LVMH

MOËT HENNESSY • LOUIS VUITTON

DECEMBER 31, 2018

FINANCIAL STATEMENTS
CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

(EUR millions, except for earnings per share)	Notes	2018	2017 (1)(2)	2016 (1)
Revenue	23-24	**46,826**	**42,636**	**37,600**
Cost of sales		(15,625)	(14,783)	(13,039)
Gross margin		**31,201**	**27,853**	**24,561**
Marketing and selling expenses		(17,755)	(16,395)	(14,607)
General and administrative expenses		(3,466)	(3,162)	(2,931)
Income/(loss) from joint ventures and associates	7	23	(3)	3
Profit from recurring operations	23-24	**10,003**	**8,293**	**7,026**
Other operating income and expenses	25	(126)	(180)	(122)
Operating profit		**9,877**	**8,113**	**6,904**
Cost of net financial debt		(117)	(137)	(133)
Other financial income and expenses		(271)	78	(185)
Net financial income/(expense)	26	**(388)**	**(59)**	**(318)**
Income taxes	27	(2,499)	(2,214)	(2,133)
Net profit before minority interests		**6,990**	**5,840**	**4,453**
Minority interests	17	(636)	(475)	(387)
Net profit, Group share		**6,354**	**5,365**	**4,066**
Basic Group share of net earnings per share *(EUR)*	28	**12.64**	**10.68**	**8.08**
Number of shares on which the calculation is based		502,825,461	502,412,694	502,911,125
Diluted Group share of net earnings per share *(EUR)*	28	**12.61**	**10.64**	**8.06**
Number of shares on which the calculation is based		503,918,140	504,010,291	504,640,459

(1) The financial statements as of December 31, 2017 and December 31, 2016 have been restated to reflect the retrospective application with effect from January 1, 2016 of IFRS 9 Financial Instruments. See Note 1.2.
(2) The financial statements as of December 31, 2017 have been restated to reflect the final allocation of the purchase price of Christian Dior Couture. See Note 2.

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

(EUR millions)	Notes	2018	2017 (1)(2)	2016 (1)
Net profit before minority interests		**6,990**	**5,840**	**4,453**
Translation adjustments		274	(958)	78
Amounts transferred to income statement		(1)	18	-
Tax impact		15	(49)	(9)
	15.4, 17	**288**	**(989)**	**69**
Change in value of hedges of future foreign currency cash flows		3	372	47
Amounts transferred to income statement		(279)	(104)	(26)
Tax impact		79	(77)	(1)
		(197)	**191**	**20**
Change in value of the cost of hedging instruments		(271)	(91)	(273)
Amounts transferred to income statement		148	210	180
Tax impact		31	(35)	24
		(92)	**84**	**(69)**
Gains and losses recognized in equity, transferable to income statement		**(1)**	**(714)**	**20**
Change in value of vineyard land	6	8	(35)	30
Amounts transferred to consolidated reserves		-	-	-
Tax impact		(2)	82	108
		6	**47**	**138**
Employee benefit commitments: change in value resulting from actuarial gains and losses		28	57	(88)
Tax impact		(5)	(24)	17
		23	**33**	**(71)**
Gains and losses recognized in equity, not transferable to income statement		**29**	**80**	**67**
Comprehensive income		**7,018**	**5,206**	**4,540**
Minority interests		(681)	(341)	(433)
Comprehensive income, Group share		**6,337**	**4,865**	**4,107**

(1) The financial statements as of December 31, 2017 and December 31, 2016 have been restated to reflect the retrospective application with effect from January 1, 2016 of IFRS 9 Financial Instruments. See Note 1.2.
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CONSOLIDATED BALANCE SHEET

ASSETS *(EUR millions)*	Notes	**2018**	**2017** [1][2]	**2016** [1]
Brands and other intangible assets	3	17,254	16,957	13,335
Goodwill	4	13,727	13,837	10,401
Property, plant and equipment	6	15,112	13,862	12,139
Investments in joint ventures and associates	7	638	639	770
Non-current available for sale financial assets	8	1,100	789	744
Other non-current assets	9	986	869	777
Deferred tax	27	1,932	1,741	2,053
Non-current assets		**50,749**	**48,694**	**40,219**
Inventories and work in progress	10	12,485	10,888	10,546
Trade accounts receivable	11	3,222	2,736	2,685
Income taxes		366	780	280
Other current assets	12	2,868	2,919	2,342
Cash and cash equivalents	14	4,610	3,738	3,544
Current assets		**23,551**	**21,061**	**19,397**
Total assets		**74,300**	**69,755**	**59,616**

LIABILITIES AND EQUITY *(EUR millions)*	Notes	**2018**	**2017** [1][2]	**2016** [1]
Share capital	15.1	152	152	152
Share premium account	15.1	2,298	2,614	2,601
Treasury shares and LVMH share-settled derivatives	15.2	(421)	(530)	(520)
Cumulative translation adjustment	15.4	573	354	1,165
Revaluation reserves		875	1,111	799
Other reserves		22,462	19,903	18,125
Net profit, Group share		6,354	5,365	4,066
Equity, Group share		32,293	28,969	26,388
Minority interests	17	1,664	1,408	1,510
Equity		**33,957**	**30,377**	**27,898**
Long-term borrowings	18	6,005	7,046	3,932
Non-current provisions	19	2,430	2,484	2,342
Deferred tax	27	5,036	4,989	4,137
Other non-current liabilities	20	10,039	9,870	8,497
Non-current liabilities		**23,510**	**24,389**	**18,908**
Short-term borrowings	18	5,027	4,530	3,447
Trade accounts payable	21.1	5,314	4,539	4,184
Income taxes		538	763	428
Current provisions	19	369	404	352
Other current liabilities	21.2	5,585	4,753	4,399
Current liabilities		**16,833**	**14,989**	**12,810**
Total liabilities and equity		**74,300**	**69,755**	**59,616**

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(2) The financial statements as of December 31, 2017 have been restated to reflect the final allocation of the purchase price of Christian Dior Couture. See Note 2.

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 and cost of hedging	Vineyard land	Employee benefit commit-ments		Group share	Minority interests	Total
Notes		15.1		15.2	15.4							17	
As of December 31, 2015	**507,139,110**	**152**	**2,579**	**(241)**	**1,137**	**103**	**(10)**	**965**	**(107)**	**19,762**	**24,340**	**1,460**	**25,800**
Impact of changes in accounting standards[(1)]	-	-	-	-	-	(103)	(61)	-	-	160	(4)	-	(4)
As of January 1, 2016, after restatement	**507,139,110**	**152**	**2,579**	**(241)**	**1,137**	**-**	**(71)**	**965**	**(107)**	**19,922**	**24,336**	**1,460**	**25,796**
Gains and losses recognized in equity					28	-	(44)	113	(56)	-	41	46	87
Net profit										4,066	4,066	387	4,453
Comprehensive income		**-**	**-**	**-**	**28**	**-**	**(44)**	**113**	**(56)**	**4,066**	**4,107**	**433**	**4,540**
Stock option plan-related expenses										39	39	2	41
(Acquisition)/disposal of treasury shares and LVMH share-settled derivatives				(321)						(21)	(342)	-	(342)
Exercise of LVMH share subscription options	907,929		64								64	-	64
Retirement of LVMH shares	(920,951)		(42)	42							-	-	-
Capital increase in subsidiaries											-	41	41
Interim and final dividends paid										(1,811)	(1,811)	(272)	(2,083)
Changes in control of consolidated entities										(5)	(5)	22	17
Acquisition and disposal of minority interests' shares										(58)	(58)	(34)	(92)
Purchase commitments for minority interests' shares										58	58	(142)	(84)
As of December 31, 2016	**507,126,088**	**152**	**2,601**	**(520)**	**1,165**	**-**	**(115)**	**1,078**	**(163)**	**22,190**	**26,388**	**1,510**	**27,898**
Gains and losses recognized in equity					(811)	-	245	36	30	-	(500)	(134)	(634)
Net profit										5,365	5,365	475	5,840
Comprehensive income		**-**	**-**	**-**	**(811)**	**-**	**245**	**36**	**30**	**5,365**	**4,865**	**341**	**5,206**
Stock option plan-related expenses										55	55	7	62
(Acquisition)/disposal of treasury shares and LVMH share-settled derivatives				(50)						(11)	(61)	-	(61)
Exercise of LVMH share subscription options	708,485		53								53	-	53
Retirement of LVMH shares	(791,977)		(40)	40							-	-	-
Capital increase in subsidiaries											-	44	44
Interim and final dividends paid										(2,110)	(2,110)	(261)	(2,371)
Changes in control of consolidated entities										(6)	(6)	114	108
Acquisition and disposal of minority interests' shares										(86)	(86)	(56)	(142)
Purchase commitments for minority interests' shares										(129)	(129)	(291)	(420)
As of December 31, 2017	**507,042,596**	**152**	**2,614**	**(530)**	**354**	**-**	**130**	**1,114**	**(133)**	**25,268**	**28,969**	**1,408**	**30,377**
Gains and losses recognized in equity					219	-	(259)	3	20	-	(17)	45	28
Net profit										6,354	6,354	636	6,990
Comprehensive income		**-**	**-**	**-**	**219**	**-**	**(259)**	**3**	**20**	**6,354**	**6,337**	**681**	**7,018**
Stock option plan-related expenses										78	78	4	82
(Acquisition)/disposal of treasury shares and LVMH share-settled derivatives				(256)						(26)	(282)	-	(282)
Exercise of LVMH share subscription options	762,851		49							-	49	-	49
Retirement of LVMH shares	(2,775,952)		(365)	365						-	-	-	-
Capital increase in subsidiaries										-	-	50	50
Interim and final dividends paid										(2,715)	(2,715)	(345)	(3,060)
Changes in control of consolidated entities										(9)	(9)	41	32
Acquisition and disposal of minority interests' shares										(22)	(22)	(19)	(41)
Purchase commitments for minority interests' shares										(112)	(112)	(156)	(268)
As of December 31, 2018	**505,029,495**	**152**	**2,298**	**(421)**	**573**	**-**	**(129)**	**1,117**	**(113)**	**28,816**	**32,293**	**1,664**	**33,957**

(1) The financial statements as of December 31, 2017 and December 31, 2016 have been restated to reflect the retrospective application with effect from January 1, 2016 of IFRS 9 Financial Instruments. See Note 1.2.

CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	Notes	2018	2017 (1)(2)	2016 (1)
I. OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		9,877	8,113	6,904
Income/(loss) and dividends from joint ventures and associates	7	5	25	18
Net increase in depreciation, amortization and provisions		2,302	2,376	2,143
Other computed expenses		(141)	(43)	(177)
Other adjustments		(78)	(66)	(155)
Cash from operations before changes in working capital		**11,965**	**10,405**	**8,733**
Cost of net financial debt: interest paid		(113)	(129)	(122)
Tax paid		(2,275)	(2,790)	(1,923)
Net cash from operating activities before changes in working capital		**9,577**	**7,486**	**6,688**
Change in working capital	14.2	(1,087)	(514)	(512)
Net cash from operating activities		**8,490**	**6,972**	**6,176**
Operating investments	14.3	(3,038)	(2,276)	(2,265)
Net cash from operating activities and operating investments (free cash flow)		**5,452**	**4,696**	**3,911**
II. FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets[a]	8	(445)	(125)	(28)
Proceeds from sale of non-current available for sale financial assets	8	45	87	91
Dividends received	8	18	13	55
Tax paid related to non-current available for sale financial assets and consolidated investments		(2)	-	(461)
Impact of purchase and sale of consolidated investments	2.4	(17)	(6,306)	310
Net cash from (used in) financial investments		**(401)**	**(6,331)**	**(33)**
III. TRANSACTIONS RELATING TO EQUITY				
Capital increases of LVMH SE	15.1	49	53	64
Capital increases of subsidiaries subscribed by minority interests	17	41	44	41
Acquisition and disposals of treasury shares and LVMH share-settled derivatives	15.2	(295)	(67)	(352)
Interim and final dividends paid by LVMH SE	15.3	(2,715)	(2,110)	(1,859)
Tax paid related to interim and final dividends paid		(36)	388	(145)
Interim and final dividends paid to minority interests in consolidated subsidiaries	17	(339)	(260)	(267)
Purchase and proceeds from sale of minority interests	2.4	(236)	(153)	(95)
Net cash from (used in) transactions relating to equity		**(3,531)**	**(2,105)**	**(2,613)**
Change in cash before financing activities		**1,520**	**(3,740)**	**1,265**
IV. FINANCING ACTIVITIES				
Proceeds from borrowings	18.1	1,529	5,931	913
Repayment of borrowings	18.1	(2,174)	(1,760)	(2,181)
Purchase and proceeds from sale of current available for sale financial assets[a]	13	(147)	92	(104)
Net cash from (used in) financing activities	14.2	**(792)**	**4,263**	**(1,372)**
V. EFFECT OF EXCHANGE RATE CHANGES		**67**	**(242)**	**54**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		**795**	**281**	**(53)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14.1	**3,618**	**3,337**	**3,390**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14.1	**4,413**	**3,618**	**3,337**
TOTAL TAX PAID		**(2,314)**	**(2,402)**	**(2,529)**

(a) The cash impact of non-current available for sale financial assets used to hedge net financial debt (see Note 18) is presented under "IV. Financing activities", as "Purchase and proceeds from sale of current available for sale financial assets".

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(2) The financial statements as of December 31, 2017 have been restated to reflect the final allocation of the purchase price of Christian Dior Couture. See Note 2.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The notes to the financial statements as of December 31, 2017 and December 31, 2016 have been restated to reflect the retrospective application with effect from January 1, 2016 of IFRS 9 Financial Instruments. See Note 1.2.
The notes to the financial statements as of December 31, 2017 have been restated to reflect the final allocation of the purchase price of Christian Dior Couture. See Note 2.

1. ACCOUNTING POLICIES

1.1 General framework and environment

The consolidated financial statements for the fiscal year ended December 31, 2018 were established in accordance with the international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on December 31, 2018. These standards and interpretations have been applied consistently to the fiscal years presented. The consolidated financial statements for fiscal year 2018 were approved by the Board of Directors on January 29, 2019.

1.2 Changes in the accounting framework applicable to LVMH

Standards, amendments and interpretations for which application became mandatory in 2018

IFRS 15 on revenue recognition was applied prospectively as of January 1, 2018. Its application did not have any significant impact on the Group's financial statements, due to the nature of the Group's business activities. Pursuant to IFRS 15, the provision for product returns, which was previously deducted from trade receivables (see Note 1.25), is now presented within "Other current liabilities" (see Note 21.2).

IFRS 9 on financial instruments was applied retrospectively with effect from January 1, 2016. The Group's financial statements for the comparative periods, including the Notes to these financial statements, were restated. The impact of the application of IFRS 9 within the Group is mainly related to the change in the method used to recognize the cost of hedging (option premiums and forward points associated with forward contracts) and in the revaluation at market value of available for sale financial assets.

The cost of hedging is now recognized as follows:

- for foreign exchange hedges that are commercial in nature, the changes in the value of forward points associated with forward contracts and in the time value component of options are included in gains and losses recognized directly in equity. The cost of the forward contracts (forward points) and of the options (premiums) is transferred to "Other financial income and expenses" upon realization of the hedged transaction;
- for hedges that are financial in nature or tied to the Group's investment portfolio, expenses and income arising from discounts or premiums are recognized in "Borrowing costs" on a pro rata basis over the term of the hedging instruments. The cash flow impact of expenses and income arising from forward points is presented under "Cost of net financial debt: interest paid". The difference between the amounts recognized in "Net financial income/(expense)" and the change in the market value of forward points is included in gains and losses recognized in equity. The market value of hedges that are financial in nature or tied to the Group's investment portfolio are now presented under "Net financial debt" (see Note 18).

The Group has opted to present the change in market value of available for sale financial assets under "Net financial income/(expense)" (within "Other financial income and expenses") for all shares held in the portfolio during the reported periods.

The following tables present the impact of the retrospective application of IFRS 9 on the Group's financial statements as of January 1, 2016; December 31, 2016; and December 31, 2017.

Impact on the balance sheet

(EUR millions)	As of Jan. 1, 2016	As of Dec. 31, 2016	As of Dec. 31, 2017
Deferred tax	(4)	(5)	(2)
Total assets	**(4)**	**(5)**	**(2)**
Revaluation reserves, of which:	(165)	(249)	(362)
Available for sale financial assets	(104)	(125)	(311)
Ineffective portion of hedges	(61)	(124)	(51)
Other reserves	161	244	357
Equity, Group share	**(4)**	**(5)**	**(5)**
Minority interests		-	-
Equity	**(4)**	**(5)**	**(5)**
Deferred tax	-	-	3
Total liabilities and equity	**(4)**	**(5)**	**(2)**

Impact on the income statement

(EUR millions)	**As of Dec. 31, 2016**	**As of Dec. 31, 2017**
Borrowing costs	(66)	(58)
Income from cash, cash equivalents and current available for sale financial assets	-	-
Fair value adjustment of borrowings and interest rate hedges	16	(16)
Cost of net financial debt	**(50)**	**(74)**
Dividends received from non-current available for sale financial assets	-	-
Ineffective portion of foreign exchange derivatives	143	(44)
Net gain/(loss) related to available for sale financial assets and other financial instruments	22	241
Other items, net	-	-
Other financial income and expenses	**165**	**197**
Net financial income/(expense)	**115**	**123**
Income taxes	(24)	(22)
Net profit before minority interests	**91**	**101**
Minority interests	(6)	10
Net profit, Group share	**85**	**111**

Impact on the consolidated statement of comprehensive gains and losses

(EUR millions)	**As of Dec. 31, 2016**	**As of Dec. 31, 2017**
Net profit before minority interests	**91**	**101**
Change in value of available for sale financial assets	(18)	(274)
Amounts transferred to income statement	(4)	33
Tax impact	(1)	57
	(23)	**(184)**
Change in value of the ineffective portion of hedging instruments	(273)	(92)
Amounts transferred to income statement	180	210
Tax impact	24	(35)
	(69)	**83**
Gains and losses recognized in equity, transferable to income statement	**(92)**	**(101)**
Comprehensive income	**(1)**	**-**
Minority interests	2	(4)
Comprehensive income, Group share	**1**	**(4)**

Impact on the consolidated cash flow statement

(EUR millions)	**As of Dec. 31, 2016**	**As of Dec. 31, 2017**
Cost of net financial debt: interest paid	(63)	(58)
Net cash from operating activities and operating investments (free cash flow)	**(63)**	**(58)**
Net cash from/(used in) financing activities	**(36)**	**187**
Effect of exchange rate changes	**99**	**(129)**

Other changes in the accounting framework and standards for which application will become mandatory later than January 1, 2019

At the end of 2016, the Group launched its project for the implementation of IFRS 16 relating to leases, which applies to accounting periods beginning on or after January 1, 2019. When entering into a lease involving fixed payments, this standard requires that a liability be recognized in the balance sheet, measured at the discounted present value of future lease payments and offset against a right-of-use asset amortized over the lease term.

IFRS 16 will be applied as of January 1, 2019, using what is known as the "modified retrospective" transition method, under which a liability is recognized at the transition date for an amount equal to the present value of the residual lease payments alone, offset against a right-of-use asset adjusted for the amount of prepaid lease payments or within accrued expenses; all the impacts of the transition will be deducted from equity. The standard provides for various simplification measures during the transition phase; in particular, the Group has opted to apply the measures allowing it to exclude leases with a residual term of less than twelve months, exclude leases of low-value assets, continue applying the same treatment to leases that qualify as finance leases under IAS 17, and not capitalize costs directly related to signing leases.

The amount of the liability depends quite heavily on the assumptions used for the lease term and discount rate. The lease term used to calculate the liability is the term of the initially negotiated lease, not taking into account any early termination or extension options, except in special circumstances. The discount rate is determined in the same way as the total of the risk-free rate for the lease currency, with respect to the lease term, and the Group's credit risk for this same reference currency and term.

The Group has implemented a dedicated IT solution to gather lease data and run the calculations required by the standard. The Group is in the process of completing its inventory of leases and gathering the information required to calculate the liability at the transition date. The impact on the balance sheet of the initial application of IFRS 16 will be between 11 and 13 billion euros, compared with 12.6 billion euros in lease commitments as of December 31, 2018 (see Note 30). Most leases are related to the Group's retail premises. Such leases are actively managed and directly linked to the conduct of Group companies' business and their distribution strategy.

If the modified retrospective transition method is applied, the standard prohibits the restatement of comparative fiscal years. Nevertheless, the Group plans to prepare restated data for 2018 for its financial communication requirements. Moreover, given the importance of leases to the Group's activities, and in order to present consistent performance indicators, independently of the fixed or variable nature of lease payments, specific indicators will be used for internal performance monitoring requirements and financial communication purposes; in particular, capitalized fixed lease payments will be deducted in their entirety from cash flow in order to calculate the aggregate entitled "Operating free cash flow". In correlation, the liability for capitalized leases will be excluded from the definition of net financial debt.

The impact of applying IFRS 16 on profit from recurring operations and net profit will not be significant.

The impact of the application of IFRIC 23 – Uncertainty over Income Tax Treatments – with effect from January 1, 2019 is being assessed.

The Group is following the 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.

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 include the following:

- 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 that date;
- foreign currency translation of the financial statements of subsidiaries outside the eurozone: 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 the 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" comprises income statement items, which – due to their nature, amount or frequency – may not be considered inherent to the Group's recurring operations or its profit from recurring operations. This caption reflects in particular the impact of changes in the scope of consolidation, the impairment of goodwill and the impairment and amortization of brands and trade names, as well as any significant amount relating to the impact of certain unusual transactions, such as 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. In addition:

- 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.

1.5 Use of estimates

For the purpose of preparing the consolidated financial statements, the 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), the measurement of purchase commitments for minority interests' shares (see Notes 1.12 and 20), and the determination of the amount of provisions for contingencies and losses (see Note 19) or for impairment of inventories (see Notes 1.16 and 10) and, if applicable, deferred tax assets (see Note 27). Such hypotheses, estimates or other forms of judgment made on the basis of the information available or the situation prevailing at the date at which the financial statements are prepared may subsequently prove different from 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), on 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).

The consolidation on an individual or collective basis of companies that are not consolidated (see "Companies not included in the scope of consolidation") would not have a significant impact on the Group's main aggregates.

1.7 Foreign currency translation of the financial statements of entities outside the eurozone

The consolidated financial statements are presented in euros; the financial statements of entities presented 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 fiscal year-end. 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 intra-Group 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 intra-Group 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 used to hedge commercial, financial or investment transactions are recognized in the balance sheet at their market value (see Note 1.9) at the balance sheet date. Changes in the value of the effective portions of these derivatives are recognized as follows:

- for hedges that are commercial in nature:
  - within cost of sales for hedges of receivables and payables recognized in the balance sheet at the end of the period,
  - within equity under "Revaluation reserves" for hedges of future cash flows; this amount is transferred to cost of sales upon recognition of the hedged assets and liabilities;
- for hedges that are tied to the Group's investment portfolio (hedging the net worth of subsidiaries whose functional currency is not the euro), within equity under "Cumulative translation adjustment"; this amount is transferred to the income statement upon the sale or liquidation (whether partial or total) of the subsidiary whose net worth is hedged;
- for hedges that are financial in nature, within "Net financial income/(expense)", under "Other financial income and expenses".

Changes in the value of these derivatives related to forward points associated with forward contracts, as well as in the time value component of options, are recognized as follows:

- for hedges that are commercial in nature, within equity under "Revaluation reserves". The cost of the forward contracts (forward points) and of the options (premiums) is transferred to "Other financial income and expenses" upon realization of the hedged transaction;
- for hedges that are tied to the Group's investment portfolio or financial in nature, expenses and income arising from discounts or premiums are recognized in "Borrowing costs" on a pro rata basis over the term of the hedging instruments. The difference between the amounts recognized in "Net financial income/(expense)" and the change in the value of forward points is recognized in equity under "Revaluation reserves".

Market value changes of derivatives not designated as hedges are recorded within net financial income/(expense).

See also Note 1.21 for the definition of the concepts of effective and ineffective portions, and Note 1.2 on the impact of the initial retrospective application as of January 1, 2016 of IFRS 9 Financial Instruments.

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 in the balance sheet 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
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. Unquoted 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
Cash and cash equivalents (SICAV and FCP funds)	Based on the liquidation value at the balance sheet date. See Note 1.18.	Note 14

No other assets or liabilities have been remeasured at market value at the balance sheet date.

1.10 Brands 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 forecast discounted cash flow method, or based on comparable transactions (i.e. using the revenue and net profit coefficients employed for recent transactions involving similar brands) or 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 overall positioning in its market expressed in terms of volume of activity, international presence and reputation;
- 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 5 to 20 years, depending on their estimated period of use.

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 has been made to launch the product.

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, websites: one to five years.

1.11 Changes in ownership interests 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; 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' shares

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", or in "Other current liabilities" if the minority shareholder has provided notice of exercising its put option before the fiscal year-end;
- 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 are 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 the market value falls below the acquisition cost, the resulting impairment is charged to the income statement.

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 are depreciated on a straight-line basis over their estimated useful lives; the following useful lives are applied:

- 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 (particularly following major changes in the asset's operating conditions), 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, such as 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 the management of the business segments concerned. Detailed forecasts cover a five-year period, which may be extended for brands undergoing strategic repositioning or whose production cycle exceeds 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. Discount rates are set for each business group with reference to companies engaged in comparable businesses. 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. When several forecast scenarios are developed, the probability of occurrence of each scenario is assessed.

1.15 Available for sale financial assets

Available for sale 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 (presented in "Other current assets"; see Note 12) 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 fiscal year-end date in the case of quoted investments, and in the case of unquoted investments at their estimated net realizable value, assessed either according to formulas based on market data or based on private quotations at the fiscal year-end date.

Positive or negative changes in value are recognized under "Net financial income/(expense)" (within "Other financial income and expenses") for all shares held in the portfolio during the reported periods. See Note 1.2 on the impact of the initial retrospective application as of January 1, 2016 of IFRS 9 Financial Instruments.

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, including 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 on a pro rata basis, in line with the estimated yield and market value.

Inventories are valued using either the weighted average cost or the 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, expiration date approaching, 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 amortized cost, which corresponds to their face value. Impairment is recognized for the portion of loans and receivables not covered by credit insurance when such receivables are recorded, in the amount of the losses expected upon maturity. This reflects the probability of counterparty default and the expected loss rate, measured using historical statistical data, information provided by credit bureaus, or ratings by credit rating agencies, depending on the specific case.

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 fiscal year-end 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. See also Notes 1.23 and 19.

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), under “Fair value adjustment of borrowings and interest rate hedges”. See Note 1.9 regarding the measurement of hedged borrowings at market value. Interest income and expenses related to hedging instruments are recognized within net financial income/(expense), under “Borrowing costs”.

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).

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 non-current available for sale financial assets used to hedge financial debt, current available for sale financial assets, cash and cash equivalents, in addition to the market value at that date of foreign exchange derivatives related to any of the aforementioned items.

See also Note 1.2 on the impact of the initial retrospective application as of January 1, 2016 of IFRS 9 Financial Instruments.

1.21 Derivatives

The Group enters into derivative transactions as part of its strategy for hedging foreign exchange, interest rate and gold price risks.

To hedge against commercial, financial and investment foreign exchange risk, the Group uses options, forward contracts, foreign exchange swaps and cross-currency swaps. The time value of options, the forward point component of forward contracts and foreign exchange swaps, as well as the foreign currency basis spread component of cross-currency swaps are systematically excluded from the hedge relation. Consequently, only the intrinsic value of the instruments is considered a hedging instrument. Regarding hedged items (future foreign currency cash flows, commercial or financial liabilities and accounts receivable in foreign currencies, subsidiaries’ equity denominated in a functional currency other than the euro), only their change in value in respect of foreign exchange risk is considered a hedged item. As such, aligning the hedging instruments’ main features (nominal values, currencies, maturities) with those of the hedged items makes it possible to perfectly offset changes in value.

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 commonly used valuation models.

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 plans related to retirement bonuses, pensions, contribution to medical costs and other commitments entail the payment by the Group of contributions to third-party organizations that assume sole responsibility for subsequently paying such retirement benefits, pensions or contributions to medical costs, these contributions are expensed in the fiscal year in which they fall due, with no liability recorded on the balance sheet.

When the payment of retirement bonuses, pensions, contributions to medical costs and other commitments is to be borne by the Group, a provision is recorded in the balance sheet in the amount of the corresponding actuarial commitment. 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 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 partially or fully 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 the 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 (including e-commerce websites) 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 mainly concern the Wines and Spirits businesses, as well as certain Perfumes and Cosmetics and Watches and Jewelry brands. The Group recognizes revenue when title transfers to third-party customers.

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 is reduced by the estimated amount of such returns, and a provision is recognized within "Other current liabilities" (see Notes 1.2 and 21.2), along with a corresponding entry made to inventories. The estimated rate of returns is based on historical statistical data.

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.

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 within marketing and selling expenses 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 for the recipients 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 any cash-settled compensation plans index-linked to the change in the 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 outstanding during the fiscal year, 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 OWNERSHIP INTERESTS IN CONSOLIDATED ENTITIES

2.1 Fiscal year 2018

In the second half of 2018, LVMH acquired the 20% stake in the share capital of Fresh that it did not own; the price paid generated the recognition of a final goodwill, previously recorded under "Goodwill arising on purchase commitments for minority interests' shares".

2.2 Fiscal year 2017

Christian Dior Couture

On July 3, 2017, as part of the project aimed at simplifying the structures of the Christian Dior – LVMH group and in accordance with the terms of the memorandum of understanding concluded with Christian Dior on April 24, 2017, LVMH acquired 100% of Christian Dior Couture from Christian Dior for 6.0 billion euros. As of that date, Christian Dior directly and indirectly held 41.0% of the share capital and 56.8% of the voting rights of LVMH.

The scope acquired includes Grandville (wholly owned by Christian Dior) and its subsidiary, Christian Dior Couture. The price paid was determined on the basis of an enterprise value of 6.5 billion euros, representing 15.6 times the adjusted EBITDA for the 12-month period ended March 2017.

The acquisition of Christian Dior Couture allowed one of the world's most iconic brands to join LVMH, alongside Parfums Christian Dior, which was already part of the LVMH group. On the strength of its history and its favorable prospects, Christian Dior Couture is a source of growth for LVMH. Christian Dior Couture's expansion in the coming years will be supported in particular by its creative momentum and by the significant investments already made, especially in the Americas, China and Japan.

The following table details the final allocation of the purchase price paid by LVMH on July 3, 2017, the date of acquisition of the controlling interest:

(EUR millions)	Provisional purchase price allocation	Change	Final purchase price allocation
Brand and other intangible assets	361	3,243	3,604
Property, plant and equipment	952	661	1,613
Other non-current assets	59	-	59
Non-current provisions	(32)	(10)	(42)
Current assets	649	(22)	627
Current liabilities	(519)	-	(519)
Net financial debt	(385)	-	(385)
Deferred tax	69	(1,196)	(1,127)
Net assets acquired	**1,154**	**2,676**	**3,830**
Indirect minority interests	(9)	-	(9)
Net assets, Group share	**1,145**	**2,676**	**3,821**
Goodwill	4,855	(2,676)	2,179
Carrying amount of shares held as of July 3, 2017	**6,000**	**-**	**6,000**

The Christian Dior Couture brand was valued primarily using the relief from royalty method and secondarily using the excess earnings method. The value determined – 3,500 million euros – corresponds to the high end of the average range of values obtained using these methods. Final goodwill, in the amount of 2,179 million euros, represents the internationally renowned expertise and creativity of Christian Dior Couture in the fields of fashion, leather goods and jewelry, as well as its capacity to draw on a highly quality-driven network of directly-operated stores in prime locations.

The balance sheet and income statement as of December 31, 2017, including the notes to the financial statements, were restated to reflect the final allocation of the purchase price of Christian Dior Couture. Aside from the impact on the balance sheet presented in the table above, restated net profit for the 2017 fiscal year includes 124 million euros in deferred tax income arising from the impact on long-term deferred tax of the decrease in the corporate income tax rate in France, as stipulated in the 2018 Budget Act, related to the Christian Dior brand and to the revaluation of property, plant and equipment.

In 2017, the Christian Dior Couture acquisition generated an outflow of 5,782 million euros, net of cash acquired in the amount of 218 million euros. The transaction was funded through a number of bond issues, in a total amount of 5 billion euros, together with commercial paper for the remainder (see Note 18 to the 2017 consolidated financial statements).

The acquisition costs for Christian Dior Couture were recognized in "Other operating income and expenses" and totaled 6 million euros as of December 31, 2017 (see Note 25).

For the second half of fiscal year 2017, Christian Dior Couture had consolidated revenue of 1,183 million euros and its profit from recurring operations totaled 236 million euros. For 2017 as a whole, Christian Dior Couture had consolidated revenue of 2,230 million euros, for profit from recurring operations of 353 million euros.

Christian Dior Couture has been consolidated as part of the Fashion and Leather Goods business group since July 2017. If the acquisition date for Christian Dior Couture had been January 1, 2017, the Group would have had consolidated revenue of 43,683 million euros in 2017 and profit from recurring operations for the year would have been 8,410 million euros, with net profit of 5,189 million euros.

Rimowa

On January 23, 2017, pursuant to the transaction agreement announced on October 4, 2016, LVMH acquired an 80% stake in Rimowa – the luggage and leather goods maker founded in Cologne in 1898 and known for its innovative, high-quality luggage – with effect from January 2, 2017 and for consideration of 640 million euros. The 20% of the share capital that has not been acquired is covered by a put option granted by LVMH, exercisable from 2020. The 71 million euro difference in value between the purchase commitment (recorded in "Other non-current liabilities"; see Note 20) and minority interests was deducted from consolidated reserves. Rimowa has been fully consolidated within the Fashion and Leather Goods business group since January 2017.

The following table details the final allocation of the purchase price paid by LVMH:

(EUR millions)	**Final purchase price allocation**
Brand	475
Intangible assets and property, plant and equipment	145
Other non-current assets	5
Non-current provisions	(31)
Current assets	119
Current liabilities	(62)
Net financial debt	(57)
Deferred tax	(150)
Net assets acquired	**444**
Minority interests (20%)	(89)
Net assets, Group share (80%)	**355**
Goodwill	285
Carrying amount of shares held as of January 2, 2017	**640**

In 2017, Rimowa had consolidated revenue of 417 million euros and profit from recurring operations of 9 million euros.

The Rimowa brand, amounting to 475 million euros, was valued using the relief from royalty method. Goodwill, recognized in the amount of 285 million euros, is representative of Rimowa's expertise and capacity to innovate, for which it is internationally renowned in the sector of high-quality luggage.

The acquisition costs for Rimowa were recognized in "Other operating income and expenses"; in 2017, these totaled 1 million euros, in addition to acquisition costs totaling 3 million euros recognized in 2016 (see Note 25).

In 2017, the Rimowa acquisition generated an outflow of 615 million euros, net of cash acquired in the amount of 25 million euros.

Loro Piana

In February 2017, following the partial exercise of the put option held by the Loro Piana family for Loro Piana shares, LVMH acquired an additional 5% stake in the company, bringing its ownership interest to 85%. The difference between the acquisition price and minority interests was deducted from equity.

2.3 Fiscal year 2016

2.3.1 Fashion and Leather Goods

Donna Karan

On December 1, 2016, pursuant to the agreement signed on July 22, 2016, LVMH sold Donna Karan International to G-III Apparel Group. The sale was made based on an enterprise value of 650 million US dollars, translating to a provisional sale price of 542 million US dollars after adjustments and deducting Donna Karan's borrowings with LVMH. LVMH granted G-III Apparel Group a vendor loan for 125 million US dollars (recorded under "Other non-current assets"; see Note 9) and received the equivalent of 75 million US dollars in G-III shares (recorded under "Non-current available for sale financial assets"; see Note 8). In addition, the 129 million US dollars in financing granted to Donna Karan by LVMH was repaid by G-III Apparel Group. In 2016, the impact of the sale of Donna Karan International on the Group's net profit was a gain of 44 million euros.

LVMH Métiers d'Arts

In December 2016, following the exercise of the put option held by its partner, LVMH Métiers d'Arts acquired an additional 35% stake in the Heng Long tannery (Singapore), bringing its ownership interest to 100%. The difference between the acquisition price and minority interests was deducted from equity.

2.3.2 Selective Retailing

In November 2016, following the exercise of the put option held by its partner, Sephora acquired an additional 35% stake in Ile de Beauté (Russia), bringing its ownership interest to 100%. The difference between the acquisition price and minority interests was deducted from equity.

2.4 Impact on net cash and cash equivalents of changes in ownership interests in consolidated entities

(EUR millions)	2018	2017	2016
Purchase price of consolidated investments and of minority interests' shares	(258)	(6,971)	(254)
Positive cash balance/(net overdraft) of companies acquired	5	251	5
Proceeds from sale of consolidated investments	-	80	354
(Positive cash balance)/net overdraft of companies sold	-	181	110
Impact of changes in ownership interests in consolidated entities on net cash and cash equivalents	**(253)**	**(6,459)**	**215**
Of which: purchase and proceeds from sale of consolidated investments	*(17)*	*(6,306)*	*310*
purchase and proceeds from sale of minority interests	*(236)*	*(153)*	*(95)*

In 2018, the impact on net cash and cash equivalents of changes in ownership interests in consolidated entities mainly arose from the purchase of minority interests in Fresh and in various distribution subsidiaries, particularly in the Middle East.

In 2017, the impact on net cash and cash equivalents of changes in ownership interests in consolidated entities mainly arose from the acquisition of Christian Dior Couture (5,782 million euro impact) and of Rimowa (615 million euro impact).

In 2016, the impact on net cash and cash equivalents of changes in ownership interests in consolidated entities mainly arose from the sale of Donna Karan International (435 million euro impact).

3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

(EUR millions)			2018	2017	2016
	Gross	Amortization and impairment	Net	Net	Net
Brands	14,292	(696)	13,596	13,515	9,773
Trade names	3,851	(1,586)	2,265	2,176	2,440
License rights	94	(81)	13	14	16
Leasehold rights	893	(450)	443	398	338
Software, websites	1,903	(1,359)	544	459	362
Other	977	(584)	393	395	406
Total	**22,010**	**(4,756)**	**17,254**	**16,957**	**13,335**

3.1 Changes during the fiscal year

The net amounts of brands, trade names and other intangible assets changed as follows during the fiscal year:

Gross value *(EUR millions)*	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	Total
As of December 31, 2017	**14,184**	**3,692**	**1,661**	**858**	**989**	**21,384**
Acquisitions	-	-	177	88	272	537
Disposals and retirements	-	-	(82)	(10)	(126)	(218)
Changes in the scope of consolidation	40	-	-	1	1	42
Translation adjustment	68	159	23	3	15	268
Reclassifications	-	-	124	(47)	(80)	(3)
As of December 31, 2018	**14,292**	**3,851**	**1,903**	**893**	**1,071**	**22,010**

Amortization and impairment *(EUR millions)*	**Brands**	**Trade names**	**Software, websites**	**Leasehold rights**	**Other intangible assets**	**Total**
As of December 31, 2017	**(669)**	**(1,516)**	**(1,202)**	**(460)**	**(580)**	**(4,427)**
Amortization expense	(18)	(1)	(221)	(60)	(148)	(448)
Impairment expense	-	-	-	(2)	(7)	(9)
Disposals and retirements	-	-	80	10	126	216
Changes in the scope of consolidation	-	-	-	-	(1)	(1)
Translation adjustment	(9)	(69)	(15)	(1)	(7)	(101)
Reclassifications	-	-	(1)	63	(48)	14
As of December 31, 2018	**(696)**	**(1,586)**	**(1,359)**	**(450)**	**(665)**	**(4,756)**
Carrying amount as of December 31, 2018	**13,596**	**2,265**	**544**	**443**	**406**	**17,254**

3.2 Changes during prior fiscal years

Carrying amount *(EUR millions)*	**Brands**	**Trade names**	**Software, websites**	**Leasehold rights**	**Other intangible assets**	**Total**
As of December 31, 2015	**10,204**	**2,370**	**319**	**334**	**345**	**13,572**
Acquisitions	-	-	136	47	257	440
Disposals and retirements	-	-	(1)	(1)	-	(2)
Changes in the scope of consolidation	(364)	-	(2)	(5)	14	(357)
Amortization expense	(23)	(1)	(155)	(39)	(130)	(348)
Impairment expense	(34)	-	-	(2)	-	(36)
Translation adjustment	(10)	71	5	(1)	2	67
Reclassifications	-	-	60	5	(66)	(1)
As of December 31, 2016	**9,773**	**2,440**	**362**	**338**	**422**	**13,335**
Acquisitions	-	-	180	31	245	456
Disposals and retirements	-	-	(1)	(3)	-	(4)
Changes in the scope of consolidation	3,981	-	13	85	13	4,092
Amortization expense	(26)	(1)	(177)	(47)	(149)	(400)
Impairment expense	(50)	-	(2)	-	(1)	(53)
Translation adjustment	(163)	(263)	(23)	(7)	(20)	(476)
Reclassifications	-	-	107	1	(101)	7
As of December 31, 2017	**13,515**	**2,176**	**459**	**398**	**409**	**16,957**

Changes in the scope of consolidation in fiscal year 2017 were mainly related to the acquisitions of Christian Dior Couture and Rimowa. See Note 2.

3.3 Brands and trade names

The breakdown of brands and trade names by business group is as follows:

(EUR millions)			2018	2017	2016
	Gross	Amortization and impairment	Net	Net	Net
Wines and Spirits	857	(140)	717	715	752
Fashion and Leather Goods	8,843	(363)	8,480	8,439	4,470
Perfumes and Cosmetics	681	(52)	629	642	656
Watches and Jewelry	3,633	(73)	3,560	3,507	3,682
Selective Retailing	3,804	(1,539)	2,265	2,176	2,440
Other activities	325	(115)	210	212	213
Brands and trade names	**18,143**	**(2,282)**	**15,861**	**15,691**	**12,213**

The brands and trade names recognized are those that the Group has acquired. As of December 31, 2018, the principal acquired brands and trade names were:

- Wines and Spirits: Veuve Clicquot, Krug, Château d'Yquem, Belvedere, Glenmorangie, Newton Vineyards and Numanthia Termes;
- Fashion and Leather Goods: Louis Vuitton, Fendi, Celine, Loewe, Givenchy, Kenzo, Pink Shirtmaker, Berluti, Pucci, Loro Piana, Rimowa and Christian Dior Couture;
- Perfumes and Cosmetics: Parfums Christian Dior, Guerlain, Parfums Givenchy, Make Up For Ever, Benefit Cosmetics, Fresh, Acqua di Parma, KVD Beauty, Fenty 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 Échos-Investir, the daily newspaper Le Parisien-Aujourd'hui en France, the Royal Van Lent-Feadship brand, La Samaritaine, and the Cova pastry shop brand.

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 closing date for 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.

See also Note 5 for the impairment testing of brands, trade names and other intangible assets with indefinite useful lives.

4. GOODWILL

(EUR millions)			2018	2017	2016
	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	10,389	(1,735)	8,654	8,538	6,115
Goodwill arising on purchase commitments for minority interests' shares	5,073	-	5,073	5,299	4,286
Total	**15,462**	**(1,735)**	**13,727**	**13,837**	**10,401**

Changes in net goodwill during the fiscal years presented break down as follows:

(EUR millions)			2018	2017	2016
	Gross	Impairment	Net	Net	Net
As of January 1	**15,446**	**(1,609)**	**13,837**	**10,401**	**10,122**
Changes in the scope of consolidation	45	-	45	2,605	(44)
Changes in purchase commitments for minority interests' shares	(126)	-	(126)	1,008	348
Changes in impairment	-	(100)	(100)	(51)	(97)
Translation adjustment	97	(26)	71	(126)	72
As of December 31	**15,462**	**(1,735)**	**13,727**	**13,837**	**10,401**

Changes in the scope of consolidation in 2017 were mainly attributable to the acquisitions of Christian Dior Couture and Rimowa.

The impact of changes in the scope of consolidation in 2016 mainly arose from the sale of Donna Karan International.

See also Note 2 for the impact of changes in the scope of consolidation and Note 20 for goodwill arising on purchase commitments for minority interests' shares.

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 are tested for impairment at least once a year. No significant impairment expense was recognized in respect of these items during the course of fiscal year 2018. 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 each fiscal year. The main assumptions used to determine these forecast cash flows are as follows:

(as %)				2018			2017			2016
	Discount rate		Annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Discount rate Post-tax	Annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Discount rate Post-tax	Annual growth rate for revenue during the plan period	Growth rate for the period after the plan
	Post-tax	Pre-tax								
Wines and Spirits	6.5 to 11.0	9.7 to 16.4	5.7	2.0	6.5 to 11.0	5.9	2.0	6.5 to 11.0	6.0	2.0
Fashion and Leather Goods	8.0 to 10.5	13.9 to 15.7	9.7	2.0	8.0 to 10.5	6.6	2.0	9.3 to 10.5	6.8	2.0
Perfumes and Cosmetics	7.4 to 10.1	11.0 to 15.1	8.9	2.0	7.4 to 10.1	9.3	2.0	7.4 to 10.1	9.6	2.0
Watches and Jewelry	9.0 to 10.4	13.4 to 15.5	8.3	2.0	9.0 to 10.4	6.9	2.0	9.0 to 10.4	9.9	2.0
Selective Retailing	7.3 to 9.4	10.9 to 14.0	9.8	2.0	7.3 to 8.3	8.2	2.0	7.3 to 9.4	7.7	2.0
Other	6.5 to 9.3	9.7 to 13.9	4.5	2.0	6.5 to 7.3	8.4	2.0	6.5 to 7.5	4.4	2.0

Plans generally cover a five-year period, but may be prolonged up to ten years in the case of brands for which the production cycle exceeds five years or brands undergoing strategic repositioning. The 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.

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, 2018, the intangible assets with indefinite useful lives that are the most significant in terms of their carrying amounts and the criteria used for 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 plan *(as %)*	Period covered by the forecast cash flows
Christian Dior	3,500	2,179	5,679	9.3	2.0	5 years
Louis Vuitton	2,058	482	2,540	8.0	2.0	5 years
Loro Piana [(a)]	1,300	1,048	2,348	N/A	N/A	N/A
Fendi	713	404	1,117	9.3	2.0	5 years
Bvlgari	2,100	1,547	3,647	9.0	2.0	5 years
TAG Heuer	1,101	209	1,310	9.0	2.0	5 years
DFS Galleria	1,999	10	2,009	9.4	2.0	5 years

(a) For impairment testing purposes, the fair value of Loro Piana was determined by applying the share price multiples of comparable companies to Loro Piana's consolidated operating results. The change in multiples resulting from a 10% decrease in the market capitalization of comparable companies or the operating profit of Loro Piana would not generate an impairment risk for Loro Piana's intangible assets.
N/A: Not applicable.

As of December 31, 2018, for the business segments listed above (with the exception of Lora Piana, see Note (a) above), a change of 0.5 points in the post-tax discount rate or in the growth rate for the period after the plan, compared to rates used as of December 31, 2018, or a reduction of 2 points in the 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, three have disclosed intangible assets with a carrying amount close to their recoverable amount. Impairment tests relating to intangible assets with indefinite useful lives in these business segments have been carried out based on value in use. The amount of these intangible assets as of December 31, 2018 and 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, 2018, break down as follows:

(EUR millions)	Amount of intangible assets concerned as of 12/31/2018	Amount of impairment if:		
		Post-tax discount rate increases by 0.5 points	Annual growth rate for revenue decreases by 2 points	Growth rate for the period after the plan decreases by 0.5 points
Watches and Jewelry	15	(3)	(2)	(1)
Other business groups	359	(17)	(13)	(14)
Total	**374**	**(20)**	**(15)**	**(15)**

As of December 31, 2018, the gross and net values of brands, trade names and goodwill giving rise to amortization and/or impairment charges in 2018 were 644 million euros and 467 million euros, respectively (546 million and 222 million euros as of December 31, 2017). See Note 25 regarding the amortization and impairment expense recorded during the fiscal year.

6. PROPERTY, PLANT AND EQUIPMENT

(EUR millions)	2018			2017	2016
	Gross	Depreciation and impairment	Net	Net	Net
Land	2,921	(83)	2,838	2,374	1,305
Vineyard land and producing vineyards[(a)]	2,584	(111)	2,473	2,432	2,474
Buildings	4,130	(1,838)	2,292	2,052	1,735
Investment property	637	(35)	602	763	855
Leasehold improvements, machinery and equipment	12,739	(8,661)	4,078	3,971	3,417
Assets in progress	1,238	(1)	1,237	785	950
Other property, plant and equipment	2,074	(482)	1,592	1,485	1,403
Total	**26,323**	**(11,211)**	**15,112**	**13,862**	**12,139**
Of which: assets held under finance leases	*495*	*(212)*	*283*	*267*	*307*
historical cost of vineyard land and producing vineyards	*791*	*(111)*	*680*	*648*	*646*

(a) Almost all of the carrying amount of "Vineyard land and producing vineyards" corresponds to vineyard land.

6.1 Changes during the fiscal year

Changes in property, plant and equipment during the fiscal year broke 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 property, plant and equipment	Total
				Stores	Production, logistics	Other			
As of December 31, 2017	**2,538**	**6,169**	**819**	**7,889**	**2,572**	**1,286**	**786**	**1,932**	**23,991**
Acquisitions	25	473	70	604	162	82	1,074	114	2,604
Change in the market value of vineyard land	8	-	-	-	-	-	-	-	8
Disposals and retirements	(1)	(61)	(6)	(407)	(60)	(54)	(2)	(26)	(617)
Changes in the scope of consolidation	-	-	-	3	1	4	-	-	8
Translation adjustment	(1)	101	15	153	6	20	4	9	307
Other movements, including transfers	15	369	(261)	390	75	13	(624)	45	22
As of December 31, 2018	**2,584**	**7,051**	**637**	**8,632**	**2,756**	**1,351**	**1,238**	**2,074**	**26,323**

Depreciation and impairment *(EUR millions)*	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other property, plant and equipment	Total
				Stores	Production, logistics	Other			
As of December 31, 2017	**(106)**	**(1,742)**	**(56)**	**(5,207)**	**(1,689)**	**(880)**	**(2)**	**(447)**	**(10,129)**
Depreciation expense	(6)	(192)	(2)	(946)	(172)	(127)	-	(67)	(1,512)
Impairment expense	-	(2)	-	2	(1)	-	-	(2)	(3)
Disposals and retirements	1	61	6	404	57	53	1	29	612
Changes in the scope of consolidation	-	-	-	(1)	-	(1)	-	-	(2)
Translation adjustment	-	(34)	(1)	(108)	(5)	(15)	-	(7)	(170)
Other movements, including transfers	-	(12)	18	(51)	-	26	-	12	(7)
As of December 31, 2018	**(111)**	**(1,921)**	**(35)**	**(5,907)**	**(1,810)**	**(944)**	**(1)**	**(482)**	**(11,211)**
Carrying amount as of December 31, 2018	**2,473**	**5,130**	**602**	**2,725**	**946**	**407**	**1,237**	**1,592**	**15,112**

"Other property, plant and equipment" includes in particular the works of art owned by the Group.

Purchases of property, plant and equipment mainly include investments by the Group's brands – notably Sephora, Louis Vuitton, DFS, Parfums Christian Dior, Bvlgari and Christian Dior Couture – in their retail networks. They also include investments by the champagne houses, Hennessy, Louis Vuitton and Parfums Christian Dior in their production equipment; investments related to the La Samaritaine and Jardin d'Acclimatation projects; and various real estate investments.

The impact of marking vineyard land to market was 1,793 million euros as of December 31, 2018 (1,785 million euros as of December 31, 2017; 1,829 million euros as of December 31, 2016). 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 at least 0.8 billion euros as of December 31, 2018. The valuation methods used are based on market data.

6.2 Changes during prior fiscal years

Carrying amount *(EUR millions)*	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other property, plant and equipment	Total
				Stores	Production, logistics	Other			
As of December 31, 2015	**2,441**	**2,921**	**562**	**2,171**	**666**	**339**	**755**	**1,302**	**11,157**
Acquisitions	3	214	285	574	93	56	768	157	2,150
Disposals and retirements	-	(1)	-	(1)	(4)	(1)	(1)	2	(6)
Depreciation expense	(6)	(155)	(6)	(772)	(134)	(125)	-	(76)	(1,274)
Impairment expense	(1)	(2)	-	9	(1)	-	(4)	(2)	(1)
Change in the market value of vineyard land	30	-	-	-	-	-	-	-	30
Changes in the scope of consolidation	-	31	-	(14)	(4)	(2)	-	-	11
Translation adjustment	-	(27)	2	34	(3)	3	9	5	23
Other movements, including transfers	7	59	12	395	68	70	(577)	15	49
As of December 31, 2016	**2,474**	**3,040**	**855**	**2,396**	**681**	**340**	**950**	**1,403**	**12,139**
Acquisitions	9	150	-	556	157	85	800	132	1,889
Disposals and retirements	-	(3)	-	(3)	(3)	(2)	(11)	6	(16)
Depreciation expense	(7)	(172)	(5)	(858)	(179)	(135)	-	(66)	(1,422)
Impairment expense	1	(1)	-	(4)	-	-	(1)	-	(5)
Change in the market value of vineyard land	(35)	-	-	-	-	-	-	-	(35)
Changes in the scope of consolidation	-	1,283	-	307	56	37	66	21	1,770
Translation adjustment	(16)	(132)	(57)	(179)	(17)	(17)	(34)	(22)	(474)
Other movements, including transfers	6	262	(30)	467	188	98	(986)	11	16
As of December 31, 2017	**2,432**	**4,427**	**763**	**2,682**	**883**	**406**	**784**	**1,485**	**13,862**

Changes in the scope of consolidation in fiscal year 2017 were mainly related to the acquisitions of Christian Dior Couture and Rimowa (see Note 2).

Purchases of property, plant and equipment in fiscal years 2016 and 2017 included investments by the Group's brands in their retail networks, investments by the champagne houses and Hennessy in their production equipment, as well as, for 2017, investments related to the La Samaritaine project and, for 2016, investments in real estate for administrative use, sales operations or rental purposes.

7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(EUR millions)	2018				2017		2016	
	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	**647**	**(8)**	**639**	***273***	**770**	***362***	**729**	***353***
Share of net profit (loss) for the period	23	-	23	*12*	(3)	*2*	3	*4*
Dividends paid	(28)	-	(28)	*(9)*	(22)	*(8)*	(21)	*(8)*
Changes in the scope of consolidation	(18)	8	(10)	*2*	(82)	*(84)*	27	*-*
Capital increases subscribed	3	-	3	*1*	5	*3*	4	*3*
Translation adjustment	7	-	7	*-*	(33)	*(7)*	7	*(1)*
Other, including transfers	4	-	4	*(1)*	4	*5*	21	*11*
Share of net assets of joint ventures and associates as of December 31	**638**	**-**	**638**	***278***	**639**	***273***	**770**	***362***

As of December 31, 2018, investments in joint ventures and associates consisted primarily of:

- For joint arrangements, a 50% stake in the Château Cheval Blanc wine estate (Gironde, France), which produces the eponymous Saint-Émilion Grand Cru Classé A.
- For other companies:

- a 40% stake in Mongoual SA, the real estate company that owns the office building in Paris (France) that serves as the head office of LVMH Moët Hennessy - Louis Vuitton;
- a 45% stake in PT. Sona Topas Tourism Industry Tbk (STTI), an Indonesian retail company, which notably holds duty-free sales licenses in airports;
- a 46% stake in JW Anderson, a London-based ready-to-wear brand;
- a 40% stake in L Catterton Management, an investment fund management company created in December 2015 in partnership with Catterton.

Repossi – an Italian jewelry brand in which the Group had taken a 41.7% stake, which was acquired in November 2015 and accounted for using the equity method until December 31, 2017 – is now fully consolidated, following the acquisition of an additional stake in the company, raising the Group's ownership interest from 41.7% to 68.9%.

Changes in the scope of consolidation in 2017 were mainly related to the disposal of the stake in De Beers Diamond Jewellers and to the change in the consolidation method for Les Ateliers Horlogers Dior SA, which is now fully consolidated, due to the acquisition of Christian Dior Couture. See Note 2.

8. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

Non-current available for sale financial assets changed as follows during the fiscal years presented:

(EUR millions)	2018	2017	2016
As of January 1	**789**	**744**	**574**
Acquisitions	450	125	147
Disposals at net realized value	(45)	(85)	(44)
Changes in market value[a]	(101)	101	(20)
Changes in the scope of consolidation	-	5	67
Translation adjustment	16	(43)	20
Reclassifications	(9)	(58)	-
As of December 31	**1,100**	**789**	**744**

(a) Recognized within "Net financial income/(expense)".

Acquisitions in fiscal year 2018 included in particular, for 274 million euros, the impact of the acquisition of Belmond shares (see Notes 18 and 30), as well as, for 87 million euros, the impact of subscription of securities in investment funds and purchases of minority interests.

Acquisitions in fiscal year 2017 included, for 64 million euros, the impact of subscription of securities in investment funds.

Acquisitions in fiscal year 2016 included the 120 million euro impact of non-current available for sale financial assets used to hedge cash-settled convertible bonds issued during the period (see Note 18.1). The impact of changes in the scope of consolidation corresponded to the stake in G-III Apparel Group received as partial payment of the selling price of Donna Karan International (see Note 2).

The market value of non-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.

9. OTHER NON-CURRENT ASSETS

(EUR millions)	2018	2017	2016
Warranty deposits	379	320	295
Derivatives[a]	257	246	168
Loans and receivables	303	264	288
Other	47	39	26
Total	**986**	**869**	**777**

(a) See Note 22.

10. INVENTORIES AND WORK IN PROGRESS

(EUR millions)			2018	2017	2016
	Gross	Impairment	Net	Net	Net
Wines and *eaux-de-vie* in the process of aging	4,796	(12)	4,784	4,517	4,281
Other raw materials and work in progress	2,105	(405)	1,700	1,370	1,225
	6,901	(417)	6,484	5,887	5,506
Goods purchased for resale	2,316	(225)	2,091	1,767	1,819
Finished products	4,852	(942)	3,910	3,234	3,221
	7,168	(1,167)	6,001	5,001	5,040
Total	**14,069**	**(1,584)**	**12,485**	**10,888**	**10,546**

See Note 1.16.

The change in net inventories for the fiscal years presented breaks down as follows:

(EUR millions)			2018	2017	2016
	Gross	Impairment	Net	Net	Net
As of January 1	**12,426**	**(1,538)**	**10,888**	**10,546**	**10,096**
Change in gross inventories	1,722	-	1,722	1,006	819
Impact of provision for returns[(a)]	7	-	7	11	(4)
Impact of marking harvests to market	16	-	16	(21)	(19)
Changes in provision for impairment	-	(285)	(285)	(339)	(377)
Changes in the scope of consolidation	29	(4)	25	237	(62)
Translation adjustment	140	(31)	109	(550)	93
Other, including reclassifications	(271)	274	3	(2)	-
As of December 31	**14,069**	**(1,584)**	**12,485**	**10,888**	**10,546**

(a) See Note 1.25.

The impact of marking harvests to market on Wines and Spirits' cost of sales and value of inventory is as follows:

(EUR millions)	2018	2017	2016
Impact of marking the fiscal year's harvest to market	41	5	13
Impact of inventory sold during the fiscal year	(25)	(26)	(32)
Net impact on cost of sales of the fiscal year	**16**	**(21)**	**(19)**
Net impact on the value of inventory as of December 31	**126**	**110**	**131**

See Notes 1.9 and 1.16 on the method of marking harvests to market.

11. TRADE ACCOUNTS RECEIVABLE

(EUR millions)	2018	2017	2016
Trade accounts receivable, nominal amount	3,302	3,079	2,979
Provision for impairment	(78)	(78)	(66)
Provision for product returns[(a)]	(2)	(265)	(228)
Net amount	**3,222**	**2,736**	**2,685**

(a) See Note 1.25. See also Note 1.2.

The change in trade accounts receivable for the fiscal years presented breaks down as follows:

(EUR millions)			2018	2017	2016
	Gross	Impairment	Net	Net	Net
As of January 1	**2,814**	**(78)**	**2,736**	**2,685**	**2,521**
Changes in gross receivables	179	-	179	134	122
Changes in provision for impairment	-	(1)	(1)	(11)	(1)
Changes in provision for product returns[(a)]	7	-	7	(43)	5
Changes in the scope of consolidation	5	-	5	141	(16)
Translation adjustment	24	-	24	(154)	46
Reclassifications[(a)]	271	1	272	(16)	8
As of December 31	**3,300**	**(78)**	**3,222**	**2,736**	**2,685**

(a) See Note 1.25. See also Note 1.2.

The trade accounts receivable balance is comprised essentially 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, 2018, coverage of customer credit risk had been requested from insurers for the majority of trade receivables, approximately 84% of the amount of which was granted, versus 91% as of December 31, 2017 and 90% as of December 31, 2016.

As of December 31, 2018, the breakdown of the nominal amount of trade receivables and of provisions for impairment by age was as follows:

(EUR millions)		Nominal amount of receivables	Impairment	Net amount of receivables
Not due:	- less than 3 months	2,690	(16)	2,674
	- more than 3 months	146	(9)	137
		2,836	(25)	2,811
Overdue:	- less than 3 months	340	(5)	335
	- more than 3 months	126	(50)	76
		466	(55)	411
Total		**3,302**	**(80)**	**3,222**

For each of the fiscal years presented, no single customer accounted for more than 10% of the Group's consolidated revenue.

The present value of trade accounts receivable is identical to their carrying amount.

12. OTHER CURRENT ASSETS

(EUR millions)	2018	2017	2016
Current available for sale financial assets[a]	666	515	374
Derivatives[b]	123	496	261
Tax accounts receivable, excluding income taxes	895	747	620
Advances and payments on account to vendors	216	203	191
Prepaid expenses	430	396	379
Other receivables	538	562	517
Total	**2,868**	**2,919**	**2,342**

(a) See Note 13.
(b) See Note 22.

13. CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	2018	2017	2016
Unlisted securities, shares in non-money-market SICAVs and funds	-	-	-
Listed securities and term deposits	666	515	374
Total	**666**	**515**	**374**
Of which: historical cost of current available for sale financial assets	*576*	*344*	*351*

The net value of current available for sale financial assets changed as follows during the fiscal years presented:

(EUR millions)	2018	2017	2016
As of January 1	**515**	**374**	**385**
Acquisitions	311	112	151
Disposals at net realized value	(164)	(181)	(181)
Changes in market value[a]	3	156	19
Changes in the scope of consolidation	-	-	-
Translation adjustment	1	(4)	-
Reclassifications	-	58	-
As of December 31	**666**	**515**	**374**

(a) Recognized within "Net financial income/(expense)".

The market value of current available for sale financial assets is determined using the methods described in Note 1.9. See Note 22.2 for the breakdown of current available for sale financial assets according to the measurement methods used.

14. CASH AND CHANGE IN CASH

14.1 Cash and cash equivalents

(EUR millions)	2018	2017	2016
Term deposits (less than 3 months)	654	708	520
SICAV and FCP funds	192	194	668
Ordinary bank accounts	3,764	2,836	2,356
Cash and cash equivalents per balance sheet	**4,610**	**3,738**	**3,544**

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)	2018	2017	2016
Cash and cash equivalents	4,610	3,738	3,544
Bank overdrafts	(197)	(120)	(207)
Net cash and cash equivalents per cash flow statement	**4,413**	**3,618**	**3,337**

14.2 Change in working capital

The change in working capital breaks down as follows for the fiscal years presented:

(EUR millions)	Notes	2018	2017	2016
Change in inventories and work in progress	10	(1,722)	(1,006)	(819)
Change in trade accounts receivable	11	(179)	(134)	(122)
Change in balance of amounts owed to customers		8	2	9
Change in trade accounts payable	21	715	257	235
Change in other receivables and payables		91	367	185
Change in working capital[(a)]		**(1,087)**	**(514)**	**(512)**

(a) Increase/(Decrease) in cash and cash equivalents.

14.3 Operating investments

Operating investments comprise the following elements for the fiscal years presented:

(EUR millions)	Notes	2018	2017	2016
Purchase of intangible assets	3	(537)	(456)	(440)
Purchase of property, plant and equipment[(a)]	6	(2,604)	(1,889)	(2,150)
Deduction of purchase under finance lease		14	6	204
Changes in accounts payable related to fixed asset purchases		137	40	125
Net cash used in purchases of fixed assets		**(2,990)**	**(2,299)**	**(2,261)**
Net cash from fixed asset disposals		10	26	6
Guarantee deposits paid and other cash flows related to operating investments		(58)	(3)	(10)
Operating investments[(b)]		**(3,038)**	**(2,276)**	**(2,265)**

(a) Including finance lease acquisitions.
(b) Increase/(Decrease) in cash and cash equivalents.

15. EQUITY

15.1 Share capital and share premium account

As of December 31, 2018, the share capital consisted of 505,029,495 fully paid-up shares (507,042,596 as of December 31, 2017 and 507,126,088 as of December 31, 2016), with a par value of 0.30 euros per share, including 231,834,011 shares with double voting rights (229,656,385 as of December 31, 2017 and 229,432,106 as of December 31, 2016). 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:

(Number of shares or EUR millions)				2018	2017	2016
	Number			Amount	Amount	Amount
		Share capital	Share premium account	Total		
As of January 1	**507,042,596**	**152**	**2,614**	**2,766**	**2,753**	**2,731**
Exercise of share subscription options	762,851	-	49	49	53	64
Retirement of shares	(2,775,952)	-	(365)	(365)	(40)	(42)
As of December 31	**505,029,495**	**152**	**2,298**	**2,450**	**2,766**	**2,753**

15.2 LVMH treasury shares

The portfolio of LVMH treasury shares is allocated as follows:

(Number of shares or EUR millions)		2018	2017	2016
	Number	Amount	Amount	Amount
Share subscription option plans	413,606	20	57	98
Bonus share plans	1,354,798	302	122	90
Shares held for stock option and similar plans [(a)]	**1,768,404**	**322**	**179**	**188**
Liquidity contract	97,000	25	23	15
Shares pending retirement	270,000	74	328	317
LVMH treasury shares	**2,135,404**	**421**	**530**	**520**

(a) See Note 16 regarding stock option and similar plans.

The market value of LVMH shares held under the liquidity contract as of December 31, 2018 amounted to 25 million euros.

The portfolio movements of LVMH treasury shares during the fiscal year were as follows:

(Number of shares or EUR millions)	Number	Amount	Impact on cash
As of December 31, 2017	**4,281,097**	**530**	
Share purchases [(a)]	2,017,130	544	(544)
Vested bonus shares	(459,741)	(39)	-
Retirement of shares	(2,775,952)	(365)	-
Disposals at net realized value [(a)]	(927,130)	(249)	249
Gain/(loss) on disposal		-	-
As of December 31, 2018	**2,135,404**	**421**	**(295)**

(a) Purchases and sales of LVMH shares mainly related to the management of the liquidity contract.

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 the distributable reserves of the parent company, after deducting applicable withholding tax and the value attributable to treasury shares.

As of December 31, 2018, the distributable amount was 15,287 million euros; after taking into account the proposed dividend distribution in respect of the 2018 fiscal year, it was 13,267 million euros.

(EUR millions, except for data per share in EUR)	**2018**	**2017**	**2016**
Interim dividend for the current fiscal year (2018: 2.00 euros; 2017: 1.60 euros; 2016: 1.40 euros)	1,010	811	710
Impact of treasury shares	(4)	(7)	(6)
Gross amount disbursed for the fiscal year	**1,006**	**804**	**704**
Final dividend for the previous fiscal year (2017: 3.40 euros; 2016: 2.60 euros)	1,717	1,319	1,115
Impact of treasury shares	(8)	(13)	(9)
Gross amount disbursed for the previous fiscal year	**1,709**	**1,306**	**1,106**
Total gross amount disbursed during the period [(a)]	**2,715**	**2,110**	**1,810**

(a) Excluding the impact of tax regulations applicable to the recipient.

The final dividend for fiscal year 2018, as proposed at the Shareholders' Meeting of April 18, 2019, is 4.00 euros per share, representing a total of 2,020 million euros before deduction of the amount attributable to treasury shares held at the ex-dividend date.

15.4 Cumulative translation adjustment

The change in the translation adjustment recognized under the Group share of equity, net of hedging effects of net assets denominated in foreign currency, breaks down as follows by currency:

(EUR millions)	**2018**	**Change**	**2017**	**2016**
US dollar	293	154	139	508
Swiss franc	632	104	528	762
Japanese yen	109	40	69	96
Hong Kong dollar	354	38	316	493
Pound sterling	(115)	(8)	(107)	(85)
Other currencies	(250)	(80)	(170)	(94)
Foreign currency net investment hedges [(a)]	(450)	(29)	(421)	(515)
Total, Group share	**573**	**219**	**354**	**1,165**

(a) Including -141 million euros with respect to the US dollar (-130 million euros as of December 31, 2017 and -169 million euros as of December 31, 2016), -117 million euros with respect to the Hong Kong dollar (-117 million euros as of December 31, 2017 and -135 million euros as of December 31, 2016), and -193 million euros with respect to the Swiss franc (-180 million euros as of December 31, 2017 and -214 million euros as of December 31, 2016). These amounts include the tax impact.

15.5 Strategy relating to the Group's financial structure

The Group believes that the management of its financial structure, together with the development of the companies it owns and the management of its brand portfolio, helps create value 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 to seize opportunities and procure the resources 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

At the Shareholders' Meeting of April 13, 2017, the shareholders renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2019, 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.

As of December 31, 2018, this authorization had not been used by the Board of Directors.

No share subscription option or purchase plans have been set up since 2010.

One share subscription option plan, with outstanding options remaining, remained in effect as of December 31, 2018. This plan is valid for ten years; options may be exercised after a four-year period, with one option giving the right to one share.

Bonus share plans

At the Shareholders' Meeting of April 12, 2018, the shareholders renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2020, to grant existing or newly issued shares as bonus shares to Group company employees or senior executives, on one or more occasions, in an amount not to exceed 1% of the Company's share capital on the date of this authorization.

For the plans set up in 2014 and 2015, bonus shares and (if performance conditions are met) bonus performance shares (i) vest to recipients who are French residents for tax purposes after a three-year period, which is followed by a two-year holding period during which recipients may not sell their shares and (ii) vest to recipients who are not French residents for tax purposes and become freely transferable after a period of four years.

For the plans set up since 2016, bonus shares and (if performance conditions are met) bonus performance shares vest to all recipients after a three-year period and are freely transferable once they have vested. However, as an exception, the vesting period applicable to shares granted on April 13, 2017 is one year (which is followed by a two-year holding period during which recipients may not sell their shares) and those applicable to certain performance shares granted on July 26, 2017; October 25, 2017; January 25, 2018; and April 12, 2018 are between three and seven years.

Performance conditions

In addition to the condition under which recipients must still be with the Group, the exercise of options granted on May 14, 2009 and the vesting of bonus shares under certain plans are subject to conditions related to LVMH's financial performance, which must be met in order for recipients to be entitled to them. Options may only be exercised and shares only vest if LVMH's consolidated financial statements for one or more fiscal years (specified for each plan) show a positive change compared to a reference fiscal year (set for each plan) with respect to one or more of the following indicators: the Group's profit from recurring operations, net cash from operating activities and operating investments, and current operating margin. This concerns the following plans and fiscal years:

Plan commencement date	Type of plan	Shares/options awarded if there is a positive change in one of the indicators between fiscal years
May 14, 2009	Share subscription options	2009 and 2008; 2010 and 2008 (a)
October 23, 2014	Bonus shares	2015 and 2014
April 16, 2015	"	2015 and 2014
October 22, 2015	"	2016 and 2015; 2017 and 2015
October 20, 2016	"	2017 and 2016; 2018 and 2016
April 13, 2017	"	2017 and 2016
October 25, 2017	"	2018 and 2017; 2019 and 2017
April 12, 2018	"	2019 and 2018; 2020 and 2018
October 25, 2018	"	2019 and 2018; 2020 and 2018

(a) As an exception, for senior executive officers, options vest only if there is a positive change in at least one of the three indicators in respect of at least three of the following four fiscal years: 2009, 2010, 2011 and 2012.

The bonus shares granted on July 26, 2017, as well as certain bonus shares granted on October 25, 2017; January 25, 2018; and April 12, 2018 are subject to conditions specifically related to the performance of a subsidiary, which are based partly on the subsidiary's consolidated revenue and consolidated profit from recurring operations, and partly (for some subsidiaries) on qualitative criteria.

Impact of the distribution of Hermès shares on stock option and similar plans

In order to protect the holders of share subscription options and bonus shares, at the Shareholders' Meeting of November 25, 2014 the shareholders authorized the Board of Directors to adjust the number and exercise price of the share subscription options that had not been exercised before December 17, 2014, as well as the number of bonus shares that had not yet vested as of that date. Consequently, the number of share subscription options and bonus shares concerned was increased by 11.1%, while the exercise price of these options was reduced by 9.98%. Since the sole aim of these adjustments was to maintain the gain obtained by the recipients at the level attained prior to the distribution, they had no effect on the consolidated financial statements.

16.2 Share subscription option plans

The following table presents the main characteristics of the share subscription option plans and any changes that occurred during the fiscal year:

Plan commencement date	Number of options granted (a)	Exercise price (a) *(EUR)*	Vesting period of rights	Number of options exercised in 2018	Number of options expired in 2018	Number of options outstanding as of Dec. 31, 2018
May 15, 2008	1,708,542	65.265	4 years	(705,666)	(2,947)	-
"	78,469	65.445	"	(1,111)	(3,166)	-
May 14, 2009 (b)	1,333,097	50.861	"	(56,074)	(640)	394,063
"	37,106	50.879	"	-	-	17,025
Total	**3,157,214**			**(762,851)**	**(6,753)**	**411,088**

(a) After adjusting for the number of options outstanding as of December 17, 2014 in connection with the distribution in kind of Hermès shares. See Note 16.1.
(b) Plan subject to performance conditions; see Note 16.1 "General characteristics of plans".

The number of unexercised share subscription options and the weighted average exercise price changed as follows during the fiscal years presented:

	2018		2017		2016	
	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	**1,180,692**	**59.56**	**1,903,010**	**65.17**	**2,821,150**	**66.79**
Options expired	(6,753)	63.98	(13,833)	74.67	(10,211)	68.07
Options exercised	(762,851)	64.21	(708,485)	74.33	(907,929)	70.19
Share subscription options outstanding as of December 31	**411,088**	**50.86**	**1,180,692**	**59.56**	**1,903,010**	**65.17**

16.3 Bonus share plans

The following table presents the main characteristics of the bonus share plans and any changes that occurred during the fiscal year:

Plan commencement date	Number of shares awarded initially[a]	*Of which: performance shares[a][b]*	*Conditions satisfied?*	Vesting period of rights	Shares expired in 2018	Shares vested in 2018	Non-vested shares as of Dec. 31, 2018
July 24, 2014	67,764	-	-	3[c] or 4[d] years	-	(61,099)	-
October 23, 2014	341,678	*341,678*	*yes*	3[c] or 4[d] years	(10,173)	(141,175)	-
April 16, 2015	73,262	*73,262*	*yes*	3[c] or 4[d] years	-	(55,940)	17,322
October 22, 2015	315,532	*315,532*	*yes*	3[c] or 4[d] years	(13,337)	(154,668)	131,822
October 20, 2016	360,519	*310,509*	*yes*	3 years	(14,097)	-	340,467
April 13, 2017	46,860	*46,860*	*yes*	1 year	-	(46,860)	-
July 26, 2017	21,700	*21,700*	*[e]*	3 years	-	-	21,700
July 26, 2017	21,700	*21,700*	*[e]*	4 years	-	-	21,700
October 25, 2017	288,827	*270,325*	*[e]*	3 years	(8,306)	-	280,521
October 25, 2017	76,165	*76,165*	*[e]*	7 years[f]	-	-	76,165
January 25, 2018	72,804	*72,804*	-	3 years	-	-	72,804
January 25, 2018	47,884	*47,884*	*[e]*	6 years[f]	-	-	47,884
April 12, 2018	238,695	*238,695*	*[e]*	3 years	-	-	238,695
April 12, 2018	93,421	*93,421*	*[e]*	5 years[g]	-	-	93,421
October 25, 2018	9,477	*9,477*	*[e]*	3 years	-	-	9,477
Total	**2,076,288**	***1,940,012***			**(45,913)**	**(459,742)**	**1,351,978**

(a) After adjusting for the distribution in kind of Hermès shares. See Note 16.1.
(b) See Note 16.1 "General characteristics of plans".
(c) Recipients with tax residence in France.
(d) Recipients 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 2018, on the basis of budget data.
(f) Shares vest on June 30, 2024; early vesting on June 30, 2023 under certain conditions.
(g) Shares vest on June 30, 2023; vesting postponed to June 30, 2024 under certain conditions for a reduced number of shares.

The number of non-vested shares awarded changed as follows during the fiscal years presented:

(number of shares)	2018	2017	2016
Non-vested shares as of January 1	**1,395,351**	**1,312,587**	**1,456,068**
Provisional allocations for the period	462,281	455,252	360,519
Shares vested during the period	(459,741)	(335,567)	(465,660)
Shares expired during the period	(45,913)	(36,921)	(38,340)
Non-vested shares as of December 31	**1,351,978**	**1,395,351**	**1,312,587**

Vested share allocations were settled in existing shares held.

16.4 Expense for the fiscal year

(EUR millions)	2018	2017	2016
Expense for the period for share subscription option and bonus share plans	82	62	41

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 was 241.20 euros for the plan dated January 25, 2018; 278.25 euros for the plan dated April 12, 2018; and 259.65 euros for the plan dated October 25, 2018.

The average unit value of non-vested bonus shares awarded under this plan during the 2018 fiscal year was 246.33 euros.

17. MINORITY INTERESTS

(EUR millions)	2018	2017	2016
As of January 1	**1,408**	**1,510**	**1,460**
Minority interests' share of net profit	636	475	387
Dividends paid to minority interests	(345)	(261)	(272)
Impact of changes in control of consolidated entities	41	114	22
Of which: Rimowa	*-*	*89*	*-*
Other	*41*	*25*	*22*
Impact of acquisition and disposal of minority interests' shares	(19)	(56)	(34)
Of which: Loro Piana	*-*	*(58)*	*-*
Other	*(19)*	*2*	*(34)*
Total impact of changes in the ownership interests in consolidated entities	**22**	**58**	**(12)**
Capital increases subscribed by minority interests	50	44	41
Minority interests' share in gains and losses recognized in equity	45	(134)	46
Minority interests' share in stock option plan expenses	4	7	2
Impact of changes in minority interests with purchase commitments	(156)	(291)	(142)
As of December 31	**1,664**	**1,408**	**1,510**

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 and cost of hedging	Vineyard land	Revaluation adjustments of employee benefits	Total share of minority interests
As of December 31, 2015	**183**	**(9)**	**221**	**(24)**	**371**
Changes during the fiscal year	41	(5)	25	(15)	46
As of December 31, 2016	**224**	**(14)**	**246**	**(39)**	**417**
Changes during the fiscal year	(178)	30	11	3	(134)
As of December 31, 2017	**46**	**16**	**257**	**(36)**	**283**
Changes during the fiscal year	69	(30)	3	3	45
As of December 31, 2018	**115**	**(14)**	**260**	**(33)**	**328**

Minority interests are composed primarily of Diageo's 34% stake in Moët Hennessy SAS and Moët Hennessy International SAS ("Moët Hennessy"), and the 39% stake held by Mari-Cha Group Ltd (formerly Search Investment Group Ltd) in DFS. 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.

Dividends paid to Diageo during fiscal year 2018 in respect of fiscal year 2017 amounted to 173 million euros. Net profit attributable to Diageo for fiscal year 2018 was 356 million euros, and its share in minority interests (before recognition of the purchase commitment granted to Diageo, which led to this item being reclassified under "Equity, Group share") came to 3,215 million euros as of December 31, 2018. As of that date, the condensed consolidated balance sheet of Moët Hennessy was as follows:

(EUR billions)	December 31, 2018
Property, plant and equipment and intangible assets	3.8
Other non-current assets	0.3
Non-current assets	**4.1**
Inventories	5.4
Other current assets	1.4
Cash and cash equivalents	2.3
Current assets	**9.1**
Assets	**13.2**

(EUR billions)	December 31, 2018
Equity	9.4
Non-current liabilities	1.0
Equity and non-current liabilities	**10.4**
Short term borrowings	1.3
Other	1.5
Current liabilities	**2.8**
Liabilities and equity	**13.2**

See also Note 23 regarding the revenue, operating profit and main assets of the Wines and Spirits business group, which relate primarily to Moët Hennessy's business activities.

With regard to DFS, dividends paid to Mari-Cha Group Ltd during fiscal year 2018 in respect of fiscal year 2017 amounted to 35 million euros. Net profit attributable to Mari-Cha Group Ltd for fiscal year 2018 was 173 million euros, and its share in accumulated minority interests as of December 31, 2018 came to 1,439 million euros.

18. BORROWINGS

18.1 Net financial debt

(EUR millions)	2018	2017	2016
Long-term borrowings	6,005	7,046	3,932
Short-term borrowings	5,027	4,530	3,447
Gross borrowings	**11,032**	**11,576**	**7,379**
Interest rate risk derivatives	(16)	(28)	(65)
Foreign exchange risk derivatives	146	(25)	(21)
Gross borrowings after derivatives	**11,162**	**11,523**	**7,293**
Current available for sale financial assets[(a)]	(666)	(515)	(374)
Non-current available for sale financial assets used to hedge financial debt[(b)]	(125)	(117)	(131)
Cash and cash equivalents[(c)]	(4,610)	(3,738)	(3,544)
Net financial debt	**5,761**	**7,153**	**3,244**
Belmond shares (presented within "Non-current available for sale financial assets")[(b)]	(274)	-	-
Adjusted net financial debt, excluding the acquisition of Belmond shares	**5,487**	**7,153**	**3,244**

(a) See Note 13.
(b) See Note 8.
(c) See Note 14.1.

In late December 2018, after the announcement of LVMH's acquisition of Belmond, the Group purchased Belmond shares on the market for 274 million euros. These shares are presented within "Non-current available for sale financial assets" (see Note 8).

The adjusted net financial debt (excluding the acquisition of Belmond shares) presented above helps show the impact of the Group's performance in 2018 on the level of net financial debt at the balance sheet date.

The change in gross borrowings after derivatives during the fiscal year breaks down as follows:

(EUR millions)	Dec. 31, 2017	Impact on cash [(a)]	Translation adjustment	Impact of market value changes	Changes in the scope of consolidation	Reclassifications and Other	Dec. 31, 2018
Long-term borrowings	7,046	(43)	(20)	5	-	(983)	6,005
Short-term borrowings	4,530	(555)	75	2	5	970	5,027
Gross borrowings	**11,576**	**(598)**	**55**	**7**	**5**	**(13)**	**11,032**
Derivatives	(53)	(47)	-	233	-	(3)	130
Gross borrowings after derivatives	**11,523**	**(645)**	**55**	**240**	**5**	**(16)**	**11,162**

(a) Including a positive impact of 1,529 million euros in respect of proceeds from borrowings and a negative impact of 2,174 million euros in respect of repayment of borrowings.

During the fiscal year, LVMH repaid the 500 million euro bond issued in 2011 and the 1,250 million euro bond issued in 2017.

In May 2017, LVMH carried out a bond issue divided into four tranches totaling 4.5 billion euros, comprised of 3.25 billion euros in fixed-rate bonds and 1.25 billion euros in floating-rate bonds.

In addition, in June 2017, LVMH issued 400 million pounds sterling in fixed-rate bonds maturing in June 2022. At the time these bonds were issued, swaps were entered into that converted them into euro-denominated borrowings.

These transactions occurred in connection with the acquisition of Christian Dior Couture (see Note 2), completed in July 2017.

During the 2017 fiscal year, LVMH repaid the 850 million US dollar bond issued in 2012, the 150 million euro bond issued in 2009, and the 350 million pound bond issued in 2014.

In February 2016, LVMH issued exclusively cash-settled five-year convertible bonds with a total face value of 600 million US dollars, supplemented by a 150 million US dollar tap issue carried out in April 2016. These bonds – which were issued at 103.00% and 104.27% of their face value, respectively – are redeemable at par (if they are not converted) and do not bear interest. In addition to these issues, LVMH subscribed to financial instruments with the same maturity, enabling it to fully hedge its exposure to any positive or negative changes in the share price. This set of transactions, involving euro-denominated swaps, provides the Group with the equivalent of traditional euro-denominated bond financing at an advantageous cost.

As provided by applicable accounting policies, the optional components of convertible bonds and financial instruments subscribed for hedging purposes are recorded under "Derivatives" (see Note 22), with hedging instruments other than these optional components recorded under "Non-current available for sale financial assets" (see Note 8). Given their connection to the bonds issued, hedging instruments (except option components) are presented as deducted from gross financial debt in calculating net financial debt, and their impact on cash and cash equivalents is presented under "Financing activities" in the cash flow statement.

In 2016, LVMH redeemed a 650 million euro bond issued in 2013 and 2014.

Net financial debt does not take into consideration purchase commitments for minority interests' shares, which are classified as "Other non-current liabilities" (see Note 20).

18.2 Analysis of gross borrowings

(EUR millions)	2018	2017	2016
Bonds and Euro Medium-Term Notes (EMTNs)	5,593	6,557	3,476
Finance and other long-term leases	315	296	342
Bank borrowings	97	193	114
Long-term borrowings	**6,005**	**7,046**	**3,932**
Bonds and Euro Medium-Term Notes (EMTNs)	996	1,753	1,377
Finance and other long-term leases	26	21	10
Bank borrowings	220	340	291
Commercial paper	3,174	1,855	1,204
Other borrowings and credit facilities	395	408	330
Bank overdrafts	197	120	207
Accrued interest	19	33	28
Short-term borrowings	**5,027**	**4,530**	**3,447**
Total gross borrowings	**11,032**	**11,576**	**7,379**

The market value of gross borrowings, based on market data and commonly used valuation models, was 11,076 million euros as of December 31, 2018 (11,651 million euros as of December 31, 2017 and 7,392 million euros as of December 31, 2016), including 5,032 million euros in short-term borrowings (4,533 million euros as of December 31, 2017 and 3,445 million euros as of December 31, 2016) and 6,044 million euros in long-term borrowings (7,118 million euros as of December 31, 2017 and 3,947 million euros as of December 31, 2016).

As of December 31, 2018, December 31, 2017 and December 31, 2016, no financial debt was recognized using the fair value option. See Note 1.20.

18.3 Bonds and EMTNs

Nominal amount *(in currency)*	**Year issued**	**Maturity**	**Initial effective interest rate**[a] *(%)*	**2018** *(EUR millions)*	**2017**	**2016**
EUR 1,200,000,000	2017	2024	0.82	1,197	1,192	-
EUR 800,000,000	2017	2022	0.46	799	796	-
GBP 400,000,000	2017	2022	1.09	439	445	-
EUR 1,250,000,000	2017	2020	0.13	1,248	1,246	-
EUR 1,250,000,000	2017	2018	floating	-	1,253	-
USD 750,000,000[b]	2016	2021	1.92	639	603	682
EUR 650,000,000	2014	2021	1.12	664	663	670
AUD 150,000,000	2014	2019	3.68	94	100	103
EUR 300,000,000	2014	2019	floating	300	300	300
GBP 350,000,000	2014	2017	1.83	-	-	413
EUR 600,000,000	2013	2020	1.89	606	606	608
EUR 600,000,000[c]	2013	2019	1.25	603	605	608
USD 850,000,000	2012	2017	1.75	-	-	811
EUR 500,000,000	2011	2018	4.08	-	501	505
EUR 150,000,000	2009	2017	4.81	-	-	153
Total bonds and EMTNs				**6,589**	**8,310**	**4,853**

(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 600 million US dollar bond issued in February 2016 at an initial effective interest rate of 1.96% and a 150 million US dollar tap issue carried out in April 2016 at an effective interest rate of 1.74%. These yields were determined excluding the option component.
(c) 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% and a 100 million euro tap issue carried out in 2014 at an effective interest rate of 0.62%.

18.4 Analysis of gross borrowings by payment date and by type of interest rate

(EUR millions)	Gross borrowings			Impact of derivatives			Gross borrowings after derivatives		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity: December 31, 2019	4,433	594	5,027	(270)	354	84	4,163	948	5,111
December 31, 2020	1,901	13	1,914	(413)	446	33	1,488	459	1,947
December 31, 2021	1,386	5	1,391	(664)	649	(15)	722	654	1,376
December 31, 2022	1,262	3	1,265	(632)	648	16	630	651	1,281
December 31, 2023	22	4	26	14	-	14	36	4	40
December 31, 2024	1,217	1	1,218	(299)	297	(2)	918	298	1,216
Thereafter	184	7	191	-	-	-	184	7	191
Total	**10,405**	**627**	**11,032**	**(2,264)**	**2,394**	**130**	**8,141**	**3,021**	**11,162**

See Note 22.4 for the market value of interest rate risk derivatives.

The breakdown by quarter of gross borrowings falling due in 2019 is as follows:

(EUR millions)	Falling due in 2019
First quarter	3,496
Second quarter	726
Third quarter	20
Fourth quarter	785
Total	**5,027**

18.5 Analysis of gross borrowings by currency after derivatives

(EUR millions)	2018	2017	2016
Euro	6,445	6,665	2,251
US dollar	3,277	3,045	2,464
Swiss franc	-	144	613
Japanese yen	662	722	586
Other currencies	778	947	1,379
Total	**11,162**	**11,523**	**7,293**

The purpose of foreign currency borrowings is to finance the development of the Group's activities outside the eurozone, as well as the Group's assets denominated in foreign currency.

18.6 Sensitivity

On the basis of debt as of December 31, 2018:

- an instantaneous increase of 1 point in the yield curves of the Group's debt currencies would raise the cost of net financial debt by 30 million euros after hedging, and would lower the market value of gross fixed-rate borrowings by 109 million euros after hedging;
- an instantaneous decline of 1 point in these same yield curves would lower the cost of net financial debt by 30 million euros after hedging, and would raise the market value of gross fixed-rate borrowings by 109 million euros after hedging.

These changes would have no impact on the amount of equity as of December 31, 2018, due to the absence of hedging of future interest payments.

18.7 Covenants

In connection with certain credit lines, the Group may undertake to maintain certain financial ratios. As of December 31, 2018, no significant credit lines were concerned by these provisions.

18.8 Undrawn confirmed credit lines

As of December 31, 2018, undrawn confirmed credit lines totaled 3.9 billion euros.

18.9 Guarantees and collateral

As of December 31, 2018, borrowings secured by collateral were less than 200 million euros.

19. PROVISIONS

(EUR millions)	2018	2017	2016
Provisions for pensions, medical costs and similar commitments	605	625	698
Provisions for contingencies and losses	1,823	1,850	1,626
Provisions for reorganization	2	9	18
Non-current provisions	**2,430**	**2,484**	**2,342**
Provisions for pensions, medical costs and similar commitments	7	4	4
Provisions for contingencies and losses	341	366	319
Provisions for reorganization	21	34	29
Current provisions	**369**	**404**	**352**
Total	**2,799**	**2,888**	**2,694**

In 2018, changes in provisions were as follows:

(EUR millions)	Dec. 31, 2017	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other[a]	Dec. 31, 2018
Provisions for pensions, medical costs and similar commitments	629	122	(122)	(2)	-	(15)	612
Provisions for contingencies and losses	2,216	314	(218)	(166)	(24)	42	2,164
Provisions for reorganization	43	3	(22)	(1)	-	-	23
Total	**2,888**	**439**	**(362)**	**(169)**	**(24)**	**27**	**2,799**
Of which: profit from recurring operations		*358*	*(325)*	*(84)*			
net financial income/(expense)		*-*	*(1)*	*(4)*			
other		*81*	*(36)*	*(81)*			

(a) Including the impact of translation adjustments and changes in revaluation reserves.

Provisions for contingencies and losses correspond to the estimate of the impact on assets and liabilities of risks, disputes (see Note 31), 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 and packaging to the tax computation and relations with the Group's partners (distributors, suppliers, shareholders in subsidiaries, etc.).

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 notified, 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.

Provisions for pensions, contribution to medical costs and other employee benefit commitments are analyzed in Note 29.

20. OTHER NON-CURRENT LIABILITIES

(EUR millions)	2018	2017	2016
Purchase commitments for minority interests' shares	9,281	9,177	7,877
Derivatives[(a)]	283	229	134
Employee profit sharing	89	94	91
Other liabilities	386	370	395
Total	**10,039**	**9,870**	**8,497**

(a) See Note 22.

As of December 31, 2018, purchase commitments for minority interests' shares mainly include the put option granted by LVMH to Diageo plc for its 34% share in Moët Hennessy, for 80% of the fair value of Moët Hennessy at the exercise date of the option. This option may be exercised at any time subject to a six-month notice period. 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 SAS 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, Clos des Lambrays and Colgin Cellars, and excluding certain champagne vineyards.

Purchase commitments for minority interests' shares also include commitments relating to minority shareholders in Loro Piana (15%), Rimowa (20%) and distribution subsidiaries in various countries, mainly in the Middle East.

The put option granted to minority interests in Fresh was exercised in 2018. See Note 2.

In 2017, the put option granted to the Loro Piana family in the eponymous company was partially exercised. Put options granted to minority interests in Ile de Beauté (35%) and Heng Long (35%) were exercised in 2016. See Note 2.

21. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

21.1 Trade accounts payable

The change in trade accounts payable for the fiscal years presented breaks down as follows:

(EUR millions)	2018	2017	2016
As of January 1	**4,539**	**4,184**	**3,960**
Changes in trade accounts payable	715	257	235
Changes in amounts owed to customers	8	2	9
Changes in the scope of consolidation	7	315	(36)
Translation adjustment	49	(198)	46
Reclassifications	(4)	(21)	(30)
As of December 31	**5,314**	**4,539**	**4,184**

21.2 Other current liabilities

(EUR millions)	2018	2017	2016
Derivatives[(a)]	166	45	207
Employees and social institutions	1,668	1,530	1,329
Employee profit sharing	105	101	103
Taxes other than income taxes	685	634	574
Advances and payments on account from customers	398	354	237
Provision for product returns[(b)]	356	-	-
Deferred payment for non-current assets	646	548	590
Deferred income	273	255	251
Other liabilities	1,288	1,286	1,108
Total	**5,585**	**4,753**	**4,399**

(a) See Note 22.
(b) See Notes 1.2 and 1.25.

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 and 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 recognized at fair value by measurement method

(EUR millions)	2018			2017			2016		
	Available for sale financial assets	Derivatives	Cash and cash equivalents (SICAV and FCP money market funds)	Available for sale financial assets	Derivatives	Cash and cash equivalents (SICAV and FCP money market funds)	Available for sale financial assets	Derivatives	Cash and cash equivalents (SICAV and FCP money market funds)
Valuation based on[a]:									
Published price quotations	1,171	-	4,610	772	-	3,738	721	-	3,544
Valuation model based on market data	307	380	-	331	742	-	204	429	-
Private quotations	288	-	-	201	-	-	193	-	-
Assets	**1,766**	**380**	**4,610**	**1,304**	**742**	**3,738**	**1,118**	**429**	**3,544**
Valuation based on[a]:									
Published price quotations	-	-	-	-	-	-	-	-	-
Valuation model based on market data	-	449	-	-	274	-	-	341	-
Private quotations	-	-	-	-	-	-	-	-	-
Liabilities	**-**	**449**	**-**	**-**	**274**	**-**	**-**	**341**	**-**

(a) See Note 1.9 on the valuation approaches used and Note 1.2 on the retrospective application of IFRS 9 Financial Instruments as of January 1, 2016.

Derivatives used by the Group are measured at fair value according to commonly used valuation models and based on 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. It was not significant as of December 31, 2018, December 31, 2017 and December 31, 2016.

The amount of financial assets valued on the basis of private quotations changed as follows in 2018:

(EUR millions)	2018
As of January 1	**201**
Acquisitions	114
Disposals (at net realized value)	(18)
Gains and losses recognized in income statement	(4)
Gains and losses recognized in equity	3
Reclassifications	(8)
As of December 31	**288**

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	2018	2017	2016
Interest rate risk	Assets:	non-current		23	33	53
		current		12	9	17
	Liabilities:	non-current		(7)	(8)	-
		current		(12)	(6)	(5)
			22.4	**16**	**28**	**65**
Foreign exchange risk	Assets:	non-current		18	34	46
		current		108	485	244
	Liabilities:	non-current		(60)	(42)	(65)
		current		(154)	(39)	(199)
			22.5	**(88)**	**438**	**26**
Other risks	Assets:	non-current		216	179	69
		current		3	2	-
	Liabilities:	non-current		(216)	(179)	(69)
		current		-	-	(3)
			22.6	**3**	**2**	**(3)**
Total	Assets:	non-current	9	257	246	168
		current	12	123	496	261
	Liabilities:	non-current	20	(283)	(229)	(134)
		current	21	(166)	(45)	(207)
				(69)	**468**	**88**

The impact of financial instruments on the consolidated statement of comprehensive gains and losses for the fiscal year breaks down as follows:

(EUR millions)	**Foreign exchange risk** [a]						**Interest rate risk** [b]			**Total** [c]
	Revaluation of effective portions, of which:				**Revaluation of cost of hedging**	**Total**	**Revaluation of effective portions**	**Ineffective portion**	**Total**	
	Hedges of future foreign currency cash flows	**Fair value hedges**	**Foreign currency net investment hedges**	**Total**						
Changes in the income statement	-	196	-	196	-	**196**	(1)	(3)	(4)	192
Changes in consolidated gains and losses	(276)	-	(44)	(320)	(125)	**(445)**	-	2	2	(443)

(a) See Notes 1.8 and 1.21 on the principles of fair value adjustments to foreign exchange risk hedging instruments.
(b) See Notes 1.20 and 1.21 on the principles of fair value adjustments to interest rate risk derivatives.
(c) Gain/(Loss).

Since fair value adjustments to hedged items recognized in the balance sheet offset the effective portions of fair value hedging instruments (see Note 1.21), no ineffective portions of exchange rate hedges were recognized during the fiscal year.

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 impact 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, 2018 break down as follows:

(EUR millions)	Nominal amounts by maturity				Market value [a][b]		
	Less than 1 year	From 1 to 5 years	More than 5 years	Total	Fair value hedges	Not allocated	Total
Interest rate swaps in euros, floating-rate payer	343	1,697	300	2,340	24	-	24
Interest rate swaps in euros, fixed-rate payer	-	343	-	343	-	(2)	(2)
Foreign currency swaps, euro-rate payer	92	447	-	539	-	-	-
Foreign currency swaps, euro-rate receiver	69	133	-	202	(6)	-	(6)
Total					**18**	**(2)**	**16**

(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 portion of Group companies' sales to customers and to their own distribution 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 intra-Group 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.

The Group may also use appropriate financial instruments to hedge the net worth of subsidiaries outside the eurozone, 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, 2018 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation[(a)]				Market value[(b)(c)]				
	2018	2019	Thereafter	Total	Future cash flow hedges	Fair value hedges	Foreign currency net investment hedges	Not allocated	Total
Options purchased									
Put USD	125	275	-	400	1	2	-	-	3
Put JPY	10	16	-	26	-	-	-	-	-
Put GBP	28	9	-	37	-	-	-	-	-
Other	-	27	-	27	-	1	-	-	1
	163	**327**	**-**	**490**	**1**	**3**	**-**	**-**	**4**
Collars									
Written USD	432	5,237	348	6,017	-	21	-	-	21
Written JPY	-	1,135	-	1,135	-	9	-	-	9
Written GBP	7	249	-	256	-	9	-	-	9
Written HKD	-	539	-	539	-	2	-	-	2
	439	**7,160**	**348**	**7,947**	**-**	**41**	**-**	**-**	**41**
Forward exchange contracts									
USD	292	(93)	-	199	1	3	-	-	4
HKD	106	1	-	107	-	-	-	-	-
JPY	85	-	-	85	(2)	-	-	-	(2)
CHF	(1)	(114)	-	(115)	1	3	-	-	4
RUB	33	-	-	33	1	-	-	-	1
CNY	25	-	-	25	-	-	-	-	-
GBP	20	32	43	95	-	3	-	-	3
Other	135	20	-	155	1	1	-	-	2
	695	**(154)**	**43**	**584**	**2**	**10**	**-**	**-**	**12**
Foreign exchange swaps									
USD	812	1,223	(524)	1,511	(117)	-	-	-	(117)
GBP	933	-	-	933	(11)	-	-	-	(11)
JPY	386	-	-	386	(18)	-	(1)	-	(19)
CNY	80	11	15	106	(3)	-	-	-	(3)
Other	(182)	-	-	(182)	7	-	(2)	-	5
	2,029	**1,234**	**(509)**	**2,754**	**(142)**	**-**	**(3)**	**-**	**(145)**
Total	**3,326**	**8,567**	**(118)**	**11,775**	**(139)**	**54**	**(3)**	**-**	**(88)**

(a) Sale/(Purchase).
(b) See Note 1.9 regarding the methodology used for market value measurement.
(c) Gain/(Loss).

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 mainly be recognized in 2019; the amount will depend on exchange rates at that date. The impact on net profit for fiscal year 2018 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 exchange derivatives outstanding during the period, compared with the rates applying to transactions in 2018, 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	134	(38)	41	(3)	-	-	-	-
- conversion of net profit of entities outside the eurozone	116	(116)	22	(22)	20	(20)	43	(43)
Impact on net profit	**250**	**(154)**	**63**	**(25)**	**20**	**(20)**	**43**	**(43)**

The data presented in the table above should be assessed on the basis of the characteristics of the hedging instruments outstanding in fiscal year 2018, mainly comprising options and collars.

As of December 31, 2018, forecast cash collections for 2019 in US dollars and Japanese yen are 80% hedged. For the hedged portion, the exchange rate upon sale will be at least 1.21 USD/EUR for the US dollar and at least 130 JPY/EUR for the Japanese yen.

The Group's net equity (excluding net profit) exposure to foreign currency fluctuations as of December 31, 2018 can be assessed by measuring the impact 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	369	(369)	59	(59)	319	(319)	124	(124)
Change in market value of net investment hedges, after tax	(358)	183	(24)	44	(68)	56	(31)	20
Net impact on equity, excluding net profit	**11**	**(186)**	**35**	**(15)**	**251**	**(263)**	**93**	**(104)**

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 subsidiaries, 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 synthetically create an economic exposure to certain assets, to hedge cash-settled compensation plans index-linked to the LVMH share price, or to hedge certain risks related to changes in 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, 2018 have a positive market value of 3 million euros. Considering nominal values of 158 million euros for those derivatives, a uniform 1% change in their underlying assets' prices as of December 31, 2018 would have a net impact on the Group's consolidated reserves in an amount of less than 1 million euros. These instruments mature in 2019.

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, i.e. 5.0 billion euros, below the 5.4 billion euros balance of cash and cash equivalents, or in relation to the outstanding amount of its commercial paper program, i.e. 3.2 billion euros. Should any of these borrowing facilities not be renewed, the Group has access to undrawn confirmed credit lines totaling 3.9 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, 2018, at nominal value and with interest, excluding discounting effects:

(EUR millions)	2019	2020	2021	2022	2023	Over 5 years	Total
Bonds and EMTNs	1,037	1,883	1,328	1,264	9	1,209	6,730
Bank borrowings	226	24	60	1	3	3	317
Other borrowings and credit facilities	396	-	-	-	-	-	396
Finance and other long-term leases	31	32	31	29	25	682	830
Commercial paper	3,174	-	-	-	-	-	3,174
Bank overdrafts	197	-	-	-	-	-	197
Gross borrowings	**5,061**	**1,939**	**1,419**	**1,294**	**37**	**1,894**	**11,644**
Other liabilities, current and non-current[(a)]	5,149	65	29	26	23	107	5,399
Trade accounts payable	5,314	-	-	-	-	-	5,314
Other financial liabilities	**10,463**	**65**	**29**	**26**	**23**	**107**	**10,713**
Total financial liabilities	**15,524**	**2,004**	**1,448**	**1,320**	**60**	**2,001**	**22,357**

(a) Corresponds to "Other current liabilities" (excluding derivatives and deferred income) for 5,146 million euros and to "Other non-current liabilities" (excluding derivatives, purchase commitments for minority interests and deferred income of 253 million euros as of December 31, 2018) for 222 million euros.

See Note 30.3 regarding contractual maturity dates of collateral and other guarantee commitments, Notes 18.5 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. Information on Louis Vuitton and Bvlgari is presented according to the brand's main business, namely the Fashion and Leather Goods business group for Louis Vuitton and the Watches and Jewelry business group for Bvlgari. The Selective Retailing business group 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, particularly the media division, the Dutch luxury yacht maker Royal Van Lent, hotel operations and holding or real estate companies.

Rimowa and Christian Dior Couture were consolidated as part of the Fashion and Leather Goods business group as of January 2017 and July 2017, respectively. The acquisition of Christian Dior Couture has not had any impact on the presentation of Parfums Christian Dior, which continues to be consolidated as part of the Perfumes and Cosmetics business group.

23.1 Information by business group

Fiscal year 2018

(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	5,115	18,389	5,015	4,012	13,599	696	-	46,826
Intra-Group sales	28	66	1,077	111	47	18	(1,347)	-
Total revenue	**5,143**	**18,455**	**6,092**	**4,123**	**13,646**	**714**	**(1,347)**	**46,826**
Profit from recurring operations	1,629	5,943	676	703	1,382	(270)	(60)	10,003
Other operating income and expenses	(3)	(10)	(16)	(4)	(5)	(88)	-	(126)
Depreciation and amortization expense	(155)	(759)	(275)	(238)	(461)	(72)	-	(1,960)
Impairment expense	(7)	(5)	-	(1)	(2)	(97)	-	(112)
Intangible assets and goodwill [(b)]	6,157	13,246	1,406	5,791	3,430	951	-	30,981
Property, plant and equipment	2,871	3,869	677	576	1,817	5,309	(7)	15,112
Inventories	5,471	2,364	842	1,609	2,532	23	(356)	12,485
Other operating assets	1,449	1,596	1,401	721	870	976	8,709 [(c)]	15,722
Total assets	**15,948**	**21,075**	**4,326**	**8,697**	**8,649**	**7,259**	**8,346**	**74,300**
Equity	-	-	-	-	-	-	33,957	33,957
Liabilities	1,580	4,262	2,115	1,075	3,005	1,249	27,057 [(d)]	40,343
Total liabilities and equity	**1,580**	**4,262**	**2,115**	**1,075**	**3,005**	**1,249**	**61,014**	**74,300**
Operating investments [(e)]	(298)	(827)	(330)	(303)	(537)	(743)	-	(3,038)

Fiscal year 2017

(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	5,051	15,422	4,534	3,722	13,272	635	-	42,636
Intra-Group sales	33	50	1,026	83	39	16	(1,247)	-
Total revenue	**5,084**	**15,472**	**5,560**	**3,805**	**13,311**	**651**	**(1,247)**	**42,636**
Profit from recurring operations	1,558	4,905	600	512	1,075	(309)	(48)	8,293
Other operating income and expenses	(18)	(29)	(8)	(90)	(42)	7	-	(180)
Depreciation and amortization expense	(159)	(669)	(254)	(223)	(452)	(65)	-	(1,822)
Impairment expense	1	-	-	(50)	(58)	(2)	-	(109)
Intangible assets and goodwill [(b)]	6,277	13,149	1,280	5,684	3,348	1,056	-	30,794
Property, plant and equipment	2,740	3,714	607	537	1,701	4,570	(7)	13,862
Inventories	5,115	1,884	634	1,420	2,111	16	(292)	10,888
Other operating assets	1,449	1,234	1,108	598	845	1,279	7,698 [(c)]	14,211
Total assets	**15,581**	**19,981**	**3,629**	**8,239**	**8,005**	**6,921**	**7,399**	**69,755**
Equity	-	-	-	-	-	-	30,377	30,377
Liabilities	1,544	3,539	1,706	895	2,839	1,223	27,632 [(d)]	39,378
Total liabilities and equity	**1,544**	**3,539**	**1,706**	**895**	**2,839**	**1,223**	**58,009**	**69,755**
Operating investments [(e)]	(292)	(563)	(286)	(269)	(570)	(297)	1	(2,276)

Fiscal year 2016

(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	4,805	12,735	4,083	3,409	11,945	623	-	37,600
Intra-Group sales	30	40	870	59	28	15	(1,042)	-
Total revenue	**4,835**	**12,775**	**4,953**	**3,468**	**11,973**	**638**	**(1,042)**	**37,600**
Profit from recurring operations	1,504	3,873	551	458	919	(244)	(35)	7,026
Other operating income and expenses	(60)	10	(9)	(30)	(64)	31	-	(122)
Depreciation and amortization expense	(148)	(601)	(212)	(208)	(399)	(54)	-	(1,622)
Impairment expense	(4)	(34)	(1)	(32)	(62)	(1)	-	(134)
Intangible assets and goodwill [(b)]	5,185	6,621	1,305	5,879	3,692	1,054	-	23,736
Property, plant and equipment	2,613	2,143	585	529	1,777	4,499	(7)	12,139
Inventories	4,920	1,501	581	1,403	2,172	235	(266)	10,546
Other operating assets	1,419	974	948	720	908	980	7,246 [(c)]	13,195
Total assets	**14,137**	**11,239**	**3,419**	**8,531**	**8,549**	**6,768**	**6,973**	**59,616**
Equity	-	-	-	-	-	-	27,898	27,898
Liabilities	1,524	2,641	1,593	918	2,924	1,178	20,940 [(d)]	31,718
Total liabilities and equity	**1,524**	**2,641**	**1,593**	**918**	**2,924**	**1,178**	**48,838**	**59,616**
Operating investments [(e)]	(276)	(506)	(268)	(229)	(558)	(434)	6	(2,265)

(a) Eliminations correspond to sales between business groups; these generally consist of sales to Selective Retailing from other business groups. 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 carrying amounts shown in Notes 3 and 4.
(c) Assets not allocated include available for sale financial assets, other financial assets, and both current and deferred tax assets.
(d) Liabilities not allocated include financial debt, current and deferred tax liabilities, and liabilities related to purchase commitments for minority interests' shares.
(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)	2018	2017	2016
France	4,491	4,172	3,745
Europe (excluding France)	8,731	8,000	6,825
United States	11,207	10,691	10,004
Japan	3,351	2,957	2,696
Asia (excluding Japan)	13,723	11,877	9,922
Other countries	5,323	4,939	4,408
Revenue	**46,826**	**42,636**	**37,600**

Operating investments by geographic region are as follows:

(EUR millions)	2018	2017	2016
France	1,054	921	807
Europe (excluding France)	539	450	375
United States	765	393	491
Japan	80	51	65
Asia (excluding Japan)	411	309	314
Other countries	189	152	213
Operating investments	**3,038**	**2,276**	**2,265**

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 revenue by business group breaks 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	1,195	4,270	1,500	959	3,104	161	(335)	10,854
Second quarter	1,076	4,324	1,377	1,019	3,221	186	(307)	10,896
Third quarter	1,294	4,458	1,533	1,043	3,219	173	(341)	11,379
Fourth quarter	1,578	5,403	1,682	1,102	4,102	194	(364)	13,697
Total for 2018	**5,143**	**18,455**	**6,092**	**4,123**	**13,646**	**714**	**(1,347)**	**46,826**
First quarter	1,196	3,405	1,395	879	3,154	163	(308)	9,884
Second quarter	1,098	3,494[(a)]	1,275	959	3,126	163	(285)	9,830
Third quarter	1,220	3,939	1,395	951	3,055	146	(325)	10,381
Fourth quarter	1,570	4,634	1,495	1,016	3,976	179	(329)	12,541
Total for 2017	**5,084**	**15,472**	**5,560**	**3,805**	**13,311**	**651**	**(1,247)**	**42,636**
First quarter	1,033	2,965	1,213	774	2,747	154	(266)	8,620
Second quarter	1,023	2,920	1,124	835	2,733	161	(228)	8,568
Third quarter	1,225	3,106	1,241	877	2,803	145	(259)	9,138
Fourth quarter	1,554	3,784	1,375	982	3,690	178	(289)	11,274
Total for 2016	**4,835**	**12,775**	**4,953**	**3,468**	**11,973**	**638**	**(1,042)**	**37,600**

(a) Including the entire revenue of Rimowa for the first half of 2017.

24. REVENUE AND EXPENSES BY NATURE

24.1 Analysis of revenue

Revenue consists of the following:

(EUR millions)	2018	2017	2016
Revenue generated by brands and trade names	46,427	42,218	37,184
Royalties and license revenue	114	96	102
Income from investment property	23	32	31
Other revenue	262	290	283
Total	**46,826**	**42,636**	**37,600**

The portion of total revenue generated by the Group at its own stores, including sales through e-commerce websites, was approximately 69% in 2018 (69% in 2017 and 65% in 2016), i.e. 32,081 million euros in 2018 (29,534 million euros in 2017 and 24,321 million euros in 2016).

24.2 Expenses by nature

Profit from recurring operations includes the following expenses:

(EUR millions)	2018	2017	2016
Advertising and promotion expenses	5,518	4,831	4,242
Lease expenses	3,678	3,783	3,422
Personnel costs	8,290	7,618	6,575
Research and development expenses	130	130	111

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, 2018, a total of 4,592 stores were operated by the Group worldwide (4,374 in 2017; 3,948 in 2016), 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)	2018	2017	2016
Fixed or minimum lease payments	1,910	1,847	1,669
Variable portion of indexed leases	911	791	620
Airport concession fees – fixed portion or minimum amount	466	550	580
Airport concession fees – variable portion	391	595	553
Commercial lease expenses	**3,678**	**3,783**	**3,422**

Personnel costs consist of the following elements:

(EUR millions)	2018	2017	2016
Salaries and social security contributions	8,081	7,444	6,420
Pensions, contribution to medical costs and expenses in respect of defined-benefit plans [(a)]	127	112	114
Stock option plan and related expenses [(b)]	82	62	41
Personnel costs	**8,290**	**7,618**	**6,575**

(a) See Note 29.
(b) See Note 16.4.

In 2018, the average full-time equivalent workforce broke down as follows by professional category:

(in number and as %)	2018	%	2017	%	2016	%
Executives and managers	27,924	21%	25,898	20%	22,810	20%
Technicians and supervisors	14,057	10%	13,455	10%	12,614	11%
Administrative and sales staff	76,772	56%	72,981	57%	65,788	56%
Production workers	17,880	13%	16,303	13%	15,574	13%
Total	**136,633**	**100%**	**128,637**	**100%**	**116,786**	**100%**

24.3 Statutory Auditors' fees

The amount of fees paid to the Statutory Auditors of LVMH SE and members of their networks recorded in the consolidated income statement for the 2018 fiscal year breaks down as follows:

(EUR millions, excluding VAT)			2018
	ERNST & YOUNG Audit	MAZARS	Total
Audit-related fees	**10**	**7**	**17**
Tax services	3	NS	3
Other	1	NS	1
Non-audit-related fees	**4**	**NS**	**4**
Total	**14**	**7**	**21**

NS: Not significant.

Audit-related fees include other services related to the certification of the consolidated and parent company financial statements, for non-material amounts.

In addition to tax services, which are mainly performed outside France to ensure that the Group's subsidiaries and expatriates meet their local tax filing obligations, non-audit-related services include various types of certifications, mainly those required by landlords concerning the revenue of certain stores, and specific checks run at the Group's request.

25. OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	2018	2017	2016
Net gains/(losses) on disposals	(5)	(15)	39
Restructuring costs	1	(15)	3
Remeasurement of shares acquired prior to their initial consolidation	-	(12)	-
Transaction costs relating to the acquisition of consolidated companies	(10)	(13)	(3)
Impairment or amortization of brands, trade names, goodwill and other property	(117)	(128)	(155)
Other items, net	5	3	(6)
Other operating income and expenses	**(126)**	**(180)**	**(122)**

Impairment and amortization expenses recorded are mostly for brands and goodwill.

In 2016, net gains/(losses) on disposals included the gain related to the sale of Donna Karan International to G-III Apparel Group (see Note 2).

26. NET FINANCIAL INCOME/(EXPENSE)

(EUR millions)	2018	2017	2016
Borrowing costs	(158)	(169)	(158)
Income from cash, cash equivalents and current available for sale financial assets	44	34	26
Fair value adjustment of borrowings and interest rate hedges	(3)	(2)	(1)
Cost of net financial debt	**(117)**	**(137)**	**(133)**
Dividends received from non-current available for sale financial assets	18	13	6
Cost of foreign exchange derivatives	(160)	(168)	(187)
Fair value adjustment of available for sale financial assets	(108)	264	28
Other items, net	(21)	(31)	(32)
Other financial income and expenses	**(271)**	**78**	**(185)**
Net financial income/(expense)	**(388)**	**(59)**	**(318)**

Income from cash, cash equivalents and current available for sale financial assets comprises the following items:

(EUR millions)	2018	2017	2016
Income from cash and cash equivalents	31	21	14
Income from current available for sale financial assets	13	13	12
Income from cash, cash equivalents and current available for sale financial assets	**44**	**34**	**26**

The fair value adjustment of borrowings and interest rate hedges is attributable to the following items:

(EUR millions)	2018	2017	2016
Hedged financial debt	1	27	(10)
Hedging instruments	(1)	(30)	9
Unallocated derivatives	(3)	1	-
Fair value adjustment of borrowings and interest rate hedges	**(3)**	**(2)**	**(1)**

The cost of foreign exchange derivatives breaks down as follows:

(EUR millions)	2018	2017	2016
Cost of commercial foreign exchange derivatives	(156)	(175)	(267)
Cost of foreign exchange derivatives related to net investments denominated in foreign currency	3	-	(6)
Cost and other items related to other foreign exchange derivatives	(7)	7	(57)
Cost of foreign exchange derivatives	**(160)**	**(168)**	**(330)**

27. INCOME TAXES

27.1 Analysis of the income tax expense

(EUR millions)	2018	2017	2016
Current income taxes for the fiscal year	(2,631)	(2,875)	(2,650)
Current income taxes relating to previous fiscal years	76	474	(16)
Current income taxes	**(2,555)**	**(2,401)**	**(2,666)**
Change in deferred income taxes	57	137	251
Impact of changes in tax rates on deferred income taxes	(1)	50	282
Deferred income taxes	**56**	**187**	**533**
Total tax expense per income statement	**(2,499)**	**(2,214)**	**(2,133)**
Tax on items recognized in equity	**118**	**(103)**	**139**

In October 2017, the French Constitutional Court declared invalid the French system for taxing dividends, introduced in 2012, which required French companies to pay a tax in an amount equivalent to 3% of dividends paid. In order to finance the corresponding reimbursement, an exceptional surtax was introduced, which raised the income tax payable by French companies in respect of fiscal year 2017 by 15% or 30%, depending on the revenue threshold reached. The reimbursement received, including interest on arrears and net of the exceptional surtax, represented income in the amount of 228 million euros.

In 2017, the impact of changes in tax rates on deferred income taxes mainly involved two opposing trends. First, the 2018 Budget Act in France continued the gradual reduction of the corporate tax rate initiated by the 2017 Budget Act, lowering the tax rate to 25.83% from 2022; long-term deferred taxes of the Group's French entities, mainly relating to acquired brands, were thus revalued based on the rate applicable from 2022. Moreover, the tax reform signed into law in the United States lowered the overall corporate income tax rate from 40% to 27% beginning in fiscal year 2018; deferred taxes of entities that are taxable in the United States were thus revalued.

In 2016, the impact of changes in tax rates on deferred taxes essentially resulted from the reduction in the tax rate in France passed in the 2017 Budget Act, which brings the tax rate to 28.92% starting in 2020. As a result, long-term deferred taxes – essentially related to acquired brands – were revalued based on the rate applicable as of 2020.

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)	2018	2017	2016
Deferred tax assets	1,932	1,741	2,053
Deferred tax liabilities	(5,036)	(4,989)	(4,137)
Net deferred tax asset (liability)	**(3,104)**	**(3,248)**	**(2,084)**

27.3 Analysis of the difference between the theoretical and effective income tax rates

The effective tax rate is as follows:

(EUR millions)	2018	2017	2016
Profit before tax	9,489	8,054	6,586
Total income tax expense	(2,499)	(2,214)	(2,133)
Effective tax rate	**26.3%**	**27.5%**	**32.4%**

The theoretical income tax rate, defined as the rate applicable by law to the Group's French companies, including the 3.3% social contribution, may be reconciled as follows to the effective income tax rate disclosed in the consolidated financial statements:

(as % of income before tax)	2018	2017	2016
French statutory tax rate	**34.4**	**34.4**	**34.4**
Changes in tax rates[(a)]	-	(2.2)	(4.3)
Differences in tax rates for foreign companies	(8.8)	(6.2)	(5.5)
Tax losses and tax loss carryforwards, and other changes in deferred tax	0.7	0.9	0.5
Differences between consolidated and taxable income, and income taxable at reduced rates	(1.2)	2.5	5.1
Tax on dividend payments applicable to French companies, net of the exceptional surtax[(a)]	-	(2.9)	0.9
Other taxes on distribution[(b)]	1.2	1.0	1.3
Effective tax rate of the Group	**26.3**	**27.5**	**32.4**

(a) See Note 27.1.
(b) Tax on distribution is mainly related to intra-Group dividends.

In 2018, the wider gap in tax rates between foreign and French companies mainly resulted from the impact of tax reform in the United States, which reduced the country's corporate income tax rate by 13 points, with the overall tax rate going from 40% to 27%.

27.4 Sources of deferred taxes

In the income statement[(a)]

(EUR millions)	2018	2017	2016
Valuation of brands	(1)	325	407
Other revaluation adjustments	2	62	53
Gains and losses on available for sale financial assets	6	(51)	(2)
Gains and losses on hedges of future foreign currency cash flows	(3)	3	17
Provisions for contingencies and losses	(63)	(74)	45
Intra-Group margin included in inventories	85	(38)	14
Other consolidation adjustments	14	(16)	(28)
Losses carried forward	16	(24)	27
Total	**56**	**187**	**533**

(a) Income/(Expenses).

In equity[(a)]

(EUR millions)	2018	2017	2016
Fair value adjustment of vineyard land	(2)	82	108
Gains and losses on available for sale financial assets	-	-	-
Gains and losses on hedges of future foreign currency cash flows	110	(112)	23
Gains and losses on employee benefit commitments	(5)	(24)	17
Total	**103**	**(54)**	**148**

(a) Gains/(Losses).

In the balance sheet [(a)]

(EUR millions)	2018	2017	2016
Valuation of brands	(3,902)	(3,872)	(3,114)
Fair value adjustment of vineyard land	(574)	(565)	(650)
Other revaluation adjustments	(458)	(459)	(320)
Gains and losses on available for sale financial assets	(50)	(55)	(3)
Gains and losses on hedges of future foreign currency cash flows	49	(58)	50
Provisions for contingencies and losses	551	596	732
Intra-Group margin included in inventories	795	707	727
Other consolidation adjustments	447	433	434
Losses carried forward	38	25	60
Total	**(3,104)**	**(3,248)**	**(2,084)**

(a) Asset/(Liability).

27.5 Losses carried forward

As of December 31, 2018, unused tax loss carryforwards and tax credits for which no assets were recognized (deferred tax assets or receivables), had a potential positive impact on the future tax expense of 497 million euros (446 million euros in 2017 and 331 million euros in 2016).

27.6 Tax consolidation

- France's tax consolidation system allows virtually all of the Group's French companies to combine their taxable profits to calculate the overall tax expense for which only the parent company is liable. This tax consolidation system generated a decrease in the current tax expense of 225 million euros in 2018 (increase of 6 million euros in 2017; decrease of 37 million euros in 2016).
- The other tax consolidation systems in place, notably in the United States, generated current tax savings of 61 million euros in 2018 (85 million euros in 2017; 99 million euros in 2016).

28. EARNINGS PER SHARE

	2018	2017	2016
Net profit, Group share *(EUR millions)*	**6,354**	**5,365**	**4,066**
Average number of shares outstanding during the fiscal year	505,986,323	507,172,381	507,210,806
Average number of treasury shares owned during the fiscal year	(3,160,862)	(4,759,687)	(4,299,681)
Average number of shares on which the calculation before dilution is based	**502,825,461**	**502,412,694**	**502,911,125**
Basic earnings per share *(EUR)*	**12.64**	**10.68**	**8.08**
Average number of shares outstanding on which the above calculation is based	502,825,461	502,412,694	502,911,125
Dilutive effect of stock option and bonus share plans	1,092,679	1,597,597	1,729,334
Other dilutive effects	-	-	-
Average number of shares on which the calculation after dilution is based	**503,918,140**	**504,010,291**	**504,640,459**
Diluted earnings per share *(EUR)*	**12.61**	**10.64**	**8.06**

As of December 31, 2018, all of the instruments that may dilute earnings per share have been taken into consideration when determining the dilutive effect, 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, 2018 and the date at 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 provisions for pensions, contribution to medical costs and other employee benefit commitments is as follows:

(EUR millions)	**2018**	**2017**	**2016**
Service cost	113	110	100
Net interest cost	12	12	13
Actuarial gains and losses	(1)	-	1
Changes in plans	3	(10)	-
Total expense for the fiscal year for defined-benefit plans	**127**	**112**	**114**

29.2 Net recognized commitment

(EUR millions)	Notes	**2018**	**2017**	**2016**
Benefits covered by plan assets		1,515	1,490	1,523
Benefits not covered by plan assets		189	179	193
Defined-benefit obligation		**1,704**	**1,669**	**1,716**
Market value of plan assets		**(1,137)**	**(1,077)**	**(1,038)**
Net recognized commitment		**567**	**592**	**678**
Of which:				
Non-current provisions	19	605	625	698
Current provisions	19	7	4	4
Other assets		(45)	(37)	(24)
Total		**567**	**592**	**678**

29.3 Analysis of the change in net recognized commitment

(EUR millions)	Defined-benefit obligation	Market value of plan assets	Net recognized commitment
As of December 31, 2017	**1,669**	**(1,077)**	**592**
Service cost	113	-	113
Net interest cost	30	(19)	11
Payments to recipients	(83)	58	(25)
Contributions to plan assets	-	(106)	(106)
Contributions of employees	9	(9)	-
Changes in scope and reclassifications	-	-	-
Changes in plans	(1)	5	4
Actuarial gains and losses	(68)	41	(27)
Of which: experience adjustments[(a)]	*4*	*41*	*45*
changes in demographic assumptions[(a)]	*(40)*	*-*	*(40)*
changes in financial assumptions[(a)]	*(32)*	*-*	*(32)*
Translation adjustment	35	(30)	5
As of December 31, 2018	**1,704**	**(1,137)**	**567**

(a) (Gain)/Loss.

Actuarial gains and losses resulting from experience adjustments related to fiscal years 2014 to 2017 were as follows:

(EUR millions)	2014	2015	2016	2017
Experience adjustments on the defined-benefit obligation	3	(11)	(1)	4
Experience adjustments on the market value of plan assets	(28)	(12)	(25)	(49)
Actuarial gains and losses resulting from experience adjustments[(a)]	**(25)**	**(23)**	**(26)**	**(45)**

(a) (Gain)/Loss.

The actuarial assumptions applied to estimate commitments as of December 31, 2018 in the main countries concerned were as follows:

(as %)	2018					2017					2016				
	France	United States	United Kingdom	Japan	Switzer-land	France	United States	United Kingdom	Japan	Switzer-land	France	United States	United Kingdom	Japan	Switzer-land
Discount rate[(a)]	1.50	4.43	2.90	0.50	0.83	1.50	3.70	2.60	0.50	0.65	1.30	3.92	2.80	0.50	0.11
Future rate of increase of salaries	2.75	4.59	3.38	1.99	1.74	2.68	1.70	3.53	2.00	1.69	2.75	4.88	4.00	2.00	1.77

(a) Discount rates were determined with reference to market yields of AA-rated corporate bonds at the period-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 6.40% for 2019, after which it is assumed to decline progressively to reach 4.50% in 2037.

A rise of 0.5 points in the discount rate would result in a reduction of 114 million euros in the amount of the defined-benefit obligation as of December 31, 2018; a decrease of 0.5 points in the discount rate would result in a rise of 112 million euros.

29.4 Analysis of benefits

The breakdown of the defined-benefit obligation by type of benefit plan is as follows:

(EUR millions)	2018	2017	2016
Supplementary pensions	1,300	1,279	1,335
Retirement bonuses and similar benefits	326	311	299
Medical costs of retirees	42	45	53
Long-service awards	27	25	24
Other	9	9	5
Defined-benefit obligation	**1,704**	**1,669**	**1,716**

The geographic breakdown of the defined-benefit obligation is as follows:

(EUR millions)	2018	2017	2016
France	615	579	566
Europe (excluding France)	556	569	618
United States	347	344	347
Japan	136	125	130
Asia (excluding Japan)	41	44	48
Other countries	9	8	7
Defined-benefit obligation	**1,704**	**1,669**	**1,716**

The main components of the Group's net commitment for retirement and other defined-benefit obligations as of December 31, 2018 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 compensation; they also include end-of-career bonuses and long-service 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), commitments concern defined-benefit pension plans set up in the United Kingdom by certain Group companies; participation by Group companies in Switzerland in the mandatory Swiss occupational pension plan, the LPP (*Loi pour la Prévoyance Professionnelle*); and in Italy the TFR (*Trattamento di Fine Rapporto*), 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 the market value of plan assets by type of investment is as follows:

(as % of market value of related plan assets)	2018	2017	2016
Shares	23	25	28
Bonds			
- private issues	36	36	34
- public issues	5	6	8
Cash, investment funds, real estate and other assets	36	33	30
Total	**100**	**100**	**100**

These assets do not include debt securities issued by Group companies, or any LVMH shares for significant amounts. The Group plans to increase the related plan assets in 2019 by paying in approximately 120 million euros.

30. OFF-BALANCE SHEET COMMITMENTS

30.1 Purchase commitments

(EUR millions)	2018	2017	2016
Grapes, wines and *eaux-de-vie*	2,040	1,925	1,962
Other purchase commitments for raw materials	215	123	87
Industrial and commercial fixed assets	721	525	613
Investments in joint venture shares and non-current available for sale financial assets	2,151	205	953

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 fiscal year-end prices and estimated production yields.

As of December 31, 2018, share purchase commitments included the impact of LVMH's commitment to acquire, for cash, all the Class A shares of Belmond Ltd at a unit price of 25 US dollars, for a total of 2.3 billion US dollars, after taking into account the shares acquired on the market in December 2018. Belmond owns and operates an exceptional portfolio of very high-end hotels and travel experiences in the world's most desirable, prestigious locations. The company operates in 24 countries and is listed on the New York Stock Exchange. The transaction should be finalized in the first half of 2019, subject to approval by Belmond's shareholders and certain competition authorities.

As of December 31, 2016, purchase commitments for shares and non-current available for sale financial assets included the amount related to the acquisition of Rimowa. See Note 2.

As of December 31, 2018, 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*	659	1,346	35	2,040
Other purchase commitments for raw materials	123	91	1	215
Industrial and commercial fixed assets	601	121	(1)	721
Investments in joint venture shares and non-current available for sale financial assets	2,049	102	-	2,151

30.2 Leases

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 or minimum portions of commitments in respect of the irrevocable period of operating lease or concession contracts were as follows as of December 31, 2018:

(EUR millions)	2018	2017	2016
Less than one year	2,334	2,172	2,024
One to five years	6,098	5,595	4,965
More than five years	4,141	3,677	3,107
Commitments given for operating leases and concessions	**12,573**	**11,444**	**10,096**
Less than one year	18	15	14
One to five years	48	35	17
More than five years	3	13	6
Commitments received for subleases	**69**	**63**	**37**

In addition, the Group may enter into operating leases or concession contracts that have variable guaranteed amounts.

30.3 Collateral and other guarantees

As of December 31, 2018, these commitments broke down as follows:

(EUR millions)	2018	2017	2016
Securities and deposits	342	379	400
Other guarantees	160	274	132
Guarantees given	**502**	**653**	**532**
Guarantees received	**70**	**40**	**34**

The 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	125	209	8	342
Other guarantees	56	91	13	160
Guarantees given	**181**	**300**	**21**	**502**
Guarantees received	**20**	**44**	**6**	**70**

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 September 2017, hurricanes Harvey, Irma and Maria battered the Caribbean and the southern United States, causing major damage to two of the Group's hotels in St. Barthélemy and affecting, to a lesser extent, the stores in the areas where the storms made landfall. As the losses incurred, in terms of both physical damage and the interruption of business, were covered in large part by the Group's insurance policies, the impact of these events on the consolidated financial statements for the fiscal year ended December 31, 2017 was not material.

At the end of October 2017, having discovered that a subcontractor had delivered product batches not meeting its quality standards, Benefit ordered a worldwide recall of these products and launched a communications campaign. As a significant portion of the costs related to this incident were covered by the Group's civil liability insurance policy, the remaining financial impact on the financial statements for the fiscal year ended December 31, 2018 was not material. This claim is expected to be settled in the first half of 2019. The Group and the insurance company jointly sued the subcontractor for damages.

There were no significant developments in fiscal year 2018 with regard to exceptional events or litigation.

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 Group.

32. RELATED-PARTY TRANSACTIONS

32.1 Relations of LVMH with Christian Dior and Groupe Arnault

The LVMH group is consolidated in the accounts of Christian Dior SE, a public company listed on the Eurolist by Euronext Paris and controlled by Groupe Arnault SE via its subsidiary Financière Agache SA.

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. Groupe Arnault SE also 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 Groupe Arnault SE and some of its subsidiaries.

Transactions between LVMH and Groupe Arnault and its subsidiaries may be summarized as follows:

(EUR millions)	2018	2017	2016
Amounts billed by Groupe Arnault SE, Financière Agache and Christian Dior SE to LVMH	(3)	(6)	(6)
Amount payable outstanding as of December 31	-	(2)	(2)
Amounts billed by LVMH to Groupe Arnault SE, Financière Agache and Christian Dior SE	5	5	5
Amount receivable outstanding as of December 31	-	1	4

32.2 Relations with Diageo

Moët Hennessy SAS and Moët Hennessy International SAS (hereinafter 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, Colgin Cellars and certain champagne vineyards. Diageo holds a 34% stake in Moët Hennessy. When that holding was acquired in 1994, an agreement was entered into between Diageo and LVMH for the apportionment of shared holding company expenses between Moët Hennessy and the other holding companies of the LVMH group.

Under this agreement, Moët Hennessy assumed 15% of shared costs in 2018 (16% in 2017 and 17% in 2016), and accordingly re-invoiced the excess costs incurred to LVMH SE. After re-invoicing, the amount of shared costs assumed by Moët Hennessy came to 17 million euros for 2018 (19 million euros in 2017 and 21 million euros in 2016).

32.3 Relations with the Fondation Louis Vuitton

In October 2014, the 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. 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)	**2018**	**2017**	**2016**
Gross compensation, employers' charges and benefits in kind	61	63	62
Post-employment benefits	19	17	16
Other long-term benefits	19	2	11
End-of-contract bonuses	13	12	-
Stock option and similar plans	29	14	14
Total	**141**	**108**	**103**

The commitment recognized as of December 31, 2018 for post-employment benefits net of related financial assets was 66 million euros (68 million euros as of December 31, 2017 and 72 million euros as of December 31, 2016).

33. SUBSEQUENT EVENTS

No significant subsequent events occurred between December 31, 2018 and January 29, 2019, the date at which the financial statements were approved for publication by the Board of Directors.

CONSOLIDATED COMPANIES

Companies	Registered office	Method of consolidation	Ownership interest
WINES AND SPIRITS			
MHCS	Épernay, France	FC	66%
Champagne Des Moutiers	Épernay, France	FC	66%
Société Viticole de Reims	Épernay, France	FC	66%
Compagnie Française du Champagne et du Luxe	Épernay, France	FC	66%
Chamfipar	Épernay, France	FC	66%
GIE Moët Hennessy Information Services	Épernay, France	FC	66%
Moët Hennessy Entreprise Adaptée	Épernay, France	FC	66%
Champagne Bernard Breuzon	Colombé-le-Sec, France	FC	66%
Champagne De Mansin	Gyé-sur-Seine, France	FC	66%
Société Civile des Crus de Champagne	Reims, France	FC	66%
Moët Hennessy Italia SpA	Milan, Italy	FC	66%
Moët Hennessy UK	London, United Kingdom	FC	66%
Moët Hennessy España	Barcelona, Spain	FC	66%
Moët Hennessy (Suisse)	Geneva, Switzerland	FC	66%
Moët Hennessy Deutschland GmbH	Munich, Germany	FC	66%
Moët Hennessy de Mexico	Mexico City, Mexico	FC	66%
Moët Hennessy Belux	Brussels, Belgium	FC	66%
Moët Hennessy Österreich	Vienna, Austria	FC	66%
Moët Hennessy Suomi	Helsinki, Finland	FC	66%
Moët Hennessy Polska	Warsaw, Poland	FC	66%
Moët Hennessy Czech Republic	Prague, Czech Republic	FC	66%
Moët Hennessy Sverige	Stockholm, Sweden	FC	66%
Moët Hennessy Norge	Sandvika, Norway	FC	66%
Moët Hennessy Danmark	Copenhagen, Denmark	FC	66%
Moët Hennessy Nederland	Baarn, Netherlands	FC	66%
Moet Hennessy USA	New York, USA	FC	66%
Moët Hennessy Turkey	Istanbul, Turkey	FC	66%
Moët Hennessy South Africa Pty Ltd	Johannesburg, South Africa	FC	66%
MH Champagnes and Wines Korea Ltd	Icheon, South Korea	FC	66%
MHD Moët Hennessy Diageo	Courbevoie, France	JV	66%
Cheval des Andes	Buenos Aires, Argentina	EM	33%
Domaine Chandon	California, USA	FC	66%
Cape Mentelle Vineyards	Margaret River, Australia	FC	66%
Veuve Clicquot Properties	Margaret River, Australia	FC	66%
Moët Hennessy Do Brasil – Vinhos E Destilados	São Paulo, Brazil	FC	66%
Cloudy Bay Vineyards	Blenheim, New Zealand	FC	66%
Bodegas Chandon Argentina	Buenos Aires, Argentina	FC	66%
Domaine Chandon Australia	Coldstream, Victoria, Australia	FC	66%
Newton Vineyards	California, USA	FC	59%
Domaine Chandon (Ningxia) Moët Hennessy Co.	Yinchuan, China	FC	66%
Moët Hennessy Chandon (Ningxia) Vineyards Co.	Yinchuan, China	FC	40%
SA Du Château d'Yquem	Sauternes, France	FC	96%
SC Du Château d'Yquem	Sauternes, France	FC	96%
Société Civile Cheval Blanc (SCCB)	Saint-Émilion, France	EM	50%
Colgin Cellars	Saint Helena, USA	FC	60%
Moët Hennessy Shangri-La (Deqin) Winery Company	Deqin, China	FC	53%
Jas Hennessy & Co.	Cognac, France	FC	65%
Distillerie de la Groie	Cognac, France	FC	65%
SICA de Bagnolet	Cognac, France	FC	3%
Sodepa	Cognac, France	FC	65%
Diageo Moët Hennessy BV	Amsterdam, Netherlands	JV	66%
Hennessy Dublin	Dublin, Ireland	FC	66%
Edward Dillon & Co. Ltd	Dublin, Ireland	EM	26%
Hennessy Far East	Hong Kong, China	FC	65%
Moët Hennessy Diageo Hong Kong	Hong Kong, China	JV	66%
Moët Hennessy Diageo Macau	Macao, China	JV	66%
Riche Monde (China)	Hong Kong, China	JV	66%
Moët Hennessy Diageo Singapore Pte	Singapore	JV	66%
Moët Hennessy Cambodia Co.	Phnom Penh, Cambodia	FC	34%
Moët Hennessy Philippines	Makati, Philippines	FC	49%
Société du Domaine des Lambrays	Morey-Saint-Denis, France	FC	100%
Moët Hennessy Services UK	London, United Kingdom	FC	66%
Moët Hennessy Services Singapore Pte Ltd	Singapore	FC	66%
Moët Hennessy Diageo Malaysia Sdn.	Kuala Lumpur, Malaysia	JV	66%
Diageo Moët Hennessy Thailand	Bangkok, Thailand	JV	66%
Moët Hennessy Shanghai	Shanghai, China	FC	66%
Moët Hennessy India	Mumbai, India	FC	66%
Jas Hennessy Taiwan	Taipei, Taiwan	FC	65%
Moët Hennessy Diageo China Company	Shanghai, China	JV	66%
Moët Hennessy Distribution Russia	Moscow, Russia	FC	66%
Moët Hennessy Vietnam Importation Co.	Ho Chi Minh City, Vietnam	FC	65%
Moët Hennessy Vietnam Distribution Shareholding Co.	Ho Chi Minh City, Vietnam	FC	33%
Moët Hennessy Rus	Moscow, Russia	FC	66%
MHD Moët Hennessy Diageo	Courbevoie, France	JV	66%
Moët Hennessy Asia Pacific Pte Ltd	Singapore	FC	65%
Moët Hennessy Australia	Mascot, Australia	FC	65%
Polmos Zyrardow Sp. Z O.O.	Zyrardow, Poland	FC	66%
The Glenmorangie Company	Edinburgh, United Kingdom	FC	66%
Macdonald & Muir Ltd	Edinburgh, United Kingdom	FC	66%
Alistair Graham Limited	Edinburgh, United Kingdom	FC	66%
Ardbeg Distillery Limited	Edinburgh, United Kingdom	FC	66%
Ardbeg Ltd	Edinburgh, United Kingdom	FC	66%
Bonding and Transport Co. Ltd	Edinburgh, United Kingdom	FC	66%
Charles Muirhead & Son Limited	Edinburgh, United Kingdom	FC	66%
Douglas Macniven & Company Ltd	Edinburgh, United Kingdom	FC	66%
Glenmorangie Distillery Co. Ltd	Edinburgh, United Kingdom	FC	66%
Glenmorangie Spring Water	Edinburgh, United Kingdom	FC	66%
James Martin & Company Ltd	Edinburgh, United Kingdom	FC	66%
Macdonald Martin Distilleries	Edinburgh, United Kingdom	FC	66%
Morangie Mineral Water Company	Edinburgh, United Kingdom	FC	66%
Morangie Springs Limited	Edinburgh, United Kingdom	FC	66%
Nicol Anderson & Co. Ltd	Edinburgh, United Kingdom	FC	66%
Tarlogie Springs Limited	Edinburgh, United Kingdom	FC	66%
Woodinville Whiskey Company LLC	Woodinville, USA	FC	66%
Volcan Azul	Mexico City, Mexico	EM	33%
FASHION AND LEATHER GOODS			
Louis Vuitton Malletier	Paris, France	FC	100%
Manufacture de Souliers Louis Vuitton	Fiesso d'Artico, Italy	FC	100%
Louis Vuitton Saint-Barthélemy	Saint-Barthélemy, French Antilles	FC	100%
Louis Vuitton Cantacilik Ticaret	Istanbul, Turkey	FC	100%
Louis Vuitton Editeur	Paris, France	FC	100%
Louis Vuitton International	Paris, France	FC	100%
Louis Vuitton India Holding & Services Pvt. Ltd.	Bangalore, India	FC	100%
Société des Ateliers Louis Vuitton	Paris, France	FC	100%
Manufacture des Accessoires Louis Vuitton	Fiesso d'Artico, Italy	FC	100%
Louis Vuitton Bahrain WLL	Manama, Bahrain	FC	65%
Société Louis Vuitton Services	Paris, France	FC	100%
Louis Vuitton Qatar LLC	Doha, Qatar	FC	63%
Société des Magasins Louis Vuitton France	Paris, France	FC	100%
Belle Jardinière	Paris, France	FC	100%
La Fabrique du Temps Louis Vuitton	Meyrin, Switzerland	FC	100%
Les Ateliers Joailliers Louis Vuitton	Paris, France	FC	100%
Louis Vuitton Monaco	Monte Carlo, Monaco	FC	100%
ELV	Paris, France	FC	100%
Louis Vuitton Services Europe	Brussels, Belgium	FC	100%
Louis Vuitton UK	London, United Kingdom	FC	100%
Louis Vuitton Ireland	Dublin, Ireland	FC	100%
Louis Vuitton Deutschland	Munich, Germany	FC	100%
Louis Vuitton Ukraine	Kiev, Ukraine	FC	100%
Manufacture de Maroquinerie et Accessoires Louis Vuitton	Barcelona, Spain	FC	100%
La Fabrique de Maroquinerie Louis Vuitton	Paris, France	FC	100%
Louis Vuitton B.V.	Amsterdam, Netherlands	FC	100%
Louis Vuitton Belgium	Brussels, Belgium	FC	100%
Louis Vuitton Luxembourg	Luxembourg	FC	100%
Louis Vuitton Hellas	Athens, Greece	FC	100%
Louis Vuitton Portugal Maleiro	Lisbon, Portugal	FC	100%
Louis Vuitton Ltd	Tel Aviv, Israel	FC	100%
Louis Vuitton Danmark	Copenhagen, Denmark	FC	100%
Louis Vuitton Aktiebolag	Stockholm, Sweden	FC	100%
Louis Vuitton Suisse	Meyrin, Switzerland	FC	100%
Louis Vuitton Polska Sp. Z O.O.	Warsaw, Poland	FC	100%
Louis Vuitton Ceska	Prague, Czech Republic	FC	100%
Louis Vuitton Österreich	Vienna, Austria	FC	100%
Louis Vuitton Kazakhstan	Almaty, Kazakhstan	FC	100%
Louis Vuitton US Manufacturing, Inc.	San Dimas, USA	FC	100%
Louis Vuitton Hawaii, Inc.	Hawaii, USA	FC	100%
Louis Vuitton Guam, Inc.	Tamuning, Guam	FC	100%
Louis Vuitton Saipan Inc.	Saipan, Northern Mariana Islands	FC	100%
Louis Vuitton Norge	Oslo, Norway	FC	100%
San Dimas Luggage Company	San Dimas, USA	FC	100%
Louis Vuitton North America, Inc.	New York, USA	FC	100%
Louis Vuitton USA, Inc.	New York, USA	FC	100%
Louis Vuitton Liban Retail SAL	Beirut, Lebanon	FC	95%
Louis Vuitton Vietnam Company Limited	Hanoi, Vietnam	FC	100%
Louis Vuitton Suomi	Helsinki, Finland	FC	100%
Louis Vuitton Romania Srl	Bucharest, Romania	FC	100%
LVMH Fashion Group Brasil Ltda	São Paulo, Brazil	FC	100%
Louis Vuitton Panama, Inc.	Panama City, Panama	FC	100%
Louis Vuitton Mexico	Mexico City, Mexico	FC	100%

Companies	Registered office	Method of consolidation	Ownership interest
Operadora Louis Vuitton Mexico	Mexico City, Mexico	FC	100%
Louis Vuitton Chile Spa	Santiago de Chile, Chile	FC	100%
Louis Vuitton (Aruba)	Oranjestad, Aruba	FC	100%
Louis Vuitton Argentina	Buenos Aires, Argentina	FC	100%
Louis Vuitton Republica Dominicana	Santo Domingo, Dominican Republic	FC	100%
Louis Vuitton Pacific	Hong Kong, China	FC	100%
Louis Vuitton Kuwait WLL	Kuwait City, Kuwait	FC	32%
Louis Vuitton Hong Kong Limited	Hong Kong, China	FC	100%
Louis Vuitton (Philippines) Inc.	Makati, Philippines	FC	100%
Louis Vuitton Singapore Pte Ltd	Singapore	FC	100%
LV Information & Operation Services Pte Ltd	Singapore	FC	100%
PT Louis Vuitton Indonesia	Jakarta, Indonesia	FC	98%
Louis Vuitton (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	100%
Louis Vuitton (Thailand) Société Anonyme	Bangkok, Thailand	FC	100%
Louis Vuitton Taiwan Ltd.	Taipei, Taiwan	FC	100%
Louis Vuitton Australia Pty Ltd.	Sydney, Australia	FC	100%
Louis Vuitton (China) Co. Ltd.	Shanghai, China	FC	100%
Mon Moda Luxe LLC	Ulaanbaatar, Mongolia	FC	100%
Louis Vuitton New Zealand	Auckland, New Zealand	FC	100%
Louis Vuitton India Retail Pte Ltd	Gurgaon, India	FC	100%
Louis Vuitton EAU LLC	Dubai, United Arab Emirates	FC	52%
Louis Vuitton Saudi Arabia Ltd.	Jeddah, Saudi Arabia	FC	55%
Louis Vuitton Middle East	Dubai, United Arab Emirates	FC	65%
Louis Vuitton – Jordan PSC	Amman, Jordan	FC	95%
Louis Vuitton Orient LLC	Emirate of Ras Al Khaimah, United Arab Emirates	FC	65%
Louis Vuitton Korea Ltd.	Seoul, South Korea	FC	100%
LVMH Fashion Group Trading Korea Ltd.	Seoul, South Korea	FC	100%
Louis Vuitton Hungaria Kft.	Budapest, Hungary	FC	100%
Louis Vuitton Vostok	Moscow, Russia	FC	100%
LV Colombia SAS	Santa Fé de Bogota, Colombia	FC	100%
Louis Vuitton Maroc	Casablanca, Morocco	FC	100%
Louis Vuitton South Africa	Johannesburg, South Africa	FC	100%
Louis Vuitton Macau Company Limited	Macao, China	FC	100%
Louis Vuitton Japan KK	Tokyo, Japan	FC	99%
Louis Vuitton Services KK	Tokyo, Japan	FC	99%
Louis Vuitton Canada, Inc.	Toronto, Canada	FC	100%
Louis Vuitton (Barbados)	Saint Michael, Barbados	FC	100%
Atepeli – Ateliers des Ponte de Lima	Calvelo, Portugal	FC	100%
Somarest	Sibiu, Romania	FC	100%
LVMH Métiers D'Art	Paris, France	FC	100%
Tanneries Roux	Romans-sur-Isère, France	FC	100%
HLI Holding Pte. Ltd	Singapore	FC	100%
Heng Long International Ltd	Singapore	FC	100%
Heng Long Leather Co. (Pte) Ltd	Singapore	FC	100%
Heng Long Leather (Guangzhou) Co. Ltd	Guangzhou, China	FC	100%
HL Australia Proprietary Ltd	Sydney, Australia	FC	100%
Starke Holding	Florida, USA	FC	100%
Cypress Creek Farms	Florida, USA	FC	100%
The Florida Alligator Company	Florida, USA	FC	100%
Pellefina	Starke, USA	FC	100%
Thélios	Longarone, Italy	FC	51%
Thélios France	Paris, France	FC	51%
Thélios USA Inc.	Somerville, USA	FC	51%
Thélios Asia Pacific Limited	Hong Kong, China	FC	51%
Marc Jacobs International	New York, USA	FC	80%
Marc Jacobs International (UK)	London, United Kingdom	FC	80%
Marc Jacobs Trademarks	New York, USA	FC	80%
Marc Jacobs Japan	Tokyo, Japan	FC	80%
Marc Jacobs International Italia	Milan, Italy	FC	80%
Marc Jacobs International France	Paris, France	FC	80%
Marc Jacobs Commercial and Trading (Shanghai) Co.	Shanghai, China	FC	80%
Marc Jacobs Hong Kong	Hong Kong, China	FC	80%
Marc Jacobs Holdings	New York, USA	FC	80%
Marc Jacobs Hong Kong Distribution Company	Hong Kong, China	FC	80%
Marc Jacobs Macau Distribution Company	Macao, China	FC	80%
Loewe	Madrid, Spain	FC	100%
Loewe Hermanos	Madrid, Spain	FC	100%
Manufacturas Loewe	Madrid, Spain	FC	100%
LVMH Fashion Group France	Paris, France	FC	100%
Loewe Hermanos UK	London, United Kingdom	FC	100%
Loewe Hong Kong	Hong Kong, China	FC	100%
Loewe Commercial and Trading (Shanghai) Co.	Shanghai, China	FC	100%
Loewe Fashion	Singapore	FC	100%
Loewe Taiwan	Taipei, Taiwan	FC	100%
Loewe Macau Company	Macao, China	FC	100%

Companies	Registered office	Method of consolidation	Ownership interest
Loewe Italy	Milan, Italy	FC	100%
Loewe Alemania	Frankfurt, Germany	FC	100%
Loewe LLC	New York, USA	FC	100%
LVMH Fashion Group Support	Paris, France	FC	100%
Berluti SA	Paris, France	FC	100%
Manifattura Berluti Srl	Ferrara, Italy	FC	100%
Berluti LLC	New York, USA	FC	100%
Berluti UK Limited (Company)	London, United Kingdom	FC	100%
Berluti Macau Company Limited	Macao, China	FC	100%
Berluti (Shanghai) Company Limited	Shanghai, China	FC	100%
Berluti Hong Kong Company Limited	Hong Kong, China	FC	100%
Berluti Deutschland GmbH	Munich, Germany	FC	100%
Berluti Singapore Pte Ltd	Singapore	FC	100%
Berluti Japan KK	Tokyo, Japan	FC	99%
Berluti Orient FZ LLC	Emirate of Ras Al Khaimah, United Arab Emirates	FC	65%
Berluti EAU LLC	Dubai, United Arab Emirates	FC	65%
Berluti Taiwan Ltd.	Taipei, Taiwan	FC	100%
Berluti Korea Company Ltd.	Seoul, South Korea	FC	65%
Berluti Australia	Sydney, Australia	FC	100%
Rossimoda	Vigonza, Italy	FC	100%
Rossimoda Romania	Cluj-Napoca, Romania	FC	100%
LVMH Fashion Group Services	Paris, France	FC	100%
Montaigne	Tokyo, Japan	FC	99%
Interlux Company	Hong Kong, China	FC	100%
Jean Patou SAS	Paris, France	FC	70%
Rimowa GmbH	Cologne, Germany	FC	80%
Rimowa GmbH & Co Distribution KG	Cologne, Germany	FC	80%
Rimowa Electronic Tag GmbH	Hamburg, Germany	FC	80%
Rimowa CZ spol s.r.o.	Pelhrimov, Czech Republic	FC	80%
Rimowa America Do Sul Malas De Viagem Ltda	São Paulo, Brazil	FC	80%
Rimowa North America Inc.	Cambridge, Canada	FC	80%
Rimowa Inc.	Delaware, USA	FC	80%
Rimowa Distribution Inc.	Delaware, USA	FC	80%
Rimowa Far East Limited	Hong Kong, China	FC	80%
Rimowa Macau Limited	Macao, China	FC	80%
Rimowa Japan Co. Ltd	Tokyo, Japan	FC	80%
Rimowa France SARL	Paris, France	FC	80%
Rimowa Italy Srl	Milan, Italy	FC	80%
Rimowa Netherlands BV	Amsterdam, Netherlands	FC	80%
Rimowa Spain SLU	Madrid, Spain	FC	80%
Rimowa Great Britain Limited	London, United Kingdom	FC	80%
Rimowa China	Shanghai, China	FC	80%
Rimowa International	Paris, France	FC	80%
Rimowa Group Services	Paris, France	FC	80%
Rimowa Middle East FZ-LLC	Dubai, United Arab Emirates	FC	80%
Rimowa Korea Ltd	Seoul, South Korea	FC	80%
Rimowa Orient Trading-LLC	Dubai, United Arab Emirates	FC	80%
110 Vondrau Holdings Inc.	Cambridge, Canada	FC	80%
Christian Dior Couture Korea Ltd	Seoul, South Korea	FC	100%
Christian Dior KK	Tokyo, Japan	FC	100%
Christian Dior Inc.	New York, USA	FC	100%
Christian Dior Far East Ltd	Hong Kong, China	FC	100%
Christian Dior Hong Kong Ltd	Hong Kong, China	FC	100%
Christian Dior Fashion (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	100%
Christian Dior Singapore Pte Ltd	Singapore	FC	100%
Christian Dior Australia Pty Ltd	Sydney, Australia	FC	100%
Christian Dior New Zealand Ltd	Auckland, New Zealand	FC	100%
Christian Dior Taiwan Limited	Hong Kong, China	FC	100%
Christian Dior (Thailand) Co. Ltd	Bangkok, Thailand	FC	100%
Christian Dior Saipan Ltd	Saipan, Northern Mariana Islands	FC	100%
Christian Dior Guam Ltd	Tumon Bay, Guam	FC	100%
Christian Dior Espanola	Madrid, Spain	FC	100%
Christian Dior Puerto Banus	Madrid, Spain	FC	75%
Christian Dior UK Limited	London, United Kingdom	FC	100%
Christian Dior Italia Srl	Milan, Italy	FC	100%
Christian Dior Suisse SA	Geneva, Switzerland	FC	100%
Christian Dior GmbH	Pforzheim, Germany	FC	100%
Christian Dior Fourrure M.C.	Monte Carlo, Monaco	FC	100%
Christian Dior do Brasil Ltda	São Paulo, Brazil	FC	100%
Christian Dior Belgique	Brussels, Belgium	FC	100%
Bopel	Lugagnano Val d'Arda, Italy	FC	85%
Christian Dior Couture CZ	Prague, Czech Republic	FC	100%
Ateliers AS	Pierre-Bénite, France	EM	25%
Christian Dior Couture	Paris, France	FC	100%
Christian Dior Couture FZE	Dubai, United Arab Emirates	FC	100%
Christian Dior Couture Maroc	Casablanca, Morocco	FC	100%
Christian Dior Macau Single Shareholder Company Limited	Macao, China	FC	100%
Christian Dior S. de R.L. de C.V.	Lomas de Chapultepec, Mexico	FC	100%

Consolidated companies

Companies	Registered office	Method of consolidation	Ownership interest
Les Ateliers Bijoux GmbH	Pforzheim, Germany	FC	100%
Christian Dior Commercial (Shanghai) Co.Ltd	Shanghai, China	FC	100%
Christian Dior Trading India Pte Ltd	Mumbai, India	FC	100%
Christian Dior Couture Stoleshnikov	Moscow, Russia	FC	100%
Ateliers Modèles SAS	Paris, France	FC	100%
CDCH SA	Luxembourg	FC	85%
CDC Abu-Dhabi LLC Couture	Abu Dhabi, United Arab Emirates	FC	85%
Dior Grèce Société Anonyme Garments Trading	Athens, Greece	FC	100%
CDC General Trading LLC	Dubai, United Arab Emirates	FC	80%
Christian Dior Istanbul Magazacilik Anonim Sirketi	Istanbul, Turkey	FC	100%
John Galliano SA	Paris, France	FC	100%
Christian Dior Couture Qatar LLC	Doha, Qatar	FC	82%
Christian Dior Couture Bahrain W.L.L.	Manama, Bahrain	FC	84%
PT Fashion Indonesia Trading Company	Jakarta, Indonesia	FC	100%
Christian Dior Couture Ukraine	Kiev, Ukraine	FC	100%
CDCG FZCO	Dubai, United Arab Emirates	FC	85%
COU.BO Srl	Arzano, Italy	FC	85%
Christian Dior Netherlands BV	Amsterdam, Netherlands	FC	100%
Christian Dior Vietnam Limited Liability Company	Hanoi, Vietnam	FC	100%
Vermont	Paris, France	FC	100%
Christian Dior Couture Kazakhstan	Almaty, Kazakhstan	FC	100%
Christian Dior Austria GmbH	Vienna, Austria	FC	100%
Manufactures Dior Srl	Milan, Italy	FC	100%
Christian Dior Couture Azerbaijan	Baku, Azerbaijan	FC	100%
Draupnir SA	Luxembourg	FC	100%
Myolnir SA	Luxembourg	FC	100%
Christian Dior Couture Luxembourg SA	Luxembourg	FC	100%
Les Ateliers Horlogers Dior	La Chaux-de-Fonds, Switzerland	FC	100%
Dior Montres	Paris, France	FC	100%
Christian Dior Couture Canada Inc.	Toronto, Canada	FC	100%
Christian Dior Couture Panama Inc.	Panama City, Panama	FC	100%
IDMC Manufacture	Paris, France	FC	90%
GINZA SA	Luxembourg	FC	100%
GFEC. Srl	Casoria, Italy	FC	100%
CDC Kuwait Fashion Accessories with limited liability	Kuwait City, Kuwait	FC	85%
AURELIA Solutions S.R.L	Milan, Italy	FC	100%
Grandville	Luxembourg	FC	100%
Céline SA	Paris, France	FC	100%
Avenue M International SCA	Paris, France	FC	99%
Enilec Gestion SARL	Paris, France	FC	99%
Céline Montaigne SAS	Paris, France	FC	99%
Céline Monte-Carlo SA	Monte Carlo, Monaco	FC	99%
Céline Germany GmbH	Berlin, Germany	FC	99%
Céline Production Srl	Florence, Italy	FC	99%
Céline Suisse SA	Geneva, Switzerland	FC	99%
Céline UK Ltd	London, United Kingdom	FC	99%
Céline Inc.	New York, USA	FC	100%
Céline (Hong Kong) Limited	Hong Kong, China	FC	99%
Céline Commercial and Trading (Shanghai) Co. Ltd	Shanghai, China	FC	99%
Céline Boutique Taiwan Co. Ltd	Taipei, Taiwan	FC	100%
CPC Macau Company Limited	Macao, China	FC	99%
LVMH FG Services UK	London, United Kingdom	FC	100%
Céline Distribution Spain S.L.U.	Madrid, Spain	FC	99%
Céline Distribution Singapore	Singapore	FC	99%
RC Diffusion Rive Droite SARL	Paris, France	FC	99%
Céline EAU LLC	Dubai, United Arab Emirates	FC	52%
Céline Netherlands BV	Baarn, Netherlands	FC	99%
Céline Australia Ltd Co.	Sydney, Australia	FC	99%
Céline Sweden AB	Stockholm, Sweden	FC	99%
Celine Czech Republic	Prague, Czech Republic	FC	99%
Céline Middle East	Dubai, United Arab Emirates	FC	65%
LMP LLC	New York, USA	FC	100%
Kenzo SA	Paris, France	FC	100%
Kenzo Belgique SA	Brussels, Belgium	FC	100%
Kenzo UK Limited	London, United Kingdom	FC	100%
Kenzo Italia Srl	Milan, Italy	FC	100%
Kenzo Paris USA LLC	New York, USA	FC	100%
Kenzo Paris Netherlands	Amsterdam, Netherlands	FC	100%
Kenzo Paris Japan KK	Tokyo, Japan	FC	100%
Kenzo Paris Singapore	Singapore	FC	100%
Kenzo Paris Hong Kong Company	Hong Kong, China	FC	100%
Kenzo Paris Macau Company Ltd.	Macao, China	FC	100%
Holding Kenzo Asia	Hong Kong, China	FC	51%
Kenzo Paris Shanghai	Shanghai, China	FC	51%
Digital Kenzo China	Shanghai, China	FC	100%
LVMH Fashion Group Malaysia	Kuala Lumpur, Malaysia	FC	100%
Givenchy SA	Paris, France	FC	100%
Givenchy Corporation	New York, USA	FC	100%
Givenchy China Co.	Hong Kong, China	FC	100%

Companies	Registered office	Method of consolidation	Ownership interest
Givenchy (Shanghai) Commercial and Trading Co.	Shanghai, China	FC	100%
GCCL Macau Co.	Macao, China	FC	100%
Givenchy Italia Srl	Florence, Italy	FC	100%
LVMH Fashion Group Japan KK	Tokyo, Japan	FC	99%
Givenchy Couture Ltd	London, United Kingdom	FC	100%
Givenchy Taiwan	Taipei, Taiwan	FC	100%
Givenchy Trading WLL	Doha, Qatar	FC	56%
Givenchy Middle-East FZ LLC	Dubai, United Arab Emirates	FC	70%
George V EAU LLC	Dubai, United Arab Emirates	FC	56%
Givenchy Singapore	Singapore	FC	100%
Givenchy Korea Ltd	Seoul, South Korea	FC	100%
Fendi Prague s.r.o.	Prague, Czech Republic	FC	100%
Luxury Kuwait for Ready Wear Company WLL	Kuwait City, Kuwait	FC	62%
Fendi Canada Inc.	Toronto, Canada	FC	100%
Fendi Private Suites Srl	Rome, Italy	FC	100%
Fun Fashion Qatar LLC	Doha, Qatar	FC	80%
Fendi International SAS	Paris, France	FC	100%
Fun Fashion Emirates LLC	Dubai, United Arab Emirates	FC	62%
Fendi SA	Luxembourg	FC	100%
Fun Fashion Bahrain Co.WLL	Manama, Bahrain	FC	58%
Fendi Srl	Rome, Italy	FC	100%
Fendi Dis Ticaret Ltd Sti	Istanbul, Turkey	FC	100%
Fendi Italia Srl	Rome, Italy	FC	100%
Fendi UK Ltd	London, United Kingdom	FC	100%
Fendi France SAS	Paris, France	FC	100%
Fendi North America Inc.	New York, USA	FC	100%
Fendi (Thailand) Company Limited	Bangkok, Thailand	FC	100%
Fendi Asia Pacific Limited	Hong Kong, China	FC	100%
Fendi Korea Ltd	Seoul, South Korea	FC	100%
Fendi Taiwan Ltd	Taipei, Taiwan	FC	100%
Fendi Hong Kong Limited	Hong Kong, China	FC	100%
Fendi China Boutiques Limited	Hong Kong, China	FC	100%
Fendi (Singapore) Pte Ltd	Singapore	FC	100%
Fendi Fashion (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	100%
Fendi Switzerland SA	Mendrisio, Switzerland	FC	100%
Fendi Kids SA	Mendrisio, Switzerland	FC	100%
Fun Fashion FZCO	Dubai, United Arab Emirates	FC	78%
Fendi Macau Company Limited	Macao, China	FC	100%
Fendi Germany GmbH	Munich, Germany	FC	100%
Fendi Austria GmbH	Vienna, Austria	FC	100%
Fendi (Shanghai) Co. Ltd	Shanghai, China	FC	100%
Fun Fashion India Pte Ltd	Mumbai, India	FC	78%
Interservices & Trading SA	Mendrisio, Switzerland	FC	100%
Fendi Silk SA	Mendrisio, Switzerland	FC	100%
Outshine Mexico S. de R.L. de C.V.	Mexico City, Mexico	FC	100%
Fendi Timepieces USA Inc.	New Jersey, USA	FC	100%
Fendi Timepieces Service Inc.	New Jersey, USA	FC	100%
Fendi Timepieces SA	Neuchâtel, Switzerland	FC	100%
Support Retail Mexico S de R.L. de C.V.	Mexico City, Mexico	FC	100%
Fendi Netherlands BV	Baarn, Netherlands	FC	100%
Fendi Brasil-Comercio de Artigos de Luxo	São Paulo, Brazil	FC	100%
Fendi RU LLC	Moscow, Russia	FC	100%
Fendi Australia Pty Ltd	Sydney, Australia	FC	100%
Fendi Doha LLC	Doha, Qatar	FC	47%
Fendi Denmark ApS	Copenhagen, Denmark	FC	100%
Fendi Spain S. L.	Madrid, Spain	FC	100%
Fendi Monaco S.A.M.	Monte Carlo, Monaco	FC	100%
Fendi Japan KK	Tokyo, Japan	FC	99%
Emilio Pucci Srl	Florence, Italy	FC	100%
Emilio Pucci International	Baarn, Netherlands	FC	67%
Emilio Pucci Ltd	New York, USA	FC	100%
Emilio Pucci Hong Kong Company Limited	Hong Kong, China	FC	100%
Emilio Pucci (Shanghai) Company Limited	Shanghai, China	FC	100%
Emilio Pucci UK Limited	London, United Kingdom	FC	100%
Emilio Pucci France SAS	Paris, France	FC	100%
Thomas Pink Holdings	London, United Kingdom	FC	100%
Thomas Pink	London, United Kingdom	FC	100%
Thomas Pink	Amsterdam, Netherlands	FC	100%
Thomas Pink	New York, USA	FC	100%
Thomas Pink Ireland	Dublin, Ireland	FC	100%
Thomas Pink France	Paris, France	FC	100%
Thomas Pink Canada	Toronto, Canada	FC	100%
Loro Piana	Quarona, Italy	FC	85%
Loro Piana Switzerland	Lugano, Switzerland	FC	85%
Loro Piana France	Paris, France	FC	85%
Loro Piana	Munich, Germany	FC	85%
Loro Piana GB	London, United Kingdom	FC	85%
Warren Corporation	Connecticut, USA	FC	85%
Loro Piana & C.	New York, USA	FC	85%
Loro Piana USA	New York, USA	FC	85%
Loro Piana (HK)	Hong Kong, China	FC	85%
Loro Piana (Shanghai) Commercial Co.	Shanghai, China	FC	85%
Loro Piana (Shanghai) Textile Trading Co.	Shanghai, China	FC	85%

Companies	Registered office	Method of consolidation	Ownership interest
Loro Piana Mongolia	Ulaanbaatar, Mongolia	FC	85%
Loro Piana Korea Co.	Seoul, South Korea	FC	85%
Loro Piana (Macau)	Macao, China	FC	85%
Loro Piana Monaco	Monte Carlo, Monaco	FC	85%
Loro Piana España	Madrid, Spain	FC	85%
Loro Piana Japan Co.	Tokyo, Japan	FC	85%
Loro Piana Far East	Singapore	FC	85%
Loro Piana Peru	Lucanas, Peru	FC	85%
Manifattura Loro Piana	Sillavengo, Italy	FC	85%
Loro Piana Oesterreich	Vienna, Austria	FC	85%
Loro Piana Nederland	Amsterdam, Netherlands	FC	85%
Loro Piana Czech Republic	Prague, Czech Republic	FC	85%
Loro Piana Belgique	Brussels, Belgium	FC	85%
Sanin	Rawson, Argentina	FC	51%
Loro Piana Canada	Toronto, Canada	FC	85%
Cashmere Lifestyle Luxury Trading LLC	Garhoud, United Arab Emirates	FC	51%
Nicholas Kirkwood Ltd	London, United Kingdom	FC	52%
Nicholas Kirkwood (USA) Corp.	Astoria, USA	FC	52%
NK Washington LLC	Astoria, USA	FC	52%
Nicholas Kirkwood LLC	Astoria, USA	FC	52%
NK WLV LLC	Astoria, USA	FC	52%
Project Loud France	Paris, France	FC	50%
JW Anderson Limited	London, United Kingdom	EM	46%
Marco de Vincenzo Srl	Rome, Italy	EM	45%

PERFUMES AND COSMETICS

Companies	Registered office	Method of consolidation	Ownership interest
Parfums Christian Dior	Paris, France	FC	100%
LVMH Perfumes and Cosmetics (Thailand) Ltd.	Bangkok, Thailand	FC	49%
LVMH P&C Do Brasil	São Paulo, Brazil	FC	100%
France Argentine Cosmetic	Buenos Aires, Argentina	FC	100%
LVMH P&C (Shanghai) Co.	Shanghai, China	FC	100%
Parfums Christian Dior Finland	Helsinki, Finland	FC	100%
SNC du 33 Avenue Hoche	Paris, France	FC	100%
LVMH Fragrances and Cosmetics (Singapore)	Singapore	FC	100%
Parfums Christian Dior Orient Co.	Dubai, United Arab Emirates	FC	60%
Parfums Christian Dior Emirates	Dubai, United Arab Emirates	FC	48%
LVMH Cosmetics	Tokyo, Japan	FC	100%
Parfums Christian Dior Arabia	Jeddah, Saudi Arabia	FC	45%
EPCD	Warsaw, Poland	FC	100%
EPCD CZ & SK	Prague, Czech Republic	FC	100%
EPCD RO Distribution	Bucharest, Romania	FC	100%
Parfums Christian Dior UK	London, United Kingdom	FC	100%
Parfums Christian Dior	Paris, France	FC	100%
SAS Iparkos	Amsterdam, Netherlands	FC	100%
Parfums Christian Dior S.A.B.	Brussels, Belgium	FC	100%
Parfums Christian Dior (Ireland)	Dublin, Ireland	FC	100%
Parfums Christian Dior Hellas	Athens, Greece	FC	100%
Parfums Christian Dior	Zurich, Switzerland	FC	100%
Christian Dior Perfumes	New York, USA	FC	100%
Parfums Christian Dior Canada	Montreal, Canada	FC	100%
LVMH P&C de Mexico	Mexico City, Mexico	FC	100%
Parfums Christian Dior Japon	Tokyo, Japan	FC	100%
Parfums Christian Dior (Singapore)	Singapore	FC	100%
Inalux	Luxembourg	FC	100%
LVMH P&C Asia Pacific	Hong Kong, China	FC	100%
Fa Hua Fragance & Cosmetic Co.	Hong Kong, China	FC	100%
Fa Hua Frag. & Cosm. Taiwan	Taipei, Taiwan	FC	100%
P&C (Shanghai)	Shanghai, China	FC	100%
LVMH P&C Korea	Seoul, South Korea	FC	100%
Parfums Christian Dior Hong Kong	Hong Kong, China	FC	100%
LVMH P&C Malaysia Sdn. Berhad	Petaling Jaya, Malaysia	FC	100%
Pardior	Mexico City, Mexico	FC	100%
Parfums Christian Dior Denmark	Copenhagen, Denmark	FC	100%
LVMH Perfumes & Cosmetics Group	Sydney, Australia	FC	100%
Parfums Christian Dior	Sandvika, Norway	FC	100%
Parfums Christian Dior	Stockholm, Sweden	FC	100%
LVMH Perfumes & Cosmetics (New Zealand)	Auckland, New Zealand	FC	100%
Parfums Christian Dior Austria	Vienna, Austria	FC	100%
L Beauty Luxury Asia	Taguig City, Philippines	FC	51%
SCI Annabell	Paris, France	FC	100%
PT L Beauty Brands	Jakarta, Indonesia	FC	51%
L Beauty Pte	Singapore	FC	51%
L Beauty Vietnam	Ho Chi Minh City, Vietnam	FC	51%
SCI Rose Blue	Paris, France	FC	100%
PCD St Honoré	Paris, France	FC	100%
LVMH Perfumes & Cosmetics Macau	Macao, China	FC	100%
DP Seldico	Kiev, Ukraine	FC	100%
OOO Seldico	Moscow, Russia	FC	100%
LVMH P&C Kazakhstan	Almaty, Kazakhstan	FC	100%
PCD Dubai General Trading	Dubai, United Arab Emirates	FC	29%
PCD Doha Perfumes & Cosmetics	Doha, Qatar	FC	14%
Cosmetics of France	Florida, USA	FC	100%
LVMH Recherche	Saint-Jean-de-Braye, France	FC	100%
PCIS	Levallois-Perret, France	FC	100%
Cristale	Paris, France	FC	100%
Perfumes Loewe SA	Madrid, Spain	FC	100%
Acqua di Parma	Milan, Italy	FC	100%
Acqua di Parma	New York, USA	FC	100%
Acqua di Parma	London, United Kingdom	FC	100%
Acqua di Parma Canada Inc.	Toronto, Canada	FC	100%
Cha Ling	Paris, France	FC	100%
Cha Ling Hong Kong	Hong Kong, China	FC	100%
Guerlain SA	Paris, France	FC	100%
LVMH Parfums & Kosmetik Deutschland GmbH	Düsseldorf, Germany	FC	100%
Guerlain GmbH	Vienna, Austria	FC	100%
Guerlain Benelux SA	Brussels, Belgium	FC	100%
Guerlain Ltd	London, United Kingdom	FC	100%
LVMH Perfumes e Cosmética	Lisbon, Portugal	FC	100%
PC Parfums Cosmétiques SA	Zurich, Switzerland	FC	100%
Guerlain Inc.	New York, USA	FC	100%
Guerlain (Canada) Ltd	Saint-Jean, Canada	FC	100%
Guerlain de Mexico	Mexico City, Mexico	FC	100%
Guerlain (Asia Pacific) Limited	Hong Kong, China	FC	100%
Guerlain KK	Tokyo, Japan	FC	100%
Guerlain KSA SAS	Levallois-Perret, France	FC	80%
Guerlain Orient DMCC	Dubai, United Arab Emirates	FC	100%
Guerlain Saudi Limited	Jeddah, Saudi Arabia	FC	60%
Guerlain Oceania Australia Pty Ltd	Botany, Australia	FC	100%
PT Guerlain Cosmetics Indonesia	Jakarta, Indonesia	FC	51%
Make Up For Ever	Paris, France	FC	100%
SCI Edison	Paris, France	FC	100%
Make Up For Ever	New York, USA	FC	100%
Make Up For Ever Canada	Montreal, Canada	FC	100%
Make Up For Ever Academy China	Shanghai, China	FC	100%
Make Up For Ever UK Limited	London, United Kingdom	FC	100%
LVMH Fragrance Brands	Levallois-Perret, France	FC	100%
LVMH Fragrance Brands	London, United Kingdom	FC	100%
LVMH Fragrance Brands	Düsseldorf, Germany	FC	100%
LVMH Fragrance Brands	New York, USA	FC	100%
LVMH Fragrance Brands Canada	Toronto, Canada	FC	100%
LVMH Fragrance Brands	Tokyo, Japan	FC	100%
LVMH Fragrance Brands WHD	Florida, USA	FC	100%
LVMH Fragrance Brands Hong Kong	Hong Kong, China	FC	100%
LVMH Fragrance Brands Singapore	Singapore	FC	100%
Benefit Cosmetics LLC	California, USA	FC	100%
Benefit Cosmetics Ireland Ltd	Dublin, Ireland	FC	100%
Benefit Cosmetics UK Ltd	Chelmsford, United Kingdom	FC	100%
Benefit Cosmetics Services Canada Inc.	Toronto, Canada	FC	100%
Benefit Cosmetics Korea	Seoul, South Korea	FC	100%
Benefit Cosmetics SAS	Paris, France	FC	100%
Benefit Cosmetics Hong Kong Ltd	Hong Kong, China	FC	100%
L Beauty Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	51%
L Beauty (Thailand) Co. Ltd	Bangkok, Thailand	FC	48%
Fresh	New York, USA	FC	100%
Fresh	Paris, France	FC	100%
Fresh Cosmetics	London, United Kingdom	FC	100%
Fresh Hong Kong	Hong Kong, China	FC	100%
Fresh Korea	Seoul, South Korea	FC	100%
Fresh Canada	Montreal, Canada	FC	100%
Kendo Holdings Inc.	California, USA	FC	100%
Ole Henriksen of Denmark Inc.	California, USA	FC	100%
SLF USA Inc.	California, USA	FC	100%
Susanne Lang Fragrance	Toronto, Canada	FC	100%
BHUS Inc.	Delaware, USA	FC	100%
KVD Beauty LLC	California, USA	FC	70%
Fenty Beauty LLC	California, USA	FC	50%
Kendo Brands Ltd	Bicester, United Kingdom	FC	100%
Kendo Brands SAS	Boulogne-Billancourt, France	FC	100%
Parfums Francis Kurkdjian SAS	Paris, France	FC	61%
Parfums Francis Kurkdjian LLC	New York, USA	FC	61%

WATCHES AND JEWELRY

Companies	Registered office	Method of consolidation	Ownership interest
TAG Heuer International	Luxembourg	FC	100%
LVMH Relojeria y Joyeria España SA	Madrid, Spain	FC	100%
LVMH Montres & Joaillerie France	Paris, France	FC	100%
TAG Heuer Limited	Manchester, United Kingdom	FC	100%
Duval Ltd	Manchester, United Kingdom	FC	100%
LVMH Watch & Jewelry Central Europe	Oberursel, Germany	FC	100%
TAG Heuer Boutique Outlet Store Roermond	Roermond, Netherlands	FC	100%
LVMH Watch & Jewelry UK	Manchester, United Kingdom	FC	100%
Duvatec Limited	Manchester, United Kingdom	FC	100%

Consolidated companies

Companies	Registered office	Method of consolidation	Ownership interest
Heuer Ltd	Manchester, United Kingdom	FC	100%
LVMH Watch & Jewelry USA	Illinois, USA	FC	100%
LVMH Watch & Jewelry Canada	Richmond, Canada	FC	100%
LVMH Watch & Jewelry Far East	Hong Kong, China	FC	100%
LVMH Watch & Jewelry Singapore	Singapore	FC	100%
LVMH Watch & Jewelry Malaysia	Kuala Lumpur, Malaysia	FC	100%
LVMH Watch & Jewelry Capital	Singapore	FC	100%
LVMH Watch & Jewelry Japan	Tokyo, Japan	FC	100%
LVMH Watch & Jewelry Australia Pty Ltd	Melbourne, Australia	FC	100%
LVMH Watch & Jewelry Hong Kong	Hong Kong, China	FC	100%
LVMH Watch & Jewelry Taiwan	Taipei, Taiwan	FC	100%
LVMH Watch & Jewelry India	New Delhi, India	FC	100%
LVMH Watch & Jewelry (Shanghai) Commercial Co.	Shanghai, China	FC	100%
LVMH Watch & Jewelry Russia LLC	Moscow, Russia	FC	100%
Timecrown	Manchester, United Kingdom	FC	100%
Artecad	Tramelan, Switzerland	FC	100%
TAG Heuer SA	La Chaux-de-Fonds, Switzerland	FC	100%
Golfcoders	Paris, France	FC	100%
Alpha Time Corp.	Hong Kong, China	FC	100%
Chaumet International	Paris, France	FC	100%
Chaumet London	London, United Kingdom	FC	100%
Chaumet Horlogerie	Nyon, Switzerland	FC	100%
Chaumet Korea Yuhan Hoesa	Seoul, South Korea	FC	100%
Chaumet Middle East	Dubai, United Arab Emirates	FC	60%
Chaumet UAE	Dubai, United Arab Emirates	FC	60%
Chaumet Australia	Sydney, Australia	FC	100%
Chaumet Iberia SL	Madrid, Spain	FC	100%
LVMH Watch & Jewelry Macau Company	Macao, China	FC	100%
LVMH Swiss Manufactures	La Chaux-de-Fonds, Switzerland	FC	100%
Zenith Time Company (GB) Ltd.	Manchester, United Kingdom	FC	100%
LVMH Watch & Jewelry Italy SpA	Milan, Italy	FC	100%
Delano	La Chaux-de-Fonds, Switzerland	FC	100%
Fred Paris	Neuilly-sur-Seine, France	FC	100%
Joaillerie de Monaco	Monte Carlo, Monaco	FC	100%
Fred	New York, USA	FC	100%
Fred Londres	London, United Kingdom	FC	100%
Hublot	Nyon, Switzerland	FC	100%
Hublot Boutique Monaco	Monte Carlo, Monaco	FC	100%
Bentim International	Luxembourg	FC	100%
Hublot SA Genève	Geneva, Switzerland	FC	100%
Hublot of America	Florida, USA	FC	100%
Nyon	Florida, USA	FC	100%
Nyon Services	Florida, USA	FC	100%
Atlanta Boutique	Florida, USA	FC	100%
Echidna Distribution Company	Florida, USA	FC	100%
Furioso	Florida, USA	FC	100%
Fusion World Dallas	Florida, USA	FC	100%
Fusion World Houston	Florida, USA	FC	100%
New World of Fusion	Florida, USA	FC	100%
Fusion World DD LLC	Florida, USA	FC	100%
Benoit de Gorski SA	Geneva, Switzerland	FC	100%
Bulgari SpA	Rome, Italy	FC	100%
Bulgari Italia	Rome, Italy	FC	100%
Bulgari International Corporation (BIC)	Amsterdam, Netherlands	FC	100%
Bulgari Corporation of America	New York, USA	FC	100%
Bulgari SA	Geneva, Switzerland	FC	100%
Bulgari Horlogerie	Neuchâtel, Switzerland	FC	100%
Bulgari France	Paris, France	FC	100%
Bulgari Montecarlo	Monte Carlo, Monaco	FC	100%
Bulgari (Deutschland)	Munich, Germany	FC	100%
Bulgari España	Madrid, Spain	FC	100%
Bulgari South Asian Operations	Singapore	FC	100%
Bulgari (UK) Ltd	London, United Kingdom	FC	100%
Bulgari Belgium	Brussels, Belgium	FC	100%
Bulgari Netherland BV	Amsterdam, Netherlands	FC	100%
Bulgari Australia	Sydney, Australia	FC	100%
Bulgari (Malaysia)	Kuala Lumpur, Malaysia	FC	100%
Bulgari Global Operations	Neuchâtel, Switzerland	FC	100%
Bulgari Asia Pacific	Hong Kong, China	FC	100%
Bulgari (Taiwan)	Taipei, Taiwan	FC	100%
Bulgari Korea	Seoul, South Korea	FC	100%
Bulgari Saint Barth	Saint-Barthélemy, French Antilles	FC	100%
Bulgari Gioielli	Valenza, Italy	FC	100%
Bulgari Accessori	Florence, Italy	FC	100%
Bulgari Holding (Thailand)	Bangkok, Thailand	FC	100%
Bulgari (Thailand)	Bangkok, Thailand	FC	100%
Bulgari Commercial (Shanghai) Co.	Shanghai, China	FC	100%
Bulgari Japan	Tokyo, Japan	FC	100%
Bulgari Panama	Panama City, Panama	FC	100%
Bulgari Ireland	Dublin, Ireland	FC	100%
Bulgari Qatar	Doha, Qatar	FC	49%
Bulgari (Kuwait)	Kuwait City, Kuwait	FC	49%
Gulf Luxury Trading	Dubai, United Arab Emirates	FC	51%
Bulgari do Brazil	São Paulo, Brazil	FC	100%
Bulgari Hotels and Resorts Milano	Rome, Italy	EM	50%
Lux Jewels Kuwait for Trading In Gold Jewelry and Precious Stones	Kuwait City, Kuwait	FC	80%
Lux Jewels Bahrain	Manama, Bahrain	FC	80%
India Luxco Retail	New Delhi, India	FC	100%
BK for Jewelry and Precious Metals and Stones Co.	Kuwait City, Kuwait	FC	80%
Bulgari Turkey Lüks Ürün Ticareti	Istanbul, Turkey	FC	100%
Bulgari Russia	Moscow, Russia	FC	100%
Bulgari Prague	Prague, Czech Republic	FC	100%
Bulgari Commercial Mexico	Mexico City, Mexico	FC	100%
Bulgari Canada	Montreal, Canada	FC	100%
Bulgari Portugal	Lisbon, Portugal	FC	100%
Repossi	Paris, France	FC	69%

SELECTIVE RETAILING

Companies	Registered office	Method of consolidation	Ownership interest
LVMH Iberia SL	Madrid, Spain	FC	100%
LVMH Italia SpA	Milan, Italy	FC	100%
Sephora SAS	Neuilly-sur-Seine, France	FC	100%
Sephora Luxembourg SARL	Luxembourg	FC	100%
Sephora Portugal Perfumaria Lda	Lisbon, Portugal	FC	100%
Sephora Polska Sp Z.O.O	Warsaw, Poland	FC	100%
Sephora Greece SA	Athens, Greece	FC	100%
Sephora Cosmetics Romania SA	Bucharest, Romania	FC	100%
Sephora Switzerland SA	Geneva, Switzerland	FC	100%
Sephora Sro (Republique Tchèque)	Prague, Czech Republic	FC	100%
Sephora Monaco SAM	Monte Carlo, Monaco	FC	99%
Sephora Cosmeticos España S.L.	Madrid, Spain	EM	50%
S+ SAS	Neuilly-sur-Seine, France	FC	100%
Sephora Bulgaria EOOD	Sofia, Bulgaria	FC	100%
Sephora Cyprus Limited	Nicosia, Cyprus	FC	100%
Sephora Kozmetik AS (Turquie)	Istanbul, Turkey	FC	100%
Sephora Cosmetics Ltd (Serbia)	Belgrade, Serbia	FC	100%
Sephora Danmark ApS	Copenhagen, Denmark	FC	100%
Sephora Sweden AB	Stockholm, Sweden	FC	100%
Sephora Germany GmbH	Düsseldorf, Germany	FC	100%
Sephora Moyen-Orient SA	Fribourg, Switzerland	FC	70%
Sephora Middle East FZE	Dubai, United Arab Emirates	FC	70%
Sephora Qatar WLL	Doha, Qatar	FC	63%
Sephora Arabia Limited	Jeddah, Saudi Arabia	FC	52%
Sephora Kuwait Co. WLL	Kuwait City, Kuwait	FC	56%
Sephora Holding South Asia	Singapore	FC	100%
Sephora (Shanghai) Cosmetics Co. Ltd	Shanghai, China	FC	81%
Sephora (Beijing) Cosmetics Co. Ltd	Beijing, China	FC	81%
Sephora Xiangyang (Shanghai) Cosmetics Co. Ltd	Shanghai, China	FC	81%
Sephora Hong Kong Limited	Hong Kong, China	FC	100%
Sephora Singapore Pte Ltd	Singapore	FC	100%
Sephora (Thailand) Company (Limited)	Bangkok, Thailand	FC	100%
Sephora Australia Pty Ltd	Sydney, Australia	FC	100%
Sephora New Zealand Limited	Wellington, New Zealand	FC	100%
Sephora Korea Ltd	Seoul, South Korea	FC	100%
Luxola Pte Ltd	Singapore	FC	100%
Luxola Trading Pte Ltd	Singapore	FC	100%
LX Holding Pte Ltd (Singapour)	Singapore	FC	100%
LXEDIT (Thailand) Ltd	Bangkok, Thailand	FC	100%
Luxola (Thailand) Ltd	Bangkok, Thailand	FC	100%
Luxola India Services Pvt. Ltd	Bangalore, India	FC	100%
PT Luxola Services Indonesia	Jakarta, Indonesia	FC	100%
LX Services Pte Ltd	Singapore	FC	100%
PT MU and SC Trading (Indonesia)	Jakarta, Indonesia	FC	100%
Luxola Sdn. Bhd. (Malaysia)	Petaling Jaya, Malaysia	FC	100%
Sephora Services Philippines (Branch)	Manila, Philippines	FC	100%
Sephora Digital (Thailand) Ltd	Bangkok, Thailand	FC	100%
Sephora USA Inc.	California, USA	FC	100%
Sephora Cosmetics Pte Ltd (India)	New Delhi, India	FC	100%
Sephora Beauty Canada Inc.	California, USA	FC	100%
Sephora Puerto Rico LLC	California, USA	FC	100%
Sephora Mexico S. de R.L de C.V	Mexico City, Mexico	FC	100%
Servicios Ziphorah S. de R.L de C.V	Mexico City, Mexico	FC	100%
Sephora Emirates LLC	Dubai, United Arab Emirates	FC	56%
Sephora Bahrain WLL	Manama, Bahrain	FC	52%
PT Sephora Indonesia	Jakarta, Indonesia	FC	100%
Dotcom Group Comércio de Presentes SA	Rio de Janeiro, Brazil	FC	100%
LGCS Inc.	New York, USA	FC	100%
Avenue Hoche Varejista Limitada	São Paulo, Brazil	FC	100%
Joint Stock Company "Ile De Beauté"	Moscow, Russia	FC	100%
Beauty In Motion Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	100%
Le Bon Marché	Paris, France	FC	100%
SEGEP	Paris, France	FC	100%
Franck & Fils	Paris, France	FC	100%
DFS Holdings Limited	Hamilton, Bermuda	FC	61%

Companies	Registered office	Method of consolidation	Ownership interest
DFS Australia Pty Limited	Sydney, Australia	FC	61%
DFS Group Limited – USA	North Carolina, USA	FC	61%
DFS Group Limited – HK	Hong Kong, China	FC	61%
TRS Hong Kong Limited	Hong Kong, China	EM	28%
DFS France SAS	Paris, France	FC	61%
DFS Okinawa KK	Okinawa, Japan	FC	61%
TRS Okinawa KK	Okinawa, Japan	EM	28%
JAL/DFS Co. Ltd	Chiba, Japan	EM	25%
DFS Korea Limited	Seoul, South Korea	FC	61%
DFS Seoul Limited	Incheon, South Korea	FC	61%
DFS Cotai Limitada	Macao, China	FC	61%
DFS Middle East LLC	Abu Dhabi, United Arab Emirates	FC	61%
DFS Merchandising Limited	North Carolina, USA	FC	61%
DFS New Zealand Limited	Auckland, New Zealand	FC	61%
Commonwealth Investment Company Inc.	Saipan, Northern Mariana Islands	FC	58%
DFS Saipan Limited	Saipan, Northern Mariana Islands	FC	61%
Kinkai Saipan LP	Saipan, Northern Mariana Islands	FC	61%
DFS Business Consulting (Shanghai) Co. Ltd	Shanghai, China	FC	61%
DFS Retail (Hainan) Company Limited	Haikou, China	FC	61%
DFS Singapore (Pte) Limited	Singapore	FC	61%
DFS Venture Singapore (Pte) Limited	Singapore	FC	61%
TRS Singapore Pte Ltd	Singapore	EM	28%
DFS Vietnam (S) Pte Ltd	Singapore	FC	43%
New Asia Wave International (S) Pte Ltd	Singapore	FC	43%
Ipp Group (S) Pte Ltd	Singapore	FC	43%
DFS Group LP	North Carolina, USA	FC	61%
LAX Duty Free Joint Venture 2000	California, USA	FC	46%
JFK Terminal 4 Joint Venture 2001	New York, USA	FC	49%
SFO Duty Free & Luxury Store Joint Venture	California, USA	FC	46%
SFOIT Specialty Retail Joint Venture	California, USA	FC	46%
Royal Hawaiian Insurance Company Co.	Hawaii, USA	FC	61%
DFS Guam L.P.	Tamuning, Guam	FC	61%
DFS Liquor Retailing Limited	North Carolina, USA	FC	61%
Twenty-Seven Twenty Eight Corp.	North Carolina, USA	FC	61%
DFS Italia Srl.	Milan, Italy	FC	61%
DFS (Cambodia) Limited	Phnom Penh, Cambodia	FC	43%
TRS Hawaii LLC	Hawaii, USA	EM	28%
TRS Saipan	Saipan, Northern Mariana Islands	EM	28%
TRS Guam	Tamuning, Guam	EM	28%
Tumon Entertainment LLC	Tamuning, Guam	FC	100%
Comete Guam Inc.	Tamuning, Guam	FC	100%
Tumon Aquarium LLC	Tamuning, Guam	FC	97%
Comete Saipan Inc.	Saipan, Northern Mariana Islands	FC	100%
Tumon Games LLC	Tamuning, Guam	FC	100%
DFS Vietnam Limited Liability Company	Ho Chi Minh City, Vietnam	FC	61%
PT Sona Topas Tourism industry Tbk	Jakarta, Indonesia	EM	28%
Cruise Line Holdings Co.	Florida, USA	FC	100%
Starboard Cruise Services	Florida, USA	FC	100%
Starboard Holdings	Florida, USA	FC	100%
International Cruise Shops Ltd	Cayman Islands	FC	100%
STB Servici Tecnici Per Bordo	Florence, Italy	FC	100%
On-Board Media Inc.	Florida, USA	FC	100%
24 Sèvres	Paris, France	FC	100%

OTHER ACTIVITIES

Companies	Registered office	Method of consolidation	Ownership interest
Groupe Les Echos	Paris, France	FC	100%
Dematis	Paris, France	FC	80%
Les Echos Management	Paris, France	FC	100%
Régiepress	Paris, France	FC	100%
Les Echos Légal	Paris, France	FC	100%
Radio Classique	Paris, France	FC	100%
Les Echos Medias	Paris, France	FC	100%
SFPA	Paris, France	FC	100%
Les Echos	Paris, France	FC	100%
Investir Publications	Paris, France	FC	100%
Les Echos Solutions	Paris, France	FC	100%
Les Echos Publishing	Paris, France	FC	100%
Pelham Media	London, United Kingdom	FC	60%
WordAppeal	Paris, France	FC	60%
Pelham Media	Paris, France	FC	60%
L'Eclaireur	Paris, France	FC	60%
KCO Events	Paris, France	FC	60%
Pelham Media Production	Paris, France	FC	60%
Alto International SARL	Paris, France	FC	36%
Happeningco SAS	Paris, France	FC	78%
Magasins de La Samaritaine	Paris, France	FC	99%
Mongoual SA	Paris, France	EM	40%
Le Jardin d'Acclimatation	Paris, France	FC	80%
RVL Holding BV	Kaag, Netherlands	FC	99%
Royal Van Lent Shipyard BV	Kaag, Netherlands	FC	99%
Tower Holding BV	Kaag, Netherlands	FC	99%
Green Bell BV	Kaag, Netherlands	FC	99%
Gebr. Olie Beheer BV	Waddinxveen, Netherlands	FC	99%
Van der Loo Yachtinteriors BV	Waddinxveen, Netherlands	FC	99%
Red Bell BV	Kaag, Netherlands	FC	99%
De Voogt Naval Architects BV	Haarlem, Netherlands	EM	99%
Feadship Holland BV	Amsterdam, Netherlands	EM	99%
Feadship America Inc.	Florida, USA	EM	99%
OGMNL BV	Nieuw-Lekkerland, Netherlands	EM	99%
Firstship BV	Amsterdam, Netherlands	EM	99%
Probinvest	Paris, France	FC	100%
Ufipar	Paris, France	FC	100%
Sofidiv	Paris, France	FC	100%
LVMH Services	Paris, France	FC	85%
Moët Hennessy	Paris, France	FC	66%
LVMH Services Limited	London, United Kingdom	FC	100%
Ufip (Ireland)	Dublin, Ireland	FC	100%
Moët Hennessy Investissements	Paris, France	FC	66%
LV Group	Paris, France	FC	100%
Moët Hennessy International	Paris, France	FC	66%
Creare	Luxembourg	FC	100%
Creare Pte Ltd	Singapore	FC	100%
Bayard (Shanghai) Investment and Consultancy Co. Ltd	Shanghai, China	FC	100%
Villa Foscarini Srl	Milan, Italy	FC	100%
Liszt Invest	Luxembourg	FC	100%
Gorgias	Luxembourg	FC	100%
LC Investissements	Paris, France	FC	51%
LVMH Investissements	Paris, France	FC	100%
LVMH Canada	Toronto, Canada	FC	100%
Société Montaigne Jean Goujon	Paris, France	FC	100%
Delphine	Paris, France	FC	100%
LVMH Finance	Paris, France	FC	100%
Primae	Paris, France	FC	100%
Eutrope	Paris, France	FC	100%
Flavius Investissements	Paris, France	FC	100%
LBD Holding	Paris, France	FC	100%
LVMH Hotel Management	Paris, France	FC	100%
Ufinvest	Paris, France	FC	100%
Delta	Paris, France	FC	100%
White 1921 Courchevel Société d'Exploitation Hôtelière	Courchevel, France	FC	100%
Société Immobilière Paris Savoie Les Tovets	Courchevel, France	FC	100%
EUPALINOS 1850	Paris, France	FC	100%
Société d'Exploitation Hôtelière de La Samaritaine	Paris, France	FC	100%
Société d'Exploitation Hôtelière Isle de France	Saint-Barthélemy, French Antilles	FC	56%
Société d'Investissement Cheval Blanc Saint Barth Isle de France	Saint-Barthélemy, French Antilles	FC	56%
Hôtel de la Pinède	Saint-Tropez, France	FC	100%
Villa Jacquemone	Saint-Tropez, France	FC	100%
Moët Hennessy Inc.	New York, USA	FC	66%
One East 57th Street LLC	New York, USA	FC	100%
LVMH Moët Hennessy - Louis Vuitton Inc.	New York, USA	FC	100%
Folio St. Barths	New York, USA	FC	100%
Lafayette Art I LLC	New York, USA	FC	100%
LVMH Holdings Inc.	New York, USA	FC	100%
Sofidiv Art Trading Company	New York, USA	FC	100%
Sofidiv Inc.	New York, USA	FC	100%
598 Madison Leasing Corp.	New York, USA	FC	100%
1896 Corp.	New York, USA	FC	100%
313-317 N. Rodeo LLC	New York, USA	FC	100%
319-323 N. Rodeo LLC	New York, USA	FC	100%
420 N. Rodeo LLC	New York, USA	FC	100%
456 North Rodeo Drive	New York, USA	FC	100%
468 North Rodeo Drive	New York, USA	FC	100%
461 North Beverly Drive	New York, USA	FC	100%
LVMH MJ Holdings Inc.	New York, USA	FC	100%
LVMH Perfumes & Cosmetics Inc.	New York, USA	FC	100%
Arbelos Insurance Inc.	New York, USA	FC	100%
Meadowland Florida LLC	New York, USA	FC	100%
P&C International	Paris, France	FC	100%
LVMH Participations BV	Baarn, Netherlands	FC	100%
LVMH Moët Hennessy - Louis Vuitton BV	Baarn, Netherlands	FC	100%
LVMH Services BV	Baarn, Netherlands	FC	100%
LVMH Finance Belgique	Brussels, Belgium	FC	100%
LVMH International	Brussels, Belgium	FC	100%
Marithé	Luxembourg	FC	100%
LVMH EU	Luxembourg	FC	100%
Ufilug	Luxembourg	FC	100%
Glacea	Luxembourg	FC	100%
Naxara	Luxembourg	FC	100%
Pronos	Luxembourg	FC	100%
Sofidil	Luxembourg	FC	100%

Companies	Registered office	Method of consolidation	Ownership interest
LVMH Publica	Brussels, Belgium	FC	100%
Rimowa Group GmbH.	Cologne, Germany	FC	100%
Sofidiv UK Limited	London, United Kingdom	FC	100%
LVMH Moët Hennessy - Louis Vuitton	Tokyo, Japan	FC	100%
Osaka Fudosan Company	Tokyo, Japan	FC	100%
LVMH Asia Pacific	Hong Kong, China	FC	100%
LVMH (Shanghai) Management & Consultancy Co. Ltd	Shanghai, China	FC	100%
LVMH South & South East Asia Pte Ltd	Singapore	FC	100%
LVMH Korea Ltd	Seoul, South Korea	FC	100%
Vicuna Holding	Milan, Italy	FC	100%
Pasticceria Confetteria Cova	Milan, Italy	FC	80%
Cova Montenapoleone	Milan, Italy	FC	80%
Investissement Hôtelier Saint Barth Plage des Flamands	Saint-Barthélemy, French Antilles	FC	56%
Dajbog S.A.	Luxembourg	FC	100%
Barlow Investments S.A.	Luxembourg	FC	100%
Alderande	Paris, France	FC	56%
LVMH Client Services	Paris, France	FC	100%
Le Parisien Libéré	Saint-Ouen, France	FC	100%
Team Diffusion	Saint-Ouen, France	FC	100%
Team Media	Paris, France	FC	100%
Société Nouvelle SICAVIC	Paris, France	FC	100%
L.P.M.	Paris, France	FC	100%
Proximy	Saint-Ouen, France	FC	75%
Media Presse	Saint-Ouen, France	FC	75%
LP Management	Paris, France	FC	100%
Wagner Capital SA SICAR	Luxembourg	FC	51%
L Catterton Management	London, United Kingdom	EM	20%
LVMH Representações Ltda	São Paulo, Brazil	FC	100%
LVMH Moët Hennessy - Louis Vuitton	Paris, France	Parent company	

FC: Fully consolidated.
EM: Accounted for using the equity method.
JV: Joint venture company with Diageo: only the Moët Hennessy activity is consolidated. See also Notes 1.6 and 1.25 for the revenue recognition policy for these companies.

COMPANIES NOT INCLUDED IN THE SCOPE OF CONSOLIDATION

Companies	Registered office	Ownership interest
Société d'exploitation hôtelière de Saint-Tropez	Paris, France	100%
Société Nouvelle de Libraire et de l'Édition	Paris, France	100%
Ictinos 1850	Paris, France	100%
Samos 1850	Paris, France	100%
BRN Invest NV	Baarn, Netherlands	100%
Toiltech	La Chapelle-devant-Bruyères, France	90%
Bulgari Austria Ltd	Vienna, Austria	100%
Sephora Macau Limited	Macao, China	100%
Les Beaux Monts	Couternon, France	90%
Sofpar 116	Paris, France	100%
Sofpar 125	Paris, France	100%
Sofpar 126	Paris, France	100%
Sofpar 127	Paris, France	100%
Sofpar 128	Paris, France	100%
Sofpar 129	Paris, France	100%
Sofpar 130	Paris, France	100%
Sofpar 131	Paris, France	100%
Sofpar 132	Paris, France	100%
Sofpar 133	Paris, France	100%
Sofpar 134	Paris, France	100%
Sofpar 135	Paris, France	100%
Sofpar 136	Paris, France	100%
Sofpar 137	Paris, France	100%
Sofpar 138	Paris, France	100%
Sofpar 139	Paris, France	100%
Sofpar 140	Paris, France	100%
Sofpar 141	Paris, France	100%
Sofpar 142	Paris, France	100%
Moët Hennessy Management	Paris, France	100%
Prolepsis	Brussels, Belgium	100%
Prolepsis Investment Ltd	London, United Kingdom	100%
Hennessy Management	Paris, France	66%
MHCS Management	Paris, France	66%
Innovacion en Marcas de Prestigio SA	Mexico City, Mexico	65%
Moët Hennessy Nigeria	Lagos, Nigeria	66%
MS 33 Expansion	Paris, France	100%
Shinsegae International Co. Ltd LLC	Seoul, South Korea	51%
Crystal Pumpkin	Luxembourg	99%
Rimowa Austria GmbH	Innsbruck, Austria	80%
Rimowa Schweiz AG	Zurich, Switzerland	80%
Loewe Nederland B.V	Amsterdam, Netherlands	100%
Groupement Forestier des Bois de la Celle	Cognac, France	65%
Augesco	Paris, France	50%
HUGO	Neuilly-sur-Seine, France	100%
Moët Hennessy Portugal Unipessoal Lda.	Lisbon, Portugal	66%

These companies, which are not included in the scope of consolidation, are either entities that are inactive and/or being liquidated, or entities whose individual or collective consolidation would not have a significant impact on the Group's main aggregates.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders' Meeting of LVMH Moët Hennessy - Louis Vuitton,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of LVMH Moët Hennessy - Louis Vuitton ("LVMH") for the fiscal year ended December 31, 2018.

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 of December 31, 2018 and of the results of its operations for the fiscal year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Performance Audit Committee.

Basis for opinion

- **Audit framework**

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the section of our report entitled "Statutory Auditors' responsibilities for the audit of the consolidated financial statements".

- **Independence**

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 to the date of our report. We did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Emphasis of Matter

We draw attention to the following matters described in Note 1.2 to the consolidated financial statements relating to:

- the impact of the first application of IFRS 9 on financial instruments and IFRS 15 on revenue recognition;
- the expected impact of the application of IFRS 16 on leases, which the Group will apply as of January 1st, 2019.

Our opinion is not modified in respect of this matter.

Justification of assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement which, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the consolidated financial statements.

- **Allocation of the Christian Dior Couture purchase price**

Risk identified

On July 3, 2017, LVMH acquired 100% of Christian Dior Couture from Christian Dior for 6 billion euros, as specified in Note 2.2 to the consolidated financial statements. In accordance with IFRS 3, during the first half of 2018 the LVMH group identified and valued the assets acquired and liabilities assumed, including in particular its brand and property, plant and equipment. The resulting final goodwill totals 2,179 million euros. We considered the final allocation of the purchase price of Christian Dior Couture to constitute a key audit matter due to: the degree of judgment required to identify the assets acquired and liabilities assumed and the estimates used in measuring their fair value; the significance of the assets valued and the amount of goodwill arising from the acquisition.

Our response

Our audit work on this matter consisted in particular in: assessing the relevance of the methodology used by the Group to identify the assets acquired and liabilities assumed; assessing, with the support of our valuation experts, the key assets and liabilities valued and the reasonableness of assumptions used in estimating their fair value, notably: key assumptions inherent in the methods used to measure the value of the brand, as specified in Note 2.2 to the consolidated financial statements; assumptions used in valuing property, plant and equipment; assessing the appropriateness of information disclosed in the notes to the consolidated financial statements.

- **Valuation of fixed assets, in particular intangible assets**

Risk identified

At December 31, 2018, the value of the Group's fixed assets totaled 46 billion euros, compared with total assets of 74 billion euros. These fixed assets mainly comprise brands, trade names and goodwill recognized on external growth transactions, as well as, to a lesser extent, property, plant and equipment, mainly composed of land, vineyard land, buildings and store fixtures and fittings. We considered the valuation of these fixed assets to be a key audit matter, due to their significance in the Group's financial statements and because the determination of their recoverable amount, which is usually based on discounted forecast cash flows, requires the use of assumptions, estimates and other forms of judgment, as specified in Note 1.5 to the consolidated financial statements.

Our response

The Group tests these assets for impairment, as described in Notes 1.14 and 5 to the consolidated financial statements. In this context, we assessed the methods used to perform these impairment tests and focused our work primarily on the Group companies' business where the carrying amount of intangible assets represents a high multiple of profit from recurring operations. In particular, among the most significant intangible assets recognized by the Group disclosed in Note 5 to the consolidated financial statements, we paid special attention to recent acquisitions. We assessed the reasonableness of the main estimates used, in particular forecast cash flows, long-term growth rates and the discount rates applied. We also analyzed the consistency of forecasts with past performance, the market outlook and the Group's historic performance and conducted impairment test sensitivity analyses. In addition, where the recoverable amount is estimated by comparison with recent similar transactions, we corroborated the analyses provided with available market data. All of these analyses were carried out with the support of our valuation experts. Lastly, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements.

- **Valuation of inventories and work in progress**

Risk identified

The success of the Group's products, particularly in the Fashion and Leather Goods and the Watches and Jewelry business groups, depends among other factors on its ability to identify new trends and changes in behaviors and tastes, enabling it to offer products that meet consumers' expectations. The Group determines the amounts of provisions for inventory impairment on the basis of sales prospects in its various markets or due to product obsolescence, as specified in Note 1.16 to the consolidated financial statements. We considered this to constitute a key audit matter since the aforementioned projections and any resulting provisions are intrinsically dependent on assumptions, estimates and other forms of judgment made by the Group. Furthermore, inventories are present in a large number of subsidiaries, and determining these provisions depends primarily on estimated returns and the monitoring of internal margins, which are eliminated in the consolidated financial statements unless and until inventories are sold to non-Group clients.

Our response

As part of our procedures, we analyzed sales prospects as estimated by the Group in light of past performance and the most recent budgets in order to corroborate the resulting impairment amounts. Where applicable, we assessed the assumptions made by the Group for the recognition of specific provisions. We also assessed the consistency of internal margins eliminated in the consolidated financial statements, by assessing in particular the margins generated with the various distribution subsidiaries and checking that the elimination percentage applied is consistent.

- **Provisions for contingencies and losses**

Risk identified

The Group's 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 and packaging to the tax computation and relations with the Group's partners (distributors, suppliers, shareholders in subsidiaries, etc.). Within this context, the Group's activities may give rise to risks, disputes or litigation, and the Group's entities in France and abroad may be subject to tax inspections and, in certain cases, to rectification claims from local administrations. In particular, as stated in Note 19 to the consolidated financial statements, appropriate provisions are set aside to cover these rectification claims, as well as any uncertain tax positions that have been identified but not yet officially notified; the amount of such provisions is established in accordance with IAS 37 Provisions and IAS 12 Income Taxes. We considered this to constitute a key audit matter due to the significance of the amounts at stake and the level of judgment required to monitor ongoing regulatory changes, in particular with regard to tax rules in France and the United States, and to evaluate these provisions in the context of a constantly evolving international regulatory environment.

Our response

In the context of our audit of the consolidated financial statements, our work consisted in particular in: assessing the procedures implemented by the Group to identify and catalogue all risks; obtaining an understanding of risk analysis work performed by the Group and the corresponding documentation and, where applicable, reviewing written advice received from external advisors; assessing, with the support of our experts, in particular our tax specialists, the main risks identified and assessing the reasonableness of the assumptions made by Group management to estimate the amount of the provisions; carrying out a critical review of analyses relating to the use of provisions for contingencies and losses prepared by the Group; assessing with the support of our tax specialists the evaluations drawn up by the Group's Tax department relating to the consequences of tax reforms in France and the United States; assessing the appropriateness of information relating to these risks disclosed in the notes to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the *Management Report of the Board of Directors*.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement provided for by article L.225-102-1 of the French Commercial Code (*Code de commerce*) is included in the Management Report, it being specified that, in accordance with the provisions of article L.823-10 of said Code, we have verified neither the fair presentation nor the consistency with the financial statements of the information contained in this statement which has to be subject to a report by an independent third party.

Report on other legal and regulatory requirements

- **Appointment of the Statutory Auditors**

We were appointed as Statutory Auditors of LVMH Moët Hennessy - Louis Vuitton by the Shareholders' Meeting held on April 14, 2016.

As of December 31, 2018, our audit firms were in the third consecutive year of their engagement, it being specified that ERNST & YOUNG et Autres and ERNST & YOUNG Audit, members of the International EY network, were respectively Statutory Auditors from 2010 to 2015 and from 1988 to 2009.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, as applicable, any matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Performance Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the consolidated financial statements

- **Objectives and audit approach**

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance as to whether the consolidated financial statements taken as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our Statutory Audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overriding internal control;

- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;

- assesses the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to issue a qualified or adverse audit opinion;

- assesses the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtains sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these financial statements.

- **Report to the Performance Audit Committee**

We submit to the Performance Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Performance Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Performance Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Performance Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense and Courbevoie, February 7, 2019

The Statutory Auditors French original signed by

MAZARS		ERNST & YOUNG Audit	
Loïc Wallaert	Simon Beillevaire	Jeanne Boillet	Patrick Vincent-Genod

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French. It is provided solely for the convenience of English speaking users. This Statutory Auditors' report includes information required under European regulations and French law, such as information about the appointment of the Statutory Auditors and the verification of information concerning the Group presented in the Management Report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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LVMH

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