

Tiffany navigates Q3 for modest financial improvements

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Tiffany & Co.'s Blue Box

By STAFF REPORTS

U.S. jeweler Tiffany & Co. saw modest improvement for the third quarter 2016, leading management to maintain its full year earnings outlook.

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For the quarter ending Oct. 31, Tiffany saw a worldwide net sales increase of 1 percent for the three-month period, due to mixed results across markets and product categories. In terms of net earnings, the jeweler saw an increase of 5 percent in the third quarter and its earnings per diluted share grew by 9 percent.

Modest growth

During Q3 2016, Tiffany's worldwide net sales rose 1 percent to \$949 million while its comparable store sales dipped by 2 percent. The jeweler saw a "modest increase" in fashion jewelry sales, a trend that offset other product categories.

The brand's net earnings increased by 5 percent to \$95 million, or \$0.76 per diluted share. For the year-ago, the brand's net earnings were \$91 million, or \$0.70 per diluted share.

Tiffany's results from the nine month-period ended Oct. 31 saw worldwide net sales of \$2.8 billion, a 4 percent decline from the year-ago. Comparable store sales declined by 6 percent.

For the nine months, Tiffany recorded net earnings of \$288 million, or \$2.29 per diluted share. The year prior, Tiffany saw net earnings of \$301 million, or \$2.32 per diluted share.

In the Americas, Tiffany saw total sales of \$417 million, 2 percent lower than the year-ago. Asia-Pacific total sales increased by 4 percent to \$247 million in the third quarter, but declined 4 percent to \$715 million in the year-to-date.



Tiffany's Tiffany T collection

Japan fared very well with a 13 percent total sales increase to \$150 million in the third quarter and 10 percent to \$419 million in the year-to-date. The region did record lower wholesale sales, but did see higher spending from local consumers in the quarter.

Europe, still experiencing soft demand, saw sales decline by 10 percent to \$104 million in the quarter, and 10 percent to \$312 million in the year-to-date. Elsewhere, sales rose 18 percent to \$31 million for the quarter due to wholesale diamonds.

"We are encouraged by some early signs of improvement in sales trends, but we clearly need more positive data over time before this can be considered an inflection point," said Frederic Cumenal, CEO of Tiffany, in a statement. "In this recent quarter, we saw a smaller sales decline in the U.S. from earlier this year, while Asia-Pacific results reflected strong growth in mainland China and a relatively smaller decline in Hong Kong."

"Our business in Japan performed well, which we attribute to spending by domestic consumers, but we believe the strengthening of the yen has negatively impacted purchases by Chinese consumers. We also saw relative strength in U.K. sales, but a continuation of softness on the European continent," he said.

"This year, we've added exciting new designs across our jewelry and watch categories and are pleased with initial customer response. As the global environment continues to reflect economic and other challenges that we believe are continuing to affect customer demand, it is more important than ever that we remain focused on strategies to deliver extraordinary products and experiences to our customers."

"Over the long-term, our objective is to enhance profitability and productivity through sales growth and prudent expense and inventory management, while further strengthening our competitive position among global luxury brands."

Despite its present financial challenges, Tiffany cultivates the most passion among social media users.

While Amazon is the most talked about, Tiffany sees the strongest brand loyalty with users taking to social platforms to discuss their passion for the marketer, according to a report by NetBase ([see story](#)).