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.

**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 yams
- Manufactures for its own use and supplies high-end garment manufacturers
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.

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
**Fast growing**

**Revenue evolution**

- **2012 EBIT margin**: 15.6%
- **Headcount**: 2,533

*Earnings before interest and taxes*

**Profitable growth**

**EBIT evolution**

*Earnings before interest and taxes*
**International Presence**

**STORE BASE BY REGION**

- US: 21
- W. Europe: 32
- Rest of Asia: 31
- Japan: 24
- Italy: 19
- Middle East: 3
- E. Europe: 10

**Made in Italy**

- Quarona
- Valduggia
- Borgosesia
- Ghemme
- Roccapietra
- Sillavengo

- Head Office
- Luxury Goods
- Weaving Mill
- Woven yarn spinning and combing
- Cashmere spinning and research
- Knitwear production
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

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
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

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