DIGITAL TRANSFORMATION

A WORLD OF OPPORTUNITIES
FOR THE GROUP AND ITS HOUSES

KERING CAPITAL MARKETS DAY
JUNE 7, 2019
LUXURY INDUSTRY CHANGED RADICALLY OVER THE PAST DECADE AND WILL CONTINUE TO DO SO

**INTRODUCTION**

**PERSONAL LUXURY GOODS MARKET**

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<tbody>
<tr>
<td>Value (in €bn)</td>
<td>159</td>
<td>147</td>
<td>167</td>
<td>186</td>
<td>207</td>
<td>212</td>
<td>219</td>
<td>245</td>
<td>244</td>
<td>254</td>
<td>260</td>
<td>320-360</td>
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</tbody>
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CAGR 2008-2018: +5%
CAGR 2018-2025e: +3/+5%

**Share by generation**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2017</th>
<th>2025e</th>
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<tbody>
<tr>
<td>Generation</td>
<td>25%</td>
<td>30%</td>
<td>~45%</td>
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<tr>
<td>Gen Z</td>
<td>Gen Y</td>
<td>Gen X and Baby boomers</td>
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**CONSUMER BEHAVIOR**

**Share of Chinese spending**

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2017</th>
<th>2025e</th>
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<tr>
<td>%</td>
<td>20%</td>
<td>32%</td>
<td>46%</td>
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</table>

**Worldwide internet users**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2021e</th>
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<tbody>
<tr>
<td>2013-2021e</td>
<td>3.3bn</td>
<td>4.1bn</td>
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</table>

**Worldwide share of mobile commerce vs. total e-commerce**

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2017</th>
<th>2021e</th>
</tr>
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<tbody>
<tr>
<td>%</td>
<td>20%</td>
<td>35%</td>
<td>55%</td>
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Source: Bain/Altagamma

Source: eMarketer

Source: Euromonitor
KERING COMPLETED ITS TRANSFORMATION...

KERING REVENUE BREAKDOWN

2008
- Luxury (€3.4bn)
  - Puma (12%)
  - Cfao (14%)
  - Conforama (16%)
  - Fnac (23%)
  - Redcats (18%)
  - Luxury (17%)

2018
- Luxury (€13.2bn)
  - Luxury (97%)

KERING LUXURY GEOGRAPHIC MIX

2008
- Asia Pacific (23%)
- North America (19%)
- Europe (40%)
- Japan (16%)
- RoW (2%)

2018
- Asia Pacific (32%)
- North America (20%)
- Europe (33%)
- Japan (8%)
- RoW (7%)

KERING LUXURY CHANNEL MIX

2008
- Offline retail as % of total sales: 64%
- Online retail as % of total sales: 0%

2018
- Offline retail as % of total sales: 72%
- Online retail as % of total sales: 5%

INTRODUCTION
... AND IS WELL POSITIONED TO LEVERAGE THE NEW LUXURY ENVIRONMENT

A DEMAND-DRIVEN SUPPLY CHAIN

AGILITY TO MEET INSTANT REQUESTS

OMNICHANNEL AS A MUST

SEAMLESS EXPERIENCE ACROSS CHANNELS AND GEOGRAPHIES

NUMEROUS TOUCHPOINTS

BALANCING SCALE AND PERSONALIZATION

GROWTH PLATFORM TO SUPPORT OPERATIONS AND IMPROVE EFFICIENCY
A GROWTH PLATFORM ENCOMPASSING THREE KEY COMPONENTS

- INFORMATION SYSTEMS
- LOGISTICS AND SUPPLY CHAIN
- DIGITAL EMPOWERMENT
  - COMMUNICATIONS
  - ECOMMERCE & CLIENT SERVICES
  - CRM & DATA
  - AI & INNOVATION

GROWTH PLATFORM
INFORMATION SYSTEMS ENABLER

REAL-TIME ACCESS TO A SINGLE SOURCE OF DATA THANKS TO ERP ROLLOUT

STATE-OF-THE-ART AND INTEGRATED IT SOLUTIONS

NEW AGILE METHODOLOGIES

CYBERSECURITY AND PROCEDURES

KEY MILESTONES

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<tbody>
<tr>
<td>Global CRM solution in all regions</td>
<td>Digital App for SAs in all regions</td>
<td>New ecomm channel</td>
<td>SAP rollout in EMEA</td>
<td>SAP rollout in AMER and APAC</td>
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INTRODUCTION
INTRODUCTION

NEW LOGISTICS FOOTPRINT WITH INCREASED CAPACITY AND STATE-OF-THE-ART AUTOMATION

FASTER TIME-TO-MARKET FOR COLLECTION SETUP

SHORTER LEAD-TIME FOR IN-SEASON REPLENISHMENT

WIDER RANGE OF OMNICHANNEL SERVICES

INVENTORY MUTUALIZED ACROSS CHANNELS

EFFICIENT INVENTORY COVERAGE

KEY MILESTONES

NEW OPERATING MODEL

MORE SCALABLE FOOTPRINT

PROCESSES & EQUIPMENT

New Logistics Distribution Centers
- Regional/Country DC
- Local DC
- City Hubs

SEPT 2019
New Wayne, NJ (USA) Distribution Center

Q1 2020 / Q1 2021
Trecate (Italy) DC Phase I & II

2021-22 (tbc)
APAC and Middle-East

INTRODUCTION
DIGITAL EMPOWERMENT

ACCELERATING OUR DIGITAL TRANSFORMATION

FEDERATING AND INTERNALIZING ECOMM AND CLIENT SERVICES

BUILDING TOP CRM AND DATA SCIENCE CAPABILITIES