



# M&A DEAL OVERVIEW

## LVMH TO ACQUIRE TIFFANY & CO. FOR \$15.8 BILLION

### LVMH TIFFANY & Co.

ACQUIRER	LVMH Moët Hennessy Louis Vuitton SE (EPA: MC)	
ACQUIRER DETAILS	<ul style="list-style-type: none"> <li>LVMH is a French multinational conglomerate with over 60 subsidiaries. These subsidiaries broadly come under the umbrellas of six branches: Fashion Group, Wines and Spirits, Perfumes and Cosmetics, Watches and Jewellery, Selective Distribution, and Other Activities.</li> <li>LVMH has the largest market capitalisation in France and now in the Eurozone, with a record of 261 billion euros (\$317.6 billion) as of December 31, 2020</li> <li>Founded in 1987 with headquarters in Paris, France</li> <li>Employees – 83,000</li> </ul>	
ACQUIRER FINANCIAL INFORMATION	<ul style="list-style-type: none"> <li>Market Cap: \$251 Billion</li> <li>P/E Ratio: 53.47</li> <li>EPS: \$9.32</li> <li>EV: \$269.31 Billion</li> </ul>	<ul style="list-style-type: none"> <li>Debt to Equity: 1.58</li> <li>Return on Equity: 12.84%</li> <li>Dividend Yield: 1.74%</li> </ul>
TARGET	Tiffany & Co. (NYSE: TIF)	
TARGET DETAILS	<ul style="list-style-type: none"> <li>Tiffany is an American luxury jewellery and specialty retailer known for its luxury goods, particularly its diamond and sterling silver jewellery. It operates globally with over 326 stores.</li> <li>Founded in 1837, with headquarters in New York, USA</li> <li>Employees –14,200</li> </ul>	
TARGET FINANCIAL INFORMATION	<ul style="list-style-type: none"> <li>Market Cap: \$16.04 Billion</li> <li>P/E Ratio: 55.47</li> <li>EPS: \$7.8</li> <li>EV: \$17.56 Billion</li> </ul>	<ul style="list-style-type: none"> <li>Debt to Equity: 0.81</li> <li>Return on Equity: 8.94%</li> <li>Dividend Yield: 1.76%</li> </ul>
DEAL POINTS	<ul style="list-style-type: none"> <li>Deal announced – 18/09/2020</li> <li>Deal Closed - 07/01/2021</li> <li>Deal Price – \$15.8 Billion at \$131.50 per share in a all cash buyout. Notably this is a cost saving of roughly \$430 million for LVMH on the initial deal price of \$135/share, following from the legal battle and law suits that led LVMH to nearly call off the deal before a resolution was reached.</li> <li>Acquirer Advisor – Citi and J.P. Morgan</li> <li>Target Advisor – Centerview Partners and Goldman Sachs</li> </ul>	
RATIONALE	<ul style="list-style-type: none"> <li>Originally, in 2019 a deal was agreed upon in principle - however the onset of the pandemic paired with tensions between both sides led to disputes that escalated into lawsuits before a reconciliation was reached in late 2020.</li> <li>LVMH saw an opportunity to revamp the jeweller, which had been struggling with weak demand. With a proven track record of re-building brand images, such as with its previous acquisition of Bulgari - whose €1.1B revenue has since doubled, many see this as an ideal opportunity to meet the expected resurgence in demand post-pandemic with an expected 5% in net income accretion by end of 2021.</li> <li>Notably, adding Tiffany to LVMH's books would more than double its hard luxury revenue to €9.6 billion, a segment forecasted to grow by 50% by 2025. It would also strengthen LVMH in the U.S with an expected 2% increase in group revenue, whilst many LVMH executives see opportunity in Europe that currently constitutes 11% of Tiffany sales.</li> <li>At 16x trailing EBITDA, the price represents relatively good value for LVMH, which paid 28x trailing EBITDA in 2011 for Bulgari, with Tiffany representing 0.9 per cent of global industry shares, per Euromonitor.</li> <li>Analysts at RBC Capital Markets estimate that an increasing EBIT margin at the jeweller from 18 per cent to 23 per cent by 2025 and attaining an average annual growth rate of around 7 per cent should see LVMH make most of its money back from the deal by 2025.</li> </ul>	