

LVMH

MOËT HENNESSY • LOUIS VUITTON

Annual results 2005

March 2, 2006



LVMH

MOËT HENNESSY • LOUIS VUITTON

Bernard Arnault



2005, another year of strong growth

In a still unfavorable monetary environment ...

- Revenue increased 11% with all business groups and regions contributing to this performance
- Profit from recurring operations up 16%
 - Increased 22% at constant exchange rates
- Growth accelerated in second half
- Net income up 21%
 - +32% excluding La Samaritaine provision
- Continued reduction in debt

Market share gains

Effectiveness of growth model proved once again in 2005

- Robust and regular growth of leading brands
- Successful acceleration of several other brands
- Very significant improvement in Watches & Jewelry profitability
- Strong growth of DFS and Sephora's results
- Exceptional expansion of international activities

2006: growth objective

- Favorable economic environment
- Excellence of our brands
- Group's sound financial base
- Strong innovation dynamic
 - New leather goods lines: *Suede*, *Monogram perforé* (Louis Vuitton), *B.Fendi*...
 - Major products at Dior
 - New female perfumes at Kenzo, Givenchy and Guerlain
 - New lines at TAG Heuer and Zenith
- Exceptional talent of our teams

**Objective of very significant growth
in 2006 results**

Increase long term value of the Group

- Investments focused on star brands
 - Louis Vuitton, Parfums Christian Dior, Moët Hennessy, TAG Heuer, Sephora, Fendi...
- Support the development of other brands and accelerate when appropriate
- Take advantage of international expansion of our clientele (China, India, Central Europe)
- Capitalize on the talent of our management teams

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Jean-Jacques Guiony



Group share of net profit increased 21% in 2005

In millions of Euros - IFRS	2004	2005	% change
Revenue	12 481	13 910	+ 11%
Gross margin	8 108	8 909	
Selling expenses	(4 512)	(4 892)	+ 8%
Administrative expenses	(1 224)	(1 274)	+ 4%
Profit from recurring operations	2 372	2 743	+ 16%
Other income and expenses	(199)	(221)	
Operating profit	2 173	2 522	+ 16%
Net financial expense	(220)	(143)	
Income taxes	(537)	(718)	
Equity investment income (loss)	(14)	7	
Net profit	1 402	1 668	+ 19%
of which minority interests	208	228	
Group share of net profit	1 194	1 440	+ 21%

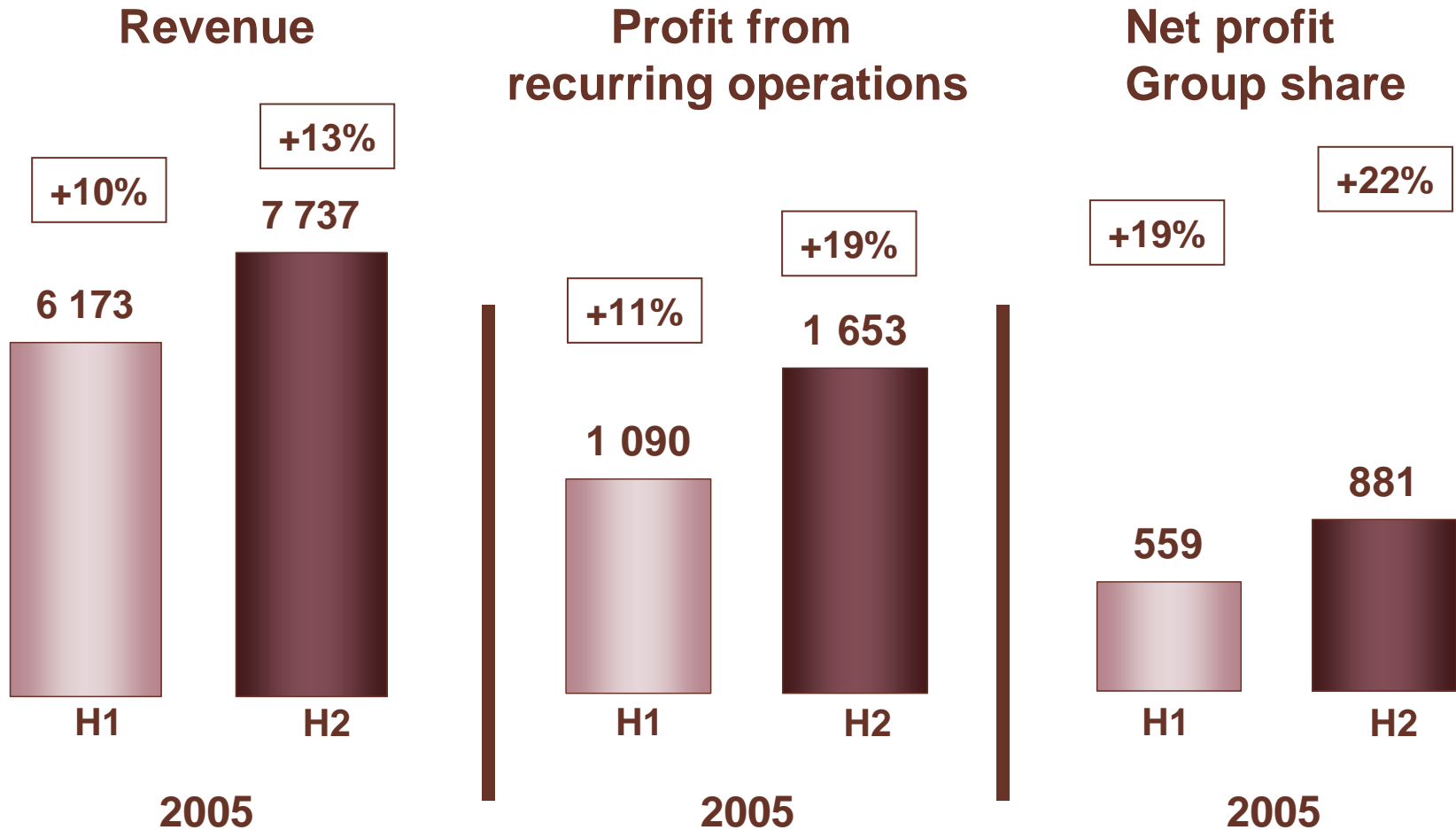
Profit from recurring operations increased 16% in 2005

Profit from recurring operations

In millions of Euros - IFRS	2004	2005	% change
Wines & Spirits	813	869	+7%
Fashion & Leather Goods	1 309	1 467	+12%
Perfumes & Cosmetics	150	173	+15%
Watches & Jewelry	7	38	+443%
Selective Retailing	238	347	+46%
Others & Eliminations	(145)	(151)	-
LVMH	2 372	2 743	+16%

Strong acceleration of growth in second half

In millions of Euros - IFRS



The indicated % changes are calculated in comparison with the same period in 2004.

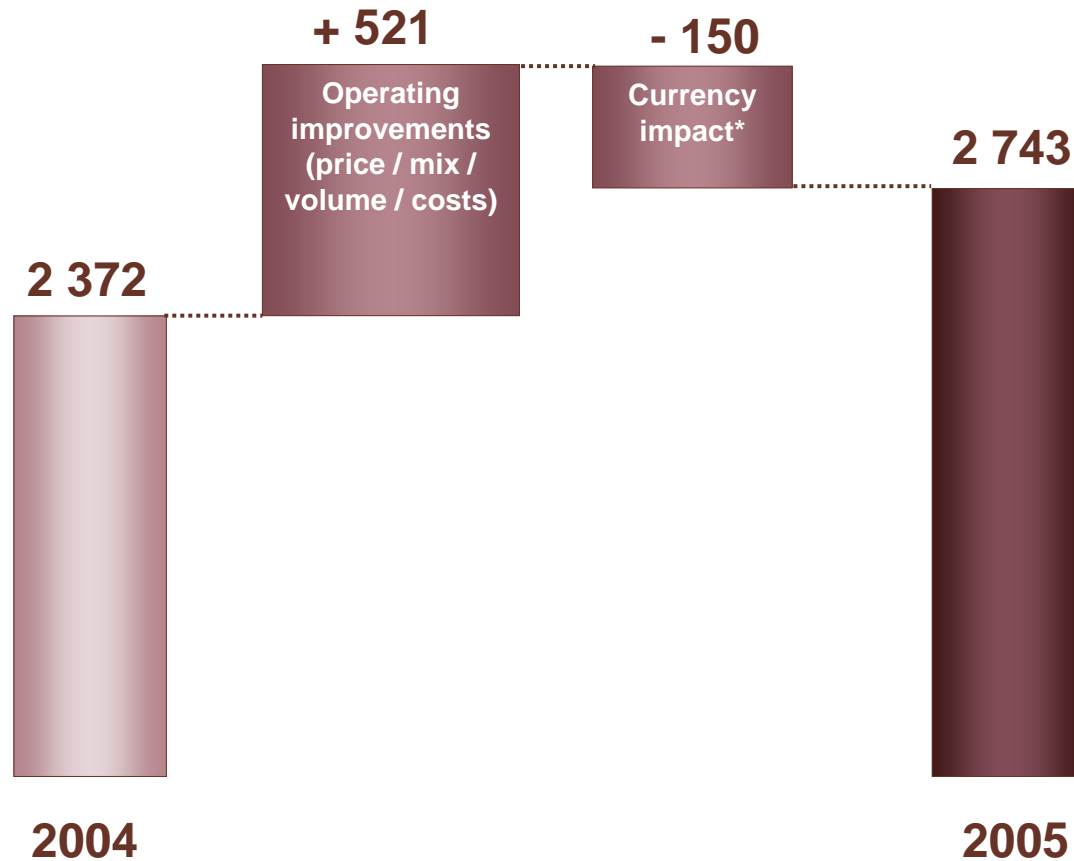
Half-year changes in 2005 profit from recurring operations

Change in profit from recurring operations

	H1 2005	H2 2005	2005
Wines & Spirits	-6%	+17%	+7%
Fashion & Leather Goods	+4%	+19%	+12%
Perfumes & Cosmetics	+33%	+10%	+15%
Watches & Jewelry	na	+200%	+443%
Selective Retailing	+70%	+36%	+46%
LVMH	+11%	+19%	+16%

22% increase in profit from recurring operations at constant currency

In millions of Euros



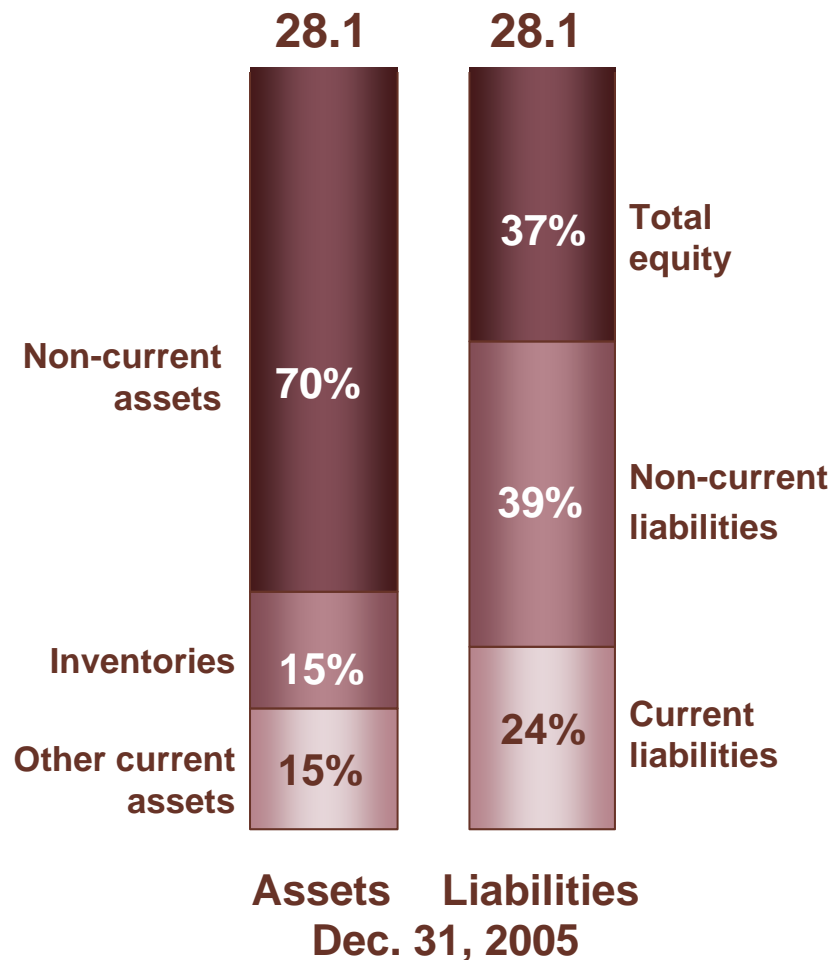
* inc. : Fashion & Leather Goods	-81 M
Wines & Spirits	-63 M

Evolution of net financial expense

In millions of Euros - IFRS	2004	2005	Variation in €M
Net borrowing costs	(192)	(184)	+8
Fair value adjustment of borrowings and hedges	(22)	(4)	+18
Ineffective portion of currency hedges	(12)	(106)	-94
Dividends received	16	44	+28
Other items - net	(10)	107	+117
Net financial expense	(220)	(143)	-77

Strong financial structure

In billions of Euros - IFRS



- Tangible growth in equity
- Rise in inventory levels
 - Increased activity
 - Reconstituted Wines & Spirits inventories
 - Integration of Glenmorangie
- Short-term and long-term debt reduction

Evolution of cash flow from operations

In millions of Euros - IFRS	2004	2005	Change in €M
Cash from operations before changes in working capital	2 708	3 089	+381
Cost of net financial debt	(215)	(222)	-7
Income taxes paid	(389)	*(616)	-227
Net cash from operations before changes in working capital	2 104	2 251	+147
Working capital requirements	(219)	(257)	-38
Operating investments	(588)	(679)	-91
Free Cash Flow**	1 297	1 315	-18

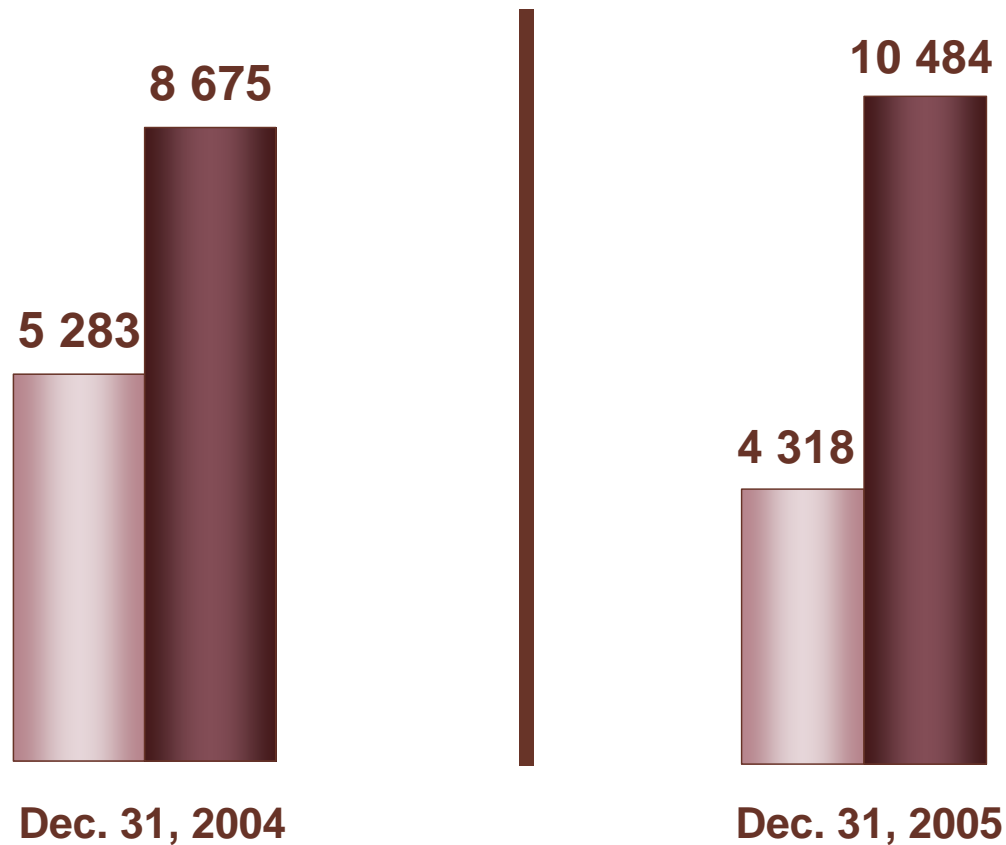
* Includes an exceptional interim tax charge on French companies which was paid at the end of 2005

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

Net debt and Equity

In millions of Euros - IFRS

- Net debt
- Total equity



Gearing

61%

41%

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Antonio Belloni



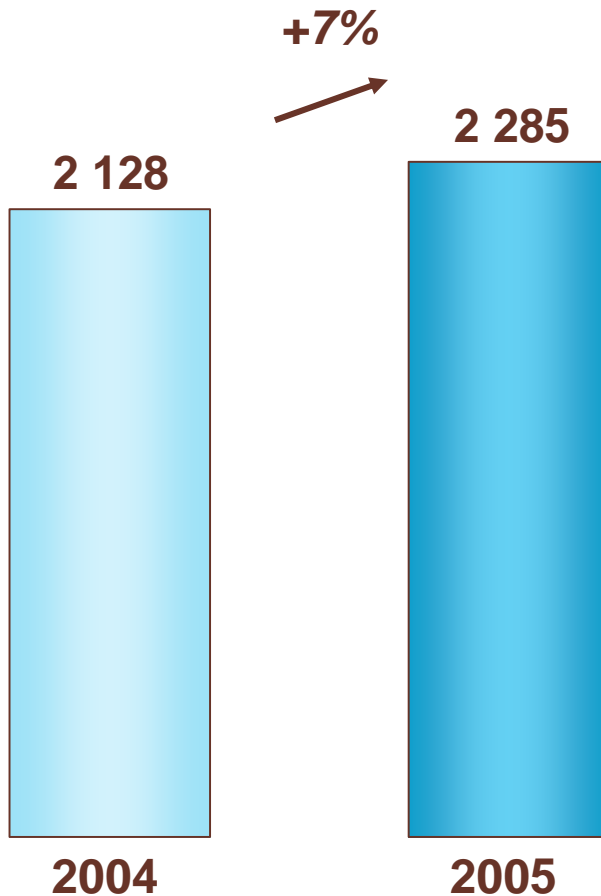
PERFUMES AND COSMETICS

PERFUMES AND COSMETICS

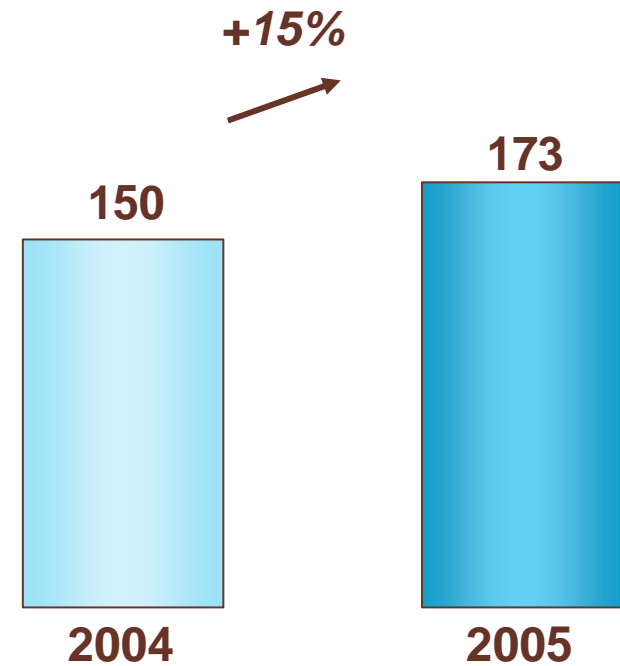
Key figures

In millions of Euros

Revenue



Profit from recurring operations



PERFUMES AND COSMETICS

2005 Highlights

- Market share gains and increase in profitability
- Parfums Dior : growth through creativity and quality
 - Successful launch of *Miss Dior Chérie* and *Dior Homme*
 - Strong growth of make-up products and strengthening of skincare
 - Excellent performance in Asia and in Europe
- Guerlain : continued profitable development
 - Worldwide success of new *KissKiss* lipstick
 - Rapid growth in Asia
 - Maison Guerlain on Champs Elysées
- BeneFit : market share gains and expansion in new territories
- Good growth of other brands

PERFUMES AND COSMETICS

MISS DIOR CHERIE
CAPTURE TOTALE DIOR

PERFUMES AND COSMETICS

2006 Outlook

- Increase market shares and profit from recurring operations
- Pursue strong growth at Parfums Christian Dior
 - Strengthen classic fragrances
 - High quality innovation for skincare segment
 - Reinforce association with stars : Sharon Stone...
- Strong innovation of French brands
 - New female perfumes for Kenzo, Givenchy and Guerlain
 - Renew skincare strategy and extension of *KissKiss* line at Guerlain
- Continued expansion of niche brands

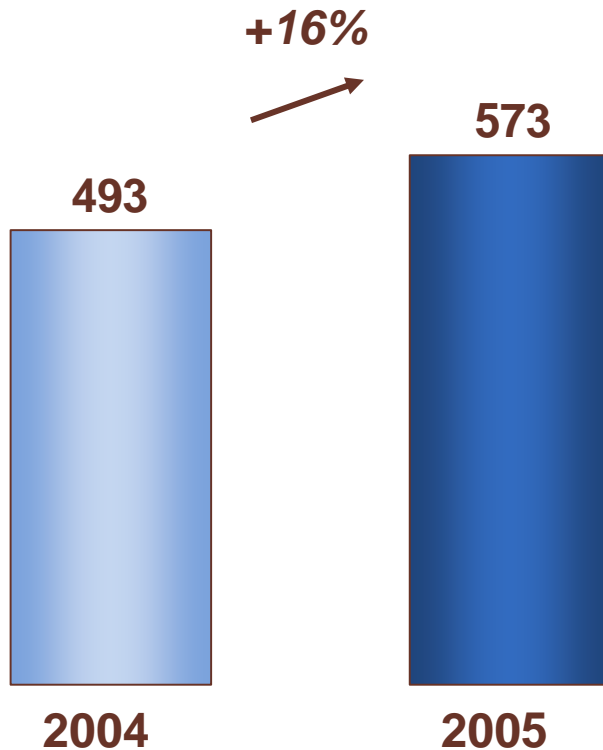
WATCHES AND JEWELRY

WATCHES AND JEWELRY

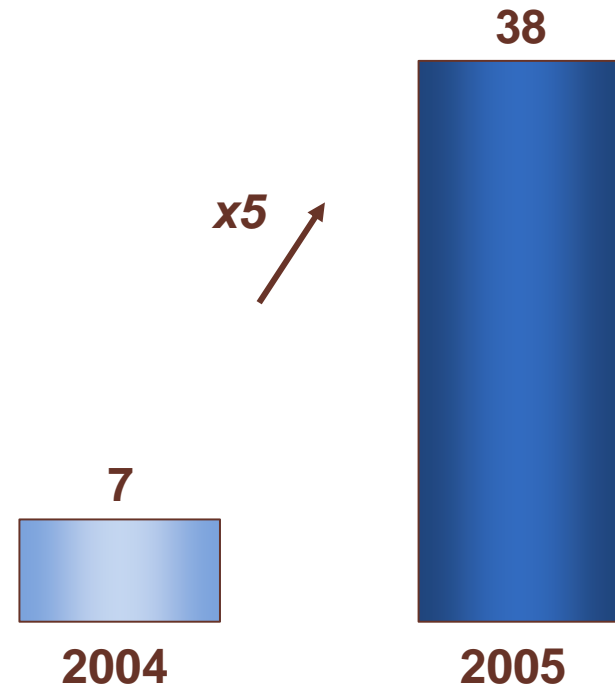
Key figures

In millions of Euros

Revenue



Profit from recurring operations



WATCHES AND JEWELRY 2005 Highlights

- Tangible growth in market share and profitability
- Strong momentum at TAG Heuer
 - Remarkable performance in the US and in Asia
 - New products stimulate *Aquaracer*, *Link* and *Carrera* lines
 - Success of golf watch developed with Tiger Woods
 - Strengthened sport and elegance positioning
- Strong progress of Zenith in high-end watchmaking
- Promising start for Dior's *Christal* line
- Improvement in Chaumet boutiques' productivity
- Success of De Beers openings in New York and Los Angeles

WATCHES AND JEWELRY

2006 Outlook

- Continued growth in market share and profitability
- TAG Heuer to consolidate position as a star brand
 - Introduce new, more high-end collections
 - Accelerate growth in key markets
 - Worldwide notoriety of the brand's ambassadors
- Pursue development of other brands
 - Zenith to return to the sport segment
 - Extension of *Christal* line at Montres Dior
 - New jewelry collection at Chaumet
- Growing effectiveness of new distribution agreements in China

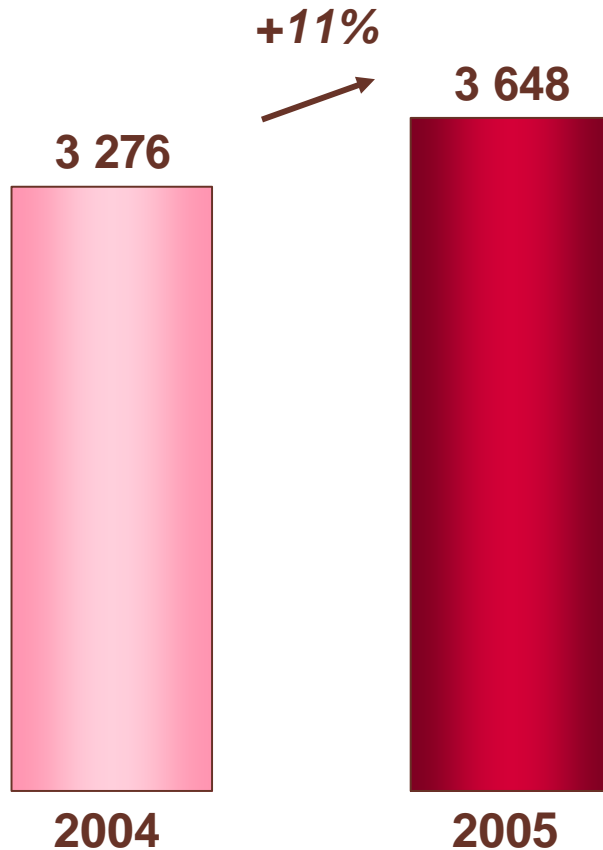
SELECTIVE RETAILING

SELECTIVE RETAILING

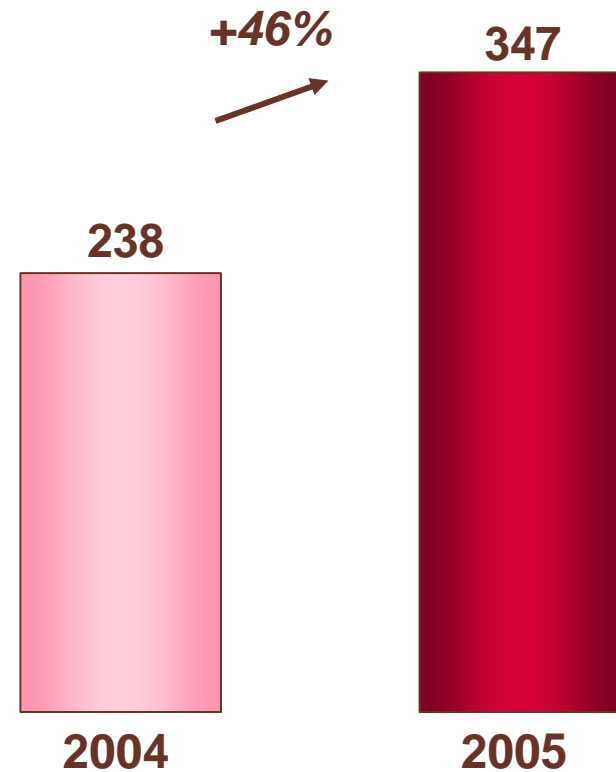
Key figures

In millions of Euros

Revenue



Profit from recurring operations



DFS

- Strengthened its leadership in Asian markets
 - Success of new Okinawa Galleria in Japan, focused on luxury brands
 - Continued development of Chinese clientele
 - Maintained rigorous cost control

MIAMI CRUISELINE

- Continued growth in revenue and profitability
 - Higher quality product offering well received by clientele
 - More targeted and relevant advertising and marketing on ships

- Continue to develop DFS
 - Benefit from Guam Galleria renovation and the second year of activity at Okinawa
 - Adapt product offering and services to take advantage of the expansion of Chinese clientele
 - Opening of a store at Hainan airport (China)

- Profitable growth for Miami Cruiseline
 - Take advantage of increase in cruise travel
 - Increase attractiveness through renovated stores

SELECTIVE RETAILING

SEPHORA - NEW YORK

SELECTIVE RETAILING

SEPHORA - SHANGHAI

SEPHORA

- Continued strong growth in revenue and profitability
- Market share gains in Europe
- Start of new e-commerce website sephora.fr in France
- Double-digit revenue growth in the US for fifth consecutive year
- Promising start in China : 3 openings in Shanghai

SELECTIVE RETAILING

LE BON MARCHE

SEPHORA

- Accelerate profitable growth
 - Pursue policy of innovation and product exclusivity
 - Concentrate new store openings in high potential markets
 - Accelerate development of on-line sales
 - Expand in China - in Beijing and other cities

LE BON MARCHE

- Full benefit from renovation of the women's fashion department, key to store differentiation

WINES & SPIRITS

Christophe Navarre

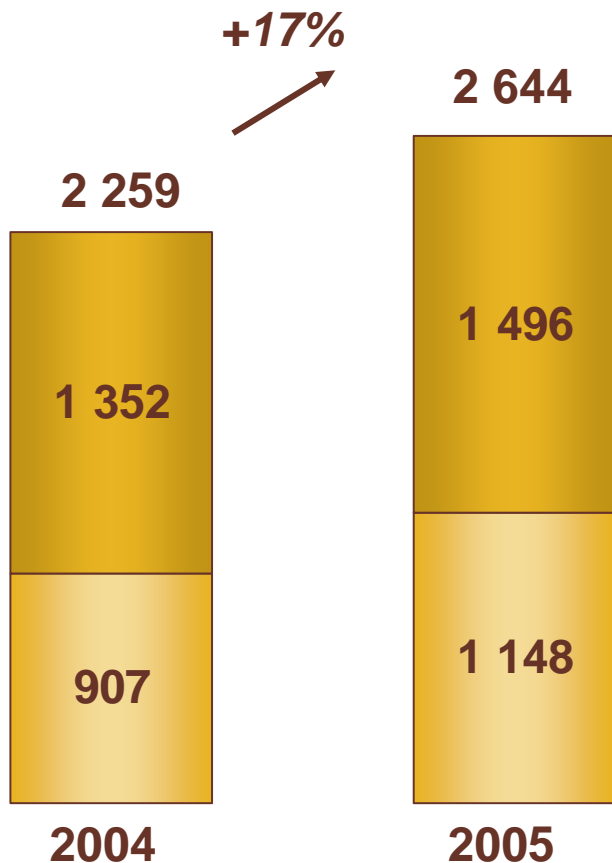
WINES AND SPIRITS

Key figures

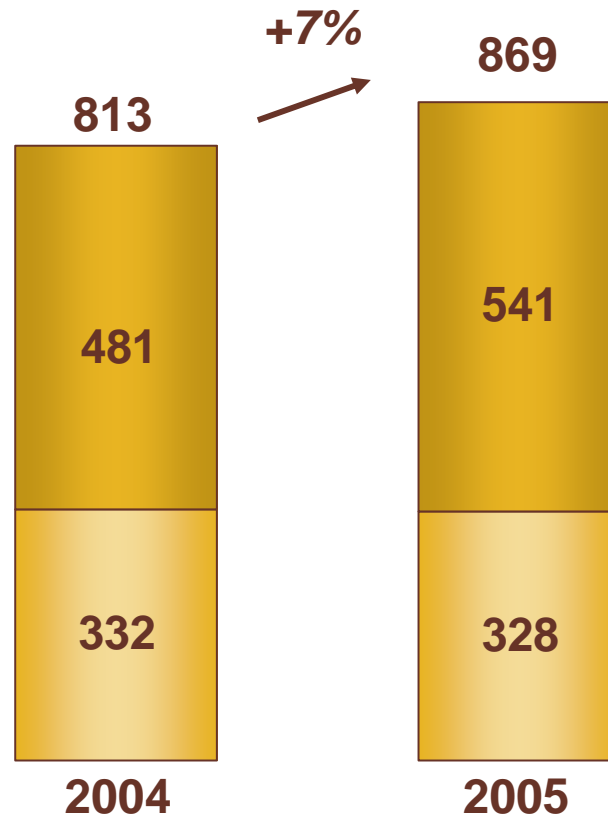
In millions of euros

- Champagne & Wines
- Cognac & Spirits

Revenue



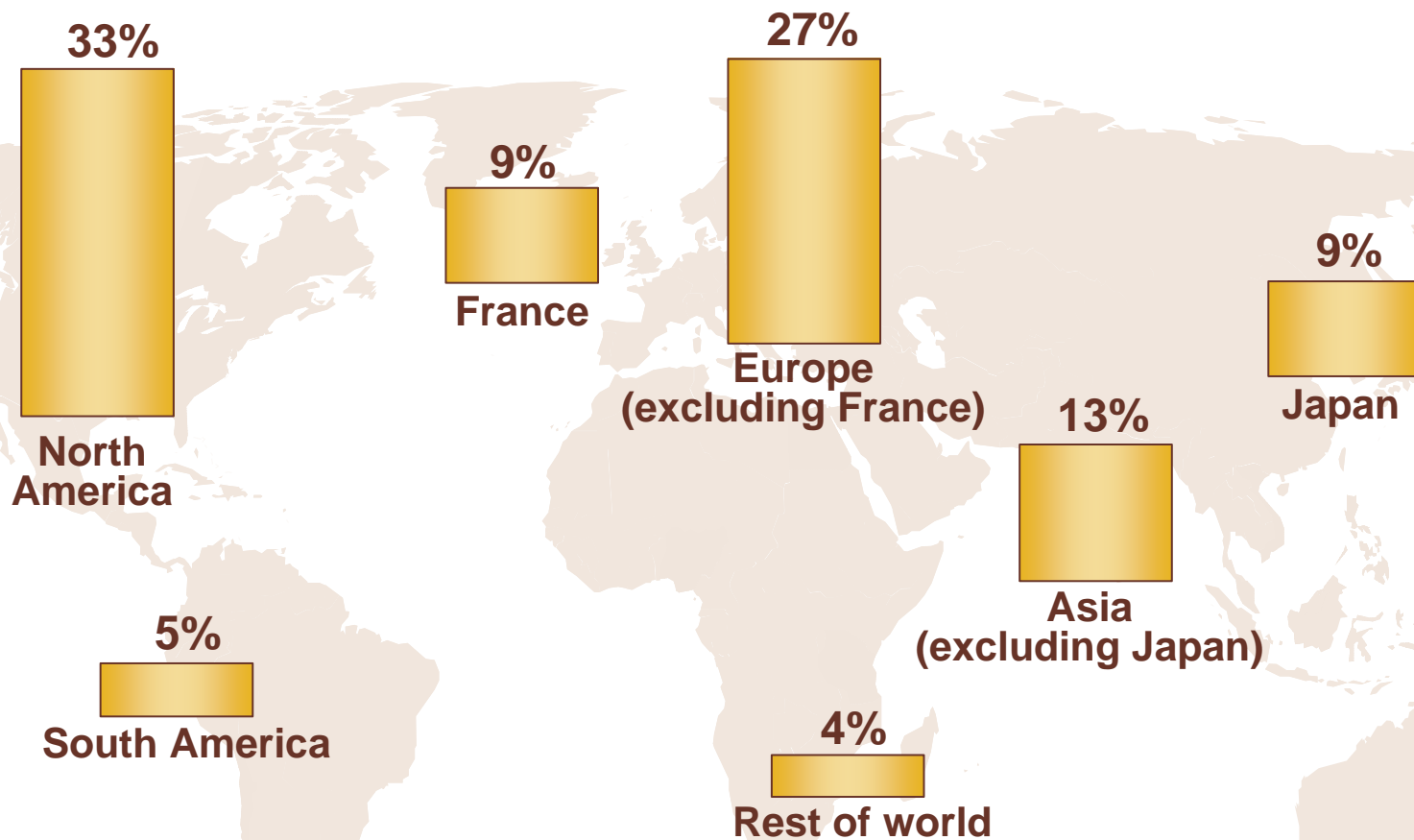
Profit from recurring operations



WINES AND SPIRITS

Good geographic balance of revenue

In % of revenue - 2005 (in euros)



WINES AND SPIRITS

2005 Highlights

- Strengthened leadership of star brands in key markets
- Reinforced efficiency of distribution network
- Continued value driven strategy
 - Improved product mix
 - Maintained firm prices
 - Strengthened communication
 - Continued innovation
- Took operational control of Millennium
- Acquisition of Glenmorangie Plc in early 2005
- Launched 10 Cane rum in American market

CHAMPAGNE AND WINES

2005 Highlights

- **Dom Pérignon** : sustained growth in key markets, especially the US and Japan
- **Moët & Chandon** : confirmed worldwide leadership
 - Consolidation of positions in Europe
 - Expansion in new territories (Japan, Asia)
 - Success of Moët Rosé confirmed

CHAMPAGNE AND WINES

2005 Highlights

- **Veuve Clicquot** : excellent performance
 - Strong demand, in the US and Japan in particular
 - Success of Veuve Clicquot non-vintage Rosé launched in the Japanese market in 2004
 - Continued innovation with Clicquot Traveller and La Grande Dame 1996 Pucci
- **Krug, Ruinart** : double-digit growth in operating income

CHAMPAGNE AND WINES

2005 Highlights

- **Moët Hennessy Wine Estates :**
 - Volume increased 4%
 - Double-digit growth in operating income

COGNAC AND SPIRITS

2005 Highlights

- **Cognac** : Strong volume growth
 - Sustained growth of premium qualities
 - Continued revenue momentum in the US
 - Pursue value driven strategy in Japan, focused on XO and Prestige lines
 - Confirmation of Russia's strong potential
 - Exceptional growth in China
- Launch of 10 Cane, luxury rum

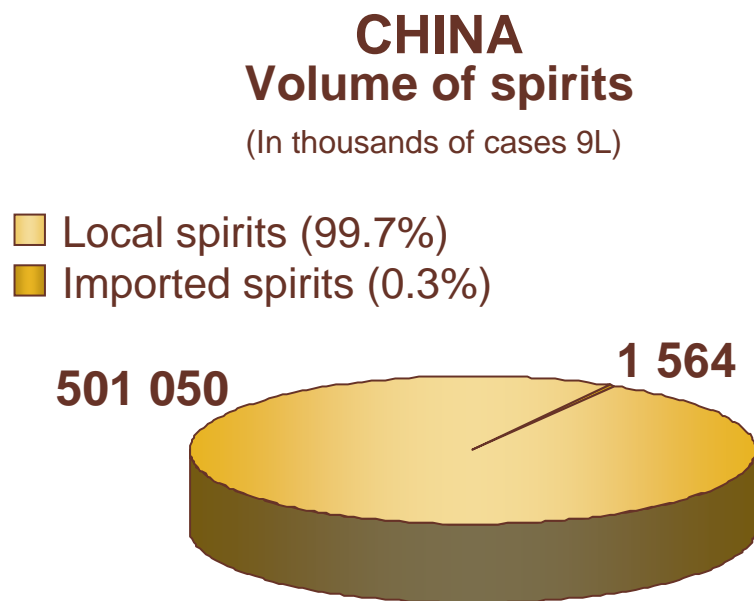
COGNAC AND SPIRITS

2005 Highlights

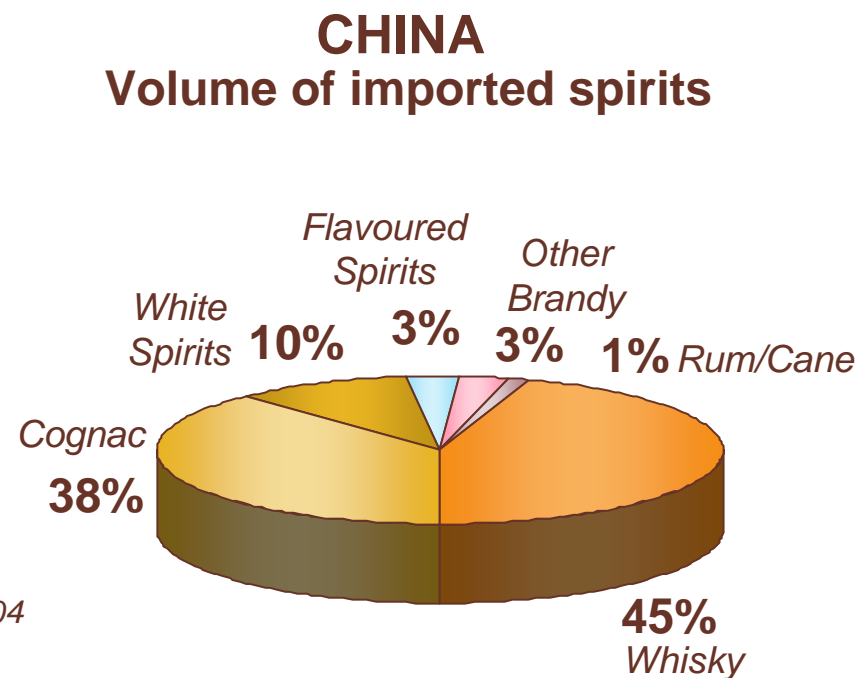
- Millennium : took operational control which will facilitate a more intense development of Belvedere Vodka worldwide
- Glenmorangie : repositioned price in the principal markets and rolled-out product in Asia

WINES AND SPIRITS 2006 Outlook - China

- Imported Spirits, currently small market share: strong growth potential



IWRS 2004



- Rapid annual growth of imported spirits
- Major development of Hennessy and progressive roll out of Moët Hennessy's portfolio strategy

- Intensify development of Glenmorangie and Millennium
- Pursue value driven strategy
 - Priority to investments in strategic markets
 - Sustained communication
 - Improve product mix
 - Maintain price increases
 - Focus on innovation
- Strengthen LVMH's leadership position in luxury wines and spirits

FASHION AND LEATHER GOODS

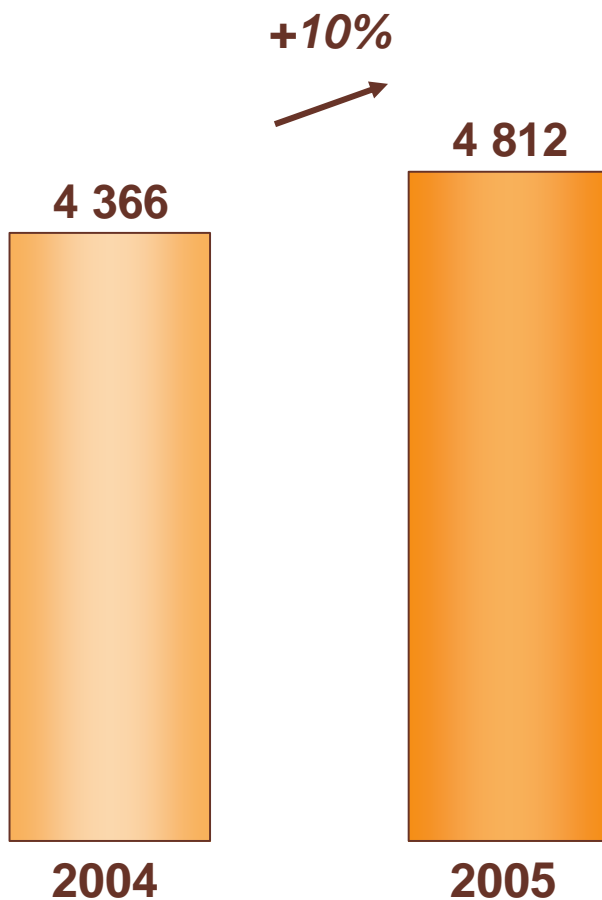
Yves Carcelle

FASHION AND LEATHER GOODS

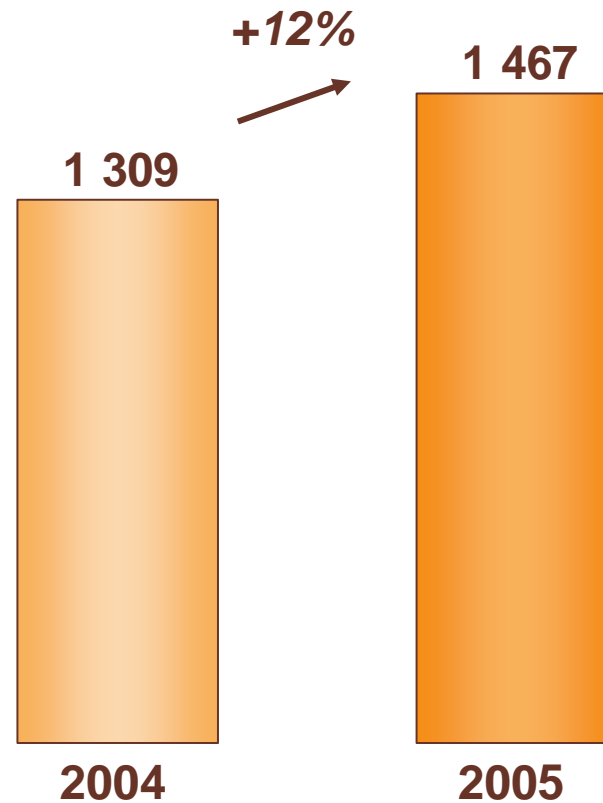
Key figures

In millions of Euros

Revenue



Profit from recurring operations



LOUIS VUITTON

2005 Highlights

- Another year of double-digit organic revenue growth and exceptional profitability
- Continued market share gains
- Sustained growth in Europe and strong momentum in Asia and the US
- 345 stores at year-end 2005
(5 net openings and 50 renovations)
 - Outstanding success of new Champs Elysées “Maison”
 - Opening of flagship stores in Beijing and Hong Kong
 - Openings at Wynn Las Vegas and Okinawa
- Renovation and expansion of Asnières historical workshop
- October launch of online sales

MAISON CHAMPS-ELYSEES IN PARIS

- New leather goods lines created by Marc Jacobs
 - *Monogram Cerises* (in collaboration with Takashi Murakami)
 - *Denim* and *Antigua* lines
 - *Cruise* Collection
- New models of traditional lines : *Monogram (Manhattan)*, *Damier*
- Increased contribution of ready-to-wear and shoes
- Continued growth of watches
 - *Lovely Tambour*
 - *Tambour Régate*
 - *New Speedy*
- Good performance of *Emprise* jewelry collection
- Success of the first collection of sunglasses

FASHION AND LEATHER GOODS

FASHION AND LEATHER GOODS

2005 Highlights

- Fendi : significant improvement in profitability
 - Continued revenue growth in Europe, the US and Asia
 - Success of the *Spy* line and confirmed appeal of the traditional lines *Selleria* and *Double F*
 - Strong increase in store productivity
 - Major openings: Roma (Fendi Palace), New York, Osaka, Hong Kong (Landmark)
- Donna Karan : Continued strategic repositioning
 - Strong growth in accessories
 - Increased selectivity of distribution
- Celine : new artistic director Ivana Omazic
- Marc Jacobs : strengthened in Japan and Asia, start of expansion in Europe

FASHION AND LEATHER GOODS

2006 Outlook

- Accelerate profitable growth of Fendi
 - Continue store renovation program
 - Expand store network into new territories
 - Strengthen product innovation
 - Coordinated development of product lines
- Improve positioning and products of other brands
- Accelerate development of brands with high potential:
 - Marc Jacobs, Loewe, Pucci and Berluti

- Sustain innovation in leather good products
 - *Suede, Monogram perforé, new colors of Denim ...*
- Launch new advertising campaign with Gisele Bündchen
- Continue to develop other product categories
- Open new territories and strengthen presence in China
- New places, new events: LV Cup, " Espace LV " of the Champs Elysées, LV Classic in Bohemia