

## **LVMH demonstrated good resilience in the first half of 2009**

### **Exceptional performance at Louis Vuitton**

#### **Market share gains**

Paris, 27 July 2009

LVMH Moët Hennessy Louis Vuitton, the world's leading luxury products group, recorded revenue of €7.8 billion in the first half of 2009, reflecting a slight increase over the same period in 2008 despite the crisis and a high comparable.

Profit from recurring operations came to €1,363 million. It increased tangibly in the brands that control their distribution, like, for example, Louis Vuitton. The brands distributed by third parties, on the other hand, suffered a massive destocking impact by these distributors. This is notably the case for the Wines & Spirits and Watches & Jewelry business groups.

Bernard Arnault, Chairman and CEO of LVMH, commented:

“The first half results once again demonstrate the exceptional appeal of our brands as well as the effectiveness of our strategy, particularly remarkable given the global economic crisis. LVMH thus proves its exceptional capacity to resist thanks to the strength of its brands, the responsiveness of its organization and the talent of its teams. Louis Vuitton has had a particularly exceptional first half of the year, probably the best in the luxury universe, with double-digit revenue growth and exceptional profitability. Reassured by the good resilience in the first half of the year, the Group approaches the second half with confidence. It will rely upon the creativity and quality of its products as well as the effectiveness of its teams who implement notably cost reduction measures adapted to the crisis, to pursue further development in its historical markets as well as in high potential emerging markets.”

Highlights of the first half of 2009 include:

- A slight increase in Group revenue despite the crisis,
- Market share gains of all our brands notably with double-digit revenue growth at Louis Vuitton, whose profitability continues to be at an exceptional level,
- Confirmed strong potential of emerging markets, which represent 30% of Group revenue,
- Considerable destocking by distributors in the Wines & Spirits and Watches & Jewelry business groups,
- Exceptional resilience of Parfums Christian Dior and Guerlain, which are gaining market share,
- Growth at Sephora in all of its markets,
- Solid financial position with a net debt ratio of 32%,
- Net cash flow from operations before changes in working capital increased by 5%.

<i>Euro millions</i>	<b>First half of 2008</b>	<b>First half of 2009</b>	<b>Change %</b>
Revenue	7 799	7 811	+ 0,2%
Profit from recurring operations	1 541	1 363	- 12%
Group share of net profit	891	687	-23%
Net cash flow from operations before changes in working capital	1 148	1 206	+5%

Revenue by business group:

<i>Euro millions</i>	<b>First half of 2008</b>	<b>First half of 2009</b>	<b>% change</b>	
			<b>Reported</b>	<b>Organic*</b>
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%
Other activities and eliminations	(30)	(14)	-	-
<b>TOTAL</b>	<b>7 799</b>	<b>7 811</b>	<b>+ 0.2%</b>	<b>- 7%</b>

\* With comparable structure and exchange rates

Profit from recurring operations, by business group:

<i>Euro millions</i>	<b>First half of 2008</b>	<b>First half of 2009</b>	<b>% change</b>
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%
Other activities and eliminations	(83)	(67)	-
<b>TOTAL</b>	<b>1 541</b>	<b>1 363</b>	<b>- 12%</b>

## **Wines & Spirits: destocking by the distributors**

The difficult economic environment weighed on revenue and profitability of the **Wines & Spirits** business group. Champagne revenue was impacted by the high stock levels at distributors who destocked massively in the first half. With trends improving slightly in the second quarter, the Cognac business was more resilient and was supported by its Asian markets. While sticking to cutting costs and vigorously selecting its investments, the Wines & Spirits business group will continue its value strategy and maintain its strong culture of innovation.

## **Fashion & Leather Goods: exceptional momentum at Louis Vuitton**

The **Fashion & Leather Goods** business group saw revenue growth of 8% in the first half of 2009. Profit from recurring operations stood at €19 million. Louis Vuitton increased its progress in all of its markets thanks to the quality of its products and the control of its store network. The brand registered double-digit revenue growth in the first half of 2009 and strengthens its position in all regions. Asia and Europe confirmed their strong momentum and the United States showed good resilience. As the Yen strengthened, the Japanese at the beginning of the year made purchases outside of their own country. The brand is always supported by an incomparable innovation capacity, illustrated notably by the launches of numerous timeless lines and the creations by Marc Jacobs in honour of Stephen Sprouse, which enjoyed a worldwide success with clients in the first half. The other fashion brands were penalised, notably in the second quarter, by the continued difficult environment at large department stores. Fendi, however, saw an improvement in its performance in the second quarter and Donna Karan consolidated its progress in terms of positioning and profitability.

## **Perfumes & Cosmetics: success of the mythic perfumes**

The **Perfumes & Cosmetics** business group increased its market share in the first half of 2009, despite revenue decline due to destocking by distributors. With a still high comparable base, the second quarter saw a slight increase in orders from retailers who considerably reduced their stock levels at the beginning of the year. Profit from recurring operations stood at €21 million. By accelerating the development of its star lines, Parfums Christian Dior proved its good resilience and increased its market share. Beyond the global success of *J'Adore*, the first half was notable for the progress of *Miss Dior Chérie* and *Eau Sauvage*, the leading French male fragrance. In make-up, the new foundation, *Diorskin Nude*, was very successful. Guerlain successfully launched its new lipstick *Rouge G* and benefited from the continued rise of the mythic *Shalimar*. Givenchy released its masculine perfume *Play*. Sustained by their international expansion, Benefit and Make Up For Ever accomplished good performances.

## **Watches & Jewelry: strong exposure to retailers destocking**

Revenue from **Watches & Jewelry** decreased by 17% in the first half of 2009. Profit from recurring operations stood at €20 million. In a particularly difficult environment marked by destocking at retailers, the Watches & Jewelry brands have focused on strengthening their iconic lines and maintaining rigorous cost management. TAG Heuer won market share in the United States thanks to its targeted actions, and continued its expansion in Asia. Confirming its position as a rising star brand, Hublot showed good resilience and opened its new Manufacture near Geneva. Zenith celebrated 40 years of *El Primero* and Montres Dior continued to develop its *Christal* line. Chaumet, De Beers and Fred concentrated on improving the productivity of their networks and their boutiques.

## **Selective Distribution : good performance at Sephora**

The **Selective Distribution** business group saw revenue growth of 7% in the first half of 2009. Profit from recurring operations stood at €129 million. **DFS** continued its cost cutting efforts in order to limit the impact of the decrease in international travel which was amplified in the second quarter by health concerns. DFS benefited, however, from its recent store openings which are confirming their potential. The Galleria at Macao, in particular, saw sustained growth and a second site is going to be opened on the island. The outlet at the heart of Abu Dhabi airport has made a promising start.

**Sephora** registered revenue growth in all of its markets in the first half of 2009, and an increase in its profit from recurring operations. It continues to win market share through the strengthening of its commercial reactivity and innovative and exclusive service and product offers. Its network of stores continues to grow in the most promising markets, notably in China where the expansion proceeds at a sustained pace.

## **2009 Outlook**

In the current economic crisis, LVMH will continue to gain market share thanks to the numerous product launches planned before the end of the year, to its geographic expansion in promising markets and to its cost management.

Our strategy of focusing on quality across our entire product range, combined with the dynamism and unparalleled creativity of our teams, will enable us to reinforce, once again in 2009, LVMH's global leadership position in luxury products.

The LVMH Board will meet on July 29<sup>th</sup> to approve the financial statements for the first half 2009, already presented to the Audit Committee, and to decide the payment on December 2, 2009 of an interim dividend of 0.35 euros.

*Regulated information related to this press release is available on our internet site [www.lvmh.com](http://www.lvmh.com).*

*Audit procedures carried out, audit report to be issued after the Board meeting.*

## **About LVMH**

LVMH Moët Hennessy Louis Vuitton is the world's leading luxury goods group. The Group is represented in Wines and Spirits by a portfolio of brands that includes Moët & Chandon, Dom Pérignon, Veuve Clicquot Ponsardin, Krug, Ruinart, Château d'Yquem, Hennessy, Glenmorangie, Ardbeg, Belvedere Vodka, Chopin, 10 Cane, Chandon, Cloudy Bay, Terrazas de los Andes, Cheval des Andes, Green Point, Cape Mentelle, Newton.

Its Fashion and Leather Goods division includes Louis Vuitton, the world's leading luxury brand, as well as Celine, Loewe, Kenzo, Givenchy, Thomas Pink, Fendi, Emilio Pucci, Donna Karan, Marc Jacobs, Berluti, StefanoBi as well as eLUXURY, the authoritative online source for luxury goods on the Internet. LVMH is present in the Perfumes and Cosmetics sector with Parfums Christian Dior, Guerlain, Parfums Givenchy, Parfums Kenzo, Parfums Loewe as well as other promising cosmetic companies (Benefit Cosmetics, Make Up For Ever, Acqua di Parma and Fresh). LVMH is also active in selective retailing through DFS, Sephora in Europe and the United States, Le Bon Marché and la Samaritaine. LVMH's Watches and Jewelry division comprises TAG Heuer, Chaumet, Christian Dior Watches, Zenith, Fred, Hublot and De Beers Diamond Jewellers Limited, a joint venture created with the world's leading diamond group.

*"Certain information included in this release is forward looking and is subject to important risks and uncertainties and factors beyond our control or ability to predict, that could cause actual results to differ materially from those anticipated, projected or implied. It only reflects our views as of the date of this presentation. No undue reliance should therefore be based on any such information, it being also agreed that we undertake no commitment to amend or update it after the date hereof."*

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## APPENDIX

### LVMH – Revenue by business group and by quarter

#### First half 2009

<i>(Euro millions)</i>	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective Distribution	Other Activities & Eliminations	<b>Total</b>
First quarter	540	1 598	663	154	1 085	(22)	<b>4 018</b>
Second quarter	539	1 390	622	192	1 042	8	<b>3 793</b>
<b>Total sales</b>	<b>1 079</b>	<b>2 988</b>	<b>1 285</b>	<b>346</b>	<b>2 127</b>	<b>(14)</b>	<b>7 811</b>

#### First half 2008

<i>(Euro millions)</i>	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective Distribution	Other Activities & Eliminations	<b>Total</b>
First quarter	640	1 445	717	211	1 011	(22)	<b>4 002</b>
Second quarter	652	1 323	645	206	979	(8)	<b>3 797</b>
<b>Total sales</b>	<b>1 292</b>	<b>2 768</b>	<b>1 362</b>	<b>417</b>	<b>1 990</b>	<b>(30)</b>	<b>7 799</b>