

RETAIL

Richemont seeks remaining 51pc of YNAP shares

January 22, 2018



Richemont just made Yoox Net-A-Porter blush. Image credit: Yoox

By STAFF REPORTS

Luxury goods conglomerate Richemont is offering Yoox Net-A-Porter Group up to 2.77 billion euros to become its sole owner.

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Currently, Richemont controls 49 percent of Yoox Net-A-Porter Groups shares, making the Swiss conglomerate the online retailer's majority shareholder. Richemont now seeks to acquire the remaining 51 percent of shares that it does not own through a voluntary public tender offer.

Come to Richemont

Per Richemont's public tender offer terms, Yoox Net-A-Porter shareholders would receive 38 euros, or \$46 at current exchange rate, per share. In total, Richemont is offering Yoox Net-A-Porter Group approximately 2.77 billion euros, or about \$3.39 billion, for full control of the retail group.

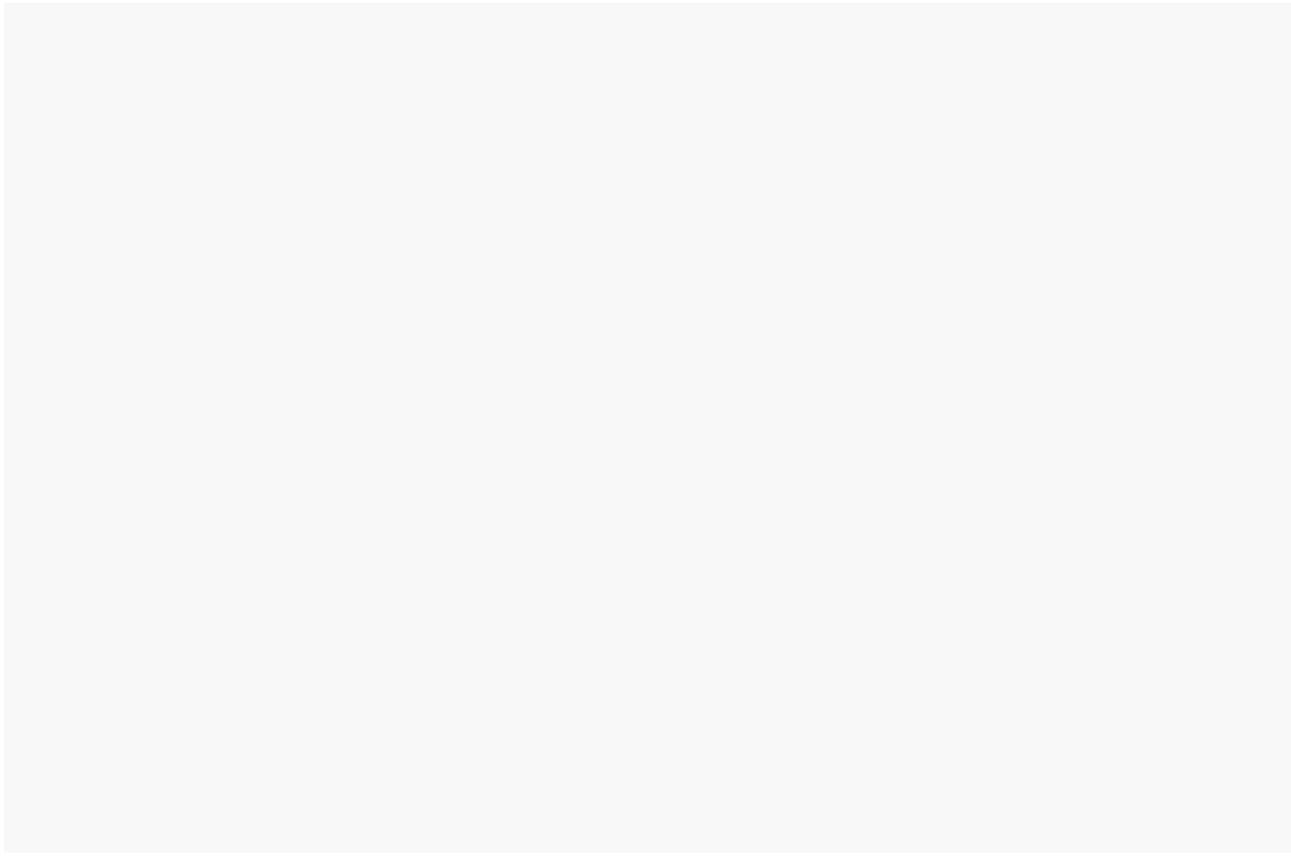
On March 31, 2015, Yoox Net-A-Porter Group entered a shareholder agreement with Richemont and all of its affiliates that said that the conglomerate could not purchase any further ordinary shares of the retailer, save in certain circumstances. Yoox Net-A-Porter Group has now waived the standstill obligation included in that agreement.

Richemont has sent an offer, in respect of all its shares, to Federico Marchetti, Yoox Net-A-Porter's CEO.

In a statement, Johann Rupert, chairman of Richemont said:

"Over a century ago the famous aviator, Alberto Santos-Dumont, complained to his friend Louis Cartier about the difficulty of checking his pocket watch whilst flying. He needed to keep his hands on the plane's controls, but instead kept having to fumble for the pocket watch. Louis Cartier listened and, eureka!, an idea was born, which was to become the Santos-Dumont wristwatch - the first pilot watch.

"Ever since then, the success of our various maisons have been dependent on giving our clients the best possible products and services," he said. "This client-centric obsession led us to invest in very many avenues.



IN PLANE SIGHT: Heading home for the holidays? Channel #TheNETSET's jet-set glamour. Tap the link in bio to shop your favorite looks from Instagram at NET-A-PORTER.com :@j2martinez

A post shared by NET-A-PORTER (@netaporter) on Dec 22, 2017 at 12:16pm PST

"We are therefore proud to have participated in the growth of Net-A-Porter since its infancy and in the creation of Yoox Net-A-Porter Group, the world's leading online luxury retailer," Mr. Rupert said. "With this next step, we intend to strengthen Richemont's presence and focus on the digital channel, which is becoming critically important in meeting luxury consumers' needs."

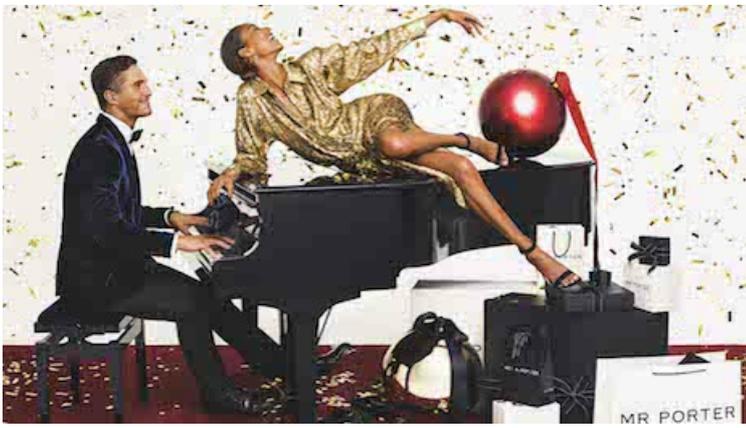
In a similar instance, France's Kering Group has proposed to distribute approximately 70 percent of its shares in athletic brand Puma to focus more heavily on luxury goods.

Kering currently owns 86.3 percent of Puma shares, but is looking to offload the majority of its holdings to free up the group, allowing for more focus on its status as a leading pure player in luxury ([see story](#)).

"We are very pleased with the results achieved by Yoox Net-A-Porter Group's management team, lead by Federico Marchetti, and we intend to support them going forward to execute their strategy and further accelerate the growth of the business." Richemont's Mr. Rupert said.

Yoox Net-A-Porter Group saw record net revenues of 2.1 billion euros, or about \$2.6 billion, for the 2017 fiscal year.

Throughout 2017, ending Dec. 31, all of the company's business lines grew, contributing to a total organic revenue increase of 16.9 percent and a recorded rise of 11.8 percent. Yoox Net-A-Porter's preliminary consolidated net revenues for the fourth quarter were also up 6.9 percent ([see story](#)).



Party with the Porters for holiday 2017 ran in print, digital and out-of-home displays. Image credit: Net-A-Porter and Mr Porter

"Thanks to our long-term commitment and resources, we see a meaningful opportunity to strengthen further Yoox Net-A-Porter Group's leading positioning in luxury ecommerce, growing the business in existing and new geographies, increasing product availability and range, and continuing to develop unparalleled services and content for today's highly discerning consumers," Mr. Rupert said.

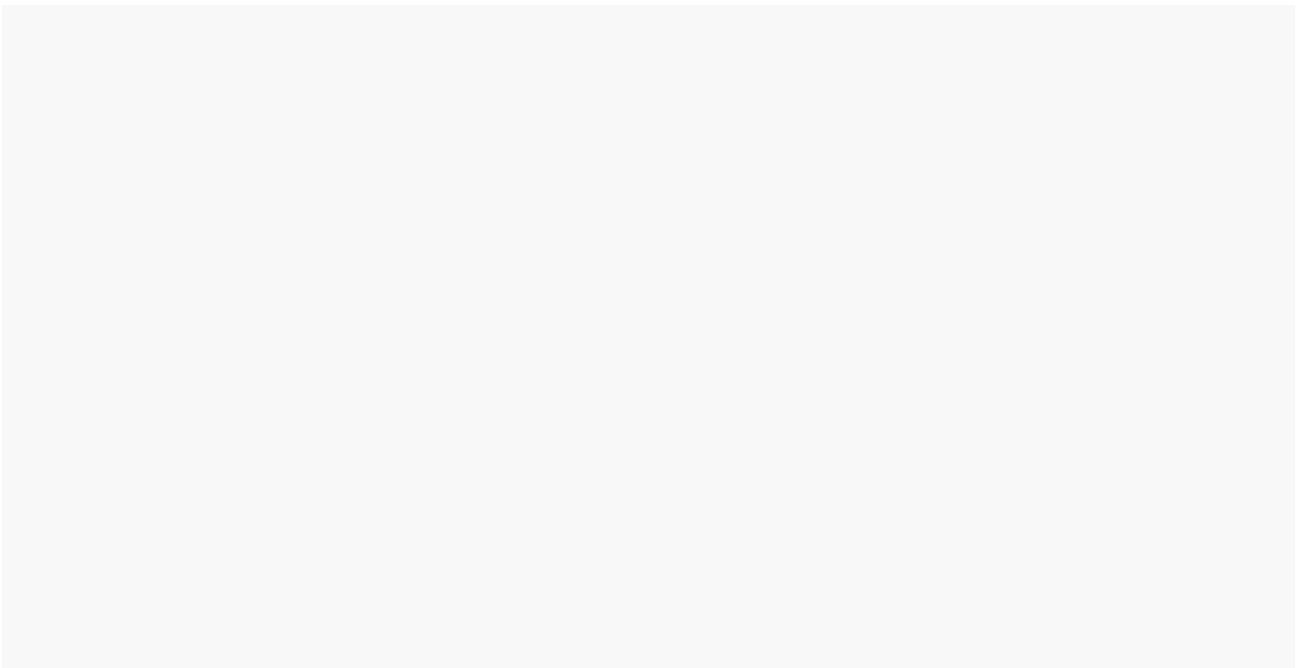
"As part of [Richemont], Yoox Net-A-Porter Group would continue to operate as a separate business, ensuring it remains a neutral and highly attractive platform for third party luxury brands."

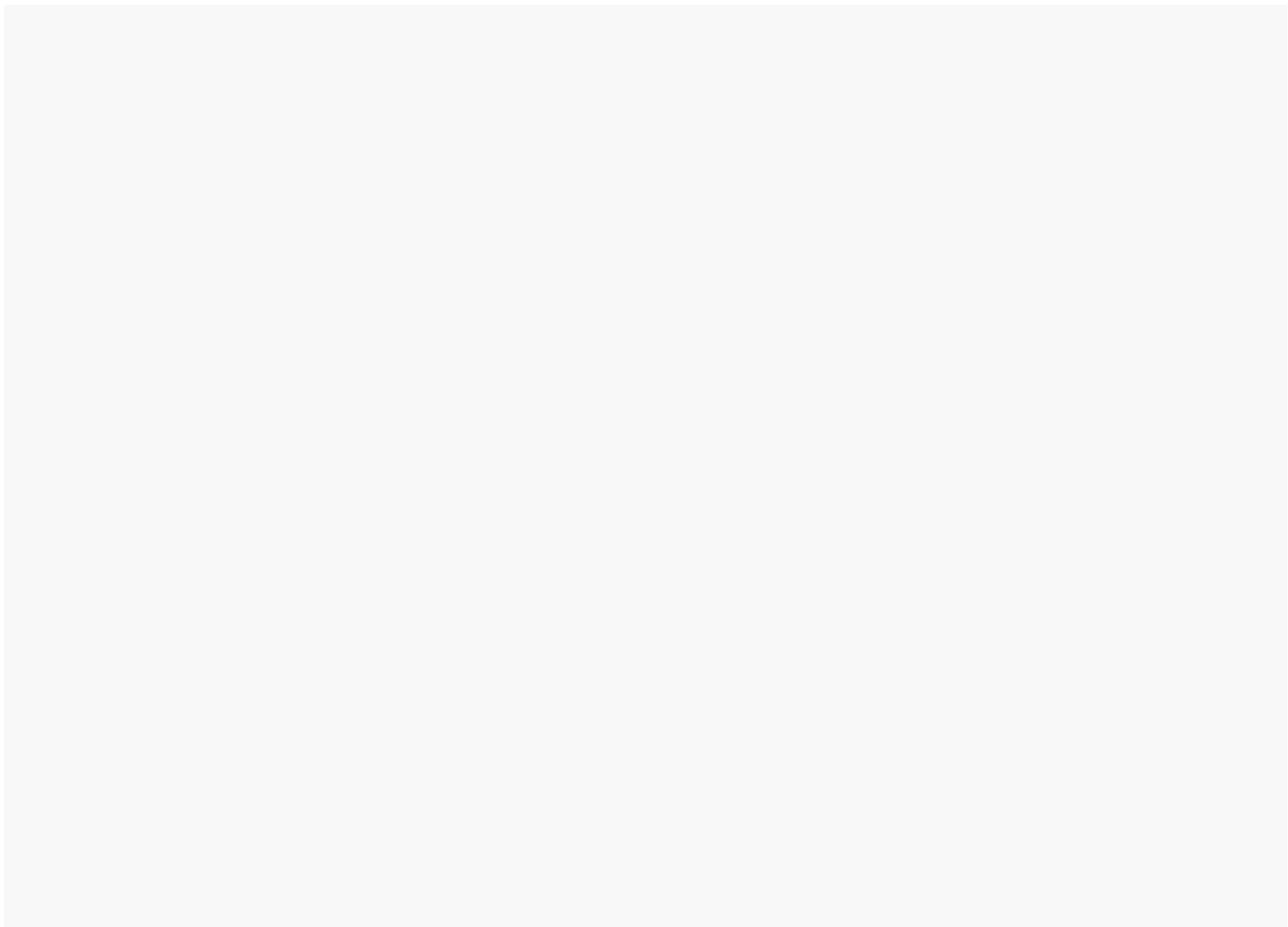
Yoox Net-A-Porter's CEO Mr. Marchetti shared the following statement in regard to Richemont's intentions:

"Today marks an historic event for the Yoox Net-A-Porter Group. Richemont, already our largest shareholder, has decided to make a tender offer to buy all of YNAP's shares. Richemont explained that the rationale for the investment is to build on YNAP's solid track record of growth.

"Richemont aims to provide additional resources that further strengthen and accelerate YNAP's long-term leadership in online luxury. This means investing even more in product, technology, logistics, people and marketing. YNAP will continue to be managed as a separate company, providing a neutral and highly attractive platform for all luxury brands.

"The success of YNAP is built on an exceptional team," he said. "I'm proud that Richemont has expressed its strong appreciation for the quality of our management and our people. As a passionate entrepreneur, I remember with pride the hard work and excitement of Yoox's IPO in 2009, when we listed our shares at just over 4 euros and total revenues were around 150 million euros.





Looking for well-made basics that easily slot into your existing wardrobe? That's where @MrP comes in. Knitted from merino wool in a cream, black and grey jacquard pattern, this Italian-made jumper is a handsome case in point. Worn by @_diogooliveira_ #MrPmyway

A post shared by MR PORTER (@mrporterlive) on Jan 2, 2018 at 2:12am PST

"It was always my dream to create something much bigger. This became possible through the combination of **Yoox and Net-A-Porter in 2015**, a vision shared with Richemont," he said. "The hard work of our combined teams created the world leader in online luxury, reaching more than 2 billion euros in revenues in just a couple of years. I am very grateful to everyone who made it all possible.

"Nearly 20 years after inventing Yoox, YNAP's magic excites me even more. The prospect of no longer owning 4 percent of the share capital does not change my entrepreneurial commitment to YNAP. Dreaming and innovating to the benefit of our customers has always been my motivation; it will remain so in the years to come."

According to a recent **Euromonitor** report, "As an online-only retailer, Net-A-Porter's Internet strategy is innovative and imperative to its success.

"[Net-A-Porter's] presence is uniformed and customer experience seamless across all platforms including desktop, mobile and tablet. The Web site's interface is extremely user-friendly and easily shoppable; elements which are notoriously lacking in luxury online retail.

"Net-A-Porter continues to view its customers as its audience' and strives to provide the same service gratification of other conventional entertainment venues," Euromonitor said in its report. "The company relies heavily on its social media channels and customer service team to provide around-the-clock guidance and help with both purchases and personal shopping."

Yoox Net-A-Porter Group includes Yoox, Net-A-Porter, Mr Porter and The Outnet.

