

K E R I N G



PRESS RELEASE

February 13, 2018

HISTORIC PERFORMANCES IN 2017
RECORD-HIGH RECURRING OPERATING INCOME IN 2017

Consolidated revenue: €15,478 million,
up 25.0% as reported, 27.2% on a comparable basis

Luxury activities: up 27.5% as reported, 29.9% on a comparable basis

Sport & Lifestyle activities: up 12.8% as reported, 14.7% on a comparable basis

Recurring operating income: €2,948 million, up 56.3%

Very sharp rise in operating margin to 19.0%

Free cash flow from operations virtually doubled during the year to €2,318 million

Net income, Group share of €1,786 million, up 119.5%

Recommended dividend of €6.00 per share, a 30% year-on-year increase

Payment of a stock dividend in the form of Puma SE shares

François-Henri Pinault, Chairman and CEO, stated: “Kering delivered a phenomenal year in 2017. We created over 3 billion euros in additional revenues in a single year, and generated more than a billion in additional EBIT. Gucci, whose performance was nothing short of spectacular, is amplifying its desirability across all markets. Saint Laurent is on a rapid growth track, while Bottega Veneta pursues its redeployment. Balenciaga is charting an impressive development trajectory, and our other Luxury brands are experiencing positive momentum. All of our Houses enjoy huge growth potential, rooted in their skills at reinventing codes, enhancing desirability through bold creative visions, and thereby creating value. We unequivocally demonstrated the strength of our business model. In a global environment that remains uncertain, we will not relax our vigilance, but we are confident that the complementarity of our Houses, our geographic footprint, the diversity of our customer base and the strengths of an integrated Luxury Group will enable us, this year again, to do much better than our markets.”

Mr. Pinault added: “Earlier this year, we announced the completion of our transformation into a Luxury pure player. Pending their approval, the distribution to our shareholders of the bulk of Kering’s stake in Puma will allow them to directly benefit from the considerable potential of this brand, which is in the early days of its growth story.”



Sharp market outperformance for Luxury activities

- Revenue for the Luxury activities topped the €10 billion mark in 2017, up 29.9% year on year based on comparable data.
- Gucci and Yves Saint Laurent delivered spectacular comparable growth (up 44.6% and 25.3%, respectively).
- Other Luxury brands saw an acceleration in revenue growth (up 14.1% on a comparable basis), especially Balenciaga, which delivered the fastest growth rate of all Group brands in the second half.

Strong growth at Puma

- Puma's revenue topped €4 billion for the first time, a rise of 15.8% on a comparable basis.
- Recurring operating income for the brand jumped 92.7% in 2017.



Key financial indicators

<i>(in € millions)</i>	2017	2016	Change ⁽¹⁾
Revenue	15,477.7	12,384.9	+25.0%
Recurring operating income	2,948.0	1,886.2	+56.3%
<i>As a % of revenue</i>	<i>19.0%</i>	<i>15.2%</i>	<i>+3.8 pts</i>
Of which – Luxury activities	2,911.0	1,936.0	+50.4%
Of which – Sport & Lifestyle activities	244.0	123.2	+98.1%
Of which – Corporate and other	(207.0)	(173.0)	-19.7%
Net income, Group share	1,785.6	813.5	+119.5%
Recurring net income, Group share⁽²⁾	2,001.9	1,281.9	+56.2%

⁽¹⁾ As reported.

⁽²⁾ Recurring net income, Group share: net income from continuing operations, Group share, excluding non-recurring items.

Consolidated revenue for 2017 amounted to €15,477.7 million, up 25.0% as reported and 27.2% based on a comparable Group structure and exchange rates^(a). There was good growth momentum in both mature markets, particularly Western Europe and North America (up 32.3% and 22.9%, respectively, on a comparable basis), and in emerging countries, especially Asia Pacific excluding Japan (up 32.7% on a comparable basis). Japan also delivered double-digit growth (up 10.9% on a comparable basis).

Kering's **gross margin** for 2017 amounted to €10,133 million, up 30.1% on the previous year as reported.

Recurring operating income hit a record high this year, up 56.3% as reported to €2,948.0 million. Consolidated **recurring operating margin** advanced 3.8 percentage points year on year to 19.0%.

Consolidated **EBITDA^(b)** jumped 49.4% year on year to €3,464.4 million in 2017, while the EBITDA margin widened by 3.7 percentage points to 22.4%.

Net income, Group share surged 119.5% in 2017 to €1,785.6 million. Net income from continuing operations (excluding non-recurring items), Group share came in at €2,001.9 million, an increase of 56.2% year on year.

Earnings per share amounted to €14.17 in 2017, up from €6.46 in the prior year. Earnings per share from continuing operations totalled €14.22, compared with €6.55 for 2016.

^(a) The difference between the +25.0% change in revenue as reported and the +27.2% change in revenue on a comparable basis (constant scope and exchange rates) stems from the -2.2% negative impact of exchange rates.

^(b) EBITDA: recurring operating income plus net recurring charges to depreciation, amortisation and provisions on non-current operating assets recognised in recurring operating income.



Operating performances by activity

LUXURY ACTIVITIES: RECORD GROWTH IN REVENUE AND OPERATING INCOME

Revenue (in € millions)	2017	2016	Reported change	Comparable change ⁽¹⁾
Luxury activities	10,795.8	8,469.4	+27.5%	+29.9%
Gucci	6,211.2	4,378.3	+41.9%	+44.6%
Bottega Veneta	1,176.3	1,173.4	+0.2%	+2.4%
Yves Saint Laurent	1,501.4	1,220.2	+23.0%	+25.3%
Other Luxury brands	1,906.9	1,697.5	+12.3%	+14.1%

⁽¹⁾ On a comparable Group structure and exchange rate basis.

Recurring operating income (in € millions)	2017	2016	Change €m	Change % ⁽¹⁾
Luxury activities	2,911.0	1,936.0	+975.0	+50.4%
Gucci	2,124.1	1,256.3	+867.8	+69.1%
Bottega Veneta	294.0	297.4	-3.4	-1.1%
Yves Saint Laurent	376.9	268.5	+108.4	+40.4%
Other Luxury brands	116.0	113.8	+2.2	+1.9%

⁽¹⁾ As reported.

Revenue generated by Kering's Luxury activities in 2017 passed the €10 billion mark for the first time, advancing 27.5% as reported and 29.9% on a comparable basis to €10,795.8 million.

The sharp increase in revenue was driven by 35.3% comparable growth in the directly operated store network and 16.7% comparable growth in the wholesale network. Directly operated stores – which account for over 75% of total sales for Luxury activities – saw strong growth momentum across all regions, in both emerging countries (up 32.8% on a comparable basis) and mature markets (up 28.1% on a comparable basis). Total revenue advanced 33.4% on a comparable basis in Asia Pacific, 32.7% in Western Europe, 27.1% in North America and 15.5% in Japan. Online sales for Luxury activities surged by more than 70% year-on-year.

Kering's Luxury activities reported further revenue growth in **fourth-quarter 2017**, with a rise of 24.6% as reported and 30.5% on a comparable basis. The directly operated store network continued on an uptrend, with sales rising 36% on a comparable basis over the quarter.

Recurring operating income surged 50.4% as reported in 2017 to €2,911.0 million.



Gucci: a spectacular year

Gucci had an exceptional year in more ways than one. The House significantly outperformed the market, with **2017 revenue** topping the €6 billion mark for the first time at €6,211.2 million (up 41.9% as reported and 44.6% on a comparable basis). Sales in directly operated stores were 47.0% higher year on year, with an even more impressive showing in Western Europe (up 57.6% on a comparable basis) and North America (up 43.9% on a comparable basis). All of the brand's main product categories contributed to sales growth in the directly operated store network. Online sales soared by more than 80%, while sales in the wholesale network were up 34.7% on a comparable basis.

The rise in revenue in **fourth-quarter 2017** (up 42.6% on a comparable basis) was consistent with the sharp growth seen in the rest of the year, despite strong prior-year comparative figures.

Gucci's **recurring operating income for 2017** surged 69.1% as reported, while its recurring operating margin widened by 550 basis points to hit an all-time high of 34.2%.

Bottega Veneta: consolidation and transition

Bottega Veneta's performance confirmed the solid execution of its action plans. **2017 revenue** amounted to €1,176.3 million, up 0.2% as reported and 2.4% based on comparable data. Bottega Veneta continued to strengthen its high-end positioning and to focus on its directly operated stores as its preferred distribution channel. Revenue in directly operated stores advanced by 4.0% over the year, led by the rise in sales in Western Europe (up 7.3% on a comparable basis).

Bottega Veneta turned in a robust performance in **fourth-quarter 2017**, with revenue up 4.7% on a comparable basis. Sales in directly operated stores were up 6.0% over the period.

Recurring operating income came in at €294.0 million for 2017 and recurring operating margin at 25.0%.

Yves Saint Laurent: a stellar growth and profitability trajectories

Yves Saint Laurent delivered another exceptional performance over the year, with **2017 revenue** up 23.0% as reported and 25.3% on a comparable basis to €1,501.4 million. Sales in directly operated stores climbed 27.3% on a comparable basis, propelled by revenue growth across all regions. This excellent performance reflects increasing customer loyalty as well as the House's cachet amongst tourists, particularly in Western Europe (up 27.1% on a comparable basis). The wholesale network posted 20.1% growth. All of Yves Saint Laurent's main product categories reported very solid sales growth during the year.

Yves Saint Laurent's sharp growth trajectory was confirmed in **fourth-quarter 2017** (up 22.9% on a comparable basis), with the House delivering its seventeenth consecutive quarter of above-20% revenue growth.

Recurring operating income for Yves Saint Laurent in 2017 was 40.4% higher as reported at €376.9 million, while recurring operating margin crossed the 25% mark for the first time.



Other Luxury brands: faster growth in both Couture & Leather Goods and Watches & Jewelry

Other Luxury brands saw robust growth in **2017 revenue**, up 12.3% as reported and 14.1% based on comparable data to €1,906.9 million. All of the Group's main regions contributed to the sales uptick, with Western Europe (up 17.0% on a comparable basis) and Japan (up 19.9% on a comparable basis) putting in particularly strong performances. Sales in directly operated stores rose by 26.3% on a comparable basis, with all brands contributing to growth. Sales in the wholesale network climbed 7.4% on a comparable basis.

Couture & Leather Goods brands posted bumper revenue growth of 17.8% on a comparable basis, lifted primarily by an excellent performance from Balenciaga, whose sales gained ground in all product categories and in all regions.

Watches & Jewelry brands continued to deliver firm growth in sales, up 8.7% on a comparable basis. The performance of the Group's Jewelry Houses in 2017 reflects the implementation of their growth and investment strategies. Watches posted sales growth, propelled by the success of their classic and innovative products.

Sales for other Luxury brands in **fourth-quarter 2017** rose 18.8% on a comparable basis, driven especially by Balenciaga, which was the Group's fastest-growing brand in the quarter.

2017 recurring operating income for other Luxury brands was €116.0 million.

SPORT & LIFESTYLE ACTIVITIES: ROBUST GROWTH DRIVEN BY AN EXCELLENT PERFORMANCE FROM PUMA

Revenue (in € millions)	2017	2016	Reported change	Comparable change ⁽¹⁾
Sport & Lifestyle activities	4,381.9	3,883.7	+12.8%	+14.7%
Puma	4,151.7	3,642.2	+14.0%	+15.8%
Other Sport & Lifestyle brands	230.2	241.5	-4.7%	-3.2%

⁽¹⁾ On a comparable Group structure and exchange rate basis.

Recurring operating income (in € millions)	2017	2016	Change €m	Change % ⁽¹⁾
Sport & Lifestyle activities	244.0	123.2	+120.8	+98.1%
Puma	243.9	126.6	+117.3	+92.7%
Other Sport & Lifestyle brands	0.1	(3.4)	+3.5	+102.9%

⁽¹⁾ As reported.

2017 revenue for the Sport & Lifestyle activities totalled €4,381.9 million, a rise of 12.8% as reported and 14.7% on a comparable basis. Sales were up in all distribution channels and in all main regions. Sport & Lifestyle activities posted solid growth in all key product categories, especially Footwear (up 23.3% on a comparable basis).



Recurring operating income for Sport & Lifestyle activities virtually doubled year on year, up 98.1% to €244.0 million in 2017.

Puma's full-year revenue topped the €4 billion mark for the first time, up 14.0% as reported and 15.8% on a comparable basis at €4,151.7 million. Wholesale sales – which represented 76.5% of the brand's total revenue – rose by 14.0% on a comparable basis. Sales in directly operated stores were up 22.9%.

Puma continued on an uptrend in **fourth-quarter 2017**, with revenue advancing 14.6% on a comparable basis.

2017 recurring operating income for the brand almost doubled year on year, soaring 92.7% to €243.9 million.

*

Corporate and other: integration of Kering Eyewear sales

Kering Eyewear – whose Gucci licence for sunglasses and frames has been operative since January 2017 – was consolidated within the “Corporate and other” segment for the first time. Kering Eyewear saw vigorous trading in 2017, posting sales of €352 million. It contributed €272 million to consolidated revenue during the period, after eliminating intra-group sales and royalties paid to the brands. Its contribution to organic growth at constant exchange rates for the Group was 2.2 percentage points.

Other income statement items

Other non-recurring operating income and expenses represented a net expense of €241.7 million in 2017 versus a net expense of €506.0 million one year earlier.

The **cost of net debt** was unchanged from 2016, at €128.2 million.

Net finance costs totalled €242.6 million, versus €201.8 million one year earlier.

The **effective tax rate** came out at 24.0%.

Net income, Group share soared 119.5% over the year to €1,785.6 million.

Net income from continuing operations (excluding non-recurring items), Group share topped the €2 billion mark, at €2,001.9 million.

Cash flows and financial position

The generation of free cash flow from operations is a key financial objective for the Group.

The Group's **free cash flow from operations** totalled €2,318.3 million in 2017, almost double the 2016 figure.

As of December 31, 2017, Kering had a very solid financial structure:

(in € millions)

	Dec. 31, 2017	Dec. 31, 2016	Change
Capital employed	15,675.0	16,334.6	-659.6
Total equity	12,626.4	11,963.9	+662.5
Net debt	3,048.6	4,370.7	-1,322.1

K E R I N G



The **Group's net debt** totalled €3,048.6 million as of December 31, 2017, representing a decrease of €1,322.1 million compared with the previous year-end. This corresponds to a leverage ratio of 0.9x EBITDA.

	2017	2016
Gearing (net debt/equity)	24.1%	36.5%
Solvency ratio (net debt/EBITDA)	0.9	1.9

Dividend

1. Payment of a cash dividend

At its February 12, 2018 meeting, the Board decided to ask shareholders to approve a €6.00 per share cash dividend for 2017 at the Annual General Meeting to be held to approve the financial statements for the year ended December 31, 2017, up 30% year on year.

An interim cash dividend of €2.00 per share was paid on January 17, 2018 pursuant to a decision by the Board of Directors on December 14, 2017.

Subject to shareholders' approval, the cash dividend will have an ex-dividend date of May 14, 2018 (before market opening), and will be paid on May 16, 2018 based on the positions established as of the evening of May 15.

2. Payment of an exceptional dividend in the form of PUMA shares

At its January 11, 2018 meeting, Kering's Board of Directors also decided to ask shareholders at the Annual General Meeting of April 26, 2018 to approve the payment of a stock dividend in the form of PUMA SE ("PUMA") shares representing 70.40% of PUMA's total outstanding share capital, out of the 86.25% owned by the Group as of December 31, 2017. Upon completion of this operation, Kering would retain 2,368,558 PUMA shares, or 15.85% of its shares outstanding and voting rights. The stock dividend will have an ex-dividend date of May 14, 2018 (before market opening), and will be paid on May 16, 2018, based on the positions established as of the evening of May 15.

Outlook

Positioned in structurally high-growth markets, Kering enjoys very solid fundamentals and a balanced portfolio of complementary, high-potential brands with clearly focused priorities.

As in 2017, the Group's Luxury activities will focus on achieving same-store revenue growth in 2018 while ensuring a targeted and selective expansion of their store network. In parallel, they will leverage all aspects of their businesses in order to durably strengthen operating margins.

In the Group's Sport & Lifestyle activities, PUMA expects to deliver another year of strong growth in revenue and recurring operating margin. If Kering's shareholders approve the resolution that will be put to them at the Annual General Meeting to pay an exceptional dividend in the form of 70.40% of PUMA's total shares outstanding, the Group's exposure to this business will be automatically reduced.

The Group's operating environment remains unsettled – from both an economic and a geopolitical standpoint – and is exposed to events that could influence consumer trends and tourism flows.

In addition, the recent currency fluctuations – especially for the euro, which has gained ground against most of other currencies – may weigh on the Group's performance indicators.

KERING



Against this backdrop, during the course of 2018 the Group will continue to implement the measures it successfully actioned in 2017, namely rigorously managing and allocating resources in order to further enhance operating performance, keep up a high level of cash flow generation and grow its return on capital employed.

At its meeting on February 12, 2018, the Board of Directors, under the chairmanship of François-Henri Pinault, approved the consolidated financial statements for 2017. The audit of the consolidated financial statements has been completed and the audit report is being issued.

K E R I N G



PRESENTATION

A **live webcast** of the presentation of the 2017 Annual Results will be available on **Tuesday, February 13, 2018** at 9:00am (CET) on www.kering.com. The presentation slides and 2017 financial report (pdf) will be made available beforehand.

A replay will be available online later in the day.

You will also be able to listen to the presentation live or on replay by dialling:

French:

Live presentation: +33 (0)1 72 72 74 03

Live passcode: 50394660#

Replay: +33 (0)1 70 71 01 60

Replay passcode: 418726331#

English:

Live presentation: +44 (0)207 194 3759

Live passcode: 39613580#

Replay: +44 (0)203 364 5147

Replay passcode: 418726334#

About Kering

A global Luxury group, Kering develops an ensemble of luxury houses in fashion, leather goods, jewellery 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).

Contacts

Press

Emilie Gargatte

+33 (0)1 45 64 61 20

emilie.gargatte@kering.com

Astrid Wernert

+33 (0)1 45 64 61 57

astrid.wernert@kering.com

Analysts/investors

Claire Roblet

+33 (0)1 45 64 61 49

claire.roblet@kering.com

Laura Levy

+33 (0)1 45 64 60 45

laura.levy@kering.com

www.kering.com

Twitter: @KeringGroup

LinkedIn: Kering

Instagram: @kering_official

YouTube: KeringGroup



DECEMBER 31, 2017
CONSOLIDATED FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION

<i>Contents</i>	<i>page</i>
2017 highlights	12
Consolidated income statement	14
Consolidated statement of financial position	15
Consolidated statement of cash flows	16
Breakdown of revenue	17
Breakdown of recurring operating income	19
Definitions of non-IFRS financial indicators	20



2017 HIGHLIGHTS

Kering Eyewear – A strategic partnership with the Richemont group

On June 1, 2017, Kering announced the close of the partnership deal agreed on March 21 between Kering Eyewear and the Maison Cartier (owned by Compagnie Financière Richemont) to develop the Eyewear category. The strategic rationale behind the partnership is to join forces and grow in scale to create a high-performing platform for the development, manufacture and worldwide distribution of Cartier eyewear.

Under the terms of the agreement, Richemont acquired a minority stake in Kering Eyewear, a specialised company fully dedicated to the eyewear activity of the 12 brands of the Kering group (Gucci, Bottega Veneta, Saint Laurent, Alexander McQueen, Brioni, Christopher Kane, McQ, Stella McCartney, Tomas Maier, Boucheron, Pomellato and Puma). Kering Eyewear has also integrated the Manufacture Cartier Lunettes entity in Sucy-en-Brie, France.

The Cartier 2018 Spring-Summer collection, which was presented at the Silmo International Optics and Eyewear Exhibition held in Paris between October 6 and 9, 2017, marked the official launch of the partnership.

Manufacture Cartier Lunettes has been consolidated in the Group's financial statements since the second half of 2017.

Change in management and creative transition – Other Luxury brands

On March 17, 2017, Kering announced the appointment of Fabrizio Malverdi as the CEO of Brioni. On June 15, 2017, Brioni announced the appointment of Nina-Maria Nitsche as Brioni's new Creative Director with responsibility for the House's collections and image.

On August 17, 2017, Kering announced the appointment of Patrick Pruniaux as CEO of Swiss watchmaking house Ulysse Nardin.

Appointment and corporate governance at Kering

On December 4, 2017, Kering announced that Grégory Boutté had been appointed as Chief Client and Digital Officer and a member of the Group's Executive Committee. His responsibilities are to lead the Group's digital transformation and drive the development of e-commerce, CRM and data management.

Bond issue

On March 28, 2017, Kering carried out a €300 million issue of ten-year bonds with a fixed-rate coupon of 1.50%. The bonds were settled and delivered on April 5, 2017.

SUBSEQUENT EVENTS

Planned payment of an exceptional dividend to Kering shareholders in the form of PUMA shares

At its January 11, 2018 meeting, Kering's Board of Directors decided to ask shareholders at the Annual General Meeting of April 26, 2018 to be held to approve the financial statements for the year ended December 31, 2017, to approve the payment of an exceptional stock dividend in the form of PUMA SE ("PUMA") shares, with the allocation of 1 PUMA share for 12 Kering shares held. If this stock dividend is approved, the payment date will be May 16, 2018. Upon completion of this operation, Kering would retain 15.85% of PUMA's shares outstanding and voting rights. The main consequence of this distribution of PUMA shares will be that Kering will cease to exercise control over PUMA at the dividend payment date.

OTHER ANNOUNCEMENTS IN 2017

Renovation of Boucheron's flagship store on Place Vendôme

On March 30, 2017, Kering announced that renovation would begin at Boucheron's iconic flagship store at 26 Place Vendôme in Paris. The project aims to showcase the architecture and original volumes of the partly-listed building on the occasion of Boucheron's 160th anniversary.

K E R I N G



Agreement between Kering and Alibaba Group to safeguard intellectual property rights and fight counterfeiting

On August 3, 2017, Kering and Alibaba Group and its affiliate Ant Financial Services announced the signing of a new agreement to cooperate in their efforts to protect intellectual property and take joint enforcement actions online and offline against infringers in order to provide the best consumer experience and a trusted environment.

Kering and LVMH sign a new charter on working relations with fashion models and their well-being

On September 6, 2017, Kering and LVMH announced their decision to draw up a new charter on working relations with fashion models that will henceforth apply to all of their brands.

Rankings and certifications

On September 19, 2017, Kering was ranked amongst industry leaders on the Dow Jones Sustainability Index (DJSI) for the third year running, taking the top spot in the Textile, Apparel & Luxury Goods sector.

K E R I N G



Consolidated income statement

<i>(in € millions)</i>	2017	2016
CONTINUING OPERATIONS		
Revenue	15,477.7	12,384.9
Cost of sales	(5,344.7)	(4,595.3)
Gross margin	10,133.0	7,789.6
Payroll expenses	(2,443.6)	(1,983.7)
Other recurring operating income and expenses	(4,741.4)	(3,919.7)
Recurring operating income	2,948.0	1,886.2
Other non-recurring operating income and expenses	(241.7)	(506.0)
Operating income	2,706.3	1,380.2
Finance costs, net	(242.6)	(201.8)
Income before tax	2,463.7	1,178.4
Corporate income tax	(591.0)	(296.1)
Share in earnings (losses) of equity-accounted companies	(2.0)	(2.2)
Net income from continuing operations	1,870.7	880.1
o/w Group share	1,791.2	825.1
o/w attributable to non-controlling interests	79.5	55.0
DISCONTINUED OPERATIONS		
Net loss from discontinued operations	(5.6)	(11.6)
o/w Group share	(5.6)	(11.6)
o/w attributable to non-controlling interests		
Net income of consolidated companies	1,865.1	868.5
o/w Group share	1,785.6	813.5
o/w attributable to non-controlling interests	79.5	55.0
EARNINGS PER SHARE		
Net income, Group share	1,785.6	813.5
Earnings per share <i>(in €)</i>	14.17	6.46
Fully diluted earnings per share <i>(in €)</i>	14.17	6.46
Net income from continuing operations, Group share	1,791.2	825.1
Earnings per share <i>(in €)</i>	14.22	6.55
Fully diluted earnings per share <i>(in €)</i>	14.22	6.55
Net income from continuing operations (excluding non-recurring items), Group share	2,001.9	1,281.9
Earnings per share <i>(in €)</i>	15.89	10.17
Fully diluted earnings per share <i>(in €)</i>	15.89	10.17

K E R I N G



Consolidated statement of financial position

ASSETS

<i>(in € millions)</i>	Dec. 31, 2017	Dec. 31, 2016
Goodwill	3,421.2	3,533.5
Brands and other intangible assets	11,159.0	11,272.7
Property, plant and equipment	2,267.6	2,206.5
Investments in equity-accounted companies	48.6	48.3
Non-current financial assets	364.3	480.4
Deferred tax assets	964.6	927.0
Other non-current assets	35.4	30.4
Non-current assets	18,260.7	18,498.8
Inventories	2,699.1	2,432.2
Trade receivables	1,366.5	1,196.4
Current tax receivables	78.6	105.6
Other current financial assets	155.6	131.0
Other current assets	880.3	725.4
Cash and cash equivalents	2,136.6	1,049.6
Current assets	7,316.7	5,640.2
Total assets	25,577.4	24,139.0

EQUITY AND LIABILITIES

<i>(in € millions)</i>	Dec. 31, 2017	Dec. 31, 2016
Share capital	505.2	505.2
Capital reserves	2,428.3	2,428.3
Treasury shares		
Translation adjustments	(131.7)	87.8
Remeasurement of financial instruments	76.0	16.8
Other reserves	9,070.4	8,231.6
Equity, Group share	11,948.2	11,269.7
Non-controlling interests	678.2	694.2
Total equity	12,626.4	11,963.9
Non-current borrowings	4,245.5	4,185.8
Other non-current financial liabilities	0.7	19.6
Provisions for pensions and other post-employment benefits	125.7	142.6
Other non-current provisions	55.5	74.0
Deferred tax liabilities	2,712.2	2,854.5
Other non-current liabilities	48.8	
Non-current liabilities	7,188.4	7,276.5
Current borrowings	939.7	1,234.5
Other current financial liabilities	367.6	285.9
Trade payables	1,240.7	1,098.5
Provisions for pensions and other post-employment benefits	10.7	8.2
Other current provisions	182.4	143.7
Current tax liabilities	815.4	398.5
Other current liabilities	2,206.1	1,729.3
Current liabilities	5,762.6	4,898.6
Total equity and liabilities	25,577.4	24,139.0

K E R I N G



Consolidated statement of cash flows

<i>(In € millions)</i>	2017	2016
Net income from continuing operations	1,870.7	880.1
Net recurring charges to depreciation, amortisation and provisions on non-current operating assets	516.4	432.0
Other non-cash income and expenses	72.1	295.0
Cash flow from operating activities	2,459.2	1,607.1
Interest paid/received	198.4	179.3
Dividends received	(1.2)	(0.7)
Net income tax payable	822.9	386.1
Cash flow from operating activities before tax, dividends and interest	3,479.3	2,171.8
Change in working capital requirement	(94.3)	(84.4)
Corporate income tax paid	(364.9)	(295.5)
Net cash from operating activities	3,020.1	1,791.9
Purchases of property, plant and equipment and intangible assets	(752.0)	(611.0)
Proceeds from disposals of property, plant and equipment and intangible assets	50.2	8.5
Acquisitions of subsidiaries, net of cash acquired	1.6	(4.2)
Proceeds from disposals of subsidiaries and associates, net of cash transferred		(6.0)
Purchases of other financial assets	(69.1)	(87.4)
Proceeds from disposals of other financial assets	36.0	16.4
Interest and dividends received	8.0	14.0
Net cash used in investing activities	(725.3)	(669.7)
Dividends paid to owners of the parent company	(580.9)	(504.9)
Dividends paid to non-controlling interests	(35.0)	(36.5)
Transactions with non-controlling interests	(27.8)	(0.2)
Treasury share transactions	0.2	0.5
Bond issues	321.7	570.5
Debt redemptions/repayments	(410.1)	(51.9)
Increase/decrease in other borrowings	(363.4)	(1,054.7)
Interest paid and equivalent	(203.5)	(186.6)
Net cash used in financing activities	(1,298.8)	(1,263.8)
Net cash used in discontinued operations	(6.3)	(17.7)
Impact of exchange rate variations	152.1	13.9
Net increase (decrease) in cash and cash equivalents	1,141.8	(145.4)
Cash and cash equivalents at beginning of year	757.5	902.9
Cash and cash equivalents at end of year	1,899.3	757.5



Breakdown of revenue

(in € millions)

	Q4 2017	Q4 2016	Reported change	Comparable change ⁽¹⁾	2017	2016	Reported change	Comparable change ⁽¹⁾
Luxury activities	3,086.8	2,476.6	+24.6%	+30.5%	10,795.8	8,469.4	+27.5%	+29.9%
Gucci	1,824.9	1,342.5	+35.9%	+42.6%	6,211.2	4,378.3	+41.9%	+44.6%
Bottega Veneta	305.2	308.4	-1.0%	+4.7%	1,176.3	1,173.4	+0.2%	+2.4%
Yves Saint Laurent	406.9	346.2	+17.5%	+22.9%	1,501.4	1,220.2	+23.0%	+25.3%
Other Luxury brands	549.8	479.5	+14.7%	+18.8%	1,906.9	1,697.5	+12.3%	+14.1%
Sport & Lifestyle activities	1,104.1	1,022.5	+8.0%	+14.0%	4,381.9	3,883.7	+12.8%	+14.7%
Puma	1,045.0	961.7	+8.7%	+14.6%	4,151.7	3,642.2	+14.0%	+15.8%
Other Sport & Lifestyle brands	59.1	60.8	-2.8%	+4.2%	230.2	241.5	-4.7%	-3.2%
Corporate and other	65.6	8.2	N/A	N/A	300.0	31.8	N/A	N/A
Kering – Continuing operations	4,256.5	3,507.3	+21.4%	+27.4%	15,477.7	12,384.9	+25.0%	+27.2%

⁽¹⁾ On a comparable Group structure and exchange rate basis.



Revenue for the first, second, third and fourth quarters of 2017

(in € millions)

	Q4 2017	Q4 2016	Reported change	Comparable change ⁽¹⁾	Q3 2017	Q3 2016	Reported change	Comparable change ⁽¹⁾	Q2 2017	Q2 2016	Reported change	Comparable change ⁽¹⁾	Q1 2017	Q1 2016	Reported change	Comparable change ⁽¹⁾
Luxury activities	3,086.8	2,476.6	+24.6%	+30.5%	2,677.8	2,114.9	+26.6%	+32.3%	2,614.1	2,074.2	+26.0%	+25.3%	2,417.1	1,803.7	+34.0%	+31.6%
Gucci	1,824.9	1,342.5	+35.9%	+42.6%	1,553.8	1,088.3	+42.8%	+49.4%	1,478.5	1,053.3	+40.4%	+39.3%	1,354.0	894.2	+51.4%	+48.3%
Bottega Veneta	305.2	308.4	-1.0%	+4.7%	280.7	293.8	-4.5%	+0.9%	310.0	303.3	+2.2%	+1.7%	280.4	267.9	+4.7%	+2.3%
Yves Saint Laurent	406.9	346.2	+17.5%	+22.9%	383.7	326.1	+17.7%	+22.2%	346.4	278.7	+24.3%	+23.7%	364.4	269.2	+35.4%	+33.4%
Other Luxury brands	549.8	479.5	+14.7%	+18.8%	459.6	406.7	+13.0%	+17.0%	479.2	438.9	+9.2%	+9.1%	418.3	372.4	+12.3%	+11.1%
Sport & Lifestyle activities	1,104.1	1,022.5	+8.0%	+14.0%	1,191.3	1,064.4	+11.9%	+15.9%	1,022.4	883.7	+15.7%	+14.7%	1,064.1	913.1	+16.5%	+14.0%
Puma	1,045.0	961.7	+8.7%	+14.6%	1,125.7	994.1	+13.2%	+17.3%	972.1	830.5	+17.0%	+16.1%	1,008.9	855.9	+17.9%	+15.3%
Other Sport & Lifestyle brands	59.1	60.8	-2.8%	+4.2%	65.6	70.3	-6.7%	-3.2%	50.3	53.2	-5.5%	-7.4%	55.2	57.2	-3.5%	-6.3%
Corporate and other	65.6	8.2	N/A	N/A	55.9	5.4	N/A	N/A	86.2	11.2	N/A	N/A	92.3	7.0	N/A	N/A
Kering – Continuing operations	4,256.5	3,507.3	+21.4%	+27.4%	3,925.0	3,184.7	+23.2%	+28.4%	3,722.7	2,969.1	+25.4%	+24.6%	3,573.5	2,723.8	+31.2%	+28.6%

⁽¹⁾ On a comparable Group structure and exchange rate basis.



Breakdown of recurring operating income

<i>(in € millions)</i>	2017	2016	Change €m	Change %⁽¹⁾
<i>Luxury activities</i>	2,911.0	1,936.0	+975.0	+50.4%
Gucci	2,124.1	1,256.3	+867.8	+69.1%
Bottega Veneta	294.0	297.4	-3.4	-1.1%
Yves Saint Laurent	376.9	268.5	+108.4	+40.4%
Other Luxury brands	116.0	113.8	+2.2	+1.9%
<i>Sport & Lifestyle activities</i>	244.0	123.2	+120.8	+98.1%
Puma	243.9	126.6	+117.3	+92.7%
Other Sport & Lifestyle brands	0.1	(3.4)	+3.5	+102.9%
<i>Corporate and other</i>	(207.0)	(173.0)	-34.0	-19.7%
Recurring operating income	2,948.0	1,886.2	+1,061.8	+56.3%

⁽¹⁾ As reported.



DEFINITIONS OF NON-IFRS FINANCIAL INDICATORS

“Reported” and “comparable” revenue

The Group’s “reported” revenue corresponds to published revenue. The Group also uses “comparable” data to measure organic growth. “Comparable” revenue refers to 2016 revenue adjusted as follows by:

- neutralising the portion of revenue corresponding to entities divested in 2016;
- including the portion of revenue corresponding to entities acquired in 2017;
- remeasuring 2016 revenue at 2017 exchange rates.

These adjustments give rise to comparative data at constant scope and exchange rates, which serves to measure organic growth.

Recurring operating income

The Group’s total operating income includes all revenues and expenses directly related to Group activities, whether these revenues and expenses are recurring or arise from non-recurring decisions or transactions.

“Other non-recurring operating income and expenses” consists of unusual items, notably as concerns the nature or frequency, that could distort the assessment of Group entities’ financial performance. Other non-recurring operating income and expenses may include impairment of property, plant and equipment, goodwill and other intangible assets, gains or losses on disposals of non-current assets, restructuring costs and costs relating to employee adaptation measures.

Consequently, Kering monitors its operating performance using “Recurring operating income”, defined as the difference between total operating income and other non-recurring operating income and expenses.

Recurring operating income is an intermediate line item intended to facilitate the understanding of the Group’s operating performance and which can be used as a way to estimate recurring performance. This indicator is presented in a manner that is consistent and stable over the long term in order to ensure the continuity and relevance of financial information.

Recurring operating income at comparable exchange rates for 2016 takes into account the currency impact on revenue and Group acquisitions, the effective portion of currency hedges and the impact of changes in exchange rates on the translation of the recurring operating income of consolidated entities located outside the eurozone.

EBITDA

The Group uses EBITDA to monitor its operating performance. This financial indicator corresponds to recurring operating income plus net charges to depreciation, amortisation and provisions on non-current operating assets recognised in recurring operating income.

EBITDA at comparable exchange rates is defined using the same principles as for recurring operating income at comparable exchange rates.

K E R I N G



Free cash flow from operations and available cash flow

The Group also uses an intermediate line item, "Free cash flow from operations", to monitor its financial performance. This financial indicator measures net operating cash flow less net operating investments (defined as purchases and sales of property, plant and equipment and intangible assets).

"Available cash flow" corresponds to free cash flow from operations plus interest and dividends received less interest paid and equivalent.

Net debt

As defined by CNC recommendation No. 2009-R-03 of July 2, 2009, net debt comprises gross borrowings, including accrued interest, less cash and cash equivalents.

Net debt includes fair value hedging instruments recorded in the statement of financial position relating to bank borrowings and bonds whose interest rate risk is fully or partly hedged as part of a fair value relationship.

Recurring tax rate

The recurring tax rate corresponds to the effective tax rate, excluding tax effects relating to "Other non-recurring operating income and expenses".