

No.34 • SEPTEMBER 2010

Letter to Shareholders



PPR

An adventure of enterprise

MESSAGE FROM THE CHAIRMAN



Dear Shareholders,

Your Group reported excellent results in the first half of 2010 amid an uncertain economic environment.

Thanks to the steps taken from the very onset of the crisis to maintain our competitiveness and to our strong sales push, the first benefits of the global economic recovery have begun to filter through.

In the first half of the year, we saw signs of an upswing in most of our markets.

Against the backdrop of this more favourable environment, PPR posted first-half revenues of €8.1 billion, a rise of 4% year-on-year in reported terms and nearly 2% on a like-for-like basis.

MESSAGE FROM THE CHAIRMAN

The ramp-up in sales was confirmed in the second quarter, driven by the strong sales momentum of our brands and companies, particularly online and internationally, where we are cementing our positions over the long-term.

Recurring operating income leapt 21%. This excellent performance demonstrates the effectiveness of the actions plans implemented, which helped fuel a strong rebound in results as from the first signs of a pick-up in business.

We also reported profitability gains in each of our activities.

The Group turned in a solid financial performance, with net income doubling in the first half of the year.

Free cash flow from operations rose to a highly satisfactory €269 million.

I am particularly proud of the work accomplished by all of the teams involved in this performance, which enabled us to meet our objectives and respect our commitments. We are currently reaping the rewards of our efforts, in line with our expectations.

In the months ahead, we will focus on maintaining our sales momentum while continuing to exercise strict management discipline. In both the short- and medium-term, the outlook is good for our businesses.



FRANÇOIS-HENRI PINAULT
Chief Executive Officer

Key 2010 half-year figures

Strong upswing in results

Revenue: □8.1 billion, up 4%

Recurring operating income: □708 million, up 21%

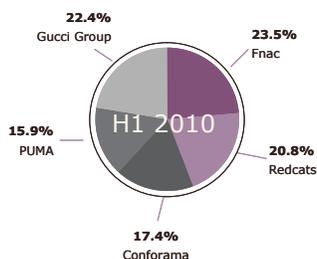
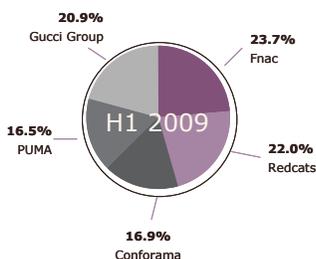
Profitability gains for each of our businesses

Net income attributable to owners of the parent*: □407 million, up 87%

*continuing operations excluding non-recurring items

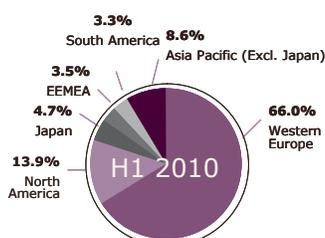
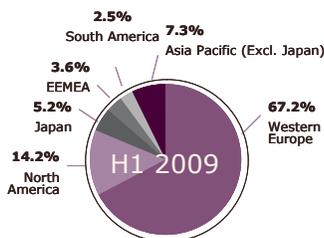
BREAKDOWN OF REVENUE

by activity



BREAKDOWN OF REVENUE

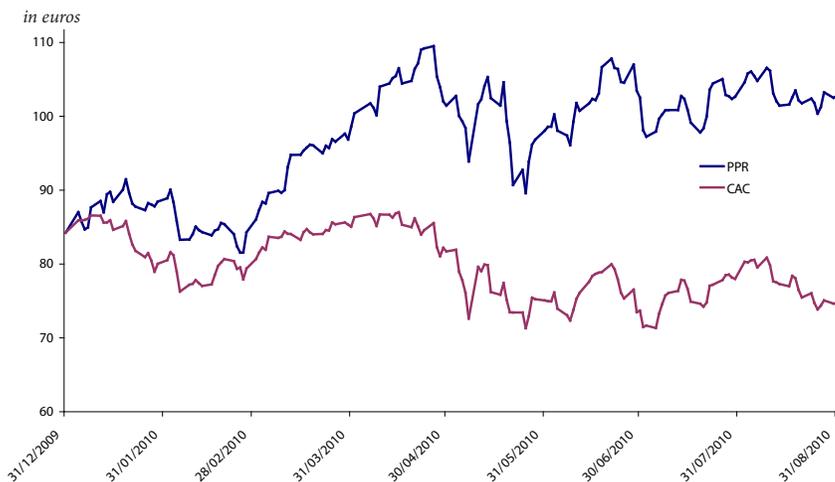
by geographical area



EEMEA : Eastern Europe, Middle East and Africa

PPR share performance

CHANGE IN THE PRICE OF THE PPR SHARE COMPARED WITH THE CAC 40 INDEX SINCE JANUARY 1, 2010



Source : Euronext

At the end of August, PPR's share price had gained 22% since the beginning of the year, outperforming the CAC 40 index and the specialised retail sector, which declined 11% and 10%, respectively. The rise in the share price was in line with other stocks in the Luxury sector.

The share's solid performance was boosted by the end-July publication of 2010 half-year results, which showed a significant improvement and exceeded market expectations. Management also reiterated its belief that the recovery would continue over the remainder of 2010.

Stock market statistics

| | |
|-----------------------------------------------------------------|---------------|
| Market capitalisation at August 31, 2010 (in millions of euros) | 13,015 |
| Highest price between January 1 and August 31, 2010 (in euros) | 109.50 |
| Lowest price between January 1 and August 31, 2010 (in euros) | 81.55 |

Provisional calendar

Thursday, October 28, 2010

2010 third-quarter sales

First-half 2010 highlights

La Maison de Valérie joins the Conforama Group

On March 31, Conforama acquired La Maison de Valérie from Redcats. La Maison de Valérie is a home shopping chain specialising in home furnishing.

Stake acquired by Puma in Wilderness

On April 8, Puma acquired a minority interest of 20.1% in Wilderness Holdings Limited, a company operating in the ecotourism sector in South Africa and Botswana.

Acquisition of Cobra by Puma

On April 16, Puma finalised its acquisition of Cobra, a golf equipment manufacturer. This acquisition includes the Cobra brand, inventories, intellectual property rights and sponsorship agreements.

Conforama and myfab sign an exclusive industrial partnership agreement

On June 16, Conforama and myfab, the leading online website for direct purchases from the factory at manufacturer prices, signed an exclusive commercial and industrial partnership agreement. PPR also took a minority interest in myfab.

PPR increases its stake in Puma

At June 30, Puma held a 71.0% interest in Puma compared to a 69.4% interest at December 31, 2009.

Plan to sell Fnac Eveil & Jeux

On July 9, Fnac announced that it was in exclusive talks with the ID Group concerning the sale of Fnac Eveil & Jeux.

Did you know ?

Charlotte Casiraghi has signed a multi-year partnership with **Gucci** to wear a full equestrian wardrobe especially designed for her by the Creative Director Frida Giannini in The Global Champions Tour.

Bottega Veneta introduced the next generation of bottegiveneta.com in early July, allowing customers to explore all aspects of the brand in a single place.

Did you know?

On May 27, Sarah Burton has been appointed Creative Director of **Alexander McQueen** brand.

Boucheron opened its first boutique in Beirut, Lebanon.

Puma sponsored seven teams at the 2010 World Cup in South Africa, including the African teams Ghana, Cameroon, Algeria and Ivory Coast, along with Uruguay, Italy and Switzerland and gained brand visibility in 41% of all World Cup Matches. Uruguay, the most successful Puma sponsored federation, progressed right through to the semi-finals, coming fourth overall.

Puma introduced a cutting-edge sustainable packaging and distribution system to save more than 60% of paper and water annually. In line with its mission to become the most desirable and sustainable Sportlifestyle company, Puma will completely offset its own global CO2 emissions to become the first carbon neutral company within the Sportlifestyle industry in 2010.

Fnac has developed three new i-Phone applications: fnac.com providing access to its entire website, MarketPlace for managing the sale of used items and Tick&live for shows and events.

Fnac has launched FNAC IT, a new concept in Fnac stores and on fnac.com. Every three months, FNAC IT showcases the latest exclusive high-tech products and accessories.

Redcats Group has become **Redcats** and changed its logo. The new logo gives a more modern image and more clearly symbolises the notions of web and fashion.

OneStopPlus.com, Redcats' «large size» US brand, made its debut performance at the New York Fashion Week. On September 15, 2010, well-known «large size» models such as Lizzie Miller and Tocarra Jones took part in the 2011 spring collection fashion show.

The first **Confo Déco**, a new-format Conforama store entirely dedicated to home furnishings, is to open in Lyon in October.

Conforama and **Fnac** are continuing to develop their international footprint. Conforama opened two new stores in Spain (in Madrid and Malaga) while Fnac opened three stores in Belgium, Portugal and Italy.



PPR shareholders' department
10, avenue Hoche - 75381 Paris Cedex 08 - France
Tel. : +33 (0)1 45 64 63 25 ♦ E-mail : actionnaire@ppr.com
ppr.com

Photos : ©Eric Lefeuve pour PPR

The PPR logo consists of the letters "PPR" in a bold, serif font, centered within a light beige square background.