



Kering's quarterly sales weaker than expected, Gucci down 25%

Companies Kering SA Follow Renault SA Follow PARIS, July 29 (Reuters) - Kering (PRTP.PA) , opens new tab , the French group that owns fashion labels Gucci and Saint Laurent, reported on Tuesday a 15% drop in quarterly revenues, falling short of market expectations as the luxury sector grapples with a prolonged slump.

Sales in the second quarter totalled 3.7 billion euros (\$4.3 billion), down 15% on a comparable basis, missing a Visible Alpha consensus estimate among analysts for a 13% drop cited by UBS. Gucci, which accounts for the bulk of group profits, reported sales of 1.46 billion euros, down 25% year on year.

Kering, whose shares have lost around 60% of their value over the last 24 months, has struggled with falling sales for over two years. Last month, it said it had hired former Renault CEO Luca de Meo as its next chief executive from September.

A newly-agreed 15% tariff rate on all European Union exports to the United States, a key market where Kering makes over 20% of its sales, will add to headwinds.

"The tariff impact is perfectly manageable for us", Armelle Poulou, Kering's finance chief, told journalists.

Kering's brands, which also include smaller labels Bottega Veneta and Balenciaga, have already raised prices globally and more specifically in the United States, where Poulou said the company was taking a measured approach with a close eye on consumer sentiment.

"There could be a second wave of price adjustments in the autumn", she said.

The French group controlled by the billionaire Pinault family reduced its net debt in the first half of the year to 9.5 billion euros from 10.5 billion at the end of last year, largely due to real estate sales.

