

FINANCIAL SERVICES

Bernard Arnault's LVMH becomes first European company to break 400B market value

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LVMH has cemented its standing as Europe's most valuable company, further distancing itself from competitors. Image credit: Louis Vuitton

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On Jan. 17, LVMH shares rose to a record high, granting the owner of Louis Vuitton, Christian Dior and Tiffany & Co. a market capitalization of **400 billion** (\$434 billion) for the first time.

This growth in stock value solidifies the group's status as Europe's most valuable company, after first claiming the title back in 2021 when LVMH **eclipsed Nestle** with a market capitalization of around 264.6 billion (\$319.4 billion).

The Jing Take: With news of China reopening its borders and **welcoming foreign investment**, LVMH is not the only one benefiting.

Rival luxury house Richemont's shares were up 1.4 percent upon the reopening announcement, while Burberry's **rose 2.5 percent** to their best level since January 2020. Both companies are optimistic about the market's recovery despite reporting tanking sales during the quarter ended Dec. 31 as the **Lunar New Year holiday** approaches near the end of January.

While the mainland's relaxation of zero-COVID policies has certainly given luxury names a boost, it is not the only driver of LVMH's growth.

In October, the French conglomerate beat analyst expectations when its fashion and leather goods division **rose 22 percent** to 9.69 billion (\$10.4 billion), driven by new products under Louis Vuitton, the reopening of Christian Dior's Avenue Montaigne flagship in Paris, and strong progress of ready-to-wear at Celine.

On this note, LVMH naturally benefits from its extensive ecosystem of brands **77 houses in six different sectors** most recently adding jewelry group **Pedemonte Group** to its roster.

Whether or not LVMH shares will continue to skyrocket at this pace remains to be seen, especially after China fully reopens and revenge shopping tendencies taper out. There are also concerns from analysts that its stock is overbought.

Regardless, the luxury titan is not getting comfortable at the top, **announcing a major reshuffle** of top management earlier this month including the appointment of LVMH chairman Bernard Arnault's daughter, Delphine Arnault, and Dior's Pietro Beccari as the new heads of Christian Dior and Louis Vuitton, respectively a move that could bring fresh growth for its storied labels.

Although LVMH still falls behind behemoths such as Apple worth more than \$2.1 trillion on the list of the world's most valuable companies, its success further separates it from competitors including Hermès and Richemont, with market caps of **\$183 billion** and **\$83 billion**, respectively.

In other words, LVMH's luxury reign is only beginning.

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