

First-quarter 2014 revenue

- ∞ Revenue up 4% on a comparable basis
- ∞ Strong performance in Luxury: up 13% in directly operated stores
- ∞ Improved trends in Sport & Lifestyle

In the first quarter of 2014, Kering recorded €2.4 billion in revenue, up 4.1% on a comparable Group structure and exchange rate basis and up 1.2% over the first quarter of 2013 as reported.

The Luxury activities posted growth of 6.3% on a comparable basis, with directly operated stores turning in strong performances across all regions. Revenues from Sport & Lifestyle activities remained virtually stable, down by 0.2% on a comparable basis.

François-Henri Pinault, Chairman and Chief Executive Officer, commented: *"The solid performance of our Luxury activities, driven by continued sales growth in our directly operated stores, testifies to both the strength of our brands and the pertinence of our strategy, prioritising brand elevation, in-store excellence and organic growth. In an environment that remains mixed, our Sport & Lifestyle activities are posting improving trends. We are confident that the Group's energy and robust business model, combined with the extraordinary potential of our brands and the motivation of our team, will enable Kering to improve its operating performance in 2014 as a whole."*

<i>(in € million)</i>	Q1 2014	Reported change	Comparable change ⁽¹⁾
Luxury	1,601	+5.1%	+6.3%
Sport & Lifestyle	790	-6.3%	-0.2%
<i>Eliminations and others</i>	7		
Kering - Continuing operations	2,398	+1.2%	+4.1%

⁽¹⁾ Constant Group structure and exchange rates.



∞ Luxury

In the first quarter of 2014, Luxury activities posted revenue growth of 6% on a comparable basis, driven by excellent performances at directly operated stores across all brands (up 13%).

In our directly operated stores, all key regions reported solid growth, both in mature markets (up 14%) and emerging markets (up 12%), with an excellent showing in Japan and positive trends in the Asia-Pacific region.

Wholesale sales were down, reflecting in part the Group's decision to focus its distribution on its directly operated network.

As of March 31, 2014, the store network of Kering's Luxury brands comprised 1,157 units, including eight net new additions during the quarter (of which five were Gucci stores in Russia brought under direct management).

∞ **Gucci**

Pursuing its brand elevation strategy, Gucci posted first-quarter sales growth of 0.3% on a comparable basis, and healthy revenue growth of 6% in directly operated stores. Wholesale sales contracted, reflecting the brand's increasingly selective distribution policy.

In directly operated stores in Japan, where the brand has particularly strong market appeal, Gucci posted excellent growth, owing largely to the success of its brand elevation initiatives over the past several years. In the Asia-Pacific region, sales in directly operated stores were up 2%, with improving trends in Mainland China. Gucci's 3% growth in directly operated stores in North America was partly impacted by tough weather conditions, while in Western Europe sales were hit by reduced tourist flows.

Leather Goods continued their strong showing over the quarter, with particularly good growth in handbags in all regions (up 12% in directly operated stores). Shoes also posted strong growth.

∞ **Bottega Veneta**

Bottega Veneta posted very solid growth in the first three months of 2014 with revenue jumping 15% on a comparable basis, driven by very strong performances in its directly operated stores (up 18%).

While all regions contributed to this performance, sales were particularly brisk in the Asia-Pacific region (up 22% in Mainland China) and Japan.

All main product categories reported growth over the quarter, driven both by the performance of the brand's flagship products (*Intrecciato*), and by the market's enthusiastic reception of recent launched items aligned with Bottega Veneta's DNA. Leather Goods turned in a highly satisfactory performance. Men's collections and Shoes also recorded strong growth.

∞ **Saint Laurent**

Saint Laurent turned in an outstanding first-quarter performance, reporting growth of 27% on a comparable basis, bolstered by sales growth of 72% in directly operated stores. This positive momentum bears witness to the successful roll-out of the brand's new store concept and the particular focus on this distribution channel.

All regions posted excellent results over the quarter.

Leather Goods registered this quarter another exceptional growth, driven by the *Sac de Jour* and *Monogram* handbags lines. Men's and Women's ready-to-wear continued their upward trend driven by great reception of the Spring Summer 2014 collection. The new lines of shoes (*Kitten*, *Catboots*) also proved highly successful.

∞ **Other Luxury brands**

In the first quarter of 2014, Kering's other Luxury brands grew by 8% on a comparable basis, driven by the British designer brands, with Stella McCartney and Alexander McQueen delivering noteworthy performances. Balenciaga continued to grow, with positive results in its directly operated stores. At Brioni, business was solid in directly operated stores, but was hit by a decline in tourism in Western Europe.



In Jewelry and Watches, sales performance improved in the latter part of the quarter. Boucheron recorded good revenue growth in the first months of the year.

∞ **Sport & Lifestyle**

In the first quarter of 2014, while the Footwear market remained under pressure in Western Europe, revenue generated by the Sport & Lifestyle activities remained virtually stable (-0.2% on a comparable basis).

Puma posted encouraging results, with sales down just 0.4% on a comparable basis, both in directly operated stores and in wholesale.

Performance was mixed across regions, with solid performances in Eastern Europe, the Middle East and, to a lesser extent, North America.

Accessories and Apparel were up over the quarter, largely offsetting slower sales in Footwear, although the latter category showed encouraging signs, with improving sell-through in wholesale and the evoPOWER football line meeting with market success.

Business at Volcom picked up over the quarter, especially in directly operated stores in Europe. Electric posted positive revenue growth, mainly attributable to the launch of new product categories.

∞ **Significant events since January 1, 2014**

On December 4, 2013, Kering announced that it had entered into exclusive negotiations with Nathalie Balla and Eric Courteille regarding the acquisition of La Redoute and Relais Colis, supported by a team of managers from these companies. The completion of this disposal was conditional to the approval, by a majority of the labour organisations representing the workforce, of the job protection plan presented by the buyers, which is vital for the future development of the business. This approval was granted on March 24, 2014.

On April 24, 2014, Kering announced the implementation, effective in May 2014, of a more specialised structure for its Luxury activities, comprising of a 'Luxury - Couture & Leather Goods' division under the responsibility of Marco Bizzarri and a 'Luxury - Watches and Jewelry' division under the responsibility of Albert Bensoussan, both reporting to François-Henri Pinault, Kering's Chairman and Chief Executive Officer. Patrizio di Marco, Gucci's President and CEO, will continue to report directly to François-Henri Pinault. This reorganisation will have no effect on the presentation of the Group's financial statements.



AUDIOCAST

Kering will hold an **audiocast** for analysts and investors at **6.00pm** (CET) / 5.00pm (UK) / 12.00pm (US, East Coast) on **Thursday, April 24, 2014**.

Available on www.kering.com (Finance section)

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

France	+33 (0)1 76 77 22 25
UK	+44 (0)20 7138 0815
USA	1 (212) 444 0896

Access code: 5561809

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

PRESENTATION

The slides (PDF) will be available ahead of the audiocast 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, Puma, Volcom, Cobra, Electric and Tretorn. 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 €9.7 billion in 2013 and had more than 35,000 employees at year end. The Kering (previously PPR) share is listed on Euronext Paris (FR 0000121485, KER.PA, KER.FP).

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Appendix: First-quarter 2014 revenue

<i>(in € million)</i>	Q1 2014	Q1 2013	Reported change	Comparable change ⁽¹⁾
Luxury	1,600.7	1,523.4	+5.1%	+6.3%
Gucci	838.1	865.9	-3.2%	+0.3%
Bottega Veneta	250.8	229.0	+9.5%	+14.6%
Saint Laurent	158.0	127.2	+24.2%	+27.1%
Other brands	353.8	301.3	+17.4%	+7.9%
Sport & Lifestyle	789.6	842.7	-6.3%	-0.2%
Puma	730.0	781.6	-6.6%	-0.4%
Other brands	59.6	61.1	-2.5%	+1.5%
<i>Eliminations and others</i>	7.7	4.3		
Kering – Continuing activities	2,398.0	2,370.4	+1.2%	+4.1%

⁽¹⁾ Comparable scope and exchange rates.