

RETAIL

LVMH's revenues up 13pc in 2017 thanks to "buoyant environment"

January 25, 2018



2017 saw LVMH acquire Dior. Image credit: Dior

By STAFF REPORTS

Despite LVMH Mot Hennessy Louis Vuitton's cautionary approach toward the end of 2017, the luxury conglomerate closed out the year with double-digit revenue growth.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

2017 was a record year for the group, with revenues totaling 42.6 billion euros, or about \$53.2 billion at current exchange. Along with its revenue increase, LVMH's profits from recurring operations grew 18 percent year-over-year.

Cautiously confident

All of LVMH's business lines achieved organic growth, with all but its wine and spirits group reporting double-digit increases for a total 12 percent organic revenue increase.

The wine and spirits houses saw a collective 7 percent growth in organic revenue, or 5 percent as reported, with supply limits preventing further growth.

Champagne volumes were up 4 percent, while Hennessy's volumes grew 8 percent, with the brand shipping 7.5 million cases of cognac. LVMH partly attributes Hennessy's success to the brand's new Pont Neuf bottling site.

Fashion and leather goods houses achieved 13 percent organic revenue growth, with reported revenue increases of 21 percent. 2017 marked the first complete year that Rimowa was within the group, while this past year also saw LVMH's acquisition of Dior.

Efforts such as Louis Vuitton's Supreme and Jeff Koons collaborations helped drive the category's success, which included a 27 percent growth in profit.



Louis Vuitton put masterpieces on its handbags with Jeff Koons. Image credit: Louis Vuitton

In perfumes and cosmetics, revenues were up 14 percent on an organic basis and 12 percent as reported. Christian Dior Parfums grew its market share, while the division also saw success with the launch of Kendo's Fenty Beauty by Rihanna label.

Watchmakers and jewelers saw particularly strong growth in Asia, Europe and the United States. The category saw organic revenue growth of 12 percent, with a reported increase of 10 percent.

Bulgari gained market share, helped by milestones such as the opening of a new manufacturing facility in Valenza and a new Fifth Avenue boutique in New York.

LVMH's select retailing division, which includes Sephora and DFS, had organic revenue growth of 13 percent and reported revenue increase of 11 percent. Sephora gained market share, expanding into Germany and increasing its digital presence.

During 2017, LVMH also launched 24 Svres, a multibrand ecommerce platform tied to Le Bon March.

LVMH notes that it is starting out 2018 with "cautious confidence," as it faces currency changes and geopolitical uncertainty.

"LVMH achieved another record year," said Bernard Arnault, chairman and CEO of LVMH, in a statement. "The excellent performance, to which all our businesses contributed, is due in part to the buoyant environment but above all to the remarkable creative strength of our brands and their ability to constantly reinvent themselves.

"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 that remains uncertain, we can count on the appeal of our brands and the agility of our teams to strengthen, once again in 2018, our leadership in the universe of high quality products."

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.