



PRESS RELEASE

Paris, July 31, 2009



2009 Half Year Results

Solid results:

PPR benefits from the early impact of its action plans

- **EBITDA margin up, to 10%**
- **EBIT margin stable, at 7.7%**
- **Significant improvement in free cash flow from operations by €131 million**

François-Henri Pinault, Chairman and CEO, noted:

“PPR has delivered solid results in the first half of 2009 despite the further worsening of its markets. Sustained hard work by all our teams, the early benefits of which we are already seeing, enable us to preserve our profitability. Alongside these short-term actions, we have launched initiatives aimed at reconfiguring our organizations and energizing our sales efforts over time – these should begin to bear fruit in the second half of this year and continue into 2010. We are satisfied with our performance to date, as it underlines the appropriateness and effectiveness of PPR’s strategic direction. We are doing everything we can to ensure that the Group weathers the current developments and seizes opportunities as soon as the crisis subsides. I remain confident in our capacity to further strengthen our competitive advantages and our positions in each of our activities.”

(in €million)	H1 2009	H1 2008	Change
Revenues	9,235	9,584	- 3.6%
Recurring operating income	707	743	- 4.8%
<i>Recurring operating income margin</i>	<i>7.7%</i>	<i>7.7%</i>	<i>+ 0.0pt</i>
EBITDA	925	942	- 1.8%
<i>EBITDA margin</i>	<i>10.0%</i>	<i>9.8%</i>	<i>+ 0.2pt</i>
Net income from continuing operations, Group share, excluding non-current items	281	346	- 18.7%
Net income per share from continuing operations, Group share, excluding non-current items (in €)	2.22	2.74	- 19.0%

Operating performances

In the first half of 2009, PPR generated **revenues from continuing operations** of €9,235 million, down 3.6% in reported terms and 5.9% on a comparable basis compared to the first six months of 2008. In the second quarter, revenues were down 4.7% in reported terms and 6.9% on a comparable basis, impacted by continued deterioration across all markets.

The contribution of activities outside of France to total revenues continued to grow, accounting for 63.8% of the total in the first half of 2009, as compared to 62.8% in the comparable period of 2008. Gucci Group posted a 15% increase in revenues in emerging markets, which accounted for 31% of its sales, up from 26% in the first half of 2008.

In the first six months of 2009, online sales of the PPR Group rose by 5.7% in reported terms and 3.3% on a comparable basis. In the first half, e-commerce accounted for 10.5% of total PPR revenues, up from 9.5% in the comparable period of 2008. Particularly noteworthy this semester was the 7.5% increase in revenues from fnac.com, which further developed its marketing presence with the launch of a marketplace for outside sellers.

Gross profit in the first half of 2009 was €4,094 million, yielding a gross margin of 44.3% of total revenues, up 0.1 percentage point from the comparable 2008 period. In particular, gross margin held up well at Fnac, Conforama, Redcats and Bottega Veneta in the period.

First-half 2009 Group **EBITDA** totaled €25 million, generating a 10.0% EBITDA margin, up 0.2 percentage point compared to the 2008 period. This improvement is largely due to margin improvements at Conforama and Redcats, and to a stable performance at Fnac.

Group **recurring operating income** totaled €707 million, a decline of 4.8% compared to the first half of 2008. Gucci Group achieved a steady increase in recurring operating income to €305 million, with a solid performance at Gucci. Recurring operating income as a percentage of revenues was stable at Fnac, Conforama and Redcats. For the Group as a whole, recurring operating income margin was also stable, at 7.7%, compared to the first half of 2008.

Financial performances

In the first half, **other non-recurring operating income and expenses** represented a net expense of €26 million. In particular, this item comprises restructuring charges, including €10 million related to the plan announced by Puma in May.

Net financial expenses amounted to €242 million. The increase in this item compared to the first half of 2008 primarily reflects non-cash accounting restatements related to IAS 39. The **cost of PPR's net financial indebtedness** improved sharply (€58 million) versus the first half of 2008. During the half year, the Group's average outstanding net debt declined by 8.5% compared to the prior year period, chiefly reflecting proceeds from the disposal of YSL Beauté received in June 2008.

Net income, Group share totaled €189 million in the first half of 2009. In the first six months of 2008, net income, Group share amounted to €777 million and included the capital gain on the sale of YSL Beauté.

Net income from continuing operations, Group share, excluding non-current items amounted to €281 million, down 18.7% compared to the first half of 2008.

Financial structure

(in €million)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Capital employed	16,766	16,119	16,707
Net assets held for sale		(10)	3
Shareholders' equity	10,360	10,599	10,504
Net indebtedness	6,406	5,510	6,206

In the first half of the year, **free cash flow** from operations rose sharply, by €131 million, partly reflecting a €79 million improvement in working capital requirements and a 21% decline in gross capital expenditures.

Net financial indebtedness of the PPR Group was €6,406 million at June 30, 2009. At the end of June, the Group's indebtedness is traditionally higher than at the end of December, reflecting the seasonality of its activities as well as the payment of the dividend.

PPR's **financial structure** remains solid. The Group is not exposed to any liquidity risk. As of June 30, 2009, PPR had available cash positions of €1.3 billion and a balance of €4.5 billion in medium-term confirmed and unused credit lines. This available liquidity covers more than three times the Group's net financing requirements for the next 12 months, and PPR does not face any significant refinancing scheduled for 2010.

Outlook

In an environment of continuously depressed consumer spending, PPR can once again in the second half of the year leverage the strengths that have ensured the quality of its results in the first half.

In the second half of 2009, PPR will continue to use all available means to adapt to an economic environment that remains uncertain. The Group is determined to intensify its action plans in order to build on its competitive advantages and strengthen all its activities.

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.

In the first half of 2009, the income statement line item "Discontinued operations" only concerns operations that have been classified as discontinued, sold or to be sold in prior periods (see Note 9 to the condensed consolidated interim financial statements).

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 2008 revenue restated for the impact of changes in Group structure in 2008 or 2009, and for translation differences relating to foreign subsidiaries’ revenue in 2008.

Definition of consolidated net debt

As defined by French National Accounting Council (CNC) recommendation No. 2004-R.02 of October 27, 2004, 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 2009 Half Year Results today at 8:30am (Paris time) at the “Publicis Cinéma” – 129, avenue des Champs Elysées – 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. A replay will be available later in the day.

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

For French version +33 (0)1 72 00 13 61 Replay dial-in details +33 (0)1 72 00 14 59 Replay Passcode : 257479#	For English version +44 (0)203 147 47 44 Replay dial-in details +44 (0)207 107 06 86 Replay Passcode : 257457#
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The replay will be available until October 31, 2009

The 2009 half-year report will be available at www.ppr.com at the end of the presentation.



About PPR

PPR develops a portfolio of high-growth global brands. Through its Consumer and Luxury brands, PPR generated sales of €20.2 billion in 2008. The Group is present in 94 countries and territories with approximately 88,000 employees. PPR shares are listed on Euronext Paris (FR 0000121485, PRTP.PA, PP FP).

To explore the universe of PPR brands, go to 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, CFAO, 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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**CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2009**

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Consolidated income statement

(in € million)	6/30/2009	6/30/2008	12/31/2008
CONTINUING OPERATIONS			
Revenue	9,235.3	9,584.1	20,211.6
Cost of sales	(5,141.3)	(5,348.3)	(11,396.6)
Gross profit	4,094.0	4,235.8	8,815.0
Payroll expenses	(1,382.0)	(1,392.1)	(2,803.0)
Other recurring operating income and expenses	(2,005.3)	(2,101.0)	(4,294.9)
Recurring operating income	706.7	742.7	1,717.1
Other non-recurring operating income and expenses	(126.4)	22.7	(361.0)
Operating income	580.3	765.4	1,356.1
Finance costs	(242.3)	(179.5)	(372.7)
Income before taxes	338.0	585.9	983.4
Income taxes	(105.3)	(155.5)	(333.5)
Share in earnings of associates	0.5	(0.9)	1.4
Net income from continuing operations	233.2	429.5	651.3
o/w attributable to equity holders of the parent	202.8	363.2	534.3
o/w attributable to minority interests	30.4	66.3	117.0
DISCONTINUED OPERATIONS			
Net income from discontinued operations	(14.0)	415.0	387.7
o/w attributable to equity holders of the parent	(14.0)	413.9	386.8
o/w attributable to minority interests	0.0	1.1	0.9
Net income of consolidated companies	219.2	844.5	1,039.0
o/w attributable to equity holders of the parent	188.8	777.1	921.1
o/w attributable to minority interests	30.4	67.4	117.9
Net income attributable to equity holders of the parent	188.8	777.1	921.1
Earnings per share (in €)	1.49	6.16	7.31
Fully diluted earnings per share (in €)	1.49	6.16	7.31
Net income from continuing operations attributable to equity holders of the parent	202.8	363.2	534.3
Earnings per share (in €)	1.60	2.88	4.24
Fully diluted earnings per share (in €)	1.60	2.88	4.24
Net income from continuing operations excluding non-recurring items attributable to equity holders of the parent	281.2	345.7	872.1
Earnings per share (in €)	2.22	2.74	6.92
Fully diluted earnings per share (in €)	2.22	2.74	6.92

Consolidated balance sheet

ASSETS

<i>(in € million)</i>	6/30/2009	6/30/2008	12/31/2008
Goodwill	6,312.8	6,334.2	6,178.7
Other intangible assets	10,170.2	10,150.9	10,172.7
Property, plant and equipment	2,183.3	2,125.1	2,253.4
Investments in associates	80.5	75.6	74.5
Non-current financial assets	321.5	253.1	323.8
Deferred tax assets	672.3	639.7	639.1
Other non-current assets	12.5	12.5	16.8
Non-current assets	19,753.1	19,591.1	19,659.0
Inventories	3,175.2	3,298.0	3,465.5
Trade receivables	1,332.7	1,408.4	1,303.0
Customer loans	193.6	220.9	189.5
Current tax receivables	96.7	97.0	101.3
Other current financial assets	67.1	85.2	143.1
Other current assets	827.1	909.5	937.6
Cash and cash equivalents	1,272.3	1,193.7	1,116.6
Current assets	6,964.7	7,212.7	7,256.6
Assets classified as held for sale		185.1	61.6
Total assets	26,717.8	26,988.9	26,977.2

LIABILITIES & SHAREHOLDERS' EQUITY

<i>(in € million)</i>	6/30/2009	6/30/2008	12/31/2008
Shareholders' equity attributable to equity holders of the parent	9,129.6	9,257.0	9,341.9
Shareholders' equity attributable to minority interests	1,231.0	1,246.9	1,256.9
Shareholders' equity	10,360.6	10,503.9	10,598.8
Long-term borrowings	5,769.1	4,467.7	3,961.3
Other non-current financial liabilities	0.7	27.4	
Provisions for retirement and similar benefits	224.3	216.9	241.0
Provisions	163.7	140.6	164.4
Deferred tax liabilities	2,848.4	2,894.5	2,847.3
Non-current liabilities	9,006.2	7,747.1	7,214.0
Short-term borrowings	1,940.5	2,914.4	2,722.1
Financing of customer loans	193.6	220.9	189.5
Other current financial liabilities	93.7	74.6	75.9
Trade payables	2,273.2	2,507.7	2,976.5
Provisions for retirement and similar benefits	14.5	19.3	17.4
Provisions	250.6	83.5	189.9
Current tax liabilities	286.8	299.7	325.0
Other current liabilities	2,298.1	2,436.1	2,597.1
Current liabilities	7,351.0	8,556.2	9,093.4
Liabilities associated with assets classified as held for sale		181.7	71.0
Total liabilities and shareholders' equity	26,717.8	26,988.9	26,977.2
Gross borrowings excluding the financing of customer loans	7,709.6	7,382.1	6,683.4
Fair value hedging derivative instruments (interest rate)	(31.5)	17.6	(56.4)
Cash and cash equivalents	(1,272.3)	(1,193.7)	(1,116.6)
Net financial indebtedness	6,405.8	6,206.0	5,510.4

Consolidated cash flow statement

<i>(in € million)</i>	6/30/2009	6/30/2008	12/31/2008
Net income from continuing operations	233.2	429.5	651.3
Net recurring charges to depreciation, amortisation and provisions on non-current operating assets	218.6	199.6	419.4
Other non-cash income and expenses	187.9	(59.5)	324.0
Cash flow from operating activities	639.7	569.6	1,394.7
Interest paid/received	140.9	181.8	354.3
Dividends received	(1.1)	(0.6)	(1.4)
Net income tax payable	128.3	176.7	337.4
Cash flow from operating activities before tax, dividends and interest	907.8	927.5	2,085.0
Change in working capital requirement	(626.4)	(707.0)	(228.4)
Change in customer loans	5.6	7.3	8.1
Income tax paid	(142.9)	(163.1)	(322.6)
Net cash from operating activities	144.1	64.7	1,542.1
Purchases of property, plant and equipment and intangible assets	(200.9)	(252.6)	(592.7)
Proceeds from sale of property, plant and equipment and intangible assets	22.4	22.5	55.0
Acquisitions of subsidiaries, net of cash acquired	(72.0)	(172.0)	(222.1)
Proceeds from disposal of subsidiaries net of cash transferred	(4.3)	1,133.5	1,202.2
Purchases of other financial assets	(17.0)	(26.5)	(55.2)
Proceeds from sale of other financial assets	3.9	2.4	10.8
Interest and dividends received	5.8	23.3	47.2
Net cash from investing activities	(262.1)	730.6	445.2
Share capital increase/decrease ⁽¹⁾	1.5	(131.0)	(174.4)
Treasury share transactions	(4.3)	(165.6)	(131.7)
Dividends paid to parent company shareholders	(417.3)	(433.8)	(433.8)
Dividends paid to minority interests	(28.6)	(38.0)	(58.9)
Bond issues	1,325.4	432.1	723.0
Bond redemptions ⁽¹⁾	(1,284.2)	(1,328.4)	(1,325.7)
Increase (decrease) in other borrowings	706.1	389.2	(639.2)
Interest paid and equivalent	(114.8)	(170.6)	(390.4)
Net cash from (used in) financing activities	183.8	(1,446.1)	(2,431.1)
Net cash from assets classified as held for sale	(54.3)	20.6	(21.1)
Impact of exchange rate variations	(13.3)	10.2	(52.4)
Net increase/(decrease) in cash and cash equivalents	(1.8)	(620.0)	(517.3)
Cash and cash equivalents at beginning of the year	933.5	1,450.8	1,450.8
Cash and cash equivalents at end of the year	931.7	830.8	933.5

2009 quarterly sales

(in € million)

	H1 2009	H1 2008	Reported change	Comparable change ⁽¹⁾	Q2 2009	Q2 2008	Reported change	Comparable change ⁽¹⁾	Q1 2009	Q1 2008	Reported change	Comparable change ⁽¹⁾
Fnac	1,904.1	2,004.4	- 5.0%	- 4.8%	924.2	978.1	- 5.5%	- 5.4%	979.9	1,026.3	- 4.5%	- 4.2%
Redcats Group	1,729.9	1,856.4	- 6.8%	- 9.3%	863.3	940.5	- 8.2%	- 11.0%	866.6	915.9	- 5.4%	- 7.4%
Conforama	1,331.4	1,493.8	- 10.9%	- 11.3%	621.6	705.1	- 11.8%	- 12.3%	709.8	788.7	- 10.0%	- 10.5%
CFAO	1,338.6	1,416.6	- 5.5%	- 1.6%	664.7	724.5	- 8.3%	- 3.5%	673.9	692.1	- 2.6%	+ 0.3%
Puma	1,297.7	1,250.1	+ 3.8%	- 3.8%	600.3	576.8	+ 4.1%	- 4.3%	697.4	673.3	+ 3.6%	- 3.3%
Gucci Group	1,642.1	1,573.3	+ 4.4%	- 3.7%	787.3	759.1	+ 3.7%	- 3.9%	854.8	814.2	+ 5.0%	- 3.4%
Gucci	1,101.9	1,017.7	+ 8.3%	- 0.6%	534.8	504.7	+ 5.9%	- 2.3%	567.1	513.0	+ 10.6%	+ 1.0%
Bottega Veneta	202.8	197.4	+ 2.7%	- 8.1%	99.1	91.2	+ 8.6%	- 1.9%	103.7	106.2	- 2.3%	- 13.4%
Yves Saint Laurent	113.0	120.2	- 6.0%	- 10.8%	53.3	57.1	- 6.6%	- 11.5%	59.7	63.1	- 5.4%	- 10.2%
Other brands	224.4	238.0	- 5.7%	- 9.4%	100.1	106.1	- 5.7%	- 9.4%	124.3	131.9	- 5.8%	- 9.5%
<i>Eliminations & other</i>	-8.5	-10.5	<i>ns</i>	<i>ns</i>	-3.1	-4.5	<i>ns</i>	<i>ns</i>	-5.4	-6.0	<i>ns</i>	<i>ns</i>
PPR - Continuing operations	9,235.3	9,584.1	- 3.6%	- 5.9%	4,458.3	4,679.6	- 4.7%	- 6.9%	4,777.0	4,904.5	- 2.6%	- 4.9%
Discontinued operations ⁽²⁾	79.3	601.5			28.1	281.4			51.2	320.1		

⁽¹⁾ Comparable scope and exchange rates.

⁽²⁾ In H1 2009, Surcouf for €79M