

APPAREL AND ACCESSORIES

LVMH revenues top \$54B in 2020, as fashion leads recovery

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Every year, LVMH strives to ensure the long-term development of each of its brands in keeping with their heritage and expertise. Image credit: LVMH

By LUXURY DAILY NEWS SERVICE

French luxury goods conglomerate LVMH Mot Hennessy Louis Vuitton has proved resilient in 2020 despite an economic environment severely affected by the global health crisis, which resulted in the closures of many brand stores and manufacturing sites.

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The luxury group reported a revenue of 44.7 billion euros (\$54.5 billion) in 2020, down 17 percent compared to 2019 ([see story](#)). With an organic revenue decline of only 3 percent in Q4, LVMH saw significant improvement in trends compared to the first nine months of the year.

"Our priority has been to protect the health and safety of our employees and our clients and we have provided direct support in the fight against the pandemic," said Bernard Arnault, chairman and CEO of LVMH, in a statement. "Our [brands] have shown great agility and creative energy in continuing to bring to life our customers' dreams through a unique digital experience thereby further strengthening their desirability.

"Our focus on dynamic innovation was accompanied by strong commitments to the environment, sustainability and inclusion," he said. "In a context that remains uncertain, even with the hope of vaccination giving us a glimpse of an end to the pandemic, we are confident that LVMH is in an excellent position to build upon the recovery for which the world wishes in 2021 and to further strengthen our lead in the global luxury market."

Key results

Profit from recurring operations, which amounted to 8.3 billion euros (\$10 billion) in 2020, declined only 28 percent over the year due to a return to growth in the second half, which was up 7 percent. LVMH's operating margin reached 18.6 percent, and its share of net profit amounted to 4.7 billion euros (\$5.7 billion), down 34 percent.

The wine and spirits sector showed strong recovery in the United States in the second half of 2020 and improvement in China. After a significant drop in volume in the second quarter, the Champagne business experienced improved trends in the second half, particularly in the U.S.

Beginning in June, Cognac brand Hennessy recorded a strong recovery, driven notably by demand in the U.S. Additionally, LVMH acquired Chteau d'Esclans and Chteau du Galoupet, establishing a strong position for Mot Hennessy in the growing market for high-end ros wines.

The fashion and leather goods sector also proved resilient, reporting only a 3 percent decrease in organic revenue. Louis Vuitton quickly transformed and revitalized its customer relations with a high quality and efficient digital service.



Louis Vuitton featured children exploring the Icelandic countryside in a luggage campaign photographed by Viviane Sassen. Image credit: Louis Vuitton

Christian Dior demonstrated momentum and gained market share in all regions due to the successes of the Lady Dior bag, Maria Grazia Chiuri's women's collections and Kim Jones' men's runway shows.

The company's perfumes and cosmetics brands showed continuous innovation and rapid growth in online sales, particularly in Asia. Dior saw a gradual improvement in the second half of the year, underpinned by the success of its new products Miss Dior Roses N'Roses and J'adore Infinissime in perfume, and Rouge Dior in makeup.

Beauty brand Guerlain benefited from the dynamic nature of the skincare market, with the continued success of Abeille Royale and Orchide Impriale. Additionally, Fenty Skin, developed by Rihanna, is showing promise.

LVMH's watches and jewelry brands achieved a strong rebound in China in the second half of the year, with trends falling only 2 percent in Q4. Bulgari maintained a high pace of jewelry innovation with the launches of its Serpenti Viper, B.Zero1 Rock and Barocko collections.

Chaumet inaugurated its new store on Place Vendme in Paris at the start of 2020 and strengthened its presence in China. In the watch sector, Tag Heuer celebrated its 160th anniversary with several limited editions in the Carrera collection and launched the third generation of its smartwatch in New York.

The company also finalized the acquisition of New York-based jeweler Tiffany & Co.

The selective retailing business group saw a profit from recurring operations amounting to 203 million euros (\$247 million). Specifically, Sephora accelerated its online sales with services such as click-and-collect and live shopping, reaching historic levels in all markets.

DFS saw a significant decline in its activity in most destinations due to the total suspension of international travel, however new services are being developed for its local customers and online sales have strengthened.

LVMH recently opened the application process for its Prize for Young Fashion Designers initiative, which has celebrated young designers from around the world since 2013. Emerging designers may enter the competition for the eighth edition of the prize by applying online through Feb. 28.

Eligible candidates must be under 40 years of age and have produced at least two ready-to-wear collections: women's, men's or unisex ([see story](#)).