

<b>2006 results:</b> (financial year from 1 January to 31 December)	<b>Growth in sales and earnings</b> <b>EBITDA* growth of 23.3%</b> <b>Dividend increased from €0.30 to €0.50</b>
<b>First quarter 2007:</b>	<b>Sales up 11.5%</b>

## I. 2006

	<i>in € millions</i>	
	<b>2006</b>	<b>2005</b>
Net sales	960.2	880.7
Gross profit	584.0	539.4
<i>Gross margin (%)</i>	<i>60.8%</i>	<i>61.2%</i>
<b>EBITDA*</b>	<b>119.2</b>	<b>96.7</b>
<b>Profit from ordinary activities</b>	<b>73.2</b>	<b>69.7</b>
<b>Operating profit</b>	<b>71.6</b>	<b>66.4</b>
Net financial charge	-7.5	-8.0
Tax	-19.7	-17.3
Net income from continued operations	44.3	41.1
Income from businesses sold or discontinued	-	-19.3
<b>Consolidated net income</b>	<b>44.3</b>	<b>21.8</b>
Minority interests	9.6	7.9
<b>Net income (Group share) from continued activities</b>	<b>34.7</b>	<b>33.2</b>
Net debt	113.2	118.5
Net debt/shareholders' equity	31.8%	38.6%

\* PFOA before depreciation and amortisation, charges to provisions, and gains on the disposal of non-current assets

### Sales

Net sales increased by 9.0% to €960.2 million. This includes a positive currency effect of €3.3 million relating to the rise in the Chinese yuan.

Like-for-like (excluding currency effects), sales moved up 4.1% (up 2.8% in France, up 18.3% in China and up 3.9% in other countries).

### Gross profit

Gross profit increased at a weaker rate than sales, despite improvement in sourcing conditions, as a result of heavy discounting and impairment in inventories, particularly in Europe. However, the success of the winter end-of-season sales limited deterioration in gross margin, which stood at 60.8% compared with 61.2% in 2005.

### Operating profit

Other operating expenses totalled €474.9 million (compared with €434.0 million in 2005), remaining stable as a percentage of sales. This was due to control of staff costs and other external expenses, offsetting the increase in rental charges.

Depreciation and net provisions for impairment remained stable at €35.9 million.

As a result, profit from ordinary activities came to €73.2 million, up 5.0% compared with €69.7 million in 2005.

After a non-recurring charge of €1.5 million relating to the impact of the closure of the 123 Rivoli store, operating profit was €71.6 million (compared with €66.4 million in 2005). Operating margin was 7.5% in 2006, equal to that of 2005.

EBITDA increased by 23.3% to €119.2 million in 2006 compared with €96.7 million in 2005.

After minority interests, net income (Group share) stood at €34.7 million 2005 compared with €33.2 million in 2005.

### **Capital expenditure and debt**

The improvement in the Group's performance resulted in higher cash flow. With an increase in capital expenditure to €54.9 million compared with €27.9 million in 2005, this enabled the Group to reduce its debt significantly, bringing net debt to shareholders' equity to 31.8%, down from 38.6% in 2005.

### **Dividend**

According to this more favourable backdrop, at the next general shareholders' meeting, scheduled for 26 June, the Group will propose the payment of a dividend of €0.5 per share for the year ended 31 December 2006.

## **II. First quarter 2007 net sales**

	<i>In € millions</i>			
First quarter	2007	2006	% change	% change lfl
France	171.9	155.1	10.8%	8.0%
China	68.6	61.1	12.3%	6.9%
Other countries	35.9	31.6	13.7%	10.6%
Total	276.4	247.8	11.5%	8.3%

First quarter net sales totalled €276.4 million, up 11.5% or 8.3% like-for-like (at constant exchange rates). This includes a negative currency impact of €3.4 million due to the fall in the Chinese yuan.

For the Group's operations in Europe, this performance reflects both solid winter end-of-season sales and the brisk start to the spring-summer season, as well as a positive calendar effect. The 2007 spring-summer season got off to a good start in terms of gross profit.

### **First quarter sales by brand:**

	<i>In € millions</i>			
First quarter	2007	2006	% change	% change lfl
Etam Europe	159.0	140.4	13.2%	9.4%
Etam China	68.6	61.1	12.3%	6.9%
1.2.3	48.8	46.3	5.4%	5.4%
Total	276.4	247.8	11.5%	8.3%

## **III. China**

Executive Management of the Etam Group's in China has been assigned to Bruno Collache, the Group's former finance director in Belgium, who had held finance positions locally since September 2006.

This appointment follows Paul Liu's decision to stand down from Etam's Executive Management in China. However, he will remain non-executive chairman.

## **IV. Outlook**

In Europe and abroad, the Group intends increase its growth and continue to improve its margins. In China, the Group aims to consolidate its position in this strong growth market.

In order to reinforce its leading position in the lingerie market and with the increased segmentation of its offering, the Group is looking into launching a new underwear brand with a very different image and positioning from the Etam brand. The new concept will go on trial from autumn 2007, initially in France.

*Etam Développement's general shareholders' meeting is scheduled for 26 June 2007.  
The Group is due to report its second quarter sales on 24 July 2007 (after market close).*

**Information for analysts and investors**

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