

LVMH

Letter to shareholders March 2013

LVMH enjoys a unique position in today's competitive landscape. Our success is built on a portfolio of captivating, iconic brands that continue to weave their magic and perpetuate their exceptional know-how. It is fueled by a distribution network of extraordinary scope and quality. It is anchored in a coherent strategy that consistently delivers growth around the world, without ever losing sight of our core values. The Group's leadership position is firmly rooted in its peerless heritage and a management style



Ensuring our long-term success

that nurtures creativity, quality and entrepreneurship. In 2012, we continued to recruit and train craftspeople in pursuit of excellence, develop our array of skills, innovate, enhance the quality and appeal of our stores and increase our market share. Confident in its competitive edge, LVMH blends modernity with tradition, creative flair with quality, and power with agility to develop our stable of brands, build tomorrow's growth drivers and ensure our long-term success.

Our Group exhibited excellent performance in 2012 and continues to expand market share in a mixed international environment. Our brands are strong, our teams are committed and react fast, with an obsession for quality, creativity and excellence. This is what is driving the Group forward at every level and has sustained our business at a time of economic uncertainty in Europe and a temporary period of slower growth in Asia.

A wealth of achievements in all our business lines

This year has been marked by a wealth of achievements. Here are just some of the many accomplishments we can be proud of in 2012: very solid growth in wines and spirits, in terms of both volume and value; ceaseless excellence at Louis Vuitton as it achieves growth in all of its business lines and continues to build up its multiple areas of expertise; sustained improvement thanks to thoroughgoing efforts at the fashion brands (Céline is currently the most outstanding example of this); the success of our perfume and cosmetics brands, with their genuine message of unflinching quality and authentic innovation in a market saturated with new, sometimes short-lived products; the healthy momentum of our watch and jewelry brands, fed by the vitality of their iconic product lines and expanded manufacturing capabilities; a full-year contribution from Bulgari; the fortified positions of DFS and Sephora, which continue to win over and keep new customers from a wide range of cultures thanks to the most innovative products and services in their sector... the list goes on. I would also like to mention our achievements in emerging markets, where the prospects for growth are excellent and we are building solid foundations for the future.

Talented teams, ambitious goals

What lies behind these successes? Talented management teams setting ambitious goals, creative talents inspired by brands destined to become modern icons, dynamic employees delivering our success on the ground... 100,000 passionate, dedicated individuals working for our brands and subsidiaries around the world, spanning a wide spectrum of roles. These are the men and women who amplify our success, thanks to their diversity and the broad range of skills in which they excel.

Moving forward with confidence

Against a backdrop of economic and monetary uncertainty, which we see continuing as 2013 gets underway, our Group is moving forward with confidence. As always, LVMH can count on the outstanding quality of its foundations, its highly effective business model and robust financial position. With very limited debt and free cash flow of 2.5 billion euros, we can invest whenever and wherever it is necessary to support and develop our brands, seize new opportunities as they arise and stay on track for consistent growth. A substantial number of projects are ongoing or will come to fruition over the course of 2013. Our brands will continue to innovate, cultivate their appeal and take centre stage. As we explore new territories and strengthen our production capabilities, our unwavering desire to maintain the quality that guarantees the reputation and success of our products and brands remains right at the heart of our objectives.

Responsiveness and long-term vision

Aside from our Group's intrinsic stability and financial strength, I would like to reiterate the importance of its intangible assets, and in particular the fantastic human capital that it can boast. In this period of limited visibility into the future, the responsiveness afforded by our decentralized structure is one of our key strengths. This is what enables us to remain close to the markets and stay abreast of new developments as they occur. This is what gives us the flexibility to make good decisions fast and then seize every opportunity to increase our market share by meticulously implementing those decisions on the ground. We manage the situations facing us and the challenges that lie ahead by rallying all of our insights and energy at our brands and across the world's markets, without ever losing sight of our long-term goals and the sense of dedication they entail. Moët & Chandon was founded in 1743, Hennessy in 1765, Guerlain in 1828, Dior in 1947. A brand is built over time, and patience is an essential virtue. As is an awareness of issues that are part and parcel of our long-term strategy: the riches of nature – to which we owe so much – the wellbeing and development of our employees, our company's social responsibility, the ethical standards that we share with our suppliers as partners in our value-creation strategy, our customers' loyalty and the trust of our shareholders. These components of our intangible capital are so precious for our future success.

Exciting prospects

What matters most to me is keeping firm focus on the long term. Our business – excellent products – is experiencing a growing influence from new customers expressing a desire for authenticity, aspiring towards custom-made items or services and increasingly aware of what makes our products special: their creative appeal and finely crafted quality. This deeply-rooted trend will open up a panoply of exciting prospects for us.

Bernard Arnault
Chairman and Chief Executive Officer

Financial highlights

Revenue

(EUR millions)



Profit from recurring operations

(EUR millions)



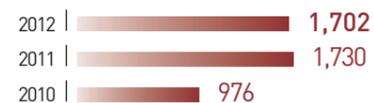
Basic Group share of net earnings per share

(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 2012 Reference Document.

Excellent performance for LVMH in 2012

Revenue

+19%

Profit from recurring operations

+13%

Group share of net profit

+12%



Highlights of 2012 include:

- profit from recurring operations close to 6 billion Euros
- further market share gains throughout the world
- strong momentum in the United States
- continued rapid growth in Asia
- strong progression in Wines & Spirits
- double-digit revenue growth and exceptional profitability at Louis Vuitton
- improved performance of other Fashion & Leather Goods brands
- remarkable year for Parfums Christian Dior which gained market share in a competitive environment
- on-going strengthening of the market positions of DFS and Sephora due to their innovative products and services
- excellent results for TAG Heuer and the integration of the first full year of Bulgari
- free cash flow of €2.5 billion

Favorable outlook for LVMH in 2013

Despite an uncertain economic environment in Europe, LVMH is well-equipped to continue its growth momentum across all business groups in 2013. The Group will maintain a strategy focused on developing its brands by continuing to build up its savoir-faire, as well as through strong innovation and expansion in fast growing markets.

Driven by the agility of its organization, the balance of its different businesses and geographic diversity, LVMH enters 2013 with confidence and has, once again, set an objective of increasing its global leadership position in luxury goods.

LVMH Moët Hennessy Louis Vuitton, the world's leading luxury products group, recorded revenue of €28.1 billion in 2012, an increase of 19% compared to 2011. This includes the integration of Bulgari as of June 30, 2011. Organic revenue growth was 9%. 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 12% in the fourth quarter, compared to the same period

in 2011, with organic revenue growth of 8%. The last quarter saw a modest increase in growth compared to the third quarter of 2012.

Profit from recurring operations increased by 13% to €5,921 million, a performance which is even more remarkable when compared to the strong growth in 2011. Current operating margin was 21% in 2012.

Group share of net profit was €3,424 million, an increase of 12% compared to 2011.

Business groups

Wines & Spirits

Strong growth in vintages and prestige qualities

The Wines & Spirits business group recorded organic revenue growth of 11%. Profit from recurring operations increased by 14%. Continuing the favorable trend for the wines and spirits market in 2011, demand remained



strong in 2012. In addition to volume growth, improved product mix and a policy of adjusted price contributed to this excellent performance. Champagne recorded a strong performance in its rosé and prestige vintages. Sparkling and still wines from Estates & Wines experienced strong new growth. Hennessy cognac saw a very good year for all its qualities and in all regions. Belvedere vodka enjoyed good momentum outside the U.S. while the single malt whiskeys Glenmorangie and Ardbeg recorded rapid increases in their key markets. All maisons in this business group thus benefit fully from their value enhancing strategy, based on the image of their brands and the strength of their distribution network.

| (EUR millions) | 2012 | 2011 |
|----------------------------------|-------|-------|
| Revenue | 4,137 | 3,524 |
| Profit from recurring operations | 1,260 | 1,101 |
| Operating margin (%) | 30 | 31 |

Fashion & Leather Goods

Excellent performance from Louis Vuitton and other brands

The Fashion & Leather Goods business group recorded organic revenue growth of 7% in 2012. Profit from recurring operations increased by 6%. Louis Vuitton, which had another record year, increased its lead over other artisanal brands of leather goods. With double-digit revenue growth, Louis Vuitton maintained its historic strategy based on the extraordinary quality of its products and its excellent distribution. The Maison continues to record an exceptional level of profitability in a context of sustained investment dedicated to strengthening its savoir-faire. The opening of its first dedicated jewelry boutique complete with its first Haute Joaillerie workshop at Place Vendôme in Paris and the reopening of the Maison Louis Vuitton in Shanghai are among the highlights



of the year. Fendi continued the qualitative expansion of its distribution network. Its iconic handbag *Baguette* experienced a record year on its 15th anniversary. As the brand continues to strengthen its identity, Céline showed excellent performance in all its products and in all geographic areas. The performance of the other fashion brands continued to improve.

| (EUR millions) | 2012 | 2011 |
|----------------------------------|-------|-------|
| Revenue | 9,926 | 8,712 |
| Profit from recurring operations | 3,264 | 3,075 |
| Operating margin (%) | 33 | 35 |

Perfumes & Cosmetics

Excellent momentum

The Perfumes & Cosmetics business group recorded organic revenue growth of 8%. Profit from recurring operations increased by 17%. Parfums Christian Dior



saw excellent performance driven by the strength of flagship lines, notably *Miss Dior* and *J'adore*. *Dior Addict Lipstick* confirmed its leadership position in its main markets and the skin care line *Prestige* continued its sustained growth. Guerlain continued to see strong growth momentum attributed notably to the performance of its new fragrance *La Petite Robe Noire*. Parfums Givenchy saw strong growth in its makeup line due to broader distribution and the success of its mascara *Noir Couture*. Benefit, Make Up For Ever and Fresh continued their strong growth.

| (EUR millions) | 2012 | 2011 |
|----------------------------------|-------|-------|
| Revenue | 3,613 | 3,195 |
| Profit from recurring operations | 408 | 348 |
| Operating margin (%) | 11 | 11 |

Watches & Jewelry

Strong progress in iconic lines and development of industrial capacity

The Watches & Jewelry business group recorded organic revenue growth of 6% in 2012. Profit from recurring operations rose 26% notably due the performance of Bulgari, consolidated as of 30 June 2011. LVMH watch brands experienced good momentum supported by many innovations and the excellent performance of their iconic models *Carrera* by TAG Heuer, *King Power* by Hublot and *El Primero* by Zenith. In Jewelry, Bulgari confirmed the success of its *Serpenti* and *B.Zero 1* collections, enriched by new creations, and reinforced the quality of its distribution. Chaumet and Fred continue to develop their star collections.

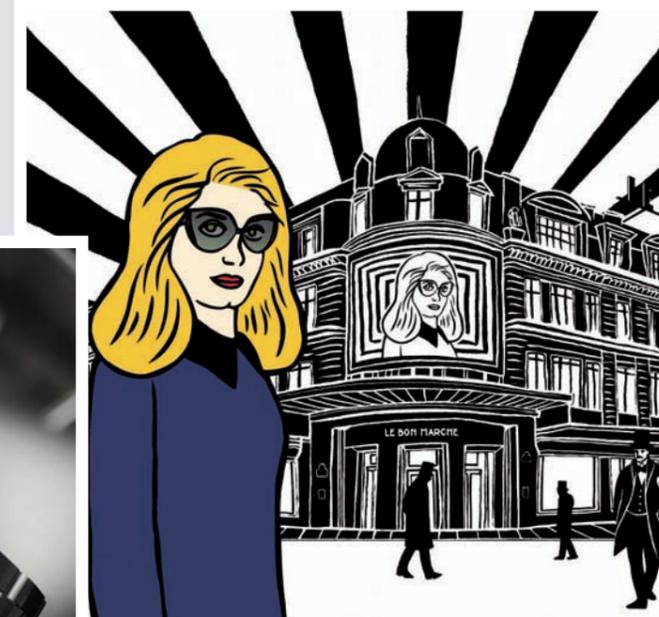


| (EUR millions) | 2012 | 2011 |
|----------------------------------|-------|-------|
| Revenue | 2,836 | 1,949 |
| Profit from recurring operations | 334 | 265 |
| Operating margin (%) | 12 | 14 |

Selective Retailing

Rapid growth thanks to its innovative product and service offering

The Selective Retailing business group recorded organic revenue growth of 14% in 2012. Profit from recurring operations increased by 19%. Due to its strong commitment to the quality of its stores, DFS benefitted from momentum among Asian customers. Three major concessions were won in 2012 at Hong Kong Airport and the concession at Los Angeles Airport was renewed. The opening in Hong Kong of a third Galleria is also a key highlight of the year.



Sephora continued to achieve an excellent level of performance and made market share gains across all its regions. Online revenue is growing strongly. In Europe, new stores opened for the first time in Denmark and Sweden. In the United States, the renovation of several flagship stores in New York strengthened the appeal of the brand. Sephora continued its expansion in China while accelerating the renovation of its existing network. Its first stores were opened in the high potential markets of Brazil and India.

| (EUR millions) | 2012 | 2011 |
|----------------------------------|-------|-------|
| Revenue | 7,879 | 6,436 |
| Profit from recurring operations | 854 | 716 |
| Operating margin (%) | 11 | 11 |

Stock exchange performance

Evolution in LVMH shares

In 2012, the equity markets were particularly affected by the political and fiscal developments in the eurozone and in the United States. After a positive start to the year, especially after the significant injections of liquidity by the central banks, fears of a global economic slowdown and worries over the debt of certain eurozone member states started to weigh on the indices again. The speech by the President of the European Central Bank at the end of July, which was intended to reassure investors on the solidity of the euro, marked the start of a rebound on equity markets. This rebound was boosted by a few European Union advances towards greater financial and banking integration and by the publication in the United States and Asia of encouraging economic figures. At the end of 2012, the most significant risks for the global economy (collapse of the eurozone, renewed major slowdown in global growth, etc.) seemed to be growing more remote in the minds of investors.

The LVMH share performed well during the rebound in the second half of the year, reaching an all-time high of €140.40 during trading in the period, and ended the year up 27%. For the fifth consecutive year, it posted performance above the CAC 40 and Eurostoxx 50 indices, ending the year respectively 15% and 14% higher than these indices.

LVMH is included in the major French and European indices used by fund managers: the CAC 40, DJ-Eurostoxx 50, MSCI Europe and FTSE-Eurotop 100. LVMH is also included in the Global Dow that lists the most innovative, dynamic and influential companies, and in the FTSE4Good and DJSI world index, the leading indices for socially responsible investment. The LVMH share is listed for trading on the Euronext Paris Euronext (Reuters Code: LVMH.PA, Bloomberg Code: MC FP, ISIN Code: FR0000121014). In addition, negotiable options on LVMH shares are traded on NYSE Euronext Liffe.

Total shareholder return

An LVMH shareholder who invested €1,000 on January 1, 2008 would have capital of €1,881 on December 31, 2012, if dividends received were reinvested in shares. In five years, the investment would have yielded an average annual return of around 13%.

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.

Shareholders' Club: +33 1 44 13 21 50

Capital and voting rights

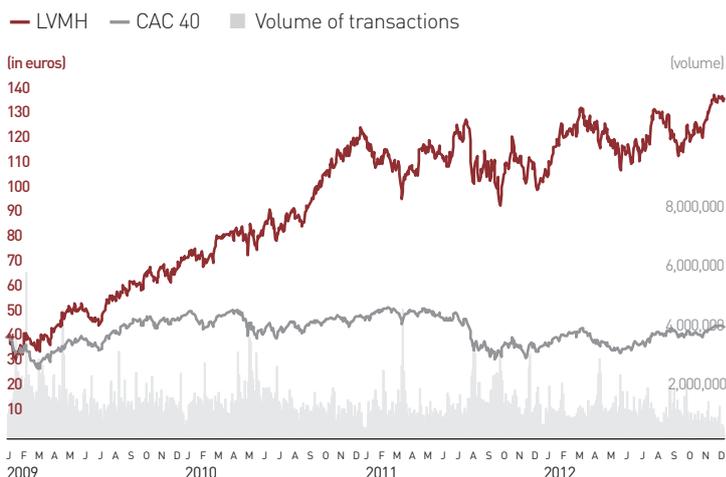
| At December 31, 2012 | Number of shares | Number of voting rights ^(a) | % of capital | % of voting rights |
|----------------------|--------------------|--|----------------|--------------------|
| Arnault family group | 235,886,503 | 453,988,436 | 46.42% | 62.65% |
| Other | 272,276,846 | 270,706,743 | 53.58% | 37.35% |
| Total | 508,163,349 | 724,695,179 | 100.00% | 100.00% |

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

Dividend increase of 12%

At the Annual Shareholders Meeting on April 18, 2013, LVMH will propose a dividend of €2.90 per share, an increase of 12%. An interim dividend of €1.10 per share was paid on December 4 of last year. The balance of €1.80 per share will be paid on April 25, 2013.

Comparison of the LVMH share price and the CAC 40 since January 2, 2009



Agenda

Thursday, April 18, 2013 Shareholders' Meeting

April 2013 Publication of 2013 first quarter revenue

April 25, 2013 Payment of final dividend for fiscal 2012^(a)

July 2013 Publication of 2013 half year revenue and results

October 2013 Publication of 2013 third quarter revenue

(a) Last trading day with dividend rights: April 19, 2013.