

LVMH
MOËT HENNESSY • LOUIS VUITTON

H1 2002 Presentation

September 12, 2002

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Bernard Arnault

September 12, 2002

LVMH - Opening remarks

- The best performance in the luxury market
 - Continue to gain market share
- On track to achieve 2002 objectives
 - Priority on internal growth
 - Accelerate profitability
 - Improve cash flow
- Good prospects ahead in a difficult environment

LVMH - H1 2002

An exceptional performance in a difficult environment

<i>in millions of Euros</i>	H1 2001	H1 2002	%
Sales	5,686	5,818	+2%
Operating Income	708	840	+19%
Net Income before goodwill amortization	318	350	+10%
Operating cash flow after capex	(754)	332	<i>na</i>

LVMH - H1 2002

On track to achieve 2002 objectives

- Major brands demonstrate their strength and quality
 - Louis Vuitton
 - Wines and Spirits
- Effective measures taken for loss-making businesses
 - Profitability improved
- Significant cash flow improvement
 - Operating cash flow
 - Disposal of non-core assets
 - Selective capital investments
 - Lower debt

LVMH - 2002 perspectives

Confirm significant rebound in 2002

...in an uncertain economic environment

- Continue the growth trend
 - Product launches (*Tambour*, *Dior Addict*, watches ..)
 - Store openings (Japan, Europe, US)
 - New markets (Russia, China, India)
- Continue to accelerate profitability
 - DFS - to return to break-even at year-end
 - Sephora to build market share - profitable in 2003
- Continue to improve cash flow
 - Operating cash flow stronger in second half
 - Selective and focused capital investments
 - Lower gearing by 10 %

LVMH - Long term Continue development strategy

- Best portfolio of unique brands
 - Development of our star brands
 - Strong growth potential of younger brands
- Continue to gain market share through creativity and focused investments
- Good balance between businesses and diversity of markets
- High performing creative and management teams

**Ideal position
to reinforce our leadership**

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Patrick Houël

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Key figures

<i>in millions of Euros</i>	H1 2001	H1 2002	% var.
Net Sales	5,686	5,818	+2%
Gross Margin	3,634	3,738	
Operating Income	708	840	+19%
in % of Sales	12%	14%	
Financial expenses - net	(214)	(164)	
Other income & expense	13	(99)	
Income taxes	(167)	(199)	
Net Income before goodwill amortization	318	350	+10%
Goodwill amortization	(79)	(136)	

Other income and expense

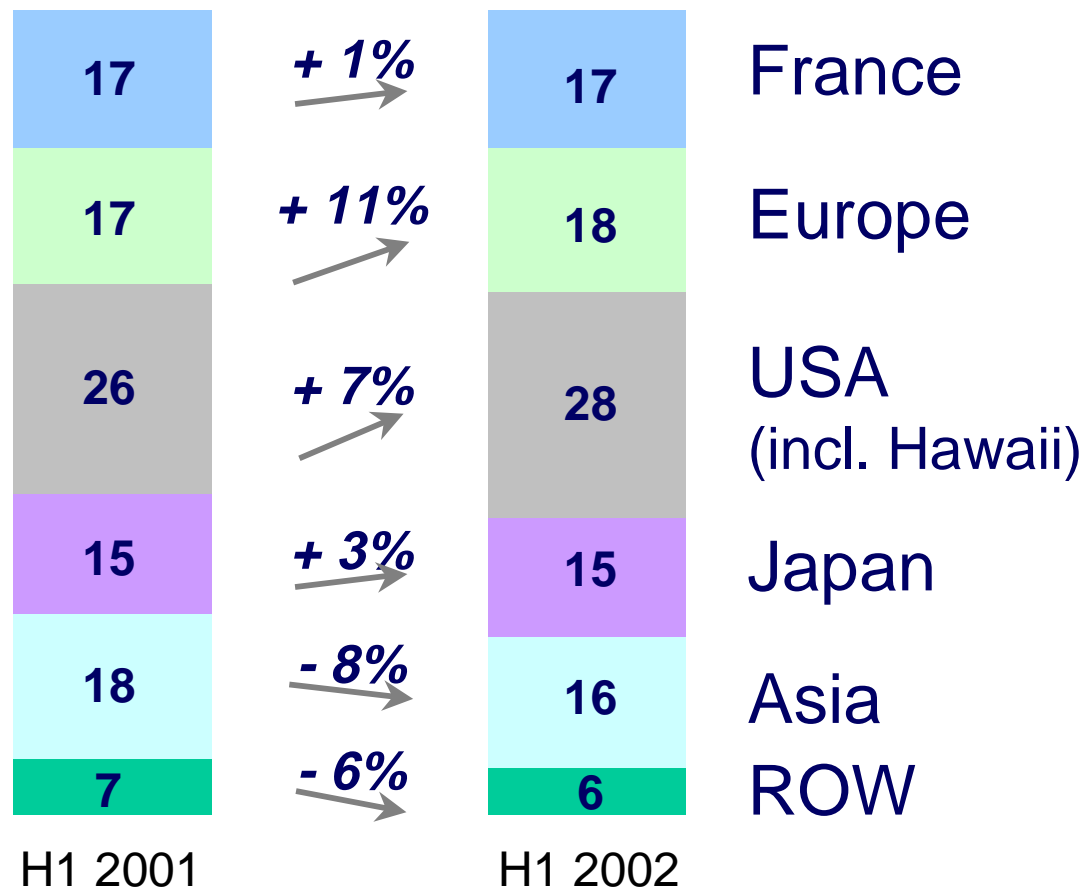
<i>in millions of Euros</i>	H1 2002
Provision Bouygues	(183)
Net gains/(losses) and others	84
Total	(99)

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Sales by Region

in Euros

in %



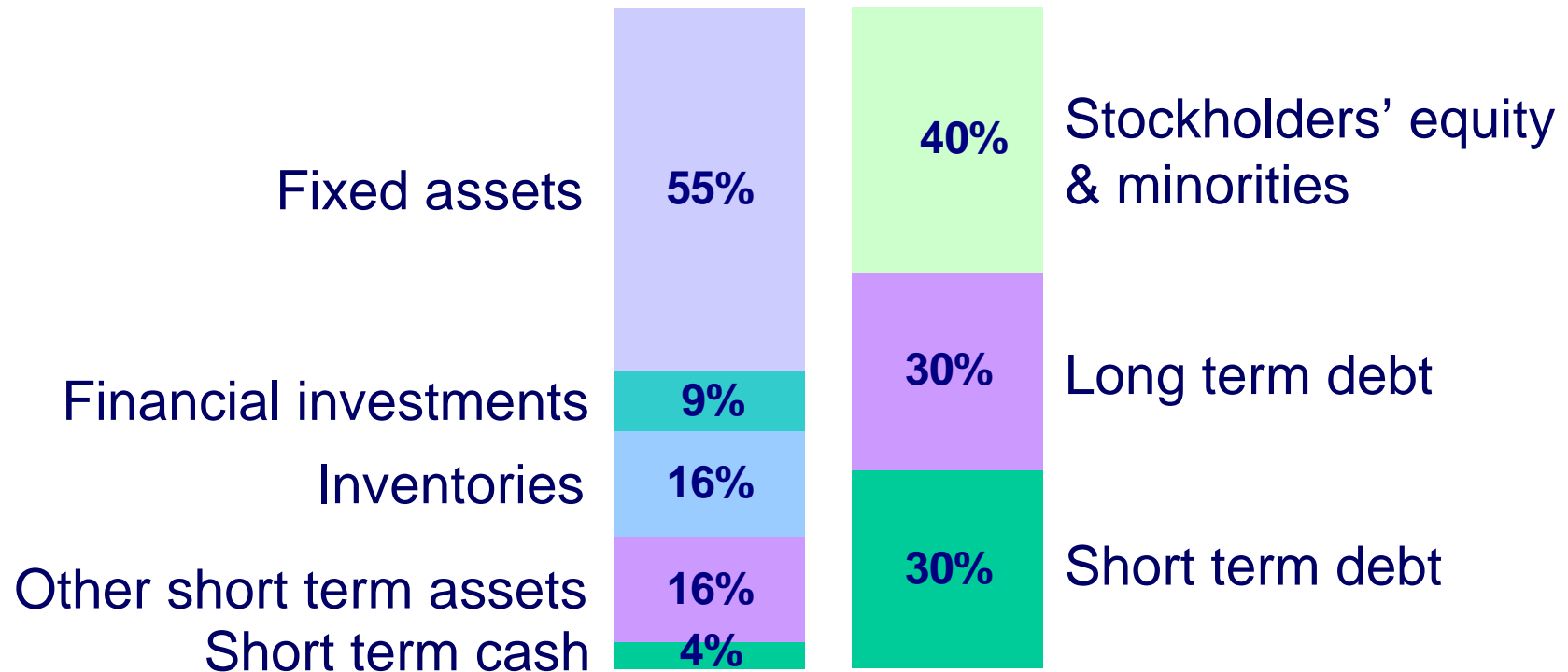
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Operating income by business group

<i>in millions of Euros</i>	H1 2001	H1 2002	% var.
Wines & Spirits	220	277	+26%
Fashion & Leather	634	655	+3%
Perfumes & Cosmetics	48	30	-38%
Watches & Jewelry	15	(7)	na
Total Brands	917	955	+4%
Selective Distribution	(105)	(39)	+63%
Other Activities	(104)	(76)	+27%
LVMH	708	840	+19%

Balance sheet at 30/06/2002



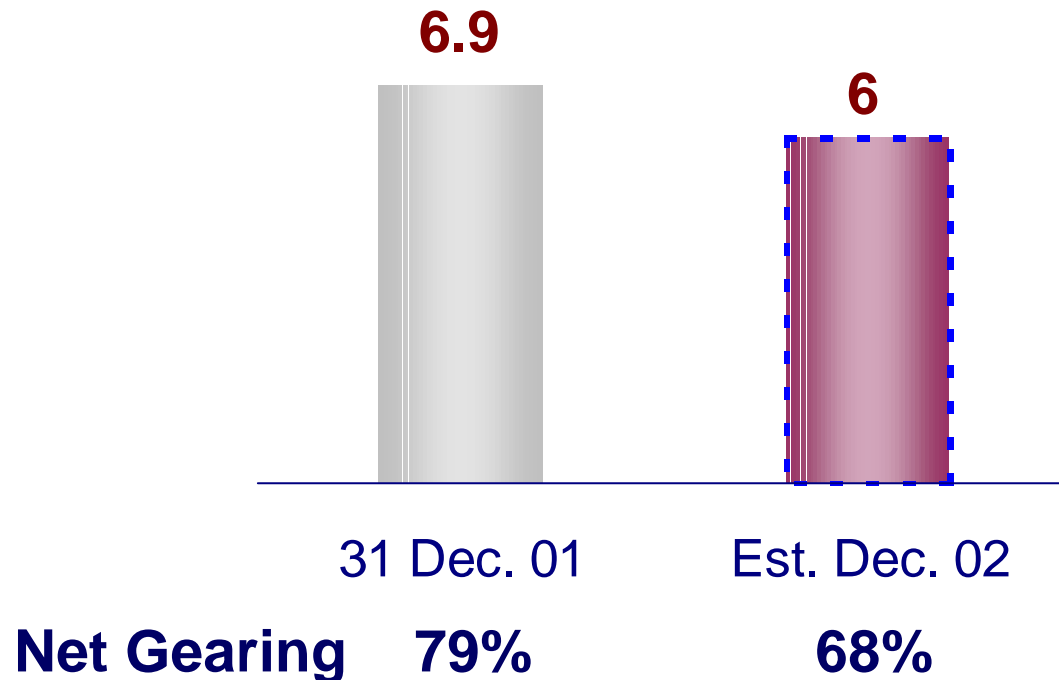
Total

21,542 millions of Euros

Net debt & gearing

Net of LVMH and Bouygues shares

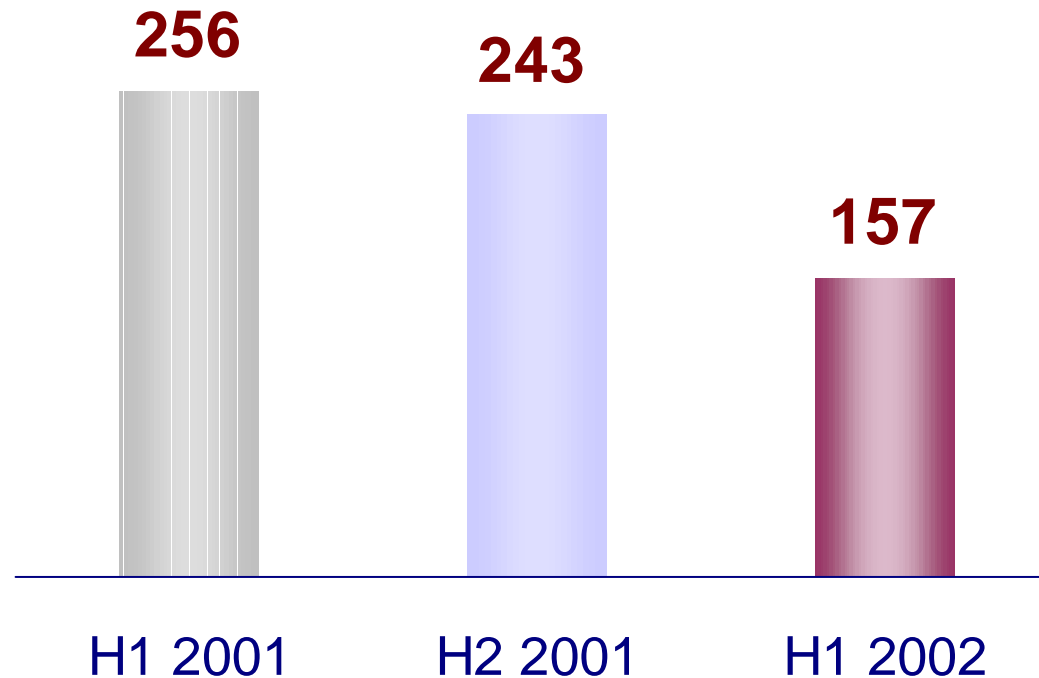
in billions of Euros



Confirm objective of 68% gearing at year end

Financial expenses

in millions of Euros



**At 30/06/02, accounting Net Debt reduced
by 1.2 billion Euros in one year**

Cash flows

in millions of Euros

	H1 2001	H1 2002	
Net Cash from operations	432	548	+27%
Working capital variation	(544)	(1)	
	(112)	547	
Capex	(642)	(215)	-67%
Operating Cash Flow	(754)	332	

Hedging Cover

	2001	2002	2003
EUR / USD	0.92	0.90	0.90
<i>% cover</i>		<i>92%</i>	<i>66%</i>
EUR / JPY	101	100.9	105.9
<i>% cover</i>		<i>86%</i>	<i>43%</i>

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Toni Belloni

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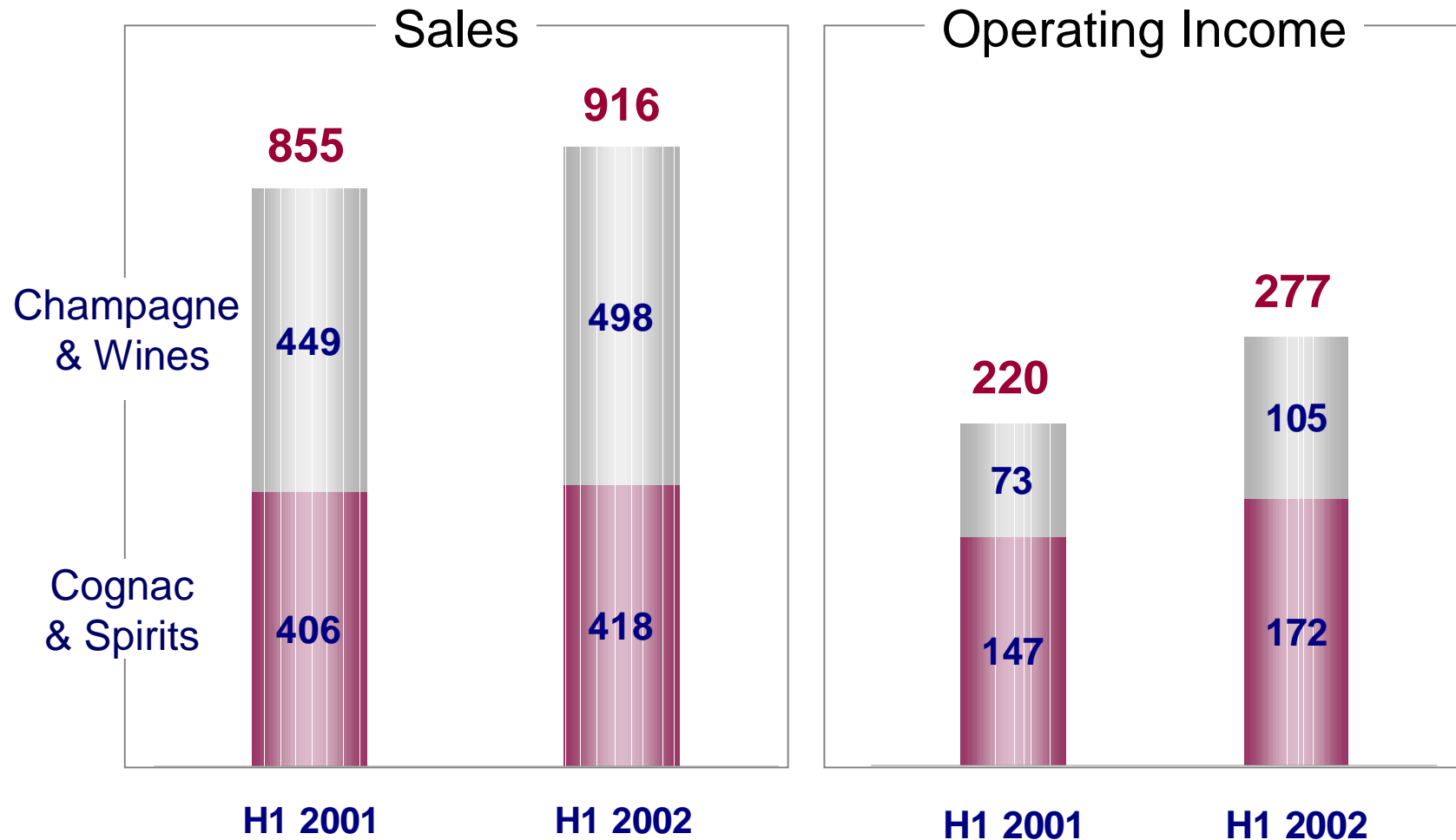
Wines & Spirits

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Wines & Spirits Key figures

in millions of Euros



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Champagne & Wines

H1 2002 Key points

- Champagne confirms rebound and healthy inventories
- Excellent performance of key brands in key markets:
 - Dom Pérignon, Moët's Nectar Imperial, Veuve Clicquot
 - US and UK
- Distribution network stronger, more efficient:
 - Moët, Hennessy and Clicquot combined in Germany, Switzerland and Asia
 - Agreement with Diageo in the US
- Disposal of Pommery - effective end May

Cognac & Spirits

H1 2002 Key points

- Hennessy continues long-term progress
- Operating margin improves further
- Good performance in key US market
- Successful launch of Fine de Cognac in Europe
- Continued VSOP decline in Japan partially offset by increase in premium quality XO

Wines & Spirits 2002 Perspectives

- Well positioned for positive year
 - Stocks back to normal
 - Depletions to July positive
- Focus on key brands, key markets
 - Reinforce A&P investment in H2
- Strengthen and efficiency of distribution
 - Implement networks merger with Diageo in US
- New opportunity for growth
 - 40% stake in prestige vodkas Belvedere and Chopin

Belvedere and Chopin

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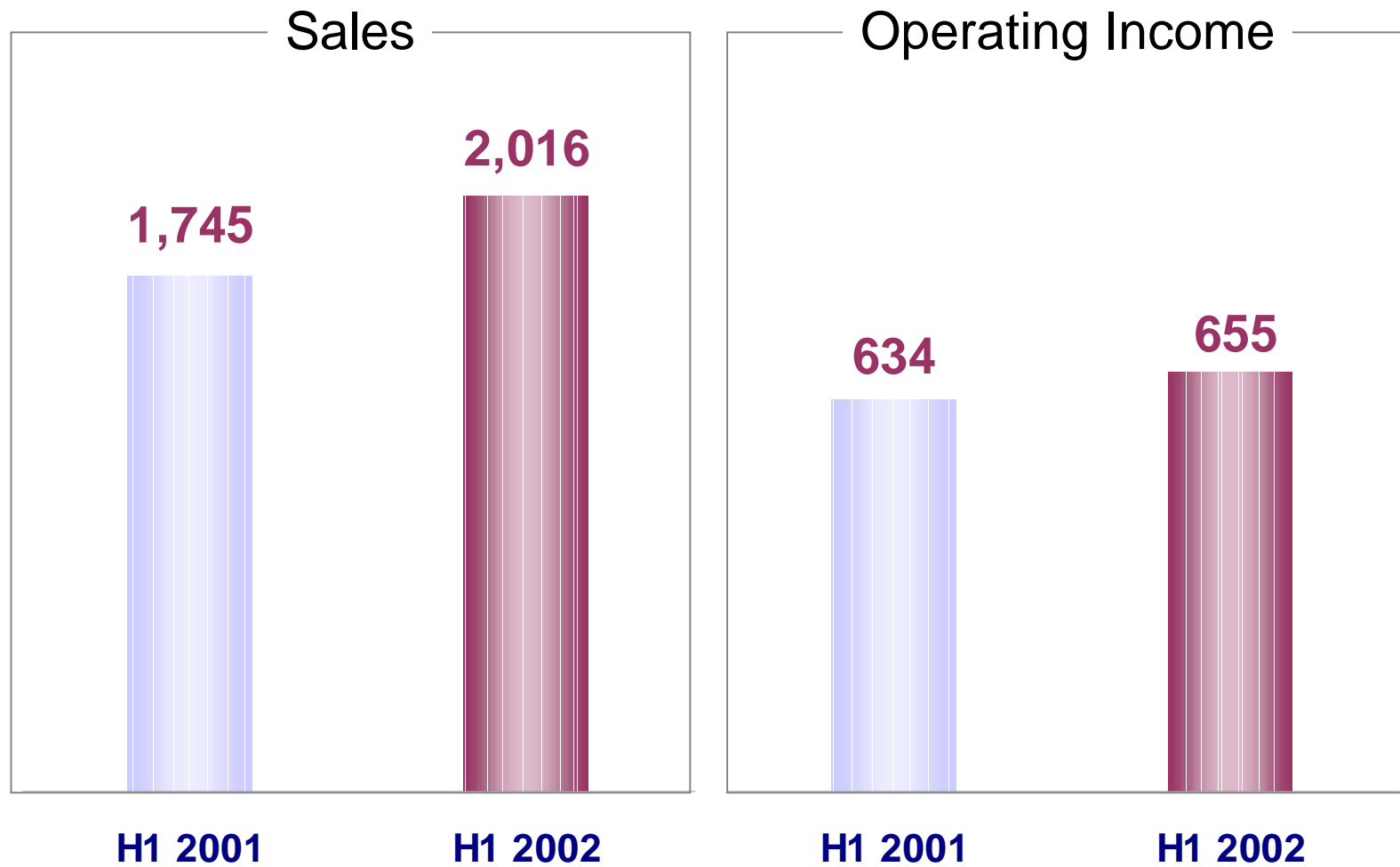
Fashion Group

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Fashion Group Key figures

in millions of Euros



Fashion Group

H1 2002 Key points

- Continuation of growth in difficult market
- Louis Vuitton - solid performance
 - +10% sales to locals
 - Stable store network
 - Exceptional profit margin maintained
 - New production site opened, total now 14
- Fendi repositioning accelerated
 - LVMH stake increased to 67%
 - New management leads reorganisation
 - Refocus on unique core values in product and communication
- Hot products drive strong growth at Pucci, Marc Jacobs, Berluti

Louis Vuitton 2002 Perspectives

- Acceleration of innovation in H2
- Net increase of 7 stores
 - 4 major openings:
Tokyo Omotesando, Kobe, Florence, Chicago
 - 3 new countries: Netherlands, Russia and India
- New products:
 - “Tambour” watch in September
 - Louis Vuitton Cup line
- New advertising campaign,
reinforced media presence

Louis Vuitton: new store in Omotesando

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Louis Vuitton 2002 Perspectives

- Acceleration of innovation in H2
- Net increase of 7 stores
 - 4 major openings:
Tokyo Omotesando, Kobe, Florence, Chicago
 - 3 new countries: Netherlands, Russia and India
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- New advertising campaign,
reinforced media presence

Fashion Group 2002 Perspectives

- Achieve another year of growth to consolidate leadership
- Strengthen brands' values
 - Fendi: exciting new fur and leather collections
 - Celine: build on emerging success of leather goods (Boogie bag)
 - Pucci: C. Lacroix new artistic director
- Accelerate penetration into new markets
 - Shoes
 - Sunglasses
 - ...

Perfumes & Cosmetics

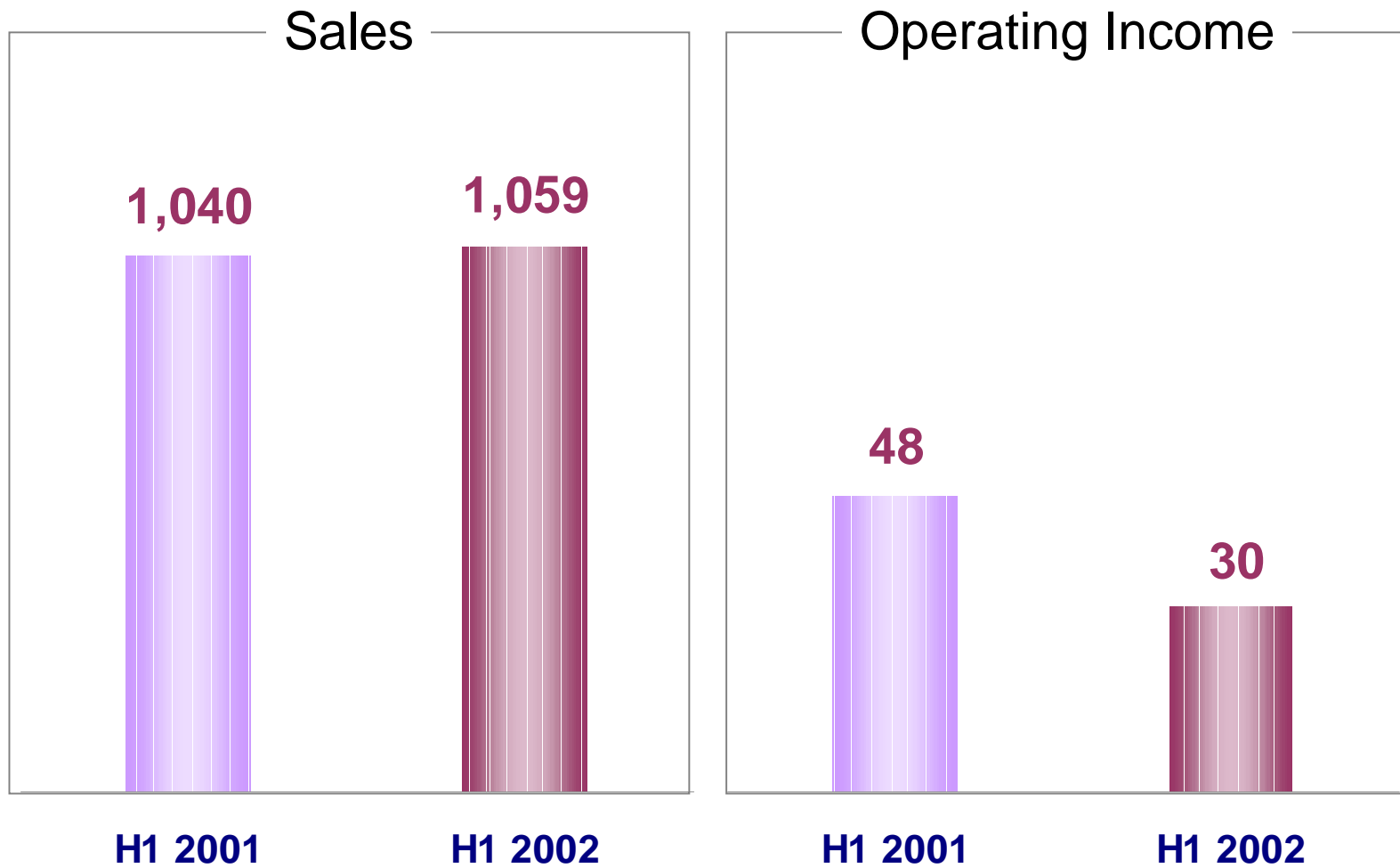
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Perfumes & Cosmetics

Key figures

in millions of Euros



Perfumes & Cosmetics

H1 2002 Key points

- Sales up 2% in absence of major launches
- Contribution to operating income in H1 generally small
- Heavy investments in US licences
- Parfums Dior and Kenzo gain market share
- Initial success for Givenchy with new products
- US Start-ups BeneFit and Fresh expand distribution and product lines
- Reduced working capital improves cash flow significantly

Perfumes & Cosmetics 2002 Perspectives

- Accelerate sales ahead of market growth
- Rebuild profit margin after 2001 decline
- Continue to focus on innovation:
 - Parfums Christian Dior launches *Addict*, a new female fragrance
 - Givenchy completes the roll out of *Homme de Givenchy* and *Eau Torride*
- Accelerate development of US brands:
 - Male perfume for Marc Jacobs
 - Introduction of a female and male perfumes for Kenneth Cole
- Prepare Guerlain for 2003 relaunch

Watches & Jewelry

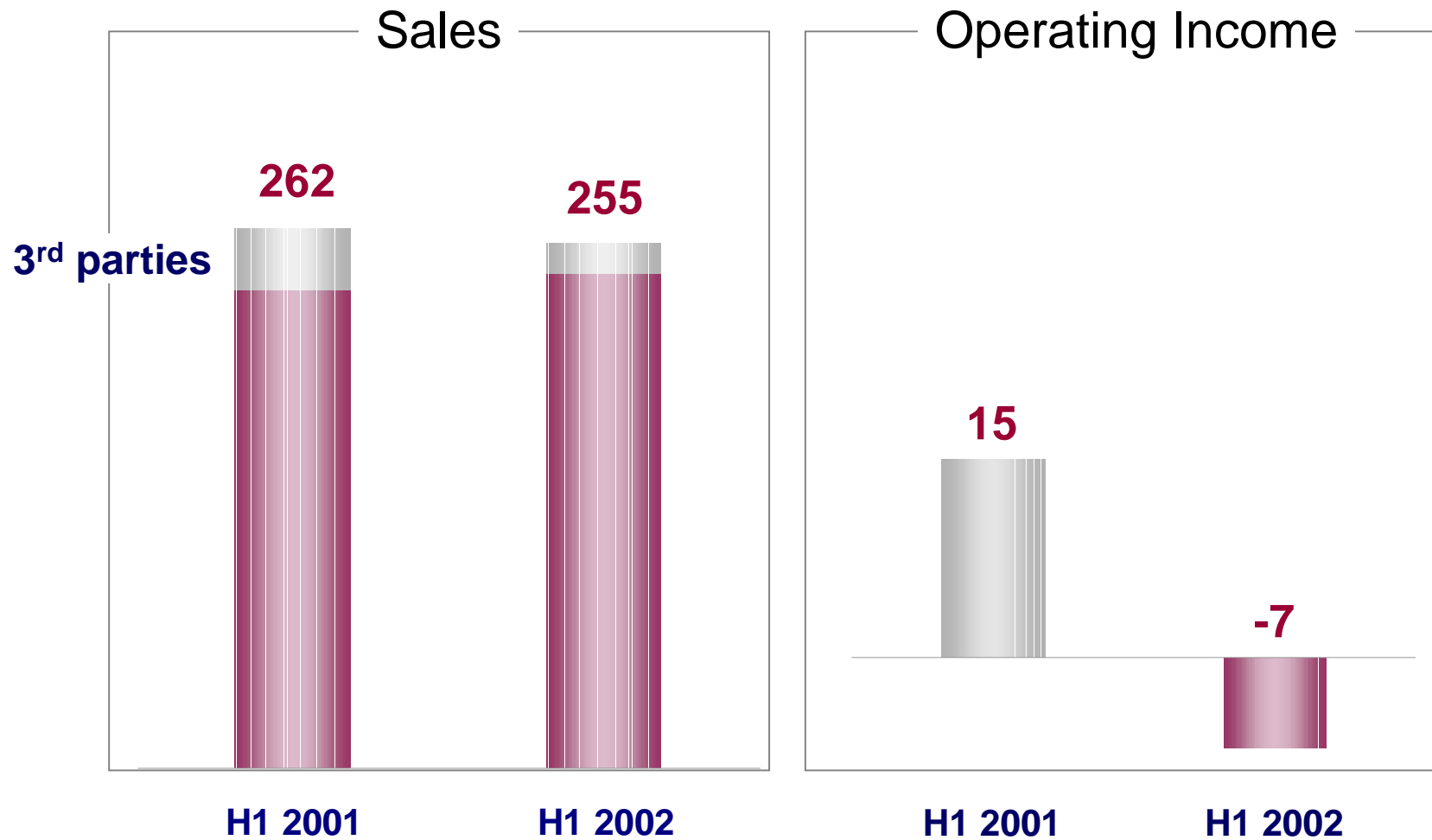
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Watches & Jewelry

Key figures

in millions of Euros



Watches & Jewelry

H1 2002 Key points

LVMH brands

- Sales +2%

Swiss watch industry (source: FHS)

- Total watches exports - 3%
- Export of watches (CHF 600 - 6000) -11%

Watches & Jewelry

H1 2002 Key points

- Chaumet and Montres Dior achieve double-digit growth
- Strategic refocusing requires investment:
 - End of third party sales
 - TAG Heuer reinforces marketing
 - Increase in A&P, particularly in-store
 - Ebel launches jewelry watches
 - Integration of commercial organisation
- Zenith repositioned through higher-end products which build on unique movement know-how

Watches & Jewelry 2002 Perspectives

- Stay focused on long term development
 - Continue to gain market share
 - Invest in products, image, in-store presentation for future growth
- New watch collections delivered in September
- Stronger communication efforts in key markets in H2
- TAG Heuer and Montres Dior enter China and India
- Chaumet new stores in Tokyo & new jewelry collection
- First De Beers boutique opens in London by year-end

Selective Distribution

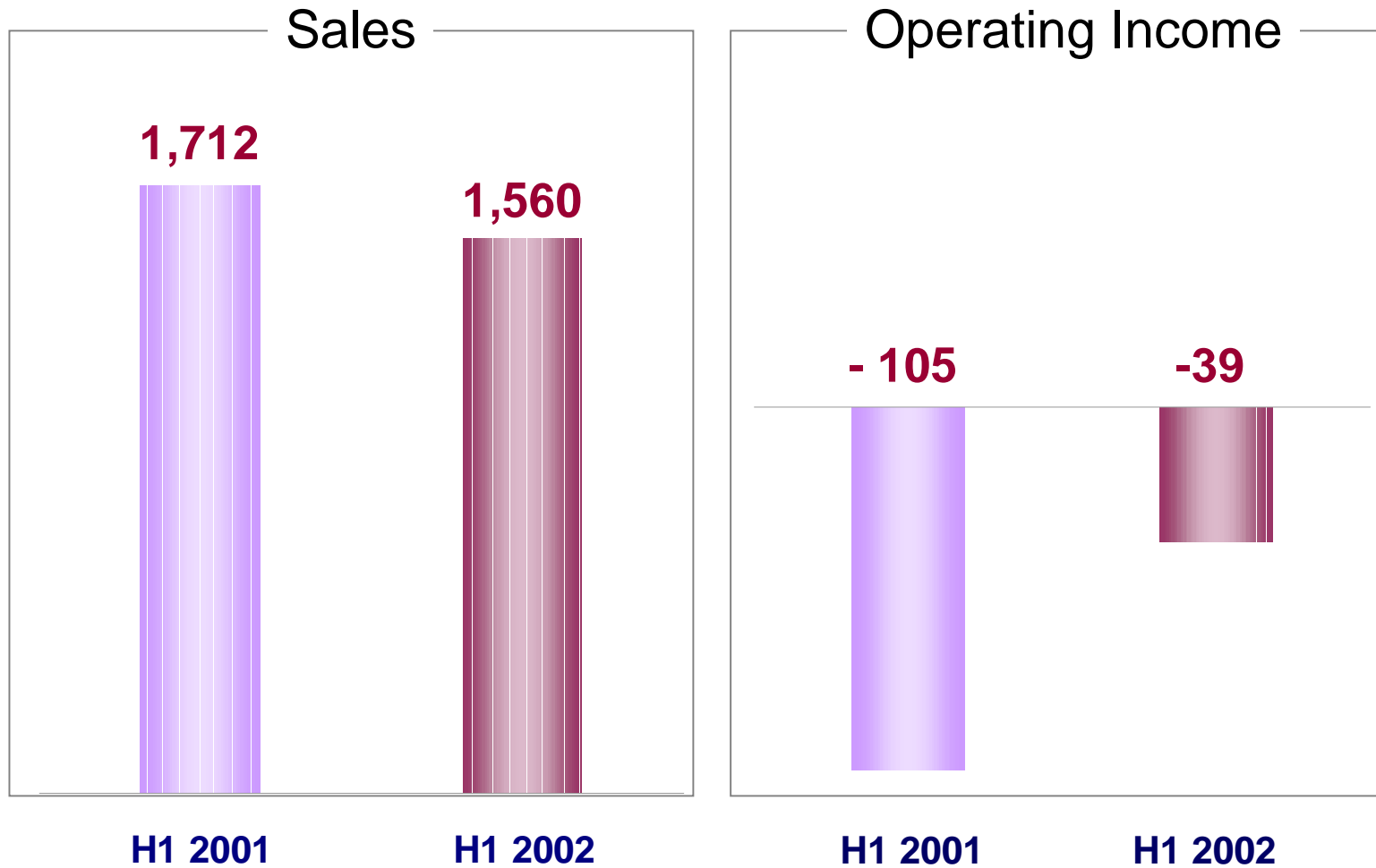
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Selective Distribution

Key figures

in millions of Euros



Travel Retail

H1 2002 Key points

- **DFS sales down 20% as expected**
 - Number of travellers below year ago levels
 - Lower “quality” travellers & limited group travel reduce spending levels
- **Good progress on cost improvement**
 - Internal restructuring fully implemented
 - Concession cost relief discussions continue
 - Inventories drastically reduced
- **New sales opportunities**
 - Concession reinforced at Auckland airport
 - New store opened at Okinawa airport

Selective Retail

H1 2002 Key points

- Major progress towards Sephora profitability
 - Europe adds 2 margin points
 - US halves losses, Japan shuts down
 - Improvement in operating efficiency
- Positive sales growth of Sephora
 - Comparable store growth +25 % in US, +2.4% in Europe
 - Network stable as good stores replace marginal ones
 - Sephora.com sales +58 % versus year ago
- Repositioning of La Samaritaine begins

Selective Distribution

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Selective Distribution 2002 Perspectives

DFS maintains objective of breaking even

- Modest sales recovery in H2 as travel remains depressed
- Continue focus on costs, internal and forward concession relief
- Improve merchandising in stores

Sephora positioned for profitability in 2003

- Strengthen store network productivity
 - Close residual marginal stores (Rockfeller)
 - Accelerate openings following proven model
 - Build market share in existing countries/regions
 - Refresh stores, innovate in product offering
- Continue to improve operating cost and inventory rotation

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