

RETAIL

## Buoyed by Gucci and YSL, Kering sees 14.2pc surge in Q3 sales to 3.88B

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*Francois-Henri Pinault, chairman/CEO of Kering, was OK with the company's growth in the face of external challenges. Image credit: Kering*

By STAFF REPORTS

Luxury conglomerate Kering, parent to brands such as Gucci, Yves Saint Laurent, Bottega Veneta, Balenciaga and Alexander McQueen, saw a 14.2 percent jump in third-quarter revenue to 3.88 billion.

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The growth, slightly lower than fellow French rival Hermès' third-quarter numbers, is up 11.2 percent on a comparable basis. Like Hermès, Kering's top-performing region was Asia Pacific.

"We achieved another strong quarter, and all our segments contributed to our solid top-line gain," said François-Henri Pinault, chairman/CEO of Paris-based Kering, in a statement.

"Our progress, on top of considerable expansion in the past two years, is healthy and well balanced across all houses," he said. "We are consolidating our growth trajectory, and carrying out continuous, targeted operating investments."

"We live in an increasingly complex world, but we are fully confident in our capacity to deliver sustained performances over time."

Both **Kering** and **Hermès** have showed the strength of established brands in the luxury space, focusing on core values, quality, innovation and heritage.

Hermès saw a 16 percent jump in third-quarter sales to 5 billion at current exchange rates, confirming a trend seen over the first six months of the year ([see story](#)).

Revenue (in € millions)	Q3 2019	Q3 2018	Reported change	Comparable change <sup>(1)</sup>
Total Houses	3,777.8	3,318.2	+13.9%	+11.3%
Gucci	2,374.7	2,096.0	+13.3%	+10.7%
Yves Saint Laurent	506.5	446.9	+13.3%	+10.8%
Bottega Veneta	284.3	258.9	+9.8%	+6.9%
Other Houses	612.3	516.4	+18.6%	+16.3%
Corporate and other	106.8	83.8	+27.4%	+24.8%
Kering	3,884.6	3,402.0	+14.2%	+11.6%

<sup>(1)</sup> On a comparable Group structure and exchange rate basis.

Kering's Q3 2019 earnings chart. Image credit: Kering

Below is the third-quarter revenue statement in almost its entirety:

- Very strong quarter at Gucci (up 10.7 percent on a comparable basis), delivering on its ambitions against a persistently high comparison base.
- Very solid sales growth at Yves Saint Laurent (up 10.8 percent on a comparable basis), driven by all regions.
- Excellent reception of the new Bottega Veneta collections and highly encouraging sales growth (up 6.9 percent on a comparable basis).
- Very strong progress of Kering's other houses (up 16.3 percent on a comparable basis), powered by Balenciaga and Alexander McQueen. Robust growth of watches and jewelry.
- The group delivered another quarter of high growth in consolidated revenue, up 14.2 percent as reported and up 11.6 percent on a comparable group structure and exchange rate basis, to 3,884.6 million.
- Growth in total revenue of Kering's houses (up 11.3 percent on a comparable basis) was particularly well balanced and fueled by sales in the directly operated store network (up 12 percent on a comparable basis). This strong upward trend was driven by Asia Pacific (up 16.6 percent on a comparable basis), Western Europe (up 12.2 percent on a comparable basis) and Japan (up 11.9 percent on a comparable basis). Online sales climbed 20.1 percent during the period and wholesale posted significant growth, up 8.7 percent comparable.

#### Gucci

Gucci delivered very healthy growth in the quarter, with revenue up 13.3 percent as reported and 10.7 percent on a comparable basis to 2,374.7 million, once again on top of particularly high bases of comparison.

All of the main product categories contributed to this growth, demonstrating the enduring success of the house's collections.

Growth in sales from directly operated stores (up 10.7 percent on a comparable basis) was led by Asia Pacific (up 17.9 percent on a comparable basis) and Western Europe (up 11.9 percent on a comparable basis). Wholesale rose 9.8 percent on a comparable basis.

#### Yves Saint Laurent

Yves Saint Laurent pursued its double-digit growth in the quarter, with revenue up 13.3 percent as reported and 10.8 percent on a comparable basis to 506.5 million.

Growth was balanced across distribution channels, with an 11.4 percent rise in comparable sales from directly operated stores driven by all of the house's geographic regions, and an 8.2 percent increase from wholesale.

#### Bottega Veneta

Bottega Veneta saw highly encouraging growth during the third quarter, with sales up 9.8 percent as reported and 6.9 percent on a comparable basis to 284.3 million.

Daniel Lee's collections were extremely well received by established and new customers alike. Sales from directly operated stores rose 7.5 percent on a comparable basis, with sharp growth in Western Europe (up 10.1 percent comparable) and North America (up 17.1 percent comparable). Wholesale continued to grow, up 4.1 percent comparable.

#### Other houses

Revenue from Kering's other houses totaled 612.3 million in the third quarter, up 18.6 percent as reported and 16.3 percent on a comparable basis.

- Sales from couture and leather goods continued to rise sharply, fueled in particular by the strong sales momentum at Balenciaga and Alexander McQueen.
- Jewelry delivered solid growth, with a very good quarter at Boucheron and strong performances from Pomellato and DoDo, while Qeelin pursued its successful expansion in mainland China. Watches posted an encouraging performance, lifted by the launch of new models by Ulysse Nardin.

#### Corporate and other

Revenue of the "corporate and other" segment totaled 106.8 million in the third quarter, up 27.4 percent as reported and 24.8 percent on a comparable basis.

Growth was chiefly driven by the very strong performance from Kering Eyewear, which reported a 29.1 percent comparable increase in consolidated sales to 100.1 million, underpinned by the excellent performances of the Gucci, Cartier and Saint Laurent eyewear collections and the successful launches of Balenciaga and Montblanc.

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