

APPAREL AND ACCESSORIES

Herms' H1 sales up 11pc

September 14, 2017



Herms' Cape Cod watch. Image credit: Herms

By STAFF REPORTS

French luxury group Herms saw growth across regions in the first half of 2017, boosting its expected profitability to near record highs.

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Favorable currency shifts at the period's close in June had a positive impact on the company's sales of 35 million euros, or about \$41.6 million. Even when measured at constant exchange rates, the group's sales were up 10 percent for the half year and 8 percent for the quarter, making Herms optimistic about future growth.

Trending up

Herms, whose businesses include silver maker Puiforcat and cobbler John Lobb, generated revenues of 2.713 billion euros, or about \$3.2 billion, in the six months ended June 30.

The company saw momentum in China, which helped to boost its Asian business by 14 percent. Japan, measured separately, had its sales grow 3 percent despite a stronger yen.

Sales in America increased 9 percent, while European store openings in markets such as Munich, Rome and London helped boost the region by 7 percent.

One of the strongest performing categories was leather goods and saddlery, which saw sales up 12 percent. This division of the group's business was aided by increased productivity thanks to new manufacturing sites, including two that opened during the first half.

Ready-to-wear and accessories was up 10 percent, while demand for silks and textiles helped to grow sales by 6 percent.



Galop d'Herms campaign. Image credit: Herms

Perfume launches including Galop d'Herms helped grow the category's sales by 8 percent.

Watches were the one business segment to report a decrease, with sales down 1 percent.

The rest of the business lines combined, including table dcor and jewelry, grew 13 percent.

As a result of its sales growth, Herms anticipates that its operating profitability as of June 30 will come close to the record established last year. While the company does not expect this trend to continue, as the impact of currency exchange rates will not be present the entire year.

Per Reuters, the group's CEO Axel Dumas said during the results presentation that the greater strength of the euro could dampen profits next year, a sentiment that other luxury companies, including Richemont, have shared ([see story](#)).

In addition to its investments in production sites, Herms has also been revamping its Web site. According to Bloomberg, during a call with analysts, the new online flagship was tested in Canada this summer and will go live in the U.S. in October.