

## LVMH's Arnault plans new Texas factory, as company awaits US-EU trade deal

LVMH's CEO Bernard Arnault plans to open a second factory in Texas, he said on Thursday, while the luxury group is anticipating a good outcome soon from trade talks between the U.S. and Europe.



Summary Companies Arnault plans new Texas factory by 2027 LVMH reports lower-than-expected quarterly sales, fashion division struggles Company optimistic about EU-US trade talks

PARIS, July 24 - LVMH's (LVMH.PA) , opens new tab CEO Bernard Arnault plans to open a second factory in Texas, he said on Thursday, while the luxury group is anticipating a good outcome soon from trade talks between the U.S. and Europe.

The company reported lower-than-expected quarterly sales, with its core fashion and leather division losing further ground as the group struggles to shake off consumer fatigue

Arnault has heavily lobbied EU leaders to ease tensions with the Trump administration.

"I'm pushing as much as I can for us to reach an agreement with the Americans," Arnault told the Wall Street Journal in an interview published on Thursday, in which he announced plans for a new factory in Texas by 2027.

Arnault opened a Louis Vuitton factory in Texas in 2019 during Trump's first term, which was seen as having helped the group avoid tariffs on luxury goods.

Reuters reported in April that the plant has been plagued by a host of operational problems.

Finance Chief Cecile Cabanis said she was confident trade talks between the EU and the Trump administration would deliver good news soon.

Asked how LVMH would view a potential tariff rate of 15% for exports to the United States, Cabanis said that would be an "overall good outcome for the general mood of our clients".



With the exception of wines and spirits, the company still has room to draw on the pricing power of its brands - like Bulgari jewellery and fashion houses Dior and Celine.

LVMH's sales for the second quarter to the end of June were down 4% to 19.5 billion euros (\$22.95 billion), falling short of a consensus forecast for a 3% decline.

Sales at the group's fashion and leather division, accounting for the bulk of profits, were down 9%, below expectations for a 6% drop.

## HOPE IN CHINA

In China, where a real estate crisis has dampened appetite for luxury goods, there was "tangible improvement", Cabanis said.

The success of Louis Vuitton's new store in Shanghai, a giant ship, demonstrated the brand still had the clout to attract worldwide attention, she said.

Most analysts still view the industry's extended downturn as cyclical, induced in part by the prolonged slump in China, bouts of inflation and as yet unresolved trade tensions.

After years of aggressive price hikes, LVMH's billion-dollar legacy brands are facing increasingly stiff competition from more affordable mass-market brands like Coach and Ralph Lauren (RL.N) , opens new tab as well as from innovative smaller labels like Prada's (1913.F) , opens new tab Miu Miu.

Scrutiny over allegations of worker abuse in the supply chains of its cashmere label Loro Piana has not helped.

Having been overtaken as France's most valuable listed company by rival Hermes earlier this year, CEO Arnault is banking on stability, sticking mainly with longstanding managers to navigate the slowdown.

He has moved longtime finance chief Jean-Jacques Guiony to lead the group's wines and spirits division and in the spring adopted a motion allowing him to stay at the group's helm for another ten years.

Arnault, who early in his career worked as a real estate developer in the United States, has known Trump for decades and repeatedly hinted at the prospect of widening the group's U.S. footprint following his re-election.

"You might have noticed... he recently became a diplomat", Arnault's son Antoine, also a senior LVMH executive, told the crowd at the Viva Tech trade fair in Paris last month, apologising for his father's absence at an event he had not missed in years.

(\$1 = 0.8498 euros)

