PRESS RELEASE
July 27, 2017

RECORD GROWTH IN REVENUE
AND PROFITS IN FIRST HALF 2017

First-half consolidated revenue: €7,296.2 million,
up 28.2% as reported, 26.5% on a comparable basis

Luxury activities: up 29.7% as reported, 28.3% on a comparable basis
Sport & Lifestyle activities: up 16.1% as reported, 14.3% on a comparable basis

Recurring operating income: €1,274.1 million, up 57.1%
Sharp rise in operating margin: 17.5%
Net income, Group share: up 77.6%

“Thanks to the execution of our strategy, we achieved outstanding revenue growth in the first half, clearly outperforming the sector, and delivered record profits and operating margins. These remarkable performances in all regions of the world and across all of our activities underscore Kering's ability to innovate, create value, and gain market share. Our vision of Luxury, grounded in creative audacity and in the sincerity of our brands’ values, is more relevant than ever. This excellent first half raises our confidence in the Group’s capacity to realize another year of growth and improved operating performances.”

François-Henri Pinault, Chairman and Chief Executive Officer

Record half-year performance

- Second-quarter comparable consolidated growth of 24.6% extending the strong momentum of the first quarter, up 28.6% comparable
- Significant improvement in operating margin, up 330 basis points on a comparable basis
- Two-fold increase in free cash flow from operations in the first six months, to €717.9 million

Luxury: remarkable growth in revenue and earnings

- Sustained growth momentum at Gucci and Saint Laurent, both in revenue (up 43.4% and 28.5%, respectively, on a comparable basis) and recurring operating margin (32.0% and 23.0%, respectively)
- Solid six-month performance from Bottega Veneta, with comparable revenue up 2.0%
- Other Luxury brands up 10.1% comparable; acceleration at Balenciaga
- Recurring operating income up 49.4% to €1,254.2 million

Sport & Lifestyle: robust growth

- Half-year revenue above the €2 billion mark for the first time ever
- Sharp growth at Puma (up 15.7% comparable) across all product categories and regions, coupled with a two-fold increase in recurring operating income
- Sport & Lifestyle recurring operating income up 128.7% to €110.0 million
Key financial indicators

<table>
<thead>
<tr>
<th>(in € millions)</th>
<th>H1 2017</th>
<th>H1 2016</th>
<th>Change(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,296.2</td>
<td>5,692.9</td>
<td>+28.2%</td>
</tr>
<tr>
<td>Recurring operating income</td>
<td>1,274.1</td>
<td>811.1</td>
<td>+57.1%</td>
</tr>
<tr>
<td>As a % of revenue</td>
<td>17.5%</td>
<td>14.2%</td>
<td>+3.3 pts</td>
</tr>
<tr>
<td>Recurring operating income – Luxury activities</td>
<td>1,254.2</td>
<td>839.6</td>
<td>+49.4%</td>
</tr>
<tr>
<td>Recurring operating income – Sport &amp; Lifestyle activities</td>
<td>110.0</td>
<td>48.1</td>
<td>+128.7%</td>
</tr>
<tr>
<td>Net income, Group share</td>
<td>825.8</td>
<td>464.9</td>
<td>+77.6%</td>
</tr>
<tr>
<td>Recurring net income, Group share(2)</td>
<td>872.3</td>
<td>520.9</td>
<td>+67.4%</td>
</tr>
</tbody>
</table>

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

Revenue for the first half of 2017 amounted to €7,296.2 million, up a sharp 28.2% as reported and 26.5% based on a comparable Group structure and exchange rates. This performance was driven by extremely strong sales growth in both mature and emerging markets, with comparable increases of 33.5% in Western Europe and 34.4% in Asia Pacific (32% and 28% of consolidated revenue, respectively). North America (21% of revenue) also posted a robust 20.7% increase in comparable revenue, while Japan (9% of revenue) continued on its growth trajectory, up 6.4%. Kering Eyewear contributed €162 million to consolidated revenue during the period, after eliminating intra-group sales and royalties paid to the brands.

Kering’s gross margin for the first half of 2017 stood at €4,725 million, up 31.2% as reported.

The Group’s recurring operating income surged 57.1% as reported to €1,274.1 million during the period. Consolidated recurring operating margin came in at 17.5%, up 330 basis points. By activity, recurring operating margin was 24.9% in Luxury and 5.3% in Sport & Lifestyle.

EBITDA(1) totalled €1,526.0 million in the first half of 2017, up 51.0% compared with the prior-year period. The EBITDA margin rose by 310 basis points on a reported basis to 20.9% in the first half of 2017.

Net income, Group share totalled €825.8 million in the first six months of 2017, up from €464.9 million in the same period of 2016. Adjusted for non-recurring items net of tax, net income from continuing operations, Group share rose 67.4% year on year to €872.3 million. Earnings per share amounted to €6.55 in the first half of 2017, up 77.5% compared with the prior-year period.

---

(1) EBITDA corresponds to recurring operating income plus net recurring charges to depreciation, amortisation and provisions on non-current operating assets. See figures in the consolidated financial statements in the 2017 First-Half Report.
Operating performances by activity

LUXURY ACTIVITIES: RECORD PERFORMANCES, SIGNIFICANTLY OUTPACING THE MARKET

<table>
<thead>
<tr>
<th>Revenue (in € millions)</th>
<th>H1 2017</th>
<th>H1 2016</th>
<th>Reported change</th>
<th>Comparable change(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxury activities</td>
<td>5,031.2</td>
<td>3,877.9</td>
<td>+29.7%</td>
<td>+28.3%</td>
</tr>
<tr>
<td>Gucci</td>
<td>2,832.5</td>
<td>1,947.5</td>
<td>+45.4%</td>
<td>+43.4%</td>
</tr>
<tr>
<td>Bottega Veneta</td>
<td>590.4</td>
<td>571.2</td>
<td>+3.4%</td>
<td>+2.0%</td>
</tr>
<tr>
<td>Yves Saint Laurent</td>
<td>710.8</td>
<td>547.9</td>
<td>+29.7%</td>
<td>+28.5%</td>
</tr>
<tr>
<td>Other Luxury brands</td>
<td>897.5</td>
<td>811.3</td>
<td>+10.6%</td>
<td>+10.1%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Recurring operating income (in € millions)</th>
<th>H1 2017</th>
<th>H1 2016</th>
<th>Change €m</th>
<th>Change % (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxury activities</td>
<td>1,254.2</td>
<td>839.6</td>
<td>414.6</td>
<td>+49.4%</td>
</tr>
<tr>
<td>Gucci</td>
<td>907.3</td>
<td>536.9</td>
<td>370.4</td>
<td>+69.0%</td>
</tr>
<tr>
<td>Bottega Veneta</td>
<td>147.5</td>
<td>145.1</td>
<td>2.4</td>
<td>+1.7%</td>
</tr>
<tr>
<td>Yves Saint Laurent</td>
<td>163.5</td>
<td>109.0</td>
<td>54.5</td>
<td>+50.0%</td>
</tr>
<tr>
<td>Other Luxury brands</td>
<td>35.9</td>
<td>48.6</td>
<td>(12.7)</td>
<td>-26.1%</td>
</tr>
</tbody>
</table>

(1) As reported.

Kering’s Luxury activities delivered a record performance in the first half of 2017, with revenue up 29.7% as reported and 28.3% on a comparable basis to €5,031.2 million, significantly outpacing market growth. Recurring operating income of the Group’s Luxury activities soared 49.4% over the period as reported, to €1,254.2 million.

The spectacular revenue increase was driven by 34.0% comparable growth in the directly operated store network (75% of sales), with online sales up 50%. Wholesale sales enjoyed double-digit growth. The Luxury activities’ directly operated stores delivered impressive revenue growth across all regions, with particularly impressive rises in Western Europe (up 48% comparable), Asia Pacific (up 39% comparable) and North America (up 26% comparable) as well as in Japan (up 10% comparable in the first six months of the year, and up 17% in the second quarter alone).

Gucci: continued outstanding growth and significantly higher margin

Gucci had an excellent first half across the board, with revenue up 45.4% as reported and 43.4% comparable to €2,832.5 million. Recurring operating income amounted to €907.3 million for the period, up 69.0% as reported, while operating margin rose by 440 basis points to 32.0%. Alessandro Michele’s creative vision continued to meet with success among customers and distributors, consolidating Gucci’s leading position in the world of fashion and luxury. Sales in directly operated stores rose by 46.2% at constant exchange rates, despite a slightly lower number of stores than in the first half of 2016. Leather Goods, women’s and men’s Ready-to-Wear and Shoes all continued to enjoy robust growth. During the period, Gucci pushed ahead with the deployment of its online platform, Gucci.com, as part of its comprehensive digital strategy. The brand’s online sales grew by more than 60% in the first half.

Gucci’s growth in the second quarter of 2017 (up 39.3% comparable) was on a par with its first-quarter performance in, taking into account the absence of in-store markdowns.
**Bottega Veneta: a semester of consolidation**

Bottega Veneta delivered a robust performance in the first six months of 2017. With revenue up 3.4% reported and 2.0% comparable, the Maison shows encouraging signs as to the implementation of its action plans. Recurring operating income amounted to €147.5 million. Sales generated in directly operated stores, which accounted for more than 83% of the brand’s total sales in the period, increased by 3.6% on a comparable basis, a slight improvement made all the more notable given the significant increase in the proportion of sales carried out without markdowns. Sustained sales growth was achieved in Ready-to-Wear and Shoes, categories in which Bottega Veneta’s has focused development plans in recent quarters. The brand performed extremely well among local customers.

With second-quarter 2017 revenue up 1.7% on a comparable basis, Bottega Veneta delivered a satisfactory performance in line with the first quarter, when revenue grew by 2.3% on a comparable basis.

**Yves Saint Laurent: sharp growth trajectory maintained**

Yves Saint Laurent maintained its strong growth momentum in the first half, posting a significant increase in profitability. Revenue rose by 29.7% as reported and by 28.5% comparable to €710.8 million. Recurring operating income came in at €163.5 million, up 50.0% year on year. Anthony Vaccarello’s collections fuelled expansion in all product categories and in all regions, which delivered double-digit growth across the board. Revenue from directly operated stores advanced by 30.7% comparable, growing by 38.8% in Western Europe and by 17.1% in North America. Yves Saint Laurent also performed extremely well in Asia Pacific, where sales were up sharply across all main markets, particularly in Mainland China. The contribution of online sales continued to increase, driven by performances in North America and Western Europe. Leather Goods enjoyed the same high levels of popularity as in previous periods, and Ready-to-Wear – which saw the successful launch of Anthony Vaccarello’s first women’s collection (Summer 2017) during the period – and Shoes made a significant contribution to the brand’s strong performance.

Sales increased by 23.7% in the second quarter of 2017, which included the Fall-Winter 2017 collections’ first deliveries, confirming the success of the creative change.

**Other Luxury brands: double-digit growth in the first half**

Sales from all Other Luxury brands increased by 10.6% as reported and 10.1% on a comparable basis in the first quarter of 2017, with all regions except North America contributing to growth. Recurring operating income amounted to €35.9 million. Sales from directly operated stores rose by 20.6% on a comparable basis, up across all brands. Couture & Leather Goods brands delivered solid growth of 13.4% on a comparable basis. Balenciaga achieved a particularly remarkable performance in the first half, with growth in directly owned stores accelerating in all regions and across all product categories. Alexander McQueen also turned in an excellent first-half performance.

Posting highly satisfactory sales growth of 5.9%, Watches & Jewellery brands continued to implement their strategy of innovation, product launches and marketing campaigns.

The other Luxury brands all posted a solid retail performance in all regions in the second quarter.
SPORT & LIFESTYLE ACTIVITIES: REVENUE AT RECORD HIGH

### Revenue

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2016</th>
<th>Reported change</th>
<th>Comparable change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sport &amp; Lifestyle activities</td>
<td>2,086.5</td>
<td>1,796.8</td>
<td>+16.1%</td>
<td>+14.3%</td>
</tr>
<tr>
<td>Puma</td>
<td>1,981.0</td>
<td>1,686.4</td>
<td>+17.5%</td>
<td>+15.7%</td>
</tr>
<tr>
<td>Other Sport &amp; Lifestyle brands</td>
<td>105.5</td>
<td>110.4</td>
<td>-4.4%</td>
<td>-6.8%</td>
</tr>
</tbody>
</table>

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

### Recurring operating income

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2016</th>
<th>Change</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sport &amp; Lifestyle activities</td>
<td>110.0</td>
<td>48.1</td>
<td>61.9</td>
<td>+128.7%</td>
</tr>
<tr>
<td>Puma</td>
<td>113.2</td>
<td>52.5</td>
<td>60.7</td>
<td>+115.6%</td>
</tr>
<tr>
<td>Other Sport &amp; Lifestyle brands</td>
<td>(3.2)</td>
<td>(4.4)</td>
<td>1.2</td>
<td>N/A</td>
</tr>
</tbody>
</table>

(1) As reported.

Revenue from the Sport & Lifestyle activities crossed the €2 billion mark for the first time in the first half of 2017, up 16.1% as reported and 14.3% comparable. Recurring operating income amounted to €110.0 million for the period. Sales increased across all regions, notably Western Europe (up 19.7% on a comparable basis) and North America (up 10.4%).

Online sales were up sharply.

Sales rose consistently in the first half, with second-quarter growth of 14.7% comparable in line with the 14.0% achieved in the first quarter.

Puma capitalised on its partnerships and sponsorships, notably with Rihanna, Usain Bolt and several prestigious football clubs, to deliver another remarkable performance, posting robust sales growth of 15.7% comparable in all of its main markets. All product categories turned in a very solid performance, particularly Shoes (up 26.0% comparable) and Apparel (up 10.5%). Puma also saw a rise in profitability, with its margin increasing to 5.7%. The brand’s recurring operating income more than doubled compared with the first half of 2016, to €113 million.

While Volcom’s performance continued to be hampered by the decline in revenue at major distributors in the US, the brand strove to protect its positioning by focusing on the quality of its distribution and product offering. It put in place numerous initiatives during the period, which, along with the launch of a capsule collection created with Georgia May Jagger, helped foster the brand’s reputation and appeal.
Financial performance

Kering’s effective tax rate was 22.4% in the first half of 2017 (versus 22.1% in the corresponding 2016 period) and its recurring tax rate was 21.6%.

Other non-recurring operating income and expenses represented a net expense of €44 million in the first half of 2017, significantly lower than the €86 million net expense recorded for the same period of 2016. The first-half 2017 figure primarily included restructuring costs and asset impairment relating to the Luxury – Couture & Leather Goods activities.

Cash flows and financial position

The Group’s free cash flow from operations\(^2\) rose to €717.9 million in the first half of 2017, versus €323.2 million in the prior-year period.

<table>
<thead>
<tr>
<th>(in € millions)</th>
<th>H1 2017</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital employed</td>
<td>16,628.6</td>
<td>16,727.1</td>
</tr>
<tr>
<td>Total equity</td>
<td>12,056.1</td>
<td>11,660.5</td>
</tr>
<tr>
<td>Net debt</td>
<td>4,572.5</td>
<td>5,066.6</td>
</tr>
</tbody>
</table>

The Group’s cost of net debt was €67.0 million in the first six months of 2017 compared with €62.3 million in the same period of 2016. The Group’s net debt is traditionally higher at the end of the first half than at December 31 due to the dividend payment and, to some extent, the seasonal nature of its business.

The Group has a very sound financial structure and on May 2, 2017 Standard & Poor’s upgraded Kering’s long-term BBB rating from stable outlook to positive outlook.

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 2016, the Group’s Luxury activities in 2017 are focused on achieving same-store revenue growth, while the expansion of the store network will be targeted and selective, as well as on extending work currently underway to durably strengthen operating margins. In the Group’s Sport & Lifestyle activities, Puma expects to deliver another year of marked improvement in revenue and recurring operating margin.

The Group’s operating environment remains unsettled – from both economic and geopolitical standpoints – and is exposed to events that could influence consumer trends and tourism flows. Against this backdrop, in 2017 and as it did in 2016, Kering is pursuing its strategy of rigorously managing and allocating its resources in order to further enhance its operating performance, cash flow generation and return on capital employed.

At its meeting of July 27, 2017, Kering’s Board of Directors, under the chairmanship of François-Henri Pinault, approved the consolidated financial statements for the first half of 2017, which were reviewed by the Statutory Auditors.

---

\(^2\) Free cash flow from operations measures net operating cash flow less net operating investments (defined as purchases and sales of property, plant and equipment and intangible assets). See figures in the consolidated financial statements in the 2017 First-Half Report.
AUDIOCAST

An audiocast for analysts and investors will be held at 6.00pm (Continental Europe) / 5.00pm (UK) / 12.00pm (US, East Coast) on Thursday July 27, 2017. It may be accessed here.

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Dial-in Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>+33 (0)1 76 77 22 21</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>+44 (0)20 3427 1906</td>
</tr>
<tr>
<td>United States</td>
<td>+1 646 254 3361</td>
</tr>
</tbody>
</table>

Access code: 5551973

A replay of the audiocast will also be available at www.kering.com (Finance section).

PRESENTATION

The slides (PDF) will be available ahead of the audiocast at www.kering.com.

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 €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).

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

www.kering.com
Twitter: @KeringGroup
LinkedIn: Kering
Instagram: @kering_official
YouTube: KeringGroup
CONTENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highlights of first-half 2017</td>
<td>9</td>
</tr>
<tr>
<td>Consolidated income statement</td>
<td>10</td>
</tr>
<tr>
<td>Consolidated statement of comprehensive income</td>
<td>10</td>
</tr>
<tr>
<td>Consolidated statement of financial position</td>
<td>11</td>
</tr>
<tr>
<td>Consolidated statement of cash flows</td>
<td>12</td>
</tr>
<tr>
<td>Breakdown of revenue</td>
<td>13</td>
</tr>
<tr>
<td>Breakdown of recurring operating income</td>
<td>14</td>
</tr>
<tr>
<td>Main definitions</td>
<td>15</td>
</tr>
</tbody>
</table>
HIGHLIGHTS OF FIRST-HALF 2017

Kering Eyewear – A strategic partnership between Kering Eyewear and the Maison Cartier
On June 1, 2017, Kering announced that Kering Eyewear and the Maison Cartier, owned by Compagnie Financière Richemont, had completed the closing activities related to the strategic partnership for the development of the eyewear category, in accordance with the terms announced on March 21, 2017. The partnership aims at combining their operations to create a stronger platform for the development, manufacturing and worldwide distribution of the Cartier eyewear collection.

Under the terms of the agreement, Richemont acquired a minority stake in Kering Eyewear, a specialised company 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 will notably integrate the Manufacture Cartier Lunettes entity in Sucy-en-Brie, France. The Cartier 2018 Spring-Summer collection, which will be presented during the forthcoming Silmo in Paris (October 6-9, 2017), will mark the official beginning of the partnership. The Manufacture Cartier Lunettes entity will be consolidated in the second half of 2017.

Change in management and creative responsibility at Brioni
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 creative responsibility for the House’s collections and image.

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 bond was settled and delivered on April 5, 2017.
## Consolidated income statement

### (in € millions)

<table>
<thead>
<tr>
<th></th>
<th>First-half 2017</th>
<th>First-half 2016</th>
<th>Full-year 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONTINUING OPERATIONS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>7,296.2</td>
<td>5,692.9</td>
<td>12,384.9</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(2,571.4)</td>
<td>(2,091.4)</td>
<td>(4,595.3)</td>
</tr>
<tr>
<td>Gross margin</td>
<td>4,724.8</td>
<td>3,601.5</td>
<td>7,789.6</td>
</tr>
<tr>
<td>Payroll expenses</td>
<td>(1,162.1)</td>
<td>(945.3)</td>
<td>(1,983.7)</td>
</tr>
<tr>
<td>Other recurring operating income and expenses</td>
<td>(2,288.6)</td>
<td>(1,845.1)</td>
<td>(3,919.7)</td>
</tr>
<tr>
<td>Recurring operating income</td>
<td>1,274.1</td>
<td>811.1</td>
<td>1,886.2</td>
</tr>
<tr>
<td>Other non-recurring operating income and expenses</td>
<td>(44.1)</td>
<td>(85.8)</td>
<td>(506.0)</td>
</tr>
<tr>
<td>Operating income</td>
<td>1,230.0</td>
<td>725.3</td>
<td>1,380.2</td>
</tr>
<tr>
<td>Finance costs, net</td>
<td>(112.5)</td>
<td>(100.7)</td>
<td>(201.8)</td>
</tr>
<tr>
<td>Income before tax</td>
<td>1,117.5</td>
<td>624.6</td>
<td>1,178.4</td>
</tr>
<tr>
<td>Corporate income tax</td>
<td>(250.3)</td>
<td>(138.2)</td>
<td>(296.1)</td>
</tr>
<tr>
<td>Share in earnings (losses) of equity-accounted companies</td>
<td>(3.1)</td>
<td>(4.6)</td>
<td>(2.2)</td>
</tr>
<tr>
<td><strong>Net income from continuing operations</strong></td>
<td>864.1</td>
<td>481.8</td>
<td>880.1</td>
</tr>
<tr>
<td>o/w Group share</td>
<td>828.6</td>
<td>464.5</td>
<td>825.1</td>
</tr>
<tr>
<td>o/w attributable to non-controlling interests</td>
<td>35.5</td>
<td>17.3</td>
<td>55.0</td>
</tr>
</tbody>
</table>

| **DISCONTINUED OPERATIONS** |                 |                 |                |
| Net income (loss) from discontinued operations | (2.8) | 0.4 | (11.6) |
| o/w Group share | (2.8) | 0.4 | (11.6) |
| o/w attributable to non-controlling interests | - | - | - |
| **Net income of consolidated companies** | 861.3 | 482.2 | 868.5 |
| o/w Group share | 825.8 | 464.9 | 813.5 |
| o/w attributable to non-controlling interests | 35.5 | 17.3 | 55.0 |
| **Net income, Group share** | 825.8 | 464.9 | 813.5 |
| Earnings per share (in €) | 6.55 | 3.69 | 6.46 |
| Fully diluted earnings per share (in €) | 6.55 | 3.69 | 6.46 |
| **Net income from continuing operations, Group share** | 828.6 | 464.5 | 825.1 |
| Earnings per share (in €) | 6.58 | 3.69 | 6.55 |
| Fully diluted earnings per share (in €) | 6.58 | 3.69 | 6.55 |
| **Net income from continuing operations (excluding non-recurring items), Group share** | 872.3 | 520.9 | 1,281.9 |
| Earnings per share (in €) | 6.92 | 4.13 | 10.17 |
| Fully diluted earnings per share (in €) | 6.92 | 4.13 | 10.17 |

### Consolidated statement of comprehensive income

<table>
<thead>
<tr>
<th>(in € millions)</th>
<th>First-half 2017</th>
<th>First-half 2016</th>
<th>Full-year 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>861.3</td>
<td>482.2</td>
<td>868.5</td>
</tr>
<tr>
<td>Actuarial gains and losses</td>
<td>-</td>
<td>-</td>
<td>(3.2)</td>
</tr>
<tr>
<td><strong>Total items not reclassified to income</strong></td>
<td>-</td>
<td>-</td>
<td>(3.2)</td>
</tr>
<tr>
<td>Foreign exchange gains and losses</td>
<td>(143.0)</td>
<td>(40.3)</td>
<td>29.3</td>
</tr>
<tr>
<td>Cash flow hedges*</td>
<td>62.7</td>
<td>(25.0)</td>
<td>31.5</td>
</tr>
<tr>
<td>Available-for-sale financial assets*</td>
<td>3.6</td>
<td>(0.8)</td>
<td>4.9</td>
</tr>
<tr>
<td><strong>Total items to be reclassified to income</strong></td>
<td>(76.7)</td>
<td>(66.1)</td>
<td>65.7</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>(76.7)</td>
<td>(66.1)</td>
<td>62.5</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>784.6</td>
<td>416.1</td>
<td>931.0</td>
</tr>
<tr>
<td>o/w Group share</td>
<td>776.4</td>
<td>405.4</td>
<td>866.8</td>
</tr>
<tr>
<td>o/w attributable to non-controlling interests</td>
<td>8.2</td>
<td>10.7</td>
<td>64.2</td>
</tr>
</tbody>
</table>

*Net of deferred tax.
## Consolidated statement of financial position

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>3,516.3</td>
<td>3,764.8</td>
<td>3,533.5</td>
</tr>
<tr>
<td>Brands and other intangible assets</td>
<td>11,246.4</td>
<td>11,297.2</td>
<td>11,272.7</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>2,135.9</td>
<td>2,051.2</td>
<td>2,006.5</td>
</tr>
<tr>
<td>Investments in equity-accounted companies</td>
<td>46.6</td>
<td>16.3</td>
<td>48.3</td>
</tr>
<tr>
<td>Non-current financial assets</td>
<td>482.9</td>
<td>485.4</td>
<td>480.4</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>971.5</td>
<td>844.4</td>
<td>927.0</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>28.7</td>
<td>31.0</td>
<td>30.4</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td>18,429.3</td>
<td>18,490.3</td>
<td>18,498.8</td>
</tr>
<tr>
<td>Inventories</td>
<td>2,740.6</td>
<td>2,420.5</td>
<td>2,432.2</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>1,299.7</td>
<td>1,122.8</td>
<td>1,186.4</td>
</tr>
<tr>
<td>Current tax receivables</td>
<td>99.0</td>
<td>151.6</td>
<td>105.6</td>
</tr>
<tr>
<td>Other current financial assets</td>
<td>186.7</td>
<td>88.8</td>
<td>131.0</td>
</tr>
<tr>
<td>Other current assets</td>
<td>725.9</td>
<td>690.2</td>
<td>725.4</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,085.7</td>
<td>1,032.3</td>
<td>1,049.6</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>6,137.6</td>
<td>5,506.2</td>
<td>5,640.2</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>24,566.9</td>
<td>23,996.5</td>
<td>24,139.0</td>
</tr>
</tbody>
</table>

### EQUITY AND LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>505.2</td>
<td>505.2</td>
<td>505.2</td>
</tr>
<tr>
<td>Capital reserves</td>
<td>2,428.3</td>
<td>2,428.3</td>
<td>2,428.3</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>(0.9)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Translation adjustments</td>
<td>(38.1)</td>
<td>25.5</td>
<td>87.8</td>
</tr>
<tr>
<td>Remeasurement of financial instruments</td>
<td>90.3</td>
<td>(30.5)</td>
<td>16.8</td>
</tr>
<tr>
<td>Other reserves</td>
<td>8,402.5</td>
<td>8,079.0</td>
<td>8,231.6</td>
</tr>
<tr>
<td><strong>Equity, Group share</strong></td>
<td>11,387.3</td>
<td>11,007.5</td>
<td>11,269.7</td>
</tr>
<tr>
<td>Equity attributable to non-controlling interests</td>
<td>668.8</td>
<td>653.0</td>
<td>684.2</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>12,056.1</td>
<td>11,660.5</td>
<td>11,953.9</td>
</tr>
<tr>
<td>Non-current borrowings</td>
<td>4,772.6</td>
<td>4,371.4</td>
<td>4,185.8</td>
</tr>
<tr>
<td>Other non-current financial liabilities</td>
<td>15.2</td>
<td>32.9</td>
<td>19.6</td>
</tr>
<tr>
<td>Provisions for pensions and other post-employment benefits</td>
<td>146.0</td>
<td>131.1</td>
<td>142.6</td>
</tr>
<tr>
<td>Other non-current provisions</td>
<td>67.6</td>
<td>56.9</td>
<td>74.0</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>2,843.5</td>
<td>2,826.4</td>
<td>2,854.5</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td>7,844.9</td>
<td>7,418.7</td>
<td>7,276.5</td>
</tr>
<tr>
<td>Current borrowings</td>
<td>885.6</td>
<td>1,727.5</td>
<td>1,234.5</td>
</tr>
<tr>
<td>Other current financial liabilities</td>
<td>80.7</td>
<td>122.8</td>
<td>285.9</td>
</tr>
<tr>
<td>Trade payables</td>
<td>1,268.2</td>
<td>1,093.8</td>
<td>1,098.5</td>
</tr>
<tr>
<td>Provisions for pensions and other post-employment benefits</td>
<td>8.2</td>
<td>8.9</td>
<td>8.2</td>
</tr>
<tr>
<td>Other current provisions</td>
<td>165.7</td>
<td>143.2</td>
<td>143.7</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td>519.5</td>
<td>356.4</td>
<td>398.5</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>1,738.0</td>
<td>1,464.7</td>
<td>1,729.3</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>4,665.9</td>
<td>4,917.3</td>
<td>4,898.6</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>24,566.9</td>
<td>23,996.5</td>
<td>24,139.0</td>
</tr>
</tbody>
</table>
# Consolidated statement of cash flows

<table>
<thead>
<tr>
<th>(in € millions)</th>
<th>First-half 2017</th>
<th>First-half 2016</th>
<th>Full-year 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income from continuing operations</td>
<td>864.1</td>
<td>481.8</td>
<td>880.1</td>
</tr>
<tr>
<td>Net recurring charges to depreciation, amortisation and provisions on non-current operating assets</td>
<td>251.9</td>
<td>199.6</td>
<td>432.0</td>
</tr>
<tr>
<td>Other non-cash income and expenses</td>
<td>(27.4)</td>
<td>21.7</td>
<td>295.0</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td><strong>1,088.6</strong></td>
<td><strong>703.1</strong></td>
<td><strong>1,607.1</strong></td>
</tr>
<tr>
<td>Interest paid/received</td>
<td>107.7</td>
<td>95.6</td>
<td>179.3</td>
</tr>
<tr>
<td>Dividends received</td>
<td>(0.9)</td>
<td>(0.6)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Net income tax payable</td>
<td>337.3</td>
<td>153.4</td>
<td>386.1</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities before tax, dividends and interest</strong></td>
<td><strong>1,532.7</strong></td>
<td><strong>951.7</strong></td>
<td><strong>2,171.8</strong></td>
</tr>
<tr>
<td>Change in working capital requirement</td>
<td>(336.2)</td>
<td>(246.3)</td>
<td>(84.4)</td>
</tr>
<tr>
<td>Corporate income tax paid</td>
<td>(197.8)</td>
<td>(162.6)</td>
<td>(295.5)</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td><strong>998.7</strong></td>
<td><strong>542.8</strong></td>
<td><strong>1,791.9</strong></td>
</tr>
<tr>
<td>Purchases of property, plant and equipment and intangible assets</td>
<td>(283.0)</td>
<td>(224.0)</td>
<td>(611.0)</td>
</tr>
<tr>
<td>Proceeds from disposals of property, plant and equipment and intangible assets</td>
<td>2.2</td>
<td>4.4</td>
<td>8.5</td>
</tr>
<tr>
<td>Acquisitions of subsidiaries, net of cash acquired</td>
<td>0</td>
<td>(6.3)</td>
<td>(4.2)</td>
</tr>
<tr>
<td>Proceeds from disposals of subsidiaries, net of cash transferred</td>
<td>-</td>
<td>(6.1)</td>
<td>(6.0)</td>
</tr>
<tr>
<td>Purchases of other financial assets</td>
<td>(28.2)</td>
<td>(64.8)</td>
<td>(87.4)</td>
</tr>
<tr>
<td>Proceeds from disposals of other financial assets</td>
<td>4.1</td>
<td>13.6</td>
<td>16.4</td>
</tr>
<tr>
<td>Interest and dividends received</td>
<td>3.4</td>
<td>4.7</td>
<td>14.0</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td><strong>(301.5)</strong></td>
<td><strong>(278.5)</strong></td>
<td><strong>(669.7)</strong></td>
</tr>
<tr>
<td>Dividends paid to owners of the parent</td>
<td>(580.9)</td>
<td>(504.9)</td>
<td>(504.9)</td>
</tr>
<tr>
<td>Dividends paid to non-controlling interests</td>
<td>(25.6)</td>
<td>(25.0)</td>
<td>(36.5)</td>
</tr>
<tr>
<td>Transactions with non-controlling interests</td>
<td>8.9</td>
<td>(0.2)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Treasury share transactions</td>
<td>(0.8)</td>
<td>0.4</td>
<td>0.5</td>
</tr>
<tr>
<td>Bond issues</td>
<td>342.5</td>
<td>559.1</td>
<td>570.5</td>
</tr>
<tr>
<td>Debt redemptions/repayments</td>
<td>(209.9)</td>
<td>(44.1)</td>
<td>(51.9)</td>
</tr>
<tr>
<td>Increase/decrease in other borrowings</td>
<td>(147.6)</td>
<td>(259.8)</td>
<td>(1,054.7)</td>
</tr>
<tr>
<td>Interest paid and equivalent</td>
<td>(109.4)</td>
<td>(99.1)</td>
<td>(186.6)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td><strong>(722.8)</strong></td>
<td><strong>(373.6)</strong></td>
<td><strong>(1,263.8)</strong></td>
</tr>
<tr>
<td>Net cash used in discontinued operations</td>
<td>(5.1)</td>
<td>(9.9)</td>
<td>(17.7)</td>
</tr>
<tr>
<td>Impact of exchange rate variations</td>
<td>65.1</td>
<td>44.6</td>
<td>13.9</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td><strong>34.4</strong></td>
<td><strong>(74.6)</strong></td>
<td><strong>(145.4)</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>757.5</td>
<td>902.9</td>
<td>902.9</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>791.9</td>
<td>828.3</td>
<td>757.5</td>
</tr>
</tbody>
</table>
## Breakdown of revenue

*(in € millions)*

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2016</th>
<th>Reported change</th>
<th>Comparable change (^{(1)})</th>
<th>Q2 2017</th>
<th>Q2 2016</th>
<th>Reported change</th>
<th>Comparable change (^{(1)})</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Luxury activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gucci</td>
<td>2,832.5</td>
<td>1,947.5</td>
<td>+45.4%</td>
<td>+43.4%</td>
<td>1,478.5</td>
<td>1,053.3</td>
<td>+40.4%</td>
<td>+39.3%</td>
</tr>
<tr>
<td>Bottega Veneta</td>
<td>590.4</td>
<td>571.2</td>
<td>+3.4%</td>
<td>+2.0%</td>
<td>310.0</td>
<td>303.3</td>
<td>+2.2%</td>
<td>+1.7%</td>
</tr>
<tr>
<td>Yves Saint Laurent</td>
<td>710.8</td>
<td>547.9</td>
<td>+29.7%</td>
<td>+28.5%</td>
<td>346.4</td>
<td>278.7</td>
<td>+24.3%</td>
<td>+23.7%</td>
</tr>
<tr>
<td>Other Luxury brands</td>
<td>897.5</td>
<td>811.3</td>
<td>+10.6%</td>
<td>+10.1%</td>
<td>479.2</td>
<td>438.9</td>
<td>+9.2%</td>
<td>+9.1%</td>
</tr>
<tr>
<td><strong>Sport &amp; Lifestyle activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Puma</td>
<td>1,981.0</td>
<td>1,686.4</td>
<td>+17.5%</td>
<td>+15.7%</td>
<td>972.1</td>
<td>830.5</td>
<td>+17.0%</td>
<td>+16.1%</td>
</tr>
<tr>
<td>Other Sport &amp; Lifestyle brands</td>
<td>105.5</td>
<td>110.4</td>
<td>-4.4%</td>
<td>-6.8%</td>
<td>50.3</td>
<td>53.2</td>
<td>-5.5%</td>
<td>-7.4%</td>
</tr>
<tr>
<td>Corporate and other</td>
<td>178.5</td>
<td>18.2</td>
<td>N/A</td>
<td>N/A</td>
<td>86.2</td>
<td>11.2</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>KERING – Continuing operations</strong></td>
<td><strong>7,296.2</strong></td>
<td><strong>5,692.9</strong></td>
<td><strong>+28.2%</strong></td>
<td><strong>+26.5%</strong></td>
<td><strong>3,722.7</strong></td>
<td><strong>2,969.1</strong></td>
<td><strong>+25.4%</strong></td>
<td><strong>+24.6%</strong></td>
</tr>
</tbody>
</table>

\(^{(1)}\) On a comparable Group structure and exchange rate basis.
# Breakdown of recurring operating income

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2016</th>
<th>2017/2016 change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
<td>(actual exchange rates)</td>
</tr>
<tr>
<td><strong>Luxury activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gucci</td>
<td>907.3</td>
<td>536.9</td>
<td>370.4</td>
</tr>
<tr>
<td>Bottega Veneta</td>
<td>147.5</td>
<td>145.1</td>
<td>2.4</td>
</tr>
<tr>
<td>Yves Saint Laurent</td>
<td>163.5</td>
<td>109.0</td>
<td>54.5</td>
</tr>
<tr>
<td>Other Luxury brands</td>
<td>35.9</td>
<td>48.6</td>
<td>(12.7)</td>
</tr>
<tr>
<td><strong>Sport &amp; Lifestyle activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Puma</td>
<td>113.2</td>
<td>52.5</td>
<td>60.7</td>
</tr>
<tr>
<td>Other Sport &amp; Lifestyle brands</td>
<td>(3.2)</td>
<td>(4.4)</td>
<td>1.2</td>
</tr>
<tr>
<td>Corporate and other</td>
<td>(90.1)</td>
<td>(76.6)</td>
<td>(13.5)</td>
</tr>
<tr>
<td><strong>KERING</strong></td>
<td>1,274.1</td>
<td>811.1</td>
<td>463.0</td>
</tr>
</tbody>
</table>

*(in € millions)*
MAIN DEFINITIONS

“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 include impairment of 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.

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 net cash.

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”.

Press Release July 27, 2017

15/15