KERING

Press release
27.07.2015

2015 First-Half Results

Sharp sales uplift in second quarter

First-half revenue
€5,513 million, up 17.0% (up 3.5% on a comparable basis)
Luxury activities: €3,762 million, up 17.8% (up 2.8% on a comparable basis)

Recurring operating income
Group: €773 million - Operating margin: 14.0%
Luxury activities: stable at €806 million - Operating margin: 21.4%

Net income, Group share more than doubled

- Sound growth in Luxury sales
  - New creative impetus at Gucci
  - Good sales dynamic at Bottega Veneta
  - Robust growth at Yves Saint Laurent
- Ongoing growth at Puma driven by relaunch plan
- Resilient margins despite negative impact of currency hedges.

François-Henri Pinault, Kering's Chairman and Chief Executive Officer, commented: *"Kering delivered a sound performance in the first half of 2015, buoyed by strong sales growth in the second quarter in a volatile economic and currency environment. Our integrated, responsive business model enables us to capture growth in the most dynamic markets. Our Luxury activities, lifted by sales in our directly operated stores across mature markets, continued on a strong upward trend, reflecting the relevance of our strategy and the action plans in place. We are particularly satisfied with the progress at Gucci and the positive reception given to the brand's new creative direction. As we enter the second half of the year, I am fully confident in the Group's ability to combine strict management discipline with organic growth at each of our brands."*

Key financial indicators

(in € million)	**H1 2015**	**H1 2014** [(1)]	**Change** [(2)]
Revenue	**5,512.5**	**4,710.4**	**+17.0%**
Recurring operating income	**773.2**	**817.4**	**-5.4%**
as a % of revenue	*14.0%*	*17.4%*	*-3.4 pts*
Recurring operating income - Luxury	806.0	805.9	+0.0%
Recurring operating income - Sport & Lifestyle	38.4	70.9	-45.8%
Recurring operating expense - Corporate & others	(71.2)	(59.4)	-19.9%
Net income, Group share	423.1	184.5	+129.3%
Recurring net income, Group share*	**489.2**	**562.3**	-13%

(1) Restated to reflect classification of Sergio Rossi in accordance with IFRS 5.
(2) Reported change.

* **Recurring net income, Group share:** *net income from continuing operations, Group share, excluding non-current items.*

Kering posted **revenue** of €5,512.5 million in first-half 2015, up 17% on a reported basis and up 3.5% on a comparable Group structure and exchange rate basis. Exchange rate fluctuations during the six months had a positive impact on revenue. Sales growth in mature markets was once again buoyant (up 5.5% based on comparable data), driven by Western Europe and Japan, while sales in emerging markets were stable. Revenue generated outside the eurozone accounted for 79% of total consolidated revenue in first-half 2015.

Kering's **recurring operating income** amounted to €773 million in the first six months of 2015, down 5.4% from first-half 2014 on a reported basis, and **consolidated recurring operating margin** amounted to 14.0%. Recurring operating margin was down in Luxury activities, chiefly due to exchange rate fluctuations. Recurring operating margin in Sport & Lifestyle amounted to 2.2%.

The Group's **gross margin** for the first half of 2015 stood at €3,399 million, up €397 million, or up 13.2% as reported.

Consolidated EBITDA came to €972 million, in line with the first-half 2014 figure as reported, and the EBITDA margin narrowed by 3 points on a reported basis to 17.6%.

Net income, Group share totalled €423 million in the first six months of 2015 versus €185 million for the same period of 2014. Adjusted for non-recurring items, **net income from continuing operations, Group share**, totalled €489 million. **Earnings per share** amounted to €3.36 in the first six months of 2015, up sharply compared to first-half 2014.

Operating performances by brand

Luxury activities

Revenue *(in € million)*	**H1 2015**	**H1 2014** [(1)]	**Reported change**	**Comparable change** [(2)]
Luxury activities	**3,762.0**	**3,193.6**	**+17.8%**	**+2.8%**
Gucci	1,874.2	1,676.3	+11.8%	-1.6%
Bottega Veneta	629.2	525.5	+19.7%	+6.4%
Yves Saint Laurent	443.1	320.6	+38.2%	+24.3%
Other Luxury brands	815.5	671.2	+21.5%	+1.0%

(1) Data restated to reflect the classification of Sergio Rossi in accordance with IFRS 5.
(2) Comparable scope and exchange rates.

Recurring operating income *(in € million)*	**H1 2015**	**H1 2014** [(1)]	**Change €m**	**Change %** [(2)]
Luxury activities	**806.0**	**805.9**	**+0.1**	**+0.0%**
Gucci	501.6	527.6	-26.0	-4.9%
Bottega Veneta	180.1	163.1	+17.0	+10.4%
Yves Saint Laurent	60.5	40.9	+19.6	+47.9%
Other Luxury brands	63.8	74.3	-10.5	-14.1%

(1) Data restated to reflect the classification of Sergio Rossi in accordance with IFRS 5.
(2) As reported.

Gucci

In first-half 2015, Gucci revenue was up 11.8% on a reported basis and down 1.6% based on comparable figures. Sales rose 4.6% in the second quarter on a comparable basis, driven chiefly by higher tourist flows.

At constant exchange rate, sales in directly operated stores increased by 3.1% over the first-half, fuelled by strong revenue growth in the second quarter (up 10.4%).

Sales in directly operated stores over the first half were particularly brisk in Western Europe (up 13.3% on a comparable basis), and were lifted in the second quarter by high tourist numbers as well as by very positive trends with local clienteles. In Japan, which also enjoyed an increase in tourism, sales in directly operated stores rallied sharply in the second quarter, up 19%.

Gucci reported recurring operating margin of 26.8% for the first six months of 2015, with more than half of the year-on-year change due to the negative impact of currency hedges. Gross margin was stable year on year at constant exchange rate.

Bottega Veneta

Bottega Veneta posted first-half revenue growth of 19.7% on a reported basis and of 6.4% based on comparable figures, with sales picking up pace in the second quarter (up 9.3% on a comparable basis).

Directly operated stores (83% of sales) achieved robust sales growth over the half-year period (up 7.2% on a comparable basis), powered by a very strong sales performance in the second quarter (up 12.2%), particularly in Western Europe and Japan.

Leather Goods, the brand's core business, reported solid year-on-year sales growth of 8.3% in the first half.

Recurring operating income at Bottega Veneta jumped 10.4% in the six-month period.

Yves Saint Laurent

Yves Saint Laurent again posted strong first-half revenue growth of 38.2% on a reported basis and 24.3% based on comparable figures, with sales picking up pace in the second quarter.

Revenue generated by directly operated stores (64% of sales) advanced by 25.7% during the six-month period, primarily led by a sharp increase in same-store sales.

The brand delivered strong sales growth in all main product categories and across all regions.

Recurring operating income for Yves Saint Laurent surged 47.9% and the recurring operating margin was also up, at 13.7%.

Other Luxury brands

Sales generated by Other Luxury brands in first-half 2015 were up 21.5% as reported and by 1% on a comparable basis.

The Couture and Leather Goods brands posted a sharp revenue increase, up by 9.1% on a comparable basis and by 15.3% in the second quarter. Total sales of the Jewellery brands were up in the first-half, but revenue from Watches was down year on year, reflecting unfavourable market conditions.

The wholesale network remains the main distribution channel for Other Luxury brands, accounting for 55.1% of the total, reflecting the differing stages of development of the Couture and Leather Goods brands as well as the specific distribution characteristics for Watches and Jewellery. Sales generated in the wholesale network in the first six months of 2015 were down 6.4% on a comparable basis, while comparable sales generated in directly operated stores rose 13.1%. Revenue generated in mature markets rose in first half 2015 (up 5.2% on a comparable basis), whereas business in emerging markets contracted.

Recurring operating income for Other Luxury brands was down compared to the same period in 2014. The recurring operating margin was also down, due chiefly to the negative impact of currency hedges.

Sport & Lifestyle activities

Revenue *(in € million)*	**H1 2015**	**H1 2014**	**Reported change**	**Comparable change** [1]
Sport & Lifestyle activities	**1,731.0**	**1,498.7**	**+15.5%**	**+5.3%**
Puma	1,601.2	1,386.1	+15.5%	+5.9%
Other Sport & Lifestyle brands	129.8	112.6	+15.3%	-1.4%

[1] Comparable scope and exchange rates.

Recurring operating income *(in € million)*	**H1 2015**	**H1 2014**	**Change €m**	**Change %** [1]
Sport & Lifestyle activities	**38.4**	**70.9**	**-32.5**	**-45.8%**
Puma	40.7	70.8	-30.1	-42.5%
Other Sport & Lifestyle brands	(2.3)	0.1	-2.4	-

[1] Reported change.

Puma

Puma posted a sharp increase in first-half revenue, up 15.5% year on year as reported and 5.9% on a comparable basis, with brisk trading in the second quarter (up 7.5% based on comparable figures).

Wholesale (79.4% of the brand's total) rose by 5.4% on a comparable basis in the first six months of 2015, with all of the brand's main markets reporting growth. Revenue posted by Puma's directly operated stores rose 9.3% in first-half 2015, with higher sales on a comparable basis. Sales of Footwear (46.0% of total sales) in first-half 2015 increased 12.1% based on comparable figures.

The change in Puma's recurring operating income continues to reflect the brand's relaunch initiatives, particularly in communication and marketing, as well as negative currency effects. At constant exchange rate, the brand's gross margin improved slightly.

Other Sport & Lifestyle brands

Combined first-half 2015 revenue for Volcom and Electric moved up 15.3% as reported but dropped 1.4% based on constant exchange rates. Trends improved in the second quarter, with revenue up 2.6% based on comparable data.

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Financial performance

The effective tax rate recorded by Kering was 23.8% in first-half 2015 (20.4% in first-half 2014), with the recurring tax rate at 19.8%.

Other non-recurring operating income and expenses represented a net expense of €42 million in the six months to June 30, 2015 and primarily included restructuring costs, asset impairment losses in Luxury activities and disposal gains (from the sale of Tretorn and of a property complex).

The **net loss from discontinued operations** amounted to €11 million and notably includes the loss arising on Sergio Rossi during the period.

Cash flows and financial position

(in € million)	**H1 2015**	**H1 2014**
Capital employed	**16,792.6**	**15,012.5**
Net assets (liabilities) held for sale	28.0	(65.7)
Total equity	**11,483.3**	**11,041.8**
Net debt	**5,337.3**	**3,905.0**

In first-half 2015, **free cash flow from operations** totalled €58 million compared with €635 million in the first six months of 2014, which had been boosted by the sale of a property complex.

The Group's **net debt** is traditionally higher at the end of the first half than at year end due to the dividend payout date and, to some extent, to the seasonal nature of its business. The Group's **cost of net debt** in first-half 2015 was 25% lower than in the same period of 2014, at just over €64 million.

Kering has a **very sound financial structure,** rated 'BBB' with a stable outlook by Standard & Poor's.

Outlook

Positioned in structurally dynamic markets, Kering enjoys very solid fundamentals and a portfolio of powerful brands with strong potential.

2015 will see the continuation of Puma's relaunch plan as well as the rollout of dedicated action plans for each of the Luxury brands, focusing on achieving profitable organic growth.

In an economic environment that remains unsettled, the recent currency fluctuations are likely, at this stage, to have a favourable impact on sales, but could have mixed effects on the Group's results.

In this context, Kering intends to pursue its strategy of rigorously managing and allocating its resources to optimise its operating performance and improve cash flow generation for its brands.

At its meeting on 27 July 2015, the Board of Directors, under the chairmanship of François-Henri Pinault, approved the condensed consolidated financial statements for the first half of 2015 that were subject to a limited review.

AUDIOCAST

Kering will hold an **audiocast** for analysts and investors at **6.00pm** (CET) / 5.00pm (GMT) / 12.00pm (US, ET) on **Monday 27 July 2015.**

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 20
UK	+44 (0)20 3427 1912
US	+1 (212) 444 0481

Access code: 1376170

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

PRESENTATION

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

The 2015 First-Half Report will be available at **www.kering.com**

About Kering

A world leader in apparel and accessories, Kering develops an ensemble of powerful Luxury and Sport & Lifestyle brands: Gucci, Bottega Veneta, Saint Laurent, Alexander McQueen, Balenciaga, Brioni, Christopher Kane, McQ, Stella McCartney, Tomas Maier, Sergio Rossi, Boucheron, Dodo, Girard-Perregaux, JeanRichard, Pomellato, Qeelin, Ulysse Nardin, PUMA, Volcom, Cobra and Electric. By 'empowering imagination' in the fullest sense, Kering encourages its brands to reach their potential, in the most sustainable manner.
Present in more than 120 countries, the Group generated revenues of €10 billion in 2014 and had more than 37,000 employees at year end. The Kering (previously PPR) share is listed on Euronext Paris (FR 0000121485, KER.PA, KER.FP).

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

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Highlights of first-half 2015

Change in management and creative responsibility at Gucci

On 21 January 2015, Marco Bizzarri, Gucci's President and CEO who succeeded Patrizio di Marco in early January 2015, announced that Alessandro Michele had been appointed as the brand's new Creative Director following the departure of his predecessor Frida Giannini.

Alessandro Michele has been given total creative responsibility for all of Gucci's collections and its brand image. The first collection fully designed by Alessandro Michele was the 2016 Cruise collection, which was unveiled in New York on 4 June 2015 and will be available in stores as from the end of the third quarter of 2015.

Finalisation of the partnership with Safilo and launch of Kering Eyewear

In 2014, Kering announced its plan to invest in a dedicated entity specialised in luxury, high-end and sport Eyewear, managed by a skilled team of experienced professionals under the direction of Roberto Vedovotto. This innovative management model for the Group's Eyewear business will allow it to leverage the full potential of its brands in this category.

As part of this strategic move, Kering and Safilo agreed to evolve their partnership and jointly intend to terminate the current Gucci licence agreement two years in advance, i.e., by December 31, 2016, which will result in total compensation of €90 million to be paid to Safilo. On 12 January 2015, Kering announced that it had signed a partnership agreement with Safilo covering the development, manufacture and supply of Gucci Eyewear products. The agreement will be implemented as of fourth quarter 2015 in order to ensure a seamless transition for Gucci's Eyewear business. The overall €90 million in compensation due to Safilo has been recognised as an intangible asset in the financial statements at 30 June 2015 and will be amortised as from 1 January 2017. The compensation will be paid in three equal instalments, with the first payment on January 12, 2015 and the following two in December 2016 and September 2018.

On 18 March 2015, Kering announced that Roberto Vedovotto, CEO of Kering Eyewear, had been appointed as a new member of the Group Executive Committee. Kering Eyewear was officially launched on 30 June 2015 when its first collection, 'Collezione Uno', was presented at the Palazzo Grassi in Venice.

Other highlights

On 15 January 2015, Kering sold the assets of Movitex to the group's management team, after recapitalising it in accordance with the preliminary agreement signed on 3 December 2014.

On 20 March 2015, Kering issued a €500 million, 0.875% fixed-rate bond maturing in seven years. Also during the first half of 2015 Kering carried out two issues of notes in foreign currency – a USD 150 million issue in March 2015 of five-year floating-rate notes, and a USD 150 million issue in June 2015 of six-year fixed-rate notes with an annual coupon of 2.887%.

On 25 March 2015 Kering bought out the non-controlling interests in Sowind Group in accordance with the shareholder agreements signed in June 2011. This acquisition did not have a material impact on the Group's interim financial statements.

On 30 June 2015, Puma announced that it had sold the intellectual property rights (including trademark rights) of its subsidiary, Tretorn Group, to US-based Authentic Brands Group, LLC (ABG). Tretorn – which is based in Helsingborg in Sweden and makes sport and leisure products – was acquired by Puma in 2012. This sale is in line with Puma's strategy of refocusing its business on its core activities.

Appointments made after June 30, 2015

Appointment of Hélène Poulit-Duquesne as CEO of Boucheron

On 9 July 2015, Kering announced that Hélène Poulit-Duquesne had been appointed Chief Executive Officer of Boucheron, effective 28 September 2015. She will report to Albert Bensoussan, CEO of Kering's Luxury - Watches & Jewellery division.

Appointment of Grita Loebsack as CEO, Luxury - Couture & Leather Goods' emerging brands

On 27 July 2015, Kering announced that Grita Loebsack has been appointed Chief Executive Officer of Kering's Luxury - Couture & Leather Goods' emerging brands, effective 14 September 2015.

She will report directly to François-Henri Pinault, Chairman & CEO of Kering, and will be part of the Group's executive committee. The CEOs of Alexander McQueen, Balenciaga, Brioni, Christopher Kane, Stella McCartney and Tomas Maier will report to her.

Kering's Luxury - Couture & Leather Goods division also includes Gucci, Bottega Veneta and Saint Laurent, which will remain under François-Henri Pinault's direct supervision. The expansion of the Group's luxury activities will continue to be carried out with full respect for the autonomy of each brand, which will remain under the operational responsibility of their respective CEOs.

Consolidated income statement

(in € million)	June 30, 2015	June 30, 2014	Dec. 31, 2014
CONTINUING OPERATIONS			
Revenue	**5,512.5**	**4,710.4**	**10,037.5**
Cost of sales	(2,113.3)	(1,708.2)	(3,741.7)
Gross margin	**3,399.2**	**3,002.2**	**6,295.8**
Payroll expenses	(895.9)	(751.8)	(1,545.2)
Other recurring operating income and expenses	(1,730.1)	(1,433.0)	(3,086.6)
Recurring operating income	**773.2**	**817.4**	**1,664.0**
Other non-recurring operating income and expenses	(41.8)	1.0	(112.1)
Operating income	**731.4**	**818.4**	**1,551.9**
Finance costs, net	(136.2)	(104.3)	(197.4)
Income before tax	**595.2**	**714.1**	**1,354.5**
Corporate income tax	(141.4)	(146.0)	(325.6)
Share in earnings (losses) of equity-accounted companies	(2.8)	(1.9)	(0.8)
Net income from continuing operations	**451.0**	**566.2**	**1,028.1**
o/w attributable to owners of the parent	433.8	547.2	1,007.7
o/w attributable to non-controlling interests	17.2	19.0	20.4
DISCONTINUED OPERATIONS			
Net loss from discontinued operations	**(10.7)**	**(362.7)**	**(478.8)**
o/w attributable to owners of the parent	(10.7)	(362.7)	(478.8)
o/w attributable to non-controlling interests			
Net income of consolidated companies	**440.3**	**203.5**	**549.3**
Net income attributable to owners of the parent	423.1	184.5	528.9
Net income attributable to non-controlling interests	17.2	19.0	20.4
Net income attributable to owners of the parent	**423.1**	**184.5**	**528.9**
Earnings per share (in €)	3.36	1.47	4.20
Fully diluted earnings per share (in €)	3.36	1.46	4.20
Net income from continuing operations attributable to owners of the parent	**433.8**	**547.2**	**1,007.7**
Earnings per share (in €)	3.44	4.35	8.00
Fully diluted earnings per share (in €)	3.44	4.34	8.00
Net income, Group share, from continuing operations (excluding non-recurring items)	**489.2**	**562.3**	**1,177.4**
Earnings per share (in €)	3.88	4.47	9.35
Fully diluted earnings per share (in €)	3.88	4.46	9.35

Consolidated statement of financial position

(in € million)	June 30, 2015	June 30, 2014	Dec. 31, 2014
Goodwill	3,826.3	3,634.6	4,039.9
Brands and other intangible assets	11,273.9	10,726.3	10,748.1
Property, plant and equipment	2,003.1	1,683.4	1,887.2
Investments in equity-accounted companies	21.6	19.1	23.2
Non-current financial assets	464.2	303.3	400.0
Deferred tax assets	826.2	769.6	758.0
Other non-current assets	58.1	35.7	36.2
Non-current assets	**18,473.4**	**17,172.0**	**17,892.6**
Inventories	2,474.0	2,079.7	2,234.7
Trade receivables	1,115.2	988.2	1,030.0
Current tax receivables	133.9	114.6	138.4
Other current financial assets	86.7	18.8	106.3
Other current assets	708.2	442.3	673.5
Cash and cash equivalents	922.9	1,225.8	1,089.9
Current assets	**5,440.9**	**4,869.4**	**5,272.8**
Assets classified as held for sale	**88.3**	**107.9**	**88.5**
Total assets	**24,002.6**	**22,149.3**	**23,253.9**

(in € million)	June 30, 2015	June 30, 2014	Dec. 31, 2014
Share capital	505.2	505.0	505.1
Capital reserves	2,428.3	2,426.3	2,427.4
Treasury shares	(5.1)	(8.7)	(3.4)
Translation adjustments	116.0	(126.9)	(52.9)
Remeasurement of financial instruments	(115.2)	11.6	(86.9)
Other reserves	7,877.9	7,629.2	7,844.8
Equity attributable to owners of the parent	**10,807.1**	**10,436.5**	**10,634.1**
Non-controlling interests	676.2	605.3	628.2
Total equity	**11,483.3**	**11,041.8**	**11,262.3**
Non-current borrowings	3,831.6	2,710.6	3,192.2
Other non-current financial liabilities	9.1	1.1	2.8
Provisions for pensions and other post-employment benefits	129.3	95.1	111.9
Other provisions	50.7	108.9	49.3
Deferred tax liabilities	2,861.4	2,805.7	2,791.8
Non-current liabilities	**6,882.1**	**5,721.4**	**6,148.0**
Current borrowings	2,428.6	2,420.2	2,288.4
Other current financial liabilities	129.0	19.7	346.8
Trade payables	1,051.1	929.8	982.8
Provisions for pensions and other post-employment benefits	7.2	7.2	7.2
Provisions	177.8	180.0	225.6
Current tax liabilities	315.4	386.1	277.9
Other current liabilities	1,467.8	1,269.5	1,651.0
Current liabilities	**5,576.9**	**5,212.5**	**5,779.7**
Liabilities associated with assets classified as held for sale	**60.3**	**173.6**	**63.9**
Total equity and liabilities	**24,002.6**	**22,149.3**	**23,253.9**

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Consolidated statement of cash flows

(in € million)	June 30, 2015	June 30, 2014	Dec. 31, 2014
Net income from continuing operations	**451.0**	**566.2**	**1,028.1**
Net recurring charges to depreciation, amortisation and provisions on non-current operating assets	198.6	154.5	326.7
Other non-cash income and expenses	(21.3)	(126.7)	(95.0)
Cash flow from operating activities	**628.3**	**594.0**	**1,259.8**
Interest paid/received	91.9	94.7	218.8
Dividends received			
Net income tax payable	174.7	255.4	365.7
Cash flow from operating activities before tax, dividends and interest	**894.9**	**944.1**	**1,844.3**
Change in working capital requirement	(428.0)	(261.0)	(160.3)
Corporate income tax paid	(148.3)	(175.3)	(422.7)
Net cash from operating activities	**318.6**	**507.8**	**1,261.3**
Purchases of property, plant and equipment and intangible assets	(303.0)	(214.5)	(551.4)
Proceeds from disposals of property, plant and equipment and intangible assets	42.2	341.3	367.9
Acquisitions of subsidiaries, net of cash acquired		(0.9)	(593.8)
Proceeds from disposals of subsidiaries, net of cash transferred	(2.9)	(0.1)	3.6
Purchases of other financial assets	(88.7)	(64.2)	(144.1)
Proceeds from sales of other financial assets	15.2	9.4	9.9
Interest and dividends received	0.3	2.7	5.3
Net cash from (used in) investing activities	**(336.9)**	**73.7**	**(902.6)**
Increase/decrease in share capital and other transactions with owners	(2.1)	3.0	3.2
Treasury share transactions	(7.6)	(13.8)	(8.5)
Dividends paid to owners of the parent company	(504.9)	(473.2)	(473.2)
Dividends paid to non-controlling interests	(32.2)	(26.6)	(24.4)
Bond issues	860.4	316.2	862.7
Bond redemptions	(758.4)	(881.5)	(948.1)
Increase/decrease in other borrowings	605.6	757.0	546.7
Interest paid and equivalent	(92.2)	(108.5)	(233.4)
Net cash from (used in) financing activities	**68.6**	**(427.4)**	**(275.0)**
Net cash used in discontinued operations	(85.3)	(372.2)	(442.7)
Impact of exchange rate variations	(153.9)	6.2	(73.2)
Net decrease in cash and cash equivalents	**(188.9)**	**(211.9)**	**(432.2)**
Cash and cash equivalents at beginning of period	**805.4**	**1,237.6**	**1,237.6**
Cash and cash equivalents at end of period	**616.5**	**1,025.7**	**805.4**

Breakdown of revenue [1]

(in € million)	H1 2015	H1 2014	Reported change	Comparable change [2]	Q2 2015	Q2 2014	Reported change	Comparable change [2]	Q1 2015	Q1 2014	Reported change	Comparable change [2]
Luxury activities	**3,762.0**	**3,193.6**	**+17.8%**	**+2.8%**	**2,008.0**	**1,611.3**	**+24.6%**	**+8.0%**	**1,754.0**	**1,582.3**	**+10.9%**	**-2.6%**
Gucci	1,874.2	1,676.3	+11.8%	-1.6%	1,005.2	838.2	+19.9%	+4.6%	869.0	838.1	+3.7%	-7.9%
Bottega Veneta	629.2	525.5	+19.7%	+6.4%	339.2	274.7	+23.5%	+9.3%	290.0	250.8	+15.6%	+3.1%
Yves Saint Laurent	443.1	320.6	+38.2%	+24.3%	231.7	162.6	+42.5%	+27.3%	211.4	158.0	+33.8%	+21.2%
Other Luxury brands	815.5	671.2	+21.5%	+1.0%	431.9	335.8	+28.6%	+6.4%	383.6	335.4	+14.4%	-4.5%
Sport & Lifestyle activities	**1,731.0**	**1,498.7**	**+15.5%**	**+5.3%**	**841.0**	**709.1**	**+18.6%**	**+7.1%**	**890.0**	**789.6**	**+12.7%**	**+3.7%**
Puma	1,601.2	1,386.1	+15.5%	+5.9%	776.2	656.1	+18.3%	+7.5%	825.0	730.0	+13.0%	+4.5%
Other Sport & Lifestyle brands	129.8	112.6	+15.3%	-1.4%	64.8	53.0	+22.3%	+2.5%	65.0	59.6	+9.1%	-5.0%
Corporate and others	19.5	18.1	+7.7%	-12.2%	12.3	10.4	+18.3%	-3.9%	7.2	7.7	-6.5%	-23.4%
KERING - Continuing activities	**5,512.5**	**4,710.4**	**+17.0%**	**+3.5%**	**2,861.3**	**2,330.8**	**+22.8%**	**+7.7%**	**2,651.2**	**2,379.6**	**+11.4%**	**-0.6%**

[1] Data restated to reflect the classification of Sergio Rossi in accordance with IFRS 5.
[2] On a comparable Group structure and exchange rate basis.

KERING

Breakdown of recurring operating income

(in € million)	H1 2015	H1 2014 [1]	Change €m	Change % [2]
Luxury activities	**806.0**	**805.9**	**0.1**	**+0.0%**
Gucci	501.6	527.6	(26.0)	-4.9%
Bottega Veneta	180.1	163.1	17.0	+10.4%
Yves Saint Laurent	60.5	40.9	19.6	+47.9%
Other Luxury brands	63.8	74.3	(10.5)	-14.1%
Sport & Lifestyle activities	**38.4**	**70.9**	**(32.5)**	**-45.8%**
Puma	40.7	70.8	(30.1)	-42.5%
Other Sport & Lifestyle brands	(2.3)	0.1	(2.4)	NA
Corporate & others	(71.2)	(59.4)	(11.8)	-19.9%
KERING	**773.2**	**817.4**	**(44.2)**	**-5.4%**

[1] Data restated to reflect the classification of Sergio Rossi in accordance with IFRS 5.
[2] Reported.

Main definitions

IFRS 5 – Non-current assets held for sale and discontinued operations

In accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the Group has presented certain activities as “Non-current assets held for sale and discontinued operations”. The net income or loss from these activities is shown on a separate line of the income statement, “Net income (loss) from discontinued operations”, and is restated in the statement of cash flows and income statement for all reported periods.

Assets and liabilities relating to assets held for sale are presented on separate lines in the Group’s statement of financial position, without restatement for previous periods. Assets and liabilities relating to discontinued operations are not presented on separate lines in the Group’s statement of financial position.

As stated in Note 10 to the condensed consolidated interim financial statements, Sergio Rossi and the Redcats group are classified as “Non-current assets held for sale and discontinued operations”.

Definition of “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 is 2014 revenue restated for the impact of changes in Group structure in 2014 or 2015, and for translation differences relating to foreign subsidiaries’ revenue in 2014.

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 (see Note 5 to the condensed consolidated interim financial statements).

Recurring operating income is an intermediate line item intended to facilitate the understanding of the entity'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 2014 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 provisions on 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 2 July 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 (see Note 18 to the condensed consolidated interim financial statements).

The financing of customer loans by fully-consolidated consumer credit businesses is presented in borrowings. Group net debt excludes the financing of customer loans by consumer credit businesses.