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BOARD OF DIRECTORS' REPORT ON THE DRAFT RESOLUTIONS

1/ APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS AND OF RELATED-PARTY AGREEMENTS AND COMMITMENTS

The first items of business relate to:

- approval of the financial statements: you will be asked to vote to approve the financial statements of the parent company LVMH **(1st resolution)** as well as the Group's consolidated financial statements **(2nd resolution)**;
- appropriation of net profit **(3rd resolution)**: the dividend to be distributed will be 6.00 euros per share. Given the interim dividend of 2.00 euros per share paid on December 6, 2018, the balance of 4.00 euros will be paid on April 29, 2019;
- approval of related-party agreements and commitments **(4th resolution)**: details of these agreements and commitments are set out in the Statutory Auditors' special report.

2/ MEMBERSHIP OF THE BOARD OF DIRECTORS AND ADVISORY BOARD MEMBERS

2.1. BOARD OF DIRECTORS

At the recommendation of the Nominations and Compensation Committee, you are asked to ratify the co-optation of Sophie Chassat **(5th resolution)** agreed by the Board of Directors at its meeting of October 25, 2018; renew the terms of office of Bernard Arnault, Hubert Védrine, Sophie Chassat and Clara Gaymard as Directors **(6th to 9th resolutions)**; and appoint Iris Knobloch as Director **(10th resolution)** for a period of three years that will end at the close of the Ordinary Shareholders' Meeting to be convened in 2022 to approve the financial statements for the previous fiscal year.

Detailed information on Directors whose terms of office are being proposed for renewal or whose appointments are being proposed can be found in §1.4.1.1 and §1.4.1.2 of the Board of Directors' Report on Corporate Governance (included in the Reference Document).

The following section presents the biographies of these individuals, together with the Board of Directors' reasons for proposing these renewals and appointments.

Renewals of terms of office of Directors proposed at the Shareholders' Meeting

- **Bernard Arnault** – Chairman and Chief Executive Officer of LVMH

  Age: 70 – Nationality: French

Bernard Arnault began his career as an engineer with Ferret-Savinel, where he became Senior Vice-President for construction in 1974, Chief Executive Officer in 1977, and finally Chairman and Chief Executive Officer in 1978.

He remained with the company until 1984, when he became Chairman and Chief Executive Officer of Financière Agache and of Christian Dior. Shortly thereafter, he spearheaded a reorganization of Financière Agache following a development strategy focusing on luxury brands. Christian Dior was to become the cornerstone of this new structure.

In 1989, he became the leading shareholder of LVMH Moët Hennessy - Louis Vuitton, and thus created the world's leading luxury products group. He assumed the position of Chairman in January 1989.

- **Sophie Chassat**

  Age: 40 – Nationality: French

An alumna of the École Normale Supérieure-Rue d'Ulm and a professor of philosophy, Sophie Chassat has taught for seven years (including four years at the university level) and has published several books. After having created the Verbal Identity Department, which she headed for three years, at communications agency Angie, she is currently President of Intikka, a consulting firm specializing in brand philosophy.

By virtue of her experience, Sophie Chassat adds to the richness and diversity of the Board of Directors, bringing a highly informed understanding of contemporary human and cultural dynamics.

- **Clara Gaymard**

  Age: 59 – Nationality: French

Clara Gaymard has held a number of positions within the French administration, in particular the External Economic Relations Directorate (DREE) within the French Ministry for the Economy and Finance (1986-2003), before directing the Invest in France Agency (2003-2006), and then joining General Electric (GE), where she served as Chairman and CEO of GE France until 2016. Ms. Gaymard is the co-founder of private equity firm Raise.

Ms. Gaymard brings her international experience in the corporate world to the Board of Directors, which will benefit in particular from her expertise in development issues outside France. In addition, owing to her activities at Raise, including support provided to startups, she brings a concrete perspective on new issues in society and today's technology challenges.

- **Hubert Védrine**

  Age: 71 – Nationality: French

Hubert Védrine has held a number of French government and administrative posts, notably as Diplomatic Advisor to the Presidency from 1981 to 1986, Spokesperson for the Presidency from 1988 to 1991, General Secretary for the Presidency from 1991 to 1995, and Minister for Foreign Affairs from 1997 to 2002. In early 2003, he founded a geopolitical management consulting firm: Hubert Védrine (HV) Conseil.

Thanks to his in-depth experience of international relations, Mr. Védrine brings to the Board of Directors vital insight into key geostrategic issues facing the LVMH group.

Appointment of a Director proposed at the Shareholders' Meeting

- **Iris Knobloch**

  Age: 56 – Nationality: German

A lawyer by training, Iris Knobloch began her career as an attorney with several law firms in Germany and the United States. She then held a number of sales and marketing positions at Warner Bros. and was also in charge of institutional relations and strategic policy at Time Warner Europe. Ms. Knobloch has been President of Warner Bros. Entertainment France since 2006.

Ms. Knobloch will offer the Board the benefit of her managerial experience within a major international corporation and will add further breadth to its expertise thanks to her extensive insights into culture and communications.

2.2. ADVISORY BOARD

At the recommendation of the Nominations and Compensation Committee, you are also asked to appoint Yann Arthus-Bertrand as Advisory Board member (**11th resolution**), for a period of three years that will end at the close of the Ordinary Shareholders' Meeting to be convened in 2022 to approve the financial statements for the previous fiscal year.

Detailed information on the appointment of this Advisory Board member can be found in §1.10.2.2 of the Board of Directors' Report on Corporate Governance (included in the Reference Document).

Appointment of an Advisory Board member proposed at the Shareholders' Meeting

- **Yann Arthus-Bertrand**

  Age: 73 – Nationality: French

Yann Arthus-Bertrand began his career as a photographer and film director, and very early on became involved in protecting the environment through his creative work. In 2005, he created the GoodPlanet Foundation, a recognized public-interest organization, which he still chairs today, and which aims to make environmentalism and humanism a central issue. In addition to its work to raise public awareness, especially among young people, the Foundation supports a wide range of programs, particularly those aimed at combating global warming and deforestation and protecting the oceans.

3/ COMPENSATION OF SENIOR EXECUTIVE OFFICERS

3.1. COMPENSATION PAID OR AWARDED IN RESPECT OF FISCAL YEAR 2018

Pursuant to Article L.225-100 of the French Commercial Code, you are hereby asked to approve the fixed and variable components of total compensation and any benefits in kind paid or awarded to Bernard Arnault and Antonio Belloni in respect of the fiscal year ended December 31, 2018 (**12th and 13th resolutions**). See also §2.2 of the Board of Directors' Report on Corporate Governance, included in the Reference Document.

Summary of compensation paid to each senior executive officer

Bernard Arnault[(a)]

Gross compensation	Amounts awarded/paid in respect of fiscal year 2018	Observations
Fixed compensation	1,119,382 euros	Compensation payable to the Chairman and Chief Executive Officer includes a fixed component, which it has been decided to keep stable.
Variable compensation	2,200,000 euros	Compensation paid to the Chairman and Chief Executive Officer also includes a variable annual component based on the achievement of quantifiable and qualitative targets in equal measure. The quantifiable criteria are financial in nature and relate to growth in the Group's revenue, operating profit and cash flow relative to budget, with each of these three components accounting for one-third of the total determination. The qualitative criteria – related to corporate social responsibility and sustainable development in particular – have been precisely established, but are not made public for reasons of confidentiality. The method used for assessing performance has been reviewed by the Nominations and Compensation Committee. The variable component represents just under twice the fixed component, putting it below the 250% limit laid down in the compensation policy in force. Payment to the Chairman and Chief Executive Officer of the annual variable component of his compensation is subject to prior approval of the amount at an Ordinary Shareholders' Meeting.
Multi-year variable compensation	-	
Exceptional compensation	-	
Bonus performance shares	17,119 shares	
Directors' fees	114,443 euros	
Benefits in kind	41,359 euros	Company car.
Severance pay	-	
Non-compete payment	-	
Supplementary pension plan	-	The members of the Group's Executive Committee who are employees or senior executive officers of French subsidiaries, and who have been members of the Committee for at least six years, are entitled to a supplementary pension provided that they liquidate any pensions acquired under external pension plans immediately upon terminating their duties in the Group. This is not required however, if they leave the Group at its request after the age of 55 and resume no other professional activity until their external pension plans are liquidated. This supplementary pension benefit is determined on the basis of a reference amount of compensation equal to the average of the three highest amounts of annual compensation received during the course of their career with the Group, capped at 35 times the annual social security ceiling (i.e. 1,390,620 euros as of December 31, 2018). The annual supplementary pension benefit is equal to the difference between 60% of the aforementioned reference compensation amount, which is capped where applicable, and all pension payments made in France (under the general social security plan and the mandatory ARRCO and AGIRC supplementary plans) and abroad. As of December 31, 2018, the total amount of pensions and the supplementary pension may not exceed 834,372 euros per year. As a result of the aforementioned system, on the basis of compensation paid to Bernard Arnault in 2018, the supplementary pension payable to him would not exceed 45% of the amount of his last annual compensation, in accordance with the recommendations set out in the AFEP/MEDEF Code. The supplementary pension only vests when retirement benefits are claimed.

		Given the characteristics of the plan put in place by the Company and Bernard Arnault's personal circumstances, the supplementary pension for which he may qualify no longer gives rise to the annual vesting of additional benefits or, consequently, to a correlative increase in the Company's financial commitment.

(a) Gross compensation and benefits in kind paid or borne by the Company and companies controlled by it, in addition to compensation and benefits in kind paid or borne by Financière Jean Goujon and Christian Dior, referred to in Article L.225-102-1 of the French Commercial Code.

Antonio Belloni [(a)]

Gross compensation	Amounts awarded/paid in respect of fiscal year 2018	Observations
Fixed compensation	3,155,798 euros	Compensation payable to the Group Managing Director includes a fixed component, which it has been decided to keep stable.
Variable compensation	2,315,250 euros	Compensation paid to the Group Managing Director includes a variable annual component based on meeting quantifiable targets (weighted two-thirds) and qualitative targets (weighted one-third). The quantifiable criteria are financial in nature and relate to growth in the Group's revenue, operating profit and cash flow relative to budget, with each of these three components accounting for one-third of the total determination. The qualitative criteria – related to corporate social responsibility and sustainable development in particular – have been precisely established, but are not made public for reasons of confidentiality. The method used for assessing performance has been reviewed by the Nominations and Compensation Committee. The variable component is less than half the limit laid down in the compensation policy in force. Payment to the Group Managing Director of the annual variable component of his compensation is subject to prior approval of the amount at an Ordinary Shareholders' Meeting.
Multi-year variable compensation	-	
Exceptional compensation	-	
Bonus performance shares	7,720 shares	
Directors' fees	87,245 euros	
Benefits in kind	6,437 euros	Company car.
Severance pay	-	
Non-compete payment	-	Employment contract suspended for the duration of his term as Group Managing Director; 12-month non-compete clause included in the employment contract providing for the monthly payment, during that 12-month period, of compensation equal to his monthly pay as of the date when he ceases to hold this position, plus one-twelfth of the last bonus received.
Supplementary pension plan	-	The members of the Group's Executive Committee who are employees or senior executive officers of French subsidiaries, and who have been members of the Committee for at least six years, are entitled to a supplementary pension provided that they liquidate any pensions acquired under external pension plans immediately upon terminating their duties in the Group. This is not required however, if they leave the Group at its request after the age of 55 and resume no other professional activity until their external pension plans are liquidated. This supplementary pension benefit is determined on the basis of a reference amount of compensation equal to the average of the three highest amounts of annual compensation received during the course of their career with the Group, capped at 35 times the annual social security ceiling (i.e. 1,390,620 euros as of December 31, 2018). The annual supplementary pension benefit is equal to the difference between 60% of the aforementioned reference compensation amount, which is capped where applicable, and all pension payments made in France (under the general social security plan and the mandatory ARRCO and AGIRC supplementary plans) and abroad. As of December 31, 2018, the total amount of pensions and the supplementary pension may not exceed 834,372 euros per year. As a result of the aforementioned system, on the basis of compensation paid to Antonio Belloni in 2018, the supplementary pension payable to him would not exceed 45% of the amount of his last annual compensation, in accordance with the recommendations set out in the AFEP/MEDEF Code. The supplementary pension only vests when retirement benefits are claimed.

		Given the characteristics of the plan put in place by the Company and his personal circumstances, the supplementary pension for which Antonio Belloni may qualify no longer gives rise to the annual vesting of additional benefits, or, consequently, to a corresponding increase in the Company's financial commitment.

(a) Gross compensation and benefits in kind paid or borne by the Company and companies controlled by it, in addition to compensation and benefits in kind paid or borne by Financière Jean Goujon and Christian Dior, referred to in Article L.225-102-1 of the French Commercial Code.

3.2. COMPENSATION POLICY

In accordance with Article L.225-37-2 of the French Commercial Code, you are asked to approve the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of total compensation and benefits in kind payable to the Chairman and Chief Executive Officer and the Group Managing Director in respect of their duties in fiscal year 2019, which together constitute the compensation policy applicable to them (**14th and 15th resolutions**).

These principles and criteria, approved by the Board of Directors at its meeting of January 29, 2019, acting on a proposal submitted by the Nominations and Compensation Committee on January 29, 2019, are set out in §2.1.1 of the Board of Directors' Report on Corporate Governance (included in the Reference Document). Payment to the Chairman and Chief Executive Officer and the Group Managing Director of the variable and exceptional components of their compensation is subject to prior approval of these components at an Ordinary Shareholders' Meeting under the conditions laid down in Article L.225-100 of the French Commercial Code.

4/ AUTHORIZATIONS PROPOSED AT THE SHAREHOLDERS' MEETING OF APRIL 18, 2019

4.1. SHARE REPURCHASE PROGRAM (L.225-209 *ET SEQ.* OF THE FRENCH COMMERCIAL CODE)

Type	Resolution	Expiry/duration	Amount authorized
Share repurchase program Maximum purchase price: 400 euros	SM April 18, 2019 (16th resolution)	October 17, 2020 (18 months)	10% of the share capital [(a)]
Reduction of capital through the retirement of shares purchased under the share repurchase program	SM April 18, 2019 (17th resolution)	October 17, 2020 (18 months)	10% of the share capital per 24-month period [(a)]

(a) As a guide, this equates to 50,502,734 shares on the basis of the share capital under the Bylaws as of December 31, 2018.

It is proposed that the Board of Directors be authorized to purchase the Company's shares for a period of 18 months from the date of this Shareholders' Meeting (**16th resolution**). These purchases may be carried out to meet any objective compatible with provisions in force at the time, and in particular to (i) provide market liquidity, (ii) allocate shares to cover stock option plans, bonus share awards or any other employee share ownership transactions, (iii) cover securities conferring entitlement to the Company's shares, (iv) retire them, or (v) hold them for subsequent exchange or payment in connection with external growth transactions (for details of transactions under the previous program, see §6.1 of the *Management Report of the Board of Directors – Parent company: LVMH Moët Hennessy - Louis Vuitton*, included in the Reference Document). Unless it obtains prior authorization at the Shareholders' Meeting, the Board of Directors may not use this authorization as from the date at which a third party files a proposal for a tender offer for the Company's shares; this restriction shall hold until the end of the offer period.

The purchase price at which the Company may acquire its own shares may not exceed 400 euros per share, with the further proviso that the Company may not purchase shares at a price higher than the greater of the following two values: (i) the last quoted share price resulting from the execution of a transaction in which the Company was not a party and (ii) the highest current independent buy offer on the trading platform where the purchase took place.

This authorization renders null and void the delegation of authority granted at the Shareholders' Meeting of April 12, 2018 in its 13th resolution.

It is also proposed that the Board of Directors be authorized for a period of 18 months with effect from this Shareholders' Meeting to reduce the Company's share capital through the retirement of some or all of the shares acquired or to be acquired by the Company itself, subject to an upper limit of 10% of the share capital per 24-month period (**17th resolution**). The authorization to reduce the share capital through the retirement of shares acquired under the share repurchase program may be used in particular to offset the dilution resulting from the exercise of share subscription options. This authorization renders null and void the delegation of authority granted at the Shareholders' Meeting of April 12, 2018 in its 14th resolution.

4.2. AUTHORIZATIONS TO INCREASE THE SHARE CAPITAL (L.225-129, L.225-129-2 AND L.228-92 OF THE FRENCH COMMERCIAL CODE)

Type	Authorization date	Expiry/duration	Amount authorized	Issue price determination method
Through capitalization of profit, reserves, additional paid-in capital or other items (L.225-129-2 and L.225-130)	SM April 18, 2019 (18th resolution)	June 17, 2021 (26 months)	50 million euros [a]	Not applicable
With preferential subscription rights: ordinary shares and securities giving access to the share capital	SM April 18, 2019 (19th resolution)	June 17, 2021 (26 months)	50 million euros [a] [b]	Free
Without preferential subscription rights: ordinary shares and securities giving access to the share capital				
by means of public offering (L.225-135 *et seq.*)	SM April 18, 2019 (20th resolution)	June 17, 2021 (26 months)	50 million euros [a] [b]	At least equal to the minimum price required by regulations [c]
by means of private placement (L.225-135 *et seq.*)	SM April 18, 2019 (21st resolution)	June 17, 2021 (26 months)	50 million euros [a] [b] Issuance of shares capped at 20% of the share capital per year, determined as of the issue date	At least equal to the minimum price required by regulations [c]
Increase in the number of shares to be issued in the event that the issue is oversubscribed, in connection with capital increases carried out pursuant to the 19th, 20th and 21st resolutions of the Shareholders' Meeting of April 18, 2019, with or without preferential subscription rights	SM April 18, 2019 (23rd resolution)	June 17, 2021 (26 months)	Up to a maximum of 15% of the initial issue and up to 50 million euros [a]	Same price as the initial issue
In connection with a public exchange offer (L.225-148)	SM April 18, 2019 (24th resolution)	June 17, 2021 (26 months)	50 million euros [a]	Free
In connection with in-kind contributions (L.225-147)	SM April 18, 2019 (25th resolution)	June 17, 2021 (26 months)	10% of the share capital at the date of the issue [a] [d]	Free

(a) Maximum nominal amount (i.e. 166,666,666 shares based on a nominal value of 0.30 euros per share). This is an overall cap set at the Shareholders' Meeting of April 18, 2019 (28th resolution) for any issues decided upon pursuant to the 18th, 19th, 20th, 21st, 22nd, 23rd, 24th, 25th, 26th and 27th resolutions.
(b) The amount of the capital increase decided upon by the Board of Directors may be increased by up to 15% of the initial issue in the event that the issue is oversubscribed (Shareholders' Meeting of April 18, 2019, 23rd resolution) and subject to an overall maximum of 50 million euros, as laid down under (a) above.
(c) Up to a maximum of 10% of the share capital, the Board of Directors may freely determine the issue price, provided that this price is equal to at least 90% of the weighted average share price over the three trading days preceding the date on which the subscription price is set (Shareholders' Meeting of April 18, 2019, 22nd resolution).
(d) As a guide, this equates to 50,502,734 shares on the basis of the share capital under the Bylaws as of December 31, 2018.

It is proposed that the Board of Directors be authorized, for a period of 26 months with effect from the date of this Shareholders' Meeting, to:

- increase the share capital by capitalizing profits, reserves, additional paid-in capital or other items and awarding new shares to the shareholders or raising the par value of existing shares (**18th resolution**);
- carry out issues, either with preferential subscription rights for shareholders (**19th resolution**) or without this right but potentially with a priority right for shareholders if such issues take place on the French market (**20th resolution**), or through private placement limited to qualified investors (**21st resolution**); the Board of Directors would be authorized to set the issue price in accordance with certain exceptional rules and subject to a maximum of 10% of the share capital per year (**22nd resolution**).

Where an issue is carried out without preferential subscription rights, the issue price of shares shall be at least equal to the minimum price laid down in legal and regulatory provisions in force at the time of the issue.

Where an increase in the share capital is oversubscribed, the Board of Directors may increase the number of shares to be issued under the conditions provided by law (**23rd resolution**).

You are also asked to authorize the Board of Directors, for a period of 26 months with effect from the date of this Shareholders' Meeting, to increase the share capital by issuing shares intended to be offered in exchange either for shares tendered in connection with a public exchange offer (**24th resolution**) or, subject to a maximum of 10% of the share capital, contributions in kind to the Company of equity securities or other securities giving access to the share capital (**25th resolution**).

These in-principle authorizations will allow the Board of Directors to react more quickly to market opportunities or carry out external growth transactions.

Unless authorized in advance at a Shareholders' Meeting, if a third party files a proposal for a tender offer for the shares of the Company, the Board of Directors may not make use of these delegations of authority between the date of such filing and the end of the offer period.

4.3. EMPLOYEE SHARE OWNERSHIP

Type	Authorization date	Expiry/duration	Amount authorized	Issue price determination method
Share subscription or purchase options (L.225-177 *et seq.*)	SM April 18, 2019 (26th resolution)	June 17, 2021 (26 months)	1% of the share capital [(a)] [(b)]	Average share price over the 20 trading days preceding the grant date [(c)], with no discount
Capital increase reserved for employees who are members of a company savings plan (L.225-129-6)	SM April 18, 2019 (27th resolution)	June 17, 2021 (26 months)	1% of the share capital [(a)] [(b)]	Average share price over the 20 trading days preceding the grant date, subject to a maximum discount of 20%

(a) Subject to the overall maximum of 50 million euros proposed at the Shareholders' Meeting of April 18, 2019 (28th resolution), towards which this amount would count.
(b) As a guide, this equates to 5,050,274 shares on the basis of the share capital under the Bylaws as of December 31, 2018.
(c) For purchase options, the price may not be less than the average purchase price of the shares.

The authorization to award share subscription or purchase options to Group employees and/or senior executive officers (**26th resolution**) would provide the Board of Directors with different ways to build loyalty among the Group's employees and senior executives who contribute most directly to its results by giving them a stake in its future performance.

The various authorizations proposed to the shareholders to increase the share capital entail the obligation to put to their vote a resolution to authorize the Board of Directors to increase the share capital in favor of Group employees who are members of a Company savings plan (**27th resolution**).

The maximum nominal amount of increases in the share capital carried out under these authorizations (18th to 27th resolutions) and under the 15th resolution approved at the Shareholders' Meeting of April 12, 2018 may not exceed the overall limit of 50 million euros (**28th resolution**).