

LVMH

LETTER TO SHAREHOLDERS FEBRUARY 2020



RECORD RESULTS FOR LVMH IN 2019

Bernard Arnault, Chairman and Chief Executive Officer of LVMH, said: "LVMH had another record year, both in terms of revenue and results. The desirability of our brands, the creativity and quality of our products, the unique experience offered to our customers, and the talent and the commitment of our teams are the Group's strengths and have, once again, made the difference. In addition to the many successes of our Maisons, highlights of the year include the arrival of the exceptional hotel group Belmond, the partnership with Stella McCartney and the agreement with prestigious jewelry Maison, Tiffany & Co. LVMH is driven by a permanent commitment to perfection and quality, and by a long-term vision combined with a sense of responsibility in all our corporate actions, notably in its commitment for the preservation of the environment, sustainability and inclusion. In a buoyant environment that remains uncertain in 2020, we continue to be vigilant and focused on our objectives for progress. We can count on the strength of our brands and the agility of our teams to reinforce, once again in 2020, our leadership in the universe of high-quality products."

Key highlights from 2019 include:

- Further double-digit increases in revenue and profit from recurring operations, which reached record levels,
- Continued growth in all geographic areas,
- Good performance in Wines and Spirits, to which all regions contributed,
- Exceptional growth at Louis Vuitton and Christian Dior,
- Success of both iconic and new products at Louis Vuitton, whose profitability remains at an exceptional level,
- Great strength of the flagship brands of Perfumes and Cosmetics,
- Excellent year for Bvlgari and continued growth at Hublot,
- Strong growth at Sephora,
- Good resilience of DFS, faced, in the second half, with the situation in Hong Kong,
- The agreement with the iconic American jewelry Maison, Tiffany & Co,
- The integration of the Belmond hotel group.

LVMH Moët Hennessy - Louis Vuitton, the world's leading luxury products group, recorded revenue of €53.7 billion in 2019, up 15%. Organic revenue growth was 10%. Europe and the United States experienced good growth over the year, as did Asia, despite a difficult environment in Hong Kong in the second half of 2019.

Revenue growth in the fourth quarter was 12% compared to the same period in 2018. Organic revenue growth was 8% for the quarter. Restated for the non-recurring effects of the VAT increase in Japan and the stock movements of distributors of cognac in the US, the Group's organic growth was at a similar level in the third and fourth quarters.

Profit from recurring operations amounted to €11.5 billion in 2019, up 15%, compared to an already high level in 2018. Operating margin reached a level of 21.4%. Group share of net profit amounted to €7.2 billion, up 13%.

CAUTIOUSLY CONFIDENT FOR 2020

In an uncertain geopolitical context, LVMH is well-equipped to continue its growth momentum across all business groups in 2020. The Group will pursue its strategy focused on developing its brands by continuing to build on strong innovation and investments as well as a constant quest for quality in their products and their distribution.

Driven by the agility of its teams, their entrepreneurial spirit, the balance between its different businesses and geographic diversity, LVMH enters 2020 with cautious confidence and once again, sets an objective of reinforcing its global leadership position in luxury goods.

REVENUE

€53,670m⁽¹⁾
+10%⁽²⁾

PROFIT FROM RECURRING OPERATIONS

€11,504m⁽¹⁾
+15%

OPERATING MARGIN

21.4%

GROUP SHARE OF NET PROFIT

€7,171m⁽¹⁾
+13%

OPERATING FREE CASH FLOW

€6,167m⁽¹⁾
+13%

NET FINANCIAL DEBT/ EQUITY RATIO

16.2%⁽¹⁾

DIVIDEND PER SHARE

€6.80⁽³⁾
+13%

(1) Incorporating for the first time the impact of the application of IFRS 16 Leases.

(2) At comparable structure and exchange rates. On a reported basis, revenue growth was 15%, including a currency effect of +3% and a structural impact of +1% (integration of Belmond since April 2019).

(3) Amount proposed at the Shareholders' Meeting of April 16, 2020.

WINES & SPIRITS

EXCELLENT GLOBAL MOMENTUM



Dom Pérignon

The Wines and Spirits business group achieved organic revenue growth of 6%. Profit from recurring operations increased by 6%.

The business group continued to pursue its value strategy based on a strong innovation policy, while accentuating its environmental and societal commitment. The different regions contributed in a balanced way to its growth. Champagne was driven by the faster growth of prestige cuvées and by its price increase policy. Hennessy cognac, which recorded good growth, became the world's leading premium spirits brand. The American market saw a normalization in stock levels at the distributors at the end of the year, while China continued its rapid progress linked notably to the timing of Chinese New Year. The acquisitions in 2019 of Château du Galoupet and Château d'Esclans mark LVMH's entry into the promising market of high-quality rosé wines.

REVENUE

€5,576m
+6%⁽¹⁾

PROFIT FROM
RECURRING
OPERATIONS

€1,729m
+6%

OPERATING
MARGIN

31.0%

(1) With comparable structure and constant exchange rates. On a reported basis, revenue growth was 8%.

FASHION & LEATHER GOODS

REMARKABLE PERFORMANCES BY LOUIS VUITTON AND CHRISTIAN DIOR



Louis Vuitton

The Fashion and Leather Goods business group achieved organic revenue growth of 17% in 2019. Profit from recurring operations was up 24%.

Louis Vuitton continued to deliver an exceptional performance, to which all businesses and all clientele contributed. Iconic lines and new creations contributed in a balanced way to revenue growth. The "Louis Vuitton X" exhibition in Los Angeles successfully showed the Maison's many artistic collaborations, and an unprecedented partnership in e-sport was signed with the League of Legends World Championship. The qualitative transformation of the distribution network continued notably with the inauguration of the Louis Vuitton Maison in Seoul, for which Frank Gehry designed a fantastic glass structure. Christian Dior has had a remarkable year. Proof of the Maison's unique influence was its exhibition at the Victoria and Albert Museum in London which had record attendance of nearly 600,000 visitors. Very well received by customers, an exceptional boutique on the Champs-Élysées in Paris took over from the historic address of 30 avenue Montaigne while it is being renovated. Fendi's highlight for 2019 was its final tribute to Karl Lagerfeld, after a collaboration of 54 years. Celine gradually rolled out its boutique concept and launched its first high-end perfumery collection. Loewe delivered strong growth under the impetus of its designer JW Anderson. Loro Piana, Rimowa and Berluti experienced good progress.

REVENUE

€22,237m
+17%⁽¹⁾

PROFIT FROM
RECURRING
OPERATIONS

€7,344m
+24%

OPERATING
MARGIN

33.0%

(1) With comparable structure and constant exchange rates. On a reported basis, revenue growth was 20%.

PERFUMES & COSMETICS

EXCELLENT GROWTH OF FLAGSHIP BRANDS AND RAPID PROGRESS IN ASIA



Guerlain

The Perfumes and Cosmetics business group achieved organic revenue growth of 9%, driven by the remarkable momentum of its major brands, notably Dior, Guerlain and Givenchy. Profit from recurring operations was up 1% after taking into account an exceptional depreciation of the product lines of certain young American brands. Skincare grew, underpinned notably by the demand in Asia.

Christian Dior continued to grow much faster than the market. In addition to the strength of its iconic perfumes *J'adore*, *Miss Dior* and *Sauvage*, makeup and skincare contributed significantly to the excellent performance of the Maison. Guerlain's growth accelerated and the brand enjoyed particularly good momentum with the success of *Abeille Royale* in skincare and *Rouge G* in makeup. Parfums Givenchy achieved another year of strong growth thanks to its makeup and its *L'Interdit* perfume. Fresh, Fenty Beauty by Rihanna and Acqua di Parma grew rapidly.

REVENUE

€6,835m
+9%⁽¹⁾

PROFIT FROM
RECURRING
OPERATIONS

€683m
+1%

OPERATING
MARGIN

10.0%

(1) With comparable structure and constant exchange rates. On a reported basis, revenue growth was 12%.

WATCHES & JEWELRY

STRONG GROWTH AT BVLGARI AND CONTINUED REPOSITIONING OF TAG HEUER



Bvlgari

The Watches and Jewelry business group recorded organic revenue growth of 3%. Profit from recurring operations were up 5%.

The agreement with Tiffany & Co was a strategic highlight of the year. Bvlgari continued to perform very well and to strongly increase its market share. High jewelry and the iconic lines *Serpenti*, *B.Zero1* and *Diva's Dream* were enriched with many new products and the *Fiorever* collection, launched at the end of 2018, combining flowers and diamonds, contributed significantly to growth. In watchmaking, the *Serpenti Seduttori* watch was exceptionally well received. Chaumet's growth was driven by the success of its iconic collections. In early 2020, the Maison will inaugurate its completed renovated iconic site on Place Vendôme. As distribution evolves rapidly within the watchmaking sector, TAG Heuer continued to work with its partners to provide an increasingly selective and efficient distribution network, while pursuing its creative resurgence. Hublot recorded strong growth, driven by the *Classic Fusion*, *Big Bang* and *Spirit of Big Bang* lines. The first LVMH Watch exhibition at the Bvlgari Hotel in Dubai was a great success.

REVENUE

€4,405m
+3%⁽¹⁾

PROFIT FROM
RECURRING
OPERATIONS

€736m
+5%

OPERATING
MARGIN

16.7%

⁽¹⁾ With comparable structure and constant exchange rates. On a reported basis, revenue growth was 7%.

SELECTIVE RETAILING

STRONG GROWTH AT SEPHORA AND GOOD RESILIENCE AT DFS



Sephora

The Selective Retailing business group achieved organic revenue growth of 5%. Profit from recurring operations was up 1%.

Sephora is experiencing strong growth and continues to gain market share. Growth was particularly strong in Asia and the Middle East. Online sales grew rapidly throughout the world. Its distribution network continued to grow with more than one hundred new stores and the renovation of the flagship stores of Dubai Mall, Times Square in New York and La Défense in Paris. Le Bon Marché continued to cultivate exclusivity in its offer and in 2019 it opened its “private apartments” for a personalized shopping service. The 24S digital platform progressed well, with an increasingly international clientele. In the second half of 2019, DFS faced a slowdown in tourism in Hong Kong, which is an important market. In Europe, the *Galleria* in Venice continued to perform very well, and preparations are underway for the imminent opening of its new location at La Samaritaine in Paris.

REVENUE

€14,791m
+5%⁽¹⁾

PROFIT FROM
RECURRING
OPERATIONS

€1,395m
+1%

OPERATING
MARGIN

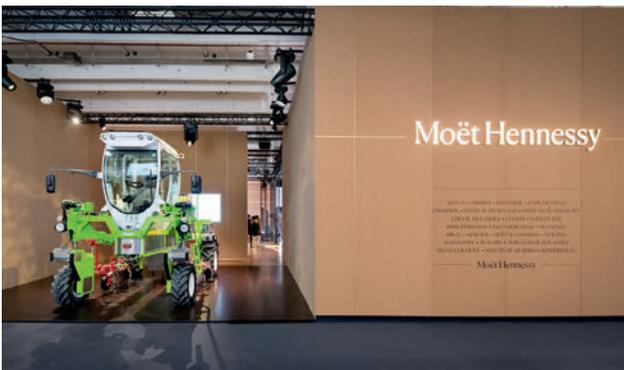
9.4%

(1) With comparable structure and constant exchange rates. On a reported basis, revenue growth was 8%.

FOCUS

MOËT HENNESSY UNVEILS ITS COMMITMENTS TO “LIVING SOILS” AT THE FIRST PARIS EDITION OF THE VINEXPO TRADE FAIR

Moët Hennessy, the LVMH group’s Wines and Spirits division, focused on living soils and sustainable winegrowing at the first-ever Paris edition of the Vinexpo trade fair, which was held from February 10 to 12, 2020. Reaffirming its belief that pooling knowledge and skills is the best way to rise to this challenge, Moët Hennessy held a forum with a panel of international experts who shared their views on living soils, within a sustainably designed open space at Vinexpo. The event featured a series of debates and discussions followed by Q&A sessions with the audience, helping raise awareness and brainstorm the best ways to pass on mindfully preserved, healthier terroirs to future generations.



During his opening speech of the forum on Living Soils, Philippe Schaus, Chairman and CEO of Moët Hennessy, said: “Sustainability is to us a form of humanism – one that is benevolent, rational and modern. Through our commitments to the Living Soils, Moët Hennessy will unite its communities around the world and develop a global social responsibility program.”

Adapting to climate change, protecting biodiversity, preserving our terroirs, saving water and energy, and promoting sustainable supply chains are all key factors in protecting our “Living Soils”.

Moët Hennessy made several announcements:

- in 2020, all of Moët Hennessy’s vineyards in Champagne will be herbicide-free. Guidance and support is available to winegrower partners interested in making their operations more sustainable;
- in 2020, Moët Hennessy is investing €20 million in a research center in the Champagne region devoted to scientific research on sustainable winegrowing;
- a “University of Living Soils” was created to encourage the sharing of knowledge and best practices. Its aim will be to inform debate on innovations that will help build a more sustainable future for wine and spirits.

Moët Hennessy’s vision is to share the full range of solutions that will drive progress across the entire winegrowing sector. This vision also resonates with the aspirations of younger generations, who took part in debates during the forum.

Lastly, Moët Hennessy revisited the initiatives its Maisons have been pursuing for many years, such as training in new technologies for winemakers and farmers, support for scientific and academic research, and investments in environmentally friendly equipment. Several startups that are working with Moët Hennessy’s Maisons were also present at its stand, along with sustainable winemaking solutions and innovations such as Ted, an autonomous vineyard-weeding robot used by Hennessy.

LVMH REAFFIRMS COMMITMENT TO SUPPORTING EQUAL OPPORTUNITY, ORGANIZING 5TH EDITION OF IME VILLAGE VOCATIONAL TRAINING FAIR

The fifth edition of the Village de l’Institut des Métiers d’Excellence LVMH (IME) vocational training fair took place on February 4 in the Paris suburb of Clichy-sous-Bois. Over 1,000 junior high and high school students and their teachers from the Seine-Saint-Denis department at the northern edge of Paris had a chance to discover the apprenticeship training programs and professions accessible via the LVMH IME and partner schools and universities.

Since its creation in 2014, the LVMH Institut des Métiers d’Excellence has promoted transmission of the unique savoir-faire at the Group’s Maisons – from craft to creative and retail métiers – among both young generations and people seeking to learn new skills. The LVMH IME trains tomorrow’s luxury industry professionals thanks to apprenticeships at LVMH Maisons, coupled with classes at partner schools recognized for their excellence in their respective areas.

The LVMH IME Village event in Clichy-sous-Bois presented the rich diversity of métiers throughout the Group, from couture and jewelry to vineyards. Visitors to booths hosted by partner schools saw demonstrations of specialized craft skills in leather goods, jewelry making or couture and learned about the different training programs offered by the LVMH IME's 21 partner schools.

This vocational training fair is an essential event for the LVMH IME, explains Chantal Gaemperle, LVMH group Executive Vice President, Human Resources and Synergies: "It kicks off the annual IME recruiting campaign in France." The initiative extends beyond simple talent recruitment, she added: "The IME is emblematic of how the LVMH Group's Human Resources policy promotes employment for young people, diversity and inclusion, along with passing on the unique savoir-faire in our industry."

The LVMH IME welcomed a new partner at this fifth edition of the fair, CPRO Stephenson, which is taking part in the Retail Excellence course developed with Le Bon Marché and La Grande Épicerie.

LVMH Institut des Métiers d'Excellence – Key Figures:

- 4 countries: France (2014), Switzerland (2016), Italy (2017), Spain (2019);
- 800 apprentices trained since 2014 – 500 alumni and 300 apprentices enrolled in the class of 2019;
- 21 professions;
- 35 partner LVMH Maisons in the Group's five business sectors;
- 21 partner schools;
- 28 training programs, including 26 with work/study formats, from CAP vocational high school level to Master 2, in craft, creative and retail professions;
- 61% placement rate in 2019 at LVMH or outside partners.

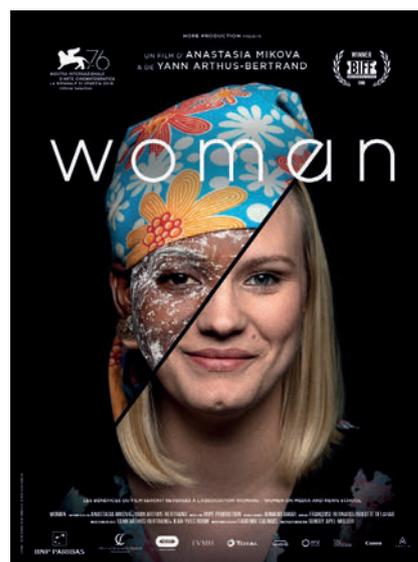
LVMH OFFICIAL PARTNER OF FILM "WOMAN" BY ANASTASIA MIKOVA AND YANN ARTHUS-BERTRAND

LVMH is a major partner of the film WOMAN, directed by Anastasia Mikova and Yann Arthus-Bertrand, set for theater release in 30 countries on International Women's Day, March 8th. All proceeds from ticket sales will be donated to WOMAN(s) (Women On Media And News - School), an NGO that trains women and girls in media professions around the world.

Through thousands of first-person accounts, the film WOMAN presents the daily lives of women from around the world. Transcending their diversity, their voices come together to tell a universal story. All are confronted with the same life events – some joyful, some sad – and talk with sincerity and kindness about very personal subjects, including femininity, motherhood and their place in society. They engage with their destinies despite challenges they must often face alone, showing courage and a desire to build a better, more equitable world.

LVMH's workforce is 73% women, and women make up the great majority of its customers, making the Group naturally eager to support this initiative and give greater resonance to women's voices. LVMH believes that the role of women in society is also directly linked to the recognition they receive in their professional lives. The Group strives daily to provide women with a motivating work environment where they can thrive.

LVMH staff have also been part of the WOMAN adventure. Following a call for candidates, several employees expressed a desire to share their experience and went on camera to talk about their hopes, their battles and their dreams. The WOMAN film crew also set up a studio at LVMH headquarters in Paris, where 80 women from LVMH and its Maisons were filmed expressing their emotions without speaking, only in their eyes and attitude.



THE LVMH SHARE

CHANGES IN THE LVMH SHARE PRICE

Building on the momentum of a very good first half of the year, stock markets continued to climb in the second half, with the CAC 40 seeing its strongest annual growth in 20 years. The resumption of quantitative easing by the ECB, combined with three successive benchmark rate cuts in the United States, were key drivers of this bullish trend.

This performance was achieved in a persistently uncertain environment, particularly with regard to trade talks between the United States and China, which remained at the forefront of investor concerns throughout the year. Still, the last quarter ended on a more positive note with an agreement being reached on the first phase of the deal which, without ending tensions outright, leaves hope for a certain easing in trade relations between the two countries.

Against this backdrop, the CAC 40 and Euro Stoxx 50 indices finished 2019 with gains of 26.4% and 24.8%, respectively. The LVMH closing share price ended the year up 60%, at €414.20, after having reached a new record high toward the end of the year. LVMH's market capitalization was €208 billion as of December 31, making it the largest company on the Paris stock exchange.

LVMH is included in the main French and European indices used by fund managers: the CAC 40, DJ Euro Stoxx 50, MSCI Europe and the FTSE Eurotop 100, as well as the Global Dow and FTSE4Good, one of the key indices for socially responsible investing.

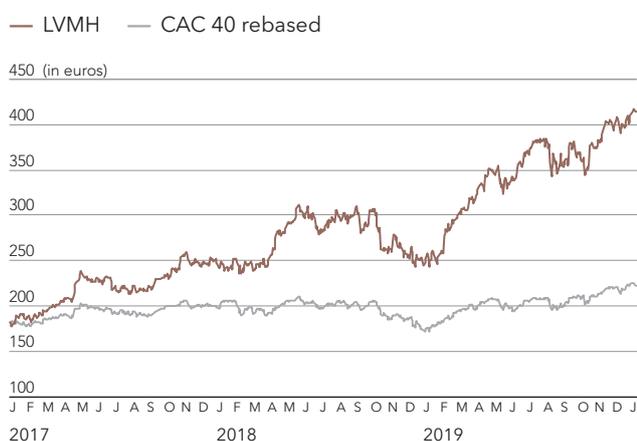
SHAREHOLDER RETURN

An LVMH shareholder who invested €1,000 on January 1, 2015 would have a capital of €3,335 on December 31, 2019, based on reinvested dividends. This represents a 233% gain, translating to a compound annual growth rate of around 27.2% over five years.

DIVIDEND UP 13%

At the Shareholders' Meeting on April 16, 2020, LVMH will propose a dividend of €6.80 per share, an increase of 13%. An interim dividend of €2.20 per share was paid on December 6, 2019. The final dividend of €4.60 per share will be paid on April 23, 2020.

Comparison between the LVMH share price and the CAC 40 since January 2, 2017



LVMH stock market data

(in euros)	2017	2018	2019
High (mid-session)	260.55	313.70	419.50
Low (mid-session)	175.80	232.50	243.65
Year-end share price	245.40	258.20	414.20
Change during the year	35%	5%	60%
Change in the CAC 40	9%	-11%	26%
Market capitalization at Dec. 31 (billion)	124.0	130.0	208.0

SHAREHOLDER RELATIONS

SHAREHOLDERS' CLUB

The LVMH Shareholders' Club was set up in 1994 to give individual shareholders who are particularly interested in the life of the Group a better understanding of LVMH, its businesses and its brands.

Latest news about our Maisons

We send Club members several publications (by email or post as they prefer), such as the twice yearly Letter to Shareholders and the annual issue of *Apartés*, our Club magazine. The Annual Report is sent to those who request it using an online form.

Visits to exceptional sites

Club members can visit exceptional sites where they receive an especially warm welcome: from Hennessy's centuries' old cellars to the magnificent crayères at Veuve Clicquot. They also get the opportunity to discover our Maisons at unique locations such as the Louis Vuitton workshops in Asnières.

Exclusive offers for the Group's products

In addition to special offers on a selection of the Group's Wines and Spirits, Club members can purchase discounted subscriptions to Group media publications - *Les Échos*, *Investir* and *Connaissance des Arts* - and order priority-access tickets for the Fondation Louis Vuitton.

A website dedicated to Club members

The detailed program of the Club's visits, as well as the exclusive offer of Wines and Spirits, subscriptions to the Group's newspapers and magazines and tickets to the Fondation Louis Vuitton are available via the Club's website at www.clublvmh-actionnaires.fr. This private online space, dedicated to Club members, can be accessed once you have activated your account.

WEBSITE

The LVMH website (www.lvmh.com) gives access to a wide range of regularly updated information on the Group and its Maisons. A section specially aimed at the financial community and LVMH shareholders features the share price in real time, its chart relative to the CAC 40, the events schedule, press releases and presentations, in particular the Shareholders' Meeting, which can be watched live or on replay.

Communications media can be viewed in the Publications section along with the Annual Report and the Environmental Report. LVMH also sends out Group news by email to web users who sign up for Press Release alerts. A Shareholders alert lets users know when the latest letter to shareholders has been released. Lastly, a Calendar alert is available for those wishing to be advised of updates to this section and receive an email reminder the day before an event.

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Photographs: Christian Dior Parfums - Dom Pérignon - Louis Vuitton Malletier - Angelo Pannetta - Guerlain, Alain Costa - Bvlgari - Sephora - Moët Hennessy, Gabriel de la Chapelle - Picture libraries of LVMH and Group's Maisons.

E-accessible version: Ipedis.
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AGENDA

Tuesday, January 28, 2020

2019 annual revenue and results

April 2020

2020 first-quarter revenue

Thursday, April 16, 2020

Shareholders' Meeting

Thursday, April 23, 2020

Payment of the final dividend for fiscal year 2019 (last trading day with dividend rights: April 20, 2020)

July 2020

2020 half-year revenue and results

October 2020

2020 third-quarter revenue

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Parfums Christian Dior

