

International Retailer of women's ready-to-wear clothing and lingerie  
2,579 points of sale with three brands: Etam, 1.2.3, Tammy

**Half-year results 2004**  
(for the financial year 1 January 2004 - 31 December 2004)

*In millions of €*

	<b>30.6.04</b>	<b>30.6.03</b>
Net sales (ex taxes)	502.2	511.4
Operating profit	- 7.8	13.2
Net finance result	2.1	1.3
Net exceptional items	- 6.7	0.0
Income taxes	- 4.8	- 10.5
Goodwill amortisation	- 1.4	- 1.4
Consolidated net profit	- 18.6	2.6
Minority interests	2.5	1.7
<b>Net profit attributable to Group</b>	<b>- 21.1</b>	<b>1.0</b>
Net financial debt	115.9	98.0
Consolidated shareholders' equity	181.5	184.7

**ACTIVITY**

The Group posted consolidated sales of €502.2 million for the first six months of 2004, down 1.8% compared to the first half of 2003, and down 4.1% on a like-for-like basis. This figure is stated after negative exchange rate differences and changes in the Group's scope of operations (closure of WMK in 2003) of €5.3 million.

In Europe (€461.0 million), overall the level of activity was not satisfactory:

- in France, like-for-like sales declined by 1.9% (down 3.5% in the second quarter);
- in the UK, they fell 12% (down 9.0% in the second quarter);
- in all other European countries, they declined by 6.3% (down 9.9% in the second quarter).

In China (€41.1 million), sales were buoyant during the half-year: up 19.4% on a like-for-like basis, and many new outlets were opened (+322 during the period).

**MARGIN**

The gross margin amounted to €278.5 million, down 1.3% from €282.1 million in the first half of 2003. The margin rate edged up to 55.5% from 55.2%.

**RESULTS**

Operating expenses increased by 6.5% largely due, on the one hand, to the Group's development of its lingerie business coupled with growth in China, and to increases in provisions (net of reversals), on the other hand : the Group recorded a provision charge of €4.7 million in the first half of 2004, compared to a net reversal of €3.7 million in the first half of 2003.

In view of the above, the Group posted an operating loss of €7.8 million (loss of €6.8 million before exchange differences).

In France, the margin remained stable at €173.6 million and the operating profit amounted to €9.4 million in the first half of 2004 against €20.4 million in the first half of 2003. This fall principally reflects changes in provisions.

In the UK, an operating loss of €19.9 million, compared to a loss of €12,9 million in the first half of 2003, reflects the Group's lower level of business activity in this country.

In China, operating profit surged 18.8% to €5.7 million against €4.8 million in the first half of 2003, driven by soaring sales.

With regard to the other items of the Group's profit and loss account, the net finance result showed a profit of €2.1 million compared to €1.3 million in the first half of 2003. Net exceptional items amounted to a charge of €6.7 million, including provisions for litigation and for restructuring in connection with overhead reductions. After tax (€4.8 million) and goodwill amortisation, the Group posted a consolidated net loss of €18.6 million and a net loss attributable to the Group of €21.1 million.

## **2004 outlook**

During the second half-year, Etam Développement's staff will attempt to pursue growth of the lingerie business in Europe, the activities in China, and in the international franchises, while it goes without saying that the UK remains a priority for the Group.

*The Group will release its third quarter sales on **26 October 2004**  
after the close of the Paris stock exchange*

### Information for analysts and investors

[www.etamdeveloppement.fr](http://www.etamdeveloppement.fr)

Frédéric PATUREAU - Tel: 331 55 90 70 26

Etam Développement: Code ISIN: FR0000035743 / Reuters: TAM.PA / Bloomberg: TAM FP