

LVMH  
 MOËT HENNESSY . LOUIS VUITTON

First Half 2009 results

July 28, 2009

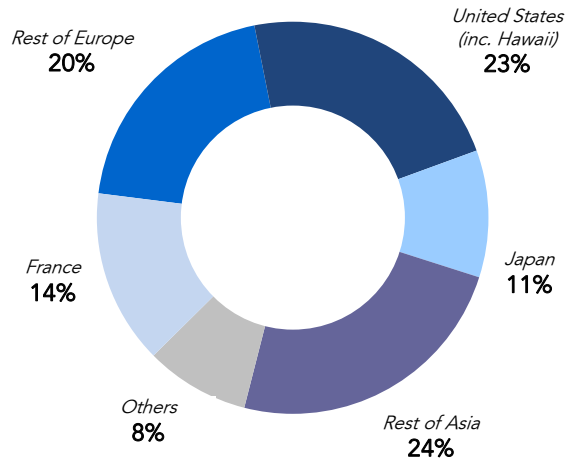
Evolution of first half 2009 revenue

Revenue by business group

<i>In millions of euros</i>	H1 2008	H1 2009	Reported growth	Organic growth
Wines & Spirits	1 292	1 079	-17%	-22%
Fashion & Leather Goods	2 768	2 988	+8%	+1%
Perfumes & Cosmetics	1 362	1 285	-6%	-9%
Watches & Jewelry	417	346	-17%	-34%
Selective retailing	1 990	2 127	+7%	0%
Others and eliminations	(30)	(14)	-	-
<b>Total</b>	<b>7 799</b>	<b>7 811</b>	<b>+0.2%</b>	<b>-7%</b>

## First half 2009 revenue by region

In %



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## First half 2009 revenue Evolution by region

LVMH Group		Change %
US*	\$	-13%
Japan	Yen	-20%
Asia	In local currencies	+4%
Europe	In local currencies	-5%

\* excluding Hawaii

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## Summarized income statement

<i>In millions of euros</i>	H1 2008	H1 2009	Change %
Revenue	7 799	7 811	+0.2%
Gross margin	5 117	4 981	-3%
Selling expenses	(2 868)	(2 902)	+1%
Administrative expenses	(708)	(716)	+1%
Profit from recurring operations	1 541	1 363	-12%
Other income and expenses	(28)	(113)	
Operating profit	1 513	1 250	-17%
Net financial income expense	(102)	(136)	
Income taxes	(402)	(358)	
Equity investment income	4	1	
Net profit before minority interests	1 013	757	-25%
Minority interests	(122)	(70)	
<b>Group share of net profit</b>	<b>891</b>	<b>687</b>	<b>-23%</b>

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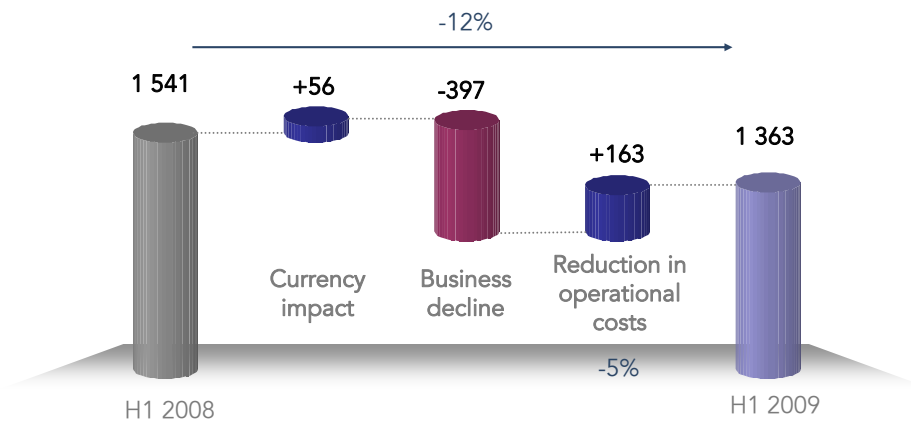
## Evolution of profit from recurring operations

<i>In millions of euros</i>	H1 2008	H1 2009	Change %
Wines & Spirits	409	241	- 41%
Fashion & Leather Goods	858	919	+ 7%
Perfumes & Cosmetics	132	121	- 8%
Watches & Jewelry	74	20	- 73%
Selective retailing	151	129	- 15%
Others and eliminations	(83)	(67)	-
<b>LVMH</b>	<b>1 541</b>	<b>1 363</b>	<b>- 12%</b>

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## Analysis of change in profit from recurring operations

*In millions of euros*



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## Change in net financial expense

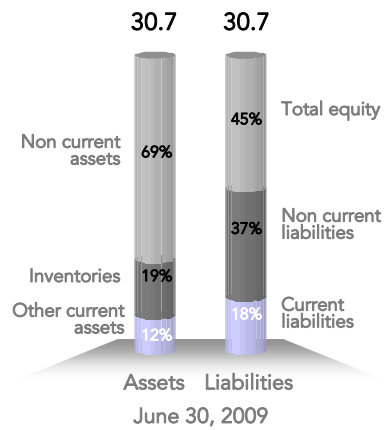
*In millions of euros*

	H1 2008	H1 2009	Change (M€)
Cost of net financial debt	(103)	(102)	+1
Ineffective portion of currency hedge	(53)	(19)	+34
Income relating to investments, assets and other financial instruments	60	0	-60
Other items - net	(6)	(15)	-9
<b>Net financial expense</b>	<b>(102)</b>	<b>(136)</b>	<b>-34</b>

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## Solid financial structure

In billions of euros



- Control of inventory levels
- Growth in total equity
- Increased long-term portion of net debt

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## Analysis of cash flow from operations

In millions of euros

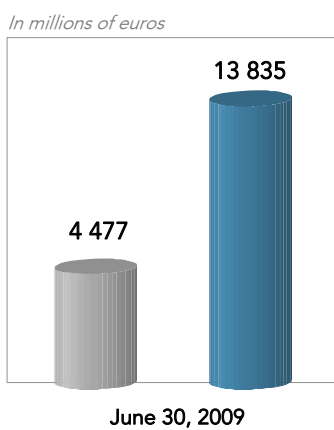
	H1 2008	H1 2009	Change (M€)
Cash from operations before changes in working capital	1 701	1 566	-135
Net interest paid	(106)	(115)	-9
Income taxes paid	(447)	(245)	+202
Net cash from operations before changes in working capital	1 148	1 206	+58
Working capital requirements	(736)	(518)	+218
Operating investments	(455)	(352)	+103
<b>Free cash flow*</b>	<b>(43)</b>	<b>336</b>	<b>+379</b>

\* Net cash from operations

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## Net financial debt and equity

■ Net financial debt  
■ Total Equity



Gearing 32 %

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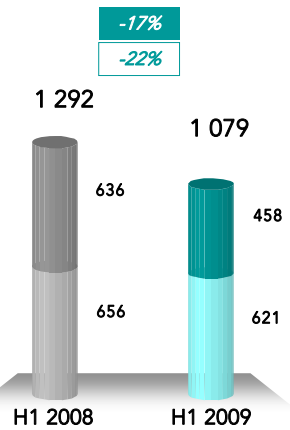
Business Review

## Key figures

In millions of euros

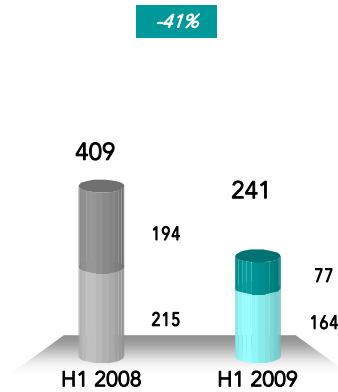
- Champagne and Wines
- Cognac and Spirits

## Revenue



Reported growth

## Profit from recurring operations



Organic growth

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## H1 2009 Highlights

Strong decline in champagne consumption and contrasting situation for wines

- Significant destocking by retailers for all brands
  - Destocking impact estimated at 40% of revenue decline

**Champagne**

- Total champagne shipments down 23%, including -40 % relating to exports (source CIVC at end of May)
- Increase in at-home consumption and « trading down » trend
- Volume of Group champagne brands down 28%
  - Prestige vintage segment particularly impacted

**Wines**

- Good momentum of sparkling wines in key markets (US, Australia) and market share gains
- Decline of demand in Argentina due to crisis
- Volumes down 12%

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## H1 2009 Highlights

### Better resilience of cognac

#### Cognac

- Volumes down 15 % impacted by strong inventory reductions in the US
- Market share gain in the US
- Weakness of demand in Europe, notably in Russia
- Improving trend in China after first quarter impacted by Chinese New Year calendar
  - Good momentum in the North, more difficult in the South

#### Spirits

- Encouraging results of Glenmorangie and Ardbeg whiskies in Continental Europe
- Maintained market share of Belvedere in the US
- Volumes down 18%, partly due to retailers' destocking

## H1 2009 Highlights

### Targeted actions to address current environment

- Selective price increases
- Promotional investments focused on strategic brands and markets
- Adjusted communication expenses
- Cost reduction measures
  - Decline in logistics expenses
  - Adapted distribution network
  - Control of operating costs
- Reduced operational investments



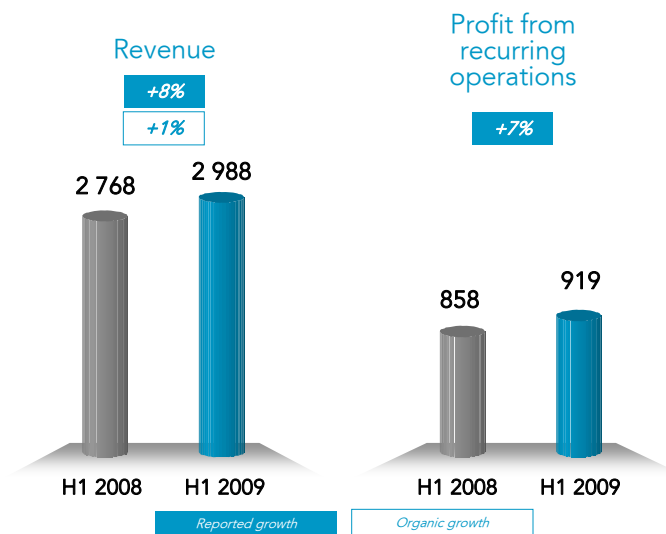
## 2009 Outlook

Focus on priorities to emerge stronger from crisis

- More limited impact of retailers' destocking on second half revenue
- Positive effect of innovations launched at the beginning of the year
- Strengthening of advertising and promotion initiatives targeted to boost near term sales
- Optimize inventory levels at our Maisons
- Pursue synergies (logistics and production, notably in champagne)

## Key figures

*In millions of euros*



## H1 2009 Highlights

- Good performance in Asia (+18% in local currencies) and in Europe (+4% in local currencies); US and Japan down in local currencies

### LOUIS VUITTON

- Double-digit revenue growth in H1 2009
- Revenue growth in euros in all markets
- Strong momentum in Asia, Europe and Middle East
- Increase of Japanese clientele purchases abroad, benefiting from strengthening of the Yen
- Exceptional growth of Chinese clientele
- 433 stores at end of June 2009 (+8 net openings)
- Continued rapid progress of *Damier Graphite* line launched in 2008
- Success of new collections in selected product categories, created by Marc Jacobs in honor of Stephen Sprouse
- Strong progress of accessories
- Strong communication maintained
  - New iconic stars for Core Values campaign
  - New exhibition in Hong Kong: Louis Vuitton, "a Passion for Creation"
- Start of operations at new shoe production site in Fiesso d'Artico (Italy)

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## H1 2009 Highlights

- Fendi: recent expansion of store network but weakness in demand, especially in department stores in Japan and the US
- Donna Karan: good media coverage of 2009/10 Fall-Winter collection
- Marc Jacobs: good resilience of *Marc by Marc Jacobs* line and of licensee products
- Givenchy: expansion of owned store network in China and confirmed success of creative relaunch
- Greater impact of current economic environment on other fashion brands

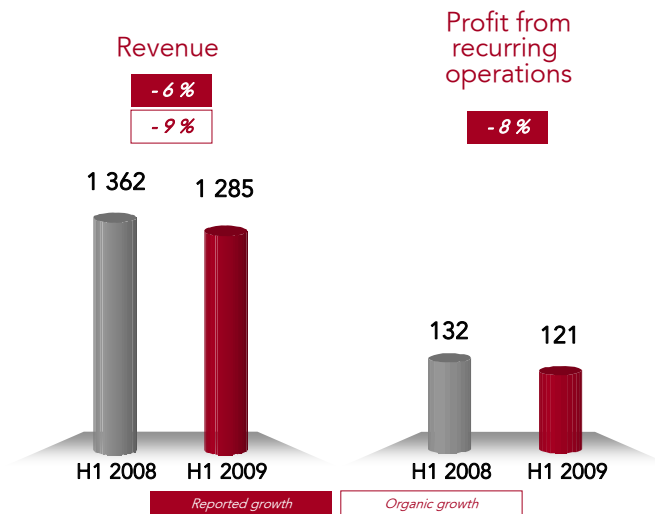
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## 2009 Outlook

- Louis Vuitton
  - Continue strong creative momentum for leather goods
  - Launch high-end jewelry
  - Targeted expansion of store network
    - Preparation of new Maisons in London, Macau, Rome and Las Vegas
    - Opening of Ulaanbaatar
  - Sustained communication
    - New visuals in fashion campaign with Madonna
    - Continuation of Core Values campaign with astronauts
  
- Fendi: continuation of innovation in leather goods and selective development of store network
  
- Strengthen other brands' foundations
  - Benefit from vitality and talent of creative teams
  - Accentuate rigorous cost control efforts
  - Selective investments

## Key figures

*In millions of euros*



## H1 2009 Highlights

- Decrease in consumption and retailers' destocking
- Market share gains
- Growth in Asia driven by China and Korea; Europe, Japan and the US decrease (in local currencies)
- Parfums Christian Dior: proactive strategy centered on iconic lines
  - Continued success of *J'Adore*
  - Relaunch of *Miss Dior Chérie* and mythical *Eau Sauvage*
  - Excellent reception of *Diorskin Nude* foundation reinforcing progress in make-up
  - Maintained innovation and communication momentum
- Guerlain: Reinforcement of strategic lines and markets
  - Expansion of historical fragrance *Shalimar* fueled by new advertising campaign
  - Continued development of skincare *Orchidée Impériale* in Asia
- Parfums Givenchy: Roll-out of *Absolutely Irresistible* and *Play* fragrances
- Parfums Kenzo: Successful launch of the *KenzoAmour* floral fragrance
- Benefit: Pursued rapid growth in China and promising start in Russia
- Make Up For Ever: Celebration of its 25th anniversary

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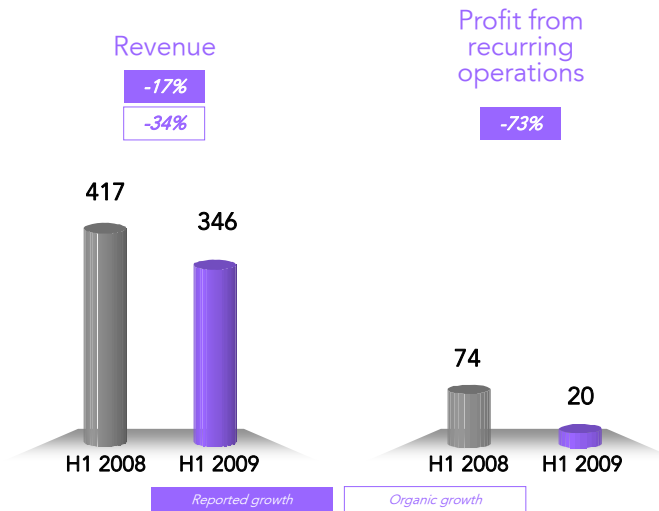
## 2009 Outlook

- Maintain strong and qualitative innovation strategy and continue to gain market share
- Parfums Christian Dior: focus on quality and creativity
  - Support of great classic *J'Adore*, launch of *Fahrenheit absolute*
  - New *Serum de Rouge* combining color and lip care
- Guerlain: launch of *Idylle*, first creation by new perfumer of the brand, Thierry Wasser
- Parfums Givenchy: Uma Thurman, ambassador for *Ange ou Démon - Le Secret*
- *FlowerbyKenzo Essentielle*, exceptional quality of raw materials

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## Key figures

In millions of euros



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## H1 2009 Highlights - Watches

- Decrease in demand for watches and destocking by retailers in all markets
- Significant decline in high-end segment and watch complications
- Focus on improvement of network productivity
- Market share gain at TAG Heuer
  - Successful launch of automatic *Aquaracer 500*
  - 40<sup>th</sup> anniversary of the *Monaco*
- Good resilience of Hublot
  - Successful launch of jewelry related to *Big Bang* line
  - Start of Manufacture in Nyon
- Zenith: Refocus on classic lines and 40<sup>th</sup> anniversary of *El Primero* movement
- Montres Dior: Continued upmarket positioning with new models of *Christal* line

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## H1 2009 Highlights - Jewelry

- Significant decline in high-end jewelry
- Good resistance of our own stores / Large decline in orders from our franchisees
- Focus on productivity improvement of our existing networks and stores
- Chaumet
  - Very selective expansion of network
  - Jewelry offering focused on icons and accessible price points
- De Beers
  - Good resilience of classic collections and solitaires
  - Market share gains in US and Japan
- Fred
  - New jewelry versions of *Force 10* line

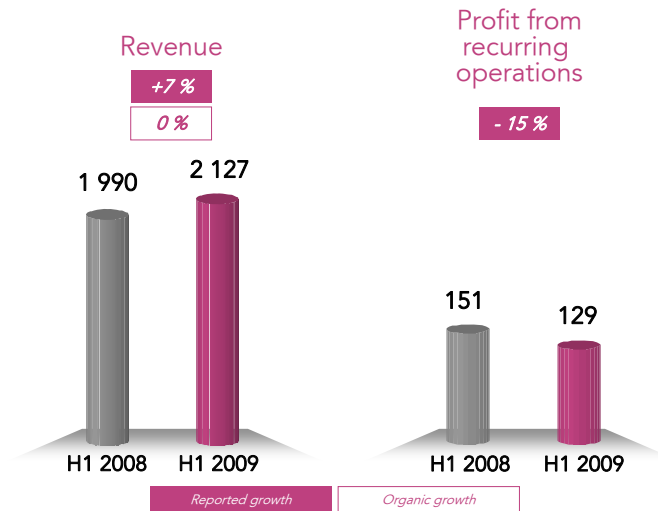
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## 2009 Outlook

- Objective of further market share gains
- Optimize offering
- Cost reduction
- Improve network productivity
- Pursue industrial integration of TAG Heuer and Hublot
- Optimize inventory management

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## Key figures

*In millions of euros*

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## H1 2009 Highlights

- Revenue by region (in local currencies): Europe (+2%), decreases in Asia and US

## DFS

- Stagnation of worldwide tourism, amplified in second quarter by health risks
- Success of new locations
  - Continued development of Macau Galleria
  - Good start of Abu Dhabi airport concession
- Reduction in cost structure and concession fees, tight inventory management

## SEPHORA

- Revenue growth in all markets and increase in profit from recurring operations
- Network of 938 stores: 40 net openings
- Continued innovation in products and services, ongoing development of loyalty programs
- Excellent progress in China (60 stores at end June)

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## 2009 Outlook

### DFS

- Maintain rigorous cost management in a still difficult environment
- Opening of second Galleria in Macau: City of Dreams
- Start of renovation of Sun Plaza Galleria in Hong Kong

### SEPHORA

- Focus on store productivity and cost structure
- Enhance in-store client experience:  
reception, assistance, services, innovative product offering
- Network expansion in key countries and locations : France, US, China

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Conclusion



## Good resilience in first half 2009 thanks to exceptional performance of Louis Vuitton

- Key brands deliver market share gains
- High potential of emerging countries confirmed
  - 30% of Group's revenue
- Exceptional performance of Louis Vuitton
  - Double-digit revenue growth
  - Exceptional level of profitability
- Marked destocking at retailers in Wines & Spirits and Watches & Jewelry business groups
- Remarkable resilience of Parfums Christian Dior and Guerlain
- Growth of Sephora in all markets

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## 2009: Maintain proactive strategy

- Continued innovation
- Targeted communication
- Strict cost control
- Optimize inventory management
- Selective investments

Capitalize on current environment  
to reinforce leadership in global luxury market

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