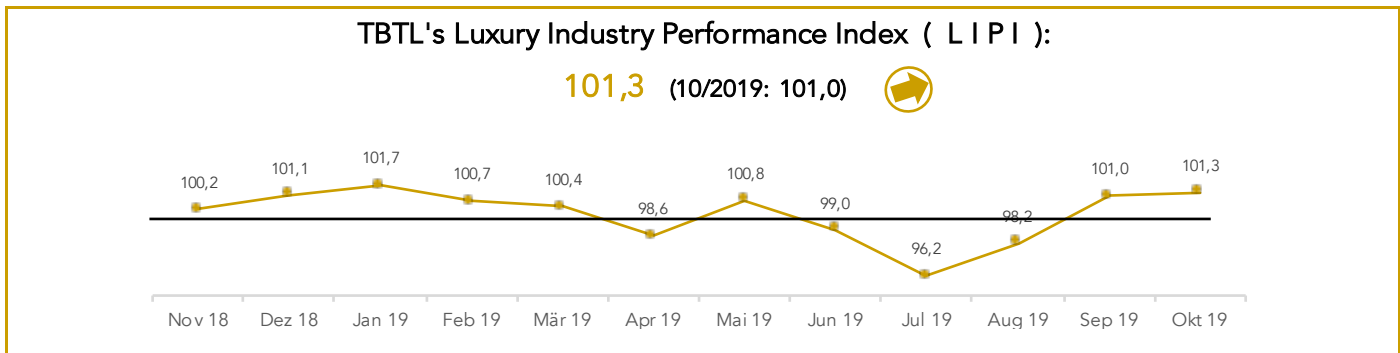


TBTL LUXURY INDUSTRY PERFORMANCE INDEX (LIPI)

November 2019 (# 11)

TBTL's Luxury Industry Performance Index (LIPI) is a monthly published indicator, providing a quick overview of the high-end industry's current status and an outlook on its development over the next months. The LIPI is distributed as a free e-newsletter edited by international strategy consulting firm The Bridge To Luxury (www.thebridgetoluxury.com).



INDUSTRY STATUS AND MAJOR TRENDS:

- ◆ For the third consecutive month the LIPI has gone up. Given a relative stable environment (no major new developments with regard to US-Sino trade talks, Brexit, Hong Kong etc.) and positive quarterly company reports (e.g. Lauren, Cucinelli, Burberry), the index has gained 0,3 basic points compared to October.
- ◆ While also important economic factors such as oil prices or currency exchange rates have remained relatively constant, one factor will have to be observed in the near future: China inflation. Within a year prices in the world's most important luxury market have almost risen by 3,8%. Having already lowered GDP growth expectations for 2020 twice this year to 6,1% and to 5,8%, IMF forecasts may have to be adjusted downwards again in light of further augmenting consumer prices.
- ◆ Also to look at: The US administration indicated higher import tariffs on French luxury good in retaliation for a digital service tax. Levies could amount for up to 100% on \$2.4bn imports from France.
- ◆ Market capitalizations of stock-listed luxury companies grew by 3,9% in November beating other industry indexes (S&P 500, Euro Stoxx, Nikkei 225, Shanghai Composite). Investors' fantasies were also driven by the by now officially announced LVMH-Tiffany take-over focussing on rumours about Hugo Boss or talks between Moncler and Kering's Gucci.
- ◆ According to Bain's new luxury report, 2019 revenues for personal luxury goods (watches, fashion, jewellery) have grown by 4% to €281bn (const. rates). Other insights: 12% of global sales are triggered online. The second hand business is already absorbing 9% market share. Bain expects the customer base to grow from 390 to 450 million potential consumers by 2025.

COMPANY SNAPSHOTS:

- ◆ Tesla will receive state subventions for its Chinese-built Model 3 cars. Meanwhile, recently announced Tesla's Cybertruck has accumulated more than 250.000 orders.
- ◆ BMW intends to set-up a factory in China for its electric MINI and partnering Great Wall Motors capacity (160k units p.a.).
- ◆ Porsche funds automotive technology firm Tactile Mobility. The start-up creates software that seizes car-road interactions.
- ◆ Investor Stroll seeks a stake in Aston Martin resulting in soaring shares of the traditional British manufacturer of sports cars.
- ◆ Daimler is said to launch its first Maybach SUV in 2020. The group also reports to cut 10.000 jobs in the next three years.
- ◆ EssilorLuxottica aims at a mid-single digit CAGR until 2025 (constant exchange rates).
- ◆ Burberry announced a cooperation with China's Tencent to improve its digital presence in the country.
- ◆ Despite disappointing Q3 sales and profits due to less spending tourists in the US and Hong Kong, Tiffany & Co.'s share price remains high in context of the company's acquisition by LVMH.
- ◆ Moët Hennessy has acquired a majority stake in rose wine producer Chateau d'Esclans (France).
- ◆ Marriott Hotels (St. Regis, The Ritz-Carlton) has announced the launch of more than 30 luxury hotels in 2020.
- ◆ Japanese cosmetics firm Shiseido has opened its first domestic factory in 36 years with two more to come next year.
- ◆ Snap cooperates with Gucci on limited-edition of 3D augmented reality spectacles.
- ◆ Italian fashion brand Brioni ties up with Lalique in a licensing partnership.
- ◆ McLaren chose Tumi as luggage partner to increase line-extension efforts.

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

| Company | MoM | YoY | 5Y-o-5Y | CAGR 5Y | Category |
|----------------------|--------|--------|---------|---------|-------------------|
| Hermès | 5,4% | 42,3% | 152,6% | 20,4% | Luxury group |
| Kering | 7,2% | 42,4% | 254,1% | 28,8% | Luxury group |
| LVMH | 6,5% | 61,3% | 212,8% | 25,6% | Luxury group |
| Chow Tai Fook | 4,1% | 11,4% | -17,6% | -3,8% | Watches & Jewelry |
| Citychamp | -4,7% | -2,4% | 74,2% | 11,7% | Watches & Jewelry |
| Hengdeli | -3,0% | 4,9% | -66,7% | -19,7% | Watches & Jewelry |
| Lao Feng Xiang | -5,4% | 26,1% | 49,7% | 8,4% | Watches & Jewelry |
| Movado | -25,0% | -48,1% | -32,0% | -7,4% | Watches & Jewelry |
| Richemont | -1,9% | 17,3% | -16,2% | -3,5% | Watches & Jewelry |
| Swatch Group | 2,6% | -5,8% | -41,4% | -10,1% | Watches & Jewelry |
| Tiffany | 7,5% | 47,0% | 24,0% | 4,4% | Watches & Jewelry |
| Hugo Boss | 13,3% | -29,9% | -59,6% | -16,6% | Fashion |
| Burberry | 2,9% | 18,4% | 27,5% | 5,0% | Fashion |
| Brunello Cucinelli | 19,7% | 12,6% | 79,8% | 12,4% | Fashion |
| Ferragamo | 8,0% | -12,6% | -17,4% | -3,8% | Fashion |
| Capri (Michael Kors) | 19,5% | -15,1% | -51,6% | -13,5% | Fashion |
| Ralph Lauren | 11,7% | -3,6% | -41,9% | -10,3% | Fashion |
| Moncler | 15,1% | 38,2% | 233,1% | 27,2% | Fashion |
| Mulberry | -2,0% | -29,1% | -66,1% | -19,4% | Fashion |
| Prada | 5,4% | 4,8% | -43,3% | -10,7% | Fashion |
| Tapestry (Coach) | 4,0% | -30,9% | -27,6% | -6,2% | Fashion |
| Tod's | -6,0% | -4,8% | -46,2% | -11,7% | Fashion |
| Estée Lauder | 4,9% | 37,0% | 163,6% | 21,4% | Skin care |
| Shiseido | -11,9% | 9,4% | 345,9% | 34,8% | Skin care |
| BMW | 6,7% | 1,5% | -20,3% | -4,4% | Cars |
| Ferrari | 6,9% | 58,9% | -- | -- | Cars |
| Aston Martin | 37,8% | -- | -- | -- | Cars |
| Tesla | 4,8% | 22,0% | 78,1% | 12,2% | Cars |
| Porsche | 1,8% | 18,9% | -4,1% | -0,8% | Cars |
| Marriott | 10,9% | 22,0% | 78,1% | 12,2% | Travel |
| Norweg. Cruises | 5,7% | 4,5% | 22,2% | 4,1% | Travel |
| Luxottica | 3,1% | 25,7% | 56,1% | 9,3% | Eyewear |
| Safilo | 51,7% | 68,6% | -78,1% | -26,2% | Eyewear |
| S&P Global Luxury | 2,8% | 16,3% | 27,1% | 4,9% | Index |
| Euro Stoxx 50 | 2,8% | 16,7% | 13,9% | 2,6% | Index |
| Nikkei 225 | 1,6% | 4,2% | 32,7% | 5,8% | Index |
| S&P 500 | 3,4% | 13,8% | 51,9% | 8,7% | Index |
| Shanghai Composite | -1,9% | 11,0% | 7,1% | 1,4% | Index |

Sources: Reuters (monthly average), S&P

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(B) Development selective industry indexes

(B1) Luxury cars: Quarterly growth rates (units sold in %) Q3 2019

| Company | roll. 4 Qs | 5Y-o-5Y | CAGR 5Y |
|--------------------|-------------|--------------|-------------|
| Mercedes-Benz Cars | 3,3% | 23,1% | 4,3% |
| BMW | 2,0% | 14,4% | 2,7% |
| Rolls-Royce | 42,1% | 37,2% | 6,5% |
| Audi | -7,5% | -1,6% | -0,3% |
| Bentley | 2,4% | 4,6% | 0,9% |
| Lamborghini | 96,3% | 138,3% | 19,0% |
| Porsche | 1,9% | 15,3% | 2,9% |
| Bugatti | 6,2% | 207,1% | 25,2% |
| Ferrari | 14,5% | 33,3% | 5,9% |
| Tesla | 87,8% | 705,6% | 51,8% |
| Aston Martin | 7,9% | 74,2% | 11,7% |
| All | 2,0% | 16,9% | 3,2% |

Source: company reports and press releases

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

| Price Category | roll. 12 M | 5Y-o-5Y | CAGR 5Y |
|---------------------------------|-------------|-------------|-------------|
| Export value 0-200 CHF/unit | -13,9% | -32,7% | -7,6% |
| Export value 201-500 CHF/unit | -7,2% | -14,3% | -3,0% |
| Export value 501-3.000 CHF/unit | -3,9% | 4,4% | 0,9% |
| Export value > 3.000 CHF/unit | 6,9% | 3,4% | 0,7% |
| All | 2,5% | 0,2% | 0,0% |

Source: Swiss Watch Federation

(B3) Current production of superyachts

| | 2018 | 2017 | 2016 |
|-----------------------|------|------|------|
| number of superyachts | 830 | 773 | 760 |

Source: Global Order Book, 2019, Boat International Media

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

| Metal | MoM | YoY | 5 Years | CAGR 5Y |
|----------|-------|-------|---------|---------|
| Gold | -3,3% | 19,3% | 15,4% | 2,9% |
| Silver | -5,9% | 20,3% | -3,0% | -0,6% |
| Diamonds | 0,0% | -2,3% | -8,5% | -1,8% |

Sources: Macrotrends (monthly quotes); IDEX
















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(B5) Fine wines

| | MoM | YoY | 5Y-o-5Y | CAGR 5Y |
|------------|-------|-------|---------|---------|
| Fine wines | -1,0% | -2,8% | 30,8% | 5,5% |










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

(C) GDP annual growth rate (in %)

| Country | 2017 | 2018 | 2019E | 2020E | 2024E |
|---|-------------|-------------|-------------|-------------|-------------|
| Brazil  | 1,1% | 1,1% | 0,9% | 2,0% | 2,3% |
| China  | 6,9% | 6,6% | 6,1% | 5,8% | 5,5% |
| France  | 2,3% | 1,7% | 1,2% | 1,3% | 1,2% |
| Germany  | 2,5% | 1,5% | 0,5% | 1,2% | 1,2% |
| Hong Kong  | 3,8% | 3,0% | 0,3% | 1,4% | 2,9% |
| India  | 7,2% | 6,8% | 6,1% | 7,0% | 7,3% |
| Italy  | 1,7% | 0,9% | 0,0% | 0,5% | 0,6% |
| Japan  | 1,9% | 0,9% | 1,2% | 0,5% | 0,5% |
| Russia  | 1,6% | 2,3% | 1,1% | 1,9% | 1,8% |
| Spain  | 3,0% | 2,6% | 2,2% | 1,8% | 1,6% |
| Switzerland  | 1,7% | 2,5% | 0,8% | 1,3% | 1,6% |
| UAE  | 0,8% | 1,7% | 1,6% | 2,5% | 2,5% |
| Great Britain  | 1,8% | 1,4% | 1,2% | 1,5% | 1,5% |
| USA  | 2,4% | 2,9% | 2,3% | 2,1% | 1,6% |
| World  | 3,4% | 3,8% | 3,0% | 3,4% | 3,6% |

Source: IMF, 10.2019

(D) Currencies exchange rates: the Euro's performance (change in %)

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

Source: Oanda, per first of month

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SELECTED UP-COMING LUXURY INDUSTRY EVENTS:

| | | | |
|----------------------------|----------------|------------|-----------------------|
| ◆ Paris Haute Couture | January 20-23 | Paris | Fashion |
| ◆ Maison d'Objet | January 17-21 | Paris | Household goods |
| ◆ Vicenzaoro | January 17-22 | Vicenza | Jewellery |
| ◆ Copenhagen Fashion Week | January 28-31 | Copenhagen | Fashion |
| ◆ NYC Fashion Week (Men) | February 3-5 | New York | Fashion |
| ◆ Milano Unica | February 4-6 | Milano | Fashion & accessories |
| ◆ NYC Fashion Week (Women) | February 7-12 | New York | Fashion |
| ◆ Inhorgenta | February 14-17 | Munich | Watches & jewellery |

The full list of 2020's events is available at TBTL's homepage: www.thebridgetoluxury.com ("news").

ABOUT US:

The Bridge To Luxury (TBTL) is an international strategy consultancy firm, focusing exclusively on high-end brands, products and services. TBTL and its global network support owners, management and investors on luxury related topics: market assessments and research, strategy and branding, product development, communications including social media, distribution and internationalization, organization and restructuring, business modelling and evaluation, m&a.

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

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