

## Sector View

## Luxury Goods

## Tiffany sales momentum deterioration during Holiday season

	1 M	3 M	6 M	31/12/15
Pers & H/H Gds	-5.9%	-7.8%	-11.2%	-7.3%
DJ Stoxx 600	-9.0%	-9.5%	-19.0%	-10.2%

\*Stoxx Sector Indices

Tiffany registered a clear deterioration sales momentum during Holiday period (November and December) with a 5% same store sales decline following +1% in Q3. FY 15 EPS is expected to be down 10%.

## ANALYSIS

## Companies covered

CHRISTIAN DIOR	BUY	EUR177
HERMES Intl	BUY	EUR360
HUGO BOSS	NEUTRAL	EUR103
KERING	NEUTRAL	EUR180
LVMH	BUY	EUR182
PRADA	NEUTRAL	HKD41
RICHEMONT	BUY	CHF90
SALVATORE FERRAGAMO BUY		EUR26.5
THE SWATCH GROUP	NEUTRAL	CHF440
TOD'S GROUP	NEUTRAL	EUR84

- In November and December 2015, Group sales declined 3% at same forex and 5% at same store basis, implying clear slowdown versus Q3 (August to October) performance (respectively +4% and +1%). This deterioration is the consequence of poor **Americas** (45% of group sales) where sales declined 8% at same store versus -6% in Q3. This region has been clearly affected by strong USD and lower foreign tourists spending. In **Asia Pacific** (25% of sales), Tiffany reported further deterioration with sales decline 9% at same store versus a 2% increase in Q3. In this region, we want to highlight the significant decrease in Hong Kong and Singapore while sales were well oriented in Mainland China. Richemont registered same trend during the period October to December.
- In November and December, activity in **Europe** (12% of sales) was affected by attacks in Paris as sales declined 2% at same store while they were up 6% in Q3. During holiday period, if revenues remain well oriented in UK, they, unsurprisingly, notably declined in France. Lastly, the only area to register clear positive trend was **Japan** (15% of sales) with a 24% increase at same store.
- These poor sales figures imply net profit warning as management expects for FY 2015 EPS a 10% decline versus 5 to 10% decrease previously.

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BUY ratings 72%

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