

LVMH: Organic revenue growth of 12% in the first half of 2017

Paris, 26 July 2017

LVMH Moët Hennessy Louis Vuitton, the world's leading luxury products group, recorded revenue of €9.7 billion in the first half of 2017, an increase of 15%. Organic revenue growth was 12% compared to the same period in 2016. All geographic areas continue to progress well. During the first half of the year, the Group benefited from a favourable comparison base, particularly in Asia but also in France, where activity was impacted last year by a decline in tourism. The current trends cannot reasonably be extrapolated for the full year.

In the second quarter, revenue increased by 15% compared to the same period in 2016, with the notable integration for the first time of Rimowa. Organic revenue growth was 12%.

Profit from recurring operations was € 640 million for the first half of 2017, an increase of 23%. Operating margin reached 18.5%, an increase of 1 percentage point. Group share of net profit amounted to €2 119 million, an increase of 24%.

Bernard Arnault, Chairman and CEO of LVMH, commented:

“LVMH has enjoyed an excellent first half, to which all our businesses contributed. In the current climate of geopolitical and economic instability, creativity and quality, the founding values of our Group, have more than ever become benchmarks for all. The increasing digitalization of our activities furthermore reinforces the quality of the experience we bring to our customers. In an environment that remains uncertain, we approach the second half of the year with caution. We will remain vigilant and rely on the entrepreneurial spirit and talent of our teams to further increase our leadership in the world of high quality products in 2017.”

Highlights of the first half of 2017 include:

- Double-digit increases in revenue and profit from recurring operations;
- Good growth in Europe, Asia and the United States;
- A good start to the year for Wines and Spirits;
- Outstanding momentum at Louis Vuitton; profitability remains at an exceptional level;
- LVMH's planned acquisition of Christian Dior Couture, one of the world's most iconic brands, finalized on July 3;
- Integration of Rimowa, a leader in premium-class luggage;
- Success of the new products at Christian Dior;
- Growth at Bvlgari and excellent response to TAG Heuer's new products;
- Continued strengthening of Sephora's omnichannel strategy;
- Cash from operations before changes in working capital of €4.5 billion, an increase of 23%
- Net debt to equity ratio of 14% as of the end of June 2017.

Key figures

<i>Euro millions</i>	First half 2016	First half 2017	% change
Revenue	17 188	19 714	+ 15 %
Profit from recurring operations	2 959	3 640	+ 23 %
Group share of net profit	1 711	2 119	+ 24 %
Cash from operations*	3 650	4 501	+ 23 %
Net Financial Debt	5 303	3 957	- 25 %
Total Equity	26 073	28 292	+ 9%

* Before changes in working capital.

Revenue by business group:

<i>Euro millions</i>	First half 2016	First half 2017	% change	
			Reported	Organic*
Wines & Spirits	2 056	2 294	+ 12 %	+ 10 %
Fashion & Leather Goods	5 885	6 899	+ 17 %	+ 14 %
Perfumes & Cosmetics	2 337	2 670	+ 14 %	+ 12 %
Watches & Jewelry	1 609	1 838	+ 14%	+ 13 %
Selective Retailing	5 480	6 280	+ 15%	+ 12 %
Other activities and eliminations	(179)	(267)	-	-
Total LVMH	17 188	19 714	+ 15 %	+ 12 %

* With comparable structure and constant exchange rates. The exchange rate impact is +2% and the structural impact is +1%.

Profit from recurring operations by business group:

<i>Euro millions</i>	First half 2016	First half 2017	% change
Wines & Spirits	565	681	+ 21 %
Fashion & Leather Goods	1 630	2 192	+ 34 %
Perfumes & Cosmetics	272	292	+ 7 %
Watches & Jewelry	205	234	+ 14 %
Selective Retailing	410	441	+ 8 %
Other activities and eliminations	(123)	(200)	-
Total LVMH	2 959	3 640	+ 23 %

Wines & Spirits: good start to the year with solid growth in the United States, and improved momentum in China

The **Wines & Spirits** business group recorded organic revenue growth of 10%. On a reported basis, revenue rose 12% and profit from recurring operations increased by 21%. The business group reaffirmed its commitment to innovation with many initiatives across the brands. All the champagne Houses have performed well. Europe and the United States were particularly dynamic. Hennessy cognac continued to show strong growth in the US market, while demand is recovering in China. The second half of the year is expected to experience a slowdown in volume growth given the existing supply constraints.

Fashion & Leather Goods: good creative momentum at Louis Vuitton and further strengthening of other brands

The **Fashion & Leather Goods** business group recorded organic revenue growth of 14%. On a reported basis, revenue increased 17% and profit from recurring operations was up 34%. The momentum at Louis Vuitton, driven by its exceptional creativity, was demonstrated across all its product categories. The Cruise Collection presented at the Miho Museum in Kyoto, Japan, was a great illustration of this. The launch of new models resulting from the collaboration with the artist Jeff Koons and the cult New York skatewear brand, Supreme, were the highlights of the first half. Fendi continued its strong growth and enriched its leather goods lines, notably with the new *Kan-I* model. Loro Piana strengthened its presence in Asia with several openings. Céline, Loewe and Kenzo experienced good growth. Marc Jacobs strengthened its product offering and continued its restructuring. Other brands continued to grow. Rimowa, which joined the LVMH Group, is consolidated for the first time in the first half-year accounts.

Perfumes & Cosmetics: continuous innovation and strong growth in make-up

The **Perfumes & Cosmetics** business group posted organic revenue growth of 12%. On a reported basis, revenue grew 14% and profit from recurring operations was up 7%. Christian Dior showed strong growth momentum, sustained by the vitality of its iconic fragrances *J'adore* and *Miss Dior*, the continued success of *Sauvage* and the performance of its latest makeup creations. Guerlain enjoyed a successful launch of its new perfume, *Mon Guerlain*, represented by Angelina Jolie. Parfums Givenchy experienced rapid growth in makeup, especially its line of lipsticks. Benefit continued to roll out its *Brow Collection*.

Watches & Jewelry: good first half for Bvlgari and successful development of TAG Heuer in its core range

The **Watches & Jewelry** business group recorded organic revenue growth of 13%. On a reported basis, revenue growth was 14% and profit from recurring operations was up 14%. Bvlgari enjoyed an excellent first half and continued to gain market share. This dynamic is notable in both jewelry and watchmaking, especially in China and Europe, thanks to the success of the iconic *Serpenti* and *B-Zero 1* lines and the new *Octo Finissimo* watch. TAG Heuer experienced solid revenue growth in a tough watch market. The new products created in its flagship *Carrera*, *Aquaracer* and *Formula 1* collections were very successful and a new generation of the smart watch was launched. Hublot continued its growth.

Selective Retailing: growth at Sephora and improved momentum of DFS in Asia

The **Selective Retailing** business group posted organic revenue growth of 12%. On a reported basis, sales growth was 15% and profit from recurring operations was up 8%. Sephora continued to make progress and reinforced its omnichannel strategy. While increasing its share of online sales, Sephora continued to invest in extending its network and renovating existing stores, particularly in New York and Dubai. Le Bon Marché developed a new online shopping experience by launching its digital platform 24 Sèvres. DFS experienced better momentum in Asia, while the T Galleria, which opened in 2016 in Cambodia and Italy, continued to develop.

Outlook 2017

Despite the context of geopolitical and currency uncertainties, LVMH will continue to pursue gains in market share through the numerous product launches planned before the end of the year and its geographic expansion in promising markets, while continuing to manage costs.

Our strategy of focusing on quality across all our activities, combined with the dynamism and unparalleled creativity of our teams, will enable us to reinforce, once again in 2017, LVMH's global leadership position in luxury goods.

An interim dividend of 1.60 Euro will be paid on December 7th, 2017.

Regulated information related to this press release, the half year results presentation and the half year financial statement are available on our internet site www.lvmh.com

Limited review procedures have been carried out, the related report will be issued following the Board meeting.

ANNEXE

LVMH – Revenue by business group and by quarter

First Half 2017

<i>(Euro millions)</i>	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective Retailing	Other activities & eliminations	Total
First quarter	1 196	3 405	1 395	879	3 154	(145)	9 884
Second quarter	1 098	*3 494	1 275	959	3 126	(122)	9 830
Total revenue	2 294	6 899	2 670	1 838	6 280	(267)	19 714

* Including the entire revenue of Rimowa of the first half of 2017.

First Half 2017 (organic growth compared to the first half 2016)

	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective Retailing	Other activities & eliminations	Total
First quarter	+13%	+15%	+12%	+11%	+11%	-	+13%
Second quarter	+6%	+13%	+13%	+14%	+12%	-	+12%
Total revenue	+10%	+14%	+12%	+13%	+12%	-	+12%

First Half 2016

<i>(Euro millions)</i>	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective Retailing	Other activities & eliminations	Total
First quarter	1 033	2 965	1 213	774	2 747	(112)	8 620
Second quarter	1 023	2 920	1 124	835	2 733	(67)	8 568
Total revenue	2 056	5 885	2 337	1 609	5 480	(179)	17 188

CONSOLIDATED INCOME STATEMENT

<i>(EUR millions, except for earnings per share)</i>	Notes	June 30, 2017	Dec. 31, 2016	June 30, 2016
Revenue	23	19,714	37,600	17,188
Cost of sales		(6,881)	(13,039)	(5,917)
Gross margin		12,833	24,561	11,271
Marketing and selling expenses		(7,704)	(14,607)	(6,935)
General and administrative expenses		(1,488)	(2,931)	(1,381)
Income (loss) from joint ventures and associates	7	(1)	3	4
Profit from recurring operations	23-24	3,640	7,026	2,959
Other operating income and expenses	25	(95)	(122)	(40)
Operating profit		3,545	6,904	2,919
Cost of net financial debt		(19)	(83)	(33)
Other financial income and expenses		4	(349)	(133)
Net financial income (expense)	26	(15)	(432)	(166)
Income taxes	27	(1,186)	(2,109)	(890)
Net profit before minority interests		2,344	4,363	1,863
Minority interests	17	(225)	(382)	(152)
Net profit, Group share		2,119	3,981	1,711
Basic Group share of net earnings per share (EUR)	28	4.22	7.92	3.40
Number of shares on which the calculation is based		502,241,900	502,911,125	502,956,395
Diluted Group share of net earnings per share (EUR)	28	4.20	7.89	3.39
Number of shares on which the calculation is based		504,049,366	504,640,459	504,892,969

CONSOLIDATED BALANCE SHEET

ASSETS	Notes	June 30, 2017	Dec. 31, 2016	June 30, 2016
<i>(EUR millions)</i>				
Brands and other intangible assets	3	13,119	13,335	13,519
Goodwill	4	11,899	10,401	10,611
Property, plant and equipment	6	12,140	12,139	11,283
Investments in joint ventures and associates	7	671	770	754
Non-current available for sale financial assets	8	740	744	643
Other non-current assets	9	854	777	669
Deferred tax		1,927	2,058	2,066
Non-current assets		41,350	40,224	39,545
Inventories and work in progress	10	10,865	10,546	10,669
Trade accounts receivable	11	2,271	2,685	2,161
Income taxes		301	280	338
Other current assets	12	2,604	2,343	2,228
Cash and cash equivalents	14	8,449	3,544	2,882
Current assets		24,490	19,398	18,278
Total assets		65,840	59,622	57,823
LIABILITIES AND EQUITY				
<i>(EUR millions)</i>				
Share capital	15.1	152	152	152
Share premium account	15.1	2,643	2,601	2,619
Treasury shares and LVMH share-settled derivatives	15.2	(528)	(520)	(271)
Cumulative translation adjustment	15.4	751	1,165	1,005
Revaluation reserves		1,267	1,049	831
Other reserves		20,444	17,965	18,615
Net profit, Group share		2,119	3,981	1,711
Equity, Group share		26,848	26,393	24,662
Minority interests	17	1,444	1,510	1,411
Equity		28,292	27,903	26,073
Long-term borrowings	18	8,212	3,932	4,165
Non-current provisions	19	2,304	2,342	1,996
Deferred tax		4,099	4,137	4,667
Other non-current liabilities	20	9,550	8,498	8,470
Non-current liabilities		24,165	18,909	19,298
Short-term borrowings	18	4,869	3,447	4,579
Trade accounts payable	21.1	3,851	4,184	3,607
Income taxes		465	428	411
Current provisions	19	346	352	353
Other current liabilities	21.2	3,852	4,399	3,502
Current liabilities		13,383	12,810	12,452
Total liabilities and equity		65,840	59,622	57,823

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes	Number of shares	Share capital	Share premium account	Treasury shares and LVMH-share settled derivatives	Cumulative translation adjustment	Revaluation reserves				Net profit and other reserves	Total equity		
						Available for sale financial assets	Hedges of future foreign currency cash flows	Vineyard land	Employee benefit commitments		Group share	Minority interests	Total
		15.1		15.2	15.4							17	
As of December 31, 2015	507,139,110	152	2,579	(240)	1,137	104	(11)	964	(108)	19,762	24,339	1,460	25,799
Gains and losses recognized in equity					28	23	19	113	(55)	-	128	52	180
Net profit										3,981	3,981	382	4,363
Comprehensive income		-	-	-	28	23	19	113	(55)	3,981	4,109	434	4,543
Stock option plan and similar expenses										39	39	2	41
[Acquisition]/disposal of treasury shares and LVMH share-settled derivatives				(322)						(21)	(343)	-	(343)
Exercise of LVMH share subscription options	907,929		64							-	64	-	64
Retirement of LVMH shares	(920,951)		(42)	42						-	-	-	-
Capital increase in subsidiaries										-	-	41	41
Interim and final dividends paid										(1,811)	(1,811)	(272)	(2,083)
Changes in control of consolidated entities										(5)	(5)	22	17
Acquisition and disposal of minority interests' shares										(56)	(56)	(35)	(91)
Purchase commitments for minority interests' shares										57	57	(142)	(85)
As of December 31, 2016	507,126,088	152	2,601	(520)	1,165	127	8	1,077	(163)	21,946	26,393	1,510	27,903
Gains and losses recognized in equity					(414)	91	99	2	26	-	(196)	(98)	(294)
Net profit										2,119	2,119	225	2,344
Comprehensive income		-	-	-	(414)	91	99	2	26	2,119	1,923	127	2,050
Stock option plan and similar expenses										24	24	1	25
[Acquisition]/disposal of treasury shares and LVMH share-settled derivatives				(15)						3	(12)	-	(12)
Exercise of LVMH share subscription options	646,188		49							-	49	-	49
Retirement of LVMH shares	(145,789)		(7)	7						-	-	-	-
Capital increase in subsidiaries										-	-	33	33
Interim and final dividends paid										(1,305)	(1,305)	(200)	(1,505)
Changes in control of consolidated entities										(6)	(6)	37	31
Acquisition and disposal of minority interests' shares										(83)	(83)	(55)	(138)
Purchase commitments for minority interests' shares										(135)	(135)	(9)	(144)
As of June 30, 2017	507,626,487	152	2,643	(528)	751	218	107	1,079	(137)	22,563	26,848	1,444	28,292
As of December 31, 2015	507,139,110	152	2,579	(240)	1,137	104	(11)	964	(108)	19,762	24,339	1,460	25,799
Gains and losses recognized in equity					(132)	(88)	22	-	(52)	-	(250)	(28)	(278)
Net profit										1,711	1,711	152	1,863
Comprehensive income		-	-	-	(132)	(88)	22	-	(52)	1,711	1,461	124	1,585
Stock option plan and similar expenses										20	20	1	21
[Acquisition]/disposal of treasury shares and LVMH share-settled derivatives				(39)						(8)	(47)	-	(47)
Exercise of LVMH share subscription options	688,700		48							-	48	-	48
Retirement of LVMH shares	(158,811)		(8)	8						-	-	-	-
Capital increase in subsidiaries										-	-	6	6
Interim and final dividends paid										(1,106)	(1,106)	(222)	(1,328)
Changes in control of consolidated entities										10	10	20	30
Acquisition and disposal of minority interests' shares										(5)	(5)	(1)	(6)
Purchase commitments for minority interests' shares										(58)	(58)	23	(35)
As of June 30, 2016	507,668,999	152	2,619	(271)	1,005	16	11	964	(160)	20,326	24,662	1,411	26,073

CONSOLIDATED CASH FLOW STATEMENT

<i>(EUR millions)</i>	Notes	June 30, 2017	Dec. 31, 2016	June 30, 2016
I. OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		3,545	6,904	2,919
Income/(loss) and dividends from joint ventures and associates	7	6	18	7
Net increase in depreciation, amortization and provisions		1,010	2,143	843
Other computed expenses		(32)	(177)	(82)
Other adjustments		(28)	(155)	(37)
Cash from operations before changes in working capital		4,501	8,733	3,650
Cost of net financial debt: interest paid		(37)	(59)	(23)
Tax paid		(1,068)	(1,923)	(884)
Net cash from operating activities before changes in working capital		3,396	6,751	2,743
Change in working capital	14.2	(1,130)	(512)	(1,111)
Net cash from operating activities		2,266	6,239	1,632
Operating investments	14.3	(988)	(2,265)	(871)
Net cash from operating activities and operating investments (free cash flow)		1,278	3,974	761
II. FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets	8, 13	(53)	(28) ^[a]	(7)
Proceeds from sale of non-current available for sale financial assets	8	18	91	64
Dividends received		4	6	2
Tax paid related to non-current available for sale financial assets and consolidated investments		(1)	(461)	(260)
Impact of purchase and sale of consolidated investments	2	(409)	310	(110)
Net cash from (used in) financial investments		(441)	(82)	(311)
III. TRANSACTIONS RELATING TO EQUITY				
Capital increases of LVMH SE	15.1	49	64	48
Capital increases of subsidiaries subscribed by minority interests	17	33	41	6
Acquisition and disposals of treasury shares and LVMH share-settled derivatives	15.2	(10)	(352)	(51)
Interim and final dividends paid by LVMH SE	15.3	(1,306)	(1,810)	(1,106)
Tax paid related to interim and final dividends paid		(100)	(145)	(92)
Interim and final dividends paid to minority interests in consolidated subsidiaries	17	(201)	(267)	(222)
Purchase and proceeds from sale of minority interests	2	(151)	(95)	(11)
Net cash from (used in) transactions relating to equity		(1,686)	(2,564)	(1,428)
Change in cash before financing activities		(849)	1,328	(978)
IV. FINANCING ACTIVITIES				
Proceeds from borrowings	18.1	7,002	913	927
Repayment of borrowings	18.1	(1,019)	(2,134)	(414)
Purchase and proceeds from sale of current available for sale financial assets	8, 13	(24)	(113) ^[a]	(115)
Net cash from (used in) financing activities		5,959	(1,334)	398
V. EFFECT OF EXCHANGE RATE CHANGES		(132)	(47)	(46)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		4,978	(53)	(626)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14.1	3,337	3,390	3,390
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14.1	8,315	3,337	2,764
TOTAL TAX PAID		(1,169)	(2,529)	(1,236)

[a] The cash impact of non-current available for sale financial assets used to hedge net financial debt (see Note 18 to the 2016 consolidated financial statements) is presented under "IV. Financing activities", as "Purchase and proceeds from sale of current available for sale financial assets".

LVMH

LVMH Moët Hennessy Louis Vuitton is represented in Wines and Spirits by a portfolio of brands that includes Moët & Chandon, Dom Pérignon, Veuve Clicquot Ponsardin, Krug, Ruinart, Mercier, Château d'Yquem, Domaine du Clos des Lambrays, Château Cheval Blanc, Hennessy, Glenmorangie, Ardbeg, Belvedere, Woodinville, Chandon, Cloudy Bay, Terrazas de los Andes, Cheval des Andes, Cape Mentelle, Newton, Bodega Numanthia and Ao Yun. Its Fashion and Leather Goods division includes Louis Vuitton, Christian Dior Couture, Céline, Loewe, Kenzo, Givenchy, Thomas Pink, Fendi, Emilio Pucci, Marc Jacobs, Berluti, Nicholas Kirkwood, Loro Piana and Rimowa. LVMH is present in the Perfumes and Cosmetics sector with Parfums Christian Dior, Guerlain, Parfums Givenchy, Kenzo Parfums, Perfumes Loewe, BeneFit Cosmetics, Make Up For Ever, Acqua di Parma, Fresh, Kat Von D and Maison Francis Kurkdjian. LVMH's Watches and Jewelry division comprises Bvlgari, TAG Heuer, Chaumet, Dior Watches, Zenith, Fred and Hublot. LVMH is also active in selective retailing as well as in other activities through DFS, Sephora, Le Bon Marché, La Samaritaine, Royal Van Lent and Cheval Blanc hotels.

"Certain information included in this release is forward looking and is subject to important risks and uncertainties and factors beyond our control or ability to predict, that could cause actual results to differ materially from those anticipated, projected or implied. It only reflects our views as of the date of this presentation. No undue reliance should therefore be based on any such information, it being also agreed that we undertake no commitment to amend or update it after the date hereof."

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