

LVMH

Letter to shareholders

August 2013



Good first half for LVMH

Highlights of the first half of 2013 include:

- good resilience in Europe and sustained momentum in Asia, the United States and Japan,
- market share gains of all our brands,
- good performance in Wine & Spirits,
- the very qualitative development of Louis Vuitton, whose profitability remains at an exceptional level,
- continued investment in the fashion brands,
- further innovation and success of iconic lines at Christian Dior,
- increased selectivity in Watches and Jewelry distribution,
- excellent performance of DFS and Sephora worldwide,
- cash from operations before changes in working capital of €3.3 billion,
- net debt to equity ratio of 19% as of the end of June 2013.

Revenue*

+8%

Profit from recurring operations

+2%

Interim dividend

1.20 euro per share

LVMH Moët Hennessy Louis Vuitton, the world's leading luxury products group, recorded revenue of €13.7 billion in the first half 2013, an increase of 6%. Organic revenue growth was 8% compared to the same period in 2012, which itself saw strong growth. The Group continued to experience good momentum in the US and Asia, and continues to grow in Europe in a more difficult economic environment. With organic growth of 9%, the second quarter showed some acceleration compared to the first quarter.

Profit from recurring operations for the first half of 2013 rose to €2,712 million, an increase of 2% compared to the same period in 2012. This performance compares to the first half of 2012, which had shown very strong growth. Current operating margin reached 20%. Group share of net profit amounted to €1,577 million.

Bernard Arnault, Chairman and CEO of LVMH, commented: "The performance of LVMH in the first half, once again, demonstrates the exceptional appeal of our brands, the attraction of our high quality artisanal products and the relevance of our strategy. Innovation, extreme quality, strong distribution and savoir-faire in all of our businesses reinforce our Maisons. Loro Piana, with whom we share the same values of family and craftsmanship, will fit harmoniously within this dynamic. It is with confidence that we approach the second half of the year and rely on the creativity and quality of our products, as well as the effectiveness of our teams, to pursue further market share gains in our traditional markets as well as in high potential emerging territories."

* With comparable structure and constant exchange rates.

Business groups

Exceptional appeal of our brands

Wines & Spirits

Pursuing a value strategy

The Wines & Spirits business group recorded organic revenue growth of 5%. Profit from recurring operations increased by 9%. The champagne business in Europe has shown good resilience in a difficult economic environment. The sustained demand enjoyed by LVMH brands in Asian markets has kept the volumes identical to those levels achieved in the first half of 2012. Hennessy cognac recorded volume growth of 3%, driven primarily by young qualities. The business group remained focused on its value strategy: firm pricing policy and strong innovation accompanied by sustained investments.



2013 Outlook

Despite an uncertain European economic environment, LVMH will continue to gain market share thanks to the numerous product launches planned before the end of the year and its geographic expansion in promising markets, while continuing to manage costs.

Our strategy of focusing on quality across all our activities, combined with the dynamism and unparalleled creativity of our teams, will enable us to reinforce, once again in 2013, LVMH's global leadership position in luxury goods.

Wines & Spirits

<i>(EUR millions)</i>	30/06/2013	30/06/2012
Revenue	1,808	1,759
Profit from recurring operations	542	496
Operating investments	79	79

Fashion & Leather Goods

Strategic development of Louis Vuitton and sustained investment in other brands

The Fashion and Leather Goods business group recorded organic revenue growth of 5% in the first half of 2013. Profit from recurring operations was at a comparable level to that achieved in first half of 2012. These results demonstrate the success of both the very qualitative development of Louis Vuitton and the strategy to strengthen the production of other brands as well as the quality of their distribution. Louis Vuitton continues to develop well thanks



to its boundless creativity and its excellent distribution network. Leather lines progressed strongly. The opening of two new Maisons in Venice and Munich took place in the first six months of the year. Fendi has developed its outstanding savoir-faire, notably in leather. Céline recorded steady growth and accelerated the pace of expansion and renovation of its store network. Other brands will continue consolidating their positions so as to successfully tackle the next phases of their development.

Fashion & Leather Goods

(EUR millions)	30/06/2013	30/06/2012
Revenue	4,711	4,656
Profit from recurring operations	1,497	1,516
Operating investments	303	237

Perfumes & Cosmetics

Continuous innovation and increasing market share

The Perfumes & Cosmetics business group recorded organic revenue growth of 6%. Profit from recurring operations was up 2% compared to the first half of 2012. Innovation and market share gains were both important features of the first half of 2013. Parfums Christian Dior maintained good momentum, supported by its perfumes, including *Miss Dior* and *J'adore* with *Voile de Parfum*. The makeup segment, with their privileged connections to couture, made significant progress. Guerlain benefited from the continuing success of *La Petite Robe Noire*. Parfums Givenchy registered good progress in its makeup line. Benefit and Fresh experienced rapid international development.



Perfumes & Cosmetics

(EUR millions)	30/06/2013	30/06/2012
Revenue	1,804	1,727
Profit from recurring operations	200	197
Operating investments	89	79

Watches & Jewelry

Enhanced distribution and savoir-faire

In the first half of 2013, the Watches & Jewelry business group recorded organic revenue growth of 1%. Profit from recurring operations decreased by 2%. The strategy of moving further upmarket continued with the goal



of enhancing the attractiveness of our brands to our customers. The performance in own stores was excellent thanks to the quality and creativity of our new products as well as the strength of iconic lines, particularly in jewelry. This was offset by restrained purchasing by watch retailers and the voluntary closure of certain multibrand points of sale, which explain this lower first half growth. We continue to invest in strengthening the quality of our own distribution and the control over our watchmaking and jewelry production.

Watches & Jewelry

(EUR millions)	30/06/2013	30/06/2012
Revenue	1,310	1,343
Profit from recurring operations	156	159
Operating investments	98	52

Selective Retailing

Continued profitable growth momentum

The Selective Retailing business group recorded organic revenue growth of 19% and a 9% increase in profit from recurring operations in the first half of 2013. DFS benefited from strong comparable store growth supported by good momentum of Asian clientele. The new concessions won in late 2012 in the Hong Kong airport made a significant contribution to the increase in revenue while major renovation work weighed on profitability. Sephora continues to deliver outstanding performance, driven by growth in revenue at existing stores and the expansion of its global network. In North America, where the company continues to strengthen its position and innovate in the digital world, revenue growth also remained strong. Sephora also opened a flagship store in China in Shanghai, and began its expansion in India.



Selective Retailing

(EUR millions)	30/06/2013	30/06/2012
Revenue	4,215	3,590
Profit from recurring operations	407	373
Operating investments	178	143

Financial highlights

Revenue

(As of June 30 and December 31, EUR millions)



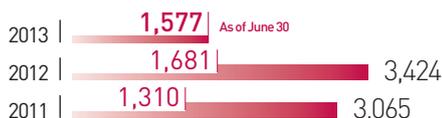
Profit from recurring operations

(As of June 30 and December 31, EUR millions)



Net profit, Group share

(As of June 30 and December 31, EUR millions)



Operating investments

(As of June 30 and December 31, EUR millions)



Free cash flow (a)

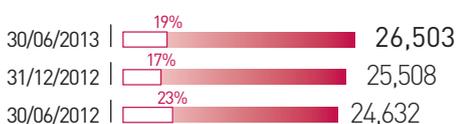
(As of June 30 and December 31, EUR millions)



(a) Net cash from (used in) operating activities and operating investments.

Total equity (a) and Financial debt/ Total equity ratio

(EUR millions and percentage)



(a) Including minority interests.

Further information can be found on LVMH website www.lvmh.com in the Documentation/Results section.

The LVMH share

Changes in the LVMH share price

Equity markets have been positive for most of the early part of the year, but ended the first half of 2013 with slightly more mixed results. The first months were characterized by the continuation of the recovery that had begun in the summer of 2012. In Japan, the equity market posted strong growth following the announcement of unprecedented measures to ease monetary policy. In Europe, the markets remained on an upward trend until the end of May, despite uncertainties surrounding elections in Italy or the banking system crisis in Cyprus. Consequently, the CAC 40 broke through the 4000 points mark in May for the first time in two years. In the United States, US indices reached record highs, supported by an accommodative monetary policy. The first half nevertheless ended on a correction, which was more or less pronounced depending on the stock exchange involved. The prospect of a reduction in liquidity injections by the US Federal Reserve and fears of a credit crunch in China led investors to quickly reduce their exposure to the riskiest assets.

Against this background, the LVMH share price, having almost doubled since June 2008, dropped by around 10% in the first half of 2013. By comparison, Europe's CAC 40 and Eurostoxx 50 indices registered a 3% increase and 1% decline respectively. The LVMH share closed at €124.50 on June 28. LVMH's market capitalization was €62 billion, making it the fourth largest in the Paris market.

Distribution of capital and voting rights

As of June 30, 2013	Number of shares	Number of voting rights ^(a)	% of capital	% of voting rights
Arnault Family Group	235,886,503	453,988,936	46.42%	62.58%
Other	272,318,569	271,464,552	53.58%	37.42%
Total	508,205,072	725,453,488	100.00%	100.00%

(a) Total number of voting rights that may be exercised at Shareholders' Meetings.

Comparison of the LVMH share price and the CAC 40 since 01/07/2008

— LVMH — CAC 40 rebased ■ Volume of transactions (right scale)



Total shareholder return

An LVMH shareholder who invested €1,000 on July 1, 2008 would have capital of €2,089 on June 30, 2013, if dividends received were reinvested in shares. Over five years, his investment would have given him a gain of 109%, amounting to an average annual return of around 16%.

Interim dividend

The Board of Directors approved the payment of an interim dividend of €1.20 on December 3, 2013.

Agenda

October 2013	Publication of 2013 third quarter revenue
December 3rd, 2013	Payment of an interim dividend
January 2014	Publication of 2013 annual revenue and results
April 2014	Annual Shareholders' Meeting



Shareholder relations

The website

The LVMH website gives access to a wide range of regularly updated information on the Group and its brands. A section is specially aimed at the financial community and LVMH shareholders. Information in this section includes the share price in real time, a comparison of its progression against the CAC 40, the events schedule (revenue and results announcements, Shareholders' Annual General Meetings, dividend payments), press releases and presentations, notably that of the Shareholders' AGM which can be seen live or in a recorded version.

Communications media can be viewed in the Documentation section along with the annual report and registration document. A form is available online to request copies by mail. LVMH also sends out Group news by e-mail to web users who sign up for Press release alerts. Lastly, a Calendar alert is available for those wishing to be advised of updates to this section and receive an e-mail reminder the day before the event.

Shareholders' Club

The LVMH Shareholders' Club was set up in 1994. It gives members a better understanding of the Group, its businesses and its brands.

The magazine "Apartés", published in French for Club members, lets them order products to be delivered to addresses in France, subscribe to *Les Echos*, *Investir*, and *Connaissance des Arts* at special rates and be special guests on various sites adapted for tours (cellars and storehouses) as well as benefit from special priority tickets for exhibits sponsored by LVMH.

Shareholders may join the Club by filling out the form that can be downloaded from the website or provided upon request. Members of the Shareholders' Club receive an individual membership card with a personal authentication number valid for two years

<http://www.lvmh.com/investor-relations/shareholders>

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Photographs: Louis Vuitton Malletier - Moët & Chandon - Fendi, Karl Lagerfeld - Guerlain - Bulgari - Sephora, Yvan Matrat - Christian Dior Parfums, Tim Walker - Picture libraries of LVMH and Group's Maisons. Version e-accessibility: Ipedis. Design and production: Agence Marc Praquin.

