

## 2018 ANNUAL RESULTS

JANUARY 29, 2019

LVMH

Louis Vuitton



### DISCLAIMER

2

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.

LVMH

BERNARD  
ARNAULT

LVMH

Louis Vuitton



Christian Dior Couture

## EXCELLENT PERFORMANCE FOR LVMH IN 2018

| Buoyant market despite troubled monetary and geopolitical context

| Good progress in Asia, Europe and the US

| Another record year with double-digit increases in revenue and profit from recurring operations

- Revenue: €46.8 bn, +10% (+11% organic)
- Profit from recurring operations: €10 bn, +21%

| Healthy financial position

- Free cash flow: €5.5 bn, +16%
- Adjusted net debt to equity ratio of 16%

| Agreement to acquire Belmond, present in the ultimate hospitality world

LVMH



Hennessy

## WINES & SPIRITS

### 2018 HIGHLIGHTS

**Strong momentum in China and good growth in the US and Europe despite supply constraints**

#### | CHAMPAGNE & WINES

- Champagne: volumes - 1%
- Good performance of prestige cuvées
- Exceptional harvest in both quantity and quality

#### | COGNAC & SPIRITS

- Hennessy: volumes + 3%
- Good growth in the US despite supply constraints
- Continued strong momentum in China
- Rapid progress at Glenmorangie and Ardbeg

LVMH



Loewe

## FASHION & LEATHER GOODS

### 2018 HIGHLIGHTS

**Outstanding performance of Louis Vuitton and strengthened other brands**

#### | LOUIS VUITTON

- Success of iconic lines and new products, especially those from artistic collaborations
- Very good response to Virgil Abloh's and Nicolas Ghesquière's fashion shows
- Selective development of our store network

#### | CHRISTIAN DIOR

- Excellent performance in all regions and product categories
- First fashion shows of new Men's Creative Director Kim Jones
- Success of Maria Grazia Chiuri collections

#### | FENDI

- Good response to new collections; strengthened store network

#### | OTHER BRANDS

- Significant media impact of Hedi Slimane's first fashion show at Celine
- Strong progress of Loro Piana, Loewe, Kenzo and Berluti
- Success of Clare Waight Keller's first collections at Givenchy
- Continued reorganization of Marc Jacobs
- Successful collaborations at Rimowa

LVMH



Parfums Christian Dior

## PERFUMES & COSMETICS

### 2018 HIGHLIGHTS

#### Strong growth of iconic brands and rapid progress in Asia

##### | PARFUMS CHRISTIAN DIOR

- Vitality of iconic lines *J'adore* and *Miss Dior*, continued success of *Sauvage*, new fragrance *Joy*
- Excellent performance of makeup driven in particular by *Rouge Dior* line
- Rapid progress of *Prestige* skincare

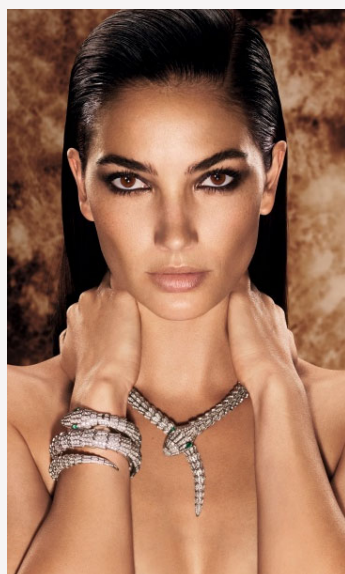
##### | GUERLAIN

- Expansion of *Mon Guerlain* and international rollout of Guerlain Parfumeur stores
- Great success of personalized *Rouge G* lipstick
- Strong growth of skincare lines *Abeille Royale* and *Orchidée Impériale*

##### | OTHER BRANDS

- Benefit: successful launch of *BAD Gal Bang* mascara and strengthened *Brow Collection*
- Givenchy: excellent response to *L'Interdit* and rapid progress of *Le Rouge* makeup
- Kenzo: new communication strategy for new iconic fragrance *Flower by Kenzo*
- Innovations at Fenty Beauty by Rihanna on foundation and lipstick lines
- Strong growth of Fresh especially in Asia; success of new skincare *Black Tea Kombucha*
- Very good progress of *Colonia* lines for Acqua di Parma
- Rapid progress of *Baccarat Rouge 540* for Maison Francis Kurkdjian

LVMH



Bvlgari

## WATCHES & JEWELRY

### 2018 HIGHLIGHTS

#### Strong momentum in jewelry and good progress of iconic watch collections

##### | BVLGARI

- Good growth and market share gain
- Enhanced *Serpenti*, *B.Zero1* and *Diva's* lines
- Promising launch of *Fiorever* collection
- Excellent response to new *Octo Finissimo* watch

##### | TAG HEUER

- Strengthened iconic lines *Carrera*, *Aquaracer* and *Formula 1*
- New smaller version of connected watch
- Opened emblematic store in New York (5<sup>th</sup> avenue) and connected store in Tokyo

##### | HUBLOT

- Continued growth of *Classic Fusion* and *Big Bang* collections
- Increased visibility at 2018 FIFA World Cup
- Kylian Mbappé, new ambassador for Hublot

##### | CHAUMET

- Success of *Liens* and *Joséphine* lines; continued upmarket positioning of brand
- Great success of exhibition at Mitsubishi Ichigokan museum in Tokyo

LVMH





Sephora

## SELECTIVE RETAILING

### 2018 HIGHLIGHTS

#### Strong growth of Sephora and rebound of DFS's profitability

##### | SEPHORA

- Solid revenue growth especially in North America and Asia; market share gains
- Rapid progress of online sales (with 29 e-commerce websites at year-end)
- New store on Nanjing Road (Shanghai) and first Sephora-branded stores in Russia
- Renovated emblematic stores in Soho in New York and Milan Duomo in Italy
- Continued to strengthen personalization of customer experience

##### | DFS

- Strong momentum in Hong Kong and Macao
- Excellent performance of *Galleries* in Cambodia and Venice
- Continued improvement of offer and digital initiatives targeting travelers
- Reopened *Galleries* in Sydney and Auckland; inaugurated two new Beauty areas in Macao

##### | LE BON MARCHÉ

- Renovated children's department
- Highly successful loyalty program
- Continued targeted development and strengthened offer of 24 Sèvres e-commerce site

LVMH



Fendi

## CAUTIOUSLY CONFIDENT FOR 2019

| Despite a supportive market at start of year, maintain vigilance in an uncertain geopolitical and monetary context

| Sustain creative momentum at our brands, with careful attention to quality of our products and services

| Enrich customer experience in our stores and online

##### | Entrepreneurial spirit

- Agility of our organization
- Commitment and involvement of our teams

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

LVMH

JEAN-JACQUES  
GUIONY

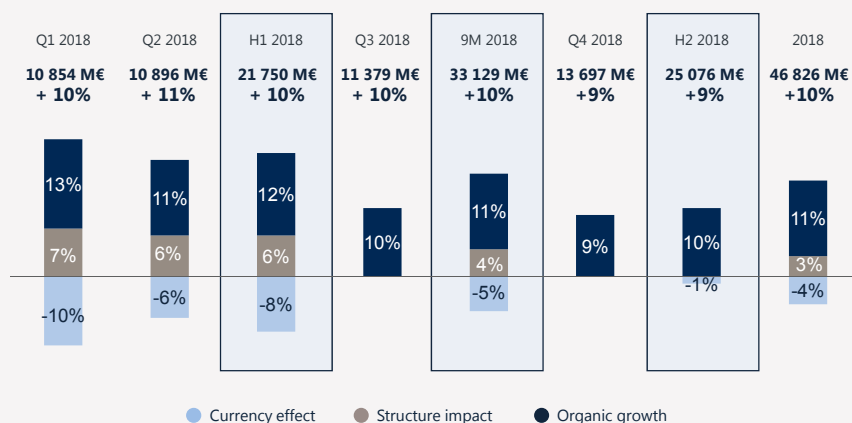
LVMH



2018 ANNUAL RESULTS

12

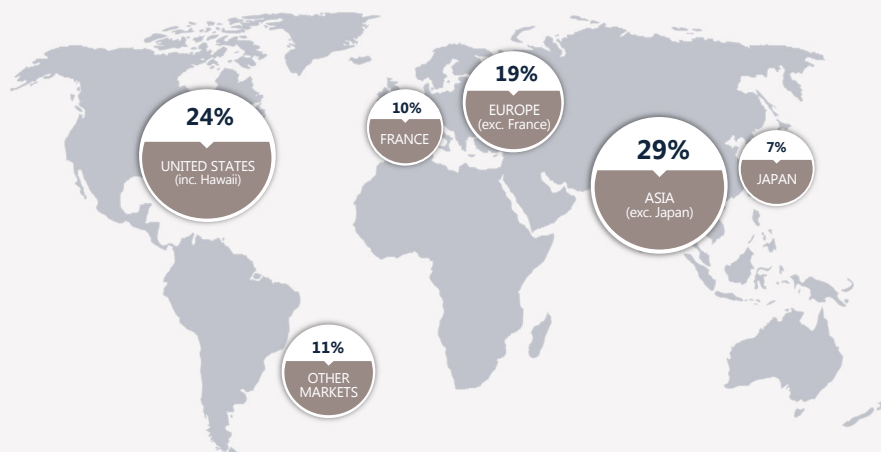
## QUARTERLY EVOLUTION OF 2018 REVENUE



LVMH

## 2018 REVENUE BY REGION

In % of total revenue



LVMH

## REVENUE CHANGE BY REGION

Organic growth versus same period of 2017	9 months 2018	Q4 2018	2018
UNITED STATES*	+ 10%	+ 5%	+ 8%
JAPAN	+ 14%	+ 15%	+ 15%
ASIA (EXCLUDING JAPAN)	+ 16%	+ 15%	+ 15%
EUROPE	+ 7%	+ 8%	+ 7%

\* Exc Hawaii.

LVMH

## REVENUE BY BUSINESS GROUP

In millions of euros	2017	2018	Reported growth	Organic growth*
<b>WINES &amp; SPIRITS</b>	<b>5 084</b>	<b>5 143</b>	<b>+ 1%</b>	<b>+ 5%</b>
Champagne & Wines	2 406	2 369	- 2%	+ 3%
Cognac & Spirits	2 679	2 774	+ 4%	+ 7%
<b>FASHION &amp; LEATHER GOODS</b>	<b>15 472</b>	<b>18 455</b>	<b>+ 19%</b>	<b>+ 15%</b>
<b>PERFUMES &amp; COSMETICS</b>	<b>5 560</b>	<b>6 092</b>	<b>+ 10%</b>	<b>+ 14%</b>
<b>WATCHES &amp; JEWELRY</b>	<b>3 805</b>	<b>4 123</b>	<b>+ 8%</b>	<b>+ 12%</b>
<b>SELECTIVE RETAILING</b>	<b>13 311</b>	<b>13 646</b>	<b>+ 3%</b>	<b>+ 6%</b>
<b>OTHERS AND ELIMINATIONS</b>	<b>(596)</b>	<b>(633)</b>	<b>-</b>	<b>-</b>
<b>TOTAL LVMH</b>	<b>42 636</b>	<b>46 826</b>	<b>+ 10%</b>	<b>+ 11%</b>

\* With comparable structure and constant exchange rates.

LVMH

## ORGANIC REVENUE GROWTH BY BUSINESS GROUP

Organic growth versus same period of 2017	9 months 2018	Q4 2018	2018
<b>WINES &amp; SPIRITS</b>	<b>+ 7%</b>	<b>+ 2%</b>	<b>+ 5%</b>
<b>FASHION &amp; LEATHER GOODS</b>	<b>+ 14%</b>	<b>+ 17%</b>	<b>+ 15%</b>
<b>PERFUMES &amp; COSMETICS</b>	<b>+ 14%</b>	<b>+ 13%</b>	<b>+ 14%</b>
<b>WATCHES &amp; JEWELRY</b>	<b>+ 14%</b>	<b>+ 7%</b>	<b>+ 12%</b>
<b>SELECTIVE RETAILING</b>	<b>+ 8%</b>	<b>+ 3%</b>	<b>+ 6%</b>
<b>TOTAL LVMH</b>	<b>+ 11%</b>	<b>+ 9%</b>	<b>+ 11%</b>

LVMH



## INCOME STATEMENT SUMMARIZED

In millions of euros	2017*	2018	% Change
REVENUE	42 636	46 826	+ 10%
GROSS MARGIN	27 853	31 201	+ 12%
Marketing and selling expenses	(16 395)	(17 755)	+ 8%
General and administrative expenses	(3 162)	(3 466)	+ 10%
Equity investment income	(3)	23	
PROFIT FROM RECURRING OPERATIONS	8 293	10 003	+ 21%
Other operating income and expenses	(180)	(126)	
Operating profit	8 113	9 877	+ 22%
Net financial income (expense)	(59)	(388)	
Income taxes	(2 214)	(2 499)	
NET PROFIT BEFORE MINORITY INTERESTS	5 840	6 990	+ 20%
Minority interests	(475)	(636)	
<b>GROUP SHARE OF NET PROFIT</b>	<b>5 365</b>	<b>6 354</b>	<b>+ 18%</b>

\* Restated to reflect the application of IFRS 9 Financial instruments.

LVMH

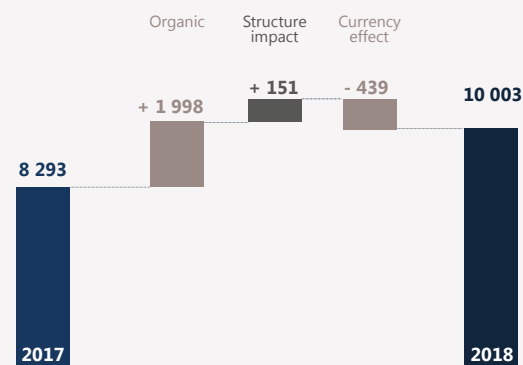
## PROFIT FROM RECURRING OPERATIONS BY BUSINESS GROUP

In millions of euros	2017	2018	% Change
WINES & SPIRITS	1 558	1 629	+ 5%
Champagne & Wines	674	649	- 4%
Cognac & Spirits	884	980	+ 11%
FASHION & LEATHER GOODS	4 905	5 943	+ 21%
PERFUMES & COSMETICS	600	676	+ 13%
WATCHES & JEWELRY	512	703	+ 37%
SELECTIVE RETAILING	1 075	1 382	+ 29%
OTHERS AND ELIMINATIONS	(357)	(330)	ns
<b>TOTAL LVMH</b>	<b>8 293</b>	<b>10 003</b>	<b>+ 21%</b>

LVMH

## INCREASE IN PROFIT FROM RECURRING OPERATIONS

In millions of euros



LVMH

## CHANGE IN NET FINANCIAL INCOME (EXPENSE)

In millions of euros	2017*	2018	Change (M€)
COST OF NET FINANCIAL DEBT	(137)	(117)	+ 20
COST OF CURRENCY DERIVATIVES	(168)	(160)	+ 8
NET GAIN/(LOSS) RELATING TO AFS** ASSETS AND OTHER FINANCIAL INSTRUMENTS	264	(108)	- 372
OTHER ITEMS - NET	(18)	(3)	+ 15
<b>NET FINANCIAL INCOME (EXPENSE)</b>	<b>(59)</b>	<b>(388)</b>	<b>- 329</b>

\* Restated to reflect the application of IFRS 9 Financial instruments.

\*\* AFS: Available For Sale

LVMH

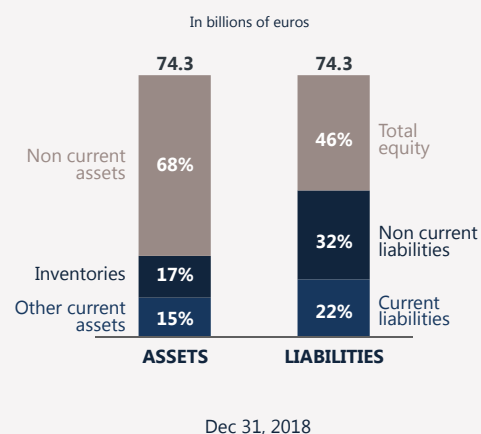
## SOUND FINANCIAL STRUCTURE

| Increased total equity primarily linked to strong results

| Decreased net financial debt

| Rise in non current assets due primarily to operating and financial investments (Belmond shares)

| Increase in inventories resulting from growth in Group's businesses



LVMH

## ANALYSIS OF CASH FLOW FROM OPERATIONS

In millions of euros	2017*	2018	Change (M€)
CASH FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL	10 405	11 965	+ 1 560
Net interest paid	(129)	(113)	+ 16
Income taxes paid	(2 790)	(2 275)	+ 515
NET CASH FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL	7 486	9 577	+ 2 091
Working capital requirements	(514)	(1 087)	- 573
Operating investments	(2 276)	(3 038)	- 762
<b>FREE CASH FLOW**</b>	<b>4 696</b>	<b>5 452</b>	<b>+ 756</b>

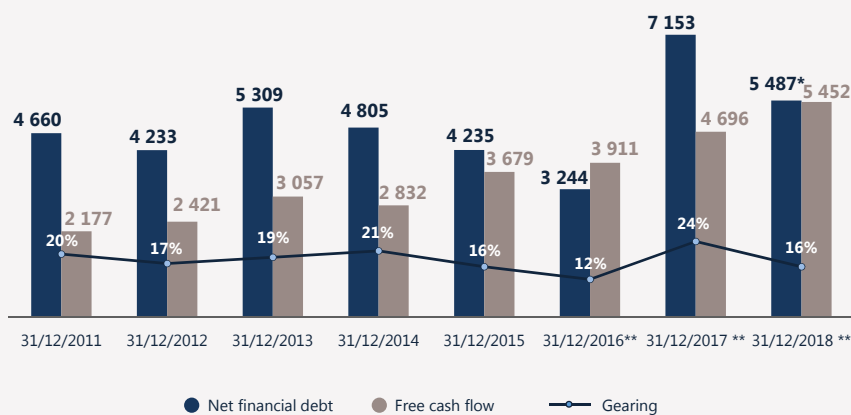
\* Restated to reflect the application of IFRS 9 Financial instruments.

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

LVMH

## NET FINANCIAL DEBT AND FREE CASH FLOW

In millions of euros



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

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

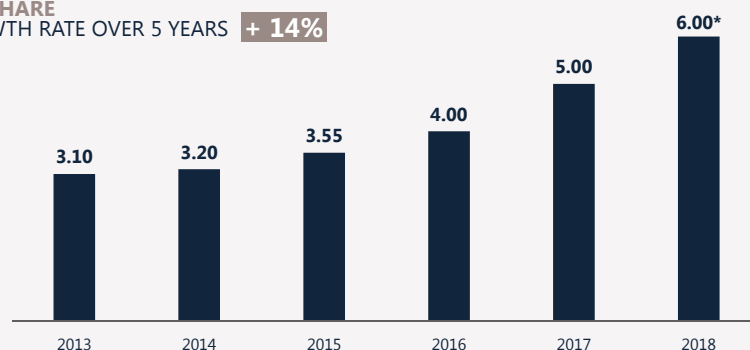
LVMH

## 2018 DIVIDEND UP 20%

In euros

### GROSS DIVIDEND PER SHARE

AVERAGE ANNUAL GROWTH RATE OVER 5 YEARS + 14%



\* Will be proposed to the Annual General Meeting of April 18, 2019.

LVMH