

LVMH

LETTER TO SHAREHOLDERS MARCH 2019



INSPIRING DREAMS



To understand LVMH, you have to look beyond the figures. Our Group's performance is above all the consequence of our long-term vision.

A shared passion to achieve and inspire drives all our Maisons, and thrives within each of them. It is reflected in the myriad ways they blend tradition with modernity, and excellence with responsibility. They all have a single ambition: to evoke emotion and imagination with artisanal products that are ever more beautiful, exquisitely crafted, and unique.

Another record year for LVMH

LVMH scaled new heights in 2018: our revenue exceeded €46 billion, up 10%, while profit from recurring operations crossed the €10 billion mark, up 21%. This excellent performance, to which all our business lines contributed, was buoyed by momentum in each of the regions where we operate. In particular, Asia and the United States saw strong growth, because the creativity and quality of our products, along with the unique in-store and online shopping experience we offer our customers, resonate especially well in those markets.

The year's many successes are testament to the tremendous vitality of our Maisons: the remarkable performance of our champagne Maisons' *cuvées de prestige*, exceptional grape harvests in terms of both quality and quantity, Hennessy's strong growth, Louis Vuitton's continued series of triumphs, Christian Dior's very strong first year as part of LVMH, creative renewal at Celine and in Menswear for Louis Vuitton, Dior and Berluti, the enthusiastic reception for Parfums Christian Dior's innovations, Bvlgari's new market share gains, Sephora's enriched offering and innovative services, Rimowa's bold collaborations with designers... These are the successes that reinforced our leadership position in the global luxury market in 2018.

Desirable brands, true to their heritage

This leadership position has been achieved thanks to LVMH's roots and heritage. Our Group is essentially a collection of family brands with

remarkable histories and identities that provide endless sources of inspiration. In 2018, for example, Louis Vuitton continued to successfully revisit its iconic handbags, while Christian Dior reinterpreted the Toile de Jouy patterns that have been a feature of the Maison since its beginnings. Every season, Guerlain, Loro Piana, Bvlgari and Fendi develop original creations inspired by their rich heritage. There is something eternal about all our Maisons. They draw on their impressive legacy to continue to build their place in history. The terroirs and wines of Dom Pérignon, Château d'Yquem and Château Cheval Blanc are made to stand the test of time. Belmond, the prestige hotel group with which we signed an acquisition agreement in 2018, also boasts fantastic properties, names and places that dreams are made of, including Venice Simplon-Orient-Express, Cipriani, and Copacabana. But the dreams that LVMH inspires do not only pay tribute to the past. We also know how to invent the future, starting afresh with entirely new projects like the hugely successful cosmetics brand Fenty Beauty by Rihanna, which burst onto the scene just two years ago.

Entrepreneurial spirit

Another factor behind the power and performance of our Group is the talent and passion of our teams: around the world, employees at our Maisons are all driven by the same commitment. Designers, artisans, executives, store managers, researchers... These are the Group's lifeblood. Our decentralized organization means that we can attract and retain the best talent, encouraging our employees to give free rein to their entrepreneurial spirit. In 2018 we also stepped up our collaborations with startups, which are sources of inspiration for us. As well as taking part in Viva Technology and organizing the LVMH Innovation Award, we launched La Maison des Startups LVMH at Station F, the world's biggest startup incubator. Working alongside startups helps keep us up to date with the latest innovations. In-house development programs allow our most inventive employees to turn their new ideas into concrete projects. It is in this richly diverse entrepreneurial

environment, bringing together different generations, backgrounds and perspectives, that our people are giving shape to the LVMH of tomorrow.

LVMH's deep roots in France

Another reason why LVMH can continue to expand, allowing its Maisons to carry on inspiring dreams, is that we have always prepared for the future: year after year we consolidate our foundations, laying the groundwork for new developments. In 2018 our Group ramped up its production capacity to meet ever-growing demand. The bulk of our investment was in France. After opening production workshops in Allier in 2017 and in Vendée in 2018, Louis Vuitton inaugurated a new facility in Maine-et-Loire in early 2019 – the Maison's 16th in France – and will open two more in the coming months. Construction also continues at Veuve Clicquot's new production site near Reims. The renovation project for La Samaritaine is well underway and its beautifully refurbished or newly created façades are gradually being revealed ahead of its opening, planned for 2020. Maintaining the desirability of our products therefore goes hand in hand with constant improvements in our production methods and our expert craftsmanship. Mastering this expertise is something we cherish: it ensures that our professions endure and that jobs can be created everywhere we operate. Naturally, we are pleased with and take pride in our results. But, most of all, we are proud of our Group's deep roots in the French economy and in regions across France – through the investments it makes, the jobs it creates year after year, and its contribution to cultural life in Paris. In 2018, LVMH hired more than 13,000 people in France. We also crossed a symbolic threshold in 2018, investing over €1 billion in France. In addition, the Fondation Louis Vuitton has welcomed over 5 million visitors since it opened, and the Jardin d'Acclimatation reopened in 2018, after an extensive makeover. We are therefore proud of LVMH's significant contribution to France's economic development and cultural influence. Most of our products are made in France, carrying names

beyond its borders, each one evoking the French *art de vivre* in the dreams of billions of women and men around the world.

A sense of responsibility

As ambassadors of excellence, inspired by the continued success of our Maisons, we are also aware of the responsibility we have. The sustainability of our model is built on our exemplary approach to ethics and respect for our partners. Where the environment is concerned, we have already spent over 25 years working to preserve the shared heritage of rare and precious raw materials used to craft our products. Back in 1992, we took the lead by setting up an environment department. Today, more than ever, we are engaged in the protection of the environment, especially in the fight against climate change. For example, we have set ambitious 2020 goals for all our Maisons that concern their products, workshops and stores. It is also our responsibility to increase transparency in our supply chain and ensure that our practices reflect the highest standards of integrity and respect for our partners. Sharing our expertise is another key commitment. For example, we hand down expertise to younger generations through the Institut des Métiers d'Excellence LVMH, which by the end of 2018 had already trained 500 apprentices. And we support up-and-coming creative talent with the LVMH Prize for Young Fashion Designers, which has been showcasing the work of new and emerging designers every year since 2014. Lastly, we also promote and celebrate our artisanal expertise with a multitude of people during the Journées Particulières; the fourth edition of this event in 2018 was an unprecedented success, with our artisans welcoming 180,000 visitors.

Cautiously optimistic for 2019

In 2019, LVMH will again demonstrate its strong focus on innovation. Further progress will be made on many existing projects as well as a number of new launches. Powered by their creative momentum, our Maisons will further refresh and enrich their iconic lines while

maintaining the exquisite quality of their products. Retail is another growth driver for our products, which will be boosted by our increasingly customer-centric approach as we develop our brands. The growing use of digital technologies in our business activities will also enrich the customer experience that we offer, both online and in our physical stores.

Over the last 20 years, in addition to its Maisons' excellence, the Group has benefited from the general increase in living standards worldwide. This trend is set to continue in the years to come. Therefore, while I am watchful, I remain optimistic about the Group's medium- and long-term outlook.

For the short term, conditions at the beginning of this year are buoyant, but we will keep a close eye on developments in light of persistent geopolitical uncertainties. We are therefore cautiously optimistic for 2019 and have set ourselves the ambition of further strengthening our global leadership in high-quality products.

Bernard Arnault
Chairman
and Chief Executive Officer

RECORD RESULTS FOR LVMH IN 2018

Key highlights from 2018 include:

- Further double-digit increase in revenue and profit from recurring operations, which reached record levels,
- Continued growth in Europe, the United States, Asia and Japan,
- Excellent performance in Wines and Spirits and exceptional grape harvests,
- Success of both iconic and new products at Louis Vuitton, whose profitability remains at an exceptional level,
- Very good first year for Christian Dior Couture within LVMH,
- Creative renewal at several Maisons,
- Strong growth at the flagship brands of Perfumes and Cosmetics,
- Excellent year for Bvlgari and good development of Hublot and TAG Heuer,
- Growth at Sephora, which strengthened its positions in all its markets and in digital,
- Agreement with the Belmond group,
- Free cash flow of €5.5 billion, up 16%,
- Gearing of 16.2% at the end of December 2018.

LVMH Moët Hennessy - Louis Vuitton, the world's leading luxury products group, recorded revenue of €46.8 billion in 2018, an increase of 10% over the previous year. Organic revenue growth was 11%, and 12% excluding the impact of the closure of the Hong Kong airport concessions at the end of 2017. All business groups recorded excellent performances.

Organic revenue growth in the fourth quarter was 10% (excluding the impact of the closure of the Hong Kong airport concessions). The quarter continued the trend that has been underway since the beginning of the year.

Profit from recurring operations amounted to €10 billion in 2018, up 21%. Operating margin reached a level of 21.4%, an increase of 1.9 percentage points. Group share of net profit amounted to €6.4 billion, up 18%.

CAUTIOUSLY CONFIDENT FOR 2019

In an uncertain geopolitical and monetary context, LVMH is well-equipped to continue its growth momentum across all business groups in 2019. 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 2019 with cautious confidence and once again, sets an objective of reinforcing its global leadership position in luxury goods.

REVENUE

€46,826m
+10%⁽¹⁾

PROFIT FROM RECURRING OPERATIONS

€10,003m
+21%

CURRENT OPERATING MARGIN

21.4%

GROUP SHARE OF NET PROFIT

€6,354m
+18%

FREE CASH FLOW

€5,452m
+16%

NET FINANCIAL DEBT/ TOTAL EQUITY RATIO⁽²⁾

16.2%

DIVIDEND PER SHARE

€6.00⁽³⁾
+20%

Further information can be found in the 2018 Reference Document.

⁽¹⁾ Organic growth of 11%. The currency effect was -4% and the structural impact was +3%.

⁽²⁾ Excluding the acquisition of Belmond shares at the end of 2018 for €274m.

⁽³⁾ Amount proposed at the Shareholders' Meeting of April 18, 2019.

WINES & SPIRITS

GOOD MOMENTUM IN CHINA
AND SIGNIFICANT GROWTH IN
EUROPE AND THE UNITED STATES,
DESPITE SUPPLY CONSTRAINTS



Hennessy

The Wines & Spirits business group achieved organic revenue growth of 5%. Profit from recurring operations increased by 5%.

The business group reaffirmed its leadership position by pursuing its value strategy and balanced geographic development. In the champagne business, prestige vintages performed remarkably well, while a firm price increase policy continued. A key highlight of the year was the exceptional harvest both in terms of quantity and quality. Hennessy cognac recorded good growth in the US market against a backdrop of tight supply; the Chinese market experienced strong momentum. Glenmorangie and Ardbeg whiskies grew rapidly. Our prestige wines obtained the best ratings.

REVENUE

€5,143m
+5%⁽¹⁾

PROFIT FROM
RECURRING
OPERATIONS

€1,629m
+5%

CURRENT
OPERATING MARGIN

31.7%

(1) With comparable structure and exchange rates.

FASHION & LEATHER GOODS

EXCEPTIONAL PERFORMANCE OF LOUIS VUITTON ACROSS ALL ITS BUSINESSES AND STRENGTHENING OF OTHER BRANDS



Christian Dior Couture

The Fashion & Leather Goods business group achieved organic revenue growth of 15% in 2018. Profit from recurring operations was up 21%.

Louis Vuitton delivered an exceptional performance, to which all businesses and regions contributed. Its creative strength lies notably in its iconic leather goods lines which are continuously rejuvenated, and in its ready-to-wear and shoe lines, designed by the respective Louis Vuitton Creative and Artistic Directors, Nicolas Ghesquière for the women's collections and Virgil Abloh, who joined in 2018, for the men's collections. The qualitative development of its stores continued in a very selective way. It is noteworthy that Louis Vuitton is the only brand in the world to never hold sales nor sell through outlets. Christian Dior had an excellent first full year within LVMH thanks to the creativity of Maria Grazia Chiuri for the Women's collections and to the arrival of Kim Jones, the new Artistic Director of Dior Homme. Fendi and Loro Piana continued to assert their know-how throughout their collections. Celine entered a new and ambitious stage of its development with the arrival of Hedi Slimane as Artistic, Creative and Image Director of the brand. His first runway show in October was a global success. Givenchy, Loewe and Kenzo progressed well. The other brands, Berluti with the arrival of Kris Van Assche, and Rimowa continued their dynamic momentum.

REVENUE

€18,455m
+15% ⁽¹⁾

PROFIT FROM RECURRING OPERATIONS

€5,943m
+21%

CURRENT OPERATING MARGIN

32.2%

(1) With comparable structure and exchange rates.

PERFUMES & COSMETICS

SUCCESSFUL INNOVATION AND RAPID PROGRESS IN ASIA



Parfums Christian Dior

The Perfumes & Cosmetics business group achieved organic revenue growth of 14%, driven by the performance of its flagship brands. Profit from recurring operations was up 13%.

Parfums Christian Dior experienced remarkable growth and increased its market share in all regions of the world. The launch of its new perfume *Joy* and the exceptional worldwide success of *Sauvage* and the other iconic perfumes *J'adore* and *Miss Dior* are behind the strong growth of the Maison. Makeup and skincare also grew rapidly. Guerlain progressed well, driven in particular by the success of *Abeille Royale* in skincare and *Rouge G* in makeup. Benefit strengthened its leading position in the eyebrow segment and Parfums Givenchy accelerated its performance, thanks in particular to makeup and its new perfume *L'interdit*. Fresh and Fenty Beauty by Rihanna continued their exceptional growth.

REVENUE

€6,092m
+14%⁽¹⁾

PROFIT FROM RECURRING OPERATIONS

€676m
+13%

CURRENT OPERATING MARGIN

11.1%

(1) With comparable structure and exchange rates.

WATCHES & JEWELRY

EXCELLENT YEAR FOR BVLGARI AND GOOD PROGRESS OF WATCH BRANDS



Bvlgari

The Watches & Jewelry business group recorded organic revenue growth of 12%. Profit from recurring operations was up 37%.

Bvlgari performed very well and gained market share. Its iconic jewelry and watchmaking lines *Serpenti*, *Diva's Dream*, *B.Zero1*, *Lvcea* and *Octo* grew strongly. Among the new product launches of the year, the *Octo Finissimo* watch and the *Fiorever* jewelry collection, designed around a central diamond, were exceptionally well received. Chaumet's growth was driven by the success of the *Liens* and *Joséphine* collections, particularly in Asia. The exhibition on its history at the Mitsubishi Ichigokan Museum in Tokyo was an immense success. In the watchmaking sector, TAG Heuer continued to develop its iconic lines and introduced a new variant of the smart watch. Hublot, which continued its progress, enjoyed strong growth in 2018 and considerable visibility as the FIFA World Cup Official Timekeeper.

REVENUE

€4,123m
+12%⁽¹⁾

PROFIT FROM
RECURRING
OPERATIONS

€703m
+37%

CURRENT
OPERATING MARGIN

17.1%

(1) With comparable structure and exchange rates.

SELECTIVE RETAILING

SUSTAINED GROWTH AT SEPHORA AND REBOUND OF DFS'S PROFITABILITY



DFS

The Selective Retailing business group achieved organic revenue growth of 6%, up 12% excluding the Hong Kong airport concession closures. Profit from recurring operations was up 29%.

Sephora had another year of growth and market share gains. Online sales grew rapidly, especially in North America and Asia. The extension and renovation of its distribution network continued in 2018 with around one hundred new stores opening around the world, including the new Nanjing Road store in Shanghai and the first Sephora-branded stores in Russia. Le Bon Marché accelerated the development of its loyalty program and launched a new children's department in the last quarter. The online platform, 24 Sèvres, launched a year ago, developed actively. DFS progressed strongly thanks to a particularly good performance in Hong Kong and Macao. The recently opened *Gallerias* in Cambodia and Italy also grew rapidly. The closure of the loss-making Hong Kong Airport concessions at the end of 2017 contributed to the rebound in profitability.

REVENUE

€13,646m
+6% ^{(1) (2)}

PROFIT FROM RECURRING OPERATIONS

€1,382m
+29%

CURRENT OPERATING MARGIN

10.1%

(1) With comparable structure and exchange rates.

(2) +12% excluding the closure of Hong Kong airport concessions in 2017.

THE LVMH SHARE

CHANGES IN THE LVMH SHARE PRICE

After remaining relatively steady during the first nine months of the year despite a climate of substantial uncertainty, markets slumped during the third quarter to end the year in a downturn. The trade war between the United States and China, the political and economic environment in Italy and the difficult negotiations between the European Union and the United Kingdom surrounding Brexit weighed on performance in the main indices. The end of the year also saw the publication of less favorable indicators, fueling investor fears of a slowdown in global economic growth. Paradoxically, the changes to monetary policy in Europe and the United States, which had been highly anticipated by investors, ended up having a limited impact on markets.

Against this backdrop, the CAC 40 and Euro Stoxx 50 indices finished 2018 down 11% and 14%, respectively. The LVMH closing share price ended the year up 5%, at €258.20, after having reached a new record high during the year. LVMH's market capitalization was €130 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 investment.

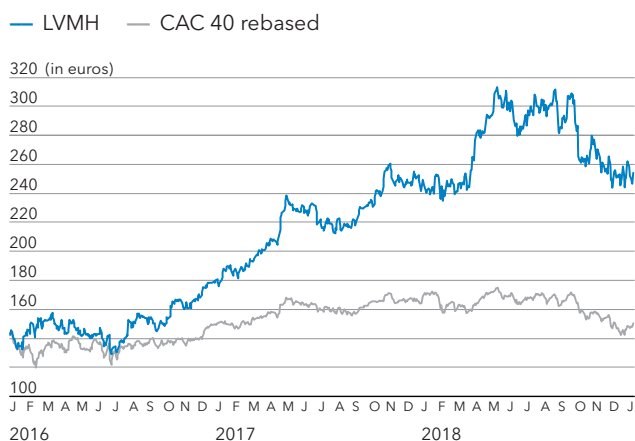
SHAREHOLDER RETURN

An LVMH shareholder who invested 1,000 euros on January 1, 2014 would have a capital of 2,380 euros on December 31, 2018, based on reinvested dividends. This represents a 138% gain, translating to a compound annual growth rate of around 18.9% over five years.

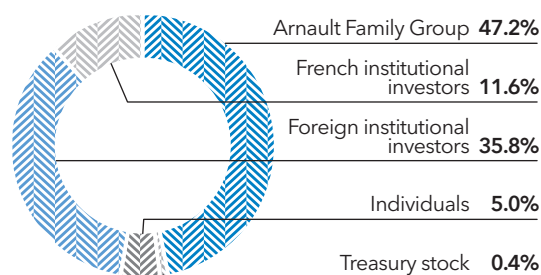
DIVIDEND UP 20%

At the Shareholders' Meeting on April 18, 2019, LVMH will propose a dividend of 6 euros per share, an increase of 20%. An interim dividend of 2 euros per share was paid on December 6 last year. The final dividend of 4 euros per share will be paid on April 29, 2019.

Comparison between the LVMH share price and the CAC 40 since January 1, 2016



LVMH shareholder structure (December 2018)



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.

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.

Dedicated online store

Once they have activated their account, Club members can access exclusive offers for the Group's Wines and Spirits using a private shopping space at their dedicated online store: www.clublvmh-eboutique.fr. Delivery can only be made in France. Members can also order products using the order form enclosed in *Apartés* magazine.

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 Ponsardin. They also get the opportunity to discover our Maisons at unique locations such as the Louis Vuitton workshops in Asnières.

THE WEBSITE

The LVMH website (www.lvmh.com) gives access to a wide range of regularly updated information on the Group and its brands. 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' AGM, which can be watched live or on replay.

Communications media can be viewed in the Publications section along with the Annual Report and Reference Document. A form is available online to request copies by mail. LVMH also sends out Group news by e-mail 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.

2018 Annual Report

Discover the LVMH 2018 annual report on www.lvmh.com in the Investors section.

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Photographs: Louis Vuitton Malletier, Collier Schorr (cover) – Magali Delporte – Jas Hennessy & Co – Christian Dior, Harley Weir photographer, in collaboration with the choreographer Sharon Eyal – Christian Dior Parfums – Bvlgari – DFS, Fondaco façade, Matteo de Fina – Picture libraries of LVMH and Group's Maisons.

E-accessible version: Ipedis.
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AGENDA

Tuesday, January 29, 2019

2018 annual revenue and results

April 2019

2019 first-quarter revenue

Thursday, April 18, 2019

Shareholders' Meeting

Monday, April 29, 2019

Payment of the final dividend for
fiscal year 2018 (last trading day with
dividend rights: April 24, 2019)

July 2019

2019 half-year revenue and results

October 2019

2019 third-quarter revenue

LVMH

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Louis Vuitton