

APPAREL AND ACCESSORIES

LVMH revenues surge 15pc thanks to fashion, leather goods category

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LVMH-owned fashion and leather goods brands saw strong performance for H1 2017. Image credit: Louis Vuitton

By STAFF REPORTS

Luxury goods conglomerate Mot Hennessy Louis Vuitton saw its organic sales increase by 12 percent during the first half of 2017.

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The LVMH group also posted sales of 19.7 billion euros, or \$22.9 billion at current exchange rates, for the first half of 2017, an increase of 15 percent from the year-ago. The largest of the luxury goods conglomerates, LVMH noted that all markets continued to be "well oriented," as the sector continues to face challenges brought on by China's slowdown and drops in tourism.

Luxury stronghold

LVMH first half 2017 financial report showed the group benefited from a favorable comparison, notably in Asia, but also in France. Last year, LVMH's finances, as well as those of other luxury players, were impacted by the decline of foreign visitors to France.

The group's second quarter 2017 sales increased by 15 percent compared to the year-ago period. This is the first time that German luggage maker Rimowa was included in the group's financial report.



Rimowa was acquired by LVMH in October 2016. Image credit: Rimowa

Current operating income for the first half of 2017 was 3.640 billion euros, or \$4.235 billion at current exchange rates. LVMH's operating income saw an increase of 23 percent and the current operating margin was up 18.5 percent, a 1 percentage increase.

LVMH had a busy first half with the acquisition of Christian Dior Couture ([see story](#)), finalized on July 3, and the continued positive performances of its stable of brands, particularly Dior, Bulgari, Tag Heuer and Sephora.

By category, wine and spirits saw organic growth of 10 percent in sales. Champagne houses and cognac makers saw positive growth in the United States, while the latter spirit showed recovering in Asia.

Led by the creative dynamic of Louis Vuitton, LVMH-owned fashion and leather goods brands recorded organic growth of 14 percent in sales. Fendi saw remarkable growth and Loro Piana strengthened its position in Asia.



Bella Hadid for Fendi, spring/summer 2017. Image credit: Fendi

Celine, Loewe and Kenzo are said to be making "good progress" and Marc Jacobs is continuing its restructuring efforts and enhancing its product offerings.

LVMH perfume and cosmetics also fared well for the first half with an increase of 12 percent in sales. Guerlain, for example, is benefiting from its new perfume Mon Guerlain and Parfums Givenchy is seeing rapid growth in colored cosmetics, especially lipsticks.

The group's watches and jewelry business recorded organic growth of 13 percent. The innovative timepieces designed by Tag Heuer, such as the Connected smartwatch, generated much success for the Swiss watchmaker.

Lastly, LVMH's selective retailing posted organic revenue growth of 12 percent in sales. Sephora continued its omnichannel focus and growth, investing in in-store technologies in New York and Dubai, United Arab Emirates. Travel retailer DFS is experiencing better momentum in Asia thanks to consumer interest in duty-free goods.



Sephora has invested heavily into omnichannel retail to boost beauty sales. Image credit: Sephora

Most notably, LVMH's Le Bon Marché invested in ecommerce via the digital platform 24 Sèvres ([see story](#)).

"LVMH achieves an excellent first half in which all our business participate," said Bernard Arnault, chairman and CEO of LVMH, in a statement. "More than ever in the current context of geopolitical and economic instability, creativity and quality, our group's founding values are benchmarks for all."

"The increasing digitization of our activities also reinforces the quality of the experience offered to our customers," he said. "In an environment that remains uncertain, we approach the second half of the year with caution.

"We will remain vigilant and rely on the entrepreneurial spirit and talent of our teams to further strengthen in 2017 our lead in the world of high-quality products."

For the remainder of 2017, LVMH plans to continue its market share gains, expand geographically in growth markets and go forward with planned product launches despite geopolitical uncertainties.

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