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PPR Confident of Growth in 2012 After 2011 Beats Estimates (2)

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(Updates with share price in fourth paragraph, store openings.)

By Andrew Roberts

Feb. 16 (Bloomberg) -- PPR SA, the French owner of the Gucci luxury goods brand, reported 2011 profit that beat analysts' estimates and said it was confident of growing sales and earnings in 2012 amid an "uncertain economic climate."

Recurring operating income climbed 17 percent to 1.6 billion euros (\$2.1 billion), the Paris-based company said today in a statement. The average of five analysts' estimates was for earnings of 1.54 billion euros, according to a Bloomberg survey.

Sales climbed 11 percent to 12.2 billion euros.

PPR restated 2010 accounts last month to classify online retailer Redcats and the Italian unit of the Fnac electronics and media chain as "discontinued operations, sold or to be sold." That's a sign that disposals will probably occur in 2012 even if the assets continue to come under pressure, according to Antoine Belge, an analyst at HSBC. PPR is reorganizing to focus on luxury goods and so-called sports and lifestyle brands.

PPR fell as much as 2.9 percent to 120.85 euros, the biggest decline in two months, and were down 2 percent at 120.85 as of 9:22 a.m. in Paris.

Gucci Sales

Gucci, its biggest luxury brand, performed worse than the rest of the unit, rising 14 percent in the fourth quarter. Sales in the luxury division, which also includes the Bottega Veneta and Balenciaga brands, rose 22 percent. Growth at the division was slightly better than that in January, deputy Chief Executive Officer Jean-Francois Palus said on a call with reporters.

The market for high-end goods is showing a "strong dynamic," Palus said, echoing comments by LVMH Moet Hennessy Louis Vuitton SA, the world's largest luxury maker, and Florence, Italy-based Salvatore Ferragamo SpA. Gucci will open 43 stores this year, Bottega will open 22 and Yves Saint Laurent will open 15.

"In the uncertain economic climate of early 2012, the core strengths underpinning PPR's robust 2011 results will continue to propel our performance this year," Chief Executive Officer Francois-Henri Pinault said in the statement. "PPR is confident that 2012 will be another year of sustained revenue growth and improvements in our operating and financial performances."

The sale process for Redcats is continuing and PPR is in talks with several private-equity buyers for the unit, deputy Chief Executive Officer Jean-Francois Palus said on a call with reporters. The suitors are working on financing. Potential acquirers for Fnac Italy are industrial, with no private-equity interest in the business, he said.

PPR is widening its executive committee to include Gucci CEO Patrizio di Marco, Bottega CEO Marco Bizzarri, Puma CEO Franz Koch and recently appointed Chief Financial Officer Jean- Marc Duplaix, Palus said. The move will enable the company to be more integrated and closer to its brands, he said. PPR will also announce a human resources director this morning, he said.

PPR said it will pay an unchanged dividend of 3.5 euros a share for 2011, payable on May 7.

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