



# Annual Results

# 2005

# 1. 2005 results

# 2. Q1 2006 sales

- **Final impact of UK operations: loss of €19.3m (vs. loss of €74m in 2004)**
- **Growth in sales: up 7.3% or 0.5% like-for-like**
- **Improvement in gross margin of 2.1 points :**
- **Strong growth in profit from ordinary activities (up 79%) and net income Group share (up 75% excluding UK)**
- **Reduction in debt, improvement in gearing, renegotiation of credit lines**

## 2. 2005 results

### 2.1 Group sales and operating profit

- Robust growth in China (381 new stores)
- Growth in the European store network (50 new : Etam lingerie stores and 123 outlets)
- 32 new international franchises

	31.12.05	31.12.04	% charge
■ Total stores	3,070	2,607	+463
■ France	656	630	+26
■ China	2,067	1,686	+381
■ Belgium	95	96	-1
■ Spain/Portugal	72	67	+5
■ Germany	46	28	+18
■ Italy	23	21	+2
■ International franchises	111	79	+32

Europe : 892			
	ETAM		123
	L	RtW	
France	251	210	195
Belgium/Luxembourg	23	51	21
Spain/Portugal	72	-	-
Germany	2	-	44
Italy	14	9	-
<b>TOTAL</b>	<b>362</b>	<b>270</b>	<b>260</b>

International franchises: 111			
	ETAM		123
	L	RtW	
Andorra	1	-	-
Aruba	1	-	-
Azerbaijan	1	-	-
Bahrain	-	-	-
Bulgaria	1	-	-
Croatia	1	-	-
Czech Republic	5	-	-
Finland	1	-	-
Greece	4	2	-
Guadeloupe	2	2	-
Guyana	-	1	-
Hungary	4	-	-
Jordan	1	1	-
Korea	1	-	-
Latvia	-	1	-
Lebanon	3	2	-
Lithuania	3	2	-
Morocco	-	3	1
Martinique	1	-	-
New Caledonia	-	1	1
New Zealand	1	-	-
Reunion Island	1	3	-
Romania	4	-	-
Russia	9	-	-
Saudi Arabia	6	17	-
Slovenia	1	-	-
Switzerland	-	-	2
Taiwan	1	2	4
Tunisia	2	1	-
Turkey	5	3	1
Ukraine	0	1	-
<b>TOTAL</b>	<b>60</b>	<b>42</b>	<b>9</b>

China: 2,067

*In millions of euros*

Consolidated sales	2005	2004	% chg
<ul style="list-style-type: none"> <li>▪ Net sales <i>like-for-like</i></li> </ul>	880.7	820.8	7.3% 0.5%

☞ **Currency effect: €2.6m**

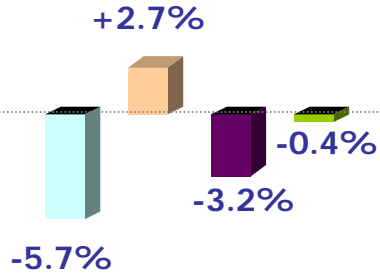
☞ **Price/mix effect\*:**

- **Increase in average sales price (mix/price): +2.3%**
- **Decrease in quantities sold: -2.5%**

*\*Like-for-like changes between 2005 and 2004 excluding China*

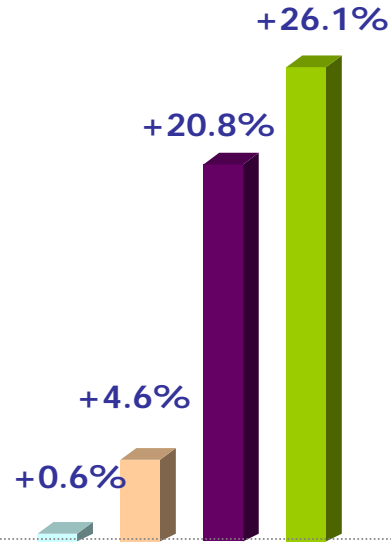
## France

-1.6%



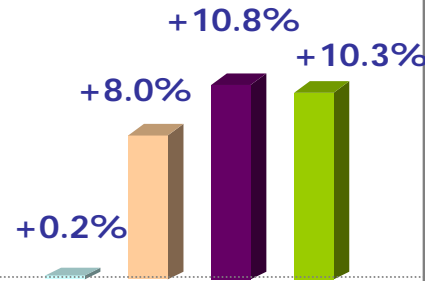
## China

+14.1%



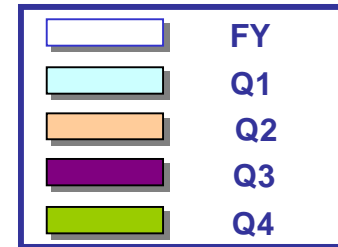
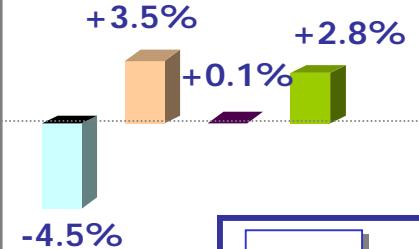
## Other

+7.5%



## Total

+0.5%



- Growth in sales (openings and like-for-like)
- Increase in gross profit (improvement in sourcing, reduced discounting and better inventory management)
- Control of operating expenses – higher profit margins

*In millions of euros*

	2005	2004	% change
■ Net sales ➤ <i>Like-for-like</i>	880.7	820.8	+7.3% +0.5%
■ Gross profit	539.4	485.3	+11.1%
■ <i>Gross margin (%)</i>	61.2%	59.1%	+2.1 pts
■ Profit from ordinary activities ➤ <i>As % of sales</i>	69.7 7.9%	38.9 4.7%	+79.3% +3.2 pts

# Increase in gross profit: effect of sales and improved stock management

*In millions of euros*

	2005	2004	Change (€m)
▪ Goods sold	878.8	821.9	+56.9
▪ Net provisions for loyalty cards	1.9	(1.1)	+3.0
▪ Sales	880.7	820.8	+59.9
▪ Purchases	(349.4)	(333.7)	-15.7
▪ Net prov. for imp. of inventories	8.1	(1.8)	+9.9
▪ Gross profit	539.4	485.3	+ 54.1

# Profit from ordinary activities: comparison of 2004 and 2005

*In millions of euros*

	2005	2004	Change (€m)
▪ <b>Gross profit</b>	539.4	485.3	+54.1
▪ <b>Other operating expenses</b> <i>As % of sales</i>	(469.7) 53.3%	(446.4) 54.4%	-23.3
➤ <i>external expenses</i>	(251.2)	(238.5)	-12.7
➤ <i>staff costs</i>	(175.1)	(154.4)	-20.7
➤ <i>taxes and other duties</i>	(13.0)	(12.1)	-0.9
➤ <i>depreciation charges</i>	(37.2)	(39.6)	+2.4
➤ <i>other</i>	6.7	(1.9)	+8.6
▪ <b>Profit from ordinary activities</b>	69.7	38.9	+30.8
▪ <b>EBITDA*</b>	96.7	80.4	+16.3

\* Earnings before interest, taxes, depreciation and amortisation

## 2. 2005 results

### 2.2 Sales and operating profit by country

- Improvement in gross profit (sourcing, discounting and inventory management)
- Increase in operating expenses (rents, wages, profit-sharing)
- Improvement in profit margins

	2005	2004	% change
<i>In millions of euros</i>			
■ Net sales	607.6	601.6	+1.0%
➤ <i>Like-for-like</i>			-1.6%
■ Gross profit	386.0	358.6	+7.6%
■ <i>Gross margin (%)</i>	63.5%	59.6%	+3.9 pts
■ Profit from ordinary activities	51.9	33.7	+54.0%
➤ <i>As % of sales</i>	8.5%	5.6%	+2.9 pts
■ EBITDA	65.0	64.2	+ 1.2%

- Appreciation of the yuan against the euro
- Decline in gross margin: discounting + impact of change of billing system for free-standing stores
- Lower weighting of expenses and longer depreciation period

	2005	2004	% change
<i>In millions of euros</i>			
■ Net sales	156.1	116.1	+34.4%
➤ <i>At constant exchange rates</i>			+31.9%
➤ <i>Like-for-like</i>			+14.1%
■ Gross profit	82.6	67.7	+22.1%
■ <i>Gross margin (%)</i>	52.9%	58.3%	-5.4 pts
■ Profit from ord. activities	18.2	12.1	+49.9%
<i>At constant exchange rates</i>	17.9		
➤ <i>As % of sales</i>	11.7%	10.4%	+1.3 pt
■ EBITDA	22.7	16.6	+ 36.9%

- Sales and gross profit: effect of growth (openings and like-for-like)
- Recovery in unprofitable countries and continuing profitable growth in Spain

	2005	2004	% change
<i>In millions of euros</i>			
■ Net sales ➤ <i>Like-for-like</i>	117.1	103.1	+13.6% +7.5%
■ Gross profit	70.8	58.9	+20.2%
■ <i>Gross margin (%)</i>	60.5%	57.2%	+3.3 pts
■ Profit from ord. activities	(0.3)	(7.0)	n.m.
■ EBITDA	9.0	(0.5)	n.m.

*In millions of euros*

- Belgium/Luxembourg
- Spain/Portugal
- Italy
- Germany

	2005 sales	% chg	Like-for-like	2005 profit	2004 profit
Belgium/Luxembourg	55.3	+3.0%	+7.8%	(3.7)	(7.0)
Spain/Portugal	36.8	+18.2%	+7.4%	5.5	2.8
Italy	15.3	+28.0%	+10.8%	(2.8)	(3.8)
Germany	9.7	+53.6%	-2.7%	0.7	1.0

# Profit from ordinary activities by country

*In millions of euros*

2005  
2004

France

China

Other

Total

51.9

33.7

18.2

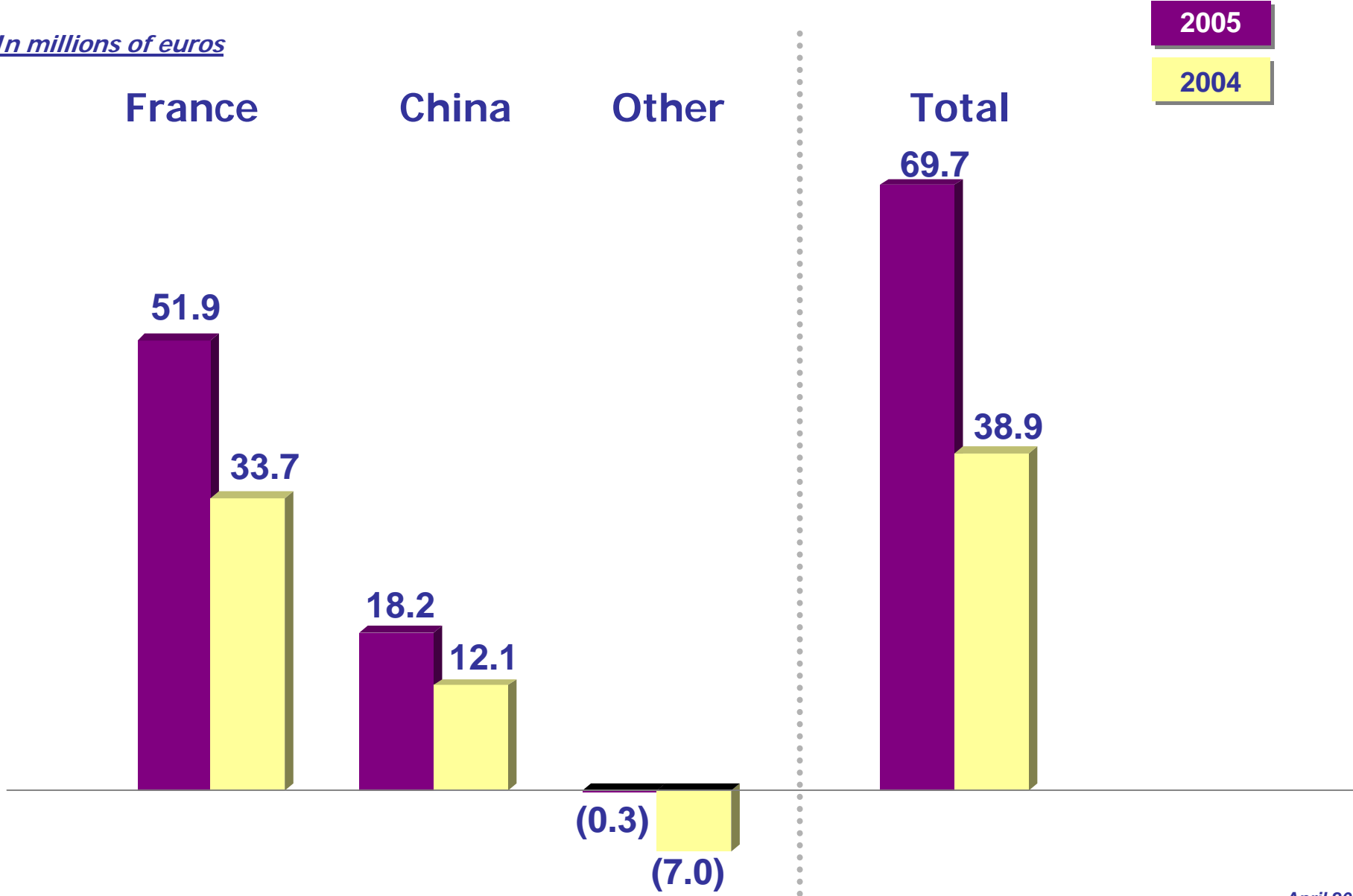
12.1

(0.3)

(7.0)

69.7

38.9



## 2. 2005 results

### 2.3 Sales and operating profit by brand

- Growth in China and Spain
- Lingerie sales in France gradually picking up
- Positive like-for-like sales growth for Etam ready-to-wear

*In millions of euros*

	2005	2004	% change
■ Net sales	705.2	644.1	+9.5%
■ Gross profit	431.4	381.9	+13.0%
■ <i>Gross margin (%)</i>	61.2%	59.3%	+1.9pts
■ Profit from ordinary activities	62.2	32.0	94.6%
➤ <i>As % of sales</i>	8.8%	5.0%	+3.3 pts

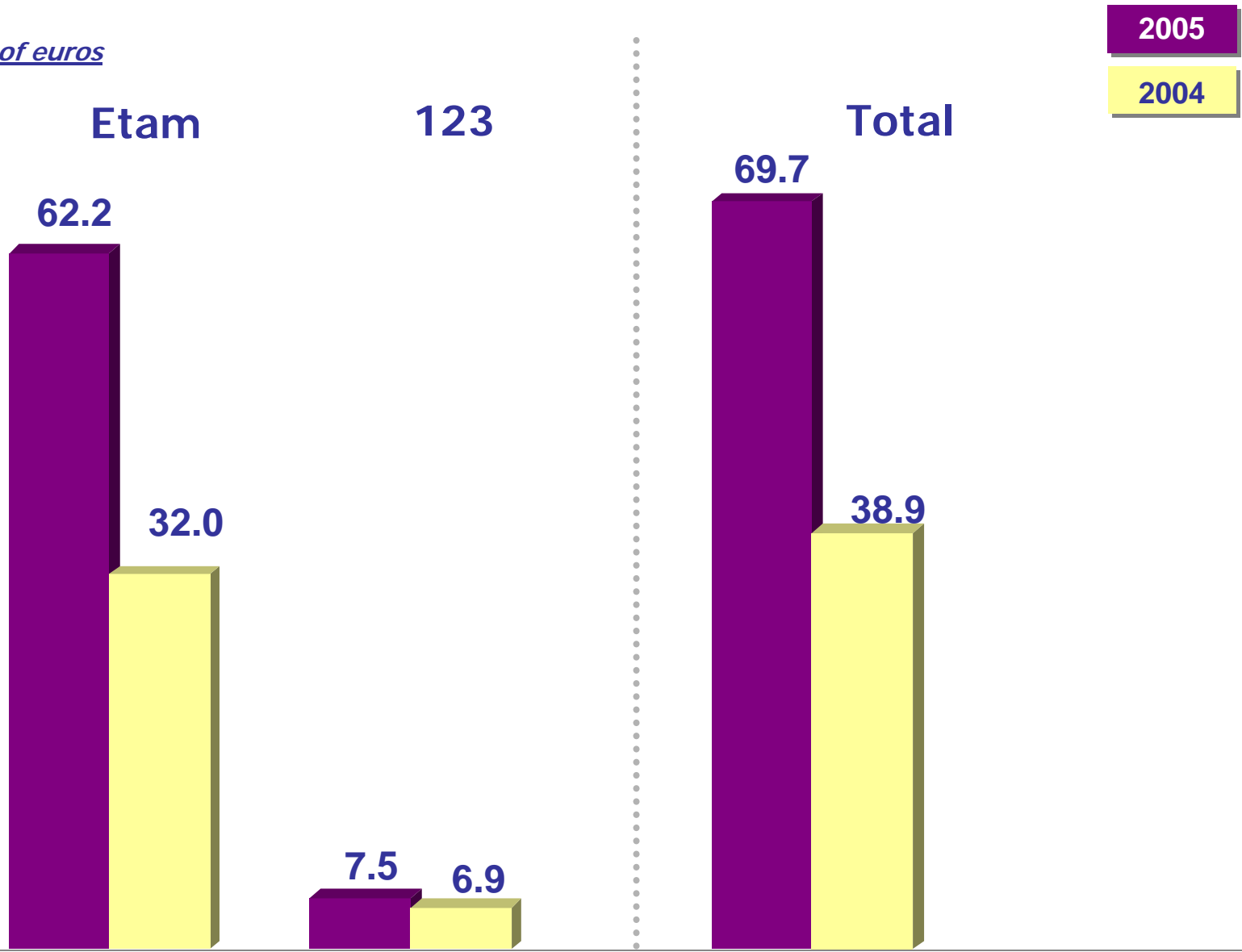
- Halftone year in France (like-for-like sales down overall)
- Growth in Germany
- Like-for-like sales growth in Belgium

*In millions of euros*

	2005	2004	% change
■ Net sales	175.5	176.7	-0.7%
■ Gross profit	108.8	103.3	+4.5%
■ <i>Gross margin</i>	<i>61.5%</i>	<i>58.5%</i>	<i>+3.0 pts</i>
■ Profit from ordinary activities	7.5	6.9	+8.8%
➤ <i>As % of sales</i>	<i>4.3%</i>	<i>3.9%</i>	<i>+0.4 pts</i>

# Profit from ordinary activities by brand

*In millions of euros*



2005

2004

## 2. 2005 results

2.4 Other income statement, balance sheet and cash flow items

	2005	2004
▪ Profit from ordinary activities	69.7	38.9
▪ Other operating income and expenses	(3.3)	(0.9)
▪ Operating profit	66.4	38.0

<i><u>In millions of euros</u></i>	2005	2004
▪ Operating profit	66.4	38.0
➤ Net financial income/(charge)	(8.0)	(6.6)
➤ Tax	(17.3)	(6.6)
➤ Income excl. businesses sold	41.1	24.8
➤ Income from businesses sold	(19.3)	(74.0)
➤ Consolidated net income	21.8	(49.2)
➤ Minority interests	7.9	5.8
▪ Net income (Group share)	13.9	(55.0)
▪ Net income (Group share) excl. UK	33.2	19.0

<i>In millions of euros</i>	2005	2004
▪ EBITDA	96.7	80.4
▪ Net provisions for current assets	6.5	1.2
▪ Cash flow*	103.2	81.6
▪ Change in WCR and corporation tax	5.0	(40.2)
▪ Net capex	(27.9)	(40.7)
▪ Net cash flows UK	(19.3)	(5.7)
▪ Dividends	(6.4)	(9.7)
▪ Interest (consolidation scope and other)	(6.6)	(9.2)
▪ Surplus/(Deficit)	48.0	(23.9)

\* Before tax, dividends and interest

<i>In millions of euros</i>	Chg. 2005	Chg. 2004
▪ Accounts receivable	(16.4)	(1.8)
▪ Inventories	(22.2)	(12.3)
▪ Accounts payable	42.7	1.8
▪ Operating WCR	4.1	(12.3)
▪ Other WCR	5.7	(6.3)
▪ WCR	9.8	(18.6)
▪ Income tax paid	(4.8)	(21.6)
▪ WCR and corporation tax	5.0	(40.2)

<i><u>In millions of euros</u></i>	2005	2004
▪ Net debt (at 31 December)	(118.5)	(166.5)
▪ Consolidated shareholders' equity	306.7	287.2
▪ Gearing	38.6%	58.0%

## €152m syndicated loan

- Initial offer of €130m increased to €152m
- Financial security and financing potential
- Longer maturity

# 1. 2005 results

## 2. Q1 2006 sales

- Excellent performance in January and February (sales promotions)
- March affected by cold weather
- Disappointing start to the season for Etam ready-to-wear
- Lingerie sales picked up
- Favourable sales margins overall (excluding China)

<i>In millions of euros</i>	2006	2005	% chg
■ <b>Total</b> <i>like-for-like</i>	247.8	213.0	+16.4% +7.2%

## ■ By country

<i>In millions of euros</i>	2006	2005	% chg	LFL
■ France	155.1	144.3	+7.5%	+4.6%
■ Chine ➤ <i>At constant exch. rates</i>	61.1	41.6	+47.0% +31.0%	+23.5%
■ Other	31.6	27.1	+16.7%	+5.6%

## ■ By brand

<i>In millions of euros</i>	2006	2005	% chg
■ Etam	201.5	167.7	+20.2%
■ 123	46.3	45.3	+2.2%