

APPAREL AND ACCESSORIES

LVMH maintains optimism despite uncertainties for remainder of 2016

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Kendall Jenner for Fendi, fall/winter 2016-17

By STAFF REPORTS

French luxury conglomerate LVMH has reported an organic revenue growth of 4 percent for the first half of 2016.

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The group's recorded revenue totaled 17.2 billion euros, or \$18.8 billion at current exchange rates, for the first half, for an increase of 3 percent from the year-ago. On a market level, LVMH brands performed well in the United States and Europe, with the exception of France, which has seen a decline in tourism due to a number of terrorist attacks, and in Asia, which saw an improvement for the half.

Despite the context, business is good

LVMH's profits from recurring operations were 2.959 million euros, or \$3.25 million, for the first half of the year. These profits are consistent with what was recorded for the same period in 2015.

Overall, the group share of net profit amounted to 1.711 million, \$1.879 million, for an increase of 8 percent.

LVMH wines & spirits had an excellent start to 2016, with strong growth in the U.S. and improvements in China. This sector of its business recorded organic revenue growth of 9 percent with prestige vintages performing particularly well.

Likewise, fashion and leather goods businesses recorded stable revenue and profits driven by creative momentum at Louis Vuitton and the strengthening of other labels within the group. For example, Italian fashion label Fendi has seen impressive growth as it begins its 90th anniversary celebrations ([see story](#)).



Louis Vuitton's Series 5 advertising campaign

The category has also seen creative appointments at Dior with the announcement of Maria Grazia Chiuri joining the label as its first female creative director ([see story](#)), as well as the sale of U.S. fashion brand Donna Karan to G-III for a reported \$650 million ([see story](#)).

LVMH's perfumes and cosmetics category recorded an organic revenue increase of 8 percent. Dior, for instance, gained market share in all regions and saw strong performance from its fragrances including Sauvage, Poison Girl and its iconic J'adore and Miss Dior scents.

As for watches and jewelry, LVMH brands Bulgari and Tag Heuer both saw success, with the former showing market share gains and the latter successfully refocusing its core offerings. Overall this category saw a 4 percent increase in organic revenue.



Tag Heuer's Connected timepiece saw immense success in 2016 H1

Lastly, LVMH's selective retailing segment performed well also, with revenues growing by 4 percent. Cosmetics retailer Sephora recording double digit-growth in its revenue and profits, but DFS saw challenges due to a difficult tourism environment in both Macau and Hong Kong.

"LVMH's results for the first half of 2016 reflect, more than ever, the strength of our business model, which allows us to continue to grow even during an unstable geopolitical environment and economic and monetary uncertainties," said Bernard Arnault, chairman/CEO of LVMH, in a statement.

"The diversity of our businesses, the entrepreneurial style of our brands and the agility of our organization all contribute to the growth of the group," he said. "By remaining vigilant, we face the second half of the year with the confidence and count on the quality of our products and the talent of our teams to further strengthen our leadership in the world of high quality products in 2016."

Going forward, LVMH's strategy will include a focus on quality across its activities alongside dynamism and creativity among its teams to reinforce its global leadership in luxury goods.

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