



PRESS RELEASE

Paris, February 19, 2009



2008 Results

Another improvement in operating and financial performances

- **Increase in recurring operating income**
- **Significant drop in net debt and improved debt ratios**
- **2009: intensification of action programmes to strengthen our positions**

Commenting on the results, François-Henri Pinault, Chairman and Chief Executive Officer, noted:

“PPR posted satisfactory operating and financial performances in 2008, despite deteriorating market conditions quarter after quarter. Our Group has thus demonstrated a remarkable ability to respond and adapt to sudden and profound changes in its environment. Having gauged the impact of the crisis early on, the Group’s brands and companies implemented initial action plans that started yielding results in the second half of the year. In 2009, we will continue to use all available means to meet the challenges of an economy that remains uncertain. PPR will capitalise on its many assets: brand strength, geographical complementarity, presence in the most promising emerging markets, web leadership, as well as financial solidity and budgetary discipline. In 2009, the Group will intensify its action plans so as to build on its competitive advantages and strengthen its business lines.”

(in €million)	2008	2007	Change
Revenues	20,201	19,098	+ 5.8%
Recurring operating income	1,721	1,634	+ 5.4%
<i>Recurring operating income margin</i>	<i>8.5%</i>	<i>8.6%</i>	<i>-0.1 pt</i>
Net income, Group share	924	922	+ 0.2%
Net income from continuing operations, Group share, excluding non-current items	875	875	+ 0.1%
Net income per share from continuing operations, Group share, excluding non- current items (in €)	6.95	6.82	+ 1.9%

Sustained revenue growth

In 2008, PPR generated **revenues** of €20.2 billion. Sales grew by nearly 6% in reported terms and over 2% on a comparable Group structure and foreign exchange basis, following a record performance in 2007. In a context of declining consumer demand, revenues for the fourth quarter of 2008 were roughly unchanged in reported terms and down slightly (-1.5%) on a comparable basis, versus the fourth quarter of 2007.

The weight of the Group's international activities continued to grow, representing 61% of total revenues in 2008, compared to 59% in 2007.

In 2008, PPR achieved further growth in the strategic e-commerce sector, with revenues up by more than 10% on a comparable basis, to €1.9 billion.

Growth in recurring operating income

On a pro forma basis (consolidating Puma and United Retail over 12 months in 2007) and at comparable exchange rates, PPR operating expenses grew at a slower pace than gross margin in 2008. This deceleration was particularly pronounced in the second half, underscoring the Group's ability to adapt swiftly to its environment.

EBITDA rose by nearly 7% in 2008 to €2.1 billion. The Group's EBITDA margin was 10.6% in 2008.

Recurring operating income amounted to €1.7 billion in 2008, up by more than 5% compared to 2007 reported numbers. The recurring operating income margin was stable compared to the prior year, at 8.5% of revenues.

This increase was driven by growth in recurring operating income at CFAO (+19%) and at Gucci Group brands (over 9% in reported terms and nearly 26% on a comparable basis), which for the first time all posted positive recurring operating income.

On a pro forma basis and based on comparable exchange rates, PPR recurring operating income rose by nearly 4% in 2008, with the margin up by 0.1 basis point.

Solid growth in net income per share

In 2008, other non-recurring operating income and expenses resulted in a net expense of €361 million. This item essentially comprises asset impairment for €337 million and restructuring costs for €28 million.

Net income, Group share stood at €24 million in 2008, up slightly over 2007. **Net income from continuing operations, Group share, excluding non-current items** was also up slightly (+0.1%).

Net income per share rose by nearly 2% compared to 2007, standing at €7.33. Excluding non-current items, net income per share from continuing operations also increased by 2%, to €6.95.

Strengthened financial structure

(in €million)	2008	2007
Capital employed	16,211	16,728
Net assets held for sale	(10)	55
Shareholders' equity	10,691	10,662
Net indebtedness	5,510	6,121

Free cash flow from operations amounted to €1 billion in 2008, thus reaching the level PPR had set at mid-year.

Capital employed declined in relation to the previous year-end, due to the disposal of YSL Beauté.

PPR **net debt** fell markedly, standing at €5.5 billion at December 31, 2008.

PPR improved its **debt ratios** in 2008:

	2008	2007
Gearing (net debt / equity)	52%	57%
Solvency ratio (net debt / EBITDA)	2.57	2.73*

* pro forma, non adjusted for application of IFRS 5

PPR bank loans comprise a sole financial covenant, pursuant to which the Group solvency ratio may not exceed 3.75.

On December 16, 2008, the Standard & Poor's rating agency confirmed PPR's "BBB-" rating with stable outlook.

The Group is not exposed to any liquidity risk. At December 31, 2008, PPR had available cash of €1.1 billion and a balance of €5 billion in confirmed and unused credit lines. This available liquidity covers more than three times its net refinancing requirements for 2009, while there is no significant refinancing scheduled in 2010.

Dividend

The Board of Directors will ask the General Shareholders' Meeting of May 7, 2009 to approve the distribution of a **dividend for 2008** of €3.30 per share, 4% lower than the dividend for fiscal year 2007.

This proposal reflects PPR's intent to maintain a balanced payout ratio, reflecting the improvement in Net income from continuing operations, Group share, excluding non-current items, and the level of available cash flow for the fiscal year.

The dividend will be paid on May 14, 2009.

Subsequent events

On January 1, 2009, Puma acquired a majority interest in the Dutch company Dobotex International BV, a historical partner that holds the license for Puma socks and undergarments, outside of the US

On January 12, 2009, Puma announced the acquisition of the Swedish company Brandon AB, specialising in brand merchandising and promotion.

On February 11, 2009, PPR announced the appointment of Jean-Michel Noir as Chairman and CEO of Redcats Group, member of the PPR Executive Committee. Jean-Michel Noir will join Redcats by early April 2009.

On February 18, 2009, Fnac announced a plan aimed at boosting its activity in France and internationally as well as savings measures amounting to €35 million.

In addition, on the same day, Conforama announced a plan to reduce costs by €50 million on a full-year basis, aimed at restoring its competitiveness.

Outlook

To confront the challenges of a deteriorating consumer environment in 2009, PPR can confidently rely on the strengths that have underpinned the quality of its results in 2008.

In 2009, PPR will continue to implement all available measures 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 its business lines.

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.” 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.

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.

Capital employed

Capital employed includes goodwill, net intangible assets, other net non-current assets and net current assets, minus provisions.

PRESENTATION

You are invited to attend the presentation of the 2008 Annual Results today at 8:30 am Paris time at 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 8:30 am Paris time on 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 00 13 62	Live conference: +33 (0)1 72 00 13 68 or +44 (0)808 238 1769
Replay dial-in details +33 (0)1 72 00 14 59	Replay dial-in details +44 (0)207 107 0686
Replay Passcode : 241342#	Replay Passcode : 241345#

The replay will be available until Friday March 6th, 2009

Following the presentation, the 2008 financial report will be available on www.ppr.com.



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 90 countries with approximately 88,000 employees. PPR shares are listed on Euronext Paris (FR 0000121485, PRTP.PA, PPFPA).

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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**PPR CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2008**

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Consolidated income statement

<i>(In € million)</i>	2008	2007
CONTINUING OPERATIONS		
Revenue	20,201.2	19,098.2
Cost of sales	(11,385.9)	(10,792.8)
Gross profit	8,815.3	8,305.4
Payroll expenses	(2,803.0)	(2,695.7)
Other recurring operating income and expenses	(4,291.1)	(3,976.0)
Recurring operating income	1,721.2	1,633.7
Other non-recurring operating income and expenses	(361.0)	102.7
Operating income	1,360.2	1,736.4
Finance costs	(372.7)	(309.6)
Income before taxes	987.5	1,426.8
Income taxes	(334.5)	(338.5)
Share in earnings of associates	1.4	1.2
Net income from continuing operations	654.4	1,089.5
o/w attributable to equity holders of the parent	537.4	971.1
o/w attributable to minority interests	117.0	118.4
DISCONTINUED OPERATIONS		
Net income from discontinued operations	387.7	(48.1)
o/w attributable to equity holders of the parent	386.8	(48.8)
o/w attributable to minority interests	0.9	0.7
Net income of consolidated companies	1,042.1	1,041.4
o/w attributable to equity holders of the parent	924.2	922.3
o/w attributable to minority interests	117.9	119.1
Net income attributable to equity holders of the parent	924.2	922.3
Earnings per share (in €)	7.33	7.19
Fully diluted earnings per share (in €)	7.33	7.17
Net income from continuing operations attributable to equity holders of the parent	537.4	971.1
Earnings per share (in €)	4.26	7.57
Fully diluted earnings per share (in €)	4.26	7.55
Net income from continuing operations excluding non-recurring items attributable to equity holders of the parent	875.2	874.6
Earnings per share (in €)	6.95	6.82
Fully diluted earnings per share (in €)	6.94	6.80

Consolidated balance sheet

ASSETS

<i>(in € million)</i>	2008	2007
Goodwill	6,178.7	6,653.6
Other intangible assets	10,172.7	10,135.2
Property, plant and equipment	2,253.4	2,174.3
Investments in associates	74.5	19.7
Non-current financial assets	323.8	266.1
Deferred tax assets	628.0	701.7
Other non-current assets	16.8	30.4
Non-current assets	19,647.9	19,981.0
Inventories	3,465.5	3,234.1
Trade receivables	1,303.0	1,503.8
Customer loans	189.5	235.3
Current tax receivables	101.3	105.1
Other current financial assets	143.1	93.5
Other current assets	999.2	1,062.6
Cash and cash equivalents	1,116.6	1,713.2
Current assets	7,318.2	7,947.6
Assets classified as held for sale	61.6	283.5
Total assets	27,027.7	28,212.1

LIABILITIES & SHAREHOLDERS' EQUITY

<i>(in € million)</i>	2008	2007
Shareholders' equity attributable to equity holders of the parent	9,434.2	9,218.2
Shareholders' equity attributable to minority interests	1,256.9	1,443.3
Shareholders' equity	10,691.1	10,661.5
Long-term borrowings	3,961.3	4,670.3
Provisions for retirement and similar benefits	241.0	250.0
Provisions	164.4	145.6
Deferred tax liabilities	2,847.8	2,879.0
Non-current liabilities	7,214.5	7,944.9
Short-term borrowings	2,722.1	3,184.8
Financing of customer loans	189.5	235.3
Other current financial liabilities	75.9	72.6
Trade payables	2,966.0	2,942.6
Provisions for retirement and similar benefits	17.4	17.2
Provisions	189.9	95.5
Current tax liabilities	325.0	319.5
Other current liabilities	2,565.3	2,509.1
Current liabilities	9,051.1	9,376.6
Liabilities associated with assets classified as held for sale	71.0	229.1
Total liabilities and shareholders' equity	27,027.7	28,212.1
Gross borrowings excluding the financing of customer loans	6,683.4	7,855.1
Fair value hedging derivative instruments (interest rate)	(56.4)	(20.6)
Cash and cash equivalents	(1,116.6)	(1,713.2)
Net financial indebtedness	5,510.4	6,121.3

Consolidated cash flow statement

<i>(in € million)</i>	2008	2007
Net income from continuing operations	654.4	1,089.5
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	419.4	371.8
Other non-cash income and expenses	314.2	(89.8)
Cash flow from operating activities	1,388.0	1,371.5
Interest paid/received	354.3	275.1
Dividends received	(1.4)	(0.7)
Net income tax payable	337.4	307.8
Cash flow from operating activities before tax, dividends and interest	2,078.3	1,953.7
Change in working capital requirement	(232.4)	222.8
Change in customer loans	8.1	(0.6)
Income tax paid	(322.6)	(303.7)
Net cash from operating activities	1,531.4	1,872.2
Purchases of property, plant and equipment and intangible assets	(592.7)	(573.1)
Proceeds from sale of property, plant and equipment and intangible assets	65.7	46.4
Acquisitions of subsidiaries, net of cash acquired	(222.1)	(3,337.5)
Proceeds from disposal of subsidiaries net of cash transferred	1,202.2	349.2
Purchases of other financial assets	(55.2)	(118.3)
Proceeds from sale of other financial assets	10.8	12.0
Interest and dividends received	47.2	59.2
Net cash from investing activities	455.9	(3,562.1)
Share capital increase/decrease	(174.4)	(6.7)
Treasury share transactions	(131.7)	(147.9)
Dividends paid to parent company shareholders	(433.8)	(385.2)
Dividends paid to minority interests	(58.9)	(72.1)
Bond issues	723.0	1,797.1
Bond redemptions	(1,325.7)	(606.7)
Increase (decrease) in other borrowings	(639.2)	1,650.5
Interest paid and equivalent	(390.4)	(330.9)
Net cash from (used in) financing activities	(2,431.1)	1,898.1
Net cash from assets classified as held for sale	(21.1)	32.2
Impact of exchange rate variations	(52.4)	(5.4)
Net increase/(decrease) in cash and cash equivalents	(517.3)	235.0
Cash and cash equivalents at beginning of the year	1,450.8	1,215.8
Cash and cash equivalents at end of the year	933.5	1,450.8

Quarterly breakdown of sales

(in € million)			Actual	Comparable	H2	H2	Actual	Comparable	Q4	Q4	Actual	Comparable
	2008	2007	change	change ⁽¹⁾	2008	2007	change	change ⁽¹⁾	2008	2007	change	change ⁽¹⁾
Fnac	4,587.4	4,583.5	+ 0.1%	+0.0%	2,582.7	2,638.8	- 2.1%	- 2.1%	1,609.8	1,634.1	- 1.5%	- 1.3%
Redcats Group	3,698.7	3,764.5	- 1.7%	- 5.5%	1,842.6	1,902.8	- 3.2%	- 6.7%	1,003.8	1,054.1	- 4.8%	- 7.8%
Conforama	3,167.8	3,313.0	- 4.4%	- 4.7%	1,672.0	1,800.7	- 7.1%	- 7.5%	844.4	919.0	- 8.1%	- 8.7%
CFAO	2,864.0	2,534.7	+ 13.0%	+ 13.6%	1,453.2	1,304.1	+ 11.4%	+ 11.5%	734.9	678.2	+ 8.4%	+ 8.6%
Puma⁽²⁾	2,524.2	1,717.6	+ 47.0%	+ 8.5%	1,274.1	1,174.8	+ 8.5%	+ 8.4%	561.3	504.4	+ 11.3%	+ 7.4%
Gucci Group	3,379.9	3,204.6	+ 5.5%	+ 8.1%	1,806.6	1,727.5	+ 4.6%	+ 4.3%	931.8	892.0	+ 4.5%	+ 0.2%
Gucci	2,206.4	2,175.4	+ 1.4%	+ 4.2%	1,188.7	1,158.7	+ 2.6%	+ 2.3%	640.1	618.8	+ 3.4%	- 0.8%
Bottega Veneta	402.1	366.1	+ 9.8%	+ 11.1%	204.7	201.0	+ 1.8%	- 0.1%	102.2	104.6	- 2.3%	- 8.8%
Yves Saint Laurent	262.8	221.3	+ 18.8%	+ 22.0%	142.6	120.6	+ 18.2%	+ 18.7%	67.2	59.2	+ 13.6%	+ 10.3%
Other brands	508.6	441.8	+ 15.1%	+ 17.4%	270.6	247.2	+ 9.5%	+ 10.1%	122.3	109.4	+ 11.8%	+ 9.7%
<i>Eliminations & other</i>	-20.8	-19.7	<i>ns</i>	<i>ns</i>	-10.3	-16.7	<i>ns</i>	<i>ns</i>	-4.2	-7.1	<i>ns</i>	<i>ns</i>
PPR - Continuing operations	20,201.2	19,098.2	+ 5.8%	+ 2.2%	10,620.9	10,532.0	+ 0.8%	+0.0%	5,681.8	5,674.7	+ 0.1%	- 1.5%
Discontinued operations ⁽³⁾	748.2	1,438.0			146.7	762.9			66.2	425.1		

⁽¹⁾ Comparable scope and exchange rates.

⁽²⁾ Puma fully consolidated from April 1, 2007.

⁽³⁾ In 2008, YSL Beauté for €299M, Bédar for €7M, Redcats Missy for €123M, Empire Stores for €84M, Surcouf for €225M & Conforama Poland for €10M.

<i>(in € million)</i>	September YTD 2008	September YTD 2007	Actual change	Comparable change ⁽¹⁾	Q3 2008	Q3 2007	Actual change	Comparable change ⁽¹⁾	H1 2008	H1 2007	Actual change	Comparable change ⁽¹⁾
Fnac	2,977.6	2,949.4	+ 1.0%	+ 0.7%	972.9	1,004.7	- 3.2%	- 3.4%	2,004.7	1,944.7	+ 3.1%	+ 2.9%
Redcats Group	2,694.9	2,710.4	- 0.6%	- 4.6%	838.8	848.7	- 1.2%	- 5.5%	1,856.1	1,861.7	- 0.3%	- 4.1%
Conforama	2,323.4	2,394.0	- 2.9%	- 3.1%	827.6	881.7	- 6.1%	- 6.3%	1,495.8	1,512.3	- 1.1%	- 1.2%
CFAO	2,129.1	1,856.5	+ 14.7%	+ 15.4%	718.3	625.9	+ 14.8%	+ 14.5%	1,410.8	1,230.6	+ 14.6%	+ 15.8%
Puma ⁽²⁾	1,962.9	1,213.2	+ 61.8%	+ 8.8%	712.8	670.4	+ 6.3%	+ 9.2%	1,250.1	542.8	+ 130.3%	+ 8.7%
Gucci Group	2,448.1	2,312.6	+ 5.9%	+ 11.4%	874.8	835.5	+ 4.7%	+ 9.0%	1,573.3	1,477.1	+ 6.5%	+ 12.8%
Gucci	1,566.3	1,556.6	+ 0.6%	+ 6.4%	548.6	539.9	+ 1.6%	+ 6.2%	1,017.7	1,016.7	+ 0.1%	+ 6.6%
Bottega Veneta	299.9	261.5	+ 14.7%	+ 20.0%	102.5	96.4	+ 6.3%	+ 10.3%	197.4	165.1	+ 19.6%	+ 25.7%
Yves Saint Laurent	195.6	162.1	+ 20.7%	+ 26.6%	75.4	61.4	+ 22.7%	+ 27.4%	120.2	100.7	+ 19.4%	+ 26.1%
Other brands	386.3	332.4	+ 16.2%	+ 20.1%	148.3	137.8	+ 7.6%	+ 10.5%	238.0	194.6	+ 22.3%	+ 26.9%
<i>Eliminations & other</i>	-16.6	-12.6	<i>ns</i>	<i>ns</i>	-6.1	-9.6	<i>ns</i>	<i>ns</i>	-10.5	-3.0	<i>ns</i>	<i>ns</i>
PPR - Continuing operations	14,519.4	13,423.5	+ 8.2%	+ 3.7%	4,939.1	4,857.3	+ 1.7%	+ 1.8%	9,580.3	8,566.2	+ 11.8%	+ 4.6%
Discontinued operations	682.0	1,012.9			80.5	337.8			601.5	675.1		

⁽¹⁾ Comparable scope and exchange rates.

⁽²⁾ Puma fully consolidated from April 1, 2007.

(in € million)	Q2 2008	Q2 2007	Actual change	Comparable change ⁽¹⁾	Q1 2008	Q1 2007	Actual change	Comparable change ⁽¹⁾
Fnac	978.3	947.2	+ 3.3%	+ 3.1%	1,026.4	997.5	+ 2.9%	+ 2.7%
Redcats Group	940.2	935.9	+ 0.5%	- 3.9%	915.9	925.8	- 1.1%	- 4.4%
Conforama	706.0	716.4	- 1.5%	- 1.7%	789.8	795.9	- 0.8%	- 0.9%
CFAO	720.2	636.9	+ 13.1%	+ 14.2%	690.6	593.7	+ 16.3%	+ 17.5%
Puma ⁽²⁾	576.8	542.8	+ 6.3%	+ 11.2%	673.3			+ 6.6%
Gucci Group	759.1	695.9	+ 9.1%	+ 16.2%	814.2	781.2	+ 4.2%	+ 9.7%
Gucci	504.7	486.2	+ 3.8%	+ 11.1%	513.0	530.5	- 3.3%	+ 2.4%
Bottega Veneta	91.2	80.3	+ 13.6%	+ 19.6%	106.2	84.8	+ 25.2%	+ 31.5%
Yves Saint Laurent	57.1	45.5	+ 25.4%	+ 33.4%	63.1	55.2	+ 14.5%	+ 20.2%
Other brands	106.1	83.9	+ 26.5%	+ 33.0%	131.9	110.7	+ 19.2%	+ 22.5%
<i>Eliminations & other</i>	<i>-4.5</i>	<i>-1.5</i>	<i>ns</i>	<i>ns</i>	<i>-6.0</i>	<i>-1.5</i>	<i>ns</i>	<i>ns</i>
PPR - Continuing operations	4,676.1	4,473.6	+ 4.5%	+ 5.2%	4,904.2	4,092.6	+ 19.8%	+ 4.1%
Discontinued operations	281.4	320.0			320.1	355.1		

⁽¹⁾ Comparable scope and exchange rates.

⁽²⁾ Puma fully consolidated from April 1, 2007.