

APPAREL AND ACCESSORIES

Kering confident in record-breaking year based on Q3 2017 results

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Bottega Veneta's fall/winter 2017 ad was staged at Lee House 2. Image courtesy of Bottega Veneta

By STAFF REPORTS

French conglomerate Kering Group has witnessed another quarter of "outstanding" revenue growth, with luxury activities up 26.6 percent as reported.

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For the third quarter of 2017, Kering's consolidated revenue increased 23.2 percent as reported and 28.4 percent on a comparable basis. Thanks to its luxury brand leaders such as Gucci and strong performances from elsewhere in its stable, across all global regions, Kering's Q3 revenues reached 3.925 billion euros, or \$4.622 billion at current exchange rates.

"Thanks to flawless execution of our strategies, at group level as well as in each of our brands, we delivered another quarter of outstanding growth," said Francois-Henri Pinault, chairman and CEO of Kering, in a statement. "The substantial increase of our houses' revenue over an extended period is testimony to their enduring appeal, built on creative audacity and innovativeness.

"We will keep concentrating on organic growth, value creation and strict financial discipline," he said. "Facing unfavorable currency impacts and a tougher base of comparison, we remain fully confident in Kering's ability to achieve a record year, fueled by sector-leading growth."

Excelling excellence

Kering's luxury activities saw another quarter of excellent performance for the third quarter of 2017.

Best-in-show brands were Gucci, up 49.4 percent on a comparable basis, and Yves Saint Laurent, up 22.2 percent on a comparable basis.

Gucci in particular has given Kering a substantial boost quarter after quarter since Alessandro Michele became creative director in 2015. For Q3 2017, the Italian fashion house saw revenues grow to 1.553 billion euros, or \$1.828 billion.

The brand's direct operated stores increased revenue sales by 50.9 percent and now account for 82.7 percent of Gucci's total revenue. Online sales also are performing well, posting triple digit growth while wholesale increased

43.9 percent due to the success of Gucci's fall/winter 2017 collection ([see story](#)).

All product categories offered by Gucci enjoyed double-digit growth.



Gucci's campaign for fall/winter 2017 was inspired by the sci-fi genre. Image credit: Gucci

Saint Laurent maintained its strong momentum as well in Q3 2017. Saint Laurent's sales for the period amounted to 383.7 million euros, or \$451.8 million, up 17.7 percent as reported and 22.2 percent on a comparable basis.

Italian house Bottega Veneta is continuing its "ongoing transition," with sales totaling 280.7 million euros, or \$330.4 million for Q3, down from 4.5 percent as reported and up 0.9 percent on a comparable basis.

Kering's other luxury brands, which include Stella McCartney, Alexander McQueen and Balenciaga, saw revenue increases of 13 percent as reported and 17 percent on a comparable basis. Revenues for the quarter reached 459.6 million euros, or \$541.1 million.

Jewelry brands under Kering's umbrella also posted solid growth thanks to directly operated channels and wholesale distribution. Watchmakers such as Girard-Perregaux and Ulysse Nardin saw an especially encouraging growth over the quarter, a sign that the sector may be slightly rebounding.

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