

**FIRST-HALF 2012 RESULTS:**

- OPERATING INCOME: UP 32.1%
- NET INCOME (GROUP SHARE): INCREASE OF €6.7M
- NET DEBT: REDUCED BY €56.9M

€m	30.06.12	30.06.11*	Change
<b>Net sales</b>	<b>592.7</b>	<b>589.8</b>	<b>0.5%</b>
<i>Like-for-like and at constant exchange rates</i>			<i>(7.6%)</i>
Gross income	346.8	334.9	3.6%
<b>Gross margin</b>	<b>58.5%</b>	<b>56.8%</b>	<b>1.7 pt</b>
EBITDA**	40.3	35.7	12.8%
<b>Operating income</b>	<b>18.8</b>	<b>14.3</b>	<b>32.1%</b>
<i>(% of sales)</i>	<i>3.2%</i>	<i>2.4%</i>	<i>0.8 pt</i>
<b>Net income (Group share)</b>	<b>7.8</b>	<b>1.2</b>	<b>€6.6m</b>
Net debt	146.2	203.1	(56.9)
<b>Gearing</b>	<b>46.4%</b>	<b>68.1%</b>	

\* The operating financial statements to 30/06/2011 have been adjusted to take into account the application of IFRS 5 to lingerie activities in Italy and the option to recognise the financial component of pension liabilities as financial charges

\*\* EBIT before depreciation, amortisation and income from asset sales

**SALES AND GROSS MARGIN**

The Etam Group generated net sales of €592.7 million during the first half of 2012, an increase of 0.5% vs. the first half of 2011, including a positive currency effect of €21.5 million relating mainly to the appreciation of the yuan against the euro. Like-for-like and at constant exchange rates, sales were down 7.6%.

Gross margin improved to 58.5% compared with 56.8% in the first half of 2011. This improvement of 1.7 points was made possible by more favourable buying conditions, better inventory management, lower discounts and the solid sales performance of collections at 1.2.3.

**EARNINGS**

The Group generated an operating income of €18.8 million in the first half of 2012 compared with €14.3 million in the first half of 2011, i.e. an improvement of 32.1% or 0.8 points of sales.

In Europe, the operating income came to €12.8 million compared with a loss of €0.6 million during the comparable period in 2011. This turnaround - which was particularly evident at 1.2.3 thanks to the action plan implemented by its Management – came from gross margin increase, streamlining of the store network and cost savings.

In China, where the Group suffered a slowdown in growth and an increase in costs, particularly staff costs, the operating income came to €6.1 million in the first half of 2012 compared with €14.8 million for the comparable period in 2011.

Consolidated net income totalled €8.9 million compared with €4.3 million in the first half of 2011. After minority interests of €1.1 million compared with €3.1 million in the first half of 2011, net income (Group share) rose sharply to €7.8 million compared with €1.2 million in the comparable period in 2011.

## **BALANCE SHEET**

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The change in working capital requirement represented a cash inflow of €15.9 million in the first half of 2012 compared with a cash outflow of €19.8 million in the first half of 2011.

Net operating capital expenditures totalled €14.9 million compared with €27.7 million in the first half of 2011, invested primarily in the lingerie activities in Europe and in the Group's expansion in China.

After interest and tax, free cash flow came to an inflow of €35.4 million in the first half of 2012 compared with an outflow of €29.7 million in the first half of 2011.

At 30 June 2012, net debt stood at €146.2 million compared with €203.1 million at 30 June 2011, a reduction of €56.9 million, representing 46.4% of shareholders' funds compared with 68.1% at 30 June 2011.

## **OUTLOOK FOR H2 2012**

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Due to the economic context and despite an encouraging operating income in the first half of 2012, the Group remains prudent in its outlook.

In Europe, actions are taken on purchasing commitments, costs and investments.

In China, the economic slowdown and inflation in costs, including staff, could continue to weigh on operating margin in the second half of 2012.

International retailer of women's ready-to-wear clothing, lingerie and accessories  
4,451 sales outlets at 30.06.2012

*Etam Développement will report its third-quarter sales on 18 October 2012 (after market close)*

Information for analysts and investors

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