



Annual Results 2004

March 9, 2005

LVMH
MOËT HENNESSY • LOUIS VUITTON

Bernard Arnault

2004: A year of strong growth

In an unfavorable currency environment...

- ♦ Organic sales growth 11%
all business groups contributed
- ♦ Operating income increased 11%
 - ♦ Operating margin improved to 19.2%
- ♦ Net income growth 40%
- ♦ Continued debt reduction
and gearing objective of 50% achieved

Improved profitability

Operating income increased 11%

- ◆ Wines and Spirits: improved product mix of premium brands, strengthened distribution networks
- ◆ Louis Vuitton: strong growth and continued very high profit margin
- ◆ Perfumes and Cosmetics: success of new launches
- ◆ TAG Heuer: one of the Group's star brands
- ◆ Selective Retailing: growth in profitability

An effective, long-term growth model: 2002-2004

- ◆ Capacity to develop major brands
 - ◆ Louis Vuitton
 - ◆ Moët Hennessy
 - ◆ Parfums Christian Dior
- ◆ Capacity to turnaround and develop brands
 - ◆ Watches & Jewelry (TAG Heuer, Zenith)
 - ◆ Selective Retailing (DFS, Sephora)
- ◆ Capacity to increase cash flow from operations

**3 years of solid
organic growth**

**Improved operating
margin by 3.4 points**

+ 41% in two years

**Net Income doubled:
from 556 million to over 1 billion Euros**

Strategy for 2005

Continue profitable growth

Positive start in still unstable monetary environment

- ◆ Priority to growth based on:
 - ◆ Launching new products
 - ◆ Opening new stores (full year effect)
- ◆ Emphasis on development of strong brands
- ◆ Focus on profitability

Growth Drivers in 2005

- ◆ Benefit from the development of:
 - ◆ New territories / China
 - ◆ New product categories
- ◆ Innovative products
- ◆ Excellent teams
- ◆ Communication support for brands

**Objective of tangible increase
in operating income in 2005**

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Jean-Jacques Guiony

Net income increased 40% in 2004

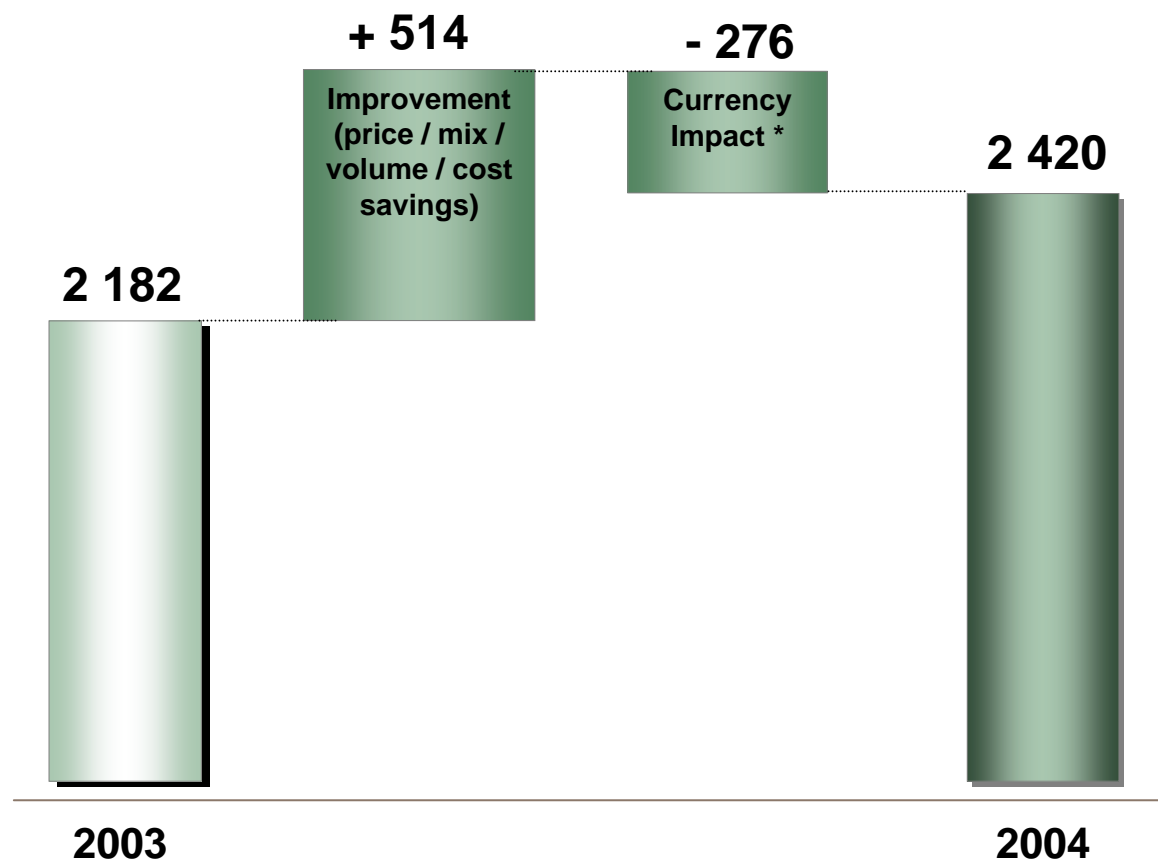
<i>in millions of euros</i>	2003	2004	% variation
Sales	11 962	12 623	+ 6%
Gross margin	7 791	8 130	
<i>in % of sales</i>	65%	64%	
Selling expenses	(4 401)	(4 513)	+ 3%
General & Admin. expenses	(1 208)	(1 197)	- 1%
Operating income	2 182	2 420	+ 11%
Net financial expenses	(233)	(197)	
Other income and expenses	(349)	(126)	
Income tax	(488)	(603)	
Net income before goodwill amortization	1 023	1 294	+ 26%
Net income	723	1 010	+ 40%

11% increase in operating income in 2004

<i>in millions of euros</i>	2003	2004	Variation in M€
Wines & Spirits	796	806	+10
Fashion & Leather Goods	1 311	1 329	+18
Perfumes & Cosmetics	178	181	+3
Watches & Jewelry	(48)	13	+61
Selective Retailing	106	244	+138
Others and eliminations	(161)	(153)	+8
LVMH	2 182	2 420	+238

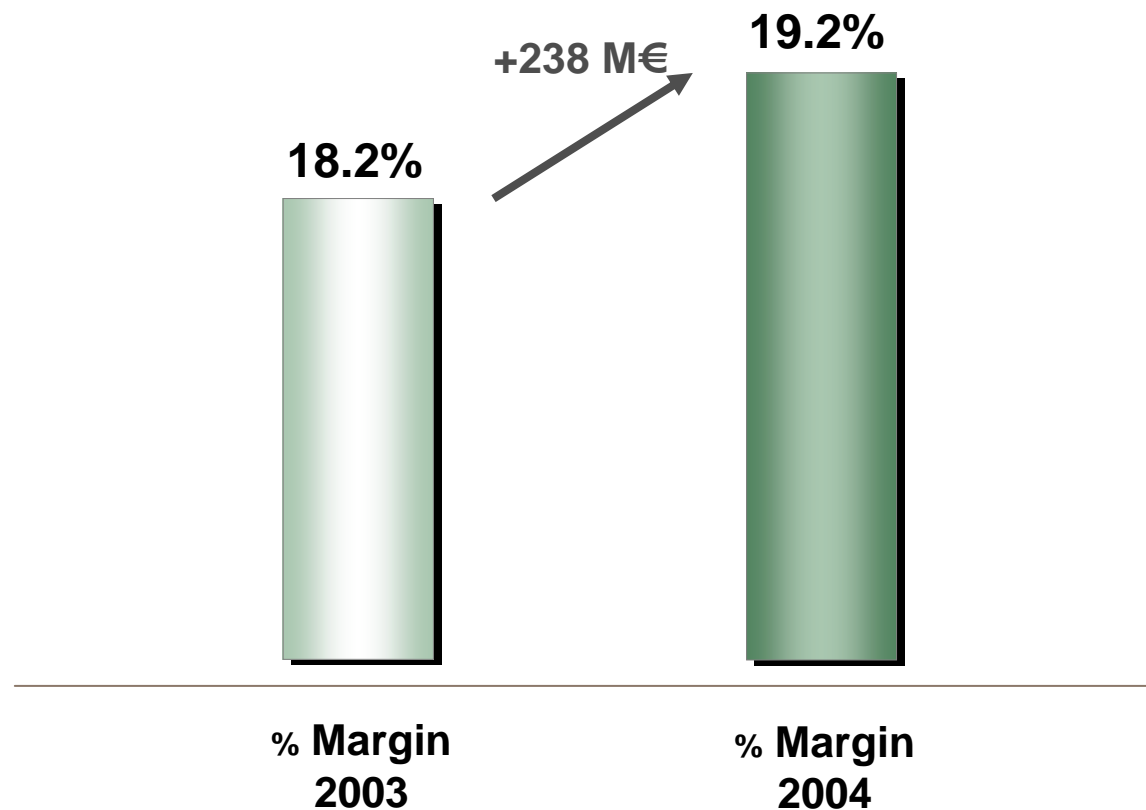
24% increase in operating income at constant currency

in millions of euros



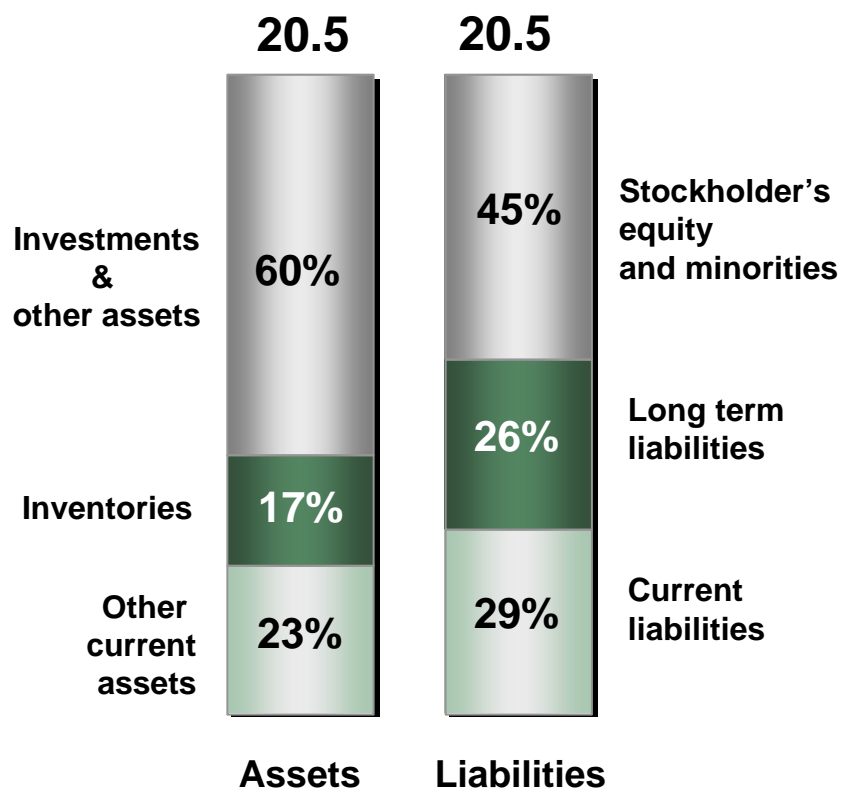
* incl. : Fashion & Leather Goods -129 M
Wines & Spirits -88 M

Improvement in operating margin in 2004



Strong financial structure

in billions of euros

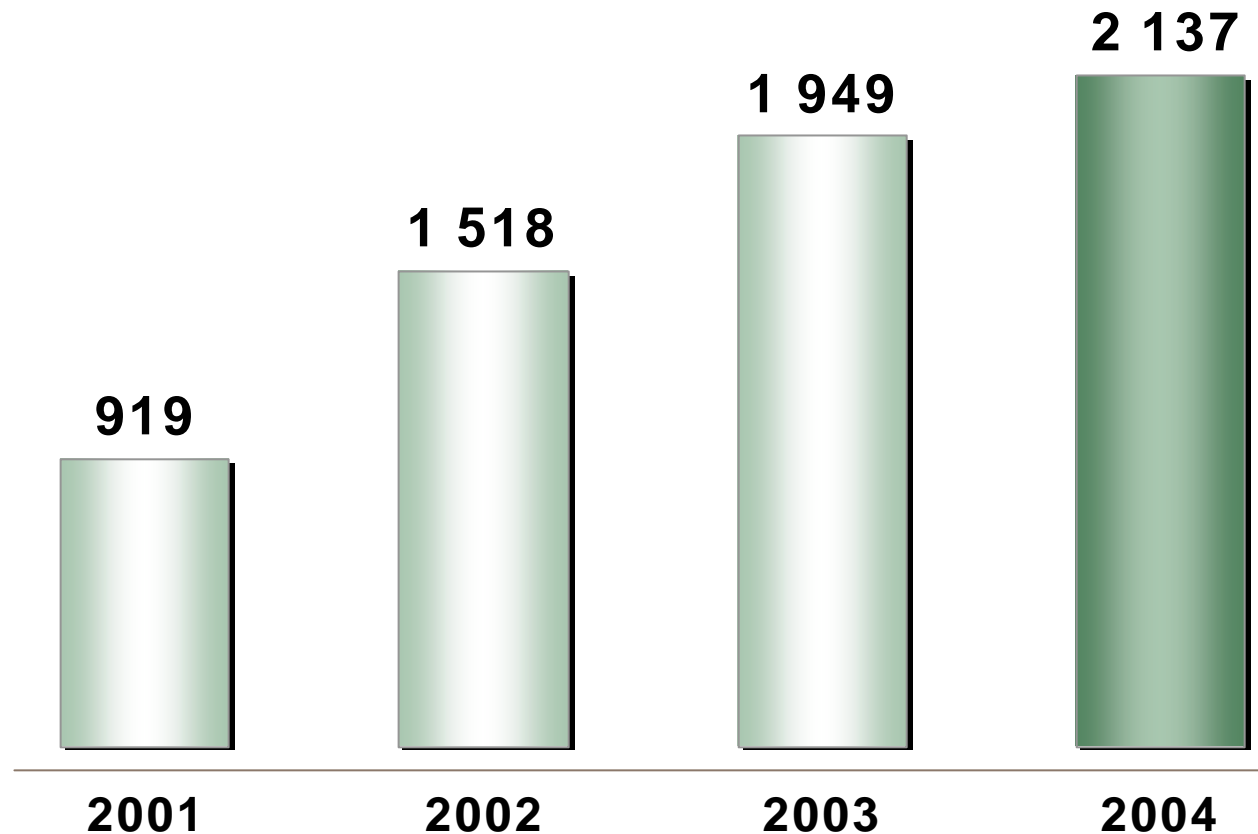


31/12/04

- ◆ Tangible increase in stockholder's equity
- ◆ Small increase in inventories, in line with sales increase
- ◆ Largely sufficient undrawn credit lines
- ◆ Debt reduction

Cash flow from operations multiplied by 2.5 times in 4 years

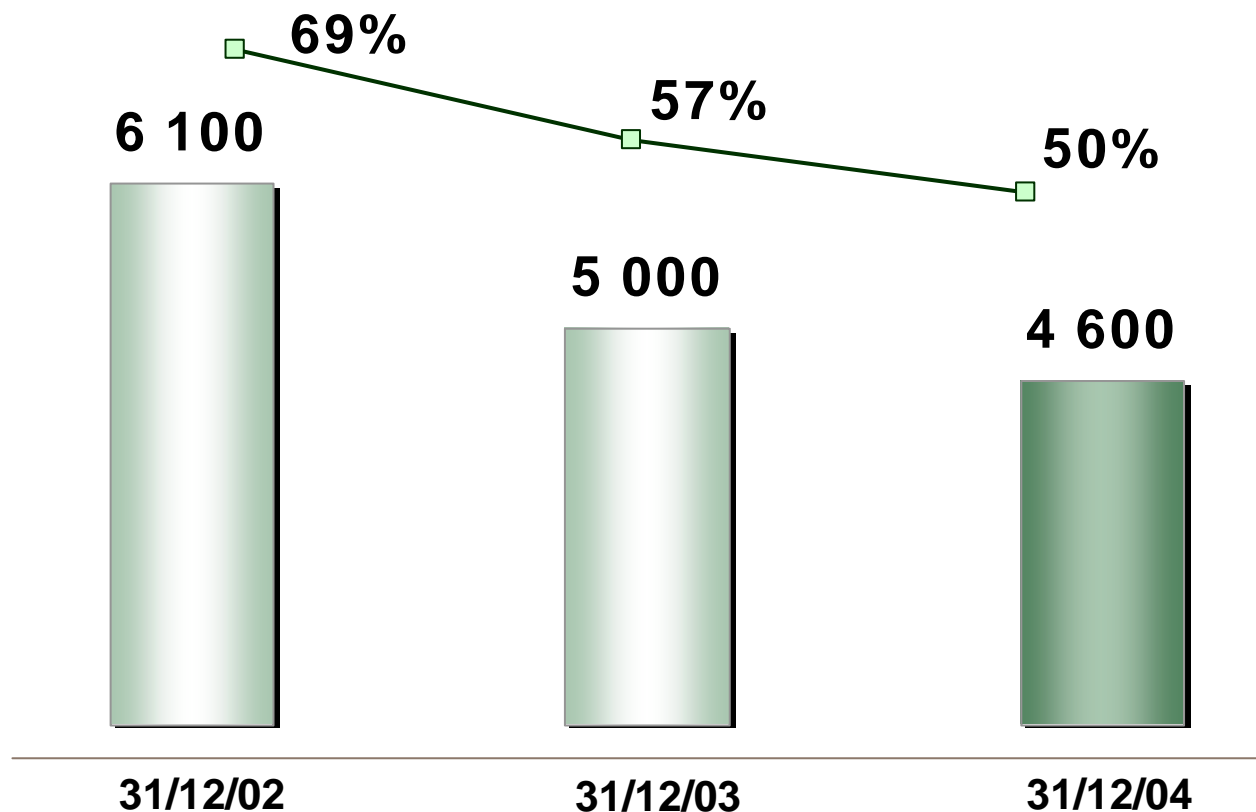
in millions of euros



Debt reduction in 2004

Reached objective of around 50% gearing at end 2005

Net debt* (in millions euros) and gearing* (%)



* Net of market value of Bouygues shares

IFRS Agenda

- ◆ Analysts meeting on March 31, 2005
 - ◆ Impact of IFRS
 - ◆ Transition tables for balance sheet and profit & loss account
- ◆ IFRS 2005 Q1 Sales (mid April)
- ◆ IFRS 2005 First Half Results (mid September)

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Antonio Belloni

PERFUMES AND COSMETICS

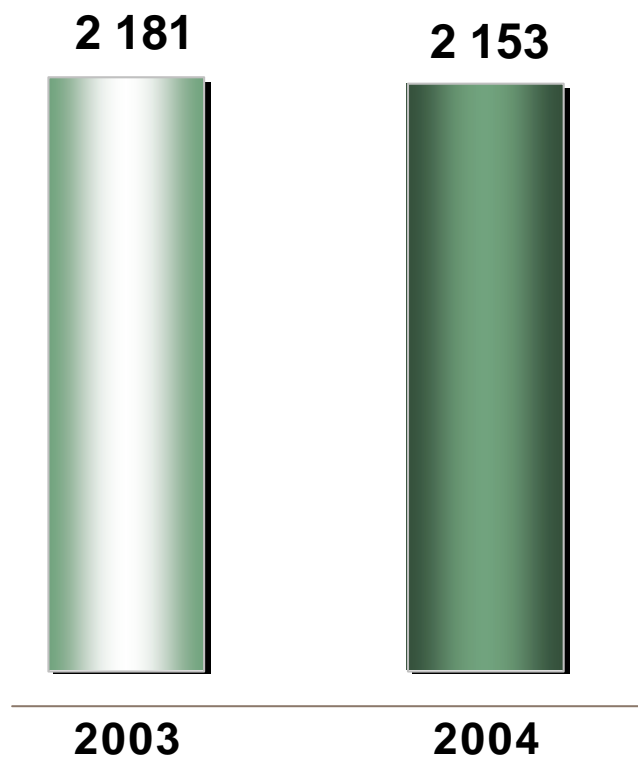
Perfumes and Cosmetics

Key figures

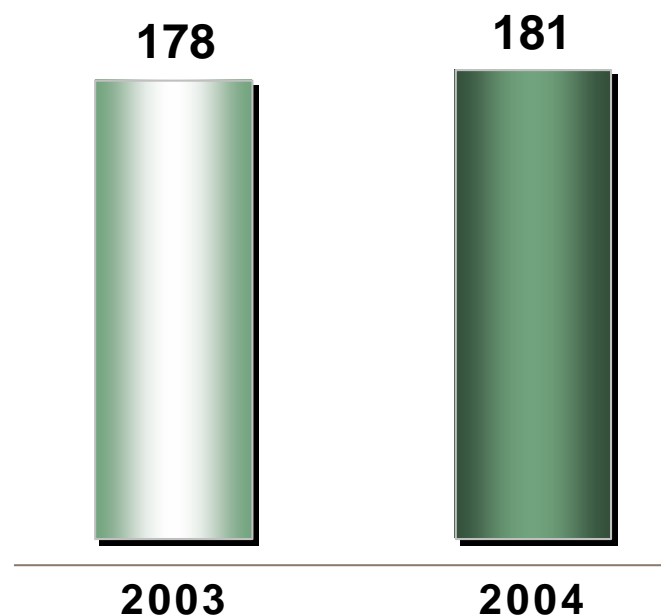
in millions of euros

Net sales

Organic growth : + 4%



Operating income



Perfumes and Cosmetics

2004 Highlights

- ◆ Revamped selling strategy in the US
 - ◆ More selective distribution
 - ◆ Reduced promotion volumes
- ◆ Parfums Christian Dior: improved activity and operating income
 - ◆ Worldwide success of *Pure Poison* in 2004
 - ◆ Major advances in make-up segment
 - ◆ Excellent performance in Japan, China and travel retail
- ◆ Guerlain accelerated its recovery
- ◆ Success of new products:
 - ◆ Givenchy's *Le Make Up* range
 - ◆ *KenzoKi* skin-care products
- ◆ Another successful year for BeneFit

Perfumes and Cosmetics

2005 Outlook

- ◆ Gain market share and increase operating margin
- ◆ Accelerate growth at Parfums Christian Dior
 - ◆ Launch two new perfumes
 - ◆ Enhance skincare segment, very important in Asia
 - ◆ Continue development of make-up line
- ◆ Develop other premium brands through innovation
 - ◆ Men's version of *Very Irresistible* at Givenchy
 - ◆ *SummerbyKenzo* at Kenzo
 - ◆ Renovation of historic Guerlain boutique on the Champs Elysées
- ◆ Expand BeneFit in Europe and Asia

WATCHES AND JEWELRY

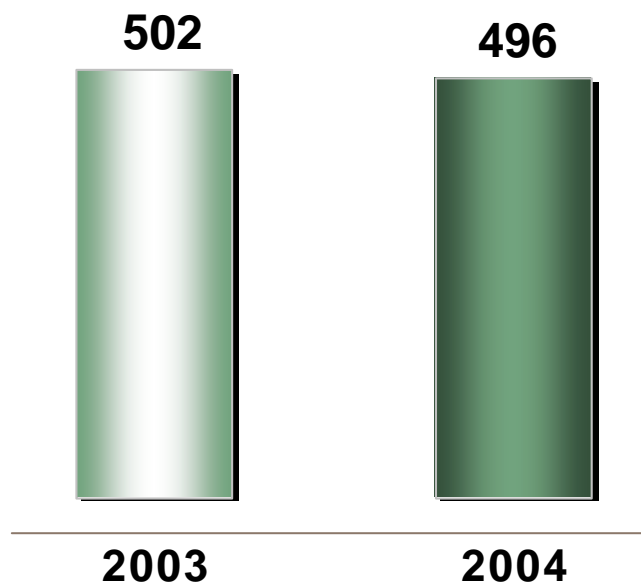
Watches and Jewelry

Key figures

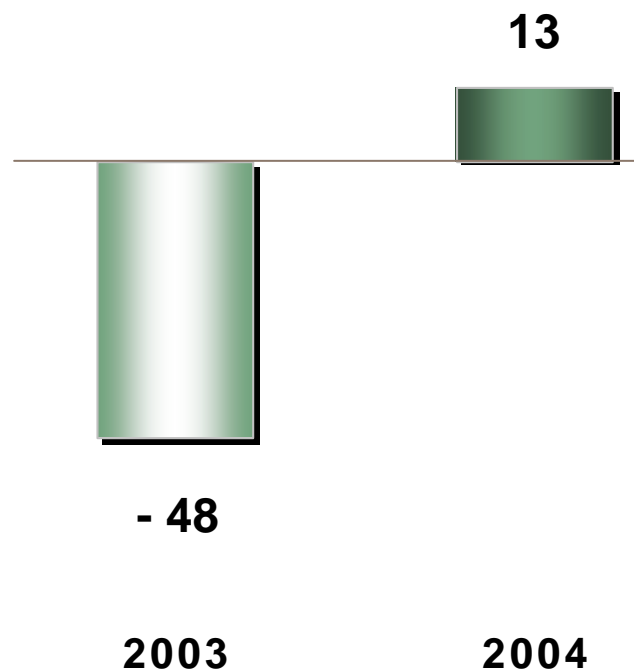
in millions of euros

Net sales

Organic growth : + 18%



Operating income



Watches and Jewelry

2004 Highlights

- ♦ Strong growth across all brands
- ♦ TAG Heuer confirmed its star brand status
 - ♦ Significant gain in market share in the US and Asia
 - ♦ Improved profitability
- ♦ Zenith now repositioned as a premium quality watch manufacturer
- ♦ Chaumet: strong progress in Asia and Europe
- ♦ Commercial success of new lines:
 - ♦ *Formula One* and *Link* at TAG Heuer
 - ♦ *Open* concept and *Star* women's line at Zenith
 - ♦ *Chiffre Rouge* line at Dior Watches, designed by Hedi Slimane

Watches and Jewelry

2005 Outlook

- ◆ Continue profitable growth
- ◆ Emphasize development at TAG Heuer:
 - ◆ Reinforce Sport / Glamour identity through new brand ambassadors
 - ◆ Accelerate growth plan in the US, stronger infrastructure in China and Russia
- ◆ Develop other brands' lines:
 - ◆ Broadening of *Frisson* and *Class One* at Chaumet
 - ◆ Numerous launches at Montres Dior
 - ◆ Creations combining premium quality timepieces and elegance at Zenith
- ◆ Target investments on most promising brands/markets

SELECTIVE RETAILING

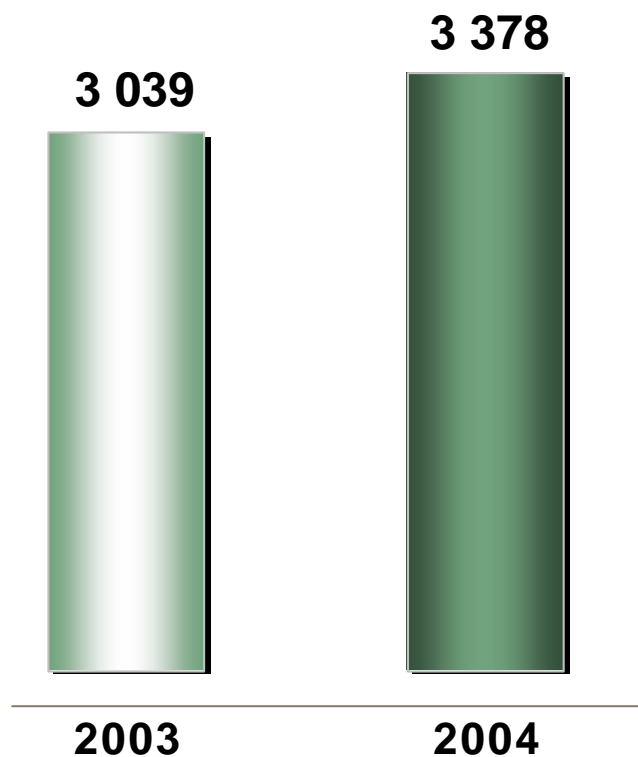
Selective Retailing

Key figures

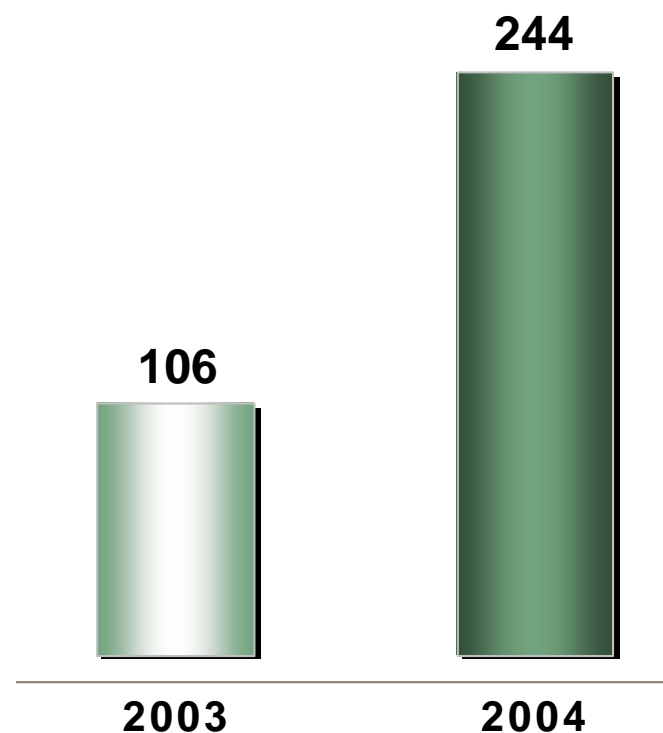
in millions of euros

Net sales

Organic growth : + 17%



Operating income



Travel Retail

2004 Highlights

- ◆ Strengthened leadership at DFS in Asian markets
 - ◆ Good recovery of tourism
 - ◆ Adapted offering and services to benefit from Chinese tourism
 - ◆ Maintained rigorous cost control
- ◆ Continued profitable growth at Miami Cruiseline
 - ◆ Better targeted and more innovative product offering
 - ◆ More efficient inventory management

Travel Retail

2005 Outlook

- ◆ Pursue development at DFS
 - ◆ Okinawa opening
 - ◆ Develop new opportunities thanks to increasing Chinese tourists in Asia
 - ◆ Reinforce product offering and improve customer service
- ◆ Profitable growth at Miami Cruiseline
 - ◆ Take advantage of increase in cruise travel
 - ◆ Increase visibility on ships

SELECTIVE RETAILING

Selective Retailing

2004 Highlights - Sephora

- ◆ Strong growth and profitability in the US and Europe
- ◆ Unique shopping experience through exclusive products and services
- ◆ Continued dynamic growth of Sephora.com
- ◆ Successful store debut in Canada

Selective Retailing

2005 Outlook - Sephora

- ◆ Establish Sephora as the beauty authority in selective retailing
- ◆ Continue leadership in innovative products and services
- ◆ Reinforce communication about Sephora's key differentiators
- ◆ Target market development:
 - ◆ Concentrate new store openings where potential is strongest
 - ◆ Focus on profitability in Italy
 - ◆ Launch in China

Selective Retailing

Le Bon Marché and La Samaritaine

- ◆ Le Bon Marché
 - ◆ Good progress in 2004 despite works
 - ◆ Completed renovation of women's fashion wear area in 2005
- ◆ La Samaritaine
 - ◆ New configuration completed: reduced surface, more fashion focus

WINES AND SPIRITS

Christophe Navarre

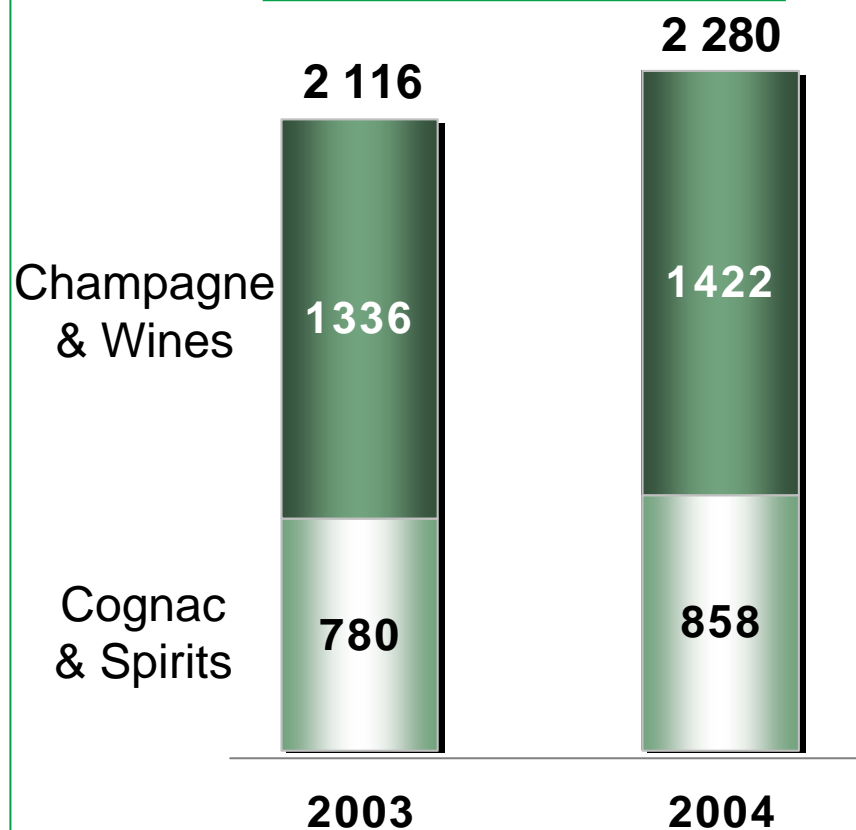
Wines and Spirits

Key figures

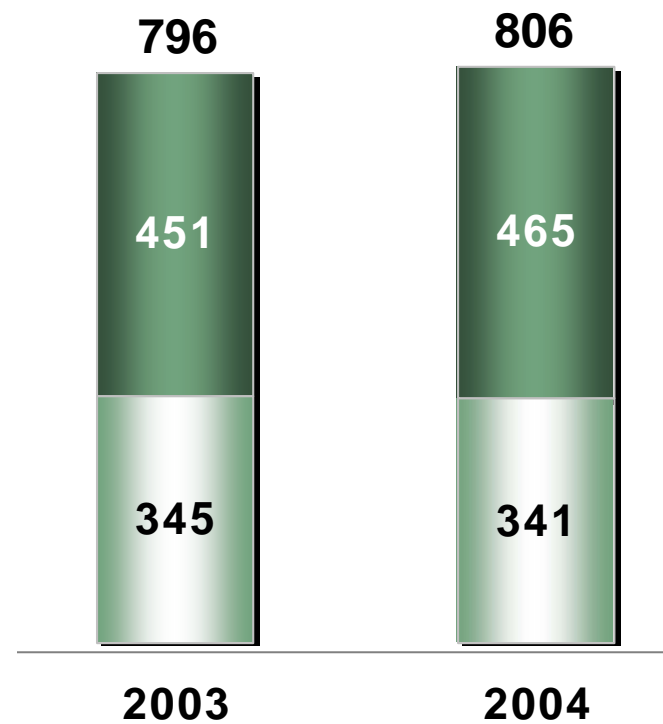
in millions of euros

Net sales

Organic growth : + 11%



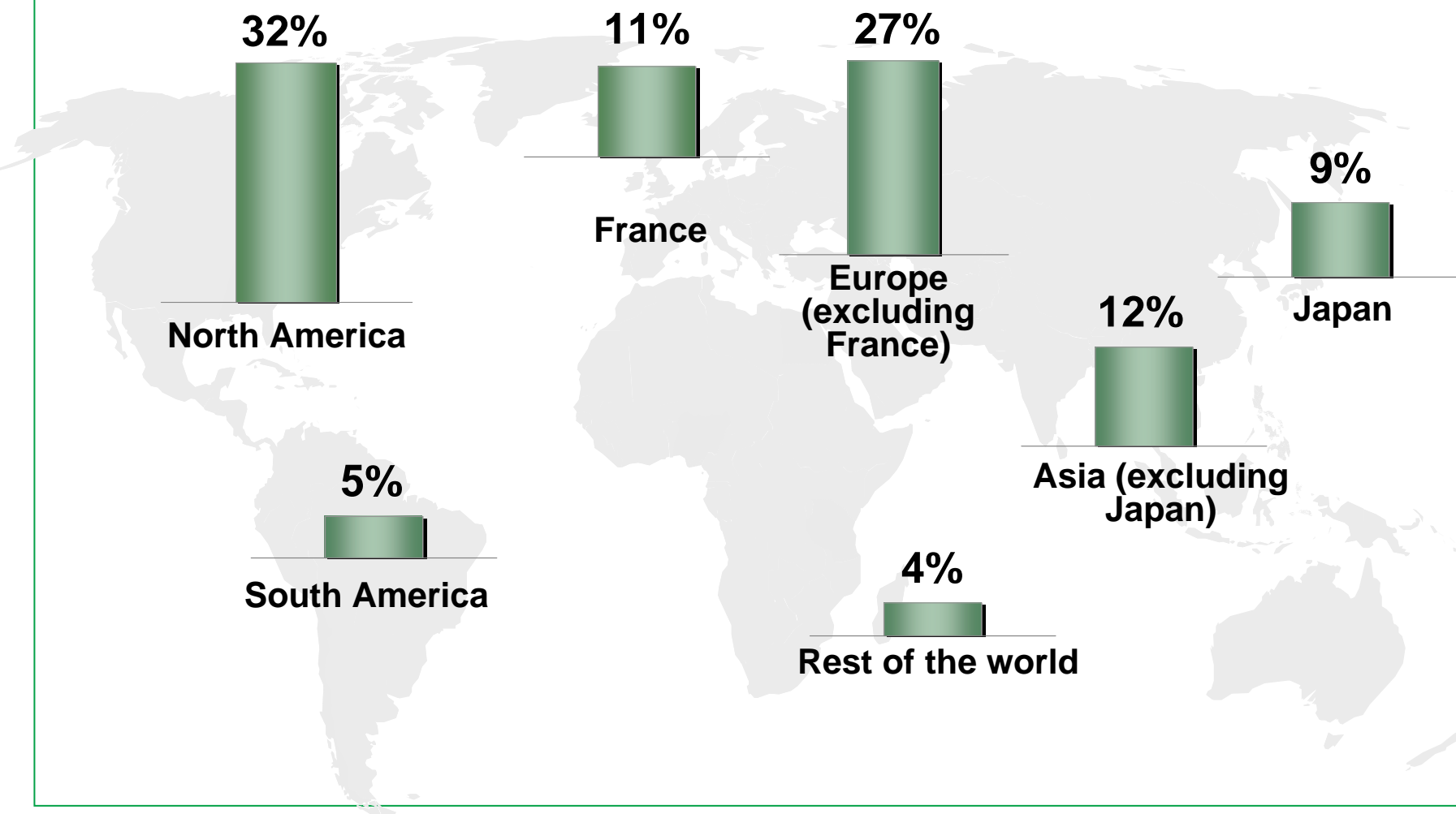
Operating income



Wines and Spirits in 2004

Well balanced sales

% of sales



Wines and Spirits

2004 Highlights

- ◆ Continued value driven strategy
 - ◆ Increased sales, particularly premium qualities
 - ◆ Strengthened Advertising & Promotion investments
 - ◆ Implemented aggressive pricing policy
- ◆ Strengthened distribution network
 - ◆ Creation of Schieffelin & Co in the US
 - ◆ Continued distribution network integration in Italy, Belgium & UK
 - ◆ Creation of Moët Hennessy Austria
- ◆ Became majority shareholder in Millennium
- ◆ Acquired Glenmorangie Plc. (Glenmorangie, Glen Moray and Ardbeg brands)

Champagne and Wines

2004 Highlights

- ◆ Excellent performance of star brands in key markets
 - ◆ Dom Pérignon in the US
 - ◆ Moët & Chandon principally in Japan
 - ◆ Veuve Clicquot in the US and in Japan
- ◆ Growth of rising stars
 - ◆ Strong growth of Krug and Ruinart
 - ◆ In strategic markets
- ◆ Growth in the Moët Hennessy Wine Estates
- ◆ Continued innovation and creativity

Champagne and Wines

Innovation and creativity - Dom Pérignon

1996 Vintage Launch

Champagne and Wines

Innovation and creativity - Moët & Chandon

Moët Boutique-Selfridge UK

Moët & Fashion

Champagne and Wines

Innovation and creativity - Veuve Clicquot

Clicquot Rosé (Japan)

Emilio Pucci for La Grande Dame

Champagne and Wines

Innovation and creativity - Krug

Krug's new packaging / new campaign

Champagne and Wines

Innovation and creativity

Terrazas

Cognac and Spirits

2004 Highlights

- ◆ Cognac market share gain in value terms
- ◆ Rapid development of Hennessy in strategic markets
 - ◆ Consolidated leadership in the US
 - ◆ Accelerated growth in Russia and in Greater China
- ◆ Strong growth of VSOP and XO premium qualities
- ◆ Sustained growth of Belvedere vodka

Cognac and Spirits

Innovation and creativity

Hennessy Twin Pack

Wines and Spirits

2005 Outlook

- ◆ Pursue value driven strategy to offset negative currency effects
 - ◆ Maintain firm pricing supported by increased A&P for the brands
 - ◆ Improve product mix
 - ◆ Rigorous cost control
 - ◆ Optimize A&P investments

Gain market share in value terms

Wines and Spirits

2005 Outlook

- ◆ Continue to strengthen the distribution network
 - ◆ Creation of Moët Hennessy USA
 - ◆ Creation of Moët Hennessy Nordics
 - ◆ Integrate distribution network in Spain
- ◆ Integrate the distribution of the Glenmorangie brands throughout the Moët Hennessy network
- ◆ Invest for future volume growth

WINES AND SPIRITS

FASHION AND LEATHER GOODS

Yves Carcelle

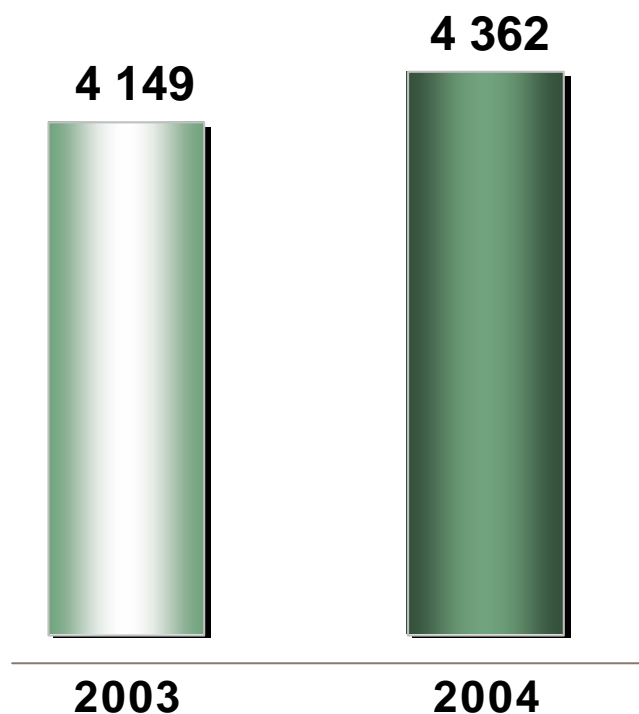
Fashion & Leather Goods

Key Figures

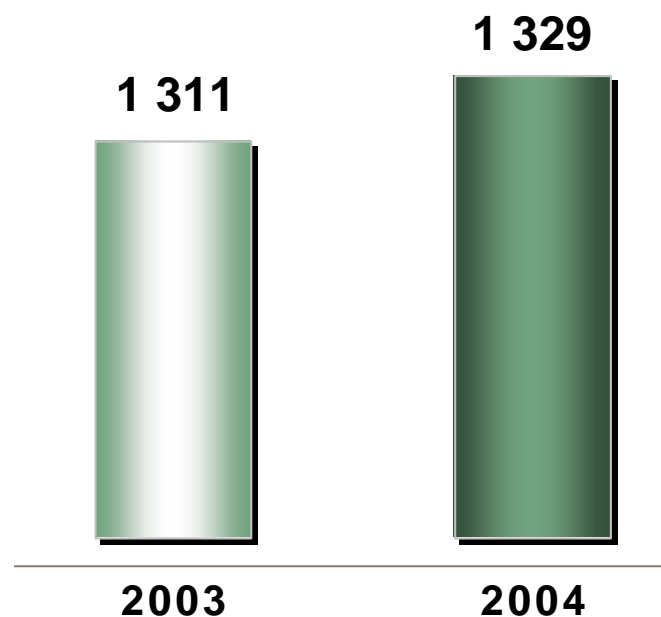
in millions of euros

Sales

Organic growth : + 10%



Operating income



Louis Vuitton

2004 Highlights

- ♦ Double digit organic sales growth
- ♦ Excellent performance in the US, with approx. 30% increase in dollar sales
- ♦ Strong growth in Asia
- ♦ Acceleration of development in Greater China
- ♦ Continued exceptional level of profitability, despite negative currency effects
- ♦ Continued expansion of retail network (340 stores, +23 in 2004)
 - ♦ Milan, Berlin Friedrichstrasse, Red Square Moscow, Sloane Street London, New York 5th Avenue, Cancun, Taipei 101, Osaka Umeda, Shanghai Plaza 66,...
 - ♦ New country: South Africa (Johannesburg)

Louis Vuitton

2004 Highlights

New York 5th Avenue

Shanghai Plaza 66

Louis Vuitton

2004 Highlights

- ◆ Continued to launch new leather products
 - ◆ New lines : *Theda* and *Leonor* bags, *Monogram Multipoches*, *Damier Géant*
 - ◆ New colours : *Epi myrtille* and *Taiga Grizzli*
- ◆ Excellent performance of *Multico*, *Epi souple* and *Suhali*
- ◆ Success of *Lovely Pink* and *Regate LV Cup*
LV confirmed credibility and extended watches offering to women
- ◆ Launched *Emprise*, first jewelry collection

Fashion & Leather Goods

2004 Highlights

- ◆ Celine: Continued growth
 - ◆ Double digit sales increase at constant currency
 - ◆ Success of *Boogie* and *Poulbot* bags
 - ◆ Increased appeal in Japan
 - ◆ Expanded network of stores to 112, with 12 openings
 - ◆ Strong development in Asia (Taiwan, Korea)
- ◆ Reorganization continued at Fendi and Donna Karan
- ◆ Marc Jacobs: Excellent performance
 - ◆ Very strong organic sales growth
 - ◆ Strengthened brand image in Japan and Asia
 - ◆ Developed network of controlled stores

Louis Vuitton

2005 Outlook

- ◆ Promising new launches:
 - ◆ *Monogram Cerise* line created by Marc Jacobs and Takashi Murakami
 - ◆ *Denim* line
 - ◆ New colours for *Vernis* bags
 - ◆ New shapes in *Monogram* (*Manhattan* bag)
- ◆ Major player in watches and shoes
- ◆ Creative new advertising campaign featuring Uma Thurman
- ◆ Drive success of latest collections

Louis Vuitton

Louis Vuitton

2005 Outlook: Year of « Savoir-Faire »

- ♦ Reopening of fully renovated workshop in Asnières

Louis Vuitton

2005 Outlook

- ♦ Optimization of store network:
 - ♦ Important openings : Beijing China World, South Coast Plaza,...
 - ♦ Spectacular reopenings:
 - ♦ Paris Champs Elysées, scheduled October 2005
 - ♦ Landmark Hong Kong
- ♦ Strengthen all products, including launch of *Speedy* watch
- ♦ Objective for 2005: Continue strong sales growth while maintaining exceptional level of profitability

Fashion & Leather Goods

2005 Outlook

- ◆ Confirm recovery at Fendi and Donna Karan
- ◆ Accentuate development of high potential brands:
 - ◆ Marc Jacobs, Loewe, Pucci and Berluti

Louis Vuitton