

Letter to shareholders

March 2013

PPR



François-Henri Pinault
Chairman

“ In 2012, we reached a new milestone in the evolution of the PPR group, strengthening our two strategic pillars. ”

MESSAGE FROM THE CHAIRMAN

FRANÇOIS-HENRI PINAULT

Dear Shareholders,

PPR had a spectacular 2012. Our reported consolidated revenue rose by 21% while Group net income from continuing operations⁽¹⁾ jumped by more than 28%. These great results were fuelled by the remarkable performance of our Luxury brands.

Our 2012 growth was well balanced across the many regions in which our brands are present. In our mature markets, the tremendous appeal of our Luxury brands among local clientele, amplified by demand from visiting tourists, buoyed our sales. In rapid-growth markets, our Luxury Division pursued the selective expansion of its store network, while preserving our brand's exclusivity. The performance of our Sport & Lifestyle Division was more subdued, and we worked throughout the year to put in place an energetic transformation plan aimed at releasing the Division's considerable potential.


In 2012, we reached a new milestone in the evolution of the PPR group, strengthening our two strategic pillars. It's with this goal in mind that we have pursued our internal transformation into a more integrated group to better support and add value to the brands that comprise it. This is what we call the "PPR effect".

At year end, we announced the acquisition of a majority interest in the Chinese jewelry House Qeelin, comforting our presence and know-how in the Chinese market. And, at the beginning of 2013, we signed an agreement for the acquisition of the Christopher

Kane fashion House, named after its celebrated Scottish designer and founder. These two members of our Group nicely complement our existing Luxury brand collection and are perfectly aligned with PPR's mission, to empower our brands so that they fully realize their organic growth potential.

2013 will see the completion of PPR's strategic refocusing. On the heels of the successful 2012 disposal of Cfao and of the North American activities of Redcats, the June 18 Annual General Meeting will be asked to approve the projected spin-off of Fnac.

In closing, I wish to restate that the strength of our fundamentals, based on secular societal and demographic trends, underpin our optimism in the future of our Group. In the shorter term, we are confident in our ability to improve significantly our operating and financial performances in 2013.



(1) Excluding non-recurring items.

ANNUAL RESULTS

AN EXCELLENT YEAR FOR THE PPR GROUP

PPR operating and financial performance has been excellent in 2012. Consolidated revenue came in at €9.7 billion, posting a remarkable 21% increase in reported terms and 11% increase at constant perimeter and exchange rate.

Group recurring operating income has also surged significantly, up 19.3%, reaching close to 1.8 billion euros. Group operating margin came at 18.4% in full year 2012, fuelled by the very strong performance of the Luxury Division, whose operating margin reached an all-time high of 25.9%.

EBITDA advanced 18.8% to €2.1 billion, driving the EBITDA margin to 21.2%.

Attributable net income from continuing operations (excluding non-recurring items) jumped 28% year-on-year, to close to €1.3bn. On that basis, earnings per share amounted to €10.07.

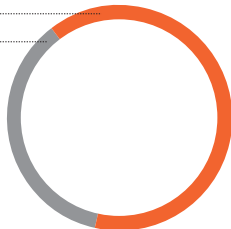
(i) EBITDA : used by the Group to monitor its operating performances. This financial indicator corresponds to recurring operating income plus net charges to depreciation, amortisation and provisions on non-current operating assets recognised in recurring operating income.

REVENUE

€9.7 billion
+20.8%
compared to 2011

BREAKDOWN OF REVENUE BY DIVISION

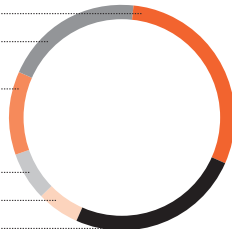
Luxury 64%
Sport & Lifestyle 36%



BREAKDOWN OF REVENUE BY REGION

Western Europe 30%
North America 20%
Japan 12%
EEMEA* 7%
South America 6%
Asia Pacific 25%

* EEMEA: Eastern Europe, Middle East and Africa.



In 2012, the Group's free cash flow from operating operations was maintained at a very high level, reaching €930 million, a very strong performance given the further sharp rise in investments, particularly for the Luxury Division. In this context, the Group has further reduced its net debt in excess of €900m, driving a further decrease in the net debt / EBITDA ratio, which reached 1.2x as of year-end 2012.

RECURRING OPERATING INCOME

€1.8 billion

+19.3%
compared to 2011

RECURRING NET INCOME, GROUP SHARE

(from continuing operations excluding non-current items)

€1.3 billion

+28.2%
compared to 2011

DIVIDEND

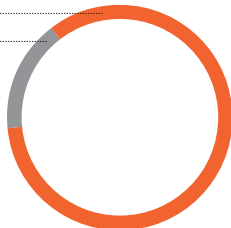
At the Annual General Meeting scheduled for June 18, 2013, the Board of Directors will ask shareholders to approve a cash payment for the 2012 dividend, corresponding to €3.75 per share (up 7% on the previous year), as well as a stock dividend to be paid in the form of Fnac group shares, whose distribution ratio will be determined by that date.

As a reminder, an interim dividend in the amount of €1.50 per share was paid on January 24, 2013.

The remaining €2.25 per share will be paid on June 25, 2013.

BREAKDOWN OF RECURRING OPERATING INCOME BY DIVISION (EXCLUDING CORPORATE)

Luxury 84%
Sport & Lifestyle 16%



SHAREHOLDER INFORMATION

CONTACTS
PPR SHARE

Managing your account

For all requests regarding the management of your pure registered share⁽¹⁾ account, CACEIS is your main contact:

CACEIS

14 rue Rouget de Lisle
92862 Issy-Les-Moulineaux
Cedex 9

tel: +33 (0)1 57 78 34 44

fax: +33 (0)1 57 78 32 19

Email : ct-contact@caceis.com

NB : the Order form can be downloaded on ppr.com, shareholder section

For any other request, please contact PPR Shareholder's department:

By phone: +33 (0)1 45 64 65 64

By email: actionnaire@ppr.com

⁽¹⁾ If you own administered registered share, your account manager stays your main contact.

PROVISIONAL CALENDAR

25
April 2013
2013 1st quarter sales

18
June 2013
Annual General Meeting

25
June 2013
Payment of final dividend⁽¹⁾

July 2013
2013 Half-Year results

⁽¹⁾ Ex-date will be on 20 June 2013.

CHANGE IN THE PRICE OF THE PPR SHARE COMPARED TO THE CAC 40 INDEX SINCE JANUARY 1, 2012



In 2012, financial markets continued to see high volatility. While uncertainties over the resolution of the sovereign debt crisis in Europe weighed down the market in the first six months of the year, the second half of 2012 saw stock markets rally despite persistent concerns over growth in emerging countries, especially China, and the fiscal cliff in the United States.

Amidst this complex environment, the PPR share turned in an outstanding performance ending the year up 27% and outperforming the CAC 40, its benchmark index, by 12%. This excellent performance was driven by the strong fundamentals of PPR's key markets: Luxury and Sport & Lifestyle. It also illustrates the Group's continued repositioning efforts in 2012 through the sale of a series of retail assets, including Cfa0 in July, the announcement of the Fnac demerger in October and the divestment of Redcats USA at the end of the year.

PPR's business model highlights the organic growth potential of all its brands which is supported by the consolidation of expertise, synergies and shared services across the Group. In 2012, PPR's strategy has once again proved its worth.

STOCK MARKET DATA

€17.8 billion
market capitalisation at December 31, 2012

€143
highest share price between January 1 and December 31, 2012

€107
lowest share price between January 1 and December 31, 2012

