

PPR

UBS  
French Equity Conference

François-Henri Pinault

March 27, 2006

# Disclaimer

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 many factors, risks and uncertainties. Consequently, actual figures and assessments could differ significantly from projected figures. The following factors among others set out in the Reference Document (Document de Référence) registered with the French Financial Markets Authority (Autorité des Marchés Financiers) could cause actual figures to differ significantly from projected figures: any unfavourable development affecting consumer spending in the activities of the Group in France and abroad, notably for products and services sold by the Retail brands or for Luxury Goods, 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.

The information contained in this document relating to persons other than the PPR Group has not been independently verified. PPR makes no representation or undertaking as to the accuracy, completeness or sincerity of such information.

## 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

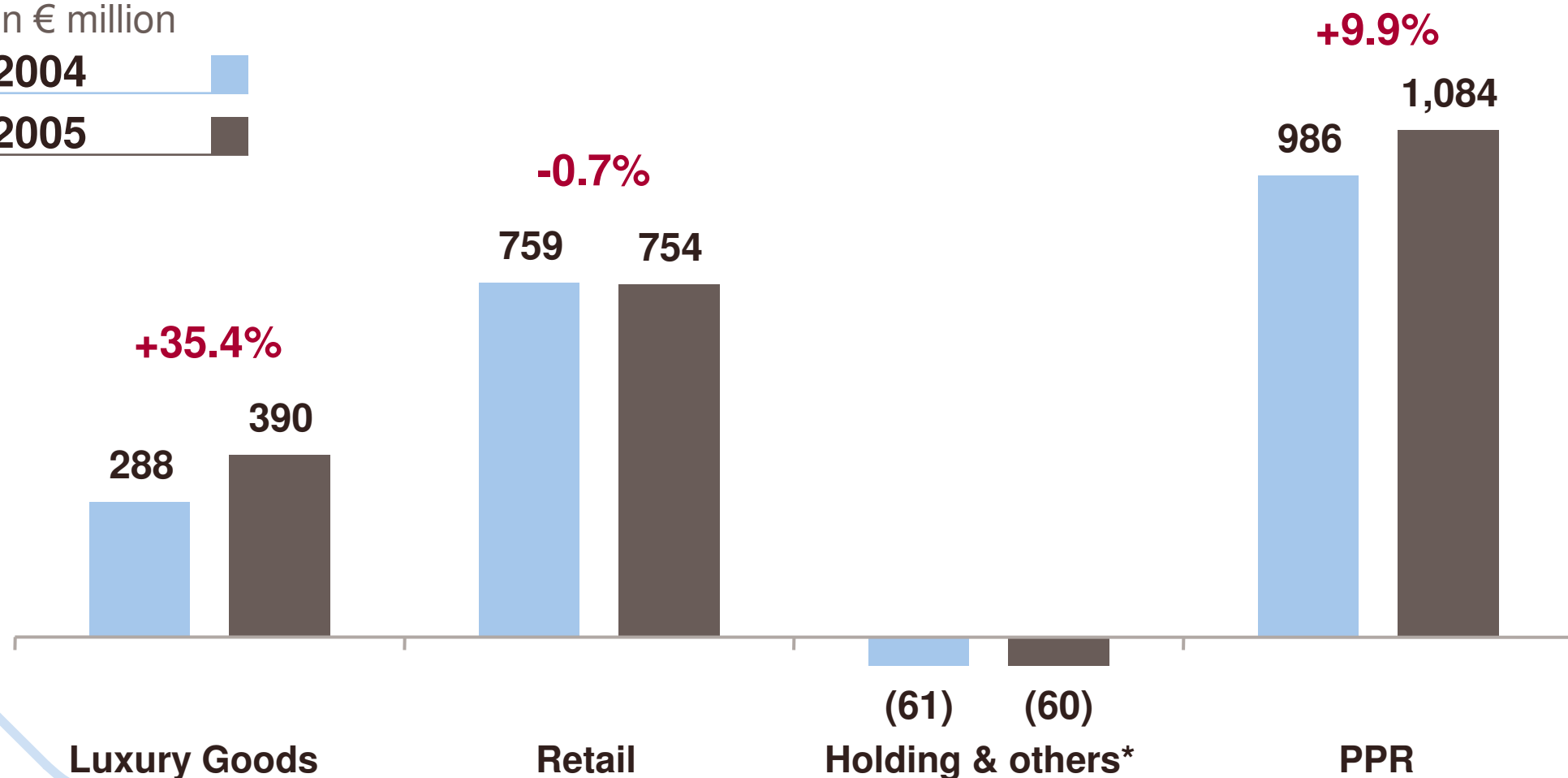
- Revenue: +4.2% to € 17,766 million (+4.8% on a comparable basis)
- Recurring operating income: +9.9% to € 1,084 million
- Free cash flow from operations: +31% to € 955 million
- Net indebtedness: € 4,584 million at 2005 year end vs. € 5,184 million at January 1, '05

# Recurring operating income

In € million

2004

2005

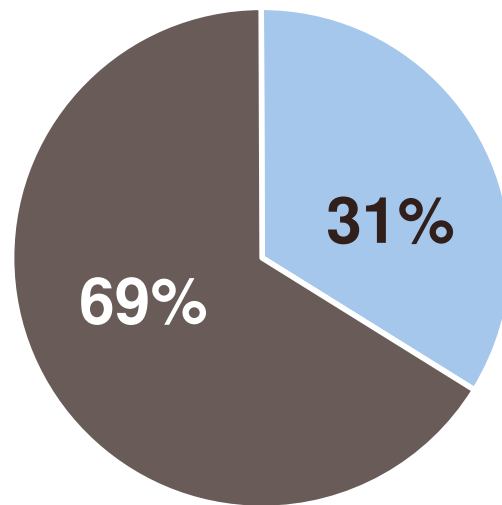


# 2005: healthy cash generation

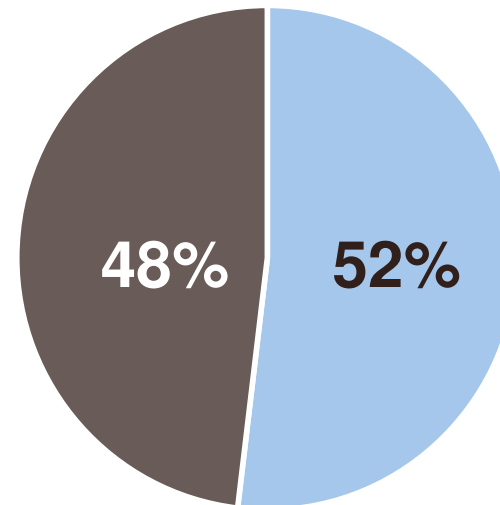
## ■ Free cash flow from operations: up € 226 million to € 955 million

- Lower working capital requirements
- Improved Capex efficiency

2005 Capex\*



**Retail**  
**Luxury Goods**



**France**  
**International**

## 2005: Retail



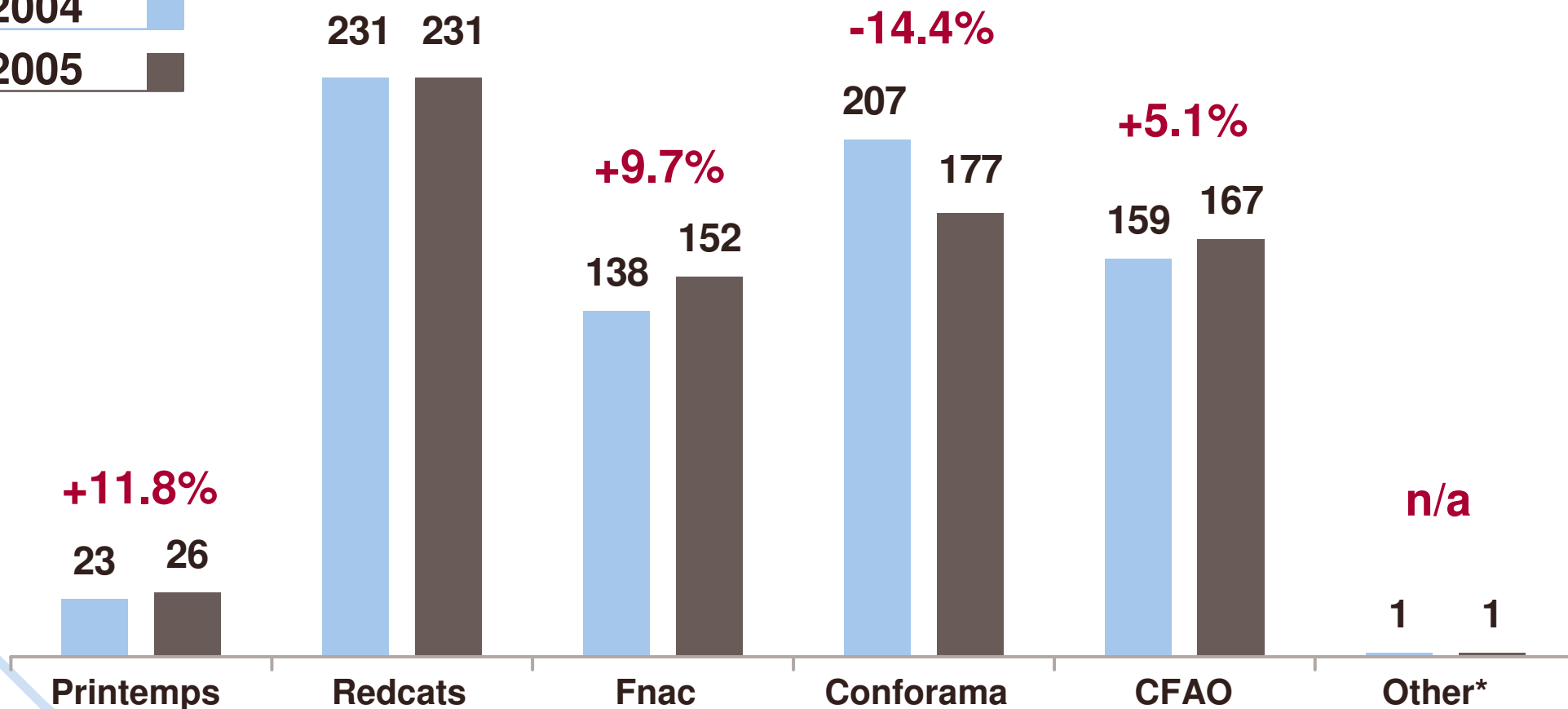
- Mixed performances in a challenging climate
  - Comparable revenue up 2.8%
  - Stable recurring operating income
- Growth and improved performance of international operations
  - Comparable revenue outside France up 4.4%
  - Store openings
  - Access to new countries (Greece, Norway ...)
- Maintain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

# Recurring operating income Retail

In € million

2004

2005



# 2005: Luxury Goods



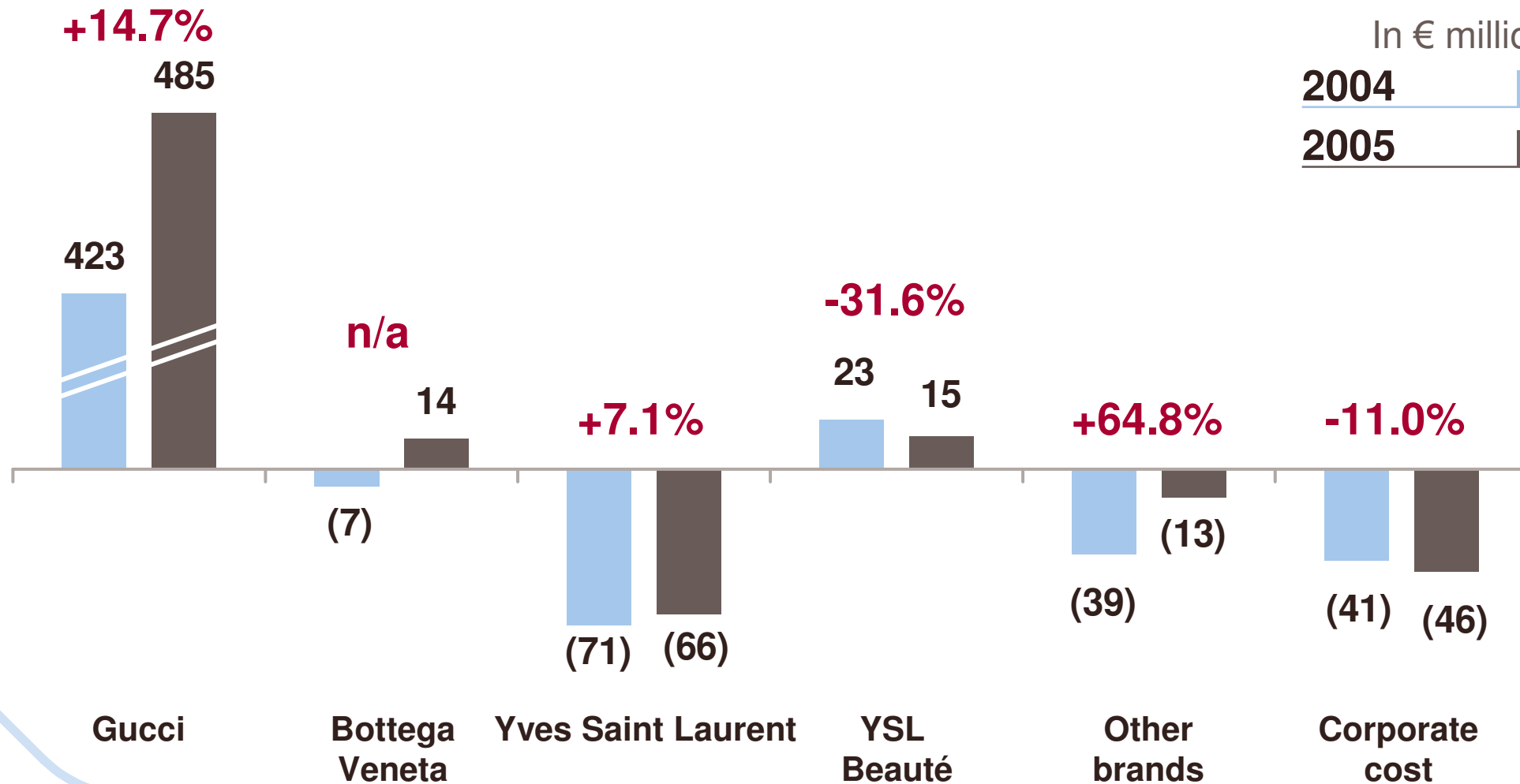
- Sustained creativity, accountable organization
- Outstanding performance
  - Revenue: +11.9% (+15.9% on a comparable basis)
  - Market share gains in key product categories and regions
- Recurring operating income: +35.4% (+86% at comparable exchange rates)
  - Gucci operating margin up sharply
  - 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 Luxury Goods

In € million

2004

2005



PPR

# Strategy & Outlook

# Strategy & Outlook



- Outperform our markets
  - High levels of creativity and innovation
- Improve performances
- Higher investment

# 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

2006



- Retail: a more favorable environment
- Luxury Goods: continued fast-pace growth
- Strong start to the year
  - February YTD revenue up by about 7%
    - » Up 4% for Retail
    - » Over 19% growth for Luxury Goods
- 2006: strong improvement in operating performances

PPR

UBS  
French Equity Conference

François-Henri Pinault

March 27, 2006