

COMBINED ANNUAL
GENERAL MEETING



K E R I N G

Palais Brongniart - Paris

FRIDAY, APRIL 29, 2016



2016 ANNUAL GENERAL MEETING

OPENING REMARKS

François-Henri Pinault

Chairman & CEO



2016 ANNUAL GENERAL MEETING

AGENDA AND REGULATORY ISSUES

Eric Sandrin

Group General Counsel



CONTENTS

- Full-Year 2015 highlights and financial results analysis
- Strategy and Outlook
- Sustainability
- Governance
- Conclusion
- Statutory Auditors' reports
- Questions & Answers
- Resolutions and vote



2016 ANNUAL GENERAL MEETING

INTRODUCTION

François-Henri Pinault

Chairman & CEO



2016 ANNUAL GENERAL MEETING

FULL-YEAR 2015 HIGHLIGHTS AND FINANCIAL RESULTS ANALYSIS

Jean-François Palus

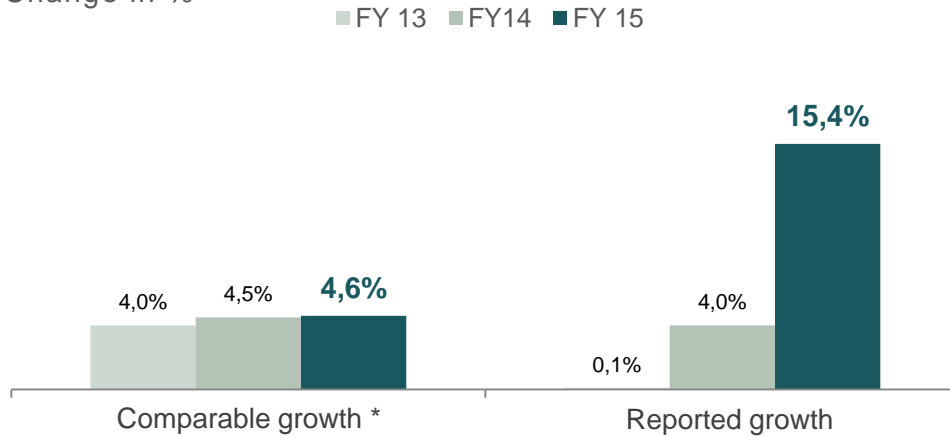
Group Managing Director



FULL-YEAR 2015 HIGHLIGHTS

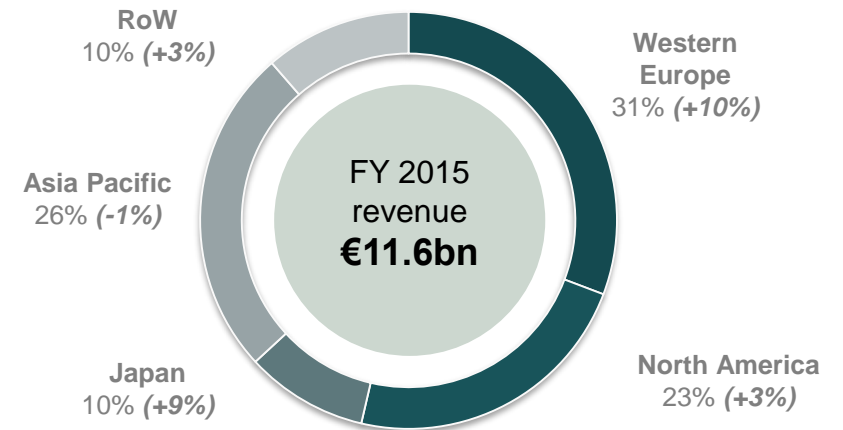
GROUP REVENUE DYNAMICS

Change in %



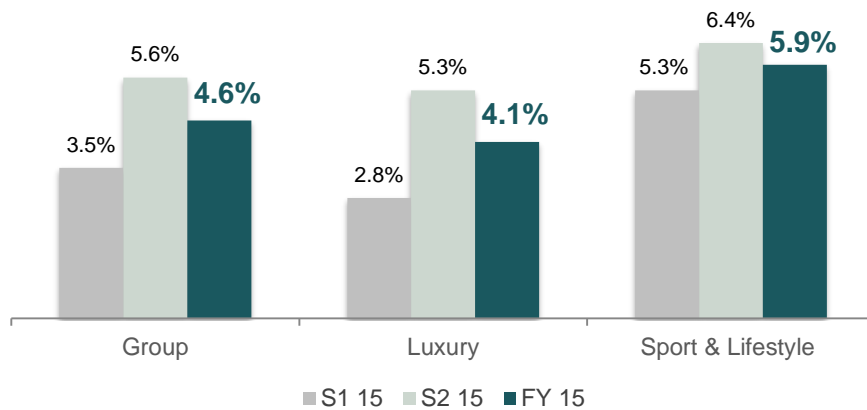
GROUP REVENUE BREAKDOWN

By region, and comparable growth in %



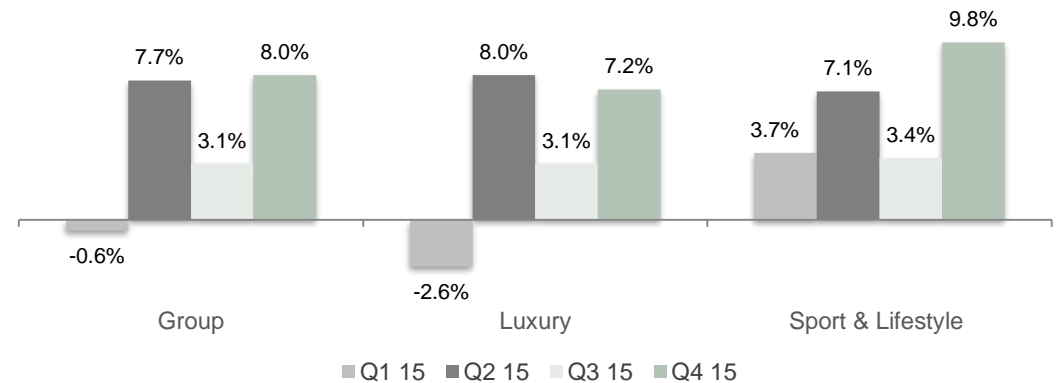
TRENDS BY ACTIVITY

Comparable growth in %



DISSIMILAR QUARTERS

Comparable growth in %



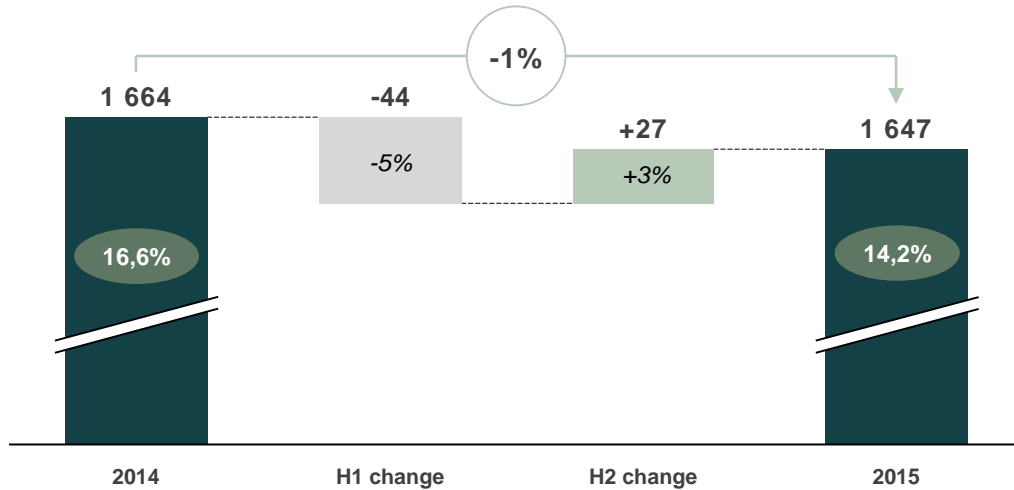
* : at constant scope and exchange rates



2015 OPERATING PERFORMANCE

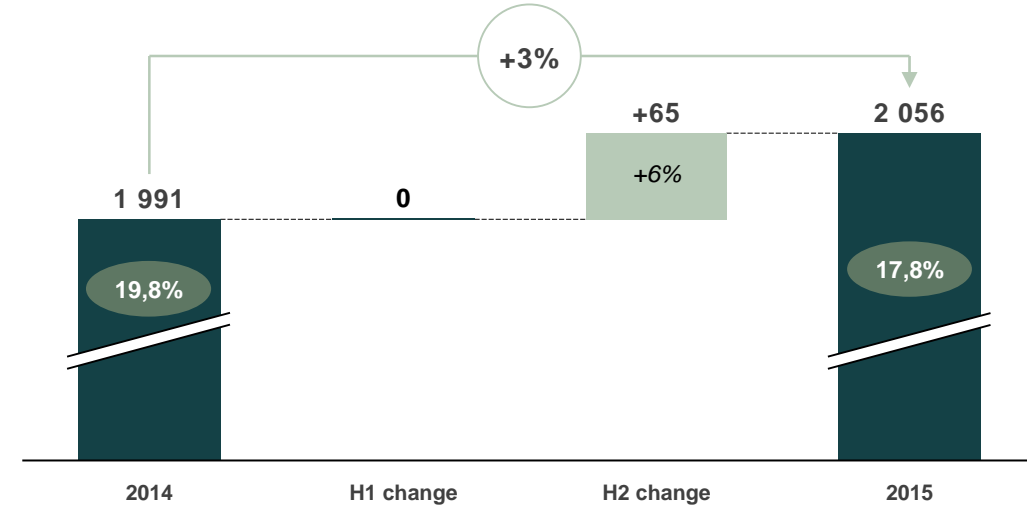
GROUP RECURRING OPERATING INCOME

In €m, change and recurring operating margin in %



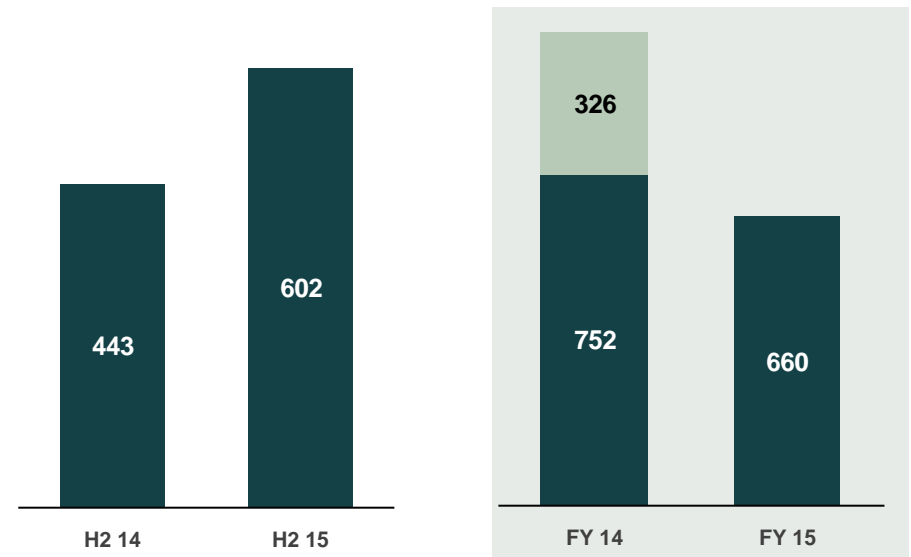
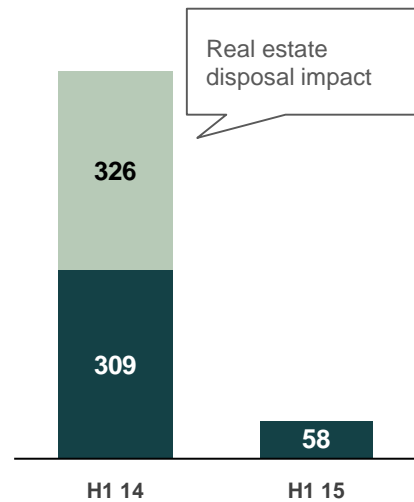
GROUP EBITDA

In €m, change and EBITDA margin in %



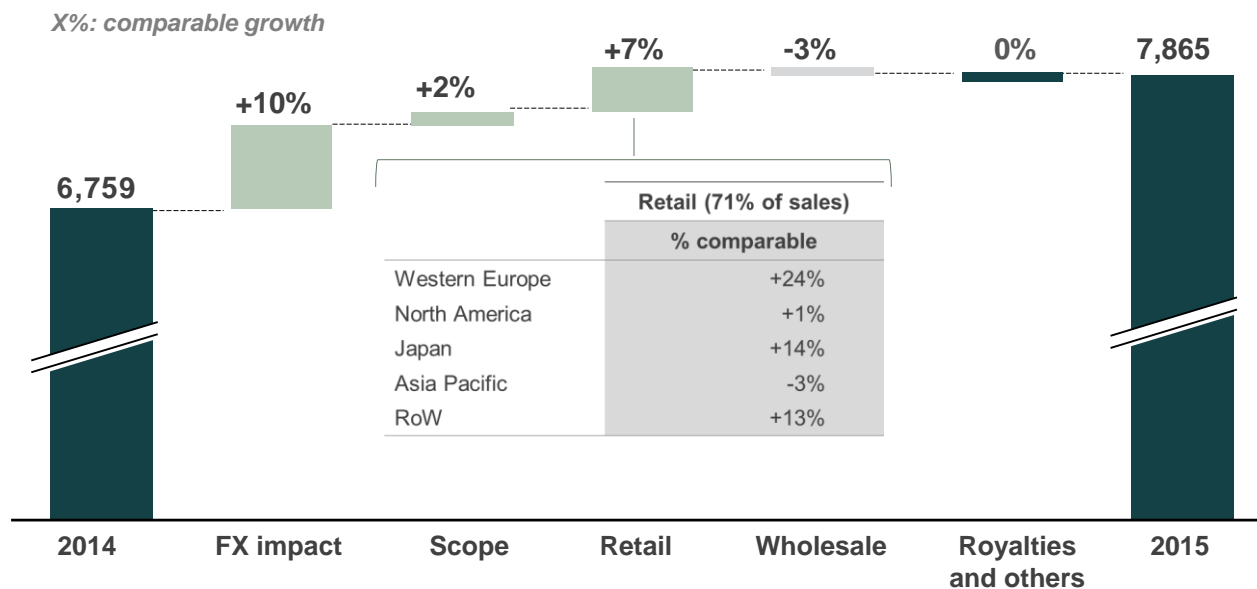
FREE CASH FLOW FROM OPERATIONS

In €m



LUXURY ACTIVITIES

2015 revenue: +16.4% reported; +4.1% comparable
Solid operating performance

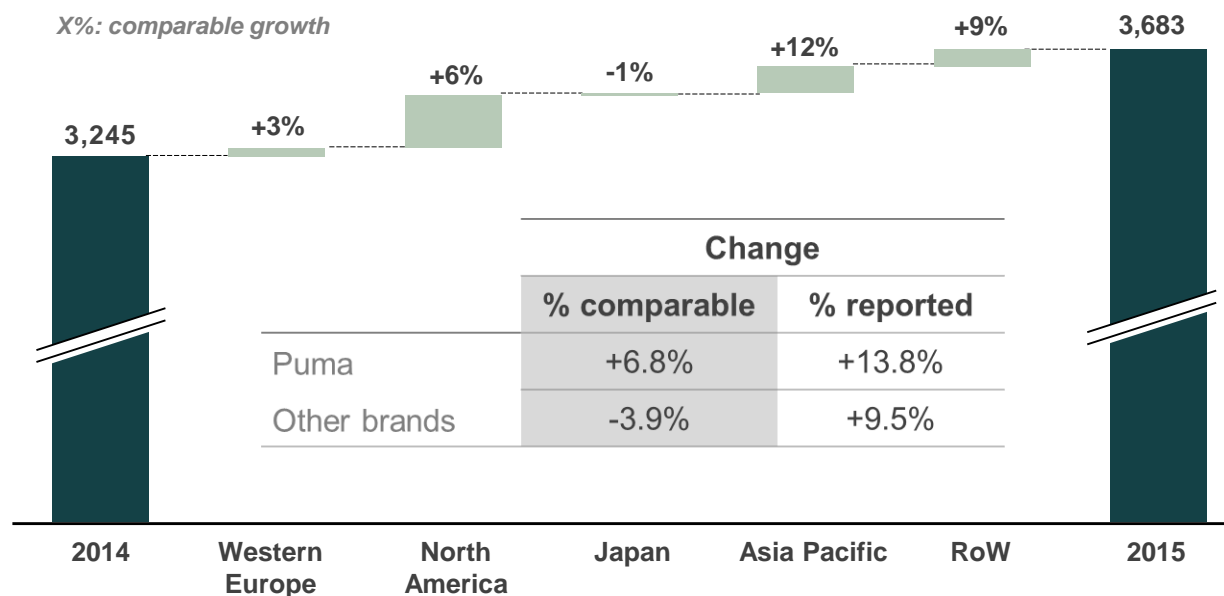


In €m	2015	Reported change
Revenue	7,865	+16.4%
Recurring operating income	1,708	+2.5%
<i>Recurring operating income margin</i>	<i>21.7%</i>	-2.9pt
EBITDA	2,025	+5.5%
<i>EBITDA margin</i>	<i>25.8%</i>	
Gross CAPEX	391	+5.0%



SPORT & LIFESTYLE ACTIVITIES

2015 revenue: +13,5% reported; +5,9% comparable
Confirmed growth trajectory



In €m	2015	Reported change
Revenue	3,683	+13.5%
Recurring operating income	95	-31.1%
<i>Recurring operating income margin</i>	2.6%	-1.6pt
EBITDA	161	-15.8%
<i>EBITDA margin</i>	4.4%	
Gross CAPEX	91	+6.4%



FINANCIAL PERFORMANCE

In €m

	2015	2014
Revenue	11,584	10,038
Gross margin	7,074	6,296
Recurring operating income	1,647	1,664
Other non-recurring operating income and expenses	(394)	(112)
Net financial charges	(249)	(197)
Corporate income tax	(322)	(326)
Share in earnings of associates	(2)	(1)
Net result from discontinued operations	41	(479)
Consolidated net income	721	549
Of which net income, Group share	696	529
Net income, Group share, from continuing operations excluding non-recurring items	1,017	1,177
Net income, Group share, per share (in euro)	5.52	4.20
Net income per share from continuing operations, Group share, excluding non-recurring items (in euro)	8.07	9.35

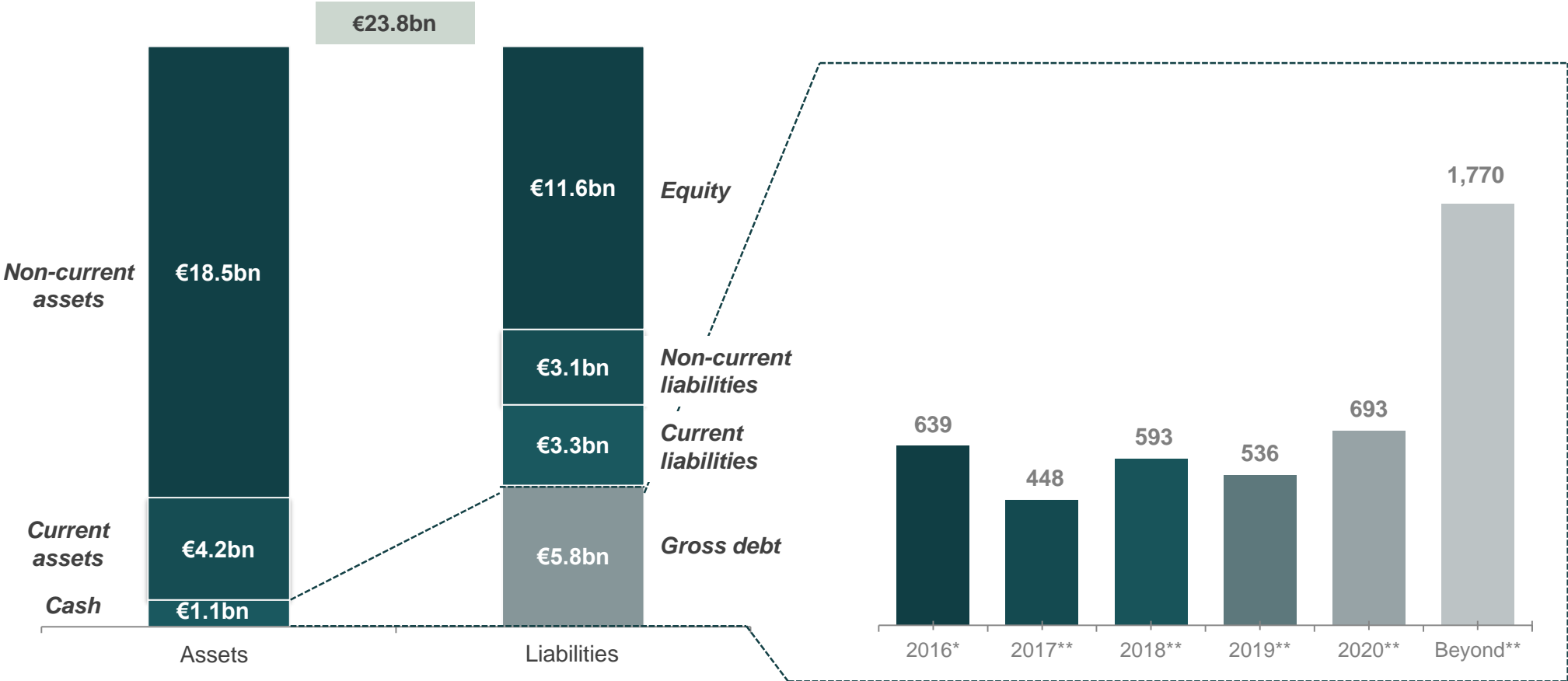


2015 BALANCE SHEET – HEALTHY FINANCIAL STRUCTURE

CONDENSED BALANCE SHEET

LIQUIDITY OVERVIEW

(in €m)



- Equity: 49% of total balance sheet
- Debt-to-equity ratio: 41%
- Average maturity lengthened
- Further reduction in cost of financing in 2015

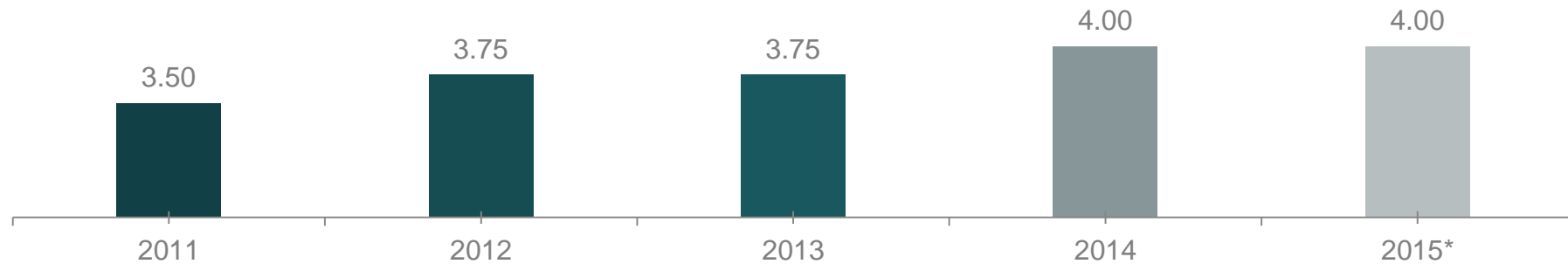
* Gross debts minus cash & cash equivalents. ** Gross debt.



UNCHANGED DIVIDEND

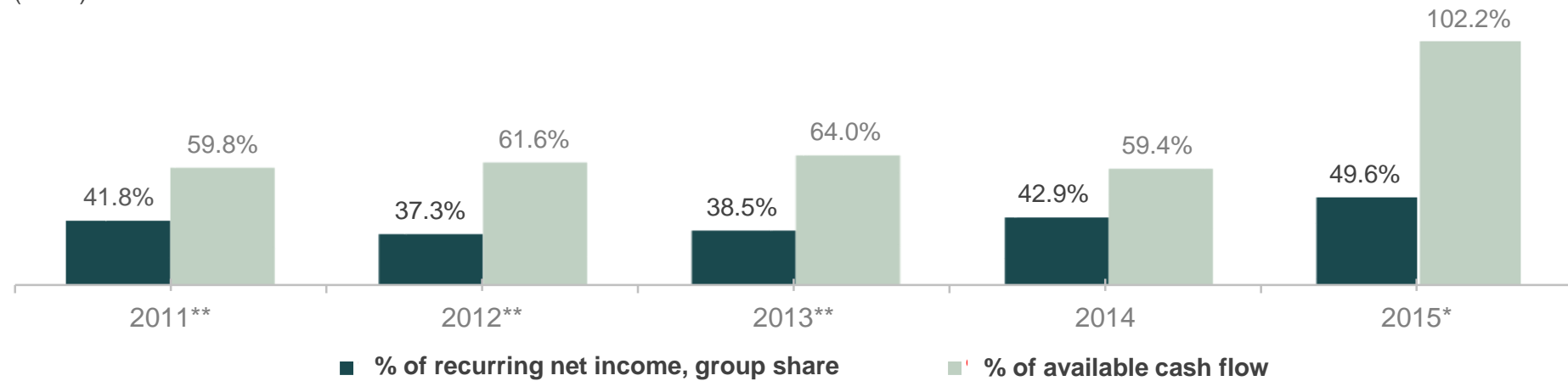
DIVIDEND PER SHARE

(in €)



DIVIDEND PAYOUT

(in %)

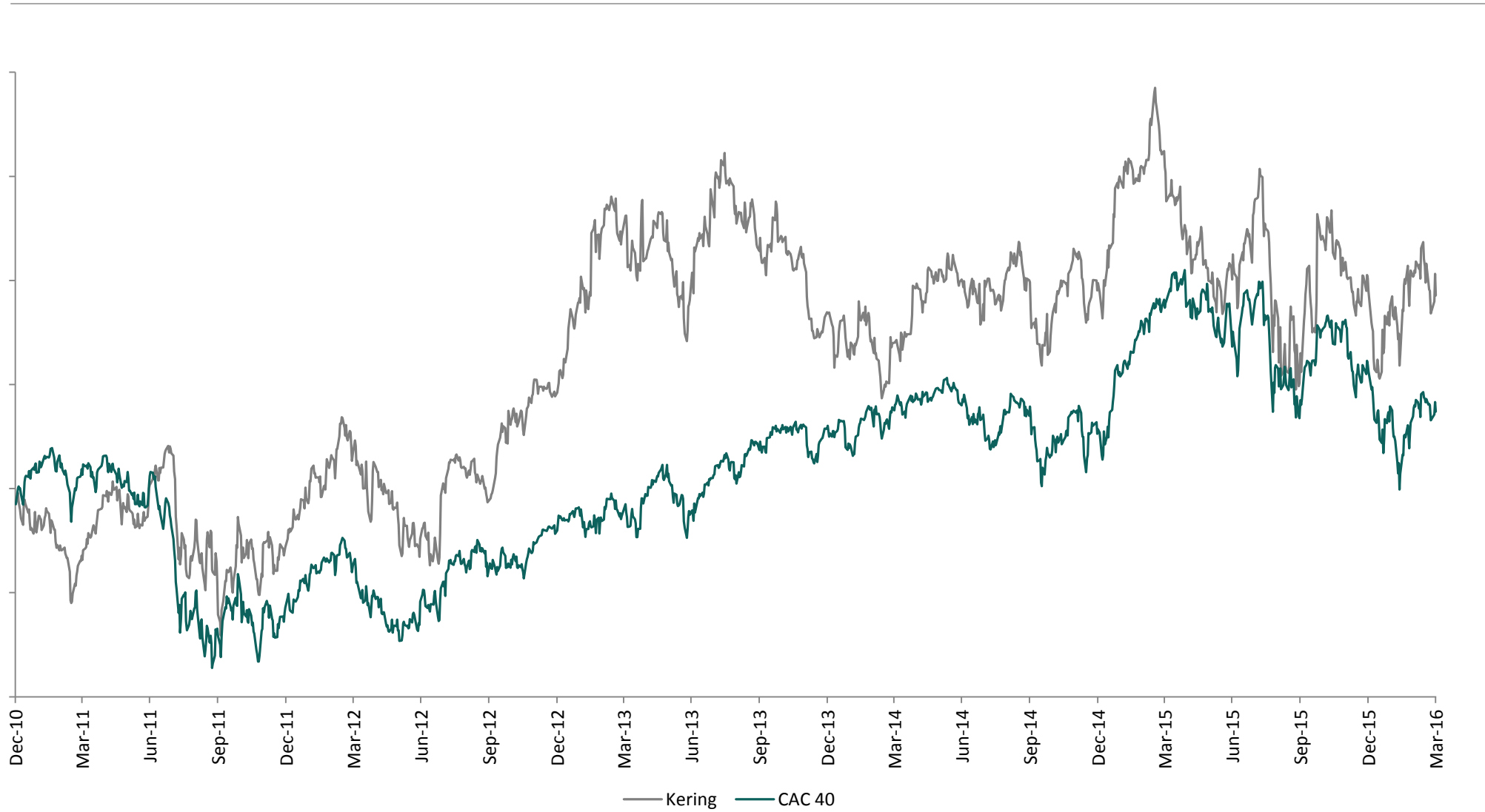


* Subject to 29 April, 2016 AGM approval. Interim payment of €1.50 paid on January 25, 2016

** Published not restated



SHARE PRICE PERFORMANCE



Since January 1st, 2011: Kering up +34%, CAC 40 up +15%



2016 ANNUAL GENERAL MEETING

STRATEGY AND OUTLOOK

François-Henri Pinault

Chairman & CEO



A STRATEGIC VISION BASED ON 4 AXES

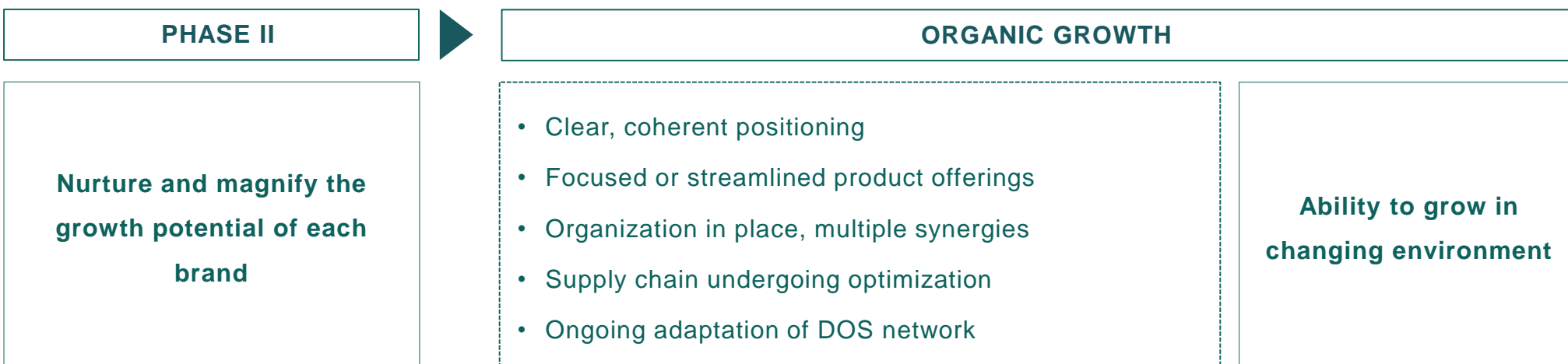
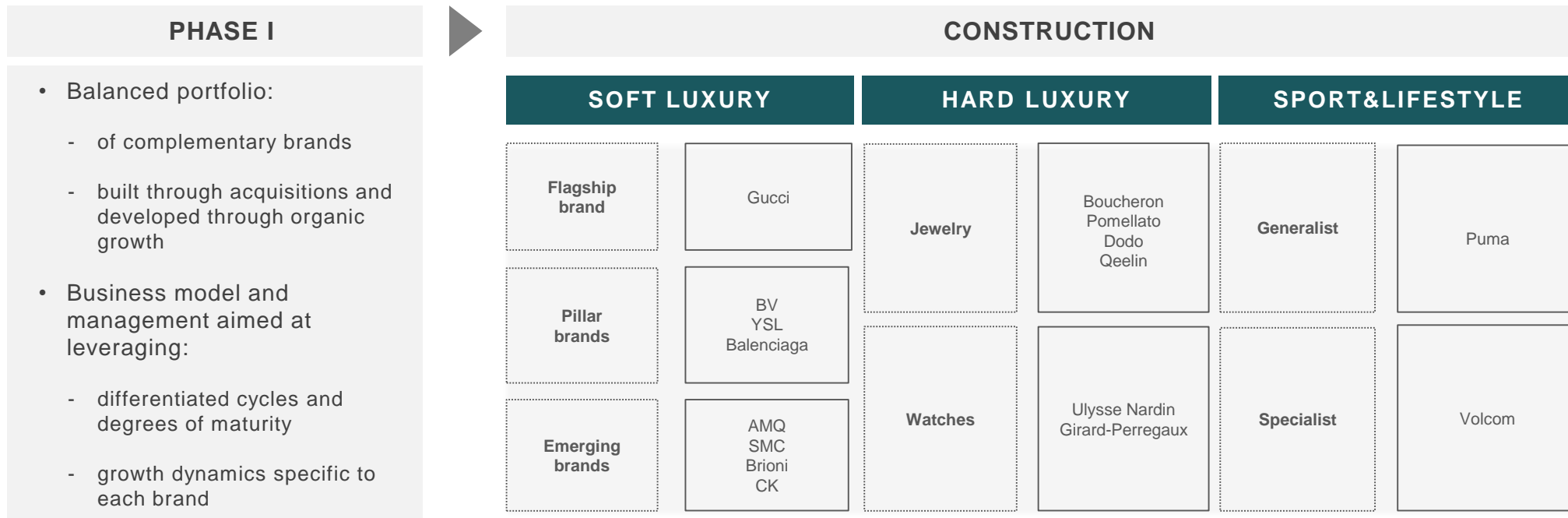
- 1** **MULTIBRAND MODEL**
- 2** **ORGANIC GROWTH**
- 3** **VALUE CREATION BY GROUP AND BRANDS**
- 4** **SUSTAINABILITY**



OUR STRATEGIC VISION: FOUR PILLARS

1

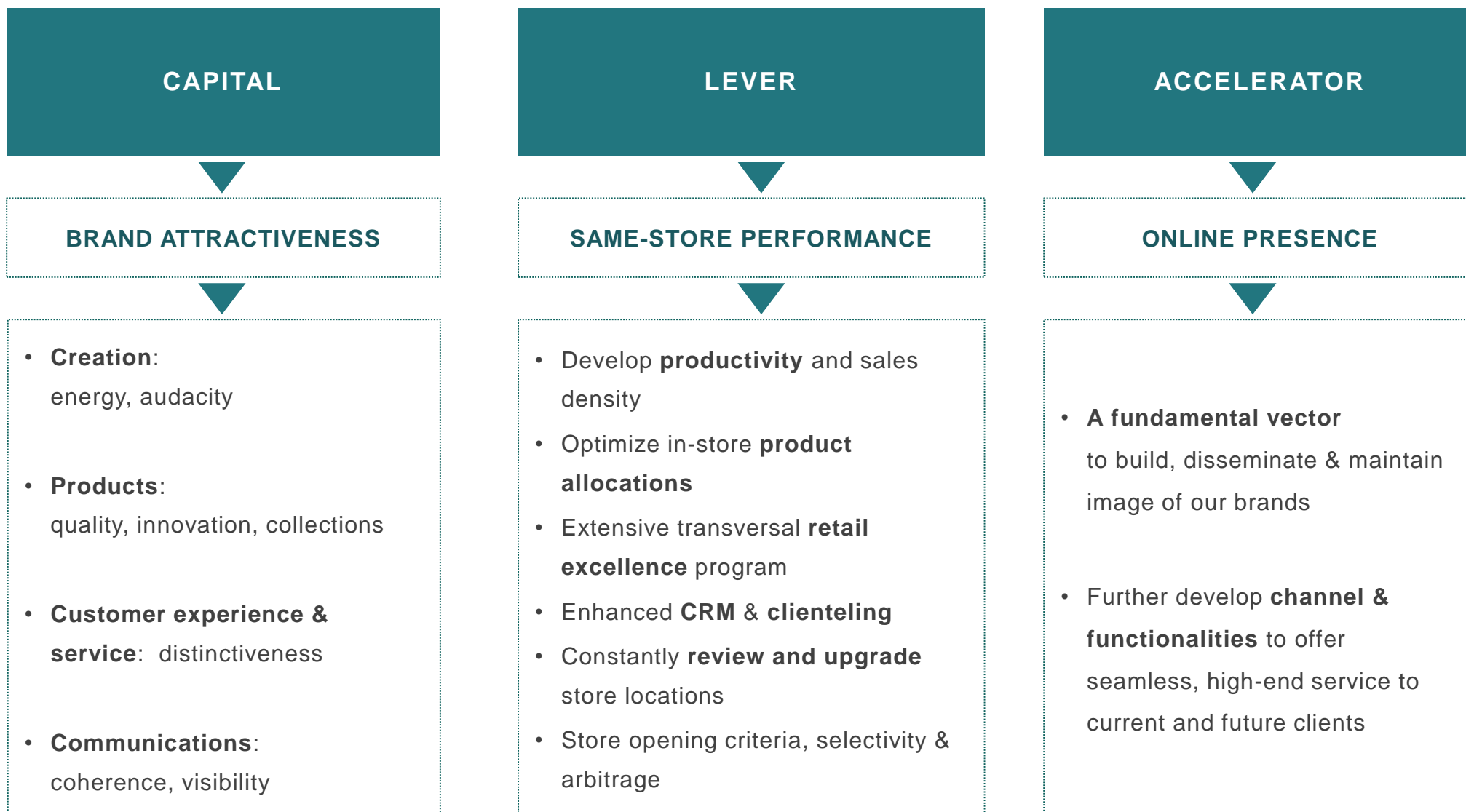
MULTIBRAND MODEL



OUR STRATEGIC VISION: FOUR PILLARS

2

ORGANIC GROWTH



OUR STRATEGIC VISION: FOUR PILLARS

3

VALUE CREATION

OPERATIONS	<i>REVENUE</i>	<ul style="list-style-type: none">▪ Focus on organic growth▪ Slower network expansion▪ Optimization of geo-pricing	Improved return on invested capital & generation of free cash flow from operations
	<i>RETURN</i>	<ul style="list-style-type: none">▪ Higher store productivity▪ Supply Chain Management▪ Adaptation of organizations	
CAPITAL EMPLOYED	<i>WORKING CAPITAL</i>	<ul style="list-style-type: none">▪ New planning & inventory management tools▪ Focus on Working Capital optimization	
	<i>CAPEX</i>	<ul style="list-style-type: none">▪ Enhanced CAPEX allocation▪ Reduction of store development costs▪ Lower investments in exceptional real estate projects	
USE OF CASH	<i>M&A and FINANCIAL STRUCTURE</i>	<ul style="list-style-type: none">▪ No major acquisitions in 2016▪ Dividend a priority▪ Gradual deleveraging	Net debt reduction



2016 ANNUAL GENERAL MEETING

SUSTAINABILITY

Marie-Claire Daveu

Chief Sustainability Officer & Head of international institutional affairs



2015 HIGHLIGHTS (1/2)

Release of our first Group Environmental Profit & Loss Account (EP&L)

- In May: 2013 results published and open source of our methodology
- In November: 2014 results published and launch of a “Live chat” on Twitter

Publication of a report co-written with BSR (Business for Social Responsibility) and entitled “Climate change: implications and strategies for the Luxury Fashion sector”

- This groundbreaking report provides the first analysis of the impact of climate change on the luxury sector

Creation of the “Kering Gold Fund”

- In 2015, Kering Luxury brands purchased 220 kg of ethical gold



2015 HIGHLIGHTS (2/2)

BOTTEGA VENETA

- Bottega Veneta Atelier in Montebello Vicentino obtained LEED* Certification at Platinum level and Carbon Neutral Certification

BRIONI

- Brioni introduced luxurious sustainable Merino fibres in its collection, which meet the utmost of standards in terms of traceability, animal welfare and environmental management

VOLCOM

- Volcom pursues its partnership with Repreve: Repreve fibres, made from recycled bottles, are now integrated in many products of Volcom's surf/snow lines

THE “DIAMOND CODE”

- We have written, jointly with brands' most important diamond merchants, a specific “Diamond Code” to formalise key guidelines and ensure that our suppliers incorporate Kerings' standards in terms of ethics and traceability

**Leadership in Energy and Environmental Design (LEED) is one of the most popular green building certification programs used worldwide.*



OUR SOCIAL PROGRAMMES

Launching the “Hercules” programme

- A worldwide supplier management programme has been launched to enable the Group’s brands to monitor compliance with social, environmental and ethical issues
- This programme is also designed to improve supplier relations and support them in change management

Promoting women in cinema through the “Women in Motion” programme

Corporate Kering Foundation

- In 2015, the “White Ribbon for Women” campaign saw 125,000 brooches distributed in over 800 stores operated by Kering brands across 41 countries.
- In parallel, the Foundation ran digital campaign #BeHerVoice across social media and reached nearly 320 million internet users



RAISING AWARENESS INTERNALLY & EXTERNALLY

Running the 5th edition of our “Kering Sustainability Awards”

- Kering took the opportunity of awarding the winning teams of the 5th edition of its internal contest to organise a broader event dedicated to sustainability in Hong Kong - over 150 guests attended this external event

Participating actively in the major international gatherings on sustainability in the context of COP21 in Paris

Co-producing Luc Jacquet’s new movie, “Ice and the Sky” (La Glace et le Ciel)

Raising awareness towards next generations in fashion and luxury

- Kering launched long-term partnerships with several fashion schools/universities worldwide, and particularly with the London College of Fashion (UK), Parsons (USA) and Tsinghua (China)



OUR PERSPECTIVES

As a testimonial to the right path the Group has taken, Kering was referenced as a leader by several bodies in 2015

- For the second consecutive year, Kering was named industry leader of the Dow Jones Sustainability Index (DJSI) World and Europe, retaining the top spot within the Textile, Apparel & Luxury Goods sector
- Kering was also named one of the Global 100 most sustainable companies in the world for the first time

On 3 May 2016, we'll publish our final report on our 2012-2016 Sustainability Targets

In November 2016, we'll disclose our new 10-year sustainability strategy



2016 ANNUAL GENERAL MEETING

GOVERNANCE

Patricia Barbizet

Vice-Chair of the Board of Directors



CURRENT COMPOSITION OF THE BOARD OF DIRECTORS

11 MEMBERS, INCLUDING 4 INDEPENDENT DIRECTORS

- Mr. François-Henri Pinault – Chairman
- Mrs. Patricia Barbizet – Vice-Chairwoman
- Mr. Luca Cordero di Montezemolo
- Mrs. Yseulys Costes (independent)
- Mr. Jean-Pierre Denis (independent)
- Mr. Philippe Lagayette (independent)
- Mr. Jean-François Palus
- Mr. Baudouin Prot
- Mrs. Daniela Riccardi (independent)
- Mr. Jochen Zeitz
- Mrs. Sophie Bouchillou (representing employees)



OPERATION OF THE BOARD OF DIRECTORS

8 meetings held in 2015 and 3 meetings since the beginning of 2016

Average Director's attendance rate in 2015: 92%

Main issues covered:

- Determination of the Group's strategic priorities
- Review of annual and interim financial statements
- Analysis of the Group's activities
- Assessment of the Board's work
- Management compensation and remuneration policy for Executive Committee's members
- Payment of an interim dividend



5 BOARD COMMITTEES

BOARD OF DIRECTORS

REMUNERATION COMMITTEE

- Philippe LAGAYETTE (Chairman)
- Patricia BARBIZET
- Yseulys COSTES
- Jean-Pierre DENIS

STRATEGY AND DEVELOPMENT COMMITTEE

- Patricia BARBIZET (Chairwoman)
- Yseulys COSTES
- Philippe LAGAYETTE
- François-Henri PINAULT

AUDIT COMMITTEE

- Jean-Pierre DENIS (Chairman)
- Patricia BARBIZET
- Yseulys COSTES

SUSTAINABILITY COMMITTEE

- Jochen ZEITZ (Chairman)
- Patricia BARBIZET
- Luca CORDERO DI MONTEZEMOLO
- Jean-François PALUS
- François-Henri PINAULT

APPOINTMENTS COMMITTEE

- Patricia BARBIZET (Chairwoman)
- Luca CORDERO DI MONTEZEMOLO
- Baudouin PROT



COMPONENTS OF THE GROSS REMUNERATION OF THE CHAIRMAN & CEO AND OF THE GROUP MANAGING DIRECTOR

A fixed salary (no employment contract for the CEO)

A variable portion based on the Kering Group's financial performance

The amount is established on achieving (or exceeding) two specifically defined financial targets:

- Recurring operating income (50%)
- Free cash flow from operations (50%)

New qualitative performance criteria applied in 2016

Directors' fees (Kering + Puma)

No golden parachute and no indemnity relative to non-compete clause

No supplementary pension scheme for the Chairman & CEO

Pension benefits to the Group Managing Director



COMPONENTS OF THE GROSS REMUNERATION OF THE CHAIRMAN & CEO

	For the year		
	2015	2014	2013
Fixed part (in €'000)	1,100	1,100	1,100
Variable part (in €'000)	1,159	1,561	1,239
Directors' fees (in €'000)	127	121	177
Allowance and other benefits (in €'000)	19	20	19
Total cost (incl. employer contributions) (in €'000)	3,494	4,089	3,596

Awarded during the year

Long Term Incentive (in number of monetary units or shares)*	11,153	11,372 + 9,990 (exceptional)	11,874**
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* The full vesting of which is subject to performance conditions

** No possibility for the Chairman & CEO to cash in his KMUs as part of the long-term incentive plan set up in 2013



COMPONENTS OF THE GROSS REMUNERATION OF THE GROUP MANAGING DIRECTOR

	For the year		
	2015	2014*	2013
Fixed part (in €'000)	1,086	1,086	1,024
Variable part (in €'000)	947	1,276	949
Directors' fees (in €'000)	188	132	142
Allowance and other benefits (in €'000)	1,240	1,240	580
<i>Total cost</i> <i>(incl. employer contributions) (in €'000)</i>	3,782	4,088	3,056

Awarded during the year

Long Term Incentive (in number of monetary units or shares)**	9,758	9,426	9,763***
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* Data restated with the 2015 exchange rate to provide information at comparable exchange rate

** The full vesting of which is subject to performance conditions

*** No possibility for the Group Managing Director to cash in his KMUs as part of the long-term incentive plan set up in 2013



COMPOSITION OF THE BOARD OF DIRECTORS



COMPOSITION OF THE BOARD OF DIRECTORS

MRS. LAURENCE BOONE

Graduated of the Faculty of Economics of Paris-X Nanterre University and has a PhD in economics from the London Business School

Director of Kering's Board from 2010 to 2014

Advisor of economic and financial affairs at the Office of the President of the French Republic from June 2014 to March 2016

Former Managing Director, European Economic Research at Bank of America Merrill Lynch

Currently Chief Economist of the AXA Group, Head of Research and Investment Strategy of AXA-Im and develops relationships with sovereign entities for AXA-Im

Author of numerous articles, associate professor at the Institut of Sciences politiques of Paris and member of the Circle of Economists



COMPOSITION OF THE BOARD OF DIRECTORS

MRS. SOPHIE L'HÉLIAS

Inactive member of the New York and Paris Bars. Holds an MBA from INSEAD, an LLM from the University of Pennsylvania, and a Masters of Laws from the Law schools of the University of Pantheon-Sorbonne-Paris I, following law studies at the University of Saarbrücken, Germany

Began her career as an M&A attorney in New-York and Paris

Held the position of Managing Director in an event-driven hedge fund in New York and founded a strategic corporate governance advisory firm

Co-founder of the International Corporate Governance Network

Founder of Leaderxxchange

Author of the book « Le Retour de l'Actionnaire » (« The shareholder comeback ») and of numerous articles



COMPOSITION OF THE BOARD OF DIRECTORS

MRS. SAPNA SOOD

Has an MBA from IMD Business School and Bachelor of Engineering in Chemical Engineering from the University of Sydney

Started her career as an Applications Engineer with Fisher-Rosemount

Held various senior positions within The Linde Group
(Australia, United States, Singapore, Germany, China)

Joined the Lafarge Group in 2013 as Senior Vice President of Health and Safety

Currently Senior Vice President, Health and Safety at LafargeHolcim (Group born from the merger between Lafarge and Holcim)



POTENTIAL COMPOSITION OF THE BOARD OF DIRECTORS

11 MEMBERS, INCLUDING 6 INDEPENDENT DIRECTORS

- Mr. François-Henri Pinault – Chairman
- Mrs. Patricia Barbizet – Vice-Chairwoman
- Mrs. Laurence Boone (independent)
- Mrs. Yseulys Costes (independent)
- Mr. Jean-Pierre Denis (independent)
- Mrs. Sapna Sood (independent)
- Mr. Jean-François Palus
- Mr. Baudouin Prot
- Mrs. Daniela Riccardi (independent)
- Mrs. Sophie L'Hélias (independent)
- Mrs. Sophie Bouchillou (representing employees)



2016 ANNUAL GENERAL MEETING

CONCLUSION

François-Henri Pinault

Chairman & CEO



2016 ANNUAL GENERAL MEETING

STATUTORY AUDITORS' REPORTS

Frédéric Moulin

Deloitte & Associés Statutory Auditor



CONTENTS

- Report on the company financial statements
- Report on the consolidated financial statements
- Other reports issued by the Statutory Auditors



REPORT ON THE COMPANY FINANCIAL STATEMENTS (resolution 1)

Kering S.A. company financial statements: certification without qualification

- Pages 321 - 322 of the Reference Document
- In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of December 31, 2015 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France
- The justification of our assessments covered the measurement of long-term investments
- As indicated in the Board of Directors' Management Report, this information represents the remunerations and benefits paid by the Kering group and the companies controlling it to the corporate officers concerned with respect to the mandates, duties or tasks carried out within or on behalf of the Kering group



REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (resolution 2)

Kering Group consolidated financial statements: certification without comment or qualification

- Page 303 of the Reference Document
- In our opinion, the consolidated financial statements give a true and fair view of the financial position and assets and liabilities of the Group as of December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union
- The justification of our assessments covered:
 - Methods of implementing impairment tests for goodwill and assets with indefinite useful lives
 - Reasonableness of the estimates made by Management for the recording of provisions
 - Methods of measuring long-term employee benefit obligations



OTHER REPORTS ISSUED BY THE STATUTORY AUDITORS (1/2)

Report on internal control and risk management procedures

- Page 174 of the Reference Document
- We have nothing to report on the information in respect of the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French Commercial Code

Special report on regulated agreements and commitments with third parties (resolution 4)

- Pages 323 to 325 of the Reference Document
- The following agreements are presented in our special report:
 - The agreement relating to the sale of an investment held by a subsidiary of Kering SA to a subsidiary of Artémis SA
 - The agreement relating to the payment for advisory and support services performed by Artémis, authorized in previous years
 - The agreement relating to the retirement commitment in favor of Mr. Jean-François Palus, authorized in previous years



OTHER REPORTS ISSUED BY THE STATUTORY AUDITORS (2/2)

Special report on the authorization to grant existing free shares (resolution 15)

- Authorization to grant existing free shares to employees, or certain categories thereof, as determined from among the employees of the Company or related companies or groupings under the terms and conditions stipulated in Article L.225-197-2 of the French Commercial Code, and to eligible corporate officers within the meaning of Article L.225-197-1 II of the French Commercial Code
- We have no comment on the information provided in the Board of Directors' report



Q&A



2016 ANNUAL GENERAL MEETING

RESOLUTIONS AND VOTE

Eric Sandrin

Group General Counsel



FIRST RESOLUTION
(acting as an Ordinary Meeting)

Approval of the parent company financial statements for the year ended December 31, 2015



SECOND RESOLUTION
(acting as an Ordinary Meeting)

**Approval of the consolidated financial statements for the year ended December 31,
2015**



THIRD RESOLUTION
(acting as an Ordinary Meeting)

Appropriation of 2015 net income

Distribution of cash dividend of €4.00 (*) per share

() corresponding to an interim dividend of €1.50 per share paid on January 25, 2016, and a final dividend of €2.50*

Payment date: May 6, 2016



FOURTH RESOLUTION

(acting as an Ordinary Meeting)

Agreements referred to in Articles L.225-38 et seq. of the French Commercial Code

- Sale by Kering of an interest held by a subsidiary
- This agreement falls within the framework of the Group's reorganisation around its core business



FIFTH RESOLUTION
(acting as an Ordinary Meeting)

Appointment of Sophie L'Helias as Director



SIXTH RESOLUTION
(acting as an Ordinary Meeting)

Appointment of Sapna Sood as Director



SEVENTH RESOLUTION
(acting as an Ordinary Meeting)

Appointment of Laurence Boone as Director



EIGHTH RESOLUTION
(acting as an Ordinary Meeting)

Renewal of the term of office of Jean-Pierre Denis as a Director



NINTH RESOLUTION
(acting as an Ordinary Meeting)

Setting of the annual amount of Directors' fees allocated to members of the Board of Directors



TENTH RESOLUTION
(acting as an Ordinary Meeting)

**Advisory opinion on the remuneration due or awarded to François-Henri Pinault,
Chairman and Chief Executive Officer, for 2015**



ELEVENTH RESOLUTION
(acting as an Ordinary Meeting)

Advisory opinion on the remuneration due or awarded to Jean-François Palus, Group Managing Director, for 2015



TWELFTH RESOLUTION
(acting as an Ordinary Meeting)

Reappointment of KPMG SA as principal Statutory Auditor



THIRTEENTH RESOLUTION
(acting as an Ordinary Meeting)

Appointment of Salustro Reydel as substitute Statutory Auditor



FOURTEENTH RESOLUTION

(acting as an Ordinary Meeting)

Authorisation to be given to the Board of Directors to trade in the Company's shares

Authorisation	Resolution number	Term of authorisation	Conditions
Share buy-back	Outstanding (April 2015)	18 months (October 2016)	Maximum purchase price: €250 Maximum of 10% of the share capital
	14th resolution As of 04/29/2016	18 months (October 2017)	Maximum purchase price: €230 Maximum of 10% of the share capital



FIFTEENTH RESOLUTION

(acting as an Extraordinary Meeting)

Authorisation to be given to the Board of Directors to make free grants of existing shares to employees and executive corporate officers of the Company and Group companies

Authorisation	Resolution number	Term of authorisation	Conditions
Free grants of existing shares to employees and executive corporate officers of the Company and Group Companies	15th resolution As of 04/29/2016	24 months (April 2018)	Overall cap of 0.5% of the share capital on the date of the Board of Directors' decision Vesting of the shares subject to performance conditions Overall cap of 0.08% of the share capital for executive corporate officers



SIXTEENTH RESOLUTION
(acting as an Ordinary and Extraordinary Meeting)

Powers for formalities





Gucci • Bottega Veneta • Saint Laurent • Alexander McQueen • Balenciaga • Brioni
Christopher Kane • McQ • Stella McCartney • Tomas Maier • Boucheron • Dodo • Girard-Perregaux
JeanRichard • Pomellato • Qeelin • Ulysse Nardin • Puma • Cobra • Volcom

Empowering Imagination