

LVMH

Letter to shareholders March 2012

LVMH's excellent performance in 2011 once again highlights the power of our brands and the appeal of our products. Our Group's results prove, if proof were in fact needed, that the quest for exceptionally high-quality products, the desire for authenticity and durability, the pleasure of being treated as an exceptional customer in an exceptional environment – all of these aspirations that LVMH aims to fulfill – assume a more prominent role than ever in periods of uncertainty.



Remaining true to our values

This year we once again recruited many employees in all professions and we are delighted to have created numerous new positions for craftsmen and craftswomen at our workshops in France and elsewhere in Europe. As we keep a close watch on the current economic volatility in Europe, LVMH will remain true to its values, managing the Group's businesses with a steady hand and continuing to invest wisely. Large-scale projects are taking shape and are being launched across the Group, so as to ensure that profitable growth remains here to stay.

Our businesses once again showed excellent momentum in 2011. These excellent figures are a direct consequence of our culture of innovation and creativity, as well as our obsessive focus on the quality of our products.

One event of the past year which comes to mind in particular is the tragedy that struck Japan in March 2011. From a personal perspective and on behalf of all LVMH employees, I would like to reiterate the admiration we feel for the Japanese people. Admiration for their bravery and strength of character in this extremely trying time, for the speed with which the regions affected by the catastrophe launched their reconstruction projects, and for the way our Japanese colleagues orchestrated a return to normality. Thanks to them, our operations were re-established in record time. And our customers returned in even greater numbers to our stores... a tremendous expression of faith in the future and loyalty to the Group's brands.

LVMH and Bulgari: a shared culture, a shared entrepreneurial spirit

The alliance we made with the Bulgari family was one of the key moments of 2011. This legendary Italian label is one of the most outstanding pioneers of authentic, accomplished European craftsmanship. As well as being a leading jeweler and watchmaker, Bulgari also has perfume and leather goods lines. We share the same values, the same respect for heritage and brand identity as well as the same entrepreneurial culture. Now that we have joined forces with Bulgari, our Watches and Jewelry business group has strengthened its capabilities and savoir-faire and is reaping the benefits of new synergies. It has also significantly increased its market share and ability to finance growth projects.

2012: managing with a steady hand, investing resolutely and judiciously

The beginning of 2012 has continued amid the same uncertain environment in Europe as the last few months of 2011. However, the world as a whole is experiencing growth. Building on the strengths of the Group's brands, the oldest of which trace their heritage back to the sixteenth century, means following major shifts in worldwide demand. At the same time, we will remain vigilant, close to our markets and responsive, a stance made possible thanks to our decentralized organization. We will also persevere with our program of selective investments in our businesses. LVMH has always grown stronger in periods of uncertainty, while remaining true to the Group's values: creativity, high quality craftsmanship and entrepreneurial spirit.

Attracting top-tier talent

Thanks to the Group's diversity and culture, we are able to attract the most creative and talented people, whether they are rising stars of tomorrow or have already garnered international renown. We offer these exceptional individuals exciting, challenging projects and we know just what it takes to light the spark that makes the difference by matching each of them with the most suitable brand. But the Group also attracts the best managers; we offer them a unique environment and unequalled career development prospects. Attracting, incubating and nurturing the most promising talent are strategic priorities for all our businesses.

Dedicating the resources required to maintain exceptional quality

We ensure the quality of our products by carefully controlling the way they are made and by conserving our savoir-faire. The year saw the opening of three new workshops by Louis Vuitton, including one in Marsaz (Drôme region of France), which will employ 250 craftspeople. This production unit was not designed simply to perpetuate Louis Vuitton's pursuit of perfection, but also as a showcase for sustainable development. Louis Vuitton is also preparing to open a jewelry workshop in Place Vendôme, Paris. In Bordeaux, Château Cheval Blanc opened its new wine storehouse, superbly combining architectural aesthetics and wine-producing excellence. In Switzerland, Bulgari, TAG Heuer, Hublot and Zenith continue to enhance their technological expertise along with their watchmaking capacity. These are just a few examples of the resources deployed to ensure the future growth of our businesses and maintain the quality which has made our brands so successful since their inception.

The entrepreneurial culture throughout the Group allows us to constantly explore an ever-changing world, identify new and promising concepts, as well as the best opportunities in the market, make quick decisions, find the right teams and allocate the necessary financial resources to invest in new regions and build solid market positions. Examples include Sephora's rapid penetration into the Chinese market, Make Up For Ever's success in making professional make-up products accessible to the general public, and the ready-to-wear project launched for Berluti, which can now realize its full potential in the world of menswear.

Facing the future, with confidence

I would like to conclude by reaffirming my conviction that a bright future is in store for the LVMH group. The dreams and emotions fueled by our brands transcend geographical and historical boundaries. The immense success of the Journées Particulières in October 2011, an unprecedented opportunity for the public to visit our workshops and historic sites, demonstrates the abiding fascination exerted by the excellence of our teams' craftsmanship and the time-honored heritage of our brands. It is also important, as ever, to note the tireless commitment of all our teams, their exemplary adherence to our values and ambitions, their willingness to go the extra mile. These are the essential foundations for our continuing success.

Bernard Arnault

Chairman and Chief Executive Officer

Financial highlights

Revenue

(EUR millions)



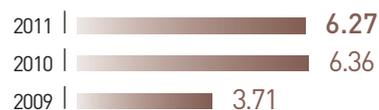
Profit from recurring operations

(EUR millions)



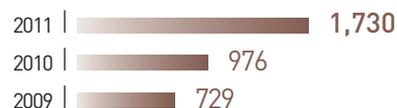
Basic Group share of net earnings per share

(EUR)



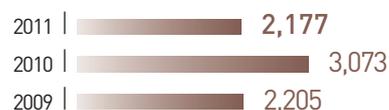
Operating investments

(EUR millions)



Free cash flow^(a)

(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 in the 2011 Reference Document.

2011: another great vintage for LVMH

Revenue

+16%

Profit from recurring operations

+22%

Group share of net profit *

+1%

* +34% excluding a non-recurrent financial gain in 2010.

Highlights of 2011 include:

- profit from recurring operations exceeded 5 billion Euros for the first time
- further market share gains throughout the world
- continued rapid growth in Asia
- excellent performance at Wines & Spirits
- double-digit revenue growth and exceptional profitability at Louis Vuitton
- growth acceleration at the other Fashion & Leather Goods brands
- strong growth in the results of DFS and Sephora, which continue to increase their lead over competitors across all regions in which they operate
- strength of Parfums Christian Dior which is sustained by a strong culture of innovation
- doubled profit from recurring operations at Watches & Jewelry following the strong increase in the business group's results and the integration of Bulgari in the second half of the year
- free cash flow of 2.2 billion Euros



LVMH Moët Hennessy Louis Vuitton, the world's leading luxury products group, recorded a 16% increase in revenue reaching 23.7 billion Euros in 2011. This includes the integration of Bulgari as of 30 June 2011. Organic revenue growth was 14%. All business groups saw excellent momentum in Europe, Asia and the United States. Louis Vuitton, in particular, once again recorded double-digit revenue growth during the year.

Revenue increased by 20% in the fourth quarter with organic growth of 12%. This performance is in line with the favourable trends observed since the beginning of the year, and compares

to the fourth quarter of 2010 which also grew.

Profit from recurring operations increased by 22% to 5,263 million Euros, a performance which is even more remarkable when compared to the strong growth recorded in 2010.

Current operating margin continued to improve, reaching 22% in 2011.

Group share of net profit was 3,065 million Euros, an increase of 1% compared to 2010 which included a non-recurrent financial gain. Excluding this gain, the growth in Group share of net profit would have been 34%.

Excellent outlook for 2012

After an exceptional 2011, and despite an uncertain economic environment in Europe, LVMH is well-equipped to continue its growth momentum across all business groups in 2012. Its strategy will remain focused on developing brands through strong innovation, quality and expansion in high potential markets.

Driven by the agility of its organization, the balance of its different businesses and geographic diversity, LVMH enters 2012 with confidence and has, once again, set an objective of increasing its global leadership position in luxury goods.

Business groups

Wines & Spirits

Confirmed return in demand and improved product mix

The Wines & Spirits business group recorded organic revenue growth of 10% in 2011. Profit from recurring operations increased by 18%. Having maintained a strategy of value during the difficult period in 2009,



the champagne business fully benefited from the return in demand. The improvement in product mix and a firm policy of price increases also contributed to the excellent results. Sparkling and still wines developed by Estates & Wines achieved strong growth in key markets. Hennessy cognac continued its strong momentum, led notably by the high-end qualities in Asia. Glenmorangie and Belvedere recorded sustained growth in volumes.

(EUR millions)	2011	2010
Revenue	3,524	3,261
Profit from recurring operations	1,101	930
Operating margin (%)	31	29

Fashion & Leather Goods

Exceptional momentum at Louis Vuitton and the other brands

The Fashion & Leather Goods business group recorded organic revenue growth of 16% in 2011. Profit from recurring operations increased by 20%. Louis Vuitton, which had another record year, further increased its lead over other luxury brands. Louis Vuitton's appeal to customers is constantly strengthened by its dynamic creativity, as seen in the success of its new leather products. Louis Vuitton opened a new workshop in Marsaz in the Drôme region of France. All of Fendi's product categories delivered excellent performances. The star line *Peekaboo*, which demonstrates the savoir-faire of the Maison, remained a landmark collection for the brand. Donna Karan grew in the US. Confirming their brand identity with full force, Céline, Loewe and



Givenchy showed remarkable momentum thanks to the creative spirit which animates them. The other brands continued their expansion.

(EUR millions)	2011	2010
Revenue	8,712	7,581
Profit from recurring operations	3,075	2,555
Operating margin (%)	35	34

Perfumes & Cosmetics

Continued of star lines

The Perfumes & Cosmetics business group recorded organic revenue growth of 9%. Profit from recurring operations increased by 12% on a comparable structure basis.



the context of sustained investments. All of a part in the strong Asian and American markets despite the uncertainty at the end of the year to their growth. Parfums successfully adhered to their creativity and high-end positioning in its good momentum and recent innovations.

its star lines. *J'adore* was once again the female perfume in France in 2011. Development in its key markets of its emblematic perfume, *Shower*, the new women's fragrance *Deodorant* in the second half of the year, enjoyed a strong momentum and Make Up For Ever continued to expand in all their markets.

(EUR millions)
Revenue
Profit from recurring operations
Operating margin (%)

success

Business recorded organic revenue growth of 8% in



maintained commercial momentum of the brands played a key role in the success of the Asian markets. Europe, in a stable environment at the end of the year, also contributed to the success of Parfums Christian Dior, which benefited from its values of quality, and confirmed its leadership position, supported by its brands and the strength of the group to regain the leading position.

In 2011, Guerlain continued its success and benefited from the force of the brand *Alchimie*. At Parfums Givenchy, the brand *Black Orchid*, launched in the year, had a promising start. Benefit continued their strong growth across

	2011	2010
Revenue	3,195	3,076
Profit from recurring operations	348	332
Operating margin (%)	11	11

Watches & Jewelry

Market share gains

The Watches & Jewelry business group recorded organic revenue growth of 23% in 2011. Profit from recurring operations doubled as a result of the 41% increase in results on a comparable structure basis and the integration of Bulgari, consolidated as of 30 June 2011.

The LVMH brands continued their sustained growth across all geographies. Driven by strong demand, this remarkable momentum resulted in new market share gains. TAG Heuer made a splash with the launch of two exceptional products entirely developed and manufactured by its own workshop: the *Mikrograph 100* and the *Mikrotimer Flying 1000*. Hublot continued its innovations with the launch of *Masterpieces*, the new watch collection of *Grandes Complications*, and extended its store network. Zenith benefited from the renewal of its emblematic lines which demonstrate the first class craftsmanship of its Manufacture. Bulgari's excellent performance across all categories confirmed the considerable appeal of its products. The collections, which



were developed around the theme *Serpenti*, a symbol for the Maison since the 1950s, were very well received. Driven by the strong momentum at their network of stores, the other jewelry brands Chaumet, De Beers and Fred, continued to develop their star collections.

(EUR millions)	2011	2010
Revenue	1,949	985
Profit from recurring operations	265	128
Operating margin (%)	14	13

Selective Retailing

Remarkable momentum

The Selective Retailing business group recorded organic revenue growth of 19% in 2011. Profit from recurring operations increased by 34%.

DFS's excellent performance benefited from continued growth in Asian tourism. The Gallerias in Hong Kong and in Macao recorded remarkable growth while North America and the Pacific zone also strengthened. DFS's renovation program and the expansion of its leading stores - the principal pillars for the brand's high-end quality offer strategy - continued throughout the year. Sephora recorded solid revenue growth and increased market share across all its regions. Alongside the



selective expansion of its network, numerous store renovations accompanied the increase in the brand's development. Growth for Sephora continued, notably in Russia where it increased its shareholding in the *Ile de Beauté* chain to 65%. The brand opened in two new countries in 2011: Malaysia and Mexico.

(EUR millions)	2011	2010
Revenue	6,436	5,378
Profit from recurring operations	716	536
Operating margin (%)	11	10

Stock exchange performance

Evolution in LVMH shares

In a climate of high uncertainty, notably relating to the eurozone, the equity markets experienced an eventful year in 2011. No specific trend was evident in the first half of the year, which was nevertheless marked by periods of significant volatility during events in the Middle East and the Fukushima disaster in Japan, but global stock markets took a downturn during the summer. In July, concerns were fueled by the difficulties in reaching an agreement in Europe on the restructuring of Greek debt and the increased risk of the crisis spreading to other countries. At the same time, discussions in the United States about raising the debt ceiling continued and were followed by the downgrading of the country's credit rating by Standard & Poor's. Against this backdrop, and with the economy continuing to show signs of slowdown during the summer, a climate of mistrust quickly took hold. While fluctuating with each political decision and declaration, overall the markets were not able to return to a positive trend. Indices finished the year at equilibrium in the United States, but other major international stock markets ended down. In this turbulent environment, LVMH continued to enjoy strong sales. The LVMH share price, which had risen 64% and 57% in 2009 and 2010 respectively, proved resilient, ending the year down 11.1%, a smaller drop than the market. By comparison, the CAC 40 and Eurostoxx 50 indices ended the year down 17.0% and 17.1% respectively.

LVMH shares closed at 109.40 Euros on December 30, 2011. On that date LVMH's market capitalization amounted to 55.6 billion Euros, making LVMH the third largest company on the Paris stock exchange.

Total shareholder return

An LVMH shareholder who invested 1,000 Euros on January 1, 2007 would have capital of 1,525 Euros on December 31, 2011, based on reinvested dividends. In five years, his investment would have given him an average annual return of around 8.8%.

The Shareholders' Club : an initiative to strengthen ties

Dedicated to individual shareholders who show a special interest in the life of 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 art and cultural life.

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 certain sites adapted for tours (cellars and storehouses) as well as benefit from special priority tickets for exhibits sponsored by LVMH.

Members of the Shareholders' Club receive an individual membership card with a personal authentication number valid for two years.

Shareholders' Club: +33 1 44 13 21 50

Distribution of capital and voting rights

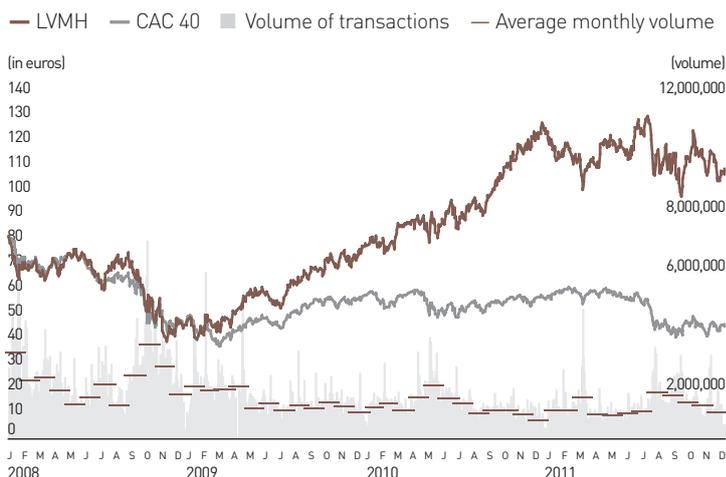
At December 31, 2011	Number of shares	Number of voting rights ^(a)	% of capital	% of voting rights
Arnault family group	236,033,646	450,924,333	46.48%	62.38%
Other	271,781,978	271,929,684	53.52%	37.62%
Total	507,815,624	722,854,017	100.00%	100.00%

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

Dividend increase of 24%

At the Annual Shareholders' Meeting on April 5, 2012, LVMH will propose a dividend of 2.60 Euros per share, an increase of 24%. An interim dividend of 0.80 Euros per share was paid on December 2 of last year. The balance of 1.80 Euros per share will be paid on April 25, 2012.

Comparison of the LVMH share price and the CAC 40 since January 1, 2008



Agenda

Thursday, April 5, 2012	Shareholders' Meeting
April 2012	Publication of 2012 first quarter revenue
Wednesday, April 25, 2012	Payment of final dividend for fiscal 2011 ^(a)
July 2012	Publication of 2012 half year revenue and results
October 2012	Publication of 2012 third quarter revenue

(a) Last trading day with dividend rights: April 19, 2012.