



ACTIVITY REPORT

2015



KERING

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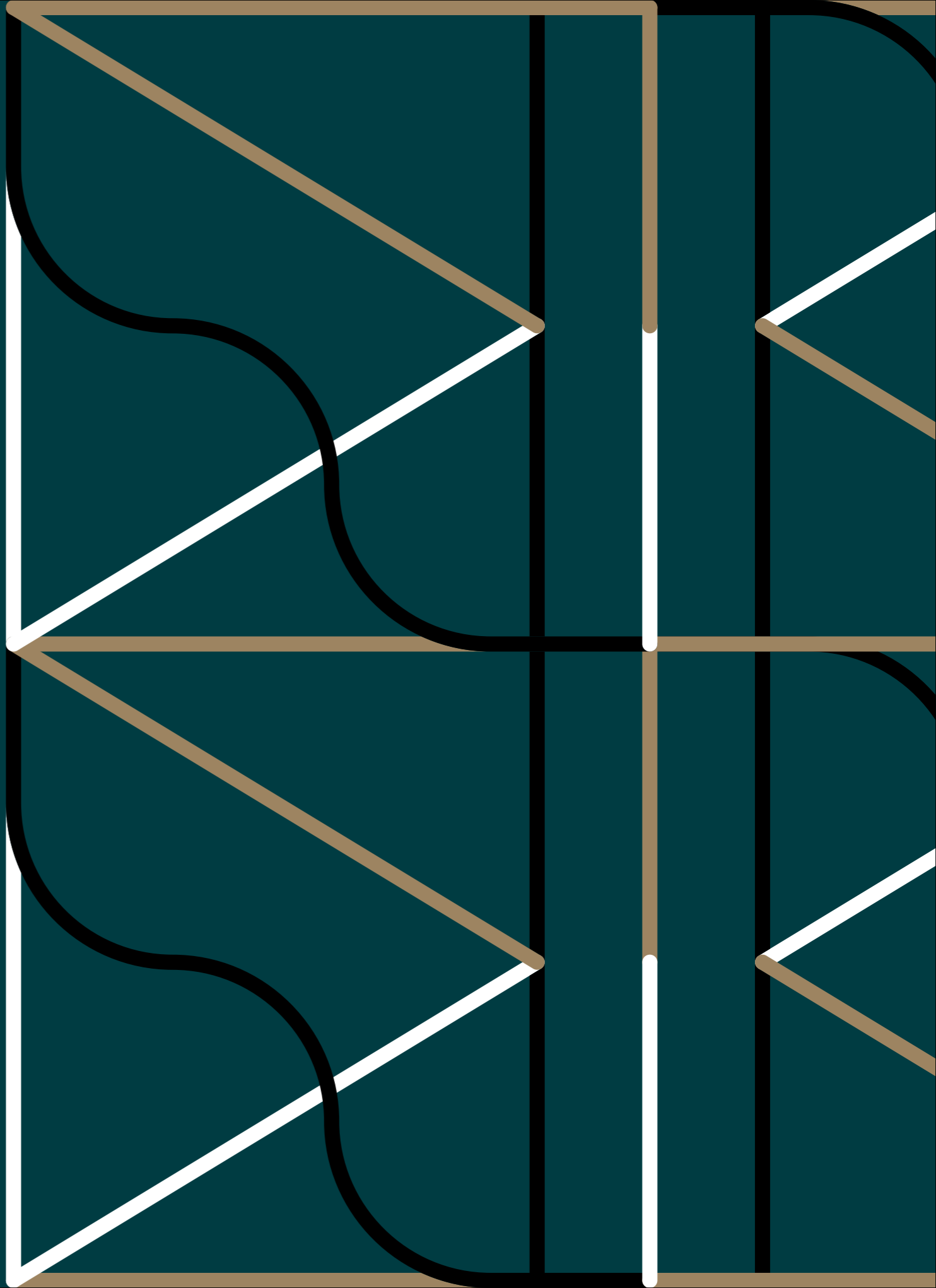
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KERING GROUP





CEO and Chairman of the board of directors

The world experienced some major upheavals in 2015, notably a slowdown in Chinese growth, turbulence in financial markets, and renewed geopolitical tensions. Despite this context, Kering recorded a solid performance bolstered by dynamic sales and improved operating results in the second half of the year, with consolidated revenue up 15.4% to reach €11.6 billion.

We have created one of the first global Luxury and Sports groups. It is based on creativity and innovation and devoted to sustainable development. The wealth of our brands is encompassed by: our passion for beautiful products boldly created without fear of taking creative risks, but with absolute respect for the tradition of the brand; the quality of each product; the strength of its ingenuity; and its relevance to the collection.

Our goal is the continued growth of our business by transitioning to a new phase in our development. In recent years, we have capitalised on a strong growth cycle to strengthen our portfolio of brands and extend our distribution network. We are now present in the most important cities and locations in the world. Our priority is to draw further value from all of this.

With this in mind, our strategy is based on four main areas of focus:

—

A multi-brand model: based on a coherent group of brands, each with their own expertise but targeting complementary customer bases. Our brands have reached different levels of maturity and therefore benefit from varying growth profiles.

—

Organic growth as a priority: the sectors in which our Group is positioned are structurally buoyant;

“The wealth of our brands is encompassed by our passion for boldly created beautiful products.”

our brands share a powerful creative output, which accounts for their desirability; they boast a global network of stores and we are making it our priority to improve their productivity. Finally, the digital sphere is both a powerful vehicle for image dissemination and a key resource for encouraging customer loyalty, which is essential for healthy and sustainable organic growth.

—
Value creation: we must develop and intensify this aspect through the organisational structures and working methods we have introduced. It is an ongoing process; likewise, we are creating the conditions necessary for the continual improvement of our operational and financial performance.

—
Sustainable development: this goal underpins all our actions, and our commitment contributes as much to our performance as to our image. Five years ago, we set ourselves a

series of environmental and social targets that have propelled us forward. Our environmental profit and loss account, which we openly share, has earned us recognition as a leader. We are channelling our creativity into our environmental responsibility.

In 2015, we have worked to redefine our strategies and operational methods. We have strengthened the positioning of each of our brands. We have consolidated our central organisational structure. And we have continued to adapt our network of stores.

For our Luxury activities, 2016 will be characterised by a particular focus on achieving same-store revenue growth, with a targeted and selective expansion strategy for the retail network, which will lead to a slower pace of store openings. At Gucci, the changes introduced since 2015 in terms of product creation and offering

“I have complete confidence in the work of our creative teams and the commitment of all our employees to pursue our growth trajectory in 2016 and beyond.”

will be stepped up and should be fruitful over the course of the year.

As regards our Sport & Lifestyle activities, PUMA expects to capitalise on its successful repositioning and achieve further growth in both revenue and recurring operating income.

In an unsettled macroeconomic environment, with currency fluctuations that could once again lead to volatility in the short term, Kering intends to pursue its strategy of rigorously managing and allocating its resources in order to enhance operating performance, cash-flow generation and return on capital employed.

I have complete confidence in the work of our creative teams and the commitment of all our employees to pursue our growth trajectory in 2016 and beyond.

JANUARY

- Alessandro Michele is appointed creative director of Gucci.



- The Kering Foundation and Women's Aid charity sign a charter to prevent and combat domestic violence in the UK.

MAY

- During the 68th Cannes Film Festival, Kering and the Festival launch *Women in Motion* — a programme designed to highlight the contribution of women to cinema.

- Kering publishes the results of its Environmental Profit and Loss (E P&L) account and openly shares its methodology to promote environmental awareness and action, within and outside the industry.

JUNE

- Gucci presents its 2016 *Cruise* collection in New York.

JULY

- Kering Eyewear unveils its first collection — *Collezione Uno* — in Venice.
- Saint Laurent opens its Salons de Couture at 24 rue de l'Université, in the Saint-Germain-des-Prés area of Paris.

SEPTEMBER

- For the second year running, Kering leads the 2015 Dow Jones Sustainability Indices (DJSI) in the Textiles, Apparel & Luxury Goods sector for the World and Europe categories.

- For the third year in a row, Kering and *Vogue Italia* renew Empower Talents — a programme designed to help young people seeking careers in luxury gain valuable experience through internships.

OCTOBER

- Demna Gvasalia is appointed artistic director of Collections at Balenciaga.

NOVEMBER

- Kering and Business for Social Responsibility (BSR) — a global not-for-profit network of companies and experts dedicated to sustainable development — publish a report exploring the impact of climate change on the luxury sector and its agenda for resilience.

- The Kering Foundation conducts its fourth annual White Ribbon for Women campaign on The International Day for the Elimination of Violence against Women. Badges designed by Stella McCartney are distributed in 41 countries and a social media effort, using the hashtag #BeHerVoice, raises awareness for the cause.

DECEMBER

- The first Alexander McQueen flagship in Paris opens at 372 rue Saint-Honoré.

SINCE ITS FOUNDING IN 1963, KERING HAS CONTINUED TO CONSTANTLY REINVENT ITSELF, SEEKING GROWTH AND VALUE CREATION GUIDED BY AN ENTREPRENEURIAL SPIRIT.

BETWEEN 2005 AND 2014, KERING UNDERWENT A MAJOR STRATEGIC SHIFT, TRANSFORMING FROM A DIVERSE CONGLOMERATE INTO A COHESIVE GROUP SPECIALISED IN LUXURY AND SPORT & LIFESTYLE AND ENTIRELY DEDICATED TO A COMPLEMENTARY PORTFOLIO OF APPAREL AND ACCESSORIES BRANDS.

THE GROUP'S STRATEGIC VISION INVOLVES FOCUSING ITS FUTURE DEVELOPMENT ON SECTORS WITH HIGH AND SUSTAINABLE GROWTH, BY CAPITALISING ON CHANGES IN THE GLOBAL ECONOMY AND HARNESSING THE POTENTIAL AND GROWTH CYCLES OF EMERGING AND MATURE MARKETS. THE DECISION TO CHANGE THE GROUP'S NAME FROM PPR TO KERING IN 2013 REFLECTS THIS TRANSFORMATION.

A COLLECTION OF POWERFUL AND COMPLEMENTARY BRANDS

In parallel to the final phasing out of its distribution activities, the Group has embarked on an ambitious new phase in the last few years to expand and develop its portfolio of Luxury and Sport & Lifestyle brands. This first phase, implemented until 2015, resulted in both organic growth for the Group's brands and targeted acquisitions, which in turn enabled Kering to build a collection of powerful, complementary brands.

Adopting a multi-brand model is beneficial in many respects. Taken individually, each brand has its own distinctive identity, particular expertise, specific positioning and strong growth potential, enabling it to reach critical mass on a global scale. Together, the brands form a coherent and complementary portfolio, particularly in terms of market segments, stages of maturity and geographic anchoring. There is no competition between the brands, but rather a focus on identifying and harnessing synergies.

From a financial and operational point of view, Kering's balanced and diversified business model enables the Group to withstand economic fluctuations that could affect business segments or regions, and to combine growth and profitability.

AN INTEGRATED GROUP STRUCTURED TO CAPITALISE ON ALL GROWTH LEVERS

Kering sets the strategic and financial framework within which each brand operates and provides the structure, organisation and means to support and boost the long-term development of its brands.

Initially, Kering introduced a number of centralised divisions for its Luxury brands, such as property, e-business, indirect purchasing, intellectual property, strategic marketing and media buying, to support their growth, particularly abroad. Shared services platforms were also set up in the Group's three biggest business regions: Europe, America, and Asia-Pacific.

More recently, new structuring steps have been taken on the road to becoming an integrated Group.

In 2014 and 2015, Kering further adapted its organisation to better reflect the specialisations of the Group's Luxury brands, and to incorporate an operational strand in the running of its businesses. Two new divisions were thus set up:

- Luxury – Couture & Leather Goods division, comprising Gucci, Bottega Veneta, Saint Laurent, as well as so-called emerging brands: Alexander McQueen, Balenciaga, Brioni, Christopher Kane, McQ, Stella McCartney and Tomas Maier.

- Luxury – Watches and Jewellery division, encompassing Boucheron, Girard-Perregaux, JeanRichard, Pomellato, Dodo, Qeelin and Ulysse Nardin.

In 2013, the Group began reinforcing its upstream positioning in the Luxury value chain through targeted acquisitions of leather tanneries to secure its supply of raw materials. In addition, the logistics of its Couture & Leather Goods brands and its ready-to-wear prototyping, which have been centralised for a long time, were placed under the direct governance of Kering in 2015, which now manages these activities.

In 2015, Kering also launched Kering Eyewear, a key strategic initiative aimed at developing in-house expertise in the eyewear industry for its Luxury and Sport & Lifestyle brands.

Finally, in the digital and e-business spheres where customers are increasingly connected, mobile and sensitive to a seamless shopping experience, Kering's teams set out a cross-channel services strategy adapted to the characteristics of each brand, featuring a medium-term omnichannel vision that aims to improve the customer experience in both physical and online stores.

SUSTAINABLE DEVELOPMENT AT THE HEART OF KERING'S STRATEGY AND THAT OF ITS BRANDS

Kering's profound transformation over the last few years has been driven by the deeply held belief that the success of a company lies in its willingness to consider social and environmental factors. Sustainable development allows the Group to create value. In the medium to long term, it provides structural competitive advantage, generating new opportunities for sales development, innovation and, often, cost reduction. It also contributes to the motivation of employees, enabling the Group to attract and retain the best talent.

Today, sustainable development is a key component of Group brand strategy. Kering acts as a catalyst, encouraging its brands to develop products that are ever-more innovative, of high quality, appealing and sustainable.

PARTNERSHIPS WITH THE BEST UNIVERSITIES

— Kering strives to attract, develop and retain the most imaginative talent across all of its businesses and activities. We help identify and nurture future stars of the fashion and luxury industries by working closely with various schools and universities around the world.

For the past three years, the Group has partnered with Parsons School of Design in the US on a competition that rewards gifted graduate students from the Fashion Design Programme with an internship at one of our brands.

As a partner of the ANDAM Fashion Award in France, Kering supports talented designers ready to embark on a career in fashion.

Kering also continues its partnership with the top business school HEC Paris via the Luxury Certificate, which has helped more than 250 students from all backgrounds gain a thorough understanding of our sector.

LEADERSHIP DEVELOPMENT PROGRAMME

— In 2015, Kering invited three sets of participants from its Luxury and Sport & Lifestyle brands to take part in the Leadership Development Programme designed for future leaders. The 18-month programme gives participants the chance to work on their personal development, share professional experiences and improve their understanding of the Group's strategic challenges.

Each session concludes with a final project involving a socially-conscious organisation – one that promotes a social and solidarity-based economy. One of these final projects in 2015 involved support for a local natural silk production business in Cambodia that advances the employability of female victims of violence.

34,697 The total number of Kering employees in **62** countries (average number)

KLM LIVE — KLM Live is an innovative approach to encouraging employee ownership of the Kering Leadership Model. In 2015, Kering's entire employee population was invited to form teams and post creative interpretations, such as video and pictures, of the Kering Leadership Model to the Group's intranet site.

More than 1,000 employees, representing all brands and countries, took part in the process. Their creative expressions were shared electronically across the company (generating nearly 7,000 'likes'), showcasing the Group's diversity and confirming the universal acceptance of our Kering Leadership Model.

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The percentage of Group managers who are female; **33%** of our executive committee members and **36%** of our board of directors are women.

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The number of years Kering has conducted an all-employee opinion survey. Our 2015 campaign achieved a **79%** participation rate, up **8%** over 2014.

Kering empowers its employees to fulfil their potential by developing their skills and performance in the most imaginative ways possible. Among other things, the Group helps its brands flourish by sharing best practices across the enterprise and providing a shared talent pool.

Human resources

Kering continually invests in development tools and programmes to give our employees the support they need to go beyond their natural limits, personally and professionally.

Our evaluation processes encourage employees to express their desires for training, development and career advancement. We ensure that professional development and career-path opportunities are available across all brands and in every country where we operate.

EVERYONE CAN AND SHOULD BE A LEADER At Kering, we believe that everyone can and should be a leader, whatever their role or position in the company. We put this belief into action through a creative and ambitious approach adopted by all of our divisions.

The Kering Leadership Model (KLM) applies to all brands and countries and defines what it means to be a leader at Kering: it is a shared language that enables us to achieve success together. KLM serves as a compass, with four themes: Create with a vision, Drive and deliver, Engage with all and Build from heritage to legacy. Finding the right balance among these themes – in terms of how to behave and perform tasks – allows employees to be more creative, develop their careers, exceed their goals and, ultimately, contribute to sustainable performance.

A LANDMARK EMPLOYER FOR WOMEN Five years ago, Kering launched its Leadership and Gender Diversity programme to facilitate greater equality between women and men within the Group.

Encouraging the progression of talented women within the organisation is one of the Group's top priorities. The second instalment of the Kering mentoring programme in France, which featured 78% female mentees and came to a close in late 2015, was so fruitful that a third edition is now scheduled to launch in the coming months. At the end of 2015, the mentoring programme was extended to the Asia-Pacific region and will be rolled out in the UK and Italy in 2016.

K MAGAZINE KNITWEAR: YOUTH STITCHED UP — A recent exhibition at London's cutting edge Fashion and Textile Museum celebrated graduate talent in knit design. All educated in UK colleges, they were selected by London College of Fashion knitwear expert Sandy Black who's also a sustainable fashion champion. She put our K reporter in the loop.

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A fairly small room, no larger than 15m², in south London is bursting with knitwear talent, many of whom have had – or will have – a global influence. We're visiting *Visionary Knitwear*, a display of bold knitting designs of the last ten to fourteen years.

Represented are already established figures like Mark Fast and Julien McDonald, often known for his cobweb confections. It was McDonald who *"re-invented knitwear – for Karl Lagerfeld, and made it sexy and glamorous again"*, according to curator Sandy Black. Canadian Mark Fast, known for his bodywear *"a celebration of form"*; is also featured, as is Sibling, who previously produced knitted garments for Alexander McQueen catwalks, amongst others. Also featured are London College of Fashion (LCF) graduates such as Matthew Ghabrial (menswear) and Brazilian Lucas Nascimento, with his understated designs, *"using and adapting industrial knitting techniques but making it not look like knitwear"*.

Newer names include Katie Jones who's interested in 'upcycling' old Aran sweaters, for example, and Craig Lawrence who collaborated with Gareth Pugh and experiments with unusual knitting materials such as police tape. But that's the point: all 20 designers have been chosen by Black for their risk-taking approach and each *"has her or his own hand writing"*. That's why she believes they are all worth celebrating. She's also convinced it's no coincidence all have been educated in Britain,

a country appreciated for its inventiveness and high standards of fashion education.

In fact, the Fashion and Textile Museum was founded by eccentric English designer Zandra Rhodes in 2003, and is housed in a modern building designed by Mexican architect Ricardo Legoretta. It's quirky but somehow manages to fit into the traditional urban fabric of trendy Bermondsey. The museum is part of Newham College of further education, one of several London institutions offering courses on fashion, including sewing, tailoring and garment production.

PURLS OF WISDOM

You could say Sandy Black herself had an unconventional entree to knitting. Professor of Fashion and Textile Design and Technology at London College of Fashion since 1998, Black originally studied mathematics. It was whilst doodling Noddy and Big Ears characters on graph paper as a student that she became inspired by the fact that, *"You could knit almost anything; I was fascinated by the range and diversity that knitting technology could offer"*. Black has made a life's work out of celebrating, educating and championing knitwear, including a period when she had her own, eponymous brand. A renowned expert, she has written several books, including the seminal *Knitting: Fashion, Industry, Craft* (V&A Publishing) and *Knitwear in Fashion* (Thames and Hudson).

"Clothing now fits everybody and no body at the same time."

Sandy Black
Knitting expert at London College of Fashion

All of which explains her enthusiasm for the exhibition, *"It's important to bring it up to date and show contemporary knitting in the twenty-first century"*.

Despite being an eminent academic, she can explain the finer points of production processes in every-day language that even your K journalist can understand. Thus, whilst weaving involves threads that interlock in two directions, weft and warp, knitting only has one: an inter-looping of one continuous yarn. *"Knit one, purl one"* represents knitting from the front and back, *"simply put"*. Crocheting is similar to knitting but is more *"looping or chain stitching"* with one loop and a continuous thread, and uses a hook rather than needles. Glad we've got that sorted out.

Black has also published *Eco-Chic:*

"You could knit almost anything; I was fascinated by the range and diversity that knitting technology could offer"

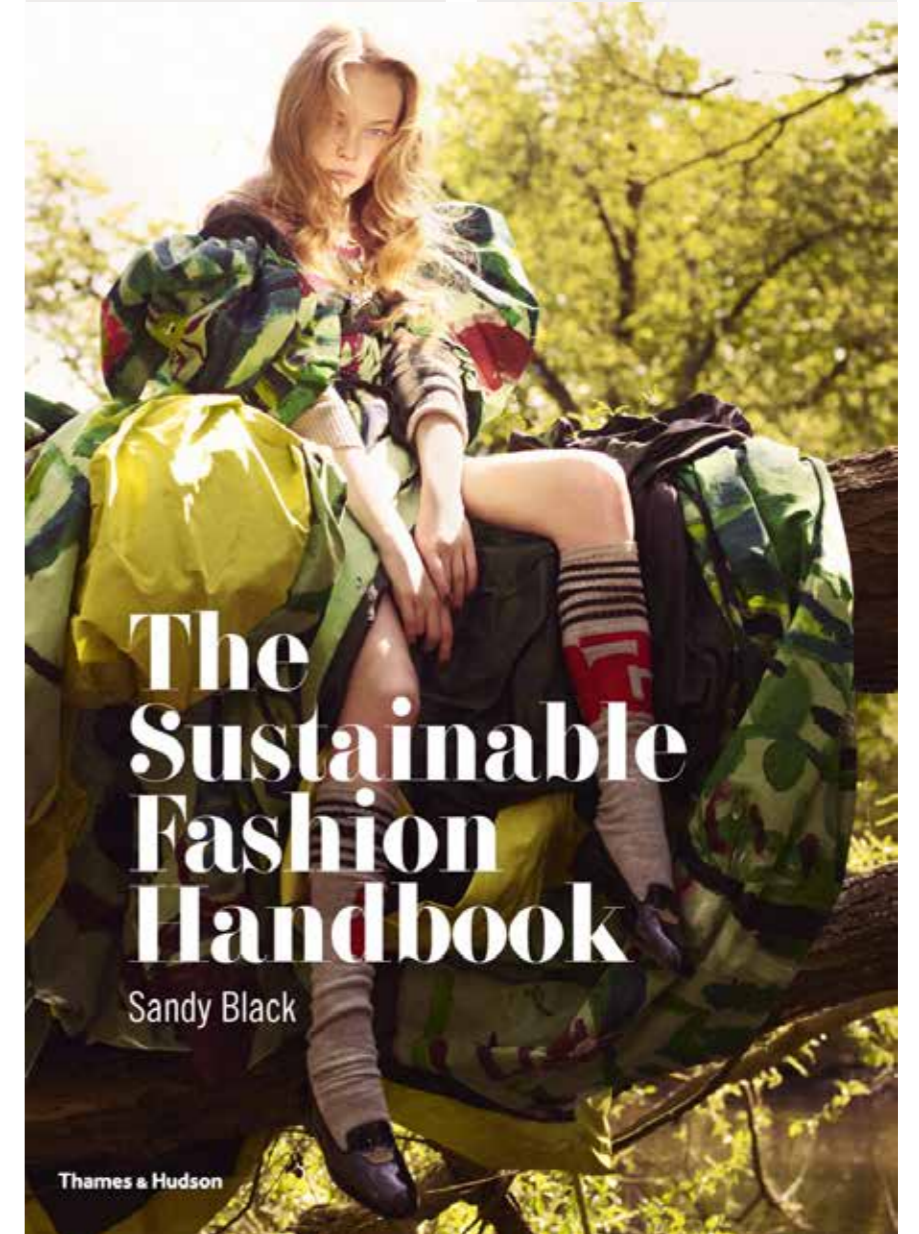
Sandy Black

The Fashion Paradox (Black Dog) and *The Sustainable Fashion Handbook* (Thames and Hudson). With statements from designers such as Stella McCartney, the latter is internationally considered as "the bible" on the subject. In fact, nowadays, *"Everything I do is underpinned by sustainability"*. A founding member of the University of the Arts' Centre for Sustainable Fashion (hosted at LCF), she focuses on inter-disciplinary research in the context of sustainability: *"the intersection of design, arts, science, craft and technology"*. Especially when it can lead to innovation in fashion and textile design and in knitwear, in particular. That maths degree wasn't wasted.

THINKING AT THE RATE OF KNOTS

A brief trawl through current post-graduate study titles under her aegis reveals the breadth and depth of her interest. They vary from *Crocheting cultures: pattern notation, handcrafting techniques and gender in Europe* to *The materiality of rubber artefacts from the Amazon rainforest in design and crafts*. And from the general to the specific: *Block pattern adaptation for Greek female adolescents with scoliosis of the spine: an investigation into the feasibility of incorporating body shape asymmetry into sizing systems to improve garment fit*.

Recently completed theses include *The modern woman's business suit – an*



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investigation into incorporating freedom of movement in the block-pattern construction for soft-tailored, mass-produced womenswear.

Black talks passionately of "considerate design" and the need to examine longevity and lifecycle issues, after care – such as the frequent washing of clothing, and its environmental impact. It explains why she's fascinated by – and encourages – experimentation in the search for a more sustainable approach to fashion.

Such as developing *Knit to fit*. As fashion is becoming faster and cheaper, it's becoming more wasteful, *"Clothing now fits everybody and no body at the same time"*.

Black hit on the idea of using three-dimensional scanning to take (linear and circumferential) body measurements for

3D knitting. This not only minimises the manufacturing steps but also reduces waste, as garments are made, in one piece, to fit the individual's shape. It combines the benefits of bespoke clothing and economical, mass customisation, *"You should soon be able to take your personal details into any store and, matching them with your preferences, find knitwear that suits almost perfectly"*. It's customer – rather than supply – driven fashion.

Black is convinced that questioning the conventional approach to the fashion industry and effecting a close working relationship between science, design and production technology are essential to producing a more sustainable world. And who better to act as catalyst in this to harness young, innovative talent than her?

ENGAGING EMPLOYEES — Each year Kering organises the Kering Sustainability Awards, a competition that is open to all Group employees. Regardless of their profession, employees can submit a team project outlining a more efficient process or a more sustainable product. In 2015, Kering chose to honour the projects nominated for the 5th Sustainability Awards by organising a prize-giving ceremony in Hong Kong. François-Henri Pinault shared his vision of sustainability with over 200 guests, including journalists, corporate leaders and prominent figures from the education and NGO sectors whilst as a backdrop to the event, an imaginative exhibition was designed to highlight the Group's flagship initiatives, such as its Python Conservation Partnership or the Materials Innovation Lab.

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RAISING ENVIRONMENTAL AWARENESS — Kering co-produced the latest film by director Luc Jacquet, *Ice and Sky*, which recounts the adventures of French climatologist and glaciologist Claude Lorius, one of the first scientists to discover the phenomenon of global warming. The co-production of this feature-length film demonstrates the Group's commitment to both sustainability and cinema – Kering has been an official partner of the Cannes Film Festival since 2015. The Group's support for this film also reflects its convictions about the importance of education and the need to raise environmental awareness, in addition to the need to adopt more sustainable practices. It is a stance that took on particular significance in 2015 in light of the COP21 climate change conference in Paris. A preview of *Ice and Sky* was held in Paris in October, and it was shown as the closing film at the 68th Cannes festival.

INSPIRING FUTURE GENERATIONS Convinced that sustainability will play an increasingly vital role in the fashion industry, Kering is committed to fostering an ongoing dialogue with future generations and talented young professionals. In 2014, for example, the Group sealed a five-year partnership with Centre for Sustainable Fashion at London College of Fashion (LCF), to promote sustainable fashion design and innovation in the industry around three core projects: an annual Kering Talk featuring experts and leaders in the fashion industry; a Kering Award for Sustainable Fashion competition open to LCF students; and the joint development of teaching modules for the Sustainable Design programme. For the second year of the partnership, Kelly Slater, world surfing champion, entrepreneur and creator of the men's ready-to-wear brand Outerknown, was the guest of honour at the Kering Talk on sustainable fashion. In the same vein, Kering also teamed up with Tsinghua University in China, Parsons School of Design and The Fashion Institute of Technology in the US.

N°1 Kering's rank in the Textile, Apparel & Luxury Goods sector of the Dow Jones Sustainability Indices World & Europe for the second year running.

220 kg The amount of ethical gold purchased by Kering's Luxury brands in 2015 through a unique purchasing platform set up at Group level.

93 % The total environmental impact linked to Kering's supply chain, with half related to the production of raw materials.

Led by the conviction of François-Henri Pinault that sustainable business is smart business, Kering has placed sustainability at the heart of its business strategy. Kering and its brands have set themselves clearly defined and ambitious targets, which will pave the way for innovative business models that will secure the Group's long-term success. The exceptional products that Kering brands offer their customers must be equally outstanding in terms of their quality, social and environmental standards.

Sustainable business is smart business

KERING PUBLISHES ITS ENVIRONMENTAL PROFIT & LOSS ACCOUNT A core Group commitment, the Environmental Profit & Loss Account (EP&L) is an innovative tool developed by Kering to measure and monetise the environmental impact of its own operations and its supply chains. In 2015, Kering released the results of its Group-level EP&L for the years 2013 and 2014. These initial results confirm the pertinence of the Group's strategy specifically designed to reduce the main impacts highlighted by the EP&L. Key insights revealed by the EP&L include the fact that 93% of the total environmental impact is attributable to the supply chain, half of which is related to the production of raw materials, and that 35% of the Group's total environmental impact comes from greenhouse gas emissions. These results are detailed in reports published on the Group's website, along with the EP&L methodology. This deliberate 'open source' approach is designed to encourage other firms in all sectors to adopt similar natural capital accounting systems.

KERING BRANDS CONTINUE TO DEVELOP MORE SUSTAINABLE PROCESSES AND PRODUCTS Alongside these Group-wide initiatives, each brand is charting its own course by working on increasingly sustainable processes and products. In terms of the traceability of materials, for example, Gucci and Bottega Veneta have introduced specific systems for leather including a certification scheme. Stella McCartney continues to work with the NGO Canopy to ensure the viscose it uses does not result in deforestation. All brands have launched certification schemes in our stores and buildings to reduce the environmental impact of their sites and chart the progress they are making, particularly in energy efficiency. Bottega Veneta, for instance, secured Leadership in Energy and Environmental Design (LEED) certification at both its Montebello workshop and its Altavilla logistics site. Saint Laurent also achieved LEED certification for four boutiques in 2015, three of which attained the highest level (Platinum).

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K MAGAZINE SUSTAINABILITY IN WAVES — The greatest surfer of all time, Kelly Slater delivers the 2015 Kering Talk at London College of Fashion on making sustainable fashion a reality.

This is not, he is the first to admit, his natural *milieu*. For more than three decades, the world's greatest surfer has paddled confidently into nature's most destructive ocean forces on a plank of fiberglass the size of an ironing board. But for Kelly Slater, addressing a room full of expectant fashion undergraduates was not – up to now – part of the job description. Hands clasped between his knees, eyes flitting occasionally to the floor in front of him, feet slightly pigeon-toed, it doesn't appear one that he is relishing, at least initially.

Part of his nervousness could be the story he has come to tell. When, last September, Slater announced he was splitting with his clothing sponsor of the last 23 years, to set up his own menswear brand with Kering, his fans were – to put it mildly – concerned. It wasn't that they had a particular allegiance to that particular brand – Slater's 2.5m social media followers (totting up Facebook, Instagram and Twitter) suggest it is the man more than the firm that they adore. It was rather that as a young group they balked at the price of the new range that their hero was presenting them.

For as long as they could spell, those 14-25 year olds had been buying hoodies, the staple of any self-respecting surfer, for less than \$50 at Quiksilver. Now, with his new brand Outerknown, where the first collection hit shops in July, their hero was asking them to part with just shy of \$200. "It was a big *F U* on Instagram and social media, initially," he says, although these followers represented a relatively small proportion of his overall fan base.

In fact, although he'd like to appeal to a younger audience, the target customer is 35+. He's the surfer who's grown up; he's got kids, a successful career, family, a mortgage, responsibilities, but lives or aspires to a coastal lifestyle.

UNDER CURRENT

It's fitting Slater should be telling this story tonight. He's giving the second Kering Talk to a packed lecture theatre of undergraduates at London College of Fashion (LCF), the second of five annual lectures to mark a five-year partnership between Kering and LCF's Centre for Sustainable Fashion. That's because the challenge facing Outerknown typifies the industry's current struggle to improve its environmental and social credentials. Especially among influential younger customers, the forces of affordability and sustainability are pulling in opposite directions.

Surfing youth has long been used to cheap caps and T-shirts with which to mix aspirations of fearless physical prowess with laid-back cool. But, more recently this age group has also been a principal beneficiary of a democratisation in fashion, as firms in fast fashion have pioneered the production of affordable clothes influenced directly and immediately by the work of the major designers.

Bringing the cuts and colours of the global fashion shows on to cut-price, high-street outlets has helped demolish fashion's traditional elitism. And for a demographic either relying on their parents' wallets or

"What you wear is an expression of who you are and what you believe".

Dilys Williams,
Director of Centre
for Sustainable Fashion

those experimenting with the limits of early paycheques, the cheaper prices offered by the new range of discount-clothing stores have been especially compelling.

But as well as bringing fashion into the budget of many younger buyers, lower prices have tended to increase the number of garments people buy, which increases the number they throw out.

YOU ARE WHAT YOU WEAR

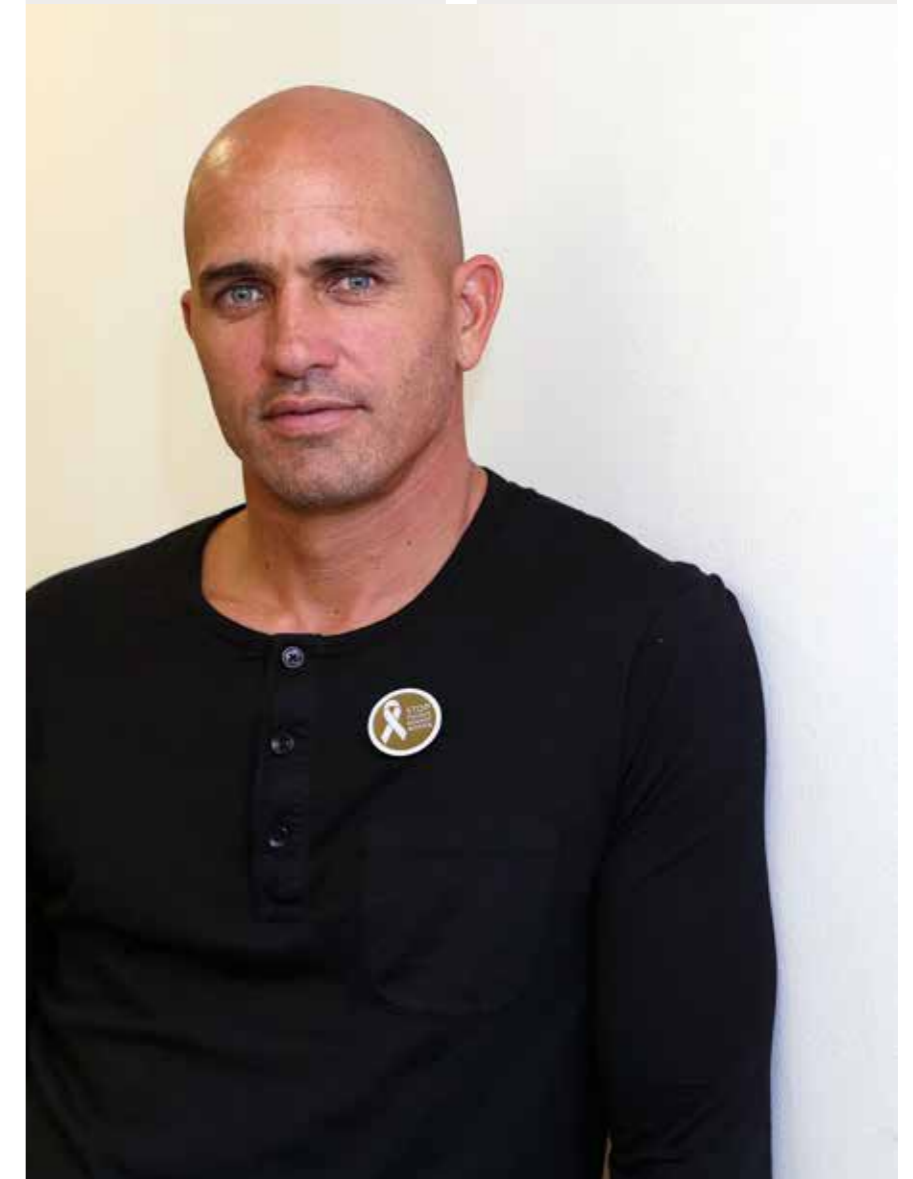
This trend, which is fed by the relative lack of durability of much of what is sold cheaply, underpins the high-volume, low-margin business model of the leading practitioners. It's a model in which practices such as social and environmental checks on suppliers, for example, are at best challenging and at worst a luxury, as it were. It is, in other words a model of consumption that is often squarely at odds with social and environmental sustainability.

Professor Dilys Williams, director of Centre for Sustainable Fashion, is adamant this



tension can be addressed. The trick, she believes, will be developing the growing creed, "that what you wear is an expression of who you are and what you believe". For many of Slater's devotees this may be the conviction that they will one day be splashing into Hawaii's towering waves on the pro-surfer circuit. But for an increasing number it also represents the growing awareness that, like it or not, the story of how your hoodie arrived in your wardrobe is a measure of your engagement with environmental and social issues.

So far, the demographic that populates Slater's social media accounts is battling to accept this. Despite identifying themselves as more socially and environmentally engaged than their predecessors, this is a market that has come to expect low prices.



"The challenge is to connect this caring for the environment that this demographic shows, with the readiness to pay for it," says Todd Hymel, CEO of Kering's action sports brands, who has been instrumental in helping Slater develop Outerknown. Hymel believes the 'easy wins' for firms such as this one are found in selecting suppliers: identifying firms with good practices has become easier as global awareness and commercial pressure have started to take effect.

BIG HORIZONS

Despite the challenges, Slater seems undaunted. It may be early in the story but the experience has been easier than he had anticipated, he says. And the vision is certainly a particular one. He has no interest,

he says, in the rapid riches available from "coming in and just creating the next big surf brand".

"I wanted to do something that was going to be special and long-term, not to instantly plug into this high-volume, low-margin model." This will require some mettle. But 11 world titles facing down the world's mightiest waves suggest he has plenty. His competitive spirit will be handy, too.

"I love a challenge – just ask some of my girlfriends," he quips, seeming to have conquered his early bashfulness.

ROUND TABLE AT THE FESTIVAL DE CANNES — During the 68th International Cannes Film Festival, the Kering Foundation organised a round table as part of Kering and the Festival's *Women in Motion* programme. Panellists including Linor Abargil, whose documentary *Brave Miss World* was supported by the Kering Foundation; Leslee Udwin, director of *India's Daughter* and winner of the Spotlighting Women Documentary Award 2014 sponsored by the Foundation in collaboration with the Gucci Tribeca Documentary Fund; and Deniz Gamze Ergüven, director of *Mustang*, a film in competition at Cannes, participated in a lively discussion: How can cinema help improve women's rights? The role of cinema in raising awareness of women's causes.

EMPLOYEES IN ACTION — The Kering Foundation involves all Group employees in supporting women's causes, as their personal and professional skills are an invaluable advantage for NGOs and social entrepreneurs. Since 2014, as part of its employee volunteering programme, Kering has given two to four days leave to employees who go abroad on two-week solidarity missions, and six days to employees who provide more regular support to local associations. In 2015, 70 days were thus donated by the Group to projects benefiting women. Twenty-eight employees from various brands put their skills to build capacity of local organisations.

120

The number of Group employees in France, the UK and Italy who have been trained on domestic violence.

125,000

White Ribbon for Women brooches distributed during the fourth annual campaign to raise awareness among employees, opinion leaders and luxury brand customers in 41 countries.

The Kering Corporate Foundation was launched in 2009 to combat violence against women. Consistent with the activities of the Kering brands, it unites the Group's around a powerful cause in which it has a key role to play alongside governments and the not-for-profit sector.

Kering Foundation

NGOS In Europe, the Kering Foundation combats harmful traditional practices. It supports the creation of the Maison des Femmes in France and the Tackling FGM initiative in the UK.

In China, the Foundation works with the Maple Women's Psychological Counselling Center, Beijing, to provide assistance to survivors of domestic violence. It also supports the Zhongze Women's Legal Counselling and Service Centre.

In the USA, the Foundation has joined the fight against sexual assault on campuses through its partnership with the Generation Progress association and the *It's On Us* campaign.

The Kering Foundation also supports Restart project to promote the socioeconomic integration of some 200 female Syrian refugees in Lebanon.

SOCIAL ENTREPRENEURS In 2015 the Foundation awarded two grants to:

- The Starfish Project in Beijing, which supports vulnerable women towards emancipation through the design and production of jewellery.
- We End Violence in the US, which provides online training to end sexual violence.

In addition to financial funding, the two winners receive mentoring from a Kering employee.

AWARENESS INITIATIVES The Kering Foundation trains employees to offer guidance to potential victims of domestic violence. In 2015, in partnership with the Fédération Nationale Solidarité Femmes in France, Women's Aid in the UK and DiRe in Italy, 120 employees attended a training session.

To mark the International Day for the Elimination of Violence Against Women, the Kering Foundation launched its fourth White Ribbon for Women campaign. More than 125,000 copies of a White Ribbon brooch designed by Stella McCartney were distributed in 41 countries. The social media campaign reached over 319 million Internet users.

K MAGAZINE YOU CAN'T BEAT THESE WOMEN — Providing refuge, speaking up, involving men, shifting attitudes, changing the law – and dancing – are the best ways to help victims of domestic violence and reduce its prevalence, according to a recent conference in The Hague.

Her Royal Highness Crown Princess Mary appears to be made of the stuff of fairy tales—beautiful, articulate, born to a commoner—but the tales she tells are not pretty. “One in three women worldwide has experienced physical or sexual violence,” she says, “the vast majority at the hand of her husband or partner.”

The 43-year-old mother of four and future queen of Denmark has come to the neighbouring Netherlands to address the 3rd World Conference of Women’s Shelters in The Hague. She observes that 38% of all women murdered are victims of partner violence and that the first sexual experience of one third of all women worldwide is forced. She speaks of “a global epidemic of alarming proportions.”

There’s a familiar scene across developed and developing countries alike.

Linor Abargil from Israel was eighteen when she was kidnapped, stabbed and raped six weeks before winning the Miss World pageant in 1998. “I don’t think any woman should be ashamed about having been raped,” the 35 year old activist and subject of the documentary *Brave Miss World* says. “The only way to help is to speak out! No one speaks. Nothing can change; laws cannot change if no one speaks.”

Emma Murphy, a 26-year-old mother of two from Ireland, was regularly beaten by her partner. “I knew this was wrong; no man should hit a woman. Previously I just accepted and blamed myself.” Last summer, after a beating that left her eyes black and blue, she posted a selfie-video online, which was viewed 6.4 million times in two days. “If one story can

help change a couple of people’s lives,” Murphy says, “imagine if a lot more people start talking.”

HAVE YOU STOPPED BEATING YOUR WIFE?

A former journalist, Yuan Feng took on the cause of fighting domestic violence after attending the 1995 World Women’s Conference in Beijing. At the time, silence enveloped the issue of domestic violence.

When a woman lawyer contributed an article about the topic it was refused by several male editors. Astonished, they turned to their friends and colleagues. “Do you beat your wife?” they would ask. Each time the answer was “No”. “Well if all of you don’t beat your wife, domestic violence doesn’t exist,” they contended.

Twenty years later, says Feng, “the words domestic violence are now a household term.” Women in China now call the police, and the police, in turn, are obliged to respond. This year a new law is being adopted to combat such violence.

Queen Maxima of The Netherlands calculated the cost of domestic violence in developed societies where women have achieved relative security and equality. “They’re less able to concentrate at work or during their studies,” she says. “They become less self-confident. They’re absent more often and their performance decreases.” She estimates that the consequences of domestic violence cost her country approximately €450 million per year.

Clémentine Lévy of French NGO Fédération

Nationale Solidarité Femmes (FNSF), reported that the cost to her country was more than four times that amount and that in France one in ten women is subject to domestic violence.

MY NON-RESILIENT CAREER

“Domestic violence does not stop when they [the victims] walk out the door in the morning. It follows them to work,” said Barb MacQuarrie, community director of the Centre for Research and Education on Violence against Women & Children at Western University Australia’s Faculty of Education. Abusive phone calls, emails, and text messages – modern-day forms of intimidation – extend the abuse beyond the confines of home and further traumatise victims. In 20% of cases perpetrators show up at the workplace in an effort to exert control over their victims.

The result? Victims find themselves missing work, changing employers more often, and in some cases losing their jobs – jobs they need because employment is vital in a victim’s ability to achieve independence and escape an abusive relationship.

The abuse also has an impact on corporate productivity, which is linked to the perpetrators. One in five abusers is more likely to cause or suffer from accidents at work. According to Ludo McFerren, who authored the groundbreaking survey, *Safe at Home, Safe at Work? National Domestic Violence and the Workplace* in Australia in 2011, “Perpetrators are the next



big issue for the work environment.”

The traditional refrain by bosses, “Hey, I’m not a social worker,” is giving way to recognition of their responsibility in responding to the issues, both for social and corporate good. Training programmes for Kering employees have been running since 2010 with the help of FNSF in France, Di.Re in Italy and Women’s Aid in the UK. “The point is not to come away with a toolkit, but to change the mind-set,” says Kering Foundation’s executive director Céline Bonnaire.

ABUSED ABUSERS

Princess Mary makes the same point when she observes that most perpetrators were themselves abused as children: “The majority of men are not violent. We need that majority to challenge the minority who are.”

Nobel Peace Prize nominee, Dr Denis Mukwege provides medical and ‘detraumatization’ care in his hospital and shelter for women and girls who have been gang raped by rebel forces in the Democratic Republic of Congo. It’s a place where sexual violence has been used “massively, methodically and systematically” as a weapon of war. He insists that the fight against rape is “a battle not only for women but for all of society.” He also said, “In every corner of the world women and girls need a roof, a place to shelter from violence, poverty and corruption.”

Shelters can provide refuge but in many countries they are inadequate, scarce or non-existent. Yuan Feng told us that in September 2015, women’s organisations finally succeeded in persuading the government to open shelters in every city in China for victims of domestic violence, though the shelters are closed to women who have experienced other types of brutality.

BREAKING THE CHAIN

As a child Eve Ensler, author of the play *Vagina Monologues*, was physically and sexually abused by her father. On a visit to Africa several years ago, she watched Congolese women shimmying up a mountain in a continuous chain and was inspired to introduce dance into her *One Billion Rising* campaign, a mass-action initiative to end violence against women. For the past three years, she and her staff have taken the cause around the world.

“We are breaking a world record today: 115 countries dancing in one place,” Monique Williams, global director of the movement, proclaimed in high spirits, as the thousand conference participants, from Albania to Zimbabwe, rose in unison from their seats and began gyrating to a break-dance video. “Shake those hips,” Monica Wilson urged, “Break the silence! Break the chain!”

K MAGAZINE WOMEN IN MOTION — As part of the 68th International Cannes Film Festival, Kering and the Festival de Cannes launched the first edition of *Women in Motion*. The five-year programme is designed to highlight and encourage women's contribution to the motion picture industry, both in behind-the-camera roles and in terms of female-centred narrative. The world's most glamorous film festival and the third largest media event (after the Olympics and the World Cup) also provided commercial opportunities for the Group's brands.

A collaboration between Kering and the Festival de Cannes fits naturally with our desire to advance women in general, our Group's and our brands' involvement in cinema, and the festival's enthusiasm to join forces in moving this topic forward.

Kering supports women in film as an extension of our pledge to empower women and as part of our long-standing ties with the industry. Cinema is a powerful medium to raise awareness on causes the Group cares about: sustainability, for example *HOME* and *Ice and Sky*, and women: *Desert Flower* and *India's Daughter*.

Cinema, like fashion, is a mirror of society, which is why it is vital we address the representation of women in certain professions within the sector: directors, producers, scriptwriters, designers and actors. For example, whilst women make up 50.2% of the US population, only 4.2% of the top 100 grossing films in the last decade have been directed by women.

Throughout the festival in May, Kering hosted 11 *Women in Motion* Talks at its suite in the Majestic Barrière hotel. They provided an opportunity to exchange views on the place of women in cinema and what can be done to increase their involvement and presence. Speakers ranged from well known actors like Isabella Rossellini, Isabelle Huppert, Frances McDormand, Salma Hayek Pinault and Matthias Schoenaerts, to directors such as Claire Denis and Rebecca Zlotowski. They were interviewed by our media partners in front of an invited audience and the views were reported widely in the world's press and across social media; the videos can be seen on our *K magazine* site.

Thierry Frémaux, general-delegate of the

Festival de Cannes, gave one of the Talks, and the series was concluded by Agnès Varda, whose session was held on the eve of her receiving an honorary *Palme d'Or*, the first woman to do so. Varda remarked that it was as late as 1976 that she worked on a film where the crew was 50:50 women and men. Indeed, she believes she was the first director in the world to use female technical staff, believing there wasn't a function a man did that a woman couldn't.

The Kering Foundation also hosted a special *Women in Motion* panel: How can cinema help improve women's rights? The line-up included Inbal Lessner, producer and editor, and Linor Abargil, rape survivor and activist – both responsible for making the movie *Brave Miss World*; Leslee Udwin, director and producer of *India's daughter*; and Deniz Gamze Ergüven, director of *Mustang*, which was nominated for best foreign film at the 2016 Academy Awards. The roundtable highlighted the need to increase the number of women in cinema, particularly behind the camera. Many women-directed films are self-funded, which means the movies are more difficult to produce and take longer, inevitably resulting in fewer being made.

REWARDING EXPERIENCE

The most glamorous part of the programme was the presentation of the *Women in Motion* Awards. One recognised two-time Academy Award winning actress, producer and philanthropist, Jane Fonda, for her unique and outstanding contribution to the film industry; the other celebrated the promising and remarkable career of the independent

"Enhancing women's visibility both within films and behind the camera is essential, when we consider the impact that cinema has on our way of thinking and, ultimately, our everyday behaviour."

François-Henri Pinault

producer Megan Ellison.

Pierre Lescure, president of the Festival de Cannes, and Thierry Frémaux presented the prizes at the presidential dinner, which was hosted by Kering in the spectacular setting of Place de la Castre, overlooking the old port and the Palais des festivals. Guests included the festival jury (the Coen brothers, Sophie Marceau, Jake Gyllenhaal, Sienna Miller, Guillermo Del Toro, Rokia Traoré, Xavier Dolan and Rossy De Palma) and other members of the great and the good of the French and international movie industry. The event also paid tribute to Olivia de Havilland, the first woman to be appointed president of the Cannes jury in 1965, and an activist for equal pay and conditions in Hollywood.



01
François-Henri Pinault
 Chairman and CEO,
 Kering

02
Jean-François Palus
 Group Managing Director,
 Kering

03
Francesca Bellettini
 CEO, Saint Laurent

04
Albert Bensoussan
 CEO of the Luxury —
 Watches and Jewellery
 division, Kering

05
Carlo Alberto Beretta
 CEO, Bottega Veneta

06
Marco Bizzarri
 President and CEO, Gucci

07
Marie-Claire Daveu
 Chief Sustainability Officer
 and Head of international
 institutional affairs,
 Kering

08
Jean-Marc Duplaix
 Chief Financial Officer,
 Kering

09
Bjørn Gulden
 CEO, PUMA SE

10
Béatrice Lazat
 Human Resources Director,
 Kering

11
Grita Loeb sack
 CEO of the Luxury —
 Couture and Leather
 Goods' emerging brands

12
Roberto Vedovotto
 CEO, Kering Eyewear



01



02



03



04



05



06



07



08



09



10



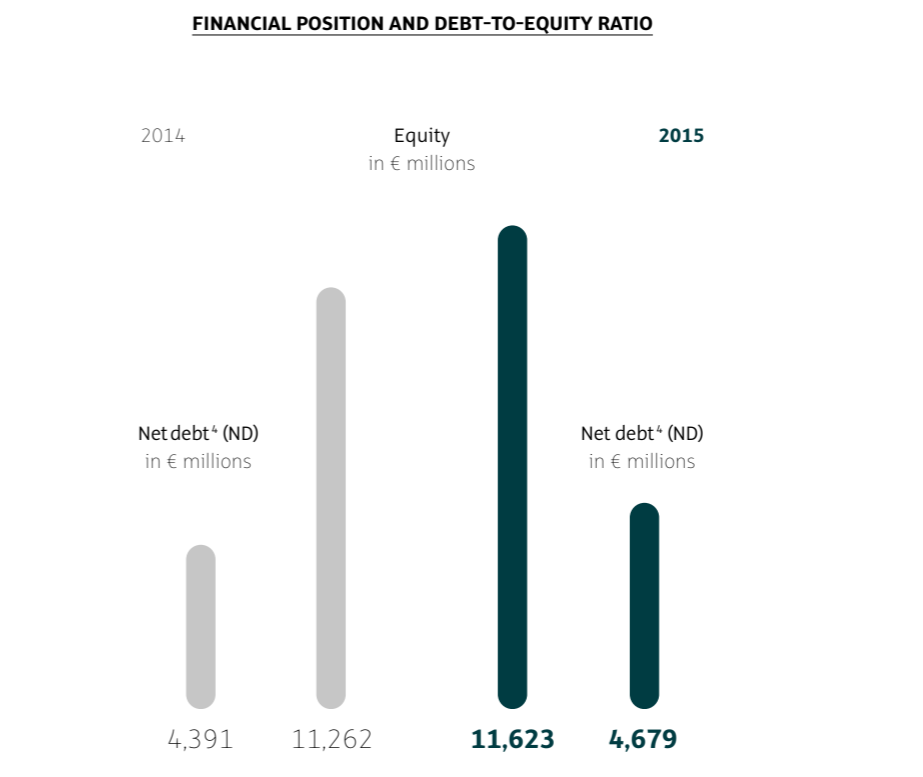
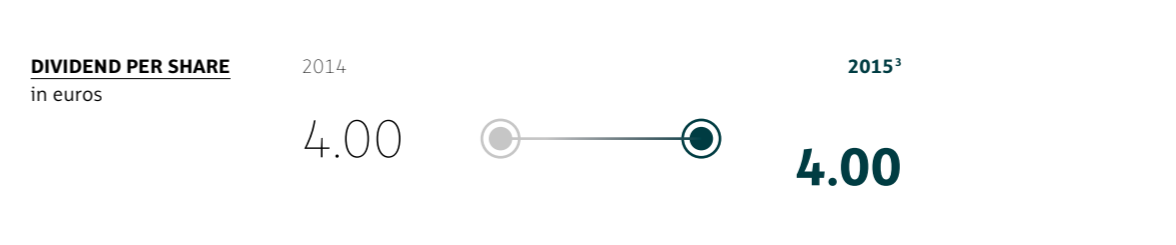
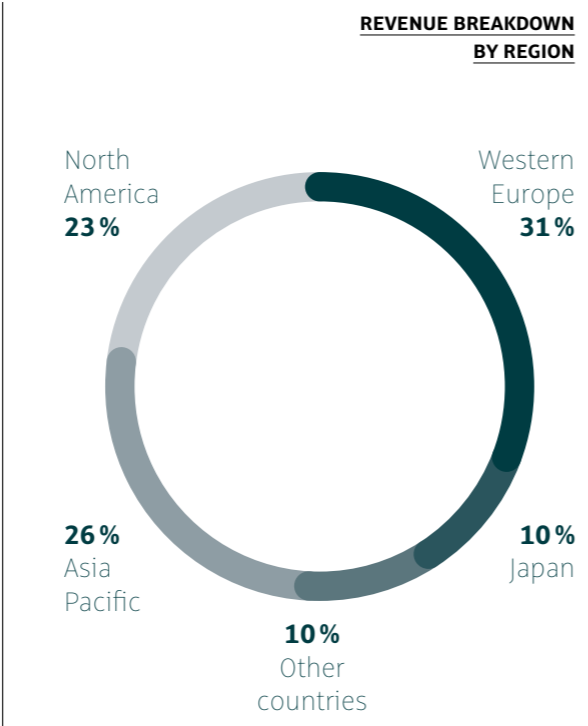
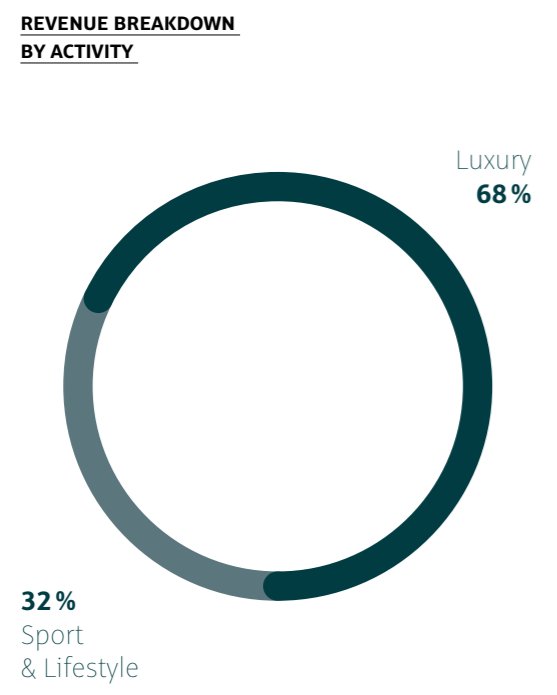
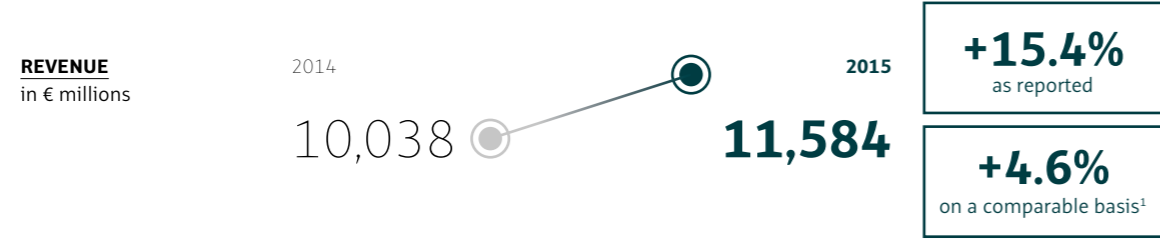
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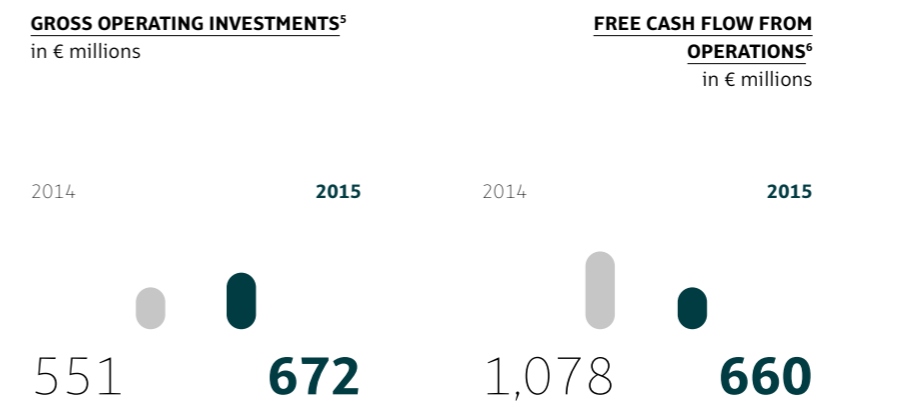
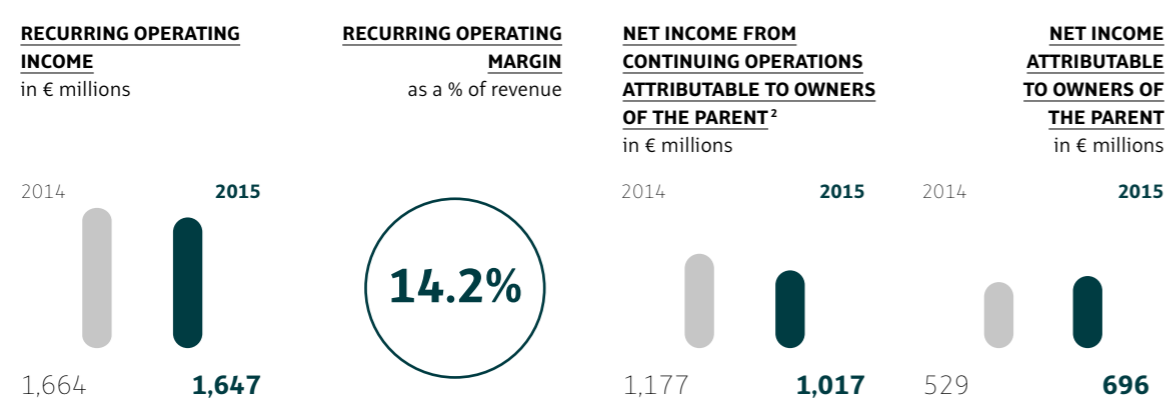
2015 Key figures

Kering Group

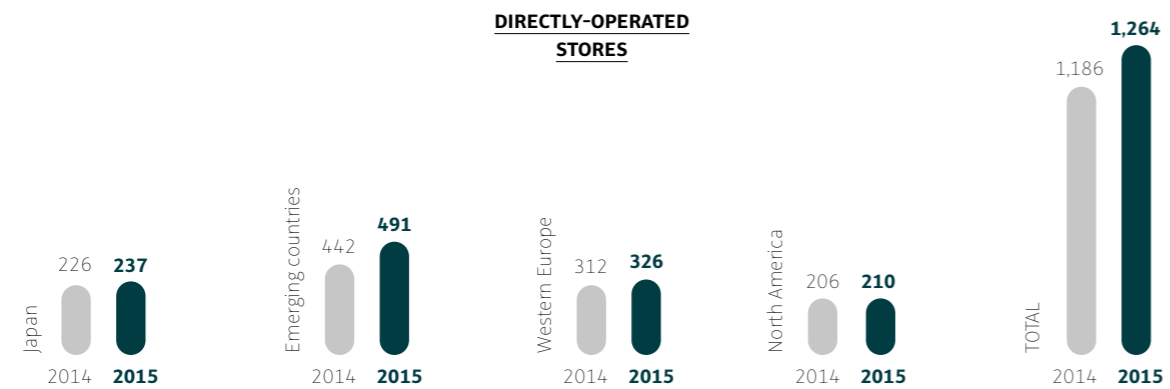
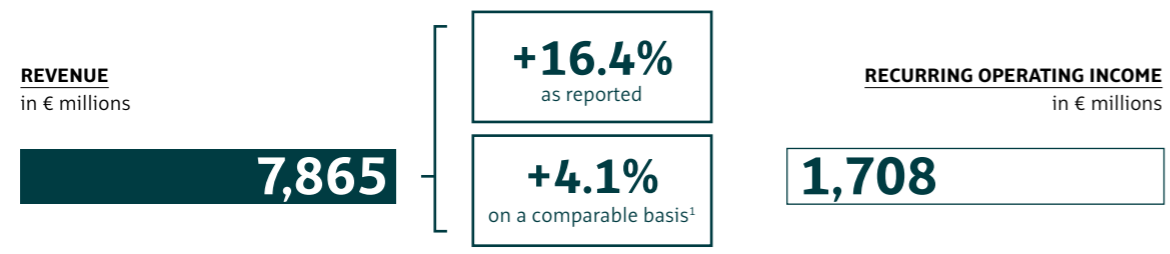


SOLVENCY RATIO (ND/EBITDA)

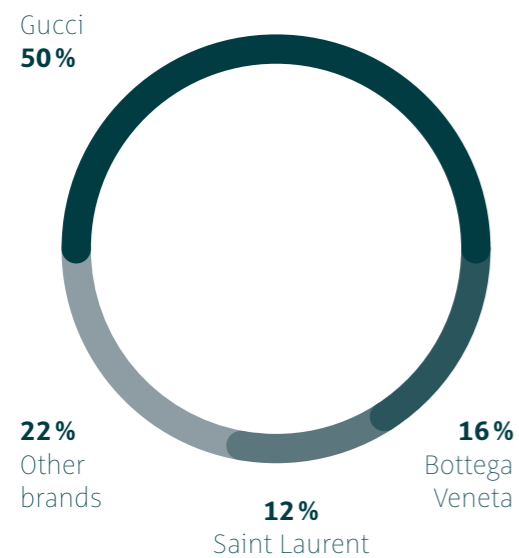
Year	Solvency Ratio
2014	2.21
2015	2.28



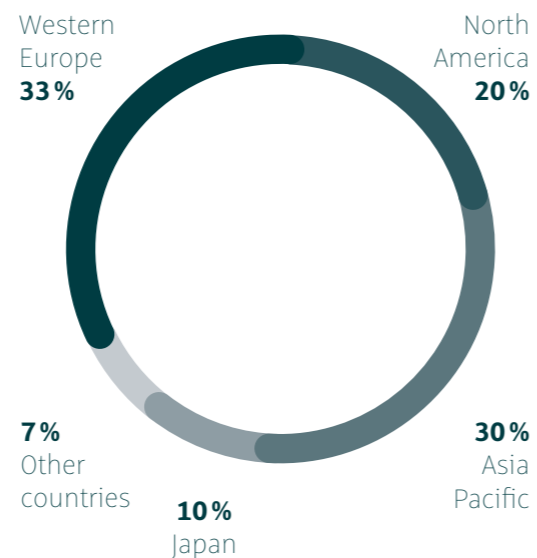
1 — On a comparable Group structure and exchange rate basis
 2 — Excluding non recurring items
 3 — Subject to the approval of the Annual General Meeting on 29 April 2016
 4 — Net debt defined in part 5 of the 2015 Reference Document available on kering.com
 5 — Purchases of property, plant and equipment and intangible assets
 6 — Net cash flow from operating activities - net acquisitions of property, plant and equipment and intangible assets



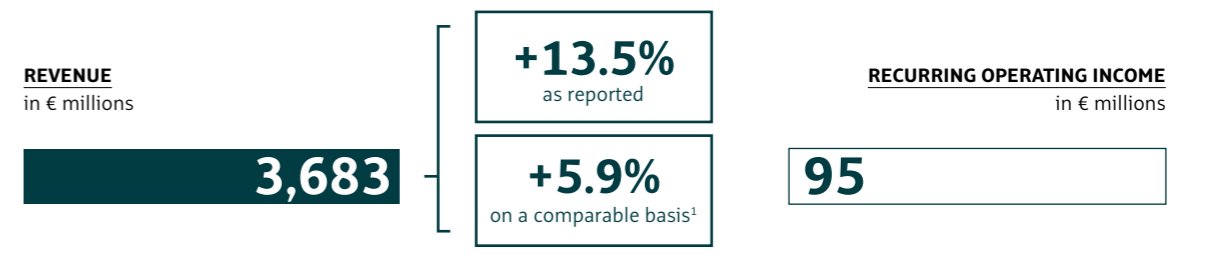
BREAKDOWN OF REVENUE BY BRAND



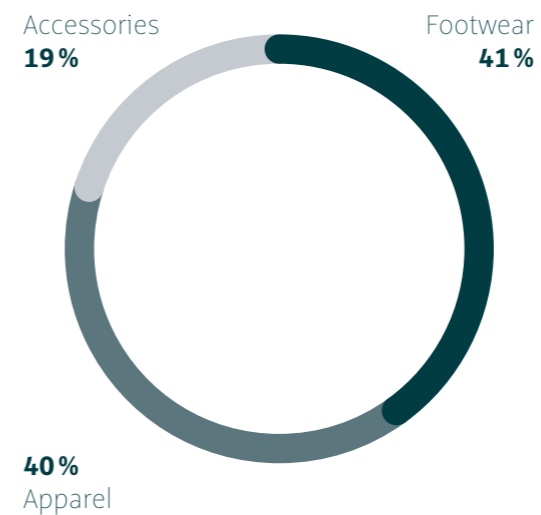
REVENUE BREAKDOWN BY REGION



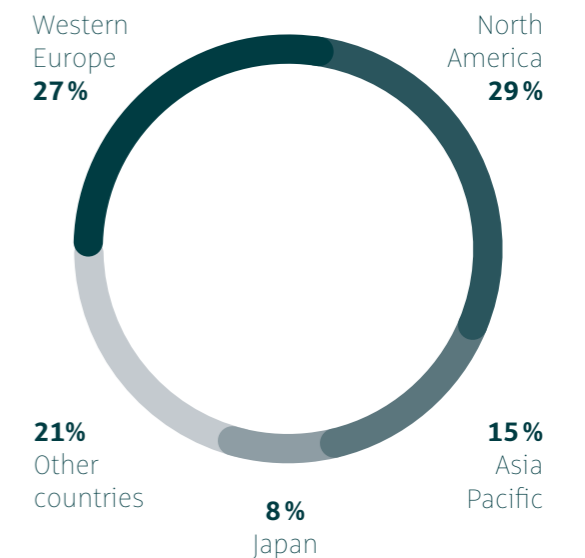
¹ — On a comparable Group structure and exchange rate basis



BREAKDOWN OF REVENUE BY PRODUCT CATEGORY



REVENUE BREAKDOWN BY REGION

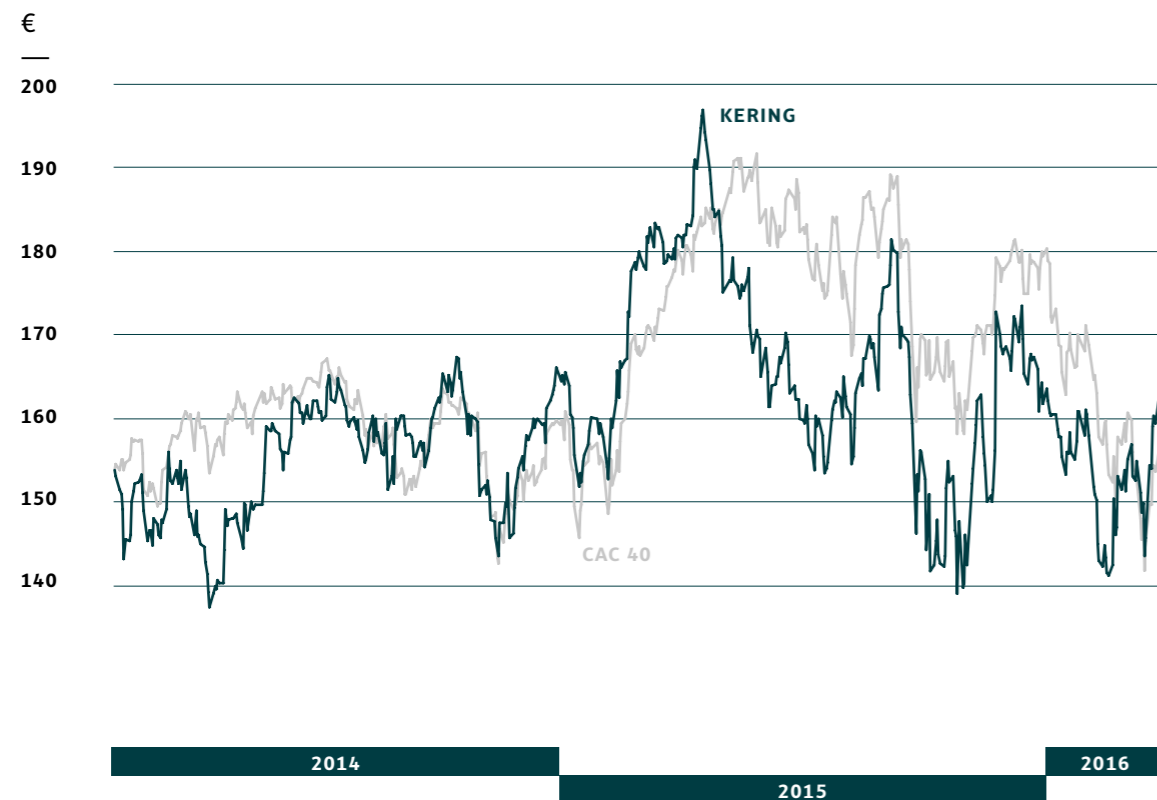


**PERFORMANCE OF THE KERING SHARE
COMPARED TO CAC 40 INDEX**

From January 2, 2014 to February 26, 2016

The Kering share's performance in 2015 reflected unsettled worldwide economic conditions favoring defensive and domestic names to more international profiles. The share ended the year down -1% versus +9% for the CAC 40, its benchmark index. The European luxury sector has globally underperformed indexes in 2015, especially for the stocks most exposed to some Emerging markets slowdown and currencies headwinds.

In early 2016 the trend reverted, and Kering gained +2% versus a 6% drop for the CAC 40 as of end-February. Such reversal was notably helped by a solid set of 2015 Full Year results.



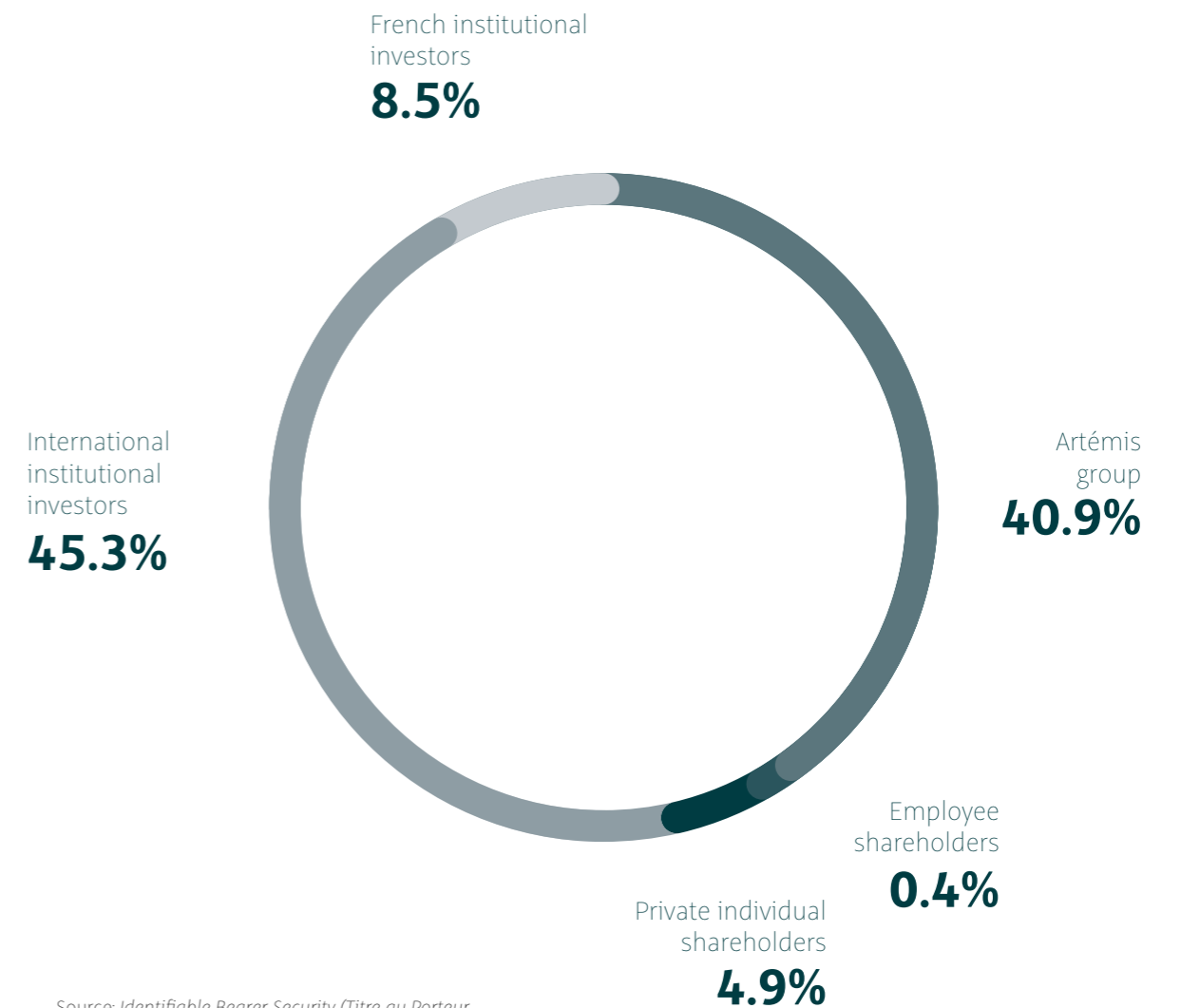
BREAKDOWN OF SHARE CAPITAL

as of December 31, 2015

As of 31 December 2015, the Artémis Group (wholly owned by the Pinault finance company, itself controlled by the Pinault family), is the majority shareholder of Kering, with 40.9% of the capital.

Institutional investors represent 53.8% of the capital, including 8.5% held by French institutions and 45.3% by international institutions. The latter are led by North American (23.0%) and British (10.6%) shareholders, followed by continental Europe excluding France (6.4%), primarily Norway (1.5%), and Switzerland (1.3%). Shareholders in the Asia-Pacific region represent 3.7% of the capital.

Private individual shareholders hold 4.9% of the Group's capital.

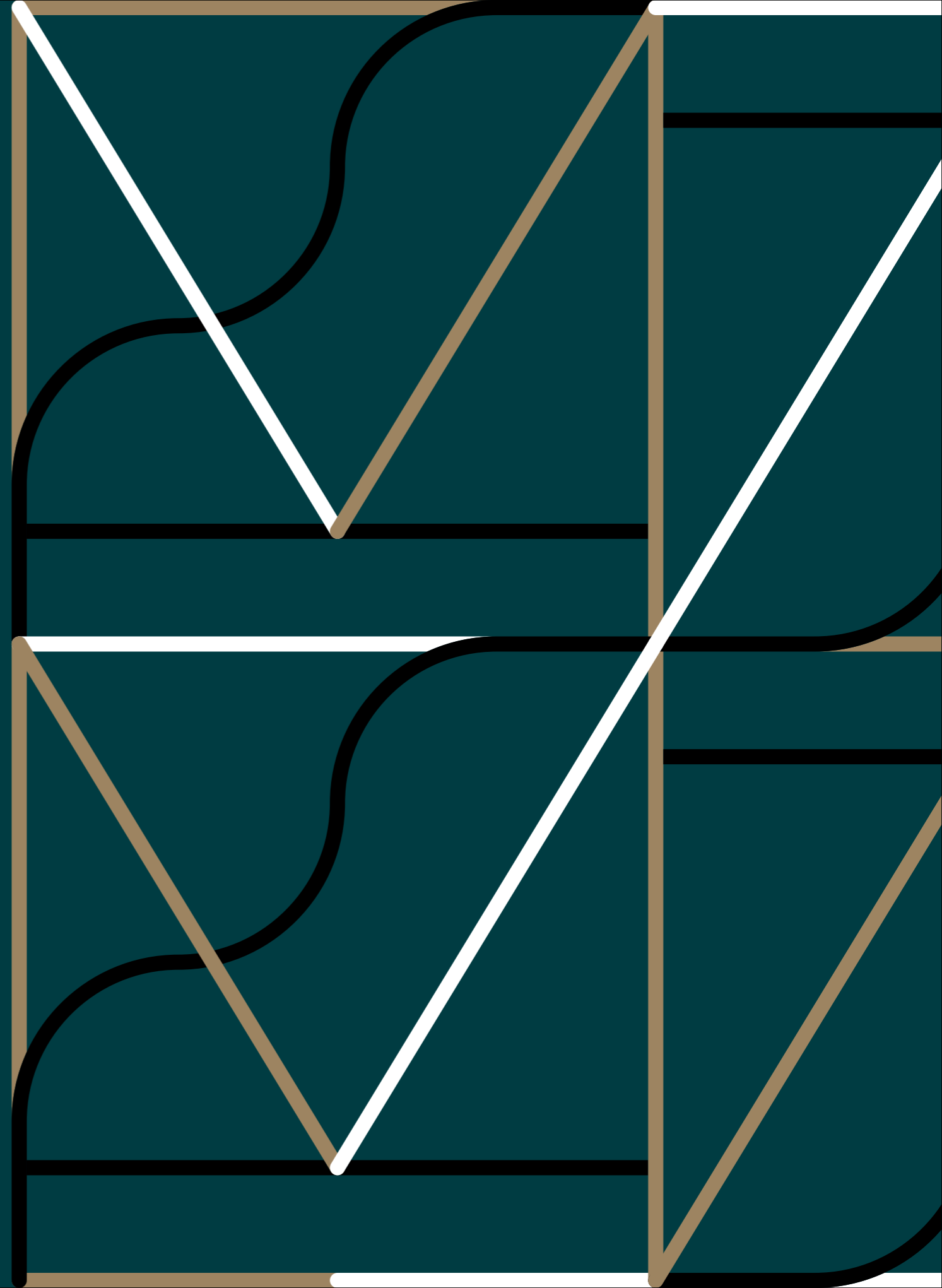


Source: Identifiable Bearer Security (Titre au Porteur Identifiable) as of December 31, 2015.

"LUXURY — COUTURE AND LEATHER GOODS" DIVISION

Gucci
Bottega Veneta
Saint Laurent

LUXURY ACTIVITIES





GUCCI

Founded in Florence in 1921, Gucci is one of the world's leading luxury fashion brands. From its origins through to the late 1970s, the brand stayed loyal to its values of superior Italian craftsmanship and innovation. It was in the 1990s that Gucci became synonymous with fashion. Its *Forever Now* philosophy, introduced in the early 2010s, combined both its fashion authority and its Florentine heritage and craftsmanship. Under the direction of Alessandro Michele, who was appointed creative director in January 2015, Gucci has opened a new chapter in its creative history with the introduction of a new contemporary vision. Eclectic, romantic and contemporary, Gucci is currently inventing a new approach to fashion with collections that continue to represent the pinnacle of Italian craftsmanship.

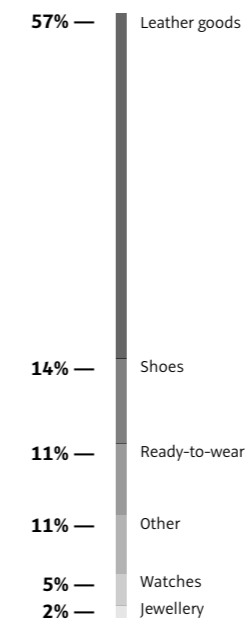
2015 — Under the leadership of Marco Bizzarri, CEO, and Alessandro Michele, the brand is undergoing a comprehensive transformation with a view to creating a new image for Gucci that is more in line with the world of today: more relevant and more attractive for new, younger consumers.

Press and buyers alike from around the world responded enthusiastically to the new collections by Alessandro Michele, which include *Cruise 2016*, presented at an unprecedented fashion show in New York's Chelsea district.

In terms of products, the assortment was streamlined and given more clarity through consistent and concise merchandising. New lines were introduced featuring contemporary interpretations of the GG signature, and other iconic symbols and house motifs. The *Dionysus* – launched at the autumn/winter 2015 fashion show – is already on its way to becoming an iconic handbag.

3,898
revenue
in millions of euros

Breakdown of
revenue by
product category



1,032
recurring
operating income
in millions of euros

10,570
average number
of employees

525
directly-operated
stores at Year end
2015

In parallel, the brand unveiled a new store concept at its Montenapoleone flagship during Milan Fashion Week. Striking new window installations, intriguing visual displays and the rich contrast of materials employed all help bring the brand's new vision to life.

Gucci's collections are now available through an exclusive network of boutiques and an online store, as well as at a limited number of franchises, department stores and specialised stores.

With over 100 million visitors per year, gucci.com represents the most important customer touch-point for the brand. In October, a completely re-staged and re-designed version of the website – featuring a new aesthetic, rich imagery, engaging storytelling and exclusive brand content – was launched in the US and Canada.

OUTLOOK — In 2016, Gucci will continue its transformation to revitalise its image and confirm the resolutely contemporary direction it has chosen. The progressive roll-out of the new store concept will also continue next year, while the new gucci.com website will be launched across all other regions.

In November 2015, the British Fashion Council presented Alessandro Michele with its 2015 International Designer of the Year Award. After just ten months in his role, this notable achievement established Gucci's creative director as one of the most influential in the industry today.



BOTTEGA VENETA

Founded in 1966 in the Veneto region of Italy, Bottega Veneta began as a leather goods brand that became famous for its signature *intrecciato*, a distinctive cross-hatched pattern developed by its artisans. *Intrecciato* is reinterpreted each season in different colours and materials with luxury and understated elegance in mind. Bottega Veneta has evolved over the years and expanded its product range beyond leather goods. It now applies its motto *When your own initials are enough* to ready-to-wear, shoes, jewellery, furniture and more.

2015 — Under the creative direction of Tomas Maier and the leadership of Carlo Alberto Beretta, Bottega Veneta reinforced its position as a high-end and exclusive luxury lifestyle brand.

Iconic leather goods products, including new seasonal variations, continued to represent an important part of the business.

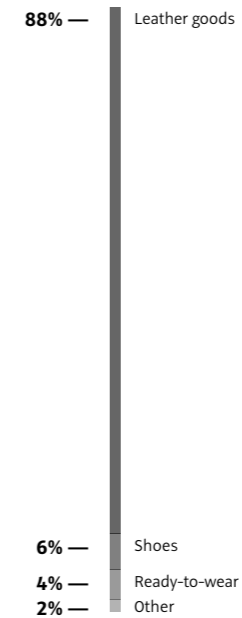
The brand remains dedicated to its roots and artisanal excellence. In January 2015, La Scuola dei Maestri di Pellettieri di Bottega Veneta and The University IUAV of Venice hosted a three month post-graduate course in advance handbag design and product development to ensure the future of Italian know-how and safeguard the artisanal tradition of the Veneto region.

In April, during the Salone del Mobile in Milan, Bottega Veneta celebrated the opening of its Home Collection boutique, highlighting its growing commitment to the furniture category.

For the second year in a row, Bottega Veneta was ranked in the prestigious Great Place to Work® classification in the category Best Workplaces Italy — Large

1,286
revenue
in millions of euros

Breakdown of
revenue by
product category



375
recurring
operating income
in millions of euros

3,401
average number
of employees

251
directly-operated
stores at Year end
2015

Companies as a result of its constant commitment to its employee welfare.

In addition, the company has taken its first steps into a new era of digital and social strategy, starting with the development of the new mobile site and the launch of its WeChat account.

Throughout 2015, Bottega Veneta focused on consolidating its existing retail network, continuing its efforts to enhance its boutiques through both refurbishments and expansions to ensure the best client experience. It also pursued selective store openings, bringing its total network up to 251 stores worldwide. The brand opened for example its first boutiques in Frankfurt and Lower Manhattan at Brookfield Place. Bottega Veneta moved its New York flagship from 699 Fifth Avenue to a temporary location in anticipation of the opening the third *Maison* worldwide, scheduled for 2017.

OUTLOOK — In 2016, the brand will continue to focus on its selective distribution and retail excellence. It will optimize its network to better represent its product categories and will pursue selective opening including a new *Maison* in Los Angeles which follows the one inaugurated in Milan in 2013.

In October 2015, Bottega Veneta introduced its second book, *Bottega Veneta: Art of Collaboration*, which is dedicated to honouring the collaborations between Tomas Maier and the artists who have contributed, season upon season, to the creation of the brand's advertising portfolio.



SAINT LAURENT

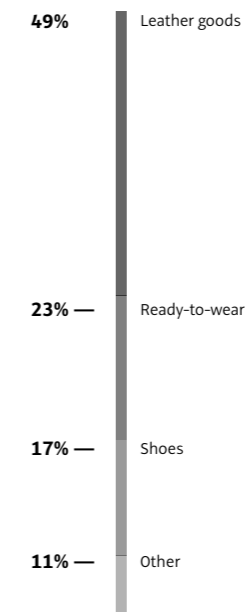
Founded in 1961, Yves Saint Laurent is one of the most prominent fashion houses of the 20th century. Originally an *haute couture* house, Yves Saint Laurent revolutionised modern fashion in 1966 with the introduction of luxury ready-to-wear under the name Saint Laurent *Rive Gauche*. Since his arrival in 2012, creative director Hedi Slimane¹ has ushered in a new era, recapturing the spirit of 'youth, freedom and modernity' that inspired the founder of the house in 1966. Saint Laurent designs and markets a broad range of men's and women's ready-to-wear, handbags, shoes, small leather goods, jewellery, scarves and ties. Under worldwide license agreements, the house also produces and distributes fragrances and cosmetics, as well as glasses via Kering Eyewear.

2015 — Under the leadership of Hedi Slimane¹ and CEO Francesca Bellettini, 2015 has been another very rich year for Saint Laurent, with a particular focus on the introduction of new collections and new store openings. Sales were fuelled by extremely strong growth figures across the principal product categories.

Saint Laurent's advertising campaigns and fashion collections were a great success with the press and global celebrities throughout the year.

The content-rich ysl.com website continued to develop both as a dynamic e-commerce platform and as part of the brand's overall cross-channel retail strategy. E-commerce is now available in over 60 countries.

The brand's social media initiatives also met with extraordinary success: in 2015, Saint Laurent had more than 2.3 million fans on Facebook and was one of the most popular luxury brands on Twitter with over

974revenue
in millions of eurosBreakdown of
revenue by
product category**169**
recurring
operating income
in millions of euros**1,943**
average number
of employees**142**
directly-operated
stores at Year end
2015

3.1 million followers. Since March 2015, the house has also been present on Weibo and WeChat.

The Saint Laurent retail network currently consists of 142 directly-operated boutiques, including its flagship stores in Paris, London, New York, Hong Kong, Shanghai, Beijing, Tokyo and Los Angeles. The network has been expanded by targeted openings across all regions and the renovation of key stores. In December 2015, Saint Laurent opened in Tokyo its largest women's and men's boutique worldwide. The London, New York and Singapore stores were also refurbished, demonstrating the brand's continued development in the world's major capitals.

OUTLOOK — In 2016, the brand will continue opening and refurbishing key stores in major cities, pursuing its expansion strategy in both consolidated and new markets such as the Middle East, Latin America and South-East Asia. Saint Laurent will continue to develop and optimise its website and online customer experience.

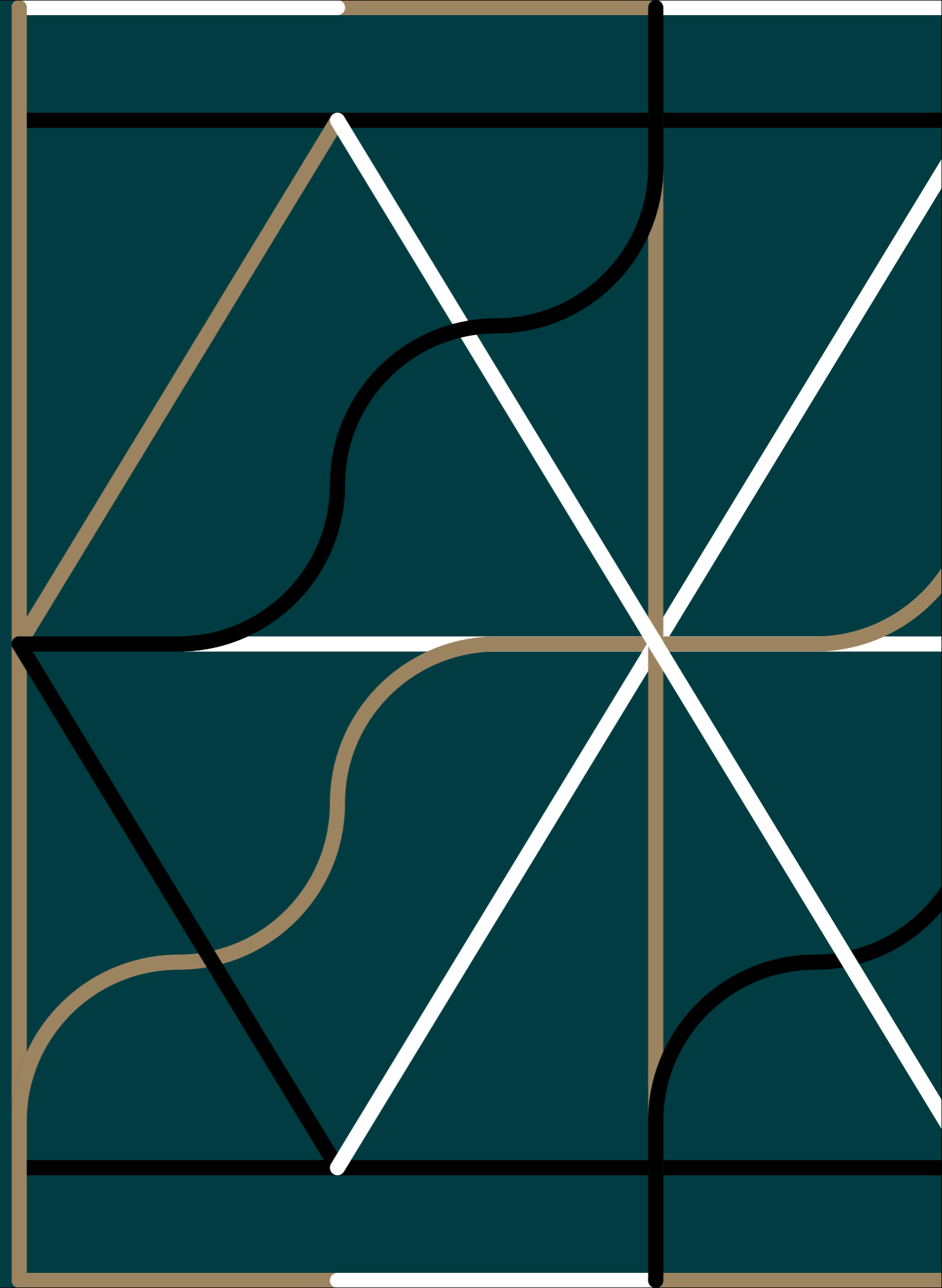
¹ — On 1 April 2016, Kering and Yves Saint Laurent announced the departure of Hedi Slimane; on 4 April 2016, they announced the appointment of Anthony Vaccarello as the new creative director of the brand.

In July 2015, Saint Laurent unveiled its campaign to announce the official opening of its Salons de Couture, located at 24 Rue de l'Université in the Saint-Germain-des-Prés district of Paris. The Salons embody the brand's signature blend of tradition and modernity, showcasing its haute couture and ready-to-wear collections.

"LUXURY — COUTURE AND LEATHER GOODS" EMERGING BRANDS

Balenciaga
Alexander McQueen
Stella McCartney
Christopher Kane
Brioni

LUXURY ACTIVITIES





BALENCIAGA

In October 2015, Demna Gvasalia was appointed artistic director of Balenciaga. His mastery of technique and fashion knowledge, combined with his innovative approach, make him a powerful force for the maison.

This appointment marks a new chapter in Balenciaga's history and confirms its status as an authority in the world of luxury ready-to-wear.

Founded in 1919 by Cristóbal Balenciaga and established in Paris in 1936, the Balenciaga *maison* defined many of the greatest movements in fashion from the 1930s to the 1960s. Balenciaga's exquisite technique, masterful cut and constant fabric innovation has helped it carve out a special place in the hearts and minds of customers and followers.

In the 1990s and early 2000s, the brand experienced a rebirth, which saw an extension of its product universe beyond ready-to-wear. Focusing particularly on iconic handbag launches and with an increased focus on shoes and accessories, this enabled the brand to reach out to a wider public. The brand has also consolidated customer loyalty with a range of ready-to-wear collections that draw on its history and heritage.

2015 — In recent years, under the leadership of CEO Isabelle Guichot, Balenciaga has significantly expanded its retail network, helping to bolster brand awareness around the globe.

Balenciaga is now distributed through directly-operated stores and e-commerce, as well as through franchisees and leading multi-brand stores.

In 2015, Balenciaga pursued its retail expansion strategy with the opening of its first Spanish flagship store in Madrid, as well as its first stores in Macau and Florence. Several stores were renovated in line with the new brand concept during the year. In addition, the brand extended its retail presence in upscale department stores with the opening of eight shop-in-shops.

Today Balenciaga has a retail network of 103 stores and its e-commerce boutique currently covers 95 countries.

OUTLOOK — In 2016, the brand will continue to benefit from the impetus provided by new product launches. Franchises and selective distribution remain important contributors to the brand's activity. Retail and e-commerce development, however, will continue to be priorities, with a particular focus on organic growth and optimising the existing network. New store openings are also planned in important locations in mature markets and Asia.



Founded in 1992 by Lee Alexander McQueen, the Alexander McQueen *maison* quickly gained a reputation for conceptual design and a strong brand identity. Spurred on by its unbridled creativity, Alexander McQueen has

continued to develop in international markets. While its main product categories are women's ready-to-wear and leather goods, the *maison* is present in all categories, particularly silks and menswear.

2015 — The brand pursued its expansion with the opening of its first flagship store in Paris on rue Saint-Honoré, along with 12 new stores, bringing the total of directly-operated Alexander McQueen and McQ stores to 47. Alexander McQueen is also distributed in over 450 third-party points of sale, in more than 50 countries, and through its franchise network. The company has also successfully continued to develop McQ – the contemporary and urban facet of the brand. The main bulk of sales comes from third-party retail distribution together with the franchise network. In 2015, McQ inaugurated its second freestanding directly-operated store in

Spitalfields, London, a district that is consistent with its identity.

OUTLOOK — In 2016, under the leadership of CEO Jonathan Akeroyd and the creative direction of Sarah Burton, the brand will continue to expand. In February, Alexander McQueen will present its autumn/winter 2016 collection in London, followed by the launch of McQueen Parfum.

In March 2015, Alexander McQueen sponsored *Savage Beauty*, a retrospective of McQueen's work at the Victoria and Albert museum in London. The exhibition was the most visited show in the V&A's history with more than 480,000 tickets sold. The event has enabled the brand to build on Lee McQueen's legacy and further enhance brand awareness.

ALEXANDER McQUEEN



Stella McCartney is an eponymous luxury brand that was launched under the designer's name in partnership with Kering in 2001. From its origins in women's ready-to-wear, the brand has successfully extended its portfolio to include other product categories such as handbags, shoes and Kids. The brand has also developed

fragrances through licence agreements, and glasses in partnership with Kering Eyewear. Stella McCartney has infused the brand's entire production process, from design through to marketing, with her strong ethical values. The brand therefore pays particular attention to the resources it uses and its impact on the environment.

2015 — The retail network now includes 35 directly-operated stores, with five new openings in 2015, mainly in Japan, the US and China. Indirect distribution remains a prominent part of Stella McCartney's overall business, with 650 points of sale in over 50 countries. The e-commerce site has significantly enhanced brand awareness and contributed to revenue growth.

STELLA McCARTNEY

Finally, two new stores were added to the global franchise network, which continues to represent a valuable tool for penetrating markets where brand awareness is not yet consolidated.

OUTLOOK — In 2016, under the leadership of CEO Frederick Lukoff and inspired by the creativity of Stella McCartney, the company will continue to expand brand awareness, particularly in China and other Asian countries.

Stella McCartney was voted Brand of the Year at the British Fashion Awards, held in London in November 2015.



In 2006, upon his graduation from Central Saint Martins, Christopher Kane launched his label in partnership with his sister, Tammy Kane. Today, the *maison* is widely acknowledged to have spearheaded a revival of British high fashion

through the launch of highly creative and innovative ready-to-wear styles. Although the brand was originally dedicated to women's ready-to-wear, it has since expanded into menswear, accessories and shoes.

emblematic of the brand. Christopher Kane's collections are currently distributed in over 30 countries across more than 150 wholesale accounts.

OUTLOOK — In 2016, under the leadership of CEO Sarah Crook, the brand plans to further strengthen its wholesale presence worldwide, launch its global e-commerce site and boost brand awareness with the launch of the first Christopher Kane advertising campaign, unveiled in the press in January 2016.

Christopher Kane's first retail store opened on Mount Street in Mayfair, London, in February 2015. Representing a strong statement of the brand's image and identity, this store will help increase brand awareness and present the entire universe of the brand.

CHRISTOPHER KANE



Brioni was founded in Rome in 1945 by Italian master tailor Nazareno Fonticoli and entrepreneur Gaetano Savini and is today recognised as the world's most prestigious menswear couture house. Over the years, Brioni has strengthened its global reputation and has twice been named the most prestigious men's luxury fashion brand by the

Luxury Institute of New York. Brioni develops *Su Misura* garments, sartorial ready-to-wear collections, bags, accessories, footwear, eyewear and fragrances. All of the brand's products are Made in Italy and meticulously handcrafted by expert artisans, mainly in Penne, a small town in the Abruzzo region with a rich, long-standing tailoring tradition.

2015 — Under the leadership of Gianluca Flore, CEO since 2014, the brand's key strategy has been to pursue its international expansion and consolidate its prominent position by making products that are relevant and attractive to the contemporary Brioni man. He is successful and powerful, with a refined sense of style and an understated approach to elegance. At the end of 2015, Brioni had 46 directly-operated stores, mainly located in Western Europe, North America and Japan. The company fine-tuned its retail network,

as reflected by the opening of a new space in Paris at Galeries Lafayette, the relocation of its Prague boutique to an important new venue in the heart of the city's historic district, as well as in the US, with the renovation of its Las Vegas store. Wholesale continued to remain a significant distribution channel.

OUTLOOK — Brioni's ambitions for 2016 include consolidating the company's business in America and Asia, as well as strengthening brand awareness and visibility worldwide. The company will also unveil a new store concept and a redesigned website.

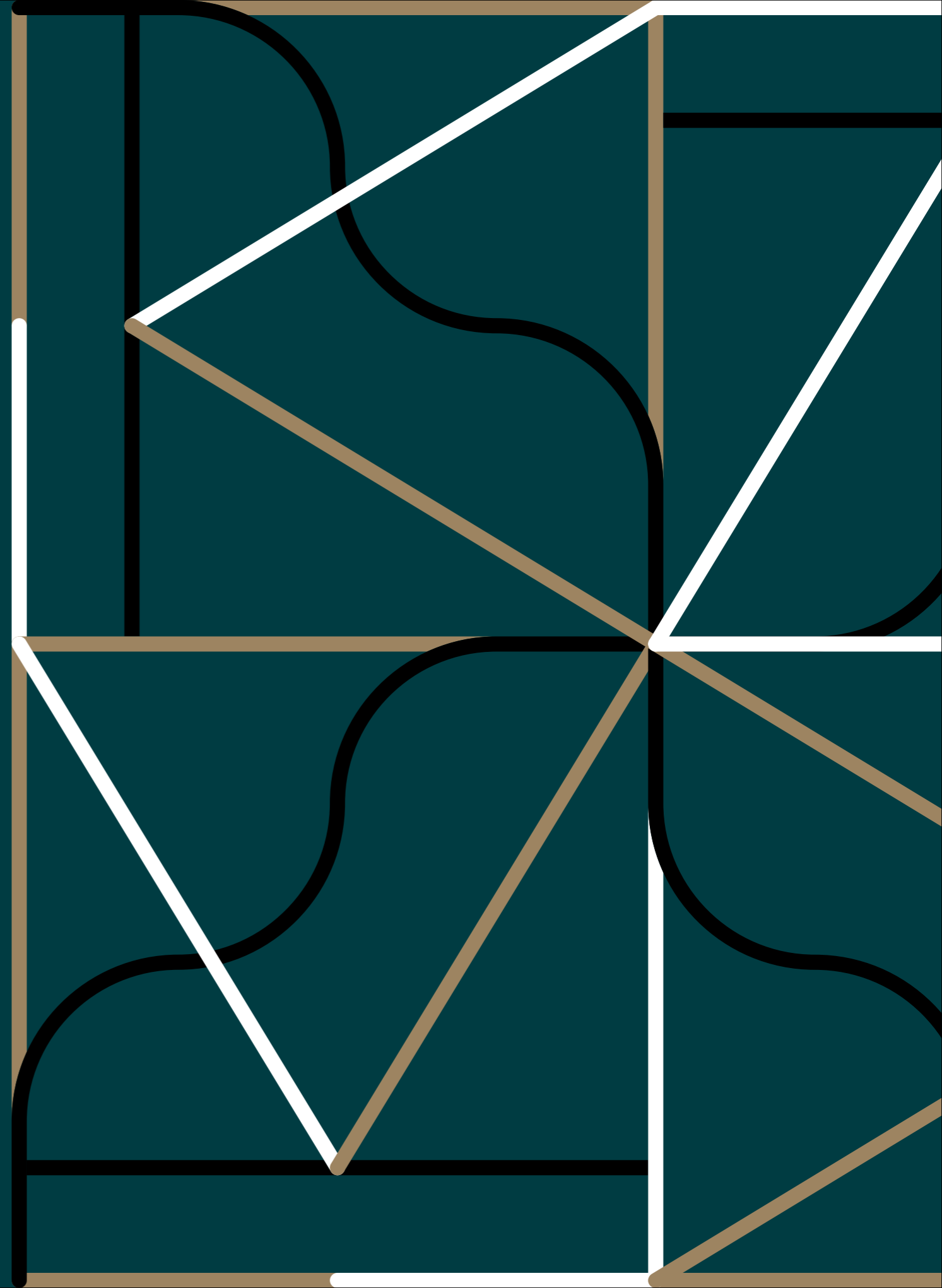
Brioni celebrated its 70th anniversary and introduced on the market new products available in limited edition – Roma 45 Su Misura suit, cuff links in white gold and diamond pave, Gold Edition 70 sunglasses and the fragrance *Extrait Intense*.

BRIONI

"LUXURY — WATCHES AND JEWELLERY" DIVISION

Boucheron
Pomellato
Dodo
Qeelin
Girard-Perregaux
Ulysse Nardin

LUXURY ACTIVITIES





Founded in Paris in 1858 by Frédéric Boucheron, the *Maison* soon acquired fame for its expertise in precious stones and savoir-faire in creating jewellery and watches. Boucheron was the first

watch and jewellery brand to move to the prestigious Place Vendôme in 1893, and has been synonymous with excellence in jewellery and watchmaking for more than 155 years.

highly acclaimed at its launch at the Baselworld Watch Fair. Today, Boucheron creates and markets jewellery and watches through its 39 directly-operated stores around the world, as well as its franchise boutiques, department stores and points of sale in exclusive multi-brand stores.

2015 — This year marked the success of the new high jewellery collection *Bleu de Jodhpur*, which was presented in Paris in July in the salons of the Place Vendôme boutique. This unique collection, presented under the patronage of the Maharajah of Jodhpur, His Highness Gaj Singh II, celebrates Boucheron's close links with India. The collection was an immediate and outstanding success with both the press and customers. The brand's famous *Quatre* jewellery collection maintained its iconic position, while the *Serpent Bohème* collection has become a new pillar in terms of sales. In the watch sector, *Epure*, with its round stainless steel case, was

OUTLOOK — In 2016, under the leadership of Hélène Poulit Duquesne, who was appointed CEO in October 2015, the *maison* plans to continue strengthening the visibility of its iconic collections and the growth of its distribution network.

Boucheron will again play an important role alongside the world's finest jewellery brands at the Biennale des Antiquaires, which returns in a new, annual format in September 2016 in Paris.

BOUCHERON



Established in Milan in 1967, Pomellato was the first company to introduce the ready-to-wear philosophy to the world of jewellery. Synonymous with creativity and character, Pomellato's creations are immediately recognisable for their unconventional

style, expressed through an inimitable blend of colourful stones, unmistakable craftsmanship and Milanese elegance. The spirit of the brand is transformed into outstanding creations by the expert hands of Pomellato's goldsmiths.

international expansion, the Pomellato brand currently has a distribution network that includes 40 directly-operated stores, a number of franchise boutiques and a presence in exclusive multi-brand stores.

OUTLOOK — In 2016, under the leadership of Sabina Belli, who was appointed head of the Pomellato Group in December 2015, the *maison* will continue to strengthen its exceptional positioning around the world. It will also launch several new creations to enrich its iconic collections.

2015 — The *Nudo* collection embodies the quintessence of Pomellato. Over the last few years, the brand has reinforced its most iconic collections with product extensions featuring precious stones, such as the new *Nudo with Diamonds* line. In addition, Pomellato has enriched the creativity of all its leading collections, particularly *Tango* and *M'ama non M'ama*. The first Pomellato eyewear collection was also launched at the end of the year. Following its strategic

Pomellato will inaugurate a new store on Milan's renowned Via Montenapoleone in 2016, strengthening its position as the first global luxury Italian fashion fine jeweller, unconventional, colourful.

POMELLATO



Created in 1995, Dodo was the first brand to offer a range of unisex, multi-generational jewellery featuring pendants that convey sentiments of love and friendship. Going beyond their decorative

function, Dodo creations thus tell a story and send a message. Dodo embraces the "Happy attitude philosophy" creating jewels with a sentimental value.

The Dodo distribution network currently includes 19 directly-operated stores, including its flagship on rue Saint Honoré in Paris, which opened in 2014. The network also includes a number of franchise boutiques and exclusive multi-brand retailers, most of which are shared with the Pomellato brand.

OUTLOOK — In 2016, under the leadership of Sabina Belli, who was appointed head of the Pomellato Group in December 2015, the brand will continue to develop its range of products and strengthen its positioning around the world.

In 2016 Dodo launches a new collection of rings in different styles, made in rose and white gold, silver and diamonds. "Follow your Dreams" is the new story telling mantra linked to the Moon Collection.

DODO

2015 — In recent years, Dodo has launched successful new jewellery lines such as the *Starfish* and *Precious Components* Collections. In 2015, Dodo also expanded its watch range with the introduction of new colours and a capsule collection of women's watches for Christmas. For Expo Milano 2015 (the World Fair held in Italy), Dodo created its *Lucky Chef* capsule collection to celebrate the event's theme: *Feeding the Planet, Energy for Life*, matching its joyful and unconventional spirit with its Italian "savoir-faire".



Founded in 2004 by designer Dennis Chan, Qeelin creates lavish fine jewellery that is rich in symbolism and inspired by the myths of the East. The brand name refers to the *Qilin*, a Chinese mythical animal and symbol of love, understanding and protection. Each collection contains a wealth of original creations that

combine the brand's craftsmanship with precious materials. Thus the brand's iconic *Wulu* collection is inspired by the legendary Chinese gourd filled with auspicious associations. The *Bo Bo* collection features an articulated diamond panda, China's emblematic animal.

the brand continues to develop its distribution network and global visibility. Its international expansion continued in 2015, primarily in mainland China, with Qeelin now counting 22 boutiques, including 14 directly-operated stores.

OUTLOOK — In 2016, under the leadership of CEO Christophe Artaux, Qeelin will continue to invest in its development, primarily focusing on the Asian and US markets.

2015 — For its major advertising campaign of 2015, Qeelin commissioned famous Chinese photographer Chen Man to present the *Wulu* collection as well as its new fine jewellery collection *Wang Wang*, inspired by the creative director's love of animals. Since Qeelin's acquisition by Kering,

As part of its international expansion, Qeelin took its first steps in the US market in 2015. In May, the brand sponsored a gala evening in honour of the China through the looking glass exhibition at New York's Metropolitan Museum of Art.

QEELIN



Girard-Perregaux is one of the oldest high-end watch manufacturers still in operation. Founded in 1791, the company is headquartered in La-Chaux-de-Fonds, Switzerland. The history of the brand is marked by timekeepers softly blending innovation and finest esthetic refinement, such as the renowned *Tourbillon*

with *Three Gold Bridges*, which was presented by Constant Girard-Perregaux in 1889 at the Paris Universal Exhibition, where he was awarded a gold medal. Today, Girard-Perregaux is one of the few watchmakers to master the creation of its movement and casing of its own timepieces in-house.

2015 — Since its acquisition by Kering, the brand has implemented a strategy aimed at creating future development based on its rich history. Girard-Perregaux thus recently revamped and relaunched several of its signature collections that embody its heritage and craftsmanship, while targeting a younger customer base. The *Girard-Perregaux 1966* collection is now offered in a steel edition for the first time. Girard-Perregaux is present in over 60 countries in prestigious department stores. Operating as part of the same

entity, JeanRichard sells its collections through independent points of sale and specialist multi-brand boutiques.

OUTLOOK — In 2016, under the leadership of CEO Antonio Calce and as part of its ongoing innovation drive, Girard-Perregaux will introduce a number of new timepieces, with strong ties to the history of the brand. This will be accompanied by a new communication strategy. The inauguration of the Girard-Perregaux museum in La-Chaux-de-Fonds will highlight the brand's heritage and expertise in *haute horlogerie*.

In 2015, *haute horlogerie*, the brand's most emblematic segment, received another award at the Grand Prix d'Horlogerie de Genève: the Striking Watch Prize for its Minute Repeater Tourbillon with Gold Bridges.

GIRARD-PERREGAUX



Founded by Ulysse Nardin in 1846, this eponymous watchmaking brand has forged a strong identity based on its expertise in marine chronometers and complication timepieces. The brand is renowned for its use of cutting-edge technologies and

state-of-the-art materials, including silicium. Ulysse Nardin is one of the few Swiss watchmakers to have in-house production capacity for high-precision movement components, particularly the regulating organs.

2015 — Ulysse Nardin launched its *Anchor Tourbillon* model, an example of avant-garde silicium-based technology which required eight years of research and development. The brand also strengthened and reaffirmed its roots in the marine world by sponsoring the Artemis Racing team in the 35th America's Cup. Ulysse Nardin's current global distribution network includes 18 monobrand boutiques, including one directly-operated store and a presence in exclusive multibrand stores. The brand's distribution network has also been expanded, with a particular focus on the hitherto under-exploited Asian markets.

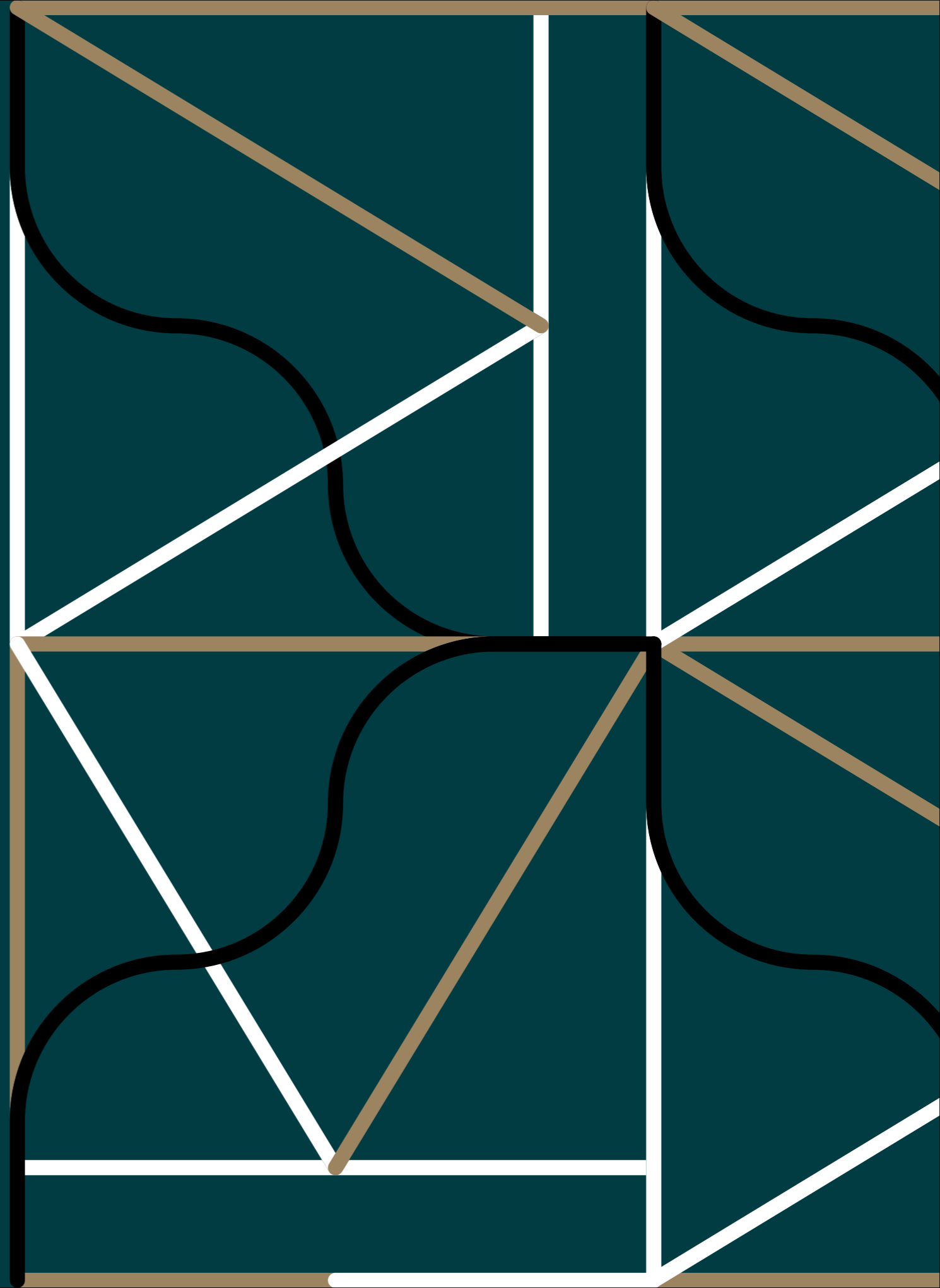
OUTLOOK — Under the leadership of CEO Patrik Hoffmann, Ulysse Nardin plans to streamline its product portfolio by concentrating on its iconic collections and consolidate its worldwide distribution network. A new global communication plan and new image campaign will highlight this focus on key lines and bolster brand visibility and awareness.

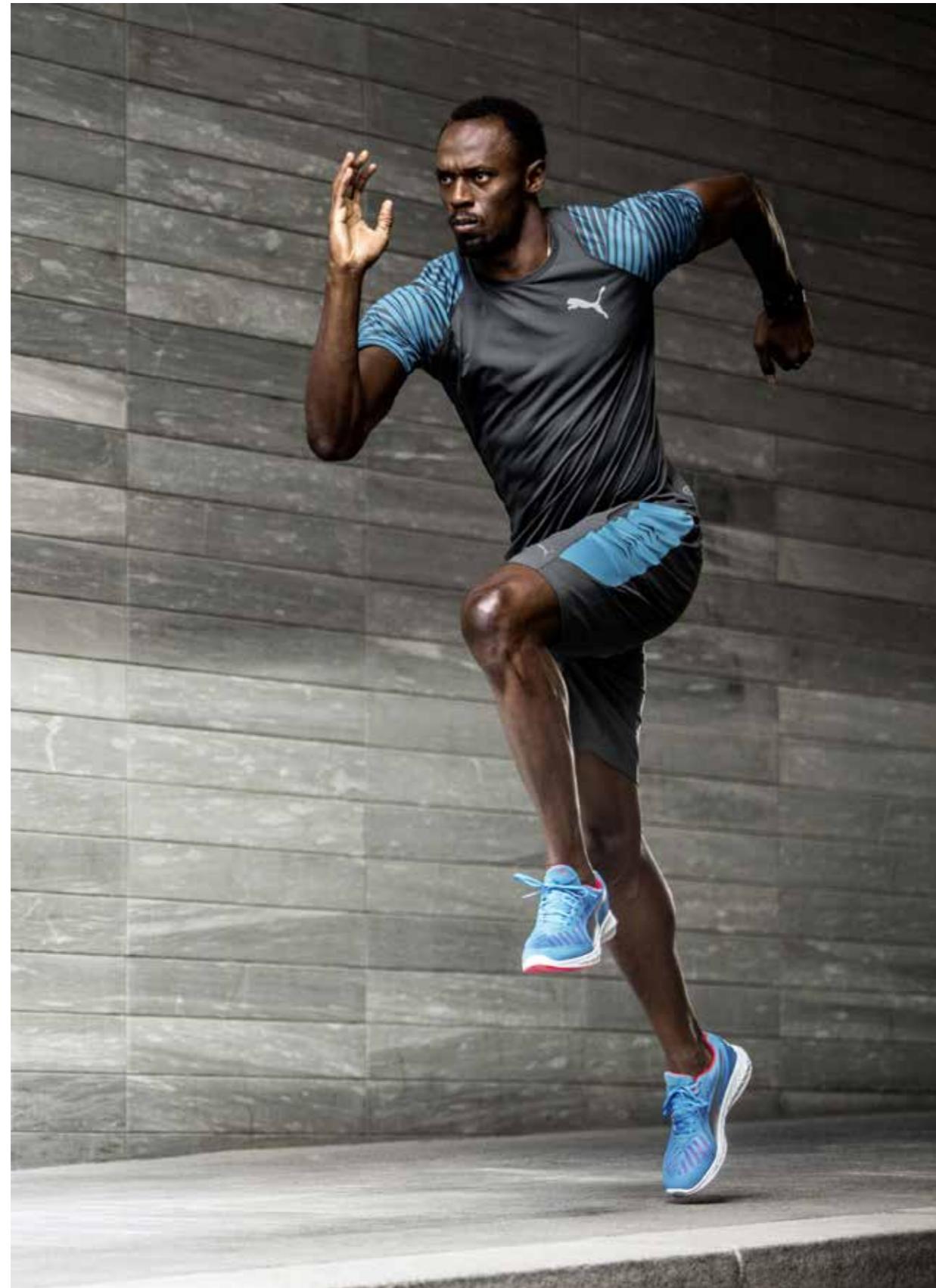
In Autumn 2015, the iconic *Anchor Tourbillon* received three highly prestigious awards: the Tourbillon Watch Prize at the Grand Prix d'Horlogerie de Genève, the Watch of the Year Prize at the Salon Internacional Alta Relojeria in Mexico, and the Orologio dell'Anno 2015 prize from Italian watch magazine *L'Orologio*. This triple distinction confirms the brand's expertise and innovative outlook.

ULYSSE NARDIN

SPORT & LIFESTYLE ACTIVITIES

PUMA
Volcom





PUMA

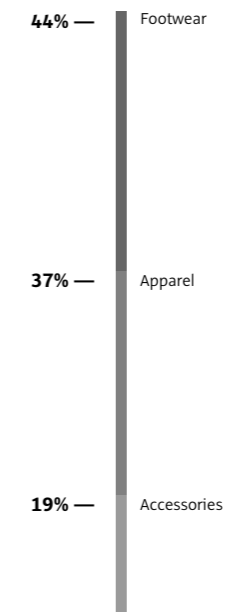
PUMA is one of the world's leading sports brands that designs, develops and markets footwear, apparel and accessories. For over 65 years, PUMA has established a reputation for its close links to some of the fastest athletes in the world. PUMA offers performance and sport-inspired lifestyle products in categories such as Teamsport, Running and Training, Golf and Motorsport. PUMA's new mission, as expressed by CEO Bjørn Gulden, is to be the fastest sports brand in the world. Its *Forever Faster* motto now serves as the company's guiding principle for all of its actions and decisions. The PUMA Group distributes its products in more than 120 countries.

2015 — In terms of its repositioning as a sports brand, PUMA enhanced its product communication by giving consumers a stronger, clearer brand story and by making better use of its assets. The launch of PUMA's *IGNITE* range perfectly embodied the brand's *Forever Faster* positioning. Presented by Usain Bolt in New York City's Times Square, the high-performance *IGNITE* footwear was a huge commercial success. Product development has also been improved and this year feedback from distributors on PUMA products worldwide has been glowing.

Underlining its strong position in football, PUMA achieved great visibility at both the Copa America in Chile and the FIFA Women's World Cup in Canada. During the 2015 IAAF World Championships in Beijing, PUMA benefited from excellent performances by its sponsored athletes, particularly the new records set by Usain Bolt. In the Motorsport category, PUMA continued to be a leading supplier to two of the best Formula 1 teams in the sport: Mercedes AMG Petronas and Scuderia Ferrari.

3,403
revenue
in millions of euros

Breakdown of
revenue by
product category



92
recurring
operating income
in millions of euros

10,988
average number
of employees

PUMA was also an official partner of the COP21 UN Climate Change Conference, which took place in Paris in November. The brand provided the uniforms, made entirely from organic cotton, for 180 students who were in charge of welcoming visitors from all over the world.

OUTLOOK — In 2016, the brand will continue to develop innovative and appealing products. This promises to be an eventful year full of opportunities to further strengthen PUMA's positioning as a leading performance brand, from the UEFA Euro 2016 in France to the Copa America in the US and the Olympics in Rio de Janeiro.

PUMA's partnership with Rihanna, which generated a lot of positive press coverage and social media buzz, led to the launch of a series of footwear and apparel styles inspired by the artist. The Creeper was the first sneaker in the PUMA BY RIHANNA collection. The limited-edition black and white colourway sold out within hours last September.



Founded in the early 1990s, the Volcom philosophy is based on the belief that board sports, just like music, art and film, can generate inner

well-being and fulfilment. The brand's mantra 'True To This' refers to the passion and embodiment of these sports. Volcom offers lifestyle-enhancing

products, including apparel, accessories and footwear, that reflect its values of liberation, innovation and experimentation. Volcom

is the only brand in its category with genuine links to all three main board sports: skate, surf and snow since inception.

279

revenue

in millions of euros¹

¹ — Volcom and Electric figures

2

recurring operating income

in millions of euros¹

784

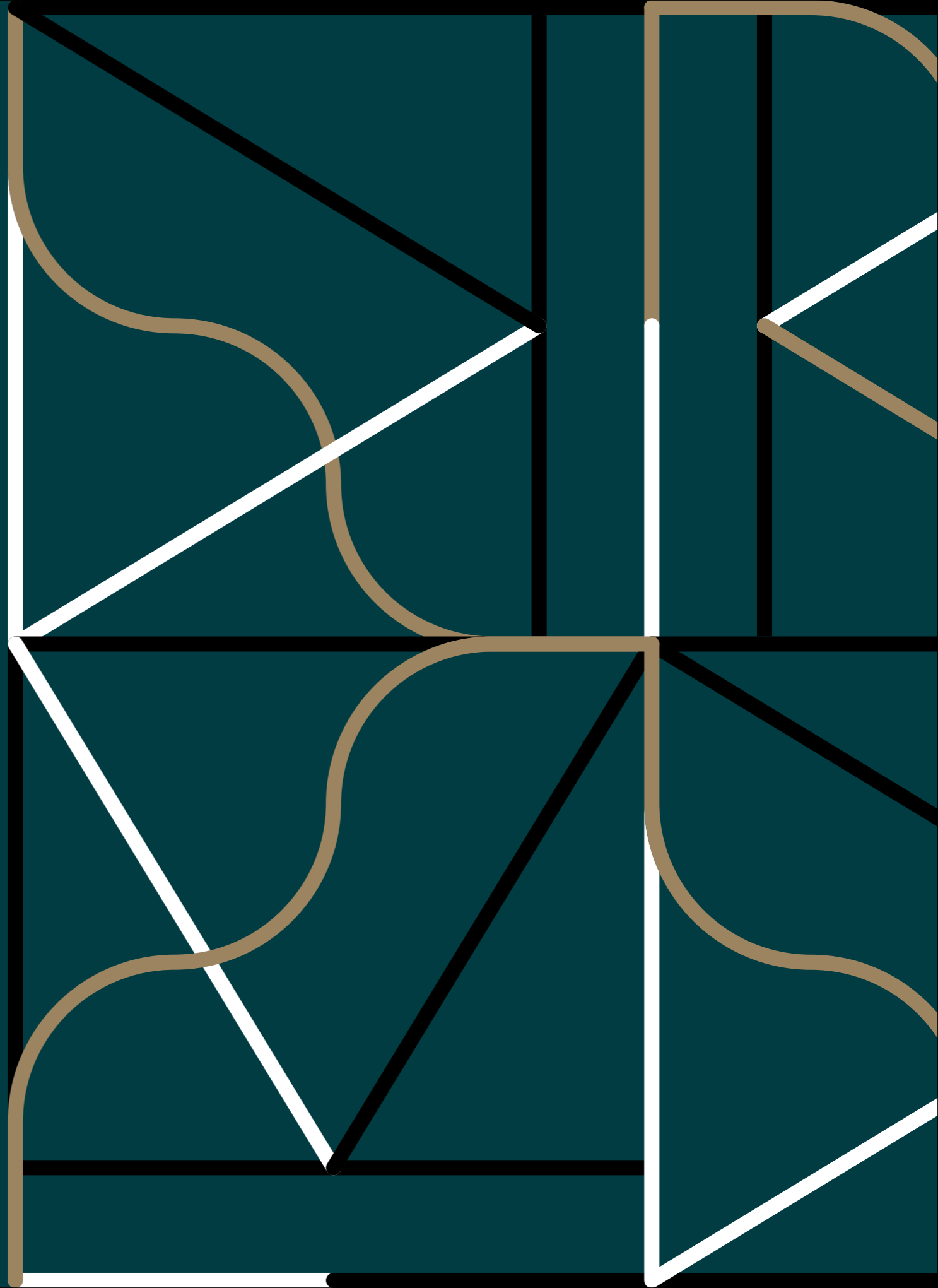
average number of employees¹

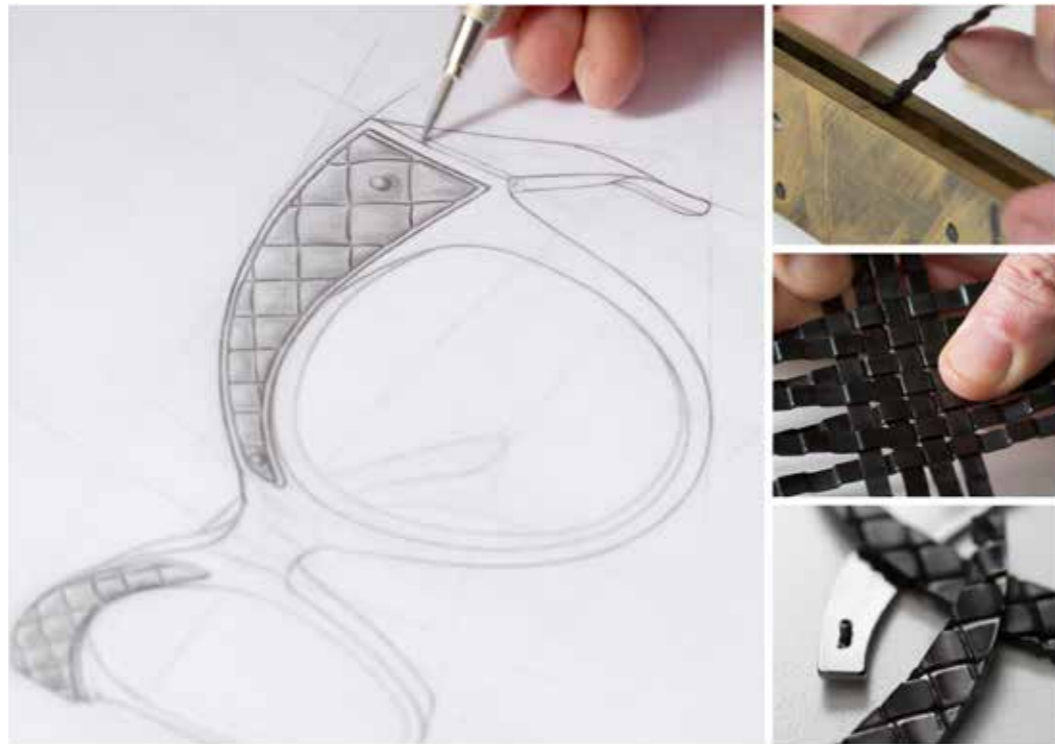
2015 — The brand stepped up its efforts to strengthen its products, and has implemented a global organisational structure to improve its relevance to its markets and customers. Volcom has continued to gain market share in core retail accounts. The brand opened a number of directly-operated stores in France and took steps to optimise its global store network. It also extended the reach of its e-commerce platform, which is instrumental in fostering online presence and driving sales. In addition,

Volcom continued to reinforce its brand image through the sponsorship of world-class athletes, distinctive advertising, art, music and films inspired by board and youth sports.

In 2015, Volcom launched a critically acclaimed movie inspired by surfing titled, *Psychic Migrations*, as well as two major product marketing campaigns: *Real Life Happening* and *Welcome to Water*.

KERING EYEWEAR





KERING EYEWEAR IN 2015, KERING LAUNCHED KERING EYEWEAR, A STRATEGIC INITIATIVE TO DEVELOP IN-HOUSE EYEWEAR EXPERTISE FOR ITS LUXURY AND SPORT & LIFESTYLE BRANDS. BY TAKING CONTROL OF THE ENTIRE VALUE CHAIN, FROM DESIGN AND PRODUCT DEVELOPMENT THROUGH TO MARKETING AND DISTRIBUTION, KERING EYEWEAR AIMS TO CREATE A DESIRABLE RANGE OF FRAMES AND SUNGLASSES.

The global eyewear market is sizeable, and the premium segment is enjoying double-digit growth. Current sales volumes of Kering brands place the Group among the top five players in the industry.

By investing in a dedicated entity led by an experienced team, Kering's objective is to help its brands further develop within this product category. By maximising the unique appeal of each of its brands in tune with its strategy and positioning, Kering Eyewear will help

each of them to realise their full potential in this segment.

The Kering Eyewear business model is innovative and marks a radical break. The newly established company is entrusted with key tasks in the creative process, including design, product development, marketing, branding, manufacturing management and sales, working closely with the brands and guided, as ever, by their respective creative directors. The manufacturing is outsourced to carefully selected

Jean-François Palus, Group Managing Director, Kering Eyewear "The first steps taken by Kering Eyewear have been highly successful. The first collection, *Collezione Uno*, presented in June 2015, was very well received by major accounts and independent opticians alike, confirming our strategic orientation and giving us confidence for the future."

Roberto Vedovotto, CEO, Kering Eyewear "Through this pioneering project, Kering aims to help its brands reach their full growth potential in eyewear, while maximising the unique appeal of each brand."

partners who have been chosen for their expertise, while the gradual roll-out of distribution is to be optimised across all sales channels, with a particular focus on directly-operated Kering brands' stores. Internalisation, which lies at the heart of this innovative business model, will enable the Group to create value by placing products at the core of its strategy.

Kering Eyewear is now an integral part of eleven of the Group's brands. The licenses for the Bottega Veneta, Saint Laurent, Alexander McQueen, Stella McCartney, McQ, Boucheron, Pomellato and PUMA brands were taken over by Kering Eyewear in June 2015, while Tomas Maier, Christopher Kane and Brioni were introduced to the trade in November. Gucci will be included in the scheme as of January 2017.

The first Kering Eyewear collection, dubbed *Collezione Uno*, was presented on 30 June 2015, at Palazzo Grassi in Venice. In July, the first commercial campaign took place in Padua in Italy, where Kering Eyewear has its headquarters. These campaigns continued worldwide throughout the year.

The *Collezione Uno* range has been on sale in stores since November 2015 at certain retailers selected as Kering Eyewear Partners and approved independent opticians.

In 2016, under the direction of Roberto Vedovotto, CEO of Kering Eyewear, the new entity will continue to grow, with the arrival of the 2016 spring/summer collection in stores in January, followed by the autumn/winter collection in the second half of the year.

KERING

—
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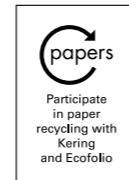
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advertising campaign: the Art of
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Empowering Imagination