

TRAVEL AND HOSPITALITY

LVMH acquires Belmond in \$2.6B deal

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Belmond Hotel Cipriani. Image credit: Belmond

By STAFF REPORTS

Conglomerate LVMH Moët Hennessy Louis Vuitton is expanding its hospitality portfolio with the acquisition of hotel group Belmond.

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Founded more than 40 years ago, Belmond encompasses 46 travel experiences, including hotels, trains and river cruises. As luxury becomes more about experiences than ownership of physical goods, LVMH's move will help it capture more of the growing high-end travel business.

Experiential addition

LVMH is purchasing Belmond in cash for \$25 per Class A share in a transaction with an equity value of \$2.6 billion and an enterprise value of \$3.2 billion. The deal is slated to close in the first half of 2019, after gaining approval from Belmond shareholders and regulatory authorities.

"Following a strategic review that attracted broad and deep interest from a wide range of real estate and lodging companies, sovereign wealth institutions and other financial buyers around the world, the board has concluded that this transaction with LVMH provides compelling and certain value for our shareholders as well as an exciting path forward with a group that appreciates Belmond's irreplaceable assets and strong management team," said Roland Hernandez, chairman of the board of directors of Belmond Ltd, in a statement.

In the year ended Sept. 30, the hospitality group's revenues totaled \$572 million.

Belmond began with the opening of Hotel Cipriani in Venice, and has grown to have properties and experiences in 24 countries. Among the holdings is the storied Venice Simplon-Orient-Express.



Belmond's Orient Express. Image credit: Belmond

The company is scheduled to open a hotel in London early next year.

LVMH has an existing presence in hospitality through its Cheval Blanc properties, which it acquired in 2009. Cheval Blanc has a handful of properties in destinations such as The Maldives and Saint-Tropez, France.

“Belmond delivers unique experiences to discerning travelers and owns a number of exceptional assets in the most desirable destinations,” said Bernard Arnault, chairman and CEO of LVMH, in a statement. “Its heritage, its innovative services, its excellence in execution and its entrepreneurship resonates well with the values of the group and is complementary to our own Cheval Blanc maisons and the Bvlgari hotels activities.

“This acquisition will significantly increase LVMH’s presence in the ultimate hospitality world,” he said.

A new class of affluent consumers means luxury sectors are experiencing several changes, including growing appreciation for experiences rather than goods, amid a period of strong growth.

Euromonitor expects growth in luxury cars and experiential luxury to outpace growth across all other luxury segments in the next five years. Luxury hospitality and travel brands will also experience an increase in importance as a result of this growth ([see story](#)).

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