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Fortune Fountain Capital acquires majority stake in Baccarat

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Baccarat cocktail set

By STAFF REPORTS

Chinese financial group Fortune Fountain Capital has offered to buy 88.8 percent of Baccarat's shares from affiliates of Starwood Capital Group and L Catterton.

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The offer, announced on June 2, includes a price per share of 222.7 euros, or \$249 at current exchange rates, for a total block purchase of approximately 164 million euros, or \$183 million. This acquisition comes as Baccarat is planning further expansion into Asia and the Middle East, with FFC expected to aid the French crystal maker's international aspirations.

Making an offer

As part of the deal, FFC has noted its intention to keep the house's workforce, including its production staff, in tact. CEO Daniela Riccardi, who has led the company since 2013, will also retain her role. During her tenure, the executive has helped Baccarat grow its sales, with the house's 2016 revenues totaling 148 million euros, or \$167 million.

"We have been impressed by the exceptional know-how and expertise of Baccarat's employees," said Coco Chu, chairlady of FFC, in a statement. "We are convinced that FFC, with its extensive global business network, is an ideal strategic partner to position Baccarat for future growth and value creation.

"We attach the greatest importance to maintaining this company's 250-year history of excellence, and most notably its Made in France' identity," she said. "We will support the development of the company, relying on Daniela and her talented team, who are best suited to drive Baccarat's upcoming development strategy. It is our firm belief that we will make Baccarat a most recognized icon of luxury lifestyle."

Along with retaining Baccarat's employees, FFC also has no plans to take Baccarat off the Euronext Paris stock exchange. The financial firm has said it may in the future change its mind depending on the results of the acquisition.

Baccarat's hotel business, a license of Starwood Capital Group's affiliate, will now operate as a partnership between

Baccarat, Starwood Capital Group and FFC.



Room within Baccarat Hotel in New York

The deal, subject to Work Council consultation in France and regulatory approvals in China, will close when FFC files its offer with the Autorite des Marches Financiers.

While serving a number of families in Hong Kong and China, FFC's main shareholder is the family of calligrapher Wang Xizhi. Through relationships with high-net-worth individuals, the financial firm plans to help Baccarat expand into new categories and areas of the world.

"We are very pleased to enter a new phase of our development by partnering with Fortune Fountain Capital," said Ms. Riccardi. "FFC understands and deeply respects the DNA of the brand and its heritage.

"We share the same vision for the future of our business, especially regarding the expansion into new products and geographies, such as Asia and North America," she said. "We will benefit from FFC's financial strength and expertise in these markets, as well as from its extended base of partners and clients in the luxury industry."

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