



Bloomberg - Louis Vuitton Is Elephant in the Room for LVMH Shares, HSBC Says

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By Joe Easton

Louis Vuitton is the “elephant in the room” for luxury group LVMH, according to HSBC analysts, who say the world’s biggest luxury brand seems to be at a crossroads.

Analysts including Erwan Rambourg are optimistic on Dior’s turnaround and on the wines and spirits business being fixed, but “the real reason not to buy could turn out to be Louis Vuitton,” which is more than half of group Ebit.

The brand is suffering from “a schizophrenic pull between low end (chocolate, beauty) and high end (exclusive leather ranges), fashion content (Murakami) and more subtle travel-related luxury items”.

There are questions around who the brand is targeting and what its USP is, as well as about whether designers Pharrell Williams and Nicolas Ghesquiere are compatible.

“Some inconsistencies, we feel, are likely starting to have consumers wonder. And the decades-long question of scale is rearing its ugly head once more,” they add.

Cuts sales estimates on FX and fundamentals, but says this is more than compensated by cost containment protecting margins.

Raises PT to €540 from €525

Stock is little changed today; down 26% this year

