

PPR confident about 2008 luxury goods market



The PPR chairman and chief executive, François-Henri Pinault, at a news conference Wednesday. (Benoit Tessier/Reuters)

PPR, the French retailer that owns Gucci Group, said Wednesday that it was confident of further sales and profit growth this year despite a more uncertain economic environment.

PPR said 2007 net profit rose 35 percent, helped by strong results at its luxury and African trading divisions as well as its acquisition of the German sportswear group Puma.

"We have set our budgets in the expectation of a more complicated economic environment than in 2007, but without any real rupture," the chief financial officer, Jean-François Palus, told reporters when asked about the outlook for luxury goods.

"We are still heading for a rise in our results and profitability," he added. PPR's retail businesses had also started 2008 as they had ended 2007, he said.

PPR, which also owns the FNAC books-and-electronics stores and the La Redoute catalogues, posted 2007 net profit of €922 million, or \$1.4 billion, up from €685 million in 2006. Recurring operating profit rose 33 percent to €1.7 billion.

Palus said operating profit at Gucci Group rose 29 percent to €731 million, led by a strong performance at the Bottega Veneta brand.

Operating losses at the French fashion house Yves Saint Laurent - which this week opened a remodeled flagship Paris store - fell to €32 million from €49 million. Palus said that included the costs linked to the new store.

PPR said last month that it was in talks to sell its YSL Beauté cosmetics unit to Group L'Oréal for an enterprise value of €1.15 billion.

Palus said the aim was to sign the deal once it was reviewed by employee representatives and European competition regulators. The deal was filed for approval in Brussels on Tuesday, he said.

PPR shares, which have fallen 30 percent since the end of October amid fears that the U.S. economy was slowing, rose 70 cents to close at €96.19 on Wednesday.

Disponível em: <<http://www.iht.com>>. Acesso em 28/2/2008.