



## PRESS RELEASE

October 24, 2017

# ANOTHER QUARTER OF OUTSTANDING REVENUE GROWTH

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## Third-quarter 2017 revenue

### **Consolidated revenue: up 23.2% as reported and 28.4% on a comparable basis**

Luxury activities: up 26.6% as reported and 32.3% on a comparable basis

Sport & Lifestyle activities: up 11.9% as reported and 15.9% on a comparable basis

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*"Thanks to flawless execution of our strategies, at Group level as well as in each of our brands, we delivered another quarter of outstanding growth. The substantial increase of our Houses' revenue over an extended period is a testimony to their enduring appeal, built on creative audacity and innovativeness. We will keep concentrating on organic growth, value creation and strict financial discipline. Facing unfavorable currency impacts and a tougher base of comparison, we remain fully confident in Kering's ability to achieve a record year, fueled by sector-leading growth."*

**François-Henri Pinault, Chairman and Chief Executive Officer**

### **Sustained strong growth momentum for the Group**

- Third-quarter 2017 revenue of €3,925.0 million, up 23.2% as reported and 28.4% on a comparable basis.
- Well-balanced contribution from all regions.

### **Another excellent performance by Luxury activities**

- Very strong third-quarter 2017 (up 32.3% on a comparable basis), particularly for Gucci (up 49.4% on a comparable basis) and Yves Saint Laurent (up 22.2% on a comparable basis).
- Double-digit growth for Other Luxury brands, in both Couture & Leather Goods and Watches & Jewellery. Sharp acceleration at Balenciaga.
- Sustained growth across all regions and through all distribution channels, with revenue up 36.8% for directly operated stores.

### **A robust third quarter for Sport & Lifestyle activities**

- Revenue up 15.9% on a comparable basis and across all key regions.
- Another quarter of strong revenue for Puma, up 17.3% on a comparable basis, led by the brand's excellent growth momentum in all product categories.



## **LUXURY ACTIVITIES: ANOTHER PERIOD OF REMARKABLE ORGANIC GROWTH**

Kering's Luxury activities enjoyed another period of very strong growth in the third quarter of 2017, with revenue up 26.6% as reported, and 32.3% based on a comparable Group structure and exchange rates, to stand at €2,677.8 million. The acceleration in Luxury sales was driven by Kering's network of directly operated stores (up 36.8% on a comparable basis). Online sales expanded by nearly 80%, and appeal for the Group's luxury fashion houses was strong with both local customers and tourists from all nationalities, and in all regions. Wholesale distribution also enjoyed robust growth of 21.7%, with substantial contributions from Gucci, Yves Saint Laurent and Balenciaga.

### ***Gucci: Another quarter of outstanding growth***

Gucci delivered another spectacular increase in revenue for the third quarter of 2017, up 42.8% as reported and 49.4% on a comparable basis to €1,553.8 million. The unique creative universe inspired by Alessandro Michele and Gucci's ability to constantly innovate allow the brand to continue to attract broader and increasingly diverse clientele segments, attesting to the development of a sustainable growth model.

Now accounting for 82.7% of Gucci revenue, sales in directly operated stores increased 50.9% and across all nationalities and regions. All product categories enjoyed double-digit growth, from Men's and Women's collections, and from established and new lines. Online sales posted triple-digit growth. Wholesale increased 43.9% in the quarter, largely reflecting the success of the Autumn/Winter 2017 collection in that channel. Gucci continues to invest in marketing and communications and in its supply chain in order to maintain its growth momentum.

### ***Bottega Veneta: Ongoing transition***

Sales for Bottega Veneta came in at €280.7 million in the third quarter of 2017, down 4.5% as reported and up 0.9% on a comparable basis. Accounting for 84.5% of the total, sales across the directly operated network increased 2.8% on a comparable basis and were driven by all key product categories. Ready-to-Wear and Shoes – Men's and Women's – confirmed the positive trends seen in recent quarters, and the increase in revenue for Leather Goods reflected the success of its new collections. Bottega Veneta, whose last shows have been widely praised, is continuing to invest in communications and digital marketing to strengthen its ties with existing customers and Millennials. The Maison also continued to adapt its network of stores to reinforce its exclusive positioning.

### ***Yves Saint Laurent: Sustained robust growth***

Yves Saint Laurent kept up its very strong growth momentum in the third quarter of 2017. Sales for the period amounted to €383.7 million, up 17.7% as reported and 22.2% on a comparable basis. The increase in revenue was balanced between distribution channels: revenue generated by directly operated stores rose 21.1% on a comparable basis, fueled by all key regions, and Wholesale increased 23.4%. Online sales also continued to grow at a rapid pace. Fall-Winter 2017 collections from Anthony Vaccarello are a resounding success driving the sales of Ready-to-wear and supporting the growth of Accessories, which remains strong. The Summer 2018 show held on September 26 in Paris was met with unanimous acclaim.

### ***Other Luxury brands: Double-digit growth for both Couture & Leather Goods and Watches & Jewellery***

At €459.6 million, revenue for Kering's Other Luxury brands was up 13.0% as reported and 17.0% on a comparable basis. For Couture & Leather Goods, the strong 19.3% increase in sales on a comparable basis, notably in directly operated stores, was led by an excellent performance from Balenciaga. Ready-to-Wear and Shoes fared exceptionally well across all regions. The warm reception of the latest Spring/Summer show from Demna Gvasalia once again strengthened the appeal of the brand, which has recently opened a new flagship store on Avenue Montaigne in Paris. All other Couture & Leather Goods brands saw an increase in sales in their directly operated stores.



With new collections and reworked iconic lines, luxury Jewellery brands also posted solid growth. Boucheron, Pomellato, Dodo and Qeelin performed well, both across their directly operated networks and in Wholesale distribution channels. Watchmakers enjoyed very encouraging growth over the quarter. The new models launched by Girard-Perregaux and Ulysse Nardin were very well received among customers, particularly in Western Europe and the Middle East.

### **SPORT & LIFESTYLE ACTIVITIES: AN EXCELLENT PERFORMANCE FROM PUMA**

Sport & Lifestyle activities continued on their growth trajectory, with revenue advancing 11.9% as reported and 15.9% on a comparable basis.

Puma delivered another excellent performance for the quarter, with double-digit growth on a comparable basis across all key regions. Revenue for the brand rose by 13.2% as reported and by 17.3% on a comparable basis to €1,125.7 million. The brand also fared well in all distribution channels, with robust growth across all product categories, notably Shoes (23.2% on a comparable basis) and Accessories (23.8% on a comparable basis). Puma continued to launch new innovative product collections (such as the new Puma One collection), and recent products continued to meet with success over the quarter (Tsugi, Basket Heart, Ignite Limitless). The brand also recently announced its partnership with singer, actress and social media icon, Selena Gomez.

Conversely, Volcom's performance continued to be hampered by the challenges faced by specialist distributors in the US.



## **SIGNIFICANT EVENTS AND ANNOUNCEMENTS SINCE JULY 1, 2017**

### ***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.

### ***Appointment of Patrick Pruniaux at Ulysse Nardin***

On August 17, 2017, Kering announced the appointment of Patrick Pruniaux as CEO of Swiss watchmaking house Ulysse Nardin, effective August 28, 2017. He will report to Albert Bensoussan, CEO of Kering's Luxury – Watches & Jewellery division.

### ***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 is henceforth applied 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.

### ***Inauguration of the new tannery in Périers***

On October 12, 2017, four years after the acquisition of France Croco, Kering inaugurated the new plant of *Tannerie de Périers*, in Normandy.

# KERING



## AUDIOCAST

An **audiocast** for analysts and investors will be held at **6.30pm** (Continental Europe) / **5.30pm** (UK) / **12.30pm** (US, East Coast) on **Tuesday October 24, 2017**. It may be accessed [here](#).

The audiocast will also be available by phone, using one of the dial-in numbers below:

France	+33 (0)1 76 77 22 28
United Kingdom	+44 (0)20 3427 1903
United States	+1 212 444 0481

Access code: 9975721

A replay of the audiocast will also be available at [www.kering.com](http://www.kering.com) (Finance section).

## PRESENTATION

The slides (PDF) will be available ahead of the audiocast at [www.kering.com](http://www.kering.com).

### **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 €12.385 billion in 2016 and had more than 40,000 employees at year end. The Kering share is listed on Euronext Paris (FR 0000121485, KER.PA, KER.FP).*

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Appendix 1: Revenue for the third quarter of 2017 and the nine months ended September 30, 2017

<i>(in € millions)</i>	Q3 2017	Q3 2016	Reported change	Comparable change <sup>(1)</sup>	9 months ended Sept. 30, 2017	9 months ended Sept. 30, 2016	Reported change	Comparable change <sup>(1)</sup>
<b>Luxury activities</b>	<b>2,677.8</b>	<b>2,114.9</b>	<b>+26.6%</b>	<b>+32.3%</b>	<b>7,709.0</b>	<b>5,992.8</b>	<b>+28.6%</b>	<b>+29.6%</b>
Gucci	1,553.8	1,088.3	+42.8%	+49.4%	4,386.3	3,035.8	+44.5%	+45.5%
Bottega Veneta	280.7	293.8	-4.5%	+0.9%	871.1	865.0	+0.7%	+1.7%
Yves Saint Laurent	383.7	326.1	+17.7%	+22.2%	1,094.5	874.0	+25.2%	+26.2%
Other Luxury brands	459.6	406.7	+13.0%	+17.0%	1,357.1	1,218.0	+11.4%	+12.3%
<b>Sport &amp; Lifestyle activities</b>	<b>1,191.3</b>	<b>1,064.4</b>	<b>+11.9%</b>	<b>+15.9%</b>	<b>3,277.8</b>	<b>2,861.2</b>	<b>+14.6%</b>	<b>+14.9%</b>
Puma	1,125.7	994.1	+13.2%	+17.3%	3,106.7	2,680.5	+15.9%	+16.3%
Other Sport & Lifestyle brands	65.6	70.3	-6.7%	-3.2%	171.1	180.7	-5.3%	-5.5%
<i>Corporate and other</i>	55.9	5.4	n.a.	n.a.	234.4	23.6	n.a.	n.a.
<b>Kering – Continuing operations</b>	<b>3,925.0</b>	<b>3,184.7</b>	<b>+23.2%</b>	<b>+28.4%</b>	<b>11,221.2</b>	<b>8,877.6</b>	<b>+26.4%</b>	<b>+27.2%</b>

<sup>(1)</sup> On a comparable Group structure and exchange rate basis.



## Appendix 2: Revenue for the first half, second quarter and first quarter of 2017

(in € millions)

	H1 2017	H1 2016	Reported change	Comparable change <sup>(1)</sup>	Q2 2017	Q2 2016	Reported change	Comparable change <sup>(1)</sup>	Q1 2017	Q1 2016	Reported change	Comparable change <sup>(1)</sup>
<b>Luxury activities</b>	<b>5,031.2</b>	<b>3,877.9</b>	<b>+29.7%</b>	<b>+28.3%</b>	<b>2,614.1</b>	<b>2,074.2</b>	<b>+26.0%</b>	<b>+25.3%</b>	<b>2,417.1</b>	<b>1,803.7</b>	<b>+34.0%</b>	<b>+31.6%</b>
Gucci	2,832.5	1,947.5	+45.4%	+43.4%	1,478.5	1,053.3	+40.4%	+39.3%	1,354.0	894.2	+51.4%	+48.3%
Bottega Veneta	590.4	571.2	+3.4%	+2.0%	310.0	303.3	+2.2%	+1.7%	280.4	267.9	+4.7%	+2.3%
Yves Saint Laurent	710.8	547.9	+29.7%	+28.5%	346.4	278.7	+24.3%	+23.7%	364.4	269.2	+35.4%	+33.4%
Other Luxury brands	897.5	811.3	+10.6%	+10.1%	479.2	438.9	+9.2%	+9.1%	418.3	372.4	+12.3%	+11.1%
<b>Sport &amp; Lifestyle activities</b>	<b>2,086.5</b>	<b>1,796.8</b>	<b>+16.1%</b>	<b>+14.3%</b>	<b>1,022.4</b>	<b>883.7</b>	<b>+15.7%</b>	<b>+14.7%</b>	<b>1,064.1</b>	<b>913.1</b>	<b>+16.5%</b>	<b>+14.0%</b>
Puma	1,981.0	1,686.4	+17.5%	+15.7%	972.1	830.5	+17.0%	+16.1%	1,008.9	855.9	+17.9%	+15.3%
Other Sport & Lifestyle brands	105.5	110.4	-4.4%	-6.8%	50.3	53.2	-5.5%	-7.4%	55.2	57.2	-3.5%	-6.3%
<i>Corporate and other</i>	178.5	18.2	n.a.	n.a.	86.2	11.2	n.a.	n.a.	92.3	7.0	n.a.	n.a.
<b>Kering – Continuing operations</b>	<b>7,296.2</b>	<b>5,692.9</b>	<b>+28.2%</b>	<b>+26.5%</b>	<b>3,722.7</b>	<b>2,969.1</b>	<b>+25.4%</b>	<b>+24.6%</b>	<b>3,573.5</b>	<b>2,723.8</b>	<b>+31.2%</b>	<b>+28.6%</b>

<sup>(1)</sup> On a comparable Group structure and exchange rate basis.