

## PRESS RELEASE

Paris, July 30, 2010

2010 Half Year Results**Results up sharply****• Recurring operating income up 21%**

Improved profitability in each of our activities

**• Net income Group share up 87%**

(from continuing operations excl. non-current items)

François-Henri Pinault, Chairman and Chief Executive Officer, noted:

“PPR posted very good results in the first half of 2010 in an economic environment that remains hesitant. I want to express my appreciation for the remarkable work of all our teams. The vigorous initiatives we have adopted from the onset of the crisis to maintain our competitiveness, and the sales offensives we have since launched, enable us today to benefit from the early impact of the worldwide recovery. Sales growth gained further momentum in the second quarter, fueled by the success of our brands and retail concepts on the web and in international markets, where we are durably strengthening our positions. We have also bolstered the profitability of each of our activities in the first half. Our prospects for the short and medium term are good. Our sales momentum will continue to bear fruit and we maintain disciplined management efforts.”

(in EUR million)	H1 2010	H1 2009	Change
<b>Revenues</b>	<b>8,139</b>	<b>7,853</b>	<b>+3.6%</b>
<b>Recurring operating income</b>	<b>708</b>	<b>587</b>	<b>+20.7%</b>
<i>Recurring operating income margin</i>	8.7%	7.5%	+1.2pt
<b>EBITDA</b>	<b>895</b>	<b>785</b>	<b>+14.1%</b>
<i>EBITDA margin</i>	11.0%	10.0%	+1.0pt
<b>Net income, Group share</b>	<b>403</b>	<b>189</b>	<b>+113.3%</b>
Net income per share (in €)	3.18	1.49	+113.4%
<b>Net income from continuing operations, Group share, excluding non-current items</b>	<b>407</b>	<b>218</b>	<b>+86.8%</b>
Net income per share (in €)	3.22	1.72	+87.2%

## **Operating performances**

In the first half of 2010, PPR posted **revenues from continuing operations** of EUR 8,139 million, up 3.6% in reported terms and 1.7% on a comparable basis against the first six months of 2009. The pace of sales growth further accelerated in the second quarter (up 6.3% in reported terms and 2.0% on a comparable basis), reflecting a marked rebound in international trade and the active pursuit of sales initiatives launched by all the brands and retail companies of the Group.

The contribution of international activities to total PPR sales continued to increase, representing 60.5% of revenues in the first half of 2010 compared to 59.7% in the comparable period last year.

The Group's resistance to changes in its economic environments benefited from its well-balanced mix in terms of geographical presence and sales formats. In particular, PPR is becoming less dependent on Europe, as sales achieved outside of the Euro zone grew by 8.9% in the first half of 2010 (+4.2% on a comparable basis) and accounted for 43.0% of total Group revenues.

PPR pursued its expansion in emerging markets, where comparable sales rose by 11.3% in the first half, accounting for 15.4% of total Group revenues. In period, Gucci sales in emerging markets were up 17.7% on a comparable basis, accounting for 40.3% of the total (vs. 36.7% in the first six months of 2009).

In the first half of 2010, Group online sales rose by 14.5% in reported terms (+13.2% on a comparable basis) and accounted for 13.4% of total PPR revenues, up from 12.0% in the comparable 2009 period. Online sales at Fnac (+20%) and Redcats (+12%) achieved particularly strong growth in the first half.

**Gross margin** in the first half of 2010 was EUR 3,994 million, up 5.9% compared to the first half of 2009. As a percentage of revenues, gross margin was 49.1%, up 1.1 point compared to last year. Conforama, Redcats and Gucci Group achieved strong improvements in gross margin in the half year.

In the first half, **recurring operating income** exceeded EUR 708 million, up 20.7% compared to the first half of 2009. Each of the Group's activities posted higher recurring operating income in the period. Total recurring operating margin stood at 8.7% in the first half 2010, up 1.2 point from the comparable 2009 period.

**EBITDA** totaled EUR 895 million in the first six months of the year, up 14.1% compared to the first half of 2009. EBITDA margin as a percentage of revenues was up 1 point to 11.0%.

### **Financial performances**

**Net financial charges** totaled EUR 109 million in the first half of 2010. **Net interest expense** amounted to EUR 116 million, down 1.4% compared to the first half of 2009, reflecting the 24% drop in average net debt outstanding during the period, partly offset by the 110 basis point increase in average interest rate on PPR's debt.

The EUR 118 million favorable change in **Other financial charges** is mainly due to non-cash accounting entries related to IAS 39.

**Net income, Group share** amounted to EUR 403 million in the first half of 2010, up 113.3%. Excluding non-current items, Net income, Group share from continuing operations totaled EUR 407 million in the first half, up 86.8% from EUR 218 million in the first six months of 2009.

**Net income per share** was EUR 3.18 in the first six months of 2010 (H1 2009: EUR 1.49). Excluding non-current items, Net income per share from continuing operations was EUR 3.22 (H1 2009: EUR 1.72).

### **Financial structure**

(in EUR million)	<b>June 30, 2010</b>	<b>June 30, 2009</b>	<b>Dec. 31, 2009</b>
<b>Capital employed</b>	<b>16,101</b>	<b>16,766</b>	<b>15,396</b>
Net assets held for sale	43	0	24
<b>Shareholders' equity</b>	<b>11,279</b>	<b>10,361</b>	<b>11,053</b>
<b>Net indebtedness</b>	<b>4,865</b>	<b>6,406</b>	<b>4,367</b>

In the first half of 2010, **free cash flow from operations** was EUR 269 million, up EUR 232 million from the first six months of 2009.

Group net financial debt at June 30 is traditionally higher than at the end of the fiscal year, reflecting operating seasonality and the schedule of the dividend payment. At June 30, 2010, **net financial debt** was EUR 4,865 million.

PPR's **financial structure** remains solid; on May 13, 2010, Standard & Poors confirmed the Group's BBB- rating, with stable outlook.

The Group is not exposed to any liquidity risk. At June 30, 2010, PPR had available cash and equivalents of EUR 927 million in addition to EUR 6,325 million in untapped medium-term confirmed lines of credit.

## **Key developments of the second half**

### **Changes in the scope of operations**

On April 8, 2010, Puma acquired a 20.1% interest in the capital of Wilderness Holdings Ltd. Wilderness operates ecotourism activities in South Africa and Botswana.

On April 16, 2010, Puma completed the acquisition of the Cobra golf equipment maker. This acquisition includes the Cobra brand, inventories, intellectual property and sponsorship contracts.

### **Strengthening of financial structure**

In the first half of 2010, PPR pursued the strengthening of its financial structure through extension of its average debt maturity and diversification of its financing sources.

As part of its EMTN program, PPR launched a EUR 500 million issue of 3.75% notes due April 2015.

### **Subsequent events**

On July 9, 2010, Fnac announced that it had entered exclusive negotiations with ID Group for the sale of Fnac Eveil & Jeux.

### **Outlook**

In an economic environment that remains uncertain, the strengths that underpinned the quality of PPR's results in the first six months of the year should once again be at work in the second half.

The Group is determined to intensify its management efforts and pursue its sales offensives throughout the year.

## **Main definitions**

### **IFRS 5 – Non-current assets held for sale and discontinued operations**

In accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the Group has presented certain activities as “Operations discontinued, sold or to be sold”. Net income and losses from these activities are included under a separate income statement heading, “Net income (loss) from discontinued operations”, and are restated in the statement of cash flows and income statement for all reported periods.

The assets and liabilities arising from “operations sold or to be sold” are presented on separate lines in the Group’s balance sheet, but are not restated for prior periods. The assets and liabilities associated with discontinued operations are not presented on separate lines in the balance sheet.

### **Definition of “reported” and “comparable” revenue**

The Group’s reported revenue corresponds to published revenue. Non-Group revenue is defined as revenue from each company or brand, after elimination of intra-group sales.

The Group also uses “comparable” data to measure organic growth. “Comparable” revenue is 2009 revenue restated for the impact of changes in Group structure in 2009 or 2010, and for translation differences relating to foreign subsidiaries’ revenue in 2009.

### **Definition of consolidated net debt**

As defined by French National Accounting Council (CNC) recommendation No. 2009-R.03 of July 2, 2009, net debt comprises gross debt, including accrued interest, less net cash.

Net debt includes fair value hedging instruments recorded in the balance sheet relating to bank borrowings and bonds whose interest rate risk is fully or partly hedged as part of a fair value relationship (see Note 16 to the condensed consolidated interim financial statements).

The financing of customer loans by fully-consolidated consumer credit businesses is presented in borrowings. However, Group net debt excludes the financing of customer loans by consumer credit businesses.

### **Definition of EBITDA**

The Group uses EBITDA to monitor its operating performance. This financial indicator corresponds to recurring operating income plus net charges to depreciation, amortisation and provisions on non-current operating assets recognised in recurring operating income.

### **Definition of free cash flow from operations and available cash flow**

The Group also uses an intermediate line item, "Free cash flow from operations", to monitor its financial performance. This financial indicator measures net operating cash flow less net operating investments (defined as purchases and sales of property, plant and equipment and intangible assets).

Available cash flow corresponds to free cash flow from operations plus interest and dividends received less interest paid and equivalent.

## PRESENTATION

You are invited to attend the presentation of the 2010 Half Year Results today at 8:30am (Paris time) at the “Pavillon Gabriel” – 5, avenue Gabriel – 75008 Paris.

A live videocast (Real and Windows Media Player formats) as well as the presentation slides (PDF) will be available at 8:30am Paris time at [www.ppr.com](http://www.ppr.com). A replay will be available later in the day.

You will also be able to listen to the conference by dialing:

<b>For French version</b>	<b>For English version</b>
+33 (0)1 72 00 13 61	+44 (0)203 367 94 61
<b>Replay dial-in details</b>	<b>Replay dial-in details</b>
+33 (0)1 72 00 15 01 Replay Passcode : 270573#	+44 (0)203 367 94 60 Replay Passcode : 270580#

The 2010 half-year report will be available at [www.ppr.com](http://www.ppr.com).



### About PPR

PPR develops a portfolio of high-growth global brands. Through its Consumer and Luxury brands, PPR generated sales of €16.5 billion in 2009. With approximately 73,000 employees the Group is present in 59 countries. PPR shares are listed on Euronext Paris (FR 0000121485, PRTP.PA, PPPF).

To explore the universe of PPR brands go to [www.ppr.com](http://www.ppr.com): Fnac, Redcats Group (La Redoute, Vertbaudet, Somewhere, Cyrillus, Daxon, Ellos, The Sportsman's Guide, The Golf Warehouse and brands of the plus-size division), Conforama, Puma and the Luxury brands of Gucci Group (Gucci, Bottega Veneta, Yves Saint Laurent, Balenciaga, Boucheron, Sergio Rossi, Alexander McQueen and Stella McCartney).



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## **PPR CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2010**

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## Consolidated income statement

(in € million)	06/30/2010	06/30/2009	12/31/2009
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	<b>8,138.6</b>	<b>7,853.0</b>	<b>16,524.6</b>
Cost of sales	(4,145.1)	(4,081.7)	(8,749.3)
<b>Gross profit</b>	<b>3,993.5</b>	<b>3,771.3</b>	<b>7,775.3</b>
Payroll expenses	(1,319.9)	(1,276.2)	(2,525.6)
Other recurring operating income and expenses	(1,965.3)	(1,908.4)	(3,866.3)
<b>Recurring operating income</b>	<b>708.3</b>	<b>586.7</b>	<b>1,383.4</b>
Other non-recurring operating income and expenses	(5.5)	(131.6)	(546.8)
<b>Operating income</b>	<b>702.8</b>	<b>455.1</b>	<b>836.6</b>
Finance costs	(109.0)	(228.7)	(381.4)
<b>Income before taxes</b>	<b>593.8</b>	<b>226.4</b>	<b>455.2</b>
Income taxes	(167.7)	(75.8)	(176.7)
Share in earnings of associates	15.6	(1.2)	0.3
<b>Net income from continuing operations</b>	<b>441.7</b>	<b>149.4</b>	<b>278.8</b>
o/w attributable to equity holders of the parent	402.7	134.7	247.2
o/w attributable to minority interests	39.0	14.7	31.6
<b>DISCONTINUED OPERATIONS</b>			
<b>Net income from discontinued operations</b>	<b>0.1</b>	<b>69.8</b>	<b>764.9</b>
o/w attributable to equity holders of the parent	0.1	54.1	737.4
o/w attributable to minority interests		15.7	27.5
<b>Net income of consolidated companies</b>	<b>441.8</b>	<b>219.2</b>	<b>1,043.7</b>
o/w attributable to equity holders of the parent	402.8	188.8	984.6
o/w attributable to minority interests	39.0	30.4	59.1
<b>Net income attributable to equity holders of the parent</b>	<b>402.8</b>	<b>188.8</b>	<b>984.6</b>
Earnings per share (in €)	3.18	1.49	7.79
Fully diluted earnings per share (in €)	3.18	1.49	7.79
<b>Net income from continuing operations attributable to equity holders of the parent</b>	<b>402.7</b>	<b>134.7</b>	<b>247.2</b>
Earnings per share (in €)	3.18	1.07	1.96
Fully diluted earnings per share (in €)	3.18	1.07	1.96
<b>Net income from continuing operations excluding non-recurring items attributable to equity holders of the parent</b>	<b>407.0</b>	<b>217.9</b>	<b>712.4</b>
Earnings per share (in €)	3.22	1.72	5.63
Fully diluted earnings per share (in €)	3.21	1.72	5.63

# Consolidated balance sheet

## ASSETS

(in € million)	06/30/2010	06/30/2009	12/31/2009
Goodwill	5,678.8	6,312.8	5,564.6
Brands & other intangible assets	10,142.3	10,170.2	10,122.7
Property, plant and equipment	1,874.1	2,183.3	1,861.5
Investments in associates	720.7	80.5	705.6
Non-current financial assets	359.4	321.5	301.8
Deferred tax assets	579.8	672.3	554.0
Other non-current assets	17.4	12.5	11.4
<b>Non-current assets</b>	<b>19,372.5</b>	<b>19,753.1</b>	<b>19,121.6</b>
Inventories	2,672.0	3,175.2	2,351.6
Trade receivables	1,081.0	1,332.7	941.8
Customer loans	227.8	193.6	214.9
Current tax receivables	72.7	96.7	77.6
Other current financial assets	128.2	67.1	27.9
Other current assets	713.0	827.1	708.9
Cash and cash equivalents	927.2	1,272.3	944.5
<b>Current assets</b>	<b>5,821.9</b>	<b>6,964.7</b>	<b>5,267.2</b>
<b>Assets classified as held for sale</b>	<b>77.9</b>		<b>74.9</b>
<b>Total assets</b>	<b>25,272.3</b>	<b>26,717.8</b>	<b>24,463.7</b>

## LIABILITIES & SHAREHOLDERS' EQUITY

(in € million)	06/30/2010	06/30/2009	12/31/2009
Shareholders' equity attributable to equity holders of the parent	10,173.3	9,129.6	9,954.5
Shareholders' equity attributable to minority interests	1,105.8	1,231.0	1,098.8
<b>Shareholders' equity</b>	<b>11,279.1</b>	<b>10,360.6</b>	<b>11,053.3</b>
Long-term borrowings	3,482.2	5,769.1	4,357.8
Other non-current financial liabilities		0.7	
Provisions for retirement and similar benefits	192.4	224.3	192.3
Provisions	94.4	163.7	103.5
Deferred tax liabilities	2,874.1	2,848.4	2,860.0
<b>Non-current liabilities</b>	<b>6,643.1</b>	<b>9,006.2</b>	<b>7,513.6</b>
Short-term borrowings	2,337.4	1,940.5	1,006.1
Financing of customer loans	227.8	193.6	214.9
Other current financial liabilities	136.7	93.7	56.5
Trade payables	2,131.8	2,273.2	2,053.5
Provisions for retirement and similar benefits	13.8	14.5	11.9
Provisions	201.5	250.6	252.0
Current tax liabilities	301.9	286.8	211.8
Other current liabilities	1,964.4	2,298.1	2,039.4
<b>Current liabilities</b>	<b>7,315.3</b>	<b>7,351.0</b>	<b>5,846.1</b>
<b>Liabilities associated with assets classified as held for sale</b>	<b>34.8</b>		<b>50.7</b>
<b>Total liabilities and shareholders' equity</b>	<b>25,272.3</b>	<b>26,717.8</b>	<b>24,463.7</b>

## Consolidated cash flow statement

(in € million)	06/30/2010	06/30/2009	12/31/2009
<b>Net income from continuing operations</b>	<b>441.7</b>	<b>149.4</b>	<b>278.8</b>
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	186.8	198.1	407.3
Other non-cash income and expenses	(56.0)	189.5	562.5
<b>Cash flow from operating activities</b>	<b>572.5</b>	<b>537.0</b>	<b>1,248.6</b>
Interest paid/received	125.3	127.1	260.6
Dividends received	(0.1)	(0.5)	(0.1)
Net income tax payable	175.6	102.9	192.7
<b>Cash flow from operating activities before tax, dividends and interest</b>	<b>873.3</b>	<b>766.5</b>	<b>1,701.8</b>
Change in working capital requirement	(415.5)	(488.2)	(28.4)
Change in customer loans	(0.6)	5.6	(11.7)
Income tax paid	(97.2)	(99.9)	(243.7)
<b>Net cash from operating activities</b>	<b>360.0</b>	<b>184.0</b>	<b>1,418.0</b>
Purchases of property, plant and equipment and intangible assets	(129.3)	(167.0)	(338.9)
Proceeds from sale of property, plant and equipment and intangible assets	37.8	19.5	37.5
Acquisitions of subsidiaries, net of cash acquired	(67.6)	(53.9)	(62.2)
Proceeds from disposal of subsidiaries net of cash transferred	(22.3)	(32.0)	866.0
Purchases of other financial assets	(46.1)	(3.2)	(28.2)
Proceeds from sale of other financial assets	(3.9)	(0.9)	13.7
Interest and dividends received	3.4	5.5	12.9
<b>Net cash from investing activities</b>	<b>(228.0)</b>	<b>(232.0)</b>	<b>500.8</b>
Share capital increase/decrease and other transactions with owners	(63.6)	(17.0)	(44.6)
Treasury share transactions	(2.2)	(4.3)	(4.0)
Dividends paid to parent company shareholders	(417.4)	(417.3)	(417.3)
Dividends paid to minority interests	(14.7)	(20.4)	(30.5)
Bond issues	522.8	1,307.6	1,563.4
Bond redemptions	(166.8)	(1,277.7)	(1,322.8)
Increase (decrease) in other borrowings	191.1	702.3	(1,688.5)
Interest paid and equivalent	(104.2)	(100.5)	(264.3)
<b>Net cash from (used in) financing activities</b>	<b>(55.0)</b>	<b>172.7</b>	<b>(2,208.6)</b>
Net cash from assets classified as held for sale	(24.7)	(112.8)	85.1
Impact of exchange rate variations	57.8	(13.7)	(10.4)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>110.1</b>	<b>(1.8)</b>	<b>(215.1)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>718.4</b>	<b>933.5</b>	<b>933.5</b>
<b>Cash and cash equivalents at end of the year</b>	<b>828.5</b>	<b>931.7</b>	<b>718.4</b>

## Quarterly sales

(in € million)	H1 2010	H1 2009	Reported change	Comparable change <sup>(1)</sup>	Q2 2010	Q2 2009	Reported change	Comparable change <sup>(1)</sup>	Q1 2010	Q1 2009	Reported change	Comparable change <sup>(1)</sup>
<b>Fnac</b>	<b>1,916.3</b>	<b>1,860.4</b>	<b>+ 3.0%</b>	<b>+ 2.0%</b>	<b>934.1</b>	<b>901.3</b>	<b>+ 3.6%</b>	<b>+ 2.5%</b>	<b>982.2</b>	<b>959.1</b>	<b>+ 2.4%</b>	<b>+ 1.6%</b>
<b>Redcats Group</b>	<b>1,696.2</b>	<b>1,729.9</b>	<b>- 1.9%</b>	<b>- 1.2%</b>	<b>852.5</b>	<b>863.3</b>	<b>- 1.3%</b>	<b>- 1.9%</b>	<b>843.7</b>	<b>866.6</b>	<b>- 2.6%</b>	<b>- 0.5%</b>
<b>Conforama</b>	<b>1,413.7</b>	<b>1,331.4</b>	<b>+ 6.2%</b>	<b>+ 4.4%</b>	<b>683.6</b>	<b>621.6</b>	<b>+ 10.0%</b>	<b>+ 6.5%</b>	<b>730.1</b>	<b>709.8</b>	<b>+ 2.9%</b>	<b>+ 2.6%</b>
<b>Puma</b>	<b>1,298.5</b>	<b>1,297.7</b>	<b>+ 0.1%</b>	<b>- 5.1%</b>	<b>615.4</b>	<b>600.3</b>	<b>+ 2.5%</b>	<b>- 7.7%</b>	<b>683.1</b>	<b>697.4</b>	<b>- 2.1%</b>	<b>- 2.7%</b>
<b>Gucci Group</b>	<b>1,824.1</b>	<b>1,642.1</b>	<b>+ 11.1%</b>	<b>+ 8.5%</b>	<b>929.3</b>	<b>787.3</b>	<b>+ 18.0%</b>	<b>+ 10.9%</b>	<b>894.8</b>	<b>854.8</b>	<b>+ 4.7%</b>	<b>+ 6.1%</b>
Gucci	1,215.4	1,101.9	+ 10.3%	+ 7.4%	626.7	534.8	+ 17.2%	+ 9.4%	588.7	567.1	+ 3.8%	+ 5.3%
Bottega Veneta	230.0	202.8	+ 13.4%	+ 10.8%	116.4	99.1	+ 17.5%	+ 10.5%	113.6	103.7	+ 9.5%	+ 11.0%
Yves Saint Laurent	117.9	113.0	+ 4.3%	+ 2.9%	59.2	53.3	+ 11.1%	+ 6.7%	58.7	59.7	- 1.7%	- 0.7%
Other brands	260.8	224.4	+ 16.2%	+ 14.8%	127.0	100.1	+ 26.9%	+ 21.9%	133.8	124.3	+ 7.6%	+ 8.9%
<i>Eliminations &amp; others</i>	-10.2	-8.5			-5.6	-3.1			-4.6	-5.4		
<b>PPR - Continuing operations</b>	<b>8,138.6</b>	<b>7,853.0</b>	<b>+ 3.6%</b>	<b>+ 1.7%</b>	<b>4,009.3</b>	<b>3,770.7</b>	<b>+ 6.3%</b>	<b>+ 2.0%</b>	<b>4,129.3</b>	<b>4,082.3</b>	<b>+ 1.2%</b>	<b>+ 1.3%</b>

<sup>(1)</sup> Comparable scope and exchange rates