

APPAREL AND ACCESSORIES

LVMH "cautiously confident" for 2017 after fiscal 2016's momentum

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Kendall Jenner for Fendi, fall/winter 2016-17

By STAFF REPORTS

French luxury conglomerate Mot Hennessy Louis Vuitton ended fiscal 2016 with recorded revenue of 37.6 billion, or \$40.2 billion at current exchange rates, for an increase of 5 percent over the prior financial year.

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LVMH ended 2016 with a 9 percent revenue increase seen in the fourth quarter when compared to the year-ago period. The conglomerate, which counts Louis Vuitton, Fendi and Dior within its stable, performed well in the American and European markets while Asia, with the exception of Japan, saw good momentum.

Moves and momentum

By category, LVMH's fashion business performed the best for the year. Organic growth of LVMH fashion and leather goods increased by 4 percent in 2016, and on a reported basis saw revenue growth of 3 percent.

Louis Vuitton was driven by new product ranges such as its Marc Newson-designed luggage collection and the revitalization of the house's fragrance division.

Fendi also performed well, reaching a revenue threshold of 1 billion during its 90th anniversary celebrations. The segment also saw the sale of fashion label Donna Karan ([see story](#)) and the acquisition of Rimowa luggage.



Alessandra Ambrosio for Rimowa

LVMH perfumes and cosmetics continued success, notably its makeup brands, for a recorded organic revenue growth of 8 percent. During 2016, LVMH opened the Les Fontaines Parfumes in Grasse, France and new launches and consumer favorites performed well across all regions.

In watches and jewelry, LVMH recorded organic revenue growth of 5 percent with continued growth in markets such as China, South Korea and the Middle East.

Despite market challenges, Tag Heuer grew and gained market share. The Swiss watchmaker also benefited from the success of new collections and its Tag Heuer Connected timepiece.

LVMH wines and spirits' organic revenues increased by 7 percent. Champagne volume grew by 3 percent and Hennessy cognac ended the year with 10 percent volume growth.

In China, LVMH found that there was a rebound in shipments to the market after destocking by distributors in 2015 presented challenges for its wine and spirits brands.

Lastly, selective retailing recorded revenue growth of 8 percent. Beauty retailer Sephora gained market share, with the opening of more than 100 storefronts in 2016, and ended the year with double-digit growth in revenue and profits.



Image courtesy of LVMH-owned Sephora

As tourism in places such as Europe continues to chug along, duty-free retailer DFS faced challenges, notably in Hong Kong, but plans to go forward with expanding its store presence.

"LVMH achieved an excellent performance in 2016 within a context of geopolitical and economic instability," said Bernard Arnault, chairman and CEO of LVMH, in a statement.

"Continued innovation, entrepreneurial spirit and the quest for excellence: all maisons continue to assert these core values while maintaining rigorous execution of their strategies on the ground," he said. "In an environment which remains uncertain, we can count on the appeal of our brands and the agility of our teams to strengthen, once again in 2017, our leadership in the universe of high-quality products."

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