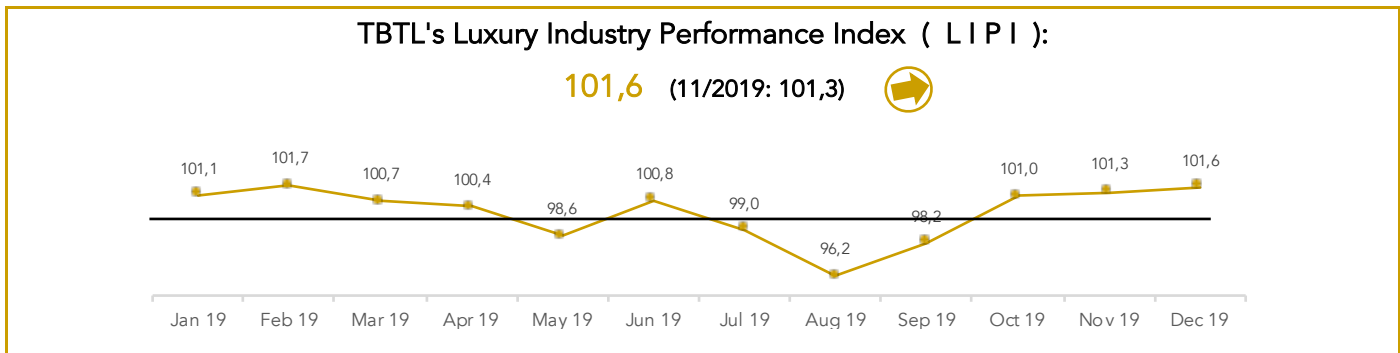


## TBTL LUXURY INDUSTRY PERFORMANCE INDEX (LIPI)

December 2020 (# 12)

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](http://www.thebridgetoluxury.com)).



### INDUSTRY STATUS AND MAJOR TRENDS:

- ◆ In December 2019, the LIPI moved slightly upwards to 101,6 index points. Despite investors' confidence being reflected in rising share prices in following the general stock market's rally, the overall business frame for the luxury industry remains uncertain. Indeed, UK elections have paved the way for more Brexit clarity and US-Sino trade negotiations indicate first results with a Phase One deal also implying a moratorium on further measures to increase tariffs.
- ◆ However, future EU-UK relationships will likely not be clear before the end of 2020 and a Phase Two deal between China and the US will have to resolve issues first such as China's subsidies for a wide range of companies before global trade may resume a healthy rhythm again. This while luxury hub Hong Kong is probably to stay on the news' agenda.
- ◆ On top, other factors will have to be watched: French-US trade differences, an accelerating Chinese inflation rate (4,5% November 2019), strikes in France and most recently political tensions in the Middle East that will not only fuel higher oil prices but depress consumers' spending moods in the region - also touching the tourism industry. Additionally, environmental disasters may impact luxury consumption negatively in concerned areas such as Sydney, Jakarta or California.
- ◆ In 2019, the large luxury groups gained investors' main interest. The combined market capitalization of LVMH, Kering and Hermès grew to US\$ 396bn (+48,9%). Their portion of the total luxury market cap has increased to 38,3% (+4,4 basic points). Stock listed luxury companies of the watches & jewellery category such as Swatch Group lost -3,0 basic points. While fashion attracted less investments (-1,4 basic points), beauty was able to increase share holders' awareness (+0,7 basic points). In total, market caps of luxury shares grew by 31,7% to more than 1 trillion US\$ in 2019.
- ◆ Last year's stock market top attractions were Ferrari (+70%), the new duo of LVMH/Tiffany (+60% resp. 66%), Estée Lauder (+58%) and Safilo (+58%). On average luxury shares grew by a strong +16%.
- ◆ Outlook 2020: TBTL believes that the luxury industry will again sit in a rollercoaster of a political volatile landscape. Global industry growth will unlikely surpass 4%. As the big conglomerates will master challenges better than smaller and independent brands, industry concentration processes and acquisitions will intensify.

### COMPANY SNAPSHOTS:

- ◆ In 2019, US electric carmaker Tesla delivered 367.500 vehicles (+50% compared to 2018). Porsche intends to provide 20.000 units of its electric Taycan in 2020. Ferrari has announced that its fully electric car will not be available before 2025.
- ◆ Swiss anti-trust commission WEKO has banned Swatch Group's ETA from delivering watch movements to third parties until it is clear that the world's largest manufacturer of timepieces holds no monopoly anymore.
- ◆ Eastern Property has renewed long-term lease contracts with Richemont and Chanel for Moscow's top Petrovka street.
- ◆ After several reconfirmed licence agreements in 2019 (Kering, David Beckham, Kate Spade), eyewear group Safilo is losing all LVMH brands amounting for a potentially €200m drop in annual sales.
- ◆ Louis Vuitton is said to close one of its flagship boutiques in Hong Kong.
- ◆ The world's most profitable distiller Kweichow Moutai (China) disappoints with 2019 results. The company and its signature spirits are considered an important indicator for Chinese luxury consumption in general.

TBTL LUXURY INDUSTRY PERFORMANCE INDEX (12/2019)

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

Company	MoM	YoY	5Y-o-5Y	CAGR 5Y	Category
Hermès	-2,0%	37,4%	126,0%	17,7%	Luxury group
Kering	7,0%	42,2%	294,7%	31,6%	Luxury group
LVMH	1,7%	60,4%	213,2%	25,7%	Luxury group
Chow Tai Fook	1,4%	14,1%	-13,2%	-2,8%	Watches & Jewelry
Citychamp	3,1%	2,5%	77,7%	12,2%	Watches & Jewelry
Hengdeli	3,1%	-5,7%	-64,5%	-18,7%	Watches & Jewelry
Lao Feng Xiang	-0,6%	5,8%	47,3%	8,0%	Watches & Jewelry
Movado	11,2%	-31,2%	-23,4%	-5,2%	Watches & Jewelry
Richemont	-0,1%	20,7%	-14,3%	-3,0%	Watches & Jewelry
Swatch Group	-3,6%	-5,8%	-39,2%	-9,5%	Watches & Jewelry
Tiffany	-0,1%	66,0%	25,1%	4,6%	Watches & Jewelry
Hugo Boss	1,2%	-19,8%	-57,5%	-15,7%	Fashion
Burberry	4,8%	27,0%	34,8%	6,2%	Fashion
Brunello Cucinelli	-6,1%	5,0%	70,3%	11,2%	Fashion
Ferragamo	3,6%	6,2%	-8,1%	-1,7%	Fashion
Capri (Michael Kors)	2,7%	0,6%	-49,2%	-12,7%	Fashion
Ralph Lauren	9,2%	13,3%	-36,7%	-8,7%	Fashion
Moncler	0,8%	38,5%	260,3%	29,2%	Fashion
Mulberry	6,3%	-4,0%	-65,5%	-19,2%	Fashion
Prada	13,2%	24,8%	-26,7%	-6,0%	Fashion
Tapestry (Coach)	0,3%	-20,1%	-28,2%	-6,4%	Fashion
Tod's	3,2%	-0,1%	-42,8%	-10,6%	Fashion
Estée Lauder	5,7%	58,8%	171,0%	22,1%	Skin care
Shiseido	-1,6%	12,9%	359,7%	35,7%	Skin care
BMW	-0,2%	3,5%	-18,5%	-4,0%	Cars
Ferrari	-3,6%	70,4%	--	--	Cars
Aston Martin	-5,5%	-57,5%	--	--	Cars
Tesla	26,8%	39,5%	94,1%	14,2%	Cars
Porsche	-0,8%	29,0%	-0,8%	-0,2%	Cars
Marriott	7,9%	39,5%	94,1%	14,2%	Travel
Norweg. Cruises	8,9%	37,8%	24,9%	4,5%	Travel
Luxottica	-3,7%	23,0%	46,5%	7,9%	Eyewear
Safilo	-23,4%	58,6%	-83,4%	-30,1%	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	1,4%	4,2%	32,7%	5,8%	Index
S&P 500	3,4%	13,9%	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%
<b>All</b>	<b>2,0%</b>	<b>16,9%</b>	<b>3,2%</b>

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	-14,2%	-33,6%	-7,9%
Export value 201-500 CHF/unit	-7,2%	-14,8%	-3,2%
Export value 501-3.000 CHF/unit	-4,9%	3,5%	0,7%
Export value > 3.000 CHF/unit	6,3%	4,3%	0,8%
<b>All</b>	<b>1,9%</b>	<b>0,4%</b>	<b>0,1%</b>

Source: Swiss Watch Federation

(B3) Current production of superyachts

	2019	2018	2017
number of superyachts	807	830	773

Source: Global Order Book, 2020, Boat International Media

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

Metal	MoM	YoY	5 Years	CAGR 5Y
Gold	4,6%	19,2%	17,7%	3,3%
Silver	5,3%	15,3%	5,7%	1,1%
Diamonds	0,0%	-2,8%	-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	-0,3%	-2,8%	29,3%	5,3%










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%
<b>World</b> 	<b>3,4%</b>	<b>3,8%</b>	<b>3,0%</b>	<b>3,4%</b>	<b>3,6%</b>

Source: IMF, 10.2019

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

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

Source: Oanda, per first of month

## TBTL LUXURY INDUSTRY PERFORMANCE INDEX (12/2019)

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### SELECTED UP-COMING LUXURY INDUSTRY EVENTS:

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◆ 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
◆ London Fashion Week (Women)	February 14-18	London	Fashion
◆ Milan Fashion Week (Women)	February 18-24	Milano	Fashion

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

### ABOUT US:

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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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