

## The Insider

While head of M&A at LVMH, **Pierre Mallevays** was a power broker during a defining period in the luxury industry's development. With the ear of Bernard Arnault he participated in the luxury wars that characterised the 1990s as LVMH, PPR and Richemont battled for supremacy—and resulted in LVMH being crowned king of global luxury as the world celebrated the millennium. "It was a very rare moment in time," says Mallevays, now having struck out on his own with boutique corporate finance firm **Savigny Partners**. "There was a strategic competition between the big groups to become the market leader."

During his six-year tenure at LVMH he led several projects, including assembling a portfolio of make-up brands to sell in Sephora, the retailer that would revolutionise the way cosmetics were sold in the USA. The acquisitions were a high-profile example of the "incubator" strategy that held sway at the time, with the companies buying up small brands in the hope some future stars would emerge—while also accepting some would be failures. Of the brands Mallevays bought, Benefit became a star while Hard Candy and Urban Decay were later sold at a loss. "The success of Benefit justified the investment even if you discount the ones that didn't work," says Mallevays. "But very few companies do it now because of the management resource required."

At LVMH Mallevays also persuaded Arnault to invest heavily in watches, buying a series of prestigious brands including Tag Heuer, Zenith, Ebel and Chaumet. "It was clear to me there was going to be consolidation. Within a year we established LVMH as a player with the tools to produce its own watches." His interest in the watch industry is more than professional, with the urbane Parisian revealing a private passion for timepieces: "I have as many watches as my years," which he bashfully translates as being in the "mid-forties". "I love watches. I have one for every occasion and change it with the season."

It is no surprise that Mallevays, who is a study in French elegance, studied at ESSEC, one of the "grande écoles" that train the French elite. For work, he bases himself in London. "The New York, London, Paris axis is very important to me. We are a small but truly global firm—I have clients in Asia, the USA and Europe." However, when he is off duty he retreats to Biarritz, in the south of France, to spend time with his family. Mallevays says instincts are important in this industry. "You won't do a good deal unless you understand the psyche. You have to bring ideas to your

customers." So, in 2005, after 12 years as a hired hand, he started Savigny Partners. High-profile mandates have included the sale of Christian Lacroix for LVMH and advising Theo Fennell.

The Frenchman closely tracks M&A activity and is interested to see private investors, funds such as Labelux, which is controlled by the Benckiser family, and Européenne de Participations Industrielles, the investment vehicle of the Descours, move in as the credit crisis keeps private equity firms at bay. "These funds have longer investment horizons," says Mallevays, but notes, "Groups like LVMH are not leveraged and still have an appetite for acquisitions. Today is not like the late 1990s—the order has been set—but they will buy assets if the price and strategy are right." Then he adds with a twinkle in his eye, "They have identified targets."



### Pierre Mallevays

**Studied:** ESSEC, France.

#### Career springboard:

French Industrial Development Agency, New York (a body of the French Government devoted to the promotion of

foreign investment in France).

**Career high:** Heading up M&A at LVMH through a six-year boom and bust cycle.

**Currently:** Managing Partner of Savigny Partners, established

2005. Advises on development strategies, assists on acquisitions, takes a long-term strategic advisory role, provides valuation advice.

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