

PPR

An adventure of enterprise

# Investor Presentation

March 12, 2008

# Disclaimer

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- Certain information contained in this document may include notably projections and forecasts. They express objectives based on current assessments and estimates of the Group's general management which are subject to numerous factors, risks and uncertainties. Consequently, actual figures and assessments may differ materially from projected figures. The following factors among others set out in the Reference Document (Document de Référence) filed with the French Financial Markets Authority (Autorité des Marchés Financiers) may cause actual figures to differ materially from projected figures: any unfavorable development affecting consumer spending in the activities of the Group in France and abroad, notably for products and services sold by the Group's brands and retail businesses; the events, crises, fears, and resulting costs of complying with environmental, health and safety regulations and all other regulations with which Group companies are required to comply; the competitive situation on each of our markets; the impact of current or future public regulations; exchange rate and other risks related to international activities; risks arising from current or future litigation. PPR gives no commitment to updating and/or revising and/or commenting any projections and forecasts, or their impact on the results and perspectives of the Group, which may be contained in this document.
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# KEY TRANSFORMATIONAL STEPS

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1999

▶ 42% stake in Gucci Group

2000

▶ Acquisition of Surcouf, Boucheron and BEDAT & Co

2001

▶ Acquisition of Bottega Veneta, Balenciaga, Stella McCartney and Alexander McQueen

2002

◀ *Disposal of Guilbert 'mail order activity', Finaref and Facet (credit subs)*

2003

◀ *Disposal of Pinault Bois & Matériaux and Guilbert 'contract activity'*

2004

▶ Stake in Gucci Group raised to 99.4%  
◀ *Disposal of Rexel*

2005

◀ *Disposal of MobilePlanet*

2006

◀ *Disposal of Printemps department stores and Orcanta - Termination of Fnac Services*  
▶ Acquisition by Redcats of The Sportsman's Guide

2007

▶ PPR holds 62.1% of PUMA at the end of successful offer process  
▶ Acquisition by Redcats of United Retail Group

2008

◀ *Strategic agreement with L'Oréal for YSL Beauté*  
▶ *Disposal of Conforama Poland*

# PPR TODAY

PPR



GUCCI

HERMÈS PARIS

YVES SAINT LAURENT

YSL BEAUTE

BALENCIAGA

BOUCHERON

sergio rossi

ALEXANDER  
MCQUEEN

# Strong 2007 Key figures

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- Significant growth in revenues, **up 16%**
- Recurring operating income **up 33%**
- Record Net income, Group share, from continuing operations ahead of **one billion Euro** mark at **€1,058M**, up 51%
- **20% growth** in Net income per share from continuing operations, Group share, excluding non-current items
- Third consecutive year of robust growth in free cash flow from operations: **€1,394 M**, **up 32%**
- Strong financial structure

# 2007 Key Events

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- Puma, a strategic acquisition
  - \* A global brand fitting perfectly within PPR's expansion strategy
  - \* Integration of Puma: positive financial impact for PPR
  
- Strengthening our positions through add-on acquisitions ...
  - \* Acquisition of United Retail Group by Redcats
  - \* Expansion of CFAO in new markets
  
- ... and focus on priority activities
  - \* Sale of Kadéos
  - \* Discontinued operations
    - *Redcats Missy in the US & Empire Stores in the UK*
    - *Surcouf*
    - *Conforama Poland*

# Strategic guidelines

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- Our strategy aims at constantly improving the Group's growth and profitability profile
- Our top priorities are organic growth, international development and free cash flow generation
- We enjoy leading positions in the Luxury Goods and Consumer segments
- We have strong brands and businesses driven by distinctive distribution models

# Planned strategic agreement L'Oréal / YSL Beauté

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## ■ **Strategic agreement with the world #1 in the sector**

- ★ Goal: ensure the development and visibility of our Luxury brands in the strategic perfumes & cosmetics market
- ★ Very long term, exclusive worldwide license for the Yves Saint Laurent and Boucheron brands granted to L'Oréal
- ★ Yves Saint Laurent, Boucheron and Stella McCartney brands remain full property of the PPR Group
- ★ Agreements ruling co-existence and joint creative organization
- ★ Transfer to L'Oréal of the licenses for the Stella McCartney, Oscar de la Renta and Zegna brands

## ■ **Positive financial impact**

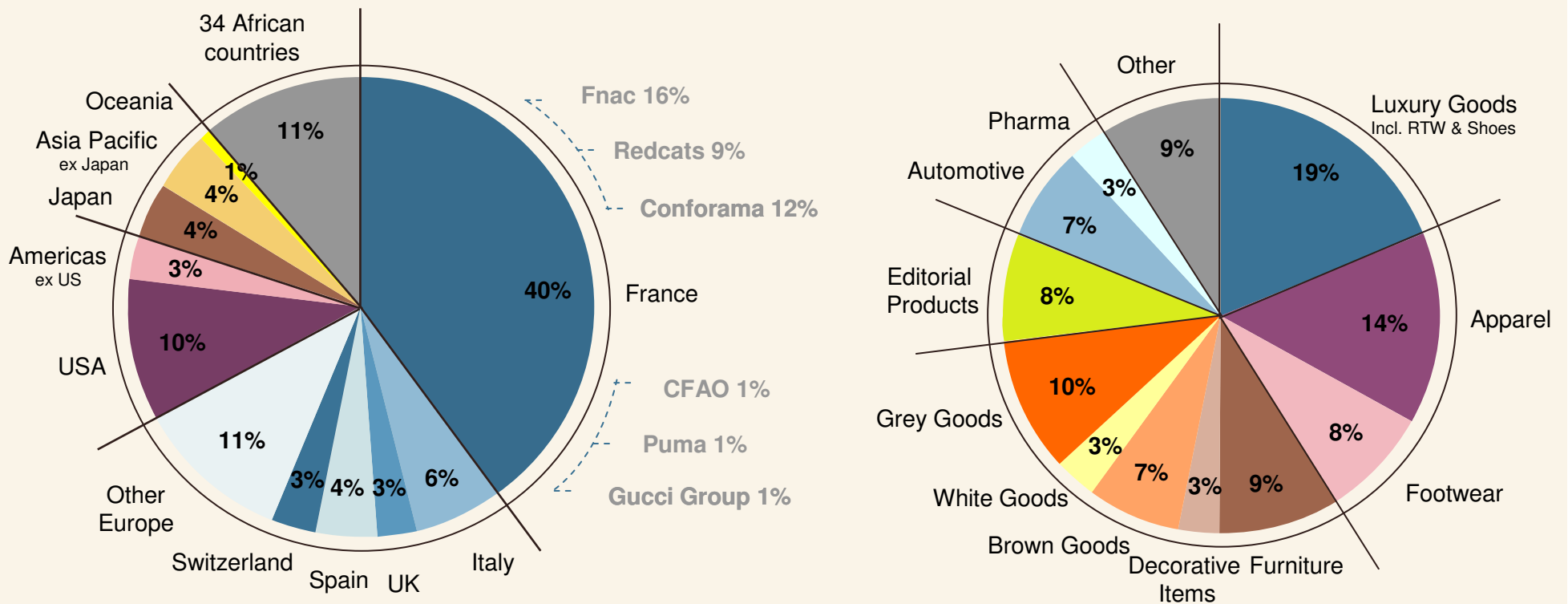
- ★ Securities of YSL Beauté including its Roger & Gallet subsidiary sold to L'Oréal for an enterprise value of €1,150M
- ★ Royalties at market conditions - Earnings enhancing from 2008

# PPR

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## Healthy business profile

Breakdown of FY 2007 sales <sup>(1)</sup>



(1) Pro forma assuming Puma consolidation as from January 1, 2007 and excluding discontinued operations

# Outlook 2008

## Consumer Activities

PPR

### ■ **Fnac** leverages its growth drivers

- ★ Favorable market dynamics in technical products, fueled by consumer appetite, technological innovation and a busy sporting calendar
- ★ Growth of international operations, both on a constant-store basis and through network development: a dozen store openings in 2008
- ★ Intensification of French suburban store openings to gain market share
- ★ Further growth in online sales, whose growth potential is phenomenal: new merchandising site and deployment outside of France

# Outlook 2008

## Consumer Activities

PPR

- **Redcats** benefits from its brand leadership and strengthens its multi-channel approach
  - ★ Focusing on priority brands and Branded Retail on high-potential markets (fashion apparel, home decoration, large sizes, sports & leisure)
  - ★ Strengthened Internet leadership: deployment of technological and marketing innovations
  - ★ Store network development and optimization
  - ★ Optimization of paper catalogs (attractiveness, effectiveness, cost...)
  - ★ Expansion of international activities, notably through increased presence of French brands across Europe

# Outlook 2008

## Consumer Activities

PPR

### ■ **Conforama** benefits from its modernization

- ★ Healthy growth of furniture market and favorable momentum in audio-visual products fueled by technological innovation and sporting calendar
- ★ Pursue brand modernization:
  - Store renovation/expansion program (17 in 2008 in France)
  - Updating of product offering and increased efficiency in promotional operations
  - Optimization of supply chain and new merchandising web site
- ★ Italy on the way to recovery:
  - New management team
  - Re-energize commercial initiatives alongside higher marketing investments
  - Modernization of offering and optimize pricing policies
  - Relaunch in-store event organization programs

# Outlook 2008

## Consumer Activities

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- **CFAO** continues to forge ahead
  - ★ Economic indicators remain positive in Africa
  - ★ Strengthening our positions and competitive advantages – Gain market share
  - ★ Pursuing development: new activities and new markets/countries
    - 2007 launches gaining speed
    - New projects for 2008

# Outlook 2008

## Consumer Activities

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- **Puma** capitalizes on the strength of its brand
  - \* Market supported by growing consumer appetite for fitness and well-being, as well as convergence between Sport and Lifestyle
  - \* Pursuing implementation of Phase IV of strategic plan: increasingly diversified brand offering, geographical expansion, and growth of alternative brands (Tretorn, Rudolf Dassler,...)
  - \* Numerous major sporting events in 2008 to reinforce brand legitimacy in the Performance Sports segment: African Nations Cup, Euro 2008, Beijing Olympic Games, Volvo Ocean Race...
  - \* Intensification of investments in marketing, sponsorship, public relations ... to sustain the brand's notoriety and promote its image
  - \* Pursue and optimize openings of DOS

# Outlook 2008

## Luxury Goods Activities

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- **Gucci Group** emphasizes its huge profitable growth potential
  - \* Supported by strong world Luxury markets: loyalty of traditional clientele, emergence of new customers, development in new countries
  - \* Reinforce capacity to absorb foreign currency fluctuations
  - \* Tremendous creativity and innovation resources of our brands: talent of designers, novelty, upscale offering, extension to high-potential product categories directly or through licensees...
  - \* Development of new commercial initiatives in terms of merchandising: new store concept, growing sales density...
  - \* Extension of store network in high-potential markets
  - \* Growing web visibility
  - \* Sustained pace of investments in communications

# Outlook 2008

## Luxury Goods Activities

PPR

- **Gucci Group** emphasizes its huge profitable growth potential
  - ★ Gucci: great ambitions for 2008
    - Broad program of product and collection launches, well balanced in terms of price positioning
    - Cultivate the Gucci brand's attractiveness in emerging markets: specific offers (limited editions, colors, special models...); product editorials and coverage of store openings; reinforcement of local teams (dedicated organization in China...)
    - Opening of New York flagship store in new location and re-opening, under the new concept, of the renovated Rome-Via Condotti store
    - 17 store openings, including over a dozen in emerging markets

# Outlook 2008

## Luxury Goods Activities

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- **Gucci Group** emphasizes its huge profitable growth potential
  - ★ Bottega Veneta: upscale positioning intensified, sustained high growth levels of growth, improved profitability
  - ★ Yves Saint Laurent: favorable operating leverage in 2008
    - Capture full potential of wholesale channel through better use of supply chain efficiency
    - Launch of new iconic products (Muse 2, Besace)
    - Reopening of Paris-St Sulpice store under new concept
  - ★ Other Brands: acceleration of profitable growth

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# Appendices

# PPR SHARE

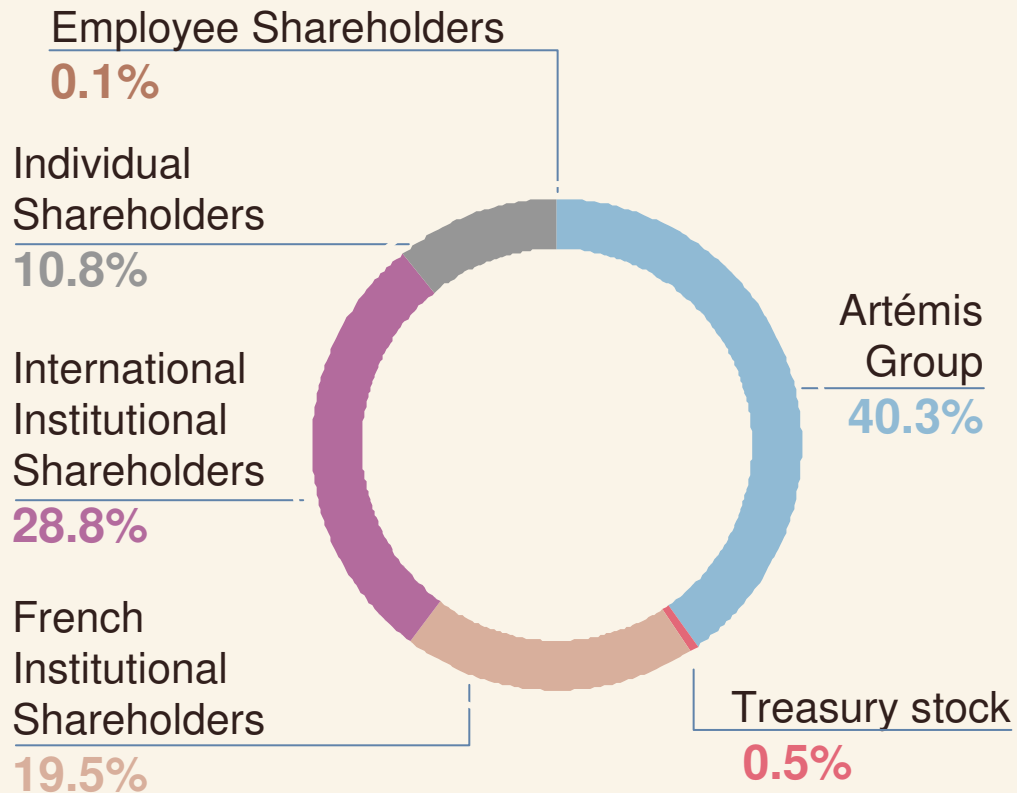
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- NYSE Euronext Paris / CAC40
- Number of shares outstanding: 128.1 million
- Market capitalization: € 11 billion (March 7, 2008)
- Dividend paid €3.45\* (up 15%)
- Average daily volume since Jan.1, 2007: 720,000

\*subject to AGM approval on June 9, 2008

# SHAREHOLDING STRUCTURE

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## In 2007

- Institutional investors owned 48.3% of share capital (19.5% French, 28.8% International)
- Among international institutional investors, US represented 11.0%, Continental Europe 9.3% (of which Germany 3.4%, Switzerland 1.1%, Norway 0.7%), and UK 6.6%

Artémis Group is controlled by the Pinault Family

# Outstanding operating performance

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€m

CONTINUING OPERATIONS	2007	2006	Change
<b>Revenues</b>	<b>19,761</b>	<b>17,026</b>	<b>+16.1%</b>
<b>Gross profit</b>	<b>8,790</b>	<b>7,472</b>	<b>+17.6%</b>
<i>Gross profit margin</i>	<i>44.5%</i>	<i>43.9%</i>	<i>+0.6 pt</i>
Commercial and marketing expenses	(1,627)	(1,375)	+18.3%
Selling expenses	(3,460)	(3,033)	+14.1%
Other	(2,007)	(1,788)	+12.3%
<b>Recurring operating income</b>	<b>1,696</b>	<b>1,276</b>	<b>+32.9%</b>
<i>Recurring operating income margin</i>	<i>8.6%</i>	<i>7.5%</i>	<i>+1.1 pt</i>
<b>EBITDA</b>	<b>2,096</b>	<b>1,622</b>	<b>+29.2%</b>
<i>EBITDA margin</i>	<i>10.6%</i>	<i>9.5%</i>	<i>+1.1 pt</i>

# Net income from continuing operations, Group share up 51 %

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€m

	2007	2006	Change
<b>Recurring operating income</b>	<b>1,696</b>	<b>1,276</b>	<b>+32.9%</b>
Other non-recurring operating income and expenses	100	15	
Financial charges (net)	(322)	(280)	
Corporate income tax	(298)	(262)	
Income from equity affiliates	1	1	
<b>Net income from continuing operations, Group share</b>	<b>1,058</b>	<b>703</b>	<b>+50.5%</b>
Net income from discontinued operations, Group share	(136)	(18)	
<b>Net income, Group share</b>	<b>922</b>	<b>685</b>	<b>+34.6%</b>
<b>Net income, Group share, from continuing operations excluding non-current items</b>	<b>904</b>	<b>712</b>	<b>+27.0%</b>
Net income per share from continuing operations, Group share, excluding non-current items	€7.05	€5.86	+20.3%

# Increase in net debt driven by Puma acquisition

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€m	2007	2006
<b>Net indebtedness at January 1</b>	<b>3,461</b>	<b>4,584</b>
<b>Free cash flow from operations</b> <i>o/w Acquisition of fixed operating assets</i>	<b>(1,394)</b> 594	<b>(1,056)</b> 410
Net interest paid and dividend received	274	186
Impact of Puma acquisition	3,164	
Other net investments in financial assets	(29)	22
Share capital (increase) / decrease	(13)	(720)
Impact of PPR treasury stock transactions	148	66
Dividends paid	457	356
Other	53	23
<b>Net indebtedness at December 31</b>	<b>6,121</b>	<b>3,461</b>

# Strong financial structure

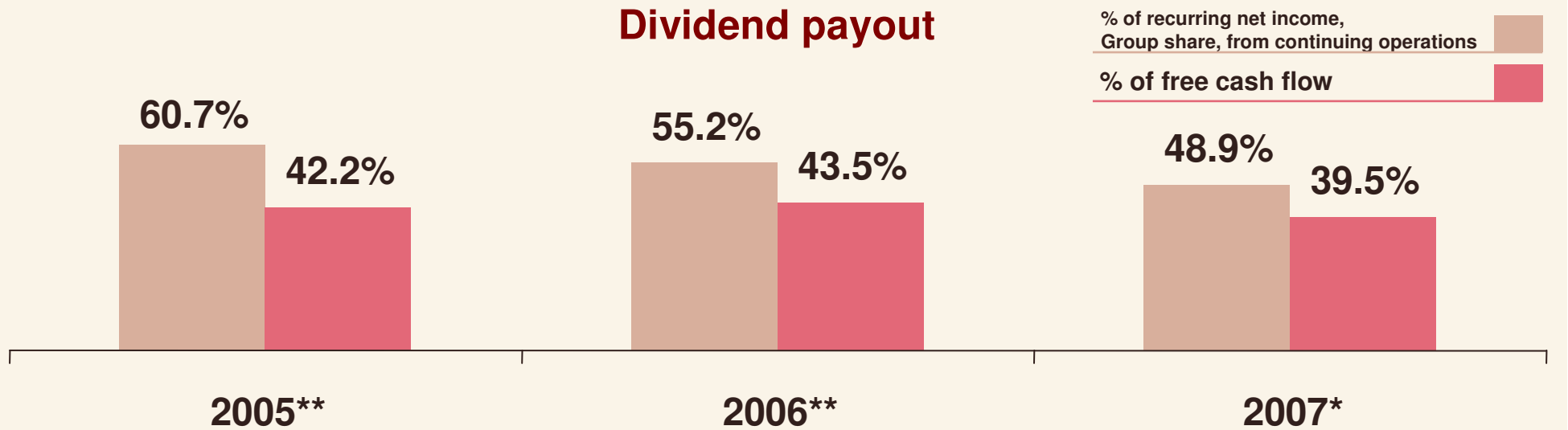
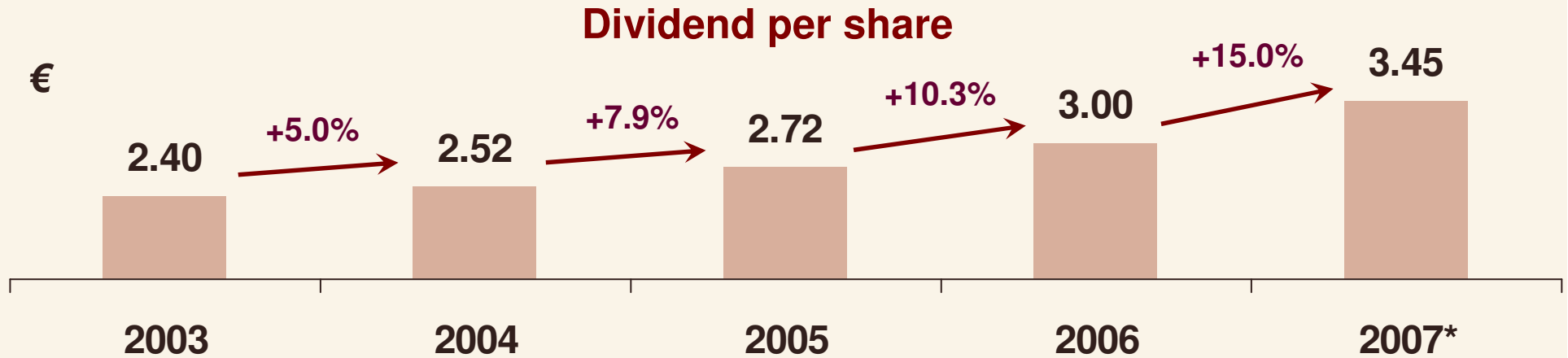
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€m

	Dec. 31, 2007	Dec. 31, 2006	Change
Goodwill & intangible assets	16,789	12,212	4,577
Other net non-current assets	292	876	(584)
Other net current assets	155	(242)	(87)
Provisions	(508)	(514)	(6)
<b>CAPITAL EMPLOYED</b>	<b>16,728</b>	<b>12,332</b>	<b>4,396</b>
Net assets held for sale	55	254	(199)
<b>SHAREHOLDERS' EQUITY <sup>(1)</sup></b>	<b>10,662</b>	<b>9,125</b>	<b>1,537</b>
<b>NET INDEBTEDNESS</b>	<b>6,121</b>	<b>3,461</b>	<b>2,660</b>
<sup>(1)</sup> o/w Group share	9,218	8,971	247

# Steady dividend growth

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\* Subject to June 9, 2008 AGM approval

\*\* Not adjusted for application of IFRS 5

# Revenues

(after inter-company eliminations)

PPR

€m	2007	2006	Change	
			in €m	as %
Fnac	4,583.5	4,266.9	316.6	7.4%
Redcats	3,760.6	3,715.0	45.6	1.2%
Conforama	3,310.4	3,250.6	59.8	1.8%
CFAO	2,534.7	2,219.4	315.3	14.2%
Puma	1,704.7		1,704.7	
Gucci Group	3,867.0	3,564.4	302.6	8.5%
<i>Gucci Division</i>	2,175.4	2,100.5	74.9	3.6%
<i>Bottega Veneta</i>	366.1	266.9	99.2	37.2%
<i>Yves Saint Laurent</i>	221.3	193.6	27.7	14.3%
<i>YSL Beauté</i>	649.2	624.3	24.9	4.0%
<i>Other brands</i>	455.0	379.1	75.9	20.0%
Other		9.3	(9.3)	
<b>PPR</b>	<b>19,760.9</b>	<b>17,025.6</b>	<b>2,735.3</b>	<b>16.1%</b>

# Recurring operating income

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€m	2007	2006	Change	
			In €m	as %
Fnac	199.0	173.1	25.9	15.0%
Redcats	186.6	221.8	(35.2)	-15.9%
Conforama	167.5	183.4	(15.9)	-8.7%
CFAO	232.3	182.4	49.9	27.4%
Puma	236.0		236.0	
Gucci Group	730.9	565.2	165.7	29.3%
<i>Gucci Division</i>	646.9	611.8	35.1	5.7%
<i>Bottega Veneta</i>	92.2	54.6	37.6	68.9%
<i>Yves Saint Laurent</i>	(31.9)	(49.4)	17.5	35.4%
<i>YSL Beauté</i>	64.7	32.2	32.5	100.9%
<i>Other brands</i>	33.1	10.3	22.8	221.4%
<i>Corporate costs</i>	(74.1)	(94.3)	20.2	21.4%
Holdings & Others	(56.5)	(50.1)	(6.4)	-12.8%
<b>PPR</b>	<b>1,695.8</b>	<b>1,275.8</b>	<b>420.0</b>	<b>32.9%</b>

# EBITDA

PPR

€m	2007	2006	Change	
			in €m	as %
Fnac	273.6	254.5	19.1	7.5%
Redcats	233.0	267.0	(34.0)	-12.7%
Conforama	230.0	242.8	(12.8)	-5.3%
CFAO	262.9	208.9	54.0	25.8%
Puma	272.5		272.5	
Gucci Group	878.7	696.9	181.8	26.1%
<i>Gucci Division</i>	722.2	676.8	45.4	6.7%
<i>Bottega Veneta</i>	102.0	65.8	36.2	55.0%
<i>Yves Saint Laurent</i>	(19.4)	(35.7)	16.3	45.7%
<i>YSL Beauté</i>	92.6	51.5	41.1	79.8%
<i>Other brands</i>	48.7	26.4	22.3	84.5%
<i>Corporate costs</i>	(67.4)	(87.9)	20.5	23.3%
Holdings & Others	(54.8)	(48.1)	(6.7)	-13.9%
<b>PPR</b>	<b>2,095.9</b>	<b>1,622.0</b>	<b>473.9</b>	<b>29.2%</b>