

## Consumer, Brands & Retail

### Core News

#### LUXURY | Sector view

##### Luxury goods groups are quite exposed to HK

We had massive demonstrations in HK to protest against laws that should increase the control of Chinese authorities on the former British colony.

Such political tensions between HK and Beijing are never good news for luxury goods industry. In Sept 2014 (umbrella movement), UHR and CFR shares lost 14% in one month.

On average, HK accounts for 7% of luxury goods groups sales versus 13% for Mainland China. Chinese account for 80% of HK luxury sales. On 65m HK visitors in 2018, 51m are coming from Mainland China (29m overnight visitors in 2018 up 7% and up 11% YTD).

Richemont and Swatch Group are the most exposed groups to HK while Moncler and Hugo Boss are the least exposed. LVMH (including LV) is relatively immuned to HK exposure.

LV and Gucci operate respectively 8 and 10 stores in HK.

*Analyst: Loïc Morvan*

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#### INDITEX | Buy | EUR33

##### Q1 results: sales miss but top line trends already improved in the first half of Q2

1 Q1 sales miss due to unfavourable weather conditions...

... but margins beat CS expectations

Inventory levels remained under control (+1%)

FY guidance confirmed as Q2 trends improved significantly

*Analyst: Cédric Rossi*

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**RECKITT BENCKISER | Neutral | 6,800p**

**Brief comment - New CEO appointed**

*Analyst: Virginie Roumage*

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[@Link to our latest weekly research update: Millennials: a pet-friendly generation](#)

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