Kering sales nearly double in Q2 as Gucci steams ahead

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Sales at French luxury group Kering nearly doubled in the second quarter as coronavirus curbs were relaxed in much of the world, with its star fashion label Gucci accelerating sharply and hoping to capitalise further on its centenary year.

Kering said on Tuesday comparable revenues had risen by 95% and stood at 4.16 billion euros ($4.92 billion) in the three months to end-June compared with a year ago, and were 11% higher than their pre-pandemic, 2019 levels.

Growth was driven by North America, where retail sales were up by more than 260%, and Asia. Gucci, which accounts for more than half of the group's revenues and 76% of its operating profit, grew sales by 86% over the period.

After cutting marketing spending and fashion shows in 2020, Gucci is catching up on its 100th anniversary, keeping the buzz around the brand high with events and new collections, including one presented in April where Gucci designs were crossed with silhouettes and logos by Balenciaga, another Kering brand.

That collection is likely to hit stores at the end of the third quarter while the launch of a Gucci-based Ridley Scott film, "House of Gucci", with Lady Gaga, Adam Driver and Al Pacino is expected to give additional visibility to the brand around the key holiday season later this year.

Kering CFO Jean-Marc Duplaix told reporters the group would continue to invest to support its brands in the second half of the year but this would not come at the expense of profitability.

"Demand for our brands remains strong," he said, echoing upbeat comments from rival LVMH.

Chairman and Chief Executive Officer François-Henri Pinault added: "While returning to substantial profitability and leveraging the desirability of our brands, we are stepping up the pace of our investments in our Houses and strategic initiatives, notably to enhance the exclusivity and control of our distribution."