

## **AVAILABILITY OF H1 2018 RESTATED IFRS 16 FINANCIAL INFORMATION**

Following the initial application of IFRS 16 in the 2019 interim financial statements and for a better understanding of the published information, we hereby disclose the H1 2018 restated comparative information inclusive of IFRS 16 impact.

Indeed, the Group has chosen to apply the modified retrospective approach according to which the comparative information shall not be restated. This means that the 2019 Income Statement will be impacted compared to prior periods: a linear amortization expense on the right-of-use asset and an interest expense on the lease liability will replace the straight-line expense previously recognized according to the IAS 17 standard.

H1 2018 restated figures (IFRS 16) will apply to all commenced rental contracts as of January 1, 2018 using the modified retrospective approach and accounting principles adopted by the Group for the initial application of IFRS 16, discounted at January 1, 2019 rates, which is the official transition date. In accordance with the accounting principles applied by the Group from January 1, 2019, are excluded the full variable leases, short-term contracts (lease term of 12 months or less, including long-term contracts expired as of December 31, 2019), as well as low-value assets rental contracts.

To ensure a smoother transition from IAS 17 to IFRS 16 and for comparison purposes, the Group will disclose in its 2019 interim financial statements a reconciliation between the published 2019 data (applying IFRS 16) and the following restated 2019 non-IFRS financial indicators (under IAS 17):

- Adjusted recurring operating income (IAS 17);
- Adjusted EBITDA (IAS 17);
- Adjusted Free cash flow from operations (IAS 17);
- Adjusted available cash flow (IAS 17).

These non-IFRS financial indicators have been described in the 2018 Activity Report and include the accounting of leases performed according to the principles of IAS 17 and not IFRS 16.

In addition, we confirm the median estimated impact on lease liabilities of around 3,700 million euros published in the 2018 consolidated financial statements.

The accounting principles as well as the transitional provisions and simplification measures applied by the Group for the first application of IFRS 16 will be detailed in the 2019 interim financial statements that will be published on July 25, 2019.

**Condensed consolidated income statement**

<i>(in € millions)</i>	<b>First-half</b>	<b>First-half</b>
	<b>2018</b>	<b>2018</b>
	<b>Restated IFRS16</b>	<b>Reported</b>
<b>Revenue</b>	<b>6,431.9</b>	<b>6,431.9</b>
Recurring operating income	1,797.7	1,771.9
<i>as a % of revenue</i>	27.9%	27.5%
EBITDA	2,348.5	2,021.6
<i>as a % of revenue</i>	36.5%	31.4%
Other non-recurring operating income and expenses	(39.6)	(39.6)
Finance costs, net	(142.6)	(97.1)
Corporate income tax	(380.4)	(385.0)
Share in earnings (losses) of equity-accounted companies	(3.0)	(3.0)
<b>Net income from continuing operations</b>	<b>1,232.1</b>	<b>1,247.2</b>
<i>o/w attributable to owners of the parent</i>	1,214.2	1,228.9
<i>o/w attributable to non-controlling interests</i>	17.9	18.3
<b>Net income from discontinued operations</b>	<b>1,148.2</b>	<b>1,148.2</b>
<b>Net income attributable to owners of the parent</b>	<b>2,344.9</b>	<b>2,359.6</b>
Net income from continuing operations (excluding non-recurring items) attributable to owners of the parent	1,247.5	1,262.2

### Adjusted recurring operating income and EBITDA - IFRS 16 bridge

(in € millions)	First-half	First-half
	2018	2018
	Restated IFRS16	Reported
<b>Recurring operating income</b>	<b>1,797.7</b>	<b>1,771.9</b>
as a % of revenue	27.9%	27.5%
IFRS 16 treatment on rent fixed part	(326.9)	n.a.
Amortization of IFRS 16 right-of-use	301.0	n.a.
<b>Adjusted recurring operating income (IAS 17)</b>	<b>1,771.9</b>	<b>1,771.9</b>
as a % of revenue	27.5%	27.5%
<b>EBITDA</b>	<b>2,348.5</b>	<b>2,021.6</b>
as a % of revenue	36.5%	31.4%
IFRS 16 treatment on rent fixed part	(326.9)	n.a.
<b>Adjusted EBITDA (IAS 17)</b>	<b>2,021.6</b>	<b>2,021.6</b>
as a % of revenue	31.4%	31.4%

### Recurring operating income

(in € millions)	First-half	First-half
	2018	2018
	Restated IFRS16	Reported
Total Houses	1,910.0	1,886.0
Corporate and other	(112.3)	(114.1)
<b>Recurring operating income</b>	<b>1,797.7</b>	<b>1,771.9</b>
Total Houses	(306.3)	n.a.
Corporate and other	(20.6)	n.a.
<b>IFRS 16 treatment on rent fixed part</b>	<b>(326.9)</b>	<b>n.a.</b>
Total Houses	282.3	n.a.
Corporate and other	18.7	n.a.
<b>Amortization of IFRS 16 right-of-use</b>	<b>301.0</b>	<b>n.a.</b>
Total Houses	1,886.0	1,886.0
Corporate and other	(114.1)	(114.1)
<b>Adjusted recurring operating income (IAS 17)</b>	<b>1,771.9</b>	<b>1,771.9</b>

### EBITDA

(in € millions)	First-half	First-half
	2018	2018
	Restated IFRS16	Reported
<b>Recurring operating income</b>	<b>1,797.7</b>	<b>1,771.9</b>
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	550.7	249.7
o/w amortization of IFRS 16 right-of-use	301.0	n.a.
<b>EBITDA</b>	<b>2,348.5</b>	<b>2,021.6</b>

## EBITDA

<i>(in € millions)</i>	First-half	First-half
	2018	2018
	Restated IFRS16	Reported
Total Houses	2,401.6	2,095.3
<i>Corporate and other</i>	<i>(53.1)</i>	<i>(73.7)</i>
<b>EBITDA</b>	<b>2,348.5</b>	<b>2,021.6</b>
Total Houses	(306.3)	n.a.
<i>Corporate and other</i>	<i>(20.6)</i>	<i>n.a.</i>
<b>IFRS 16 treatment on rent fixed part</b>	<b>(326.9)</b>	<b>n.a.</b>
Total Houses	2,095.3	2,095.3
<i>Corporate and other</i>	<i>(73.7)</i>	<i>(73.7)</i>
<b>Adjusted EBITDA (IAS 17)</b>	<b>2,021.6</b>	<b>2,021.6</b>

## Finance costs (net)

<i>(in € millions)</i>	First-half	First-half
	2018	2018
	Restated IFRS16	Reported
Cost of net debt	43.4	43.4
Other financial income and expenses	52.7	53.7
<b>Finance costs (net, excluding lease contracts)</b>	<b>96.1</b>	<b>97.1</b>
Interest expense on lease contracts	46.5	n.a.
<b>Finance costs, net</b>	<b>142.6</b>	<b>97.1</b>

## Operating performance Luxury Houses

<i>(in € millions)</i>	First-half	First-half
	2018	2018
	Restated IFRS16	Reported
Revenue	6,208.7	6,208.7
Recurring operating income	1,910.0	1,886.0
<i>as a % of revenue</i>	<i>30.8%</i>	<i>30.4%</i>
EBITDA	2,401.6	2,095.3
<i>as a % of revenue</i>	<i>38.7%</i>	<i>33.7%</i>
Gross operating investments	221.9	221.9
Average FTE headcount	25,811	25,811
<b>Recurring operating income</b>	<b>1,910.0</b>	<b>1,886.0</b>
<i>as a % of revenue</i>	<i>30.8%</i>	<i>30.4%</i>
IFRS 16 treatment on rent fixed part	(306.3)	n.a.
Amortization of IFRS 16 right-of-use	282.3	n.a.
<b>Adjusted recurring operating income (IAS 17)</b>	<b>1,886.0</b>	<b>1,886.0</b>
<i>as a % of revenue</i>	<i>30.4%</i>	<i>30.4%</i>

## Gucci

<i>(in € millions)</i>	First-half	First-half
	2018	2018
	Restated IFRS16	Reported
Revenue	3,852.8	3,852.8
Recurring operating income	1,480.7	1,470.5
<i>as a % of revenue</i>	38.4%	38.2%
EBITDA	1,741.7	1,601.8
<i>as a % of revenue</i>	45.2%	41.6%
Gross operating investments	114.4	114.4
Average FTE headcount	13,771	13,771
<b>Recurring operating income</b>	<b>1,480.7</b>	<b>1,470.5</b>
<i>as a % of revenue</i>	38.4%	38.2%
IFRS 16 treatment on rent fixed part	(139.9)	n.a.
Amortization of IFRS 16 right-of-use	129.7	n.a.
<b>Adjusted recurring operating income (IAS 17)</b>	<b>1,470.5</b>	<b>1,470.5</b>
<i>as a % of revenue</i>	38.2%	38.2%

## Yves Saint Laurent

<i>(in € millions)</i>	First-half	First-half
	2018	2018
	Restated IFRS16	Reported
Revenue	808.2	808.2
Recurring operating income	202.5	198.0
<i>as a % of revenue</i>	25.1%	24.5%
EBITDA	268.7	218.0
<i>as a % of revenue</i>	33.2%	27.0%
Gross operating investments	32.7	32.7
Average FTE headcount	2,975	2,975
<b>Recurring operating income</b>	<b>202.5</b>	<b>198.0</b>
<i>as a % of revenue</i>	25.1%	24.5%
IFRS 16 treatment on rent fixed part	(50.7)	n.a.
Amortization of IFRS 16 right-of-use	46.2	n.a.
<b>Adjusted recurring operating income (IAS 17)</b>	<b>198.0</b>	<b>198.0</b>
<i>as a % of revenue</i>	24.5%	24.5%

## Bottega Veneta

<i>(in € millions)</i>	First-half	First-half
	2018	2018
	Restated IFRS16	Reported
Revenue	552.2	552.2
Recurring operating income	137.3	132.5
<i>as a % of revenue</i>	24.9%	24.0%
EBITDA	214.4	152.5
<i>as a % of revenue</i>	38.8%	27.6%
Gross operating investments	32.7	32.7
Average FTE headcount	3,524	3,524
<b>Recurring operating income</b>	<b>137.3</b>	<b>132.5</b>
<i>as a % of revenue</i>	24.9%	24.0%
IFRS 16 treatment on rent fixed part	(61.9)	n.a.
Amortization of IFRS 16 right-of-use	57.1	n.a.
<b>Adjusted recurring operating income (IAS 17)</b>	<b>132.5</b>	<b>132.5</b>
<i>as a % of revenue</i>	24.0%	24.0%

## Other Houses

<i>(in € millions)</i>	First-half	First-half
	2018	2018
	Restated IFRS16	Reported
Revenue	995.5	995.5
Recurring operating income	89.5	85.0
<i>as a % of revenue</i>	9.0%	8.5%
EBITDA	176.8	123.0
<i>as a % of revenue</i>	17.8%	12.4%
Gross operating investments	42.1	42.1
Average FTE headcount	5,540	5,540
<b>Recurring operating income</b>	<b>89.5</b>	<b>85.0</b>
<i>as a % of revenue</i>	9.0%	8.5%
IFRS 16 treatment on rent fixed part	(53.8)	n.a.
Amortization of IFRS 16 right-of-use	49.3	n.a.
<b>Adjusted recurring operating income (IAS 17)</b>	<b>85.0</b>	<b>85.0</b>
<i>as a % of revenue</i>	8.5%	8.5%

## Corporate and other

<i>(in € millions)</i>	First-half	First-half
	2018	2018
	Restated IFRS16	Reported
Recurring operating income (excluding corporate long-term incentive plans)	(73.5)	(75.3)
Cost of corporate long-term incentive plans	(38.8)	(38.8)
<b>Recurring operating income (loss)</b>	<b>(112.3)</b>	<b>(114.1)</b>
IFRS 16 treatment on rent fixed part	(20.6)	n.a.
Amortization of IFRS 16 right-of-use	18.7	n.a.
<b>Adjusted recurring operating income (loss) (IAS 17)</b>	<b>(114.1)</b>	<b>(114.1)</b>

## Free cash flow from operations

<i>(in € millions)</i>	<b>First-half</b>	<b>First-half</b>
	<b>2018</b>	<b>2018</b>
	Restated IFRS16	Reported
<b>Cash flow from operating activities</b>	<b>2,358.8</b>	<b>2,031.9</b>
<b>before tax, dividends and interest</b>		
Change in working capital requirement (excluding tax)	(123.0)	(81.7)
Corporate income tax paid	(239.6)	(239.6)
<b>Net cash from operating activities</b>	<b>1,996.2</b>	<b>1,710.6</b>
Purchases of property, plant and equipment and intangible assets	(311.0)	(311.0)
Proceeds from disposals of property, plant and equipment and intangible assets	0.9	0.9
<b>Free cash flow from operations</b>	<b>1,686.1</b>	<b>1,400.5</b>
IFRS 16 treatment on rent cash-out	(285.6)	n.a.
<b>Adjusted free cash flow from operations (IAS 17)</b>	<b>1,400.5</b>	<b>1,400.5</b>

## Available cash flow

<i>(in € millions)</i>	<b>First-half</b>	<b>First-half</b>
	<b>2018</b>	<b>2018</b>
	Restated IFRS16	Reported
<b>Free cash flow from operations</b>	<b>1,686.1</b>	<b>1,400.5</b>
Interest and dividends received	3.3	3.3
Interest paid and equivalent	(143.6)	(98.1)
<b>Available cash flow</b>	<b>1,545.8</b>	<b>1,305.7</b>
IFRS 16 treatment on rent cash-out	(285.6)	n.a.
IFRS 16 treatment on interest cash-out	45.5	n.a.
<b>Adjusted available cash flow (IAS 17) <sup>(1)</sup></b>	<b>1,305.7</b>	<b>1,305.7</b>

*(1) o/w interest on finance lease IAS 17: €1.0m*