

2014 results

Another year of solid performances

Consolidated revenue

€10,038 million, up 4.5% on a comparable basis
Luxury Activities: €6,759 million, up 4.9% on a comparable basis

Recurring operating income

€1,664 million, up 3% on a comparable basis
Operating margin of 16.6%
Luxury Activities: €1,666 million, up 5.3% on a comparable basis

Financial position

Net debt of 2.2x EBITDA
Proposed dividend of €4 per share, up 7%

- Sustained, consistent revenue growth throughout the year
- Solid advance in Luxury sales, driven by the directly operated network in mature markets
 - o New management team in place at Gucci
 - o Continued strong sales growth at Bottega Veneta
 - o Yves Saint Laurent revenue doubled over past three years
- Puma sales recovery confirmed
- Sharp increase in free cash flow from operations
- Robust financial position.

François-Henri Pinault, Kering's Chairman and Chief Executive Officer, commented:

"The dynamic sales growth and increase in operating income of the Group's Luxury activities confirm the relevance of our multi-brand model and demonstrate our ability to unlock the potential of each our brands, exploit their complementarity, and nurture their development. The transformations carried out in 2014 from both an organisational and operational standpoint have allowed us to step up our responsiveness, and achieve a greater degree of integration and specialisation of our activities. The Group's unique characteristics, as expressed in its strategic vision and management culture, are a key asset to deliver organic growth, our number one priority in 2015, in a macroeconomic and currency environment which remains unsettled. I am confident in the Group's ability to achieve sustainable profitable growth while focusing in the shorter term on our brands' cash flow generation."



Key financial indicators

(in € million)	2014	2013	Change (1)
Revenue	10,037.5	9,655.7	+4.0%
Recurring operating income	1,664.0	1,751.2	-5.0%
<i>as a % of revenue</i>	<i>16.6%</i>	<i>18.1%</i>	<i>+1.6 pts</i>
Recurring operating income – Luxury	1,665.6	1,683.7	-1.1%
Recurring operating income – Sport & Lifestyle	137.5	200.4	-31.4%
Net income, Group share	528.9	49.6	+966.3%
Recurring net income, Group share*	1,177.4	1,231.3	-4.4%

(1) Reported change.

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

Consolidated revenue from continuing operations amounted €10,038 million in 2014, up 4% as reported and 4.5% based on a comparable scope and exchange rates. The Group's balance in terms of brand portfolio, geographic presence and distribution channels makes it more resilient to changes in the economic environment despite a difficult global context and the unsettled market conditions that have prevailed for several quarters now. Revenue generated outside the eurozone accounted for 79% of sales in 2014. Revenue growth was sustained in mature markets at 3.8% based on comparable data, driven by Japan and North America. Emerging markets were up 5.6% on a comparable basis, and accounted for 38% of the Group's total sales.

Kering's **recurring operating income** amounted €1,664 million in 2014, up 3.0% on 2013 at comparable exchange rates, and down 5% on a reported basis. **The Group's recurring operating margin** came out at 16.6%, while **gross margin** for 2014 amounted €6,296 million, up €255 million or 4.2% on the previous year as reported.

At €1,991 million, **EBITDA** was 2.6% lower than in 2013, and the EBITDA margin inched down by 1.4 percentage points to 19.8% in 2014 from 21.2% the previous year.

Adjusted from non-recurring items net of tax, **net income, Group share from continuing operations** totalled €1,177 million.

Earnings per share from continuing operations came to €8.00 in 2014, compared with €6.93 for the previous year. Excluding non-recurring items, earnings per share from continuing operations amounted to €9.35, down 4.4% on the 2013 figure. **Earnings per share** stood at €4.20 in 2014 versus €0.39 for the previous year.



Operating performances by brand

Luxury Activities

<i>Revenue (in € million)</i>	2014	2013	Reported change	Comparable change ⁽¹⁾
Luxury Activities	6,758.6	6,377.5	+6.0%	+4.9%
Gucci	3,497.2	3,560.8	-1.8%	-1.1%
Bottega Veneta	1,130.5	1015.8	+11.3%	+12.6%
Yves Saint Laurent	707.3	556.9	+27.0%	+27.2%
Other Luxury brands	1,423.6	1,244.0	+14.4%	+6.0%

⁽¹⁾ Comparable scope and exchange rates.

<i>Recurring operating income (in € million)</i>	2014	2013	Change €m	Change % ⁽¹⁾
Luxury Activities	1,665.6	1,683.7	-18.1	-1.1%
Gucci	1,056.0	1,131.8	-75.8	-6.7%
Bottega Veneta	357.2	330.6	26.6	+8.0%
Yves Saint Laurent	105.1	76.6	28.5	+37.2%
Other Luxury brands	147.3	144.7	2.6	+1.8%

⁽¹⁾ Reported.

Despite the overall less upbeat operating context in 2014, the Group's Luxury activities registered sales growth, with revenue totalling €6,759 million, up 6.0% in 2013 as reported and 4.9% on a comparable scope and exchange rate basis. The solid performances from the Luxury activities were driven by sales in directly operated stores (up 8% on a comparable basis), with a more sustained growth in mature markets (61% of revenue). Retail sales in directly operated stores now account for 68.8% of the Luxury activities' overall revenue.

Gucci

In 2014, Gucci posted a mixed revenue performance, down marginally by 1.1% on a comparable basis for the year as a whole, although the brand's performance improved notably in the final three months of the year. Sales generated in directly operated stores accounted for 79% of Gucci's revenue in 2014, improving by 2%, notably in mature markets and especially in Japan (up 9.5%) and North America (up 5.4%). Analysed by product category, the brand posted robust handbag sales, reflecting the positive effects from the measures undertaken over the last collections to fine-tune the offer, as well as sustained performances for Shoes and Ready-to-Wear.

Despite the mixed environment, Gucci's operating margin held firm at constant exchange rates.



Bottega Veneta

In 2014, Bottega Veneta registered a new strong increase of its sales, up 12.6% at comparable exchange rates. The brand's revenue as reported has more than doubled since 2010. Bottega Veneta's directly operated stores accounted for 80% of the brand's total sales in 2014. Revenue growth for directly operated stores was once again extremely solid during the year, at 10.8% on a comparable basis. Leather Goods remain the brand's core business, recording extremely robust year-on-year sales growth of 14.3%. As in 2013, Bottega Veneta's sales growth was evenly balanced between its historical and emerging markets, which recorded respective revenue increases of 13.9% and 10.9% at comparable exchange rates.

Bottega Veneta reported recurring operating income up 8.0% for 2014 and maintained its operating margin at a very high level.

Yves Saint Laurent

Building on the brand's outstanding sales growth in 2013 and the brand's return to the forefront of the industry, Yves Saint Laurent reported another surge in sales in 2014, with revenue up 27.0% year on year as reported and 27.2% based on comparable exchange rates. This performance testifies to the brand's renewed appeal and its major contribution to the growth of the Group's results. Yves Saint Laurent revenue doubled in three years, driven by its successful market repositioning. Propelled by strong sales in directly operated stores, which soared 40.3% at constant exchange rates, all main product categories and geographic areas reported solid growth.

Yves Saint Laurent ended 2014 with recurring operating income up 37.2% year on year and a recurring operating margin of 14.9%.

Other Luxury brands

Total revenue generated by Other Luxury brands in 2014 was up 14.4% year on year as reported and 6.0% on a comparable Group structure and exchange rate basis. The main growth drivers were the Couture and Leather Goods brands, which posted an overall revenue rise of around 9% based on comparable data. The Timepieces and Jewellery brands felt the impact of tougher market conditions, with the Timepieces category particularly affected.

Sales by the wholesale network were up 2.1% versus 2013 on a comparable basis. Wholesale was once again the main distribution channel for Other Luxury brands, accounting for 55.2% of sales, reflecting the differing stages of development of the Couture and Leather Goods brands as well as the specific distribution characteristics for Timepieces and Jewellery. Retail sales in directly operated stores advanced 12.6% based on comparable data, led by the strong performance of Couture and Leather Goods brands. Sales growth in 2014 was stronger in emerging markets than in mature markets (11.7% versus 3.9% on a comparable basis).

Recurring operating income for Other Luxury brands climbed 1.8% to €147 million, while the recurring operating margin came out at 10.3%.



Sport & Lifestyle Activities

<i>Revenue</i> (in € million)	2014	2013	Reported change	Comparable change ⁽¹⁾
Sport & Lifestyle Activities	3,245.1	3,247.0	-0.1%	+3.5%
Puma	2,990.2	3,001.9	-0.4%	+3.4%
Other Sport & Lifestyle brands	254.9	245.1	+4.0%	+4.7%

⁽¹⁾ Comparable scope and exchange rates.

<i>Recurring operating income</i> (in € million)	2014	2013	Change €m	Change % ⁽¹⁾
Sport & Lifestyle Activities	137.5	200.4	-62.9	-31.4%
Puma	128.0	191.9	-63.9	-33.3%
Other Sport & Lifestyle brands	9.5	8.5	1.0	+11.8%

⁽¹⁾ Reported.

Despite ongoing fierce competitive pressure and a volatile and unsettled economic environment in certain regions, **the Sport & Lifestyle activities reported solid 3.5% revenue growth in 2014 based on comparable exchange rates, with sales remaining virtually stable on a reported basis.** This period-on-period improvement was attributable to the measures undertaken for all brands.

Puma

2014 was a pivotal year for Puma, during which the brand accelerated the implementation of its strategy and action plan. Consequently, Puma's revenue was up 3.4% on a comparable basis, due in particular to revenue growth picking up in the second half of the year (up 6.3%). Wholesale sales – which represented 78.7% of the brand's total revenue – rose by 3.3% on a comparable basis. Revenue generated by Puma's directly operated stores climbed 3.9% in 2014 on a comparable basis, with all of the brand's main regions recording increases. Footwear remained Puma's largest product category, representing 42.9% of sales, with business picking up in the last three months of the year (up 4.7%). Sales of Apparel and Accessories posted sustained comparable-basis growth of 7.7% and 9.3% respectively, reflecting the successful partnership with London-based Arsenal Football Club as well as the positive effects of the football World Cup.

The change in Puma's recurring operating income reflects the brand's relaunch initiatives as well as negative currency effects.

Other Sport & Lifestyle brands

Against a backdrop of ongoing tough market conditions in 2014 for Surfwear and Action Sports, Volcom and Electric recorded revenue growth of 4.0% year on year as reported and 4.7% based on constant exchange rates, reaping the benefits of the strategic repositioning launched in 2013.

Volcom and Electric's combined recurring operating income increased in 2014, as did the recurring operating margin which came out at 3.7%.



Financial performance

In 2014, the **cost of net debt** came out at €151 million, 13% lower than in 2013. This year-on-year decrease was primarily due to a reduction in Kering's average cost of borrowing, particularly thanks to much lower interest rates on the Group's bond debt.

Due to the tax effect of a number of non-recurring operating income items recorded during the year, Kering's **effective tax rate** rose significantly in 2014 to 24%, with the **recurring tax rate** standing at 18.3%.

In 2014, **other non-recurring operating income and expenses** represented a net expense of €112 million and primarily included the net gain on the disposal of a property complex and asset impairment losses and restructuring costs for the Luxury activities.

The Group reported a €479 million **net loss from discontinued operations** during the year. Of this amount, €355 million related to Redcats, which primarily included the cost of financing the guarantees to be granted to the employees affected by the modernisation measures put in place at La Redoute and Relais Colis. This financing amounted to €200 million and was used by Kering to set up a trust guaranteeing the application of the employee measures approved in a majority collective agreement signed with the relevant trade unions. The net loss also includes a provision recorded to cover certain vendor warranties granted in connection with the sale as well as impairment losses recognised against the residual assets of these companies and an expense recognised with regard to the transfer of Redcats UK's pension fund assets to an insurer in December 2014. The impacts of the sale of residual assets of Redcats, Diam and Movitex are also included in this caption.

Cash flows and financial position

In 2014, the Group's **free cash flow from operations** came to just under €1,078 million, up 25.8% compared to 2013. Generating free cash flow from operations is a key financial objective for all of the Group's brands.

As of December 31, 2014, Kering had a very sound financial structure:

(in € million)	2014	2013
Capital employed	15,628	14,823
Net assets held for sale	24.6	(184)
Total equity	11,262	11,196
Net debt	4,391	3,443

The Group's **net debt** totalled €4,391 million as of December 31, 2014, representing a 27.5% increase compared with the previous year-end.

	2014	2013
Gearing (net debt/equity)	39%	30.8%
Solvency ratio (net debt/EBITDA)	2.21	1.68



Dividend

At its February 16, 2015 meeting, the Board decided that, at the Annual General Meeting to be held to approve the financial statements for the year ended December 31, 2014, it will ask shareholders to approve a €4.00 per-share cash dividend for 2014.

An interim dividend in the amount of €1.50 per share was paid on 26 January, 2015 pursuant to a decision by the Board of Directors on 8 December, 2014.

This recommended dividend reflects Kering's goal of maintaining well-balanced payout ratios bearing in mind, on the one hand, changes in net income from continuing operations (excluding non-recurring items) attributable to owners of the parent and, on the other hand, the amount of available cash flow.

Outlook

Positioned in structurally high-growth markets, Kering has very solid fundamentals and a portfolio of powerful brands with strong potential.

2015 will see the continuation of Puma's relaunch plan as well as the rollout of dedicated action plans for each of the Luxury activities' brands, focusing – as in 2014 – on achieving profitable organic growth.

In an economic environment that remains unsettled, recent currency trends, should they continue, could have a positive impact on sales but mixed effects on Group results. Against this backdrop, Kering intends to pursue its strategy of rigorously managing and allocating its resources, with a view to optimising its operating performance. Going forward, a particular focus for the Group will be its brands' cash-flow generation.

At its meeting on 16 February, 2015, the Board of Directors, under the chairmanship of François-Henri Pinault, approved the audited consolidated financial statements for 2014.



PRESENTATION

A **live videocast** (Real and Windows Media Player formats) of the presentation of the 2014 Annual Results as well as the presentation slides and 2014 financial report (pdf) will be available at 9:00am Paris time on www.kering.com.

A replay will be available later in the day.

You will also be able to listen to the conference live or in replay by dialling:

French	English
Live conference: +33 (0)1 70 77 09 22	Live conference: +44 (0)203 367 94 56
Replay dial-in details: +33 (0)1 72 00 15 01	Replay dial-in details: +44 (0)203 367 94 60
Replay passcode: 291783#	Replay passcode: 291784#

The replay will be available until 17 March, 2015.
The 2014 financial report will be available at www.kering.com.

About Kering

A world leader in apparel and accessories, Kering develops an ensemble of powerful Luxury and Sport & Lifestyle brands: Gucci, Bottega Veneta, Saint Laurent, Alexander McQueen, Balenciaga, Brioni, Christopher Kane, McQ, Stella McCartney, Tomas Maier, Sergio Rossi, Boucheron, Dodo, Girard-Perregaux, JeanRichard, Pomellato, Qeelin, Ulysse Nardin, Puma, Volcom, Cobra, Electric and Tretorn. By 'empowering imagination' in the fullest sense, Kering encourages its brands to reach their potential, in the most sustainable manner. Present in more than 120 countries, the Group generated revenues of €10 billion in 2014 and had more than 37,000 employees at year end. The Kering (previously PPR) share is listed on Euronext Paris (FR 0000121485, KER.PA, KER.FP).

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**CONSOLIDATED FINANCIAL STATEMENTS AND ADDITIONAL
INFORMATION**

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2014 highlights

Kering reorganises its Luxury activities to accelerate the growth of its brands

In April 2014, Kering announced the creation of two new divisions – “Luxury – Couture & Leather Goods” and “Luxury – Watches & Jewellery” – both reporting to François-Henri Pinault, the Group’s Chairman and CEO. To foster the continuing expansion of Kering’s Luxury business resulting from both its organic growth and the acquisitions carried out in 2012 and 2013, the Group has put in place a more specialised oversight structure for the business. The underlying aim of this reorganisation is to strengthen the Group’s monitoring processes and more specifically focus on the expertise that it provides to its brands in order to accelerate their growth. The autonomy of each of Kering’s brands will be fully respected in the reorganisation and the brands will remain under the operational responsibility of their respective CEOs.

In the second half of 2014, the new CEOs took up their roles in the new divisions and Marco Bizzarri, CEO of the Luxury – Couture & Leather Goods division since April 2014, was appointed CEO of Gucci further to Patrizio di Marco’s departure at the end of December 2014.

Finalisation of the sale of Redcats

On June 3, 2014, Kering announced that it had closed the sale of La Redoute and Relais Colis to Nathalie Balla, Chairman and CEO of La Redoute, and Eric Courteille, Chief Administrative Officer of Redcats, in accordance with the conditions specified in the sale agreement and in keeping with all the commitments made within the framework of the disposal process.

On December 3, 2014, Kering sold its stake in Diam to the Prenant group and announced that it had signed an agreement for the sale of Movitex, which was completed in January 2015. This agreement marks the end of the disposal process for Redcats.

The results of Redcats’ activities during the year represented a €355 million loss which was recorded under “Net income (loss) from discontinued operations”. This amount includes mainly the cost of financing the social guarantees to be granted to the employees concerned by the modernisation measures at La Redoute and Relais Colis for €200 million. It also includes a provision for vendor warranties given in connection with the sale.

Acquisition of Ulysse Nardin

On November 19, 2014, Kering announced that it had finalised the acquisition of 100% of Ulysse Nardin. The brand will join Kering’s “Luxury – Watches & Jewellery” division. Founded in 1846 by Ulysse Nardin with its roots in the nautical world, the eponymous watchmaking house was taken over and re-launched in 1983 by Rolf W. Schnyder who transformed it into a highly profitable business with a strong financial structure. The company has a very strong brand identity based on its historical expertise in marine chronometres and ultra-complex timepieces.

Ulysse Nardin is consolidated in the Group’s financial statements with effect from 1 November. The provisional purchase price accounting for this acquisition was still in progress at end-December 2014.

Other highlights

In the first six months of 2014, Kering redeemed the remaining €550.1 million of the bond that was issued in 2009 and matured in April 2014. The bond was originally issued in two tranches representing an aggregate €800 million, of which €249.9 million was redeemed in 2011. Also during this period, the Group redeemed the €150 million bond issued in June 2009 and maturing in June 2014. To extend the maturity of its debt, Kering carried out a bond issue in second-half 2014 involving €500 million worth of seven-year bonds paying interest of 1.375%.



Subsequent events

Product partnership with Safilo

In September 2014, Kering announced its plan to invest in a dedicated entity specialised in luxury, high-end and sport Eyewear managed by a skilled team of experienced professionals under the direction of Roberto Vedovotto. This innovative management model for the Group's Eyewear business will allow it to leverage the full potential of its brands in this category.

As part of this strategic move, Kering and Safilo agreed to further their partnership and intend to terminate the current Gucci licence agreement two years in advance, i.e., by December 31, 2016. On January 12, 2015, Kering announced that it had signed this agreement, which covers the product development, manufacturing and supply of Gucci Eyewear products. The agreement will be effective as of fourth-quarter 2015 in order to ensure a seamless transition for Gucci's Eyewear business. The first of three €90 million indemnity payments was paid to Safilo at this date. The subsequent payments are due in December 2016 and September 2018.

Sale of Movitex

On 15 January, 2015, Kering sold the assets of the Moxitex group to its management team. The sale followed the recapitalisation of the company in accordance with the tentative agreement signed on 3 December, 2014.



Consolidated income statement

<i>(in € millions)</i>	2014	2013
CONTINUING OPERATIONS		
Revenue	10,037.5	9,655.7
Cost of sales	(3,741.7)	(3,615.2)
Gross margin	6,295.8	6,040.5
Payroll expenses	(1,545.2)	(1,515.5)
Other recurring operating income and expenses	(3,086.6)	(2,773.8)
Recurring operating income	1,664.0	1,751.2
Other non-recurring operating income and expenses	(112.1)	(440.7)
Operating income	1,551.9	1,310.5
Finance costs, net	(197.4)	(210.5)
Income before tax	1,354.5	1,100.0
Corporate income tax	(325.6)	(236.9)
Share in earnings (losses) of associates	(0.8)	1.6
Net income from continuing operations	1,028.1	864.7
o/w attributable to owners of the parent	1,007.7	872.5
o/w attributable to non-controlling interests	20.4	(7.8)
DISCONTINUED OPERATIONS		
Net income (loss) from discontinued operations	(478.8)	(824.7)
o/w attributable to owners of the parent	(478.8)	(822.9)
o/w attributable to non-controlling interests		(1.8)
Net income of consolidated companies	549.3	40.0
Net income attributable to owners of the parent	528.9	49.6
Net income attributable to non-controlling interests	20.4	(9.6)
Net income attributable to owners of the parent	528.9	49.6
Earnings per share (in €)	4.20	0.39
Fully diluted earnings per share (in €)	4.20	0.39
Net income from continuing operations attributable to owners of the parent	1,007.7	872.5
Earnings per share (in €)	8.00	6.93
Fully diluted earnings per share (in €)	8.00	6.92
Net income from continuing operations (excluding non-recurring items), Group share	1,177.4	1,231.3
Earnings per share (in €)	9.35	9.78
Fully diluted earnings per share (in €)	9.35	9.77



Consolidated statement of financial position

ASSETS

<i>(in € millions)</i>	Dec. 31, 2014	Dec. 31, 2013
Goodwill	4,039.9	3,770.1
Brands and other intangible assets	10,748.1	10,702.8
Property, plant and equipment	1,887.2	1,676.9
Investments in associates	23.2	17.3
Non-current financial assets	400.0	316.8
Deferred tax assets	758.0	649.9
Other non-current assets	36.2	30.1
Non-current assets	17,892.6	17,163.9
Inventories	2,234.7	1,805.5
Trade receivables	1,030.0	949.9
Current tax receivables	138.4	119.1
Other current financial assets	106.3	107.7
Other current assets	673.5	523.4
Cash and cash equivalents	1,089.9	1,419.2
Current assets	5,272.8	4,924.8
Assets classified as held for sale	88.5	722.1
Total assets	23,253.9	22,810.8

EQUITY AND LIABILITIES

<i>(in € millions)</i>	Dec. 31, 2014	Dec. 31, 2013
Share capital	505.1	504.9
Capital reserves	2,427.4	2,424.3
Treasury shares	(3.4)	(10.4)
Translation adjustments	(52.9)	(115.3)
Remeasurement of financial instruments	(86.9)	69.8
Other reserves	7,844.8	7,713.3
Equity attributable to owners of the parent	10,634.1	10,586.6
Non-controlling interests	628.2	609.3
Total equity	11,262.3	11,195.9
Non-current borrowings	3,192.2	3,132.4
Other non-current financial liabilities	2.8	0.7
Provisions for pensions and other post-employment benefits	111.9	92.8
Other provisions	49.3	113.2
Deferred tax liabilities	2,791.8	2,810.2
Non-current liabilities	6,148.0	6,149.3
Current borrowings	2,288.4	1,737.4
Other current financial liabilities	346.8	213.2
Trade payables	982.8	766.1
Provisions for pensions and other post-employment benefits	7.2	7.2
Other provisions	225.6	152.7
Current tax liabilities	277.9	310.1
Other current liabilities	1,651.0	1,372.3
Current liabilities	5,779.7	4,559.0
Liabilities associated with assets classified as held for sale	63.9	906.6
Total equity and liabilities	23,253.9	22,810.8

Consolidated statement of cash flows

<i>(in € millions)</i>	2014	2013
Net income from continuing operations	1,028.1	864.7
Net recurring charges to depreciation, amortisation and provisions on non-current operating assets	326.7	292.1
Other non-cash income and expenses	(95.0)	387.8
Cash flow from operating activities	1,259.8	1,544.6
Interest paid/received	218.8	119.0
Dividends received		(0.3)
Net income tax payable	365.7	320.1
Cash flow from operating activities before tax, dividends and interest	1,844.3	1,983.4
Change in working capital requirement	(160.3)	(75.0)
Corporate income tax paid	(422.7)	(387.2)
Net cash from operating activities	1,261.3	1,521.2
Purchases of property, plant and equipment and intangible assets	(551.4)	(674.9)
Proceeds from disposals of property, plant and equipment and intangible assets	367.9	10.3
Acquisitions of subsidiaries, net of cash acquired	(593.8)	(342.1)
Proceeds from disposals of subsidiaries and associates, net of cash transferred	3.6	23.6
Purchases of other financial assets	(144.1)	(57.9)
Proceeds from sales of other financial assets	9.9	5.1
Interest and dividends received	5.3	70.0
Net cash used in investing activities	(902.6)	(965.9)
Increase/decrease in share capital and other transactions with owners	3.2	(84.3)
Treasury share transactions	(8.5)	(39.0)
Dividends paid to owners of the parent company	(473.2)	(471.2)
Dividends paid to non-controlling interests	(24.4)	(26.0)
Bond issues	862.7	938.9
Bond redemptions	(948.1)	(740.0)
Increase/decrease in other borrowings	546.7	(308.2)
Interest paid and equivalent	(233.4)	(185.6)
Net cash used in financing activities	(275.0)	(915.4)
Net cash used in discontinued operations	(442.7)	(443.4)
Impact of exchange rate variations	(73.2)	66.0
Net increase (decrease) in cash and cash equivalents	(432.2)	(737.5)
Cash and cash equivalents at beginning of year	1,237.6	1,975.1
Cash and cash equivalents at end of year	805.4	1,237.6



Breakdown of revenue

(in € million)

	Full-year 2014	Full-year 2013	Reported change	Comparable change ⁽¹⁾	Q4 2014	Q4 2013	Reported change	Comparable change ⁽¹⁾
Luxury Activities	6,758.6	6,377.5	+6.0%	+4.9%	1,909.1	1,749.6	+9.1%	+4.3%
Gucci	3,497.2	3,560.8	-1.8%	-1.1%	969.9	941.2	+3.0%	-0.5%
Bottega Veneta	1,130.5	1,015.8	+11.3%	+12.6%	318.8	290.9	+9.6%	+6.8%
Yves Saint Laurent	707.3	556.9	+27.0%	+27.2%	208.9	162.3	+28.7%	+25.3%
Other Luxury brands	1,423.6	1,244.0	+14.4%	+6.0%	411.5	355.2	+15.9%	+5.4%
Sport & Lifestyle Activities	3,245.1	3,247.0	-0.1%	+3.5%	824.3	763.9	+7.9%	+6.4%
Puma	2,990.2	3,001.9	-0.4%	+3.4%	756.3	703.2	+7.6%	+6.5%
Other Sport & Lifestyle brands	254.9	245.1	+4.0%	+4.7%	68.0	60.7	+12.0%	+6.3%
Corporate and other	33.8	31.2	+8.3%	N/A	8.4	8.4	+0.0%	N/A
KERING - Continuing activities	10,037.5	9,655.7	+4.0%	+4.5%	2,741.8	2,521.9	+8.7%	+4.9%

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



(in € million)

	H2 2014	H2 2013	Reported change	Comparable change ⁽¹⁾	H1 2014	H1 2013	Reported change	Comparable change ⁽¹⁾
Luxury Activities	3,565.0	3,341.5	+6.7%	+4.0%	3,193.6	3,036.0	+5.2%	+6.0%
Gucci	1,820.9	1,806.0	+0.8%	-1.2%	1,676.3	1,754.8	-4.5%	-1.1%
Bottega Veneta	605.0	550.2	+10.0%	+8.6%	525.5	465.6	+12.9%	+17.5%
Yves Saint Laurent	386.7	301.6	+28.2%	+26.3%	320.6	255.3	+25.6%	+28.2%
Other Luxury brands	752.4	683.7	+10.0%	+4.4%	671.2	560.3	+19.8%	+7.9%
Sport & Lifestyle Activities	1,746.4	1,660.1	+5.2%	+6.2%	1,498.7	1,586.9	-5.6%	+0.4%
Puma	1,604.1	1,528.0	+5.0%	+6.3%	1,386.1	1,473.9	-6.0%	+0.1%
Other Sport & Lifestyle brands	142.3	132.1	+7.7%	+5.3%	112.6	113.0	-0.4%	+4.0%
Corporate and other	15.7	18.1	-13.3%	-3.7%	18.1	13.1	+38.2%	+21.5%
KERING - Continuing activities	5,327.1	5,019.7	+6.1%	+4.7%	4,710.4	4,636.0	+1.6%	+4.2%

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



Breakdown of recurring operating income

€m	2014	2013	Change €m	Change % ⁽¹⁾
Luxury Activities	1,665.6	1,683.7	-18.1	-1.1%
Gucci	1056.0	1,131.8	-75.8	-6.7%
Bottega Veneta	357.2	330.6	+26.6	+8.0%
Yves Saint Laurent	105.1	76.6	+28.5	+37.2%
Other brands	147.3	144.7	+2.6	+1.8%
Sport & Lifestyle Activities	137.5	200.4	-62.9	-31.4%
Puma	128.0	191.9	-63.9	-33.3%
Other brands	9.5	8.5	+1.0	+11.8%
<i>Corporate and other</i>	<i>(139.1)</i>	<i>(132.9)</i>	<i>-6.2</i>	<i>-4.7%</i>
Recurring operating income	1,664.0	1,751.2	-87.2	-5.0%

⁽¹⁾ Reported.



Main definitions

IFRS 5 – Non-current assets held for sale and discontinued operations

In accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, the Group has presented certain activities as "Non-current assets held for sale and discontinued operations". The net income or loss from these activities is shown on a separate line of the income statement, "Net income (loss) from discontinued operations", and is restated in the statement of cash flows and income statement for all reported periods.

Assets and liabilities relating to assets held for sale and discontinued operations are presented on separate lines in the Group's statement of financial position, without restatement for previous periods.

Definition of "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 is 2013 revenue restated for the impact of changes in Group structure in 2013 or 2014, and for translation differences relating to foreign subsidiaries' revenue in 2013.

Definition of 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 items, which by their nature, amount or frequency, could distort the assessment of Group entities' operating performance. Other non-recurring operating income and expenses include impairment of goodwill and other intangible assets, gains or losses on disposals of property, plant and equipment and intangible 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 (see Notes 8 and 9 to the consolidated financial statements).

Recurring operating income is an intermediate line item intended to facilitate the understanding of the entity'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.

Definition of 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.

Definition of 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.

Definition of 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 (see Note 32 to the consolidated financial statements).

The financing of customer loans by fully-consolidated consumer credit businesses is presented in borrowings. Group net debt excludes the financing of customer loans by consumer credit businesses.