

LVMH shows good resilience in the first half of 2014

Strong creative momentum at Louis Vuitton

Paris, 24 July 2014

LVMH Moët Hennessy Louis Vuitton, the world's leading luxury products group, recorded revenue of €14 billion in the first half of 2014, an increase of 3%. Organic revenue growth was 5% compared to the same period in 2013. The Group continued to grow in the United States and Asia. Europe demonstrated resilience despite a still challenging economic environment.

With organic growth of 3%, the second quarter showed comparable regional trends to the first quarter, except in Japan, which had experienced particularly strong growth during the first quarter.

Profit from recurring operations for the first half of 2014 was €2 576 million and current operating margin reached 18%. Negative exchange rate effects weighed strongly on the first half. Group share of net profit amounted to €1 509million.

Bernard Arnault, Chairman and CEO of LVMH, commented:

“The results of the first half demonstrate LVMH's excellent resilience, thanks to the strength of its brands and the responsiveness of its organization in a climate of economic and financial uncertainties. The first half of the year also witnessed the smooth integration of Loro Piana into the Group. Following the first half's good resilience, it is with confidence that we approach the second half of the year and rely on the creativity and quality of our products, and the effectiveness of our teams, to pursue further market share gains in our traditional markets, as well as in high potential emerging territories.”

Highlights of the first half of 2014 include:

- Good resilience in Europe and continued growth in Asia and the United States,
- Strong negative exchange rate effect, particularly on Fashion & Leather Goods and Watches & Jewelry activities,
- Wines & Spirits' performance impacted by continued destocking by distributors in China,
- The qualitative development of Louis Vuitton, where profitability remains at an exceptional level,
- Continued investment in the fashion brands,
- Strong innovation momentum at Parfums Christian Dior,
- Sustained investment in communication for Watches & Jewelry,
- Excellent performance of Sephora and continued expansion plan of DFS,
- Cash from operations before changes in working capital of €3.2 billion,
- Net debt to equity ratio of 23% as of the end of June 2014.

<i>Euro millions</i>	First half 2013*	First half 2014	% change
Revenue	13 632	14 009	+ 3 %
Profit from recurring operations	2 713	2 576	- 5 %
Group share of net profit	1 577	1 509	- 4 %
Cash from operations**	3 282	3 214	- 2 %

*Restated to reflect the application of IFRS 10 and 11 on consolidation.

** Before changes in working capital.

Revenue by business group:

<i>Euro millions</i>	First half 2013*	First half 2014	% change	
			Reported	Organic**
Wines & Spirits	1 795	1 677	- 7 %	- 1 %
Fashion & Leather Goods	4 711	5 030	+ 7 %	+ 4 %
Perfumes & Cosmetics	1 804	1 839	+ 2 %	+ 6 %
Watches & Jewelry	1 275	1 266	- 1 %	+ 3 %
Selective Retailing	4 198	4 382	+ 4 %	+ 9 %
Other activities and eliminations	(151)	(185)	-	-
Total LVMH	13 632	14 009	+ 3 %	+ 5 %

* Restated to reflect the application of IFRS 10 and 11 on consolidation.

** With comparable structure and constant exchange rates. The structural impact, essentially linked to the integration of Loro Piana, is +2% and the exchange rate impact is -4%.

Profit from recurring operations by business group:

<i>Euro millions</i>	First half 2013*	First half 2014	% change
Wines & Spirits	539	461	- 15 %
Fashion & Leather Goods	1 493	1 487	0 %
Perfumes & Cosmetics	200	204	+ 2 %
Watches & Jewelry	155	107	- 31 %
Selective Retailing	412	398	- 3 %
Other activities and eliminations	(86)	(81)	-
Total LVMH	2 713	2 576	- 5 %

* Restated to reflect the application of IFRS 10 and 11 on consolidation.

Wines & Spirits: continued destocking by distributors in China

The **Wines & Spirits** business group recorded a decrease in organic revenue of 1% in the first half of 2014. Profit from recurring operations stood at €461 million. This trend essentially reflects the performance of cognac in China, linked to destocking by distributors, which continued in the second quarter. The champagne business, with its fast growing prestige vintages, experienced a good start to the year. In an environment characterized by persistent uncertainty in Europe, the US market continued to enjoy good dynamics. The business group remained focused on its value strategy: firm pricing policy and strong innovation accompanied by sustained investments in brand communications and in developing its production capacity.

Fashion & Leather Goods: strong creative momentum at Louis Vuitton

The **Fashion & Leather Goods** business group recorded organic revenue growth of 4% in the first half of 2014. Profit from recurring operations was €1 487 million, stable in comparison to the same period of 2013, due to a strongly adverse exchange rate effect. Loro Piana experienced an excellent start to the year. Louis Vuitton continues its strong creative momentum with new artistic director, Nicolas Ghesquière, receiving an enthusiastic response to his first show. The innovations in leather goods are seeing strong success. Fendi benefited from the focus on its iconic bags, for which sales progressed strongly. Céline's growth continues to be driven by the success of its leather goods and the rapid development of footwear. Several Céline flagship stores were opened around the world, particularly in London, Tokyo and Paris. Other brands, such as Givenchy, Berluti and Kenzo, continued to strengthen their positions.

Perfumes & Cosmetics: continuous innovation and increasing market share

The **Perfumes & Cosmetics** business group recorded organic revenue growth of 6%. Profit from recurring operations stood at €204 million. Propelled by the vitality of its flagship lines and the constant attention to quality of its products and their distribution, LVMH's brands are demonstrating excellent dynamics and increasing market share. Parfums Christian Dior continued to benefit from the growth of its iconic perfumes *J'Adore* and *Dior Homme*. The make-up segment also experienced sustained growth. Guerlain continues its progress with the ongoing success of *La Petite Robe Noire* and the rapid development of *Orchidée Impériale* and *Abeille Royale*. Benefit, Make Up For Ever and Fresh confirmed their excellent performance.

Watches & Jewelry: good performance of jewelry and sustained brand communication

In the first half of 2014, the **Watches & Jewelry** business group recorded organic revenue growth of 3%. The uncertainties linked to the economic environment continue to make multi-brand retailers prudent in their purchasing. The performance in the brands' own boutiques exhibited significant growth. Bulgari benefited from positive momentum in jewelry. TAG Heuer focused on the development of its iconic lines. The decrease in profit from recurring operations, which stood at €107 million, is principally explained by a negative exchange rate effect, while investments in communications continue.

Selective Retailing: increasing market share for Sephora and continuing expansion and renovation program at DFS

The **Selective Retailing** business group recorded organic revenue growth of 9%. Profit from recurring operations was €398 million in the first half of 2014. DFS relies on growth of sales to Asian clientele in a context of a fall in spending by Japanese tourists due to the weakness of the Yen. Major expansion and renovation work at several airport concessions weighed on its profitability. Sephora continues its growth in all regions, with particularly remarkable performance in North America, the Middle East and Asia. The brand continues to strengthen its position in key markets. Online sales grew significantly, helped by a strengthened mobile offering. Sephora is proceeding with the expansion of its store network and has just opened its first flagship store in Indonesia.

Outlook 2014

Despite an uncertain European economic environment, LVMH will continue to gain market share thanks to the numerous product launches planned before the end of the year and its geographic expansion in promising markets, while continuing to manage costs.

Our strategy of focusing on quality across all our activities, combined with the dynamism and unparalleled creativity of our teams, will enable us to reinforce, once again in 2014, LVMH's global leadership position in luxury goods.

An interim dividend of 1.25 Euro will be paid on December 4, 2014.

Regulated information related to this press release, the half year results presentation and the half year financial statement are available on our internet site www.lvmh.com

Limited review procedures have been carried out, the related report will be issued following the Board meeting.

ANNEXE

LVMH – Revenue by business group and by quarter

First Half 2014

(euro millions)	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective Distribution	Other Activities & Eliminations	Total
First quarter	888	2 639	941	607	2 222	(91)	7 206
Second quarter	789	2 391	898	659	2 160	(94)	6 803
Total revenue	1 677	5 030	1 839	1 266	4 382	(185)	14 009

First Half 2013 restated*

(euro millions)	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective Distribution	Other Activities & Eliminations	Total
First quarter	967	2 383	932	608	2 113	(90)	6 913
Second quarter	828	2 328	872	667	2 085	(61)	6 719
Total revenue	1 795	4 711	1 804	1 275	4 198	(151)	13 632

*Restated to reflect the application of IFRS 10 and 11 on consolidation.

First Half 2013 reported

(euro millions)	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective Distribution	Other Activities & Eliminations	Total
First quarter	979	2 383	932	624	2 122	(93)	6 947
Second quarter	829	2 328	872	686	2 093	(60)	6 748
Total revenue	1 808	4 711	1 804	1 310	4 215	(153)	13 695

LVMH

LVMH Moët Hennessy Louis Vuitton is represented in Wines and Spirits by a portfolio of brands that includes Moët & Chandon, Dom Pérignon, Veuve Clicquot Ponsardin, Krug, Ruinart, Mercier, Château d'Yquem, Domaine du Clos des Lambrays, Château Cheval Blanc, Hennessy, Glenmorangie, Ardbeg, Wen Jun, Belvedere, 10 Cane, Chandon, Cloudy Bay, Terrazas de los Andes, Cheval des Andes, Cape Mentelle, Newton et Numanthia. Its Fashion and Leather Goods division includes Louis Vuitton, Céline, Loewe, Kenzo, Givenchy, Thomas Pink, Fendi, Emilio Pucci, Donna Karan, Marc Jacobs, Berluti, Nicholas Kirkwood and Loro Piana. LVMH is present in the Perfumes and Cosmetics sector with Parfums Christian Dior, Guerlain, Parfums Givenchy, Parfums Kenzo, Parfums Loewe as well as other promising cosmetic companies (BeneFit Cosmetics, Make Up For Ever, Acqua di Parma and Fresh). LVMH is also active in selective retailing as well as in other activities through DFS, Sephora, Le Bon Marché, la Samaritaine and Royal Van Lent. LVMH's Watches and Jewelry division comprises Bulgari, TAG Heuer, Chaumet, Dior Watches, Zenith, Fred, Hublot and De Beers Diamond Jewellers Ltd, a joint venture created with the world's leading diamond group.

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