RICHEMONT EYEING SALE?

Net-a-porter Is Said To Be on the Block

By SAMANTHA CONTI *and* LUISA ZARGANI

LONDON — Could Net-a-porter Group be on the block once again, a little more than three years after Compagnie Financière Richemont purchased it?

On Wednesday, Yoox.com denied it was in talks with Richemont about a merger with, or acquisition of, Net-a-porter. It was seeking to quash reports in the Italian press that a deal was in the works.

However, earlier this year, Yoox was indeed in talks to acquire Net-a-porter as part of its efforts to expand the business, according to industry sources.

Federico Marchetti, the founder and chief executive officer of Yoox, which is quoted on the Milan Stock Exchange and has a market capitalization of 1.43 billion euros, or $1.94 billion at current exchange, reiterated later in the day that no talks were currently taking place.

He told WWD on Wednesday: "Yoox is a global brand and as such it obviously grows not only through internal lines, but it often examines dossiers about possible acquisitions. As I have already said, at the moment there are no negotiations taking place with Richemont."

Although Yoox has a full-price business and operates e-commerce sites for a slew of brands including Emporio Armani, Valentino and Jil Sander, its core offer is past seasons' designer goods. Net-a-porter, with its full-price luxury merchandise for women as well as its Mr Porter site for men, would have rounded out the Yoox picture.

Talks between the two companies broke down — industry sources said Net-a-porter's founder and executive chairman Natalie Massenet didn't want to sell to Yoox — although speculation

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persists that the London-based e-tailer is for sale.

Spokesmen for Richemont and Net-a-porter declined to comment Wednesday.

As reported last month, Richemont has quietly put Lancel up for sale, and hired Nomura to find a buyer. Earlier this year, Richemont founder and chairman Johann Rupert, who is currently on a year's sabbatical, told analysts that the company needed to "cull" its bad investments quicker, although he did not give any specifics.

In the spring of 2010, Richemont acquired the shares that it did not already own in Net-a-porter in a deal valuing the luxury retailer at 350 million pounds, or $532 million at current exchange.

While Net-a-porter was by no means a bad investment — industry observers speculate that Richemont could flip the Web site today for three times that figure — it is a rapidly growing company, and e-commerce is far from Richemont's core business.

It is also rapidly expanding into new businesses in the editorial and social media space: Last month, Net-a-porter revealed the launch of The Netbook, a new mobile app to create a social network of users sharing their favorite products on the site.

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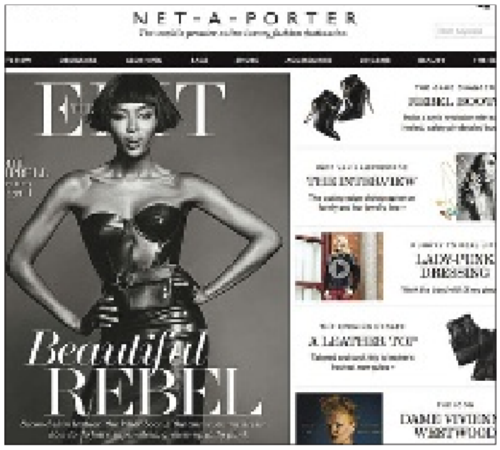
>
> — FEDERICO MARCHETTI, YOOX.COM

In February, the site will launch Porter, a consumer title to be published six times a year, and have a global distribution at newsstands and via subscription. Its pages will be transactional via mobile phone and via an app, built in-house. Content is being produced by a dedicated team, with contributions from Net-a-porter's free, weekly online magazine, The Edit.

Richemont does not break out Net-a-porter's sales, but in its latest five-month trading update, the luxury group said the e-tailer notched double-digit growth in the first five months of the current fiscal year.

According to the latest figures filed at Companies House, the official register of businesses in the U.K., in the year to March 31, 2012, Net-a-porter Group posted turnover of 368.1 million, or $589 million at average exchange for the 12 months, and losses of 15.8 million, or $25.3 million.

— WITH CONTRIBUTIONS FROM JULIA NEEL



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