KERING

ACTIVITY REPORT 2013

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GROUP

BRANDS

François-Henri Pinault

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Interview with the chairman and chief executive officer of Kering

How would you describe Kering's performance in 2013?

2013 was a year of solid performance for our Group. Revenue grew on a comparable basis by 4%. Gross margin widened, buoyed chiefly by the on-going rise posted by the Luxury brands. Kering continued to report a good level of recurring operating income, at €1,750 million, and the recurring operating margin was high, at 18%. Our financial strength continues: net debt at the end of the year is at an EBITDA ratio of 1.7.

We are well diversified in terms of geography with 69% of revenue being generated from outside western Europe. Comparable growth in mature markets was sustained at 4.3% and emerging markets' comparable sales were up 3.4%.

The Group's free cash flow from operations, adjusted for the acquisition of a major real-estate asset in Tokyo, topped €1 billion, and advanced by 7% over the year. Luxury division revenue on a like-for-like basis was up 7%, reaching a record operating level of 26%. This was thanks to a sharp increase in excess of 4% of its operating income. These figures were obtained in the context of tension in consumer trends and certain markets. Results for the Sport & Lifestyle division were down, as we anticipated, amid major changes that we're undertaking at PUMA.

The multi-brand strategy in Luxury, which is a hallmark of the Group, is once again producing results. As well as a solid performance from our flagship brand Gucci, which this year continued its repositioning strategy focusing on the high end of the market, Bottega Veneta, Saint Laurent and other Luxury brands enjoyed stellar growth.

'2013 was a year of solid performance for our Group.'

'Our brands are well established and positioned, they are full of organic growth potential.'

—

The Sport & Lifestyle figures show the effect of the transformation which is under way at PUMA, but also difficulties in Europe, a market to which PUMA is more exposed than most of its peers. PUMA kept tight control on operating costs while maintaining marketing visibility, R&D and innovation efforts, to fuel its revival.

2013 completed a period of profound transformation for Kering with the listing of Fnac and the sale of Redcats' international activities. We have built a strong platform for future growth. The disposal of La Redoute is well underway and the Group has pledged to provide the business' future owners with the means to finance its modernisation. Our consolidated net income bears the mark of these steps.

What changes would you highlight in 2013?

We welcomed new brands with remarkable potential in Luxury; we changed the management teams of all our Sport & Lifestyle brands; and we've upgraded the transversal activities that allow Kering to optimise the growth of its brands.

Thus we took a majority stake in Christopher Kane, a luxury fashion brand whose creativity and energy are widely acknowledged. In the hard luxury segment, which is one of our focus areas, we acquired Pomellato, an innovative and profitable jewellery group which also includes the Dodo brand. And the integration of recently acquired luxury companies Qeelin and Brioni was completed.

In Sport & Lifestyle, the priority is to revive our existing brands, above all PUMA. We strengthened its leadership under the responsibility of Björn Gulden, who has the necessary qualities and skillsets to revive this brand and return it to its previous sales momentum. After six months' work, the new energy which the team around him has been able to impart on the organisation as a whole testifies to the ability for change that this company has. We are confident of the implementation of its plan and its repositioning.

Regarding international cross-brand functions, we have elevated the sharing of resources and expertise, allowing us to move faster and more effectively in areas where we can perform better together than separately. These include real estate, brand equity analysis and shared services in IT and finance.

What is the outlook?

Having completed our transformation, Kering has solid fundamentals which enable the Group to approach 2014 and beyond with conviction. We are now a coherent, international group of powerful apparel and accessories brands in the Luxury and Sport & Lifestyle segments. Our brands are well established and positioned in a distinctive and complementary manner and, based on long-term structural changes of population and 21th century consumer trends, they are full of organic growth potential.

We remain faithful to our mode of management which combines rigour and flexibility, shared decision-making and centralised implementation, financial discipline and creative imagination.

We have two priorities for 2014. One is to stimulate our brands and to support their organic growth, notably for those which recently joined the Group; our second priority is the re-launch of PUMA. Mid-term, we anticipate a significant increase in the margins of each of our two divisions as well as continuing to improve our return on capital employed. In this context, we are confident of growth in revenue and recurring operating income.

'Kering has solid fundamentals which enable the Group to approach 2014 and beyond with conviction.'

—

Sustainable business is smart business

Kering's pledge to sustainability is based on François-Henri Pinault's conviction that sustainable business is smart business. For Kering, sustainability is inherent in the quality of our products and it creates value. It represents a distinctive feature and a competitive advantage over the long term and is a lever of innovation.

Hitting the target

In 2012 Kering defined a series of measurable and ambitious sustainability targets, to be achieved by 2016. They relate to priority issues in the areas of environmental footprint, supplies of raw materials and respect for ethics. These Group-wide targets provide a common framework which enables Kering and its brands to be part of the same continuing effort to progress.

Achievements

Three flagship projects testify to the acceleration of the Group sustainability drive in 2013:

– the intensification of the pioneering Environmental Profit & Loss account (E P&L), the consolidated results of which at Group level will be published in 2016. By the end of 2013 it had already been rolled out to 73% of Kering's business. The E P&L measures – and places a monetary value - on the environmental impact across our operations and the entire supply chain. It serves as a tool for deeper understanding and better decision-making;

– the setting up of the Materials Innovation Lab (MIL), devoted to the research and development of sustainable and innovative textile materials made available to the Group's brands;

– a series of policies and guidelines on the supply of key raw materials for the Group have been defined, formalised and disseminated to all employees.

All Kering brands distinguished themselves in 2013 by developing innovative processes and/or materials, with a better social and environmental impact. Examples include Gucci's and Bottega Veneta's work on a method of tanning without heavy metals, enabling them to reduce the environmental impact of leather production. Saint Laurent has launched a programme that aims to improve the environmental performance of its shops.

PUMA launched the PUMA.Safe programme, which makes technical expertise available to its suppliers in Bangladesh, China, Cambodia and Indonesia to help them reduce their environmental impact. Volcom is involved with the Deep Blue Surfing Event programme which reduces operational, environmental and community footprint.

Lastly, 2013 was the opportunity for the Group to construct a roadmap with every one of its brands, designed to steer progress on each of our sustainability targets.

268,256

TONNES OF CO_2 ENERGY AND TRANSPORT RELATED EMISSIONS IN 2013

KERING INCORPORATES THE DJSI WORLD AND EUROPE

In 2013, in its first year of application, Kering was added to the Dow Jones Sustainability Indices (DJSI) World and Europe. The DJSI tracks the best-in-class sustainability performers among the 2,500 largest companies in the Dow Jones Global Total Stock Market Index. Only the top 10% of leading performers in terms of sustainability assessed against predefined criteria are listed in the DJSI Index. The Group also heads the luxury and apparel industry in the 2013 Carbon Disclosure Project (CDP) rankings. The CDP annual survey assesses how climate change issues are mainstreamed into corporate sustainability strategy.

73%

OF THE GROUP'S TURNOVER IS NOW COVERED BY THE KERING E P&L ACCOUNT

STRENGTHENING THE ETHICAL STRUCTURE WITHIN THE GROUP

Since 2013 the defence and promotion of ethics within Kering globally has benefited from a revised and enhanced Code of Ethics, Group and regional ethics committees, a hotline for all Kering employees available in 73 countries and an online training module accessible to all Group staff. This new version of the Code is available in 12 languages, and is accessible on the Group intranet and external website.

GETTING TO GRIPS WITH PYTHON

Kering and the International Trade Centre have joined forces with the International Union for the Conservation of Nature (a group of experts on boa and python from the UICN/Species Survival Commission) to launch the Python Conservation Partnership. This is a collaborative project that aims to make the python trade aware of its responsibilities and to bring about change in the whole sector. The three-year research programme has the target of analysing and formulating recommendations on compliance with sustainable development, transparency, the well-being of animals and the resources of local populations linked to the python trade.

15.4%

OF THE ELECTRICITY PURCHASED BY THE GROUP IN 2013 IS NOW GENERATED FROM RENEWABLES

The Kering Foundation

Launched in 2009, the Kering Corporate Foundation fights violence against women. It supports NGOs, social entrepreneurs, as well as raises awareness campaigns, while engaging the Group's employees. In 2014, the Foundation refocuses its activity to combat sexual violence in the Americas, harmful traditional practices in Europe and domestic violence in Asia.

Projects run by local and international NGOs

In 2013, the Foundation continued to support six projects that were initiated several years ago. For example, Kering Foundation's board of directors renewed the partnership, initiated in 2009, with AFESIP. This NGO takes a comprehensive approach to combating trafficking in Cambodia through preventative actions, caring and training of victims in order to help them get out of prostitution. The Foundation also renewed its support for the NGO Enda El Alto, which offers shelter, care and training to young Bolivian girls living in the street.

It has also backed a new research project into violence against women refugees from the Syrian conflict, run by Human Rights Watch. The Foundation also made it possible for 21 members of staff to spend two weeks of their holiday leave on voluntary service, using their time and skills to assist partner NGO organisations.

Social entrepreneur grants

Every two years the Kering Foundation awards grants to three social entrepreneurs. In addition to financial support, the 2012 winners have benefited from help in a business skill by one of the Group's managers:

- brand positioning for Filles du facteur;
- human resources for AFRIpads;
- commercial strategy for Relmu Witral, including the creation of a fair trade beanie, distributed by Volcom.

www.keringfoundation.org

© Franco Basaglia

AWARENESS CAMPAIGNS

Under the Charte de prévention et de lutte contre les violences conjugales (Charter for preventing and combating domestic violence) signed in 2010 by François-Henri Pinault in partnership with the Fédération nationale Solidarité Femmes (FNSF – women solidarity national federation), Kering is committed to training its staff in France about this issue and raising awareness. In 2013, the Kering Foundation extended this commitment to Italy by choosing the organisation, Donne in Rete contro la violenza (D.i.Re) as its national partner. Last November 2014, François-Henri Pinault signed the *Carta sulla prevenzione e la lotta contro le violenze alle donne* (Charter for preventing and combating domestic violence). An awareness and training campaign will be rolled out to more than 6,000 Kering employees based in Italy.

WHITE RIBBON FOR WOMEN CAMPAIGN

In the partnership with the Kering Foundation, Stella McCartney designed a 'White Ribbon' badge for the International Day for the Eradication of Violence against Women, on 25 November 2013. Between 20 and 30 November, 20,000 badges were distributed by 60 of the Group's luxury brand stores. The campaign reached 55 million people through social media.

FULL DETAILS ON
WWW.KERINGFOUNDATION.ORG
AND @KERINGFORWOMEN

A NEW SIGNATURE:
'STOP VIOLENCE. IMPROVE WOMEN'S LIVES.'

MORE THAN

140,000

WOMEN HAVE BENEFITED FROM
KERING FOUNDATION SUPPORT SINCE ITS CREATION

CHIME FOR CHANGE

Launched by Gucci in 2013, the CHIME FOR CHANGE movement aims to promote access to education, health and justice for all girls and women across the world. On 1 June 2013, a concert in London raised awareness and funds, which brought in 4.4 million dollars through Catapult.org, the leading fundraising platform for women 's causes. In 2013, the movement has been able to support 260 projects in 81 countries, working with 87 non-profit organisations.

Human resources

The 'Kering effect' in human resources

Our people are the driving energy behind our recent transformation into a cohesive Group. We are currently implementing a more ambitious and integrated HR strategy, to support the growth of our brands. This includes sharing a high quality talent pool, as well as HR innovation and expertise. It explains why we make a priority of internal job mobility and career development.

HR strategy complements the Group's vision

We empower our people to go beyond their limits, to lead and innovate, to realise their potential in the most imaginative and sustainable manner. We create the conditions for our people to express, fulfil and enjoy themselves – and maximise their engagement for the success of our brands.
This means we invest in, and empower, our employees by developing their expertise, creativity and leadership. We also make professional development and career-path opportunities available across all our brands and regions.

Mentoring programme for women

Kering set up its Leadership and Gender Diversity programme three years ago to facilitate women's access to positions of responsibility. Under this programme, a successful mentoring initiative was started in 2012 in France to help develop women's careers and encourage the expression of diverse leadership styles. After this initial pilot we are now ready to roll out the programme internationally.

© SGP

DEVELOPING TALENT

Our talent represents a unique and distinctive richness for the Group and is at the heart of our brands' sustained growth. Talent development is therefore an important management principle; we encourage and support our leaders to embrace this as one of their main competitive advantages. The human resources team is devoted to strengthening our global approach to talent identification and development, enabled by trend-setting digital tools and processes, to best serve our brands and the Group as a whole.

31,415

EMPLOYEES IN

63

COUNTRIES

© Virgile Guinard

Developing e-business

Digital is a strategic priority for Kering because our e-business targets are ambitious. This is not only for the business we conduct online but also because it influences demand across all sales channels, with more and more shoppers affected by digital, including social media, regardless of where they purchase. And, since our brands are global, we need online flagship stores to be accessible around the world.

The Group is therefore ensuring that shared core competencies are made available to all our brands, to both support and challenge their online commercial performance. This takes the form of upgrading user experience (UX) design, enhancing performance marketing and enriching e-commerce business intelligence.
We have been working diligently on expanding the brands' e-business offer. In 2013 new websites were launched for Saint Laurent, Bottega Veneta, Volcom and Brioni. 2014 will see the introduction of new sites for Balenciaga, Alexander McQueen and PUMA.

Digital harmonisation

In Luxury, we have been advancing our worldwide potential to sell online. Thus the number of localised e-commerce sites currently varies from 30 to 99, depending on the size and presence of the brand, as well as on its overall business development stage. The number of major languages and currencies brands can handle is now seven in each case. All luxury brands now have mobile-optimised sites. We are also increasing the strategic role of digital by implementing cross-channel services as part of a CRM strategy, which will be operational this year.

In Sport & Lifestyle the Group is forming a strategy to harmonise the technology platforms across the brands, sharing identical needs and structure and seeking synergies. This encompasses website construction, website evolution and maintenance, and global expansion. Cobra Golf, Electric and Volcom are now on the same e-commerce platform. This year PUMA's new site will offer a unified experience, bringing content and e-commerce together to offer a richer customer experience. Volcom has just launched e-commerce in Europe and this will be followed by Electric.

COOL SCHOOL

The Kering Digital Academy, established in 2011, works to instil a digital culture across the Group. It encourages innovation, supports digital objectives, reinforces digital awareness and expertise, and creates an international digital community. In addition, the Academy is currently working on two avenues: the creation of an omni-channel, customer-centric culture and organisation; and the progression of a worldwide online presence for the brands. The aim is to improve the quality of the learning process in order to make better decisions in this field, and to improve overall digital effectiveness.

FROM

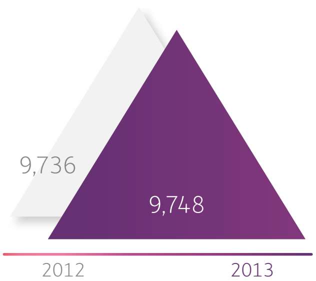
30 to 99

LOCALISED E-COMMERCE SITES FOR LUXURY BRANDS

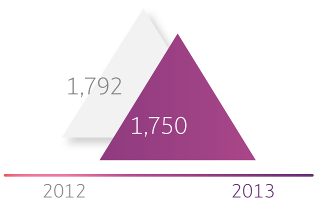
Kering Group

REVENUE
in € millions

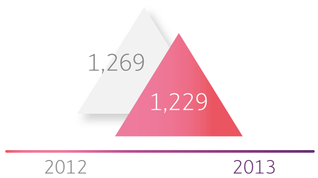
+4%
on a comparable basis



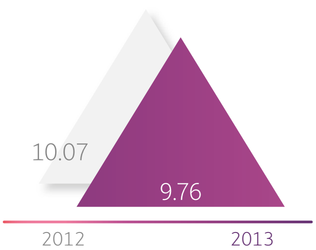
RECURRING OPERATING INCOME
in € millions



NET INCOME ATTRIBUABLE TO OWNERS OF THE PARENT
o/w net income
from continuing operations
excluding non-recurring items
in € millions



EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT
o/w continuing operations excluding
non-recurring items – in €

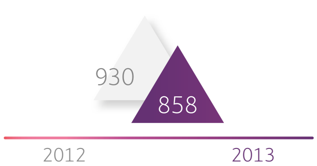


DIVIDEND PER SHARE[1]
in €

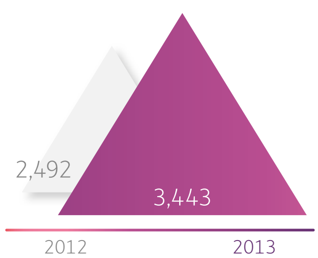
(1) Subject to the approval of the Annual General Meeting on 6 May 2014.

GROSS OPERATING INVESTMENTS[2]
in € millions

FREE CASH FLOW FROM OPERATIONS[3]
in € millions



NET FINANCIAL DEBT
in € millions



(2) Purchases of property, plant and equipment and intangible assets.
(3) Net cash flow from operating activities – net acquisitions of property, plant and equipment and intangible assets.

Luxury division

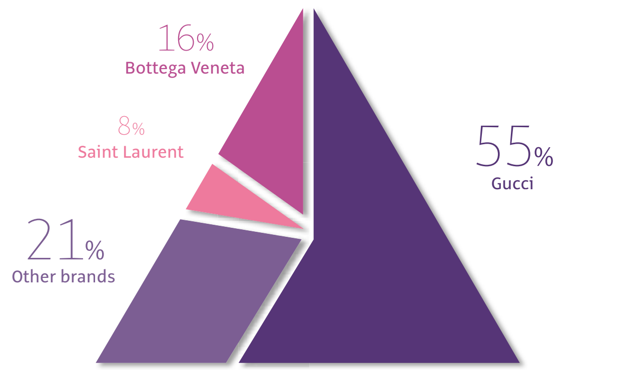
REVENUE
in € millions

6,470

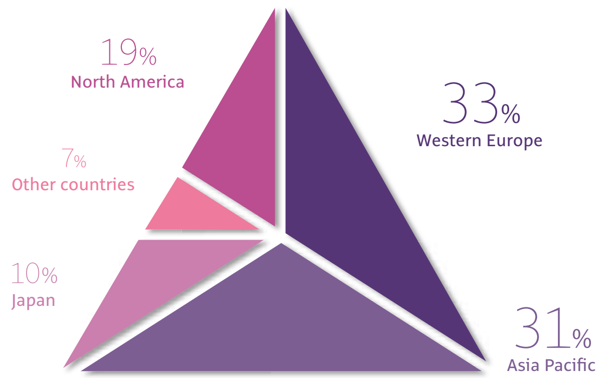
RECURRING OPERATING INCOME
in € millions

1,683

BREAKDOWN OF REVENUE BY BRAND

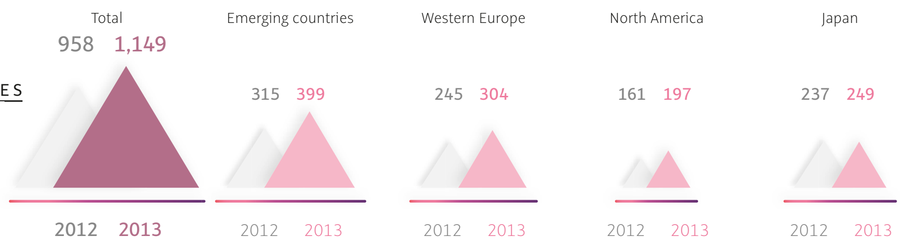


BREAKDOWN OF REVENUE BY REGION



1,149

DIRECTLY-OPERATED STORES



Sport & Lifestyle division

REVENUE
in € millions

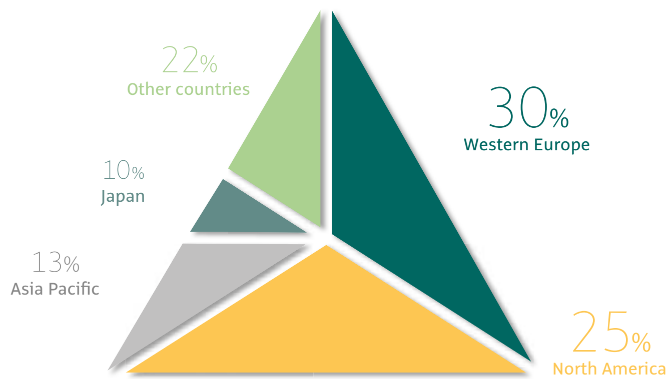
3,247

RECURRING OPERATING INCOME
in € millions

200

BREAKDOWN OF REVENUE BY PRODUCT CATEGORY

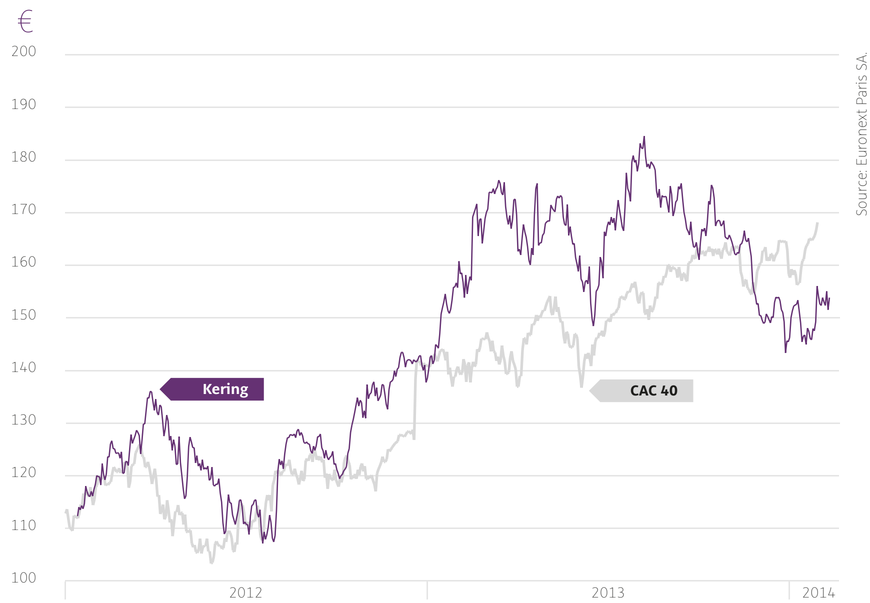
BREAKDOWN OF REVENUE BY REGION



Shareholders

PERFORMANCE OF THE KERING SHARE COMPARED WITH THE CAC 40 INDEX

between 1st January 2012 and 22 February 2014



Following a 27% rise in 2012, in 2013 Kering achieved a solid stock-market performance with a rise of 11% in a year of mixed fortunes for luxury securities, with a number of them underperforming market benchmark. Over the year the CAC 40 appreciated 18%. While equity recorded a strong increase in the first half-year, buoyed by good operating results and the new milestones reached in the Group's realignment, this performance remained static in the second half.

DISTRIBUTION OF CAPITAL

on 31 December 2013

As of 31 December 2013, 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 52.8% of the capital, including 10.2% held by French companies and 42.6% by non-residents. The latter are led by North American (15.3%) and British (13.8%) shareholders, followed by continental Europe excluding France (6.9%), primarily Norway (1.7%), the Netherlands (1.4%) and Switzerland (1.6%). Shareholders in the Asia-Pacific region represent 2.9% of the capital. Individual shareholders hold 5.9% of the Group's capital.

Source: Titre au Porteur (TPI – shares by holder) on 31 December 2013.

Executive committee

1.
FRANÇOIS-HENRI PINAULT,
CHAIRMAN AND CEO, KERING

2.
JEAN-FRANÇOIS PALUS,
GROUP MANAGING DIRECTOR, KERING

3.
JEAN-MARC DUPLAIX,
CHIEF FINANCIAL OFFICER, KERING

4.
MARIE-CLAIRE DAVEU,
CHIEF SUSTAINABILITY OFFICER AND HEAD OF INTERNATIONAL INSTITUTIONAL AFFAIRS, KERING

5.
LOUISE BEVERIDGE,
SENIOR VICE-PRESIDENT, COMMUNICATIONS, KERING

6.
ALEXIS BABEAU,
MANAGING DIRECTOR, KERING LUXURY DIVISION

7.
BELÉN ESSIOUX-TRUJILLO,
SENIOR VICE-PRESIDENT, HUMAN RESOURCES, KERING

8.
BJÖRN GULDEN,
CEO, PUMA

9.
MARCO BIZZARRI,
CHAIRMAN AND CEO, BOTTEGA VENETA

10.
PATRIZIO DI MARCO,
CHAIRMAN AND CEO, GUCCI

10.

6.

4.

3.

7.

8.

CORPORATE GOVERNANCE

The board of directors is Kering's principal governing body which collectively represents all the shareholders. It decides the strategy of the Group and ensures its implementation.

The directors are appointed by the shareholders at the annual general meeting (AGM) for a period of four years. Eleven directors currently sit on Kering's board; five of them are independent, according to the criteria of the AFEP-MEDEF Code.

The board of directors has taken the view that the recommendations of the AFEP-MEDEF Code of corporate governance of listed companies (AFEP-MEDEF Code) fall within Kering's approach to corporate governance. It is to this code that Kering makes reference. From the closure of the AGM on 6 May 2014, the board of directors will comprise 11 directors, four women and seven men, of various nationalities; five of them will be independent.

The new director will be Daniela Riccardi. To meet legal requirements, a director representing the employees will be appointed after the 2014 AGM. The board meets at least five times a year and whenever circumstances so require, if necessary at short notice. In the course of 2013, it met on eleven occasions.

FRANÇOIS-HENRI PINAULT

PATRICIA BARBIZET

LAURENCE BOONE

LUCA CORDERO DI MONTEZEMOLO

YSEULYS COSTES

JEAN-PIERRE DENIS

PHILIPPE LAGAYETTE

JEAN-FRANÇOIS PALUS

BAUDOUIN PROT

DANIELA RICCARDI

JOCHEN ZEITZ

The board has set up five specialist corporate governance committees: the **audit committee**, the **remuneration committee**, the **appointments committee**, the **strategy and development committee** and the **sustainable development committee.**

(1) Subject to the approval of the 2014 AGM.

The **executive committee (Comex)** meets each month, and comprises the chairman and CEO, the Group managing director, the CEOs of the divisions and the Group's principal brands, and Kering's principal functional directors. As the Group's operational body, the executive committee is where the Group's activities are analysed and spurred forward and, where the Group's top management can discuss and share views, and coordinate and monitor Group-wide projects.

The **Group charter** puts into practice the principles of good organisation, decentralisation of power and the responsibilities of managers in the Group.

The **ethics committee** comprises the Group managing director and the Group legal affairs director. It ensures respect for the necessary rules regarding privileged information: closed periods, lists of permanent and occasional insiders and, in particular, making individuals who hold privileged information aware of their responsibilities.

The **Code of Ethics**, a new version of which was distributed to all Kering staff in December 2013, sets out the Group's principles and values. It reminds staff of the commitments and principal rules of conduct for their colleagues and co-workers, customers and consumers, shareholders and the financial markets, suppliers and competitors, the environment and civil society. It also includes the ethics-related channels available to Group employees around the world (committees and hotlines).

Set up in 2005, Kering's **ethics committee** is now supplemented by two regional ethics committees: the Asia-Pacific ethics committee and the Americas ethics committee. These committees are composed of representatives of the Group brands and Kering staff. Their regional nature contributes to the policy of delegation of responsibility in force within the Group, which ensures the most appropriate response to questions. Their role as the body of last resort, under the authority of the Group ethics committee, to which they report, guarantees the consistent application of ethical principles within the Group. The committee is supplemented by an **ethics hotline**, introduced in 2013 and available to all Group employees in 73 countries and in the areas in which the Group operates. A **training course in ethics and compliance with the Code** for all Group staff worldwide will be available online from 2014.

—

GUCCI

BOTTEGA VENETA

SAINT LAURENT

ALEXANDER McQUEEN

BALENCIAGA

STELLA McCARTNEY

CHRISTOPHER KANE

BRIONI

SERGIO ROSSI

GIRARD-PERREGAUX

JEANRICHARD

BOUCHERON

POMELLATO

DODO

QEELIN

TOMAS MAIER

ALTUZARRA

—

LUXURY BRANDS

Gucci

Empowering Imagination

FOUNDED IN FLORENCE BY GUCCIO GUCCI IN 1921, Gucci is one of the world's leading luxury fashion brands. In the last five years, Gucci has been successfully enhancing its brand value through a carefully executed strategy that capitalises on both its ninety-year heritage of Italian craftsmanship and its reputation as a fashion leader. Today the brand's identity is defined by four core values which differentiate Gucci within the luxury marketplace – confident sensuality, iconic fashion leadership, *Made in Italy* craftsmanship and social responsibility.

During the year Gucci introduced a series of new, iconic and successful products, including two sophisticated no logo leather handbags – the *Lady Lock* and *Bamboo Shopper* – which each feature Gucci's signature bamboo handle. The year also saw the sixtieth anniversary of Gucci's legendary horsebit loafer, which was celebrated with the reinterpretation of the classic loafer for both women and men, supported by an innovative 360-degree marketing campaign.

On the retail front, Gucci continued to expand its directly-operated store network through further openings, while proceeding with its strategy of taking direct control of relevant former franchise and wholesale stores. The company also continued its ongoing programme of store refurbishments as part of its brand repositioning strategy.

In line with commitment towards becoming an increasingly sustainable brand, Gucci announced that it had developed an innovative methodology to reduce the environmental impact of its leather tanning process. In the year, the company also achieved compliance with the OHSAS 18001 certification, an international occupational health and safety specification.

AS AN EXTENSION OF GUCCI'S PHILANTHROPIC ACTIVITIES, and building on its ten year relationship with Unicef, in 2013 the brand founded CHIME FOR CHANGE, a global campaign to raise funds and awareness for girls' and women's empowerment. On 1 June, *The Sound of Change Live* concert, attended by more than 50,000 people, raised $4.3 million in ticket sales alone, which funded 260 projects in 81 countries.

Further extending the company's deep commitment to its Florentine roots and the *Made in Italy* label, Gucci finalised the acquisition of Richard Ginori 1735, the leading Italian brand in fine china tableware (not consolidated in 2013 figures).

OUTLOOK. Over the last five years Gucci has successfully consolidated its position as one of the world's leading luxury brands through a carefully executed repositioning of the brand within the marketplace. With its mission to offer the most desirable luxury products that epitomise the jet-set lifestyle, combining fashion authority with *Made in Italy* craftsmanship, Gucci will continue its growth path by remaining true to the original vision and values of its founder.

1,132

2013 RECURRING OPERATING INCOME

In millions of euros

9,415

AVERAGE NUMBER OF EMPLOYEES

474

DIRECTLY-OPERATED STORES

3,561

2013 REVENUE

In millions of euros

BREAKDOWN OF 2013 REVENUE BY PRODUCT CATEGORY

Bottega Veneta

BOTTEGA VENETA

FOUNDED IN 1966 IN THE VENETO REGION OF ITALY, Bottega Veneta began as a leather goods house made famous for its signature *intrecciato,* a distinctive leather-weaving technique used to strengthen the soft leather, achieving high quality products that are also long lasting. Evolving through the years into an absolute luxury lifestyle brand, its motto, 'When your own initials are enough', now applies to a range of products including leather goods, women's and men's ready-to-wear, shoes, jewellery, furniture and more. Bottega Veneta is sold through directly-operated stores, complemented by exclusive franchises, select department and specialty stores, and through its online store.

2013. Careful execution of the international development strategy, consistent with exclusive positioning, resulted in growth in all geographic areas. Leather goods continued to represent the core business, while men's categories performed exceptionally well. The first fragrance for men, *Bottega Veneta pour Homme,* was launched, further leveraging the brand and augmenting awareness.

Marking a milestone, the House opened its new atelier in Montebello Vicentino, designed in view of employee well-being and the latest sustainability standards. The site, a 55,000 sqm park with historic villa, includes the *Scuola della Pelletteria Bottega Veneta,* where young artisans are trained and taught exceptional craftsmanship, thus securing Bottega Veneta's traditional know-how for years to come.

Bottega Veneta enhanced its retail network with selective store openings worldwide, in view of creating regional balance. With particular attention to reinforcing its European presence, the first *Maison* opened in Milan's prestigious Via Sant'Andrea. Unique in design and approach to the customer, the brand's largest store showcases the entire assortment while maintaining the height of intimacy and service. In addition, Bottega Veneta opened a gallery-like boutique on Los Angeles' Melrose Place, illustrating the brand's retail evolution for cities where it is already established, with the application of a tailored concept to meet the proclivities and tastes of the clientele in those specific locales.

To spread knowledge of its craftsmanship in one of its key mature markets, Bottega Veneta brought artisans to Japan for the first time for the occasion of the Bottega Veneta World Exclusive for the Isetan department store. This was a two-week event during which an extensive presentation of the brand's product was exclusively displayed throughout the Shinjuku flagship.

OUTLOOK. Under the creative direction of Tomas Maier and the leadership of president and CEO Marco Bizzarri, Bottega Veneta will continue to build on its accomplishment and positioning, supported by further openings worldwide, as it aims to reinforce overall awareness and regional balance. To provide the best possible luxury retail experience, the existing directly-operated store network will be enhanced, and the e-commerce capability will be reinforced.

331

2013 RECURRING OPERATING INCOME

In millions of euros

2,891

AVERAGE NUMBER OF EMPLOYEES

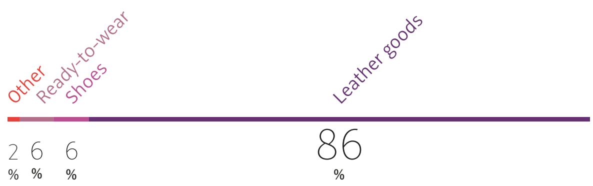
221

DIRECTLY-OPERATED STORES

1,016

2013 REVENUE

In millions of euros



BREAKDOWN OF 2013 REVENUE BY PRODUCT CATEGORY

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, in 1966 Yves Saint Laurent revolutionised modern fashion through the introduction of luxury ready-to-wear under the name Saint Laurent *Rive Gauche.*

Saint Laurent designs and markets a broad range of men's and women's ready-to-wear, leather goods and jewellery. Production is divided between Italy and France. The house also offers eyewear, fragrances and cosmetics under licence.

Since March 2012, creative director Hedi Slimane has been leading Yves Saint Laurent into a new era, recapturing the impulses of youth, freedom and modernity that inspired the founder to launch Saint Laurent *Rive Gauche*.

The Saint Laurent retail network comprises directly-operated boutiques, including flagships in Paris, New York and Hong Kong, select multi-brand boutiques and department stores.

2013. Under the leadership of Hedi Slimane and Francesca Bellettini, appointed CEO in September, 2013 was a very rich year with a particular focus on new product launches, across all the main categories. Sales experienced strong growth, especially in ready-to-wear, underscoring the relevance of the brand's return to its fundamentals. At the same time, customers reacted positively to the all-new lines of shoes and handbags, such as the *Sac de Jour* bag and *Paris* shoes.

Saint Laurent enhanced its retail network with selective store openings, refurbishments and relocations.

In May, the opening of the flagship in Avenue Montaigne, Paris, was a significant step in the evolution of Saint Laurent under Hedi Slimane. A new store was also opened in SoHo, New York, in June.

Since June 2013, 30 countries have been added to the e-commerce website ysl.com, to bring the total to 60. Social media initiatives enjoyed much success. As of December, Yves Saint Laurent had nearly 1.8 million fans on Facebook, and was one of the most popular luxury brands on Twitter with over 1.7 million followers.

In March, Saint Laurent announced its ongoing *Music Project,* a growing portraiture portfolio of rock stars and artists such as Courtney Love, Daft Punk and Chuck Berry, styling themselves in emblematic Saint Laurent pieces.

OUTLOOK. The company is pursuing its retail expansion, which started in 2012 with the launch of its new store concept. The focus will be on emerging markets, though there will be further development in mature ones. Existing stores will be progressively refurbished with the new concept.

77

2013 RECURRING OPERATING INCOME

In millions of euros

1,445

AVERAGE NUMBER OF EMPLOYEES

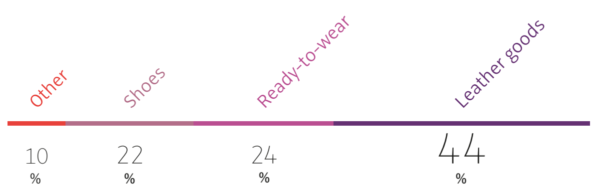
115

DIRECTLY-OPERATED STORES

557

2013 REVENUE

In millions of euros



BREAKDOWN OF 2013 REVENUE BY PRODUCT CATEGORY

Alexander McQueen

RENOWNED FOR ITS UNBRIDLED CREATIVITY, Alexander McQueen has been transformed from a celebrated fashion house into a significant global luxury brand under the vision of Sarah Burton, creative director since 2010, and the leadership of CEO Jonathan Akeroyd. The escalation of retail openings recently defines the global ambition of the brand. Principal product categories are women's ready-to-wear and leather goods, although the brand has a good spread across all categories, including menswear. There is a successful eyewear licence and a fragrance licence signed in 2013. The company has also developed McQ, a brand that has established itself in the growing contemporary market.

2013. For the Alexander McQueen brand, five new directly-operated stores were opened, to bring the total to 24. The New York flagship was relocated to Madison Avenue and the London flagship was refurbished to communicate a more luxurious positioning. The brand is now sold in over 50 countries and in more than 450 doors. Over the past few years, its presence has been reinforced in selective department stores, and the franchise boutiques network has been further developed, with two new franchise openings in 2013. All collections are sold online in most major markets. McQ is distributed primarily as a wholesale business internationally with a total of more than 550 doors. There were nine franchise openings in 2013, bringing the total to eleven. Two new franchise agreements have recently been added to the brands portfolio, PUMA with trainers and Safilo to produce McQ eyewear.

OUTLOOK. Both brands will expand with a focus on product development, especially in accessories. New retail openings are planned for Alexander McQueen. Marketing activity will increase with a focus on brand story through the showing in London 2015 of the record-breaking *Savage Beauty* exhibition and the forthcoming launch of the brand's debut fragrance.

Balenciaga

FOUNDED IN 1919 BY CRISTÓBAL BALENCIAGA and established in Paris in 1936, the brand defined many of the greatest movements in fashion from the 1930s to the 1960s. The mastery of techniques and cut, together with constant innovation in fabrics, has marked out a special place for Balenciaga in the hearts and minds of its customers and followers.

In the 1990s and early 2000s, the brand experienced a re-birth, which saw an extension of its product range to leather goods and accessories, as well as fragrances and eyewear (both under licence). With his proven talent and cosmopolitan vision of design, Alexander Wang – appointed creative director in December 2012 – has embraced and grounded a modern reality into the heritage of this fashion House. Balenciaga is distributed through directly-operated stores and e-commerce, as well as franchisees and multi-brand stores.

2013. Under CEO Isabelle Guichot's leadership, Balenciaga has been consolidating its directly-operated-store network in mature and emerging markets, with e-commerce currently covering 91 countries. Balenciaga set up direct operations in South Korea and opened two flagships in New York's SoHo, with a new concept giving complete access to Balenciaga's entire range of products for the first time. Its position in mainland China was strengthened, with two net store openings complementing the existing twelve. The brand also extended its presence in upscale department stores with the opening of three shop-in-shops in Paris, London and Tokyo.

OUTLOOK. Balenciaga will build on the impetus provided by new product launches, together with a focus on further developing its retail concepts around the world.

Stella McCartney

STELLA McCARTNEY'S eponymous luxury lifestyle brand was launched by the designer in partnership with Kering in 2001. Since the early days of the brand, Stella, a lifelong vegetarian, has reflected her ethical values in the collections, contributing to the brand's ongoing success.

Women's ready-to-wear has been the core business. During the past years however the brand has been extending its portfolio to include handbags, with the iconic *Falabella;* shoes and the Kids collection. Stella McCartney has long-lasting collaborations, such as the design of sportswear with Adidas. The brand has also developed eyewear and fragrances through licence agreements.

2013. Under the direction of CEO Frederick Lukoff, this has been a particularly successful year in building brand awareness with a persistent and strong exposure to the fashion scene. The year culminated with Stella receiving an OBE (Order of the British Empire) by the Queen of England for her services to the fashion industry. While initially a predominantly wholesale business, with now almost 600 doors in over 70 countries, most recently the brand has focused on retail channel expansion. Having doubled its directly-operated store network in 2012, the brand has added four further net openings in 2013, mainly in Asia, bringing the total to 34 stores.

Stella McCartney added four franchise boutiques, to bring the total to 16 worldwide; they continue to represent an important part of the distribution network. 2013 also saw the launch of the new e-commerce website to support market penetration, both in terms of image and revenue.

OUTLOOK. The company is pursuing an ambitious retail expansion programme, which started in 2012 with the launch of its new concept store. Existing stores will be progressively refurbished with the new concept. Stella McCartney will also be consolidating the latest openings and exploiting its historical locations in both the retail and wholesale channels. It will also develop strong synergies between offline and online shopping.

Christopher Kane

IN 2006, having completed his Master of Arts in fashion design at Central Saint Martins, London, Christopher Kane realised his ambition to start his own label, in partnership with his sister, Tammy Kane. The eponymous brand is now widely acknowledged to have spearheaded a revival of British high fashion, through the launch of innovative and daring ready-to-wear styles.

2013. In January Kering announced the purchase of a majority stake of the company. In September, Alexandre de Brettes was appointed CEO of the brand, to help integrate and further develop the brand.

In December Christopher Kane received the prestigious 2013 Womenswear Designer of the Year award from the British Fashion Council. The prize, which is given to a designer who has been instrumental in enhancing women's fashion, completed a year of increased awareness and strong development for the brand. Christopher Kane's collections are now distributed in over 30 countries, across more than 150 wholesale accounts. The primary product category is women's ready-to-wear.

OUTLOOK. The brand will open its first flagship store in London, in Mount Street, Mayfair. Further growth is also planned in the wholesale channel, which will be supported by the launch of the brand's first leather goods collection.

Brioni

ONE OF THE MOST PRESTIGIOUS ITALIAN LUXURY MENSWEAR BRANDS, Brioni was founded in Rome in 1945 by two representatives of Italian excellence, Nazareno Fonticoli, a tailor from Abruzzo, and Gaetano Savini, a charismatic entrepreneur from Umbria.

Throughout its history, Brioni has been, and continues to be, a point of reference for the entertainment, institutional and business worlds in Italy and abroad, followed by a loyal clientele of countless Hollywood personalities, heads of state and business leaders. In 1952 Brioni changed the perception of male elegance by presenting, for the first time ever, a men's wear collection on the catwalk at Palazzo Pitti, Florence. Today, this unique combination of product integrity, contemporary elegance and experimental attitude have turned Brioni into the modern tailor brand for the 21st century. Under the leadership of creative director Brendan Mullane and CEO Francesco Pesci, Brioni designs, develops, and manufactures exclusive and coveted made-to-measure and sartorial touch ready-to-wear collections, leather goods (handbags, small leather goods and luggage), shoes and eyewear.

2013. While wholesale still represents Brioni's major distribution channel, recently the brand has focused on developing its directly-operated stores network, benefiting from its integration with Kering to achieve its growth ambitions and to re-affirm its leadership in high-end menswear. The brand counts 45 directly-operated Brioni stores, mainly located in America, Asia and Western Europe during the year.

OUTLOOK. Brioni will further expand its retail presence, with the goal of strengthening its presence in Asia and other emerging markets.

Sergio Rossi

SINCE ITS ESTABLISHMENT IN ITALY IN THE LATE SIXTIES, Sergio Rossi has become a world reference in women's luxury footwear. The brand has always been synonymous with style, timeless elegance, creativity and perfect fit.

Today the brand, under the direction of its CEO, Christophe Mélard, and the newly appointed collection and design director, Angelo Ruggeri, creates models with Italian know-how and a distinctive brand signature.

Operating a workshop in San Mauro Pascoli (in Emilia-Romagna), the brand's tradition is perpetuated, while also nurturing the brand's modernity. Illustrating this, Sergio Rossi recently created a capsule collection, as a tribute to famous Italian designer Gabriella Crespi, which will also inspire the spring-summer 2014 collection.

From an initial domestic, wholesale-driven business, Sergio Rossi has developed a global retail presence. Today the brand's footwear and accessories are sold through directly-operated stores, franchise boutiques, selected department and specialty stores. The Sergio Rossi online store is now accessible in all major countries.

2013. Sergio Rossi had 53 directly-operated stores, mainly in Japan, Europe and Greater China by year end. The brand opened free-standing stores in Hong Kong and Las Vegas. The new store concept, launched in 2010 in the Rome flagship store, has now been rolled out to over 30 stores worldwide as part of its refurbishment plan.

Girard-Perregaux

BASED IN LA CHAUX-DE-FONDS, Girard-Perregaux is a high-end Swiss watch manufacturer which traces its origins back to 1791. Its history is marked by watches that combine sharp design with innovative technology such as the renowned *Tourbillon with Three Gold Bridges,* presented by Constant Girard-Perregaux in 1889 at the Paris Universal Exhibition, where he was awarded a gold medal. Devoted to the creation of state-of-the-art Haute Horlogerie, Girard-Perregaux is one of the few watchmakers to combine all the skills of design and in-house *manufacture,* including the forging of movements.

THE BRAND HAS IMPLEMENTED A NEW STRATEGY over the last few years, under the direction of CEO Michele Sofisti which creates a bridge between its rich heritage and its future. The collections were streamlined, while the launch of two new concepts in 2013 (Hawk and Traveller) aimed at strengthening Girard-Perregaux's position in western markets and the Middle-East. In the high-end segment, the presentation of the constant escapement at Baselworld 2013 was acclaimed by the industry. As the result of more than eight years of research and development, the ground-breaking concept was awarded this year's Aiguille d'Or at the Geneva Watchmaking Grand Prix (GPHG), the world's most prestigious distinction in the watch industry.

Principally driven by wholesale business, Girard-Perregaux is now present in over 70 countries across some 450 accounts (including prestigious department stores and specialised shops), located in Asia, the United States and Europe. New distribution partners were added to help grow the brand in South America, in Europe and in the Middle-East.

Girard-Perregaux and JEANRICHARD brands belong to Sowind Haute Horlogerie. This group incorporates a manufacturing activity that develops and produces a complete portfolio of high-end watch movements and mechanical watches for both its two brands and third parties alike.

JEANRICHARD

ALSO BASED IN LA CHAUX-DE-FONDS, Switzerland, JEANRICHARD was named after Daniel Jeanrichard, who pioneered the Swiss watch-making industry during the 17th century. He invented several machines and tools that are still crucial for manufacturing timepieces. This visionary spirit has been cultivated by his successors ever since, and characterises the soul of JEANRICHARD.

The overall positioning of JEANRICHARD was reviewed and changed in 2012, to anchor the brand at the forefront of the accessible luxury segment. The brand has therefore launched a new identity and strategic development plan. The resulting collection – based on a common complex and innovative 'chassis' industrial case – embodies four pillars, around the ideas of traditional watch-making, land, water and air. There is the *1681,* a contemporary interpretation of a traditional look, using the JR1000 manufacture movement with automatic winding, created in 2004, and conceived and built entirely in its workshops. This is accompanied by the *Terrascope,* the *Aquascope* and the *Aeroscope.* For each of these environments, JEANRICHARD tells stories of people whose passions have driven them to do extraordinary things.

TODAY, JEANRICHARD is available in most regions of the world through more than 150 points of sale. Its most relevant presence today is in North America and Latin America. The roll-out of the distribution network is expected to continue in 2014 and aims to reach 250-300 points of sale worldwide. This will be predominantly in Europe and Asia, where the brand already has a good presence in Greater China.

Boucheron

FOR MORE THAN 155 YEARS, Boucheron has embodied excellence in jewellery, high jewellery and watchmaking. Founded in Paris in 1858 by Frédéric Boucheron, the House grew up over four generations of his descendants. In 1893 the jeweller was the first to open a boutique on the Place Vendôme. Today, Boucheron sells through 37 directly-operated-stores worldwide, including the Place Vendôme flagship, franchises, department stores and multi-brand boutiques.

2013. The year marked the launch of a new boutique concept, enhancing its values of excellence and French savoir-faire. Ten stores were refurbished: the Faubourg Saint-Honoré (Paris) boutique, and the Harrods (London) shop-in-shop were the first stores to offer the new image.

In Asia, Boucheron expanded its network with its second directly-operated store, in Hong Kong, and the renovation of the Taipei boutique. Two franchise stores were opened in Shanghai and Kuala Lumpur. Establishing a Boucheron office and local team in Hong Kong also helped strengthen the retail presence in the region.

Thanks to the continued success of classic jewellery collections such as *Quatre* and *Serpent Bohème,* Boucheron experienced solid growth. The second high-jewellery collection designed by Claire Choisne, under the direction of CEO Pierre Bouissou, was well received by media and clientele alike. It provides the House with a firm platform for the years to come. In order to build further brand awareness outside its home market, Boucheron strengthened its exposure in the luxury and cultural scenes, by mounting two exhibitions with Japanese artists, Azuma Makoto and Hiroshi Sugimoto.

OUTLOOK. Boucheron will continue to reinforce its retail network worldwide. Participating in the prestigious 2014 Biennale des antiquaires in Paris should also help consolidate Boucheron's presence among the top international jewellers.

Pomellato

SYNONYMOUS WITH CREATIVITY AND UNCONVENTIONALITY, Pomellato was established in Milan in 1967 by Pino Rabolini. He was the first to inject the spirit of *prêt-à-porter* into the conservative world of jewellery, a revolution at the time. The brand's distinctive identity enabled Pomellato to rapidly gain ground in the Italian market and later on the international scene. Thanks to the creative direction of Sergio Silvestris, who died in March 2014 and to whom Kering takes this opportunity to pay tribute, and CEO Andrea Morante, Pomellato has become one of Europe's leading jewellery brands. It epitomises a new way of living and wearing jewellery by turning it into luxury fashion accessory.

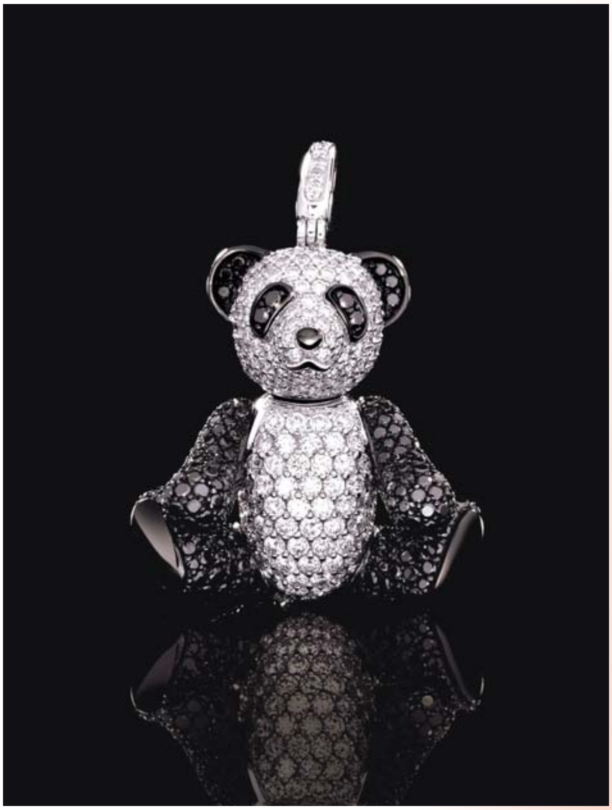
The Pomellato group (which includes the Pomellato and Dodo brands) currently employs 590 people, 100 of whom are highly qualified goldsmiths, working in the Milan headquarters. Pomellato creations are immediately recognizable with their mix of colourful stones, cutting and iconic patterns (chains, large sizes). To celebrate its 40th anniversary in 2007, Pomellato made its debut in high-end jewellery with the *Pom Pom* collection. The *Pomellato 67* collection was launched in 2012, with the brand reinterpreting the transgressive, rock-and-roll spirit of the late 1960s in a stunning solid silver collection.

2013. During the year, Pomellato created *Rouge Passion,* a capsule collection showcasing three intense red synthetic stones, backed with mother-of-pearl – again illustrating the brand's innovative and unconventional approach. Thanks to an intensive programme of mono-brand shop openings, the Pomellato retail network has reached 35 directly-operated stores and 18 franchised boutiques. They are all located in the main capital cities of Europe, the Middle East, Asia and the United States. The group also relies upon a carefully selected wholesale distribution network, through 600 partners worldwide.

OUTLOOK. The Pomellato group is planning to open several directly-operated stores worldwide, in Europe and Asia-Pacific. It also plans to enter the women's watch sector under the *Pomellato 67* collection.

Dodo

Qeelin



CREATED IN 1995 by the Pomellato group, Dodo was the first jewellery line to communicate a message, thanks to its 'talking charms'. With a unisex and multi-generational allure, Dodo became an independent brand in 2001.

Each animal charm in the extensive Dodo range expresses a message of love and friendship. So Dodo jewellery isn't only stylish, it also tells a story. From the outset, Dodo has shown an interest in nature and its conservation, donating a percentage of its sales to WWF Italy. It is a theme that has become increasingly topical and one that is close to the younger generation.

Dodo also championed the art of customisation, launching the innovative concept of bespoke jewellery. Dodo is currently sold through 20 directly-operated stores and 12 franchise boutiques. These are found in the principal capital cities of Europe.

OUTLOOK. 2014 opens a new phase in the brand's evolution with the launch of the first brightly coloured enamel charms, the first Dodo watch and the opening of a new flagship store in Paris.

QEELIN WAS CONCEIVED IN 2004 by creative director Dennis Chan and French entrepreneur Guillaume Brochard. Embracing both the mythical essence of China's cultural heritage and the excellence of French craftsmanship, Qeelin blends tradition and modernity to design fine jewellery.

The brand's name reflects its identity: the qilin is an auspicious mythical Chinese animal and symbol of love, understanding and protection. The brand's iconic *Wulu* collection revisits the legendary Chinese gourd filled with emblematic associations. Qeelin is also well known for its *Bo Bo* collection.

SINCE ITS RECENT ACQUISITION BY KERING, Qeelin has been able to accelerate its development. It opened five new boutiques in 2013, to reach a total of 19 boutiques worldwide. The launch of the *Petite* collection in May has successfully expanded the accessible jewellery range. This was complemented by the promising launch of a new high jewellery collection in October, entitled the *King & Queen*. This expansion strategy will be continued in 2014.

WELCOME

IN 2013, Kering took a minority stake in the Altuzarra brand, marking the beginning of a relationship in which the Group will contribute to the growth of the brand, which was founded in 2008 by the designer Joseph Altuzarra. Kering also established a joint-venture with Tomas Maier to develop together the eponymous brand. These investments are not consolidated in the Kering accounts at end of December 2013.

Tomas Maier

THE TOMAS MAIER BRAND WAS FOUNDED IN 1997 and is based in the United States. It produces swimwear, knits and jersey with a simple, informal and luxurious feel. Tomas will continue to be creative director of Bottega Veneta, a position he has held since 2001. The joint-venture will focus on developing and completing the assortment of products to round up a complete lifestyle proposition for time-off.

Altuzarra

ALTUZARRA is a luxury women's ready-to-wear brand launched in New York by Joseph Altuzarra in 2008. Altuzarra was born out of the desire to make the sophisticated modern woman feel seductive, strong and confident. Both subversive in nature and fiercely feminine, Altuzarra merges authentic French sophistication with American pragmatism and ease.

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PUMA

COBRA PUMA GOLF

TRETORN

VOLCOM

ELECTRIC

—

SPORT & LIFESTYLE BRANDS

PUMA

IN THE SUMMER, a new management team started off at PUMA to shape the future of the company. At the board level Björn Gulden and Andy Koehler joined as CEO and COO respectively, while the product team was strengthened at the senior level with the addition of Torsten Hochstetter as global creative director. In the autumn, Gulden introduced PUMA's new mission and brand positioning: to be the fastest sports brand in the world. The mission is not only reflected in PUMA's new brand mantra of being 'Forever Faster'. It will also be the guiding principle for the company, expressed through all its actions and decisions. The objective is to be fast in reacting to new trends, fast in bringing new innovations to the market, fast in decision-making and fast in solving problems for our partners.

The new company and brand direction was further supported by its sports marketing successes which underline that PUMA has the fastest athletes. The World Track and Field Championships in Moscow were once again dominated by PUMA icon Usain Bolt with three gold medals whilst PUMA team Borussia Dortmund reached the Champions League final and PUMA Golf athlete Lexi Thompson won two LPGA tournaments in 2013. With the extension of the partnership with the fastest athlete on the planet, Usain Bolt, and by signing one of the world's top football clubs, Arsenal FC, and Italian superstar Mario Balotelli, PUMA further strengthened its portfolio of iconic athletes. With eight of the 32 participating World Cup 2014 teams and the start of the Arsenal FC partnership, 2014 will be the year of football for PUMA.

2013, PUMA continued to implement its transformation and cost reduction programme, streamlining its business operations to make processes faster and more efficient. The company consolidated its European structure by creating one 'Region Europe' with seven areas and warehouses, while it continued to close unprofitable stores.

OUTLOOK. In 2014, PUMA will focus on repositioning itself as the fastest sports brand in the world. The company will conduct its biggest media campaign in the last decade to launch the new brand statement 'Forever Faster' to its consumers. PUMA's priorities in 2014 are to increase 'brand heat', improve the product engine and to enhance the distribution quality by replacing lower tier with higher tier distribution and by improving the relationships with retailers. It is in the nature of the sports industry that changes do not materialise immediately, but 2014 will mark the start of the turnaround for PUMA.

192

2013 RECURRING OPERATING INCOME

In millions of euros

10,750

AVERAGE NUMBER OF EMPLOYEES

DISTRIBUTES ITS PRODUCTS IN MORE THEN

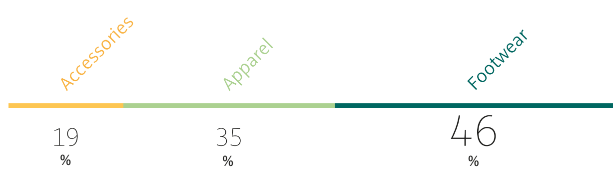
120

COUNTRIES

3,002

2013 REVENUE

In millions of euros



BREAKDOWN OF 2013 REVENUE BY PRODUCT CATEGORY

COBRA PUMA GOLF

COBRA PUMA GOLF is a leading golf brand that designs and develops innovative, technology-rich golf equipment along with stylish, high-performance golf apparel, footwear and accessories. COBRA Golf was founded in 1973 and has a rich history of bringing innovative and high quality golf equipment to the market. PUMA Golf, which manufactures Golf apparel, was founded in 2005 and excels in sport & lifestyle positioning, with all products based on technology combined with industry-leading fashion, which help golfers 'Look Better. Feel Better. Play Better.'

FOLLOWING THE ACQUISITION OF COBRA GOLF BY PUMA, COBRA PUMA GOLF was formed and has continued to grow, more than doubling its business since April 2010, under the leadership of president Bob Philion. COBRA PUMA GOLF has welcomed some of the world's top golf talent to its growing roster of professional athletes including Rickie Fowler, Ian Poulter, Greg Norman, Jesper Parnevik, Graham DeLaet, Lexi Thompson, Jonas Blixt, Will MacKenzie and Blair O'Neal.

With everything it does and every product it creates, the goal at COBRA PUMA GOLF is to bring its 'game enjoyment' message to golfers everywhere. This is done through its products, athletes, campaigns and experiential events. The brand believes the game of golf should be colourful, innovative, stylish – and, most of all, fun.

Tretorn

TAKING YOU FROM THE WOODS TO THE CITY, Tretorn, part of PUMA, celebrates a lifestyle lived largely outdoors. Founded in Helsingborg, Sweden, in 1891, Tretorn has a rich heritage in rubber and tennis products, setting the quality standard in the rubber boot industry since its beginnings.

TODAY the company creates leisure and performance products including rubber boots, footwear, outerwear, riding boots, tennis shoes and tennis balls.

123 YEARS FROM ITS INCEPTION, Tretorn's Swedish roots are demonstrated in each piece of Tretorn footwear and outerwear. This is seen from the design – understated yet beautiful, always Scandinavian inspired – to function. The brand is led by Markus Wonko, who was appointed CEO in January 2013. The management's mission is to fulfil the potential of Tretorn as a world-class sporting goods brand. It will do this by rapidly expanding the business with further investment in product development and design, as well as international sales.

Volcom

245
2013 REVENUE*
In millions of euros

9
2013 RECURRING OPERATING INCOME
In millions of euros*

771
AVERAGE NUMBER OF EMPLOYEES*

* Volcom and Electric figures.

VOLCOM is a board sports-based modern lifestyle brand that embodies the creative spirit of youth culture. The company was built on liberation, innovation and experimentation, and its goal is to provide sustainable lifestyle-enhancing apparel, outerwear, accessories and footwear to people who share their passion for art, music, film and board sports. It is the only company in its category founded on all three board sports: skate, surf and snow. Volcom reinforces its brand image through the sponsorship of world-class athletes, targeted grassroots marketing events, distinctive advertising and the production of board sport and youth lifestyle related films, art and music. With a broad array of products for men, women and kids, and key categories in denim, boardshorts, swim, outerwear, and footwear, Volcom aims to become one of the world's premiere brands in the action sport & lifestyle market.

DURING 2013 Volcom continued to strengthen the foundation of its business to drive operational excellence at every level. It added top talent to its teams and established a global organisational structure. In addition, Volcom delivered its first closed-toe footwear line. In October, Volcom re-launched its website, which combines the brand, athlete, product and community into a single unified experience. Branded retail was a key focus for Volcom, with seven new global store openings during the year. Volcom made significant investments in the Asia Pacific and Latin America regions, which are key markets for potential growth. These investments have begun to yield results, with revenues in these territories growing over 10%. The brand also hosted the *World of Volcom Stone,* a skate event held in Paris, celebrating the brand and its core values, which was high-lighted by the premiere of Volcom's new movie, *True to This*. The film defines the brands philosophy and captures the energy and artistry of board-riding in its purest form.

OUTLOOK. The Volcom brand is well positioned for growth in 2014. Volcom will make further investments in the Asia-Pacific and Latin America regions, as Volcom looks to take advantage of its recent momentum. It will also continue to enlarge its retail network and expand the reach of its e-commerce platform to additional regions with a focus on social media and enhanced content management.

Electric

FOUNDED IN 2000, Electric is a global, premium sport & lifestyle accessory brand rooted in Southern California's rich action sports, music, art and customisation culture. Electric designs and markets an extensive line of premium watches, sunglasses, snow goggles, snow helmets, bags, apparel and accessories. These are distributed through a primarily action sport & lifestyle retail and online network throughout the Americas, Europe, Japan, China, Australasia and its own e-commerce website.

IN 2013, Electric completed the brand's identity reset. In April, Eric Crane was appointed CEO and he continues to oversee the company's internal restructuring and global growth initiatives. After carefully reviewing and updating their existing product portfolio, the brand has started the distribution of its rebranded accessories line while simultaneously launching two new product categories including its inaugural watch collection and snow helmet line. In January 2013 Electric launched its interactive, fully branded e-commerce platform, granting consumers the ability to buy directly from its online store and stay up to date on surf, snow and lifestyle brand happenings.

OUTLOOK. During Winter 2014/2015 Electric will release the highly anticipated EG3 snow goggle featuring the proprietary 'quick-change' Electric *Press Seal* lens system. Developed by co-founder and chief design officer Kip Arnette, the EG3 was built on the market leading technology of the original oversized goggle, the EG2. The brand will roll out its second offering in its inaugural watch collection featuring two new models offered in a variety of colour and band options. 2014 brings a new collection of luggage, snow helmets, branded accessories and a restructured sunglass line featuring athlete/ambassador-inspired capsule collections and new hand-crafted Italian acetate styles. The 2014 sunglass collection features health-preserving melanin-injected lens technology.

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Société anonyme (a French corporation) with a share capital of €504,907,044
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Published by the Kering communications department.

Design and Production: HAVAS WORLDWIDE PARIS

Photo credits: Mert Alas & Marcus Piggott/Gucci – Mert Alas & Marcus Piggott/Art Partner/Stella McCartney – Tom Oldham/PUMA – Brian Bielmann/Volcom – David Sims/Alexander McQueen – Steven Klein/Balenciaga – Kayla Varley/Electric – Collier Schorr/Brioni – Chris Moore@Catwalking/Christopher Kane.

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