

Kering reports strong performances in H1 2022



Kering has announced this week “strong performances” in the first half of 2022.

It reports Group revenue of €9,930 million (US\$9,546 million) up 23% as reported and up 16% on a comparable basis compared to the first six months of 2021. Group revenue also rose sharply compared to the first half of 2019, up 28% on a comparable basis. In the second quarter of 2022, sales rose by 20% as reported and 12% on a comparable basis, the difference being mainly due to currency effects.

The recurring operating income is reported at €2,820 million (US\$2,867 million), up 26% in the first half with all Houses contributing to growth, and the recurring operating margin was 28.4%, up 60 basis points compared to the first half of 2021. Kering reports net income attributable to the Group at €1,988 million (US\$2,021 million), up 34%.

Net income attributable to the Group hit a new record of €1,988 million (US\$2,021 million), an increase of 34%.

“The Group delivered sharply higher sales in the first half of 2022, sustaining last year’s topline momentum—solid performances in retail around the world more than offset the impact of Covid-related measures in China in the second quarter. We intensify our engagement with local customers across all markets, and we are also leveraging the nascent rebound in tourism in Europe. Each of our Houses contributed to the strong double-digit increase in Group operating income, leading to expanded margin for Kering as a whole. In a period of heightened macro uncertainty, Kering is in great shape to surmount short-term challenges, take advantage of new opportunities, and support the ambitious strategies and tremendous prospects of all our brands,” said François-Henri Pinault, Chairman & CEO.

Sales from the directly operated retail network, including e-commerce, were up 12% year-on-year on a comparable basis in the second quarter and up 32% compared to the second quarter of 2019, driven by the success of Kering’s Houses with local customers and the resumption of tourism in Western Europe.

Gucci: ongoing brand elevation strategy

In the first half of 2022, Gucci’s revenue amounted to €5,173 million (US\$5,259 million), an increase of 15% as reported and 8% on a comparable basis. Sales from the directly operated retail network

rose 8% on a comparable basis, while Wholesale was up 9%.

In the second quarter of 2022, revenue was up 12% as reported and up 4% on a comparable basis. Growth in sales in the directly operated retail network were robust in Western Europe, Japan, and North America, more than offsetting the impact of lockdowns in China. Momentum was also very strong in Southeast Asia.

In the first half of 2022, Gucci's recurring operating income totaled €1,886 million (US\$1,917 million). Recurring operating margin was solid at 36.5%, as the House continues to invest to advance its brand elevation strategy.

Yves Saint Laurent: hitting new highs

Yves Saint Laurent's revenue in the first half of 2022 totaled €1,481 million (US\$1,505 million), up 42% as reported and up 34% on a comparable basis, reflecting the perfect execution of its strategy. Sales from the House's directly operated retail network rose by 41% on a comparable basis. Revenue from Wholesale, currently being streamlined, grew by 10% on a comparable basis due to a very high level of orders.

Sales in the second quarter of 2022 rose by 40% as reported and by 31% on a comparable basis, driven by Western Europe, Japan and North America, while revenue in Asia-Pacific was stable compared to 2021. Growth was particularly strong in the directly operated retail network (revenue up 35% on a comparable basis), due to the success of all product categories.

Yves Saint Laurent's recurring operating income was €438 million (US\$445 million) in the first half of 2022. Recurring operating margin was 29.6%, a first-half record level, up 3.3 points compared to the year-earlier period.

Bottega Veneta: exclusivity and solid growth

In the first half of 2022, Bottega Veneta's revenue amounted to €834 million (US\$847 million), an increase of 18% as reported and 13% on a comparable basis. Sales from the directly operated retail network were up 19% year-on-year. Wholesale revenue was down 4%, in line with Bottega Veneta's strategy to streamline its wholesale distribution.

In the second quarter of 2022, Bottega Veneta's revenue was €438 million (US\$445 million), up 15% as reported and up 10% on a comparable basis. Sales momentum in the directly operated retail network remained very strong (revenue up 19% on a comparable basis), even though the number of stores was unchanged.

Bottega Veneta's recurring operating income for the first half of 2022 totaled €168 million (US\$170 million), and its recurring operating margin rose markedly to return to the 20% level.

Other Houses: outstanding results and exceptional potential

Kering's Other Houses continued to achieve very strong growth, with revenue close to €2 billion (US\$2 billion) in the first half of 2022, up 32% as reported and up 29% on a comparable basis. Sales from the Other Houses' directly operated retail network rose by 38%, while Wholesale was up 16% on a comparable basis relative to the first half of 2021.

In the second quarter of 2022, sales of the Other Houses rose 28% as reported and 24% on a comparable basis. The revenue increase from the directly operated retail network remained strong (+33% on a comparable basis), with progress across regions. Both Balenciaga and Alexander McQueen maintained their very strong growth trajectories, and Brioni confirmed its rebound. While Qeelin was affected by the situation in China in the second quarter, Boucheron and Pomellato

delivered very solid performances.

The Other Houses contributed significantly to the increase in the Group's recurring operating income. They generated record recurring operating income of €337 million (US\$342 million) in the first half of 2022, an increase of 71%. Recurring operating margin was strong at 17.3%, an increase of 4.0 points.

Kering Eyewear and Corporate

The "Corporate and other" segment was renamed "Kering Eyewear and Corporate" in the first quarter of 2022. Intragroup eliminations are now reported on a separate line.

Revenue of the Kering Eyewear and Corporate segment in the first half of 2022 amounted to €591 million (US\$600 million). Kering Eyewear's revenue totaled €576 million (US\$585 million), up 50% as reported including the integration of Lindberg, and up 26% on a comparable basis.

In the second quarter, growth in Kering Eyewear revenue continued, up 17% on a comparable basis, driven by the momentum of the brands in its portfolio. The acquisition of Maui Jim will be completed in the second half of 2022.

In the first half, Kering Eyewear's recurring operating income more than doubled relative to the first half of 2021, reaching €111 million (US\$112 million). The House benefited from the integration of Lindberg and from the seasonality of its sales, a majority of which occur in the first half of the year. Corporate costs were stable.

Financial performance

- Kering's financial result, at just (€19 million [US\$19 million]), improved sharply in the first half of 2022.
- The effective tax rate on recurring income was 27.5% during the period.
- Net income attributable to the Group was strong at €1,988 million (US\$2,202 million).
- Earnings per share were up 36%.

Cash flow and financial position

The Group's free cash flow from operations totaled €2,049 million (US\$2,083 million) in the first half of 2022.