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COMMERCE

Skincare remains fastest-growing product segment at Puig

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French art and design agency M/M (Paris) created a new logo design for Puig earlier this year. Image credit: Puig

By AMIRAH KEATON

Halfway through the calendar year, Spanish fashion and fragrance business Puig is sharing its fiscal results.

The holding company generated a total of 2.2 billion euros in H1, or about $2.4 billion at current exchange, as outlined in a financial report released Sept. 6. Revenues at Puig have improved by nearly 10 percent year-on-year, though net profits have been set back by nonoperating expenses associated with its recent IPO, brand purchases and restructuring activities.

"We delivered a strong first half of the year with sales growth of 9.6 percent, outperforming the premium beauty market," said Marc Puig, chairman and CEO of Puig, in a statement.

"We are particularly pleased with our performance across our core geographies despite a challenging economic environment marked by geopolitical tensions," Mr. Puig said. "Our continued focus on the premium beauty sector, as well as the strength and desirability of our brands alongside disciplined financial execution have ensured that our profitability remains compelling."

Sales up, profits plunder

On a reported, y-o-y basis, skincare was Puig's fastest-growing segment in H1. Here, brand sales grew by 11.6 percent, hitting 256 million euros, or $282 million at current exchange, while fragrances and fashion totals are up by 10.7 percent, reaching 1.6 billion euros, or roughly $1.7 billion.

Its prestige makeup labels suffered, dipping 1.8 percent and landing at 334 euros around $368 million at current exchange over the six-month term.

With standout performances from products such as French fashion label Jean Paul Gaultier's La Belle, Le Beau and Scandal Absolu and U.S. apparel and accessories label Carolina Herrera's Good Girl, the fragrances and fashion members of Puig's portfolio continue to yield the world's fourth-biggest perfumes player the most capital, representing 73 percent of dollars brought in during the period.

Using diversification as a key growth driver, the recent acquisition of German premium skincare brand Dr. Barbara Sturm (see story) seems to already be paying off, to some extent. The brand boosted revenue by 1.4 percent y-o-y.

"While our fragrances and fashion business remains our largest segment, we further diversified into skincare our fastest growing business segment during the first half with a strong organic growth component and a strategic brand acquisition," said Mr. Puig, in a statement.

The acquired company's eponymous founder will retain a minority stake in the brand. Image credit: Puig

"The strength of these results continues to demonstrate the success of our strategic choices and gives us the confidence to maintain the medium-term guidance we provided at our IPO in May this year."

In EMEA, responsible for 53 percent of Puig's total H1 income, to roughly 1.15 billion euros and in the Americas, where Puig recently opened an office in Rockefeller Center (see story), sales rose 12.1 percent and 8.6 percent y-o-y respectively.

In contrast, that figure sits at .7 percent for Asia-Pacific. The region only managed to raise 202 million euros in total H1 sales.

Costs associated with going public (see story), first-half M&As and other such deals additionally pulled bottom lines at Puig down, its reported net profits diving 27 percent y-o-y.

"We are proud of the success of our IPO, which marked a significant milestone for our company and reflects the trust and confidence in Puig," said Mr. Puig, in a statement.

"We want to continue to build on this momentum as we look towards the future."