



PRESS RELEASE

April 25, 2017

OUTSTANDING REVENUE GROWTH IN THE FIRST QUARTER OF 2017

Consolidated revenue: up 31.2% as reported and 28.6% on a comparable basis

Luxury activities: up 34.0% as reported and 31.6% on a comparable basis
of which Gucci: up 51.4% as reported and 48.3% on a comparable basis

Sport & Lifestyle activities: up 16.5% as reported and 14.0% on a comparable basis

"Kering achieved a record performance in the first three months of the year, posting a sharp acceleration in sales growth. Benefitting from somewhat more favorable market conditions, our strong delivery primarily stems from meticulous execution of our strategy and the creative audacity of our Houses. In a climate of persistent geopolitical and macroeconomic uncertainties, our first quarter puts us in a particularly good position for the balance of the year. The Group will continue to focus on organic growth and market share gains, on value creation and ongoing operational and financial discipline."

François-Henri Pinault, Chairman and Chief Executive Officer

Sharp acceleration in growth across the Group

- First-quarter 2017 revenue totalling €3,573.5 million
- Major sequential increase driven by double-digit growth across all activities and all geographic regions excluding Japan

Luxury activities: all Houses delivering remarkable performances

- Record growth at Gucci, whose creative universe is drawing ever increasing enthusiasm
- Sustained growth trajectory for Yves Saint Laurent
- Positive trends at Bottega Veneta and in the Other Luxury brands; marked sales acceleration at Balenciaga

Sport & Lifestyle activities: excellent start to the year

- Puma revenue up 17.9% year on year as reported and 15.3% on a comparable basis; all product categories contributing to the brand's ongoing growth momentum



(in € millions)

	Q1 2017	Reported change	Comparable change ⁽¹⁾
Luxury activities	2,417.1	+34.0%	+31.6%
Sport & Lifestyle activities	1,064.1	+16.5%	+14.0%
<i>Corporate and other</i>	92.3	-	-
Kering – Continuing operations	3,573.5	+31.2%	+28.6%

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

LUXURY ACTIVITIES: EXCELLENT PERFORMANCES

Revenue generated by Luxury activities totalled €2,417.1 million in the first quarter of 2017, up by a sharp 34.0% as reported and 31.6% on a comparable basis, against a favourable base of comparison.

Sales growth in the Group's directly operated store network was particularly high, at 36.6% on a comparable basis, driven by remarkable performances in Western Europe and the Asia Pacific region, which reported retail sales increases on a comparable basis of 49.9% and 46.7%, respectively. Growth in retail sales was also significant in North America and the Rest of the world, up 29.7% and 28.1%, respectively, on a comparable basis. Online sales leapt 60.1% on a comparable basis, underscoring the success of the digital strategies implemented by Kering's Luxury Houses.

Wholesale revenue climbed 20.2% on a comparable basis.

Gucci – Outstanding growth performance

The particularly remarkable growth reported by Gucci in the first quarter of 2017 demonstrates the resounding success of the brand's creative reinvention and the exceptional skill with which its strategy has been implemented. Revenue shot up by 51.4% as reported and 48.3% on a comparable basis, with all regions and product categories contributing to the overall rise.

Sales in directly operated stores were up 51.4% on a comparable basis, with especially sharp increases in Western Europe (up 66.4% on a comparable basis) and the Asia Pacific region (up 63.1% on a comparable basis).

Gucci's collections once again proved extremely popular during the period, with double-digit growth for all product categories and ever-increasing demand for Ready-to-Wear and Shoes. Leather Goods also experienced excellent momentum, reflecting Gucci's talent in creating iconic models and successfully renewing them season after season.

Bottega Veneta – Improving trends

Bottega Veneta's revenue was up 4.7% as reported and 2.3% on a comparable basis, marking an upturn for the brand against a backdrop of more favourable market conditions.

Western Europe, Asia Pacific, and the Rest of the World experienced positive momentum, fuelled by sales to both returning and new customers. Overall, sales in directly operated stores climbed 3.6% year on year on a comparable basis. Shoes, especially Women's models, remained in high demand.

Yves Saint Laurent – Sustained robust growth

Yves Saint Laurent delivered another excellent performance in the first quarter, with revenue up 35.4% as reported and 33.4% on a comparable basis. Directly operated stores saw further double-digit sales growth in all geographic regions except Japan, with particularly sharp increases in Western Europe (up 46.0% on a comparable basis) and Asia Pacific (up 48.1% on a comparable basis). Online sales also posted further growth, driven by Western Europe and North America. The Summer collection – fully designed by Anthony Vaccarello and available in stores since January 2017 – has been extremely well received. A number of products rapidly rose to best-seller status, notably in Women's Shoes and Ready-to-Wear.



Other Luxury brands – Double-digit growth for both Couture & Leather Goods and Watches & Jewellery

Revenue from the Group's Other Luxury brands was up 12.3% as reported and 11.1% on a comparable basis, with all distribution channels contributing to the overall growth.

Couture & Leather Goods *Maisons* posted an aggregate revenue rise of 11.1% on a comparable basis, powered by an excellent showing from Balenciaga's directly operated store network across all geographic regions and all product categories, confirming the success of Demna Gvasalia's collections. Stella McCartney and Alexander McQueen achieved further growth in the period, while Brioni's sales in directly operated stores trended upwards again.

Revenue from Watches & Jewellery Houses climbed 13.1% on a comparable basis, with good performances at Boucheron and Pomellato, demonstrating their innovative flair through new collections, reworked iconic lines and 360-degree marketing campaigns. The Group's watch manufacturers also fared well in the first quarter. Girard-Perregaux and Ulysse Nardin joined the exhibitors at the *Salon International de la Haute Horlogerie* (SIHH) in January 2017, where they successfully unveiled several new models.

SPORT & LIFESTYLE ACTIVITIES: VERY GOOD PERFORMANCES FROM PUMA

Revenue generated by Sport & Lifestyle activities advanced 16.5% year on year as reported and 14.0% on a comparable basis, fuelled by an excellent performance from Puma, which reported record quarterly revenue of €1,008.9 million. All geographic regions except Japan registered double-digit sales growth and Footwear was the leading product category, with sales up by a significant 24.8% on a comparable basis.

Conversely, Volcom's sales continued to be weighed down by the difficulties experienced by specialist distributors in the US, despite a solid showing from the directly operated store network.

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“Corporate and other”: consolidation of Kering Eyewear sales

For the first time, Kering Eyewear – whose operation of the Gucci license for sunglasses and frames has been effective since January 2017 – is accounted for under “Corporate and other”. Kering Eyewear's total sales, before elimination of intra-group sales and royalties received by the brands, amounted to €112.9 million in the first quarter. Net revenue for the period totalled €85.5 million.



SIGNIFICANT EVENTS SINCE JANUARY 1, 2017

Brioni: Appointment of Fabrizio Malverdi

On March 17, 2017, Kering announced the appointment of Fabrizio Malverdi as CEO of Brioni. Reporting to Jean-François Palus, Kering's Group managing director, his mission is to accelerate the international expansion of one of the most prestigious houses in the high-end menswear market, which follows in the long tradition of Italian tailors.

Kering Eyewear

On March 21, 2017, Kering announced that its subsidiary, Kering Eyewear, and Cartier, owned by Compagnie Financière Richemont, had signed a strategic partnership agreement aimed at combining their operations in order to create a powerful platform for the development, manufacture and worldwide distribution of the Cartier eyewear collection. This project is subject to clearance by the relevant competition authorities.

Bond issue

On March 28, 2017, Kering carried out a €300 million issue of ten-year bonds with a fixed-rate coupon of 1.50%.

Renovation of Boucheron's flagship store on Place Vendôme

On March 30, 2017, Kering announced that renovation will begin at Boucheron's iconic flagship store at 26, Place Vendôme in Paris. The project aims to showcase the architecture and original volumes of the building, as Boucheron's 160th anniversary draws near.

SUSTAINABILITY INITIATIVES

Launch of the 2025 sustainability strategy

On January 25, 2017, Kering launched its new sustainability strategy for 2025. Its targets are divided into three themes:

- Environment: CARE for the planet, which includes initiatives by which Kering aims to reduce its Environmental Profit and Loss (EP&L) account by at least 40%, and carbon emissions from its activities by 50%, among others.
- Social welfare: COLLABORATE with people, which comprises the Group's social ambitions.
- Innovation: CREATE new business models, which primarily involves investing in disruptive innovations that can transform conventional processes in luxury, and influence the industry.

K E R I N G



AUDIOCAST

Kering will hold an audiocast for analysts and investors **at 6.00pm (CEST) on Tuesday, April 25, 2017.**

Available at www.kering.com (Finance section).

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

France: +33 (0)1 70 48 01 66

United Kingdom: +44 (0)20 3427 1903

United States: +1 646 254 3367

Access code: 4498672

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

PRESENTATION

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

About Kering

A global Luxury group, Kering develops an ensemble of luxury houses in fashion, leather goods, jewellery and watches: Gucci, Bottega Veneta, Saint Laurent, Alexander McQueen, Balenciaga, Brioni, Christopher Kane, McQ, Stella McCartney, Tomas Maier, Boucheron, Dodo, Girard-Perregaux, Pomellato, Qeelin and Ulysse Nardin. Kering is also developing the Sport & Lifestyle brands Puma, Volcom and Cobra. By 'empowering imagination', Kering encourages its brands to reach their potential, in the most sustainable manner.

The Group generated revenue of €12.385 billion in 2016 and had more than 40,000 employees at year end. The Kering share is listed on Euronext Paris (FR 0000121485, KER.PA, KER.FP).

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APPENDIX – 2017 first-quarter revenue

(in € millions)

	Q1 2017	Q1 2016	Reported change	Comparable change ⁽¹⁾
Luxury activities	2,417.1	1,803.7	+34.0%	+31.6%
Gucci	1,354.0	894.2	+51.4%	+48.3%
Bottega Veneta	280.4	267.9	+4.7%	+2.3%
Yves Saint Laurent	364.4	269.2	+35.4%	+33.4%
Other Luxury brands	418.3	372.4	+12.3%	+11.1%
Sport & Lifestyle activities	1,064.1	913.1	+16.5%	+14.0%
PUMA	1,008.9	855.9	+17.9%	+15.3%
Other Sport & Lifestyle brands	55.2	57.2	-3.5%	-6.3%
<i>Corporate and other</i>	92.3	7.0	-	-
Kering – Continuing operations	3,573.5	2,723.8	+31.2%	+28.6%

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