

EBIT OF €41.5 MILLION IN 2011
2012 FIRST QUARTER SALES DOWN BY 1.1%

I. 2011 ANNUAL RESULTS

€m	2011	2010 ¹	Change
Net sales	1,184.1	1,127.1	+5.1%
<i>Like-for-like and at constant exchange rates</i>			<i>-2.1% ²</i>
Gross margin	57.8%	59.2%	-1.4 pt
EBITDA³	89.3	110.5	-19.2%
EBIT	41.5	52.8	-21.3%
Operating income	34.5	47.3	-27.0%
Net income (Group share)	6.0	18.0	-66.7%
Fully diluted earnings per share (€)	0.54	1.79	
Net debt/equity	57.2%	57.1%	

¹ The financial statements to 31 December 2010 have been adjusted to take into account the application of IFRS 5 to the lingerie activities in Italy and the option to recognise the financial component of pension liabilities as financial charges

² As of 2012, changes in sales on a like-for-like basis and at constant exchange rates include online activities. This change for 2011 has been adjusted accordingly

³ EBIT before depreciation, amortisation and result from asset sales

2011 sales

The Etam Group generated sales of €1,184.1 million in 2011, including a positive currency impact of €4.2 million relating mainly to the rise of the yuan against the euro. This constitutes an increase of 5.1% versus 31 December 2010. Like-for-like and at constant exchange rates, net sales decreased by 2.1%.

Gross margin

Gross margin went down by 1.4 points year-on-year to 57.8% - as a result of a deterioration of 1.8 points in Europe and 0.5 points in China - mainly due to higher mark-down rates at 1.2.3 and the rise in commodities prices, which the Etam Group has chosen not to pass on fully in its selling prices.

Operating income

The Group generated an EBIT of €41.5 million in 2011, down 21.3% versus 2010. EBIT was €16.1 million in Europe and €25.4 M€ en China.

The Group continued its streamlining in 2011, in particular with an adaptation to the 1.2.3 store network and the exceptional write-off of store fittings, representing total non-recurring costs of €7.0 million. 2011 operating income therefore came to €34.5 million.

Net income

Consolidated net income came to €11.3 million compared with €24.6 million in 2010. After China's minority interests of €5.3 million, net income (Group share) totalled €6.0 million in 2011.

In order to preserve the Group's financial structure, it will be proposed at the next shareholders' meeting that no dividend be paid for 2011.

Cash flow

EBITDA came to €89.3 million compared with €110.5 million in 2010.

Gross operating investment came to €49.2 million in 2011, compared with €51.3 million in 2010, mainly dedicated to development and renovation of the store network in Europe and in China.

The Group's net debt stood at €180.5 million at 31 December 2011 and gearing was 57.2%, stable compared with 31 December 2010.

II. 2012 FIRST QUARTER SALES

€m	2012-Q1	change	change lfl ¹	
Group sales	331.2	-1.1%	-9.5%	
Europe	188.6	-0.2%	-5.0%	
China	142.5	-2.2%	-17.1%	
<u>Europe by country</u>				
	France ²	166.5	0.5%	-5.3%
	Other	22.2	-5.5%	-3.2%
<u>Europe by brands</u>				
	ETAM ³	150.3	2.4%	-5.2%
	1.2.3	38.3	-9.2%	-4.4%

¹ like-for-like and at constant exchange rates

² including export sales

³ including Undiz

The Etam Group generated net sales of €331.2 million in the first quarter of 2012, including a positive currency impact of €11.5 million relating to the rise of the yuan against the euro. This constitutes a reduction of 1.1% relative to 31 March 2011 and of 9.5% like-for-like and at constant exchange rates.

In Europe, the Group generated sales of €188.6 million, almost stable compared with the first quarter of 2011 and down 5.0% like-for-like and at constant exchange rates. The Group started 2012 with a particularly low level of inventories, which impacted the commercial performance of winter end-of-season sales for the Etam and 1.2.3 brands, but had a favourable effect on margins, against the backdrop of tightly controlled costs.

In China, sales totalled €142.5 million in the first quarter, down 2.2% compared with the first quarter of 2011. Like-for-like and at constant exchange rates, sales in China fell by 17.1%. Extensive measures are being implemented, such as the review of collections and clearer differentiation between the three main brands, the upscaling of store environments, training of sales teams and productivity of inventories.

III. NETWORK DEVELOPMENT

At 31 March 2012, the Etam Group had 4,478 sales outlets: 974 in Europe, 193 operated by international franchises and 3,311 in China, where sales outlets combined into a single store are now regarded as one unit. On this basis, the net addition of sales outlets in China vs. 31 March 2011 is 409.

**International retailer of women's ready-to-wear clothing, lingerie and accessories
4,478 sales outlets at 31.03.12**

Etam Développement will hold its Shareholders' meeting on 30 May 2012
and release its 2012 half-year net sales on 18 July after the market closes in Paris

Information for analysts and investors
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Etam Développement - ISIN code: FR0000035743 / Reuters: TAM.PA / Bloomberg: TAM FP