Important information related to the Letter to shareholders (March 2020)

The letter to shareholders thereafter has been finalized on Friday, March 27, 2020.

Given the current situation, and to ensure effective participation of shareholders, the Board of Directors, which met on March 30, 2020, has decided to postpone to Tuesday, June 23, 2020 the 2020 Annual General Meeting initially scheduled for Thursday, April 23, 2020.

Information related to the arrangements for the General Meeting, the payment of the dividend as well as the other resolutions submitted to shareholder approval will be provided as soon as possible.

Please find the press release on Kering’s website or by clicking on this link.
MESSAGE FROM
THE CHAIRMAN AND CEO
“Recurring operating income hit a record high.”

2019 ANNUAL RESULTS
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In 2019, Kering once again demonstrated the relevance of its business model. Consolidated revenue came to €15.9 billion, up 13.3% on a comparable basis on 2018. This growth – outpacing the market as a whole – was underpinned by all our business segments. Recurring operating income hit a record high of €4.8 billion, representing a threefold increase over four years, while sales by our Houses doubled.

Our Houses all complement each other, drawing on synergies within the Group to generate healthy, organic growth built on creativity, innovation and flawless execution.

We owe these excellent results to the commitment and talent of our 38,000 employees, to whom I address my warmest thanks, as well as the strong, responsible culture we share and our ambitious innovation approach.

Our economic environment is subject to many uncertainties and, as shown by the current coronavirus epidemic, can be complexified further by temporary crises. Now more than ever, agility and vigilance are essential to anticipate upheavals by temporary crises. Now more than ever, agility and vigilance are essential to anticipate upheavals by temporary crises. Now more than ever, agility and vigilance are essential to anticipate upheavals by temporary crises.

François-Henri Pinault

**MESSAGE FROM THE CHAIRMAN AND CEO**

**2019 ANNUAL RESULTS**

**KEY FIGURES**

**Revenue**

€15.9 bn

up 16.2% reported

up 13.3% comparable (constant scope and exchange rates)

**Recurring operating income**

€4.8 bn

up 19.6% on 2018

(restated under IFRS 16)

**Net income attributable to owners of the parent**

€2.3 bn

**Employees**

38,068

Women managers in the Group

55%

*34,902 average FTE employees in 2019.

**BREAKDOWN OF REVENUE BY REGION**

- 19% North America
- 8% Japan
- 6% Other constant scope and exchange rates
- 34% Asia-Pacific
- 33% Western Europe

**Analysis of the results**

In 2019, Kering’s Luxury Houses once again delivered double-digit growth in both revenue and recurring operating income.

Over the year, total revenue from the Luxury Houses topped the €15-billion mark, up 16.3% as reported and 13.3% on a comparable basis, on top of exceptionally high bases of comparison, particularly at Gucci. Sales in direct-operated stores and online advanced 14.9% on a comparable basis, propelled by very strong performances from Gucci, Yves Saint Laurent, Balenciaga and Alexander McQueen. Online sales surged 22.6% year on year. Wholesale revenue from the Group’s Houses rose 10.4% on a comparable basis.

Recurring operating income of the Luxury Houses totaled €6.0 billion in 2019, up 19.0% over 2018 (as restated under IFRS 16). Operating margin stood at 12.8%, up 0.8 percentage points on 2018 (as restated under IFRS 16).

**Gucci**

Gucci generated an additional €1.3 billion in sales compared to 2018, with 2019 revenue at €6.6 billion, up 16.2% as reported and 13.3% on a comparable basis. This represents a remarkable performance as Gucci more than doubled its sales between 2016 and 2019. The House’s excellent performance in 2019 is attributable to balanced growth across all distribution channels. Gucci’s recurring operating income amounted to €3.9 billion, a 19.8% increase over 2018 (as restated under IFRS 16), allowing the brand to continue investing to support its long-term development.

**Saint Laurent**

With revenue in 2019 at over €2 billion (up 17.5% as reported and 14.4% on a comparable basis), Yves Saint Laurent once again fully confirms its growth trajectory.

Revenue from directly operated stores and online rose 15.7%, on a comparable basis. Recurring operating income for 2019 came to €562.2 million, up 20.0% over 2018 (as restated under IFRS 16).

**Bottega Veneta**

Bottega Veneta generated revenue of €1.2 billion in 2019, up 22.9% on a comparable basis and 5.3% as reported. After a mixed performance in the first half of the year, revenue swung up in the second half, up 12.6% on a comparable basis, thanks to the excellent reception given to Daniel Lee’s new collections.

**Other Luxury Houses**

Revenue generated by Kering’s Other Houses totaled €4.2 billion in 2019, up 20.3% as reported and 17.8% on a comparable basis. This excellent performance was led by Balenciaga and Alexander McQueen, which both recorded sustained sales growth throughout the year. Crossing important revenue milestones, both Houses confirmed their status as growth drivers. The Jewelry Houses also posted robust revenue increases: 2019 recurring operating income topped the €100 million mark, up 42.1% compared with 2018 (as restated under IFRS 16), to €137.7 million.

**Corporate and other**

The “Corporate and other” segment reported 2019 revenue of €500.9 million, reflecting strong momentum at Kering Eyewear, up 10.2% on a comparable basis. Kering Eyewear’s performance was once again fueled by its Gucci, Cartier and Saint Laurent licenses, as well as by the recently acquired Montblanc and Balenciaga licenses.

**Dividend per share (in €)**

€6.00

Price at February 28, 2020

At the Annual General Meeting to be held on April 23, 2020, the Board of Directors will ask shareholders to approve a dividend of €1.50 per share for 2019, up 10% year on year. An interim cash dividend of €3.50 per share was paid on January 16, 2020. Subject to shareholder approval, the balance of €0.00 per share will be paid on May 7, 2020.

**Kering share PERFORMANCE OF THE KERING SHARE**

Change in the price of the Kering share compared to the CAC 40 (rebased) from January 1, 2019 to February 28, 2020

**HIGHEST SHARE PRICE**

€208.70

As of December 31, 2019

**LOWEST SHARE PRICE**

€135.50

As of April 2, 2019

**MARKET CAPITALIZATION**

As of December 31, 2019

€73.9 bn

**At the Annual General Meeting to be held on April 23, 2020, the Board of Directors will ask shareholders to approve a dividend of €1.50 per share for 2019, up 10% year on year. An interim cash dividend of €3.50 per share was paid on January 16, 2020. Subject to shareholder approval, the balance of €0.00 per share will be paid on May 7, 2020.**
The legendary Italian tailoring company celebrates its 75th anniversary this year by embracing its core values and appointing a new brand ambassador: Brad Pitt.

As he looks to the future, Brioni’s Design Director is returning to the company’s roots. “Brioni is about Italian flair – Roman flair – and craftsmanship; about luxury and masculine effortless elegance; nonchalant and understated, for people in the know,” says Austrian-born Norbert Stumpff, who was appointed Brioni’s Design Director in September 2018. Since then, he has fully immersed himself in the company’s world of bespoke tailoring and luxurious fabrics. And sustainability. “We are using more sustainable fabrics from Italian suppliers,” says Stumpff. “Brioni is a world apart,” he explains. “It’s about the lightness of the materials, the tailoring close to the body yet still allowing fluidity of movement.”

Brioni is subtle but powerful. “You have to get close to the clothes to appreciate details that you may not discover right away,” adds Stumpff. “For example, you might realize a few months after you bought it that the reason the pocket of your jacket feels so soft inside is because it’s lined in leather.”

Stumpff is passionate about the look, feel, and drape of Brioni clothing. “Brioni is not for the man who wants to change his style every six months;” he says adamantly. “We’re not about fashion; Brioni is about style.” A style perfectly embodied by the brand’s new ambassador, Brad Pitt. “To have Brad Pitt in this role is an honor,” says Stumpff. “He’s an ideal man men want to look like him and women love him. He’s an attractive, sophisticated man and he’s interested in many things – art and architecture, for example — and he loves the craftsmanship in Brioni.”

But perhaps most significant was Brioni’s return to the Pitti Uomo men’s fashion event in Florence. Not, as Stumpff admonishes, “an eight-minute show where you don’t see anything,” but a Brioni’s first show in 1952. Brioni’s was an hour-long musical production in a palazzo featuring members of the world’s most renowned orchestras dressed in various Brioni ensembles.
GROUP NEWS

The Group published its Sustainability Progress Report in January 2020, showing very promising first results toward meeting its 2025 targets.

Kering’s 2025 Sustainability Strategy, entitled “Crafting Tomorrow’s Luxury”, rests on three pillars: CARE for the planet, COLLABORATE with people, and CREATE new business models and innovations.

Kering has made significant, encouraging progress in each of these areas. The Group reduced its overall environmental impacts by 14% in intensity between 2015 and 2018, and is on a positive trajectory to reach its 40% reduction target by 2025. It also reached 67% renewable energy use and, since 2018, has been entirely carbon neutral in its operations and across its sourcing and supply chain.

To read the Progress Report and find out more about the Group’s targets, visit www.kering.com/en and head to the “Sustainability” section.

KERING REPORTS ON SUSTAINABILITY PROGRESS

On February 22, Bottega Veneta presented its Women’s and Men’s Fall 2020 show at Palazzo del Ghiaccio in Milan.

A rush of vitality and movement, the collection celebrates sublime evolution.

Elongated silhouettes stretch and cling, for a luxurious comfort and warmth.
Contact information

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NB: the trade order form is available for download at www.kering.com/en (Finance/Shareholders information section).

*If you own administered registered shares, the financial intermediary who manages your account remains your point of contact.

Provisional calendar

Tuesday, April 21, 2020
First-quarter 2020 revenue

Thursday, April 23, 2020
Annual General Meeting
(behind closed doors)

Thursday, May 7, 2020
Payment of final dividend*

End-July 2020
First-half 2020 results

*Ex-dividend date: May 5, 2020.

General Data Protection Regulation

In accordance with France’s data protection law (Informatique et Libertés) of January 6, 1978 (as amended) and the EU General Data Protection Regulation of April 27, 2016, you have the right to access, rectify and erase your personal data, and to restrict or object to the processing of that data, as well as the right to data portability, under the conditions set forth in the applicable legislation. To exercise your rights, please contact us at the following address: actionnaire@kering.com.


Should you no longer wish to receive Kering’s Letter to Shareholders, please contact us by post or email (see “Contact information” details above).