COMMERCE

Mixed results frame first quarter earnings at Kering

April 25, 2023

In China, where brands can be canceled in hours and trends can emerge overnight, real-time digital insights and hyper-precision in messaging are critical. Image credit: Gucci

By LUXURY DAILY NEWS SERVICE

French luxury conglomerate Kering is sharing marginal growth figures for the first quarter of 2023.

During the period ending March 21, 2023, the group brought in revenues of 5.07 billion euros, or $5.57 billion at current exchange, up 2 percent year-over-year on a reported basis. Though on par with analyst estimates, relatively modest sales are framed by regional slowdowns and strategic repositionings.

"Kering's performance in the first quarter remained mixed, as we had anticipated," said Franois-Henri Pinault, chairman and CEO of Kering, in a statement.

"As we work to augment the desirability of our brands and raise their profile in key markets, we are encouraged by the gradual improvement in activity month after month during the period," Mr. Pinault said. "A host of initiatives undertaken by all our Houses to enhance their appeal and exclusivity lays the foundations for sustained, profitable growth."

Brand breakout
This season, Kering faced revenue decreases across North America in the first quarter as growth in the Asia-Pacific region slowly resumed, with the APAC-centric sales lift rooted in eased COVID-19-era policies.

Regional boosts aside, an earnings breakdown by brand suggests that frontrunner Gucci is continuing to find its footing. Under a newly-installed lead designer, the Italian fashion label has turned in revenues of 2.62 billion euros, or $2.87 billion at current exchange, representing a year-over-year growth rate of just 1 percent.

Kering notes that sales across all key product categories, including the brand's travel-focused Valigeria collection increased.

2023 Q1 Group revenue: up 2% as reported and up 1% on a comparable basis

> "As we work to augment the desirability of our brands and raise their profile in key markets, we are encouraged by the gradual improvement in activity month after month during the period."
>
> FH Pinault pic.twitter.com/CyXODxZNhR
>
> Kering (@KeringGroup) April 25, 2023

Saint Laurent's sales were up 9 percent as reported this quarter the French fashion house slotted in as Kering's second-most profitable Q1 company. Meanwhile, revenues at Italian fashion house Bottega Veneta matched those of the comparable period last year almost exactly, stagnating the brand's year-over-year growth.

Grouped under the conglomerate's "Other Houses" category and exclusive of the aforementioned operations, the remaining brands report a year-over-year decrease of 9 percent Kering cites the impact from "the situation in the U.S.," plus a streamlining of wholesale channels, as factors backing the dip.

The group does mention an uptick in trends at both British fashion house Alexander McQueen and a Balenciaga in-recovery (see story), additionally spotlighting strong sales at Italian menswear brand Brioni and outstanding performances at its jewelry houses for the first three months of the year.

Kering's Eyewear and Corporate offerings showed the largest year-over-year jump, up 44 percent on a reported basis from 2022, supported by solid contributions from U.S. sunglasses brand Maui Jim (see story).

The early-year acquisition of French sunglasses manufacturer Usinage and Nouvelles Technologies (UNT) (see story) works to enhance a portion of Kering's portfolio that has excelled in recent years.

Enacted over the course of the last few months, the influence of those new to Kering's leadership cohort including Raffaella Cornaggia, CEO of Kering Beaut as of February 2023 and Sabato De Sarno, appointed to the creative director post at Gucci in January 2023, will carry the holding company into a subsequent reporting round.