

PPR

An adventure of enterprise

**Changing**

**Jean-François PALUS**

Deputy CEO & CFO

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# PPR TODAY

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GUCCI

YVES SAINT LAURENT

BOTTEGA VENETA



STELLA MCCARTNEY

sergio rossi

BALENCIAGA



BOUCHERON  
PARIS

ALEXANDER  
MCQUEEN



**Satisfactory 2008 performances:**

**€20.2 billion revenues, 61% outside France**

**€1.7 billion recurring operating income**

**Active in 94 countries**

**88,000 employees**

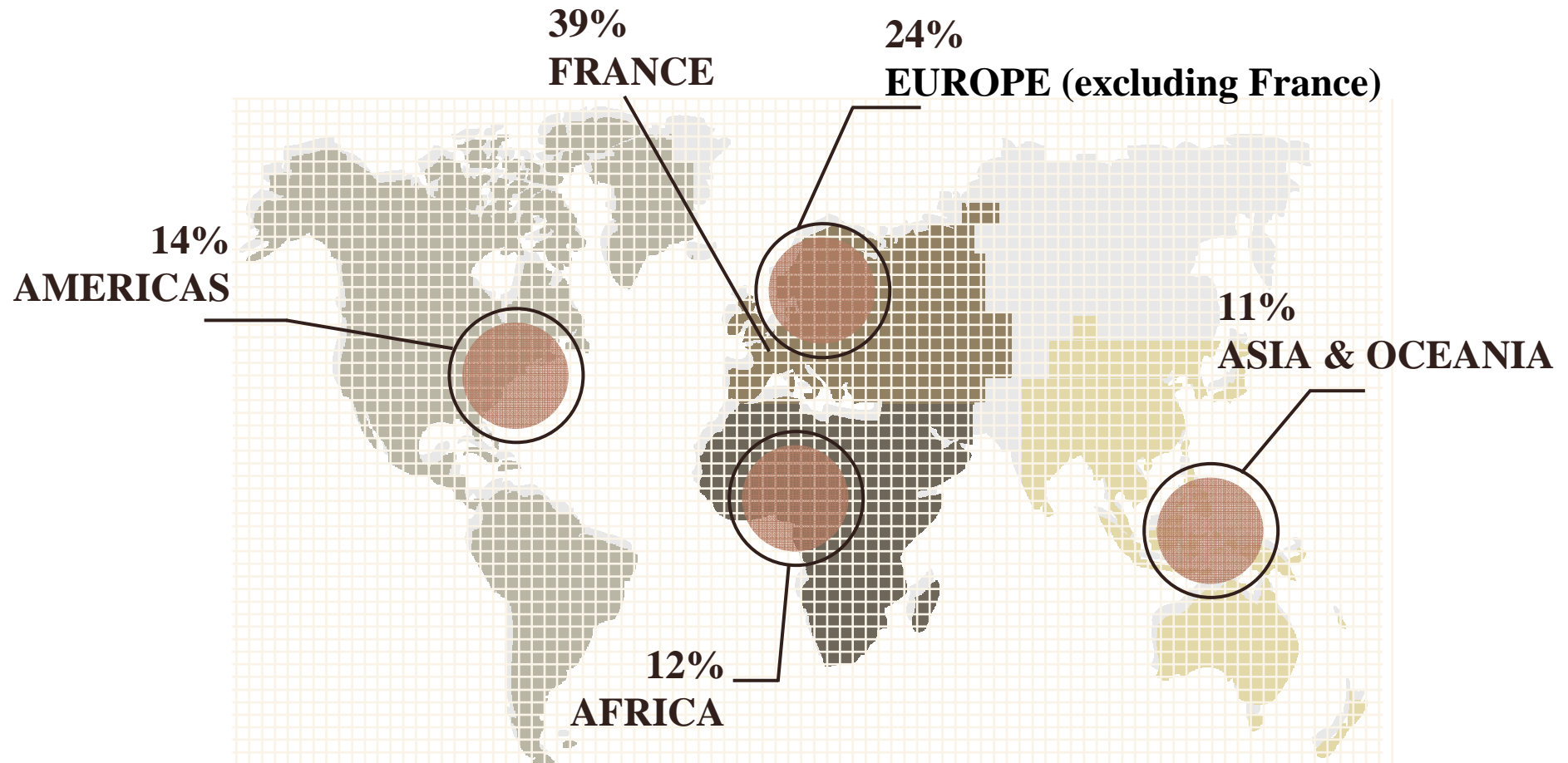
# PPR TODAY

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- Group of well-established companies refocusing to target the fastest-growing segments of the consumer markets
- Disciplined, yet dynamic, brand management
- Right mix of entrepreneurial autonomy & managerial support
- Significant reservoirs of growth, notably through global expansion
- Financial rigor – focus on cash flow generation & balance sheet

# 2008 REVENUES by REGION

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# 2009 FIRST-HALF RESULTS

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- Solid operating & financial performances
  - \* Revenues of €9.2 billion
  - \* EBITDA margin up 0.2 point to 10.0%
  - \* Stable EBIT margin at 7.7%
  - \* Sharp improvement in free cash flow from operations

# STRATEGIC DIRECTION

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Boost the Group's growth & profitability profile:

- Realign the scope of the Group's activities towards the fastest-growing and most profitable businesses ...
- ... based on powerful global consumer goods brands (RTW, leather goods, lifestyle, shoes, accessories, ...) on either the mass-market or luxury segment
- Capture significant market share & seize acquisition opportunities as they arise
- Support free cash flow generation

# PPR RETAILING

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- Leading positions in Europe & Africa
  - \* But today PPR's retail operations are at different stages of development
  - \* Requiring different actions plans – restructuring & cost-cutting
- Heavy dependence on domestic markets, most notably France
- Retailing activities no longer part of PPR's long-term strategic priorities
  - \* Announced partial IPO of CFAO (58%) for €927million



# PPR BRANDED LIFESTYLE & LUXURY

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- PPR committed to growing core Lifestyle & Luxury activities
  - \* Focus on apparel and accessories
  - \* Brands with global appeal or potential
  - \* Considerable growth profile & profitability
  - \* Strong platform for worldwide growth - beyond Europe into China / Asia Pacific
- Speed up international expansion
  - \* New store openings / locations
- Envisage acquisition opportunities to strengthen positions in certain markets & round out portfolio

 PUMA®

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BOUCHERON  
PARIS

STELLA MCCARTNEY

GUCCI

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YVES SAINT LAURENT

# FUTURE DRIVERS OF PPR GROWTH & PROFITABILITY

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## ■ Gucci Group

- \* A portfolio of world-leading brands: designs, manufactures & markets leather goods, shoes, ready-to-wear, jewellery & watches
- \* 2008 revenue: €3.4billion
- \* A highly controlled distribution network: 590+ directly-operated stores

## ■ Puma

- \* The ultimate Sportlifestyle brand - one of the worlds' largest providers of athletic footwear, apparel & accessories
- \* 2008 revenue: €2.5billion
- \* Present in more than 120 countries



- A strategy based on three main objectives:
  - \* Assign specific roles and positioning to each brand within the Group
  - \* Strengthen international market positions
  - \* Ensure competitiveness & optimal financial performance
- A Group characterized by:
  - \* The exceptional quality of its products
  - \* A unique talent pool, from design to craftsmanship, from marketing to retail
  - \* A highly controlled distribution network
  - \* A rigorous communication policy

## GUCCI

- Loyalty to the brand core values – creativity, product, quality, made in Italy, people and stores
- Further enhance the unique luxury heritage and the undisputable fashion authority of the Florentine house
- How to face consumer patterns:
  - \* Refocusing and rebalancing the offer
  - \* Rightsizing the collections
  - \* Right price / quality relationship
  - \* Never compromise on quality

# GUCCI GROUP

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## YVES SAINT LAURENT

- Translate essence of YSL into most desirable products by building on:
  - \* Repositioned luxury brands
  - \* Premier French luxury fashion brand
  - \* Depth of fashion icons
  - \* Continue to improve cost management & reengineer store network

## BOTTEGA VENETA

- Pursue successful brand “DNA” & clear market position by building on:
  - \* Evolving product range (item-based & centered on core leather goods)
  - \* Superior quality in materials & workmanship
  - \* Exclusive and unique products & fabrications
  - \* Greater focus on retail channels
  - \* Speed-up footprint in Asia Pacific ex Japan

# GUCCI GROUP

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PARIS

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BALENCIAGA

- Enhance bespoke strategy for each brand & ensure correct brand positioning to truly target core consumers
  - \* Showcase creativity, talent and innovation
  - \* Enhancing capabilities in supply chain & consumer knowledge
  - \* Build recurring profitability



- A strategy based on three main objectives:

- \* Broaden international market positions outside of European stronghold
- \* Strengthen positioning as the world's most desirable Sportlifestyle company
- \* Bolster positions as a multi-category brand

... to ensure continued revenue growth & higher profitability

- A Business characterized by:

- \* A brand value where product categories originating in sports are continued and amplified in lifestyle and on to fashion
- \* An immediate reaction to new trends, and correspondingly innovative products to be offered as rapidly as possible on the market
- \* Solid operating margin

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# Conclusion

# PPR TOMORROW

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- Continuing to grow the success and profitability of the business
  - \* Top-line progress through organic growth & international expansion
  - \* Margin improvements
  - \* Optimize capex & working capital
  - \* Strong cash flow generation and robust financial discipline

Business refocused on higher-return Lifestyle and Luxury Brands

The shape of PPR may be changing but  
the core values of the Group remain the same

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# Appendices

# September YTD 2009 sales

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(Sales in € M)	Sept YTD 2009	09/08 change <sup>(1)</sup>
■ Fnac	2,881	-3.0%
■ Redcats	2,482	-9.5%
■ Conforama	2,079	-10.8%
■ CFAO	1,937	-4.7%
■ Puma	1,971	-5.9%
■ Gucci Group	2,461	-5.9%
<i>Other &amp; inter-company</i>	-13	<i>ns</i>
<b>PPR – Continuing operations</b>	<b>13,799</b>	<b>- 6.6%</b>

(1) Comparable scope and exchange rates

# Operating performance in 1H09

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€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>

# Financial performance in 1H09

PPR

€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%

# Free cash flow in 1H09

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€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>

# Consolidated balance sheet as of June 30, 2009

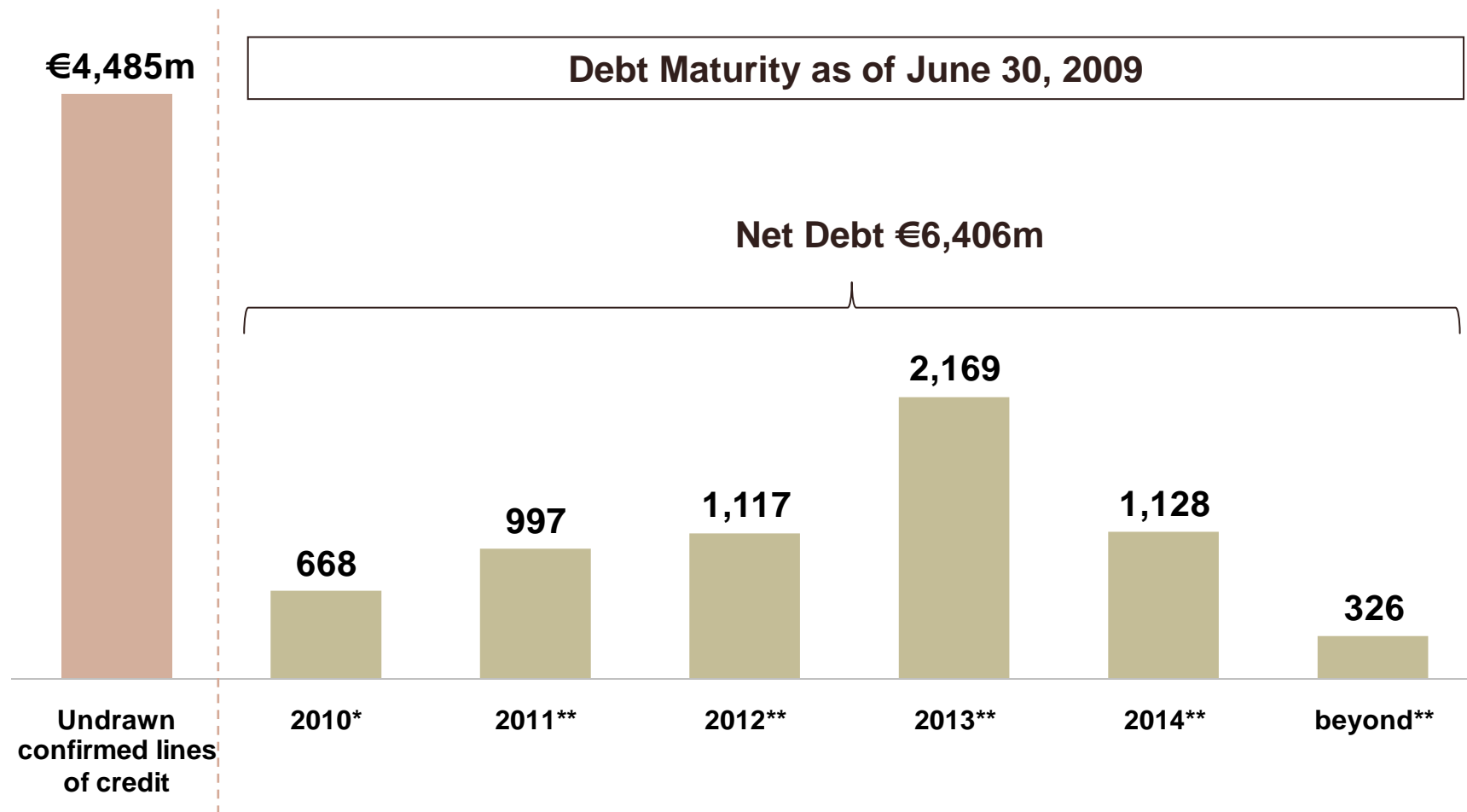
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€m

	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

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

\*\* Gross debt

Alexandre de BRETTEES  
Director of Financial Communications & Investor Relations

+ 33 (0) 1 45 64 61 49

[adebrettes@ppr.com](mailto:adebrettes@ppr.com)