

## European Luxury Goods: How Long Is Your Tail?

Ticker	Rating	CUR	13/05/2009 Closing Price	Target Price	YTD Rel. Perf.	EPS			P/E			Yield
						2007A	2008E	2009E	2007A	2008E	2009E	
CFR.VX	M	CHF	20.72	19.50	1.0%	2.76	1.42	0.81	5.1	9.9	17.3	4.6%
MC.FP	O	EUR	57.28	64.00	18.7%	4.22	4.26	4.03	13.6	13.4	14.2	2.7%
PP.FP	O	EUR	54.55	69.00	15.9%	7.51	6.72	5.59	7.3	8.1	9.8	6.1%
MSDLE15			922.53			119.41	92.91	79.73	7.7	9.9	11.6	6.0%

O – Outperform, M – Market-Perform, U – Underperform, N – Not Rated

### Highlights

- **Both LVMH and PPR rely on mega-brands - Louis Vuitton and Gucci - for the bulk of their Fashion & Leather Goods results.** We estimate that LV represents 71% of LVMH F&LG sales and >100% of LVMH F&LG EBIT. Gucci accounts for 65% of PPR luxury sales and 82% of PPR luxury EBIT. The 11 remaining brands in the LVMH F&LG portfolio account for 29% of F&LG sales and contribute negatively to EBIT, in our estimates. The remaining brands in the PPR portfolio account for 35% of luxury sales and 18% of luxury EBIT. Richemont does not have a mega brand in F&LG, its 5 brands produce € 642m in sales and € 1m in EBIT (includes small non-F&LG brand *Purdey*).
- **In principle, it makes sense for leading luxury players to have a portfolio of niche brands to complement mega-brands.** Mega-brands are perfect to satisfy the "need to belong" of emerging markets and aspirational consumers. Niche brands, on the other hand, could serve the smaller audience of sophisticated luxury consumers and their "need to differentiate" – all the more so, as mega-brands continue to expand and to thrive both in developed markets and abroad.
- **In practice, though, the complementary play of mega-brands and niche brands is working in only a handful of cases.** The acquisition spree of the late 90s has provided only isolated success stories, and created a "long tail" of underperforming brands. Bottega Veneta is the perfect example of a high-end niche brand honed to serve sophisticated consumers and rival Chanel and Hermes on their turf. But, not all brands in the "tail" are Bottega Veneta:
  - **The most important lesson from the late 90s is that designer and fashion brands (such as, for example, DKNY, YSL, Kenzo, etc.)** struggle to become profitable niche champions. For starters, re-launching designer brands and putting them back to centre stage has proven incredibly challenging. This - we think - depends on their more modest staying power and limited perceived intrinsic value. On top, running a designer brand is inherently more expensive, as it requires larger stores, more costly product development budgets, fashion shows, higher end-of season clearance costs, etc.
  - **The second lesson from the late 90s is that "everything is not possible".** Even when dealing with specialist brands: 1) mid-level brands (like in the case of Lancel) are very hard (impossible?) to move upwards; 2) tentative marketing execution and brand positioning backfire (like in the case of Celine); 3) less than ideal product and design content fails to put brands on the map (like in the case of Chloe); 4) last, but not least, developing a luxury brand takes time and cannot be achieved overnight and according to formulaic procedures.

- **Of the companies in our coverage, PPR seems to have the most compact brand line-up.** Bottega Veneta is probably the most credible non mega-brand champion, ahead of rival Fendi. YSL - far from being a key contributor - is now back in the black. Other small brands like Balenciaga seem to show now a potential of continuing future development as possible additional high-end niche champions. LVMH, on the other hand, needs to tackle a 'long tail' of under-performing brands, bound to revert to red ink in a difficult time like this. Richemont is well behind the leaders in F&LG, its brands in this area would not seem sufficient to qualify it as a key force in this category.

### Investment Conclusion

As the "low hanging fruit" of the sector rotation benefiting general retail and luxury goods stocks is harvested, we think it pays to go back to more fine-tuned company specific analysis - so as to distinguish which companies within the broader sector face more positive outlooks.

The issue of brand portfolios has long dogged the industry. In principle having a varied collection of both niche and mega-brands could open the opportunity to "specialize" brands on different consumer constituents. In practice, profitable development of brands acquired in the previous M&A spree of the late 90s and early 00s has been elusive and difficult. In this report we analyze the non mega-brands in fashion and leather goods, focusing on LVMH, PPR and Richemont.

Our conclusion is that PPR has the shortest and strongest tail, with Bottega Veneta being the best and most successful example of a niche champion. LVMH is following suit with Fendi, but seems to have yet to solve the issue of how to add value to its many fashion brands. Chloe could be another interesting successful niche candidate. Richemont is clearly behind the Paris duo in leather goods and fashion, though recent organization changes that bring this business under direct responsibility of Johann Rupert deserve attention.

Within a cautious attitude to luxury goods, we would tend to prefer scale advantaged, multi-category players like LVMH; or players for which re-rating opportunities could come from disposals (as unlikely as they are short-term) and BS improvement like PPR. LVMH would be our "bread and butter" luxury exposure recommendation, while PPR would seem more speculative and events driven. We would see hard luxury as second priority in this environment, considering the stronger headwinds we anticipate in this area.

We rate CFR MP, with a TP of CHF 19.50. We rate LVMH and PPR OP, with PT of € 64 and €69 respectively.

### Details

**Both LVMH and PPR rely on mega-brands - Louis Vuitton and Gucci - for the bulk of their Fashion & Leather Goods results.** We estimate that LV represents 71% of LVMH F&LG sales and >100% of LVMH F&LG EBIT. Gucci accounts for 65% of PPR luxury sales and 82% of PPR luxury EBIT. The 11 remaining brands in the LVMH F&LG portfolio account for 29% of F&LG sales and contribute negatively to EBIT. The remaining brands in the PPR portfolio account for 35% of luxury sales and 18% of luxury EBIT. Richemont does not have a mega brands in F&LG, its 5 brands produce € 642m in sales and € 1m in EBIT (includes small non-F&LG brand, Purdey).

In principle, it makes sense for leading luxury players to have a portfolio of niche brands to complement mega-brands. Mega-brands are perfect to satisfy the "need to belong" of emerging markets and aspirational consumers. Niche brands could instead serve the smaller audience of sophisticated luxury consumers and their "need to differentiate" - all the more so, as mega-brands continue to expand and to thrive both in developed markets and abroad (**Exhibit 1**).

Exhibit 1

**LVMH has a larger stable of non mega-brands in the fashion & leather goods category compared to competitors**

(Sales € billion / % of total fashion & leather goods sales)

	LVMH	PPR	Richemont
<b>Mega-Brands:</b>	LV (€4.3 bn / 71%)	Gucci (€2.2 / 65%)	—
<b>Other Brands:</b>			
<u>Leather Goods:</u>	Fendi Celine Loewe Berluti (shoes) Stefanobi (shoes)	Bottega Veneta Sergio Rossi (shoes)	Dunhill Lancel Chloe
<u>Fashion:</u>	Donna Karan Givenchy Kenzo Marc Jacobs Pucci Thomas Pink	Yves Saint Laurent Balenciaga Alexander McQueen Stella McCartney	Shanghai Tang Alaia
<b>Total Other Brand Sales:</b>	€ 1.73	€ 1.17	€ 0.64

Source: Company Reports, Bernstein Analysis

Note: Richemont other brand sales of €0.64 represent 2008E estimates (Fiscal Year Ending MAR 09).

**In practice, though, the complementary play of mega-brands and niche brands is working in only a handful of cases.** The acquisition spree of the late 90s has provided only isolated success stories, and created a "long bench" of underperforming brands. Bottega Veneta is the perfect example of a high-end niche brand honed to serve sophisticated consumers and rival Chanel and Hermes on their turf.

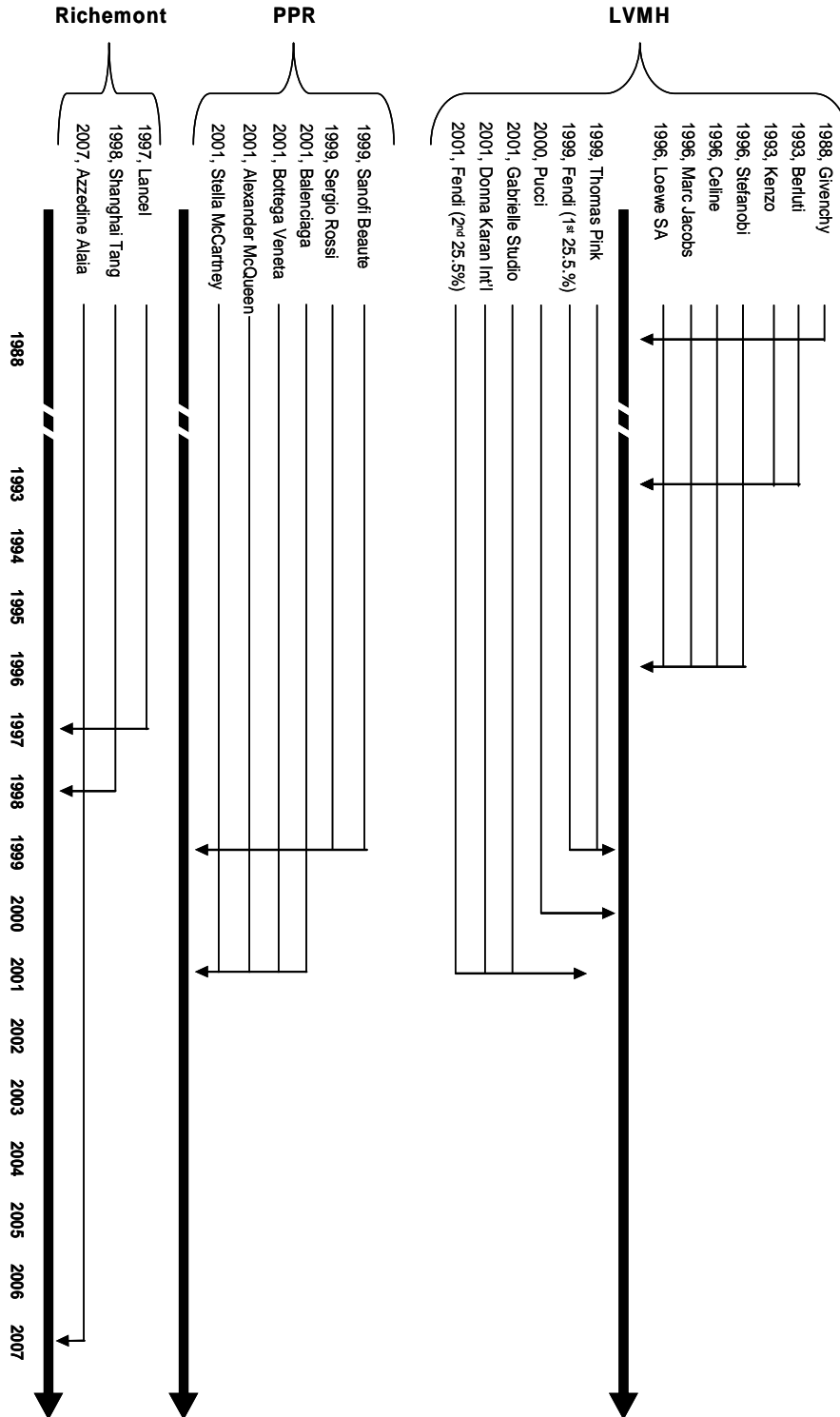
The most important lesson from the late 90s is that designer and fashion brands (such as, for example, DKNY, YSL) struggle to become profitable niche champions. For starters, re-launching designer brands and putting them back to centre stage has proven close to impossible. This - we think - depends on their more modest staying power and limited perceived intrinsic value. On top, running a designer brand is inherently more expensive, as it requires larger stores, more costly product development budgets, fashion shows, higher end-of season clearance costs, etc.

The second most important lesson from the late 90s is that "everything is not possible". Even when dealing with specialist brands: 1) mid-level brands (like in the case of Lancel) are very hard (impossible?) to move upwards; 2) tentative marketing execution and brand positioning backfire (like in the case of Celine); 3) questionable product and design content fails to put brands on the map (like in the case of Chloe); 4) last, but not least, developing a luxury brand takes time and cannot be achieved overnight and according to formulaic procedures.

**Exhibit 2** to **Exhibit 5** outline the acquisition history during the 90s and provide color on the scale, premium and strategic rationale of these transactions.

Exhibit 2

Acquisition activity in the Fashion & Luxury Goods sector gained momentum in the late 90's and early 00's



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Source: Company Reports, Bernstein Analysis

## Exhibit 3

## In the late 90s/ early 00s boom, LVMH pursued many expensive acquisitions...

## LVMH

(values in \$ million)

Brand	Year Acquired	Transaction Value (mil.)	Sales	EBIT	Multiple of:		Transaction Notes	Transaction Rationale
					Sales	EBIT		
Fendi	2001	\$260	—	—	—	—	Purchased 25.5% Prada Stake	Majority Control; Prada was a willing seller
Donna Karan Int'l	2001	\$243	\$706	—	0.3x	—		1st major fashion entrance into U.S. market; access to Donna Karan's design expertise; opportunity for synergies with LVMH International distribution infrastructure
Gabrielle Studio	2001	400	—	—	—	—	Gabrielle Studio owned Donna Karan Trademarks	Completed just prior to DK1 (above) transaction
Pucci	2000	—	\$15	—	—	—	67% stake; 3 stores at time of purchase; internet strategy	Extremely strong brand name in Italy; growth avenue in accessories; viewed as having a high upside via internet channel
Fendi	1999	\$1,788 *	\$210	—	8.5x	—	51% Joint Stake with Prada for \$912 million	Aimed to quadruple revenues and make Fendi the next Prada
Thomas Pink	1999	£43 *	—	—	—	—	Acquired 70% stake for 30 million pounds 20 Retail Stores at time of purchase	Participate in the accelerated development of the luxury shirt brand in the US market
Loewe SA	1996	\$207 *	\$140	—	1.5x	—	Acquired remaining 77% for \$160 million	Defense of 90% stake in Loewe Int'l - a distributor outside of Spain
Marc Jacobs	1996						96% Stake in Mark Jacobs Int'l & 33% in Trademark Provided funding of store ops in 1996 in conjunction with partnership	Wanted a "hip" designer; also funded Jacobs' own line as part of deal
Celine	1996	\$535	\$393	\$40	1.4x	13.5x		Continued effort realize synergies in fashion & luxury
Stefanobi	1996	—	—	—	—	—		
Kenzo	1993	\$88	\$150	—	0.6x	—		Fashion & Perfumes Expertise
Berluti	1993	—	—	—	—	—		
Givenchy (fashion)	1988	\$26	—	—	—	—	Already owned perfume business	

Source: Company Reports, Factiva, Bernstein Analysis and Estimates

\* Transaction values grossed up to reflect partial purchases made by LVMH

## Exhibit 4

... PPR acquired fewer companies, but nonetheless pursued multiple premium acquisitions

## PPR

(values in \$ million)

Brand	Year Acquired	Transaction Value (mil.)	Sales	EBIT	Multiple of:		Transaction Notes	Transaction Rationale
					Sales	EBIT		
Balenciaga	2001	—	\$18	—	—	—		Red-hot brand and designer at time of purchase; potential to transform into a mega brand
Bottega Veneta	2001	\$234 *	\$50	—	4.7x	—	67% Stake for \$157 million	Strong brand in the high-quality leather accessories and shoes segment fits into core areas of expertise
Alexander McQueen	2001	—	—	—	—	—	51% Stake	
Stella McCartney	2001	—	—	—	—	—	Partnership	
Sergio Rossi	1999	\$137 *	\$60	—	2.3x	—	70% Stake for \$90 million	Transform into a global brand outside of Italy that leverages Gucci distribution infrastructure
Sanofi Beaute (YSL & Beauty Business)	1999	\$1,000	\$700	—	1.4x	—	Announced concurrently with deal to purchase Gucci stake	

Source: Company Reports, Factiva, Bernstein Analysis and Estimates

\* Transaction values grossed up to reflect partial purchases made by PPR

## Exhibit 5

Richemont has gone for a lower risk M&amp;A approach, in comparison to LVMH and PPR

## Richemont

(values in \$ million)

Brand	Year Acquired	Transaction Value (mil.)	Sales	EBIT	Multiple of:		Transaction Notes	Transaction Rationale
					Sales	EBIT		
Azzedine Alaïa	2007	—	\$18	—	—	—		Partnership with renowned fashion designer
Shanghai Tang	1998	—	—	—	—	—	Majority Stake	
Lancel	1997	\$236	\$2,068	\$352	0.1x	0.7x		Reinforce position in luxury leather goods

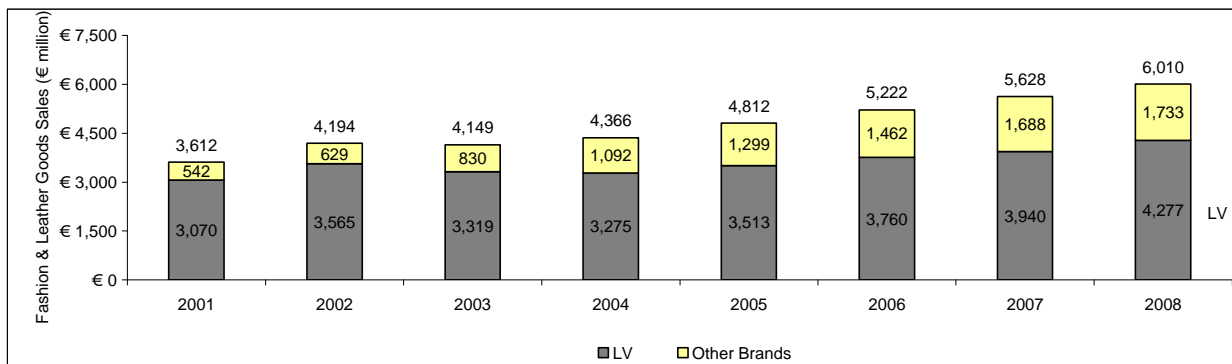
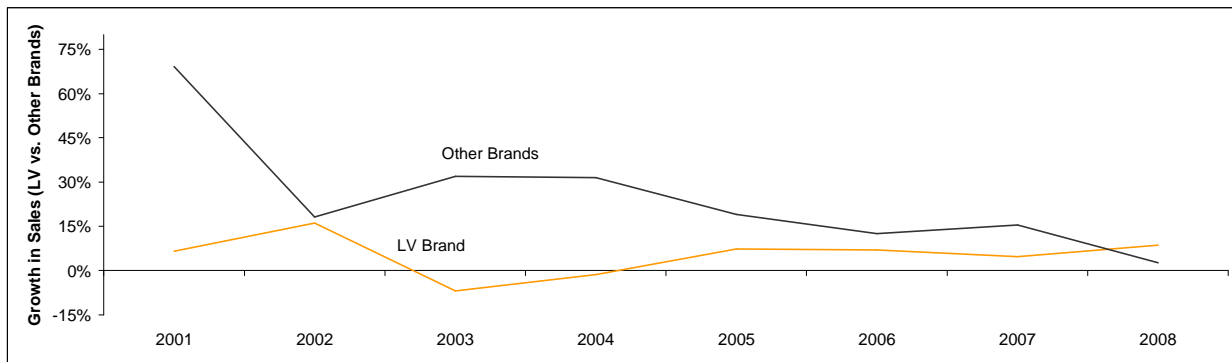
Source: Company Reports, Factiva, Bernstein Analysis and Estimates

At the top-line, both PPR and LVMH's other brands have generally exhibited stronger growth relative to each of the respective mega-brands. Given that a key strategy of many of these smaller brands is to branch out and become increasingly global, it is no surprise that sales have come in as a result of significant investments being made with an eye to achieving this top-line trajectory – whether it be via advertising spend, DOS expansion, licensing agreements, etc.

Since 2001, LVMH other brands have been able to grow at a rapid pace and at levels above the LV brand – with the exception of 2008 (**Exhibit 6**). Consequently, these brands now contribute 10% of total LVMH group sales compared to only 4% of total sales in 2001 (**Exhibit 7**). Over this period the LV brand contribution has held constant at around 25% of total sales, and when its sales are added to the other brands, the combined brands make-up 35% of total LVMH group sales.

Exhibit 6

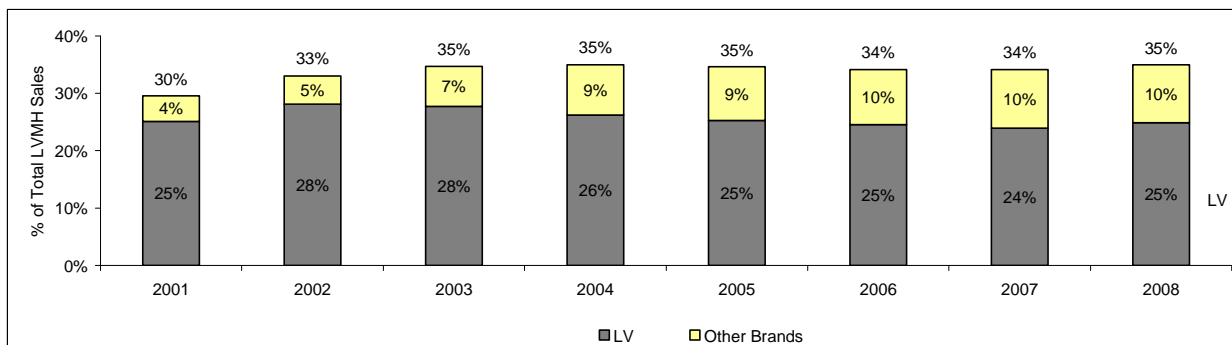
LVMH's fashion & leather goods non mega-brands have outgrown the core LV brand in recent history...



Source: Company Reports, Bernstein Analysis and Estimates.

Exhibit 7

... and now contribute approximately 10% of total LVMH group sales



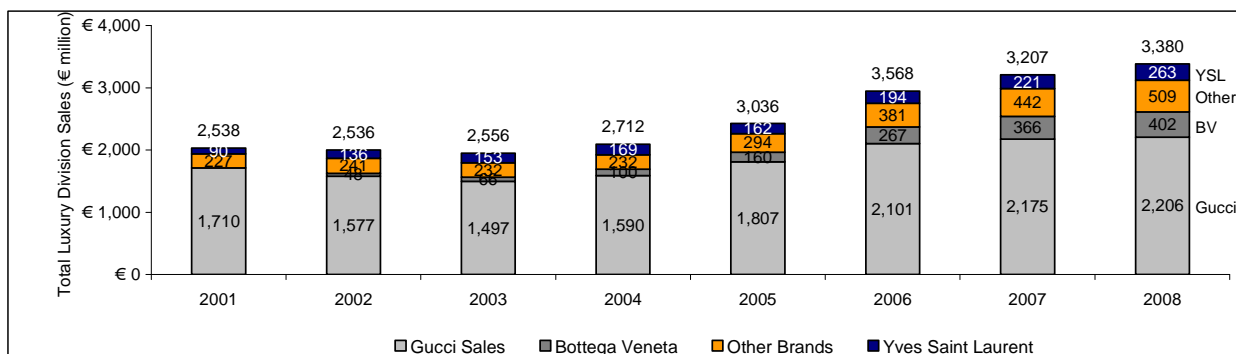
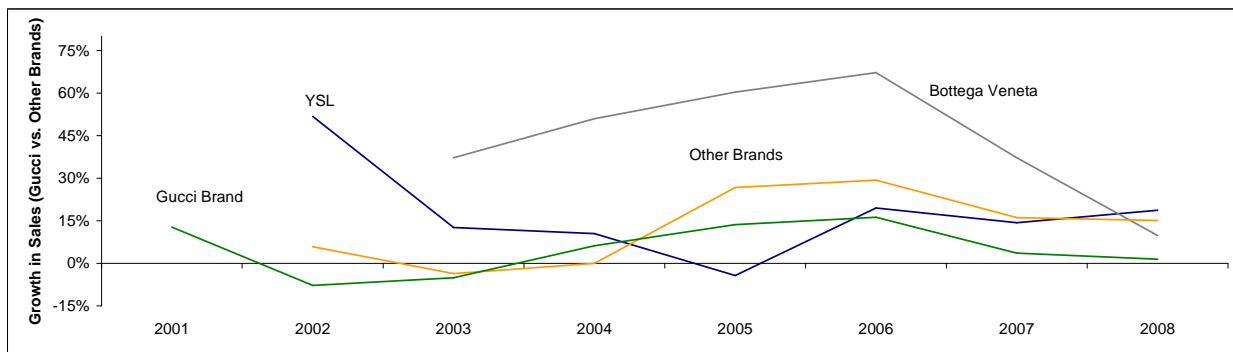
Source: Company Reports, Bernstein Analysis and Estimates.

Growth in PPR's other brands follows a similar trend to that at LVMH. Growth has outpaced the Gucci mega-brand, and more specifically, the Bottega Veneta brand has experienced significantly higher growth compared to both Gucci and the other brands (Exhibit 8).

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In contrast to LVMH, the total sales contribution (17%) of PPR Luxury (Gucci + Other Brands) to total group sales is almost half the contribution of LVMH's F&LG division to total LVMH sales (35%) (**Exhibit 9**). A large contributing factor to this situation is PPR's retail division, which generates a significant amount of sales (€14 bn) accompanied by low EBIT margins (4.9%).

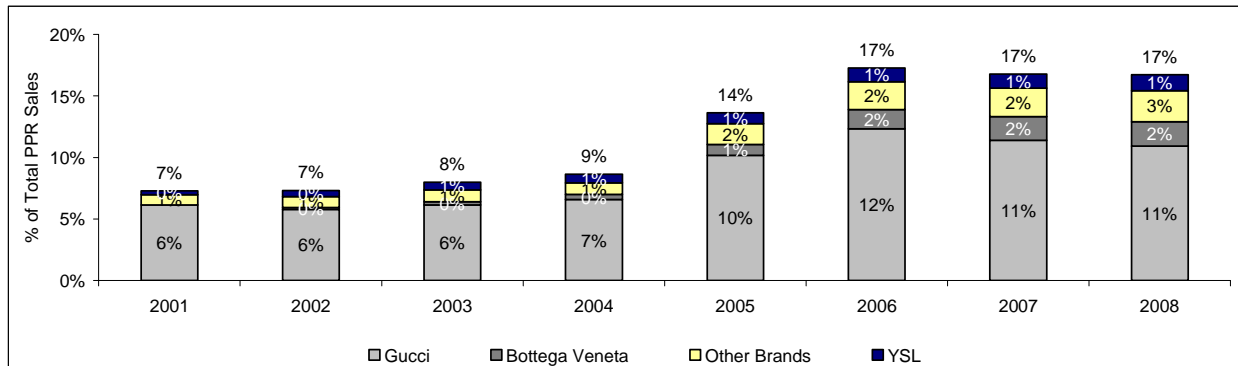
Exhibit 8  
Similar to the trend with LVMH, PPR's other F&LG brands have also outgrown the mega-brand Gucci...



Source: Company Reports, Bernstein Analysis



Exhibit 9  
**Through faster growth and general retail divestitures, the PPR luxury brands have moved from 7% to 17% of total PPR group sales**



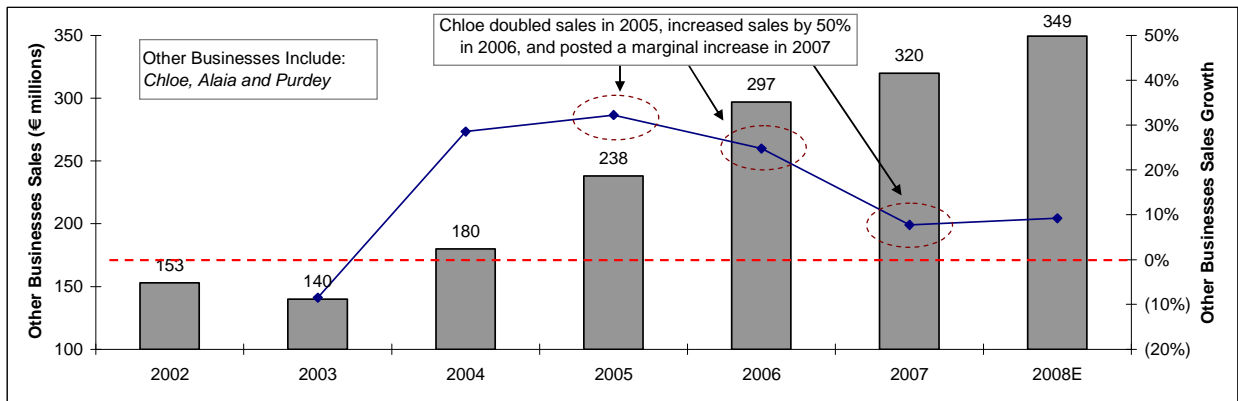
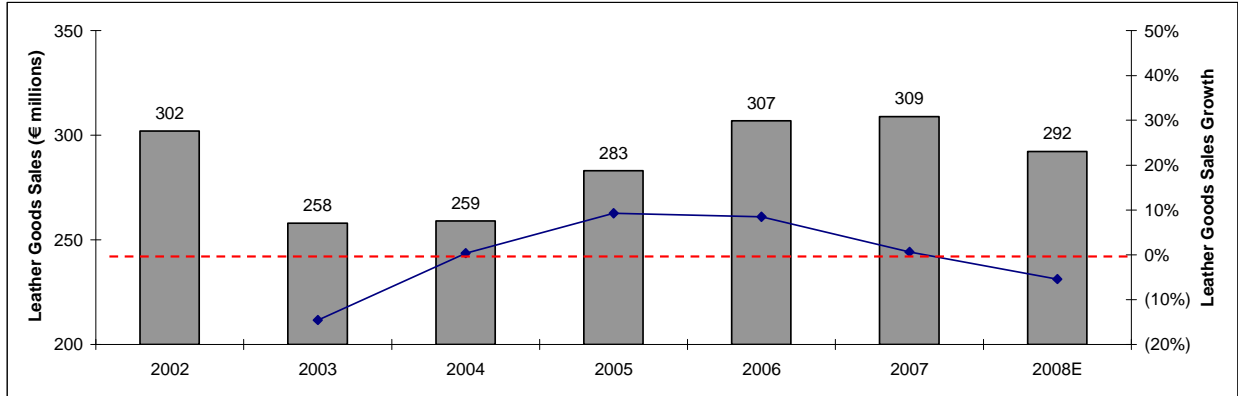
Source: Company Reports, Bernstein Analysis

Richemont does not have a mega brand in F&LG, and its other brands – with the exception of Chloe – have been unable to sustain strong growth momentum (**Exhibit 10**). In fact, Dunhill has been undergoing a restructuring of its business and looking to improve its wholesale position in the U.S. and improve the productivity of its DOS footprint. On the positive side, the new boutique format has already shown some signs of success, though there is still much work to be done.

On the other hand, Chloe has undergone rapid growth over the past few years – albeit subdued growth in 2007 – and seems to be on track for a promising niche champion role. Although Richemont does not disclose sales figures for the brand (classified in "Other Businesses"), the aforementioned rapid growth has helped to make Chloe a much more sizeable brand. Richemont does, however, disclose the Chloe's growth. This enabled us to back into Chloe's sales after making an assumption about Purdey's growth and after backing out other disposed / acquired businesses. From our analysis, we calculated Chloe sales to be c. €245 million – approximately the same size as YSL (**Exhibit 11**).

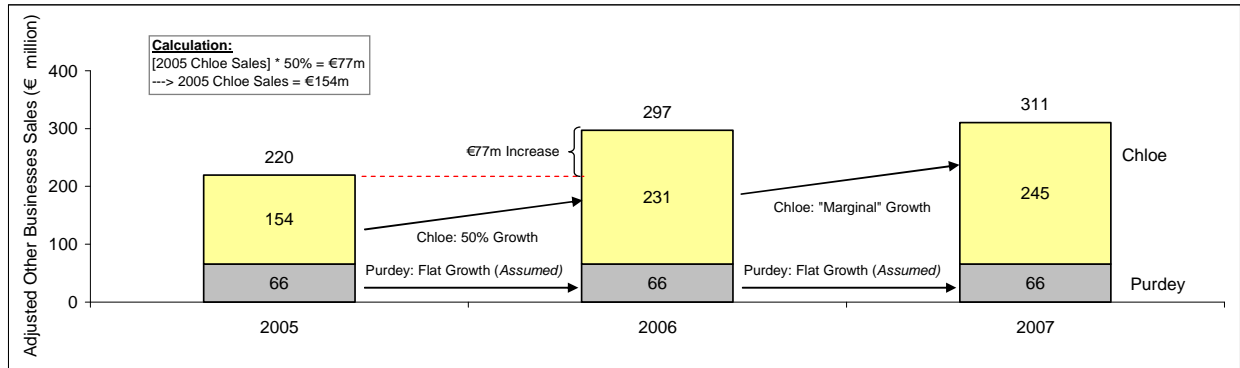
Exhibit 10

Richemont's leather goods businesses – Alfred Dunhill and Lancel – have struggled to generate healthy top-line growth, whereas Chloe has boosted sales via rapid expansion of its directly operated stores



Source: Company Reports, Bernstein Analysis and Estimates

Exhibit 11  
**Chloe is growing and seems to be on track for a promising niche champion role**



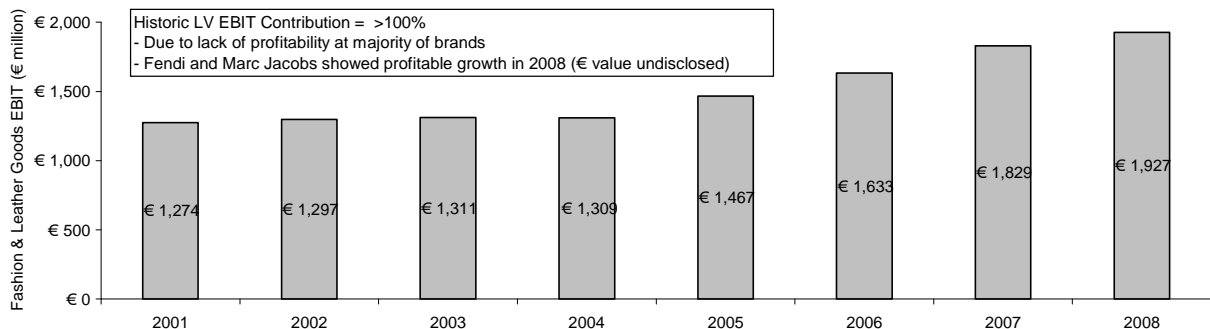
Source: Company Reports, Bernstein Analysis and Estimates

Note: Chloe sales figures not disclosed by company.

Note: 2005 reflects PF adjusted sales, revised downward from €238 million due to €18 million attributable to the disposal of Hacket and Old England during 2005. 2007 reflects addition of Alaia in late 2007 and smaller add-ons.

Within LVMH's F&LG division, the LV brand contributes the vast majority of EBIT. Although the exact figures are not disclosed, we believe it has >100% EBIT contribution due to the negative contribution of the other brands and relatively marginal impact on profitability of Fendi and Marc Jacobs (**Exhibit 12**).

Exhibit 12  
**The LV brand continues to be the main driver of LMHV's profitability, as the other fashion & leather goods brands have yet to achieve material levels of operating income...**

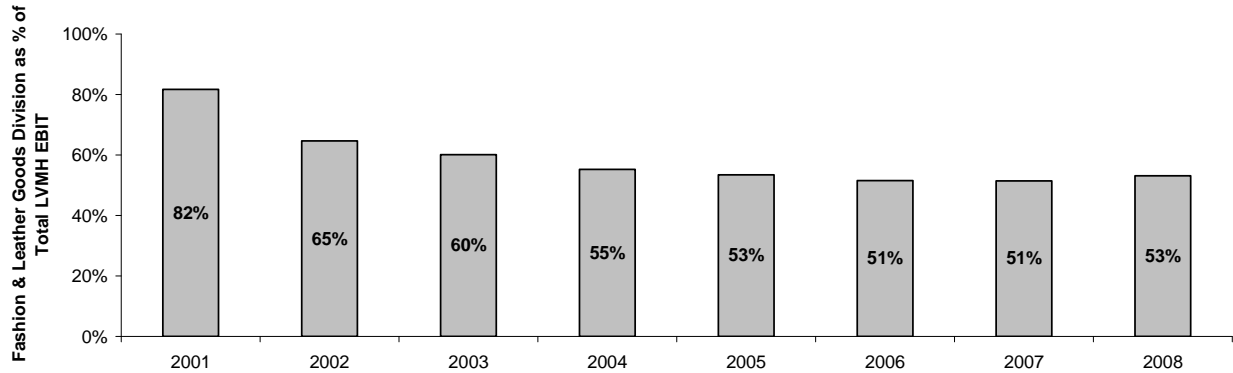


Source: Company Reports, Bernstein Analysis and Estimates

Even with increasing absolute levels of profitability from LVMH's F&LG division, the division as a whole contributes less to total company EBIT now when compared to previous years, as smaller divisions have outgrown F&LG. Currently, it contributes 53% of total company EBIT (**Exhibit 13**).

Exhibit 13

... yet the LV brand – and the Fashion & Leather Goods division as a whole – has had less of an impact on total company profitability in recent years, as smaller divisions have outgrown F&LG

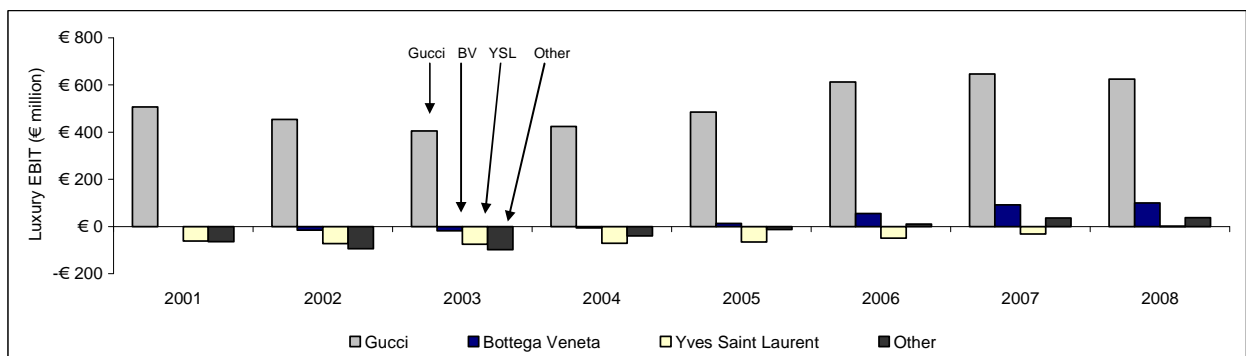


Source: Company Reports, Bernstein Analysis

Similar to LVMH, PPR had to focus efforts to bring its other brands to profitable levels. In the past few years PPR has been able to bring all of its F&LG brands into positive territory, showing particular success with the Bottega Veneta brand (**Exhibit 14**). Although not profitable to the same degree as Bottega Veneta, YSL has steadily turned itself around from the negative EBIT performances earlier in the decade.

Exhibit 14

As observed with LVMH, PPR's other F&LG brands have contributed negatively to operating profit – however, in the past few years PPR has been able to bring all of its F&LG brands into positive territory

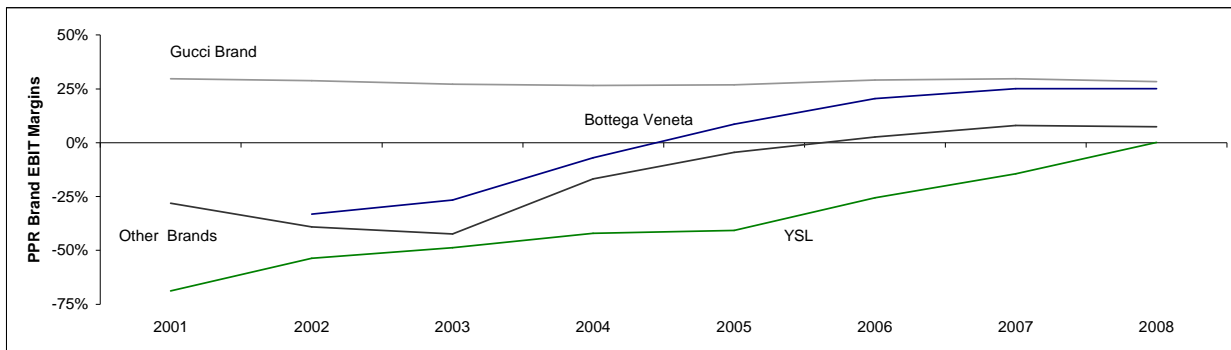


Source: Company Reports, Bernstein Analysis

By examining margin trends, the performance improvement at PPR's other brands is even clearer. First, Bottega Veneta's margins were below negative 25% in 2002 and have dramatically increased to c. 25% currently – only slightly below the margins Gucci has been consistently posting (**Exhibit 15**). This is a remarkable achievement, and possibly the best success story in the industry for the past 5 years. Second, YSL has gone from a significant cost burden to approximately breakeven in 2008.

Exhibit 15

In fact, Bottega Veneta has already begun to achieve operating margins near those of Gucci – a remarkable achievement, and possibly the best success story in the industry for the past 5 years

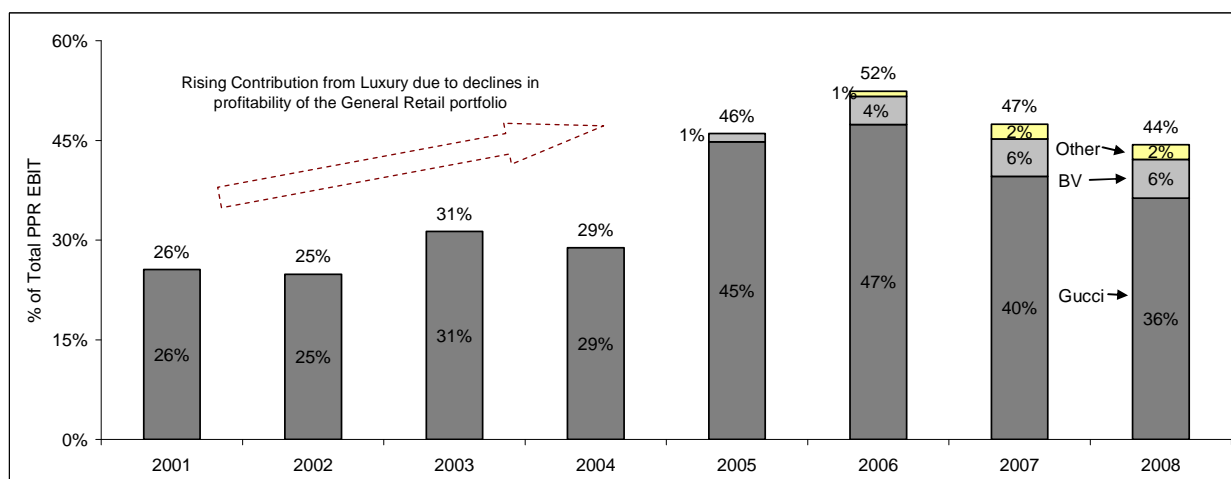


Source: Company Reports, Bernstein Analysis

The improving margin trends and absolute margin levels generally associated with premier luxury brands highlight the potential earnings power of PPR's other brands. Interestingly, although PPR's luxury brands only contribute 17% of total group sales, they contribute 44% of total group EBIT – demonstrating the importance to successfully execute on these brands (Exhibit 16).

Exhibit 16

Although a small top-line contributor, Bottega Veneta's recent performance has increased its total company EBIT contribution to 6% — lower than that of Gucci but nonetheless evidencing the potential impact of non mega-brands on total group profitability

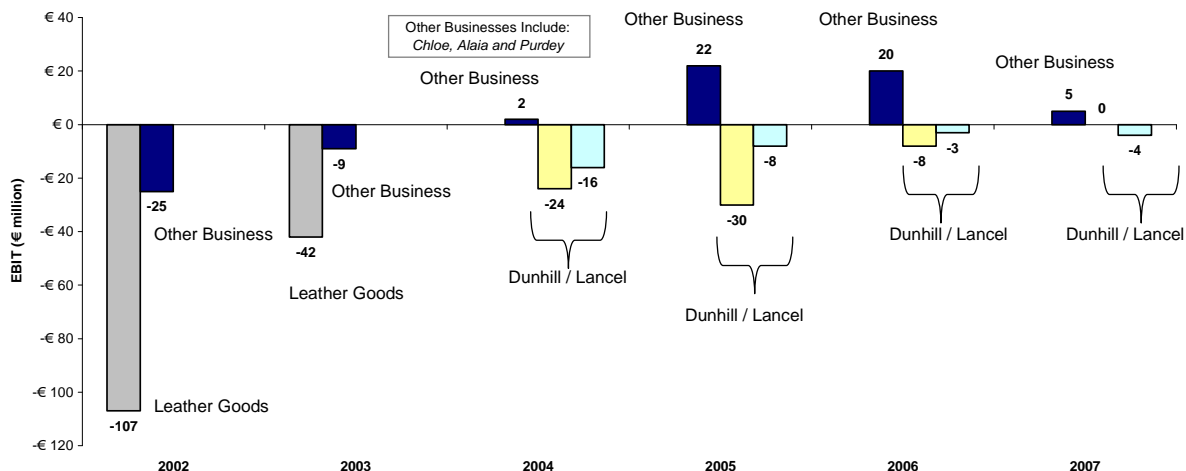


Source: Company Reports, Bernstein Analysis

Richemont's brands in leather goods have had significant issues in the past, but recent restructuring efforts at Dunhill has seen the division reduce the negative contribution to approximately breakeven at the end of 2007. Coinciding with the restructuring at Dunhill, disposals of non-core other businesses and the rapid expansion at Chloe has helped to better align that business segment for future profitability (**Exhibit 17**).

Exhibit 17

Richemont's presence and performance in fashion & leather goods has lagged LVMH and PPR. Alfred Dunhill and Lancel have historically underperformed, though restructuring efforts are making progress.

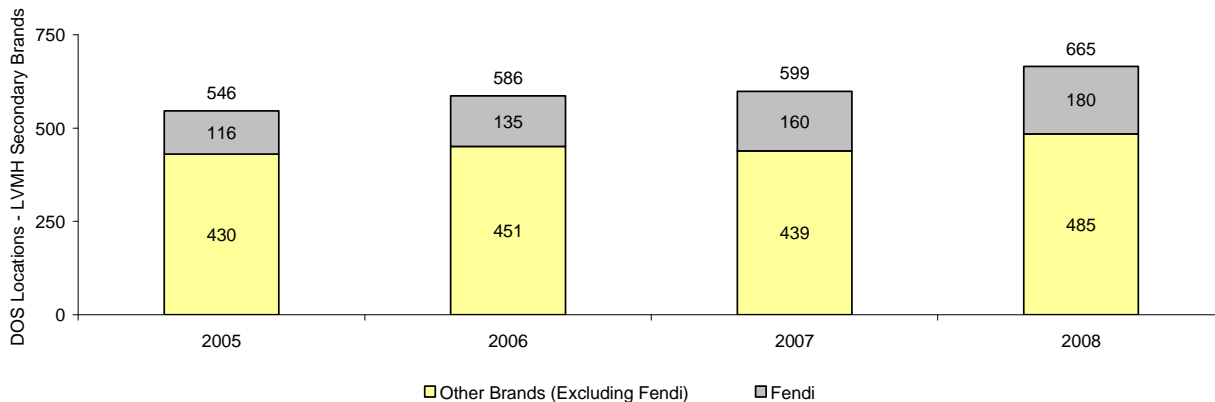


Source: Company Reports, Bernstein Analysis and Estimates

Note: Dunhill and Lancel breakdown of operating profit not provided prior to 2004.

The other brands at all three companies utilize different channel mixes. In each case, the larger, more global brands have directed much attention to developing a DOS footprint. The leader in DOS distribution by store count is LVMH, as its DOS footprint for its other brands is almost 2x the size of either PPR or Richemont (**Exhibit 18**). Fendi constitutes the majority of DOS footprint for LVMH, while smaller brands such as Berluti and Pucci do not ignore the channel, but are more selectively located (less than 50 locations each).

**Exhibit 18**  
**LVMH's other F&LG brands have a DOS footprint that is more than 2x the size of PPR or Richemont's other brand retail footprint**

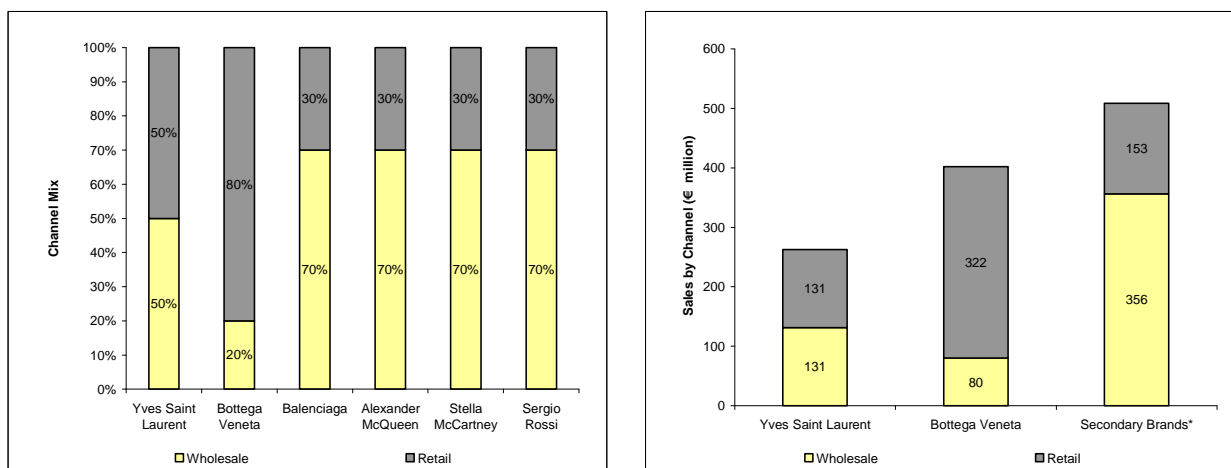


Source: Company Reports, Bernstein Analysis

PPR's largest other brands are also more highly exposed to the retail channel than the smaller ones, which instead utilize wholesale and licensing to a greater extent (**Exhibit 19**). Much of PPR's expansion into the retail channel has been on the momentum of Bottega Veneta's growth. Since 2005, Bottega Veneta's DOS footprint has grown 46%, from 83 locations to 121 locations (**Exhibit 20**).

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**Exhibit 19**  
**PPR's largest brands are focused on the retail channel, while wholesale constitute the majority of the other brands' sales**

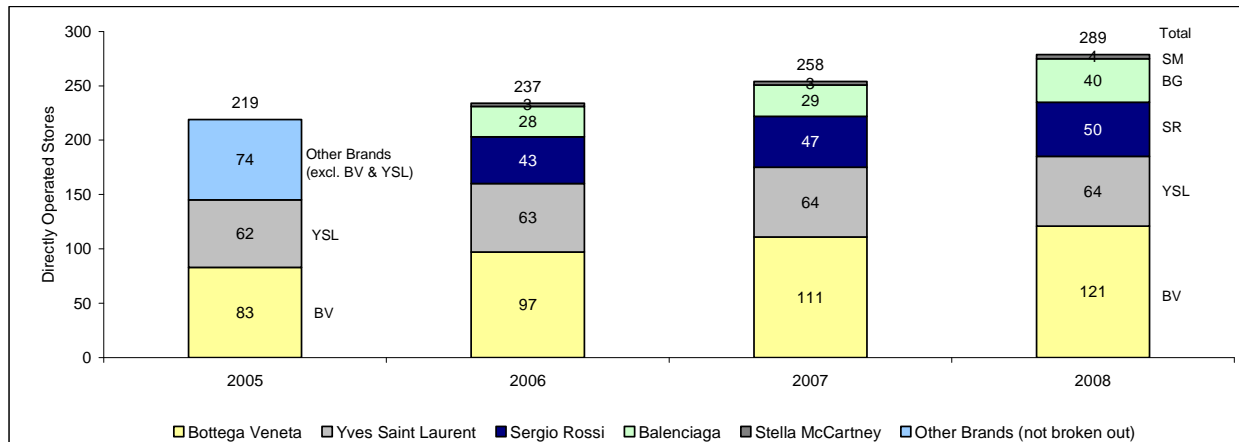


Source: Company Reports, Bernstein Analysis and Estimates

Note: Other Brands reflects an average channel mix of Balenciaga, Alexander McQueen, Stella McCartney and Sergio Rossi

Exhibit 20

Bottega Veneta's DOS count has grown by 46% since 2005, while PPR's other brands have experienced more subdued DOS growth



Source: Company Reports, Bernstein Analysis

The retail channel is an essential component of Richemont's F&LG brands. The balance of which has been part of the focus of Dunhill's restructuring, which has seen it seek to improve wholesale operations in the U.S., as well as to rationalize and improve the store formats.

Chloe, meanwhile, has approximately equal exposure to each channel (Exhibit 21). Much of the brand's recent top-line growth can be attributed to the rapid retail expansion over the past few years, which has seen its store count go from 14 in 2004 to 248 by 2007 (Exhibit 22).

Exhibit 21

Richemont Channel Mix: Chloe has expanded its retail operations while the leather goods division began to increase focus on the U.S. wholesale market and to implement redesigned DOS formats

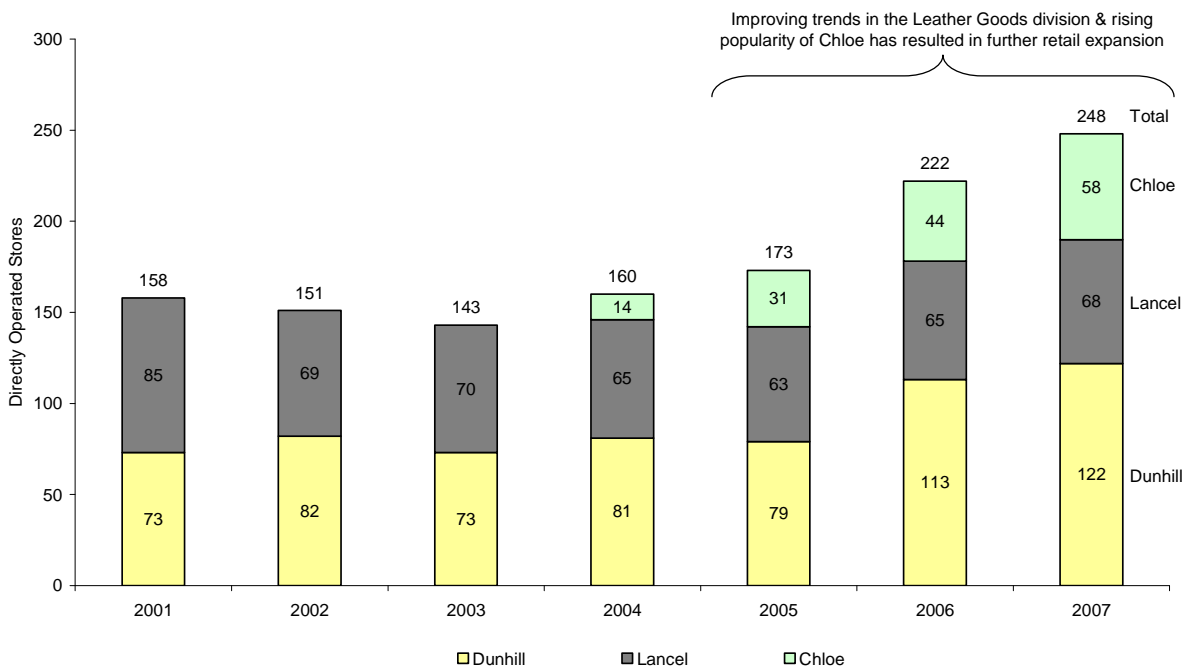


Source: Company Reports, Bernstein Analysis and Estimates



Exhibit 22

Richemont has rolled-out more Chloe retail points of sale in an effort to expand the channel, while more Dunhill stores have been added as the new boutique concept has been successfully implemented in c. 25% of the network



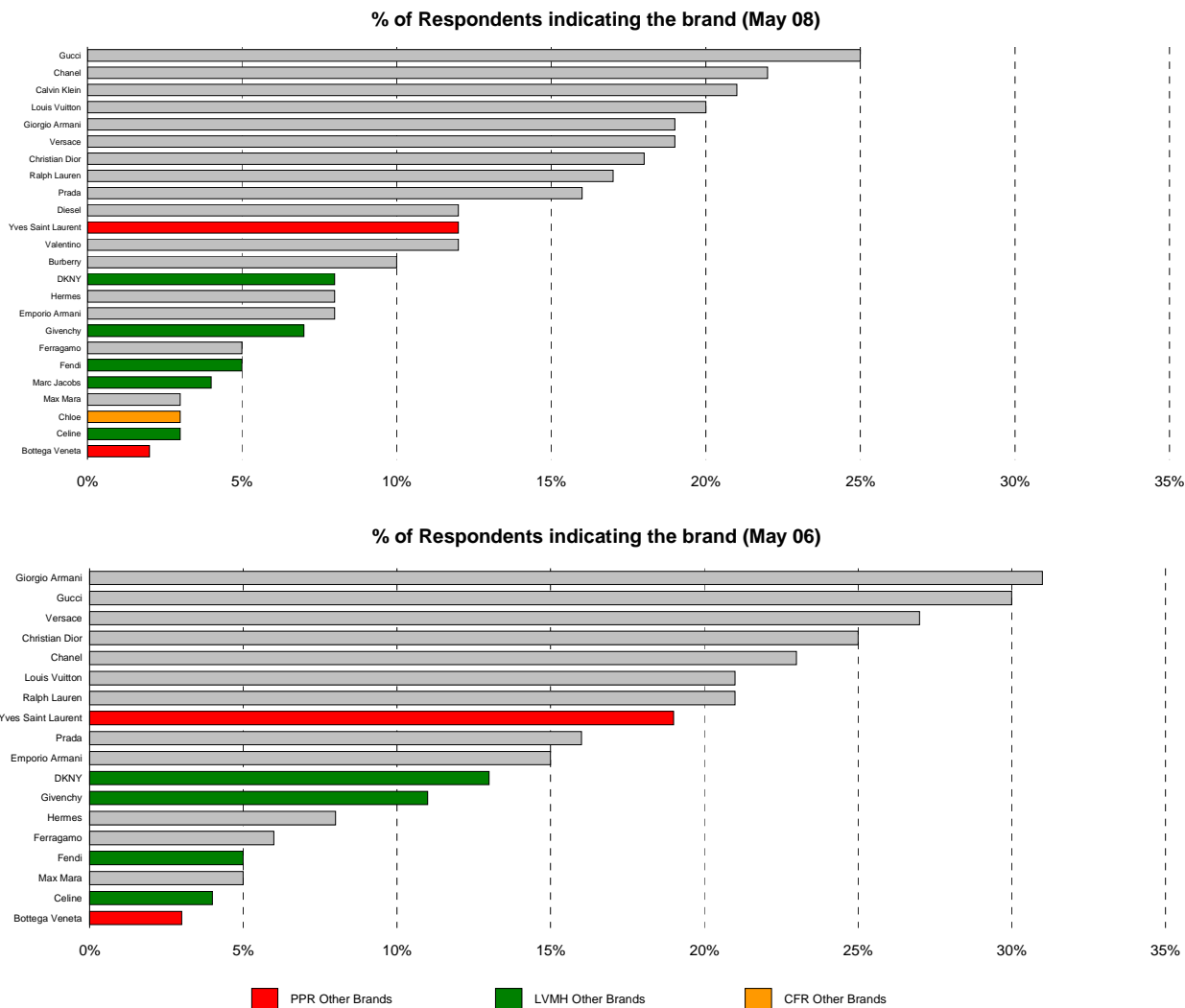
Source: Company Reports, Bernstein Analysis

Not surprisingly, the mega-brand status enjoyed by Gucci and LV make these brands some of the most coveted in the world. A further positive lies in the fact that these companies' other brands also populate the list of the most coveted luxury brands according to a survey conducted by AC Nielsen research (**Exhibit 23**).

YSL and Bottega Veneta represent PPR, Chloe represents Richemont, and DKNY, Givenchy, Fendi, Mark Jacobs and Celine all represent LVMH.

Exhibit 23

Both PPR and LVMH have multiple other brands at the top of consumers' minds – consumers responded as follows when posed the question: *Which of the following brands' products would you prefer to buy in the future if money was no object?*



Source: AC Nielsen, Bernstein Analysis

**In summary, of the companies in our coverage PPR seems to have the most compact brand line-up.** Bottega Veneta is probably the most credible non mega-brand champion, ahead of rival Fendi. YSL - far from being a key contributor - is now back in the black. Other small brands like Balenciaga seem to show a potential of continuing future development as high-end niche champions. LVMH, on the other hand, remains saddled with a 'long bench', bound to revert to red ink in a difficult time like this. Richemont is well behind the leaders in F&LG, its brands in this area would not seem enough to put it on the map as a key force in this category.

European General Retail & Luxury Goods

**Valuation Methodology**

We establish price targets for the companies in our coverage by applying a target relative price/earnings multiple to our forecast 09 EPS estimates, assuming a constant market price/earnings multiple. We establish our target relative price/earnings multiples with reference to our forecast earnings growth for each company.

In the case of LVMH, we use a relative PEF to 1.6x MSCI. We then apply our relative PEF multiple to our 09E EPS forecast of €4.03 and set our target price to € 64;

In the case of PPR, we apply a relative PEF to 1.25x the MSCI to our earnings forecast of € 5.59. We set our target price to € 69.

In the case of Richemont, we use a relative PEF to 1.5x MSCI. We then apply it to our 09E EPS forecast of € 0.81 and set our target price to CHF 19.50;

**Risks**

Risks to achieving our operating forecasts could prevent the stocks from achieving our price targets. Richemont, LVMH and PPR sales would be negatively impacted by a further slow-down in global economic growth. Specific product categories – such as wines and spirits – could suffer disproportionately from a severe consumer retrenchment.

Currency also represents a risk to the fashion and luxury sector, though FX should be supportive to European luxury players in 2009. Any unforeseen event significantly disrupting travel patterns – terrorism, epidemics, war, etc. – would act as a sharp negative on the stocks and the luxury sector, as we saw very clearly in 2003, plunging luxury stocks relative PEF below the historic long-term correlation to luxury growth demand. A milder than expected slow-down than we currently expect would act as a positive catalyst for luxury stocks, representing upside risk.

On top of the above, there is a risk that volume declines for all watch manufacturers are worse than expected. If this were to materialize, then Richemont's EBIT margin could potentially decline. In addition, a decline in prices would compound this downward trend – worsening margins further.

Appendix

Exhibit 24  
PPR – Income Statement

PPR: Annual Income Statement  
(€ Million)

	Annual 2001 Dec-01	Annual 2002 Dec-02	Annual 2003 Dec-03	Annual 2004 Dec-04	Annual 2005 Dec-05	Annual 2006 Dec-06	Annual 2007 Dec-07	Annual 2008 Dec-08	Annual 2009E Dec-09	Annual 2010E Dec-10	Annual 2011E Dec-11	Annual 2012E Dec-12
<b>Net Sales</b>	<b>27,799</b>	<b>27,375</b>	<b>24,361</b>	<b>24,213</b>	<b>17,766</b>	<b>17,026</b>	<b>19,098</b>	<b>20,201</b>	<b>19,155</b>	<b>19,483</b>	<b>20,168</b>	<b>21,060</b>
Cost of Sales	(17,171)	(16,786)	(15,179)	(14,782)	(10,032)	(9,554)	(10,793)	(11,385)	(10,785)	(10,970)	(11,342)	(11,824)
<b>Gross Margin</b>	<b>10,628</b>	<b>10,590</b>	<b>9,182</b>	<b>9,431</b>	<b>7,734</b>	<b>7,472</b>	<b>8,305</b>	<b>8,816</b>	<b>8,369</b>	<b>8,513</b>	<b>8,827</b>	<b>9,236</b>
Payroll Expenses	(3,754)	(3,864)	(3,504)	(3,417)	(2,662)	(2,533)	(2,696)	(2,803)	(2,777)	(2,825)	(2,924)	(3,054)
Other SG&A & depreciation	(4,457)	(4,445)	(3,925)	(4,074)	(3,988)	(3,663)	(3,976)	(4,291)	(4,073)	(4,104)	(4,192)	(4,322)
<b>Operating Income</b>	<b>2,417</b>	<b>2,282</b>	<b>1,753</b>	<b>1,940</b>	<b>1,084</b>	<b>1,276</b>	<b>1,634</b>	<b>1,722</b>	<b>1,519</b>	<b>1,583</b>	<b>1,710</b>	<b>1,860</b>
Net Financial Expenses	(418)	(415)	(314)	(349)	(312)	(280)	(310)	(373)	(384)	(367)	(340)	(305)
<b>Income from ordinary activities before taxes</b>	<b>1,999</b>	<b>1,867</b>	<b>1,440</b>	<b>1,591</b>	<b>773</b>	<b>996</b>	<b>1,324</b>	<b>1,349</b>	<b>1,135</b>	<b>1,216</b>	<b>1,371</b>	<b>1,555</b>
Non-recurring items	(33)	1,278	(31)	418	(10)	0	103	(361)	0	0	0	0
Income Taxes	(292)	(706)	(143)	(415)	(192)	(262)	(339)	(335)	(306)	(328)	(370)	(420)
Employee profit sharing	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net income of consolidated companies</b>	<b>1,674</b>	<b>2,440</b>	<b>1,266</b>	<b>1,595</b>	<b>570</b>	<b>733</b>	<b>1,088</b>	<b>654</b>	<b>828</b>	<b>888</b>	<b>1,001</b>	<b>1,135</b>
Share in earning of equity affiliates	7	(6)	55	14	3	2	1	1	1	1	1	1
Amortization of goodwill	(149)	(234)	(119)	(107)	0	0	0	0	0	0	0	0
Net income from discontinued operations												
<b>Net income before minority interests</b>	<b>1,532</b>	<b>2,199</b>	<b>1,201</b>	<b>1,502</b>	<b>574</b>	<b>735</b>	<b>1,090</b>	<b>655</b>	<b>830</b>	<b>889</b>	<b>1,002</b>	<b>1,137</b>
Minority Interest	(341)	(155)	(100)	(89)	(38)	(47)	(118)	(117)	(111)	(113)	(117)	(122)
<b>Attributable Net Income</b>	<b>1,191</b>	<b>2,044</b>	<b>1,101</b>	<b>1,414</b>	<b>535</b>	<b>688</b>	<b>971</b>	<b>538</b>	<b>719</b>	<b>776</b>	<b>885</b>	<b>1,015</b>
EPS (fully diluted)	6.21	12.58	5.08	7.15	4.39	5.78	7.55	4.26	5.59	6.04	6.89	7.90
YoY change	(2.5%)	102.6%	(59.6%)	40.6%	(38.6%)	31.7%	30.6%	(43.5%)	31.1%	8.0%	14.0%	14.6%
<b>Margin Analysis (% of sales)</b>												
Cost of Sales	(61.8%)	(61.3%)	(62.3%)	(61.1%)	(56.5%)	(56.1%)	(56.5%)	(56.4%)	(56.3%)	(56.3%)	(56.2%)	(56.1%)
Gross Margin	38.2%	38.7%	37.7%	38.9%	43.5%	43.9%	43.5%	43.6%	43.7%	43.7%	43.8%	43.9%
Payroll Expenses	(13.5%)	(14.1%)	(14.4%)	(14.1%)	(15.0%)	(14.9%)	(14.1%)	(13.9%)	(14.5%)	(14.5%)	(14.5%)	(14.5%)
Other SG&A & depreciation	(16.0%)	(16.2%)	(16.1%)	(16.8%)	(22.4%)	(21.5%)	(20.8%)	(21.2%)	(21.3%)	(21.1%)	(20.8%)	(20.5%)
Operating Income	8.7%	8.3%	7.2%	8.0%	6.1%	7.5%	8.6%	8.5%	7.9%	8.1%	8.5%	8.8%
Net Financial Expenses	(1.5%)	(1.5%)	(1.3%)	(1.4%)	(1.8%)	(1.6%)	(1.6%)	(1.8%)	(2.0%)	(1.9%)	(1.7%)	(1.4%)
Income from ordinary activities before taxes	7.2%	6.8%	5.9%	6.6%	4.3%	5.8%	6.9%	6.7%	5.9%	6.2%	6.8%	7.4%
Non-recurring items	(0.1%)	4.7%	(0.1%)	1.7%	(0.1%)	0.0%	0.5%	(1.8%)	0.0%	0.0%	0.0%	0.0%
Income Taxes	(1.0%)	(2.6%)	(0.6%)	(1.7%)	(1.1%)	(1.5%)	(1.8%)	(1.7%)	(1.6%)	(1.7%)	(1.8%)	(2.0%)
Employee profit sharing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income of consolidated companies	6.0%	8.9%	5.2%	6.6%	3.2%	4.3%	5.7%	3.2%	4.3%	4.6%	5.0%	5.4%
Share in earning of equity affiliates	0.0%	(0.0%)	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortization of goodwill	(0.5%)	(0.9%)	(0.5%)	(0.4%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income before minority interests	5.5%	8.0%	4.9%	6.2%	3.2%	4.3%	5.7%	3.2%	4.3%	4.6%	5.0%	5.4%
Minority Interest	(1.2%)	(0.6%)	(0.4%)	(0.4%)	(0.2%)	(0.3%)	(0.6%)	(0.6%)	(0.6%)	(0.6%)	(0.6%)	(0.6%)
Attributable Net Income	4.3%	7.5%	4.5%	5.8%	3.0%	4.0%	5.1%	2.7%	3.8%	4.0%	4.4%	4.8%
<b>Year-to-Year Growth (%)</b>												
Sales	12.3%	(1.5%)	(11.0%)	(0.6%)	(26.6%)	(4.2%)	12.2%	5.8%	(5.2%)	1.7%	3.5%	4.4%
Gross Profit	10.9%	(0.4%)	(13.3%)	2.7%	(18.0%)	(3.4%)	11.2%	6.1%	(5.1%)	1.7%	3.7%	4.6%
SG&A	6.6%	1.2%	(10.6%)	0.8%	(11.2%)	(6.8%)	7.7%	6.3%	(3.4%)	1.2%	2.7%	3.6%
EBIT	28.1%	(5.6%)	(23.2%)	10.6%	(44.1%)	(17.7%)	28.1%	5.4%	(11.8%)	4.2%	8.0%	8.8%
Net Earnings	55.3%	71.6%	(46.1%)	28.4%	(62.1%)	28.6%	41.1%	(44.6%)	33.6%	8.0%	14.0%	14.6%
EPS	(2.5%)	102.6%	(59.6%)	40.6%	(38.6%)	31.7%	30.6%	(43.5%)	31.1%	8.0%	14.0%	14.6%
<b>Memo</b>												
Shares Outstanding (wgt avg fully diluted, m)	125.4	127.2	131.1	136.1	122.0	121.7	128.6	126.2	128.5	128.5	128.5	128.5
Tax Rate	19.1%	26.2%	15.0%	27.0%	25.2%	26.0%	23.7%	33.9%	27.0%	27.0%	27.0%	27.0%

Source: Company Reports, Bernstein Analysis and Estimates

Exhibit 25  
PPR – Balance Sheet and Cash Flow Statement

PPR: Annual Cash Flow Statement (€ Million)	Annual 2001 Dec-01	Annual 2002 Dec-02	Annual 2003 Dec-03	Annual 2004 Dec-04	Annual 2005 Dec-05	Annual 2006 Dec-06	Annual 2007 Dec-07	Annual 2008 Dec-08	Annual 2009E Dec-09	Annual 2010E Dec-10	Annual 2011E Dec-11	Annual 2012E Dec-12
Net income of consolidated companies	1,093	1,745	745	1,029	574	750	1,090	655	830	889	1,002	1,137
Depreciation and amortisation	439	455	456	499	397	346	411	419	402	409	424	442
Other non-cash movements	(233)	(1,157)	(122)	(341)	0	26	(90)	314	0	0	0	0
<b>Gross cash from operating activities</b>	<b>1,299</b>	<b>1,043</b>	<b>1,079</b>	<b>1,187</b>	<b>971</b>	<b>1,123</b>	<b>1,411</b>	<b>1,389</b>	<b>1,232</b>	<b>1,298</b>	<b>1,426</b>	<b>1,579</b>
Other movements	7	4	5	5	(15)	230	278	368	0	0	0	0
Changes in working capital	699	(1,904)	1,692	(1,726)	2,793	41	220	(224)	(4)	(28)	4	6
<b>Net cash from operating activities</b>	<b>2,005</b>	<b>(857)</b>	<b>2,776</b>	<b>(535)</b>	<b>3,749</b>	<b>1,394</b>	<b>1,909</b>	<b>1,532</b>	<b>1,228</b>	<b>1,270</b>	<b>1,430</b>	<b>1,585</b>
Net operating capex	(585)	(672)	(500)	(412)	(328)	(338)	(528)	(527)	(565)	(546)	(565)	(590)
Net financial investments	(51)	123	124	146	6	22	(3,095)	936	21	(6)	(14)	(18)
Change in other long term assets/liabilities												
Interests and dividends received	0	0	0	0	48	39	59	47	0	0	0	0
<b>Net cash from investing activities</b>	<b>(636)</b>	<b>(550)</b>	<b>(376)</b>	<b>(266)</b>	<b>(274)</b>	<b>(277)</b>	<b>(3,563)</b>	<b>456</b>	<b>(544)</b>	<b>(552)</b>	<b>(578)</b>	<b>(607)</b>
<b>Net cash from financing activities</b>	<b>1,277</b>	<b>(994)</b>	<b>(4,536)</b>	<b>513</b>	<b>(2,497)</b>	<b>(1,320)</b>	<b>1,898</b>	<b>(2,431)</b>	<b>(895)</b>	<b>(927)</b>	<b>(987)</b>	<b>(1,058)</b>
Effect of exchange rate changes on cash / equivalents - other	176	1,848	50	6	(1,271)	79	34	(74)	0	0	0	0
<b>Net Cashflow</b>	<b>2,822</b>	<b>(553)</b>	<b>(2,087)</b>	<b>(282)</b>	<b>(293)</b>	<b>(125)</b>	<b>278</b>	<b>(517)</b>	<b>(212)</b>	<b>(208)</b>	<b>(135)</b>	<b>(81)</b>
Year end net debt/(cash) - SCB					4,650	3,488	6,142	5,567	5,413	5,080	4,626	4,092
<b>PPR: Annual Balance Sheet (€ Million)</b>	<b>Annual 2001 Dec-01</b>	<b>Annual 2002 Dec-02</b>	<b>Annual 2003 Dec-03</b>	<b>Annual 2004 Dec-04</b>	<b>Annual 2005 Dec-05</b>	<b>Annual 2006 Dec-06</b>	<b>Annual 2007 Dec-07</b>	<b>Annual 2008 Dec-08</b>	<b>Annual 2009E Dec-09</b>	<b>Annual 2010E Dec-10</b>	<b>Annual 2011E Dec-11</b>	<b>Annual 2012E Dec-12</b>
Current Assets	19,840	15,835	11,075	10,232	7,432	7,335	8,231	7,380	6,702	6,668	6,830	7,136
Current Liabilities	17,213	12,748	10,204	8,470	8,095	7,795	9,606	9,122	8,788	8,892	9,105	9,382
<b>Net Working Capital</b>	<b>2,627</b>	<b>3,087</b>	<b>870</b>	<b>1,762</b>	<b>(663)</b>	<b>(460)</b>	<b>(1,375)</b>	<b>(1,742)</b>	<b>(2,085)</b>	<b>(2,224)</b>	<b>(2,275)</b>	<b>(2,246)</b>
Fixed Assets	15,140	14,189	13,565	12,719	15,572	15,055	19,981	19,648	19,757	19,910	20,087	20,280
<b>Total capital employed</b>	<b>17,766</b>	<b>17,275</b>	<b>14,435</b>	<b>14,481</b>	<b>14,909</b>	<b>14,595</b>	<b>18,606</b>	<b>17,906</b>	<b>17,671</b>	<b>17,686</b>	<b>17,812</b>	<b>18,034</b>
Long term liabilities	9,206	8,088	5,804	6,616	6,775	5,470	7,945	7,215	6,546	6,099	5,709	5,353
Borrowings - long term	8,602	7,545	5,247	6,095	4,399	3,141	4,670	3,961	3,461	2,961	2,461	1,961
Other	605	543	558	521	2,376	2,329	3,275	3,253	3,085	3,138	3,248	3,391
Minority interests	2,868	2,719	1,732	171	149	153	1,443	1,257	1,368	1,481	1,597	1,719
<b>Shareholders' Funds</b>	<b>5,692</b>	<b>6,469</b>	<b>6,899</b>	<b>7,693</b>	<b>7,985</b>	<b>8,971</b>	<b>9,218</b>	<b>9,434</b>	<b>9,758</b>	<b>10,107</b>	<b>10,505</b>	<b>10,962</b>
<b>Total sources of capital</b>	<b>17,766</b>	<b>17,275</b>	<b>14,435</b>	<b>14,481</b>	<b>14,909</b>	<b>14,595</b>	<b>18,606</b>	<b>17,906</b>	<b>17,671</b>	<b>17,686</b>	<b>17,812</b>	<b>18,034</b>

Source: Company Reports, Bernstein Analysis and Estimates

Exhibit 26  
LVMH – Income Statement

LVMH: Annual Income Statement  
(€ Million)

	Annual 2000 31-Dec	Annual 2001 31-Dec	Annual 2002 31-Dec	Annual 2003 31-Dec	Annual 2004 31-Dec	Annual 2005 31-Dec	Annual 2006 31-Dec	Annual 2007 31-Dec	Annual 2008 31-Dec	Annual 2009E 31-Dec	Annual 2010E 31-Dec	Annual 2011E 31-Dec	Annual 2012E 31-Dec
<b>(€ Million)</b>													
<b>Revenues</b>	11,581	12,229	12,693	11,962	12,481	13,910	15,306	16,481	17,193	17,153	17,924	18,984	20,232
Cost of sales	(4,221)	(4,654)	(4,563)	(4,171)	(4,373)	(5,001)	(5,481)	(5,786)	(6,012)	(6,199)	(6,364)	(6,681)	(7,104)
<b>Gross margin</b>	<b>7,360</b>	<b>7,575</b>	<b>8,130</b>	<b>7,791</b>	<b>8,108</b>	<b>8,909</b>	<b>9,825</b>	<b>10,695</b>	<b>11,181</b>	<b>10,954</b>	<b>11,561</b>	<b>12,303</b>	<b>13,128</b>
Marketing and selling expenses	(4,206)	(4,568)	(4,705)	(4,401)	(4,512)	(4,892)	(5,364)	(5,752)	(6,104)	(6,182)	(6,470)	(6,790)	(7,133)
General and administrative expenses	(1,195)	(1,447)	(1,417)	(1,208)	(1,224)	(1,274)	(1,289)	(1,388)	(1,449)	(1,441)	(1,470)	(1,519)	(1,619)
<b>Profit from recurring operations</b>	<b>1,959</b>	<b>1,560</b>	<b>2,008</b>	<b>2,182</b>	<b>2,372</b>	<b>2,743</b>	<b>3,172</b>	<b>3,555</b>	<b>3,628</b>	<b>3,332</b>	<b>3,621</b>	<b>3,994</b>	<b>4,376</b>
Other operating income and expenses	-	-	-	-	(199)	(221)	(120)	(126)	(143)	(110)	(110)	(110)	(100)
<b>Operating profit</b>	<b>1,959</b>	<b>1,560</b>	<b>2,008</b>	<b>2,182</b>	<b>2,173</b>	<b>2,522</b>	<b>3,052</b>	<b>3,429</b>	<b>3,485</b>	<b>3,222</b>	<b>3,511</b>	<b>3,884</b>	<b>4,276</b>
Cost of net financial debt	(421)	(459)	(294)	(233)	(214)	(188)	(173)	(207)	(257)	(229)	(177)	(158)	(132)
Dividends received	45	21	8	18	16	-	-	-	-	-	-	-	-
Other financial income and expenses	109	(455)	(405)	(349)	(22)	45	120	(45)	(24)	-	-	-	-
<b>Net financial income (expense)</b>	<b>(267)</b>	<b>(893)</b>	<b>(691)</b>	<b>(564)</b>	<b>(220)</b>	<b>(143)</b>	<b>(53)</b>	<b>(252)</b>	<b>(281)</b>	<b>(229)</b>	<b>(177)</b>	<b>(158)</b>	<b>(132)</b>
<b>Profit Before Tax</b>	<b>1,692</b>	<b>667</b>	<b>1,317</b>	<b>1,618</b>	<b>1,953</b>	<b>2,379</b>	<b>2,999</b>	<b>3,177</b>	<b>3,204</b>	<b>2,993</b>	<b>3,334</b>	<b>3,726</b>	<b>4,144</b>
Income taxes	(633)	(192)	(350)	(488)	(537)	(718)	(847)	(893)	(893)	(838)	(933)	(1,043)	(1,160)
Income (loss) from investments in associates	(34)	(42)	(18)	1	(14)	7	8	7	7	-	-	-	-
Amortisation of Goodwill	(141)	(168)	(262)	(300)	-	-	-	-	-	-	-	-	-
<b>Net profit</b>	<b>884</b>	<b>265</b>	<b>687</b>	<b>831</b>	<b>1,402</b>	<b>1,668</b>	<b>2,160</b>	<b>2,331</b>	<b>2,318</b>	<b>2,155</b>	<b>2,400</b>	<b>2,683</b>	<b>2,984</b>
of which: minority interests	(179)	(99)	(131)	(108)	(208)	(228)	(281)	(306)	(292)	(237)	(264)	(295)	(328)
Unusual items	17	(156)	-	-	-	-	-	-	-	-	-	-	-
<b>Group share of net profit</b>	<b>722</b>	<b>10</b>	<b>556</b>	<b>723</b>	<b>1,194</b>	<b>1,440</b>	<b>1,879</b>	<b>2,025</b>	<b>2,026</b>	<b>1,918</b>	<b>2,136</b>	<b>2,388</b>	<b>2,655</b>
Basic Group share of net EPS (in euros)	1.49	0.02	1.14	1.48	2.55	3.06	3.98	4.27	4.28	4.05	4.51	5.04	5.61
Diluted Group share of net EPS (in euros)	1.49	0.02	1.14	1.48	2.53	3.04	3.94	4.22	4.26	4.03	4.49	5.02	5.58
DPS	0.66	0.71	0.71	0.76	0.87	0.94	1.19	1.43	1.59	1.41	1.57	1.81	2.01
<b>Margin Analysis (% of sales)</b>													
Cost of sales	(36.4%)	(38.1%)	(35.9%)	(34.9%)	(35.0%)	(36.0%)	(35.8%)	(35.1%)	(35.0%)	(36.1%)	(35.5%)	(35.2%)	(35.1%)
Gross margin	63.6%	61.9%	64.1%	65.1%	65.0%	64.0%	64.2%	64.9%	65.0%	63.9%	64.5%	64.8%	64.9%
Marketing and selling expenses	(36.3%)	(37.4%)	(37.1%)	(36.8%)	(36.2%)	(35.2%)	(35.0%)	(34.9%)	(35.5%)	(36.0%)	(36.1%)	(35.8%)	(35.3%)
General and administrative expenses	(10.3%)	(11.8%)	(11.2%)	(10.1%)	(9.8%)	(9.2%)	(8.4%)	(8.4%)	(8.4%)	(8.4%)	(8.2%)	(8.0%)	(8.0%)
<b>Profit from recurring operations</b>	<b>16.9%</b>	<b>12.8%</b>	<b>15.8%</b>	<b>18.2%</b>	<b>19.0%</b>	<b>19.7%</b>	<b>20.7%</b>	<b>21.6%</b>	<b>21.1%</b>	<b>19.4%</b>	<b>20.2%</b>	<b>21.0%</b>	<b>21.6%</b>
Other operating income and expenses	0.0%	0.0%	0.0%	0.0%	(1.6%)	(1.6%)	(0.8%)	(0.8%)	(0.8%)	(0.6%)	(0.6%)	(0.6%)	(0.5%)
<b>Operating profit</b>	<b>16.9%</b>	<b>12.8%</b>	<b>15.8%</b>	<b>18.2%</b>	<b>17.4%</b>	<b>18.1%</b>	<b>19.9%</b>	<b>20.8%</b>	<b>20.3%</b>	<b>18.8%</b>	<b>19.6%</b>	<b>20.5%</b>	<b>21.1%</b>
Cost of net financial debt	(3.6%)	(3.8%)	(2.3%)	(1.9%)	(1.7%)	(1.4%)	(1.3%)	(1.3%)	(1.5%)	(1.3%)	(1.0%)	(0.8%)	(0.7%)
Dividends received	0.4%	0.2%	0.1%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other financial income and expenses	0.9%	(3.7%)	(3.2%)	(2.9%)	(0.2%)	0.3%	0.8%	(0.3%)	(0.1%)	0.0%	0.0%	0.0%	0.0%
<b>Net financial income (expense)</b>	<b>(2.3%)</b>	<b>(7.3%)</b>	<b>(5.4%)</b>	<b>(4.7%)</b>	<b>(1.8%)</b>	<b>(1.0%)</b>	<b>(0.3%)</b>	<b>(1.5%)</b>	<b>(1.6%)</b>	<b>(1.3%)</b>	<b>(1.0%)</b>	<b>(0.8%)</b>	<b>(0.7%)</b>
<b>Profit Before Tax</b>	<b>14.6%</b>	<b>5.5%</b>	<b>10.4%</b>	<b>13.5%</b>	<b>15.6%</b>	<b>17.1%</b>	<b>19.6%</b>	<b>19.3%</b>	<b>18.6%</b>	<b>17.5%</b>	<b>18.6%</b>	<b>19.6%</b>	<b>20.5%</b>
Income taxes	(5.5%)	(1.6%)	(2.8%)	(4.1%)	(4.3%)	(5.2%)	(5.5%)	(5.2%)	(5.2%)	(4.9%)	(5.2%)	(5.5%)	(5.7%)
Income (loss) from investments in associates	(0.3%)	(0.3%)	(0.1%)	0.0%	(0.1%)	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of Goodwill	(1.2%)	(1.4%)	(2.1%)	(2.5%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net profit</b>	<b>7.6%</b>	<b>2.2%</b>	<b>5.4%</b>	<b>6.9%</b>	<b>11.2%</b>	<b>12.0%</b>	<b>14.1%</b>	<b>14.1%</b>	<b>13.5%</b>	<b>12.6%</b>	<b>13.4%</b>	<b>14.1%</b>	<b>14.7%</b>
of which: minority interests	(1.5%)	(0.8%)	(1.0%)	(0.9%)	(1.7%)	(1.6%)	(1.8%)	(1.9%)	(1.7%)	(1.4%)	(1.5%)	(1.6%)	(1.6%)
Unusual items	0.1%	(1.3%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Group share of net profit</b>	<b>6.2%</b>	<b>0.1%</b>	<b>4.4%</b>	<b>6.0%</b>	<b>9.6%</b>	<b>10.4%</b>	<b>12.3%</b>	<b>12.3%</b>	<b>11.8%</b>	<b>11.2%</b>	<b>11.9%</b>	<b>12.6%</b>	<b>13.1%</b>
<b>Year-to-Year Growth (%)</b>													
Sales	35.5%	5.6%	3.8%	(5.8%)	4.3%	11.4%	10.0%	7.7%	4.3%	(0.2%)	4.5%	5.9%	6.6%
Gross Profit	34.8%	10.3%	(2.0%)	(8.6%)	4.8%	14.4%	9.6%	5.6%	3.9%	3.1%	2.7%	5.0%	6.3%
Marketing and selling expenses	41.9%	8.6%	3.0%	(6.5%)	2.5%	8.4%	9.6%	7.2%	6.1%	1.3%	4.7%	4.9%	5.1%
General and administrative expenses	32.2%	21.1%	(2.1%)	(14.7%)	1.3%	4.1%	1.2%	7.7%	4.4%	(0.6%)	2.0%	3.3%	6.6%
EBIT	26.6%	(20.4%)	28.7%	8.7%	(0.4%)	16.1%	21.0%	12.4%	1.6%	(7.6%)	9.0%	10.6%	10.1%
PBT	17.9%	(60.6%)	97.5%	22.9%	20.7%	21.8%	26.1%	5.9%	0.8%	(6.6%)	11.4%	11.8%	11.2%
Group share of net profit	4.2%	(98.6%)	5460.0%	30.0%	65.1%	20.6%	30.5%	7.8%	0.0%	(5.3%)	11.4%	11.8%	11.2%
EPS	3.9%	(98.6%)	5417.6%	29.7%	71.1%	20.2%	29.6%	7.2%	0.9%	(5.3%)	11.4%	11.8%	11.2%
<b>Memo</b>													
Shares Outstanding (wgt avg fully diluted, m)	484.9	484.9	488.6	489.8	472.6	474.0	477.5	479.9	475.6	475.6	475.6	475.6	475.6
Tax Rate	37.4%	28.8%	26.6%	30.2%	27.5%	30.2%	28.2%	26.8%	27.9%	28.0%	28.0%	28.0%	28.0%

Source: Company Reports, Bernstein Analysis and Estimates

Exhibit 27  
LVMH – Balance Sheet and Cash Flow Statement

LVMH: Annual Cash Flow Statement (€ Million)	Annual 2000 31-Dec	Annual 2001 31-Dec	Annual 2002 31-Dec	Annual 2003 31-Dec	Annual 2004 31-Dec	Annual 2005 31-Dec	Annual 2006 31-Dec	Annual 2007 31-Dec	Annual 2008 31-Dec	Annual 2009E 31-Dec	Annual 2010E 31-Dec	Annual 2011E 31-Dec	Annual 2012E 31-Dec
Operating profit	1,959	1,560	2,008	2,182	2,173	2,522	3,052	3,429	3,485	3,222	3,511	3,884	4,276
Net increase in D&A and provisions	541	1356	1019	914	488	639	474	638	695	698	756	804	852
Income taxes paid	(633)	(192)	(350)	(488)	(389)	(616)	(784)	(916)	(866)	(830)	(905)	(989)	(1,097)
Other operating cash flow	(688)	(1,805)	(1,159)	(659)	(168)	(294)	(196)	(219)	(306)	(205)	(224)	(247)	(272)
<b>Cash flow from operating activities</b>	<b>1,179</b>	<b>919</b>	<b>1,518</b>	<b>1,949</b>	<b>2,104</b>	<b>2,251</b>	<b>2,546</b>	<b>2,932</b>	<b>3,008</b>	<b>2,885</b>	<b>3,138</b>	<b>3,452</b>	<b>3,759</b>
Changes in Working Capital	(355)	(345)	436	(107)	(219)	(257)	(258)	(474)	(730)	616	(131)	(222)	(283)
<b>Net Cash Flow from Operating Activities</b>	<b>824</b>	<b>574</b>	<b>1,954</b>	<b>1,842</b>	<b>1,885</b>	<b>1,994</b>	<b>2,288</b>	<b>2,458</b>	<b>2,278</b>	<b>3,501</b>	<b>3,007</b>	<b>3,230</b>	<b>3,475</b>
<b>Cash Flow from Investing Activities</b>	<b>176</b>	<b>-894</b>	<b>-724</b>	<b>-751</b>	<b>-907</b>	<b>-818</b>	<b>-712</b>	<b>-1293</b>	<b>(1,560)</b>	<b>(922)</b>	<b>(957)</b>	<b>(1,004)</b>	<b>(959)</b>
<b>Net cash from (used in) transactions relating to equity</b>	<b>(720)</b>	<b>(489)</b>	<b>157</b>	<b>(182)</b>	<b>(655)</b>	<b>(531)</b>	<b>(728)</b>	<b>(827)</b>	<b>(1,085)</b>	<b>(838)</b>	<b>(933)</b>	<b>(1,073)</b>	<b>(1,193)</b>
<b>Cash Flow from Financing Activities</b>	<b>-101</b>	<b>1935</b>	<b>-1521</b>	<b>-832</b>	<b>-116</b>	<b>-407</b>	<b>-1153</b>	<b>28</b>	<b>(94)</b>	<b>(1,282)</b>	<b>(1,797)</b>	<b>(1,035)</b>	<b>(779)</b>
Effect Of Exchange Rate Changes	(22)	2	(18)	(18)	(9)	41	(10)	(44)	87	0	0	0	0
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>157</b>	<b>1,128</b>	<b>(152)</b>	<b>59</b>	<b>198</b>	<b>279</b>	<b>(315)</b>	<b>322</b>	<b>(374)</b>	<b>460</b>	<b>(680)</b>	<b>118</b>	<b>544</b>
<b>Cash And Equivalents At Beginning Of Period</b>	<b>473</b>	<b>-250</b>	<b>696</b>	<b>544</b>	<b>603</b>	<b>801</b>	<b>1080</b>	<b>765</b>	<b>1,087</b>	<b>713</b>	<b>1,173</b>	<b>493</b>	<b>611</b>
Net Increase (Decrease) In Cash And Cash Equivalents	157	1,128	(152)	59	198	279	(315)	322	(374)	460	(680)	118	544
<b>Cash And Equivalents At End Of Period</b>	<b>630</b>	<b>878</b>	<b>544</b>	<b>603</b>	<b>801</b>	<b>1,080</b>	<b>765</b>	<b>1,087</b>	<b>713</b>	<b>1,173</b>	<b>493</b>	<b>611</b>	<b>1,155</b>
Year end (net debt)/cash - SCB	(8,136)	(8,372)	(6,268)	(4,629)	(5,682)	(4,919)	(4,113)	(4,056)	(4,572)	(3,112)	(2,792)	(2,474)	(1,930)
<b>LVMH: Annual Balance Sheet</b> (€ Million)	<b>Annual 2000 31-Dec</b>	<b>Annual 2001 31-Dec</b>	<b>Annual 2002 31-Dec</b>	<b>Annual 2003 31-Dec</b>	<b>Annual 2004 31-Dec</b>	<b>Annual 2005 31-Dec</b>	<b>Annual 2006 31-Dec</b>	<b>Annual 2007 31-Dec</b>	<b>Annual 2008 31-Dec</b>	<b>Annual 2009E 31-Dec</b>	<b>Annual 2010E 31-Dec</b>	<b>Annual 2011E 31-Dec</b>	<b>Annual 2012E 31-Dec</b>
<b>Assets</b>													
Non-current assets	13,000	14,280	13,490	12,619	18,105	19,537	19,620	20,266	21,103	22,149	23,165	24,236	25,199
Current assets	10,192	9,552	7,927	7,924	7,412	8,516	8,751	10,118	10,474	10,355	9,979	10,791	11,957
<b>Total assets</b>	<b>23,192</b>	<b>23,832</b>	<b>21,417</b>	<b>20,543</b>	<b>25,517</b>	<b>28,053</b>	<b>28,371</b>	<b>30,384</b>	<b>31,577</b>	<b>32,504</b>	<b>33,144</b>	<b>35,027</b>	<b>37,157</b>
<b>Liabilities and Equity</b>													
Equity - Group share	7,031	6,901	7,070	7,034	7,782	9,459	10,603	11,590	12,897	14,154	15,542	17,070	18,770
Minority interests	1,481	1,800	1,772	1,735	893	1,025	991	938	990	1,061	1,139	1,221	1,312
<b>Total equity</b>	<b>8,512</b>	<b>8,701</b>	<b>8,842</b>	<b>8,769</b>	<b>8,675</b>	<b>10,484</b>	<b>11,594</b>	<b>12,528</b>	<b>13,887</b>	<b>15,214</b>	<b>16,681</b>	<b>18,292</b>	<b>20,082</b>
Long term borrowings	3,498	5,402	4,776	4,207	4,188	3,747	3,235	2,477	3,738	3,238	2,738	2,738	2,738
Other non-current liabilities	1,620	1,703	1,198	1,449	6,578	7,231	7,600	7,966	7,337	7,900	7,900	7,900	7,900
<b>Non-current liabilities</b>	<b>5,118</b>	<b>7,105</b>	<b>5,974</b>	<b>5,656</b>	<b>10,766</b>	<b>10,978</b>	<b>10,835</b>	<b>10,443</b>	<b>11,075</b>	<b>11,138</b>	<b>10,638</b>	<b>10,638</b>	<b>10,638</b>
Short term borrowings	5,333	3,765	2,304	1,245	2,529	2,642	2,100	3,138	1,847	1,347	847	847	847
Other current liabilities	4,229	4,261	4,297	4,873	3,547	3,949	3,842	4,275	4,768	4,805	4,978	5,251	5,589
<b>Current liabilities</b>	<b>9,562</b>	<b>8,026</b>	<b>6,601</b>	<b>6,118</b>	<b>6,076</b>	<b>6,591</b>	<b>5,942</b>	<b>7,413</b>	<b>6,615</b>	<b>6,152</b>	<b>5,825</b>	<b>6,098</b>	<b>6,436</b>
<b>Total liabilities and equity</b>	<b>23,192</b>	<b>23,832</b>	<b>21,417</b>	<b>20,543</b>	<b>25,517</b>	<b>28,053</b>	<b>28,371</b>	<b>30,384</b>	<b>31,577</b>	<b>32,504</b>	<b>33,145</b>	<b>35,027</b>	<b>37,156</b>

Source: Company Reports, Bernstein Analysis and Estimates

Exhibit 28

Richemont – Income Statement

Richemont: Annual Income Statement  
(€ Million)

	Annual 2000 Mar-01	Annual 2001 Mar-02	Annual 2002 Mar-03	Annual 2003 Mar-04	Annual 2004 Mar-05	Annual 2005 Mar-06	Annual 2006 Mar-07	Annual 2007 Mar-08	Annual 2008E Mar-09	Annual 2009E Mar-10	Annual 2010E Mar-11	Annual 2011E Mar-12
<b>(€ Million)</b>												
<b>Revenues</b>	<b>3,684</b>	<b>3,860</b>	<b>3,651</b>	<b>3,375</b>	<b>3,671</b>	<b>4,308</b>	<b>4,827</b>	<b>5,302</b>	<b>5,336</b>	<b>4,559</b>	<b>4,559</b>	<b>4,787</b>
Cost of sales	(1,216)	(1,382)	(1,367)	(1,283)	(1,415)	(1,588)	(1,753)	(1,897)	(2,001)	(1,708)	(1,671)	(1,716)
<b>Gross margin</b>	<b>2,468</b>	<b>2,478</b>	<b>2,284</b>	<b>2,092</b>	<b>2,256</b>	<b>2,720</b>	<b>3,074</b>	<b>3,405</b>	<b>3,335</b>	<b>2,850</b>	<b>2,888</b>	<b>3,071</b>
SG&A	(1,756)	(1,996)	(2,025)	(1,796)	(1,695)	(1,979)	(2,158)	(2,297)	(2,384)	(2,328)	(2,394)	(2,512)
<b>Profit from recurring operations</b>	<b>712</b>	<b>482</b>	<b>259</b>	<b>296</b>	<b>561</b>	<b>741</b>	<b>916</b>	<b>1,108</b>	<b>951</b>	<b>523</b>	<b>494</b>	<b>559</b>
Net financial income (expense)	8	(46)	(56)	6	(48)	5	31	47	39	38	39	41
Non-operating income (expense)	603	-	272	-	-	-	-	-	-	-	-	-
Share of post-tax profit of associated undertakings	130	277	300	82	798	486	540	610	1	1	1	1
<b>Profit before taxes</b>	<b>1,453</b>	<b>713</b>	<b>775</b>	<b>384</b>	<b>1,311</b>	<b>1,232</b>	<b>1,487</b>	<b>1,765</b>	<b>990</b>	<b>561</b>	<b>534</b>	<b>601</b>
Income taxes	(191)	(107)	(50)	(64)	(97)	(136)	(158)	(195)	(188)	(106)	(101)	(114)
<b>Net Profit</b>	<b>1,262</b>	<b>606</b>	<b>725</b>	<b>320</b>	<b>1,214</b>	<b>1,096</b>	<b>1,329</b>	<b>1,570</b>	<b>802</b>	<b>455</b>	<b>433</b>	<b>487</b>
Minority Interests	(2)	(2)	(3)	-	(2)	(2)	(1)	1	-	-	-	-
<b>Net Profit Attributable to Unitholders</b>	<b>1,260</b>	<b>604</b>	<b>722</b>	<b>320</b>	<b>1,212</b>	<b>1,094</b>	<b>1,328</b>	<b>1,571</b>	<b>802</b>	<b>455</b>	<b>433</b>	<b>487</b>
<b>Basic Group share of net EPS (in euros)</b>	<b>2.27</b>	<b>1.09</b>	<b>1.31</b>	<b>0.58</b>	<b>2.21</b>	<b>1.98</b>	<b>2.37</b>	<b>2.80</b>	<b>1.43</b>	<b>0.81</b>	<b>0.77</b>	<b>0.87</b>
<b>Diluted Group share of net EPS (in euros)</b>	<b>2.23</b>	<b>1.08</b>	<b>1.31</b>	<b>0.58</b>	<b>2.19</b>	<b>1.95</b>	<b>2.33</b>	<b>2.76</b>	<b>1.42</b>	<b>0.81</b>	<b>0.77</b>	<b>0.86</b>
Implied Core Richemont EPS (in euros)	2.00	0.59	0.76	0.43	0.75	1.08	1.38	1.69	1.42	0.80	0.76	0.86
DPS (in euros)	0.24	0.30	0.33	0.32	0.40	1.00	1.09	1.25	0.59	0.23	0.41	0.49
Ordinary Shares Outstanding (millions)	555.3	554.6	551.6	549.8	547.9	553.2	561.4	561.1	560.2	560.2	560.2	560.2
Fully Diluted Shares Outstanding (millions)	564.8	557.7	552.4	553.6	554.7	560.9	569.8	569.2	565.1	565.1	565.1	565.1
<b>Margin Analysis (% of sales)</b>												
<b>Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Cost of sales	(33.0%)	(35.8%)	(37.4%)	(38.0%)	(38.5%)	(36.9%)	(36.3%)	(35.8%)	(37.5%)	(37.5%)	(36.6%)	(35.8%)
<b>Gross margin</b>	<b>67.0%</b>	<b>64.2%</b>	<b>62.6%</b>	<b>62.0%</b>	<b>61.5%</b>	<b>63.1%</b>	<b>63.7%</b>	<b>64.2%</b>	<b>62.5%</b>	<b>62.5%</b>	<b>63.4%</b>	<b>64.2%</b>
SG&A	(47.7%)	(51.7%)	(55.5%)	(53.2%)	(46.2%)	(45.9%)	(44.7%)	(43.3%)	(44.7%)	(51.1%)	(52.5%)	(52.5%)
<b>Profit from recurring operations</b>	<b>19.3%</b>	<b>12.5%</b>	<b>7.1%</b>	<b>8.8%</b>	<b>15.3%</b>	<b>17.2%</b>	<b>19.0%</b>	<b>20.9%</b>	<b>17.8%</b>	<b>11.5%</b>	<b>10.8%</b>	<b>11.7%</b>
Net financial income (expense)	0.2%	(1.2%)	(1.5%)	0.2%	(1.3%)	0.1%	0.6%	0.9%	0.7%	0.8%	0.9%	0.8%
Non-operating income (expense)	16.4%	0.0%	7.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Share of post-tax profit of associated undertakings	3.5%	7.2%	8.2%	2.4%	21.7%	11.3%	11.2%	11.5%	0.0%	0.0%	0.0%	0.0%
Profit before taxes	39.4%	18.5%	21.2%	11.4%	35.7%	28.6%	30.8%	33.3%	18.6%	12.3%	11.7%	12.5%
Income taxes	(5.2%)	(2.8%)	(1.4%)	(1.9%)	(2.6%)	(3.2%)	(3.3%)	(3.7%)	(3.5%)	(2.3%)	(2.2%)	(2.4%)
<b>Net Profit</b>	<b>34.3%</b>	<b>15.7%</b>	<b>19.9%</b>	<b>9.5%</b>	<b>33.1%</b>	<b>25.4%</b>	<b>27.5%</b>	<b>29.6%</b>	<b>15.0%</b>	<b>10.0%</b>	<b>9.5%</b>	<b>10.2%</b>
Minority Interests	(0.1%)	(0.1%)	(0.1%)	0.0%	(0.1%)	(0.0%)	(0.0%)	0.0%	0.0%	0.0%	0.0%	0.0%
Net Profit Attributable to Unitholders	34.2%	15.6%	19.8%	9.5%	33.0%	25.4%	27.5%	29.6%	15.0%	10.0%	9.5%	10.2%
<b>Year-to-Year Growth (%)</b>												
Revenues	26.0%	4.8%	(5.4%)	(7.6%)	8.8%	17.4%	12.0%	9.8%	0.6%	(14.6%)	0.0%	5.0%
Gross margin	27.9%	0.4%	(7.8%)	(8.4%)	7.8%	20.6%	13.0%	10.8%	(2.1%)	(14.5%)	1.3%	6.3%
SG&A	25.9%	13.7%	1.5%	(11.3%)	(5.6%)	16.8%	9.0%	6.4%	3.8%	(2.4%)	2.9%	4.9%
Profit from recurring operations	33.3%	(32.3%)	(46.3%)	14.3%	89.5%	32.1%	23.6%	21.0%	(14.2%)	(45.0%)	(5.5%)	13.2%
Profit before taxes	(53.7%)	(50.9%)	8.7%	(50.5%)	241.4%	(6.0%)	20.7%	18.7%	(43.9%)	(43.3%)	(4.9%)	12.5%
Net Profit Attributable to Unitholders	(57.8%)	(52.1%)	19.5%	(55.7%)	278.8%	(9.7%)	21.4%	18.3%	(48.9%)	(43.3%)	(4.9%)	12.5%
Basic Group share of net EPS (in euros)	nm	(52.0%)	20.2%	(55.5%)	280.1%	(10.6%)	19.6%	18.3%	(48.8%)	(43.3%)	(4.9%)	12.5%
Diluted Group share of net EPS (in euros)	nm	(51.5%)	20.7%	(55.8%)	278.0%	(10.7%)	19.5%	18.4%	(48.5%)	(43.3%)	(4.9%)	12.5%
Implied Core Richemont EPS (in euros)	nm	(70.7%)	30.3%	(43.7%)	73.6%	45.2%	27.6%	22.1%	(16.0%)	(43.4%)	(4.9%)	12.5%
DPS (in euros)	nm	26.3%	7.7%	(2.5%)	24.9%	150.1%	9.1%	14.6%	(53.0%)	(60.8%)	78.1%	19.6%
<b>Memo</b>												
Shares Outstanding (wgt avg fully diluted, m)	564.8	557.7	552.4	553.6	554.7	560.9	569.8	569.2	565.1	565.1	565.1	565.1
Tax Rate	(14.4%)	(24.5%)	(10.5%)	(21.2%)	(18.9%)	(18.2%)	(16.7%)	(16.9%)	(19.0%)	(19.0%)	(19.0%)	(19.0%)

Source: Company Reports, Bernstein Analysis and Estimates



## Exhibit 29

## Richemont – Balance Sheet and Cash Flow Statement

Richemont: Annual Cash Flow Statement (€ Million)	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
	2000 Mar-01	2001 Mar-02	2002 Mar-03	2003 Mar-04	2004 Mar-05	2005 Mar-06	2006 Mar-07	2007 Mar-08	2008E Mar-09	2009E Mar-10	2010E Mar-11	2011E Mar-12
Cash flow generated from operations	577	286	556	561	481	774	970	1,108	951	523	494	559
Interest received	61	10	10	5	57	37	60	47	39	38	39	41
Interest paid	(60)	(64)	(47)	(32)	(20)	(35)	(33)					
Dividend from associated undertaking	-	228	258	239	235	247	280					
Taxation paid	(149)	(180)	(125)	(68)	(79)	(85)	(177)	(195)	(188)	(106)	(101)	(114)
Other investment income	237	-	-	14	-	-	-					
<b>Net cash generated from operating activities</b>	<b>666</b>	<b>280</b>	<b>652</b>	<b>719</b>	<b>674</b>	<b>938</b>	<b>1,100</b>	<b>960</b>	<b>801</b>	<b>454</b>	<b>432</b>	<b>486</b>
<b>Net cash used in investing activities</b>	<b>(429)</b>	<b>(475)</b>	<b>(269)</b>	<b>(88)</b>	<b>875</b>	<b>(193)</b>	<b>(347)</b>	<b>(311)</b>	<b>(367)</b>	<b>(225)</b>	<b>(202)</b>	<b>(211)</b>
<b>Net cash used in financing activities</b>	<b>(324)</b>	<b>(147)</b>	<b>(498)</b>	<b>(287)</b>	<b>(402)</b>	<b>(506)</b>	<b>(563)</b>	<b>(669)</b>	<b>(329)</b>	<b>(129)</b>	<b>(229)</b>	<b>(274)</b>
<b>Net Increase in Cash and Equivalents</b>	<b>(87)</b>	<b>(342)</b>	<b>(115)</b>	<b>344</b>	<b>1,147</b>	<b>239</b>	<b>190</b>	<b>471</b>	<b>106</b>	<b>100</b>	<b>-</b>	<b>-</b>
Cash and equivalents at beginning of year	(291)	(375)	(723)	(744)	6	1,183	1,416	1,623	2,094	2,200	2,300	2,300
Exchange gains/(losses) on cash and equivalents	3	(6)	94	29	30	(6)	17	-	-	-	-	-
<b>Cash and Equivalents at end of Year</b>	<b>(375)</b>	<b>(723)</b>	<b>(744)</b>	<b>(371)</b>	<b>1,183</b>	<b>1,416</b>	<b>1,623</b>	<b>2,094</b>	<b>2,200</b>	<b>2,300</b>	<b>2,300</b>	<b>2,300</b>
Year end net debt/(cash) - SCB	1,048	1,456	1,177	794	(617)	(884)	(1,141)	(1,246)	(1,352)	(1,452)	(1,452)	(1,452)
<b>Richemont: Annual Balance Sheet</b>												
<b>(€ Million)</b>	<b>Annual</b>	<b>Annual</b>	<b>Annual</b>	<b>Annual</b>	<b>Annual</b>	<b>Annual</b>	<b>Annual</b>	<b>Annual</b>	<b>Annual</b>	<b>Annual</b>	<b>Annual</b>	<b>Annual</b>
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008E</b>	<b>2009E</b>	<b>2010E</b>	<b>2011E</b>
	<b>Mar-01</b>	<b>Mar-02</b>	<b>Mar-03</b>	<b>Mar-04</b>	<b>Mar-05</b>	<b>Mar-06</b>	<b>Mar-07</b>	<b>Mar-08</b>	<b>Mar-09</b>	<b>Mar-10</b>	<b>Mar-11</b>	<b>Mar-12</b>
<b>ASSETS</b>												
Total Fixed Assets	7,633	4,571	4,519	3,578	4,367	4,606	4,974	4,708	1,852	1,894	1,999	2,141
Total Current Assets	2,544	2,922	2,704	3,423	3,582	3,987	4,407	5,030	5,771	5,454	5,548	5,626
<b>Total Assets</b>	<b>10,177</b>	<b>7,493</b>	<b>7,223</b>	<b>7,001</b>	<b>7,949</b>	<b>8,593</b>	<b>9,381</b>	<b>9,738</b>	<b>7,623</b>	<b>7,347</b>	<b>7,548</b>	<b>7,768</b>
<b>LIABILITIES</b>												
Total Current Liabilities	1,521	2,106	1,639	1,794	1,348	1,469	1,469	1,672	1,713	1,668	1,654	1,661
Long Term Borrowings	633	316	410	64	155	158	203	246	246	246	246	246
Other Liabilities	161	176	176	171	165	185	196	168	160	160	160	160
<b>Total liabilities</b>	<b>2,315</b>	<b>2,598</b>	<b>2,225</b>	<b>2,029</b>	<b>1,668</b>	<b>1,812</b>	<b>1,868</b>	<b>2,086</b>	<b>2,119</b>	<b>2,074</b>	<b>2,060</b>	<b>2,067</b>
<b>Net Assets</b>	<b>7,862</b>	<b>4,895</b>	<b>4,998</b>	<b>4,972</b>	<b>6,281</b>	<b>6,781</b>	<b>7,513</b>	<b>7,652</b>	<b>5,504</b>	<b>5,274</b>	<b>5,488</b>	<b>5,701</b>
<b>EQUITY</b>												
Share capital	334	334	334	334	334	334	334	334	334	334	334	334
Retained earnings	6,758	3,866	4,500	4,579	5,773	6,092	6,532	7,109	4,583	4,909	5,112	5,325
Other reserves	645	645	158	55	168	347	645	205	587	31	42	42
Total unitholders' equity	<b>7,737</b>	<b>4,845</b>	<b>4,992</b>	<b>4,968</b>	<b>6,275</b>	<b>6,773</b>	<b>7,511</b>	<b>7,648</b>	<b>5,504</b>	<b>5,274</b>	<b>5,488</b>	<b>5,701</b>
Minority interest	125	50	6	4	6	8	2	4	-	-	-	-
<b>Total equity</b>	<b>7,862</b>	<b>4,895</b>	<b>4,998</b>	<b>4,972</b>	<b>6,281</b>	<b>6,781</b>	<b>7,513</b>	<b>7,652</b>	<b>5,504</b>	<b>5,274</b>	<b>5,488</b>	<b>5,701</b>

Source: Company Reports, Bernstein Analysis and Estimates

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**12-Month Rating History as of 05/12/2009**

**Ticker Rating Changes**

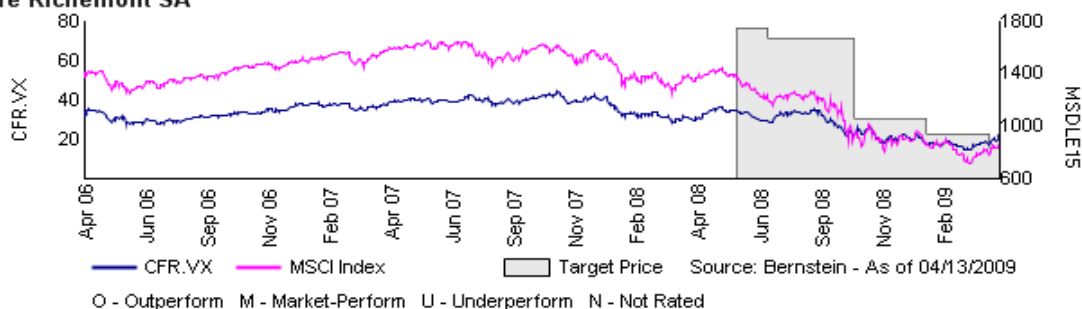
CFR.VX	M (IC)	06/04/08
MC.FP	O (IC)	04/29/08
PP.FP	O (IC)	05/26/06

Rating Guide: O - Outperform, M - Market-Perform, U - Underperform, N - Not Rated  
 Rating Actions: IC - Initiated Coverage, DC - Dropped Coverage, RC - Rating Change

**CFR.VX / Compagnie Financiere Richemont SA**

Date	Rating	Target(CHF)
06/04/08	M(IC)	76.00
07/10/08	M	71.00
10/22/08	M	30.00
01/16/09	M	22.00
04/02/09	M	15.00

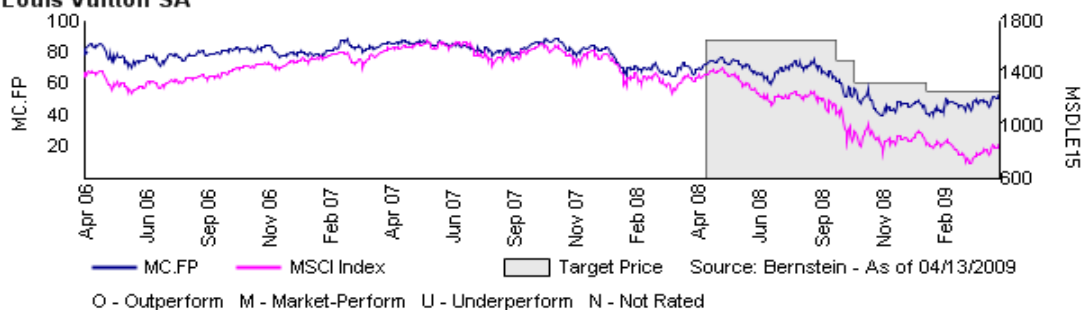
IC - Initiated Coverage



**MC.FP / LVMH Moet Hennessy Louis Vuitton SA**

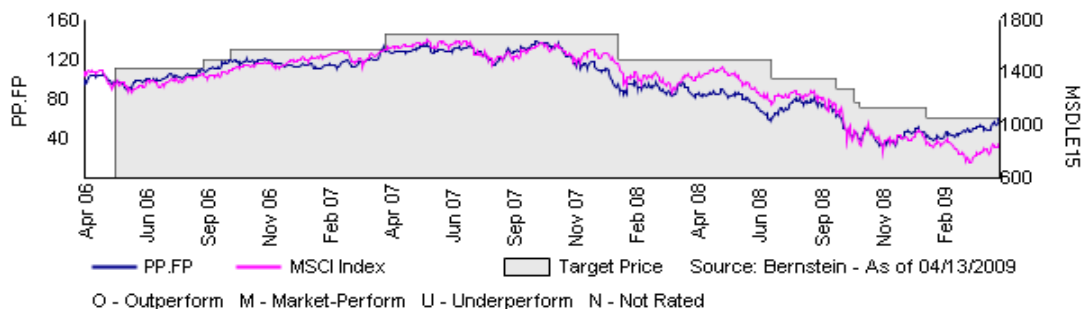
Date	Rating	Target(EUR)
04/29/08	O(IC)	88.00
10/01/08	O	75.00
10/22/08	O	60.00
01/16/09	O	55.00

IC - Initiated Coverage



## PP.FP / PPR SA

Date	Rating	Target(EUR)
05/26/06	O (IC)	110.00
09/08/06	O	120.00
10/10/06	O	130.00
04/12/07	O	145.00
01/14/08	O	120.00
07/16/08	O	100.00
10/01/08	O	90.00
10/22/08	O	75.00
10/29/08	O	70.00
01/16/09	O	60.00



IC - Initiated Coverage

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