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RETAIL

Richemont's H1 sales up 9pc, led by jewelers and digital retail

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Cartier and Richemont's other jewelers saw 8 percent growth in H1. Image credit: Cartier

By STAFF REPORTS

Despite a challenging environment in Hong Kong, Swiss luxury group Richemont achieved sales growth for the first half of its fiscal year.

For the six months ended Sept. 30, Richemont's sales totaled 7.4 billion euros, or about $8.2 billion at current exchange. Fueling the group's growth was its continued investment in digital selling, with online sales up by 28 percent.

Digital drivers

Without the impact of the addition of Richemont's online distributor acquisitions Yoox Net-A-Porter Group and Watchfinder, the group's sales were up 5 percent.

While sales grew across all regions at constant exchange rates, Richemont saw double-digit growth in markets including the United States, China, Korea, Japan and the United Kingdom. Japan saw the greatest rate of growth, at 13 percent.

Asia Pacific, which accounts for the greatest portion of the company's sales, saw growth of 5 percent. Double-digit declines in Hong Kong were offset by growth elsewhere.

In Europe, lower spending from Chinese tourists dampened sales results in France and Switzerland. However, the region posted an increase of 7 percent thanks to a rebound in the U.K.

The U.S., which is Richemont's largest market, drove the 6 percent sales growth in the Americas.

While the Middle East was up 2 percent in constant currency, reported sales were down by 1 percent.

Richemont's direct-operated retail channels were up by 4 percent, while its wholesale business saw a 1 percent decline. Along with a double-digit increase in online sales throughout the group, Richemont's ecommerce activities now account for 17 percent of its total sales.

Sales at Yoox Net-A-Porter and Watchfinder were up 32 percent year-over year.

Richemont has also debuted a Net-A-Porter flagship on Alibaba's Tmall Luxury Pavilion as it continues to cater to Chinese consumers (see story).

Net-A-Porter is launching on Tmall, and will retail other Richemont brands. Image credit: Cartier

Aside from its online business, Richemont has seen an 8 percent uptick in its jewelry houses.

During the half year, Richemont grew its portfolio of jewelers with the acquisition of Italian house Buccellati.

The 100-year-old brand has been majority owned by Chinese group Gangsu Gangtai Holding since 2017, when the investment firm took an 85 percent stake in Buccellati Holding Italia. Richemont has acquired 100 percent of Buccellati Holding in a transaction closed Sept. 26, bringing the brand into its jewelry division that also includes Cartier and Van Cleef & Arpels (see story).

Richemont's specialist watchmakers and its fashion labels saw more muted growth of 1 percent.

The conglomerate's profits for the half year were similar to those during the same period of 2018, totaling 869 million euros, or about $958 million.

"We are undertaking a significant transformation to ensure our maisons and businesses will continue to prosper in a more connected world," said Johann Rupert, chairman of Richemont, in a statement. "Our ambition is to craft an ethical, inclusive, sustainable and profitable future.

"These objectives require time, investment and flawless execution, and we must remain vigilant amid global uncertainties," he said. "The strength of our balance sheet, our financial discipline and the agility, creativity and skills of our teams, position us well for the long term."