High-end Swiss leather goods brand Bally made its biggest underlying profit in a decade last year, buoyed by growth in the United States and Japan, Chief Executive Officer Frederic de Narp said in an interview.

De Narp, who joined nearly five years ago from jeweller Harry Winston, has brought the privately-held luxury brand back to growth after years of stagnant sales and lacklustre collections marked by high turnover of designers and management.

"It's tangible, we've seen sales grow in every single continent," he told Reuters at the sidelines of the World Retail Congress in Madrid.

Sales at the privately-held company have grown over the past two years and the company booked its biggest core profit (earnings before interest, tax, depreciation and amortisation) in ten years in 2017, he said, declining to elaborate further.

The United States is Bally's fastest-growing market, buoyed by collaborations with rappers and street artists. Sales in the U.S. have grown by more than 20 percent this year, outpacing a 14 percent rise in 2017, he said.

Name-checked in lyrics by U.S. rappers Doug E Fresh and Slick Rick in the 1980s, Bally has sought to boost its street appeal through product collaborations.

The latest saw U.S. hip hop recording artist Swizz Beatz and Spanish street artist Ricardo Cavolo produce a capsule collection featuring spark and feather printed sneakers, sweatshirts and bomber jackets.

In February, Bally's owner Luxembourg-based JAB Holdings agreed to sell a majority stake in the company to Chinese conglomerate Shandong Ruyi for an undisclosed sum.
Chinese conglomerate Shandong Ruyi has agreed to buy Bally International for an undisclosed sum.

The Chinese textile maker has risen from its roots as a 1970s wool producer in Shandong province in eastern China to a global luxury house after snapping up brands in an international shopping spree in recent years.

It adds Bally to a portfolio that includes British suit maker Gieves & Hawkes; Paris-based SMCP, owner of upmarket high-street brands Sandro, Maje and Claudie Pierlot; and menswear designer and fragrance house Cerruti 1881.

Following the departure of creative director Pablo Coppola in December, Bally has grouped three head designers for accessories, shoes and ready-to-wear under brand director Morad Tabrizi who joined Bally from Tom Ford in 2015.

De Narp and his team have committed to stay at Bally for more than five years as a condition of Shandong buying the group, he said.

The company, founded in Switzerland in the mid-nineteenth century, was one of the first luxury brands to enter China in the 1980s when the country opened up to foreign investment.

Over half of sales are made to Chinese, either in China or while travelling abroad, de Narp said.

However, under de Narp's leadership, Bally closed a third of stores in China over the past three years in order to focus on bigger selling spaces in prime areas and launched new casual ranges to appeal to younger clients.

Bally will open its first Chinese flagship store in the upmarket China World shopping mall in Beijing this year and has hired Chinese actress Tiffany Tang for promotional campaigns.

"Five years ago Chinese clientele were on average 10 years younger than western clientele. Today, the Chinese client is around 20 years younger than my western clientele," he said.

Millennial shoppers pushed the Chinese market up to 142 billion yuan in sales last year, about 20 percent higher than the year before, according to consultancy Bain & Co. It is by far the steepest jump in over half a decade of sluggish growth.