

Tiffany & Co. Q4 Comps Down 2% in Americas

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Source: National Jeweler

New York--Tiffany and Co. reported Friday that comps and sales were both down in the Americas in its fiscal fourth quarter as spending in the U.S. remained soft.

In the Americas region, comps were down 2 percent and total sales were down 3 percent to \$587 million in the fourth quarter ended Jan. 31. For the full year, comps were down 6 percent while net sales declined 5 percent to \$1.8 billion in the full year.

The company said it saw softness across the U.S. last year and attributed the decline to lower spending by U.S. customers and foreign tourists.

Tiffany & Co. also continued to report on the impact of post-election activities to traffic to its flagship store on Fifth Avenue in New York, reporting that sales were down 7 percent in the fourth quarter there. This is an improvement on the 14 percent decrease for the location in the November-December period alone, though management attributed this improvement to some large transactions at the store in January.

Meanwhile, sales at the flagship were down 11 percent in the full year.

Globally, comps for the company were flat in the fourth quarter while net sales increased 1 percent to \$1.2 billion. For the full-year, worldwide same-store sales were down 5 percent and net sales declined 3 percent to \$4 billion.

In its earnings conference call

Friday morning, Mike Kowalski, who took the position as interim CEO last month after Frederic Cumenal stepped down from the position, called the jeweler's sales results "disappointing."

To help it get back to growth and positive results, the company said it intends to accelerate the pace of new product development and innovation going forward, with which they believe newly appointed Chief Artistic Officer Reed Krakoff will be able to help.

Lately, it has been seeing success with its fashion jewelry category, which is attributed in part to higher gold jewelry sales and the success of the T collection.

Tiffany also noted growth in its silver jewelry category, with sales "approaching stabilization" after years of decline, executives reported on the call, as well as an increased performance in the under-\$500 category, on which Tiffany will continue to focus in the future.

The softest categories were high, fine and solitaire jewelry--though the company reports it is doing well with the Victoria platinum and diamond collection--as spending remains light at the high end of the category.

In Europe, comps were down 9 percent in the quarter and 14 percent in the full year, while sales were down 7 percent to \$146 million in the quarter and down 10 percent to \$458 million during the year.

In Asia-Pacific, meanwhile, comps were down 2 percent in

the three-month period and 9 percent in the 12-month period, while total sales of \$284 million in the fourth quarter were 9 percent above the prior-year period and total sales of \$1 billion in the full year were about flat.

In Japan, same-store sales increased 19 percent in the quarter and 16 percent in the full year, while total sales in the fourth period were up 15 percent to \$185 million and net sales in the full year rose 12 percent to \$604 million.

Tiffany opened 11 company-operated stores during the full year and closed five locations, which, when combined with the relocation of five stores, resulted in a net increase in gross retail square footage of approximately 3 percent for the retailer.

As of Jan. 31, Tiffany & Co. operated 313 stores: 125 in the Americas, 85 in Asia-Pacific, 55 in Japan, 43 in Europe and five in the UAE. This is compared with 307 stores a year ago: 124 in the Americas, 81 in Asia-Pacific, 56 in Japan, 41 in Europe and five in the UAE.