Sales growth at Kering’s Gucci slows in Q2 as China weighs

Sales at French luxury group Kering’s top brand Gucci rose by just 4% in the second quarter, the group said on Wednesday, as a new round of lockdowns weighed on revenues in the key Chinese market.

Overall sales for Kering, which is also home to fast-growing labels Saint Laurent and Bottega Veneta, came in at 4.97 billion euros ($5.03 billion), up 12% on a comparable basis.

The figure was above market expectations for revenues of 4.44 billion euros according to a Visible Alpha consensus cited by UBS.

Gucci’s 4% growth in the three months to June compared with a 19% rise over the same period for sales at LVMH’s fashion and leather goods division, led by the Louis Vuitton and Dior brands. It also marked a slowdown from 13% growth for Gucci sales in the first quarter of the year.

The group’s finance chief, Jean-Marc Duplaix, told reporters it had seen an improvement in China in June as movement restrictions were gradually lifted.

"The Chinese market was impacted by measures to fight Covid, of course, even if June began to show some improvement as these measures eased up," Duplaix said, adding that as much as 35% of Gucci’s stores in the country were closed in April and May.

The group is working to reinforce its Gucci management teams in China and is maintaining investments like store openings in the country, he said.

Kering continues to consider the Chinese market "absolutely key" with growth potential that remains "intact in the long run," he added.

($1 = 0.9876 euros)

(Reporting by Mimosa Spencer, editing by Silvia Aloisi)