

COMMERCE

LVMH fuels Hermes takeover speculation as ownership stake tops 20pc

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By PETER FINOCCHIARO

French conglomerate LVMH Moët Hennessey Louis Vuitton has executed the latest gambit in its ongoing, speculated conquest of independent fashion house Hermès by announcing that it has crossed the 20 percent threshold for ownership of the company.

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LVMH first signaled its intention for a role in the future of Hermès when it acquired 17.1 percent of Hermès in October. With the addition of more than 3 percent of additional shares, Bernard Arnault, founder/CEO and chairman of LVMH, Paris, is now the largest individual stakeholder in Hermès, but maintains that he has no interest in control of the company and has not requested a seat on its board.

"The investment of LVMH in Hermès International is strategic and long term," said LVMH in a regulatory filing this week. "LVMH supports the strategic vision, the development and position of Hermès International."

LVMH is a French holding company with controlling interest in a number of the world's leading luxury brands, including Louis Vuitton, Moët & Chandon, Hennessy, Fendi, Donna Karan, Marc Jacobs and Tag Heuer.

Founded in the early 19th century, Paris-based **Hermès** is known as much for its silk scarves, ties and Kelly and Birkin handbags as it is for its luxe leather saddles — the original product that shot the company to worldwide fame.

Family stake in the company, which amounts to 72 percent, is held among fifth- and sixth-generation members of the Hermès lineage.

Cruel intentions?

LVMH has continuously denied ambitions in Hermès control, although the company stated its intent to keep pursuing shares in Hermès.

There has been much speculation of takeover ambitions since the conglomerate carried out the clandestine acquisition of a 17.1 percent stake in Hermès through the procurement and conversion of equity-swap derivatives in October ([see story](#)).

Crossing the 20 percent mark meant LVMH was required to file its stake with French regulators.

Meanwhile, Hermès has had apparent difficulty maintaining solidarity. The family announced its intention to form a holding company to protect its majority stake after a member defected, releasing shares into the open market in early December ([see story](#)).

French regulator AMF is both investigating LVMH's 17.1 percent acquisition and considering the Hermès family's attempt to form a holding company, though it has not rendered a decision in either case.

Mickey Alam Khan, editor in chief of Luxury Daily, New York, sat down with Peter Finocchiaro, editorial assistant at Luxury Daily, to discuss the nuances and implications of the events. Here is video of that conversation: