

## CHAIRMAN'S MESSAGE

## Bernard Arnault

I am pleased to see that our concept of creation, our passion to take our products to the highest echelon of quality and our desire to offer an exceptional retail experience at our brands, perfectly fits our customers' expectations.

## 2010: A GREAT VINTAGE FOR LVMH

The desire for excellence, the recognition of know-how and fine craftsmanship and the culture of authentic quality are enjoying significant growth throughout the world. This trend will remain prominent in the years ahead, opening up for us magnificent perspectives for the future.

OUR BUSINESSES GREW AT A REMARKABLE PACE IN 2010, WHICH RESULTED IN OUR GROUP BREAKING ALL ITS HISTORICAL RECORDS. THIS GROWTH CAME ALONGSIDE SHARPLY HIGHER RESULTS AND A FURTHER IMPROVEMENT IN OUR FINANCIAL POSITION. IT ALLOWED THE HIRING OF AROUND 18 000 EMPLOYEES AND SOME MAJOR INVESTMENTS FOR THE FUTURE. THE EXCELLENT PERFORMANCE OF THE LVMH SHARE PRICE REFLECTS THE QUALITY OF WHAT WE HAVE ACHIEVED AND INVESTORS' CONFIDENCE IN OUR STRATEGY AND OUR FUTURE. A FUTURE UNDERPINNED BY OUR UNIQUE, EVER MORE VIBRANT HERITAGE. A FUTURE THAT WE ARE BUILDING ON SOLID FOUNDATIONS, AS WE PURSUE OUR LONG TERM VISION.

For several months, LVMH has enjoyed uninterrupted growth, to which all our business groups have contributed. It would be an over-simplification to suggest that this is due to the economic upturn alone. The Group's performance is also, above all, the result of the relevance and consistency of our long term strategy. A strategy that we pursued, unchanged, throughout the recent economic crisis. The support of the enduring values of our star brands, creativity as an absolute imperative, the quest for perfection in our products, and our efforts to ensure an environment of excellence coupled with impeccable service at our stores form the wellspring of our success. To these we must also add the agility and the motivation of our organization which benefits from the hands-on enterprise culture of the men and women of our Group. It enables us to take the right decisions quickly, invest where needed and seize opportunities to increase our market share. And this applies just as much when global economies are shrinking as when they start growing again.

### HIGHLY RESPONSIVE, WITH A VERY SELECTIVE APPROACH TO OUR MARKETS

We are responsive to current growth in the world market, but we also take a very selective, long term approach. The two components of this strategy are reflected in a wide range of developments in 2010. Dom Pérignon – in a first for the industry – launched several exceptional vintages, all of which achieved critical acclaim, and used the excitement surrounding these remarkable launches as an opportunity to organize exclusive events celebrating Dom Pérignon's prestigious heritage, which stretches all the way back to the seventeenth century. Louis Vuitton deployed its creativity and demonstrated its excellence across all product lines. The opening of the new Louis Vuitton Maison in London was one of the highlights of the year, an outstanding achievement which has enhanced both the appeal of the brand and the reputation of the British capital. In the perfumes and beauty domain, Christian Dior brilliantly illustrated the unique magic created by Mr Dior, recalling its roots in Haute Couture, and boosting the success of its legendary creations: *Miss Dior*, *J'adore*, *Rouge Dior*... TAG Heuer marked its 150<sup>th</sup> anniversary with a vast array of innovations throughout the world. Sephora strengthened the appeal of its concept and innovation strategy in its key markets and has broken into a promising new market, Latin America.

...

**PASSION TO TAKE OUR CREATIONS TO THE HIGHEST ECHELON OF KNOW-HOW**

The performance of many other brands are also worthy of mention: Hennessy, Moët & Chandon, Fendi, Guerlain, Givenchy, Make Up For Ever, Marc Jacobs, Benefit, Hublot... We are home to a wide range of brands, we respect and strengthen the originality of each of them, each of our brands builds its future on its own culture and its historic know-how; this is a source of unique know-how for our Group. We give them all the nurturing and support they need for their long term development, while respecting their roots, their heritage and their individual personality. Whether they have established leadership positions in their markets, or have embarked on a promising development campaign, all of our brands have enhanced their standing and their appeal. They have continued their rational expansion and acquired the strength they need for the future. This same determination to invest for the long term led LVMH to become a shareholder in Hermès International – another brand which symbolizes French know-how, whose standards we share and whose vision we support. Its culture, so particular, is to be preserved preciously and our Group, as a shareholder of this company, will guarantee it.

Naturally, we have set ourselves high goals for 2011 with the aim of further strengthening our global leadership position. But we need to look well beyond this horizon. I am pleased to see that our concept of creation, our passion to take our products to the highest echelon of quality and our desire to offer an exceptional retail experience at our brands, perfectly fits our customers' expectations. The desire for excellence, the recognition of know-how and fine craftsmanship and the culture of authentic quality are enjoying significant growth throughout the world. Everything suggests this trend will remain prominent in the years ahead, opening up for us magnificent perspectives for the future...

**AN EXCITING BUSINESS PLAN**

...And an exciting challenge for our teams: we must support this positive momentum while adhering to the standards of quality and creativity on which our long term success depends. We must meet the growing demand for our products: Louis Vuitton is opening a new workshop in France, our watch brands are increasing capacity at their *manufactures*. We will reach out to all of our customers throughout the world: we will continue to break into new markets (Hennessy in Asia, Sephora in Latin America...), extending and perfecting our global network of flagships and stores. We must also invest in brand reputation, supporting innovation and our creative teams, highlighting the close connection between their current work and that of the history of each brand.

**A MODEL FOR RESPONSIBLE GROWTH**

I firmly believe that if we are to inspire our customers, we must have dreams of our own. This is why we need to continue to invest in the know-how and talents of our women and men, so that we can all feel part of a responsible enterprise project. This project is both financial and cultural, as can be seen from the support we have given over the last two decades to the fields of history, art and contemporary design. To my mind, LVMH's commitment as a corporate citizen is completely enshrined in our *raison d'être*. I would like to assure our shareholders – who are also our partners in this great project – that our company will continue its efforts to increase its value and ensure that our responsible growth model, which relies on a long term vision shared by everyone in the Group, is here to stay.

February 4 , 2011

Bernard Arnault  
Chairman & Chief Executive Officer



**REVENUE**

EUR million



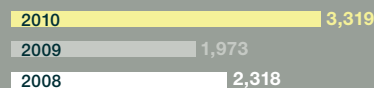
**PROFIT FROM RECURRING OPERATIONS**

EUR million



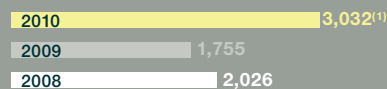
**NET PROFIT**

EUR million



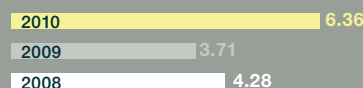
**GROUP SHARE OF NET PROFIT**

EUR million



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

EUR



**OPERATING INVESTMENTS<sup>(2)</sup>**

EUR million



(1) The Group share of net profit notably includes a net financial gain of 745 million euros associated with the acquisition of Hermès shares.

(2) Acquisitions of tangible and intangible fixed assets.

# 2010: A GREAT VINTAGE FOR LVMH

Revenue

**+19%**

Profit from recurring operations

**+29%**

Group share of net profit

**+73%**



LVMH Moët Hennessy Louis Vuitton, the world's leading luxury products group, recorded a 19% increase in revenue in 2010, exceeding the 20 billion Euro mark for the first time. All business groups saw excellent momentum in Europe, Asia and the United States. Louis Vuitton, in particular, once again recorded double-digit revenue growth during the year.

Revenue increased by 20% in the fourth quarter with organic growth\* rising 13%. This performance is in line with the favorable trends observed since the beginning of the year, and compares to the fourth quarter of 2009 which also grew.

Profit from recurring operations increased by 29% to 4 321 million Euros. The current operating margin improved by 1.6 percentage points to reach 21.3% in 2010 with all businesses contributing to this performance.

Group share of net profit was 3 032 million Euros.

Mr. Bernard Arnault, Chairman and CEO of LVMH, said: "2010 was a great vintage for LVMH. The quality of our products, the originality of our brands and the talent of our teams bolstered by the economic recovery allowed us once again to gain market share throughout the world. In 2011, LVMH intends to further strengthen its global leadership position in high quality products by relying on its sound long term strategy."

\* with comparable structure and exchange rates

2010

Highlights of 2010 include:

- profit from recurring operations exceeded 4 billion Euros for the first time;
- further market share gains throughout the world;
- continued rapid growth in Asia;
- double-digit revenue growth and exceptional profitability at Louis Vuitton;
- strong results from DFS and Sephora which continue to increase their lead over competitors across all regions in which they operate;
- rapid revenue growth for Wines & Spirits;
- momentum at Parfums Christian Dior due to the continued success of its iconic perfumes;
- doubled profit from recurring operations at Watches & Jewelry;
- a 39% increase in free cash flow, which for the first time passed the 3 billion Euro mark;
- gearing\* of 15% as of the end of December 2010.

\* Ratio of net debt to equity



# BUSINESS GROUPS



## WINES & SPIRITS

### Confirmation of a strong return in demand

The **Wines & Spirits** business group saw revenue growth of 19% in 2010 and an increase of 22% in profit from recurring operations. The business group fully benefited from the return of demand and from having held to its positioning during a difficult 2009. All champagne brands experienced a strong recovery with particularly significant growth for the prestige cuvées, notably Dom Pérignon and Krug. Hennessy cognac, which proved its resilience during the crisis, continued its excellent performance, and its superior, high-end qualities increased strongly with the rapid growth of emerging markets.

Eur million	2008	2009	2010
Revenue	<b>3,126</b>	<b>2,740</b>	<b>3,261</b>
Profit from recurring operations	<b>1,060</b>	<b>760</b>	<b>930</b>

## FASHION & LEATHER GOODS

### Exceptional performance of Louis Vuitton

**Fashion & Leather Goods** recorded revenue growth of 20% in 2010 and an increase of 29% in profit from recurring operations. Louis Vuitton, which had another record year, further increased its lead over other luxury brands. Louis Vuitton's appeal to customers is constantly strengthened by its dynamic creativity, as seen in the success of its new leather products. The presence of the brand in Europe was further reinforced in 2010 with the opening of the new Maison in London. Louis Vuitton will soon open a new workshop in Marsaz in the Drôme region of France.

Fendi also performed well in all of its product categories and continued to consolidate its distribution network. Donna Karan progressed in the US. Céline and Loewe had great success. The other fashion brands continued their expansion.

EUR million	2008	2009	2010
Revenue	<b>6,010</b>	<b>6,302</b>	<b>7,581</b>
Profit from recurring operations	<b>1,927</b>	<b>1,986</b>	<b>2,555</b>



## PERFUMES & COSMETICS

### Continued success of star lines

**Perfumes & Cosmetics** recorded revenue growth of 12% in 2010 and an increase in profit from recurring operations of 14%. Parfums Christian Dior benefited from the continued popularity of its iconic perfumes such as *J'adore*, *Poison* and *Eau Sauvage*, while maintaining focus on innovation. Other product categories enjoyed strong growth thanks to the excellent performance of the new *Rouge Dior* lipstick range and the *Capture* skincare line. Guerlain benefited from the success of its new *Idylle* fragrance and the soundness of *Shalimar*, as well as its skincare line, *Orchidée Impériale*. The new *Play for Her* feminine fragrance from Parfums Givenchy was very well received. Benefit and Make Up For Ever enjoyed outstanding momentum throughout the world.

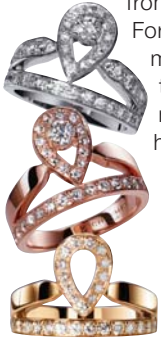
EUR million	2008	2009	2010
Revenue	<b>2,868</b>	<b>2,741</b>	<b>3,076</b>
Profit from recurring operations	<b>290</b>	<b>291</b>	<b>332</b>



## WATCHES & JEWELRY

### Strong growth in profitability

In **Watches & Jewelry**, revenue growth of 29% was recorded in 2010 and profit from recurring operations doubled. With continued growth in demand from their clients, LVMH brands gained market share across all regions. For its 150<sup>th</sup> anniversary, TAG Heuer successfully launched a new watch movement and enhanced its presence in Asia. Hublot benefited from the growing success of the *Big Bang* and *King Power* collections, continued to increase its high-end offering and integrated its workshop of high-end watch making. Zenith found a new strong momentum with its new collections and the *El Primero* movement. The jewelry brands Chaumet, De Beers and Fred registered solid revenue growth in their European and Asian store networks.



EUR million	2008	2009	2010
Revenue	<b>879</b>	<b>764</b>	<b>985</b>
Profit from recurring operations	<b>118</b>	<b>63</b>	<b>128</b>



EUR million	2008	2009	2010
Revenue	<b>4,376</b>	<b>4,533</b>	<b>5,378</b>
Profit from recurring operations	<b>388</b>	<b>388</b>	<b>536</b>

## SELECTIVE RETAILING

### Strengthened positioning

The **Selective Retailing** business group recorded revenue growth of 19% in 2010 and an increase of 38% in profit from recurring operations. DFS's excellent performance was due to the rise in international travel, notably among Asian tourists. The Gallerias of Hong Kong, Macao and Singapore enjoyed remarkable growth and benefited from the investments made in renovation and expansion. New operations in India, the Middle East and Vietnam are promising.

Driven by its innovative concept, Sephora continued to gain market share and recorded comparable store growth across all regions. The good momentum in online sales continued. The rhythm of its store openings continued as well. The opening of flagship stores in 2010 significantly increased its presence in Asia and Europe. Sephora also entered the Latin American market through the acquisition of Sack's, the leading Brazilian online retailer of selective perfumes and cosmetics.



## EXCELLENT OUTLOOK FOR 2011

After an exceptional 2010, LVMH is well equipped to continue its growth momentum across all business groups in 2011. Its strategy will remain focused on developing its brands through strong innovation, quality and expansion in high potential markets.

Driven by the agility of its organisation, the balance of its different businesses and geographic diversity, LVMH enters 2011 with confidence and has set itself the objective of increasing, once again, its global leadership position in luxury goods.

### DIVIDEND INCREASED BY 27%

At the Annual Shareholders Meeting on March 31, 2011, LVMH will propose a dividend of 2.10 Euros per share, an increase of 27%. An interim dividend of 0.70 Euros per share was paid on December 2 of last year. The balance of 1.40 Euros per share will be paid on May 25, 2011.

### THE FRENCH SHAREHOLDERS' CLUB -

#### AN INITIATIVE TO STRENGTHEN TIES

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 supported by LVMH.

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Shareholders' Club: +33 1 44 13 21 50 www.lvmh.com

Dedicated to individual French 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 LVMH SHARE

## STRONG INCREASE IN THE LVMH SHARE PRICE

Supported by the extraordinary budget policies implemented by governments to handle the crisis, most of the Western economies began to recover at the end of 2009. The recovery continued in 2010, but remains slow and relatively fragile. The crisis and recovery plans also negatively impacted the finances of certain countries, adding additional significant uncertainty in the markets. In this context, the equity markets in 2010 fluctuated as a function of investors' fears about the prospects for growth, the debt of the "peripheral" states, the new regulations in the banking sector, and even the risks of overheated economies in the emerging countries. At year-end, the trend was more favorable, but market performances in 2010 were ultimately very mixed: up in countries where the recovery seemed to have got the best start and where the budget situation generated fewer concerns, and down to a greater or lesser degree elsewhere.

Thanks to its particularly well directed activity, the share price of LVMH stood out in sharp relief in 2010. Even though the price of the share had already gained 64% in 2009, it recorded a 57% increase in 2010, the largest in the CAC 40 index. In comparison, the CAC 40 and Eurostoxx

50 indices closed the year with respective declines of 3% and 6%, while the American Dow Jones Industrials index was up 11%.

The LVMH share price closed at 123.10 euros on December 31, 2010. LVMH's market capitalization was 60 billion euros, making it fourth in the Paris market.

LVMH is included in the major French and European indices used by fund managers: CAC 40, DJ-EuroStoxx 50, MSCI Euro and FTSE-Eurotop 100. LVMH is also included in the Global Dow, a new index that lists the most innovative, dynamic and influential companies, and in the FTSE4Good and DJSI STOXX, the leading European indices measuring the performance of companies that meet social responsibility and environmental criteria.

The LVMH share is 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.

## MARKET CAPITALIZATION

EUR million	
December 31, 2010	<b>60,328</b>
December 31, 2009	<b>38,419</b>
December 31, 2008	<b>23,404</b>

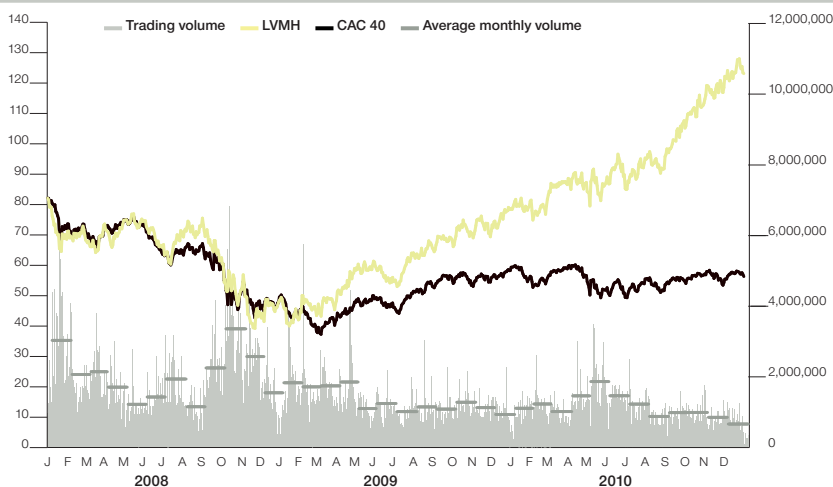
## DISTRIBUTION OF CAPITAL AND VOTING RIGHTS

at December 31, 2010

	Number of shares	Number of voting rights <sup>(1)</sup>	% of capital	% of voting rights
Arnault Group	<b>233,760,436</b>	<b>448,391,426</b>	<b>47.64%</b>	<b>63.66%</b>
Other	<b>256,881,796</b>	<b>255,980,986</b>	<b>52.36%</b>	<b>36.34%</b>
<b>TOTAL</b>	<b>490,642,232</b>	<b>704,372,412</b>	<b>100.00%</b>	<b>100.00%</b>

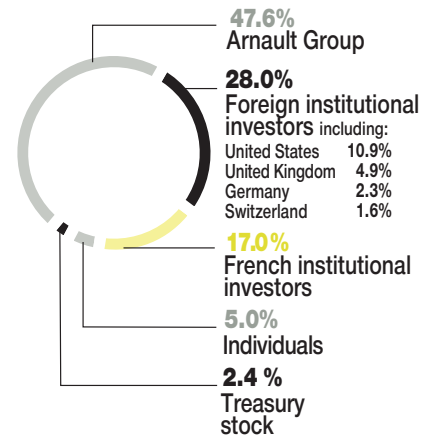
(1) Total number of voting rights that may be exercised at Shareholders' Meetings.

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



## CAPITAL STRUCTURE

(Euroclear France survey on bearer shares at December 2010)



## CHANGE IN THE DIVIDEND

	2010	2009	2008
Net dividend (€)	<b>2.10</b>	<b>1.65</b>	<b>1.60</b>
Growth for the year	<b>27.3%</b>	<b>3.1%</b>	<b>-</b>
Payout ratio*	<b>34%</b>	<b>46%</b>	<b>39%</b>

\* as a percentage of Group share of net profit.

## AGENDA

FRIDAY, FEBRUARY 4, 2011

Publication of 2010 revenue and annual results

THURSDAY, MARCH 31, 2011

Annual Shareholders' Meeting

APRIL 2011

Publication of 2011 first quarter revenue

WEDNESDAY, MAY 25, 2011

Payment of the balance of the dividend for 2010 (last trading day with dividend rights: thursday, May 19, 2011)

JULY 2011

Publication of 2011 half year revenue and results

OCTOBER 2011

Publication of 2011 third quarter revenue

LVMH

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