



## A to-do list for Kering's new CEO

*Vogue Business* unpacks the priorities for the luxury group's new chief executive, Renault head Luca de Meo.

By Laure Guilbault



"I will soon embark on a new transformation challenge in a completely different industry, one that will require me to learn and grow once again," Luca de Meo wrote in a letter to Renault employees on Sunday, the day he announced he will be stepping down as the automotive company's CEO on 15 July. Today, it was confirmed that the new challenge would be Kering's much-awaited turnaround: de Meo on Monday was named chief executive officer of the luxury conglomerate, replacing François-Henri Pinault, who will stay in his role as chair.

Kering stocks jumped in response, but de Meo has a tall task in front of him. The company's share price has plunged from its peak in mid 2021, largely due to declining sales at its largest brand, Gucci.

De Meo will have to define and execute a go-forward strategy, as the luxury industry faces headwinds in almost all regions. "Luca De Meo has a titanic challenge ahead of him," Bernstein luxury goods analyst Luca Solca wrote in a note. "Critically, investors will need to hear what it is that de Meo plans to do and digest how soon his plans can be realised."

De Meo is not from the luxury sector, so will likely have to learn the industry, and, notably, the retail game. Crucially, he should be able to draw on the expertise of Pinault, who spent two decades in the role, as well as Kering's two deputy CEOs, Francesca Bellettini and Jean-Marc Duplaix.

On a call with analysts on Monday, Pinault said de Meo, whom he didn't know personally before the recruitment process, stood out among all candidates. "The fit and the chemistry was obvious after one or two minutes, so it was a great encounter. This is why I decided to move forward very fast," Pinault said. He recognised his strong reputation, company loyalty — in addition to Renault, de Meo has spent time at Volkswagen and Fiat — as well as his approach to company culture as an asset. "I'm not recruiting a firefighter, that's not the point. To prepare this new step of our development, we need someone with a fresh vision, a new perspective on the luxury market."

Pinault also praised his communicative and effective leadership, his international multicultural background and fluency in a number of languages.





About his decision to step down from the CEO role, Pinault said: “It’s a personal decision, a target that I set for myself back in 2019. I said that after 20 years it was time to organise that when it will come. We are now at that time.”

Pinault said de Meo is a “fully fledged CEO”, with the freedom to make his own decisions. “He will have to assess the organisation to assess the key position of the group. That’s, of course, very important when you come on board of a company like Kering and as a new CEO.”

De Meo is currently set to start in his new role on 15 September. Here’s what he’ll need to do to get Kering back on track.

## Revitalise the brands

Gucci is in need of a turnaround. Sales plummeted from €10.5 billion in 2022 to €7.7 billion in 2024. The brand’s latest results — down 25 per cent in Q1 — have further raised the stakes on incoming creative director Demna, as well as CEO Stefano Cantino, who took on his role at the beginning of the year.

Demna will reveal his first creations for the house in September during Milan Fashion Week. “The complexity is that at Gucci, the CEO and the designer have just arrived, but they were not appointed by de Meo,” notes Erwan Rambourg, HSBC global head of consumer and retail research.

Asked by an analyst if de Meo was involved in the appointment of Demna at Gucci, Pinault replied: “Absolutely not. Luca was fully dedicated to his position at Renault. I met with Luca early this year, and we had, of course, a few meetings together and he also met some members of the nomination committee, but absolutely not. He won’t be involved in decisions before 15 September.”

It’s not just Gucci. After years of shining, Saint Laurent sales were down to €2.9 billion in 2024 from €3.3 billion in 2022, and down 9 per cent in the first quarter of 2025. As part of its strategy, the house is actively working on revamping its core leather goods line under creative director Anthony Vaccarello, alongside Cédric Charbit, who joined the house as CEO in January. Gucci and Saint Laurent account for around 80 per cent of group EBIT combined.

Balenciaga and Alexander McQueen are two other brands that will require de Meo’s attention. Sales at the ‘Other Houses’ division, which includes both labels, were down 11 per cent in the first quarter of the year. Balenciaga is in creative transition following Demna’s departure to Gucci, under new creative director Pierpaolo Piccioli, while Alexander McQueen is in the midst of rolling out the vision of Seán McGirr, whose debut collection was for Autumn/Winter 2024.

## Fixing the debt

Company debt is adding to overall stress, says Rambourg. It reached a total of €10.5 billion at the end of 2024, not including the debt of Artémis, Pinault’s investment arm, which owns approximately 42 per cent of Kering.

During the 2024 annual earnings presentation, Kering outlined its debt-reduction strategy, initiated with the sale of Italian luxury outlet The Mall for €350 million and the agreement with private equity firm Ardian on Parisian real estate assets amounting to €850 million, totalling €1.2 billion. Other real estate assets — namely stores on New York’s Fifth Avenue and Milan’s Via Montenapoleone — are also intended to be refinanced similarly, for an amount of approximately €2 billion.

Will reducing the debt of the group, particularly with real estate transactions, be high on de Meo’s agenda? “We are refinancing and we are well advanced in the refinancing of our real estate assets. We will continue to deliver on that topic. I’m pretty sure of that,” said Pinault.







## Reviewing the portfolio

Kering acquired a 30 per cent shareholding in Mayhoola-owned Roman house Valentino in 2023. The agreement with Mayhoola includes an option for Kering to acquire 100 per cent of the brand's share capital no later than 2028. The transaction is part of a broader strategic partnership between Kering and Mayhoola, which could lead to Mayhoola becoming a shareholder in Kering. Could that deal be reviewed under de Meo?

"When it comes to Valentino, nothing new under the sky," Pinault told analysts on the call. "Of course, we will have a discussion with Luca about [the transaction]. Short term, he will have to cope with all the effort and action plan that we are taking on the cost structure. But more importantly, I ask him also to think long term about what could be the profile of Kering in the next 10 to 15 years."

De Meo's background outside of fashion also raises questions about the direction of the group's portfolio. "We have an executive who comes from the automotive industry — does that mean we're open-minded about doing things that are a bit outside the core of luxury?" says Rambourg. "Or on the contrary, does it mean we're losing our way? What will Kering's portfolio look like in 10 years versus today?"

It is not uncommon for executives from outside the industry to join the ranks of luxury executives, but there are more examples from the consumer goods sector (Leena Nair, Pietro Beccari, Antonio Belloni) than the automotive industry.

Pinault stressed his understanding of the supply chain as an asset. "He'll be for sure bringing some new ideas, some new vision on that part of the business," Pinault said. And as luxury continues to overlap with domains, including culture (Saint Laurent launched Saint Laurent Productions, its film production company) and sport, having an executive from outside the luxury industry can signal fresh thinking and a readiness to break new ground. Already, there are crossovers: some LVMH brands including Louis Vuitton partnered with Formula One, while Balenciaga recently unveiled a collaboration with Lamborghini.

