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PRESS RELEASE

13.02.2018

EXCEPTIONAL DISTRIBUTION IN KIND OF PUMA SE SHARES

The Board of Directors of Kering SA (“**Kering**”) will submit a resolution to its shareholders, at the general meeting to be held on April 26, 2018, to approve – in addition to the distribution of an annual ordinary dividend of €6.00 per share¹ – an exceptional distribution in kind of PUMA SE (“**PUMA**”) shares, offering 1 PUMA share for 12 Kering shares held, the terms and conditions of which are described below.

This distribution will be paid on May 16, 2018.

Upon completion of such transaction, Kering will retain 2,368,558 PUMA shares, representing 15.70% of the share capital² and 15.85% of the shares outstanding³ and voting rights of PUMA.

This press release aims at informing the shareholders of Kering of the technical terms of the distribution in kind of PUMA shares.

For any information regarding PUMA, the shareholders of Kering should refer to the information published by PUMA, in particular the 2016 annual report⁴. All this information is available on the PUMA website (about.PUMA.com/en).

Shareholders who are natural persons with their tax residence in France should be made aware that the distribution in kind of PUMA shares is subject, under the conditions set out in paragraph 4.1.1 below, upon the delivery of the shares or the payment of the cash balance, to a 12.8% non-final flat-rate withholding tax (*prélèvement forfaitaire non libératoire*) (“**PFNL**”) of the distributed gross amount (unless exempted as described below), as well as to various social withholdings of up to 17.2% of the distributed gross amount, representing a total levy amounting to 30% of the distributed gross amount.

This press release does not constitute (i) an offer to sell or subscribe or a solicitation of an offer to buy or subscribe to the PUMA shares, or (ii) a solicitation to obtain an approval or a favorable vote to approve the distribution described herein, in particular in any jurisdiction where such solicitation would be prohibited.

¹ Corresponding to a simultaneous distribution of €4.00 per share, since an interim dividend of €2.00 per share has been paid on January 17, 2018.

² Share capital comprising 15,082,464 shares as of December 31, 2017.

³ Share capital less treasury shares as of December 31, 2017, corresponding to 14,946,356 shares outstanding.

⁴ The 2017 annual report will be published by PUMA on April 12, 2018.



United States of America

Shares and other securities may not be offered, sold or transferred in the United States of America without registration or an exemption from registration requirements pursuant to the U.S. Securities Act of 1933, as amended. The PUMA shares included in the distribution in kind have not been, nor will be registered in the United States of America under the U.S. Securities Act of 1933, as amended, and the distribution in kind of PUMA shares by Kering has not been approved or rejected by the U.S. Securities and Exchange Commission (the “SEC”) or any other commission of a State of the United States of America and neither these commissions nor the SEC have reviewed the accuracy or adequacy of this press release. Any representation to the contrary may be considered a criminal offense in the United States of America.

Member states of the European Economic Area

This press release is not a prospectus or any other offering document pursuant to Directive 2003/71/EC (and any amendments thereto) and cannot be considered as containing all the information that a prospective investor may need for the purposes of evaluating a possible investment in Kering or PUMA or that would be required to be included in a prospectus prepared in accordance with the requirements of Directive 2003/71/EC (and any amendments thereto).

1. TERMS OF THE DISTRIBUTION IN KIND

1.1. Characteristics of the distribution in kind

Kering currently holds – through one of its 100% held subsidiaries – 12,891,834 PUMA shares representing, based on the number of shares and voting rights comprising the PUMA share capital as of December 31, 2017, 85.48% of PUMA share capital and 86.25% of its shares outstanding and voting rights. PUMA shares are fully paid up ordinary shares of the same class, listed on the regulated markets of Frankfurt and Munich under ISIN code DE0006969603.

In addition to the distribution of an annual ordinary dividend of €6.00 per share⁵, an exceptional distribution in kind of 10,523,276 PUMA shares (out of the 12,891,834 PUMA shares held by Kering⁶) offering 1 PUMA share for 12 Kering shares held (the “**Distribution in Kind**”) will be proposed to the shareholders of Kering at the general meeting to be held on April 26, 2018. Upon completion of this transaction, Kering will retain 2,368,558 PUMA shares, representing 15.70% of the share capital and 15.85% of the shares outstanding and voting rights of PUMA, on the assumption that there is no adjustment of the distribution ratio.

The Distribution in Kind will be paid on May 16, 2018 with an ex-date on May 14, 2018.

The shareholders of Kering entitled to receive the Distribution in Kind (the “**Beneficiaries of the Distribution in Kind**”) will be those whose shares have been recorded in the accounts in their name at the end of the trading day preceding the date of payment, i.e., May 15, 2018 (after taking into account orders executed during the day of May 11, 2018 and delivered on May 15, 2018). In the case of a division of the shares’ ownership, the beneficiary of the Distribution in Kind will be the beneficial owner (*usufruitier*), unless otherwise agreed. The shareholders of Kering should contact their regular advisor on those questions. Kering shares held in treasury on May 15, 2018 will not be eligible for the Distribution in Kind.

⁵ Corresponding to a simultaneous distribution of €4.00 per share, since an interim dividend of €2.00 per share has been paid on January 17, 2018.

⁶ PUMA shares currently indirectly held by Kering will be transferred to Kering prior to Kering’s general meeting so that Kering directly holds such shares at the date of the general meeting.

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The amount corresponding to the Distribution in Kind (i) will be determined by using the PUMA opening share price on May 16, 2018, on the Frankfurt stock exchange, and (ii) will not exceed the financial year's result and retained earnings, in accordance with current laws and regulations, less the amount of the distribution of an annual ordinary dividend of €6.00 per share (representing a net total amount of €5,570 million as of December 31, 2017⁷). In the event that the Distribution in Kind amount exceeds this authorized cap, the Board of Directors of Kering will have all powers to adjust the aforementioned distribution ratio so that the amount distributed does not exceed such cap; this would be the case if the PUMA opening share price on the Frankfurt stock exchange on the payment date would exceed €529.28 on the basis of a distributable amount of €5,570 million and assuming that 10,523,276 PUMA shares are distributed. In the event that the ratio for the Distribution in Kind is adjusted, Kering will publish a press release on the morning of the payment date, once the PUMA opening share price on the Frankfurt stock exchange is known.

Rights forming fractional shares shall neither be tradable nor assignable. As a consequence, if the allocation to which a shareholder is entitled is not, due to the distribution ratio, a whole number of PUMA shares (i.e. a holding of Kering shares lower than 12 or which does not correspond to a multiple of 12), the shareholder shall receive the number of PUMA shares immediately below this number, together with a cash payment for the balance, the amount of which will be calculated *pro rata* the price at which the shares corresponding to the fractional shares will have been sold. Shareholders with less than 12 Kering shares as of May 15, 2018 will therefore solely receive a payment in cash. For illustrative purposes only and assuming that the PUMA shares corresponding to its fractional shares will be sold at a price of €363⁸ per share:

- a shareholder with 8 Kering shares would not receive any PUMA shares but solely a balance cash payment of a gross amount of €242, equivalent to $8 \times (1/12) \times €363$;
- a shareholder with 23 Kering shares would receive 1 PUMA share and a balance cash payment of a gross amount of €332.75, equivalent to $(23-12) \times (1/12) \times €363$.

The amount corresponding to the Distribution in Kind, i.e., the number of PUMA shares distributed (whether they are delivered to the shareholders of Kering or sold due to fractional shares) multiplied by the opening share price on May 16, 2018 on the Frankfurt stock exchange, shall be charged first to the financial year's result and, for any surplus, to the retained earnings.

Assuming there is no adjustment of the distribution ratio, Kering will retain following the Distribution in Kind 2,368,558 PUMA shares, representing 15.70% of the share capital and 15.85% of the shares outstanding and voting rights of PUMA (on the basis of the number of shares and voting rights comprising PUMA's share capital as of December 31, 2017).

Kering and Artémis S.A. undertake to retain their stake in PUMA for six and twelve months, respectively, from the payment date of the Distribution in Kind⁹. Kering and Artémis S.A. declare that they will act in concert vis-a-vis PUMA post-completion of the Distribution in Kind. Moreover, Kering reserves the possibility to purchase PUMA shares post-completion of the Distribution in Kind depending on market conditions.

⁷ On the basis of the financial statements approved by the Board of Directors of Kering on February 12, 2018.

⁸ The theoretical share price used for the examples above (i.e. €363 per PUMA share) is the PUMA closing share price on December 29, 2017.

⁹ This undertaking, in relation to Kering, will concern the PUMA shares held by Kering post-Distribution in Kind, i.e., 15.70% of the share capital and 15.85% of the shares outstanding and voting rights of PUMA.



1.2. Timetable for the Distribution in Kind

The indicative timetable for the Distribution in Kind is the following:

March 19, 2018	Publication of the first notice (avis de réunion) in the BALO convening the general meeting of Kering
March 30, 2018	Publication of the second notice (avis de convocation) in the BALO convening the general meeting of Kering
April 26, 2018	General meeting of Kering approving the Distribution in Kind
May 14, 2018	Ex-date for the Distribution in Kind
May 16, 2018	Payment of Kering's cash dividend for the 2017 financial year and of the Distribution in Kind

2. IMPACT OF THE DISTRIBUTION IN KIND ON KERING'S CONSOLIDATED EQUITY, NET PROFIT AND NET DEBT

2.1. Impact of the Distribution in Kind on the consolidated shareholders' equity (Group share)

On the payment date, the Distribution in Kind will lead to a reduction in Kering's consolidated shareholders' equity (Group share) equal to (i) the number of distributed PUMA shares multiplied by the PUMA opening share price at Frankfurt on the payment date of the Distribution in Kind, and (ii) a capital gain or loss (net of current and deferred taxes) realized on the sale of the distributed PUMA shares and (iii) a capital gain or loss (net of deferred taxes) resulting from the revaluation at market value of the interest retained in PUMA.

The impact of this transaction on Kering's consolidated shareholders' equity (Group share) compared to the figure recorded for Kering's consolidated shareholders' equity (Group share) in the consolidated balance sheet as of December 31, 2017, can therefore be summarized as follows:

	Number of shares outstanding	Shareholders' equity (Group share) (in € millions)	Shareholders' equity per share (group share) (in € per share)
Situation as of 31/12/2017 ⁽¹⁾		11,948.2	94.6
Impact of the Distribution in Kind ⁽²⁾		(3,564.0)	(28.2)
Impact of the revaluation of the retained shares	126,279,322 ⁽³⁾	59.8	0.5
Situation post-Distribution in Kind		8,444.0	66.9

(1) On the basis of Kering's consolidated financial statements approved by the Board of Directors on February 12, 2018.

(2) The PUMA share price on the payment date used in the table above for illustration purposes is the PUMA closing share price on December 29, 2017, i.e. €363 per PUMA share.

(3) Number of shares comprising Kering's share capital.



2.2. Impact of the Distribution in Kind on Kering consolidated net profit (Group share)

The Distribution in Kind will lead to a capital gain or loss on sale (net of current and deferred taxes) being recorded in the consolidated financial statements as of June 30, 2018, equal to (i) the number of distributed PUMA shares multiplied by the PUMA opening share price at Frankfurt on the payment date of the Distribution in Kind, less (ii) the consolidated cost of the PUMA shares distributed. The loss of control of PUMA resulting from this Distribution in Kind will also lead to a capital gain or loss (net of deferred taxes) being recorded in the consolidated financial statements as of June 30, 2018, as a consequence of the revaluation at market value of the interest retained in PUMA.

By way of example, on the basis of the PUMA closing share price on December 29, 2017, the consolidated capital gain would amount to €325.5 million pre-tax and €316.2 million post-tax.

Moreover, the Distribution in Kind will result in the loss of PUMA's contribution to the consolidated net profit (see paragraph 2.4 below).

2.3. Impact of the Distribution in Kind on Kering's consolidated net debt

The impact of the loss of control of PUMA on the Group's cash position and net financial debt will be the exit from the perimeter of PUMA's net financial debt, a cash outflow relating to the current tax payable in the event of a capital gain on sale, in accordance with the tax provisions applicable in France to tax treatment of long-term capital gains, and a cash outflow relating to the transaction-related fees.

2.4. 2017 pro forma financial information post-payment of the Distribution in Kind

The 2017 pro forma financial information set out in Schedule A and the corresponding main pro forma consolidated ratio set out in the table below have been prepared to reflect the impact that the Distribution in Kind would have had on Kering's consolidated financial statements if the Distribution in Kind had occurred on December 31, 2017 regarding the balance sheet and on January 1st, 2017 regarding the profit and loss statement (except for the capital gain/loss on sale).

This pro forma financial information has been prepared based on the 2017 consolidated financial statements under IFRS rules as adopted by the European Union and in accordance with the provisions of Appendix II of the European Prospectus Regulation, recommendations issued by ESMA (ex-CSR) in February 2005, as well as recommendation 2013-08 of the *Autorité des Marchés Financiers* on pro forma financial information. This pro forma financial information will be presented in a dedicated section of the 2017 reference document of Kering, accompanied by an ad hoc report by the statutory auditors.

The pro forma financial information is provided for illustrative purposes only and, as such, is not representative of the results and the financial position of the Kering group that would have been observed had the Distribution in Kind occurred on December 31, 2017.



<i>At 31/12 (in € millions)</i>	2017 Reported	2017 Pro forma*
Revenue	15,478	11,326
Recurring operating income	2,948	2,704
<i>Recurring operating margin (%)</i>	<i>19.0%</i>	<i>23.9%</i>
EBITDA	3,464	3,150
<i>EBITDA Margin (%)</i>	<i>22.4%</i>	<i>27.8%</i>
Earnings per share attributable to owners of the parent (<i>from continuing operations excluding non-recurring items</i>)	15.89 €	14.88 €
Operating free cash-flow	2,318	2,195
<i>Conversion rate (as % of EBITDA)</i>	<i>66.9%</i>	<i>69.7%</i>
Net financial debt	3,049	3,402
<i>Net financial debt / EBITDA (x)</i>	<i>0.9x</i>	<i>1.1x</i>

(*) Kering without PUMA

3. PAYMENT OF THE DISTRIBUTION IN KIND

The payment transactions for the Distribution in Kind will start from May 16, 2018 under the conditions set forth below.

The bank responsible for centralizing the transactions in connection with the Distribution in Kind is CACEIS Corporate Trust, 14 rue Rouget de Lisle – 92130 ISSY LES MOULINEAUX (“**CACEIS**”).

For the Beneficiaries of the Distribution in Kind holding Kering shares in bearer form (*au porteur*) or in registered accounts (*au nominatif administré*):

- CACEIS will transfer to, via EUROCLEAR France, each financial intermediary (i) on May 16, 2018, the whole number of PUMA shares corresponding to the overall balance by applying the distribution ratio of 12 Kering shares registered in the accounts maintained by the financial intermediary for 1 PUMA share and (ii) as from mid-June, 2018 at the earliest, the cash amount allocated to such financial intermediary, the amount of which will depend on the sale price of the shares corresponding to fractional shares post-allocation to the financial intermediaries of the PUMA shares corresponding to multiples of 12 Kering shares;
- each of the financial intermediaries will then transfer to each of its clients (i) the whole number of PUMA shares corresponding to multiples of 12 Kering shares registered in the name of the relevant client and (ii) the cash amount allocated to this client, the amount of which will depend on the sale price of the shares corresponding to fractional shares post-allocation to its clients of the PUMA shares corresponding to multiples of 12 Kering shares.

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For Beneficiaries of the Distribution in Kind with pure registered (*au nominatif pur*) Kering shares:

- on May 16, 2018, CACEIS, in its capacity as register custodian, will transfer to each of the Beneficiaries of the Distribution in Kind's account the PUMA shares corresponding to multiples of 12 pure registered (*au nominatif pur*) Kering shares held by the relevant Beneficiary of the Distribution in Kind (in a register created for the purpose of the operation);
- on May 16, 2018, each relevant Beneficiary of the Distribution in Kind will be informed by a letter of the terms and conditions of the allocation of PUMA shares;
- each relevant Beneficiary of the Distribution in Kind shall communicate to CACEIS the details of the account in which the PUMA shares shall be transferred;
- subject to the payment to CACEIS of the social withholdings and/or the non-final flat-rate withholding tax or the withholding tax due under the Distribution in Kind, CACEIS will transfer to (i) each of the Beneficiaries of the Distribution in Kind's account (the details of which will have been previously provided to CACEIS) the PUMA shares corresponding to multiples of 12 pure registered (*au nominatif pur*) Kering shares held by the relevant Beneficiary of the Distribution in Kind and (ii), as from mid-June, 2018 at the earliest, each of the Beneficiaries of the Distribution in Kind's account the net amount of cash allocated to him, where applicable, the amount of which will depend on the sale price of the shares corresponding to fractional shares post-allocation to the Beneficiaries of the Distribution in Kind of the PUMA shares corresponding to multiples of 12 Kering shares.

The Beneficiaries of the Distribution in Kind shall pay to the paying agent the social withholdings and/or the PFNL or the withholding tax due under the Distribution in Kind, it being specified that the Distribution in Kind will be made simultaneously with the distribution of a cash dividend for an amount of €6 per share¹⁰.

The Beneficiaries of the Distribution in Kind should seek the advice of their financial institution in the event that the amount of the cash dividend would not be sufficient to cover the social withholdings and/or the PFNL and/or the withholding tax due by a shareholder.

Shareholders wishing to sell the PUMA shares received in the context of the Distribution in Kind should contact their financial intermediary.

To the extent that the PUMA shares are not listed on Euronext Paris, Kering will consider the possibility to put in place a sale facility process to allow the shareholders of Kering wishing to sell the PUMA shares received in the context of the Distribution in Kind to do so on the German stock exchanges.

4. TAX TREATMENT OF THE DISTRIBUTION IN KIND¹¹

The following description summarizes certain French tax consequences, under applicable laws and regulations currently in force, that may apply to Kering shareholders as a result of the Distribution in Kind.

This information constitutes only a short summary of the applicable tax provisions under currently applicable legislation, and is provided for information purposes only. The rules described below are subject to change and new laws or regulations could be retroactive or apply to the current calendar or fiscal year.

¹⁰ Representing a simultaneous distribution of €4 per share, since an interim dividend of €2 per share has been paid on January 17, 2018.

¹¹ The fractional shares will be subject to the same tax treatment as described herein.

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The tax information below does not constitute a comprehensive description of all tax impacts that may apply to Kering shareholders as a result of the Distribution in Kind.

Kering shareholders should seek advice from their usual tax advisor on the tax consequences of their particular circumstances.

Moreover, persons who are not French tax residents must refer to (i) the provisions of the applicable tax treaty concluded between their own State of residence and France; (ii) the provisions of French tax legislation; and (iii) the legislation of their State of residence and/or nationality that may apply to them so that they may determine their applicable tax regime. These persons should seek advice from their usual tax advisor regarding the applicable tax treatment for the Distribution in Kind.

The Distribution in Kind of PUMA's shares is subject to the same tax treatment as the one applicable to the cash dividend traditionally paid by Kering to its shareholders, as decided by its annual general meeting.

The taxable amount of the Distribution in Kind of PUMA's shares, received by the shareholders, shall be equal to the fair market value of the PUMA's shares distributed on the payment date of the Distribution in Kind.

Considering the listing of PUMA on the German market, the amount of the taxable Distribution in Kind at the level of each shareholder shall be determined by using the PUMA's opening share price on the German stock market on the payment date of the Distribution in Kind.

4.1. Shareholders whose tax residence is located in France

The attention of the individual shareholders who have their tax residence in France is brought to the fact that the Distribution in Kind is subject, under the conditions set out in paragraph 4.1.1 below, at the time of the delivery of the shares or of the payment of the cash balance, to a PFNL at a rate of 12.8% assessed on the gross amount distributed (unless they are exempted as described below), as well as to various social contributions at the rate of 17.2% assessed on the gross amount distributed, leading to a total levy amounting to 30% of the gross amount distributed. The sums shall be made available to the paying agent prior to the delivery of the shares or to the payment of the cash balance. If applicable, the paying agent will be able to sell the number of PUMA shares necessary to pay the relevant taxes. The shareholders of Kering should seek the advice of their financial intermediary to be informed of the applicable process.

4.1.1 Individual shareholders with personal holdings of Kering who do not professionally engage in securities transactions

12.8% Withholding

As from January 1st, 2018, pursuant to Article 117-quater of the French General Tax Code ("FGTC"), subject to the exceptions referred to below, individual shareholders having their tax residence in France are subject to a PFNL at a rate of 12.8% on the gross amount of distributed income (*revenu distribué*). This withholding is made by the paying agent of the income, if it is located in France. When the paying agent of the income is established outside of France, the income is declared and the corresponding payment made within the first 15 days of the month following the one of the payment, either by the taxpayer him/herself or by the paying agent, when that entity (i) is established in a Member State of the European Union or in another Member State of the European Economic Area that has concluded with France an agreement on administrative assistance with a view to combatting tax fraud and evasion, and (ii) has received instructions to that effect from the taxpayer.



However, individual shareholders belonging to a tax household whose reference fiscal income (*revenu fiscal de référence*) for the penultimate tax year, as defined in 1° of IV of Article 1417 of the CGI, is lower than €50,000 for taxpayers who are single, divorced or widowed, or €75,000 for taxpayers subject to joint taxation, may request an exemption from this withholding under the terms and conditions of Article 242-quater of the FGTC. They may do so by providing to the paying agent no later than November 30 of the year preceding the year of the payment of the distributed income a sworn statement that the reference fiscal income shown on the tax notice issued in respect of the penultimate year preceding the year of payment was below the above-mentioned taxable income thresholds.

When the paying agent is established outside France, only individual shareholders belonging to a tax household whose reference fiscal income of the penultimate year, as defined in 1° of IV of Article 1417 of the FGTC, is equal or superior to the amounts mentioned in the previous paragraph are subject to this tax.

The 12.8% withholding tax does not apply to income related to shares held in French share savings plans (*Plan d'Épargne en Actions* – “**PEA**”).

Individual income tax

The final amount to be paid upon a dividend distribution is determined on the basis of the items mentioned in the declaration of income subscribed the year following the year in which the income was obtained.

As from January 1st, 2018, pursuant to 1 of Article 200 A of the FGTC, dividends are, in principle, subject to income tax at the 12.8% single flat-rate withholding tax (*prélèvement forfaitaire unique* – “**PFU**”).

Pursuant to Article 193 of the FGTC, the PFNL at the rate of 12.8% may be credited against the income tax due in respect of the year during which it was paid. Where it exceeds the income tax due, the exceeding amount shall be refunded. As a consequence of the alignment of the rates of the PFU and PFNL, individual income tax is now withheld at source.

As from January 1, 2018, pursuant to 2 of Article 200 A of the FGTC, by way of derogation to the application of the PFU, taxpayers having an interest may, subject to an explicit, global and irrevocable election, be subject to personal income tax under a progressive scale. Pursuant to Article 158 of the FGTC, dividends must be included in the shareholder's global taxable income as portfolio income (*revenu de capitaux mobiliers*) in respect of the year during which they are received. The option is exercised each year when filing the tax return and no later than the time limit for filing the tax return. The dividends then benefit from an unlimited tax allowance of 40% on the amount of distributed income (“40% Allowance”).

If the Kering shares are held in a French savings plan (**PEA**), the dividends and similar distributed income are exempt from the income tax, subject to complying with the terms and conditions specific to the PEA.



Social contributions

In addition, whether the PFNL at the rate of 12.8% is applicable or not, the gross amount of income distributed by Kering (before application of the 40% Allowance when the shareholder has elected for taxation under a progressive scale) will also be subject to social contributions at a global rate of 17.2%, broken down as follows:

- general social contribution (*contribution sociale généralisée*, “CSG”) at the rate of 9.9% ;
- social debt repayment contribution (*contribution pour le remboursement de la dette sociale* “CRDS”) at the rate of 0.5% ;
- social levy at the rate of 4.5% ;
- additional contribution on the social levy at the rate of 0.3% ; and
- solidarity levy at the rate of 2%.

Such social contributions are not tax deductible from the income subject to the PFU. For income subject upon election to personal income tax under a progressive scale, the CSG is deductible up to 6.8% from the taxable income of the year of its payment.

Shareholders should consult their usual tax advisor to determine reporting obligations and payment rules that may apply to them in respect of the PFNL at the rate of 12.8% and the social contributions.

Exceptional contribution on high income earners

Pursuant to Article 223-sexies of the FGTC, taxpayers subject to individual income tax are liable for a contribution based on the amount of the tax household's reference fiscal income as defined in 1° of IV of Article 1417 of the FGTC, without any application of the quotient rules defined in Article 163-0 A of the FGTC. The defined reference income includes the distributed income and dividends received by the relevant taxpayers (before the 40% Allowance in case of election for the progressive scale). This contribution is calculated by applying the following rates:

- 3% of the portion of reference fiscal income exceeding €250,000 and lower than or equal to €500,000 for single, widowed, separated or divorced taxpayers, and the portion of taxable income exceeding €500,000 and lower than or equal to €1,000,000 for taxpayers subject to joint taxation ;
- 4% of the portion of reference fiscal income exceeding €500,000 for single, widowed, separated or divorced taxpayers, and the portion of taxable income exceeding €1,000,000 for taxpayers subject to joint taxation.

4.1.2 Legal entities subject to corporate income tax (under standard rules)

Legal entities without the status of a parent company (société mère) in France

Legal entities, other than those having parent company (*société mère*) status within the meaning of Article 145 of the FGTC, should include the dividends and distributed income received in their taxable income subject to the standard corporate tax rate (currently 33 1/3% or 28%). The following additional contributions may also apply: (i) a 3.3% social contribution based on the corporate income tax charge, after a deduction of up to €763,000 for each twelve-month period (Article 235-ter ZC of the FGTC), (ii) for the companies (x) whose turnover is above €1,000,000,000 and (y) whose fiscal year ends no later than December 30, 2018, an exceptional contribution that would be calculated at the maximum rate of 15% of the corporate income tax, and (iii) for the companies (x) whose turnover is above €3 billion and (y) whose fiscal year ends no later than December 30, 2018, an additional contribution to the exceptional contribution that would be calculated at the maximum rate of 15% of the corporate income tax.

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However, pursuant to Article 219 I-b of the FGTC, for legal entities having an annual turnover of less than €7,630,000 (excluding taxes), and whose share capital is entirely paid up and at least 75% continuously held throughout the relevant fiscal year by individuals or by a company satisfying all these conditions, the corporate income tax rate is set at 15% for the first €38,120 of taxable income for each twelve-month period. In addition, these legal entities are exempted from the aforementioned 3.3% social contribution.

Legal entities qualifying as a parent company (société mère) in France

Legal entities holding at least 5% of Kering's share capital, and which meet the conditions provided under Articles 145 and 216 of the FGTC, may benefit, upon election, from a dividend and distributed income exemption under the parent subsidiary regime. Article 216 I of the FGTC provides, however, for the inclusion, in the taxable income subject to corporate income tax at the standard rate of the beneficiary, of a service charge set at 5% of total proceeds from the shares, tax credits included.

4.1.3 Other shareholders

Kering shareholders that are subject to a tax regime different from those described hereinabove, in particular those taxpayers whose securities trading goes beyond mere portfolio asset management or who have recorded their shares as assets in their commercial balance sheet, should consult their own tax advisor to determine the provisions that apply to their particular circumstances.

4.2. Shareholders whose tax residence is located outside of France

Under French legislation currently in force and subject to the application of any international tax treaties, the following provisions summarize some French tax consequences that may apply to investors (i) who are not French tax residents within the meaning of Article 4 B of the FGTC or whose registered office is located outside France and (ii) whose ownership of shares is not related to a fixed base or a permanent establishment subject to taxation in France.

Such investors must, however, verify, with their usual tax advisor, the tax treatment that applies to their specific circumstances and, moreover, comply with the tax laws in force in their State of residence and/or nationality.

Subject to the provisions of any applicable international tax treaties and the exceptions listed below, the gross amount of distributed income will, in principle, be subject to a withholding tax, withheld by the paying agent, when the tax residence or the registered office of the beneficial owner is located outside France. Consequently, the sums corresponding to the withholding tax amounts shall be made available to the paying agent prior to the delivery of the shares or to the payment of the cash balance. If applicable, the paying agent will be able to sell the number of PUMA shares necessary to pay the relevant taxes. The shareholders of Kering should seek the advice of their financial intermediary to be informed of the applicable process.

Subject to what is set forth below and to completing the appropriate formalities, the rate of this withholding tax is set at (i) 12.8% by Article 187 1 2° of the FGTC with respect to individual beneficiaries, (ii) 15% when the beneficiary is a non-profit organization having its registered office in a Member State of the European Union or in another Member State of the European Economic Area that has concluded with France a tax treaty which includes an administrative assistance provision with a view to combatting tax fraud and evasion, that would be taxed according to the treatment referred to in Article 206-5 of the FGTC if it had its registered office in France and that meets the criteria provided for by paragraphs 580 et seq. of the administrative guidelines BOI-IS-CHAMP-10-50-10-40-20130325; and (iii) 30% in all other cases.

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Moreover, regardless of the localization of the beneficiary's tax residence or registered office, the income distributed by Kering outside France to a "non-cooperative" State or territory, as defined by Article 238-0 A of the FGTC, will be subject to a withholding tax at a rate of 75%. The list of non-cooperative States and territories is published by ministerial order and updated annually. The list as at January 1, 2016 was updated by the ministerial order dated April 8, 2016 (Official Journal dated April 10, 2016) and includes the following States and territories: Botswana, Brunei, Guatemala, Nauru, Marshall Islands, Niue and Panama. Investors that may be impacted by such measure and those who are domiciled or established in a non-cooperative State or territory should seek the advice of their usual tax advisor to determine the tax treatment applicable to them.

Shareholders that are legal entities having their place of effective management in a Member State of the European Union may benefit from a withholding tax exemption, if they hold at least 10% of Kering's share capital, and otherwise meet all the conditions of Article 119-ter of the FGTC. Moreover, subject to meeting the conditions specified in the administrative guidelines BOI-RPPM-RCM-30-30-20-40-20160607, legal entities that hold at least 5% of Kering's share capital may benefit from a withholding tax exemption, under certain conditions, if their place of effective management is located either in a Member State of the European Union, or in another Member State of the European Economic Area that has concluded with France a tax treaty which includes an administrative assistance provision with a view to combatting tax fraud and evasion.

Furthermore, and subject to the payment in a non-cooperative State or territory as defined in Article 238-0 A of the FGTC, the withholding tax is not applicable pursuant to Article 119 bis 2 of the FGTC to dividends distributed to collective investment undertakings governed by foreign law, located in a Member State of the European Union or another State that has concluded with France a convention on administrative assistance with a view to combatting tax fraud and evasion and which satisfy the following two conditions:

- raising capital from a certain number of investors with the purpose of investing it in a fiduciary capacity on behalf of such investors, pursuant to a defined investment policy;
- having features similar to those required of collective undertakings governed by French law under section 1, paragraphs 1, 2, 3, 5 et 6 of sub-section 2, sub-section 3, or sub-section 4 of section 2 of Chapter IV of the 1st Title of Book II of the French Monetary and Financial Code (*Code monétaire et financier*).

The conditions of this exemption are set forth in detail in the official bulletin of public finances (*bulletin officiel des finances publiques*) dated June 7, 2017 (BOI-RPPM-RCM-30-30-20-70-20170607).

The withholding tax may be reduced or even eliminated pursuant to tax treaties signed by France. It is, moreover, the responsibility of Kering shareholders to consult their usual tax advisor to determine whether they are likely to qualify for a reduction to or exemption from the withholding tax by virtue of the above principles or provisions of international tax treaties, and to determine the formalities to be complied with to benefit from these treaties, including those provided for by BOI-INT-DG-20-20-20-20-20120912 relating to the "standard" or "simplified" procedure for the reduction of or exemption from the withholding tax.



5. RISK FACTORS

The following risk factors should be carefully considered.

5.1. Specific risk factors in relation to the Distribution in Kind

The main risk factors in relation to the Distribution in Kind are set forth below. The shareholders of Kering should be aware that the list of risks set out below is not exhaustive and that other risks unknown or which are not considered as of the date of this press release as likely to have an adverse effect on the Distribution in Kind may exist:

- in the event that the Distribution in Kind exceeds the cap set by Kering's general meeting, the Board of Directors would have to adjust the distribution ratio so that the amount distributed does not exceed such cap; this would be the case if the PUMA opening share price on the Frankfurt stock exchange on the payment date would exceed €529.28 based on a distributable amount of €5,570 million;
- the PUMA shares corresponding to fractional shares will be sold. Moreover, the shareholders of Kering may sell all or part of the PUMA shares received in the context of the Distribution in Kind, in particular those who are subject to the PFNL, social withholdings and, as the case may be, withholding taxes. The PUMA share price could therefore be subject to a downward pressure;
- the PUMA share price may decrease post-Distribution in Kind;
- tax laws and regulations may change in an adverse manner in comparison to the current tax system.

5.2. Risk factors related to PUMA and its business

For a description of the main risks in relation to PUMA and its business, the shareholders of Kering should refer to PUMA's 2016 annual report.

About Kering

A global Luxury group, Kering develops an ensemble of luxury houses in fashion, leather goods, jewelry and watches: Gucci, Bottega Veneta, Saint Laurent, Alexander McQueen, Balenciaga, Brioni, Christopher Kane, McQ, Stella McCartney, Tomas Maier, Boucheron, Dodo, Girard-Perregaux, Pomellato, Qeelin and Ulysse Nardin. Kering is also developing the Sport & Lifestyle brands PUMA, Volcom and Cobra. By 'empowering imagination', Kering encourages its brands to reach their potential, in the most sustainable manner.

The Group generated revenue of €15.5 billion in 2017 and had more than 44,000 employees at year end. The Kering share is listed on Euronext Paris (FR 0000121485, KER.PA, KER.FP).

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d'Angelin & Co. and Rothschild are acting as financial advisors to Kering.

J.P. Morgan, Berenberg, BNP Paribas and Goldman Sachs International are acting as Joint Distribution Managers in the context of the proposed Distribution in Kind.



Schedule A 2017 pro forma financial information

On January 11, 2018, Kering's Board of Directors has decided to submit to its shareholders at its annual general meeting to be held on April 26, 2018, the project to distribute in kind 70.40% of PUMA SE ("PUMA") shares outstanding, out of the 86.25% currently owned by the Group as of December 31, 2017. Following the transaction, Kering would retain 2,368,558 PUMA shares, or 15.85% of PUMA's shares outstanding and voting rights. This distribution in kind will be paid on May 16, 2018 with an ex-date on May 14, 2018.

The Kering Group has prepared pro forma financial information to present an economic view of the Group reflecting the future loss of control over PUMA following the distribution of this dividend in kind.

This pro forma financial information has been prepared based on the 2017 consolidated financial statements under IFRS rules as adopted by the European Union and in accordance with the provisions of Appendix II of the European Prospectus Regulation, recommendations issued by ESMA (ex-CSR) in February 2005, as well as recommendation 2013-08 of the Autorité des Marchés Financiers on pro forma financial information. This pro forma financial information will be presented in a dedicated section of the 2017 Reference Document, accompanied by an ad hoc report by the Statutory Auditors.

This pro forma financial information is set out below for illustrative purposes only. As such it is not necessarily representative of the financial position or performance that would have been reported if the loss of control had taken place before the envisaged date. Similarly, it does not purport to be indicative of Kering's financial position or performance in any future period.

The objective of this pro forma financial information is to simulate the impacts of the loss of control over PUMA on the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position and the consolidated statement of cash flows:

- The consolidated income statement and the consolidated statement of comprehensive income entirely exclude PUMA contribution for the full year 2017. However, the capital gain arising from the loss of control over PUMA and the revaluation of the interest retained in PUMA following the transaction have been valued as of December 31, 2017, net of related current and deferred taxes;
- The consolidated statement of financial position excludes all assets and liabilities related to PUMA as of December 31, 2017. Only the 15.85% stake retained in PUMA has been presented in non-current assets at its fair value as of December 31, 2017 (based on PUMA share price as of December 29, 2017, i.e. €363);
- The consolidated statement of cash flows entirely excludes PUMA contribution for the full year 2017. Besides, the consolidated statement of cash flows and the consolidated statement of financial position do not consider any cash outflow related to the mentioned restatements;
- 2017 pro forma earnings per share have been calculated based on above-mentioned assumptions.

This distribution in kind, and the resulting loss of control over PUMA, will have the following impacts on Kering SA consolidated financial statements as of June 30, 2018:

- The recognition of a capital gain or loss net of current and deferred taxes equal to (i) the number of PUMA shares distributed, multiplied by the PUMA share price as of May 16, 2018, the dividend payment date, less (ii) the share in the consolidated net carrying amount of PUMA as of this date, including transaction fees net of tax;
- The recognition of a capital gain or loss net of deferred taxes as a result of remeasuring the interest retained in PUMA at the opening price for PUMA shares as of May 16, 2018.

The capital gain presented in the pro forma financial information as shown hereinafter is based on the PUMA share price as of December 29, 2017 (i.e. €363) and the consolidated net carrying amount of PUMA as of December 31, 2017. The net capital gain or loss which will be effectively recognized upon dividend payment on May 16, 2018, will depend on the PUMA share price at that date, and the changes in the net carrying amount of PUMA between December 31, 2017, and May 16, 2018, including the impact of foreign exchange rate fluctuations to which PUMA is exposed conducting its business.

For example, based on the PUMA share price as of December 29, 2017 and the consolidated net carrying amount of PUMA as of December 31, 2017, the net capital gain realised would total €316.2 million. However, taking into account PUMA share price volatility in January 2018, the net capital gain or loss would fluctuate as shown below:

PUMA share price from 01/01/2018 to 01/31/2018	Net capital gain (loss) (in € millions)
High: €363.50 (01/05/2018)	322.4
Average: €341.54	51.0
Low: €318.50 (01/12/2018)	(233.8)

The future classification and accounting treatment applicable to the interest retained in PUMA recorded within non-current assets will be determined based on PUMA's governance arrangements, to be finalised upon completion of the operation:

- In accordance with IFRS 9 applicable as of January 1, 2018, if no significant influence can be demonstrated, the interest retained in PUMA will be shown within "Available-for-sale financial assets" and remeasured to fair value, either directly against equity (other comprehensive income) or against financial income/loss, until that interest is sold;
- If significant influence can be demonstrated, the interest retained in PUMA will be shown within "Investments in equity-accounted companies" for an amount relating to the Group's share in equity and net income.

2017 pro forma consolidated income statement

(in € millions)	2017 Reported	PUMA contribution	Distribution of PUMA shares 70.40%	Revaluation of PUMA shares 15.85%	Other adjustments ⁽¹⁾	2017 Pro forma
CONTINUING OPERATIONS						
Revenue	15,477.7	(4,151.7)				11,326.0
Cost of sales	(5,344.7)	2,208.1				(3,136.6)
Gross margin	10,133.0	(1,943.6)				8,189.4
Payroll expenses	(2,443.6)	545.6				(1,898.0)
Other recurring operating income and expenses	(4,741.4)	1,154.1			(0.5)	(3,587.8)
Recurring operating income	2,948.0	(243.9)			(0.5)	2,703.6
Other non-recurring operating income and expenses	(241.7)	(1.6)	261.8	62.3	1.3	82.1
Operating income	2,706.3	(245.5)	261.8	62.3	0.8	2,785.7
Finance costs, net	(242.6)	15.0				(227.6)
Income before tax	2,463.7	(230.5)	261.8	62.3	0.8	2,558.1
Corporate income tax	(591.0)	50.1	(6.3)	(2.6)	(0.3)	(550.1)
Share in earnings (losses) of equity-accounted companies	(2.0)	(1.6)	-	-	(0.4)	(4.0)
Net income from continuing operations	1,870.7	(182.0)	255.5	59.7	0.1	2,004.0
o/w attributable to owners of the parent	1,791.2	(128.6)	255.5	59.7	0.1	1,977.9
o/w attributable to non-controlling interests	79.5	(53.4)	-	-	-	26.1
DISCONTINUED OPERATIONS						
Net loss from discontinued operations	(5.6)	-	-	-	-	(5.6)
o/w attributable to owners of the parent	(5.6)	-	-	-	-	(5.6)
o/w attributable to non-controlling interests	-	-	-	-	-	-
Net income of consolidated companies	1,865.1	(182.0)	255.5	59.7	0.1	1,998.4
o/w attributable to owners of the parent	1,785.6	(128.6)	255.5	59.7	0.1	1,972.3
o/w attributable to non-controlling interests	79.5	(53.4)	-	-	-	26.1

(1) Other adjustments include negative synergies and revaluation at fair value of Wilderness shares kept (5%) by the Kering Group, reclassified from Investments in equity-accounted companies to Non-current financial assets.



2017 pro forma earnings per share

(in € millions)	2017 Reported	PUMA contribution	Distribution of PUMA shares 70.40%	Revaluation of PUMA shares 15.85%	Other adjustments	2017 Pro forma
Net income attributable to owners of the parent	1,785.6	(128.6)	255.5	59.7	0.1	1,972.3
Earnings per share (in €)	14.17	(1.02)	2.03	0.47	-	15.65
Fully diluted earnings per share (in €)	14.17	(1.02)	2.03	0.47	-	15.65
Net income from continuing operations attributable to owners of the parent	1,791.2	(128.6)	255.5	59.7	0.1	1,977.9
Earnings per share (in €)	14.22	(1.02)	2.03	0.47	-	15.70
Fully diluted earnings per share (in €)	14.22	(1.02)	2.03	0.47	-	15.70
Net income from continuing operations (excluding non-recurring items) attributable to owners of the parent	2,001.9	(127.0)	-	-	-	1,874.9
Earnings per share (in €)	15.89	(1.01)	-	-	-	14.88
Fully diluted earnings per share (in €)	15.89	(1.01)	-	-	-	14.88

2017 pro forma consolidated statement of comprehensive income

(in € millions)	2017 Reported	PUMA contribution	Distribution of PUMA shares 70.40%	Revaluation of PUMA shares 15.85%	Other adjustments	2017 Pro forma
Net income	1,865.1	(182.0)	255.5	59.7	0.1	1,998.4
Actuarial gains and losses ⁽¹⁾	20.1	(1.0)				19.1
Total items not reclassified to income	20.1	(1.0)				19.1
Foreign exchange gains and losses	(249.5)	107.4				(142.1)
Cash flow hedges ⁽¹⁾	45.2	98.8				144.0
Available-for-sale financial assets ⁽¹⁾	3.9	(3.8)				0.1
Total items to be reclassified to income	(200.4)	202.4				2.0
Other comprehensive income (loss), net of tax	(180.3)	201.4				21.1
Total comprehensive income	1,684.8	19.4	255.5	59.7	0.1	2,019.5
o/w attributable to owners of the parent	1,648.7	40.6	255.5	59.7	0.1	2,004.6
o/w attributable to non-controlling interests	36.1	(21.2)	-	-	-	14.9

(1) Net of tax.

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Pro forma consolidated statement of financial position as of December 31, 2017

Assets (in € millions)	2017 Reported	PUMA contribution	Distribution of PUMA shares 70.40%	Revaluation of PUMA shares 15.85%	Other adjustments ⁽¹⁾	2017 Pro forma
Goodwill	3,421.2	(977.2)				2,444.0
Brands and other intangible assets	11,159.0	(3,653.3)				7,505.7
Property, plant and equipment	2,267.6	(274.0)				1,993.6
Investments in equity-accounted companies	48.6	(16.6)			(4.8)	27.2
PUMA shares		4,017.9	(3,279.4)	121.6		860.1
Non-current financial assets	364.3	(49.8)			5.7	320.2
Deferred tax assets	964.6	(186.6)	(0.6)		(0.3)	777.1
Other non-current assets	35.4	(20.2)				15.2
Non-current assets	18,260.7	(1,159.8)	(3,280.0)	121.6	0.6	13,943.1
Inventories	2,699.1	(778.5)				1,920.6
Trade receivables	1,366.5	(503.7)				862.8
Current tax receivables	78.6	(26.8)				51.8
Other current financial assets	155.6	(25.2)				130.4
Other current assets	880.3	(153.7)			(0.5)	726.1
Cash and cash equivalents	2,136.6	(415.0)				1,721.6
Current assets	7,316.7	(1,902.9)			(0.5)	5,413.3
TOTAL ASSETS	25,577.4	(3,062.7)	(3,280.0)	121.6	0.1	19,356.4
Equity and liabilities						
Share capital	505.2	-				505.2
Capital reserves	2,428.3	-				2,428.3
Treasury shares	-	-				-
Translation adjustments	(131.7)	102.8	(83.9)	(18.9)		(131.7)
Remeasurement of financial instruments	76.0	25.8	(21.1)	(4.7)		76.0
Other reserves	9,070.4	(451.3)	(3,195.7)	142.7	0.1	5,566.2
Equity attributable to owners of the parent	11,948.2	(322.7)	(3,300.7)	119.1	0.1	8,444.0
Non-controlling interests	678.2	(523.3)				154.9
Total equity	12,626.4	(846.0)	(3,300.7)	119.1	0.1	8,598.9
Non-current borrowings	4,245.5	(32.8)				4,212.7
Other non-current financial liabilities	0.7	-				0.7
Provisions for pensions and other post-employment benefits	125.7	(29.7)				96.0
Other non-current provisions	55.5	(21.5)				34.0
Deferred tax liabilities	2,712.2	(1,057.0)		2.5		1,657.7
Other non-current liabilities	48.8	(3.0)				45.8
Non-current liabilities	7,188.4	(1,144.0)		2.5		6,046.9
Current borrowings	939.7	(29.3)				910.4
Other current financial liabilities	367.6	(75.2)				292.4
Trade payables	1,240.7	(646.1)				594.6
Provisions for pensions and other post-employment benefits	10.7	-				10.7
Other current provisions	182.4	(25.1)				157.3
Current tax liabilities	815.4	(54.8)	5.7			766.3
Other current liabilities	2,206.1	(242.2)	15.0			1,978.9
Current liabilities	5,762.6	(1,072.7)	20.7			4,710.6
TOTAL EQUITY AND LIABILITIES	25,577.4	(3,062.7)	(3,280.0)	121.6	0.1	19,356.4

(1) Other adjustments include negative synergies and revaluation at fair value of Wilderness shares kept (5%) by the Kering Group, reclassified from Investments in equity-accounted companies to Non-current financial assets.



2017 pro forma consolidated statement of cash flows

(in € millions)	2017 Reported	PUMA contribution	Distribution of PUMA shares 70.40%	Revaluation of PUMA shares 15.85%	Other adjustments (1)	2017 Pro forma
Net income from continuing operations	1,870.7	(182.0)	255.5	59.7	0.1	2,004.0
Net recurring charges to depreciation, amortisation and provisions on non-current operating assets	516.4	(70.5)				445.9
Other non-cash income and expenses	72.1	(0.1)	(271.1)	(59.7)	(0.6)	(259.4)
Cash flow from operating activities	2,459.2	(252.6)	(15.6)	-	(0.5)	2,190.5
Interest paid/received	198.4	(9.8)				188.6
Dividends received	(1.2)	1.0				(0.2)
Net income tax payable	822.9	(70.6)	0.6			752.9
Cash flow from operating activities before tax, dividends and interest	3,479.3	(332.0)	(15.0)	-	(0.5)	3,131.8
Change in working capital requirement	(94.3)	54.0	15.0		0.5	(24.8)
Corporate income tax paid	(364.9)	42.6				(322.3)
Net cash from operating activities	3,020.1	(235.4)	-	-	-	2,784.7
Purchases of property, plant and equipment and intangible assets	(752.0)	124.3				(627.7)
Proceeds from disposals of property, plant and equipment and intangible assets	50.2	(12.6)				37.6
Acquisitions of subsidiaries, net of cash acquired	1.6	-				1.6
Proceeds from disposals of subsidiaries and associates, net of cash transferred	-	-				-
Purchases of other financial assets	(69.1)	3.5				(65.6)
Proceeds from disposals of other financial assets	36.0	(3.9)				32.1
Interest and dividends received (2)	8.0	(2.8)			9.6	14.8
Net cash used in investing activities	(725.3)	108.5	-	-	9.6	(607.2)
Dividends paid to owners of the parent company	(580.9)	-				(580.9)
Dividends paid to non-controlling interests (2)	(35.0)	24.6			(9.6)	(20.0)
Transactions with non-controlling interests	(27.8)	-				(27.8)
Treasury share transactions	0.2	-				0.2
Bond issues	321.7	(22.3)				299.4
Debt redemptions/repayments	(410.1)	-				(410.1)
Increase/decrease in other borrowings	(363.4)	2.2				(361.2)
Interest paid and equivalent	(203.5)	11.6				(191.9)
PUMA debt redemptions/repayments	-	17.2				17.2
Net cash used in financing activities	(1,298.8)	33.3	-	-	(9.6)	(1,275.1)
Net cash used in discontinued operations	(6.3)	-				(6.3)
Impact of exchange rate variations	152.1	5.3				157.4
Net increase (decrease) in cash and cash equivalents	1,141.8	(88.3)	-	-	-	1,053.5
Cash and cash equivalents at beginning of year	757.5	(326.7)				430.8
Cash and cash equivalents at end of year	1,899.3	(415.0)				1,484.3

(1) Other adjustments include negative synergies and revaluation at fair value of Wilderness shares kept (5%) by the Kering Group, reclassified from Investments in equity-accounted companies to Non-current financial assets.

(2) Dividends received by Kering from PUMA in 2017 for €9.6 millions are reclassified and accounted for under Net cash used in investing activities.