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PRESS RELEASE

July 25, 2019

VERY STRONG GROWTH IN REVENUE IN THE FIRST HALF OF 2019

SHARP RISE IN RECURRING OPERATING INCOME AND MARGIN

Consolidated revenue: €7,638.4 million
up 18.8% as reported and 15.3% on a comparable basis

Recurring operating income[1]: up 25.3% to €2,252.7 million
Recurring operating margin[1] up 160 basis points to 29.5%
Net income, Group share[1]: €579.7 million
Recurring net income, Group share[1,2]: up 24.7% to €1,556.1 million

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"In the first half of the year, we delivered another very strong set of results. Kering's revenue growth handily topped market trends, and was highly profitable. We created an additional 1.2 billion euros in revenue in the six months, and our operating margin reached a record 29.5 percent. Our strategy is clearly paying off. The success of our brands, built on creativity, innovation, and customer dedication, along with rigorous execution and financial discipline, are delivering a superior combination of organic growth and sustainable profitability."

François-Henri Pinault, Chairman and Chief Executive Officer

- Total revenue generated by the Group's Houses up 15.2% on a comparable basis to €7,364.4 million.
  - Another period of outstanding growth for Gucci, with revenue up 16.3% on a comparable basis despite particularly high bases of comparison.
  - Ongoing strong growth momentum for Yves Saint Laurent, with sales up 16.6% on a comparable basis.
  - Contrasted period at Bottega Veneta (down 3.8% on a comparable basis), with a positive second quarter. New collections have been very well received.
  - Excellent performances of Other Houses (up 20.3% on a comparable basis), powered by Balenciaga, Alexander McQueen and the Jewelry Houses.
- Very sharp rise in profitability: recurring operating income nearly doubled in the space of two years, significantly exceeding the €2 billion mark[1], and recurring operating margin widened by 160 basis points versus first-half 2018[1].

1 Taking into account the application of IFRS 16. The changes presented are based on 2018 financial data restated under IFRS 16. See Appendices.
2 Recurring net income, Group share: net income from continuing operations, Group share, excluding non-recurring items. For the first half of 2019, this item does not include the non-recurring tax charge relating to the tax settlement in Italy.

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Key financial indicators

(in € millions)	H1 2019	H1 2018 restated under IFRS 16[(1)]	Change	H1 2018 reported
Revenue	**7,638.4**	**6,431.9**	**+18.8%**	**6,431.9**
Recurring operating income	**2,252.7**	**1,797.7**	**+25.3%**	**1,771.9**
as a % of revenue	*29.5%*	*27.9%*	*+1.6 pts*	*27.5%*
EBITDA	**2,809.3**	**2,348.5**	**+19.6%**	**2,021.6**
as a % of revenue	36.8%	36.5%	*+0.3 pts*	*31.4%*
Net income, Group share	579.7	2,344.9		2,359.6
Recurring net income, Group share[(2)]	**1,556.1**	**1,247.5**	**+24.7%**	**1,262.2**

[(1)] Taking into account the application of IFRS 16. The changes presented are based on 2018 financial data restated under IFRS 16. See Appendices.
[(2)] Recurring net income, Group share: net income from continuing operations, Group share, excluding non-recurring items. In the first half of 2019, this item does not include the non-recurring tax charge relating to the tax settlement in Italy.

Consolidated **revenue** for the first half of 2019 amounted to €7,638.4 million, posting a remarkable increase of 18.8% year on year as reported and 15.3% based on a comparable Group structure and exchange rates. This strong growth was driven by all of the Group's geographic regions, with increases of 24.2% in Asia-Pacific (excluding Japan), 10.2% in Japan, 14.8% in Western Europe and 7.3% in North America.

Kering's **gross margin** for the first half of 2019 was €5,652 million, up 18.3% on the same period of 2018 (restated under IFRS 16).

Recurring operating income amounted to a very high €2,252.7 million, up 25.3% versus first-half 2018 (restated under IFRS 16), and **recurring operating margin** rose 160 basis points to 29.5%.

EBITDA rose 19.6% versus first-half 2018 (restated under IFRS 16) to €2,809.3 million. **EBITDA margin** increased by 30 basis points compared with the first half of 2018 (restated under IFRS 16), at 36.8%.

Net income, Group share totaled €579.7 million. Compared with the equivalent period of 2018, the change was due to (i) the non-recurring tax expense relating to the tax settlement concluded in Italy on May 9, 2019 and (ii) the €1,177 million net gain recognized in first-half 2018 following the payment of the PUMA stock dividend. **Earnings per share, Group share** stood at €4.61.

Recurring net income, Group share totaled €1,556.1 million (up 24.7%).

Operating performances

Revenue *(in € millions)*	**H1 2019**	**H1 2018**	**Reported change**	**Comparable change[1]**
Total Houses	**7,364.4**	**6,208.7**	**+18.6%**	**+15.2%**
Gucci	4,617.1	3,852.8	+19.8%	+16.3%
Yves Saint Laurent	973.0	808.2	+20.4%	+16.6%
Bottega Veneta	549.0	552.2	-0.6%	-3.8%
Other Houses	1,225.3	995.5	+23.1%	+20.3%
Corporate and other	**274.0**	**223.2**	**+22.8%**	**+18.7%**
Kering – Continuing operations	**7,638.4**	**6,431.9**	**+18.8%**	**+15.3%**

[1] On a comparable Group structure and exchange rate basis.

Recurring operating income *(in € millions)*	**H1 2019**	**H1 2018 restated under IFRS 16**	**Change**	**H1 2018 reported**
Total Houses	**2,370.0**	**1,910.0**	**+24.1%**	**1,886.0**
Gucci	1,876.1	1,480.7	+26.7%	1,470.5
Yves Saint Laurent	251.7	202.5	+24.3%	198.0
Bottega Veneta	103.9	137.3	-24.3%	132.5
Other Houses	138.3	89.5	+54.5%	85.0

Total revenue generated by Kering's Houses amounted to €7,364.4 million in the first half of 2019, up 18.6% as reported and 15.2% on a comparable basis. This strong year-on-year growth – which was achieved despite particularly high bases of comparison – was fueled evenly by (i) sales from directly operated stores and online (up 16.1% on a comparable basis), and (ii) wholesale (up 11.6% on a comparable basis). Growth was particularly strong for the Houses' online sales, which rose 19.7%. All of the main product categories contributed to the strong year-on-year revenue increase and the Houses registered robust growth in all geographic regions, particularly Asia-Pacific (up 24.5% on a comparable basis) and Western Europe (up 14.0%).

In the second quarter of 2019, the Houses' revenue rose 13.1% on a comparable basis, with well-balanced growth across distribution channels.

Recurring operating income of the Houses totaled €2,370 million in the first six months of 2019, surging 24.1% compared to the first half of 2018 (restated under IFRS 16). **Recurring operating margin** widened by 140 basis points to 32.2%.

Gucci: very strong growth and record recurring operating margin

Gucci registered another very good showing in the first half of 2019, with **revenue** totaling €4,617.1 million (up 19.8% as reported and 16.3% on a comparable basis). This performance was all the more remarkable in view of the growth that the brand has already delivered since mid-2016. In the first six months of 2019, Gucci generated more sales than for the whole of 2016. Sales generated in directly operated stores advanced 16.2% on a comparable basis. Wholesale rose 15.8% (based on comparable data), with the number of doors remaining about stable year on year and all of the brand's main markets making very positive contributions.

Revenue increased by 12.7% on a comparable basis **in the second quarter of 2019**.

Gucci's **recurring operating income** for the first half of 2019 amounted to €1,876.1 million, up 26.7% on the first half of 2018 (restated under IFRS 16). The brand's **recurring operating margin** increased by 220 basis points to a new record of 40.6%.

Yves Saint Laurent: strong and sustainable growth

With **revenue** of €973.0 million in the first half of 2019 (up 20.4% as reported and 16.6% based on comparable data), Yves Saint Laurent kept up its buoyant growth trajectory, rigorously and effectively executing its strategy. All of the brand's regions and distribution channels contributed to this overall good performance. Sales in directly operated stores were up 19.0% year on year, on a comparable basis. All of the brand's geographic regions recorded double-digit growth in the period, reaching 21.6% in North America and 19.4% in Western Europe (on a comparable basis). Comparable sales generated through the wholesale network were up 10.6%.

The excellent momentum seen since the beginning of 2019 continued into the **second quarter of the year**, with revenue up 15.8% on a comparable basis.

In the first half of 2019, Yves Saint Laurent had **recurring operating income** of €251.7 million, up from €202.5 million in the corresponding prior-year period (restated under IFRS 16), a year-on-year increase of 24.3%. **Recurring operating margin** was 25.9%, up 80 basis points. This further improvement in profitability is consistent with the House's ambitions and growth trajectory.

Bottega Veneta: a new stage in the brand's turnaround

In the first half of 2019, Bottega Veneta's **revenue** retreated 3.8% on a comparable basis and 0.6% as reported. Revenue generated through the brand's directly operated stores decreased 4.6%, whereas wholesale edged up 0.2% on a comparable basis. Although the new collections of Creative Director Daniel Lee still only make up a small proportion of the House's assortment available in its stores, they have been very well received.

The **second quarter of 2019** was encouraging, with comparable sales up 0.8%.

Bottega Veneta's **recurring operating income** totaled €103.9 million in the first half of 2019 and recurring operating margin was 18.9%. These figures reflect the investments carried out for the House's transformation and to support it in this new stage of its development.

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Other Houses: a very good growth trajectory

Revenue for Kering's Other Houses rose 23.1% as reported and 20.3% on a comparable basis in **the first half of 2019**, reaching €1,225.3 million. This performance reflects strong momentum at Balenciaga and Alexander McQueen, as well as sales growth from the Jewelry Houses. Sales from the directly operated store network of the Other Houses posted very strong comparable growth of 32.3% during the period, while the wholesale network saw comparable growth of 9.8% on top of a very high base of comparison.

Growth in **the second quarter of 2019** was in line with the first quarter, with revenue up 19.2% on a comparable basis.

Recurring operating income of the Group's Other Houses rose 54.5% from the first half of 2018 (restated under IFRS 16) to €138.3 million in the first six months of 2019. Recurring operating margin came to 11.3%, up 230 basis points year on year.

Corporate and other: excellent performance from Kering Eyewear

Kering Eyewear's sales rose sharply in the first half of 2019 to €320.8 million, fueled by the success of its Gucci, Saint Laurent and Cartier licenses, and by its takeover of the Montblanc and Balenciaga licenses. Its contribution to the Group's consolidated revenue for the period amounted to €259.4 million, up 20.7% on a comparable basis (after eliminating intra-group sales and royalties paid to the Group's Houses). Kering Eyewear's profitability progressed significantly.

Overall, net costs recorded by the "Corporate and other" segment for the first six months of 2019 totaled €117.3 million, €5.0 million higher than in the prior-year period (restated under IFRS 16).

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Financial performance

In the first six months of 2019, **other non-recurring operating income and expenses** represented a net expense of €42.2 million, primarily related to costs associated with the reorganization of the Group's logistics operations and the Watches and Jewelry Division.

Net finance costs were down 6.2%[1] year on year to €133.7 million. This includes the cost of net debt, or €25.6 million, representing a 39.6% decrease from the first half of 2018 (restated under IFRS 16). The significant year-on-year improvement chiefly reflects the favorable impact of the reduction in the Group's average outstanding bond debt following early redemptions and repayments carried out in 2018 and early 2019.
Taking into account the impact of the tax settlement in Italy announced in May 2019, the Group's **effective tax rate** was 69.8% for the first half of 2019. Excluding the impact of the tax settlement, Kering's effective tax rate on recurring income was 26.4%.

Cash flows and financial position

The Group's **free cash flow from operations** totaled €1,532.7 million for the first six months of 2019 (under IFRS 16).

(in € millions)	**June 30, 2019**	**Dec. 31, 2018**	**June 30, 2018**
Capital employed	**11,583.3**	**11,773.0**	**12,149.6**
Total equity	9,448.7	10,061.6	9,356.6
Net debt	**2,134.6**	**1,711.4**	**2,793.0**

The Group's **net debt** is traditionally higher at the end of the first half of the year than at December 31 due to the dividend payout date and, to a certain extent, the seasonal nature of its business. As of June 30, 2019, consolidated net debt stood at €2,134.6 million.

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 a targeted and selective expansion of the store network in order to strengthen its Houses' recurring operating margins for the long term. The Group is also pro-actively investing to develop cross-business growth platforms in the areas of e-commerce, omni-channel distribution, logistics and IT infrastructure, expertise, and innovative digital technologies.
The Group's operating environment remains unsettled with regard to macroeconomic and geopolitical uncertainties, national trade policies, and fluctuations in exchange rates, events that could impact consumer trends and tourism.
Against this backdrop, in 2019 the Group plans to pursue the strategic measures that it has successfully implemented in recent years, namely rigorously managing and allocating its resources in order to further enhance its operating performance, maintaining a high level of cash flow generation and continuing to grow its return on capital employed.

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1 The changes presented are based on 2018 financial data restated under IFRS 16. See Appendices.

At its meeting of July 25, 2019, Kering's Board of Directors, under the chairmanship of François-Henri Pinault, approved the consolidated financial statements for the first half of 2019, which were reviewed by the Statutory Auditors.

AUDIOCAST

An **audiocast** for analysts and investors will be held at **6.00 pm** (CEST) on **Thursday, July 25, 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	+33 (0)1 76 70 07 94
United Kingdom	+44 (0)844 571 8892
United States	+1 631 510 7495
International switchboard	+44 (0)207 192 8000

Access code: 3993902

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

The 2019 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 2018, Kering had nearly 35,000 employees and revenue of €13.7 billion.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION FOR THE SIX MONTHS ENDED

JUNE 30, 2019

Contents | *page*

INFORMATION ABOUT IFRS 16

Kering has applied IFRS 16 – *Leases* for the first time in its condensed consolidated interim financial statements for the six months ended June 30, 2019. Applying this new standard – which supersedes IAS 17 – *Leases* – had a material impact on Kering's consolidated financial statements due to the size of the network of stores operated directly by its Houses.

The Group elected to use the "modified retrospective" approach for its transition to IFRS 16, under which entities are not authorized to restate prior-period comparative financial information. Consequently, the first-half 2019 income statement is presented differently to the Group's prior-period income statements. Instead of the expense that was previously recognized on a straight-line basis for fixed lease payments under IAS 17, a depreciation expense is now recognized on a straight-line basis for right-of-use assets and an interest expense is recognized on lease liabilities. In the statement of financial position, right-of-use assets are recognized under non-current assets, and lease liabilities are recognized under current and non-current liabilities, corresponding to the present value of fixed future lease payments.

2018 financial data restated under IFRS 16

In order to assist users of the Group's financial statements to understand the impact of its transition to IFRS 16, and to help provide meaningful comparisons between the financial data for 2019 and 2018, the Group has chosen to present its financial data for 2018 restated under IFRS 16: the data for first-half 2018 has thus been restated in order to reflect the impact of IFRS 16 on that period and to provide meaningful comparisons with the first-half 2019 data to which IFRS 16 has been applied.

This restated data takes into account all of the leases in force during the first half of 2018, applying the modified retrospective approach and the accounting principles used by the Group for the first time application of IFRS 16 as of January 1, 2018, discounted using the discount rates applicable at January 1, 2019 (the Group's effective IFRS 16 transition date).

Non-IFRS financial indicators for 2019 adjusted on the basis of IAS 17

In order to track movements in key non-IFRS financial indicators for 2019, notwithstanding the impact of IFRS 16, the Group has chosen to present its main financial indicators adjusted on the basis of IAS 17: key indicators such as recurring operating income, EBITDA, free cash flow from operations and available cash flow have thus been presented on an adjusted basis as if IAS 17 had been applied instead of IFRS 16. The reconciliation of these IAS 17-adjusted financial indicators with the Group's reported financial data under IFRS 16 is presented in the Activity Report within the 2019 First-Half Report.

Based on this approach, the breakdown of recurring operating income and recurring operating margin adjusted on the basis of IAS 17 is as follows:

Breakdown of IAS 17-adjusted recurring operating income and recurring operating margin

(in € millions)	**H1 2019** (IAS 17)	**H1 2018 Reported** (IAS 17)	**Change in €m**	**Change in % and pts**
Total Houses	**2,347.5**	**1,886.0**	**461.5**	**+24.5%**
as a % of revenue	**31.9%**	**30.4%**		**+1.5 pts**
Gucci	1,867.0	1,470.5	396.5	+27.0%
as a % of revenue	*40.4%*	*38.2%*		*+2.2 pts*
Yves Saint Laurent	246.8	198.0	48.8	+24.6%
as a % of revenue	*25.4%*	*24.5%*		*+0.9 pts*
Bottega Veneta	100.6	132.5	(31.9)	-24.1%
as a % of revenue	*18.3%*	*24.0%*		*-5.7 pts*
Other Houses	133.1	85.0	48.1	+56.6%
as a % of revenue	*10.9%*	*8.5%*		*+2.4 pts*
Corporate and other	**(119.1)**	**(114.1)**	**(5.0)**	**-4.4%**
KERING	**2,228.4**	**1,771.9**	**456.5**	**+25.8%**
as a % of revenue	***29.2%***	***27.5%***		***+1.7 pts***

SIGNIFICANT EVENTS AND ANNOUNCEMENTS SINCE JANUARY 1, 2019

Strategic redeployment and discontinued operations – Volcom

On 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 from 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 United States, France, Australia and Japan.

Italy tax settlement

On May 9, 2019, Kering announced that it had concluded a settlement with the Italian Revenue Agency relating to claims vis-à-vis its Swiss subsidiary Luxury Goods International (LGI). The settlement, concluded after in-depth analysis and with a collaborative spirit, acknowledged that the claims raised during the tax audit pertained both to the existence of a permanent establishment in Italy in the period 2011-2017 with the associated profits, and to the transfer prices applied by LGI in the same period with its related party Guccio Gucci S.p.A.

Logistics activities: restructuring and transfer

Against a backdrop of rapid change in the industry and strong growth, Kering is undertaking a complete restructuring of its logistics activities, using the latest technologies, in order to meet the Houses' new needs in terms of volumes, lead time and omni-channel integration. Already initiated in the United States with the construction of a new site in New Jersey, the project will be gradually implemented by 2022. It will include the transfer of most of the logistics activities currently located in Switzerland to a new hub in Italy, close to Novara. The new Italian hub will be designed to handle the Group's future growth and will have greater storage capacity, reflecting increased volumes. It will also meet the growing demand for interconnectivity with the main transportation hubs.

Stock repurchase program

On October 29, 2018, Kering announced that it had set up a stock repurchase program covering up to 1.0% of its share capital over a 12-month period.

Between October 29, 2018 and February 28, 2019, a total of 603,406 shares were repurchased under a first tranche of the program. A new stock repurchase agreement was set up with an investment services provider on June 17, 2019. It represents a second tranche of the program, covering a maximum volume of 658,000 shares, i.e., approximately 0.5% of the share capital. As a reminder, the maximum purchase price set at the Annual General Meeting of April 24, 2019 in the tenth resolution was €580 (five hundred and eighty euros) per share.

The purchases will commence on June 17, 2019 for a period not exceeding three months, and the purchased shares will subsequently be canceled.

Appointments and corporate governance at Kering

At its meeting on February 11, 2019, the Board of Directors of Kering designated Sophie L'Hélias as lead independent director. In coordination with the Chairman of the Board, Sophie L'Hélias will notably represent the Board in its dealings with investors concerning ESG (Environmental, Societal, Governance) matters.

Kering also announced the appointment of Cédric Charbit, CEO of Balenciaga, to the Group's Executive Committee, effective from July 1, 2019.

Lastly, Bartolomeo Rongone will succeed Claus-Dietrich Lahrs as CEO of Bottega Veneta, effective from September 1, 2019. He will report to François-Henri Pinault, Chairman and Chief Executive Officer of Kering, and will be a member of the Group's Executive Committee.

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Consolidated income statement

(in € millions)	First-half 2019	First-half 2018	Full-year 2018
CONTINUING OPERATIONS			
Revenue	**7,638.4**	**6,431.9**	**13,665.2**
Cost of sales	(1,986.3)	(1,655.6)	(3,467.0)
Gross margin	**5,652.1**	**4,776.3**	**10,198.2**
Payroll expenses	(1,140.5)	(1,012.7)	(2,080.4)
Other recurring operating income and expenses	(2,258.9)	(1,991.7)	(4,174.0)
Recurring operating income	**2,252.7**	**1,771.9**	**3,943.8**
Other non-recurring operating income and expenses	(42.2)	(39.6)	(222.4)
Operating income	**2,210.5**	**1,732.3**	**3,721.4**
Finance costs, net	(133.7)	(97.1)	(207.3)
Income before tax	**2,076.8**	**1,635.2**	**3,514.1**
Income tax	(1,449.4)	(385.0)	(867.7)
Share in earnings (losses) of equity-accounted companies	20.7	(3.0)	11.9
Net income from continuing operations	**648.1**	**1,247.2**	**2,658.3**
o/w Group share	623.4	1,228.9	2,630.6
o/w attributable to non-controlling interests	24.7	18.3	27.7
DISCONTINUED OPERATIONS			
Net income (loss) from discontinued operations	**(60.0)**	**1,148.2**	**1,095.2**
o/w Group share	(43.7)	1,130.7	1,084.3
o/w attributable to non-controlling interests	(16.3)	17.5	10.9
Net income of consolidated companies	**588.1**	**2,395.4**	**3,753.5**
o/w Group share	579.7	2,359.6	3,714.9
o/w attributable to non-controlling interests	8.4	35.8	38.6
EARNINGS PER SHARE			
Net income, Group share	**579.7**	**2,359.6**	**3,714.9**
Earnings per share *(in €)*	4.61	18.74	29.49
Fully diluted earnings per share *(in €)*	4.61	18.74	29.49
Net income from continuing operations, Group share	**623.4**	**1,228.9**	**2,630.6**
Earnings per share *(in €)*	4.96	9.76	20.88
Fully diluted earnings per share *(in €)*	4.96	9.76	20.88
Net income from continuing operations (excluding non-recurring items), Group share	**1,556.1**	**1,262.2**	**2,816.7**
Earnings per share *(in €)*	12.37	10.02	22.36
Fully diluted earnings per share *(in €)*	12.37	10.02	22.36

Consolidated statement of comprehensive income

(in € millions)	*First-half 2019*	*First-half 2018*	*Full-year 2018*
Net income	**588.1**	**2,395.4**	**3,753.5**
Actuarial gains and losses(1)	(10.4)	8.3	9.6
Total items not reclassified to income	**(10.4)**	**8.3**	**9.6**
Foreign exchange gains and losses	(2.6)	(97.4)	(70.6)
Cash flow hedges(1)	21.3	(91.3)	(142.0)
Financial assets at fair value(1)	(0.1)	(2.8)	(13.3)
Share in other comprehensive income (loss) of equity-accounted companies	(5.1)	8.4	12.0
Total items to be reclassified to income	**13.5**	**(183.1)**	**(213.9)**
Other comprehensive income (loss), net of tax	**3.1**	**(174.8)**	**(204.3)**
Total comprehensive income	**591.2**	**2,220.6**	**3,549.2**
o/w Group share	582.5	2,180.8	3,504.8
o/w attributable to non-controlling interests	8.7	39.8	44.4

(1) Net of tax.

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Consolidated statement of financial position

ASSETS *(in € millions)*	June 30, 2019	Dec. 31, 2018	June 30, 2018
Goodwill	2,402.1	2,399.2	2,441.9
Brands and other intangible assets	7,276.1	7,393.6	7,305.7
Right-of-use assets	3,852.0	N/A	N/A
Property, plant and equipment	2,236.9	2,228.5	2,012.8
Investments in equity-accounted companies	1,084.7	1,074.7	1,057.3
Non-current financial assets	372.8	336.3	325.0
Deferred tax assets	1,381.9	830.1	768.6
Other non-current assets	73.4	34.2	16.2
Non-current assets	**18,679.9**	**14,296.6**	**13,927.5**
Inventories	2,726.0	2,414.7	2,179.4
Trade receivables	956.7	849.5	877.1
Current tax receivables	109.3	90.6	46.7
Other current financial assets	58.4	60.9	49.9
Other current assets	888.7	899.5	737.3
Cash and cash equivalents	2,450.9	2,216.6	1,926.3
Current assets	**7,190.0**	**6,531.8**	**5,816.7**
Assets held for sale	**193.2**	**539.1**	**531.3**
TOTAL ASSETS	**26,063.1**	**21,367.5**	**20,275.5**

EQUITY AND LIABILITIES *(in € millions)*	June 30, 2019	Dec. 31, 2018	June 30, 2018
Share capital	505.2	505.2	505.2
Capital reserves	2,428.3	2,428.3	2,428.3
Treasury shares	(322.4)	(168.3)	-
Translation adjustments	(209.4)	(206.7)	(231.4)
Remeasurement of financial instruments	(76.5)	(97.8)	(47.0)
Other reserves	6,951.0	7,445.2	6,563.9
Equity, Group share	**9,276.2**	**9,905.9**	**9,219.0**
Equity attributable to non-controlling interests	172.5	155.7	137.6
Total equity	**9,448.7**	**10,061.6**	**9,356.6**
Non-current borrowings	2,910.2	3,171.6	3,459.8
Non-current lease liabilities	3,259.8	N/A	N/A
Other non-current financial liabilities	5.4	3.0	0.7
Provisions for pensions and other post-employment benefits	101.7	88.0	89.3
Other non-current provisions	14.9	14.2	23.1
Deferred tax liabilities	1,573.7	1,578.6	1,579.6
Other non-current liabilities	86.8	40.0	38.8
Non-current liabilities	**7,952.5**	**4,895.4**	**5,191.3**
Current borrowings	1,675.3	756.4	1,259.5
Current lease liabilities	613.5	N/A	N/A
Other current financial liabilities	69.3	553.2	108.1
Trade payables	796.4	745.8	746.7
Provisions for pensions and other post-employment benefits	8.7	8.6	8.3
Other non-current provisions	200.9	255.7	226.8
Current tax liabilities	2,994.9	1,303.3	1,040.5
Other current liabilities	2,221.9	2,598.9	2,173.6
Current liabilities	**8,580.9**	**6,221.9**	**5,563.5**
Liabilities associated with assets held for sale	**81.0**	**188.6**	**164.1**
TOTAL EQUITY AND LIABILITIES	**26,063.1**	**21,367.5**	**20,275.5**

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Consolidated statement of cash flows

(in € millions)	First-half 2019	First-half 2018	Full-year 2018
Net income from continuing operations	**648.1**	**1,247.2**	**2,658.3**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	556.6	249.7	491.9
Other non-cash income and expenses	(465.2)	(75.7)	(6.6)
Cash flow from operating activities	**739.5**	**1,421.2**	3,143.6
Interest paid/received	123.1	95.9	186.6
Dividends received	-	(0.3)	(1.0)
Net income tax payable	1,864.5	515.1	1,062.4
Cash flow from operating activities before tax, dividends and interest	**2,727.1**	**2,031.9**	**4,391.6**
Change in working capital requirement	(437.0)	(81.7)	(51.6)
Income tax paid	(374.6)	(239.6)	(562.0)
Net cash from operating activities	**1,915.5**	**1,710.6**	**3,778.0**
Purchases of property, plant and equipment and intangible assets	(383.7)	(311.0)	(828.0)
Proceeds from disposals of property, plant and equipment and intangible assets	0.9	0.9	5.2
Acquisitions of subsidiaries, net of cash acquired	-	1.3	(15.8)
Purchases of other financial assets	(101.7)	(38.7)	(80.3)
Proceeds from disposals of other financial assets	16.9	13.4	21.9
Interest and dividends received	14.8	3.2	5.4
Net cash used in investing activities	**(452.8)**	**(330.9)**	**(891.6)**
Dividends paid to owners of the parent	(1,320.1)	(757.6)	(757.6)
Dividends paid to non-controlling interests	(12.6)	(18.6)	(22.8)
Transactions with non-controlling interests	(17.7)	(3.0)	(2.7)
Treasury share transactions	(152.7)	0.1	(167.9)
Debt issues	34.8	8.2	73.1
Debt redemptions/repayments	(264.2)	(413.5)	(1,404.5)
Increase/decrease in other borrowings	861.6	(21.7)	(27.9)
Repayment of lease liabilities	(284.6)	N/A	N/A
Interest paid and equivalent	(130.1)	(98.1)	(192.4)
Net cash used in financing activities	**(1,285.6)**	**(1,304.2)**	**(2,502.7)**
Net cash used in discontinued operations	(73.9)	(329.5)	(379.1)
Impact of exchange rate variations	28.3	21.5	(67.6)
Net increase (decrease) in cash and cash equivalents	**131.5**	**(232.5)**	**(63.0)**
Cash and cash equivalents at beginning of period	**1,836.3**	**1,899.3**	**1,899.3**
Cash and cash equivalents at end of period	**1,967.8**	**1,666.8**	**1,836.3**

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Breakdown of revenue

(in € millions)	H1 2019	H1 2018	Reported change	Comparable change[1]	Q2 2019	Q2 2018	Reported change	Comparable change[1]	Q1 2019	Q1 2018	Reported change	Comparable change[1]
Total Houses	**7,364.4**	**6,208.7**	**+18.6%**	**+15.2%**	**3,716.3**	**3,211.0**	**+15.7%**	**+13.1%**	**3,648.1**	**2,997.7**	**+21.7%**	**+17.4%**
Gucci	4,617.1	3,852.8	+19.8%	+16.3%	2,291.5	1,986.2	+15.4%	+12.7%	2,325.6	1,866.6	+24.6%	+20.0%
Yves Saint Laurent	973.0	808.2	+20.4%	+16.6%	475.5	400.0	+18.9%	+15.8%	497.5	408.2	+21.9%	+17.5%
Bottega Veneta	549.0	552.2	-0.6%	-3.8%	300.9	291.0	+3.4%	+0.8%	248.1	261.2	-5.0%	-8.9%
Other Houses	1,225.3	995.5	+23.1%	+20.3%	648.4	533.8	+21.5%	+19.2%	576.9	461.7	+25.0%	+21.7%
Corporate and other	**274.0**	**223.2**	**+22.8%**	**+18.7%**	**136.8**	**114.7**	**+19.3%**	**+16.0%**	**137.2**	**108.5**	**+26.5%**	**+21.5%**
Kering – Continuing operations	**7,638.4**	**6,431.9**	**+18.8%**	**+15.3%**	**3,853.1**	**3,325.7**	**+15.9%**	**+13.2%**	**3,785.3**	**3,106.2**	**+21.9%**	**+17.5%**

[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 2018 revenue adjusted as follows by:

- neutralizing the portion of revenue corresponding to entities divested in 2018;
- including the portion of revenue corresponding to entities acquired in 2019;
- remeasuring 2018 revenue at 2019 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".