

LVMH

Letter to shareholders

August 2014



LVMH shows good resilience in the first half of 2014

Highlights of the first half of 2014 include:

- good resilience in Europe and continued growth in Asia and the United States,
- strong negative exchange rate effect, particularly on Fashion & Leather Goods and Watches & Jewelry activities,
- Wines & Spirits' performance impacted by continued destocking by distributors in China,
- the qualitative development of Louis Vuitton, where profitability remains at an exceptional level,
- continued investment in the fashion brands,
- strong innovation momentum at Parfums Christian Dior,
- sustained investment in communication for Watches & Jewelry,
- excellent performance of Sephora and continued expansion plan of DFS,
- cash from operations before changes in working capital of €3.2 billion,
- net debt to equity ratio of 23% as of the end of June 2014.

LVMH, the world's leading luxury products group, recorded revenue of €14 billion in the first half of 2014, an increase of 3%. Organic revenue growth was 5% compared to the same period in 2013. The Group continued to grow in the United States and Asia. Europe demonstrated resilience despite a still challenging economic environment.

With organic growth of 3%, the second quarter showed comparable regional trends to the first quarter, except in Japan, which had experienced particularly strong growth during the first quarter.

Profit from recurring operations for the first half of 2014 was €2,576 million and current operating margin reached 18%. Negative exchange rate effects weighed strongly on the first half.

Group share of net profit amounted to €1,509 million.

Bernard Arnault, Chairman and CEO of LVMH, commented: "The results of the first half demonstrate LVMH's excellent resilience, thanks to the strength of its brands and the responsiveness of its organization in a climate of economic and financial uncertainties. The first half of the year also witnessed the smooth integration of Loro Piana into the Group. Following the first half's good resilience, it is with confidence that we approach the second half of the year and rely on the creativity and quality of our products, and the effectiveness of our teams, to pursue further market share gains in our traditional markets, as well as in high potential emerging territories."

Business groups

Exceptional appeal of our brands

Wines & Spirits

Continued destocking by distributors in China

The Wines & Spirits business group recorded a decrease in organic revenue of 1% in the first half of 2014. Profit from recurring operations stood at €461 million. This trend essentially reflects the performance of cognac in China, linked to destocking by distributors, which continued in the second quarter. The champagne business, with its fast growing prestige vintages, experienced a good start to the year. In an environment characterized by persistent uncertainty in Europe, the US market continued to enjoy good dynamics. The business group remained focused on its value strategy: firm

pricing policy and strong innovation accompanied by sustained investments in brand communications and in developing its production capacity.



2014 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 2014, LVMH's global leadership position in luxury goods.

Wines & Spirits

(EUR millions)

	1st half year 2014	1st half year 2013
Revenue	1,677	1,795
Profit from recurring operations	461	539
Operating investments	50	78

Fashion & Leather Goods

Strong creative momentum at Louis Vuitton

The Fashion & Leather Goods business group recorded organic revenue growth of 4% in the first half of 2014. Profit from recurring operations was €1,487 million, stable in comparison to the same period of 2013, due to a strongly adverse exchange rate effect.

Loro Piana experienced an excellent start to the year. Louis Vuitton continues its strong creative momentum with new artistic director, Nicolas Ghesquière, receiving an enthusiastic response to his first show. The innovations in leather goods are seeing strong success. Fendi benefited from the focus on its iconic bags, for which sales progressed strongly. Céline's growth continues to be driven by the success of its leather goods and the rapid development of footwear.



Several Céline flagship stores were opened around the world, particularly in London, Tokyo and Paris. Other brands, such as Givenchy, Berluti and Kenzo, continued to strengthen their positions.

Fashion & Leather Goods

(EUR millions)	1st half year 2014	1st half year 2013
Revenue	5,030	4,711
Profit from recurring operations	1,487	1,493
Operating investments	274	303

Perfumes & Cosmetics

Continuous innovation and increasing market share

The Perfumes & Cosmetics business group recorded organic revenue growth of 6%. Profit from recurring operations stood at €204 million. Propelled by the vitality of its flagship lines and the constant attention to quality of its products and their distribution, LVMH's brands are demonstrating excellent dynamics and increasing market share.



Parfums Christian Dior continued to benefit from the growth of its iconic perfumes *J'adore* and *Dior Homme*. The make-up segment also experienced sustained growth. Guerlain continues its progress with the ongoing success of *La Petite Robe Noire* and the rapid development of *Orchidée Impériale* and *Abeille Royale*. Benefit, Make Up For Ever and Fresh confirmed their excellent performance.



Perfumes & Cosmetics

(EUR millions)	1st half year 2014	1st half year 2013
Revenue	1,839	1,804
Profit from recurring operations	204	200
Operating investments	92	89

Watches & Jewelry

Good performance of jewelry and sustained brand communication

In the first half of 2014, the Watches & Jewelry business group recorded organic revenue growth of 3%. The uncertainties linked to the economic environment continue to make multi-brand retailers prudent in their purchasing. The performance in the brands' own boutiques exhibited significant growth. Bulgari benefited from positive momentum in jewelry. TAG Heuer focused on the development of its iconic lines. The decrease in profit from recurring operations, which stood at €107 million, is principally explained by a negative exchange rate effect, while investments in communications continue.



Selective Retailing

Increasing market share for Sephora and continuing expansion and renovation program at DFS

The Selective Retailing business group recorded organic revenue growth of 9%. Profit from recurring operations was €398 million in the first half of 2014. DFS relies on growth of sales to Asian



clientele in a context of a fall in spending by Japanese tourists due to the weakness of the Yen. Major expansion and renovation work at several airport concessions weighed on its profitability. Sephora continues its growth in all regions, with particularly remarkable performance in North America, the Middle East and Asia. The brand continues to strengthen its position in key markets. Online sales grew significantly, helped by a strengthened mobile offering. Sephora is

proceeding with the expansion of its store network and has just opened its first flagship store in Indonesia.

Watches & Jewelry

(EUR millions)	1st half year 2014	1st half year 2013
Revenue	1,266	1,275
Profit from recurring operations	107	155
Operating investments	93	97

Selective Retailing

(EUR millions)	1st half year 2014	1st half year 2013
Revenue	4,382	4,198
Profit from recurring operations	398	412
Operating investments	177	178

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)

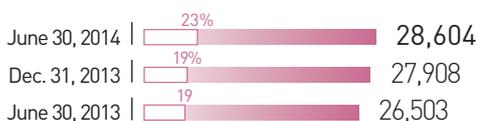
(As of June 30 and December 31, EUR millions)



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

Total equity and Financial debt/ Total equity ratio

(EUR millions and percentage)



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 continued to rise in the first half of 2014, especially in the United States, where the Dow Jones hit an all time high. Investors remained optimistic despite renewed geopolitical tensions in Ukraine and Iraq, the release of less positive than expected US economic data, and the fact that recovery has been slow to materialize in the euro zone. Central banks' monetary policies were a powerful driver of that upward trend. Recent announcements from the US Federal Reserve, the European Central Bank and the Bank of Japan were taken by markets as reassuring from this point of view.

Meanwhile, LVMH shares climbed by around 6% in the first half of 2014. As a comparison, Europe's CAC 40 and Eurostoxx 50 indices registered gains of 3% and 4%, respectively.

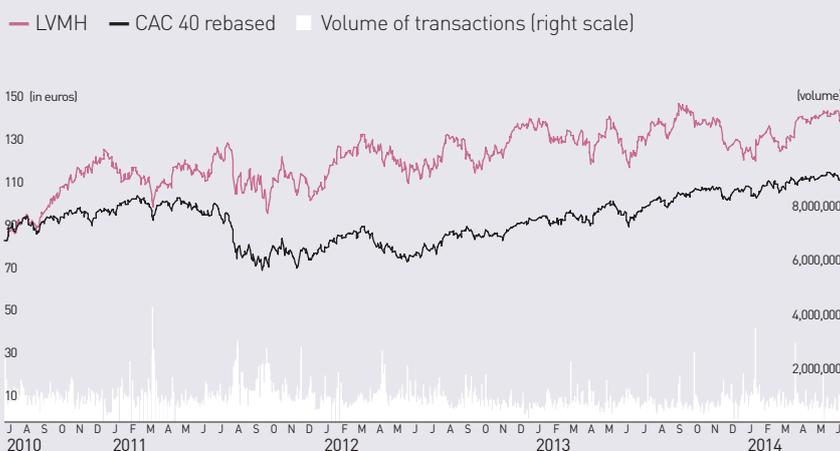
The LVMH share price closed at €140.80 on June 30. LVMH's market capitalization was €72 billion, ranking it fourth in the Paris market.

Share capital and voting rights

As of June 30, 2014	Number of shares	Number of voting rights ^(a)	% of capital	% of voting rights
Arnault family group	236,381,811	454,484,244	46.50%	62.55%
Other	272,013,645	272,070,270	53.50%	37.45%
Total	508,395,456	726,554,514	100.00%	100.00%

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

Comparison between the LVMH share price and the CAC 40 since July 1, 2010



Total shareholder return

An LVMH shareholder who invested €1,000 on July 1, 2009 would have a capital of €2,870 on June 30, 2014 based on reinvested dividends. That is a total return of 187% over five years, i.e. a compound annual growth rate of around 23%.

Interim dividend

The Board of Directors has approved an interim dividend of €1.25 payable as of December 4, 2014.

Agenda

October 2014	Publication of 2014 third quarter revenue
December 4, 2014	Payment of an interim dividend
January 2015	Publication of 2014 annual revenue and results
April 2015	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

Dedicated to individual shareholders who show a special interest in what is happening in the Group, the LVMH Shareholders' Club gives its members a better understanding of the Group, its businesses and its brands, and the ties they maintain with the arts and culture.

Through the Club membership magazine "Apartés," members may order products for delivery to addresses in France. It also offers subscriptions to "Les Échos", "Investir", and "Connaissance des Arts" at preferential rates. Members are also provided special access to certain places suitable for visits (such as wineries and wine cellars). They also benefit from VIP passes to art exhibits supported by LVMH.

Shareholders' Club members receive an individual membership card with a personal authentication number which is valid for two years.

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

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