



PRESS RELEASE

July 27, 2023

FIRST-HALF 2023 RESULTS

**Group revenue: €10,135 million,
up 2% as reported and on a comparable basis**

Recurring operating income: €2,739 million
Net income attributable to the Group: €1,785 million

"In the first half, we pursued our investments in our Houses' desirability and exclusivity. While engaging in critical forward-looking initiatives, we maintained a high level of profitability. We also took some decisive steps to expand our footprint in the luxury universe, notably with the acquisition of the famed Creed fragrance house to accelerate the liftoff of Kering Beauté. Together with the major organizational changes we announced last week to enhance stewardship of our Houses, as well as the many projects we have already launched over the past few months, the developments of the first half strengthen my confidence in Kering's future prospects."

François-Henri Pinault, Chairman and Chief Executive Officer

- **Group revenue** amounted to €10.1 billion in the **first half of 2023**, an increase of 2% both as reported and on a comparable basis.
 - o **In the second quarter of 2023**, sales rose 2% as reported and 3% on a comparable basis.
 - o Revenue from the directly operated retail network, which includes e-commerce sites, grew 4% on a comparable basis in the second quarter, with good performances in Asia-Pacific and Japan. Growth in Western Europe was solid, while sales fell in North America.
- Against a background of ongoing investments in the Group's Houses, **recurring operating income** amounted to €2.7 billion in the first half. **Recurring operating margin** was 27.0%.
- **Net income attributable to the Group** was €1.8 billion in the first half of 2023.
- **Free cash flow from operations**, excluding real-estate acquisition and disposal, remained high at €2.1 billion during the first half, up 4%.

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Operating performance

Revenue <i>(in € millions)</i>	H1 2023	H1 2022	Reported change	Comparable change ⁽¹⁾
Gucci	5,128	5,173	-1%	+1%
Yves Saint Laurent	1,576	1,481	+6%	+7%
Bottega Veneta	833	834	-0%	+2%
Other Houses	1,856	1,955	-5%	-5%
Kering Eyewear and Corporate	869	591	+47%	+16%
<i>Eliminations</i>	<i>(127)</i>	<i>(104)</i>	-	-
KERING	10,135	9,930	+2%	+2%

(1) On a comparable scope and exchange rate basis.

Recurring operating income <i>(in € millions)</i>	H1 2023	H1 2022	Change
Gucci	1,810	1,886	-4%
Yves Saint Laurent	481	438	+10%
Bottega Veneta	169	168	+1%
Other Houses	224	337	-34%
Kering Eyewear and Corporate	63	(7)	-
<i>Eliminations</i>	<i>(8)</i>	<i>(2)</i>	-
KERING	2,739	2,820	-3%



Gucci: further investment

Gucci's **first-half 2023 revenue** amounted to €5.1 billion (down 1% as reported and up 1% on a comparable basis). Sales in the directly operated retail network grew 1% on a comparable basis. Wholesale revenue dropped 3% on a comparable basis compared to the first half of 2022.

In the second quarter of 2023, Gucci's revenue rose 1% on a comparable basis. Sales from directly operated stores were also up 1%, driven by strong sales of Gucci's most exclusive products and by its leather goods, travel, and women's collections.

Gucci's **recurring operating income** totaled €1.8 billion in the first half of 2023. This equates to **recurring operating margin** of 35.3% and reflects investments made to continue the House's strategic initiatives.

Yves Saint Laurent: a highly desirable brand, another period of growth

Yves Saint Laurent's **first-half 2023 revenue** amounted to €1.6 billion, up 6% as reported and up 7% on a comparable basis. Sales from the House's directly operated retail network rose by 11% on a comparable basis, while wholesale revenue was down 10%, in line with the strategy of streamlining this channel.

In the **second quarter of 2023**, sales rose 7% on a comparable basis, thanks to good performance in the directly operated retail network (up 8%), driven by ready-to-wear and leather goods.

Yves Saint Laurent's **recurring operating income** was €481 million in the first half and **recurring operating margin** was 30.5%.

Bottega Veneta: strengthened exclusivity

Bottega Veneta's **first-half 2023 revenue** totaled €833 million, unchanged as reported and up 2% on a comparable basis. Sales from the directly operated retail network were buoyant (up 6% on a comparable basis), while wholesale revenue fell 13% on a comparable basis.

The House's sales in the **second quarter of 2023** rose by 3% on a comparable basis, driven by healthy growth in the directly operated retail network (up 7%).

Bottega Veneta's **recurring operating income** in the first half of 2023 totaled €169 million, taking its **recurring operating margin** to 20.3%.

Other Houses: growth in the directly operated retail network, excellent momentum in Jewelry

Sales by the Group's Other Houses in the **first half of 2023** totaled €1.9 billion (down 5% as reported and on a comparable basis), with a significant improvement between the first and second quarters. There was strong momentum in the directly operated retail network, with sales up 8% on a comparable basis. Wholesale revenue fell 27% as all Houses pursue their strategy of streamlining this channel, and reflecting the mixed American market.

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In the **second quarter of 2023**, revenue from the directly operated retail network rose by 9% on a comparable basis, all Houses contributing to growth. Balenciaga began its recovery, driven in particular by the Asia-Pacific region. Alexander McQueen's ready-to-wear performed well, while Brioni made good progress. The Group's Jewelry Houses – Boucheron, Pomellato and Qeelin – maintained their strong growth trajectory, each delivering double-digit growth.

Recurring operating income from the Other Houses in the **first half of 2023** amounted to €224 million, and **recurring operating margin** was 12.1%.

Kering Eyewear and Corporate: a record six months for Kering Eyewear

Kering Eyewear's **first-half 2023 revenue** hit a record €869 million, an increase of 51% as reported thanks to the significant contribution of Maui Jim and up 16% on a comparable basis.

In the **second quarter**, sales growth was once again sustained, with growth of 21% on a comparable basis – driven by the successful development of its brand portfolio – and 58% as reported.

Kering Eyewear's **first-half recurring operating income** rose sharply to €186 million.

After taking into account Corporate costs of €123 million during the period, the **Kering Eyewear and Corporate** segment's **recurring operating income** amounted to €63 million.



Financial performance

Net financial expense totaled €204 million in the first half of 2023.

The **effective tax rate** on recurring income was 27.1%.

Net profit attributable to the Group was €1.8 billion.

Cash flow and financial position

The Group's **free cash flow from operations** totaled €823 million in the first half of 2023. Excluding real estate activities, it was €2.1 billion.

At June 30, 2023, Kering's **net debt** amounted to €3.9 billion.

Outlook

To achieve its long-term vision, Kering invests in the development of its Houses, so that they continuously strengthen their desirability and the exclusivity of their distribution, strike a perfect balance between creative innovation and timelessness, and achieve the highest standards in terms of quality, sustainability, and experience for their customers.

In an environment of ongoing economic and geopolitical uncertainty in the near term, Kering will continue to execute on its strategy and vision, in pursuit of two key ambitions: to maintain a trajectory of profitable growth resulting in high levels of cash flow generation and return on capital employed, and to confirm its status as one of the most influential groups in the Luxury industry.

In its meeting on July 27, 2023, Kering's Board of Directors, chaired by François-Henri Pinault, approved the consolidated financial statements for the six months ended June 30, 2023, which were subject to a limited review.

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WEBCAST

Kering will present its first-half 2023 results in an **audiocast**, which can be accessed [here](#) at **6:00 p.m. (CEST)** on **Thursday, July 27, 2023**.

The presentation will be followed by a Q&A session for analysts and investors.

The slides (in PDF format) will be available ahead of the audiocast at <https://www.kering.com>.

A replay of the webcast will also be available at www.kering.com.

About Kering

A global Luxury group, Kering manages the development of a series of renowned Houses in Fashion, Leather Goods and Jewelry: Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, Brioni, Boucheron, Pomellato, DoDo, Qeelin, Ginori 1735 as well as Kering Eyewear and Kering Beauté. By placing creativity at the heart of its strategy, Kering enables its Houses to set new limits in terms of their creative expression while crafting tomorrow's Luxury in a sustainable and responsible way. We capture these beliefs in our signature: "Empowering Imagination". In 2022, Kering had over 47,000 employees and revenue of €20.4 billion.

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**APPENDICES****EXCERPT FROM THE CONSOLIDATED FINANCIAL STATEMENTS AND ADDITIONAL
INFORMATION RELATING TO THE FIRST-HALF 2023 RESULTS****SITUATION AS OF JUNE 30, 2023**

<i>Contents</i>	<i>page</i>
Announcements since January 1, 2023	8
Consolidated income statement	10
Consolidated statement of comprehensive income	11
Consolidated balance sheet	12
Consolidated statement of cash flow	13
Breakdown of revenue	14
Main definitions	15



HIGHLIGHTS AND ANNOUNCEMENTS SINCE JANUARY 1, 2023

Dual-tranche bond issue for a total amount of €1.5 billion

February 20, 2023 - Kering carried out a dual-tranche bond issue in a total amount of €1.5 billion, consisting of a €750 million tranche with a 6-year maturity and a 3.25% coupon and a €750 million tranche with a 10-year maturity and a 3.375% coupon. This issue, which forms part of the Group's active liquidity management, enhances its funding flexibility by enabling it to refinance existing debt. The great success of this issue with investors underscores the market's confidence in the credit quality of the Group. Kering's long-term debt is rated A with a stable outlook by Standard & Poor's.

Gucci, supported by Kering, launches its "Circular Hub", first dedicated circular economy platform in the Italian Luxury industry

February 21, 2023 - With support of Kering, Gucci launched Italy's first dedicated circular economy platform for the Luxury sector. The Circular Hub will aim to accelerate the circular transformation of the Italian fashion industry's production model, across the entire value chain. Starting from raw materials and design, through to production optimization and logistics, the Circular Hub will be an open innovation platform for the design and manufacturing of circular products and the development of new solutions.

Kering Eyewear acquires French manufacturing company UNT

March 13, 2023 - Kering Eyewear signed an agreement to acquire 100% of French company UNT, Usinage & Nouvelles Technologies, to strengthen its position in the luxury eyewear industry. Founded in 1989 in Morbier in the Bourgogne-Franche-Comté region of France, UNT is a key player in the manufacturing of high-precision metal and mechanical components for the entire luxury eyewear sector. The completion of the acquisition was announced on June 30, 2023, after approval was obtained from the competition authorities.

Kering publishes its new report on progress toward its sustainability targets

March 22, 2023 - Six years after launching its "Crafting Tomorrow's Luxury" strategy, Kering published a new report showing its progress toward sustainability targets between 2020 and 2023. In the three years following the publication of its first progress report in 2020, the Group made significant strides toward attaining its initial 2025 social and environmental targets. Since then, Kering has added to those initial targets, with a series of ambitious new targets in line with the Group's strategies regarding the climate, biodiversity and the circular economy. Accordingly, Kering has committed to reducing its greenhouse gas emissions by 40% by 2035 compared with 2021.

Preliminary investigation by the European Commission

April 19, 2023 - On April 18, 2023, as part of a preliminary investigation into the fashion sector in several countries under EU antitrust rules, the European Commission started an inspection at the Italian premises of Gucci, a subsidiary of Kering. The Group is fully cooperating with the Commission as regards this investigation.

Kering unveils its new Italian headquarters in the center of Milan

May 25, 2023 - Kering announced the opening of its new 9,500 square-meter offices in Milan. Kering is the sole occupant of the six-floor Palazzo Pertusati, located in Via Senato in the center of the city.

Kering Beauté acquires Creed, the high-end luxury heritage fragrance house

June 26, 2023 - Kering Beauté announced that it had signed an agreement to acquire 100% of Creed from funds controlled by BlackRock Long Term Private Capital Europe and Creed's current Chairman Javier Ferrán. The acquisition of Creed is a major step for Kering Beauté. A perfect fit with the Group's portfolio of renowned luxury brands, it immediately provides Kering Beauté with the required scale, an outstanding financial profile, as well as a platform for supporting the future development of other Kering Beauté fragrance franchises, particularly by leveraging Creed's global distribution network.



Kering and Mayhoola announce that Kering becomes a significant shareholder of Valentino as part of a broader strategic partnership

July 27, 2023 - Kering and Mayhoola entered into a binding agreement for the acquisition by Kering of a 30% shareholding in Valentino, for a cash consideration of €1.7 billion. The agreement comprises an option for Kering to acquire 100% of the share capital of Valentino no later than 2028. The transaction is part of a broader strategic partnership between Kering and Mayhoola, which could lead to Mayhoola becoming a shareholder in Kering.

APPOINTMENTS AND NEW ROLES SINCE JANUARY 1, 2023

Appointment of Sabato de Sarno as Gucci's Creative Director

January 28, 2023 - Kering and Gucci announced Sabato De Sarno's appointment as Creative Director of Gucci. He will present his first collection during Milan Women's Fashion Week in September 2023. As part of his new role, Sabato De Sarno will lead the House's creative studio. He will be responsible for defining and expressing the House's creative vision through Womenswear, Menswear, Leather Goods, Accessories and Lifestyle collections.

Appointment of Raffaella Cornaggia as Chief Executive Officer of Kering Beauté

February 3, 2023 - Kering announced the appointment of Raffaella Cornaggia as CEO of Kering Beauté. Based in Paris, she is a member of the Group's Executive Committee. In her new role, and supported by a team of seasoned professionals, she will help develop expertise in the Beauty category for Bottega Veneta, Balenciaga, Alexander McQueen, Pomellato and Qeelin. The creation of Kering Beauté will enable the Group to support these brands in the development of this category, which is a natural extension of their universes. Kering is confident it can create value for the Group and its Houses, drawing on each of their unique identities in a way that is fully consistent with their strategy and market positioning.

Departure of Daniela Riccardi from Kering's Board of Directors

April 27, 2023 - At the Board of Directors meeting following the Annual General Meeting on Thursday, April 27, 2023, Daniela Riccardi submitted her resignation from her position as a Director of Kering.

Appointment of Maureen Chiquet to Kering's Board of Directors

July 18, 2023 - At its meeting of July 18, 2023, the Board of Directors, after consultation with the Nominations & Governance Committee, decided to coopt Maureen Chiquet as independent director for the remainder of Daniela Riccardi's term of office (expiring on the date of the shareholder meeting approving the financial statements for the fiscal year ending December 31, 2025). She will join Kering's Board of Directors in September 2023. The cooptation of Maureen Chiquet will be subject to ratification by the shareholder meeting approving the financial statements for the fiscal year ending December 31, 2023. Maureen Chiquet, a US citizen, has more than 35 years' experience in the fashion and luxury goods sector, including nine years as Global CEO of Chanel.

Kering strengthens its governance and operations

July 18, 2023 - Kering announced a series of top appointments aimed at reinforcing stewardship of its Houses, further elevating operational expertise at Group level, and strengthening its organization:

- Francesca Bellettini, President and CEO of Yves Saint Laurent since 2013, in addition to her current role, is appointed Kering Deputy CEO, in charge of Brand Development.
- Marco Bizzarri, President and CEO of Gucci since 2015 and a member of Kering's executive committee since 2012, will leave the company effective September 23, 2023.
- Jean-François Palus, currently Kering Group Managing Director, is appointed President and CEO of Gucci for a transitional period.
- Jean-Marc Duplaix, Chief Financial Officer since 2012, is appointed Kering Deputy CEO, in charge of Operations and Finance.



CONSOLIDATED INCOME STATEMENT

<i>(in € millions)</i>	First half 2023	First half 2022
CONTINUING OPERATIONS		
Revenue	10,135	9,930
Cost of sales	(2,405)	(2,552)
Gross margin	7,730	7,378
Other personnel expenses	(1,505)	(1,376)
Other recurring operating income and expenses	(3,486)	(3,182)
Recurring operating income	2,739	2,820
Other non-recurring operating income and expenses	-	(13)
Operating income	2,739	2,807
Financial result	(204)	(19)
Income before tax	2,535	2,788
Income tax expense	(692)	(747)
Share in earnings (losses) of equity-accounted companies	3	2
Net income from continuing operations	1,846	2,043
<i>o/w attributable to the Group</i>	<i>1,785</i>	<i>1,987</i>
<i>o/w attributable to minority interests</i>	<i>61</i>	<i>56</i>
DISCONTINUED OPERATIONS		
Net income (loss) from discontinued operations	-	1
<i>o/w attributable to the Group</i>	<i>-</i>	<i>1</i>
<i>o/w attributable to minority interests</i>	<i>-</i>	<i>-</i>
GROUP TOTAL		
Net income of consolidated companies	1,846	2,044
<i>o/w attributable to the Group</i>	<i>1,785</i>	<i>1,988</i>
<i>o/w attributable to minority interests</i>	<i>61</i>	<i>56</i>

<i>(in € millions)</i>	First half 2023	First half 2022
Net income attributable to the Group	1,785	1,988
Basic earnings per share <i>(in €)</i>	14.60	16.09
Diluted earnings per share <i>(in €)</i>	14.59	16.08
Net income from continuing operations attributable to the Group	1,785	1,987
Basic earnings per share <i>(in €)</i>	14.60	16.08
Diluted earnings per share <i>(in €)</i>	14.59	16.07
Net income from continuing operations (excluding non-recurring items) attributable to the Group	1,789	1,977
Basic earnings per share <i>(in €)</i>	14.63	15.99
Diluted earnings per share <i>(in €)</i>	14.62	15.99

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in € millions)</i>	First half 2023	First half 2022
Net income	1,846	2,044
<i>o/w attributable to the Group</i>	1,785	1,988
<i>o/w attributable to minority interests</i>	61	56
Change in currency translation adjustments relating to consolidated subsidiaries	(95)	142
<i>change in currency translation adjustments</i>	(95)	142
<i>amounts transferred to the income statement</i>	-	-
Change in foreign currency cash flow hedges	119	(84)
<i>change in fair value</i>	204	(212)
<i>amounts transferred to the income statement</i>	(79)	123
<i>tax effects</i>	(6)	5
Change in other comprehensive income (loss) of equity-accounted companies	-	-
<i>change in fair value</i>	-	-
<i>amounts transferred to the income statement</i>	-	-
Gains and losses recognized in equity, to be transferred to the income statement	24	58
Change in provisions for pensions and other post-employment benefits	(2)	13
<i>change in actuarial gains and losses</i>	(2)	15
<i>tax effects</i>	-	(2)
Change in financial assets measured at fair value	16	(207)
<i>change in fair value</i>	22	(249)
<i>tax effects</i>	(6)	42
Gains and losses recognized in equity, not to be transferred to the income statement	14	(194)
Total gains and losses recognized in equity	38	(136)
<i>o/w attributable to the Group</i>	40	(160)
<i>o/w attributable to minority interests</i>	(2)	24
COMPREHENSIVE INCOME	1,884	1,908
<i>o/w attributable to the Group</i>	1,825	1,828
<i>o/w attributable to minority interests</i>	59	80



CONSOLIDATED BALANCE SHEET

Assets

<i>(in € millions)</i>	June 30, 2023	Dec. 31, 2022
Goodwill	3,574	4,053
Brands and other intangible assets	8,053	7,357
Lease right-of-use assets	4,672	4,929
Property, plant and equipment	5,125	3,388
Investments in equity-accounted companies	51	49
Non-current financial assets	695	855
Deferred tax assets	1,600	1,640
Other non-current assets	8	8
Non-current assets	23,778	22,279
Inventories	4,569	4,465
Trade receivables and accrued income	1,204	1,180
Current tax receivables	491	378
Current financial assets	262	167
Other current assets	1,340	1,136
Cash and cash equivalents	3,328	4,336
Current assets	11,194	11,662
Assets held for sale	-	-
TOTAL ASSETS	34,972	33,941

Equity and liabilities

<i>(in € millions)</i>	June 30, 2023	Dec. 31, 2022
Equity attributable to the Group	14,572	13,998
Equity attributable to minority interests	800	785
Equity	15,372	14,783
Non-current borrowings	5,441	4,347
Non-current lease liabilities	4,219	4,420
Non-current financial liabilities	3	-
Non-current provisions for pensions and other post-employment benefits	71	66
Non-current provisions	18	19
Deferred tax liabilities	1,746	1,572
Other non-current liabilities	442	228
Non-current liabilities	11,940	10,652
Current borrowings	1,741	2,295
Current lease liabilities	832	812
Current financial liabilities	83	663
Trade payables and accrued expenses	2,327	2,263
Current provisions for pensions and other post-employment benefits	12	12
Current provisions	134	168
Current tax liabilities	940	567
Other current liabilities	1,591	1,726
Current liabilities	7,660	8,506
Liabilities associated with assets held for sale	-	-
TOTAL EQUITY AND LIABILITIES	34,972	33,941



CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in € millions)</i>	First half 2023	First half 2022
Net income from continuing operations	1,846	2,043
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	878	797
Other non-cash (income) expenses	(139)	(264)
Cash flow received from operating activities	2,585	2,576
Interest paid (received)	173	127
Dividends received	(7)	(4)
Current tax expense	684	804
Cash flow received from operating activities before tax, dividends and interest	3,435	3,503
Change in working capital requirement	(419)	(476)
Income tax paid	(419)	(617)
Net cash received from operating activities	2,597	2,410
Acquisitions of property, plant and equipment and intangible assets	(1,891)	(361)
Disposals of property, plant and equipment and intangible assets	117	-
Acquisitions of subsidiaries and associates, net of cash acquired	(55)	(11)
Disposals of subsidiaries and associates, net of cash transferred	-	-
Acquisitions of other financial assets	(24)	(119)
Disposals of other financial assets	96	3
Interest and dividends received	14	6
Net cash received from (used in) investing activities	(1,743)	(482)
Dividends paid to shareholders of Kering SA	(1,712)	(1,483)
Dividends paid to minority interests in consolidated subsidiaries	(12)	(22)
Transactions with minority interests	(26)	(22)
(Acquisitions) disposals of Kering treasury shares	(7)	(648)
Issuance of bonds and bank debt	1,508	1,708
Redemption of bonds and bank debt	(658)	(348)
Issuance (redemption) of other borrowings	(408)	223
Repayment of lease liabilities	(419)	(395)
Interest paid and equivalent	(178)	(128)
Net cash received from (used in) financing activities	(1,912)	(1,115)
Net cash received from (used in) discontinued operations	-	(8)
Impact of exchange rates on cash and cash equivalents	14	(11)
Net increase (decrease) in cash and cash equivalents	(1,044)	794
Cash and cash equivalents at opening	4,094	4,516
Cash and cash equivalents at closing	3,050	5,310



REVENUE FOR THE FIRST AND SECOND QUARTERS

(in € millions)

	H1 2023	H1 2022	Reported change	Comparable change ⁽¹⁾	Q2 2023	Q2 2022	Reported change	Comparable change ⁽¹⁾	Q1 2023	Q1 2022	Reported change	Comparable change ⁽¹⁾
Gucci	5,128	5,173	-1%	+1%	2,512	2,582	-3%	+1%	2,616	2,591	+1%	+1%
Yves Saint Laurent	1,576	1,481	+6%	+7%	770	742	+4%	+7%	806	739	+9%	+8%
Bottega Veneta	833	834	-0%	+2%	438	438	+0%	+3%	395	396	-0%	+0%
Other Houses	1,856	1,955	-5%	-5%	966	982	-2%	-1%	890	973	-9%	-9%
Kering Eyewear and Corporate	869	591	+47%	+16%	436	283	+54%	+21%	433	308	+41%	+11%
<i>Eliminations</i>	(127)	(104)	-	-	(64)	(53)	-	-	(63)	(51)	-	-
KERING	10,135	9,930	+2%	+2%	5,058	4,974	+2%	+3%	5,077	4,956	+2%	+1%

⁽¹⁾ Change on a comparable scope and exchange rate basis.



MAIN DEFINITIONS

“Reported” and “comparable” growth

The Group’s “reported” growth corresponds to the change in reported revenue between two periods.

The Group measures “comparable” growth (also referred to as “organic” growth) in its business by comparing revenue between two periods at constant scope and exchange rates. Changes in scope are dealt with as follows for the periods concerned:

- the portion of revenue relating to acquired entities is excluded from the current period;
- the portion relating to entities divested or in the process of being divested is excluded from the previous period.

Currency effects are calculated by applying the average exchange rates for the current period to amounts in the previous period.

Recurring operating income

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

Other non-recurring operating income and expenses consist of items that, by their nature, amount or frequency, could distort the assessment of the Group’s operating performance as reflected in its recurring operating income. They include changes in scope, the impairment of goodwill and brands and, where material, of property, plant and equipment and intangible assets, capital gains and losses on disposals of non-current assets, restructuring costs and disputes.

“Recurring operating income” is therefore an alternative performance indicator for the Group, defined as the difference between operating income and other non-recurring operating income and expenses. This indicator is intended to facilitate the understanding of the operating performance of the Group and its Houses and can therefore be used as a way to estimate recurring performance. It is presented in a manner that is consistent and stable over the long term in order to ensure the continuity and relevance of financial information.

EBITDA

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

Free cash flow from operations, available cash flow from operations and available cash flow

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

The Group has also defined a new indicator, “Available cash flow from operations”, in order to take into account capitalized fixed lease payments (repayments of principal and interest) pursuant to IFRS 16, and thereby reflect all of its operating cash flows.

“Available cash flow” therefore corresponds to available cash flow from operations plus interest and dividends received, less interest paid and equivalent (excluding leases).

Net debt

Net debt is one of the Group’s main financial indicators, and is defined as borrowings less cash and cash equivalents. Lease liabilities are not included in the calculation of this indicator. Borrowings include put options granted to minority interests.

The cost of net debt corresponds to all financial income and expenses associated with these items, including the impact of derivative instruments used to hedge the fair value of borrowings.

Effective tax rate on recurring income

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