KERING

Press release
28.07.2016

Very good first-half operating and financial performances

- **Sales growth accelerating in second quarter, for both Luxury and Sport & Lifestyle**
- **Higher margins, free cash flow from operations and net income**

First-half consolidated revenue up 5.5% on a comparable basis, at €5,693 million

Recurring operating income up 4.9%
Recurring operating margin up 20 basis points, higher in both Luxury and Sport & Lifestyle

Net income, Group share up 9.9%

- **Faster revenue growth in the second quarter,** 6.9% on a comparable basis:
    - Luxury activities: comparable sales up 5.2% in the quarter
        - Gucci: new creative impetus and strategic initiatives delivering results
        - Bottega Veneta: ongoing adverse impact of lower tourism
        - Yves Saint Laurent: sustained robust growth and net income up sharply
        - Other Luxury brands: improving trends
    - Sport & Lifestyle activities: faster growth and better margins for Puma

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François-Henri Pinault, Kering's Chairman and Chief Executive Officer, commented: *"We are pleased with the performances we have delivered in the first half of 2016. Overall growth in our Luxury activities in the second quarter significantly outpaced the level reached in the first three months of the year. Gucci's creative momentum and ambitious strategy, launched last year, are delivering tangible results: sales growth is accelerating in the second quarter on top of tough comps; recurring operating income is up 7% in the first half. As anticipated, our Sport & Lifestyle activities resumed operating growth, thanks to healthy revenue trends. Our cash flow generation is up sharply – it was one of the top priorities we set for ourselves at the beginning of the year. We owe these achievements to our integrated, effective multibrand model, and to well-designed, well-executed strategic action plans. In an environment that remains uncertain, we intend to carry out the steadfast implementation of our strategy and maintain a strict operating and financial discipline; together with the commitment of all our teams, this reinforces our confidence that we will progress along the current growth path."*

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Key financial indicators

(in € millions)	**H1 2016**	**H1 2015**	**Change[(1)]**
Revenue	**5,692.9**	**5,512.5**	**+3.3%**
Recurring operating income	**811.1**	**773.2**	**+4.9%**
as a % of revenue	*14.2%*	*14.0%*	*+0.2 pts*
Recurring operating income - Luxury	839.6	806.0	+4.2%
Recurring operating income - Sport & Lifestyle	48.1	38.4	+25.3%
Net income, Group share	464.9	423.1	+9.9%
Recurring net income, Group share*	**520.9**	**489.2**	+6.5%

[(1)] As reported.

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

Consolidated revenue for the first half of 2016 amounted to €5,693 million, up 3.3% on the first six months of 2015 as reported and 5.5% based on a comparable Group structure and exchange rates. Exchange rate fluctuations had a negative impact on revenue during the period. Comparable revenue growth was solid in both mature markets (led by Western Europe and Japan) and emerging markets. Revenue generated outside the eurozone accounted for 78% of the consolidated total in the first six months of 2016.

The Group's **gross margin** for the first half of 2016 was €3,602 million, up €202 million, or 6%, over the first-half 2015 level as reported.

Recurring operating income rose 4.9% year on year as reported to €811 million. **Recurring operating margin** amounted to 14.2% for the Group as a whole, with the Luxury activity posting an increase to 21.7%. Recurring operating margin for the Sport & Lifestyle activity was 2.7%.

EBITDA[1] amounted to €1,011 million, up 4% over the first-half 2015 level, and the EBITDA margin widened by 20 basis points on a reported basis to 17.8%.

Net income, Group share totalled €465 million versus €423 million for the first half of 2015. Adjusted for non-recurring items net of tax, **net income from continuing operations, Group share** rose 6.5% year on year to €521 million. **Earnings per share** amounted to €3.69 in the first half of 2016, up 10% compared to the first half of 2015.

1 *EBITDA corresponds to recurring operating income plus net charges to depreciation, amortisation and provisions on non-current operating assets recognised in recurring operating income. See figures in the consolidated financial statements in the 2016 First-Half Report.*

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Operating performances by activity

LUXURY ACTIVITIES

Revenue *(in € millions)*	**H1 2016**	**H1 2015**	**Reported change**	**Comparable change[1]**
Luxury activities	**3,877.9**	**3,762.0**	**+3.1%**	**+4.0%**
Gucci	1,947.5	1,874.2	+3.9%	+5.4%
Bottega Veneta	571.2	629.2	-9.2%	-9.1%
Yves Saint Laurent	547.9	443.1	+23.7%	+24.2%
Other Luxury brands	811.3	815.5	-0.5%	0%

[1] Comparable Group structure and exchange rate basis.

Recurring operating income *(in € millions)*	**H1 2016**	**H1 2015**	**Change €m**	**Change %[1]**
Luxury activities	**839.6**	**806.0**	**+33.6**	**+4.2%**
Gucci	536.9	501.6	+35.3	+7.0%
Bottega Veneta	145.1	180.1	-35.0	-19.4%
Yves Saint Laurent	109.0	60.5	+48.5	+80.2%
Other Luxury brands	48.6	63.8	-15.2	-23.8%

[1] As reported.

Gucci

In the first six months of 2016, Gucci's revenue advanced 3.9% on a reported basis and 5.4% on a comparable basis. The brand's momentum was evidenced in the second quarter as comparable sales jumped 7.4% despite an unfavourable basis of comparison.

At constant exchange rate, sales in directly operated stores increased by 4.9% over the first half, driven by revenue growth for all of the brand's main product categories. The year-on-year increase in revenue generated by this distribution channel was most pronounced in Western Europe, where comparable growth came to 19.8%. Gucci's repositioning has proved highly successful with the brand's European clientele and has fuelled renewed appeal amongst tourists visiting Europe. In emerging markets, sales returned to growth at constant exchange rates, rising 2.1% off the back of a solid performance in Mainland China, particularly in the country's major cities.

The brand's recurring operating income totalled €537 million for the first half of 2016 and recurring operating margin widened by 80 basis points to 27.6%.

Bottega Veneta

Bottega Veneta posted revenue of €571 million in the first half of 2016, down 9.2% as reported and 9.1% based on comparable data.

Revenue generated in directly operated stores was heavily weighed down by lower tourism in Western Europe, whereas sales to local customers improved in that region. In emerging markets (which accounted for 45.3% of the brand's total revenue for the period), Bottega Veneta's direct sales rose 3.2% on a comparable basis, with a significantly faster pace of growth in the second quarter. The upswing in business was mainly attributable to Chinese customers repatriating their purchasing to their domestic market and certain regional Asia-Pacific markets rather than buying in mature markets. During the period, Bottega Veneta continued to develop its Shoes category, which registered very robust sales growth and accounted for 7.0% of the brand's total sales.

Bottega Veneta's recurring operating income for the first six months of 2016 totalled €145 million.

Yves Saint Laurent

Yves Saint Laurent reported €548 million in revenue for the first six months of 2016, up 23.7% as reported and 24.2% at comparable exchange rates, with revenue growth in the second quarter growth totaling 22.1% despite a very high basis of comparison.

Revenue from retail sales in directly operated stores (which accounted for 68% of the brand's total sales in the first half of 2016) jumped 31.5% on a comparable basis, led by a strong increase in same-store sales. All of Yves Saint Laurent's main product categories registered very strong sales growth and all of the brand's geographic regions saw revenue increases during the period.

In the first half of 2016, Yves Saint Laurent had recurring operating income of €109 million, up 80.2% year on year. Recurring operating margin came to 19.9%, representing a 620 basis-point increase as reported.

Other Luxury brands

Total revenue generated by Other Luxury brands amounted to €811 million in the first half of 2016, down by a slight 0.5% from the first half of 2015 as reported. At comparable exchange rates, revenue was stable year on year and picked up in the second quarter.

The Couture & Leather Goods brands posted satisfactory revenue growth despite a negative contribution from Brioni, which is currently in the process of restructuring its manufacturing base and distribution networks. Jewelry brands reported a slight overall rise in sales during the period, but revenue from Watches contracted sharply once again due to ongoing highly unfavourable market conditions.

In the first half of 2016, the wholesale network was once again the main distribution channel for Other Luxury brands with sales up 1.7%, and accounting for 55.9% of the total. This importance of this channel reflects the differing stages of development of the Couture & Leather Goods brands as well as the specific distribution characteristics of Watches & Jewelry.

Retail sales in directly operated stores were down 0.9% based on a comparable basis. This year-on-year decline was mainly due to lower revenue recorded in the Eurozone – particularly in France – as well as a high basis of comparison in the prior-year period.

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Recurring operating income for Other Luxury brands retreated year on year, at €49 million, as did recurring operating margin. The majority of the Group's Other Luxury brands are at a stage in their development when they still need sustained reinforcement of their teams and structures.

SPORT & LIFESTYLE ACTIVITIES

Revenue *(in € millions)*	H1 2016	H1 2015	Reported change	Comparable change[1]
Sport & Lifestyle activities	**1,796.8**	**1,731.0**	**+3.8%**	**+9.1%**
Puma	1,686.4	1,601.2	+5.3%	+10.6%
Other Sport & Lifestyle brands	110.4	129.8	-14.9%	-8.9%

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

Recurring operating income *(in € millions)*	H1 2016	H1 2015	Change €m	Change[1] %
Sport & Lifestyle activities	**48.1**	**38.4**	**+9.7**	**+25.3%**
Puma	52.5	40.7	+11.8	+29.0%
Other Sport & Lifestyle brands	(4.4)	(2.3)	-2.1	-

[1] As reported.

Puma

Puma’s revenue totalled €1,686 million in the first six months of 2016, up 5.3% as reported. Based on a comparable Group structure and exchange rates, the year-on-year increase was a strong 10.6% for the full six months, with the pace of growth accelerating to 13.2% in the second quarter.

Wholesale sales – which contributed 79.1% of Puma’s total revenue – climbed 10.2% on a comparable basis, with higher sales achieved across all of the brand’s main geographic regions. Revenue posted by directly operated stores advanced 12.2%. Sales of Footwear (44.6% of the brand's total) increased 8.7% on a comparable basis in the first half of 2016, with the second quarter marking the eighth consecutive quarter of growth for this key product category.

Puma's recurring operating income rose sharply in the first half of 2016, totalling €53 million, with year-on-year growth boosted by better absorption of operating expenses in view of the brand's revenue growth. At the same time, gross margin rose sharply at constant exchange rates thanks to price increases and better procurement conditions.

Other Sport & Lifestyle brands

Volcom recorded an 8.9% contraction in revenue at constant exchange rates for the first half of 2016. Against a challenging market backdrop for Surfwear and Action Sports, Volcom continued to implement its strategy aimed at containing the deterioration of its margins, improving distribution, and more effectively harmonising its offering.

Revenue from direct retail sales (directly operated stores and online) climbed 11.4%.

In the first half of 2016, Volcom's recurring operating income totalled -€4 million.

Financial performance

Kering's **effective tax rate** was 22.1% in the first half of 2016 (vs. 23.8% in the first half of 2015) and its recurring tax rate was 23.6%.

Other non-recurring operating income and expenses represented a net expense of €86 million in the first six months of 2016 and primarily comprised restructuring costs for the Luxury activity and asset impairment losses recognised for the Luxury activity and Kering's industrial operations.

Cash flows and financial position

Free cash flow from operations[2] – one of the priorities set by the Group at the beginning of the year – rose to €323 million in the first half of 2016 from €58 million in the first six months of 2015.

(in € millions)	**H1 2016**	**H1 2015**
Capital employed	16,727.1	16,792.6
Net assets held for sale	-	28.0
Total equity	11,660.5	11,483.3
Net debt	5,066.6	5,337.3

The Group's net debt is traditionally higher at the end of the first half of the fiscal year than at December 31 due to the dividend payout date and, to some extent, the seasonal nature of its business. In the first six months of 2016, the Group's **cost of net debt** amounted to €62.3 million compared with €64.2 million in the same period of 2015.

Kering's financial structure is very sound and is rated "BBB" with a stable outlook by Standard & Poor's.

Outlook

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

In 2016, the Group's Luxury activities are focused on achieving same-store revenue growth, with a targeted and selective expansion strategy for the store network. At Gucci, the changes put in place since 2015 in terms of both the brand's creative vision and its product offering have been stepped up and are beginning to pay off. Puma has confirmed its return to a growth trajectory. The brand expects to achieve further revenue growth for full year 2016 as well as an increase in recurring operating income.

2 *Free cash flow from operations corresponds to net cash from operating activities less net operating investments (purchases and sales of property, plant and equipment and intangible assets). See figures in the consolidated financial statements in the 2016 First-Half Report.*

The Group's operating environment remains unsettled – not only in economic terms, but also from a geopolitical and security perspective – and it is exposed to events that could influence consumer trends and tourist numbers.

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

At its meeting on July 28, 2016, the Board of Directors, under the chairmanship of François-Henri Pinault, approved the condensed consolidated financial statements for the first half of 2016, which were subject to a review by the Statutory Auditors.

AUDIOCAST

Kering will hold an **audiocast** for analysts and investors at **6.00pm** (CET)/5.00pm (GMT)/12.00pm (US, ET) on **Thursday, July 28, 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 28
UK	+ 44 (0)20 3427 1916
US	+ 1 (646) 254 3360

Access code: 7241931

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 2016 First-Half Report will be available at **www.kering.com**.

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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, Boucheron, Dodo, Girard-Perregaux, JeanRichard, Pomellato, Qeelin, Ulysse Nardin, Puma, Volcom and Cobra. 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 revenue of more than €11.5 billion in 2015 and had more than 38,000 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 JUNE 30, 2016

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Highlights of first-half 2016

Kering recognised as one of the Global 100 Most Sustainable Corporations in the World

The Corporate Knights' Global 100 index published at the World Economic Forum in Davos on January 21, 2016 recognised Kering as one of the world's most sustainable corporations. Kering was the only luxury company to be included in the 2016 Global 100, and placed second in the index's Textile, Apparel & Luxury Goods sector.

Group Executive Committee appointments

On February 29, 2016, Kering announced the appointment of Béatrice Lazat as Kering's Human Resources Director. On March 18, 2016, Kering announced that the appointment of Jean-Philippe Bailly as Kering's Chief Operating Officer. On May 2, 2016, Valerie Duport was appointed as Kering's Senior Vice President of Communications and Image. All three are now members of the Group Executive Committee.

Since January 1, 2016, Kering has combined its Supply Chain, Logistics and Industrial Operations in a new division called Kering Luxury Logistics and Industrial Operations (KLLIO), under the worldwide leadership of Jean-Philippe Bailly.

Volcom: 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.

Brioni: Appointment of Justin O'Shea

On March 23, 2016, Brioni and Kering announced the appointment of Justin O'Shea as its new Creative Director with creative responsibility for the brand's collections and image.

Yves Saint Laurent: Appointment of Anthony Vaccarello

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

Bond issue

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

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Consolidated income statement

(in € millions)	June 30, 2016	June 30, 2015	Dec. 31, 2015
CONTINUING OPERATIONS			
Revenue	**5,692.9**	**5,512.5**	**11,584.2**
Cost of sales	(2,091.4)	(2,113.3)	(4,510.0)
Gross margin	**3,601.5**	**3,399.2**	**7,074.2**
Payroll expenses	(945.3)	(895.9)	(1,820.6)
Other recurring operating income and expenses	(1,845.1)	(1,730.1)	(3,606.9)
Recurring operating income	**811.1**	**773.2**	**1,646.7**
Other non-recurring operating income and expenses	(85.8)	(41.8)	(393.5)
Operating income	**725.3**	**731.4**	**1,253.2**
Finance costs, net	(100.7)	(136.2)	(249.1)
Income before tax	**624.6**	**595.2**	**1,004.1**
Corporate income tax	(138.2)	(141.4)	(321.7)
Share in losses of equity-accounted companies	(4.6)	(2.8)	(2.2)
Net income from continuing operations	**481.8**	**451.0**	**680.2**
o/w attributable to owners of the parent	464.5	433.8	655.0
o/w attributable to non-controlling interests	17.3	17.2	25.2
DISCONTINUED OPERATIONS			
Net income (loss) from discontinued operations	**0.4**	**(10.7)**	**41.0**
o/w attributable to owners of the parent	0.4	(10.7)	41.0
o/w attributable to non-controlling interests	-	-	-
Net income of consolidated companies	**482.2**	**440.3**	**721.2**
o/w attributable to owners of the parent	464.9	423.1	696.0
o/w attributable to non-controlling interests	17.3	17.2	25.2
Net income attributable to owners of the parent	**464.9**	**423.1**	**696.0**
Earnings per share (in €)	3.69	3.36	5.52
Fully diluted earnings per share (in €)	3.69	3.36	5.52
Net income from continuing operations attributable to owners of the parent	**464.5**	**433.8**	**655.0**
Earnings per share (in €)	3.69	3.44	5.20
Fully diluted earnings per share (in €)	3.69	3.44	5.20
Net income from continuing operations (excluding non-recurring items) attributable to owners of the parent	**520.9**	**489.2**	**1,017.3**
Earnings per share (in €)	4.13	3.88	8.07
Fully diluted earnings per share (in €)	4.13	3.88	8.07

Consolidated statement of comprehensive income

(in € millions)	June 30, 2016	June 30, 2015	Dec. 31, 2015
Net income	**482.2**	**440.3**	**721.2**
Actuarial gains and losses[1]		(26.9)	(29.7)
Unrecognised surplus of pension plan assets			
Total items not reclassified to income		**(26.9)**	**(29.7)**
Foreign exchange gains and losses	(40.3)	183.8	125.6
Cash flow hedges[1]	(25.0)	(30.5)	74.9
Available-for-sale assets[1]	(0.8)	(2.0)	0.4
Total items to be reclassified to income	**(66.1)**	**151.3**	**200.9**
Other comprehensive income (expense), net of tax	**(66.1)**	**124.4**	**171.2**
Total comprehensive income	**416.1**	**564.7**	**892.4**
o/w attributable to owners of the parent	405.4	534.8	860.0
o/w attributable to non-controlling interests	10.7	29.9	32.4

[1] *Net of tax.*

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Consolidated statement of financial position

(in € millions)	June 30, 2016	June 30, 2015	Dec. 31, 2015
Goodwill	3,764.8	3,826.3	3,758.8
Brands and other intangible assets	11,297.2	11,273.9	11,285.5
Property, plant and equipment	2,051.2	2,003.1	2,073.0
Investments in equity-accounted companies	16.3	21.6	20.9
Non-current financial assets	485.4	464.2	458.4
Deferred tax assets	844.4	826.2	849.6
Other non-current assets	31.0	58.1	39.9
Non-current assets	**18,490.3**	**18,473.4**	**18,486.1**
Inventories	2,420.5	2,474.0	2,191.2
Trade receivables	1,122.8	1,115.2	1,137.1
Current tax receivables	151.6	133.9	123.8
Other current financial assets	88.8	86.7	81.2
Other current assets	690.2	708.2	685.0
Cash and cash equivalents	1,032.3	922.9	1,146.4
Current assets	**5,506.2**	**5,440.9**	**5,364.7**
Assets classified as held for sale	**-**	**88.3**	**-**
Total assets	**23,996.5**	**24,002.6**	**23,850.8**

(in € millions)	June 30, 2016	June 30, 2015	Dec. 31, 2015
Share capital	505.2	505.2	505.2
Capital reserves	2,428.3	2,428.3	2,428.3
Treasury shares	-	(5.1)	(5.1)
Translation adjustments	25.5	116.0	63.6
Remeasurement of financial instruments	(30.5)	(115.2)	(9.9)
Other reserves	8,079.0	7,877.9	7,966.2
Equity attributable to owners of the parent	**11,007.5**	**10,807.1**	**10,948.3**
Non-controlling interests	653.0	676.2	674.8
Total equity	**11,660.5**	**11,483.3**	**11,623.1**
Non-current borrowings	4,371.4	3,831.6	4,039.9
Other non-current financial liabilities	32.9	9.1	14.8
Provisions for pensions and other post-employment benefits	131.1	129.3	133.4
Other non-current provisions	56.9	50.7	82.3
Deferred tax liabilities	2,826.4	2,861.4	2,857.9
Non-current liabilities	**7,418.7**	**6,882.1**	**7,128.3**
Current borrowings	1,727.5	2,428.6	1,785.9
Other current financial liabilities	122.8	129.0	238.9
Trade payables	1,093.8	1,051.1	939.7
Provisions for pensions and other post-employment benefits	8.9	7.2	8.9
Other current provisions	143.2	177.8	157.3
Current tax liabilities	356.4	315.4	334.6
Other current liabilities	1,464.7	1,467.8	1,634.1
Current liabilities	**4,917.3**	**5,576.9**	**5,099.4**
Liabilities associated with assets classified as held for sale	**-**	**60.3**	**-**
Total equity and liabilities	**23,996.5**	**24,002.6**	**23,850.8**

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Consolidated statement of cash flows

(in € millions)	June 30, 2016	June 30, 2015	Dec. 31, 2015
Net income from continuing operations	**481.8**	**451.0**	**680.2**
Net recurring charges to depreciation, amortisation and provisions on non-current operating assets	199.6	198.6	409.6
Other non-cash income and expenses	21.7	(21.3)	209.6
Cash flow from operating activities	**703.1**	**628.3**	**1,299.4**
Interest paid/received	95.8	91.9	168.8
Dividends received	(0.6)	_	(1.4)
Net income tax payable	153.4	174.7	378.5
Cash flow from operating activities before tax, dividends and interest	**951.7**	**894.9**	**1,845.3**
Change in working capital requirement	(246.3)	(428.0)	(219.3)
Corporate income tax paid	(162.6)	(148.3)	(330.4)
Net cash from operating activities	**542.8**	**318.6**	**1,295.6**
Purchases of property, plant and equipment and intangible assets	(224.0)	(303.0)	(672.1)
Proceeds from disposals of property, plant and equipment and intangible assets	4.4	42.2	36.7
Acquisitions of subsidiaries, net of cash acquired	(6.3)	_	(20.2)
Proceeds from disposals of subsidiaries, net of cash transferred	(6.1)	(2.9)	(5.4)
Purchases of other financial assets	(64.8)	(88.7)	(131.1)
Proceeds from disposals of other financial assets	13.6	15.2	21.0
Interest and dividends received	4.7	0.3	12.4
Net cash from (used in) investing activities	**(278.5)**	**(336.9)**	**758.7**
Increase/decrease in share capital and other transactions with owners	(0.2)	(2.1)	2.1
Treasury share transactions	0.4	(7.6)	(7.3)
Dividends paid to owners of the parent company	(504.9)	(504.9)	(504.9)
Dividends paid to non-controlling interests	(25.0)	(32.2)	(56.6)
Bond issues	559.1	860.4	1,070.4
Bond redemptions	(44.1)	(758.4)	(756.7)
Increase/decrease in other borrowings	(259.8)	605.6	87.3
Interest paid and equivalent	(99.1)	(92.2)	(178.8)
Net cash from (used in) financing activities	**(373.6)**	**68.6**	**(344.5)**
Net cash from (used in) discontinued operations	(9.9)	(85.3)	3.5
Impact of exchange rate variations	44.6	(153.9)	(98.4)
Net increase (decrease) in cash and cash equivalents	**(74.6)**	**(188.9)**	**97.5**
Cash and cash equivalents at beginning of period	**902.9**	**805.4**	**805.4**
Cash and cash equivalents at end of period	**828.3**	**616.5**	**902.9**

Breakdown of revenue

(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]
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%
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%**
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 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%
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%**
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.*

KERING

Breakdown of recurring operating income

Reported (in € millions)	H1 2016	H1 2015	2016/2015 change (actual exchange rates) €m	 %
Luxury	**839.6**	**806.0**	+33.6	+4.2%
Gucci	*536.9*	*501.6*	*+35.3*	*+7.0%*
Bottega Veneta	*145.1*	*180.1*	*-35.0*	*-19.4%*
Yves Saint Laurent	*109.0*	*60.5*	*+48.5*	*+80.2%*
Other Luxury brands	*48.6*	*63.8*	*-15.2*	*-23.8%*
Sport & Lifestyle	**48.1**	**38.4**	+9.7	+25.3%
Puma	*52.5*	*40.7*	*+11.8*	*+29.0%*
Other brands	*(4.4)*	*(2.3)*	*-2.1*	
Corporate and other	**(76.6)**	**(71.2)**	-5.4	-7.6%
KERING	**811.1**	**773.2**	**+37.9**	**+4.9%**

Main definitions

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 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 (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 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 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 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 (see Note 17 to the condensed consolidated interim financial statements).