

COMMERCE

Hermès retail sales rose 8pc in Q1

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Hermès fall/winter 2015 runway show

By STAFF REPORTS

French leather goods maker Hermès Group's revenue was up 6 percent in the first quarter of 2016, despite a challenging luxury landscape.

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Consolidated revenues for the house were 1.19 billion euro, or about \$1.35 billion at current exchange rates. Even with the negative effects of the Paris terrorist attacks, Hermès' European sales grew 9 percent compared to the same period the previous year, with strong performances of its brand-owned boutiques.

Trying times

Japan sales were up 13 percent compared to last year, which Hermès attributes to selective distribution. The rest of Asia saw sales rise 4 percent, with growth in China offset by challenges in Hong Kong and Macao.

Hermès' leather goods and saddlery business grew 15 percent in the quarter. The group has recently established new facilities for leather production, with the fifteenth opened on April 1 in Héricourt.

All other areas of Hermès' business saw a decline.

With a slowdown in the United States, Asia and France, ready-to-wear and accessories

sales were down 2 percent. Silk and textile sales were down 9 percent, attributed to the recent events in Europe.

Perfume sales dipped 4 percent, while watches declined 3 percent.

Its other business ventures, including silvermaker Puiforcat and bespoke shoemaker John Lobb, barked the trend, rising about 30 percent to about \$65.6 million in sales.



Hermès fall/winter 2014

Hermès says that its goal of 8 percent revenue growth at constant exchange rates for 2016 may be out of reach due to economic, geopolitical and currency fluctuations.

The brand is planning to celebrate the horse this year, with an effort that focuses on its longstanding connection to nature through equestrian arts.

Other luxury brands are feeling the pinch of current events.

French conglomerate Kering's luxury sales in the first quarter of 2016 were buoyed by Western Europe, Japan and emerging markets, as it managed growth in a challenging environment.

Bottega Veneta's sales were down 7.6 percent as reported, or 8.3 percent on a comparable basis. The brand was mostly hurt by the strength of the U.S. dollar and by Asian tourists avoiding Europe and other parts of the globe following terror attacks ([see story](#)).