Issue Insight

Washington DC

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Blackstone Providing Debt Financing For Privatization Of France-Founded *L'Occitane*… Which Continues To Operate Retail Stores In Russia And Ukraine.

An Increasing Number Of Companies Are Remaining In The 144 Million Consumer Russian Federation Marketplace Or Are Preparing To Return To The Russian Federation Marketplace.

In January 2024, at the World Economic Forum (**WEF**) held in Davos, Switzerland, **Steven Schwarzman**, Chairman and Chief Executive Officer of New York, New York-based **Blackstone Group** (2023 assets under management US$1 trillion), met with **Volodymyr Zelensky**, President of Ukraine (2019-).

- From Blackstone: "2023 was also a year of important milestones for Blackstone. We were the first alternative manager to surpass $1 trillion of assets under management. We were also the first in our sector to be added to the S&P 500 index, positioning our stock to be even more widely owned. We were pleased that BX shares ranked in the top 20 best performing out of the 500 stocks in the S&P 500 index last year. Blackstone is now the 55th largest U.S. public company by market cap, exceeding the market value of all other asset managers."

- Blackstone (1 February 2023): "Most observers expect the war of attrition in Ukraine to continue indefinitely, but our view is that a meaningful ceasefire will happen this year, and that is the Ninth Surprise. The fighting has resulted in considerable casualties on both sides. Millions of people have lost their homes and whole cities have been destroyed. The war has caused real problems for Vladimir Putin at home and although he remains in firm control, there is more civil unrest than we have seen in some time. Both sides are reluctant to give up any territory. Ukraine wants to re-establish the 2014 borders and regain control of Crimea. Putin wants to keep all the territory he now occupies, and perhaps even gain more Russian-speaking territory. It would be humiliating for him to leave Ukraine with nothing after losing so many soldiers and spending so much. While the possibility of a successful peace agreement is low, the prospects for a ceasefire are high. Then we will see what happens. A ceasefire would certainly be bullish for the financial markets around the world."

- The Wall Street Journal (9 April 2015): "Investors holding $10 billion of Ukrainian debt have joined forces to develop a restructuring plan for the country's debt that won't involve a reduction in the principal value of the bonds, according to financial and legal advisers of the group. "A detailed proposal is being developed by the committee that provides Ukraine with the necessary financial liquidity support it has requested… without any principal debt reductions," Blackstone Group International Partners LLP and Weil, Gotshal & Manges LLP, which are advising the bondholders, said Thursday. The committee includes U.S. asset manager Franklin Templeton Investments, which had about $4 billion of the Ukrainian bonds at the end of December and is the largest private holder of the country's debt."

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Financial Times
London, United Kingdom
29 April 2024

L'Occitane Owner Offers Buyout That Values Company at €6 Billion
Luxembourg-based cosmetics company says that the offer from L'Occitane Groupe to buy the remaining shares would cost €1.7 billion

The billionaire owner of L'Occitane has made an offer to take the skincare company private in a deal that gives it an enterprise value of about €6.5bn.

Reinold Geiger, the Austrian who already controls the company, has offered to pay HK$34 per share to buy the rest of the business and delist it from the Hong Kong stock exchange. Its most recent closing share price was HK$29.5. The deal is worth up to HK$13.91bn (€1.7bn), the company said on Monday, and values its equity at €6bn. The offer from Geiger and his backers was final, it added.

Geiger's L'Occitane Groupe, which is based in Luxembourg, already owned 72 per cent of the shares as of the end of March. The company said Geiger had secured commitments from a quarter of the remaining shareholders to tender their stock, while another 12.7 per cent of them had either sent letters of intent or planned to recommend the offer, the company said. L'Occitane shares have been suspended since April 9 pending an announcement, but will begin trading again on Tuesday. A committee appointed by its board will evaluate Geiger's offer and make a recommendation to minority shareholders.

Blackstone and Goldman Sachs Asset Management will provide about €1.5bn in debt financing, according to people familiar with the details. Crédit Agricole will also provide debt financing to back Geiger. Blackstone and Goldman Sachs Asset Management declined to comment.

"The cosmetics sector is undergoing profound changes, and our company has significantly transformed into a geographically balanced multi-brand group," Geiger said in a statement. "The transaction we are launching today will allow us to focus on rebuilding the foundations for the long-term sustainable growth of our business."

L'Occitane, which was founded in 1976, has expanded from its initial skincare business to buy other brands in recent years, including perfumer Dr Vranjes and Sol de Janeiro, a sun and skin cream specialist. Geiger, who is L'Occitane's chair, bought a minority stake in 1994 and increased his shareholding from there. The company continues to manufacture products for the L'Occitane brand at its home base in Manosque, in France's Provence region, but has been listed in Hong Kong since 2010. Geiger shelved an earlier plan to delist L'Occitane in September, causing shares to fall. In 2023, the company's sales increased by 13 per cent to €2.13bn, while its shares have risen by more than 20 per cent since the start of the year for a market value of HK$43.5bn before trading was suspended. Asia Pacific makes up 42 per cent of total sales, with the rest spread across Europe and the Americas, its fastest-growing region.

The global market for beauty and skincare has proved resilient despite pressure on consumers from rising interest rates and inflation, with LVMH-owned beauty retailer Sephora and market leader L'Oréal beating expectations in their most recent results. However, China has proved more challenging for beauty companies because of deteriorating consumer confidence, the darkening economic outlook and tough competition from local brands.