



2014 ANNUAL RESULTS & 2015 FIRST QUARTER SALES

The financial statements of Etam Group at 31 December 2014 were approved by the Managing Partners on April 15, 2015 and received an unqualified report by the auditors on April 16, 2015

I. 2014 ANNUAL RESULTS

€ m	2014	2013	Change (%/pt)
Net sales	1,220.3	1,215.2	0.4%
<i>Like-for-like and at constant exchange rates</i>			<i>0.7%</i>
Gross margin	59.0%	57.9%	1.1 pt
EBITDA¹	85.3	100.9	-15.4%
Operating income	51.7	49.0	5.4%
EBIT	48.7	45.0	8.2%
Net income (Group share)	24.1	21.2	13.3%
Fully diluted earnings per share (€)	3.1	2.5	
Net debt/equity	34.2%	33.1%	

¹ Operating income before depreciation, amortisation and result from asset sales

2014 sales

The Etam Group generated net sales of €1,220.3 million in 2014, up 0.4% vs 2013, including a positive currency impact of €1.8 million relating mainly to the appreciation of the yuan against the euro. Like-for-like and at constant exchange rates, net sales increased by 0.7%.

In Europe, sales increased by 4.3%, or 2.5% on a comparable basis and at constant exchange rates. In China, the activity like-for-like and at constant exchange rates was stabilized in the last nine months of the year after a sharp decline in the first quarter of 2014.

Gross margin

Gross margin increased by 1.1 percentage point year-on-year to 59.0%, mainly due to the favourable net impact of the sales of residual stocks in China and to improving sales margins in the ready-to-wear activities in Europe.

Operating income

Following the write-back of stock provisions, the Group generated an operating income up 5.4% and 0.2 point of sales, at €51.7 million against €49.0 million in 2013.

In a context where heavy means were dedicated to the transformation plan of the ETAM brand and to the internationalisation of Undiz, the operating income of Europe was almost stable at €58.2 million compared to €58.8 million in 2013.

In China, the implementation of an ambitious sales plan of off-season stock has allowed for the write-back of provisions which favourably impacted the operating income. The later came at - €6.6 million in 2014 against - €9.8 million in 2013.

Net income

Consolidated net income came to €23.0 million compared with €19.6 million in 2013. After taking into account non-controlling interests, net income (Group share) was €24.1 million in 2014 compared with €21.2 million in 2013.

The Group will propose at the next shareholders' meeting to pay a dividend of €0.50 per share for 2014, up €0.20 vs. last year.

Cash flow

The sales of off-season stock, particularly in China, have weighted on the EBITDA, down to €85.3 million in 2014 against €100.9 million in 2013. Net investments have increased significantly, to €61.7 million in 2014 versus €44.8 million in 2013. Free cash flow, after investments, interest and taxes, was therefore negative by €13.7 million in 2014, against a positive amount of €20.1 million in 2013.

After payment of dividends for €3.8 million and other positive changes in cash for €5.1 million, net cash flow is a consumption of €12.4 million against a consumption of €3.5 million in 2013.

Net financial debt amounted to €116.6 million at December 31, 2014 against €104.2 million at December 31, 2013.

II. 2015 FIRST QUARTER SALES

€m		2015-Q1	change	change lfl ¹
Group sales		346.1	5.9%	0.9%
Europe		214.9	2.7%	1.7%
China		131.2	11.7%	-0.8%
<u>Europe by country</u>				
	France ²	191.1	2.7%	2.3%
	Other	23.8	2.8%	-2.7%
<u>Europe by brands</u>				
	ETAM ³	175.5	4.3%	3.6%
	1.2.3	39.3	-3.8%	-5.6%

¹ like-for-like and at constant exchange rates including e commerce sales

² including export sales

³ including Undiz

The Etam Group generated net sales of €346.1 million in the first quarter of 2015, including a positive currency impact of €21.1 million relating mainly to the strong appreciation of the yuan against the euro. Compared to 31 March 2014, this represents an increase of 5.9% or 0.9% like-for-like and at constant exchange rates.

In Europe, sales came to €214.9 million in the first quarter of 2015, up 2.7% or 1.7% like-for-like and at constant exchange rates. In France, the Group's brands outperformed the clothing and textile market* in terms of sales.

In China, sales were €131.2 million in the first quarter of 2015, up 11.7% - mainly thanks to a positive currency impact of €20.9 million - and slightly down 0.8% like-for-like and at constant exchange rates.

The Etam Group policy with regard to hedging the purchases in USD of the European brands, allows to limiting the impact of the USD appreciation against euro on the full year 2015. The Group financial position and results at March 31, 2015 do not require other specific comments.

III. NETWORK DEVELOPMENT

At 31 March 2015, the Etam Group had 4,084 sales points of which 939 in Europe, 259 operated by international franchises and 2,886 in China.

IV. OTHER

As need be, it is stated that the Group has no relation, neither shareholding nor commercial, with the company Etam Groep, based in Zoetermeer, Netherlands. In fact, the Group does not own the ETAM name in the Netherlands.

**Provisional source of Institut Français de la Mode at the end of March 2015*

**International retailer of women's, lingerie, cosmetics, ready-to-wear clothing and accessories
4,084 sales outlets at 31.03.15**

Etam Développement will hold its Shareholders' meeting on 27 May 2015
and release its 2015 half-year net sales on 16 July after the market closes in Paris

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