

APPAREL AND ACCESSORIES

## Ferragamo's Q3 revenues decline 3pc amid hit to Hong Kong retail

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*Ferragamo's revenues were down in Q3. Image credit: Ferragamo*

By STAFF REPORTS

Italian fashion group Ferragamo's revenues for the first nine months of the year were up 2.3 percent from 2018, despite a 2.9 percent dip in the third quarter.

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During the quarter ended Sept. 30, the ongoing Hong Kong protests lowered Ferragamo's retail sales in the market by 45 percent compared to the same period of 2018. Along with challenges due to Hong Kong's geopolitical upheaval, the company's third quarter results were also down in key regions including North America and Japan.

### Mixed results

Ferragamo's direct-operated retail channel recorded a slight 0.4 percent bump in the third quarter, leading to a 2.6 percent growth through the year so far.

Meanwhile, wholesale revenues declined 8.4 percent in the third quarter, but the channel has seen 3 percent growth in the first nine months.

China, which saw 16.3 percent growth so far this year, took a hit in the third quarter due to the protests in Hong Kong, which makes up about 6 percent of the global luxury business. On the whole, Asia Pacific revenues grew 2.7 percent through the year so far.



*Ferragamo flagship store in Beijing. Image courtesy of Ferragamo*

Japan also recorded a 0.9 percent year-over-year drop in sales for the first nine months.

A negative North American wholesale performance in the third quarter contributed to the region's 1.3 percent revenue decline in the year through September.

Central and South America performed better, with a nine month growth of 9.7 percent.

EMEA revenues also rose by 3.9 percent, partly due to positive retail and wholesale performance in the third quarter.

While footwear and leather goods were up respective 3.4 percent and 4.4 percent through the year so far, Ferragamo's fragrance revenues have declined by 11 percent at constant exchange rates in the same period. In the third quarter, the company's fragrance category recorded a 35 percent decline in revenues, which it is attributing to a change in delivery schedules.

While licensing represents a small 8.3-million-euro portion of Ferragamo's total revenues of 994 million euros, the business line was up 19.1 percent from the first nine months of 2018.

Ferragamo is not the only luxury brand being impacted by increasingly violent demonstrations in Hong Kong.

Amid climbing tariffs, a falling yuan and political tensions in Hong Kong, the uncertain luxury outlook in China is impacting stock prices.

The Savigny Luxury Index, which measures the market capitalization of 17 of the biggest public luxury companies, declined 4 percent in August. Around the globe, geopolitical tensions threaten to further impact investors' confidence in luxury firms.

In recent earnings reports, Prada and Tiffany & Co. both noted a slowdown in Hong Kong during the first half, despite growth in mainland China. For Prada, the protests in Hong Kong led to a 4 percent decrease in the Asian region ([see story](#)), while Tiffany's net Asia-Pacific sales fell 1 percent ([see story](#)).