




2007

Annual results

16 April 2008

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- A woman with long brown hair, wearing a light-colored floral dress with a bow at the waist, stands on a balcony. She is looking to her left. The background shows a cityscape with buildings and a railing in the foreground.
1. Major trends in 2007
 2. Financial results
 3. Outlook
 4. Questions & Answers



1. Major trends in 2007

2. Financial results

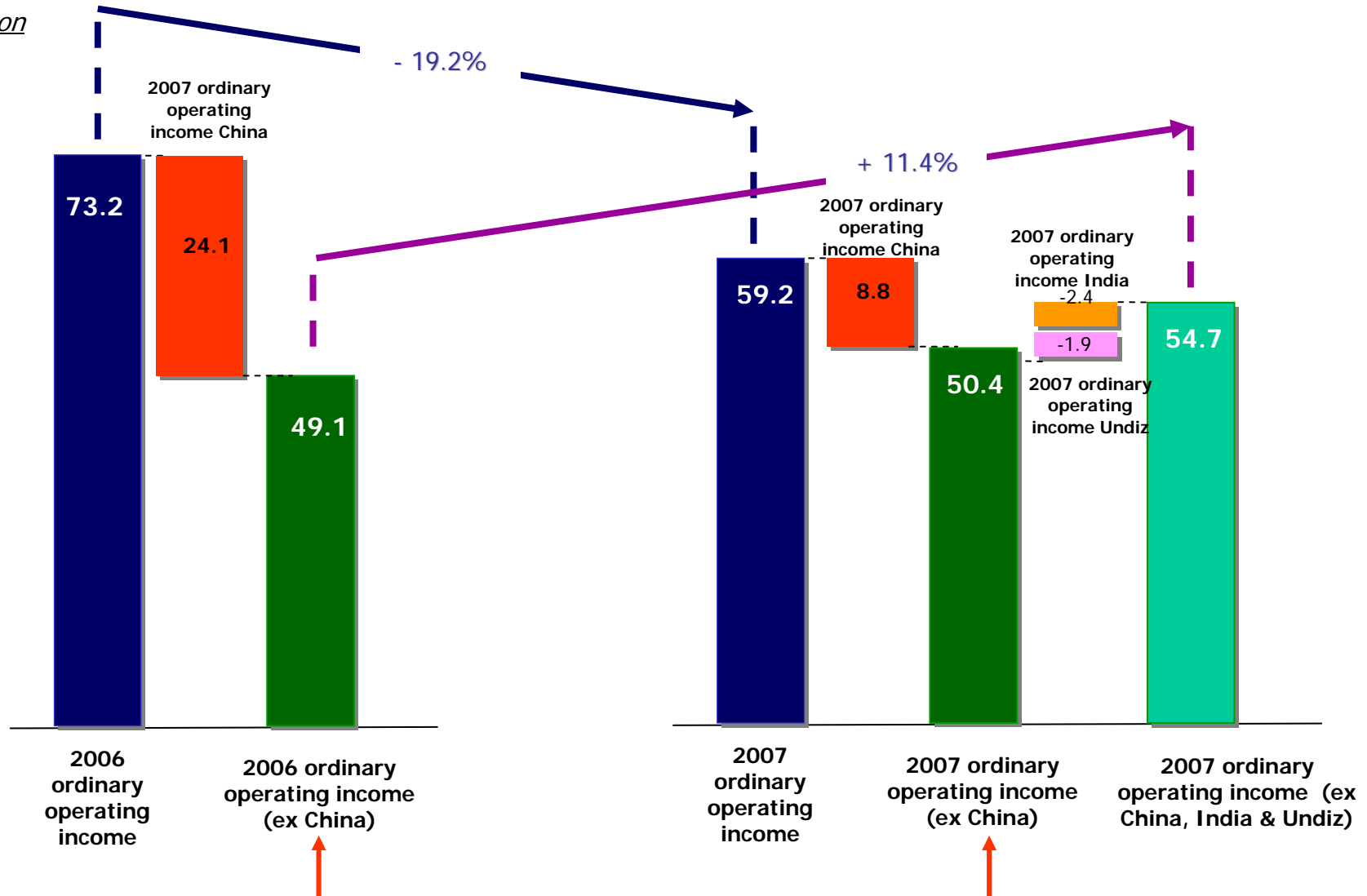
3. Outlook

4. Questions & Answers

Sales	€1,005.4m	+ 4.7% + 2.4%(lfl)
Gross profit	€614.6m	+5.2%
<i>Gross margin</i>	<i>61.1%</i>	<i>+0.3 point</i>
EBITDA	€111.1m	- 6.7%
Ordinary operating income	€59.2m	- 19.2%
Gearing	30.9%	- 0.9 point

3 components of results

€ million




- Management stability
- Brand rationalisation (secondary brands terminated)
- More selective about locations
- Clarify positioning of 3 main brands (Etam, Etam Sport, Etam Week-End)
- New store concept to support brand positioning

→ 1.2.3:

- ❖ Continuing “accessible luxury” positioning
- ❖ Focus on image (stores, service, advertising)
- ❖ Expand through international franchises

→ ETAM:

- ❖ Refine brand positioning
- ❖ Build on lingerie, brand strong point
- ❖ Major lingerie marketing spending (flagship, events, media)
- ❖ Expand combined out of town stores
- ❖ Refashion and modernise current chain



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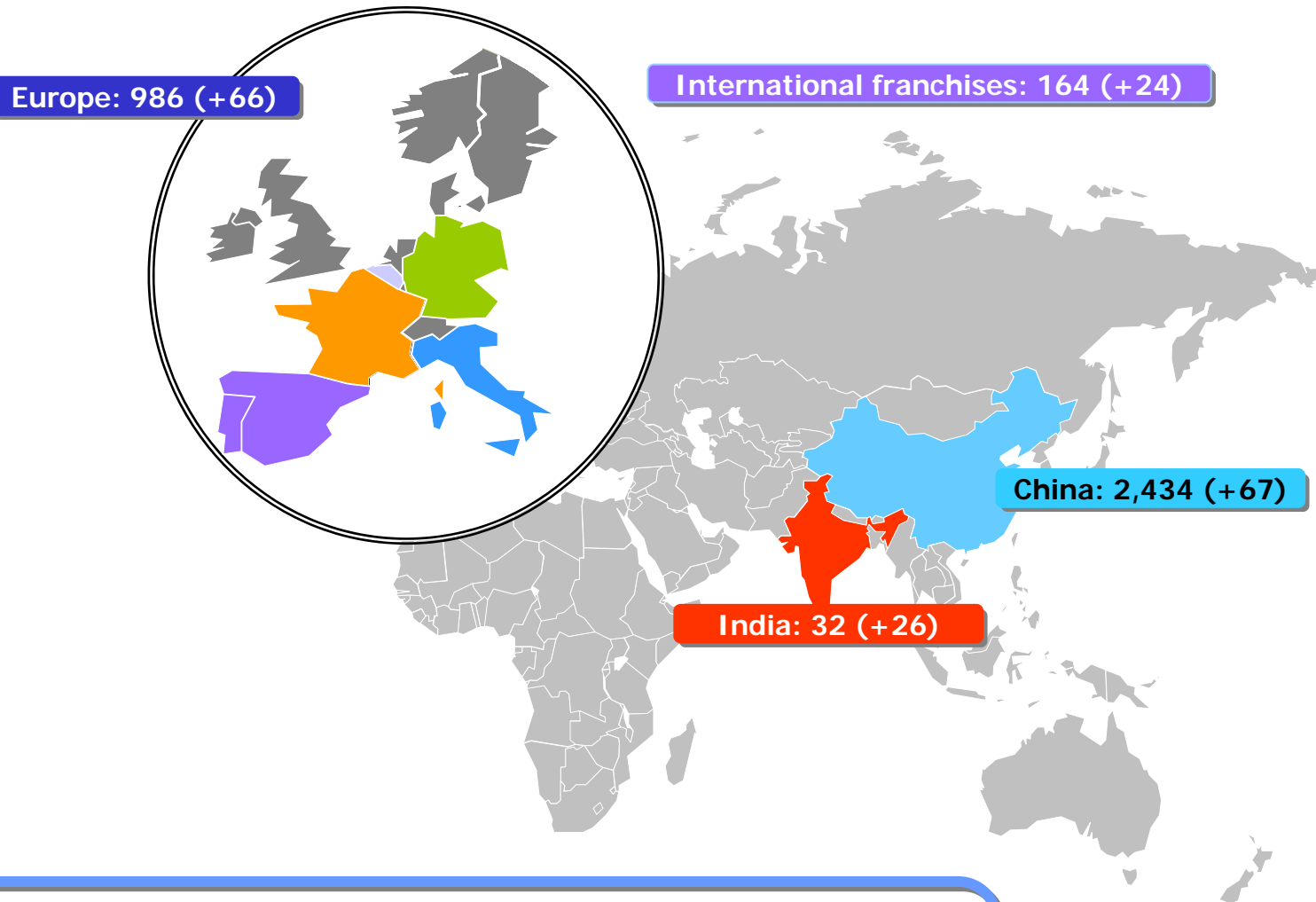
From sales to ordinary operating income

<i>€ million</i>	2007	2006	<i>Change</i>
Net sales	1,005.4	960.2	+4.7%
<i>Like for like</i>			+2.4%
Gross profit	614.6	584.0	+5.2%
<i>as % of sales</i>	61.1%	60.8%	+0.3pt
EBITDA	111.1	119.2	-6.7%
<i>as % of sales</i>	11.1%	12.4%	-1.4pt
Ordinary operating income	59.2	73.2	-19.2%
<i>as % of sales</i>	5.9%	7.6%	-1.7pt

Contributors to sales growth

%	2007	2006
Exchange rate effects	-0.8%	+0.4%
Growth of estate	+3.1%	+4.5%
Like for like	+2.4%	+4.1%
Sales	+4.7%	+9.0%

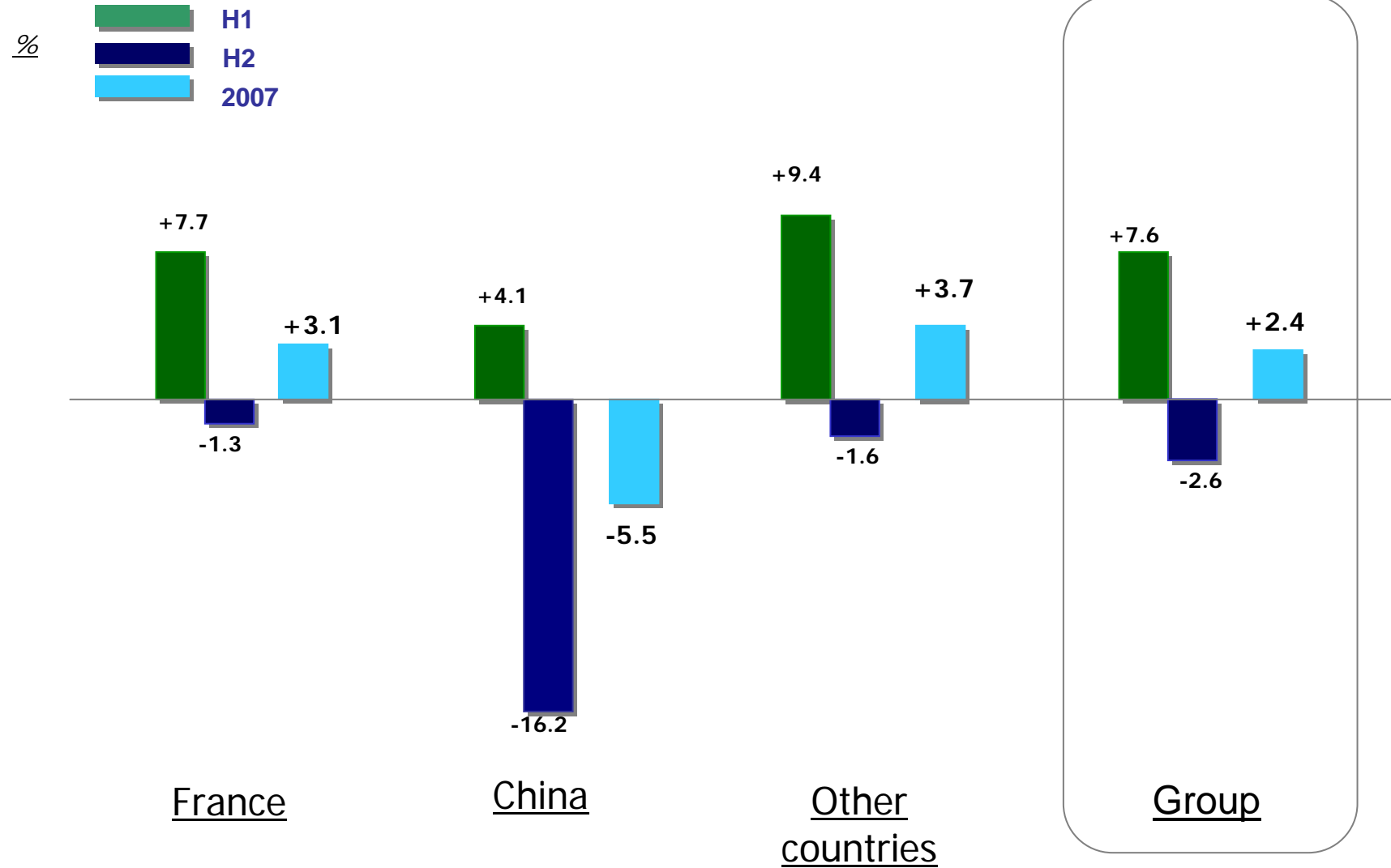
Store chain: + 183 points of sale (total: 3,616)



→ Number of store openings ex China doubled vs 2006:

- ❖ International franchises take off
- ❖ France: combined out of town stores

Like for like sales



Etam China operating income deteriorated

<i>€ million</i>	2007	2006	<i>Change</i>
Net sales	196.9	202.5	-2.8%
<i>Like for like</i>			-5.5%
Gross profit	104.7	112.4	-6.8%
<i>as % of sales</i>	53.2%	55.5%	-2.3pts
EBITDA*	22.7	33.1	-31.3%
<i>as % of sales</i>	11.5%	16.3%	-4.8pts
Ordinary operating income	8.8	24.1	-63.4%
<i>as % of sales</i>	4.5%	11.9%	-7.4pts

Operating expenses in China

<i>en millions d'€</i>	2007	2006	Variation
Personnel	(25,0)	(21,4)	-16.9%
<i>as % of sales</i>	-12.7%	-10.6%	-2.1
Rent and bills	(45.0)	(46.1)	+2.5%
<i>as % of sales</i>	-22.9%	-22.8%	-0.1
Other external expenses	(17.2)	(14.6)	-17.9%
<i>as % of sales</i>	-8.7%	-7.2%	-1.5
Tax	(0.1)	(0.1)	-
Other net income (expense)	(0.9)	(0.6)	-52.8%
<i>as % of sales</i>	-0.5%	-0.3%	-0.2
Other Operating expenses	(88.2)	(82.8)	-6.6%
<i>as % of sales</i>	-44.8%	-40.9%	-0.2

Ordinary operating income ex China

<i>en millions d'€</i>	2007	2006	<i>Variation</i>
Sales	808.5	757.7	+6.7%
<i>like for like</i>			+3.2%
Gross profit	509,8	471,7	+8.1%
<i>as % of sales</i>	63.1%	62.2%	+0.9pt
EBITDA	88.4	86.1	+2.7%
<i>as% of sales</i>	8.8%	9,0%	-0.2pt
Ordinary operating income	50.4	49.1	+2.6%
<i>as % of sales</i>	5.0%	5.1%	-0.1pt

Operating expenses ex China

<i>en millions d'€</i>	2007	2006	Variation
Personnel	(177.5)	(167,4)	-6,0%
<i>as % of sales</i>	-22.0%	-22.1%	+0.1pt
Rent and bill	(90.6)	(85.0)	-6.6%
<i>as % of sales</i>	-11.2%	-11.2%	-
Other external expenses	(140.0)	(127.3)	-9.9%
<i>as % of sales</i>	-17.3%	-17.8%	+0.5pt
Tax	(14.2)	(12.6)	-12.8%
Other net income (expense)	(1.3)	0.2	ns
Operating expenses	(423.5)	(392.1)	-8.0%
<i>as % of sales</i>	-52.4%	-51.7%	-0.7pt

Results by brand: Etam (ex China)

<i>€ million</i>	2007	2006	<i>Change</i>
Net sales	616.1	566.5	+8.7%
<i>Like for like</i>			+3.9%
Gross profit	381.7	349.3	+9.3%
<i>as % of sales</i>	62.0%	61.7%	+0.3pt
EBITDA	69.8	66.2	+5.5%
<i>as % of sales</i>	11.3%	11.7%	-0.4pt
Ordinary operating income*	42.6	42.4	+0.5%
<i>as % of sales</i>	6.9%	7.5%	-0.6pt

* *Contribution from start-ups (Undiz + India): (4.3)*

<i>€ million</i>	2007	2006	<i>Change</i>
Net sales	192.3	190.5	+0.9%
<i>Like for like</i>			<i>+0.9%</i>
Gross profit	127.8	121.4	5.3%
<i>as % of sales</i>	<i>66.5%</i>	<i>63.7%</i>	<i>+2.8pts</i>
EBITDA	19.0	20.2	-6.0%
<i>as % of sales</i>	<i>9.9%</i>	<i>10.6%</i>	<i>-0.7pt</i>
Ordinary operating income	13.6	11.8	+15.3%
<i>as % of sales</i>	<i>7.1%</i>	<i>6.2%</i>	<i>+0.9pt</i>

From ordinary operating income to net income

<i>€ million</i>	2007	2006	Change (€m)
Ordinary operating income	59.2	73.2	-14.0
<i>as % of sales</i>	<i>5.9%</i>	<i>7.6%</i>	<i>-1.7pt</i>
Other income & expense	(0.8)	(1.6)	+0.8
Operating income	58.4	71.6	-13.2
<i>as % of sales</i>	<i>5.8%</i>	<i>7.5%</i>	<i>-1.6pt</i>
Net financial expense	(7.3)	(7.5)	+0.2
Tax	(20.9)	(19.7)	-1.2
Share of associates' results	0.1	0	+0.1
Net income	30.3	44.3	-14.0
<i>as % of sales</i>	<i>3.0%</i>	<i>4.6%</i>	<i>-1.6</i>
<i>Of which minority interests</i>	<i>3.1</i>	<i>9.6</i>	<i>-6.5</i>
Net income, group share	27.2	34.7	-7.5
<i>as % of sales</i>	<i>2.7%</i>	<i>3.6%</i>	<i>-0.9pt</i>

From ordinary operating income to EBITDA

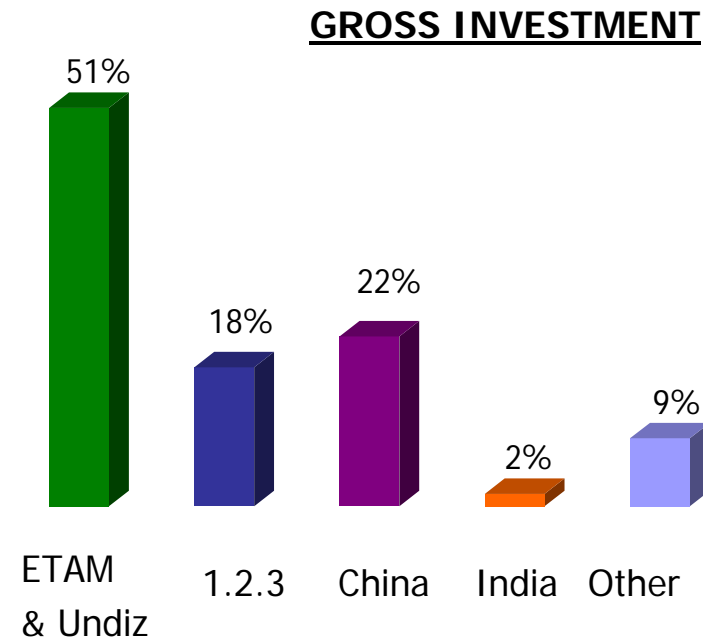
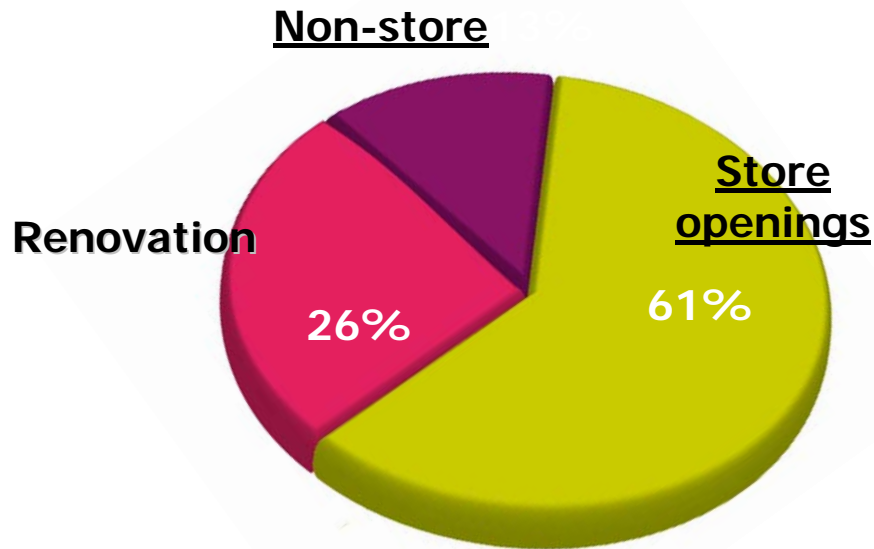
<i>€ million</i>	2007	2006	Change (%)
Ordinary operating income	59.2	73.2	-19.2%
Depreciation and provision for impairment	47.3	35.9	-31.8%
Net impairment provision	5.0	3.2	56.3%
Net provisions for risks and contingencies	(0.7)	1.8	-138.9%
Gain (loss) on disposal of non-current assets	4.0	5.1	21.6%
EBITDA	111.1	119.2	-6.7%

Summary statement of cash flow

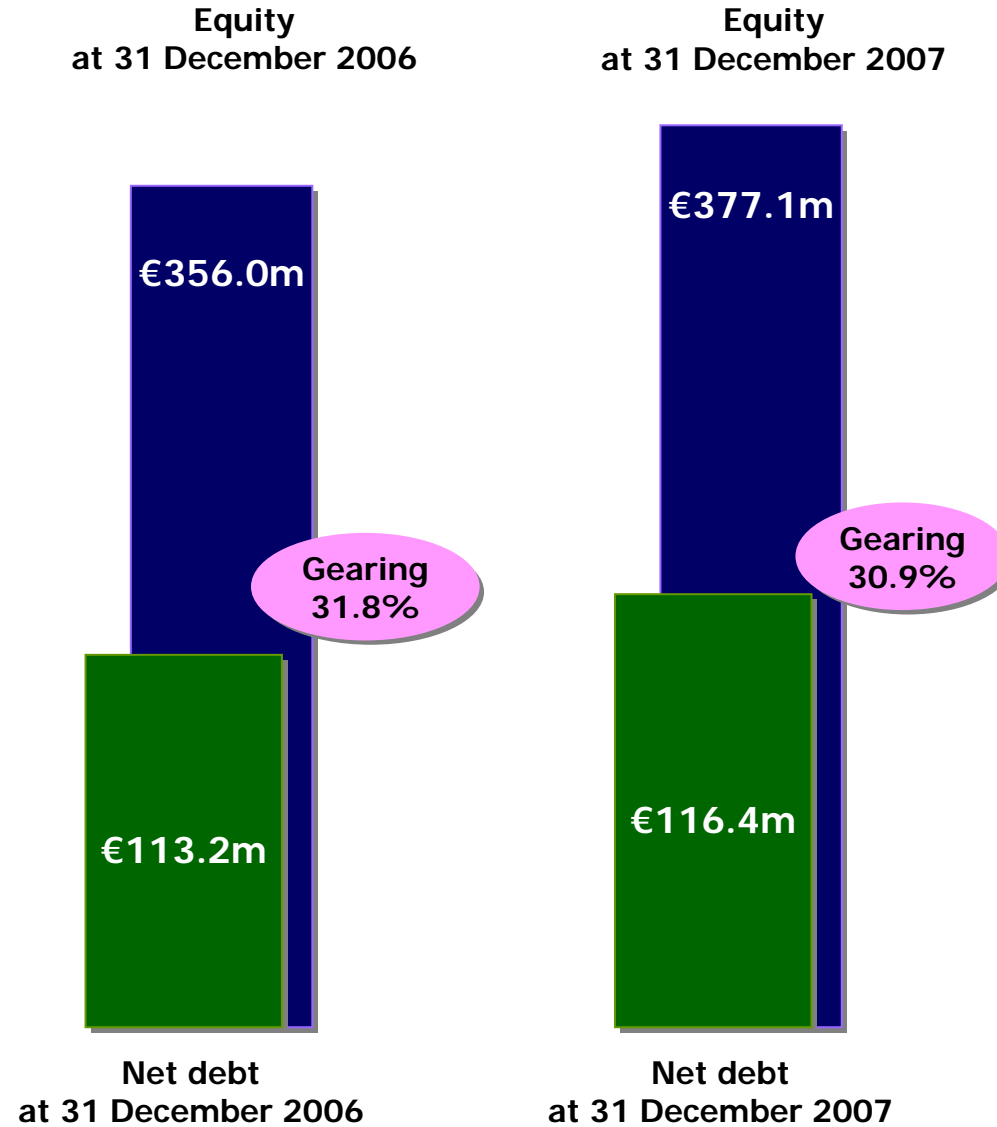
<i>€ million</i>	2007	2006
EBITDA	111.1	119.2
Net provisions for current assets & other	(5.4)	(4.9)
Cash flow*	105.7	114.3
Change in WCR	(10.6)	(21.7)
Income tax payment	(23.7)	(18.6)
Net investment	(55.5)	(54.9)
Dividends	(6.6)	(4.2)
Interest, scope & other	(6.1)	(9.6)
Change in net cash	3.2	5.3

* Before tax, dividend and interest

Net investment in 2007: €55.5m



Net debt and gearing





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<i>€ million</i>	2008	2007	Change	Change IfI
Net sales	259.2	276.4	-6.2%	-7.9%
<i><u>By brand</u></i>				
Etam Europe	159.6	159.0	+0.4%	-5.1%
1.2.3	48.7	48.8	-0.3%	-4.0%
Etam China	50.9	68.6	-25.7%	-22.7%
<i><u>By region</u></i>				
France	170.4	171.9	-0.9%	-4.4%
China	50.9	68.6	-25.7%	-22.7%
Other	37.9	35.9	+5.4%	-7.0%

2008: a year of consolidation

Building brands

- ✓ Brand positioning
- ✓ Retention of leadership in lingerie
- ✓ International expansion

Improving performance

- ✓ Selective developments
- ✓ Control of investment
- ✓ Control of costs

Renovated stores and enhanced offer



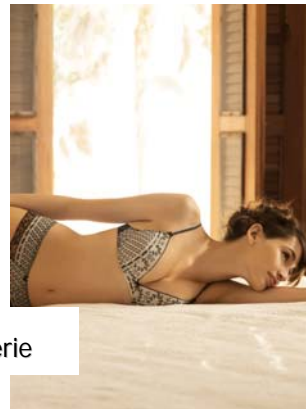
Etam PAP



123



Etam Lingerie

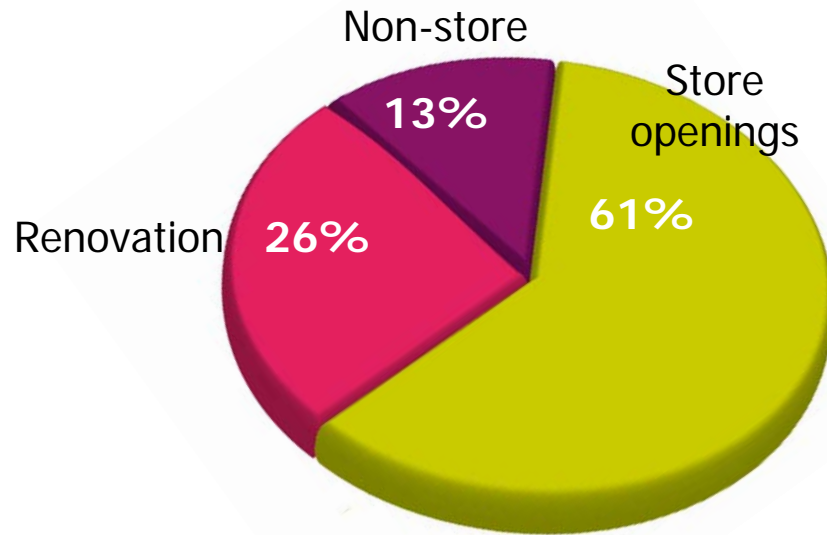


Targeted priorities for continuing controlled growth

→ Expanding the chain:

- ❖ Renovate and develop concepts (store size and visibility, quality and attractiveness)
- ❖ Store openings mainly in lingerie (flagship), combined out of town stores
- ❖ Rationalise estate
- ❖ India: confirm 2007 start-up

2008 gross investment: €66m



Store opening programme in Europe

Brand	Store openings
❖ Etam	
▪ PAP	8-12
▪ Lingerie	39-45
❖ 123	19-23
❖ Undiz	5-10

→ €66m budget for 2008, mainly allocated to:

- ❖ International expansion
- ❖ Marketing and positioning of brand image

Targeted priorities for continuing controlled growth

→ Clarification of offer:

- ❖ Confirm & roll out brand positioning – more focused
- ❖ Become an international brand, be a major player in lingerie in Europe
- ❖ Improve rotation and reduce mark-downs
- ❖ Undiz: 5 stores opened in 2007, encouraging start-up to be confirmed

A woman with long blonde hair, wearing a white halter-neck dress, stands against a bright, clear sky. She is holding a dark, textured clutch bag in her right hand. The lighting is bright, suggesting a sunny day.

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