



PRESS RELEASE

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SHARP ACCELERATION IN ORGANIC GROWTH IN THIRD QUARTER

Consolidated revenue up 10.5%

Luxury activities up 11.3%

Sport & Lifestyle activities up 9.3%

"Our excellent sales in the third quarter underscore the relevance of our strategy and the effectiveness of its execution. In a complex environment, we stepped up the pace of revenue growth and continued to gain market share. Thanks to the creativity of our brands and the outstanding customer experience they offer, we achieved double-digit increases across all geographic regions excluding Japan. Gucci and Yves Saint Laurent performed remarkably well, while Puma confirmed its solid growth trajectory. We have laid the foundations for steady, sustainable growth, and are highly confident about the full year."

François-Henri Pinault, Chairman and Chief Executive Officer of Kering

Sharp acceleration in Group organic growth, which stood at 10.5%

- Third-quarter 2016 revenue of €3,185 million, up 10.5% on a comparable Group structure and exchange rate basis, up 10% as reported.
- Sharp acceleration in growth. Double-digit comparable revenue growth across all geographic regions apart from Japan.

Very strong performance in Luxury

- Revenue up 11.3% on a comparable basis (up 12% as reported).
- Remarkable growth at Gucci (up 17%) and Yves Saint Laurent (up 33.9%), both of which continued to gain market share.

Excellent growth momentum in Sport & Lifestyle

- Revenue up 9.3% on a comparable basis (up 6.5% as reported).
- Sustained double-digit growth at Puma (up 10.8%), driven by the success of its offering.



LUXURY ACTIVITIES: EXCELLENT PERFORMANCE

Luxury activities generated €2,115 million in revenue during the period, up 11.3% on a comparable basis and 12% as reported, marking the fastest quarterly growth rate in comparable sales in the past three years.

Aside from the remarkable performance by Gucci and Yves Saint Laurent, revenue growth for the other brands was in line with second-quarter trends.

Sales in directly operated stores enjoyed double-digit growth across all geographic regions excluding Japan, with strong growth of 24% in Asia-Pacific, a very steady 17% increase in revenue in North America and an extremely good performance in Western Europe, which expanded by 12%.

Gucci: exceptional growth, confirming the brand's creative authority

Gucci gained further momentum in the third quarter, significantly outperforming the sector with a 17% increase in revenue on a comparable basis (up 17.8% as reported). Sales were up sharply across all product categories and regions, excluding Japan, where market conditions were lacklustre for the sector as a whole. Gucci sales in directly operated stores rose by a very strong 19% based on comparable data. Both men's and women's Shoes and Ready-to-Wear enjoyed considerable success, as did Leather Goods, where *GG Marmont*, *Sylvie* and *Dionysus*, for example, confirmed their status as the stars of the handbag offering.

Alessandro Michele's latest show, one of the most eagerly anticipated events of the Milan Fashion Week, received an enthusiastic response, again confirming the success of the brand's creative reinvention. Gucci collections continued to meet the approval of its clientele while attracting an increasing number of new customers.

The brand has a particularly innovative digital strategy, which included in the quarter acclaimed partnerships with artists (*GucciGhost* product line and the *#24HourAce* initiative) and capsule collections sold exclusively online (*Gucci Garden*). Sales from Gucci's e-commerce website increased by more than 50% during the quarter.

Bottega Veneta: ongoing implementation of the action plan

Third-quarter sales at Bottega Veneta were again impacted by slower tourism, particularly in the mature markets of Western Europe and Japan. Revenue was down 10.9% on a comparable basis and 9.3% as reported. While sales in directly operated stores were lower in the quarter, they delivered a slight improvement compared to the second-quarter trend thanks to resilient sales to local customers in Europe and growth across all main markets in Asia-Pacific, with the exception of Hong Kong.

The *Maison* is pushing ahead with the implementation of its action plan, which notably involves renewing the Leather Goods offering and improving the in-store visibility of all new products. Under this initiative, Bottega Veneta introduced new models based on *intrecciato*, a leatherwork technique that is emblematic of the *Maison's* craftsmanship. The brand also continued to develop its Shoes category, which confirmed its momentum in the third quarter. The universally acclaimed Spring/Summer 2017 anniversary collection showcased the unique heritage and strong foundations that will ensure Bottega Veneta's future growth.

Yves Saint Laurent: significant revenue increase, balanced growth

Yves Saint Laurent continued to enjoy extremely strong growth in the third quarter, with revenue rising by an exceptional 33.9% on a comparable basis and 34% as reported.

This latest increase in sales was achieved across all geographic regions and product categories, including men's and women's Ready-to-Wear as well as Shoes and Leather Goods. New collections including handbag models such as the *Sunset Monogramme* continue to be met with great excitement by the clientele, while permanent collections remain enduringly popular. This enthusiasm can be witnessed both in the brand's stores and on its e-commerce website, revenue from which nearly doubled in the third quarter.

The first collection of Anthony Vaccarello for Saint Laurent was shown on 27 September at the *Maison's* future headquarters on rue de Bellechasse on Paris's left bank, to great acclaim.



Other Luxury brands: performance in line with second-quarter trends

Third-quarter sales at the Group's Other Luxury brands were up 2.5% on a comparable basis, or up 2.4% as reported. As with Luxury activities as a whole, sales in directly operated stores rose steadily across all geographic regions excluding Japan, growing by 7% on a comparable basis. Sales by Couture & Leather Goods brands continued to climb, with Balenciaga, Stella McCartney and Alexander McQueen each posting growth of around 10% or more. Brioni built promising sales momentum in directly operated stores, particularly in North America, but was held back by its wholesale business. The *Maison* is moving ahead with initiatives to strengthen its market positioning.

In the Jewelry segment, Boucheron and Pomellato demonstrated their vitality, each generating double-digit growth during the quarter. Boucheron performed well in both Jewelry and High Jewelry thanks to new creative initiatives, such as the *26 Vendôme* High Jewelry collection unveiled during Paris Haute Couture Week in July. While still feeling the effects of a difficult market, brands in the Watches segment continued to adapt their offering and communications.

SPORT & LIFESTYLE ACTIVITIES: SUSTAINED GROWTH BY PUMA

Puma grew by 10.8% on a comparable basis and was up 8.3% as reported during the third quarter, building on its innovative products and renewed appeal. The Shoes category performed particularly well, posting 17% growth, fuelled by the success of new models such as *Ignite*, *Fierce* and *Fenty*. Revenue from the Apparel category was up a solid 10%. With the exception of Japan, Puma achieved double-digit growth across all geographic regions, enjoying strong performances in Europe and the Americas, and sustained expansion in Mainland China. Volcom continued to be impacted by the challenges facing action sports retailers in the US.



SIGNIFICANT EVENTS SINCE JULY 1, 2016

Rankings and certifications

On 20 September, 2016, the Arborus Fund, the leading provider of funding support for gender equality in the workplace in Europe and worldwide, and Bureau Veritas awarded Kering the *Gender Equality European & International Standard* (GEEIS) label, in recognition of the Group's actions to promote equality between women and men in the workplace.

On 26 September, 2016, Kering was recognised as one of the top 25 most diverse and inclusive publicly listed companies globally, according to the Thomson Reuters *Diversity & Inclusion* (D&I) Index. Kering was the highest ranking luxury company to be included in the top 25, placing 22nd out of 4,255 publicly traded companies.

Bottega Veneta: appointment of Claus-Dietrich Lahrs

On 29 September, 2016, Kering announced the appointment of Claus-Dietrich Lahrs as CEO of Bottega Veneta, effective October 4, 2016. He reports directly to François-Henri Pinault and is a member of the Group's Executive Committee.

Kering: appointment of Carlo Alberto Beretta

On 29 September, 2016, Kering also announced the appointment of Carlo Alberto Beretta to the newly created position of Chief Client & Marketing Officer, effective October 4, 2016. He reports directly to François-Henri Pinault and remains a member of Kering's Executive Committee.

Gucci: top Italian brand on Interbrand ranking

On 5 October, 2016, Gucci confirmed its status as the world's most valuable Italian brand, across all industries, when it was named the country's leading representative on Interbrand's 2016 Best Global Brands ranking for the 17th consecutive year.

Christopher Kane: appointment of Nikolas Talonpoika

On 11 October, 2016, Nikolas Talonpoika was appointed CEO of Christopher Kane. He reports to Jean-François Palus, Kering Group Managing Director.

Balenciaga: appointment of Cédric Charbit

On 24 October, 2016, Kering announced the appointment of Cédric Charbit as CEO of the *Maison* Balenciaga, effective 28 November 2016. He will report directly to François-Henri Pinault.



AUDIOCAST

Kering will hold an **audiocast** for analysts and investors at **6.00pm** (CET)/5.00pm (GMT)/12.00pm (US, ET) on **Tuesday, October 25, 2016**.

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

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

France	+33 (0)1 76 77 22 25
UK	+44 (0)20 3427 1918
US	+1 (646) 254 3360

Access code: 1058603

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

PRESENTATION

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

About Kering

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

The Group generated revenues of more than €11.5 billion in 2015 and had more than 38,000 employees at year end. The Kering share is listed on Euronext Paris (FR 0000121485, KER.PA, KER.FP).

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APPENDIX 1: REVENUE FOR THE THIRD QUARTER OF 2016
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2016

(in € millions)

	Q3 2016	Q3 2015	Reported change	Comparable change ⁽¹⁾	9 months ended Sept. 30, 2016	9 months ended Sept. 30, 2015	Reported change	Comparable change ⁽¹⁾
Luxury activities	2,114.9	1,888.5	+12.0%	+11.3%	5,992.8	5,650.5	+6.1%	+6.5%
Gucci	1,088.3	924.1	+17.8%	+17.0%	3,035.8	2,798.3	+8.5%	+9.3%
Bottega Veneta	293.8	324.0	-9.3%	-10.9%	865.0	953.2	-9.3%	-9.7%
Yves Saint Laurent	326.1	243.4	+34.0%	+33.9%	874.0	686.5	+27.3%	+27.7%
Other Luxury brands	406.7	397.0	+2.4%	+2.5%	1,218.0	1,212.5	+0.5%	+0.8%
Sport & Lifestyle activities	1,064.4	999.6	+6.5%	+9.3%	2,861.2	2,730.6	+4.8%	+9.2%
Puma	994.1	918.2	+8.3%	+10.8%	2,680.5	2,519.4	+6.4%	+10.6%
Other Sport & Lifestyle brands	70.3	81.4	-13.6%	-7.7%	180.7	211.2	-14.4%	-8.5%
Corporate and other	5.4	7.1	-23.9%	-22.9%	23.6	26.6	-11.3%	-10.9%
Kering – Continuing activities	3,184.7	2,895.2	+10.0%	+10.5%	8,877.6	8,407.7	+5.6%	+7.3%

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

K E R I N G



APPENDIX 2: REVENUE FOR THE FIRST HALF, SECOND QUARTER AND FIRST QUARTER OF 2016

(in € millions)

	H1 2016	H1 2015	Reported change	Comparable change ⁽¹⁾	Q2 2016	Q2 2015	Reported change	Comparable change ⁽¹⁾	Q1 2016	Q1 2015	Reported change	Comparable change ⁽¹⁾
Luxury activities	3,877.9	3,762.0	+3.1%	+4.0%	2,074.2	2,008.0	+3.3%	+5.2%	1,803.7	1,754.0	+2.8%	+2.6%
Gucci	1,947.5	1,874.2	+3.9%	+5.4%	1,053.3	1,005.2	+4.8%	+7.4%	894.2	869.0	+2.9%	+3.1%
Bottega Veneta	571.2	629.2	-9.2%	-9.1%	303.3	339.2	-10.6%	-9.8%	267.9	290.0	-7.6%	-8.3%
Yves Saint Laurent	547.9	443.1	+23.7%	+24.2%	278.7	231.7	+20.3%	+22.1%	269.2	211.4	+27.3%	+26.5%
Other Luxury brands	811.3	815.5	-0.5%	-0.0%	438.9	431.9	+1.6%	+2.9%	372.4	383.6	-2.9%	-3.3%
Sport & Lifestyle activities	1,796.8	1,731.0	+3.8%	+9.1%	883.7	841.0	+5.1%	+11.4%	913.1	890.0	+2.6%	+7.0%
Puma	1,686.4	1,601.2	+5.3%	+10.6%	830.5	776.2	+7.0%	+13.2%	855.9	825.0	+3.7%	+8.1%
Other Sport & Lifestyle brands	110.4	129.8	-14.9%	-8.9%	53.2	64.8	-17.9%	-10.7%	57.2	65.0	-12.0%	-7.1%
Corporate and other	18.2	19.5	-6.7%	-6.7%	11.2	12.3	-8.9%	-8.2%	7.0	7.2	-2.8%	-4.1%
Kering – Continuing activities	5,692.9	5,512.5	+3.3%	+5.5%	2,969.1	2,861.3	+3.8%	+6.9%	2,723.8	2,651.2	+2.7%	+4.0%

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