

TBTL MONTHLY LUXURY INDEX

October 2018 (# 10)

TBTL's Monthly Luxury Index is a free and quick overview of key performance growth indicators of the industry. As an experienced international strategy consultancy firm, focusing exclusively on luxury, TBTL provides services and solutions such as branding, internationalization, marketing-mix, organization, market analyses, funding and profitability.

To find out more about us:

thebridgetoluxury.com

TBTL's industry growth outlook for the next 12 months:



(slightly negativ vs. 09/2018)

INDUSTRY STATUS AND MAJOR TRENDS:

- ◆ Industry in phase of augmenting uncertainties. US-Chinese trade differences are increasingly overshadowing spending mood of Chinese local and tourist consumers.
- ◆ Carmakers and German government so far have failed to reach a compromise on potential hardware retrofits for older diesel vehicles.
- ◆ 12 luxury brands are placed among the top 100 in Interband's Global Best Brands 2018, Mercedes as best on position 8.

COMPANY SNAPSHOTS:

- ◆ Italy' antitrust authorities start probe over Luxottica's acquisition of Barberini.
- ◆ Richemont is said to buy Italian jeweler Buccellati from the Chinese group Gansu Gangtai.
- ◆ Swatch Group is leaving Baselworld to set-up an inhouse-fair in Zurich in 2019 while LVMH brands will continue to exhibit in Basel. Meanwhile, Audemars Piguet and Richard Mille informed to be leaving SIHH, Geneva.
- ◆ LVMH has acquired a majority holding in Jean Patou. Designer Guillaume Henry will head the 1912 founded label.
- ◆ Aston Martin has started trading of its shares in London.
- ◆ Ferrari has announced the launch of 15 new models in the next 5 years including its first SUV, Purosangue.
- ◆ Porsche announces the brand's decision to stop the production of diesel cars.
- ◆ Efforts of investments into retail network (renovations, relocations, pop-up stores) and products has helped Prada to vitalise business. Revenues +9.4% and net income +10.7% for first six months in 2018.
- ◆ In light of faster changing shopping habits of especially younger consumers, Modler is intending to introduce monthly freshed-up collections.
- ◆ Michael Kors will buy Italian fashion label Gianni Versace for 1.83 billion euros (\$2.2 billion),
- ◆ Marriott intends to increase its presence in Africa by 50 percent by 2023.

UP-COMING EVENTS:

- ◆ New York Times International Luxury Conference, November 12-13, 2018, Hong Kong
- ◆ Insead Global Luxury Forum 2018, November 16, Paris
- ◆ Salon International de la Haute Horlogerie (SIHH), January 14-17, 2019, Geneva
- ◆ Vicenza Oro, January 18-23, 2019, Vicenza
- ◆ Baselworld, March 21-26, 2019, Basel
- ◆ Condé Nast: The nature of luxury, April 10-11, 2018, South Africa

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(A) Development share prices in the luxury industry (in %)

Company	YoY	5Y-o-5Y	CAGR 5Y	Category
Hermès	20,1%	113,2%	16,4%	Luxury group
Kering	17,3%	271,3%	30,0%	Luxury group
LVMH	11,8%	124,0%	17,5%	Luxury group
Chow Tai Fook	3,6%	-23,2%	-5,1%	Watches & Jewelry
Citychamp	-15,3%	133,8%	18,5%	Watches & Jewelry
Hengdeli	-15,0%	-71,2%	-22,0%	Watches & Jewelry
Lao Feng Xiang	-10,0%	50,7%	8,6%	Watches & Jewelry
Movado	41,9%	-15,7%	-3,4%	Watches & Jewelry
Richemont	-15,5%	-16,5%	-3,5%	Watches & Jewelry
Swatch Group	-4,9%	-35,9%	-8,5%	Watches & Jewelry
Tiffany	30,3%	54,1%	9,0%	Watches & Jewelry
Hugo Boss	-13,5%	-30,8%	-7,1%	Fashion
Burberry	0,1%	24,0%	4,4%	Fashion
Brunello Cucinelli	16,2%	45,7%	7,8%	Fashion
Ferragamo	-10,4%	-20,0%	-4,4%	Fashion
Michael Kors	37,0%	-13,1%	-2,8%	Fashion
Ralph Lauren	41,4%	-23,7%	-5,3%	Fashion
Moncler	50,3%	--	--	Fashion
Mulberry	-69,4%	-67,5%	-20,1%	Fashion
Prada	27,8%	-54,3%	-14,5%	Fashion
Tapestry (Coach)	17,1%	-5,4%	-1,1%	Fashion
Tod's	-5,2%	-55,9%	-15,1%	Fashion
Estée Lauder	23,7%	94,9%	14,3%	Skin care
Shiseido	73,0%	382,6%	37,0%	Skin care
BMW	-11,2%	-7,0%	-1,4%	Cars
Ferrari	12,2%	--	--	Cars
Porsche	-8,4%	-17,2%	-3,7%	Cars
Marriott	1,6%	169,4%	21,9%	Travel
Norweg. Cruises	-2,7%	69,4%	11,1%	Travel
Luxottica	14,9%	41,4%	7,2%	Eyewear
Safilo	-66,1%	-87,8%	-34,4%	Eyewear
Sotheby's	-13,4%	-5,4%	-1,1%	Auctions
S&P Global Luxury Index	13,2%	28,9%	5,2%	Index (80 companies)

Sources: Reuters, S&P; month per 1st

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(B) Development selective industry indexes

(B1) Luxury cars: Quarterly growth rates (units sold in %) 1st HY 2018

Company	roll. 4 Q	5Y-o-5Y	CAGR 5Y
Mercedes-Benz Cars	2,0%	45,3%	7,8%
BMW	10,2%	30,3%	5,4%
Rolls-Royce	-1,5%	-6,8%	-1,4%
Audi	5,2%	15,3%	2,9%
Bentley	-16,1%	-7,3%	-1,5%
Lamborghini	14,6%	112,0%	16,2%
Porsche	1,7%	48,8%	8,3%
Bugatti	304,8%	70,0%	11,2%
Ferrari	4,9%	26,8%	4,9%
All	5,7%	31,1%	5,6%

Source: company reports

(B2) Swiss watch exports growth rates (value in %)

Price Category	roll. 12 M	5Y-o-5Y	CAGR 5Y
Export value 0-200 CHF/unit	-5,0%	-20,3%	-4,4%
Export value 201-500 CHF/unit	3,1%	-13,1%	-2,8%
Export value 501-3.000 CHF/unit	11,7%	2,5%	0,5%
Export value > 3.000 CHF/unit	8,1%	-5,0%	-1,0%
All	7,7%	-5,3%	-1,1%

Source: Swiss Watch Federation

(B3) Current production of superyachts

	2018	2017	2016
number of superyachts	773	760	764

Source: Global Order Book, 2018, Boat International Media

(B4) Precious metals and diamonds (growth in %)

Metal	YoY	5 Years	CAGR 5Y
Gold	-7,5%	-15,9%	-3,4%
Silver	-14,1%	-40,3%	-9,8%
Diamonds	5,3%	-5,1%	-1,1%

Sources: Macrotrends (monthly quotes); IDEX
















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(B5) Fine wines

	YoY	5Y-o-5Y	CAGR 5Y
Fine wines	4,8%	25,5%	4,6%










Source: Li-ex 500 wine index (per previous month)

(C) GDP annual growth rate (in %)

Country	2016	2017	2018E	2019E	2023E
USA 	1,7%	2,3%	2,4%	2,1%	1,5%
Brazil 	-3,5%	1,0%	1,4%	2,4%	2,2%
Japan 	1,0%	1,7%	1,1%	0,9%	0,5%
China 	6,7%	6,9%	6,6%	6,2%	5,6%
Hong Kong 	2,2%	3,8%	3,8%	2,9%	3,1%
India 	7,1%	6,7%	7,3%	7,4%	7,7%
UAE 	3,0%	0,8%	2,9%	3,7%	2,9%
Russia 	-0,2%	1,5%	1,7%	1,8%	1,2%
France 	1,1%	2,3%	1,6%	1,6%	1,6%
Germany 	2,2%	2,5%	1,9%	1,9%	1,2%
Italy 	0,9%	1,5%	1,2%	1,0%	0,7%
Spain 	3,2%	3,0%	2,7%	2,2%	1,7%
Switzerland 	1,6%	1,7%	3,0%	1,8%	1,7%
Great Britain 	1,8%	1,7%	1,4%	1,5%	1,6%
World 	3,3%	3,7%	3,7%	3,7%	3,6%

Source: IMF, 07.2018

(D) Currencies exchange rates against the Euro (change in %)

Currency	1 Month	6 Months	12 Months
US \$ 	-0,1%	-5,9%	-2,6%
BRL 	-0,6%	14,9%	20,4%
CNY 	0,5%	2,9%	1,2%
HK \$ 	-0,4%	-6,2%	-2,4%
JPY 	2,5%	0,9%	-1,3%
INR 	-7,6%	-5,1%	-1,2%
RUB 	8,0%	19,9%	21,1%
CHF 	1,4%	-3,0%	-2,4%
GBP 	-0,7%	1,1%	0,8%

Source: Oanda, per first of month

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TBTL appreciates any suggestion for additional performance indicators of the luxury industry to be incorporated into

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