

# LVMH

## Letter to shareholders

### August 2015



## Excellent performance in the first half of 2015

Highlights of the first half of 2015 include:

- solid growth in Europe and the United States;
- strong positive exchange rate effect;
- good performance from Wines and Spirits in all global regions with the exception of China, impacted by the continued destocking of distributors;
- double-digit organic revenue growth in the second quarter for Fashion & Leather Goods;
- major success of new products at Louis Vuitton, where profitability remains at an exceptional level;
- continued investment in the fashion brands;
- excellent performance at Parfums Christian Dior;
- strong growth in Bvlgari's results and the continued repositioning of TAG Heuer on its core offering;
- remarkable momentum at Sephora which is strengthening its position in all operating regions and in the digital universe;
- DFS continues to be impacted by the currency and geopolitical environment in Asia.

Revenue\*

+19%

Profit from recurring operations

+15%

Interim dividend

1.35 euro per share

LVMH Moët Hennessy - Louis Vuitton, the world's leading luxury products group, recorded revenue of €16.7 billion in the first half of 2015, an increase of 19%. Organic revenue growth was 6% compared to the same period in 2014. The Group recorded strong growth in Europe and the United States. Louis Vuitton had an excellent start to the year. Wines and Spirits continued to grow despite destocking of the distribution in China.

In the second quarter, revenue increased by 23% compared to the same period in 2014. Organic sales growth was 9% marking an increase from the first quarter.

Profit from recurring operations was €2 955 million for the first half of 2015,

an increase of 15%, to which all the business groups contributed. Group share of net profit amounted to €1 580 million.

Bernard Arnault, Chairman and CEO of LVMH, commented:

"The excellent results of the first half are witness to the efficiency of our strategy, which relies upon the strength of our brands and a very entrepreneurial style of management. Building on the first half performances, we face the second half of the year with confidence and count on the quality of our products and the talent of our teams to further strengthen our leadership in the world of high quality products."

\* Organic growth of +6% and exchange rate impact of +13%.

# Business groups

## Exceptional appeal of our brands

### Wines & Spirits

## Strong momentum in the United States, recovery in Europe and continued destocking by distributors in China

The Wines & Spirits business group recorded organic revenue growth of 2%. On a reported basis, revenue growth was 15% and profit from recurring operations increased by 5%. The champagne business had



## Outlook 2015

Despite the context of economic and currency uncertainties, 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 2015, LVMH's global leadership position in luxury goods.

a good start to the year, driven by the progress of the prestige vintages, particularly in Europe and Japan. Despite the continued destocking by distributors in China, the second quarter saw a return to organic revenue growth for Hennessy thanks to the sustained strong performance in the US market. Other spirits, Belvedere and Glenmorangie continue their development.

### Wines & Spirits

<i>(EUR millions)</i>	1st half 2015	1st half 2014
Revenue	1,930	1,677
Profit from recurring operations	482	461
Operating investments	87	50

## Fashion & Leather Goods

# Excellent creative momentum at Louis Vuitton and further strengthening of other brands

The Fashion & Leather Goods business group recorded organic revenue growth of 5% in the first half of 2015, with accelerated growth in the second quarter. On a reported basis, revenue growth was 18% and profit from recurring operations increased by 12%. Louis Vuitton continued to illustrate its creative momentum across its collections. Leather goods experienced strong growth with the success of models in *Monogram* and new leather lines. Nicolas Ghesquière's runway shows in symbolic locations received an enthusiastic welcome. Loro Piana continued its development



and benefited from new store openings. Fendi recorded an excellent performance, in particular in leather goods and accessories. Céline, Givenchy and Kenzo experienced strong growth. Marc Jacobs and Donna Karan continued the repositioning of their collections. Other brands are further strengthening their positions.

## Fashion & Leather Goods

(EUR millions)	1st half 2015	1st half 2014
Revenue	5,933	5,030
Profit from recurring operations	1,661	1,487
Operating investments	280	274

## Perfumes & Cosmetics

# Continuous innovation and increasing market share

The Perfumes & Cosmetics business group recorded organic revenue growth of 6%. On a reported basis, revenue growth was 17% and profit from recurring operations increased by 22%. Demonstrating remarkable momentum in their competitive environment, LVMH brands gained market share. Christian Dior's iconic lines *J'adore* and *Miss Dior* continued to



show their exceptional strength. The launch of a new men's fragrance will mark the second half of the year. Guerlain furthered its progress with the confirmed success of *La Petite Robe Noire* and the rapid development of *Abeille Royale*. Benefit, Make Up For Ever and Fresh reinforced their excellent performances.

## Perfumes & Cosmetics

(EUR millions)	1st half 2015	1st half 2014
Revenue	2,159	1,839
Profit from recurring operations	248	204
Operating investments	101	92

## Watches & Jewelry

# Strong growth in jewelry and cautious purchasing behavior of multi-brand watch retailers

In the first half of 2015, the Watches & Jewelry business group recorded organic revenue growth of 10%. On a reported basis, revenue growth was 23% and profit from recurring operations increased by 91%. Bvlgari had an excellent first half driven by the success of its iconic jewelry lines and its new watch for women, *Lycea*. Hublot showed strong progress while TAG Heuer continued to refocus on its core offering. A partnership was concluded between TAG Heuer, Google and Intel for the launch of a smartwatch.



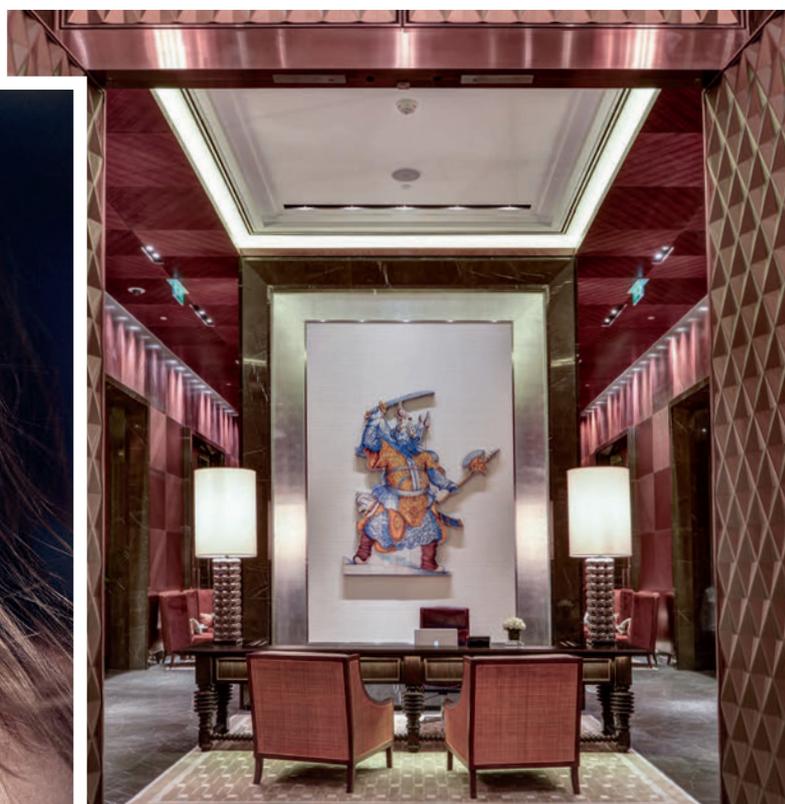
## Watches & Jewelry

(EUR millions)	1st half 2015	1st half 2014
Revenue	1,552	1,266
Profit from recurring operations	205	107
Operating investments	102	93

## Selective Retailing

# Remarkable performance at Sephora and DFS still impacted by the currency and geopolitical environment in Asia

The Selective Retailing business group recorded organic revenue growth of 5%. On a reported basis, revenue growth was 21% and profit from recurring operations increased by 7%. DFS relied on its unique expertise in "travel retail" to address the more difficult context that persists in Asia, linked to the currency and geopolitical environment.



Sephora achieved strong growth and continued to gain market share in its key countries, particularly France, the United States, Canada and China and continued the expansion of its distribution network. It also increased its lead in the development of a multichannel experience for its clients through its rapid increase in online sales and numerous digital initiatives.

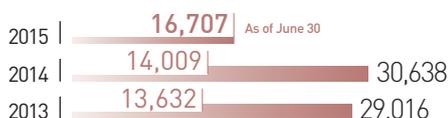
## Selective Retailing

(EUR millions)	1st half 2015	1st half 2014
Revenue	5,291	4,382
Profit from recurring operations	428	398
Operating investments	140	177

# Financial highlights

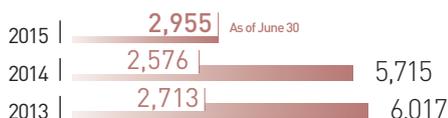
## Revenue

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



## Profit from recurring operations

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



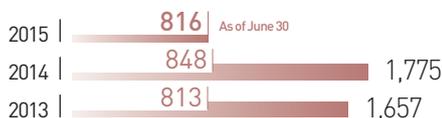
## Net profit, Group share

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



## Operating investments

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



## Free cash flow (a)

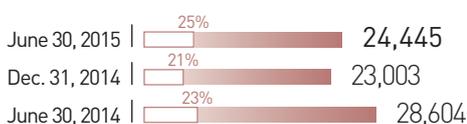
(As of June 30 and December 31, EUR millions)



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

## Total equity and Net financial debt/ Total equity ratio

(EUR millions and percentage)



All documentation related to the 2015 half-year results can be found on the LVMH website ([www.lvmh.com](http://www.lvmh.com)) under Investors/Events/Results.

# The LVMH share

## Changes in the LVMH share price

Stock markets started the year on a very high note, particularly in Europe. Influenced by the launch of a new stimulus program by the European Central Bank and, to a certain extent, the weakening of the euro with respect to the dollar, at end-March the Euro Stoxx 50 was up nearly 20%, thus returning to its early-2008 levels.

However, this momentum was halted by the appearance of significant tensions in eurozone fixed-income markets. The persistent difficulties encountered in the negotiations between Greece and its main creditors, coupled with fears of the country's potential exit from the eurozone, also weighed on investor sentiment over the last few weeks of June and led to the return of a high level of volatility.

Against this backdrop, the CAC 40 and Euro Stoxx 50 indices ended the half-year period up 12% and 9%, respectively. The LVMH share price rose significantly (up 19%) to €157.15. LVMH's market capitalization amounted to €80 billion as of end-June, making it the fourth-largest company on the Paris Stock Exchange.

LVMH is included in the major French and European indices used by fund managers: CAC 40, DJ-Euro Stoxx 50, MSCI Europe, FTSE Eurotop 100 – as well as The Global Dow and FTSE4Good, one of the leading indices for socially responsible investment.

## Share capital and voting rights

Breakdown as of June 30, 2015	Number of shares	Number of voting rights <sup>(a)</sup>	% of capital	% of voting rights
Arnault family group	236,512,763	455,779,021	46.56%	62.21%
Other	271,428,528	276,900,568	53.44%	37.79%
<b>Total</b>	<b>507,941,291</b>	<b>732,679,589</b>	<b>100.00%</b>	<b>100.00%</b>

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

## Comparison of 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, 2010 would have a capital of €2,132 on June 30, 2015, based on reinvested dividends. That is a total return of 113% over five years, i.e. a compound annual growth rate of around 16%.

## Interim dividend

The Board of Directors has approved an interim dividend of €1.35 payable as of December 3, 2015.

# Agenda

<b>October 2015</b>	Publication of 2015 third-quarter revenue
<b>December 3, 2015</b>	Payment of an interim dividend
<b>February 2016</b>	Publication of 2015 annual revenue and results
<b>April 2016</b>	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 Publications 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.

<http://www.lvmh.com/investors>

### The 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.

Through the Club membership magazine "Apartés", members may order Wines and Spirits products of Group's Maisons 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.

Shareholders' Club: +33 (0) 1 44 13 21 50