

## 2014 FIRST HALF RESULTS

The Etam Group's financial statements to 30 June 2014 were approved by the Managing Partners on 27 August 2014 and were subject to a limited review by the statutory auditors on 28 August 2014

M€	30.06.14	30.06.13	Variation
<b>Net sales</b>	<b>598.4</b>	<b>596.8</b>	<b>0.3%</b>
<i>Like-for-like and at constant exchange rates</i>			1.6%
Gross income	351.5	344.4	2.1%
<b>Gross margin</b>	<b>58.7%</b>	<b>57.7%</b>	<b>1.0 pt</b>
EBITDA*	28.9	41.1	-29.8%
<b>Operating income</b>	<b>22.8</b>	<b>18.4</b>	<b>23.9%</b>
<i>as % of sales</i>	<b>3.8%</b>	<b>3.1%</b>	<b>0.7 pt</b>
EBIT	22.5	18.2	23.6%
<b>Net income (Group share)</b>	<b>11.1</b>	<b>8.8</b>	<b>€ 2.3 m</b>
Net debt	154.0	137.8	€ 16.2 m
<b>Gearing</b>	<b>48.5%</b>	<b>42.5%</b>	

\* Operating Income before depreciation, provisions and income from asset sales

### SALES AND GROSS MARGIN

The Etam Group generated net sales of €598.4 million during the first half of 2014, including a negative currency effect of €6.5 million relating mainly to the depreciation of the yuan against the euro. This represents an increase of 0.3% relative to the first half of 2013 or 1.6% like-for-like and at constant exchange rates.

Gross margin increased from 57.7% in the first half of 2013 to 58.7% in the first half of 2014. This improvement is a mix effect between, on the one hand, the favourable impact on the gross margin in China of a sales acceleration of residual stocks from previous seasons, allowing for a provision reversal, and on the other hand, a slight reduction of the gross margin in Europe, resulting from a product mix evolution and less favourable purchasing conditions in USD compared to the first half of 2013.

### RESULTS

The Group generated an operating income of €22.8 million in the first half of 2014 compared with €18.4 million in the first half of 2013, up 23.9% or 0.7 points of net sales.

- In Europe, the Group confirmed the strong sales performance of its activities and generated an operating income of €23.7 million against €18.1 million at 30 June 2013, mainly due to continuous investments made on the brands and the quality of their product offers.
- In China, despite the improvements generated during the last four months of the first half-year, like-for-like sales decline during the first two months of the year penalized the operating income of the first half of 2014 which amounted to -€0.9 million against €0.2 million at 30 June 2013.



Net financial charges for the first half of 2014 totalled €4.6 million compared with €5.1 million in the first half of 2013). In particular, the cost of debt decreased to €4.4 million from €4.9 million in the first half of 2013 due to the reduction in interest rates.

Consolidated net income Group share was up to €11.1 million against €8.8 million at June 30, 2013, after taking into account the minority interests of -€0.2 million against €0.2 million in the first half of 2013.

## FINANCIAL STRUCTURE

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Despite satisfactory results in Europe, Group EBITDA reached €28.9 million in the first half of 2014 compared with €41.1 million in the first half of 2013. This reduction is due to China, with a sales drop during the period of Chinese New Year and the significant sales of off-seasons products below cost.

After changes in working capital requirements, the operating cash flow represented a cash consumption of €1.7 million, against a consumption of €8.2 million in the first half of 2013.

Net investments were €33.5 million in the first half of 2014 against €17.1 million in the first half of 2013.

After interests and taxes paid, the Group's free cash flow was negative at €49.2 million at 30 June 2014, against a negative amount of €37.8 million at 30 June 2013. As a consequence, net financial debt amounted to €154.0 million at June 30, 2014 against €137.8 million at 30 June 2013.

## POST-CLOSING EVENTS AND OUTLOOK FOR H2 2014

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On July 24, 2014, the Group signed with all its banking partners an amendment to its Syndicated Credit which current amount is €237.5 million, allowing notably for a two-year extension until December 12, 2019 and an improvement of borrowing costs.

In October 2014, Etam will launch an extended offer of cosmetics constituted of more than 500 references, initially through about thirty stores in Europe, within its strategy to become a global beauty brand.

International retailer of lingerie, cosmetics, women's ready-to-wear clothing and accessories  
4,246 sales outlets at 30.06.2014

*Etam Développement will report its third-quarter sales on 16 October 2014 (after market close)*

**2014 Half-Year Financial Report and Presentation of Half-Year Results 2014** are available  
on the website [www.etamdeveloppement.com](http://www.etamdeveloppement.com)

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