

COMMERCE

LVMH retools leadership as profits fall

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Revenues and profits are on the decline at luxury's largest company. Image credit: LVMH

By ZACH JAMES

French luxury conglomerate LVMH is the latest to be affected by the wide-ranging economic slowdown in the sector.

In an earnings call revealing the results of the first half of 2024 on Tuesday, the corporation reported revenues of 41.67 billion euros, \$45.24 billion at current exchange, representing a 1 percent dip at constant rates year-over-year. As mid-year results come in lower than expected in various business segments, LVMH is appointing new CEOs in an attempt to right the ship.

Shifting tides

While sales stagnated at the conglomerate, profits saw a sharp decline for the period ended June 30.

Measuring \$11.56 billion, profits fell by 14 percent compared to the first half of 2023. The downturn was caused by struggles among LVMH's fashion, wines and spirits, watchmaking and jewelry maisons.



Multiple product areas are at fault for the declining figures. Image credit: Louis Vuitton

The wines and spirits division witnessed the largest dip of any business sector at 12 percent. This continues a downward trend present in luxury since the end of the COVID-19 pandemic, with consumers continuing to opt for non-alcoholic options over libations in greater numbers.

Meanwhile, sales at fashion and leather goods brands mostly stagnated, falling by 2 percent y-o-y and measuring \$22.5 billion.

Despite slipping financial returns, LVMH applauded Louis Vuitton, Berluti, Loro Piana, Rimowa and Dior for strong starts to the

year.

Currently, the latter maison, Dior, is being investigated by Italian authorities for alleged unfair commercial practices; Italian fashion house Giorgio Armani, which the conglomerate does not own, is also included in the probe. According to law enforcement, in some cases, the brands used materials from suppliers that provided workers with inadequate wages and health and safety conditions, while also forcing the employees to work more hours than legally allowed.

Reuters reported that some investors have called for change within LVMH following the accusations of sweatshop-like conditions. These calls for internal shakeups have been answered, but not at Dior ([see story](#)).



LVMH recently made changes to the C-suites of several maisons. Image credit: Hublot

Instead, the corporation is making wide-ranging leadership changes within its watchmaking and jewelry divisions. Effective Sept. 1, 2024, Julien Tornare, the current CEO of Tag Heuer, will become CEO of Hublot; his position at Tag Heuer will be filled by Antoine Pin, the general manager of Bulgari's watch business.

With the moves, Ricardo Guadalupe, the current CEO of Hublot, will end his tenure at the helm of the horology label following 12 years in the role. Now Mr. Guadalupe will take on the honorary role of Hublot president.

"Hublot is one of the few watchmaking manufacturers that emerged and achieved such success in the 21st century by breaking design codes, communication barriers and exploring new frontiers in watchmaking," said Frdric Arnault, chairman and CEO of the watches division at LVMH, in a statement.

"I would like to sincerely thank Ricardo and his teams for their fantastic work building the brand over these past 20 years," Mr. Arnault said. "Indeed, for 8 years as Managing Director followed by 12 years as CEO, Ricardo truly embodied Hublot and its development particularly through his product vision, deep industry knowledge, and relationships with all business and industrial partners.

"I know that Ricardo will now continue to ensure respect for the values that have led to the Maison's success."



During the second quarter of the year, LVMH's revenue also declined by 1 percent.

Throughout the first half of the year, revenues generated from the watches and jewelry segment fell by 5 percent, with profits plummeting by nearly 20 percent.

The situation at Swiss luxury conglomerate Richemont mirrors that of LVMH, as its sales also stagnated overall, with the watchmaking division contributing heavily to its economic plateau ([see story](#)). Richemont also made leadership changes within

its watches and jewelry division, as French jewelry house Cartier and French jeweler Van Cleef & Arpels will welcome new CEOs come September ([see story](#)).

At LVMH, it is not all doom and gloom, as its selective retail business, led by Sephora, and its cosmetics segment both witnessed their revenues jump by 3 percent in the first half of the year. Strong performances from key product lines, such as the Miss Dior, Sauvage and J'Adore perfumes, provided a financial pillow for the division.

Partnership in Paris

Despite negative financial headwinds in the first half of the year, the corporation is hopeful for the remainder of 2024, as its partnership with the Paris 2024 Olympics and Paralympics is set to kick into high gear in the coming days. The opening ceremony begins later this week on July 26.

LVMH welcomed the [@Paris2024](#) Olympic Flame at the heart of emblematic sites of the Group in Paris, Place de la Monnaie in front of [@LouisVuitton](#) headquarters, as well as the [@FondationLV](#) and [@JardindAcclim](#).

Learn more : <https://t.co/gLU9Ujj44j#LVMH> [pic.twitter.com/TRPiDBhO63](https://t.co/TRPiDBhO63)

LVMH (@LVMH) [July 16, 2024](#)

"The results for the first half of the year reflect LVMH's remarkable resilience, backed by the strength of its Maisons and the responsiveness of its teams in a climate of economic and geopolitical uncertainty," said Bernard Arnault, chairman and CEO of LVMH, in a statement.

"Driven as ever by our dual focus on desirability and responsibility, we have continued to work towards achieving the targets set out in our environmental and social action programs," Mr. Arnault said. "In a year marked by our partnership with the Paris 2024 Olympic and Paralympic Games, we are honored to share our creativity, excellent craftsmanship and deep commitment to society to make this event a resounding success and an opportunity for France to shine on the world stage.

"While remaining vigilant in the current context, the Group approaches the second half of the year with confidence, and will count on the agility and talent of its teams to further strengthen its global leadership position in luxury goods in 2024."

Solidifying the conglomerate's connection to the games and France's capital city, Louis Vuitton is releasing its first-ever City Guide Sports Edition dedicated to Paris.

French fencer and brand ambassador Enzo Lefort contributed to the literary release

The new book grants an overview of the City of Light's varied and diverse sporting communities ahead of the Paris 2024 games. Mr. Lefort is a guest contributor to the publication, sharing his perspective on the capital's athletic culture.

Available in a limited-edition box set alongside an updated version of the Paris City Guide, the hardcover book is now on sale [online](#) and in stores. A digital version of both guides can also be found for free on the Louis Vuitton mobile app.