

XPAR:MC

LVMH

Moët

Hennessy

Louis Vuitton

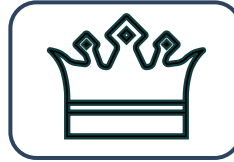
Consumers Sector Pitch

*Rafal Smolik , Barnaby Hearnden , Callum
Donachie , Joshua Wells-Green , Marc
Fisher*

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Investment Thesis

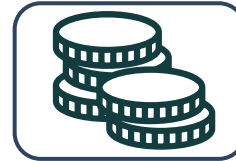
LVMH



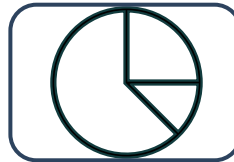
Persistent Market Leadership



Sustainable Growth Engine



Attractive Valuation & Fundamentals



Robustly Diversified Strategy

LVMH

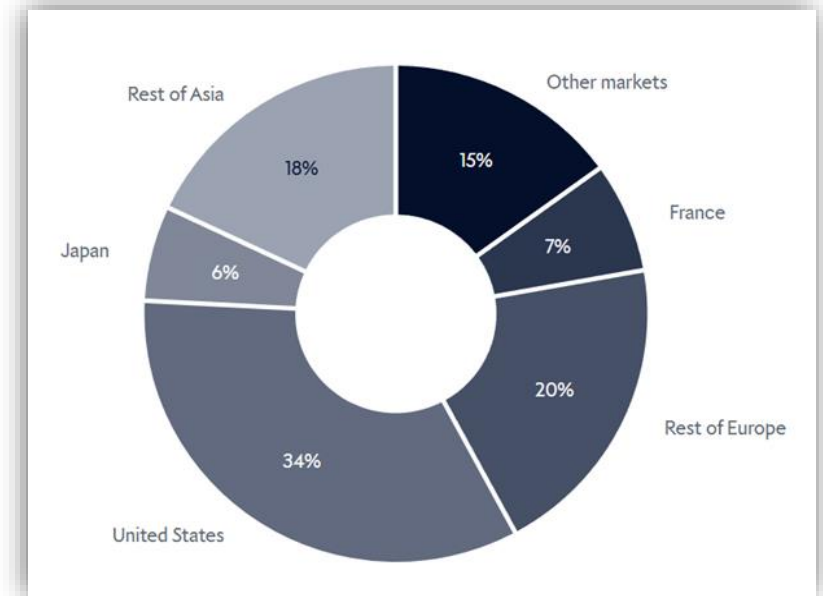
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Business Overview

- LVMH's vocation and business model is built on a foundation of product diversification, vertical integration, brand autonomy, retail presence and a relentless pursuit of innovation.
- Conversely, the organization has nurtured a reputation for promoting its creativity and artistic talent in the fashion market, through its distinctive monogram pattern and innovative designs, contributing to its image as a symbol of luxury and elegance.
- Furthermore, in a disrupted geopolitical and evolving landscape, LVMH remains vigilant in sustaining the firm's market leader position, by pursuing their policy of innovation and exploiting their competitive advantages, through the developments of their acquisitions and plans of expansions to emerging markets in South America.
- In relation to geographical presence, Europe once again achieved growth on a constant consolidation scope and currency basis. The United States saw a slight decline, despite strong performances in fashion and leather goods. Japan was down with respect to the first quarter of 2024, which had been accelerated by strong growths in Chinese consumer spending in the country.

Revenue by geographical region in 2024



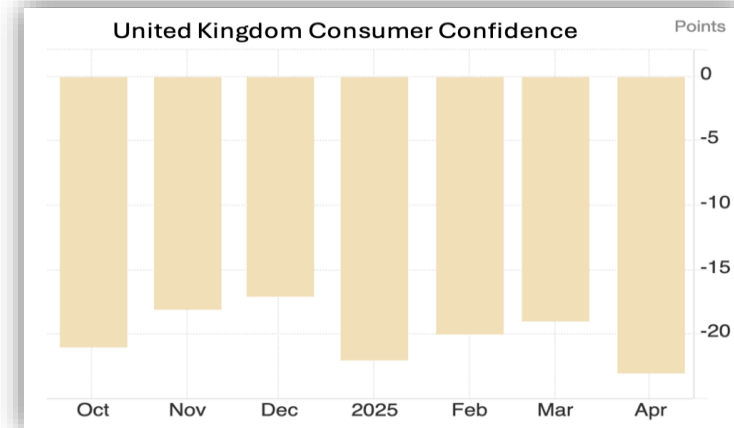
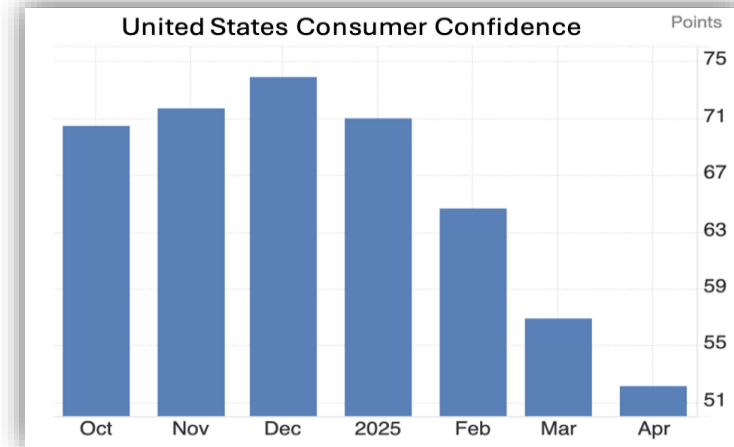
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Macro-Economic Challenges

- In the United States (LVMH's largest source of revenue), the Consumer Confidence Index fell by 7.9 points, heavily caused by inflation and tariff concerns. Consumer inflation expectations have risen to an anticipated average price increase on household goods 6.5%.
- In the UK, the Consumer Confidence Index dropped to -23 in April 2025, driven by rising household bills and US tariff concerns. 75% of UK consumers are expecting the economy to get worse in the next 12 months.
- The above information does not illustrate strong economic confidence from the general US and UK population. Despite the financial concerns, LVMH continues to thrive in the market with their target market aimed at high-net-worth individuals, who are much less sensitive to economic fluctuations.



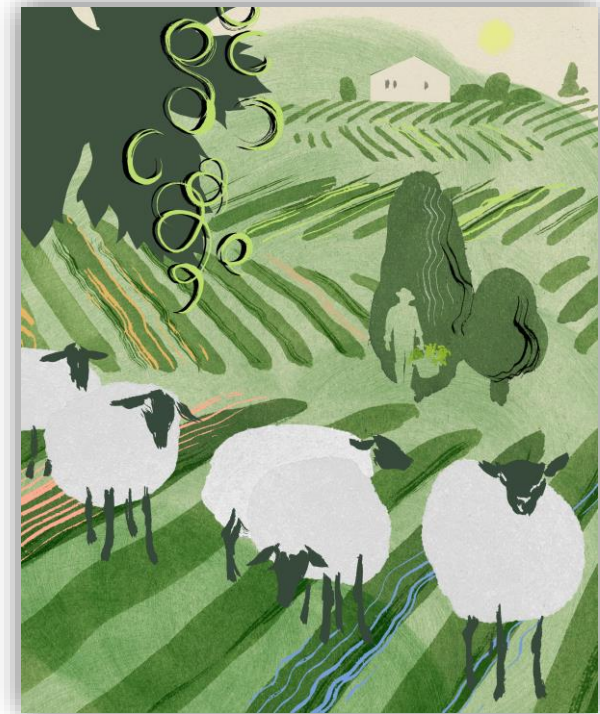
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Strategic Sustainability

- LIFE 360, launched in 2020, is an action program to achieve sustainability goals in 2023, 2026, and 2030. There are 4 strategic pillars within LIFE 360, focused on implementing sustainability in different business sections.
- 'Circular design' - aimed at repairing, refilling, and repurposing. Essentially, aim to reuse products, enhance their recycling capabilities, and further develop their eco-designed packaging. The 2023 objective was to introduce this service to the company, where they managed to get 97% of companies within LVMH to use Circular services.
- LVMH has succeeded in passing all 2023 targets and are well on track to achieve the 2026 objectives. LVMH is well-prepared for future ESG regulations and is changing its firm accordingly while maintaining a strong market performance.



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Financial Summary

LVMH

- Market Value - €242 billion
- Enterprise Value - €277 billion
- Revenue - €84 billion
- Gross Profit - €56.8 billion
- EBITDA - €27 billion
- Basic EPS - 25.13

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Financial Summary vs Competitors

Hermes

- Market Value - €250 billion
- Enterprise Value - €238 billion
- Revenue - €15 billion
- Gross Profit - €10.7 billion
- EBITDA - €7 billion
- Basic EPS - 42.51

LVMH

- Market Value - €242 billion
- Enterprise Value - €277 billion
- Revenue - €84 billion
- Gross Profit - €56.8 billion
- EBITDA - €27 billion
- Basic EPS - 25.13

Kering

- Market Value - €21 billion
- Enterprise Value - €37 billion
- Revenue - €18 billion
- Gross Profit - €12.7 billion
- EBITDA - €4.6 billion
- Basic EPS - 9.24

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Discounted Cash Flow Valuation I

Risk free rate	3.22%
Beta (5Y monthly)	1.07
Expected Market return	8.0%
Re = Cost of equity	8.33%
Rd = Cost of debt	2.88%
Effective Tax Rate	28.5%
Market Equity Value	€ 244,361,313,000
Market Value of Debt	€ 41,203,000,000
Enterprise Value	€ 285,564,313,000
WACC =	7.25%
Oakwood ESG Risk Adjusted =	6.88%

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- Risk free rate - French 5Y Gov bond yield.
- Beta - Volatility relative to market.
- Expected Market return - 7-10%.
- Cost of Equity - Minimum return required by equity investors.
- Cost of Debt - Effective interest rate on borrowings.
- WACC - Average return expected by equity and debt investors to finance operations.
- ESG Adjusted WACC - Oakwood allows up to 0.5bps of reduction.

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Discounted Cash Flow Valuation II

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LVMH Moët Hennessy Louis Vuitton						
	Current	Proj.	Proj.	Proj.	Proj.	Proj.
	Y0	Y1	Y2	Y3	Y4	Y5

All figures in millions of euros unless stated otherwise

Discounted Cash Flow						
Effective Tax rate	28.5%					
Long term growth rate	2.8%					
WACC	6.90%					
Share price	€ 487.90					
Shares outstanding	499,410.0					
Year count	0.0	1.0	2.0	3.0	4.0	5.0
EBIT	19,299	19,839	20,395	20,966	21,553	22,156
Tax on EBIT	-5,495	-5,649	-5,807	-5,969	-6,136	-6,308
+ Depreciation and amortization	7,796	8,014	8,239	8,469	8,707	8,950
- Capital expenditure	-5,552	-5,707	-5,867	-6,032	-6,200	-6,374
Change in operating working capital	-2,488	-2,557	-2,629	-2,703	-2,778	-2,856
Free cash flow	13,561	13,940	14,331	14,732	15,144	15,568
Terminal value						390,351
Discount factor		93.5%	87.5%	81.9%	76.6%	71.6%
Present value of free cash flows		13,041	12,540	12,059	11,597	11,152
Sum of present value of free cash flows	60,389					
Present value of terminal value	279,619					
Enterprise value	340,009					
+ Cash	9,631					
- Debt	-41,203					
Implied equity value (intrinsic value)	308,437					
Current Market Capitalization	243,662					
Intrinsic value premium to market capitalization	64,775	26.6%				
Implied New Share Price (No New Share Issuances or Dilution)	€ 617.60					

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- Long term growth rate - more optimistic.
- ΔNWC - Measure of a companies health.
- Terminal Value – Estimates the value of future cash flows.
- Enterprise Value - True value of acquiring a business.

Discounted Cash Flow Valuation III

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WACC	Growth Rate									
	€ 617.60	2.60%	2.70%	2.80%	2.90%	2.80%	2.90%	3.00%	3.10%	3.20%
	6.50%	€ 651.12	€ 670.64	€ 691.20	€ 712.92	€ 691.20	€ 712.92	€ 735.87	€ 760.17	€ 785.94
	6.60%	€ 633.27	€ 651.82	€ 671.35	€ 691.94	€ 671.35	€ 691.94	€ 713.67	€ 736.64	€ 760.97
	6.70%	€ 616.28	€ 633.94	€ 652.52	€ 672.07	€ 652.52	€ 672.07	€ 692.67	€ 714.42	€ 737.42
	6.80%	€ 600.10	€ 616.94	€ 634.62	€ 653.21	€ 634.62	€ 653.21	€ 672.78	€ 693.41	€ 715.18
	6.90%	€ 584.67	€ 600.75	€ 617.60	€ 635.30	€ 617.60	€ 635.30	€ 653.91	€ 673.50	€ 694.14
	7.00%	€ 569.95	€ 585.30	€ 601.39	€ 618.26	€ 601.39	€ 618.26	€ 635.98	€ 654.61	€ 674.21
	7.10%	€ 555.88	€ 570.57	€ 585.94	€ 602.04	€ 585.94	€ 602.04	€ 618.93	€ 636.66	€ 655.30
	7.20%	€ 542.42	€ 556.48	€ 571.18	€ 586.57	€ 571.18	€ 586.57	€ 602.69	€ 619.59	€ 637.34
	7.30%	€ 529.53	€ 543.01	€ 557.09	€ 571.80	€ 557.09	€ 571.80	€ 587.20	€ 603.33	€ 620.25

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- Sensitivity Analysis – A method used to demonstrate fluctuation of implied share price.
- Affects terminal value.
- Shows deviations of current values to show possible valuations.

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Relative Valuation

Company	P/E	EV/EBITDA	EV/Sales
LVMH	19.4x	10.3x	3.2x
Hermès	54.7x	31.7x	14.3x
Kering	18.9x	8.2x	2.2x
Richemont	25.7x	15.0x	4.4x

Industry Average	P/E	EV/EBITDA	EV/Sales
Luxury Sector	25x	11x	3.5x

- Below average multiples with above average fundamentals.
- Sitting close to industry average but below many peers.
- If market sentiment normalises, potential for massive gains.
- Undervalued.

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Competitive Positioning



Strengths

- Diverse portfolio
- Financial Performance
- Partnerships and sponsors



Weaknesses

- Economic downturn sensitive
- Counterfeit product challenges
- Succession uncertainty



Opportunities

- Strategic acquisitions
- Emerging markets
- Sustainability



Threats

- Competition
- Product lifecycle
- Consumer preferences
- Geopolitics

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“Luxury is strategy. LVMH
plays to win.”