



# Gucci Owner Kering Turns to Renault CEO in Turnaround Bid

(Bloomberg) -- Kering SA is set to name the chief executive officer of Renault SA as its next CEO, looking to an Italian manager who's turned around the French automaker to perform a similar role at the owner of the struggling Gucci fashion label.

Luca de Meo will be appointed to the job in the coming days, people familiar with the situation told Bloomberg News, confirming a report by Le Figaro on Sunday. The move follows speculation that Kering was assessing splitting the roles of CEO and chairman, which are both currently held by Francois-Henri Pinault.

Pinault's father, Francois, built Kering into one of the world's most prominent luxury-goods companies, but it has struggled to keep pace with rivals such as LVMH and Hermes International in recent years as Gucci has fallen on hard times in China. Under De Meo, shares of Renault have roughly doubled.

A representative for Kering declined to comment. Renault said in a statement on Sunday that De Meo had tendered his resignation and would leave the automaker on July 15. The Renault board has started the search for a new CEO, the company added.

The choice of De Meo is "a step in the right direction, it would seem," said Luca Solca, luxury analyst at Bernstein. "De Meo adds gravitas and experience to a company that needs it."

What's still to be seen, Solca said, is whether "he will be able to hit the ground running and be as effective as he has been in the automotive industry."

## Splitting Roles

The shakeup at Kering comes after its shares erased nearly 80% of their value since reaching a record in August 2021. The group has sought to turn around Gucci, which accounts for almost two-thirds of profit, by naming new designers — first in early 2023 and the latest earlier this year — but the efforts have so far failed. The group has also appointed new CEOs for various labels, including Gucci and its second-biggest brand, Yves Saint Laurent, in the past year.

French magazine Challenges reported last week that Kering was considering splitting the top leadership positions, with Francois-Henri Pinault, 63, seeking to remain as chairman of the French luxury group his family controls.

De Meo, 58, spent five years leading the French carmaker, after earlier roles at Fiat and Volkswagen AG. During his tenure, he inked partnerships for Renault with fashion brands such as Agnès B.

De Meo brought Renault back from tough times, as the company took on state-backed loans to survive the pandemic and had to write down billions of euros on its Russian business. De Meo also loosened Renault's ties to Japan's Nissan Motor Co., with which it's had a troubled alliance of more than two decades.

Once considered the alliance's weak link, Renault under De Meo leapfrogged Nissan in market value in 2024 as investors rewarded it for accelerating the development of new models, such as the electric Megane E-Tech, returning to profit and inking new partnerships with technology giants such as Qualcomm Inc.

Renault, which is 15% owned by the French government, was the only major European carmaker not to issue a





profit warning in 2024 and De Meo issued ambitious guidance for 2025. In recent months, Renault also has been buffered by its lack of presence in the US, where President Donald Trump's tariffs are hitting rivals such as Jeep maker Stellantis NV hard, and in China, where car manufacturers also are suffering from cutthroat competition.

'Healthy Foundation'

Under the Italian executive, Renault "has returned to a healthy foundation, boasts an impressive range of products and has resumed growth," Chairman Jean-Dominique Senard said in the statement.

Pinault has led Kering for the past two decades. Under him the group, founded by Francois Pinault, 88, changed names from PPR to Kering and experienced significant growth in the initial years of Gucci designer Alessandro Michele, who took over in 2015. But Michele stepped down in 2022 after his maximalist and bohemian chic creations fell out of favor. As CEO, the younger Pinault has also been criticized for a relatively hands-off management style, Bloomberg reported last year.

In late 2022, Balenciaga, another Kering label, put out an ad campaign that was seen as sexualizing children, prompting a backlash. The campaign was overseen by designer Demna who earlier this year was promoted to become the artistic director of Gucci, a move that investors disapproved of.

In the past few years, Kering went on an acquisition spree, buying fragrance maker Creed as well as 30% stake in Italian fashion label Valentino. The company also splurged on prime property acquisitions but it's now seeking to sell stakes in those buildings in a bid to slash its debt.

Although headquartered in Paris, Kering owns other Italian brands including leather goods maker Bottega Veneta and jewelry label Pomellato, making De Meo's appointment potentially helpful in bridging cultural divides.

The appointment of De Meo will prompt questions regarding the future of two top executives under Pinault: Jean-Marc Duplaix and Francesca Bellettini, who were both promoted to co-deputy CEOs two years ago. The former is focused more on operations and finance, while the latter oversees brand development.

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