KERING

PRESS RELEASE

July 26, 2018

AN EXCELLENT FIRST-HALF PERFORMANCE

REFOCUSED ON LUXURY, KERING FURTHER ENHANCES ITS POTENTIAL FOR GROWTH AND VALUE CREATION

Consolidated revenue in the first half of 2018: €6,432 million, up 26.8% as reported and 33.9% on a comparable basis

Record-high recurring operating income: €1,772 million, up 53.1%
Recurring operating margin up 470 basis points to 27.5%
Net income, Group share: €2,360 million, up 185.7%

"*Kering achieved dazzling top-line and earnings performances in the quarter and six months. Our growth, grounded in the exclusivity and desirability of our brands, is remarkably healthy. The development model we implement across our Houses paves the way for increased value creation as well as profitable, sustained and consistent organic growth. While facing increasingly demanding comps and an uncertain global environment, we will once again substantially enhance our financial and operating performances in 2018.*"
François-Henri Pinault, Chairman and Chief Executive Officer

- Sharp outperformance versus the industry as a whole, with total revenue for the Group's Houses up 33.9% on a comparable basis. Recurring operating margin for the Houses tops 30% for the first time ever

- Gucci: record-high recurring operating margin (38.2%), driven by further excellent, healthy revenue growth (44.1% on a comparable basis)

- Yves Saint Laurent: ongoing strong growth momentum, with sales up 19.7% on a comparable basis

- Bottega Veneta: a mixed picture, with comparable sales edging down 0.9%; appointment of a new Creative Director

- Other Houses: sharp year-on-year revenue increase (up 36.5% on a comparable basis), led by Balenciaga's excellent sales rise and a faster pace of growth for Alexander McQueen

NB. Stella McCartney, Volcom and Christopher Kane are presented as Discontinued operations *for the first half of 2018 in accordance with IFRS 5. PUMA's results are presented as* Discontinued operations *in accordance with IFRS 5 through May 16, 2018, when the exceptional dividend in kind of PUMA shares was distributed to Kering shareholders, and as an equity-accounted company from that date onwards.*

Key financial indicators

(in € millions)	H1 2018	H1 2017(1)	Change(2)
Revenue	**6,431.9**	**5,073.0**	**+26.8%**
Recurring operating income	**1,771.9**	**1,157.5**	**+53.1%**
As a % of revenue	*27.5%*	*22.8%*	*+4.7 pts*
Net income, Group share	**2,359.6**	**825.8**	**+185.7%**
Recurring net income, Group share(3)	**1,262.2**	**814.8**	**+54.9%**

(1) Figures restated for PUMA, Stella McCartney, Volcom and Christopher Kane (IFRS 5).
(2) As reported.
(3)Recurring net income, Group share: net income from continuing operations, Group share, excluding non-recurring items.

Consolidated **revenue** for the first half of 2018 amounted to €6,431.9 million, up an outstanding 26.8% as reported and 33.9% based on a comparable Group structure and exchange rates. This sharp year-on-year increase was driven by extremely strong sales growth in both mature and emerging markets, with comparable increases of 45.4% in North America, 25.1% in Western Europe, 37.6% in Asia Pacific (excluding Japan) and 30.7% in Japan.

Kering's **gross margin** for the first half of 2018 came to €4,776.3 million, up 30.0% on the same period of 2017.

Recurring operating income hit a record high of €1,771.9 million, up 53.1% year on year, and consolidated **recurring operating margin** advanced 470 basis points to 27.5%.

EBITDA[1] jumped 47.6% to €2,021.6 million in first-half 2018 and the **EBITDA margin** widened by 440 basis points to 31.4%.

Net income, Group share surged 185.7% to €2,359.6 million. **Earnings per share** stood at €18.74 versus €6.55 for first-half 2017. **Recurring net income, Group share** came to €1,262.2 million (up 54.9%) and **net income from discontinued operations** totalled €1,148.2 million, primarily from the capital gain resulting from the loss of control of PUMA.

[1] *EBITDA: recurring operating income plus net charges to depreciation, amortisation and provisions on non-current operating assets recognised in recurring operating income. See reconciled data in the consolidated financial statements in the 2018 First-Half Report.*

Operating performance

Revenue *(in € millions)*	**H1 2018**	**H1 2017[1]**	**Reported change**	**Comparable change[2]**
Total Houses	**6,208.7**	**4,893.2**	**+26.9%**	**+33.9%**
Gucci	3,852.8	2,832.5	+36.0%	+44.1%
Yves Saint Laurent	808.2	710.8	+13.7%	+19.7%
Bottega Veneta	552.2	590.4	-6.5%	-0.9%
Other Houses	995.5	759.5	+31.1%	+36.5%

[1] Figures restated for Stella McCartney and Christopher Kane (IFRS 5).
[2] On a comparable Group structure and exchange rate basis.

Recurring operating income *(in € millions)*	**H1 2018**	**H1 2017[1]**	**Change €m**	**Reported change**
Total Houses	**1,886.0**	**1,246.4**	**639.6**	**+51.3%**
Gucci	1,470.5	907.3	563.2	+62.1%
Yves Saint Laurent	198.0	163.5	34.5	+21.1%
Bottega Veneta	132.5	147.5	(15.0)	-10.2%
Other Houses	85.0	28.1	56.9	+202.5%

[1] Figures restated for Stella McCartney and Christopher Kane (IFRS 5).

Total revenue from Kering's Houses outperformed the industry as a whole in the first six months of 2018, advancing 26.9% as reported and 33.9% on a comparable basis to €6,208.7 million. This outstanding growth was fueled by sales generated both through the Houses' directly operated store network and with wholesalers (up 36.7% and 27.5%, respectively, on a comparable basis). At the same time, online sales more than doubled during the period. All of the main product categories contributed to the strong year-on-year revenue increase as did each region, with star performances (on a comparable basis) from North America (+45.4%), Asia Pacific (+38.5%) and Japan (+30.7%).

Despite a very high base of comparison, total comparable revenue posted by the Group's Houses rose 31.3% **in the second quarter of 2018**, with sales in directly operated stores posting double-digit growth across all regions.

Recurring operating income of the Houses soared 51.3% on a reported basis, coming in at €1,886.0 million, and recurring operating margin widened by 490 basis points to 30.4%, topping the 30% mark for the first time.

Gucci: strong and sustainable growth, and record-high recurring operating margin

Gucci delivered another excellent showing in the first half of 2018, with revenue totalling €3,852.8 million (up 36.0% as reported and 44.1% on a comparable basis). Sales generated in the brand's directly operated stores – which represented 86.0% of total revenue – rose by a remarkable 46.6% based on comparable data. All of Gucci's regions and main product categories contributed to this stellar performance, which clearly shows that the House's growth is both healthy and balanced. Wholesale sales climbed 33.0% based on comparable data.

Comparable sales of Gucci leapt 40.1% year on year **in the second quarter of 2018**, marking the House's sixth consecutive quarter of over-35% growth, despite persistently high bases of comparison.

Gucci's **recurring operating income** surged 62.1% **in the first half of 2018** to €1,470.5 million, and its recurring operating margin gained 620 basis points, reaching a record high of 38.2%.

Yves Saint Laurent: another period of very robust growth and profitability

Yves Saint Laurent pursued its buoyant growth trajectory and expansion strategy **in the first half of 2018**, with **revenue** advancing to €808.2 million, up 13.7% as reported and 19.7% on a comparable basis. This increase stemmed both from the House's directly operated stores and wholesale network, which posted comparable growth of 17.2% and 29.4%, respectively. Sales increased across all of the House's regions, with North America and Japan leading the way (up 30.4% and 24.9%, respectively, on a comparable basis). All of Yves Saint Laurent's main product categories also registered growth during the period, with Leather Goods delivering a particularly outstanding performance.

The strong growth momentum enjoyed in the first three months of the year continued into **the second quarter of 2018**, with revenue up 19.8% on a comparable basis.

Yves Saint Laurent ended **the first half of 2018 with recurring operating income** of €198.0 million, representing an increase of 21.1%. Consolidated recurring operating margin widened once again, reaching 24.5%.

Bottega Veneta: comparable revenue stable year on year

Bottega Veneta's **revenue for first half of 2018** was weighed down by lower tourist numbers in Western Europe and retreated 6.5% as reported and 0.9% on a comparable basis to €552.2 million. Sales generated in directly operated stores – which accounted for 82.3% of Bottega Veneta's total revenue – declined 1.8% based on comparable data, whereas comparable wholesale rose 3.3%. By region, the House posted comparable sales rises in Japan (+2.2%) and North America (+7.0%). In the first half of 2018, Bottega Veneta continued to invest in communications and to focus on preserving its high-end positioning and exclusivity. The appointment of Daniel Lee as Creative Director in June marks the start of a new chapter in the House's history.

Bottega Veneta's sales contracted by 2.3% in the **second quarter of 2018** on a comparable basis, mainly due to lower tourist numbers in Western Europe.

The House's **recurring operating income** totalled €132.5 million for **first-half 2018** and recurring operating margin was 24.0%.

Other Luxury Houses: exceptional growth

First-half 2018 revenue of the Group's Other Luxury Houses advanced 31.1% as reported and 36.5% on a comparable basis, at €995.5 million. This very robust year-on-year growth was led by Balenciaga's excellent performance during the period and strong growth momentum at Alexander McQueen. Sales generated in stores directly operated by Other Luxury Houses soared 50.1% on a comparable basis, with double-digit growth in all key regions, notably Asia Pacific and North America, which both saw sales increases of more than 50%. Sales in each product category were up year on year, led by Shoes and Ready-to-Wear, while Jewelry and Watches registered solid growth.

Growth in the second quarter of 2018 was in line with the first quarter, with revenue up 34.7% on a comparable basis.

Recurring operating income for the Group's Other Houses totalled €85.0 million **in the first six months of 2018**, up 202.5% over the first half of 2017. This remarkable year-on-year increase is partly attributable to Balenciaga's rapid expansion and operating leverage.

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Corporate and other

The "Corporate and other" segment also delivered strong growth in the first half of 2018, with revenue up 32.4% on a comparable basis to €223.2 million. This performance was led by a very robust showing from **Kering Eyewear**, which recorded €262 million in sales and contributed €208 million to total consolidated revenue after eliminating intra-group sales and royalties paid to the Group's Houses. Net costs recorded by the "Corporate and other" segment – which include the costs of the Corporate teams and shared services – amounted to some €114 million for the six months ended June 30, 2018.

Financial performance

Other non-recurring operating income and expenses[1] represented a net expense of €40 million in the first half of 2018, down from the first half of 2017.

Net finance costs were down 10.0% year on year to €97.1 million. This total includes the cost of net debt, which amounted to €43.4 million, 26.6% lower than in the same period of 2017. This year-on-year improvement was primarily due to the positive impact of the reduction in the average amount of outstanding bonds and the related average interest rate.

[1] *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 headcount adaptation measures. See reconciled data in the consolidated financial statements in the 2018 First-Half Report.*

Kering's **effective tax rate** was 23.5% in the first six months of 2018 (versus 21.8%[1] in the first half of 2017) and its recurring tax rate was 23.4%.

Cash flows and financial position

The Group's **free cash flow from operations**[2] rose sharply to €1,400.5 million in the first half of 2018 from €848.4 million[3] in the first six months of 2017.

(in € millions)	June 30, 2018	December 31, 2017	June 30, 2017
Capital employed	**12,149.6**	**15,675.0**	**16,628.6**
Total equity	9,356.6	12,626.4	12,056.1
Net debt	**2,793.0**	**3,048.6**	**4,572.5**

The Group's net debt is traditionally higher at the end of the first half than at December 31 due to dividend payments and, to a certain extent, the seasonal nature of its business. However, as of June 30, 2018, consolidated net debt was €2,793.0 million, down on the December 31, 2017 figure. This decrease primarily stemmed from the very high level of free cash flow from operations generated in the first half of 2018, thanks to the Group's excellent operating performance.

The Group has a very sound financial structure and on March 22, 2018 Standard & Poor's upgraded Kering's long-term rating from BBB with positive outlook to BBB+ with positive outlook.

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.

Having refocused its business on its Luxury activities, in 2018 the Group is continuing to implement its strategy aimed at achieving same-store revenue growth while ensuring a targeted and selective expansion of the store network in order to durably strengthen its Houses' operating margins.

The Group's operating environment remains uncertain, in terms of macroeconomic and geopolitical environment, US customs policy, and exchange rate volatility. It is also exposed to events that could influence consumer trends and tourism flows.

Against this backdrop, going forward the Group plans to pursue its strategy of rigorously managing and allocating its resources. Thanks to its business development model, Kering intends to further enhance its operating performances, maintain a high level of cash flow generation, and grow return on capital employed

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At its meeting of July 26, 2018, Kering's Board of Directors, under the chairmanship of François-Henri Pinault, approved the consolidated financial statements for the first half of 2018, which were reviewed by the Statutory Auditors.

[1] *Figure restated for PUMA, Stella McCartney, Volcom and Christopher Kane (IFRS 5).*
[2] *Free cash flow from operations corresponds to net operating cash flow less net operating investments (defined as purchases and sales of property, plant and equipment and intangible assets). See reconciled data in the consolidated financial statements in the 2018 First-Half Report.*
[3] *Cash flows for PUMA, Stella McCartney, Volcom and Christopher Kane for 2017 have been reclassified to "Net cash from (used in) discontinued operations", in accordance with IFRS 5.*

AUDIOCAST

An **audiocast** for analysts and investors will be held at **6.00pm** (CEST) on **Thursday, July 26, 2018**. 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 77 22 57
United Kingdom	+44 (0)330 336 9411
United States	+1 929 477 0324

Access code: 9088942

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

The 2018 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 Maisons 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 Maisons 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 2017, Kering had nearly 29,000 employees and restated revenue of €10.816 billion.

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

JUNE 30, 2018

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SIGNIFICANT EVENTS AND ANNOUNCEMENTS SINCE JANUARY 1, 2018

Distribution of an exceptional dividend to Kering shareholders in the form of PUMA shares

Following the approval of the transaction by Kering shareholders at the Group's General Meeting held on April 26, 2018, the distribution in kind of PUMA shares took effect on May 16, 2018, the payment date for the stock dividend. The distribution to Kering shareholders was made on the basis of a ratio of 1 PUMA share for 12 Kering shares held, in accordance with the terms of the transaction announced by Kering on February 13, 2018. Following the distribution, Kering holds 15.70% of PUMA's share capital and 15.85% of its outstanding shares and voting rights, subject to a six-month lock-up period.

Agreement between Kering and Ms Stella McCartney on the sale and purchase of the Group's stake in her eponymous brand

On March 28, 2018, Ms Stella McCartney and Kering jointly announced that they had entered into an agreement for the sale and purchase of Kering's 50% stake in Stella McCartney Ltd to Ms Stella McCartney, who will thus become the sole owner of her brand in its entirety.

Sale of Volcom

On April 6, 2018, Kering announced that Volcom no longer constituted a core asset and that the Group had initiated a disposal process.

Redemption of three bond issues

On March 26, 2018, Kering redeemed three bond issues maturing in 2019, 2021 and 2022 at a par value of €405 million (excluding accrued interest). The bonds were redeemed as part of the Group's strategy to actively manage its liquidity and optimise its financing structure.

Unveiling of Gucci ArtLab

On April 19, 2018, Gucci unveiled its ArtLab, a facility in Florence dedicated to Leather Goods and Shoes. It combines Research and Development laboratories with a centre for the production of prototypes and samples, all of which will henceforth be made in-house, together with an increasing proportion of Leather Goods and Shoes.

Bottega Veneta: appointment of Daniel Lee as Creative Director

On June 15, 2018, Bottega Veneta announced that it had appointed Daniel Lee as its new Creative Director, with effect from July 1, 2018.

Sale of Christopher Kane

On June 21, 2018, Kering announced that discussions were underway with Mr Christopher Kane about the conditions in which the British designer could take back full control of his eponymous brand.

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Consolidated income statement

(in € millions)	First-half 2018	First-half 2017[1]	Full-year 2017[1]
CONTINUING OPERATIONS			
Revenue	**6,431.9**	**5,073.0**	**10,815.9**
Cost of sales	(1,655.6)	(1,399.3)	(2,899.8)
Gross margin	**4,776.3**	**3,673.7**	**7,916.1**
Payroll expenses	(1,012.7)	(856.3)	(1,797.8)
Other recurring operating income and expenses	(1,991.7)	(1,659.9)	(3,427.6)
Recurring operating income	**1,771.9**	**1,157.5**	**2,690.7**
Other non-recurring operating income and expenses	(39.6)	(43.8)	(164.2)
Operating income	**1,732.3**	**1,113.7**	**2,526.5**
Finance costs, net	(97.1)	(107.9)	(220.2)
Income before tax	**1,635.2**	**1,005.8**	**2,306.3**
Corporate income tax	(385.0)	(219.0)	(550.8)
Share in earnings (losses) of equity-accounted companies	(3.0)	(2.3)	(3.6)
Net income from continuing operations	**1,247.2**	**784.5**	**1,751.9**
o/w Group share	1,228.9	771.6	1,728.7
o/w attributable to non-controlling interests	18.3	12.9	23.2
DISCONTINUED OPERATIONS			
Net income from discontinued operations	**1,148.2**	**76.8**	**113.2**
o/w Group share	1,130.7	54.2	56.9
o/w attributable to non-controlling interests	17.5	22.6	56.3
Net income of consolidated companies	**2,395.4**	**861.3**	**1,865.1**
o/w Group share	2,359.6	825.8	1,785.6
o/w attributable to non-controlling interests	35.8	35.5	79.5
EARNINGS PER SHARE			
Net income, Group share	**2,359.6**	**825.8**	**1,785.6**
Earnings per share (in €)	18.74	6.55	14.17
Fully diluted earnings per share *(in €)*	18.74	6.55	14.17
Net income from continuing operations, Group share	**1,228.9**	**771.6**	**1,728.7**
Earnings per share (in €)	9.76	6.12	13.72
Fully diluted earnings per share *(in €)*	9.76	6.12	13.72
Net income from continuing operations (excluding non-recurring items), Group share	**1,262.2**	**814.8**	**1,886.6**
Earnings per share (in €)	10.02	6.47	14.97
Fully diluted earnings per share *(in €)*	10.02	6.47	14.97

[1] Income and expense items relating to PUMA, Stella McCartney, Volcom and Christopher Kane for 2017 have been reclassified to "Net income from discontinued operations", in accordance with IFRS 5.

Consolidated statement of comprehensive income

(In € millions)	First-half 2018	First-half 2017	Full-year 2017
Net income	**2,395.4**	**861.3**	**1,865.1**
Actuarial gains and losses	8.3	-	20.1
Total items not reclassified to income	**8.3**	**-**	**20.1**
Foreign exchange gains and losses	(97.4)	(143.0)	(249.5)
Cash flow hedges*	(91.3)	62.7	45.2
Financial assets at fair value*	(2.8)	3.6	3.9
Share in other comprehensive income of equity-accounted companies	8.4	-	-
Total items to be reclassified to income	**(183.1)**	**(76.7)**	**(200.4)**
Other comprehensive income	**(174.8)**	**(76.7)**	**(180.3)**
Total comprehensive income	**2,220.6**	**784.6**	**1,684.8**
o/w Group share	2,180.8	776.4	1,648.7
o/w attributable to non-controlling interests	39.8	8.2	36.1

** Net of deferred tax.*

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Consolidated statement of financial position

ASSETS

(in € millions)	June 30, 2018	Dec. 31, 2017	June 30, 2017
Goodwill	2,441.9	3,421.2	3,516.3
Brands and other intangible assets	7,305.7	11,159.0	11,246.4
Property, plant and equipment	2,012.8	2,267.6	2,135.9
Investments in equity-accounted companies	1,057.3	48.6	46.6
Non-current financial assets	325.0	364.3	482.9
Deferred tax assets	768.6	964.6	971.5
Other non-current assets	16.2	35.4	29.7
Non-current assets	**13,927.5**	**18,260.7**	**18,429.3**
Inventories	2,179.4	2,699.1	2,740.6
Trade receivables	877.1	1,366.5	1,299.7
Current tax receivables	46.7	78.6	99.0
Other current financial assets	49.9	155.6	186.7
Other current assets	737.3	880.3	725.9
Cash and cash equivalents	1,926.3	2,136.6	1,085.7
Current assets	**5,816.7**	**7,316.7**	**6,137.6**
Assets held for sale	**531.3**	**-**	**-**
Total assets	**20,275.5**	**25,577.4**	**24,566.9**

EQUITY AND LIABILITIES

(in € millions)	June 30, 2018	Dec. 31, 2017	June 30, 2017
Share capital	505.2	505.2	505.2
Capital reserves	2,428.3	2,428.3	2,428.3
Treasury shares	-	-	(0.9)
Translation adjustments	(231.4)	(131.7)	(38.1)
Remeasurement of financial instruments	(47.0)	76.0	90.3
Other reserves	6,563.9	9,070.4	8,402.5
Equity, Group share	**9,219.0**	**11,948.2**	**11,387.3**
Equity attributable to non-controlling interests	137.6	678.2	668.8
Total equity	**9,356.6**	**12,626.4**	**12,056.1**
Non-current borrowings	3,459.8	4,245.5	4,772.6
Other non-current financial liabilities	0.7	0.7	15.2
Provisions for pensions and other post-employment benefits	89.3	125.7	146.0
Other non-current provisions	23.1	55.5	67.6
Deferred tax liabilities	1,579.6	2,712.2	2,843.5
Other non-current liabilities	38.8	48.8	-
Non-current liabilities	**5,191.3**	**7,188.4**	**7,844.9**
Current borrowings	1,259.5	939.7	885.6
Other current financial liabilities	108.1	367.6	80.7
Trade payables	746.7	1,240.7	1,268.2
Provisions for pensions and other post-employment benefits	8.3	10.7	8.2
Other non-current provisions	226.8	182.4	165.7
Current tax liabilities	1,040.5	815.4	519.5
Other current liabilities	2,173.6	2,206.1	1,738.0
Current liabilities	**5,563.5**	**5,762.6**	**4,665.9**
Liabilities associated with assets held for sale	**164.1**	**-**	**-**
Total equity and liabilities	**20,275.5**	**25,577.4**	**24,566.9**

Consolidated statement of cash flows

(In € millions)	First-half 2018	First-half 2017[1]	Full-year 2017[1]
Net income from continuing operations	**1,247.2**	**784.5**	**1,751.9**
Net recurring charges to depreciation, amortisation and provisions on non-current operating assets	249.7	212.6	432.1
Other non-cash income and expenses	(75.7)	(45.8)	10.3
Cash flow from operating activities	**1,421.2**	**951.3**	**2,194.3**
Interest paid/received	95.9	99.5	181.4
Dividends received	(0.3)	(0.1)	(0.2)
Net income tax payable	515.1	310.0	749.4
Cash flow from operating activities before tax, dividends and interest	**2,031.9**	**1,360.7**	**3,124.9**
Change in working capital requirement	(81.7)	(120.0)	(35.8)
Corporate income tax paid	(239.6)	(167.0)	(316.0)
Net cash from operating activities	**1,710.6**	**1,073.7**	**2,773.1**
Purchases of property, plant and equipment and intangible assets	(311.0)	(227.1)	(605.2)
Proceeds from disposals of property, plant and equipment and intangible assets	0.9	1.8	37.6
Acquisitions of subsidiaries, net of cash acquired	1.3	-	1.6
Proceeds from disposals of subsidiaries, net of cash transferred	-	-	-
Purchases of other financial assets	(38.7)	(25.6)	(65.1)
Proceeds from disposals of other financial assets	13.4	3.2	31.8
Interest and dividends received	3.2	1.9	5.2
Net cash used in investing activities	**(330.9)**	**(245.8)**	**(594.1)**
Dividends paid to owners of the parent	(757.6)	(580.9)	(580.9)
Dividends paid to non-controlling interests	(18.6)	(14.7)	(16.4)
Transactions with non-controlling interests	(3.0)	8.9	(27.8)
Treasury share transactions	0.1	(0.8)	0.2
Bond issues	8.2	323.7	299.4
Debt redemptions/repayments	(413.5)	(209.9)	(410.1)
Increase/decrease in other borrowings	(21.7)	(150.0)	(364.4)
Interest paid and equivalent	(98.1)	(100.5)	(184.7)
Net cash used in financing activities	**(1,304.2)**	**(724.2)**	**(1,284.7)**
Net cash used in discontinued operations	(329.5)	(136.8)	87.7
Impact of exchange rate variations	21.5	67.5	159.8
Net increase (decrease) in cash and cash equivalents	**(232.5)**	**34.4**	**1,141.8**
Cash and cash equivalents at beginning of period	**1,899.3**	**757.5**	**757.5**
Cash and cash equivalents at end of period	**1,666.8**	**791.9**	**1,899.3**

[1] Cash flow items relating to PUMA, Stella McCartney, Volcom and Christopher Kane for 2017 have been reclassified to "Net cash from (used in) discontinued operations", in accordance with IFRS 5.

KERING

Breakdown of revenue

(in € millions)	H1 2018	H1 2017[1]	Reported change	Comparable change[2]	Q2 2018	Q2 2017[1]	Reported change	Comparable change[2]	Q1 2018	Q1 2017[1]	Reported change	Comparable change[2]
Total Houses	**6,208.7**	**4,893.2**	**+26.9%**	**+33.9%**	**3,211.0**	**2,543.5**	**+26.2%**	**+31.3%**	**2,997.7**	**2,349.7**	**+27.6%**	**+36.9%**
Gucci	3,852.8	2,832.5	+36.0%	+44.1%	1,986.2	1,478.5	+34.3%	+40.1%	1,866.6	1,354.0	+37.9%	+48.7%
Yves Saint Laurent	808.2	710.8	+13.7%	+19.7%	400.0	346.4	+15.5%	+19.8%	408.2	364.4	+12.0%	+19.6%
Bottega Veneta	552.2	590.4	-6.5%	-0.9%	291.0	310.0	-6.1%	-2.3%	261.2	280.4	-6.8%	+0.7%
Other Houses	995.5	759.5	+31.1%	+36.5%	533.8	408.6	+30.6%	+34.7%	461.7	350.9	+31.6%	+38.6%
Corporate and other	223.2	179.8	+24.1%	+32.4%	114.7	86.9	+32.0%	+37.7%	108.5	92.9	+16.8%	+27.2%
Kering – Continuing operations	**6,431.9**	**5,073.0**	**+26.8%**	**+33.9%**	**3,325.7**	**2,630.4**	**+26.4%**	**+31.5%**	**3,106.2**	**2,442.6**	**+27.2%**	**+36.6%**

[1] Figures restated for PUMA, Stella McCartney, Volcom and Christopher Kane (IFRS 5).
[2] On a comparable Group structure and exchange rate basis.

Breakdown of recurring operating income

(in € millions)	H1 2018	H1 2017[1]	Change €m	Change %[2]
Total Houses	**1886.0**	**1,246.4**	**639.6**	**+51.3%**
Gucci	1,470.5	907.3	563.2	+62.1%
Yves Saint Laurent	198.0	163.5	34.5	+21.1%
Bottega Veneta	132.5	147.5	(15.0)	-10.2%
Other Houses	85.0	28.1	56.9	+202.5%
Corporate and other	(114.1)	(88.9)	(25.2)	-28.3%
KERING	**1,771.9**	**1,157.5**	**614.4**	**+53.1%**

[1] Figures restated for PUMA, Stella McCartney, Volcom and Christopher Kane (IFRS 5).
[2] As reported.

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 2017 revenue adjusted as follows by:

- neutralising the portion of revenue corresponding to entities divested in 2017;
- including the portion of revenue corresponding to entities acquired in 2018;
- remeasuring 2017 revenue at 2018 exchange rates.

These adjustments give rise to comparative data at constant scope and exchange rates, which serves 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 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.

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.

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 whose interest rate risk is fully or partly hedged as part of a fair value relationship.

Recurring tax rate

The recurring tax rate corresponds to the effective tax rate, excluding tax effects relating to "Other non-recurring operating income and expenses".