Kering launches bond issue worth €1.2 billion

By Dominique Muret - 11 May 2020

French luxury group Kering has launched a bond issue worth €1.2 billion in total. The operation was announced on May 5, while the world is still wrestling with the Covid-19 pandemic. The unprecedented global crisis has caused sales for the group owned by François-Henri Pinault to fall by 15.4% in Q1, down to €3.2 billion. The impact of this shortfall will be felt by Kering for the entire 2020 financial year.

The bond issue is split in two tranches: a first tranche worth €600 million maturing in three years with a 0.25% coupon, and a second one, also worth €600 million, maturing in eight years with a 0.75% coupon, as indicated by Kering in a press release.

Kering, which owns among others Gucci, Saint Laurent, Balenciaga and Bottega Veneta, said that the operation “contributes to the diversification of [the group’s] financing resources and to an increase in its financial flexibility, by enabling the group to refinance its existing debt and extend the maturity date of its funding sources.”

Kering underlined that “the issue was received very favourably by bond investors,” confirming “the market’s confidence in the group’s creditworthiness.” In 2019, Kering generated a revenue of €15.9 billion.

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