

Richemont adds to feel-good factor

By Haig Simonian in Zurich, FT.com site
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Richemont, the Geneva-based group best known for its Cartier jewellery, yesterday became the latest luxury goods group to predict a strong upturn.

Johann Rupert, executive chairman, said sales in the first five months of the year had climbed 15 per cent, with business in Asia soaring. Mr Rupert, who told shareholders he would be stepping down from his additional job as chief executive, said sales in Asia had risen by 34 per cent in the period.

While the increase was partly explained by easy comparisons with 2003, when the Sars epidemic severely curtailed business, Mr Rupert said the rise was "very encouraging".

Sales in Europe, which has remained overshadowed by economic difficulties in some markets, were up by 12 per cent, while US business was 13 per cent higher.

"The strength of these sales trends is totally unexpected and excellent," said **James Amoroso**, analyst at Pictet, the private bank.

Richemont's buoyant figures followed this week's strongly upbeat first-half results from LVMH.

Richemont, which declined to give profits figures, was more cautious on earnings. Mr Rupert said profitability would be "significantly improved" in the first half, compared with the €289m (\$352m) made in the corresponding period last year. However, he warned that markets remained unpredictable, and the second half, which included the run-up to Christmas, was always particularly important.

Mr Rupert, who took on the additional job of chief executive in May 2003, said he was stepping down in favour of Norbert Platt, head of the group's Montblanc pens and accessories subsidiary. Under Mr Platt, a group veteran, Montblanc has successfully broadened its range beyond its trademark fat black fountain pens.

Mr Rupert, whose family dominates Richemont, temporarily became CEO as well as chairman in the market downturn after the late 1990s bubble. "Our balance sheet is in excellent shape, our cash flows are strong and our maisons [brands] are performing better and better," he said.

Jewellery sales climbed 12 per cent, with Cartier in particular benefiting from new products. Sales of the group's watch brands, including prestige Jaeger-LeCoultre, were 19 per cent higher.

Richemont's shares rose by 4.3 per cent to SFr35.05.