François-Henri Pinault says Kering not currently envisaging new acquisitions

By Dominique Muret - 15 February 2020

Kering isn’t currently assessing any merger or acquisition operation. The French luxury group’s senior management was very clear about this on Wednesday February 12, at the presentation of Kering’s results for the 2019 financial year. Despite the fact that, at the end of last year, rumours were rife about a possible merger between Kering and Italian sportswear label Moncler, Kering’s CEO François-Henri Pinault said that “there aren’t any ongoing acquisition plans.”

According to other rumours, Pinault has recently met with the top people at Prada, Patrizio Bertelli and Miuccia Prada. While Pinault made no mention of the Italian luxury label, he spoke about his connection with the CEO of Moncler. “I’ve met Remo Ruffini on several occasions, because he is a significant figure in the luxury industry, and I will see him again soon. But this doesn’t mean an acquisition is on the cards. There is nothing on the horizon,” said Pinault.

Ruffini himself denied there was the possibility of a merger between the two groups, and on Monday February 10, at the publication of Moncler’s annual results, he said there is “no project in the offing” with Kering.

Pinault’s strategic priority for the time being is organic growth. As he underlined, “there is huge potential within the group.” He mentioned, among others, “the expansion of Balenciaga, the relaunch of Bottega Veneta, the positive results posted by Boucheron after three years of investment,” as well as Gucci, whose “future potential is still extremely remarkable.”

This isn't, however, stopping Kering from keeping an eye out for market opportunities. “We are always willing to add to our brand portfolio, but we will never buy anything simply because it is available on the market,” said Pinault, who also said he never considered buying Tiffany, which was acquired by LVMH.

“No direct competitors”

“We are not passive, we are looking at opportunities, but we are extremely selective. I don’t want to have in our portfolio brands that are direct competitors of the existing ones. This would destroy, rather than create value. We always assess the opportunities that exist, and the complementarity in terms of product categories, pricing segments and style,” said Pinault.

He indicated that potential acquisition targets are not selected based on company size, but on the latter three elements, adding that “we won’t set our sights on very small labels because all the cross-group systems and platforms we have put in place are tailored to our own brands, ranging in size from McQueen’s €500 million to Gucci’s nearly €10 billion. Such systems are too rigid and complex for small brands. This is also why we exited certain labels, not because they weren’t interesting, but because the group wasn’t able to contribute to them in the same way it could to other labels.”

Regarding the sectors in which Kering might invest, Pinault noted that, outside the group’s current perimeter, he has been able to make investments via Artémis, his family’s investment firm, citing the example of luxury cruise company La compagnie du Ponant.
As for watches, he said he isn’t interested. “It’s a complex sector. It is a category, among the luxury world’s main ones, that hasn’t been growing in the last 10 years. And we’re small fry, with our two brands. We are in no position to make acquisitions in [the watch-making] industry,” he concluded.

As was also underlined by the CFO of Kering, Jean-Marc Duplaix, the group’s priority remains growing the brands in its portfolio, since “it is by far the most profitable growth path we have ahead of us.”

By Dominique Muret
Translated by Nicola Mira

Copyright © 2021 FashionNetwork.com All rights reserved.