

APPAREL AND ACCESSORIES

## LVMH H1 2020 revenues drop almost 30pc amid COVID-19

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*Dior has been one of LVMH's most resilient labels in 2020. Image credit: Dior*

By LUXURY DAILY NEWS SERVICE

French luxury conglomerate LVMH Mot Hennessy saw its revenues fall to 18.4 billion euros, or \$21.6 billion at current exchange, for the first half of 2020 as the coronavirus pandemic continues.

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For 2019, LVMH posted record revenue of \$59.1 billion, or 53.7 billion euro, up 15 percent from 2018's 46.8 billion euro. After achieving record revenue despite geopolitical uncertainty, the luxury group had been "cautiously optimistic" heading into 2020 ([see story](#)) before COVID-19 upended the globe.

"LVMH showed exceptional resilience to the serious health crisis the world experienced in the first half of 2020," said Bernard Arnault, chairman/CEO of LVMH, in a statement. "Our Maisons have shown remarkable agility in implementing measures to adapt their costs and accelerate the growth of online sales.

"While we have observed strong signs of an upturn in activity since June, we remain very vigilant for the rest of the year," he said.

**Key markets show resilience**

On an organic basis, LVMH's revenues plunged 28 percent from the same period in 2019.

LVMH had seen its first-quarter revenue drop 15 percent to \$11.5 billion compared to the year-ago period, or a 17 percent fall on an organic basis ([see story](#)). Second-quarter revenue fell 38 percent despite improvements in Asia, including mainland China.

For the first half, profit from recurring operations was 1.67 billion euro, or \$1.96 billion, down from 5.29 billion, or \$6.23 billion, in the first half of 2019. Operating margin stands at 9 percent.



*France's Hennessy, a LVMH brand, continues to sell well during COVID-19. Image credit: Hennessy*

The wine and spirits category proved to be the most resilient in the first half, with revenues falling 23 percent on an organic basis.

Revenues for fashion and leather goods dropped 24 percent to 7.98 billion euro, or \$9.38 billion. The perfumes and cosmetics category also saw revenues fall by less than 30 percent.

Selective retailing revenues dipped 33 percent on an organic basis, though LVMH's Sephora has gained market share due to strong online sales during store closures.

However, watches and jewelry saw its revenues decline by 39 percent on an organic basis. The category accounted for the least amount of revenue for LVMH, at 1.32 billion euro or \$1.55 billion.

The fashion and leather goods business group was buoyed by the strength of Louis Vuitton and Christian Dior. LVMH reports China is showing a strong recovery, while the United States and Europe have been showing improvement since May.

Similarly, the recovery in the U.S. and China has helped sustain the wines and spirits category, particularly Hennessy cognac in the second quarter.

Sustaining ecommerce growth will be key for the perfumes and cosmetics category, as well as the watches and jewelry group.

"Thanks to the strength of our brands and the responsiveness of our organization, we are confident that LVMH is in an excellent position to take advantage of the recovery, which we hope will be confirmed in the second half of the year, and to strengthen our lead in the global luxury market in 2020," Mr. Arnault said.