

**2009 ANNUAL RESULTS**

**FIRST QUARTER 2010 SALES**

**SHARE REPURCHASE TENDER OFFER ON 26.5% OF CAPITAL  
AT 35.0€ PER SHARE**

**I. 2009 ANNUAL RESULTS**

On 15 April 2010, the Supervisory Board met in the presence of the auditors to review the company accounts and consolidated accounts for the 2009 financial year that were approved by the managing partners on 14 April, the key highlights of which are presented hereafter. The audit procedures for these accounts have been completed and the audit report relative to their certification is under preparation.

<i>€m</i>	<b>2009</b>	<b>2008<sup>1</sup></b>	<b>Change</b>
<b>Net sales</b>	<b>1,020.0</b>	<b>967.0</b>	<b>+5.5%</b>
<i>Like-for-like and at constant exchange rates</i>			<b>-0.6%</b>
Gross profit	609.8	567.8	+7.4%
<b>Gross margin</b>	<b>59.8%</b>	<b>58.7%</b>	<b>+1.1 pt</b>
EBIT	44.4	38.9	14.2%
<b>Operating income</b>	<b>37.3</b>	<b>37.9</b>	<b>-1.7%</b>
EBITDA <sup>2</sup>	90.6	91.3	-0.7%
<b>Net income (Group share)</b>	<b>19.7</b>	<b>6.0</b>	<b>+229.8%</b>
Fully diluted earnings per share (€)	1.68	0.42	
Net debt/equity	24.7%	37.5%	

<sup>1</sup> The Profit and Loss Statement for the period ending December 31, 2008 was restated retrospectively to take into account changes linked to the IAS 38 amendment and the interpretation of IFRIC 13

<sup>2</sup> EBIT before interest, taxes, depreciation and amortisation

**Sales**

The Etam Group posted sales of €1,020.0 million in 2009, including a positive currency impact of €13.8 million relating mainly to the rise of the yuan against the euro. This constitutes an increase of 5.5% year-on-year. On a like-for-like basis and at constant exchange rates, sales were down -0.6%.

**Gross margin**

Gross margin improved by 1.1 points year-on-year to 59.8% thanks to improvement in the Group's performance in China and stable gross margins in Europe.

**Operating income**

The Group generated EBIT of €44.4 million in 2009, up €5.5 million compared with 2008. Operating income totalled €37.3 million compared with €37.9 million in 2008, including the cost in 2009 of a broad plan to reduce costs and improve productivity, as well as expenses relating to the discontinuation of Etam lingerie operations in Germany. This operating income is the result of very contrasted situations: In Europe, operating income fell by 52.4% to €20.5 million in 2009, representing an operating margin of 2.8%, compared with €43.0 million and an operating margin of 5.5% in 2008. In China, operating income rose by €21.9 million between 2008 and 2009 to €16.8

million in 2009, representing an operating margin of 6.1%, compared with a loss of -€5.1 million and a negative operating margin of -2.7% in 2008.

### **Net income**

Consolidated net income came to €24.3 million compared with €3.0 million 2008, which included the impact of the disposal of Etam's ready-to-wear activities in Belgium and Luxembourg and the discontinuation of the joint venture in India.

Including minority interests of €4.6 million compared with -€3.0 million in 2008, Group share of net income was €19.7 million in 2009 compared with €6.0 million in 2008.

It will be proposed at the next shareholders' meeting that no dividend be paid for 2009.

### **Cash flow**

Net investments totalled €33.9 million in 2009 compared with €50.2 million in 2008, or a reduction of €16.3 million.

EBITDA stood at €90.6 million versus €91.3 million in 2008. Working Capital Requirements were down by €13.1 million, notably due to a €13.0 million reduction in inventory in Europe. This had a positive impact on the Group's net financial debt, which stood at €89.7 million on December 31, 2009 versus €135.9 million on December 31, 2008.

Net debt to equity ratio was 24.7% at year-end 2009 compared with 37.5% at year-end 2008.

## **II. FIRST QUARTER 2010 SALES**

€m		Q1-2010	Actual change	LFL change <sup>(1)</sup>
<b>Group sales</b>		<b>306.5</b>	<b>11.3%</b>	<b>4.0%</b>
Europe		185.7	-5.5%	-6.1%
Chine		120.8	53.0%	40.8%
<u>Europe by country</u>				
	France <sup>(2)</sup>	160.1	-4.8%	-6.1%
	Other	25.6	-9.4%	-6.3%
<u>Europe by brand</u>				
	ETAM <sup>(3)</sup>	143.2	-4.1%	-5.9%
	1.2.3	42.5	-9.9%	-6.7%

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

*(2) including export sales*

*(3) including Undiz*

The Etam Group posted net sales of €306.5 million in the first quarter of 2010, including a negative currency impact of -€7.3 million, mainly relating to the depreciation of the yuan against the euro over the period. This constitutes an increase of 11.3% versus the first quarter of 2009. Like-for-like and at constant exchange rates, net sales increased by 4.0%.

In Europe, after a reduction in end-of-season sales and a difficult start to the season for the women's clothing sector, sales fell by -5.5% to €185.7 million, representing a drop of -6.1% like-for-like and at constant exchange rates.

In China, first-quarter sales rose by 53.0%. This includes a negative currency impact of -€7.4 million. Like-for-like and at constant exchange rates, sales in China rose by 40.8%.

### **III. OUTLOOK**

In the short- and medium-term, the Group's outlook is contrasted:

- In Europe, after 10 consecutive quarters of declining sales like-for-like and at constant exchange rates, the Group must find the operational means to resume with like-for-like growth of activity of its historic brands, in women's ready-to-wear as well as in lingerie ;
- In China, growth should continue, notably through further development of the store network and brands.

### **IV. SHARE REPURCHASE TENDER OFFER ON 26.5% OF CAPITAL AT 35.0 € PER SHARE**

Etam Développement today filed with the Autorité des Marchés Financiers ("AMF") an offer to repurchase 2,857,142 shares at a unitary price of 35.0 euros, representing a reduction of the company's equity of about 26.5%. Through this transaction, the company is offering liquidity to its minority shareholders to compensate for the insufficient liquidity offered by the market. The controlling family shareholders, acting in concert, will not tender their shares to the offer in order to reserve it for minority shareholders. This offer is subject to approval of the capital reduction by shareholders at the extraordinary shareholders' meeting that is convened on May 31, 2010. The announcement of the share repurchase tender offer was made in a release issued today in compliance with article 231-16 of the AMF's Règlement général. The draft prospectus is available on the websites of the AMF and Etam Développement.

### **V. ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING**

In the context of the share repurchase offer described above in paragraph IV, the date of the ordinary and extraordinary shareholders' meeting, initially scheduled to be held on June 17, 2010, has been moved forward to May 31, 2010.

**International retailer of women's ready-to-wear clothing, lingerie and accessories  
3,896 sales outlets at 31 March 2010**

Information for analysts and investors  
[www.etamdeveloppement.fr](http://www.etamdeveloppement.fr) - Tel. : 01 55 90 72 79  
Etam Développement - ISIN code: FR0000035743 / Reuters: TAM.PA / Bloomberg: TAM FP