

**PRESS RELEASE**

2020 Half-year results

July 28, 2020

**STRONG RESILIENCE
IN UNPRECEDENTED HEALTH CRISIS****SOLID OPERATING MARGIN**

**Consolidated revenue: €5,378.3 million,
down 29.6% as reported
and 30.1% on a comparable basis**

**Recurring operating income: €952.4 million
Recurring operating margin of 17.7%
Net income, Group share of €272.6 million
Recurring net income, Group share¹: €569.3 million**

“It is fair to say that the first half of 2020 has been the toughest period we have faced - we stand in solidarity with all who are suffering through this situation and acknowledge the remarkable contribution of all our associates. Our results today underscore the extent of the disruption exacted by the pandemic on our operations. Even more importantly, the resilience of our performances validates our model and supports our confidence that we will come out of this crisis even stronger. We entered 2020 in a particularly solid position - our global scale, the desirability and agility of our brands, and our values of sustainability and responsibility, all are key assets in weathering current conditions. Our strategic vision is only reinforced by the crisis and, with the benefit of our sound financials, innovativeness and digital expertise, we are pursuing its implementation with consistency and determination.”

François-Henri Pinault, Chairman and Chief Executive Officer

- Consolidated revenue of €5,378.3 million in the first half of 2020, down 29.6% as reported and 30.1% on a comparable basis. Consolidated revenue of €2,175.1 million in the second quarter, down 43.5% as reported and 43.7% on a comparable basis.
 - o After an excellent start to the year, a first half heavily impacted by store closings and a halt to tourism.
 - o An encouraging recovery as stores reopened, particularly in the Asia-Pacific region, led by Mainland China.
 - o Sharp acceleration of online sales, up 47.2% in the first six months of the year and up 72.4% in the second quarter.

- Resilient profitability, with recurring operating income of €952.4 million, yielding an operating margin of 17.7%, thanks to adjustment of the Group's cost base. Ongoing investment to bolster the market positions of the Group's Houses and prepare for the future.

¹ Recurring net income, Group share: net income from continuing operations, Group share, excluding non-recurring items.

Key financial indicators

(in € millions)	H1 2020	H1 2019	Change
Revenue	5,378.3	7,638.4	-29.6%
Recurring operating income <i>as a % of revenue</i>	952.4 17.7%	2,252.7 29.5%	-57.7% -11.8 pts
EBITDA <i>as a % of revenue</i>	1,675.0 31.1%	2,809.3 36.8%	-40.4% -5.7 pts
Net income, Group share	272.6	579.7	-53.0%
Recurring net income, Group share⁽¹⁾	569.3	1,556.1	-63.4%

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

Consolidated **revenue** in the first half of 2020 amounted to €5,378.3 million, down 29.6% as reported and down 30.1% based on comparable Group structure and exchange rates.

Dilution of the Group's **gross margin** in the period was contained, at €3,903.5 million, down 30.9% from the first six months of 2019.

Recurring operating income amounted to €952.4 million, down 57.7% from the first half of 2019. **Recurring operating margin** was 17.7%. Operating profitability remained healthy against a backdrop of revenue decline, highlighting the Group's rapid response to the crisis and its capacity to contain costs; cost-saving initiatives are expected to continue bearing fruit beyond the first half.

EBITDA amounted to €1,675.0 million for the period, down 40.4% on the first half of 2019, while the Group's **EBITDA margin** exceeded 30%, at 31.1%.

Net income, Group share for the first half of 2020 amounted to €272.6 million, and **earnings per share, Group share** to €2.18.

Recurring net income, Group share (net income from continuing operations excluding non-recurring items) was €569.3 million.

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Operating performance

Revenue (in € millions)	H1 2020	H1 2019	Reported change	Comparable change ⁽¹⁾
Total Houses	5,175.5	7,364.4	-29.7%	-30.2%
Gucci	3,072.2	4,617.1	-33.5%	-33.8%
Yves Saint Laurent	681.1	973.0	-30.0%	-30.6%
Bottega Veneta	503.1	549.0	-8.4%	-9.5%
Other Houses	919.1	1,225.3	-25.0%	-25.8%
Corporate and other	202.8	274.0	-26.0%	-26.7%
KERING	5,378.3	7,638.4	-29.6%	-30.1%

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

Recurring operating income (in € millions)	H1 2020	H1 2019	Change (€ millions)	Change (%)
Total Houses	1,063.0	2,370.0	(1,307.0)	-55.1%
Gucci	929.0	1,876.1	(947.1)	-50.5%
Yves Saint Laurent	102.1	251.7	(149.6)	-59.4%
Bottega Veneta	43.6	103.9	(60.3)	-58.0%
Other Houses	(11.7)	138.3	(150.0)	NM
Corporate and other	(110.6)	(117.3)	6.7	-5.7%
KERING	952.4	2,252.7	(1,300.3)	-57.7%

Total revenue generated by Kering's Houses amounted to €5,175.5 million in the first half of 2020, down 29.7% as reported and 30.2% on a comparable basis. Sales from directly operated stores fell 30.9%. Online sales surged 47.2% despite the impact of lockdown measures on logistics operations. Wholesale revenue fell 27.0% on a comparable basis, particularly impacted by the difficulties of North American distributors and a virtual standstill in travel retail.

In the second quarter of 2020, total revenue from the Houses declined 43.4% on a comparable basis, reflecting store closings. From April to June, revenue recovered gradually as stores reopened, first in Asia, notably Mainland China, then in Europe and America.

Recurring operating income of the Houses totaled €1,063.0 million in the first half of 2020, resulting in a recurring operating margin of 20.5%.



Gucci

Gucci posted **revenue** of €3,072.2 million in the first **six months of 2020**, down 33.5% on a reported basis and 33.8% on a comparable basis. Retail sales generated in directly operated stores declined 33.4% on a comparable basis. Gucci had a robust start to the year, with double-digit revenue growth in January. As stores reopened, the House regained a favorable momentum with local customers in its main markets. Online sales performed particularly well in the first half, up 51.8%. Wholesale revenue was down 36.1% on a comparable basis during the period, reflecting both difficulties encountered by key accounts, in particular in the United States, and the House's ongoing initiatives to enhance the exclusivity of its distribution.

Gucci's revenue in the **second quarter** fell 44.7% on a comparable basis.

Recurring operating income in the first half of 2020 totaled €929.0 million. The brand's **recurring operating margin** was extremely resilient, exceeding 30%.

Yves Saint Laurent

Yves Saint Laurent achieved **revenue** of €681.1 million in the **first half of 2020**, down 30.0% as reported and 30.6% on a comparable basis. Revenue generated in directly operated stores declined 33.3%, while wholesale revenue was down 23.7%, on a comparable basis.

In the **second quarter**, Yves Saint Laurent revenue contracted 48.4% on a comparable basis, reflecting the House's exposure to Western Europe and North America.

Recurring operating income in the first six months of the year was €102.1 million, and **recurring operating margin** amounted to 15.0%.

Bottega Veneta

Reflecting ongoing success of the brand's reinvention, Bottega Veneta had **revenue** of €503.1 million in the **first half of 2020**, down 8.4% as reported and 9.5% on a comparable basis. Revenue generated through the House's directly operated stores fell 18.6% on a comparable basis. Online sales more than doubled. Wholesale revenue grew sharply (+31.9%), thanks to the overwhelming appeal of the brand's new collections, as the House further reinforces the selectivity of its distribution.

The drop in revenue in the **second quarter** was contained (-24.4% on a comparable basis) thanks to positive momentum in the stores that remained open and a rebound in Mainland China and Korea.

Bottega Veneta's **recurring operating income** amounted to €43.6 million in the first half of 2020, and the recurring operating margin was 8.7%. The House pursues investments in order to amplify its transformation, weighing on its profitability in the short and medium term.



Other Houses

First-half 2020 revenue of the Other Houses totaled €919.1 million, down 25.0% as reported and 25.8% on a comparable basis. Balenciaga and Alexander McQueen held firm during the period, with contained revenue declines thanks to the appeal of their creative offering. Qeelin reported revenue growth during the first half of the year, buoyed by strong recovery in Mainland China. The other Jewelry Houses, penalized by their exposure to Western Europe, delivered very encouraging performances in Asia. Sales generated in stores directly operated by the Other Houses retreated 21.5% year on year. Wholesale revenue was down 29.2%.

In the **second quarter of 2020**, revenue of the Other Houses was down 44.0% on a comparable basis.

The Other Houses posted negative **recurring operating income** of €11.7 million in the first half of 2020, with notable disparities across brands. Balenciaga and Alexander McQueen successfully adjusted their operating costs and kept profitability dilution under control. Its resilience, size and maturity, allowed Balenciaga to maintain a double-digit operating margin. Conversely, the Watch Manufactures were heavily impacted by sharp contraction in their market.

Corporate and other

Kering Eyewear posted **revenue** of €242.6 million in the **first half of 2020**, down 24.4% as reported and 24.9% on a comparable basis. Its contribution to Group first-half consolidated revenue totaled €192.1 million (after elimination of intra-group sales and royalties paid to the Group's brands), representing a 26.6% year-on-year decrease.

After a solid start to the year, revenue declined 49.3% on a comparable basis in the **second quarter**, heavily impacted by store closures, notably in travel retail.

Recurring operating income of Kering Eyewear remained positive in the first half.

Overall, net costs of the "Corporate and other" segment for the first six months of 2020 totaled €110.6 million, an improvement of €6.7 million versus the first half of 2019.



Financial performance

In the first half of 2020, **other non-recurring operating income and expenses** represented a net expense of €319.6 million.

Net finance costs rose 8.4% year on year to €144.9 million. They include the costs of net debt, which stood at €30 million.

The Group's **effective tax rate** was 39.7% in the first half of 2020, while its effective tax rate on recurring income was 28.2%.

Cash flows and financial position

The Group's **free cash flow from operations** totaled €565.6 million in the first six months of 2020. Its decrease is limited in relation to the decline in EBITDA thanks to careful prioritization of operating investments and to the limited increase in working capital.

<i>(in € millions)</i>	June 30, 2020	Dec. 31, 2019	June 30, 2019
Capital employed	14,022.7	13,250.8	11,583.3
Total equity	10,207.2	10,438.6	9,448.7
Net debt	3,815.5	2,812.2	2,134.6

As of June 30, 2020, the Group's **net debt** was €3,815.5 million. The increase is due in particular to payment of the dividend in the first half of the year.

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.

The Group is continuing to implement its strategy focused on achieving same-store revenue growth while ensuring the targeted and selective expansion of the store network in order to sustainably grow its Houses, strengthen the exclusivity of their distribution and consolidate their profitability profiles. The Group is also proactively investing to develop cross-business growth platforms in the areas of e-commerce, omnichannel distribution, logistics and IT infrastructure, expertise, and innovative digital technologies.

This long-term strategy is set against a backdrop characterized by many uncertainties and a difficult macroeconomic context, although this does not threaten the structural growth drivers for the Group or the luxury sector as a whole.

The health and subsequent economic crisis caused by the COVID-19 pandemic in the first six months of 2020 have had major consequences on consumption trends, tourism flows and global economic growth. Like all other luxury sector players, during the first half of the year the Group was deeply impacted by the effects of the pandemic, both in terms of its customers and its overall business operations.

The lack of visibility about how the worldwide personal luxury goods market will evolve in the next few months makes it impossible to forecast the Group's second-half sales with any sufficient degree of reliability. However, the loss in revenue experienced in the first six months of the year should not be offset in the second half. Against this backdrop, Kering has put in place all the necessary measures to adapt its cost base and contain its working capital requirement, without cutting back on expenditure and investments required to protect its Houses' market positions and safeguard their potential to grow and bounce back in the short and medium term.

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As the Group cannot forecast its revenue levels for the coming months, it is not reasonably possible to project its recurring operating margin for 2020. The cost saving measures implemented in the first half should, however, benefit results in the second half of the year. In addition, the Group will continue to exercise the same financial discipline as in prior years in order to contain the contraction in recurring operating margin in 2020.

Over the longer term, Kering plans to pursue its strategy of rigorously managing and allocating its resources in order to support its operating performance, maintain high cash flow generation and optimize return on capital employed. Thanks to its strong business model and structure, along with its robust financial position, Kering remains confident in its growth potential for the medium and long term.

At its meeting of July 28, 2020, Kering's Board of Directors, under the chairmanship of François-Henri Pinault, approved the consolidated financial statements for the first half of 2020, which were reviewed by the Statutory Auditors.

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AUDIOCAST

An **audiocast** for analysts and investors will be held at **6.00pm** (CEST) on **Tuesday, July 28, 2020**. It may be accessed [here](#). The slides (PDF) will be available ahead of the audiocast at www.kering.com.

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

France	+33 (0)1 70 70 07 81
United Kingdom	+44 (0)844 481 9752
United States	+1 646 741 3167
International switchboard	+44 (0)20 7192 8338

Access code: **2466987**

A replay of the audiocast will also be available at www.kering.com.

The 2020 First-Half Report will be available at www.kering.com.

About Kering

A global Luxury group, Kering manages the development of a series of renowned Houses in Fashion, Leather Goods, Jewelry and Watches: Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, Brioni, Boucheron, Pomellato, DoDo, Qeelin, Ulysse Nardin, Girard-Perregaux, as well as Kering Eyewear. By placing creativity at the heart of its strategy, Kering enables its Houses to set new limits in terms of their creative expression while crafting tomorrow's Luxury in a sustainable and responsible way. We capture these beliefs in our signature: "Empowering Imagination". In 2019, Kering had nearly 38,000 employees and revenue of €15.9 billion.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2020

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REMINDER OF ANNOUNCEMENTS MADE SINCE JANUARY 1, 2020

Kering's brands come together to support the fight against Australia's bushfire disaster

January 8, 2020 – In response to the bushfire crisis in Australia, the Kering Houses came together to support the efforts of the Australian people to fight the wildfires. Together, they donated a total of AUD 1 million as an immediate contribution to the bushfire emergency. These funds were provided to the most appropriate local organizations selected by the Group's sustainability experts.

Kering contributes to the worldwide fight against COVID-19 since January 28:

In China:

- Kering and its Houses announced a donation to the Hubei Red Cross Foundation to help fight the spread of the virus.

In Italy:

- Kering and its Houses made donations to four major foundation hospitals in Lombardy, Veneto, Tuscany and Lazio.
- Gucci responded to the appeal launched to the fashion industry by the Tuscany regional authorities, manufacturing 1.1 million surgical masks and 55,000 medical overalls for health workers.

In France:

- Kering imported 3 million surgical masks from China.
- Kering made a financial donation to Institut Pasteur to support its research into COVID-19.
- Kering financed the purchase of 60 3D printers for Paris' Cochin public hospital, so that it can rapidly produce large quantities of medical components and address the unprecedented demand for equipment during the COVID-19 epidemic.
- The French workshops of the Balenciaga and Yves Saint Laurent Houses manufactured officially approved surgical face masks.

In the United States:

- Kering and its Houses announced a joint donation of USD 1 million to the CDC Foundation, to support healthcare workers in the Americas. This donation helped support front-line health workers in the United States – and particularly the hardest hit States such as New York, New Jersey, California and Florida – as well as in a number of regions in Latin America.

In the United Kingdom:

- Kering donated face masks to the National Health Service (NHS).

Progress report on the Group's 2025 sustainability targets

January 30, 2020 – Three years after announcing its next-generation sustainability strategy, "Crafting Tomorrow's Luxury", Kering published its Sustainability Progress Report. The Group has made serious progress and is on track to meet its 2025 targets, while setting the foundation to align with a 1.5°C pathway. Kering has reduced its overall environmental impacts by 14% in terms of EP&L intensity (between 2015 and 2018) and is on a positive trajectory to reach its 40% reduction target by 2025. GHG emissions have fallen 77% in intensity in Kering's own operations (between 2015 and 2018), with renewable energy use reaching 100% in seven countries, 78% in Europe and 67% covered overall, Group-wide. Kering has also reached its target of purchasing 100% responsible gold for its Jewelry and Watches Divisions, and is on track to reach 100% sustainable sourcing for other key raw materials by 2025. In addition, the Group has attained 88% traceability for its key raw materials.

Postponement of the Annual General Meeting to June 16, 2020

March 30, 2020 – In view of the circumstances, Kering's Board of Directors decided to postpone the 2020 Annual General Meeting initially scheduled for Thursday, April 23, 2020. On April 21, 2020, the Board set the new Meeting date as June 16, 2020.

**Revised dividend per share for 2019**

April 21, 2020 – In light of the Covid-19 pandemic and its impact on economic activity, the Board of Directors decided to revise the amount allocated to the 2019 dividend payment and to recommend to shareholders at Kering SA's Annual General Meeting on June 16, 2020 that the total dividend payout should amount to €1,010 million, corresponding to €8 per share. This is €442 million lower than the amount announced when the Group released its 2019 results on February 12, 2020 (€1,452 million, or €11.50 per share).

Reduction in remuneration for 2020 for the Kering leadership team

April 21, 2020 – In light of the Covid-19 pandemic and its impact on business activity, François-Henri Pinault, Chairman and CEO of Kering, decided to reduce the fixed portion of his salary by 25% from April 1, until the end of 2020. In addition, François-Henri Pinault and Jean-François Palus, Group Managing Director, decided to waive the entirety of the variable portions of their annual remuneration for 2020. These decisions were approved by Kering's Board of Directors on April 21, 2020. The Board therefore submitted a revised 2020 remuneration policy to the vote of the shareholders at the Annual General Meeting held on June 16, 2020.

Pro-active management of the Group's liquidity – a new bond issue and extension of syndicated loan facilities

May 5, 2020 – Kering carried out a €1.2 billion dual-tranche bond issue comprising (i) a €600 million tranche with a three-year maturity and a 0.25% coupon, and (ii) a €600 million tranche with an eight-year maturity and a 0.75% coupon. In line with the Group's pro-active liquidity management approach, this issue enables Kering to diversify its sources of financing and enhance its funding flexibility through refinancing of existing debt and extending the maturity of its financing facilities. Investors' high take-up rate of the issue confirmed the market's confidence in the Group's creditworthiness. Kering's long-term debt is rated "A-" with a stable outlook by Standard & Poor's.

Also during first-half 2020, the Group extended its credit facilities from its banks in an aggregate of €1,800 million in additional credit facilities from its banking pool, giving it €4,835 million in total confirmed credit lines as of June 30, 2020, versus €3,035 million as of December 31, 2019.

Commitments to promote LGBTQIA+ diversity and inclusivity

May 29, 2020 – Kering celebrated the LGBTQIA+ pride month of June and reaffirmed its commitment to create and maintain an equal and inclusive environment for all employees around the world, with the active support of its internal LGBTQIA+ and allied community named ALL.

Kering and its brands stand in solidarity against racism

June 2, 2020 – Kering and all its brands stand in solidarity against racism. On behalf of all its brands, Kering made a donation to the NAACP (National Association for the Advancement of Colored People), which fights to eliminate race-based discrimination in the United States, and Campaign Zero, an organization that aims to reduce police violence in the United States.

Jean Liu, Tidjane Thiam and Emma Watson join the Board of Kering as Directors

June 16, 2020 – Kering's shareholders approved the appointment of Jean Liu, Tidjane Thiam and Emma Watson as Directors during their Annual General Meeting, as proposed by the Board of Directors at its meeting of March 12, 2020. Emma Watson was also appointed Chair of the Sustainability Committee of the Board of Directors, while Tidjane Thiam was appointed Chair of the Audit Committee.

Biodiversity strategy

June 30, 2020 – For the first time, Kering published a dedicated biodiversity strategy with a series of new targets to achieve a "net positive" impact on biodiversity by 2025, which included launching the Kering for Nature Fund to support the fashion industry's transition to regenerative agriculture.

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Consolidated income statement

<i>(in € millions)</i>	First-half 2020	First-half 2019	Full-year 2019
CONTINUING OPERATIONS			
Revenue	5,378.3	7,638.4	15,883.5
Cost of sales	(1,474.8)	(1,986.3)	(4,108.5)
Gross margin	3,903.5	5,652.1	11,775.0
Payroll expenses	(1,026.7)	(1,140.5)	(2,290.8)
Other recurring operating income and expenses	(1,924.4)	(2,258.9)	(4,705.9)
Recurring operating income	952.4	2,252.7	4,778.3
Other non-recurring operating income and expenses	(319.6)	(42.2)	(168.5)
Operating income	632.8	2,210.5	4,609.8
Finance costs, net	(144.9)	(133.7)	(309.5)
Income before tax	487.9	2,076.8	4,300.3
Income tax expense	(193.7)	(1,449.4)	(2,133.7)
Share in earnings (losses) of equity-accounted companies	(7.8)	20.7	41.8
Net income from continuing operations	286.4	648.1	2,208.4
o/w attributable to owners of the parent	283.8	623.4	2,166.9
o/w attributable to non-controlling interests	2.6	24.7	41.5
DISCONTINUED OPERATIONS			
Net income from discontinued operations	(11.2)	(60.0)	125.4
o/w attributable to owners of the parent	(11.2)	(43.7)	141.7
o/w attributable to non-controlling interests	-	(16.3)	(16.3)
Net income of consolidated companies	275.2	588.1	2,333.8
o/w attributable to owners of the parent	272.6	579.7	2,308.6
o/w attributable to non-controlling interests	2.6	8.4	25.2
Net income attributable to owners of the parent	272.6	579.7	2,308.6
Earnings per share <i>(in €)</i>	2.18	4.61	18.40
Fully diluted earnings per share <i>(in €)</i>	2.18	4.61	18.40
Net income from continuing operations attributable to owners of the parent	283.8	623.4	2,166.9
Earnings per share <i>(in €)</i>	2.27	4.96	17.27
Fully diluted earnings per share <i>(in €)</i>	2.27	4.96	17.27
Net income from continuing operations (excluding non-recurring items) attributable to owners of the parent	569.3	1,556.1	3,211.5
Earnings per share <i>(in €)</i>	4.55	12.37	25.59
Fully diluted earnings per share <i>(in €)</i>	4.55	12.37	25.59

Consolidated statement of comprehensive income

<i>(in € millions)</i>	First-half 2020	First-half 2019	2019
Net income	275.2	588.1	2,333.8
Actuarial gains and losses ⁽¹⁾	6.0	(10.4)	(16.1)
Total items not reclassified to income	6.0	(10.4)	(16.1)
Foreign exchange gains and losses	(31.3)	(2.6)	33.6
Cash flow hedges ⁽¹⁾	67.9	21.3	17.8
Financial assets at fair value ⁽¹⁾	-	(0.1)	(0.1)
Share in other comprehensive income (loss) of equity-accounted companies	2.1	(5.1)	(7.0)
Total items to be reclassified to income	38.7	13.5	44.3
Other comprehensive income, net of tax	44.7	3.1	28.2
Total comprehensive income	319.9	591.2	2,362.0
o/w attributable to owners of the parent	316.8	582.5	2,335.4
o/w attributable to non-controlling interests	3.1	8.7	26.6

⁽¹⁾ Net of tax.

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Consolidated statement of financial position

ASSETS <i>(in € millions)</i>	June 30, 2020	Dec. 31, 2019	June 30, 2019
Goodwill	2,510.6	2,525.9	2,402.1
Brands and other intangible assets	7,071.4	7,260.5	7,276.1
Right-of-use assets	3,915.6	4,246.7	3,852.0
Property, plant and equipment	2,626.9	2,619.3	2,236.9
Investments in equity-accounted companies	1,096.0	1,105.3	1,084.7
Non-current financial assets	426.2	458.4	372.8
Deferred tax assets	1,423.5	1,367.6	1,381.9
Other non-current assets	42.2	18.8	73.4
Non-current assets	19,112.4	19,602.5	18,679.9
Inventories	3,108.3	2,959.2	2,726.0
Trade receivables	777.7	996.0	956.7
Current tax receivables	362.9	280.7	109.3
Other current financial assets	101.4	38.4	58.4
Other current assets	940.9	979.4	888.7
Cash and cash equivalents	2,801.7	2,285.9	2,450.9
Current assets	8,092.9	7,539.6	7,190.0
Assets held for sale	3.0	6.1	193.2
TOTAL ASSETS	27,208.3	27,148.2	26,063.1

EQUITY AND LIABILITIES <i>(in € millions)</i>	June 30, 2020	Dec. 31, 2019	June 30, 2019
Share capital	505.2	505.2	505.2
Capital reserves	2,428.3	2,428.3	2,428.3
Treasury shares	(575.3)	(573.6)	(322.4)
Translation adjustments	(205.7)	(174.5)	(209.4)
Remeasurement of financial instruments	(12.1)	(80.0)	(76.5)
Other reserves	7,862.7	8,172.7	6,951.0
Equity attributable to owners of the parent	10,003.1	10,278.1	9,276.2
Equity attributable to non-controlling interests	204.1	160.5	172.5
Total equity	10,207.2	10,438.6	9,448.7
Non-current borrowings	4,182.9	3,122.2	2,910.2
Non-current lease liabilities	3,360.1	3,598.6	3,259.8
Other non-current financial liabilities	25.3	47.9	5.4
Provisions for pensions and other post-employment benefits	108.1	106.5	101.7
Other non-current provisions	17.0	15.1	14.9
Deferred tax liabilities	1,487.6	1,530.4	1,573.7
Other non-current liabilities	154.6	141.4	86.8
Non-current liabilities	9,335.6	8,562.1	7,952.5
Current borrowings	2,434.3	1,975.9	1,675.3
Current lease liabilities	709.1	720.0	613.5
Other current financial liabilities	40.1	503.2	69.3
Trade payables	616.8	808.7	796.4
Provisions for pensions and other post-employment benefits	8.8	8.9	8.7
Other current provisions	190.9	216.0	200.9
Current tax liabilities	1,564.7	1,361.5	2,994.9
Other current liabilities	2,100.7	2,552.5	2,221.9
Current liabilities	7,665.4	8,146.7	8,580.9
Liabilities associated with assets held for sale	0.1	0.8	81.0
TOTAL EQUITY AND LIABILITIES	27,208.3	27,148.2	26,063.1

KERING



Consolidated statement of cash flows

<i>(in € millions)</i>	First-half 2020	First-half 2019	Full-year 2019
Net income from continuing operations	286.4	648.1	2,208.4
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	722.6	556.6	1,245.3
Other non-cash income and expenses	136.7	(465.2)	(392.4)
Cash flow from operating activities	1,145.7	739.5	3,061.3
Interest paid/received	142.9	123.1	277.1
Dividends received	-	-	-
Net income tax payable	307.1	1,864.5	2,597.9
Cash flow from operating activities before tax, dividends and interest	1,595.7	2,727.1	5,936.3
Change in working capital requirement	(470.3)	(437.0)	(557.5)
Income tax paid	(192.1)	(374.6)	(2,903.5)
Net cash from operating activities	933.3	1,915.5	2,475.3
Purchases of property, plant and equipment and intangible assets	(367.8)	(383.7)	(955.8)
Proceeds from disposals of property, plant and equipment and intangible assets	0.1	0.9	1.2
Acquisitions of subsidiaries and associates, net of cash acquired	12.5	-	(42.4)
Proceeds from disposals of subsidiaries and associates, net of cash transferred	0.7	-	0.8
Purchases of other financial assets	(28.1)	(101.7)	(285.6)
Proceeds from disposals of other financial assets	12.2	16.9	76.6
Interest and dividends received	2.5	14.8	19.1
Net cash used in investing activities	(367.9)	(452.8)	(1,186.1)
Dividends paid to owners of the parent company	(1,000.1)	(1,320.1)	(1,320.1)
Dividends paid to non-controlling interests	(1.6)	(12.6)	(21.9)
Transactions with non-controlling interests	(51.6)	(17.7)	(19.2)
Treasury share transactions	(2.0)	(152.7)	(402.1)
Debt issues	1,423.0	34.8	644.6
Debt redemptions/repayments	(234.0)	(264.2)	(287.6)
Increase/decrease in other borrowings	321.6	861.6	798.8
Repayment of lease liabilities	(385.3)	(284.6)	(639.6)
Interest paid and equivalent	(144.9)	(130.1)	(289.9)
Net cash used in financing activities	(74.9)	(1,285.6)	(1,537.0)
Net cash from (used in) discontinued operations	(1.4)	(73.9)	132.7
Impact of exchange rate variations	5.5	28.3	116.4
Net increase (decrease) in cash and cash equivalents	494.6	131.5	1.3
Cash and cash equivalents at beginning of period	1,837.6	1,836.3	1,836.3
Cash and cash equivalents at end of period	2,332.2	1,967.8	1,837.6



Consolidated statement of changes in equity

(in € millions)	Number of shares outstanding ⁽¹⁾	Share capital	Capital reserves	Treasury shares	Cumulative translation adjustments	Remeasurement of financial instruments	Other reserves and net income attributable to owners of the parent	Equity		
								Owners of the parent	Non-controlling interests	Total
As of December 31, 2018	125,850,305	505.2	2,428.3	(168.3)	(206.7)	(97.8)	7,445.2	9,905.9	155.7	10,061.6
Total comprehensive income for first-half 2019					(2.8)	21.3	564.0	582.5	8.7	591.2
Treasury shares ⁽²⁾	(323,839)			(154.2)				(154.2)		(154.2)
Share capital increase									0.5	0.5
Cash dividend paid						(878.1)		(878.1)	(18.4)	(896.5)
First-time application of IFRIC 23						(166.0)		(166.0)		(166.0)
Changes in Group structure and other changes ⁽³⁾						(13.9)		(13.9)	26.0	12.1
As of June 30, 2019	125,526,466	505.2	2,428.3	(322.5)	(209.5)	(76.5)	6,951.2	9,276.2	172.5	9,448.7
Total comprehensive income for second-half 2019					35.0	(3.5)	1,721.4	1,752.9	17.9	1,770.8
Treasury shares ⁽²⁾	(508,550)			(251.1)				(251.1)		(251.1)
Share capital increase									0.4	0.4
Cash dividend paid and interim dividend						(442.0)		(442.0)	(3.5)	(445.5)
Changes in Group structure and other changes ⁽³⁾						(57.9)		(57.9)	(26.8)	(84.7)
As of December 31, 2019	125,017,916	505.2	2,428.3	(573.6)	(174.5)	(80.0)	8,172.7	10,278.1	160.5	10,438.6
Total comprehensive income for first-half 2020					(31.2)	67.9	280.1	316.8	3.1	319.9
Treasury shares ⁽²⁾	(3,325)			(1.7)				(1.7)		(1.7)
Share capital increase									25.0	25.0
Cash dividend paid						(558.2)		(558.2)	(4.3)	(562.5)
Changes in Group structure and other changes ⁽³⁾						(31.9)		(31.9)	19.8	(12.1)
As of June 30, 2020	125,014,591	505.2	2,428.3	(575.3)	(205.7)	(12.1)	7,862.7	10,003.1	204.1	10,207.2

⁽¹⁾ Shares with a par value of €4 each.

⁽²⁾ Net of tax.

⁽³⁾ Changes in Group structure and other changes include put options granted to non-controlling interests.



Breakdown of revenue

<i>(in € millions)</i>	H1 2020	H1 2019	Reported change	Comparable change ⁽¹⁾	Q2 2020	Q2 2019	Reported change	Comparable change ⁽¹⁾	Q1 2020	Q1 2019	Reported change	Comparable change ⁽¹⁾
Total Houses	5,175.5	7,364.4	-29.7%	-30.2%	2,109.8	3,716.3	-43.2%	-43.4%	3,065.7	3,648.1	-16.0%	-16.9%
Gucci	3,072.2	4,617.1	-33.5%	-33.8%	1,268.1	2,291.5	-44.7%	-44.7%	1,804.1	2,325.6	-22.4%	-23.2%
Yves Saint Laurent	681.1	973.0	-30.0%	-30.6%	246.5	475.5	-48.2%	-48.4%	434.6	497.5	-12.6%	-13.8%
Bottega Veneta	503.1	549.0	-8.4%	-9.5%	229.4	300.9	-23.8%	-24.4%	273.7	248.1	+10.3%	+8.5%
Other Houses	919.1	1,225.3	-25.0%	-25.8%	365.8	648.4	-43.6%	-44.0%	553.3	576.9	-4.1%	-5.4%
Corporate and other	202.8	274.0	-26.0%	-26.7%	65.3	136.8	-52.3%	-52.5%	137.5	137.2	+0.2%	-1.3%
KERING	5,378.3	7,638.4	-29.6%	-30.1%	2,175.1	3,853.1	-43.5%	-43.7%	3,203.2	3,785.3	-15.4%	-16.4%

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



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 2019 revenue adjusted as follows by:

- neutralizing the portion of revenue corresponding to entities divested in 2019;
- including the portion of revenue corresponding to entities acquired in 2020;
- remeasuring 2019 revenue at 2020 exchange rates.

These adjustments give rise to comparative data at constant scope and exchange rates, which serve 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 that 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.

EBITDA

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

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 of which the interest rate risk is fully or partly hedged as part of a fair value relationship.

Effective tax rate on recurring income

The effective tax rate on recurring income corresponds to the effective tax rate excluding tax effects relating to “Other non-recurring operating income and expenses”.