

LUXURY

PRELIMINARY RESULTS 2017 AND FORECASTS 2018

The lively dynamics of the personal luxury goods market in 2017 favored the growth of the turnovers of the major high-end fashion brands at a global level (best performers the luxury giants LVMH and Kering). There are, however, significant exceptions, which see some famous brands (including the Italian Prada and Ferragamo) finding harder to take advantage of the recovery, despite the newfound boost to the purchase of high-end international consumers.

2017 closing with an increase in turnover of 12% (at constant rates) for **LVMH**, which in fact doubled the growth in revenues recorded in 2016. Excellent performance of the fashion and leather goods division (+13% revenues in 2017) driven by Louis Vuitton. Strengthening performance of the brands Dior, Fendi, Loro Piana, Céline, Loewe, Kenzo and Berluti. The group's growth forecasts are also cautious but confident for 2018.

After a 2016 with "stellar" results, the **Kering** Group growth continues: +27% revenues in the first 9 months of 2017 (constant rates). Brilliant the performance of the luxury division (with total sales up by 30%) still driven by Gucci (+45.5%) and Yves Saint Laurent (+26%); Bottega Veneta also up (+2%). The *Sport & Lifestyle* segment was dynamic too (+15% of revenues for the entire segment) following Puma (+16%).

In the first 3 quarters of 2017, the turnover of **Hermès** accelerates: +10% (constant rates), after a largely positive 2016. The divisions of leather goods and saddlery and clothing and accessories (both +11% at constant rates) are growing according to the brand's goals, which maintain a positive outlook also in the medium term.

Downturn in **Tod's** Group revenues were confirmed even for the closure 2017, despite the improvement in the last quarter of last year. Revenues for the last financial year in fact recorded a 3.1% decline on 2016 (constant exchange rates). The footwear division loses ground (-3.2%) since the excellent performance of Roger Vivier (+9.7%) failed to offset the liabilities of Tod's (-6.6%) and Hogan (-4, 5%). Leather goods are also weak (-3.6%).

The downturn in sales of **Salvatore Ferragamo** also continued in 2017 (preliminary results): -1.4% at constant rates. The trend of currencies in the fourth quarter of last year was particularly penalizing for the Florentine brand (-5.1% at constant exchange rates). Looking at the different production segments, leather goods limited the losses (-0.8%); whilst the decline in footwear was slightly more marked (-1.7%).

Despite a losses reduction, **Prada** Group's results for the year 2017 were still negative (-6% of revenues at constant rates). Prada recovers ground although remaining passive (-5%), Miu Miu (-10%) and Church's (-11%) mark the step instead. Overall, the performance of leather goods (-8% revenues) and footwear (-9%) look weak, nevertheless the group remains confident in the long-term prospects for the luxury sector.