

COMMERCE

Kering strikes deal for 30pc stake in Valentino, releases H1 earnings

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Kering has made moves to acquire a significant portion of Italian fashion label Valentino from Qatari investment fund Mayhoola. Image credit: Shutterstock

By LUXURY DAILY NEWS SERVICE

The results of French luxury conglomerate Kering's first-half fiscal performance are now live.

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For the period ended June 30, 2023, the owner of such brands as Italian fashion label Gucci and French fashion house Saint Laurent brought in revenues of 10.1 billion euros \$11.1 billion at current exchange representing a modest 2 percent year-over-year (y-o-y) increase in revenue, as reported and on a comparable basis. With the announcement, Kering also reveals that it has made moves to acquire a significant portion of Italian fashion label Valentino from Qatari investment fund Mayhoola.

"In the first half, we pursued our investments in our Houses' desirability and exclusivity," said Francois-Henri Pinault, chairman and CEO of **Kering**, in a statement.

"While engaging in critical forward-looking initiatives, we maintained a high level of profitability," Mr. Pinault said. "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 Beaut.

"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."

New deal

Upon closing with Mayhoola, Kering will own 30 percent of Valentino. The binding agreement values the conglomerate's slice of the luxury apparel company at nearly \$2 billion.

Of note, the deal presents an option for outright ownership, creating a path for Kering to acquire 100 percent of Valentino by 2028.

The news arrives against the backdrop of a period defined by mixed sales results.



Upon closing with Mayhoola, Kering will own 30 percent of Valentino. Image credit: Valentino

Across global markets, Asia Pacific and Europe saw growth in the first six months, as sales dipped in North America, consistent with industry-wide commerce trends ([see story](#)), though consecutive quarters of lukewarm growth are where Kering differs. Entering into a strategic partnership with Mayhoola could help boost the holding company's sales.

"I am impressed with the evolution of Valentino under Mayhoola ownership and very delighted that Mayhoola has chosen Kering as its partner for the development of Valentino, a unique Italian house that is synonymous with beauty and elegance," said Mr. Pinault, in a statement.

"I am very pleased with this first step in our collaboration with Mayhoola to develop Valentino and pursue the very strong strategic journey of brand elevation that Jacopo Venturini will continue to lead."

For the second quarter specifically, Kering reports a y-o-y sales increase of 2 percent, with a 3 percent rise on a comparable basis. Retail revenues, including e-commerce touchpoints, grew 4 percent on the same basis in Q2.

With sales realized through wholesale channels down 3 percent y-o-y in H1 2023, Kering's net debt sits at 3.9 billion euros, or \$4.3 billion by current exchange, a figure worth over twice the organization's net profit of 1.8 billion euros, or \$2 billion by current exchange.

The performance of brands that Kering currently owns ranged in the first half of the year.

Accessories are a standout, with Kering Eyewear seeing a 51 percent increase in revenue during the first half of 2023. In the second quarter, sales grew 21 percent on a comparable basis and 58 percent as reported.

Kering's jewelry houses, including Pomellato and Boucheron, also each saw double-digit growth.

H1 Group revenue: 10.1bn, up 2%

Recurring operating income: 2.7bn

"We pursued our investments in our Houses' desirability and exclusivity. While engaging in critical forward-looking initiatives, we maintained a high level of profitability." Francois-Henri Pinault pic.twitter.com/ORetgyUCRT

Kering (@KeringGroup) [July 27, 2023](#)

On the apparel front, the group emphasized its investment in Gucci ([see story](#)).

Revenues at the Italian fashion brand dropped 1 percent during the first half of 2023. By comparison, Valentino's earnings have been on a steady uptrend, climbing 10 percent y-o-y as the company raked in revenues of 1.4 billion euros, or \$1.5 billion at current exchange, last year.

Other key players include Saint Laurent. The maison's revenues rose 7 percent on a comparable basis during the second quarter, driven by leather goods and ready-to-wear, whereas Italian fashion house Bottega Veneta garnered an increase of 2 percent during the same period.

Operations outside of the aforementioned, which Kering groups into an "Other Houses" category, fell 5 percent y-o-y

during the first half of 2023, totaling 1.9 billion euros, or \$2 billion at current exchange.

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