



LVMH Sales Fall Again After Demand Slumps in Japan, China

(Bloomberg) -- LVMH sales fell as shoppers reined in purchases of costly Louis Vuitton bags and Dior jackets, a sign the luxury titan remains stuck in its post-pandemic slump. Revenue at the French group's fashion and leather goods division, its largest unit, dropped 9% on an organic basis in the second quarter, LVMH Moët Hennessy Louis Vuitton SE said in a statement Thursday. That was worse than analysts' estimates for a 7.8% drop.

The luxury conglomerate led by billionaire Bernard Arnault has been suffering from a demand downturn, particularly in China, which for decades had been a driver of growth. In April, LVMH lost its crown as France's most valuable company to Hermès International SCA, the Birkin bag maker that Arnault once tried to buy.

LVMH's results have also lagged behind some smaller rivals such as Brunello Cucinelli SpA, an Italian producer of expensive cashmere clothing, which this month reported a rise in sales.

Christian Dior, LVMH's second-largest fashion label after Louis Vuitton, is undergoing a creative transition after the recent appointment of Jonathan Anderson as artistic director. He'll present his first womenswear collection this autumn.

LVMH shares have dropped by about 30% in the past 12 months, wiping almost €100 billion (\$118 billion) off its market capitalization.

US, China

Sales in the US were flat in the second quarter, an improvement from the first, helped by better Champagne sales and the resilience of the fashion and leather goods unit, LVMH Chief Financial Officer Cecile Cabanis told reporters on a call. The division saw sales growth in the US even though it decelerated from the first three months of the year, she added, without giving further financial details.

Profit from recurring operations in the first half amounted to €9 billion, a 15% decline from a year earlier but slightly above estimates of €8.8 billion.

Sales in Japan slumped 28% in the quarter after surging 57% in the same period last year, when Chinese tourists shopped in Japan to benefit from the weaker yen. Sales in Europe and the region that includes China also declined.

Speaking about the current trade talks between the EU and US, Cabanis said a scenario of 15% tariffs would be a "good outcome," because some LVMH brands — aside from some wines and spirits like Hennessy Cognac — still enjoy pricing power.

"We seem to be near a deal when it comes to tariffs, which should take off a weight on macro and consumer confidence," she said.

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