LVMH

MOËT HENNESSY . LOUIS VUITTON

TRANSLATION OF THE FRENCH DOCUMENT DE RÉFÉRENCE

FISCAL YEAR ENDED DECEMBER 31, 2015

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This document is a free translation into English of the original French "Document de référence", hereafter referred to as the "Reference Document". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

HISTORY

Although the history of the LVMH group began in 1987 with the merger of Moët Hennessy and Louis Vuitton, the roots of the Group actually stretch back much further, to eighteenth-century Champagne, when a man named Claude Moët decided to build on the work of Dom Pérignon, a contemporary of Louis XIV; and to nineteenth-century Paris, famous for its imperial celebrations, where Louis Vuitton, a craftsman trunk-maker, invented modern luggage. Today, the LVMH group is the world's leading luxury goods company, the result of successive alliances among companies that, from generation to generation, have successfully combined traditions of excellence and creative passion with a cosmopolitan flair and a spirit of conquest. These companies now form a powerful, global group in which the historic companies share their expertise with the newer brands, and continue to cultivate the art of growing while transcending time, without losing their soul or their image of distinction.

From the 14th century to the present

14th century	1365	Domaine Clos des Lambrays
16th century	1593	Château d'Yquem
18th century	1729	Ruinart
	1743	Moët & Chandon
	1765	Hennessy
	1772	Veuve Clicquot
	1780	Chaumet
19th century	1815	Ardbeg
	1817	Cova
	1828	Guerlain
	1832	Château Cheval Blanc
	1843	Krug
		Glenmorangie
	1846	Loewe
	1849	Royal Van Lent
	1852	Le Bon Marché
	1854	Louis Vuitton
	1858	Mercier
	1860	TAG Heuer
		Jardin d'acclimatation
	1865	Zenith
	1870	La Samaritaine
	1884	Bvlgari
	1895	Berluti
	1897	Franck et Fils
20th century	1908	Les Echos
	1916	Acqua di Parma
	1924	Loro Piana
	1925	Fendi
	1936	Dom Pérignon
		Fred
	1942	Rossimoda
	1944	Le Parisien-Aujourd'hui en France
	1945	Céline
	1947	Parfums Christian Dior
		Emilio Pucci
	1951	Wen Jun
	1952	Givenchy
		Connaissance des Arts
	1957	Parfums Givenchy
	1958	Starboard Cruise Services
	1960	DFS
		Bodegas Chandon
	1969	Sephora
	1970	Kenzo
	1972	Parfums Loewe
	1974	Investir-Le Journal des Finances
	1975	Montres Dior
		Ole Henriksen
	1976	Benefit
	1977	Newton
		Cape Mentelle
	1980	Hublot
	1982	Radio Classique
	1984	Thomas Pink
		Marc Jacobs
		Donna Karan
		Make Up For Ever
	1985	Cloudy Bay
	1988	Kenzo Parfums
	1991	Fresh
	1993	Belvedere
	1998	Numanthia Termes
	1999	Terrazas de los Andes
		Cheval des Andes
21st century	2001	De Beers Diamond Jewellers
	2004	Nicholas Kirkwood
	2005	Edun
	2007	Nude

FINANCIAL HIGHLIGHTS

Key consolidated data

(EUR millions and percentage)	2015	2014	2013
Revenue	35,664	30,638	29,016
Profit from recurring operations	6,605	5,715	6,017
Net profit	4,001	6,105 [a]	3,947
Net profit, Group share	3,573	5,648 [a]	3,436
Cash from operations before changes in working capital [b]	7,945	7,080	7,277
Operating investments	1,955	1,775	1,657
Free cash flow [c]	3,679	2,832	3,057
Total equity [d]	25,799	23,003	27,907
Net financial debt [e]	4,235	4,805	5,309
Net financial debt/Total equity ratio	16%	21%	19%

(a) Of which 2,677 million euros resulting from the distribution of Hermès shares.
(b) Before tax and interest paid.
(c) Net cash from operating activities and operating investments.
(d) Including minority interests.
(e) Excluding purchase commitments for minority interests included in Other non-current liabilities.

Data per share

(EUR)	2015	2014	2013
Earnings per share			
Basic Group share of earnings per share	7.11	11.27 [f]	6.87
Diluted Group share of earnings per share	7.08	11.21 [f]	6.83
Dividend per share			
Interim	1.35	1.25	1.20
Final	2.20	1.95	1.90
Gross amount paid for fiscal year [g] [h]	3.55	3.20	3.10

(f) Of which 5.34 euros per share (5.31 euros per share after dilution) resulting from the distribution of Hermès shares.
(g) For fiscal year 2015, amount proposed at the Shareholders' Meeting of April 14, 2016.
(h) Gross amount paid for fiscal year, excluding the impact of the tax regulations applicable to the beneficiary.

Information by business group

(EUR millions)	2015	2014	2013
Revenue by business group			
Wines and Spirits	4,603	3,973	4,173
Fashion and Leather Goods	12,369	10,828	9,883
Perfumes and Cosmetics	4,517	3,916	3,717
Watches and Jewelry	3,308	2,782	2,697
Selective Retailing	11,233	9,534	8,903
Other activities and eliminations	(366)	(395)	(357)
Total	**35,664**	**30,638**	**29,016**
Profit from recurring operations by business group			
Wines and Spirits	1,363	1,147	1,367
Fashion and Leather Goods	3,505	3,189	3,135
Perfumes and Cosmetics	525	415	414
Watches and Jewelry	432	283	367
Selective Retailing	934	882	908
Other activities and eliminations	(154)	(201)	(174)
Total	**6,605**	**5,715**	**6,017**

Information by geographic region

(as percentage)	2015	2014	2013
Revenue by geographic region of delivery			
France	10	10	11
Europe (excluding France)	18	19	19
United States	26	24	23
Japan	7	7	7
Asia (excluding Japan)	27	29	30
Other markets	12	11	10
Total	**100**	**100**	**100**
Revenue by invoicing currency			
Euro	22	23	23
US dollar	32	29	28
Japanese yen	7	7	7
Hong Kong dollar	7	8	8
Other currencies	32	33	34
Total	**100**	**100**	**100**

Number of stores	2015	2014	2013
France	482	467	443
Europe (excluding France)	1,012	995	926
United States	732	708	669
Japan	407	412	370
Asia (excluding Japan)	951	870	749
Other markets	276	256	227
Total	**3,860**	**3,708**	**3,384**

EXECUTIVE AND SUPERVISORY BODIES; STATUTORY AUDITORS

Board of Directors [a]

Bernard Arnault [b]
Chairman and Chief Executive Officer

Pierre Godé
Vice-Chairman

Antonio Belloni
Group Managing Director

Antoine Arnault

Delphine Arnault

Nicolas Bazire

Bernadette Chirac [b] [c]

Nicholas Clive Worms [c] [d]

Charles de Croisset [b] [c]

Diego Della Valle [c]

Albert Frère [c]

Clara Gaymard [c] [e]

Marie-Josée Kravis [c]

Lord Powell of Bayswater

Marie-Laure Sauty de Chalon [c]

Yves-Thibault de Silguy [c]

Francesco Trapani [d]

Natacha Valla [c] [e]

Hubert Védrine [b] [c]

Advisory Board members

Paolo Bulgari

Patrick Houël

Felix G. Rohatyn

Executive Committee

Bernard Arnault
Chairman and Chief Executive Officer

Antonio Belloni
Group Managing Director

Nicolas Bazire
Development and acquisitions

Michael Burke
Louis Vuitton

Chantal Gaemperle
Human resources and Synergies

Jean-Jacques Guiony
Finance

Christopher de Lapuente
Sephora and beauty

Christophe Navarre
Wines and Spirits

Daniel Piette
Investment funds

Pierre-Yves Roussel
Fashion Group

Philippe Schaus
DFS

Jean-Baptiste Voisin
Strategy

Performance Audit Committee

Yves-Thibault de Silguy [c]
Chairman

Nicholas Clive Worms [c] [d]

Charles de Croisset [b] [c]

Nominations and Compensation Committee

Albert Frère [c]
Chairman

Charles de Croisset [b] [c]

Yves-Thibault de Silguy [c]

Statutory Auditors [f]

DELOITTE & ASSOCIÉS
represented by Thierry Benoit and Guillaume Troussicot

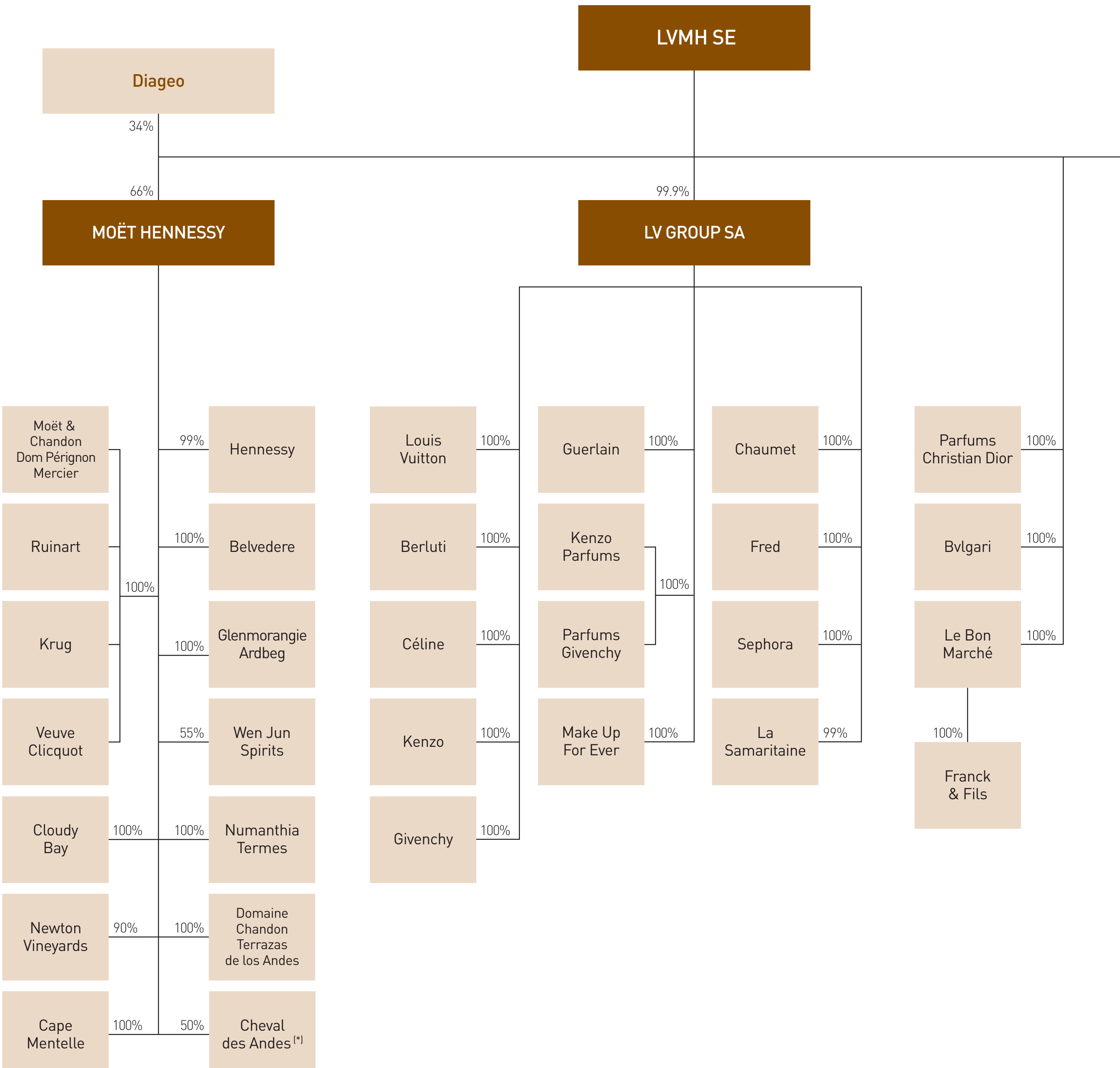
ERNST & YOUNG et Autres
represented by Jeanne Boillet and Gilles Cohen

General secretary

Marc-Antoine Jamet

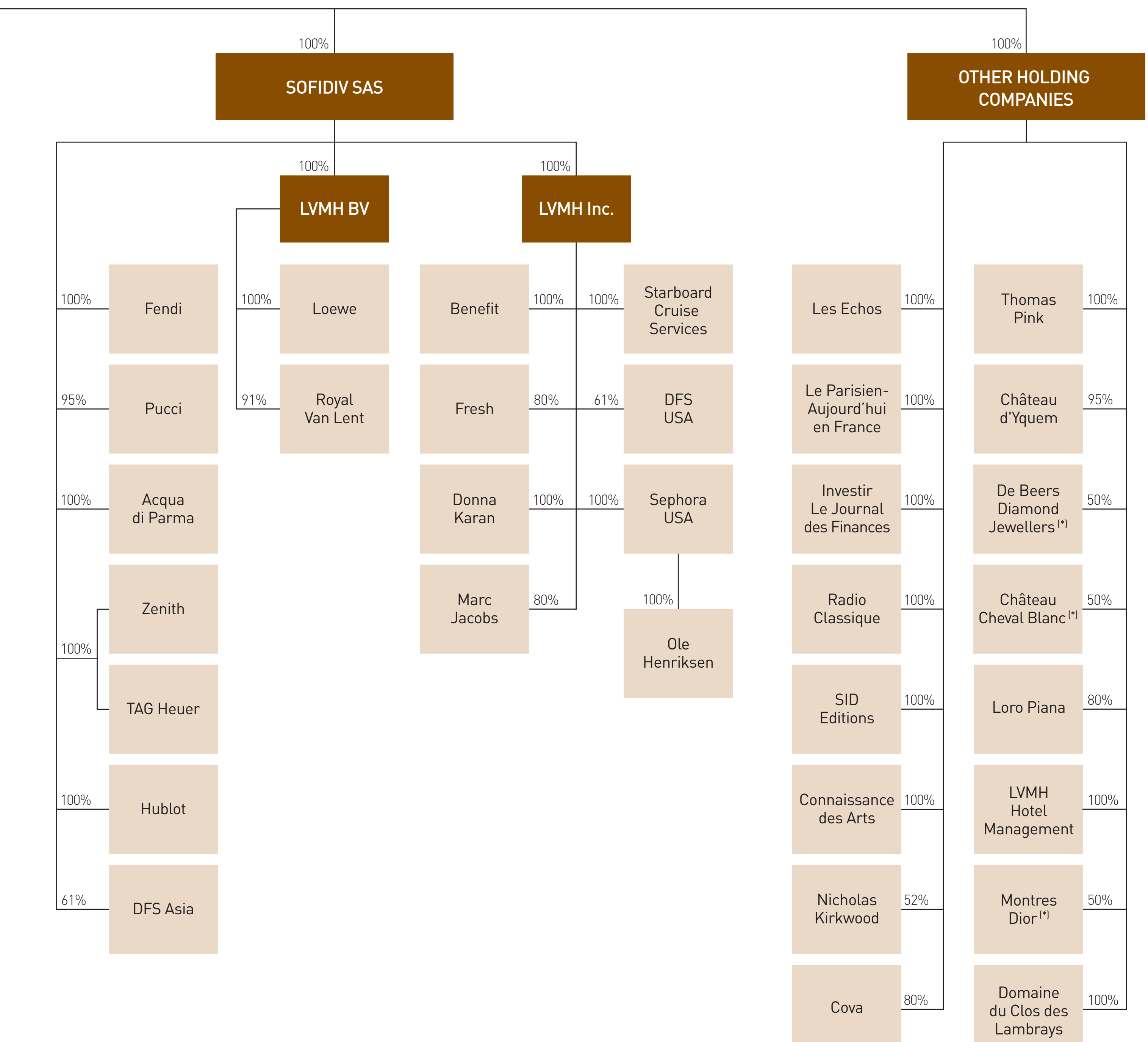
(a) The list of Directors' appointments can be found on pages 222 and following of "*Other Information* – Governance".
(b) Renewal proposed at the Shareholders' Meeting of April 14, 2016.
(c) Independent Director.
(d) Until the Shareholders' Meeting of April 14, 2016.
(e) Appointment proposed at the Shareholders' Meeting of April 14, 2016.
(f) Appointment of the company Ernst & Young Audit and the firm Mazars proposed at the Shareholders' Meeting of April 14, 2016.

SIMPLIFIED ORGANIZATIONAL CHART OF THE GROUP AS OF JANUARY 31, 2016



The objective of this chart is to present the direct and/or indirect control structure of brands and trade names by the Group's main holding companies. It does not provide a complete presentation of all Group shareholdings.

Holding companies   Brands and trade names



(*) Accounted for using the equity method since January 1, 2014.

BUSINESS DESCRIPTION

1. WINES AND SPIRITS

The activities of LVMH in the Wines and Spirits sector are divided between two branches: the Champagne and Wines branch and the Cognac and Spirits branch. The Group's strategy is focused on the high-end segments of the global Wines and Spirits market.

In 2015, revenue for the Wines and Spirits business group amounted to 4,603 million euros, or 13% of the LVMH group's total revenue.

1.1. Champagne and Wines

In 2015, revenue for Champagne and Wines was 2,221 million euros, representing 48% of the total revenue of the Wines and Spirits business group.

1.1.1. The Champagne and Wine brands

LVMH produces and sells a very broad range of high-quality champagne wines. In addition to the Champagne region, the Group develops and distributes a range of high-end still and sparkling wines from countries on four continents: France, Spain, California, Argentina, Brazil, Australia, New Zealand, India and China.

LVMH represents the leading portfolio of champagne brands, which hold complementary market positions. **Dom Pérignon** is a prestigious vintage produced by Moët & Chandon since 1936. **Moët & Chandon** (founded in 1743), the leading wine grower and exporter in the Champagne region, and **Veuve Clicquot Ponsardin** (founded in 1772), which ranks second in the industry, are two quality internationally-known brands. **Mercier** (founded in 1858) is a brand designed for the French market. **Ruinart** (the oldest of the champagne houses, founded in 1729) has a development strategy that is carefully targeted on a number of priority markets, which are currently mainly in Europe. **Krug** (founded in 1843 and acquired by LVMH in January 1999) is a world famous brand, specializing exclusively in high-end vintages.

The **Chandon** brand (created in 1960 in Argentina) includes the Moët Hennessy wines developed in California, Argentina, Brazil, Australia, India and China by Chandon Estates.

The Group also owns a number of prestigious wines from the New World: **Cape Mentelle** in Australia, **Cloudy Bay** in New Zealand, and **Newton** in California, as well as **Terrazas de los Andes** and **Cheval des Andes** in Argentina.

Château d'Yquem, which joined LVMH in 1999, is the most prestigious of the Sauternes. It owes its excellent international reputation to its 110-hectare vineyard located on a mosaic of exceptional soils and to the extreme care taken in its preparation throughout the year.

In 2008, LVMH acquired the Spanish wine company **Numanthia Termes**, founded in 1998 and located at the heart of the Toro region.

In 2009, LVMH proceeded with the acquisition of a 50% stake in the prestigious winery **Château Cheval Blanc**, *Premier Grand Cru classé A* Saint-Émilion. Château Cheval Blanc owns a 37-hectare domain within the Saint-Émilion appellation. The strictest respect for the purest traditions of winemaking characterizing the Bordeaux *grand crus*, a terroir of superior quality, and an atypical blend of grape varietals give its wines an exceptional balance and unique personality. Since January 1, 2014, retrospectively as of January 1, 2012, this business is accounted for under the equity method in accordance with IFRS 11 Joint Arrangements.

In 2014, LVMH acquired **Domaine du Clos des Lambrays**, one of the oldest and most prestigious Burgundy vineyards, located in Morey-Saint-Denis. With a vineyard area of 8.66 contiguous hectares, Clos des Lambrays is the premier Grand Cru of the Côte de Nuits. It also produces Morey-Saint-Denis Premier Crus and prestigious white wines under the name Puligny-Montrachet Premier Cru, such as Clos du Cailleret and Premier Cru Les Folatières.

1.1.2. Competitive position

In 2015, shipments of LVMH champagne brands were up in volume by 3%, while shipments from the Champagne region as a whole were up 2% (source: CIVC). Thus, the market share of LVMH was 20.1% of the total shipments from the region, compared to 19.7% in 2014.

Champagne shipments, for the whole Champagne region, break down as follows:

(in millions of bottles and percentage)	2015			2014			2013		
	Volumes		Market share	Volumes		Market share	Volumes		Market share
	Region	LVMH	*(as %)*	Region	LVMH	*(as %)*	Region	LVMH	*(as %)*
France	161.8	9.7	6.0	162.3	9.0	5.5	167.4	9.4	5.6
Export	150.7	53.0	35.2	144.9	51.6	35.7	137.6	47.8	34.8
Total	**312.5**	**62.7**	**20.1**	**307.1**	**60.6**	**19.7**	**305.0**	**57.2**	**18.8**

(Source: Comité Interprofessionnel des Vins de Champagne – CIVC).

The geographic breakdown of LVMH champagne sales in 2015 is as follows (as a percentage of total sales expressed in number of bottles):

(as %)	2015	2014	2013
Germany	5	5	5
United Kingdom	9	9	9
United States	18	18	17
Italy	4	4	4
Switzerland	2	2	2
Japan	9	9	8
Other	37	38	37
Total export	**84**	**85**	**83**
France	16	15	17
Total	**100**	**100**	**100**

1.1.3. The champagne production method

The name Champagne covers a defined area classified A.O.C. (*Appellation d'Origine Contrôlée*), which covers the 34,000 hectares that can be legally used for production. There are essentially three main types of grape varietals used in the production of champagne: chardonnay, pinot noir and pinot meunier. The preparation method used for wines produced outside the Champagne region, but using the winemaking techniques used for champagne, is called the "champenoise method."

In addition to its effervescence, the primary characteristic of champagne is that it is the result of blending wines from different years and/or different varieties and land plots. The best brands are distinguished by their masterful blend and constant quality which is achieved thanks to the talent of their wine experts.

Weather conditions significantly influence the grape harvest from one year to the next. The production of champagne also requires aging in cellars for two years or more for the "premium" vintages, which are the vintages sold at more than 110% of the average sale price. To protect themselves against crop variations and manage fluctuations in demand, but also to ensure constant quality over the years, the LVMH champagne houses constantly adjust the quantities available for sale and keep reserve wines in stock. Since a lower harvest can impact sales for two or three years, or more, LVMH constantly maintains significant champagne inventories in its cellars. As of December 31, 2015, the number of bottles in the Champagne inventory was 208 million, the equivalent of 3.2 years of sales; this is in addition to wines still in the storage tanks waiting to be drawn (equivalent of 83 million bottles), including the quality reserve withheld from sale in accordance with applicable industry rules (equivalent of 12 million bottles).

1.1.4. Grape supply sources and subcontracting

The Group owns 1,641 hectares under production, which provide slightly more than 20% of its annual needs. In addition, Group companies purchase grapes and wines from wine growers and cooperatives on the basis of multi-year agreements; the largest supplier of grapes and wines represents less than 10% of total supplies for the Group's brands. Since 1996, industry agreements have been signed and renewed, with a view to limiting upward or downward fluctuations in grape prices. The most recent renewal of this agreement dates back to 2014, setting the framework for negotiations relating to harvests from 2014 to 2018 (CIVC decision no. 182). For about ten years, wine growers and merchants have established a qualitative reserve that will allow them to cope with variable harvests. The surplus inventories stockpiled this way can be sold in years with a poor harvest. These wines stockpiled in the qualitative reserve provide a certain security for future years with smaller harvests.

For the 2015 harvest, the *Institut national de l'origine et de la qualité* (INAO, the French organization responsible for regulating controlled place names) set the yield for the Champagne appellation at 10,000 kg/ha. This yield represents the maximum harvest level that can be made into wine and sold under the Champagne appellation. In 2006, the INAO redefined the legal framework for the abovementioned stockpiled reserves. Thus, it is possible to harvest grapes beyond the marketable yield within the limits of a ceiling referred to as the *plafond limite de classement* (PLC), the highest permitted yield per hectare. This ceiling is determined each year depending on the maximum total yield. It was set at 3,100 kg/ha for the 2015 harvest. Grapes harvested over and above the marketable yield are stockpiled in reserve, kept in vats and used to complement poorer harvests. The maximum level of this stockpiled reserve is set at 10,000 kg/ha.

The price paid for each kilogram of grapes in the 2015 harvest ranged between 5.39 euros and 6.20 euros depending on the vineyard, an average increase of 0.5% compared to the 2014 harvest.

Dry materials (bottles, corks, etc.) and all other elements representing containers or packaging are purchased from non-Group suppliers.

In 2015, the champagne houses used subcontractors for about 23 million euros of services, notably pressing, handling, and stocking bottles.

1.2. Cognac and Spirits

In 2015, revenue for the Cognac and Spirits segment totaled 2,382 million euros, or 52% of the total revenue for the Wines and Spirits business group.

1.2.1. Cognac and Spirits brands

LVMH holds the most powerful brand in the cognac sector with **Hennessy**. The company was founded by Richard Hennessy in 1765. Historically, the leading markets for the brand were Ireland and Great Britain, but Hennessy rapidly expanded its presence in Asia, which represented nearly 30% of its shipments as early as 1925. The brand became the world cognac leader in 1890. Hennessy created X.O (*Extra Old*) in 1870 and, since then, has developed a line of high-end cognac that has made its reputation.

Since 2007, LVMH has owned 100% of the luxury vodka **Belvedere**[1]. The brand was founded in 1993 in order to bring a luxury vodka for connoisseurs to the American market. Belvedere was introduced to this market in 1996, and in 1999 the company decided to develop flavored vodkas. The Polmos Zyrardow distillery in Poland, which makes Belvedere vodka, was founded in 1910.

LVMH acquired Glenmorangie in 2005. Glenmorangie notably owns the single malt whisky brands **Glenmorangie** and **Ardbeg**.

In May 2007, the Group acquired 55% of the share capital of **Wen Jun Spirits** and Wen Jun Spirits Sales, which produce and distribute baijiu (white liquor) in China.

1.2.2. Competitive position

In 2015, the volumes shipped from the Cognac region were up 9% from 2014 (source: *Bureau National Interprofessionnel du Cognac* – BNIC), while the volumes of Hennessy shipped were up 11%. The market share of Hennessy was 46.5%, compared to 45.6% in 2014. The company is the world leader in cognac, with particularly strong positions in the United States and Asia.

The leading geographic markets for cognac, both for the industry and for LVMH, on the basis of shipments in number of bottles, excluding bulk, are as follows:

(in millions of bottles and percentage)	2015			2014			2013		
	Volumes		Market share	Volumes		Market share	Volumes		Market share
	Region	LVMH	*(as %)*	Region	LVMH	*(as %)*	Region	LVMH	*(as %)*
France	3.7	0.4	9.5	3.3	0.3	9.0	3.4	0.3	9.1
Europe (excluding France)	34.5	8.0	23.3	33.8	8.3	24.5	37.1	8.7	23.4
United States	65.1	41.1	63.1	57.3	35.0	61.1	50.5	29.9	59.2
Japan	1.3	0.7	54.3	1.3	0.7	53.9	1.3	0.8	59.2
Asia (excluding Japan)	50.0	20.1	40.2	46.0	18.5	40.3	55.8	23.6	42.2
Other markets	11.4	6.8	60.0	10.1	6.4	63.3	9.4	5.7	60.3
Total	**166.0**	**77.1**	**46.5**	**151.8**	**69.2**	**45.6**	**157.6**	**68.9**	**43.8**

The geographic breakdown of LVMH cognac sales, as a percentage of total sales expressed in number of bottles, is as follows:

(as %)	2015	2014	2013
United States	51	48	43
Japan	1	1	1
Asia (excluding Japan)	27	29	35
Europe (excluding France)	10	12	13
Other	11	10	8
Total export	**100**	**100**	**100**
France	-	-	-
Total	**100**	**100**	**100**

1.2.3. The cognac production method

The Cognac region is located around the Charente basin. The vineyard, which currently extends over about 75,000 hectares, consists almost exclusively of the white ugni varietal which yields a wine that produces the best *eaux-de-vie*.

This region is divided into six vineyards, each of which has its own qualities: Grande Champagne, Petite Champagne, Borderies, Fins Bois, Bons Bois and Bois Ordinaires. Hennessy selects its *eaux-de-vie* essentially from the first four vineyards, where the quality of the wines is more suitable for the preparation of its cognacs.

(1) There is no relationship between the Belvedere brand owned by LVMH and Belvédère, the French wines and spirits group now known as Marie Brizard Wine & Spirits.

Charentaise distillation is unique because it takes place in two stages, a first distillation (*première chauffe*) and a second distillation (*seconde chauffe*). The *eaux-de-vie* obtained are aged in oak barrels. An *eau-de-vie* at full maturity is not necessarily a good cognac. Cognac results from the gradual blending of *eaux-de-vie* selected on the basis of vintage, origin and age.

1.2.4. Supply sources for wines and cognac *eaux-de-vie* and subcontracting

Most of the cognac *eaux-de-vie* that Hennessy needs for its production are purchased from a network of approximately 1,500 independent producers, a collaboration which enables the company to ensure that exceptional quality is preserved. Hennessy directly operates about 170 hectares, providing for less than 1% of its *eaux-de-vie* needs.

Purchase prices for *eaux-de-vie* are agreed on between the company and each producer based on supply and demand and the quality of the *eaux-de-vie*. In 2015, the price of *eaux-de-vie* from the harvest increased by 0.7% compared to the 2014 harvest.

With an optimal inventory of *eaux-de-vie*, the Group can manage the impact of price changes by adjusting its purchases from year to year under the contracts with its partners.

Hennessy continues to control its purchase commitments and diversify its partnerships to prepare for its future growth across the various quality grades.

Like the Champagne and Wine businesses, Hennessy obtains its dry materials (bottles, corks and other packaging) from non-Group suppliers. The barrels and casks used to age the cognac are also obtained from non-Group suppliers.

Hennessy makes only very limited use of subcontractors for its core business.

1.2.5. The vodka production method, supply sources and subcontracting

Vodka can be obtained from the distillation of various grains or potatoes. Belvedere vodka is the result of the quadruple distillation of Polish rye. The distillery that prepares Belvedere performs three of these distillations itself in Zyrardow, Poland. It uses water purified using a special process that yields a vodka with a unique taste.

Belvedere flavored vodkas are obtained by macerating fruits in a pure vodka prepared using the same process as the one used for non-flavored vodka, and distillation takes place in a Charente-type still.

Overall, Belvedere's top raw *eaux-de-vie* supplier represents less than 30% of the company's supplies.

1.2.6. The whisky production method

The legal definition of Scotch whisky states that the spirit must be produced at a distillery in Scotland from water and malted barley to which other cereals may be added, fermented by yeast, distilled and matured in Scotland in oak casks with a volume of less than 700 liters for a minimum of three years. Single malt Scotch whisky is the product of one single distillery. Blended Scotch whisky is made by mixing malt and grain whiskies together.

According to the rules for producing malt whisky, the malt is first ground, which produces a mixture of flour and husks called grist. This product is then mixed with hot water in large wooden tubs called mash tuns in order to extract the sugars from the malted barley. The resulting sugary liquid, known as wort, is transferred to a fermentation vessel or washback and yeast is added to allow fermentation to occur and alcohol to be created. This alcoholic liquid, known as wash, then undergoes a double distillation in copper pot stills, known as wash and spirit stills. Every distillery's stills are unique in shape and size and have a huge impact on flavor. Glenmorangie's stills are the tallest in Scotland at 5.14 meters and allow only the lightest vapors to ascend and condense. The spirit still at Ardbeg has a unique spirit purifier.

This newly made spirit is sealed into oak ex-bourbon barrels and matured in a distillery warehouse for at least three years. Maturation is a critical part of the production process, providing the whiskies' color and additional flavors. Glenmorangie and Ardbeg are normally matured for a minimum of 10 years in very high-quality casks.

1.2.7. Production method for Wen Jun spirits

Wen Jun is one of the oldest and most celebrated luxury spirit producers in China. The spirits produced by Wen Jun are white liquors of the "Nong" (aromatic) style, the most popular in the country. They are produced from spring water and various grains, primarily wheat, rice, sorghum, maize and glutinous rice.

The fermentation process is carried out in a pit dug into the ground, measuring three meters on each side and in depth, whose walls are covered with a special putty mixture containing particular enzymes and bacteria beneficial to flavor development. The grains are sealed into the pit with a fermenting agent for about 70 days prior to distilling. The product obtained at the end of the distillation process is then aged for a year in ceramic jars large enough to hold 1,100 liters of the liquid. At the end of this aging process, the product is finally blended and bottled. The fermentation quality of Chinese white spirits is closely linked to the temperature, moisture and alkalinity conditions of the local environment. Sichuan, where the Wen Jun distillery has been located since the 16th century (Ming dynasty) is considered as an ideal environment for the production of "Nong" white liquors.

1.3. Wines and Spirits distribution

LVMH's Wines and Spirits are distributed to the world's major markets primarily through a network of international subsidiaries, some of which are joint ventures with the spirits group Diageo plc. In 2015, 23% of champagne and cognac sales were made through this channel.

Diageo also has a 34% stake in Moët Hennessy, which is the holding company of the LVMH group's Wines and Spirits businesses.

Since 1987, LVMH and Guinness (prior to the creation of Diageo) have signed agreements leading to the creation of joint ventures for the distribution of their top brands in major countries, including MHD in France and Schieffelin & Somerset in the United States. This joint network strengthens the positions of the two groups, improves distribution control, enhances customer service, and increases profitability by sharing distribution costs.

In the United States, Moët Hennessy products have been sold by Moët Hennessy USA since 2005 following the winding up of the Schieffelin & Somerset joint venture, but Moët Hennessy and Diageo products continue to be sold through joint distributors.

In 2010, LVMH and Diageo reorganized their product distribution channels in Japan. Moët Hennessy refocused on the distribution of its own brands of champagnes and spirits together with some of Diageo's ultra-premium spirits brands, while the distribution of Diageo's other premium brands was transferred to a joint venture between Kirin and Diageo.

Since 2011, as a result of the buyout by LVMH of Whitehall's stake in the joint venture, a subsidiary wholly owned by Moët Hennessy has been responsible for distribution in Russia.

2. FASHION AND LEATHER GOODS

The Fashion and Leather Goods business group includes Louis Vuitton, the world's leading luxury brand, Donna Karan, Fendi, Loewe, Céline, Kenzo, Marc Jacobs, Givenchy, Thomas Pink, Pucci, Berluti, Rossimoda, Loro Piana and Nicholas Kirkwood. This exceptional group of brands, born in Europe and the United States, has 1,566 stores around the world. While respecting the identity and creative positioning of each of its brands, LVMH supports their development by providing shared resources.

In 2015, the Fashion and Leather Goods business group posted revenue of 12,369 million euros, representing 35% of the total revenue of LVMH.

2.1. The brands of the Fashion and Leather Goods business group

In the luxury Fashion and Leather Goods sector, LVMH holds a group of brands that are primarily French, but also include Spanish, Italian, British and American companies.

Louis Vuitton (founded in 1854), the star brand of this business group, first focused its development around the art of traveling, creating trunks, rigid or flexible luggage items, innovative, practical and elegant bags and accessories, before expanding its territory and its expertise in other areas of expression. For over 150 years, its product line has continuously expanded with new travel or city models and with new materials, shapes and colors. Famous for its originality and the high quality of its creations, today Louis Vuitton is the world leader in luxury goods and, since 1998, has offered its international customers a full range of products: leather goods, ready-to-wear for men and women, shoes and accessories. Since 2002, the brand has also been present in the watch segment; Louis Vuitton launched its first line of jewelry in 2004, its first eyewear collection in 2005, and a line of High-End Leather Goods in 2011.

Fendi, founded in Rome in 1925, one of the flagship brands of Italian fashion, has been part of the LVMH group since 2000. Particularly well-known for its skill and creativity in furs, the brand is also present in leather goods, accessories and ready-to-wear.

Donna Karan was founded in New York in 1984 and joined the LVMH group in 2001. Its ready-to-wear line, *DKNY*, meets the needs of a very modern and international lifestyle.

Loewe, the Spanish company created in 1846 and acquired by LVMH in 1996, originally specialized in very high-quality leather work. Today it operates in leather goods and ready-to-wear. The Loewe perfumes are included in the Perfumes and Cosmetics business group.

Marc Jacobs, created in New York in 1984, is named after its founder. Through its collections of men's and women's ready-to-wear, leather goods and shoes, it aims to be the symbol of an irreverent urban fashion movement that is culturally driven but also socially engaged.

Céline, founded in 1945 and owned by LVMH since 1996, offers ready-to-wear items, leather goods, shoes and accessories.

Kenzo, formed in 1970, joined the LVMH group in 1993. Today, the company operates in the areas of ready-to-wear for men and women, fashion accessories, leather goods and home furnishings. Its perfume business is part of the Perfumes and Cosmetics business group.

Givenchy, founded in 1952 by Hubert de Givenchy and part of the LVMH group since 1988, a company rooted in a tradition of excellence in Haute Couture, is also known for its collections of men and women's ready-to-wear and its fashion accessories. The Givenchy perfumes are included in the LVMH Perfumes and Cosmetics business group.

Thomas Pink, a brand formed in 1984, is a recognized specialist in high-end shirts in the United Kingdom. Since joining the LVMH group in 1999, the brand has been accelerating its international growth.

Emilio Pucci, an Italian brand founded in 1947, is a symbol of casual fashion in luxury ready-to-wear, a synonym of escape and refined leisure. Emilio Pucci joined LVMH in 2000.

Berluti, an artisan bootmaker established in 1895 and held by LVMH since 1993, designs and markets very high-quality men's shoes, as well as a line of leather goods, now enriched with a line of ready-to-wear items for men.

Loro Piana, an Italian company founded in 1924 in which LVMH acquired an 80% stake in December 2013, creates luxury fabrics and products, particularly from cashmere, of which it is the world's foremost processor. The brand is famous for its dedication to quality and the noblest raw materials, its unrivalled standards in design and its expert craftsmanship.

Nicholas Kirkwood, the British luxury footwear company born in 2004 and named after its founder, in which LVMH acquired a 52% stake in 2013, is famous throughout the world for its unique, innovative approach to footwear design.

2.2. Design

Whether they belong to the world of Haute Couture or luxury fashion, the LVMH brands have founded their success first and foremost on the quality, authenticity and originality of their designs that must be renewed with each season and each collection. Thus, a strategic priority is to strengthen the design teams, ensure the collaboration of the best designers, and adapt their talent to the spirit of each brand.

LVMH believes that one of its essential assets is its ability to attract a large number of internationally recognized designers to its companies. In 2013, Nicolas Ghesquière succeeded Marc Jacobs, who had designed the Louis Vuitton women's ready-to-wear collections since 1998. Karl Lagerfeld is in charge of the creation of Fendi's ready-to-wear line for women, while Silvia Fendi is in charge of accessories and men's ready-to-wear collections. Phoebe Philo has been Céline's Creative Director since 2008. The fashion designer Riccardo Tisci, who has been the Creative Director of Givenchy's Haute Couture, ready-to-wear and accessories lines for women since 2005, was given responsibility for the brand's ready-to-wear line for men in 2008 as well. Since 2013, Jonathan Anderson has been creative director of Loewe. In 2011, Humberto Leon and Carol Lim were appointed as Creative Directors for all of the Kenzo collections. At Donna Karan, the creative directorship of *DKNY* women's ready-to-wear was entrusted to New York designers Dao-Yi Chow and Maxwell Osborne in 2015. Olga Berluti, the heiress of the expertise built up by her predecessors, is perpetuating the unique style and quality of Berluti shoes. In 2011, Alessandro Sartori was appointed as the brand's new Creative Director to launch its first men's ready-to-wear collection. Marc Jacobs is in charge of design at his eponymous brand. Massimo Giorgetti was named Creative Director of Pucci in 2015.

2.3. Distribution

Controlling the distribution of its products is a core strategic priority for LVMH, particularly in luxury Fashion and Leather Goods. This control allows the Group to benefit from distribution margins, and guarantees strict control of the brand image, sales reception and environment that the brands require. It also gives the Group closer contacts with its customers so that it can better anticipate their expectations.

In order to meet these objectives, LVMH created the first international network of exclusive boutiques under the banner of its Fashion and Leather Goods brands. This network included 1,566 stores as of December 31, 2015.

2.4. Supply sources and subcontracting

The seventeen leather goods manufacturing shops of Louis Vuitton – twelve in France, three in Spain and two in the United States – manufacture most of its Leather Goods products. All development and manufacturing processes for the entire footwear line are handled at Louis Vuitton's workshops in Fiesso d'Artico, Italy. Louis Vuitton uses external manufacturers only to supplement its manufacturing and achieve production flexibility in terms of volumes.

Louis Vuitton purchases its materials from suppliers located around the world, with whom it has established partnership relationships. The supplier strategy implemented over the last few years has enabled requirements to be fulfilled in terms of volumes, quality and innovation, thanks to a policy of concentration and supporting the best suppliers while limiting Louis Vuitton's dependence on them. For this reason, the leading leather supplier accounts for less than 20% of Louis Vuitton's total leather supplies.

Fendi and Loewe have leather workshops in their country of origin, and in Italy for Céline and Berluti, which cover only a portion of their production needs. Generally, the subcontracting used by the business group is diversified in terms of the number of subcontractors and is located primarily in the brand's country of origin: France, Italy and Spain.

Loro Piana manages all stages of production, from the sourcing of natural fibers to the delivery of finished products to stores. Loro Piana procures its unique materials (baby cashmere from northern China and Mongolia, vicuña from the Andes, extra-fine Merino wool from Australia and New Zealand) through exclusive partnerships with suppliers all over the world. Its exquisite textiles and products are then manufactured in Italy.

Moreover, in order to safeguard and develop the Fashion and Leather Goods companies' access to the high-quality raw materials and know-how they need, the LVMH Métier d'Arts business segment created in 2015 invests in, and provides long-term support to, its best suppliers. In leather, for example, LVMH teamed up with the Koh brothers in 2011 to develop the business of the Heng Long tannery in Singapore. Founded in 1950, it is now a leading crocodile leather tannery. In 2012, LVMH acquired Tanneries Roux, founded in 1803 and one of the last French tanneries specializing in calfskin.

Overall, the use of subcontractors for Fashion and Leather Goods operations represented about 34% of the cost of sales in 2015.

Finally, for the different Group companies, the fabric suppliers are often Italian, but on a non-exclusive basis.

The designers and style departments of each Group company ensure that manufacturing does not generally depend on patents or exclusive expertise owned by third parties.

3. PERFUMES AND COSMETICS

The LVMH group is present in the perfume and cosmetics sector through its major French houses: Parfums Christian Dior, Guerlain, Givenchy and Kenzo. In addition to these world-renowned brands, this business group also includes Benefit Cosmetics and Fresh, two young, high-growth American cosmetics companies; the prestigious Italian brand Acqua di Parma; Parfums Loewe, a Spanish brand with strong positions in its domestic market; and Make Up For Ever, a French company initially specializing in professional make-up products.

The presence of a broad spectrum of brands within the business group generates synergies and represents a market force. The volume effect means that advertising space can be purchased at better prices and better locations can be negotiated in department stores. In research and development, the Group's brands have pooled their resources since 1997 with a joint center in Saint-Jean de Braye (France), at the industrial site of Parfums Christian Dior. The use of shared services by subsidiaries increases the effectiveness of support functions for worldwide distribution and facilitates the expansion of the newest brands. These economies of scale permit larger investments in design and advertising, two key factors for success in Perfumes and Cosmetics.

The Group's Perfumes and Cosmetics brands are sold mainly through "selective retailing" channels (as opposed to mass-market retailers and drugstores), although certain brands also sell their products in their own stores. There were a total of 203 points of sale of this type for the business group as of December 31, 2015.

In 2015, the Perfumes and Cosmetics business group posted revenue of 4,517 million euros, representing 13% of LVMH's total revenue.

3.1. The brands of the Perfumes and Cosmetics business group

Parfums Christian Dior was born in 1947, the same year as the Christian Dior Fashion House, with the introduction of the *Miss Dior* perfume. While developing its lines of fragrances for men and women over the years, Parfums Christian Dior expanded its activity to the make-up sector in 1955, and to skincare products in 1973. François Demachy, perfumer and creative director, and Peter Philips, creative director for make-up, both build on Christian Dior's rich heritage and legacy. Today, Parfums Christian Dior allocates 1.2% of its revenue to research and is on the cutting edge of innovation.

Guerlain, founded in 1828 by Pierre François Pascal Guerlain, has created more than 700 perfumes since its inception. The brand has developed an exceptional image in the perfume universe and many of its creations have enjoyed remarkable longevity. Today it is also known for its make-up and skincare lines.

Parfums Givenchy, founded in 1957, complements Givenchy's fashion lines with a range of fragrances for women and men, including *Amarige*, *Organza*, *Very Irrésistible Givenchy*, *Ange ou Démon*, *Play for Her* and *Dahlia Noir*, in addition to *Givenchy pour Homme*, *Very Irrésistible pour Homme*, *Play*, and *Gentlemen Only*, and is also developing its business in cosmetics, offering skincare products as well as the make-up line *Givenchy Le Makeup*.

Parfums Kenzo appeared in 1988, and developed with the success of *FlowerbyKenzo*, launched in 2000. The brand diversified its activities in the "well-being" segment by launching the *KenzoKi* line in 2001. The following years saw the launches of the women's fragrance *KenzoAmour* and the men's fragrance *KenzoPower*, the creation of *KenzoHomme eau de toilette boisée*, and the launches of *Eau de Parfum Madly Kenzo*, *KenzoHomme Sport*, *Flower in the Air* and, in 2015, *Flower by Kenzo l'Élixir*.

Benefit Cosmetics, created in 1976 in San Francisco and acquired by LVMH at the end of 1999, owes its rapid success to the high quality of its beauty and make-up products, which convey a true sense of pleasure and are enhanced by the playful aspect of the product names and packaging. In addition to sales through its 68 exclusive boutiques around the world (United States, Asia, Europe, Australia), the brand currently retails at around 4,500 points of sale in 46 countries worldwide.

Fresh, created in 1991 and acquired by LVMH in September 2000, initially built its reputation by creating body care products inspired by ancestral beauty recipes and entirely natural and high-quality fragrances, before expanding its concept to make-up and haircare products.

Loewe introduced its first perfume in 1972. A major player in Spain, the brand is also developing its international business, primarily in Russia, the Middle East and Latin America.

Make Up For Ever, created in 1984, joined LVMH in 1999. The brand specializes in professional make-up and its applications for consumers. Its products are sold through exclusive boutiques in Paris, New York, Los Angeles and Dallas, and through a number of selective retailing circuits, particularly in France, Europe and the United States (markets developed in partnership with Sephora), as well as in China, South Korea and the Middle East.

Acqua di Parma, founded in 1916 in Parma and acquired by LVMH in 2001, is a luxury perfume brand and a symbol of Italian high fashion. The brand specializes in perfumes and skincare and has diversified its product line to include home scents and linens. Now based in Milan, Acqua di Parma relies on an exclusive retailing network, including a brand store in Milan and Paris.

3.2. Research in Perfumes and Cosmetics in 2015

Research and innovation form the DNA of the LVMH group's strategy for developing new Perfumes and Cosmetics products. At Hélios, its cutting-edge research center in France's Cosmetic Valley, almost 300 scientists and researchers – chemists, biologists, pharmacists and physicians – work to design and develop skincare, make-up and perfume products for the brands of the LVMH group. The cosmetics market continues to evolve at a rapid pace. Innovation cycles have become increasingly short and the offering of products, and hence technology, has grown considerably worldwide. Likewise, in the development of luxury products, the Group's researchers are working with the brand teams to facilitate the birth of disruptive, iconic products that embody excellence and quality.

In 2015, the new organizational structure of Research and Development focused on the implementation and use of new methodologies designed to foster creativity and responsiveness to technological change. This strategy constitutes a reinforcement of the brands' ability to innovate and grow in an environment generally characterized by accelerating go-to-market cycles and new players. The bolstering of research units in Asia (Japan, China, South Korea) has provided LVMH with real-time access to the best technology from external partners, to be integrated into the development of certain products. Over the past several years, numerous innovations have emerged following the successful completion of bold but pragmatic international collaborations with universities and businesses of various sizes, including startups. Many research papers presented at specialized international conferences have provided opportunities to widen LVMH's international network of researchers and open new doors to collaboration.

In skincare, research continued on natural products, tissue regeneration and anti-pollution effects. LVMH Recherche's expertise in chemical physics provided for a wide range of formulas featuring exceptional cosmetic and sensory qualities. Many innovative products were introduced to the market in the area of skin protection and anti-aging, leveraging the latest results of research on stem cells and longevity. The research done in 2015 made it possible to cover some strategic new ground in biology. The discovery of skin-derived precursor (SKP) cells, providing a trove of stem cells inside the skin, is a major breakthrough in anti-aging (*Capture Totale* by Dior). A new algae complex yielded improved cellular communication and epidermal stem cell protection with anti-aging effects (*Le Soin Noir serum* by Givenchy). Other research projects improved our understanding of environmental and climate factors and their consequences on the skin. Skincare products designed to deal with the factors of environment, pollution and lifestyle were introduced (*One Essential City Defense* by Dior). Such research also helped make possible the addition of a two-phase detoxifying/regenerating night care product to the *Orchidée Impériale* line (*Night Detoxifying Essence* by Guerlain).

In make-up, LVMH's researchers specifically studied dispersions, new color effects, innovative modes of application, and major technological breakthroughs in staying power. Research into optics resulted in products with an immediate transformative effect: *Soin Météorites* by Guerlain and *Capture Dreamskin* by Dior, both of which are formulated to create light effects that enhance and add a touch of natural radiance while caring for the skin, an effective skincare and make-up combination. Likewise, a skincare formula was incorporated into the core of the *Dior Addict* lipstick, beneath the imprint of the Christian Dior initials. Givenchy offered an unprecedented sensory experience with a shape-memorizing blush designed to return to its original texture after each use.

LVMH Recherche continued to make environmental protection a constant priority. Naturalness is key to having cosmetic products that are good for the planet and for the skin, as illustrated by the use of natural plant-derived ingredients like skin-softening cocoa beans for a body exfoliant (Fresh), natural wax (*Or de Vie* by Dior), exceptional honey varieties with repairing power (*Gel Abeille Royale Mask* by Guerlain), bioenergetic orchid extracts (*Orchidée Impériale* by Guerlain), Granville rose extracts (*Prestige* by Dior), a rare vine wax and a vintage Yquem pomace extract (*La Sève*, *Or de Vie* by Dior).

Lastly, LVMH Recherche continued to augment its investigations of different cultural product perceptions and efficacy/feel interactions, its cosmetics postmarket surveillance and the protection of its intellectual property via patent filings.

3.3. Supply sources and subcontracting

The five French production centers of Guerlain, Parfums Christian Dior and LVMH Fragrance Brands provide almost all the production for the four major French brands, including Kenzo Parfums, both in fragrances, and in make-up and beauty products. Make Up For Ever also has manufacturing capacities in France. The manufacturing of Benefit, Parfums Loewe, Fresh and Parfums Fendi's products is partly provided by the Group's other brands, the remainder being subcontracted externally.

In 2015, manufacturing subcontracting represented overall about 6% of the cost of sales for this activity, plus approximately 10 million euros for logistics subcontracting.

Dry materials, such as bottles, stoppers and any other items that form the containers or packaging, are acquired from suppliers outside the Group, as are the raw materials used to create the finished products. In certain cases, these materials are available only from a limited number of French or foreign suppliers.

The product formulas are developed primarily in the Saint-Jean de Braye (France) laboratories, but the Group can also acquire or develop formulas from specialized companies, particularly for perfume essences.

4. WATCHES AND JEWELRY

The Watches and Jewelry business group holds a portfolio of top-quality watch and jewelry brands with highly complementary market positions: TAG Heuer, the world's leading maker of luxury sports watches and chronographs; Hublot, a recent high-end watchmaker; the luxury watchmaker Zenith, which has its own manufacture; Montres Dior, which offers collections inspired by the designs of the Fashion house; Bvlgari, the pace-setter for Italian fine jewelry since 1884; Chaumet, the prestigious historic jeweler on Place Vendôme in Paris; Fred, a designer of contemporary jewelry pieces; and De Beers Diamond Jewellers, a joint-venture formed in July 2001, which has continued to solidify its position as diamond jeweler.

The business group has already deployed internationally, strengthened the coordination and pooling of administrative resources, expanded its sales and marketing teams, and progressively began to establish a network of after-sale multi-brand services worldwide to improve customer satisfaction. LVMH Watches and Jewelry has a territorial organization that covers all European markets, the American continent, northern Asia, Japan, and the Asia-Pacific region.

In watchmaking, manufacturing has been coordinated through the use of shared resources, such as prototype design capacities, and by sharing the best methods for preparing investment plans, improving productivity and negotiating purchasing terms with suppliers.

In 2015, the Watches and Jewelry business group posted revenue of 3,308 million euros, which represented 9% of total LVMH revenue.

4.1. The brands of the Watches and Jewelry business group

TAG Heuer, founded in 1860 in the Swiss Jura town of Saint-Imier and acquired by LVMH in November 1999, has forged strong ties over the years with the world of competitive sports, reflected in the brand's core performance values. TAG Heuer is recognized for the quality and precision of its timepieces, combined with cutting-edge design aesthetics. Its most coveted professional sport watches are the *Aquaracer*, *Link* and *Formula 1* lines. For traditional watches and chronographs, the *Carrera* and *Monaco* models enjoy strong followings. In 2010, the brand launched the *Calibre 1887*, its first automatic movement developed and built in-house. In 2015, it launched a smartwatch. Via licenses, TAG Heuer is also active in the eyewear segment.

Hublot, founded in 1980 and part of the LVMH group since 2008, has always been an innovative brand, creating the first watch in the industry's history fitted with a natural black rubber strap. Relying on a team of top-flight watchmakers, the brand is widely renowned for its original concept combining noble materials with state-of-the-art technology and for its iconic *Big Bang* model launched in 2005. Along with the many versions of this model, Hublot has relaunched its long-established *Classic Fusion* line.

Zenith (founded in 1865 and established in Le Locle near the Swiss Jura region) joined LVMH in November 1999. Zenith belongs to the very select group of watch movement manufactures. In the watchmaking sector, the term manufacture designates a company that provides the entire design and manufacturing of mechanical movements. The two master movements of Zenith, the chronograph *El Primero* and the extra-flat movement *Elite*, absolute benchmarks for Swiss watchmaking, are provided on the watches sold under this brand.

Bvlgari, founded in 1884, stands for creativity and excellence worldwide and is universally recognized as one of the major players in its sector. The long-celebrated Italian brand occupies a strong leadership position in jewelry, where it is particularly well known for its iconic *Serpenti* line, and in watches, while playing an important role in the fragrance and accessories segments as well.

Chaumet, a jeweler established in 1780, has maintained its prestigious expertise for over two centuries, imposing a style that is deliberately modern and is reflected in all its designs, whether high-end jewelry pieces, jewelry or watch collections. The LVMH group acquired Chaumet in 1999.

Montres Dior has been managed since 2008 in the form of a joint-venture between the Watches and Jewelry business group and the company Christian Dior Couture. The collections of Montres Dior, particularly *Christal*, *Chiffre Rouge*, *D de Dior* and, since 2011, *Dior VIII*, are designed in complete harmony with the creative impetus of the Fashion house.

De Beers is a high jewelry brand, created in July 2001 and jointly managed by the LVMH and De Beers groups, through De Beers Diamond Jewellers Ltd. The company is based in London (United Kingdom), and is progressively rolling out a global network of boutiques offering jewelry under the De Beers brand name. De Beers sets itself apart with its unique know-how deeply rooted in traditional craftsmanship, coupled with a resolutely modern creative vision.

Since January 1, 2014, retrospectively as of January 1, 2012, Montres Dior and De Beers are accounted for under the equity method in accordance with IFRS 11 Joint Arrangements.

Fred, founded in 1936 and part of the LVMH group since 1995, is present in high-end jewelry, jewelry and watchmaking. Since joining the Group, Fred has completely revamped its design, image and distribution. This revival can be seen in the bold contemporary style of its creations, exemplified by the brand's iconic *Force 10* line.

4.2. Distribution

The Watches and Jewelry brands' store network comprised 395 stores as of December 31, 2015. The jewelry brands' products are thus showcased in prestigious positions, located in some of the largest cities in the world. For example, TAG Heuer and Hublot are developing their store networks, including those that are directly operated and those operating under franchise, by obtaining strategically located locations which contribute to the visibility of their products.

4.3. Supply sources and subcontracting

At its Swiss workshops and manufacturing centers, located in Le Locle, La Chaux-de-Fonds, Neuchâtel, Cornol, Tramelan, Le Sentier, Chevenez and Nyon, the Group assembles most of the watches and chronographs sold under the TAG Heuer, Hublot, Zenith, Bvlgari, Montres Dior, Chaumet and Fred brands; it also designs and manufactures mechanical movements such as *El Primero* and *Elite* by Zenith, *Calibre 1887* by TAG Heuer, *UNICO* by Hublot and Hautes Complications by Bvlgari; and it manufactures some critical components such as dials, cases and straps. Zenith's manufacture in Le Locle underwent a major renovation in 2012. In 2013, TAG Heuer inaugurated a new movement manufacturing facility in Chevenez, and in 2015 Hublot opened a second one at its Nyon site.

In this business, subcontracting represented 13% of the cost of sales in 2015.

Even though the Group can, in certain cases, use third parties to design its models, they are most often designed in its own studios.

5. SELECTIVE RETAILING

The Selective Retailing businesses are organized to promote an environment that is appropriate to the image and status of the luxury brands. These companies are expanding in Europe, North America, Asia and the Middle East, and operate in two segments: travel retail (the sale of luxury products to international travelers), the business of DFS and Starboard Cruise Services, and the selective retail concepts represented by Sephora and the Paris department store Le Bon Marché.

In 2015, the Selective Retailing business group posted revenue of 11,233 million euros, or 31% of the total revenue of LVMH.

5.1. Travel retail

DFS

Duty Free Shoppers ("DFS") joined LVMH in 1997.

DFS is the pioneer and the world leader in the sale of luxury products to international travelers. Its activity is closely linked to tourism cycles.

Since it was formed in 1960 as a duty-free concession in the Kai Tak airport in Hong Kong, DFS has acquired an in-depth knowledge of the needs of traveling customers, built solid partnerships with Japanese and international tour operators, and has significantly expanded its business, particularly in the tourist destinations in the Asia-Pacific region.

The strategy of the DFS group is focused on the development and promotion of its city-center *Galleria* stores, which currently account for nearly half of its revenue.

With an area of around 6,000 to 12,000 square meters, the *Gallerias* are located in the urban centers of major airline destinations in Asia-Pacific, the United States and Japan. Each space combines in one site, close to the hotels where travelers are lodged, two different, but complementary sales spaces: a general luxury product offering (including perfumes and cosmetics, fashion and accessories) and a gallery of prestigious boutiques belonging or not to the LVMH group (such as Louis Vuitton, Hermès, Bvlgari, Tiffany, Christian Dior, Chanel, Prada, Fendi, Céline, etc.).

While focusing on the development of its *Gallerias*, which are its main source of growth, DFS maintains its strategic interest in the airport concessions if these can be obtained or renewed under good financial terms. DFS is currently present at some twenty international airport sites in the Asia-Pacific, the United States and Japan, notably in Hong Kong, thanks to three new concessions awarded at the end of 2012.

Starboard Cruise Services

Starboard Cruise Services, acquired by LVMH in 2000, is an American company founded in 1958, the world leader in the sale of duty-free luxury items on board cruise ships. It provides services to nearly 100 ships representing several cruise lines. It also publishes tourist reviews, catalogs and advertising sheets available on board.

5.2. Selective retail

Sephora

Sephora, founded in 1969, has developed over time a perfume and beauty format that combines direct access and customer assistance. This concept led to a new generation of stores with a sober and luxurious architecture, designed in three spaces dedicated to perfumes, make-up and skincare respectively. Based on the quality of this concept, Sephora has gained the confidence of selective perfume and cosmetics brands. In addition, Sephora has offered products sold under its own brand name since 1995 and has developed a line of exclusive products thanks to its close ties with brands selected for their bold ideas and creativity.

Since it was acquired by LVMH in July 1997, Sephora has recorded rapid growth in Europe by opening new stores and acquiring companies that operated perfume retail chains. Sephora is present in 16 European countries. The Sephora concept also crossed the Atlantic in 1998, with a strong presence in the United States, an Internet site sephora.com, and a stores network in Canada. Sephora entered the Chinese market in 2005. Having entered the Middle East in 2007, the brand has stores in five countries at the end of 2015. After entering the South American market in 2010 with its acquisition of Sack's, the leading online retailer of selective perfumes and cosmetics in Brazil, Sephora has reinforced its presence in this country and in Mexico. Sephora has also strengthened its presence in Russia, raising its stake in Ile de Beauté, a perfume and cosmetics retail chain, to 65% in 2011. Starting in 2008, Sephora has also developed its presence in Southeast Asia, opening its first stores in Singapore and then in Malaysia, India and Thailand. In 2014, the brand continued expanding in the region and marked its debut in Australia and Indonesia. In 2015, geographic expansion continued with the acquisition of the e-commerce site Luxola, which is present in nine countries in Southeast Asia.

Le Bon Marché

Established in 1852, Le Bon Marché Rive Gauche was a pioneer of modern marketing in the 19th century. The sole department store located on the left bank in Paris, it was acquired by LVMH in 1998.

Le Bon Marché Rive Gauche has a food store, La Grande Épicerie de Paris. Since 1995, it has also owned Franck et Fils, located on rue de Passy in the sixteenth district of Paris. In recent years, a fundamental overhaul that included the renovation and remodeling of its sales spaces, together with moving to a more upscale product offer, strengthened the identity of Le Bon Marché. Famous for its product offerings and service policy, which sets the bar very high, Le Bon Marché Rive Gauche is now the most exclusive and creative department store in Paris.

6. OTHER ACTIVITIES

The Other activities segment includes the media division managed by the Les Echos group, La Samaritaine, the Dutch luxury yacht maker Royal Van Lent, Cheval Blanc hotel operations and, since 2013, the Cova patisserie business, based in Milan (Italy).

Les Echos group

LVMH acquired the Les Echos group in 2007. The Les Echos group includes *Les Echos*, France's leading financial newspaper, *LesEchos.fr*, the top business and financial website in France, the business magazine *Enjeux-Les Echos*, as well as other specialized business services. Les Echos group also holds several other financial and cultural media titles that were previously owned by LVMH: *Investir – Le Journal des finances*, resulting from the 2011 merger of two financial weeklies; *Connaissance des Arts*; and the French radio station *Radio Classique*. Les Echos group also publishes trade journals, with titles produced by SID Presse, and is active in the business-to-business segment, with the organizations *Les Echos Formation* and *Les Echos Conférences*, the trade show *Le Salon des Entrepreneurs*, and *Eurostaf* market studies.

La Samaritaine

La Samaritaine is a real estate complex located at the heart of Paris, beside the Seine river. It comprised a department store in addition to leased office and retail space until 2005 when the department store was closed for safety reasons. La Samaritaine is undergoing a large-scale renovation project which adheres to an innovative environmental approach. Several activities will be grouped together in its buildings on the two blocks between the Quai du Louvre and the Rue de Rivoli: a department store, a 72-room Cheval Blanc luxury hotel, 96 social housing units, a daycare center and offices. The building permit granted at the end of 2012 was definitively validated by order of France's supreme Administrative Court (Conseil d'État) on June 19, 2015.

Royal Van Lent

Founded in 1849, Royal Van Lent designs and builds luxury yachts according to customers' specifications and markets them under the Feadship brand, one of the most prestigious in the world for yachts over 50 meters.

Cheval Blanc

Cheval Blanc is the spearhead of the Group's business development in hotels. The Cheval Blanc approach, based on the founding values of craftsmanship, exclusivity, creativity and hospitality, is applied at all of its hotels, whether proprietary or independently managed. Cheval Blanc has locations in Courchevel, France; Saint-Barthélemy in the French Antilles, a hotel acquired in 2013; and the Maldives.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

LVMH group

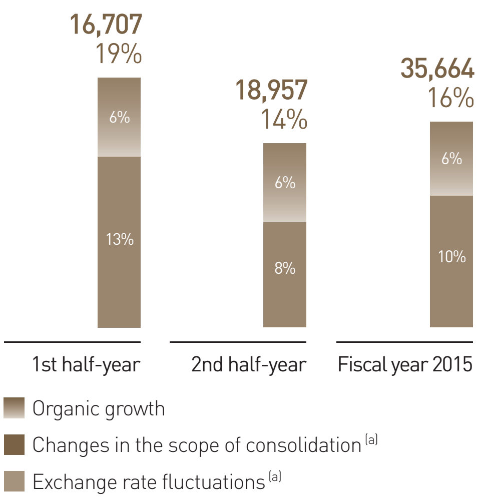
1. BUSINESS AND FINANCIAL REVIEW

1.1. Comments on the consolidated income statement

1.1.1. Analysis of revenue

Change in revenue per half-year period

(EUR millions and percentage)



(a) The principles used to determine the net impact of exchange rate fluctuations on revenue of entities reporting in foreign currencies and the net impact of changes in the scope of consolidation are described on page 27.

Consolidated revenue for fiscal year 2015 was 35,664 million euros, up 16% over the preceding fiscal year. It was favorably impacted by the appreciation of the average rate of the Group's main invoicing currencies against the euro, in particular the US dollar, which appreciated by 16%.

The following change has been made in the Group's scope of consolidation since January 1, 2014: in Other activities, the acquisition of the newspaper Le Parisien-Aujourd'hui en France in October 2015. This change in the scope of consolidation did not have a significant effect on revenue growth for the year.

On a constant consolidation scope and currency basis, revenue increased by 6%.

Revenue by invoicing currency

(as %)	2015	2014	2013
Euro	22	23	23
US dollar	32	29	28
Japanese yen	7	7	7
Hong Kong dollar	7	8	8
Other currencies	32	33	34
Total	**100**	**100**	**100**

The breakdown of revenue by invoicing currency changed significantly: the contribution of the US dollar rose by 3 points to 32% while the contribution of the euro and that of other currencies fell by 1 point and 2 points, respectively, to 22% and 39%. The contribution of the Japanese yen remained stable at 7%.

Revenue by geographic region of delivery

(as %)	2015	2014	2013
France	10	10	11
Europe (excluding France)	18	19	19
United States	26	24	23
Japan	7	7	7
Asia (excluding Japan)	27	29	30
Other markets	12	11	10
Total	**100**	**100**	**100**

By geographic region of delivery, the relative contribution of Asia (excluding Japan) to Group revenue declined by 2 points, while that of Europe (excluding France) declined by 1 point, to 27% and 18% respectively, whereas the United States and Other markets witnessed their relative contribution increase by 2 points and 1 point, to 26% and 12% respectively. The contributions of France and Japan remained stable at 10% and 7% respectively.

In local currency terms, the change in revenue by geographic region represents a satisfactory performance for all regions, especially for the United States and Japan.

Revenue by business group

(EUR millions)	2015	2014	2013
Wines and Spirits	4,603	3,973	4,173
Fashion and Leather Goods	12,369	10,828	9,883
Perfumes and Cosmetics	4,517	3,916	3,717
Watches and Jewelry	3,308	2,782	2,697
Selective Retailing	11,233	9,534	8,903
Other activities and eliminations	(366)	(395)	(357)
Total	**35,664**	**30,638**	**29,016**

By business group, the breakdown of Group revenue remained unchanged. The contribution of Fashion and Leather Goods held steady at 35%; Selective Retailing remained at 31%; Perfumes and Cosmetics and Wines and Spirits both came to 13%, while Watches and Jewelry contributed 9%.

Wines and Spirits saw an increase in revenue of 16% based on published figures. Revenue for this business group increased by 6% on a constant consolidation scope and currency basis, with the net impact of exchange rate fluctuations raising Wines and Spirits revenue by 10 points. This performance was mainly driven by higher volumes. Demand remained very strong in the United States and Europe, with China still the second largest market for the Wines and Spirits business group.

Fashion and Leather Goods posted organic growth of 4%, and 14% based on published figures. This business group's performance continued to benefit from gains made by Louis Vuitton. Fendi, Céline, Kenzo, Givenchy and Berluti confirmed their potential for strong growth.

Revenue for Perfumes and Cosmetics increased by 7% on a constant consolidation scope and currency basis, and by 15% based on published figures. All of this business group's brands performed well. This performance confirmed the effectiveness of the value-enhancing strategy resolutely pursued by the Group's brands in the face of competitive pressures spawned by the economic crisis. The Perfumes and Cosmetics business group saw appreciable revenue growth in the United States and Asia, notably China.

Revenue for Watches and Jewelry increased by 8% on a constant consolidation scope and currency basis, and by 19% based on published figures. This business group was boosted by the very strong momentum of Bvlgari throughout the world and by the very robust performance delivered by Chaumet and Hublot. For all of the business group's brands, Europe and Japan were the most dynamic regions.

Revenue for Selective Retailing increased by 5% on a constant consolidation scope and currency basis and by 18% based on published figures. This performance was driven by Sephora, which generated very appreciable growth in revenue in North America and the Middle-East.

1.1.2. Profit from recurring operations

(EUR millions)	2015	2014	2013
Revenue	35,664	30,638	29,016
Cost of sales	(12,553)	(10,801)	(9,997)
Gross margin	23,111	19,837	19,019
Marketing and selling expenses	(13,830)	(11,744)	(10,767)
General and administrative expenses	(2,663)	(2,373)	(2,212)
Income (loss) from investments in associates	(13)	(5)	(23)
Profit from recurring operations	**6,605**	**5,715**	**6,017**
Operating margin *(%)*	**18.5**	**18.7**	**20.7**

The Group achieved a gross margin of 23,111 million euros, up 17% compared to the prior fiscal year. As a percentage of revenue, the gross margin was 65%, stable with regard to 2014.

Marketing and selling expenses totaled 13,830 million euros, up 18% based on published figures, amounting to an 8% increase on a constant consolidation scope and currency basis. This increase was mainly due to the development of retail networks, but also to higher communications investments especially in Perfumes and Cosmetics, and Fashion and Leather Goods. The level of these expenses rose by 1 point as a percentage of revenue, amounting to 39%. Among these marketing and selling expenses, advertising and promotion costs amounted to 11% of revenue, an increase of 8% on a constant consolidation scope and currency basis.

The geographic breakdown of stores is as follows:

(number)	2015	2014	2013
France	482	467	443
Europe (excluding France)	1,012	995	926
United States	732	708	669
Japan	407	412	370
Asia (excluding Japan)	951	870	749
Other markets	276	256	227
Total	**3,860**	**3,708**	**3,384**

General and administrative expenses totaled 2,663 million euros, up 12% based on published figures, and up 5% on a constant consolidation scope and currency basis. They amounted to 8% of revenue, the same proportion as in 2014.

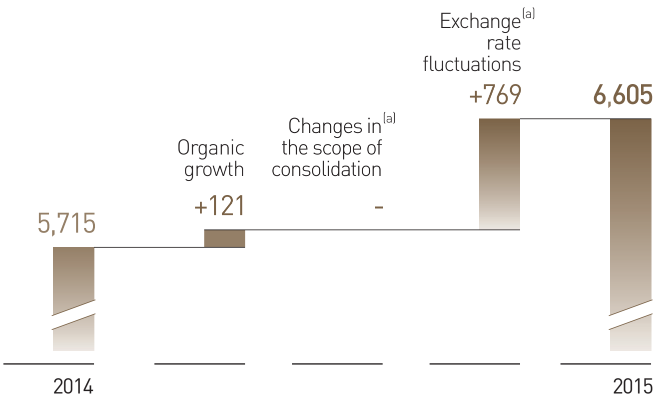
Profit from recurring operations by business group

(EUR millions)	2015	2014	2013
Wines and Spirits	1,363	1,147	1,367
Fashion and Leather Goods	3,505	3,189	3,135
Perfumes and Cosmetics	525	415	414
Watches and Jewelry	432	283	367
Selective Retailing	934	882	908
Other activities and eliminations	(154)	(201)	(174)
Total	**6,605**	**5,715**	**6,017**

The Group's profit from recurring operations was 6,605 million euros, up 16%. The Group's operating margin as a percentage of revenue was 18.5%, remaining stable compared with December 31, 2014.

Profit from recurring operations

(EUR millions)



(a) The principles used to determine the net impact of exchange rate fluctuations on profit from recurring operations of entities reporting in foreign currencies and the net impact of changes in the scope of consolidation are described on page 27.

Exchange rate fluctuations had a positive overall impact of 769 million euros on profit from recurring operations compared to the previous fiscal year. This total comprises the following three items: the impact of exchange rate fluctuations on export and import sales and purchases by Group companies, the change in the net impact of the Group's policy of hedging its commercial exposure to various currencies, and the impact of exchange rate fluctuations on the consolidation of profit from recurring operations of subsidiaries outside the euro zone.

On a constant consolidation scope, currency and foreign exchange hedging basis, the Group's profit from recurring operations was up 2%.

Wines and Spirits

	2015	2014	2013
Revenue *(EUR millions)*	4,603	3,973	4,173
Profit from recurring operations *(EUR millions)*	1,363	1,147	1,367
Operating margin *(%)*	29.6	28.9	32.8

Profit from recurring operations for Wines and Spirits was 1,363 million euros, up 19% compared to 2014. Champagne and wines contributed 641 million euros while cognac and spirits accounted for 722 million euros. Higher sales volumes and control of costs helped limit the effects related to lower business activity in China.

Fashion and Leather Goods

	2015	2014	2013
Revenue *(EUR millions)*	12,369	10,828	9,883
Profit from recurring operations *(EUR millions)*	3,505	3,189	3,135
Operating margin *(%)*	28.3	29.5	31.7

Fashion and Leather Goods posted profit from recurring operations of 3,505 million euros, up 10% with respect to 2014. Louis Vuitton maintained its very high level of profitability, while Céline, Kenzo, Givenchy and Fendi confirmed their profitable growth momentum. The business group's operating margin as a percentage of revenue fell by 1 point to 28%.

Perfumes and Cosmetics

	2015	2014	2013
Revenue *(EUR millions)*	4,517	3,916	3,717
Profit from recurring operations *(EUR millions)*	525	415	414
Operating margin *(%)*	11.6	10.6	11.1

Profit from recurring operations for Perfumes and Cosmetics was 525 million euros, up 26% compared to 2014. This growth was driven by Parfums Christian Dior, Benefit, Guerlain and Make Up For Ever, all of which posted improved results thanks to the success of their flagship product lines and strong innovative momentum. The business group's operating margin as a percentage of revenue grew by 1 point to 12%.

Watches and Jewelry

	2015	2014	2013
Revenue *(EUR millions)*	3,308	2,782	2,697
Profit from recurring operations *(EUR millions)*	432	283	367
Operating margin *(%)*	13.1	10.2	13.6

Profit from recurring operations for Watches and Jewelry was 432 million euros, up 53% with respect to 2014. This upsurge was the result of the excellent performance posted by Bvlgari, which led to a 3-point increase in the business group's operating margin as a percentage of revenue, which came to 13%.

Selective Retailing

	2015	2014	2013
Revenue *(EUR millions)*	11,233	9,534	8,903
Profit from recurring operations *(EUR millions)*	934	882	908
Operating margin *(%)*	8.3	9.3	10.2

Profit from recurring operations for Selective Retailing was 934 million euros, up 6% compared to 2014. The business group's operating margin as a percentage of revenue fell by 1 point to 8%.

Other activities

The net result from recurring operations of Other activities and eliminations was a loss of 154 million euros, an improvement with respect to 2014. In addition to headquarters expenses, this heading includes the results of the Media division and those of the yacht builder Royal Van Lent.

1.1.3. Other income statement items

(EUR millions)	2015	2014	2013
Profit from recurring operations	6,605	5,715	6,017
Other operating income and expenses	(221)	(284)	(119)
Operating profit	6,384	5,431	5,898
Net financial income (expense)	(414)	2,947	(198)
Income taxes	(1,969)	(2,273)	(1,753)
Net profit before minority interests	**4,001**	**6,105**	**3,947**
Minority interests	(428)	(457)	(511)
Net profit, Group share	**3,573**	**5,648**	**3,436**

Other operating income and expenses amounted to a net expense of 221 million euros, compared to a net expense of 284 million euros in 2014. In 2015, Other operating income and expenses included 136 million euros in amortization and impairment charges for brands and goodwill. The remainder mainly consisted of costs for the reorganization of manufacturing processes and sales structures, mostly in Fashion and Leather Goods and Watches and Jewelry businesses.

The Group's operating profit was 6,384 million euros, up 18% compared to 2014.

The net financial expense for the fiscal year was 414 million euros, compared with net financial income of 2,947 million euros in 2014. This item comprises:

- the aggregate cost of net financial debt, which amounted to 78 million euros, down 37 million euros compared to 2014, thanks to the combined impacts of lower interest rates and the decrease in the average amount of debt outstanding;
- other financial income and expenses, which amounted to a net expense of 336 million euros, compared to net income of 3,062 million euros in 2014. As a reminder, this positive result essentially consisted of capital gains arising on the distribution in kind of Hermès shares in 2014. The expense related to the ineffective portion of foreign exchange derivatives was 437 million euros, versus an expense of 238 million euros a year earlier; the sharp appreciation of the US dollar with respect to the euro led the Group to adapt its derivatives portfolio over the first half of the year. Lastly, other income from financial instruments, which mainly arose from capital gains on sales of short-term investments, amounted to net income of 101 million euros.

The Group's effective tax rate was 33%, an increase of 6 points versus 2014 and 2 points versus the tax rate adjusted for the specific impact of the Hermès share distribution transaction.

Profit attributable to minority interests was 428 million euros, compared to 457 million euros in 2014; this total mainly includes profit attributable to minority interests in Moët Hennessy and DFS.

The Group's share of net profit was 3,573 million euros, compared with 5,648 million euros in 2014. This represented 10% of revenue in 2015, down 8 points with respect to 2014. The Group's share of net profit in 2015 was up 20% compared to the Group's share of net profit in 2014, restated for the impact of the Hermès transaction.

Comments on the determination of the impact of exchange rate fluctuations and changes in the scope of consolidation

The impact of exchange rate fluctuations is determined by translating the accounts for the fiscal year of entities having a functional currency other than the euro at the prior fiscal year's exchange rates, without any other restatements.

The impact of changes in the scope of consolidation is determined:
- for the fiscal year's acquisitions, by deducting from revenue for the fiscal year the amount of revenue generated during that fiscal year by the acquired entities, as of their initial consolidation;
- for the prior fiscal year's acquisitions, by deducting from revenue for the fiscal year the amount of revenue generated over the months during which the acquired entities were not consolidated in the prior fiscal year;
- for the fiscal year's disposals, by adding to revenue for the fiscal year the amount of revenue generated by the divested entities in the prior fiscal year over the months during which those entities were no longer consolidated in the current fiscal year;
- for the prior fiscal year's disposals, by adding to revenue for the fiscal year the amount of revenue generated in the prior fiscal year by the divested entities.

Profit from recurring operations is restated in accordance with the same principles.

1.2. Wines and Spirits

	2015	2014	2013
Revenue *(EUR millions)*	**4,603**	**3,973**	**4,173**
Of which: Champagne and wines	*2,221*	*1,985*	*1,937*
Cognac and spirits	*2,382*	*1,988*	*2,236*
Sales volume *(millions of bottles)*			
Champagne	61.4	59.6	57.4
Cognac	76.0	70.4	69.1
Other spirits	18.6	17.3	16.9
Still and sparkling wines	45.4	45.1	44.7
Revenue by geographic region of delivery *(%)*			
France	6	6	7
Europe (excluding France)	19	21	19
United States	30	27	23
Japan	6	6	5
Asia (excluding Japan)	23	24	31
Other markets	16	16	15
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**1,363**	**1,147**	**1,367**
Operating margin *(%)*	**29.6**	**28.9**	**32.8**
Operating investments of the period *(EUR millions)*	**233**	**152**	**186**

Highlights

The Wines and Spirits business group had a very good year, marked by solid gains in champagne and a strong performance from Hennessy. The rapid development at Glenmorangie, Ardbeg and Belvedere, and in the Estates & Wines portfolio, contributed to the business group's growth. Volumes were up 3% in champagne and 8% in cognac. In a mixed global environment, the excellence of the products, the robust innovation policy implemented by the brands, and the responsiveness of Moët Hennessy's distribution network played a key role in these accomplishments.

For **Moët & Chandon**, 2015 was a year of many innovations: a new prestige cuvée showcasing the House's winemaking prowess, a bold move into the nightlife market with the first luminescent champagne bottles, and a new international communications campaign. Buoyed by solid performances in the United States, Europe and Japan, Moët & Chandon achieved record volumes and strengthened its leading market position.

Dom Pérignon continued to develop internationally and roll out its range of premium products. The brand's motto "The Power of Creation", aimed at elevating the tasting experience offered by its vintage champagnes.

Mercier developed and expanded its product range with the launch of a *Blanc de Noirs* cuvée.

Ruinart continued to focus on premium cuvées and its strong ties to contemporary design. The brand strengthened its position in France and accelerated its international expansion with solid growth in all regions.

Veuve Clicquot proved as innovative as ever, performing well across its full product range thanks to the strong results of its high-profile Carte Jaune cuvée, the gains made by *Rosé Non Vintage* and the success of *Clicquot Rich*, the first champagne designed specifically for use in mixed drinks. The brand built on its market-leading position in the United States.

Krug continued to increase its brand awareness and performance gains. While still pursuing the momentum in the American market, the brand also developed in Europe and made solid progress in Japan and the Asia-Pacific region.

Estates & Wines had a good year, with excellent performance from the **Chandon** brand and promising developments at newly established estates (China, India). The 2015 harvest was of exceptional quality at all northern-hemisphere vineyards, signaling the arrival of a historic new vintage.

Hennessy celebrated its 250th birthday with high profile communications initiatives around the world, recording a substantial increase in sales volumes and passing the 6 million case mark. Its results in the United States were remarkable across all cognac quality grades thanks to the robust performance of its star product Hennessy *Very Special*, its upmarket strategy and successful communications. In China, the second half of the year saw a rebound in sales, during a year marked by continuous destocking by retailers. Hennessy continued to concentrate its volumes on the highest-performing regions and developed its business not only in its historic markets but also in many new and promising countries such as Indonesia and the Philippines, emerging African and American markets, and travel retail channels.

Glenmorangie and **Ardbeg** continued to grow robustly on the back of strong demand for single malt premium whisky and increasing brand awareness. Their quality and innovation policy earned them award recognition and good sales. **Belvedere** vodka received a successful boost due to the high visibility afforded by its sponsorship of Spectre, the 24th James Bond film, and enjoyed numerous international distinctions.

Outlook

Powered by their value creation and innovation strategy, the brands of the Wines and Spirits business group are on a positive track for the months to come. In 2016 there will be new product launches as well as strong marketing, event and digital initiatives to bolster the brands' image and appeal. Significant investments in communications will be made in the most promising markets and segments to reinforce the position of LVMH's brands in the big consumer countries and accelerate their penetration of high-potential markets. The reinforcement of manufacturing capabilities, necessary to maintain the highest standard of quality, will remain a strategic priority. For example, as part of its business development strategy, **Hennessy** has begun building a new packaging and shipping center that meets the most demanding professional and environmental standards and is planned to open in 2017. At the same time, **Moët & Chandon** is starting the construction of a second winery in Mont-Aigu. Amid a mixed global environment, the business group will continue to capitalize on its products' reputation for excellence and its balanced geographic coverage. The energy and responsiveness of the teams running Moët Hennessy's distribution network are a crucial asset in its effort to enhance its leading global position in prestige wines and spirits.

1.3. Fashion and Leather Goods

	2015	2014	2013
Revenue *(EUR millions)*	12,369	10,828	9,883
Revenue by geographic region of delivery *(%)*			
France	9	8	8
Europe (excluding France)	22	21	20
United States	22	21	20
Japan	11	11	12
Asia (excluding Japan)	28	30	31
Other markets	8	9	9
Total	100	100	100
Type of revenue as a percentage of total revenue (excluding Louis Vuitton)			
Retail	61	58	52
Wholesale	37	40	43
Licenses	2	2	5
Total	100	100	100
Profit from recurring operations *(EUR millions)*	3,505	3,189	3,135
Operating margin *(%)*	28.3	29.5	31.7
Operating investments of the period *(EUR millions)*	553	585	629
Number of stores	1,566	1,534	1,339

Highlights

Louis Vuitton maintained its creative momentum and the influence of its fascinating universe in 2015, infusing traditional craftsmanship with an avant-garde mindset. In leather goods – Louis Vuitton's core calling – growth was all the more robust in that it reflected the balance sought between timeless icons like the *Monogram* and recent launches. The *Capucines* model and the new *Petite Malle* performed especially well. Communication was rooted in regular campaigns and compelling events at emblematic locations, dovetailing with specific products and store openings: runway shows at the Fondation Louis Vuitton in Paris and at Bob and Dolores Hope's villa in Palm Springs, California; exhibitions related to the Maison's collections and history; and a presence at various arts and sports events throughout the world. Over the summer, the Fondation Louis Vuitton presented its first "beyond the walls" exhibit in Beijing. Alongside the opening of the Louis Vuitton Galerie in Asnières, the Grand Palais in Paris held the "Volez, Voguez, Voyagez" exhibition tracing the House's globetrotting history, which ran until February 2016. Louis Vuitton continued the quality-driven development of its store network, illustrated in particular by major renovations in Los Angeles, New York and Paris.

Fendi achieved a fine performance with an acceleration in revenue growth, the confirmed success of its new boutique concept, and market share gains in all regions. The brand enhanced its desirability, cultivating its image of audacity and refinement. It showed excellent momentum across all business areas, with especially strong demand for its iconic *Selleria* and *Peekaboo* leather goods lines. Several events stood out in 2015: the inauguration of the new headquarters at the Palazzo della Civiltà Italiana, the celebration of 50 years of creative collaboration with Karl Lagerfeld, and the reopening of the Palazzo Fendi in the heart of Rome.

Driven by the excellence of its fabrics and its creations designed for a discreet and exacting clientele, **Loro Piana** continued to develop internationally with selective boutique openings. The Fashion House continued to invest in its manufacturing capacity, bolstered its supply chain – notably introducing the first Loro Piana Cashmere of the Year Award – and launched a new exceptional fabric called The Blend©, combining vicuña down and baby cashmere in a unique palette of colors, which was immediately embraced by its customers.

The momentum of **Céline** was driven by all its product categories. Ready-to-wear and footwear continued to affirm the brand's modernity and quality, while the iconic leather goods lines elicited strong demand.

Givenchy and **Kenzo** had a very good year. Givenchy's Women's Summer 2016 collection presented in New York generated exceptional media coverage. Kenzo reinforced its positioning from one collection to the next, developed its store network, and cultivated a strong digital dimension.

Donna Karan and **Marc Jacobs** continued the strategic repositioning of their collections and consolidated their organizations. Donna Karan entrusted the creative directorship of *DKNY* women's ready-to-wear to New York designers Dao-Yi Chow and Maxwell Osborne. Marc Jacobs grouped its designs under one brand with a singular communications campaign and runway show, and implemented a new store concept.

Under the creative direction of Jonathan Anderson, **Loewe** continued its stylistic evolution and updated its iconic product lines. The launch of the *Puzzle* bag – a perfect illustration of the brand's craftsmanship – is already a great success.

Berluti had an eventful year, with numerous launches and the opening of a new workshop in Ferrara, which was necessary to accommodate its strong growth.

Thomas Pink, which maintained strong growth in its online sales, bolstered its digital strategy with the preparation of a new omni-channel platform.

Pucci appointed Massimo Giorgetti as its new creative director.

Outlook

2016 will be an eventful year for **Louis Vuitton**. The House will illustrate its unwavering creativity and its spirit of innovation throughout all its collections. One of the year's highlights will be the launch of a Louis Vuitton fragrance and the inauguration of a creative laboratory in Grasse to support its ambition in conquering this new territory. These developments will be accompanied by communications all closely related to the brand's latest news. Louis Vuitton will continue to enhance the quality of its retail network and will pursue initiatives aimed at offering its customers an exceptional experience and quality of service through a global approach encompassing both in-store and digital initiatives. **Fendi** will boost its momentum, driven by a bold, sophisticated offering and a focus on its unique craftsmanship. Innovation will take center stage once again in 2016 with a number of new product launches, and the Rome-based Fashion house will continue its expansion, opening stores in the downtown areas of key cities and in new markets. A highlight of the year for **Loro Piana** in 2016 will be the opening of a flagship store on Avenue Montaigne in Paris. Loro Piana will continue to concentrate its investments on textile research and development and on sourcing the finest and most precious natural fibers. By focusing on their specific objectives, all the fashion brands will continue to reinforce their development model with a view to ensuring profitable, controlled growth over time.

1.4. Perfumes and Cosmetics

	2015	2014	2013
Revenue *(EUR millions)*	**4,517**	**3,916**	**3,717**
Revenue by product category *(%)*			
Perfumes	41	43	45
Cosmetics	40	39	37
Skincare products	19	18	18
Total	**100**	**100**	**100**
Revenue by geographic region of delivery *(%)*			
France	12	13	13
Europe (excluding France)	26	30	32
United States	14	13	12
Japan	4	4	5
Asia (excluding Japan)	29	26	24
Other markets	15	14	14
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**525**	**415**	**414**
Operating margin *(%)*	**11.6**	**10.6**	**11.1**
Operating investments of the period *(EUR millions)*	**229**	**221**	**229**
Number of stores	**203**	**162**	**123**

Highlights

Perfumes and Cosmetics had an eventful year, recording robust growth and new market share gains. LVMH's Houses continued to capitalize on the vibrancy of their emblematic product lines and a vigorous innovation policy.

Parfums Christian Dior built on its growth and gained market share across the globe. Performance was driven by the unprecedented worldwide success of its new men's fragrance *Sauvage* – as embodied by Johnny Depp – and the buoyancy of its three iconic perfumes: *J'adore*, which offered the new *Touche de Parfum*; *Miss Dior*, driven by a fresh communications campaign and its worldwide success; and *Dior Homme*, which delivered growth in the world's main national markets. Dior developed its collections by re-releasing the iconic amphora bottle and a new exceptional fragrance, *Fève Délicieuse*, designed by its perfumer François Demachy for *La Collection Privée Christian Dior*. Spurred by the creative flair of Peter Philips since 2014, the brand's make-up segment reaffirmed its leading position with even bolder collections and numerous new releases such as *Dior Addict Lipstick* and *Nude Air* serum foundation. In skincare, where Dior has achieved some age-fighting scientific breakthroughs, *Dreamskin* performed well, as did the *Prestige* range.

Guerlain continued to grow, helped along by the ongoing success of the various incarnations of *La Petite Robe Noire* and the performance of *L'Homme Idéal*, which is well established on its markets. Its skincare lines *Orchidée Impériale* and *Abeille Royale* flourished, and its iconic make-up creations *Terracotta* and *Météorites* posted excellent results. La Ruche, the brand's new skincare and make-up manufacturing site in Chartres, is an asset to cosmetics development and a symbol of Guerlain's long-term commitment to high quality, eco design and the transmission of know-how in France's Cosmetic Valley.

Parfums Givenchy made progress with support from all of its product categories. The fragrance *Gentlemen Only*, an embodiment of masculine elegance, continued to record growth alongside the promising success of the new women's fragrance *Live Irrésistible*. Development in make-up was driven notably by the brand's top lipstick, *Le Rouge*.

Kenzo Parfums successfully launched *Flower by Kenzo L'Élixir*, with a communications campaign embodying the spontaneity and poetry of the brand.

Benefit maintained its strong momentum and continued to gain market share in the United States, Europe and the Middle East, with the support of some extremely effective digital communications. The major innovation of 2015 was *Roller Lash* mascara, a high-performance product that also conveys Benefit's signature fun-and-quirky tone, which achieved rapid success.

Make Up For Ever expanded rapidly, validating its business development model based on exceptional creativity and the professional quality of its make-up. Its new foundation products released in 2015, *Ultra HD* and *Step 1*, proved highly successful.

Fresh maintained a high rate of growth, especially in Asia, propelled by its unique approach to beauty and its ranges of naturally-derived products. 2015 marked the beginning of the brand's development in Europe, with counters opening at the Galeries Lafayette in Paris and Harrods in London.

Acqua di Parma benefited from the excellent performance of its *Colonia* line, which embodies timeless elegance and the Italian art of living.

Outlook

Going into 2016, LVMH's brands are setting themselves new targets for market share gains, which will mean showcasing their passion for excellence and adopting an active strategy of innovation, communication and digital initiatives. **Parfums Christian Dior** will continue to cultivate its reputation as one of the world's great perfume houses, develop its appeal, and grow its customer base in synergy with Couture. Its key strategic priorities will be developing *Sauvage* and building on its flagship product lines. Just as important will be the attention devoted to the expertise of its customer advisers and the continuous improvement of the Dior experience at its points of sale. **Guerlain** has undertaken an intensive innovation plan for all of its product categories, one consequence of which will be a make-up offshoot of *La Petite Robe Noire*. In Paris, Guerlain will open its first fragrances-only shop in January. **Parfums Givenchy** will develop its cosmetics offering, expand on its existing perfumes with new scent versions, and add to its *Live Irrésistible* product line. In a few strategic countries, **Kenzo Parfums** will launch a new and highly creative product line in keeping with the spirit of the Fashion House. **Benefit**, **Make Up For Ever**, **Fresh**, and **Acqua di Parma** will continue to affirm their creative focus, reinforce the one-of-a-kind market positioning that has enabled them to thrive, and expand their international distribution.

1.5. Watches and Jewelry

	2015	2014	2013
Revenue *(EUR millions)*	3,308	2,782	2,697
Revenue by geographic region of delivery *(%)*			
France	7	6	6
Europe (excluding France)	25	27	27
United States	11	12	12
Japan	13	13	13
Asia (excluding Japan)	27	26	27
Other markets	17	16	15
Total	100	100	100
Profit from recurring operations *(EUR millions)*	432	283	367
Operating margin *(%)*	13.1	10.2	13.6
Operating investments of the period *(EUR millions)*	204	191	187
Number of stores	395	380	363

Highlights

The Watches and Jewelry business group posted strong growth, with major gains in jewelry. The backdrop of economic and monetary uncertainty continued to make watch retailers prudent in their purchasing decisions. The boutiques achieved solid growth thanks to the success of their iconic product lines and the creativity of new offerings. The brands focused on building their reputations and invested selectively in their distribution networks and manufacturing capabilities.

Bvlgari continued to thrive in terms of both revenue and profits, delivering a remarkable performance in jewelry thanks to the success of the emblematic *Serpenti*, *Bvlgari-Bvlgari* and *B.Zero1* product lines and the new *Diva* collection. Fine jewelry made spectacular gains with a contribution from the new *Giardini Italiani* collection, inspired by the creative artistry of Italian gardens and epitomizing the brand's peerless mastery of exceptional colored gemstone arrangements. The watchmaking segment benefited from the success of the new *Lucea* collection, the ongoing progress of *Serpenti*, and the growth of the *Octo* line for men. A thorough campaign of selective store openings and improvements was rewarded with a strong performance by Bvlgari's own stores. In accessories and fragrances, Bvlgari accelerated its move upmarket.

TAG Heuer continued to build on its core products. New releases and special series were added to the iconic *Formula 1*, *Aquaracer* and *Carrera* lines, with powerful communications initiatives to support them. The smartwatch unveiled in New York in November, in keeping with the brand's status as a pioneer, generated a lot of interest and made a remarkable start in terms of sales on its first markets. TAG Heuer continued improving its organization and optimizing its store network to build on their quality and profitability. TAG Heuer's visibility for its target audience and its social media presence were enhanced with an extensive network of partners and ambassadors, including the Red Bull Racing team, the German Bundesliga soccer league, the musician David Guetta and the Chinese singer G.E.M.

Hublot kept up its high rate of growth, driven by the *Classic Fusion* line and the emblematic *Big Bang*, which turned 10 years old in 2015. The brand illustrated its creativity and value strategy with many new fine timepieces. The opening of a second manufacturing facility in Nyon reinforced Hublot's technical mastery of the fabrication process for its *UNICO* movements and its complications, and enriched its technological and innovative capacities. The brand's visibility was boosted by lively communications initiatives including events, a digital presence, and prestigious partnerships in the arts and sports. New stores opened in Frankfurt, Dubai, Osaka and Chengdu.

Zenith celebrated its 150th anniversary in 2015, a tribute to its values of craftsmanship and passion for watchmaking. The new *Elite 6150* received a very enthusiastic welcome, while the iconic *El Primero* line continued to thrive. Zenith raised its profile and expanded its network with the opening of a store in Chengdu.

Chaumet had a year of strong growth, driven by its emblematic lines and a gradual move upmarket. Several new designs enriched the *Hortensia* and *Joséphine* collections. A "Musée Éphémère" pop-up exhibit was opened on the Place Vendôme in Paris, displaying Chaumet's historic and current creations on the theme of naturalism, a hallmark of its heritage.

Montres Dior benefited from the success of the *Grand Bal* fine timepiece collections. **De Beers** consolidated its position as the leading reference in the solitaire diamonds segment. **Fred** was buoyed by its iconic *Force 10* line and opened a new flagship boutique in Paris.

Outlook

The Watches and Jewelry business group is actively pursuing its market share growth targets. Its masterful watchmaking and jewelry-making expertise, the creativity of its products and the brands' reputation and image of excellence remain the key vectors of its momentum and its future development. Against a mixed economic backdrop, this strategy continues to be combined with rigorous management and highly targeted resource allocation. Over the coming months, the brands will continue to invest in the most buoyant, promising regions as a priority to raise their profiles there. They will focus on optimizing the geographic coverage of their retail networks and enhancing the quality of their stores while increasing their productivity and profitability. At **Hublot**, specifically, a new flagship store opening in New York will be a highlight of the first half of the year. Further efforts will be made to expand manufacturing capacity and create synergies within the business group. **Bvlgari**, specifically, will continue the construction of its new manufacturing facility in Valenza, Italy, set to open in mid-2016. Lastly, in an illustration of their energy, innovative mindset and expertise, all the watches and jewelry brands will enrich their collections, ever guided by a spirit of creativity and commitment to excellence.

1.6. Selective Retailing

	2015	2014	2013
Revenue *(EUR millions)*	**11,233**	**9,534**	**8,903**
Revenue by geographic region of delivery *(%)*			
France	13	15	15
Europe (excluding France)	8	9	10
United States	39	35	33
Japan	2	1	1
Asia (excluding Japan)	29	31	33
Other markets	9	9	8
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**934**	**882**	**908**
Operating margin *(%)*	**8.3**	**9.3**	**10.2**
Operating investments of the period *(EUR millions)*	**399**	**389**	**389**
Number of stores			
Sephora	1,626	1,560	1,481
Other trade names	53	54	60

Highlights

Sephora gained market share worldwide and achieved new double-digit revenue growth, with remarkable performances in North America and the Middle East. Recently entered markets – Australia in particular – were off to a promising start. Expansion continued with close to 100 openings throughout the world in 2015. Several flagship stores such as the Mall of the Emirates store in Dubai and the Powell Street store in San Francisco were renovated to enrich customers' digital and service experience. Online sales kept up their strong growth, accompanied in particular by an upgraded mobile offering. Sephora stepped up the pace of its omni-channel development strategy: several innovative offerings were launched, such as 48-hour delivery in the United States and the "Click & Collect" service in France, where products ordered online can be picked up in-store three hours later. Geographic expansion continued with the acquisition of the e-commerce site Luxola, which is present in nine countries in Southeast Asia. Sephora also maintained its focus on innovation in products and services with a reinforced exclusive offering, the launch of the Beauty to Go line of miniature products for everyday use and travel, and the "Play!" initiative in the United States, which lets customers sign up to receive samples of a selection of products.

Le Bon Marché had a year of strong growth marked by innovation. One of the key events of 2015 was the opening of its new Footwear space with its magnificent glass ceilings. This renovation helped create remarkable momentum in the Accessories department, which was also boosted by the good results achieved in Watches and Jewelry. The ongoing transformation of the Women's Fashion space generated strong growth in this segment. Two highlights of the year at Le Bon Marché and the Grande Épicerie de Paris food store were the exhibition held at the beginning of the year in association with the Miami concept store The Webster and another devoted to the spirit of Brooklyn. The success of the "24 Sèvres" loyalty program exceeded expectations, expanding the customer base in France and drawing in a younger clientele. International customers, won over by Le Bon Marché's culturally rich, Parisian atmosphere, also contributed to revenue growth.

Travel retail activities were faced with a combination of unfavorable political, economic and monetary factors in Asia, with the exception of Japan, where **DFS** benefited from high levels of Chinese tourism. In this context, DFS drew on its unique expertise and its enormous capacity for innovation to develop its offering in response to the changing expectations of its globetrotting customers, while continuing to reduce operating costs. The T Beauty concept was launched in Macao and Hong Kong, offering a wide selection of brands and beauty products in an architectural space that is luxurious, modern and accessible. Another initiative, the wines and spirits duplex stores that opened at Changi Airport in Singapore, set a new benchmark for excellence in this category in terms of architecture and customer experience. In parallel, the plan to modernize existing stores continued, backed by a dynamic policy in marketing, events and loyalty building with the expansion of the LoyalT program.

The **Starboard Cruise Services** business on board cruise ships was boosted by the development of cruise routes in Asia and by its strategy of innovating and differentiating its in-store offerings by cruise line and customer base. The highlight of 2015 was the renewal of the contract with Royal Caribbean.

Outlook

Sephora will continue its international expansion. Staying true to its profile as a trailblazer in the world of beauty, Sephora will keep crafting the shopping experiences of tomorrow, focusing on personalizing its relationship with each customer and strengthening the link between physical stores and digital offerings. The training and engagement of its staff, on which Sephora's success depends, remain at the core of this strategy. **Le Bon Marché** will continue to cultivate its uniqueness, its identity as a trendsetter and the quality of its customer care. The launch of La Grande Épicerie de Paris's own brand will be a major event in 2016, while the Franck et Fils store will close its doors to prepare for the 2017 opening of another Grande Épicerie de Paris on the city's Right Bank.

Backed by its highly responsive teams and organization, **DFS** will continue to focus on the appeal of its network to make it an essential stop for travelers and enrich their experience. Several promising developments will come to fruition in 2016: the opening of the *T Galleria* in Siem Reap in Cambodia, near the fabulous ruins of Angkor; the opening of the new *T Galleria – City of Dreams* in Macao; and the opening of *T Fondaco dei Tedeschi*, Europe's first DFS store, on the Grand Canal in Venice, next to the Rialto Bridge, one of the world's most-visited tourist attractions. In response to the wide variety of cruise routes and a changing customer base, **Starboard Cruise Services** will continue to innovate and refine its product selections, with a focus on the highest-contributing categories.

1.7. Comments on the consolidated balance sheet

(EUR billions)	2015	2014	Change
Tangible and intangible assets	34.9	32.3	2.6
Other non-current assets	3.8	3.0	0.8
Non-current assets	**38.7**	**35.3**	**3.4**
Inventories	10.1	9.5	0.6
Other current assets	8.8	8.6	0.2
Current assets	**18.9**	**18.1**	**0.8**
Assets	**57.6**	**53.4**	**4.2**

(EUR billions)	2015	2014	Change
Total equity	25.8	23.0	2.8
Long term borrowings	4.5	5.0	(0.5)
Other non-current liabilities	14.6	13.2	1.4
Equity and non-current liabilities	**44.9**	**41.2**	**3.7**
Short term borrowings	3.7	4.2	(0.5)
Other current liabilities	9.0	8.0	1.0
Current liabilities	**12.7**	**12.2**	**0.5**
Liabilities and equity	**57.6**	**53.4**	**4.2**

LVMH's consolidated balance sheet totaled 57.6 billion euros as of year-end 2015, representing an 8% increase from year-end 2014. Non-current assets rose by 3.4 billion euros and represented 67% of total assets, compared with 66% as of year-end 2014.

Tangible and intangible fixed assets grew by 2.6 billion euros, of which 1.2 billion euros was due to the revaluation of purchase commitments for minority interests, and 0.9 billion euros was due to exchange rate fluctuations. Investments for the year, net of disposals as well as amortization and depreciation charges, represented an additional increase of 0.3 billion euros. The comments on the cash flow statement provide further information on investments.

Other non-current assets increased by 0.8 billion euros, amounting to 3.8 billion euros, as a result of the increase in deferred tax assets, for 0.5 billion euros, and the increase in investments in joint ventures and associates, for 0.2 billion euros, arising from the acquisition of equity stake in Repossi and L Catterton, in particular.

Inventories increased by 0.6 billion euros. The comments on the cash flow statement provide further information on this change.

Other current assets grew by 0.2 billion euros, as a result of the increase in operating receivables of 0.7 billion euros, mainly trade accounts receivable, which is in line with the Group's business growth. This increase is offset by the decrease in the level of cash, by 0.5 billion euros.

Other non-current liabilities, totaling 14.6 billion euros, increased by 1.4 billion euros, due to the 1.4 billion euro increase in the liability in respect of purchase commitments for minority interests. The 0.3 billion euro decrease in provisions was offset by an equivalent increase in deferred tax liabilities.

Lastly, other current liabilities increased by 1.0 billion euros, totaling 9.0 billion euros, of which 0.3 billion euros were related to exchange rates changes, 0.2 billion euros to the changes in consolidation scope, and 0.2 billion euros to increased tax and social charge liabilities. These changes are due to the development of the Group's business activities.

Net financial debt and equity

(EUR billions)	2015	2014	Change
Long term borrowings	4.5	5.0	(0.5)
Short term borrowings and derivatives	3.7	4.2	(0.5)
Gross borrowings after derivatives	**8.2**	**9.2**	**(1.0)**
Cash and cash equivalents and current available for sale financial assets	(4.0)	(4.4)	0.4
Net financial debt	**4.2**	**4.8**	**(0.6)**
Equity	**25.8**	**23.0**	**2.8**
Net financial debt/ Total equity ratio	**16%**	**21%**	**(5.0)**

The ratio of net financial debt to equity, which was 21% as of December 31, 2014, dropped significantly, falling by 5 points to 16%, thanks to the combined impact of the increase in equity, for 2.8 billion euros, and the reduction in net financial debt, for 0.6 billion euros.

Total equity amounted to 25.8 billion euros as of year-end 2015, up 2.8 billion euros compared to year-end 2014. This change primarily reflects the strong earnings achieved by the Group, distributed only partially, representing a net increase of 2.1 billion euros. In addition to this, a positive impact of 0.8 billion euros was recorded due to exchange rate fluctuations on the reserves of entities reporting in foreign currency, mainly US dollars, Hong Kong dollars and Swiss francs. As of December 31, 2015, total equity was equal to 45% of total assets, compared to 43% as of year-end 2014.

Gross borrowings after derivatives totaled 8.2 billion euros as of year-end 2015, representing a 1 billion euro decrease compared to year-end 2014. During the year, LVMH redeemed the bonds issued in 2009 (250 million euros) and 2011 (500 million euros) in addition to the 200 million Swiss franc bond issued in 2008. Other borrowings also fell by 0.4 billion euros, contributing to the decrease of the debt. Conversely, commercial paper outstanding increased by 0.3 billion euros and foreign currency liabilities rose by 0.1 billion euros as a result of exchange rate fluctuations. Cash, cash equivalents and current available for sale financial assets totaled 4.0 billion euros at the end of the fiscal year, down 0.4 billion euros from 4.4 billion euros as of year-end 2014; net financial debt was therefore down 0.6 billion euros.

As of year-end 2015, the Group's undrawn confirmed credit lines amounted to 3.4 billion euros, substantially exceeding the outstanding portion of its commercial paper program, which came to 2.3 billion euros as of December 31, 2015.

1.8. Comments on the consolidated cash flow statement

(EUR millions)	2015	2014	Change
Cash from operations before changes in working capital	**7,945**	**7,080**	**865**
Cost of net financial debt: interest paid	(75)	(116)	41
Income taxes paid	(1,807)	(1,639)	(168)
Net cash from operating activities before changes in working capital	**6,063**	**5,325**	**738**
Change in working capital	(429)	(718)	289
Operating investments	(1,955)	(1,775)	(180)
Free cash flow	**3,679**	**2,832**	**847**
Financial investments	**(511)**	**(232)**	**(279)**
Transactions relating to equity	**(2,090)**	**(1,961)**	**(129)**
Change in cash before financing activity	**1,078**	**639**	**439**

Cash from operations before changes in working capital totaled 7,945 million euros, compared to 7,080 million euros a year earlier, representing an increase of 12%. Net cash from operating activities before changes in working capital (i.e. after interest and income taxes paid) amounted to 6,063 million euros, up 14% from fiscal year 2014.

Interest paid, which totaled 75 million euros, was down significantly compared to its 2014 amount, mainly thanks to the impacts of lower interest rates on borrowings, as well as the reduction in net financial debt.

Income taxes paid came to 1,807 million euros, up 10% compared to the 1,639 million euros paid a year earlier, arising from the Group's earnings growth.

The 429 million euro increase in the working capital requirement was much lower than the 718 million euro increase observed a year earlier. The 569 million euro rise in inventories was significantly lower than the 928 million euro increase in 2014. It concerned Wines and Spirits in particular, and to a lesser extent Perfumes and Cosmetics and Watches and Jewelry.

Operating investments net of disposals resulted in an outflow of 1,955 million euros in 2015, compared to 1,775 million euros a year earlier. They consisted mainly of investments by Sephora, Louis Vuitton, DFS and Bvlgari in their retail networks; investments by Parfums Christian Dior in new counters; investments by the champagne houses and Hennessy in their production facilities; and investments in real estate for administrative use, sales operations or rental purposes.

In 2015, purchases of non-current available for sale financial assets and consolidated investments accounted for a 511 million euro outflow, of which 240 million euros were for purchases of consolidated investments. These included the acquisition of the newspaper Le Parisien-Aujourd'hui en France, a 95% stake in the e-commerce site Luxola, and investments in Repossi and L Catterton. The remaining net outflow of 271 million euros arose from the management of non-current available for sale financial assets, including an outflow of 265 million euros arising from income tax related to non-current available for sale financial assets.

Transactions relating to equity generated an outflow of 2,090 million euros. A portion of this amount, 1,671 million euros, related to dividends paid during the fiscal year by LVMH SE, excluding the amount attributable to treasury shares, of which 992 million euros was for the final dividend payment in respect of fiscal year 2014 and 679 million euros was for the interim dividend payment in respect of fiscal year 2015. In addition, dividends paid out to minority shareholders of consolidated subsidiaries amounted to 228 million euros and income taxes paid on transactions relating to equity amounted to 304 million euros. Conversely, share subscription options exercised during the fiscal year and capital increases subscribed by minority shareholders of Group subsidiaries generated an inflow of 116 million euros.

The net cash inflow after all operating, investment, and equity-related activities thus amounted to 1,078 million euros. Financing activities generated a cash outflow of 1,438 million euros, and after the negative impact of the change in the cumulative translation adjustment of 33 million euros, the cash balance at the end of the fiscal year was down 393 million euros compared to year-end 2014.

2. BUSINESS RISK FACTORS AND INSURANCE POLICY

2.1. Strategic and operational risks

2.1.1. Group's image and reputation

Around the world, the LVMH group is known for its brands, unrivaled expertise and production methods unique to its products. The reputation of the Group's brands rests on the quality and exclusiveness of its products, their distribution networks, as well as the promotional and marketing strategies applied. Products or marketing strategies not in line with brand image objectives, inappropriate behavior by brand ambassadors, the Group's employees, distributors or suppliers, as well as detrimental information circulating in the media might endanger the reputation of the Group's brands and adversely impact sales. The net value of brands and goodwill recorded in the Group's balance sheet as of December 31, 2015 amounted to 22.7 billion euros.

LVMH maintains an extremely high level of vigilance with respect to any inappropriate use by third parties of its brand names, in both the physical and digital worlds. In particular, this vigilance involves the systematic registration of all brand and product names, whether in France or in other countries, communications to limit the risk of confusion between LVMH brands and others with similar names, and constant monitoring, which may prompt legal action by the Group, if required. Initiatives pursued by the Group aim to promote a legal framework suited to the digital world, prescribing the responsibilities of all those involved and instilling a duty of vigilance in relation to unlawful acts online to be shared by all actors at every link in the digital value chain.

In its Wines and Spirits and Perfumes and Cosmetics business groups, and to a lesser extent in its Watches and Jewelry business group, LVMH sells a portion of its products to distributors outside the Group, which are thus responsible for sales to end customers. The reputation of the Group's products thus rests in part on compliance by all distributors with the Group's requirements in terms of their approach to the handling and presentation of products, marketing and communications policies, retail price management, etc. In order to discourage inappropriate practices, distribution agreements include strict guidelines on these matters, which are also monitored on a regular basis by Group companies.

Furthermore, the Group supports and develops the reputations of its brands by working with seasoned and innovative professionals in various fields (creative directors, oenologists, cosmetics research specialists, etc.), with the involvement of the most senior executives in strategic decision-making processes (collections, distribution and communication). In this regard, LVMH's key priority is to respect and bring to the fore each brand's unique personality. All LVMH employees are conscious of the importance of acting at all times in accordance with the ethical guidelines communicated within the Group.

Finally, in order to protect against risks related to an eventual public campaign against the Group or one of its brands, LVMH monitors developments in the media on a constant basis and maintains a permanent crisis management unit.

2.1.2. Counterfeit and parallel retail networks

The Group's brands, expertise and production methods can be counterfeited or copied. Its products, in particular leather goods, perfumes and cosmetics, may be distributed in parallel retail networks, including Web-based sales networks, without the Group's consent. As part of a joint effort aimed at developing new solutions to get consumers more engaged in their digital experience, while also preserving brand value and promoting creativity, LVMH and several major Internet companies (pure plays) have announced that they are working together to protect the Group's intellectual property rights and combat the online advertising and sale of counterfeit products.

Counterfeiting and parallel distribution have an immediate adverse effect on revenue and profit. Activities in these illegitimate channels may damage the brand image of the relevant products over time and may also lower consumer confidence. LVMH takes all possible measures to protect itself against these risks.

Action plans have been specifically drawn up to address the counterfeiting of products, in addition to the systematic protection of brand and product names discussed above. This involves close cooperation with governmental authorities, customs officials and lawyers specializing in these matters in the countries concerned, as well as with market participants in the digital world, whom LVMH also ensures are made aware of the adverse consequences of counterfeiting. The Group also plays a key role in all of the trade bodies representing the major names in the luxury goods industry, in order to promote cooperation and a consistent global message, all of which are essential in successfully combating the problem. In addition, LVMH takes various measures to fight the sale of its products through parallel retail networks, in particular by developing product traceability, prohibiting direct sales to those networks, and taking specific initiatives aimed at better controlling retail channels.

Beyond the borders of the European Union, LVMH is not subject to any legal constraints that might impede the full exercise of its selective retail distribution policy, or limit its ability to bring proceedings against any third parties distributing Group products without proper approval. In the European Union, competition law guarantees strictly equal treatment of all economic operators, particularly in terms of distribution, potentially posing an obstacle to companies refusing to distribute their products outside a network of authorized distributors. However, Commission Regulation (EC) No. 2790/1999 of December 22, 1999 (known as the 1999 Block Exemption Regulation), by authorizing selective retail distribution systems, established an exemption to this fundamental principle, under which LVMH operates, thus providing greater protection for Group customers. This exemption was confirmed in April 2010, when the Commission renewed the Block Exemption Regulation, and extended its application to retail sales over the Internet. This legal protection gives the Group more resources in the fight against counterfeit goods and the parallel distribution of its products, a battle waged as much in the digital as in the physical world.

In 2015, anti-counterfeiting measures generated internal and external costs in the amount of approximately 39 million euros.

2.1.3. Contractual constraints

In the context of its business activities, the Group enters into multi-year agreements with its partners and some of its suppliers (especially lease, concession, distribution and procurement agreements). Should any of these agreements be terminated before its expiration date, compensation is usually provided for under the agreement in question, which would represent an expense without any immediate offsetting income item. As of December 31, 2015, the total amount of minimum commitments undertaken by the Group in respect of multi-year lease, concession, and procurement agreements amounted to 11.5 billion euros. Detailed descriptions of these commitments may be found in Notes 30.1 and 30.2 to the consolidated financial statements.

Any potential agreement that would result in a commitment by the Group over a multi-year period is subjected to an approval process at the Group company involved, adjusted depending on the related financial and operational risk factors. Agreements are also reviewed by the Group's in-house legal counsel, together with its insurance brokers.

In addition, the Group has entered into commitments to its partners in some of its business activities to acquire the stakes held by the latter in the activities in question should they express an interest in such a sale, according to a contractual pricing formula. As of December 31, 2015, this commitment is valued at 7.4 billion euros and is recognized in the Group's balance sheet under Other non-current liabilities (see Note 20 to the consolidated financial statements).

The Group has also made commitments to some of the shareholders of its subsidiaries to distribute a minimum amount of dividends, provided the subsidiaries in question have access to sufficient cash resources. This relates in particular to the businesses of Moët Hennessy and DFS, for which the minimum dividend amount is contractually agreed to be 50% of the consolidated net profit.

2.1.4. Anticipating changes in expectations of Group customers

Brands must identify new trends, changes in consumer behavior, and in consumers' tastes, in order to offer products and experiences that meet their expectations; failing which the continued success of their products would be threatened. By cultivating strong ties, continually replenishing their traditional sources of inspiration, ranging from art to sports, cinema and new technologies…, the Group's various brands aim at all times to better anticipate and fully respond to their customers' changing needs, in line with each brand's specific identify and its particular affinities in its sphere of activity.

2.1.5. International exposure of the Group

The Group conducts business internationally and as a result is subject to various types of risks and uncertainties. These include changes in customer purchasing power and the value of operating assets located abroad, economic changes that are not necessarily simultaneous from one geographic region to another, and provisions of corporate or tax law, customs regulations or import restrictions imposed by some countries that may, under certain circumstances, penalize the Group. Some of the Group's activities have thus been penalized since 2014 by the "anti-extravagance" measures instated by China in late 2012. This was notably the case of the Cognac business, which, affected by the decline in receptions and banquets, suffered a drop in sales volumes in 2014 and 2015 related to the substantial volums of inventories held by its distributors at the end of 2013. The fall in volumes of corporate gift-giving also had an adverse impact on the Watches and Jewelry business in 2014.

In order to protect itself against the risks associated with an inadvertent failure to comply with a change in regulations, the Group has established a regulatory monitoring system in each of the regions where it operates.

The Group maintains very few operations in politically unstable regions. The legal and regulatory frameworks governing the countries where the Group operates are well established. It is important to note that the Group's activity is spread for the most part between three geographical and monetary regions: Asia, Western Europe and the United States. This geographic balance helps to offset the risk of exposure to any one area.

Furthermore, a significant portion of Group sales is directly linked to fluctuations in the number of tourists. This is especially the case for the travel retail activities within Selective Retailing, but tourists also make up a large percentage of customers frequenting the boutiques operated by companies in the Fashion and Leather Goods business group. Events likely to reduce the number of tourists (geopolitical instability and insecurity, weakening of the economic environment, natural catastrophes, etc.) might have an adverse impact on Group sales.

Lastly, the Group is an active participant in current global discussions in support of a new generation of free-trade agreements between the European Union and non-EU countries, which involves not only access to external markets, but also the signing of agreements facilitating access by tourists from non-EU countries to the European Union. Thus, despite a tense security situation leading member states to request enhanced border checks, The European Commission has proposed the creation of a "touring visa" (with an extended stay period and permission to travel around the entire Schengen area) that will facilitate luxury tourism shopping in the European Union.

2.1.6. Consumer safety

In France, the European Union and all other countries in which the Group operates, many of its products are subject to specific regulations, especially in Wines and Spirits and Perfumes and Cosmetics. Regulations apply to production and manufacturing conditions, as well as to sales, consumer safety, product labeling and composition. In addition to industrial safety, the Group's companies also work to ensure greater product safety and traceability to reinforce the Group's anticipation and responsiveness in the event of a product recall. A legal intelligence team has also been set up in order to better manage the heightened risk of liability litigation, notably that to which the Group's brands are particularly exposed.

For further information on this subject, see the "*Management Report of the Board of Directors* – LVMH and the environment", §6 Consumer health and safety.

2.1.7. Seasonality

Nearly all of the Group's activities are subject to seasonal variations in demand. A significant proportion of the Group's sales – approximately 30% of the annual total for all businesses – is generated during the peak holiday season in the fourth quarter of the year. Unexpected events in the final months of the year may have a significant effect on the Group's business volume and earnings.

2.1.8. Supply sources and strategic competencies

The attractiveness of the Group's products depends, from a quantitative and qualitative standpoint, on being able to ensure adequate supplies of certain raw materials. In addition, from a qualitative perspective, these products must meet the Group's exacting quality standards. This mainly involves the supply of grapes and *eaux-de-vie* in connection with the activities of the Wines and Spirits business group, of leathers, canvases, wools and furs in connection with the activities of the Fashion and Leather Goods business group, as well as watchmaking components, gemstones and precious metals in connection with the activities of the Watches and Jewelry business group. In order to guarantee sources of supply corresponding to its demands, the Group sets up preferred partnerships with the suppliers in question. Although the Group enters into these partnerships in the context of long-term commitments, it is constantly on the lookout for new suppliers also able to meet its requirements. By way of illustration, an assessment of the risk that a vendor may fail has been carried out and good practices have been exchanged, leading notably to implementing the policy of splitting supplies for strategic Perfumes and Cosmetics products.

In addition, for some rarer materials, or those whose preparation requires very specific expertise, such as certain precious leathers or high-end watchmaking components, the Group pursues a vertical integration strategy on an ad hoc basis.

With respect to supply sources and sub-contracting, please refer in addition to the "*Business description*" section of the Reference Document.

LVMH's professions also require highly specific skills and expertise, in the areas of leather goods or watchmaking, for example. In order to avoid any dissipation of this know-how, LVMH implements a range of measures to encourage training and to safeguard these professions, which are essential to the quality of its products, notably by promoting the recognition of the luxury trades as professions of excellence, with criteria specific to the luxury sector and geared to respond in the best possible manner to its demands and requirements.

Lastly, the Group's success also rests on the development of its retail network and on its ability to obtain the best locations without undermining the future profitability of its points of sale. The Group has built up specific expertise in the real estate field which, shared with that of companies across the Group, contributes to the optimal development of its retail network.

2.1.9. Information systems

The Group is exposed to the risk of information systems failure, as a result of a malfunction or malicious intent. The occurrence of this type of risk event may result in the loss or corruption of sensitive data, including information relating to products, customers or financial data. Such an event may also involve the partial or total unavailability of some systems, impeding the normal operation of the processes concerned. In order to protect against this risk, the Group puts in place a decentralized architecture to avoid any propagation of this risk. Supported by its network of IT security managers, the Group continues to implement a full set of measures to protect its sensitive data as well as business continuity plans at each Group company. This sensitive data includes personal information, notably that of our customers and employees, which requires very specific protection procedures. The Group has thus developed good governance tools intended for use by all Group companies, including guidelines for online marketing and the protection of data.

2.1.10. Industrial, environmental and meteorological risks

A detailed presentation of the Group's environmental risk factors and of the measures taken to ensure compliance by its business activities with legal and regulatory provisions is provided in the section "LVMH and the environment" of the "*Management Report of the Board of Directors*".

In Wines and Spirits, production activities depend upon weather conditions before the grape harvest. Champagne growers and merchants have set up a mechanism in order to cope with variable harvests, which involves stockpiling wines in a qualitative reserve. For a description of this mechanism, see §1.1.4 Grape supply sources and subcontracting in the "*Business description*" section of the Reference Document.

In the context of its production and storage activities, the Group is exposed to the occurrence of losses such as fires, water damage, or natural catastrophes.

To identify, analyze and provide protection against industrial and environmental risks, the Group relies on a combination of independent experts and qualified professionals from various Group companies, and in particular safety, quality and environmental managers. The definition and implementation of the risk management policy are handled by the Finance Department.

The protection of the Group's assets is part of a policy on industrial risk prevention meeting the highest safety standards (FM GLOBAL and NFPA fire safety standards). Working with its insurers, LVMH has adopted HPR (Highly Protected Risk) standards, the objective of which is to significantly reduce fire risk and associated operating losses. Continuous improvement in the quality of risk prevention is an important factor taken into account by insurers in evaluating these risks and, accordingly, in the granting of comprehensive coverage at competitive rates.

This approach is combined with an industrial and environmental risk monitoring program. In 2015, engineering consultants audited about 52 sites.

In addition, prevention and protection schemes include contingency planning to ensure business continuity.

2.2. Insurance policy

The Group has a dynamic global risk management policy based primarily on the following:

- systematic identification and documentation of risks;
- risk prevention and mitigation procedures for both human risk and industrial assets;
- implementation of international contingency plans;
- a comprehensive risk financing program to limit the consequences of major events on the Group's financial position;
- optimization and coordination of global "master" insurance programs.

The Group's overall approach is primarily based on transferring its risks to the insurance markets at reasonable financial terms, and under conditions available in those markets both in terms of scope of coverage and limits. The extent of insurance coverage is directly related either to a quantification of the maximum possible loss, or to the constraints of the insurance market.

Compared with the Group's financial capacity, its level of self-insurance is not significant. The deductibles payable by Group companies in the event of a claim reflect an optimal balance between coverage and the total cost of risk. Insurance costs borne by Group companies are around 0.15% of consolidated revenue.

The financial ratings of the Group's main insurance partners are reviewed on a regular basis, and if necessary one insurer may be replaced by another.

The main insurance programs coordinated by the Group are designed to cover property damage and business interruption, transportation, terrorism, construction, credit, third party liability and product recall.

2.2.1. Property and business interruption insurance

Most of the Group's manufacturing operations are covered under a consolidated international insurance program for property damage and resulting business interruption.

Property damage insurance limits are in line with the values of assets insured. Business interruption insurance limits reflect gross margin exposures of the Group companies for a period of indemnity extending from 12 to 24 months based on actual risk exposures. The coverage limit of this program is 1.75 billion euros per claim, an amount determined based on an analysis of the Group's maximum possible losses.

Coverage for "natural events" provided under the Group's international property insurance program totals 75 million euros per claim and per year. As a result of a Japanese earthquake risk modeling study performed in 2014, specific coverage in the amount of 15 billion yen was taken out for this risk. These limits are in line with the Group companies' risk exposures.

2.2.2. Transportation insurance

All Group operating entities are covered by an international cargo and transportation insurance contract. The coverage limit of this program (60 million euros) corresponds to the maximum possible transport loss arising as a result of transportation in progress at a given moment.

2.2.3. Third-party liability

The LVMH group has established a third-party liability and product recall insurance program for all its subsidiaries throughout the world. This program is designed to provide the most comprehensive coverage for the Group's risks, given the insurance capacity and coverage available internationally. Coverage levels are in line with those of companies with comparable business operations.

Both environmental losses arising from gradual as well as sudden and accidental pollution and environmental liability (Directive 2004/35/EC) are covered under this program.

Specific insurance policies have been implemented for countries where work-related accidents are not covered by state insurance or social security regimes, such as the United States. Coverage levels are in line with the various legal requirements imposed by the different states. Subject to certain conditions and limitations, the Group covers its senior executives and employees either directly or via an insurance policy for any individually or jointly incurred personal liability to third parties in the event of professional misconduct committed in the course of their duties.

2.2.4. Coverage for special risks

Insurance coverage for political risks, company officers' liability, fraud and malicious intent, trade credit risk, acts of terrorism, loss or corruption of computer data, construction project risks and environmental risks is obtained through specific worldwide or local policies.

2.3. Financial risks

2.3.1. Credit risk

Because of the nature of its activities, a significant portion of the Group's sales are not exposed to customer credit risk. Sales are made directly to customers through the Selective Retailing network, the Fashion and Leather Goods stores and, to a lesser extent, the Watches and Jewelry stores. Together, these sales accounted for approximately 74% of total revenue in 2015.

Furthermore, for the remaining revenue, the Group's businesses are not dependent on a limited number of customers whose default would have a significant impact on Group activity level or earnings. The extent of insurance against customer credit risk is satisfactory, with around 88% of credit coverage requests granted by insurers as of December 31, 2015.

2.3.2. Counterparty risk

Through its financing, investment and market risk hedging operations, the Group is exposed to counterparty risk, mainly banking-related, which must be regularly and actively managed. Diversification of this risk is a key objective. Special attention is given to the exposure of our bank counterparties to financial and sovereign credit risks, in addition to their credit ratings, which must always be in the top-level categories.

2.3.3. Foreign exchange risk

A substantial portion of the Group's sales is denominated in currencies other than the euro, particularly the US dollar (or currencies tied to the US dollar such as the Hong Kong dollar or the Chinese yuan, among others) and the Japanese yen, while most of its manufacturing expenses are euro-denominated.

Exchange rate fluctuations between the euro and the main currencies in which the Group's sales are denominated can therefore significantly impact its revenue and earnings reported in euros, and complicate comparisons of its year-on-year performance.

The Group actively manages its exposure to foreign exchange risk in order to reduce its sensitivity to unfavorable currency fluctuations by implementing hedges such as forward sales and options. An analysis of the sensitivity of the Group's net profit to fluctuations in the main currencies to which the Group is exposed, as well as a description of the extent of cash flow hedging for 2016 relating to the main invoicing currencies are provided in Note 22.5 to the consolidated financial statements.

Owning substantial assets denominated in currencies other than euros (primarily the US dollar and Swiss franc) is also a source of foreign exchange risk with respect to the Group's net assets. This currency risk may be hedged either partially or in full through the use of borrowings or financial futures denominated in the same currency as the underlying asset. An analysis of the Group's exposure to foreign exchange risk related to its net assets for the main currencies involved is presented in Note 22.5 to the consolidated financial statements.

2.3.4. Interest rate risk

The Group's exposure to interest rate risk may be assessed with respect to the amount of its consolidated net financial debt, which totaled 4.2 billion euros as of December 31, 2015. After hedging, 50% of gross financial debt outstanding was subject to a fixed rate of interest and 50% was subject to a floating rate. An analysis of borrowings by maturity and type of rate applicable as well as an analysis of the sensitivity of the cost of net financial debt to changes in interest rates are presented in Notes 18.5 and 18.7 to the consolidated financial statements.

The Group's debt is denominated in various currencies, with the portion denominated in currencies other than the euro being most of the time converted to euros via cross-currency swaps; the Group is then mainly exposed to fluctuations in euro interest rates. This interest rate risk is managed using swaps or by purchasing options (protections against an increase in interest rate) designed to limit the adverse impact of unfavorable interest rate fluctuations.

Through its use of forwards and options to hedge foreign exchange risk as described in section 2.3.3., the Group is also exposed to the spreads in interest rates between the euro and the hedged currencies.

2.3.5. Equity market risk

The Group's exposure to equity market risk relates in part to its treasury shares, which are held primarily in coverage of stock option plans and bonus share plans. LVMH treasury shares are considered as equity instruments under IFRS, and as such any changes in value have no impact on the consolidated income statement. Moreover, listed securities may be held by certain of the funds in which the Group has invested, or directly in non-current or current available for sale financial assets.

The Group may use derivatives in order to reduce its exposure to risk. Derivatives may serve as a hedge against fluctuations in share prices. For instance, they may be used to cover cash-settled compensation plans index-linked to the change in the LVMH share price. Derivatives may also be used to create a synthetic long position.

2.3.6. Commodity market risk

The Group, mainly through its Watches and Jewelry business group, may be exposed to changes in the prices of certain precious metals, such as gold. In certain cases and in order to ensure visibility with regard to production costs, hedges may be implemented. This is achieved either by negotiating the price of future deliveries of alloys with precious metal refiners, or the price of semi-finished products with producers, or directly by purchasing hedges from top-ranking banks. In the latter case, hedging consists of purchasing gold from banks, or taking out future and/or options contracts with physical delivery upon maturity.

2.3.7. Liquidity risk

The Group's local liquidity risks are generally of low significance. Its overall exposure to liquidity risk can be assessed with regard to the amount of the short term portion of its financial debt, excluding the impact of derivatives, net of cash and cash equivalents, which was 0.2 billion euros as of December 31, 2015, or with regard to outstanding amounts in respect of its commercial paper program (2.3 billion euros). Should any of these borrowing facilities not be renewed, the Group has access to undrawn confirmed credit lines totaling 3.4 billion euros.

Therefore, the Group's liquidity is based on the large amount of its investments and long term borrowings, the diversity of its investor base (bonds and short term paper), and the quality of its banking relationships, whether evidenced or not by confirmed credit lines.

Agreements governing financial debt and liabilities are not associated with any specific clause likely to significantly modify their terms and conditions.

The breakdown of financial liabilities by contractual maturity is presented in Note 22.7 to the consolidated financial statements.

2.3.8. Organization of foreign exchange, interest rate and equity market risk management

The Group applies an exchange rate and interest rate management strategy designed primarily to reduce any negative impacts of foreign currency or interest rate fluctuations on its business and investments. This management is centralized for the most part, whether at the level of the parent company or the subsidiary responsible for the Group's cash pooling arrangement. The Group has implemented a stringent policy, as well as rigorous management guidelines to measure, manage and monitor these market risks. These activities are organized based on a segregation of duties between risk measurement, hedging (treasury and front office), administration (back office) and financial control. The backbone of this organization is an integrated information system which allows hedging transactions to be monitored quickly.

The Group's hedging strategy is presented to the Audit Committee.

Hedging decisions are taken by means of a clearly established process that includes regular presentations to the Group's Executive Committee and detailed supporting documentation.

3. FINANCIAL POLICY

During the fiscal year, the Group's financial policy was focused in the following areas:

• Improving the Group's financial structure and flexibility, as evidenced by the following key indicators:

- level of equity: equity before appropriation of profit was up 12% to 25.8 billion euros as of December 31, 2015, compared to 23.0 billion euros a year earlier;
- the Group's access to liquidity, notably through its commercial paper program, which benefits from extremely favorable rates and spreads, as well as the option to call on bond markets on a regular basis over medium/long-term maturities, with issue spreads at very low levels in 2015;
- maintaining a substantial level of cash and cash equivalents with a diversified range of top-tier banking partners: the Group's cash equivalents benefited from attractive yields offered by top-quality issuers, with a permanent focus on ensuring a proactive and dynamic approach to counterparty risk management;
- the Group's financial flexibility, facilitated by a significant reserve of undrawn confirmed credit lines totaling 3.4 billion euros, including a 2 billion euros syndicated loan with a remaining term to maturity of 5 years.

• Maintaining a prudent foreign exchange and interest rate risk management policy designed primarily to hedge the risks generated directly and indirectly by the Group's operations and to hedge its assets.

• Greater concentration of Group liquidity owing to the roll-out of cash pooling practices worldwide, ensuring the fluidity of cash flows across the Group and optimal management of surplus cash. As a rule, the Group applies a diversified short-term and long-term investment policy.

• Pursuing a dynamic policy of dividend payouts to shareholders, to enable them to benefit from the very strong performance over the year:

- an interim dividend for 2015 of 1.35 euros was paid in December 2015;
- proposal of a dividend payment of 3.55 euros per share for the fiscal year (i.e. a final dividend of 2.20 euros available for distribution in 2016). As a result, total ordinary dividend payments to shareholders by LVMH in respect of 2015 amount to 1.8 billion euros, before the impact of treasury shares.

Net debt came to 4.2 billion euros at the end of 2015, as against 4.8 billion euros a year earlier. Net debt decreased by 0.6 billion euros. This reduction was made possible as a result of net cash from operating activities and operating investments (free cash flow), which remained high in 2015.

In 2015 the Group was able to take advantage of increasingly favorable market conditions and maintained a good balance of short and long-term debt, reducing its cost of net financial debt to 78 million euros in 2015, versus 115 million in 2014.

With regard to foreign exchange risks, the Group continued to hedge the risks of its exporting companies by buying options or collars, which protect against the negative impact of currency depreciation while retaining some of the gains in the event of currency appreciation. Exchange rates in general were very volatile this year, with the US dollar experiencing a conspicuous rise. The Group's hedging strategy enabled it to obtain a hedge rate for the US dollar that was slightly higher than the average exchange rate for the year. The hedge rate obtained for the Japanese yen was equal to the average exchange rate for the year.

4. OPERATING INVESTMENTS

4.1. Communication and promotion expenses

Over the last three fiscal years the Group's total investments in communication, in absolute values and as a percentage of revenue, were as follows:

Communication and promotion expenses	2015	2014	2013
- in millions of euros	4,017	3,484	3,310
- as % of revenue	11.3	11.5	11.4

These expenses mainly correspond to advertising campaign costs, especially for the launch of new products, public relations and promotional events, and expenses incurred by marketing teams responsible for all of these activities.

4.2. Research and development costs

The Group's research and development investments in the last three fiscal years were as follows:

(EUR millions)	2015	2014	2013
Research and development costs	97	79	72

Most of these amounts cover scientific research and development costs for skincare and make-up products of the Perfumes and Cosmetics business group.

4.3. Investments in production facilities and retail networks

Apart from investments in communication, promotion and research and development, operating investments are geared towards improving and developing retail networks as well as guaranteeing adequate production capabilities.

Purchases of property, plant and equipment and intangible assets for the last three fiscal years were as follows, in absolute values and as a percentage of cash from operations before changes in working capital:

Purchase of tangible and intangible fixed assets:	2015	2014	2013
- in millions of euros	1,974	1,769	1,725
- as % of cash from operations before changes in working capital	25	25	24

Following the model of the Group's Selective Retailing companies which directly operate their own stores, Louis Vuitton distributes its products exclusively through its own stores. The products of the Group's other brands are marketed by agents, wholesalers, or distributors in the case of wholesale business, and by a network of directly owned stores or franchises for retail sales.

In 2015, apart from acquisitions of property assets, operating investments mainly related to points of sale, with the Group's total retail network increasing from 3,708 to 3,860 stores. In particular, Sephora continued to expand its worldwide retail network, which reached 1,626 stores as of December 31, 2015, compared to 1,560 the previous year.

In Wines and Spirits, in addition to necessary replacements of barrels and production equipment, investments in 2015 were related to ongoing investments in Champagne (initiated in 2012) as well as the start of construction on a new packaging and shipping site at Hennessy.

5. MAIN LOCATIONS AND PROPERTIES

5.1. Production

Wines and Spirits

The surface areas of vineyards in France and abroad that are owned by the Group are as follows:

(in hectares)	2015		2014	
	Total	*Of which under production*	Total	*Of which under production*
France				
Champagne appellation	1,836	*1,641*	1,838	*1,645*
Cognac appellation	187	*163*	245	*170*
Vineyards in Bordeaux	194	*149*	194	*150*
Vineyards in Burgundy	11	*11*	11	*11*
International				
California (United States)	440	*261*	440	*304*
Argentina	1,683	*1,018*	1,670	*997*
Australia, New Zealand	659	*578*	612	*533*
Brazil	232	*78*	232	*69*
Spain	112	*83*	113	*83*
China	68	*40*	68	-
India	4	-	4	-

In the table above, the total number of hectares owned presented is determined exclusive of surfaces not useable for viticulture. The difference between the total number of hectares owned and the number of hectares under production represents areas that are planted, but not yet productive, and areas left fallow.

The Group also owns industrial and office buildings, wineries, cellars, warehouses, and visitor and customer centers for each of its main Champagne brands or production operations in France, California, Argentina, Australia, Spain, Brazil and New Zealand, as well as distilleries and warehouses in Cognac, the United Kingdom and Poland. The total surface area is approximately 1,950,000 square meters in France and 446,000 square meters abroad.

Fashion and Leather Goods

Louis Vuitton owns seventeen leather goods and shoe production facilities located primarily in France, although some significant workshops are also located near Barcelona in Spain, in Fiesso, Italy and in San Dimas, California. Overall, production facilities and warehouses owned by the Group represent approximately 180,000 square meters.

Fendi owns its manufacturing facility near Florence, Italy, as well as the Palazzo Fendi building in Rome, which houses its historic boutique and a hotel.

Céline also owns manufacturing and logistics facilities near Florence in Italy.

Berluti's shoe production factory in Ferrara (Italy) is owned by the Group.

Rossimoda owns its office premises and its production facility in Vigonza in Italy.

Loro Piana has several manufacturing workshops in Italy as well as a site in Ulan Bator in Mongolia.

The other facilities utilized by this business group are leased.

Perfumes and Cosmetics

Buildings located near Orleans in France housing the Group's Research and Development operations of Perfumes and Cosmetics as well as the manufacturing and distribution of Parfums Christian Dior are owned by Parfums Christian Dior and occupy a surface area of 140,000 square meters.

Guerlain has a 20,000 square meter production site in Chartres. The brand also owns another production site in Orphin, France, measuring 10,500 square meters.

Parfums Givenchy owns two plants in France, one in Beauvais and the other in Vervins, which handles the production of both Givenchy and Kenzo product lines, corresponding to a total surface area of 19,000 square meters. The company also owns distribution facilities in Hersham, United Kingdom.

Make Up For Ever owns a 2,300 square meter warehouse in Gennevilliers, France.

Watches and Jewelry

TAG Heuer has two workshops in Switzerland, one in Cornol and the other in Chevenez, together totaling about 4,700 square meters.

Zenith owns the manufacture which houses its movement and watch manufacturing facilities in Le Locle, Switzerland. All of its European warehouses are leased.

Hublot owns its production facilities and its office premises.

Bvlgari owns its production facilities in Italy and Switzerland.

The facilities operated by this business group's remaining brands, Chaumet, Fred, De Beers and Montres Dior, are leased.

5.2. Distribution

Retail distribution of the Group's products is most often carried out through exclusive stores. Most of the stores in the Group's retail network are leased and only in exceptional cases does LVMH own the buildings that house its stores.

Louis Vuitton owns the buildings of some of its stores in Tokyo, Guam, Hawaii, Seoul, Cannes, Saint-Tropez and Genoa, for a total surface area of approximately 8,000 square meters.

Céline, Fendi and Berluti also own some of their stores in Paris, Italy and Spain.

In Selective Retailing:

- the Parisian outlets Le Bon Marché and Franck et Fils own their stores, corresponding to a total area of about 80,000 square meters;
- DFS owns its stores in Guam, Saipan and Hawaii.

As of December 31, 2015, the Group's store network breaks down as follows:

(in number of stores)	2015	2014	2013
France	482	467	443
Europe (excluding France)	1,012	995	926
United States	732	708	669
Japan	407	412	370
Asia (excluding Japan)	951	870	749
Other markets	276	256	227
Total	**3,860**	**3,708**	**3,384**

(in number of stores)	2015	2014	2013
Fashion and Leather Goods	1,566	1,534	1,339
Perfumes and Cosmetics	203	162	123
Watches and Jewelry	395	380	363
Selective Retailing	1,679	1,614	1,541
Of which: Sephora	*1,626*	*1,560*	*1,481*
Other, including DFS	*53*	*54*	*60*
Other	17	18	18
Total	**3,860**	**3,708**	**3,384**

5.3. Administrative sites and investment property

Most of the Group's administrative buildings are leased, with the exception of the headquarters of certain brands, particularly those of Louis Vuitton, Parfums Christian Dior and Zenith.

The Group holds a 40% stake in the company owning the building housing its headquarters on Avenue Montaigne in Paris. The Group also owns three buildings in New York (total surface area of about 20,000 square meters) and a building in Osaka (about 5,000 square meters) that house the offices of subsidiaries.

Lastly, the Group owns investment property, in central Paris and in London, corresponding to a total surface area of 50,000 square meters and 9,000 square meters, respectively.

The group of properties previously used for the business operations of La Samaritaine's department store are the focus of a redevelopment project, which will transform it into a complex comprising mainly offices, shops and a luxury hotel.

6. OPTION PLANS IN FORCE AT THE SUBSIDIARIES

None.

7. SUBSEQUENT EVENTS

No significant subsequent events occurred between December 31, 2015 and February 2, 2016, the date on which the financial statements were approved for publication by the Board of Directors.

8. RECENT DEVELOPMENTS AND PROSPECTS

Despite a climate of economic, currency and geopolitical uncertainties, LVMH is well-equipped to continue its growth momentum across all business groups in 2016. The Group will maintain a strategy focused on developing its brands by continuing to build on strong innovation and a constant quest for quality in their products and their distribution.

Driven by the agility of its teams, their entrepreneurial spirit, the balance of its different businesses and geographic diversity, LVMH enters 2016 with confidence and has, once again, set an objective of increasing its global leadership position in luxury goods.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Parent company: LVMH Moët Hennessy - Louis Vuitton

1. KEY EVENTS DURING THE FISCAL YEAR

None.

2. COMMENTS ON THE FINANCIAL STATEMENTS

The balance sheet, income statement and Notes to the financial statements of LVMH Moët Hennessy - Louis Vuitton SE (hereafter, "LVMH" or "the Company") for the year ended December 31, 2015 have been prepared in accordance with French legal requirements and the same accounting policies and methods as those used in the previous year.

2.1. Comments on the balance sheet

2.1.1. Change in the equity investment portfolio

The gross value of the equity investment portfolio was 19.7 billion euros, remaining unchanged with respect to 2014.

2.1.2. Financial structure

In April 2015, LVMH redeemed its 500 million euro bond issued in 2011, and in June 2015 it redeemed its 200 million Swiss franc bond and its 250 million euro bond, issued in 2008 and 2009, respectively.

2.1.3. Hedging transactions

LVMH SE regularly uses financial instruments. This practice meets the foreign currency and interest rate hedging needs for financial assets and liabilities, including dividends receivable from foreign investments; each instrument used is allocated to the financial balances or hedged transactions.

Given the role of LVMH within the Group, financial instruments designed to hedge net assets denominated in foreign currency may be used in the consolidated financial statements but not matched in the parent company financial statements, or allocated to underlying amounts maintained at historical exchange rates, such as equity investments.

Counterparties for hedging contracts are selected on the basis of their credit rating as well as for reasons of diversification.

2.1.4. Share capital

As of December 31, 2015, the share capital comprised 507,139,110 fully paid-up shares and amounted to 152.1 million euros.

During the fiscal year, 552,137 shares were issued in connection with the exercise of share subscription options and 1,124,740 shares were retired.

2.1.5. Information on payment terms

As of December 31, 2015, trade accounts payable amounted to 126 million euros (118 million euros in 2014), the major portion of which were not yet due. The average payment term was 41 days in 2015, remaining unchanged with respect to 2014.

2.2. Parent company results and outlook for the future

The Company reported net financial income of 6,155.5 million euros, compared with net financial income of 7,699.3 million euros in 2014.

Net income from the management of subsidiaries and other investments amounted to 6,587.4 million euros in 2015, as against 8,031 million euros in 2014. This change is mainly due to a decrease in financial income from subsidiaries and other investments (6,604.6 million euros in 2015, compared to 7,359.1 million euros in 2014) and net gains on disposal of 727.8 million euros in 2014.

Financial income from subsidiaries and other investments consisted of dividends and similar income as well as the share of profit from Moët Hennessy SNC. The change in this item during the fiscal year was mainly due to the decrease in dividends paid by LV Group SA.

Net financial income and expense also includes the cost of net financial debt and related interest rate derivatives in the amount of 59.9 million euros in 2015, as well as losses on foreign exchange transactions and derivatives in the amount of 377.7 million euros in 2015.

The net operating result reflects operating expenses not recharged to subsidiaries and other investments, which amounted to a net expense of 145.3 million euros in 2015, versus 139.3 million euros in 2014.

Taking into account the positive impact of corporate income tax in the amount of 9.6 million euros, including the effect of tax consolidation, net profit came to 6,019.8 million euros, thus decreasing compared to 2014, when net profit was 7,160.5 million euros.

Given the results achieved in 2015 by subsidiaries and other investments held by LVMH, the Company anticipates a satisfactory level of dividend distribution in 2016.

Finally, with regard to the preparation of the Company's income tax return, no expenses were considered as having to be re-integrated into taxable profit or non-deductible within the meaning of Articles 39-4, 39-5, 54 quater and 223 quinquies of the French General Tax Code.

3. APPROPRIATION OF NET PROFIT FOR THE YEAR

The proposed appropriation of the amount available for distribution for the fiscal year is as follows:

(EUR)	
Net profit for the fiscal year ended December 31, 2015	6,019,768,127.07
Available portion of the legal reserve [a]	17,178.09
Retained earnings	5,553,886,543.20
Amount available for distribution	**11,573,671,848.36**
Proposed appropriation:	
Statutory dividend of 5% or EUR 0.015 per share	7,607,086.65
Additional dividend of EUR 3.535 per share	1,792,736,753.85
Retained earnings	9,773,328,007.86
	11,573,671,848.36

(a) Portion of the legal reserve over 10% of share capital as of December 31, 2015.

For information, as of December 31, 2015, the Company held 4,339,921 of its own shares, corresponding to an amount not available for distribution of 240.5 million euros, equivalent to the acquisition cost of the shares.

Should this appropriation be approved, the total dividend would be 3.55 euros per share. As an interim dividend of 1.35 euros per share was paid on December 3, 2015, the final dividend per share is 2.20 euros; this will be paid as of April 21, 2016.

With respect to this dividend distribution, individuals whose tax residence is in France will be entitled to a 40% tax deduction provided under Article 158 of the French Tax Code.

Finally, should the Company hold, at the time of payment of this final dividend, any treasury shares under authorizations granted, the corresponding amount of unpaid dividends will be allocated to retained earnings.

As required by law, we remind you that the dividends per share paid out in respect of the past three fiscal years were as follows:

Fiscal year *(EUR)*	**Type**	**Payment date**	**Gross dividend**	**Tax deduction** [a]
2014 [b]	Interim	December 4, 2014	1.25	0.50
	Final	April 23, 2015	1.95	0.78
	Total		**3.20**	**1.28**
2013	Interim	December 3, 2013	1.20	0.48
	Final	April 17, 2014	1.90	0.76
	Total		**3.10**	**1.24**
2012	Interim	December 4, 2012	1.10	0.44
	Final	April 25, 2013	1.80	0.72
	Total		**2.90**	**1.16**

(a) For individuals with tax residence in France.

(b) Excluding the exceptional dividend in kind in the form of Hermès International shares according to a ratio of 2 Hermès International shares for 41 LVMH shares, voted for by the Combined Shareholders' Meeting of November 25, 2014, corresponding to 13.66 euros per LVMH share, of which 12.08 euros qualifies as distributed income for tax purposes and 1.58 euros qualifies as a repayment of capital for tax purposes.

4. SHAREHOLDERS – SHARE CAPITAL – STOCK OPTION PLANS – ALLOCATION OF BONUS SHARES

4.1. Main shareholders

As of December 31, 2015, the Arnault Family Group directly and indirectly controlled 46.64% of the share capital, compared with 46.57% as of December 31, 2014 and held 62.90% of the voting rights exercisable at Shareholders' Meetings, compared with 62.59% as of December 31, 2014.

4.2. Shares held by members of the management and supervisory bodies

As of December 31, 2015, the members of the Board of Directors and Executive Committee held directly, personally and in the form of registered shares, less than 0.1% of the share capital.

4.3. Employee share ownership

As of December 31, 2015, the employees of the Company and of affiliated companies, as defined under Article L.225-180 of the French Commercial Code, held LVMH shares in employee savings plans equivalent to less than 0.1% of the Company's share capital.

4.4. Share purchase and subscription option plans

The beneficiaries of the option plans are selected in accordance with the following criteria: performance, development potential and contribution to a key position.

Four share subscription option plans with outstanding options remaining and set up by LVMH between 2006 and 2009 were in force as of December 31, 2015. The exercise price of options as of the plan's commencement date was equal to the reference price, calculated in accordance with applicable laws for the plans launched since 2007 and to 95% of this same reference price for the 2006 plan. As a result of the exceptional distribution in kind of Hermès International shares decided upon by the Extraordinary Shareholders' Meeting on November 25, 2014, and to preserve the rights of the beneficiaries, the exercise price and the number of options granted that had not been exercised as of December 17, 2014, were adjusted as of that date as provided by law. Each plan has a term of ten years. Provided the conditions set by the plan are met, options may be exercised after the end of a period of four years from the plan's commencement date.

For all plans, the share ratio is one share for one option granted.

Apart from conditions relating to attendance within the Group, the exercise of options granted in 2009 was contingent on performance conditions, based on the following three indicators: profit from recurring operations, net cash from operating activities and operating investments, and the Group's current operating margin.

Options granted to senior executive officers could only be exercised if, in three of the four fiscal years from 2009 to 2012, at least one of those three indicators showed a positive change compared to 2008. The performance condition was met with respect to the 2009, 2010, 2011 and 2012 fiscal years.

Options granted to other beneficiaries could only be exercised if, for fiscal years 2009 and 2010, at least one of these indicators showed a positive change compared to 2008. The performance condition was met with respect to the 2009 and 2010 fiscal years.

Both senior executive officers and other company employees must also comply with operating restrictions relating to the exercise period for their options.

In relation to options granted under plans set up since 2007, if either the Chairman and Chief Executive Officer or the Group Managing Director decides to exercise his options, he must retain possession, until the conclusion of his term of office, of a number of shares determined on the basis of the exercise date and corresponding to a percentage of his total gross compensation.

4.4.1. Share purchase option plans

No share purchase option plans were in effect as of December 31, 2015.

4.4.2. Share subscription option plans

Date of Shareholders' Meeting	05/15/2003	05/11/2006	05/11/2006	05/11/2006	05/11/2006	
Date of Board of Directors' meeting	**05/12/2005**	**05/11/2006**	**05/10/2007**	**05/15/2008**	**05/14/2009**	**Total**
Total number of options granted at plan inception	**1,924,400**	**1,789,359**	**1,679,988**	**1,698,320**	**1,301,770**	**8,393,837**
o/w Company officers [a]	*862,500*	*852,500*	*805,875*	*766,000*	*541,000*	***3,827,875***
Bernard Arnault [b]	450,000	450,000	427,500	400,000	200,000	**1,927,500**
Antoine Arnault [b]	-	-	9,500	9,500	9,500	**28,500**
Delphine Arnault [b]	10,000	10,000	9,500	9,500	9,500	**48,500**
Nicolas Bazire [b]	150,000	150,000	142,500	142,500	100,000	**685,000**
Antonio Belloni [b]	150,000	150,000	142,500	142,500	100,000	**685,000**
Pierre Godé [b]	40,000	30,000	15,000	40,000	100,000	**225,000**
o/w First ten employees [c]	*342,375*	*339,875*	*311,544*	*346,138*	*327,013*	***1,666,945***
Number of beneficiaries	495	520	524	545	653	
Earliest option exercise date	05/12/2009	05/11/2010	05/10/2011	05/15/2012	05/14/2013	
Expiry date	05/11/2015	05/10/2016	05/09/2017	05/14/2018	05/13/2019	
Subscription price *(EUR)* [d] [e]	47.549	70.972	77.526	65.265	50.861	
Number of options exercised [d]	126,228	255,638	55,141	36,241	78,889	**552,137**
Number of options expired [d]	5,507	1,251	793	1,529	1,946	**11,026**
Total number of options exercised [d]	1,826,221	1,178,765	883,741	847,567	719,427	**5,455,721**
Total number of options expired [d]	111,407	109,349	95,735	91,274	49,163	**456,928**
Options outstanding as of December 31 [d]	**-**	**586,640**	**784,727**	**848,170**	**601,613**	**2,821,150**

(a) Options granted to active company officers as of the plan's commencement date.
(b) Company officers active as of December 31, 2015.
(c) Options granted to active employees other than company officers as of the plan's commencement date.
(d) After adjusting for the exceptional distribution of a dividend in Hermès International shares on December 17, 2014.
(e) Subscription price for Italian residents:

Plans	Subscription price *(EUR)*
05/12/2005	50.258
05/11/2006	74.186
05/15/2008	65.445
05/14/2009	50.879

As of December 31, 2015, the potential dilutive effect resulting from the allocation of these options represents 0.56% of share capital. However, since LVMH retires a number of shares equivalent to the number of shares issued in connection with the exercise of options, there is no dilutive effect for shareholders when the subscription options are exercised.

4.4.3. Options granted to and exercised by the Group's top ten employees, other than company officers, during the fiscal year

Information on company officers can be found in §7.4.

Options granted to the Group's top ten employees, other than company officers

No option plans were created in 2015.

Options exercised by the ten employees of the Group, other than company officers, having exercised the largest number of options [a]

Company granting the options	Date of the plan	Number of options	Subscription price *(EUR)*
LVMH Moët Hennessy - Louis Vuitton	05/12/2005	4,235	47.549
"	05/11/2006	13,332	70.972 [b]
"	05/10/2007	7,126	77.526
"	05/15/2008	11,376	65.265
"	05/14/2009	15,143	50.861

(a) After adjusting for the exceptional distribution of a dividend in Hermès International shares on December 17, 2014.
(b) Subscription price for Italian residents: 74.186 euros.

4.5. Allocation of bonus shares and performance bonus shares

Beneficiaries of bonus shares are selected among the employees and senior executives of the Group's companies on the basis of their level of responsibility and their individual performance.

For French tax residents, shares vest after a three-year period since 2011. Bonus shares may be freely transferred after an additional two-year holding period, prior to any sale or transfer. Bonus shares allocated to beneficiaries who are not French residents for tax purposes vest after a period of four years and become freely transferable at that time.

The plan launched on March 31, 2011 combines the allocation of bonus shares and the allocation of performance bonus shares ("performance shares"), in proportions determined in accordance with the beneficiary's level in the hierarchy and status. The plans launched on April 5, 2012, July 25, 2013, October 23, 2014 and October 22, 2015 involve the allocation of performance shares only.

For the 2011, 2012 and 2013 plans, performance shares vest only if LVMH's consolidated financial statements both for the fiscal year in which the plan is set up (fiscal year "Y") and for fiscal year Y+1 show a positive change compared to fiscal year Y-1 in relation to one or more of the following indicators: the Group's profit from recurring operations, net cash from operating activities and operating investments, current operating margin rate. With respect to the plan set up on March 31, 2011, the condition was satisfied in 2011 and 2012; shares allocated to beneficiaries who were French residents for tax purposes were fully vested as of March 31, 2014, while those allocated to beneficiaries who were not French residents for tax purposes were fully vested as of March 31, 2015. With respect to the plan set up on April 5, 2012, the condition was satisfied in 2012 and 2013, and shares allocated to beneficiaries who were French residents for tax purposes were fully vested as of April 5, 2015. With respect to the plan set up on July 25, 2013, the condition was satisfied in 2013 and 2014. For the plan set up on October 23, 2014, performance shares vest only if LVMH's consolidated financial statements for fiscal year 2015 show a positive change compared to fiscal year 2014 in relation to one or more of the following indicators: the Group's profit from recurring operations, net cash from operating activities and operating investments, current operating margin rate. This condition was satisfied.

For the plan set up on October 22, 2015, performance shares vest only if LVMH's consolidated financial statements for fiscal years 2016 and 2017 show a positive change compared to fiscal year 2015 in relation to one or more of the following indicators: the Group's profit from recurring operations, net cash from operating activities and operating investments, current operating margin rate.

In the event of the vesting of their share allocations, the Chairman and Chief Executive Officer and the Group Managing Director are required to retain possession, in pure registered form and until the conclusion of their respective terms in office, of a number of shares representing one half of the notional capital gain, net of tax and social charges, calculated using the shares' opening price at that date.

Four other bonus share and/or performance share allocation plans set up on July 26, 2012, October 24, 2013, July 24, 2014 and April 16, 2015 in favor of Group company employees and senior executives were in force and had a positive balance as of December 31, 2015. With regard to the performance share plans, the condition was satisfied in 2012 and 2013 for the plan dated July 26, 2012, in 2013 and 2014 for the plan dated October 24, 2013 and in 2015 for the plan dated April 16, 2015.

4.5.1. Bonus share and performance share allocation plans

Date of Shareholders' Meeting	05/15/2008	05/15/2008	03/31/2011	03/31/2011	03/31/2011
Date of Board of Directors' meeting	**03/31/2011**	**03/31/2011**	**04/05/2012**	**07/26/2012**	**07/26/2012**
	Bonus shares	Performance shares	Performance shares	Bonus shares	Performance shares
Total number of shares provisionally allocated as of the opening of the plan	**184,328**	**257,724**	**416,609**	**45,000**	**830**
o/w Company officers [a]	-	*100,071*	*85,913*	*45,000*	-
Bernard Arnault [b]	-	36,994	28,008	-	-
Antoine Arnault [b]	-	1,757	1,478	-	-
Delphine Arnault [b]	-	1,757	1,478	-	-
Nicolas Bazire [b]	-	18,498	15,560	-	-
Antonio Belloni [b]	-	18,498	15,560	-	-
Pierre Godé [b]	-	18,498	15,560	45,000	-
Francesco Trapani [b]	-	-	4,847	-	-
o/w First ten employees [c]	*23,387*	*64,611*	*90,078*	-	*830*
Number of beneficiaries	698	712	747	1	1
Vesting date	03/31/2014 [d]	03/31/2014 [d]	04/05/2015 [d]	07/26/2015 [d]	07/26/2015 [d]
Date as of which the shares may be sold	03/31/2016 [d]	03/31/2016 [d]	04/05/2017 [d]	07/26/2017 [d]	07/26/2017 [d]
Performance conditions	**-**	**Satisfied**	**Satisfied**	**-**	**Satisfied**
Number of share allocations vested in 2015 [e]	78,757	93,474	213,555	-	923
Number of share allocations expired in 2015 [e]	3,806	1,271	9,220	-	-
Total number of share allocations vested as of 12/31/2015 [e]	163,785	253,688	222,935	-	923
Total number of share allocations expired as of 12/31/2015 [e]	28,899	13,601	36,911	-	-
Remaining bonus share allocations as of December 31 [e]	**-**	**-**	**200,058**	**49,989**	**-**

(a) Bonus shares allocated to company officers active as of the provisional allocation date.
(b) Company officers active as of December 31, 2015.
(c) Bonus shares allocated to active employees other than LVMH company officers as of the provisional allocation date.

4.5.2. Shares vested during the fiscal year to the Group's top ten employees, other than company officers

Information on company officers can be found in §7.5.

Bonus shares and performance shares vested during the year to the Group's ten employees [a]**, other than company officers, having received the largest number of shares** [b]

Company granting the shares	Date of the plan	Number of bonus shares	Number of performance shares
LVMH Moët Hennessy - Louis Vuitton	03/31/2011	8,544	21,555
"	04/05/2012	-	37,970

(a) Active employees as of the vesting date.
(b) After adjusting for the exceptional distribution of a dividend in Hermès International shares on December 17, 2014.

04/18/2013	04/18/2013	04/18/2013	04/18/2013	04/16/2015	04/16/2015	
07/25/2013	10/24/2013	07/24/2014	10/23/2014	04/16/2015	10/22/2015	
Performance shares	Performance shares	Bonus shares	Performance shares	Performance shares	Performance shares	Total
397,406	**6,228**	**61,000**	**307,548**	**73,262**	**315,532**	**2,065,467**
78,572	-	-	*19,235*	*41,808*	*46,990*	***417,589***
17,968	-	-	4,606	10,012	14,626	**112,214**
1,644	-	-	659	1,432	2,093	**9,063**
1,644	-	-	659	1,432	2,093	**9,063**
17,308	-	-	4,437	9,644	14,089	**79,536**
17,308	-	-	4,437	9,644	14,089	**79,536**
17,308	-	-	4,437	9,644	-	**110,447**
5,392	-	-	-	-	-	**10,239**
69,606	*6,228*	*61,000*	*36,280*	*31,454*	*61,858*	***445,332***
748	3	2	772	14	740	
07/25/2016 [d]	10/24/2016 [d]	07/24/2017 [d]	10/23/2017 [d]	04/16/2018 [d]	10/22/2018 [d]	
07/25/2018 [d]	10/24/2018 [d]	07/24/2019 [d]	10/23/2019 [d]	04/16/2020 [d]	10/22/2020 [d]	
Satisfied	**Satisfied**	**-**	**Satisfied**	**Satisfied**	**Not applicable in 2015**	
-	-	-		-	-	**386,709**
12,833	-	-	11,514	-	-	**38,644**
227	-	-		-	-	**641,558**
27,430	-	-	11,514	-	-	**118,355**
412,379	**6,920**	**67,764**	**330,164**	**73,262**	**315,532**	**1,456,068**

(d) Vesting of shares on March 31, 2015; April 5, 2016; July 26, 2016; July 25, 2017; October 24, 2017; July 24, 2018; October 23, 2018; April 16, 2019 and October 22, 2019 which then become transferable for beneficiaries who are not French residents for tax purposes.

(e) After adjusting for the exceptional distribution of a dividend in Hermès International shares on December 17, 2014.

5. FINANCIAL AUTHORIZATIONS

5.1. Status of current delegations and authorizations

Share repurchase program (L.225-209 *et seq.* of the French Commercial Code) [a]

Type	Authorization date	Expiry/ Duration	Amount authorized	Use as of December 31, 2015
Share repurchase program Maximum purchase price: 250 euros	April 16, 2015 (11th res.)	October 15, 2016 (18 months)	10% of the share capital 50,766,986 shares [b]	Movements during the fiscal year [c] Purchases: 1,528,949 shares Disposals: 1,528,949 shares
Reduction of capital through the retirement of shares purchased under the repurchase program	April 16, 2015 (13th res.)	October 15, 2016 (18 months)	10% of the share capital per 24-month period 50,766,986 shares [b]	Shares retired during the fiscal year: 4,374,022 shares

(a) A resolution renewing these authorizations will be presented to the Shareholders' Meeting of April 14, 2016. See §5.2 below.
(b) On the basis of the share capital under the Bylaws as of December 31, 2014.
(c) Movements occurring between April 16, 2015 and December 31, 2015 mentioned in §6 below on the share repurchase program approved by the Shareholders' Meeting of April 16, 2015. See also §6.1 below.

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	Use as of December 31, 2015
Through capitalization of reserves (L.225-130)	April 16, 2015 (12th res.)	June 15, 2017 (26 months)	50 million euros 166,666,666 shares [a]	Not applicable	None
With preferential subscription rights: ordinary shares and securities giving access to the share capital	April 16, 2015 (14th res.)	June 15, 2017 (26 months)	50 million euros 166,666,666 shares [a] [b]	Free	None
Without preferential subscription rights: ordinary shares and securities giving access to the share capital					
- by means of public offering (L.225-135 *et seq.*)	April 16, 2015 (15th res.)	June 15, 2017 (26 months)	50 million euros 166,666,666 shares [a] [b]	At least equal to the minimum price required by regulations [c]	None
- by means of private placement (L.225-135 *et seq.*)	April 16, 2015 (16th res.)	June 15, 2017 (26 months)	50 million euros 166,666,666 shares [a] [b]	At least equal to the minimum price required by regulations [c]	None
In connection with a public exchange offer (L.225-148)	April 16, 2015 (19th res.)	June 15, 2017 (26 months)	50 million euros 166,666,666 shares [a]	Free	None
In connection with in-kind contributions (L.225-147)	April 16, 2015 (20th res.)	June 15, 2017 (26 months)	10% of the share capital 50,766,986 shares [a] [d]	Free	None

(a) Maximum nominal amount. The nominal amount of any capital increase decided in application of other delegations of authority would be offset against this amount.
(b) Provided the overall maximum ceiling of 50 million euros referred to in (a) is not exceeded, this amount may be increased subject to the limit of 15% of the initial issue in the event that the issue is oversubscribed (Shareholders' Meeting of April 16, 2015, 18th resolution) (L.225-135-1).
(c) Up to 10% of the share capital, the Board of Directors may freely determine the issue price, provided that this price is at least equal to 90% of the weighted average of the share price over the three days preceding its determination (Shareholders' Meeting of April 16, 2015, 17th resolution).
(d) On the basis of the share capital under the Bylaws as of December 31, 2014.

Employee share ownership

Type	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method	Use as of December 31, 2015
Share subscription or purchase options (L.225-177 *et seq.*)	April 16, 2015 (21st res.)	June 15, 2017 (26 months)	1% of the share capital 5,076,698 shares [a] [b]	Average share price over the 20 trading days preceding the grant date [c], with no discount	• granted: none • available to be granted: 5,076,698 options
Bonus share allocations (L.225-197-1 *et seq.*) [d]	April 16, 2015 (24th res.)	June 15, 2017 (26 months)	1% of the share capital 5,076,698 shares [a] [b]	Not applicable	• granted: 388,794 shares • available to be granted: 4,687,904 shares
Capital increase reserved for employees who are members of a company savings plan (L.225-129-6)	April 16, 2015 (22nd res.)	June 15, 2017 (26 months)	1% of the share capital 5,076,698 shares [a] [b]	Average share price over the 20 trading days preceding the grant date, subject to a maximum discount of 20%	None

(a) Subject to not exceeding a total ceiling of 50 million euros set forth above, against which this amount would be offset.
(b) On the basis of the share capital under the Bylaws as of December 31, 2014.
(c) In the case of purchase options, the price may not be lower than the average purchase price of the shares.
(d) A resolution renewing this authorization will be presented to the Shareholders' Meeting of April 14, 2016. See §5.2 below.

5.2. Authorizations proposed to the Shareholders' Meeting

Share repurchase program (L.225-209 *et seq.* of the French Commercial Code)

Type	Resolution	Duration	Amount authorized
Share repurchase program Maximum purchase price: 300 euros	17th	18 months	10% of the share capital 50,698,029 shares [a]
Reduction of capital through the retirement of shares purchased under the repurchase program	18th	18 months	10% of the share capital per 24-month period 50,698,029 shares [a]

(a) On the basis of the share capital under the Bylaws as of December 31, 2015.

It is proposed that you authorize your Board of Directors to acquire Company shares, in accordance with the legal and regulatory provisions in force at the time of the writing of this report, particularly in order to (i) provide market liquidity services; (ii) cover stock option plans, the allocation of bonus shares or any other employee share ownership operations; (iii) cover securities conferring entitlement to the Company's shares; (iv) be retired; or (v) be held so as to be exchanged or presented as consideration at a later date for external growth operations (further details on operations carried out under the previous program are set out in §6 below). Unless it obtains prior authorization from the Shareholders' Meeting, the Board of Directors may not take the decision to use this authorization as from the date at which a third party files a proposal for a tender offer for the shares of the Company; this restriction shall hold until the end of the offer period.

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.

Employee share ownership

Type	Resolution	Duration	Amount authorized	Issue price determination method
Bonus share allocations (L.225-197-1 *et seq.*)	19th	26 months	1% of the share capital 5,069,802 shares [a] [b]	Not applicable

(a) Subject to not exceeding a total ceiling of 50 million euros, as established by the 23rd resolution submitted for shareholder approval at the Shareholders' Meeting of April 16, 2015, against which this amount would be offset.
(b) On the basis of the share capital under the Bylaws as of December 31, 2015.

It is proposed that you renew the authorization to allocate bonus shares to employees and senior executives of the Group. The allocation of bonus shares will therefore be subject to the provisions of the French law of August 6, 2015 for growth, business and equal economic opportunity. This authorization will provide the Board of Directors with a way to help build loyalty among the employees and managers of the Group who contribute most directly to its results by involving them in its future performance.

6. SHARE REPURCHASE PROGRAMS

6.1. Information on share repurchase programs

The purpose of this subsection is to inform the Shareholders' Meeting of the purchase transactions in treasury shares that were carried out, between January 1, 2015 and December 31, 2015, by the Company as part of the share repurchase programs authorized by the Combined Shareholders' Meetings held on April 10, 2014, and April 16, 2015, respectively.

Under the liquidity contract concluded by the Company with Oddo & Cie Entreprise d'Investissement and Oddo Corporate Finance on September 23, 2005, the Company acquired 1,799,806 LVMH shares at the average price per share of 156.40 euros and sold 1,799,806 LVMH shares at the average price per share of 156.91 euros.

These transactions generated expenses of 0.3 million euros.

The table below groups by purpose the transactions carried out at value date during the period January 1, 2015 to December 31, 2015:

(number of shares unless otherwise stated)	Liquidity contract	Coverage of plans	Coverage of securities giving access to Company shares	Exchange or payment in connection with acquisitions	Share pending retirement	Total
Balance as of December 31, 2014	**95,000**	**5,066,804**	**-**	**-**	**689,566**	**5,851,370**
Purchases	270,857	-	-	-	-	270,857
Average price *(EUR)*	146.10	-	-	-	-	146.10
Sales	(323,857)	-	-	-	-	(323,857)
Average price *(EUR)*	147.22	-	-	-	-	147.22
Share purchase options exercised	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Call options exercised	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Allocations of bonus shares	-	(385,786)	-	-	-	(385,786)
Reallocations for other purposes	-	-	-	-	-	-
Shares retired	-	(41,848)	-	-	-	(41,848)
Balance as of April 16, 2015	**42,000**	**4,639,170**	**-**	**-**	**689,566**	**5,370,736**
Purchases	1,528,949	-	-	-	-	1,528,949
Average price *(EUR)*	158.23	-	-	-	-	158.23
Sales	(1,475,949)	-	-	-	-	(1,475,949)
Average price *(EUR)*	159.03	-	-	-	-	159.03
Share purchase options exercised	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Call options exercised	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Allocations of bonus shares	-	(923)	-	-	-	(923)
Reallocations for other purposes	-	-	-	-	-	-
Shares retired	-	(393,326)	-	-	(689,566)	(1,082,892)
Balance as of December 31, 2015	**95,000**	**4,244,921**	**-**	**-**	**-**	**4,339,921**

- Between January 1 and December 31, 2015, the Company retired 1,124,740 shares which had been purchased for cancellation or to cover share subscription option plans.

6.2. Description of the main characteristics of the share repurchase program presented to the Combined Shareholders' Meeting of April 14, 2016

- Securities concerned: shares issued by LVMH Moët Hennessy - Louis Vuitton SE.
- Maximum portion of the capital that may be purchased by the Company: 10%.
- Maximum number of its own shares that may be acquired by the Company, based on the number of shares making up share capital as of December 31, 2015: 50,698,029, but taking into account the 4,339,921 shares held as treasury shares, only 46,358,108 treasury shares are available to be acquired.
- Maximum price per share: 300 euros.
- Objectives:
  - buy and sell securities under the liquidity contract implemented by the Company;
  - buy shares to cover stock option plans, the granting of bonus shares or any other allocation of shares or share-based payment schemes, benefiting employees or company officers of LVMH or a related company as defined under Article L.225-180 of the French Commercial Code;
  - retire the shares acquired;
  - buy shares to cover securities giving access to the Company's shares, notably by way of conversion, tendering of a coupon, reimbursement or exchange;
  - buy shares to be held and later presented for consideration as an exchange or payment in connection with external growth operations.
- Term of the program: 18 months as from the Ordinary Shareholders' Meeting of April 14, 2016.

6.3. Summary table disclosing the transactions performed by the issuer involving its own shares from January 1 to December 31, 2015

The table below, prepared in accordance with the provisions of AMF Instruction No. 2005-06 of February 22, 2005 in application of Article 241-2 of the AMF's General Regulations, provides a summary overview of the transactions performed by the Company involving its own shares from January 1, 2015 to December 31, 2015:

As of December 31, 2015	
Percentage of own share capital held directly or indirectly	0.86%
Number of shares retired in the last 24 months	2,187,011
Number of shares held in the portfolio	4,339,921
Book value of the portfolio	240,551,526
Market value of the portfolio	628,854,553

	Cumulative gross transactions		Open positions as of December 31, 2015			
	Purchases	Sales/ Transfers	Open purchase positions		Open sale positions	
			Purchased call options	Forward purchases	Sold call options	Forward sales
Number of shares	1,799,806	3,311,255	-	-	-	-
of which:						
- liquidity contract	*1,799,806*	*1,799,806*	-	-	-	-
- purchases to cover plans	-	-	-	-	-	-
- exercise of purchase options	-	-	-	-	-	-
- exercise of call options	-	-	-	-	-	-
- bonus share allocations	-	*386,709*	-	-	-	-
- purchases of shares to be retired	-	-	-	-	-	-
- share retirements	-	*1,124,740*	-	-	-	-
Average maximum maturity	-	-	-	-	-	-
Average trading price[a] *(EUR)*	156.40	156.91	-	-	-	-
Average exercise price *(EUR)*	-	-	-	-	-	-
Amounts[a] *(EUR)*	281,492,488	282,400,833	-	-	-	

(a) Excluding bonus share allocations and share retirements.

7. REMUNERATION OF COMPANY OFFICERS

7.1. Summary of the remuneration, options and performance shares granted to senior executive officers [a]

(EUR) Senior executive officers	Remuneration due in respect of the fiscal year		Valuation of options granted during the fiscal year		Valuation of performance bonus shares granted during the fiscal year [b]	
	2015	2014	2015	2014	2015	2014
Bernard Arnault	3,345,326	3,269,126	-	-	6,067,687	2,911,819
Antonio Belloni	5,559,138	5,560,718	-	-	3,548,428	508,569

(a) Gross remuneration and benefits in kind paid or borne by the Company and companies controlled, in addition to remuneration and benefits in kind paid or borne by Financière Jean Goujon and Christian Dior, subject to the provisions of Article L.225-102-1 of the French Commercial Code, excluding directors' fees.

(b) The breakdown of equity securities or securities conferring entitlement to capital allocated to members of the Board of Directors during the fiscal year is presented in §7.5 and the performance conditions to be met for the vesting of shares are presented in §4.5.

7.2. Summary of the remuneration of each senior executive officer [a]

Bernard Arnault

Compensation *(EUR)*	Amounts due for the fiscal year		Amounts paid in the fiscal year	
	2015	2014	2015	2014
Fixed compensation	1,145,326	1,069,126	1,145,326	1,069,126
Variable compensation	2,200,000	2,200,000	2,200,000 [b]	2,200,000 [b]
Exceptional compensation	-	-	-	-
Directors' fees [c]	116,413	118,464	116,413	208,464 [d]
Benefits in kind	Company car	Company car	Company car	Company car
Total	**3,461,739**	**3,387,590**	**3,461,739**	**3,477,590**

Antonio Belloni

Compensation *(EUR)*	Amounts due for the fiscal year		Amounts paid in the fiscal year	
	2015	2014	2015	2014
Fixed compensation	3,243,888	3,245,468	3,243,888	3,824,468 [e]
Variable compensation	2,315,250	2,315,250	2,315,250 [b]	2,315,250 [b]
Exceptional compensation	-	-	-	-
Directors' fees [c]	87,245	87,245	87,245	87,245
Benefits in kind	Company car	Company car	Company car	Company car
Total	**5,646,383**	**5,647,963**	**5,646,383**	**6,226,963**

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

(b) Amounts paid in respect of the prior fiscal year.

(c) The rules for attributing directors' fees at the Company are presented in the "*Report of the Chairman of the Board of Directors*", §1.11.

(d) Including the directors' fees due by LVMH in respect of the 2013 fiscal year and paid in 2014.

(e) For administrative reasons, part of the amounts due in 2013 was paid in 2014.

The Group's fixed compensation policy aims to maintain a certain stability in the level of this portion of compensation. The variable portion of the compensation paid to senior executive officers is based on the attainment of both financial and qualitative targets. Quantitative and qualitative objectives carry an equal weighting for the purpose of determining the bonus of the Chairman and Chief Executive Officer; for the Group Managing Director, they carry the weighting of 2/3 and 1/3, respectively. The financial criteria are growth in revenue, operating profit and cash flow as compared to the budget, with each of these items representing one-third of the total determination. The qualitative criteria have been precisely established but are not made public for reasons of confidentiality. Given the choice made to keep fixed compensation amounts steady, the variable portion is set at 250% of the fixed portion for the Chairman and Chief Executive Officer and at 150% of the fixed portion for the Group Managing Director.

7.3. Summary of directors' fees, compensation, benefits in kind and commitments given to other company officers [a]

Members of the Board of Directors (EUR unless otherwise stated)	Directors' fees paid in		Fixed remuneration paid during the fiscal year		Variable remuneration paid during the fiscal year	
	2015	2014	2015	2014	2015	2014
Antoine Arnault [b] [c] [d]	55,000	56,333	693,000	600,000	350,000	150,000
Delphine Arnault [b] [c] [e]	65,339	65,982	840,000	792,355	480,000	146,667
Nicolas Bazire [b] [c] [f]	55,000	55,000	1,235,000	1,235,000	2,700,000	2,700,000
Bernadette Chirac	37,500	37,500	-	-	-	-
Nicholas Clive Worms	61,875	63,000	-	-	-	-
Charles de Croisset	90,000	76,875	-	-	-	-
Diego Della Valle	45,000	37,500	-	-	-	-
Albert Frère	67,500	52,500	-	-	-	-
Pierre Godé [b] [c]	124,763	121,465	1,220,585	1,500,000	1,000,000	1,000,000
Marie-Josée Kravis	37,500	37,500	-	-	-	-
Lord Powell of Bayswater	37,500	37,500	205,000 [g]	205,000 [g]	-	-
Marie-Laure Sauty de Chalon	45,000	33,750	-	-	-	-
Yves-Thibault de Silguy	112,500	112,500	-	-	-	-
Francesco Trapani [b] [h] [i]	45,000	45,000	-	266,666	-	1,316,667
Hubert Védrine	45,000	45,000	-	-	-	-

(a) Directors' fees and gross remuneration and/or fees and benefits in kind paid or borne by the Company and the companies controlled, in addition to remuneration and benefits in kind paid or borne by Financière Jean Goujon and Christian Dior, subject to the provisions of Article L.225-102-1 of the French Commercial Code.
(b) The breakdown of equity securities or securities conferring entitlement to capital granted to members of the Board of Directors during the financial year is presented in §4.5 and in §7.5 below.
(c) Benefits in kind: company car.
(d) Excluding agreements concluded with AA Conseil under which total remuneration of 560,000 euros excluding VAT is payable on an annual basis, covered by a regulated agreement. These agreements expired on September 30, 2015. The total consideration paid to AA Conseil during fiscal year 2015 was 420,000 euros excluding VAT.
(e) Long-term incentive plan.
(f) Other benefit: supplementary pension.
(g) In pounds sterling.
(h) Excluding medium-term incentive plan payment to Francesco Trapani in the amount of 1,155,000 euros in 2014.
(i) Excluding service agreement entered into in 2015 with Diavolezza Ltd, of which Mr. Trapani is a shareholder and an employee. The fees paid to Diavolezza Ltd in 2015 totalled 940,000 euros excluding VAT.

In addition, the gross attendance fees paid by the Company to the Advisory Board members in 2015 amounted to:

(EUR)	
Paolo Bulgari	30,000
Patrick Houël	45,000
Felix G. Rohatyn	15,000

7.4. Options granted to and exercised by company officers during the fiscal year

Options granted to senior executive of the Company

See also §4.4 on page 48 for the other terms and conditions of allocation and conservation.

No option plans were created in 2015.

Options exercised by senior executive officers of the Company [a]

Beneficiaries	Company granting the options	Date of the plan	Number of options	Exercise price *(EUR)*
Bernard Arnault	LVMH	05/12/2005	64,797	47.549
	Christian Dior	05/12/2005	239,396	47.98
Antonio Belloni	LVMH	05/11/2006	139,967	70.972
	"	05/10/2007	23,000	77.526
	"	05/15/2008	2,000	65.265

(a) After adjusting for the exceptional distribution of a dividend in Hermès International shares on December 17, 2014.

Options exercised by other executive officers of the Company [a]

Beneficiaries	Company granting the options	Date of the plan	Number of options	Exercise price *(EUR)*
Delphine Arnault	Christian Dior	05/14/2009	6,474	47.88
Nicolas Bazire	LVMH	05/14/2009	22,000	50.861

(a) After adjusting for the exceptional distribution of a dividend in Hermès International shares on December 17, 2014.

7.5. Performance share allocations to company officers during the fiscal year

See also §4.5 on page 51 for the other terms and conditions of allocation and conservation.

Provisional allocations of shares during the fiscal year to senior executive officers of the Company

Beneficiaries	Company granting the shares	Date of Shareholders' Meeting	Date of the plan	Number of performance shares	% of share capital	Exercise price *(EUR)*
Bernard Arnault	LVMH	04/16/2015	04/16/2015	10,012	0.002	1,575,989
	"	04/16/2015	10/22/2015	14,626	0.003	2,107,753
	Christian Dior	12/01/2015	12/01/2015	14,656	0.008	2,383,945
Antonio Belloni	LVMH	04/16/2015	04/16/2015	9,644	0.002	1,518,062
	"	04/16/2015	10/22/2015	14,089	0.003	2,030,366

Shares allocated on a provisional basis during the fiscal year to other company officers of the Company

Beneficiaries	Company granting the shares	Date of the plan	Number of performance shares
Antoine Arnault	LVMH	04/16/2015	1,432
	"	10/22/2015	2,093
Delphine Arnault	LVMH	04/16/2015	1,432
	"	10/22/2015	2,093
	Christian Dior	12/01/2015	4,675
Nicolas Bazire	LVMH	04/16/2015	9,644
	"	10/22/2015	14,089
Pierre Godé	LVMH	04/16/2015	9,644

Shares vested during the fiscal year to senior executive officers of the Company[a]

Beneficiaries	Company granting the shares	Date of the plan	Number of performance shares
Bernard Arnault	LVMH	04/05/2012	31,113
	Christian Dior	04/05/2012	25,009
Antonio Belloni	LVMH	04/05/2012	17,285

(a) After adjusting for the exceptional distribution of a dividend in Hermès International shares on December 17, 2014.

Shares vested during the fiscal year to other company officers of the Company[a]

Beneficiaries	Company granting the shares	Date of the plan	Number of performance shares
Antoine Arnault	LVMH	04/05/2012	1,642
Delphine Arnault	LVMH	04/05/2012	1,642
	Christian Dior	04/05/2012	6,633
Nicolas Bazire	LVMH	04/05/2012	17,285
Pierre Godé	LVMH	03/31/2011	20,549

(a) After adjusting for the exceptional distribution of a dividend in Hermès International shares on December 17, 2014.

7.6. Prior allocations of options

7.6.1. Share purchase option plans

No share purchase option plans were in effect in 2015.

7.6.2. Share subscription option plans

The terms and conditions of exercising options and, for the plan set up in 2009, the performance conditions related to exercising options are presented in §4.4.

In relation to options granted under plans set up since 2007, if either the Chairman and Chief Executive Officer or the Group Managing Director decides to exercise his options, he must retain possession, until the conclusion of his term of office, of a number of shares determined on the basis of the exercise date and corresponding to a percentage of his total gross compensation.

Date of Shareholders' Meeting	**05/15/2003**	**05/11/2006**	**05/11/2006**	**05/11/2006**	**05/11/2006**	
Date of Board of Directors' meeting	**05/12/2005**	**05/11/2006**	**05/10/2007**	**05/15/2008**	**05/14/2009**	**Total**
Total number of options granted at plan inception	**1,924,400**	**1,789,359**	**1,679,988**	**1,698,320**	**1,301,770**	**8,393,837**
o/w Company officers [a]	*862,500*	*852,500*	*805,875*	*766,000*	*541,000*	***3,827,875***
Bernard Arnault [b]	450,000	450,000	427,500	400,000	200,000	**1,927,500**
Antoine Arnault [b]	-	-	9,500	9,500	9,500	**28,500**
Delphine Arnault [b]	10,000	10,000	9,500	9,500	9,500	**48,500**
Nicolas Bazire [b]	150,000	150,000	142,500	142,500	100,000	**685,000**
Antonio Belloni [b]	150,000	150,000	142,500	142,500	100,000	**685,000**
Pierre Godé [b]	40,000	30,000	15,000	40,000	100,000	**225,000**
o/w First ten employees [c]	*342,375*	*339,875*	*311,544*	*346,138*	*327,013*	***1,666,945***
Number of beneficiaries	495	520	524	545	653	
Earliest option exercise date	05/12/2009	05/11/2010	05/10/2011	05/15/2012	05/14/2013	
Expiry date	05/11/2015	05/10/2016	05/09/2017	05/14/2018	05/13/2019	
Subscription price *(EUR)* [d]	47.549	70.972	77.526	65.265	50.861	

(a) Options granted to active company officers as of the plan's commencement date.
(b) Company officers active as of December 31, 2015.
(c) Options granted to active employees other than company officers as of the plan's commencement date.
(d) After adjusting for the exceptional distribution of a dividend in Hermès International shares on December 17, 2014.
Subscription price for Italian residents:

Plans	Subscription price *(EUR)*
05/12/2005	50.258
05/11/2006	74.186
05/15/2008	65.445
05/14/2009	50.879

7.7. Prior allocations of performance shares

The terms and conditions of allocation and performance conditions related to the vesting of shares are presented in §4.5.

In the event of the vesting of their share allocations, the Chairman and Chief Executive Officer and the Group Managing Director are required to retain possession, in pure registered form and until the conclusion of their respective terms in office, of a number of shares representing one half of the notional capital gain, net of tax and social charges, calculated at the vesting date of the share allocations, using the shares' opening price at that date.

Date of Shareholders' Meeting	05/15/2008	03/31/2011	03/31/2011	04/18/2013	04/18/2013	04/16/2015	04/16/2015	
Date of Board of Directors' meeting	03/31/2011	04/05/2012	07/26/2012	07/25/2013	10/23/2014	04/16/2015	10/22/2015	
	Performance shares	Performance shares	Bonus shares	Performance shares	Performance shares	Performance shares	Performance shares	Total
Total number of shares provisionally allocated as of the opening of the plan	**257,724**	**416,609**	**45,000**	**397,406**	**307,548**	**73,262**	**315,532**	**1,813,081**
o/w Company officers [a]	*100,071*	*85,913*	*45,000*	*78,572*	*19,235*	*41,808*	*46,990*	***417,589***
Bernard Arnault [b]	36,994	28,008	-	17,968	4,606	10,012	14,626	**112,214**
Antoine Arnault [b]	1,757	1,478	-	1,644	659	1,432	2,093	**9,063**
Delphine Arnault [b]	1,757	1,478	-	1,644	659	1,432	2,093	**9,063**
Nicolas Bazire [b]	18,498	15,560	-	17,308	4,437	9,644	14,089	**79,536**
Antonio Belloni [b]	18,498	15,560	-	17,308	4,437	9,644	14,089	**79,536**
Pierre Godé [b]	18,498	15,560	45,000	17,308	4,437	9,644	-	**110,447**
Francesco Trapani [b]	-	4,847	-	5,392	-	-	-	**10,239**
o/w First ten employees [c]	*64,611*	*90,078*	-	*69,606*	*36,280*	*31,454*	*61,858*	***353,887***
Number of beneficiaries	712	747	1	748	772	14	740	
Vesting date	03/31/2014 [d]	04/05/2015 [d]	07/26/2015 [d]	07/25/2016 [d]	10/23/2017 [d]	04/16/2018 [d]	10/22/2018 [d]	
Date as of which the shares may be sold	03/31/2016 [d]	04/05/2017 [d]	07/26/2017 [d]	07/25/2018 [d]	10/23/2019 [d]	04/16/2020 [d]	10/22/2020 [d]	
Performance conditions	**Satisfied**	**Satisfied**	-	**Satisfied**	**Satisfied**	**Satisfied**	**Not applicable in 2015**	

(a) Bonus shares allocated to company officers active as of the provisional allocation date.
(b) Company officers active as of December 31, 2015.
(c) Bonus shares allocated to active employees other than LVMH company officers as of the provisional allocation date.
(d) Vesting and availability of shares on March 31, 2015; April 5, 2016; July 26, 2016; July 25, 2017; October 23, 2018; April 16, 2019 and October 22, 2019 which then become transferable for beneficiaries who are not French residents for tax purposes.

7.8. Work contract, specific pension, leaving indemnities and non-competition clause in favor of senior executive officers

Senior executive officers	Work contract		Supplementary pension		Indemnities or benefits due or likely to become due on the cessation or change of functions		Indemnities relating to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Bernard Arnault Chairman and Chief Executive Officer		X	X			X		X
Antonio Belloni Group Managing Director	X		X			X	X [a]	

(a) Employment contract suspended for the duration of the term of Group Managing Director. Covenant not to compete for a twelve-month period included in the employment contract providing for the monthly payment during its application of a compensation equal to the monthly remuneration on the termination date of his functions, supplemented by one twelfth of the last bonus received.

The Company has set up a defined benefit pension plan, in accordance with the provisions of Article L.137-11 of the French Social Security Code, for senior executives.

The supplementary pension only vests if the recipient has served for at least six years on the Group's Executive Committee and claims all of his or her retirement benefits, acquired under the basic and mandatory supplementary plans, simultaneously with the end of his or her service at the Group. However, this last condition is not required if the recipient leaves at the Group's request after the age of 55, provided that the recipient does not engage in any other professional activity between his or her departure from the Group and the pension claim. Furthermore, in the event of the death of the recipient before his or her benefits are claimed, the derived rights are maintained with the surviving spouse as the beneficiary.

This supplementary pension is determined on the basis of a benchmark compensation amount equal to the average of the three highest amounts of annual compensation received or reconstituted over the course of the recipient's career with the Group, capped at 35 times the French annual social security ceiling (i.e. 1,331,400 euros as of December 31, 2015).

The annual supplementary pension is equal to the difference between 60% of the benchmark compensation (i.e. 798,840 euros as of December 31, 2015) and all benefits paid by the basic plans in France and abroad, as well as the supplementary pension plans in France and abroad. The maximum annual payout that would be owed to pension recipients under this plan would be 45% of the fixed and variable compensation paid to them in 2015, in accordance with the AFEP/MEDEF Code rules. As of December 31, 2015, the maximum amount of these payouts is estimated at 670,000 euros per year. The supplementary pension only vests when retirement benefits are claimed. Given the characteristics of the plan set up by the Company and their personal situations, the supplementary pensions that Messrs. Bernard Arnault and Antonio Belloni may qualify for no longer give rise to the annual vesting of additional benefits.

Recipients' potential benefits are funded by contributions paid to an insurer, which are deductible from the corporate tax base and subject to the contribution tax provided for under Article L.137-11, I, 2°, a) of the French Social Security Code, the rate of which is set at 24%.

8. SUMMARY OF TRANSACTIONS IN LVMH SECURITIES DURING THE FISCAL YEAR BY SENIOR EXECUTIVES AND RELATED PERSONS [a]

Directors concerned	Type of transaction	Number of shares/ other securities	Average price *(EUR)*
Bernard Arnault	Purchase of shares [b]	64,797	47.80
Company(ies) related to Bernard Arnault	Purchase/Sale of shares [c]	1,752,490	159.25
	Monetization [d]	9,326,032	131.89
	Repayment of loan of shares	5,000,000	N.A.
Nicolas Bazire	Purchase of shares [b]	22,000	50.86
	Sale of shares	20,118	153.87
Antonio Belloni	Purchase of shares [b]	164,967	71.82
	Sale of shares	49,967	167.38
Person(s) related to Antonio Belloni	Sale of shares	113,000	164.45
Company(ies) related to Albert Frère	Purchase of shares	46,000	157.73
	Sale of shares	46,000	165.45
Pierre Godé	Sale of shares	25,000	153.93
Company(ies) related to Pierre Godé	Sale of shares	76,000	162.71

(a) Related persons defined in Article R.621-43-1 of the French Monetary and Financial Code.
(b) Exercise of share subscription options.
(c) Reclassifications.
(d) Financing or redemption by monetization.

9. GOVERNANCE

9.1. List of positions and offices held by the members of the Board of Directors

The list of all offices and positions held by each member of the Board of Directors, currently and during the last five fiscal years, is provided in the "*Other information* – Governance" section.

9.2. Proposed resolutions

9.2.1. Approval of the annual financial statements and of related party agreements

The first items of business relate to:

- the approval of the financial statements: you will be asked to vote on the approval of the financial statements of the parent company LVMH SE (first resolution) as well as the Group's consolidated financial statements (second resolution);
- approval of related party agreements (third resolution): details of these agreements are set out in the Statutory Auditors' special report;
- the allocation of net profit (fourth resolution): the dividend to be distributed will amount to 3.55 euros per share. Taking into account the interim dividend of 1.35 euros per share paid on December 3, 2015, the balance of 2.20 euros will be paid out on April 21, 2016.

9.2.2. Board of Directors and Statutory Auditors

9.2.2.1. Composition of the Board of Directors

It is proposed that you:

- renew the appointments of Ms. Bernadette Chirac and Messrs. Bernard Arnault, Charles de Croisset and Hubert Védrine as Directors (fifth to eighth resolutions);
- appoint Ms. Clara Gaymard and Ms. Natacha Valla as Directors (ninth and tenth resolutions).

9.2.2.2. Statutory Auditors

The term of office of the appointments as Principal and Alternate Statutory Auditor expire at the end of the Shareholders' Meeting. It is proposed that you:

- appoint (i) Ernst & Young Audit to replace Ernst & Young et Autres, and Mazars to replace Deloitte & Associés as Principal Statutory Auditors, (ii) appoint Mr. Philippe Castagnac to replace Mr. Denis Grison as Alternate Statutory Auditor (eleventh to thirteenth resolutions);
- renew the appointment as Alternate Statutory Auditor of Auditex (fourteenth resolution).

9.2.3. Remuneration of senior executive officers

Pursuant to the guidelines expressed in the AFEP/MEDEF Code, you are hereby asked to give an opinion on the items of compensation due or awarded to Messrs. Bernard Arnault and Antonio Belloni in respect of the fiscal year ended December 31, 2015 (fifteenth and sixteenth resolutions).

See also §7.

Summary of the remuneration of each senior executive officer

Bernard Arnault

Gross compensation *(EUR)*	Amounts due for the fiscal year	Amounts paid in the fiscal year
Fixed compensation	1,145,326	1,145,326
Variable compensation	2,200,000	2,200,000 [a]
Directors' fees [b]	116,413	116,413
Benefits in kind	Company car	Company car
Total	**3,461,739**	**3,461,739**

Antonio Belloni

Gross compensation *(EUR)*	Amounts due for the fiscal year	Amounts paid in the fiscal year
Fixed compensation	3,243,888	3,243,888
Variable compensation	2,315,250	2,315,250 [a]
Directors' fees [b]	87,245	87,245
Benefits in kind	Company car	Company car
Total	**5,646,383**	**5,646,383**

(a) Amounts paid in respect of the prior fiscal year.
(b) The rules for attributing directors' fees are presented in the "*Report of the Chairman of the Board of Directors*", §1.11.

Summary of the remuneration due and performance shares granted to senior executive officers

Senior executive officers (EUR)	Gross remuneration due in respect of the fiscal year	Valuation of performance bonus shares granted during the fiscal year [a]
Bernard Arnault	3,345,326	6,067,687
Antonio Belloni	5,559,138	3,548,428

(a) The breakdown of equity securities or securities conferring entitlement to capital allocated to members of the Board of Directors during the fiscal year is presented in §7.5, and the performance conditions to be met for the vesting of shares are presented in §4.5.

Specific pension

For senior executive officers, the supplementary pension is only acquired if the potential beneficiary has been present for at least six years on the Group's Executive Committee and simultaneously asserts his rights to his standard legal pension entitlement. This is not required however if they leave the Group at the latter's request after the age of 55 and resume no other professional activity until their external pension plans are liquidated. It is determined on the basis of a reference remuneration corresponding to the average of the three highest yearly remunerations received over the course of their career within the Group, subject to a maximum of thirty-five times the annual social security ceiling (i.e. 1,331,400 euros as of December 31, 2015). The annual supplementary pension is equal to the difference between 60% of the reference remuneration (i.e. 798,840 euros as of December 31, 2015) and all pension amounts paid in France (general social security regime and additional ARRCO and AGIRC regimes) and abroad.

As of December 31, 2015, the maximum amount of this supplementary pension is estimated at 670,000 euros. It does not vest until retirement benefits are claimed. Given the characteristics of the plan set up by the Company and their personal situations, the supplementary pensions that Messrs. Bernard Arnault and Antonio Belloni may qualify for no longer give rise to the annual vesting of additional benefits.

9.2.4. Authorizations proposed to the Shareholders' Meeting

See also §5.2.

9.2.4.1. Authorization granted to the Board to trade in the Company's shares

It is proposed that you authorize your Board of Directors to acquire Company shares (seventeenth resolution). These purchases of Company shares may not exceed 10% of the share capital. The purchase price per share may not exceed 300 euros. The period of this authorization is eighteen months.

9.2.4.2. Authorization granted to the Board of Directors to reduce the share capital through the retirement of shares acquired under the share repurchase program

It is proposed that you authorize your Board of Directors to reduce the share capital (eighteenth resolution) by a total amount not to exceed 10% of the current share capital over a period of twenty-four months, through the retirement of shares acquired under the share repurchase program. The period of this authorization is eighteen months.

9.2.4.3. Authorization granted to the Board of Directors to allocate bonus shares to employees and/or senior executives of the Group

It is proposed that you renew the authorization to allocate bonus shares to employees and senior executives of the Group. The allocation of bonus shares will therefore be subject to the provisions of the French law of August 6, 2015 for growth, business and equal economic opportunity (nineteenth resolution). The period of this authorization is twenty-six months.

9.2.5. Amendments to the Bylaws

It is also proposed that you pre-emptively extend the term of the Company (which has existed since January 1, 1923) by 99 years as of January 1, 2017, i.e. until December 31, 2115, and consequently amend Article 5 of the Bylaws (twentieth resolution).

9.3. Information on the related party agreements described in Article L.225-102-1 of the French Commercial Code

In accordance with the provisions of the final paragraph of Article L.225-102-1 of the French Commercial Code, we hereby inform you that in July 2015, LVMH sold its shares in a company holding rights in a property located in Tokyo to Christian Dior Couture for 29 million euros.

Furthermore, the agreements entered into in 2008 for the manufacturing and distribution of Montres Dior by Les Ateliers Horlogers Dior SA, a joint subsidiary of Christian Dior Couture and Delano (subsidiary of LVMH), remained in effect in 2015.

10. INFORMATION THAT COULD HAVE A BEARING ON A TAKEOVER BID OR EXCHANGE OFFER

Pursuant to the provisions of Article L.225-100-3 of the French Commercial Code, information that could have a bearing on a takeover bid or exchange offer is presented below:

- capital structure of the Company: the Company is controlled by the Arnault Family Group, which controlled 46.64% of the share capital and 62.90% of the voting rights as of December 31, 2015;
- share issuance and buybacks under various resolutions:

- The Shareholders' Meeting has delegated to the Board of Directors the power to:
  - acquire Company shares within the limit of 10% of the share capital,
  - increase the share capital, with or without shareholders' preferential rights and via public offering or private placement, in a total nominal amount not to exceed 50 million euros, or 33% of the Company's current share capital,
  - increase the share capital in connection with a public exchange offer or in-kind contributions.

These delegations of authority are suspended during takeover bids or exchange offers:

- The Shareholders' Meeting has moreover delegated to the Board of Directors the power to:
  - allocate share subscription options or bonus shares to be issued within the limit of 1% of the share capital,
  - increase the share capital through an issue for employees within the limit of 1% of the share capital.

These delegations of authority are not suspended during takeover bids or exchange offers.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Human resources

1. NOTE ON METHODOLOGY

Since 2010, all staff members involved in Group reporting on employee-related issues have had access to an e-learning module. The purpose of this online training tool is to familiarize users with the objectives of reporting on employee-related issues, and deepen understanding of key indicators and the calculation methodology used. Control procedures have also been reinforced within each organizational entity. To ensure the quality of the data transmitted, Group companies' Directors of Human Resources appoint a reporter for each company under their responsibility, who is in charge of collecting and declaring all employee-related data, as well as a reviewer who is responsible for checking the data declared by the reporter and certifying that it is accurate by providing an electronic signature during the validation phase of the questionnaire completed online. Following these two preliminary validation stages, the Group company's Director of Human Resources – the supervisor – provides his or her final validation by signing a letter of representation.

The mapping between organizational and legal entities ensures consistency between reporting on employee-related issues and financial reporting. Accordingly, the scope of reporting on employee-related issues covers all staff employed by fully consolidated Group companies, but does not include equity-accounted associates.

A descriptive sheet is available for each employee-related indicator specifying its relevance, the elements of information tracked, the procedure to be applied to gather information, and the various controls to be performed when entering data. In addition, information system controls are in place throughout reporting procedures in order to verify the reliability and consistency of data entered.

Workforce information provided below relates to all consolidated companies on December 31, including LVMH's share in joint ventures. Other employee-related indicators were calculated for a scope of 626 organizational entities covering more than 99% of the global workforce and encompass all staff employed during the fiscal year, including those employed by joint ventures.

Since the 2007 fiscal year, selected employee-related disclosures for the Group have been audited each year by one of the Group's Statutory Auditors. For the 2015 fiscal year, company data was verified by Ernst & Young, in accordance with Article R.225-105-2 of the French Commercial Code. Their findings are expressed in a report following the section entitled "LVMH and the environment" of the Reference Document.

Group companies provide an overview of their corporate social responsibility initiatives in a yearly CSR reporting survey, which supplements the Group's reporting on employee-related issues. This survey, which is run on all Group companies, covers the most common social responsibility issues: respect for human rights, diversity and preventing discrimination, skills development, working conditions, listening to and dialoging with employees, and engaging with local communities. For each of these topics, the survey form includes references to the conventions and recommendations of the International Labor Organization.

LVMH's employees in China are included in the number of staff working under permanent contracts (11,309 as of December 31, 2015). Although Chinese law limits the duration of employment contracts, which become permanent only after several years, the LVMH group considers employees working under such contracts as permanent, given the nature of Chinese labor legislation.

2. BREAKDOWN AND DEVELOPMENT OF THE WORKFORCE

2.1. Breakdown of the workforce

The total workforce as of December 31, 2015 amounted to 125,346 employees, an increase of 3% compared to 2014. Of this total, 112,319 employees were working under permanent contracts and 13,027 were working under fixed-term contracts. Part-time employees represented 19% of the total workforce, or 24,363 individuals. Staff outside France represented 82% of the worldwide workforce.

The Group's average total Full Time Equivalent (FTE) workforce in 2015 comprised 109,808 employees, up 3% compared to 2014.

The tables below show the breakdown of the workforce by business group, geographic region and professional category.

Breakdown by business group

Total headcount as of December 31 [a]	2015	%	2014	%	2013	%
Wines and Spirits	7,050	6	7,057	6	6,921	6
Fashion and Leather Goods	33,377 [b]	27	33,375	28	32,149	28
Perfumes and Cosmetics	23,131 [b]	18	22,009	18	21,256	19
Watches and Jewelry	7,800	6	7,625	6	7,474	7
Selective Retailing	51,920	41	49,566	41	45,277	39
Other activities	2,068 [b]	2	1,657	1	1,558	1
Total	**125,346**	**100**	**121,289**	**100**	**114,635**	**100**

(a) Total permanent and fixed-term headcount.
(b) LVMH Métiers d'Art, which includes two tanneries, was presented as part of the Fashion and Leather Goods business group until 2014, but is now presented in Other activities, which explains most of the increase in the workforce of this business group.

Breakdown by geographic region

Total headcount as of December 31 [a]	2015	%	2014	%	2013	%
France	23,150	18	22,326	18	21,728	19
Europe (excluding France)	29,282	23	28,439	24	27,710	24
United States	30,596	24	29,284	24	26,341	23
Japan	5,859	5	5,850	5	5,726	5
Asia (excluding Japan)	27,056	22	27,080	22	26,142	23
Other markets	9,403	8	8,310	7	6,988	6
Total	**125,346**	**100**	**121,289**	**100**	**114,635**	**100**

(a) Total permanent and fixed-term headcount.

Breakdown of personnel by professional category

Total headcount as of December 31 [a]	2015	%	2014	%	2013	%
Executives and managers	21,510	17	20,584	17	19,634	17
Technicians and supervisors	12,077	10	11,786	10	11,197	10
Administrative and sales employees	77,153	61	74,365	61	69,688	61
Production workers	14,606	12	14,554	12	14,116	12
Total	**125,346**	**100**	**121,289**	**100**	**114,635**	**100**

(a) Total permanent and fixed-term headcount.

Average age and breakdown by age

The average age of the worldwide workforce employed under permanent contracts is 36 years and the median age is 33 years. The youngest age ranges are found among sales personnel, mainly in Asia, the United States and Other markets.

(as %)	Global workforce	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Age: less than 25 years	11.9	6.0	7.1	21.8	4.2	11.0	22.0
25-29 years	21.4	15.7	16.4	23.1	13.4	30.2	24.2
30-34 years	19.4	15.4	18.8	16.5	21.0	25.2	20.4
35-39 years	14.7	14.6	17.4	10.8	25.3	13.6	13.5
40-44 years	11.2	14.3	14.8	7.4	18.6	7.9	8.4
45-49 years	8.4	12.1	11.3	6.7	9.5	5.4	5.1
50-54 years	6.5	10.9	7.7	5.6	5.2	3.6	3.4
55-59 years	4.3	8.5	4.4	4.0	2.7	2.0	1.9
60 years and over	2.2	2.5	2.1	4.1	0.1	1.1	1.1
	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average age	**36**	**40**	**38**	**35**	**37**	**34**	**33**

Average length of service and breakdown by length of service

The average length of service within the Group is 11 years in France and ranges from four to eight years in the other geographic regions. This difference is mainly due to the predominance in these other regions of retail activities characterized by a higher rate of turnover. It is also the result of recent expansion by Group companies into high-growth markets, where there is a greater fluidity of employment.

(as %)	Global workforce	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Length of service: less than 5 years	58.9	37.4	48.1	73.3	41.6	71.9	77.5
5-9 years	20.0	21.7	26.2	16.1	25.3	17.1	13.3
10-14 years	9.0	12.9	12.4	5.8	20.2	4.6	4.2
15-19 years	5.5	10.1	7.1	2.7	7.7	3.0	2.7
20-24 years	2.6	5.4	3.0	1.0	3.1	1.7	0.9
25-29 years	2.2	6.5	1.9	0.7	1.6	1.1	0.7
30 years and over	1.8	6.0	1.3	0.4	0.5	0.6	0.7
	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average length of service	**7**	**11**	**7**	**5**	**8**	**5**	**4**

2.2. Recruitment policy: attracting a diverse array of talent

Identifying and recruiting talent are decisive elements in the success of the LVMH group and each of its entities in the short, medium and long term. In this highly competitive world, where creativity and know-how are of the utmost importance, it is clearly essential to be able to enlist the highest-performing, most appropriate and most promising talent.

LVMH has put several ambitious action plans in place to make the career opportunities within what the Group calls its "ecosystem" better known. With the wide reach of its brands, growth and international expansion, the LVMH group naturally attracts talent from the world of luxury goods, and beyond, from all innovative fields. The Group also focuses on raising awareness of the full extent of its highly diverse range of professions to guarantee excellence across all its business lines.

For many years, the Group has maintained close ties with business and engineering schools and universities, enabling it to develop its reputation and that of its Maisons among young students and give them a window onto major career tracks and prospects.

Here are a few of our many privileged partnerships based on the Group's key recruitment priorities in 2015:

- Design – with Central Saint Martins in London and Parsons The New School of Design in New York;
- Luxury brand management – with ESSEC (the LVMH Chair) and SDA Bocconi in Italy, and the Luxury Business Management track at Singapore Management University;
- Excellence in the customer experience – now in partnership with HEC;
- Supply chain operations – with Centrale Paris;
- Digital entrepreneurship – a new collaboration with Telecom Paris Tech.

In addition to these programs, LVMH has also developed new digital tools to reach a wider audience of students, streamline the job application experience and encourage a diverse pool of candidates to apply. Examples of these innovative initiatives include the "InMind" application (for digitizing CVs submitted on student forums), virtual job forums, pre recorded video interviews and an online presence on platforms such as jobteaser.com.

LVMH continued to develop its digital presence in 2015, focusing in particular on describing its "ecosystem" on social media. Special emphasis was placed in particular on its reputation as an employer on LinkedIn. This year, according to a survey of this leading professional networking site, LVMH's content made it the most influential luxury brand on LinkedIn.

Alongside these Group-wide initiatives, several Group companies, such as Sephora, Parfums Christian Dior, Louis Vuitton and Guerlain, regularly launch their own employer communication campaigns in order to attract the best candidates.

LVMH's determination to give itself and its Group companies the means to reinforce its image as an employer of choice is widely recognized. Initiatives taken by all Group companies have been popular with Business School students in France, who ranked LVMH first among preferred employers for the tenth consecutive year in the Universum poll. The reputation of the Group's employer brand also continued to grow in European rankings and now features among the top names.

The LVMH Code of Conduct for Recruitment has been widely disseminated to all employees active in recruitment processes across the Group. It sets forth the ethical hiring principles to be observed at LVMH in the form of fourteen commitments. Special emphasis is placed on preventing any form of discrimination and on promoting diversity. It is backed by the Group's launch of the "Recruitment without Discrimination" training program. Since 2011, this training program has been mandatory for all human resource managers involved in recruiting. Specific training sessions have been gradually introduced on a country-by-country basis in order to place LVMH's commitment within the framework of national legislation (Italy and the United States in 2014). To verify this system's effectiveness, since 2008 LVMH has organized ongoing checks of its hiring practices by having an independent firm test its published job offers for discrimination. The 2014-2015 campaign took place worldwide. At the close of each campaign, the results are shared with Group companies' Human resources teams. Campaigns to test for discrimination help monitor compliance with our commitments while managing the system for preventing discrimination in recruitment.

2.3. Movements during the year: joiners, leavers and internal mobility

In 2015, 27,927 individuals were hired under permanent contracts, including 2,764 in France. 5,546 people were recruited in France under fixed-term contracts. The seasonal sales peaks, at the end-of-year holiday season and the harvest season, are two main reasons for using fixed-term contracts.

In 2015, departures from Group companies (all reasons combined) affected a total of 24,240 employees working under permanent contracts, of which 46% were employed within the Selective Retailing business group, which traditionally experiences a high turnover rate. The leading causes for departure were resignations (73%) and individual dismissals (13%).

The overall turnover rate was up from 2014 and showed marked differences across geographic regions: the highest rates were recorded in North America, Asia and Other markets, where labor markets are more fluid.

Turnover by geographic region

(as %)	2015	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets	2014	2013
Total turnover [a]	21.8	10.4	14.9	32.2	10.3	28.0	30.6	20.9	21.4
Of which: voluntary turnover [b]	16.0	4.4	10.5	26.8	9.5	21.1	21.6	15.6	15.8
involuntary turnover [c]	5.2	4.7	4.0	5.1	0.7	6.7	8.9	4.8	5.2

(a) All reasons.
(b) Resignations.
(c) Dismissals/end of trial period.

Breakdown of movements [a] of employees working under permanent contracts by business group and geographic region

(number)	Joiners			Leavers		
	2015	2014	2013	2015	2014	2013
Wines and Spirits	691	809	901	720	879	654
Fashion and Leather Goods	6,241	6,359	5,676	6,171	5,692	4,895
Perfumes and Cosmetics	5,424	5,228	5,457	4,706	4,495	4,020
Watches and Jewelry	1,321	1,342	1,221	1,245	1,240	1,529
Selective Retailing	13,978	13,171	12,257	11,225	10,090	10,233
Other activities	272	175	157	173	91	129
Total	**27,927**	**27,084**	**25,669**	**24,240**	**22,487**	**21,460**
France	2,764	2,454	2,555	2,252	2,009	2,003
Europe (excluding France)	4,533	4,458	4,694	3,936	4,095	4,084
United States	9,486	8,389	7,181	7,664	6,543	6,605
Japan	604	660	599	542	573	484
Asia (excluding Japan)	7,360	8,057	8,079	7,382	7,136	6,656
Other markets	3,180	3,066	2,561	2,464	2,131	1,628
Total	**27,927**	**27,084**	**25,669**	**24,240**	**22,487**	**21,460**

(a) Under permanent contracts, including conversions of fixed-term contracts to permanent contracts and excluding internal mobility within the Group.

LVMH Human Resources prides itself on offering a wealth of career development options and international opportunities. With more than 2,400 internal transfers of management personnel, this year was no exception. This process was given greater impetus by MOVe, the internal jobs portal accessible via the Group's Intranet.

As the Group's companies develop in evolving marketplaces, and new growth drivers such as digital technology come to the fore, we have been able to provide varied career opportunities at every level of the organization, prompting a cross pollination of skills between different business segments.

Thanks to the engagement and close collaboration of our HR managers at Group companies around the world, especially through regular talent reviews, 73% of senior management vacancies have been filled via internal promotions. Specific working groups are now organized for retail, digital, finance and supply chain jobs, in addition to the 70 internal transfer review boards for different seniority levels and regions. This approach is underpinned by far reaching changes in the tools and information systems used for human resource management and the integration of social media into an even more proactive talent outreach process.

We take special care to get to know our employees and to foster their professional development. The personalized support given to them has been improved by upgrading the quality of career discussions and annual interviews, with training for HR and line managers all around the world.

The standard yearly organizational and talent review was performed with special attention to indicators of cultural and gender diversity. This approach revealed a talent pool of 1,000 key individuals from 30 different countries, with women accounting for 60% of the "high-potential" group.

3. WORK TIME

3.1. Work time organization

Worldwide, 13% of employees benefit from variable or adjusted working hours and 49% work as a team or alternate their working hours.

Global workforce affected by various forms of working time adjustment: breakdown by geographic region

Employees concerned[a] *(as %)*	Global workforce	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Variable/adjusted schedules	13	33	17	2	13	5	8
Part-time	19	9	18	45	4	4	26
Teamwork or alternating hours	49	11	30	78	78	68	57

(a) The percentages are calculated in relation to the total number of employees under permanent and fixed-term contracts in France. For the other regions, they are calculated in relation to the number of employees under permanent contracts, except for part-time workers, in which case the percentages are calculated with respect to the total headcount.

Workforce in France affected by various forms of working time adjustment: breakdown by professional category

Employees concerned[a] *(as %)*	France workforce	Executives and managers	Technicians and supervisors	Administrative and sales employees	Production workers
Variable/adjusted schedules	33	21	54	65	1
Part-time	9	3	7	22	6
Teamwork or alternating hours	11	0	10	2	41
Employees benefiting from time off in lieu	9	0	15	15	14

(a) The percentages are calculated in relation to the total number of employees under permanent and fixed-term contracts.

3.2. Overtime

The cost of the volume of overtime is 74 million euros, an average of 1.6% of the worldwide payroll.

Overtime by region

(as % of total payroll)	Global workforce	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Overtime	1.6	1.4	1.5	1.5	3.2	2.0	1.0

3.3. Absence rate

The worldwide absence rate of the Group for employees working under permanent and fixed-term contracts was 4.8%. It was lower than in previous years (5% in 2014 and 4.9% in 2013). This slight decrease was partly due to the decline in paid absences (0.3% versus 0.5% in 2014). The overall absence rate of the European entities is twice as high as that recorded in other geographic regions.

Absence rate [a] by region and by reason

(as %)	Global workforce	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Illness	2.4	3.8	3.3	1.7	0.4	1.7	1.4
Work/work-travel accidents	0.2	0.4	0.1	0.1	0.1	0.1	0.1
Maternity leave	1.5	1.3	2.6	0.6	1.3	1.4	1.2
Paid absences (family events)	0.3	0.2	0.4	0.2	0.2	0.4	0.5
Unpaid absences	0.4	0.6	0.3	0.3	0.1	0.5	0.4
Overall absence rate	4.8	6.3	6.7	2.9	2.1	4.1	3.6

(a) Number of days absent divided by the theoretical number of days worked.

4. COMPENSATION

Group companies offer compensation packages that are competitively positioned with respect to the market in order to attract and motivate talented staff. International salary surveys, in relation to specific professions and sectors, are carried out annually and are used to permanently ensure that the Group maintains a favorable position against the markets. By means of variable pay components based on both individual performance and their employing companies, managers have a vested interest in Group companies' success.

Initiatives and tools specific to each entity are put in place to reduce any salary gaps between women and men within the same professional category.

4.1. Average salary

The table below shows the gross average monthly compensation paid to Group employees in France under full-time permanent contracts who were employed throughout the year:

Employees concerned (as %)	2015	2014	2013
Less than 1,500 euros	1.7	1.8	2.3
1,501 to 2,250 euros	24.9	26.9	28.4
2,251 to 3,000 euros	22.4	21.8	21.1
Over 3,000 euros	51.0	49.5	48.2
Total	**100.0**	**100.0**	**100.0**

4.2. Personnel costs

Worldwide personnel costs break down as follows:

(EUR millions)	2015	2014	2013
Gross payroll – Fixed-term or permanent contracts	4,611.6	4,062.0	3,643.3
Employers' social security contributions	1,161.4	1,120.5	1,023.1
Temporary staffing costs	218.8	185.0	166.6
Total personnel costs	**5,991.8**	**5,367.5**	**4,833.0**

Outsourcing and temporary staffing costs were stable compared to the previous year, accounting for 6.3% of the total payroll worldwide, including the employer's social security contributions.

4.3. Incentive schemes, profit sharing and company savings plans

All companies in France with at least 50 employees have an incentive scheme, profit sharing or company savings plan. These plans accounted for a total expense of 176.2 million euros in 2015, paid in respect of 2014, an increase compared to the previous year. Profit sharing bonuses were eliminated as of January 1, 2015 (pursuant to Article 19 of the French Social Security Budget Act for 2015).

(EUR millions)	2015	2014	2013
Profit sharing	88.9	90.6	103.5
Incentive	69.5	51.4	71.1
Employer's contribution to company savings plans	17.8	16.0	16.1
Profit sharing bonuses	0.0	14.1	13.6
Total	**176.2**	**172.1**	**204.3**

5. SOCIAL RESPONSIBILITY

Since 2003, the LVMH group has shown its support for universal values as a signatory of the United Nations Global Compact. It is committed to aligning its operations and its strategy with ten principles related to human rights, working standards, respect for the environment and the fight against corruption. LVMH also supports the Universal Declaration of Human Rights, OECD guidelines, the International Labor Organization's Fundamental Conventions, the United Nations' Millennium Development Goals, Women's Empowerment Principles, and the French Diversity Charter. These commitments are included in the LVMH Code of Conduct and transposed into principles that are disseminated throughout all Group companies.

LVMH has identified four priorities for all its companies which apply throughout the world, drawn from dialogue and interactions with its stakeholders: constant attention to working conditions, the prevention of all forms of discrimination, the employment of people with disabilities, and corporate involvement in regional solidarity actions to help local populations. These priorities for the Group are also the most basic shared attributes among Group companies that operate in very different universes. They provide those companies and entities with an overall framework for action, leaving them free to identify other priorities specific to their business and environment, and to set up their own action plans. Group companies implement their approach independently according to their business, their own human and societal issues and their local contexts.

Group companies provide an overview of their approach in a yearly CSR reporting survey, which supplements the Group's reporting on employee-related issues. This survey, which is run on all Group companies, covers the most common social responsibility issues: respect for human rights, diversity and preventing discrimination, skills development, working conditions, listening to and dialoging with employees, and engaging with local communities. For each of these topics, the survey form includes references to the conventions and recommendations of the International Labor Organization.

At their level, the Human resources department is responsible for managing the CSR approach. The Director appoints a CSR correspondent who liaises with LVMH, ensures that the company's actions are consistent with Group policy, and handles CSR reporting.

At Group level, strategic priorities are pursued through regular dialogue between the social development department and CSR correspondents at Group companies who are connected through the CSR network. Once or twice a year, the members of the CSR network meet to review the year ended based on the annual survey, set shared priorities for the current year, look for ways to collaborate with each other and share their best practices. In 2015, the CSR network met on February 19 and October 29, in Paris.

LVMH reports on its social responsibility approach in the Annual Report, the Reference Document and – since 2012 – its Social Responsibility Report. Employee CSR education and awareness-raising is provided through the Group Voices Intranet and a semiannual CSR newsletter. Because social responsibility is considered integral to the job of any manager, all newly hired managers systematically attend online or classroom training sessions on CSR, its implementation, and their role in it.

Lastly, every year since 2013, LVMH has invited its companies to participate in the Engaged Maisons Dinner with their stakeholders. Attended by Antonio Belloni, Group Managing Director, and Chantal Gaemperle, the Group's Director of Human resources and Synergies, this event brought together internal stakeholders who play an active role in social responsibility and the external partners of Group companies and the Group as a whole. On November 26, 2015, it was attended by more than 330 people, including 11 company Presidents and three Executive Committee members, as well as numerous partners, opinion leaders, and heads of NGOs and other non-profit organizations.

5.1. Gender equality

Gender equality is an integral part of LVMH's corporate culture. Women account for three-quarters (74%) of staff working under permanent contracts. This strong female presence is an essential characteristic of the Group. It is related in part to the very nature of LVMH's businesses. Women are particularly prominent in Perfumes and Cosmetics (83% women), Selective Retailing (83% women), and Fashion and Leather Goods (71% women). Conversely, men make up the majority of staff in Wines and Spirits, representing 64% of this business group's workforce. 63% of executives and managers are women.

Demonstrating the Group's strong culture of gender equality, 41 Group companies committed to upholding the United Nations' Women's Empowerment Principles (WEP). In 2014, all Group companies based in the United States were signatories to these principles. The seven Women's Empowerment Principles relate in particular to education, training and professional development for women as well as a commitment to promote gender equality at the highest corporate levels.

Launched in 2007, the EllesVMH initiative is aimed at supporting the career development of talented women and helping them achieve their full potential at the LVMH group. In 2015, corporate initiatives rallied more than 900 people around this issue. The regional EllesVMH networks across the different markets, which bring together talented women from all Group companies and divisions, held 15 career development and networking events.

These initiatives are aimed at addressing the most commonly identified areas for improvement regarding women's career development (ambition, self marketing, international mobility and work-life balance).

In Singapore, on July 11, 2015, 50 women managers participated in a forum on women in leadership, with talks by senior executives of the Group.

In the United Kingdom, more than 150 people took part in meetings on gender equality over the course of the year. On September 23, 80 people attended a conference on ambition and work-life balance led by Group senior executives.

This event was followed by a private visit of the Louis Vuitton "Series 3" exhibition, which doubled as a professional networking opportunity for participants.

In France, the Odyssée conference cycle was launched to cover the same types of themes, led by the managers of different Group businesses and companies. In 2015 it featured talks by representatives of Guerlain, Sephora, Moët Hennessy, Fred and Louis Vuitton, drawing more than 300 attendees.

In the United States, some of the Group's women senior executives shared their experiences with 90 female participants, and in New York on October 16, 2015, EllesVMH was recognized for all the initiatives it has led for a number of years now, winning CEW's Corporate Empowerment for Women Award.

LVMH places special emphasis on the career development of its talented women at its annual organizational review, with a set of targets and key indicators. Every year, the Group runs a coaching program for its most promising women employees to help them move toward executive roles. In 2015, 30 people took part in this comprehensive program.

In Japan, this training program was specifically adapted to provide eleven female participants from different Group companies with three days of training over a five-month period.

Group companies also pursue their own initiatives in this area:

- in Italy, Fendi assembled 80 managers for a one-day session to work on gender equality in their teams;
- on the occasion of International Women's Day, Guerlain held a talk on inspiring, proactive women at its store at 68 Champs-Élysées in Paris;
- in France, Hennessy held its third "Vignoble au féminin" event, which promotes dialogue and development among women winegrowers.

In 2016, LVMH will continue to work toward achieving its target for women serving on its executive committees, set at 40%. In 2015, 38% of Executive Committee members were women (37% in 2013). LVMH's ambition is to ensure an environment of excellence where all types of talent can fully meet their potential. Five Group companies are chaired by women: Krug, Fred, Loewe, Acqua di Parma and Starboard Cruise Services.

Proportion of female employees in joiners and in the Group's active workforce [(a)]

(% women)	Joiners			Group employees		
	2015	2014	2013	2015	2014	2013
Breakdown by business group						
Wines and Spirits	44	37	42	36	37	37
Fashion and Leather Goods	68	66	67	71	70	71
Perfumes and Cosmetics	85	84	84	83	83	83
Watches and Jewelry	62	59	61	59	59	60
Selective Retailing	85	84	82	83	82	82
Other activities	47	57	55	44	47	47
Breakdown of personnel by professional category						
Executives and managers	63	64	62	63	63	62
Technicians and supervisors	73	71	73	69	69	69
Administrative and sales employees	83	81	81	82	81	81
Production workers	53	42	44	60	60	61
Breakdown by geographic region						
France	70	70	73	68	68	69
Europe (excluding France)	78	77	78	74	74	75
United States	82	81	79	79	78	77
Japan	77	79	75	75	75	75
Asia (excluding Japan)	77	73	75	76	75	75
Other markets	80	79	76	71	69	67
LVMH group	**78**	**77**	**77**	**74**	**74**	**74**

(a) Under permanent contracts, including internal mobility and conversions of fixed-term contracts to permanent contracts.

5.2. Actions in favor of older employees

The Group's various trades rely on precious know-how that is acquired and transmitted from one generation to the next. Preserving and passing on that know-how is thus a core priority for human resource management at Group companies. The people with the know-how tend to be older employees with an extensive background in their craft. Worldwide, 13% of the Group's workforce is over the age of 50. In France, this population accounts for 21.9% of employees.

At the instigation of the Group's Human Resources department, Group companies are careful to implement a global approach to the management and professional development of older staff. They have been able to develop their policies according to their specific characteristics as pinpointed through diagnostic testing. In France, 23 Group companies have made commitments in relation to the management of older employees' careers, via either agreements or action plans to foster the recruitment, employment and career development of staff over the age of 50. All Group companies in France, regardless of size, have negotiated or set up a *contrat de génération* (cross-generation contract), to promote the permanent employment of young people, encourage the hiring of older employees, and facilitate knowledge transfer across generations.

Depending on their situation, Group companies may place an emphasis on certain aspects rather than others, such as hiring or training older employees, sharing their know-how or preparing for retirement. The Group's anti-discrimination policy leads its companies to hire seniors naturally. Fred welcomed two senior recruits among the additions to its sales team in 2015. Seniors serve as mentors in the craftsmanship school at Louis Vuitton's workshops, and at Rossimoda's in-house trade school they help provide training that enables them to share their know-how and experience. Senior employees already have considerable expertise, but their own continuing professional development is also a priority, as can be seen at Louis Vuitton, Guerlain and Bvlgari, for example. The next step, retirement, can be a challenging one. Hennessy, Hublot and LVMH Fragrance Brands are good examples of how Group companies prepare their employees. Working time arrangements may be proposed to employees approaching retirement.

Companies also pay special attention to retaining older employees. Improvement efforts have also focused on workstation ergonomics, the reduction of physical strain, and working conditions more generally for employees over the age of 50, especially for the positions most exposed to physical or mental stress in workshops and at production facilities.

5.3. Employment of disabled persons

Supporting access to employment for people with disabilities is at the heart of LVMH's corporate social responsibility policy. It is a top priority and an apt reflection of the Group's values: respect for each person as an individual and the same attitude expected of everyone working for the Group.

LVMH's Mission Handicap initiative, created in 2007, is tasked with making this ambition a reality, for which it relies on a network of 30 disability correspondents at Group companies. It steers the Group's actions in this area by raising employee awareness and providing support for training people with disabilities. It also promotes hiring and lasting employment through partnerships with organizations and institutions that support the social inclusion and employment of people with disabilities.

To send a far-reaching message of inclusion and compatibility between the luxury industry and workers with disabilities, LVMH celebrated the International Day of Persons with Disabilities on December 3, 2015. To mark the occasion, eight short videos presenting eight best practices in the employment and social inclusion of persons with disabilities were sent out to the Group via a newsletter and the Voices Intranet. The eight best practices were selected from a worldwide challenge put to Group companies in the spring of 2015. Mission Handicap received 25 submissions, eight of which were selected as the basis for the short videos of three minutes each. The winning practices reflect the diversity both of the Group's business lines and of its geographic locations. The winning best practices came from the Watches and Jewelry business group in China, Loewe in Spain, Sephora in the United States, Veuve Clicquot and Parfums Christian Dior in France, LVMH Watches and Jewelry in Japan, Donna Karan in the United Kingdom, and Louis Vuitton in Russia.

On the training front, in 2014 LVMH launched "EXCELLhanCE", a training program to facilitate access to employment for people with disabilities, which continued in 2015 and for which the Group was awarded the "Trophée de la Diversité" in the training category. EXCELLhanCE benefited from the support of AGEFIPH, the French agency responsible for facilitating the employment and retention of workers with disabilities, which led to the signing of a partnership agreement between the Group and AGEFIPH. This system enables people with disabilities to simultaneously obtain a degree, significant experience at the LVMH group's companies and expertise specific to the luxury industry. It is based on intensive dual work-education programs, lasting 12 to 24 months, in three professional fields: sales, logistics and human resource management. Candidates are selected using the "Handi-Talents" process based on professional-life scenarios. These innovative recruitment sessions aim to make the hiring process as objective as possible and identify skills and competencies which are transferable into the professional sphere. In 2014, 24 people took part in the "EXCELLhanCE" program. In 2015, the "human resource management" work-study program was a success, with all four participants graduating, and the logistics program welcomed three new working students. The first working students in the sales and logistics classes will graduate in 2016, when two new classes will start.

In terms of hiring new employees, LVMH uses mandatory anti-discrimination training to raise awareness at its companies of the importance of recruiting people from all walks of life, including those with disabilities and without. Group companies regularly hire persons with disabilities all around the world, such as at Louis Vuitton in Japan, where the staff includes 30 individuals with disabilities. During voluntary testing for discriminatory practices, one of the criteria potentially tested for is disability.

When it comes to keeping people employed, Group companies offer solutions to enable employees with a declared disability to continue working, for example by adjusting their working conditions or helping them transfer to a different job. In March 2011, Moët & Chandon founded MHEA, a company that offers facilities adapted to employees with disabilities. A fully autonomous entity, MHEA maintains a disabled employment rate of 100% and provides the best possible working conditions for employees affected by disabilities, without any change in the terms of their compensation. MHEA had 18 staff in 2015, and about forty persons have been on fixed-term or permanent contracts since the company opened, enabling them to start working again. Job preservation situations are usually handled on a case-by-case basis. In Switzerland, for example, Hublot gave a permanent contract to an individual seeking re-employment after a serious accident left him with a disability.

LVMH works with organizations that support young people with disabilities in training programs, and with organizations that foster employment and social inclusion. LVMH chairs ARPEJEH, an association that brings together some sixty French companies to offer advice and guidance to junior and senior high school students with disabilities. Group employees are involved in this initiative and more than sixty young people were able to take part in it in 2015. LVMH also encourages its Group companies to develop their relations with companies that employ permanently or temporarily severely disabled people and provide them with special facilities and support (sometimes known as "sheltered" employment). At the Group level in France, services entrusted to such employers amounted to 6.2 million euros in 2015, corresponding to 156 jobs.

Group companies' commitment in this area was also demonstrated through the signing of agreements with AGEFIPH at Veuve Clicquot and Parfums Christian Dior. Hennessy has had such an agreement in place since 2011; it was renewed for three years in 2013.

This commitment helped raise the Group's employment of people with disabilities in France to 4.5% (sum of direct and indirect employment rates) as of end-2015, based on official standards for the definition of disabilities. Worldwide, people with disabilities make up 1% of the LVMH group's workforce.

6. PROFESSIONAL DEVELOPMENT OF EMPLOYEES

Supporting digital transformation

The changes brought about by digital technology are having a profound impact on the behavior of both luxury consumers and LVMH group employees. In order to evolve in step with those changes, the Executive Development and Digital teams have built specific tools, which they have made available to the Maisons.

An online training course called Digital Discovery enables management staff to acquire a shared vocabulary and a core of critical know-how for dealing with the implications of the digital revolution, including new tools, trends and customer behaviors, combined with insights into regional differences. This training explores all of the key topics selected with in house experts, from the main functional job categories – marketing/communications, retail, and general management – to the five operational business groups.

In another initiative, Digital Journey, the executive committees of the Group's Maisons are invited to attend a special session where they can draw inspiration from new ways of working, experiment with new technologies, familiarize themselves with new tools, and interact with stakeholders in the digital community.

There are also regional initiatives. In China, our human resources teams have helped steer organizational change as part of a digital-age strategy to recruit the most digitally savvy people and offer them attractive career prospects.

Retail

We are also continuing to develop the retail know-how of the Group's global organization. LVMH's retail network, which is one of a kind in both size and quality, serves as a foundation for customer relationships and brand experiences.

That is why retail support and sharing initiatives have been set up – designed globally but implemented locally – to give the Maisons a helping hand on the ground.

In China, the Retail Academy designs professional development programs that are suited to the pace, context and constraints of business at the shops, covering subjects such as interpersonal communication, understanding luxury, and the best ways for managers to coach their employees. These programs are open to the management staff of all of the locally represented brands. Since we started offering them in 2012, more than 300 managers have signed up.

Retail-specific initiatives have also been developed in the United States. The brands have held special round table discussions to design customer relations training courses, outline shared career paths, and put together dedicated programs for their indirect retail networks. All of these initiatives are contributing to the Maisons' success in providing their customers with great experiences and support.

A substantial portion of training also takes place on the job on a daily basis and is not factored into the indicators presented below:

	2015	2014	2013
Training investment *(EUR millions)*	110.6	98.2	92.5
Portion of total payroll *(as %)*	2.4	2.4	2.5
Number of days of training per employee	2.2	2.2	2.3
Average cost of training per employee *(EUR)*	878	804	820
Employees trained during the year *(as %)*	61.4	59.2	63.1

Note: Indicators are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts) present at the workplace during the fiscal year, with the exception of the percentage of employees trained during the year, which is calculated on the basis of those employed under permanent contracts and present at the workplace as of December 31 of that year.

In 2015, training expenses incurred by Group companies throughout the world represented a total of 110.6 million euros, or 2.4% of total payroll.

The average training investment per full-time equivalent person amounts to approximately 878 euros. In 2015, the total number of training days amounted to 282,438 days, representing an equivalent of around 1,228 people receiving full-time training for the entire year.

In 2015, 61.4% of employees received training and the average number of days of training was 2.2 days per employee.

The training investment is spread across all professional categories and geographic regions as presented in the table below:

	France	Europe (excluding France)	United States	Japan	Asia (excluding Japan)	Other markets
Training investment *(EUR millions)*	31.2	16.6	30.8	5.0	22.3	4.6
Portion of total payroll *(as %)*	3.0	1.6	2.6	2.1	2.6	2.1
Employees trained during the year *(as %)*	62.5	57.5	55.7	80.0	66.8	58.4
Of which: Executives and managers	66.2	72.0	54.1	79.4	67.9	62.4
Technicians and supervisors	76.9	63.2	44.6	82.6	62.5	60.2
Administrative and sales employees	53.6	60.8	59.0	80.7	69.0	58.5
Production workers	56.0	36.6	32.5	2.0	34.6	41.7

Note: Indicators are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts) present at the workplace during the fiscal year, with the exception of the percentage of employees trained during the year, which is calculated on the basis of those employed under permanent contracts and present at the workplace as of December 31 of that year.

Enabling everyone to learn about the Group

Each of the Group companies has its own culture, linked to its history and strategy. The Group gives the latter a new dimension that is a powerful means for engaging employees.

In the regions and in some countries, there are already programs in place for inducting new employees, sharing the wealth of the LVMH ecosystem with them, and making them feel that they are a part of the Group.

LVMH wanted to take this one step further however and created the LVMH VIEW e-learning module to ensure that all of its managers would have an opportunity to discover the Group. The Group's 70 companies contributed to this training tool, which gives new hires their first experience of the LVMH group and its brands. Interactive and interesting, it enables employees to learn about the values, the companies and the products of the Group and empowers them to become ambassadors for the Group. Users can easily browse between product descriptions, films and personal stories, and can play a game to test their knowledge. When the module was launched in July 2015, all LVMH executives and managers, regardless of their length of service with the Group, were invited to participate and over 6,000 employees have logged on so far.

Currently available in French and English, the module will be expanded to Spanish, Italian, Mandarin and Japanese in 2016, and to all employees in the near future.

Moreover, LVMH organizes integration and awareness seminars for new hires focusing on its culture, its values, its key management principles and knowledge of its brands. 30,043 employees under permanent or fixed-term contracts attended seminars of this type in 2015.

7. HEALTH AND SAFETY

In 2015, there were a total of 1,077 work accidents resulting in leave of absence which resulted in 32,306 lost working days. Frequency rates have been improving steadily for several years, while severity rates have slightly increased.

Work accidents resulting in leave of absence by business group and geographic region broke down as follows:

		Number of accidents	Frequency rate [(a)]	Severity rate [(b)]
Breakdown by business group				
Wines and Spirits		99	6.67	0.23
Fashion and Leather Goods		255	3.99	0.10
Perfumes and Cosmetics		160	3.63	0.09
Watches and Jewelry		42	2.67	0.02
Selective Retailing		488	5.65	0.20
Other activities		33	7.72	0.21
Breakdown by geographic region				
France		505	11.13	0.35
Europe (excluding France)		227	4.06	0.07
United States		120	2.57	0.18
Japan		6	0.51	0.02
Asia (excluding Japan)		162	3.04	0.05
Other markets		57	3.51	0.08
LVMH group	**2015**	**1,077**	**4.70**	**0.14**
	2014	1,055	4.75	0.13
	2013	941	4.80	0.12

(a) The Frequency rate is equal to the number of accidents resulting in leave of absence, multiplied by 1,000,000 and divided by the total number of hours worked [(c)].
(b) The Severity rate is equal to the number of workdays lost, multiplied by 1,000 and divided by the total number of hours worked [(c)].
(c) For companies located outside France, the total number of hours worked per employee is estimated at 2,000 on a full-time equivalent basis. This number of hours may vary slightly from the number of hours actually worked depending on the country.

LVMH invested over 35.5 million euros in health and safety in 2015. This includes expenses for occupational medical services and protective equipment as well as programs for improving personal safety and health, such as compliance, the posting of warnings, replacement of protective devices, fire prevention training and noise reduction.

The total amount of expenditure and investments promoting health and safety in the workplace and improvements in working conditions amounted to more than 54 million euros, representing 1.2% of the Group's gross payroll worldwide. 34,693 Group company employees received safety training worldwide.

The skills and motivation of the Group's employees are what underpin the excellence of the products and services offered by its brands. Their working conditions must enable them to express those skills and motivation as best they can, and to feel fulfilled in carrying out their tasks. LVMH therefore raises awareness at its companies, via their Human resources departments, of the importance of protecting employees' health and safety. These issues come to the fore at employees' workstations and in their day-to-day working environment, which is why it is the responsibility of Group companies to implement health and safety policies.

Diagnostics of health, safety and ergonomics are performed at production sites, workshops and vineyards, as well as at stores and headquarters, resulting in structured action plans. Processes to improve workstation ergonomics are implemented, and workstations are redesigned so that employees can keep their jobs for as long as possible.

As part of a project looking at the possibility of standardizing healthcare benefits, a study of the systems in place in each country has been launched along with discussions on how common core benefits might be implemented.

Work-life balance is another essential part of quality of life at work, and a focus area for Group companies. Workplace concierge services and childcare are becoming more widespread within the Group.

8. EMPLOYEE RELATIONS

8.1. Employee representation

At the Group company level

In France, Group companies have one or more of the following, depending on their workforce: a works council, a combined staff representative body ("Délégation Unique du Personnel"), employee representatives, and health and safety committees.

In 2015, employee representatives attended 1,709 meetings:

Type of meeting	Number
Works Council	579
Employee representatives	507
Health and Safety Committee	351
Other	272
Total	**1,709**

As a result of these meetings, 105 company-wide agreements were signed. In France, Moët & Chandon, Veuve Clicquot, Hennessy, Sephora and Guerlain in particular signed workplace health and safety agreements that were in force in 2015. These included an agreement on quality of life signed at Veuve Clicquot on December 1, 2015, and an agreement on working on Sundays signed at Guerlain on December 17, 2015.

At Group level

The Group Committee was formed in 1985. It currently has 29 members who hold plenary meetings every year. Delegates receive and exchange information on the Group's strategic orientations, economic and financial issues, and employment-related topics together with the Presidents of all the Group's business groups.

At the European level

Over the past few years, the LVMH group has taken on a strong European dimension, and the conversion of its legal structure into that of an SE (Societas Europaea) was the natural extension of the economic reality of LVMH's business. As part of this conversion, a Works Council for LVMH SE was created, made up of 28 members from the 21 European countries where the Group has a presence. The rules for this representative body were laid down in an agreement that was signed unanimously on July 7, 2014, by the elected employee representatives from these 21 countries and by the Group's Executive Management. The first plenary meeting of the Works Council for LVMH SE was held on March 26, 2015. The next one will be held on April 7, 2016.

This representative body supplements the employee representation system made up of the Works Councils which, in keeping with the Group's culture of decentralization, handle most employee-related issues. The Works Council for the SE handles transnational issues at the European level.

8.2. Social and cultural activities

In 2015, Group companies allocated a budget of over 19.8 million euros (1.9% of total payroll) to social and cultural activities in France via contributions to Works Councils.

Total catering costs for all Group employees represent a budget of 21.8 million euros.

9. RELATIONS WITH THIRD PARTIES

The LVMH group has been a signatory of the United Nations Global Compact since 2003. The Global Compact and the Universal Declaration of Human Rights are the inspiration behind the Code of Conduct adopted by the Group and widely disseminated among all employees. The Code of Conduct outlines the guiding principles for the Group's conduct of its business and provides a set of rules for all to follow in their roles and responsibilities, with a special emphasis on the high level of integrity demanded of everyone.

The Competition Law Compliance Charter, the Environmental Charter and the Suppliers' Code of Conduct cover more specific areas.

9.1. Integrity

The Code of Conduct specifies in particular that LVMH prohibits any form of corruption, that the Group is concerned about preserving fair competition while respecting the laws and practices in force, that it is committed to operating independently in public life, and that every employee must be vigilant in avoiding any conflict of interest.

As has been done for fair competition practices, there are Charters on the subject of preventing corruption which are specially worded for different business groups, companies or regions. On this subject, in 2015, the Group implemented a Charter applicable to all entities operating in China, and organized awareness-raising sessions with employees there.

The system in place to prevent any infringement of money laundering rules was also enhanced in 2015.

9.2. Relations with suppliers

The LVMH group considers its relations with suppliers to be an essential part of its value chain. As such, the Group places a priority on maintaining and promoting responsible relations with its partners, suppliers and subcontractors.

Group commitments and organization

Under the tutelage of Group Managing Director Antonio Belloni, the Operations, Environment, Social Development and Financial Communications departments are working together to educate and coordinate the Group's companies and help them achieve program in their relations with suppliers. Reporting to the LVMH Operations Department, the Purchasing Department has a team of several expert purchasers and can rely on a network of many purchasing managers and correspondents at Group companies.

In 2008, the Group implemented a Supplier Code of Conduct which sets out its requirements in the fields of social responsibility, the environment and the fight against corruption. This Supplier Code of Conduct has been disseminated to Group companies, and any relations with a partner necessitate that partner's commitment to comply with all ethical principles enunciated in the Code.

Analyzing audit requirements

In 2012, the Group implemented a decision-making process to identify suppliers that might need to undergo a social and environmental audit. The methodology used enables each Group company to identify its at-risk suppliers on the basis of several criteria including the purchasing category, the supplier's degree of financial dependency, the strategic importance of the products, and the supplier's geographic location. For example, shortly after joining LVMH in 2014, Loro Piana completed its supplier risk assessment matrix using the methodology proposed by the Group.

Specific supplier assessment tools

Certain Group companies such as Sephora and Moët Hennessy have implemented their own supplier specifications in order to best meet their businesses' specific requirements. In 2015, Louis Vuitton rolled out an environmental audit tool at its tanneries. The tool is an Environmental Acceptability Audit developed with the CTC ("Centre Technique du Cuir") that contains 31 questions on major tanning risks, with 24 disqualifying questions. The audit takes two days and is run by a member of the CTC with two Louis Vuitton representatives, one from the environment department and the other from leather purchasing. So far, Louis Vuitton has performed these audits on four tanneries.

As a reminder, in 2014 the Perfumes and Cosmetics business group also launched a Responsible Purchasing Charter that specifies its requirements with regard to the following topics: maintaining high-quality relations with suppliers over the long term, mutually improving business performance, choosing sustainable materials and responsible suppliers, innovating, and preserving materials and expertise.

External and internal support actions

Supplier support actions

Driven by the desire to interact closely with its suppliers, the Group helps them implement and comply with environmental, workforce-related and societal best practices, while raising awareness and providing training on the sustainable development and responsible purchasing issues specific to their business. After the first Supplier Day in 2014 in Florence, Italy, a second Supplier Day was held in China in July 2015. It was attended by representatives of the main Group companies as well as their suppliers with production workshops in that country. This day-long event provided an opportunity to present the responsible purchasing standards of LVMH and its companies, to hear feedback from suppliers who had achieved improvements by working more closely with its companies, and lastly to hold workshops so that participants could share best practices. Since the event was such a success, it will be held again in 2016, with a focus on certain purchasing categories common to most Group companies.

See also §5.3 on the use of companies that employ people with disabilities in France.

Sharing best practices internally

It is also important to raise awareness among internal staff who are directly or indirectly involved in relations with suppliers (buyers, production teams, etc.).

A Suppliers Sustainability Meeting has been held each year since 2005, bringing together the Purchasing, Sustainable Development, Legal and Internal Control departments of the different Group companies. All of the Group's business activities in France and internationally are represented at the meeting.

This annual meeting is a forum for Group companies to present their plans, projects, actions and progress regarding sustainable, responsible purchasing, and, together with the Group, to interact with one another on best practices. During the Suppliers Sustainability Meeting in November 2015, it was decided to set up working groups specific to each business group so that their particular reporting requirements and needs could be better taken into account. The objective will be to identify, business group by business group, the most at-risk categories and the level of maturity in terms of responsible purchasing, and to think about the best way to improve in these areas.

Different Group companies pursued various initiatives in 2015. Donna Karan and Marc Jacobs, for example, organized a joint training day in Shenzhen, China on social and environmental topics as well as on the subject of undesirable substances. This event took place on the day after the aforementioned meeting held by LVMH and provided a forum for detailed discussion of the action plans to be implemented to correct the main non-conformities cited in past periods.

Auditing and monitoring our suppliers

In collaboration with Group companies, the audit process has been reinforced over the past several years to identify, assess and anticipate risks and opportunities related to suppliers. To this end, Louis Vuitton has put in place a responsible system of social audits founded on compliance with International Labor Organization (ILO) conventions, local regulations and the SA 8000 social accountability standard. In addition to these labor standards, environmental standards are also applied to measure and prevent various impacts on the environment. Bvlgari audited its packaging suppliers in China, thereby covering 70% of its total packaging purchases. All of TAG Heuer's at-risk suppliers have been audited over the past three years.

To improve its supply chain's performance for Tier 1 suppliers and beyond, in 2014 the Group also decided to join Sedex. Sedex is a non-profit organization that aims to promote responsible, ethical improvements to current practices in supply chains. Its approach is based on two main objectives: for suppliers, lightening the administrative load related to the proliferation of requests for audits, certifications, etc.; for the Group, pooling supplier audits and assessments, not only among Group companies but also with other Sedex members. As of end-2015, more than 800 supplier sites had joined the Sedex platform.

At the Group level, 1,027 social and/or environmental audits were carried out in 2015 – more than 90% of which by specialized external service providers – at 877 of our suppliers. 561 of these audits related exclusively to social criteria. 42% of these audits showed results in line with the Group's standards and 35% identified minor non-compliance issues. Audits whose conclusions indicated a need for significant improvement by suppliers or the existence of major non-compliance issues accounted for 17% and 6% of audits performed, respectively. The non-compliance issues identified during these audits were mainly related to two indicators: health and safety and working time. In all, 505 corrective action plans were implemented at our suppliers where audit results had identified areas in need of improvement. For example, Louis Vuitton implemented a 12-month corrective action plan for one of its suppliers following an audit whose findings showed areas in need of improvement. Today, Louis Vuitton continues to follow the corrective measures set out and conducts regular visits to its supplier to take stock of the efforts made and continue its support.

The use of preliminary audits also enabled better advance identification of supplier practices, thus leading to the decision to refrain from working with certain potential suppliers. In keeping with this, based on its risk matrix, Louis Vuitton has set up and regularly renews systematic audits for all new suppliers located in an at-risk area.

The use of follow-up audits was relatively stable in 2015 (431 follow-up audits vs. 450 in 2014) and showed that Group companies regularly monitor their suppliers and support them in their efforts to improve.

In addition, where necessary, some Group companies ended their existing relationships with suppliers whose social audit findings revealed major issues of non-compliance with LVMH's Code of Conduct. In 2015, there were 40 cases in which the Group either stopped or did not start working with a supplier following an audit whose findings revealed inadequate results.

In the interest of continued improvement in this area, in 2016 Group companies will continue their supplier audit programs while following up on action plans and developing their partnership with Sedex.

In 2015, suppliers and audits broke down as follows, by region:

	Europe	Asia	North America	Other
Breakdown of suppliers *(as %)*	64	18	9	9
Breakdown of audits [a] *(as %)*	48	48	2	2

(a) Of which 2% preliminary audits, 56% initial audits, and 42% follow-up audits.
Scope: Wines and Spirits, Louis Vuitton, Loro Piana, Berluti, Donna Karan, Fendi, Givenchy Couture, Loewe, Marc Jacobs, Céline, Thomas Pink, Rossimoda, Bvlgari, Fred, Hublot, TAG Heuer, Zenith, De Beers, Perfumes and Cosmetics (including Parfums Christian Dior, Guerlain, Benefit, Fresh, Make Up For Ever, Nude, Acqua di Parma, Parfums Loewe), DFS, Sephora, Le Bon Marché.

9.3. Impact of the business on local communities in terms of employment and regional development

LVMH follows a policy of maintaining and developing employment. Thanks to the strong and consistent growth achieved by its brands, many sales positions are created in all countries where the Group is present, particularly as a result of the expansion of the brands' own retail networks.

Non-disciplinary layoffs – including those due to economic conditions – represented only 4.3% of total departures.

A number of Group companies have been established for many years in specific regions of France and play a major role in creating jobs in their respective regions: Parfums Christian Dior in Saint-Jean de Braye (near Orléans), Veuve Clicquot and Moët & Chandon in the Champagne region, and Hennessy in the Cognac region. They have developed long-standing relationships with local authorities, covering cultural and educational aspects as well as employment. Sephora, which has stores throughout France (two-thirds of its workforce is employed outside the Paris region), regularly carries out a range of measures encouraging the development of job opportunities at the local level.

As major employers in several labor markets, Group companies are attentive to the social particularities of their regions and have forged partnerships, as described below, with associations and non-governmental organizations to promote the social inclusion and employment of the underprivileged.

9.4. Engaging with local communities

LVMH encourages its Group companies to support the causes it feels are most important, which include ensuring access to education for young people, promoting the social inclusion and employment of jobseekers, and helping the most vulnerable communities. LVMH thus puts its values to work in society, to ensure the successful integration of its Group companies and their activities at the local and national levels.

Helping young people get an education

The same focus on excellence that has enabled the Group's companies to succeed drives our efforts to provide educational opportunities for young people. Following the Group's lead, the Group's companies have developed numerous partnerships with schools located near their sites. Louis Vuitton, for example, has set up partnership arrangements between its production facilities in the French departments of Ardèche and Drôme and local schools to provide vocational training that leads to a CAP diploma in leather work and a BTS "Production Technician" diploma. Louis Vuitton's boutiques in Paris also partner with a vocational high school in nearby Seine-Saint-Denis. Partnerships may also include funding to improve the living conditions of disadvantaged students, as is the case with Parfums Christian Dior's "Project WeCan" initiative in Hong Kong.

Facilitating access to education may sometimes even involve helping to build a local school, as the Group's companies have done. The Hand in Hand for Haiti operation launched by DFS in the aftermath of the earthquake that struck Port-au-Prince in January 2010 helped sustain a school complex for the most disadvantaged children in the region of Saint-Marc. This initiative is also supported by Starboard Cruise Services. Sephora supported "Toutes à l'école", an organization that promotes education for young Cambodian girls, by selling a special item through its boutique network (particularly in France, Spain and the Middle East), the proceeds of which went to the organization during the end-of-year holiday season.

Lastly, LVMH has developed a partnership with Clichy-sous-Bois and Montfermeil, two adjacent suburbs of Paris with young, diverse populations. Driven by a shared commitment to excellence, this partnership helps facilitate employment for young people from underprivileged neighborhoods and social cohesion. Young people are the beneficiaries of a wide range of initiatives: "business discovery" internships for nearly 60 middle school students in 2015, visits to Group companies, internships for vocational school students, career orientation, etc. The Group sponsors the "*Cultures et Création*" parade that showcases region's creative talent. LVMH provides young people with upstream training in the form of master classes and holds meetings with Group designers and craftspeople (Guerlain in 2015). The Group awards a "Jeune Talent" (Young Talent) trophy to one young but underprivileged fashion enthusiast, helping winners gain wider recognition within the profession. The 2015 winner got to exhibit designs at Greenshowroom, a trade fair dedicated to environmentally responsible fashion that was held during Fashion Week in Berlin from July 7 to 10. Since the program was launched, four young people have had the opportunity to join Group companies under a long-term work-education program at Paris' couture union school.

To promote the integration of young people through education, LVMH supports the priority education program run by the Institut d'Études Politiques (Institute for political studies, or Sciences Po Paris), which offers grants to students and gives young Sciences Po graduates the chance to be mentored by managers of the Group.

Launched in 2014, the Institut des Métiers d'Excellence (IME) is a professional training program that helps the Group ensure the successful transmission of its expertise by encouraging younger generations to pursue professions in the fields of craftsmanship, design and sales.

It is designed to meet the standards of our Group companies' and help fulfill their current and future needs.

In 2014, IME signed its first partnership agreements with BJO Formation, the ECSCP Paris couture school and the "Compagnons du Devoir et du Tour de France", opening LVMH apprenticeship programs at these three institutions in jewelry making, couture flou and leatherworking, respectively.

In 2015, IME entered into new partnerships with Avize Viti Campus, EMA Sup Paris and the École Boulle arts and design continuing education program, opening four new LVMH course tracks in couture tailleur, wine and winemaking, sales and retail design, with the number of apprentices growing from 28 to 99.

As a signatory of the Apprenticeship Charter, the Group devotes considerable efforts to the development of apprenticeship opportunities, which facilitate young people's access to qualifications. As of December 31, 2015, there were more than 1,054 young people working under apprenticeship or professionalization contracts (including Institut de Métiers d'Excellence) at all of the Group's French companies.

Facilitating access to employment and social inclusion for jobseekers

LVMH actively supports access to employment. In France, the Group has forged a lasting partnership with Nos Quartiers ont des Talents, an organization of which it is a Board member. The organization offers young graduates from underprivileged backgrounds the chance to be mentored by an executive or manager working at the Group. In 2015, 122 experienced managers participated as mentors and, as of the end of 2015, 117 are still participating. Since 2007, 397 young people have found jobs after being mentored by a Group employee. Each year, LVMH takes part in the national meetings of "Nos Quartiers ont des Talents" to raise awareness of its professions and enable direct contact between the company and young people seeking employment.

Kanye West gave a series of concerts at the Fondation Louis Vuitton from March 7 to 10, 2015. The funds raised thanks to this exceptional concert series were donated to two youth-oriented charitable organizations: "Nos Quartiers ont des Talents" and Donda's House. Each organization received more than 120,000 euros to expand their support. "Nos Quartiers ont des Talents" works to improve access to employment for young graduates from difficult neighborhoods or disadvantaged communities. Donda's House promotes art education for young people to foster their creative development and well-being. The association was founded in honor of Kanye West's mother, Dr. Donda West, who was a professor and doctor of education.

Lastly, to accelerate access to employment, LVMH has created and carries out "Jobstyle" sessions. These job coaching sessions are led by Group company recruiters and beauty consultants from Make Up For Ever and Sephora. The goal is to give job candidates all the resources they need to fully prepare for a job interview and develop their self-confidence. The program is aimed at groups that are underrepresented in the labor market, supported by our partners who are active in the fields of education, disability and integration. In 2015, 14 sessions were held and more than 200 people were able to participate. In the same spirit of bringing together companies and jobseekers, Parfums Christian Dior initiated the "2 000 emplois, 2 000 sourires" job fair, which was held on April 23, 2015. The fair was organized at the Cosmetic Valley business cluster in France, and aimed to put young people and jobseekers in direct contact with recruiters at companies in the region.

Helping those in need

The efforts of LVMH and its Group companies to assist disadvantaged local communities go beyond corporate philanthropy and may include, for example, employee volunteering, donations of products or financial aid.

This is what Bvlgari has been doing in partnership with the NGO Save the Children since 2009. Bvlgari celebrated this organization's work with the publication of Stop Think Give, a book by Fabrizio Ferri that presents a collection of portraits of 250 international celebrities who have contributed to the success of this global partnership since its creation in 2009. Bvlgari's recent donation of 500,000 euros to the organization to support its humanitarian response to the earthquake in Nepal shows that this partnership is still going strong.

Two examples in local communities:

- Moët & Chandon, which is a major partner to local organizations that promote employment; the number-two investor in educational projects after the city of Epernay; a partner in the work discovery week for students initiative organized by the local chapter of MEDEF, the French employers' association; and a member of AJE, an association that connects young people and businesses, which awarded the company its "AJE label" for its engagement in initiatives to promote learning through entrepreneurship.
- In Japan, Louis Vuitton works closely with Kokkyo naki Kodomotachi – a non-profit organization that supports children living in Iwate-ken, a town that was destroyed by the earthquake and tsunami of March 11, 2011 – by helping to make sure that children who live in temporary housing are able to get an education, organizing Christmas festivities for some 500 children, and working with the local community association on various social solidarity and environmental projects.

In the United States, the Sephora Values Inside Out program started its last year at the beginning of 2015. Sephora stores in the United States were invited to choose a local charity to support by collecting funds and volunteering. Over the year, 99 stores participated and supported 87 different non-profit organizations. With the assistance of local partners, over 4 million dollars were collected.

A final example in what is certainly not an exhaustive list is Benefit Cosmetics' Bold is Beautiful initiative in four countries (the United States, the United Kingdom, France and Australia). The objective is to raise funds for organizations that seek to empower women, promote their self-confidence and develop their potential. The company's employees succeeded in raising 2.9 million dollars for local charities and they also were able to volunteer their services to such organizations as Dress For Success, Girl Develop It, Girls Inc, Step Up, Belle et Bien, and Force Femmes.

These partnerships and initiatives were celebrated in 2015 at the Engaged Maisons Dinner, where LVMH made donations of 100,000 euros to the sickle-cell anemia center of the Robert Debré hospital in Paris and 30,000 euros to Kelina, for the construction of a maternity ward in town of Aledjo, in north-western Benin.

9.5. Corporate sponsorship

For more than 20 years, LVMH has pursued a comprehensive communications policy that touches on its innovative and original sponsorship initiatives. This is only natural, since they are the cultural, artistic and social expression of the shared values that underlie the success of its Maisons while allowing each to express its own personality and image. It is also practical, because LVMH intends its initiatives – on behalf of culture and artistic creation, education and young people, and major humanitarian causes – to illustrate what it means to be a socially responsible business.

Throughout 2015, the Fondation Louis Vuitton and its artistic program met with both popular and critical success. Since its inauguration in October 2014, the Foundation has hosted some 1.5 million visitors. Its collection and shows have earned it a place in the history of 20th and 21st century art, and it has been successful in helping to bring artists' latest work to the attention of the widest possible audience. In 2015, LVMH also continued to demonstrate its commitment to the artists of our time, particularly by renewing its support for two iconic events in the contemporary art world: in spring, Monumenta, and in autumn, Nuit Blanche.

LVMH's initiatives to support education and young people include designing and initiating educational programs that bring the best of artistic culture to elementary, junior high school and art school students. In 2014, LVMH renewed its sponsorship of the International Music Academy founded in Switzerland by conductor Seiji Ozawa, continued its "1,000 seats for young people" initiative which over the past 15 years has enabled young musicians at the Paris Conservatory to attend the finest concerts of the Paris season, and continued to lend from its Stradivarius collection.

Lastly, LVMH has continued to support many institutions known for their work with children, in particular the Hôpitaux de Paris-Hôpitaux de France foundation, the Pont Neuf association, Save the Children Japan, and the Robin Hood Foundation in New York, as well as the Claude Pompidou foundation for the elderly and disabled. LVMH has also chosen to support several foundations and research teams engaged in cutting-edge public health research.

10. COMPLIANCE WITH INTERNATIONAL CONVENTIONS

Taking each individual and his or her freedom and dignity, personal growth and health into consideration in each decision is the foundation of a doctrine of responsibility to which all Group companies adhere.

Accordingly, all Group companies have policies for equal opportunity and treatment irrespective of gender, race, religion and political opinion, etc. as defined in the standards of the International Labor Organization. This culture and these practices also generate respect for freedom of association, respect for the individual, and the prohibition of child labor and forced labor.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

LVMH and the environment

In accordance with Decree No. 2002-221 of February 20, 2002, known as the NRE decree (“*Nouvelles régulations économiques*”) and Decree No. 2012-557 of April 24, 2012 regarding companies’ transparency obligations with respect to social and environmental issues, the following sections provide information on the type and significance of relevant and significant impacts only, with regard to business operations. The environmental information contained in this report has been verified by an independent auditor in accordance with Article 225 of the Grenelle II law of July 12, 2010. The Environment Department conducted an assessment to identify the disclosures and key indicators regarding the Group’s operations to be subject, at the request of LVMH, to verification by this same independent auditor with the aim of obtaining a higher level of assurance than that required by law (“reasonable assurance”). This Independent Verifier’s findings are presented immediately following the “LVMH and the environment” section of the Reference Document.

A copy of the LVMH Environment Reporting Protocol can be requested from environnement@lvmh.fr. More information and explanations may be found in the 2015 LVMH Environmental Report.

The reporting scope for environmental indicators included the following sites in 2015:

Production facilities, warehouses and administrative sites *(number)*	2015
Sites covered	241
Sites not covered	124 [a]
Total number of sites	**365**

(a) Of which, mainly: certain regional administrative sites of Louis Vuitton and Moët Hennessy as well as the administrative sites of Acqua di Parma, Marc Jacobs and Donna Karan.

Certain manufacturing, logistics and administrative sites are not covered by environmental reporting, essentially for operational reasons, and are of a low level of significance. A gradual integration plan has been implemented.

The floor areas taken into account in calculations of energy consumption, greenhouse gas emissions and water consumption are as follows, expressed as a percentage of the Group’s total sales floor space:

	% of Group sales floor space taken into account in “energy consumption and greenhouse gas emissions” [a]		% of Group sales floor space taken into account in “water consumption” [a]	
	2015	2014	2015	2014
Group total	64	62	17	19

(a) The reporting scope does not cover the stores operated under franchise by Fashion and Leather Goods, Perfumes and Cosmetics, and Watches and Jewelry.

The floor areas taken into account in calculations of energy consumption, greenhouse gas emissions and water consumption at major Group companies are as follows, expressed as a percentage of the total sales floor space of each company:

	% of Company sales floor space taken into account in “energy consumption and greenhouse gas emissions”		% of Company sales floor space taken into account in “water consumption”	
	2015	2014	2015	2014
DFS	70	70	52	54
Louis Vuitton	68	64	-	-
Sephora North America and Latin America	61	64	11	19
Sephora Europe	80	84	19	24

Calculations of energy consumption and greenhouse gas emissions also include all French stores operated by Berluti, Givenchy, Guerlain, Kenzo, Le Bon Marché, and Make Up For Ever, and certain stores operated by Benefit, Bvlgari, Céline, Chaumet, De Beers, Fendi, Hublot, Loewe, Loro Piana, Marc Jacobs, Parfums Christian Dior, Sephora Middle East, Sephora North Asia, Sephora South East Asia, TAG Heuer, Thomas Pink and Zenith.

Calculations of water consumption also include certain stores operated by Berluti, Bvlgari, Chaumet, Fendi, Guerlain, Kenzo, Le Bon Marché and Sephora Middle East.

For waste production, only stores operated by DFS, Le Bon Marché and certain Berluti, Bvlgari and Fendi stores are included in the scope. The Group has more than 3,800 stores, and certain environmental data is difficult for stores with small surface areas to obtain. Nevertheless, the Group has set an objective for gradual integration.

For certain indicators, pro forma values excluding the effects of changes in scope between 2014 and 2015 are presented in addition to the 2014 and 2015 values. Changes between 2014 and 2015 are calculated on the basis of those pro forma values. The indicators concerned and the degree of coverage of pro forma values are as follows (with these rates only comprising the total retail space included in the reporting scope):

- water consumption (process requirements): 67%;
- water consumption (agricultural requirements): 100%;
- water pollution (COD): 100%;
- energy consumption: 81%;
- greenhouse gas emissions: 83%;
- waste production: 96%;
- quantity of packaging that reaches customers: 99%.

1. GENERAL ENVIRONMENTAL POLICY

1.1. Evaluation and certification programs and organization

The Group has had an Environment Department since 1992. In 2001, LVMH established an Environment Charter signed by the Chairman of the Group, which requires that each Group company undertakes to set up an effective environment management system, create think-tanks to assess the environmental impacts of the Group's products, manage risks and adopt the best environmental practices. The Charter is presented in greater detail in the LVMH Environmental Report. In 2003, Bernard Arnault joined the United Nations' Global Compact program. In 2007, he also endorsed Gordon Brown's Millennium Development Goals. In 2015, the Group was included in the main indices based on responsible investment criteria: FTSE4Good Global 100, Euronext Vigeo Eurozone 120, ESI (Ethibel Sustainability Indices) Europe.

The Group undertakes to adopt the following environmental measures:

- apply precaution to all issues impacting the environment;
- undertake initiatives to promote greater environmental responsibility;
- favor the development and distribution of environmentally-friendly technologies.

The Group's Environment Department has the following objectives:

- deploy the LIFE (LVMH Initiatives For the Environment) program;
- guide the environmental policies of the Group companies, based on the LVMH Charter;
- conduct audits to assess Group companies' environmental performance;
- monitor regulatory and technical issues;
- create management tools that address subjects such as packaging design, supplier relations and regulatory monitoring;
- help Group companies anticipate risks;
- train employees and increase environmental awareness at all management levels;
- define and consolidate the environmental indicators;
- work alongside the various key players (associations, rating agencies, government authorities, etc.).

It is supported by the Environment Committee, which meets several times a year, bringing together a network of nearly 60 environmental representatives from Group companies.

The LIFE program is designed to reinforce the inclusion of environmental concerns in management processes, facilitate the development of new steering tools, and take into account the changes and enhancements resulting from Group companies' innovative practices. Group companies have integrated the LIFE program into their strategic plans since 2014. The LIFE program was implemented by the Steering Committee of each Group company and is based on nine key aspects of environmental performance:

- environmental design;
- securing access to strategic raw materials and supply channels;
- traceability and compliance of materials;
- environmental and social responsibility among suppliers;
- preserving critical know-how;
- reducing greenhouse gas emissions;
- environmental excellence in manufacturing processes;
- product life span and reparability;
- customer and key stakeholder information.

With regard to certification, all of the Cognac, Champagne and Vodka Houses, Wenjun and all of Guerlain's activities in France have now obtained ISO 14001 certification. Parfums Christian Dior, Make Up For Ever and LVMH Fragrance Brands have also had all of their manufacturing and logistics facilities certified. At Louis Vuitton, the supply chain has been ISO 14001 certified for Leather Goods and Accessories. This is a world first, and the result of collaboration between the Logistics Division and its Transport and Logistics partners. Louis Vuitton is pursuing the certification process for all of its workshops, including those in Ardèche and Issoudun this year. In 2015, Loewe certified two manufacturing sites in Spain and Fendi certified its shoe workshop in Italy. At the end of 2015, 33% of the Group's manufacturing, logistics and administrative sites were ISO 14001 certified (58% of manufacturing sites).

LVMH's Watches and Jewelry business group is a member of the Responsible Jewellery Council (RJC), an organization bringing together more than 550 member companies committed to promoting ethical behavior, human rights and social and environmental practices throughout the industry, from mine to point of sale. The RJC has developed a certification system designed particularly to ensure that the diamonds used in manufacturing do not come from conflict zones. The Kimberly Process is applied to diamonds. Kimberly certification requires the input of independent, accredited auditors. The Watches and Jewelry companies have all been certified according to the Code of Practices (2013 version).

1.2. Training

In 2015, almost all Group companies continued their employee training and awareness programs on the environment. These programs comprised a total of 17,049 hours, a 20% decrease compared to 2014 (21,489 hours).

1.3. Preventing environmental risks and pollution

Group companies are audited on a regular basis by third parties, insurers or internal auditors, which enables them to keep their compliance monitoring plan up to date. In 2015, 29% of the 365 manufacturing, logistics and administrative sites, as well as certain large stores, were audited, for a total of 103 external audits and 135 internal audits, with some sites being audited several times during the year. These audits correspond to an inspection of one or more sites of the same company based on all relevant environmental issues – waste, water, energy, and environmental management – and are documented in a written report including recommendations. The figure does not include the numerous compliance controls that may be performed on a specific environmental regulation topic, e.g. a waste sorting inspection, performed periodically by the Group companies on their sites. Additional information is available in the "LVMH group" section of the "*Management Report of the Board of Directors*", under §2.2 Main risk management principles.

1.4. Provisions and guarantees given for environmental risks

Environmental expenses were recognized under the relevant headings in accordance with the recommendations of the French Accounting Standards Authority (ANC). Operating expenses and capital expenditure were recognized for each of the following headings:

- air and climate protection;
- waste water management;
- waste management;
- protection and purification of the ground, underground water and surface water;
- noise and vibration reduction;
- biodiversity and landscape protection;
- radiation protection;
- research and development;
- other environmental protection measures.

Environmental protection expenses in 2015 broke down as follows:

- operating expenses: 11.3 million euros;
- investments: 12 million euros.

Provisions for environmental risks amounted to 13 million euros as of December 31, 2015. This amount corresponds to the financial guarantees required by law for Seveso upper-tier establishments.

2. POLLUTION AND WASTE MANAGEMENT

2.1. Preventing and reducing air, water and soil discharges

The discharges of substances causing eutrophication by Wines and Spirits, Fashion and Leather Goods, and Perfumes and Cosmetics operations are considered the only significant and relevant emissions into water. The Group's other business groups have a very limited impact on water quality. Eutrophization is the excessive buildup of algae and aquatic plants caused by excess nutrients in the water (particularly phosphorus), which reduces water oxygenation and adversely impacts the environment. The parameter used is the Chemical Oxygen Demand (COD) calculated after treatment of the discharges in the Group's own plants or external plants with which the Group has agreements. The following operations are considered treatment: city and county waste water collection and treatment, independent collection and treatment (aeration basin) and land application.

COD after treatment *(metric tons/year)*	**2015**	**2014**	**2015 pro forma** [(1)]	**2014 pro forma** [(1)]	**Change** [(1)] *(as %)*
Wines and Spirits	3,259	4,021	3,259	4,021	(19) [(a)]
Fashion and Leather Goods	152	138	152	138	10 [(b)]
Perfumes and Cosmetics	7	14	7	14	(50) [(a)]
Total	**3,418**	**4,173**	**3,418**	**4,173**	**(18)**

(a) Improved cleaning performance in 2015.
(b) Change related to business activity.

Measurement frequencies at the highest-contributing Group companies are compliant with local regulations but remain limited with regard to the changes observed in quantities discharged.

VOC (volatile organic compound) emissions are addressed through specific action plans, notably for Perfumes and Cosmetics operations and the tanneries. The subject of soil discharges is addressed in Section 3.4 Soil use.

2.2. Preventing, recycling and eliminating waste

In 2015, 86% of waste was recovered (85% in 2014). Recovered waste is waste for which the final use corresponds to one of the following channels, listed in descending order of interest in accordance with European and French laws:

- re-use, i.e. the waste is used for the same purpose for which the product was initially designed;
- recycling, i.e. the direct reintroduction of waste into its original manufacturing cycle resulting in the total or partial replacement of an unused raw material, controlled composting or land treatment of organic waste to be used as fertilizer;
- incineration for energy production, i.e. the recovery of the energy in the form of electricity or heat by burning the waste.

Waste produced

(in metric tons)	**Waste produced in 2015**	***Including hazardous waste produced in 2015*** [(b)]	**Waste produced in 2014**	**Waste produced in 2015 pro forma** [(1)]	**Waste produced in 2014 pro forma** [(1)]	**Change in waste produced** [(1)] *(as %)*
Wines and Spirits	64,003	*642*	66,840	63,745	66,840	(5)
Fashion and Leather Goods	9,886	*1,016*	9,526	9,075	9,354	(3)
Perfumes and Cosmetics	8,171	*1,477*	9,048	7,177	8,090	(11) [(a)]
Watches and Jewelry	914	*141*	656	709	636	11
Selective Retailing	5,205	*67*	5,252	4,110	4,494	(9)
Other activities	1,764	*118*	1,504	1,587	1,504	6
Total	**89,943**	***3,461***	**92,826**	**86,403**	**90,918**	**(5)**

(a) Change related to process optimization.
(b) Waste to be sorted and treated separately from other "common" waste (cardboard, plastic, paper, etc.).

(1) Value and change at constant scope.

Waste recovery in 2015

(as % of waste produced)	Re-used	Material recovery	Energy recovery	Total recovery
Wines and Spirits	41	43	4	88
Fashion and Leather Goods	2	39	23	63
Perfumes and Cosmetics	3	66	27	96
Watches and Jewelry	1	64	9	74
Selective Retailing	11	57	21	90
Other activities	-	59	31	91
Total	**30**	**46**	**10**	**86**

The Perfumes and Cosmetics companies, as well as Sephora since 2010 and Louis Vuitton since 2011, have used the CEDRE recovery and recycling facility (*Centre Environnemental de Déconditionnement, Recyclage Écologique*) to handle all the waste generated by the manufacturing, packaging, distribution, and sale of cosmetic products. CEDRE accepts several types of articles: obsolete packaging, alcohol-based products, advertising materials, store testers, and empty packaging returned to stores by customers. In 2015, the service expanded to accept textiles and around 1,800 metric tons of waste were treated. The various materials (glass, cardboard, wood, metal, plastics, alcohol, cellophane and textiles) are resold to a network of specialized recyclers.

2.3. Addressing noise pollution and other forms of pollution

The Group's business activities do not have a significant impact in terms of noise pollution and other forms of air pollution. Nevertheless, the Group's companies remain vigilant, particularly with the help of the environmental management systems that have been put in place, and are attentive to their surroundings and civil society.

3. SUSTAINABLE USE OF RESOURCES

3.1. Water consumption and supply according to local constraints

Water consumption is analyzed based on the following requirements:

- process requirements: use of water for cleaning purposes (tanks, products, equipment, floors), air conditioning, employees, product manufacturing, etc.; such water consumption generates waste water;
- agricultural requirements: water consumption for vine irrigation outside France, as irrigation is not used in France for the Group's vineyards. As such, water is taken directly from its natural environment for irrigation purposes. Its consumption varies each year according to changes in weather conditions. However, it is worth noting that the measurement by the sites of water consumption for agricultural purposes is less precise than the measurement of process water consumption.

(in m³)	2015	2014	2015 pro forma [1]	2014 pro forma [1]	Change [1] *(as %)*
Process requirements	3,411,932	2,476,937	2,298,791	2,429,368	(5)
Agricultural requirements (vine irrigation)	7,095,211	7,189,237	7,095,196	7,189,237	(1)

(1) Value and change at constant scope.

Water consumption for process requirements can be broken down as follows, per business group:

(process requirements in m³)	2015	2014	2015 pro forma [1]	2014 pro forma [1]	Change [1] *(as %)*
Wines and Spirits	1,320,571	1,489,192	1,318,170	1,489,192	(11) [a]
Fashion and Leather Goods	1,352,015	345,955	344,729	338,331	2
Perfumes and Cosmetics	166,870	169,309	146,094	145,019	1
Watches and Jewelry	50,834	45,336	45,609	45,176	1
Selective Retailing	480,304	385,584	402,851	370,089	9
Other activities	41,338	41,561	41,338	41,561	(1)
Total	**3,411,932**	**2,476,937**	**2,298,791**	**2,429,368**	**(5)**

(a) Change related to process improvement.

An in-depth analysis of sensitivity to local constraints was carried out at each Group company using Pfister's 2009 water scarcity index and the 2012 Aquastat database. This analysis was based on measurements of each geographic area's sensitivity, obtained by comparing water consumption to available resources at the local level. Four Group companies with significant water consumption at the Group level have been identified in areas where water stress is close to 100%, i.e. where water requirements are close to the level of resources available:

- the vineyards of Cheval des Andes and Terrazas de Los Andes, which represent 80% of the Group's agricultural water requirements;
- the vineyards of Domaine Chandon California and Newton, which represent 4% of the Group's agricultural water requirements.

Vineyard irrigation is an authorized and supervised practice in California and Argentina due to the climate. It is essential for the preservation of vines. The Group has also taken the following measures to limit water consumption: recovery of rain water, drafting of agreements on measures and specifications with respect to water requirements, standardized drip method of irrigation, weather forecasts for optimized irrigation or adoption of the "reduced loss irrigation" technique, which reduces water consumption and actually improves the quality of the grapes and the size of the vine, yielding an enhanced concentration of aroma and color.

3.2. Raw material consumption

The main raw materials consumed by the Group are:

- grapes (see §3.4 Soil use);
- leathers, raw lamb and calf skins, and exotic leathers (see §5 Protecting biodiversity);
- essential oils (see §5 Protecting biodiversity);
- gemstones and precious metals (see §1.1 Evaluation and certification programs and organization);
- regulated chemicals. All Group companies have integrated the requirements of the REACH Commission Regulation into their contractual documents in order to engage all suppliers in this undertaking.

Additional information is available in the "*Management Report of the Board of Directors* – LVMH group" section, under §2.1.8. Supply sources and strategic competencies, as well as in the "*Business description*" section under the sections on Supply sources and subcontracting for the different business groups.

The only significant, relevant criterion used by all Group companies for the analysis of raw material consumption is the quantity, measured in metric tons, of packaging used that reaches customers:

- Wines and Spirits: bottles, boxes, caps, etc.
- Fashion and Leather Goods: boutique bags, pouches, cases, etc.
- Perfumes and Cosmetics: bottles, cases, etc.
- Watches and Jewelry: cases and boxes, etc.
- Selective Retailing: boutique bags, pouches, cases, etc.

The packaging used for transport is excluded from this analysis.

(1) Value and change at constant scope.

Packaging that reaches customers

(in metric tons)	2015	2014	2015 pro forma [1]	2014 pro forma [1]	Change [1] *(as %)*
Wines and Spirits	154,993	150,240	154,211	150,240	3
Fashion and Leather Goods	6,128	5,099	5,238	4,957	6
Perfumes and Cosmetics	28,115	23,846	26,809	23,846	12 [a]
Watches and Jewelry	3,948	3,773	3,948	3,773	4
Selective Retailing	5,714	5,242	5,714	5,207	10 [b]
Total	**198,898**	**188,200**	**195,920**	**188,023**	**4**

(a) Change related to business activity and process optimization.
(b) Change related to business activity.

Breakdown of the total weight of packaging placed on the market, by type of material, in 2015

(in metric tons)	Glass	Paper-cardboard	Plastic	Metal	Fabric	Other packaging material
Wines and Spirits	133,300	17,299	1,448	1,327	54	1,565
Fashion and Leather Goods	-	5,103	69	1	895	60
Perfumes and Cosmetics	14,028	4,994	6,779	1,840	219	255
Watches and Jewelry	2,000	935	868	24	33	88
Selective Retailing	357	2,690	2,605	30	3	29
Total	**149,685**	**31,021**	**11,769**	**3,222**	**1,204**	**1,997**

Group companies have adapted different tools and training to ensure that there is optimum consideration of the environment in product design. The Edibox application has been deployed at Parfums Christian Dior, Guerlain, LVMH Fragrance Brands, Make Up For Ever, Louis Vuitton, Bvlgari and Sephora in order to integrate environmental concerns into the early design stages for packaging. It enables the Environmental Performance Index (EPI) and the greenhouse gas emissions generated by packaging materials to be calculated. The criteria taken into account are weight and volume, separability of materials and the number of packaging layers. In 2015, Veuve Clicquot launched *Naturally Clicquot 3*, the first champagne packaging produced with paper that is 100% recyclable and made from grapes.

3.3. Energy consumption, measures taken to improve energy efficiency and renewable energy use

Energy consumption corresponds to primary energy sources (such as fuel oil, butane, propane and natural gas) added to secondary energy sources (such as electricity, steam and ice water) mainly used for the implementation of manufacturing processes in addition to buildings and stores' air conditioning and heating systems.

Energy consumption by business group *(in MWh)*	2015	2014	2015 pro forma [1]	2014 pro forma [1]	Change [1] *(as %)*
Wines and Spirits	199,484	208,427	198,606	208,427	(5)
Fashion and Leather Goods	311,768	186,340	167,992	172,837	(3)
Perfumes and Cosmetics	83,316	75,408	70,381	66,418	6
Watches and Jewelry	27,856	26,316	24,341	25,731	(5)
Selective Retailing	300,554	282,040	282,449	270,105	5
Other activities	19,120	16,877	19,120	16,877	13 [a]
Total	**942,098**	**795,408**	**762,889**	**760,395**	**-**

(a) Change related to the use of new equipment at a site.

(1) Value and change at constant scope.

Consumption by energy source in 2015

(in MWh)	Electricity	Natural gas	Heavy fuel oil	Fuel oil	Butane Propane	Steam	Ice water	Renewable energies
Wines and Spirits	56,063	69,073	31,387	18,704	5,405	-	-	18,852
Fashion and Leather Goods	180,594	104,108	-	2,144	5,212	732	840	18,138
Perfumes and Cosmetics	50,489	30,122	-	35	-	510	521	1,639
Watches and Jewelry	10,725	6,372	-	1,343	124	-	-	9,292
Selective Retailing	278,753	12,688	3	1,351	5	6,629	-	1,125
Other activities	8,502	3,663	-	568	32	710	3,359	2,286
Total	**585,126**	**226,026**	**31,390**	**24,145**	**10,778**	**8,581**	**4,720**	**51,332**

Bilan Carbone® assessments and energy audits provide insights that Group companies can use to develop suitable strategies for reducing energy consumption. A variety of solutions are being implemented by Group companies with regard to store lighting and air conditioning, transport, energy efficiency, and the promotion of renewable energy sources.

LVMH launched the LVMH Lighting Program in 2013. Its objective is to secure and optimize the sourcing of high-performance lighting equipment for stores, production and storage sites, and office space. In addition to promoting LED technology, which is an efficient means of reducing energy consumption and CO_2 emissions, the program aims to ensure that lights meet Group companies' demands for exceptional quality. In 2014, a catalog of 300 product descriptions and an e-commerce website were designed to allow the Group and the installers working on its behalf to optimize lighting, especially through the use of LED technology. An internal reference guide entitled "The LVMH Stores' Environmental Guidelines" was also developed in 2014. It summarizes the best practices to implement during the construction, renovation and entire lifetime of a store. Group companies expanded their use of LEDs in 2015. Bvlgari, for example, has equipped more than 200 stores with LED lighting for window-displays, and 20 of those stores use only LED lighting. In the United States, 60% of Sephora's stores also use only LED lighting.

3.4. Soil use

Soil pollution arising from old manufacturing facilities (cognac, wine and champagne production, trunk production) is not considered significant at the Group level. The more recent production facilities are generally located on farmland with no history of pollution. The Group's manufacturing operations require very little soil use, except for wine production.

The Group's Wines and Spirits houses are doubly committed to sustainable viticulture, for reasons both historic and strategic. They are pursuing a variety of initiatives in eco-conscious and organic farming that drastically reduce the need for phytosanitary products with a high environmental impact. The champagne houses have obtained Sustainable Viticulture certification for all of their vineyards and are planning to expand this process to all of their grape suppliers. Since January 2011, Hennessy vineyards have been selected by the French government as benchmarks for its Ecophyto 2018 plan. An action plan has been put in place on these parcels, with a more than 50% average reduction in the quantities of phytosanitary products used. Insect mating disruption is being used as an alternative to insecticides for protecting grapevines against pests.

4. COMBATING AND ADAPTING TO CLIMATE CHANGE

4.1. Reducing greenhouse gas emissions

Given the nature of the Group's operations, the only air emissions that have a significant impact on the environment are greenhouse gas emissions. Estimated greenhouse gas emissions in metric tons of CO_2 (carbon dioxide) equivalent correspond to site energy consumption emissions, as defined in §1.1.2. These include direct and indirect emissions (Scope 1 and 2). Emissions caused by transport (Scope 3) are presented separately:

- inbound transport: movement of raw materials and product components to production sites. Only the main materials and components are taken into account;
- outbound transport: movement of finished products from production sites to distribution platforms.

CO_2 emission factors are updated every year for each energy source, notably for electricity. These updates may lead to significant changes. Given the increasing importance of renewable energy issues within the Group, the CO_2 emissions calculation methodology will be reviewed in 2016. The main scope 1 and 2 greenhouse gas emission reduction initiatives involve lessening the amount of energy used for lighting and air conditioning, and optimizing the energy consumed by manufacturing processes.

Breakdown of emissions by business group in 2015

(in metric tons of CO_2 equivalent)	CO_2 emissions in 2015	*Including*		CO_2 emissions in 2014	CO_2 emissions in 2015 pro forma [1]	CO_2 emissions in 2014 pro forma [1]	Change [1] *(as %)*
		Percentage of direct CO_2 emissions	*Percentage of indirect CO_2 emissions*				
Wines and Spirits	43,482	*68*	*32*	47,802	43,387	47,801	(9)
Fashion and Leather Goods	104,120	*22*	*78*	73,201	64,442	67,810	(5)
Perfumes and Cosmetics	12,187	*51*	*49*	10,717	9,817	9,417	4
Watches and Jewelry	3,762	*45*	*55*	3,145	3,085	2,972	4
Selective Retailing	132,106	*2*	*98*	123,154	122,755	119,697	3
Other activities	2,842	*32*	*68*	2,821	2,842	2,821	1
Total	**298,499**	***22***	***78***	**260,840**	**246,328**	**250,518**	**(2)**

LVMH has long stressed the importance of addressing climate change in its business activities, having carried out its first Bilan Carbone® assessments at the following Group companies in 2002: Moët & Chandon, Veuve Clicquot, Hennessy, Parfums Christian Dior, Guerlain, Parfums Kenzo, Parfums Givenchy, Givenchy, Make Up For Ever, DFS, Sephora and Le Bon Marché. Greenhouse gas emissions are retested using this assessment protocol every three years.

Group companies are working on ways to reduce energy consumption and greenhouse gas emissions at their own sites and stores (see §3.3). They are also using taking actions to reduce the emissions generated by their logistics chains. For example, in 2015, Hennessy was able to boast one of the largest private fleets of electric vehicles in France; 75 recharging stations have been installed at Hennessy's various sites. Sephora also uses fully electric trucks to deliver to its roughly twenty stores in Shanghai, China.

Distribution of greenhouse gas emissions generated by inbound transport in 2015

(in metric tons of CO_2 equivalent)	Road	Air	Ship	Total
Wines and Spirits	2,906	598	1,121	4,625
Fashion and Leather Goods	10,524	7,154	23	17,701
Perfumes and Cosmetics	11,822	28,122	256	40,200
Watches and Jewelry	3	1,632	-	1,635
Selective Retailing	-	-	-	-
Total	**25,255**	**37,506**	**1,400**	**64,161**

(1) Value and change at constant scope.

Distribution of greenhouse gas emissions generated by outbound transport in 2015

(in metric tons of CO_2 equivalent)	Road	Rail	Air	Ship	Inland barge	Recharging road	Total
Wines and Spirits	23,120	692	22,270	16,728	188	-	62,998
Fashion and Leather Goods	842	9	95,113	599	5	-	96,568
Perfumes and Cosmetics	2,177	-	149,865	1,874	-	-	153,916
Watches and Jewelry	164	-	33,973	115	-	-	34,252
Selective Retailing	2,019	-	5,415	146	-	63	7,643
Total	**28,322**	**701**	**306,636**	**19,462**	**193**	**63**	**355,377**

Château Cheval Blanc, Château d'Yquem, Chaumet, DFS, Fred, Donna Karan and Les Echos did not report their data for this indicator.

4.2. Adapting to climate change

The Group has also considered the different issues with regard to adapting to climate change. In the medium term, developing viticulture practices is the main component of the Group's adaptation strategy. Several solutions are available for European vineyards depending on the extent of climate change, from altering harvest dates to developing different methods of vine management (wider rows, increasing the size of vine stocks, employing irrigation in certain countries, etc.) and testing new grape varieties. For vineyards in Argentina and California, the main issue is the availability of water (see §3.1 Water consumption and supply according to local constraints). Finally, according to current scientific knowledge, vineyards in New Zealand and western Australia are the least susceptible to climate change. Additional information is available in the "*Management Report of the Board of Directors* – LVMH group" section, under §2.1.10. Industrial, environmental and meteorological risks.

5. PROTECTING BIODIVERSITY

The LVMH group has a strategy in place for sourcing and preserving raw materials. Choosing components for product manufacturing is an essential part of preserving the environment, in particular rare resources that are vital for product manufacturing, especially leather and essential oils.

LVMH was the first private-sector entity to join the eight public research bodies on the Board of Directors of the French Foundation for Research on Biodiversity (FRB). LVMH is now officially a member of the FRB, with whom it has been working for more than six years. Sylvie Bénard, LVMH's Director of Environmental Affairs, has also served as Vice President of the Foundation's Strategic Orientation Committee for four years. Within the framework of this committee, which brings together more than 160 stakeholders to jointly design research programs that favor biodiversity, the Group has mainly focused on accessing genetic resources and sharing the benefits resulting from their use. Several projects are currently being run by the Perfumes and Cosmetics, Fashion and Leather Goods, and Watches and Jewelry business groups, such as the development of new responsible supply channels.

Fashion and Leather Goods, as well as Watches and Jewelry, implemented procedures to ensure that all of their products comply with the terms of the requirements of international trade in endangered species (CITES). Through a system of import-export permits, this convention was set up to prevent certain species of endangered fauna and flora against overexploitation. Leather sourcing is a strategic priority, and Group companies mainly use European cowhide leather (see "*Business description*", §2.4 Supply sources and subcontracting). Group companies participate in working groups such as the Responsible Ecosystems Sourcing Platform (RESP), the Leather Working Group (LWG) and Business for Social Responsibility (BSR). They work with their suppliers to improve traceability, animal well-being and the preservation of certain species.

In the Perfumes and Cosmetics business group, the Research & Development department and Group companies have been working together on ethnobotany for a number of years. They seek to identify essential oils with a particular interest as components of cosmetics products while contributing to the preservation of these species and to local economic development. As part of this initiative, Parfums Christian Dior's Dior Gardens are plots dedicated to cultivating flowering plants chosen for their exceptional properties. Guerlain has also launched a number of partnerships focused on orchids in China's Yunnan province, vetiver in India and black bees in Ouessant in France.

The Wines and Spirits business group is active in sustainable winegrowing, notably for the purposes of reducing pesticide use (see §3.4. Soil use).

6. CONSUMER HEALTH AND SAFETY

The LVMH group's policy concerning the sensitive issue of animal testing to evaluate the safety of finished products has always been clear: its aim is to guarantee the safety of consumers who use our products while taking into account respect for animal life. It is for this reason that, since 1989, none of the Perfumes and Cosmetics companies have conducted tests on animals for the products they put on the market, thus well in advance of the official ban on animal testing imposed by European Union legislation in 2004. Since then, the development of alternatives to animal testing has remained a genuine scientific challenge and the LVMH group will continue to be very active in its efforts to rise to this challenge.

The Group remains particularly vigilant to ensure continuing compliance with regulatory requirements, while monitoring the opinions of scientific committees, and the recommendations of industry associations in Europe and throughout the world. Moreover, new products must abide by a set of strict internal guidelines imposed by the Group as criteria for their development. The Group also requires that its suppliers adhere to these same guidelines.

Honoring its commitments in this area for the last several years, the LVMH group has accompanied this policy with an approach that aims to anticipate developments in international regulations. This anticipatory perspective is made possible thanks to the efforts of the Group's experts, who regularly take part in the workgroups of national and European authorities and are very active in professional organizations. Ongoing monitoring of changes in regulatory frameworks and the development of scientific knowledge by the Group's experts has regularly led LVMH to prohibit the use of some substances and make efforts to reformulate some of its products.

These high standards allow LVMH to guarantee the safety of its cosmetic products when they are released onto the market. In order to monitor the quality of their products after they are released, the brands of the LVMH group have customer relations departments which receive any complaints from consumers for analysis, including complaints about adverse effects. This "cosmetovigilance" process is managed by a team of specialists who provide the brands with a European network of healthcare professionals capable of responding quickly to help consumers in the event of side effects. A similar approach is under development in China. Such post-market surveillance makes it possible to explore new areas of research and continually improve the quality and safety of our products.

For many years, Moët Hennessy has emphasized the responsible enjoyment of its champagnes, wines and spirits. This engagement takes the form of numerous actions directed at its employees and customers as well as guests and visitors to its Maisons.

Moët Hennessy not only adheres scrupulously to local regulations, it also self-regulates across the entire spectrum of its communications and marketing practices, and follows online media guidelines, for example by using filters to keep underage viewers from entering its companies' websites. Every year, Moët Hennessy's teams teach hundreds of consumers the rituals for tasting its exceptional products, highlighting not only their exquisite quality but also the rich culture, heritage, and history behind them, to be appreciated properly in moderation.

In Europe, Moët Hennessy mentions www.wineinmoderation.com on the labels of all its wine and champagne bottles (except in France for legal reasons), and www.responsibledrinking.eu on all its spirits bottles. These two websites provide consumers with information on responsible drinking.

In 2015, Moët Hennessy rolled out an internal communications campaign reminding employees that they are "all ambassadors for responsible drinking", using a series of visual presentations translated into eight languages worldwide.

Moët Hennessy is a member of the European Alcohol and Health Forum sponsored by the European Commission, and offers commitments every year to promote responsible drinking. The commitment for 2013-2014 was about training employees and was assessed by a European Commission-designated external consultant as being 89% satisfied. In 2015 it was about the responsible drinking campaign mentioned above.

Lastly, Moët Hennessy continues to lend its active support to numerous responsible drinking programs around the world: in addition to Wine in Moderation, Moët Hennessy participates in many local programs.

INDEPENDENT VERIFIER'S REPORT ON CONSOLIDATED WORKFORCE, ENVIRONMENTAL AND SOCIAL INFORMATION

To the Shareholders,

In our capacity as an Independent Verifier accredited by COFRAC[(1)] (accreditation no. 3-1050) and belonging to the network of a Statutory Auditor of LVMH Moët Hennessy - Louis Vuitton, we present our report on consolidated workforce, environmental and social information for the fiscal year ended December 31, 2015, as presented in the sections of the Management Report entitled "LVMH and the environment" and "Human resources", hereafter referred to as the "CSR Information," pursuant to the provisions of Article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the Company

It is the responsibility of the Board of Directors to establish a Management Report including the CSR Information referred to in Article R.225-105-1 of the French Commercial Code, in accordance with the guidelines used by the Company, comprising the "LVMH environmental reporting protocol" (version dated September 2015) and the "Social Indicator guidelines – 2015 Annual Report", (hereafter referred to as the "Guidelines"), which are available on request from the Group's Environment and Human resources departments, respectively.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions of Article L.822-11 of the French Commercial Code. In addition, we have implemented a quality control system, including documented policies and procedures designed to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the Independent Verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the Management Report or, in the case of its omission, that an explanation has been provided in accordance with the third paragraph of Article R.225-105 of the French Commercial Code (Attestation of presence of CSR Information);
- to express a limited assurance conclusion that, taken as a whole, the CSR Information is fairly presented, in all material aspects, in accordance with the Guidelines (Limited assurance on CSR Information);
- to express, at the request of the Company, a reasonable assurance conclusion that the environmental information selected by the Group[(2)] (hereafter referred to as the "Selected Environmental Information"), has been established, in all material aspects, in accordance with the Guidelines.

Our work was undertaken by a team of six people between October 2015 and the date on which our report was signed, for a period of approximately 12 weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of May 13, 2013 determining the conditions under which an Independent Verifier should conduct its mission, and with regard to the limited assurance and the reasonable assurance report, in accordance with the international standard ISAE 3000[(3)].

1. Attestation of presence of CSR Information

On the basis of interviews conducted with the management of the departments concerned, we obtained an understanding of the presentation of the Company's sustainable development strategy, which is based on the social and environmental consequences linked to the Company's activities and its social commitments, as well as, where applicable, any resulting actions or programs.

We compared the Information presented in the Management Report with the list specified in Article R.225-105-1 of the French Commercial Code.

In the absence of certain consolidated information, we verified that the explanations were provided in accordance with the provisions of Article R.225-105-1 paragraph 3 of the French Commercial Code.

We verified that the Information covered the consolidated scope, namely the Company and its subsidiaries as construed under Article L.233-1 of the French Commercial Code and the companies that it controls as construed under Article L.233-3 of the same code, subject to the limits specified in the introduction to the sections of the Management Report entitled "LVMH and the environment" and "Human resources".

Based on this work, and given the limitations mentioned above, we confirm the presence of the required CSR Information in the Management Report.

2. Limited assurance on CSR Information

Nature and scope of work

We undertook approximately ten interviews with the people responsible for preparing the CSR Information at the departments in charge of the data collection process and, if applicable, the people responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, where applicable, any industry best practices;
- verify the implementation of the process for collecting, compiling, processing and verifying the CSR Information for completeness and consistency and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and verifications based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its activities' social and environmental issues, its strategy with regard to sustainable development and industry best practices.

For the CSR Information which we considered to be the most important [(4)]:

- at the level of the consolidating entity, we consulted documentary sources, conducted interviews to corroborate qualitative information (organization, policies, actions, etc.), and referred to the Company's control procedures. Where applicable, we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the consolidation of the information, and verified the coherence and consistency thereof with the other information presented in the Management Report;
- at the level of the representative sample of entities that we selected [(5)] based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and carried out detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected represented an average of 16% of the workforce and between 38% and 92% of the quantitative environmental information.

For the other consolidated CSR information, we assessed its consistency in relation to our knowledge of the Company.

Finally, we assessed the relevance of the explanations provided, where applicable, in response to the partial or complete absence of certain information, taking into account, where applicable, professional best practices.

We consider that the sampling methods and sample sizes that we applied using our professional judgment allow us to formulate a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the application of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a material misstatement in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any material misstatement that may have caused us to believe that the CSR Information, taken as a whole, has not been fairly presented in compliance with the Guidelines.

Observations

Without qualifying our conclusion above, we draw your attention to the following point:

- For Group companies, with regard to the "inbound transport" indicator (metric tons/km), our analysis revealed disparities in the application of guidelines between Group companies, leading notably to the exclusions specified in part 4.1 of "LVMH and the environment".

3. Reasonable assurance on a selection of CSR Information

Nature and scope of work

Regarding the Selected Environmental Information, we undertook work of the same nature as that described in paragraph 2 above for the CSR Information considered to be the most important, but in a more in-depth manner, particularly in relation to the number of tests.

The sample selected represents on average 56% of the Selected Environmental Information.

We consider that this work allows us to express a reasonable assurance conclusion on the Selected Environmental Information.

Conclusion

In our opinion, the Selected Environmental Information has been established, in all material aspects, in compliance with the Guidelines.

Observations

Without qualifying our conclusion above, we draw your attention to the following point:

- Controls undertaken by certain Group companies remain insufficient. Those undertaken at Group level allow the key variances identified to be corrected at the level of these Group companies.

Paris-La Défense, February 12, 2016

The Independent Verifier

ERNST & YOUNG et Associés

Eric Mugnier
Sustainable Development Partner

Bruno Perrin
Partner

This is a free translation into English of the Independent Verifier's report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(1) Scope of accreditation available at www.cofrac.fr.

(2) **Information verified with reasonable assurance:** percentage of sites audited for environmental purposes (%); total water consumption for process needs (m^3); total waste produced (metric tons); total hazardous waste produced (metric tons); percentage waste recovery (%); total energy consumption (MWh); total greenhouse gas emissions (metric tons of CO_2 equivalent); total packaging placed on the market (metric tons); Chemical Oxygen Demand after treatment (metric tons/year).

(3) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

(4) **Environmental and social information:** general environmental policy, preventive, reduction and compensatory measures for discharges into the air, water and soil having a serious environmental impact; waste prevention, recycling and elimination measures, water consumption and water supply considering local constraints, raw material consumption and measures undertaken to enhance resource efficiency, energy consumption, measures undertaken to improve energy efficiency and to promote the use of renewable energy, release of greenhouse gases, measures undertaken to develop biodiversity; consumer health and safety.

Workforce information: total headcount as of December 31 and breakdown per professional category, age and geographic region; voluntary and involuntary staff turnover; hiring; lost time accidents; frequency rate; severity rate; percentage of employees trained during the year; number of days of training per employee; absentee rate by reason for absence.

(5) **Environmental information:** Wines and Spirits: Cloudy Bay (New Zealand), Glenmorangie (Ardbeg and Tain, Scotland), Hennessy (France), MHCS (France), Polmos Zyrardow (Poland); Fashion and Leather Goods: Céline (Italy), LVM Issoudun (France), LVM Les ateliers de l'Ardèche (France); LVM Saint-Pourçain (France), Kenzo Mode (France), Tannerie Heng Long (China); Perfumes and Cosmetics: Givenchy Parfums (Beauvais, France), Parfums Christian Dior (SJDB, France), Parfums Christian Dior (Paris, France); Watches and Jewelry: Bvlgari Neuchâtel (Switzerland), Hublot (Switzerland), De Beers (United Kingdom); Selective Retailing: DFS Hawaii Waikiki Square (United States), DFS Okinawa (Japan), DFS Saipan (Japan), Le Bon Marché (France), Sephora Americas Energy (United States); Other activities: Le Jardin d'Acclimatation (France).

Workforce information: Fashion and Leather Goods: Louis Vuitton China Co. Ltd (China), Société des Ateliers Louis Vuitton (France), Louis Vuitton Japan (Japan), Donna Karan (United States); Perfumes and Cosmetics: Guerlain Japan (Japan), PCD China (China), PCD Japan (Japan), Benefit Cosmetics France (France), Benefit Cosmetics (United States); Watches and Jewelry: Bvlgari Japan LTD (Japan); Selective Retailing: DFS Group Limited – HK Division (Hong Kong), DFS Okinawa K.K. (Japan), Sephora South & South East Asia (Singapore), Sephora Russia (Russia), Sephora Brazil (Brazil); Other activities: Royal Van Lent (Netherlands).

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Drawn up in accordance with the provisions of Article L.225-37 of the French Commercial Code, this report was approved by the Board of Directors at its meeting on February 2, 2016.

Its purpose is notably to give an account of the membership of the Board of Directors of the Company, the preparation and organization of its work, the compensation policy applied to senior executives and company officers, as well as the risk management and internal control procedures established by the Board and in particular the procedures relating to the preparation and processing of accounting and financial information.

1. CORPORATE GOVERNANCE

1.1. Board of Directors

The Board of Directors is the strategic body of the Company which is primarily responsible for enhancing the Company's value and protecting its corporate interests. Its main missions involve the adoption of overall strategic orientations of the Company and the Group and ensuring these are implemented, the verification of the truthfulness and reliability of information concerning the Company and the Group and the overall protection of the Company's assets.

The Board of Directors of LVMH Moët Hennessy - Louis Vuitton acts as guarantor of the rights of each of its shareholders and ensures that shareholders fulfill all of their duties.

A Charter has been adopted by the Board of Directors which outlines rules governing its membership, duties, procedures, and responsibilities.

Two Committees, the Performance Audit Committee and the Nominations and Compensation Committee, whose membership, role and missions are defined by internal rules, have been established by the Board.

The Charter of the Board of Directors and the internal rules governing the two committees are communicated to all candidates for appointment as Director and to all permanent representatives of a legal entity before assuming their duties. These documents are presented in full in the "*Other Information* – Corporate Governance" section. They are regularly amended to take into account changes in laws and regulations and good governance practices.

Pursuant to the provisions of the Board of Directors' Charter, all Directors must bring to the attention of the Chairman of the Board any instance, even potential, of a conflict of interest that may exist between their duties and responsibilities to the Company and their private interests and/or other duties and responsibilities. They must also provide the Chairman with details of any formal judicial inquiry, fraud conviction, any official public incrimination and/or sanctions, any disqualifications from acting as a member of an administrative or management body imposed by a court and any bankruptcy, receivership or liquidation proceedings to which they have been a party. No information has been communicated with respect to this obligation.

The Company's Bylaws require each Director to hold, directly and personally, at least 500 of its shares.

1.2. Code of corporate governance – Application of recommendations

The Company refers to the AFEP/MEDEF Code of Corporate Governance for Listed Companies, for guidance. This document may be viewed on the AFEP/MEDEF website: www.afep.com.

The Company applies the recommendations of that code, subject,

- in the case of the assessment of Director independence, to criteria set *in abstracto* concerning the length of service and the business relations maintained with the Group, as specified in §1.3 "Membership and missions";
- concerning the composition of the Board of Directors, to preserving the gender balance among its members, as specified in §1.3 "Membership and missions";
- and for authorizations to issue performance options or shares, to setting a cap on allocations to senior executive officers in the resolutions, as specified in §1.11 "Compensation policy for company officers".

1.3. Membership and missions

• At its meeting of February 2, 2016, the Board of Directors (i) examined the appointments of Ms. Bernadette Chirac and Messrs. Bernard Arnault, Nicholas Clive Worms, Charles de Croisset, Francesco Trapani and Hubert Védrine, expiring at the end of the Shareholders' Meeting of April 14, 2016, and (ii) decided to submit to said Meeting a proposal to renew the Directors' appointments of Ms. Bernadette Chirac and Messrs. Bernard Arnault, Charles de Croisset and Hubert Védrine, and to appoint Ms. Clara Gaymard and Ms. Natacha Valla as Directors.

Directors are appointed for three-year terms, as stipulated in the Bylaws. To make the renewal of Directors' appointments as egalitarian as possible, and in any event to make them complete for each three-year period, the Board of Directors set up a system of rolling renewals that has been in place since 2010.

• The Board of Directors, subject to the decisions of the Shareholders' Meeting of April 14, 2016, will thus consist of seventeen members: Ms. Delphine Arnault, Ms. Bernadette Chirac, Ms. Clara Gaymard, Ms. Marie-Josée Kravis, Ms. Marie-Laure Sauty de Chalon, Ms. Natacha Valla, Messrs. Bernard Arnault, Antoine Arnault, Nicolas Bazire, Antonio Belloni, Charles de Croisset, Diego Della Valle, Albert Frère, Pierre Godé, Yves-Thibault de Silguy, Hubert Védrine, and Lord Powell of Bayswater.

Women make up 35% of the members of the Board of Directors; the Board is gradually pursuing its policy of including more women with the aim of reaching the 40% threshold in 2017, as provided by the French Commercial Code.

Personal information relating to the Directors is included in the "*Other information* – Governance" section.

Messrs. Bernard Arnault (Chairman and Chief Executive Officer) and Antonio Belloni (Group Managing Director) do not hold more than two directorships in non-Group listed companies, including foreign companies.

During its meeting of February 2, 2016, the Board of Directors reviewed the status of each Director currently in office as well as each proposed appointee, in particular with respect to the independence criteria set forth in the AFEP/MEDEF Code, and considered that:

(i) Ms. Bernadette Chirac, Ms. Clara Gaymard, Ms. Marie-Josée Kravis, Ms. Marie-Laure Sauty de Chalon, Ms. Natacha Valla and Messrs. Charles de Croisset, Yves-Thibault de Silguy and Hubert Védrine satisfy all criteria;

(ii) Messrs. Diego Della Valle and Albert Frère, who have served on the Board of Directors for more than 12 years, must be deemed independent. In the matter of these two individuals, the Board has departed from the criteria set forth by the AFEP/MEDEF Code relating to:

- the number of years of their service on the Board, considering that this is not likely to cloud their critical faculties or color their judgment, given both their experience and status as well as their current personal and professional circumstances. Moreover, their in-depth knowledge of the Group is an incalculable asset during major strategic decision-making;
- the business relations resulting from the joint and equal ownership by the LVMH group and the Frère-Bourgeois group, chaired by Mr. Albert Frère, of Château Cheval Blanc, considering that these relations are not material in view of the size of the two groups and are not likely to call into question his independence.

Subject to the decisions of the Shareholders' Meeting of April 14, 2016, ten out of the seventeen Directors who make up the Board of Directors are thus considered to be independent and to hold no interests in the Company. They represent 59% of the composition of the Board of Directors. In regard to the criteria defined by the AFEP/MEDEF Code, independent Directors constitute a third of the composition of the Board of Directors, as recommended by the code in the case of controlled companies.

• Over the course of the 2015 fiscal year, the Board of Directors met four times as convened by its Chairman. The attendance rate of Directors at these meetings was 94% on average.

The Board approved the annual and half-yearly consolidated and parent company financial statements, reviewed the quarterly activity and expressed its opinions on subjects including the Group's major strategic guidelines and decisions, its budget, the compensation of company officers, the establishment of performance share plans and the implementation of the share repurchase program.

It renewed the authorizations granted to (i) the Chairman and Chief Executive Officer to give guarantees to third parties and (ii) the Chairman and Chief Executive Officer and the Group Managing Director to issue bonds. It examined the regulated agreements that remained in effect during the fiscal year and authorized the amendment of various regulated agreements, including with related companies or with certain companies in which certain Directors hold Executive Management positions. It also reduced the share capital by retiring treasury shares.

It conducted a formal evaluation of its capacity to meet the expectations of shareholders, reviewing its membership, its organization, and its procedures. It changed its Charter to (i) specify the missions of the Board of Directors regarding significant operations outside the scope of the strategic guidelines defined by the Board of Directors and information on the financial position of the company, (ii) forbid senior executive officers from using hedging transactions on their share purchase or subscription options or their performance shares until the end of the holding period set by the Board, (iii) allow company officers to exercise options during blackout periods, provided that the shares are not resold before expiry of the blackout period, and (iv) specified the conditions under which senior executive officers may accept an appointment to a new corporate office in a listed company.

It also changed the internal rules of the Nominations and Compensation Committee, specifying its operating rules when determining the compensation of senior executive officers.

Lastly, the Board was informed of the measures the Group has adopted as regards gender equality and equal pay.

• In its meeting of February 2, 2016, the Board of Directors reviewed its composition, organization and *modus operandi*. The Board came to the conclusion that its composition is balanced with regard to its percentage of external Directors, considering the breakdown of share capital, and the diversity and complementarity of the skills and experience of its members.

The Board noted that:

- the Directors are satisfied with the frequency of Board meetings and the quality of the information provided on such topics as strategic guidelines, current business activity, financial statements, budget and the three-year plan;
- attendance by Directors was high and stable versus 2014;
- the gender balance and presence of non-French nationals on the Board of Directors ensures a wide range of visions and sensitivities essential to a Group with a worldwide dimension;
- the Board is fulfilling its role with respect to its missions and objectives of increasing the Company's value and protecting its interests;
- the Directors have no observations on the rules for allocating Directors' fees or the minimum number of shares that each Director must hold; this is also the case regarding the composition of the two Committees and the quality of their work.

In addition, the Board of Directors reviewed the Group's policy to protect against the impact of future economic and financial developments.

1.4. Executive Management

Mr. Bernard Arnault has been Chairman and Chief Executive Officer of the Company since 1989. The Board of Directors has not limited the powers vested in the Chief Executive Officer.

The Board of Directors came to the conclusion that the combined role of Chairman and Chief Executive Officer was suited to the Company's specific shareholding structure, and furthermore enabled more rapid decision-making. Consequently, it decided not to dissociate the roles of Chairman and Chief Executive Officer. In September 2001, in response to the proposal of the Chairman and Chief Executive Officer, the Board appointed Mr. Antonio Belloni as Group Managing Director. The Group Managing Director has the same powers as the Chief Executive Officer.

The balance of powers within the Board of Directors is ensured by (i) the provisions of the Charter of the Board of Directors and the rules governing the two Committees formed within it, which specify the missions of each of these bodies, and (ii) their composition. More than a third of the Directors on the Board are independent, and all of the members of the Performance Audit Committee and the Nominations and Compensation Committee are independent Directors.

1.5. Performance Audit Committee

The main tasks of the Performance Audit Committee are the monitoring of the process of preparing financial information, the effectiveness of internal control and risk management procedures, as well as the statutory audit of the individual company and consolidated financial statements by the Statutory Auditors. The Committee oversees the procedure for the selection of Statutory Auditors and ensures their independence.

As of December 31, 2015, it consisted of three members appointed by the Board of Directors: Mr. Yves-Thibault de Silguy (Chairman), who has notably served as the European Commissioner for Economic and Monetary Affairs, a Trustee of the IFRS Foundation and CEO of Suez; Mr. Nicholas Clive Worms, who has been a managing partner of various companies in the Worms group; and Mr. Charles de Croisset, who has successively held top management positions at CFF, HSBC Holdings plc and Goldman Sachs International. By virtue of their professional experience (see also the "*Other Information* – Governance" section: "Principal positions and offices of members of the Board of Directors") and their familiarity with financial and accounting procedures applicable to corporate groups, Messrs. Yves-Thibault de Silguy, Nicholas Clive Worms and Charles de Croisset have the expertise necessary to fulfill their responsibilities.

All of its members are independent. In regard to the criteria defined by the AFEP/MEDEF Code, independent Directors constitute two-thirds of the composition of the Committee, as recommended by the Code.

The Performance Audit Committee met four times during the 2015 fiscal year, three times with all of its members in attendance, once with two-thirds of its members in attendance and once with a single member in attendance. The meetings to examine the financial statements were held no later than two days before the examination of the financial statements by the Board of Directors.

Attendees at these meetings also included the Statutory Auditors, the Chief Financial Officer, the Deputy Chief Financial Officer, the Audit and Internal Control Director, the Director of Tax, the Deputy Director of Tax, the Director of Legal Affairs, and, depending on the issues discussed, the Financing and Treasury Director, the Risk Management Director, the Director of Operations and the Managers of the departments or subsidiary concerned.

In addition to reviewing the annual and half-yearly parent company and consolidated financial statements, together with the detailed analysis of changes in the Group's activities and scope of consolidation, the Committee's work mainly addressed the following issues: internal control and the management of major risks at certain Group subsidiaries, the Group's policy on insurance, the impact of exchange rates, the amortization and impairment of brands and goodwill, matters relating to their valuation and current tax issues. Presentations on these points were made by the Group's Chief Financial Officer or by the heads of the departments or subsidiaries involved.

During its meeting on February 3, 2015, the President of the Wines and Spirits business group gave a presentation on the situation in China addressing the "anti-extravagance" campaign, its impact on the consumption of luxury products, and the measures taken to improve the situation. During its meeting on July 28, 2015, Sephora's President and Director of Operations gave a presentation on internal control and major risk management at Sephora.

Pursuant to the guidelines expressed in §16.2.3 of the AFEP/MEDEF Code, the Committee also led the selection procedure for the Statutory Auditors whose appointments expire in 2016 and submitted a recommendation to the Board of Directors on the Statutory Auditors proposed for appointment by the Shareholders' Meeting.

As part of the review of the parent company and consolidated financial statements, the Statutory Auditors gave a presentation covering, notably, internal control, major events, and the main audit issues identified and accounting treatments adopted.

It was given the Statutory Auditors' independence declaration as well as the amount of the fees paid to the Statutory Auditors' network by companies controlled by the Company or the entity that controls it, in respect of services not directly related to the Statutory Auditors' engagement, and was informed of the services provided in respect of work directly related to the Statutory Auditors' engagement.

1.6. Nominations and Compensation Committee

The main responsibilities of the Nominations and Compensation Committee are to issue:

- proposals on compensation, benefits in kind, bonus shares and share subscription or purchase options for the Chairman of the Board of Directors, the Chief Executive Officer and the Group Managing Director(s) of the Company, as well as on the allocation of Directors' fees paid by the Company;
- opinions on candidates for the positions of Director, Advisory Board member, Group Executive Committee member or member of Executive Management of the Company's main subsidiaries.

As of December 31, 2015, it consisted of three members appointed by the Board of Directors. The current members of the Nominations and Compensation Committee are Messrs. Albert Frère (Chairman), Charles de Croisset and Yves-Thibault de Silguy.

All of its members are independent. In regard to the criteria defined by the AFEP/MEDEF Code, independent Directors constitute a majority of the composition of the Committee, as recommended by the code.

The Nominations and Compensation Committee met three times during the 2015 fiscal year, twice with all of its members in attendance and once with two-thirds of its members in attendance. In particular, it (i) issued proposals on the fixed and variable remuneration of the Chairman and Chief Executive Officer and the Group Managing Director, the allocation of performance shares to the latter and the requirement to retain possession of a portion of their shares which may have vested; (ii) gave its opinion on compensation, performance shares, and benefits in kind granted by the Company and its subsidiaries to certain Directors; (iii) took stock of the medium-term discretionary profit-sharing plans of certain senior executives and (iv) examined the table presenting the directors' fees paid to Directors and Advisory Board members during the 2014 fiscal year. It gave an opinion on the renewal of the Directors' appointments expiring in 2015. It examined the measures taken by the Group to ensure the safety of the Chairman and Chief Executive Officer and his family, and recommended increased vigilance.

In addition, the Committee issued an opinion on the status of all members with regard, in particular, to the independence criteria set forth within the AFEP/MEDEF Code, and issued a favorable opinion on amending the Charter of the Board of Directors to (i) specify the missions of the Board of Directors regarding significant operations outside the scope of the strategic guidelines defined by the Board of Directors and information on the financial position of the company, (ii) forbid senior executive officers from using hedging transactions on their share purchase or subscription options or their performance shares until the end of the holding period set by the Board, (iii) allow company officers to exercise options during blackout periods, provided that the shares are not resold before expiry of the blackout period, and (iv) specify the conditions under which senior executive officers may accept an appointment to a new corporate office in a listed company. It also changes the internal rules of the Committee to specify the conditions governing the Committee's deliberations when determining the compensation of senior executive officers.

Prior to the Board of Directors meeting of February 2, 2016, the Committee reviewed the fixed compensation of senior executive officers and found no grounds for changing it. It examined the criteria established for determining the amount of their variable compensation and issued recommendations, notably on the variable compensation to be received for 2015 (i) by the Chairman and Chief Executive Officer and the Group Managing Director, which it proposed to maintain at the same level as for 2014, and (ii) by Directors receiving compensation from the Company or its subsidiaries, as well as on the fixed and variable compensation to be received by these same individuals for 2016. It examined all the appointments expiring in 2016 and expressed a favorable opinion on the appointments of Ms. Clara Gaymard and Ms. Natacha Valla.

1.7. Vice-Chairman of the Board of Directors

The Vice-Chairman is responsible for chairing the meetings of the Board of Directors or the Shareholders' Meeting in the absence of the Chairman of the Board of Directors. Mr. Pierre Godé has been Vice-Chairman since March 31, 2011.

1.8. Advisory Board

The Advisors are convened to the meetings of the Board of Directors and take part to the deliberations with a consultative vote. Their absence cannot however affect the validity of such deliberations.

They are appointed by the Shareholders' Meeting on the proposal of the Board of Directors and are chosen from among the shareholders on the basis of their competences.

The Advisory Board currently has three members: Messrs. Paolo Bulgari, Patrick Houël and Felix G. Rohatyn.

1.9. Participation in Shareholders' Meetings

The terms and conditions of participation by shareholders in Shareholders' Meetings, and in particular the conditions for the attribution of dual voting rights to registered shares, are defined in Article 23 of the Bylaws (see the "*Other information – Governance*" section).

1.10. Information that could have a bearing on a takeover bid or exchange offer

Information that might have a bearing on a takeover bid or exchange offer, as required by Article L.225-100-3 of the French Commercial Code, is published in the "*Management Report of the Board of Directors* – Parent company: LVMH Moët Hennessy-Louis Vuitton" section.

1.11. Compensation policy for company officers

Directors' fees paid to the members of the Board of Directors

The Shareholders' Meeting shall set the total amount of Directors' fees to be paid to the members of the Board of Directors. This total, annual amount has been set at 1,260,000 euros since the Shareholders' Meeting of April 5, 2012. It is divided among the Directors and the members of the Advisory Board, in accordance with the rule defined by the Board of Directors, based on the proposal submitted by the Nominations and Compensation Committee, namely:

(i) two units for each Director or member of the Advisory Board;

(ii) one additional unit for serving as a Committee member;

(iii) two additional units for serving as both a Committee member and a Committee Chairman;

(iv) two additional units for serving as either Chairman or Vice-Chairman of the Company's Board of Directors;

with the understanding that the amount corresponding to one unit is obtained by dividing the overall amount allocated to be paid as Directors' fees by the total number of units to be distributed.

A portion of Directors' fees to be paid to its members is contingent upon their attendance at meetings of the Board of Directors and, where applicable, at those of the Committees to which they belong. A reduction in the amount to be paid is applied to two-thirds of the units described under (i) above, proportional to the number of Board Meetings the Director in question does not attend. In addition, for Committee members, a reduction in the amount to be paid is applied to the additional fees mentioned under (ii) and (iii) above, proportional to the number of meetings by Committee to which the Director in question participates which he or she does not attend.

In respect of the 2015 fiscal year, LVMH paid a total gross amount of 1,074,375 euros in Directors' fees to the members of its Board of Directors.

The Nominations and Compensation Committee is kept informed of the amount of Directors' fees paid to senior executive officers by the Group's subsidiaries in which they perform the role of company officers.

Other compensation

Compensation of senior executive officers is determined with reference to principles listed in the AFEP/MEDEF Code.

Compensation and benefits awarded to senior executive officers are mainly determined on the basis of the degree of responsibility ascribed to their missions, their individual performance, as well as the Group's performance and the achievement of targets. This determination also takes into account compensation paid by similar companies with respect to their size, industry segment and the extent of their international operations.

A portion of the compensation paid to senior executive officers of the Company is based on the attainment of both financial and qualitative targets. Quantitative and qualitative objectives carry an equal weighting for the purpose of determining the bonus of the Chairman and Chief Executive Officer; for the Group Managing Director, they carry the weighting of 2/3 and 1/3, respectively. The financial criteria are growth in revenue, operating profit and cash flow as compared to the budget, with each of these items representing one-third of the total determination. The qualitative criteria have been precisely established but are not made public for reasons of confidentiality. Given the choice made to keep fixed compensation amounts steady, the variable portion is set at 250% of the fixed portion for the Chairman and Chief Executive Officer and at 150% of the fixed portion for the Group Managing Director.

The breakdown of compensation and benefits awarded to the Chairman and Chief Executive Officer, and the Group Managing Director, is presented in the "*Management Report of the Board of Directors* – Parent company: LVMH Moët Hennessy - Louis Vuitton" section.

Pursuant to the provisions of Article L.225-42-1 of the French Commercial Code, at its meeting on February 4, 2010, the Board of Directors approved the non-compete clause included in Mr. Antonio Belloni's employment contract – suspended during the duration of his mandate as Group Managing Director; this commitment not to compete for a twelve-month period provides for the payment of a monthly compensation equal to his monthly remuneration on the termination date of his functions, which would be supplemented by one twelfth of the last bonus received. Article 22 of the AFEP/MEDEF Code recommending the termination of the employment contract of an employee, when appointed as a senior executive officer, does not apply to the Group Managing Director, a position held since September 26, 2001 by Mr. Antonio Belloni.

Notwithstanding this clause, no other senior executive officer of the Company currently benefits from provisions granting them a specific compensation payment should they leave the Company or derogations from the rules governing the exercise of options or the vesting of bonus shares subject to performance conditions. Senior executive officers or employees are eligible for stock option or bonus share plans instituted by the Company. The information relating to the allocation terms and conditions of these plans is presented in the "*Management Report of the Board of Directors* – Parent company: LVMH Moët Hennessy - Louis Vuitton" section. In the resolutions submitted to a vote by the shareholders, the Board of Directors decided not to include a cap on the allocation of options or bonus performance shares to senior executive officers, considering that the Nominations and Compensation Committee – which is entirely composed of independent Directors and is tasked with making proposals on the granting of options or bonus performance shares to senior executives – ensures an adequate degree of control over the allocation policy. Under the plans set up in 2013, 2014 and 2015, the bonus performance shares allocated to senior executive officers over the past three fiscal years represent less than 9% of total allocations on average.

Concerning the option plans set up in 2007 and the bonus performance share plans set up in 2010, in the event of the vesting of their share allocations, the Chairman and Chief Executive Officer and the Group Managing Director are required to retain possession, in pure registered form and until the conclusion of their respective terms in office, of a number of shares under the terms and conditions defined by the plans and detailed in "*Management Report of the Board of Directors* – Parent company: LVMH Moët Hennessy - Louis Vuitton".

Furthermore, the Charter of the Board of Directors forbids senior executive officers from using hedging transactions on their share purchase or subscription options or their performance shares until the end of the holding period set by the Board.

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 the latter's request after the age of 55 and resume no other professional activity until their external pension plans are liquidated. This supplementary retirement benefit is determined, based on a reference remuneration amount equal to the average of the three highest amounts of annual remuneration received during the course of their career with the Group, capped at 35 times the annual social security ceiling (i.e. 1,331,400 euros as of December 31, 2015). The annual supplementary retirement benefit is equal to the difference between 60% of the reference remuneration amount (i.e. 798,840 euros as of December 31, 2015) and all pension payments made in France (general social security regime and the additional ARRCO and AGIRC regimes) and abroad. On the basis of compensation paid in 2015 to senior executive officers, the supplementary retirement benefit that would be paid to them would not be more than 45% of their last annual compensation amount in accordance with the AFEP/MEDEF Code recommendations. Increases in provisions in 2015 for these supplementary retirement benefits are included in the amount shown for post-employment benefits under Note 32.4 to the consolidated financial statements.

An exceptional remuneration may be awarded by the Board of Directors to certain Directors, with respect to any specific mission with which they have been entrusted. The amount shall be determined by the Board of Directors and reported to the Company's Statutory Auditors.

2. IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

2.1. Definitions and objectives of risk management and internal control

2.1.1. Benchmarks

This section of the report and plan draw upon the Reference Framework issued by the AMF on July 22, 2010 relating to processes for monitoring the effectiveness of risk management and internal control systems.

With more specific regard to internal control, the Group uses an internal reference guide which is consistent with COSO principles (Committee of Sponsoring Organizations of the Treadway Commission) according to the latest version (2013).

2.1.2. Definition and objectives of risk management

According to the definition provided by the AMF's Reference Framework, risk represents the possibility of an event occurring that could affect the Company's personnel, assets, environment, objectives or reputation. The Group has defined "major" risks as risks with the potential to jeopardize the continuity of operations and/or the achievement of strategic objectives, and/or its reputation.

The objectives of risk management are to:

- protect the value, assets and reputation of the Group and its brands;
- enhance the security of decision-making and operational processes, by way of a comprehensive, objective and shared perspective on the Group's potential threats and opportunities;
- ensure that all employees embrace a shared vision of the main risks and challenges faced by our business activities.

2.1.3. Definition and objectives of internal control

Internal control refers to a set of control procedures and actions that apply to the specific characteristics of each Group company and which:

- contribute to controlling activities, the efficiency of its operations and the efficient use of its resources;
- must enable the entity to appropriately assess significant operational, financial and legal risks.

Internal control aims to provide reasonable assurance with respect to the achievement of the following objectives:

- compliance with applicable laws and regulations;
- the implementation of instructions and directions given by the Executive Management of the Group and the Management of operational units (the Group companies or brands and their subsidiaries);
- the proper functioning of internal processes, especially those relating to the protection of assets and brand value;
- the reliability and completeness of financial and operating information.

Internal control covers more than just accounting and finance, and must enable the management of the Group companies and subsidiaries to focus fully on the strategy, development and growth of the Group.

2.1.4. Limitations

No matter how well designed and applied, the risk management and internal control system can only provide reasonable (not absolute) assurance that the Group's overall risks and objectives are properly managed. There are inherent limitations to internal control because of external uncertainties, the judgment required to negotiate opportunity costs and trade-offs, and possible malfunctions due to human error or failure.

The structure of the Group, comprising a large number of subsidiaries with widely varying sizes, missions and purposes, is in itself a specific risk factor.

2.2. Organization and stakeholders of the risk management and internal control systems

2.2.1. Organization of the system

LVMH comprises five main business groups: Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry, and Selective Retailing. Other activities comprise the Les Echos media group, Royal Van Lent yachts, hotel and real estate activities and holding companies. The business groups are composed of companies of varying sizes owning prestigious brands, established on every continent. The autonomy of the brands, decentralization and the responsibilities of senior executives are among the fundamental principles underlying the Group's organization.

The risk management and internal control policies applied across the Group is based on the following organizational principles:

- the holding companies, including the parent company LVMH SE, are responsible for their own risk management and internal control systems; LVMH SE also acts as leader and coordinator on behalf of all Group companies. It makes available to them the single reference guide and methodology to be applied as well as a computer platform that centralizes all risk and internal control data (see §2.4.1 below);

- the President of a Group company is responsible for the risk management and internal control of all the subsidiaries that contribute to developing the brand worldwide;
- each subsidiary's President is similarly responsible for its own operations.

2.2.2. Elements of the overall compliance framework

The Group's ethical values

The Group has always expressed its commitment to integrity and ethical behavior in relations with customers, suppliers, employees and other business partners; it demands that clear organizational structures, responsibilities and authorities be defined and formalized according to the principle of a segregation of duties, regular monitoring of staff performance, and a commitment to skills management and the professional development of Group employees.

These ethical and governance principles are set out in the Code of Conduct, the Supplier Code of Conduct, and the LVMH Environmental Charter, all of which are available on the corporate website, www.lvmh.com. Those LVMH charters and codes serve as a common foundation and a source of inspiration for all of the brands. The Group oversees the proper application of these principles at its companies as well as the implementation of their own codes of conduct, supplier charters, procedures for declaring conflicts of interest, and delegation matrices that outline the responsibilities and powers of each employee.

Skills and talent management

Skills management is a significant aspect of internal control. LVMH devotes special care to matching employees' profiles and responsibilities, formalizing annual performance reviews, developing skills through continuous training, and promoting internal mobility. More information on this can be found in the Reference Document, under §6 of the "*Management Report of the Board of Directors* – Human resources".

Fraud prevention

The Group has introduced a program to raise awareness of the risk of fraud, by means of periodic communiqués listing attempted and known cases of fraud within the Group. For each scenario a prevention plan is presented. Group companies and subsidiaries must check that appropriate measures are in place to prevent such scenarios. These communiqués are disseminated widely within the Group.

Internal standards and procedures

The Group makes available on its Finance Intranet all of the regularly updated procedures contributing to accounting and financial information applicable to all the consolidated companies, covering procedures mainly relating to accounting policies and standards, consolidation, taxation, investments, financial reporting (budget and strategic plan), cash flow and financing (cash pooling, foreign exchange and interest rate hedging, etc.); these procedures also detail the format, content and frequency of financial reports.

The Finance Intranet is also used for the dissemination of Internal Control principles and best practices:

- a top-level guide, "Internal Control Essentials", which describes the bases of the general environment and the salient features of the main processes: Sales, Retail Sales, Purchases, Inventory, Financial Statements Closing and Information Systems (general IT controls);
- the LVMH internal control reference guide, which covers 12 key business processes: Sales, Retail Sales, Purchases, Licenses, Travel and Movements, Inventory, Production, Cash Management, Fixed Assets, Human resources, Information Systems and Financial Statements Closing. Special processes have been developed to reflect the specific characteristics of certain activities (*Eaux-de-vie* and Vineyard Land for Wines and Spirits, End-of-Season Operations for Fashion and Leather Goods, Concessions for Duty-Free businesses). This reference guide details the key controls expected for each risk. This reference guide is regularly updated to take into account developments in information systems and procedures;
- best practices and tools for issues that the Group considers important: fraud, conflicts of interest, delegations of authority, business continuity plans, IT disaster recovery plans, policies and guidelines for information system security, the segregation of duties, the control of media expenses, and best practices in-store.

The "Major Risks" section of the Finance Intranet contains a risk list and the procedures and tools for the evaluation, prevention and coverage of such risks. Best practices are also available on the site. These materials may be accessed by all personnel involved in the application of the Group's risk management. Risk managers, operational staff and internal control personnel also take part in a community dedicated to these concerns using the Group's enterprise collaboration portal.

Information and communication systems

Strategic plans for developing the Group's information and communication systems are coordinated by the Information Systems Department, which ensures the standardization of the solutions implemented as well as business continuity. Aspects of internal control (segregation of duties, access rights, etc.) are integrated when implementing new information systems and then regularly reviewed.

The information and telecommunications systems and their associated risks (physical, technical, internal and external security, etc.) are subject to special procedures: a Business Continuity Plan methodology tool kit has been distributed within the Group in order to define, for each significant entity, the broad outline of such a plan as well as those of a Disaster Recovery Plan. A Business Continuity Plan and a Disaster Recovery Plan have been developed and tested at the level of the French holding companies.

All significant entities have appointed a Chief Information & Security Officer (CISO). The activities of CISOs are coordinated by the Group CISO; together they constitute a vigilance network to monitor the development of risks affecting information systems, and implement adequate defenses depending on the likelihood of a given type of risk and its potential impact.

An overall approach of intrusion testing has also been applied to evaluate internal and external threats as well as third-party risks. Action plans are followed by the Group Information Systems Department.

2.2.3. System stakeholders

Stakeholders are presented according to the three-lines-of-defense model, whereby the control and supervision of systems is provided by governing bodies.

Group governing bodies

The Performance Audit Committee ensures that the effectiveness of internal control and risk management is monitored. It examines the results of Internal Audit work and approves Internal Audit program strategy in terms of geographic, business and risk coverage.

The Board of Directors contributes to the general control environment through the know-how and responsibility of its members and the clarity and transparency of its decisions. The Board is kept informed on a regular basis of the maturity of the internal control system, and oversees the effective management of major risks, which are disclosed in its Management Report (see §2 Business risk and insurance policy).

At regular intervals, the Board and its Performance Audit Committee receive information on the results of the operation of these systems, any weaknesses noted and the action plans decided with a view to their resolution.

The Executive Committee, comprised of the Group's executive, operational and functional directors, defines strategic objectives on the basis of the orientations decided by the Board of Directors, coordinates their implementation, ensures that the organization adapts to changes in the business environment, and oversees both the definition and proper application of the responsibilities and delegations of authority of Executive Management.

First line of defense

All Group employees help to support and enrich the internal control system.

Operational management: a key aspect of the internal control system applied to business processes is the appropriation of internal control within each entity by operational managers; each day they implement suitable controls for the processes they are responsible for and pass on appropriate information to the second line of defense.

The Management Committees of the Group companies and subsidiaries are responsible for the introduction and smooth functioning of the internal control system for all operations within their sector. The Management Committees of the Group companies are also in charge of the system for managing major risks; they review the risk mapping each year, assess the level of control as well as the progress of risk coverage strategies and the associated action plans.

Second line of defense

The Group Legal Department has a key advisory role for the Group's various business groups and ensures that the laws and regulations in force in the countries where it operates are applied.

The Group Risk Management and Insurance Department, alongside the operational staff who are responsible for risks inherent in their businesses, is particularly involved at Group level in providing tools and methods, cataloguing risks, preventing losses and defining the strategy for risk coverage and financing.

The Group Risk Management and Insurance Department collaborates with the Internal Audit team on the definition and implementation of evaluation methods and processes for handling certain major or large-scale risks.

The other functional departments, presented in §2.3.1, contribute to risk management related to financial and accounting information.

The Internal Control Department, which reports to the Director of Internal Audit of the Group, coordinates the implementation of internal control and risk management systems. It monitors and anticipates regulatory changes in order to adapt the systems. It coordinates a **network of internal controllers responsible**, within the Group companies and under the responsibility of their Management Committees, for ensuring compliance with the Group's internal control procedures and preparing controls tailored to their businesses. They also spearhead the various projects related to the internal control and risk management systems and promote the dissemination and application of guidelines.

Dedicated committees:

- **The Employee Safety Committee** meets twice a year to analyze the effectiveness of the systems that ensure the safety of travelers and employees of the Group abroad, and make any decisions required in exceptional situations.
- **A Strategic Committee** was set up in 2014 with the mission of providing proactive analysis of matters related to the Group's social and environmental responsibility; this mission is carried out in close collaboration with the operational departments in the business groups and Group companies. These studies and decisions, made well in advance, are intended to help prevent media crises harmful to the reputation of our brands.

Equivalent departments in the brands or business groups: the organization described above at Group level has its equivalent in the main business groups and Group companies.

Third line of defense

The Audit and Internal Control Department had a staff of a dozen professionals as of December 31, 2015. Although this team's supervision is centralized, its members operate out of two offices in Paris and Hong Kong and are active throughout the Group.

The Internal Audit team applies a multi-year audit plan, which is revised annually. The audit plan is used to monitor and reinforce the understanding and correct application of expected control activities. The audit plan is prepared on the basis of an analysis of potential risks, either existing or emerging, by type of business (such as size, contribution to profits, geographical location, quality of local management, etc.) and on the basis of meetings held with the operational managers concerned; it can be modified during the year in response to changes in the political and economic environment or internal strategy. The audit plan is also prepared with a view to covering all Group companies.

Internal Audit intervenes both in operational and financial matters. About fifty audit assignments are carried out each year; as planned, coverage was slightly increased in 2015 in the Fashion and Leather Goods, Perfumes and Cosmetics, and Selective Retailing business groups, as well as in the Asia region and France. A review of the self-assessment process and its results is performed systematically on the significant entities involved. Follow-ups on recommendations made in the context of past assignments are reinforced through systematic on-site visits to companies with the most significant issues.

Internal Audit reports on its conclusions to management of the entity concerned and to Executive Management of the Group by way of an Executive Summary and a detailed report explaining its recommendations and setting out managers' commitment to apply them within a reasonable period of time. Internal Audit sends copies of the reports that it issues to the Statutory Auditors and meets with them periodically to discuss current internal control issues. The main features of the audit plan, the main conclusions of the current year and the follow-up of the main recommendations of previous assignments are presented to the Performance Audit Committee and to the business groups concerned.

External stakeholders

The external auditors and the various certifying bodies (RJC, ISO 14001, etc.) help to reinforce the current system through their work and recommendations.

2.3. Risk management and internal control procedures related to financial and accounting information

2.3.1. Organization and stakeholders

Risk management and internal controls of accounting and financial information are the responsibility of the following departments, which are all part of Group Finance: Accounting and Consolidation and Management Control, Information Systems, Corporate Finance and Treasury, Tax and Financial Communication.

Accounting and Consolidation are responsible for preparing and producing the individual company accounts of the holding companies, the consolidated financial statements, and the half-year and annual publications, in particular the Interim Financial Report and Reference Document. To this end, the Accounting Standards and Practices department defines and disseminates the Group's accounting policies, monitors and enforces their application and organizes any related training programs that may be deemed necessary. The Consolidation department also coordinates the Group's Statutory Auditors.

Management Control is responsible for coordinating the budget process, its revisions during the year and the five-year strategic plan, as well as the impairment testing of fixed assets. The Management Control department produces the monthly operating report and all reviews required by Executive Management (see below §2.3.4 Management reporting); it also tracks capital expenditures and cash flow, as well as producing statistics and specific operational indicators. By virtue of its area of competence and the structure of the reports it produces, Management Control is an essential participant in the internal control and financial risk management system.

These two departments are attached to the **Assistant Finance Department**.

Information Systems designs and implements the information systems needed by the Group's central functions. It disseminates the Group's technical standards, which are indispensable given the decentralized structure of the Group's equipment, applications, networks, etc., and identifies any potential synergies between businesses, while respecting brand independence. It develops and maintains a telecommunications system, IT hosting platforms, and transversal applications shared by all entities in the Group. It drives policies for system and data security and helps the brands prepare emergency contingency plans. In cooperation with the subsidiaries, Information Systems supervises the creation of three-year plans for all information systems across the Group, by business group and by entity.

Corporate Finance and Treasury is responsible for applying the Group's financial policy, which includes effective balance sheet management, financing strategies, the monitoring of financing costs, returns on cash surpluses and investments, improvements to financial structure, and the prudent management of solvency, liquidity, market and counterparty risks.

Within this department, International Treasury focuses particularly on pooling the Group's surplus cash and forecasts the financing requirements of Group companies on the basis of quarterly updates prepared by these companies, while meeting the short, medium term liquidity and financing requirements of subsidiaries. It is also responsible for applying a centralized foreign exchange risk management strategy.

The Markets department, which is also in this department, is delegated the responsibility of implementing the policy of hedging market risks generated by Group companies. In that respect, it is responsible for applying a centralized interest rate risk and counterparty risk management strategy, designed to limit the negative impact of interest rate fluctuations and counterparty credit risk in financial transactions and investments.

To this end, strict procedures and a management policy have been established to measure, manage and consolidate these market risks. Within this team, the separation of Front office and Back office activities, combined with an independent control team reporting to the Deputy CFO, allow for a greater segregation of duties. This organization relies on an integrated computerized system allowing real-time controls on hedging transactions. The hedging mechanism is periodically presented to the Performance Audit Committee. Hedging decisions are made according to a clearly established process that includes regular presentations to the Group's Executive Committee and detailed documentation.

The Tax team, which coordinates the preparation of tax returns and ensures compliance with applicable tax laws and regulations, provides advice to the different business groups and companies and defines a tax planning strategy based on the Group's operational requirements. It organizes appropriate training courses in response to major changes in tax law and provides uniform reporting of tax data.

The Financial Communication department is responsible for coordinating all information issued to the financial community to enable it to acquire a clear, transparent and precise understanding of the Group's performance and prospects. It also provides Executive Management with the perspectives of the financial community on the Group's strategy and its positioning within its competitive environment. It defines the key messages to be communicated in close collaboration with Executive Management and the business groups. It harmonizes and coordinates the distribution of corporate messages through various channels (publications such as the annual and half-yearly reports, financial presentations, meetings with shareholders and analysts, the website, etc.).

Each of these departments is responsible for ensuring the quality of internal control in its own area of activity via **the Finance departments of the business groups, companies and subsidiaries**, which are in charge of similar functions in their respective entities. In this way, each of the central departments runs its control mechanism through its functional chain of command (Controller, Head of Accounting, Consolidation Manager, Treasurer, etc.). The finance departments of the main companies of the Group and the departments of the parent company, LVMH, described above periodically organize joint finance committees. Run and coordinated by the central departments, these committees deal particularly with applicable standards and procedures, financial performance and any corrective action needed, together with internal control relating to accounting and management data.

2.3.2. Accounting and management policies

The subsidiaries adopt the accounting and management policies circulated by the Group for the purposes of published consolidated financial statements and internal reporting; they all use the same benchmark (LVMH chart of accounts and manual of accounting policies) and the accounts and management reporting system operated by the Group, ensuring the consistency of internal and published data.

2.3.3. Consolidation process

The consolidation process is laid out in a detailed set of instructions; it has a specially adapted data submission system designed to facilitate consistent, complete and reliable data processing within suitable timeframes. The Chairman and CFO of each company undertake to ensure the quality and completeness of financial information sent to the Group – including off-balance sheet items – in a signed letter of representation which gives added weight to the quality of their financial information.

Sub-consolidations are carried out at Group company and business group level, which act as primary control filters and help ensure consistency.

At Group level, the teams in charge of consolidation are organized by type of business and are in permanent contact with the business groups and companies concerned, thereby enabling them to better understand and validate the reported financial data and anticipate the treatment of complex transactions.

The quality of financial information, and its compliance with standards, are also guaranteed through ongoing exchanges with the Statutory Auditors whenever circumstances are complex and open to interpretation.

2.3.4. Management reporting

Each year, all of the Group's consolidated entities produce a strategic plan, a complete budget and annual forecasts. Detailed instructions are sent to the companies for each process.

These key steps represent opportunities to perform detailed analyses of actual data compared with budget and prior year data, and to foster ongoing communication between companies and the Group – an essential feature of the financial internal control mechanism.

A team of controllers at Group level, specialized by business, is in permanent contact with the business groups and companies concerned, thus ensuring better knowledge of performance and management decisions, as well as appropriate controls.

Specific meetings to close out the half-yearly and annual financial statements are attended by the Finance Team departments concerned; during those meetings the Statutory Auditors present their conclusions with regard to the quality of financial and accounting information and the internal control environment of the different companies of the Group.

2.4. Formalization and management of the risk management and internal control systems

2.4.1. The Enterprise Risk and Internal Control Assessment (ERICA) approach

In line with European directives and the ordinance of December 2008, the Group introduced changes to its Enterprise Risk and Internal Control Assessment (ERICA) approach, a comprehensive process for improving and integrating systems for managing major risks and internal control related to its ordinary activities.

The main brands and business groups acknowledge their responsibility in relation to this process and the implemented systems each year by signing two letters of representation:

- an ERICA letter of representation concerning the risk management and internal control systems, signed on June 30. By signing the letter, the Chairman, Chief Financial Officer and/or members of the Management Committee confirm their responsibility for these systems, and give their assessment of them, identifying major weaknesses and the corresponding remediation plans. The letters are analyzed, followed up on and consolidated at each higher level of the Group's organizational structure (Region, Group company, business group); they are forwarded to the Finance Team and to the Group Audit and Internal Control department. They are also made available to the Statutory Auditors;
- the annual letter of representation on financial reporting, including a paragraph devoted to internal control, mentioned above in §2.3.3.

Since 2013, and depending on circumstances, Presidents of Group companies have been required to present to the Audit Committee the approach implemented to achieve progress within their area of responsibility, as well as their achievements, action plans in progress and outlook.

Finally, the Audit Committee decided in 2013 to implement the ERICA system within all Group entities by 2015; recently acquired entities are allowed two years to apply the approach, once the integration process is complete.

As of June 30, 2015, this self-appraisal system covered 90% of the Group's operating entities and 97% of revenue. The internal control and major risk assessment are input by each entity and centralized in a database application managed by the holding company.

2.4.2. Management of major risks

Risks relating to our brands and business activities are managed at the level of each of our business groups and Group companies. As part of the budget cycle and in connection with the preparation of the three-year plan, major risks affecting strategic, operational and financial objectives are identified and evaluated, and formalized in specific chapters.

Once an acceptable risk level has been determined and validated, risks are handled via preventive and protective measures; the latter include business continuity plans (BCP) and crisis management plans in order to organize the best response to risks once they have arisen. Finally, depending on the types of risk to which a particular brand or entity is exposed and the amount of residual risk, the entity may decide, in collaboration with the Group, to use the insurance market to transfer part or all of the residual risk and/or assume this risk.

Specific monitoring procedures apply to some of the risks associated with the Group's businesses (damage to image or reputation, counterfeit goods and parallel markets, industrial and environmental risks, foreign currency and interest rate risk…); these risks are discussed in §2 "Business risk factors and insurance policy" of the "*Management Report of the Board of Directors – LVMH group*" included in the Reference Document.

2.4.3. Management of the internal control system

Ongoing monitoring of the internal control system and periodic reviews of its functioning are carried out on several levels.

Managers and operational staff at Group companies are empowered, with the support of internal controllers, to assess the level of internal control based on key controls, identify weaknesses and take corrective action. Exception reports make it possible to enhance detective controls in addition to preventive measures.

There is a **formal annual self-assessment process**, including a single list of 82 key controls drawn up by the Group internal control department and taken from the internal control reference guide described in §2.2.2 applied by the Management of each significant entity. Each entity follows the same methodology, which has been in use since 2006:

- review of shortcomings and follow-up by supervisors and management of the measures implemented to remedy them;
- formal documentation of this review.

The Statutory Auditors are kept informed on the progress of this approach, as is the Performance Audit Committee, by means of regular reports.

Reviews are carried out by Group Internal Audit and the Statutory Auditors, the results and recommendations of which are passed on to the management of the entities and the Executive Management of the Group. The overall review of the ERICA system and the qualitative analysis of self-assessments is an integral part of the audits conducted by the Internal Audit team at all audited entities.

2.4.4. Recent actions taken to reinforce the risk management and internal control system

Since 2011, at the instigation of the Group Audit and Internal Control department, the brands have worked to implement and maintain their business continuity plans (BCPs); regular sessions are organized to provide training and exchange good practices. A Group conference was held at the end of 2014 on supply chain risk. At the end of 2015, the Group started a process for the independent assessment of the business continuity plans of its 10 most significant companies. The assessments will take place over the course of 2016 and 2017 with the help of an external firm.

In terms of major risks, the ERICA approach that was rolled out three years ago has been raising Group companies' awareness of the need to identify and manage risks that may threaten their strategy, business or brand. The main risks actively managed by Group companies in 2015 were: media risk – employee and general public safety and security risk – loss of sensitive data – major site accidents – property damage, loss and theft – strategic supplier default – critical failure of IT systems including production systems – supply risk – social and environmental risks.

The importance of risk management was again reinforced at the beginning of 2015 with two practical workshops focusing notably on methodologies and best practices in the Group and at other publicly traded companies.

With regard to Internal Control, numerous initiatives were taken in a variety of areas. For example:

- our Maisons implemented the Store MAnager Retail Toolkit (SMART) developed by the Group in 2014;
- internal controls on inventory and receivables quality were enhanced in response to economic tensions in certain geographical regions;
- IT systems security was improved and awareness-raising was provided on cybersecurity risks;
- the Maisons engaged in ongoing fraud awareness initiatives.

Meanwhile, the scope of the self-assessment process was narrowed for the upcoming 2016 cycle, to focus on:

- a more targeted selection of entities, namely those deemed most significant or "at-risk";
- a more selective core self-assessment process, with 67 checks versus 82 in 2015 and 2014;
- extended guidelines covering the basic controls specific to our businesses. This project was initiated in 2015 with the Perfumes and Cosmetics, Watches and Jewelry, and Wines and Spirits business groups; it will be continued and expanded to the Group's other businesses in 2016.

3. STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF LVMH MOËT HENNESSY - LOUIS VUITTON

To the Shareholders,

In our capacity as Statutory Auditors of LVMH Moët Hennessy - Louis Vuitton and in accordance with Article L.225-235 of the French Commercial Code (*Code de commerce*), we hereby outline our observations on the report prepared by the Chairman of your Company in accordance with Article L.225-37 of the French Commercial Code for the fiscal year ended December 31, 2015.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the Company and to provide the other information required by Article L.225-37 of the French Commercial Code, relating to matters such as corporate governance.

Our role is to:

- report on any matters pertaining to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- confirm that the report also includes the other information required by Article L.225-37 of the French Commercial Code. It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

Professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information, that we may have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures, on in relation to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L.225-37 of the French Commercial Code.

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, February 12, 2016

The Statutory Auditors

DELOITTE & ASSOCIÉS		ERNST & YOUNG et Autres	
Thierry Benoit	Guillaume Troussicot	Jeanne Boillet	Gilles Cohen

This is a free translation into English of the Independent Verifier's report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

FINANCIAL STATEMENTS

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

(EUR millions, except for earnings per share)	Notes	2015	2014	2013
Revenue	23-24	**35,664**	**30,638**	**29,016**
Cost of sales		(12,553)	(10,801)	(9,997)
Gross margin		**23,111**	**19,837**	**19,019**
Marketing and selling expenses		(13,830)	(11,744)	(10,767)
General and administrative expenses		(2,663)	(2,373)	(2,212)
Income (loss) from joint ventures and associates	7	(13)	(5)	(23)
Profit from recurring operations	23-24	**6,605**	**5,715**	**6,017**
Other operating income and expenses	25	(221)	(284)	(119)
Operating profit		**6,384**	**5,431**	**5,898**
Cost of net financial debt		(78)	(115)	(101)
Other financial income and expenses		(336)	3,062	(97)
Net financial income (expense)	26	**(414)**	**2,947**	**(198)**
Income taxes	27	(1,969)	(2,273)	(1,753)
Net profit before minority interests		**4,001**	**6,105**	**3,947**
Minority interests	17	(428)	(457)	(511)
Net profit, Group share		**3,573**	**5,648**	**3,436**
Basic Group share of net earnings per share *(EUR)*	28	**7.11**	**11.27**	**6.87**
Number of shares on which the calculation is based		502,395,491	501,309,369	500,283,414
Diluted Group share of net earnings per share *(EUR)*	28	**7.08**	**11.21**	**6.83**
Number of shares on which the calculation is based		504,894,946	503,861,733	503,217,497

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

(EUR millions)	2015	2014	2013
Net profit before minority interests	**4,001**	**6,105**	**3,947**
Translation adjustments	631	534	(346)
Tax impact	135	104	(48)
	766	**638**	**(394)**
Change in value of available for sale financial assets	(32)	494	963
Amounts transferred to income statement	(91)	(3,326)	(16)
Tax impact	20	184	(35)
	(103)	**(2,648)**	**912**
Change in value of hedges of future foreign currency cash flows	(63)	(30)	304
Amounts transferred to income statement	33	(163)	(265)
Tax impact	3	57	(17)
	(27)	**(136)**	**22**
Gains and losses recognized in equity, transferable to income statement	**636**	**(2,146)**	**540**
Change in value of vineyard land	64	(17)	369
Amounts transferred to consolidated reserves	-	(10)	-
Tax impact	(21)	9	(127)
	43	**(18)**	**242**
Employee benefit commitments: change in value resulting from actuarial gains and losses	42	(161)	80
Tax impact	(16)	52	(22)
	26	**(109)**	**58**
Gains and losses recognized in equity, not transferable to income statement	**69**	**(127)**	**300**
Comprehensive income	**4,706**	**3,832**	**4,787**
Minority interests	(558)	(565)	(532)
Comprehensive income, Group share	**4,148**	**3,267**	**4,255**

CONSOLIDATED BALANCE SHEET

ASSETS *(EUR millions)*	Notes	**2015**	**2014**	**2013**
Brands and other intangible assets	3	13,572	13,031	12,596
Goodwill	4	10,122	8,810	9,058
Property, plant and equipment	6	11,157	10,387	9,621
Investments in joint ventures and associates	7	729	519	480
Non-current available for sale financial assets	8	574	580	7,080
Other non-current assets	9	552	489	457
Deferred tax	27	1,945	1,436	913
Non-current assets		**38,651**	**35,252**	**40,205**
Inventories and work in progress	10	10,096	9,475	8,492
Trade accounts receivable	11	2,521	2,274	2,174
Income taxes		384	354	223
Other current assets	12	2,355	1,916	1,856
Cash and cash equivalents	14	3,594	4,091	3,226
Current assets		**18,950**	**18,110**	**15,971**
Total assets		**57,601**	**53,362**	**56,176**

LIABILITIES AND EQUITY *(EUR millions)*	Notes	**2015**	**2014**	**2013**
Share capital	15.1	152	152	152
Share premium account	15.1	2,579	2,655	3,849
Treasury shares and LVMH share-settled derivatives	15.2	(240)	(374)	(451)
Cumulative translation adjustment	15.4	1,137	492	(8)
Revaluation reserves		949	1,019	3,900
Other reserves		16,189	12,171	16,001
Net profit, Group share		3,573	5,648	3,436
Equity, Group share		24,339	21,763	26,879
Minority interests	17	1,460	1,240	1,028
Total equity		**25,799**	**23,003**	**27,907**
Long-term borrowings	18	4,511	5,054	4,149
Non-current provisions	19	1,950	2,291	1,797
Deferred tax	27	4,685	4,392	4,280
Other non-current liabilities	20	7,957	6,447	6,404
Non-current liabilities		**19,103**	**18,184**	**16,630**
Short-term borrowings	18	3,769	4,189	4,674
Trade accounts payable	21.1	3,960	3,606	3,297
Income taxes		640	549	357
Current provisions	19	421	332	324
Other current liabilities	21.2	3,909	3,499	2,987
Current liabilities		**12,699**	**12,175**	**11,639**
Total liabilities and equity		**57,601**	**53,362**	**56,176**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares and LVMH-share settled derivatives	Cumulative translation adjustment	Revaluation reserves				Net profit and other reserves	Total equity		
						Available for sale financial assets	Hedges of future foreign currency cash flows	Vineyard land	Employee benefit commit-ments		Group share	Minority interests	Total
Notes		15.1		15.2	15.4							17	
As of December 31, 2012	**508,163,349**	**152**	**3,848**	**(414)**	**342**	**1,943**	**118**	**758**	**(88)**	**17,765**	**24,424**	**1,084**	**25,508**
Gains and losses recognized in equity					(350)	912	18	188	51	-	819	21	840
Net profit										3,436	3,436	511	3,947
Comprehensive income		**-**	**-**	**-**	**(350)**	**912**	**18**	**188**	**51**	**3,436**	**4,255**	**532**	**4,787**
Stock option plan and similar expenses										31	31	3	34
(Acquisition)/disposal of treasury shares and LVMH share-settled derivatives				(103)						(7)	(110)	-	(110)
Exercise of LVMH share subscription options	1,025,418		67								67	-	67
Retirement of LVMH shares	(1,395,106)		(66)	66							-	-	-
Capital increase in subsidiaries											-	8	8
Interim and final dividends paid										(1,500)	(1,500)	(228)	(1,728)
Acquisition of a controlling interest in Loro Piana											-	235	235
Changes in control of consolidated entities										1	1	(1)	-
Acquisition and disposal of minority interests' shares										(73)	(73)	(76)	(149)
Purchase commitments for minority interests' shares										(216)	(216)	(529)	(745)
As of December 31, 2013	**507,793,661**	**152**	**3,849**	**(451)**	**(8)**	**2,855**	**136**	**946**	**(37)**	**19,437**	**26,879**	**1,028**	**27,907**
Gains and losses recognized in equity					500	(2,648)	(122)	(15)	(96)	-	(2,381)	108	(2,273)
Net profit										5,648	5,648	457	6,105
Comprehensive income		**-**	**-**	**-**	**500**	**(2,648)**	**(122)**	**(15)**	**(96)**	**5,648**	**3,267**	**565**	**3,832**
Stock option plan and similar expenses										37	37	2	39
(Acquisition)/disposal of treasury shares and LVMH share-settled derivatives				27						(17)	10	-	10
Exercise of LVMH share subscription options	980,323		59								59	-	59
Retirement of LVMH shares	(1,062,271)		(50)	50							-	-	-
Capital increase in subsidiaries											-	3	3
Interim and final dividends paid										(1,579)	(1,579)	(328)	(1,907)
Distribution in kind of Hermès shares. See Note 8.			(1,203)							(5,652)	(6,855)	-	(6,855)
Changes in control of consolidated entities										(5)	(5)	11	6
Acquisition and disposal of minority interests' shares										(2)	(2)	32	30
Purchase commitments for minority interests' shares										(48)	(48)	(73)	(121)
As of December 31, 2014	**507,711,713**	**152**	**2,655**	**(374)**	**492**	**207**	**14**	**931**	**(133)**	**17,819**	**21,763**	**1,240**	**23,003**
Gains and losses recognized in equity					645	(103)	(25)	33	25	-	575	130	705
Net profit										3,573	3,573	428	4,001
Comprehensive income		**-**	**-**	**-**	**645**	**(103)**	**(25)**	**33**	**25**	**3,573**	**4,148**	**558**	**4,706**
Stock option plan and similar expenses										35	35	2	37
(Acquisition)/disposal of treasury shares and LVMH share-settled derivatives				23						(13)	10	-	10
Exercise of LVMH share subscription options	552,137		35								35	-	35
Retirement of LVMH shares	(1,124,740)		(111)	111							-	-	-
Capital increase in subsidiaries										-	-	89	89
Interim and final dividends paid										(1,659)	(1,659)	(229)	(1,888)
Changes in control of consolidated entities										(9)	(9)	1	(8)
Acquisition and disposal of minority interests' shares										5	5	(3)	2
Purchase commitments for minority interests' shares										11	11	(198)	(187)
As of December 31, 2015	**507,139,110**	**152**	**2,579**	**(240)**	**1,137**	**104**	**(11)**	**964**	**(108)**	**19,762**	**24,339**	**1,460**	**25,799**

CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	Notes	2015	2014	2013
I. OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		6,384	5,431	5,898
Income/(loss) and dividends from joint ventures and associates	7	27	26	49
Net increase in depreciation, amortization and provisions		2,081	1,895	1,435
Other computed expenses		(456)	(188)	(29)
Other adjustments		(91)	(84)	(76)
Cash from operations before changes in working capital		**7,945**	**7,080**	**7,277**
Cost of net financial debt: interest paid		(75)	(116)	(111)
Income taxes paid		(1,807)	(1,639)	(1,832)
Net cash from operating activities before changes in working capital		**6,063**	**5,325**	**5,334**
Change in working capital	14.1	(429)	(718)	(620)
Net cash from operating activities		**5,634**	**4,607**	**4,714**
Operating investments	14.2	(1,955)	(1,775)	(1,657)
Net cash from operating activities and operating investments (free cash flow)		**3,679**	**2,832**	**3,057**
II. FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets	8	(78)	(57)	(197)
Proceeds from sale of non-current available for sale financial assets	8	68	160	38
Dividends received	8	4	69	71
Income taxes paid related to financial investments		(265)	(237)	(11)
Impact of purchase and sale of consolidated investments	2.4	(240)	(167)	(2,161)
Net cash from (used in) financial investments		**(511)**	**(232)**	**(2,260)**
III. TRANSACTIONS RELATING TO EQUITY				
Capital increases of LVMH SE	15.1	35	59	66
Capital increases of subsidiaries subscribed by minority interests	17	81	3	7
Acquisition and disposals of treasury shares and LVMH share-settled derivatives	15.2	1	1	(113)
Interim and final dividends paid by LVMH SE[a]	15.3	(1,671)	(1,619)	(1,501)
Income taxes paid related to interim and final dividends paid		(304)	(79)	(137)
Interim and final dividends paid to minority interests in consolidated subsidiaries	17	(228)	(336)	(220)
Purchase and proceeds from sale of minority interests	2.4	(4)	10	(150)
Net cash from (used in) transactions relating to equity		**(2,090)**	**(1,961)**	**(2,048)**
Change in cash before financing activities		**1,078**	**639**	**(1,251)**
IV. FINANCING ACTIVITIES				
Proceeds from borrowings		1,008	2,407	3,095
Repayment of borrowings		(2,443)	(2,100)	(1,057)
Purchase and proceeds from sale of current available for sale financial assets	13	(3)	(106)	101
Net cash from (used in) financing activities		**(1,438)**	**201**	**2,139**
V. EFFECT OF EXCHANGE RATE CHANGES		**(33)**	**27**	**47**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		**(393)**	**867**	**935**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14	**3,783**	**2,916**	**1,981**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	**3,390**	**3,783**	**2,916**
TOTAL INCOME TAXES PAID		**(2,376)**	**(1,955)**	**(1,980)**
Transactions included in the table above, generating no change in cash:				
- acquisition of assets by means of finance leases		4	5	7

(a) The distribution in kind of Hermès shares had no impact on cash, apart from related income tax effects. See Note 8.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1. General framework and environment

The consolidated financial statements for the year ended December 31, 2015 were established in accordance with international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on December 31, 2015. These standards and interpretations have been applied consistently to the fiscal years presented. The 2015 consolidated financial statements were approved for publication by the Board of Directors on February 2, 2016.

1.2. Changes in the accounting framework applicable to LVMH

Standards, amendments and interpretations for which application became mandatory in 2015

The standards applicable to LVMH with effect from 2015 are:

- the amendment to IAS 19 relating to the recognition of employee contributions to post-employment benefits;
- IFRIC Interpretation 21 on the accounting for levies.

The application of these standards did not have a material impact on the Group's financial statements.

Standards, amendments and interpretations for which application is mandatory with effect from January 1, 2016

The amendments to IAS 16 and IAS 41 for biological assets are the only new standards applicable to LVMH with effect from January 1, 2016. The application of these amendments will not have any impact on the Group's financial statements since LVMH does not revalue these assets, given that their market value differs little from their historical cost (see Note 1.13).

Other changes in the accounting framework and standards for which application is mandatory with effect later than January 1, 2016

The Group receives information on the progress of ongoing discussions held at IFRIC and IASB related to the recognition of purchase commitments for minority interests' shares and changes in their amount. See Note 1.12 for a description of the recognition method applied by LVMH to these commitments.

The impact of the application of IFRS 15 on revenue recognition with effect from January 1, 2018 is being assessed. It should be of little significance in light of the nature of the Group's business activities. The impact of the application of IFRS 9 on financial instruments with effect from January 1, 2018 is also being assessed.

The impact of the application of IFRS 16 Leases with effect from January 1, 2019 (subject to its adoption by the European Union) will be assessed in 2016.

1.3. First-time adoption of IFRS

The first accounts prepared by the Group in accordance with IFRS were the financial statements for the year ended December 31, 2005, with a transition date of January 1, 2004. IFRS 1 allowed for exceptions to the retrospective application of IFRS at the transition date. The procedures implemented by the Group with respect to these exceptions are listed below:

- business combinations: the exemption from retrospective application was not applied. The recognition of the merger of Moët Hennessy and Louis Vuitton in 1987 and all subsequent acquisitions were restated in accordance with IFRS 3; IAS 36 Impairment of Assets and IAS 38 Intangible Assets were applied retrospectively as of this date;
- foreign currency translation of the financial statements of subsidiaries outside the euro zone: translation reserves relating to the consolidation of subsidiaries that prepare their accounts in foreign currency were reset to zero as of January 1, 2004 and offset against "Other reserves".

1.4. Presentation of financial statements

Definitions of Profit from recurring operations and Other operating income and expenses

The Group's main business is the management and development of its brands and trade names. Profit from recurring operations is derived from these activities, whether they are recurring or non-recurring, core or incidental transactions.

Other operating income and expenses comprise income statement items which, due to their nature, amount or frequency, may not be considered as inherent to the Group's recurring operations. This caption reflects in particular the impact of changes in the scope of consolidation and the impairment of brands, trade names and goodwill, as well as any significant amount of gains or losses arising on the disposal of fixed assets, restructuring costs, costs in respect of disputes, or any other non-recurring income or expense which may otherwise distort the comparability of profit from recurring operations from one period to the next.

Cash flow statement

Net cash from operating activities is determined on the basis of operating profit, adjusted for non-cash transactions. Additionally, from December 31, 2014:

- dividends received are presented according to the nature of the underlying investments; thus, dividends from joint ventures and associates are presented in Net cash from operating activities, while dividends from other unconsolidated entities are presented in Net cash from financial investments;

- tax paid is presented according to the nature of the transaction from which it arises: in Net cash from operating activities for the portion attributable to operating transactions; in Net cash from financial investments for the portion attributable to transactions in available for sale financial assets, notably tax paid on gains from their sale; in Net cash from transactions relating to equity for the portion attributable to transactions in equity, notably distribution taxes arising on the payment of dividends.

The cash flow statement for the fiscal year ended December 31, 2013 has been restated to reflect this new presentation of dividends received and tax paid (previously presented in Net cash from operating activities).

1.5. Use of estimates

For the purpose of preparing the consolidated financial statements, measurement of certain balance sheet and income statement items requires the use of hypotheses, estimates or other forms of judgment. This is particularly true of the valuation of intangible assets (see Note 5), purchase commitments for minority interests (see Note 20) and of the determination of the amount of provisions for contingencies and losses (see Note 19) or for impairment of inventories (see Note 10) and, if applicable, deferred tax assets (see Note 27). Such hypotheses, estimates or other forms of judgment which are undertaken on the basis of the information available, or situations prevalent at the date of preparation of the financial statements, may prove different from the subsequent actual events.

1.6. Methods of consolidation

The subsidiaries in which the Group holds a direct or indirect *de facto* or *de jure* controlling interest are fully consolidated.

Jointly controlled companies and companies where the Group has significant influence but no controlling interest are accounted for using the equity method. Although jointly controlled, those entities are fully integrated within the Group's operating activities. LVMH discloses their net profit, as well as that of entities using the equity method (see Note 7), in a separate line, which forms part of profit from recurring operations.

The assets, liabilities, income, and expenses of the Wines and Spirits distribution subsidiaries held jointly with the Diageo group are consolidated only in proportion to the LVMH group's share of operations (see Note 1.25).

1.7. Foreign currency translation of the financial statements of entities outside the euro zone

The consolidated financial statements are stated in euros; the financial statements of entities stated in a different functional currency are translated into euros:

- at the period-end exchange rates for balance sheet items;
- at the average rates for the period for income statement items.

Translation adjustments arising from the application of these rates are recorded in equity under "Cumulative translation adjustment".

1.8. Foreign currency transactions and hedging of exchange rate risks

Transactions of consolidated companies denominated in a currency other than their functional currencies are translated to their functional currencies at the exchange rates prevailing at the transaction dates.

Accounts receivable, accounts payable and debts denominated in currencies other than the entities' functional currencies are translated at the applicable exchange rates at the balance sheet date. Unrealized gains and losses resulting from this translation are recognized:

- within cost of sales in the case of commercial transactions;
- within net financial income/expense in the case of financial transactions.

Foreign exchange gains and losses arising from the translation or elimination of inter-company transactions or receivables and payables denominated in currencies other than the entity's functional currency are recorded in the income statement unless they relate to long-term inter-company financing transactions which can be considered as transactions relating to equity. In the latter case, translation adjustments are recorded in equity under "Cumulative translation adjustment".

Derivatives which are designated as hedges of commercial transactions denominated in a currency other than the functional currency of the entity are recognized in the balance sheet at their market value (see Note 1.9) at the balance sheet date and any change in the market value of such derivatives is recognized:

- within cost of sales for the effective portion of hedges of receivables and payables recognized in the balance sheet at the end of the period;
- within equity (as "Revaluation reserves") for the effective portion of hedges of future cash flows (this part is transferred to cost of sales at the time of recognition of the hedged assets and liabilities);
- within net financial income/expense for the ineffective portion of hedges; changes in the value of discount and premium associated with forward contracts, as well as in the time value component of options, are systematically considered as ineffective portions.

When derivatives are designated as hedges of subsidiaries' equity denominated in a functional currency other than the euro (net investment hedge), any change in fair value of the derivatives is recognized within equity under "Cumulative translation adjustment" for the effective portion and within net financial income/expense for the ineffective portion.

Market value changes of derivatives not designated as hedges are recorded within net financial income/expense.

See also Note 1.21 regarding the definition of the concepts of effective and ineffective portions.

1.9. Fair value measurement

Fair value (or market value) is the price that would be obtained from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants.

The assets and liabilities measured at fair value at each balance sheet date are as follows:

	Approaches to determining fair value	Amounts recorded at balance sheet date
Vineyard land	Based on recent transactions in similar assets. See Note 1.13.	Note 6
Grape harvests	Based on purchase prices for equivalent grapes. See Note 1.16.	Note 10
Derivatives	Based on market data and according to commonly used valuation models. See Note 1.21.	Note 22.4
Borrowings hedged against changes in value due to interest rate fluctuations	Based on market data and according to commonly used valuation models. See Note 1.20.	Note 18
Liabilities in respect of purchase commitments for minority interests' shares priced according to fair value	Generally, based on the market multiples of comparable companies. See Note 1.12.	Note 20
Available for sale financial assets	Quoted investments: price quotations at the close of trading on the balance sheet date. Non-quoted investments: estimated net realizable value, either according to formulas based on market data or based on private quotations. See Note 1.15.	Note 8, Note 13
Other current and non-current assets, trade accounts receivable (Loans and receivables)	Using the effective interest rate method. See Note 1.17.	Note 9, Note 11, Note 12
Trade accounts payable, other current and non-current liabilities, excluding commitments to purchase minority interests (Financial liabilities)	Using the effective interest rate method.	Note 20, Note 21
Cash and cash equivalents	Closing price quotation. See Note 1.18.	Note 14

No other asset or liability has been remeasured at market value at the balance sheet date.

1.10. Brands, trade names and other intangible assets

Only acquired brands and trade names that are well known and individually identifiable are recorded as assets based on their market values at their dates of acquisition.

Brands and trade names are chiefly valued using the method of the forecast discounted cash flows, or of comparable transactions (i.e. using the revenue and net profit coefficients employed for recent transactions involving similar brands), or of stock market multiples observed for related businesses. Other complementary methods may also be employed: the relief from royalty method, involving equating a brand's value with the present value of the royalties required to be paid for its use; the margin differential method, applicable when a measurable difference can be identified in the amount of revenue generated by a branded product in comparison with a similar unbranded product; and finally the equivalent brand reconstitution method involving, in particular, estimation of the amount of advertising and promotion expenses required to generate a similar brand.

Costs incurred in creating a new brand or developing an existing brand are expensed.

Brands, trade names and other intangible assets with finite useful lives are amortized over their estimated useful lives. The classification of a brand or trade name as an asset of definite or indefinite useful life is generally based on the following criteria:

- the brand or trade name's positioning in its market expressed in terms of volume of activity, international presence and notoriety;
- its expected long-term profitability;
- its degree of exposure to changes in the economic environment;
- any major event within its business segment liable to compromise its future development;
- its age.

Amortizable lives of brands and trade names with definite useful lives range from 15 to 40 years, depending on their estimated period of utilization.

Any impairment expense of brands and trade names and, in some cases, amortization expense, are recognized within "Other operating income and expenses".

Impairment tests are carried out for brands, trade names and other intangible assets using the methodology described in Note 1.14.

Research expenditure is not capitalized. New product development expenditure is not capitalized unless the final decision to launch the product has been taken.

Intangible assets other than brands and trade names are amortized over the following periods:

- leasehold rights, key money: based on market conditions, generally over the lease period;
- rights attached to sponsorship agreements and media partnerships: over the life of the agreements, depending on how the rights are used;
- development expenditure: three years at most;
- software: one to five years.

1.11. Changes in the percentage interest in consolidated entities

When the Group takes *de jure* or *de facto* control of a business, its assets, liabilities and contingent liabilities are estimated at their market value as of the date when control is obtained and the difference between the cost of taking control and the Group's share of the market value of those assets, liabilities and contingent liabilities is recognized as goodwill.

The cost of taking control is the price paid by the Group in the context of an acquisition, or an estimate of this price if the transaction is carried out without any payment of cash, excluding acquisition costs which are disclosed under "Other operating income and expenses".

The difference between the carrying amount of minority interests purchased after control is obtained and the price paid for their acquisition is deducted from equity.

Goodwill is accounted for in the functional currency of the acquired entity.

Goodwill is not amortized but is subject to annual impairment testing using the methodology described in Note 1.14. Any impairment expense recognized is included within "Other operating income and expenses".

1.12. Purchase commitments for minority interests

The Group has granted put options to minority shareholders of certain fully consolidated subsidiaries.

Pending specific guidance from IFRSs regarding this issue, the Group recognizes these commitments as follows:

- the value of the commitment at the balance sheet date appears in "Other non-current liabilities";
- the corresponding minority interests are cancelled;
- for commitments granted prior to January 1, 2010, the difference between the amount of the commitments and cancelled minority interests is maintained as an asset on the balance sheet under goodwill, as well as subsequent changes in this difference. For commitments granted as from January 1, 2010, the difference between the amount of the commitments and minority interests is recorded in equity, under "Other reserves".

This recognition method has no effect on the presentation of minority interests within the income statement.

1.13. Property, plant and equipment

With the exception of vineyard land, the gross value of property, plant and equipment is stated at acquisition cost. Any borrowing costs incurred prior to the placed-in-service date or during the construction period of assets are capitalized.

Vineyard land is recognized at the market value at the balance sheet date. This valuation is based on official published data for recent transactions in the same region. Any difference compared to historical cost is recognized within equity in "Revaluation reserves". If market value falls below acquisition cost the resulting impairment is charged to the income statement.

Vines for champagnes, cognacs and other wines produced by the Group, are considered as biological assets as defined in IAS 41 Agriculture. As their valuation at market value differs little from that recognized at historical cost, no revaluation is undertaken for these assets.

Buildings mostly occupied by third parties are reported as investment property, at acquisition cost. Investment property is thus not remeasured at market value.

Assets acquired under finance leases are capitalized on the basis of the lower of their market value and the present value of future lease payments.

The depreciable amount of property, plant and equipment comprises the acquisition cost of their components less residual value, which corresponds to the estimated disposal price of the asset at the end of its useful life.

Property, plant and equipment is depreciated on a straight-line basis over its estimated useful life; the estimated useful lives are as follows:

- buildings including investment property	20 to 50 years
- machinery and equipment	3 to 25 years
- leasehold improvements	3 to 10 years
- producing vineyards	18 to 25 years

Expenses for maintenance and repairs are charged to the income statement as incurred.

1.14. Impairment testing of fixed assets

Intangible and tangible fixed assets are subject to impairment testing whenever there is any indication that an asset may be impaired, and in any event at least annually in the case of intangible assets with indefinite useful lives (mainly brands, trade names and goodwill). When the carrying amount of assets with indefinite useful lives is greater than the higher of their value in use or market value, the resulting impairment loss is recognized within "Other operating income and expenses", allocated on a priority basis to any existing goodwill.

Value in use is based on the present value of the cash flows expected to be generated by these assets. Market value is estimated by comparison with recent similar transactions or on the basis of valuations performed by independent experts for the purposes of a disposal transaction.

Cash flows are forecast for each business segment, defined as one or several brands or trade names under the responsibility of a dedicated management team. Smaller scale cash generating units, e.g. a group of stores, may be distinguished within a particular business segment.

The forecast data required for the cash flow method is based on annual budgets and multi-year business plans prepared by management of the related business segments. Detailed forecasts cover a five-year period, a period which may be extended in the case of certain brands undergoing strategic repositioning, or which have a production cycle exceeding five years. An estimated terminal value is added to the value resulting from discounted forecast cash flows which corresponds to the capitalization in perpetuity of cash flows most often arising from the last year of the plan. When several forecast scenarios are developed, the probability of occurrence of each scenario is assessed. Forecast cash flows are discounted on the basis of the rate of return to be expected by an investor in the applicable business and an assessment of the risk premium associated with that business.

1.15. Available for sale financial assets

Financial assets are classified as current or non-current based on their nature.

Non-current available for sale financial assets comprise strategic and non-strategic investments whose estimated period and form of ownership justify such classification.

Current available for sale financial assets include temporary investments in shares, shares of SICAVs, FCPs and other mutual funds, excluding investments made as part of the daily cash management, which are accounted for as "Cash and cash equivalents" (see Note 1.18).

Available for sale financial assets are measured at their listed value at the balance sheet date in the case of quoted investments, and at their estimated net realizable value at that date in the case of unquoted investments.

Positive or negative changes in value are taken to equity within "Revaluation reserves". If an impairment loss is judged to be definitive, an impairment is recognized and charged to net financial income/expense; the impairment is only reversed through the income statement at the time of sale of the underlying available for sale financial assets.

1.16. Inventories and work in progress

Inventories other than wine produced by the Group are recorded at the lower of cost (excluding interest expense) and net realizable value; cost comprises manufacturing cost (finished goods) or purchase price, plus incidental costs (raw materials, merchandise).

Wine produced by the Group, especially champagne, is measured on the basis of the applicable harvest market value, which is determined by reference to the average purchase price of equivalent grapes, as if the grapes harvested had been purchased from third parties. Until the date of the harvest, the value of grapes is calculated *pro rata temporis* on the basis of the estimated yield and market value.

Inventories are valued using the weighted average cost or FIFO method, depending on the type of business.

Due to the length of the aging process required for champagne and spirits (cognac, whisky), the holding period for these inventories generally exceeds one year. However, in accordance with industry practices, these inventories are classified as current assets.

Provisions for impairment of inventories are chiefly recognized for businesses other than Wines and Spirits. They are generally required because of product obsolescence (end of season or collection, date of expiry, etc.) or lack of sales prospects.

1.17. Trade accounts receivable, loans and other receivables

Trade accounts receivable, loans and other receivables are recorded at their face value. A provision for impairment is recorded if their net realizable value, based on the probability of their collection, is less than their carrying amount.

The amount of long-term loans and receivables (i.e. those falling due in more than one year) is subject to discounting, the effects of which are recognized under net financial income/expense, using the effective interest rate method.

1.18. Cash and cash equivalents

Cash and cash equivalents comprise cash and highly liquid money-market investments subject to an insignificant risk of changes in value over time.

Money-market investments are measured at their market value, based on price quotations at the close of trading and on the exchange rate prevailing at the balance sheet date, with any changes in value recognized as part of net financial income/expense.

1.19. Provisions

A provision is recognized whenever an obligation exists towards a third party resulting in a probable disbursement for the Group, the amount of which may be reliably estimated.

When execution of its obligation is expected to occur in more than one year, the provision amount is discounted, the effects of which are recognized in net financial income/expense using the effective interest rate method.

1.20. Borrowings

Borrowings are measured at amortized cost, i.e. nominal value net of premium and issue expenses, which are charged progressively to net financial income/expense using the effective interest method.

In the case of hedging against fluctuations in the value of borrowings resulting from changes in interest rates, both the hedged amount of borrowings and the related hedging instruments are measured at their market value at the balance sheet date, with any changes in those values recognized within net financial income/expense. Market value of hedged borrowings is determined using similar methods to those described hereafter in Note 1.21.

In the case of hedging against fluctuations in future interest payments, the related borrowings remain measured at their amortized cost while any changes in value of the effective hedge portions are taken to equity as part of revaluation reserves.

Changes in value of non-hedging derivatives, and of the ineffective portions of hedges, are recognized within net financial income/expense.

Financial debt bearing embedded derivatives is measured at market value; changes in market value are recognized within net financial income/expense.

Net financial debt comprises short and long-term borrowings, the market value at the balance sheet date of interest rate derivatives, less the amount at the balance sheet date of current available for sale financial assets, cash and cash equivalents, in addition to the market value at the balance sheet date of foreign exchange derivatives related to any of the aforementioned items.

See also Note 1.21 regarding the definition of the concepts of effective and ineffective portions.

1.21. Derivatives

The Group enters into derivative transactions as part of its strategy for hedging foreign exchange and interest rate risks.

IAS 39 subordinates the use of hedge accounting to demonstration and documentation of the effectiveness of hedging relationships when hedges are implemented and subsequently throughout their existence. A hedge is considered to be effective if the ratio of changes in the value of the derivative to changes in the value of the hedged underlying remains within a range of 80 to 125%.

Derivatives are recognized in the balance sheet at their market value at the balance sheet date. Changes in their value are accounted for as described in Note 1.8 in the case of foreign exchange hedges, and as described in Note 1.20 in the case of interest rate hedges.

Market value is based on market data and on commonly used valuation models and may be confirmed in the case of complex instruments by reference to values quoted by independent financial institutions.

Derivatives with maturities in excess of twelve months are disclosed as non-current assets and liabilities.

1.22. Treasury shares and LVMH share-settled derivatives

LVMH shares and options to purchase LVMH shares that are held by the Group are measured at their acquisition cost and recognized as a deduction from consolidated equity, irrespective of the purpose for which they are held.

In the event of disposal, the cost of the shares disposed of is determined by allocation category (see Note 15.2) using the FIFO method with the exception of shares held under stock option plans for which the calculation is performed for each plan using the weighted average cost method. Gains and losses on disposal, net of income taxes, are taken directly to equity.

1.23. Pensions, contribution to medical costs and other employee benefit commitments

When retirement indemnity plans, pension plans, contribution to medical costs and other commitments entail the payment by the Group of contributions to third party organizations which assume the exclusive responsibility for subsequently paying the retirement indemnities, pensions or contribution to medical costs, these contributions are expensed in the period in which they fall due with no liability recorded on the balance sheet.

When retirement indemnity plans, pension plans, contribution to medical costs and other commitments are to be borne by the Group, a provision is recorded in the balance sheet in the amount of the corresponding actuarial commitment for the Group. Changes in this provision are recognized as follows:

- the portion related to the cost of services rendered by employees and net interest for the fiscal year is recognized in profit (loss) from recurring operations for the fiscal year;
- the portion related to changes in actuarial assumptions and to differences between projected and actual data (experience adjustments) is recognized in gains and losses taken to equity.

If this commitment is either partially or wholly funded by payments made by the Group to external financial organizations, these dedicated funds are deducted from the actuarial commitment recorded in the balance sheet.

The actuarial commitment is calculated based on assessments that are specifically designed for the country and the Group company concerned. In particular, these assessments include assumptions regarding discount rates, salary increases, inflation, life expectancy and staff turnover.

1.24. Current and deferred tax

The tax expense comprises current tax payable by consolidated companies and deferred tax resulting from temporary differences.

Deferred tax is recognized in respect of temporary differences arising between the value of assets and liabilities for purposes of consolidation and the value resulting from application of tax regulations.

Deferred tax is measured on the basis of the income tax rates enacted at the balance sheet date; the effect of changes in rates is recognized during the periods in which changes are enacted.

Future tax savings from tax losses carried forward are recorded as deferred tax assets on the balance sheet which are impaired if they are deemed not recoverable; only amounts for which future use is deemed probable are recognized.

Deferred tax assets and liabilities are not discounted.

Taxes payable in respect of the distribution of retained earnings of subsidiaries give rise to provisions if distribution is deemed probable.

1.25. Revenue recognition

Definition of revenue

Revenue mainly comprises retail sale within the Group's store network and sales through agents and distributors. Sales made in stores owned by third parties are treated as retail transactions if the risks and rewards of ownership of the inventories are retained by the Group.

Direct sales to customers are made through retail stores in Fashion and Leather Goods and Selective Retailing, as well as certain Watches and Jewelry and Perfumes and Cosmetics brands. These sales are recognized at the time of purchase by retail customers.

Wholesale sales concern Wines and Spirits, as well as certain Perfumes and Cosmetics and Watches and Jewelry brands. The Group recognizes revenue when title transfers to third party customers, generally upon shipment.

Revenue includes shipment and transportation costs re-billed to customers only when these costs are included in products' selling prices as a lump sum.

Revenue is presented net of all forms of discount. In particular, payments made in order to have products referenced or, in accordance with agreements, to participate in advertising campaigns with the distributors, are deducted from related revenue.

Provisions for product returns

Perfumes and Cosmetics and, to a lesser extent, Fashion and Leather Goods and Watches and Jewelry companies may accept the return of unsold or outdated products from their customers and distributors.

Where this practice is applied, revenue and the corresponding trade receivables are reduced by the estimated amount of such returns, and a corresponding entry is made to inventories. The estimated rate of returns is based on statistics of historical returns.

Businesses undertaken in partnership with Diageo

A significant proportion of revenue for the Group's Wines and Spirits businesses is generated within the framework of distribution agreements with Diageo generally taking the form of shared entities which sell and deliver both groups' products to customers; the income statement and balance sheet of these entities is apportioned between LVMH and Diageo based on distribution agreements. According to those agreements, the assets, liabilities, income, and expenses of such entities are consolidated only in proportion to the Group's share of operations. The application of IFRS 11 from January 1, 2014 did not have any impact on this method.

1.26. Advertising and promotion expenses

Advertising and promotion expenses include the costs of producing advertising media, purchasing media space, manufacturing samples and publishing catalogs, and in general, the cost of all activities designed to promote the Group's brands and products.

Advertising and promotion expenses are recorded upon receipt or production of goods or upon completion of services rendered.

1.27. Stock option and similar plans

Share purchase and subscription option plans give rise to the recognition of an expense based on the amortization of the expected gain to the beneficiaries calculated according to the Black & Scholes method on the basis of the closing share price on the day before the Board Meeting at which the plan is instituted.

For bonus share plans, the expected gain is calculated on the basis of the closing share price on the day before the Board Meeting at which the plan is instituted, less the amount of dividends expected to accrue during the vesting period. A discount may be applied to the value of the bonus shares thus calculated to account for a period of non-transferability, where applicable.

For all plans, the amortization expense is apportioned on a straight-line basis in the income statement over the vesting period, with a corresponding impact on reserves in the balance sheet.

For cash-settled compensation plans index-linked to the change in LVMH share price, the gain over the vesting period is estimated at each balance sheet date based on the LVMH share price at that date, and is charged to the income statement on a pro rata basis over the vesting period, with a corresponding balance sheet impact on provisions. Between that date and the settlement date, the change in the expected gain resulting from the change in the LVMH share price is recorded in the income statement.

1.28. Earnings per share

Earnings per share are calculated based on the weighted average number of shares in circulation during the period, excluding treasury shares.

Diluted earnings per share are calculated based on the weighted average number of shares before dilution and adding the weighted average number of shares that would result from the exercise of existing subscription options during the period or any other diluting instrument. It is assumed for the purposes of this calculation that the funds received from the exercise of options, plus the amount not yet expensed for stock option and similar plans (see Note 1.27), would be employed to repurchase LVMH shares at a price corresponding to their average trading price over the fiscal year.

2. CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES

2.1. Fiscal year 2015

2.1.1. Selective Retailing

In July 2015, Sephora acquired a 95% equity interest in the e-commerce site Luxola, which is present in nine countries of South-East Asia.

2.1.2. Other activities

In October 2015, LVMH acquired a 100% equity interest in the daily newspaper Le Parisien-Aujourd'hui en France. The acquisition comprises the publishing, printing and sales activities of this daily newspaper and the weekly Le Parisien Magazine.

See also Note 7 regarding the percentage interest in joint ventures and associates.

2.2. Fiscal year 2014

2.2.1. Wines and Spirits

In April 2014, LVMH acquired the entire share capital of the Domaine du Clos des Lambrays. Located in Morey-Saint-Denis, in France, on 8.66 continuous hectares, Clos des Lambrays is a prestigious cru from Côte de Nuits.

2.2.2. Selective Retailing

LVMH acquired an additional 30% stake in Sephora Brasil (formerly known as Sack's), bringing its percentage holding to 100%. The difference between the acquisition price and minority interests was deducted from equity.

2.3. Fiscal year 2013

2.3.1. Wines and Spirits

During the first quarter of 2013, the Group acquired an additional 30% stake in Château d'Yquem, increasing its ownership interest to 95%. The difference between the acquisition price and minority interests was deducted from equity.

2.3.2. Fashion and Leather Goods

In July 2013, LVMH signed a memorandum of understanding for the acquisition of an 80% stake in Italian company Loro Piana, which makes and sells luxury fabrics, clothing, and accessories. On December 5, 2013, pursuant to that memorandum of understanding, LVMH acquired 80% of Loro Piana for 1,987 million euros. Loro Piana was fully consolidated with effect from December 5, 2013. The 20% of the share capital that has not been acquired is covered by reciprocal undertakings to buy and sell, exercisable no later than three years from December 5, 2013. The difference in value between the purchase commitment (recorded in Other non-current liabilities; see Note 20) and the minority interest, i.e. 244 million euros, was deducted from consolidated reserves.

The following table lays out the definitive allocation of the price paid by LVMH on December 5, 2013, the date of acquisition of the controlling interest:

(EUR millions)	Provisional purchase price allocation	Changes	Definitive purchase price allocation
Brand	-	1,300	1,300
Other intangible and tangible fixed assets, net	159	39	198
Other non-current assets	11	26	37
Non-current provisions	(18)	(21)	(39)
Current assets	382	(39)	343
Current liabilities	(203)	19	(184)
Net financial debt	(127)	13	(114)
Deferred tax	49	(415)	(366)
Net assets acquired	**253**	**922**	**1,175**
Minority interests (20%)	(51)	(184)	(235)
Net assets, Group share (80%)	**202**	**738**	**940**
Goodwill	1,785	(738)	1,047
Carrying amount of shares held as of December 5, 2013	**1,987**	**-**	**1,987**

The Loro Piana brand, amounting to 1,300 million euros, has been valued based on the relief from royalty method, corroborated by the discounted cash flow method. Goodwill, in the amount of 1,047 million euros, corresponds to Loro Piana's knowledge in the sourcing of high quality natural fibers, as well as its expertise and artisanal skill developed in the creation of products made from these exceptional materials.

Loro Piana acquisition expenses were recognized in Other operating income and expenses; they represented a total amount of 9 million euros as of December 31, 2013: see Note 25.

In 2013, the Loro Piana acquisition generated an outlay of 1,982 million euros, net of cash acquired in the amount of 5 million euros.

Nicholas Kirkwood

In September 2013, LVMH acquired a 52% stake in British luxury footwear company Nicholas Kirkwood. This entity was consolidated with effect from October 1, 2013. The rest of the company's share capital is covered by reciprocal undertakings to buy and sell, mainly exercisable from 2020.

Marc Jacobs

In 2013, the Group raised its stake in Marc Jacobs to 80%. The difference between the acquisition price and minority interests was deducted from equity.

2.3.3. Other activities

In June 2013, LVMH acquired an 80% stake in Cova, a patisserie business based in Milan (Italy) which is also present in Asia through its franchisee network. This entity was consolidated with effect from July 2013.

In August 2013, the Group acquired 100% of Hotel Saint-Barth Isle de France, which owns and operates a luxury hotel located on the island of St. Barts (French West Indies). This entity was consolidated with effect from September 2013. In June 2014, LVMH sold 44% of its stake in Hotel Saint-Barth Isle de France. The difference between the cash received and the carrying amount of the sold stake was recognized in consolidated reserves.

2.4. Impact on cash and cash equivalents of changes in the percentage interest in consolidated entities

(EUR millions)	2015	2014	2013
Purchase price of consolidated investments and of minority interests' shares	(308)	(205)	(2,321)
Positive cash balance/(net overdraft) of companies acquired	33	8	10
Proceeds from sale of consolidated investments	31	45	-
(Positive cash balance)/net overdraft of companies sold	-	(5)	-
Impact of changes in the percentage interest in consolidated entities on cash and cash equivalents	**(244)**	**(157)**	**(2,311)**
Of which: purchase and sale of consolidated investments	*(240)*	*(167)*	*(2,161)*
purchase and proceeds from sale of minority interests	*(4)*	*10*	*(150)*

In 2015, the impacts of changes in the percentage interest in consolidated entities were mainly related to the acquisition of the daily newspaper Le Parisien-Aujourd'hui en France, the 95% stake acquired by Sephora in the e-commerce site Luxola and the investments in Repossi and L Catterton, as well as various payments in respect of performance clauses provided for during past acquisitions. See also Note 7.

In 2014, the impacts of changes in the percentage interest in consolidated entities were mainly related to the acquisition of Domaine du Clos des Lambrays and that of the 30% stake in Sephora Brasil.

In 2013, the impact of changes in the percentage interest in consolidated entities was related, for 1,982 million euros, to the acquisition of Loro Piana. The remainder was related to the acquisition of Hotel Saint-Barth Isle de France, the Cova pastry brand, Nicholas Kirkwood, and of additional shareholdings in Château d'Yquem and Marc Jacobs.

3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

(EUR millions)			2015	2014	2013
	Gross	Amortization and impairment	Net	Net	Net
Brands	10,805	(601)	10,204	9,957	9,866
Trade names	4,033	(1,663)	2,370	2,155	1,933
License rights	94	(76)	18	19	20
Leasehold rights	652	(318)	334	344	320
Software, websites	1,239	(920)	319	278	235
Other	724	(397)	327	278	222
Total	**17,547**	**(3,975)**	**13,572**	**13,031**	**12,596**
Of which: assets held under finance leases	*14*	*(14)*	-	-	-

3.1. Movements in the fiscal year

Movements during the fiscal year ended December 31, 2015 in the net amounts of brands, trade names and other intangible assets were as follows:

Gross value *(EUR millions)*	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	Total
As of December 31, 2014	**10,519**	**3,651**	**1,049**	**624**	**694**	**16,537**
Acquisitions	-	-	119	36	161	316
Disposals and retirements	-	-	(19)	(23)	(41)	(83)
Changes in the scope of consolidation	26	-	17	4	9	56
Translation adjustment	260	382	29	9	28	708
Reclassifications	-	-	44	2	(33)	13
As of December 31, 2015	**10,805**	**4,033**	**1,239**	**652**	**818**	**17,547**

Accumulated amortization and impairment *(EUR millions)*	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	Total
As of December 31, 2014	**(562)**	**(1,496)**	**(771)**	**(280)**	**(397)**	**(3,506)**
Amortization expense	(19)	(1)	(133)	(40)	(104)	(297)
Impairment expense	-	-	(1)	(3)	-	(4)
Disposals and retirements	-	-	19	9	42	70
Changes in the scope of consolidation	-	-	(14)	-	(4)	(18)
Translation adjustment	(20)	(166)	(19)	(3)	(15)	(223)
Reclassifications	-	-	(1)	(1)	5	3
As of December 31, 2015	**(601)**	**(1,663)**	**(920)**	**(318)**	**(473)**	**(3,975)**
Net carrying amount as of December 31, 2015	**10,204**	**2,370**	**319**	**334**	**345**	**13,572**

Translation adjustments arose mainly on intangible assets recognized in US dollars and in Swiss francs, based on fluctuations in the exchange rate between these currencies and the euro by the close of the fiscal year. This affected in particular the DFS Galleria trade name and the Donna Karan brand, as regards fluctuations relative to the US dollar, and the TAG Heuer and Hublot brands as regards fluctuations relative to the Swiss franc.

3.2. Movements in prior fiscal years

Net carrying amount *(EUR millions)*	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	Total
As of December 31, 2012	**8,637**	**2,009**	**198**	**245**	**233**	**11,322**
Acquisitions	-	-	96	53	105	254
Disposals and retirements	-	-	-	(3)	(2)	(5)
Changes in the scope of consolidation	1,305	-	6	53	10	1,374
Amortization expense	(25)	(1)	(96)	(30)	(63)	(215)
Impairment expense	-	-	-	(1)	(1)	(2)
Translation adjustment	(51)	(75)	(4)	(4)	(3)	(137)
Reclassifications	-	-	35	7	(37)	5
As of December 31, 2013	**9,866**	**1,933**	**235**	**320**	**242**	**12,596**
Acquisitions	-	-	101	54	161	316
Disposals and retirements	-	-	-	(1)	(1)	(2)
Changes in the scope of consolidation	-	-	-	-	2	2
Amortization expense	(22)	(1)	(116)	(34)	(77)	(250)
Impairment expense	(3)	-	-	(1)	(1)	(5)
Translation adjustment	116	223	10	8	6	363
Reclassifications	-	-	48	(2)	(35)	11
As of December 31, 2014	**9,957**	**2,155**	**278**	**344**	**297**	**13,031**

3.3. Brands and trade names

The breakdown of brands and trade names by business group is as follows:

(EUR millions)			2015	2014	2013
	Gross	Amortization and impairment	Net	Net	Net
Wines and Spirits	919	(116)	803	785	766
Fashion and Leather Goods	5,289	(390)	4,899	4,859	4,816
Perfumes and Cosmetics	632	(27)	605	600	593
Watches and Jewelry	3,693	(6)	3,687	3,533	3,505
Selective Retailing	4,019	(1,616)	2,403	2,159	1,937
Other activities	286	(109)	177	176	182
Brands and trade names	**14,838**	**(2,264)**	**12,574**	**12,112**	**11,799**

The brands and trade names recognized are those that the Group has acquired. The principal acquired brands and trade names as of December 31, 2015 are:

- Wines and Spirits: Veuve Clicquot, Krug, Château d'Yquem, Belvedere, Glenmorangie, Newton Vineyards and Numanthia Termes;
- Fashion and Leather Goods: Louis Vuitton, Fendi, Donna Karan New York, Céline, Loewe, Givenchy, Kenzo, Thomas Pink, Berluti, Pucci and Loro Piana;
- Perfumes and Cosmetics: Parfums Christian Dior, Guerlain, Parfums Givenchy, Make Up For Ever, Benefit Cosmetics, Fresh, Acqua di Parma, KVD Beauty LLC and Ole Henriksen;
- Watches and Jewelry: Bvlgari, TAG Heuer, Zenith, Hublot, Chaumet and Fred;
- Selective Retailing: DFS Galleria, Sephora, Le Bon Marché and Ile de Beauté;
- Other activities: the publications of the media group Les Echos-Investir, the Royal Van Lent-Feadship brand, La Samaritaine and the patisserie brand Cova.

These brands and trade names are recognized in the balance sheet at their value determined as of the date of their acquisition by the Group, which may be much less than their value in use or their market value as of the date of preparation of the Group's consolidated financial statements. This is notably the case for the brands Louis Vuitton, Veuve Clicquot, and Parfums Christian Dior, and the trade name Sephora, with the understanding that this list must not be considered exhaustive.

Brands developed by the Group are not recognized in the balance sheet, notably Hennessy, and Moët & Chandon, Dom Pérignon, Mercier and Ruinart champagnes.

Brands and trade names developed by the Group, in addition to Louis Vuitton, Veuve Clicquot, Parfums Christian Dior and Sephora, represented 20% of total brands and trade names capitalized in the balance sheet and 56% of the Group's consolidated revenue.

Please refer also to Note 5 for the impairment testing of brands, trade names and other intangible assets with indefinite useful lives.

4. GOODWILL

(EUR millions)			2015	2014	2013
	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	7,944	(1,721)	6,223	6,119	6,199
Goodwill arising on purchase commitments for minority interests	3,899	-	3,899	2,691	2,859
Total	**11,843**	**(1,721)**	**10,122**	**8,810**	**9,058**

Changes in net goodwill during the fiscal years presented break down as follows:

(EUR millions)			2015	2014	2013
	Gross	Impairment	Net	Net	Net
As of January 1	**10,320**	**(1,510)**	**8,810**	**9,058**	**7,708**
Changes in the scope of consolidation (See Note 2)	111	-	111	81	1,142
Changes in purchase commitments for minority interests	1,195	-	1,195	(162)	294
Changes in impairment	-	(116)	(116)	(209)	(57)
Translation adjustment	217	(95)	122	42	(29)
As of December 31	**11,843**	**(1,721)**	**10,122**	**8,810**	**9,058**

Changes in the scope of consolidation in fiscal year 2015 were mainly related to the acquisition of the daily newspaper Le Parisien-Aujourd'hui en France and the 95% stake in Luxola. See Note 2.

Changes in the scope of consolidation in fiscal year 2014 were mainly related to goodwill arising on the acquisition of Clos des Lambrays. See Note 2.

Changes in the scope of consolidation in fiscal year 2013 were mainly attributable to goodwill arising on the acquisition of Loro Piana for 1,047 million euros, and to goodwill arising on the consolidation of Hotel Saint-Barth Isle de France, Nicholas Kirkwood and Cova for the remaining amount.

Translation adjustments arose mainly on goodwill recognized in US dollars and in Swiss francs, based on the appreciation of these currencies relative to the euro by fiscal year-end. This affected Benefit, Starboard Cruise Services and Donna Karan, as regards US dollars, and TAG Heuer and Hublot as regards Swiss francs.

Please refer also to Note 20 for goodwill arising on purchase commitments for minority interests.

5. IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Brands, trade names, and other intangible assets with indefinite useful lives as well as the goodwill arising on acquisition have been subject to annual impairment testing. No significant impairment expense has been recognized in respect of these items during the course of fiscal year 2015. As described in Note 1.14, these assets are generally valued on the basis of the present value of forecast cash flows determined in the context of multi-year business plans drawn up over the course of each fiscal year. The main assumptions retained for the determination of these forecast cash flows are as follows:

(as %)				2015			2014			2013
	Discount rate		Annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Post-tax discount rate	Annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Post-tax discount rate	Annual growth rate for revenue during the plan period	Growth rate for the period after the plan
	Post-tax	Pre-tax								
Wines and Spirits	6.2 to 9.9	9.25 to 14.8	6.3	2.0	7.5 to 11.2	8.1	2.0	7.5 to 11.2	9.2	2.0
Fashion and Leather Goods	8.0 to 12.0	12.7 to 17.9	8.9	2.0	8.0 to 13.1	9.1	2.0	8.0 to 13.1	11.1	2.0
Perfumes and Cosmetics	7.4	11.0	8.9	2.0	8.0 to 8.5	8.7	2.0	8.0 to 9.4	9.5	2.0
Watches and Jewelry	8.1 to 8.5	12.1 to 12.7	7.1	2.0	9.2 to 9.6	8.7	2.0	9.2 to 9.6	9.7	2.0
Selective Retailing	7.3 to 8.5	10.9 to 12.7	8.3	2.0	8.4 to 9.6	9.4	2.0	8.4 to 9.6	10.1	2.0
Other	5.5 to 7.1	8.2 to 10.6	5.8	2.0	6.5 to 8.2	0.9	2.0	6.5 to 8.2	2.7	2.0

Plans generally cover a five-year period, but may be prolonged up to 10 years in the case of brands for which the production cycle exceeds five years or brands undergoing strategic repositioning. The compound annual growth rate for revenue and the improvement in profit margins over plan periods are comparable to the growth achieved in the previous four fiscal years, except for brands undergoing strategic repositioning, for which the improvements projected are greater than historical performance due to the expected effects of the repositioning measures implemented.

Discount rates are down compared to 2014, following the drop in interest rates in 2015. Annual growth rates applied for the period not covered by the plans are based on market estimates for the business groups concerned.

As of December 31, 2015, the intangible assets with indefinite useful lives that are the most significant in terms of their net carrying amounts and the criteria used for their impairment testing are as follows:

(EUR millions)	Brands and trade names	Goodwill	Total	Post-tax discount rate (as %)	Growth rate for the period after the plans (as %)	Period covered by the forecast cash flows
Louis Vuitton	2,058	491	2,549	8.0	2.0	5 years
Loro Piana	1,300	1,047	2,347	8.5	2.0	5 years
Fendi	713	404	1,117	8.5	2.0	5 years
Bvlgari	2,100	1,547	3,647	8.1	2.0	10 years
TAG Heuer	1,145	217	1,362	8.1	2.0	5 years
DFS Galleria	2,102	20	2,122	8.5	2.0	5 years

As of December 31, 2015, for the business segments listed above, a change of 0.5 points in the post-tax discount rate or in the growth rate for the period not covered by the plans, compared to rates used as of December 31, 2015, or a reduction of 2 points in the compound annual growth rate for revenue over the period covered by the plans would not result in the recognition of any impairment losses for these intangible assets. The Group considers that changes in excess of the limits mentioned above would entail assumptions at a level not deemed relevant, in view of the current economic environment and medium to long-term growth prospects for the business segments concerned.

With respect to the other business segments, seven have disclosed intangible assets with a carrying amount close to their value in use. The carrying amount for each of these intangible assets as of December 31, 2015 as well as the impairment loss that would result from a change of 0.5 points in the post-tax discount rate or in the growth rate for the period not covered by the plans, or from a reduction of 2 points in the compound annual growth rate for revenue compared to rates used as of December 31, 2015 breaks down as follows:

(EUR millions)	Amount of intangible assets concerned as of 12/31/2015	Amount of impairment if:		
		Increase of 0.5% in post-tax discount rate	Decrease of 2% in compound annual growth rate for revenue	Decrease of 0.5% in growth rate for the period after the plan
Fashion and Leather Goods	50	(29)	(28)	(24)
Other business groups	548	(86)	(27)	(70)
Total	**598**	**(115)**	**(55)**	**(94)**

As of December 31, 2015, the gross and net values of brands, trade names and goodwill giving rise to amortization and/or impairment charges in 2015 were 882 million euros and 374 million euros, respectively (1,202 and 622 million euros as of December 31, 2014). See Note 25 regarding amortization and depreciation recorded during the fiscal year.

6. PROPERTY, PLANT AND EQUIPMENT

(EUR millions)			2015	2014	2013
	Gross	Depreciation and impairment	Net	Net	Net
Land	1,311	(75)	1,236	1,104	1,055
Vineyard land and producing vineyards	2,538	(97)	2,441	2,364	2,294
Buildings	3,194	(1,509)	1,685	1,430	1,311
Investment property	610	(48)	562	632	605
Leasehold improvements, machinery and equipment	9,522	(6,346)	3,176	3,014	2,593
Assets in progress	759	(4)	755	684	800
Other tangible fixed assets	1,727	(425)	1,302	1,159	963
Total	**19,661**	**(8,504)**	**11,157**	**10,387**	**9,621**
Of which: assets held under finance leases	*291*	*(199)*	*92*	*99*	*105*
historical cost of vineyard land and producing vineyards	*739*	*(97)*	*642*	*631*	*537*

6.1. Movements in the fiscal year

Movements in property, plant and equipment during the fiscal year break down as follows:

Gross value *(EUR millions)*	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other tangible fixed assets	Total
				Stores	Production, logistics	Other			
As of December 31, 2014	**2,455**	**3,952**	**679**	**5,167**	**1,995**	**1,238**	**688**	**1,592**	**17,766**
Acquisitions	5	241	5	474	102	97	602	213	1,739
Change in the market value of vineyard land	64	-	-	-	-	-	-	-	64
Disposals and retirements	(2)	(59)	-	(347)	(43)	(81)	(2)	(33)	(567)
Changes in the scope of consolidation	-	1	-	1	38	15	(29)	-	26
Translation adjustment	-	165	27	302	27	55	34	27	637
Other movements, including transfers	16	205	(101)	593	34	(145)	(534)	(72)	(4)
As of December 31, 2015	**2,538**	**4,505**	**610**	**6,190**	**2,153**	**1,179**	**759**	**1,727**	**19,661**

Depreciation and impairment *(EUR millions)*	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other tangible fixed assets	Total
				Stores	Production, logistics	Other			
As of December 31, 2014	**(91)**	**(1,418)**	**(47)**	**(3,194)**	**(1,354)**	**(838)**	**(4)**	**(433)**	**(7,379)**
Depreciation expense	(6)	(160)	(3)	(787)	(128)	(118)	-	(64)	(1,266)
Impairment expense	-	(14)	-	(1)	-	-	(1)	-	(16)
Disposals and retirements	-	58	-	344	42	79	1	34	558
Changes in the scope of consolidation	-	(1)	-	-	(37)	(13)	-	-	(51)
Translation adjustment	-	(64)	(1)	(197)	(18)	(39)	-	(21)	(340)
Other movements, including transfers	-	15	3	(184)	8	89	-	59	(10)
As of December 31, 2015	**(97)**	**(1,584)**	**(48)**	**(4,019)**	**(1,487)**	**(840)**	**(4)**	**(425)**	**(8,504)**
Net carrying amount as of December 31, 2015	**2,441**	**2,921**	**562**	**2,171**	**666**	**339**	**755**	**1,302**	**11,157**

Other tangible fixed assets include in particular the works of art owned by the Group.

Purchases of property, plant and equipment include investments by Sephora, Louis Vuitton, DFS, and Bvlgari in their retail networks, investments by Parfums Christian Dior in new counters, and investments by the champagne houses and Hennessy in their production equipment, as well as investments in real estate for administrative use, sales operations or rental purposes.

Translation adjustments arose mainly on property, plant and equipment recognized in US dollars, based on fluctuations in the US dollar to euro exchange rate between December 31, 2014 and December 31, 2015.

The impact of marking vineyard land to market was 1,799 million euros as of December 31, 2015 (1,733 million euros as of December 31, 2014; 1,757 million euros as of December 31, 2013). See Notes 1.9 and 1.13 on the measurement method for vineyard land.

The market value of investment property, according to appraisals by independent third parties, was 1 billion euros as of December 31, 2015. The valuation methods used are based on market data.

6.2. Movements in prior fiscal years

Net carrying amount (EUR millions)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other tangible fixed assets	Total
				Stores	Production, logistics	Other			
As of December 31, 2012	**1,930**	**2,478**	**509**	**1,306**	**553**	**252**	**715**	**951**	**8,694**
Acquisitions	4	96	18	580	89	115	597	82	1,581
Disposals and retirements	-	(58)	-	(2)	(1)	(2)	(2)	(22)	(87)
Depreciation expense	(6)	(120)	(7)	(469)	(118)	(110)	-	(79)	(909)
Impairment expense	-	(1)	-	(2)	1	-	(8)	-	(10)
Change in the market value of vineyard land	369	-	-	-	-	-	-	-	369
Changes in the scope of consolidation	-	155	-	31	32	2	-	1	221
Translation adjustment	(11)	(79)	(13)	(73)	(7)	(10)	(18)	(15)	(226)
Other, including transfers	8	(105)	98	284	59	83	(484)	45	(12)
As of December 31, 2013	**2,294**	**2,366**	**605**	**1,655**	**608**	**330**	**800**	**963**	**9,621**
Acquisitions	3	132	16	474	100	98	543	166	1,532
Disposals and retirements	(25)	(3)	-	(3)	(2)	(1)	(1)	-	(35)
Depreciation expense	(6)	(125)	(5)	(621)	(140)	(122)	-	(62)	(1,081)
Impairment expense	-	(14)	(2)	14	-	1	(5)	(2)	(8)
Change in the market value of vineyard land	(17)	-	-	-	-	-	-	-	(17)
Changes in the scope of consolidation	96	7	-	(1)	-	-	(6)	2	98
Translation adjustment	6	96	18	105	8	16	34	9	292
Other, including transfers	13	75	-	350	67	78	(681)	83	(15)
As of December 31, 2014	**2,364**	**2,534**	**632**	**1,973**	**641**	**400**	**684**	**1,159**	**10,387**

Purchases of property, plant and equipment in fiscal year 2014 included investments by Louis Vuitton, Sephora, DFS, and Bvlgari in their retail networks, investments by Parfums Christian Dior in new counters, and investments by the champagne houses in their production equipment, as well as investments in real estate for administrative use, sales operations or rental purposes.

Purchases of property, plant and equipment in 2013 included investments by Louis Vuitton, Sephora, DFS, Bvlgari and Berluti in their retail networks, as well as those of the champagne houses in their production equipment, and those of Parfums Christian Dior in new counters. Changes in the scope of consolidation were mainly attributable to the consolidation of Loro Piana.

7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(EUR millions)				2015		2014		2013
	Gross	Impairment	Net	*Of which joint arrangements*	Net	*Of which joint arrangements*	Net	*Of which joint arrangements*
Share of net assets of joint ventures and associates as of January 1	**519**	**-**	**519**	***351***	**480**	***328***	**483**	***320***
Share of net profit (loss) for the period	(13)	-	(13)	*(4)*	(5)	*(15)*	(23)	*(31)*
Dividends paid	(14)	-	(14)	*(6)*	(21)	*(5)*	(26)	*(11)*
Changes in the scope of consolidation	212	-	212	-	7	-	6	-
Capital increases subscribed	3	-	3	*3*	16	*11*	38	*38*
Translation adjustment	5	-	5	*4*	8	*4*	(17)	*(3)*
Other movements, including transfers	17	-	17	*5*	34	*28*	19	*15*
Share of net assets of joint ventures and associates as of December 31	**729**	**-**	**729**	***353***	**519**	***351***	**480**	***328***

As of December 31, 2015, investments in joint ventures and associates consisted primarily of:

- For joint arrangements:
  - a 50% equity stake in the Château Cheval Blanc wine estate (Gironde, France), which produces the eponymous Saint-Émilion Grand Cru Classé A;
  - a 50% equity stake in De Beers Diamond Jewellers, whose network of boutiques sells the De Beers brand jewelry;
  - a 50% equity stake in Montres Dior, which designs and manufactures Dior watches. See also Note 32.1.
- For other companies:
  - a 40% equity stake in Mongoual SA, a real estate company which owns an office building in Paris (France), which is the head office of LVMH Moët Hennessy - Louis Vuitton;
  - a 45% equity stake in PT. Sona Topas Tourism Industry Tbk (STTI), an Indonesian retail company, which notably holds duty-free sales licenses in airports;
  - a 46% equity stake in JW Anderson, a London-based ready-to-wear brand, acquired in September 2013;
  - a 41.7% equity stake in Repossi, an Italian jewelry brand, acquired in November 2015;
  - a 35.8% equity stake in L Catterton, an investment fund management company created in December 2015 in partnership with Catterton.

8. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)			2015	2014	2013
	Gross	Impairment	Net	Net	Net
Total	777	(203)	574	580	7,080

Non-current available for sale financial assets changed as follows during the fiscal years presented:

(EUR millions)	2015	2014	2013
As of January 1	**580**	**7,080**	**6,004**
Acquisitions	74	50	197
Disposals at net realized value	(68)	(160)	(38)
Changes in market value	(3)	455	941
Distribution in kind of Hermès shares	-	(6,797)	-
Changes in impairment	(22)	(12)	(5)
Changes in the scope of consolidation	-	-	1
Translation adjustment	31	33	(11)
Reclassifications	(18)	(69)	(9)
As of December 31	**574**	**580**	**7,080**

As of December 31, 2013, non-current available for sale assets mainly included an investment in Hermès International SCA ("Hermès") with a gross and net amount of 6,437 million euros (5,409 million euros as of December 31, 2012). This shareholding was distributed to LVMH's shareholders on December 17, 2014, in accordance with the terms of the Agreement entered into on September 2, 2014 between LVMH and Hermès. LVMH distributed the Hermès shares to its shareholders in the form of an exceptional distribution in kind approved at the Combined Shareholders' Meeting of November 25, 2014. The share ratio used for the distribution was 2 Hermès shares for 41 LVMH shares. The amount of the distribution in kind, 6.9 billion euros, was determined on the basis of the opening Hermès share price on December 17, 2014, which was 280.10 euros. Because fractional shares were made neither tradable nor assignable, shareholders whose allocation based on the distribution ratio was not a whole number of Hermès shares received the next lower whole number of Hermès shares, plus a cash equalization payment. See also Note 15.3.

After completion of the distribution of Hermès shares to the shareholders, LVMH's remaining stake in Hermès was 61 million euros, corresponding to shares not distributed in respect of fractional rights. Under the terms of the Agreement LVMH undertook to dispose of those shares by no later than September 2, 2015. The Hermès share price used to value the shareholding was 294.80 euros as of December 31, 2014 (263.50 as of December 31, 2013; 226.30 as of December 31, 2012). The shares are presented in current available for sale financial assets as of December 31, 2014 (see Note 13). As of December 31, 2015, LVMH no longer holds any Hermès shares.

The impact of the Hermès share distribution on the consolidated financial statements as of December 31, 2014 was as follows:

(EUR millions)				Impacts on equity, of which:	Impacts on cash
	Revaluation reserves	Profit	Other reserves	Total	
Distribution in kind of Hermès shares	(2,800)	3,189 [a]	(6,855)	(6,466)	-
Related income tax [b]	185	(512)	-	(327)	(210)
Net	**(2,615)**	**2,677**	**(6,855)**	**(6,793)**	**(210)**

(a) See also Note 26.
(b) Including the impact of the 3% tax on dividends paid by LVMH SE. See Note 27.

The net impact on consolidated equity was a reduction of 6.8 billion euros, corresponding to the value of the Hermès stake as of December 31, 2013, plus the tax impacts resulting from this distribution. The gain (excluding tax impacts) recorded in the income statement was 3.2 billion euros, corresponding to the difference between the value of the stake as measured using the Hermès opening share price on December 17, 2014, i.e. 6.9 billion euros, and the total cost price of the shares for accounting purposes, which was 3.7 billion euros (2.7 billion euros in cash after deduction of the gain recognized in 2010 on the unwinding of equity-linked swaps covering 12.8 million shares).

See Note 16 regarding the impacts of the distribution of Hermès shares on stock option and similar plans.

The market value of non-current available for sale financial assets is determined using the methods described in Note 1.8; see also Note 22.2 for the breakdown of these assets according to the measurement methods used. Impairment of non-current available for sale financial assets is determined in accordance with the accounting policies described in Note 1.15.

Non-current available for sale financial assets held by the Group as of December 31, 2015 include the following:

(EUR millions)	Percentage of interest	Net value	Revaluation reserve	Dividends received
Hengdeli Holdings Ltd (China)	6.3%	40	10	1
Tod's SpA (Italy)	3.5%	77	31	2
L Real Estate SCA (Luxembourg)	32.2%	154	68	-
Other investments		303	18	-
Total		**574**	**127**	**3**

Other investments mainly include shares in unlisted investment funds.

The stake held in Sociedad Textil Lonia SA was sold in 2014.

9. OTHER NON-CURRENT ASSETS

(EUR millions)	2015	2014	2013
Warranty deposits	273	236	223
Derivatives	60	75	68
Loans and receivables	187	156	151
Other	32	22	15
Total	**552**	**489**	**457**

10. INVENTORIES AND WORK IN PROGRESS

(EUR millions)			2015	2014	2013
	Gross	Impairment	Net	Net	Net
Wines and *eaux-de-vie* in the process of aging	4,224	(11)	4,213	4,002	3,717
Other raw materials and work in progress	1,471	(336)	1,135	1,273	1,157
	5,695	(347)	5,348	5,275	4,874
Goods purchased for resale	1,760	(188)	1,572	1,323	1,163
Finished products	3,971	(795)	3,176	2,877	2,455
	5,731	(983)	4,748	4,200	3,618
Total	**11,426**	**(1,330)**	**10,096**	**9,475**	**8,492**

The net change in inventories for the fiscal years presented breaks down as follows:

(EUR millions)			2015	2014	2013
	Gross	Impairment	Net	Net	Net
As of January 1	**10,700**	**(1,225)**	**9,475**	**8,492**	**7,994**
Change in gross inventories	569	-	569	929	769
Effect of provision for returns [a]	(2)	-	(2)	12	(5)
Impact of marking harvests to market	(16)	-	(16)	(7)	2
Changes in impairment	-	(317)	(317)	(313)	(242)
Changes in the scope of consolidation	6	-	6	10	292
Translation adjustment	460	(79)	381	347	(297)
Other, including reclassifications	(291)	291	-	5	(21)
As of December 31	**11,426**	**(1,330)**	**10,096**	**9,475**	**8,492**

(a) See Note 1.25.

Changes in the scope of consolidation in 2013 were mainly related to the consolidation of Loro Piana.

Translation adjustments arose mainly on inventories recognized in US dollars, based on the appreciation of the US dollar relative to the euro over the fiscal year.

The effects of marking harvests to market on Wines and Spirits' cost of sales and value of inventory are as follows:

(EUR millions)	2015	2014	2013
Effect of marking the period's harvest to market	18	24	37
Effect of inventory sold during the period	(34)	(31)	(35)
Net effect on cost of sales of the period	**(16)**	**(7)**	**2**
Net effect on the value of inventory as of period-end	**150**	**166**	**173**

See Notes 1.9 and 1.16 on the method of marking harvests to market.

11. TRADE ACCOUNTS RECEIVABLE

(EUR millions)	2015	2014	2013
Trade accounts receivable, nominal amount	2,820	2,546	2,416
Provision for impairment	(64)	(66)	(67)
Provision for product returns [a]	(235)	(206)	(175)
Net amount	**2,521**	**2,274**	**2,174**

(a) See Note 1.25.

The change in trade accounts receivable for the fiscal years presented breaks down as follows:

(EUR millions)			2015	2014	2013
	Gross	Impairment	Net	Net	Net
As of January 1	**2,546**	**(272)**	**2,274**	**2,174**	**1,972**
Changes in gross receivables	46	-	46	30	291
Changes in provision for impairment	-	-	-	(5)	(4)
Changes in provision for product returns	-	(20)	(20)	(25)	(1)
Changes in the scope of consolidation	142	(1)	141	5	50
Translation adjustment	96	(8)	88	62	(136)
Reclassifications	(10)	2	(8)	33	2
As of December 31	**2,820**	**(299)**	**2,521**	**2,274**	**2,174**

The trade accounts receivable balance is comprised primarily of receivables from wholesalers or agents, who are limited in number and with whom the Group maintains ongoing relationships for the most part. As of December 31, 2015, coverage of customer credit risk had been requested from insurers for the majority of trade receivables, approximately 88% of the amount of which was granted, versus 90% at December 31, 2014.

As of December 31, 2015, the breakdown of the nominal amount of trade receivables and of impairment by age was as follows:

(EUR millions)		Nominal amount of receivables	Impairment	Net amount of receivables
Not due:	- less than 3 months	2,229	(16)	2,213
	- more than 3 months	295	(4)	291
		2,524	(20)	2,504
Overdue:	- less than 3 months	181	(7)	174
	- more than 3 months	115	(37)	78
		296	(44)	252
Total		**2,820**	**(64)**	**2,756**

For each of the fiscal years presented, no single customer represented revenue exceeding 10% of the Group's consolidated revenue.

There is no difference between the present value of trade accounts receivable and their carrying amount.

12. OTHER CURRENT ASSETS

(EUR millions)	2015	2014	2013
Current available for sale financial assets	385	253	171
Derivatives	297	304	494
Tax accounts receivable, excluding income taxes	602	449	355
Advances and payments on account to vendors	159	162	173
Prepaid expenses	357	313	283
Other receivables	555	435	380
Total	**2,355**	**1,916**	**1,856**

There is no difference between the present value of other current assets and their carrying amount.

Please also refer to Note 13 Current available for sale financial assets and Note 22 Financial instruments and market risk management.

13. CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	2015	2014	2013
Unlisted securities, shares in non-money market SICAVs and funds	151	-	12
Listed securities	234	253	159
Total	**385**	**253**	**171**
Of which: historical cost of current available for sale financial assets	*393*	*180*	*136*

The net value of current available for sale financial assets changed as follows during the periods presented:

(EUR millions)	2015	2014	2013
As of January 1	**253**	**171**	**177**
Acquisitions	377	-	-
Disposals at net realized value	(241)	(15)	(27)
Changes in market value	(29)	39	22
Changes in impairment	7	-	-
Changes in the scope of consolidation	-	-	-
Translation adjustment	-	-	(1)
Reclassifications	18	58	-
As of December 31	**385**	**253**	**171**

The market value of current available for sale financial assets is determined using the methods described in Note 1.9. See also Note 22.2 for the breakdown of these assets according to the measurement methods used and Note 1.15 for the method used to determine impairment losses on current available for sale financial assets.

14. CASH AND CASH EQUIVALENTS

(EUR millions)	2015	2014	2013
Fixed term deposits (less than 3 months)	808	1,270	809
SICAV and FCP money market funds	577	784	538
Ordinary bank accounts	2,209	2,037	1,879
Cash and cash equivalents per balance sheet	**3,594**	**4,091**	**3,226**

The reconciliation between cash and cash equivalents as shown in the balance sheet and net cash and cash equivalents appearing in the cash flow statement is as follows:

(EUR millions)	2015	2014	2013
Cash and cash equivalents	3,594	4,091	3,226
Bank overdrafts	(204)	(308)	(310)
Net cash and cash equivalents per cash flow statement	**3,390**	**3,783**	**2,916**

14.1. Change in working capital

The change in working capital breaks down as follows for the fiscal years presented:

(EUR millions)	Notes	2015	2014	2013
Change in inventories and work in progress	10	(569)	(928)	(769)
Change in trade accounts receivable [a]	11	(49)	(22)	(288)
Change in trade accounts payable	21	93	176	203
Change in other receivables and payables		96	56	234
Change in working capital [b]		**(429)**	**(718)**	**(620)**

(a) Including a negative effect of 3 million euros related to amounts owed to customers (8 million euros as of December 31, 2014; 1 million euros as of December 31, 2013).
(b) Increase/(Decrease) in cash and cash equivalents.

14.2. Operating investments

Operating investments comprise the following elements for the fiscal years presented:

(EUR millions)	Notes	2015	2014	2013
Purchase of intangible fixed assets	3	(316)	(316)	(253)
Purchase of tangible fixed assets	6	(1,739)	(1,532)	(1,581)
Changes in accounts payable related to fixed asset purchases		81	78	108
Net cash used in purchases of fixed assets [a]		**(1,974)**	**(1,770)**	**(1,726)**
Net cash from fixed asset disposals [a]		41	45	98
Guarantee deposits paid and other cash flows related to operating investments		(22)	(50)	(29)
Operating investments		**(1,955)**	**(1,775)**	**(1,657)**

(a) Increase/(Decrease) in cash and cash equivalents.

15. EQUITY

15.1. Share capital and share premium account

As of December 31, 2015, issued and fully paid-up shares totaled 507,139,110 (507,711,713 shares as of December 31, 2014 and 507,793,661 shares as of December 31, 2013), with a par value of 0.30 euros per share, including 229,780,453 shares with double voting rights (226,167,633 as of December 31, 2014 and 224,907,923 as of December 31, 2013). Double voting rights are attached to registered shares held for more than three years.

Changes in the share capital and share premium account, in value and in terms of number of shares, break down as follows:

(EUR millions)				2015	2014	2013
	Number			Amount	Amount	Amount
		Share capital	Share premium account	Total		
As of January 1	**507,711,713**	**152**	**2,655**	**2,807**	**4,001**	**4,000**
Exercise of share subscription options	552,137	-	35	35	59	67
Distribution in kind of Hermès shares	-	-	-	-	(1,203)	-
Retirement of shares	(1,124,740)	-	(111)	(111)	(50)	(66)
As of December 31	**507,139,110**	**152**	**2,579**	**2,731**	**2,807**	**4,001**

15.2. LVMH treasury shares

The portfolio of LVMH treasury shares is allocated as follows:

(EUR millions)	2015		2014	2013
	Number	Amount	Amount	Amount
Share subscription option plans	2,979,961	140	156	203
Share purchase option plans	-	-	-	-
Bonus share plans	1,264,960	86	102	101
Other plans	-	-	8	39
Shares held for stock option and similar plans [a]	**4,244,921**	**226**	**266**	**343**
Liquidity contract	95,000	14	13	13
Shares pending retirement	-	-	95	95
LVMH shares	**4,339,921**	**240**	**374**	**451**

(a) See Note 16 regarding stock option and similar plans.

"Other plans" correspond to future plans.

The market value of LVMH shares held under the liquidity contract as of December 31, 2015 amounts to 14 million euros.

The portfolio movements of LVMH treasury shares in fiscal year 2015 were as follows:

(EUR millions)	Number	Amount	Effect on cash
As of December 31, 2014	**5,851,370**	**374**	
Share purchases	1,799,806	281	(281)
Bonus shares definitively allocated	(386,709)	(24)	-
Retirement of shares	(1,124,740)	(111)	-
Proceeds from disposal at net realized value	(1,799,806)	(282)	282
Gain/(loss) on disposal	-	2	-
As of December 31, 2015	**4,339,921**	**240**	**1**

15.3. Dividends paid by the parent company LVMH SE

In accordance with French regulations, dividends are taken from the profit for the fiscal year and reserves available for distribution of the parent company, after deducting applicable withholding tax and the value attributable to treasury shares.

As of December 31, 2015, the amount available for distribution was 13,501 million euros; after taking into account the proposed dividend distribution in respect of the 2015 fiscal year, the amount available for distribution is 12,385 million euros.

(EUR millions, except for data per share in EUR)	2015	2014	2013
Interim dividend for the current fiscal year (2015: 1.35 euros; 2014: 1.25 euros; 2013: 1.10 euros)	685	634	609
Distribution in kind of Hermès shares	-	6,855	-
Impact of treasury shares	(6)	(7)	(9)
Gross amount disbursed for the fiscal year	**679**	**7,482**	**600**
Final dividend for the previous fiscal year (2014: 1.95 euros; 2013: 1.90 euros; 2012: 1.80 euros)	998	965	914
Impact of treasury shares	(18)	(13)	(14)
Gross amount disbursed for the previous fiscal year	**980**	**952**	**900**
Total gross amount disbursed during the period [a]	**1,659**	**8,434**	**1,500**

(a) Excludes the impact of tax regulations applicable to the beneficiary.

The final dividend for fiscal year 2015, as proposed to the Shareholders' Meeting of April 14, 2016, is 2.20 euros per share, representing a total amount of 1,116 million euros, before deduction of the amount attribuable to treasury shares as of the ex-dividend date.

15.4. Cumulative translation adjustment

The change in the translation adjustment recognized under equity, Group share net of hedging effects of net assets denominated in foreign currency, breaks down as follows by currency:

(EUR millions)	**2015**	**Change**	**2014**	**2013**
US dollar	486	339	147	(203)
Swiss franc	733	283	450	406
Japanese yen	79	27	52	52
Hong Kong dollar	454	228	226	(15)
Pound sterling	36	42	(6)	(52)
Other currencies	(133)	(54)	(79)	(67)
Foreign currency net investment hedges	(518)	(220)	(298)	(129)
Total, Group share	**1,137**	**645**	**492**	**(8)**

15.5. Strategy relating to the Group's financial structure

The Group firmly believes that the management of its financial structure contributes, together with the development of the companies it owns and the management of its brand portfolio, to its objective of driving value creation for its shareholders. Maintaining a suitable quality credit rating is a core objective for the Group, ensuring good access to markets under favorable conditions, allowing it both to seize opportunities and procure the resources that it needs to develop its business.

To this end, the Group monitors a certain number of financial ratios and aggregate measures of financial risk, including:

- net financial debt (see Note 18) to equity;
- cash from operations before changes in working capital to net financial debt;
- net cash from operations before changes in working capital;
- net cash from operating activities and operating investments (free cash flow);
- long-term resources to fixed assets;
- proportion of long-term debt in net financial debt.

Long-term resources are understood to correspond to the sum of equity and non-current liabilities.

Where applicable, these indicators are adjusted to reflect the Group's off-balance sheet financial commitments.

The Group also promotes financial flexibility by maintaining numerous and varied banking relationships, through frequent recourse to several negotiable debt markets (both short and long-term), by holding a large amount of cash and cash equivalents, and through the existence of sizable amounts of undrawn confirmed credit lines, intended to largely exceed the outstanding portion of its commercial paper program, while continuing to represent a reasonable cost for the Group.

16. STOCK OPTION AND SIMILAR PLANS

16.1. General characteristics of plans

Share purchase and subscription option plans

The Shareholders' Meeting of April 16, 2015 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2017, to grant share subscription or purchase options to Group company employees or directors, on one or more occasions, in an amount not to exceed 1% of the Company's share capital.

Each plan is valid for 10 years, the options may be exercised after a four-year period.

For all plans, one option gives the right to one share.

Bonus share plans

The Shareholders' Meeting of April 16, 2015 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2017, to grant bonus shares to Group company employees or directors, on one or more occasions, in an amount not to exceed 1% of the Company's share capital on the date of this authorization.

The allocation of bonus shares to beneficiaries who are French residents for tax purposes becomes definitive after a three-year vesting period, which is followed by a two-year holding period during which the beneficiaries may not sell their shares.

Bonus shares allocated to beneficiaries who are not French residents for tax purposes become definitive after a vesting period of four years and are freely transferable at that time.

Performance conditions

Certain share subscription option plans and bonus share plans are subject to performance conditions that determine vesting. For all the plans concerned, with the exception of the October 23, 2014 plan, the April 16, 2015 plan and the October 22, 2015 plan, the shares/options subject to performance conditions vest only if LVMH's consolidated financial statements for the fiscal year in which the plan is set up (fiscal year "Y") and for fiscal year Y+1 show a positive change compared to fiscal year Y-1 with respect to one or more of the following indicators: profit from recurring operations, net cash from operating activities and operating investments, and current operating margin of the Group. For the October 23, 2014 plan and the April 16, 2015 plan, performance shares vested only if LVMH's consolidated financial statements for the 2015 fiscal year showed a positive change compared to fiscal year 2014 with respect to one or more of the indicators mentioned above. For the October 22, 2015 plan, performance shares vest only if LVMH's consolidated financial statements for the 2016 and 2017 fiscal years show a positive change compared to fiscal year 2015 with respect to one or more of the indicators.

Effects of the distribution of Hermès shares (see Note 8) on stock option and similar plans.

In order to protect the holders of share subscription options and bonus shares, the shareholders authorized the Board of Directors during the Shareholders' Meeting of November 25, 2014, to adjust the number and price of shares under option, as well as the number of bonus shares whose vesting period had not expired before December 17, 2014. Thus, the quantities of share subscription options and bonus shares concerned were increased by 11.1%, while the exercise price of these options was reduced by 9.98%. Since these adjustments only had the objective of maintaining the gain obtained by the beneficiaries at the level attained prior to the distribution, they had no effect on the consolidated financial statements.

16.2. Share subscription option plans

The main characteristics of share subscription option plans and changes having occurred during the fiscal year are as follows:

Plan commencement date	Number of options granted [a]	Exercise price [a] *(EUR)*	Vesting period of rights	Number of options exercised in 2015	Number of options expired in 2015	Number of options to be exercised as of Dec. 31, 2015
May 12, 2005	1,865,299	47.55	4 years	(125,672)	(5,284)	-
"	72,329	50.26	"	(556)	(223)	-
May 11, 2006	1,797,646	70.97	"	(250,083)	(1,251)	585,112
"	77,108	74.19	"	(5,555)	-	1,528
May 10, 2007	1,764,203	77.53	"	(55,141)	(793)	784,727
May 15, 2008	1,708,542	65.26	"	(35,185)	(1,529)	828,907
"	78,469	65.44	"	(1,056)	-	19,263
May 14, 2009 [b]	1,333,097	50.86	"	(78,472)	(1,946)	583,587
"	37,106	50.88	"	(417)	-	18,026
Total	**8,733,799**			**(552,137)**	**(11,026)**	**2,821,150**

(a) After adjustments for the distribution in kind of Hermès shares. See Notes 8 and 16.1.
(b) Plan subject to performance conditions; see Note 16.1 General characteristics of plans.

The number of unexercised purchase options and the weighted average exercise price changed as follows during the fiscal years presented:

	2015		2014		2013	
	Number	Weighted average exercise price (EUR)	Number	Weighted average exercise price (EUR)	Number	Weighted average exercise price (EUR)
Share subscription options outstanding as of January 1	**3,384,313**	**66.15**	**4,177,489**	**69.97**	**5,229,396**	**68.86**
Options expired	(11,026)	55.46	(152,815)	58.42	(26,489)	63.56
Adjustments made following the distribution in kind of Hermès shares	-	-	339,962	(7.33)	-	-
Options exercised	(552,137)	63.06	(980,323)	60.71	(1,025,418)	64.52
Share subscription options outstanding as of December 31	**2,821,150**	**55.68**	**3,384,313**	**66.15**	**4,177,489**	**69.97**

16.3. Bonus share plans

The main characteristics of bonus share plans and changes having occurred during the fiscal year are as follows:

Plan commencement date	Number of shares allocated initially[a]	*Of which: performance shares[a][b]*	*Fiscal years to which performance conditions apply*	*Are conditions satisfied?*	Vesting periods of rights	Expired allocations in 2015	Shares vested in 2015	Non-vested shares as of Dec. 31, 2015
March 31, 2011	459,973	*267,289*	*2011 and 2012*	*yes*	3[c] or 4[d] years	(172,231)	(5,077)	-
October 20, 2011	120,266	-	-	-	3 years	-	-	-
April 5, 2012	459,904	*459,904*	*2012 and 2013*	*yes*	3[c] or 4[d] years	(213,555)	(9,220)	200,058
July 26, 2012	50,912	*923*	*2012 and 2013*	*yes*	3[c] or 4[d] years	(923)	-	49,989
January 31, 2013	36,437	-	-	-	2 years	-	-	-
July 25, 2013	440,036	*440,036*	*2013 and 2014*	*yes*	3[c] or 4[d] years	-	(12,833)	412,379
October 24, 2013	6,920	*6,920*	*2013 and 2014*	*yes*	3[c] or 4[d] years	-	-	6,920
July 24, 2014	67,764	-	-	-	3[c] or 4[d] years	-	-	67,764
October 23, 2014	341,678	*341,678*	*2015*	*yes*	3[c] or 4[d] years	-	(11,514)	330,164
April 16, 2015	73,262	*73,262*	*2015*	[e]	3[c] or 4[d] years	-	-	73,262
October 22, 2015	315,532	*315,532*	*2016 and 2017*	[e]	3[c] or 4[d] years	-	-	315,532
Total	**2,372,684**	***1,905,544***				**(386,709)**	**(38,644)**	**1,456,068**

(a) After adjustments for the distribution in kind of Hermès shares. See Notes 8 and 16.1.
(b) See Note 16.1 General characteristics of plans.
(c) Beneficiaries with tax residence in France.
(d) Beneficiaries with tax residence outside France.
(e) The performance conditions were considered to have been met for the purpose of determining the expense for fiscal year 2015, on the basis of budget data.

The number of subscription options not exercised changed as follows over the course of the fiscal years presented:

(number of shares)	2015	2014	2013
Non-vested shares as of January 1	**1,492,627**	**1,484,118**	**1,273,136**
Non-vested allocations during the period	388,794	368,548	436,434
Adjustment made following the distribution in kind of Hermès shares	-	159,417	-
Allocations vested during the period	(386,709)	(478,278)	(193,440)
Allocations expired during the period	(38,644)	(41,178)	(32,012)
Non-vested shares as of December 31	**1,456,068**	**1,492,627**	**1,484,118**

Vested share allocations were settled in existing shares held.

16.4. Expense for the period

(EUR millions)	2015	2014	2013
Expense for the period for share subscription option plans and bonus share plans	37	39	34

See Note 1.27 regarding the method used to determine the accounting expense.

The LVMH closing share price the day before the grant date of the plan amounted to 171.20 euros for the plan instituted on April 16, 2015 and 158.05 euros for the plan instituted on October 22, 2015.

At the time of these allocations, the average unit value of non-vested bonus shares granted in 2015 was 146.96 euros for beneficiaries who are French residents for tax purposes and 144.94 euros for beneficiaries with their tax residence outside France.

17. MINORITY INTERESTS

(EUR millions)	2015	2014	2013
As of January 1	**1,240**	**1,028**	**1,084**
Minority interests' share of net profit	428	457	511
Dividends paid to minority interests	(229)	(328)	(228)
Effects of changes in control of consolidated entities:			
- consolidation of Loro Piana	-	-	235
- other movements	1	11	(1)
Effects of acquisition and disposal of minority interests' shares:			
- acquisition of minority interests in Château d'Yquem	-	-	(51)
- other movements	(3)	32	(25)
Total effects of changes in the percentage interest in consolidated entities	(2)	43	158
Capital increases subscribed by minority interests	89	3	8
Minority interests' share in gains and losses recognized in equity	130	108	21
Minority interests' share in stock option plan expenses	2	2	3
Effects of changes in minority interests subject to purchase commitments	(198)	(73)	(529)
As of December 31	**1,460**	**1,240**	**1,028**

The change in minority interests' share in gains and losses recognized in equity breaks down as follows:

(EUR millions)	Cumulative translation adjustment	Hedges of future foreign currency cash flows	Vineyard land	Revaluation adjustments of employee benefits	Total share of minority interests
As of December 31, 2012	**(35)**	**11**	**162**	**(16)**	**122**
Changes for the fiscal year	(44)	4	54	7	21
As of December 31, 2013	**(79)**	**15**	**216**	**(9)**	**143**
Changes for the fiscal year	138	(14)	(3)	(13)	108
As of December 31, 2014	**59**	**1**	**213**	**(22)**	**251**
Changes for the period	121	(2)	10	1	130
As of December 31, 2015	**180**	**(1)**	**223**	**(21)**	**381**

Minority interests are composed primarily of Diageo's 34% stake in Moët Hennessy. Diageo's stake in Moët Hennessy may be assessed using the revenue, operating profit, and core assets of the Wines and Spirits business group, which are presented in Note 23. Since the 34% stake held by Diageo in Moët Hennessy is subject to a purchase commitment, it is reclassified at year-end under Other non-current liabilities and is therefore excluded from the total amount of minority interests at the fiscal year-end date. See Notes 1.12 and 20.

There is also a minority interest of 39% held by Mr. Miller in DFS, which is part of the Selective Retailing business group.

18. BORROWINGS

18.1. Net financial debt

(EUR millions)	2015	2014	2013
Long-term borrowings	4,511	5,054	4,149
Short-term borrowings	3,769	4,189	4,674
Gross amount of borrowings	**8,280**	**9,243**	**8,823**
Interest rate risk derivatives	(66)	(94)	(117)
Gross borrowings after derivatives	**8,214**	**9,149**	**8,706**
Current available for sale financial assets	(385)	(253)	(171)
Cash and cash equivalents	(3,594)	(4,091)	(3,226)
Net financial debt	**4,235**	**4,805**	**5,309**

In 2015, the 250 and 500 million euro bonds issued in 2009 and 2011 respectively, and the 200 million Swiss franc bond issued in 2008, were repaid.

Net financial debt does not take into consideration purchase commitments for minority interests included in "Other non-current liabilities" (see Note 20).

18.2. Analysis of gross borrowings

(EUR millions)	2015	2014	2013
Bonds and Euro Medium Term Notes (EMTNs)	4,202	4,794	3,866
Finance and other long-term leases	131	116	109
Bank borrowings	178	144	174
Long-term borrowings	**4,511**	**5,054**	**4,149**
Bonds and Euro Medium Term Notes (EMTNs)	710	925	1,013
Finance and other long-term leases	6	12	14
Bank borrowings	263	511	567
Commercial paper	2,281	2,004	2,348
Other borrowings and credit facilities	277	377	343
Bank overdrafts	205	308	310
Accrued interest	27	52	79
Short-term borrowings	**3,769**	**4,189**	**4,674**
Total borrowings	**8,280**	**9,243**	**8,823**

The market value of gross borrowings was 8,396 million euros as of December 31, 2015 (9,398 million euros as of December 31, 2014 and 8,946 million euros as of December 31, 2013), including 3,905 in short-term borrowings (5,206 million euros as of December 31, 2014 and 4,690 million euros as of December 31, 2013) and 4,491 in long-term borrowings (4,192 million euros as of December 31, 2014 and 4,256 million euros as of December 31, 2013).

As of December 31, 2015, 2014 and 2013, no amount of financial debt was recognized in accordance with the fair value option. See Note 1.20.

18.3. Bonds and EMTNs

Nominal amount (in local currency)	Date of issuance	Maturity	Initial effective interest rate [a] (%)	2015 (EUR millions)	2014	2013
AUD 150,000,000	2014	2019	3.68	102	101	-
EUR 300,000,000	2014	2019	floating	300	300	-
EUR 650,000,000	2014	2021	1.12	659	657	-
GBP 350,000,000	2014	2017	1.83	481	454	-
EUR 600,000,000	2013	2020	1.89	603	596	594
EUR 600,000,000 [b]	2013	2019	1.25	608	608	490
EUR 650,000,000 [c]	2013	2016	floating	650	650	500
USD 850,000,000	2012	2017	1.75	784	701	616
EUR 500,000,000	2011	2018	4.08	508	512	518
EUR 500,000,000	2011	2015	3.47	-	504	515
EUR 1,000,000,000	2009	2014	4.52	-	-	1,013
EUR 250,000,000	2009	2015	4.59	-	255	260
EUR 150,000,000	2009	2017	4.81	157	161	162
CHF 200,000,000	2008	2015	4.04	-	166	163
Private placements in foreign currencies				60	54	48
Total bonds and EMTNs				**4,912**	**5,719**	**4,879**

(a) Before the impact of interest-rate hedges implemented when or after the bonds were issued.
(b) Cumulative amounts and weighted average initial effective interest rate based on a 500 million euro bond issued in 2013 at an initial effective interest rate of 1.38% plus an additional amount of 100 million euros when the issue was reopened in 2014 at an effective interest rate of 0.62%.
(c) Cumulative amounts based on a 500 million euro floating-rate bond issued in 2013 plus an additional floating-rate amount of 150 million euros issued in 2014.

18.4. Finance and other long-term leases

The amount of the Group's debt resulting from finance and other long-term lease agreements, which corresponds to the present value of future payments, breaks down as follows, by maturity:

(EUR millions)	2015		2014		2013	
	Minimum future payments	Present value of payments	Minimum future payments	Present value of payments	Minimum future payments	Present value of payments
Less than one year	18	13	19	18	21	19
One to five years	60	41	56	39	57	43
More than five years	343	83	320	71	294	61
Total minimum future payments	**421**		**395**		**372**	
Impact of discounting	(284)		(267)		(249)	
Total debt under finance and other long-term lease agreements	**137**	**137**	**128**	**128**	**123**	**123**

Assets financed or refinanced under finance or other long-term leases relate mainly to property assets or manufacturing equipment.

18.5. Analysis of gross borrowings by payment date and by type of interest rate

(EUR millions)		Gross borrowings			Effects of derivatives			Gross borrowings after derivatives	
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity: 2016	2,767	1,002	3,769	1	(6)	(5)	2,768	996	3,764
2017	1,443	65	1,508	(1,408)	1,384	(24)	35	1,449	1,484
2018	596	-	596	-	(5)	(5)	596	(5)	591
2019	714	300	1,014	(351)	339	(12)	363	639	1,002
2020	607	-	607	(401)	394	(7)	206	394	600
2021	664	-	664	(650)	637	(13)	14	637	651
Thereafter	122	-	122	-	-	-	122	-	122
Total	**6,913**	**1,367**	**8,280**	**(2,809)**	**2,743**	**(66)**	**4,104**	**4,110**	**8,214**

See Note 22.4 regarding the market value of interest rate risk derivatives.

The breakdown by quarter of gross borrowings falling due in 2016 is as follows:

(EUR millions)	Falling due in 2016
First quarter	2,569
Second quarter	385
Third quarter	718
Fourth quarter	97
Total	**3,769**

18.6. Analysis of gross borrowings by currency after derivatives

(EUR millions)	2015	2014	2013
Euro	6,302	7,033	6,899
US dollar	366	226	106
Swiss franc	909	995	970
Japanese yen	228	229	222
Other currencies	409	666	509
Total	**8,214**	**9,149**	**8,706**

In general, the purpose of foreign currency borrowings is to hedge the net foreign currency-denominated assets of consolidated companies located outside of the euro zone.

18.7. Sensitivity

On the basis of debt as of December 31, 2015:

- an instantaneous increase of 1% in the yield curves of the Group's debt currencies would raise the cost of net financial debt by 41 million euros after hedging, and would lower the market value of gross fixed-rate borrowings by 45 million euros after hedging;
- an instantaneous decline of 1% in these same yield curves would lower the cost of net financial debt by 41 million euros after hedging, and would raise the market value of gross fixed-rate borrowings by 45 million euros after hedging.

These changes would have no impact on the amount of equity as of December 31, 2015, due to the absence of hedging of future interest payments.

18.8. Covenants

In connection with certain loan agreements, the Group has undertaken to comply with certain financial covenants. As of December 31, 2015, no significant loan agreements are concerned by those covenants.

18.9. Undrawn confirmed credit lines

As of December 31, 2015, undrawn confirmed credit lines totaled 3.4 billion euros.

18.10. Guarantees and collateral

As of December 31, 2015, borrowings secured by collateral were less than 200 million euros.

19. PROVISIONS

(EUR millions)	**2015**	**2014**	**2013**
Provisions for pensions, medical costs and similar commitments	632	640	452
Provisions for contingencies and losses	1,297	1,618	1,332
Provisions for reorganization	21	33	13
Non-current provisions	**1,950**	**2,291**	**1,797**
Provisions for pensions, medical costs and similar commitments	4	3	5
Provisions for contingencies and losses	353	314	291
Provisions for reorganization	64	15	28
Current provisions	**421**	**332**	**324**
Total	**2,371**	**2,623**	**2,121**

In fiscal year 2015, the changes in provisions were as follows:

(EUR millions)	Dec. 31, 2014	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other items (including translation adjustment)	Dec. 31, 2015
Provisions for pensions, medical costs and similar commitments	643	104	(91)	(9)	10	(21)	636
Provisions for contingencies and losses	1,932	411	(636)	(105)	9	39	1,650
Provisions for reorganization	48	74	(47)	(4)	12	2	85
Total	**2,623**	**589**	**(774)**	**(118)**	**31**	**20**	**2,371**
Of which: profit from recurring operations		*354*	*(179)*	*(85)*			
net financial income (expense)		*6*	*-*	*-*			
other		*229*	*(595)*	*(33)*			

Provisions for contingencies and losses correspond to the estimate of the impact on assets and liabilities of risks, disputes, or actual or probable litigation arising from the Group's activities; such activities are carried out worldwide, within what is often an imprecise regulatory framework that is different for each country, changes over time, and applies to areas ranging from product composition to the tax computation.

In particular, the Group's entities in France and abroad may be subject to tax inspections and, in certain cases, to rectification claims from local administrations. These rectification claims, together with any uncertain tax positions that have been identified but not yet officially reassessed, give rise to appropriate provisions, the amount of which is regularly reviewed in accordance with the criteria of IAS 37 Provisions and IAS 12 Income Taxes. Changes in provisions notably reflect the resolution of certain discussions with the tax authorities, customs or other administrations, both in France and abroad.

Provisions for retirement benefit obligations, contribution to medical costs and other employee benefit commitments are analyzed in Note 29.

20. OTHER NON-CURRENT LIABILITIES

(EUR millions)	2015	2014	2013
Purchase commitments for minority interests	7,421	6,008	6,035
Derivatives (see Note 22)	2	16	51
Employee profit sharing	93	88	85
Other liabilities	441	335	233
Total	**7,957**	**6,447**	**6,404**

As of December 31, 2015, 2014 and 2013, purchase commitments for minority interests mainly include the put option granted to Diageo plc for its 34% share in Moët Hennessy, with six months' advance notice and for 80% of the fair value of Moët Hennessy at the exercise date of the commitment. With regard to this commitment's valuation, the fair value was determined by applying the share price multiples of comparable firms to Moët Hennessy's consolidated operating results.

Moët Hennessy SNC and Moët Hennessy International SAS ("Moët Hennessy") hold the LVMH group's investments in the Wines and Spirits businesses, with the exception of the equity investments in Château d'Yquem, Château Cheval Blanc and Clos des Lambrays, and excluding certain Champagne vineyards.

Purchase commitments for minority interests also include commitments relating to minority shareholders in Loro Piana (20%; see Note 2), Ile de Beauté (35%), Heng Long (35%) and distribution subsidiaries in various countries, mainly in the Middle East.

21. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

21.1. Trade accounts payable

The change in trade accounts payable breaks down as follows:

(EUR millions)	2015	2014	2013
As of January 1	**3,606**	**3,297**	**3,118**
Changes in trade accounts payable	93	176	203
Changes in amounts owed to customers	(3)	8	1
Changes in the scope of consolidation	129	5	112
Translation adjustment	133	109	(99)
Reclassifications	2	11	(38)
As of December 31	**3,960**	**3,606**	**3,297**

21.2. Other current liabilities

(EUR millions)	2015	2014	2013
Derivatives (see Note 22)	185	274	76
Employees and social institutions	1,260	1,110	1,007
Employee profit sharing	98	74	84
Taxes other than income taxes	553	458	405
Advances and payments on account from customers	205	184	158
Deferred payment for tangible and financial non-current assets	504	433	404
Deferred income	208	190	156
Other liabilities	896	776	697
Total	**3,909**	**3,499**	**2,987**

The present value of the other current liabilities is identical to their carrying amount.

22. FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

22.1. Organization of foreign exchange, interest rate and equity market risk management

Financial instruments are mainly used by the Group to hedge risks arising from Group activity and protect its assets.

The management of foreign exchange and interest rate risk, in addition to transactions involving shares and financial instruments, is centralized.

The Group has implemented a stringent policy, as well as rigorous management guidelines to manage, measure, and monitor these market risks.

These activities are organized based on a segregation of duties between risk measurement, hedging (front office), administration (back office) and financial control.

The backbone of this organization is an integrated information system which allows hedging transactions to be monitored quickly.

The Group's hedging strategy is presented to the Audit Committee. Hedging decisions are made according to an established process that includes regular presentations to the Group's Executive Committee and detailed documentation.

Counterparties are selected based on their rating and in accordance with the Group's risk diversification strategy.

22.2. Financial assets and liabilities at fair value by measurement method

(EUR millions)	2015			2014			2013		
	Available for sale financial assets	Derivatives	Cash and cash equivalents	Available for sale financial assets	Derivatives	Cash and cash equivalents	Available for sale financial assets	Derivatives	Cash and cash equivalents
Valuation based on [a]:									
Published price quotations	514	-	3,594	391	-	4,091	6,789	-	3,221
Formula based on market data	194	357	-	187	379	-	135	562	-
Private quotations	251	-	-	255	-	-	327	-	-
Assets	**959**	**357**	**3,594**	**833**	**379**	**4,091**	**7,251**	**562**	**3,221**
Valuation based on [a]:									
Published price quotations	-	-	-	-	-	-	-	-	-
Formula based on market data	-	187	-	-	290	-	-	127	-
Private quotations	-	-	-	-	-	-	-	-	-
Liabilities	**-**	**187**	**-**	**-**	**290**	**-**	**-**	**127**	**-**

(a) See Note 1.9 for information on the valuation approaches used.

Derivatives used by the Group are measured at fair value according to generally accepted models and on the basis of observable market data. The counterparty risk associated with these derivatives (i.e. the credit valuation adjustment) is assessed on the basis of credit spreads from observable market data, as well as on the basis of the derivatives' market value adjusted by flat-rate add-ons depending on the type of underlying and the maturity of the derivative.

The amount of financial assets valued on the basis of private quotations changed as follows in 2015:

(EUR millions)	2015
As of January 1	**255**
Acquisitions	14
Disposals (at net realized value)	(31)
Gains and losses recognized in income statement	(22)
Gains and losses recognized in equity	36
Reclassifications	(1)
As of December 31	**251**

22.3. Summary of derivatives

Derivatives are recorded in the balance sheet for the amounts and in the captions detailed as follows:

(EUR millions)			Notes	2015	2014	2013
Interest rate risk	Assets:	non-current		57	61	67
		current		14	42	68
	Liabilities:	non-current		-	(3)	(9)
		current		(5)	(6)	(9)
			22.4	**66**	**94**	**117**
Foreign exchange risk	Assets:	non-current		3	14	1
		current		283	217	389
	Liabilities:	non-current		(2)	(13)	(42)
		current		(178)	(268)	(60)
			22.5	**106**	**(50)**	**288**
Other risks	Assets:	non-current		-	-	-
		current		-	45	37
	Liabilities:	non-current		-	-	-
		current		(2)	-	(7)
				(2)	**45**	**30**
Total	Assets:	non-current	9	60	75	68
		current	12	297	304	494
	Liabilities:	non-current	20	(2)	(16)	(51)
		current	21	(185)	(274)	(76)
				170	**89**	**435**

22.4. Derivatives used to manage interest rate risk

The aim of the Group's debt management policy is to adapt the debt maturity profile to the characteristics of the assets held, to contain borrowing costs, and to protect net profit from the effects of significant changes in interest rates.

For these purposes, the Group uses interest rate swaps and options.

Derivatives used to manage interest rate risk outstanding as of December 31, 2015 break down as follows:

(EUR millions)	Nominal amounts by maturity				Market value [a] [b]		
	Less than one year	One to five years	More than five years	Total	Fair value hedges	Not allocated	Total
Interest rate swaps in euros, floating rate payer	-	2,808	-	2,808	62	-	62
Foreign currency swaps	332	1,242	-	1,574	2	1	3
Other interest rate risk derivatives	500	184	-	684	-	1	1
Total					**64**	**2**	**66**

(a) Gain/(Loss).
(b) See Note 1.9 regarding the methodology used for market value measurement.

22.5. Derivatives used to manage foreign exchange risk

A significant part of Group companies' sales to customers and to their own retail subsidiaries as well as certain purchases are denominated in currencies other than their functional currency; the majority of these foreign currency-denominated cash flows are inter-company cash flows. Hedging instruments are used to reduce the risks arising from the fluctuations of currencies against the exporting and importing companies' functional currencies and are allocated to either accounts receivable or accounts payable (fair value hedges) for the fiscal year, or to transactions anticipated for future periods (cash flow hedges).

Future foreign currency-denominated cash flows are broken down as part of the budget preparation process and are hedged progressively over a period not exceeding one year unless a longer period is justified by probable commitments. As such, and according to market trends, identified foreign exchange risks are hedged using forward contracts or options.

In addition, the Group may also use appropriate financial instruments to hedge the net worth of subsidiaries outside the euro zone, in order to limit the impact of foreign currency fluctuations against the euro on consolidated equity.

Derivatives used to manage foreign exchange risk outstanding as of December 31, 2015 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation				Market value [a] [b]				
	2015	2016	Beyond	Total	Fair value hedges	Future cash flow hedges	Foreign currency net investment hedges	Not allocated	Total
Options purchased									
Put USD	86	136	-	222	-	1	-	-	1
Put JPY	19	-	-	19	-	-	-	-	-
Put GBP	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
	105	**136**	**-**	**241**	**-**	**1**	**-**	**-**	**1**
Collars									
Written USD	7	4,069	-	4,076	-	19	-	-	19
Written JPY	9	747	-	756	-	8	-	-	8
Written Other	30	179	-	209	(1)	7	-	-	6
	46	**4,995**	**-**	**5,041**	**(1)**	**34**	**-**	**-**	**33**
Forward exchange contracts [c]									
USD	(7)	(10)	(2)	(19)	2	2	-	-	4
CHF	(37)	(18)	-	(55)	3	2	-	1	6
GBP	4	10	-	14	1	-	-	-	1
Other	56	(11)	-	45	2	-	-	-	2
	16	**(29)**	**(2)**	**(15)**	**8**	**4**	**-**	**1**	**13**
Foreign exchange swaps [c]									
USD	3,402	-	-	3,402	(47)	-	103	-	56
CHF	425	-	-	425	(2)	-	(27)	-	(29)
GBP	287	-	-	287	10	-	37	-	47
JPY	302	-	-	302	(5)	1	(1)	-	(5)
HKD	180	-	-	180	-	-	(9)	-	(9)
Other	847	50	12	909	2	-	(3)	-	(1)
	5,443	**50**	**12**	**5,505**	**(42)**	**1**	**100**	**-**	**59**
Total					**(35)**	**40**	**100**	**1**	**106**

(a) Gain/(Loss).
(b) See Note 1.9 regarding the methodology used for market value measurement.
(c) Sale/(Purchase).

The impact on the income statement of gains and losses on hedges of future cash flows as well as the future cash flows hedged, using these instruments, will be recognized in 2016; the amount will depend on exchange rates at this date. The impacts on the net profit for fiscal year 2015 of a 10% change in the value of the US dollar, the Japanese yen, the Swiss franc and the Hong Kong dollar against the euro, including impact of foreign currency hedges outstanding during the period, compared with the rates applying to transactions in 2015, would have been as follows:

(EUR millions)	US dollar		Japanese yen		Swiss franc		Hong Kong dollar	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
Impact of:								
- change in exchange rates of cash receipts in respect of foreign currency-denominated sales	278	(231)	48	(21)	(1)	(1)	1	(2)
- conversion to euro of net profit of entities outside the euro zone	69	(69)	15	(15)	15	(15)	(55)	55
Impact on net profit	**347**	**(300)**	**63**	**(36)**	**14**	**(16)**	**(54)**	**53**

The data presented in the table above should be assessed on the basis of the characteristics of the hedging instruments outstanding in fiscal year 2015, mainly comprising options and collars.

As of December 31, 2015, forecast cash collections for 2016 in US dollars and Japanese yen are both hedged in the proportion of 81% and 76%, respectively.

The Group's net equity (excluding net profit) exposure to foreign currency fluctuations as of December 31, 2015 is assessed by measuring the effect of a 10% change in the value of the US dollar, the Japanese yen, the Swiss franc and the Hong Kong dollar against the euro compared to the rates applying as of the same date:

(EUR millions)	US dollar		Japanese yen		Swiss franc		Hong Kong dollar	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
Conversion of foreign currency-denominated net assets	370	(370)	29	(29)	271	(271)	146	(146)
Change in market value of net investment hedges, after tax	(226)	260	(5)	32	(67)	55	(16)	14
Net impact on equity, excluding net profit	**144**	**(110)**	**24**	**3**	**204**	**(216)**	**130**	**(132)**

22.6. Financial instruments used to manage other risks

The Group's investment policy is designed to take advantage of a long-term investment horizon. Occasionally, the Group may invest in equity-based financial instruments with the aim of enhancing the dynamic management of its investment portfolio.

The Group is exposed to risks of share price changes either directly, as a result of its holding of equity investments and current available for sale financial assets, or indirectly, as a result of its holding of funds which are themselves partially invested in shares.

The Group may also use equity-based derivatives to create synthetically an economic exposure to certain assets, or to hedge cash-settled compensation plans index-linked to the LVMH share price. If applicable, the carrying amount of these unlisted financial instruments corresponds to the estimate of the amount, provided by the counterparty, of the valuation at the balance sheet date. The valuation of financial instruments thus takes into consideration market parameters such as interest rates and share prices.

The Group, mainly through its Watches and Jewelry business group, may be exposed to changes in the prices of certain precious metals, such as gold. In certain cases, in order to ensure visibility with regard to production costs, hedges may be implemented. This is achieved either by negotiating the forecast price of future deliveries of alloys with precious metal refiners, or the price of semi-finished products with producers; or directly by purchasing hedges from top-ranking banks. In the latter case, gold may be purchased from banks, or future and/or options contracts may be taken out with a physical delivery of the gold. Derivatives outstanding relating to the hedging of precious metal prices as of December 31, 2015 have a negative market value of 2.0 million euros. Considering nominal values of 145 million euros for those derivatives, a uniform 1% change in their underlying assets' prices as of December 31, 2015 would have a net impact on the Group's consolidated reserves in an amount of less than 1.5 million euros. These instruments mature in 2016.

22.7. Liquidity risk

In addition to local liquidity risks, which are generally immaterial, the Group's exposure to liquidity risk can be assessed in relation to the amount of its short-term borrowings excluding derivatives, net of cash and cash equivalents, i.e. 0.2 billion euros as of December 31, 2015, or through the outstanding amount of its commercial paper program, i.e. 2.3 billion euros. Should any of these instruments not be renewed, the Group has access to undrawn confirmed credit lines totaling 3.4 billion euros.

The Group's liquidity is based on the amount of its investments, its capacity to raise long-term borrowings, the diversity of its investor base (short-term paper and bonds), and the quality of its banking relationships, whether evidenced or not by confirmed lines of credit.

The following table presents the contractual schedule of disbursements for financial liabilities (excluding derivatives) recognized as of December 31, 2015, at nominal value and with interest, excluding discounting effects:

(EUR millions)	2016	2017	2018	2019	2020	Over 5 years	Total
Bonds and EMTNs	787	1,477	548	1,029	617	657	5,115
Bank borrowings	270	83	86	1	-	13	453
Other borrowings and credit facilities	282	-	-	-	-	-	282
Finance and other long-term leases	18	16	15	14	15	343	421
Commercial paper	2,281	-	-	-	-	-	2,281
Bank overdrafts	205	-	-	-	-	-	205
Gross financial debt	**3,843**	**1,576**	**649**	**1,044**	**632**	**1,013**	**8,757**
Other liabilities, current and non-current [a]	3,609	53	39	17	24	121	3,863
Trade accounts payable	3,960	-	-	-	-	-	3,960
Other financial liabilities	**7,569**	**53**	**39**	**17**	**24**	**121**	**7,823**
Total financial liabilities	**11,412**	**1,629**	**688**	**1,061**	**656**	**1,134**	**16,580**

(a) Corresponds to "Other current liabilities" (excluding derivatives, purchase commitments for minority interest and deferred income) for 3,516 million euros and to "Other non-current liabilities" (excluding derivatives, purchase commitments for minority interests and deferred income of 186 million euros as of December 31, 2015) for 347 million euros. See Note 22.2.

See Note 30.3 regarding contractual maturity dates of collateral and other guarantee commitments. See Notes 18.6 and 22.5 regarding foreign exchange derivatives and Note 22.4 regarding interest rate risk derivatives.

23. SEGMENT INFORMATION

The Group's brands and trade names are organized into six business groups. Four business groups – Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics and Watches and Jewelry – comprise brands dealing with the same category of products that use similar production and distribution processes. The Selective Retailing business comprises the Group's own-label retailing activities. Other activities and holding companies comprise brands and businesses that are not associated with any of the above mentioned business groups, most often relating to the Group's new businesses and holding or real estate companies.

23.1. Information by business group

Fiscal year 2015

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [a]	Total
Sales outside the Group	4,575	12,333	3,867	3,250	11,206	433	-	35,664
Intra-Group sales	28	36	650	58	27	15	(814)	-
Total revenue	**4,603**	**12,369**	**4,517**	**3,308**	**11,233**	**448**	**(814)**	**35,664**
Profit from recurring operations	1,363	3,505	525	432	934	(154)	-	6,605
Other operating income and expenses	(15)	(154)	(3)	(31)	(8)	(10)	-	(221)
Depreciation and amortization expense	(132)	(641)	(183)	(199)	(366)	(42)	-	(1,563)
Impairment expense	(15)	(96)	(1)	-	(5)	(19)	-	(136)
Intangible assets and goodwill [b]	4,900	7,207	1,231	5,850	3,560	946	-	23,694
Property, plant and equipment	2,484	2,125	525	501	1,550	3,972	-	11,157
Inventories	4,795	1,566	447	1,361	1,909	230	(212)	10,096
Other operating assets	1,392	874	782	731	761	920	7,194 [c]	12,654
Total assets	**13,571**	**11,772**	**2,985**	**8,443**	**7,780**	**6,068**	**6,982**	**57,601**
Equity	-	-	-	-	-	-	25,799	25,799
Liabilities	1,426	2,451	1,400	922	2,425	1,131	22,047 [d]	31,802
Total liabilities and equity	**1,426**	**2,451**	**1,400**	**922**	**2,425**	**1,131**	**47,846**	**57,601**
Operating investments [e]	(233)	(553)	(229)	(204)	(399)	(337)	-	(1,955)

Fiscal year 2014

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [a]	Total
Sales outside the Group	3,945	10,796	3,368	2,720	9,511	298	-	30,638
Intra-Group sales	28	32	548	62	23	14	(707)	-
Total revenue	**3,973**	**10,828**	**3,916**	**2,782**	**9,534**	**312**	**(707)**	**30,638**
Profit from recurring operations	1,147	3,189	415	283	882	(162)	(39)	5,715
Other operating income and expenses	(34)	(110)	(14)	1	(74)	(53)	-	(284)
Depreciation and amortization expense	(119)	(555)	(149)	(171)	(296)	(41)	-	(1,331)
Impairment expense	(22)	(71)	(9)	(1)	(85)	(34)	-	(222)
Intangible assets and goodwill [b]	3,758	7,242	1,183	5,635	3,161	862	-	21,841
Property, plant and equipment	2,339	2,165	477	425	1,415	3,566	-	10,387
Inventories	4,567	1,561	398	1,244	1,668	239	(202)	9,475
Other operating assets	1,340	781	664	635	668	608	6,963 [c]	11,659
Total assets	**12,004**	**11,749**	**2,722**	**7,939**	**6,912**	**5,275**	**6,761**	**53,362**
Equity	-	-	-	-	-	-	23,003	23,003
Liabilities	1,461	2,265	1,325	743	2,053	932	21,580 [d]	30,359
Total liabilities and equity	**1,461**	**2,265**	**1,325**	**743**	**2,053**	**932**	**44,583**	**53,362**
Operating investments [e]	(152)	(585)	(221)	(191)	(389)	(237)	-	(1,775)

Fiscal year 2013

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [a]	Total
Sales outside the Group	4,146	9,834	3,230	2,646	8,880	280	-	29,016
Intra-Group sales	27	49	487	51	23	15	(652)	-
Total revenue	**4,173**	**9,883**	**3,717**	**2,697**	**8,903**	**295**	**(652)**	**29,016**
Profit from recurring operations	1,367	3,135	414	367	908	(172)	(2)	6,017
Other operating income and expenses	(4)	(63)	(6)	2	(5)	(43)	-	(119)
Depreciation and amortization expense	(109)	(448)	(128)	(139)	(261)	(39)	-	(1,124)
Impairment expense	1	(50)	(1)	-	(7)	(12)	-	(69)
Intangible assets and goodwill [b]	3,948	7,213	1,068	5,572	2,989	864	-	21,654
Property, plant and equipment	2,182	2,031	404	390	1,313	3,301	-	9,621
Inventories	4,242	1,371	356	1,079	1,438	160	(154)	8,492
Other operating assets	1,384	738	590	650	552	674	11,822 [c]	16,409
Total assets	**11,756**	**11,353**	**2,418**	**7,691**	**6,292**	**4,999**	**11,668**	**56,176**
Equity	-	-	-	-	-	-	27,907	27,907
Liabilities	1,296	2,128	1,130	713	1,814	712	20,477 [d]	28,269
Total liabilities and equity	**1,296**	**2,128**	**1,130**	**713**	**1,814**	**712**	**48,384**	**56,176**
Operating investments [e]	(186)	(629)	(229)	(187)	(389)	(37)	-	(1,657)

(a) Eliminations correspond to sales between business groups; these generally consist of sales from business groups other than Selective Retailing to Selective Retailing. Selling prices between the different business groups correspond to the prices applied in the normal course of business for sales transactions to wholesalers or distributors outside the Group.
(b) Intangible assets and goodwill correspond to the net carrying amounts shown under Notes 3 and 4.
(c) Assets not allocated include available for sale financial assets, other financial assets, and both current and deferred tax assets. As of December 31, 2013, they included the 23.2% shareholding in Hermès International, representing an amount of 6,437 million euros. The Hermès shares were distributed as an exceptional distribution in kind on December 17, 2014; see Note 8.
(d) Liabilities not allocated include financial debt and both current and deferred tax liabilities.
(e) Increase/(Decrease) in cash and cash equivalents.

23.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	2015	2014	2013
France	3,552	3,212	3,118
Europe (excluding France)	6,408	5,830	5,453
United States	9,345	7,262	6,640
Japan	2,487	2,107	2,057
Asia (excluding Japan)	9,636	8,740	8,647
Other	4,236	3,487	3,101
Revenue	**35,664**	**30,638**	**29,016**

Operating investments by geographic region are as follows:

(EUR millions)	2015	2014	2013
France	633	651	585
Europe (excluding France)	385	326	313
United States	336	255	238
Japan	66	50	70
Asia (excluding Japan)	411	387	339
Other	124	106	112
Operating investments	**1,955**	**1,775**	**1,657**

No geographic breakdown of segment assets is provided since a significant portion of these assets consists of brands and goodwill, which must be analyzed on the basis of the revenue generated by these assets in each region, and not in relation to the region of their legal ownership.

23.3. Quarterly information

Quarterly sales by business group break down as follows:

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations	Total
First quarter	992	2,975	1,094	723	2,656	90	(207)	8,323
Second quarter	938	2,958	1,065	829	2,635	153	(194)	8,384
Third quarter	1,199	2,939	1,102	852	2,614	83	(208)	8,581
Fourth quarter	1,474	3,497	1,256	904	3,328	122	(205)	10,376
Total 2015	**4,603**	**12,369**	**4,517**	**3,308**	**11,233**	**448**	**(814)**	**35,664**
First quarter	888	2,639	941	607	2,222	78	(169)	7,206
Second quarter	789	2,391	898	659	2,160	74	(168)	6,803
Third quarter	948	2,647	961	706	2,234	65	(173)	7,388
Fourth quarter	1,348	3,151	1,116	810	2,918	95	(197)	9,241
Total 2014	**3,973**	**10,828**	**3,916**	**2,782**	**9,534**	**312**	**(707)**	**30,638**
First quarter	967	2,383	932	608	2,113	72	(162)	6,913
Second quarter	828	2,328	872	667	2,085	96	(157)	6,719
Third quarter	1,032	2,428	879	655	2,093	56	(153)	6,990
Fourth quarter	1,346	2,744	1,034	767	2,612	71	(180)	8,394
Total 2013	**4,173**	**9,883**	**3,717**	**2,697**	**8,903**	**295**	**(652)**	**29,016**

24. REVENUE AND EXPENSES BY NATURE

24.1. Analysis of revenue

Revenue consists of the following:

(EUR millions)	2015	2014	2013
Revenue generated by brands and trade names	35,134	30,159	28,562
Royalties and license revenue	146	131	159
Income from investment property	33	39	28
Other revenue	351	309	265
Total	**35,664**	**30,638**	**29,014**

The portion of total revenue generated by the Group at its own stores, including online sales, was approximately 65% in 2015 (64% in 2014 and 63% in 2013), i.e. 23,051 million euros in 2015 (19,564 million euros in 2014 and 18,230 million euros in 2013).

24.2. Expenses by nature

Profit from recurring operations includes the following expenses:

(EUR millions)	2015	2014	2013
Advertising and promotion expenses	4,017	3,484	3,310
Commercial lease expenses	3,388	2,742	2,471
Personnel costs	6,249	5,455	4,980
Research and development expenses	97	79	71

Advertising and promotion expenses mainly consist of the cost of media campaigns and point-of-sale advertising, and also include personnel costs dedicated to this function.

As of December 31, 2015, a total of 3,860 stores were operated by the Group worldwide (3,708 in 2014; 3,384 in 2013), particularly by Fashion and Leather Goods and Selective Retailing.

In certain countries, leases for stores entail the payment of both minimum amounts and variable amounts, especially for stores with lease payments indexed to revenue. The total lease expense for the Group's stores breaks down as follows:

(EUR millions)	2015	2014	2013
Fixed or minimum lease payments	1,619	1,288	1,078
Variable portion of indexed leases	604	412	413
Airport concession fees – fixed portion or minimum amount	594	557	537
Airport concession fees – variable portion	571	485	443
Commercial lease expenses	**3,388**	**2,742**	**2,471**

Personnel costs consist of the following elements:

(EUR millions)	2015	2014	2013
Salaries and social charges	6,122	5,323	4,858
Pensions, contribution to medical costs and expenses in respect of defined benefit plans	90	93	88
Stock option plan and related expenses	37	39	34
Personnel costs	**6,249**	**5,455**	**4,980**

25. OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	2015	2014	2013
Net gains (losses) on disposals of fixed assets	1	1	7
Restructuring costs	(98)	(36)	(14)
Transaction costs relating to the acquisition of consolidated companies	(2)	(8)	(21)
Impairment or amortization of brands, trade names, goodwill and other property	(136)	(246)	(88)
Other items, net	14	5	(3)
Other operating income and expenses	**(221)**	**(284)**	**(119)**

Impairment and amortization expenses recorded are mostly for brands and goodwill.

Restructuring costs mainly concern certain activities in Fashion and Leather Goods and Watches and Jewelry.

26. NET FINANCIAL INCOME/(EXPENSE)

(EUR millions)	2015	2014	2013
Borrowing costs	(111)	(144)	(138)
Income from cash, cash equivalents and current available for sale financial assets	33	30	30
Fair value adjustment of borrowings and interest rate hedges	-	(1)	7
Cost of net financial debt	**(78)**	**(115)**	**(101)**
Dividends received from non-current available for sale financial assets	4	74	71
Ineffective portion of foreign currency hedges	(437)	(238)	(159)
Net gain/(loss) related to available for sale financial assets and other financial instruments	129	3,263	23
Other items, net	(32)	(37)	(32)
Other financial income/(expenses)	**(336)**	**3,062**	**(97)**
Net financial income/(expense)	**(414)**	**2,947**	**(198)**

Income from cash, cash equivalents and current available for sale financial assets comprises the following items:

(EUR millions)	2015	2014	2013
Income from cash and cash equivalents	18	18	20
Interest from current available for sale financial assets	15	12	10
Income from cash, cash equivalents and current available for sale financial assets	**33**	**30**	**30**

The revaluation effects of financial debt and interest rate derivatives are attributable to the following items:

(EUR millions)	2015	2014	2013
Hedged financial debt	6	(7)	65
Hedging instruments	(4)	7	(61)
Unallocated derivatives	(2)	(1)	3
Effects of revaluation of financial debt and interest rate instruments	**-**	**(1)**	**7**

The ineffective portion of exchange rate derivatives breaks down as follows:

(EUR millions)	2015	2014	2013
Ineffective portion of commercial foreign exchange derivatives	(378)	(222)	(146)
Ineffective portion of foreign exchange derivatives related to net investments denominated in foreign currency	(2)	6	(6)
Ineffective portion of other foreign exchange derivatives	(57)	(22)	(7)
Ineffective portion of foreign exchange derivatives	**(437)**	**(238)**	**(159)**

In 2015, the net gain/(loss) related to available for sale financial assets and other financial instruments was mainly due to capital gains arising on the sale of available for sale financial assets.

In 2014, the net gain/(loss) related to available for sale financial assets and other financial instruments consisted mainly of the 3,189 million euro capital gain recognized following the exceptional distribution in kind of Hermès shares. See Note 8.

In 2013, the net gain/(loss) related to available for sale financial assets and other financial instruments was due to changes in market performance and the recognition of impairment losses on current and non-current available for sale financial assets.

27. INCOME TAXES

27.1. Analysis of the income tax expense

(EUR millions)	2015	2014	2013
Current income taxes for the fiscal year	(2,245)	(2,458)	(1,958)
Current income taxes relating to previous fiscal years	32	30	13
Current income taxes	**(2,213)**	**(2,428)**	**(1,945)**
Change in deferred income taxes	137	153	185
Impact of changes in tax rates on deferred taxes	107	2	7
Deferred income taxes	**244**	**155**	**192**
Total tax expense per income statement	**(1,969)**	**(2,273)**	**(1,753)**
Tax on items recognized in equity	**121**	**406**	**(249)**

In 2014, the current income tax expense included 512 million euros in taxes relating to the exceptional distribution in kind of Hermès shares. See Note 8.

Total income tax expense for the fiscal year includes 69 million euros (54 million euros in 2014; 41 million euros in 2013) in respect of the exceptional contribution applicable in France from 2011 to 2015 (10.7% of the corporate income tax due for fiscal years 2015, 2014 and 2013).

27.2. Analysis of net deferred tax on the balance sheet

Net deferred taxes on the balance sheet include the following assets and liabilities:

(EUR millions)	2015	2014	2013
Deferred tax assets	1,945	1,436	913
Deferred tax liabilities	(4,685)	(4,392)	(4,280)
Net deferred tax asset (liability)	**(2,740)**	**(2,956)**	**(3,367)**

27.3. Analysis of the difference between the theoretical and effective income tax rates

The effective tax rate is as follows:

(EUR millions)	2015	2014	2013
Profit before tax	5,970	8,378	5,700
Total income tax expense	(1,969)	(2,273)	(1,753)
Effective tax rate	**33.0%**	**27.1%**	**30.8%**

The theoretical income tax rate, defined as the rate applicable in law to the Group's French companies, including social contribution of 3.3%, may be reconciled as follows to the effective income tax rate disclosed in the consolidated financial statements:

(as % of income before tax)	2015	2014	2013
French statutory tax rate	**34.4**	**34.4**	**34.4**
Changes in tax rates	(1.8)	-	(0.1)
Differences in tax rates for foreign companies	(4.2)	(5.4)	(5.7)
Tax losses and tax loss carry forwards, and other changes in deferred tax	1.2	(0.3)	(1.2)
Differences between consolidated and taxable income, and income taxable at reduced rates, excluding the effect of the distribution of Hermès shares	1.6	3.0	1.8
Effect of the distribution of Hermès shares	-	(6.8)	-
Tax on distribution [a]	1.8	2.2	1.6
Effective tax rate of the Group	**33.0**	**27.1**	**30.8**

(a) Tax on distribution is mainly related to intra-Group dividends and to the 3% tax on dividends paid by LVMH SE.

27.4. Sources of deferred taxes

In the income statement [a]

(EUR millions)	2015	2014	2013
Valuation of brands	148	(5)	24
Other revaluation adjustments	15	(3)	2
Gains and losses on available for sale financial assets	-	(1)	4
Gains and losses on hedges of future foreign currency cash flows	(6)	45	6
Provisions for contingencies and losses [b]	100	104	74
Intercompany margin included in inventories	(15)	48	33
Other consolidation adjustments [b]	-	(11)	41
Losses carried forward	2	(22)	8
Total	**244**	**155**	**192**

(a) Income/(Expenses).
(b) Mainly regulated provisions, accelerated tax depreciation and finance leases.

In equity [a]

(EUR millions)	2015	2014	2013
Fair value adjustment of vineyard land	(21)	5	(127)
Gains and losses on available for sale financial assets	22	188	(65)
Gains and losses on hedges of future foreign currency cash flows	3	55	(17)
Gains and losses on employee benefit commitments	(16)	52	(22)
Total	**(12)**	**300**	**(231)**

(a) Gains/(Losses).

In the balance sheet [a]

(EUR millions)	2015	2014	2013
Valuation of brands	(3,523)	(3,567)	(3,479)
Fair value adjustment of vineyard land	(758)	(735)	(720)
Other revaluation adjustments	(358)	(371)	(379)
Gains and losses on available for sale financial assets	(2)	(23)	(207)
Gains and losses on hedges of future foreign currency cash flows	32	35	(33)
Provisions for contingencies and losses [b]	603	447	309
Intercompany margin included in inventories	710	712	654
Other consolidation adjustments [b]	525	517	432
Losses carried forward	31	29	56
Total	**(2,740)**	**(2,956)**	**(3,367)**

(a) Asset/(Liability).
(b) Mainly regulated provisions, accelerated tax depreciation and finance leases.

27.5. Losses carried forward

As of December 31, 2015, unused tax loss carryforwards and tax credits, for which no deferred tax assets were recognized, had a potential positive impact on the future tax expense of 331 million euros (282 million euros in 2014; 249 million euros in 2013).

27.6. Tax consolidation

- Tax consolidation agreements in France allow virtually all French companies of the Group to combine their taxable profits to calculate the overall tax expense for which only the parent company is liable. This tax consolidation agreement generated a decrease in the current tax expense of 125 million euros in 2015 (189 million euros in 2014; 59 million euros in 2013).
- The application of other tax consolidation agreements, notably in the United States, generated current tax savings of 77 million euros in 2015 (33 million euros in 2014; 16 million euros in 2013).

28. EARNINGS PER SHARE

	2015	2014	2013
Net profit, Group share *(EUR millions)*	**3,573**	**5,648**	**3,436**
Average number of shares in circulation during the fiscal year	507,543,064	507,978,312	507,997,567
Average number of treasury shares owned during the fiscal year	(5,147,573)	(6,668,943)	(7,714,153)
Average number of shares on which the calculation before dilution is based	**502,395,491**	**501,309,369**	**500,283,414**
Basic Group share of profit per share *(EUR)*	**7.11**	**11.27**	**6.87**
Average number of shares on which the above calculation is based	502,395,491	501,309,369	500,283,414
Dilution effect of stock option plans	2,499,455	2,552,364	2,934,083
Other dilution effects	-	-	-
Average number of shares on which the calculation after dilution is based	**504,894,946**	**503,861,733**	**503,217,497**
Diluted Group share of profit per share *(EUR)*	**7.08**	**11.21**	**6.83**

In 2014, the impact of the distribution in kind of Hermès shares on the Group's net profit (see Note 8) was 2,677 million euros, i.e. 5.34 euros per share (5.31 euros after dilution).

As of December 31, 2015, all of the instruments in circulation that may dilute earnings per share have been taken into consideration when determining the impact of dilution, given that all of the outstanding subscription options are considered to be available to be exercised at that date, since the LVMH share price is higher than the exercise price of these options.

No events occurred between December 31, 2015 and the date on which the financial statements were approved for publication that would have significantly affected the number of shares outstanding or the potential number of shares.

29. PROVISIONS FOR PENSIONS, CONTRIBUTION TO MEDICAL COSTS AND OTHER EMPLOYEE BENEFIT COMMITMENTS

29.1. Expense for the fiscal year

The expense recognized in the fiscal years presented for retirement benefit obligations, contribution to medical costs, and other employee benefit commitments is as follows:

(EUR millions)	2015	2014	2013
Service cost	98	76	79
Net interest cost	15	13	15
Actuarial gains and losses	3	4	2
Changes in plans	(20)	-	(8)
Total expense for the period for defined benefit plans	**96**	**93**	**88**

29.2. Net recognized commitment

(EUR millions)	2015	2014	2013
Benefits covered by plan assets	1,362	1,265	975
Benefits not covered by plan assets	183	161	144
Defined benefit obligation	**1,545**	**1,426**	**1,119**
Market value of plan assets	**(940)**	**(805)**	**(680)**
Net recognized commitment	**605**	**621**	**439**
Of which:			
Non-current provisions	632	640	452
Current provisions	4	3	5
Other assets	(31)	(22)	(18)
Total	**605**	**621**	**439**

29.3. Breakdown of the change in net recognized commitment

(EUR millions)	Defined benefit obligation	Market value of plan assets	Net recognized commitment
As of December 31, 2014	**1,426**	**(805)**	**621**
Service cost	98	-	98
Net interest cost	38	(23)	15
Payments to beneficiaries	(76)	55	(21)
Contributions to plan assets	-	(79)	(79)
Contributions of employees	9	(9)	-
Changes in scope and reclassifications	10	-	10
Changes in plans	(13)	(7)	(20)
Actuarial gains and losses: experience adjustments [a]	(11)	(12)	(23)
Actuarial gains and losses: changes in demographic assumptions [a]	1	-	1
Actuarial gains and losses: changes in financial assumptions [a]	(17)	-	(17)
Translation adjustment	80	(60)	20
As of December 31, 2015	**1,545**	**(940)**	**605**

(a) Gain/(Loss).

Actuarial gains and losses resulting from changes in financial assumptions related mainly to the decrease in discount rates.

Actuarial gains and losses resulting from experience adjustments related to the fiscal years 2011 to 2014 amounted to:

(EUR millions)	2011	2012	2013	2014
Experience adjustments on the defined benefit obligation	(9)	13	1	3
Experience adjustments on the market value of plan assets	(34)	(31)	(35)	(28)
Actuarial gains and losses resulting from experience adjustments [a]	**(43)**	**(18)**	**(34)**	**(25)**

(a) (Gains)/Losses.

The actuarial assumptions applied to estimate commitments as of December 31, 2015 in the main countries where such commitments have been undertaken, were as follows:

(as %)	2015					2014					2013				
	France	United States	United Kingdom	Japan	Switzerland	France	United States	United Kingdom	Japan	Switzerland	France	United States	United Kingdom	Japan	Switzerland
Discount rate [a]	2.00	4.01	3.74	1.00	0.75	2.00	3.96	3.68	1.00	1.70	3.50	5.00	4.40	1.25	2.30
Future rate of increase of salaries	2.75	4.90	3.92	2.00	1.90	3.00	5.00	4.00	2.00	2.25	3.00	4.50	4.10	2.00	2.25

(a) Discount rates were determined with reference to market yields of AA-rated corporate bonds at the year-end in the countries concerned. Bonds with maturities comparable to those of the commitments were used.

The assumed rate of increase of medical expenses in the United States is 7.0% for 2017, after which it is assumed to decline progressively to reach a rate of 4.50% in 2037.

A rise of 0.5% in the discount rate would result in a reduction of 94 million euros in the amount of the defined benefit obligation as of December 31, 2015; a decrease of 0.5% in the discount rate would result in a rise of 97 million euros.

29.4. Analysis of benefits

The breakdown of the defined benefit obligation by type of benefit plan is as follows:

(EUR millions)	2015	2014	2013
Supplementary pensions	1,203	1,102	847
Retirement and other indemnities	265	251	205
Medical costs of retirees	50	49	44
Jubilee awards	23	21	20
Other	4	3	3
Defined benefit obligation	**1,545**	**1,426**	**1,119**

The geographic breakdown of the defined benefit obligation is as follows:

(EUR millions)	2015	2014	2013
France	484	501	369
Europe (excluding France)	583	506	440
United States	315	274	184
Japan	108	91	84
Asia (excluding Japan)	49	49	39
Other countries	6	5	3
Defined benefit obligation	**1,545**	**1,426**	**1,119**

The main components of the Group's net commitment for retirement and other defined benefit obligations as of December 31, 2015 are as follows:

- in France, these commitments include the commitment to members of the Group's Executive Committee and senior executives, who are covered by a supplementary pension plan after a certain number of years of service, the amount of which is determined on the basis of the average of their three highest amounts of annual remuneration received during the course of their career with the Group; they also include retirement indemnities and jubilee awards, the payment of which is determined by French law and collective bargaining agreements, respectively upon retirement or after a certain number of years of service;
- in Europe (excluding France), the main commitments concern pension plans, set up in the United Kingdom by certain Group companies, in Switzerland, participation by Group companies in the mandatory Swiss occupational pension plan, the LPP (*Loi pour la Prévoyance Professionnelle*), as well as the TFR (*Trattamento di Fine Rapporto*) in Italy, a legally required end-of-service allowance, paid regardless of the reason for the employee's departure from the company;
- in the United States, the commitment relates to defined benefit pension plans or systems for the reimbursement of medical expenses of retirees set up by certain Group companies.

29.5. Analysis of related plan assets

The breakdown of market value of plan assets by type of investment is as follows:

(as % of market value of related plan assets)	2015	2014	2013
Shares	26	30	35
Bonds			
- private issues	38	35	29
- public issues	10	13	15
Cash, investment funds, real estate and other assets	26	22	21
Total	**100**	**100**	**100**

These assets do not include any real estate assets belonging to the Group or any LVMH shares for significant amounts. The Group plans to increase the related plan assets in 2016 by paying in approximately 80 million euros.

30. OFF-BALANCE SHEET COMMITMENTS

30.1. Purchase commitments

(EUR millions)	2015	2014	2013
Grapes, wines and *eaux-de-vie*	2,043	1,706	994
Other purchase commitments for raw materials	94	69	110
Industrial and commercial fixed assets	808	458	379
Investments in joint venture shares and non-current available for sale financial assets	132	99	98

Some Wines and Spirits companies have contractual purchase arrangements with various local producers for the future supply of grapes, still wines and *eaux-de-vie*. These commitments are valued, depending on the nature of the purchases, on the basis of the contractual terms or known year-end prices and estimated production yields.

As of December 31, 2015, the maturity schedule of these commitments is as follows:

(EUR millions)	Less than one year	One to five years	More than five years	Total
Grapes, wines and *eaux-de-vie*	746	1,219	78	2,043
Other purchase commitments for raw materials	69	21	4	94
Industrial and commercial fixed assets	706	98	4	808
Investments in joint venture shares and non-current available for sale financial assets	66	52	14	132

30.2. Lease and similar commitments

In connection with its business activities, the Group enters into agreements for the rental of premises or airport concession contracts. The Group also finances a portion of its equipment through long-term operating leases.

The fixed minimum portion of commitments in respect of the irrevocable period of operating lease or concession contracts were as follows as of December 31, 2015:

(EUR millions)	2015	2014	2013
Less than one year	1,860	1,658	1,394
One to five years	4,599	3,788	3,572
More than five years	3,021	1,952	1,854
Commitments given for operating leases and concessions	**9,480**	**7,398**	**6,820**
Less than one year	18	13	10
One to five years	14	16	14
More than five years	2	-	-
Commitments received for sub-leases	**34**	**29**	**24**

In addition, the Group may enter into operating leases or concession contracts that have variable guaranteed amounts. For example, in June 2012, DFS was awarded three additional five-year concessions at Hong Kong International Airport. The concession agreement provides for the payment of a variable concession fee which is dependent notably on the number of passengers using the airport. In 2015, the amount of this fee was about 440 million euros.

30.3. Collateral and other guarantees

As of December 31, 2015, these commitments break down as follows:

(EUR millions)	2015	2014	2013
Securities and deposits	455	366	412
Other guarantees	136	88	90
Guarantees given	**591**	**454**	**502**
Guarantees received	**28**	**27**	**28**

Maturity dates of these commitments are as follows:

(EUR millions)	Less than one year	One to five years	More than five years	Total
Securities and deposits	218	228	9	455
Other guarantees	55	66	15	136
Guarantees given	**273**	**294**	**24**	**591**
Guarantees received	**11**	**6**	**11**	**28**

30.4. Other commitments

The Group is not aware of any significant off-balance sheet commitments other than those described above.

31. EXCEPTIONAL EVENTS AND LITIGATION

As part of its day-to-day management, the Group may be party to various legal proceedings concerning trademark rights, the protection of intellectual property rights, the protection of Selective Retailing networks, licensing agreements, employee relations, tax audits, and any other matters inherent to its business. The Group believes that the provisions recorded in the balance sheet in respect of these risks, litigation proceedings and disputes that are in progress and any others of which it is aware at the year-end, are sufficient to avoid its consolidated financial position being materially impacted in the event of an unfavorable outcome.

In 2006, Louis Vuitton Malletier and the French companies of the Perfumes and Cosmetics business group filed lawsuits against eBay in the Paris Commercial Court. Louis Vuitton Malletier demanded compensation for losses caused by eBay's participation in the commercialization of counterfeit products and its refusal to implement appropriate procedures to prevent the sale of such goods on its site. The Perfumes and Cosmetics brands sued eBay for undermining their selective retailing networks. In a decision delivered on June 30, 2008, the Paris Commercial Court ruled in favor of LVMH, ordering eBay to pay 19.3 million euros to Louis Vuitton Malletier and 3.2 million euros to the Group's Perfumes and Cosmetics brands. The court also barred eBay from running listings for perfumes and cosmetics under the Dior, Guerlain, Givenchy and Kenzo brands. eBay filed a petition with the Paris Court of Appeal. On July 11, 2008, the President of the Paris Court of Appeal denied eBay's petition to stay the provisional execution order delivered by the Paris Commercial Court. In September 2010, the Paris Court of Appeal confirmed the ruling against eBay handed down in 2008, classifying this company's business as that of a broker and not merely an Internet host. Asserting that it did not have jurisdiction to evaluate the extent of losses caused by some of eBay's sites outside France, the Court reduced the amount of punitive damages to 2.2 million euros for Louis Vuitton Malletier and 0.7 million euros for the Group's Perfumes and Cosmetics brands, as the initial amount had been determined on the basis of eBay's worldwide operations. In response to the appeal filed by eBay, on May 3, 2012 the *Cour de cassation* confirmed the analysis carried out by the Paris Court of Appeal, which had held that eBay's activity was not merely that of a hosting service provider, but that it also acted as a broker. However, the *Cour de cassation* reversed the Paris Court of Appeal's decision with regard to its jurisdiction for activity conducted on the eBay Inc. website and referred the case back for retrial by the Paris Court of Appeal. On July 17, 2014, eBay and LVMH announced a cooperative effort to protect intellectual property rights and combat counterfeits in online commerce. Thanks to the cooperation measures put in place, the companies have settled the ongoing litigation.

On September 2, 2014, under the aegis of the President of the Paris Commercial Court, LVMH and Hermès entered into a settlement agreement aimed at definitively ending the litigation to which LVMH's acquisition of an equity stake in Hermès had given rise, and at restoring a climate of positive relations between them. According to the terms of this agreement, (i) in December 2014, LVMH distributed to its shareholders all of the Hermès shares held by the LVMH group, and Christian Dior, which at that date held 40.9% of LVMH's share capital via Financière Jean Goujon, distributed the Hermès shares received from LVMH to its own shareholders, and (ii) LVMH and Hermès ceased all proceedings and actions undertaken against one another. See Note 8 for the impacts of this transaction on the consolidated financial statements as of December 31, 2014.

On December 17, 2012, the Mayor of Paris granted two distinct building permits authorizing the architectural project for the restructuring and reconstruction of the former La Samaritaine department stores 2 (Seine block) and 4 (Rivoli block). Both of these permits were the subject of an action for cancellation before the Paris Administrative Court (*Tribunal administratif de Paris*). On April 11, 2014, the Paris Administrative Court rejected the action for cancellation filed against the building permit authorizing the restructuring of former department store 2, which is registered as a Historic Monument (Seine block).That first permit thereby became definitive. On May 13, 2014, the Paris Administrative Court cancelled the second building permit order authorizing the partial demolition of former department store 4 and the reconstruction of a contemporary building designed by the architectural firm SANAA (Rivoli block). The company Grands Magasins de La Samaritaine and the City of Paris appealed against this judgment. On January 5, 2015, the Paris Administrative Court of Appeal (*Cour administrative d'appel de Paris*) dismissed their appeals. La Samaritaine and the City of Paris filed a cassation appeal before the Council of State (*Conseil d'État*), which, in a judgment dated June 19, 2015, overturned the judgment of the Administrative Court of Appeal, thereby definitively validating the second building permit.

To the best of the Company's knowledge, there are no pending or impending administrative, judicial or arbitration procedures that are likely to have, or have had over the twelve-month period under review, any significant impact on the financial position or profitability of the Company and/or the Group.

32. RELATED PARTY TRANSACTIONS

32.1. Relations of LVMH with Christian Dior and Groupe Arnault

The LVMH group is consolidated within Christian Dior SE, a public company listed on the Eurolist by Euronext Paris, which is controlled by Groupe Arnault SE via its subsidiary Financière Agache SA.

Relations of LVMH with Christian Dior

The LVMH group, via its subsidiaries Parfums Christian Dior and Montres Dior, coordinates its communications efforts with Christian Dior SE and its subsidiaries, in particular Christian Dior Couture SA. Christian Dior also provides creative assistance to LVMH for the design of Dior perfume bottles and watches, as well as in the course of its advertising and promotional campaigns. Montres Dior watches are manufactured by a company equally owned by Christian Dior and LVMH, "Les Ateliers Horlogers Dior SA" ("LAH").

LVMH distributes Christian Dior products through its Selective Retailing businesses, and distributes Montres Dior watches through its Watches and Jewelry business group's distribution network. Christian Dior purchases the products manufactured by Parfums Christian Dior and Montres Dior from LVMH, which it sells in its network of retail stores.

LAH has been managed since 2008 as a joint venture between the Watches and Jewelry business Group and Christian Dior Couture. Following the implementation of IFRS 11, this jointly controlled entity is accounted for using the equity method.

Finally, LVMH provides administrative assistance to the subsidiaries of Christian Dior located outside France.

Transactions between LVMH and Christian Dior, which are completed at market prices, may be summarized as follows:

(EUR millions)	2015	2014	2013
LVMH purchases from Christian Dior	(27)	(23)	(20)
Amount payable outstanding as of December 31	(28)	(20)	(20)
LVMH sales to Christian Dior	33	31	31
Amount receivable outstanding as of December 31	16	15	16

The transactions between LVMH and LAH, which is now accounted for using the equity method, are not included in the table above. During fiscal year 2015, sales of goods and services, net of purchases, from LAH to the Group amounted to 3 million euros.

In July 2015, LVMH sold its shares of a company holding rights to a property located in Tokyo to Christian Dior Couture for 29 million euros. In addition, in 2015, LVMH acquired some leasehold rights to stores in Paris which were immediately transferred to Christian Dior Couture at cost.

Relations of LVMH with Groupe Arnault and its subsidiaries

The company Groupe Arnault SE, which has specialist teams, provides assistance to the LVMH group, primarily in the areas of financial engineering, strategy, development, and corporate and real estate law. In addition, the company Groupe Arnault leases office premises to the LVMH group.

Conversely, the LVMH group provides various administrative and operational services and leases real estate and movable property assets to the company Groupe Arnault SE and some of its subsidiaries.

In December 2015, LVMH and Groupe Arnault took a joint 35.8% equity stake in L Catterton via LC Investissements. Furthermore, LVMH and Groupe Arnault agreed to contribute their jointly held equity stakes in their fund management companies to L Catterton in 2016.

Transactions between LVMH and Groupe Arnault and its subsidiaries may be summarized as follows:

(EUR millions)	2015	2014	2013
Amounts billed by Groupe Arnault SE and Financière Agache to LVMH	(6)	(6)	(6)
Amount payable outstanding as of December 31	(2)	(2)	(2)
Amounts billed by LVMH to Groupe Arnault SE and Financière Agache	3	3	3
Amount receivable outstanding as of December 31	-	1	-

32.2. Relations with Diageo

Moët Hennessy SNC and Moët Hennessy International SAS (hereafter referred to as “Moët Hennessy”) are the holding companies for LVMH’s Wines and Spirits businesses, with the exception of Château d’Yquem, Château Cheval Blanc, Domaine du Clos des Lambrays and certain champagne vineyards. Diageo holds a 34% stake in Moët Hennessy. In 1994, at the time when Diageo acquired this 34% stake, an agreement was concluded between Diageo and LVMH for the apportionment of holding company expenses between Moët Hennessy and the other holding companies of the LVMH group.

Under this agreement, Moët Hennessy assumed 17% of shared expenses in 2015 (17% in 2014 and 19% in 2013) and billed the related excess costs to LVMH SE, after which the amount of the costs assumed by Moët Hennessy was 16 million euros in 2015 (14 million euros in 2014; 15 million euros in 2013).

32.3. Relations with Fondation Louis Vuitton

In October 2014, the Fondation Louis Vuitton opened a modern and contemporary art museum in Paris. The LVMH group provides financing to the Fondation Louis Vuitton as part of its corporate sponsorship activities. Its net contributions to this project are included in “Property, plant and equipment” and are depreciated from the time the museum opened (October 2014) over the remaining duration of the public property use agreement awarded by the City of Paris.

The Fondation Louis Vuitton also obtains external financing guaranteed by LVMH. These guarantees are part of LVMH’s off-balance sheet commitments (See Note 30.3).

32.4. Executive bodies

The total compensation paid to the members of the Executive Committee and the Board of Directors, in respect of their functions within the Group, breaks down as follows:

(EUR millions)	2015	2014	2013
Gross compensation, employers' charges and benefits in kind	58	70	73
Post-employment benefits	15	11	10
Other long-term benefits	5	13	14
End of contract indemnities	-	-	-
Stock option and similar plans	8	14	16
Total	**86**	**108**	**113**

The commitment recognized as of December 31, 2015 for post-employment benefits, net of related financial assets was 63 million euros (106 million euros as of December 31, 2014 and 53 million euros as of December 31, 2013).

33. SUBSEQUENT EVENTS

No significant subsequent events occurred between December 31, 2015 and February 2, 2016, the date on which the financial statements were approved for publication by the Board of Directors.

MAIN CONSOLIDATED COMPANIES

Companies	Registered office	Percentage	
		Control	Interest
WINES AND SPIRITS			
MHCS SCS	Épernay, France	100%	66%
Champagne Des Moutiers SA	Épernay, France	100%	66%
Société Viticole de Reims SA	Épernay, France	100%	66%
Cie Française du Champagne et du Luxe SA	Épernay, France	100%	66%
Chamfipar SA	Épernay, France	100%	66%
GIE MHIS	Épernay, France	100%	66%
Moët Hennessy Entreprise Adaptée	Épernay, France	100%	66%
Champagne Bernard Breuzon SAS	Colombe le Sec, France	100%	66%
Champagne de Mansin SAS	Gye sur Seine, France	100%	66%
Société Civile des Crus de Champagne SA	Reims, France	100%	66%
Moët Hennessy Italia Spa	Milan, Italy	100%	66%
Moët Hennessy UK Ltd	London, United Kingdom	100%	66%
Moët Hennessy España SA	Barcelona, Spain	100%	66%
Moët Hennessy (Suisse) SA	Geneva, Switzerland	100%	66%
Moët Hennessy Deutschland GmbH	Munich, Germany	100%	66%
Moët Hennessy de Mexico, SA de C.V.	Mexico City, Mexico	100%	66%
Moët Hennessy Belux SA	Brussels, Belgium	100%	66%
Moët Hennessy Osterreich GmbH	Vienna, Austria	100%	66%
Moët Hennessy Suomi OY	Helsinki, Finland	100%	66%
Moët Hennessy Polska SP Z.O.O.	Warsaw, Poland	100%	66%
Moët Hennessy Czech Republic Sro	Prague, Czech Republic	100%	66%
Moët Hennessy Sverige AB	Stockholm, Sweden	100%	66%
Moët Hennessy România Srl	Bucharest, Romania	100%	66%
Moët Hennessy Norge AS	Hoevik, Norway	100%	66%
Moët Hennessy Danmark A/S	Copenhagen, Denmark	100%	66%
Moët Hennessy Nederland BV	Baarn, Netherlands	100%	66%
Moët Hennessy USA Inc	New York, USA	100%	66%
Moët Hennessy Turkey Ltd	Istanbul, Turkey	100%	66%
Moët Hennessy South Africa	Johannesburg, South Africa	100%	66%
Moët Hennessy Korea Ltd	Seoul, South Korea	100%	66%
MHD Moët Hennessy Diageo SAS	Courbevoie, France [b]	100%	66%
Cheval des Andes SA	Buenos Aires, Argentina [a]	50%	33%
Domaine Chandon Inc	California, USA	100%	66%
Cape Mentelle Vineyards Ltd	Margaret River, Australia	100%	66%
Veuve Clicquot Properties, Pty Ltd	Margaret River, Australia	100%	66%
Moët Hennessy do Brasil – Vinhos E Destilados Ltda	São Paulo, Brazil	100%	66%
Cloudy Bay Vineyards Ltd	Blenheim, New Zealand	100%	66%
Bodegas Chandon Argentina SA	Buenos Aires, Argentina	100%	66%
Domaine Chandon Australia Pty Ltd	Coldstream, Victoria, Australia	100%	66%
Newton Vineyards LLC	California, USA	90%	59%
Domaine Chandon (Ningxia) Moët Hennessy Co, Ltd	Yinchuan, China	100%	66%
Moët Hennessy Chandon (Ningxia) Vineyards Co, Ltd	Yinchuan, China	60%	40%
Château d'Yquem SA	Sauternes, France	96%	96%
Château d'Yquem SC	Sauternes, France	96%	96%
Société Civile Cheval Blanc (SCCB)	Saint-Émilion, France [a]	50%	50%
MH Shangri-La (Deqin) Winery Company Ltd	Deqin, China	80%	53%
Jas Hennessy & Co SCS	Cognac, France	99%	65%
Distillerie de la Groie SARL	Cognac, France	100%	65%
SICA de Bagnolet	Cognac, France	100%	3%
Sodepa SARL	Cognac, France	100%	65%
Diageo Moët Hennessy BV	Amsterdam, Netherlands [b]	100%	66%
Hennessy Dublin Ltd	Dublin, Ireland	100%	66%
Edward Dillon & Co Ltd	Dublin, Ireland [a]	40%	26%
Hennessy Far East Ltd	Hong Kong, China	100%	65%
Moët Hennessy Diageo Hong Kong Ltd	Hong Kong, China [b]	100%	66%
Moët Hennessy Diageo Macau Ltd	Macao, China [b]	100%	66%
Riche Monde (China) Ltd	Hong Kong, China [b]	100%	66%
Moët Hennessy Diageo Singapore Pte Ltd	Singapore [b]	100%	66%
Moët Hennessy Ukraine	Kiev, Ukraine	100%	66%
Moët Hennessy Cambodia Co Ldt	Phnom Penh, Cambodia	51%	34%
Moët Hennessy Philippines Inc	Makati City, Philippines	75%	49%
Société du domaine des Lambrays	Gevrey Chambertin, France	100%	100%
MH Services UK Ltd	London, United Kingdom	100%	66%
MH Services Singapore Limited Pte	Singapore	100%	66%
Moët Hennessy Diageo Malaysia SDN BHD	Kuala Lumpur, Malaysia [b]	100%	66%
Diageo Moët Hennessy Thailand Ltd	Bangkok, Thailand [b]	100%	66%
Moët Hennessy Shanghai Ltd	Shanghai, China	100%	66%
Moët Hennessy India Pvt. Ltd	New Delhi, India	100%	66%
Moët Hennessy Taiwan Ltd	Taipei, Taiwan	100%	65%
MHD Chine Co Ltd	Shanghai, China [b]	100%	66%
Moët Hennessy Whitehall Russia SA	Moscow, Russia	100%	66%
Moët Hennessy Vietnam Importation Co Ltd	Ho Chi Minh City, Vietnam	100%	65%
Moët Hennessy Vietnam Distribution Co Pte Ltd	Ho Chi Minh City, Vietnam	51%	33%
Moët Hennessy Rus LLC	Moscow, Russia	100%	66%

Companies	Registered office	Percentage	
		Control	Interest
MHD Moët Hennessy Diageo	Tokyo, Japan [b]	100%	66%
Moët Hennessy Asia Pacific Pte Ltd	Singapore	100%	65%
Moët Hennessy Australia Ltd	Rosebury, Australia	100%	65%
Polmos Zyrardow LLC	Zyrardow, Poland	100%	66%
The Glenmorangie Company Ltd	Edinburgh, United Kingdom	100%	66%
Macdonald & Muir Ltd	Edinburgh, United Kingdom	100%	66%
The Scotch Malt Whisky Society Ltd	Edinburgh, United Kingdom	100%	66%
Wenjun Spirits Company Ltd	Chengdu, China	55%	36%
Wenjun Spirits Sales Company Ltd	Chengdu, China	55%	36%
FASHION AND LEATHER GOODS			
Louis Vuitton Malletier SA	Paris, France	100%	100%
Manufacture de Souliers Louis Vuitton Srl	Fiesso d'Artico, Italy	100%	100%
Louis Vuitton Saint-Barthélemy SNC	Saint-Barthélemy, French Antilles	100%	100%
Louis Vuitton Cantacilik Ticaret AS	Istanbul, Turkey	100%	100%
Louis Vuitton Editeur SAS	Paris, France	100%	100%
Louis Vuitton International SNC	Paris, France	100%	100%
Société des Ateliers Louis Vuitton SNC	Paris, France	100%	100%
Les Tanneries de la Comète SA	Estaimpuis, Belgium	100%	100%
Manufacture des accessoires Louis Vuitton Srl	Milan, Italy	100%	100%
Louis Vuitton Bahrain WLL	Manama, Bahrain [c]	[c]	[c]
Société Louis Vuitton Services SNC	Paris, France	100%	100%
Louis Vuitton Qatar LLC	Doha, Qatar [c]	[c]	[c]
Société des Magasins Louis Vuitton France SNC	Paris, France	100%	100%
Belle Jardinière SA	Paris, France	100%	100%
La Fabrique Du Temps Louis Vuitton SA	La Chaux-de-Fonds, Switzerland	100%	100%
Les Ateliers Joailliers Louis Vuitton SAS	Paris, France	100%	100%
Louis Vuitton Monaco SA	Monaco	100%	100%
ELV SNC	Paris, France	100%	100%
Louis Vuitton Services Europe Sprl	Brussels, Belgium	100%	100%
Louis Vuitton UK Ltd	London, United Kingdom	100%	100%
Louis Vuitton Ireland Ltd	Dublin, Ireland	100%	100%
Louis Vuitton Deutschland GmbH	Düsseldorf, Germany	100%	100%
Louis Vuitton Ukraine LLC	Kiev, Ukraine	100%	100%
Sociedad de Catalana Talleres Artesanos Louis Vuitton SA	Barcelona, Spain	100%	100%
Sociedad de Talleres de Accesorios en Cuero LV SL	Barcelona, Spain	100%	100%
La Fabrique de Maroquinerie Louis Vuitton	Paris, France	100%	100%
Louis Vuitton BV	Amsterdam, Netherlands	100%	100%
Louis Vuitton Belgium SA	Brussels, Belgium	100%	100%
Louis Vuitton Luxembourg SARL	Luxembourg	100%	100%
Louis Vuitton Hellas SA	Athens, Greece	100%	100%
Louis Vuitton Portugal Maleiro, Ltda.	Lisbon, Portugal	100%	100%
Louis Vuitton Ltd	Tel Aviv, Israel	100%	100%
Louis Vuitton Danmark A/S	Copenhagen, Denmark	100%	100%
Louis Vuitton Aktiebolag SA	Stockholm, Sweden	100%	100%
Louis Vuitton Suisse SA	Geneva, Switzerland	100%	100%
Louis Vuitton Polska sp. zoo.	Warsaw, Poland	100%	100%
Louis Vuitton Ceska s.r.o.	Prague, Czech Republic	100%	100%
Louis Vuitton Osterreich GmbH	Vienna, Austria	100%	100%
Louis Vuitton Kazakhstan LLP	Almaty, Kazakhstan	100%	100%
LV US Manufacturing, Inc	New York, USA	100%	100%
Louis Vuitton Hawaii Inc	Hawaii, USA	100%	100%
Louis Vuitton Guam Inc	Guam	100%	100%
Louis Vuitton Saipan Inc	Saipan, Northern Mariana Islands	100%	100%
Louis Vuitton Norge AS	Oslo, Norway	100%	100%
San Dimas Luggage Company	New York, USA	100%	100%
Louis Vuitton North America Inc	New York, USA	100%	100%
Louis Vuitton USA Inc	New York, USA	100%	100%
Louis Vuitton Liban retail SAL	Beirut, Lebanon	100%	100%
Louis Vuitton Vietnam Company Ltd	Hanoi, Vietnam	100%	100%
Louis Vuitton Suomy Oy	Helsinki, Finland	100%	100%
Louis Vuitton România Srl	Bucharest, Romania	100%	100%
LVMH FG Brasil Ltda	São Paulo, Brazil	100%	100%
Louis Vuitton Panama Inc	Panama City, Panama	100%	100%
Louis Vuitton Mexico S de RL de CV	Mexico City, Mexico	100%	100%
Louis Vuitton Chile Ltda	Santiago de Chile, Chile	100%	100%
Louis Vuitton (Aruba) N.V	Oranjestad, Aruba	100%	100%
Louis Vuitton Republica Dominica Srl	Santo Domingo, Dominican Republic	100%	100%
Louis Vuitton Pacific Ltd	Hong Kong, China	100%	100%
Louis Vuitton Kuwait	Kuwait City, Kuwait [c]	[c]	[c]
Louis Vuitton Hong Kong Ltd	Hong Kong, China	100%	100%
Louis Vuitton (Philippines) Inc	Makati, Philippines	100%	100%
Louis Vuitton Singapore Pte Ltd	Singapore	100%	100%

Companies	Registered office	Percentage Control	Percentage Interest
LV IOS Private Ltd	Singapore	100%	100%
PT Louis Vuitton Indonesia LLC	Jakarta, Indonesia	98%	98%
Louis Vuitton (Malaysia) SDN BHD	Kuala Lumpur, Malaysia	100%	100%
Louis Vuitton (Thailand) SA	Bangkok, Thailand	100%	100%
Louis Vuitton Taïwan Ltd	Taipei, Taiwan	98%	98%
Louis Vuitton Australia PTY Ltd	Sydney, Australia	100%	100%
Louis Vuitton (China) Co Ltd	Shanghai, China	100%	100%
Louis Vuitton Mongolia LLC	Ulaanbaatar, Mongolia	100%	100%
Louis Vuitton New Zealand Limited	Auckland, New Zealand	100%	100%
Louis Vuitton India Retail Private Limited	New Delhi, India	51%	51%
Louis Vuitton EAU LLC	Dubai, United Arab Emirates [c]	[c]	[c]
LV Saudi Arabia	Saudi Arabia	75%	49%
Louis Vuitton Middle East	Dubai, United Arab Emirates	65%	65%
Louis Vuitton – Jordan PCLS	Amman, Jordan	100%	100%
Louis Vuitton Orient LLC	Ras al-Khaimah, United Arab Emirates	65%	65%
Louis Vuitton Korea Ltd	Seoul, South Korea	100%	100%
LVMH Fashion Group Trading Korea Ltd	Seoul, South Korea	100%	100%
Louis Vuitton Hungaria Sarl	Budapest, Hungary	100%	100%
Louis Vuitton Vostock LLC	Moscow, Russia	100%	100%
LV Colombia SA	Santafe de Bogota, Colombia	100%	100%
Louis Vuitton Maroc Sarl	Casablanca, Morocco	100%	100%
Louis Vuitton South Africa Ltd	Johannesburg, South Africa	100%	100%
Louis Vuitton Macau Company Ltd	Macao, China	100%	100%
LVMH Fashion (Shanghai) Trading Co., Ltd	Shanghai, China	100%	100%
Louis Vuitton Japan KK	Tokyo, Japan	99%	99%
Louis Vuitton Services KK	Tokyo, Japan	100%	99%
Louis Vuitton Canada Inc	Toronto, Canada	100%	100%
Louis Vuitton (Barbados) Ltd	Saint Michael, Barbados	100%	100%
Atepeli – Ateliers de Ponte de Lima SA	Ponte de Lima, Portugal	100%	100%
Somarest SARL	Sibiu, Romania	100%	100%
LVMH – Métiers d'Art	Paris, France	100%	100%
Les tanneries Roux SA	Romans-sur-Isère, France	100%	100%
Heng Long International Holding Pte Ltd	Singapore	65%	65%
Heng Long International Ltd	Singapore	100%	65%
Heng Long Leather Co (Pte) Ltd	Singapore	100%	65%
Heng Long Leather (Guangzhou) Co Ltd	Guangzhou, China	100%	65%
HL Australia Proprietary Ltd	Sydney, Australia	97%	63%
Starke Holding LLC	Starke, USA [*]	80%	80%
Cypress Creek Farms LLC	Starke, USA [*]	100%	80%
Florida Alligator Company LLC	Starke, USA [*]	100%	80%
Pellefina LLC	Starke, USA [b]	100%	80%
Marc Jacobs International LLC	New York, USA [*]	100%	80%
Marc Jacobs International (UK) Ltd	London, United Kingdom	100%	80%
Marc Jacobs Trademark LLC	New York, USA [*]	100%	80%
Marc Jacobs Japon KK	Tokyo, Japan	66%	53%
Marc Jacobs international Italia Srl	Milan, Italy	100%	80%
Marc Jacobs International France SAS	Paris, France	100%	80%
Marc Jacobs Commercial & Trading (Shanghai)	Shanghai, China	100%	80%
Marc Jacobs Hong Kong Ltd	Hong Kong, China	100%	80%
Marc Jacobs Holdings LLC	New York, USA [*]	80%	80%
Marc Jacobs Hong Kong Distribution Company Ltd	Hong Kong, China	100%	80%
Marc Jacobs Macau Distribution Company Ltd	Macao, China	100%	80%
Marc Jacobs HK and Macau Holding Company Ltd	Hong Kong, China	100%	80%
Loewe SA	Madrid, Spain	100%	100%
Loewe Hermanos SA	Madrid, Spain	100%	100%
Manufacturas Loewe SL	Madrid, Spain	100%	100%
LVMH Fashion Group France SNC	Paris, France	100%	100%
Loewe Hermanos UK Ltd	London, United Kingdom	100%	100%
Loewe Hong Kong Ltd	Hong Kong, China	100%	100%
Loewe Commercial & Trading (Shanghai) Co Ltd	Shanghai, China	100%	100%
Loewe Fashion Pte Ltd	Singapore	100%	100%
Loewe Fashion (M) SDN BHD	Johor, Malaysia	100%	100%
Loewe Taïwan Ltd	Taipei, Taiwan	100%	98%
Loewe Korea Ltd	Seoul, South Korea	100%	100%
Loewe Macao Ltd	Macao, China	100%	100%
Loewe Italy Spa	Milan, Italy	100%	100%
Loewe Alemania Gmbh	Frankfurt, Germany	100%	100%
Loewe Hawaii Inc	Honolulu, USA	100%	100%
LVMH Fashion Group Support	Paris, France	100%	100%
Berluti SA	Paris, France	100%	100%
Manifattura Ferrarese Srl	Ferrara, Italy	100%	100%
Berluti LLC	New York, USA	100%	100%
Berluti UK Ltd	London, United Kingdom	100%	100%
Berluti Macau Company Ltd	Macao, China	100%	100%

Companies	Registered office	Percentage Control	Percentage Interest
Berluti (Shanghai) Company Ltd	Shanghai, China	100%	100%
Berluti Hong Kong Company Ltd	Hong Kong, China	100%	100%
Berluti Deutschland Gmbh	Munich, Germany	100%	100%
Berluti Singapore Private Ltd	Singapore	100%	100%
LV Japan KK	Tokyo, Japan	100%	99%
Berluti Orient FZ LLC	Ras al-Khaimah, United Arab Emirates	65%	65%
Berluti UAE LLC	Dubai, United Arab Emirates [c]	[c]	[c]
Berluti Taiwan Ltd	Taipei, Taiwan	100%	100%
Rossimoda Spa	Vigonza, Italy	100%	100%
Rossimoda USA Ltd	New York, USA	100%	100%
Brenta Suole Srl	Vigonza, Italy	65%	65%
LVMH Fashion Group Services SAS	Paris, France	100%	100%
Montaigne KK	Tokyo, Japan	100%	99%
Interlux Company Ltd	Hong Kong, China	100%	100%
Celine SA	Paris, France	99%	99%
Avenue M International SCA	Paris, France	100%	99%
Enilec Gestion SARL	Paris, France	100%	99%
Celine Montaigne SA	Paris, France	100%	99%
Celine Monte-Carlo SA	Monaco	100%	99%
Celine Germany GmbH	Berlin, Germany	100%	99%
Celine Production Srl	Florence, Italy	100%	99%
Celine Suisse SA	Geneva, Switzerland	100%	99%
Celine UK Ltd	London, United Kingdom	100%	99%
Celine Inc	New York, USA [*]	100%	100%
Celine Hong Kong Ltd	Hong Kong, China	100%	99%
Celine Commercial & Trading (Shanghai) Co Ltd	Shanghai, China	100%	99%
Celine Taïwan Ltd	Taipei, Taiwan	100%	99%
CPC International Ltd	Hong Kong, China	100%	99%
CPC Macau Ltd	Macao, China	100%	99%
LVMH FG Services UK Ltd	London, United Kingdom	100%	100%
Celine Distribution Spain	Madrid, Spain	100%	99%
Celine Distribution Singapore PTE Ltd	Singapore	100%	99%
RC Diffusion Rive Droite	Paris, France	100%	99%
Kenzo SA	Paris, France	100%	100%
Kenzo Belgique SA	Brussels, Belgium	100%	100%
Kenzo UK Ltd	London, United Kingdom	100%	100%
Kenzo Japan KK	Tokyo, Japan	100%	100%
Kenzo Accessories Srl	Lentate Sul Seveso, Italy	100%	100%
Kenzo Seta Srl	Grandate, Italy	51%	51%
Kenzo Paris KK	Tokyo, Japan	50%	50%
Kenzo Paris Singapore Pte Ltd	Singapore	100%	100%
Kenzo Paris Hong Kong Company Ltd	Hong Kong, China	100%	100%
Givenchy SA	Paris, France	100%	100%
Givenchy Corporation	New York, USA	100%	100%
Givenchy China Co Ltd	Hong Kong, China	100%	100%
Givenchy Shanghai Commercial and Trading Co Ltd	Shanghai, China	100%	100%
GCCL Macau Co Ltd	Macao, China	100%	100%
Givenchy Italia Srl	Florence, Italy	100%	100%
LVMH Fashion Group Japan K.K. Givenchy Japan	Tokyo, Japan	100%	99%
Givenchy Couture Limited	London, United Kingdom	100%	100%
Givenchy Taiwan Ltd	Taipei, Taiwan	100%	100%
Gabrielle Studio Inc	New York, USA	100%	100%
Donna Karan International Inc	New York, USA [*]	100%	100%
The Donna Karan Company LLC	New York, USA	100%	100%
Donna Karan Service Company BV	Oldenzaal, Netherlands	100%	100%
Donna Karan Company Store Ireland Ltd	Dublin, Ireland	100%	100%
Donna Karan Studio LLC	New York, USA	100%	100%
The Donna Karan Company Store LLC	New York, USA	100%	100%
Donna Karan International (Canada) Inc	Vancouver, Canada	100%	100%
Donna Karan Company Store UK Holdings Ltd	London, United Kingdom	100%	100%
Donna Karan Management Company UK Ltd	London, United Kingdom	100%	100%
Donna Karan Company Stores UK Retail Ltd	London, United Kingdom	100%	100%
Donna Karan Company Store (UK) Ltd	London, United Kingdom	100%	100%
Donna Karan H. K. Ltd	Hong Kong, China	100%	100%
Donna Karan (Italy) Srl	Milan, Italy	100%	100%
Donna Karan (Italy) Production Services Srl	Milan, Italy	100%	100%
Fendi Prague S.r.o.	Prague, Czech Republic	100%	100%
Luxury Kuwait for Ready Wear Company WLL	Kuwait City, Kuwait [c]	[c]	[c]
Fendi Canada Inc	Toronto, Canada	100%	100%
Fendi Private Suites Srl	Rome, Italy	100%	100%
Fun Fashion Qatar LLC	Doha, Qatar [c]	[c]	[c]
Fendi International SA	Paris, France	100%	100%
Fun Fashion Emirates LLC	Dubai, United Arab Emirates [c]	[c]	[c]

Companies	Registered office	Percentage	
		Control	Interest
Fendi SA	Luxembourg	100%	100%
Fun Fashion Bahrain WLL	Manama, Bahrain [c]	[c]	[c]
Fendi Srl	Rome, Italy	100%	100%
Fendi Dis Ticaret LSi	Istanbul, Turkey	100%	100%
Fendi Adele Srl	Rome, Italy	100%	100%
Fendi Italia Srl	Rome, Italy	100%	100%
Fendi UK Ltd	London, United Kingdom	100%	100%
Fendi France SAS	Paris, France	100%	100%
Fendi North America Inc	New York, USA [*]	100%	100%
Fendi (Thailand) Company Ltd	Bangkok, Thailand	100%	100%
Fendi Asia Pacific Ltd	Hong Kong, China	100%	100%
Fendi Korea Ltd	Seoul, South Korea	100%	100%
Fendi Taiwan Ltd	Taipei, Taiwan	100%	100%
Fendi Hong Kong Ltd	Hong Kong, China	100%	100%
Fendi China Boutiques Ltd	Hong Kong, China	100%	100%
Fendi (Singapore) Pte Ltd	Singapore	100%	100%
Fendi Fashion (Malaysia) Snd. Bhd.	Kuala Lumpur, Malaysia	100%	100%
Fendi Switzerland SA	Geneva, Switzerland	100%	100%
Fendi Kids SA	Mendrisio, Switzerland	51%	51%
Fun Fashion FZCO LLC	Dubai, United Arab Emirates	73%	73%
Fendi Macau Company Ltd	Macao, China	100%	100%
Fendi Germany GmbH	Stuttgart, Germany	100%	100%
Fendi Austria GmbH	Vienna, Austria	100%	100%
Fendi (Shanghai) Co Ltd	Shanghai, China	100%	100%
Fun Fashion India Pte Ltd	Mumbai, India	100%	73%
Interservices & Trading SA	Lugano, Switzerland	100%	100%
Fendi Silk SA	Lugano, Switzerland	51%	51%
Outshine Mexico, S. de RL de C.V.	Mexico City, Mexico	100%	100%
Fendi Timepieces USA Inc.	New Jersey, USA	100%	100%
Fendi Timepieces Service Inc.	New Jersey, USA	100%	100%
Fendi Timepieces SA	Neuchâtel, Switzerland	100%	100%
Taramax Japan KK	Tokyo, Japan	100%	100%
Support Retail Mexico, S. de RL de C.V.	Mexico City, Mexico	100%	100%
Fendi Brasil – Grupo de Moda Ltda	São Paulo, Brazil	100%	100%
Fendi RU Llc	Moscow, Russia	100%	100%
Emilio Pucci Srl	Florence, Italy	100%	100%
Emilio Pucci International BV	Baarn, Netherlands	67%	67%
Emilio Pucci, Ltd	New York, USA	100%	100%
Emilio Pucci Hong Kong Co Ltd	Hong Kong, China	100%	100%
Emilio Pucci (Shanghai) Commercial Ltd	Shanghai, China	100%	100%
Emilio Pucci UK Ltd	London, United Kingdom	100%	100%
Emilio Pucci (Singapore) Pte. Ltd	Singapore	100%	100%
Thomas Pink Holdings Ltd	London, United Kingdom	100%	100%
Thomas Pink Ltd	London, United Kingdom	100%	100%
Thomas Pink BV	Rotterdam, Netherlands	100%	100%
Thomas Pink Inc	New York, USA [*]	100%	100%
Thomas Pink Ireland Ltd	Dublin, Ireland	100%	100%
Thomas Pink France SAS	Paris, France	100%	100%
Thomas Pink Canada Inc	Toronto, Canada	100%	100%
Edun Apparel Ltd	Dublin, Ireland [a]	49%	49%
Edun Americas Inc.	North Carolina, USA [a]	49%	49%
Nowness LLC	New York, USA [*]	100%	100%
Nowness SAS	Paris, France	100%	100%
Loro Piana S.p.A.	Quarona, Italy	80%	80%
Loro Piana Switzerland SA	Lugano, Switzerland	100%	80%
Loro Piana France SARL	Paris, France	100%	80%
Loro Piana GmbH	Munich, Germany	100%	80%
Loro Piana GB Ltd	London, United Kingdom	100%	80%
Warren Corporation	Stafford Springs, Connecticut, USA	100%	80%
Loro Piana & C. Inc.	New York, USA	100%	80%
Loro Piana USA LLC	New York, USA	100%	80%
Loro Piana Ltd	Hong Kong, China	100%	80%
Loro Piana Com. Ltd	Shanghai, China	100%	80%
Loro Piana Textile Trading Ltd	Shanghai, China	100%	80%
Loro Piana Mongolia Ltd	Ulaanbaatar, Mongolia	100%	80%
Loro Piana Korea Ltd	Seoul, South Korea	100%	80%
Loro Piana Ltda	Macao, China	100%	80%
Loro Piana Monaco SARL	Monaco	100%	80%
Loro Piana España S.L.U.	Madrid, Spain	100%	80%
Loro Piana Japan Ltd	Tokyo, Japan	100%	80%
Loro Piana Far East Pte Ltd	Singapore	100%	80%
Loro Piana Peru S.A.C.	Lucanas, Ayacucho, Peru	100%	80%
SDM Maglierie S.r.l.	Sillavengo, Italy	100%	80%
Fibre Nobili S.r.l.	Verona, Italy	100%	80%
Filatura Vertex S.r.l.	Quarona, Italy	100%	80%
Loro Piana Oesterreich GesmbH	Vienna, Austria	100%	80%
Loro Piana Nederland BV	Amsterdam, Netherlands	100%	80%
Loro Piana Czech Republic s.r.o.	Prague, Czech Republic	100%	80%
Loro Piana Belgique	Brussels, Belgium	100%	80%
SANIN	Rawson, Argentina	60%	48%
Linen NEWCO	Borgosesia, Italy	100%	80%
Mede Knitwear S.r.l	Borgosesia, Italy	100%	80%
Nicholas Kirkwood Limited	London, United Kingdom	52%	52%
Nicholas Kirkwood Corp.	New York, USA	100%	52%
NK Washington LLC	Delaware, USA	100%	52%
Nicholas Kirkwood LLC	New York, USA	100%	52%
NK WLV LLC	Nevada, USA	100%	52%
JW Anderson Limited	London, United Kingdom [a]	46%	45%
Marco De Vincenzo S.R.L	Rome, Italy [a]	45%	45%

PERFUMES AND COSMETICS

Companies	Registered office	Control	Interest
Parfums Christian Dior SA	Paris, France	100%	100%
LVMH P&C Thailand Co Ltd	Bangkok, Thailand	49%	49%
LVMH Parfums & Cosmétiques do Brasil Ltda	São Paulo, Brazil	100%	100%
France Argentine Cosmetics SA	Buenos Aires, Argentina	100%	100%
LVMH P&C Shanghai Co Ltd	Shanghai, China	100%	100%
Parfums Christian Dior Finland Oy	Helsinki, Finland	100%	100%
LVMH P&C Inc	New York, USA	100%	100%
SNC du 33 avenue Hoche	Paris, France	100%	100%
LVMH Fragrances & Cosmetics (Singapore) Pte Ltd	Singapore	100%	100%
Parfums Christian Dior Orient Co	Dubai, United Arab Emirates	60%	60%
Parfums Christian Dior Emirates	Dubai, United Arab Emirates	51%	31%
LVMH Cosmetics KK	Tokyo, Japan	100%	100%
Parfums Christian Dior Arabia	Jeddah, Saudi Arabia	75%	45%
EPCD SP.Z.O.O.	Warsaw, Poland	100%	100%
EPCD CZ & SK SRO	Prague, Czech Republic	100%	100%
EPCD RO Distribution Srl	Bucharest, Romania	100%	100%
Parfums Christian Dior (UK) Ltd	London, United Kingdom	100%	100%
Parfums Christian Dior BV	Rotterdam, Netherlands	100%	100%
Iparkos BV	Rotterdam, Netherlands	100%	100%
Parfums Christian Dior S.A.B.	Brussels, Belgium	100%	100%
Parfums Christian Dior (Ireland) Ltd	Dublin, Ireland	100%	100%
Parfums Christian Dior Hellas SA	Athens, Greece	100%	100%
Parfums Christian Dior AG	Zurich, Switzerland	100%	100%
Christian Dior Perfumes LLC	New York, USA	100%	100%
Parfums Christian Dior Canada Inc	Montreal, Canada	100%	100%
LVMH P&C de Mexico SA de CV	Mexico City, Mexico	100%	100%
Parfums Christian Dior Japon KK	Tokyo, Japan	100%	100%
Parfums Christian Dior (Singapore) Pte Ltd	Singapore	100%	100%
Inalux SA	Luxembourg	100%	100%
LVMH P&C Asia Pacific Ltd	Hong Kong, China	100%	100%
Fa Hua Fragrance & Cosmetic Co Ltd	Hong Kong, China	100%	100%
Fa Hua Frag & Cosm Taïwan	Taipei, Taiwan	100%	100%
Parfums Christian Dior China	Shanghai, China	100%	100%
LVMH P&C Korea Ltd	Seoul, South Korea	100%	100%
Parfums Christian Dior Hong Kong Ltd	Hong Kong, China	100%	100%
LVMH P&C Malaysia Sdn Berhad Inc	Kuala Lumpur, Malaysia	100%	100%
Pardior SA de CV	Mexico City, Mexico	100%	100%
Parfums Christian Dior A/S Ltd	Copenhagen, Denmark	100%	100%
LVMH Perfumes & Cosmetics Group Pty Ltd	Sydney, Australia	100%	100%
Parfums Christian Dior AS Ltd	Hoevik, Norway	100%	100%
Parfums Christian Dior AB	Stockholm, Sweden	100%	100%
Parfums Christian Dior (New Zealand) Ltd	Auckland, New Zealand	100%	100%
Parfums Christian Dior GmbH Austria	Vienna, Austria	100%	100%
L Beauty Luxury Asia Inc	Taguig City, Philippines	100%	51%
SCI Annabell	Paris, France	100%	100%
PT. L Beauty Brands	Jakarta, Indonesia	100%	51%
L Beauty Pte Ltd	Singapore	51%	51%
L Beauty Vietnam Limited Liability	Ho Chi Minh City, Vietnam	100%	51%
SCI Rose Blue	Paris, France	100%	100%
PCD Saint Honoré	Paris, France	100%	100%
LVMH Perfumes & Cosmetics Macau Ltd	Macao, China	100%	100%
DP SELDICO	Kiev, Ukraine	100%	100%
OOO SELDICO	Moscow, Russia	100%	100%
LVMH P&C Kazakhstan LLP	Almaty, Kazakhstan	100%	100%
Cosmetic of France Inc	Florida, USA	100%	100%
LVMH Recherche GIE	Saint-Jean de Braye, France	100%	100%
Parfums et Cosmétiques Information Services – PCIS GIE	Levallois-Perret, France	100%	100%
Perfumes Loewe SA	Madrid, Spain	100%	100%
Acqua Di Parma Srl	Milan, Italy	100%	100%
Acqua Di Parma LLC	New York, USA	100%	100%
Acqua Di Parma Ltd	London, United Kingdom	100%	100%
Cha Ling SCA	Paris, France	100%	100%
Cha Ling Hong Kong Ltd	Hong Kong, China	100%	100%
Guerlain SA	Paris, France	100%	100%
LVMH Parfums & Kosmetik Deutschland GmbH	Düsseldorf, Germany	100%	100%
Guerlain GmbH	Vienna, Austria	100%	100%
Guerlain SA (Belgique)	Fleurus, Belgium	100%	100%
Guerlain Ltd	London, United Kingdom	100%	100%
LVMH Perfumes e Cosmetica Lda	Lisbon, Portugal	100%	100%

Companies	Registered office	Percentage Control	Percentage Interest
PC Parfums Cosmétiques SA	Zurich, Switzerland	100%	100%
Guerlain Inc	New York, USA	100%	100%
Guerlain Canada Ltd	Montreal, Canada	100%	100%
Guerlain De Mexico SA	Mexico City, Mexico	100%	100%
Guerlain Asia Pacific Ltd	Hong Kong, China	100%	100%
Guerlain KK	Tokyo, Japan	100%	100%
Guerlain KSA	Paris, France	80%	80%
Guerlain Orient – JLT	Dubai, United Arab Emirates	100%	100%
Guerlain Saudi Arabia	Jeddah, Saudi Arabia	75%	60%
Guerlain Oceania Australia Pty Ltd	Melbourne, Australia	100%	100%
Make Up For Ever SA	Paris, France	100%	100%
SCI Edison	Paris, France	100%	100%
Make Up For Ever LLC	New York, USA [*]	100%	100%
Make Up For Ever Canada Ltd	Montreal, Canada	100%	100%
LVMH Fragrance Brands SA	Levallois-Perret, France	100%	100%
LVMH Fragrance Brands Ltd	London, United Kingdom	100%	100%
LVMH Fragrance Brands GmbH	Düsseldorf, Germany	100%	100%
LVMH Fragrance Brands LLC	New York, USA [*]	100%	100%
LVMH Fragrance Brands Canada Ltd	Toronto, Canada	100%	100%
LVMH Fragrance Brands KK	Tokyo, Japan	100%	100%
LVMH Fragrance Brands WHD Inc	New York, USA [*]	100%	100%
LVMH Fragrance Brands Hong Kong Ltd	Hong Kong, China	100%	100%
LVMH Fragrance Brands Singapore Pte Ltd	Singapore	100%	100%
Benefit Cosmetics LLC	California, USA	100%	100%
Benefit Cosmetics Ireland Ltd	Dublin, Ireland	100%	100%
Benefit Cosmetics UK Ltd	Chelmsford, United Kingdom	100%	100%
Benefit Cosmetics Canada Inc	Toronto, Canada	100%	100%
Benefit Cosmetics Korea	Seoul, South Korea	100%	100%
Benefit Cosmetics SAS	Boulogne Billancourt, France	100%	100%
Benefit Cosmetics Hong Kong Limited	Hong Kong, China	100%	100%
L Beauty Sdn Bhn	Kuala Lumpur, Malaysia	100%	51%
L Beauty Thailand	Bangkok, Thailand	95%	48%
Nude Brands Ltd	London, United Kingdom	70%	70%
Nude Skincare Inc	California, USA	100%	70%
Fresh Inc	Massachusetts, USA	80%	80%
Fresh SAS	Boulogne Billancourt, France	100%	100%
Fresh Cosmetics Ltd	London, United Kingdom	100%	80%
Fresh Hong Kong Ltd	Hong Kong, China	100%	80%
Fresh Korea Ltd	Seoul, South Korea	100%	80%

WATCHES AND JEWELRY

Companies	Registered office	Control	Interest
TAG Heuer International SA	Luxembourg	100%	100%
LVMH Relojeria & Joyeria España SA	Madrid, Spain	100%	100%
LVMH Montres & Joaillerie France SA	Paris, France	100%	100%
LVMH Watch & Jewelry Central Europe GmbH	Bad Homburg, Germany	100%	100%
LVMH Watch & Jewelry UK Ltd	Manchester, United Kingdom	100%	100%
LVMH Watch & Jewelry USA Inc	New Jersey, USA	100%	100%
LVMH Watch & Jewelry Canada Ltd	Toronto, Canada	100%	100%
LVMH Watch & Jewelry Far East Ltd	Hong Kong, China	100%	100%
LVMH Watch & Jewelry Singapore Pte Ltd	Singapore	100%	100%
LVMH Watch & Jewelry Malaysia Sdn Bhd	Kuala Lumpur, Malaysia	100%	100%
LVMH Watch & Jewelry Capital Pte Ltd	Singapore	100%	100%
LVMH Watch & Jewelry Japan KK	Tokyo, Japan	100%	100%
LVMH Watch & Jewelry Australia Pty Ltd	Melbourne, Australia	100%	100%
LVMH Watch & Jewelry Hong Kong Ltd	Hong Kong, China	100%	100%
LVMH Watch & Jewelry Taiwan Ltd	Hong Kong, China	100%	100%
LVMH Watch & Jewelry India Pvt Ltd	New Delhi, India	100%	100%
LVMH Watch & Jewelry (Shanghai) Commercial Co Ltd	Shanghai, China	100%	100%
LVMH Watch & Jewelry Russia SARL	Moscow, Russia	100%	100%
Cortech SA	Cornol, Switzerland	100%	100%
Timecrown Ltd	Worsley, United Kingdom	100%	100%
ArteCad SA	Tramelan, Switzerland	100%	100%
Alpha Time Corp. Ltd	Hong Kong, China	100%	100%
Dream Tech (Shanghai) Co. Ltd	Shanghai, China	100%	100%
Dream Tech Intl Trading Co. Ltd	Shanghai, China	100%	100%
Chaumet International SA	Paris, France	100%	100%
Chaumet London Ltd	London, United Kingdom	100%	100%
Chaumet Horlogerie SA	Bienne, Switzerland	100%	100%
Chaumet Korea Chusik Hoesa	Seoul, South Korea	100%	100%
Chaumet Middle East FZCO	Dubai, United Arab Emirates	60%	60%
Chaumet UAE	Dubai, United Arab Emirates [c]	[c]	[c]
LVMH Watch and Jewellery Macau Company Limited	Macao, China	100%	100%
Zenith International SA	Le Locle, Switzerland	100%	100%
Farouk Trading	Riyadh, Saudi Arabia [c]	[c]	[c]
LVMH Watch & Jewelry Italy Spa	Milan, Italy	100%	100%
Delano SA	La Chaux-de-Fonds, Switzerland	100%	100%
Fred Paris SA	Paris, France	100%	100%
Joaillerie de Monaco SA	Monaco	100%	100%
Fred Inc	California, USA [*]	100%	100%
Fred Londres Ltd	London, United Kingdom	100%	100%
Dior Montres SARL	Paris, France [a]	50%	50%
Les Ateliers Horlogers Dior SA	La Chaux-de-Fonds, Switzerland [a]	50%	50%
Hublot SA	Nyon, Switzerland	100%	100%
Bentim International SA	Luxembourg	100%	100%
Hublot SA Genève	Geneva, Switzerland	100%	100%
Hublot of America, Inc	Florida, USA	100%	100%
Nyon LLC	Miami, USA	51%	51%
Nyon Services LLC	Miami, USA [*]	100%	51%
Atlanta Boutique LLC	Atlanta, USA	100%	51%
Echidna Distribution Company LLC	Dallas, USA	100%	51%
Furioso LLC	Orlando, USA	100%	51%
Fusion World Dallas LLC	Dallas, USA	100%	51%
Fusion World Houston LLC	Houston, USA	100%	51%
New World of Fusion LLC	Miami, USA [*]	100%	51%
De Beers Diamond Jewellers Ltd	London, United Kingdom [a]	50%	50%
De Beers Diamond Jewellers Trademark Ltd	London, United Kingdom [a]	50%	50%
De Beers Diamond Jewellers UK Ltd	London, United Kingdom [a]	50%	50%
De Beers Diamond Jewellers Japan KK Co	Tokyo, Japan [a]	50%	50%
De Beers Diamond Jewellers (Hong Kong) Ltd	Hong Kong, China [a]	50%	50%
De Beers Diamond Jewellers Limited Taiwan	Taipei, Taiwan [a]	50%	50%
De Beers Diamond Jewellers US. Inc	Delaware, USA [a]	50%	50%
De Beers Jewellers Commercial (Shanghai) Co, Ltd	Shanghai, China [a]	50%	50%
De Beers Diamond Jewellers (Macau) Company Limited	Macao, China [a]	50%	50%
Bulgari SpA	Rome, Italy	100%	100%
Bulgari Italia SpA	Rome, Italy	100%	100%
Bulgari International Corporation (BIC) NV	Amsterdam, Netherlands	100%	100%
Bulgari Corporation of America Inc.	New York, USA	100%	100%
Bulgari SA	Geneva, Switzerland	100%	100%
Bulgari Horlogerie SA	Neuchâtel, Switzerland	100%	100%
Bulgari France SAS	Paris, France	100%	100%
Bulgari Montecarlo SAM	Monaco	100%	100%
Bulgari (Deutschland) GmbH	Munich, Germany	100%	100%
Bulgari Espana SA Unipersonal	Madrid, Spain	100%	100%
Bulgari South Asian Operations Pte Ltd	Singapore	100%	100%
Bulgari (UK) Ltd	London, United Kingdom	100%	100%
Bulgari Belgium SA	Brussels, Belgium	100%	100%
Bulgari Australia Pty Ltd	Sydney, Australia	100%	100%
Bulgari (Malaysia) Sdn Bhd	Kuala Lumpur, Malaysia	100%	100%
Bulgari Global Operations SA	Neuchâtel, Switzerland	100%	100%
Bulgari Asia Pacific Ltd	Hong Kong, China	100%	100%
Bulgari (Taiwan) Ltd	Taipei, Taiwan	100%	100%
Bulgari Korea Ltd	Seoul, South Korea	100%	100%
Bulgari Saint Barth SAS	Saint-Barthélemy, French Antilles	100%	100%
Bulgari Gioielli SpA	Valenza, Italy	100%	100%
Bulgari Accessori Srl	Florence, Italy	100%	100%
Bulgari Holdings (Thailand) Ltd	Bangkok, Thailand	100%	100%
Bulgari (Thailand) Ltd	Bangkok, Thailand	100%	100%
Bulgari Commercial (Shanghai) Co. Ltd	Shanghai, China	100%	100%
Bulgari Japan Ltd	Tokyo, Japan	100%	100%
Bulgari Panama Inc	Panama City, Panama	100%	100%
Bulgari Ireland Ltd	Dublin, Ireland	100%	100%
Bulgari Qatar Lcc	Doha, Qatar [c]	[c]	[c]
Bulgari Kuwait Wll	Kuwait City, Kuwait [c]	[c]	[c]
Gulf Luxury Trading LLC	Dubai, United Arab Emirates	51%	51%
Bulgari do Brazil Ltda	São Paulo, Brazil	100%	100%
Bulgari Hotels and Resorts Milano Srl	Rome, Italy [a]	50%	50%
Lux Jewels Kuwait For Trading In gold Jewelery and Precious Stones WLL	Kuwait City, Kuwait [c]	[c]	[c]
Lux Jewels Bahrain Wll	Manama, Bahrain [c]	[c]	[c]
India Luxco Retail Private Limited	New Delhi, India [c]	[c]	[c]
BK for Jewelry and Precious Metals and Stones Co W.L.L	Kuwait City, Kuwait [c]	[c]	[c]
Famaf Accessori S.r.l.	Florence, Italy	100%	100%
Bulgari Turkey Lüks Ürün Ticareti Limited Sirketi	Istanbul, Turkey	100%	100%
Bulgari Russia Llc	Moscow, Russia	100%	100%
Bulgari Prague s.r.o.	Prague, Czech Republic	100%	100%
Bulgari Mexico SA DE CV	Cancún, Mexico	100%	100%
Bulgari Canada Inc	Quebec, Canada	100%	100%
Actar International SA	Luxembourg [a]	42%	42%

SELECTIVE RETAILING

Companies	Registered office	Control	Interest
LVMH Iberia SL	Madrid, Spain	100%	100%
LVMH Italia SpA	Milan, Italy	100%	100%
Sephora SA	Boulogne-Billancourt, France	100%	100%

Companies	Registered office	Percentage	
		Control	Interest
Sephora Luxembourg SARL	Luxembourg	100%	100%
Sephora Portugal Perfumaria Lda	Lisbon, Portugal	100%	100%
Sephora Pologne Spzoo	Warsaw, Poland	100%	100%
Sephora Marinopoulos SA	Alimos, Greece	100%	100%
Sephora Marinopoulos Romania SA	Bucharest, Romania	100%	100%
Sephora S.R.O.	Prague, Czech Republic	100%	100%
Sephora Monaco SAM	Monaco	99%	99%
Sephora Cosmeticos España	Madrid, Spain[a]	50%	50%
S+	Boulogne-Billancourt, France	100%	100%
Sephora Marinopoulos Bulgaria EOOD	Sofia, Bulgaria	100%	100%
Sephora Marinopoulos Cyprus Ltd	Nicosia, Cyprus	100%	100%
Sephora Unitim Kozmetik AS	Istanbul, Turkey	100%	100%
Perfumes & Cosmeticos Gran Via SL	Madrid, Spain[a]	45%	45%
Sephora Marinopoulos D.O.O.	Zagreb, Croatia	100%	100%
Sephora Marinopoulos Cosmetics D.O.O.	Belgrade, Serbia	100%	100%
Sephora Danmark ApS	Copenhagen, Denmark	100%	100%
Sephora Sweden AB	Malmö, Sweden	100%	100%
Sephora Moyen Orient SA	Fribourg, Switzerland	60%	60%
Sephora Middle East FZE	Dubai, United Arab Emirates	100%	60%
Sephora Qatar	Doha, Qatar	90%	54%
Sephora Asia Pte Ltd	Shanghai, China	100%	100%
Sephora (Shanghai) Cosmetics Co. Ltd	Shanghai, China	81%	81%
Sephora (Beijing) Cosmetics Co. Ltd	Beijing, China	81%	81%
Sephora Xiangyang (Shanghai) Cosmetics Co., Ltd	Shanghai, China	100%	81%
Sephora Singapore Pte Ltd	Singapore	100%	100%
Sephora Thailand Company Ltd	Bangkok, Thailand	100%	100%
Sephora Australia	Sydney, Australia	100%	100%
Luxola	Singapore	95%	95%
Luxola Trading Pte Ltd	Singapore	100%	95%
LX Holding Pte Ltd	Singapore	100%	95%
LXEDIT (Thailand) Ltd	Bangkok, Thailand	100%	95%
Luxola (Thailand) Ltd	Bangkok, Thailand	100%	95%
Luxola India Services Pvt Ltd	Bangalore, India	100%	95%
PT Luxola Services Indonesia	Jakarta, Indonesia	100%	95%
LX Services Pte Ltd	Singapore	100%	95%
PT MU and SC Trading	Jakarta, Indonesia	99%	94%
Sephora USA Inc	California, USA[*]	100%	100%
Sephora Cosmetics Private Ltd	New Delhi, India	100%	100%
Sephora Beauty Canada, Inc	California, USA	100%	100%
Sephora Puerto Rico LLC	California, USA	100%	100%
Sephora Mexico, SRLCV	Lomas de Chapultepec, Mexico	100%	100%
Servicios Ziphorah, SRLCV	Mexico City, Mexico	100%	100%
Sephora Emirates LLC	Dubai, United Arab Emirates[c]	[c]	[c]
Sephora Bahrain WLL	Manama, Bahrain[c]	[c]	[c]
Sephora Do Brasil Participacoes SA	Rio de Janeiro, Brazil	100%	100%
PT Sephora Indonesia	Jakarta, Indonesia	100%	100%
Dotcom group Comercio de Presentes SA	Rio de Janeiro, Brazil	100%	100%
Kendo Holdings Inc	California, USA	100%	100%
Kat Von D Beauty LLC	Delaware, USA	70%	70%
LGCS Inc	New York, USA	100%	100%
Ole Henriksen of Denmark Inc.	California, USA	100%	100%
Sephora Do Brazil – avenue Hoche	São Paulo, Brazil	100%	100%
Galonta Holdings Limited	Nicosia, Cyprus	65%	65%
United Europe – Securities OJSC	Moscow, Russia	100%	65%
Beauty in Motion Sdn. Bhd.	Kuala Lumpur, Malaysia	100%	100%
Le Bon Marché SA	Paris, France	100%	100%
SEGEP SNC	Paris, France	99%	99%
Franck & Fils SA	Paris, France	100%	100%
DFS Holdings Ltd	Hamilton, Bermuda	61%	61%
DFS Australia Pty Ltd	Sydney, Australia	100%	61%
DFS Group Ltd	Delaware, USA	100%	61%
DFS Hong Kong Ltd	Hong Kong, China	100%	61%
TRS Hong Kong Ltd	Hong Kong, China[a]	45%	28%
DFS France SAS	Paris, France	100%	61%
DFS Okinawa KK	Okinawa, Japan	100%	61%
TRS Okinawa	Okinawa, Japan[a]	45%	28%
JAL/DFS Co., Ltd	Chiba, Japan[a]	40%	24%
DFS Korea Ltd	Seoul, South Korea	100%	61%
DFS Seoul Ltd	Seoul, South Korea	100%	61%
DFS Cotai Limitada	Macao, China	100%	61%
DFS Sdn. Bhd.	Kuala Lumpur, Malaysia	100%	61%
Gateshire Marketing Sdn Bhd	Kuala Lumpur, Malaysia	100%	61%
DFS Middle East LLC	Abu Dhabi, United Arab Emirates	100%	61%
DFS Merchandising Ltd	Delaware, USA	100%	61%
DFS New Zealand Ltd	Auckland, New Zealand	100%	61%
TRS New Zealand Ltd	Auckland, New Zealand[a]	45%	28%
Commonwealth Investment Company Inc	Saipan, Northern Mariana Islands	95%	58%
DFS Saipan Ltd	Saipan, Northern Mariana Islands	100%	61%
Kinkaï Saipan LP	Saipan, Northern Mariana Islands	100%	61%
DFS Business consulting (Shanghai) Co. Ltd	Shanghai, China	100%	61%
Hainan DFS Retail Company Limited	Hainan, China	100%	61%
DFS Taiwan Ltd	Taipei, Taiwan	100%	61%
DFS Singapore (Pte) Ltd	Singapore	100%	61%
DFS Venture Singapore (Pte) Ltd	Singapore	100%	61%
TRS Singapore Pte Ltd	Singapore[a]	45%	28%
DFS India Private Ltd	Mumbai, India[a]	51%	31%
DFS Vietnam (S) Pte Ltd	Singapore	70%	43%
New Asia Wave International Pte Ltd	Singapore	70%	43%
IPP Group Pte Ltd	Singapore	70%	43%
DFS Group LP	Delaware, USA	64%	61%
LAX Duty Free Joint Venture 2000	California, USA	75%	46%
Royal Hawaiian Insurance Company Ltd	Hawaii, USA	100%	61%
JFK Terminal 4 Joint Venture 2001	New York, USA	80%	49%
DFS Guam LP	Guam	62%	61%
DFS Liquor Retailing Ltd	Delaware, USA	61%	61%
Twenty Seven – Twenty Eight Corp.	Delaware, USA	61%	61%
DFS Credit Systems Ltd	Hamilton, Bermuda	100%	61%
DFS European Logistics Ltd	Hamilton, Bermuda	100%	61%
DFS Italy S.r.L.	Milan, Italy	100%	61%
Preferred Products Ltd	Hong Kong, China	100%	61%
DFS (Cambodia) Limited	Phnom Penh, Cambodia	70%	43%
TRS Hawaii LLC	Hawaii, USA[a]	45%	28%
TRS Saipan Ltd	Saipan, Northern Mariana Islands[a]	45%	28%
TRS Guam LLC	Guam[a]	45%	28%
Tumon Entertainment LLC	Guam	100%	100%
Comete Guam Inc	Guam	100%	100%
Tumon Aquarium LLC	Guam	97%	97%
Comete Saipan Inc	Saipan, Northern Mariana Islands	100%	100%
Tumon Games LLC	Guam	100%	100%
DFS Vietnam LLC	Ho Chi Minh City, Vietnam	100%	61%
PT Sona Topas Tourism industry Tbk	Jakarta, Indonesia[a]	45%	28%
Cruise Line Holdings Co	Delaware, USA	100%	100%
Starboard Cruise Services Inc	Delaware, USA	100%	100%
Starboard Holdings Ltd	Delaware, USA	100%	100%
International Cruise Shops Ltd	Cayman Islands	100%	100%
Vacation Media Ltd	Kingston, Jamaica	100%	100%
STB Srl	Florence, Italy	100%	100%
On Board Media Inc	Delaware, USA	100%	100%
Parazul LLC	Delaware, USA	100%	100%
Onboard.com LLC	Delaware, USA	100%	100%
BHUSA Inc	Delaware, USA	100%	100%
SLF USA Inc	Delaware, USA	100%	100%
Suzanne Lang Fragrance Inc	Toronto, Canada	100%	100%

OTHER ACTIVITIES

Companies	Registered office	Control	Interest
Groupe Les Echos SA	Paris, France	100%	100%
Dematis SAS	Paris, France	80%	80%
Les Echos Management SAS	Paris, France	100%	100%
Régiepress SAS	Paris, France	100%	100%
Les Echos Légal SAS	Paris, France	100%	100%
Radio Classique SAS	Paris, France	100%	100%
Les Echos Medias SAS	Paris, France	100%	100%
SFPA SARL	Paris, France	100%	100%
Les Echos SAS	Paris, France	100%	100%
Investir Publications SAS	Paris, France	100%	100%
Les Echos Business SAS	Paris, France	100%	100%
SID Presse SAS	Paris, France	100%	100%
Magasins de La Samaritaine SA	Paris, France	99%	99%
Mongoual SA	Paris, France[a]	40%	40%
Le Jardin d'Acclimatation	Paris, France	100%	100%
RVL Holding BV	Kaag, Netherlands	91%	91%
Royal Van Lent Shipyard BV	Kaag, Netherlands	100%	91%
Tower Holding BV	Kaag, Netherlands	100%	91%
Green Bell BV	Kaag, Netherlands	100%	91%
Gebroeders Olie Beheer BV	Waddinxveen, Netherlands	100%	91%
Van der Loo Yachtinteriors BV	Waddinxveen, Netherlands	100%	91%
Red Bell BV	Kaag, Netherlands	100%	91%
De Voogt Naval Architects BV	Haarlem, Netherlands[a]	50%	46%
Feadship Holland BV	Amsterdam, Netherlands[a]	50%	46%
Feadship America Inc	Florida, USA[a]	50%	46%
OGMNL BV	Nieuw-Lekkerland, Netherlands[a]	50%	46%
Sonata Yachting Limited	Valletta, Malta	100%	91%
Probinvest SAS	Paris, France	100%	100%
Ufipar SAS	Paris, France	100%	100%
L Capital Management SAS	Paris, France	100%	100%
Sofidiv SAS	Paris, France	100%	100%
GIE LVMH Services	Paris, France	100%	85%
Moët Hennessy SNC	Paris, France	66%	66%
LVMH Services Ltd	London, United Kingdom	100%	100%
UFIP (Ireland) PRU	Dublin, Ireland	100%	100%
Moët Hennessy Investissements SA	Paris, France	100%	66%
LV Group	Paris, France	100%	100%
Moët Hennessy International SAS	Paris, France	66%	66%
Creare SA	Luxembourg	100%	100%

Companies	Registered office	Percentage	
		Control	Interest
Creare Pte Ltd	Singapore	100%	100%
Bayard (Shanghai) Investment and Consultancy Co. Ltd.	Shanghai, China	100%	100%
Villa Foscarini S.r.l.	Milan, Italy	100%	100%
Liszt Invest S.A.	Luxembourg	100%	100%
Gorgias SA	Luxembourg	100%	100%
LC Investissements	Paris, France	51%	51%
LVMH Canada Inc	Toronto, Canada	100%	100%
Société Montaigne Jean Goujon SAS	Paris, France	100%	100%
Delphine SAS	Paris, France	100%	100%
LVMH Finance SA	Paris, France	100%	100%
Primae SAS	Paris, France	100%	100%
Eutrope SAS	Paris, France	100%	100%
Flavius Investissements SA	Paris, France	100%	100%
LBD HOLDING SA	Paris, France	100%	100%
LVMH Hotel Management SAS	Paris, France	100%	100%
Ufinvest SAS	Paris, France	100%	100%
Delta	Paris, France	100%	100%
Hôtel Les Tovets	Courchevel, France	100%	100%
Société Immobilière Paris Savoie Les Tovets	Courchevel, France	100%	100%
Moët Hennessy Inc	New York, USA[*]	100%	66%
One East 57th Street LLC	New York, USA[*]	100%	100%
LVMH Moët Hennessy - Louis Vuitton Inc	New York, USA[*]	100%	100%
Sofidiv Art Trading LLC	New York, USA[*]	100%	100%
Sofidiv Inc	New York, USA[*]	100%	100%
598 Madison Leasing Corp	New York, USA[*]	100%	100%
1896 Corp	New York, USA[*]	100%	100%
319-323 N. Rodeo LLC	New York, USA[*]	100%	100%
LVMH MJ Holding Inc.	New York, USA[*]	100%	100%
Arbelos Insurance Inc.	New York, USA	100%	100%
Meadowland Florida LLC	New York, USA	100%	100%
LVMH Participations BV	Naarden, Netherlands	100%	100%
LVMH Moët Hennessy - Louis Vuitton BV	Naarden, Netherlands	100%	100%
LVP Holding BV	Naarden, Netherlands	100%	100%
LVMH Services BV	Baarn, Netherlands	100%	100%
LVMH Finance Belgique SA	Brussels, Belgium	100%	100%
LVMH International SA	Brussels, Belgium	100%	100%
Marithé SA	Luxembourg	100%	100%
LVMH EU	Luxembourg	100%	100%
L Real Estate SA	Luxembourg[a]	49%	49%
Ufilug SA	Luxembourg	100%	100%
Delphilug SA	Luxembourg	100%	100%

Companies	Registered office	Percentage	
		Control	Interest
Glacea SA	Luxembourg	100%	100%
Naxara SA	Luxembourg	100%	100%
Pronos SA	Luxembourg	100%	100%
Sofidil SA	Luxembourg	100%	100%
Hanninvest SA	Brussels, Belgium	100%	100%
LVMH Publica SA	Brussels, Belgium	100%	100%
Sofidiv UK Ltd	London, United Kingdom	100%	100%
LVMH Moët Hennessy - Louis Vuitton KK	Tokyo, Japan	100%	100%
Osaka Fudosan Company Ltd	Tokyo, Japan	100%	100%
LVMH Asia Pacific Ltd	Hong Kong, China	100%	100%
LVMH Shanghai Management and Consultancy Co, Ltd	Shanghai, China	100%	100%
L Capital Asia Advisors PLC	Port Louis, Mauritius	100%	100%
LVMH South & South East Asia Pte Ltd	Singapore	100%	100%
Vicuna Holding Spa	Milan, Italy	100%	100%
Pasticceria Confetteria Cova S.r.l	Milan, Italy	80%	80%
Cova Montenapoleone S.r.l	Milan, Italy	100%	80%
Investissement Hotelier Saint Barth Plage des Flamands SAS	Saint-Barthélemy, French Antilles	100%	56%
Isle de France SARL	Saint-Barthélemy, French Antilles	100%	56%
Isle de France Group Limited	London, United Kingdom	100%	56%
Drift Saint Barth Holding Limited	London, United Kingdom	100%	56%
CT Saint Barth Limited	London, United Kingdom	100%	56%
Drift Saint Barth Limited	London, United Kingdom	100%	56%
Alderande SAS	Paris, France	56%	56%
Le Parisien Libéré	Saint-Ouen, France	100%	100%
AM Diffusion	Saint-Ouen, France	100%	100%
Amaury Medias	Boulogne Billancourt, France	100%	100%
Société Nouvelle SICAVIC	Saint-Ouen, France	100%	100%
SICAP	Saint-Ouen, France	100%	100%
L.P.M.	Paris, France	100%	100%
Société de Distribution et de Ventes du Parisien (S.D.V.P.)	Saint-Ouen, France	100%	100%
Proximy	Saint-Ouen, France	75%	75%
Media Presse	Saint-Ouen, France	100%	75%
Wagner Capital SA	Luxembourg	51%	51%
L Catterton Management Ltd	London, United Kingdom[a]	36%	18%
Rhapsody	Paris, France	100%	100%
LVMH Moët Hennessy - Louis Vuitton SE	Paris, France	Parent company	

(*) The address given corresponds to the company's administrative headquarters; the corporate registered office is located in the state of Delaware.
(a) Accounted for using the equity method.
(b) Joint venture company with Diageo: only the Moët Hennessy activity is consolidated.
(c) The Group's percentages of control and interest are not disclosed, the result of these companies being consolidated on the basis of the Group's contractual share in their business

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholder's Meeting, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying consolidated financial statements of the company LVMH Moët Hennessy - Louis Vuitton;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by your Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2015, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- The valuation of brands and goodwill has been tested under the method described in Note 1.14 to the consolidated financial statements. Based on the aforementioned, we have assessed the appropriateness of the methodology applied based on certain estimates and have reviewed the data and assumptions used by the Group to perform these valuations.
- We have verified that Note 1.12 to the consolidated financial statements provides an appropriate disclosure on the accounting treatment of commitments to purchase minority interests, as such treatment is not specifically provided for by the IFRS framework as adopted by the European Union.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's Management Report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, February 12, 2016

The Statutory Auditors

DELOITTE & ASSOCIÉS		ERNST & YOUNG et Autres	
Thierry Benoit	Guillaume Troussicot	Jeanne Boillet	Gilles Cohen

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the Group's Management Report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

FINANCIAL STATEMENTS

Parent company financial statements: LVMH Moët Hennessy - Louis Vuitton

INCOME STATEMENT

Income/(Expenses) *(EUR millions)*	Notes	**2015**	**2014**
Financial income from subsidiaries and investments		6,604.6	7,359.1
Investment portfolio: impairment and provisions		(17.2)	(55.9)
gains and losses on disposal		-	727.8
Income from managing subsidiaries and investments	4.1	**6,587.4**	**8,031.0**
Cost of net financial debt	4.2	(59.9)	(89.5)
Foreign exchange gains and losses	4.3	(377.7)	(236.7)
Other financial income and expense	4.4	5.7	(5.5)
FINANCIAL INCOME/(EXPENSE)	4	**6,155.5**	**7,699.3**
Services provided and other income	5	238.1	224.4
Personnel costs	6	(97.0)	(92.9)
Other net management charges	7	(286.4)	(270.8)
OPERATING PROFIT/(LOSS)		**(145.3)**	**(139.3)**
RECURRING PROFIT BEFORE TAX		**6,010.2**	**7,560.0**
EXCEPTIONAL INCOME/(EXPENSE)	8	**-**	**-**
Income tax income/(expense)	9	9.6	(399.5)
NET PROFIT		**6,019.8**	**7,160.5**

BALANCE SHEET

ASSETS *(EUR millions)*	Notes	2015 Gross	2015 Depreciation, amortization and impairment	2015 Net	2014 Net
Intangible assets		8.2	(3.5)	4.7	5.6
Vineyard land		45.1	-	45.1	45.1
Other property, plant and equipment		9.5	(1.4)	8.1	8.1
Intangible assets, property, plant and equipment	10	**62.8**	**(4.9)**	**57.9**	**58.8**
Investments	11	19,734.0	(1,381.6)	18,352.4	18,369.6
LVMH treasury shares	12	139.9	-	139.9	259.0
Other non-current financial assets		0.7	-	0.7	0.8
Non-current financial assets		**19,874.6**	**(1,381.6)**	**18,493.0**	**18,629.4**
NON-CURRENT ASSETS		**19,937.4**	**(1,386.5)**	**18,550.9**	**18,688.2**
Receivables	14	3,530.1	-	3,530.1	492.4
LVMH treasury shares	12	100.6	(0.3)	100.3	114.3
Short-term investments	13	-	-	-	423.0
Cash and cash equivalents		30.6	-	30.6	32.9
CURRENT ASSETS		**3,661.3**	**(0.3)**	**3,661.0**	**1,062.6**
Prepayments and accrued income	15	6.3	-	6.3	47.2
TOTAL ASSETS		**23,605.0**	**(1,386.8)**	**22,218.2**	**19,798.0**

LIABILITIES AND EQUITY *(EUR millions)*	Notes	2015 Before appropriation	2014 Before appropriation
Share capital (fully paid up)	16.1	152.1	152.3
Share premium account	16.2	2,579.2	2,655.3
Reserves and revaluation adjustments	17	388.1	388.1
Retained earnings		5,553.9	-
Interim dividends		(678.8)	(627.2)
Profit for the year		6,019.8	7,160.5
Regulated provisions		0.1	0.1
EQUITY	16.2	**14,014.4**	**9,729.1**
PROVISIONS FOR CONTINGENCIES AND LOSSES	18	**580.9**	**1,124.4**
Bonds	19	4,882.8	5,663.2
Other financial debt	19	2,338.2	2,597.8
Other debt	20	401.8	683.4
OTHER LIABILITIES		**7,622.8**	**8,944.4**
Accruals and deferred income	21	0.1	0.1
TOTAL LIABILITIES AND EQUITY		**22,218.2**	**19,798.0**

CASH FLOW STATEMENT

(EUR millions)	2015	2014
OPERATING ACTIVITIES		
Net profit	6,019.8	7,160.5
Depreciation, amortization and impairment of fixed assets	14.1	57.2
Change in other provisions	(543.5)	338.4
Gains on sale of fixed assets and LVMH treasury shares	16.6	(701.2)
CASH FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL	**5,507.0**	**6,854.9**
Change in inter-company current accounts	(3,164.3)	(2.9)
Change in other receivables and payables	171.3	85.9
NET CASH FROM OPERATING ACTIVITIES	**2,514.0**	**6,937.9**
INVESTING ACTIVITIES		
Purchase of tangible and intangible fixed assets	(0.6)	(1.1)
Purchase of equity investments	-	-
Proceeds from sale of equity investments and similar transactions	-	892.4
Subscription to capital increases carried out by subsidiaries	-	-
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**(0.6)**	**891.3**
FINANCING ACTIVITIES		
Capital increase	34.8	59.5
Change in LVMH treasury shares	1.5	0.5
Dividends and interim dividends paid during the year	(1,670.5)	(1,618.9)
Proceeds from issuance of financial debt	-	1,740.7
Repayments in respect of financial debt	(943.7)	(1,152.0)
(Acquisition)/disposal of listed securities	62.2	(6,855.0)
NET CASH USED IN FINANCING ACTIVITIES	**(2,515.7)**	**(7,825.2)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(2.3)**	**4.0**
CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL YEAR	**32.9**	**28.9**
CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR	**30.6**	**32.9**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. BUSINESS ACTIVITY AND KEY EVENTS DURING THE FISCAL YEAR

1.1. Business activity

In addition to managing its portfolio of investments in its capacity as the Group's holding company, LVMH Moët Hennessy - Louis Vuitton SE ("LVMH", "the Company") manages and coordinates the operational activities of all of its subsidiaries, and offers them various management support services, for which they are invoiced, particularly in legal, financial, tax and insurance matters.

1.2. Key events during the fiscal year

None.

2. ACCOUNTING POLICIES AND METHODS

2.1. General framework; changes in accounting policies

The balance sheet and income statement of LVMH have been prepared in accordance with French legal requirements, particularly Regulation 2014-03 of the Autorité des Normes Comptables (the French accounting standards setter); it should be noted that presentation of the income statement was modified in 2011.

The presentation used for the income statement is designed to clearly distinguish the Company's two categories of activities: its activities in asset management, related to its equity investments, and its activities in the management and coordination of the operational activities of all entities within the LVMH group, as described in Note 1.1.

The presentation of the income statement includes three main components of profit or loss: net financial income/expense, net operating income/expense and net exceptional income/expense. The total of net financial income/expense and net operating profit/loss corresponds to recurring profit before tax.

Net financial income includes net income from the management of subsidiaries and other investments, the cost of net financial debt relating, in essence, to the holding of these investments, as well as other items resulting from the management of subsidiaries or of financial debt, particularly gains or losses on foreign exchange or hedging instruments. Net income from the management of subsidiaries and other investments includes all portfolio management items: dividends, changes in impairment, changes in provisions for contingencies and losses related to the portfolio, and gains or losses arising on the disposal of investments.

Operating profit/loss includes costs related to the management of the Company and to the Group's operational management and coordination costs, personnel costs or other administrative costs, less the amount recharged to the subsidiaries, either via the invoicing of management support services or via the recharging of expenses paid by the Group on behalf of these entities.

Net financial income/expense and net operating profit/loss include items relating to the financial management of the Company or administrative operations, irrespective of their amounts or their occurrence. Net exceptional income/expense thus comprises only those transactions that, due to their nature, may not be included in net financial income/expense or operating profit/loss.

2.2. Intangible assets, property, plant and equipment

Intangible assets, property, plant and equipment are stated at acquisition cost (purchase price and incidental costs, excluding acquisition expenses) or at contribution value, with the exception of property, plant and equipment acquired prior to December 31, 1976 which was revalued in 1978 (revaluation pursuant to the French law of 1976).

Intangible assets are composed of leasehold rights amortized over the duration of the underlying leases and of IT development costs amortized over 3 years.

Property, plant and equipment are depreciated, where applicable, on a straight-line basis over their estimated useful lives; the following useful lives are applied:

- vehicles	4 years
- fixtures, furniture and leasehold improvements	5 to 15 years

Vineyard land is not subject to depreciation.

2.3. Non-current financial assets

Non-current financial assets, excluding receivables, loans and deposits, are stated at acquisition cost (excluding incidental costs) or at contribution value.

When net realizable value as of the year-end is lower than the carrying amount, a provision is recorded in the amount of the difference. The net realizable value is measured with reference to the value in use or the net selling price. Value in use is based on the entities' forecast future cash flows; the net selling price is calculated with reference to ratios or share prices of similar entities, on the basis of valuations performed by independent experts or by comparison with recent similar transactions.

Changes in the amount of provisions for impairment of the equity investment portfolio are classified under income from managing subsidiaries and investments.

Portfolio investments held as of December 31, 1976 were revalued in 1978 (revaluation pursuant to the French law of 1976).

2.4. Accounts receivable

Accounts receivable are recorded at their face value. Impairment for doubtful accounts is recorded if their net realizable value, based on the probability of their collection, is lower than their carrying amount.

2.5. Short-term investments

Short-term investments, including money market investments on which interest is rolled up, are stated at acquisition cost (excluding transaction costs); when their market value is lower than their acquisition cost, an impairment expense is recorded in Financial income/expense for the amount of the difference.

The market value of listed investments is calculated based on average listed share prices during the last month of the year and translated, where applicable, at year-end exchange rates. The market value of non-listed securities is calculated based on their estimated realizable value.

This calculation is performed on a line-by-line basis, without offsetting any unrecognized capital gains and losses.

In the event of partial investment sales, any gains or losses are calculated based on the FIFO method.

2.6. LVMH treasury shares and LVMH-share settled derivatives; stock option and bonus share plans

2.6.1. LVMH treasury shares

Treasury shares acquired under share repurchase programs or under the terms of the liquidity contract are recorded as short-term investments. Shares held on a long-term basis, or intended to be cancelled or exchanged at a later date are recorded as Non-current financial assets.

Treasury shares held for share purchase option plans and bonus shares are allocated to these plans.

Treasury shares are recorded, on their date of delivery, at their acquisition cost excluding transaction costs.

The cost of disposals is determined by allocation category using the FIFO method, with the exception of shares held in share purchase option plans for which the calculation is performed for each plan individually using the weighted average cost method.

2.6.2. Impairment of LVMH treasury shares

If the market value of LVMH shares recorded in short-term investments, calculated in accordance with the method described in Note 2.5 above, falls below their acquisition cost, impairment in the amount of the difference is recognized and charged to Net financial income/expense, under Other financial income/expense.

With respect to LVMH shares allocated to share purchase option plans:

- if the plan is non-exercisable (market value of the LVMH share lower than the exercise price of the option), the calculation of the impairment, charged to Operating profit under the heading Personnel costs, is made in relation to the average price of all non-exercisable plans involved;
- if the plan is exercisable (market value of the LVMH share greater than the exercise price of the option), a provision for losses is recognized and calculated as described in Note 2.6.3 below.

No impairment is recognized for LVMH shares allocated to bonus share plans or shares recorded in long-term investments.

2.6.3. Expense relating to stock option and bonus share plans based on LVMH treasury shares

The expense relating to stock option and bonus share plans based on LVMH shares is allocated on a straight-line basis over the vesting periods of the plans. It is recognized in the income statement under the heading Personnel costs, offset by a provision for losses recorded in the balance sheet.

The expense relating to stock option and bonus share plans based on LVMH shares is calculated as follows:

- for share purchase option plans, as the difference between the portfolio value of shares allocated to these plans and the corresponding exercise price, if lower;
- for bonus share plans, as the portfolio value of shares allocated to these plans.

Share subscription option plans do not give rise to the recognition of an expense.

2.6.4. LVMH-share settled derivatives

Under the terms of share purchase option plans, as an alternative to holding shares allocated to these plans, LVMH may acquire derivatives settled in shares. These derivatives consist of LVMH share purchase options ("calls"), acquired when the plan was set up or after that date until the end of the vesting period. The premiums paid in respect of these options are recognized as assets in Other receivables. These premiums give rise where applicable to the recognition of impairment charged to the heading Other financial income/expense; this impairment is determined according to the same rules as those defined above for LVMH shares allocated to the share option plans, with the value of LVMH shares held in the portfolio being replaced for these purposes by the amount of the premium paid supplemented by the exercise price of the calls.

2.7. Income from equity investments

Amounts distributed by subsidiaries and other investments, in addition to the share in income from partnerships subject to statutory clauses providing for the allocation of income to partners, are recognized as of the date that they accrue to the shareholders or partners.

2.8. Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the dates of transactions.

Foreign currency receivables and payables are revalued at year-end exchange rates. Any resulting unrealized gains and losses are recorded in the cumulative translation adjustment when the receivables and payables are not hedged. When the receivables and payables are hedged, the unrealized gains and losses arising on the revaluation are recognized in the income statement.

Provisions are recorded for unrealized foreign exchange losses at year-end, except for losses offset by potential gains in the same currency.

Year-end foreign exchange gains and losses on foreign currency cash and cash equivalents are recorded in the income statement.

2.9. Hedging instruments

Gains and losses arising from derivatives are recognized as Net financial income/expense, under Foreign exchange gains and losses in the case of foreign exchange derivatives, and under Other financial income/expenses for interest rate derivatives.

Foreign exchange derivatives are remeasured at year-end exchange rates:

- in the case of derivatives designated as hedging instruments, any unrealized gains or losses resulting from this remeasurement are:
  - recorded in the income statement as an offset against unrealized gains and losses on the assets and liabilities hedged by these instruments,
  - deferred, if these instruments have been allocated to future transactions;
- in the case of derivatives not designated as hedging instruments:
  - any unrealized gains resulting from their remeasurement at year-end exchange rates are deferred, while only gains realized definitively on the maturity of the instrument are recognized in net financial income,
  - any unrealized losses give rise to a provision for losses.

Interest rate derivatives designated as hedging instruments are recognized on a pro rata basis over the term of the contracts, without any impact on the face value of the debt whose rate is hedged.

Interest rate derivatives not designated as hedging instruments are remeasured at market value as of the balance sheet date. Any unrealized gains resulting from this remeasurement are deferred; any unrealized losses give rise to a provision for losses.

2.10. Bond issue premiums

Bond issue premiums are amortized over the life of bonds. Issue costs are expensed upon issuance.

2.11. Provisions

A provision is recognized whenever an obligation exists towards a third party resulting in a probable disbursement for the company, the amount of which may be reliably estimated.

2.12. Income tax: tax consolidation agreement

LVMH is the parent company of a tax group comprising most of its French subsidiaries (Article 223-A *et seq.* of the French General Tax Code). In the majority of cases, the tax consolidation agreement does not alter the tax expense or the right to the benefit from the tax losses carried forward of the subsidiaries concerned: their tax position with respect to LVMH, insofar as they remain part of the tax group, remains identical to that which would have been reported had the subsidiaries been taxed individually. Any additional tax savings or tax expense, in other words, the sum of any difference between the tax recognized by each consolidated company and the tax resulting from the calculation of taxable income for the tax group, is recognized by LVMH.

3. SIGNIFICANT SUBSEQUENT EVENTS

There were no significant subsequent events as of February 2, 2016, the date on which the financial statements were approved for publication.

4. FINANCIAL INCOME/(EXPENSE)

4.1. Income from managing subsidiaries and investments

The income from managing subsidiaries and investments breaks down as follows:

(EUR millions)	2015	2014
Dividends received from French companies	5,388.2	6,968.9
Dividends received from Foreign companies	899.2	80.1
Share of income from French partnerships	317.2	310.1
Financial income from subsidiaries and other investments	**6,604.6**	**7,359.1**
Changes in impairment	(17.2)	(55.9)
Changes in provisions for contingencies and losses	-	-
Impairment and provisions related to subsidiaries and other investments	**(17.2)**	**(55.9)**
Gains and losses on disposal	**-**	**727.8**
Income from managing subsidiaries and investments	**6,587.4**	**8,031.0**

The change in financial income from subsidiaries and other investments in France is primarily attributable to the decrease in the dividends paid by LV Group SA of 2,125 million euros and to the increase in the dividends paid by Sofidiv SAS of 559 million euros.

See also Note 18 concerning the change in impairment and provisions.

4.2. Cost of net financial debt

The cost of the net financial debt, including the impact of interest rate hedging instruments, breaks down as follows:

(EUR millions)	2015	2014
Interest and premiums on bonds	(51.9)	(73.9)
Interest on other debt	-	(1.6)
Financial income and revenue	6.6	6.9
Cost of non-Group net financial debt	**(45.3)**	**(68.6)**
Intra-Group interest expense	(14.6)	(21.2)
Intra-Group interest income	-	0.3
Cost of intra-Group net financial debt	**(14.6)**	**(20.9)**
Cost of net financial debt	**(59.9)**	**(89.5)**

4.3. Foreign exchange gains and losses

Foreign exchange gains and losses comprise the following items:

(EUR millions)	2015	2014
Foreign exchange gains	354.0	73.4
Foreign exchange losses	(791.0)	(228.1)
Changes in provisions for unrealized foreign exchange losses	59.3	(82.0)
Foreign exchange gains and losses	**(377.7)**	**(236.7)**

Regarding the change in provisions, please also refer to Note 18.

Foreign exchange gains and losses correspond to those arising on the outstanding borrowings denominated in foreign currency and foreign exchange derivatives entered into for the purposes described in Notes 19.4 and 22 (Foreign currency net investment hedges of subsidiaries).

4.4. Other financial income and expense

The amount of Other financial income and expenses breaks down as follows:

(EUR millions)	2015	2014
Income and expenses from LVMH shares and LVMH share-based calls	2.6	0.6
Other financial income	13.2	3.4
Other financial expense	(10.4)	(9.0)
Changes in provisions	0.3	(0.5)
Other financial income and expense	**5.7**	**(5.5)**

See also Note 18 on changes in provisions.

5. SERVICES PROVIDED AND OTHER INCOME

Services provided and other income break down as follows:

(EUR millions)	2015	2014
Services provided	140.7	138.2
Recharged expenses	90.3	79.2
Real estate revenue	7.1	7.0
Total	**238.1**	**224.4**

Services provided and other income relates exclusively to related companies:

- services provided consist of support services (see also Note 1.1);
- recharged expenses refer to expenses incurred by LVMH on account of related companies;
- real estate revenue is attributable to the lease of Champagne vineyards owned by LVMH.

6. PERSONNEL COSTS

In 2015, personnel costs include gross remuneration and employers' social charges, post-employment benefits, other long-term benefits and the cost of stock option and similar plans (see also Note 12.3.2).

6.1. Gross compensation

Due to the nature of the Company's business, as described under Note 1.1 Business activity, a significant portion of this compensation is re-invoiced to Group companies in connection with management support services.

The total gross compensation paid to company officers and members of the Company's Executive Committee for 2015 amounted to 30 million euros, including 1 million euros in directors' fees.

6.2. Commitments given in respect of post-employment benefits: supplementary pensions and retirement benefits

These commitments mainly relate to members of the Executive Committee who, after a certain length of service in their function, benefit from a supplementary pension plan, the amount of which is determined on the basis of the average of the three highest amounts of yearly remuneration.

As of December 31, 2015, the commitment that has not been recognized, net of financial assets covering this commitment, determined according to the same principles as those used for the Group's consolidated financial statements, amounts to 69.9 million euros.

The discount rate used to estimate this commitment was 2.00%.

The payments made to cover this commitment, 2.3 million euros in 2015 (2.3 million euros in 2014), are recognized under the heading Personnel costs.

6.3. Average headcount

In 2015, the Company had an average headcount of 19 (2014: 18; 2013: 19).

7. OTHER NET MANAGEMENT CHARGES

Management charges comprise in particular fees, communication expenses, insurance premiums and rents.

Due to the nature of the Company's business, as described under Note 1.1 Business activity, a significant portion of Other management charges are re-invoiced to Group companies, either in connection with management support services or with the rebilling of expenses incurred on their behalf.

Also, in 1994, at the time when Diageo acquired a stake in the Moët Hennessy group, an agreement was entered into between Diageo and LVMH for the apportionment of common holding company expenses between Moët Hennessy SNC and the other holding companies of the LVMH group. Pursuant to this agreement, the proportion of common holding company expenses reinvoiced by Moët Hennessy to LVMH amounted to 131 million euros.

Taxes, duties and similar levies recognized in Other management charges amounted to 3.6 million euros for fiscal year 2015 (3.5 million euros in 2014).

8. EXCEPTIONAL INCOME/(EXPENSE)

None.

9. INCOME TAXES

9.1. Breakdown of corporate income tax

Corporate income tax breaks down as follows:

(EUR millions)	Profit before tax	Tax (expense)/ income	Net profit
Recurring profit	6,010.2	(103.4)	5,906.8
Exceptional income/(expense)	-	-	-
	6,010.2	(103.4)	5,906.8
Tax in respect of prior years [a]	-	27.6	27.6
Provisions for general contingencies	-	(39.5)	(39.5)
Impact of tax consolidation	-	124.9	124.9
	6,010.2	**9.6**	**6,019.8**

(a) Net of reversals of related provisions.

The tax expense for the fiscal year includes, for the tax group as a whole, a charge of 69 million euros relating to the exceptional contribution of 10.7% in 2015, together with the amount of 50 million euros, corresponding to the 3% tax on dividends paid in 2015.

For information on provisions for general contingencies, see also Note 18.

9.2. Tax consolidation agreement

As of December 31, 2015, under the tax consolidation agreement, the amount of tax losses that may be reclaimed from LVMH by subsidiaries totaled 3,709 million euros.

9.3. Deferred tax

Deferred taxes arising from temporary differences amount to a net debit balance of 14 million euros as of December 31, 2015, including 2.9 million euros relating to temporary differences that are expected to reverse in 2016.

10. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(EUR millions)	2015
Net amount of fixed assets as of December 31, 2014	**58.8**
Additions	0.6
Disposals and retirements	-
Net change in depreciation/amortization	(1.5)
Net amount of fixed assets as of December 31, 2015	**57.9**

11. EQUITY INVESTMENTS

(EUR millions)	2015	2014
Gross amount of equity investments	19,734.0	19,734.0
Impairment	(1,381.6)	(1,364.4)
Net amount of equity investments	**18,352.4**	**18,369.6**

The investment portfolio is presented in the "Subsidiaries and investments" and "Investment portfolio" tables.

Methods used for calculating impairment of equity investments are described in Note 2.3. In most cases, impairment is calculated in reference to the value in use of the investment in question, which is determined on the basis of forecast cash flows generated by the entity in question.

The change in impairment of investment portfolio is analyzed in Note 18.

12. TREASURY SHARES AND RELATED DERIVATIVES

12.1. LVMH treasury shares

The value of the treasury shares held is allocated as follows as of December 31, 2015:

(EUR millions)			2015	2014
	Gross	Impairment	Net	Net
Share subscription option plans	139.9	-	139.9	156.5
Future plans	-	-	-	7.6
Pending retirement	-	-	-	94.9
Long-term investments	**139.9**	**-**	**139.9**	**259.0**
Bonus share plans	86.3	-	86.3	102.1
Future plans	-	-	-	-
Liquidity contract	14.3	(0.3)	14.0	12.2
Short-term investments	**100.6**	**(0.3)**	**100.3**	**114.3**

Portfolio movements over the period were as follows:

Long-term investments *(EUR millions)*	Share subscription option plans		Future plans		Pending retirement		Total	
	Number	Gross value	Number	Gross value	Number	Gross value	Number	Gross value
As of January 1, 2015	**3,426,161**	**156.5**	**148,016**	**7.6**	**689,566**	**94.9**	**4,263,743**	**259.0**
Purchases	-	-	-	-	-	-	-	-
Transfers	(11,026)	(0.4)	(148,016)	(7.6)	-	-	(159,042)	(8.0)
Shares retired	(435,174)	(16.2)	-	-	(689,566)	(94.9)	(1,124,740)	(111.1)
As of December 31, 2015	**2,979,961**	**139.9**	**-**	**-**	**-**	**-**	**2,979,961**	**139.9**

Short-term investments *(EUR millions)*	Other plans		Liquidity contract		Total	
	Number	Gross value	Number	Gross value	Number	Gross value
As of January 1, 2015	**1,492,627**	**102.1**	**95,000**	**12.6**	**1,587,627**	**114.7**
Purchases	-	-	1,799,806	281.5	1,799,806	281.5
Sales	-	-	(1,799,806)	(279.8)	(1,799,806)	(279.8)
Transfers	159,042	8.0	-	-	159,042	8.0
Options exercised	-	-	-	-	-	-
Bonus share allocations	(386,709)	(23.8)	-	-	(386,709)	(23.8)
As of December 31, 2015	**1,264,960**	**86.3**	**95,000**	**14.3**	**1,359,960**	**100.6**

The net gain recognized on disposals under the liquidity contract amounted to 2.6 million euros. As of December 31, 2015, based on stock market quotes at that date, the value of shares held under this contract is 14 million euros.

12.2. Derivatives settled in shares

None.

12.3. Stock option and similar plans

12.3.1. Plan characteristics

Share subscription and purchase option plans

The Shareholders' Meeting of April 16, 2015 renewed the authorization granted to the Board of Directors, for a period of twenty-six months expiring in June 2017, to allocate share subscription or purchase options to employees or directors of Group companies, on one or more occasions, in an amount not to exceed 1% of the Company's share capital.

Each plan is valid for ten years and the options may be exercised after a four-year period.

For all plans, one option entitles the holder to purchase one share.

Bonus share plans

The Shareholders' Meeting of April 16, 2015 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2017, to grant bonus shares to Group company employees or directors, on one or more occasions, in an amount not to exceed 1% of the Company's share capital on the date of this authorization.

Bonus shares granted to beneficiaries who are French residents for tax purposes vest after a three-year period, which is followed by a two-year holding period during which the beneficiaries may not sell their shares.

Bonus shares granted to beneficiaries who are not French residents for tax purposes shall vest after a period of four years and shall be freely transferable at that time.

Performance conditions

The share subscription option plan of May 14, 2009 and certain bonus share plans are subject to performance conditions that determine vesting. For plans set up between 2009 and 2013, performance shares/options vest only if LVMH's consolidated financial statements both for the fiscal year in which the plan is set up (fiscal year "Y") and for fiscal year Y+1 show a positive change compared to fiscal year Y-1 with respect to one or more of the following indicators: profit from recurring operations, net cash from operating activities and operating investments, current operating margin. For the October 23, 2014 plan and the April 16, 2015 plan, performance shares will vest only if LVMH's consolidated financial statements for the 2015 fiscal year show a positive change compared to fiscal year 2014 with respect to one or more of the indicators mentioned above. This condition has been satisfied. For the plan set up on October 22, 2015, performance shares will vest only if LVMH's consolidated financial statements for fiscal years 2016 and 2017 show a positive change compared to fiscal year 2015 with respect to one of the indicators mentioned above.

12.3.2. Movements relating to stock option and similar plans

Movements during the fiscal year relating to rights allocated under the various plans based on LVMH shares were as follows:

(number)	Share subscription option plans	Bonus share plans
Rights not exercised as of January 1, 2015	**3,384,313**	**1,492,627**
Provisional allocations for the period	-	388,794
Options and allocation expired in 2015	(11,026)	(38,644)
Options exercised/allocations vested in 2015	(552,137)	(386,709)
Rights not exercised as of December 31, 2015	**2,821,150**	**1,456,068**

Previously owned shares were remitted in settlement of the bonus shares vested.

The total expense recognized under Personnel costs in 2015 for stock option and similar plans was 27.7 million euros (2014: expense of 29.7 million euros; 2013: expense of 12.6 million euros).

The values used as the basis for the calculation of the 30% social security contribution are 157.41 euros and 144.11 euros per share, respectively, allocated under the plans set up in April and October 2015.

13. SHORT-TERM INVESTMENTS

As of December 31, 2014, LVMH had a holding of 1,510,097 shares in Hermès, of a gross and net amount of 423 million euros.

In accordance with the settlement agreement entered into between Hermès and LVMH on September 2, 2014, these shares were delivered to financial intermediaries or disposed of in the case of shares not distributed because of fractional rights.

14. RECEIVABLES

Receivables break down as follows:

(EUR millions)			2015	2014
	Gross	Impairment	Net	Net
Receivables from related companies	3,322.4	-	3,322.4	429.3
o/w: financial current account	*2,906.8*	-	*2,906.8*	*2.1*
share of profit from flow-through subsidiaries to be received	*317.2*	-	*317.2*	*310.2*
tax consolidation current accounts	*68.8*	-	*68.8*	*91.3*
Receivables from the State	37.3	-	37.3	30.4
Other receivables	170.4	-	170.4	32.7
o/w: currency revaluation of hedging derivatives	*148.4*	-	*148.4*	*9.7*
swap residual balance receivable	*14.4*	-	*14.4*	*19.2*
Total	**3,530.1**	**-**	**3,530.1**	**492.4**

All these receivables mature within one year, with the exception of a portion of the swap residual balance.

15. PREPAYMENTS AND ACCRUED INCOME

Prepayments and accrued income break down as follows:

(EUR millions)			2015	2014
	Gross	Impairment	Net	Net
Cumulative translation adjustments	-	-	-	42.8
Bond redemption premiums	5.0	-	5.0	3.9
Prepaid expenses	1.3	-	1.3	0.5
Total	**6.3**	**-**	**6.3**	**47.2**

Cumulative translation adjustments recorded as assets relate mainly to the revaluation of bonds denominated in foreign currencies.

16. SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

16.1. Share capital

The Company's share capital comprises 507,139,110 fully paid-up shares, each with a par value of 0.30 euros.

All the shares comprising the Company's share capital have the same voting and dividend rights, except for registered shares held for at least three years which have double voting rights.

Treasury shares do not have voting or dividend rights.

During the fiscal year, 552,137 shares were issued in connection with the exercise of share subscription options and 1,124,740 shares were retired.

As of December 31, 2015, the Company's share capital breaks down as follows:

	Number	%
Shares with double voting rights	229,780,453	45.31
Shares with single voting rights	273,018,736	53.83
	502,799,189	99.14
LVMH treasury shares	4,339,921	0.86
Total number of shares	**507,139,110**	**100.00**

16.2. Change in equity

The change in equity during the period may be analyzed as follows:

(EUR millions)	Number of shares	Share capital	Share premium account	Other reserves and regulated provisions	Retained earnings	Interim dividend	Net profit	Total equity
As of December 31, 2014 before appropriation of net profit	**507,711,713**	**152.3**	**2,655.3**	**388.2**	**-**	**(627.2)**	**7,160.5**	**9,729.1**
Appropriation of net profit for 2014	-	-	-	-	7,160.5	-	(7,160.5)	-
2014 dividends	-	-	-	-	(1,624.6)	627.2	-	(997.4)
Impact of treasury shares	-	-	-	-	18.0	-	-	18.0
As of December 31, 2014 after appropriation of net profit	**507,711,713**	**152.3**	**2,655.3**	**388.2**	**5,553.9**	**-**	**-**	**8,749.7**
Exercise of subscription options	552,137	0.1	34.6	-	-	-	-	34.7
Retirement of shares	(1,124,740)	(0.3)	(110.7)	-	-	-	-	(111.0)
2015 interim dividend	-	-	-	-	-	(684.7)	-	(684.7)
Impact of treasury shares	-	-	-	-	-	5.9	-	5.9
Net profit for 2015	-	-	-	-	-	-	6,019.8	6,019.8
As of December 31, 2015 before appropriation of net profit	**507,139,110**	**152.1**	**2,579.2**	**388.2**	**5,553.9**	**(678.8)**	**6,019.8**	**14,014.4**

The appropriation of net profit for 2014 resulted from the resolutions of the Combined Shareholders' Meeting of April 16, 2015.

17. RESERVES AND REVALUATION ADJUSTMENTS

Reserves break down as follows:

(EUR millions)	2015	2014
Legal reserve	15.3	15.3
Regulated reserves	331.3	331.3
Revaluation adjustments	41.5	41.5
Total	**388.1**	**388.1**

17.1. Regulated reserves

Regulated reserves comprise the special reserve for long-term capital gains and restricted reserves, in the amount of 2.2 million euros, which were created as a result of the reduction of capital performed at the same time as the conversion of the Company's share capital into euros. The special reserve for long-term capital gains may only be distributed after tax has been levied.

17.2. Revaluation adjustments

Revaluation adjustments are the result of revaluations carried out in 1978 pursuant to the French law of 1976.

The adjustments concern the following non-amortizable fixed assets:

(EUR millions)	2015	2014
Vineyard land	17.9	17.9
Equity investments (Parfums Christian Dior)	23.6	23.6
Total	**41.5**	**41.5**

18. CHANGES IN IMPAIRMENT AND PROVISIONS

Changes in asset impairment and provisions break down as follows:

(EUR millions)	December 31, 2014	Increase	Amounts used	Amounts released	December 31, 2015
Equity investments	1,364.4	20.8	-	(3.6)	1,381.6
LVMH shares	0.4	-	-	(0.1)	0.3
Other assets	4.5	-	(4.5)	-	-
Asset impairment	**1,369.3**	**20.8**	**(4.5)**	**(3.7)**	**1,381.9**
Share purchase option and related plans	18.7	8.7	(9.0)	-	18.4
General contingencies	947.1	50.5	(530.9)	(11.9)	454.8
Unrealized forex losses	122.5	13.2	(72.5)	-	63.2
Other losses	36.1	13.0	(2.7)	(1.9)	44.5
Provisions for contingencies and losses	**1,124.4**	**85.4**	**(615.1)**	**(13.8)**	**580.9**
Total	**2,493.7**	**106.2**	**(619.6)**	**(17.5)**	**1,962.8**
o/w: financial income/(expense)		34.0	(72.5)	(4.0)	
operating profit/(loss)		21.8	(16.5)	(2.6)	
of which personnel costs		*21.7*	*(11.7)*	*(1.6)*	
other		50.4	(530.6)	(10.9)	
		106.2	**(619.6)**	**(17.5)**	

Provisions for general contingencies correspond to an estimate of the impact on assets and liabilities of risks, disputes, or actual or probable litigation arising from the Company's activities or those of its subsidiaries; such activities are carried out worldwide, within what is often an imprecise regulatory framework that is different for each country, changes over time, and applies to areas ranging from product composition to the tax computation.

In particular, the Company may be subject to tax inspections and, in certain cases, to rectification claims from the French tax administration. These rectification claims, together with any uncertain tax positions that have been identified but not yet officially reassessed, give rise to appropriate provisions, the amount of which is regularly reviewed in accordance with the criteria of CRC (France's accounting regulator) opinion 2000-06 on liabilities. Changes in provisions mainly reflect the resolution of certain discussions with the tax and customs authorities or others, both in France and abroad.

See also Notes 4, 9, 11 and 12.

19. GROSS BORROWINGS

Gross borrowings break down as follows:

(EUR millions)	**2015**	**2014**
Bonds	4,882.8	5,663.2
Bank loans and borrowings	0.1	-
Intra-Group financial debt	2,338.1	2,597.8
Other financial debt	2,338.2	2,597.8
Gross borrowings	**7,221.0**	**8,261.0**

19.1. Bonds

Bonds consist of the following:

	Nominal interest rate	Floating-rate swap	Issuance price[a] *(as % of the par value)*	Maturity	Nominal value as of December 31, 2015 *(EUR millions)*	Accrued interest after swap *(EUR millions)*	Total *(EUR millions)*
EUR 500 000 000 ; 2011	4.000%	-	99.484%	2018	500.0	14.1	514.1
EUR 500,000,000 ; 2013	1.250%	50.00%	99.198%	2019	500.0	0.6	500.6
EUR 100,000,000 ; 2014	1.250%	-	103.152%	2019	100.0	0.2	100.2
EUR 600,000,000 ; 2013	1.750%	66.67%	99.119%	2020	600.0	1.4	601.4
EUR 650,000,000 ; 2014	1.000%	total	99.182%	2021	650.0	0.4	650.4
EUR 300,000,000 ; 2014	floating	-	99.900%	2019	300.0	0.1	300.1
USD 850,000,000 ; 2012	1.625%	total	99.456%	2017	780.8	-	780.8
GBP 350,000,000 ; 2014	1.625%	total	99.396%	2017	474.8	-	474.8
AUD 150,000,000 ; 2014	3.500%	total	99.177%	2019	100.7	-	100.7
EUR 150,000,000 ; 2009	4.775%	total	99.800%	2017	150.0	-	150.0
EUR 500,000,000 ; 2013	floating	-	99.930%	2016	500.0	-	500.0
EUR 150,000,000 ; 2014	floating	-	100.132%	2016	150.0	-	150.0
USD 65,000,000 ; 2013	floating	total	99.930%	2016	59.7	-	59.7
Total					**4,866.0**	**16.8**	**4,882.8**

(a) After fees.

Since May 2000, bond issues have mainly been made under a 10 billion euro Euro Medium Term Note (EMTN) program. Their total outstanding amount as of December 31, 2015 is 4 billion euros.

Unless otherwise indicated, bonds are redeemable at par upon maturity.

The interest rate swaps presented in the table above were generally entered into on the issue date of the bonds. Subsequent optimization transactions may also have been performed.

In April 2015, LVMH redeemed the 500 million euro bond issued in 2011, and redeemed in June 2015 the 200 million Swiss franc bond and the 250 million euro bond issued in 2008 and 2009 respectively.

19.2. Analysis of borrowings by payment date

The breakdown of gross borrowings by type and payment date, and the related accrued expenses, are shown in the table below:

Borrowings *(EUR millions)*	Total		Amount		*Of which accrued expenses*	*Of which related companies*
		Less than 1 year	From 1 to 5 years	More than 5 years		
Bonds	4,882.8	726.5	3,506.3	650.0	*16.8*	-
Bank loans and borrowings	0.1	0.1	-	-	-	-
Intra-Group financial debt	2,338.1	2,337.6	0.5	-	*2.6*	*2,338.1*
Other financial debt	2,338.2	2,337.7	0.5	-	*2.6*	*2,338.1*
Gross borrowings	**7,221.0**	**3,064.2**	**3,506.8**	**650.0**	***19.4***	***2,338.1***

19.3. Intra-Group financial debt

The intra-Group financial debt corresponds mainly to an outstanding debt due to the company that centralizes the Group's cash; as of December 31, 2015 this comprised a loan of 2,337.6 million euros due within one year.

Accrued interest as of December 31, 2015 included in this balance amounted to 2.6 million euros.

19.4. Analysis of borrowings by currency

As of December 31, 2015, the breakdown by currency of the Company's gross borrowings, taking into account any hedging arrangements contracted at the time of recognition of debts or subsequently, is as follows:

Currency	Equivalent stated *(EUR millions)*		
	On issue	After taking into account hedging instruments	
		2015	2014
Euro	3,466.9	3,981.2	4,680.6
Swiss franc	-	901.7	982.6
US Dollars	840.5	-	-
Other currency	575.5	-	-
Non-Group financial debt	4,882.9	4,882.9	5,663.2
Intra-Group financial debt		2,338.1	2,597.8
Total gross borrowings		**7,221.0**	**8,261.0**

The purpose of foreign currency borrowings is, in general, to hedge net foreign currency-denominated assets of acquired companies located outside the euro zone.

19.5. Covenants

In connection with certain credit lines, LVMH is in a position to comply with a net financial debt to equity ratio calculated based on consolidated data. As of December 31, 2015, no drawn or undrawn credit lines are concerned by this provision.

19.6. Guarantees and collateral

As of December 31, 2015, financial debt was not subject to any guarantees or collateral.

20. OTHER DEBT

The breakdown of other liabilities by type and payment date and the related accrued expenses is shown in the table below:

(EUR millions)	Total	Amount			*Of which accrued expenses*	*Of which related companies*
		Less than 1 year	From 1 to 5 years	More than 5 years		
Trade payables	126.1	126.1	-	-	*117.1*	*105.5*
Tax and social liabilities	142.4	142.4	-	-	*28.1*	-
Other debt	133.3	133.3	-	-	-	*130.2*
o/w tax consolidation current accounts	*127.8*	*127.8*	-	-	-	*127.8*
Other debt	**401.8**	**401.8**	**-**	**-**	***145.2***	***235.7***

21. ACCRUALS AND DEFERRED INCOME

The balance of accruals and deferred income mainly consists of the revaluation of trade accounts receivable and trade accounts payable.

22. MARKET RISK EXPOSURE

LVMH regularly uses financial instruments. This practice meets the foreign currency and interest rate hedging needs for financial assets and liabilities, including dividends receivable from foreign investments; each instrument used is allocated to the financial balances or hedged transactions.

Given the role of LVMH within the Group, financial instruments designed to hedge net assets denominated in foreign currency may be used in the consolidated financial statements but not matched in the parent company financial statements, or allocated to underlying amounts maintained at historical exchange rates, such as equity investments.

Counterparties for hedging contracts are selected on the basis of their credit rating as well as for reasons of diversification.

22.1. Interest rate instruments

Interest rate instruments are generally allocated to borrowings falling due either at the same time as, or after, the instruments.

The types of instruments outstanding as of December 31, 2015, the underlying amounts broken down by expiration period and their fair value are as follows:

(EUR millions)	Nominal amount	Expiration period			Market value[a]
		Less than 1 year	From 1 to 5 years	More than 5 years	
Fixed-rate payer swap	91.9	-	91.9	-	0.6
Floating-rate payer swap	4,922.7	798.8	3,473.9	650.0	45.3
Other derivatives	-	-	-	-	-

(a) Gain/(loss).

22.2. Foreign exchange derivatives

The nominal values of hedges outstanding as of December 31, 2015 for all currencies, revalued at the year-end exchange rates, are as follows:

Type *(EUR millions)*	Currency	Nominal amounts[a]	Market value[b]
Foreign exchange swaps	USD	1,385.0	(8.4)
	HKD	209.5	(9.5)
	CHF	625.2	0.2
	JPY	43.5	(0.8)

(a) Sale/(purchase).
(b) Gain/(loss).

All of the contracts presented in the table above mature within one year.

23. OTHER INFORMATION

23.1. Share purchase commitments

Share purchase commitments amount to 7,421 million euros and represent the contractual commitments entered into by the Group to purchase minority interests' shares in consolidated companies, shareholdings or additional shareholdings in unconsolidated companies, or for additional payments in connection with transactions already entered into. This amount includes the impact of the memorandum of understanding entered into on January 20, 1994 between LVMH and Diageo, according to which LVMH agreed to repurchase Diageo's 34% interest in Moët Hennessy SNC and Moët Hennessy International SAS, with six months' notice, for an amount equal to 80% of its market value at the exercise date of the commitment. It also includes, as of December 31, 2013, the commitment to the shareholders of Loro Piana SpA to purchase their 20% stake in the company, which may be exercised no later than three years from December 5, 2013.

23.2. Other commitments given in favor of third parties

(EUR millions)	December 31, 2015
Guarantees and comfort letters granted to subsidiaries or other Group companies	7,311.3

23.3. Other commitments given in favor of LVMH

(EUR millions)	December 31, 2015
Undrawn confirmed long-term lines of credit	2,290.0
Undrawn confirmed short-term lines of credit	845.0

23.4. Related party transactions

No new related party agreements, within the meaning of Article R.123-198 of the French Commercial Code, were entered into during the fiscal year in significant amounts and under conditions other than normal market conditions.

In October 2014, Fondation Louis Vuitton opened a modern and contemporary art museum in Paris. The LVMH group finances the Fondation as part of its cultural sponsorship initiatives.

For these purposes, Fondation Louis Vuitton has recourse to external financing guaranteed by LVMH. These guarantees are included in off-balance sheet commitments (see Note 23.2).

See also Note 7 for information on the agreement between Diageo and LVMH.

23.5. Identity of the consolidating parent company

The financial statements of LVMH Moët Hennessy - Louis Vuitton SE are fully consolidated by Christian Dior SE (30, avenue Montaigne, 75008 Paris, France).

INVESTMENT PORTFOLIO

Equity investments *(EUR millions)*	**% of direct ownership**	**Carrying amount**
508,493,000 shares in Sofidiv SAS with a par value of EUR 16.57 each	100.00	10,116.4
245,000 shares in Bulgari SpA (Italy) with a par value of EUR 100 each	100.00	4,268.7
100,120,000 shares in Vicuna Holding (Italy) with a par value of EUR 1 each	100.00	1,400.1
35,931,661 shares in Moët Hennessy SNC with a par value of EUR 7 each	58.67	1,018.9
23,743,091 shares in LV Group SA with a par value of EUR 1.50 each	99.95	822.2
1,961,048 shares in Le Bon Marché SA with a par value of EUR 15 each	99.99	259.2
35,666,394 shares in LVMH Finance SA with a par value of EUR 15 each	99.99	252.3
68,960 shares in Parfums Christian Dior SA with a par value of EUR 38 each	99.99	76.5
31,482,978 shares in Moët Hennessy International SAS with a par value of EUR 2.82 each	58.67	74.4
34,414,870 shares in LVMH Services Ltd (UK) with a par value of GBP 1 each	100.00	40.5
7,000 shares in the GIE LVMH Services with a par value of EUR 1,265 each	20.00	8.9
23,000 shares in LVMH KK (Japan) with a par value of JPY 50,000 each	100.00	7.6
9,660 shares in Loewe SA (Spain) with a par value of EUR 30 each	5.44	6.7
TOTAL		**18,352.4**

See also Note 11 Equity investments.

SUBSIDIARIES AND INVESTMENTS

Company *(all amounts in millions of currency units)*	**Head office**	**Currency**	**Share capital**[a]	**Equity other than share capital**[a][b]	**Percentage share capital held**	**Carrying amount of shares held**[c]		**Loans and advances provided**[c]	**Deposits and sureties granted**[c]	**Revenue excluding taxes**[a]	**Net profit (loss) from the previous fiscal year**[a]	**Dividends received in 2015**[c]
						Gross	**Net**					
1. Subsidiaries (>50%)												
Sofidiv SAS	Paris	EUR	8,427.4	3,730.9	100.00	10,116.4	10,116.4	-	-	502.0[d]	485.0	1,662.8
Bulgari SpA	Rome	EUR	24.5	226.1	100.00	4,268.7	4,268.7	-	-	159.9	(47.4)	100.0
LVMH Finance SA	Paris	EUR	535.0	(420.5)	99.99	1,630.6	252.3	-	-	6.2[d]	(35.7)	-
Vicuna Holding SpA	Milan	EUR	100.1	1,367.4	100.00	1,400.1	1,400.1	-	-	40.3[d]	49.3	40
Moët Hennessy SNC	Paris	EUR	428.7	2,386.1	58.67	1,018.9	1,018.9	-	-	856.7[d]	540.6	-
LV Group SA	Paris	EUR	35.6	273.8	99.95	822.2	822.2	-	-	1,705.4[d]	1,595.7	3,535.6
Le Bon Marché SA	Paris	EUR	29.4	124.6	99.99	259.2	259.2	-	-	355.0	13.8	10.0
Parfums Christian Dior SA	Paris	EUR	2.6	580.9	99.99	76.5	76.5	-	6.8	1,348.6	197.1	160.0
Moët Hennessy Inter. SAS	Paris	EUR	151.6	443.9	58.67	74.4	74.4	-	-	169.0[d]	166.6	19.8
LVMH Services Ltd	London	GBP	34.4	(4.7)	100.00	43.8	40.5	-	6.8	1.5	2.2	-
LVMH KK	Tokyo	JPY	1,150.0	688.9	100.00	7.6	7.6	-	407.4	932.7	90.6	-
2. Other investments (>10% and <50%)												
GIE LVMH Services	Paris	EUR	44.3	2.4	20.00	8.9	8.9	-	-	2.1	(0.1)	-
3. Other investments (<10%)												
Loewe SA	Madrid	EUR	5.3	60.3	5.44	6.7	6.7	-	-	129.9	4.9	-
4. Other												
Total						**19,734.0**	**18,352.4**		**421.0**			**5,528.2**

(a) In local currency for foreign subsidiaries.
(b) Prior to the appropriation of earnings for the fiscal year.
(c) In millions of euros.
(d) Including financial income from subsidiaries and other investments.

COMPANY RESULTS OVER THE LAST FIVE FISCAL YEARS

(EUR millions, except earnings per share, expressed in euros)	2011	2012	2013	2014	2015
1. Share capital at fiscal year-end					
Share capital	152.3	152.4	152.3	152.3	152.1
Number of ordinary shares outstanding	507,815,624	508,163,349	507,793,661	507,711,713	507,139,110
Maximum number of future shares to be created:					
- through conversion of bonds	-	-	-	-	-
- through exercise of equity warrants	-	-	-	-	-
- through exercise of share subscription options	6,603,917	5,229,396	4,177,489	3,384,313	2,821,150
2. Operations and profit for the fiscal year					
Income from investments and other revenues	2,783.1	2,173.6	2,376.8	7,583.5	6,842.7
Profit before taxes, depreciation, amortization and movements in provisions	2,221.2	1,549.5	1,985.4	7,698.3	5,971.8
Income tax (income)/expense [a]	-	-	-	-	-
Profit after taxes, depreciation, amortization and movements in provisions [b]	2,325.5	1,666.7	1,854.8	7,160.5	6,019.8
Profit distributed as dividends [c]	1,320.3	1,473.7	1,574.2	1,624.7	1,800.3
3. Earnings per share					
Profit after taxes but before depreciation, amortization and movements in provisions	4.50	2.92	3.67	14.38	11.79
Profit after taxes, depreciation, amortization and movements in provisions [b]	4.58	3.28	3.65	14.10	11.87
Gross dividend distributed per share [c][d]	2.60	2.90	3.10	3.20	3.55
4. Employees					
Average number of employees	23	22	19	18	19
Total payroll	104.8	54.2	58.3	75.5	77.7
Amounts paid in respect of social security	17.7	22.8	24.2	17.4	19.3

(a) Excluding the impact of the tax consolidation agreement and the share of tax profits of "flow-through" entities.
(b) Including the impact of the tax consolidation agreement and the share of tax profits of "flow-through" entities.
(c) Amount of the distribution resulting from the resolution of the Shareholders' Meeting, before the impact of LVMH treasury shares held as of the distribution date. For fiscal year 2015, amount proposed to the Shareholders' Meeting of April 14, 2016.
(d) Excluding the impact of tax regulations applicable to the beneficiary.

STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Shareholder's Meeting, we hereby report to you for the fiscal year ended December 31, 2015 on:

- the audit of the accompanying parent company financial statements of LVMH Moët Hennessy - Louis Vuitton;
- the justification of our assessments;
- the specific procedures and disclosures required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the parent company financial statements

We conducted our audit in accordance with professional practice standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements.

An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statements presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of December 31, 2015 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

II. Justification of our assessments

In accordance with Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring the following matters to your attention:

Note 2.3. to the financial statements describes the accounting principles and methods applicable to long-term investments. As part of our assessment of the accounting policies implemented by your Company, we have verified the appropriateness of the above-mentioned accounting methods and that of the disclosures in the Notes to the financial statements, and have ascertained that they were properly applied.

These assessments were performed as part of our audit approach for the financial statements taken as a whole and therefore contributed to the expression of our opinion in the first part of this report.

III. Specific procedures and disclosures

We have also performed the other specific procedures required by law, in accordance with professional practice standards applicable in France.

We have no matters to report regarding the fair presentation and consistency with the financial statements of the information given in the Management Report of the Board of Directors and the documents addressed to the shareholders in respect of the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L.225-102-1 of the French Commercial Code relating to remuneration and benefits received by the corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company, from companies controlling your Company or controlled by it.

Based on this work, we attest that such information is accurate and fair. It being specified that, as indicated in the Management Report, this information relates to the remuneration and benefits in-kind paid or borne by your Company and the companies which it controls, as well as the remuneration and benefits paid or borne by the companies Financière Jean Goujon and Christian Dior.

Pursuant to the law, we have verified that the Management Report contains the appropriate disclosures as to the identity of and percentage interests and votes held by shareholders.

Neuilly-sur-Seine and Paris-La-Défense, February 12, 2016

The Statutory Auditors

DELOITTE & ASSOCIÉS		ERNST & YOUNG et Autres	
Thierry Benoit	Guillaume Troussicot	Jeanne Boillet	Gilles Cohen

This is a free translation into English of the Independent Verifier's report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED RELATED PARTY AGREEMENTS AND COMMITMENTS

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby submit our report on regulated related party agreements and commitments.

Our responsibility is to inform you, on the basis of the information provided to us, of the main terms and conditions of the agreements and commitments that have been indicated to us or that we may have identified while performing our role, and of the reasons given for those agreements being in the Company's interest. We are not required to comment as to whether they are beneficial or appropriate, or to ascertain the existence of any other agreements or commitments. It is your responsibility, in accordance with Article R.225-31 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, if applicable, to inform you in accordance with Article R.225-31 of the French Commercial Code of the implementation during the fiscal year of related party agreements and commitments already approved by the Shareholders' Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

In accordance with Article L.225-40 of the French Commercial Code, we have been advised of the following agreements and commitments which have received the prior approval of your Board of Directors.

1. With Diavolezza Ltd

Person concerned: Mr. Francesco Trapani.
Nature, purpose, terms and conditions: service agreement.

On February 3, 2015, the Board of Directors authorized the signing of a consulting agreement between your Company and Diavolezza Ltd, of which Mr. Francesco Trapani is an employee and shareholder, relating to consulting assignments in the jewelry field.

This agreement supersedes that signed with Mr. Trapani in 2014.

The fees relating to this agreement come to a maximum annual amount of 1,000,000 million euros (exclusive of VAT).

Pursuant to this agreement, your Company paid 940,000 euros (exclusive of VAT) to Diavolezza Ltd in 2015.

Reasons given why the agreement is in the Company's interest

The Board's explanation for this agreement is as follows: it enables your Company to continue benefiting from the expertise of Mr. Francesco Trapani, who directed Bvlgari for a number of years.

2. With Groupe Arnault SEDCS

Persons concerned: Messrs. Bernard Arnault, Nicolas Bazire and Albert Frère.
Nature, purpose, terms and conditions: amendment to the assistance agreement entered into with Groupe Arnault SEDCS on July 31, 1998.

On February 3, 2015, the Board of Directors authorized the signing of a new amendment to the assistance agreement of July 31, 1998. The continuation of this agreement enables your company to continue receiving various services, mainly in the fields of legal and financial engineering, corporate law and real estate, between your Company and Groupe Arnault SEDCS, which has twenty-five employees, all experts in their field.

The amendment of this agreement relates to the consideration provided for in the agreement, which has been set at 5,460,000 euros (exclusive of VAT) per year as from January 1, 2015. This amendment was signed on April 30, 2015.

Pursuant to this agreement, your Company paid 5,460,000 euros to Groupe Arnault SEDCS for fiscal year 2015.

Reasons given why the agreement is in the Company's interest

The Board's explanation for this agreement is as follows: this assistance agreement entered into with Groupe Arnault SEDCS covers a wide range of high value-added services, mainly financial, tax and administrative, provided by very experienced specialists.

It enables the sharing of skills as well as certain costs, reducing expenditures for both parties.

3. With AA Conseil SAS

Person concerned: Mr. Antoine Arnault, Partner and Chairman of AA Conseil SAS.
Nature, purpose, terms and conditions: service agreements with AA Conseil SAS.

On February 3, 2015, the Board of Directors authorized the renewal (amending the duration to four years beginning on March 1, 2015) of the service agreements between AA Conseil SAS and Louis Vuitton Malletier on the one hand, and your Company on the other (acting on behalf of itself and the group's other subsidiaries).

AA Conseil SAS's basic annual fees under these agreements are 410,000 euros (exclusive of VAT) for the agreement with your Company and 150,000 euros (exclusive of VAT) for the agreement with Louis Vuitton Malletier, excluding expenses incurred in the performance of its engagements, which are reimbursed on the basis of documentation.

Pursuant to these agreements, your Company and Louis Vuitton Malletier respectively paid 307,500 euros (exclusive of VAT) and 112,500 euros (exclusive of VAT) to AA Conseil SAS for fiscal year 2015.

These agreements were terminated on September 30, 2015.

Reasons given why the agreement is in the Company's interest

The Board's explanation for these agreements is as follows: the renewal of these agreements enabled your Company to benefit from the expertise of AA Conseil SAS. during the organization of the *Journées Particulières*, an extraordinary event to which AA Conseil SAS has contributed since it was first held in 2013, and which will take place for the third time in 2016.

AGREEMENTS AND COMMITMENTS ALREADY AUTHORIZED BY A SHAREHOLDERS' MEETING

In accordance with Article R.225-30 of the French Commercial Code, we have been advised that the following agreements and commitments which have already been approved by a Shareholders' Meeting in prior fiscal years remained in effect during the fiscal year under review.

1. With Moët Hennessy SNC, a subsidiary of your Company

Nature, purpose, terms and conditions: LVMH group holding company cost-sharing agreement.

Diageo holds a 34% stake in Moët Hennessy SNC. In 1994, when Diageo acquired this stake, an agreement was entered into between Diageo and your Company for the apportionment of shared holding company costs between Moët Hennessy SNC and the other holding companies of the LVMH group.

Under this agreement, Moët Hennessy SNC assumed 17% of shared costs in 2015 and accordingly re-invoiced the excess costs incurred to your Company. After re-invoicing, the amount of shared costs assumed by Moët Hennessy SNC under this agreement was 16.2 million euros during the 2015 fiscal year.

2. With Messrs. Bernard Arnault, Antonio Belloni and Nicolas Bazire, Directors

Nature, purpose, terms and conditions: funding of the supplementary pension plan.

The funding of a supplementary pension plan, via an insurance company, which was set up in 1999 and modified in 2004 and 2012 for the benefit of Executive Committee members, employees and senior executives of French companies, some of whom are also directors, remained in effect in fiscal year 2015.

The resulting expense for your Company in fiscal year 2015 is included in the amount disclosed in Note 32.4 to the consolidated financial statements.

3. With Christian Dior SE

Persons concerned: Messrs. Bernard Arnault and Pierre Godé and Ms. Delphine Arnault.
Nature, purpose, terms and conditions: amendment to the service agreement entered into with Christian Dior SE on June 7, 2002.

The service agreement of June 7, 2002, amended in May 2014, relating to legal services, particularly for corporate law issues and the management of securities services, entered into between your Company and Christian Dior SE, remained in effect in 2015.

Pursuant to this agreement, your Company received annual fees of 60,000 euros (exclusive of VAT) from Christian Dior SE during the 2015 fiscal year.

Neuilly-sur-Seine and Paris-La Défense, February 12, 2016

The Statutory Auditors

DELOITTE & ASSOCIÉS

Thierry Benoit Guillaume Troussicot

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OTHER INFORMATION

Governance

1. PRINCIPAL POSITIONS AND OFFICES OF MEMBERS OF THE BOARD OF DIRECTORS

1.1. Current terms

Mr. Bernard ARNAULT, Chairman and Chief Executive Officer

Date of birth: March 5, 1949. French.
Business address: LVMH – 22, avenue Montaigne – 75008 Paris (France).
Date of first appointment: September 26, 1988.
Expiration of term: Annual Shareholders' Meeting convened in 2016.
Number of LVMH shares held in a personal capacity: 115,334 shares.

Mr. 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 this 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 and Chief Executive Officer in January 1989.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE [a]	Chairman and Chief Executive Officer
	Christian Dior SE [a]	Chairman of the Board of Directors
	Christian Dior Couture SA	Director
	Financière Jean Goujon SAS	Member of the Supervisory Committee
	Groupe Arnault SEDCS	Chairman of the Executive Board
	Château Cheval Blanc SC	Director
	Louis Vuitton, Fondation d'Entreprise	Chairman of the Board of Directors
International	LVMH Moët Hennessy - Louis Vuitton Inc. (United States)	Director
	LVMH Moët Hennessy - Louis Vuitton Japan KK (Japan)	Director
	LVMH Services Limited (United Kingdom)	Director

Other

France	Carrefour SA [a]	Director

Positions and offices that have terminated since January 1, 2011

France	Lagardère SCA [a]	Member of the Supervisory Board
	Christian Dior SE [a]	Chief Executive Officer
	Groupe Arnault SAS	Chairman
International	LVMH International SA (Belgium)	Director

Mr. Antoine ARNAULT

Date of birth: June 4, 1977. French.
Business address: Berluti – 120, rue du Faubourg Saint-Honoré – 75008 Paris (France).
Date of first appointment: May 11, 2006.
Expiration of term: Annual Shareholders' Meeting convened in 2018.
Number of LVMH shares held in a personal capacity: 110,991 shares.

(a) Listed company.

Mr. Antoine Arnault graduated from HEC Montreal and INSEAD. In 2000 he created an Internet company, specialized in the registration of domain names.

In 2002, he sold his stake in the company and joined the family group, where he successively held the positions of Marketing Manager and Director of Regional Operations at Louis Vuitton.

In 2007, he became Director of Communications at Louis Vuitton, with responsibility for advertising, publishing, digital content development, and media buying.

He has been Managing Director of Berluti since 2011, the year in which he also initiated the *Journées Particulières* open-day event. He has also been Chairman of the Board of Directors of Loro Piana since the end of 2013.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE[a]	Director
	Berluti SA	Chairman of the Executive Board
	Groupe Arnault SEDCS	Member of the Executive Board
	Les Echos SAS	Member of the Supervisory Board
	LV Group SA	Chairman and Chief Executive Officer
	Association du Musée Louis Vuitton	Permanent Representative of LV Group, Director
International	Berluti LLC (United States)	Managing Director
	Berluti Hong Kong Company Limited (Hong Kong)	Director
	Berluti (Shanghai) Company Limited (China)	Director
	Fendi Srl (Italy)	Director
	Fendi Adele Srl (Italy)	Director
	Loro Piana SpA (Italy)	Chairman of the Board of Directors
	Manifattura Berluti SRL (Italy)	Director

Other

France	AA Conseil SAS	Chairman
	Comité Colbert	Director
	Madrigall SA	Director

Positions and offices that have terminated since January 1, 2011

France	F.G SAS	Chairman
	Lagardère SCA[a]	Member of the Supervisory Board
	S.D.R.E Société de Distribution Robert Estienne SNC	Legal representative of Berluti, Managing Partner
	Société Nouvelle de Chemiserie Arnys	Chairman of the Board of Directors
International	Berluti Orient FZ-LLC (United Arab Emirates)	Director
	Spot Runner, Inc. (United States)	Member of the Supervisory Board

Ms. Delphine ARNAULT

Date of birth: April 4, 1975. French.
Business address: Louis Vuitton Malletier – 2, rue du Pont-Neuf – 75001 Paris (France).
Date of first appointment: September 10, 2003.
Expiration of term: Annual Shareholders' Meeting convened in 2017.
Number of LVMH shares held in a personal capacity: 271,913 shares.

Ms. Delphine Arnault began her career with the international management consulting firm McKinsey & Co, where she worked as a consultant for two years.

In 2000, she moved to designer John Galliano's company, where she helped in development, acquiring concrete experience in the fashion industry. In 2001, she joined the Executive Committee of Christian Dior Couture, where she served as Deputy Managing Director until August 2013. Since September 2013, she has been Executive Vice President of Louis Vuitton, in charge of supervising all of Louis Vuitton's product-related activities.

(a) Listed company.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE [a]	Director
	Céline SA	Director
	Christian Dior SE [a]	Director
	Les Echos SAS	Member of the Supervisory Board
	Château Cheval Blanc SC	Director
International	Emilio Pucci Srl (Italy)	Director
	Emilio Pucci International BV (Netherlands)	Director
	Loewe SA (Spain)	Director

Other

France	Havas [a]	Director and Member of the Compensation and Selection/Nomination Committee
	Métropole Télévision "M6" SA [a]	Member of the Supervisory Board
International	21st Century Fox (United States) [a]	Director
	Actar International SA Luxembourg (Luxembourg)	Permanent Representative of Ufipar, Director

Positions and offices that have terminated since January 1, 2011

France	Établissement Public de Sèvres – Cité de la Céramique	Director

Mr. Nicolas BAZIRE, Senior Vice-President for Development and Acquisitions

Date of birth: July 13, 1957. French.
Business address: LVMH – 22, avenue Montaigne – 75008 Paris (France).
Date of first appointment: May 12, 1999.
Expiration of term: Annual Shareholders' Meeting convened in 2017.
Number of LVMH shares held in a personal capacity: 58,283 shares.

Mr. Nicolas Bazire became Chief of Staff of Prime Minister Edouard Balladur in 1993. He was Managing Partner at Rothschild & Cie Banque between 1995 and 1999 and has served as Managing Director of Groupe Arnault SAS since 1999.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE [a]	Director
	Agache Developpement SA	Director
	Europatweb SA	Director
	Financière Agache SA	Managing Director and Permanent Representative of Groupe Arnault, Director
	GA Placements SA	Permanent Representative of Montaigne Finance, Director
	Groupe Arnault SEDCS	Chief Executive Officer
	Groupe Les Echos SA	Director
	Les Echos SAS	Vice-Chairman of the Supervisory Board
	Louis Vuitton Malletier SA	Permanent Representative of Ufipar, Director
	LV Group SA	Director
	Montaigne Finance SAS	Member of the Supervisory Committee
	Semyrhamis SA	Non-Director Managing Director and Legal Representative of Groupe Arnault, Director
	Louis Vuitton, Fondation d'Entreprise	Director

Other

France	Atos SE [a]	Director and Chairman of the Nomination and Remuneration Committee
	Carrefour SA [a]	Director, Member of the Accounts Committee and the Appointments Committee
	Suez Environnement Company SA [a]	Director, Member of the Audit and Accounts Committee, the Nominations Committee and the Strategy Committee

(a) Listed company.

International	Société des Bains de Mer de Monaco SA [a] (Principality of Monaco)	Permanent Representative of Ufipar, Director and Chairman of the Accounts Committee

Positions and offices that have terminated since January 1, 2011

France	Financière Agache Private Equity SA	Director
International	Go Invest SA (Belgium)	Director

Mr. Antonio BELLONI, Group Managing Director

Date of birth: June 22, 1954. Italian.
Business address: LVMH – 22, avenue Montaigne – 75008 Paris (France).
Date of first appointment: May 15, 2002.
Expiration of term: Annual Shareholders' Meeting convened in 2017.
Number of LVMH shares held in a personal capacity: 62,401 shares.

Mr. Antonio Belloni joined the LVMH group in June 2001, following 22 years with Procter & Gamble. He was appointed head of Procter & Gamble's European division in 1999, having previously served as Chairman and Chief Executive Officer for the group's Italian operations. He began his career at Procter & Gamble in Italy in 1978 and subsequently held a number of positions in Switzerland, Greece, Belgium and the United States. He has been Group Managing Director of LVMH since September 2001.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE [a]	Group Managing Director and Director
	Berluti SA	Vice-Chairman and Member of the Supervisory Board
	Cha Ling SCA	Chairman of the Supervisory Board
	Chaumet International SA	Chairman of the Board of Directors
	Fendi International SAS	Chairman
	Givenchy SA	Permanent Representative of LVMH Finance, Director
	Le Bon Marché, Maison Aristide Boucicaut SA	Permanent Representative of LVMH, Director
	LVMH Fragrance Brands SA	Permanent Representative of LV Group, Director
	Moët Hennessy Management SARL	Managing Director
	Sephora SA	Permanent Representative of Ufipar, Director
	Louis Vuitton, Fondation d'Entreprise	Director
International	Benefit Cosmetics LLC (United States)	Managing Director
	Bulgari SpA (Italy)	Member of the Board of Directors
	Cova Montenapoleone Srl (Italy)	Director
	Cruise Line Holdings Co (United States)	Director
	De Beers Diamond Jewellers Limited (United Kingdom)	Director
	De Beers Diamond Jewellers Trademark Ltd (United Kingdom)	Director
	DFS Group Limited (Bermuda)	Director
	DFS Group Limited (Hong Kong)	Director
	DFS Holdings Limited (Bermuda)	Director
	Edun Americas Inc. (United States)	Director
	Edun Apparel Limited (United Kingdom)	Director
	Emilio Pucci Srl (Italy)	Director
	Emilio Pucci International BV (Netherlands)	Director
	Fendi SA (Luxembourg)	Director
	Fendi Srl (Italy)	Director
	Fendi Adele Srl (Italy)	Director
	Fendi Italia Srl (Italy)	Director
	Fresh Inc. (United States)	Director
	Loro Piana SpA (Italy)	Director
	LVMH Moët Hennessy - Louis Vuitton Inc. (United States)	Vice-Chairman and Director
	LVMH (Shanghai) Management & Consultancy Co. Ltd (China)	Chairman of the Board of Directors
	Nude Brands Limited (United Kingdom)	Director
	Pasticceria Confetteria Cova Srl (Italy)	Director
	RVL Holding BV (Netherlands)	Member of the Supervisory Board

(a) Listed company.

	Thomas Pink Holdings Limited (United Kingdom)	Director
	Ufip (Ireland)	Director
	Vicuna Holding SpA (Italy)	Director
Other		
International	Barilla G. e R. Fratelli SpA (Italy)	Director

Positions and offices that have terminated since January 1, 2011

France	Givenchy SA	Director
	Le Bon Marché, Maison Aristide Boucicaut SA	Director
	LVMH Fragrance Brands GIE	Member of the College of Directors
	Parfums Luxe International – PLI SA	Chairman and Chief Executive Officer
	Sephora SA	Group Managing Director and Director
International	Donna Karan International Inc. (United States)	Director
	Fendi Asia Pacific Limited (Hong Kong)	Director
	Fendi North America Inc. (United States)	Director
	Moët Hennessy Distribution Rus LLC (Russia)	Chairman of the Board of Directors
	Sephora Greece (Greece)	Director

Ms. Bernadette CHIRAC

Date of birth: May 18, 1933. French.
Mailing address: BP 70316 –75007 Paris Cedex 07 (France).
Date of first appointment: April 15, 2010.
Expiration of term: Annual Shareholders' Meeting convened in 2016.
Number of LVMH shares held in a personal capacity: 500 shares.

Married to Mr. Jacques Chirac, President of France from 1995 to 2007, Ms. Bernadette Chirac was elected to the local council of the town of Sarran in 1971 and was named as deputy mayor in 1977. She was elected as Departmental councilor of Corrèze in 1979 and was reelected continuously until 2011. In 1990, she founded the association Le Pont Neuf, and serves as its President to this day. In 1994, she was named Chairman of Fondation Hôpitaux de Paris – Hôpitaux de France and took an active role in its "*Pièces Jaunes*" and "*Plus de vie*" operations which, thanks to her support and involvement, have become widely recognized charity events in France. Since 2007, she has also served as Chairman of Fondation Claude Pompidou.

Current positions and offices

LVMH group/Arnault group		
France	LVMH Moët Hennessy - Louis Vuitton SE[a]	Director
Other		
France	Departmental Council of Corrèze	Departmental councilor
	Fondation Hôpitaux de Paris – Hôpitaux de France	Chairman
	Fondation Claude Pompidou	Chairman

Mr. Nicholas CLIVE WORMS

Date of birth: November 14, 1942. French.
Business address: Worms 1848 SAS – 35, avenue de l'Opéra – 75002 Paris (France).
Date of first appointment: September 22, 1988.
Expiration of term: Annual Shareholders' Meeting convened in 2016.
Number of LVMH shares held in a personal capacity: 3,300 shares.

Mr. Nicholas Clive Worms was General Partner and later Managing Partner of Maison Worms & Cie between 1970 and 1996, Managing Partner and subsequently Chairman of the Supervisory Board of Worms & Cie between 1991 and 2004. He also served as Chairman and Chief Executive Officer and then Managing Partner of Pechelbronn between 1976 and 1991. He is currently Chairman of Worms 1848 SAS.

(a) Listed company.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE [a]	Director and Member of the Performance Audit Committee

Other

France	Financière de Services Maritimes SA	Director
	Worms 1848 SAS	Chairman
International	Worms (Luxembourg)	Chairman

Mr. Charles de CROISSET

Date of birth: September 28, 1943. French.
Business address: Goldman Sachs International – Peterborough Court, 133 Fleet Street – EC4A 2BB London (United Kingdom).
Date of first appointment: May 15, 2008.
Expiration of term: Annual Shareholders' Meeting convened in 2016.
Number of LVMH shares held in a personal capacity: 1,000 shares.

Mr. Charles de Croisset entered the *Inspection des Finances* in 1968. After a career in the administration, he joined Crédit Commercial de France (CCF) in 1980 as Corporate Secretary before being appointed Deputy Chief Executive and then Chief Executive. In 1993, he was named Chairman and Chief Executive Officer of CCF, then Executive Director of HSBC Holdings Plc in 2000. In March 2004, he joined Goldman Sachs Europe as its Vice-Chairman and was named as International Advisor to Goldman Sachs International in 2006.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE [a]	Director, Member of the Performance Audit Committee and Member of the Nominations and Compensation Committee

Other

France	Fondation du Patrimoine	Chairman
International	Goldman Sachs International (United Kingdom)	International Advisor

Positions and offices that have terminated since January 1, 2011

France	Bouygues SA [a]	Director
	Euler Hermès SA [a]	Member of the Supervisory Board
	Galeries Lafayette SA [a]	Member of the Advisory Board
	Renault SA [a]	Director
	Renault SAS	Director

Mr. Diego DELLA VALLE

Date of birth: December 30, 1953. Italian.
Business address: Tod's SpA – Corso Venisia, 30 – 20121 Milan (Italy).
Date of first appointment: May 15, 2002.
Expiration of term: Annual Shareholders' Meeting convened in 2017.
Number of LVMH shares held in a personal capacity: 500 shares.

Mr. Diego Della Valle joined the family business in 1975. He played a fundamental role in the definition of the company's development strategy and the creation of the brands that have shaped its image. He developed an innovative marketing plan, which has since served as a model to other companies around the world in the luxury goods industry. Since October 2000, he has been Chairman and Director delegate of Tod's SpA, which today is a world leader in the luxury accessories sector.

(a) Listed company.

Current positions and offices

Tod's SpA group

International	DDV partecipazioni Srl (Italy)	Sole Director
	DI.VI. Finanziaria Srl (Italy)	Sole Director
	Diego Della Valle & C. Srl (Italy)	Sole Director
	Tod's SpA (Italy)[a]	Chairman of the Board of Directors and Director delegate
	Fondazione Della Valle Onlus (Italy)	Chairman of the Board of Directors

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE[a]	Director

Other

International	ACF Fiorentina SpA (Italy)	Honorary Chairman
	Compagnia Immobiliare Azionaria (Italy)[a]	Director
	Nuovo Trasporto Viaggiatori (Italy)	Director

Positions and offices that have terminated since January 1, 2011

France	Le Monde Europe SA	Director
International	International Assicurazioni Generali SpA (Italy)	Director
	Ferrari SpA (Italy)	Director
	Marcolin SpA (Italy)	Director
	RCS Mediagroup SpA (Italy)	Director

Mr. Albert FRÈRE

Date of birth: February 4, 1926. Belgian.
Business address: Frère-Bourgeois – 12, rue de la Blanche Borne – 6280 Loverval (Belgium).
Date of first appointment: May 29, 1997.
Expiration of term: Annual Shareholders' Meeting convened in 2018.
Number of LVMH shares held in a personal capacity: 500 shares.

Having begun his career within the family metal products business, Mr. Albert Frère turned his focus to industrial acquisitions and gained control, with his partners, of virtually all the steel industry around Charleroi. In 1981, he founded Pargesa Holding SA jointly with several partners. The following year, this company acquired interests in Groupe Bruxelles Lambert. In 1987 he was appointed Chairman of its Board of Directors, until December 31, 2011. He has also served as Chairman of the Board of Directors of Frère-Bourgeois SA since 1970.

Current positions and offices

Frère-Bourgeois group

International	Erbé SA (Belgium)	Chairman of the Board of Directors
	Financière de la Sambre SA (Belgium)	Chairman of the Board of Directors
	Frère-Bourgeois SA (Belgium)	Chairman of the Board of Directors
	Stichting Administratie Kantoor Frère-Bourgeois (Netherlands)	Chairman of the Board of Directors

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE[a]	Director and Chairman of the Nominations and Compensation Committee
	Château Cheval Blanc SC	Chairman of the Board of Directors

Other

International	Banque Nationale de Belgique (Belgium)[a]	Honorary Chairman

(a) Listed company.

Positions and offices that have terminated since January 1, 2011

France	Engie SA [a]	Vice-Chairman of the Board of Directors and Director
	Groupe Arnault SAS	Permanent Representative of Belholding Belgium SA, Member of the Management Committee
	Métropole Télévision "M6" SA [a]	Chairman of the Supervisory Board
International	Assicurazioni Generali SpA (Italy) [a]	Member of the International Committee
	GBL Energy (Luxembourg)	Permanent Representative of Frère-Bourgeois SA, Director
	GBL Verwaltung SARL (Luxembourg)	Permanent Representative of Frère-Bourgeois SA, Director
	Groupe Bruxelles Lambert SA (Belgium) [a]	Chairman and Chief Executive Officer, Director delegate
	Pargesa Holding SA (Switzerland) [a]	Vice-Chairman, Director delegate and Member of the Management Committee

Mr. Pierre GODÉ, Vice-Chairman

Date of birth: December 4, 1944. French.
Business addresses: LVMH – 22, avenue Montaigne – 75008 Paris (France); LVMH Italia SpA – Largo Augusto, 8 – 20141 Milan (Italy).
Date of first appointment: January 13, 1989.
Expiration of term: Annual Shareholders' Meeting convened in 2017.
Number of LVMH shares held in a personal capacity: 21,049 shares.

Mr. Pierre Godé began his career as a lawyer admitted to the Lille bar and has taught at the Lille and Nice university law faculties.

He has served as Advisor to the Chairman of LVMH and Chief Executive Officer of Groupe Arnault. Currently, he is Vice-Chairman of LVMH's Board of Directors and Vice-Chairman of LVMH Italia.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE [a]	Vice-Chairman and Director
	Christian Dior SE [a]	Director
	Château Cheval Blanc SC	Director
International	Fendi Srl (Italy)	Director
	Fendi Adele Srl (Italy)	Director
	LVMH Italia SpA (Italy)	Vice-Chairman
	Vicuna Holding SpA (Italy)	Chairman of the Board of Directors

Other

France	Redeg SARL	Managing Director

Positions and offices that have terminated since January 1, 2011

France	Christian Dior SA [a]	Group Managing Director
	Christian Dior Couture SA	Director
	Financière Agache SA	Chairman and Chief Executive Officer
	Financière Jean Goujon SAS	Chairman
	Groupe Arnault SAS	Chief Executive Officer
	Havas SA [a]	Director
	Les Echos SAS	Member of the Supervisory Board
	Louis Vuitton Malletier SA	Director
	Raspail Investissements SAS	Chairman
	SA du Château d'Yquem	Director
	Semyrhamis SAS	Member of the Supervisory Committee
	Sofidiv SAS	Member of the Management Committee
	Sevrilux SNC	Legal representative of Financière Agache, Managing Director
	Fondation Maeght	Director
International	LVMH International SA (Belgium)	Director
	LVMH Moët Hennessy - Louis Vuitton Inc. (United States)	Director
	LVMH Publica SA (Belgium)	Director
	Sofidiv UK Limited (United Kingdom)	Director

(a) Listed company.

Ms. Marie-Josée KRAVIS

Date of birth: September 11, 1949. American.
Business address: The Museum of Modern Art – 11 West 53rd Street – New York, NY 10019 (United States).
Date of first appointment: March 31, 2011.
Expiration of term: Annual Shareholders' Meeting convened in 2017.
Number of LVMH shares held in a personal capacity: 500 shares.

Ms. Marie-Josée Kravis is an economist specializing in the fields of public policy and strategic planning. She started her career as a financial analyst with the Power Corporation of Canada and went on to work with the General Solicitor of Canada and the Canadian minister for Supply and Services. She is Vice-Chairman of the Board of Trustees and a senior fellow of the Hudson Institute, and since 2005 has been President of the Museum of Modern Art (MoMA) of New York.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE [a]	Director

Other

France	Publicis Groupe SA [a]	Member of the Supervisory Board and Chairman of the Risk and Strategy Committee
International	Federal Reserve Bank of New York (United States)	Member of the international Advisory Board
	Hudson Institute (United States)	Vice-Chairman of the Board of Trustees and senior fellow
	Memorial Sloan Kettering Cancer Center (United States)	Vice-Chairman of the Board of Trustees and member of the Executive Committee
	The Museum of Modern Art of New York (United States)	Chairman

Positions and offices that have terminated since January 1, 2011

International	Ford Motor Co. (United States) [a]	Director
	Interactive Data Corporation (United States)	Director
	Qatar Museum Authority (Qatar)	Director

Lord POWELL of BAYSWATER

Date of birth: July 6, 1941. British.
Business address: LVMH House – 15 St George Street – London W1S 1FH (United Kingdom).
Date of first appointment: May 29, 1997.
Expiration of term: Annual Shareholders' Meeting convened in 2018.
Number of LVMH shares held in a personal capacity: 550 shares.

Lord Powell was Private Secretary and Advisor on Foreign Affairs and Defense to Prime Ministers Margaret Thatcher and John Major from 1983 to 1991. He sits as a cross-bench member of the House of Lords, the British Parliament's upper chamber.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE [a]	Director
	Financière Agache SA	Director
International	LVMH Services Limited (United Kingdom)	Chairman of the Board of Directors

Other

International	Hong-Kong Land Holdings (Bermuda) [a]	Director
	Mandarin Oriental International Holdings (Bermuda)	Director
	Matheson & Co Ltd (United Kingdom)	Director
	Northern Trust Corporation (United States)	Director
	Textron Corporation (United States) [a]	Director

(a) Listed company.

Positions and offices that have terminated since January 1, 2011

International	Magna Holdings (Bermuda)	Chairman of the Board of Directors
	Capital Generation Partners (United Kingdom)	Chairman of the Board of Directors
	Caterpillar Inc. (United States) [a]	Director
	Northern Trust Global Services (United Kingdom)	Director
	Schindler Holding (Switzerland) [a]	Director
	Singapore Millennium Foundation Limited (Singapore)	Director

Ms. Marie-Laure SAUTY de CHALON

Date of birth: September 17, 1962. French.
Business address: Aufeminin – 8, rue Saint Fiacre – 75002 Paris (France).
Date of first appointment: April 10, 2014.
Expiration of term: Annual Shareholders' Meeting convened in 2017.
Number of LVMH shares held in a personal capacity: 500 shares.

After building her career at a number of press and television advertising companies, Ms. Marie-Laure Sauty de Chalon became Chief Executive Officer of Carat Interactive in 1997. In 2001, she became Chairman and Chief Executive Officer of Consodata North America. She then took over as head of the Aegis Media group in France and Southern Europe in 2004. Since 2010, she has been Chairman and Chief Executive Officer of Aufeminin.com and a professor at the *Institut d'Études Politiques de Paris*.

Current positions and offices

Aufeminin.com group

France	Auféminin SA [a]	Chairman and Chief Executive Officer
	Aufeminin.com Productions SARL	Managing Director
	Etoilecasting.com SAS	Chairman
	Les rencontres aufeminin.com SAS	Chairman
	Marmiton SAS	Chairman
	My Little Paris SAS	Member of the Supervisory Board
International	GoFeminin.de GmbH (Germany)	Joint Managing Director
	SoFeminine.co.uk Ltd (United Kingdom)	Director

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE [a]	Director

Other

France	Fondation École 42	Director
	Fondation Nestlé France, Fondation d'Entreprise	Director
	Autorité de la Concurrence	Member of the College

Positions and offices that have terminated since January 1, 2011

France	Aegis Media France	Chairman
	Carat France	Chairman
	Fondation PlaNet Finance	Director
	Mediamétrie	Director
	SmartAdServer SAS	Chairman
International	Aegis Media Southern Europe	Chairman

(a) Listed company.

Mr. Yves-Thibault de SILGUY

Date of birth: July 22, 1948. French.
Business address: YTSeuropaconsultants – 13 *bis*, avenue de la Motte-Picquet – 75007 Paris (France).
Date of first appointment: May 14, 2009.
Expiration of term: Annual Shareholders' Meeting convened in 2018.
Number of LVMH shares held in a personal capacity: 500 shares.

Mr. Yves-Thibault de Silguy has held various positions within the French administration as well as within the European Community, as European Commissioner for Economic and Monetary Affairs (1995-1999). In 1988, he joined Usinor-Sacilor, where he was the Director of International Affairs until 1993. From 2000 to 2006, he successively became a member of the Executive Board, Chief Executive Officer and then Group Managing Director of Suez. In June 2006, he was appointed as Chairman of the Board of Directors of Vinci and in May 2010 he became Vice-Chairman and Senior Director. Since May 2010, he has been Chairman of YTSeuropaconsultants.

Current positions and offices

Vinci group

France	Société des Autoroutes du Sud de la France SA	Director
	Vinci SA [a]	Vice-Chairman of the Board of Directors and Senior Director

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE [a]	Director, Chairman of the Performance Audit Committee and Member of the Nominations and Compensation Committee

Other

France	Sofisport SA	Chairman of the Supervisory Board
	VTB Bank (France) SA	Member of the Supervisory Board
	Ysilop Consulting SARL	Managing Director
	YTSeuropaconsultants SARL	Managing Director
International	Solvay (Belgium) [a]	Director
	VTB Bank (Russia) [a]	Member of the Supervisory Board

Positions and offices that have terminated since January 1, 2011

International	International Financial Reporting Standards Foundation (IFRS/IASB)	Trustee

Mr. Francesco TRAPANI

Date of birth: March 10, 1957. Italian.
Business address: Clessidra Sgr S.p.A. – Via del Lauro 7 – 20121 Milan (Italy).
Date of first appointment to the Board of Directors: March 31, 2011.
Expiration of term: Annual Shareholders' Meeting convened in 2016.
Number of LVMH shares held in a personal capacity: 500 shares.

Over the past 28 years during which he has served as Chief Executive of Bulgari, Mr. Francesco Trapani has significantly expanded the company, giving it an international dimension with a rich and diverse portfolio that now includes jewelry, watches, fragrances, accessories and, more recently, hotels. When Bvlgari joined forces with LVMH in June 2011, Mr. Francesco Trapani was appointed President of the Watches and Jewelry business group. Since March 2014, he has been Advisor to the Chairman.

(a) Listed company.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE[(a)]	Director
	Fred Paris SA	Permanent Representative of Ufipar, Director
International	Bulgari SpA (Italy)	Director delegate
	De Beers Diamond Jewellers Limited (United Kingdom)	Chairman of the Board of Directors
	Les Ateliers Horlogers Dior SA (Switzerland)	Director
	TAG Heuer International SA (Luxembourg)	Director

Other

International	Argenta Holdings Sarl (Luxembourg)	Sole partner, non-executive role
	Clessidra SGR (Italy)	Executive Vice-Chairman
	Roberto Cavalli S.p.A. (Italy)	Chairman of the Board of Directors
	Varenne S.p.A. (Italy)	Chairman of the Board of Directors

Positions and offices that have terminated since January 1, 2011

International	Bentim International SA (Luxembourg)	Director
	BootB SpA in liquidazione (Italy)	Director
	Bulgari Hotels and Resorts BV (Netherlands)	Director
	Bulgari Hotels and Resorts Milano Srl (Italy)	Director delegate
	Elystone Capital (Switzerland)	Chairman of the Board of Directors
	Esprit Holding (Hong Kong)[(a)]	Independent Director
	UIR – Confindustria Committee (Italy)	Member
	Hublot SA (Switzerland)	Director
	LVMH Swiss Manufactures SA (Switzerland)	Director

Mr. Hubert VÉDRINE

Date of birth: July 31, 1947. French.
Business address: Hubert Védrine (HV) Conseil – 21, rue Jean Goujon – 75008 Paris (France).
Date of first appointment: May 13, 2004.
Expiration of term: Annual Shareholders' Meeting convened in 2016.
Number of LVMH shares held in a personal capacity: 500 shares.

Mr. 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.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE[(a)]	Director

Other

France	Hubert Védrine (HV) Conseil SARL	Managing Partner

Positions and offices that have terminated since January 1, 2011

France	Audiovisuel Extérieur de la France SA	Director
	Ipsos SA[(a)]	Director

(a) Listed company.

1.2. Renewals and appointments proposed to the Shareholders' Meeting

1.2.1. Renewals of Directors' appointments

A resolution will be presented to the Shareholders' Meeting of April 14, 2016, renewing the appointments of the following Directors:

- Mr. Bernard Arnault
- Ms. Bernadette Chirac
- Mr. Charles de Croisset
- Mr. Hubert Védrine

1.2.2. Appointments as Directors

A resolution will be presented to the Shareholders' Meeting of April 14, 2016, to appoint the following as Directors:

Ms. Clara GAYMARD

Date of birth: January 27, 1960. French.
Business address: Raise – 138 *bis*, rue de Grenelle – 75007 Paris (France).

Ms. Clara Gaymard has held a number of administrative positions in the French government, 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 Raise.

Current positions and offices

France	Veolia Environnement SA[a]	Director

Ms. Natacha VALLA

Date of birth: January 1, 1976. French.
Business address: CEPII – 113, rue de Grenelle – 75007 Paris (France).

Ms. Natacha Valla is an economist. She began her career at the European Central Bank (2001-2005) followed by the Banque de France (2005-2008) before joining Goldman Sachs as Executive Director (2008-2013). She is currently Deputy Director of CEPII, an international economics think tank, where she heads the International Macroeconomics and Finance program. She is also a member of the Commission Economique de la Nation and the scientific Advisory Board of the French Prudential Supervisory Authority.

Current positions and offices

Vinci group

France	Société des Autoroutes du Sud de la France SA	Director
	Cofiroute SA	Director

(a) Listed company.

1.3. Advisory Board members

Mr. Paolo BULGARI

Date of birth: October 8, 1937. Italian.
Business address: Bulgari – Lungotevere Marzio, 11 – 00187 Rome (Italy).
Date of first appointment: March 31, 2011.
Expirtion of term: Annual Shareholders' Meeting convened in 2017.
Number of LVMH shares held in a personal capacity: 500 shares.

The nephew of Mr. Sotirio Bulgari, founder of the House of Bulgari, Mr. Paolo Bulgari began his career as a specialist in precious stones within the family business in 1960. He has been Chairman of Bulgari since 1984. Recognized as one of the leading experts in precious stones, he embodies the spirit of the company and the inspiration of its creative team.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE [a]	Advisory Board member
International	Bulgari SpA (Italy)	Chairman of the Board of Directors

Other

International	El Greco Srl (Italy)	Chairman of the Board of Directors and Director delegate
	Podernuovo Srl (Italy)	Chairman of the Board of Directors

Mr. Patrick HOUËL

Date of birth: July 25, 1942. French.
Business address: PGH Consultant – 10, avenue Frédéric Le Play – 75007 Paris (France).
Date of first appointment on the Board of Directors: May 13, 2004.
Expiration of term: Annual Shareholders' Meeting convened in 2017.
Number of LVMH shares held in a personal capacity: 6,000 shares.

Mr. Patrick Houël worked at Credit Lyonnais for seven years before being named as Chief Financial Officer of Jas Hennessy & Co in 1978. In 1983, he became Deputy Chief Financial Officer of Moët Hennessy Group and took over the post of Chief Financial Officer of Moët Hennessy in 1985. In 1987, when Moët Hennessy merged with Louis Vuitton, he served as Chief Financial Officer of the LVMH group until 2004. He subsequently became Advisor to the Chairman.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE [a]	Advisory Board member
	Guerlain SA	Permanent Representative of LVMH, Director
	L Capital 2 FCPR	Member of the Consultation Committee
	L Capital 3 FCPR	Member of the Consultation Committee
	Le Bon Marché, Maison Aristide Boucicaut SA	Permanent Representative of LVMH Finance, Director
	LV Group SA	Permanent Representative of Ufipar, Director
	Parfums Christian Dior SA	Permanent Representative of LVMH, Director
	SA du Château d'Yquem	Permanent Representative of Ufipar, Director
International	L Real Estate SA (Luxembourg)	Director

Other

France	Mongoual SA	Permanent Representative of Société Montaigne Jean Goujon, Director
	PGH Consultant SARL	Managing Director
	Tikehau Investment Management SAS	Member of the Supervisory Board

(a) Listed company.

Mr. Felix G. ROHATYN

Date of birth: May 29, 1928. American.
Business address: Lazard Frères & Co. LLC – 30 Rockefeller Plaza – 62nd Floor – New York, NY 10020 (United States).
Date of first appointment on the Board of Directors: May 14, 2001.
Expiration of term: Annual Shareholders' Meeting convened in 2017.
Number of LVMH shares held in a personal capacity: 1,000 shares.

Mr. Felix G. Rohatyn was the United States Ambassador to France from 1997 to 2000. He previously worked as Managing Partner of Lazard Frères & Co. LLC. He also served on the Board of the New York Stock Exchange from 1968 to 1972. He has been a Special Advisor to the Chairman of Lazard Ltd since January 2010.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SE [a]	Advisory Board member

Other

International	Carnegie Hall (United States)	Vice-Chairman emeritus of the Board of Directors
	Center for Strategic and International Studies (CSIS) (United States)	Honorary Member
	Council on Foreign Relations (United States)	Advisor
	Lazard Ltd (United States) [a]	Special Advisor to the Chairman

(a) Listed company.

2. STATUTORY AUDITORS

2.1. Principal Statutory Auditors

	Start date of first term	Current term	
		Date appointed	End of term
ERNST & YOUNG et Autres 1, place des Saisons – 92400 Courbevoie – Paris La Défense 1 (France) Represented by Jeanne Boillet and Gilles Cohen	June 6, 1998	April 15, 2010	Annual Meeting convened to approve the financial statements for the 2015 fiscal year
DELOITTE & ASSOCIÉS 185, avenue Charles de Gaulle – 92524 Neuilly-sur-Seine Cedex (France) Represented by Thierry Benoit and Guillaume Troussicot	May 13, 2004	April 15, 2010	Annual Meeting convened to approve the financial statements for the 2015 fiscal year

2.2. Alternate Statutory Auditors

	Start date of first term	Current term	
		Date appointed	End of term
AUDITEX 1, place des Saisons – 92400 Courbevoie – Paris La Défense 1 (France)	April 15, 2010	April 15, 2010	Annual Meeting convened to approve the financial statements for the 2015 fiscal year
Mr. Denis GRISON 61, rue Regnault – 92075 Paris La Défense (France)	June 6, 1986	April 15, 2010	Annual Meeting convened to approve the financial statements for the 2015 fiscal year

2.3. Fees received in 2014 and 2015

(in thousands of euros, excluding VAT)	ERNST & YOUNG et Autres				DELOITTE & ASSOCIÉS			
	2015		2014		2015		2014	
	Amount	%	Amount	%	Amount	%	Amount	%
Audit								
Statutory audit, certification, audit of the individual company and consolidated financial statements:								
- LVMH Moët Hennessy - Louis Vuitton	1,169	7	1,201	8	722	11	722	12
- Consolidated subsidiaries	9,534	56	8,218	54	4,568	67	4,235	68
Other services relating directly to the Statutory Audit assignment								
- LVMH Moët Hennessy - Louis Vuitton	442	3	537	3	274	4	286	4
- Consolidated subsidiaries	1,730	10	1,351	9	923	13	791	13
	12,875	**76**	**11,307**	**74**	**6,487**	**95**	**6,034**	**97**
Other services provided by the firms to consolidated subsidiaries								
Legal, tax, employee-related [a]	3,883	22	3,623	24	318	4	148	2
Other	278	2	378	2	59	1	47	1
	4,161	**24**	**4,001**	**26**	**377**	**5**	**195**	**3**
Total	**17,037**	**100**	**15,308**	**100**	**6,864**	**100**	**6,229**	**100**

(a) This mainly relates to tax advisory services performed outside France, to ensure that the Group's subsidiaries and expatriates meet their local tax declaration obligations.

3. CHARTER OF THE BOARD OF DIRECTORS

The Board of Directors is the strategic body of LVMH Moët Hennessy - Louis Vuitton SE. The competence, integrity and responsibility of its members, clear and fair decisions reached collectively, and effective and secure controls are the ethical principles that govern the Board.

The key priorities pursued by LVMH's Board of Directors are enterprise value creation and the defense of the Company's interests.

LVMH's Board of Directors acts as guarantor of the rights of each of its shareholders and ensures that shareholders fulfill all of their duties.

The Company adheres to the Code of Corporate Governance for Listed Companies published by AFEP and MEDEF.

Each of these elements contributes to preserving the level of enterprise performance and transparency required to retain the confidence of shareholders and partners in the Group.

1. Structure of the Board of Directors

The Board of Directors shall have a maximum of 18 members, a third of whom at least are appointed from among prominent independent persons with no interests in the Company.

In determining whether a Director may be considered as independent, the Board of Directors refers among others to the criteria set forth in the AFEP/MEDEF Code of Corporate Governance for Listed Companies.

The number of Directors or permanent representatives of legal entities from outside listed companies, in which the Chairman of the LVMH Board of Directors or any LVMH Director serving as LVMH Chief Executive Officer or Group Managing Director holds an office, shall be limited to four.

The Chairman of the Board of Directors and any Director performing the duties of Chief Executive Officer or Group Managing Director must obtain the opinion of the Board before accepting a new appointment as corporate officer at a listed company.

2. Missions of the Board of Directors

Apart from the selection of the Company's management structure and the appointment of the Chairman of the Board of Directors, Chief Executive Officer and Group Managing Director(s), the principal missions of the Board of Directors are to:

- ensure that the Company's interests and assets are protected;
- define the broad strategic orientations of the Company and the Group and ensure that their implementation is monitored;
- approve any significant operation that does not fall within the scope of the strategic orientations defined by the Board of Directors;
- stay abreast of the Company's financial position, cash position and commitments;
- approve the Company's annual and half-yearly financial statements;
- review the essential characteristics of the internal control and risk management systems adopted and implemented by the Company;
- ensure that major risks to which the Company is exposed are in keeping with its strategies and its objectives, and that they are taken into account in the management of the Company;
- verify the quality, reliability and fairness of the information provided to shareholders concerning the Company and the Group, in particular to ensure that the management structure and the internal control and risk management systems are able to guarantee the quality and reliability of financial information published by the Company and to give a true and fair view of the results and the financial position of the Company and the Group;
- set out the organization principles and procedures for the Performance Audit Committee;
- disseminate the collective values that guide the Company and its employees and that govern relationships with consumers and with partners and suppliers of the Company and the Group;
- promote a policy of economic development consistent with a social and citizenship policy based on concepts that include respect for human beings and the preservation of the environment in which it operates.

3. Operating procedures of the Board of Directors

The Board of Directors shall hold at least four meetings a year.

Any individual who accepts the position of Director or permanent representative of a legal entity appointed as Director of the Company shall agree to attend Board of Directors' and Shareholders' Meetings regularly.

The Board may use videoconferencing or other means of telecommunication to organize meetings with Directors participating remotely. No such means shall be used, however, when the Board is meeting to prepare and approve the parent company financial statements and Management Report, or when it is meeting to prepare the consolidated financial statements and the report on Group management.

In order to ensure the identification and effective participation of the Directors concerned in a Board meeting, these means of telecommunication shall, at a minimum, transmit participants' voices as well as satisfy technical criteria for a continuous, real-time connection with the meeting. All remote participants in the meeting shall provide their identity. The attendance of any non-Board members shall be reported to, and subject to approval by, all Directors participating in the meeting.

Directors participating remotely by videoconferencing or conference call shall be deemed present for the purposes of calculating the quorum and majority.

The minutes of the meeting shall include the identities of the Directors who participated in the meeting remotely, the means of communication used and any connection problems that may occur during the meeting or disrupt it. On the recommendation of the Board's Nominations and Compensation Committee, repeated unjustified absenteeism by a Director may cause the Board of Directors to reconsider his appointment.

So that members of the Board of Directors can fully serve the function entrusted to them, the Chief Executive Officer provides members with any and all information necessary for the performance of their duties.

Decisions by the Board of Directors shall be made by simple majority vote and are adopted as a board.

If they deem appropriate, independent Directors may meet without requiring the presence of the other members of the Board of Directors.

For special or important issues, the Board of Directors may establish one or more ad hoc committees.

Each member of the Board of Directors shall act in the interests and on behalf of all shareholders.

Once each year, the Board of Directors evaluates its procedures and informs shareholders as to its conclusions in a report presented to the Shareholders' Meeting. In addition, at least once every three years, a fully documented review of the work of the Board, its organization and its procedures is conducted.

4. Responsibilities

The members of the Board of Directors shall be required to familiarize themselves with the general and specific obligations of their office, and with all applicable laws and regulations.

The members of the Board of Directors shall be required to respect the confidentiality of any information of which they may become aware in the course of their duties concerning the Company or the Group, until such information is made public by the Company.

The members of the Board of Directors agree not to trade in the Company's shares, either directly or indirectly, for their own account or on behalf of any third parties, based on privileged information disclosed to them in the course of their duties that is not known to the public.

Moreover, members of the Board of Directors shall refrain from engaging in any transactions involving the Company's shares or related financial instruments, and from any exercise of options for the duration of periods:

- beginning, as applicable, on either the 30th calendar day preceding the date of publication of the Company's annual or half-yearly consolidated financial statements, or the 15th calendar day preceding the date of publication of the Company's quarterly consolidated revenue announcement; and
- ending (i) the day after said publication at 2:00 pm, if the publication concerned occurs in the afternoon, or (ii) the day after said publication at 9:00 am, if it occurs in the morning.

However, this restriction does not apply to the exercise of share purchase or share subscription options, provided that no shares are resold before the end of the blackout period in question.

Senior executive officers shall refrain from engaging in any hedging transactions, either on their share subscription or purchase options, or on their shares acquired from the exercise of options, or their performance shares; this restriction shall apply until the end of their respective holding periods as established by the Board of Directors.

The Directors agree to:

- warn the Chairman of the Board of Directors of any instance, even potential, of a conflict of interest between their duties and responsibilities to the Company and their private interests and/or other duties and responsibilities;
- abstain from voting on any issue that concerns them directly or indirectly;
- inform the Chairman of the Board of Directors of any operation or agreement entered into with any LVMH group company to which they are a party;
- provide details to the Chairman of the Board of Directors of any formal investigation, conviction in relation to fraudulent offenses, any official public incrimination and/or sanctions, any disqualifications from acting as a member of an administrative, management or supervisory body imposed by a court as well as of any bankruptcy, receivership or liquidation proceedings to which they have been a party.

The Chairman of the Board of Directors shall apprize the Performance Audit Committee upon receiving any information of this type.

5. Compensation

The Shareholders' Meeting shall set the total amount of Directors' fees to be paid to the members of the Board of Directors.

This amount shall be distributed among all members of the Board of Directors and the Advisors, if any, on the recommendation of the members of the Directors' Nominations and Compensation Committee, taking into account their specific responsibilities on the Board (e.g. Chairman, Vice-Chairman, participation on committees created within the Board).

The settlement of a portion of these fees shall be contingent upon attendance by Directors at the meetings of the Board of Directors and, where applicable, the Committee(s) of which they are members, calculated according to a formula to be determined by the Board of Directors, acting upon a proposal submitted by the Nominations and Compensation Committee.

Exceptional compensation may be paid to some Directors for any special assignment they assume. The amount shall be determined by the Board of Directors and reported to the Company's Statutory Auditors.

6. Scope of application

This Charter shall apply to all members of the Board of Directors as well as all the members of the Advisory Board. It must be given to each candidate for the position of Director and to each permanent representative of a legal entity prior to the start of the letter's term of office.

4. INTERNAL RULES OF THE PERFORMANCE AUDIT COMMITTEE

A specialized committee responsible for auditing performance operates within the Board of Directors, acting under the responsibility of the Board of Directors.

1. Structure of the Committee

The Performance Audit Committee shall be made up of at least three Directors appointed by the Board of Directors. At least two-thirds of the members shall be independent Directors. The majority of the Committee's members must have held a position as a Managing Director or a position involving equivalent responsibilities or possess specific expertise in financial and accounting matters.

The Board of Directors shall appoint a Chairman of the Committee from among its members. The maximum term of the Chairman of the Committee is five years.

Neither the Chairman of the Board of Directors nor any Director performing the duties of Chief Executive Officer or Group Managing Director of LVMH may be a member of the Committee.

A Director may not be appointed as a member of the Committee if he or she comes from a company for which an LVMH Director serves as a member of a committee comparable in function.

2. Role of the Committee

The principal missions of the Committee are to:

- monitor the process for preparing financial information, particularly the individual company and consolidated financial statements, and verify the quality of this information;
- monitor the statutory audit of the individual company and consolidated financial statements by the Statutory Auditors, whose conclusions and recommendations it examines;
- ensure the existence, pertinence, application and effectiveness of internal control and risk management systems, monitor the ongoing effectiveness of these systems, and make recommendations to the Chief Executive Officer concerning the priorities and general guidelines for the work of the Internal Audit team;
- examine risks to the Statutory Auditors' independence and, if necessary, identify safeguards to be put in place in order to minimize the potential of risks to compromise their independence, issue an opinion on the fees paid to the Statutory Auditors, as well as those paid to the network to which they belong, by the Company and the companies it controls or is controlled by, whether in relation to their statutory audit responsibilities or other related assignments, oversee the procedure for the selection of the Company's Statutory Auditors, and make a recommendation on the appointments to be submitted to the Shareholders' Meeting in consideration of the results of this procedure;
- analyze the exposure of the Company and the Group to risks, and in particular to those identified by the internal control and risk management systems, as well as material off-balance sheet commitments of the Company and the Group;
- review major agreements entered into by Group companies and agreements entered into by any Group company with a third-party company in which a Director of the LVMH parent company is also a senior executive or principal shareholder. Significant operations within the scope of the provisions of Article L.225-38 of the French Commercial Code require an opinion issued by an independent expert appointed upon the proposal of the Performance Audit Committee;
- assess any instances of conflict of interest that may affect a Director and recommend suitable measures to prevent or correct them.

3. Operating procedures of the Committee

A Director's agreement to serve on the Committee implies that he will devote the necessary time and energy to his duties on the Committee.

The Committee shall meet at least twice a year, without the Chairman of the Board of Directors, the Chief Executive Officer and the Group Managing Director(s), before the Board of Directors' meetings in which the agenda includes a review of the annual and half-yearly parent company and consolidated financial statements.

If necessary, the Committee may be required to hold special meetings, when an event occurs that may have a significant effect on the parent company or consolidated financial statements.

Before each meeting, all pertinent documents and analyses relating to the different items on the agenda for the meeting are sent to each member of the Committee.

Any document submitted to the Committee in connection with its responsibilities shall be considered confidential as long as it has not been made public by the Company.

The proceedings of the Committee are confidential and shall not be discussed outside the Board of Directors.

Decisions of the Committee shall be made by simple majority vote and shall be deemed to have been reached as a board.

The proceedings of each Committee meeting shall be recorded in minutes of the meeting.

4. Prerogatives of the Committee

The Committee shall report on its work to the Board of Directors. It shall submit to the Board its findings, recommendations and suggestions.

The Committee may request any and all accounting, legal or financial documents it deems necessary to carry out its responsibilities.

The Committee may call upon the Company's staff members responsible for preparing the financial statements, carrying out internal control procedures, conducting internal audits, applying risk management or cash management procedures, investigating tax or legal matters, as well as the Statutory Auditors, to appear before it on any number of occasions to address issues in detail, without requiring the presence of the Chairman of the Board, the Chief Executive Officer, or Group Managing Director(s) of LVMH. These meetings may also take place in the absence of those responsible for the accounting and financial functions.

After having duly notified the Chairman of the Board of Directors, the Committee may seek assistance from external experts if circumstances require.

5. Compensation of Committee members

The members and Chairman of the Committee may receive a special Director's fee, the amount of which shall be determined by the Board of Directors and charged to the total financial package allocated by the Shareholders' Meeting.

5. INTERNAL RULES OF THE NOMINATIONS AND COMPENSATION COMMITTEE

A specialized committee responsible for the nomination and compensation of Directors operates within the Board of Directors, acting under the authority of the Board of Directors.

1. Structure of the Committee

The Board's Nominations and Compensation Committee shall be made up of at least three Directors and/or Advisors. The majority of its members shall be independent. Its members shall be appointed by the Board of Directors.

The Board of Directors shall appoint a Chairman of the Committee from among its members.

Neither the Chairman of the Board of Directors, nor any Director serving as Chief Executive Officer or Group Managing Director of LVMH, or who are compensated by any LVMH subsidiary, may be a member of the Committee.

A Director may not be appointed as a member of the Committee if he or she comes from a company for which an LVMH Director serves as a member of a committee comparable in function.

2. Role of the Committee

After undertaking its own review, the Committee is responsible for issuing opinions on applications and renewals for the positions of Director and Advisor, making certain that the Company's Board of Directors includes prominent independent persons outside the Company. In particular, it discusses the independence of Board members with respect to applicable criteria.

The Committee's opinion may also be sought by the Chairman of the Board of Directors or by any Directors serving as Chief Executive Officer or Managing Director, on potential members of the Group's Executive Committee or candidates for senior management positions at the Group's major subsidiaries. It is the consultative body responsible for defining the measures to be taken in the event that such an office falls prematurely vacant.

After review, the Committee shall make recommendations on the distribution of directors' fees paid by the Company and prepares a summary table of directors' fees effectively paid to each Director.

It makes proposals to the Board on the fixed and variable portions of compensation and the benefits in kind to be received (i) by the Chairman of the Company's Board of Directors, its Chief Executive Officer and its Group Managing Director(s) and (ii) by Directors and Advisors who are employees of the Company or any of its subsidiaries by virtue of an employment contract; it also issues an opinion on any consultancy agreements entered into, either directly or indirectly, with these same individuals. The Committee issues recommendations regarding the qualitative and quantitative criteria on the basis of which the variable portion of compensation for senior executive officers is to be determined as well as the performance conditions applicable to the exercise of options and the vesting of bonus shares.

The Committee expresses its opinion on the general policy for the allocation of options and bonus shares within the Group, also making proposals on the granting of options and bonus shares to senior executive officers and to Directors and Advisors who are employees of the Company or any of its subsidiaries by virtue of an employment contract.

It adopts positions on any supplemental pension schemes established by the Company in favor of its senior executives and issues recommendations on any retirement benefits that might be paid to them upon leaving the Company.

The Committee issues an opinion relating to the fixed and variable portions of compensation, whether immediate or deferred, and benefits in kind to be received by members of the Group's Executive Committee and by other senior executive officers of the Group's main subsidiaries, and on the allocation of options and bonus shares to these same individuals. To this end, the Committee may request copies of any agreements concluded with these individuals and of any accounting information relating to payments made.

The Committee is also entitled to receive information on procedures relating to the payment of external contractors' fees and the reimbursement of their expenses, issuing any recommendations deemed necessary on this subject.

The Committee shall prepare a draft report every year for the Shareholders' Meeting, which it shall submit to the Board of Directors, on the compensation of Company officers, any bonus shares granted to them during the year as well as any stock options granted or exercised by said officers in the same period. The report shall also list the ten employees of the Company that received and exercised the most options.

3. Operating procedures of the Committee

A Director's agreement to serve on the Committee implies that he will devote the necessary time and energy to his duties on the Committee.

The Committee shall meet whenever necessary, at the initiative of either its Chairman, the Chairman of the Board of Directors, the Director serving as Chief Executive Officer, or two Committee members.

The Chairman of the Board of Directors, the Chief Executive Officer and the Group Managing Director shall not participate in the Committee's work relating to their compensation.

The proceedings of the Committee are confidential and shall not be discussed outside the Board of Directors.

Decisions of the Committee shall be made by simple majority vote and shall be deemed to have been reached as a board.

4. Prerogatives of the Committee

The Committee shall report on its work to the Board of Directors. It shall submit to the Board its findings, recommendations and suggestions.

Members of the Committee may request any and all available information that they deem necessary for the purposes of carrying out their responsibilities.

Any unfavorable opinion issued by the Committee on any proposal must be substantiated.

5. Compensation of Committee members

The members and Chairman of the Committee may receive a special Director's fee, the amount of which shall be determined by the Board of Directors and charged to the total financial package allocated by the Shareholders' Meeting.

6. BYLAWS

The Bylaws presented below take into account the amendments proposed to the Shareholders' Meeting of April 14, 2016.

Article 1 – Legal form

The Company, which was formed on April 19, 1962 by way of conversion of a "*Société à responsabilité limitée*" to a "*Société anonyme*", has been converted to a European Company (Societas Europaea or "SE") by decision of the Extraordinary Shareholders' Meeting of April 10, 2014. It is governed by European Community and national provisions in effect, and by these Bylaws.

Article 2 – Corporate purpose

1. Any taking of interests, through a direct or indirect equity investment, a contribution, merger, spin-off, or joint venture with any company or group existing or to be formed, operating any commercial, industrial, agricultural, personal property, real estate or financial operations, and among others:

- trade in champagne and other wines, cognac and other spirits and, more generally, any food or beverage product;
- trade in all pharmaceutical products, perfumes and cosmetics and, more generally, products related to hygiene, beauty and skincare;
- the manufacture, sale and promotion of travel articles, luggage, bags, leather goods, clothing articles, accessories, as well as any high quality and branded articles or products;
- the operation of vineyards, horticultural and arboricultural estates, as well as the development of any related biotechnological process;
- the operation of any real estate;
- the development of any trademark, signature, model, design and, more generally, any industrial, literary or artistic property right.

2. More generally, to undertake directly any commercial, industrial, agricultural, winegrowing operations, or any operation relating to personal or real property, movable or immovable property or financial, management or service operation in any of the fields of activity described in Item 1 above.

Article 3 – Corporate name

The name of the Company is:

LVMH Moët Hennessy - Louis Vuitton

All deeds and documents originating from the Company and addressed to third parties, in particular letters, invoices, advertisements and publications of all kinds, must indicate this name immediately preceded or followed by the words "*Société Européenne*", "Societas Europaea" or the initials "SE" which should appear legibly and the disclosure of the amount of the share capital, together with the name of the Register of Commerce and Companies with which the Company is registered and the number under which it is registered.

Article 4 – Registered office

The registered office of the Company is at: 22, avenue Montaigne, 75008 Paris, France.

It may be transferred to any other place within the same district ("*département*") or any adjacent district pursuant to a decision of the Board of Directors subject to the approval of said decision by the next Ordinary Shareholders' Meeting, and to any other place pursuant to a resolution of the Extraordinary Shareholders' Meeting.

Article 5 – Term

The term of the Company, which came into existence on January 1, 1923, shall expire on December 31, 2115, except in the event of early dissolution or extension as provided by these Bylaws.

Article 6 – Capital

1. The share capital is set at 152,094,089.70 euros (one hundred fifty-two million, ninety-four thousand, eighty-nine euros and seventy cents) divided into 506,980,299 (five hundred six million, nine hundred eighty thousand, two hundred ninety-nine) fully paid shares with a nominal amount of 0.30 euros per share.

287,232 shares of FRF 50 were issued further to the contribution in kind, valued at FRF 34,676,410, completed upon the merger with Champagne Mercier.

772,877 shares of FRF 50 were issued further to the contribution by the shareholders of Jas Hennessy & Co. of 772,877 shares of said company, valued at FRF 407,306,179.

2,989,110 shares of FRF 50 were issued further to the contribution in kind, valued at FRF 1,670,164,511, completed upon the merger with Louis Vuitton.

1,343,150 shares were issued further to the contribution made by BM Holding, of 1,961,048 shares of Le Bon Marché, Maison Aristide Boucicaut, valued at FRF 1,700,000,000.

18,037,011 shares with a nominal value of 0.30 euros were issued further to the contribution made by Messrs. Paolo Bulgari, Nicola Bulgari and Francesco Trapani of 166,382,348 Bulgari shares, valued at 2,038,183,763 euros.

2. The share capital may be increased by a resolution of the Extraordinary Shareholders' Meeting. However, when the increase of the capital is completed by way of capitalization of reserves, profits or issue premiums, the Shareholders' Meeting shall vote subject to the quorum and majority conditions of the Ordinary Shareholders' Meetings. The Extraordinary Shareholders' Meeting may delegate to the Board of Directors, in any manner authorized by law and regulations, the necessary authority and/or powers to decide on or carry out a capital increase or any other issue of securities.

3. The share capital may, by resolution of the Extraordinary Shareholders' Meeting, be amortized by means of equal repayment

for each share by use of profits or reserves other than the legal reserve, without such amortization causing the reduction of the capital.

4. The share capital may also be reduced by resolution of the Extraordinary Shareholders' Meeting either by reducing the nominal value or the number of the shares.

Article 7 – Payment for the shares

The amounts to be paid for the shares to be subscribed in cash pursuant to an increase of the capital are payable as provided by the Extraordinary Shareholders' Meeting.

Upon subscription the initial payment is of at least one fourth of the nominal value of the shares. The issue premium, if any, must be paid in full on subscription.

The balance of the nominal value of the shares shall be paid, as provided by the Board of Directors, in one or several stages, not later than five years from the date at which the increase in capital was completed.

Calls for funds shall be notified to the shareholders eight days before the time fixed for each payment, either by registered letter with acknowledgement of receipt or by a notice inserted in a legal gazette published where the registered office is located.

The sums payable for the unpaid part of the shares are subject to a daily interest charge at a rate of 5% per annum, without need of Court action, as from the date at which they fell due.

When the shares are not fully paid up, upon issuance, they must be in the registered form and so remain until they are fully paid up.

Article 8 – Rights and obligations attached to the shares

The rights and obligations attached to a share follow the share to any transferee to whom it may be transferred and the transfer includes all the payable and unpaid dividends and dividends payable, as well as, as the case may be, the corresponding share in reserves and provisions.

The ownership of a share shall imply *ipso facto* the acceptance of the present Bylaws and of the decisions of the Shareholders' Meetings.

In addition to the right to vote which is attached by law to the shares, each of them carries a right to a share of corporate assets, of profits, and of any liquidation surplus, proportional to the number and nominal value of the existing shares.

As the case may be, and subject to any statutory provision, all tax exemptions or charges as well as all taxation which may be borne by the Company shall be taken into account prior to any reimbursement either within the course of the life of the Company or upon its liquidation so that, according to their nominal value, all the existing shares of the same class shall receive the same net amount irrespective of their origin or their date of issuance.

The shareholders shall be responsible for any negative equity of the Company up to the nominal value of the shares they hold.

Each time it shall be necessary to hold a certain number of shares in order to exercise a right, it will be the responsibility of the shareholder(s) having less than the required number to take the necessary actions to form a group with a sufficient number of shares.

Article 9 – Form and transfer of the shares

Fully paid-up shares are either in the registered or in the bearer form, as the shareholder may decide, subject however to the statutory provisions relating to the shares held by certain persons.

The shares are registered in the accounts as provided by law and regulations in force.

However, certificates, or any other document, representing the shares may be issued when and as provided by law.

The ownership of the shares in the registered form is evidenced by their registration in registered accounts.

When the owner of the shares is not a French resident within the meaning of Article 102 of the French Civil Code, any intermediary may be registered on behalf of such owner. Such registration may be made in the form of a joint account or several individual accounts, each corresponding to one owner.

At the time such account is opened through either the issuing Company or the financial intermediary authorized as account holder, the registered intermediary shall be required to declare his capacity as intermediary holding shares on behalf of another party.

The shares registered in accounts are freely transferable by transfer from one account to another.

Prior approval of the transferee is required only for partly paid-up shares.

All costs resulting from the transfer shall be borne by the transferee.

Shares with payments in arrears may not be transferred.

Article 10 – Securities

The Company may issue any security authorized by law.

Certificates, or any other document, representing securities may be issued as and when provided by law.

Article 11 – Board of Directors

1. Subject to the exceptions provided by law, the Board of Directors is composed of three to eighteen members, who may be individuals or legal entities appointed by the Ordinary Shareholders' Meeting.

A legal entity must, at the time of its appointment, designate an individual, who will be its permanent representative on the Board of Directors. The term of office of a permanent representative is the same as the legal entity that he represents. When the legal entity dismisses its permanent representative, it must at the same time provide for its replacement. The same applies in case of death or resignation of the permanent representative.

2. Each member of the Board of Directors must during its term of office own at least five hundred (500) shares of the Company.

If, at the time of its appointment, a member of the Board of Directors does not own the required number of shares or if, during its term of office, it ceases to be the owner thereof, it shall have a period of six months to purchase such number of shares, in default of which it shall be automatically deemed to have resigned.

3. Nobody being more than seventy years old shall be appointed Director if, as a result of his appointment, the number of Directors who are more than seventy years old would exceed one-third of the members of the Board. The number of members of the Board of Directors who are more than seventy years old may not exceed one-third, rounded to the next higher number if this total is not a whole number, of the Directors in office. Whenever this limit is exceeded, the term in office of the oldest appointed member shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was exceeded.

4. Directors are appointed for a term of three years. The duties of a Director shall terminate at the close of the Ordinary Shareholders' Meeting convened to approve the accounts of the preceding fiscal year and held in the year during which the term of office of said Director comes to an end.

However, in order to allow a renewal of the terms which is as egalitarian as possible and in any case complete for each period of three years, the Board of Directors will have the option to determine the order of retirement of the Directors by the impartial selection in a Board Meeting of one-third of the Directors each year. Once the rotation has been established, renewals will take place according to seniority.

The Directors may always be re-elected; they may be revoked at any time by decision of the Shareholders' Meeting.

In the event of the death or resignation of one or several Directors, the Board of Directors may make provisional appointments between two Shareholders' Meetings.

Appointments made by the Board of Directors pursuant to the above paragraph are submitted to the ratification of the next Ordinary Shareholders' Meeting. Should the Meeting of the shareholders fail to ratify these provisional appointments, this shall not affect the validity of prior resolutions and acts of the Board of Directors.

When the number of members of the Board of Directors falls below the statutory minimum, the remaining Directors must immediately convene an Ordinary Shareholders' Meeting in order to supplement the membership of the Board of Directors.

The Director appointed to replace another Director shall remain in office for the remaining term of office of its predecessor only.

5. A salaried employee of the Company may be appointed as a Director provided that his employment contract antedates his appointment and corresponds to a position actually held. In such case, he shall not lose the benefit of his employment contract. The number of Directors bound to the Company by an employment contract may not exceed one-third of the Directors in office.

Article 12 – Organization and operation of the Board of Directors

The Board of Directors shall elect a Chairman, who must be an individual, from among its members. It shall determine his term of office, which cannot exceed that of his office as Director and may dismiss him at any time.

The Board shall also determine the compensation to be paid to the Chairman.

The Chairman of the Board of Directors cannot be more than seventy-five years old. Should the Chairman reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached. Subject to this provision, the Chairman of the Board may always be re-elected.

The Board may always elect one or several Vice-Chairman(men). It shall determine their term of office which cannot exceed that of their respective office as Director.

The officers of the meeting are the Chairman, the Vice-Chairman(men) and the Secretary.

The Secretary may be chosen from outside the Directors or the shareholders. The Board determines its term of office. The Secretary may always be re-elected.

Article 13 – Powers of the Board of Directors

1. The Board, convened by its Chairman, meets as often as required by the interests of the Company, and at least every three months.

Notice is served in the form of a letter sent to each Director, at least eight days prior to the meeting; it shall mention the agenda of the meeting as set by the person(s) convening the meeting.

However, the Board may meet without notice upon verbal notice and the agenda may be set at the opening of the meeting:

- if all Directors in office are present or represented; or
- when it is convened by the Chairman during a Shareholders' Meeting.

Moreover a meeting of the Board of Directors may also be convened by any group of Directors, representing at least one-third of the members of the Board, if the Board has not met for more than two months. In such case, they shall indicate the agenda of the meeting.

The meetings of the Board are held at the registered office or at any place, in France or abroad.

2. Any Director may give to another Director, by letter, cable, telex, or fax, a proxy to another Director to be represented at a meeting of the Board. However, each Director may only represent one proxy during the meeting.

A meeting of the Board of Directors shall be valid if at least half of its members are present or represented.

Directors who participate in Board meetings by means of videoconferencing or other telecommunication methods under the conditions defined by the internal rules and regulations of the Board of Directors shall be deemed to be present for the purposes of calculating the quorum and majority. However, actual presence or representation shall be necessary for any Board resolutions relating to the preparation of the parent company financial statements and consolidated financial statements, and to the drafting of the Management Report and the report on the Group's Management.

Decisions are made by a majority of votes of the members present or represented, each Director being entitled to one vote for himself and one for the Director he represents. In the event of a tie vote, the Chairman's vote is the deciding vote.

3. An attendance register shall be kept and signed by all the Directors attending each meeting of the Board of Directors.

4. To be valid, copies or abstracts of the minutes of the meetings of the Board of Directors shall be certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Secretary, the Director temporarily delegated to perform the duties of Chairman or by a representative duly authorized to that effect.

Article 14 – Powers of the Board of Directors

The Board of Directors sets guidelines for the Company's activities and shall ensure their implementation. Subject to the powers expressly granted to the Shareholders' Meetings and within the limits of the corporate purpose, it addresses any issue relating to the Company's proper operation and settles the affairs concerning it through its resolutions.

In its relations with third parties, the Company is bound even by acts of the Board of Directors falling outside the scope of the corporate purpose, unless it demonstrates that the third party knew that the act exceeded such purpose or that it could not have ignored it given the circumstances, it being specified that mere publication of the Bylaws is not sufficient proof thereof.

The Board of Directors performs such monitoring and verifications as it deems appropriate.

Each Director receives all necessary information for completing his assignment and may request any documents he deems useful.

The Board of Directors shall exercise the powers defined by the law and regulations applicable in France, or delegated or authorized by a Shareholders' Meeting pursuant to said law and regulations; these powers shall include inter alia:

- Setting, annually, either an overall limit within which the Chief Executive Officer may undertake commitments on behalf of the Company in the form of sureties, endorsements, guarantees or letters of intent involving an obligation of means; or a maximum amount for each of the above commitments. The decision to exceed the overall limit or the maximum amount set for a commitment may be made only by the Board of Directors. The Chief Executive Officer may delegate all or part of the powers granted to him in accordance with law and regulations.
- Being able to set an annual limit on issues of bonds that may or may not entitle the holder to other bonds or existing equity securities, and delegate to one or more of its members or the Chief Executive Officer or, with the latter's consent, to one or more Group Managing Directors, the necessary powers to carry out and define the terms of bond issues within that limit. The Board of Directors must be notified of any use of such delegation of powers at its next meeting after a bond issue is launched.

Members of the Board of Directors shall be forbidden from divulging any information about the Company, even after their terms of office have ceased, where such disclosure may be prejudicial to the Company's interests, except where such disclosure is permitted by current law and regulations or for the public benefit.

The Board of Directors may adopt internal rules and regulations establishing, inter alia, its composition, missions, operating procedures and its members' liability.

The Board of Directors may also create special-purpose committees of Directors, which may be permanent or temporary. Such committees may include but are not limited to: a special-purpose Committee to monitor the preparation and auditing of accounting and financial information, a Committee that oversees the remuneration of Directors and a Committee that oversees appointments; a single Committee may oversee both remuneration and appointments. Committee composition and responsibilities shall be set forth in internal regulations adopted by the Board of Directors.

Article 15 – Powers of the Chairman of the Board of Directors

1. The Chairman of the Board of Directors chairs the meetings of the Board, and organizes and directs its work, for which he reports to the Shareholders' Meeting. He ensures the proper operation of the corporate bodies and verifies, in particular, that the Directors are capable of fulfilling their assignments.

2. In case of temporary disability or death of the Chairman, the Board may temporarily delegate a Director to perform the duties of the Chairman.

In case of temporary disability this delegation is granted for a limited duration; it is renewable. In case of death it is granted until the election of the new Chairman.

Article 16 – General management

1. Choice between the two methods of General Management

The Company's General Management is performed, under his responsibility, either by the Chairman of the Board of Directors, or by another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer, depending upon the decision of the Board of Directors choosing between the two methods of exercising the General Management function. It shall inform the shareholders thereof in accordance with the regulatory conditions.

When the Company's General Management is assumed by the Chairman of the Board of Directors, the following provisions relating to the Chief Executive Officer shall apply to him.

2. Chief Executive Officer

The Chief Executive Officer may or may not be chosen from among the Directors. The Board sets his term of office as well as his compensation. The age limit for serving as Chief Executive Officer is seventy-five years. Should the Chief Executive Officer reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. If the dismissal is decided without just cause, it may give rise to damages, unless the Chief Executive Officer assumes the duties of Chairman of the Board of Directors.

The Chief Executive Officer is vested with the most extensive powers to act under any circumstances on behalf of the Company. He exercises such powers within the limits of the corporate purpose, and subject to the powers expressly granted by law to the Shareholders' Meeting and to the Board of Directors.

He shall represent the Company in its relations with third parties. The Company is bound even by acts of the Chief Executive Officer falling outside the scope of the corporate purpose, unless it demonstrates that the third party knew that the act exceeded such purpose or could not have ignored it given the circumstances, it being specified that mere publication of the Bylaws is not sufficient to establish such proof.

The provisions of the Bylaws or decisions of the Board of Directors limiting the powers of the Chief Executive Officer are not binding on third parties.

3. Group Managing Directors

Upon the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more individuals responsible for assisting the Chief Executive Officer, with the title of Group Managing Director, for whom it shall set the compensation.

There may not be more than five Group Managing Directors serving in this capacity at the same time.

Group Managing Directors may be dismissed at any time by the Board of Directors, upon the proposal of the Chief Executive Officer. If the dismissal is decided without just cause, it may give rise to damages.

When the Chief Executive Officer ceases to exercise his duties or is prevented from doing so, the Group Managing Directors remain in office with the same powers until the appointment of the new Chief Executive Officer, unless resolved otherwise by the Board.

In agreement with the Chief Executive Officer, the Board of Directors sets the scope and duration of the powers granted to Group Managing Directors. With regard to third parties, they shall have the same powers as the Chief Executive Officer.

The age limit for eligibility to perform the duties of Managing Director is sixty-five years. Should a Group Managing Director reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

Article 17 – Delegation of powers

The Board of Directors may grant one or more Directors, or third parties, whether shareholders or not, with the ability to replace it, any authority, assignments and special offices for one or more specific purposes.

It may resolve to create committees responsible for studying such issues as it or the Chief Executive Officer submit thereto for examination. Such committees shall perform their duties at the discretion of the Board, which sets their composition and responsibilities, as well as the compensation of their members, if any.

The Chief Executive Officer and the Group Managing Directors may, at their discretion, consent to partial delegations of authority to third parties.

Article 18 – Agreements subject to authorization

Any agreement to be entered into between the Company and one of its Directors or its Chief Executive Officer or one of its Managing Directors, whether directly or indirectly or through an intermediary must be submitted to the prior authorization of the Board of Directors under the conditions provided by law.

Such prior authorization is also required for agreements between the Company and another enterprise, should one of the Directors or the Chief Executive Officer or one of the Group Managing Directors of the Company be the or an owner, partner with unlimited liability, company manager, Director, Chief Executive Officer, member of the Executive Board or Supervisory Board, or in a general sense top-ranking executive of this other enterprise.

The same shall hold for any agreement entered into with a shareholder holding a proportion of voting rights greater than 10% or with any company which controls a company holding more than 10% of the Company's share capital.

The above provisions shall not apply to agreements concluded within the normal course of the Company's operations and at arm's length. The same shall hold for agreements entered into by two companies, one of which directly or indirectly holds all of the other company's share capital, where applicable less the minimum number of shares needed to meet the requirements of Article L.225-1 of the French Commercial Code.

Article 19 – Prohibited agreements

Directors, other than legal entities, are forbidden to contract loans from the Company in any form whatsoever, to secure an overdraft from it, on current account or otherwise, or to have the Company guarantee or secure their undertakings toward third parties.

The same prohibition applies to the Chief Executive Officer, the Group Managing Directors and to permanent representatives of legal entities which are Directors. It also applies to spouses, ascendants and descendants of the persons referred to in this article as well as to all persons acting as intermediaries.

Article 20 – Remuneration of the Directors

1. The Ordinary Shareholders' Meeting may allocate to the Directors in remuneration for their services a fixed sum as attendance fees, the amount of which is to be included in the operating expenses of the Company.

The Board shall divide the amount of these attendance fees among its members as it deems fit.

2. The Board may also authorize the reimbursement of the travel fares and expenses and of the expenses incurred by the Directors in the interest of the Company.

3. The Board may allow special payments to Directors for projects assigned or delegated to them pursuant to the provisions of Article 17 of these Bylaws. These payments, to be included in the operating expenses of the Company, shall be subject to the provisions of Article 18 of these Bylaws.

4. Apart from the amounts provided for under the three paragraphs above as well as from the salaries of the Directors being employees of the Company, and from the compensation, whether fixed or proportional, to be paid to the Chairman, or the Director temporarily delegated in the duties of Chairman, the Chief Executive Officer and, as applicable, the Group Managing Directors, no other consideration, whether permanent or not, may be paid to the Directors.

Article 21 – Advisory Board

The Shareholders' Meeting may, upon proposal of the Board of Directors, appoint Advisors, the number of whom shall not exceed nine.

In case of death or resignation of one or more Advisors, the Board of Directors may make provisional appointments subject to their ratification by the next Ordinary Shareholders' Meeting.

The Advisors, who are chosen among the shareholders on the strength of their skills, shall constitute an Advisory Board.

The Advisors are appointed for a term of three years ending at the close of the Ordinary Shareholders' Meeting convened to approve the accounts of the preceding fiscal year and held in the year during which their term of office comes to an end.

The Advisors are convened to the meetings of the Board of Directors and take part to the deliberations with a consultative vote. Their absence cannot however affect the validity of such deliberations.

The Board of Directors may allocate fees to the Advisors, the amount of which will be set off from the attendance fees allocated by the Shareholders' Meeting to the members of the Board of Directors.

Article 22 – Statutory Auditors

The Company shall be audited, as provided by law, by one or more Statutory Auditors legally entitled to be elected as such. When the conditions provided by law are met, the Company must appoint at least two Statutory Auditors.

Each Statutory Auditor is appointed by the Ordinary Shareholders' Meeting.

One or more alternate Statutory Auditors, who may be called to replace the regular Statutory Auditors in the event of death, disability, resignation or refusal to perform their duties, are appointed by the Ordinary Shareholders' Meeting.

Article 23 – Shareholders' Meetings

1. Shareholders' Meetings shall be convened and held as provided by law. The agenda of the Meeting shall be mentioned on the convening notice and letters; it is set by the corporate body convening the Meeting.

One or more shareholders who together hold at least 10% of the Company's subscribed share capital may also request that the Board of Directors convene a Shareholders' Meeting, and draw up its agenda.

When the Shareholders' Meeting has not been able to transact business validly due to a lack of quorum, a second Meeting or, as the case may be, a prorogated second Meeting, is convened in the same way at least ten days prior to the Meeting. Notice and convening letters relating to such second Meeting reproduce the date and agenda of the first Meeting.

The Meetings are held at the registered office or at any other place mentioned in the convening notice.

The right to attend and vote at Shareholders' Meetings is subject to the registration of the shareholder in the Company's share register.

A shareholder is entitled to attend and vote at any Meeting provided that the shares held are registered in the accounts in the name of the shareholder or intermediary authorized to act on his or her behalf as of 00:00 (midnight), Paris time, two business days prior to the meeting, either in the accounts of registered shares maintained by the Company or in the accounts of bearer shares maintained by the officially authorized financial intermediary. The registration of bearer shares in the accounts is certified by a statement delivered by the financial intermediary authorized as account holder.

A shareholder can always be represented in a valid manner at a Shareholders' Meeting by another shareholder, his or her spouse, the partner with whom he or she has entered into a "*pacte civil de solidarité*" (PACS, the French civil union contract), or any other private individual or legal entity of his or her choice. Written notice must be sent to the Company of the appointment of any proxy, and where applicable the rescindment of this appointment.

Shareholders may vote by mail at any Meeting in accordance with applicable laws and regulations. To be taken into account, the voting form must have been received by the Company at least three days prior to the date of the Meeting.

Shareholders may address their proxy form and/or their voting form for any Meeting, in accordance with applicable laws and regulations, either by mail or, if decided by the Board of Directors, by electronic transmission. Pursuant to the provisions of Article 1316-4, paragraph 2 of the French Civil Code, in the event of the use of an electronically submitted form, the shareholder's signature shall make use of a reliable identification process that ensures the link with the document to which it is attached.

A shareholder having voted either by mail or by electronic transmission, having sent a proxy or having requested an admittance card or certificate stating the ownership of shares may not select another means of taking part in the Meeting.

In accordance with the conditions set by applicable legal and regulatory provisions, and pursuant to a decision of the Board of Directors, Shareholders' Meetings may also be held by means of video conference or through the use of any telecommunications media allowing the identification of shareholders.

Any intermediary who meets the requirements set forth in paragraphs 7 and 8 of Article L.228-1 of the French Commercial Code may, pursuant to a general securities management agreement, transmit to a Shareholders' Meeting the vote or proxy of a shareholder, as defined in paragraph 7 of that same article.

Before transmitting any proxies or votes to a Shareholders' Meeting, the intermediary shall be required, at the request of the issuing corporation or its proxy, to provide a list of the non-resident owners of the shares to which such voting rights are attached. Such list shall be supplied as provided by applicable regulations.

A vote or proxy issued by an intermediary who either is not declared as such, or does not disclose the identity of the shareholders, may not be counted.

When a Works Council exists within the Company, two of its members, appointed by the Council, may attend Shareholders' Meetings. At their request, their opinions must be heard on the occasion of any vote requiring the unanimous approval of shareholders.

A Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his absence, by the oldest Vice-Chairman of the Board of Directors or, in the absence of the latter, by a Member of the Board of Directors appointed by the Board for that purpose. If no Chairman has been appointed, the Meeting elects its Chairman.

The two Members of the Meeting present, having the greatest number of votes, and accepting that role, are appointed as Scrutinizers. The Officers of the Meeting appoint a Secretary, who may but need not be a shareholder.

An attendance sheet is drawn up, in accordance with the law.

2. The voting right attached to a share is proportional to the share of the capital it represents. When having the same nominal value, each share, either in capital or redeemed ("*de jouissance*"), gives right to one vote.

However a voting right equal to twice the voting right attached to other shares, with respect to the portion of the share capital that they represent, is granted:

- to all fully paid-up registered shares for which evidence of registration under the name of the same shareholder during at least three years will be brought;
- to registered shares allocated to a shareholder in case of increase of the capital by capitalization of reserves, or of profits carried forward or of issue premiums due to existing shares for which it was entitled to benefit from this right.

This double voting right shall automatically lapse in the case of registered shares being converted into bearer shares or conveyed in property. However, any transfer by right of inheritance, by way of liquidation of community property between spouses or deed of gift *inter vivos* to the benefit of a spouse or an heir shall neither cause the acquired right to be lost nor interrupt the abovementioned three-year qualifying period. This is also the case for any transfer due to a merger or spin-off of a shareholding company.

Votes shall be expressed either by raised hands or by standing up or by a roll-call as decided by the officers of the Meeting.

However a secret ballot may be decided:

- either by the Board of Directors;
- or by the shareholders representing at least one-fourth of the capital if their request was made in writing and addressed to the Board of Directors or the corporate body having convened the Meeting, two days at least prior to the Meeting.

3. The Ordinary Shareholders' Meeting makes decisions which do not amend the Bylaws.

It is convened at least once a year, within six months from the end of each fiscal year to vote on the accounts of that fiscal year.

In order to pass valid resolutions, the Ordinary Shareholders' Meeting, convened upon first notice, must consist of shareholders, present or represented, holding at least one-fifth of total voting shares. The deliberations of an Ordinary Shareholders' Meeting, convened upon second notice, shall be valid regardless of the number of shareholders present or represented.

The resolutions of the Ordinary Shareholders' Meeting are approved by a majority of validly cast votes. Votes cast do not include votes attaching to shares in respect of which the shareholder has not taken part in the vote, has abstained, or has returned an uncompleted or invalid voting paper.

4. Only the Extraordinary Shareholders' Meeting may amend the Bylaws. However, in no event can it increase the duties of the shareholders except in the case of transactions resulting from a duly completed regrouping of shares.

As to the Extraordinary Shareholders' Meeting, the quorum necessary, upon first convening notice, is one-fourth of the voting shares, and one-fifth upon second convening notice or in the case of prorogation of the second meeting.

The resolutions of the Extraordinary Shareholders' Meeting are approved by a two-thirds majority of validly cast votes. Votes cast do not include votes attaching to shares in respect of which the shareholder has not taken part in the vote, has abstained, or has returned an uncompleted or invalid voting paper.

5. The copies or abstracts of the minutes of the Meetings shall be validly certified by the Chairman of the Board of Directors, the Chief Executive Officer, or the Secretary of the Meeting.

Ordinary and Extraordinary Shareholders' Meetings shall exercise their respective powers as provided by law.

6. During constitutive Extraordinary Shareholders' Meetings, which are those called to approve contributions in kind or benefits in kind, the contributor or the beneficiary cannot vote either for himself or as a proxy.

7. When there are several classes of shares, the rights attached to the shares of one class cannot be modified without a proper vote of an Extraordinary Shareholders' Meeting open to all shareholders and without a proper vote of a Special Shareholders' Meeting exclusively comprising owners of the shares of the class concerned.

As to the Special Shareholders' Meeting, the quorum necessary, upon first convening notice, is one-third of the voting shares, and one-fifth upon second convening notice or in the case of prorogation of the second Meeting.

The resolutions of the Special Shareholders' Meeting are approved by a two-thirds majority of validly cast votes. Votes cast do not include votes attaching to shares in respect of which the shareholder has not taken part in the vote, has abstained, or has returned an uncompleted or invalid voting paper.

Article 24 – Information on the ownership of share capital

Any individual or legal entity who becomes the owner of a fraction of capital of at least one per cent shall notify the total number of shares it holds to the Company. Such notice must be given within fifteen days from the date at which this percentage is reached.

The same obligation applies whenever the portion of capital held increases by at least one per cent. However, it shall cease to be applicable when the portion of capital held is equal to or greater than 60% of the share capital.

In case of non-compliance with the above obligation and upon the request of one or several shareholders holding at least 5% of the capital and recorded in the minutes of the Shareholders' Meeting, the shares in excess of the percentage to be declared shall be deprived of their right to vote at any Meeting held until the expiration of a period of three months as from the date at which proper notification pursuant to the above paragraph is eventually made.

Article 25 – Identification of the holders of securities

The Company may, at any time, in accordance with the applicable laws and regulations, for a fee that it shall pay which shall not exceed the maximum set by France's Minister of the Economy, request the central depositary of financial instruments to give it the name, nationality and address of natural persons or legal entities holding securities conferring an immediate or deferred right to vote at its own Shareholders' Meetings, as well as the number of securities held by such natural persons or legal entities and the restrictions, if any, which may exist upon the securities.

In light of the list sent by the aforementioned body, the Company shall be entitled to request information concerning the owners of the shares listed above, either through the intervention of that body, or directly, to the persons appearing on that list and who might be, in the Company's opinion, registered on behalf of third parties.

When they act as intermediaries, such persons shall be required to disclose the identity of the owners of such shares. The information shall be provided directly to the authorized financial intermediary holding the account, who shall, in turn, be responsible for communicating it to the issuing company or the aforementioned body, as applicable.

Article 26 – Fiscal year

Each fiscal year has a duration of one year beginning on January 1 and ending on December 31.

Article 27 – Annual accounts

The Board of Directors shall keep regular accounts of the Company's operations and shall draw up the annual accounts in conformity with the law and normal commercial practice.

Article 28 – Appropriation of results and allocation of profits

From the profit for a fiscal year, minus prior losses, if any, an amount equal to at least 5% must be deducted and allocated to the formation of a "legal reserve" fund. This deduction is no longer required when the amount of the legal reserve has reached one-tenth of the share capital of the Company.

Distributable earnings consist of the net profit of the fiscal year, minus prior losses and the deduction described in the previous paragraph, plus profits carried forward.

From these earnings, and subject to the decisions of the Shareholders' Meeting, an initial deduction is made of the amount required to distribute to shareholders a preliminary dividend, equal to five percent (5%) of the amount paid up on the shares that has not been repaid to shareholders by the Company.

Dividends do not accumulate from one fiscal year to the next.

From the remaining amount, the Shareholders' Meeting may deduct the amounts it deems appropriate to allocate to all optional, ordinary or special reserve funds, or retain, in the proportions it shall determine.

The balance, if any, shall be divided among shareholders as a super-dividend.

In addition, the Shareholders' Meeting may decide to distribute sums taken from the reserves, either to provide or supplement a dividend, or as an exceptional distribution. In this case, the resolution shall expressly indicate the reserve items against which these amounts are charged. However, dividends shall be paid first from the distributable earnings for the fiscal year.

In addition, the Shareholders' Meeting may decide to distribute assets recorded in the balance sheet of the Company and, in particular, securities by taking sums from the profits, retained earnings, reserves or premiums. The Shareholders' Meeting may decide that rights forming fractional shares shall be neither tradable nor assignable, notwithstanding the provisions of the final paragraph of Article 8 of the Bylaws. The Shareholders' Meeting may notably decide that, when the portion of the distribution to which the shareholder is entitled does not correspond to a whole number in the unit of measure used for the distribution, the shareholder shall receive the whole number, in the unit of measure, immediately below that amount, together with an equalization payment in cash.

When a balance sheet, drawn up during or at the end of the fiscal year and certified by a Statutory Auditor, shows that the Company, since the close of the preceding fiscal year, after having made the necessary charges to depreciation, amortization and provisions, and after deduction of prior losses, if any, as well as of the amounts which are to be allocated to the reserves provided by law or by these Bylaws, and taking into account profits carried forward, if any, has available earnings, the Board of Directors may resolve to distribute interim dividends prior to the approval of the financial statements of the fiscal year, and may determine the terms thereof notably with regard to the amount and date. These interim dividends may be distributed in cash or in kind, notably in the form of assets from the Company's balance sheet (which may include securities). In the event of an interim distribution in kind, the Board of Directors may decide that rights forming fractional shares shall neither be tradable nor assignable, notwithstanding the provisions of the final paragraph of Article 8 of the Bylaws. The Board of Directors may notably decide that, when the portion of the distribution to which the shareholder is entitled does not correspond to a whole number in the unit of measure used for the distribution, the shareholder shall receive the whole number, in the unit of measure, immediately below that amount, together with an equalization payment in cash. The amount of such interim dividends cannot exceed the amount of available earnings as defined in this paragraph.

Any dividend distributed in violation of the foregoing rules is a fictitious dividend.

If the result for the year is a loss, after the approval of the annual financial statements by the Ordinary Shareholders' Meeting, such loss is either set off against retained earnings or added to the losses carried forward. If the balance is negative, it is carried forward again to be charged against the profits of subsequent fiscal years until it is extinguished.

Article 29 – Payment of dividends

The dividend payment terms are defined by the Shareholders' Meeting or, if the Meeting fails to do so, by the Board of Directors.

However, dividends must be paid within a maximum period of nine months after the fiscal year-end, unless such period is extended by Court order.

The Shareholders' Meeting convened to approve the fiscal year's financial statements may grant each shareholder the option to receive all or a portion of his or her dividend payment (whether interim or final) either in cash or in shares.

Requests for dividend payments in shares must be received within a time period to be set by the Shareholders' Meeting, with the understanding that this period may not be longer than three months after the date of said Shareholders' Meeting.

No repayment of the dividend may be demanded from shareholders, unless the following two conditions are met:

- the distribution was made in violation of legal requirements;
- the Company has established that the beneficiaries were aware of the irregularity of the distribution at the time it was made, or could not ignore it given the circumstances.

Any recovery of dividends meeting the above conditions must be carried out within the time period provided by law.

Dividends not claimed within five years after the date at which they became payable shall be void.

Article 30 – Premature dissolution

An Extraordinary Shareholders' Meeting may at any time declare the premature dissolution of the Company.

Article 31 – Loss of one-half of the share capital of the Company

If, as a consequence of losses showed by the Company's accounts, the equity of the Company is reduced to below one-half of the share capital of the Company, the Board of Directors must, within four months from the approval of the accounts showing such loss, convene an Extraordinary Shareholders' Meeting in order to decide whether the Company ought to be dissolved before its set term.

If the dissolution is not resolved, the share capital must, at the latest by the end of the second fiscal year following the fiscal year during which the losses were established and subject to the legal provisions concerning the minimum share capital of "*Sociétés anonymes*", be reduced by an amount at least equal to the losses which could not be charged to reserves, if during that period the net assets have not been replenished to an amount at least equal to one half of the share capital.

In the absence of a Shareholders' Meeting or in the event that the Meeting has not been able to act in a valid manner, any interested party may institute legal proceedings to dissolve the Company.

Article 32 – Effect of dissolution

The Company is deemed to be in liquidation as soon as it is dissolved for any reason whatsoever. It continues to exist as a legal entity for the needs of this liquidation until the completion thereof.

During the period of the liquidation, the Shareholders' Meeting shall retain the same powers as it did exercise during the life of the Company.

The shares shall remain transferable until the completion of the liquidation proceedings.

The dissolution of the Company is only valid vis-à-vis third parties as from the date at which it has been published at the Register of Commerce and Companies.

Article 33 – Appointment of liquidators – Powers

Upon the expiration of the term of existence of the Company or in the case of its premature dissolution, the Shareholders' Meeting shall decide the methods of liquidation and appoint one or several liquidators whose powers it will determine, and who will exercise their duties according to the law. The appointment of the liquidator(s) terminates the office of the Directors, as well as that of the Advisors, if any.

Article 34 – Liquidation – Termination

After payment of the liabilities, the remaining assets shall be used first for the payment to the shareholders of the amount paid for their shares and not amortized.

The balance, if any, shall be divided among all the shares.

The shareholders are convened at the end of the liquidation in order to decide on the final accounts, to discharge the liquidators from liability for their acts of management and the performance of their office, and to formally acknowledge the termination of the liquidation process.

The conclusion of the liquidation shall be published as provided by law.

Article 35 – Litigation

Any dispute between the Company and any of its shareholders arising directly and/or indirectly from the present Bylaws shall be settled by the Commercial Court of Paris.

OTHER INFORMATION

General information regarding the parent company; stock market information

1. INFORMATION REGARDING THE PARENT COMPANY

1.1. Role of the parent company within the Group

LVMH manages and coordinates the operational activities of all its subsidiaries, and offers them various management assistance services, particularly in legal, financial, tax and insurance matters.

All these services are invoiced to the subsidiaries in question, based on the real cost price or normal market conditions, depending on the type of service. For fiscal year 2015, LVMH billed its subsidiaries 140.7 million euros for management assistance.

LVMH also manages the Group's long-term financial debt and the associated interest rate risk, in addition to foreign exchange transactions for proprietary foreign exchange transactions.

Since Group brands belong to the various operating subsidiaries, LVMH does not collect any royalties in connection with these brands.

1.2. General information

The complete text of the Bylaws currently in effect is presented in the "*Other information* – Governance" section.

Company name (Article 3 of the Bylaws): LVMH Moët Hennessy - Louis Vuitton.

Registered office (Article 4 of the Bylaws): 22, avenue Montaigne, 75008 Paris (France). Telephone: +33 (0)1 44 13 22 22.

Legal form (Article 1 of the Bylaws): *Société européenne* (Societas Europaea). The Company was converted from a *Société anonyme* (SA) to a *Société européenne* (SE) on October 27, 2014.

Jurisdiction (Article 1 of the Bylaws): the Company is governed by French law.

Register of Commerce and Companies: the Company is registered in the Paris Register of Commerce and Companies under number 775 670 417. APE code (company activity code): 6420Z.

Date of incorporation – Term (Article 5 of the Bylaws): LVMH was incorporated on January 1, 1923 for a term of 99 years, which expires on December 31, 2021, unless the Company is dissolved early or extended by a resolution of the Extraordinary Shareholders' Meeting. A resolution will be presented to the Shareholders' Meeting of April 14, 2016 to pre-emptively extend the term of the Company by 99 years as of January 1, 2017, i.e. until December 31, 2115.

Location where documents concerning the Company may be consulted: the Bylaws, financial statements and reports, and the minutes of Shareholders' Meetings may be consulted at the registered office at the address indicated above.

1.3. Additional information

The complete text of the Bylaws currently in effect is presented in the "*Other information* – Governance" section.

Corporate purpose (Article 2 of the Bylaws): any taking of interest within any company or grouping of entities primarily engaged in trade in champagne and other wines, cognac and other spirits or in any perfume and cosmetic products; in the manufacture, sale and promotion of leather goods, clothing, accessories as well as any other high-quality and branded articles or products; in the operation of vineyards; or in the use of any intellectual property right.

Fiscal year (Article 26 of the Bylaws): from January 1 until December 31.

Distribution of profits (Article 28 of the Bylaws): an initial deduction is made from distributable earnings in the amount required to distribute to shareholders a preliminary dividend, equal to 5% of the amount paid up on the shares that has not been repaid to shareholders by the Company. From the remaining amount, the Shareholders' Meeting may deduct the amounts it deems appropriate to allocate to all optional, ordinary or special reserve funds, or retain. The balance, if any, shall be divided among shareholders as a super-dividend.

In addition, the Shareholders' Meeting may decide to distribute amounts taken from the reserves, either to provide or supplement a dividend, or as an exceptional distribution.

Shareholders' Meetings (Article 23 of the Bylaws): Shareholders' Meetings are convened and held under the conditions provided by the laws and decrees in effect.

Rights, preferences and restrictions attached to shares (Articles 6, 8, 23 and 28 of the Bylaws): all shares belong to the same category, whether issued in registered or bearer form.

Each share gives the right to a proportional stake in the ownership of the Company's assets, as well as in the sharing of profits and of any liquidation surplus. Each time it shall be necessary to hold a certain number of shares in order to exercise a right, it will be the responsibility of the shareholder(s) having less than the required number to take the necessary actions to form a group with a sufficient number of shares.

A voting right equal to twice the voting right attached to the other shares is granted to all fully paid-up registered shares for which evidence of registration for at least three years under the name of the same shareholder may be demonstrated, as well as to shares issued in the event of a capital increase through the incorporation of reserves, unappropriated retained earnings, or issue premiums, on the basis of existing shares giving the holder such right. This right may be removed by a decision of the Extraordinary Shareholders' Meeting after ratification by a Special Meeting of beneficiaries of this right.

Declaration of thresholds (Article 24 of the Bylaws): independently of legal obligations, the Bylaws stipulate that any individual or legal entity that becomes the owner of a fraction of capital greater than or equal to 1% shall notify the total number of shares held to the Company. This obligation applies each time the portion of capital owned increases by at least 1%. It ceases to apply when the shareholder in question reaches the threshold of 60% of the share capital.

Necessary action to modify the rights of shareholders: the Bylaws do not contain any stricter provision governing the modification of shareholders' rights than those required by the law.

Provisions governing changes in the share capital: the Bylaws do not contain any stricter provision governing changes in the share capital than those required by the law.

2. INFORMATION REGARDING THE CAPITAL

2.1. Share capital

As of December 31, 2015, the Company's share capital was 152,141,733 euros, consisting of 507,139,110 fully paid-up shares with a par value of 0.30 euros each.

The Board of Directors, at its meeting of February 2, 2016, noted the increase in the share capital resulting as of December 31, 2015 from the exercise of share subscription options, then decided to reduce the share capital by a number equivalent to that of the shares issued. As of February 2, 2016, the share capital amounted to 152,094,089.70 euros divided into 506,980,299 fully paid-up shares with a par value of 0.30 euros each. Of these 506,980,299 shares, 229,783,932 shares conferred double voting rights.

2.2. Authorized share capital

As of December 31, 2015, the Company's authorized share was 201,977,451.30 euros, divided into 673,258,171 shares with a par value of 0.30 euros each.

The authorized share capital represents the maximum amount that the share capital could reach should the Board of Directors make use of all of the authorizations and delegations of authority granted by the Shareholders' Meeting that permit the Company to increase its amount.

2.3. Status of delegations and authorizations granted to the Board of Directors

This statement is included under §5.1 "Status of current delegations and authorizations" in the "*Management Report of the Board of Directors* – Parent company: LVMH Moët Hennessy - Louis Vuitton" section.

2.4. Shareholders' identification

Article 25 of the Bylaws authorizes the Company to set up a shareholder identification procedure.

2.5. Non-capital shares

The Company has not issued any non-capital shares.

2.6. Securities giving access to the Company's capital

No securities giving access to the Company's capital, other than share subscription options described in §4.4.2 of the "**Management Report of the Board of Directors** – Parent company: LVMH Moët Hennessy - Louis Vuitton" section, were outstanding as of December 31, 2015.

2.7. Three-year summary of changes in the Company's share capital

(EUR thousands)	Type of transaction	Number of shares	Change in capital: Par value	Change in capital: Issue premium	Capital after transaction: Amount	Capital after transaction: Cumulative number of Company shares
As of December 31, 2012					**152,449**	**508,163,349**
Fiscal year 2013	Issue of shares [a]	901,622	270	58,545	152,719	509,064,971
"	Retirement of shares	1,395,106	(418)	(65,336)	152,300	507,669,865
"	Issue of shares [a]	123,796	37	7,328	152,338	507,793,661
Fiscal year 2014	Issue of shares [a]	980,323	294	59,223	152,632	508,773,984
"	Retirement of shares	1,062,271	(319)	(49,749)	152,314	507,711,713
Fiscal year 2015	Issue of shares [a]	552,137	165	34,652	152,479	508,263,850
	Retirement of shares	1,124,740	(337)	(110,739)	152,142	507,139,110
As of December 31, 2015					**152,142**	**507,139,110**

(a) In connection with the exercise of share subscription options.

3. ANALYSIS OF SHARE CAPITAL AND VOTING RIGHTS

3.1. Share ownership of the Company

As of December 31, 2015, the Company's share capital comprised 507,139,110 shares:

- 231,301,400 pure registered shares;
- 6,423,366 administered registered shares;
- 269,414,344 bearer shares.

Taking into consideration treasury shares, 502,799,189 shares carried voting rights, of which 229,780,453 shares carried double voting rights.

Shareholders	Number of shares	Number of voting rights [a]	% of share capital	% of voting rights
Financière Jean Goujon	207,821,325	415,642,650	40.98	56.74
Arnault Family and other controlled companies [b]	28,691,463	45,176,631	5.66	6.16
Other shareholders	270,626,322	271,760,361	53.36	37.10
Total as of December 31, 2015	**507,139,110**	**732,579,642**	**100.00**	**100.00**

(a) Voting rights exercisable in Shareholders' Meetings.
(b) The Arnault Family Group, made up of the Arnault Family and controlled companies, including Financière Jean Goujon, directly or indirectly held 46.64% of the Company's share capital and 62.90% of the voting rights exercisable at Shareholders' Meetings (see also §3.2 and 3.4 below).

On the basis of registered shareholders and information as of December 2015 provided by a Euroclear survey of depositary financial institutions with a minimum ownership threshold of 100,000 shares and limited to shareholders owning at least 1,000 shares, the Company has about 4,000 shareholders. Resident and non-resident shareholders respectively represent 66% and 34% of the Company's share capital (see 2015 Annual Report, "Shareholder structure").

Subject to the provisions of §3.4 below, to the Company's knowledge:

- no shareholder held at least 5% of the Company's share capital and voting rights as of December 31, 2015;
- no shareholder held 5% or more of the Company's share capital or voting rights, either directly, indirectly, or acting in concert;
- no shareholders' agreement or any other agreement constituting an action in concert existed involving at least 0.5% of the Company's share capital or voting rights.

As of December 31, 2015, members of the Executive Committee and of the Board of Directors directly held less than 0.1% of the Company's share capital and voting rights, personally and as registered shares.

As of December 31, 2015, the Company held 4,339,921 shares as treasury shares. Of these shares, 1,359,960 were recognized as short-term investments, with the main objective of covering commitments for bonus share plans, while 2,979,961 shares were recognized as long-term investments, with the main objective of covering commitments for existing share subscription option plans. In accordance with legal requirements, these shares are stripped of their voting rights.

As of December 31, 2015, the employees of the Company and of affiliated companies, as defined under Article L.225-180 of the French Commercial Code, held LVMH shares in employee savings plans equivalent to less than 0.1% of the Company's share capital.

During the 2015 fiscal year, the MFS and Amundi groups informed the Company that on several occasions, they had exceeded or fallen below statutory shareholding thresholds in the range between 1.99% and 2.99% of the share capital. According to the latest notices received in 2015, the MFS group held 2.89% of the share capital and 1.99% of the theoretical voting rights, and the Amundi group held 2% of the share capital and 1.39% of the theoretical voting rights.

During the fiscal year ended December 31, 2015 and as of February 12, 2016, no public tender or exchange offer nor price guarantee was made by a third party involving the Company's shares.

The Company's main shareholders have voting rights identical to those of other shareholders.

In order to protect the rights of each and every shareholder, the Charter of the Board of Directors requires that at least one-third of its appointed members be Independent Directors. In addition, at least two-thirds of the members of the Performance Audit Committee must be Independent Directors. A majority of the members of the Nominations and Compensation Committee must also be Independent Directors.

3.2. Changes in share ownership during the last three fiscal years

As of December 31, 2015

Shareholders	Number of shares	% of share capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable in SM	% of voting rights exercisable in SM
Financière Jean Goujon [a]	207,821,325	40.98	415,642,650	56.40	415,642,650	56.74
Arnault Family and other controlled companies [a]	28,691,463	5.66	45,176,631	6.13	45,176,631	6.16
Treasury shares	4,339,921	0.86	4,339,921	0.59	-	-
Free-float registered	6,649,835	1.30	12,123,795	1.65	12,123,795	1.66
Free-float bearer	259,636,566	51.20	259,636,566	35.23	259,636,566	35.44
Total	**507,139,110**	**100.00**	**736,919,563**	**100.00**	**732,579,642**	**100.00**

(a) The Arnault Family Group, made up of the Arnault Family and controlled companies, including Financière Jean Goujon, directly or indirectly held 46.64% of the Company's capital and 62.90% of the voting rights exercisable in Shareholders' Meetings.

As of December 31, 2014

Shareholders	Number of shares	% of share capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable in SM	% of voting rights exercisable in SM
Financière Jean Goujon [a]	207,821,325	40.93	415,642,650	56.64	415,642,650	57.09
Arnault Family and other controlled companies [a]	28,600,486	5.64	45,041,597	6.13	40,041,597	5.50
Treasury shares	5,851,370	1.15	5,851,370	0.80	-	-
Free-float registered	8,023,908	1.58	9,929,105	1.34	9,929,105	1.36
Free-float bearer	257,414,624	50.70	257,414,624	35.09	262,414,624	36.05
Total	**507,711,713**	**100.00**	**733,879,346**	**100.00**	**728,027,976**	**100.00**

(a) The Arnault Family Group, made up of the Arnault Family and controlled companies, including Financière Jean Goujon, directly or indirectly held 46.57% of the Company's capital and 62.59% of the voting rights exercisable in Shareholders' Meetings.

As of December 31, 2013

Shareholders	Number of shares	% of share capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable in SM	% of voting rights exercisable in SM
Financière Jean Goujon [a]	207,821,325	40.93	415,642,650	56.73	415,642,650	57.31
Arnault Family and other controlled companies [a]	28,069,978	5.52	43,351,086	5.91	38,351,086	5.28
Treasury shares	7,391,919	1.46	7,391,919	1.01	-	-
Free-float registered	10,018,942	1.97	11,824,432	1.62	11,824,432	1.63
Free-float bearer	254,491,497	50.12	254,491,497	34.73	259,491,497	35.78
Total	**507,793,661**	**100.00**	**732,701,584**	**100.00**	**725,309,665**	**100.00**

(a) The Arnault Family Group, made up of the Arnault Family and controlled companies, including Financière Jean Goujon, directly or indirectly held 46.45% of the Company's capital and 62.59% of the voting rights exercisable in Shareholders' Meetings.

3.3. Pledges of pure registered shares by main shareholders

The Company is not aware of any pledge of pure registered shares by the main shareholders.

3.4. Natural persons or legal entities that may exercise control over the Company

As of December 31, 2015, the Arnault Family Group directly or indirectly held 46.64% of the Company's share capital and 62.90% of the voting rights exercisable in Shareholders' Meetings.

The Arnault Family Group is composed of the Arnault Family and companies it controls, notably (i) Groupe Arnault SEDCS, (ii) Christian Dior SE, of whose share capital the Arnault Family directly or indirectly controls 72.86% and (iii) Financière Jean Goujon, 100%-owned by Christian Dior SE.

As of December 31, 2015, Financière Jean Goujon held 207,821,325 shares in the Company representing 40.98% of the share capital and 56.74% of the voting rights exercisable in Shareholders' Meetings. The main purpose of Financière Jean Goujon is to hold LVMH shares.

Christian Dior SE, a company listed on Euronext Paris, owns 100% of Christian Dior Couture SA.

4. MARKET FOR FINANCIAL INSTRUMENTS ISSUED BY LVMH

4.1. Market for LVMH shares

The Company's shares are listed on Euronext Paris (ISIN code FR0000121014) and are eligible for the deferred settlement service of Euronext Paris.

LVMH is included in the principal French and European indices used by fund managers – CAC 40, DJ Euro Stoxx 50, MSCI Europe, FTSE Eurotop 100 – as well as The Global Dow and FTSE4Good, one of the leading indexes for socially responsible investment.

LVMH's market capitalization was 73.6 billion euros as of December 31, 2015, making it the fourth largest on the Paris stock exchange.

258,106,027 LVMH shares were traded on Euronext in 2015 for a total amount of 40 billion euros. This corresponds to an average daily volume of 1,008,227 shares.

Since September 23, 2005, LVMH has entrusted a provider of financial services with the implementation of a liquidity contract in conformity with the Ethical Charter of AFEI (*Charte de déontologie de l'AFEI*) approved by the *Autorité des Marchés Financiers* (the French financial markets regulator) in its decision of March 22, 2005, as published in the *Bulletin des annonces légales obligatoires* dated April 1, 2005.

Trading volumes and amounts on Euronext Paris and price trend over the 2015 fiscal year

	Opening price first day *(EUR)*	Closing price last day *(EUR)*	Highest share price [a] *(EUR)*	Lowest share price [a] *(EUR)*	Number of shares traded	Value of shares traded *(EUR billions)*
January	132.50	143.50	146.00	123.50	26,174,425	3.5
February	144.45	163.90	163.90	141.80	21,653,586	3.4
March	163.90	164.15	175.40	159.45	20,659,898	3.4
April	164.80	156.60	173.10	154.10	21,887,188	3.6
May	158.50	162.15	168.50	150.60	16,849,337	2.7
June	161.00	157.15	173.25	153.85	24,368,715	4.0
July	159.65	170.70	172.00	147.95	24,119,953	3.9
August	170.70	148.65	176.60	134.80	23,273,867	3.6
September	146.40	152.20	156.45	142.25	21,353,523	3.2
October	154.35	169.60	171.35	145.60	19,393,116	3.1
November	167.75	158.75	174.30	152.50	18,297,553	3.0
December	157.85	144.90	161.00	141.80	20,074,866	3.0

Source: Euronext.
(a) Intra-day share price.

4.2. Share repurchase program

LVMH has implemented a share repurchase program that allows it to buy back up to 10% of its share capital. This program was approved by the Combined Shareholders' Meetings of April 10, 2014 and April 16, 2015. Within this framework, between January 1 and December 31, 2015, stock market purchases of its own shares by LVMH SE amounted to 1,799,806 shares, or 0.4% of its share capital. Disposals of shares, bonus share allocations and share cancellations related to the equivalent of 3,311,255 LVMH shares.

4.3. LVMH bond markets

Among the bonds issued by LVMH Moët Hennessy - Louis Vuitton outstanding on December 31, 2015, the bonds presented below are listed for trading.

Bonds listed in Luxembourg

Currency	Amount outstanding *(in currency)*	Year of issue	Year of maturity	Coupon
AUD	150,000,000	2014	2019	3.50%
EUR	300,000,000	2014	2019	floating
EUR	650,000,000	2014	2021	1.00%
GBP	350,000,000	2014	2017	1,625%
EUR	600,000,000	2013	2020	1.75%
EUR	650,000,000	2013	2016	floating
EUR	600,000,000	2013	2019	1.25%
EUR	500,000,000	2011	2018	4%

4.4. Dividend

A dividend of 3.55 euros per share is being proposed for fiscal year 2015, representing an increase of 0.35 euros compared to the dividend paid for fiscal year 2014.

Based on the number of shares of 507,139,110 making up the share capital as of December 31, 2015, the total LVMH Moët Hennessy - Louis Vuitton distribution will amount to 1,800 million euros for fiscal year 2015, before the effect of treasury shares.

The Company has a steady dividend distribution policy, designed to ensure a stable return to shareholders, while making them partners in the growth of the Group.

Pursuant to current laws in France, dividends and interim dividends uncollected within five years become void and are paid to the French state.

Dividend distribution in respect of fiscal years 2011 to 2015

Fiscal year	Gross dividend per share *(EUR)*	Dividend distribution *(EUR millions)*
2015 [a]	3.55	1,800
2014	3.20	1,625
2013	3.10	1,574
2012	2.90	1,474
2011	2.60	1,320

(a) Proposed to the Shareholders' Meeting of April 14, 2016.

4.5. Change in share capital

552,137 shares were issued during the fiscal year, in connection with the exercise of share subscription options. 1,124,740 shares were retired, bringing the share capital of the Company to 507,139,110 shares as of December 31, 2015.

4.6. Performance per share

(EUR)	2015	2014	2013
Diluted Group share of net profit per share [a]	7.08	11.21 [a]	6.83
Gross dividend per share	3.55	3.20	3.10
Change compared to previous fiscal year	10.9%	3.2%	6.9%
Highest share price (intra-day)	176.60	132.80 [b]	135.23 [b]
Lowest share price (intra-day)	123.50	109.05 [b]	106.16 [b]
Share price as of December 31	144.90	132.25 [b]	119.50 [b]
Change compared to previous fiscal year	9.6%	10.7%	(4.5%)

(a) Of which 5.31 euros per share resulting from the distribution of Hermès shares.
(b) Share prices restated to account for the exceptional distribution in Hermès International shares.

RESOLUTIONS FOR THE APPROVAL OF THE COMBINED SHAREHOLDERS' MEETING OF APRIL 14, 2016

1. ORDINARY RESOLUTIONS

First resolution
Approval of the parent company financial statements

The Shareholders' Meeting, after examining the reports of the Board of Directors, the Chairman of the Board of Directors, and the Statutory Auditors, hereby approves the parent company financial statements for the fiscal year ended December 31, 2015, including the balance sheet, income statement and notes, as presented to the Meeting, as well as the transactions reflected in these statements and summarized in these reports.

Second resolution
Approval of the consolidated financial statements

The Shareholders' Meeting, after examining the reports of the Board of Directors and the Statutory Auditors, hereby approves the consolidated financial statements for the fiscal year ended December 31, 2015, including the balance sheet, income statement and notes, as presented to the Meeting, as well as the transactions reflected in these statements and summarized in these reports.

Third resolution
Approval of related party agreements

The Shareholders' Meeting, after examining the special report of the Statutory Auditors on the related party agreements described in Article L.225-38 of the French Commercial Code, hereby declares that it approves said agreements.

Fourth resolution
Allocation of net profit – determination of dividend

The Shareholders' Meeting, on the recommendation of the Board of Directors, decides to allocate and appropriate the distributable profit for the fiscal year ended December 31, 2015 as follows:

(EUR)	
Net profit for the fiscal year ended December 31, 2015	6,019,768,127.07
Available portion of the legal reserve [a]	17,178.09
Retained earnings	5,553,886,543.20
Amount available for distribution	**11,573,671,848.36**
Proposed appropriation:	
Statutory dividend of 5% or EUR 0.015 per share	7,607,086.65
Additional dividend of EUR 3.535 per share	1,792,736,753.85
Retained earnings	9,773,328,007.86
	11,573,671,848.36

(a) Portion of the legal reserve over 10% of share capital as of December 31, 2015.

For information, as of December 31, 2015, the Company held 4,339,921 of its own shares, corresponding to an amount not available for distribution of 240.5 million euros, equivalent to the acquisition cost of the shares.

Should this appropriation be approved, the total dividend would be 3.55 euros per share. As an interim dividend of 1.35 euros per share was paid on December 3, 2015, the final dividend per share is 2.20 euros; this will be paid as of April 21, 2016.

With respect to this dividend distribution, individuals whose tax residence is in France will be entitled to a 40% tax deduction provided under Article 158 of the French Tax Code.

Finally, should the Company hold, at the time of payment of this final dividend, any treasury shares under authorizations granted, the corresponding amount of unpaid dividends will be allocated to retained earnings.

As required by law, the Shareholders' Meeting observes that the dividends per share paid out in respect of the past three fiscal years were as follows:

Fiscal year *(EUR)*	Type	Payment date	Gross dividend	Tax deduction [a]
2014 [b]	Interim	December 4, 2014	1.25	0.50
	Final	April 23, 2015	1.95	0.78
	Total		**3.20**	**1.28**
2013	Interim	December 3, 2013	1.20	0.48
	Final	April 17, 2014	1.90	0.76
	Total		**3.10**	**1.24**
2012	Interim	December 4, 2012	1.10	0.44
	Final	April 25, 2013	1.80	0.72
	Total		**2.90**	**1.16**

(a) For individuals with tax residence in France.

(b) Excluding the exceptional dividend in kind in the form of Hermès International shares according to a ratio of 2 Hermès International shares for 41 LVMH shares, voted for by the Combined Shareholders' Meeting of November 25, 2014, corresponding to 13.66 euros per LVMH share, of which 12.08 euros qualifies as distributed income for tax purposes and 1.58 euros qualifies as a repayment of capital for tax purposes.

Fifth resolution
Renewal of Mr. Bernard Arnault's appointment as Director

The Shareholders' Meeting decides to renew Mr. Bernard Arnault's appointment as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2019 to approve the financial statements for the previous fiscal year.

Sixth resolution
Renewal of Ms. Bernadette Chirac's appointment as Director

The Shareholders' Meeting decides to renew Ms. Bernadette Chirac's appointment as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2019 to approve the financial statements for the previous fiscal year.

Seventh resolution
Renewal of Mr. Charles de Croisset's appointment as Director

The Shareholders' Meeting decides to renew Mr. Charles de Croisset's appointment as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2019 to approve the financial statements for the previous fiscal year.

Eighth resolution
Renewal of Mr. Hubert Védrine's appointment as Director

The Shareholders' Meeting decides to renew Mr. Hubert Védrine's appointment as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2019 to approve the financial statements for the previous fiscal year.

Ninth resolution
Appointment of Ms. Clara Gaymard as Director

The Shareholders' Meeting decides to appoint Ms. Clara Gaymard as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2019 to approve the financial statements for the previous fiscal year.

Tenth resolution
Appointment of Ms. Natacha Valla as Director

The Shareholders' Meeting decides to appoint Ms. Natacha Valla as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2019 to approve the financial statements for the previous fiscal year.

Eleventh resolution
Appointment of Ernst & Young Audit as Principal Statutory Auditor

The Shareholders' Meeting, noting that the term of office of Ernst & Young et Autres as Principal Statutory Auditor expires at the end of this Meeting, decides to appoint Ernst & Young Audit as Principal Statutory Auditor for a term of six fiscal years that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2022 to approve the financial statements for the previous fiscal year.

Twelfth resolution
Appointment of Mazars as Principal Statutory Auditor

The Shareholders' Meeting, noting that the term of office of Deloitte & Associés as Principal Statutory Auditor expires at the end of this Meeting, decides to appoint Mazars as Principal Statutory Auditor for a term of six fiscal years that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2022 to approve the financial statements for the previous fiscal year.

Thirteenth resolution
Appointment of Mr. Philippe Castagnac as Alternate Statutory Auditor

The Shareholders' Meeting, noting that the term of office of Mr. Denis Grison as Alternate Statutory Auditor expires at the end of this Meeting, decides to appoint Mr. Philippe Castagnac as Alternate Statutory Auditor for a term of six fiscal years that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2022 to approve the financial statements for the previous fiscal year.

Fourteenth resolution
Reappointment of Auditex as Alternate Statutory Auditor

The Shareholders' Meeting, noting that the term of office of Auditex as Alternate Statutory Auditor expires at the end of this Meeting, decides to renew this appointment for a term of six fiscal years that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2022 to approve the financial statements for the previous fiscal year.

Fifteenth resolution
Opinion on items of remuneration due or attributed to Mr. Bernard Arnault, Chairman and Chief Executive Officer

The Shareholders' Meeting, consulted pursuant to the guidelines expressed in §24.3 of the AFEP/MEDEF Code of Corporate Governance of November 2015, which is the Company's reference code pursuant to Article L.225-37 of the French Commercial Code, after having examined the items of remuneration due or attributed, in respect of the fiscal year ended December 31, 2015, to Mr. Bernard Arnault and mentioned in Section 7, "Remuneration of senior executives", of the "*Management Report of the Board of Directors* – LVMH SE", §7.1 and 7.2 as regards fixed, variable and exceptional compensation, §7.2 as regards directors' fees and benefits in kind, §7.8 as regards the supplementary pension plan and §7.1 and 7.5 as regards allotments of performance shares (pages 58 and following of the Reference Document), and Section 1, §1.11 of the "*Report of the Chairman of the Board of Directors*" as regards the rules for attributing directors' fees (page 112 of the Reference Document), renders a favorable opinion on these items.

Sixteenth resolution
Opinion on items of remuneration due or attributed to Mr. Antonio Belloni, Group Managing Director

The Shareholders' Meeting, consulted pursuant to the guidelines expressed in §24.3 of the AFEP/MEDEF Code of Corporate Governance of November 2015, which is the Company's reference code pursuant to Article L.225-37 of the French Commercial Code, after having examined the items of remuneration due or attributed, in respect of the fiscal year ended December 31, 2015, to Mr. Antonio Belloni and mentioned in Section 7, "Remuneration of senior executives", of the "*Management Report of the Board of Directors* – LVMH SE", §7.1 and 7.2 as regards fixed, variable and exceptional compensation, §7.2 as regards directors' fees and benefits in kind, §7.8 as regards the supplementary pension plan and §7.1 and 7.5 as regards allotments of performance shares (pages 58 and following of the Reference Document), and Section 1, §1.11 of the "*Report of the Chairman of the Board of Directors*" as regards the rules for attributing directors' fees (page 112 of the Reference Document), renders a favorable opinion on these items.

Seventeenth resolution
Authorization to be granted to the Board of Directors, for a period of 18 months, to trade in the Company's shares for a maximum purchase price of 300 euros per share, i.e. a maximum overall price of 15.2 billion euros

The Shareholders' Meeting, having examined the report of the Board of Directors, authorizes the latter, in accordance with the provisions of Articles L.225-209 *et seq.* of the French Commercial Code and of Commission Regulation (EC) 2273/2003 of December 22, 2003, to have the Company acquire its own shares.

In particular, shares may be acquired in order to:

(i) provide market liquidity or share liquidity services (purchases/sales) under a liquidity contract set up by the Company in compliance with the AMF-approved AMAFI ethics charter;

(ii) cover stock option plans, the granting of bonus shares or any other allocation of shares or share-based payment plans, benefiting employees or company officers of the Company or a related company under the conditions provided by the French Commercial Code, notably Articles L.225-180 and L.225-197-2;

(iii) cover securities giving access to the Company's shares, notably by way of conversion, tendering of a warrant, redemption or exchange;

(iv) be retired subject to the approval of the eighteenth resolution; or

(v) be held and later presented for consideration as an exchange or payment in connection with external growth operations.

The purchase price at which the Company may buy its own shares may not exceed 300 euros per share. In the event of a capital increase through the capitalization of reserves and the allotment of bonus shares as well as in cases of a stock split or reverse stock split, the purchase price indicated above will be adjusted by a multiplying coefficient equal to the ratio of the number of shares making up the Company's share capital before and after the operation.

The maximum number of shares that may be purchased shall not exceed 10% of the share capital, adjusted to reflect operations affecting the share capital occurring after this Meeting, with the understanding that if this authorization is used, (i) the number of treasury shares in the Company's possession will need to be taken into consideration so that the Company remains at all times within the limit for the number of treasury shares held, which must not exceed 10% of the share capital, and (ii) the number of treasury shares provided as consideration or exchanged in the context of a merger, spin-off or contribution operation may not exceed 5% of the share capital as of the date of the operation.

As of December 31, 2015, the limit of 10% of the share capital corresponded to 50,698,029 shares. The maximum total amount dedicated to these purchases may not exceed 15.2 billion euros.

The share acquisition transactions described above, as well as any sale or transfer of these shares, may be carried out by any method in compliance with applicable laws and regulations, including through the use of derivatives and through block purchases or sales.

All powers are granted to the Board of Directors to implement this authorization. The Board may delegate said powers to the Chief Executive Officer, or, where applicable, with the latter's consent, to a Group Managing Director under the conditions provided by law, in order to:

- decide to implement this authorization;
- set the terms and conditions according to which shall be protected, where applicable, the rights of the holders of securities giving access to the share capital, share subscription or purchase options, or performance share allocation rights in accordance with legal, regulatory or contractual provisions;
- place any stock market orders; enter into any contracts; sign any documents; enter into any agreements, particularly, for keeping records of stock purchases and sales, in accordance with applicable regulations;
- file any declarations, carry out any formalities and generally take any necessary action.

Unless it obtains prior authorization from the Shareholders' Meeting, the Board of Directors may not take the decision to use this delegation of authority as from the date at which a third party files a proposal for a tender offer for the shares of the Company; this restriction shall hold until the end of the offer period.

This authorization, which replaces the authorization granted by the Combined Shareholders' Meeting of April 16, 2015, is hereby granted for a period of eighteen months as of the date of this Meeting.

2. EXTRAORDINARY RESOLUTIONS

Eighteenth resolution
Authorization to be granted to the Board of Directors, for a period of 18 months, to reduce the share capital by retiring shares held by the Company subsequent to a repurchase of its own shares

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors,

1. authorizes the Board of Directors to reduce the share capital of the Company, on one or more occasions, by retiring shares acquired pursuant to the provisions of Article L.225-209 of the French Commercial Code;

2. grants this authorization for a period of eighteen months as of the date of this Meeting;

3. sets the maximum amount of the capital reduction that may be performed over a twenty-four month period to 10% of Company's current capital;

4. grants all powers to the Board of Directors to perform and record the capital reduction transactions, carry out all required acts and formalities, amend the Bylaws accordingly, and generally take any necessary action;

5. decides that this authorization shall replace that granted by the Combined Shareholders' Meeting of April 16, 2015.

Nineteenth resolution
Authorization to be granted to the Board of Directors, for a period of 26 months, to allot, as bonus shares, shares to be issued without preferential subscription rights for the shareholders, or existing shares, to employees and/or senior executive officers of the Company and affiliated entities, subject to a limit of 1% of the share capital

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of Articles 225-197-1 *et seq.* of the French Commercial Code,

1. authorizes the Board of Directors, at its sole discretion, to allot, on one or more occasions, to employees or senior executive officers of the Company or of its affiliated entities within the meaning of Article L.225-197-2 of the French Commercial Code, or to certain categories of them, existing or newly issued shares as bonus shares, with the understanding that the total amount of bonus shares allotted shall not exceed 1% of the Company's share capital as of the date of this Meeting, it being specified that the amount of this capital increase shall be offset against the overall ceiling of fifty (50) million euros defined in the twenty-third resolution passed by the Shareholders' Meeting of April 16, 2015;

2. grants this authorization for a period of twenty-six months as of the date of this Meeting;

3. decides that (i) share allotments shall vest after a minimum period of one year, and (ii) the Board of Directors shall have the capacity to extend the vesting period and/or set a holding period; the minimum cumulative length of vesting periods and, where applicable, holding periods may not be less than two years. However, share allotments shall vest before the end of the applicable vesting period in the event of beneficiary death or disability corresponding to a classification in the second or third category set forth in Article L.341-4 of the French Social Security Code, subject to conditions (performance-related, in particular) that shall be set by the Board of Directors. Moreover, in these cases, said shares shall be freely transferable;

4. decides that the vesting of the shares to senior executive officer beneficiaries shall be subject to meeting the performance conditions determined by the Board of Directors;

5. authorizes the Board of Directors to make, where applicable, during the vesting period, adjustments to the number of shares in connection with any transactions involving the share capital, so as to protect the rights of beneficiaries;

6. takes note that if the allotment involves shares to be issued, this authorization automatically entails, in favor of the beneficiaries of the bonus shares, a waiver by the shareholders of their preferential subscription rights;

7. decides, should this authorization be used, that the Board of Directors shall have all powers, including the capacity to subdelegate within legal limits, particularly in order to:

- draw up the lists of bonus share beneficiaries,
- set the conditions and, where applicable, criteria for allotment,
- make, where applicable, the vesting of all or a portion of the shares subject to one or more performance conditions that it shall determine,
- determine the vesting period and, where applicable, the holding period for the shares, it being understood that the Board of Directors shall be responsible, with respect to the shares allotted, where applicable, to senior executive officers as set forth in Article L.225-197-1, II subparagraph 4 of the French Commercial Code, either for deciding that those shares shall not be transferred by the parties concerned prior to the conclusion of their term of office, or for setting the number of those shares that they shall be required to hold in registered form until the conclusion of their term of office,
- set the dates from which the shares shall have dividend rights,
- decide whether it is necessary, in the event of operations impacting the share capital during the vesting period of the allotted shares, to adjust the number of allotted shares so as to preserve the rights of the beneficiaries and, in that case, decide on the terms of such an adjustment,

- carry out, if the allotment is of shares to be issued, the capital increases via capitalization of reserves or issue premiums of the Company that would be necessary at the time of vesting of the shares to their beneficiaries, set the dates as of which the new shares will have dividend rights, and amend the Bylaws accordingly,
- where applicable, record the capital increases, amend the Bylaws accordingly, and more generally take any necessary action;

8. decides that this authorization shall replace that granted by the Combined Shareholders' Meeting of April 16, 2015.

Twentieth resolution
Extension of the Company's term of existence and amendment of the Bylaws

The Shareholders' Meeting, after examining the report of the Board of Directors and taking note of the date of expiration of the Company's term of existence, set at December 31, 2021, hereby decides to pre-emptively extend the Company's term by 99 years as of January 1, 2017, i.e. until December 31, 2115, and consequently amends Article 5 of the Bylaws, which now reads as follows:

"Article 5 – Term

The term of the Company, which came into existence on January 1, 1923, shall expire on December 31, 2115, except in the event of early dissolution or extension as provided by these Bylaws."

STATUTORY AUDITORS' REPORT ON THE PROPOSED DECREASE IN SHARE CAPITAL

(Eighteenth resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Article L.225-209 of the French Commercial Code (*Code de commerce*) on the decrease in share capital by the cancellation of shares purchased, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed decrease in share capital.

Shareholders are requested to confer all necessary powers on the Board of Directors, during a period of eighteen months starting from the day of this Meeting, to cancel, up to a maximum of 10% of its share capital by 24-month period, the shares purchased by the Company pursuant to the authorization to purchase its own shares under the provisions of the above-mentioned Article.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux comptes*) applicable to this engagement. Our procedures consisted in verifying the fairness of the reasons for and the terms and conditions of the proposed decrease in share capital, which does not interfere with the equal treatment of shareholders.

We have no comments on the reasons for and the terms and conditions of the proposed decrease in share capital.

Neuilly-sur-Seine and Paris-La Défense, February 12, 2016

The Statutory Auditors

DELOITTE & ASSOCIÉS		ERNST & YOUNG et Autres	
Thierry Benoit	Guillaume Troussicot	Jeanne Boillet	Gilles Cohen

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

STATUTORY AUDITORS' REPORT ON THE GRANTING OF EXISTING BONUS SHARES OR BONUS SHARES TO BE ISSUED

(Nineteenth resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Article L.225-197-1 of the French Commercial Code (*Code de commerce*), we have prepared this report on the project to grant existing bonus shares or bonus shares to be issued to employees and senior executive officers of your Company and affiliated entities within the meaning of Article L.225-197-2 of the French Commercial Code, or to certain categories of employees and senior executive officers, a transaction on which you are being asked to vote.

The total amount of bonus shares issued shall not exceed 1% of your Company's share capital as of the date of this Shareholders' Meeting, it being specified that the amount of the capital increase will be deducted from the overall amount of 50 million euros set forth in the twenty-third resolution passed by the Shareholders' Meeting of April 16, 2015.

Based on its report, your Board of Directors proposes that you confer on it the authority to grant existing bonus shares or bonus shares to be issued for a period of twenty-six months.

It is the responsibility of your Board of Directors to prepare a report on the transaction that it wishes to carry out. Our role is to share our observations on the information provided to you regarding the proposed transaction.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux comptes*) applicable to this engagement. These procedures consisted in verifying more specifically that the proposed procedures and data presented in the Board of Directors' report comply with the legal provisions.

We have no matters to report on the information provided in the Board of Directors' report in connection with the proposed granting of bonus shares.

Neuilly-sur-Seine and Paris-La Défense, February 12, 2016

The Statutory Auditors

DELOITTE & ASSOCIÉS		ERNST & YOUNG et Autres	
Thierry Benoit	Guillaume Troussicot	Jeanne Boillet	Gilles Cohen

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

RESPONSIBLE COMPANY OFFICER; FINANCIAL INFORMATION

1. STATEMENT BY THE COMPANY OFFICER RESPONSIBLE FOR THE REFERENCE DOCUMENT

We declare, having taken all reasonable care to ensure that such is the case, that the information contained in this Reference Document is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

We declare that, to the best of our knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company and of all consolidated companies, and that the Management Report presented on page 23 gives a true and fair picture of the business performance, profit or loss and financial position of the parent company and of all consolidated companies as well as a description of the main risks and uncertainties faced by all of these entities.

We obtained an end-of-assignment letter from the Statutory Auditors, in which they indicate that they have verified the information relating to the financial position and the financial statements provided in this document, in addition to having read the document as a whole.

In their reports on the consolidated financial statements for fiscal years 2013 and 2014, the Statutory Auditors drew the shareholders' attention to the following points:

- in 2013, the impacts of the application of the amendments to IAS 19 on employee benefit commitments;
- in 2014, the modified presentation of income from joint ventures and associates (described in Note 1.2 to the consolidated financial statements), now presented in Profit from recurring operations, and the modified presentation of the cash flow statement (described in Note 1.4 to the consolidated financial statements), in which dividends received are now presented according to the nature of the underlying investments, and tax paid is now presented according to the nature of the transactions on which it arises.

Paris, March 23, 2016

Under delegation from the Chairman and Chief Executive Officer

Jean-Jacques GUIONY

Chief Financial Officer, Member of the Executive Committee

2. INFORMATION INCORPORATED BY REFERENCE

In application of Article 28 of European Commission Regulation (EC) No. 809/2004, the following information is incorporated by reference in this Reference Document:

- the 2014 consolidated financial statements, prepared in accordance with IFRS, accompanied by the report of the Statutory Auditors on these statements, included on pages 118-186 and 187-188, respectively, of the 2014 Reference Document, filed with the AMF on March 25, 2015 under the number D. 15-0199;
- the 2013 consolidated financial statements, prepared in accordance with IFRS, accompanied by the report of the Statutory Auditors on these statements, included on pages 120-189 and 190, respectively, of the 2013 Reference Document, filed with the AMF on March 19, 2014 under the number D. 14-0172;
- the developments in the Group's financial situation and in the results of its operations between the 2014 and 2013 fiscal years, presented on pages 24-45 of the 2014 Reference Document, filed with the AMF on March 25, 2015 under the number D. 15-0199;
- the developments in the Group's financial situation and in the results of its operations between the 2013 and 2012 fiscal years, presented on pages 24-48 of the 2013 Reference Document, filed with the AMF on March 19, 2014 under the number D. 14-0172;
- the 2014 parent company financial statements, prepared in accordance with French GAAP, accompanied by the report of the Statutory Auditors on these statements, included on pages 190-214 and 215-216, respectively, of the 2014 Reference Document, filed with the AMF on March 25, 2015 under the number D. 15-0199;
- the 2013 parent company financial statements, prepared in accordance with French GAAP, accompanied by the report of the Statutory Auditors on these statements, included on pages 192-214 and 215-216, respectively, of the 2013 Reference Document, filed with the AMF on March 19, 2014 under the number D. 14-0172;
- the Statutory Auditors' special report on related party agreements and commitments of the 2014 fiscal year, included on pages 217-219 of the 2014 Reference Document, filed with the AMF on March 25, 2015 under the number D. 15-0199;
- the Statutory Auditors' special report on related party agreements and commitments of the 2013 fiscal year, included on pages 217-218 of the 2013 Reference Document, filed with the AMF on March 19, 2014 under the number D. 14-0172.

The sections of the 2014 and 2013 reference documents that are not incorporated are either not relevant to investors or are included in the present document.

3. DOCUMENTS ON DISPLAY

The Bylaws of the company LVMH Moët Hennessy - Louis Vuitton are incorporated within this Reference Document. Other legal documents pertaining to the Company may be consulted at its headquarters under the conditions provided by law.

The Company's Reference Document filed by LVMH with the *Autorité des Marchés Financiers* (the French financial markets regulator), the press releases relating to revenue and earnings, as well as the annual and interim reports and the consolidated and parent company financial statements and information relating to transactions in treasury shares and the total number of voting rights and shares may be consulted on the Company's web site at the following address: www.lvmh.com.

TABLES OF CONCORDANCE

1. TABLE OF CONCORDANCE WITH HEADINGS PRESENTED IN ANNEX 1 OF COMMISSION REGULATION (EC) 809/2004

N/A: not applicable

N/A : not applicable

2. TABLE OF CONCORDANCE WITH THE ANNUAL FINANCIAL REPORT [a]

(a) Pursuant to Articles L.451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF's General Regulations.

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

The original French version of this document was submitted to the Autorité des Marchés Financiers on March 23, 2016 pursuant to Article 212-13 of its General Rules and Regulations. The original French version of this document may be used for the purposes of public capital and financial operations if it is supplemented by a transaction note approved by the Autorité des Marchés Financiers. The original French version of this document was prepared by the issuer, and its signatories are responsible for its content.

Design and production: Agence Marc Praquin

LVMH

MOËT HENNESSY . LOUIS VUITTON

For any information:
LVMH, 22 avenue Montaigne - 75008 Paris
Tel. +33 1 44 13 22 22 - Fax +33 1 44 13 21 19

www.lvmh.com