Farfetch progresses in Q2 as ambitious luxury vision comes together

By Sandra Halliday - August 25, 2022

Fresh from the revelation that it’s buying a big stake in Yoox Net-A-Porter, Farfetch on Thursday released some less exciting — but still important — news: its results for the three months to the end of June (Q2).

It reported continued progress, although it remains loss-making at an adjusted EBITDA level.

First, the headline figures. Q2 2022 Gross Merchandise Value (GMV) rose 1.3% year-on-year (7.6% in constant currency) to $1 billion. And while Digital Platform GMV fell 3.3% to $883.1 million, it rose 1.6% in constant currency. Brand Platform GMV growth was 47.3% to $107.1 million. Revenue rose to $579.3 million from $523.3 million.

The gross profit margin rose to 46.2% from 44% and profit after tax was $67.7 million, including a one-off non-cash benefit. But adjusted EBITDA was a loss of $24.2 million, wider than the prior Q2’s $20.5 million loss as its costs increased.

The business continued transition to full-price sales in the Farfetch Marketplace and full-price GMV increased 20% (excluding Russia and Mainland China).

To add some colour to those dry figures, the company said key developments included it having signed a global strategic partnership with Salvatore Ferragamo taking in its branded digital and omnichannel strategy, strengthening its presence on the Marketplace, using Media Solutions “to engage a younger audience, while also exploring Future Retail innovations”.

Farfetch Platform Solutions (FPS) also continued to add to its client roster with the launch of Sacai’s global monobrand e-commerce site. The firm partnered with brands on special campaigns too, including Karl Lagerfeld, De Beers, and Chopard.
And it launched collaborations between Opening Ceremony and Peter Do, and Interview Magazine and Tabboo, the first two capsules for Farfetch BEAT, its new fashion-meets-culture retail series.

Its New Guards brands were busy too as Off-White collaborated with Major League Baseball and New Era Capsule. And it partnered with Church’s for the second instalment of their genderless capsule collection.

Meanwhile, Palm Angels opened a new directly operated store in Milan, and Heron Preston collaborated with BAPE to launch a limited edition capsule reinterpreting classics from their archive.

A busy time indeed and talking about the quarter, company chief José Neves highlighted the firm’s aim to be the number one global platform for luxury and how all of its acquisitions, activities and developments (especially the YNAP news/Richemont link-up) will enhance this. He said it all shows “our long-term vision coming to life”.

And he added that “while our eyes are fixed on our North Star, our feet remain planted firmly on the ground. We are navigating a volatile macro environment adeptly, continuing to post growth compounding on what has been a tremendous three-year run for Farfetch, a period that saw our business double as measured by our GMV. This makes me extremely bullish for 2023, a year when we will lap our closure of our Russia operations, expect China to turn into a tailwind, and will start to see the fruits of large deals signed this year with Reebok, Neiman Marcus Group and Salvatore Ferragamo.

“These 2023 vectors of growth, combined with the rationalisation of costs we are implementing this year, make me very confident about our 2023 top line, profitability and cash generation.”

With all that in mind, for the full year, the company expects Digital Platform GMV growth of 0%-5% year-on-year, Brand Platform GMV growth of 0%-10%, and to break even on an adjusted EBITDA basis.

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