# Moët Hennessy faces €1.5bn loss as price hikes backfire and job cuts loom



The renowned champagne maker Moët Hennessy is currently grappling with a significant financial crisis, a stark contrast to its historical standing as a cornerstone of the luxury spirits market. This downturn was underscored by the announcement of a staggering loss of €1.5 billion (approximately $1.68 billion) last year, as reported by the Financial Times. In a concerning trend, the company's sales dropped 9 percent in the first quarter compared to the previous year, highlighting a critical vulnerability within what was once considered a robust revenue-generating division for parent company LVMH.

The crisis can be traced back to several strategic missteps, particularly under the leadership of former CEO Philippe Schaus. His aggressive price increases—averaging over a third since 2019—were intended to boost profits but inadvertently alienated consumers, leading to a losses trajectory that saw profits plummet from generating over €1 billion in cash in 2019 to burning through cash reserves in 2024. As stated in another analysis, profit margins have contracted to around 23%, raising alarm among stakeholders about the sustainability of such pricing strategies.

The challenges faced by Moët Hennessy are compounded by a global downturn in alcohol consumption, exacerbated by the lingering effects of the pandemic. As the market adjusts, the company’s attempts to pivot towards direct-to-consumer sales have largely faltered, losing millions annually. While Schaus's initiatives included opening Hennessy retail outlets in China and a Veuve Clicquot store in a prominent Paris department store, these ventures failed to deliver expected returns.

New leadership has recently taken the reins, with CEO Jean-Jacques Guiony prioritising a transformative approach in response to the crisis. Guiony articulated a need to recalibrate the company’s ambitions, admitting that the expansive growth strategies pursued previously were misguided in today's economic climate. Notably, a plan to cut approximately 1,200 jobs—around 13 percent of the workforce—is in motion as part of broader cost-cutting efforts. This marks a significant shift in strategy, focusing on consolidating efforts around major brands such as Moët & Chandon and Hennessy while reassessing less profitable segments.

Complicating matters further for Moët Hennessy is the impact of geopolitical factors, notably escalating trade tensions between the U.S. and the EU. Tariffs on French wines and spirits are straining profitability, particularly affecting sales in critical markets such as the U.S. and China. This has raised concern regarding future growth prospects and prompted scrutiny of the company’s brand portfolio and operational efficiency.

Insiders have also indicated that Schaus's acquisition spree—spending around €2 billion on various brands since 2021, including a stake in Jay-Z's champagne brand Armand de Brignac—has added complexity without generating the anticipated returns. Moët Hennessy now seems more cautious about its growth strategies, with plans to scale back on international expansions and smaller labels, a shift emphasised by Guiony's leadership team.

Analysts remain divided over the future of Moët Hennessy, with some suggesting a potential divestment could unlock value for LVMH shareholders. However, Bernard Arnault, LVMH’s chairman, has dismissed the idea of separating the division, indicating a commitment to reinvigorating the brand from within. As Alexandre Arnault, LVMH’s deputy CEO, takes a hands-on role in the management of Moët Hennessy, stakeholders are watching closely to see whether these strategic adjustments can stem further losses and revive consumer interest in its iconic products.

While the current climate presents serious challenges for Moët Hennessy, new initiatives and leadership strategies aim to transform the division's fortunes. The coming years will be critical as the brand strives to adapt to an evolving market landscape and consumer preferences, all while navigating the complexities of its premium offerings in a competitive global marketplace.

### Reference Map

1. Paragraphs 1, 2, 3, 4, 5, 6
2. Paragraphs 1, 2, 4, 5
3. Paragraphs 3, 5, 7
4. Paragraphs 4, 5, 6
5. Paragraphs 4, 5, 6
6. Paragraphs 2, 3, 6

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## Bibliography

1. <https://www.dailymail.co.uk/yourmoney/article-14712451/Worlds-famous-champagne-company-crisis-hiking-prices-slashing-jobs.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.ft.com/content/5fdf5c34-cb1d-40da-8e7c-8daca5d84fd3> - Moët Hennessy, the wine and spirits division of LVMH, is facing a severe financial downturn, shifting from generating €1bn cash in 2019 to burning through €1.5bn in 2024. Key factors include aggressive price hikes, underperforming acquisitions, and a costly push into direct-to-consumer sales, all under the leadership of former CEO Philippe Schaus. Despite soaring prices, sales dropped to near-2019 levels, and profit margins declined to 23% in 2024. Acquisitions such as Jay-Z's Armand de Brignac and Napa Valley’s Joseph Phelps added complexity but failed to deliver returns. The division’s new leadership, including CEO Jean-Jacques Guiony and deputy Alexandre Arnault, is reviewing the brand portfolio and scaling back growth plans. Approximately 1,200 job cuts are planned amid a cost-saving push, and the retail and e-commerce ventures like Tannico are under scrutiny due to losses. The strategic missteps and resistance to adjusting targets despite market downturns reflect internal pressures to maintain growth, contributing to Moët Hennessy's current crisis as LVMH’s weakest-performing division over the past two years.
3. <https://www.reuters.com/business/retail-consumer/moet-hennessy-woes-test-alexandre-arnaults-credentials-2025-05-12/> - Alexandre Arnault, son of LVMH's chairman Bernard Arnault, faces a significant challenge in reviving the group's struggling Moët Hennessy drinks division amid a worsening U.S.-EU trade conflict. As deputy to new CEO Jean-Jacques Guiony, Alexandre's performance is being closely monitored in the ongoing succession race among Bernard's five children. Moët Hennessy, once a robust profit contributor to LVMH, has seen declining sales and a sharp drop in profits, largely due to falling demand in the U.S. and China and the impact of increasing U.S. tariffs on French wines and spirits. To address the slump, Alexandre and Guiony announced a 13% staff cut and a strategic shift to focus on top global labels and high-end clientele. Alexandre is also personally overseeing the Moët Hennessy Private unit, targeting ultra-wealthy customers. Although some analysts suggest spinning off the division could unlock hidden value, Bernard Arnault has ruled out divestment. The success of Alexandre's revitalization efforts over the next two years could significantly influence LVMH's future leadership and shape the luxury conglomerate’s portfolio strategy.
4. <https://www.ft.com/content/d55af0c4-10db-4bb1-99ce-7660fdb6219c> - Moët Hennessy, the wines and spirits division of LVMH, is facing a significant crisis amid a global slump in alcohol sales and a series of strategic missteps. Once a reliable cash generator, the company has swung from producing €1bn in cash in 2019 to burning through €1.5bn last year. Some of the issues stem from aggressive acquisitions, a push into costly direct-to-consumer sales, and drastic price hikes—strategies led under former CEO Philippe Schaus, now a key adviser to LVMH head Bernard Arnault. New leadership—former LVMH CFO Jean-Jacques Guiony and Alexandre Arnault—has been tasked with turning things around.
5. <https://www.reuters.com/world/china/lvmhs-revival-plan-moet-hennessy-pins-hopes-big-name-brands-2025-05-02/> - LVMH plans to revitalize its underperforming Moët Hennessy wine and spirits division by concentrating on its most prominent brands, such as Moët & Chandon and Hennessy, while scaling back on international expansion and smaller labels. CEO Jean-Jacques Guiony, formerly LVMH's CFO, announced in a staff video that approximately 13% of the division’s workforce, or about 1,200 positions, would be cut, mostly through attrition and retirements. Moët Hennessy, housing around 30 brands including Veuve Clicquot and lesser-known labels like Volcan and Eminente, has seen declining revenue and a one-third drop in operating profit amid a global slowdown in demand and ongoing U.S. tariff threats. Alexandre Arnault, deputy CEO and son of LVMH owner Bernard Arnault, sees the restructuring as a strategic move, reaffirming that there are no plans to separate the division. Analysts support the cost-cutting approach amidst industry-wide challenges faced by competitors like Remy Cointreau and Pernod Ricard.
6. <https://www.ft.com/content/f22a032d-a923-42ab-89c1-aa44af905ba2> - Moët Hennessy, the wines and spirits division of LVMH, plans to reduce its workforce by over 10%, equating to around 1,200 job cuts from its current 9,400 employees. This move aims to restore staffing levels to those of 2019, reflecting stagnant revenues despite a 35% rise in costs since then. CEO Jean-Jacques Guiony and Deputy Alexandre Arnault, who joined in February 2025, announced the cuts in an internal video, attributing them to stagnant sales and a broader downturn in the global alcohol market. The reductions are expected to occur mainly through natural attrition and reassignments, with no specified timeline. Moët Hennessy experienced strong growth between 2019 and 2022 but has struggled since, posting a 9% drop in organic sales in Q1 2025, outpacing the 3% decline across LVMH. Hiring freezes began in late 2023, with over 70 layoffs in China already carried out in 2024. Despite the challenges, Guiony expressed optimism, characterizing the downturn as cyclical and further stressed by US tariffs affecting the business.