

LVMH

LETTER TO SHAREHOLDERS FEBRUARY 2021



LVMH SHOWED GOOD RESILIENCE AGAINST THE PANDEMIC CRISIS IN 2020

Bernard Arnault, Chairman and Chief Executive Officer of LVMH, said: "LVMH showed remarkable resilience against the unprecedented health crisis the world experienced in 2020. Our priority has been to protect the health and safety of our employees and our clients and we have provided direct support in the fight against the pandemic. Our Maisons have shown great agility and creative energy in continuing to bring to life our customers' dreams through a unique digital experience thereby further strengthening their desirability.

Our focus on dynamic innovation was accompanied by strong commitments to the environment, sustainability and inclusion. We are starting 2021 with the pleasure of welcoming the iconic jewelry Maison Tiffany and its teams to our Group. In a context that remains uncertain, even with the hope of vaccination giving us a glimpse of an end to the pandemic, we are confident that LVMH is in an excellent position to build upon the recovery for which the world wishes in 2021 and to further strengthen our lead in the global luxury market."

Key highlights from 2020 include:

- highest priority given to the health and safety of our employees and our customers,
- direct support in the fight against the pandemic,
- good resilience, notably from the major brands, in an economic environment disrupted by the health crisis,
- impact of the crisis on revenue trends around the world, with however, a second half marked by a strong recovery in Asia, which saw double-digit growth, and a significant improvement in trends in the United States and Japan,
- double-digit organic revenue growth at Louis Vuitton and Christian Dior over the last two quarters of 2020,
- success of both iconic and new products at Louis Vuitton, whose profitability remains at an exceptional level,
- remarkable resilience of Cognac,
- sharp acceleration in online sales, partially offsetting the effect on revenue caused by the closure of the Group's stores for several months,
- suspension of international travel, severely penalizing hotel and travel retail activities,
- operating free cash flow equivalent to that of 2019,
- the completion of the agreement with the iconic American jewelry Maison Tiffany.

LVMH Moët Hennessy Louis Vuitton, the world's leading luxury products group, recorded revenue of 44.7 billion euros in 2020, down 17%. Organic revenue declined 16% compared to 2019. LVMH showed good resilience in 2020 in an economic environment severely disrupted by the serious health crisis that led to the suspension of international travel and the closure of the Group's stores and manufacturing sites in most countries over a period of several months.

With an organic revenue decline of only 3% in the fourth quarter, the Group saw a significant improvement in trends in all its activities compared to the first nine months of 2020. Fashion and Leather Goods in particular, enjoyed a remarkable performance, with double-digit growth in both the third and fourth quarters. While Europe is still affected by the crisis, the United States saw a good recovery and Asia grew strongly.

Profit from recurring operations, which amounted to 8.3 billion euros in 2020, declined only 28% over the year due to a return to growth in the second half, which was up 7%. Operating margin reached 18.6% in 2020. Group share of net profit amounted to 4.7 billion euros, down 34%.

CAUTIOUS CONFIDENCE FOR 2021

In a very turbulent context, LVMH is well-equipped to build upon the hoped-for recovery in 2021 and regain growth momentum for all its businesses.

The Group will continue to pursue its strategy focused on developing its brands by building 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 and its well diversified presence across its activities and the geographic areas in which it operates, LVMH enters 2021 with cautious confidence and once again, sets an objective of reinforcing its global leadership position in luxury goods.

FINANCIAL AND STOCK MARKET PERFORMANCE MEASURES

REVENUE

€44,651m
-16%⁽¹⁾

PROFIT FROM RECURRING OPERATIONS

€8,305m
-28%

OPERATING MARGIN

18.6%

GROUP SHARE OF NET PROFIT

€4,702m
-34%

OPERATING FREE CASH FLOW

€6,117m
-1%

NET FINANCIAL DEBT

€4,241m
-32%

TOTAL EQUITY

€38,829m
+1%

DIVIDEND PER SHARE

€6⁽²⁾
+25%

All documentation related to the 2020 annual results can be found on the LVMH website (www.lvmh.com) under Investors/Events/Results.

(1) With comparable structure and constant exchange rates. Revenue is down 17% based on published figures, including currency effect of -1% and structural impact of almost zero.

(2) Amount proposed at the Shareholders' Meeting of April 15, 2021.

THE LVMH SHARE

2020 was a year like no other for stock markets, with the unprecedented public health crisis that struck most countries around the world. The various lockdown measures adopted by governments led to whole swathes of the economy being brought to a sudden halt, causing all stock exchanges to plummet in March-April. The rapid implementation of massive support measures by governments and central banks, followed by the gradual slowdown in the spread of the virus, nevertheless allowed markets to recover somewhat in the spring. After a wait-and-see period, investors enthusiastically welcomed the November announcement of vaccines that were found to be effective against the virus, enabling a substantial rebound. In a calmer market environment, also relieved of the uncertainty surrounding the US elections, the main indices ended the year with only slight losses, or even gains in some cases.

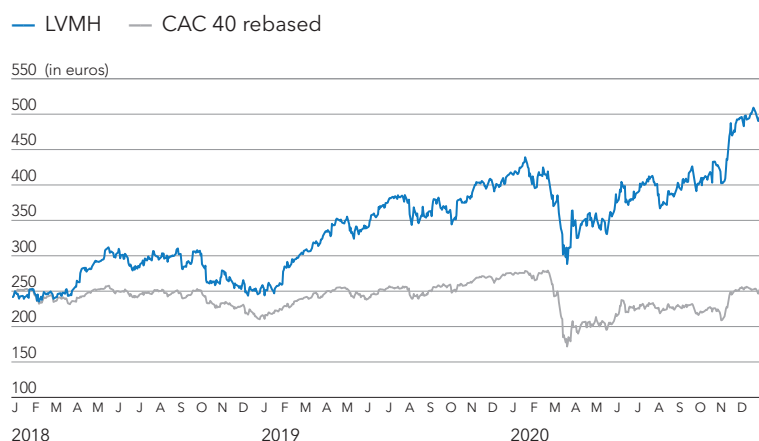
The CAC 40 and Euro Stoxx 50 indices finished 2020 down 7.14% and 5.14%, respectively. The LVMH closing share price ended the year up 23%, at €510.9, after having reached a new record high toward the end of the year. LVMH's market capitalization was €258 billion as of December 31, making it the largest 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 investing.

Shareholder return

An LVMH shareholder who invested €1,000 on January 1, 2016 would have a capital of €3,733 on December 31, 2020, based on reinvested dividends. This represents a 273% gain, translating to a compound annual growth rate of around 30.1% over five years.

Comparison between the LVMH share price and the CAC 40 since January 1, 2018



FOCUS

TIFFANY & CO. JOINS LVMH

LVMH Moët Hennessy Louis Vuitton announced on January 7th that it has completed the acquisition of Tiffany & Co. the global luxury jeweler. The acquisition of this iconic US jeweler which complements LVMH's 75 distinguished Maisons, will substantially bolster the business group's standing in a very dynamic, highly promising market segment.

Bernard Arnault, Chairman and Chief Executive Officer of LVMH, commented: "I am pleased to welcome Tiffany and all their talented employees in our Group. Tiffany is an iconic brand and a quintessential emblem of the global jewelry sector. We are committed to supporting Tiffany, a brand that is synonymous with love and whose Blue Box is revered around the world, with the same dedication and passion that we have applied to each of our prestigious Maisons over the years. We are optimistic about Tiffany's ability to accelerate its growth, innovate and remain at the forefront of our discerning customers' most cherished life achievements and memories."

IDENTITY

For more than 180 years, Tiffany has been synonymous with elegance, innovative design, fine craftsmanship and creative excellence. Since 1886, when it established the eponymous diamond ring as an enduring symbol of commitment, Tiffany has stood for love. Its extraordinary diamonds are cherished for generations and its legendary jewelry designs are the ultimate reference in the global jewelry world. Even the Tiffany Blue Box is recognized worldwide as an icon of refinement and desirability.



Founded in 1837 when Charles Lewis Tiffany opened the first store in downtown Manhattan, Tiffany today is the leading luxury brand originated in the United States and delights discerning customers in more than 300 stores

around the globe. Nature is not only the source of inspiration for Tiffany's designers, but precious metals and natural gemstones are necessary components for the creation of its designs. Tiffany stood apart in the industry as an early proponent of sourcing these materials with a socially and environmentally responsible rigor. Protecting the environment and respecting human rights continue to be core business principles.

INSPIRATION

Crowned the "King of Diamonds", Charles Lewis Tiffany understood that large diamonds of superlative quality were exceedingly captivating. He cemented his reputation when he unveiled the Tiffany Diamond in 1887, one of the world's largest and finest yellow diamonds.



Discovered in South Africa, the 287.42-carat rough stone was cut to 128.54 carats with an unprecedented 82 facets-24 more facets than the traditional 58-facet brilliant cut. The renowned Tiffany Diamond has traveled the world as a centerpiece of numerous exhibitions, but always returns to its home at the New York flagship store where it can be found on permanent display.





ARCHITECTURE

Since 1940, the Tiffany flagship store has operated at the corner of Fifth Avenue and 57th street in New York City. Designed by the architectural firm Cross & Cross, the graceful façade of granite, limestone and marble is celebrated for its iconic windows, which have captured the public's imagination with unexpected displays by showcasing extraordinary jewelry in fantastical settings.

The enduring allure of the world-renowned store is famously captured in the iconic film "Breakfast at Tiffany's". In 2019, Tiffany began a holistic transformation of its New York flagship store for the first time in the building's 80-year history. The magnificent space will remain and continue to awe guests as they enter the store once again in 2022.

SUSTAINABILITY

For over 25 years, Tiffany & Co. has been committed to conducting our business responsibly, sustaining the natural environment and positively impacting the communities in which we operate. In 2020, in an industry first, Tiffany & Co. launched the Diamond Craft Journey, becoming the first global luxury jeweler to disclose the region or countries where its newly sourced, individually registered diamonds are crafted. The journey outlines several steps including cutting and polishing, grading and setting—a pioneering achievement in diamond traceability and transparency.

WINES AND SPIRITS

STRONG RECOVERY IN THE UNITED STATES IN THE SECOND HALF OF THE YEAR AND IMPROVEMENT IN TRENDS IN CHINA



Hennessy

The Wines and Spirits business group saw its organic revenue decline by 14% in 2020. Profit from recurring operations was down 20%.

All Maisons showed great resilience and gained market share. After a significant drop in volumes in the second quarter, the Champagne business experienced improved trends in the second half, particularly in the United States. Beginning in June, Hennessy cognac recorded a strong recovery, driven notably by demand in the United States. 2020 saw the integration of the 2019 acquisitions Château d'Esclans and Château du Galoupet for the first time over a full year, establishing a strong position for Moët Hennessy in the growing market for high-end rosé wines. A new high-end rum, Eminente launched in the third quarter.

REVENUE

€4,755m
-14%⁽¹⁾

PROFIT FROM
RECURRING
OPERATIONS

€1,388m
-20%

OPERATING
MARGIN

29.2%

(1) With comparable structure and constant exchange rates. On a reported basis, revenue change was -15%.

FASHION AND LEATHER GOODS

REMARKABLE RESILIENCE



Christian Dior Couture

In 2020, the Fashion and Leather Goods, business group recorded a decrease in organic revenue of only 3% in an environment marked by the closure of stores over a period of several months.

The second half saw a noteworthy rebound in activity, with double-digit organic revenue growth in both quarters. China recorded a strong recovery in revenue beginning in April and the United States in July. The brands' strict cost management made it possible to limit the decline in profit from recurring operations to 2%. Louis Vuitton, always driven by exceptional dynamism and creativity, was able very quickly to transform and revitalize its customer relations with a high quality and efficient digital service. Many innovations were unveiled throughout the year, such as the *Pont 9* range and the *1854* canvas. The Maison's commitment to high quality craftsmanship and sustainability continues in the form of responsible creativity. A new workshop opened at Vendôme in France. Christian Dior demonstrated remarkable momentum and gained market share in all regions thanks to its exceptional creativity. The *Lady Dior* bag has become a global icon, the women's collections of Maria Grazia Chiuri and the men's runway shows of Kim Jones were a huge success. The other fashion brands showed solid resilience during the year, notably Loewe with the creations of J. W. Anderson, Celine with the creations of Hedi Slimane, Fendi and Marc Jacobs.

REVENUE

€21,207m
-3%⁽¹⁾

PROFIT FROM RECURRING OPERATIONS

€7,188m
-2%

OPERATING MARGIN

33.9%

(1) With comparable structure and constant exchange rates. On a reported basis, revenue change was -5%.

PERFUMES AND COSMETICS

CONTINUOUS INNOVATION AND RAPID GROWTH IN ONLINE SALES



Parfums Christian Dior

The Perfumes and Cosmetics business group recorded a 22% decline in organic revenue in 2020. Profit from recurring operations was down 88%.

In a sector suffering from the decline in international traveller spend and makeup, LVMH's major brands chose to be selective in their distribution and, unlike certain competitors, limited promotions and refused to sell indirectly to the Chinese parallel market, which presents major risks to the medium term desirability for brands that follow that route. The Perfumes and Cosmetics brands are showing good resilience resulting from the growth of skincare and online sales, particularly in Asia. Christian Dior saw a gradual improvement in the second half of the year, underpinned by the success of its new products *Miss Dior Roses N'Roses* and *J'adore Infinissime* in perfume, and *Rouge Dior* in makeup. Guerlain benefited from the remarkably dynamic skincare market, with the continued success of *Abeille Royale* and *Orchidée Impériale*. The new skincare brand Fenty Skin, developed by Rihanna, is off to a very promising start.

REVENUE

€5,248m
-22%⁽¹⁾

PROFIT FROM
RECURRING
OPERATIONS

€80m
-88%

OPERATING
MARGIN

1.5%

(1) With comparable structure and constant exchange rates. On a reported basis, revenue change was -23%.

WATCHES AND JEWELRY

STRONG REBOUND IN CHINA IN THE SECOND HALF OF THE YEAR



Bvlgari

The Watches and Jewelry business group saw its organic revenue decline by 23% in 2020, with a strong improvement in trends in the fourth quarter, which fell only 2%. Profit from recurring operations was down 59%.

Bvlgari was very responsive and quickly capitalized on the strong recovery in China. The Maison maintained a high pace of jewelry innovation with the successful launches of its *Serpenti Viper*, *B.Zero1 Rock* and *Barocko* collections. Chaumet inaugurated its new store at its historic address on Place Vendôme in Paris at the start of 2020 and strengthened its presence in China. In the watch sector, TAG Heuer celebrated its 160th anniversary with several limited editions in the *Carrera* collection and launched the third generation of its smartwatch in New York. The year 2021 marks the welcome to the Group of the prestigious American jeweler Tiffany.

REVENUE

€3,356m
-23%⁽¹⁾

PROFIT FROM RECURRING OPERATIONS

€302m
-59%

OPERATING MARGIN

9.0%

(1) With comparable structure and constant exchange rates. On a reported basis, revenue change was -24%.

SELECTIVE RETAILING

GOOD RESILIENCE AT SEPHORA AND STRONG IMPACT OF THE SUSPENSION OF INTERNATIONAL TRAVEL ON DFS



Sephora

The Selective Retailing business group saw organic revenue decline by 30% in 2020. Profit from recurring operations amounted to (203) million euros.

Sephora demonstrated good resilience during the health crisis, which, nonetheless, led to the closure of most of its stores for several months. The commitment and agility of its teams have enabled an acceleration of online sales, which reached historic levels in all markets, and the development of services such as Click & Collect and Live Shopping. Sephora has also strengthened its offering with new skincare and hair products. A new partnership has been signed with the American retailer Kohl's, whose stores are expected to accommodate 200 beauty spaces dedicated to Sephora in 2021. DFS saw a significant decline in its activity in most destinations due to the total suspension of international travel. While Hong Kong continues to feel the impact of the pandemic strongly, Macau saw improved trends in the latter part of the year. New services are being developed for its local customers and online sales have strengthened.

REVENUE

€10,155m
-30%⁽¹⁾

PROFIT FROM
RECURRING
OPERATIONS

€(203)m

OPERATING
MARGIN

(2.0%)

(1) With comparable structure and constant exchange rates. On a reported basis, revenue change was -31%.

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.

Any shareholder holding at least one LVMH share which is listed on the Paris Market, can become a LVMH Shareholders' Club member.

Latest news about our Maisons

We send Club members several publications, such as the Annual Report, the Letter to Shareholders and the annual issue of *Apartés*, our Club 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. They also get the opportunity to discover our Maisons at unique locations such as the Louis Vuitton workshops in Asnières. During the temporary suspension of the Private tours in the current context, the new Club's initiative "LVMH comes to you!" proposes several live virtual tours.

Exclusive offers for the Group's products

In addition to special offers on a selection of the Group's Wines and Spirits, for delivery in France only, 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.

A website dedicated to Club members

The detailed program of the Club's visits, as well as the exclusive offer of Wines and Spirits, subscriptions to the Group's newspapers and magazines and tickets to the Fondation Louis Vuitton are available via the Club's website at www.clublvmh-actionnaires.fr/en.

This private online space, dedicated to Club members, can be accessed once they have created their account.

WEBSITE

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

Communications media can be viewed in the Publications section along with the Annual Report, the Environmental Responsibility Report and the Social Responsibility Report. LVMH also sends out Group news by email to web users who sign up for Press Release and Letter to Shareholders alerts. 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.

Subscribe to our Newsletters.

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Photographs: Louis Vuitton, Steven Meisel - Tiffany & Co. - Hennessy - Christian Dior, Lean Lui - Parfums Christian Dior - Bvlgari - Sephora - Pictures libraries of LVMH and Group's Maisons.
E-accessible version: Ipedis.
Design and production: Agence Marc Praquin.

AGENDA

Tuesday, January 26, 2021

2020 annual revenue and results

April 2021

2021 first-quarter revenue

Thursday, April 15, 2021

Shareholders' Meeting

Thursday, April 22, 2021

Payment of the final dividend
for fiscal year 2020
(last trading day with dividend
rights: April 19, 2021)

July 2021

2021 half-year revenue
and results

October 2021

2021 third-quarter revenue

LVMH

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Louis Vuitton