



PRESS RELEASE

Paris, August 29, 2008



2008 First-Half Results

Solid operating and financial performances

- **Recurring operating income: +24%**
- **Net income, Group share: +141%**
- **PPR confirms its 2008 objectives**

François-Henri Pinault, Chairman and CEO, commented:

“Our solid performances in the first half can be attributed to the favorable balance of our Group profile and the strength of our global brands. PPR has always been able to take advantage of periods of slower growth and the present case is no exception. We are determined to further improve our commercial effectiveness and optimize our operational structure in order to benefit from a decisive and immediate competitive advantage as soon as there is an upturn in growth. Specific and quantified action plans are currently being implemented. These underscore PPR’s ability and ambition to intensify its development and profitability ever further. We are confident in the outlook for the second half and stand by our objectives for growth and improved financial performance for 2008.”

(in €million)	H1 2008	H1 2007	Change
Revenues	9,584	8,573	+ 11.8%
EBITDA	942	773	+ 21.8%
<i>EBITDA margin</i>	<i>9.8%</i>	<i>9.0%</i>	<i>+ 0.8 pt</i>
Recurring operating income	742	599	+ 23.9%
<i>Recurring operating income margin</i>	<i>7.7%</i>	<i>7.0%</i>	<i>+ 0.7 pt</i>
Net income, Group share	779	323	+ 140.9%
Net income from continuing operations, Group share, excluding non-current items	344	293	+ 17.3%
Net income per share from continuing operations, Group share, excluding non-current items (in €)	2.73	2.29	+ 19.2%

Sustained revenue growth

In the first half of 2008, PPR generated **revenues from continuing operations** of €9,584 million, up 12% in reported terms and 5% in comparable terms versus the first half of 2007.

Solid growth in recurring operating income: +10% on a pro forma basis and at comparable exchange rates

Group **recurring operating income** amounted to €742 million, up 24% compared to the first half of 2007. The recurring operating income margin stood at 7.7%, up 0.7 percentage point compared to June 30, 2007.

This substantial increase was primarily driven by growth in recurring operating income from CFAO (+19%), Fnac (+3%) and Gucci Group (+13% in reported terms and +36% at comparable exchange rates). In Luxury Goods, Gucci maintained a very satisfactory level of profitability, with Bottega Veneta recording the strongest growth.

EBITDA for the first half of 2008 stood at €942 million, up 22% compared to the first half of 2007. The EBITDA margin increased by 0.8 point to 9.8% in the first half of 2008.

On a **pro forma basis** (consolidating Puma and United Retail over the first six months of 2007), Group recurring operating income for the first half of 2008 posted growth of 1% and EBITDA rose by 2% at actual exchange rates. **On a pro forma basis and at comparable exchange rates, Group recurring operating income rose by 10%.**

Significant increase in net income, Group share

Net income from continuing operations, Group share, excluding non-current items amounted to €344 million, up 17% compared to the first half of 2007. This increase reflects the continuous improvement of Group operating performances, and tighter control over financial charges and the tax rate.

Net income from discontinued operations, Group share amounted to €18 million, largely attributable to the realized capital gain on the sale of YSL Beauté.

Net income, Group share stood at €779 million, a substantial 141% increase compared to the first half of 2007.

Net income per share amounted to €6.18, compared to €2.52 for the half-year ended June 30, 2007. Excluding non-current items, net income per share from continuing operations increased by over 19% to €2.73 for the half-year ended June 30, 2008.

Robust financial structure

(in €million)	June 30, 2008	Dec 31, 2007	June 30, 2007
Capital employed	16,798	16,728	16,700
Net assets held for sale	3	55	
Shareholders' equity	10,595	10,662	11,319
Net indebtedness	6,206	6,121	5,381

At June 30, 2008, **net indebtedness** stood at €6,206 million, up 1% compared to December 31, 2007. This nearly unchanged debt level primarily reflects:

- negative **free cash flow from operations** of €170 million (compared to an exceptionally positive €249 million for the six months ended June 30, 2007), reflecting the impact of seasonality and temporary increases in working capital requirements;
- proceeds from the sale of YSL Beauté;
- payment of the 2007 dividends.

Subsequent events

Redcats UK sold its portfolio of trade receivables as well as a portion of the inventory relating to Empire Stores operations to Littlewoods Shop Direct Group on July 11, 2008.

On July 28, 2008, Redcats USA sold its Missy Division including the Chadwick's®, metrostyle™ and Closeout Catalog Outlet™ brands to Monomoy Capital Partners, a US investment fund.

As of August 25, 2008, the Group held a controlling interest of 68.5% in the share capital of Puma.

Outlook

Given its solid economic model, the power of its brands and companies, the geographical balance of its activities and the responsiveness of its organization, PPR is confident in its outlook for the second half of 2008 and stands by its objectives for growth and improved financial performance for 2008.

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.” The net income of these activities is presented under a separate income statement heading, “Net income from discontinued operations,” and restated in the cash flow statement and the income statement over all published periods.

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

The assets and liabilities arising from “discontinued operations” are not presented on separate lines in the balance sheet.

In the first half of 2008, YSL Beauté, sold to L’Oréal during the period, had been presented in accordance with IFRS 5. As a result, the line item “Discontinued operations” in the income statement concerns both this transaction and those which took place in previous fiscal years (particularly the Missy Division of Redcats USA, the Agency activity of Empire Stores at Redcats UK, Conforama Poland and Surcouf).

Definition of net indebtedness

Net indebtedness comprises gross indebtedness less net cash, as defined by French National Accounting Council recommendation no. 2004-R.02 of October 27, 2004.

Net indebtedness includes fair value hedging instruments recorded in the balance sheet that relate to bank borrowings and bonds whose exchange rate risk is fully or proportionally hedged as part of a fair value relationship.

For fully consolidated consumer credit companies, the financing of customer loans is presented in borrowings. Group net indebtedness excludes the financing of customer loans by consumer credit businesses.

Definition of EBITDA

EBITDA corresponds to recurring operating income and depreciation, amortisation and provisions for non-current operating assets recognised in recurring operating income.

Definition of free cash flow from operations and available cash flow

Free cash flow from operations 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 and interest and dividends received minus interest paid and equivalent.

PRESENTATION

You are invited to attend the presentation of the 2008 Half Year Results today at 8:30 am Paris time at the “Académie Diplomatique Internationale” – 4bis, avenue Hoche – 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 dialling:

For French version	For English version
Live conference: +33 (0)1 72 28 25 81	Live conference: +44 (0)203 043 2433
Replay dial-in details +33 (0)1 72 28 01 39	Replay dial-in details +44 (0)207 075 3214
Replay Passcode : 227403#	Replay Passcode : 227404#

The replay will be available until Friday September 14th, 2008

The 2008 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 EUR 19.1 billion in 2007. The Group is present in 90 countries with approximately 90,000 employees. PPR shares are listed on Euronext Paris (# 121485, PRTP.PA, PFP).

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, 2008**

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Consolidated income statement

<i>(in € million)</i>	30/06/2008	30/06/2007	31/12/2007
CONTINUING OPERATIONS			
Revenue	9,584.1	8,572.7	19,111.7
Cost of sales	(5,344.0)	(4,836.7)	(10,797.9)
Gross profit	4,240.1	3,736.0	8,313.8
Payroll expenses	(1,393.6)	(1,290.5)	(2,698.4)
Other recurring operating income and expenses	(2,104.3)	(1,846.4)	(3,984.3)
Recurring operating income	742.2	599.1	1,631.1
Other non-recurring operating income and expenses	22.7	112.7	102.3
Operating income	764.9	711.8	1,733.4
Finance costs	(179.8)	(117.7)	(310.8)
Income before taxes	585.1	594.1	1,422.6
Income taxes	(156.3)	(150.3)	(338.9)
Share in earnings of associates	(0.9)		1.2
Net income from continuing operations	427.9	443.8	1,084.9
o/w attributable to equity holders of the parent	361.6	393.4	966.5
o/w attributable to minority interests	66.3	50.4	118.4
DISCONTINUED OPERATIONS			
Net income from discontinued operations	418.7	(69.5)	(43.5)
o/w attributable to equity holders of the parent	417.6	(70.0)	(44.2)
o/w attributable to minority interests	1.1	0.5	0.7
Net income of consolidated companies	846.6	374.3	1,041.4
o/w attributable to equity holders of the parent	779.2	323.4	922.3
o/w attributable to minority interests	67.4	50.9	119.1
Net income attributable to equity holders of the parent	779.2	323.4	922.3
Earnings per share (in €)	6.18	2.52	7.19
Fully diluted earnings per share (in €)	6.18	2.51	7.17
Net income from continuing operations attributable to equity holders of the parent	361.6	393.4	966.5
Earnings per share (in €)	2.87	3.06	7.53
Fully diluted earnings per share (in €)	2.87	3.05	7.51
Net income from continuing operations excluding non-recurring items attributable to equity holders of the parent	344.1	293.4	870.4
Earnings per share (in €)	2.73	2.29	6.79
Fully diluted earnings per share (in €)	2.73	2.28	6.77

Consolidated balance sheet

ASSETS	30/06/2008	30/06/2007	31/12/2007
<i>(in € million)</i>			
Goodwill	6,334.2	6,060.6	6,653.6
Other intangible assets	10,150.9	10,110.0	10,135.2
Property, plant and equipment	2,125.1	2,061.2	2,174.3
Investments in associates	75.6	18.8	19.7
Non-current financial assets	253.1	212.6	266.1
Deferred tax assets	629.2	747.9	701.7
Other non-current assets	12.5	14.8	30.4
Non-current assets	19,580.6	19,225.9	19,981.0
Inventories	3,298.0	3,168.8	3,234.1
Trade receivables	1,408.4	1,480.9	1,503.8
Customer loans	220.9	384.9	235.3
Current tax receivables	97.0	65.6	105.1
Other current financial assets	85.2	79.7	93.5
Other current assets	973.8	1,392.4	1,062.6
Cash and cash equivalents	1,193.7	1,742.4	1,713.2
Current assets	7,277.0	8,314.7	7,947.6
Assets classified as held for sale	185.1		283.5
Total assets	27,042.7	27,540.6	28,212.1
LIABILITIES & SHAREHOLDERS' EQUITY			
<i>(in € million)</i>			
Shareholders' equity attributable to equity holders of the parent	9,348.5	8,886.5	9,218.2
Shareholders' equity attributable to minority interests	1,246.9	2,432.8	1,443.3
Shareholders' equity	10,595.4	11,319.3	10,661.5
Long-term borrowings	4,467.7	3,306.7	4,670.3
Other non-current financial liabilities	27.4	18.6	
Provisions for retirement and similar benefits	216.9	278.2	250.0
Provisions	140.6	146.2	145.6
Deferred tax liabilities	2,895.3	2,972.2	2,879.0
Non-current liabilities	7,747.9	6,721.9	7,944.9
Short-term borrowings	2,914.4	3,797.8	3,184.8
Financing of customer loans	220.9	384.9	235.3
Other current financial liabilities	74.6	77.5	72.6
Trade payables	2,497.2	2,343.7	2,942.6
Provisions for retirement and similar benefits	19.3	12.1	17.2
Provisions	83.5	180.0	95.5
Current tax liabilities	299.7	299.4	319.5
Other current liabilities	2,408.1	2,404.0	2,509.1
Current liabilities	8,517.7	9,499.4	9,376.6
Liabilities associated with assets classified as held for sale	181.7		229.1
Total liabilities and shareholders' equity	27,042.7	27,540.6	28,212.1
Gross borrowings excluding the financing of customer loans	7,382.1	7,104.5	7,855.1
Fair value hedging derivative instruments (interest rate)	17.6	18.6	(20.6)
Cash and cash equivalents	(1,193.7)	(1,742.4)	(1,713.2)
Net financial indebtedness	6,206.0	5,380.7	6,121.3

Consolidated cash flow statement

<i>(in € million)</i>	30/06/2008	30/06/2007	31/12/2007
Net income from continuing operations	427.9	443.8	1,084.9
Net recurring charges to depreciation, amortisation and provisions on non-current operating assets	199.8	174.1	372.2
Other non-cash income and expenses	(64.5)	(61.3)	(89.5)
Cash flow from operating activities	563.2	556.6	1,367.6
Interest paid/received	181.8	103.5	275.3
Dividends received	(0.6)	(0.4)	(0.7)
Net income tax payable	176.7	118.9	307.8
Cash flow from operating activities before tax, dividends and interest	921.1	778.6	1,950.0
Change in working capital requirement	(710.6)	(236.5)	220.3
Change in customer loans	7.3	2.7	(0.6)
Income tax paid	(163.3)	(112.0)	(304.0)
Net cash from operating activities	54.5	432.8	1,865.7
Purchases of property, plant and equipment and intangible assets	(253.0)	(203.3)	(574.0)
Proceeds from sale of property, plant and equipment and intangible assets	28.3	19.0	46.4
Acquisitions of subsidiaries, net of cash acquired	(172.0)	(1,420.7)	(3,337.5)
Proceeds from disposal of subsidiaries net of cash transferred	1,133.5	10.9	349.2
Purchases of other financial assets	(26.5)	(97.2)	(118.3)
Proceeds from sale of other financial assets	2.4	5.4	12.0
Interest and dividends received	23.3	25.9	59.2
Net cash from investing activities	736.0	(1,660.0)	(3,563.0)
Share capital increase/decrease ⁽¹⁾	(131.0)	13.0	(6.7)
Treasury share transactions	(165.6)	(8.8)	(147.9)
Dividends paid to parent company shareholders	(433.8)	(385.2)	(385.2)
Dividends paid to minority interests	(38.0)	(54.5)	(72.1)
Bond issues	432.1	1,546.6	1,797.1
Bond redemptions ⁽¹⁾	(1,328.4)	(231.2)	(606.7)
Increase (decrease) in other borrowings	389.2	666.4	1,650.5
Interest paid and equivalent	(170.6)	(97.0)	(331.1)
Net cash from (used in) financing activities	(1,446.1)	1,449.3	1,897.9
Net cash from assets classified as held for sale	25.8	25.9	40.1
Impact of exchange rate variations	9.8	7.1	(5.7)
Net increase/(decrease) in cash and cash equivalents	(620.0)	255.1	235.0
Cash and cash equivalents at beginning of the year	1,450.8	1,215.8	1,215.8
Cash and cash equivalents at end of the year	830.8	1,470.9	1,450.8