

# LVMH

## *Excellent first half for LVMH*

Paris, 24 July 2019

LVMH Moët Hennessy Louis Vuitton, the world's leading luxury products group, recorded revenue of 25.1 billion euros in the first half of 2019, up 15%. Organic sales growth was 12% compared to the same period in 2018.

In the second quarter, revenue increased by 15% compared to the same period in 2018. Organic revenue growth was 12%, a performance in line with the trends of the beginning of the year. The United States, Asia and Europe saw good growth with, in particular, a rebound in France in the second quarter.

Profit from recurring operations was € 5 295 million for the first half of 2019, an increase of 14%. Operating margin reached 21.1%, broadly in-line with the first half of 2018. Group share of net profit amounted to € 3 268 million, an increase of 9%.

Bernard Arnault, Chairman and CEO of LVMH, said: "LVMH has made an excellent start to the year. These results once again illustrate the effectiveness of our strategy and the exceptional desirability of our Maisons, whose products transcend time. Their constant demand for quality and their consistently refreshed creativity are key to LVMH's success, always guided by a long-term vision, combining exemplarity and responsibility in all the company's actions. Despite buoyant demand, we will continue to manage costs and remain vigilant into the second half of the year. We are therefore entering the second half of the year with confidence and count on the talent of our teams and their shared entrepreneurial passion to further increase, once again in 2019, our leadership in the world of high-quality products."

Highlights of the first half of 2019 include:

- Further double-digit increases in revenue and profit from recurring operations,
- Strong growth in Asia, the United States and Europe, particularly in France, which saw a rebound in the second quarter,
- Good start to the year for Wines and Spirits,
- Remarkable momentum at Louis Vuitton where profitability remains at an exceptional level,
- Remarkable performance of Christian Dior Couture,
- Rapid progress of LVMH's perfumes and cosmetics flagship brands,
- Good progress in jewelry, in particular for Bvlgari,
- Sephora's strong revenue growth in stores and online,
- Solid progress of DFS, particularly in Europe, benefiting from the rise in international travelers,
- The completion in April of the acquisition of the Belmond hotel group, whose activity will be consolidated in the third quarter of 2019,
- Announcement of the agreement with Stella McCartney House,
- Operating free cash flow of €1.7 billion,
- Net debt to equity ratio ("gearing") of 24.5% as at the end of June 2019.

# LVMH

## Key figures

<i>Euro millions</i>	<b>First half 2018</b>	<b>First half 2019*</b>	<b>% change</b>
Revenue	21 750	25 082	+ 15 %
Profit from recurring operations	4 648	5 295	+ 14 %
Group share of net profit	3 004	3 268	+ 9 %
Cash from operations before changes in working capital	5 464	7 399	n.a
Net cash from operating activities	3 161	4 189	n.a
Net Financial debt	7 359	8 684	+ 18 %
Total equity	31 482	35 390	+ 12 %

\* Incorporating for the first time the effects of the application of IFRS 16 Leases.

## Revenue by business group

<i>Euro millions</i>	<b>First half 2018</b>	<b>First half 2019</b>	<b>% change</b>	
			<b>Reported</b>	<b>Organic*</b>
Wines & Spirits	2 271	2 486	+ 9 %	+ 6 %
Fashion & Leather Goods	8 594	10 425	+ 21 %	+ 18 %
Perfumes & Cosmetics	2 877	3 236	+ 12 %	+ 9 %
Watches & Jewelry	1 978	2 135	+ 8 %	+ 4 %
Selective Retailing	6 325	7 098	+ 12 %	+ 8 %
Other activities and eliminations	(295)	(298)	-	-
<b>Total LVMH</b>	<b>21 750</b>	<b>25 082</b>	<b>+ 15 %</b>	<b>+ 12 %</b>

\* With comparable structure and constant exchange rates. The currency effect for the Group is + 3%.

## Profit from recurring operations by business group:

<i>Euro millions</i>	<b>First half 2018</b>	<b>First half 2019*</b>	<b>% change</b>
Wines & Spirits	726	772	+ 6 %
Fashion & Leather Goods	2 775	3 248	+ 17 %
Perfumes & Cosmetics	364	387	+ 6 %
Watches & Jewelry	342	357	+ 5 %
Selective Retailing	612	714	+ 17 %
Other activities and eliminations	(171)	(183)	-
<b>Total LVMH</b>	<b>4 648</b>	<b>5 295</b>	<b>+ 14 %</b>

\* Incorporating for the first time the effects of the application of IFRS 16 Leases.

## **Wines & Spirits: strong momentum in China and the United States**

The **Wines & Spirits** business recorded organic revenue growth of 6%. Profit from recurring operations increased by 6%. The business group pursued its value strategy based on a strong policy of innovation and targeted investments in communication. The momentum was particularly strong in the United States, Asia and emerging markets. In the Champagne business, prestige vintages saw strong growth, while the price increase policy continued throughout the range. Hennessy cognac, which recorded solid growth, became the leading international premium spirits brand. The acquisition of Château du Galoupet, a prestige Côtes-de-Provence classified vintage wine, marks LVMH's entry into quality rosé wines.

## **Fashion & Leather Goods: exceptional performances at Louis Vuitton and Christian Dior**

The **Fashion & Leather Goods** business group recorded organic revenue growth of 18%. Profit from recurring operations was up 17%. Louis Vuitton achieved remarkable growth in all its businesses and in all regions. The iconic lines and new creations equally contributed to the continued revenue growth. Of note during the first half were the Men's and Women's fashion shows which were enthusiastically received. Christian Dior had a remarkable performance during the first half. The new line, *30 Montaigne*, which is a great success, illustrates the timeless elegance and savoir-faire of the Maison. An exceptional new store on the Champs-Élysées in Paris has temporarily taken over from the historic address of Avenue Montaigne, which is undergoing major renovations. Fendi celebrated Karl Lagerfeld's 54 years with the Maison and the Fendi family at several fashion shows which paid tribute to the designer. Celine is beginning to roll out its new store concept. The fashion shows presented in the first half, which were very well received, reflected the new identity of the Maison. Loro Piana recorded steady growth with, in particular, the success of a new personalized shoe service and a temporary boutique in New York. Loewe had an excellent performance, driven in particular by the success of its new collections. Rimowa had a very good start to the year. The other Maisons were further strengthened.

## **Perfumes & Cosmetics: excellent growth of flagship brands and rapid progress in Asia**

The **Perfumes & Cosmetics** business group recorded organic revenue growth of 9%, mainly driven by the performance of flagship brands. Profit from recurring operations was up 6%. Parfums Christian Dior maintained strong momentum, driven by the vitality of its iconic perfumes and the rapid progress of its makeup and skincare lines. Guerlain had an excellent start to the year. Its iconic *Rouge G* lipstick and *Abeille Royale* skincare line were particularly strong. Guerlain's launch of the first digital transparency and product traceability platform was a highlight of the first half. Parfums Givenchy benefited from its rapid progress in makeup and the good performance of its *L'Interdit* perfume. Benefit continued to grow its Eyebrow collection while Fresh continued its expansion in China.

## **Watches & Jewelry: good growth of Bvlgari and further repositioning of TAG Heuer**

The **Watches & Jewelry** business recorded organic revenue growth of 4%, driven by jewelry. Profit from recurring operations was up 5%. Bvlgari made good progress in its stores and continued to gain market share. The iconic lines *Serpenti*, *B.Zero1*, *Diva* and *Fiorever* contributed to this performance. Its new high-end jewelry collection, *Cinemagia*, presented in June in Capri, was very well received. At Chaumet, the success of its *Bee My Love* collection and its iconic *Liens* and *Josephine* lines were the main growth drivers of the Maison. TAG Heuer continued to focus on its flagship lines, while Hublot continued to actively grow and develop its store network. The organisation of the first exhibition of the LVMH Swiss watch Maisons was announced for January 2020 in Dubai.

## **Selective Retailing: Strong growth at Sephora and sustained development of DFS in Europe**

The **Selective Retailing** business group achieved organic revenue growth of 8%. Profit from recurring operations was up 17%. Sephora recorded strong revenue growth and gained market share in all of its locations. Already present in 34 countries, the brand continued to expand its store network while online sales advanced rapidly. Le Bon Marché continued to cultivate its unique identity and the exclusivity of its product offering. DFS performed very well in the Venice Galleria, its first European location. Although a slowdown in demand has been observed in Hong Kong and Macao over the past few months, DFS's performance in these markets was good in the first half.

## **Outlook 2019**

In the buoyant environment of the beginning of this year, albeit marked by geopolitical 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 the highest quality across all our activities, combined with the dynamism and unparalleled creativity of our teams, will enable us to reinforce LVMH's global leadership position in luxury goods once again in 2019.

An interim dividend of € 2.20 will be paid on December 10<sup>th</sup>, 2019.

*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](http://www.lvmh.com)*

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

## ANNEX

## LVMH – Revenue by business group and by quarter

**Revenue first half 2019 (Euro millions)**

<i>2019</i>	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective Retailing	Other activities and eliminations	<b>Total</b>
First quarter	1 349	5 111	1 687	1 046	3 510	(165)	<b>12 538</b>
Second quarter	1 137	5 314	1 549	1 089	3 588	(133)	<b>12 544</b>
<b>First half</b>	<b>2 486</b>	<b>10 425</b>	<b>3 236</b>	<b>2 135</b>	<b>7 098</b>	<b>(298)</b>	<b>25 082</b>

**Revenue first half 2019 (organic growth compared to the first half of 2018)**

<i>2019</i>	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective Retailing	Other activities and eliminations	<b>Total</b>
First quarter	+9%	+15%	+9%	+4%	+8%	-	<b>+11%</b>
Second quarter	+4%	+20%	+10%	+4%	+7%	-	<b>+12%</b>
<b>First half</b>	<b>+6%</b>	<b>+18%</b>	<b>+9%</b>	<b>+4%</b>	<b>+8%</b>	-	<b>+12%</b>

**Revenue first half 2018 (Euro millions)**

<i>2018</i>	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective Retailing	Other activities and eliminations	<b>Total</b>
First quarter	1 195	4 270	1 500	959	3 104	(174)	<b>10 854</b>
Second quarter	1 076	4 324	1 377	1 019	3 221	(121)	<b>10 896</b>
<b>First half</b>	<b>2 271</b>	<b>8 594</b>	<b>2 877</b>	<b>1 978</b>	<b>6 325</b>	<b>(295)</b>	<b>21 750</b>

## CONSOLIDATED INCOME STATEMENT

<i>(EUR millions, except for earnings per share)</i>	Notes	June 30, 2019	Dec. 31, 2018 <sup>(a)</sup>	June 30, 2018 <sup>(a)</sup>
<b>Revenue</b>	24	<b>25,082</b>	<b>46,826</b>	<b>21,750</b>
Cost of sales		(8,447)	(15,625)	(7,130)
<b>Gross margin</b>		<b>16,635</b>	<b>31,201</b>	<b>14,620</b>
Marketing and selling expenses		(9,563)	(17,755)	(8,305)
General and administrative expenses		(1,789)	(3,466)	(1,679)
Income/(loss) from joint ventures and associates	8	12	23	12
<b>Profit from recurring operations</b>	24	<b>5,295</b>	<b>10,003</b>	<b>4,648</b>
Other operating income and expenses	25	(54)	(126)	(70)
<b>Operating profit</b>		<b>5,241</b>	<b>9,877</b>	<b>4,578</b>
Cost of net financial debt		(51)	(117)	(56)
Interest on lease liabilities		(145)	-	-
Other financial income and expenses		(9)	(271)	34
<b>Net financial income/(expense)</b>	26	<b>(205)</b>	<b>(388)</b>	<b>(22)</b>
Income taxes	27	(1,431)	(2,499)	(1,264)
<b>Net profit before minority interests</b>		<b>3,605</b>	<b>6,990</b>	<b>3,292</b>
Minority interests	18	(337)	(636)	(288)
<b>Net profit, Group share</b>		<b>3,268</b>	<b>6,354</b>	<b>3,004</b>
<b>Basic Group share of net earnings per share (EUR)</b>	28	<b>6.49</b>	<b>12.64</b>	<b>5.97</b>
Number of shares on which the calculation is based		503,611,097	502,825,461	502,816,581
<b>Diluted Group share of net earnings per share (EUR)</b>	28	<b>6.48</b>	<b>12.61</b>	<b>5.96</b>
Number of shares on which the calculation is based		504,554,724	503,918,140	504,102,671

(a) The financial statements as of December 31 and June 30, 2018 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

<i>(EUR millions)</i>	Notes	June 30, 2019	Dec. 31, 2018	June 30, 2018
<b>Net profit before minority interests</b>		<b>3,605</b>	<b>6,990</b>	<b>3,292</b>
Translation adjustments		101	274	133
Amounts transferred to income statement		1	(1)	-
Tax impact		4	15	7
	16.5, 18	<b>106</b>	<b>288</b>	<b>140</b>
Change in value of hedges of future foreign currency cash flows		(12)	3	(7)
Amounts transferred to income statement		25	(279)	(266)
Tax impact		(3)	79	79
		<b>10</b>	<b>(197)</b>	<b>(194)</b>
Change in value of the cost of hedging instruments		(81)	(271)	(159)
Amounts transferred to income statement		109	148	56
Tax impact		(8)	31	25
		<b>20</b>	<b>(92)</b>	<b>(78)</b>
<b>Gains and losses recognized in equity, transferable to income statement</b>		<b>136</b>	<b>(1)</b>	<b>(132)</b>
Change in value of vineyard land	6	-	8	-
Amounts transferred to consolidated reserves		-	-	-
Tax impact		-	(2)	-
		<b>-</b>	<b>6</b>	<b>-</b>
Employee benefit commitments: change in value resulting from actuarial gains and losses		(78)	28	-
Tax impact		25	(5)	-
		<b>(53)</b>	<b>23</b>	<b>-</b>
<b>Gains and losses recognized in equity, not transferable to income statement</b>		<b>(53)</b>	<b>29</b>	<b>-</b>
<b>Comprehensive income</b>		<b>3,688</b>	<b>7,018</b>	<b>3,160</b>
Minority interests		(338)	(681)	(303)
<b>Comprehensive income, Group share</b>		<b>3,350</b>	<b>6,337</b>	<b>2,857</b>

## CONSOLIDATED BALANCE SHEET

<b>ASSETS</b> (EUR millions)	Notes	<b>June 30, 2019</b>	<b>Dec. 31, 2018<sup>(a)</sup></b>	<b>June 30, 2018<sup>(a)</sup></b>
Brands and other intangible assets	3	16,893	17,254	17,026
Goodwill	4	16,406	13,727	14,026
Property, plant and equipment	6	16,225	15,112	14,162
Right-of-use assets	7	12,138	-	-
Investments in joint ventures and associates	8	715	638	640
Non-current available for sale financial assets	9	910	1,100	883
Other non-current assets	10	1,454	986	1,062
Deferred tax		2,077	1,932	1,775
<b>Non-current assets</b>		<b>66,818</b>	<b>50,749</b>	<b>49,574</b>
Inventories and work in progress	11	13,561	12,485	11,883
Trade accounts receivable	12	3,004	3,222	2,738
Income taxes		334	366	463
Other current assets	13	3,208	2,868	2,860
Cash and cash equivalents	15	3,999	4,610	4,222
<b>Current assets</b>		<b>24,106</b>	<b>23,551</b>	<b>22,166</b>
<b>Total assets</b>		<b>90,924</b>	<b>74,300</b>	<b>71,740</b>
<b>LIABILITIES AND EQUITY</b> (EUR millions)	Notes	<b>June 30, 2019</b>	<b>Dec. 31, 2018<sup>(a)</sup></b>	<b>June 30, 2018<sup>(a)</sup></b>
Equity, Group share	16.1	33,678	32,293	29,990
Minority interests	18	1,712	1,664	1,492
<b>Equity</b>		<b>35,390</b>	<b>33,957</b>	<b>31,482</b>
Long-term borrowings	19	5,588	6,005	6,692
Non-current lease liabilities	7	10,139	-	-
Non-current provisions and other liabilities	20	3,647	3,188	3,381
Deferred tax		5,123	5,036	4,958
Purchase commitments for minority interests' shares	21	9,989	9,281	9,461
<b>Non-current liabilities</b>		<b>34,486</b>	<b>23,510</b>	<b>24,492</b>
Short-term borrowings	19	7,890	5,027	5,659
Current lease liabilities	7	2,029	-	-
Trade accounts payable	22.1	5,163	5,314	4,608
Income taxes		800	538	651
Current provisions and other liabilities	22.2	5,166	5,954	4,848
<b>Current liabilities</b>		<b>21,048</b>	<b>16,833</b>	<b>15,766</b>
<b>Total liabilities and equity</b>		<b>90,924</b>	<b>74,300</b>	<b>71,740</b>

(a) The financial statements as of December 31 and June 30, 2018 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The notes to consolidated accounts are included in 2019 Interim Financial Report, available on our Internet site www.lvmh.com

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares	Cumulative translation adjustment	Revaluation reserves			Net profit and other reserves	Total equity			
						Available for sale financial assets	Hedges of future foreign currency cash flows and cost of hedging	Vineyard land		Employee benefit commitments	Group share	Minority interests	Total
<b>Notes</b>		16.1	16.1	16.3	16.5							18	
<b>As of December 31, 2017</b>	<b>507,042,596</b>	<b>152</b>	<b>2,614</b>	<b>(530)</b>	<b>354</b>	<b>-</b>	<b>130</b>	<b>1,114</b>	<b>(133)</b>	<b>25,268</b>	<b>28,969</b>	<b>1,408</b>	<b>30,377</b>
Gains and losses recognized in equity					219	-	(259)	3	20	-	(17)	45	28
Net profit										6,354	6,354	636	6,990
<b>Comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>219</b>	<b>-</b>	<b>(259)</b>	<b>3</b>	<b>20</b>	<b>6,354</b>	<b>6,337</b>	<b>681</b>	<b>7,018</b>
Stock option plan-related expenses										78	78	4	82
(Acquisition)/disposal of treasury shares				(256)						(26)	(282)	-	(282)
Exercise of LVMH share subscription options	762,851		49							-	49	-	49
Retirement of LVMH shares	(2,775,952)		(365)	365						-	-	-	-
Capital increase in subsidiaries										-	-	50	50
Interim and final dividends paid										(2,715)	(2,715)	(345)	(3,060)
Changes in control of consolidated entities										(9)	(9)	41	32
Acquisition and disposal of minority interests' shares										(22)	(22)	(19)	(41)
Purchase commitments for minority interests' shares										(112)	(112)	(156)	(268)
<b>As of December 31, 2018</b>	<b>505,029,495</b>	<b>152</b>	<b>2,298</b>	<b>(421)</b>	<b>573</b>	<b>-</b>	<b>(129)</b>	<b>1,117</b>	<b>(113)</b>	<b>28,816</b>	<b>32,293</b>	<b>1,664</b>	<b>33,957</b>
Impact of changes in accounting standards <sup>(a)</sup>										(29)	(29)	-	(29)
<b>As of January 1, 2019</b>	<b>505,029,495</b>	<b>152</b>	<b>2,298</b>	<b>(421)</b>	<b>573</b>	<b>-</b>	<b>(129)</b>	<b>1,117</b>	<b>(113)</b>	<b>28,787</b>	<b>32,264</b>	<b>1,664</b>	<b>33,928</b>
Gains and losses recognized in equity					102	-	27	-	(48)	-	81	1	82
Net profit										3,268	3,268	337	3,605
<b>Comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>102</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>(48)</b>	<b>3,268</b>	<b>3,349</b>	<b>338</b>	<b>3,687</b>
Stock option plan-related expenses										34	34	2	36
(Acquisition)/disposal of treasury shares				10						4	14	-	14
Exercise of LVMH share subscription options	403,946		21							-	21	-	21
Retirement of LVMH shares	(2,156)									-	-	-	-
Capital increase in subsidiaries										-	-	49	49
Interim and final dividends paid										(2,012)	(2,012)	(360)	(2,372)
Changes in control of consolidated entities										4	4	2	6
Acquisition and disposal of minority interests' shares										(6)	(6)	2	(4)
Purchase commitments for minority interests' shares										10	10	15	25
<b>As of June 30, 2019</b>	<b>505,431,285</b>	<b>152</b>	<b>2,319</b>	<b>(411)</b>	<b>675</b>	<b>-</b>	<b>(102)</b>	<b>1,117</b>	<b>(161)</b>	<b>30,089</b>	<b>33,678</b>	<b>1,712</b>	<b>35,390</b>
<b>As of December 31, 2017</b>	<b>507,042,596</b>	<b>152</b>	<b>2,614</b>	<b>(530)</b>	<b>354</b>	<b>-</b>	<b>130</b>	<b>1,114</b>	<b>(133)</b>	<b>25,268</b>	<b>28,969</b>	<b>1,408</b>	<b>30,377</b>
Gains and losses recognized in equity					97	-	(244)	-	-	-	(147)	15	(132)
Net profit										3,004	3,004	288	3,292
<b>Comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>97</b>	<b>-</b>	<b>(244)</b>	<b>-</b>	<b>-</b>	<b>3,004</b>	<b>2,857</b>	<b>303</b>	<b>3,160</b>
Stock option plan-related expenses										38	38	2	40
(Acquisition)/disposal of treasury shares				(80)						(6)	(86)	-	(86)
Exercise of LVMH share subscription options	760,695		49							-	49	-	49
Retirement of LVMH shares	(2,015,257)		(331)	331						-	-	-	-
Capital increase in subsidiaries										-	-	25	25
Interim and final dividends paid										(1,709)	(1,709)	(287)	(1,996)
Changes in control of consolidated entities										-	-	(2)	(2)
Acquisition and disposal of minority interests' shares										(69)	(69)	(14)	(83)
Purchase commitments for minority interests' shares										(59)	(59)	57	(2)
<b>As of June 30, 2018</b>	<b>505,788,034</b>	<b>152</b>	<b>2,332</b>	<b>(279)</b>	<b>451</b>	<b>-</b>	<b>(114)</b>	<b>1,114</b>	<b>(133)</b>	<b>26,467</b>	<b>29,990</b>	<b>1,492</b>	<b>31,482</b>

(a) The impact of changes in accounting standards arose from the application of IFRS 16 Leases as of January 1, 2019. See Note 1.2 regarding the impact of the application of IFRS 16.

## CONSOLIDATED CASH FLOW STATEMENT

<i>(EUR millions)</i>	Notes	June 30, 2019	Dec. 31, 2018 <sup>(a)</sup>	June 30, 2018 <sup>(a)</sup>
<b>I. OPERATING ACTIVITIES</b>				
Operating profit		5,241	9,877	4,578
(Income)/loss and dividends received from joint ventures and associates	8	(9)	5	(2)
Net increase in depreciation, amortization and provisions		1,193	2,302	1,066
Depreciation of right-of-use assets	7.1	1,171	-	-
Other adjustments and computed expenses		(197)	(219)	(178)
<b>Cash from operations before changes in working capital</b>		<b>7,399</b>	<b>11,965</b>	<b>5,464</b>
Cost of net financial debt: interest paid		(37)	(113)	(73)
Lease liabilities: interest paid		(109)	-	-
Tax paid		(1,191)	(2,275)	(907)
Change in working capital	15.2	(1,873)	(1,087)	(1,323)
<b>Net cash from operating activities</b>		<b>4,189</b>	<b>8,490</b>	<b>3,161</b>
<b>II. INVESTING ACTIVITIES</b>				
Operating investments	15.3	(1,423)	(3,038)	(1,204)
Purchase and proceeds from sale of consolidated investments	2	(1,885)	(17)	(5)
Dividends received		1	18	18
Tax paid related to non-current available for sale financial assets and consolidated investments		-	(2)	(1)
Purchase and proceeds from sale of non-current available for sale financial assets	9	(81)	(400)	(47)
<b>Net cash from/(used in) investing activities</b>		<b>(3,388)</b>	<b>(3,439)</b>	<b>(1,239)</b>
<b>III. FINANCING ACTIVITIES</b>				
Interim and final dividends paid	15.4	(2,412)	(3,090)	(2,039)
Purchase and proceeds from sale of minority interests		(9)	(236)	(72)
Other equity-related transactions	15.4	82	(205)	(23)
Proceeds from borrowings	19	2,988	1,529	1,571
Repayment of borrowings	19	(956)	(2,174)	(822)
Repayment of lease liabilities	7.2	(1,071)	-	-
Purchase and proceeds from sale of current available for sale financial assets	14	-	(147)	(131)
<b>Net cash from/(used in) financing activities</b>		<b>(1,378)</b>	<b>(4,323)</b>	<b>(1,516)</b>
<b>IV. EFFECT OF EXCHANGE RATE CHANGES</b>				
		<b>15</b>	<b>67</b>	<b>29</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)</b>		<b>(562)</b>	<b>795</b>	<b>435</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	15.1	<b>4,413</b>	<b>3,618</b>	<b>3,618</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	15.1	<b>3,851</b>	<b>4,413</b>	<b>4,053</b>
<b>TOTAL TAX PAID</b>		<b>(1,256)</b>	<b>(2,314)</b>	<b>(951)</b>

(a) The financial statements as of December 31 and June 30, 2018 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.

## Alternative performance measure

The following table presents the reconciliation between “Net cash from operating activities” and “Operating free cash flow” for the periods presented:

<i>(EUR millions)</i>	June 30, 2019	Dec. 31, 2018	June 30, 2018
Net cash from operating activities	4,189	8,490	3,161
Operating investments	(1,423)	(3,038)	(1,204)
Repayment of lease liabilities	(1,071)	-	-
<b>Operating free cash flow<sup>(a)</sup></b>	<b>1,695</b>	<b>5,452</b>	<b>1,957</b>

(a) Under IFRS 16, fixed lease payments are treated partly as interest payments and partly as principal repayments. For its own operational management purposes, the Group treats all lease payments as components of its “Operating free cash flow”, whether the lease payments made are fixed or variable. In addition, for its own operational management purposes, the Group treats operating investments as components of its “Operating free cash flow”.

## Alternative performance measures

For the purposes of its financial communication, in addition to the accounting aggregates defined by IAS / IFRS, LVMH uses alternative performance measures established in accordance with the AMF's position DOC-2015-12.

The table below lists these measures and the reference to their definition and their reconciliation with the aggregates defined by IAS / IFRS in published documents.

<b>Measures</b>	<b>Reference to published documents</b>
Operating free cash flow	IFR (condensed consolidated interim financial statements, consolidated cash flow statement)
Net financial debt	RD (Note 1.20 of the appendix to the consolidated financial statements) IFR (note 19 of the appendix to the consolidated financial statements)
Gearing	IFR (Part 7, Comments on Consolidated Balance Sheet)
Organic growth	IFR (Part 1, Comments on the Consolidated Income Statement)

*IFR: Interim Financial Report as of June 30, 2019*

*RD: 2018 Reference Document*

# LVMH

## 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, Volcán de Mi Tierra, 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, Celine, Loewe, Kenzo, Givenchy, Pink Shirtmaker, Fendi, Emilio Pucci, Marc Jacobs, Berluti, Nicholas Kirkwood, Loro Piana, RIMOWA, Patou and Fenty. 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, Fenty Beauty by Rihanna 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, Groupe Les Echos, Cova, Le Jardin d'Acclimatation, Royal Van Lent, Belmond and Cheval Blanc hotels.

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