

COMMERCE

Kering issues profit warning as Gucci sales drop

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Luxury shares tanked following the unscheduled announcement on Tuesday. Image credit: Kering

By LUXURY DAILY NEWS SERVICE

French luxury conglomerate **Kering** is preparing investors for a sobering Q1 earnings report.

Ahead of its release date of April 23, 2024, the group has issued a profit warning. With Italian fashion house Gucci, one of its main subsidiaries, seeing sales plummet, the announcement has led to Kering's shares plunging as much as 15 percent in Paris.

Taking a dip

According to *Bloomberg*, the drop in stock price was the largest the conglomerate had seen since March 2020.

The unscheduled trading update from Kering states that it estimates that consolidated revenue for this year's Q1 will show a decline of about 10 percent year-over-year. The full results will be released after market on the aforementioned date next month.



Despite focusing on Gucci's decline in the statement, Kering also mentions the "highly favorable reception" that the house's Ancora collection is getting. Image credit: Gucci

On a full-quarter basis, positive contributions will be included from the consolidation of Anglo-French multinational fragrance name Creed ([see story](#)). The negative impact from foreign currency effects will also be part of the report.

Combined, these two elements are estimated to bring down totals by -1 to -2 percent.

However, Gucci, which accounts for a large majority of Kering's profits, is pointed to as being the main cause of its financial woes. A particularly steep sales drop occurred in Asia-Pacific.

Comparable revenues at the maison are predicted to be down by nearly 20 percent during the period compared to Q1 2023.

The group's announcement follows in the footsteps of repeated losses, such as the 13 percent revenue dip in Q3 last year ([see story](#)), which was followed by a 6 percent decrease in the next quarter ([see story](#)).

Once considered rare, these profit warnings seem to be increasingly issued as luxury stocks stumble.

British fashion label Burberry also provided the public with a statement similar to Kering's just a few months back in January ([see story](#)).

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