

COMMERCE

Kering rocked by 11pc sales dip in Q1

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Gucci failed to recover from the performances of previous quarters, delivering double-digit growth losses for the first three months of 2024. Image credit: Kering

By LUXURY DAILY NEWS SERVICE

French luxury conglomerate Kering is reeling from a major setback.

For the first quarter of 2024, the group is sharing revenue declines of 11 percent year-over-year, with sales amounting to just over 4.5 billion euros, or \$4.81 billion at current exchange on a reported basis. Kering's biggest brand, Italian fashion label Gucci, failed to recover from previous quarters, delivering a rocky performance and double-digit growth losses.

"Kering's performance worsened considerably in the first quarter," said Francois-Henri Pinault, chairman and CEO of Kering, in a statement.

"While we had anticipated a challenging start to the year, sluggish market conditions, notably in China, and the strategic repositioning of certain of our Houses, starting with Gucci, exacerbated downward pressures on our topline," Mr. Pinault said. "In view of this revenue decline, together with our firm determination to continue investing selectively in the long-term appeal and distinctiveness of our brands, we now expect to deliver sharply lower operating profit in the first half of this year.

"All of us are working tirelessly to see Kering through the current challenges and rebuild a solid platform for enduring growth."

Luxury slowdown

Despite bringing in the most capital overall, Gucci saw the largest sales dip of all Kering portfolio members.

Representing \$2.2 billion, or just under half, of Kering's total gross sales, Gucci's revenues dropped 21 percent y-o-y in Q1. Blaming struggles in Asia, the brand also saw sales from its retail network dive 19 percent compared to the first quarter of 2023.



The conglomerate's eyewear division was the only one to record positive growth this quarter. Image credit: Kering

French fashion house Yves Saint Laurent also stumbled out of the gate to the tune of \$791 million, an 8 percent income decrease compared to January through March of the previous year. A floundering performance in Asia-Pacific is also attributed to this result, though Japan is said to have experienced "strong growth."

North America also gave Saint Laurent improved returns, while Western Europe remained stagnant.

On the other hand, Italian apparel brand Bottega Veneta recorded the smallest decline of the listed brands, only seeing a 2 percent fall y-o-y, representing \$415 million in revenue. The brand's earnings in Asia-Pacific were steady, with North America said to have seen a double-digit boost, buoying the label's returns.

The conglomerate's other maisons, including fashion houses Balenciaga and Alexander McQueen, collectively saw their revenues hit \$881 million, a decline of 7 percent compared to Q1 2023.

Kering Eyewear and its corporate division, in contrast, experienced a rise in revenue, reaching \$573 million a 24 percent y-o-y jump.



Due to ongoing economic and geopolitical uncertainty, Kering has issued outlook warnings. Image credit: Kering

As for the rest of the first half of 2024, Kering does not have high hopes, with the conglomerate projecting a 40 to 45 percent profit loss compared to H1 2023.

The group began issuing warnings for future quarters to temper expectations in February 2024 with the release of its annual earnings report ([see story](#)).

Fellow high-end names such as French luxury conglomerate LVMH also saw Q1 2024 returns tumble ([see story](#)).