

L V M H
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Description and transaction rationale

July 8th, 2013



- ◆ Six generations' experience and market leader in manufacturing and retailing high-end textile products
- ◆ Specialists in very high-end, luxury cashmere and wool products made in Italy
- ◆ Combines latest technology, traditional craftsmanship and Italian tailoring
- ◆ Expected 2013 Revenue of €700m with an EBITDA margin of more than 20%

"Quality without compromise"

History



- ◆ Early 19th century : family start as merchants of wool fabrics in Trivero, Northern Italy



- ◆ April 1924 : family move to Quarona Sesia, Pietro opens wool mill and creates Loro Piana.



- ◆ Mid 1940's : Franco Loro Piana takes over and starts exporting fine fabrics into international markets.



- ◆ 1970's : Franco's sons, Sergio and Pier Luigi, succeed and expand into luxury retail operations.

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Principal Businesses



- ◆ Offers exclusive menswear and womenswear lines



- ◆ Worldwide network of over 130 stores



- ◆ Produces menswear, womenswear and sportswear products as well as top quality yarns



- ◆ Manufactures for its own use and supplies high-end garment manufacturers

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◆ Access to world's best raw materials



- ◆ **Vicuna** : previously only used by Peruvian Emperor's family, exclusive rights to reintroduce this rarest and finest animal fiber in the world to the market in 1994.



- ◆ **Cashmere and baby cashmere** : largest western manufacturer



- ◆ **Fine Merino wools** : number 1 single purchaser of extra-fine wools auctioned in Australia and New Zealand



- ◆ **Lotus flower fiber** : preserving a natural textile of eastern Myanmar

The largest cashmere manufacturer and the biggest single purchaser of the world's finest wools.

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◆ Unique brand equity



- ◆ One of the **world's most exclusive brands for high quality clothes and accessories**



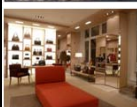
- ◆ **Vertically integrated** brand from access to the finest raw materials to distribution to the most discerning clientele



- ◆ **Obsession for quality** at every stage, based on a **100% made in Italy** policy



- ◆ Exceptional range of **exclusive and rare products of the finest design**



- ◆ A network of **retail stores** in the world's most **prestigious locations**

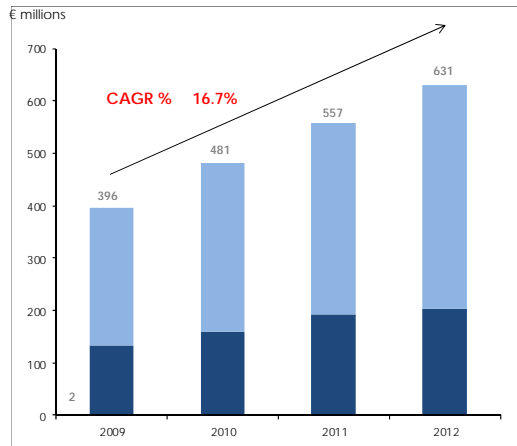
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Fast growing

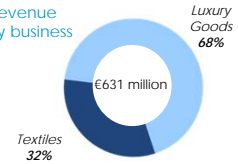


Revenue evolution

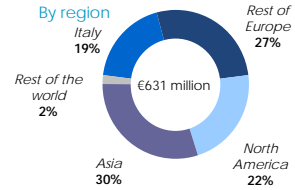


2012

Revenue
By business



Revenue
By region



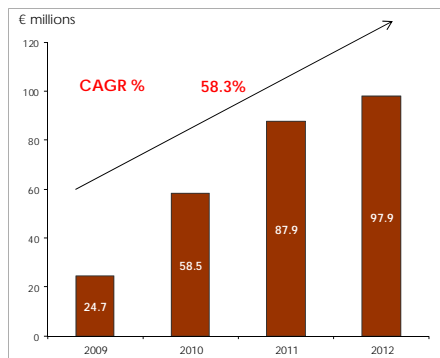
2012 EBIT* margin : 15.6%
Headcount : 2 533

* Earnings before interest and taxes

Profitable growth

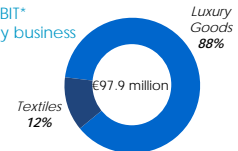


EBIT* evolution



2012

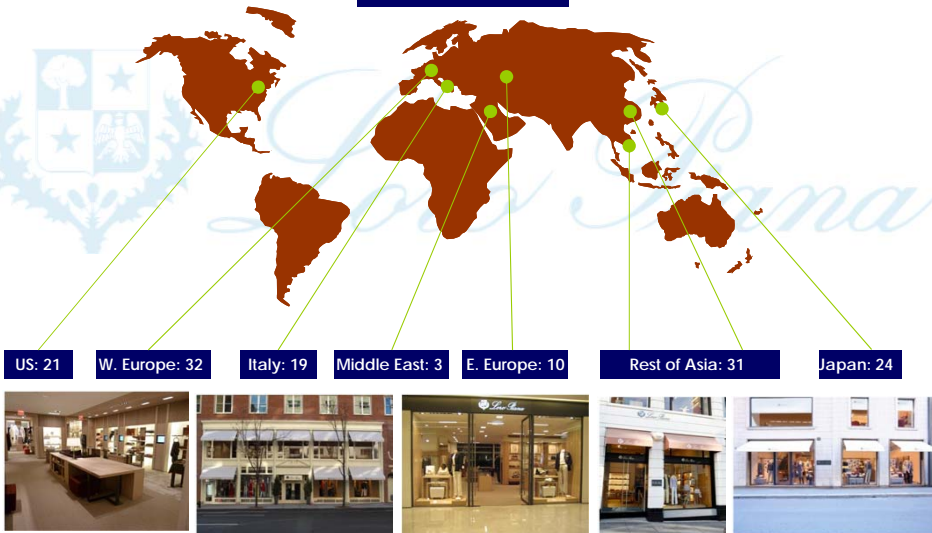
EBIT*
By business



* Earnings before interest and taxes

International Presence

STORE BASE BY REGION



Made in Italy



Deal main features



- ◆ Agreement to **acquire 80%** of the share capital of Loro Piana
- ◆ 20 % remains in Loro Piana family's hands
- ◆ **Sergio and Pier Luigi Loro Piana maintain their roles**
- ◆ **100% Enterprise value** of €2,685 million (including net debt)
 - Based on EV/EBITDA multiples and a control premium
- ◆ **Next steps**
 - Clearance of anti-trust : expected Q4 2013
 - Transaction Closing, integration and consolidation to follow

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Deal drivers



- ◆ Gains **access to one of the most desirable brands** in the world in **high-quality products** with a **unique know-how**
- ◆ **Fast growing** and **profitable**
- ◆ **Significant growth potential**
 - Retail expansion
 - Selectively widen product offer
 - leather and accessories
 - men's offer
- ◆ **Exceptional synergies with the LVMH Group**

**Reinforces portfolio with best-in-class,
unique brand with a rich heritage**

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Transaction financing



- ◆ € 2 billion to be paid in 2013
- ◆ Financed by **available cash** and **new debt** :
 - Short term commercial paper
 - Medium term bond
- ◆ **Gearing** expected to be **below 20%** next year
- ◆ **Limited impact on LVMH's debt** profile, and debt related ratios

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Conclusion



- ◆ **Unique brand** with **great potential**
- ◆ **Exceptional addition** to the **LVMH portfolio** of brands
- ◆ **Access** to the **highest quality materials** and **know-how**
- ◆ **Italian** heritage
- ◆ **International** recognition as one of the most elitist brands in the world

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