



Corporate Media Analysis Report

USC Comprehensive Exam

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Disclaimer: This work was completed as an academic project under the guidance of The University of Southern California. It is in no way affiliated with LVMH.



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Introductory Findings:

LVMH Moët Hennessy Louis Vuitton has only continued to grow globally, ending 2022 with a record increase of 17 billion euros in revenue and resulting in a number of acquisitions and strategic partnerships toward the latter half of the year. While the company experienced significant growth over the last few years, the last three months of 2022 were slower, specifically in its Asian market.

This past quarter, LVMH recovered with record-breaking results, citing a 17% increase in revenue compared to the same time last year. According to Bloomberg, the first quarter sales beat caused a 5% increase in share price, which lifted the market capitalization to \$486 billion and briefly propelled it to #10 in the list of the world's 10 biggest companies. It is now only \$14 billion away from being the first European company to hit \$500 billion in market capitalization. Its Asian market experienced an economic rebound this past quarter, likely in relation to the removal of its zero-Covid policy. The United States' growth plateaued, likely as a result of the country's rocky economic environment.

Media Analysis:

There is widespread neutral and positive coverage of LVMH following the release of its Q1 earnings report for 2023. Overall, media coverage acknowledged that LVMH's earnings far exceeded analyst expectations.

[Financial Times](#) neutrally highlighted that overall, LVMH "has gone from strength to strength" after its second year in a row of record sales in January. The article took special note of the growth in LVMH's Asian market and cited economic instability the United States' stagnant growth.

In a positive analysis by [Reuters](#), the article praises LVMH as a company "that has proven resilient to rising inflation and market turmoil," evidenced by the scale of the Asian market recovery following 2022's end-of-year decline. The article closes out with a snapshot of LVMH's 23% increase in shares from this past quarter, "cementing its lead as Europe's most valuable company."

[Bloomberg](#) noted that the 5% increase in share price this past quarter "lifted LVMH's market capitalization to \$486 billion, briefly ranking it as the world's 10th-biggest company." The article remained optimistic for the future, adding that should LVMH reach \$500 billion in market capitalization, "it would become the first European company to achieve that milestone."

Financial analyst Yuval Rotem of [Seeking Alpha](#) upgraded his rating from a Buy to a Strong Buy and increased his price target from €924 per share to €1078.9 per share, citing consistent growth and resilience as a luxury goods brand.

"After what is now a 56.0% surge from its June 2022 lows, investors seem to automatically presume LVMH is overvalued. Although it's hard, I urge investors to ignore their bias and focus on the objective results of the luxury powerhouse. This is a group that more than doubled its revenues in 6

years while improving its operating margins by almost 10 points and it's still growing at a high-teens pace," Rotem wrote.

In a neutral analysis of the U.S. market, [U.S. News](#) centered on the United States' waning growth, predicting an end to the "months-long, post-pandemic splurge." The author quoted LVMH finance chief Jean-Jacques Guiony, who said U.S. market was slowing down with the exception of cosmetics.

[Women's Wear Daily](#) took a very neutral perspective in its article detailing LVMH's most recent quarterly results. Using relevant global context, the article analyzed each regional market using quotes from CFO Jacques Guiony as foundational background.

Analyst Nigel Green of [Asia Times](#) noted that this recent earnings report makes owner and CEO Bernard Arnault the richest person in the world. From there, the article focuses on the state of the Asian consumer market. He goes on to name two factors at play in LVMH's successful first quarter, the removal of the zero-Covid policy that has prompted Chinese consumers to return to normal, and the growing Chinese middle class. Green explains that it is imperative investors pay attention to these changes.

"As it grows, there will be an increase in consumer spending, as we have seen with LVMH, which could lead to important investment opportunities in companies that cater to this demographic," Green says. "In addition, the growing numbers of middle-class Chinese will drive demand for a range of other products and services, including health care, education, and financial services."

Corporate Response:

LVMH's corporate communications surrounding the most recent earnings report was clear and effective. Prior to the report release, the company's website released the date and time of the

earnings release and webcast. On April 12th, the company released a press release, official earnings document, and the live webcast (which is still available for viewing) of the earnings presentation and the corresponding Q+A. Answers provided by CFO Jacques Guiony were informative and concise, which resulted in positive journalist coverage.

In the [press release](#), LVMH included a message to shareholders detailing the results and looking onward toward the rest of 2023. It acknowledges the uncertain political climate ahead and assures investors that it remains “vigilant and confident” heading into the year. The release ends with an emphasis on the quality of its products and strategy, closing with a statement of gratitude toward LVMH employees. The messaging surrounding the report was clear and informatively crafted, leaving no room for uncertainty or misunderstanding.

Conclusion:

LVMH must now navigate a new environment amid economic and political uncertainty across regional markets, a predicament that could be either challenging or profitable. The success of this past quarter will certainly propel LVMH into the year, providing a solid foundation for navigating unknown global implications. The luxury group has proven to be rather impenetrable amid even the most unprecedented events, which analysts and journalists agree is a solid sign of prosperity in the future.

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