

Annual Results 2002

March 6, 2003

LVMH

MOËT HENNESSY · LOUIS VUITTON

Bernard ARNAULT

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2002: A winning strategy

- **Priority on internal growth**
 - Concentration on development of major brands, notably Louis Vuitton, Moët & Chandon, Hennessy and Parfums Christian Dior
 - Constant creativity and sustained innovation
 - Focused investments
 - Disposal of non-strategic assets

Gained market share and increased profitability of our major brands

2002: A healthy foundation, a sound financial structure

- **Improved profitability**
 - All sectors delivered improved results except Watches & Jewelry - in investment phase
 - Significant reductions in loss-making businesses - DFS, Sephora US
- **Increased cash flow**
 - Cash flow from operations up 65%
- **Reduction of debt**
 - Net Debt down €1.8bn
 - Improved gearing: 66% at December 31, 2002

**2002 objectives exceeded in operating income
and debt reduction**

2003: LVMH well positioned to confront an uncertain environment...

- Continue growth of major brands with high profitability
- Improving results from Selective retailing
 - Reduction of the breakeven point
- Maintain a selective investment strategy
- Continue to dispose of non-strategic assets
- Rigorous financial discipline
 - Hedging program
 - Priority to increasing cash flow
 - Further reduction in debt and financial expenses

2003: ... and to improve market share

- **New product launches**
 - Louis Vuitton bags created by Marc Jacobs and Takashi Murakami
 - New watch by Zenith
 - New perfumes by Guerlain, Givenchy and Kenzo
 - New beauty care products by Dior...
- **Selective expansion of network (new shops and renovations)**
- **Development of markets with strong potential (China, Russia, Korea, India..)**

**Continue profitable internal growth
and growth in market share**

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LVMH well placed to increase its lead in the luxury goods market

- World leader in the luxury goods sector
- Unique portfolio of brands
- High quality, highly creative products
- Proven strategy
- Diverse businesses
- Good geographic balance of sales
- Strong, talented and reactive teams

Objective in 2003 - a tangible increase in operating income

Patrick HOUËL

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Key figures

<i>In million of Euros</i>	2001	2002	% growth
Net Sales	12 229	12 693	+4%
Gross margin	7 575	8 130	
<i>in % sales</i>	62%	64%	
Marketing & selling expenses	(4 568)	(4 705)	+3%
General & Admin expenses	(1 447)	(1 417)	-2%
Operating income	1 560	2 008	+29%
Financial expenses	(459)	(294)	
Other income & expenses	(455)	(405)	
Income taxes	(192)	(350)	
Net income before goodwill amortization	334	818	+145%
Unusual items	(156)	-	

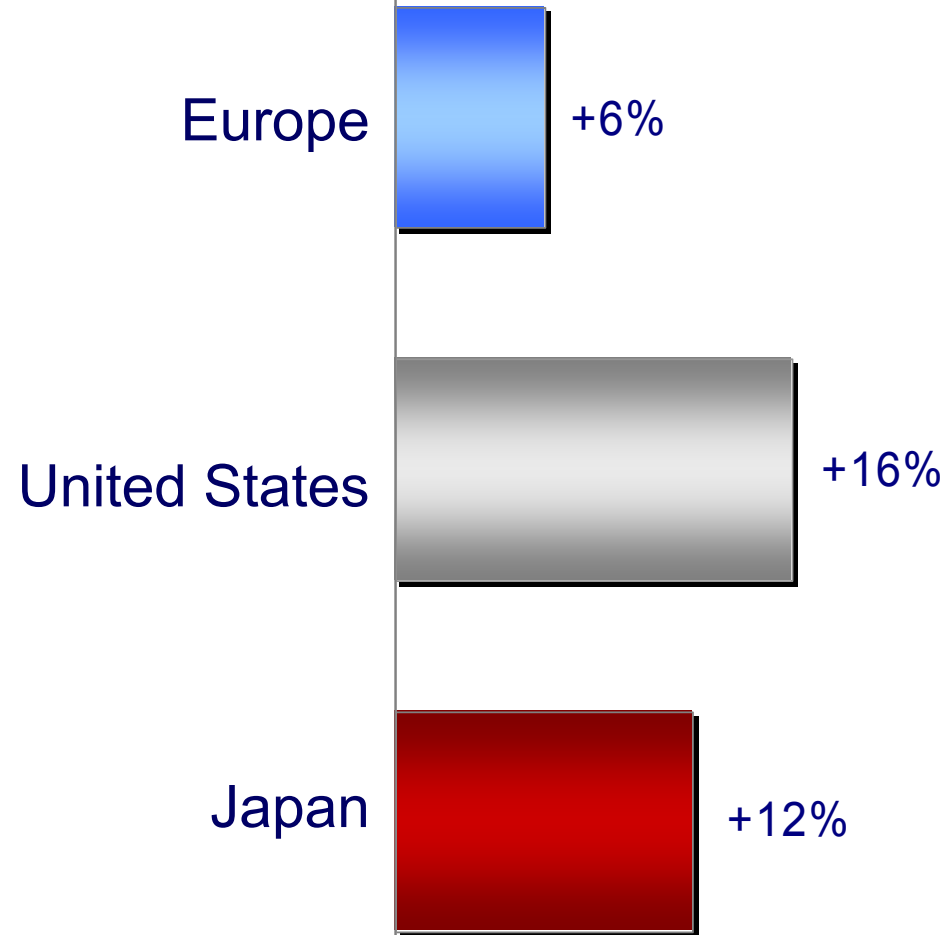
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Other income and expenses

<i>In millions of Euros</i>	2002
Provision Bouygues	(200)
Depreciation of certain assets	(116)
Provision for restructuring	(161)
Net gains/(losses) on disposals and others	72
Total	(405)

Sales growth in local currency



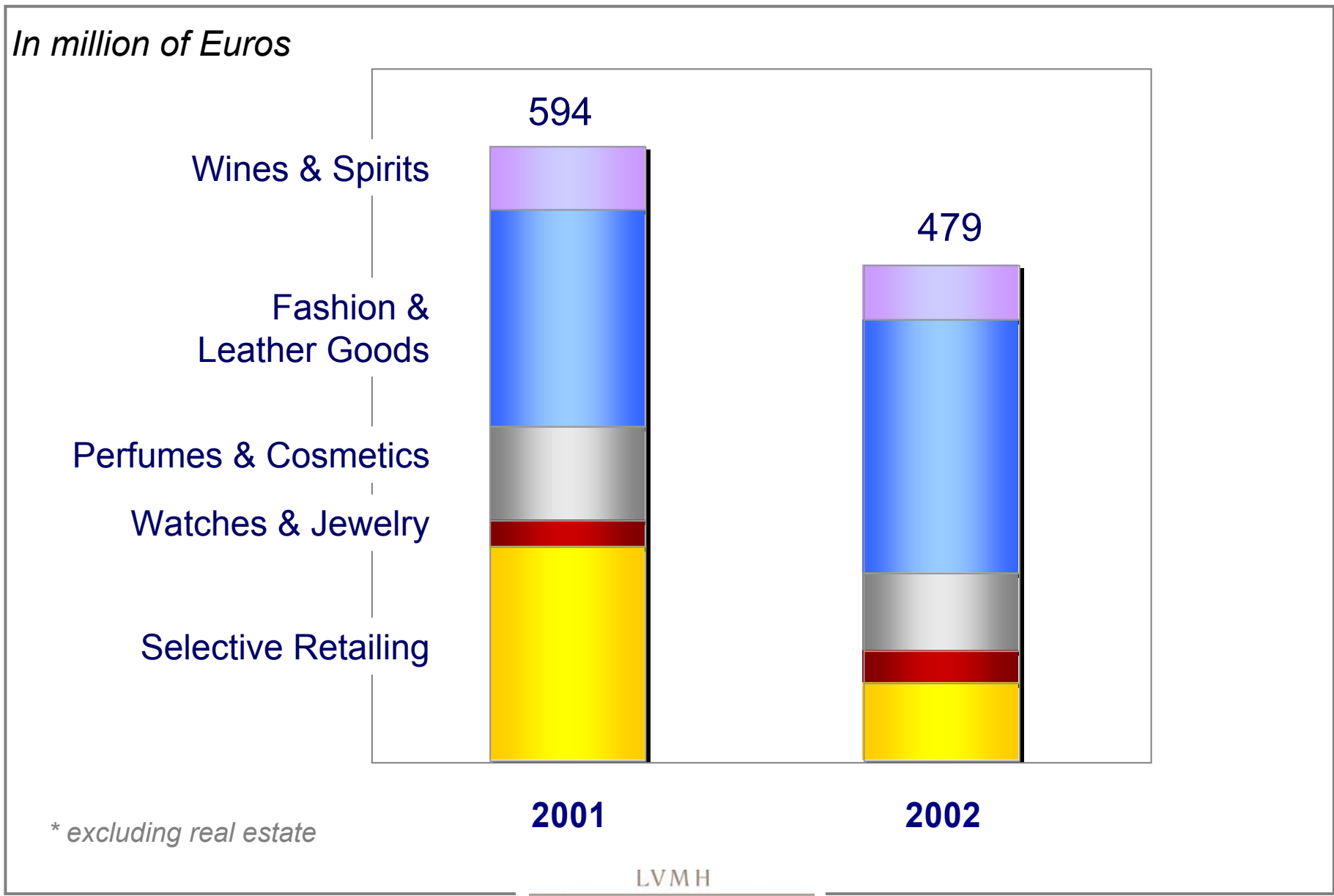
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Operating income by business group

<i>In million of Euros</i>	2001	2002	Margin % 2002
Wines & Spirits	676	750	33%
Fashion & Leather Goods	1 274	1 297	31%
Perfumes & Cosmetics	149	161	7%
Watches & Jewelry	27	(13)	-2%
Selective retailing	(213)	20	1%
Other	(353)	(207)	-
LVMH	1 560	2 008	16%

Targeted investments*

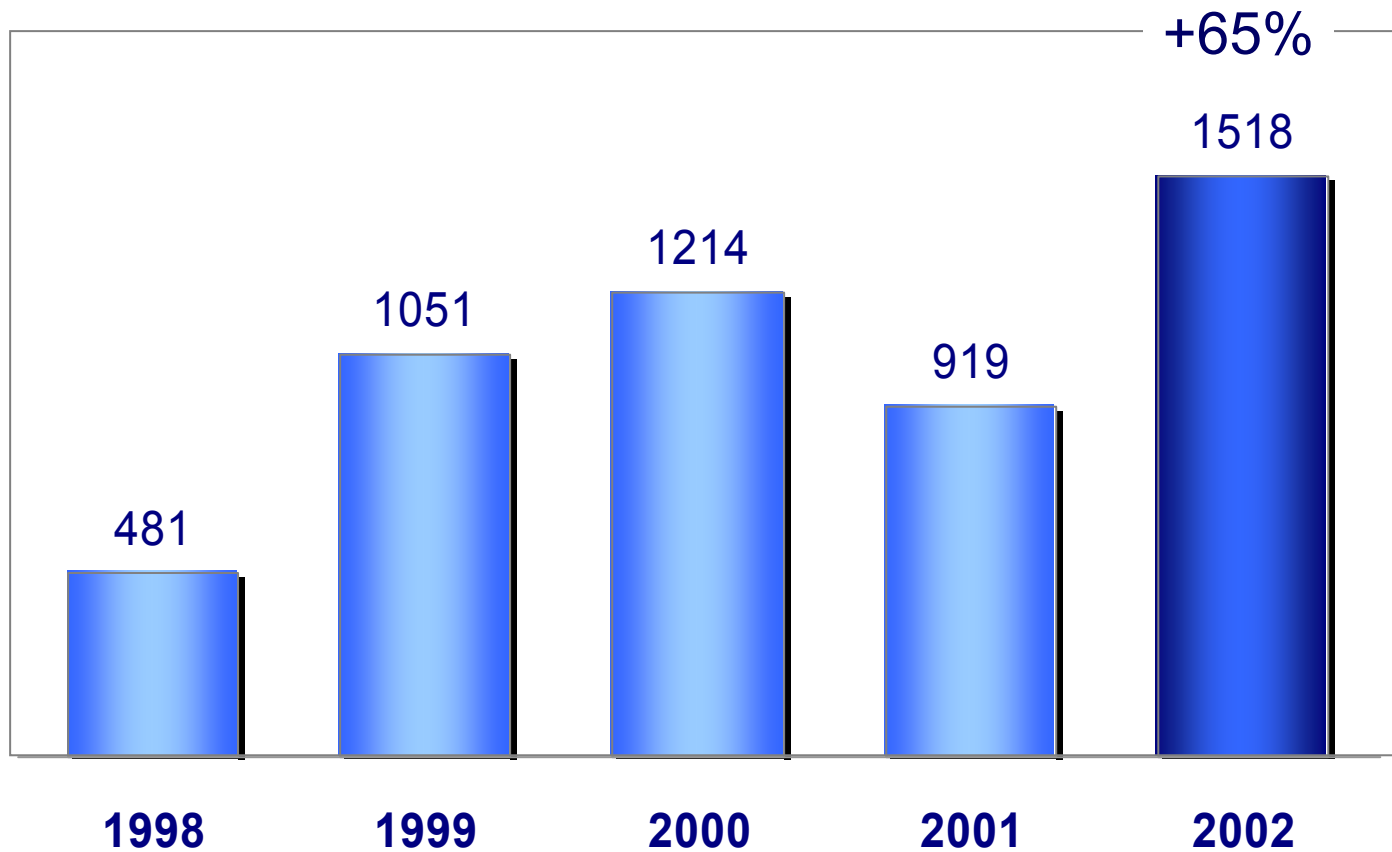


* excluding real estate

Record cash flow from operations

- Record level in 2002
 - +65 % vs 2001
 - +25 % vs 2000

In millions of euros



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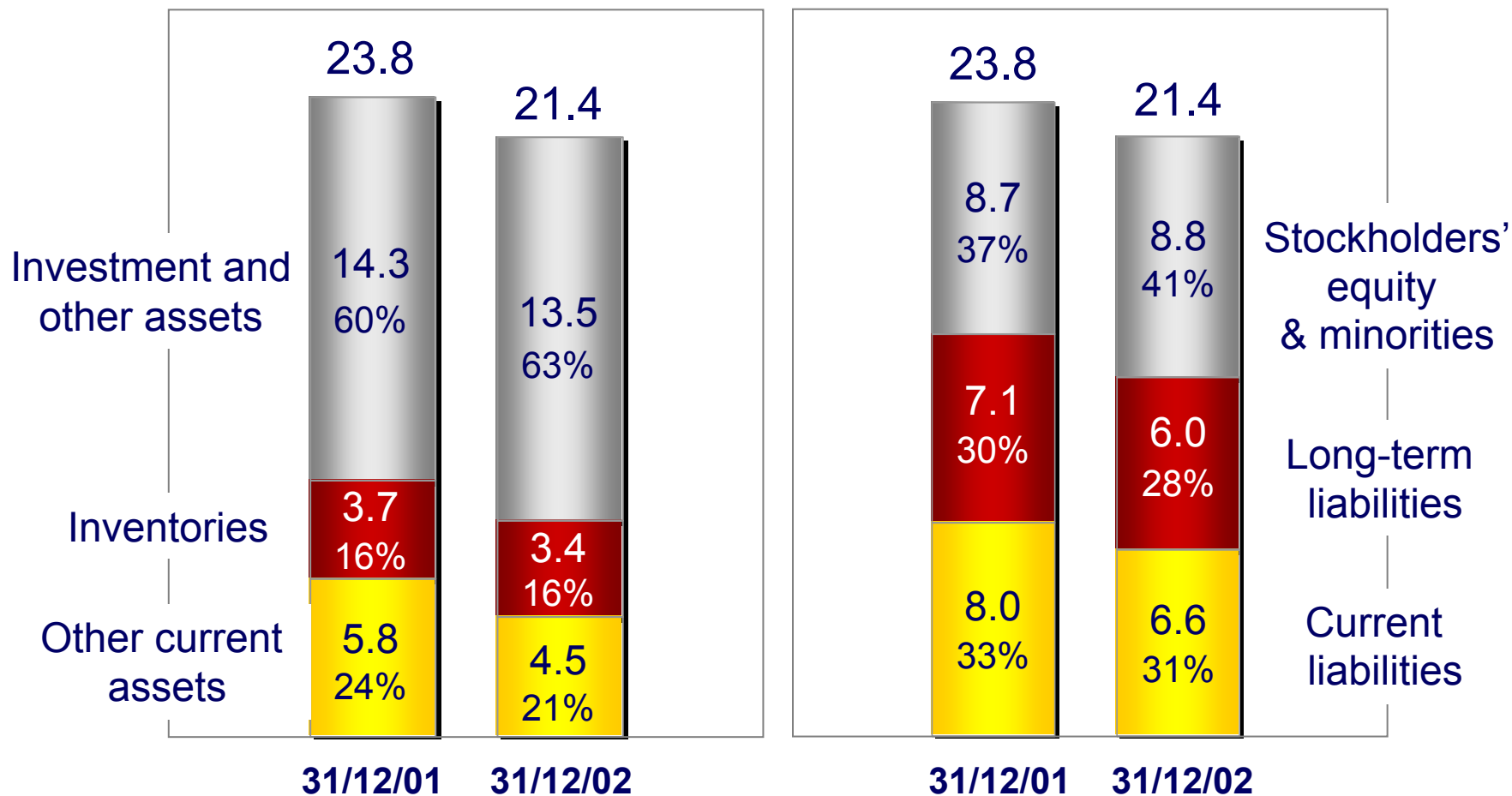
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Cash flow

<i>In million of Euros</i>	2001	2002	%
Cash flow from operations	919	1 518	+65%
Working capital variation	(345)	436	
	574	1 954	
Capital expenditures	(984)	(559)	-43%
Operating cash flow (after Cap. exp.)	(410)	1 395	

Balance sheet data

In billion of Euros



**Lightened balance sheet
Improved financial condition**

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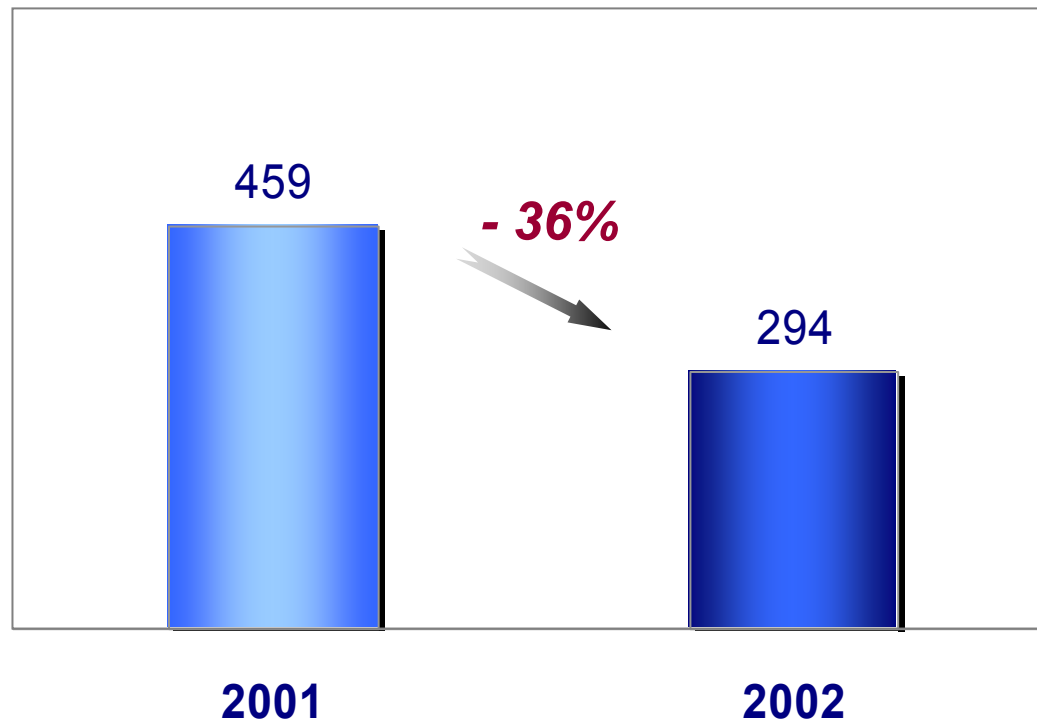
Net debt & gearing

- Debt and gearing reduction objectives exceeded at end-2002
 - Net debt of EUR 5.8 billion* at Dec. 31, 2002
 - Gearing of 66%* at Dec. 31, 2002
- New debt reduction in 2003

** net of market value of Bouygues and LVMH treasury shares*

Strong reduction in financial expenses

In millions of Euros



**Significant decline in debt
Reduction of interest rates**

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Protection against currency fluctuations

	2002	2003	2004
EUR / USD	0,899	0,923	1,00
<i>% cover</i>		78%	23%
EUR / JPY	103,3	110,5	112,8
<i>% cover</i>		62%	21%

Antonio BELLONI

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LVMH in 2002

- **A challenging economic climate**
 - Stagnant consumption
 - Slow return of tourism
 - Weakness of dollar
- **Remarkable performance of our major brands**
 - Continued sales growth
 - Improved margins
- **Effective measures taken on loss-making businesses**
- **Strong cash flow generated**
 - Efficient control of working capital
 - Selective investments

LVMH: 2003 Perspectives

- Business climate remains uncertain
- Innovation and investment concentrated on the major brands
- Development of other brands with strong potential
- Rigorous management of costs - savings channeled to A&P
- Continued concentration on cash flow generation
- Teams more « hands-on »

Perfumes & Cosmetics

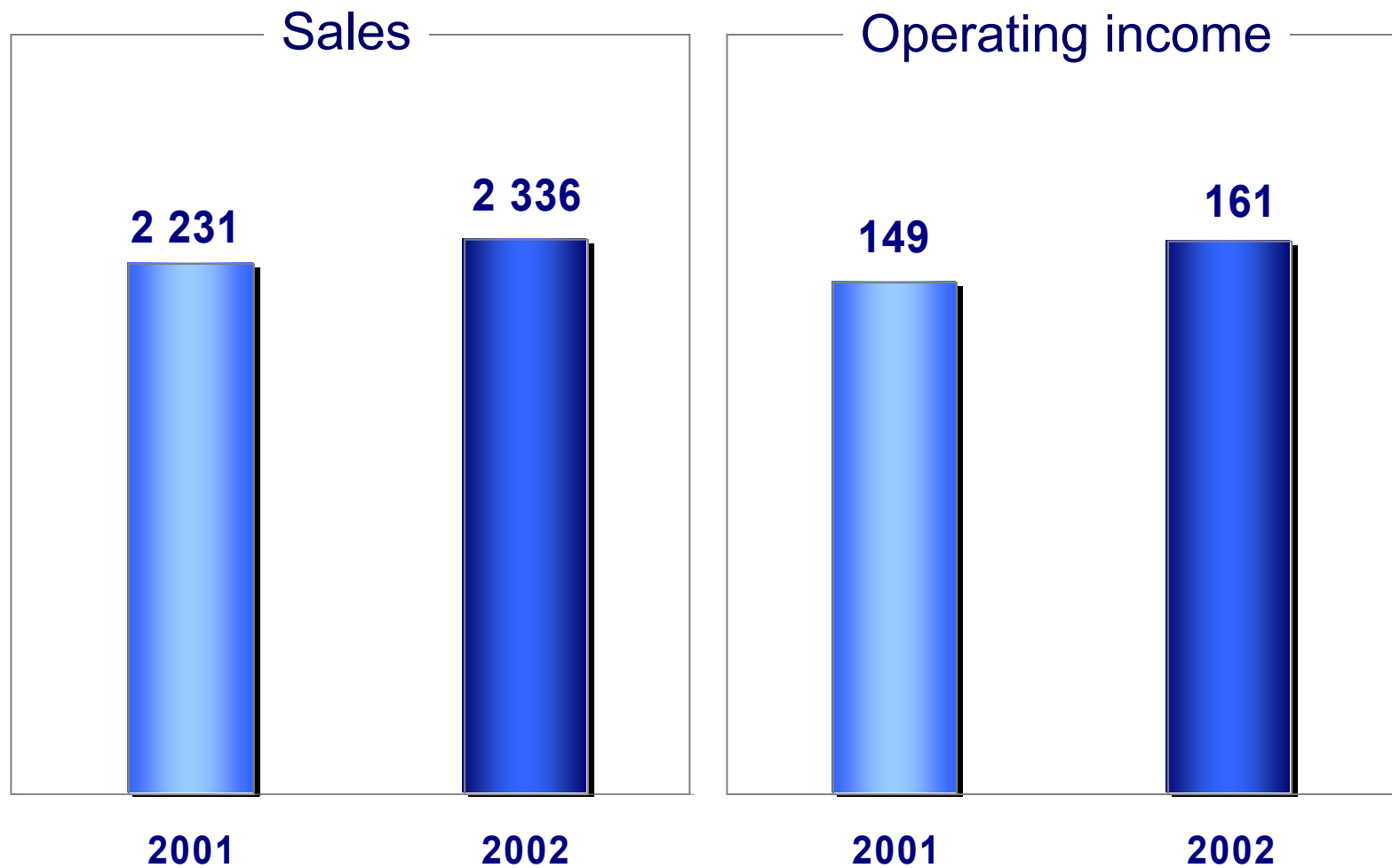
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Perfumes & Cosmetics

Key figures

In millions of Euros



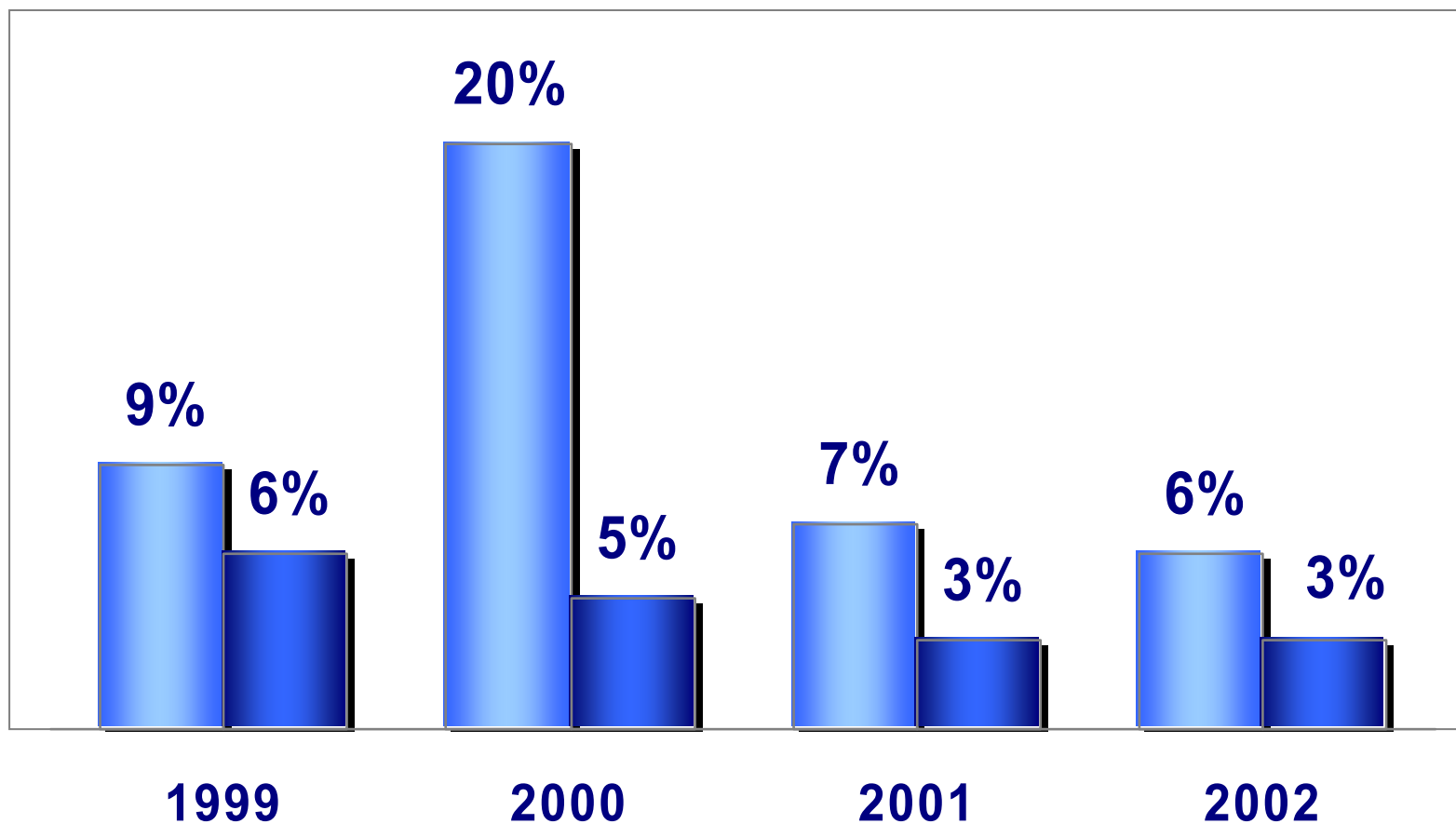
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Perfumes & Cosmetics Gaining market share

■ LVMH organic growth

■ Market growth*



* extrapolation from national panels

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Perfumes & Cosmetics Highlights 2002

- Good performances in Europe and Asia, difficulty in the US
- Parfums Christian Dior:
effective innovation
 - Successful launch of *Dior Addict* and *Dior Skin* foundation make-up
 - *J'Adore* propelled to classic status
 - High profitability and strong cash flow
- Success of Givenchy's new fragrances *Eau Torride* and *Givenchy pour Homme*
- Continued growth of the US start-ups BeneFit and Fresh

Perfumes & Cosmetics 2003 Outlook

- Improve profitability while pursuing sales growth
- Accelerate the development of Parfums Christian Dior
 - Launch of new beauty product range, *Capture R60/80™*
 - Continue development in Europe, accelerate in Asia and Japan
 - Strengthen consistency of product presentation and advertising
- Dynamic and distinct innovation at Givenchy and Guerlain
 - New female perfumes in second half
- Continue the expansion of Kenzo, BeneFit and Fresh

Watches & Jewelry

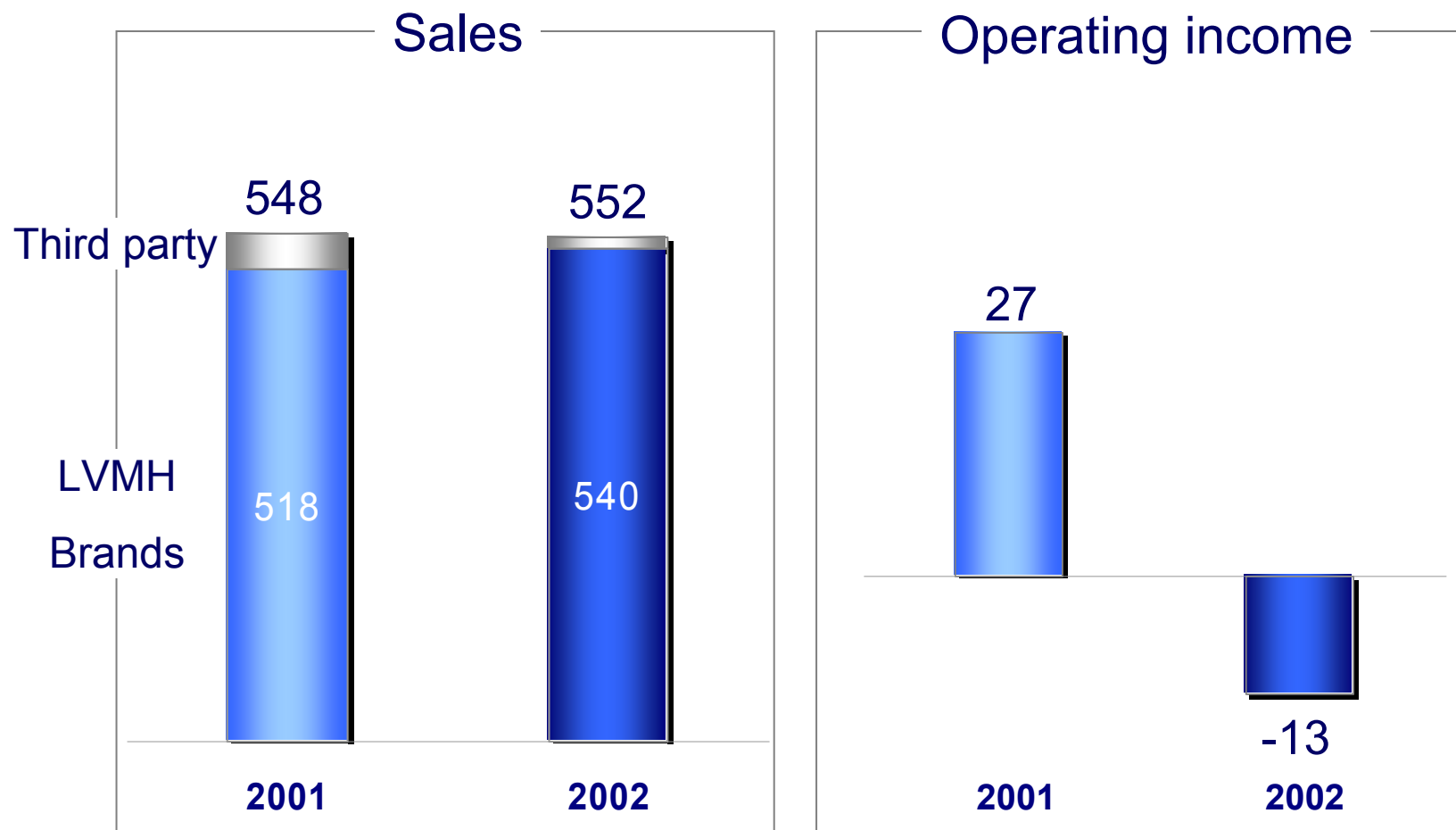
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Watches & Jewelry

Key figures

In millions of Euros



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Watches & Jewelry Highlights 2002

- LVMH brands grow in a difficult worldwide market
- Good performance of TAG Heuer
 - Gain in market share
 - Moved products upscale and introduced new publicity campaign
 - Introduction in China and India
- Strong growth of Dior watches with the success of *Riva Sparkling*
- Development of production capacity: Manufacture Zenith, Louis Vuitton's *Tambour* watch, *Move One* from Fred
- First De Beers shop opened in London in December 2002 well received

Watches & Jewelry 2003 Outlook

- Drive benefits of long term investments
- Priority given to the development of TAG Heuer
 - Reinforced communication around Tiger Woods
 - Strong product innovation
 - Major investments in merchandising
- Numerous new products presented at the Basle exhibition from Zenith, Ebel and Dior
- New jewelry collection and expansion of Chaumet in Asia
- Introduction of De Beers in Japan in second half 2003

Selective retailing

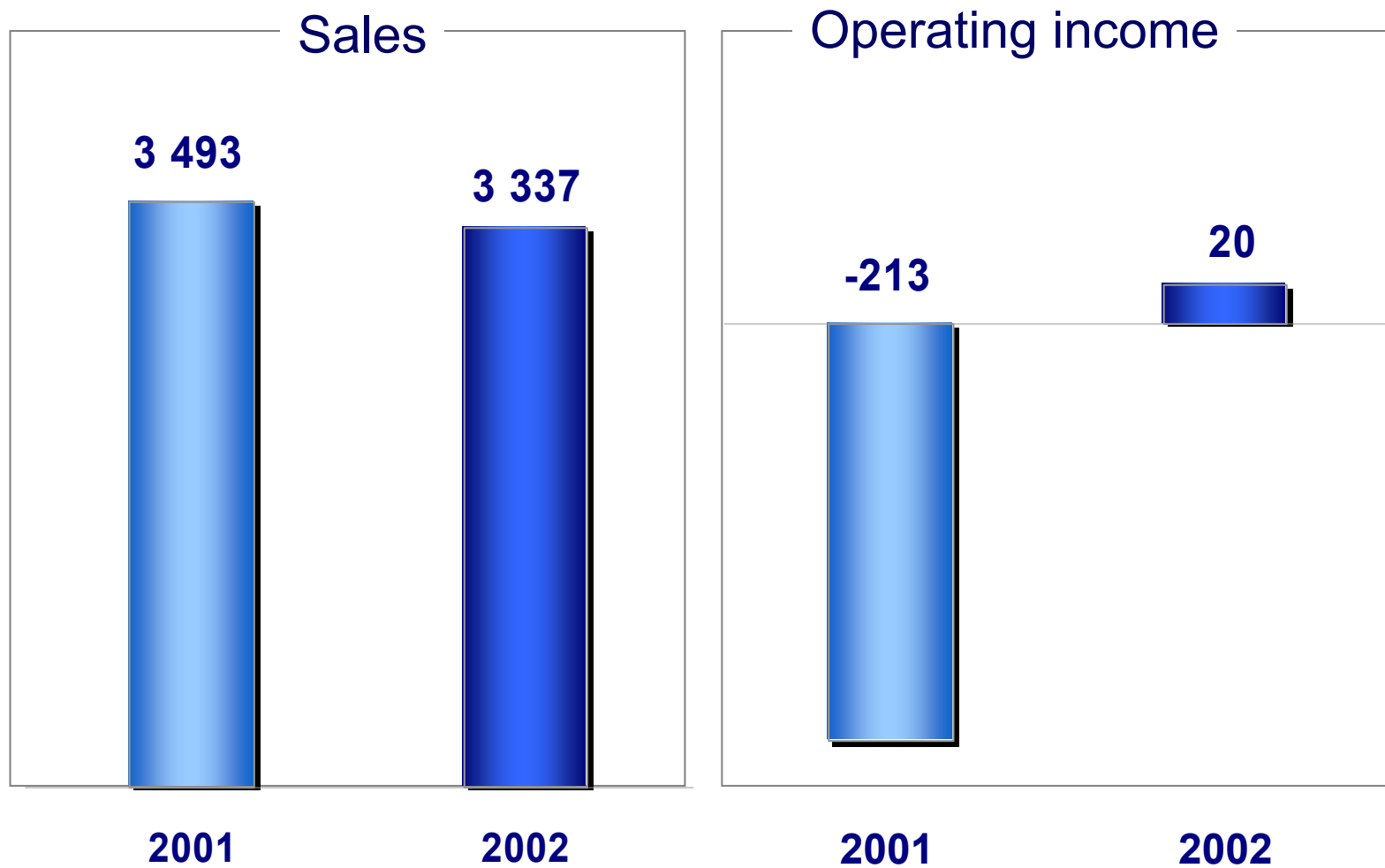
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Selective retailing

Key figures

In millions of Euros



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Travel retail Highlights 2002

- DFS activity trends in line with slow recovery in tourism
- Impact of measures taken
 - Drastic reduction of central costs
 - Reduced stocks
 - Renegotiation of airport concession fees
- Reached breakeven at operating level
 - Good performance in Asia
 - North America and Hawaii still loss-making
- Miami Cruiseline makes progress on all fronts

Travel retail 2003 outlook

- Continue efforts to reduce costs and optimise product offering
- Continue to negotiate concession fees at Continental North American airports and Hawaii
- Opening of new stores in Asia
 - Okinawa Airport (February 2003)
 - Scottswalk Galleria in Singapore (January 2003)
 - Hong Kong Airport (mid 2003)

Selective retailing Sephora in 2002

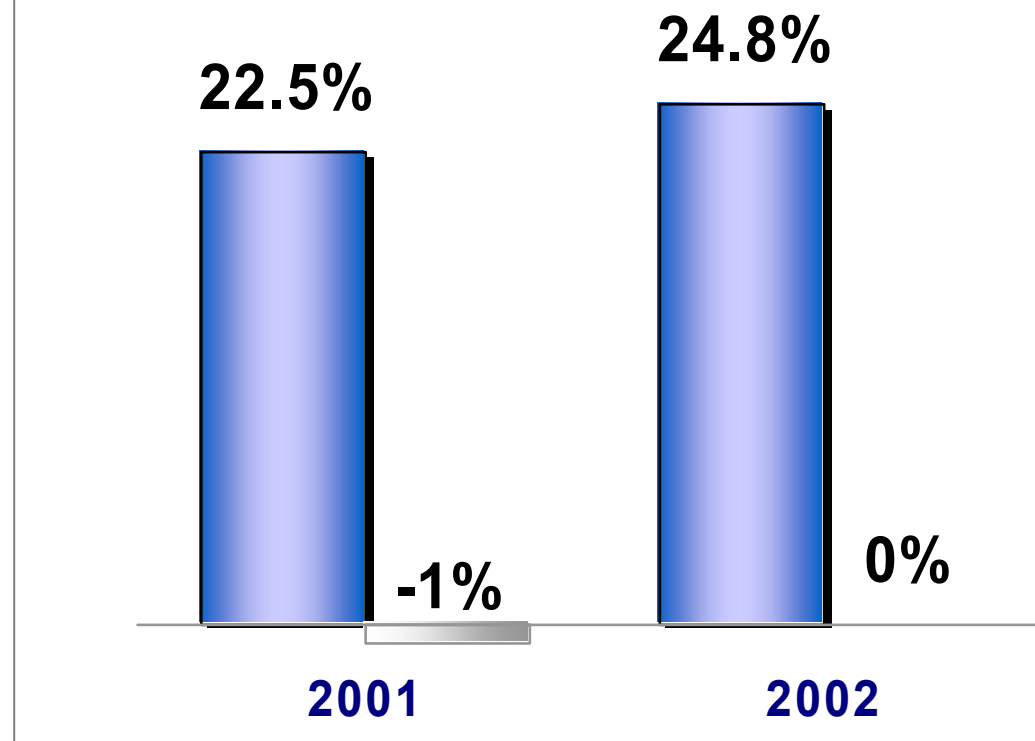
- Strong increase of operating income in Europe and significant improvement in the US
- Europe: improvement of operations
 - Client service strengthened
 - Took control of stock and over costs
 - Reached 36 stores in Eastern Europe, introduction in Czechoslovakia
- United States: a remarkable increase in sales
 - Increased productivity of the network: 9 selective openings, 7 closures
 - Reduction of head office and logistical costs
 - Continued strong increase of sephora.com

Selective retailing

Sephora US: Confirmed success of concept

■ Sephora US ■ Cosmetics industry

Sales increase
on a comparable store basis
(including .com)



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Selective retailing

Sephora - 2003 outlook

- **Continue profitable growth in Europe**
 - Innovation in product offering
 - Launching of a fidelity card
 - Renovation of existing stores and opening of stores in the best performing markets
- **Become profitable in the United States**
 - Continue to improve productivity per square meter
 - Continue cost reduction measures
 - Targeted store openings using proven concepts
 - Breakeven to be reached for sephora.com

Selective retailing

Le Bon Marché and La Samaritaine

- **Progression of Bon Marché's activity**
 - Good performance in the accessory sectors and the *Grande Epicerie*
 - New luxury brands implantation
 - Renovation of the women's fashion department in 2003
- **Progressive transformation of La Samaritaine**
 - Reduced commercial surface
 - Evolution in 2003 towards ready-to-wear products for a female clientele

Christophe NAVARRE

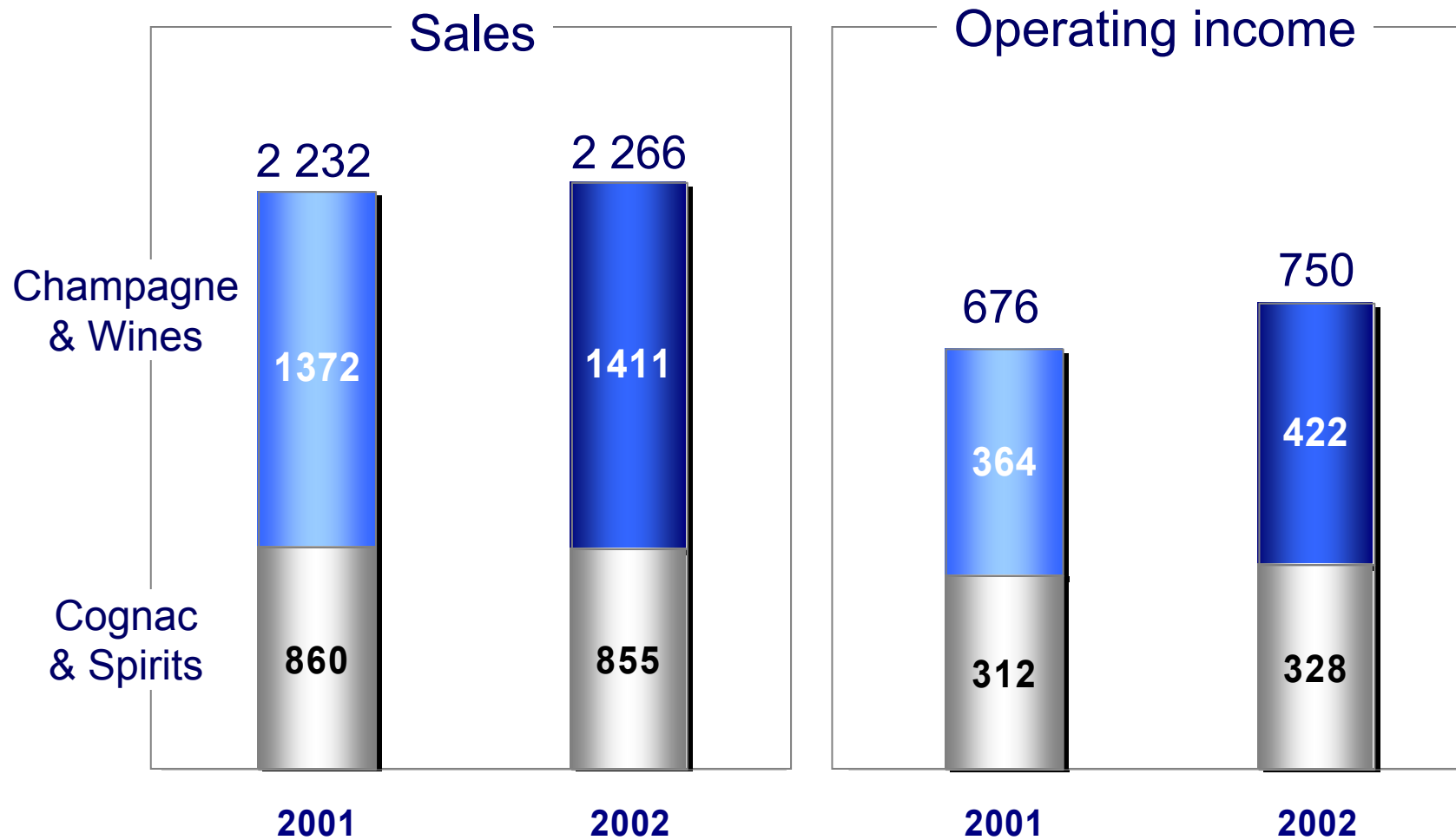
Wines & Spirits

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Wines & Spirits Key figures

In millions of Euros

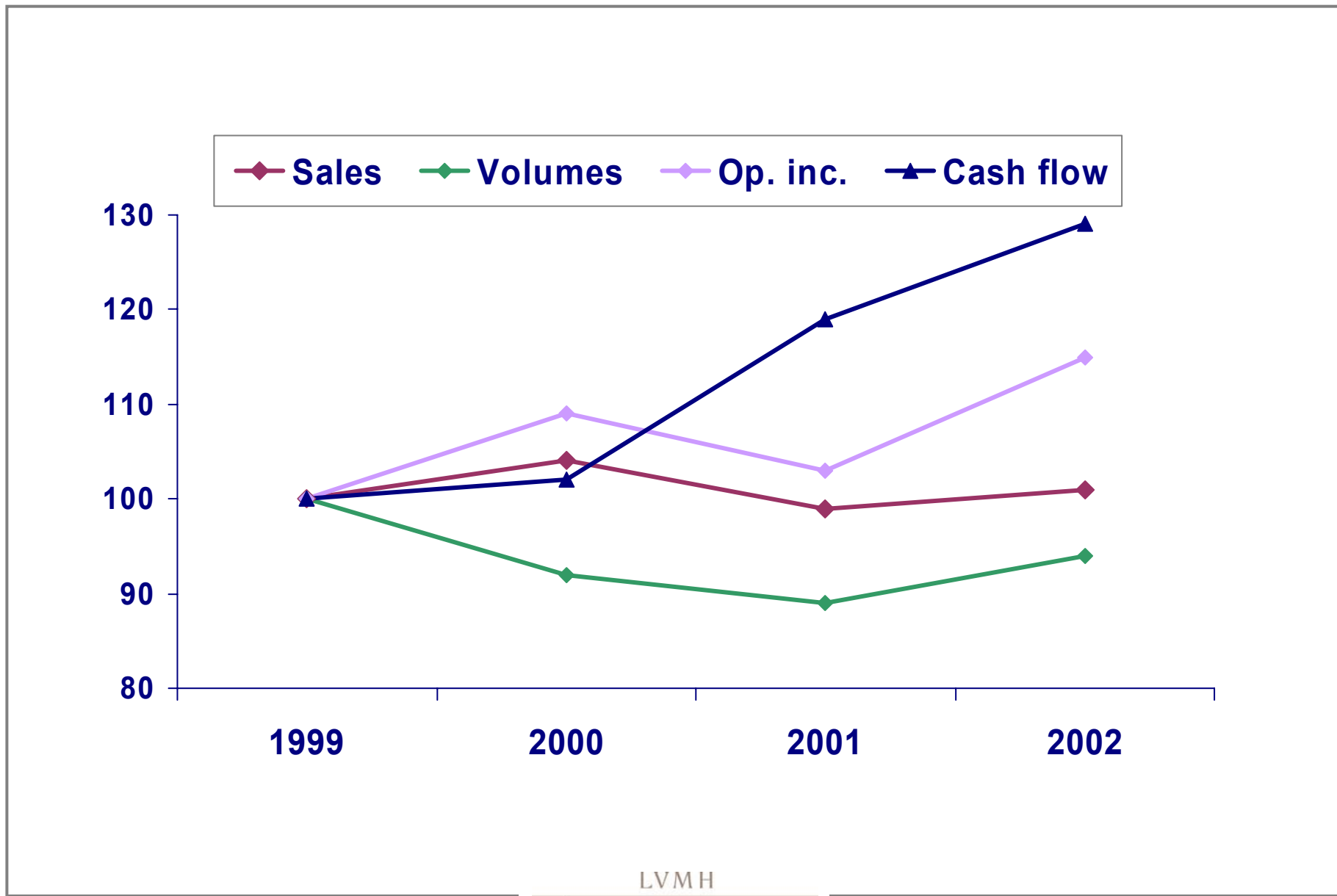


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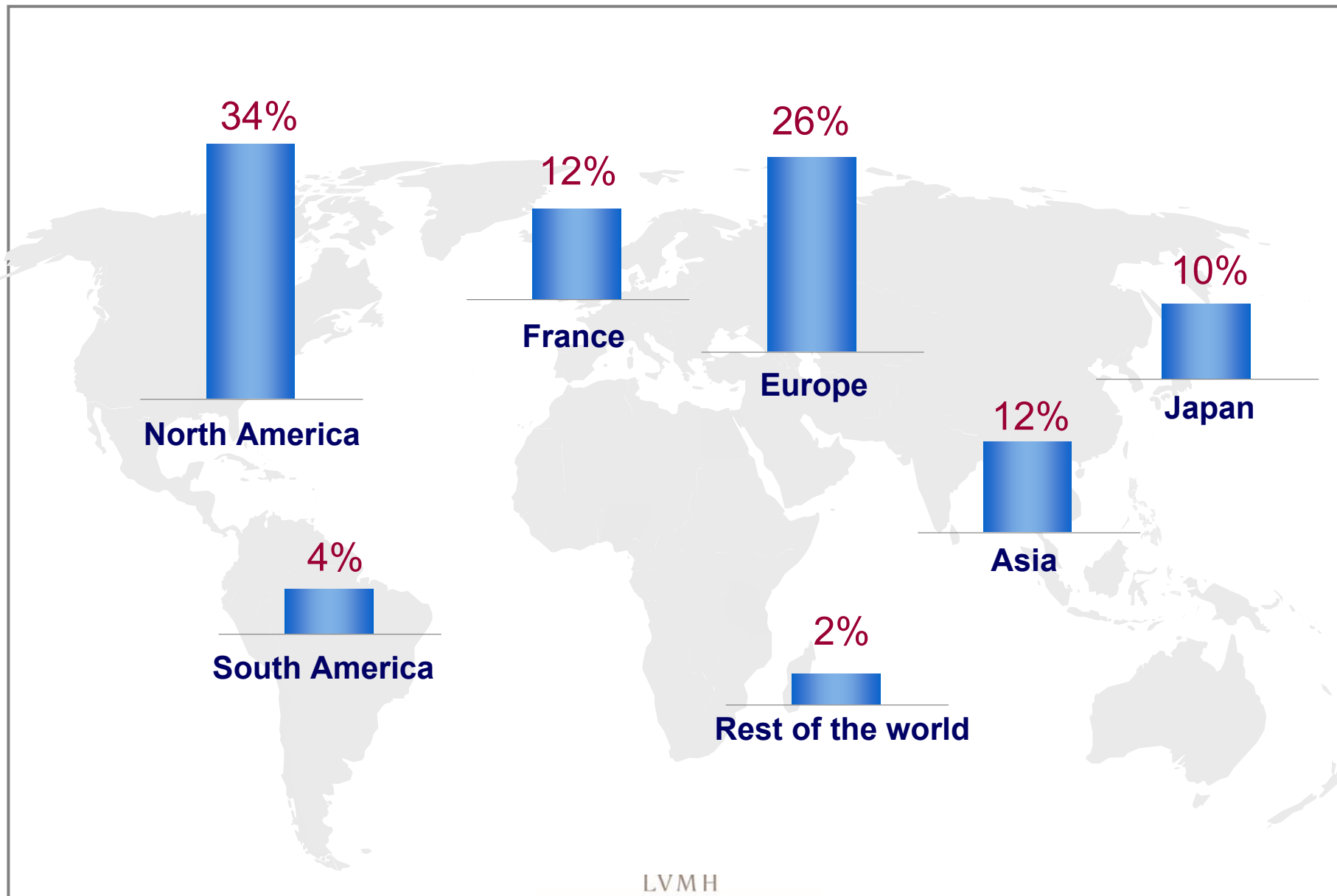
Wines & Spirits

Key figures (base 100 in 1999)



Wines & Spirits in 2002

Sales by geographic region



Wines & Spirits in 2002

Champagne & Wines

- **Champagne: 14% increase in volumes (on a comparable basis)**
 - Strong growth of Moët & Chandon, Veuve Clicquot and Krug
 - Excellent performance in key markets: US, Japan, UK
- **Improvement in profitability of star brands and focus on their development**
 - Investments reinforced
 - Sale of Pommery
- **Innovation: Paint Box by Clicquot**
- **Other still and sparkling wines**
 - Increased volumes despite crisis in Latin America
 - Profitability assured despite the economic and monetary environment thanks to efficient strategy and action plans

Wines & Spirits in 2002

Cognac & Spirits

- Cognac: 6% increase in volumes
 - Sustained demand
 - Continued commercial success in the US and Asia, offsetting weakness in Japan
 - Consolidation of leadership – all qualities progress
 - Share of premium market increased
- Improved operating margin
- Innovation: successful launch of *Fine de Cognac* in Europe
- Spirits: Acquisition of 40% of Millennium, owner of the luxury vodka Belvedere

Wines & Spirits in 2002

Distribution

- **Reinforced in the US**
 - Consolidation of Moët Hennessy and Diageo brands with a single distributor in key states
 - Dedicated sales teams put in place
- **Consolidation outside the US**
 - Combination of the Veuve Clicquot and Moët&Chandon–Hennessy networks in Germany, Switzerland, Asia and Latin America

Wines & Spirits

2003 Outlook

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Wines & Spirits 2003 Outlook

- Continue to focus resources on star brands and in key markets
 - Champagne – US, Japan, UK
 - Cognac – China, Russia, Korea, Taiwan
 - Strengthen communication of star brands
 - Innovation
- Continue to improve the efficiency of distribution networks
- Closely monitoring our still and sparkling wine activities in order to limit the impact of monetary and economic fluctuations
- Specific actions to compensate the currency effect

Yves CARCELLE

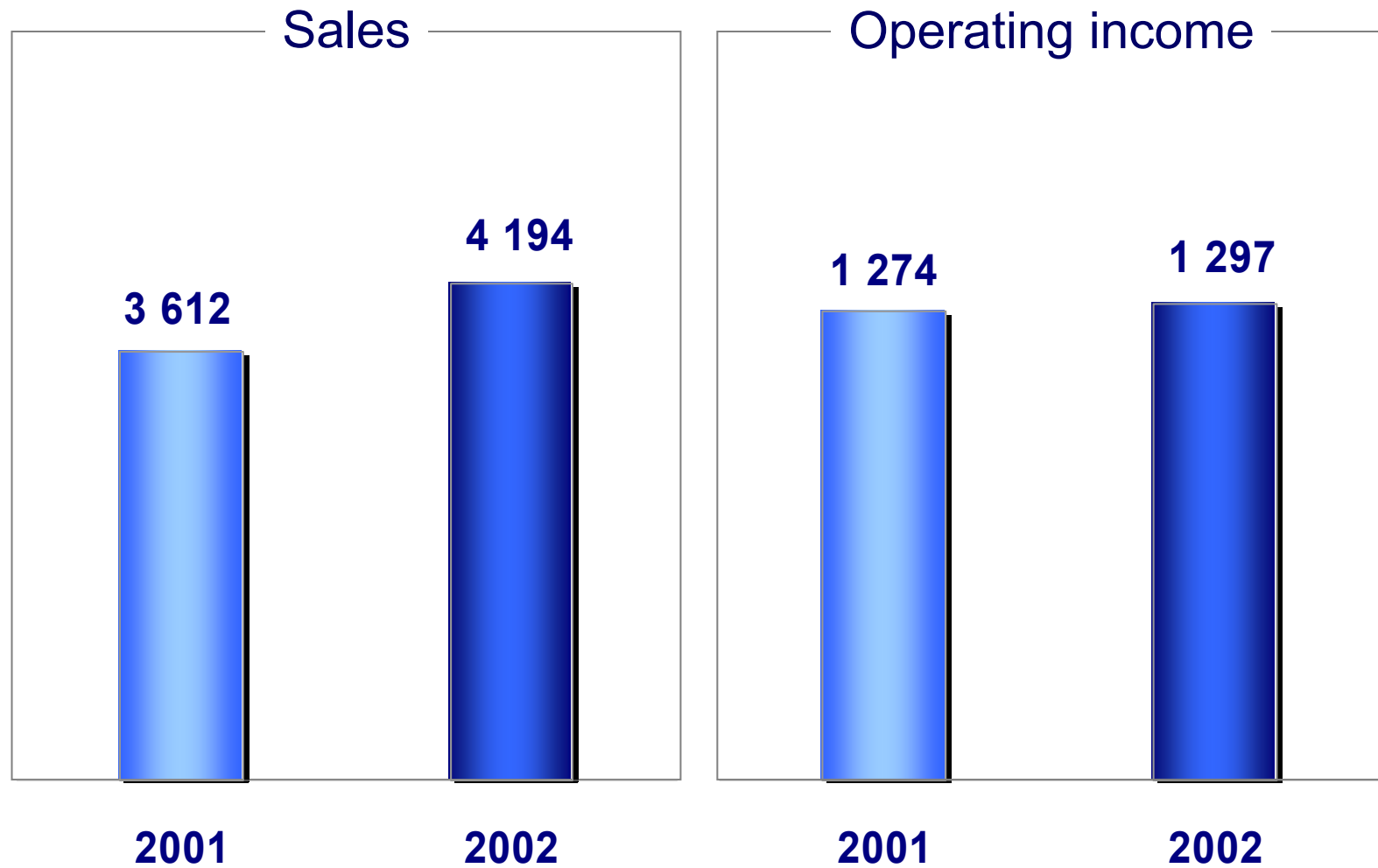
LVMH Fashion Group

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LVMH Fashion Group Key figures

In millions of Euros



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Louis Vuitton in 2002

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Louis Vuitton in 2002

- Increasing market share
- Strong acceleration of growth especially since September
- Success of new products
 - « Tambour » watch
 - Double appeal: fashion and collector
 - Control over its distribution
 - Major potential in a highly profitable sector
 - Event-driven: « Fluo » by Bob Wilson
 - « Louis Vuitton Cup » collection
 - *Monogram Mat*: immediate success

11% of sales generated by new products

Louis Vuitton in 2002

- Strong growth of Western and Japanese local customers
- Balanced development worldwide
(on a constant currency basis)
 - +8% in Europe
 - +12% in US
 - +15% in Japan
- Strengthened publicity
 - Excellent press coverage of fashion shows and new products

Louis Vuitton in 2002

Continued expansion of the network

299 stores at end of 2002 (net increase of 7 stores and 30 renovations)

- Strengthened position in 2 key regions in Japan
 - Tokyo: phenomenal success of first LV « house » in Omotesando
 - Kansai: first brand to open second flagship in Kobe (after Osaka)
- New regions such as Moscow, Amsterdam, Macau
- Continued to expand in China, Thailand, Taiwan,...
- Numerous renovations (Italy, France, Germany, Japan...)

LVMH Fashion Group in 2002

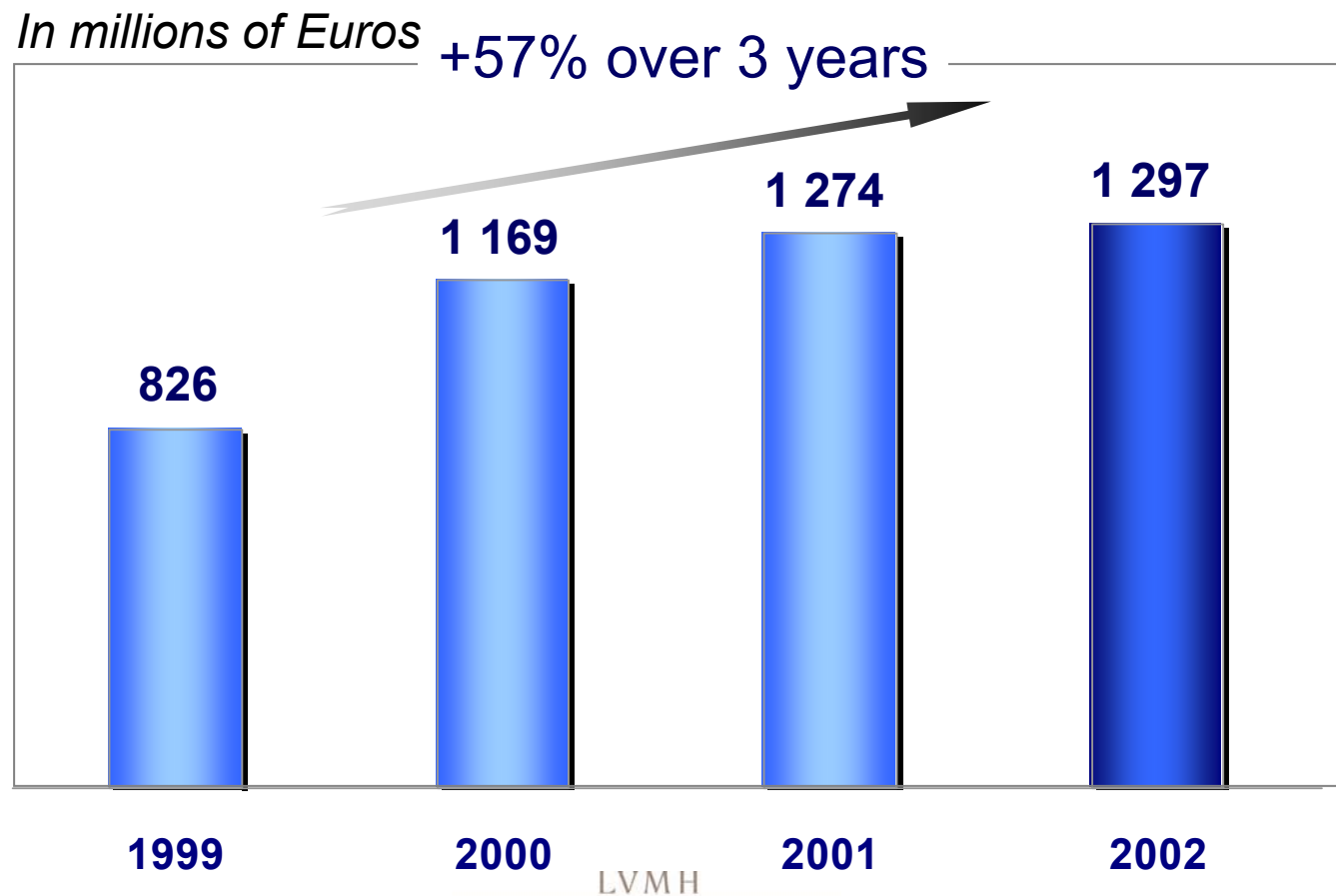
- New management (Donna Karan, Fendi, Kenzo, Loewe)
- Global restructuring achieved at Donna Karan and Fendi
 - Purchase by Fendi of its South Asian distribution network
 - Restructuring of Donna Karan's US network
 - Reduction of personnel
- Loewe: concentration on leather
- Christian Lacroix named artistic director of Pucci
- Excellent performance of Marc Jacobs and Berluti
- Very selective investments on the brands

Now positioned to:

- better resist in an unfavourable environment
- take full benefit of a rebound

LVMH Fashion Group Operating income growth over 3 years

- Despite 9/11 and an unfavourable environment, LVMH Fashion Group operating income continues to grow



Louis Vuitton in 2003

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Louis Vuitton in 2003

- **New products**
 - New Murakami line
 - Exclusive products - Goatskin line (introduction of a supple leather)
 - Following the success of the watch, development of jewelry
- **New stores**
 - Net increase of 10 to 15 stores (Canada, US, India, Germany, Italy,...) and over 40 renovations/expansions
- **After Omotesando: 2 major LV “house” projects**
 - New building in NY 5th Av and in Paris Champs Elysées (2004)
- **Strengthened media presence**
- **New workshop**
 - Opening of a second site at Ducey (France)

LVMH Fashion Group in 2003

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LVMH Fashion Group in 2003

- Donna Karan: new dynamic, new managers
 - Excellent press coverage of February fashion show
- Fendi: accent on the symbolic image of the Roman brand
- Kenzo: new Kenzo flagship (Pont Neuf) to display total product depth of the brand
- Céline: leather goods development
 - New model after success of Boogie
 - Launch of Poulbot bag and Macadam project
- Opening in Omotesando of additional LVMH brand stores
 - Donna Karan, Fendi, Céline and Loewe

LVMH Fashion Group in 2003

Omotesando

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LVMH Fashion Group Conclusion

- Continue growth at Louis Vuitton
- Priority to profitable growth of other brands
- Control of non-operating costs
- Concentration on cash flow
- Selective investments
- Proven reactivity of teams

Well prepared for an uncertain economic outlook

Louis Vuitton Cup

America's Cup

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