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LVMH expects first-quarter revenue to drop 10-20pc over COVID-19 measures

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LVMH's Dior diverted its production site to switch from perfumes to hand sanitizers for French health authorities and hospitals. Image credit: Dior

By LUXURY DAILY NEWS SERVICE

French luxury conglomerate LVMH has warned that revenue in the first quarter of this year will fall between 10 percent and 20 percent as the COVID-19 coronavirus outbreak has stalled retail and manufacturing operations.

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The Paris-based owner of Louis Vuitton and Dior is set to publish its first-quarter numbers on April 16. A terse statement stressed LVMH's inability to accurately assess the effect of the coronavirus pandemic on its sales.

"In a particularly uncertain environment, the group will maintain a strategy focused on the preservation of the value of its brands, supported by the exceptional quality of its products and reactivity of its teams.

"In the short term, the measures taken by public authorities to combat the COVID-19 pandemic have resulted in the closure of production sites and stores in several countries which will have an impact on the group's results. This impact cannot be accurately calculated at this time without knowing the timing of a return to normal in these countries.

"Finally, the group notes that it will publish its consolidated revenue for the first quarter on Thursday, April 16th after the close of the Paris market. The figure is not known today, but it can be reasonably expected that it will decrease in a range between 10 and 20 percent compared to the same period last year."

Down, not out

The **LVMH** warning comes a week after fellow French rival Kering issued a similar lower forecast for its first quarter.

Kering, also hit badly by the coronavirus fallout, estimates that its first-quarter revenue ending March 31 will be down 13 percent to 14 percent in reported terms and around 15 percent compared to the year-ago period.

The owner of fashion houses such as Gucci, Bottega Veneta and Saint Laurent said the second-quarter revenue will be sharply impacted by the effect of the COVID-19 coronavirus pandemic on local clients and tourist traffic.

"Currently, the group is observing encouraging signs in Mainland China, where the decline in store traffic, and

hence in sales, is narrowing," Kering said in a statement March 20.

"Conversely, the impact of the epidemic remains significant in other Asia-Pacific markets, and the situation has substantially deteriorated in recent weeks in Western Europe and, more recently, North America."

Paris-based **Kering** also expects a first-half year decline in recurring operating margin in decline, which it could not quantify due to the fluid situation of the global economy.

The company will release its first-quarter revenue April 21 after market close.

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