



2013  
Annual Results

January 30, 2014

LVMH  
MOËT HENNESSY · LOUIS VUITTON



Bernard Arnault

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## Good performance in 2013

- ◆ Organic revenue growth of 8%
  - Strong momentum in the US and Asia and continued growth in Europe
- ◆ Profit from recurring operations up 2%
- ◆ Current operating margin of 21%
- ◆ Group share of net profit stable vs 2012 which included an exceptional dividend
- ◆ Solid financial position
  - Free cash flow up 20%
  - Net debt to equity ratio of 19%

## Wines & Spirits

### Continued value creation strategy

#### 2013 Highlights

- ◆ Volumes
  - Champagne (+1%): strong demand for prestige cuvées
  - Hennessy (+3%): solid progress of younger qualities
  - Other spirits(+8%): solid performance of Glenmorangie, Belvedere and Wanjun
- ◆ Positive effect of price increases
- ◆ Good momentum in the US and Asia, and resilience in Europe
- ◆ Continued innovation and strengthened image of brands, especially in the digital world
- ◆ Development of production capacities, notably for Champagne and Wines

## Fashion & Leather Goods

Development of Louis Vuitton  
and investment in the other brands

### 2013 Highlights

- ◆ Louis Vuitton: further creative momentum
  - Launch of new leather lines
  - Success of new *Monogram* products
  - Qualitative expansion of store network
- ◆ Fendi: quality driven expansion of retail network
- ◆ Céline: record revenue
- ◆ Continued selective investment in other fashion brands
- ◆ Completed acquisition of 80% in Loro Piana

## Perfumes & Cosmetics

Good momentum and stronger positioning

### 2013 Highlights

- ◆ Market share gains
- ◆ Christian Dior: Strong momentum of iconic fragrance *J'adore* and *Dior Homme*, international success of *Rouge Dior* and sustained growth of *Prestige* skincare
- ◆ Guerlain: re-opening of iconic 68 Champs-Élysées flagship store
- ◆ Benefit: further strong growth and innovative retail
- ◆ Make Up For Ever and Fresh: rapid development in Asia
- ◆ Inauguration of new Research & Development center, Hélios, at Saint-Jean-de Braye (France)

## Watches & Jewelry

Focus on high-end and strengthened quality of distribution

### 2013 Highlights

- ◆ Focused on high-end and reinforced image of brands
- ◆ Strength of both iconic lines and innovations
- ◆ Excellent performance in directly owned stores
- ◆ Continued implementation of synergies
- ◆ Increased mastery of watchmaking and jewelry know-how

## Selective Retailing

Continued innovation in offer and services

### 2013 Highlights

- ◆ DFS
  - First full year of activity for Hong Kong International Airport concessions
  - Strong commercial momentum in Hong Kong and Macao
  - Impact of Yen on Japanese travelers spend
  - New visual identity of T Galleria
- ◆ Sephora
  - Market share gains in all regions
  - Continued store expansion
    - 1,481 stores at end of December 2013 (+83 vs. Dec 2012)
  - Strong progress of online sales
  - Exclusive distribution of Marc Jacobs' new cosmetics line and development of own brand

## 2014 Outlook for business groups

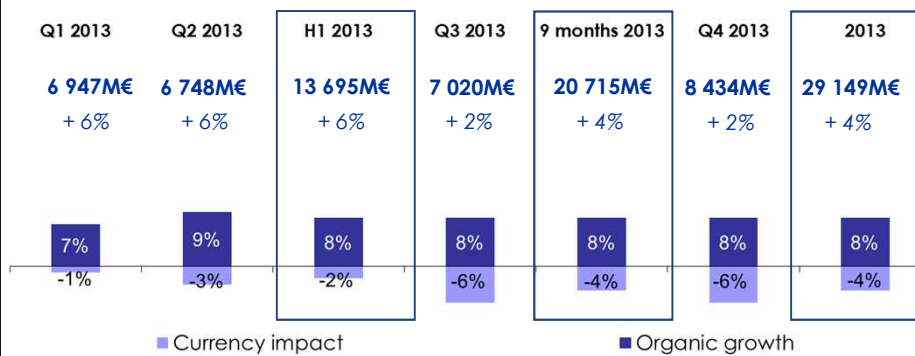
- ◆ Reinforce Wines & Spirits brands through development of new markets
- ◆ Continue strategic development of Louis Vuitton and accelerate profitable growth of other fashion brands
- ◆ Support development of Loro Piana
- ◆ Reaffirm leadership of Christian Dior and boost the international development of Guerlain
- ◆ Pursue upmarket strategy through strengthened industrial integration and further implementation of synergies in Watches & Jewelry
- ◆ Strengthen leadership of DFS in Asia and maintain Sephora's innovation momentum, both in stores and the digital world

## Confidence for 2014

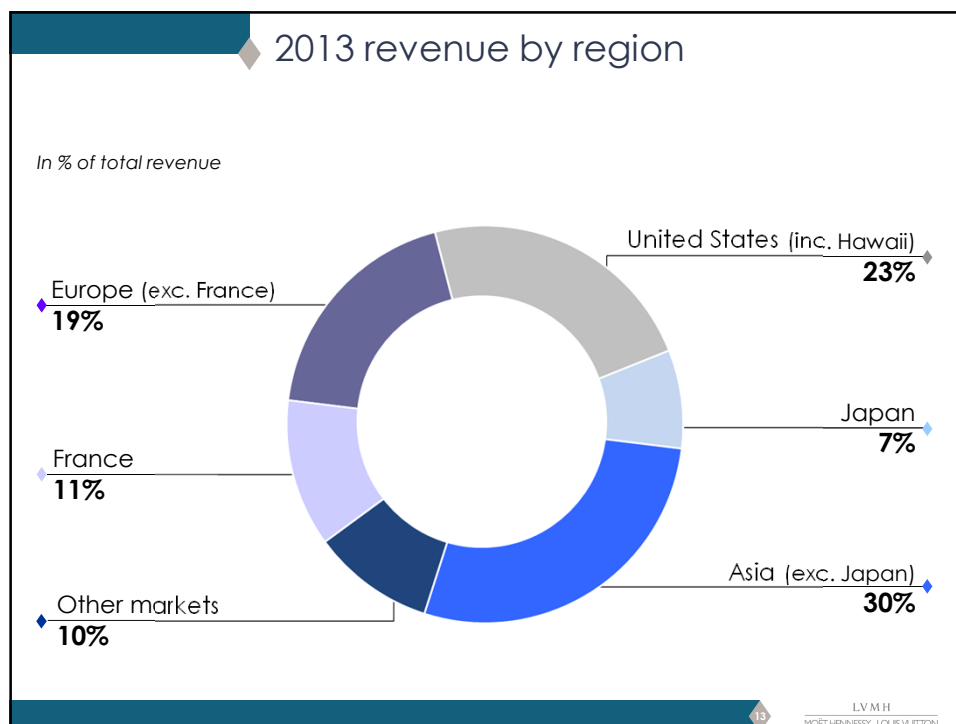
- ◆ Confidence for 2014 despite an uncertain economic and monetary environment in Europe
- ◆ Continue the strategic development and creative dynamic of our brands
  - Enhance iconic lines
  - Further strengthen distribution
- ◆ Motivated teams
  - Adaptability
  - Willingness to continually improve
  - Entrepreneurial spirit



### Quarterly evolution of 2013 revenue



The principles used to determine the net impact of exchange rate fluctuations on revenue of entities reporting in foreign currencies ("currency impact") and the net impact of changes in the scope of consolidation ("perimeter impact") are described on page 9 of the 2013 Financial Documents.



### Revenue change by region

Organic growth versus same period of 2012

LVMH Group	9 months 2013	Q4 2013	2013
United States*	+ 9%	+ 9%	+ 9%
Japan	+ 10%	+ 12%	+ 10%
Asia	+ 13%	+ 11%	+ 13%
Europe	+ 2%	+ 3%	+ 2%

\* exc. Hawaii

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## Revenue by business group

<i>In millions of euros</i>	2012	2013	Reported growth	Organic growth
Wines & Spirits	4 137	4 187	+ 1%	+ 6%
<i>Champagne &amp; Wines</i>	1 980	1 951	- 1%	+ 5%
<i>Cognac &amp; Spirits</i>	2 157	2 236	+ 4%	+ 7%
Fashion & Leather Goods	9 926	9 882	- 0,4%	+ 5%
Perfumes & Cosmetics	3 613	3 717	+ 3%	+ 7%
Watches & Jewelry	2 836	2 784	- 2%	+ 4%
Selective Retailing	7 879	8 938	+ 13%	+ 17%
Others and eliminations	-288	(359)	-	-
<b>Total LVMH</b>	<b>28 103</b>	<b>29 149</b>	<b>+ 4%</b>	<b>+ 8%</b>

## Organic revenue growth by business group

Organic growth versus same period of 2012

	H1 2013	Q3 2013	Q4 2013	2013
Wines & Spirits	+ 5%	+ 9%	+ 4%	+ 6%
Fashion & Leather Goods	+ 5%	+ 3%	+ 7%	+ 5%
Perfumes & Cosmetics	+ 6%	+ 4%	+ 10%	+ 7%
Watches & Jewelry	+ 1%	+ 6%	+ 6%	+ 4%
Selective Retailing	+ 19%	+ 19%	+ 13%	+ 17%
<b>Total LVMH</b>	<b>+ 8%</b>	<b>+ 8%</b>	<b>+ 8%</b>	<b>+ 8%</b>

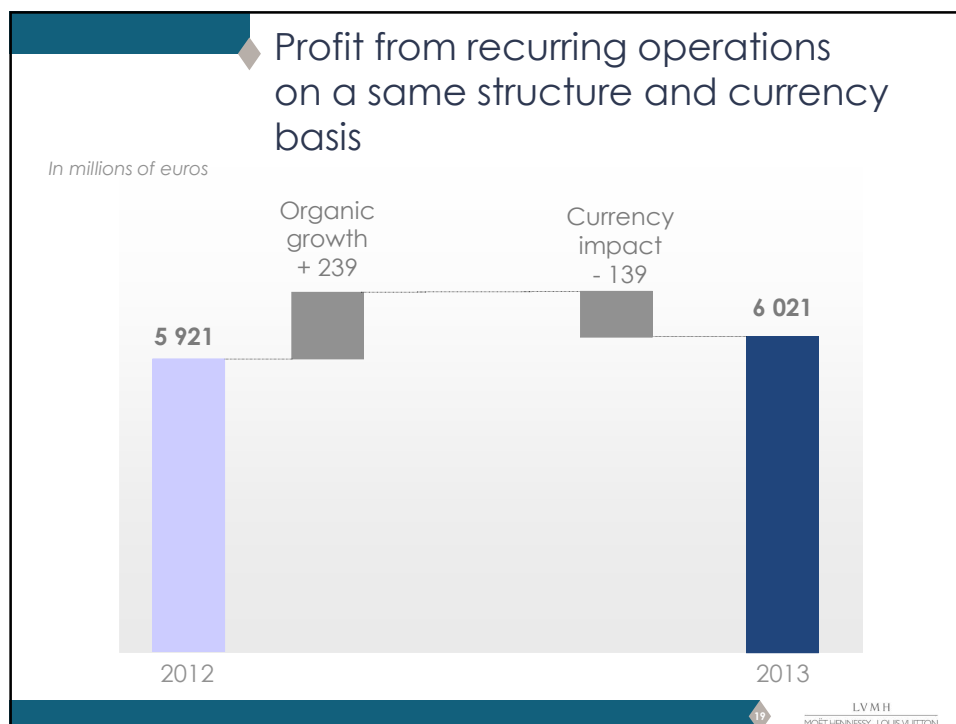


## Summarized income statement

<i>In millions of euros</i>	2012	2013	% Change
Revenue	28 103	29 149	+ 4%
Gross margin	18 186	19 094	+ 5%
Marketing and selling expenses	(10 101)	(10 849)	+ 7%
General and administrative expenses	(2 164)	(2 224)	+ 3%
Profit from recurring operations	5 921	6 021	+ 2%
Other operating income and expenses	(182)	(127)	
Operating profit	5 739	5 894	+ 3%
Net financial income (expense)	(14)	(199)	
Income taxes	(1 820)	(1 755)	
Income from investments in associates	4	7	
Net profit before minority interests	3 909	3 947	+ 1%
Minority interests	(485)	(511)	
<b>Group share of net profit</b>	<b>3 424</b>	<b>3 436</b>	<b>+ 0.4%</b>

## Profit from recurring operations by business group

<i>In millions of euros</i>	2012	2013	% Change
Wines & Spirits	1 260	1 370	+ 9%
Champagne & Wines	578	597	+ 3%
Cognac & Spirits	682	773	+ 13%
Fashion & Leather Goods	3 264	3 140	- 4%
Perfumes & Cosmetics	408	414	+ 2%
Watches & Jewelry	334	375	+ 12%
Selective Retailing	854	901	+ 6%
Others and eliminations	(199)	(179)	ns
<b>Total LVMH</b>	<b>5 921</b>	<b>6 021</b>	<b>+ 2%</b>



### Change in net financial income (expense)

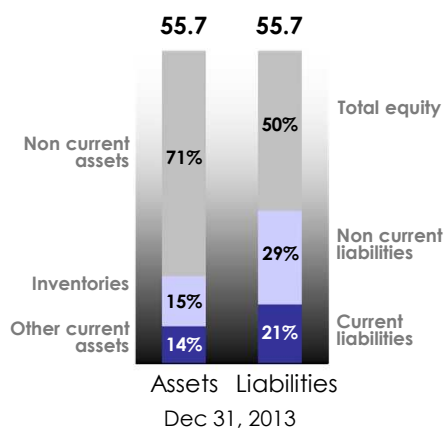
<i>In millions of euros</i>	2012	2013	Change (M€)
Cost of net financial debt	(140)	(103)	+37
Ineffective portion of foreign currency hedges	(49)	(159)	-110
Net gain/(loss) relating to AFS* assets and other financial instruments, dividends received	205	94	-111
Other items - net	(30)	(31)	-1
<b>Net financial income (expense)</b>	<b>(14)</b>	<b>(199)</b>	<b>-185</b>

\* AFS: Available for sale

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## Sound financial structure

In billions of euros



- ◆ Increased total equity
- ◆ Increased net debt attributable to acquisitions, notably Loro Piana
- ◆ Rise in non current assets mainly due to increased net investments and value of purchase commitments for minority interests
- ◆ Increase of inventories attributable to growth in the Group's businesses

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## Analysis of cash flow from operations

In millions of euros	2012	2013	Change (M€)
Cash from operations before changes in working capital	7 113	7 329	+ 216
Net interest paid	(154)	(112)	+ 42
Income taxes paid	(1 970)	(1 979)	- 9
Net cash from operations before changes in working capital	4 989	5 238	+ 249
Working capital requirements	(813)	(617)	+ 196
Operating investments	(1 702)	(1 663)	+ 39
<b>Free cash flow*</b>	<b>2 474</b>	<b>2 958</b>	<b>+ 484</b>

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

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