



LVMH And Arnault Join Private Jet Fray Via \$800 Million Flexjet Investment

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Number 8, meet Number 10. This morning's announcement that L Catterton had closed an \$800 million equity investment into Flexjet, Inc., brings luxury goods titan Bernard Arnault, currently ranked by *Forbes* as eighth richest person on the planet into the arena where Warren Buffett, currently in the 10th spot, has reigned undisputed king of private jets since acquiring NetJets back in 1998.

It is the "largest equity investment ever committed to a private jet travel provider," according to Flexjet.

Unlike Buffett, who bought the company in its entirety from founder Richard Santulli for \$725 million in cash and stock and folded it into Berkshire Hathaway, Flexjet, Inc. will stay independent. Its chairman, Kenn Ricci, remains the largest shareholder, and Todd Boehly, ranked 379th on the *Forbes* list, continues to hold a stake in the private jet flight provider. The new investors are taking about 20%, which would value the Richmond Heights, Ohio-based company at around \$4 billion.

In 2023 the late Charlie Munger told shareholders at Berkshire Hathaway's annual meeting, "NetJets has been remarkable. You can argue it's worth as much as any airline now." American Airlines, the least valuable of the big four, was valued at around \$9 billion.



PARIS, FRANCE - Chairman & Chief Executive Officer of LVMH Bernard Arnault in Paris. The LVMH and ... More Arnault family-backed investment group L Catterton has made an \$800 million investment in private jet flight provider Flexjet, Inc., the chief rival to NetJets, which is part of Warren Buffett's Berkshire Hathaway. (Photo by Chesnot/Getty Images)
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Ricci bought Flexjet from Bombardier in 2014 for \$185 million and merged it with Flight



Options, a company he founded in 1998, sold in 2003, and then bought back in 2008. In addition to selling fractional aircraft shares and leases under the Flexjet brand, Flexjet, Inc. includes jet card inventor Sentient Jet, which Ricci acquired from Macquarie Global Opportunities Partners in 2012. There is also an on-demand charter broker, FXAir (created from the 2018 acquisition of PrivateFly), operators in Europe, where Flexjet has been expanding, and an extensive network of MRO locations to support the maintenance and refurbishment of its fleet.

Flexjet, Inc. revenues have more than doubled from \$1.8 billion in 2020 to \$3.8 billion last year. At the same time, EBITDA rose from \$202.8 million to \$398.3 million, per numbers supplied by the company. EBITDA is projected to reach \$425 million in 2025.

L Catterton announced in May an \$11 billion aggregate capital raise in a new fundraising cycle. The company was established in 2016 through a partnership between Catterton, LVMH, and Groupe Arnault. Arnault is, of course, the chairman and CEO of LVMH, the luxury powerhouse whose over 75 brands include Louis Vuitton, Dior, Fendi, Tiffany & Co, Hublot, Tag Heuer, Rimowa, Dom Perignon, Krug, and Sephora. It also includes the Cheval Blanc hotel group as well as Belmond's hotels, river barges, and trains, which it bought in 2018 for \$3.2 billion.

In 2022, Arnault reportedly sold his own private jet to evade flight trackers. Ricci, along with executives at NetJets and VistaJet, have all stated that their companies have gained sales from UHNWs and companies who, if they didn't sell their aircraft outright, are using fractional ownership and subscription flight services when they want to fly under the radar or need extra availability. NetJets claims around 40% of Fortune 500 companies, many which have their own corporate jets, are also customers with the company.

In the official press release provided under embargo, Ricci notes explicitly, "L Catterton, with its special relationship with LVMH and its family of brands, provides the perfect opportunity for collaborating in areas such as consumer insights, brand strategies, retail expansion, and luxury product delivery."

When asked about what could be on tap, Ricci said, "I'm not going to spoil (it), because other things are coming. We've got to dribble out the whole concept."

Flexjet, Inc. Chairman Kenn Ricci at the company's worldwide headquarters in Richmond Heights, Ohio, ... More outside Cleveland. Ricci has built the private jet flight provider into the chief rival of Berkshire Hathaway's NetJets.

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In the past, LVMH introduced Dior spas on Belmond trains, partnered with Marriott International to develop hotels featuring its Bvlgari jewelry brand, and collaborated with real estate developers on Fendi-branded luxury residences. Flexjet has partnered with Bentley and Riva to design custom interiors on its ultra-long-range Gulfstream G650s and Sikorsky helicopters.

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It's a point Ricci believes will separate his offerings from those of Berkshire Hathaway.

During an interview Saturday from Italy where he was traveling, Ricci said, "Years ago, when we created Red Label, we saw NetJets as a very utilitarian, great provider, good service, but a utilitarian company. I always call them the Greige company, they're gray and beige."

The official release noted, "Flexjet's vision includes a more bespoke experience that begins with access through private terminals and ends with providing unique access to destinations, products, and curated events that are not available outside of the Flexjet community."



Flexjet has 11 of its own private terminals in high-demand locations, which are either open or under construction. The terminals are reserved for its customers, allowing it to provide a more private and elevated experience, as well as special services. For example, in Naples, Florida, it offers a secure and sheltered long-term car park area for clients who visit seasonally. Local fractional jet owners sometimes use conference rooms at the facilities for impromptu meetings. A few just stop by to hang out in a sort of private aviation version of the bar featured in the television sitcom *Cheers*.

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Ricci said the deal is also about how he sees Flexjet evolving.

"Our business model is a club. You pay a fee to join (the acquisition cost of your share in a private jet), you pay a monthly management fee (to cover the overhead), and you pay an hourly fee (to fly). To me, that's a country club model," Ricci said, adding, "What could I do to make you not want to leave the club, maybe even when you're flying less, or even when you're not flying at all? My analogy would be, you join Augusta (National Golf Club, home of The Masters), you play golf, but when you can't play golf anymore, you don't resign from Augusta, because it's so prestigious. It's so cool to be a member there."

He added, "If you start to think about what could this community be that's unique? It could be, obviously, around travel, it's around luxury. There is the luxury of longevity." Flexjet currently offers benefits with Fountain Life and Health Nucleus, which Ricci said are the most used by its customers.

The interior of a Flexjet Gulfstream G650 designed in collaboration with Bentley. It is part of ... More Flexjet's LXI collection of bespoke cabin interiors. An investment by LVMH-backed L Catterdon is expected to see collaborations with maisons of the Paris-based luxury conglomerate.

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Ricci said plans are for targeted growth. "If you're a member of the club, do you really want me to tell you, 'Oh my gosh, we've got so many new members?' No. You want to believe (the club is) something special, so you don't want to see a huge growth. Whatever we do has to be almost somewhat aspirational. It can't be available to everybody. I don't need my competitors to fail for me to succeed. In fact, to some extent, I don't even want all my competitors' business. I want a particular type of business that I'm focused on."

That business is likely customers who want more luxurious jets, longer flights, and last-mile services in congested urban areas. Its \$7 billion order for 182 private jets from Embraer back in February was weighted towards the OEM's high-end Praetor 500 and Praetor 600 aircraft, which each feature a stand-up cabin. While NetJets has around 800 total aircraft in its fractional program, compared to just over 300 for Flexjet, the margin is much narrower when it comes to long-range jets. As of earlier this month, NetJets had 83 Bombardier Global long-range jets compared to Flexjet's current 67 long-range jets, predominantly Gulfstreams. Flexjet has also established a branded helicopter service. It currently operates in the metropolitan areas and suburbs of New York City and London, England, as well as across South Florida and the Bahamas. It recently added service in Northern Italy and along the French Riviera. Fractional owners can exchange jet hours for rotorcraft flights, saving them time and, in some cases, bringing them to their backyards, rooftop helipads, yachts, or their private islands.

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Ricci added of collaboration with LVMH and Arnault's team, "They'll teach me a lot of this, because they know a lot about brand. I don't pretend to know what they know about how to brand, and price, and position," however, he quipped, "I know we're not talking about on our website, because of LVMH, you could go buy a bottle of Dom Perignon."



Flexjet has already scheduled an announcement for September, which is expected to introduce its first Gulfstream G700 which adds space, amenities and range to the G650s.

Ricci said he wasn't in the market for a deal when L Catterton approached him in early December. "The pitch they gave me was that LVMH thinks luxury of the future is around longevity and time. They're making big investments in the longevity and life extension space, and when they brainstormed about where they could invest in time, they came back to corporate aviation." Door-to-door time savings compared to using airlines is the number one reason private flyers cite for paying the steep fees, according to a survey of subscribers to *Private Jet Card Comparisons*, a buyer's guide that compares over 500 fractional and jet card programs. In terms of lifestyle interests, the same poll shows travel for pleasure ranks first, with health and wellness fourth.

Ricci said this morning's announcement is not connected to the oversubscribed \$550 million bond offering late last year. Ricci says that after Flexjet scrapped a planned SPAC IPO in April 2023, the company reached out to 18 private equity firms and spoke with six of them. L Catterton was one of the targets, but they never responded to the outreach. Nothing further came of the effort. Ricci said, "We went down the SPAC, then we did the private equity, then we did the bonds, but that was really all about liquidity for Todd Boehly. This is a whole different vision."

However, Ricci says the interest in collaborating with LVMH dates back to a 2008 brainstorming exchange on email with Darnell Martens, his chief strategy officer. "Just to show you how much of an underperformer I am, it took me 17 years to bring the deal together," Ricci joked.

For its part, L Catterton Global CEO Scott Dahnke said, "Flexjet epitomizes our category-first approach and, although they are celebrating their 30th anniversary this year, their history is one of never settling in pursuit of thoughtful innovation to best fulfill the desires of the consumers within their unique and exciting marketplace."

KSL Capital Partners, LLC, and the J. Safra Group participated in the deal with L Catterton. Jefferies, Morgan Stanley & Co. LLC, and Goldman Sachs acted as co-advisors to Flexjet.

In terms of business aviation as an industry, which is often criticized by both climate change advocates and anti-wealth campaigners, this morning's news means that two of the world's wealthiest men now have bets on private jets.

During the first half of 2025, worldwide private jet flights reversed a two-year slide from their COVID-induced all-time peak in 2022. So far this year, departures increased by 3% compared to 2024.

READ: NetJets, Flexjet And VistaJet Executives See Plenty Of Room For Growth

Rich List members have long had a fascination with airlines, both public and private. Laurance Rockefeller was an early investor in Eastern Airlines. Howard Hughes controlled TWA between 1939 and 1966. Kirk Kerkorian launched his own airline, MGM Grand Air, to fly celebrities and business titans between New York and Los Angeles. He also made a bid for Pan Am in 1987.

Asked if Arnault and LVMH's arrival could spur other centi-billionaires such as Elon Musk, first on the *Forbes* list, or Jeff Bezos, currently fourth, who are already heavily investing in space travel, to enter the arena, Ricci said, "Well, look, I hope so because it's good for our industry. It's really good if they do."

Others who made fortunes in hard luxury, selling fashion and jewelry, but may now want to take a closer look at private aviation as they expand into lifestyle and experiential assets, could include France's Pinault family, ranked 93rd on the *Forbes* list. The owners of Gucci, Saint Laurent, and Brioni have bought three luxury cruise lines since 2015 and



hold stakes in Château Latour, auction house Christie's, and Creative Artists Associates. If the cross-pollination between Flexjet and LVMH yields tangible results, the billionaire proprietors of Chanel, Hermes, and Richemont SA, which owns Cartier, Montblanc, and Van Cleef & Arpels, would likely have little trouble raising capital to buy or start something.

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Arnault's endorsement could also provide fuel for other entrepreneurs to gain financing for their private jet flight provider concepts. Ricci previously credited the Oracle of Omaha with making it possible to launch Flight Options. Earlier this year he recalled in a webinar, "The idea of fractional in the mid-90s with used aircraft was my idea...We estimated we needed about \$60 million to \$80 million...We went out to the banks with my great idea...and maybe we had \$7 million, \$10 million in debt available...Then, in 1998, Warren Buffett bought NetJets. And every bank I had been to thought I was a genius all of a sudden. And they were all looking to get into the industry and we had \$500 million. In some way, but for Warren endorsing our industry, I never would have found the debt capital to be able to build the inventory and go as fast as I did."

Ricci also says that neither Flexjet nor its new investors are the mystery customer for a \$1.7 billion firm order placed with Bombardier late last month.

