



Quarterly Compliance Report based on AAOIFI Shariah Mandate (Annual-2010)

LVMH Moet Hennessy Louis Vuitton SA (MC FR)

Description

LVMH Moet Hennessy Louis Vuitton SA (LVMH) is a France-based luxury goods company. The Company owns a portfolio of luxury brands and its business activities are divided into five business groups: Wines and Spirits, Perfumes and Cosmetics, Watches and Jewelry, Fashion and Leather Goods, and Selective Retailing.

Company Status

IdealRatings analysts have issued a new report regarding the company:

Name:	LVMH Moet Hennessy Louis Vuitton SA
Ticker:	MC FR
Country:	France
Core Business Activity:	Apparel / Accessories
Exchange:	Euronext Paris
Compliance Status:	Not Shariah-compliant

Overview

IdealRatings reviewed the most recent financial statements (Annual-2010) for LVMH Moet Hennessy Louis Vuitton SA. The report has been prepared to determine the Shariah-compliance status of the company based on the AAOIFI Shariah mandate.

Business Screening

Based on the business of the company the core business is compliant and misleading since the main business is in the apparel and accessories area. But of the main business activities of the company is in the alcohol business through their champagne, wine, cognac and spirits segment. Since the alcohol segment is one of the core businesses of the company it is to be considered non-compliant from a business perspective.

According to the company, the business segmentation is as follows:

REVENUE BY BUSINESS GROUP			
EUR million	2008	2009	2010
Wines and Spirits	3,126	2,740	3,261
Fashion and Leather Goods	6,010	6,302	7,581
Perfumes and Cosmetics	2,868	2,741	3,076
Watches and Jewelry	879	764	985
Selective Retailing	4,376	4,533	5,378
Other activities and eliminations	(66)	(27)	39
TOTAL	17,193	17,053	20,320

(Source: LVMH Annual Report for 2010)

Based on these numbers the non-permissible income from alcohol represents 16% of their total revenue and thus is exceeding the 5% threshold level as defined by AAOIFI irrespective of the interest income of the company.

Therefore the status of the company from a business activity is as follows:

	Threshold	Company	Compliance
Non-permissible Income	5%	Exceeds 5%	FAIL

Financial Screening


According to the most recent available financial statement with adequate information (2011-Q1) the financial ratios with respect to the AAOIFI Shariah mandate for the company are as follows:

	Threshold	Industries	Compliance
Interest-bearing Investments	30%	4.67%	PASS
Interest-bearing Debts	30%	9.79%	PASS
Liquidity	67%	11.58%	PASS
Share Type (Preference or Common)	Common	Common	PASS

Compliance Status

Based on the available information and the above figures according to the AAOIFI Shariah mandate **LVMH Moet Hennessy Louis Vuitton SA** is to be considered **Non-Shariah-compliant**.





Disclosures

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