

LVMH 2011

ANNUAL REPORT



BUSINESS REVIEW

WILLIAM



# CONTENTS

03	CHAIRMAN'S MESSAGE
06	FINANCIAL HIGHLIGHTS
09	INTERVIEW WITH THE GROUP MANAGING DIRECTOR
10	GOVERNANCE
11	EXECUTIVE AND SUPERVISORY BODIES

12	WINES & SPIRITS
22	FASHION & LEATHER GOODS
36	PERFUMES & COSMETICS
46	WATCHES & JEWELRY
56	SELECTIVE RETAILING

## *— Group's profile*

A coherent universe of men and women passionate about their profession and driven by the desire to innovate and achieve. An unrivalled group of powerfully evocative brands and great names that are synonymous with the history of luxury. A natural alliance between art and craftsmanship, dominated by creativity, virtuosity and quality.

A remarkable economic success story with nearly 98,000 employees worldwide and global leadership in the manufacture and distribution of luxury goods.

A global vision dedicated to serving the needs of every customer. The successful marriage of cultures grounded in tradition and elegance with the most advanced marketing, industrial organization and management techniques.

A singular mix of talent, daring and thoroughness in the quest for excellence.

A unique enterprise that stands out in its sector.

Our philosophy can be summarized in two words:  
**CREATIVE PASSION.**



## REMAINING TRUE TO OUR VALUES

*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. 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.

**Chairman's message****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.

**Chairman's message**

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*

# 2011 : ANOTHER GREAT VINTAGE FOR LVMH

**REVENUE**

(EUR millions)

2011	23,659
2010	20,320
2009	17,053

**REVENUE BY BUSINESS GROUP**

(EUR millions)

	2011	2010	2009
<i>Wines and Spirits</i>	3,524	3,261	2,740
<i>Fashion and Leather Goods</i>	8,712	7,581	6,302
<i>Perfumes and Cosmetics</i>	3,195	3,076	2,741
<i>Watches and Jewelry</i>	1,949	985	764
<i>Selective Retailing</i>	6,436	5,378	4,533
<i>Other activities and eliminations</i>	(157)	89	(27)
<b>TOTAL</b>	<b>23,659</b>	<b>20,320</b>	<b>17,053</b>

**PROFIT FROM RECURRING OPERATIONS**

(EUR millions)

2011	5,263
2010	4,321
2009	3,352

**PROFIT FROM RECURRING OPERATIONS BY BUSINESS GROUP**

(EUR millions)

	2011	2010	2009
<i>Wines and Spirits</i>	1,101	930	760
<i>Fashion and Leather Goods</i>	3,075	2,555	1,986
<i>Perfumes and Cosmetics</i>	348	332	291
<i>Watches and Jewelry</i>	265	128	63
<i>Selective Retailing</i>	716	536	388
<i>Other activities and eliminations</i>	(242)	(160)	(136)
<b>TOTAL</b>	<b>5,263</b>	<b>4,321</b>	<b>3,352</b>

**NET PROFIT**

(EUR millions)

2011	3,465
2010	3,319
2009	1,973

**GROUP SHARE OF NET PROFIT**

(EUR millions)

2011	3,065
2010	3,032
2009	1,755

**BASIC GROUP SHARE OF NET PROFIT PER SHARE**

(EUR millions)

2011	6.27
2010	6.36
2009	3.71

**CASH FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL<sup>(1)</sup>**

(EUR millions)

2011	6,137
2010	4,848
2009	3,928

**OPERATING INVESTMENTS**

(EUR millions)

2011	1,730
2010	976
2009	729

 **TOTAL EQUITY<sup>(2)</sup>**  
 **NET FINANCIAL DEBT/**  
**TOTAL EQUITY RATIO**

(EUR millions and in %)

2011	20%	23,512
2010	15%	18,204
2009	20%	14,785

<sup>(1)</sup> Before interest and tax paid.<sup>(2)</sup> Including minority interests.

**STORE NETWORK**

(at December 31, 2011)

**United States****Europe (excl. France)****Japan**

360 stores

**NUMBER OF STORES**

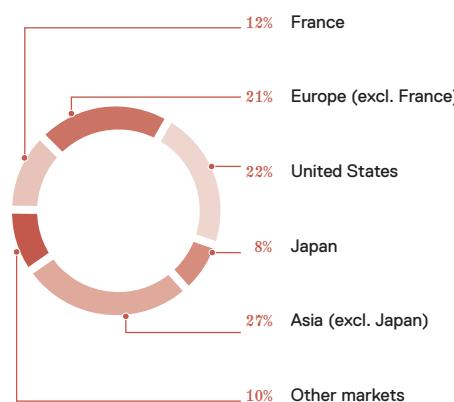
<b>2011</b>	<b>3,040</b>
2010	2,545
2009	2,423

**Asia (excl. Japan)**

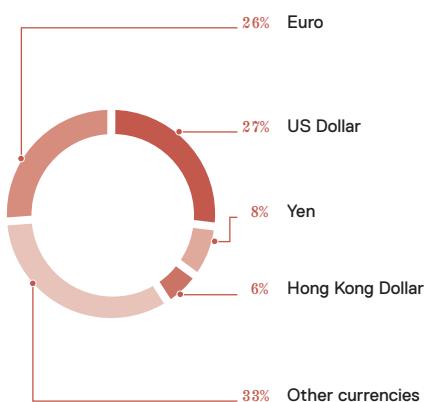
621 stores

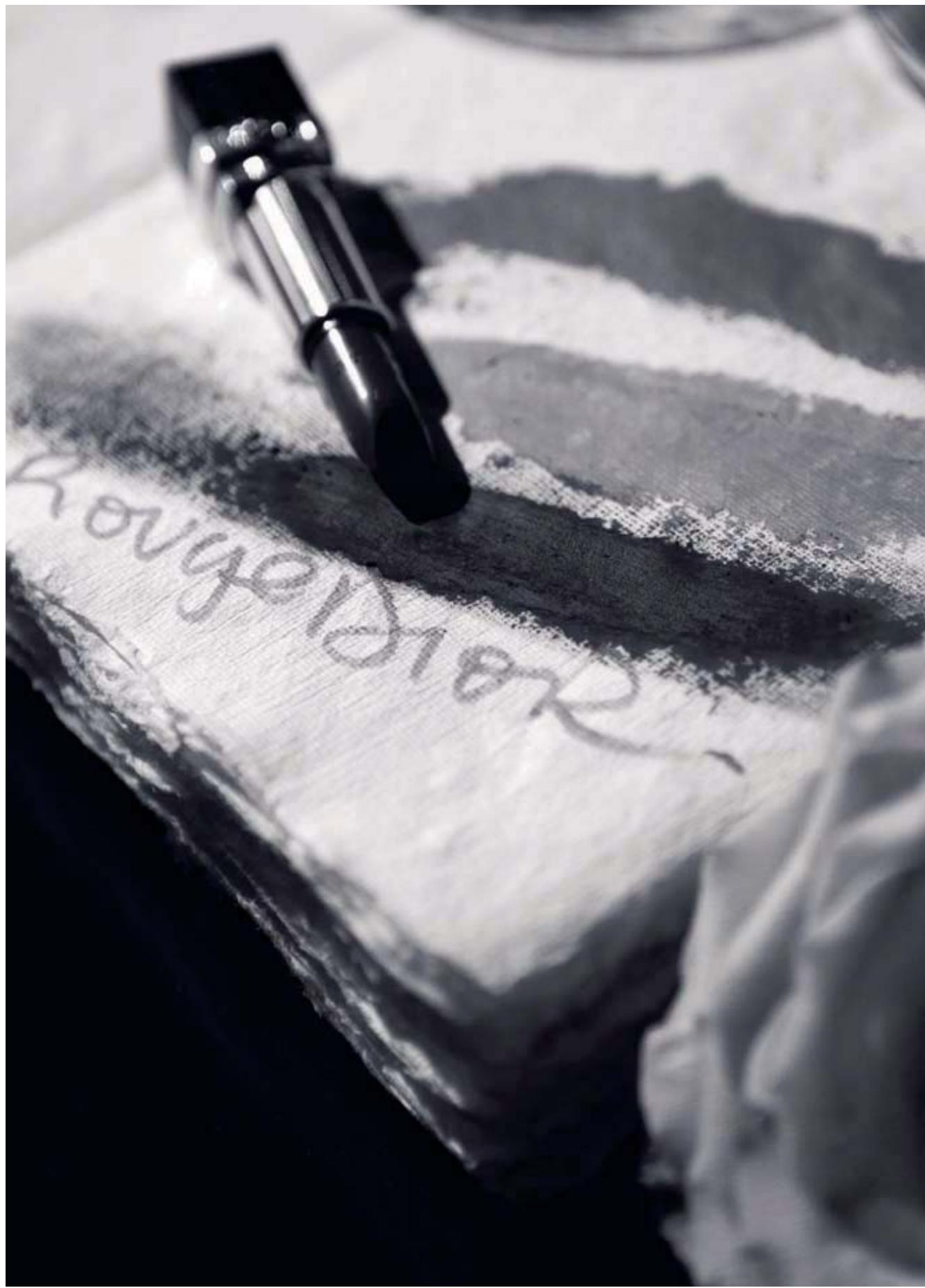
**Other markets**  
165 stores**REVENUE BY GEOGRAPHIC REGION OF DELIVERY**

(in %)

**REVENUE BY INVOICING CURRENCY**

(in %)





# CREATING SUSTAINABLE GROWTH THROUGH BRAND AUTONOMY AND AN ENTREPRENEURIAL BUSINESS CULTURE



**Antonio Belloni**  
Group Managing Director

*— In your view, what are the reasons behind LVMH's performance and the success of its brands?*

Our decentralized organization, which enables our brands to be autonomous, has considerably enhanced our performance. Autonomy fosters commitment from our teams. It is also particularly appropriate for managing a federation of brands originally created and managed by families. Some of our "Maisons" are more than two centuries old and each one has its own, unique culture which has transcended time. In every case, this heritage serves both as a powerful anchor and a cornerstone of long-term success. It is absolutely essential to preserve the values which make our brands unique, while helping them make the transition to embrace new ideas and initiatives, allowing their modernity to flourish. The men and women who embody these cultures and experience these adventures at first hand are best placed to define the most coherent strategies and implement them with entrepreneurial flair.

*— In applying this management philosophy, what role does LVMH play with respect to the Group's brands?*

LVMH provides support for the brands. Thanks to our leadership position, the balanced geographical spread of our revenue and the diversity of our business groups, the "Maisons" can carry out long-term action plans and maintain their strategic focus, even during difficult times. Significant synergies are unlocked when we develop our store networks, expand into new markets, share research and distribution resources, and also in support functions such as media buying. Finally, LVMH offers a whole range of career development opportunities. The LVMH "ecosystem" is based on the pursuit of excellence and an entrepreneurial spirit which makes it uniquely attractive to the best talent.

*— Can you talk a bit about one of the highlights of 2011: the tie-up between LVMH and Bulgari?*

This was indeed an important episode in the Group's history. Another family business joined LVMH's stable of businesses originating from families. Bulgari is a unique brand, at the highest echelon of the jewelry business, widely recognized for its exceptional creativity and craftsmanship. In many respects, we felt we were very close to their business and this was a key factor in our decision to bring the two companies together. We share many of the same values, over and above their origins as a family business: an entrepreneurial culture, the spirit of innovation and creativity that have kept our brands at the forefront of modernity over time. Another fundamental value is the excellence we work towards in all aspects of our business: the quality of our products, our craftspeople, our salespeople, and our social and environmental policies. In the final analysis – and this may well summarize our entire philosophy – a constant desire to exceed our own expectations is right at the heart of everything we do, since it is only when you challenge yourself to the utmost that you can accomplish such wonderful things. These are the very values at the core of Bulgari's rich history.

*— How is Bulgari's integration within LVMH progressing?*

The main priority has been to deepen our understanding of Bulgari and discover more about its heritage, its products and how it operates, by meeting the men and women responsible for its success. Great opportunities for Bulgari have already emerged primarily in connection with the development of its store network and marketing investments. But benefits are also rippling through to all of our Watches and Jewelry brands. For example, the fact that the business group's size has doubled means that we can envisage more ambitious watch manufacturing projects. Moreover, Bulgari's jewelry expertise brings an important contribution to the other brands.

*— How are you approaching the coming months given the current uncertain global environment?*

We must be careful given the lack of visibility, but we are not pessimistic. In the past LVMH has repeatedly demonstrated the strength of the "Maisons" and just how responsive our teams can be when circumstances demand it. The vital advantages of our decentralized organization become that much more relevant in periods of uncertainty. We are close to our markets and keep a close eye on developments as they occur. This enables us to better understand and respond more quickly to factors such as new challenges for our brands and our businesses, the emergence of new customer segments, developments in the media world and consumption trends. Ongoing dialogue across the Group enables us to share best practices. Add all this together and you get a hugely powerful force. We reaped the benefits of this force once again in 2011. And we aim to make sure we do the same in 2012.

*The priority objectives of the Board of Directors, the strategic body of LVMH, are to increase the value of the Company and defend its social interest. Its principal missions are to adopt the major strategies of the Company and the Group, monitor the implementation of those strategies, verify the fair and accurate presentation of information about the Company and the Group, and protect its corporate assets.*

The Board of Directors has adopted a Charter that spells out the membership, mission, operations and responsibilities of the Board. It has nine independent directors who are free of any interest in the Company.

#### BOARD OF DIRECTORS

In 2011 the Board of Directors was convened by the Chairman to meet six times. The Board reviewed the acquisition of Bulgari, the corporate and consolidated financial statements, the Group's major policy objectives and strategic decisions, the budget, and the implementation of bonus share plans. It also assessed its ability to meet shareholder expectations by reviewing its membership, organization and operations, and amended its Charter and the internal rules for the Performance Audit Committee and Nominations and Compensation Committee.

#### EXECUTIVE MANAGEMENT

The Board of Directors decided not to separate the positions of Chairman of the Board of Directors and Chief Executive Officer. It made no limitations on the powers of the Chief Executive Officer.

On the recommendation of the Chairman and Chief Executive Officer, the Board of Directors has appointed a Managing Director who has the same powers as the Chief Executive Officer.

#### PERFORMANCE AUDIT COMMITTEE

The primary tasks of the Performance Audit Committee are to ensure the supervision of the process of preparing the financial information, the effectiveness of the internal control and risk management systems and the legal audit of the corporate and consolidated accounts by the Independent Auditors. It directs the procedure for selecting the Auditors and ensures their independence. It is composed of at least three members (at least two thirds of whom are independent) appointed by the Board of Directors. The Performance Audit Committee met four times in 2011. In addition to reviewing the corporate and consolidated annual and interim financial statements in conjunction with a detailed analysis of changes in the Group's activities and scope, the Committee focused on the stake taken in Hermès, the acquisition of Bulgari, and the risk management and internal control procedures implemented within the Group.

#### NOMINATIONS AND COMPENSATION COMMITTEE

The primary responsibilities of the Nominations and Compensation Committee are to issue:

- recommendations on the compensation, in-kind benefits, bonus shares and stock options granted to the Chairman of the Board of Directors, the Chief Executive

Officer and the Managing Director(s) of the Company, and on the distribution of the directors' fees paid by the Company;

- opinions on candidates for the positions of Director and Advisor to the Board or membership on the Executive Committee of the Group or the Management of its principal subsidiaries.

The Committee has a minimum of three members (the majority of whom are independent) appointed by the Board of Directors. The Committee met three times in 2011. It issued recommendations on the compensation of the Chairman and Chief Executive Officer and Group Managing Director and on their bonus-share award, and gave its opinion on the compensation, medium-term profit-sharing, bonus shares and benefits in kind granted to specific Directors by the Company or its subsidiaries.

#### ADVISORY BOARD

There can be no more than nine Advisors who are appointed for a three-year term. Advisors participate in deliberations in an advisory capacity; their absence does not affect the validity of these proceedings. The Advisory Board is composed of three members.

*Further information can be found in the 2011 Reference Document.*

## Executive and supervisory bodies

## EXECUTIVE COMMITTEE



**Bernard Arnault**  
Chairman and  
Chief Executive Officer



**Antonio Belloni**  
Group Managing Director



**Pierre Godé**  
Vice-Chairman



**Nicolas Bazire**  
Development and Acquisitions



**Ed Brennan**  
Travel retail



**Yves Carcelle**  
Fashion and Leather Goods



**Chantal Gaemperle**  
Human Resources, Synergies



**Jean-Jacques Guiony**  
Finance



**Christopher de Lapuente**  
Sephora



**Christophe Navarre**  
Wines and Spirits



**Patrick Ouart**  
Advisor to the Chairman



**Daniel Piette**  
Investment Funds



**Pierre-Yves Roussel**  
Fashion



**Francesco Trapani**  
Watches and Jewelry



**Mark Weber**  
Donna Karan, LVMH Inc.

## General Secretary

Marc-Antoine Jamet

BOARD OF DIRECTORS  
at December 31, 2011**Bernard Arnault**

Chairman and Chief Executive Officer

**Antoine Bernheim<sup>(1)(2)(3)</sup>**

Vice-Chairman

**Pierre Godé**

Vice-Chairman

**Antonio Belloni**

Group Managing Director

**Antoine Arnault**

Delphine Arnault

Nicolas Bazire

Bernadette Chirac<sup>(1)</sup>

Nicholas Clive Worms<sup>(1)(2)</sup>

Charles de Croisset<sup>(1)(3)</sup>

Diego Della Valle<sup>(1)</sup>

Albert Frère<sup>(1)(3)</sup>

Gilles Hennessy<sup>(2)</sup>

Marie-Josée Kravis<sup>(1)</sup>

Lord Powell of Bayswater

Yves-Thibault de Silguy<sup>(1)</sup>

Francesco Trapani

Hubert Védrine<sup>(1)</sup>

ADVISORY  
BOARD MEMBERS**Paolo Bulgari**

Patrick Houël

Felix G. Rohatyn

## STATUTORY AUDITORS

**ERNST & YOUNG et Autres**

represented by Olivier Breillot and Gilles Cohen

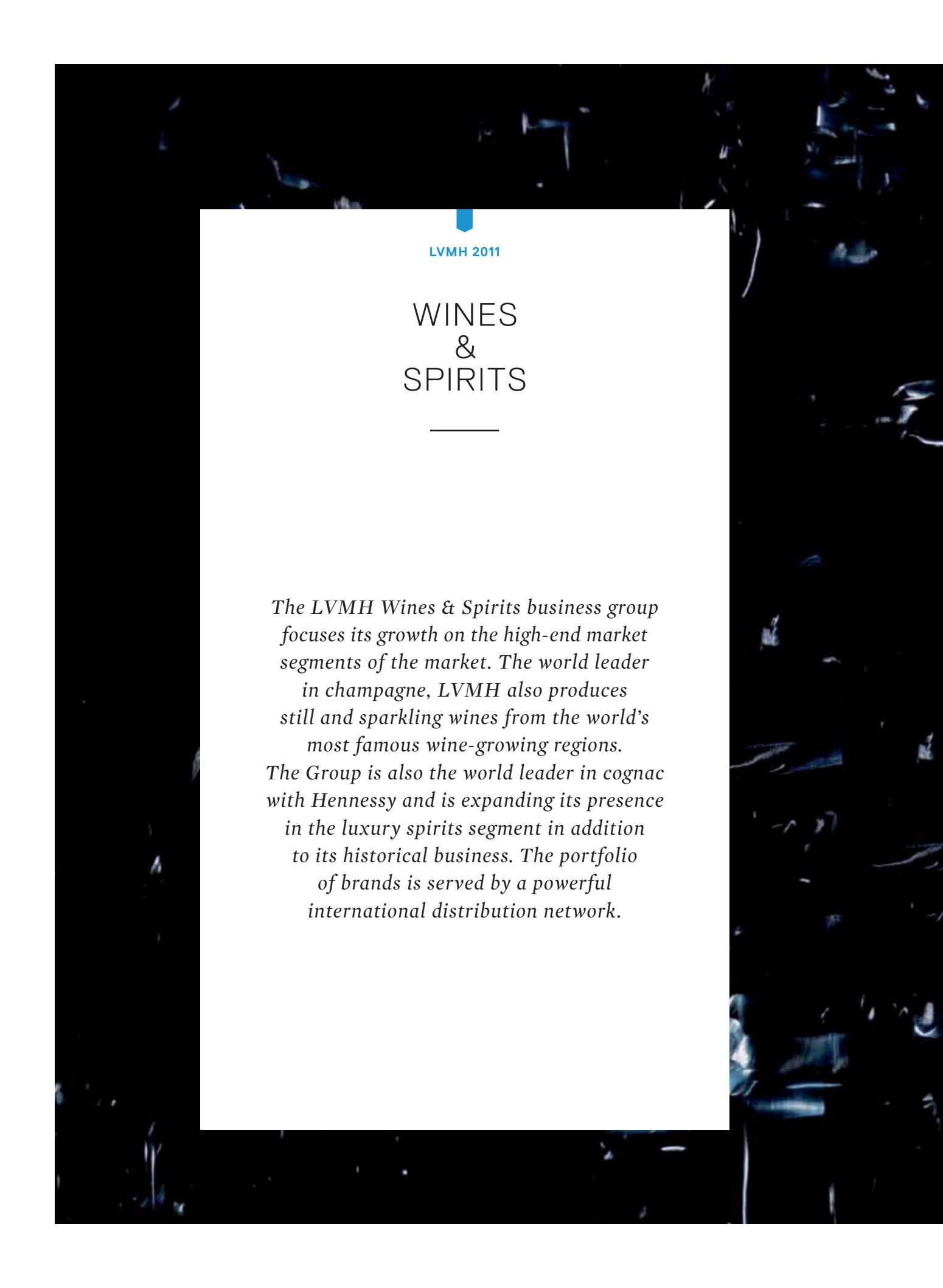
**DELOITTE & ASSOCIÉS**

represented by Thierry Benoit

(1) Independent Director.

(2) Member of the Performance Committee Audit.

(3) Member of the Nominations and Compensation Committee.

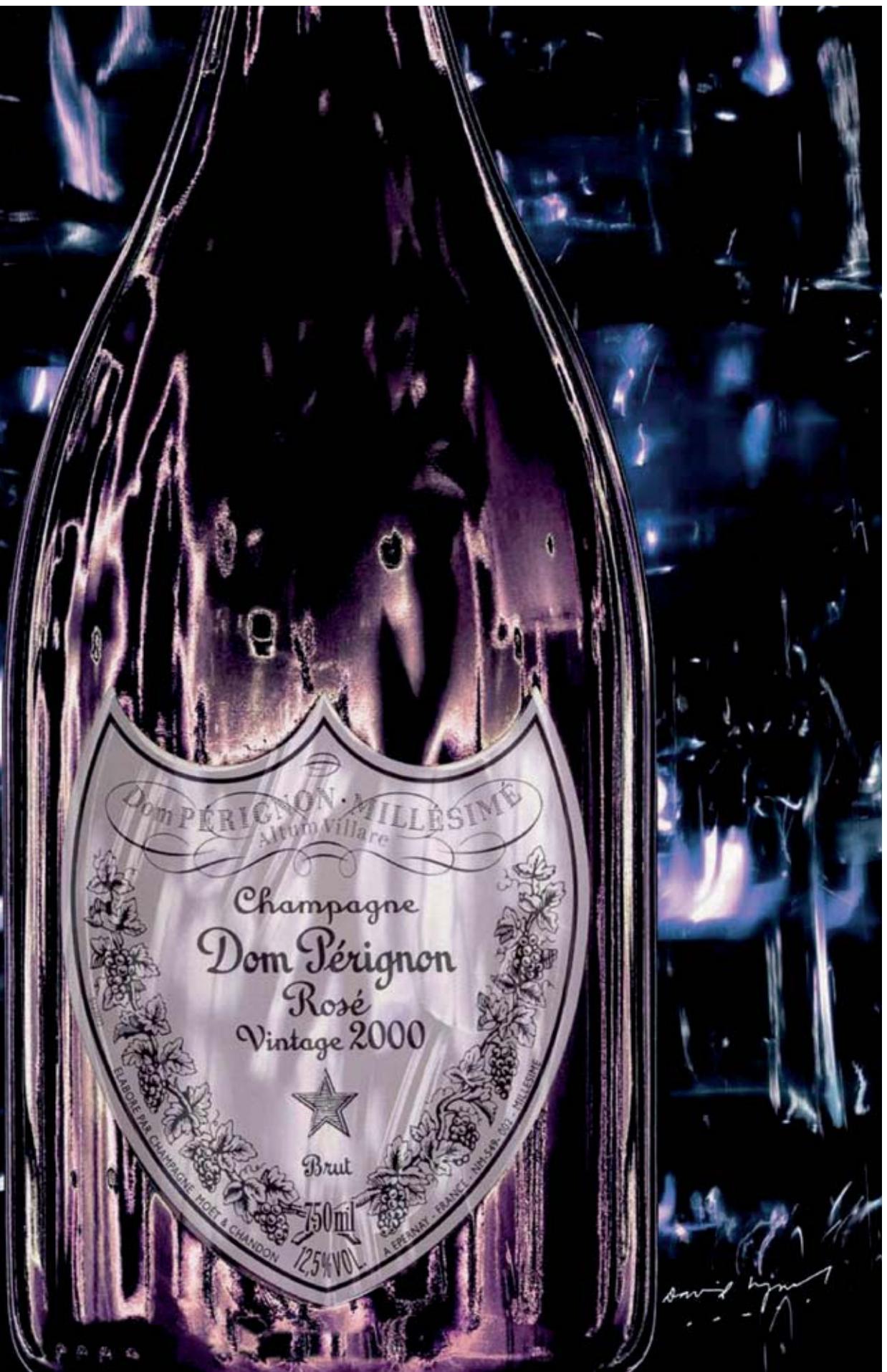


LVMH 2011

## WINES & SPIRITS

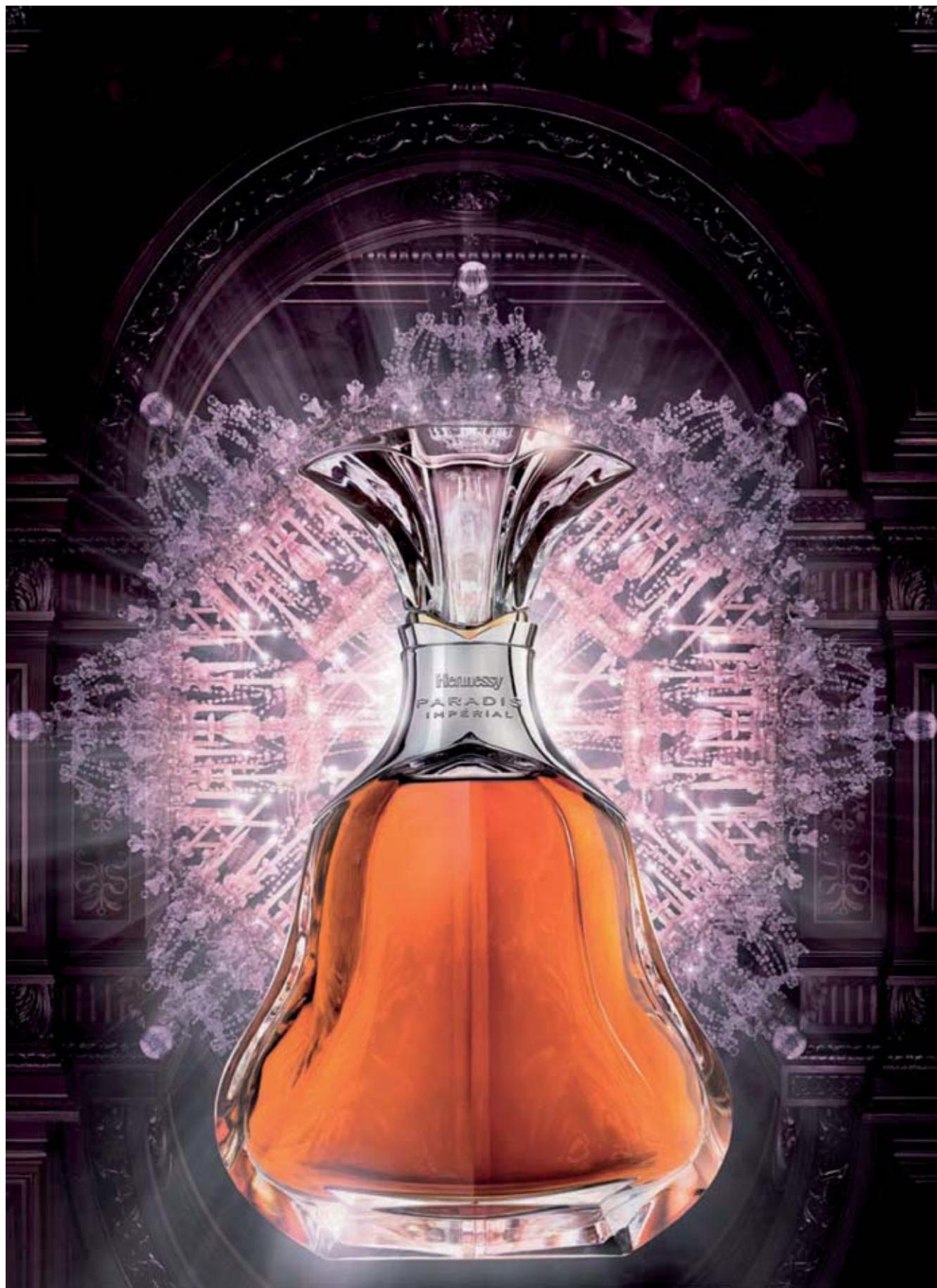
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*The LVMH Wines & Spirits business group focuses its growth on the high-end market segments of the market. The world leader in champagne, LVMH also produces still and sparkling wines from the world's most famous wine-growing regions. The Group is also the world leader in cognac with Hennessy and is expanding its presence in the luxury spirits segment in addition to its historical business. The portfolio of brands is served by a powerful international distribution network.*



LVMH 2011

Wines & Spirits



# CONTINUING SMOOTH AND SUSTAINABLE GROWTH



**Christophe Navarre**  
President of the Wines and Spirits business group

*— What sort of year did the Wines & Spirits sector have in 2011?*

It was a good year, which confirmed the upturn that began in 2010 after two years of declining sales. The recovery was fuelled by high demand and actually surpassed our forecasts. Champagne exports increased, particularly to the United States and emerging markets. Cognac had a record year with outstanding sales in Asia, a region where consumers have a particular appreciation for high quality. But beyond the general trend, our own brands

were boosted by our value strategy, which they have constantly pursued. In addition to an increase in volume, improvements in the product mix (focus on vintage and prestigious quality) and higher prices contributed to our excellent results.

*— Are you happy with the momentum of wines being developed outside France?*

Here again, our efforts have focused on upscale brands and products. Still wines achieved excellent results in their key markets and our sparkling wines under the Chandon label made significant inroads, notably in traditional regions such as Australia. Two new initiatives will strengthen Chandon's leadership in its segment: we are about to launch the first bottles produced in India, in the region of Maharashtra, and have just embarked on a new venture in China. We have found some land in north-west China that is ideal for the type of wine-growing we practice. Within two years we will see Chandon wines produced in China. The potential is huge.

*— What are the main drivers of your value strategy?*

Firstly, innovation, which was particularly apparent in 2011 with the global launch of *Moët Ice Impérial*, the first champagne to be consumed over ice, the

creation of *Hennessy Classism*, targeted at Chinese people aged between 20 and 30, and the latest *Glenmorangie – Pride 1981* – an exceptional 28-year-old malt whisky. And secondly, communications, which have been finely targeted to spotlight the high quality, creativity, boldness and singularity of our brands: major events such as those associated with the *Veuve Clicquot Season*, prestigious sporting competitions, design or gastronomy events, and exceptional creations such as the film made by David Lynch for *Dom Pérignon*. These are just two examples.

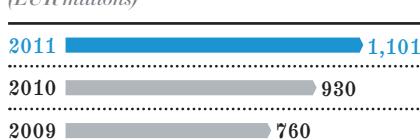
*— How do you view the future?*

With enthusiasm. We are developing products of exceptional quality that are increasingly sought throughout the world. We want to strengthen our leadership in this segment of the market, which is very promising over the long term. We are pursuing an ambitious strategy that includes the requirement to produce high volumes of Champagne and Cognac. Our goal is to continue to grow smoothly and sustainably.

**REVENUE**  
(EUR millions)



**PROFIT FROM RECURRING OPERATIONS**  
(EUR millions)

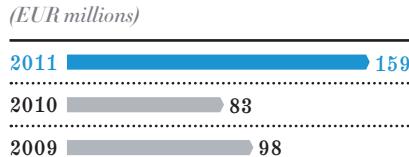


**2011 SALES VOLUMES**

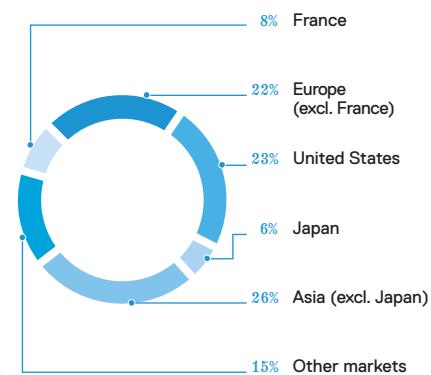
**CHAMPAGNE:**  
**55.5 MILLIONS OF BOTTLES**

**COGNAC:**  
**63.5 MILLIONS OF BOTTLES**

**OPERATING INVESTMENTS**



**REVENUE BY GEOGRAPHIC REGION OF DELIVERY** (in %)





By maintaining its value-oriented strategy during the market downturn of 2009, Wines and Spirits took full advantage of the pick-up in demand. Overall sales of all champagne brands rose 5% by volume at constant consolidation scope and Hennessy cognac sales were up 6%. A stronger product mix and a firm policy of premium pricing also contributed to these excellent results.

**MOËT & CHANDON** reaffirmed its momentum and consolidated its leading position in the world of champagne. The brand successfully rolled out *Moët Ice Impérial*, the first champagne made to be consumed over ice. To mark the brand's presence in China since 1843, the Moët & Chandon hot air balloon took off from Beijing for a trip around the globe that will continue in 2012.

**DOM PÉRIGNON**'s sales surged in most regions. This excellent performance was attributable to the unprecedented success of the 2002 vintage, which was universally acclaimed by consumers and opinion leaders alike. A new advertising campaign directed by David Lynch underscores the brand's exclusive commitment to vintage champagnes.

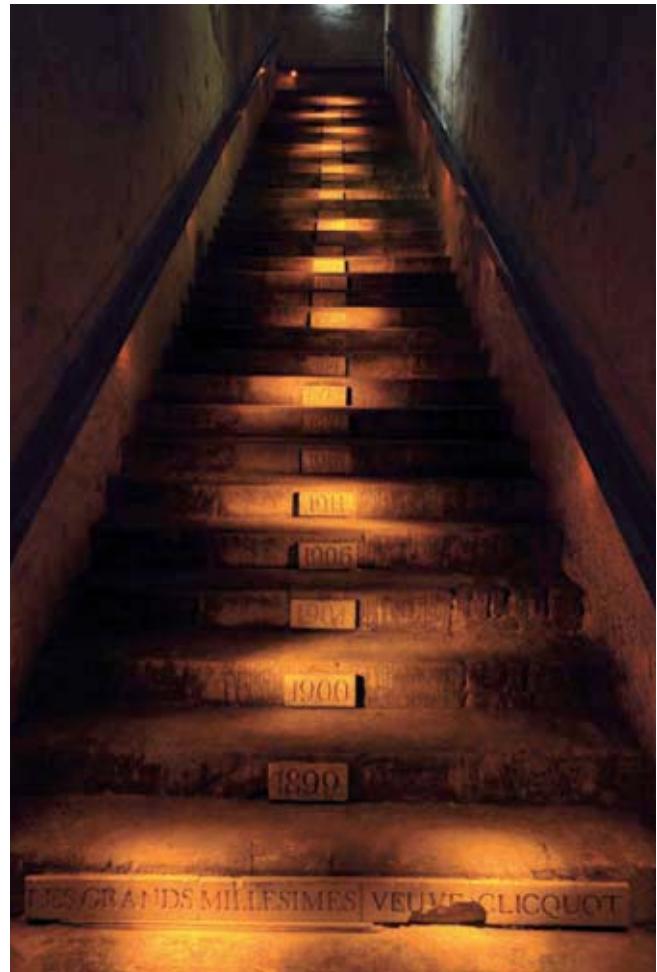
**MERCIER**, which has become synonymous with conviviality and authenticity, consolidated its position in the traditional restaurant segment and is preparing a new edition of its *Lieux de Toujours* restaurant guide that will also be made available on the Internet.

Wines and Spirits achieved 10% organic revenue growth in 2011. The business group's profit from recurring operations rose 18%.



**RUINART**, whose main strategic focus is to expand its range of prestige cuvée champagnes, increased sales substantially, particularly in Western Europe and the United States. The year-end also saw the release of two new vintages: *Dom Ruinart 2002* and *Dom Ruinart Rosé 1998*.

**VEUVE CLICQUOT** confirmed the success of its value-creation strategy served by continuous innovation. *Veuve Clicquot Rosé* posted excellent sales and has earned a position as the brand's second-best selling champagne after *Brut Carte Jaune*. *Veuve Clicquot* is consolidating its positions in Europe and has experienced impressive growth in new markets, such as Australia, Brazil and Argentina.



**KRUG** achieved excellent momentum in Europe and Asia and is continuing its redeployment in the US market. Faithful to its historic values of sharing and generosity, Krug invented a new concept called "*Lieux éphémères*" (ephemeral places), which positively surprised participants in such cities as New York, Los Angeles, Paris and Milan.

**ESTATES & WINES**, Moët Hennessy's sparkling and still wines division, is growing steadily. Chandon has made strong gains, particularly in South America and Asia, and Terrazas de los Andes (Argentina) and Cloudy Bay (New Zealand) have been making good progress in key markets.



Sales of **CHÂTEAU D'YQUEM**, the undisputed king of the Sauternes wines, were in keeping with its prestigious image. The vintages currently available offer a broad spectrum of aromas that are appreciated the world over, particularly in Asia.

**CHÂTEAU CHEVAL BLANC** inaugurated its new wine cellars, designed by French architect Christian de Portzamparc. The first release of the 2010 vintage, in July 2011, was a major success with prices reaching record levels.

**HENNESSY** cognac maintained its robust growth trend in 2011, with sales increasing 6% by volume. Premium brands did exceptionally well. With sales at record levels, Hennessy has consolidated its position as the world's best-selling cognac, in terms of both volume and value.

Asia is the main growth region, with all of the brand's cognacs boasting double-digit revenue growth, notably in China and Vietnam. In the United States, high sales volume was maintained in a still sluggish economic environment and some encouraging signs of recovery were observed in the second half of the year. With *Fine de Cognac*, Hennessy strengthened its position in Europe. In Russia, a new commercial organization was established, which is wholly owned by Moët Hennessy.



Beyond its historical markets, Hennessy pursued its strategy to penetrate emerging markets, such as Mexico, Nigeria, South Africa and central Europe.

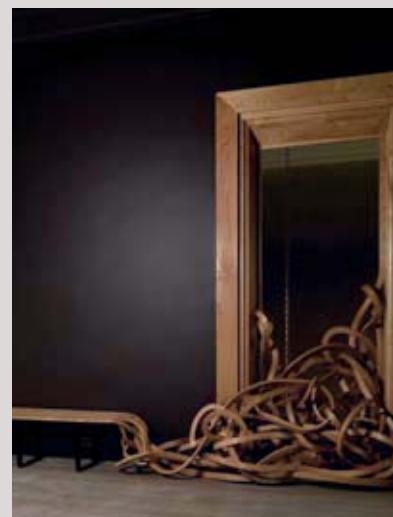
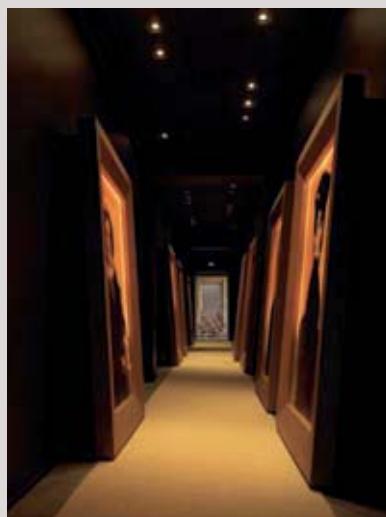
**GLENMORANGIE** and **ARDBEG** single-malt whiskies are stepping up the pace of their development. Glenmorangie's new "Unnecessarily Well Made" advertising campaign had a big impact. Ardbeg continues to consolidate its position as the absolute benchmark for Islay malt whiskies.

**BELVEDERE** vodka grew strongly in the United States and gained market share elsewhere. The successful releases of *Belvedere Bloody Mary* and *Belvedere Unfiltered* contributed to the brand's rapidly growing popularity throughout the world.

### — Outlook

With demand recovering in historical markets and growing in many emerging markets, the Wines and Spirits business group will continue to pursue its value-oriented strategy, notably by investing heavily in advertising and maintaining premium prices. This strategy will include a controlled increase in champagne and cognac volumes. While costs will be rigorously controlled, strategic priorities will be to innovate, enhance brand appeal and strengthen the distribution network. The excellence of Wines and Spirits' products together with the ambition and experience of its people will enable the business group to continue to grow profitably and strengthen LVMH's leadership in the world of luxury wines and spirits.

## FOCUS

*Hôtel du Marc: a spectacular renovation*

Following years of renovation work, the Hôtel du Marc is reopening its doors, ready to write a new page of its history. In 1822, Madame Clicquot purchased the land at 18 Rue du Marc. In 1840, she offered it to her German partner, Edouard Werlé, an important character in the history of Veuve Clicquot, who would use it to build his family home. In 1907, the company bought back the property to turn it into a "maison d'hôte". Since that time, the Hôtel du Marc has embodied the French "Art de Vivre," which is so important to the Champagne Maison.

A new milestone in this history came in 2011, the year of a spectacular renovation, superbly contemporary yet in perfect line

with the underlying signature of Maison Clicquot. Architect Bruno Moinard was selected to mastermind the renovation. A lover of light and pure lines, he remained faithful to the spirit of the original space and rigorous in the choice of materials, focusing on detail and the defence of local craftsmen. Original works by artists and designers are spread throughout the house. Work on the façade was entrusted to one of the few Champagne craftsmen who still have the kind of stone used in the original structure. The new Hôtel du Marc was also renovated in compliance with certain environmental requirements, quite an achievement for a classified 19<sup>th</sup> century building.

## FOCUS



*Historical auctioning of the 1911  
Grand Vintage Collection*

The Moët & Chandon Maison decided to share a secular treasure from its rarest reserves for charity. A total of 11 elegant leather cases with six numbered limited-edition bottles of the *1911 Grand Vintage Collection*, have been or will be sold at 11 auctions in 11 major cities throughout the world.

Proceeds from each auction are to be given to a local non-profit organisation. From Toronto to London, from Paris and Melbourne to Beijing and Moscow, each event will become a new page in the Moët & Chandon history through this generous initiative to be deployed until 2012.



LVMH 2011

## FASHION & LEATHER GOODS

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*Louis Vuitton, Fendi, Donna Karan, Loewe, Marc Jacobs, Céline, Kenzo, Givenchy, Thomas Pink, Pucci, Berluti, Rossimoda and Nowness are the brands that form the Fashion and Leather Goods business group.*

*This outstanding group of brands from both sides of the Atlantic has 1,246 stores throughout the world. LVMH supports growth of these brands by providing them with shared resources, while at the same time respecting their identity and their creative positioning.*



LVMH 2011

—  
Fashion & Leather Goods



# ESTABLISHING A CLOSE RELATIONSHIP BETWEEN OUR CUSTOMERS AND THE BRAND



**Yves Carcelle**  
President of the Fashion and Leather Goods business group

— *How do you explain Louis Vuitton's continued exceptional performance in the current economic climate?*

This trend has been constantly borne out by the past. Throughout its history, Louis Vuitton has always emerged stronger from crises. In times of turmoil and uncertainty, we like to hang on to something solid. We reject the ephemeral and turn towards values that are safe. Our customers always want to treat themselves and are more than ever aware of the value of things; they seek unparalleled quality, have the

time to dream and choose, and enjoy the recognition and exclusivity. Our Maison has never stopped making these expectations a key component of our strategy.

— *Does this policy include more product personalization?*

This is a key component. In 2011 we really diversified our personalized offer. Special-order or bespoke options are now available in our leather goods, footwear and ready-to-wear businesses.

— *What are some examples of your achievements?*

We have launched a new high-end leather goods line that can be fully personalized, so customers can create a unique bag, under the guidance of a sales associate, that reflects their personality. They can choose from five models, eight exquisite leathers, a huge range of trimmings, twenty-six colors, two linings and a vast array of metal finishes. For men, on whom Louis Vuitton increasingly wants to focus, we have created a made-to-order footwear and belt service as well as a collection of evening ready-to-wear that can be personalized. In leather goods we have also expanded our precious leather collections with crocodile, ostrich and python, which are the very finest leathers as well as the most hard-wearing.

— *All this must be a challenge for your entire organization!*

Yes, it's a real challenge for our development teams, our craftsmen, our logistics specialists, our salespeople, and so on, but they have all embraced it enthusiastically. Overall, it has been an opportunity for our Maison to take on fresh expertise and know-how, in some cases extremely rare know-how, and this has given rise to exceptional products.

— *Why is it so important for Louis Vuitton to offer rare and exceptional products?*

First of all, because that goes back to our roots – trunks, special orders designed according to the wishes of customers who want to be different – which are anchored in the finest craftsmanship. But it goes beyond the products: I believe that today it is fundamental, even though our size and presence is global, that our customers can reestablish a close relationship with our brand. We offer them not only rare tangible items but also rare locations and moments as well as an outstanding service. Coming to one of our stores should be a unique experience that gives people a sense of being special, which is an integral part of the pleasure of buying.

## REVENUE (EUR millions)

2011	8,712
2010	7,581
2009	6,802

## PROFIT FROM RECURRING OPERATIONS (EUR millions)

2011	3,075
2010	2,555
2009	1,986

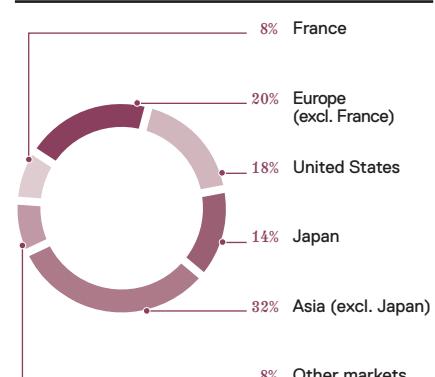
## NUMBER OF STORES

2011	1,246
2010	1,188
2009	1,164

## OPERATING INVESTMENTS (EUR millions)

2011	437
2010	370
2009	263

## REVENUE BY GEOGRAPHIC REGION OF DELIVERY (in %)



## Fashion &amp; Leather Goods



*Fashion and Leather Goods generated organic revenue growth of 16% in 2011. Profit from recurring operations for this business group was up 20%.*



Propelled by the exceptional creativity of its products and its unequalled savoir-faire steeped in exacting craftsmanship, **LOUIS VUITTON** records steady and robust growth year after year. Once again in 2011, the brand saw double-digit revenue growth, thus continuing on its stellar course and consolidating its leadership position in the luxury goods sector. Paired with its consistently high profitability, Louis Vuitton's performance demonstrates the ever greater attractiveness and visibility of the brand as well as its organization's exceptional ability to adapt quickly to changing circumstances. Louis Vuitton's loyal customers demand the best possible quality, exclusive products, and an unparalleled level of service, and thus find that the brand's values mirror their own. Louis Vuitton is also attracting growing numbers of new customers from Asia and South America, further

contributing to the brand's phenomenal development. In 2011, growth was particularly remarkable in Europe, the United States and Asia. Business activity held up well in Japan, despite the dramatic events in the month of March.

All product categories are driving Louis Vuitton's exceptional performance. In leather goods, the long-standing *Damier* line is still making strong advances, while the new *Empreinte* collection in soft leather has also met with considerable success. The production capacity has been increased during the year with, in particular, the opening of a new workshop in Marsaz in the Drôme region of France.

In Louis Vuitton's retail network, the year's high points were the inauguration of the Maison in Milan on Via Montenapoleone and the unveiling of the "Island Maison" at the Marina Bay in Singapore.



As was the case in 2010, sophistication and personalization were again the watchwords in 2011, placing the customer more than ever before at the heart of the brand's strategy. The brand's new high-end leather goods special-order line is also a fine illustration of this strategy, giving customers a cornucopia of alternatives to choose from to experience the thrill of owning a truly unique design. In 2011, the brand further increased its use of fine and exotic leathers. Following the launch of the soft-leather *Empreinte* line, another step forward has now been taken, with the introduction of pieces made of exotic leathers such as crocodile, python or ostrich, which are becoming more prevalent in the collections. In 2011, Louis Vuitton honored its commitment to ever greater mastery and excellence as demonstrated by the acquisition of Heng Long, a top-tier exotic leather tannery and La Fabrique

du Temps, a Swiss luxury watchmaking workshop specializing in the design of high-end watch movements.

Constant innovation and the will to remain at the forefront of its field and to cultivate difference – all of these ambitions are reflected in Louis Vuitton's communications strategy.

Two notable developments during the year were the designation of Angelina Jolie as the new iconic ambassador for its core values campaign and a new website inviting users from around the world to experience a journey. In addition, an exhibition retracing the crowning moments in the history of Louis Vuitton at the National Museum of China and the opening of a space dedicated to contemporary art at the Louis Vuitton Maison in Tokyo's Omotesando district were among the initiatives in 2011 illustrating the brand's strong ties with the world of culture and art.



Thanks to its distinctive image and its iconic products presented in a retail network placing increasing emphasis on the highest possible quality, **FENDI** confirmed its exceptional appeal once again in 2011, delivering record-setting results in terms of both revenue and profitability. All of the brand's product categories recorded strong revenue growth. Its *Peekaboo* line, the epitome of Fendi's high-end craftsmanship, remained a landmark collection for the brand.

Fendi is seeing strong growth across all world regions, with particularly remarkable results in China. The Japanese market saw a strong recovery in the second part of the year.

Underscoring the noble Italian brand's fundamental values of craftsmanship and creativity, 2011 saw the launch of Fendi's new event concept "Fatto a Mano for the Future", which reunites artisans, artists and designers.

**DONNA KARAN** recorded another year of solid growth in revenue and profit. *Donna Karan Collection*, the brand's luxury line, recently enhanced by the addition of the *Casual Luxe* collection, continues to achieve excellent results. The good results of the accessories collection sold under the DKNY label demonstrate the effectiveness of the strategy pursued for the creative development of the brand. The anticipated transfer of the DKNY Jeans license in North and South America will strengthen the control over one of its emblematic businesses, opening up new development opportunities.

**MARC JACOBS** enjoyed rapid growth in 2011, spurred by strong results across all geographic regions. A ten-time winner at the annual "Council of Fashion Designers of America" (CFDA)



Awards, the designer's runway shows during the year again generated considerable excitement and were enthusiastically applauded by the international press. Designs in the *Marc Jacobs Collection* are much in demand and the heightened sophistication of the *Marc by Marc Jacobs* second line is winning over fans. The brand continues to expand its presence in high-potential markets.

**LOEWE** recorded very strong revenue growth and a significant increase in profitability. Men's accessories reaffirmed their strong growth potential. Growth was strong across all of the brand's markets, with China in the lead. Store renovations are continuing, using the concept developed by the architect Peter Marino.

**CÉLINE** performed remarkably well in 2011, attaining record-setting revenue and profit levels. Driven by the success of the collections created by Phoebe Philo, this exceptional performance was consistent across all geographic regions and product categories. The brand's leather goods saw impressive growth and the ready-to-wear collections have vigorously reaffirmed the brand's identity and consolidated its market position, associated with iconic modernity, timeless elegance and quality. Céline has launched a renovation and expansion project for its network of stores.



**KENZO** focused on its repositioning around the brand's original values, now the responsibility of the new creative team of Humberto Leon and Carol Lim.

**GIVENCHY** continued its progress during the year, with all of its lines making strong advances. Women's ready-to-wear performed well, thus confirming the successful creative revitalization of the fashion house. The brand's leather lines recorded strong growth, thus reaffirming their iconic status. Men's ready-to-wear is reaping the rewards of the successful repositioning of its collections, turning in excellent results in China and the United States.

Building on the success of its shirt collections and their thoroughly British tailoring and style, **THOMAS PINK** recorded robust growth in revenue and introduced a new retail concept, representing a modern take on London's Jermyn Street heritage.

**PUCCI** is reaping the benefits of its efforts to refocus its collections, backed by the brand's strong core values. Recent additions to its ready-to-wear and accessories collections were warmly received.



**BERLUTI** has reaffirmed its status as a house dedicated exclusively to its discerning male customers, successfully combining craftsmanship, tradition and modernity. The brand has named Alessandro Sartori as its creative director thus staking a claim in a new territory, ready-to-wear, whose first collection received an enthusiastic welcome. Berluti is focusing expansion efforts in its network of owned stores and is taking back control of its distribution in China and Hong Kong.

### — Outlook

Louis Vuitton will continue on the path of innovation in 2012, accentuating its high-end image, reinforcing the presence of leather in its collections, and introducing many personalization options. The brand will also be expanding its presence to new cities in China and Brazil. Stores will also be inaugurated in new countries for the brand, such as Barbados and Kazakhstan. A boutique dedicated to fine jewelry and a jewelry artisan workshop will be opened in Paris on the legendary Place Vendôme.

Fendi will be focusing on the qualitative expansion of its retail network with the aim of delivering a significant boost to the brand's visibility through more spacious stores, showcasing its high-end offerings. Major projects for 2012 include New Bond Street in London, Avenue Montaigne in Paris, and Canton Road in Hong Kong.

In 2012, driven by their creative spirit, the business group's other brands will pursue expansion in high-potential markets. Each will continue to reaffirm its distinctive and compelling image and identity as the foundation for solid growth. By harnessing their creativity, their pursuit of excellence and savoir-faire, the brands' teams will reinforce the cohesiveness of their business development models.

## FOCUS



### The Louis Vuitton Island

Never has the title “flagship” been more appropriate than for the new Louis Vuitton’s Maison based in Singapore’s Marina Bay.

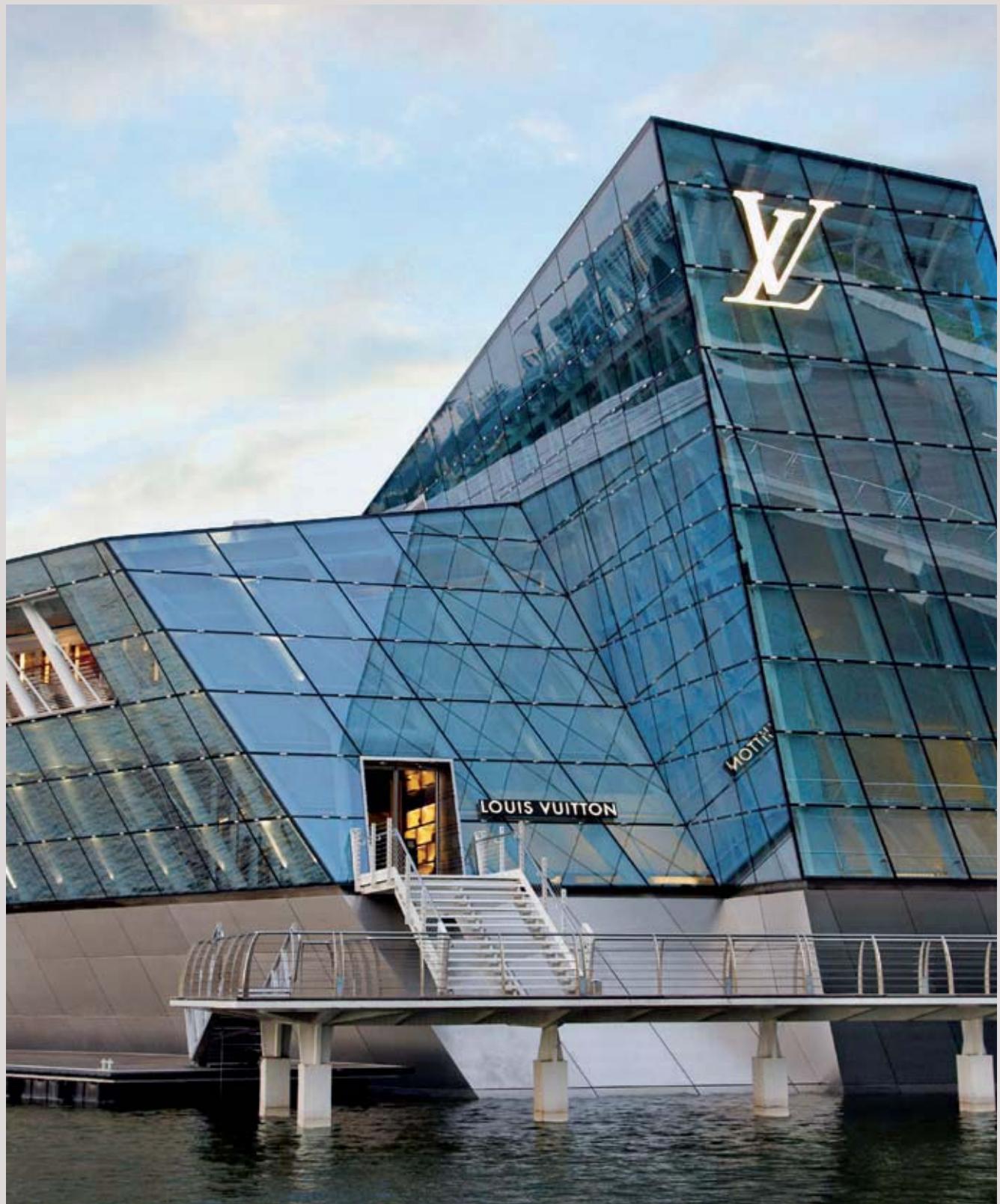
“The Island”, Louis Vuitton’s new store in South East Asia, brings back to life the spirit of sea travel as it was probably experienced by travellers at the beginning of the twentieth century; a time when colossal ocean liners provided the most exceptional service to their clients.

In this specific nautical case of “the Island”, Peter Marino and Moshe Safdie have incorporated a certain *seafaring aesthetic*, embodied by their magnificent floating edifice, from the cruising interior design to the gigantic wave-breaker aspect of the facades. The Marina Bay Maison is the fifth Louis Vuitton store opened in Singapore since 1979 and the first Maison in Southeast Asia.

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FOCUS

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## FOCUS



*Berluti unveils  
its first ready-to-wear collection*

Berluti, bootmakers since 1895, has attracted much attention by entrusting the creation of a men's ready-to-wear collection to Alessandro Sartori, the Maison's Artistic Director. True to Berluti's heritage, the designer reinvents its finest know-how with a modern imprint and contemporary twist. The presentation of this first collection had an excellent reception in the press.

*Céline: a chic and timeless style*

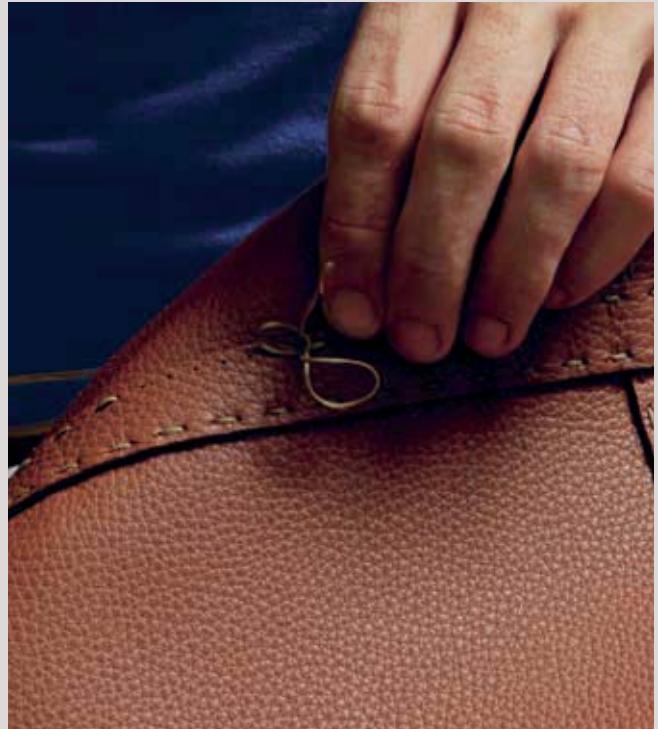
A wardrobe which expresses the spirit of Maison Céline: functional clothes, focus on the quality of the materials and impeccable cuts.

Simple and precise, the Céline style aims for the essential, offering a timeless wardrobe composed of strong basics with modern lines as illustrated by the Fall 2012 collection and its *Classic* bag, one of the brand's bestsellers.

## FOCUS

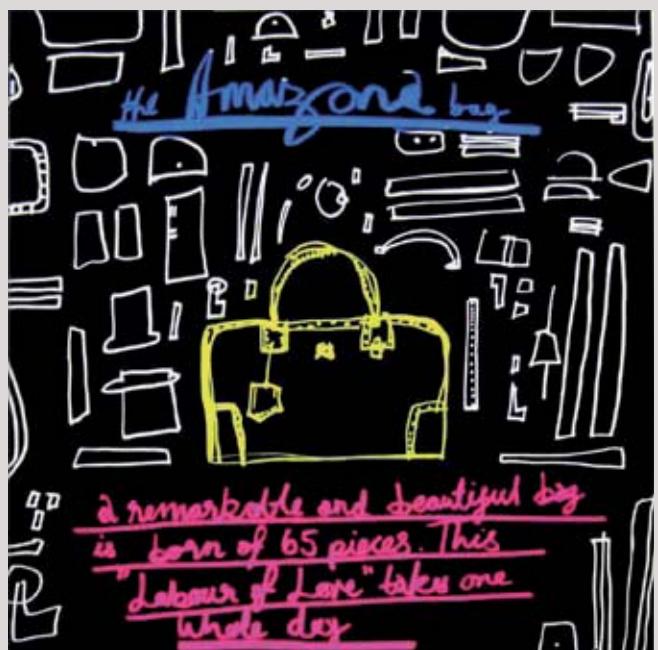
*Fendi: Fatto a Mano for the Future*

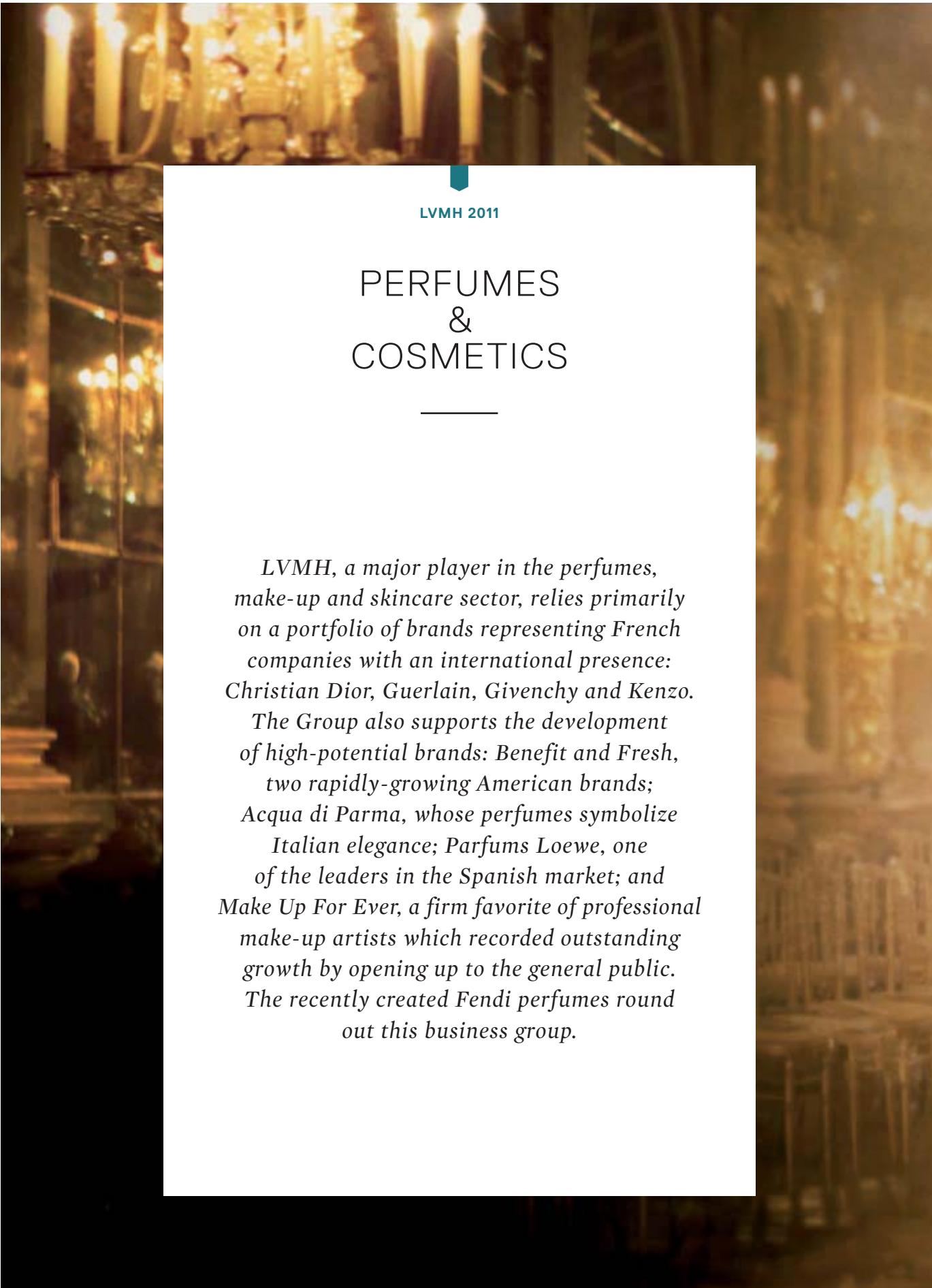
Through an artistic initiative called “Fatto a Mano for the Future,” Fendi travels the world to celebrate its tradition and the know-how of its craftsmen. The Maison invites contemporary artists and designers to come and work with its craftsmen to design works using scraps of raw materials. Customers have thus been able to discover and admire the brand’s know-how through these works, which are displayed in stores. This initiative illustrates the close links between Fendi and the art world.

*Loewe: Masters of Leather*

In September 2011, Loewe released “Masters of Leather,” a limited edition book which pays tribute to the trades and know-how of the Maison craftsmen, who select and work with the world’s best skins and leathers. Passed down from generation to generation, this outstanding know-how combined with high-quality standards can be found at all stages of the creation of a Loewe product.

Illustrations from the book were featured in window displays at Loewe stores worldwide, as well as in three major exhibitions in Loewe’s boutiques in Gran Vía, Madrid; Isetan, Tokyo; and Landmark, Hong Kong.





LVMH 2011

## PERFUMES & COSMETICS

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*LVMH, a major player in the perfumes, make-up and skincare sector, relies primarily on a portfolio of brands representing French companies with an international presence: Christian Dior, Guerlain, Givenchy and Kenzo. The Group also supports the development of high-potential brands: Benefit and Fresh, two rapidly-growing American brands; Acqua di Parma, whose perfumes symbolize Italian elegance; Parfums Loewe, one of the leaders in the Spanish market; and Make Up For Ever, a firm favorite of professional make-up artists which recorded outstanding growth by opening up to the general public. The recently created Fendi perfumes round out this business group.*



LVMH 2011

—  
Perfumes & Cosmetics



# AN EVER MORE VIBRANT HERITAGE OF EXCELLENCE; MAJOR INNOVATION WHERE IT MATTERS

*In a fiercely competitive global market, the LVMH perfume and cosmetics brands rely on a strong culture of innovation and major investment in media and communications. These efforts underscore the brands' values when it comes to creativity, modernity and quality, and support not only the product ranges and individual iconic products but also innovation.*

In 2011 the Group's major French brands successfully strengthened their image and luxury status by focusing on their ever more vibrant heritage of excellence. Parfums Christian Dior, in close cooperation with Couture – a source of inspiration for its fragrance and make-up collections – continues to capitalize on the exceptional aura that surrounds its timeless classics, such as *Miss Dior* and *J'adore*, which is still the market leader in France.

As for Guerlain, its legendary *Shalimar* has returned to the limelight, while the new fragrance from Parfums Givenchy has been designed under the artistic direction of Riccardo Tisci, designer of the Couture collections.

The most recent brands to enter the Group, either in fragrances or make-up, have continued their expansion at a rapid pace for most of them. This once again demonstrates the appropriateness of the brands' positioning, as well as their increasing attractiveness and effective growth strategy.

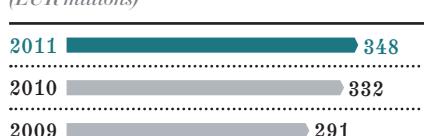
The first stone of a new research center named Helios was laid in October 2011. Research plays a critical role in the strategy of Perfumes & Cosmetics, as innovation is a key area of focus. More than 270 scientists, researchers, chemists, biologists and doctors work collectively in the laboratories of the LVMH Research facility at the Parfums Christian Dior site near Orléans, in the

heart of "Cosmetic Valley." These teams are responsible for developing our skincare products, make-up and fragrances. In conjunction with French and foreign partners, they spearhead projects that will benefit all of the business group's brands. Many of the products (such as *Capture*, *Nude* or *Prestige* by Dior, and *Orchidée Impériale* by Guerlain) that are hailed by the international beauty press every year – and by the brands' customers – are the result of work carried out at the LVMH Research facility. Helios is an ultramodern building that meets France's High Environmental Quality certification standards. It will be home to the LVMH teams and a place where researchers from around the globe can gather and share ideas. This will strengthen our teams' effectiveness and consolidate the international scope of our innovations.

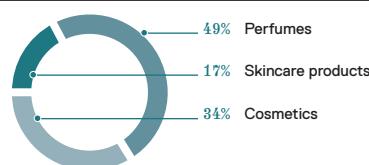
## REVENUE (EUR millions)



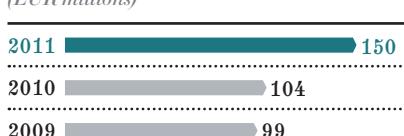
## PROFIT FROM RECURRING OPERATIONS (EUR millions)



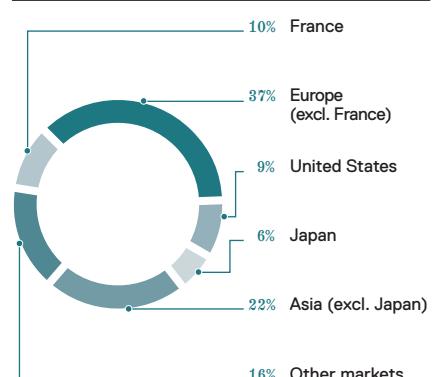
## REVENUE BY PRODUCT CATEGORY (in %)



## OPERATING INVESTMENTS (EUR millions)



## REVENUE BY GEOGRAPHIC REGION OF DELIVERY (in %)





*The Perfumes and Cosmetics business group posted 9% organic revenue growth in 2011. Profit from recurring operations rose 8% (at constant consolidation scope) against a background of robust commercial and advertising investments.*



The change in consolidation scope corresponds to the disposal of La Brosse et Dupont business at the end of 2010. All brands benefited from the vigor of the Asian and US markets. Despite a mixed business environment toward the end of the year, Europe also made a positive contribution to growth.

**PARFUMS CHRISTIAN DIOR** confirmed its strong momentum in 2011, in a highly competitive global market. The brand promoted its values of excellence and creativity through investments in major media campaigns that were closely associated with the “Haute Couture”.

The exceptional vitality of its star product lines enabled perfume sales to make strong progress and outperform the market. *J'adore* continues to gain market share in all countries. This classic perfume has significantly strengthened its leadership in the French market. *Miss Dior*, the company's first perfume created in 1947 by its founder Christian Dior, recorded an excellent performance. The men's fragrances, *Dior Homme* and *Eau Sauvage*, are making steady progress. Dior is also strengthening its position in high perfumery, through the international expansion of the Collection Privée Christian Dior, the creation of Dior's perfume designer François Demachy.



Make-up posted solid revenue growth, thanks to strong flagship products and successful new products. The new *Dior Addict Lipstick* is a historic success, becoming the leader in most markets in just a few months. The successful relaunch of *Diorskin Forever* has boosted the performance of the strategic foundation cream segment, while sales of the new fingernail polish colors, directly inspired by the "Haute Couture", continued to soar.

In the area of skincare, *Capture One Essential*, a new generation serum, has been doing exceptionally well in Asia and the new premium *Prestige* line was launched successfully in Europe.

**GUERLAIN** achieved record revenue and profit. Guerlain has been focusing on specific geographic markets, and in particular on Asia and France, where it continues to increase market share. *Shalimar* has strengthened its line with a new addition and consolidated its market positions, joining the select group of France's top-five selling perfumes. Skincare revenue was strong once again in 2011, thanks in particular to the premium *Orchidée Impériale* line. Make-up revenue was boosted by the very positive response to the new *Rouge Automatique* lipstick and the growing popularity of *Terracotta* and *Lingerie de Peau*.

Guerlain is expanding its highly selective distribution network by opening new boutiques in France, the Middle East and China.



**PARFUMS GIVENCHY** increased revenue significantly, further improved its operating profit margin. Sales of *Very Irresistible* and *Ange ou Démon* are growing steadily. The new *Dahlia Noir* fragrance, whose creation was overseen by Riccardo Tisci, has been launched in several countries and is off to a promising start.

**KENZO PARFUMS'** revenue was underpinned by the robust performance of its star perfume, *Flower by Kenzo*, and by the launch of its new *Madly Kenzo Eau de Parfum* in several countries.

**FENDI PARFUMS**, which resumed business in the second half of 2010 with the launch of *Fan di Fendi*, is pursuing its global expansion.

**BENEFIT**'s original market positioning once again enabled the brand to enjoy double-digit revenue growth and an excellent profit margin. Two of the year's most successful innovations were *They're Real* mascara and the *b.right* skincare line. Benefit has consolidated its presence in Southeast Asia, and is making a very promising debut in Brazil.



**MAKE UP FOR EVER** posted another year of exceptional growth. This may be attributed to the high quality of its products, which are enthusiastically endorsed by professional make-up artists. Its emblematic lines, *HD* and *Aqua*, continue to grow strongly. The brand opened two boutiques in Los Angeles and Paris.

**PARFUMS LOEWE** has been holding up well in its home country and is pursuing its international expansion. **FRESH** is expanding its distribution network in Asia. **ACQUA DI PARMA** has launched a new communication campaign to emphasize its historic roots and timeless elegance.

### — Outlook

The business group is once again aiming to increase market share by maintaining an ambitious strategy of innovation and advertising investments.

Parfums Christian Dior will continue to assert its position in high perfumery by strengthening the star product lines and investing heavily in advertising. The new perfume ambassadors and close association with the “Haute Couture” will further enhance the brand’s appeal.

Guerlain will launch a new women’s perfume in 2012. The network of Guerlain boutiques will be further expanded. Work to enlarge and renovate the Maison on the Champs-Élysées will be undertaken and should be completed in 2013.

Parfums Givenchy will pursue the global launch of *Dahlia Noir*. A new sports version of the *Play Pour Homme* fragrance will also be launched.

The main event in 2012 for Kenzo Parfums will be the global launch of its *Madly Kenzo* fragrance.

Fendi Parfums will pursue its global expansion, particularly in Eastern Europe.

Benefit will focus on Asia, while further consolidating market share in Europe and the United States. Make Up For Ever is once again aiming for strong growth in all geographies, with major product launches and an ambitious communications strategy.

## FOCUS

*La Collection Privée Christian Dior*

*"You can't imagine how much know-how and precision it takes to create a fragrance. The creative process is so consuming, so demanding that I feel as much a Perfumer as a Couturier."* Christian Dior

1947: with his first Couture collection, Christian Dior transformed the codes of beauty. On the day of the show, he perfumed the salons with his first fragrance, *Miss Dior*. Couturier Perfumer right from the start...

The perfume overseen by Christian Dior is as meticulously composed as a Haute Couture dress. It adds a finishing touch, the "je-ne-sais-quoi" which makes the difference.

True to the calling of the Dior Maison, its Perfumer-Creator François Demachy puts his mark on an unusual collection that

pays homage to the New Look, takes us to the houses dear to Christian Dior in Granville and Milly-la-Forêt, and brings us to his muse, Mitzah Bricard...

Constructed like luxury fragrances at the Atelier de Création Parfum Dior, the *Collection Privée Christian Dior* expresses the know-how and expertise of the House.

From the Oriental to the Cologne, from feminine to masculine, each fragrance is composed of the perfume world's most noble and precious ingredients. Short, essential, purified formulas based on stringently selected ingredients such as the Florentine Iris, agarwood from Indonesia, or the Grasse Rose exclusively harvested for the Dior Maison.

## FOCUS



### *The Guerlain Orchidarium: a research platform unique in the world*

Over 10 years of research, three orchids selected out of 30,000, eight patents registered.

Since 1828, Nature has been the source of inspiration and ingredients for Guerlain's exceptional skin care products. Today Guerlain continues to push the boundaries of this science of nature with Orchidarium, an advanced research program that is unique in the world and entirely dedicated to one of nature's most prodigious phenomena: the orchid.

From Europe to Asia, three centers of expertise make up this exceptional platform: the experimental garden in Geneva, Switzerland, the main laboratory in Strasbourg, France, and the

exploratory reserve in Tianzi, China. In Tianzi, Guerlain is involved in a sustainable development patronage initiative to cultivate and protect wild orchids in their natural biotope and contribute to the reforestation of this nature reserve, which is a real trove of biodiversity.

Orchidarium's discoveries gave birth to the *Crème Orchidée Impériale Nouvelle Génération*, formulated using Imperial Orchid Molecular Extract – a molecular assembly based on the combination of three orchids identified from 30,000 and the six key mechanisms of longevity.



LVMH 2011

## WATCHES & JEWELRY

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*The most recent of the LVMH business groups holds a portfolio of luxury brands with highly complementary market positions. This business group benefits in particular from TAG Heuer's stature as the world leader in high-precision chronographs and from the solid vitality of the Hublot brand. The business group also relies on the watchmaking expertise of Zenith, a member of the select group of true Swiss Manufactures, the development and transition to high-end products of Dior timepieces and the creativity and productivity of the jewelry collections from Chaumet, Fred and De Beers. In 2011, the business was expanded with the talent as well as the international and diversified aspect of the Italian Bulgari brand. The name recognition of these brands and the vitality of their iconic collections make LVMH one of the most dynamic groups in the market.*

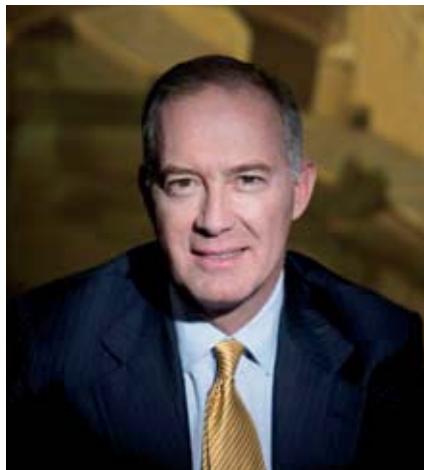


LVMH 2011

Watches & Jewelry



# A YEAR MARKED BY GROWTH AND INNOVATION, AND A PROJECT THAT BODES WELL FOR THE FUTURE



**Francesco Trapani**  
President of the Watches and Jewelry business group

*— The watches and jewelry sector continued its overall positive trend in 2011. How did the LVMH brands fare?*

They continued their strong growth momentum and recorded an outstanding performance in all geographic regions. Most significantly, they increased their market share. In a fiercely competitive environment, it is essential to stand out: our brands continue to capitalize on their

traditions of quality and focus on their innovation policy. The new watches we presented at the Basel watch fair were extremely well received, with several of our designs winning awards at the "Grand Prix d'Horlogerie de Genève". In jewelry, our new collections, which have a more powerful design and a very solid signature look, produced excellent results in terms of sales and brand image.

*— What do you think the future holds for the alliance between LVMH and Bulgari?*

This is a very natural alliance based on common values and culture. Strategically, it has doubled the size of the business group; we have added to the LVMH portfolio a highly complementary brand that is a key player in its sector and an icon of Italian excellence. Bulgari will benefit from the power and unrivalled expertise of LVMH to boost its development. The tie-up will have a positive impact on all our brands in terms of synergies and skills sharing. Lastly, under our long-term vision, the new partnership has the means to be even more innovative and position itself to become the global leader in luxury goods. It is a project that bodes well for the future.

*— And requires sustained investment?*

Against a backdrop of high demand, we have been resolute in strengthening our watch production capacity and this effort will be continued. We're not envisaging a total consolidation of manufacturing, but many activities such as the manufacture of casings, dials and bracelets already take place at our own facilities. This helps guarantee quality. With regard to movements, Zenith, which is solely responsible for the design and manufacture of its famous calibers, is one of the jewels in our business group. To support the expected growth in revenues, even though our goal is not to be totally independent in terms of component supply, we have to increase our capacities. TAG Heuer, Hublot and Bulgari will therefore be stepping up production of their own calibers.

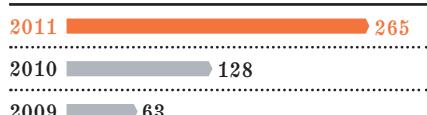
*— You also invest in distribution.*

Expanding our store network is another key priority. We are broadening our presence selectively by targeting growth markets. In addition to opening new stores, we are investing in marketing and communications. Our current focus is on Asia, which has huge potential.

## REVENUE (EUR millions)



## PROFIT FROM RECURRING OPERATIONS (EUR millions)

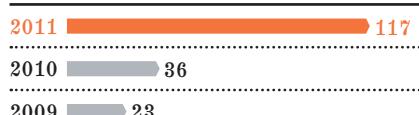


## NUMBER OF STORES

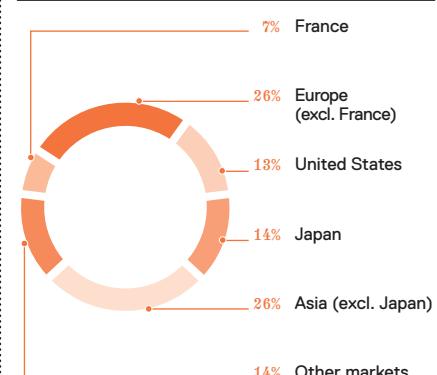


(1) Of which 170 additional stores as a result of the integration of Bulgari.

## OPERATING INVESTMENTS (EUR millions)



## REVENUE BY GEOGRAPHIC REGION OF DELIVERY (in %)





**TAG HEUER** set new records for revenue and profitability in 2011. The brand posted strong organic revenue growth in all of its markets, with particularly remarkable results in China and South Korea. TAG Heuer perpetuated its unique expertise in mastering speed and precision in 2011 by launching the *Mikrograph 100* and the *Mikrotimer Flying 1000*, entirely developed and manufactured in its own workshops. The brand continues to expand its retail network and now has nearly 130 stores worldwide (owned and franchised). In addition, TAG Heuer is working to further industrialize its processes, as evidenced by the *Calibre 1887*, the brand's first automatic movement built in-house. TAG Heuer's industrial integration is also extending to other strategic components, with the acquisition of ArteCad, a leading Swiss manufacturer of watch dials. Also present in the manufacture

of watch cases through its subsidiary Cortech, TAG Heuer is staking its place in the production of mechanical movements, cases and dials.

**HUBLOT** has stepped up its expansion efforts on all fronts and performed exceptionally well in 2011. The year was marked by a number of high-profile innovations, including *Masterpieces*, a new collection dedicated to Grand Complications (watches involving complex horological features), and the development of a new scratch-resistant material called *Magic Gold*. The brand has enhanced its production capacities for watch movements and now directly manages all manufacturing processes for its *UNICO* chronograph movement and the mechanisms of its Grand Complications, part of a strong value-added strategy. Moreover,

*Watches and Jewelry generated organic revenue growth of 23% in 2011. Profit from recurring operations for this business group doubled, reflecting both the like-for-like growth of 41% and the impact of the consolidation of Bulgari from June 30, 2011.*



the strategic integration of technological know-how has intensified, with the construction of a manufacturing facility for watch micro-components, a foundry for the production of pieces made of *Magic Gold*, and the acquisition of Profusion, a distributor of carbon fiber parts and components. Hublot doubled the number of its stores worldwide and operated a total of 40 boutiques at the end of 2011.

Manufacture **ZENITH** furthered its progress in 2011 and confirmed its status as a rising star in the rarefied world of prestige watchmakers. The full renewal of its collections is now complete, structured around the brand's five iconic lines. Zenith has seen strong growth in Asia and the selective expansion of its retail network continues in high-potential markets, most notably with the opening of two new boutiques in Hong Kong and Geneva.



**BULGARI** recorded strong revenue growth in 2011 across all its product categories through its own stores as well as its other distribution channels.

An exceptional exhibition held in Paris and in Beijing, "Bulgari: 125 Years of Italian Magnificence", retraced the main chapters in the Italian jeweler's aesthetic evolution, a journey through history and culture.

Among the most evocative of the brand's iconic themes from the 1950s, Bulgari's *Serpenti* features prominently in its marketing and in its recent innovations in jewelry, watches and leather goods. Owing to their instantly recognizable designs, their exceptional gemstones, and the superior craftsmanship of Bulgari's

artisans, the Italian jeweler's collections were exceedingly well received in 2011, surpassing all expectations. In the perfume segment, the successful launches of the new eau de toilette *Bulgari MAN* and the eau de parfum *Mon Jasmin Noir* were among the year's high points. Store expansion and redesign projects are helping to reinforce the retail network's high-end image.

At **CHAUMET**, new jewelry watch creations were introduced in the *Bee My Love* and *Attrape-moi si tu m'aimes* collections. Following the opening of boutiques in Beijing and Shanghai some time ago, Chaumet continues to expand its presence considerably in China.



**MONTRES DIOR** is continuing to expand its range of prestige timepieces with the launch of the *Dior VIII* collection and the *Grand Bal* limited edition watch series. This strategy is accompanied by an ever greater selectivity in its distribution channels.

**DE BEERS** is the clear front-runner in the diamond solitaire segment and continues to see strong business growth in its various markets, especially in Asia with the successful opening in Beijing of its first store in China.

**FRED** continues its targeted growth in France and Japan, with its main efforts focused in particular on its iconic *Force 10* and *Success* lines. Celebrating 75 years of highly contemporary designs, the jeweler launched its *Pain de Sucre* collection in 2011.

### — Outlook

The favorable trends noted in the final months of the year, within a worsening economic environment, point to encouraging prospects for 2012. All of the Watches and Jewelry brands plan to work on reinforcing their image and visibility in the most promising markets by maintaining the appropriate level of marketing investments. They will also strive to continue expanding their retail networks, particularly in Asia, with a special focus on China. All of the brands will continue to promote rigorous cost controls, while leveraging synergies across the Group. Investments will be targeted on developing industrial watchmaking capacities for the production of movements, in line with the vertical integration strategy promoted by the Group. Lastly, all of the brands will be launching new collections, reflecting their ongoing passion for creativity, supreme craftsmanship and high quality.

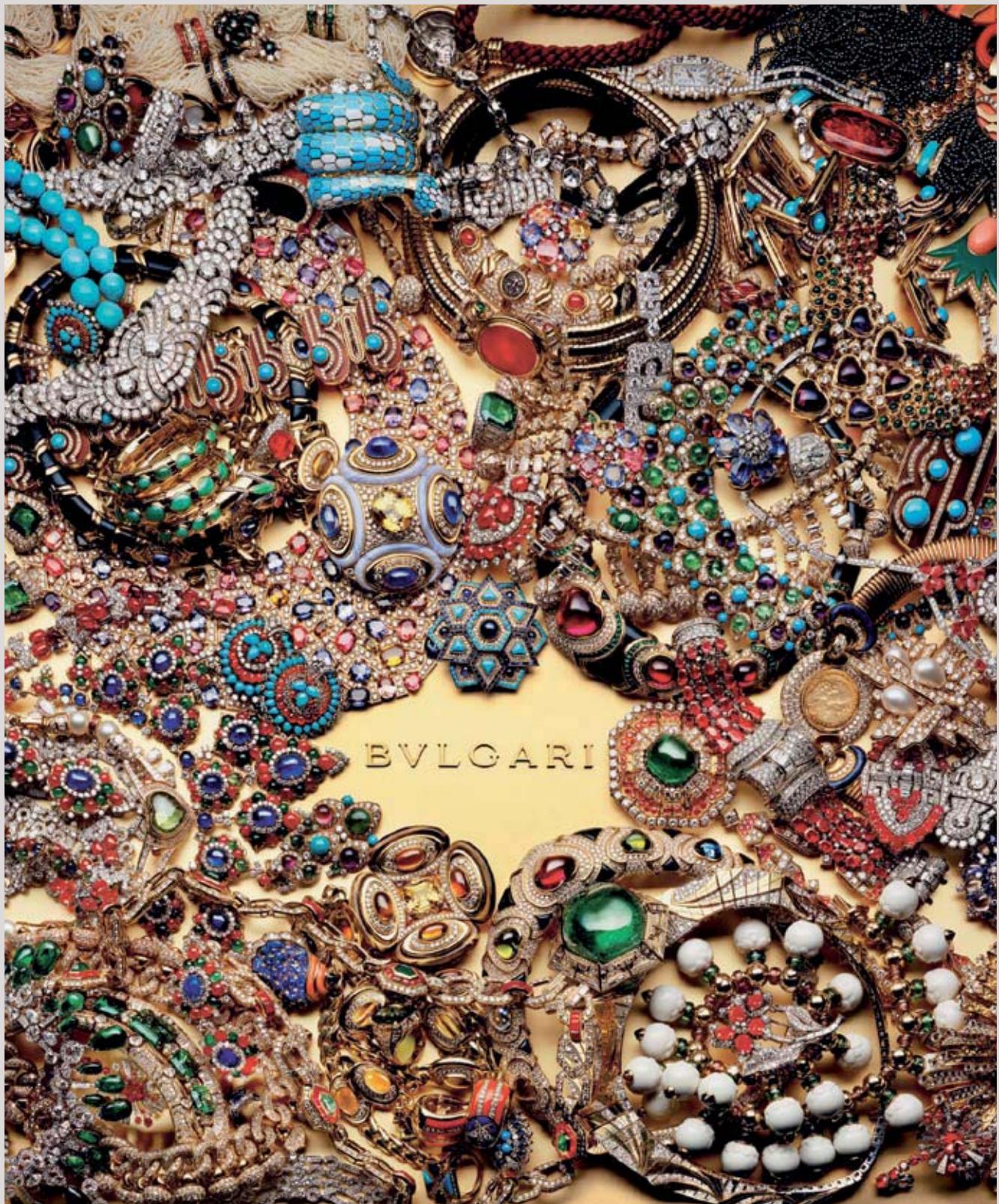
## FOCUS

*The Bulgari Family joins forces with LVMH*

The Bulgari Family – the majority shareholder of the famous Italian Maison created by Sotirio Bulgari in 1884 – joined forces with the LVMH Group to boost the long-term development of Bulgari while preserving its heritage, its values, its know-how and its identity. Synonymous with creativity and excellence worldwide, Bulgari is unanimously recognized as one of the major players in its sector. It holds a prominent place in the world of jewelry and watches, as well as a significant rank in the world of perfumes and

accessories. The partnership between LVMH and the Bulgari Family is an ideal pooling of interests on all levels and will be of great advantage to both Bulgari and LVMH. It will enable Bulgari to boost its development on a global scale and create considerable synergies, especially in purchasing and distribution. With Bulgari, LVMH brands will be able to invest and innovate even more. LVMH will thus be in a position to become world leader on the very high-end watches and jewelry market.

FOCUS





LVMH 2011

## SELECTIVE RETAILING

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*The LVMH Selective Retailing companies operate in Europe, North America, Asia and the Middle East. Their businesses are conducted in two segments: retailing designed for customers who are international travelers (“travel retail”), the business of DFS and Miami Cruiseline, leaders in their markets; and the selective retailing concepts represented by Sephora, the most innovative company in the beauty segment, and Le Bon Marché, a department store with a unique atmosphere located in Paris.*





LVMH 2011

Selective Retailing



# UPMARKET POSITIONING, RESPONSIVENESS, GLOBAL PRESENCE

*As partners of the biggest brands around the world, our selective retailers operate in a highly dynamic sector that is driven by the rapid emergence of new markets and the increasing interest of customers who have strong product knowledge and love quality. These retailers have equal appeal to customers from different parts of the world and from different cultural backgrounds. In 2011, DFS, Miami Cruiseline, Sephora and Le Bon Marché posted excellent growth in a mixed global environment.*

The watchword shared by our selective retailers is to keep a step ahead of customer expectations and anticipate market trends. Their strong performance was due to the strategic focus placed on upmarket positioning, differentiation and breaking new ground in terms of products and services. Yet it can also be attributed to the

continued improvement in organization and excellent responsiveness – critical factors in a constantly evolving business sector where growth opportunities must be acted upon quickly. We owe our success to these retailers' professional and dedicated staff, who are passionate about their trade, customers and brands.

The DFS Gallerias, pioneers in travel retail, are a major draw for international travelers, regardless of destination. The continued pursuit of a fast-growing Asian customer base is just one of the vehicles for developing DFS in the years ahead.

Miami Cruiseline, the premier onboard store retailer offering luxury products, is sharpening its competitive edge by tailoring its sales and marketing model to the company or destination in question. New customers from Europe and Latin America are future growth drivers in a market traditionally dominated by the United States.

Sephora, with its unique talent for turning shopping into a moment of freedom, discovery and pleasure, has deployed its

concept in 26 countries around the world. As a result of a very ambitious innovation and expansion policy implemented in 2011, the brand has boosted its presence in Russia, a country with strong potential for selective retailing, and made important inroads in Malaysia and Mexico, which is the gateway to the huge and promising Latin American market.

Le Bon Marché is today the only Parisian department store with a genuine cultural dimension. Its atmosphere and the quality of its products and services also make it the most exclusive. In 2012 Le Bon Marché will be involved in a huge expansion and refurbishment project which will enhance its unique profile and increase customer loyalty.

## REVENUE (EUR millions)

2011	6,436
2010	5,378
2009	4,533

## PROFIT FROM RECURRING OPERATIONS (EUR millions)

2011	716
2010	536
2009	388

## NUMBER OF STORES

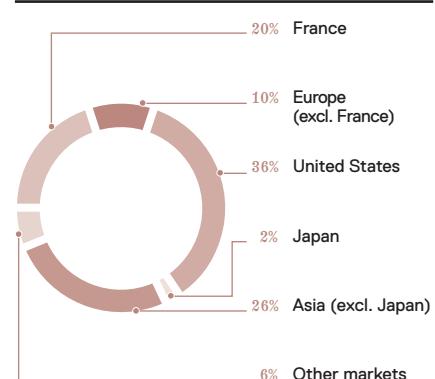
2011	1,368 <sup>(1)</sup>
2010	1,146
2009	1,075

(1) Of which 125 additional stores as a result of the integration of Ile de Beauté.

## OPERATING INVESTMENTS (EUR millions)

2011	215
2010	196
2009	181

## REVENUE BY GEOGRAPHIC REGION OF DELIVERY (in %)





**DFS** saw strong growth of both revenue and profits, driven by the steady rise of Asian tourism. The number of Chinese customers continued to expand at an increasing pace and a stronger yen boosted the purchasing power of Japanese tourists. Growing numbers of new customers from South Korea, the Middle East and India also contributed to these excellent results. The destinations of Hong Kong and Macao are making rapid progress, while North America and the Pacific region further consolidated their positions.

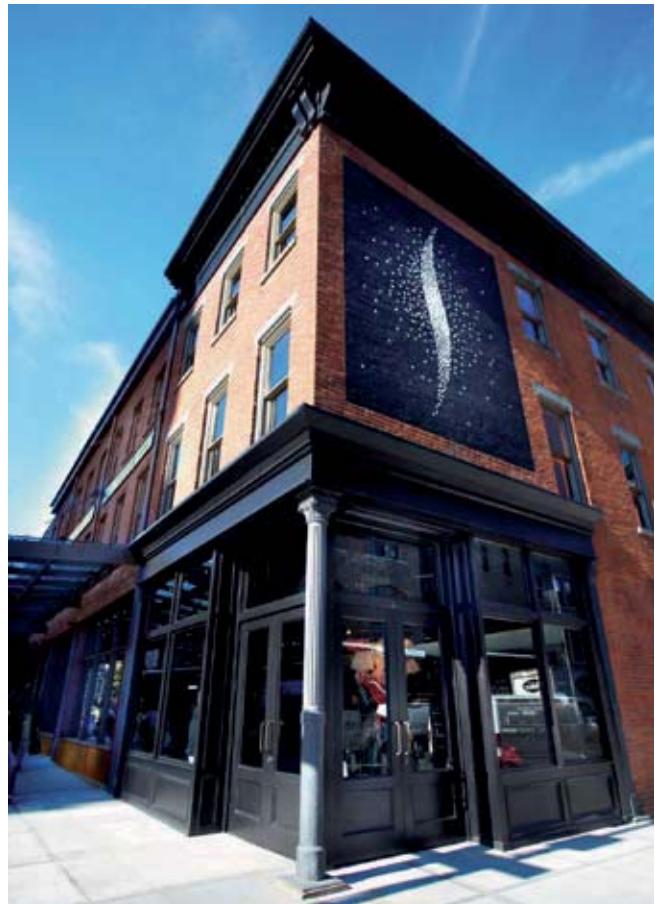
DFS pursued its strategy of moving upmarket and continued to invest in the expansion and renovation of its strategic *Gallerias* stores in 2011, completing the renovation of its Waikiki, Hawaii *Galleria* and continuing the expansion and renovation of its Scottswalk, Singapore and Macao stores. DFS is enhancing the

appeal of its stores by offering a diversified range of products that includes new luxury brands.

**MIAMI CRUISELINE** posted robust revenue growth that was driven by the commissioning of large ocean liners fitted with larger shops. Increased spending per passenger has also contributed to this excellent performance. As a new global clientele from Europe and Latin America emerges, Miami Cruiseline is reaping the benefits of its efforts to adapt its marketing strategy and products to the specific requirements of each cruise company's clientele.

## Selective Retailing

Selective Retailing achieved organic revenue growth of 19%. Its profit from recurring operations improved by 34%.



**SEPHORA** did remarkably well in 2011, gaining market share in all regions. The only global specialist retailer in perfume and cosmetics, Sephora continued to offer shoppers a unique experience of innovative products and exclusive services and actively developed its customer loyalty programs in all regions. At the end of 2011 there were 1,300 Sephora stores in 26 countries.

Sephora further increases its leadership in France and is expanding its network of stores, while continuing to roll out an ambitious innovation-based strategy for services. In a mixed economic environment, Sephora is making progress in other European countries and strengthened its presence in Russia by raising its stake in the Ile de Beauté chain to 65%.

Growth in Northern America was once again strong. The new flagship store in New York, in the heart of the Meatpacking district, features Sephora's latest major innovations, such as a mobile payment system that enables customer service attendants to process customer payments directly.

Sephora further increased market share in China, where it accelerated its growth. A new store concept was launched to accompany the chain's move upmarket. Sephora also attracted quite a bit of attention by sponsoring "Beauty Academy", a popular TV show where talented young make-up artists are discovered.



The chain pursued its expansion in the Middle East and Southeast Asia, with two new stores in Kuala Lumpur, Malaysia. Sephora also opened its first two stores in Mexico. Online sales continued to grow strongly in France, the United States, Brazil and China.

**LE BON MARCHÉ**, one of the world's most exceptional and prestigious department stores, saw its revenue grow substantially over the year, thanks largely to luxury goods and fashion. The famous Parisian department store on the left bank of the Seine river also benefited from increased spending by foreign customers, which accounted for a significantly higher proportion of overall sales in 2011. The completion of the women's footwear area and the refurbishment of the ground floor also contributed to this growth. Le Bon Marché is preparing new and ambitious projects that include expanding its sales floor by over 4,000 sq.m.



### — Outlook

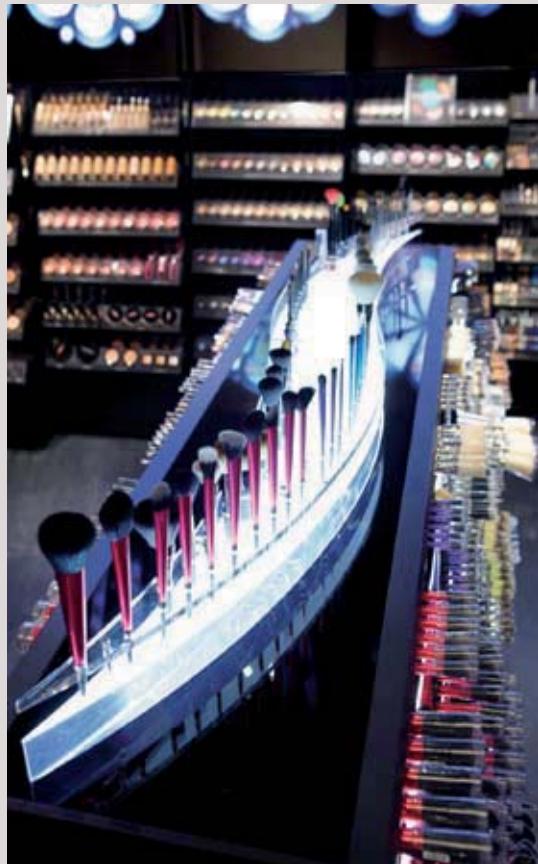
DFS will continue to benefit in 2012 from the growing number of Asian customers and will focus its efforts on moving its stores upmarket for all destinations. It will pursue the development of its innovative marketing and customer service programs. The opening of the new Hysan Hong Kong store will increase the number of *Gallerias* in the high-potential Hong Kong market to three and the expansion and renovation of the Macao store will be completed. DFS will take advantage of every opportunity to diversify its clientele.

Miami Cruiseline will continue to respond to the globalization of the cruise market by adapting its products and services to each cruise company's destinations and routes.

Sephora will continue its ambitious expansion in key markets by opening flagship stores. The chain will expand into new regions, such as Scandinavia, and will extend its presence in South America, most notably by opening new stores in Brazil. Sephora will develop its customer-oriented strategy and focus on providing innovative new products and services.

Le Bon Marché, the world's first department store, will celebrate its 160th birthday in 2012. The men's area will be further extended and a multiyear renovation program will be launched including the renovation of the Grande Epicerie de Paris.

## FOCUS

*Sephora: mobile technology adapted to client*

Sephora created a unique mobile technology experience making it possible to make purchases quickly and easily on a small screen. Launched in the United States in October 2010, the first iPhone application – *Sephora To Go* – brings client access to information on their past purchases, as well as features such as a selection of the team's favorite products, the possibility of scanning products to read client reviews, and even an interactive tool to test nail polish colors. The application enjoyed huge success, with over 1.4 million downloads. A mobile site is also available to all smart phones.

In July 2011, Sephora also launched in the United States an innovative iPad application which creates a social shopping experience. It combines all Sephora social network contents,

brings the print catalogue to life with a multimedia experience, and provides a virtual mirror which enables clients to apply make-up while following a simultaneous tutorial.

The new store in Manhattan's Meatpacking District inaugurated a highly innovative handheld mobile point of sale device. Some sales staff carry an iPod that comes with a scanner and magnetic swipe reader, so that in addition to providing advice, they can handle the payment of purchases directly. This solution, which has been deployed in some one hundred American stores, is much appreciated by clients and sales staff alike. It also facilitates the management of peak sales periods. In 2012, the device will be rolled out to all stores in the United States and in some stores in France.



### *DFS: an original Beauty experience in Hawaii*

After major renovation work, DFS unveiled its new Beauty World covering over 2,000 square meters in its *Galleria* in Waikiki. With over 60 brands and more than 7,000 products, it has become the largest retail space dedicated to beauty in Hawaii.

Individual boutiques now enable certain brands to offer very personalized service with expert advice, demonstrations and “makeovers.” The BeautyLab – a specialized concept offering the latest innovations in cosmeceutical products, anti-aging skin care and organic cosmetics – features exclusive new brands.

Digital technology also holds a prominent place in this new center. Interactive technologies, such as multiplex TV monitors, show the latest innovations in real time. A “digital diagnostic” tool offers personalized consultations and expert advice to choose the best products for each skin type or the ideal make-up colors to complement a person’s style.

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## PHOTOGRAPHS

Jean-François Campos, Louis Vuitton / Bruno Aveillan, Karl Lagerfeld, LVMH / Magnum - Peter Marlow, David Lynch, Moët & Chandon / Stéphane Cardinale, Thomas Duval, Moët & Chandon / Laurence Laborie, Louis Vuitton / Mazen Saggar, Louis Vuitton / Laziz Hamani, Louis Vuitton / Mark Segal, Louis Vuitton / Annie Leibovitz, Matthew Brookes, Mert Alas et Marcus Piggot, Louis Vuitton / Stéphane Muratet, Patrick Demarchelier, Fabien Sarazin, Pierre Mandreau, Hublot / Christophe Henry, Guido Mocafico, Gabriel De La Chapelle, Hudson Cuneo, picture libraries of LVMH and Group's Maisons.

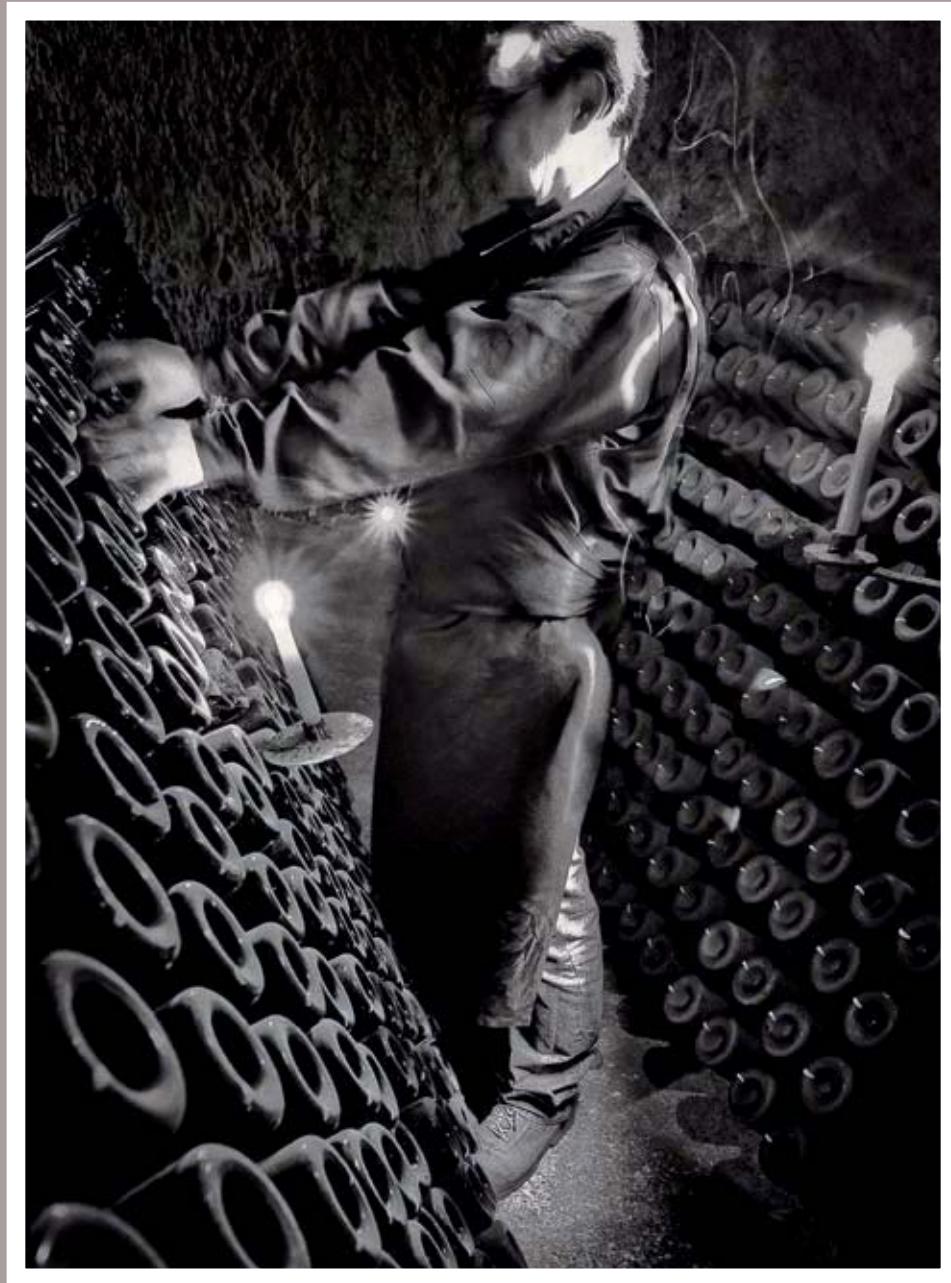
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LVMH 2011

ANNUAL REPORT



MAISONS



# CONTENTS

04	WINES & SPIRITS
12	FASHION & LEATHER GOODS
18	PERFUMES & COSMETICS
23	WATCHES & JEWELRY
28	SELECTIVE RETAILING
30	OTHER ACTIVITIES

## *— History of the Group*

Although the history of the LVMH Group began in 1987 with the merger of Moët Hennessy and Louis Vuitton, the roots of the Group actually stretch back much further, to eighteenth-century Champagne, when a man named Claude Moët decided to build on the work of Dom Pérignon, a contemporary of Louis XIV; and to nineteenth-century Paris, famous for its imperial celebrations, where Louis Vuitton, a craftsman trunk-maker, invented modern luggage. Today, as the world's leading luxury goods Group, LVMH is the result of successive alliances among companies that, from generation to generation, have successfully combined traditions of excellence and creative passion with a cosmopolitan flair and a spirit of conquest. Together, they now form a powerful, global group sharing their expertise with the newer brands, and continuing to cultivate the art of growing while transcending time, without losing their soul or their image of distinction.



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FOCUS

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## FOCUS

*LVMH unveils its treasures to the public*

For the “Journées Particulières”, the Maisons of the LVMH Group opened the doors of their most emblematic heritage sites to the public in October 2011: workshops, cellars, mansion houses, family homes, historical boutiques, etc. The *Journées Particulières* are primarily a celebration of the LVMH Group’s countless trades and crafts and of the tradition of excellence which drives each of its Houses.

This culture of impeccable craftsmanship, passed on from generation to generation and held to the highest standard in each of the Maisons, is what enables these brands to shine forth worldwide. By opening to the public these sites of great traditional craftsmanship, the *Journées Particulières* pay tribute to this unrivaled human legacy, which the LVMH Group is committed to serving and promoting worldwide.

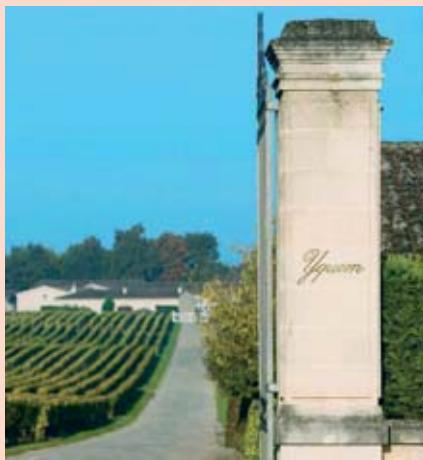
More than ever, these trades and crafts cannot be dissociated from the places from where they originated and flourished. The

great tradition of wines and spirits is of course inseparable from the unique *terroirs* owned by the Group in areas such as the Champagne, Bordeaux and Charente regions of France and Scotland. The leatherwork, fashion, perfume, jewelry and watchmaking trades also have their roots in ancient and fertile grounds: Paris and numerous French provinces, Italy, Switzerland, Spain, and many more. Hautvillers Abbey and the workshops of Avenue Montaigne, Place Vendôme and Asnières each have a unique evocative power, preserving the memory of the great works to which they gave birth and inspiring the imagination of the designers and craftsmen who work there every day. These places, where the highest respect for the trades is passed on, also spawn the greatest creative daring: in each Maison, traditional craftsmanship is behind a strong creative process that never stops evolving.

## WINES &amp; SPIRITS

**CHÂTEAU D'YQUEM**

— Since 1593 —



The infinite care and attention lavished on Château d'Yquem's outstanding terroir over the centuries by the Lur Saluces family earned the estate the unique rank of Premier Cru Supérieur in the 1855 classification.

The birth of the first of the great Sauternes is still the result of extraordinary requirements.

Selection takes place at every step at Yquem, from the vineyard to the cellar, through an insistence on specific grapes achieved with successive sorting processes. The grape pickers must take from each bunch only the grapes attacked by Botrytis cinerea. This microscopic fungus works a marvellous alchemy, adding special aromas and flavors that utterly transform the grape must.

Without botrytis there can be no Château d'Yquem!

This extremely careful selection continues in the cellar, where the wine is aged for thirty months in new oak barrels. In the end, the yield is just one glass of wine per vine. This infinitely complex and extraordinarily aromatic nectar can only be made in years when nature cooperates with Man.

Château d'Yquem is the only Bordeaux classified as Premier Cru Supérieur. The vineyard joined the LVMH group in 1999. The château has been listed on the supplemental inventory of Historical Monuments since 2003.

The Chardonnay illuminates all these wines, exalting their brilliance and creating the particular fluidity that makes them so distinctive.

These qualities have perpetuated the culture and style of Ruinart over the years, so that today it is recognized around the world as a master of the art of champagne. The House of Ruinart has had a privileged relationship with the world of art for many years. Today, it participates in a number of international events, including ARCO, Art Basel, Carré Rive Gauche, London Design and Miami Art Basel, and enjoys collaboration with the greatest names in contemporary design.

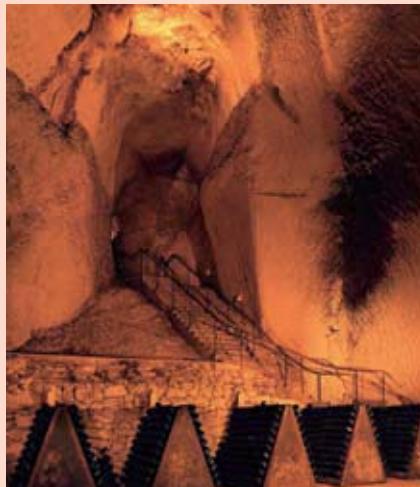
**RUINART**

— Since 1729 —

The House of Ruinart was officially created on September 1, 1729 by Nicolas Ruinart, a bold entrepreneur. In penning the founding document, he was realizing the dream of his uncle, the Benedictine monk Dom Thierry Ruinart, to make Ruinart the leading Champagne House.

For centuries the House and Ruinart's successors have focused on a culture of excellence, embodied by the fundamental values of authenticity, openness, refinement and quality.

This quest for perfection is particularly illustrated by the predominance of the Chardonnay grape, which is included in the composition of the entire Ruinart product line and the prestigious *Dom Ruinart* champagnes, enhancing them like a golden thread.

**MOËT & CHANDON**

— Since 1743 —

Since 1743, the House of Moët & Chandon has shared its champagne with the world, including the emblematic *Moët Impérial* and the great vintages that are the signature of the cellar master. The quality of its wines gives full expression to the richness and diversity of its vineyards, the largest estate in Champagne, composed almost exclusively of Premiers Crus and Grands Crus. The Moët & Chandon style is revealed in its brilliant fruity undertones, the delight it brings to the palate and its elegant maturity.

The history of the House is marked by the pioneer spirit of its founders. Jean-Rémy, the grandson of Claude, transformed the family trading business into one of the world's leading international luxury brands.

The leaders of the House very quickly understood that an association with the celebrities of their era, including Madame de Pompadour, Napoléon Bonaparte and Richard Wagner, would be an asset to spread recognition of their champagne throughout the world.

## WINES &amp; SPIRITS



In the 19th and 20th centuries, the House acquired most of its cellars. Today, the Moët & Chandon cellars, the symbol of the greatness of this House which continues to pass on ancestral winemaking secrets, extends over 28 km.

Moët & Chandon, where the founding values of success and elegance have endured the test of time and remain eternal, today partners with the most exceptional moments of triumph in the worlds of film and tennis.

## HENNESSY

— Since 1765 —

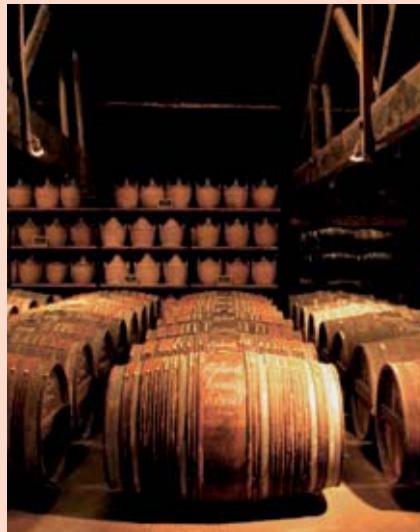
In 1765, Irish aristocrat Richard Hennessy, who had been serving in the French forces, founded a brandy trading business in Cognac. His son James rapidly expanded the company and the history of cognac has been written with Hennessy ever since.

Today, Hennessy is the uncontested leader in cognac, selling 60 million bottles a year around the world. Its V.S., V.S.O.P. Privilège, X.O., Paradis and *Richard Hennessy* are the pillars in a line of products that have become benchmarks for cognac and icons of refinement and luxury.

Historically the brand's leading markets have been Ireland and Great Britain, but Hennessy is expanding its presence in Asia, which already represented nearly 30% of shipments in 1925.

This success is not the result of chance, but of a constant search for excellence. The talents of seven generations of cellar masters from the Fillioux family have made it possible for Hennessy to develop the most remarkable reserves of rare brandies in the world.

The excellence of the product inspires an astonishing variety of ways to enjoy it, in a traditional snifter, on ice, in long drinks or in cocktails. Made from grapes, cognac blends perfectly with fruit, spices and other liquors, providing an ideal base for innovative and delicious cocktail creations.



In addition to the fabulous commercial success of a brand renowned on every continent, Hennessy cognac plays a unique role as ambassador of the French art of living around the world.

VEUVE CLICQUOT  
PONSARDIN

— Since 1772 —

In 1772, Philippe Clicquot founded a wine-making business under the name Clicquot.

In 1798, his son François, who had taken over the family business, married Barbe Nicole Ponsardin. At the time of François' death in 1805, the young 27-year-old widow courageously took over the family business, and made a name for herself throughout Europe, with solid success in Russia in 1814. A woman of vision, she became the driving force behind the prestige and success of the brand, which was renamed Veuve Clicquot Ponsardin in 1810.

Continually seeking excellence and innovation, in 1816 Madame Clicquot invented the turning method in order to obtain clearer champagnes of unrivalled quality. She became known by her contemporaries as the "Grand Dame of Champagne", a tribute to her audacity and determination. Parcel after parcel, Madame Clicquot developed an exceptional wine estate, consisting of 515 hectares in the heart of the Champagne region's finest vineyards.



Since the second half of the twentieth century, the fame of the Veuve Clicquot Ponsardin champagne has continued to expand around the world. When Madame Clicquot died in 1866, she left a healthy business to her successor Edouard Werlé.

## WINES &amp; SPIRITS

In 1987, the House joined the LVMH Group. Maison Veuve Clicquot still incarnates today, in France and worldwide, the values treasured by Madame Clicquot—modernity and daring coupled with a demand for quality and unequalled expertise.

## CHÂTEAU CHEVAL BLANC

— Since 1832 —

There was a time when Cheval Blanc was simply Barail des Cailloux, a modest farm where the grape was already queen. The nineteenth century arrived with a romantic dream of greatness. Between 1834, the date of conception and 1871, when it reached its definitive configuration, the pages of a legend were written at Cheval Blanc.

And since every birth requires a founding event, Cheval Blanc was born from the idea of blending the Cabernet franc grape with Merlot, the traditional varietal of Saint-Emilion and Pomerol.



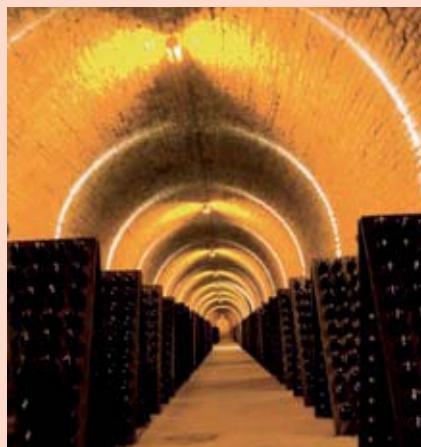
The château achieved its first success at the end of the 19th century (the vineyard having been spared from phylloxera). London, Paris, Antwerp... every port and trading counter fell in love with this wine with hints of foreign places.

The 20th century was the century of recognition. In 1954, Cheval Blanc earned the Premier Grand Cru Class “A” classification, a distinction confirmed every decade since then.

In 2009, LVMH acquired 50% of Château Cheval Blanc.

## KRUG

— Since 1843 —



Krug has never violated its reputation as a great champagne house, the only one to develop exclusively what is known today as prestige vintages.

A passionate man, Joseph Krug transcended the art of traditional champagne blending beyond the conventions of the 19th century. In founding his company in 1843, he wanted to create a champagne of rare richness, delicacy and undisputable quality. He created Krug Grande Cuvée, the only prestige vintage recreated each year. Krug Grande Cuvée was born from the inspiration to use reserve wines in proportions unusual for the period, to contribute the richness of the fragrances and flavors from different vintages.

Six generations of the Krug family have maintained the tradition, carrying and enhancing the founder's philosophy over the years.

“Our non-conformist vision of the process, the fact that we make choices that are not necessarily the easiest, that we move beyond the rules when necessary, have illustrated our vision since our House was founded,” explained Olivier Krug (sixth generation of the Krug family).

## GLENMORANGIE

— Since 1843 —

Glenmorangie was founded in 1843. The Company is one of the most famous and well respected distillers of premium Scotch Malt Whisky brands worldwide.

The company is an intriguing mixture of the past and the future, producing an exciting range of handcrafted single malt Scotch whiskies.

Headquartered in Edinburgh, it has two main brands: Glenmorangie Highland Single Malt whisky and Ardbeg Islay Single Malt. Both whiskies have their own distinctive regional characteristics; Glenmorangie is produced at Tain in the Northern Highlands of Scotland and Ardbeg on the island of Islay.

Glenmorangie is one of the great names in the world of malt whisky and known as the industry pioneer. In the 1980s the company embarked on an international marketing campaign, stressing the premium quality and handcrafted character of Glenmorangie and helping to develop the world's taste for single malt. Its whisky creators pioneered the craft of extra maturation and introduced a much-admired cask management programme, forming the basis for the proud claim that Glenmorangie is “Unnecessarily Well Made”. Today, it is distributed to over 130 markets worldwide.

## WINES &amp; SPIRITS

The Ardbeg Distillery, founded in 1815, was acquired in 1997. It is revered by connoisseurs as “The Ultimate Islay Malt” – the peatiest, smokiest and most complex whisky distilled on the island.



## MERCIER

— Since 1858 —

Maison Mercier, founded in 1858 by Eugène Mercier, is one of the great names in champagne. Throughout its history, inspired by its visionary founder, this House has created a great wine estate and established lasting relations with grape growers in Champagne to ensure a supply of quality grapes. It has participated in the collective process to define the “Appellation d’Origine Contrôlée Champagne”. Enriched by its history, Maison Mercier is a guardian of the “champagne” spirit that shines around the world.

Eugène Mercier took a bold gamble—to offer champagne of great quality to the greatest number. By participating in the great World Exhibitions of the 19th century and conducting brilliant advertising campaigns, Eugène Mercier worked to catch the public imagination.

The fresh, fruity, intense and spontaneous Mercier vintages fashioned by Christophe Bonnefond, cellar master for the House, reflect this authentic and generous spirit.

## DOM PÉRIGNON

— Since 1936 —

When Pierre Pérignon took over as cellar master at the Benedictine Abbey of Hautvillers in 1668, his mission was “to make the best wine in the world”.

This lofty ambition revealed a visionary spirit in this young monk just 30 years old.

An exact contemporary of Louis XIV, Pierre Pérignon transformed the history of wine, just as the Sun King revolutionized the “art of living”.

The excellence of “Father Pérignon’s wine” earned it a place at the Court of Versailles through the suppliers for the Sun King.

Today, the Maison of Dom Pérignon continues the work of the man considered to be the spiritual father of champagne.

Each new vintage is a unique creation, an exceptional moment which only the Chef de Cave may declare.



“The grapes are never the same from one year to the next. If a harvest does not meet Dom Pérignon’s standards, there will be no vintage champagne that year. This isn’t a value judgment, but an aesthetic vision,” says Dom Pérignon Chef de Cave Richard Geoffroy.

This determination to create only vintage champagne, the absolute standard of Dom Pérignon is born of this creative commitment.

Dom Pérignon is the point of balance where precise style and the distinctive qualities of a year intersect to offer an unparalleled sensation of lightness and fluidity, from the first impression to the final aroma. Dom Pérignon continues to inspire creative winemakers with a vision and the creative imagination of Dom Pérignon is reinvented with each new vintage.

## WENJUN

— Since 1951 —

Chinese white spirit or ‘BaiJiu’ is the largest distilled spirit category in the world and has a tradition dating back over 5000 years to the beginning of Chinese history. Quality ‘BaiJiu’ is indispensable on special occasions, when celebrating festivals, receiving guests, or for artistic inspiration. With an increase in focus on quality of life, there has been a commensurate increase in demand for high-end ‘BaiJiu’.

Wenjun’s history dates back over 2000 years to the Han dynasty and Zhuo Wenjun. Her colourful life is well known to Chinese to this day, as much for her courage and passion as for position as China’s first historically recorded crafter of well regarded, fragrant ‘BaiJiu’.

## WINES &amp; SPIRITS

In 2007, Moët Hennessy acquired Wenjun, introducing it as a modern and luxurious spirit for all lovers of fine liquor.

Today, our distillery is still located in Zhuo Wenjun's home town, in Sichuan's spirit county of Qionglai, famous for its unpolluted ecological environment, pure spring waters and temperate climate, all ideally suited to the making of super-premium 'BaiJiu'.

Being a dedicated super-premium distiller, Wenjun is focusing solely on the art of crafting the highest quality 'BaiJiu', exclusively made at our own distillery and under exacting standards. Our sole philosophy is to do but one thing excellently – to craft authentic luxury 'BaiJiu' of genuine quality.

Our passion to craft China's first modern luxury 'BaiJiu' is evidenced in our insistence on staying true to traditional techniques inherited from the Ming dynasty distilleries and combining them with exacting modern standards, to produce small batches of the highest quality spirit, aged in traditional ceramic vats and blended by one of China's foremost Master Blenders.



## BODEGAS CHANDON

— Since 1960 —

In the 1950s, Count Robert-Jean de Vogüé, the visionary president of Moët & Chandon, recognized that other winegrowing regions outside France's Champagne region had extraordinary potential for producing high quality sparkling wines. He asked oenologist Renaud Poirier to find undeveloped regions where superior New World sparkling wines could be produced. Renaud Poirier very quickly selected Latin America.

Between 1957 and 1959, Poirier conducted several oenological trials, which convinced him that Argentina, specifically the Mendoza district of Agrelo, was the ideal location to establish Moët & Chandon's first winery outside of France. Clay-based soil, a semi-desert climate, cool nights with significant temperature variances combined to create the ideal conditions for obtaining extraordinary grapes for concentration, body and balance.

Bodegas Chandon produces premium sparkling wines under the Chandon and Baron B. brands, along with the Valmont and Latitud 33 still wines. Bodegas Chandon is now the leader in its domestic market.

Bodegas Chandon is part of the Estates & Wines collection.

## DOMAINE CHANDON CALIFORNIA

— Since 1973 —



Founded in 1973 by Moët & Chandon in Yountville, in the heart of the Napa Valley, a region that has become one of the world's leading winegrowing regions, Domaine Chandon California is the first vineyard established in the United States by a French Champagne company.

Originating from the vines of Yountville and Carneros, the sparkling wines of Domaine Chandon California are prepared using the "traditional method" from the three varietals used in Champagne: Chardonnay, Pinot Noir and Pinot Meunier. The Chandon brand is the leader in the "super-premium" sparkling wine segment in the United States. Domaine Chandon is at the forefront of sustainable farming practices and also produces a line of still wines from the three classic Champagne grapes.

The Domaine Chandon California winery is one of the most popular destinations in Napa Valley. The "Etoile" Restaurant at Domaine Chandon opened in 1977 and provides a superb showcase for Domaine Chandon wines.

Domaine Chandon California is part of the Estates & Wines collection

## WINES &amp; SPIRITS

## CAPE MENTELLE

— Since 1977 —

Founded in 1977, Cape Mentelle Vineyards is one of the first estates established in Margaret River, a small but prestigious winemaking region in the remote southwest corner of Australia, bordered by the Indian Ocean.

Located midway between the small town of Margaret River and the Cape for which it is named, Cape Mentelle enjoys the combined benefits of excellent soil, a mild and humid ocean climate, plus a long dry growing season that promotes grape maturation.

These ideal conditions allow Cape Mentelle to consistently produce wines of exceptional quality, contributing to the growing reputation of the Margaret River region. In 1983 and 1984, *Cape Mentelle Cabernet Sauvignon* received Australia's most prestigious award, the Jimmy Watson Memorial Trophy.

In addition to Cabernet Sauvignon, Cape Mentelle's portfolio includes Chardonnay, Sauvignon Blanc-Semillon, Cabernet Merlot, Shiraz and Zinfandel. Cape Mentelle's wines are exported worldwide.

Cape Mentelle is part of the Estates & Wines collection.



At its Carneros vineyard, Newton produces one of Napa Valley's most renowned Chardonnay wines. *Newton Unfiltered Chardonnay*, introduced in 1990, is said to be the first unfiltered wine produced and sold in California, and has become an industry benchmark.

All Newton wines are fermented naturally and have won enthusiastic praise from connoisseurs of American wines, including the well-known U.S. wine critic Robert Parker, who included an article on Newton in his work "The World's Greatest Wine Estates".

Newton is part of the Estates & Wines collection.

The wine made from Sauvignon Blanc grapes expresses the essence of this unique land, infused with notes of melon, fresh fruits, passion fruit, pineapple and lemon.

Cloudy Bay strives to preserve the vibrant natural purity and fruitiness of the Sauvignon Blanc grapes, which are harvested at night, so that the cool night air preserves the flavour of the fruit. The wine is then fermented in stainless steel tanks.

The Cloudy Bay line includes *Sauvignon Blanc*, *Chardonnay*, *Pinot Noir*, the brand's iconic *Te Koko Sauvignon Blanc*, and *Pelorus*, an exceptionally elegant sparkling wine.

Cloudy Bay is part of the Estates & Wines collection.



## CLOUDY BAY

— Since 1985 —

Established in 1985 by Kevin Judd and David Hohnen, Cloudy Bay was one of the first vineyards in the Marlborough grape-growing region on New Zealand's South Island.

Its reputation and quality helped put New Zealand wines on the global wine map, earning them international prestige.

The Cloudy Bay estate benefits from a relatively cool and moderate maritime climate year round, producing one of the world's most refined Sauvignon Blanc wines.

## NEWTON

— Since 1977 —

Founded in 1977, Newton Vineyard is one of the most prestigious estates in California's Napa Valley winegrowing region. Ideally located on the steep slopes of Spring Mountain, the estate's Cabernet Sauvignon and Merlot grapes produce rich and incredibly delicate wines.

## WINES &amp; SPIRITS

## DOMAINE CHANDON AUSTRALIA

— Since 1986 —

Domaine Chandon Australia was established in 1986 by Moët & Chandon in Green Point, at the heart of the Yarra Valley in the State of Victoria. Green Point owes its name to the fact that it is one of the last places in the Yarra Valley to remain green during the summer months. The cool climate in the southeast corner of Australia is ideal for the production of great still and sparkling wines.

The delicate and elegant Chandon sparkling wines are produced from the same three grapes used in Champagne—Pinot Noir, Pinot Meunier and Chardonnay—blended with the traditional method. Thanks to the temperate climate of Yarra Valley, the estate's still wines, including the celebrated *Green Point Shiraz*, stand out from those of other Australian wine-producing regions for their balance and subtlety.

Chandon is a leader in the Australian super-premium sparkling wine segment, which are exported to Asia-Pacific where they have been enthusiastically received, particularly in Japan.

Domaine Chandon Australia is part of the Estates & Wines collection.

## BELVEDERE

— Since 1993 —

It is only fitting that the world's first super premium vodka should hail from Poland, the home of vodka. In the small town Zyrardow in an area renowned for producing excellent rye, the distillery Polmos

Zyrardow has produced exceptional vodka since 1910, and Belvedere was first created here in 1993.

Named after the historic and royal Belweder Palace in Warsaw, Belvedere translates as ‘beautiful to see’, which describes its iconic, acid-etched bottle decorated by silver birch trees. Belvedere respects centuries of vodka making heritage by utilizing local ingredients and artesian water (never any additives) to the final spirit. Made from locally grown 100% Dankowskie Gold Rye, a rich and full flavoured grain that is cherished for its soft, sweet taste, Belvedere is distilled the optimum four distillations to suit this grain. Belvedere Vodka displays the perfect balance of natural smoothness and character.



Belvedere redefined flavoured vodka by pioneering the Maceration process using only 100% fresh and natural ingredients in flavouring. Fresh fruit, peels, herbs and spices are infused into the spirit and then redistilled to create clear and expressive distillates.

## NUMANTHIA

— Since 1998 —

Solidly anchored in its Spanish heritage with the benefits of its exceptional natural qualities, the Numanthia vineyard is the cradle for intense and vibrant wines, icons of the Toro appellation.

The name says it all: Numancia was an ancient city, whose people heroically resisted the Romans, preferring to die rather than surrender.

From this epic heritage, Numanthia has inherited its tenacity and resistance, two characteristics of the Toro vineyard that survive both extreme climatic conditions and phylloxera. The ungrafted vines, some over 120 years old, yield the iconic wine of Numanthia: *Termanthia*.

The combination of a unique terroir, an exceptional vineyard and the superb quality of its grapes make Numanthia one of the undisputed wineries of the Toro region of northwest Spain, in the province of Castile and Leon, bordered on one side by the Portuguese border and crossed by the El Duero river.

The “Tinta de Toro”, from the Trempanillo family, is the only varietal planted in the region. Harvested at full maturity from vines with low yields, these grapes are intensely concentrated and rich in undertones.

The foundation of the Numanthia product line is the development and selection of the best grapes from the Toro terroir. The very art of the winemaker consists of extracting the intense fruity flavors, so specific to the Tinta de Toro grape, and blending them to create the elegance and structure appropriate to this appellation. While this winemaking approach is common to the three wines developed by the Domaine, each wine has its own individual style. The product line is available in *Numanthia*, *Termes* and *Termanthia*.

Numanthia is part of the Estates & Wines collection.

## WINES &amp; SPIRITS

## TERRAZAS DE LOS ANDES

— Since 1999 —



Each grape variety – the prestigious Malbec, Cabernet Sauvignon and Chardonnay – is planted at the ideal altitude to ensure optimum conditions for maturity and produce wines with remarkable structure and concentration.

Recognized as one of the world's best wineries by the international press, Terrazas de los Andes has in just a few years become a leading brand in the super-premium Argentine wine segment. Its wines are exported to 40 countries.

It was quite natural that Terrazas de los Andes was selected by Cheval Blanc, the renowned Premier Grand Cru Class "A" Saint-Emilion château in Bordeaux, for a prestigious joint venture that saw the creation of a truly exceptional Argentine Grand Cru, Cheval des Andes.

Terrazas de los Andes is part of the Estates & Wines collection.

## CHEVAL DES ANDES

— Since 1999 —

Cheval des Andes was created in 1999 from the partnership of Terrazas de los Andes, a Moët Hennessy subsidiary in Argentina, and Cheval Blanc, the renowned Saint-Emilion Premier Grand Cru Class "A".

Cheval des Andes wines are a blend of Malbec and Cabernet Sauvignon grapes from the "Las Compuertas" vineyard near Mendoza, in the Cordilleras – or foothills – of the Andes.

The Malbec vines, some of them 80 years old, have never been grafted. The wines are assembled by Pierre Lurton, oenologist and manager of Cheval Blanc, in collaboration with oenologists from Terrazas de los Andes.

The unique combination of the Argentine terroir and grapes and the art of blending from Bordeaux winemakers has resulted in one of the most remarkable and prestigious wines in the world.



Both the 2005 and 2006 vintages from Cheval des Andes received outstanding praise from wine critics and the international press, and have already become favorites of connoisseurs of Grands Crus wines.

Cheval des Andes wines are now available in the world's primary markets.

Cheval des Andes is part of the Estates & Wines collection.

## 10 CANE RUM

— Since 2005 —

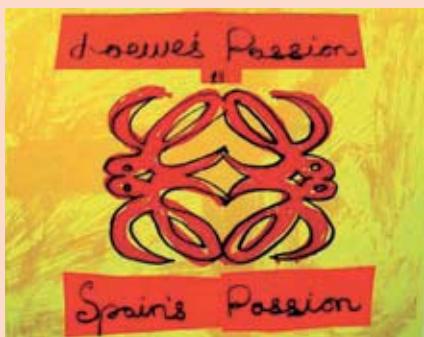
10 Cane Rum has dominated the super-premium rum segment since 2005. The name is a tribute to the traditional method of harvesting, in which the sugar cane is cut by hand and grouped into bundles of 10. The rum, made with first-press cane juice, is produced under the ideal conditions offered only in the Caribbean: rich soils, and abundant sunlight and rainfall.

In the production process, very careful attention is given to the harvest. The sugar cane is brought to the distillery just a few hours after being harvested in order to maintain maximum freshness. The cane is delicately pressed to use only the first-press juice, which is then fermented slowly at low temperature to retain only the most subtle flavors. After double distillation in pot stills, 10 Cane is blended with old rums before ageing in oak barrels for a year, which guarantees optimum blending of the old and young rums. 10 Cane rum thus retains the freshness of the sugar cane, while it benefits from the maturity and smoothness of exceptional old rums. The result is a perfectly balanced rum: complex, fresh and light which is a sublime foundation for any type of cocktail—a Mojito, Daiquiri, Cuba Libre, or served neat, with or without ice.

## FASHION &amp; LEATHER GOODS

## LOEWE

— Since 1846 —



The story began in Madrid in 1846 when Enrique Loewe Roessberg founded the company that bears his name, marking Loewe as one of the oldest purveyors of luxury goods in the world.

In 1905, the King and Queen of Spain, Alfonso XIII and Victoria Eugenia granted Loewe the honour of the official title of "Supplier to the Royal Court". For ladies, a handbag in iguana, crocodile or snake from Loewe, now helmed by the founder's son, Enrique Loewe Hilton, had become the ultimate symbol of elegance and refinement.

From the '40s until the '70s, Loewe's window displays became glorious explosions of creativity to be enjoyed by all. Back then, the rebel spirit of the creator, José Pérez de Rozas, gave Loewe its creative lead from 1945 right up until 1978. No wonder such legendary travellers to Madrid as Ava Gardner and Ernest Hemingway fell in love with Loewe's leather.

Spain is internationally renowned for the quality of its lambskin and the best of the best comes to Loewe. "Cordero entre-fino español" refers to lambs bred in the cool heights of the Spanish Pyrenees. Loewe's experts accept only the very small percentage of leather that can be judged absolutely perfect. Then there are the artisans, their craftsmanship transmitted through the generations. Technical mastery is evident in leather bags, some of which are unlined.

Today, Loewe is a global brand, part of LVMH since 1996. Enrique Loewe Lynch, the last family representative, is at the helm of Loewe Foundation, which confirms the brand's commitment to support arts and culture.

Stuart Vevers was appointed Creative Director in 2008, and since then he has brought his plugged-in fashion vibe to designs that are absolutely of their time and yet inspired by heritage and craftsmanship.

Retail design, starting with the pilot project in the Valencia store in 2009, is now the responsibility of international architect Peter Marino. Since then the new store concept was featured in the new boutique in Mount Street, London and in the new openings across China, Hong Kong and Macau.

## LOUIS VUITTON

— Since 1854 —

Louis Vuitton, a trunk-maker in Paris since 1854, built a legend on the art of travel by creating luggage, bags and accessories as innovative as they were elegant and practical.

A century and a half later, the legend lives on, enhanced by an international reputation, the legend is embodied by the Monogram canvas, which has enjoyed unrivalled success since 1896 and played a starring role in the development of modern luxury. Innovation shapes the story of Louis Vuitton.

Always at the leading edge of fashion without compromising traditional craftsmanship, Louis Vuitton now works in other creative spheres: ready-to-wear, shoes, accessories, watches and jewelry. Under the artistic direction of Marc Jacobs, success and recognition have been immediate.



Innovation at Louis Vuitton is coupled with tradition. The Maison is associated with major events which reflect its passion for excellence.

The Louis Vuitton Classic is the event of the year for automobile collectors from all over the world. Since its earliest

## FASHION &amp; LEATHER GOODS

beginning, Louis Vuitton has been closely tied with the sailing world. Today, the company continues this heritage and, in 2013, will celebrate its 30-year partnership with the America's Cup by awarding the Louis Vuitton Cup.

Continually expanding, Louis Vuitton today boasts 17 production workshops, an international logistics center, and a network of exclusive stores around the world.

## BERLUTI

— Since 1895 —



Since 1895, each Berluti generation has cultivated exceptional know-how in leather work, forming and patina, and an in-depth knowledge of the foot. The result is footwear of incomparable elegance and comfort.

The most illustrious customers have walked through the doors of the Maison, including the Duke of Windsor, Jean Cocteau, Frank Sinatra and Andy Warhol... All were fascinated and won over by the timeless elegance and visionary creativity of this exceptional footwear, considered works of art.

But much more than a prestigious shoemaker, Berluti has always symbolized a lifestyle.

Thus, new forms of expression are naturally being explored: leather goods in 2005, and now ready-to-wear with the appointment of the new Artistic Director, Alessandro Sartori.

Berluti thus intends to continue its development to become the benchmark of luxury for men, in keeping with the distinctive character and "impertinence" brought to the Maison by Olga Berluti.

## FENDI

— Since 1925 —

In 1925, Edoardo and Adele Fendi opened a small bag shop with a fur workshop in Rome on Via del Plebiscito. And so the Fendi story began, a history forged out of talent and creativity, craftsmanship and innovation.

The brand new commercial business was warmly received thanks to the quality of its products and their workmanship.

Shortly after the war, the five Fendi sisters, Paola, Anna, Franca, Carla and Alda, infused new verve in the business and, in 1965, led to the collaboration with Karl Lagerfeld, the brilliant interpreter of the Fendi image.

The concept of fur was revolutionized: traditionally a symbol of a certain social status, it became a fashion item.

The same revolution also occurred in bags, designed by Silvia Venturini Fendi, to meet the needs of the modern woman.



The success of Fendi's designs soon led to diversification.

And the 1980s marked the birth of women's and men's ready-to-wear clothing, shoes, watches, perfumes, eyeglasses, ties, scarves and home furnishings.

Fendi has been part of the LVMH Group since 2000. Its products are now distributed in over 35 countries around the world through a network of Fendi owned stores and in carefully selected multi-brand stores.

## FASHION &amp; LEATHER GOODS

## ROSSIMODA

— Since 1942 —

Rossimoda, an Italian company founded in 1942, which joined the LVMH Group in 2003, specializes in the manufacturing and distribution of licensed luxury women's footwear.

The story of Rossimoda is rooted in the middle ages and in the ancient art of the shoemakers of Venice. This skilled craftsmanship then went on to achieve its peak in the region of Brenta.

It was here that Narciso Rossi founded Rossimoda in 1942, commencing a quest for elegance that was then taken further by his son, Luigino.

Luigino Rossi, who took over the reins of the company in 1956, brought a cosmopolitan spirit to the precious tradition of his family, which led him to broaden the company's horizons.

Today, the quality of Rossimoda represents the cutting-edge of style the world over.

## CÉLINE

— Since 1945 —



Céline, founded in 1945 and held by LVMH since 1996, offers ready-to-wear clothing, leather goods, shoes and accessories.

October 2009, Paris: Phoebe Philo presents her first Céline fashion show for Spring/Summer 2010.

It was a collection that expressed the spirit of Céline: functional clothing, made of quality materials with impeccable tailoring.

Simple, precise, the Céline style expresses the essence, with timeless clothing composed of strong basics in elegant, modern lines.

The new Céline era is now written in the codes of Phoebe Philo. She perpetuates a sense of subtle luxury that originated with Céline Vipiana, the label's founder, and continues today in fine materials and quality workmanship.

## EMILIO PUCCI

— Since 1947 —

The story of Marchese Emilio Pucci di Barsento, fashion designer, began in 1947 when Toni Frissell, a photographer for Harper's Bazaar magazine, published a photograph of one of his friends skiing in a revolutionary ski outfit, fitted very close to her body, designed by Emilio Pucci himself.

Emilio Pucci has worked ever since in his large Palazzo, which is still the current headquarters of the brand. In 1951, he introduced its collections to the international press and buyers in Florence.

He became an instant hit with American retailers, who were excited by the bright colors and the wearability of his simple designs.



## FASHION &amp; LEATHER GOODS

His relaxed yet elegant clothing perfectly captures the new taste of the times—a style that combined casual and glamorous, prized by the members of the jet set.

In the 1960s and 70s, the brand established a reputation and became an enormous success. Pucci was crowned “The Prince of Prints” by the international fashion press who were enthusiastic about his bold, new designs and radical approach to fashion. His designs were extremely feminine, glamorous and joyful, brilliantly combining the most eclectic patterns.

Like an artist, he signed all of his designs “Emilio”. His designs were prized by international female personalities, including Marilyn Monroe, Sophia Loren, and Jacqueline Kennedy Onassis. At Emilio’s death in 1992, his daughter, Laudomia Pucci, took over to continue her father’s heritage.

In May 2000, LVMH acquired a controlling stake in the company. Since then, the Florentine brand has expanded its store network around the world.

In October 2008, the Norwegian designer Peter Dundas was appointed Creative Director and showed his first collection in March 2009 in Milan. His amazing talent and creative personality are perfectly aligned with Emilio Pucci’s contemporary Italian spirit.

## GIVENCHY

— Since 1952 —

In 1952, Hubert de Givenchy opened his couture Maison after working as a stylist with the greatest couturiers of his time, from Jacques Fath to Elsa Schiaparelli.

The year 1953 was the year of a fateful encounter with Audrey Hepburn, a real incarnation of his feminine ideal. Forty years of partnership and friendship followed as the actress unofficially became the

couturier’s ambassador, in life and on the screen. Together, the designer and his muse would define a new canon for beauty—relaxed elegance.

Over the years, the company has diversified into luxury ready-to-wear for women, menswear and fashion accessories. Givenchy became a member of the LVMH Group in 1988. In 1995, Hubert de Givenchy retired after forty-three years of fashion design.

Today, Givenchy is an international luxury brand, known worldwide for its Haute Couture collections, ready-to-wear fashions for men and women and accessories. Born of the tradition of haute couture, the Maison is the incarnation of French daring and elegance.



Since 2005, Riccardo Tisci has served as Artistic Director for Givenchy, responsible for the design of Haute Couture collections, and women's ready-to-wear and accessories (a men's department was added in 2008). Reinventing the Givenchy codes of relaxed chic, simplicity, femininity and aristocratic elegance, Riccardo Tisci added a dark romanticism and sensuality. Extending the creative heritage of the Maison, Tisci anchors the Givenchy name in the modern world even as he resolutely moves it into the future.

## KENZO

— Since 1970 —

Kenzo was born in Paris in 1970 under the name Jungle Jap in a boutique in the Galerie Vivienne and set up shop six years later in Place des Victoires before becoming Kenzo—the first name of designer and founder Kenzo Takada—in 1980. It was this young Japanese designer who inspired a style and name that continue to mark the fashion landscape forty years later.

A pioneer in a new generation of designers who make fun of the conventions of Haute Couture, Kenzo makes a statement—that fashion can be creative and still have popular appeal. Spontaneity took over and fashion entered a new stage in its history—young, creative, festive—just like a new generation of young women, spontaneous and real, loving freedom and impertinence. The Kenzo designs became the perfect incarnation of this new era, this moment of colorful grace and joyous fantasy.

When the designer-founder left the company in 1999, Kenzo, which joined the LVMH Group in 1993, launched a new era in its history. Today more than ever, Kenzo remains an eclectic and poetic antidote to uniformity.

Since July 2011, Humberto Leon and Carol Lim, the New York founders of the concept store and the “Opening Ceremony” brand have led the Design department at Kenzo. This new creative duo is the conductor for the “New Kenzo World”. Under their leadership, the label reflects once again the leading-edge and impertinent spirit that launched its success.

## FASHION &amp; LEATHER GOODS

## DONNA KARAN

— Since 1984 —



"Everything I do is a matter of heart, body and soul", says Donna Karan, Chief Designer of the international company that bears her name. In fact, Karan credits her feminine instincts for the success of the company she founded in 1984 and which has become one of the largest luxury brands in the world, with a presence across the Americas, Europe and Asia, including the emerging markets.

The Donna Karan *Collection* centers on seven easy pieces, interchangeable items that create an entire wardrobe from season to season. This modern system of dressing combines comfort and creative expression, with the finest quality fabrics, workmanship and innovation.

As the Collection business grew, Donna Karan International identified new ways to interpret the brand for other parts of its customers' lives. In 1989, the company launched *DKNY*, which reflects the attitude and energy of New York City, and is known for soft materials, exceptional comfort, and the lightness of its accessories. Based on its popularity, *DKNY* was expanded to include *DKNY Men*, *DKNY Jeans* and *DKNY Kids*.

Completing the lifestyle approach to design, in 1992 Donna Karan International took on the world of beauty, launching best-selling fragrances for women and men. The company also entered into other successful licensing agreements, such as watches, home, intimate apparel, and eyewear.

Donna Karan International's brands are brought alive to customers through capturing the pace and essence of New York City that is reflected in innovative advertising and marketing, fashion shows and its retail presence. The *Collection* and *DKNY* brands are sold at the finest retailers worldwide as well as through Donna Karan International's own, growing store network and its award-winning website, [donnakaran.com](http://donnakaran.com).

The first *Collection* and *DKNY* flagship stores opened in London and subsequently New York in the late 1990s with great success. Over the next decade, the company's store base expanded substantially.

Together, these stores are an exceptional showcase for the spirit of Karan's brands – an unparalleled vision for authentic New York style and a modern system of dressing that balances the practical with the desirable.

## MARC JACOBS

— Since 1984 —

Founded in New York in 1984 and majority-owned by LVMH since 1997, the brand named for Marc Jacobs, Artistic Director of Louis Vuitton, has grown rapidly in both the United States and internationally. Today, Marc Jacobs is present in more than 50 countries with a network of 250 boutiques.

In 1984 Marc Jacobs and Robert Duffy founded Marc Jacobs International based on two very simple concepts: enormous creativity and a constant commitment to quality.

After years of producing the Marc Jacobs women's collections exclusively, the company now offers two lines of ready-to-wear, bags, shoes and accessories for men and women: Marc Jacobs and Marc by Marc Jacobs, as well as a Children's line and Marc Jacobs perfumes. The New York fashion shows for both lines are events each season.

While the brand now enjoys very steady growth, the two founding principles remain the cornerstones of its development today.



## FASHION &amp; LEATHER GOODS

**THOMAS PINK**

— Since 1984 —

Thomas Pink is a leading British company, known for the design, manufacture and distribution of high-end shirts, ties and accessories for men and women. Pink has brought back a taste for a tradition, high-quality product, and the custom-made shirts of Jermyn Street.

The reputation of Thomas Pink, founded in 1984, is based on an exceptional choice of fabrics, the attention paid to the smallest details in making the product, and a constant search for excellence in order to offer customers the best service possible.

Since it joined the LVMH Group in 1999, Thomas Pink has accelerated its international growth. The company owns several stores in Great Britain, including its famous London boutique on Jermyn Street, as well as European stores in Brussels, Paris and Dublin.

In the United States, Thomas Pink is present in Boston, Chicago, Dallas, Minneapolis, San Francisco, Washington, Michigan, Las Vegas, Los Angeles, Miami and New York, where the company opened the world's largest shirt store, with 575 square meters, on Madison Avenue. Thomas Pink is also established in Asia-Pacific with stores in Shanghai, Beijing and Dubai.

Thomas Pink products are also sold online on the brand's website.

**EDUN**

— Since 2005 —

Edun is based on a belief that real style has substance.

Founded by Ali Hewson & Bono in 2005, Edun is a global fashion brand bringing about positive change through its trading relationship with Africa and its positioning as a creative force in contemporary fashion. Designed by Sharon Wauchob and presented during New York Fashion Week, Edun is a contemporary collection for men and women.

In 2009, LVMH bought a 49% stake in Edun. LVMH provides essential support, investment and infrastructure to help Edun grow the business into a global fashion brand and support its vision to grow trade in Africa.

Together with the Wildlife Conservation Society and Invisible Children, Edun set up the Conservation Cotton Initiative Uganda (CCIU) in 2008. Based in Gulu in the northwest of Uganda, an area which until recently was devastated by civil war, the CCIU programme currently supports 5,000 farmers and their families. The CCIU programme is managed by TechnoServe and enables Edun to affect change at the start of the supply chain. This year Edun is proud to introduce CCIU cotton into the production of its *Kenya Kids* Tees and Edun Basics for its fashion collection. Also, the Edun T-shirt line, Edun Live, primarily uses CCIU cotton.

Through its operations, Edun looks to build long term, sustainable growth opportunities by supporting manufacturers, infrastructure and community building initiatives. Edun strives to provide an example of the viability of trade with Africa and to use its voice to encourage others within the fashion industry to do business with Africa, helping to create long-term commercial and social development.

Currently, Edun is sold globally in leading department and specialty stores.

## PERFUMES &amp; COSMETICS

## GUERLAIN

— Since 1828 —



"Perfumers since 1828". Few Maisons can boast such exceptional longevity. The remarkable adventure of Guerlain could be summed up in a few words: transform the art of beauty into a veritable art of living, embrace modernity with creativity.

Guerlain is one of the few Maisons that have always ensured the creation and fabrication of its perfumes. The five Guerlain designers have demonstrated an incomparable talent for innovation perpetuated by Thierry Wasser, the Maison perfumer. Like works of art, the creations from Guerlain withstand the test of time. Of the more than 700 fragrances created by the Maison, many have transcended time: *Eau de Cologne Impériale*, *Jicky*, *L'Heure Bleue*, *Mitsouko*, *Vol de Nuit*, *Samsara*, *Vetiver*, *Shalimar* and *Habit Rouge* and, more recently, *L'Instant de Guerlain* or *Idylle*.

While Guerlain is the leading symbol of perfume in the eyes of the world, the Maison was first known for its skincare and make-up products.

From the beginnings of the Maison, the catalogue included *Blanc de Perles*, *Crème à la Fraise* and other major innovations that marked their era just as *SuperAqua*, *Abeille Royale* or the premium skincare line *Orchidée Impériale* continue to do so today.

While Guerlain has never directly entered the world of fashion, its audacious research has brought a mastery of the art of color. The inventor of lipstick in a tube in 1870 was Guerlain with *Ne m'oubliez pas*.

In 1878, elegant European women could not get enough of *Pyrommée*, a re-invented form of the traditional kohl eyeliner. Later, *Terracotta* invented bronzing makeup while *Météorites* played on light for a unique glow. The latest creation from the Maison, *Rouge G* is the first lipstick in a jewel case.

Following the remarkable renovation of the flagship store at 68, Champs Elysées and the opening of a boutique in Moscow's prestigious Tsum department store, Guerlain continues to build its selective retailing network with a focus on high-end luxury, including the opening of a new Paris store on rue des Francs Bourgeois.

The brand continues its commitment to Haute Parfumerie, including reissues of mythic fragrances and exclusive creations that reflect the inimitable Guerlain savoir-faire.

## ACQUA DI PARMA

— Since 1916 —

Acqua di Parma has been a leading player on the luxury market for over 100 years, producing a series of true masterpieces of traditional Italian craftsmanship. The brand was established in 1916 with the classic *Colonia*, an authentic and iconic fragrance that has inspired the Acqua di Parma world and its values based on the best of the Italian lifestyle, a passion for beauty, an eye for detail, and the contemporary interpretation of luxury. Over the years the brand has expanded its product range, introducing three new "Eaux de Cologne" (*Colonia Assoluta*, *Colonia Intensa* and *Colonia Essenza*), the *Collezione Barbiere* (shaving products and accessories), *Le Nobili* (feminine fragrances inspired by the "noblest" flowers of Italian gardens), the *Blu Mediterraneo* and *Blu Mediterraneo Italian Resort* ranges (fragrances and cosmetics inspired by the most natural and exclusive locations on the Italian Mediterranean); the *Home Fragrance* (scented candles and room sprays for the home), the *Home Collection* (terrycloth products) and the *Tournée Collection*, *Business* and *Weekend*, (leather accessories). Acqua di Parma supplies the suites of the most beautiful and exclusive hotels in the world with its *Luxury Hotel Line*, which embodies the inimitable Italian style of *Colonia*.

Since May 2008 Acqua di Parma has entered the world of luxury spas with *Blu Mediterraneo SPA*, opened in the exclusive setting of the Yacht Club Costa Smeralda in Porto Cervo. Acqua di Parma has its head offices in Milan. All of its ranges are produced exclusively in Italy and distributed in 37 countries in Europe, Asia and U.S. Since 2001 Acqua di Parma has been part of the LVMH Group.

## PERFUMES &amp; COSMETICS

## PARFUMS CHRISTIAN DIOR

— Since 1947 —

Christian Dior's wish has always been to make women elegant. To achieve that, he designs dresses, creates perfumes and invents make-up looks for them...

Today, the Dior Maison is totally focused on innovation with unique colors, textures and fragrances conceived to arouse emotion!

The Dior spirit continually searches for Beauty to meet the expectations of the most sophisticated, sexy and elegant women...



Red... This was the color chosen by Christian Dior in 1947 to light up every woman's lips. Then, Dior created the "Looks", a complete line of make-up products that evolve with the seasons... Every year, the new collections offer daring, creative, and vibrant shades. A woman can satisfy her wish to be sexier.

Light materials, unique hydrating effects, and revolutionary formulas... To meet the requirements of the most demanding women, Dior set up its own research laboratory: DiorScience. In this center of innovation, 200 experts work every day to design and develop products that perform better. It is a magic fusion of women, beauty and science...

There is a Dior fragrance to suit every woman, whether she is sophisticated, sensual, natural or elegant... Daring and floral, Dior perfumes all express a state of mind, a way of life which leaves, a spell of seduction in their wake.

The Christian Dior Perfumes and Cosmetics continue the wish of their founder who wanted the grace of the clothing to be completed by the elegance of perfume and make-up.

François Demachy, Dior Perfumer Creator, and Tyen, Creative Director of Dior make-up, perpetuate this heritage. Parfums Christian Dior was created in 1947, the same year as the fashion house, with the introduction of the Miss Dior perfume. While developing its lines of fragrances for men and women over the years, Parfums Christian Dior expanded its activity to the make-up sector in 1955 and to skincare products in 1973.

## PARFUMS GIVENCHY

— Since 1957 —

From the day they were created, Givenchy perfumes have been part of a legendary story: the meeting between Hubert de Givenchy and Audrey Hepburn, with the creation of the fragrance, *L'Interdit*.

From the beginning, Givenchy perfumes have cultivated this unique mix of effervescence and sophistication, French style that is the epitome of sparkling elegance exemplified by *Amarige*, *Organza* and *Very Irrésistible Givenchy*, as well as *Gentleman* and *Pi* for men.

In 2006, *Ange ou Démon*, with its oriental floral fragrance, joined this brilliant line of perfumes, which was again enhanced with the men's fragrance *Play*, fronted by American star Justin Timberlake.

Givenchy *Le Makeup* line, launched in 2004, marked a return to the company's roots, with chic, resolutely modern makeup, incarnated both by the celebrated *Prismes*, in their attractive compacts and their materials and colors, and by the revolutionary mascara *Phenomen'Eyes*.



With its deliciously sensorial high-tech formulas, developed particularly for *No Surgetics*, *No Complex* lines, and *Le Soin Noir*, Givenchy skincare has become an expert ally in female beauty, its area of expertise thanks to its dream Spas all over the world.

## PERFUMES &amp; COSMETICS

## PARFUMS LOEWE

— Since 1972 —

In 1972, the Spanish Loewe Maison, famous for its leatherwear and ready-to-wear clothing, launched its first perfume for women *L de Loewe*.

Initially intended for exclusive sale in the brand's own stores, the perfume was so successful that sales were expanded to all perfume retail circuits.

This success encouraged Loewe to develop its perfume segment. Over the next 30 years, ten new perfumes were created (five for women, two for men, one unisex and two summer fragrances).

In 2004, Loewe successfully entered the skincare market with the launch of *Loewe Advanced Technology*. This new line specifically designed for men appeals to the brand's most loyal customers and wins new fans with its innovative formula Ace Complex X300.

In the same year, the brand increased its portfolio of fragrances for men with *Solo Loewe*, which reinterprets Spanish culture with a daring modernity 17 years after *Esencia Loewe*.

At a time when trends are confused, Parfums Loewe today offer a very balanced line of fragrances each maintaining its own style, a style deliberately anchored in the Spanish soul, characterized by elegance without ostentation, the quality and nobility of the raw materials, the refinement and simplicity of its lines.

This true luxury gives Loewe a privileged position in the world of perfumes. A leader in the selective Spanish market for 20 years, Perfumes Loewe also has an international presence in over 40 countries.

## BENEFIT COSMETICS

— Since 1976 —

Benefit Cosmetics, a dynamic cosmetics brand, offers practical and quick solutions for every woman today.

Famous for iconic products of excellent quality with clever names, irresistible glamour packaging and innovative formulas, Benefit appeals to women of all ages and all walks of life. Benefit's "must have" line of makeup, skincare, and perfume products delights its loyal customers with its unique and delicious "feel-good" experience.

Founded by Jean & Jane Ford, identical twins and former models, Benefit opened its first shop in San Francisco in 1976. The Ford sisters easily combined their cosmetics expertise and their playful vision of make-up to offer beauty tips to their customers with original products, bringing a vital touch of humor to the world of cosmetics.



More than 30 years later, Benefit has grown into a global brand that continues to captivate women of all ages with unique shopping experiences like the Benefit Brow Bar which offers a "girls club" environment where customers indulge in legendary Benefit brow and beauty services.

Benefit products are available at select retail counters, online, by mail and in more than 2,000 points of sale in 29 countries worldwide. Benefit Cosmetics joined LVMH in 1999.

## MAKE UP FOR EVER

— Since 1984 —

Make Up For Ever was founded in 1984 in Paris by Dany Sanz and her husband Jacques Waneph to meet the demands of the most demanding artists and make-up professionals.

A painter and sculptor trained in Paris École des Beaux-arts, Dany Sanz has always created a link between the artistic world and the world of make-up, particularly with her expertise in Body Painting, an ephemeral work of art on the skin instead of the artist's traditional canvas.

Her interest in the theatre, opera and film brought her naturally to special effects and the art of transforming characters.

## PERFUMES &amp; COSMETICS

From the beginning, the goal of Make Up For Ever was to rigorously and authentically meet all demands from every professional environment by creating products adapted to all make-up styles, from the most academic to the most outlandish. The marching order from Dany Sanz in designing her products is Professional Performance in the service of customers.

In 1984, 5 rue La Boétie became a cult attraction where artists and make-up artists found the products they couldn't find anywhere else, created specifically for them by Dany Sanz. At the same time, she directed a make-up school, generously sharing product creation and transmitting her expertise.



In 2002, she achieved her dream of creating her own make-up academy with the opening of a center in Paris that trains the make-up artists of tomorrow. Now, the company's mission is to share the art and passion of make-up with artists and customers.

Some of the product lines have become best sellers, like the HD foundation or the long-lasting Aqua eye product line, inspired as always by professional needs. The product line is very broad with a profusion of colors and textures, a total of 1,400 products: lipsticks, gloss, pencils, loose powder, make-up removers, brushes, false eyelashes, glitter, and products for special and artistic effects.

Acquired in 1999 by LVMH, Make Up For Ever today employs 250 people in France, with strong visibility at Sephora in Europe and the United States. It is also present in department stores in Asia and the Middle East, where the brand is immensely popular.



## PARFUMS KENZO

— Since 1988 —

Perfume is another way of expressing the values of the Kenzo brand: nature redrawn, the union of East and West, the juxtaposition of contrasts.

In 1988, Kenzo entered the world of perfumes and reinterpreted the traditional codes. Following on the immediate success of the first Kenzo creation “ça sent beau”, came *Kenzo Homme*, *Kenzo Parfum d’Eté*, *L’Eau par Kenzo*, which stand out with innovative oils and poetic and colorful promotional campaigns.

Named Creative Director for Kenzo Parfums in 2000, writer, photographer and producer Patrick Guedj created *Flower By Kenzo*, a powdery floral fragrance that quickly became a classic among perfumes with a global success it still enjoys today.

The attention to detail inherent in the brand that originated in the Orient can be found in the design of the bottles, conceived by designers like Ron Arad (*Madly Kenzo*), Karim Rashid (*Kenzo Amour*), Serge Mansau (*Flower By Kenzo*) and Fabien Baron (*L’Eau par Kenzo*). With Kenzo, perfume bottles are created as true design objects, the expression of pure refinement.

In 2001, Kenzo Parfums launched the *Kenzoki* skincare line, a line of innovative products that combine effectiveness and pleasure with luxurious textures, original ways to use them, and a rich and imaginative language.

Two daring projects were launched in 2011: *Flower TAG* inspired by graffiti art and *Madly Kenzo*, a celebration of the Kenzo values.

Since 2011, Kenzo Parfums has enhanced its ties with the art world, supporting the Yayoi Kusama retrospective at the Georges Pompidou Center in Paris and the publication of the book “Oiseaux de Nuit,” a tribute to graffiti art, which contains the night photographs of Artistic Director Patrick Guedj, tagged by British artist Kid Acné.

## FRESH

— Since 1991 —

In 1991, Lev Glazman and Alina Roytberg created a small set of opulent soaps that they hand-wrapped around their kitchen table. With their amazing fragrance, luxurious formula, and ornate paper wrapping, these soaps were the start of something spectacular. The now iconic *Oval Soap* Collection sparked Lev and Alina’s passion

## PERFUMES &amp; COSMETICS

for developing products that are as indulgent as they are effective and has lead to their mission of transforming everyday routines into sensorial journeys. Since then Fresh has evolved into a full line of lifestyle products spanning fragrance, skincare, body care, makeup, hair care, and home.

With passion and clarity at the heart of their philosophy, Lev and Alina were on the path to innovation right from the start. Fresh is credited with a number of industry firsts and pioneered the use of many natural ingredients including soy, milk and most notably sugar. Inspired by the purity of the past, Lev and Alina continue to bring time-honored traditions into modern relevance. They travel the world seeking out natural ingredients, like Fresh's proprietary Umbrian Clay of Nocera Umbra, Italy, used in therapeutic treatments since the 6th century B.C., the exclusive anti-aging formula of *Crème Ancienne*, inspired by the world's first emulsion-based create of the 2nd century A./D. and Sake, a legendary beauty secret of Japanese Geisha who were known to bathe in it to detoxify and restore their skin. By combining these ancient rituals with cutting edge technology, Lev and Alina bring their alchemical spirit into modern relevance.

Today Fresh has fifteen retail stores across the United States and is sold around the world in a number of high-end retail outlets.

Lev and Alina are still intimately involved in the development and design of every product and continue to instill their unyielding precision in every aspect of the company.



Opulent and structured, the bottle is a glamorous block of gold and sensuality. Addictive, this object of desire designed by Fabien Baron casts a spell with its sparkle.

Crafted by François Demachy, LVMH Director of perfume fragrance development, and by perfumer Delphine Lebeau-Krowiak, the precious liquid hints at Roman sun and electric nights, leather and roses, luxury and seduction...

## PARFUMS FENDI

— Since 2010 —

Fendi, the famous Italian luxury leather goods and ready-to-wear brand was founded in Rome in 1925, and built its reputation using the most luxurious leathers and furs.

Following the success of its ready-to-wear clothing men and women, shoes, watches, eyewear, ties, scarves and home furnishings, Fendi launched its *Fan di Fendi* perfume in 2010.

An absolute hit, the perfume resonates with all the esthetic codes, elegance and values of the Fendi brand: the *Forever* buckle of the *Baguette* bag, the nobility of the shapes and materials, unbridled creativity, sun-drenched yellow, voluptuously soft and rich hand-crafted Cuoio Romano leather, along with the arty, rock and festive spirit that defines Fendi and its FendiO parties.

## WATCHES &amp; JEWELRY

**CHAUMET**

— Since 1780 —



The birth of Chaumet in 1780 accompanied the glory of Emperor Napoléon I. Marie-Etienne Nitot, founder of the Maison, suggested to Napoléon that jewels were symbols of the power and splendor of the Empire which contributed to the creation of his myth.

As the Emperor's official jeweler, Nitot created the imperial glaive. He imagined the most audacious sentimental jewels for Empress Josephine, and the most sumptuous tiaras and jewelry sets for Empress Marie-Louise.

The legacy of the Nitots (father and son) was ensured by talented master craftsmen in their workshops. Fossin & Fils developed the romantic jewelry inspired by the Italian Renaissance and 18th Century France and seduced the royal courts of Europe as well as new customers, painters, sculptors, writers and actors.

Morel, the ambassador of style, established a presence in London after the revolution of 1848, charmed the Dandies and became the official jeweler to Queen Victoria. As pomp and splendor returned, he developed prestigious customers, from Emperor Napoléon III and Eugénie de Montijo to

Duc de La Rochefoucauld, Duc de Luynes and the major Parisian industrialists and bankers.

In 1885, Joseph Chaumet gave his name to the Maison, and became the undisputed master of the *Belle Époque* and of the tiara, social emblem and fashion accessory. In 1907, he established his boutique at 12, Place Vendôme in Paris.

The 1920s saw the emergence of *garçon* fashion and Art Deco, jewelry became more geometric and Marcel Chaumet succeeded his father. In the post-war years, Chaumet became a trend setter, embodying Parisian taste and creativity.

Chaumet has been part of the LVMH Group since 1999. The Maison is international with more than 70 boutiques around the world, designed by French architect Jean-Michel Wilmotte.

Chaumet's headquarters, in the Private Mansion at 12 Place Vendôme, was renovated in 2004 to give direct access from the store to the 18<sup>th</sup> Century Grand Salon, classified as a historic monument, and to the *Salon des Diadèmes*. The Chaumet heritage is a unique repository in the history of jewelry: historic collections, gouaches and drawings by the winners of the Grand Prix de Rome, photographs, glass negatives and correspondence are all preserved. The Maison perpetuates its tradition of exceptional expertise with collections of fine jewelry, jewels and precious stone watches which are a restatement of the stylistic codes projected into the modern world.

The sentimental jewel has become the central theme of new collections: *Liens*, a symbol of friendship, family ties or love; *Attrape-moi... si tu m'aimes*, the incarnation of the game of seduction; *Dandy*, an evocation of masculine elegance; and *Joséphine*, a collection of tiaras and rings, symbols of the power of love.

Crowned heads have been followed by modern day princesses. The Chaumet myth is carried by Sophie Marceau, the heroin of Chaumet's advertising campaign.

**TAG HEUER**

— Since 1860 —

In 2011, TAG Heuer celebrated 150 years of Mastering Speed. Founded in Saint-Imier in 1860 by Edouard Heuer, TAG Heuer has marked the history of luxury watchmaking, especially in the field of chronographs and ultimate precision.

A legend in Swiss watchmaking, one of the most innovative brands in prestige watches, TAG Heuer has built on its active commitment in the sports world to create the most accurate timing instruments and watches in the world.



TAG Heuer is now the leader in mastering luxury chronographs with an unequalled precision of 1/10th, 1/100th and even 5/10,000th of a second.

From the Olympic Games in 1920 to its role as official watch and chronograph for the legendary Indy 500 race today, for which it has developed instruments with a precision of 1/10,000th of a second, TAG Heuer is unrelenting in its quest for innovation, excellence, performance and prestige.

## WATCHES &amp; JEWELRY

This ambition is reflected in its partnerships with F1 Vodafone McLaren Mercedes team and its World Champions Lewis Hamilton and Jenson Button, with Audi Sport in the Le Mans 24 Hours and endurance races, and also with the Automobile Club of Monaco for the prestigious Monaco Grand Prix.

As the official partner of the Monaco Grand Prix, of Audi Sport for the Le Mans 24 Hours and of the Indy 500, TAG Heuer is mastering speed on the three most emblematic circuits of motor racing. More recently, TAG Heuer has also become a partner of Oracle Racing, the 34<sup>th</sup> America's Cup defender.

More than ever, the brand epitomizes prestige and performance through active partnerships with actress Cameron Diaz, actors Leonardo DiCaprio, Shah Rukh Khan and Chen DaoMing, Norwegian golf star Suzann Pettersen and WTA tennis champion Maria Sharapova.

Today TAG Heuer develops and manufactures its own movement: the *Calibre 1887*, a chronograph with an oscillating pinion invented by Heuer in 1887, along with the *Monaco V4*, a movement driven by belts, as well as the *Mikrograph*, accurate to 1/100th of a second. This watchmaking excellence has earned the company membership in the very exclusive circle of the elite of Swiss watchmaking, the Fondation de la Haute Horlogerie (FHH).

## ZENITH

— Since 1865 —



Zenith was founded on a revolutionary idea. In 1865, Georges Favre-Jacot was twenty-two, had a remarkable knowledge of watchmaking and had been training apprentices before he even turned eighteen. In the town of Le Locle in the Swiss Jura, he brought together under one roof the various artisans involved in the creation of timepieces, from design to manufacture, thus inventing the concept of the "Manufacture" – and naturally this very first Manufacture bore his name. Today, Le Locle is classified as a UNESCO World Heritage Site for its industrial history and for being the cradle of Swiss watchmaking. The rich heritage of expertise left by generations of artisans is still to be found here – indeed, it never left – and the Manufacture is still guided by the visionary intuition of its founder that dates back almost 150 years.

The word Zenith first appeared in 1897 on the movement of certain pocket watches, before becoming a permanent feature in 1911. The word refers to the highest point in the celestial sphere and it is this level of excellence that artisan watchmakers have always pursued. But Zenith also represents the advent of the craft industry. Influenced by American methods, Georges Favre-Jacot continuously expanded his site's infrastructure, buying or perfecting new machines and manufacturing techniques and constantly improving the quality and precision of his timepieces. He developed designs for interchangeable parts and an automated manufacturing process to support the careful craftsmanship that went into creating and finishing each watch. Still today, the Manufacture is in a constant state of renewal as the site is currently under renovation. The pioneering spirit infused by Zenith's founder has placed the brand among the world's top three watch manufacturers, a ranking held since the beginning of the 20th century. Zenith's history is the cornerstone of modern watchmaking, and the brand's craftsmen are its keepers.

Since 1865, Zenith has filed more than 300 patents, and each discovery has led to major advances in time-keeping, from pocket watches to bracelet watches and navigation instruments. Its archives abound with more than 600 types of movement, a testament to the brand's expertise. But it is in chronometry that Zenith is most illustrious, with 2,333 chronometry awards to its name. *El Primero* is the most legendary chronograph of all time, the result of this unwavering desire to be the leader in precision combined with the Manufacture's tradition of innovation. Today, *El Primero* takes its place in a comprehensive collection that bears its name.

This fine achievement comes after almost a century and a half of watchmaking expertise under the aegis of the Zenith Star.

## WATCHES &amp; JEWELRY

**BULGARI**

— Since 1884 —

Born in a family of Greek silversmiths, Sotirio Bulgari, the company's founder, manufactured precious silver objects. During the late 19th century, Sotirio moved to Italy and in 1884, opened his first shop in Via Sistina, Rome. In 1905, with the help of his sons Costantino and Giorgio, he inaugurated the shop in Via Condotti. Today, that shop remains Bulgari's flagship store.



In the early 20th century the two brothers developed a deep interest in precious stones, jewelry and watches. They improved their expertise and gradually took over their father's role in the management of the business. The period immediately after the Second World War marked an important turning point in the history of Bulgari. Giorgio and Costantino decided to move away from the dominant disciplines of the French goldsmith school to create a unique style inspired by Greco-Roman classicism, the Italian Renaissance, and the 19th century Roman school of goldsmiths. In the 1950s-60s, the bold and innovative style of Bulgari had gained success within the movie world.

With the growth of its international reputation, Bulgari began its first phase of global expansion in the 1970s, opening stores in New York, Geneva, Monte Carlo and Paris.

In 1977 Bulgari launched the *BVLGARI BVLGARI* watch, a worldwide success story, considered an all-time classic.

Following a period of strong growth during the 1980s, Bulgari began to diversify its product portfolio in the early 1990s. In 1992 Bulgari created its first fragrance, *Eau Parfumée au Thé Vert*, which was soon followed by ten other successful fragrances. In 1995, to support its international expansion and continue its diversification, Bulgari decided to launch a public offering on the Milan Stock Exchange. In 1996, Bulgari created its first textile collection, introducing silk scarves and a range of fashion accessories made of the most exclusive fabrics. A year later, a wide range of leather accessories and eyewear collections were launched, representing an additional step in the development of a complete line of Bulgari contemporary accessories.

In 2001 Bulgari announced the creation of Bulgari Hotels & Resorts, a joint venture with Marriott International. The first Bulgari Hotel opened in 2004 in Milan, and was followed in 2006 by a resort in Bali. In 2009, to celebrate its 125 years of design, Bulgari opened the first world retrospective on the history of the brand in Rome.

While it remains faithful to its heritage, Bulgari continues to seek new ways to express its creativity and offer its fans a unique way of thinking and living luxury.

**FRED**

— Since 1936 —

In 1936 Fred Samuel, the "Modern Jewelry Designer", opened his shop at 6 rue Royale in Paris. An innovative designer, he created jewelry lines inspired by fashion and the mood of the time.



His bold and creative genius attracted international celebrities, including Marlene Dietrich. The jeweler for artists and film stars, Fred designed a large number of matched pieces for the 7th Art, including the superb ruby necklace studded with diamonds worn by Julia Roberts in the film "Pretty Woman."

In 1995, Fred opened a second chapter in its history by joining the LVMH Group.

Drawing from the origins of the Fred spirit, the team of designers is reinventing a contemporary, creative, exuberant and sensual style that respect the fundamental rules of jewelry.

## WATCHES &amp; JEWELRY

The innovative spirit of the Maison flows into boutiques designed as open and luminous living spaces where customers can move freely.

Since 2002, Fred has continued to expand its network of boutiques around the world, from London to Paris to Tokyo.

## MONTRES DIOR

— Since 1975 —



Since 1947, the Dior Haute Couture studios on Avenue Montaigne have been the home of the best workers able to produce in just a few weeks the Couture fashion shows required by Maison Dior.

Woven from expertise, creativity and watchmaking excellence, Dior watches were born in the cradle of world watchmaking at La Chaux-de-Fonds in Switzerland.

Designed in the studios of Avenue Montaigne, developed by a team of expert watchmakers, Dior watchmaking follows the logic of excellence of Maison Dior.

The reliability of Dior watches is also guaranteed by their dual compliance with international technical standards and the standards of the "Swiss Made" label.

Dior watchmaking continues its strategy to upscale, initiated in 2001, and now consists of five lines:

- *La D de Dior*, the story of a woman who takes a man's watch so that she is always thinking of him, created by Victoire de Castellane in the autumn of 2003.

- *Chiffre Rouge*, a reworking of a watchmaking classic, designed in 2004. A unique and iconic watch, and the alliance of technical performance and the formal style of Dior Homme.

- *Dior Cristal*, a discreet tribute to Christian Dior since 2005, which diverts the use of sapphire crystal, traditionally used for the watch glass, into a decorative element.

- *Dior Haute Couture*, which since 2010 has offered unique pieces inspired by the haute couture runway shows.

- *Dior VIII*, designed in 2011, as a metaphor for a high fashion wardrobe with its "daytime", "cocktail" and "Great Ball" versions, in ceramic with a pyramid form inspired by the codes of Maison Dior (architecture and canework).

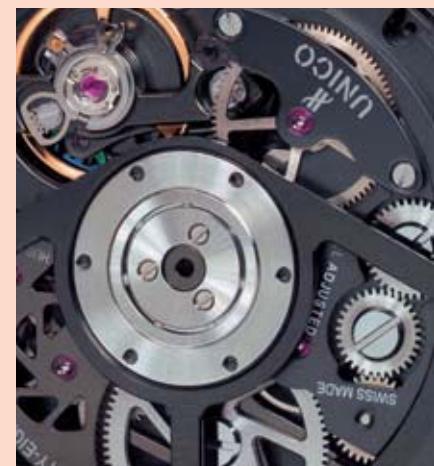
## HUBLOT

— Since 1980 —

The design of the case on the first watch was inspired by a ship porthole ("hublot" in French). For the first time in watchmaking history, natural rubber was partnered with gold.

The restraint, comfort and characteristic shape of Hublot watches quickly made them highly desired pieces. Member of royal families were the first to show their enthusiasm. For the watch brand, rubber is not a fashion phenomenon, but represents its philosophy, its brand image since the first day.

Since 2004, when Jean-Claude Biver assumed the role of Hublot Chief Executive Officer, the "Art of Fusion" has become a way of thought and design at Hublot: combining unexpected materials (ceramics, carbon, tantalum, tungsten, titanium, magnesium and others) with traditional precious materials, using the most advanced technologies while remaining faithful to the watchmaking expertise of our ancestors.



## WATCHES &amp; JEWELRY

The new collection launched in 2005 was named *Big Bang*, a perfect illustration of the concept of Fusion! The glass and the case have sharper angles, screws that come through the case, an echo again of a porthole... and retain the DNA of the first Hublot watches with a rubber bracelet.

In less than one year, the *Big Bang* chronograph won a number of prizes in the watchmaking world. Then, while the design was maintained, it was offered in different sizes with multiple color combinations and complications like the Tourbillon, Répétition Minutes, Grande Date, Indicateur de Réserve de Marche, Rattrapante...

Since then, Hublot has grown explosively and has launched a number of pioneering activities: the first Internet television for a luxury brand, soccer sponsorships, the first watch with completely invisible setting of baguette diamonds, revolutionary interactive showcases, diversified partnerships.

The first single-brand Hublot boutiques were opened in Paris and St-Tropez, then in Geneva, Moscow, Dubai, Cannes, Budapest, Kuala Lumpur, Shanghai, Warsaw, Hong Kong, New York, Beverly Hills, Ginza, Courchevel, Gstaad. The success of this timepiece has driven a tenfold increase in revenue in four years!

Hublot, founded in 1980, joined the LVMH group in 2008.

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## DE BEERS DIAMOND JEWELLERS

— Since 2001 —

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De Beers boasts more than 120 years of diamond expertise, giving it the means to go far beyond the traditional 4Cs (Carat, Color, Cut and Clarity). Every diamond larger than 0.20 carats is selected by hand for its brilliance and its shine and carries the De Beers brand printed in microscopic letters, the ultimate proof of its integrity. Each De Beers jewelry item carries a certificate of authenticity which details its properties, offering an unfailing guarantee against counterfeiting.

Through its creations, De Beers – the jeweler of light – exalts the natural beauty and timelessness of the diamond, as only an expert can, and thereby exalts the beauty of the women who wear them.

De Beers Diamond Jewellers was established in 2001. An independent company, it is managed and controlled by De Beers SA, the world leader in the production and sale of diamonds, and by LVMH.

Today, De Beers owns more than 40 stores worldwide.

A true symbol of diamond jewelry, De Beers Jewellery unites the mineral world with the world of poetry and stands out with its exceptional expertise anchored in a rich heritage of old traditions and a deliberately modern creativity.

The diamond is a sparkling symbol of fidelity and eternity, confidence and hope. De Beers defines these universal values in its lines of elegant, timeless jewelry accentuated by a touch of boldness.

## SELECTIVE RETAILING

## LE BON MARCHÉ

— Since 1852 —

Le Bon Marché group encompasses three main activities: department stores with Le Bon Marché Rive Gauche and Franck et Fils on rue de Passy in Paris, acquired in 1994; fine foods with La Grande Epicerie de Paris; and real estate, with 23,500 square meters of rental buildings.

Le Bon Marché was founded in 1852 by Aristide Boucicaut and was a pioneer in modern retailing. Its building was designed by architect Louis-Auguste Boileau and was expanded in 1896, with Gustave Eiffel as technical consultant. The model created by Aristide and Marguerite Boucicaut remains an inspiration around the world.

Le Bon Marché Rive Gauche is today the only Parisian department store with a genuine cultural dimension. It enjoys a reputation as the French capital's most exclusive store thanks to the quality of the products and a unique range of customer services. The sole department store located on the left bank in Paris, it was acquired by LVMH in 1998.



## DFS

— Since 1960 —



On November 7, 1960 the two founders of DFS opened their first office in Hong Kong. A few weeks later, they applied to operate the commercial concessions in the airports of Honolulu and Kai Tak in Hong Kong. They won both those concessions, thus recording their first success.

As air travel began its spectacular expansion, little could the two pioneers have known just how large their business would become. Today DFS, which joined LVMH in 1997, is the world leader in the sale of luxury products to international travelers, operating in *Gallerias* and in airports around the world. A position attained by listening to the clientele, adapting to changes in the customer base, and continually responding with innovative concepts.

With an area of 1,000 to 18,000 square meters, the 13 *Gallerias* are located in the urban centers of major airline destinations in the Asia-Pacific region, the United States and Japan. While focusing on the development of its *Gallerias*, which are its main source of growth, DFS maintains its strategic interest in airport concessions and is currently present in some twenty international airports in the Asia-Pacific region, the United States and Japan.

The strength of DFS lies in its strategic brand partnerships, its superior assortments, and its targeted marketing programs.

As DFS continues to perfect its business model, improve its offerings and expand into emerging markets, it is well positioned to remain the world's leading luxury retailer.

## SELECTIVE RETAILING

**MIAMI CRUISELINE***— Since 1963 —*

Founded in 1963, Miami Cruiseline Services is the premier onboard retailer offering cruise ship passengers luxury products at tax and duty free savings.

Miami Cruiseline Services provides retail services to over 80 ships representing some ten cruise lines worldwide, including industry leaders such as Carnival and Royal Caribbean International. The product assortment varies from liquor and tobacco, fragrance and cosmetics, apparel, cruise specific souvenirs, food, candy, giftware, fine jewelry, watches and accessories.

One of our most valuable assets is our people. Miami Cruiseline Services is focused on the recruitment, training and program execution by our exceptional team members, both at the corporate offices and onboard ships. This allows Miami Cruiseline Services to offer our customers a unique shopping environment with theatre and excitement combined exceptional service.

Miami Cruiseline has been part of LVMH since January 2000.

**SEPHORA***— Since 1969 —*

Founded in 1969, Sephora cuts through the clutter with a visionary beauty retail concept that creates an entertaining shopping experience and brings high-end beauty care and fragrances within every consumer's reach.

Sephora currently operates more than one thousand stores in some twenty countries worldwide where customers enjoy the freedom to choose from a broad range of products at their leisure.

Since its acquisition by LVMH in July 1997, Sephora has undergone rapid international expansion. The company's distinctive store layout is recreated at all points of sale, from corners in JCPenney department stores in the United States, to flagship stores on the Champs Elysées in Paris, Fifth Avenue in New York and in the Dubai Mall.

Around the globe, Sephora's unique open-sell retail philosophy is geared to invite and tempt shoppers to have fun sampling products.

Sephora excels in seeking out young, innovative brands to offer a stunning array of exclusive products. Visitors to Sephora stores can look forward to an exciting experience, with entertaining promotional events, well-stocked Beauty Bars and trend-setting services.

Customers can also browse stores from the comfort of their couch. Sephora online stores are available in France, USA and China, all offering a vast choice of the latest tantalizing beauty products, plus a host of customer benefits (free shipping over a certain amount, wide choice of gift boxes, beauty tips from specialists, and more).

Sephora is an ongoing success story that grows with each new customer and the company prides itself on being at the forefront of beauty trends.

## OTHER ACTIVITIES

## ROYAL VAN LENT

*— Since 1849 —*

The Dutch are recognized the world over as leaders in the luxury yacht industry, which is not surprising considering Holland's dramatic and ultimately successful battle against the seas. In fact, constructing vessels specifically for pleasure sailing began in this country at the end of the sixteenth century and even the word yacht has its origins in Dutch: jacht.

Benefiting of a superb location on Kaag Island, one of Holland's prime centers for aquatic sports, the Royal Van Lent yard has a yacht building heritage dating back to 1849.



After Van Lent yachts won the Dutch speed championships in the early 1920s, the yard's rise to international renown was assured. Since then, Van Lent was innovative, being among the pioneers of electrified facilities, steel yachts and, in the 1930s, part-aluminum construction techniques, and were known for their craftsmanship and sheer diversity of vessels they could produce.

An even more pivotal moment in yachting history came in 1949, when the Van Lent yard became one of the inaugural members of Feadship (the First Export Association of Dutch Shipbuilders). Initially set up to capture a share of the American market, Feadship became the undisputed number one brand in the premium motoryacht market with truly custom built yachts, and today includes Koninklijke De Vries Scheepsbouw and De Voogt Naval Architects.

Royal Van Lent (the ultra-rare "royal" award came from the Dutch Queen in 2001) has been responsible for scores of the world's most prestigious Feadships and partnered with all the top designers, for the world's elite. The 65m Al Riyadh, built for the Saudi royal family in 1978, was for decades the largest motoryacht and demonstrated the yard's global appeal. Royal Van Lent is now building yachts up to 100 meters.

Other highlights over the ensuing decades have included the delivery of thirteen Royal and presidential yachts. The Royal Van Lent Feadship fleet is truly exceptional. With the passion to innovate, first class facilities (including its own furniture atelier) and a highly skilled workforce ensuring perfection, there is much more to come from this outstanding yard.

## LA SAMARITAINE

*— Since 1870 —*

Founded in 1870 by Ernest Cognacq and his wife Louise Jay, who had been the head sales clerk in ready-to-wear clothing at Le Bon Marché, La Samaritaine evokes the Paris of the Second Empire, modernized by Baron Haussmann, at a time when the first department stores began to appear. Set prices that were displayed, the possibility of strolling through the departments and trying on clothes...

La Samaritaine implemented principles that would transform traditional retailing.

Located between the Louvre and Notre-Dame de Paris, La Samaritaine has become an architectural monument, where Art Nouveau and Art Deco rub shoulders in perfect harmony.

## OTHER ACTIVITIES

The building contained a department store and rented offices and retail space until 2005 when the department store was closed for safety reasons.

The renovation of La Samaritaine, which will begin in 2012, will breathe new life into a remarkable building, bring it into the modern world, and introduce an ambitious array of amenities, housing and services.

Combining urban restoration with contemporary design, the architectural concept will give La Samaritaine a fresh identity. The main building, which is one of France's major Historical Monuments, will be a model in renovation that will rely on the key skills of traditional craftsmanship. All of the facades will be restored to their original condition and the glass-covered grand hall will be returned to its former splendor.

The rue de Rivoli façade, a melding of modern aesthetics, urban integration and technical performance, will revive the tradition of innovation of La Samaritaine, which has already marked its era, and will enhance the radiance of Paris.

Over the next few years, Parisians will witness the revival of a district in the heart of the 1st arrondissement. With the building permit filed last July, the project will be launched in the second half of 2012 and will last more than two years.

The architectural firm Sanaa, winner of the 2010 Pritzker Architecture Prize, has been chosen to lead this ambitious project.

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## GROUPE LES ECHOS

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— Since 1908 —

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The newspaper Les Echos, which celebrated its 100th anniversary in 2008, is really a family venture that began on April 2, 1908 with the creation of a weekly magazine called *Les Echos de l'Exportation* ("Export News"). It was a communications vehicle for Schreiber-Aronson, which specialized in the export of hardware and haberdashery. Over the decades, the name and frequency of the newspaper changed, ultimately giving birth to today's daily newspaper, *Les Echos*.

The publication was sold to Pierre and Jacqueline Beytout in 1963, and twenty years later was acquired by Britain's Pearson group, which also publishes *The Financial Times*. At that time, the group acquired a number of publications in addition to new products: the monthlies *Enjeux Les Echos* and *Série Limitée* appeared a few years apart, along with other special supplements.

The group also acquired Eurostaf and Capital Finance.

In 1991, the advertising agency Echofi was established, which became *Les Echosmédiás* in November 2008.

Finally, 1996 marks the year when the website *Lesechos.fr* was created, making *Les Echos* the first French online daily newspaper, accompanied by the launch of the world exclusive "e-paper" the first mobile digital newspaper.

In December 2007, LVMH became shareholder of the *Les Echos* Group, confirming its desire to adapt to a constantly changing print-media market.

Today Groupe Les Echos is the leading economic and financial press group, with some twenty print and online publications. It also covers the arts, culture and business services, primarily through the following brands and titles: *Les Echos*, *Série Limitée*, *Lesechos.fr*, *Enjeux-Les Echos*, *Investir*, *Investir Magazine*, *Investir.fr*, *Capital Finance*, *Radio Classique*, *Connaissance des Arts*, *Le Salon des Entrepreneurs*, *Les Echos Conférences*, *Les Echos Formations*, *Les Echos Editions*, *Les Echos Institut*, *Eurostaf* and *SID Presse*.



## PHOTOGRAPHS

Jean-François Campos, Moët & Chandon / Andreas Achmann, Jean-Pierre Bost, Louis Vuitton /  
 Bruno Aveillan, Patrick Durand, Gilles de Beauchêne, Olivier Colairo, Veuve Clicquot / Leif Carlsson,  
 Gérard Uferas, Dom Pérignon / Michel Jolyot, Julien Toty, Agence Vertu, Andy Katz, Collection Louis Vuitton /  
 Laurent Bremaud LB Production, Mirco Braccini, Willy Vanderperre, Fabien Sarazin, Eric T. White,  
 LVMH / Christophe Beauregard, Sanaa, studio Cyrille Thomas, picture libraries of LVMH and Group's Maisons.

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LVMH 2011

ANNUAL REPORT



SUSTAINABLE  
DEVELOPMENT



# CONTENTS

02	OUR COMMITMENTS
04	A COMMUNITY OF MEN AND WOMEN DRIVEN BY SHARED VALUES
13	PROTECTING THE ENVIRONMENT
22	CORPORATE SPONSORSHIP TO SUPPORT CULTURE, YOUTH AND HUMANITARIAN ACTION

## *— The values of LVMH*

### Innovation and creativity

Because our future success will come from the renewal of our product offering while respecting the roots of our Maisons.

### Excellence of products and service

Because we embody what is most noble and accomplished in the artisan world.

### Brand image enhancement

Because they represent an extraordinary asset, a source of dreams and ambitions.

### Entrepreneurship

Because this guarantees our ability to react and our motivation to create and seize opportunities.

### Leadership – Be the best

Because it is through continually excelling that we accomplish the best and achieve the best results.





## OUR COMMITMENTS

Luxury is born from invention and the hand of man.  
It works to exalt nature in its purest and most beautiful form.  
Sustainable development is inseparable from LVMH's strategy.

*"As actors in economic and social life, we are called to the highest standards of integrity, respect and engagement in our behaviors, everyday, everywhere."*

Bernard Arnault

### SOCIAL POLICY

To encourage all our employees to reach their full career potential and achieve their aspirations, develop the diversity and the wealth of human resources in our companies in all the countries where we operate, and encourage initiatives in these areas. Outside our own company, to contribute to the knowledge and preservation of our businesses and our know-how as artisans and designers.

### ECONOMIC PERFORMANCE

To combine economic growth and respect for sustainability criteria, which are represented for our luxury businesses by the values of creativity and excellence. To apply our creative passion to a genuine art de vivre to which our customers aspire. To strengthen our position as a global leader, and to be the benchmark in the management and development of high quality brands.

### ENVIRONMENT

To work together to preserve the resources of the planet, to design and develop products that respect the environment, to report on our policies and projects and the progress achieved in meeting our objectives. To contribute to environmental protection above and beyond the factors directly related to our operations, by entering into active partnerships with cooperating business groups, local authorities and associations.

### A COMMITMENT TO CITIZENSHIP

To implement a patronage program for the benefit of the largest number, the components of which reflect and transmit our fundamental values. To provide active support for major causes, fund humanitarian projects and public health challenges, and develop initiatives for young people.

# A COMMUNITY OF MEN AND WOMEN DRIVEN BY SHARED VALUES



The LVMH “ecosystem” is made up of people whose broad range of professions and geographical locations contributes to the success of the Group’s Maisons, set against a backdrop of ambitious goals and the desire for sustainable growth. It is an “ecosystem” that offers multiple career development opportunities in that it acts as a skills network, focusing on professional excellence and cultivating relationships of interdependence, sharing and exchange. This is a community that promotes diversity for the mutual benefit of each member, as well as for the community as a whole.

The LVMH Group offers a stimulating working environment in which creativity and strict standards, autonomy and strategic alignment, diversity and specialization coexist enabling each individual to play a role in carrying on the “Future of Tradition.”

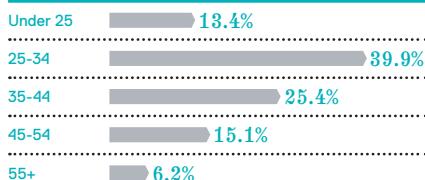
## INVESTING IN HUMAN RESOURCES

The annual review of the organizations and talent within LVMH is a key component of the Group’s human resources policy.

Every year for the past five years, after each brand has established its upcoming strategy, all of the Group’s brands define the human and organizational implications of their business targets. The key positions in each organization are then analyzed so that succession plans can be drawn up. In-house talent is identified and individual development plans are laid out, particularly in terms of training and career planning.

All of the Maisons comprising the Group carry out these reviews, which are summarized to identify common priorities and create a specific road map for the organizations and talent.

This inventory of skills and requirements, combined with the diversity of our businesses and presence in more than 60 countries, allows us to offer our employees numerous opportunities for professional development as well as customized careers. Today internal mobility is one of the preferred methods of staff development. Two-thirds of key positions are the result of in-house transfers, and every year almost 1,500 Group executives move around within their own entity or between the Maisons that make up the LVMH “ecosystem”.

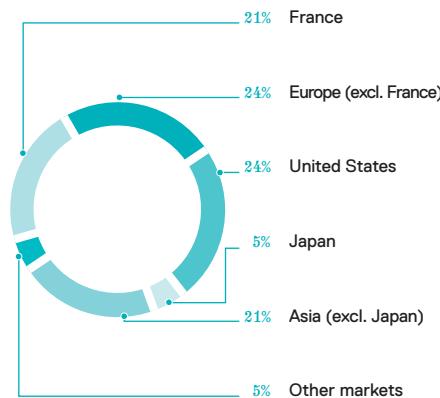
**97,559**employees worldwide  
at December 31, 2011Median age of  
**33****WORKFORCE BY AGE****WORKFORCE BY PROFESSIONAL CATEGORY**

(at December 31, 2011)

	2011	2010	2009
Managers	16,009	18,915	18,022
Technicians and supervisors	9,078	8,141	8,075
Administrative and sales employees	60,070	50,055	45,075
Production workers	12,402	11,431	11,130
<b>TOTAL</b>	<b>97,559</b>	<b>83,542</b>	<b>77,302</b>
			100%

**EMPLOYEES\***  
BY BUSINESS GROUP

\* Includes both regular and temporary personnel as at December 31, 2011.

**EMPLOYEES\***  
BY GEOGRAPHIC REGION**AN INTERNATIONAL  
NETWORK OF HUMAN  
RESOURCES MANAGERS**

LVMH places considerable importance on investing in human capital and, accordingly, the Group has a dense and broad network of employees responsible for Human Resources. Every business line, Maison and subsidiary in every country in which the Group operates has its own Human Resources team that is as closely aligned as possible with local conditions.

This global characteristic was demonstrated in October 2011 when an International Human Resources Convention was held in Paris, bringing together for the first time more than 170 Human Resources managers from around the world.

It was an opportunity for joint discussions about ongoing projects and the main Human Resources challenges of the next few years. It was also an opportunity to increase personal ties between members of the Human Resources community.

**UNVEILING POTENTIAL**

Giving our top talent the means to fulfill their potential is one of the key challenges that has led the Group to strengthen and diversify its development programs. The aim of this approach is threefold: it allows executives with potential to accelerate their personal and professional development, it gives them specific opportunities to forge special relationships with Group managers, and it exposes them to the challenges that characterize the LVMH Group's various activities.

- The “LVMH Experience” is a journey through the LVMH “ecosystem”, presented and illustrated by experienced managers alongside creative leaders, and constitutes a means of multi-cultural integration as well as a unique springboard for moving into a leadership position.

- “LVMH Perspectives” offers managers an opportunity to learn about themselves in two ways. First it enhances their self-knowledge so that they can build their future within the Group in the medium term, and second it exposes them to the strategic challenges faced by LVMH’s five business groups.

The LVMH “Breakfasts,” which are held in Europe, Asia and the United States, are an opportunity for Group managers and potential managers to network locally.



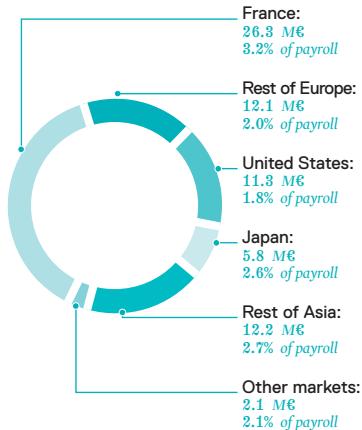
In 2011 training investment totalled 69.8 million euros, up 13% compared to 2010, representing an average of 760 euros per staff member or 2.5% of payroll, excluding incentives and profit-sharing worldwide.

65% of our employees or almost 57,000 people attended at least one training session in 2011.

The average number of training days was 2.5 days per employee.

In 2011 the total number of training days was 227,500, equivalent to approximately 990 people in full-time training for the entire year.

#### TRAINING INVESTMENT



#### STAFF TRAINING AND DEVELOPMENT

In 2011 the Group made an even greater commitment to management training, especially in leadership development.

New online training programs broadened the reach of this investment and helped increase the amount of management training offered regionally. The year also saw the implementation of a new training module called “Inspiring Entrepreneurs.” An initial intensive and innovative module was held in Shanghai, a second took place in Paris in early 2012 and a third in New York in May.

In addition to the Senior Executive forums that have been held for many years at LVMH House in London and regional forums in San Francisco, New York and Hong Kong, in 2011 forums were held for the first time Shanghai, Moscow and Tokyo. This unprecedented effort enabled us to almost double the number of executives able to attend such sessions.

In total more than 400 managers representing more than 30 brands and 30 countries attended these 16 forums, reaping substantial benefit from world-renowned experts and managers.

All regions registered a significant increase in training activities, particularly Asia, with an increase of more than 70%, and the United States, where the number of Leadership and Management training sessions increased from 165 to 500. New programs on understanding luxury were also introduced in Asia to make the integration of new managers even more effective. A program with the same goal was also set up in France, led by some dozen experts and entitled “360° of Luxury.”

#### IMPROVING THE GENDER BALANCE

Gender diversity is an integral part of LVMH culture. Women account for more than two-thirds of the total workforce, more than half of all managers and 35% of Management Committee members.

The Group has been striving for several years to promote this culture of gender equality within its organizations, functions and regions so that it is easier for women to move into management positions.

Numerous initiatives have been set up to achieve these goals, covering all aspects of our Human Resources policy. Specifically, gender equality must be considered when filling key positions or recruiting managers, providing access to training or creating networks. In 2011 LVMH also launched a mentoring scheme for women.

Maisons within the Group have their own corporate agreements regarding gender equality in the workplace, such as provisions for working conditions, salaries and career development, as well as for improving the balance between private and professional life, particularly when it comes to male parenthood.

#### AN ATTRACTIVE EMPLOYER

In 2011 LVMH was twice named “employer of choice” in France: once by the Universum Institute, which ranked LVMH as the employer of choice among students of French business schools for the sixth consecutive year, and once by the firm Trendence, which awarded the Group first prize in the same category for the third consecutive year.

This recognition led to LVMH being awarded the prize for “most attractive



For the 100<sup>th</sup> anniversary of International Women's Day, LVMH organized an event in London from March 7 to 8, 2011 which brought together some forty women managers from the Group. This gathering focused on women leaders and defined new plans to promote women's access to key positions.

employer" in the "consumer goods" category in March 2011 by HR consulting firm Randstad.

These distinctions were the culmination of the efforts made by all of the Group's Maisons to boost the company's attractiveness to young graduates and thus attract talented individuals from diverse backgrounds.

Universum created a global ranking from the results of national surveys published last April and placed the Group in the "Top 50 Most Attractive Employers in the World – 2011 Edition." The first time LVMH entered this Top 50 was in 2010, and in 2011 it moved up 12 places to rank 27th among business school students. The survey consolidated rankings in the following 12 countries: USA, Japan, China, France, Germany, UK, Italy, Brazil, Spain, Canada, Russia and India.

## IDENTIFYING TOP TALENT

In order to find the best talent in the world, LVMH has for many years been cultivating preferred partnerships with leading business and other schools on all continents.

In France the Group has a close relationship with a number of schools, including ESSEC (the LVMH Chair in Luxury Marketing), HEC (integration seminar for foreign students) and Sciences Po (grants for students from the French Antilles).

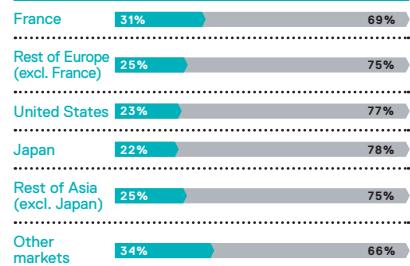
The Group is also tailoring its initiatives with international universities and business schools to meet students' increasingly rigorous demands. For instance:

– LVMH is a partner in the CEMS network, a global alliance between international corporations and leading business and management schools;

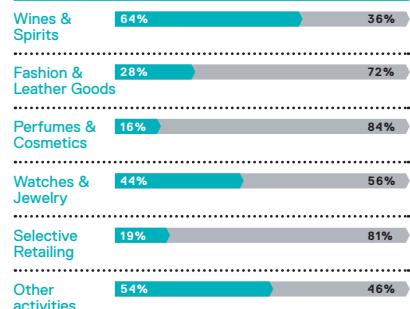
## 74% WOMEN



## BREAKDOWN OF WOMEN/MEN BY GEOGRAPHIC REGION (regular employees)



## BREAKDOWN OF WOMEN/MEN BY BUSINESS GROUP (regular employees)





## RECRUITING FUTURE TALENT

To complement the development of our in-house talent (career development, training, multiculturalism, and so on), external and finely targeted recruitment of new talent is a strategic pillar of our Human Resources policy.

- the “LVMH Rendezvous” give selected students an introduction to the world of luxury brand marketing as well as an opportunity to attend a corporate presentation about the Group. (In 2011 these Rendezvous were held at schools such as LBS, INSEAD, MBA HEC, Melbourne Business School, and Wharton);
- the “LVMH MBA Alumni Networking” evening, organized in Shanghai by the Group’s Asia-Pacific Human Resources teams, brought together 180 alumni from leading business schools;
- the “LVMH One-to-Ones” allow students chosen on the basis of their applications to meet Human Resources managers from the Group’s Maisons on campus for one-on-one interviews in what is a unique and productive experience.

In total some one hundred events of various types are organized every year with schools and universities around the world to provide more information about LVMH and its Maisons.

20 “Recruitment Days” were organized around the world to recruit staff with strong potential and an international profile. The rigorous methodology employed is based on the principle of placing people in real situations and is highly regarded by applicants, who receive systematic and individual feedback about their day. It also contributes to the professional development of the recruiters (Human Resources and operational staff), who are given training in observation and cross-evaluation techniques prior to the event.

Since 2009 the Recruitment Code of Conduct has been widely distributed to all employees working in recruitment within the Group. It stipulates the recruitment ethic at LVMH and ensures that rules of fair recruitment are circulated and shared by staff all around the world. It contains 14 commitments whose primary aim is to avert any form of discrimination and to promote diversity.



## UNDERSCORING SOCIAL RESPONSIBILITY

Integrity, permanent awareness of the environment and respect of all individuals form the basis of the LVMH Group's social responsibility. This message was very clearly communicated by Antonio Belloni, LVMH Group Managing Director, and Chantal Gaemperle, Director of Group Human Resources and Synergies, at the opening of the second global convention on Social Responsibility. The event brought together more than 200 directors and managers and underscored the significant progress made since the first convention in 2007, such as initiatives regarding non-discrimination, professional equality, wellbeing in the workplace, employability, employment of people with disabilities, children's education and the fight against exclusion. These achievements attest to the attention paid by the LVMH Group's Maisons to the impact of their behavior and activities on people, communities and the regions in which they operate.

Although the social responsibility of each Maison depends on its environment, business and activities, which vary widely, they all share the Group's three-fold goal:

### INNOVATION

The Group seeks original and relevant responses to social problems for which its know-how may bring practical solutions. The "Jobstyle" program, for example, aims to boost the self-image of applicants whose profile is sometimes unjustly undervalued in the marketplace. This innovative program focuses on enhancing job seekers' self-image. For the most part it involves human resources managers and make-up artists from Sephora and Make Up For Ever. In 2011, 10 "Jobstyle" sessions were held, helping more than 150 job seekers.

## SOCIAL BONDS

The Maisons of the LVMH Group pay close attention to their environment and regularly demonstrate their solidarity with the most vulnerable and disadvantaged individuals, such as victims of natural disasters. For instance, after the earthquake that shook Japan in March 2011, Parfums Givenchy and its Artistic Director created two exclusive lipsticks, stamped with a red "*Love for Japan*" heart, that were sold at Sephora to benefit VAN (Volunteer Architects Network), the network for volunteer architects and disaster victims.



### PROFESSIONALISM

Excellence and exemplary practices require unfailing commitment and constant vigilance. The fact that the Group was awarded the special jury prize for diversity at the "Rencontres Internationales de la Diversité" for the third year in a row attests to the extent of external stakeholders' confidence in the measures being implemented by the LVMH Group.

In 2011 the LVMH Group focused its corporate social responsibility initiatives on five key priorities:

### PREVENTING DISCRIMINATION IN RECRUITMENT

Since 2008 the Group has regularly had the job offers published on its website tested for discrimination by a recognized independent body. In this way it scrupulously and constantly monitors its recruitment practices for standards of excellence.

The Group runs a training program entitled "Recruiting Without Discriminating" to support its recruitment ethics and recruitment code of conduct. This program was deployed in 2011 to Human Resources managers in all Group Maisons. During training participants are encouraged to dissect the recruitment process and assess the impact of stereotypes and prejudices.

**May 2011: Moët & Chandon created "MHEA, la valeur adaptée," its own entreprise adaptée.**  
**An entreprise adaptée ("adapted enterprise" or "EA") is a fully fledged business that employs at least 80% disabled workers. Such workers are able to carry out a professional activity in conditions tailored to their situation. An entreprise adaptée thus offers employees who have developed a disability the possibility of working in optimal conditions with no change to their compensation.** MHEA was officially launched on September 29, 2011 in the presence of Chantal Gaemperle, Director of Group Human Resources and Synergies, Marie-Anne Montchamp, Secretary of State attached to the Ministry of Solidarity and Social Cohesion, and Christophe Navarre, Chairman of Moët Hennessy.  
**By creating an entreprise adaptée as a subsidiary of a private company – Moët et Chandon – LVMH has proved to be one of the very few pioneers in this field.**

The goal is to avert the risk of discriminating against any individual.

More than one hundred Human Resources managers have undergone this training.

### PROVIDING EMPLOYMENT FOR PEOPLE WITH DISABILITIES

#### LOUIS VUITTON – SOS CHILDREN'S VILLAGES PARTNERSHIP

In January 2010 Louis Vuitton and SOS Children's Villages forged a five-year global partnership aimed at developing a program called "Partnership for Children's Futures." The goal is to improve the future of underprivileged children throughout the world, giving them a future based on security, education and learning. For more than 60 years, in more than 130 countries, SOS Children's Villages has been providing homes for children who have been orphaned or abandoned, or whose families are no longer able to take care of them. In SOS villages, children receive the affection and security of a real home, as well as access to education. It is a partnership that appeals to the values of Louis Vuitton, and accordingly, the Maison is supporting the development of an education program for children in China, the Philippines, Vietnam, and the Dominican Republic, as well as in Europe.

### PROMOTING EDUCATION

Facilitating children's access to education in stricken regions. After a natural disaster, most of the aid and emergency supplies are directed toward the most urgent, basic needs. Among these basic needs is children's education, which is a special case in itself because it requires an infrastructure that is difficult to re-establish. In Haiti, after the violent earthquake of January 12, 2010, DFS and its employees immediately linked their suppliers and their customers via a campaign to raise funds for the construction and running of a school. On October 3, 2011, approximately two years after the disaster, the Jean Baptiste Pointe du Sable high school opened its doors.

In January 2011 the LVMH Group signed its second agreement with the AGEFIPH (Fund Management Organization for the Professional Integration of People with Disabilities), which is a major advocate for the disabled in France. This new agreement will enable the Group to strengthen its commitment to recruiting and maintaining employment for people with disabilities.

To this end, the Group has created a network of 30 representatives for the disabled in its Maisons through its Mission Handicap program. These representatives are kept regularly informed and educated about disability issues. In 2011 special focus was placed on mental disability.

Between 2007 and 2010 the rate of employment of people with disabilities went from 1.6% to 3.57% (official standards).

Providing access to education for their children is also a difficulty experienced by the most disadvantaged populations. Moët Hennessy in India is supporting the work of Aseema, a non-profit organization that promotes education for underprivileged children in Mumbai, by sponsoring a class of 27 pupils.

Illness can also keep children out of the classroom for very long periods, particularly in cases of rare diseases for which research is slow because of lack of funding.



Alerted by its external stakeholders, the LVMH Group donated €150,000 to the Robert Debré hospital for research and care for children with sickle-cell anemia in its hospital in Paris. This serious illness primarily affects children from sub-Saharan Africa.

In France the LVMH Group also supports disadvantaged students studying at one of France's most prestigious schools, Sciences Po, by providing study grants and enabling young people coming out of this program to be sponsored by company managers.

### SUPPORTING EMPLOYABILITY AND ACCESS TO EMPLOYMENT

As a high profile actor in the job market, the Group endeavors to support access to employment for the disadvantaged by drawing on the image of excellence exemplified by its Maisons.

When students from deprived areas are introduced to a company's broad array of professions, their eyes are opened to a future of possibilities. To this end, the Group partners with local municipalities to conduct presentations of its businesses to local schoolchildren and provide guidance on how to successfully enter the workforce.

In the same spirit, more than 500 young people completed work-study contracts in 2011 at one of the Group's prestigious Maisons, again enhancing their future employability.

Lastly, some one hundred managers regularly assist young job seekers with higher-education qualifications under the partnership with "Nos Quartiers ont des Talents," a non-profit association that helps young graduates from disadvantaged neighborhoods.

### COMBATING EXCLUSION

In 2010 the LVMH Group entered into a partnership with the town of Montfermeil, a disadvantaged but multicultural and ambitious town located in the suburbs of Paris. Driven by a shared goal of excellence, this partnership between two seemingly disparate players aims to improve links to the town, provide career guidance to young residents and promote social cohesion. The Group supports the town in showcasing the wealth of its cultures and the talent of its residents, who have a chance to demonstrate what they have to offer during the "Cultures and Creation" fashion show. Thanks to LVMH, the show's winner was able to exhibit her designs at the 2011 Ethical Fashion Show at the Carrousel du Louvre in Paris. Her designs were featured in the show's official opening.

### RESPONSIBLE PARTNERSHIPS

LVMH strives to maintain and promote responsible cooperation among its partners, suppliers, distributors, sub-contractors, etc. Since 2008, all the Group's brands have adopted and implemented the Supplier Code of Conduct (available on [www.lvmh.com](http://www.lvmh.com)) which lays down the Group's guidelines for Social Responsibility, Environment and the fight against corruption. Any collaboration with a partner requires their commitment to all the ethical principles in this code.

The working groups composed of experts from the Group's brands presented, as they do each year, their progress and achievements at an annual meeting to exchange best practices, set up common tools and standards and define new vectors for improvement.

For the second consecutive year, Parfums Christian Dior has been helping people on welfare return to work. The program is run in partnership with the return-to-work program P.A.R.E. (Programme d'accompagnement de retour vers l'emploi) and provides unemployed individuals with a training contract at the Saint-Jean de Braye production facility, leading to a professional diploma. The program enables these vulnerable individuals to receive extra support throughout their training. In January 2011 six diplomas were awarded and five people were hired. In November a second program resulted in 8 people gaining a diploma and 6 being hired.



### DONNA KARAN INTERNATIONAL SPONSORS TRAININGS FOR ITS VENDORS

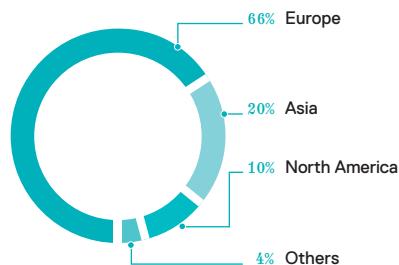
In the summer of 2011, over 220 representatives from 45 vendors and 97 factories attended the Donna Karan International sponsored social compliance and restricted substances trainings held in New York City and Shanghai and Shenzhen China. The two-day trainings, which were run by third-party experts, covered supplier capacity building and continuous improvements, worker engagement, corrective action plan improvements, and restricted substances updates.

Among the year's development, the increasing use of pre-audits helped to better identify suppliers' practices in advance and, where appropriate, to decide not to cooperate with them. In addition, suppliers' self-audits of their social and environmental practices, implemented by some brands, complete the awareness and control process. As part of the certification process conducted by the Responsible Jewellery Council, widely followed by all

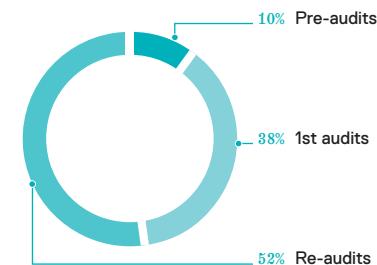
Group companies, many suppliers of Watches and Jewelry brands have been audited and certified in 2011. This certification notably includes business ethics and social and environmental policies and practices of the jewelry industry players.

Driven by a will for continuous progress, all the brands will continue to implement in 2012 their supplier audits programs and follow-up on their action plans.

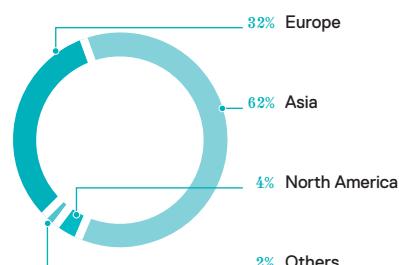
#### BREAKDOWN OF SUPPLIERS BY REGION



#### BREAKDOWN OF AUDITS BY TYPE OF AUDITS



#### BREAKDOWN OF AUDITS BY REGION



In 2011, 453 social and/or environmental audits were conducted, nearly 80% by specialized third-party experts, at 380 of our suppliers. 380 audits have focused exclusively on social criteria. More than a third of these audits yielded results in line with our requirements, and 38% showed minor non-compliances.

The audits which showed a need for significant improvement by the supplier, or a major non-compliance represented 21% and 3% respectively of the audits performed. A total of 121 corrective action plans were set up at our suppliers where the audits identified areas of improvement.

Some Group brands have had to end their collaboration with suppliers whose results of social audits made appear major non-compliance with our Suppliers' Code of Conduct.

Perimeter: Wines & Spirits, Louis Vuitton Leather Goods and Shoes, Fendi, Donna Karan, Céline, Marc Jacobs, Givenchy Couture, Kenzo, Loewe, Perfumes & Cosmetics, TAG Heuer, Hublot, Fred, Chaumet, DFS, Sephora.

## PROTECTING THE ENVIRONMENT



The environment has long been a concern of the Maisons of the LVMH Group. In fact, LVMH is one of the first groups to create its own Environment Department, which it introduced in 1992. This commitment to the environment became entrenched in the Group's strategy in 2001 when Bernard Arnault signed the Environmental Charter encouraging each Maison to set up a system of environmental management and each Chairman to become involved in the various initiatives. LVMH's broad range of businesses and specific issues are widely recognized as one of the defining characteristics of the Group. This is both an asset and a challenge.

Behind all of our operations are specific guidelines: designing luxury products that draw on the Maisons' considerable heritage requires not just innovation, creativity and first-class execution but also consideration of environmental performance. The latter is now of prime importance to our customers, employees and partners. Protecting the environment is not just a common ideal or legal obligation but a Group-wide challenge that underpins how we conduct our operations and builds a set of values that we share with our stakeholders.

## A GROUP-WIDE STRUCTURED APPROACH



The Environment Department defines the Group's strategy and therefore reports both to Pierre Godé, Vice Chairman of the Board of Directors, and Antonio Belloni, Group Managing Director of the Executive Committee.

The strategy is based on an analysis of the issues involved. It is implemented throughout the Group by means of various commitments and focuses on processes, resources and initiatives that support the actions of each Maison.

### A CLEAR VISION OF THE ISSUES INVOLVED

#### ANALYSIS

Like any human activity, the businesses of the LVMH Group have an impact on the environment, to a degree that varies in type and magnitude depending on the sector. The challenges faced by each business have been clearly identified.

	<i>Wines &amp; Spirits</i>	<i>Fashion &amp; Leather Goods</i>	<i>Perfumes &amp; Cosmetics</i>	<i>Watches &amp; Jewelry</i>	<i>Selective Retailing</i>
<i>Saving energy resources and combating climate change</i>	<ul style="list-style-type: none"> <li>Packaging production.</li> <li>Distillation.</li> <li>Transportation of product shipments.</li> </ul>	<ul style="list-style-type: none"> <li>Store lighting and air-conditioning.</li> <li>Transportation of product shipments.</li> </ul>	<ul style="list-style-type: none"> <li>Packaging production.</li> <li>Transportation of product shipments.</li> </ul>	---	<ul style="list-style-type: none"> <li>Store lighting and air-conditioning.</li> <li>Transportation of product shipments.</li> </ul>
<i>Protection and saving of water resources</i>	<ul style="list-style-type: none"> <li>Water consumption (irrigation of vines in Australia, New Zealand, Argentina and California).</li> <li>Production of effluents containing organic matter during wine-making and distillation.</li> </ul>	---	<ul style="list-style-type: none"> <li>Protection and saving of water resources.</li> </ul>	---	---
<i>Protection of ecosystems and natural resources</i>	<ul style="list-style-type: none"> <li>Particularly plant resources (vines) required for production.</li> </ul>	<ul style="list-style-type: none"> <li>Particularly plant resources (textile fibers) required for production.</li> </ul>	<ul style="list-style-type: none"> <li>Particularly plant resources required for production.</li> <li>Exotic leather.</li> </ul>	<ul style="list-style-type: none"> <li>Packaging.</li> <li>Stones and precious metals.</li> </ul>	---
<i>Waste recovery</i>	<ul style="list-style-type: none"> <li>Wine-making and distillation processes.</li> </ul>	---	---	<ul style="list-style-type: none"> <li>WEEE (waste from electrical and electronic equipment, such as batteries).</li> </ul>	---
<i>Reduction of the impact of production and transformation of raw materials, particularly through eco-design</i>	<ul style="list-style-type: none"> <li>Packaging.</li> </ul>	<ul style="list-style-type: none"> <li>Packaging.</li> <li>Cotton and other textiles, leathers.</li> </ul>	<ul style="list-style-type: none"> <li>Packaging.</li> <li>Constituents of perfumes and cosmetics.</li> <li>Tanning.</li> </ul>	---	---

## MANAGING RISK AND NON-COMPLIANCE

The task of monitoring changes in the issues involved is bolstered by an environmental risk management policy based on four key areas of focus: the systematic identification of risk using a mapping tool and common benchmark, risk prevention (HACCP/Hazard Analysis Critical Control Point method), the protection of people and property, and a system of crisis management. With regard to the program to monitor industrial and environmental risks, 30 sites were audited in 2011 (30 in 2010). Some Maisons are bringing their sites into regulatory compliance, particularly those classified for environmental protection. For example, Loewe, Louis Vuitton and MHCS have developed tools that monitor and analyze potential regulatory non-compliance (water treatment and discharge, waste storage, application of the WEEE Directive, storage of chemical products, fire protection, etc.).

With regard to its supplier relationships, LVMH requires its partners to subscribe to its Supplier Code of Conduct by virtue of which it reserves the right to conduct compliance audits at any time and without notice.

In 2011, 453 social and/or environmental audits were conducted, nearly 80% by specialized third-party experts, at 346 of LVMH's brands suppliers.

This issue is examined in more detail on page 13 of the Sustainable Development section in this annual report.

## INTERNAL ORGANIZATION AND SPECIFIC COMMITMENTS

### ORGANIZATION AND TRAINING

The main goal of the internal organization is to harness the commitment of all Group personnel and train them by offering resources best suited to their particular situation.

The Group's Environment Department has been a driving force behind this shared vision since 1992. Its tasks consist of supporting the Maisons in their respective initiatives, ensuring that the Environmental Charter is observed, and running the Environment Committee, which brings together a network of some 50 environmental agents from the Maisons several times a year. The Environment Department also runs a variety of specialist in-house working groups which address subjects such as the REACH regulation, eco-design and managing energy consumption in stores. Although the Maisons are represented within the Group's Environment Committee agent network, they also have their own steering committees.

The Maisons of the Group provide personnel with training and education in environmental issues. In 2011 more than 15,602 training hours were devoted to this topic. The new initiatives are extremely diverse and range from the creation of specific training modules at Hennessy, site visits and study trips to the La Samaritaine department store in Paris, to evaluation questionnaires and performance scoring in Champagne Houses. During Europe's "Green Week", all Group employees received detailed information about the energy initiatives undertaken by the Maisons, such as in lighting, transportation, renewable energy sources and heating/air-conditioning.

## COMMITMENTS

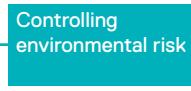
International charters and agreements signed by LVMH provide the framework for the initiatives led by the Group and its Maisons. The "Environmental Charter" signed by Bernard Arnault in 2011 defines the LVMH Group's goals and dynamics.

### FIRM COMMITMENTS

- United Nations Global Compact (2003)
- Gordon Brown's Millennium Goals (2007)
- LVMH member of the RJC (Responsible Jewellery Council)

### CHARTERS AND INTERNAL CODES

- Environment Charter (2001)
- Suppliers Code of Conduct (2008)
- Code of Conduct (2008)



Designing luxury products that incorporate environmental innovation and creativity

Obtaining the collective commitment of employees

Making a commitment beyond the company

Seeking a high level of environmental performance

## KEY MANAGEMENT AND EXTERNAL CERTIFICATION PROCESSES

### MANAGEMENT SYSTEMS AND CERTIFICATION

– At the end of 2011, 46% of Group sites (excluding stores) were ISO 14001-certified and 27% of industrial, logistical or administrative sites (excluding stores) had been audited, i.e. 49 external audits and 95 internal audits. Particular focus was placed on environmental risk management. ISO 14001 certification was awarded to Guerlain's manufacturing site at Chartres, its head office in Paris and its six Paris stores. Domaine Chandon California also completed its "Napa Green Certified Winery" certification program.



### GROUP-WIDE CARBON FOOTPRINTS

Taking account of climate change is part of LVMH policy. Since 2002 the Group has assessed the Carbon Footprint of many of its Maisons: Louis Vuitton, Moët et Chandon, Veuve Clicquot, Hennessy, Parfums Christian Dior, Guerlain, Parfums Kenzo, Parfums Givenchy, Givenchy Couture, Make Up For Ever, DFS, Sephora and Le Bon Marché. To date, all the Group's major Maisons have completed their Footprints and are working to implement priority initiatives for the production of packaging, product shipment and energy consumption at production sites and in stores.

considerations, local regulations and the various types of use involved. The architectural design of the renovation of La Samaritaine in Paris incorporates the HQE, BREEAM, LEED and BBC standards for the entire 70,000 m<sup>2</sup> site which will include a hotel, retail space, apartments and offices. Plans to build the Louis Vuitton Foundation Museum were launched in 2011. The museum will be built in the heart of the Bois-de-Boulogne and will apply the highest standards and cutting-edge technology (geothermal energy, materials that have obtained French ecological certification or the European Ecolabel, clean and low-impact building site, etc.). In short, the Group has constructed almost 28 buildings based on these standards in the last 10 years.

### RESPONSIBLE JEWELRY AND CERTIFICATION

The LVMH Watches & Jewelry business group is a member of the Responsible Jewellery Council (RJC) which has developed a certification system for members who work with gold and diamonds. As such, they are required to undergo checks by accredited independent auditors. Bulgari, TAG Heuer, Chaumet and Fred were certified this year, while Hublot and Zénith, along with the Louis Vuitton jewelry business, will be certified at the beginning of 2012.

### BUILDING STANDARDS

With regard to building construction, renovation and operation, the Maisons implement a number of different standards and certifications, such as HQE (high environmental quality), BBC (low consumption building), BREEAM and LEED, which are tailored to technical



## QUANTIFIABLE MANAGEMENT OF ENVIRONMENTAL IMPACTS

**Site management and less use of resources  
Product design and life-cycle management**

**Emission and discharge prevention and reduction**

**Reduced impact**

Assessing the impact on the environment, health and safety in a quantifiable manner requires a two-pronged approach: first it requires managing sites and the production cycle, and second, designing products and managing their life cycle. Since 2011 the Group has implemented comprehensive measures aimed at incorporating key environmental indicators in Maison and Group strategy.

### INITIATIVES TO SAVE RESOURCES

#### ENERGY SAVINGS AND RENEWABLE ENERGIES

Following the completion of the Carbon Footprints and energy audits, the Maisons have implemented a number of initiatives pertaining to store lighting and temperature control – one of the main causes of the Group's greenhouse gas emissions – and to transportation, energy efficiency and the promotion of renewable energies. Among the most significant projects was the installation by Louis Vuitton of 1,218 solar panels on the roof of the San Dimas workshop in California, for a total installed capacity of 286.2 kW, meeting 31% of the site's electricity requirements.

#### PROTECTING WATER RESOURCES

Water is a critical element in the businesses of the LVMH Group, particularly in Wines & Spirits and Perfumes & Cosmetics. There are two very distinct types of water requirements: one for agricultural use and one for industrial use. That the issue of water has given rise to a broad array of initiatives, such as implementing measurement standards, improving the

management and monitoring of consumption, recovering rainwater and streamlining the irrigation of wine-growing areas and green spaces. As well as reducing or eliminating treatments relating to green area maintenance, all of the Maisons in question support sustainable viticulture, which substantially reduces the need for phytosanitary products that have a major impact on the environment.

#### WASTE RECOVERY

Since 2010 Perfumes & Cosmetics, Sephora and, at present, Louis Vuitton have used the CEDRE (Center for Documentation, Research and Experimentation on Accidental Water Pollution) platform to recycle and recover their waste. For Wines & Spirits, MHCS is focusing on recovering energy from viticulture-related biomass.

#### PRODUCTS THAT INCORPORATE CREATIVITY AND RESPONSIBILITY

#### SAFEGUARDING RAW MATERIALS

The choice of components and raw materials used in product manufacture is also a principal force behind protecting the environment and precious resources (exotic leathers, fur, wood, plants, etc.). The LVMH Group applies the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). The Group also has an ongoing commitment to Business for Social Responsibility primarily with its involvement in a working group to observe best practices in the sourcing of exotic leathers.

### AN UPSTREAM DECISION-MAKING TOOL

The “Eco-Material Handbook,” which is distributed in-house and updated annually, identifies about forty materials that offer the kind of environmental performance required for the Group's products and explains how each business can use them. The materials are categorized by application: packaging, textiles and leathers, communications and store design.



For many years the Perfumes & Cosmetics Research and Development department has focused on ethnobotany. The department identifies plant species from around the world that could be used in cosmetics and at the same time helps protect these species and develop local economies. Louis Vuitton systematically opts for FSC (Forest Stewardship Council) or PEFC (Pan European Forest Certification) labels when choosing woods for its stores, window displays, customer packaging and a number of exclusive products. Meanwhile, like the drive for sustainable viticulture supported by all Maisons concerned, Hennessy has a 12-ha vineyard that belongs to a network of farms identified by the French government under the 2018 Ecophyto plan as being a benchmark in environmental standards.

#### ECO-DESIGN

The Maisons have specific resources and training programs that allow them to incorporate environmental concerns into the design of their products to the greatest extent possible. Eco-design includes reducing packaging weight and volume, choosing specific components and raw materials, employing more energy-efficient production processes and introducing initiatives to comply with REACH regulations. For example, multiple initiatives have been introduced in the area of packaging, such as a trial of environmental labeling at Sephora and the optimization of shipping packaging at Louis Vuitton. And since 2011, other Group Maisons, such as Hennessy and the Champagne Houses, have used the Environmental Performance Index (EPI) that was created by the Perfumes & Cosmetics Maisons and applies to packaging.

#### PRODUCT SAFETY

The regulatory context for cosmetics has undergone considerable change in recent years, especially with the introduction of various European texts such as the REACH Regulation, the “Classification, Labeling, Packaging” Regulation, and the regulation pertaining to cosmetics.

LVMH is committed to developing cosmetics that offer the greatest safety assurance and prohibits the use of ingredients whose safety is hard to guarantee. For example, the Group's Perfume & Cosmetics Maisons do not develop any products containing triclosan, phthalates or preservatives that generate formaldehyde.

Moreover, the different Perfumes & Cosmetics brands no longer test the safety of their cosmetics on animals and invest jointly in research for alternative means of testing, particularly in the area of allergies, in conjunction with basic-research partners, and in the area of systemic toxicity within Colipa, the European federation of cosmetics manufacturers.



## AN UNDERLYING SOCIETAL DIMENSION, INHERENT TO ENVIRONMENTAL CHALLENGES

**A model of responsible consumption**

**The ultimate challenge of protecting biodiversity**

**Creation of environmental value to society's benefit**

In addition to its strictly environmental initiatives, the Group operates a policy that has a clear societal dimension. This basically involves two major challenges: first, encouraging a model of responsible consumption; and second, underpinning the conservation of biodiversity. To this end, LVMH forms partnerships with national and international associations, local authorities and training establishments.

### **A MODEL OF RESPONSIBLE CONSUMPTION THAT CARRIES THE GROUP'S VALUES**

#### **RAISING PUBLIC AWARENESS**

The Group's Maisons form flagship partnerships whose primary goal is to support the environmental messages carried by the brands. Thus Louis Vuitton has an ongoing involvement with *Climate Project*, the association launched by Al Gore to raise public awareness regarding the effects of climate change, and *Green Cross International*, the Foundation created by former Russian president Mikhaïl Gorbachev. For its part, TAG Heuer is continuing the partnership it began in 2009 with Leonardo DiCaprio to raise funds to benefit the Natural Resources Defense Council and Green Cross International.

### **INFORMING CONSUMERS**

To improve consumer information and education, LVMH and Sephora are participating in the project undertaken in 2011 by the French government to provide environmental information on labeling. In the Wines & Spirits business, Bodegas Chandon is involved with the "Argentine Wine Cellars" Sustainable Development Commission and is part of the "clean production program" supported by the State and the Inter-American Development Bank (IDB). With regard to responsible alcohol consumption, Moët Hennessy adopted in 2003 and updated in 2008 its Marketing and Communications Code of Conduct, which clearly specifies consumption principles and complies with the Moët Hennessy Charter on responsible alcohol consumption. All employees are familiar with this charter and adhere to its principles.

### **PROMOTING INNOVATIVE ALTERNATIVES**

Since 2010 Edun, a pioneer in ethical fashion, has lent its support to the "Conservation Cotton Initiative" whose goal is to promote the cultivation of organic cotton in Africa and thus benefit the local clothing industry.



### **THE VALUES CARRIED BY THE BRANDS**

The LVMH Group promotes a model of responsible consumption and marketing, particularly when it comes to its Wines & Spirits operations. The messages conveyed by the brands incorporate the challenges and requirements involved in sustainable development and corporate responsibility by focusing on the intrinsic qualities of people and products. The operations and strategies of the Maisons reflect in particular the values of excellence, rarity, expertise, innovation, knowledge transfer and durability.



## BIODIVERSITY, AN ISSUE INVOLVING US ALL

**Protecting biodiversity is the end goal of all environmental challenges.**

**The competitiveness and social acceptability of LVMH's activities depend directly on their ability to protect and enhance the essential resources which make up the living world. Apart from the various initiatives already undertaken in favor of biological diversity, such as water conservation, supply of specific materials, sustainable viticulture, ethnobotany, and even the reduced impact on biodiversity of CO<sub>2</sub> emissions, LVMH is educating its employees and the general public about biodiversity and its challenges.**

## THE CRUCIAL CHALLENGE OF BIODIVERSITY

### ENCOURAGING AWARENESS OF OUR INTERDEPENDENCE ON BIODIVERSITY

In the research field, LVMH is Vice-Chair of the Strategic Orientation Committee of the Foundation for Research in Biodiversity (FRB) and also a member of the non-profit organization Orée, which covers businesses, regions and the environment. The Group is heavily involved in Orée's "Biodiversity & Economics" working group.

In addition to the initiatives presented above and those being carried out in the context of sustainable viticulture, ethnobotany and the supply of precious leathers, the Maisons are involved in a number of reforestation and plant conservation projects. For instance, Guerlain is a partner in the Tianzi natural reserve in China under a 10-year sponsorship agreement comprising reforestation, orchid planting and a social program for local populations. The Maison has also launched an initiative for the responsible cultivation of vetiver on the Coimbatore high plateaux in southern India.

Following the earthquake and tsunami in Japan in March 2011 and independently of donations made to the Japanese Red Cross, Louis Vuitton is supporting the "Forests Are Lovers of the Sea" project, the goal of which is to plant trees to help purify the seawater used for oyster farming in the Miyagi Prefecture. The Maison also financed the purchase of a forest in Japan's Nagano region. Wood cut from this forest is used to manufacture shelters and furniture for populations affected by the earthquake and tsunami.

## THE ISSUE OF BEE PROTECTION

For several years the Maisons of the Group have supported initiatives to protect bees, the real health sentinels of our ecosystems. Two brands that have a historical association with bees are Chaumet, which has supported the Terre d'Abeilles (Land of Bees) association since 2002, and Guerlain, which has entered into an environmental sponsorship agreement with the Ouessant Black Bee Conservatory. Like Guerlain, Louis Vuitton has established hives at some of its sites and in 2011 formed a study partnership with the CNRS.



## ENVIRONMENTAL DATA

## WATER CONSUMPTION BY BUSINESS GROUP

(Process requirements, in m <sup>3</sup> )	2011	2010	Change
Wines and Spirits	993,306	928,934	7%
Fashion and Leather Goods	249,271	261,641	-5%
Perfumes and Cosmetics	202,274	213,450	-5%
Watches and Jewelry	12,573	9,120	38% <sup>(1)</sup>
Selective retailing	332,014	295,230	12% <sup>(2)</sup>
Other activities	27,278	25,964	5%
<b>TOTAL</b>	<b>1,816,716</b>	<b>1,734,339</b>	<b>5%</b>

(1) Change due to the integration of Hublot and the increase in business volumes for watches and jewelry brands.

(2) Change in Sephora North America number of stores included in the reporting scope.

## ENERGY CONSUMPTION BY BUSINESS GROUP

(in MWh)	2011	2010	Change
Wines and Spirits	167,737	155,882	8%
Fashion and Leather Goods	104,904	104,439	-
Perfumes and Cosmetics	60,939	70,816	-14% <sup>(1)</sup>
Watches and Jewelry	10,083	7,217	40% <sup>(2)</sup>
Selective retailing	196,623	196,266	-
Other activities	14,068	19,805	-30% <sup>(3)</sup>
<b>TOTAL</b>	<b>554,354</b>	<b>554,425</b>	<b>-</b>

(1) Change mainly due to reduced consumption of Parfums Christian Dior production sites.

(2) Change due to the integration of Hublot and the increase in business volumes for watches and jewelry brands.

(3) Change due to the decrease of business volumes in some sites of the holding company.

## GREENHOUSE GAS EMISSIONS BY BUSINESS GROUP

(in metric tons of CO <sub>2</sub> equivalent)	CO <sub>2</sub> emissions in 2011	Of which: Direct CO <sub>2</sub> emissions	Of which: Indirect CO <sub>2</sub> emissions	CO <sub>2</sub> emissions in 2010	Change
Wines and Spirits	39,416	25,827	14,089	37,380	5% <sup>(1)</sup>
Fashion and Leather Goods	32,714	4,011	28,703	25,199	30% <sup>(2)</sup>
Perfumes and Cosmetics	10,036	4,662	5,374	11,635	-14%
Watches and Jewelry	1,001	791	210	742	35% <sup>(3)</sup>
Selective retailing	69,593	5,224	64,369	72,281	-4%
Other activities	2,602	875	1,727	3,021	-14%
<b>TOTAL</b>	<b>155,362</b>	<b>40,890</b>	<b>114,472</b>	<b>150,258</b>	<b>3%</b>

(1) Change due to the increase in business volumes.

(2) Change due to the integration of new Louis Vuitton sites and stores located in countries with an electricity-intensive CO<sub>2</sub> and the updating of CO<sub>2</sub> emission factors for electricity production.

(3) Change due to the integration of Hublot and the increase in business volumes for watches and jewelry brands.

Further information, best practices and quantitative data appear in the "2011 LVMH Environmental Report" available on the Group's website and in the "2011 Registration Document." Since 2002 environmental indicators have been verified by the Group's statutory auditors and since 2008 have been based on a reasonable level of assurance. Questions for the Group may be addressed to: environnement@lvmh.fr

# CORPORATE SPONSORSHIP TO SUPPORT CULTURE, YOUTH AND HUMANITARIAN ACTION



*The success of LVMH over the last 20 years has allowed it to develop a global institutional communications plan built on an innovative and original corporate sponsorship program. This is a legitimate approach because it expresses the values that bind LVMH Maisons together and form the basis for their success, and at the same time respects their individual communications projects and brand images. But it is also a useful approach because LVMH is eager to fulfill its corporate social responsibility through initiatives in culture and artistic expression, education and youth, and major humanitarian causes.*

## CULTURE, HERITAGE AND CONTEMPORARY DESIGN

The first component of the LVMH corporate sponsorship program focuses on preserving artistic heritage in France and throughout the world by supporting the restoration of historic monuments, expanding the collections of leading museums, contributing to major national exhibits and supporting the design of the most iconic artists of our time. Our sponsorship of more than 35 major exhibitions in France and abroad has allowed millions of visitors to discover not only the Grand Masters but also major contemporary artists.

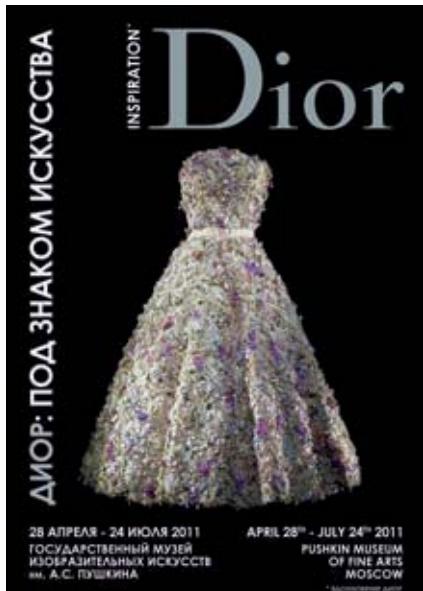
In 2011, LVMH sponsored the very first retrospective of the work of Jean-Michel Othoniel, one of France's most prominent artists on today's international art scene. The Louis Vuitton Foundation for Creation loaned two of the artist's works

for this event: *Le Bateau de Larmes* and *Lagrimas*. LVMH also renewed its support of *Monumenta*, an event organized by the French Ministry of Culture and Communication and of which the Group has been one of the sponsors since the first edition in 2007. LVMH sponsored the creation of *Leviathan*, a spectacular work by British artist Anish Kapoor, which was specially designed for the main exhibition hall of the Grand Palais and attracted almost 280,000 visitors.

Another exhibition that enjoyed considerable success was the "Inspiration Dior" exhibition at Moscow's Pushkin Museum. The event featured a "dialog" between some of the greatest artists in the history of art and designs from the House of Dior since its founding in 1947. The event attracted almost 300,000 visitors to the Russian capital in the spring and summer of 2011.

## Corporate Sponsorship

In 2012, LVMH will continue its sponsorship of Monumenta, which will present a new creation by Daniel Buren for its 5th edition in the spring. LVMH will



also be sponsoring two major artistic events in Paris: the retrospective of German painter Gerhard Richter at the Centre Pompidou beginning in June, and the "Impressionists and Fashion" exhibition at the Musée d'Orsay in the fall. Meanwhile, the new Louis Vuitton Foundation for Creation building in the Jardin d'Acclimatation will enter a critical phase in its construction in 2012, when the entire building will be clad in huge glass sails.

## YOUTH INITIATIVES

Children in elementary and high schools as well as art students benefit from educational programs designed and initiated by the Group to give them greater access to the best of culture, particularly in the areas of music and the visual arts. LVMH continued its program of classes in 2011 as part of its sponsorship of the "My Way" exhibition, dedicated to the work of Jean-Michel Othoniel. In 2010-2011, LVMH also lent its

support to the International Music Academy, which was founded in Switzerland by conductor Seiji Ozawa, and the education program of the Carla Bruni-Sarkozy Foundation, "A Toi de Jouer," developed in collaboration with the Cité de la Musique.

Among other initiatives is the loan from the LVMH Collection of Stradivariuses to Maxim Vengerov, Laurent Korcia, Kirill Trousov, Tatjana Vassiljeva and Raphaël Pidoux and others, enabling them to express their virtuosity on the international music stage year after year.

#### A COMMITMENT TO COMMUNITY THROUGH MEDICAL RESEARCH AND SOCIAL PROGRAMS

Since 1990, our Group has supported a large number of institutions in France and around the world, including those involved with children, such as the Fondation des Hôpitaux de Paris – Hôpitaux de France (Paris and French Hospitals Foundation), the "Pont-Neuf" Association and Save the Children in Japan. It also supports the Claude Pompidou Foundation, which focuses on helping the elderly and disabled, and the Robin Hood Foundation in

New York. In addition, LVMH supports several foundations or scientific teams engaged in public health research, including the Pasteur Institute, the American Hospital in Paris, the American Foundation for AIDS Research, cancer research at the Paul Brousse and Henri Mondor hospitals and the Curie Institute, the Parkinson's Disease Foundation in New York, and, in 2010-2011, the Fondation pour la Recherche en Psychiatrie et en Santé Mentale (Psychiatry and Mental Health Research Foundation).

Furthermore, in 2010-2011, following the earthquake in Haiti, LVMH increased its level of support of the "Fraternité Universelle" Foundation, with which it has been involved for almost 20 years. The Foundation runs medical, educational and subsistence programs to help children and displaced populations in Haiti's High Central Plateau, one of the world's poorest regions. Finally, LVMH wanted to express solidarity and friendship for Japan and its population, affected by the tsunami in spring 2011, with a significant support for financing the reconstruction of the Tohoku region. Many other initiatives were also individually taken by LVMH Maisons in Japan.





## PHOTOGRAPHS

Jean-François Campos, Louis Vuitton / Bruno Aveillan, Jacques Vekemans, Louis Vuitton /  
 Mazen Saggar, Louis Vuitton / Stéphane Muratet, Louis Vuitton / Keiichi Nitta, Louis Vuitton / Éric Tourneret,  
 Didier Plowy / Monumenta 2011 - French Ministry of Culture and Communication, Laziz Hamani,  
 Galerie Emmanuel Perrotin, picture libraries of LVMH and Group's Maisons.

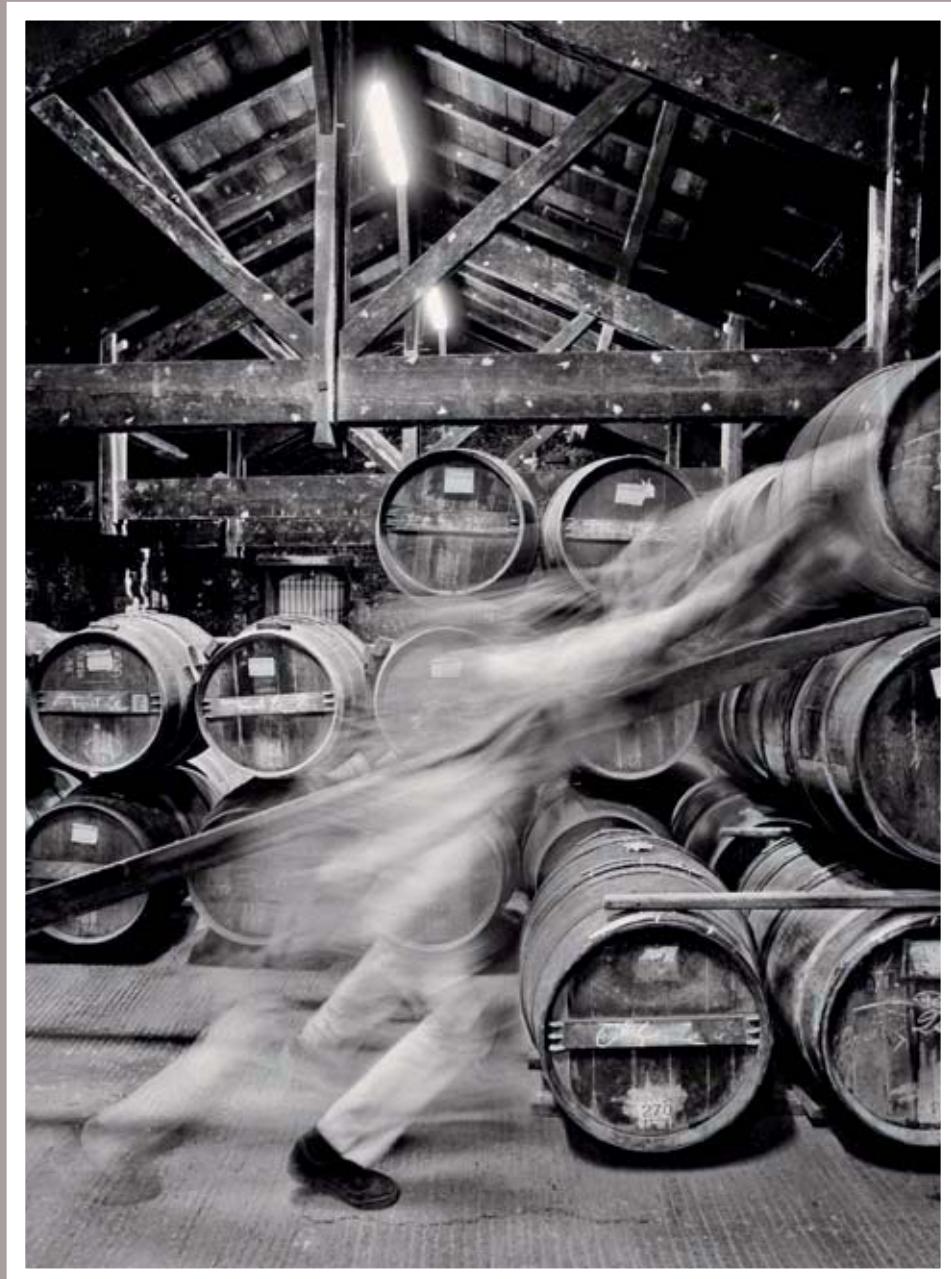
LVMH – 22, avenue Montaigne – 75008 Paris – France  
 Tel.: 33 (0)1 44 13 22 22 – Fax: 33 (0)1 44 13 22 23 – [www.lvmh.com](http://www.lvmh.com)





LVMH 2011

ANNUAL REPORT



FINANCE



Louis Vuitton  
24K

# CONTENTS

02	STOCK EXCHANGE PERFORMANCE AND SHAREHOLDER STRUCTURE
04	LVMH FINANCIAL HIGHLIGHTS
06	FINANCIAL HIGHLIGHTS BY BUSINESS GROUP

08	CONSOLIDATED BALANCE SHEET
10	COMMENTS ON THE CONSOLIDATED BALANCE SHEET
12	CONSOLIDATED INCOME STATEMENT
13	CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES
14	COMMENTS ON THE CONSOLIDATED INCOME STATEMENT
16	CONSOLIDATED CASH FLOW STATEMENT
17	COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT
18	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

THE WORLD'S LEADING  
LUXURY PRODUCTS GROUP

A unique portfolio of over  
**60 PRESTIGIOUS BRANDS**

An international distribution network of  
**3,040 STORES**

Nearly **98,000 EMPLOYEES**  
in over **60 COUNTRIES**

**REVENUE** of  
**23.7 BILLION EUROS**  
in 2011



# STOCK EXCHANGE PERFORMANCE AND SHAREHOLDER STRUCTURE

## EVOLUTION IN LVMH SHARES

In a climate of high uncertainty, notably relating to the euro-zone, 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.

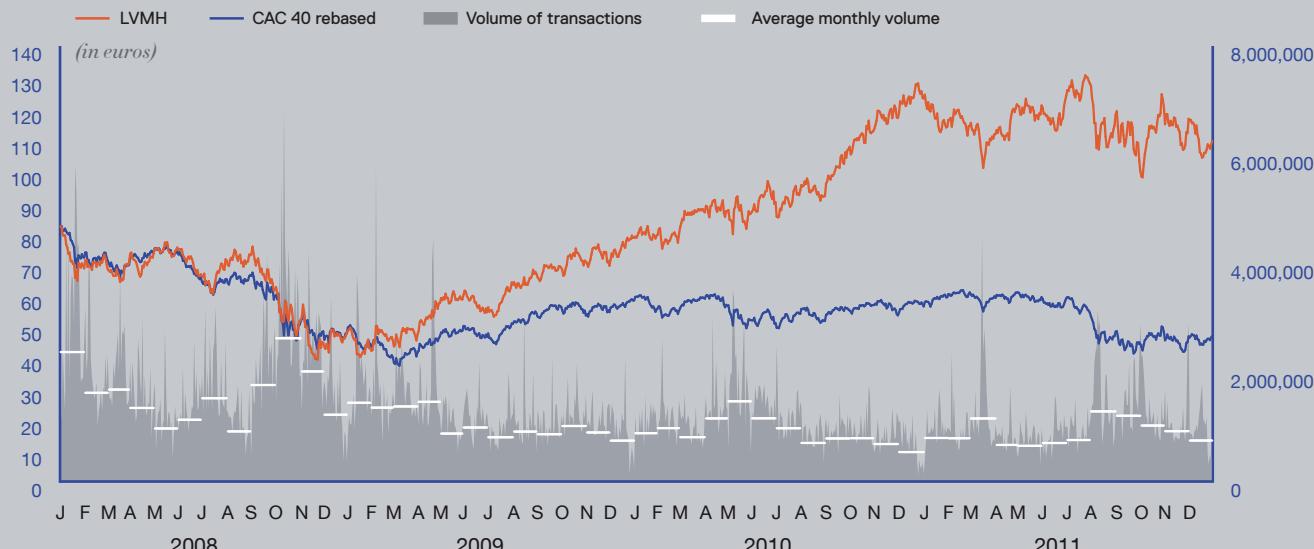
LVMH shares closed at €109.40 on December 30, 2011. On that date LVMH's market capitalization amounted to €55.6 billion, making LVMH the third largest company on the Paris stock exchange.

LVMH is included in the major French and European indices used by fund managers, namely the CAC 40, DJ-EuroStoxx 50, MSCI Europe, and FTSE-Eurotop 100. LVMH is also included in the Global Dow, an index of the most innovative, vibrant and influential corporations from around the world, and the FTSE4Good and DJSI STOXX index, the main indices of socially responsible investment. LVMH shares are listed for trading on the Euronext Paris Eurolist (Reuters Code: LVMH.PA, Bloomberg code: MC FP, ISIN Code: FR0000121014). In addition, negotiable options on LVMH shares are traded on Euronext.liffe.

## TOTAL SHAREHOLDER RETURN

An LVMH shareholder who invested €1,000 on January 1, 2007 would have capital of €1,525 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%.

## COMPARISON OF THE LVMH SHARE PRICE AND THE CAC 40 SINCE JANUARY 1, 2008



## SHAREHOLDERS' CLUB: AN INITIATIVE TO STRENGTHEN TIES

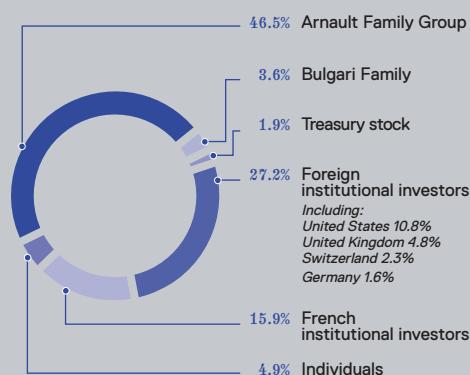
Dedicated to individual shareholders who show a special interest in the life of the Group, the LVMH Shareholders' Club gives its members a better understanding of the Group, its businesses and its brands, and the ties they maintain with art and cultural life.

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.

## CAPITAL STRUCTURE

(Euroclear France survey on bearer shares  
at December 2011)



## CHANGE IN THE DIVIDEND

	2011	2010	2009
Gross dividend (in euros)	2.60 <sup>(1)</sup>	2.10	1.65
Growth for the year	24%	27%	3%
Payout ratio <sup>(2)</sup>	43%	34%	46%
Group share of net earnings per share (in euros)	6.27	6.36	3.71

(1) Amount proposed at the Shareholders' Meeting of April 5, 2012

(2) As a percentage of Group share of net profit.

## AGENDA

- Thursday, February 2, 2012:  
*Publication of 2011 revenue and annual results*
- Thursday, April 5, 2012:  
*Shareholders' Meeting*
- April 2012:  
*Publication of 2012 first quarter revenue*
- April 25, 2012:  
*Payment of final dividend for fiscal 2011*  
(last trading day with dividend rights: April 19, 2012)
- July 2012:  
*Publication of 2012 half year revenue and results*
- October 2012:  
*Publication of 2012 third quarter revenue*

## CONTACTS

- Investor and shareholder relations  
Tel.: +33 1 44 13 27 27
- Shareholders' club  
Tel.: +33 1 44 13 21 50 – [www.lvmh.fr](http://www.lvmh.fr) – [www.lvmh.com](http://www.lvmh.com)

## DISTRIBUTION OF CAPITAL AND VOTING RIGHTS

(at December 31, 2011)	Number of shares	Number of voting rights <sup>(i)</sup>	% 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%
<b>TOTAL</b>	<b>507,815,624</b>	<b>722,854,017</b>	<b>100.00%</b>	<b>100.00%</b>

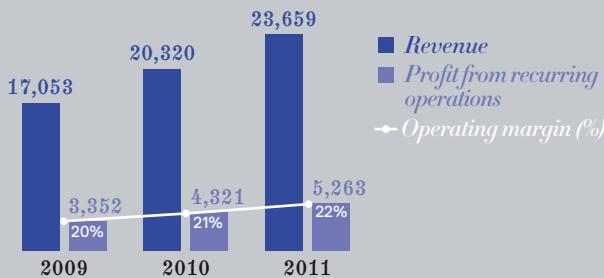
(i) Total number of voting rights that may be exercised at Shareholders' Meetings.

## STOCK MARKET DATA

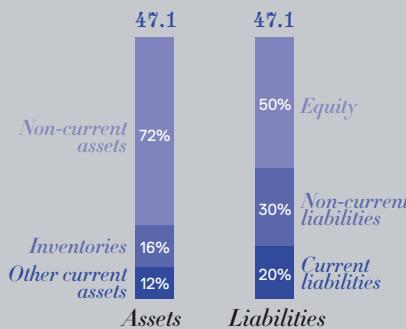
(in euros)	2011	2010	2009
High (during trading session)	132.65	129.05	79.27
Low (during trading session)	94.16	74.19	39.08
Year-end share price	109.40	123.10	78.38
Change during the year (%)	-11%	+57%	+64%
Change in the CAC 40 (%)	-17%	-8%	+22%
Market capitalization at December 31 (billions)	55.6	60.3	38.4

# LVMH FINANCIAL HIGHLIGHTS

## REVENUE AND PROFIT FROM RECURRING OPERATIONS (EUR millions)



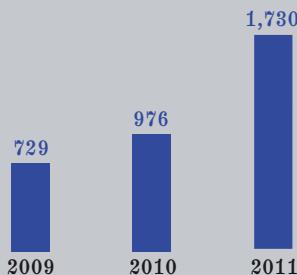
## SIMPLIFIED BALANCE SHEET AT DECEMBER 31, 2011 (EUR billions)



## PROFIT FROM RECURRING OPERATIONS (EUR millions)

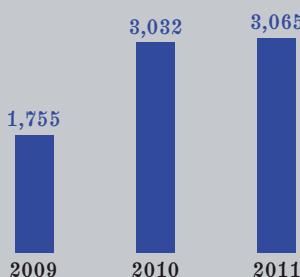
	2011	% of sales
Wines & Spirits	1,101	31%
Fashion & Leather Goods	3,075	35%
Perfumes & Cosmetics	348	11%
Watches & Jewelry	265	14%
Selective Retailing	716	11%
Other activities and eliminations	(242)	-
<b>TOTAL</b>	<b>5,263</b>	<b>22%</b>

## OPERATING INVESTMENTS (EUR millions)



## NET PROFIT, GROUP SHARE

(EUR millions)



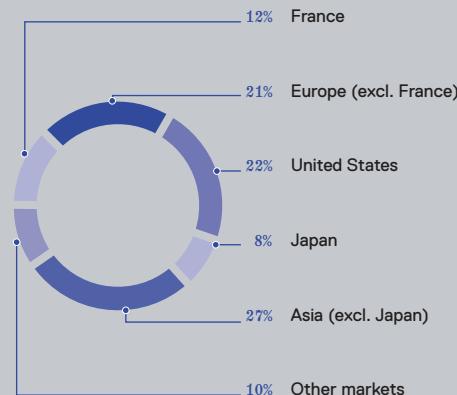
## NET FINANCIAL DEBT AND FREE CASH FLOW

(EUR millions)

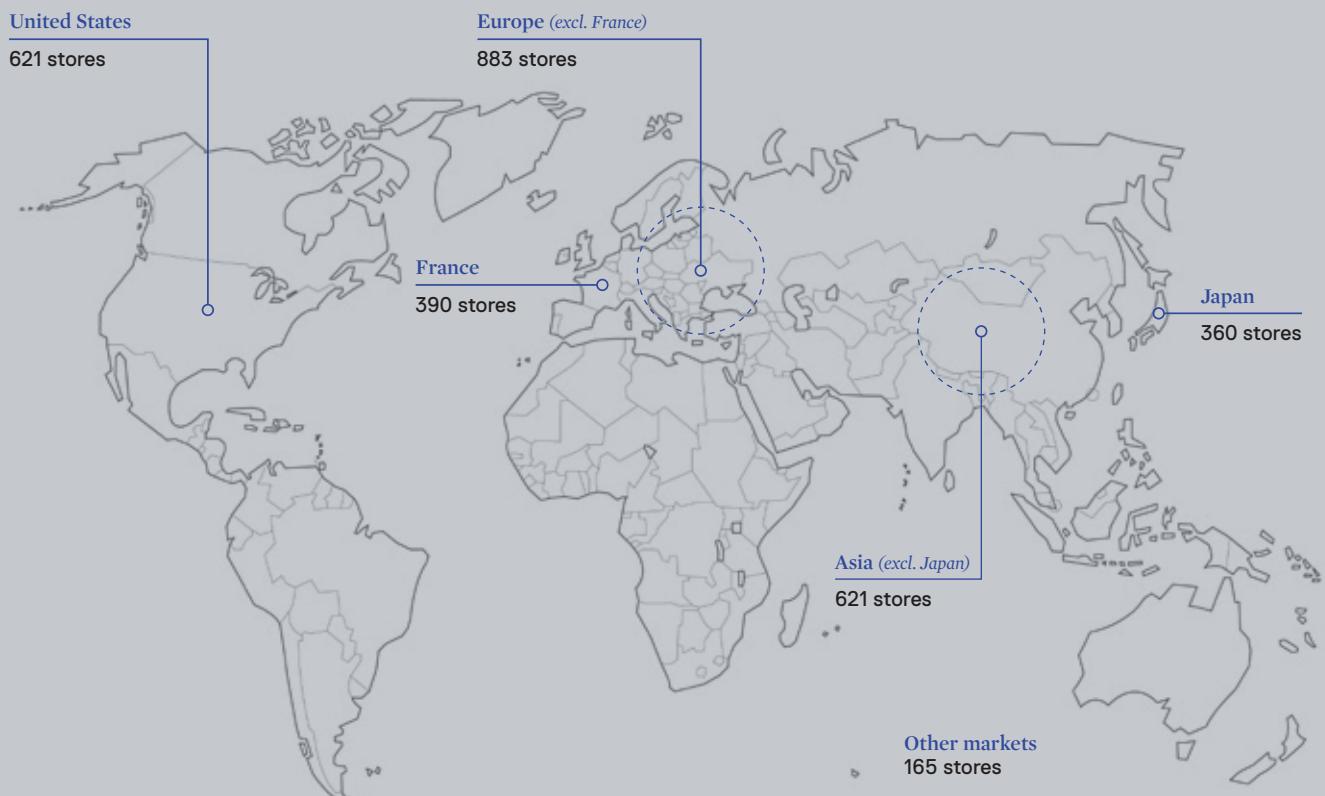


(1) Net cash from (used in) operating activities and operating investments.

(2) Ratio of net financial debt to equity.

**2011 REVENUE BY BUSINESS GROUP (in %)****2011 REVENUE BY GEOGRAPHIC REGION OF DELIVERY (in %)****NUMBER OF STORES**

2011	3,040
2010	2,545
2009	2,423

**STORE NETWORK (at December 31, 2011)**

# FINANCIAL HIGHLIGHTS BY BUSINESS GROUP

## WINES & SPIRITS

(EUR millions)	2011	2010	2009
Revenue	3,524	3,261	2,740
Profit from recurring operations	1,101	930	760
Operating investments	159	83	98

### SALES VOLUMES

(in millions of bottles)

#### CHAMPAGNE

2011	55.5
2010	55.2
2009	48.4

#### COGNAC

2011	63.5
2010	59.8
2009	54.6

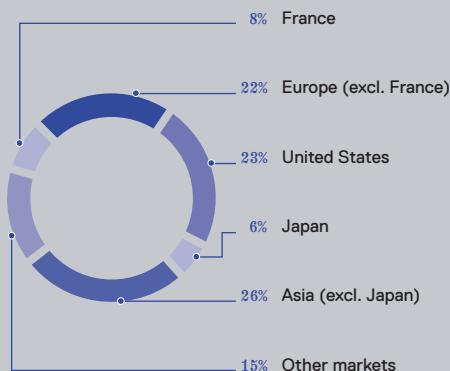
## FASHION & LEATHER GOODS

(EUR millions)	2011	2010	2009
Revenue	8,712	7,581	6,302
Profit from recurring operations	3,075	2,555	1,986
Operating investments	437	370	263

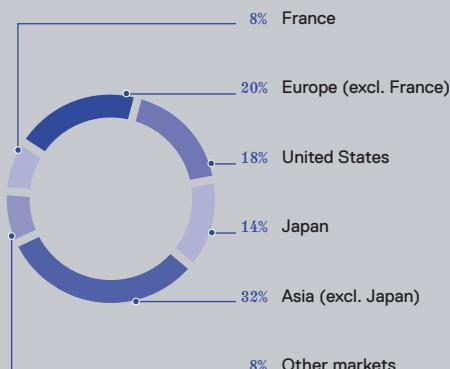
### NUMBER OF STORES

2011	1,246
2010	1,188
2009	1,164

### 2011 REVENUE BY GEOGRAPHIC REGION OF DELIVERY (in %)



### 2011 REVENUE BY GEOGRAPHIC REGION OF DELIVERY (in %)



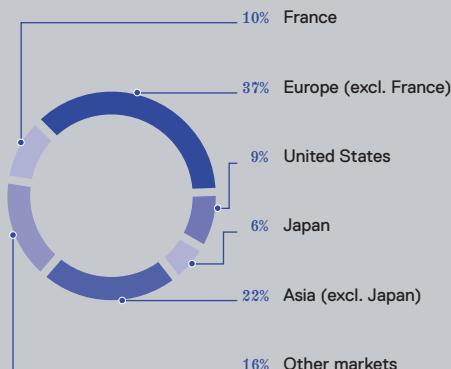
## PERFUMES &amp; COSMETICS

(EUR millions)	2011	2010	2009
Revenue	3,195	3,076	2,741
Profit from recurring operations	348	332	291
Operating investments	150	104	99

## REVENUE BY PRODUCT CATEGORY (in %)



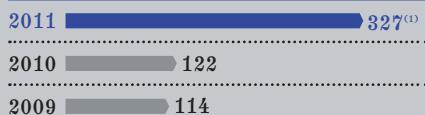
## 2011 REVENUE BY GEOGRAPHIC REGION OF DELIVERY (in %)



## WATCHES &amp; JEWELRY

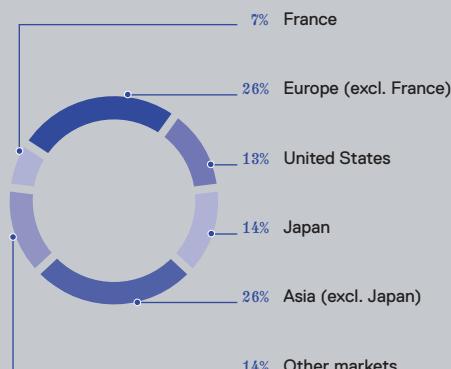
(EUR millions)	2011	2010	2009
Revenue	1,949	985	764
Profit from recurring operations	265	128	63
Operating investments	117	36	23

## NUMBER OF STORES



(1) of which 170 additional stores as a result of the integration of Bulgari.

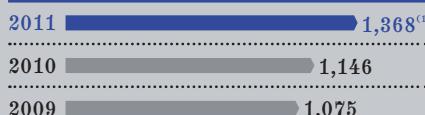
## 2011 REVENUE BY GEOGRAPHIC REGION OF DELIVERY (in %)



## SELECTIVE RETAILING

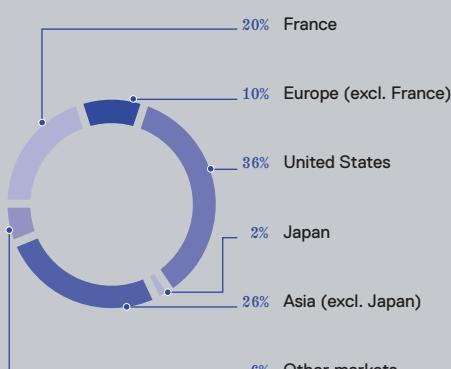
(EUR millions)	2011	2010	2009
Revenue	6,436	5,378	4,533
Profit from recurring operations	716	536	388
Operating investments	215	196	181

## NUMBER OF STORES



(1) of which 125 additional stores as a result of the integration of Ile de Beauté.

## 2011 REVENUE BY GEOGRAPHIC REGION OF DELIVERY (in %)



The consolidated financial statements presented in the following pages are abbreviated.

## CONSOLIDATED BALANCE SHEET

### ASSETS

(EUR millions)	2011	2010	2009
<i>Brands and other intangible assets - net</i>	11,482	9,104	8,697
<i>Goodwill - net</i>	6,957	5,027	4,270
<i>Property, plant and equipment - net</i>	8,017	6,733	6,140
<i>Investments in associates</i>	170	223	213
<i>Non-current available for sale financial assets</i>	5,982	3,891	540
<i>Other non-current assets</i>	478	319	750
<i>Deferred tax</i>	716	668	521
<b>NON-CURRENT ASSETS</b>	<b>33,802</b>	<b>25,965</b>	<b>21,131</b>
<i>Inventories and work in progress</i>	7,510	5,991	5,644
<i>Trade accounts receivable</i>	1,878	1,565	1,455
<i>Income taxes</i>	121	96	217
<i>Other current assets</i>	1,455	1,255	1,213
<i>Cash and cash equivalents</i>	2,303	2,292	2,446
<b>CURRENT ASSETS</b>	<b>13,267</b>	<b>11,199</b>	<b>10,975</b>
<b>TOTAL ASSETS</b>	<b>47,069</b>	<b>37,164</b>	<b>32,106</b>

**LIABILITIES AND EQUITY**

(EUR millions)

	2011	2010	2009
<i>Share capital</i>	152	147	147
<i>Share premium account</i>	3,801	1,782	1,763
<i>Treasury shares and LVMH-share settled derivatives</i>	(485)	(607)	(929)
<i>Cumulative translation adjustment</i>	431	230	(495)
<i>Revaluation reserves</i>	2,689	1,244	871
<i>Other reserves</i>	12,798	11,370	10,684
<i>Net profit, Group share</i>	3,065	3,032	1,755
<i>Equity, Group share</i>	22,451	17,198	13,796
<i>Minority interests</i>	1,061	1,006	989
<b>TOTAL EQUITY</b>	<b>23,512</b>	<b>18,204</b>	<b>14,785</b>
<i>Long term borrowings</i>	4,132	3,432	4,077
<i>Provisions</i>	1,400	1,167	990
<i>Deferred tax</i>	3,925	3,354	3,117
<i>Other non-current liabilities</i>	4,506	3,947	3,089
<b>NON-CURRENT LIABILITIES</b>	<b>13,963</b>	<b>11,900</b>	<b>11,273</b>
<i>Short term borrowings</i>	3,184	1,834	1,708
<i>Trade accounts payable</i>	2,952	2,298	1,911
<i>Income taxes</i>	443	446	221
<i>Provisions</i>	349	339	334
<i>Other current liabilities</i>	2,716	2,143	1,874
<b>CURRENT LIABILITIES</b>	<b>9,594</b>	<b>7,060</b>	<b>6,048</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>47,069</b>	<b>37,164</b>	<b>32,106</b>

## COMMENTS ON THE CONSOLIDATED BALANCE SHEET

The significant increase in non-current assets compared to 2010 is chiefly attributable to the consolidation of Bulgari in 2011. Non-current assets thus represented 72% of total assets as of December 31, 2011, compared to 70% at year-end 2010.

Tangible and intangible fixed assets increased by 5.6 billion euros, with 4.2 billion euros of this amount arising from first-time consolidations during the year. This relates primarily to Bulgari, whose brand was provisionally valued at 2.1 billion euros, with goodwill amounting to 1.5 billion euros. Net of amortization and depreciation charges, investments for the year represented a 1 billion euro increase (see comments on the cash flow statement).

Other non-current assets increased by 2.2 billion euros, mainly as a result of an increase in the market value of the Group's investment in Hermès International and additional purchases of Hermès shares on the market. The Group's 22.4% stake in Hermès represented an amount of 5.4 billion euros as of December 31, 2011.

Inventories increased by 1.5 billion euros. Inventories held by entities acquired during 2011, mainly Bulgari, accounted for 0.7 billion euros of this increase, with the remainder attributable to growth in the Group's businesses.

Other non-current liabilities increased from 11.9 billion euros at year-end 2010 to 14 billion euros at year-end 2011. This increase was due to the recognition of a deferred tax liability in respect of the Bulgari brand (0.7 billion euros), an increase in long-term net financial debt (0.7 billion euros), and an increase in commitments to purchase minority interests (0.5 billion euros).

Other current liabilities increased by 1.2 billion euros compared to year-end 2010, reflecting growth in the Group's businesses.

The ratio of net financial debt to equity rose by 5.1 points to 19.8% as of December 31, 2011. This increase was the result of a 2 billion euro increase in net financial debt and a 5.4 billion euro increase in equity.

Total equity amounted to 23.5 billion euros at year-end 2011, representing an increase of 29%. This significant rise is mainly attributable to the following factors: the reserved capital increase by LVMH SA, in the amount of 2.2 billion euros, intended as consideration for the contribution of Bulgari shares by the company's family shareholders; the sharp increase in the value of some assets held by the Group, in particular its investment in Hermès, whose market value rose during the year by 1.7 billion euros; and finally, the strong earnings achieved by companies across the Group, only a portion of which have been distributed. As of December 31, 2011, total equity represented 50% of the balance sheet total, thus remaining stable compared to 2010.

Gross borrowings after derivatives totaled 7.1 billion euros at year-end 2011. Bond issues and new borrowings generated 2.7 billion euros. In particular, LVMH carried out a euro-denominated public bond issue consisting of two tranches maturing in 4 and 7 years, with a par value of 500 million euros each. The Group also issued 0.2 billion euros of debt by way of private placements. The amount of commercial paper outstanding also increased by 1.3 billion euros in 2011.

Conversely, borrowings of 1 billion euros were repaid in the year, in particular via the redemption of several bonds for a total of 0.8 billion euros. Cash and cash equivalents and current available for sale financial assets totaled 2.3 billion euros at the close of 2011, virtually stable compared to the position as of December 31, 2010.

At year-end 2011, the Group's undrawn confirmed credit lines amounted to 3.4 billion euros, substantially exceeding the outstanding portion of its commercial paper program, which came to 1.6 billion euros as of December 31, 2011.

# CONSOLIDATED INCOME STATEMENT

(EUR millions, except for earnings per share)	2011	2010	2009
<b>REVENUE</b>	<b>23,659</b>	<b>20,820</b>	<b>17,053</b>
Cost of sales	(8,092)	(7,184)	(6,164)
<b>GROSS MARGIN</b>	<b>15,567</b>	<b>13,136</b>	<b>10,889</b>
Marketing and selling expenses	(8,360)	(7,098)	(6,051)
General and administrative expenses	(1,944)	(1,717)	(1,486)
<b>PROFIT FROM RECURRING OPERATIONS</b>	<b>5,263</b>	<b>4,321</b>	<b>3,352</b>
Other operating income and expenses	(109)	(152)	(191)
<b>OPERATING PROFIT</b>	<b>5,154</b>	<b>4,169</b>	<b>3,161</b>
Cost of net financial debt	(151)	(151)	(187)
Other financial income and expenses	(91)	763	(155)
<b>NET FINANCIAL INCOME (EXPENSE)</b>	<b>(242)</b>	<b>612</b>	<b>(342)</b>
Income taxes	(1,453)	(1,469)	(849)
Income (loss) from investments in associates	6	7	3
<b>NET PROFIT BEFORE MINORITY INTERESTS</b>	<b>3,465</b>	<b>3,819</b>	<b>1,973</b>
Minority interests	(400)	(287)	(218)
<b>NET PROFIT, GROUP SHARE</b>	<b>3,065</b>	<b>3,032</b>	<b>1,755</b>
<b>BASIC GROUP SHARE OF NET EARNINGS PER SHARE (EUR)</b>	<b>6.27</b>	<b>6.36</b>	<b>3.71</b>
Number of shares on which the calculation is based	488,769,286	476,870,920	473,597,075
<b>DILUTED GROUP SHARE OF NET EARNINGS PER SHARE (EUR)</b>	<b>6.23</b>	<b>6.32</b>	<b>3.70</b>
Number of shares on which the calculation is based	492,207,492	479,739,697	474,838,025

# CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

<i>(EUR millions)</i>	2011	2010	2009
<b>NET PROFIT BEFORE MINORITY INTERESTS</b>	3,465	3,319	1,973
Translation adjustments	190	701	(128)
Tax impact	47	89	(20)
	237	790	(148)
Change in value of available for sale financial assets	1,634	294	114
Amounts transferred to income statement	(38)	38	(11)
Tax impact	(116)	(35)	(26)
	1,480	297	77
Change in value of hedges of future foreign currency cash flows	95	(20)	133
Amounts transferred to income statement	(168)	(30)	(125)
Tax impact	21	14	(2)
	(52)	(36)	6
Change in value of vineyard land	25	206	(53)
Tax impact	(11)	(71)	18
	14	135	(35)
<b>GAINS AND LOSSES RECOGNIZED IN EQUITY</b>	1,679	1,186	(100)
<b>COMPREHENSIVE INCOME</b>	5,144	4,505	1,873
Minority interests	(433)	(375)	(189)
<b>COMPREHENSIVE INCOME, GROUP SHARE</b>	4,711	4,130	1,684

## COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

Consolidated **REVENUE** for the year ended December 31, 2011 was 23,659 million euros, up 16% from the previous year. It was affected by the depreciation of the main invoicing currencies against the euro, in particular the US dollar, which fell by 5%.

The following changes have been made in the Group's scope of consolidation since January 1, 2010: in Perfumes and Cosmetics, La Brosse et Dupont was deconsolidated in the third quarter of 2010; in Wines and Spirits, Montaudon was deconsolidated as of January 1, 2011; in Watches and Jewelry, Bulgari was consolidated with effect from June 30, 2011; and in Selective Retailing, Ile de Beauté, one of the leading perfume and cosmetics retail chains in Russia, was consolidated, with effect from June 1, 2011. These changes in the scope of consolidation made a positive contribution of 4 points to revenue growth for the year.

On a constant consolidation scope and currency basis, revenue increased by 14%.

The breakdown of revenue by business group changed appreciably following the consolidation of Bulgari in Watches and Jewelry in the latter part of 2011, with the contribution of Watches and Jewelry to consolidated revenue increasing by 3 points to 8%. The contributions of Wines and Spirits and Perfumes and Cosmetics declined by 1 and 2 points to 15% and 13%, respectively, while those of Fashion and Leather Goods and Selective Retailing remained stable, accounting for 37% and 27% of consolidated revenue, respectively.

Wines and Spirits saw an increase in revenue of 8% based on published figures. Revenue for this business group increased by 10% on a constant consolidation scope and currency basis, with the net impact of exchange rate fluctuations and the net impact of changes in the scope of consolidation lowering Wines and Spirits revenue by 2 points. Group brands successfully took advantage of the recovery in consumer spending, boosting their revenue while making product mix improvements in line with their value-oriented strategy. Surging demand in Asia made a particularly significant contribution to the strong upturn in revenue. China is still the second largest market for the Wines and Spirits business group.

Fashion and Leather Goods posted organic revenue growth of 16%, and 15% based on published figures. This business group's performance continues to be led by the exceptionally powerful momentum of Louis Vuitton, which again recorded double-digit revenue growth. Céline, Loewe, Givenchy, Fendi, Donna Karan and Marc Jacobs also confirmed their potential, delivering double-digit revenue growth in 2011.

Revenue for the Perfumes and Cosmetics business group increased by 9% on a constant consolidation scope and currency basis, and by 4% based on published figures. All of this business

group's brands performed well. This rebound illustrates the effectiveness of the value-enhancing strategy resolutely pursued by the Group's brands in the face of competitive pressures spawned by the current economic crisis. The Perfumes and Cosmetics business group saw considerable revenue growth in both the United States and Asia, particularly in China.

Revenue for the Watches and Jewelry business group increased by 23% on a constant consolidation scope and currency basis, and by 98% based on published figures. The consolidation of Bulgari with effect from June 30, 2011 boosted the business group's revenue by 72%. Inventory increases by retailers and the recovery in consumer demand helped to drive stronger revenue. For all of this business group's brands, Asia and the United States were the most dynamic regions.

Based on published figures, revenue for the Selective Retailing business group increased by 20%, and by 19% on a constant consolidation scope and currency basis. The negative impact of exchange rate fluctuations was more than offset by the positive impact resulting from the consolidation of Ile de Beauté, the Russian perfume and cosmetics retail chain. The main drivers of this performance were Sephora, which saw considerable growth in revenue across all world regions, and DFS, which made excellent progress, spurred in particular by the continuing development of Chinese tourism boosting business at its stores in Hong Kong, Macao and Singapore.

The Group posted a **GROSS MARGIN** of 15,567 million euros, up 19% compared to the previous year. As a percentage of revenue, the gross margin was 66%, an increase of 1 point over the previous year, mainly attributable to tight control over the cost of goods sold.

Marketing and selling expenses totaled 8,360 million euros, up 18% based on published figures, amounting to a 14% increase on a constant consolidation scope and currency basis. This increase was mainly due to higher communications expenditures by the Group's main brands, but also to the ongoing development of the Group's retail networks. Nevertheless, the level of marketing and selling expenses remained stable as a percentage of revenue, at 35%. Among these marketing and selling expenses, advertising and promotion represented 12% of revenue, an increase of 16% on a constant consolidation scope and currency basis.

General and administrative expenses totaled 1,944 million euros, up 13% based on published figures, and up 12% on a constant consolidation scope and currency basis. They represented 8% of revenue, remaining stable compared to 2010.

The Group's **PROFIT FROM RECURRING OPERATIONS** was 5,263 million euros, up 22% compared to 2010. The Group's operating margin as a percentage of revenue increased by 1 point to 22%.

Exchange rate fluctuations had a positive net impact on the Group's profit from recurring operations of 7 million euros compared to the previous year. This total comprises the following three items: the impact of changes in exchange rate parities on export and import sales and purchases by Group companies, the change in the net impact of the Group's policy of hedging its commercial exposure to various currencies, and the impact of exchange rate fluctuations on the consolidation of profit from recurring operations of subsidiaries outside the euro zone. On a constant consolidation scope and currency basis excluding changes in the net impact of currency hedges, the Group's profit from recurring operations increased by 20%.

Profit from recurring operations for Wines and Spirits was 1,101 million euros, up 18% compared to 2010. This performance was the result of both sales volume growth and a favorable product and country mix. Tight control of costs, together with the positive impact of exchange rate fluctuations, successfully offset the rise in advertising and promotional expenditures focused on strategic markets. The operating margin as a percentage of revenue for this business group increased by 2 points to 31%.

Fashion and Leather Goods posted profit from recurring operations of 3,075 million euros, up 20% compared to 2010. Profit from recurring operations for Louis Vuitton increased sharply, while Fendi, Céline, Loewe and Donna Karan confirmed their profitable growth momentum. The operating margin as a percentage of revenue for this business group increased by 1 point to 35%.

Profit from recurring operations for Perfumes and Cosmetics was 348 million euros, up 5% compared to 2010 (up 8% after adjusting for the disposal of La Brosse and Dupont in 2010). This growth was driven by Parfums Christian Dior, Guerlain, and Parfums Givenchy, all of which posted improved results, thanks to the success of their market-leading product lines and strong innovative momentum. The operating margin as a percentage of revenue for this business group remained stable at 11%.

Profit from recurring operations for Watches and Jewelry increased twofold to 265 million euros. This strong rise was a result of both the consolidation of Bulgari's profits and an improvement in profitability. The operating margin as a percentage of revenue for this business group increased by 1 point to 14%.

Profit from recurring operations for Selective Retailing was 716 million euros, up 34% compared to 2010. The operating margin as a percentage of revenue for Selective Retailing as a whole increased by 1 point to 11%.

The net result from recurring operations of Other activities and eliminations was a loss of 242 million euros, representing a

decline compared to 2010. In addition to headquarters expenses, this heading includes the results of the Media division and those of the yacht builder Royal Van Lent.

Other operating income and expenses amounted to a net expense of 109 million euros, compared to a net expense of 152 million euros in 2010. In 2011, other operating income and expenses included costs for the reorganization of commercial or industrial processes, in the amount of 40 million euros. The balance of this item consisted of amortization and impairment charges in respect of intangible assets, which represented a net expense of 73 million euros.

The Group's operating profit was 5,154 million euros, representing a 24% increase over 2010.

The Group posted a net financial expense for the year of 242 million euros, compared with a net financial income of 612 million euros the previous year. The aggregate cost of net financial debt remained stable, at 151 million euros. In 2011, the Group benefited from a lower average cost of borrowing and a better return on its investments, which served to offset the increase in the average net financial debt outstanding.

Other financial income and expenses amounted to a net expense of 91 million euros, compared to a net income of 763 million euros in 2010. Dividends received increased sharply from 14 million euros in 2010 to 54 million euros in 2011; they reflect the investment in Hermès in 2010. The financial cost of foreign exchange operations was 105 million euros in 2011 while it was 96 million euros in 2010. The net loss on current and non-current available for sale financial assets and other financial instruments amounted to 11 million euros in 2011, down from a net gain of 865 million euros in 2010, which was principally the result of a gain of 1,004 million euros related to the Hermès transactions, recorded at the settlement of equity-linked swaps. Other financial expenses amounted to 29 million euros in 2011, up from 20 million euros in 2010.

The Group's effective tax rate was 30% in 2011, compared to 31% in 2010. Income from investments in associates was 6 million euros in 2011, down from 7 million euros in 2010.

Profit attributable to minority interests was 400 million euros in 2011, compared to 287 million euros the previous year. This total mainly includes profit attributable to minority interests in Moët Hennessy and DFS and reflects higher earnings by these entities.

The **GROUP'S SHARE OF NET PROFIT** was 3,065 million euros, up 1% compared to 2010. Excluding the impact of the Hermès transactions in 2010, Group's share of net profit was up 34% in 2011. The Group's share of net profit represented 13% of revenue in 2011, compared with 11% in 2010, excluding the impact of the Hermès transactions.

# CONSOLIDATED CASH FLOW STATEMENT

<i>(EUR millions)</i>	2011	2010	2009
<b>I. OPERATING ACTIVITIES AND INVESTMENTS</b>			
<i>Operating profit</i>	5,154	4,169	3,161
<i>Net increase in depreciation, amortization and provisions</i>	999	788	826
<i>Other computed expenses</i>	(45)	(126)	(37)
<i>Dividends received</i>	61	20	21
<i>Other adjustments</i>	(32)	(3)	(43)
<b>CASH FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL</b>	<b>6,137</b>	<b>4,848</b>	<b>3,928</b>
<i>Cost of net financial debt: interest paid</i>	(152)	(149)	(185)
<i>Income taxes paid</i>	(1,544)	(897)	(900)
<b>NET CASH FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL</b>	<b>4,441</b>	<b>3,802</b>	<b>2,843</b>
<i>Change in inventories and work in progress</i>	(768)	(126)	69
<i>Change in trade accounts receivable</i>	(65)	(13)	206
<i>Change in trade accounts payable</i>	331	295	(362)
<i>Change in other receivables and payables</i>	(32)	91	178
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>(534)</b>	<b>247</b>	<b>91</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>3,907</b>	<b>4,049</b>	<b>2,934</b>
<i>Purchase of tangible and intangible fixed assets</i>	(1,749)	(1,002)	(748)
<i>Proceeds from sale of tangible and intangible fixed assets</i>	31	33	26
<i>Guarantee deposits paid and other operating investments</i>	(12)	(7)	(7)
<b>OPERATING INVESTMENTS</b>	<b>(1,730)</b>	<b>(976)</b>	<b>(729)</b>
<b>NET CASH FROM (used in) OPERATING ACTIVITIES AND OPERATING INVESTMENTS (free cash flow)</b>	<b>2,177</b>	<b>3,073</b>	<b>2,205</b>
<b>II. FINANCIAL INVESTMENTS</b>			
<i>Purchase of non-current available for sale financial assets</i>	(518)	(1,724)	(93)
<i>Proceeds from sale of non-current available for sale financial assets</i>	17	70	49
<i>Impact of purchase and sale of consolidated investments<sup>(i)</sup></i>	(785)	(61)	(278)
<b>NET CASH FROM (used in) FINANCIAL INVESTMENTS</b>	<b>(1,286)</b>	<b>(1,715)</b>	<b>(322)</b>
<b>III. TRANSACTIONS RELATING TO EQUITY</b>			
<i>Capital increases of LVMH<sup>(i)</sup></i>	94	120	30
<i>Capital increases of subsidiaries subscribed by minority interests</i>	3	1	11
<i>Acquisition and disposals of treasury shares and LVMH-share settled derivatives</i>	2	155	34
<i>Interim and final dividends paid by LVMH</i>	(1,069)	(953)	(758)
<i>Interim and final dividends paid to minority interests in consolidated subsidiaries</i>	(189)	(158)	(175)
<i>Purchase and proceeds from sale of minority interests</i>	(1,413)	(185)	–
<b>NET CASH FROM (used in) TRANSACTIONS RELATING TO EQUITY</b>	<b>(2,572)</b>	<b>(1,020)</b>	<b>(858)</b>
<b>IV. FINANCING ACTIVITIES</b>			
<i>Proceeds from borrowings</i>	2,659	564	2,442
<i>Repayment of borrowings</i>	(1,005)	(1,290)	(2,112)
<i>Purchase and proceeds from sale of current available for sale financial assets</i>	6	(32)	321
<b>NET CASH FROM (used in) FINANCING ACTIVITIES</b>	<b>1,660</b>	<b>(758)</b>	<b>651</b>
<b>V. EFFECT OF EXCHANGE RATE CHANGES</b>	<b>60</b>	<b>188</b>	<b>(120)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)</b>	<b>39</b>	<b>(232)</b>	<b>1,556</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>2,042</b>	<b>2,274</b>	<b>718</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,081</b>	<b>2,042</b>	<b>2,274</b>
<i>Transactions included in the table above, generating no change in cash: – acquisition of assets by means of finance leases.</i>	3	6	12

(i) The impact of the amount attributable to the acquisition of Bulgari carried out by the capital increase of LVMH SA is not reflected in these line items.

## COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

Cash from operations before changes in working capital totaled 6,137 million euros as of December 31, 2011, compared to 4,848 million euros the previous year, an increase of 27%. Net cash from operations before changes in working capital (i.e. after interest and income tax) amounted to 4,441 million euros, up 17% compared to 2010.

Interest paid, amounting to 152 million euros, represented a slight increase compared to 149 million euros paid in 2010, with the effects of the increase in net financial debt in the year offset by lower interest rates on borrowings and a better return on cash and cash equivalents.

Income tax paid amounted to 1,544 million euros, a significant increase from 897 million euros paid in 2010, as a result of the increase in taxable profit and a modified payment schedule for income tax payments on account.

Working capital requirements increased by 534 million.

The increase in inventories, particularly in Wines and Spirits, Fashion and Leather Goods, and Selective Retailing, generated a cash requirement of 768 million euros, which was partially offset by a 331 million euro increase in accounts payable, principally in Fashion and Leather Goods and Selective Retailing. These effects were the result of business growth, especially during the year-end holiday season.

Operating investments net of disposals resulted in a net cash outflow of 1,730 million euros in 2011, compared to 976 million euros a year earlier. They consisted mainly of real estate investments for commercial use or rental purposes, investments by Louis Vuitton, DFS and Sephora in their retail networks, and investments by the Group's champagne houses and Parfums Christian Dior in their production facilities, reflecting the Group's growth momentum.

Non-current available for sale financial assets represented a 1,286 million euro outflow in 2011, compared to 1,715 million euros in 2010. This amount consisted of 785 million euros arising from the purchase and sale of consolidated investments in the year, including in particular 616 million euros for the purchase of Bulgari shares on the market during the first half-year, net of cash acquired, and 43 million euros for the purchase of Singapore-based Heng Long, which specializes in the tanning and finishing of crocodile leather. Acquisitions of non-current available for sale financial assets, net of disposals, totaled 501 million euros, including 447 million euros relating to the increase of the investment in Hermès International.

Transactions relating to equity generated an outflow of 2,572 million euros over the year. The acquisition of minority shareholdings in Bulgari as part of the public tender offer launched in the second half of the year accounted for 1,453 million euros of this total, but does not include the amount attributable to the acquisition of Bulgari remunerated by the capital increase of LVMH SA. Dividends paid out by LVMH SA in the year, excluding the amount attributable to treasury shares, accounted for a further 1,069 million euros, consisting of 671 million euros for the final 2010 dividend and 398 million euros for the interim 2011 dividend.

Financing requirements, after all operating, investment and equity-related activities, thus amounted to 1,681 million euros, close to the amount of cash obtained from financing activities, 1,660 million euros. Cash and cash equivalents at the end of 2011 were stable with respect to the position as of December 31, 2010.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR millions)	Share capital: number of shares	Share capital	Share premium account	Treasury shares and LVMH- share settled derivatives	Cumulative translation adjustment
<b>AS OF DECEMBER 31, 2010</b>	<b>490,642,232</b>	<b>147</b>	<b>1,782</b>	<b>(607)</b>	<b>230</b>
<i>Gains and losses recognized in equity</i>					<b>201</b>
<i>Net profit</i>		-	-	-	<b>201</b>
<b>COMPREHENSIVE INCOME</b>		-	-	-	
<i>Stock option plan and similar expenses</i>					
<i>(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives</i>				<b>15</b>	
<i>Exercise of LVMH share subscription options</i>	<b>1,395,835</b>		<b>94</b>		
<i>Retirement of LVMH shares</i>	<b>(2,259,454)</b>		<b>(107)</b>	<b>107</b>	
<i>Acquisition of a controlling interest in Bulgari</i>	<b>18,037,011</b>	<b>5</b>	<b>2,032</b>		
<i>Capital increase in subsidiaries</i>					
<i>Interim and final dividends paid</i>					
<i>Changes in control of consolidated entities, excluding Bulgari</i>					
<i>Acquisition and disposal of minority interests' shares</i>					
<i>Purchase commitments for minority interests</i>					
<b>AS OF DECEMBER 31, 2011</b>	<b>507,815,624</b>	<b>152</b>	<b>3,801</b>	<b>(485)</b>	<b>431</b>

<i>Revaluation reserves</i>				<i>Net profit and other reserves</i>	<i>Total equity</i>		
<i>Available for sale financial assets</i>	<i>Future foreign currency cash flows</i>	<i>Vineyard land</i>			<i>Group share</i>	<i>Minority interests</i>	<i>Total</i>
510	31	703	14,402	17,198	1,006	18,204	
1,480	(46)	11		1,646	33	1,679	
			3,065	3,065	400	3,465	
1,480	(46)	11	3,065	4,711	433	5,144	
			49	49	3	52	
			(8)	7	-	7	
				94	-	94	
				-	-	-	
			201	2,238	772	3,010	
				-	4	4	
			(1,069)	(1,069)	(187)	(1,256)	
				(5)	20	15	
				(681)	(681)	(785)	(1,466)
				(91)	(91)	(205)	(296)
1,990	(15)	714	15,863	22,451	1,061	23,512	



## PHOTOGRAPHS

Jean-François Campos, Louis Vuitton / Bruno Aveillan.

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