

# LVMH



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## DISCLAIMER

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This document may contain certain forward looking statements which are based on estimations and forecasts. By their nature, these forward looking statements are subject to important risks and uncertainties and factors beyond our control or ability to predict, in particular those described in LVMH's Reference Document which is available on the website ([www.lvmh.com](http://www.lvmh.com)). These forward looking statements should not be considered as a guarantee of future performance, the actual results could differ materially from those expressed or implied by them. The forward looking statements only reflect LVMH's views as of the date of this document, and LVMH does not undertake to revise or update these forward looking statements. The forward looking statements should be used with caution and circumspection and in no event can LVMH and its Management be held responsible for any investment or other decision based upon such statements. The information in this document does not constitute an offer to sell or an invitation to buy shares in LVMH or an invitation or inducement to engage in any other investment activities.

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BERNARD  
ARNAULT

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Louis Vuitton



Christian Dior Couture

## EXCELLENT PERFORMANCE FOR LVMH IN 2019

- | Buoyant market despite uncertain geopolitical context
- | Good progress in all geographic regions
- | Another record year with double-digit increases in revenue and profit from recurring operations
  - Revenue: €53.7 bn, + 15% (+ 10% organic)
  - Profit from recurring operations: €11.5 bn, + 15%
- | Healthy financial position
  - Operating free cash flow: €6.2 bn
  - Adjusted net debt to equity ratio of 16.2%
- | Agreement with Tiffany, and integration of Belmond

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Dom Pérignon

## WINES & SPIRITS

### 2019 HIGHLIGHTS

**Well balanced revenue growth by geography; improved mix for Champagne and solid volume growth for Cognac**

#### | CHAMPAGNE & WINES

- Champagne: volumes stable
- Good performance of prestige cuvées, Dom Pérignon in particular
- Solid contribution of United States and Europe to revenue growth
- Growth of Estates & Wines
- Entry of LVMH into promising high quality rosé market

#### | COGNAC & SPIRITS

- Hennessy: volumes + 6%
- Solid growth in the US; normalization of distributors' inventory level at end 2019
- Good momentum in China, boosted in Q4 by upcoming Chinese New Year
- Reinforced position of Glenmorangie and Ardbeg in single malt category

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Fendi

## FASHION & LEATHER GOODS

### 2019 HIGHLIGHTS

**Exceptional performance of Louis Vuitton and Christian Dior**

#### | LOUIS VUITTON

- Success of iconic lines and new products
- Changes to store network and LV Maisons
- Production capacity expanded; new workshops opened in France and in the United States
- Success of "Louis Vuitton X" exhibition in Los Angeles retracing past collaborations of the Maison
- Unprecedented partnership with League of Legends World Championship

#### | CHRISTIAN DIOR

- Excellent performance in all product categories
- New Avenue Champs-Élysées boutique during renovation of Avenue Montaigne
- Success of iconic lines and new products

#### | FENDI

- Tribute to Karl Lagerfeld across several events in Shanghai, Paris and Rome; runway show in Rome in front of the Colosseum

#### | OTHER MAISONS

- New store concept being steadily rolled out at Celine
- Excellent performance of Loewe
- Strong progress at Loro Piana, Rimowa and Berluti
- Acquisition of stake in Stella McCartney

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Parfums Christian Dior

## PERFUMES & COSMETICS

### 2019 HIGHLIGHTS

#### Strong growth of flagship brands and progress in Asia

##### | PARFUMS CHRISTIAN DIOR

- Excellent momentum with vitality from iconic lines *J'adore*, *Miss Dior* and *Sauvage*; gradual rollout of most recently launched perfume, *Joy*
- Solid growth of *Rouge Dior* makeup and new *Dior Addict Stellar Shine*
- Rapid progress of *Prestige* skincare

##### | GUERLAIN

- Sustained growth of *Rouge G* lipstick line and new foundation *L'Essentiel*
- Success in perfume of *Aqua Allegoria* collection of fresh fragrances and in skincare of *Abeille Royale*
- Partnership with UNESCO to create new beekeeping supply chains

##### | OTHER MAISONS

- Strong progress of makeup *Prisme Libre* and *Le Rouge* at Parfums Givenchy; success of *L'Interdit*
- Continued development of Benefit's Eyebrow Collection with *Precisely My Brow* and *Gimme Brow*
- Progress of Fresh, notably in Asia and in skincare thanks to *Crème Ancienne* and *Black Tea Kombucha*
- New concealer at Fenty Beauty by Rihanna and expansion in Asia
- One-off depreciation of product lines at some young American brands

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Bvlgari

## WATCHES & JEWELRY

### 2019 HIGHLIGHTS

#### Good progress of Bvlgari and continued repositioning at TAG Heuer Agreement with Tiffany & Co for acquisition, planned completion in mid-2020

##### | BVLGARI

- Good performance and market share gain
- Enhanced *Serpenti*, *B.Zero1* and *Diva's Dream* lines
- Excellent response to *Cinemagia* collection and new *Serpenti Seduttori* watch

##### | TAG HEUER

- Continued selective distribution and strengthened commercial effectiveness
- New Golf version of connected watch
- New partnership with Porsche for Formula E championship

##### | HUBLOT

- Solid growth of *Classic Fusion* and *Big Bang* collections; new boutiques in Monaco and Rome
- Strong exposure during Women's World football Cup

##### | ZENITH

- New model *Inventor* for the *Defy* line

##### | CHAUMET

- Success of new creations for *Bee My Love*, *Liens* and *Joséphine* lines
- New exhibition "Chaumet in Majesty" at Grimaldi Forum in Monaco
- Imminent reopening of iconic site on Place Vendôme after renovation

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La Samaritaine

## SELECTIVE RETAILING

### 2019 HIGHLIGHTS

#### Sustained growth of Sephora and good resilience of DFS

##### | SEPHORA

- Strong revenue growth, in particular in Asia, Middle East and the US; market share gain
- Excellent performance of skincare in all regions
- Continued rapid progress of online revenue (30 e-commerce sites)
- New flagship in New York and new retail concept in China
- First opening in Korea
- Renovation of iconic stores in Dubai Mall and New York's Times Square
- New communication "We belong to something beautiful" rolled out in the United States

##### | DFS

- Good resilience despite difficult conditions in Hong Kong
- Excellent performance of Venice's *Galleria* in Italy; new *Gallerias* opened in Macao
- Mini We Chat programs to better attract travelers
- Preparation for upcoming opening of Paris's *Galleria* at La Samaritaine

##### | LE BON MARCHÉ

- Several exhibitions throughout year
- Success of loyalty program
- Opening of "salons particuliers" for a personalized shopping service
- New offer of Men collections on digital platform 24S

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Berluti

## CAUTIOUSLY CONFIDENT FOR 2020

| Despite **buoyant demand** at the beginning of the year, **vigilance maintained** in an uncertain geopolitical context

| Continue **creative momentum** of our brands, and focus on **quality** of our products and services

| Enrich **experience offered to our customers** in stores and online

| Continue Group's **commitment** to preserve the environment and to its social responsibilities

| Entrepreneurial spirit

- **Agility** of our organization
- Richness coming from cultural **diversity** and multi-skilled teams
- **Collective ambition** of teams

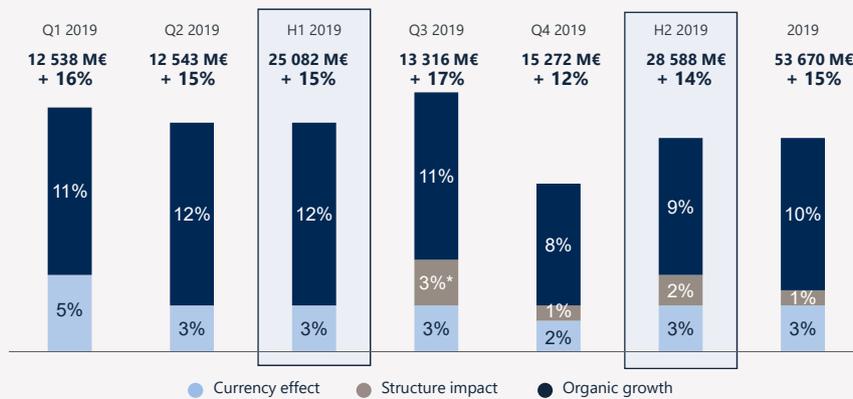
*Objective of LVMH*

**REINFORCE GLOBAL LEADERSHIP POSITION OF LVMH IN LUXURY GOODS**

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## QUARTERLY EVOLUTION OF 2019 REVENUE

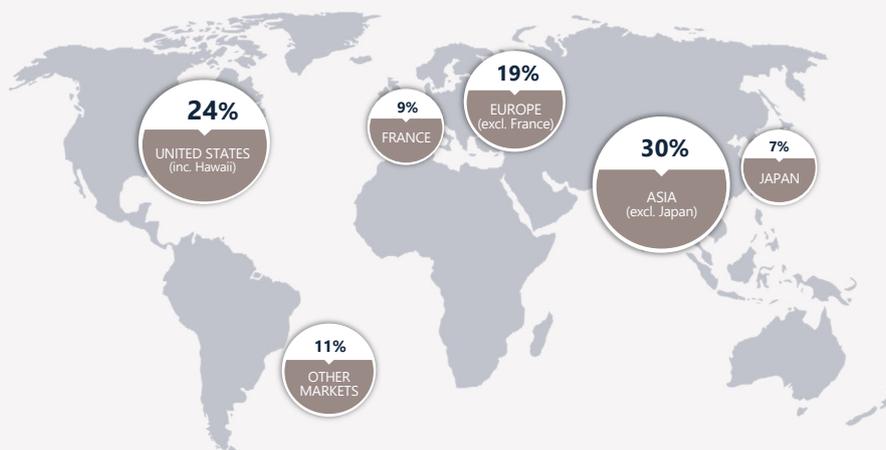


The principles used to determine the net impact of exchange rate fluctuations on the revenue of entities reporting in foreign currencies and the net impact of changes in the scope of consolidation are described on page 9 of the Financial Documents 2019.  
\* Includes all Belmond revenue for the period April to September 2019.

As table totals are calculated based on unrounded figures, there may be slight discrepancies between these totals and the sum of their component figures.

## 2019 REVENUE BREAKDOWN BY REGION

In % of total revenue



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## REVENUE CHANGE BY REGION

Organic growth versus same period of 2018	9M 2019	Q4 2019	2019
UNITED STATES	+ 8%	+ 3%	+ 6%
JAPAN	+ 13%	- 4%	+ 8%
ASIA (EXCL. JAPAN)	+ 16%	+ 11%	+ 14%
EUROPE	+ 10%	+ 12%	+ 11%

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## 2019 REVENUE BY BUSINESS GROUP

In millions of euros	2018	2019	Reported growth	Organic growth*
<b>WINES &amp; SPIRITS</b>	<b>5 143</b>	<b>5 576</b>	<b>+ 8%</b>	<b>+ 6%</b>
Champagne & Wines	2 369	2 507	+ 6%	+ 4%
Cognac & Spirits	2 774	3 069	+ 11%	+ 7%
<b>FASHION &amp; LEATHER GOODS</b>	<b>18 455</b>	<b>22 237</b>	<b>+ 20%</b>	<b>+ 17%</b>
<b>PERFUMES &amp; COSMETICS</b>	<b>6 092</b>	<b>6 835</b>	<b>+ 12%</b>	<b>+ 9%</b>
<b>WATCHES &amp; JEWELRY</b>	<b>4 123</b>	<b>4 405</b>	<b>+ 7%</b>	<b>+ 3%</b>
<b>SELECTIVE RETAILING</b>	<b>13 646</b>	<b>14 791</b>	<b>+ 8%</b>	<b>+ 5%</b>
<b>OTHERS &amp; ELIMINATIONS</b>	<b>(633)</b>	<b>(174)</b>	<b>-</b>	<b>-</b>
<b>TOTAL LVMH</b>	<b>46 826</b>	<b>53 670</b>	<b>+ 15%</b>	<b>+ 10%</b>

\* With comparable structure and exchange rates. The exchange rate impact was + 3% and the structural impact was + 1% (Belmond integration since April 2019).

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## ORGANIC REVENUE GROWTH BY BUSINESS GROUP

Organic growth versus same period of 2018	9 months 2019	Q4 2019	2019
<b>WINES &amp; SPIRITS</b>	<b>+ 7%</b>	<b>+ 3%</b>	<b>+ 6%</b>
<b>FASHION &amp; LEATHER GOODS</b>	<b>+ 18%</b>	<b>+ 15%</b>	<b>+ 17%</b>
<b>PERFUMES &amp; COSMETICS</b>	<b>+ 8%</b>	<b>+ 12%</b>	<b>+ 9%</b>
<b>WATCHES &amp; JEWELRY</b>	<b>+ 4%</b>	<b>+ 1%</b>	<b>+ 3%</b>
<b>SELECTIVE RETAILING</b>	<b>+ 6%</b>	<b>+ 1%</b>	<b>+ 5%</b>
<b>TOTAL LVMH</b>	<b>+ 11%</b>	<b>+ 8%</b>	<b>+ 10%</b>

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2019 ANNUAL RESULTS

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## INCOME STATEMENT SUMMARIZED

In millions of euros	2018	2019*	% Change
<b>REVENUE</b>	<b>46 826</b>	<b>53 670</b>	<b>+ 15%</b>
<b>GROSS MARGIN</b>	<b>31 201</b>	<b>35 547</b>	<b>+ 14%</b>
Marketing and selling expenses	(17 755)	(20 207)	+ 14%
General and administrative expenses	(3 466)	(3 864)	+ 11%
Equity investment income	23	28	
<b>PROFIT FROM RECURRING OPERATIONS</b>	<b>10 003</b>	<b>11 504</b>	<b>+ 15%</b>
Other operating income and expenses	(126)	(231)	
<b>OPERATING PROFIT</b>	<b>9 877</b>	<b>11 273</b>	<b>+ 14%</b>
Net financial income (expense)	(388)	(559)	
Income taxes	(2 499)	(2 932)	
<b>NET PROFIT BEFORE MINORITY INTERESTS</b>	<b>6 990</b>	<b>7 782</b>	<b>+ 11%</b>
Minority interests	(636)	(611)	
<b>GROUP SHARE OF NET PROFIT</b>	<b>6 354</b>	<b>7 171</b>	<b>+ 13%</b>

\* Incorporating for the first time the effects of the application of IFRS 16 Leases.

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2019 ANNUAL RESULTS

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## PROFIT FROM RECURRING OPERATIONS BY BUSINESS GROUP

In millions of euros	2018	2019*	% Change
<b>WINES &amp; SPIRITS</b>	<b>1 629</b>	<b>1 729</b>	<b>+ 6%</b>
Champagne & Wines	649	690	+ 6%
Cognac & Spirits	980	1 039	+ 6%
<b>FASHION &amp; LEATHER GOODS</b>	<b>5 943</b>	<b>7 344</b>	<b>+ 24%</b>
<b>PERFUMES &amp; COSMETICS</b>	<b>676</b>	<b>683</b>	<b>+ 1%</b>
<b>WATCHES &amp; JEWELRY</b>	<b>703</b>	<b>736</b>	<b>+ 5%</b>
<b>SELECTIVE RETAILING</b>	<b>1 382</b>	<b>1 395</b>	<b>+ 1%</b>
<b>OTHERS AND ELIMINATIONS</b>	<b>(330)</b>	<b>(383)</b>	<b>Ns</b>
<b>TOTAL LVMH</b>	<b>10 003</b>	<b>11 504</b>	<b>+ 15%</b>

\* Incorporating for the first time the effects of the application of IFRS 16 Leases.

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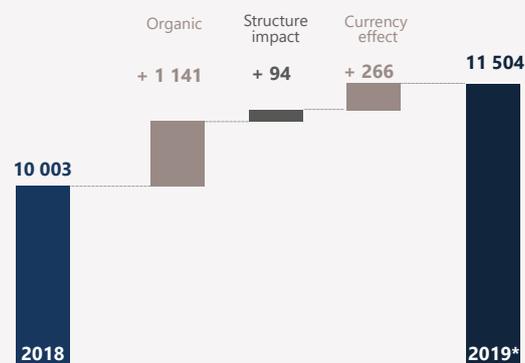
## HALF-YEAR CHANGES OF PROFIT FROM RECURRING OPERATIONS BY BUSINESS GROUP

Evolution versus same period of 2018	H1 2019	H2 2019	2019
WINES & SPIRITS	+ 6%	+ 6%	+ 6%
FASHION & LEATHER GOODS	+ 17%	+ 29%	+ 24%
PERFUMES & COSMETICS	+ 6%	- 5%	+ 1%
WATCHES & JEWELRY	+ 5%	+ 5%	+ 5%
SELECTIVE RETAILING	+ 17%	- 12%	+ 1%
<b>TOTAL LVMH</b>	<b>+ 14%</b>	<b>+ 16%</b>	<b>+ 15%</b>

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## INCREASE IN PROFIT FROM RECURRING OPERATIONS

In millions of euros



\* Incorporating for the first time the effects of the application of IFRS 16 Leases.

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## CHANGE IN NET FINANCIAL INCOME (EXPENSE)

In millions of euros	2018	2019*	Change (M€)
COST OF NET FINANCIAL DEBT	(117)	(107)	+ 10
INTEREST ON LEASE LIABILITIES	-	(290)	- 290
COST OF CURRENCY DERIVATIVES	(160)	(230)	- 70
FAIR VALUE ADJUSTMENT OF AVAILABLE FOR SALE FINANCIAL ASSETS	(108)	82	+ 190
OTHER ITEMS - NET	(3)	(14)	- 11
<b>NET FINANCIAL INCOME (EXPENSE)</b>	<b>(388)</b>	<b>(559)</b>	<b>- 171</b>

\* Incorporating for the first time the effects of the application of IFRS 16 Leases.

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## SOUND FINANCIAL STRUCTURE

Changes compared to December 31, 2018

- | Increase in intangible and tangible fixed assets due to consolidation of Belmond, revaluation of purchase commitments for minority interests and investments for the year
- | Increased inventories resulting from growth in the Group's businesses
- | Increased total equity primarily linked to strong results
- | Limited increase of net debt given Belmond acquisition



\* Incorporating for the first time the effects of the application of IFRS 16 Leases.

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## ANALYSIS OF CASH FLOW FROM OPERATIONS

In millions of euros	2018	2019*	Variation (M€)
<b>CASH FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL</b>	11 965	16 105	+ 4 140
Cost of net financial debt: interest paid	(113)	(124)	- 11
Lease liabilities: interest paid	-	(239)	- 239
Tax paid	(2 275)	(2 940)	- 665
Change in working capital	(1 087)	(1 154)	- 67
<b>NET CASH FROM OPERATING ACTIVITIES</b>	8 490	11 648	+ 3 158
Operating investments	(3 038)	(3 294)	- 256
Repayment of lease liabilities	-	(2 187)	- 2 187
<b>OPERATING FREE CASH FLOW **</b>	<b>5 452</b>	<b>6 167</b>	<b>+ 715</b>

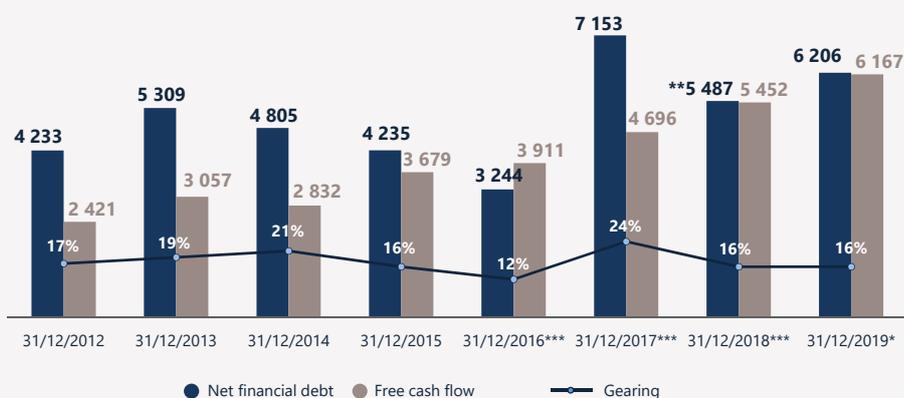
\* Incorporating for the first time the effects of the application of IFRS 16 Leases.

\*\* Before available for sale financial assets and investments, transactions relating to equity and financing activities.

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## NET FINANCIAL DEBT AND FREE CASH FLOW

In millions of euros



\* Incorporating for the first time the effects of the application of IFRS 16 Leases.

\*\* Belmond shares deducted from net financial debt (€274m).

\*\*\* Restated to reflect the application of IFRS 9 Financial Instruments. Previous years are presented without restatement.

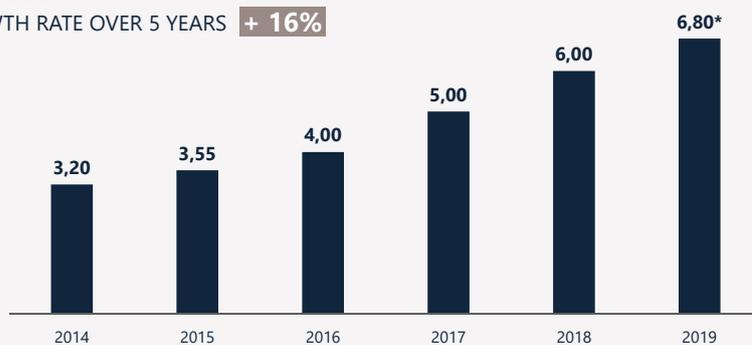
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## 2019 DIVIDEND UP 13%

In euros

### GROSS DIVIDEND PER SHARE

AVERAGE ANNUAL GROWTH RATE OVER 5 YEARS **+ 16%**



\* Will be proposed to the Annual General Meeting of April 16, 2020.

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## IFRS 16 STANDARD RELATED TO LEASES

APPLIED SINCE JANUARY 1<sup>st</sup>, 2019

| Applied to leases involving fixed payments, mostly related to boutiques at LVMH

| Financial statements not restated as of December 31, 2018, in accordance with the standard

| No significant impact on net results

- Impact on profit from recurring operations: + €155 million, mainly on Selective retailing and Fashion & Leather Goods
- Impact on financial result: - €290 million (interest on lease liabilities)
- Impact on Group share of net profit: - €95 million

| Impact on balance sheet at December 31, 2019: +€12 billion

- As a liability: recognition of a lease liability, measured at the discounted present value of future payments
- As an asset: right-of-use asset depreciated over the lease term
- Impact not significant on shareholders' equity

| No impact on cash flow statement other than its presentation

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