



PPR – Fixed Income Institutional Investors Presentation

Jean-François PALUS - CFO

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2005: organic growth and operating efficiency

- Unique positioning
- Organic growth strategy
- Higher growth profile than market averages
- Constantly enhancing offer and organization

2005: marked improvement in performance

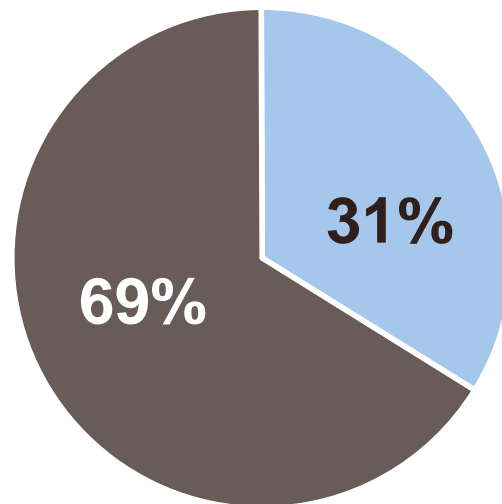
- Revenue: +4.2% to € 17,766 million (+4.8% on a comparable basis)
- Recurring operating income: +9.9% to € 1,084 million
- Free cash flow from operations: +31% to € 955 million
- Net indebtedness: € 4,584 million at 2005 year end vs. € 5,184 million at January 1, '05

2005: healthy cash generation

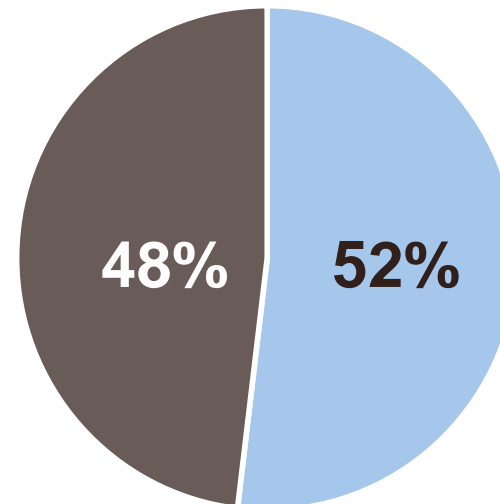
■ **Free cash flow from operations: up €226 million to €955 million**

- Lower working capital requirements
- Improved Capex efficiency

2005 Capex*



Retail
Luxury Goods



France
International

2005: Retail



- Mixed performances in a challenging climate
 - Comparable revenue up 2.8%
 - Stable recurring operating income
- Growth and improved performance of international operations
 - Comparable revenue outside France up 4.4%
 - Store openings
 - Access to new countries (Greece, Norway ...)
- Leadership in e-commerce

2005: Luxury Goods



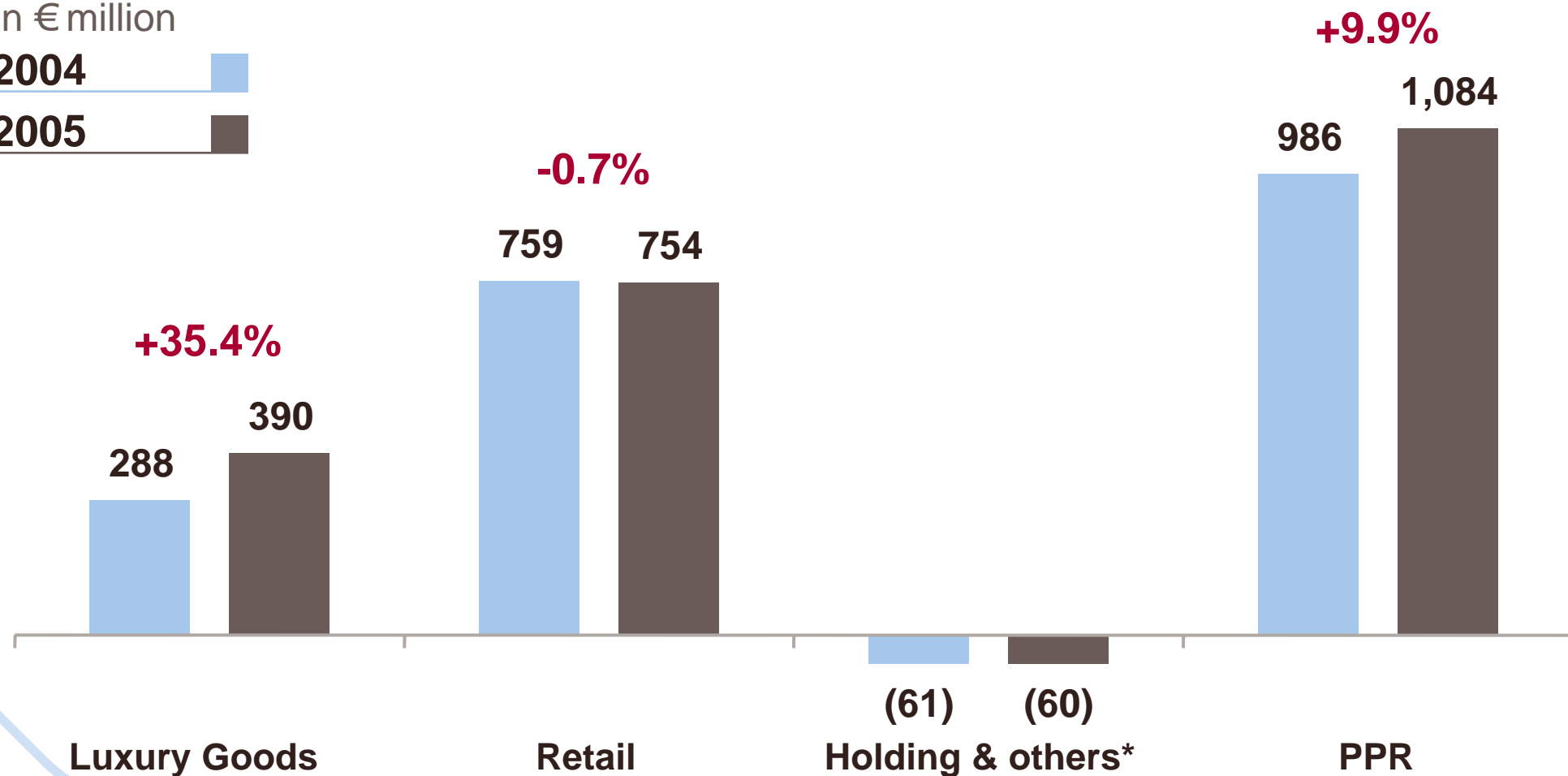
- Sustained creativity, accountable organization
- Outstanding performance
 - Revenue: +11.9% (+15.9% on a comparable basis)
 - Market share gains in key product categories and regions
- Recurring operating income: +35.4% (+86% at comparable exchange rates)
 - Gucci operating margin up sharply
 - First profits for Bottega Veneta and Balenciaga
 - Improved results at Yves Saint Laurent Couture, Boucheron ...
- Ongoing investments
 - 28 new stores
 - Intensification of communications effort

Recurring operating income

In € million

2004

2005



Change in net indebtedness

In € million

Net indebtedness at December 31, 2004	4,725
Impact of IAS 32/39	459
Net indebtedness at January 1, 2005	5,184
Free cash flow from operations	(955)
Financial disposals net of taxes and costs	(82)
Impact of PPR treasury stock transactions	(186)
Dividends paid	326
Interest paid	228
Impact of IAS 32/39 on financial debt	36
Market value of derivatives and other changes	33
Net indebtedness at December 31, 2005	4,584

Strategy & outlook



- Higher growth profile
 - Strong brands and selling concepts
 - High levels of creativity and innovation
 - Outstanding networks
- Higher investment
- Improved performances

Strategy & outlook



■ Retail

- Pursue repositioning on fastest-growing market segments
- Enhance operating efficiency
- Expand international activities

■ Luxury Goods

- Harness potential of all brands
- Raise investments
- Leverage all product categories

PPR Group consolidated sales Q1 2006



(in EUR million)

<i>According to IFRS</i>	Q1 2006	06/05 change ⁽¹⁾
■ Retail	3,593	+4.2%
■ Luxury Goods	847	+18.4%
<i>Inter-company sales</i>	-7	<i>ns</i>
PPR	4,433	+6.6%

- Retail: positive momentum in an improving environment
- Luxury Goods: ongoing strong growth
- PPR Group: international sales up 9.6% to 53.3% of total

Retail

Positive response to our actions



- France, up 3.1%: good performance in growing markets
- International: 44% of Retail – Sound growth except in Italy and UK
- Improving Q1 trend: higher sales growth month after month
- Successful repositioning in Retail through our marketing and merchandising actions
- Continued leadership in e-commerce: up 31% to € 380 M
- May 5, 2006 – PPR announced that Redcats USA will acquire all the outstanding shares of The Sportsman's Guide for \$ 265 M

Luxury Goods

Continued strong momentum



- Increased contribution of Luxury to PPR Group sales (19.1% in Q1' 06 vs. 17.3% in Q1' 05)
- Acceleration of quarterly growth since beginning of 2005
- Double-digit growth in all regions, including Japan up 13.6%
- Little impact of foreign exchange on Q1' 06 figures
- 429 Directly Operated Stores at end of Q1' 06