

APPAREL AND ACCESSORIES

Herms exceeds \$5B in revenues for fiscal 2016

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Herms' Objets Pour La Vie campaign

By STAFF REPORTS

France's Herms saw its leather goods and saddlery category grow by 14 percent for fiscal year 2016, a financial period that demonstrated the house's industry clout.

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Best known for its Birkin and Kelly handbags, Herms' leather goods saw tremendous success for the year, all of which was supported by its sustained pace of deliveries and production. During fiscal 2016, Herms added three new leather goods manufacturing sites to its portfolio, bolstering its production capabilities further for a year of excellent performance.

Saddle up

Herms' recorded an operating margin that hit an all-time high for the brand of 32.6 percent of sales.

The French maison also had consolidated revenues that exceeded the 5 billion euro mark, reaching a total of 5.2 billion euros, or \$5.6 billion. The jump from fiscal year 2015 is a 7.5 percent increase at current exchange rates, and 7.4 percent at constant rates.

Herms' recurring operating income increased by 10 percent to an amount of 1.6 billion euros, or \$1.7 billion. Recurring operating income was 32.6 percent of sales.

Also, Herms' net profits increased by 13 percent for a total of 1.1 billion euros, or \$1.2 billion.

On the retail front, Herms recorded 8 percent growth at stores in all geographies. Throughout fiscal year 2016, Herms worked on new openings and renovations.

Fiscal 2016 also brought forth the first Herms pop-up shop to be housed in a department store. In the past, Herms has preferred renting its own space for a temporary point of sale.

The year-long Herms shop-in-shop is dedicated to the brand's accessories and is found at U.S. retailer Nordstrom's downtown Seattle flagship ([see story](#)).

By region, Japan saw a 9 percent increase while the rest of Asia saw growth of 7 percent. Although Herms saw

positive performance across Asia, particularly Singapore, the brand acknowledges the ongoing challenges of Hong Kong and Macao.



Herms is looking toward the future; Image features Herms' Cape Cod watches

In the U.S. Herms saw solid growth of 7 percent while Europe performed well, demonstrating the brand's resistance to political and social tensions due to recent events. Europe posted 8 percent growth and Herms' home market of France displayed a 5 percent.

While Herms' leather goods performed the best out of its available categories, the brand's ready-to-wear and accessories category was stable for fiscal year 2016. The category saw a 4 percent increase in the fourth quarter of 2016.

Perfumes performed well with growth of 9 percent, but as with most other luxury houses, the brand's watch division declined 3 percent.

Regarding its outlook for fiscal 2017, Herms plans to "continue its long-term development strategy based on creativity, maintaining control over know-how and singular communication."

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