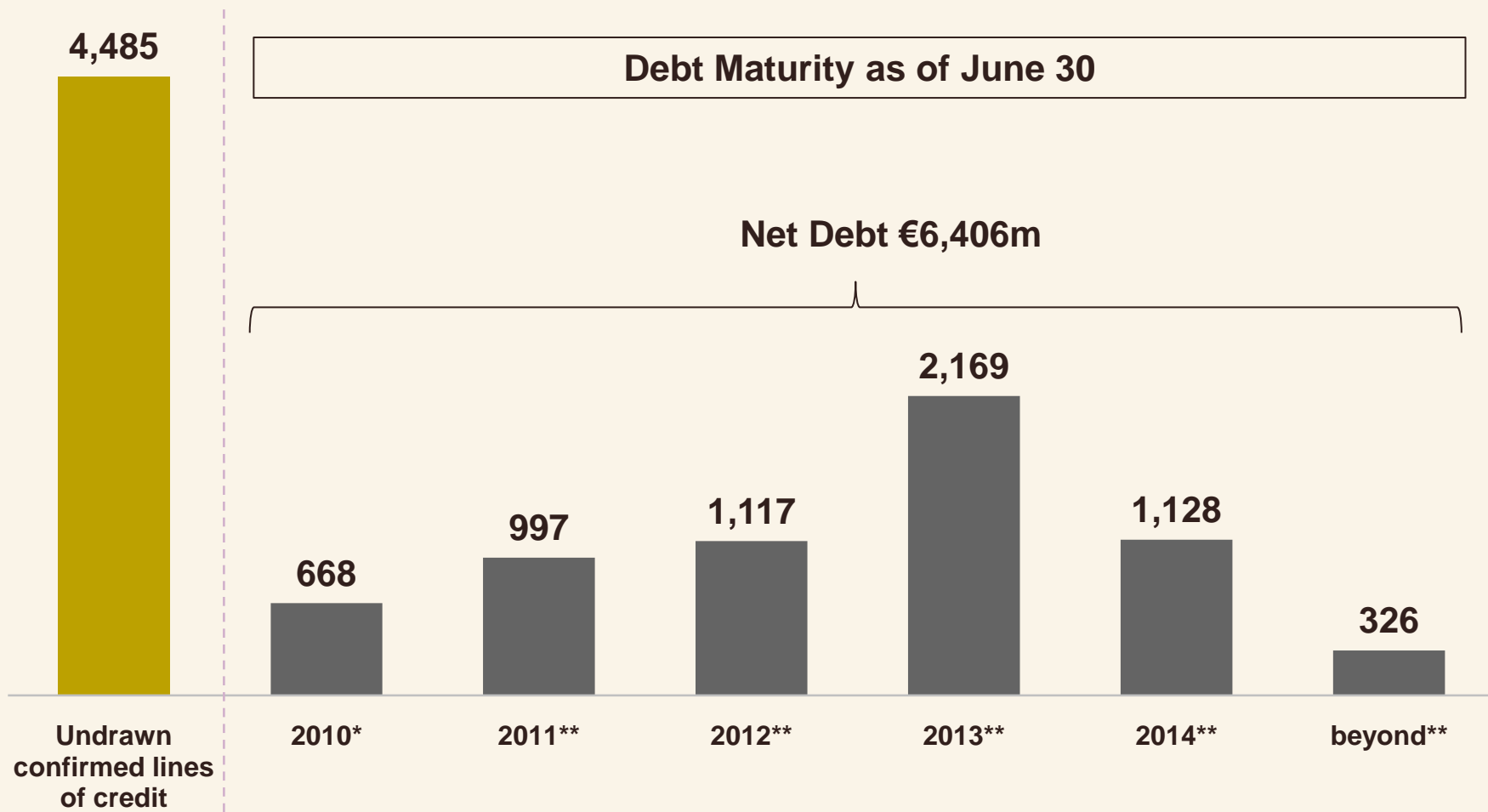
# Condensed consolidated balance sheet

PPR

€m

	June 2009	Dec. 2008	June 2008
Goodwill & intangible assets	16,483	16,351	16,485
Other net non-current assets	389	421	201
Net current assets	547	(40)	481
Provisions	(653)	(613)	(460)
<b>CAPITAL EMPLOYED</b>	<b>16,766</b>	<b>16,119</b>	<b>16,707</b>
Net asset held for sale		(10)	3
<b>SHAREHOLDERS' EQUITY</b>	<b>10,360</b>	<b>10,599</b>	<b>10,504</b>
<b>NET INDEBTEDNESS</b>	<b>6,406</b>	<b>5,510</b>	<b>6,206</b>

# Liquidity



\* Gross debt minus Cash & cash equivalents and Financing of customer loans

\*\* Gross debt

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# Appendices

# Revenues

(before inter-company eliminations)

€m	H1 2009	H1 2008	Change	
			in €m	as %
Fnac	1,904.1	2,004.4	(100.3)	-5.0%
Redcats	1,729.9	1,856.4	(126.5)	-6.8%
Conforama	1,331.4	1,493.8	(162.4)	-10.9%
CFAO	1,338.6	1,416.6	(78.0)	-5.5%
Puma	1,297.7	1,250.1	47.6	+3.8%
Gucci Group	1,642.1	1,573.3	68.8	+4.4%
<i>Gucci Division</i>	1,101.9	1,017.7	84.2	+8.3%
<i>Bottega Veneta</i>	202.8	197.4	5.4	+2.7%
<i>Yves Saint Laurent</i>	113.0	120.2	(7.2)	-6.0%
<i>Other brands</i>	224.4	238.0	(13.6)	-5.7%
Eliminations and other	(8.5)	(10.5)	2.0	n/s
<b>PPR</b>	<b>9,235.3</b>	<b>9,584.1</b>	<b>(348.8)</b>	<b>-3.6%</b>

# Revenues

(after inter-company eliminations)

€m	H1 2009	H1 2008	Change	
			in €m	as %
Fnac	1,904.1	2,004.4	(100.3)	-5.0%
Redcats	1,728.2	1,854.6	(126.4)	-6.8%
Conforama	1,330.8	1,492.8	(162.0)	-10.9%
CFAO	1,338.6	1,416.6	(78.0)	-5.5%
Puma	1,292.3	1,242.6	49.7	+4.0%
Gucci Group	1,641.3	1,573.1	68.2	+4.3%
<i>Gucci Division</i>	1,101.9	1,017.7	84.2	+8.3%
<i>Bottega Veneta</i>	202.8	197.4	5.4	+2.7%
<i>Yves Saint Laurent</i>	113.0	120.2	(7.2)	-6.0%
<i>Other brands</i>	223.6	237.8	(14.2)	-6.0%
<b>PPR</b>	<b>9,235.3</b>	<b>9,584.1</b>	<b>(348.8)</b>	<b>-3.6%</b>

# Recurring operating income

€m	H1 2009	H1 2008	Change	
			in €m	as %
Fnac	31.5	34.8	(3.3)	-9.5%
Redcats	56.9	60.5	(3.6)	-6.0%
Conforama	31.3	35.6	(4.3)	-12.1%
CFAO	124.5	141.6	(17.1)	-12.1%
Puma	176.7	189.1	(12.4)	-6.6%
Gucci Group	305.4	303.0	2.4	+0.8%
<i>Gucci Division</i>	286.9	284.5	2.4	+0.8%
<i>Bottega Veneta</i>	46.5	51.4	(4.9)	-9.5%
<i>Yves Saint Laurent</i>	(17.2)	(12.0)	(5.2)	-43.3%
<i>Other brands</i>	3.7	10.5	(6.8)	-64.8%
<i>Corporate costs</i>	(14.5)	(31.4)	16.9	+53.8%
Holdings & Others	(19.6)	(21.9)	2.3	+10.5%
<b>PPR</b>	<b>706.7</b>	<b>742.7</b>	<b>(36.0)</b>	<b>-4.8%</b>

# EBITDA

€m	H1 2009	H1 2008	Change	
			in €m	as %
Fnac	68.3	72.7	(4.4)	-6.1%
Redcats	83.9	84.6	(0.7)	-0.8%
Conforama	62.8	68.0	(5.2)	-7.6%
CFAO	143.9	159.1	(15.2)	-9.6%
Puma	208.1	216.1	(8.0)	-3.7%
Gucci Group	377.3	362.9	14.4	+4.0%
<i>Gucci Division</i>	332.7	322.0	10.7	+3.3%
<i>Bottega Veneta</i>	52.1	56.6	(4.5)	-8.0%
<i>Yves Saint Laurent</i>	(10.1)	(6.6)	(3.5)	-53.0%
<i>Other brands</i>	13.2	18.7	(5.5)	-29.4%
<i>Corporate costs</i>	(10.6)	(27.8)	17.2	+61.9%
Holdings & Others	(19.0)	(21.1)	2.1	+10.0%
<b>PPR</b>	<b>925.3</b>	<b>942.3</b>	<b>(17.0)</b>	<b>-1.8%</b>