

LVMH 2017 record results

Paris, 25 January 2018

LVMH Moët Hennessy Louis Vuitton, the world's leading luxury products group, recorded revenue of €2.6 billion in 2017, an increase of 13% over the previous year. Organic revenue growth was 12%. All business groups recorded double-digit organic growth with the exception of Wines and Spirits, whose growth in the second half was limited by supply constraints.

With organic revenue growth of 11%, the trend seen since the beginning of the year continued into the fourth quarter.

Profit from recurring operations reached € 293 million in 2017, an increase of 18%. Operating margin reached 19.5%. Group share of net profit was € 129 million, representing growth of 29%.

Bernard Arnault, Chairman and CEO of LVMH, said: "LVMH achieved another record year. The excellent performance, to which all our businesses contributed, is due in part to the buoyant environment but above all to the remarkable creative strength of our brands and their ability to constantly reinvent themselves. Continued innovation, entrepreneurial spirit and the quest for excellence: all Maisons continue to assert these core values while maintaining rigorous execution of their strategies on the ground. In an environment that remains uncertain, we can count on the appeal of our brands and the agility of our teams to strengthen, once again in 2018, our leadership in the universe of high quality products."

Key highlights from 2017 include:

- Record revenue and profit from recurring operations,
- Growth in Europe, the United States and Asia,
- Good performance for Wines and Spirits in all regions,
- The success of both iconic and new products at Louis Vuitton, whose profitability remains at an exceptional level,
- The acquisition of Christian Dior Couture, which is showing excellent performance,
- Growth at Fendi and Loro Piana,
- The first year of integration of Rimowa, leader in luggage excellence,
- Strong momentum at Parfums Christian Dior, driven by successful product innovations,
- Excellent year for Bvlgari and good progress at Hublot and TAG Heuer,
- Growth at Sephora, which strengthened its positions in all its markets and in digital,
- Free cash flow of 4 754 million euros, up 20%,
- Gearing of 24% at the end of December 2017.

Key figures

Euro millions	2016	2017	% change
Revenue	37 600	42 636	+ 13 %
Profit from recurring operations	7 026	8 293	+ 18 %
Group share of net profit	3 981	5 129	+ 29 %
Free cash flow*	3 974	4 754	+ 20 %
Net financial debt	3 265	7 178	+ 120 %
Total equity	27 903	30 260	+ 8 %

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

Revenue by business group:

Euro millions	2016	2017	% variation	
			2017/2016	Reported Organic*
Wines & Spirits	4 835	5 084	+ 5 %	+ 7 %
Fashion & Leather Goods	12 775	15 472	+ 21 %	+ 13 %
Perfumes & Cosmetics	4 953	5 560	+ 12 %	+ 14 %
Watches & Jewelry	3 468	3 805	+ 10 %	+ 12 %
Selective Retailing	11 973	13 311	+ 11 %	+ 13 %
Other activities and eliminations	(404)	(596)	-	-
Total LVMH	37 600	42 636	+ 13 %	+ 12 %

* With comparable structure and exchange rates. The currency effect was -3% and the structural impact was + 4%.

Profit from recurring operations by business group:

Euro millions	2016	2017	% variation
Wines & Spirits	1 504	1 558	+ 4 %
Fashion & Leather Goods	3 873	4 905	+ 27 %
Perfumes & Cosmetics	551	600	+ 9 %
Watches & Jewelry	458	512	+ 12 %
Selective Retailing	919	1 075	+ 17 %
Other activities and eliminations	(279)	(357)	-
Total LVMH	7 026	8 293	+ 18 %

Wines and Spirits: strong momentum in the United States and confirmed recovery in China

The **Wines and Spirits** business group recorded an increase in organic revenue of 7%. On a reported basis, revenue growth was 5% and profit from recurring operations increased by 4%. Champagnes grew steadily, with volumes up 4%. With 7.5 million cases of cognac shipped in 2017, Hennessy's volumes increased by 8%, with significant growth in China and the United States despite supply constraints in the second half. All qualities contributed to this performance. The inauguration of the new Pont Neuf bottling site, designed to strengthen the production capacity of the Maison, was a highlight of the last quarter. Colgin Cellars, a Californian estate producing exceptional wines, and Woodinville whiskey were added to the business group.

Fashion and Leather Goods: excellent growth across all Louis Vuitton's businesses, other brands strengthened their performance

The **Fashion and Leather Goods** business group achieved organic revenue growth of 13% in 2017. On a reported basis, revenue growth was up 21% and profit from recurring operations increased by 27%. Louis Vuitton continued to demonstrate outstanding creativity across all of its businesses, maintaining a good balance between innovations and the strengthening of its iconic product lines. New products arising from the collaborations with the artist Jeff Koons as well as the Supreme brand, the launch of the brand's first smart watch and the inauguration of the Maison Louis Vuitton Vendôme in Paris were among the key events of the year. Christian Dior Couture, whose business became fully consolidated within the Group in the second half, achieved an excellent performance. The exhibition at the Musée des Arts Décoratifs in Paris, celebrating the 70th anniversary of the Maison, was a huge success. Fendi continued to grow strongly. Loro Piana, Céline, Loewe, Kenzo and Berluti made good progress. Marc Jacobs strengthened its product offering and continued its restructuring. Rimowa completed its first year within the LVMH Group.

Perfumes and Cosmetics: successful innovations and rapid growth in Asia

The **Perfumes & Cosmetics** business group recorded organic revenue growth of 14%. On a reported basis, revenue growth was 12% and profit from recurring operations increased by 9%. Parfums Christian Dior grew market share in all regions, driven by the worldwide success of its fragrance *Sauvage* and the vitality of its iconic perfumes *J'adore* and *Miss Dior*. The makeup segment grew strongly, driven by the *Rouge Dior* and *Dior Addict* lines. Guerlain benefited from the successful launch of *Mon Guerlain* and the international roll-out of Guerlain Parfumeur boutiques. Parfums Givenchy had a very good year, thanks in particular to its makeup, just as Benefit which reinforced its *Brow Collection*. Fenty Beauty by Rihanna, launched worldwide exclusively at Sephora, is enjoying exceptional success.

Watches and Jewellery: excellent year at Bvlgari and further progress at TAG Heuer

The **Watches & Jewelry** business group recorded organic revenue growth of 12%. On a reported basis, revenue growth was 10% and profit from recurring operations increased by 12%. Bvlgari achieved an excellent performance and continued to gain market share thanks to the strength of its iconic lines *Serpenti*, *B.Zero1*, *Diva* and *Octo*. Growth was particularly strong in Asia, the United States and Europe. The inaugurations of the new manufacturing facility in Valenza and the flagship store on Fifth Avenue in New York are among the major events of the year. The success of the *Liens* and *Joséphine* collections, and its continued upgrading, drove Chaumet's growth. In the watch sector, TAG Heuer and Hublot continued to grow. At TAG Heuer, a new generation of smartwatch with multiple customization possibilities was launched in 2017.

Selective Retailing: good performance at Sephora and DFS

The **Selective Retailing** business group recorded organic revenue growth of 13%. On a reported basis, revenue growth was 11% and profit from recurring operations was up 17%. Sephora continued to gain market share. Its growth was particularly strong in North America and Asia. A new territory, Germany, was inaugurated, while Sephora expanded its online presence in Scandinavia, Mexico and the Middle East. Le Bon Marché has created a new online shopping experience by launching its digital platform, 24 Sèvres. The year 2017 was a positive turning point for DFS, with better positioned markets, especially in the second half. The new stores in Cambodia and Italy continued to grow.

Cautiously confident for 2018

In an environment that remains supportive at the beginning of the year and despite unfavorable currencies and geopolitical uncertainties, LVMH is well-equipped to continue its growth momentum across all business groups in 2018. The Group will maintain a 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 of its different businesses and geographic diversity, LVMH enters 2018 with cautious confidence, and once again, sets an objective of increasing its global leadership position in luxury goods.

Dividend increase of 25%

At the Annual Shareholders' Meeting on April 12, 2018, LVMH will propose a dividend of €5 per share, an increase of 25%. An interim dividend of €1.60 per share was paid on December 7 of last year. The balance of €3,40 per share will be paid on April 19, 2018.

The LVMH Board met on 25 January 2018 to approve the financial statements for 2017.

Audit procedures have been carried out and the audit report is being issued.

Regulated information related to this press release, the presentation of annual results and the report "Financial Documents" are available at www.lvmh.com.

APPENDIX

LVMH – Revenue by business group and by quarter

2017 Revenue (Euro millions)

<i>FY 2017</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 First Half	2 294	6 899	2 670	1 838	6 280	(267)	19 714
Third Quarter	1 220	3 939	1 395	951	3 055	(179)	10 381
Nine Months	3 514	10 838	4 065	2 789	9 335	(446)	30 095
Fourth Quarter	1 570	4 634	1 495	1 016	3 976	(150)	12 541
Total 2017	5 084	15 472	5 560	3 805	13 311	(596)	42 636

2017 Revenue (Organic growth versus same period of 2016)

<i>FY 2017</i>	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetic	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 First Half	+10%	+14%	+12%	+13%	+12%	-	+12%
Third Quarter	+4%	+13%	+17%	+14%	+14%	-	+12%
Nine Months	+8%	+14%	+14%	+13%	+12%	-	+12%
Fourth Quarter	+6%	+10%	+14%	+9%	+14%	-	+11%
Total 2017	+7%	+13%	+14%	+12%	+13%	-	+12%

2016 Revenue (Euro millions)

<i>FY 2016</i>	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetic	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 First Half	2 056	5 885	2 337	1 609	5 480	(179)	17 188
Third Quarter	1 225	3 106	1 241	877	2 803	(114)	9 138
Nine Months	3 281	8 991	3 578	2 486	8 283	(293)	26 326
Fourth Quarter	1 554	3 784	1 375	982	3 690	(111)	11 274
Total 2016	4 835	12 775	4 953	3 468	11 973	(404)	37 600

CONSOLIDATED INCOME STATEMENT

<i>(EUR millions, except for earnings per share)</i>	Notes	2017	2016	2015
Revenue	23	42,636	37,600	35,664
Cost of sales		(14,783)	(13,039)	(12,553)
Gross margin		27,853	24,561	23,111
Marketing and selling expenses		(16,395)	(14,607)	(13,830)
General and administrative expenses		(3,162)	(2,931)	(2,663)
Income (loss) from joint ventures and associates	7	(3)	3	(13)
Profit from recurring operations	23-24	8,293	7,026	6,605
Other operating income and expenses	25	(180)	(122)	(221)
Operating profit		8,113	6,904	6,384
Cost of net financial debt		(62)	(83)	(78)
Other financial income and expenses		(117)	(349)	(336)
Net financial income (expense)	26	(179)	(432)	(414)
Income taxes	27	(2,318)	(2,109)	(1,969)
Net profit before minority interests		5,616	4,363	4,001
Minority interests	17	(487)	(382)	(428)
Net profit, Group share		5,129	3,981	3,573
Basic Group share of net earnings per share (EUR)	28	10.21	7.92	7.11
Number of shares on which the calculation is based		502,412,694	502,911,125	502,395,491
Diluted Group share of net earnings per share (EUR)	28	10.18	7.89	7.08
Number of shares on which the calculation is based		504,010,291	504,640,459	504,894,946

CONSOLIDATED BALANCE SHEET

ASSETS	Notes	2017	2016	2015
<i>(EUR millions)</i>				
Brands and other intangible assets	3	13,714	13,335	13,572
Goodwill	4	16,514	10,401	10,122
Property, plant and equipment	6	13,206	12,139	11,157
Investments in joint ventures and associates	7	639	770	729
Non-current available for sale financial assets	8	789	744	574
Other non-current assets	9	868	777	552
Deferred tax		1,738	2,058	1,945
Non-current assets		47,468	40,224	38,651
Inventories and work in progress	10	10,908	10,546	10,096
Trade accounts receivable	11	2,737	2,685	2,521
Income taxes		780	280	384
Other current assets	12	2,919	2,343	2,355
Cash and cash equivalents	14	3,738	3,544	3,594
Current assets		21,082	19,398	18,950
Total assets		68,550	59,622	57,601
LIABILITIES AND EQUITY				
<i>(EUR millions)</i>				
Share capital	15.1	152	152	152
Share premium account	15.1	2,614	2,601	2,579
Treasury shares and LVMH share-settled derivatives	15.2	(530)	(520)	(240)
Cumulative translation adjustment	15.4	357	1,165	1,137
Revaluation reserves		1,472	1,049	949
Other reserves		19,658	17,965	16,189
Net profit, Group share		5,129	3,981	3,573
Equity, Group share		28,852	26,393	24,339
Minority interests	17	1,408	1,510	1,460
Equity		30,260	27,903	25,799
Long-term borrowings	18	7,046	3,932	4,511
Non-current provisions	19	2,474	2,342	1,950
Deferred tax		3,910	4,137	4,685
Other non-current liabilities	20	9,857	8,498	7,957
Non-current liabilities		23,287	18,909	19,103
Short-term borrowings	18	4,530	3,447	3,769
Trade accounts payable	21.1	4,540	4,184	3,960
Income taxes		763	428	640
Current provisions	19	404	352	421
Other current liabilities	21.2	4,766	4,399	3,909
Current liabilities		15,003	12,810	12,699
Total liabilities and equity		68,550	59,622	57,601

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The notes to consolidated accounts are included in 2017 Financial documents, available on our Internet site www.lvmh.com

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, 2014	507,711,713	152	2,655	(374)	492	207	14	931	(133)	17,819	21,763	1,240	23,003
Gains and losses recognized in equity					645	(103)	(25)	33	25	-	575	130	705
Net profit										3,573	3,573	428	4,001
Comprehensive income		-	-	-	645	(103)	(25)	33	25	3,573	4,148	558	4,706
Stock option plan and similar expenses										35	35	2	37
[Acquisition]/disposal of treasury shares and LVMH share-settled derivatives				23						(13)	10	-	10
Exercise of LVMH share subscription options	552,137		35								35	-	35
Retirement of LVMH shares	(1,124,740)		(111)	111							-	-	-
Capital increase in subsidiaries											-	89	89
Interim and final dividends paid										(1,659)	(1,659)	(229)	(1,888)
Changes in control of consolidated entities										(9)	(9)	1	(8)
Acquisition and disposal of minority interests' shares										5	5	(3)	2
Purchase commitments for minority interests' shares										11	11	(198)	(187)
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					(808)	184	171	35	33	-	(385)	(147)	(532)
Net profit										5,129	5,129	487	5,616
Comprehensive income		-	-	-	(808)	184	171	35	33	5,129	4,744	340	5,084
Stock option plan and similar expenses										55	55	7	62
[Acquisition]/disposal of treasury shares and LVMH share-settled derivatives				(50)						(11)	(61)	-	(61)
Exercise of LVMH share subscription options	708,485		53								53	-	53
Retirement of LVMH shares	(791,977)		(40)	40							-	-	-
Capital increase in subsidiaries											-	44	44
Interim and final dividends paid										(2,110)	(2,110)	(260)	(2,370)
Changes in control of consolidated entities										(6)	(6)	114	108
Acquisition and disposal of minority interests' shares										(87)	(87)	(56)	(143)
Purchase commitments for minority interests' shares										(129)	(129)	(291)	(420)
As of December 31, 2017	507,042,596	152	2,614	(530)	357	311	179	1,112	(130)	24,787	28,852	1,408	30,260

CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	Notes	2017	2016	2015
I. OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		8,113	6,904	6,384
Income/(loss) and dividends from joint ventures and associates	7	25	18	27
Net increase in depreciation, amortization and provisions		2,375	2,143	2,081
Other computed expenses		(43)	(177)	(456)
Other adjustments		(66)	(155)	(91)
Cash from operations before changes in working capital		10,404	8,733	7,945
Cost of net financial debt: interest paid		(70)	(59)	(75)
Tax paid		(2,790)	(1,923)	(1,807)
Net cash from operating activities before changes in working capital		7,544	6,751	6,063
Change in working capital	14.3	(514)	(512)	(429)
Net cash from operating activities		7,030	6,239	5,634
Operating investments	14.4	(2,276)	(2,265)	(1,955)
Net cash from operating activities and operating investments (free cash flow)		4,754	3,974	3,679
II. FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets ^(a)	8, 13	(125)	(28)	(78)
Proceeds from sale of non-current available for sale financial assets	8	87	91	68
Dividends received		13	6	4
Tax paid related to non-current available for sale financial assets and consolidated investments		-	(461)	(265)
Impact of purchase and sale of consolidated investments	2	(6,306)	310	(240)
Net cash from (used in) financial investments		(6,331)	(82)	(511)
III. TRANSACTIONS RELATING TO EQUITY				
Capital increases of LVMH SE	15.1	53	64	35
Capital increases of subsidiaries subscribed by minority interests	17	44	41	81
Acquisition and disposals of treasury shares and LVMH share-settled derivatives	15.2	(67)	(352)	1
Interim and final dividends paid by LVMH SE	15.3	(2,110)	(1,810)	(1,671)
Tax paid related to interim and final dividends paid		388	(145)	(304)
Interim and final dividends paid to minority interests in consolidated subsidiaries	17	(259)	(267)	(228)
Purchase and proceeds from sale of minority interests	2	(153)	(95)	(4)
Net cash from (used in) transactions relating to equity		(2,104)	(2,564)	(2,090)
Change in cash before financing activities		(3,681)	1,328	1,078
IV. FINANCING ACTIVITIES				
Proceeds from borrowings	14.2	5,753	913	1,008
Repayment of borrowings	14.2	(1,766)	(2,134)	(2,443)
Purchase and proceeds from sale of current available for sale financial assets	8, 13	89	(113) ^(a)	(3)
Net cash from (used in) financing activities	14.2	4,076	(1,334)	(1,438)
V. EFFECT OF EXCHANGE RATE CHANGES		(114)	(47)	(33)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		281	(53)	(393)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14.1	3,337	3,390	3,783
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14.1	3,618	3,337	3,390
TOTAL TAX PAID		(2,402)	(2,529)	(2,376)

(a) The cash impact of non-current available for sale financial assets used to hedge net financial debt (see Note 18) 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, Colgin Cellars, 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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