



## PRESS RELEASE

February 10, 2017

**EXCELLENT PERFORMANCES IN 2016  
SHARP ACCELERATION IN GROWTH IN THE SECOND HALF  
RECORD-HIGH RECURRING OPERATING INCOME**

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**Consolidated revenue: €12,385 million,  
up 6.9% as reported, 8.1% on a comparable basis**

Luxury activities: up 7.7% as reported, 7.8% on a comparable basis  
Sport & Lifestyle activities: up 5.5% as reported, 9.0% on a comparable basis

**Recurring operating income: €1,886 million, up 14.5%**  
**Net income, Group share: €814 million. Recommended dividend of €4.60 per share**

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*"In a sector undergoing far-reaching transformation, our foresight and the quality of execution of our strategy enabled us to outperform our peers and deliver outstanding operating and financial performances. Rewarding our vision of luxury, grounded in powerful creative content and long-lasting stylistic codes, we continue to gain market share, as witnessed by the spectacular performances of Gucci and Yves Saint Laurent last year. In 2017, in an uncertain macroeconomic and geopolitical environment, we will keep concentrating on the organic growth of our Houses and on value creation, so as to intensify our current momentum."*

**François-Henri Pinault, Chairman and Chief Executive Officer**

**Strongest year-on-year revenue increase since 2012, driven by organic growth**

- Growth accelerated sharply in the second half, coming in at 10.5% on a comparable basis and continuing the strong momentum that started in the first six months, which saw a 5.5% comparable increase.

**Significant market out-performance for Luxury activities**

- Yves Saint Laurent and Gucci posted exceptional comparable growth (25.5% and 12.7%, respectively).
- Excellent fourth quarter, with revenue up 11.3% comparable (Gucci up 21.4%).

**Robust 10.4% comparable growth at Puma**

**Excellent operating and financial performances**

- Recurring operating income jumped 14.5%, reaching a record high of €1,886 million.
- Free cash flow from operations nearly doubled during the year, amounting to €1,189 million.
- Net income, Group share advanced 16.9% to €814 million. Net income from continuing operations (excluding non-recurring items) came to €1,282 million.
- Net debt down to 1.9x 2016 EBITDA.
- Recommended dividend of €4.60 per share (15% year-on-year increase).

# KERING



## Key financial indicators

(in € millions)

	2016	2015	Change <sup>(1)</sup>
<b>Revenue</b>	<b>12,384.9</b>	<b>11,584.2</b>	<b>+6.9%</b>
<b>Recurring operating income</b>	<b>1,886.2</b>	<b>1,646.7</b>	<b>+14.5%</b>
<i>As a % of revenue</i>	<i>15.2%</i>	<i>14.2%</i>	<i>+1.0 pt</i>
Recurring operating income – Luxury activities	1,936.0	1,708.0	+13.3%
Recurring operating income – Sport & Lifestyle activities	123.2	94.8	+30.0%
<b>Net income, Group share</b>	<b>813.5</b>	<b>696.0</b>	<b>+16.9%</b>
<b>Recurring net income, Group share<sup>(2)</sup></b>	<b>1,281.9</b>	<b>1,017.3</b>	<b>+26.0%</b>

<sup>(1)</sup> As reported.

<sup>(2)</sup> Recurring net income, Group share: net income from continuing operations, Group share, excluding non-recurring items.

**Consolidated revenue** amounted to €12,385 million in 2016, up 6.9% as reported and 8.1% on 2015 based on a comparable Group structure and exchange rates, reflecting the priority given to organic growth.

Western Europe and the Asia-Pacific region (excluding Japan) posted double-digit revenue increases on a comparable basis, whereas growth was more moderate in North America and even lacklustre and Japan. Revenue generated outside the eurozone accounted for 78% of the consolidated total in 2016.

The Group's **gross margin** for 2016 totalled €7,790 million, up 10.1% on the previous year as reported.

At €1,886 million, **recurring operating income** reached a record high and was up 14.5% on 2015 as reported.

**Consolidated recurring operating margin** advanced 1 percentage point to 15.2%.

Consolidated **EBITDA** rose 12.7% to €2,318 million while the EBITDA margin widened by 0.9 of a percentage point to 18.7%.

**Net income, Group share** climbed 16.9% to €814 million. **Net income from continuing operations (excluding non-recurring items)** came in at €1,282 million.

**Earnings per share** amounted to €6.46 in 2016 versus €5.52 for the previous year. **Earnings per share from continuing operations** totalled €6.55 in 2016, compared with €5.20 for 2015.



## Operating performances by activity

### LUXURY ACTIVITIES: SIGNIFICANT MARKET OUTPERFORMANCE

Revenue (in € millions)	2016	2015	Reported change	Comparable change <sup>(1)</sup>
<b>Luxury activities</b>	<b>8,469.4</b>	<b>7,865.3</b>	<b>+7.7%</b>	<b>+7.8%</b>
Gucci	4,378.3	3,898.0	+12.3%	+12.7%
Bottega Veneta	1,173.4	1,285.8	-8.7%	-9.4%
Yves Saint Laurent	1,220.2	973.6	+25.3%	+25.5%
Other Luxury brands	1,697.5	1,707.9	-0.6%	-0.3%

<sup>(1)</sup> On a comparable Group structure and exchange rate basis.

Recurring operating income (in € millions)	2016	2015	Change €m	Change % <sup>(1)</sup>
<b>Luxury activities</b>	<b>1,936.0</b>	<b>1,708.0</b>	<b>+228.0</b>	<b>+13.3%</b>
Gucci	1,256.3	1,032.3	+224.0	+21.7%
Bottega Veneta	297.4	374.5	-77.1	-20.6%
Yves Saint Laurent	268.5	168.5	+100.0	+59.3%
Other Luxury brands	113.8	132.7	-18.9	-14.2%

<sup>(1)</sup> As reported.

**Overall revenue generated by Luxury activities totalled €8,469 million in 2016, up 7.7% as reported or 7.8% on a comparable basis.**

Growth accelerated significantly in the second half of the year, reaching 11.3%, with the increases evenly balanced between the third and fourth quarters.

The year-on-year revenue rise posted by Luxury activities was **driven by a 10.3% increase in sales in directly operated stores**, with Asia-Pacific and Western Europe turning in the best performances (up 13.6% and 13.0% respectively).

**Online sales were also a significant growth driver, advancing by more than 20%** year on year. Altogether, sales generated in directly operated stores and online represented 72.3% of the Luxury activities' total revenue for 2016, compared with 70.6% in 2015. Leather Goods, Ready-to-Wear and Shoes all registered solid revenue increases.

**Recurring operating income for Luxury activities advanced sharply by 13.3%** to €1,936 million.

#### **Gucci – Sector-leading performances**

The success of Gucci's recent reinvention is showing results, and in 2016 the brand was one of the sector's leading performers, **with revenue up 12.3% as reported and 12.7% year on year on a comparable basis.**

Sales in directly operated stores rose 14.8% – with all geographic regions except Japan notching up growth of around, or higher than, 10% – driven by demand for Alessandro Michele's creative vision. Online sales jumped 19.0%, and wholesale sales were up 5.7% year on year.

The growth trajectory experienced by Gucci in the third quarter of 2016 continued into the fourth quarter, with revenue rising by a sharp 21.4%. This excellent momentum was particularly apparent in directly operated stores where sales climbed 28.2% in the fourth quarter, with all regions delivering good showings. All of the brand's main product categories helped to propel the faster pace of revenue growth, especially handbags (both permanent and new lines) and Shoes and Ready-to-Wear (women's and men's collections), despite Gucci's decision to terminate markdowns in stores.

In 2016, all signals – both qualitative and quantitative – confirmed the brand's spectacular growth trajectory, which is being driven by Alessandro Michele's highly creative vision.



### ***Bottega Veneta – Transition underway to consolidate the brand's future development***

With revenue declining 8.7% as reported or 9.4% on a comparable basis in 2016, Bottega Veneta's sales were weighed down once again by low tourist numbers, a phenomenon to which the brand is particularly exposed. Sales in directly operated stores rose in Mainland China and South Korea but the shift in demand to the Asia-Pacific region did not fully offset the lower amount of purchases made by Chinese tourists. The slowdown in sales in directly operated stores was particularly marked in Western Europe, although there was an improvement in the last quarter of the year. Wholesale sales also retreated year on year, as the brand took measures to strengthen its exclusive positioning. During 2016, Bottega Veneta continued to develop its Shoes category, which registered very robust sales growth and accounted for 7.1% of the brand's total sales.

Revenue began to trend upwards slightly in the fourth quarter, with a less marked decline for sales in directly operated stores (particularly in Western Europe) as tourist numbers started to pick up towards the end of the year and domestic sales recovered well.

Bottega Veneta's identity is based on its strong values of discreet luxury and undisputed quality. Its capital is intact and it still has exceptional potential. Going forward, it intends to pursue its strategy of re-energising the brand, especially in terms of improving its visibility in order to foster loyalty amongst existing customers and attract new ones.

### ***Yves Saint Laurent – Exceptional results***

With **annual revenue up by a very strong 25.3% as reported, or 25.5% on a comparable basis**, in 2016, Yves Saint Laurent registered comparable growth of over 20% for the sixth year in a row.

Sales in directly operated stores advanced by a remarkable 32.4% year on year, with all geographic regions and product categories reporting double-digit growth. This excellent momentum was led by the success of both the brand's new lines and its permanent collections. Leather Goods once again proved extremely popular.

Yves Saint Laurent's recurring operating income surged by 60% in 2016, which drove its recurring operating margin over the 20% mark.

Sales growth continued in the fourth quarter of 2016 with revenue rising 20.5% year on year. Directly operated stores turned in a spectacular performance during the period, with sales up 32.6% overall, fuelled by growth in Western Europe, Asia-Pacific and North America, which posted increases of 42.7%, 37.8% and 30.3%, respectively.

### ***Other Luxury brands – Stable performances for the year as a whole***

**Total revenue generated by Other Luxury brands in 2016 amounted to €1,698 million, down just 0.6% on the previous year as reported. On a comparable basis, however, revenue inched back 0.3%.**

The **Couture & Leather Goods brands** posted satisfactory revenue growth of 4.2%, with positive momentum from Balenciaga, Alexander McQueen and Stella McCartney, whose collections have proven very successful.

The **Jewellery** brands resisted well during the year, but sales of **Watches** continued to be weighed down by the weak timepieces market.



## SPORT & LIFESTYLE ACTIVITIES: PUMA'S GROWTH TRAJECTORY CONFIRMED

<b>Revenue</b> <i>(in € millions)</i>	<b>2016</b>	<b>2015</b>	<b>Reported change</b>	<b>Comparable change<sup>(1)</sup></b>
<b>Sport &amp; Lifestyle activities</b>	<b>3,883.7</b>	<b>3,682.5</b>	<b>+5.5%</b>	<b>+9.0%</b>
Puma	3,642.2	3,403.4	+7.0%	+10.4%
Other Sport & Lifestyle brands	241.5	279.1	-13.5%	-8.4%

<sup>(1)</sup> On a comparable Group structure and exchange rate basis.

<b>Recurring operating income</b> <i>(in € millions)</i>	<b>2016</b>	<b>2015</b>	<b>Change €m</b>	<b>Change %<sup>(1)</sup></b>
<b>Sport &amp; Lifestyle activities</b>	<b>123.2</b>	<b>94.8</b>	<b>+28.4</b>	<b>+30.0%</b>
Puma	126.6	92.4	+34.2	+37.0%
Other Sport & Lifestyle brands	(3.4)	2.4	-5.8	-241.7%

<sup>(1)</sup> As reported.

Kering's **Sport & Lifestyle activities** generated revenue of €3,884 million in 2016, up 5.5% as reported or 9.0% on a comparable basis.

**Puma cemented its successful repositioning and confirmed its growth trajectory, with sales up 10.4% on a comparable basis.** The significant events of the year for Puma included the Euro 2016 football championship, Usain Bolt making Olympic history in Rio, and the success of its collections designed with Rihanna. The brand recorded very good performances across all of its geographic regions, both for Shoes – its leading product category, which posted a 12.7% sales increase – and for Apparel (up 9.6%). Trends were favourable for all of the brand's distribution channels.

In the fourth quarter of 2016, Puma registered 9.8% revenue growth, with an excellent showing from the Footwear category (up 17.7%) and a 67.5% surge in online sales.

Volcom's sales increased in directly operated stores in 2016, but its overall revenue was once again held back by a persistently difficult operating environment for US wholesalers.

### **Other 2016 financial performance indicators**

**Other non-recurring operating income and expenses** represented a net expense of €506 million.

The Group's **cost of net debt** was lower than in 2015, amounting to €128 million.

Kering's effective tax rate was 25.1%.

**Net income, Group share** amounted to almost €814 million.

### **Cash flows and financial position**

The generation of free cash flow from operations is still a key financial objective for the Group.

**In 2016, the Group's free cash flow from operations totalled €1,189 million**, almost double the 2015 figure.

# K E R I N G



As of December 31, 2016, Kering had a very solid financial structure:

(in € millions)

	2016	2015	Change
<b>Capital employed</b>	<b>16,334.6</b>	<b>16,302.5</b>	<b>+32.1</b>
Total equity	11,963.9	11,623.1	+340.8
<b>Net debt</b>	<b>4,370.7</b>	<b>4,679.4</b>	<b>-308.7</b>

The Group's net debt totalled €4,371 million as of December 31, 2016, representing a decrease of €309 million or 6.6% compared with the previous year-end. This corresponds to a leverage ratio of 1.9x EBITDA.

	2016	2015
<b>Gearing (net debt/equity)</b>	<b>36.5%</b>	<b>40.3%</b>
<b>Solvency ratio (net debt/EBITDA)</b>	<b>1.89</b>	<b>2.28</b>

## Dividend

The Board of Directors will ask the Annual General Meeting of shareholders to be held to approve the financial statements for the year ended December 31, 2016 to approve a €4.60 per-share cash dividend for 2016.

An interim dividend of €1.50 per share was paid on January 18, 2017 pursuant to a decision by the Board on December 15, 2016.

The cash dividend paid for 2015 amounted to €4.00 per share.

## Outlook

Positioned in structurally high-growth markets, Kering enjoys very solid fundamentals and has a balanced portfolio of complementary, high-potential brands with clearly focused priorities.

As in 2016, the Group's Luxury activities in 2017 will focus on achieving same-store revenue growth, while the expansion of the store network will be targeted and selective, as well as on extending work currently underway to durably strengthen operating margins. In the Group's Sport & Lifestyle activities, Puma expects to deliver another year of market improvement in revenue and recurring operating margin.

The Group's operating environment remains unsettled – both from economic and geopolitical standpoints – and is exposed to events that could influence consumer trends and tourism flows.

Against this backdrop, in 2017 and as it did in 2016, Kering plans to pursue its strategy of rigorously managing and allocating its resources in order to further enhance its operating performance, cash flow generation and return on capital employed.

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*At its meeting on February 9, 2017, the Board of Directors, under the chairmanship of François-Henri Pinault, approved the consolidated financial statements for 2016. The audit of the consolidated financial statements has been completed and the audit report will be issued once the verification of the management report has been finalised.*

# KERING



## PRESENTATION

A **live webcast** of the presentation of the 2016 Annual Results will take place on **Friday February 10, 2017** at 10:30am CET on [www.kering.com](http://www.kering.com). The presentation slides and 2016 financial report (pdf) will be available beforehand.

A replay will be available online later in the day.

You will also be able to listen to the presentation live or on replay by dialling:

### French

Live presentation: +33 (0)1 70 77 09 22

Replay: +33 (0)1 72 00 15 01

Replay passcode: 306104#

### English

Live presentation: +44 (0) 203 367 9462

Replay: +44 (0) 203 367 9460

Replay passcode: 306106#

### 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 revenue of €12.385 billion in 2016 and had more than 40,000 employees at year end. The Kering share is listed on Euronext Paris (FR 0000121485, KER.PA, KER.FP).*

## Contacts

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# K E R I N G



**DECEMBER 31, 2016**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**ADDITIONAL INFORMATION**

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## 2016 HIGHLIGHTS

### ***Creative and managerial change in the Couture & Leather Goods division***

On March 23, 2016, Brioni announced the appointment of Justin O'Shea as its Creative Director. He was responsible for Brioni's collections as well as its image from April 1, 2016 to October 4, 2016. The strategy of re-energising the Brioni House that began in early 2016 was pursued during the course of the year through long-term action plans aimed at strengthening Brioni's positioning in the men's high-end ready-to-wear market.

On April 1, 2016, Yves Saint Laurent announced the departure of Hedi Slimane as its Creative and Image Director at the end of a four-year mission which has led to the complete repositioning of the brand. Subsequently, on April 4, 2016, Yves Saint Laurent announced the appointment of Anthony Vaccarello as Creative Director of Yves Saint Laurent.

2016 also saw the arrival of new CEOs within the Luxury – Couture & Leather Goods division: Claus-Dietrich Lahrs at Bottega Veneta (also appointed a member of the Group Executive Committee), Emmanuel Gintzburger at Alexander McQueen, Nikolas Talonpoika at Christopher Kane and Cédric Charbit at Balenciaga.

### ***Sport & Lifestyle activities – Sale of Electric***

On March 16, 2016, Volcom announced that it had sold the Electric brand via a management buyout to a group led by Eric Crane, Electric's Chief Executive Officer. The transaction, which included all the assets of Electric and its brand, did not have a material impact in 2016 as the cost of the sale had already been factored in at the end of 2015.

### ***Appointments and corporate governance at Kering***

In 2016, Kering announced the appointment of the following new members of the Group Executive Committee: Béatrice Lazat, Human Resources Director, Valérie Duport, Senior Vice President of Communications and Image and Jean-Philippe Bailly, Chief Operating Officer. Carlo Alberto Beretta, who was previously CEO of Bottega Veneta, was appointed to the newly-created role of Chief Client & Marketing Officer at Kering and remains a member of the Group Executive Committee.

Since January 1, 2016, Kering has combined its Supply Chain, Logistics and Industrial Operations under the worldwide leadership of Jean-Philippe Bailly.

### ***Bond issue***

On May 10, 2016, Kering carried out a €500 million issue of ten-year bonds with a fixed-rate coupon of 1.25%.

## SUBSEQUENT EVENTS

No significant events occurred between December 31, 2016 and February 9, 2017 – the date on which the Board of Directors authorised the consolidated financial statements for issue.

## SUSTAINABILITY INITIATIVES

### ***Final report on 2012-2016 sustainability targets***

On May 3, 2016, Kering published its final report on 2012-2016 sustainability targets, revealing the progress made and results achieved as compared to the Group's ambitious targets. In addition to commitments on strategic raw materials, the targets are framed around reducing carbon emissions, water consumption, waste production and gradually eliminating the use of hazardous chemicals as well as boosting supply chain control.

### ***Rankings and certifications***

On September 20, 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 at work.

On September 26, 2016, Kering was the top-ranking luxury group in the Thomson Reuters Diversity & Inclusion (D&I) Index. Overall, Kering featured in the index's top 25, ranking 22<sup>nd</sup> out of the 4,255 international publicly traded companies surveyed.

# KERING



## ***Global parental policy***

On December 14, 2016, Kering announced the launch of its parental policy, with effect from January 1, 2017, for all the Group's employees, whatever their personal circumstances or location. The policy provides for a minimum of 14 weeks on full pay for maternity and adoption leave and a minimum of five days on full pay for paternity or partner leave.

## ***Early 2017: Launch of the 2025 sustainability strategy***

On January 25, 2017, Kering launched its new sustainability strategy for 2025. Its targets are divided into three themes:

- Environment: CARE for the planet, which includes initiatives by which Kering aims to reduce its Environmental Profit and Loss (EP&L) account by at least 40%, and carbon emissions from its activities by 50%, among others.
- Social welfare: COLLABORATE with people, which comprises the Group's social ambitions.
- Innovation: CREATE new business models, which primarily involves investing in disruptive innovations that can transform conventional processes in luxury, and influence the industry.

# K E R I N G



## Consolidated income statement

<i>(in € millions)</i>	<b>2016</b>	<b>2015</b>
<b>CONTINUING OPERATIONS</b>		
Revenue	12,384.9	11,584.2
Cost of sales	(4,595.3)	(4,510.0)
<b>Gross margin</b>	<b>7,789.6</b>	<b>7,074.2</b>
Payroll expenses	(1,983.7)	(1,820.6)
Other recurring operating income and expenses	(3,919.7)	(3,606.9)
<b>Recurring operating income</b>	<b>1,886.2</b>	<b>1,646.7</b>
Other non-recurring operating income and expenses	(506.0)	(393.5)
<b>Operating income</b>	<b>1,380.2</b>	<b>1,253.2</b>
Finance costs, net	(201.8)	(249.1)
<b>Income before tax</b>	<b>1,178.4</b>	<b>1,004.1</b>
Corporate income tax	(296.1)	(321.7)
Share in earnings (losses) of equity-accounted companies	(2.2)	(2.2)
<b>Net income from continuing operations</b>	<b>880.1</b>	<b>680.2</b>
o/w Group share	825.1	655.0
o/w attributable to non-controlling interests	55.0	25.2
<b>DISCONTINUED OPERATIONS</b>		
<b>Net income (loss) from discontinued operations</b>	<b>(11.6)</b>	<b>41.0</b>
o/w Group share	(11.6)	41.0
o/w attributable to non-controlling interests		
<b>Net income of consolidated companies</b>	<b>868.5</b>	<b>721.2</b>
o/w Group share	813.5	696.0
o/w attributable to non-controlling interests	55.0	25.2
<b>Net income, Group share</b>	<b>813.5</b>	<b>696.0</b>
Earnings per share (in €)	6.46	5.52
Fully diluted earnings per share (in €)	6.46	5.52
<b>Net income from continuing operations, Group share</b>	<b>825.1</b>	<b>655.0</b>
Earnings per share (in €)	6.55	5.20
Fully diluted earnings per share (in €)	6.55	5.20
<b>Net income from continuing operations (excluding non-recurring items), Group share</b>	<b>1,281.9</b>	<b>1,017.3</b>
Earnings per share (in €)	10.17	8.07
Fully diluted earnings per share (in €)	10.17	8.07

# K E R I N G



## Consolidated statement of financial position

### ASSETS

<i>(in € millions)</i>	Dec. 31, 2016	Dec. 31, 2015
Goodwill	3,533.5	3,758.8
Brands and other intangible assets	11,272.7	11,285.5
Property, plant and equipment	2,206.5	2,073.0
Investments in equity-accounted companies	48.3	20.9
Non-current financial assets	480.4	458.4
Deferred tax assets	927.0	849.6
Other non-current assets	30.4	39.9
<b>Non-current assets</b>	<b>18,498.8</b>	<b>18,486.1</b>
Inventories	2,432.2	2,191.2
Trade receivables	1,196.4	1,137.1
Current tax receivables	105.6	123.8
Other current financial assets	131.0	81.2
Other current assets	725.4	685.0
Cash and cash equivalents	1,049.6	1,146.4
<b>Current assets</b>	<b>5,640.2</b>	<b>5,364.7</b>
<b>Total assets</b>	<b>24,139.0</b>	<b>23,850.8</b>

### EQUITY AND LIABILITIES

<i>(in € millions)</i>	Dec. 31, 2016	Dec. 31, 2015
Share capital	505.2	505.2
Capital reserves	2,428.3	2,428.3
Treasury shares		(5.1)
Translation adjustments	87.8	63.6
Remeasurement of financial instruments	16.8	(9.9)
Other reserves	8,231.6	7,966.2
<b>Equity, Group share</b>	<b>11,269.7</b>	<b>10,948.3</b>
Non-controlling interests	694.2	674.8
<b>Total equity</b>	<b>11,963.9</b>	<b>11,623.1</b>
Non-current borrowings	4,185.8	4,039.9
Other non-current financial liabilities	19.6	14.8
Provisions for pensions and other post-employment benefits	142.6	133.4
Other non-current provisions	74.0	82.3
Deferred tax liabilities	2,854.5	2,857.9
<b>Non-current liabilities</b>	<b>7,276.5</b>	<b>7,128.3</b>
Current borrowings	1,234.5	1,785.9
Other current financial liabilities	285.9	238.9
Trade payables	1,098.5	939.7
Provisions for pensions and other post-employment benefits	8.2	8.9
Other current provisions	143.7	157.3
Current tax liabilities	398.5	334.6
Other current liabilities	1,729.3	1,634.1
<b>Current liabilities</b>	<b>4,898.6</b>	<b>5,099.4</b>
<b>Total equity and liabilities</b>	<b>24,139.0</b>	<b>23,850.8</b>

# K E R I N G



## Consolidated statement of cash flows

<i>(in € millions)</i>	<b>2016</b>	<b>2015</b>
<b>Net income from continuing operations</b>	<b>880.1</b>	<b>680.2</b>
Net recurring charges to depreciation, amortisation and provisions on non-current operating assets	432.0	409.6
Other non-cash income and expenses	295.0	209.6
<b>Cash flow from operating activities</b>	<b>1,607.1</b>	<b>1,299.4</b>
Interest paid/received	179.3	168.8
Dividends received	(0.7)	(1.4)
Net income tax payable	386.1	378.5
<b>Cash flow from operating activities before tax, dividends and interest</b>	<b>2,171.8</b>	<b>1,845.3</b>
Change in working capital requirement	(84.4)	(219.3)
Corporate income tax paid	(295.5)	(330.4)
<b>Net cash from operating activities</b>	<b>1,791.9</b>	<b>1,295.6</b>
Purchases of property, plant and equipment and intangible assets	(611.0)	(672.1)
Proceeds from disposals of property, plant and equipment and intangible assets	8.5	36.7
Acquisitions of subsidiaries, net of cash acquired	(4.2)	(20.2)
Proceeds from disposals of subsidiaries and associates, net of cash transferred	(6.0)	(5.4)
Purchases of other financial assets	(87.4)	(131.1)
Proceeds from disposals of other financial assets	16.4	21.0
Interest and dividends received	14.0	12.4
<b>Net cash used in investing activities</b>	<b>(669.7)</b>	<b>(758.7)</b>
Increase/decrease in share capital and other transactions with owners	(0.2)	2.1
Treasury share transactions	0.5	(7.3)
Dividends paid to owners of the parent company	(504.9)	(504.9)
Dividends paid to non-controlling interests	(36.5)	(56.6)
Bond issues	570.5	1,070.4
Debt redemptions/repayments	(51.9)	(756.7)
Increase/decrease in other borrowings	(1,054.7)	87.3
Interest paid and equivalent	(186.6)	(178.8)
<b>Net cash used in financing activities</b>	<b>(1,263.8)</b>	<b>(344.5)</b>
Net cash from (used in) discontinued operations	(17.7)	3.5
Impact of exchange rate variations	13.9	(98.4)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(145.4)</b>	<b>97.5</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>902.9</b>	<b>805.4</b>
<b>Cash and cash equivalents at end of year</b>	<b>757.5</b>	<b>902.9</b>

## Breakdown of revenue

(in € millions)

	Q4 2016	Q4 2015	Reported change	Comparable change <sup>(1)</sup>	2016	2015	Reported change	Comparable change <sup>(1)</sup>
<b>Luxury activities</b>	<b>2,476.6</b>	<b>2,214.8</b>	<b>+11.8%</b>	<b>+11.3%</b>	<b>8,469.4</b>	<b>7,865.3</b>	<b>+7.7%</b>	<b>+7.8%</b>
Gucci	1,342.5	1,099.7	+22.1%	+21.4%	4,378.3	3,898.0	+12.3%	+12.7%
Bottega Veneta	308.4	332.6	-7.3%	-8.6%	1,173.4	1,285.8	-8.7%	-9.4%
Yves Saint Laurent	346.2	287.1	+20.6%	+20.5%	1,220.2	973.6	+25.3%	+25.5%
Other Luxury brands	479.5	495.4	-3.2%	-3.0%	1,697.5	1,707.9	-0.6%	-0.3%
<b>Sport &amp; Lifestyle activities</b>	<b>1,022.5</b>	<b>951.9</b>	<b>+7.4%</b>	<b>+8.6%</b>	<b>3,883.7</b>	<b>3,682.5</b>	<b>+5.5%</b>	<b>+9.0%</b>
Puma	961.7	884.0	+8.8%	+9.8%	3,642.2	3,403.4	+7.0%	+10.4%
Other Sport & Lifestyle brands	60.8	67.9	-10.5%	-8.3%	241.5	279.1	-13.5%	-8.4%
<i>Corporate and other</i>	8.2	9.8	-16.3%	-16.3%	31.8	36.4	-12.6%	-12.4%
<b>Kering – Continuing activities</b>	<b>3,507.3</b>	<b>3,176.5</b>	<b>+10.4%</b>	<b>+10.4%</b>	<b>12,384.9</b>	<b>11,584.2</b>	<b>+6.9%</b>	<b>+8.1%</b>

<sup>(1)</sup> On a comparable Group structure and exchange rate basis.

# KERING



(in € millions)

	H2 2016	H2 2015	Reported change	Comparable change <sup>(1)</sup>	H1 2016	H1 2015	Reported change	Comparable change <sup>(1)</sup>
<b>Luxury activities</b>	<b>4,591.5</b>	<b>4,103.3</b>	<b>+11.9%</b>	<b>+11.3%</b>	<b>3,877.9</b>	<b>3,762.0</b>	<b>+3.1%</b>	<b>+4.0%</b>
Gucci	2,430.8	2,023.8	+20.1%	+19.4%	1,947.5	1,874.2	+3.9%	+5.4%
Bottega Veneta	602.2	656.6	-8.3%	-9.7%	571.2	629.2	-9.2%	-9.1%
Yves Saint Laurent	672.3	530.5	+26.7%	+26.6%	547.9	443.1	+23.7%	+24.2%
Other Luxury brands	886.2	892.4	-0.7%	-0.5%	811.3	815.5	-0.5%	-0.0%
<b>Sport &amp; Lifestyle activities</b>	<b>2,086.9</b>	<b>1,951.5</b>	<b>+6.9%</b>	<b>+8.9%</b>	<b>1,796.8</b>	<b>1,731.0</b>	<b>+3.8%</b>	<b>+9.1%</b>
Puma	1,955.8	1,802.2	+8.5%	+10.3%	1,686.4	1,601.2	+5.3%	+10.6%
Other Sport & Lifestyle brands	131.1	149.3	-12.2%	-8.0%	110.4	129.8	-14.9%	-8.9%
<i>Corporate and other</i>	13.6	16.9	-19.5%	-19.0%	18.2	19.5	-6.7%	-6.7%
<b>Kering – Continuing activities</b>	<b>6,692.0</b>	<b>6,071.7</b>	<b>+10.2%</b>	<b>+10.5%</b>	<b>5,692.9</b>	<b>5,512.5</b>	<b>+3.3%</b>	<b>+5.5%</b>

<sup>(1)</sup> On a comparable Group structure and exchange rate basis.



## Breakdown of recurring operating income

<i>(in € millions)</i>	<b>2016</b>	<b>2015</b>	<b>Change €m</b>	<b>Change %<sup>(1)</sup></b>
<b><i>Luxury activities</i></b>	<b>1,936.0</b>	<b>1,708.0</b>	<b>+228.0</b>	<b>+13.3%</b>
Gucci	1,256.3	1,032.3	+224.0	+21.7%
Bottega Veneta	297.4	374.5	-77.1	-20.6%
Yves Saint Laurent	268.5	168.5	+100.0	+59.3%
Other Luxury brands	113.8	132.7	-18.9	-14.2%
<b><i>Sport &amp; Lifestyle activities</i></b>	<b>123.2</b>	<b>94.8</b>	<b>+28.4</b>	<b>+30.0%</b>
Puma	126.6	92.4	+34.2	+37.0%
Other Sport & Lifestyle brands	(3.4)	2.4	-5.8	-241.7%
<i>Corporate and other</i>	(173.0)	(156.1)	-16.9	-10.8%
<b>Recurring operating income</b>	<b>1,886.2</b>	<b>1,646.7</b>	<b>+239.5</b>	<b>+14.5%</b>

<sup>(1)</sup> As reported.





## MAIN DEFINITIONS

### ***Definition of "reported" and "comparable" revenue***

The Group's "reported" revenue corresponds to published revenue. The Group also uses "comparable" revenue to measure organic growth. "Comparable" revenue refers to 2015 revenue adjusted as follows by:

- neutralising the portion of revenue corresponding to entities divested in 2015;
- including the portion of revenue corresponding to entities acquired in 2016;
- remeasuring 2015 revenue at 2016 exchange rates.

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

### ***Definition of 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' economic performance. Other non-recurring operating income and expenses include impairment of 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.

Recurring operating income at comparable exchange rates for 2015 takes into account the currency impact on revenue and Group acquisitions, the effective portion of currency hedges and the impact of changes in exchange rates on the translation of the recurring operating income of consolidated entities located outside the eurozone.

### ***Definition of 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 impairment of non-current operating assets recognised in recurring operating income.

EBITDA at comparable exchange rates is defined using the same principles as for recurring operating income at comparable exchange rates.

### ***Definition of 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.

### ***Definition of net debt***

As defined by CNC recommendation No. 2009-R-03 of July 2, 2009, net debt comprises gross borrowings, including accrued interest, less net cash.

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.