

TBTL MONTHLY LUXURY INDEX

SEPTEMBER 2018 (# 9)

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:



(unchanged vs. 08/2018)

INDUSTRY STATUS AND MAJOR TRENDS:

- ◆ The industry continues to just move sideways as for instance political uncertainties (Brexit or international trade relations) leave an impact on luxury consumers' spending moods.
- ◆ The topic of sustainability is further gaining momentum: recycling of products, fair trading, ecological and healthy textiles (especially for children) etc.
- ◆ Luxury brands intensify efforts to test and control alternative ownership. Goods and services: Car sharing, rental fashion, brand online shops of pre-owned watches.

10 COMPANY SNAPSHOTS:

- ◆ Burberry ends bonfire of unsold stocks after ecological complaints and commits to sustain from using furs in its products.
- ◆ Mercedes-Benz introduces its first full electronic SUC based car: EQC (MSRP 70.000€).
- ◆ Following the acquisition of Oliva Burton in spring, Movado group has announced the purchase of American watch brand MVNT at initial US\$100 million.
- ◆ Chanel is acquiring Spanish leather manufacturer Colomer. The brand also announces to centralise its global operations in London and to close down the US HQ in New York.
- ◆ Having announced its departure from Baselworld, the Swatch Group is said to plan its own trade show in Zurich.
- ◆ In opening its first hotel in Paris, patisseries Fauchon enters the luxury hospitality industry.
- ◆ Moët Hennessy ventures into a partnership with e-commerce platform Tmall (Alibaba).
- ◆ British e-commerce platform Farfetch confirms intentions to go public with NYSE listing.
- ◆ Montblanc ends eyewear licence agreement with Marcolin and signs new deal with Kering.
- ◆ Volvo presents first electric robo-taxi in competition against Uber, Waymo or Daimler.

UP-COMING EVENTS:

- ◆ Luxury Interactive, October 15-16, New York
- ◆ LVMH 76 maisons open-door days, October 12-14, global
- ◆ New York Times International Luxury Conference, November 12-13, HK
- ◆ Insead Global Luxury Forum 2018, November 16, Paris
- ◆ 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
Kering	48,8%	202,7%	24,8%	Luxury group
LVMH	29,6%	130,5%	18,2%	Luxury group
Chow Tai Fook	-21,2%	-22,2%	-4,9%	Watches & Jewelry
Citychamp	-6,6%	119,5%	17,0%	Watches & Jewelry
Hengdeli	-25,4%	-73,5%	-23,3%	Watches & Jewelry
Lao Feng Xiang	-16,1%	40,2%	7,0%	Watches & Jewelry
Movado	49,1%	-4,6%	-0,9%	Watches & Jewelry
Richemont	-4,4%	-6,6%	-1,4%	Watches & Jewelry
Swatch Group	-0,8%	-31,3%	-7,2%	Watches & Jewelry
Tiffany	33,5%	59,9%	9,8%	Watches & Jewelry
Hugo Boss	-8,2%	-28,4%	-6,5%	Fashion
Burberry	27,4%	37,2%	6,5%	Fashion
Brunello Cucinelli	45,6%	59,0%	9,7%	Fashion
Ferragamo	-14,3%	-21,4%	-4,7%	Fashion
Hermès	31,6%	111,0%	16,1%	Fashion
Michael Kors	50,2%	-3,6%	-0,7%	Fashion
Ralph Lauren	48,3%	-20,5%	-4,5%	Fashion
Moncler	59,7%	--	--	Fashion
Mulberry	-61,6%	-56,3%	-15,3%	Fashion
Prada	25,0%	-53,5%	-14,2%	Fashion
Tapestry (Coach)	26,4%	-6,7%	-1,4%	Fashion
Tod's	-0,6%	-57,0%	-15,5%	Fashion
Estée Lauder	28,5%	98,3%	14,7%	Skin care
Shiseido	72,9%	341,2%	34,6%	Skin care
BMW	-3,9%	3,8%	0,7%	Cars
Ferrari	20,6%	--	--	Cars
Porsche	-1,2%	-17,3%	-3,7%	Cars
Marriott	14,7%	200,7%	24,6%	Travel
Norweg. Cruises	-1,9%	71,8%	11,4%	Travel
Luxottica	20,8%	45,3%	7,8%	Eyewear
Safilo	-38,2%	-75,9%	-24,8%	Eyewear
Sotheby's	1,2%	4,0%	0,8%	Auctions
S&P Global Luxury Index	15,1%	38,3%	6,7%	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 %)

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	-4,4%	-19,4%	-4,2%
Export value 201-500 CHF/unit	3,4%	-12,2%	-2,6%
Export value 501-3.000 CHF/unit	11,2%	1,9%	0,4%
Export value > 3.000 CHF/unit	8,1%	-5,5%	-1,1%
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	-8,4%	-15,8%	-3,4%
Silver	-16,7%	-39,0%	-9,4%
Diamonds	4,3%	-5,0%	-1,0%

Sources: Macrotrends (monthly quotes); IDEX










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(C) GDP annual growth rate (in %)

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

Source: IMF, 07.2018

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

Currency		1 Month	6 Months	12 Months
US \$		0,7%	5,0%	2,4%
BRL		-7,4%	-18,6%	-25,9%
CNY		0,4%	-2,3%	-1,5%
HK \$		0,6%	4,7%	2,1%
JPY		1,3%	1,0%	1,6%
INR		-2,9%	-3,1%	-8,0%
RUB		-6,8%	-13,2%	-14,0%
CHF		3,0%	2,6%	1,7%
GBP		-0,6%	-0,8%	2,5%

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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