

2007 annual results

First quarter 2008 sales

I. 2007 ANNUAL RESULTS

<i>€ million</i>	2007	2006	Change
Net sales	1,005.4	960.2	+4.7%
Gross profit	614.6	584.0	+5.2%
<i>Margin</i>	61.1%	60.8%	+0.3 pt
EBITDA*	111.1	119.2	-6.7%
Ordinary operating income	59.2	73.2	-19.2%
Net income, group share	27.2	34.7	-21.6%
Earnings per share (€)	2.27	2.99	-24.1%
Net debt/equity	30.9%	31.8%	-0.9 pt

* Ordinary operating income before depreciation, provisions and income from sale of assets

Revenue increased slightly in 2007

Group net sales increased 4.7% in 2007 to €1,005.4 million. This figure includes a negative exchange rate effect of €8.5 million.

On a comparable stores basis (and before exchange rate effects), Group sales increased 2.4% (+3.1% in France, -5.5% in China and +3.7% for all other countries).

Improvement in gross margin

Group gross profit increased 5.2% to €614.6 million. Gross margin was up 0.3 point to 61.1% thanks to an improved performance in Europe.

Operating income was heavily affected by business in China

Ordinary operating income fell 19.2% or €14 million to €59.2 million compared with €73.2 million in 2006. This decline was mainly due to a €15.3 million drop in contribution from China (to €8.8 million from €24.1 million in 2006) and continuing commercial investment in new businesses in India and the Undiz chain (contribution to ordinary operating income: -€4.3 million). Excluding China and new businesses, ordinary operating income increased 11.4% from €49.1 million to €54.7 million, which illustrates the improvement in the group's operating performance in Europe.

Overall ordinary operating margin was 5.9% in 2007, compared with 7.6% in 2006. Operating income amounted to €58.4 million after other income and expenses.

The net cost of debt fell slightly to €7.3 million compared with €7.5 million in 2006.

Net income group share amounted to €27.2 million in 2007 (€2.27 per share), compared with €34.7 million in 2006 (€2.99 per share) after €20.9 million of tax and €3.1 million of minority interests.

Continuing growth strategy

Net investment amounted to €55.5 million, the same level as in 2006. In 2007, the Group continued to build its chain, mainly in Europe and at the international franchises. At 31 December 2007, the estate of stores totalled 3,616 points of sale (of which 2,434 are in China), compared with 3,433 at 31 December 2006, giving a total of 183 additional units (of which 116 are outside China).

EBITDA amounted to €111.1 million, down from €119.2 million in 2006. Working capital requirement increased by €11 million.

After the payment of €6.6 million of dividends in respect of 2006, the net movement in cash amounted to €3.2 million for the whole of 2007.

Group net debt was stable at the end of December 2007. After an accounting reclassification, net debt amounted to €116.4 million compared with €113.2 million at the end of 2006. The net debt to equity ratio improved slightly to 30.9% compared with 31.8% at the end of 2006.

Dividend of €0.5 per share

The Group will propose a dividend of €0.5 per share for the financial year ended 31 December 2007 to the Annual General Meeting on 17 June. This dividend will be paid from 18 June 2008.

II. FIRST QUARTER 2008 NET SALES

	<i>€ million</i>			
First quarter	2008	2007	% change	Change lfl ⁽¹⁾ %
<i>By brand</i>				
Etam Europe	159.6	159.0	+0.4%	-5.1%
123	48.7	48.8	-0.3%	-4.0%
China	50.9	68.6	-25.7%	-22.7%
Total	259.2	276.4	-6.2%	-7.9%
<i>By region</i>				
France	170.4	171.9	-0.9%	-4.4%
China	50.9	68.6	-25.7%	-22.7%
Other countries ⁽²⁾	37.9	35.9	+5.4%	-7.0%

(1) lfl: like for like and at constant exchange rates

(2) other European countries and India

In the first quarter of 2008, Group net sales were down 6.2% (-7.9% like for like and at constant exchange rates) to €259.2 million. This figure includes a €2.8 million negative exchange rate effect.

In Europe, the spring/summer season has started against an adverse economic background after fewer sales mainly because of better inventory levels.

In China, first quarter sales followed the fourth quarter trend and compare with a high base from the first quarter of 2007.

III. OUTLOOK

Against this background, the Group is placing particular emphasis on raising its performance, while continuing its strategy of building up the brands and selectively expanding its network.

In China, the Group has reorganised its operations with a new team, clearer positioning for the three brands and renovation of store designs. The effects of these moves are expected to be felt from the autumn/winter 2008 season.

Etam Développement will publish its quarterly information report before 15 May 2008

and will hold its Annual General Meeting on 17 June 2008.

The Group will publish second quarter sales on 16 July 2008 (before the Paris stock market close).

information for analysts and investors

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