Richemont booms in Q1 but China restrictions dent sales there

By Sandra Halliday  -  July 15, 2022

Swiss luxury giant Richemont said on Friday that the three months to June saw strength in Europe, Japan, the Americas and Middle East. But Asia Pacific was hit by Covid restrictions in China. It was a similar story to the one at Burberry, which reported on the same day.
The owner of brands including Chloé, Dunhill, Alaïa, Cartier, and Delvaux said it saw overall sales growth of 12% at constant exchange rates and 20% on a reported basis to reach €5.264 billion.

As mentioned, the issue in China was similar to that of Burberry, but unlike its British peer, it did much better in the US with its growth there meaning it’s Richemont’s largest single market.

Overall growth globally was led by retail, which now accounts for 58% of group sales compared to 55% in the prior year period.

And it saw sales growth across all channels and business areas, both at constant and actual exchange rates. Jewellery Maisons delivered sales growth of 20% at actual exchange rates (+12% at constant rates), while Specialist Watchmakers grew by 18% at actual exchange rates (+10% at constant rates).

Meanwhile, Online Distributors (it controls Yoox Net-A-Porter) rose by 8% at actual exchange rates (+2% at constant rates). And its Other business area that includes its fashion ops progressed strongly by 36% at actual exchange rates (+28% at constant rates).

The Other segment was supported by strong retail and wholesale sales with sustained demand across most Maisons and regions. Peter Millar “continued to deliver a robust performance while Delvaux posted a strong contribution, and the renewed creativity supported by new designers at Alaïa, Chloé and Montblanc positively impacted sales”.

Looking deeper into the numbers, €1.29 billion of its sales came from Europe, which was up 42% at constant exchange rates, while €1.78 billion came from Asia-Pacific, which was down 15%. The Americas rose 25% to €1.344 billion, with Japan up 83% to €421 million and the Middle East/Africa up 6% to €429 million.

The company cited “robust domestic demand and a return in tourist spending, primarily from American and Middle Eastern clients” for its Europe success. It said growth was strong across markets, particularly in France where sales increased by triple-digits.

Sales in mainland China were 37% lower for the quarter, although the rate of decline softened to 12% in June when restrictions were progressively eased. The “solid momentum” across most other Asian markets, notably in Australia, Singapore, South Korea and Thailand, “partially mitigated the decline of sales in the region”.

In the Americas, sales rose by 25% “notwithstanding demanding comparatives against the prior year period, driven by strong domestic spending”.

By distribution channel, Retail was up 18% at constant exchange rates to just over €3 billion, while online retail rose 5% to €910 million. Meanwhile, wholesale and royalty income was up 4% at €1.3 billion.

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