

Letter to shareholders

September 2012

PPR



François-Henri Pinault
Chairman

“ Our first-half performance testifies to the pertinence of our strategy; the Group was able to further bolster its growth and profitability profile. ”

MESSAGE FROM THE CHAIRMAN

FRANÇOIS-HENRI PINAULT

Dear Shareholders,

PPR delivered a highly satisfactory performance in the first half of 2012. Our revenue climbed by 17% as reported on a consolidated basis, i.e., including our Luxury and Sport & Lifestyle Divisions as well as Fnac. This solid operating performance fuelled the robust growth in net income from continuing operations, Group share (excluding non-recurring items) which came in 25% higher than in the prior-year period.

Our first-half performance testifies to the pertinence of our strategy; by focusing on the two fastest-growing segments in the apparel and accessories market, the Group was able to further bolster its growth and profitability profile.

The **Luxury Division** once again reported a sharp increase in revenue, with growth close to 31% as reported (+18% at constant perimeter and exchange rate). This increase reflects the vast potential for organic growth across all of our brands, each of which combines expansion and exclusivity by offering customers ever more creative and desirable products. This outstanding performance drove recurring operating income up by more than 30% in the Luxury Division.

The **Sport & Lifestyle Division** delivered a more mixed performance. While second-quarter activity was significantly better than the beginning of the year, Puma's performance was adversely impacted by weaker consumer spending, particularly in Western Europe. Volcom recorded brisk growth in revenue and recurring

operating income, following its successful integration within the PPR Group.

Before I conclude, a few words on the sale of our interest in CFAO that was announced at the end of July. The transaction, which was entered into under excellent terms for all stakeholders, is part of our ongoing strategy and a further means to reduce net debt.

The core strengths underpinning our solid results for the first six months of 2012 will continue to propel our performance in the second half of the year. We are therefore confident that we will be able to deliver another period of robust revenue growth in the second half of 2012 and further enhance our full-year operating and financial performances.



FIRST-HALF RESULTS

VERY SOLID PERFORMANCE IN THE FIRST HALF

PPR posted very solid results in the first six months of the year. In what has remained a tough consumer spending environment in many parts of the world, the Group's revenue reached close to €6.4 billion, up more than 17% as reported (up 8% at constant perimeter and exchange rate). This was fuelled by strong revenue growth posted by all of our Luxury brands.

Driven by a further improvement in gross margin in the Luxury Division and despite headwinds at Fnac and Puma, the Group's recurring operating income soared by more than 20%, with operating margin edging up another 40 basis points to reach a record 12.8%.

EBITDA⁽¹⁾ came in at €979 million, up 19% on first-half 2011, resulting in another rise in the EBITDA margin to 15.3%, compared to 15% in the prior-year period.

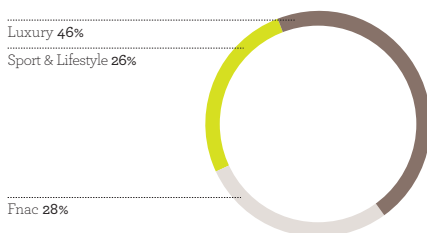
⁽¹⁾ EBITDA : used by the Group to monitor its operating performances. This financial indicator corresponds to recurring operating income plus net charges to depreciation, amortisation and provisions on non-current operating assets recognised in recurring operating income.

REVENUE

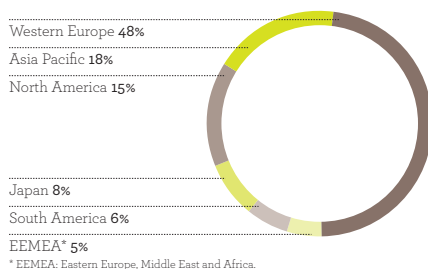
€6.4 billion

+17%
Compared
to first-half 2011

BREAKDOWN OF REVENUE BY DIVISION



BREAKDOWN OF REVENUE BY REGION



* EEMEA: Eastern Europe, Middle East and Africa.

RECURRING OPERATING INCOME

€815 million

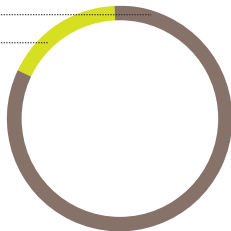
+20%

Compared to first-half 2011

BREAKDOWN OF RECURRING OPERATING INCOME BY DIVISION (EXCLUDING CORPORATE)

Luxury 83%

Sport & Lifestyle 17%



RECURRING NET INCOME, GROUP SHARE

(from continuing operations excluding non-current items)

€542 million

+25%

Compared to first-half 2011

Adjusted for non-recurring items, net income from continuing operations, Group share, reached €542 million, climbing 25% on first-half 2011, and earnings per share came in at €4.30, up 25.4%.

During the period, our net cash from operating activities remained broadly stable. Capital expenditure nearly doubled as a direct consequence of our decision to step up the pace of our operating investments across all divisions, with a sharp increase in the Luxury Division, allocated to store openings and renovations, as well as higher brand investments at Puma.

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

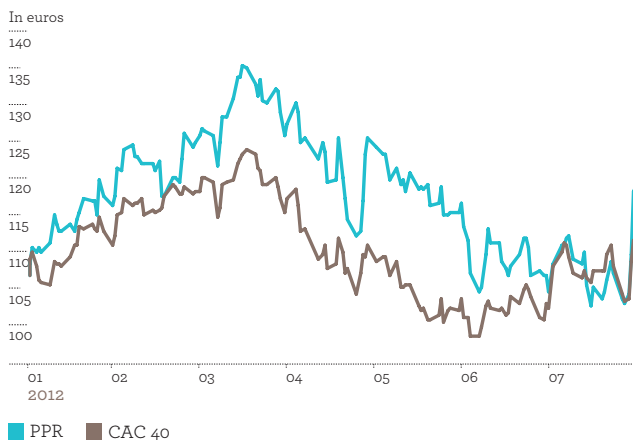
By email: actionnaire@ppr.com

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

PROVISIONAL CALENDAR

25
october 2012
2012 3rd quarter sales

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



Since the beginning of the year, uncertainty surrounding the resolution of the sovereign debt crisis in Europe and fears of a slowdown in China have weighed on the markets. Although the CAC 40 grew 4% in the first seven months of the year, visibility is still limited, resulting in sharp volatility in financial markets.

In this context, the PPR share turned in a highly satisfactory performance, gaining 10% in the seven months to July 31, 2012. This solid trend was driven by the strong resilience of the Luxury Division, which outperformed expectations. It also reflects the strategic rationale of PPR's portfolio of brands, each of which boasts high-growth potential in mature and emerging markets alike.

The announced sale of our residual interest in CFAO has been positively acknowledged as a further step in our strategy of refocusing on the Luxury and Sport & Lifestyle Divisions and stepping up our net debt reduction policy.

STOCK MARKET DATA

€15.4 billion
market capitalisation at July 31, 2012

€136
highest share price between January 1 and July 31, 2012

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

NEWS FROM THE BRANDS

CALENDAR

Exhibition "Cristóbal Balenciaga, collector of fashions"

From 13 April to 7 October 2012, at La Cité de la Mode et du Design (Paris 13^e)

Open daily, 10am to 6pm, late opening Fridays to 8pm (Closed Mondays and public holidays).

In a tribute to Spanish avant-garde aesthete and master of haute couture, Cristóbal Balenciaga, and on the fortieth anniversary of his death, the Galliera museum explores his personal archives. The show unveils a collection of fashions built up with passion by the couturier and generously donated to the museum by his family.

Exhibition "Girard-Perregaux, the art of making time"

From 29 August to 5 September 2012, at Christie's (Paris 8^e)

Daily, 9:30am to 6pm.

Conceived as an educational tour of the firm's values and spirit, the exhibition traces the evolution of the ways time is measured, establishing an original parallel between events, personalities and major artistic trends in world history, set in an imaginative presentation.

Boucheron, at the 26th Biennale des Antiquaires

From 14 to 23 September 2012, at the Grand Palais (Paris 8^e)

11am to 8pm, to 11pm Tuesday 18, Thursday 20 and Saturday 22 September. Exhibition closes at 4pm on Sunday 23 September.

Maison Boucheron is to present the first collection by its new Creative Director, Claire Choisne, at the 26th Biennale des Antiquaires. An initiatory journey through more than 150 years of history, "The Dream-maker" is a wonderful exploratory tour deep into the firm's archives.

FASHION WEEK SPRING/SUMMER 2013

06-13
September 2012
New York

14-18
September 2012
London

19-25
September 2012
Milan

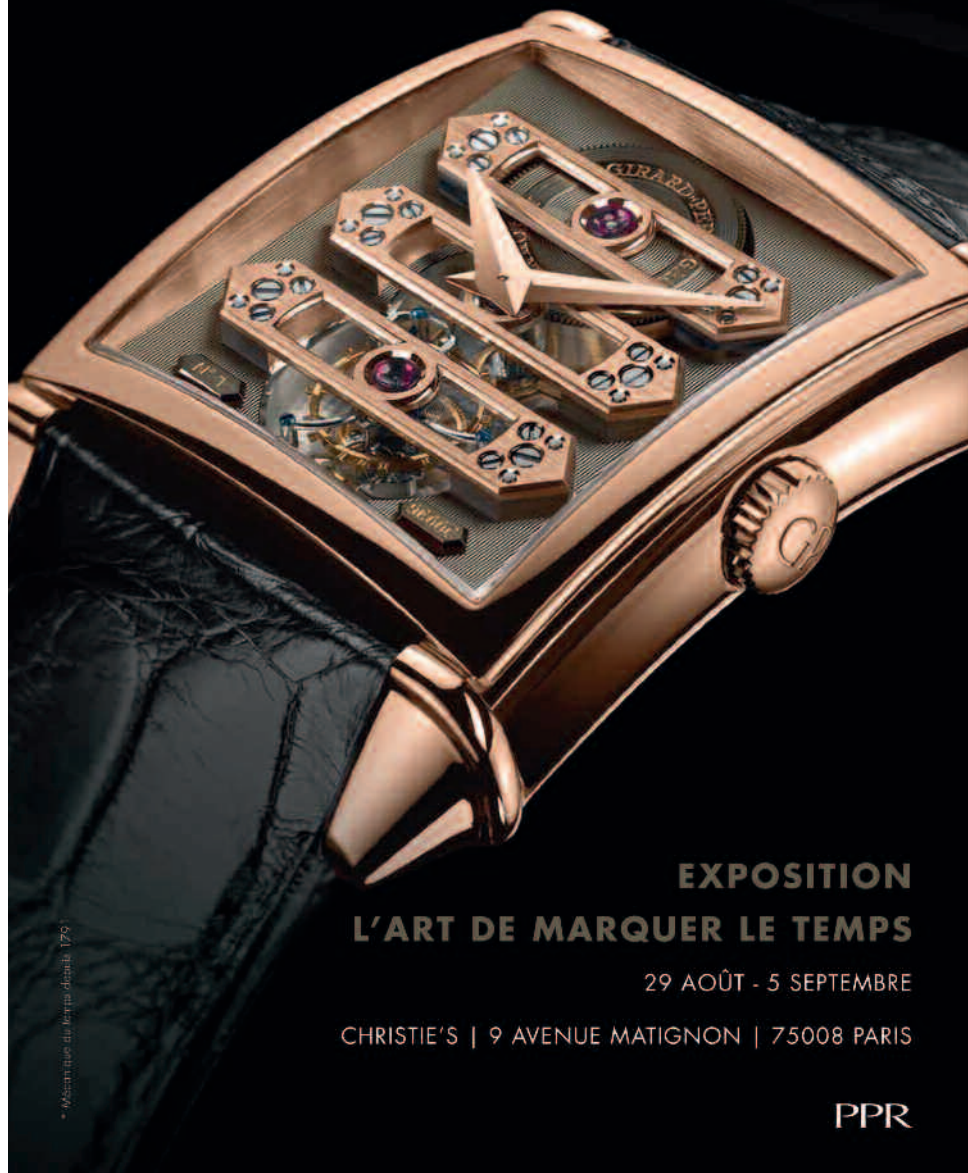
25-04
September-October 2012
Paris

GUCCI
BOTTEGA VENETA
YVES SAINT LAURENT
ALEXANDER McQUEEN
BALENCIAGA
BRIONI
STELLA McCARTNEY
BOUCHERON
GIRARD-PERREGAUX
JEANRICHARD
SERGIO ROSSI
PUMA
VOLCOM
COBRA PUMA GOLF
ELECTRIC
TRETORN
FNAC

Poster of the exhibition
"Girard-Perregaux,
the Art of making time"

GP GIRARD-PERREGAUX

MECHANICS OF TIME SINCE 1791*



* Mécanisme du temps depuis 1791

EXPOSITION L'ART DE MARQUER LE TEMPS

29 AOÛT - 5 SEPTEMBRE

CHRISTIE'S | 9 AVENUE MATHIGNON | 75008 PARIS

PPR

NEWS FROM THE BRANDS

BALENCIAGA



Cristóbal Balenciaga, collector of fashions

In a tribute to Cristóbal Balenciaga, the Spanish master of haute couture, and on the fortieth anniversary of his death, the Galliera museum has unveiled a collection of fashion, built up with passion by the couturier, and generously donated to the museum by his family. Whalebone corsets and shooting jackets, satin bullfighters' costumes, velvet boleros, collars and capes, dresses with bustles, cashmere stoles, lace shawls, samples of embroidery and haberdashery, and much else. These pieces, often sumptuous, sometimes modest, make up this jumbled collection of

balenciaga.com

eighteenth-, nineteenth- and twentieth- century fashion. More than seventy costumes and parts of garments interact with some forty haute couture dresses and coats designed and made by Balenciaga between 1937 and 1968. They come from either the Galliera collection or are on loan from the Balenciaga fashion house. Accessories, photographs and sketches, together with books on art and costumes, complete this collection which testifies as much to the couturier's passion for history as to his mastery of a craft learned from his mother in childhood.

The exhibition is designed as a reconstruction of a reserve collection with long aisles of *compactus* drawer units, presenting these inspirational treasures of archive

value. For the visitor, this is an invitation to explore Cristóbal Balenciaga's 'imaginary museum': the Spain of tradition and folklore, black and dark colours, the purity of religious and ceremonial dress and the great masters of Spanish painting.

The Galliera museum's "extra-mural" exhibition runs until 7 October 2012, at the Docks - Cité de la Mode et du Design, 34 quai d'Austerlitz, Paris 13°. Open daily, 10am to 6pm, late opening Fridays to 8pm (Closed Mondays and public holidays).

NEWS FROM THE BRANDS

ALEXANDER McQUEEN

Return to centre stage for Alexander McQueen

alexandermcqueen.com

McQ, a high-end contemporary line from Alexander McQueen, distills the vision of Creative Director Sarah Burton into collections of youthful, modern

pieces that draw on the rich design archive of Alexander McQueen. Sitting in parallel to the mainline, McQ offers womenswear, menswear and accessories that remain loyal to the brand's house codes yet are designed to be worn every day.

Founded by Lee Alexander McQueen in 2005, McQ has always found inspiration in street culture, offering individual pieces that fit perfectly into the modern wardrobe. The signatures of the house, including structured tailoring, the nipped-in waist and tartan, are distilled into wearable pieces that are individual and evoke a quiet confidence. McQ collections often reference uniform and the military, drawing inspiration from Britain's rich heritage. Traditional British techniques and fabrics are used in contemporary ways, creating pieces that are both functional and beautiful.

In February 2012 McQ showed on schedule during London Fashion Week for the first time, setting the agenda for the season and telling the story for the brand as Alexander McQueen has always done. The collection offered aspirational pieces to define the silhouette of the season and will sit alongside the commercial line.



NEWS FROM THE BRANDS

PUMA

puma.com

Available since the beginning of June, for the first time in the history of the sportlifestyle brand, a collection includes products for all PUMA sport categories.

Inspired by Usain Bolt – the fastest man in the world – the collection meets every athlete's need for speed by taking high-performance technologies and innovations and incorporating them into footwear and clothing developed for a wide range of sports. Designed with the same requirement for lightness and flexibility in mind, all **evoSPEED** footwear features lightweight materials, greater

evoSPEED footwear is worn by leading PUMA athletes in sports as varied as running (Usain Bolt), football (Sergio Aguero), motor sports (Fernando Alonso), golf (Rickie Fowler), cricket (Yuvraj Singh) and indoor sports (handball player Luc Abalo).

The **evoSPEED 1 FG** boot, part of the cross category collection, is being worn by PUMA's top footballers, notably the German striker Mario Gomez at Euro 2012. It is designed to help players reach top speed while improving manoeuvrability. The upper is covered in an ultra-thin soft microfibre while the Ever-Fit inner boot provides necessary

stability. The one-piece anatomically engineered outer sole provides excellent stability and support through

EvoSPEED, a new innovative and hi-tech collection

the use of hi-tech materials to minimise weight and maximise flexibility and responsiveness. Reinforced by an external heel counter for perfect grip, the **evoSPEED 1 FG** incorporates the PUMA new **evoAptoLast** technology to provide industry-leading sports footwear.

ter flexibility and it is optimised for greater freedom of movement without compromising grip, to increase speed. For the first time, the traditional PUMA stripe has been altered and a new version modelled on a lightning flash. This is a graphic signature that puts the emphasis on speed and alludes to Usain Bolt and it will appear on all footwear in the collection.

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The **evoSPEED 1 FG** boot

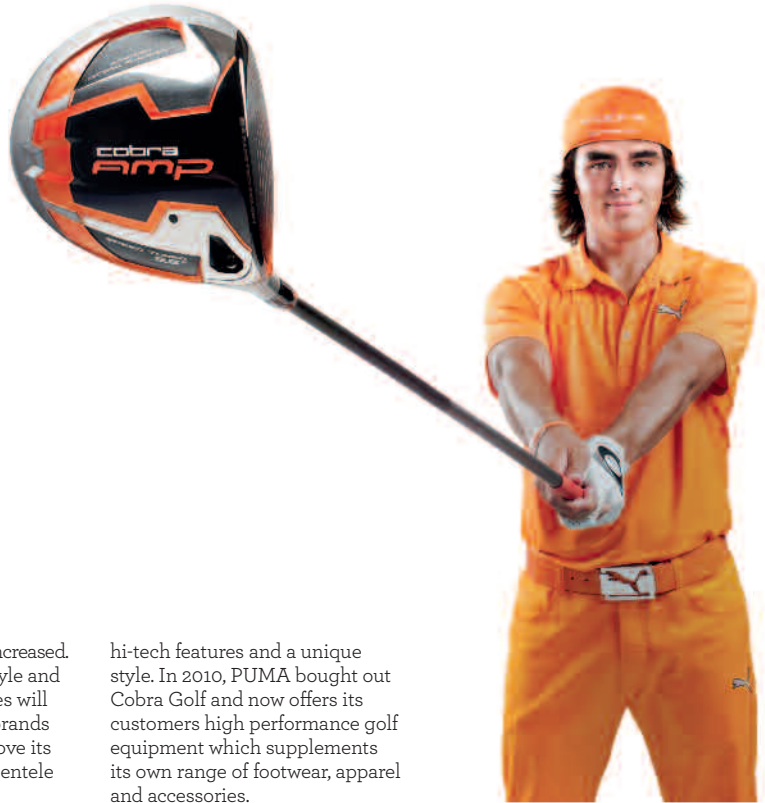
NEWS FROM THE BRANDS

COBRA PUMA GOLF

Earlier this year, COBRA PUMA GOLF made a big announcement. Rickie Fowler, who has been a brand ambassador for PUMA Golf since 2009, would now represent Cobra Golf as well. Rickie is one of the world's top golfers and one of the most popular golfers, bridging the gap of generations in golf and bringing in a new consumer base.

"Rickie's concentration, determination and performance alongside his individual style and enthusiasm for the game make him the perfect ambassador", said Bob Phillion, President of COBRA PUMA GOLF. In recent years the influence of players in the world of golf has steadily increased. His personality, unique style and regular good performances will be vital in achieving the brands overall objectives to improve its image and make a new clientele aware of Cobra Golf.

Cobra Golf, a Californian golf equipment manufacturing company founded in 1973, has always relied on innovation. The brand has perfected and marketed high quality equipment, including the first hybrid club, the Cobra Baffler™ and more recently, the new AMP™ and ZL Encore™ drivers, AMP Forged Irons and Baffler T-Rail fairway woods and hybrids. It has positioned itself in the sportlifestyle market with products packed with



hi-tech features and a unique style. In 2010, PUMA bought out Cobra Golf and now offers its customers high performance golf equipment which supplements its own range of footwear, apparel and accessories.

COBRA PUMA GOLF has set itself the objective of promoting the joy of playing the game. For the brand, golf should be fun, innovative, stylish and above all, a source of pleasure. This attitude is perfectly embodied by Rickie Fowler, who, at only 23 years old, won the Wells Fargo Championship in 2012.

Rickie Fowler, ambassador for COBRA PUMA GOLF

cobrapumagolf.com

NEWS FROM THE BRANDS

PPR HOME

PPR, via its sustainability department PPR HOME, launched a new phase of its sustainability strategy in April and determined a set of core targets to reach over the next 5 years across its Luxury and Sport & Lifestyle brands. These targets have added to PPR's efforts to achieve the highest standards of sustainable business practices and complement the implementation of the Group Environmental Profit & Loss Account already underway. During this period key areas of focus include: reducing PPR's CO₂, waste and water footprint; sourcing more sustainably; continuing to create safe and socially responsible workplaces, and enhancing the communities where PPR does business.

As a sustainability leader in its sector, PPR has been going beyond required environmental reporting and voluntarily choosing to be more transparent with their stakeholders about the Group's environmental performance, policies, practices and future direction. These targets will assist in driving further transparency and allow PPR to pursue its commitment to sustainable development.

"Our pursuit of operating on a more sustainable level across all areas of our business

is integral to our business plan and to the longevity of our businesses. The next five years are pivotal and we now have a clear view of what we want to achieve, and the actionable targets we need to take to get us there," said Francois-Henri Pinault, Chairman and CEO, PPR, *"We are confident that this type of innovative, sustainability-driven approach will ultimately generate new business revenues from sustainable products and services and create new business models for us as a Group."*

For further information:
<http://www.ppr.com/en/press/press-releases/ppr-introduces-environmental-and-social-5-year-targets-across-luxury-and-sport>

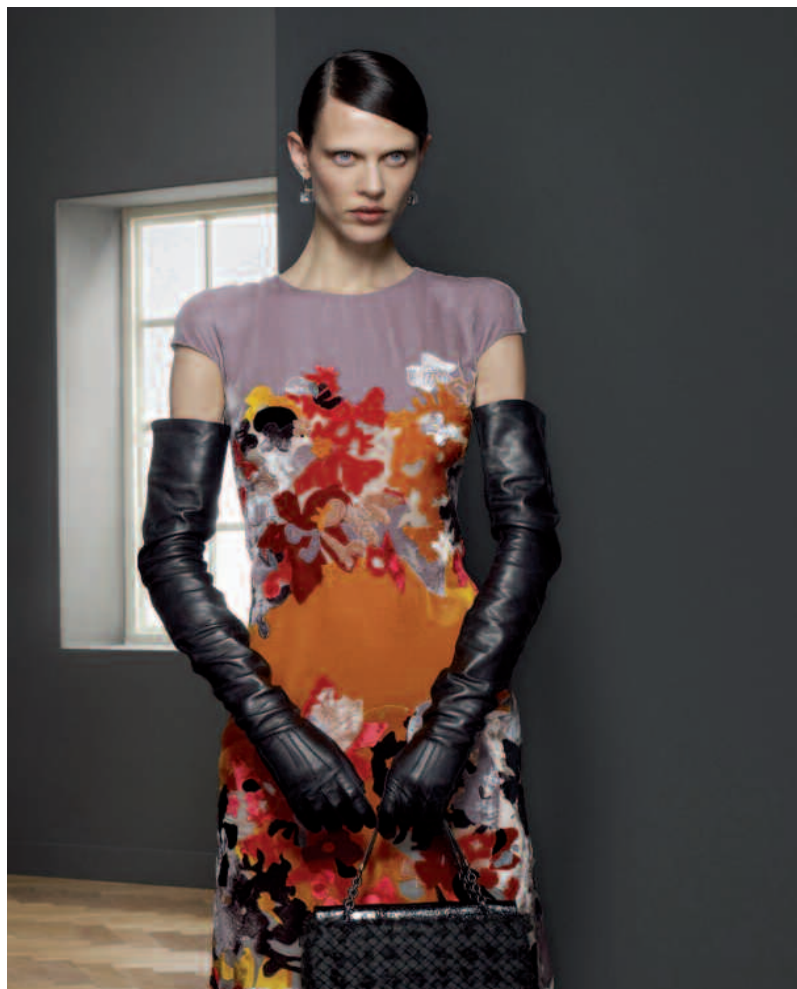
PPR sets 5-year Sustainability Targets



PPR IN IMAGES

Gucci «GG Flag Collection»
to benefit UNICEF





Bottega Veneta launches its Fall-Winter 2012/2013 advertising campaign: The Art of Collaboration with Erwin Olaf



Hedi Slimane appointed Creative Director of the house of Yves Saint Laurent. Hedi Slimane is assuming total creative responsibility for the brand image and all its collections.

Girard-Perregaux unveils
The New Face of Tradition



Quatre "Black Edition" ring in white and
Boucheron black gold set with diamonds



The Jamaican team uniform for the London 2012 Olympic Games, designed by Cedella Marley

The Volcom Fiji Pro marks the brand's first Association of Surfing Professionals World Title event

PPR

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Photos: Stephan Gladieu, Balenciaga, Chris Moore, Y.R, Maurizio Bacci.

This document was produced by an "Imprim'Vert" eco-responsible printer
on a PEFC paper issued from sustainably managed forests.

Design and production: Agence Marc Praquin