

K E R I N G



PRESS RELEASE

04.17.2019

VERY GOOD PERFORMANCE IN THE FIRST QUARTER

**Group revenue in the first quarter of 2019: €3,785.3 million
up 21.9% as reported
up 17.5% on a comparable basis**

“Delivering a solid start to 2019, Kering continued to outperform. On top of very strong increases in the first quarter of last year, Gucci, Saint Laurent and our Other Houses all posted excellent revenue growth, fueled by the creativity of their offers and the innovativeness of their execution. As Bottega Veneta implements a fundamental reset, early indicators are highly encouraging. The agility we have put at the heart of our organization positions us well to continue achieving steady, sustainable and profitable growth.”

François-Henri Pinault, Chairman and Chief Executive Officer

- Sharp growth in Gucci sales (up 20.0% on a comparable basis) on top of very high bases of comparison.
- A very solid start to the year for Yves Saint Laurent (up 17.5% on a comparable basis), with balanced growth across all regions.
- Contraction in sales for Bottega Veneta (down 8.9% on a comparable basis) and a promising response to Daniel Lee’s first creations.
- Very strong momentum at Kering’s Other Houses (up 21.7% on a comparable basis), powered by Balenciaga and Alexander McQueen. Solid performances of Watches and Jewelry.



Revenue (in € millions)	Q1 2019	Q1 2018 ⁽¹⁾	Reported change	Comparable change ⁽²⁾
Total Houses	3,648.1	2,997.7	+21.7%	+17.4%
Gucci	2,325.6	1,866.6	+24.6%	+20.0%
Yves Saint Laurent	497.5	408.2	+21.9%	+17.5%
Bottega Veneta	248.1	261.2	-5.0%	-8.9%
Other Houses	576.9	461.7	+25.0%	+21.7%
Corporate and other	137.2	108.5	+26.5%	+21.5%
Kering – Continuing operations	3,785.3	3,106.2	+21.9%	+17.5%

⁽¹⁾ Figures restated for PUMA, Stella McCartney, Volcom and Christopher Kane (IFRS 5).

⁽²⁾ On a comparable Group structure and exchange rate basis.

The Group delivered remarkable growth in consolidated revenue in the first quarter of 2019, up 21.9% as reported and 17.5% on a comparable basis to €3,785.3 million.

Total sales from Kering's Houses (up 17.4% on a comparable basis) progressed in all distribution channels, with a 18.6% comparable increase from the directly operated store network. This upward trend was driven by growth in all regions, particularly Asia-Pacific (up 29.6% on a comparable basis). Online sales continued to climb, and revenue from the wholesale network grew 12.2% on a comparable basis.

Gucci: continuing sustained growth

On top of high comparisons, Gucci delivered a very good quarter, with revenue up 24.6% as reported and 20.0% on a comparable basis to €2,325.6 million. Both carryovers and newness saw strong success once again. Sales from directly operated stores rose 20.3% on a comparable basis, with excellent performances in Asia-Pacific (up 35.3% on a comparable basis) and sound growth in Japan (up 15.8% on a comparable basis) and Western Europe (up 11.9% on a comparable basis). The success of the collections was also reflected in the performance of the wholesale network, which posted a 16.1% increase in revenue on a comparable basis.

Yves Saint Laurent: strong growth in revenue

Yves Saint Laurent reported revenue of €497.5 million in the first quarter of 2019, up 21.9% as reported and 17.5% on a comparable basis. The influence of the ready-to-wear lines, illustrated by the House's iconic fashion shows, and the highly attractive leather goods collections fueled a 21.7% increase in sales from directly operated stores on a comparable basis. All regions delivered double-digit growth on a comparable basis, with solid performances from Western Europe, up 25.3%, North America, up 21.3%, and Asia-Pacific up, 20.9%. Against very high bases of comparison, the wholesale network posted an 8.2% increase on a comparable basis.

***Bottega Veneta: contraction in the quarter***

Sales of Bottega Veneta totaled €248.1 million in the first quarter of 2019, down 5.0% as reported and 8.9% on a comparable basis. Revenue from directly operated stores retreated, and the wholesale network saw a slight decline in the quarter. Daniel Lee's hotly anticipated collections will be gradually available in stores from mid-2019. The very first creations launched in the first quarter in selected stores met with considerable success.

Other Houses: excellent growth momentum

Revenue from Kering's Other Houses amounted to €576.9 million in the first quarter, up 25.0% as reported and 21.7% on a comparable basis.

Sales from Couture and Leather Goods continued to rise sharply. All regions contributed to this momentum in the directly operated store network with double-digit growth throughout, driven by outstanding performances at Balenciaga and Alexander McQueen. The wholesale network also continued to grow.

Jewelry delivered solid growth, thanks in particular to the success of creations by Boucheron, Qeelin and Pomellato. Performances in Watches were contrasted in the quarter, while new models unveiled at the Salon International de la Haute Horlogerie (SIHH) in January 2019 were very well received.

Corporate and other

The "Corporate and other" segment posted strong growth in the first quarter of 2019, with revenue up 26.5% as reported and 21.5% on a comparable basis to €137.2 million. Growth was driven by the very robust performance from Kering Eyewear, which reported a 23% comparable increase in consolidated sales to €128.4 million, underpinned by the excellent performance of Gucci eyewear and the successful launches of the Balenciaga and Montblanc collections.



REMINDER OF ANNOUNCEMENTS MADE SINCE JANUARY 1, 2019

Kering ranked in Corporate Knights' 2019 Global 100 Index

January 22, 2019 – Kering was named the world's second most sustainable company across all industries by the Corporate Knights Global 100 Index for 2019, as announced at the World Economic Forum in Davos. As further recognition of its continued sustainability leadership, the Group ranked first in the Luxury and Apparel and Accessories sectors for the second year in a row.

Tax investigation in Italy

January 25, 2019 – In connection with the tax investigation opened in Milan in 2017, Kering announced that an audit unit of the Italian tax authorities had completed a tax audit and delivered a report alleging that Luxury Goods International (LGI), a Swiss subsidiary of Kering, had conducted business activities in Italy that should have resulted in payment of Italian income tax, an assertion that Kering contests. The audit report covers earnings for the years 2011 through 2017, and the estimated claimable tax represents approximately €1,400 million. The report will now be reviewed by the tax authority unit in charge of assessing the findings, which will make its final determination. Kering contests the findings of the audit report in terms of both substance and amount. The Group is confident about the proceedings currently underway and will continue to fully cooperate with the Italian tax authorities in complete transparency in order to defend all of its rights. At this stage of the proceedings, Kering does not have the necessary information to record a specific accounting provision based on a reliable estimate of the tax exposure. The Group confirms that it strictly monitors its tax positions and adopts a prudent approach to assessing its tax exposure, particularly regarding its transfer pricing policy.

Corporate governance at Kering

February 12, 2019 – Kering's Board of Directors appointed Ms. Sophie L'Hélias as lead independent director, with a standard role of, among others, speaking on behalf of the Board on ESG (Environmental, Societal, Governance) matters, in coordination with the Chairman of the Board.

Kering completes the sale of Volcom

April 2, 2019 – Kering announced that it had completed the sale of its US sports and lifestyle brand Volcom. US company Authentic Brands Group (ABG) purchased the intellectual property rights of Volcom, effective April 1, 2019. The current Volcom management team has acquired the operating license of Volcom and will continue the development of its operations based in the US, France, Australia and Japan. Volcom was acquired by Kering in 2011. The sale followed Kering's decision in 2018 to focus on the development of its Luxury Houses, establishing its status as a leading pure player in the sector.

As a reminder, Volcom has been accounted for since 2018 as discontinued operations under the requirements of IFRS 5. The disposal will not have a material impact at Group level, either in terms of net result from discontinued operations (a non-significant capital loss) or cash flow (proceeds from disposal).

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AUDIOCAST

An **audiocast** for analysts and investors will be held at **6.00pm** (CEST) on **Wednesday, April 17, 2019**. 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, Paris	+33 (0)1 76 70 07 94
United Kingdom, London	+44 (0)844 571 8892
United States, New York	+1 631 510 7495
International	+44 (0)207 192 8000

Confirmation code: 7486767

A replay of the audiocast will also 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 2018, Kering had nearly 35,000 employees and revenue of €13.7 billion.

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