



LVMH

MOËT HENNESSY • LOUIS VUITTON

# First Half 2005 Results

September 7, 2005

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**Bernard Arnault**

## Excellent performance for LVMH in H1 2005

- ◆ Strong organic revenue growth: + 12% with positive contributions from all business groups
- ◆ Continued growth in profit from recurring operations: + 11% (26% at constant currency rates)
- ◆ Net profit increased 38% excluding Samaritaine provision
- ◆ Cash flow from operations grew 29%

**Gained market share  
and improved profitability**

## **Within persistent unfavorable currency environment...**

- ◆ Gained market share in Wines & Spirits
- ◆ Exceptional growth for Louis Vuitton
- ◆ Progress in other Fashion & Leather Goods brands
- ◆ Growth in Perfumes & Cosmetics
- ◆ Continuing recovery of Watches & Jewelry
- ◆ Increasing contribution from Selective Retailing

## A second half 2005 with promise

- ◆ Sales growth in July and August
- ◆ Currency environment seems less unfavorable
- ◆ Opening of Louis Vuitton flagship store on the Champs Elysées
- ◆ Continued innovations
  - ◆ Denim line and eyeglasses at Louis Vuitton
  - ◆ New perfume launches
  - ◆ New watches and jewelry lines

**Confirm objective of significant growth in profit from recurring operations in 2005**

## LVMH is well positioned for the long term

- ◆ Our growth model has proven effective and durable
  - ◆ Development of star brands
  - ◆ Turnaround and development of high potential brands
  - ◆ Improvement of financial performances
- ◆ Capacity to seize opportunities
  - ◆ Quality teams
  - ◆ Financial strength

**LVMH: pioneer, authority  
and leader in the luxury world**

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**Jean-Jacques Guiony**

## Group share of net profit increased 19% in H1 2005

<i>In millions Euros - IFRS</i>	H1 2004	H1 2005	% change
Revenue	5 609	6 173	+ 10%
Gross margin	3 738	4 025	
Selling expenses	(2 151)	(2 313)	+ 8%
Administrative expenses	(605)	(622)	+ 3%
Profit from recurring operations	982	1 090	+ 11%
Other income and expenses	(71)	(155)	
Operating profit	911	935	+ 3%
Net financial expense	(82)	(120)	
Income taxes	(268)	(220)	
Equity investment income	(13)	1	
Net profit	548	596	+ 9%
of which minority interests	79	37	
<b>Net profit Group share</b>	<b>469</b>	<b>559</b>	<b>+ 19%</b>

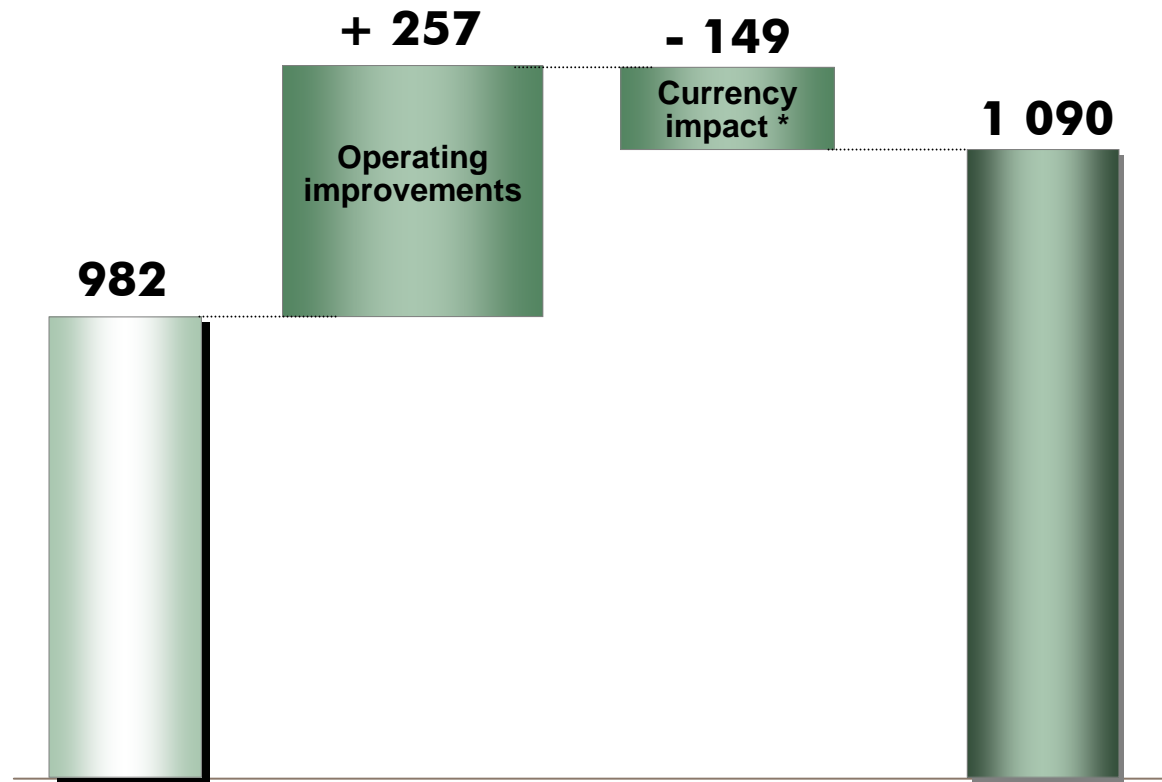


## Profit from recurring operations increased 11% in H1 2005

<i>In millions of Euros</i>	H1 2004	H1 2005	Variation in M€
Wines & Spirits	343	321	-22
Fashion & Leather Goods	626	654	+28
Perfume & Cosmetics	33	44	+11
Watches & Jewelry	(1)	14	+15
Selective Retailing	70	119	+49
Others & eliminations	(89)	(62)	+27
<b>LVMH</b>	<b>982</b>	<b>1 090</b>	<b>+108</b>

# Increase of 26% in profit from recurring operations at constant currency

*In millions of Euros*



**H1 2004**

**H1 2005**

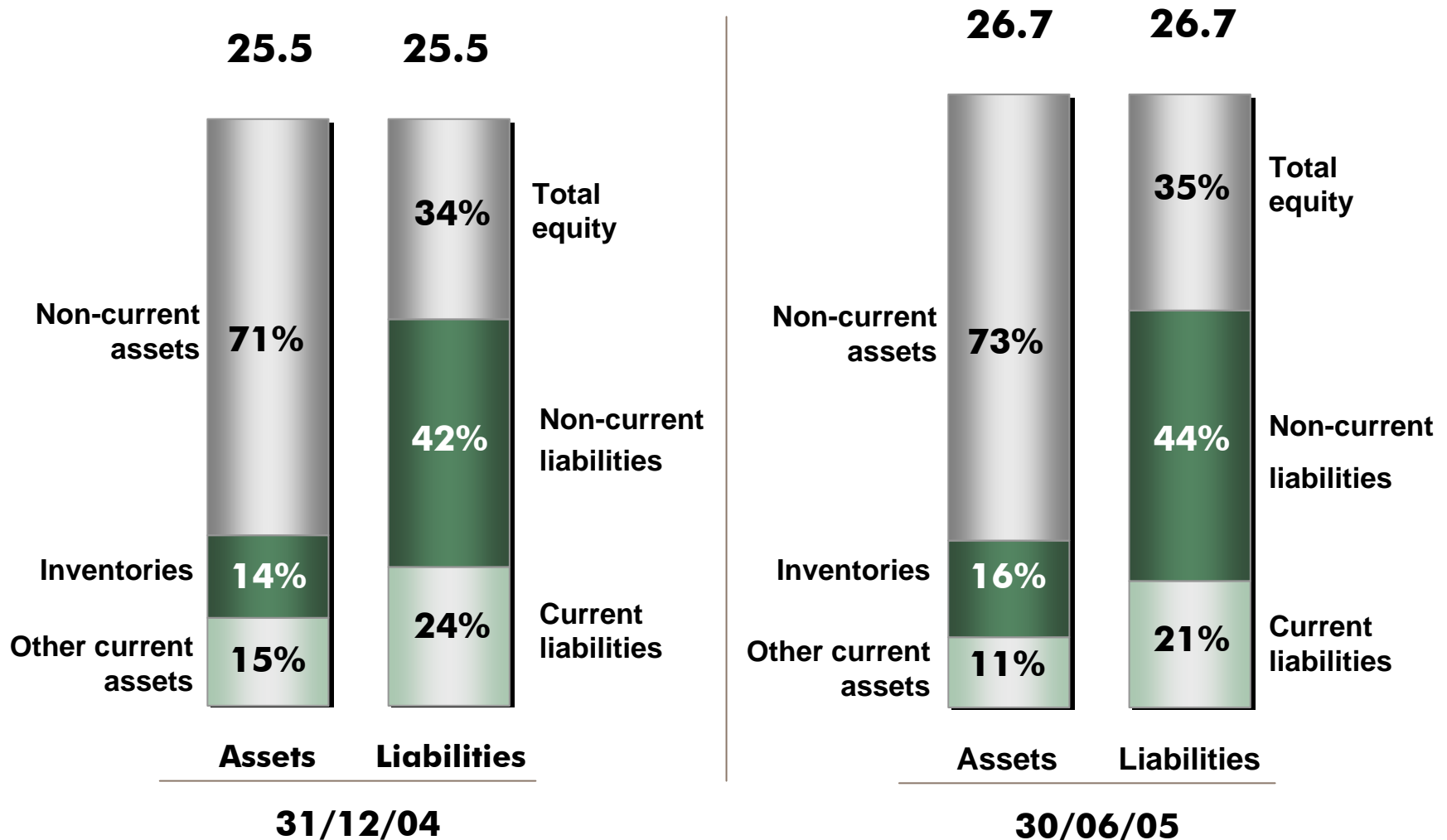
* incl : Fashion & Leather	-75 M
Wines & Spirits	-60 M

## Evolution of net financial expense

<i>In millions of Euros</i>	H1 2004	H1 2005	Variation in M€
Net borrowing costs	(104)	(91)	+13
Fair value adjustment of borrowings and hedges	7	(27)	-34
Ineffective portion of currency hedges	16	(36)	-52
Dividends received	12	16	+4
Other items - net	(13)	18	+31
<b>Net financial expense</b>	<b>(82)</b>	<b>(120)</b>	<b>-38</b>

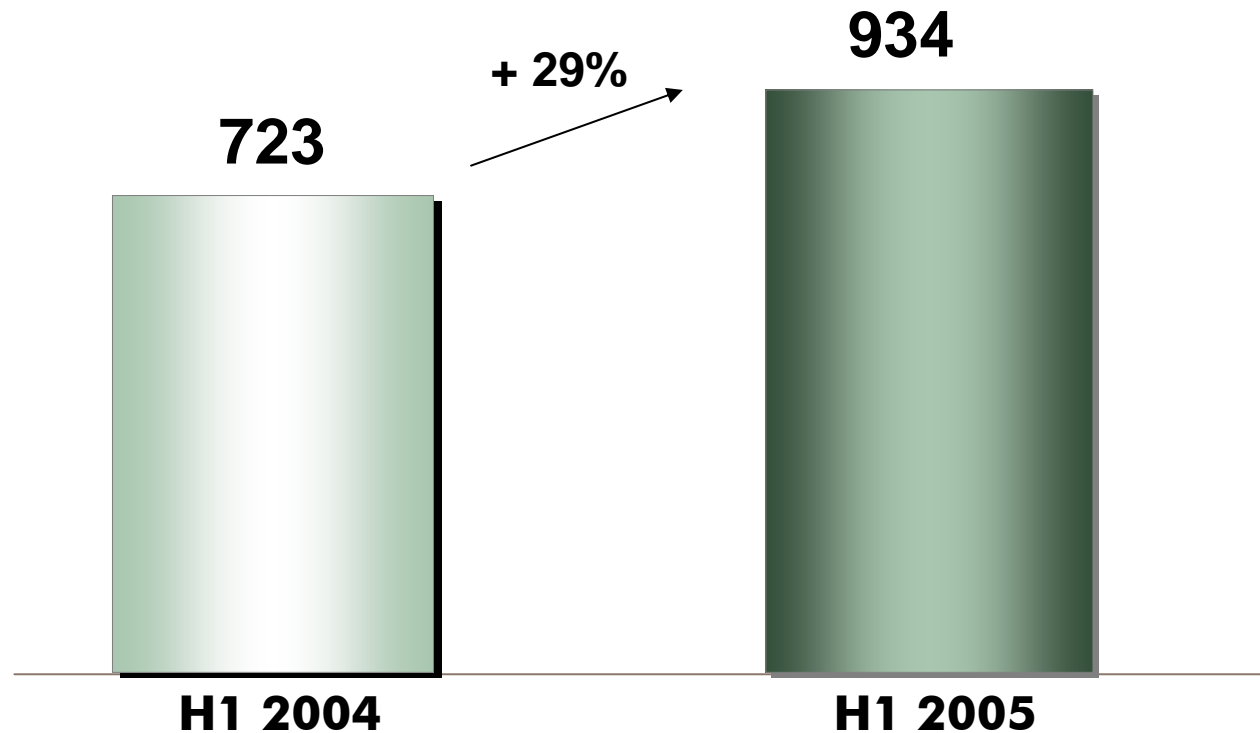
# Strong financial structure maintained

*In billions of Euros - IFRS*



# 29% improvement in cash flow from operations\*

*In millions of Euros - IFRS*



\* net cash flow from operating activities before changes in working capital

# Use of cash flow from operations

<i>In million Euros</i>	H1 2004	H1 2005	Change in €M	Change in %
Cash flow from operations	723	934	+211	+29%
- Working capital requirements	413	407	-6	-1%
- Acquisitions net of disposals*	213	315	+102	+48%
<b>Free Cash Flow **</b>	<b>97</b>	<b>212</b>	<b>+115</b>	<b>+119%</b>

**Free Cash Flow doubled**

\* Of tangible and intangible fixed assets

\*\* before available for sale financial assets and investments, transactions relating to equity and financing activities

## Hedging cover

<i>At 30 August 2005</i>	2004	2005	2006
<b>EUR / USD</b>	1.127	1.261	1.316
<i>% cover</i>		92%	74%
<b>EUR / Yen</b>	124.8	133.5	134.4
<i>% cover</i>		91%	64%

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**Antonio Belloni**



# PERFUMES & COSMETICS

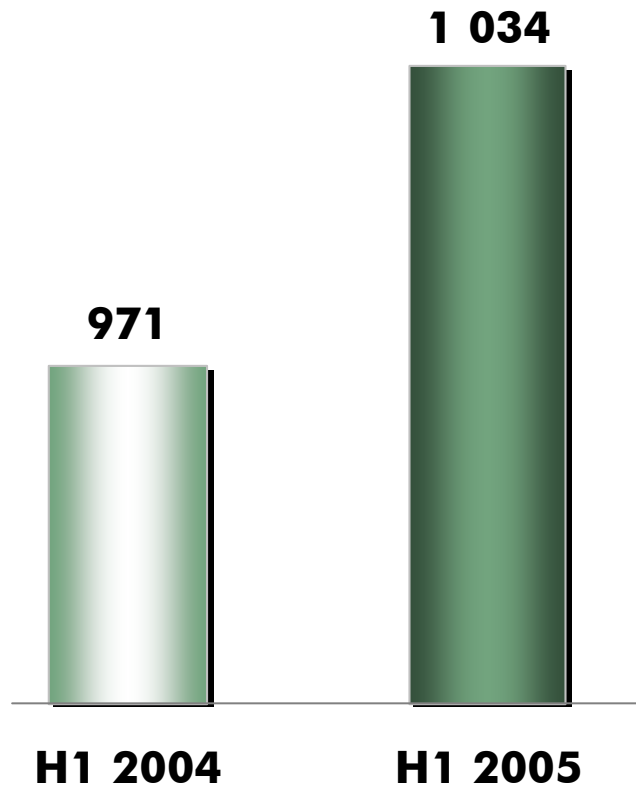
# Perfumes & Cosmetics

## Key figures

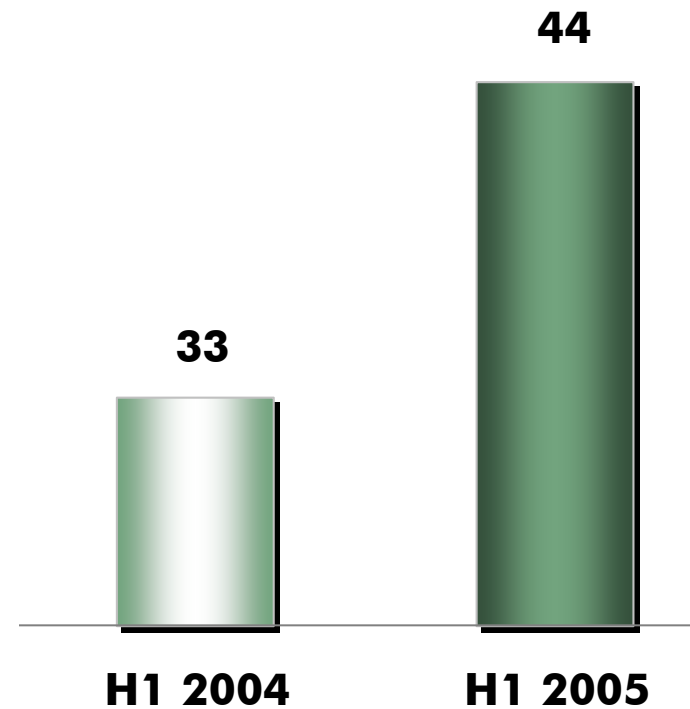
*In millions of Euros*

### Revenue

Organic growth : + 8%



### Profit from recurring operations



# Perfumes & Cosmetics

## H1 2005 Highlights

- ◆ **Parfums Christian Dior: market share gains across all areas**
  - ◆ Success of *Pure Poison* and promising launch of *Miss Dior Chérie*
  - ◆ Sustained development of make-up products
  - ◆ Strong increase in Asia and Europe
- ◆ **Guerlain: improve sales and profitability**
  - ◆ Success of *L'instant*
  - ◆ Renovation and reopening of historical Champs Elysées store
- ◆ **Kenzo: continued growth with launch of new perfume, *SummerbyKenzo***

# Perfumes & Cosmetics

## H1 2005 Highlights

**Miss Dior Chérie**

# Perfumes & Cosmetics

## 2005 Outlook

- ◆ Growth continuing at Parfums Christian Dior
  - ◆ Launch of new men's perfume, *Dior Homme*
  - ◆ Continued strengthening of care and make-up lines
- ◆ Guerlain's innovations in make-up
  - ◆ Very good start of *KissKiss* lipstick
  - ◆ Renewal of the *Super Aqua* skincare line
- ◆ Development of other brands
  - ◆ Launch of men's version of *Very Irresistible* by Givenchy
  - ◆ Launch of a new Orientale version of *FlowerbyKenzo*
- ◆ Roll-out for BeneFit in Asia

# WATCHES & JEWELRY

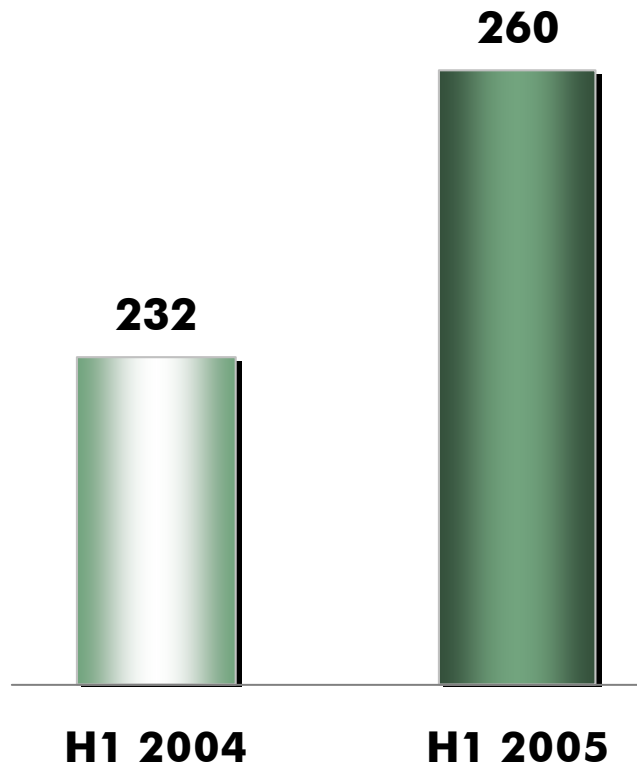
# Watches & Jewelry

## Key figures

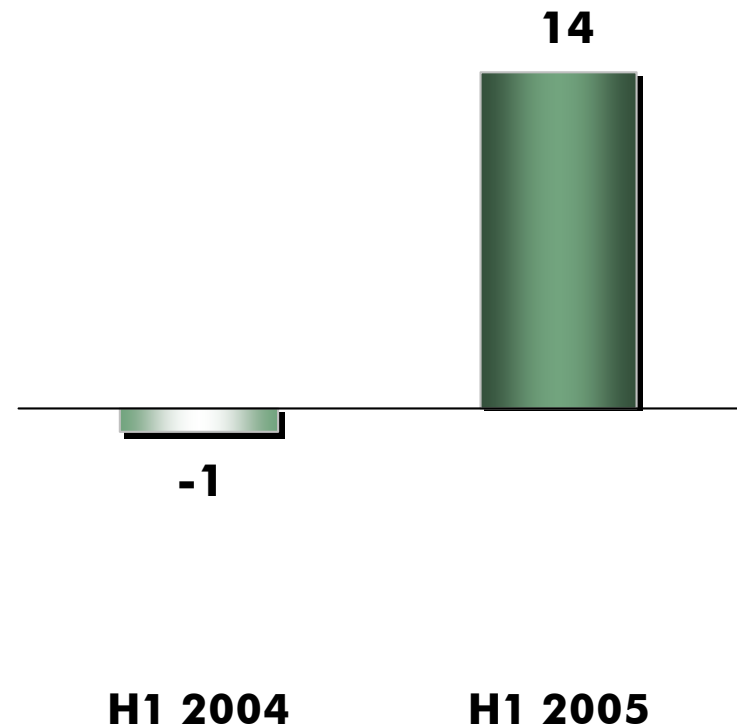
*In millions of Euros*

### Revenue

Organic growth : + 15%



### Profit from recurring operations



## Watches & Jewelry

### H1 2005 Highlights

- ◆ Market share gains and financial recovery
- ◆ Further progress for TAG Heuer
  - ◆ In Asia and Americas
  - ◆ Success of main product lines: *Link*, *Aquaracer* and *Carrera*
  - ◆ Launch of first golf watch developed with Tiger Woods
- ◆ Zenith shows strong progress in specialist watchmaking
  - ◆ Strong performance of *Chronomaster* and *Star* lines
  - ◆ Success of *Open* concept
- ◆ Progression of Chaumet
  - ◆ Success of the brands *Frisson* and *Class One*
- ◆ Opening of De Beers store in New York



# Watches & Jewelry

## H1 2005 Highlights

**Chaumet Store  
in Osaka**

**De Beers Store  
in New York**

## Watches & Jewelry

### 2005 Outlook

- ◆ Continued profitable growth
- ◆ New launches at TAG Heuer
  - ◆ *Calibre 360* (automatic movement to 1/100 of second)
  - ◆ *Calibre S* (new quartz movement)
- ◆ New female model *Starissime* at Zenith
- ◆ Launch of *Christal* at Dior watches
- ◆ Selective expansion of Chaumet's store network
- ◆ Opening of De Beers store in Los Angeles by year-end

# SELECTIVE RETAILING

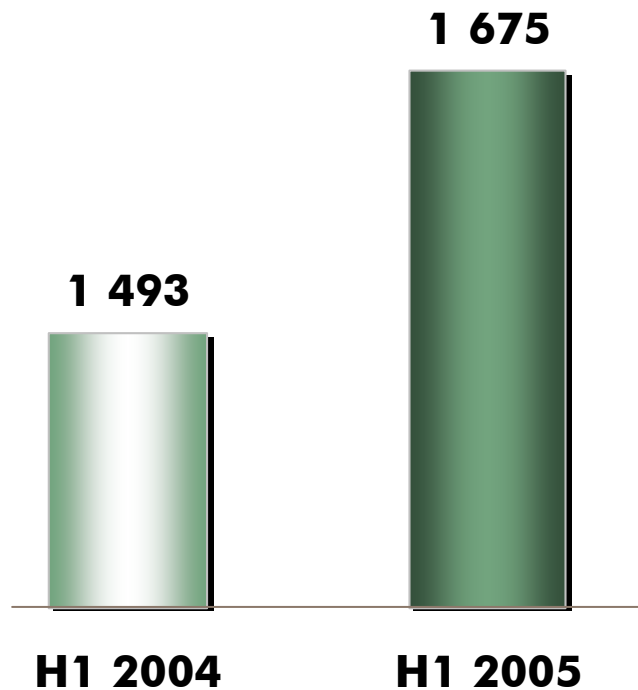
# Selective Retailing

## Key figures

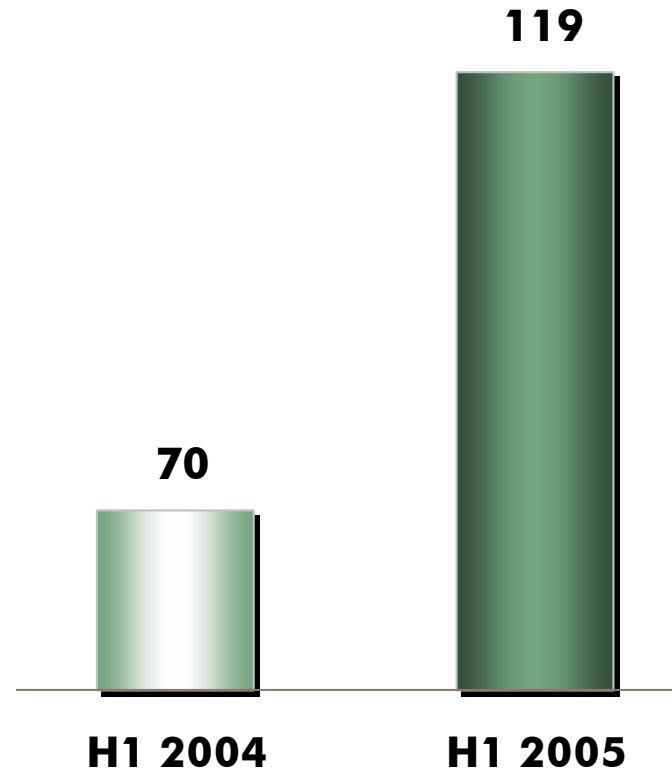
*In millions of Euros*

### Revenue

Organic growth : + 15%



### Profit from recurring operations



# Selective Retailing

## H1 2005 Highlights

### **DFS**

- ◆ Sustained growth in Asia, benefiting from increased tourism
- ◆ Success of new Okinawa Galleria in Japan, driven by luxury goods
- ◆ Well-managed cost control

### **SEPHORA**

- ◆ Strong market share gains in Europe and the US
- ◆ Launching of on-line retail operations in France in June
- ◆ Expansion into China

# SELECTIVE RETAILING

# Selective Retailing

## 2005 Outlook

### DFS

- ◆ Reinforcement of luxury offering in the Gallerias
- ◆ Expansion of Chinese clientele
- ◆ Renovation of Guam stores

### SEPHORA

- ◆ Continued international development
- ◆ Focus on innovation and service as “the beauty authority”

# WINES & SPIRITS

**Christophe Navarre**



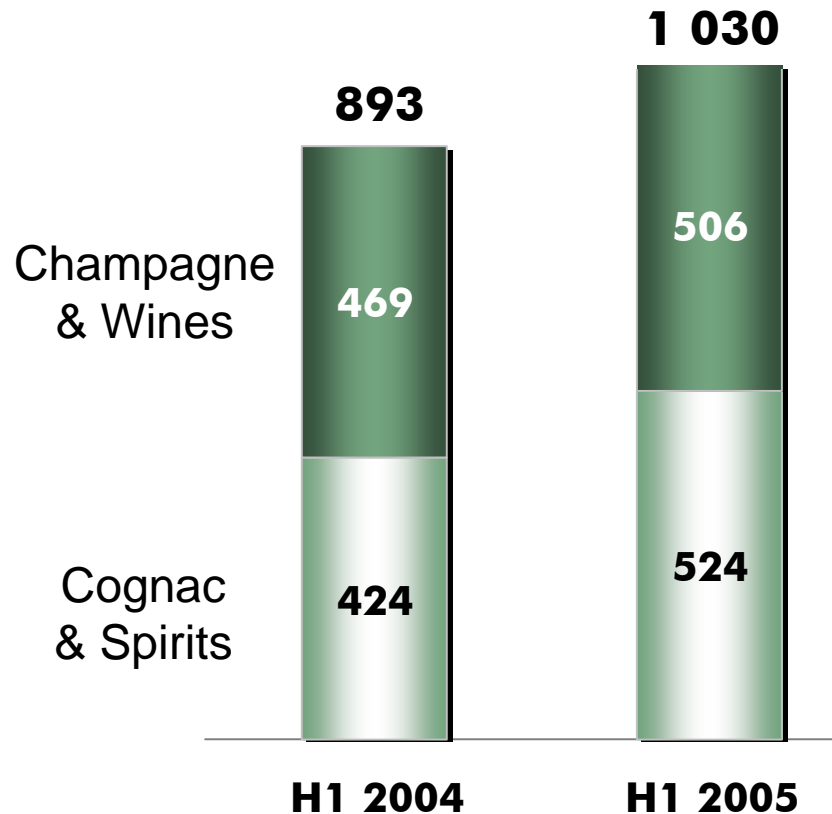
# Wines & Spirits

## Key figures

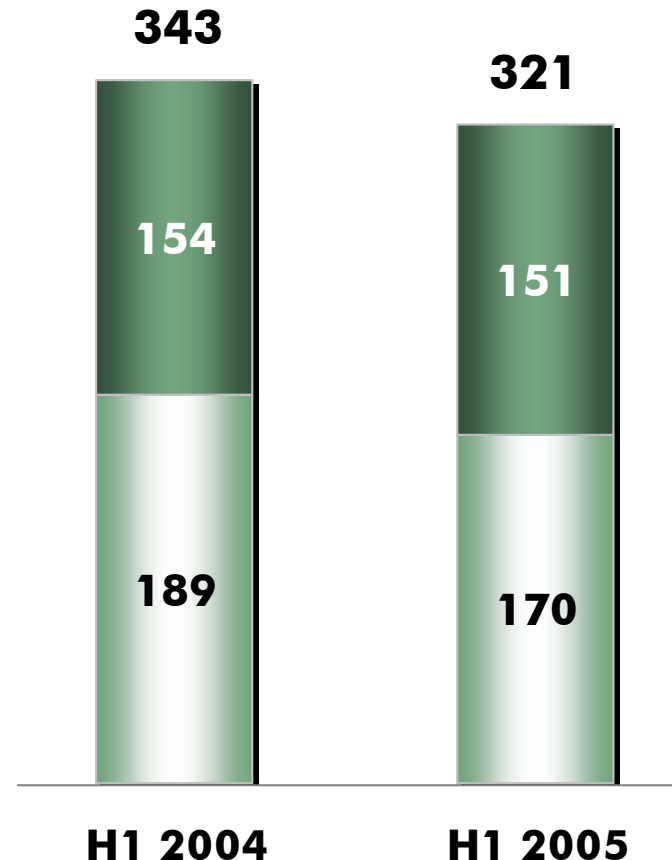
*In millions of Euros*

### Revenue

**Organic growth: +12%**



### Profit from recurring operations



# Wines & Spirits

## H1 2005 Highlights

- ◆ Reinforced leadership in key markets
- ◆ Continued value creation strategy
  - ◆ Improved product mix
  - ◆ Strict pricing policy
  - ◆ Strengthened investments in A&P
  - ◆ Continued innovation
- ◆ Strength of worldwide distribution network
  - ◆ Creation of new subsidiaries in Europe
  - ◆ Integration of US network (Moët Hennessy USA)
- ◆ Negative currency impact explains lower profit from recurring operations

# Champagne and Wines

## H1 2005 Highlights

- ◆ Volumes increased 4%
  - ◆ Excellent performance on the key markets for Dom Pérignon, Krug and Veuve Clicquot
  - ◆ Significant progress by Moët & Chandon in Japan and in Europe
  - ◆ Promising growth of Ruinart
  - ◆ Continuing success of still wine brands
- ◆ Increased prices and improved product mix
- ◆ Continued innovation and creativity

## **Champagne and Wines - Innovation and creativity**

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**Grande Epicerie -  
Bon Marché**

**Airport Roissy  
CDG**

# Cognac and Spirits

## H1 2005 Highlights

- ◆ Strong volume increase of cognac: +8%
  - ◆ Particularly strong growth continued in the US and China
  - ◆ Strong growth of premium qualities VSOP, XO and older
- ◆ Took control of Millennium LLC  
(vodkas Belvedere and Chopin)
- ◆ Began integration of Glenmorangie
  - ◆ Agreements for European and US distribution
- ◆ Continued innovation and creativity



# **Cognac and Spirits - Innovation and creativity**

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## Wines & Spirits

### 2005 Outlook

- ◆ Continued focus on value creation strategy to offset negative impact of currency exchange
  - ◆ Ongoing improvement in product mix
  - ◆ Maintain strict pricing policy
- ◆ Continued strengthening of distribution network
- ◆ Complete integration of Glenmorangie within Moët Hennessy network
- ◆ Continued focus on innovation and enhancing brand image in the markets

# WINES & SPIRITS

# FASHION & LEATHER GOODS

**Yves Carcelle**



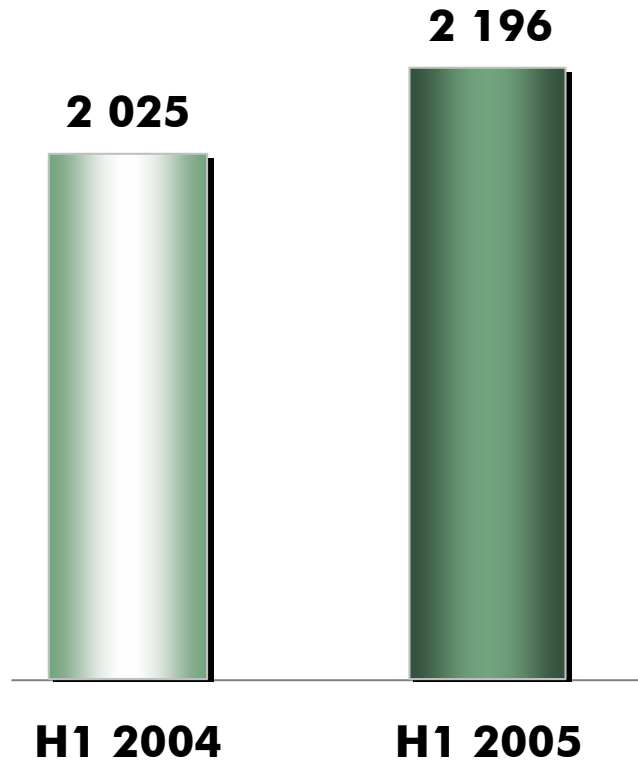
# Fashion & Leather Goods

## Key figures

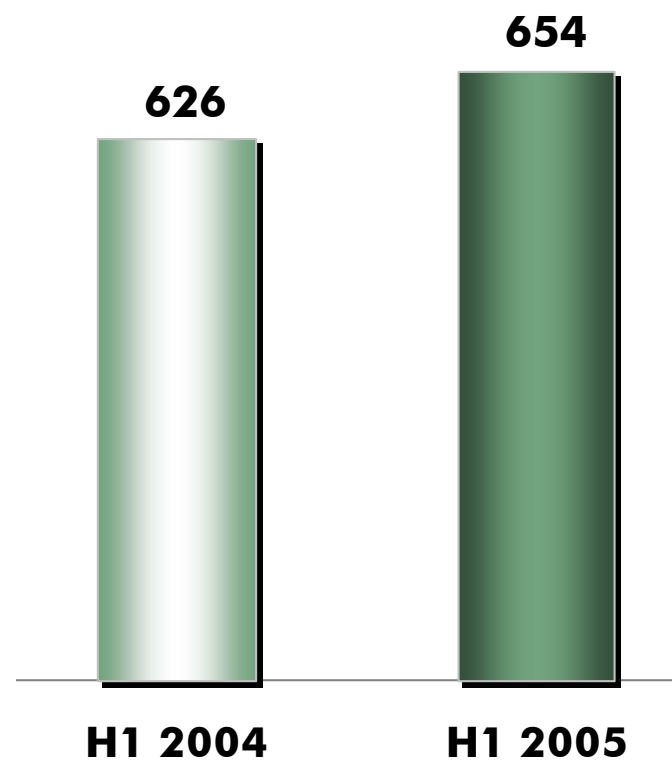
*In millions of Euros*

### Revenue

**Organic growth : +12%**



### Profit from recurring operations



# Louis Vuitton

## H1 2005 Highlights

- ◆ Double-digit organic revenue growth
- ◆ Strong performance in Europe and Asia
- ◆ Reopening of the Asnieres workshop
- ◆ Successful launch of new creations
  - ◆ *Monogram Cerises*
  - ◆ *Denim* and *Antigua*, on waiting lists worldwide
- ◆ Expansion of watch line
  - ◆ Development of *Tambour* collection and success of *Regate LV Cup* watch
  - ◆ Launch of new women's collection, *Lovely Tambour*
  - ◆ Success of *Speedy* range
- ◆ Continued expansion of distribution network (342 stores at end June)

# Louis Vuitton

## H1 2005 Highlights

**Louis Vuitton**

# Fashion & Leather Goods

## H1 2005 Highlights

- ◆ Confirmation of new momentum at Fendi
  - ◆ Strong revenue growth and improved profitability
  - ◆ Commercial repositioning and development of own stores
  - ◆ Inauguration of Fendi's Palace in Rome
- ◆ Celine: Continued growth
  - ◆ Ivana Omazic appointed as Artistic Director
  - ◆ Opening of a second flagship store in Tokyo
- ◆ Encouraging progress at Donna Karan
  - ◆ Increased selectivity of distribution
  - ◆ Improved store design and product lines

# Louis Vuitton

## 2005 Outlook

- ◆ Continued launches of high-demand products, particularly new *Denim* bags
- ◆ Grand reopening of the Champs Elysées global store in Paris in October
- ◆ Opening of high potential stores
  - ◆ Beijing (China World)
  - ◆ Hong Kong (Landmark)
- ◆ Development of other products: watches, glasses and shoes

**Louis Vuitton**

**Louis Vuitton**

## Fashion & Leather Goods

### 2005 Outlook

- ◆ Build on improvement at Fendi
- ◆ Start the recovery at Donna Karan
- ◆ Continue development of high potential brands:
  - ◆ Celine, Marc Jacobs, Loewe, Pucci and Berluti



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# First Half 2005 Results

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