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## Tiffany keeps dismal outlook, net sales decline likely to continue for fiscal 2016

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*Femanda Ly for Tiffany's #LoveNotLike*

By STAFF REPORTS

U.S. jeweler Tiffany & Co. saw worldwide net sales of \$1.8 billion for the first half of 2016, a 7 percent decrease from the year-ago.

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Tiffany has been struggling recently due to global factors that have dampened local and tourist spending, especially from China ([see story](#)). Despite the challenges, Tiffany remains focused on growing its sales, operating margins and earnings to create a greater value for stockholders.

### Tiffany blues

For the first half of 2016, Tiffany saw net earnings of \$193 million, or \$1.53 per diluted share. In comparison, for 2015 Tiffany's net earnings were \$210 million for a diluted share amount of \$1.62.

When looking specifically at the second quarter, ended July 31, worldwide net sales declined 6 percent to \$932 million with comparable store sales declining 8 percent. Net earnings for the quarter rose 1 percent to \$106 million, or \$0.84 per dilute share, up slightly from \$105 million, or \$0.81 from the year-ago period.

Tiffany recorded total sales of \$434 million in the second quarter and \$837 million in the first half in the Americas. Both the quarter and the half are 9 percent below last year, and the results are attributed to lowered spending by U.S. consumers and foreign tourists.

In Asia-Pacific, Tiffany's total sales amounted \$230 million in the second quarter and \$469 million for the first half. This is 6 percent and 7 percent, respectively, lower than the year prior.

Tiffany noted sales growth in China and South Korea, but a significant decline continues in Hong Kong. Japan on the other hand, saw total sales increase 10 percent to \$138 million in the second quarter and a 9 percent increase for the first half, amounting to \$269 million.



### *Tiffany T bracelets*

But, on a constant exchange rate basis, total sales and comparable store sales dropped 5 percent and 3 percent, respectively in the second quarter. The first half saw a decline of 2 percent and a 1 percent rise, respectively.

European total sales declined 12 percent to \$111 million in the second quarter and 11 percent to \$208 million in the first half. Also, comparable store sales dropped 17 percent for the quarter and 16 percent for the half.

Tiffany equates the sales decline to lowered continental Europe tourism rates in lieu of recent terrorist attacks, as this is in contrast to the United Kingdom's performance.

Elsewhere, sales declined by 3 percent to \$18 million for the quarter, and 20 percent to \$40 million for the first half of 2016. Tiffany has attributed this to lower retail sales in the United Arab Emirates and rising costs of wholesale diamonds.

"The global environment continues to reflect well known challenges that we believe have had broad effects on spending by local customers, as well as foreign tourists, especially from China," said Frederic Cumenal, CEO of Tiffany, in a statement.

"We are managing expenses efficiently, but also maintaining our marketing spending as a percentage of sales and continuing to invest in key strategic initiatives and opportunities to further strengthen Tiffany's competitive position among global luxury brands," he said.

"By delivering extraordinary products and experiences to our customers around the world, we remain focused on growing sales, operating margins and earnings and creating greater value for stockholders."