



# L'Oréal Is Said to Only Consider Beauty Business at Armani

(Bloomberg) -- L'Oréal SA, named by Giorgio Armani as a potential investor in the late Italian fashion mogul's eponymous business, would only be interested in its profitable beauty arm, according to a person familiar with the matter.

The French beauty giant was one of three preferred bidders cited in Armani's will for an initial stake sale of 15% in Giorgio Armani SpA, which his heirs were directed to complete within 18 months. The others were LVMH Moët Hennessy Louis Vuitton SE and EssilorLuxottica SA, and Armani also said the buyer would have the opportunity to raise its stake to a majority after three years.

Armani's death this month at the age of 91 has triggered intense speculation and analysis about which company would make the most sense as a buyer. He created a sprawling empire ranging from ready-to-wear, haute couture and interior decoration, as well as eyewear with EssilorLuxottica. Watches bearing the founder's name are also sold via Fossil Group Inc.

L'Oréal, which has a license with Armani to market its fragrance, makeup and skincare products until 2050, will assess the Armani sale process but will stick to its core beauty strategy, the person said on condition of anonymity.

Representatives for Armani and L'Oréal didn't immediately respond to a request for comment.

## Fragrance Deal

Armani's beauty license likely generated €1.5 billion (\$1.8 billion) in revenue last year, HSBC analysts led by Jeremy Fialko said in a note. That would represent about 10% of L'Oréal's luxury division and 3.45% of total group sales.

The eyewear deal with EssilorLuxottica probably generated €500 million in sales, the HSBC analysts said.

It wouldn't be out of character for L'Oréal to get involved in the Armani sale. This year it bought a minority stake in Jacquemus, the label of Simon Porte Jacquemus, to develop the fashion brand's beauty products.

Analysts at Berenberg value Armani at up to €7 billion. It posted consolidated revenue of €2.3 billion in 2024, down 5% from the previous year on a constant currency basis. People familiar with the company's accounts said that revenue was essentially generated by the fashion and other interior decoration lines, and didn't include the royalties from the beauty business.

The bulk of Armani's earnings before interest, taxes depreciation and amortization, which tumbled by almost a quarter to €398 million, came from the royalties from the license deal with L'Oréal, according to the people.

## Face-Off

In naming both L'Oréal and LVMH as preferred bidders, Armani effectively chose two rivals who compete for the same customers: LVMH also sells high-end cosmetics and fragrances including Parfums Christian Dior and Guerlain. Its biggest brand, Louis Vuitton, recently added makeup to its beauty offering and is now selling lipsticks costing €140.

Still, LVMH may not be the right fit because Armani's ready-to-wear category is complex and not meaningful in terms of scale for the French conglomerate, the HSBC analysts said. LVMH is also in a phase of "managing fewer better brands" rather than adding on to its portfolio, they added.

LVMH declined to comment.

According to HSBC, L'Oréal could choose to license out Armani's fashion segment if it were to be the main buyer, in a similar way to what Estée Lauder Cos Inc did when it bought Tom Ford to take ownership of a valuable beauty license, and partnered with Ermenegildo Zegna NV to handle the fashion line. It also kept the Tom Ford eyewear license with Marcolin SpA.

Meanwhile HSBC didn't rule out EssilorLuxottica as the Armani buyer, after the Franco-Italian eyewear giant's purchase of streetwear brand Supreme. "We think this company could surprise again," the analysts wrote.

A spokesperson for EssilorLuxottica declined to comment. After Armani's will was revealed this month, the company said it would carefully consider what it called "this evolutionary prospect."





--With assistance from Flavia Rotondi and Tommaso Ebhardt.  
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