



PRESS RELEASE

February 12, 2019

AN OUTSTANDING 2018 PERFORMANCE

**Consolidated revenue: €13,665.2 million
up 26.3% as reported and 29.4% on a comparable basis**

**Remarkable increase in recurring operating income
up 46.6% to €3,943.8 million**

Sharp rise in recurring operating margin to 28.9%

Net income, Group share: €3,714.9 million, up 108.1%

Strong free cash flow from operations: €2,955.2 million

Recommended ordinary dividend of €10.50 per share

François-Henri Pinault, Chairman and Chief Executive Officer, commented: “2018 was an excellent year for Kering and its Houses. Once again, we significantly outperformed our sector. In an environment that was generally favorable but grew increasingly complex, Kering generated 2.8 billion euros in incremental revenues and 1.3 billion euros in additional EBIT compared to 2017. Our healthy, balanced and profitable growth reflects skillful execution of our strategy, rigorous financial discipline, and a shared culture emphasizing responsibility and commitment. Having worked throughout the year to strengthen the Group and its brands, we have the ambition and the means to sustain our profitable growth momentum.”

Sustained, profitable growth throughout the year against a very high base of comparison

- Consolidated revenue up 29.4% on a comparable basis to €13,665.2 million, driven by all regions
 - Gucci and Saint Laurent continue to deliver exceptional growth (up 36.9% and 18.7% on a comparable basis, respectively)
 - Bottega Veneta down 3.4% on a comparable basis, pending the inaugural collections from the new Creative Director
 - Very strong momentum at Kering's Other Houses (up 32.1% on a comparable basis), powered by Balenciaga and Alexander McQueen
- Record-high profitability: recurring operating income doubled over the past two years; sharp rise in recurring operating margin at 28.9%



Key financial indicators

<i>(in € millions)</i>	2018	2017⁽¹⁾	Change⁽²⁾
Revenue	13,665.2	10,815.9	+26.3%
Recurring operating income	3,943.8	2,690.7	+46.6%
<i>As a % of revenue</i>	<i>28.9%</i>	<i>24.9%</i>	<i>+4.0 pts</i>
Net income, Group share	3,714.9	1,785.6	+108.1%
Recurring net income, Group share⁽³⁾	2,816.7	1,886.6	+49.3%

⁽¹⁾ Figures restated for PUMA, Stella McCartney, Volcom and Christopher Kane (IFRS 5).

⁽²⁾ As reported.

⁽³⁾ Recurring net income, Group share: net income from continuing operations, Group share, excluding non-recurring items.

Consolidated 2018 **revenue** amounted to €13,665.2 million, up 26.3% as reported and 29.4% on a comparable basis. All regions reported very strong growth, with comparable revenue up 37.8% in North America, 33.8% in Asia-Pacific, 23.9% in Japan, and 23.7% in Western Europe.

Kering's **gross margin** for 2018 totaled €10,198.2 million, up 28.8% on the previous year as reported.

Recurring operating income was up a record 46.6% year-on-year to €3,943.8 million. Consolidated **recurring operating margin** advanced 400 basis points year-on-year to 28.9%.

Consolidated **EBITDA** climbed 42.0% to €4,435.7 million in 2018, while the EBITDA margin widened by 360 basis points as reported, to 32.5%.

Net income, Group share rose 108.1% to €3,714.9 million in 2018. **Earnings per share, Group share** stood at €29.49, up from €14.17 in 2017.

Net income, Group share notably comprises **Net income from continuing operations (excluding non-recurring items), Group share**, totaling €2,816.7 million (up 49.3%) and **net income from discontinued operations**, totaling €1,095.2 million, primarily corresponding to the capital gain resulting from the loss of control of PUMA.



Operating performances

Revenue (in € millions)	2018	2017 ⁽¹⁾	Reported change	Comparable change ⁽²⁾
Total Houses	13,246.7	10,513.3	+26.0%	+29.1%
Gucci	8,284.9	6,211.2	+33.4%	+36.9%
Yves Saint Laurent	1,743.5	1,501.4	+16.1%	+18.7%
Bottega Veneta	1,109.1	1,176.3	-5.7%	-3.4%
Other Houses	2,109.2	1,624.4	+29.8%	+32.1%
Corporate and other	418.5	302.6	+38.3%	+42.1%
KERING – Continuing operations	13,665.2	10,815.9	+26.3%	+29.4%

⁽¹⁾ Figures restated for PUMA, Volcom, Stella McCartney and Christopher Kane (IFRS 5).

⁽²⁾ On a comparable Group structure and exchange rate basis.

Recurring operating income (in € millions)	2018	2017 ⁽¹⁾	Change €m	Reported change
Total Houses	4,191.0	2,895.2	+1,295.8	+44.8%
Gucci	3,275.2	2,124.1	+1,151.1	+54.2%
Yves Saint Laurent	459.4	376.9	+82.5	+21.9%
Bottega Veneta	242.0	294.0	(52.0)	-17.7%
Other Houses	214.4	100.2	+114.2	+114.0%
Corporate and other	(247.2)	(204.5)	(42.7)	-20.9%
KERING – Continuing operations	3,943.8	2,690.7	+1,253.1	+46.6%

⁽¹⁾ Figures restated for PUMA, Volcom, Stella McCartney and Christopher Kane (IFRS 5).

Kering generated an additional €2.8 billion in revenue compared to 2017, with **2018 revenue** at €13,665.2 million, up 26.3% as reported and 29.4% based on comparable figures, despite a very high base of comparison in the previous year.

Kering's 2018 **recurring operating income** amounted to €3,943.8 million, up 46.6% year-on-year as reported. Consolidated recurring operating margin was 28.9%.

Kering's Houses delivered exceptional 29.1% comparable revenue growth in 2018 at €13,247 million (up 26.0% as reported), significantly outpacing their market once again. This brisk growth was fueled by a 31.0% increase in sales through directly operated stores, which account for over 77% of revenue and topped the €10 billion mark for the first time. Online sales surged by 71.3% year-on-year. Wholesale revenue from the Group's Houses rose 24.1% on a comparable basis.

All regions contributed to the strong revenue growth momentum, with Asia-Pacific up 34.1% on a comparable basis, North America up 37.3%, Japan up 23.7% and Western Europe up 23.0%.

Comparable revenue posted by Kering's Houses in the **fourth quarter of 2018** rose 23.3% against a high base of comparison. The directly operated store network continued on an uptrend, with comparable sales up 25% in the quarter.



Recurring operating income for Kering's Houses was 44.8% higher as reported at €4,191.0 million, while the **recurring operating margin** widened 410 basis points year-on-year to 31.6%.

Gucci: another remarkable performance underscoring brand momentum

Gucci's **revenue** topped €8 billion in 2018, rising 33.4% as reported and 36.9% on a comparable basis to €8,284.9 million. This excellent performance, in line with the prior year, reflects healthy and balanced growth in all regions, product categories and client segments. Sales through the brand's directly operated stores rose 38.3% in 2018, fueled by increasingly higher traffic and enhanced productivity. Online sales surged 70.1%. All regions reported very strong growth figures, led by Asia-Pacific (up 45.0%) and North America (up 43.6%). Wholesale climbed 30.7%.

The robust rise in **revenue in the fourth quarter of 2018** (up 28.1% against a very high base of comparison) illustrates Gucci's continued brand appeal.

Gucci's 2018 **recurring operating income** totaled €3,275.2 million, up 54.2% while maintaining ongoing investments, reflecting the brand's systematic implementation of initiatives aimed at supporting sustainable, profitable growth. The brand's recurring operating margin widened by 530 basis points to a record 39.5%.

Yves Saint Laurent: further sustained growth

Yves Saint Laurent turned in another remarkable performance, thanks to strict and effective execution of its strategy. **2018 sales** rose 18.7% on a comparable basis and 16.1% as reported. In directly owned stores, sales were up 18.5% on a comparable basis. Yves Saint Laurent notched up revenue increases across all major regions in 2018, with North America (up 26.8%) and Asia-Pacific (up +21.2%) particularly strong. Wholesale climbed 20.9% on a comparable basis.

The House confirmed its excellent momentum in the **fourth quarter of 2018**, with revenue up 19.4% on a comparable basis.

2018 **Recurring operating income** at Yves Saint Laurent was 21.9% higher as reported at €459.4 million, while recurring operating margin exceeded 26%.

Bottega Veneta: change in creative direction

Bottega Veneta's **revenue** in 2018, a year shaped by the arrival of a new Creative Director, was down 3.4% on a comparable basis and 5.7% as reported. Revenue generated through directly operated stores dropped 4.7%, impacted by slower tourism, in Western Europe in particular. Comparable sales generated through the wholesale network were up 2.8%.

The House's sales were down 3.2% in the **fourth quarter of 2018**. However, the response to the 2019 Pre-Fall collection unveiled to the press and to buyers late in the year was very encouraging. This initial stage in Bottega Veneta's transition will be followed in late February by Daniel Lee's first show during Milan Fashion Week.

Bottega Veneta's **recurring operating income** was 17.7% lower year-on-year at €242 million, with the brand selectively stepping up investments in order to prepare its new positioning. Recurring operating margin was 21.8%.



Other Houses: strong momentum

Revenue from Kering's Other Houses passed the €2 billion mark in 2018, totaling €2,109.2 million, an increase of 29.8% as reported and 32.1% on a comparable basis. This excellent performance was led by Couture & Leather Goods, while Watches & Jewelry also posted solid revenue growth.

Sales generated in stores directly operated by the Other Houses soared 43.6% on a comparable basis, with double-digit growth in all key regions. This impressive showing was fueled by stellar performances from Balenciaga and Alexander McQueen. Sales generated through the wholesale network rose 23.6% year-on-year on a comparable basis.

In Couture & Leather Goods, all product categories posted revenue growth in the year. The Jewelry Houses turned in a solid performance, and sales of the Watches brands advanced for the second year in a row.

In the **fourth quarter of 2018**, revenue from the Other Houses climbed 26.0% as reported and 25.5% on a comparable basis, spurred by the continuing exceptional momentum of Balenciaga. In Jewelry, the end of 2018 saw the reopening of Boucheron's historical flagship at Place Vendôme in Paris, timed to coincide with the brand's 160th anniversary. The new store drew an enthusiastic response from both clients and the media.

Recurring operating income from the Other Houses doubled in 2018, to €215 million.

Corporate and other: excellent performance from Kering Eyewear

The "Corporate and other" segment delivered strong comparable growth in **2018 revenue**, up 42.1% to €418.5 million, powered by a robust showing from Kering Eyewear. Kering Eyewear sales added €391 million to consolidated revenue after eliminating intra-group sales and royalties paid to the Group's Houses (€495 million before elimination). Kering Eyewear sales in 2018 were driven by Gucci and by the success of the new Cartier collection.

In total, the negative **recurring operating result** of Corporate and other totals €247.2 million, encompassing Kering Eyewear's positive contribution, as well as the costs associated with the Corporate teams and long-term incentive plans.



Financial performance

Other non-recurring operating income and expenses represented a net expense of €222 million in 2018.

The **cost of net debt** was €77 million, 30.1% lower than 2017. This year-on-year improvement was primarily due to the positive impact of the reduction in the average amount of outstanding bonds and the related average interest rate.

Net finance costs totaled €207.3 million versus €220.2 million one year earlier.

Kering's **effective tax rate** was 24.7%, while its **effective tax rate on recurring income** was 24.2%.

Net income, Group share rose 108.1% over the year to €3,714.9 million.

Net income from continuing operations (excluding non-recurring items), Group share totaled €2,816.7 million.

Cash flows and financial position

The generation of free cash flow from operations is a key financial objective for the Group. In 2018, the Group's free cash flow from operations totaled €2,955 million.

As of December 31, 2018, Kering had a very solid financial structure:

<i>(in € millions)</i>	Dec. 31, 2018	Dec. 31, 2017	Change
Capital employed	11,773.0	15,675.0	(3,902)
Total equity	10,061.6	12,626.4	(2,564.8)
Net debt	1,711.4	3,048.6	(1,337.2)

The Group's net debt totaled €1,711.4 million as of December 31, 2018, representing a decrease of €1,337.2 million compared with the previous year-end (€1,705 million restated for changes in scope). This corresponds to a leverage ratio of 0.4x EBITDA.

	2018	2017
Gearing (net debt/equity)	17.0%	24.1%
Solvency ratio (net debt/EBITDA)	0.4	0.9

Dividend

At its February 11, 2019 meeting, the Board of Directors of Kering proposed to ask shareholders to approve a cash dividend of €10.50 per share for 2018 at the Annual General Meeting to be held on April 24, 2019 to approve the financial statements for the year ended December 31, 2018.

An interim cash dividend of €3.50 per share was paid on January 17, 2019 pursuant to a decision made by the Board of Directors on December 14, 2018.

Subject to shareholders' approval, the cash dividend will have an ex-dividend date of May 2, 2019 (before market opening) and will be paid on May 6, 2019 based on the positions established as of the evening of May 3, 2019.

K E R I N G



Outlook

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

The Group is continuing to implement its strategy focused on achieving same-store revenue growth while ensuring a targeted and selective expansion of the store network in order to strengthen its Houses' operating margins for the long term.

The Group's operating environment remains unsettled with regards to the macroeconomic and geopolitical uncertainties, national trade policies, and fluctuations in exchange rates, events that could impact consumer trends and tourism.

Against this backdrop, in 2019 the Group plans to pursue the strategic measures that it has successfully implemented in recent years, namely rigorously managing and allocating its resources in order to further enhance its operating performance, maintaining a high level of cash flow generation, and continuing to grow return on capital employed.

At its meeting on February 11, 2019, the Board of Directors of Kering, under the chairmanship of François-Henri Pinault, approved the consolidated financial statements for 2018, that have been audited.

K E R I N G



PRESENTATION

A **live webcast** of the presentation of the 2018 Annual Results will be available on **Tuesday, February 12, 2019** at 9:00am (CET) on www.kering.com. The presentation slides and 2018 financial report (pdf) will be made 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 dialing:

French:

Live presentation: +33 (0)1 70 71 01 59

Live passcode: 36762629#

Replay: +33 (0)1 72 72 74 02

Replay passcode: 418820419#

English:

Live presentation: +44 (0)207 194 3759

Live passcode: 12737152#

Replay: +44 (0)203 364 5147

Replay passcode: 418820421#

About Kering

A global Luxury group, Kering manages the development of a series of renowned Houses in Fashion, Leather Goods, Jewelry and Watches: Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, Brioni, Boucheron, Pomellato, DoDo, Qeelin, Ulysse Nardin, Girard-Perregaux, as well as Kering Eyewear. By placing creativity at the heart of its strategy, Kering enables its Houses to set new limits in terms of their creative expression while crafting tomorrow's Luxury in a sustainable and responsible way. We capture these beliefs in our signature: "Empowering Imagination". In 2018, Kering had nearly 35,000 employees and revenue of €13.7 billion.

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K E R I N G



DECEMBER 31, 2018

**CONSOLIDATED FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION**

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2018 HIGHLIGHTS AND ANNOUNCEMENTS SINCE JANUARY 1, 2018

PUMA

Following the approval of the transaction by Kering shareholders at the Annual General Meeting on April 26, 2018, the distribution of PUMA shares to Kering shareholders took effect on May 16, 2018, the payment date for the stock dividend. The distribution to Kering shareholders was made on the basis of a ratio of 1 PUMA share for 12 Kering shares held, in accordance with the terms of the transaction announced by Kering on February 13, 2018, and valued at the opening price of the PUMA share on the Xetra trading platform in Frankfurt (€429.00).

Following the distribution, Kering held 15.70% of PUMA's share capital and 15.85% of its outstanding shares and voting rights, subject to a six-month lock-up period that ended on November 16, 2018.

Stella McCartney

On March 28, 2018, Ms Stella McCartney and Kering jointly announced that they had entered into an agreement for the sale and purchase of Kering's 50% stake in Stella McCartney Ltd to Ms Stella McCartney, who will thus become the sole owner of her brand. The cooperation between Stella McCartney and Kering will continue with the aim of guaranteeing a smooth transition in order to minimize disruptions and maintain the brand's momentum. Kering and Stella McCartney will also continue their close cooperation in the domain of sustainable fashion, with Ms. Stella McCartney remaining a Board member of the Kering Foundation.

Volcom

On April 6, 2018, Kering announced that preparations had commenced for the disposal of Volcom, as the brand no longer constitutes a core asset. This move is consistent with the Group's strategy to fully dedicate itself to the development of its Luxury Houses.

Christopher Kane

On June 21, 2018, Kering announced that discussions were underway with Mr. Christopher Kane about the conditions in which the British designer could take back full control of his eponymous brand. Christopher Kane and Kering wish to continue to collaborate with the aim of achieving a gradual and harmonious transition.

Creative changes at Bottega Veneta

On June 15, 2018, Bottega Veneta announced that it had appointed Daniel Lee as its new Creative Director with effect from July 1, 2018, replacing Tomas Maier who had been with the Italian House since 2001.

Bond redemptions

On March 26, 2018, Kering announced the success of its offer to redeem bonds maturing in 2019, 2021 and 2022 for an aggregate nominal amount of €405 million (excluding accrued interest). On September 28, 2018, Kering redeemed more bonds maturing in 2019, 2020, 2021 and 2022, for an aggregate nominal amount of €370 million (excluding accrued interest). The bonds were redeemed as part of the Group's strategy to actively manage its liquidity and optimize its financing structure.

Stock repurchase program

On October 29, 2018, Kering announced that it intended to repurchase up to 1.0% of its share capital over the following 12 months under the stock repurchase program authorized at the April 26, 2018 Annual General Meeting. An agreement was signed with an investment services provider to put in place a first tranche of the repurchase program, covering a maximum volume of 631,000 shares (corresponding to approximately 0.5% of the share capital), up to an amount of €300 million and at a maximum price per share of €480. The purchases will be carried out over a period not exceeding four months, and the purchased shares will subsequently be canceled.

Kering enters the STOXX 50® European index

On September 24, 2018, Kering joined the Euro STOXX 50® index, one of the major eurozone listed stock indexes. The Euro STOXX 50® comprises the 50 largest listed stocks in the eurozone, in terms of free-float market capitalization. Kering shares have been listed on the Euronext Paris stock exchange since 1988 and have been part of the CAC 40 index since 1995.

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E-commerce internalization strategy

As part of new developments in its digital strategy, Kering announced on November 26, 2018 that after a highly successful and fruitful seven-year partnership with Yoox Net-à-Porter (YNAP), the e-commerce activities handled since 2012 through the YNAP joint venture will transition back to the Group during the first half of 2020.

Appointments and corporate governance at Kering

During 2018, Kering's Board of Directors appointed two new members: Ginevra Elkann, replacing Laurence Boone following her appointment as Chief Economist of the OECD; and Financière Pinault, a corporate director represented by Héloïse Temple-Boyer, replacing Patricia Barbizet. Kering's shareholders will be invited to ratify these two appointments at the next Annual General Meeting on April 24, 2019.

On August 20, 2018, Kering appointed Patrick Pruniaux, Chief Executive Officer of Ulysse Nardin, as CEO of Girard-Perregaux. In his new role, Mr. Pruniaux, who continues to serve as CEO of Ulysse Nardin, heads up the Group's Swiss Luxury Watches Houses and reports to Albert Bensoussan, Chief Executive Officer of Kering's Watches and Jewelry Division.

Also during the year, Kering strengthened its organization in Greater China by appointing Jinqing Cai as President of Kering Greater China, effective from September 10, 2018.

SUBSEQUENT EVENTS

Tax investigation in Italy

In connection with the tax investigation opened in Milan in 2017, Kering announced on January 25, 2019, that an audit unit of the Italian tax authorities had completed a tax audit and delivered a report alleging that Luxury Goods International (LGI), a Swiss subsidiary of Kering, had conducted business activities in Italy that should have resulted in payment of Italian income tax, an assertion that Kering contests. The audit report covers earnings for the years 2011 through 2017, and the estimated claimable tax represents approximately €1,400 million. The report will now be reviewed by the tax authority unit in charge of assessing the findings, which will make its final determination. Kering contests the findings of the audit report in terms of both substance and amount. The Group is confident about the proceedings currently underway and will continue to fully cooperate with the Italian tax authorities in complete transparency in order to defend all of its rights. At this stage of the proceedings, Kering does not have the necessary information to record a specific accounting provision based on a reliable estimate of the tax exposure. The Group confirms that it strictly monitors its tax positions and adopts a prudent approach to assessing its tax exposure, particularly regarding its transfer pricing policy.

Corporate governance at Kering

At its meeting on February 11, 2019, the Board of Directors of Kering appointed Ms. Sophie L'Hélias as independent lead director, with a standard role of, among others, speaking on behalf of the Board on ESG (Environmental, Societal, Governance) matters, in coordination with the Chairman of the Board.

OTHER ANNOUNCEMENTS – RANKING AND CERTIFICATION

Kering collects award for high level of female representation on its Board

On November 28, 2018, Kering collected the "Most Feminine Board of Directors" award in the European Gender Diversity Index published by the European Women on Boards (EWoB) and Ethics & Boards organizations.

Kering ranked in Corporate Knights' 2019 Global 100 Index

As announced at the World Economic Forum in Davos on January 22, 2019, Kering was named the world's second most sustainable company across all industries by the Corporate Knights Global 100 Index for 2019. As further recognition of its continued sustainability leadership, the Group ranked first in the Luxury and Apparel and Accessories sectors for the second year in a row.

K E R I N G



Consolidated income statement

<i>(in € millions)</i>	2018	2017 ⁽¹⁾
CONTINUING OPERATIONS		
Revenue	13,665.2	10,815.9
Cost of sales	(3,467.0)	(2,899.8)
Gross margin	10,198.2	7,916.1
Payroll expenses	(2,080.4)	(1,797.8)
Other recurring operating income and expenses	(4,174.0)	(3,427.6)
Recurring operating income	3,943.8	2,690.7
Other non-recurring operating income and expenses	(222.4)	(164.2)
Operating income	3,721.4	2,526.5
Finance costs, net	(207.3)	(220.2)
Income before tax	3,514.1	2,306.3
Income tax expense	(867.7)	(550.8)
Share in earnings (losses) of equity-accounted companies	11.9	(3.6)
Net income from continuing operations	2,658.3	1,751.9
o/w Group share	2,630.6	1,728.7
o/w attributable to non-controlling interests	27.7	23.2
DISCONTINUED OPERATIONS		
Net income from discontinued operations	1,095.2	113.2
o/w Group share	1,084.3	56.9
o/w attributable to non-controlling interests	10.9	56.3
TOTAL GROUP		
Net income of consolidated companies	3,753.5	1,865.1
o/w Group share	3,714.9	1,785.6
o/w attributable to non-controlling interests	38.6	79.5
EARNINGS PER SHARE		
Net income, Group share	3,714.9	1,785.6
Earnings per share (in €)	29.49	14.17
Fully diluted earnings per share (in €)	29.49	14.17
Net income from continuing operations, Group share	2,630.6	1,728.7
Earnings per share (in €)	20.88	13.72
Fully diluted earnings per share (in €)	20.88	13.72
Net income from continuing operations (excluding non-recurring items), Group share	2,816.7	1,886.6
Earnings per share (in €)	22.36	14.97
Fully diluted earnings per share (in €)	22.36	14.97

(1) Income and expense items relating to PUMA, Stella McCartney, Volcom and Christopher Kane for 2017 have been reclassified to "Discontinued operations", in accordance with IFRS 5.



Consolidated statement of financial position

ASSETS

<i>(in € millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Goodwill	2,399.2	3,421.2
Brands and other intangible assets	7,393.6	11,159.0
Property, plant and equipment	2,228.5	2,267.6
Investments in equity-accounted companies	1,074.7	48.6
Non-current financial assets	336.3	364.3
Deferred tax assets	830.1	964.6
Other non-current assets	34.2	35.4
Non-current assets	14,296.6	18,260.7
Inventories	2,414.7	2,699.1
Trade receivables	849.5	1,366.5
Current tax receivables	90.6	78.6
Other current financial assets	60.9	155.6
Other current assets	899.5	880.3
Cash and cash equivalents	2,216.6	2,136.6
Current assets	6,531.8	7,316.7
Assets held for sale	539.1	-
TOTAL ASSETS	21,367.5	25,577.4

EQUITY AND LIABILITIES

<i>(in € millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Share capital	505.2	505.2
Capital reserves	2,428.3	2,428.3
Treasury shares	(168.3)	-
Translation adjustments	(206.7)	(131.7)
Remeasurement of financial instruments	(97.8)	76.0
Other reserves	7,445.2	9,070.4
Equity, Group share	9,905.9	11,948.2
Non-controlling interests	155.7	678.2
Total equity	10,061.6	12,626.4
Non-current borrowings	3,171.6	4,245.5
Other non-current financial liabilities	3.0	0.7
Provisions for pensions and other post-employment benefits	88.0	125.7
Other non-current provisions	14.2	55.5
Deferred tax liabilities	1,578.6	2,712.2
Other non-current liabilities	40.0	48.8
Non-current liabilities	4,895.4	7,188.4
Current borrowings	756.4	939.7
Other current financial liabilities	553.2	367.6
Trade payables	745.8	1,240.7
Provisions for pensions and other post-employment benefits	8.6	10.7
Other current provisions	255.7	182.4
Current tax liabilities	1,303.3	815.4
Other current liabilities	2,598.9	2,206.1
Current liabilities	6,221.9	5,762.6
Liabilities associated with assets held for sale	188.6	-
TOTAL EQUITY AND LIABILITIES	21,367.5	25,577.4

K E R I N G



Consolidated statement of cash flows

<i>(in € millions)</i>	2018	2017⁽¹⁾
Net income from continuing operations	2,658.3	1,751.9
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	491.9	432.1
Other non-cash income and expenses:	(6.6)	10.3
Cash flow from operating activities	3,143.6	2,194.3
Interest paid/received	186.6	181.4
Dividends received	(1.0)	(0.2)
Current tax expense	1,062.4	749.4
Cash flow from operating activities before tax, dividends and interest	4,391.6	3,124.9
Change in working capital requirement	(51.6)	(35.8)
Income tax paid	(562.0)	(316.0)
Net cash from operating activities	3,778.0	2,773.1
Purchases of property, plant and equipment and intangible assets	(828.0)	(605.2)
Proceeds from disposals of property, plant and equipment and intangible assets	5.2	37.6
Acquisitions of subsidiaries, net of cash acquired	(15.8)	1.6
Proceeds from disposals of subsidiaries and associates, net of cash transferred	-	-
Purchases of other financial assets	(80.3)	(65.1)
Proceeds from disposals of other financial assets	21.9	31.8
Interest and dividends received	5.4	5.2
Net cash used in investing activities	(891.6)	(594.1)
Dividends paid to owners of the parent company	(757.6)	(580.9)
Dividends paid to non-controlling interests	(22.8)	(16.4)
Transactions with non-controlling interests	(2.7)	(27.8)
Treasury share transactions	(167.9)	0.2
Debt issues	73.1	299.4
Debt redemptions/repayments	(1,404.5)	(410.1)
Increase/decrease in other borrowings	(27.9)	(364.4)
Interest paid and equivalent	(192.4)	(184.7)
Net cash used in financing activities	(2,502.7)	(1,284.7)
Net cash from (used in) discontinued operations	(379.1)	87.7
Impact of exchange rate variations	(67.6)	159.8
Net increase (decrease) in cash and cash equivalents	(63.0)	1,141.8
Cash and cash equivalents at beginning of year	1,899.3	757.5
Cash and cash equivalents at end of year	1,836.3	1,899.3

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



Breakdown of revenue

<i>(in € millions)</i>	Q4 2018	Q4 2017⁽¹⁾	Reported change	Comparable change⁽²⁾	2018	2017⁽¹⁾	Reported change	Comparable change⁽²⁾
Total Houses	3,719.8	3,011.2	+23.5%	+23.3%	13,246.7	10,513.3	+26.0%	+29.1%
Gucci	2,336.1	1,824.9	+28.0%	+28.1%	8,284.9	6,211.2	+33.4%	+36.9%
Yves Saint Laurent	488.4	406.9	+20.0%	+19.4%	1,743.5	1,501.4	+16.1%	+18.7%
Bottega Veneta	298.0	305.2	-2.4%	-3.2%	1,109.1	1,176.3	-5.7%	-3.4%
Other Houses	597.3	474.2	+26.0%	+25.5%	2,109.2	1,624.4	+29.8%	+32.1%
Corporate and other	111.5	66.5	+67.7%	+64.9%	418.5	302.6	+38.3%	+42.1%
KERING – Continuing operations	3,831.3	3,077.7	+24.5%	+24.2%	13,665.2	10,815.9	+26.3%	+29.4%

⁽¹⁾ Figures restated for PUMA, Volcom, Stella McCartney and Christopher Kane (IFRS 5).

⁽²⁾ On a comparable Group structure and exchange rate basis.



Revenue for the first, second, third and fourth quarters of 2018

	Q4 2018	Q4 2017 ⁽¹⁾	Reported change	Comparable change ⁽²⁾	Q3 2018	Q3 2017 ⁽¹⁾	Reported change	Comparable change ⁽²⁾	Q2 2018	Q2 2017 ⁽¹⁾	Reported change	Comparable change ⁽²⁾	Q1 2018	Q1 2017 ⁽¹⁾	Reported change	Comparable change ⁽²⁾
<i>(in € millions)</i>																
Total Houses	3,719.8	3,011.2	+23.5%	+23.3%	3,318.2	2,608.9	+27.2%	+27.1%	3,211.0	2,543.5	+26.2%	+31.3%	2,997.7	2,349.7	+27.6%	+36.9%
Gucci	2,336.1	1,824.9	+28.0%	+28.1%	2,096.0	1,553.8	+34.9%	+35.1%	1,986.2	1,478.5	+34.3%	+40.1%	1,866.6	1,354.0	+37.9%	+48.7%
Yves Saint Laurent	488.4	406.9	+20.0%	+19.4%	446.9	383.7	+16.5%	+16.1%	400.0	346.4	+15.5%	+19.8%	408.2	364.4	+12.0%	+19.6%
Bottega Veneta	298.0	305.2	-2.4%	-3.2%	258.9	280.7	-7.8%	-8.4%	291.0	310.0	-6.1%	-2.3%	261.2	280.4	-6.8%	+0.7%
Other Houses	597.3	474.2	+26.0%	+25.5%	516.4	390.7	+32.2%	+32.2%	533.8	408.6	+30.6%	+34.7%	461.7	350.9	+31.6%	+38.6%
Corporate and other	111.5	66.5	+67.7%	+64.9%	83.8	56.3	+48.8%	+43.7%	114.7	86.9	+32.0%	+37.7%	108.5	92.9	+16.8%	+27.2%
KERING – Continuing operations	3,831.3	3,077.7	+24.5%	+24.2%	3,402.0	2,665.2	+27.6%	+27.5%	3,325.7	2,630.4	+26.4%	+31.5%	3,106.2	2,442.6	+27.2%	+36.6%

⁽¹⁾ Figures restated for PUMA, Volcom, Stella McCartney and Christopher Kane (IFRS 5).

⁽²⁾ On a comparable Group structure and exchange rate basis.



Breakdown of recurring operating income

Recurring operating income <i>(in € millions)</i>	2018	2017⁽¹⁾	Change €m	Reported change
Total Houses	4,191.0	2,895.2	+1,295.8	+44.8%
Gucci	3,275.2	2,124.1	+1,151.1	+54.2%
Yves Saint Laurent	459.4	376.9	+82.5	+21.9%
Bottega Veneta	242.0	294.0	(52.0)	-17.7%
Other Houses	214.4	100.2	+114.2	+114.0%
Corporate and other	(247.2)	(204.5)	(42.7)	-20.9%
KERING – Continuing operations	3,943.8	2,690.7	+1,253.1	+46.6%

⁽¹⁾ Figures restated for PUMA, Volcom, Stella McCartney and Christopher Kane (IFRS 5).



MAIN DEFINITIONS

“Reported” and “comparable” revenue

The Group’s “reported” revenue corresponds to published revenue. The Group also uses “comparable” data to measure organic growth. “Comparable” revenue refers to 2017 revenue adjusted as follows by:

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

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

Recurring operating income

The Group’s total operating income includes all revenues and expenses directly related to Group activities, whether these revenues and expenses are recurring or arise from non-recurring decisions or transactions.

“Other non-recurring operating income and expenses” consists of unusual items, notably as concerns their nature or frequency, that could distort the assessment of Group entities’ financial performance. Other non-recurring operating income and expenses may include impairment of property, plant and equipment, goodwill and other intangible assets, gains or losses on disposals of non-current assets, restructuring costs and costs relating to employee adaptation measures.

Consequently, Kering monitors its operating performance using “Recurring operating income”, defined as the difference between total operating income and other non-recurring operating income and expenses.

Recurring operating income is an intermediate line item intended to facilitate the understanding of the Group’s operating performance and that can be used as a way to estimate recurring performance. This indicator is presented in a manner that is consistent and stable over the long term in order to ensure the continuity and relevance of financial information.

EBITDA

The Group uses EBITDA to monitor its operating performance. This financial indicator corresponds to recurring operating income plus net charges to depreciation, amortization and provisions on non-current operating assets recognized in recurring operating income.

Free cash flow from operations and available cash flow

The Group also uses an intermediate line item, “Free cash flow from operations”, to monitor its financial performance. This financial indicator measures net operating cash flow less net operating investments (defined as purchases and sales of property, plant and equipment and intangible assets).

“Available cash flow” corresponds to free cash flow from operations plus interest and dividends received, less interest paid and equivalent.

K E R I N G



Net debt

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

Net debt includes fair value hedging instruments recorded in the statement of financial position relating to bank borrowings and bonds of which the interest rate risk is fully or partly hedged as part of a fair value relationship.

Effective tax rate on recurring income

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