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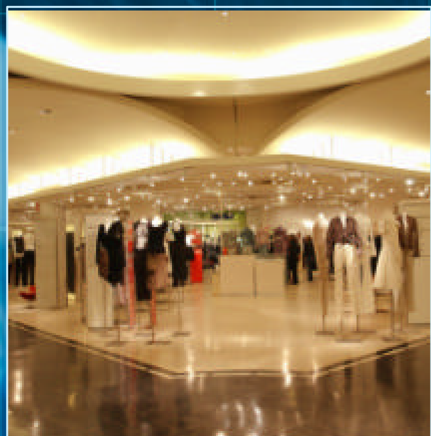

Part 2 :

Conforama strategic review

Conforama strategic review

1. Opportunities

2. Four strategic directions

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1. Opportunities

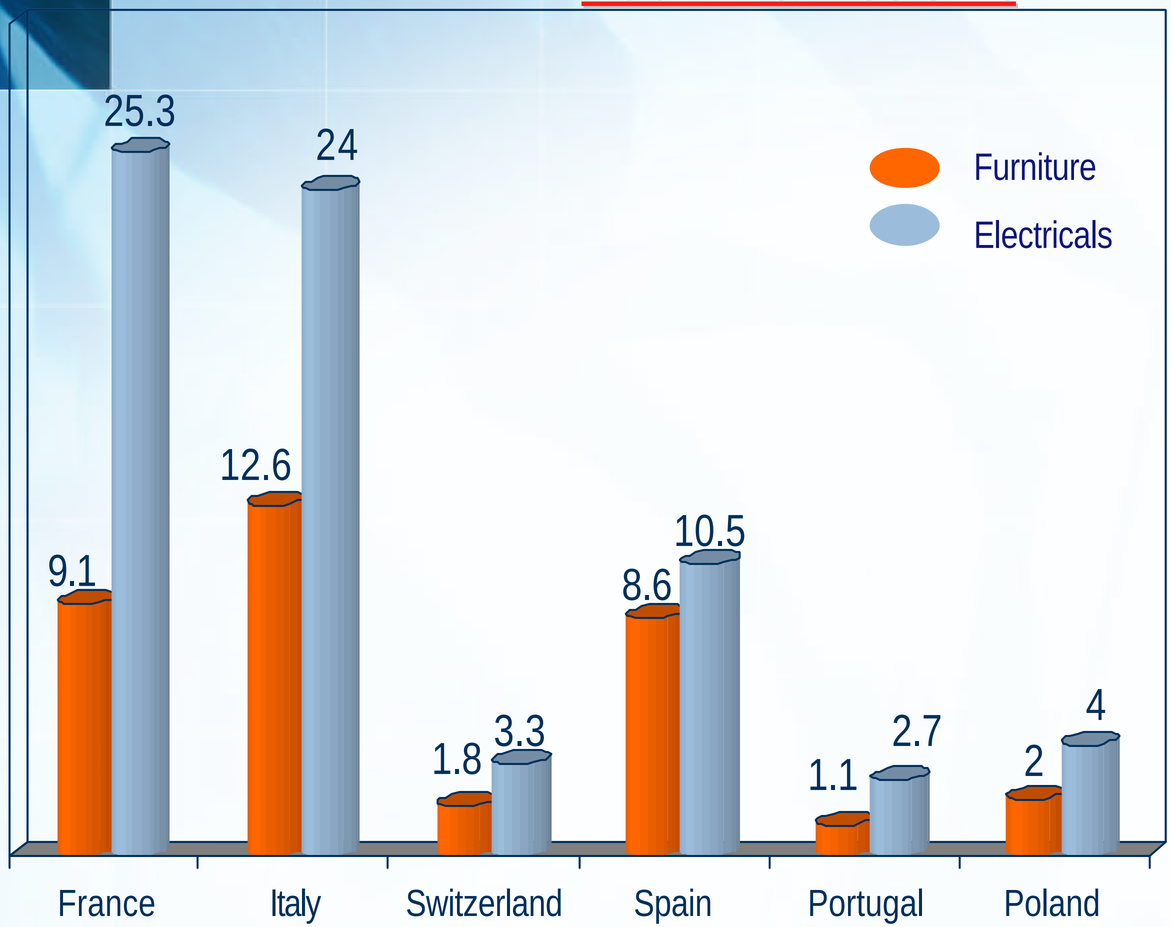
Per Kaufmann

Opportunities

- Large and stable markets
- Limited brand names in furniture & home accessories
- Highly fragmented competition
- Leading position in the French market
- A concept that lends itself well to internationalisation

Large and stable markets

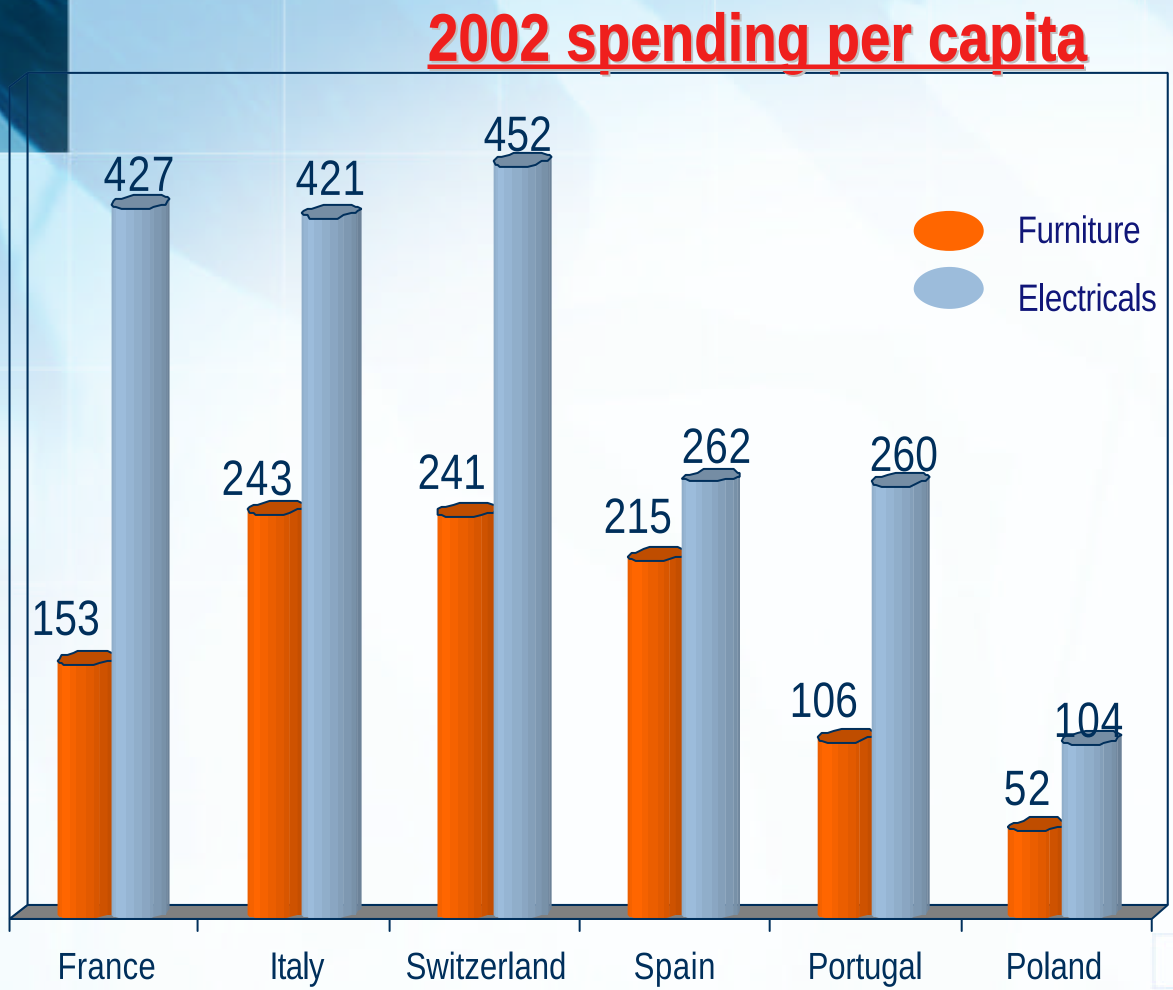
2002 market size



(in Euro billion)

Source: local trading associations - PPR estimates

Large and stable markets



(In Euro)

Source: Local trading associations - PPR estimates

Limited brand names

- Electricals
  - High level of brand awareness
  - Price sensitivity
- Furniture and decorative items
  - Very few local manufacturers with brand recognition and distribution networks
  - Upscale positioning in most cases / high level of design

Potential to capture a significant part of the value chain

Highly fragmented competition

- A dominant "traditional" furniture retailing model in most European countries

(In % of sales)	France	Italy	Switzerland	Spain	Portugal
Specialized modern	66	10	34	15	30
"Traditional" furniture	5	75	45	40	40
Other*	29	15	21	45	40

** includes hypermarkets*

Highly fragmented competition

- A unique positioning within “modern” competition

	Furniture	Electricals	Home accessories
CONFORAMA	x	x	x
IKEA	x		x
Furniture specialists	x		
Electricals specialists		x	
Hypermarkets		x	x
D.I.Y.	x		x

Conforama's competitive strengths

Conforama’s characteristics vs competition

Ikea	- Proximity to customers – styles to suit everyone and conveniently located stores - A wide range of electricals - Stores that are not too big and are easy to shop in
Furniture specialists	- Larger stores - Internationally sourced products
Specialists in electrical household goods	- A simple, clear product offering designed to meet customers' needs - Genuine discounts - Immediate availability of products - Promotional advertising
Hypermarkets	- Extensive product ranges - Specialised sales teams - An effective after-sales service
D.I.Y.	- Specialised sales team - Product displays

Strong positions in France

- Total furniture market: Euro 9.1 billion
  - Conforama n°1 with 16.2% estimated market share in 2002
  - Further market share gains estimated in 2003 (furniture sales: -1.5% vs market: -4.4%)
  - Main competitors: But, Ikea, Fly
- Total electricals market: Euro 25.3 billion
  - Conforama n°3 with a 5.5% estimated market share in 2002
  - Overall stability of market share in 2003
  - Improved price competitiveness through PPR Purchasing
  - Main competitors: Darty, Boulanger, hypermarkets

A concept that lends itself well to internationalisation

- Discount
- Immediate availability of products
- Multi-specialist of home equipment
- Multi-style adapted to everyone / each country
- Effective communications strategy

Strong potential for market share gains outside France

- Continued development in the Swiss market
  - Growing market share in furniture
    - total market size: Euro 1.8 billion
    - market share in 2002: 7.3% (6.8% in 2001)
    - competitors: Pfister (14.4%), Ikea (13.2%), Micasa (9.1%)
  - And in electricals
    - total market size: Euro 3.3 billion
    - market share in 2002: 2.8%
    - competitors: Interdiscount (22.2%), Mediamarkt (21.6%), Fust (15.5%)
- Huge potential in the furniture market in Italy: a top priority
  - Europe’s second furniture market, highly fragmented
  - Emmezeta platform

Strong potential for market share gains

- Huge potential in Spain: a top priority
  - Sizeable furniture & electricals markets
  - Highly fragmented competition
  - Initial success for Spanish operations with low current market share
- Good potential in smaller markets
  - Portugal, Poland and Croatia