Kering has strong 2021 and Q4 as Gucci and other star brands outperform

By Sandra Halliday - February 17, 2022

Luxury giant Kering had good news on Thursday as it reported “sharp” annual revenue growth year-on-year and a double-digit rise compared to the pre-pandemic period.

The owner of Gucci, Saint Laurent, Balenciaga and more said its brands all outperformed on a one- and two-year basis and group revenue rose 35% on the year to €17.645 million in 2021. It was up 13% compared to 2019.

Its recurring operating income also rose an impressive 60% relative to 2020, to reach a new record of €5.017 billion.
€5.017 billion. Growth was driven by “outstanding performances” from those brands, which generated revenue of €17.019 billion, up 34% reported and 35% on a comparable basis.

Its retail network — including the e-commerce ops — saw revenue rising 40% on a comparable basis, “supported by a sharp rebound in all regions, and 18% higher than in 2019”. Sales growth also accelerated in Q4, rising 39% on the year 2020 and 34% against two years ago.

And online sales “continued to grow at an exceptional pace”, up 55%. This channel’s penetration rate doubled in two years, and it now accounts for 15% of total sales in Kering’s retail network.

Wholesale revenue also rose a more modest (but still strong) 17% on a comparable basis year-on-year. However, relative to 2019, it was down 3%, “in line with the group’s increasingly exclusive approach to distribution”.

Recurring operating income from the various labels was €5.175 billion and the recurring operating margin exceeded 30%, while all of the brands “continued to invest significantly in their operations”.

Group net income advanced by 47.7% to €3.175 billion.

And for Q4, it beat expectations as sales rose 31.9% on a comparable basis to €5.41 billion. The surge at Gucci was almost double the 17% average forecast by analysts.

CEO and Chairman François-Henri Pinault hailed the year as “excellent” and said the group further consolidated “its prominent position in the luxury of the future. Thanks to their ability to blend authenticity with bold creativity, all our Houses achieved sharp sales rebound, way beyond their 2019 levels, while reinforcing the exclusivity of their distribution and further enhancing their brand equity”.

He also said he was confident the group could “extend last year’s momentum in 2022 and in coming years”.

BRAND PERFORMANCE

Of course, what we all want to know is how the individual brands did. Looking at all sales figures on a comparable basis, in Gucci’s case, the year saw “sustained growth further extending the brand’s authority”. Its revenue rose 31% to €9.731 billion and beat its 2019 level, even though it completed the streamlining of its wholesale operations. Sales generated in the retail network grew 37% compared to 2020 and 10% relative to 2019.

Wholesale revenue fell 10% year-on-year and by 39% relative to 2019 due to that streamlining process.

In Q4, revenue growth accelerated sharply to 32% year-on-year and 18% compared to Q4 2019. The company said this was down to “the success of its iconic lines, along with an intense schedule of events and new product launches”. Sales from directly operated stores rose by 35% on the year and 25% against two years ago. Gucci’s recurring operating income was €3.715 billion, up 42%.
Meanwhile, Yves Saint Laurent saw “record performances, confirming its exceptional long-term growth trajectory”. Its annual revenue surged 46% to €2.521 billion. Sales from directly operated stores rose 55% compared to 2020 and 35% over two years. Wholesale revenue was 23% higher than in 2020 and 6% higher than in 2019. Q4 revenue accelerated again to 47% year-on-year and sales from directly operated stores rose 61% against 2019.

Recurring operating income was €715 million for the year, taking the recurring operating margin to a record 28.3%.

Bottega Veneta 2021 revenue exceeded €1.5 billion, rising 25% on the year and 32% relative to 2019. Sales from directly operated stores were very strong, up 29%. Wholesale revenue rose 16%.

Q4 revenue rose 14% year-on-year and 31% against 2019 while recurring operating income was €286 million, and its recurring operating margin rose to 19.1%.

At its ‘Other Houses’, there was also “outstanding growth, confirming their exceptional potential”. They saw annual revenue up 44% to €3.264 billion. Sales from directly operated stores rose 46% year-on-year and 40% compared to 2019. Wholesale revenue rose by 40% on the year.

“Once again, Balenciaga and Alexander McQueen delivered excellent performances”, the company said, and all Jewelry Houses had “an exceptional year”. Boucheron “enjoyed success in new markets, Pomellato continued to grow at an exceptional pace, and Qeelin saw very rapid expansion”.

Q4 sales rose 34% with sales from directly operated stores accelerating by 60%. Their 2021 recurring operating income was 2.5 times the 2020 level at €459 million, and the recurring operating margin was 14.1%.