



KERING



letter

TO SHAREHOLDERS

OCTOBER 2020

**MESSAGE FROM
THE CHAIRMAN AND CEO**

"The resilience of
our performances
validates our model"

**FIRST-HALF
2020 RESULTS**

€5,378m in revenue
€952m in recurring
operating income

GROUP NEWS

Biodiversity
Governance
Gucci
Qeelin
Bottega Veneta
COVID-19

**MESSAGE FROM
THE CHAIRMAN AND CEO**



Dear Shareholders,

It is fair to say that the first half of 2020 has been the toughest period we have faced – we stand in solidarity with all who are suffering through this situation and acknowledge the remarkable contribution of all our associates.

Our results today underscore the extent of the disruption exacted by the pandemic on our operations. Even more importantly, the resilience of our performances validates our model and supports our confidence that we will come out of this crisis even stronger.

We entered 2020 in a particularly solid position – our global scale, the desirability and agility of our brands, and our values of sustainability and responsibility, all are key assets in weathering current conditions. Our strategic vision is only reinforced by the crisis and, with the benefit of our sound financials, innovativeness and digital expertise, we are pursuing its implementation with consistency and determination.

We would like to thank you, our shareholders, for your continued trust and loyalty.

François-Henri Pinault

FIRST-HALF 2020 RESULTS

Revenue
€5,378.3m
down 29.6% as reported
down 30.1% comparable
(constant scope and
exchange rates)

Recurring operating
income
€952.4m
down 57.7% on first-half 2019

Recurring operating margin
17.7%

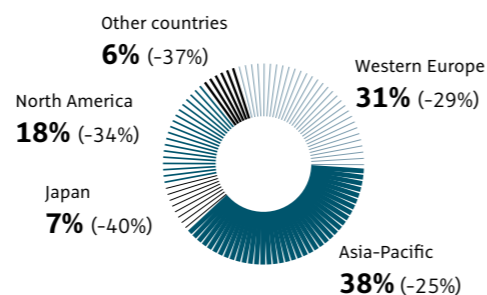
Net income attributable
to owners of the parent
€272.6m

Recurring net income
attributable to owners
of the parent
€569.3m¹

1– Net income from continuing operations attributable to owners of the parent, excluding non-recurring items.

BREAKDOWN OF REVENUE BY REGION

As a % of revenue (% comparable growth)



Consolidated revenue in the first half of 2020 amounted to €5,378.3 million, down 29.6% as reported and down 30.1% based on comparable Group structure and exchange rates.

Due to the health crisis, sales dropped sharply in all operating regions during the period. Revenue in Asia-Pacific fell 25% year on year, with Japan posting a 40% decrease. Sales retreated 29% in Western Europe and 34% in North America.

Recurring operating income amounted to €952.4 million, down 57.7% from the first half of 2019. Recurring operating margin was 17.7%. Operating profitability remained healthy against a backdrop of revenue decline, highlighting the Group's rapid response to the crisis and its capacity to contain costs; cost-saving initiatives are expected to continue bearing fruit beyond the first half.

Attributable net income for the first half of 2020 amounted to €272.6 million, recurring net income (net income from continuing operations excluding non-recurring items) was €569.3 million.

Provisional calendar

Thursday, October 22, 2020
Third-quarter 2020 revenue

Analysis of the results from our Houses

Total revenue generated by Kering's Houses amounted to €5,175.5 million in the first half of 2020, down 29.7% as reported and 30.2% on a comparable basis. Sales from directly operated stores fell 30.9%. Online sales surged 47.2% despite the impact of lockdown measures on logistics operations. Recurring operating income of the Houses fell 55.1% year on year, coming in at €1,063.0 million in the first half of 2020, and resulting in a recurring operating margin of 20.5%.

Gucci



Gucci posted revenue of €3,072.2 million in the first six months of 2020, down 33.5% on a reported basis and 33.8% on a comparable basis. The House had a robust start to the year, with double-digit revenue growth in January. Affected midway through the first quarter and more substantially in the second quarter by the closure of a significant portion of its distribution network, the House regained momentum with local customers in its main markets as stores reopened. Gucci's revenue in the second quarter fell 44.7% on a comparable basis. Recurring operating income in the first-half of 2020 totaled €929.0 million, while the brand's recurring operating margin was extremely resilient, exceeding 30%.

Yves Saint Laurent



Yves Saint Laurent achieved revenue of €681.1 million in the first half of 2020, down 30.0% as reported and 30.6% on a comparable basis. In the second quarter, Yves Saint Laurent's revenue contracted 48.4% on a comparable basis, reflecting the House's exposure to Western Europe and North America. Recurring operating income in the first six months of the year was €102.1 million, and recurring operating margin amounted to 15.0%.

Bottega Veneta



Reflecting the ongoing success of the brand's reinvention, Bottega Veneta had revenue of €503.1 million in the first half of 2020, down 8.4% as reported and 9.5% on a comparable basis. The drop in revenue in the second quarter was contained (down 24.4% on a comparable basis) thanks to positive momentum in the stores that remained open and a rebound in Mainland China and Korea. Bottega Veneta's recurring operating income amounted to €43.6 million in the first half of 2020, and the recurring operating margin was 8.7%.

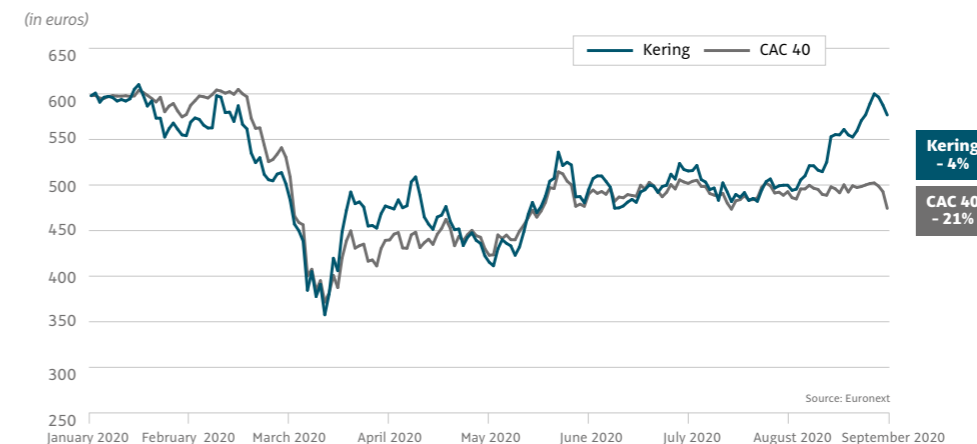
Other Luxury Houses

Revenue from the Other Houses amounted to €919.1 million, down 25.0% as reported and 25.8% on a comparable basis. Balenciaga and Alexander McQueen held firm during the period, with contained revenue declines thanks to the appeal of their creative offering. Qeelin reported revenue growth during the first half of the year, buoyed by a strong recovery in Mainland China. The other Jewelry Houses, penalized by their exposure to Western Europe, delivered very encouraging performances in Asia. In the second quarter of 2020, revenue of the Other Houses was down 44.0% on a comparable basis.

The Other Houses posted negative recurring operating income of €11.7 million in the first half of 2020, with notable disparities across brands. Balenciaga and Alexander McQueen successfully adjusted their operating costs and kept profitability dilution under control. Its resilience, size and maturity, allowed Balenciaga to maintain a double-digit operating margin. Conversely, the Watch Manufactures were heavily impacted by sharp contraction in their market.

Performance of the Kering share

compared to the CAC 40 index (rebased) from January 1 to September 21, 2020



HIGHEST SHARE PRICE
between January 1
and September 21, 2020
€610.20
(on January 17, 2020)

LOWEST SHARE PRICE
between January 1
and September 21, 2020
€357.60
(on March 18, 2020)

MARKET CAPITALIZATION
as of September 21, 2020
€72.8bn

KERING



KERING SETS AMBITIOUS TARGETS FOR PROTECTING BIODIVERSITY

In July, Kering published its first strategy dedicated to biodiversity.

Aligned with the Group's long-term commitment to sustainability, the strategy outlines steps not only to minimize biodiversity loss across the Group's supply chains, but also to protect nature and adopt a "net positive impact"¹ approach to conservation.

Kering is committed to having a net positive impact on biodiversity by 2025, in particular by regenerating and protecting an area around six times the total land footprint of its entire supply chain, all the way back to raw material production, within this time frame.

The new strategy encourages the prevention of biodiversity degradation, the promotion of sustainable and regenerative farming practices favoring soil health, and the protection of global ecosystems and forests that are vital for carbon sequestration. Amongst other initiatives to support its roadmap in favor of biodiversity, the Group has launched the "Kering for Nature Fund: 1 Million Hectares for the Planet" in partnership with Conservation International.

To find out more, visit the Sustainability section of www.kering.com.

¹- A business that has a "net positive impact" on biodiversity is a business whose negative impacts on biodiversity are outweighed by its positive impacts.



THREE NEW DIRECTORS JOIN KERING'S BOARD

Kering's shareholders approved the appointment of Jean Liu, Emma Watson and Tidjane Thiam as Directors during their Annual General Meeting held on June 16, 2020. The complementary and varied backgrounds and skill sets of these three well-known figures will be an asset to the Group, enhancing the quality of the Board's work, as well as contributing toward defining the Group's strategic orientations.

Jean Liu is the President of DiDi Chuxing, the world's largest multi-modal mobile transportation platform. The Board will benefit from her extensive expertise in new tech and her knowledge of the Chinese market. Emma Watson is a British actor and activist. She will bring to the Board her commitment to sustainability and women's rights. Tidjane Thiam, the former Chief Executive Officer of Credit Suisse, will contribute his in-depth financial expertise and knowledge of global markets. Emma Watson has been appointed Chair of the Sustainability Committee, while Tidjane Thiam is the new Chair of Kering's Audit Committee.



- Jean Liu



- Tidjane Thiam



- Emma Watson

COMPOSITION OF THE BOARD OF DIRECTORS FOLLOWING THE ANNUAL GENERAL MEETING OF JUNE 16, 2020:

13

Directors including

50%

independent Directors²

58%

women²

5

different nationalities

51

average age of Directors

²- In accordance with the recommendations of the AFEP-MEDEF Code, this percentage does not include Directors representing employees;

GUCCI

GUCCI STEPS UP ITS COMMITMENTS TO PEOPLE AND PLANET



GUCCI EQUILIBRIUM

Gucci launched its *Equilibrium* website (equilibrium.gucci.com) in 2018. Defined by the two pillars, People and Planet, equilibrium.gucci.com encompasses Gucci's commitments and actions to reduce its environmental footprint and protect nature, while supporting people's rights and championing inclusivity and respect, so that everyone in the global Gucci community is free to express their authentic, diverse selves.

In June 2020, Gucci published its 2019 Environmental Profit and Loss (EP&L) results, revealing a substantial reduction (21%) for its total environmental impacts year on year. It was also the occasion to refresh its *Equilibrium* website and to underline the House's ongoing commitment to generate positive change for people and our planet. The next generation of Gucci *Equilibrium* aims to inspire and unify a community of voices to join the conversations around topics that are increasingly critical today.

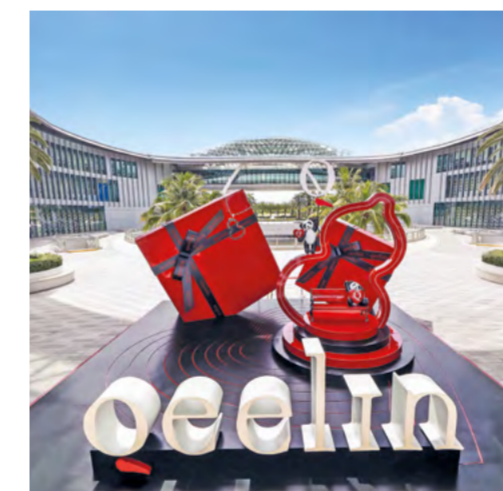
GUCCI OFF THE GRID

Another initiative to reduce environmental footprint was launched in June 2020: the Gucci *Off the Grid* collection.

Gucci is establishing new ways of drawing on sustainability to power creativity and underline the House's values, moving away from fashion's traditional, linear model and supporting a new vision in which circularity is not the exception for design and creation, but integrated as part of the process.

As the first collection in Gucci Circular Lines, *Off The Grid* champions the regeneration of materials and textiles, wasting less and minimizing the use of new resources. The five product ranges covering accessories, ready-to-wear and travel pieces are made of recycled, regenerated, organic, bio-based and sustainably sourced materials.

NEW POP-UP STORE CONCEPTS IN ASIA-PACIFIC



qeelin

Over the summer, Qeelin introduced "Powerful Love", a month-long pop-up store located at Sanya Haitang Bay International Shopping Complex in Hainan, China. On that occasion, Qeelin debuted the brand new *Xiao Q* bracelets collection at its Sanya duty free boutique and this modern installation portraying Chinese cultural symbols was a star attraction for visitors. Qeelin invited everyone to visit its iconic installation that interpreted the beauty of Chinese cultural symbols with an artistic modern twist to experience the "Powerful Love" the brand delivers. The unveiling of the "Powerful Love" installation, and the debut of the new *Xiao Q* collection in Sanya were an expression of the love and positivity that Qeelin brings to this island located at the maritime silk road, the hub with the best of east and west fashion. Qeelin is known for its unique contemporary jewelry designs that translate Chinese culture with trendy expressions in its mission to pass on the rich heritage of Chinese symbolism to future generations.

BOTTEGA VENETA

During the summer, Bottega Veneta launched a new pop-up concept, *The Invisible Store*, at Plaza 66 in the heart of Shanghai.

Open from July 1 to 18, 2020, the space, designed by Creative Director Daniel Lee, transcended the idea of physical limitation, reflecting the true essence of Bottega Veneta; discretion, sensuality and joy. Subverting the idea of perception, the tension between the seen and unseen was realized in magnificent form. Rebelling from a world of loud and visible branding, the made-you-look-twice facade goes almost entirely unseen, camouflaged by the reflections of looged windows and signs inside the luxury mall's atrium.

Measuring over 100 square meters, the store showcased a selection of pieces from the Pre-Fall 2020 collection for both men and women, including ready-to-wear, bags, small leather goods, shoes, jewelry and eyewear.



GROUP NEWS



FULLY ENGAGED IN THE FIGHT AGAINST COVID-19

The Group has introduced a series of measures to ensure the safety and protect the health of its employees and customers across the globe. Since January, Kering and its Houses have also launched a number of initiatives to help combat the COVID-19 pandemic, assist healthcare professionals and institutions, and support those affected. Given the scale of the crisis, the Group has been active in many regions, adapting its support to local needs.

SHAREHOLDERS' NOTEBOOK

Contact information

For all requests regarding the management of shares held in direct registered form,* CACEIS is your point of contact:

CACEIS Corporate Trust

14 rue Rouget de Lisle
92862 Issy-les-Moulineaux, Cedex 9 - France
Phone: +33(0)1 57 78 34 44
Fax: +33 (0)1 57 78 32 19
E-mail: ct-contact@caceis.com

For any other queries, please contact Kering's Investor Relations department:

Kering

Kering Financial Communications department
40 rue de Sèvres
75007 Paris - France
Tél.: +33(0)1 45 64 65 64
E-mail: actionnaire@kering.com

NB: the trade order form is available for download at www.kering.com/en (Finance/Shareholders information section).

* If you own administered registered shares, the financial intermediary who manages your account remains your point of contact.

GENERAL DATA PROTECTION REGULATION

In accordance with France's data protection law (*Informatique et Libertés*) of January 6, 1978 (as amended) and the EU General Data Protection Regulation of April 27, 2016, you have the right to access, rectify and erase your personal data, and to restrict or object to the processing of that data, as well as the right to data portability, under the conditions set forth in the applicable legislation. To exercise your rights, please contact us at the following address: actionnaire@kering.com. For more information, please consult our Privacy Policy at <https://www.kering.com/en/legal/>. Should you no longer wish to receive Kering's Letter to Shareholders, please contact us by post or email (see "Contact information" details above).

Kering – Société anonyme (a French corporation) with a share capital of €505,117,288 — Registered office: 40 rue de Sèvres — 75007 Paris, France — 552 075 020 RCS Paris — Phone: +33 (0)1 45 64 61 00 — www.kering.com/en

Published by the Kering Financial Communications department.

Design and production: **côté corp.** Photo credits: **Cover:** © Eric Sander – **Portrait of François-Henri Pinault:** Carole Bellaïche – **Gucci:** Fall/Winter 2020 advertising campaign – Nina Lou Giachetti for Elephant At Work – Portrait of Emma Watson: ©Carter Bowman – MP5 – Harmony Korine – Qeelin – Tyrone Lebon – Yu workshop – #KeringForYou by Soledad – Balenciaga – Saint Laurent.