LVMH

MOËT HENNESSY • LOUIS VUITTON

DECEMBER 31, 2019

FINANCIAL STATEMENTS
CONSOLIDATED FINANCIAL STATEMENTS

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As table totals are based on unrounded figures, there may be discrepancies between these totals and the sum of their rounded component figures.

This document is a free translation into English of the original French "Comptes consolidés – 31 décembre 2019", hereafter referred to as the "Consolidated financial statements". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

CONSOLIDATED INCOME STATEMENT

(EUR millions, except for earnings per share)	Notes	2019	2018 [(a)]	2017 [(a)]
Revenue	24-25	**53,670**	**46,826**	**42,636**
Cost of sales		(18,123)	(15,625)	(14,783)
Gross margin		**35,547**	**31,201**	**27,853**
Marketing and selling expenses		(20,207)	(17,755)	(16,395)
General and administrative expenses		(3,864)	(3,466)	(3,162)
Income/(loss) from joint ventures and associates	8	28	23	(3)
Profit from recurring operations	24-25	**11,504**	**10,003**	**8,293**
Other operating income and expenses	26	(231)	(126)	(180)
Operating profit		**11,273**	**9,877**	**8,113**
Cost of net financial debt		(107)	(117)	(137)
Interest on lease liabilities		(290)	-	-
Other financial income and expenses		(162)	(271)	78
Net financial income/(expense)	27	**(559)**	**(388)**	**(59)**
Income taxes	28	(2,932)	(2,499)	(2,214)
Net profit before minority interests		**7,782**	**6,990**	**5,840**
Minority interests	18	(611)	(636)	(475)
Net profit, Group share		**7,171**	**6,354**	**5,365**
Basic Group share of net earnings per share *(EUR)*	29	**14.25**	**12.64**	**10.68**
Number of shares on which the calculation is based		503,218,851	502,825,461	502,412,694
Diluted Group share of net earnings per share *(EUR)*	29	**14.23**	**12.61**	**10.64**
Number of shares on which the calculation is based		503,839,542	503,918,140	504,010,291

(a) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

(EUR millions)	Notes	2019	2018	2017
Net profit before minority interests		**7,782**	**6,990**	**5,840**
Translation adjustments		299	274	(958)
Amounts transferred to income statement		1	(1)	18
Tax impact		11	15	(49)
	16.5, 18	**311**	**288**	**(989)**
Change in value of hedges of future foreign currency cash flows		(16)	3	372
Amounts transferred to income statement		25	(279)	(104)
Tax impact		(3)	79	(77)
		6	**(197)**	**191**
Change in value of the ineffective portion of hedging instruments		(211)	(271)	(91)
Amounts transferred to income statement		241	148	210
Tax impact		(7)	31	(35)
		23	**(92)**	**84**
Gains and losses recognized in equity, transferable to income statement		**340**	**(1)**	**(714)**
Change in value of vineyard land	6	42	8	(35)
Amounts transferred to consolidated reserves		-	-	-
Tax impact		(11)	(2)	82
		31	**6**	**47**
Employee benefit obligations: change in value resulting from actuarial gains and losses		(167)	28	57
Tax impact		39	(5)	(24)
		(128)	**23**	**33**
Gains and losses recognized in equity, not transferable to income statement		**(97)**	**29**	**80**
Comprehensive income		**8,025**	**7,018**	**5,206**
Minority interests		(628)	(681)	(341)
Comprehensive income, Group share		**7,397**	**6,337**	**4,865**

CONSOLIDATED BALANCE SHEET

ASSETS *(EUR millions)*	Notes	**2019**	**2018** [(a)]	**2017** [(a)]
Brands and other intangible assets	3	17,212	17,254	16,957
Goodwill	4	16,034	13,727	13,837
Property, plant and equipment	6	18,533	15,112	13,862
Right-of-use assets	7	12,409	-	-
Investments in joint ventures and associates	8	1,074	638	639
Non-current available for sale financial assets	9	915	1,100	789
Other non-current assets	10	1,546	986	869
Deferred tax	28	2,274	1,932	1,741
Non-current assets		**69,997**	**50,749**	**48,694**
Inventories and work in progress	11	13,717	12,485	10,888
Trade accounts receivable	12	3,450	3,222	2,736
Income taxes		406	366	780
Other current assets	13	3,264	2,868	2,919
Cash and cash equivalents	15	5,673	4,610	3,738
Current assets		**26,510**	**23,551**	**21,061**
Total assets		**96,507**	**74,300**	**69,755**

LIABILITIES AND EQUITY *(EUR millions)*	Notes	**2019**	**2018** [(a)]	**2017** [(a)]
Equity, Group share	16	36,586	32,293	28,969
Minority interests	18	1,779	1,664	1,408
Equity		**38,365**	**33,957**	**30,377**
Long-term borrowings	19	5,101	6,005	7,046
Non-current lease liabilities	7	10,373	-	-
Non-current provisions and other liabilities	20	3,812	3,188	3,177
Deferred tax	28	5,498	5,036	4,989
Purchase commitments for minority interests' shares	21	10,735	9,281	9,177
Non-current liabilities		**35,519**	**23,510**	**24,389**
Short-term borrowings	19	7,610	5,027	4,530
Current lease liabilities	7	2,172	-	-
Trade accounts payable	22	5,814	5,314	4,539
Income taxes		722	538	763
Current provisions and other liabilities	22	6,305	5,954	5,157
Current liabilities		**22,623**	**16,833**	**14,989**
Total liabilities and equity		**96,507**	**74,300**	**69,755**

(a) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares	Cumulative translation adjustment	Revaluation reserves				Net profit and other reserves	Total equity		
						Available for sale financial assets	Hedges of future foreign currency cash flows and cost of hedging	Vineyard land	Employee benefit commit-ments		Group share	Minority interests	Total
Notes		16.1	16.1	16.3	16.5							18	
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				(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				(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**
Impact of changes in accounting standards[(a)]										(29)	(29)	-	(29)
As of January 1, 2019	**505,029,495**	**152**	**2,298**	**(421)**	**573**	**-**	**(129)**	**1,117**	**(113)**	**28,787**	**32,264**	**1,664**	**33,928**
Gains and losses recognized in equity					289		22	22	(107)		226	17	242
Net profit										7,171	7,171	611	7,783
Comprehensive income		**-**	**-**	**-**	**289**	**-**	**22**	**22**	**(107)**	**7,171**	**7,397**	**628**	**8,025**
Stock option plan-related expenses										69	69	3	72
(Acquisition)/disposal of treasury shares				18						(44)	(26)	-	(26)
Exercise of LVMH share subscription options	403,946	-	21	-							21	-	21
Retirement of LVMH shares	(2,156)										-	-	-
Capital increase in subsidiaries											-	95	95
Interim and final dividends paid										(3,119)	(3,119)	(433)	(3,552)
Changes in control of consolidated entities										2	2	25	27
Acquisition and disposal of minority interests' shares										(17)	(17)	-	(17)
Purchase commitments for minority interests' shares										(5)	(5)	(203)	(208)
As of December 31, 2019	**505,431,285**	**152**	**2,319**	**(403)**	**862**	**-**	**(107)**	**1,139**	**(220)**	**32,844**	**36,586**	**1,779**	**38,365**

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

CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	Notes	2019	2018 [a]	2017 [a]
I. OPERATING ACTIVITIES				
Operating profit		11,273	9,877	8,113
(Income)/loss and dividends received from joint ventures and associates	8	(10)	5	25
Net increase in depreciation, amortization and provisions		2,700	2,302	2,376
Depreciation of right-of-use assets	7.1	2,408	-	-
Other adjustments and computed expenses		(266)	(219)	(109)
Cash from operations before changes in working capital		**16,105**	**11,965**	**10,405**
Cost of net financial debt: interest paid		(124)	(113)	(129)
Lease liabilities: interest paid		(239)	-	-
Tax paid		(2,940)	(2,275)	(2,790)
Change in working capital	15.2	(1,154)	(1,087)	(514)
Net cash from operating activities		**11,648**	**8,490**	**6,972**
II. INVESTING ACTIVITIES				
Operating investments	15.3	(3,294)	(3,038)	(2,276)
Purchase and proceeds from sale of consolidated investments	2.4	(2,478)	(17)	(6,306)
Dividends received		8	18	13
Tax paid related to non-current available for sale financial assets and consolidated investments		(1)	(2)	-
Purchase and proceeds from sale of non-current available for sale financial assets	9	(104)	(400)	(38)
Net cash from/(used in) investing activities		**(5,869)**	**(3,439)**	**(8,607)**
III. FINANCING ACTIVITIES				
Interim and final dividends paid	15.4	(3,678)	(3,090)	(1,982)
Purchase and proceeds from sale of minority interests	2.4	(21)	(236)	(153)
Other equity-related transactions	15.4	54	(205)	30
Proceeds from borrowings	19	2,837	1,529	5,931
Repayment of borrowings	19	(1,810)	(2,174)	(1,760)
Repayment of lease liabilities	7.2	(2,187)	-	-
Purchase and proceeds from sale of current available for sale financial assets	14	71	(147)	92
Net cash from/(used in) financing activities		**(4,734)**	**(4,323)**	**2,158**
IV. EFFECT OF EXCHANGE RATE CHANGES		**39**	**67**	**(242)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**1,084**	**795**	**281**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	15.1	**4,413**	**3,618**	**3,337**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15.1	**5,497**	**4,413**	**3,618**
TOTAL TAX PAID		**(3,070)**	**(2,314)**	**(2,402)**

(a) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.

Alternative performance measure

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

(EUR millions)	2019	2018	2017
Net cash from operating activities	11,648	8,490	6,972
Operating investments	(3,294)	(3,038)	(2,276)
Repayment of lease liabilities	(2,187)	-	-
Operating free cash flow [a]	**6,167**	**5,452**	**4,696**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 General framework and environment

The consolidated financial statements for the fiscal year ended December 31, 2019 were established in accordance with the international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on December 31, 2019. These standards and interpretations have been applied consistently to the fiscal years presented. The consolidated financial statements for fiscal year 2019 were approved by the Board of Directors on January 28, 2020.

1.2 Changes in the accounting framework applicable to LVMH

Standards, amendments and interpretations applied as of January 1, 2019

The Group applies IFRS 16 Leases as of January 1, 2019.

When entering into a lease, this standard requires that a liability be recognized in the balance sheet, measured at the discounted present value of future payments of the fixed portion of lease payments and offset against a right-of-use asset depreciated over the lease term.

The Group applied 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 amounts recognized within accrued expenses; all the impacts of the transition were deducted from equity. The standard provided for various simplification measures during the transition phase: in particular, the Group opted to apply the measures allowing it to exclude leases with a residual term of less than twelve months and leases of low-value assets, to continue applying the same treatment to leases that qualified as finance leases under IAS 17, and not to capitalize costs directly related to signing leases.

The amount of the liability depends to a large degree on the assumptions used for the lease term and, to a lesser extent, the discount rate. The Group's extensive geographic coverage means it encounters a wide range of different legal conditions when entering into contracts. The lease term generally 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 IFRS Interpretations Committee (IFRS IC) has issued an opinion on the procedure for determining the lease term to be used in accounting for lease liabilities when the underlying assets are capitalized when the obligation to make lease payments covers a period of less than 12 months; most often, this involves leases for retail locations that are automatically renewable on an annual basis. In these circumstances, LVMH recognizes a lease liability over a term consistent with the anticipated period of use of the invested assets.

The standard requires that the discount rate be determined for each lease using the incremental borrowing rate of the subsidiary entering into the lease. In practice, given the structure of the Group's financing – virtually all of which is held or guaranteed by LVMH SE – this incremental borrowing rate is generally the total of the risk-free rate for the lease currency, with respect to the duration, and the Group's credit risk for this same reference currency and term.

Leasehold rights, previously recognized within "Intangible assets", as well as "Property, plant and equipment" related to restoration obligations for leased facilities, are now presented within "Right-of-use assets" and subject to depreciation according to consistent principles.

The Group has implemented a dedicated IT solution to gather lease data and run the calculations required by the standard.

Most leases are related to the Group's retail premises (see Note 7 for details). Such leases are actively managed and directly linked to the conduct of Maisons' business and their distribution strategy.

The following table presents the impact of the application of IFRS 16 on the opening balance sheet:

(EUR millions)	As of Dec. 31, 2018	Impact of the transition to IFRS 16	As of Jan. 1, 2019
Brands, goodwill and intangible assets	30,981	(379)	30,602
Property, plant and equipment	15,112	(355)	14,757
Right-of-use assets	-	11,867	11,867
Other non-current assets	4,656	(13)	4,643
Current assets	23,551	(53)	23,498
Total assets	**74,300**	**11,067**	**85,367**
Equity, Group share	32,293	(29)	32,264
Minority interests	1,664	-	1,664
Non-current lease liabilities	-	9,679	9,679
Provisions and other non-current liabilities	23,510	(343)	23,167
Current lease liabilities	-	2,149	2,149
Other current liabilities	16,833	(389)	16,444
Total liabilities and equity	**74,300**	**11,067**	**85,367**

"Lease liabilities" totaled 11.8 billion euros as of January 1, 2019 and comprised:

- lease liabilities newly recognized in respect of operating leases in effect as of January 1, 2019 for 11.5 billion euros, including 9.4 billion euros for long-term leases;
- finance lease liabilities for 0.3 billion euros, recognized under "Borrowings" as of December 31, 2018.

The average discount rate for lease liabilities at the transition date was 2.2%.

"Right-of-use assets" totaled 11.9 billion euros as of January 1, 2019 and comprised:

- assets corresponding to newly recognized lease liabilities for 11.5 billion euros;
- the carrying amount of property, plant and equipment covered by finance leases for 0.3 billion euros, recognized within "Property, plant and equipment" as of December 31, 2018;
- the carrying amount of leasehold rights for 0.4 billion euros, recognized within "Intangible assets" as of December 31, 2018;
- various lease-related assets and liabilities recognized as of December 31, 2018 and reclassified within "Right-of-use assets" representing a net liability of -0.3 billion euros, in particular liabilities related to the recognition of leases on a straight-line basis.

The following table provides details on the difference between lease commitments presented in accordance with IAS 17 as of December 31, 2018, and lease liabilities measured according to IFRS 16 as of January 1, 2019:

	(EUR millions)
Commitments given for operating leases and concessions as of December 31, 2018	**12,573**
Minimum payments on finance leases as of December 31, 2018	830
Impact of discounting	(1,953)
Other	378
Lease liabilities as of January 1, 2019 under IFRS 16	**11,828**

"Other" mainly comprises the recognition of optional periods that were not covered by the definition of off-balance sheet commitments presented in accordance with IAS 17.

Under the modified retrospective transition method, the standard prohibits the restatement of comparative fiscal years, which affects the comparability of fiscal year 2019 with fiscal years 2018 and 2017.

The application of IFRS 16 had the following impact on the Group's financial statements as of December 31, 2019:

Income statement

- profit from recurring operations was boosted by the positive 155 million euro impact of the difference between the lease expense that would have been recognized under IAS 17 and the depreciation of right-of-use assets under IFRS 16. Depreciation of right-of-use assets is lower than lease expenses due to the discounting effect included in the valuation of right-of-use assets;

- net financial income/(expense) recorded a negative 290 million euro impact of interest on lease liabilities (including interests on finance leases, previously included in borrowing costs). This was higher than the favorable impact on profit from recurring operations as a result of its reducing balance over the lease term, comparable to the interest on a loan with fixed annuities;
- there was a positive 40 million euro tax impact on profit and on minority interests, yielding a negative 95 million euro impact on the Group share of net profit.

Balance sheet

- the recognition of right-of-use assets increased non-current assets by 12.0 billion euros;
- the recognition of lease liabilities increased total liabilities by 12.0 billion euros, including 10.0 billion euros in non-current lease liabilities and 2.0 billion euros in current lease liabilities.

The liability for capitalized leases is excluded from the definition of net financial debt.

Cash flow statement

- there was a favorable 2,169 million euro impact on net cash from operating activities, including the positive 2,408 million euro impact of the depreciation of right-of-use assets (with no impact on cash) and the negative 239 million euro impact of interest on lease liabilities;
- net cash from/(used in) financing activities was negatively affected by the repayment of lease liabilities for 2,187 million euros.

Since the application of IFRS 16 had a significant impact on the cash flow statement given the importance of fixed lease payments to the Group's activities, specific indicators are used for internal performance monitoring requirements and financial communication purposes in order to present consistent performance indicators, independently of the fixed or variable nature of lease payments. One such alternative performance measure is "Operating free cash flow", which is calculated by deducting capitalized fixed lease payments in their entirety from cash flow. The reconciliation between "Net cash from operating activities" and "Operating free cash flow" as of the 2019, 2018 and 2017 fiscal year-ends is presented in the cash flow statement.

The Group applies IFRIC 23 Uncertainty over Income Tax Treatments as of January 1, 2019. It did not have any significant impact on the Group's financial statements.

The Group has opted for early application of the amendment to IFRS 9, IAS 39 and IFRS 7 on financial instruments published by the IASB in September 2019 as part of the reform of benchmark interest rates. This amendment provides relief from the uncertainty surrounding future benchmark rates, and allows companies to maintain interest rate risk hedging relationships until this uncertainty is removed. Interest rate risk hedging derivatives are presented in Note 23. An analysis of the impact of the upcoming change to benchmark indices is underway.

As a result of the application of new standards that took effect on January 1, 2019 – IFRS 16 in particular – the presentation of the balance sheet and cash flow statement was modified and simplified in order to make these statements easier to understand. This included separating "Purchase commitments for minority interests' shares" from other balance sheet liabilities, while other items were grouped together, with detailed breakdowns inserted in additional notes.

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 leases (see Note 7) and purchase commitments for minority interests' shares (see Notes 1.12 and 21), and the determination of the amount of provisions for contingencies and losses, and uncertain tax positions (see Note 20) or for impairment of inventories (see Notes 1.17 and 11) and, if applicable, deferred tax assets (see Note 28). 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 8), on a separate line, which forms part of profit from recurring operations.

When an investment in a joint venture or associate accounted for using the equity method involves a payment tied to meeting specific performance targets, known as an earn-out payment, the estimated amount of this payment is included in the initial purchase price recorded in the balance sheet, with an offsetting entry under financial liabilities. Any difference between the initial estimate and the actual payment made is recorded as part of the value of investments in joint ventures and associates, without any impact on the income statement.

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 1.26).

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.

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 1.17.	Note 11
Derivatives	Based on market data and according to commonly used valuation models. See Note 1.22.	Note 23
Borrowings hedged against changes in value due to interest rate fluctuations	Based on market data and according to commonly used valuation models. See Note 1.21.	Note 19
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 21
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 1.16.	Note 9, Note 14
Cash and cash equivalents (SICAV and FCP funds)	Based on the liquidation value at the balance sheet date. See Note 1.19.	Note 15

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 1.15.

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:

- 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 1.15. 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 "Purchase commitments for minority interests' shares", as a liability on its balance sheet;
- 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.

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 100 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 Leases

See Note 1.2 relating to the terms of the initial application, since January 1, 2019, of IFRS 16 Leases.

1.15 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.

1.16 Available for sale financial assets

Available for sale financial assets are classified as current or non-current based on their type.

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 13) 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 1.19).

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.

1.17 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.

1.18 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.

1.19 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)".

1.20 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 1.24 and 20.

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.

1.21 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.

1.22 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 1.21 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.

1.23 Treasury shares

LVMH shares 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 16.3) 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.

1.24 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.

1.25 Current and deferred tax

The tax expense comprises current tax payable by consolidated companies and deferred tax resulting from temporary differences as well as the change in uncertain tax positions.

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.

1.26 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.

Sales of services, mainly involved in the Group's Other activities segment, are recognized as the services are provided.

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 Note 22.2), 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.

1.27 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.

1.28 Bonus shares 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 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.

1.29 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 1.28), 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 2019

Belmond

On April 17, 2019, pursuant to the transaction agreement announced on December 14, 2018 and approved by Belmond's shareholders on February 14, 2019, LVMH acquired, for cash, all the Class A shares of Belmond Ltd at a unit price of 25 US dollars, for a total of 2.2 billion US dollars. After taking into account the shares acquired on the market in December 2018, the carrying amount of Belmond shares held came to 2.3 billion euros. Following this acquisition, Belmond's Class A shares were no longer listed on the New York Stock Exchange.

Belmond, which has locations in 24 countries, owns and operates an exceptional portfolio of very high-end hotels and travel experiences in the world's most desirable, prestigious destinations.

The following table details the provisional allocation of the purchase price paid by LVMH on April 17, 2019, the date of acquisition of the controlling interest:

(EUR millions)	**Provisional allocation as of June 30, 2019**	**Change**	**Provisional allocation as of December 31, 2019**
Brand and other intangible assets	6	141	147
Property, plant and equipment	1,119	1,193	2,312
Other current and non-current assets	202	109	311
Net financial debt	(586)	(18)	(604)
Deferred tax	(80)	(354)	(434)
Current and non-current liabilities	(335)	(31)	(366)
Minority interests	(1)	-	(1)
Net assets acquired	**325**	**1,040**	**1,365**
Provisional goodwill	1,928	(1,040)	888
Carrying amount of shares held as of April 17, 2019	**2,253**	**-**	**2,253**

The amounts presented in the table above are taken from Belmond's unaudited financial statements at the date of acquisition of the controlling interest. A provisional allocation of the purchase price has been made. The main revaluations concern real estate assets, for 1,193 million euros, and the Belmond brand, for 140 million euros.

The carrying amount of shares held as of the date of acquisition of the controlling interest includes shares acquired in 2018 for 274 million euros.

During the fiscal year, the acquisition of Belmond shares and the payment of costs related to the acquisition generated an outflow of 2,006 million euros, net of cash acquired in the amount of 101 million euros. Following the acquisition of the controlling interest, Belmond's long-term bank borrowings were repaid in the amount of 560 million euros.

Belmond's revenue and profit from recurring operations consolidated since the date of acquisition of the controlling interest totaled 466 million euros and 94 million euros, respectively. For 2018 as a whole, Belmond had consolidated revenue of 577 million US dollars, and an operating profit of 12 million US dollars.

Stella McCartney

Under the agreement announced in July 2019 to speed up the Stella McCartney brand's expansion plans, LVMH acquired a 49% stake in this fashion house in November 2019, which is accounted for using the equity method (see Note 8).

Château du Galoupet

In June 2019, the Group acquired the entire share capital of Château du Galoupet, a Côtes de Provence estate awarded Cru Classé status in 1955. This property, located in La Londe-les-Maures (France), extends over 68 contiguous hectares and mainly produces rosé wines.

Château d'Esclans

In late November 2019, the Group acquired 55% of the share capital of Château d'Esclans. This property is located in La Motte (France) and mainly produces world-renowned rosé wines, in particular the *Garrus* and *Whispering Angel* cuvées.

2.2 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".

2.3 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)	**Final purchase price allocation**
Brand and other intangible assets	3,604
Property, plant and equipment	1,613
Other non-current assets	59
Non-current provisions	(42)
Current assets	627
Current liabilities	(519)
Net financial debt	(385)
Deferred tax	(1,127)
Net assets acquired	**3,830**
Indirect minority interests	(9)
Net assets, Group share	**3,821**
Goodwill	2,179
Carrying amount of shares held as of July 3, 2017	**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 26).

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 "Purchase commitments for minority interests' shares"; see Note 21) 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 26).

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.

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

(EUR millions)	**2019**	**2018**	**2017**
Purchase price of consolidated investments and of minority interests' shares	(2,604)	(258)	(6,971)
Positive cash balance/(net overdraft) of companies acquired	107	5	251
Proceeds from sale of consolidated investments	-	-	80
(Positive cash balance)/net overdraft of companies sold	(2)	-	181
Impact of changes in ownership interests in consolidated entities on net cash and cash equivalents	**(2,499)**	**(253)**	**(6,459)**
Of which: Purchase and proceeds from sale of consolidated investments	*(2,478)*	*(17)*	*(6,306)*
Purchase and proceeds from sale of minority interests	*(21)*	*(236)*	*(153)*

In 2019, the impact on net cash and cash equivalents of changes in ownership interests in consolidated entities mainly arose from the acquisition of Belmond and of a 49% stake in Stella McCartney and a 55% stake in Château d'Esclans.

In 2018, the impact on net cash and cash equivalents of changes in ownership interests in consolidated entities mainly arose from the acquisition 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).

3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

(EUR millions)			2019	2018 [a]	2017 [a]
	Gross	Amortization and impairment	Net	Net	Net
Brands	14,511	(775)	13,736	13,596	13,515
Trade names	3,920	(1,617)	2,303	2,265	2,176
License rights	129	(84)	45	13	14
Software, websites	2,258	(1,608)	650	544	459
Other	1,048	(569)	479	836	793
Total	**21,865**	**(4,653)**	**17,212**	**17,254**	**16,957**

(a) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.

3.1 Changes during the fiscal year

As of December 31, 2017 and 2018, "Other intangible assets" included leasehold rights. As from January 1, 2019, in accordance with IFRS 16, leasehold rights are now presented within "Right-of-use assets" (see Note 7).

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	Other intangible assets	Total
As of December 31, 2018	**14,292**	**3,851**	**1,903**	**1,964**	**22,010**
Impact of changes in accounting standards [a]	-	-	-	(770)	(770)
As of January 1, 2019, after restatement	**14,292**	**3,851**	**1,903**	**1,194**	**21,240**
Acquisitions	-	-	225	303	528
Disposals and retirements	-	-	(31)	(210)	(241)
Changes in the scope of consolidation	140	-	1	54	195
Translation adjustment	78	69	14	13	174
Reclassifications	-	-	146	(177)	(31)
As of December 31, 2019	**14,511**	**3,920**	**2,258**	**1,177**	**21,865**

Amortization and impairment *(EUR millions)*	Brands	Trade names	Software, websites	Other intangible assets	Total
As of December 31, 2018	**(696)**	**(1,586)**	**(1,359)**	**(1,115)**	**(4,756)**
Impact of changes in accounting standards [a]	-	-	-	391	391
As of January 1, 2019, after restatement	**(696)**	**(1,586)**	**(1,359)**	**(724)**	**(4,365)**
Amortization expense	(17)	(1)	(267)	(138)	(422)
Impairment expense	(54)	-	-	4	(50)
Disposals and retirements	-	-	29	210	239
Changes in the scope of consolidation	-	-	-	(10)	(10)
Translation adjustment	(8)	(30)	(9)	(7)	(55)
Reclassifications	-	-	(2)	12	10
As of December 31, 2019	**(775)**	**(1,617)**	**(1,608)**	**(653)**	**(4,653)**
Carrying amount as of December 31, 2019	**13,736**	**2,303**	**650**	**524**	**17,212**

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

Changes in the scope of consolidation related to the acquisition of Belmond. See Note 2.

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, 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**
Acquisitions	-	-	177	88	272	537
Disposals and retirements	-	-	(2)	-	-	(2)
Changes in the scope of consolidation	40	-	-	1	-	41
Amortization expense	(18)	(1)	(221)	(60)	(148)	(448)
Impairment expense	-	-	-	(2)	(7)	(9)
Translation adjustment	59	90	8	2	8	167
Reclassifications	-	-	123	16	(128)	11
As of December 31, 2018	**13,596**	**2,265**	**544**	**443**	**406**	**17,254**

3.3 Brands and trade names

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

(EUR millions)			2019	2018	2017
	Gross	Amortization and impairment	Net	Net	Net
Wines and Spirits	874	(142)	732	717	715
Fashion and Leather Goods	8,845	(371)	8,474	8,480	8,439
Perfumes and Cosmetics	686	(63)	622	629	642
Watches and Jewelry	3,691	(91)	3,599	3,560	3,507
Selective Retailing	3,872	(1,570)	2,303	2,265	2,176
Other activities	462	(155)	308	210	212
Total	**18,430**	**(2,392)**	**16,038**	**15,861**	**15,691**

The brands and trade names recognized are those that the Group has acquired. As of December 31, 2019, 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, Ole Henriksen and Maison Francis Kurkdjian;

- 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, the hotel group Belmond 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)			2019	2018	2017
	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	11,495	(1,773)	9,722	8,654	8,538
Goodwill arising on purchase commitments for minority interests' shares	6,312	-	6,312	5,073	5,299
Total	**17,807**	**(1,773)**	**16,034**	**13,727**	**13,837**

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

(EUR millions)			2019	2018	2017
	Gross	Impairment	Net	Net	Net
As of January 1	**15,462**	**(1,735)**	**13,727**	**13,837**	**10,401**
Changes in the scope of consolidation	1,033	(1)	1,033	45	2,605
Changes in purchase commitments for minority interests' shares	1,247	-	1,247	(126)	1,008
Changes in impairment	-	(22)	(22)	(100)	(51)
Translation adjustment	65	(15)	50	71	(126)
As of December 31	**17,807**	**(1,773)**	**16,034**	**13,727**	**13,837**

Changes in the scope of consolidation mainly resulted from the acquisition of Belmond. See Note 2.

See also Note 21 for goodwill arising on purchase commitments for minority interests' shares.

The impact of changes in the scope of consolidation in 2017 mainly arose from the acquisition of Christian Dior Couture and Rimowa.

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 2019. As described in Note 1.15, 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 %)	2019				2018			2017		
	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	6.0 to 10.8	8.1 to 14.6	5.8	2.0	6.5 to 11.0	5.7	2.0	6.5 to 11.0	5.9	2.0
Fashion and Leather Goods	7.1 to 9.6	9.6 to 13.0	10.4	2.0	8.0 to 10.5	9.7	2.0	8.0 to 10.5	6.6	2.0
Perfumes and Cosmetics	6.5 to 9.2	8.8 to 12.4	9.1	2.0	7.4 to 10.1	8.9	2.0	7.4 to 10.1	9.3	2.0
Watches and Jewelry	7.5 to 8.9	10.1 to 12.0	9.2	2.0	9.0 to 10.4	8.3	2.0	9.0 to 10.4	6.9	2.0
Selective Retailing	7.0 to 8.8	9.5 to 11.9	8.2	2.0	7.3 to 9.4	9.8	2.0	7.3 to 8.3	8.2	2.0
Other	6.0 to 7.5	8.1 to 10.1	2.3	2.0	6.5 to 9.3	4.5	2.0	6.5 to 7.3	8.4	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.

The decrease in discount rates in 2019 was due to the drop in interest rates.

As of December 31, 2019, 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	8.4	2.0	5 years
Louis Vuitton	2,059	487	2,546	7.1	2.0	5 years
Loro Piana[(a)]	1,300	1,048	2,348	n.a.	n.a.	n.a.
Fendi	713	405	1,118	8.4	2.0	5 years
Bvlgari	2,100	1,547	3,647	7.5	2.0	5 years
TAG Heuer	1,143	217	1,360	7.5	2.0	5 years
DFS Galleria	2,037	-	2,037	8.8	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, 2019, 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, 2019, 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, 2019 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, 2019, break down as follows:

(EUR millions)	**Amount of intangible assets concerned as of 12/31/2019**	**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**
Selective Retailing	87	(19)	(19)	(15)
Other business groups	516	(44)	(36)	(36)
Total	**603**	**(63)**	**(55)**	**(51)**

As of December 31, 2019, the gross and net values of brands, trade names and goodwill giving rise to amortization and/or impairment charges in 2019 were 325 million euros and 37 million euros, respectively (644 million and 467 million euros as of December 31, 2018). See Note 26 regarding the amortization and impairment expense recorded during the fiscal year.

6. PROPERTY, PLANT AND EQUIPMENT

(EUR millions)			**2019**	**2018 [a]**	**2017 [a]**
	Gross	**Depreciation and impairment**	**Net**	**Net**	**Net**
Land	4,429	(18)	4,411	2,838	2,374
Vineyard land and producing vineyards [b]	2,655	(118)	2,537	2,473	2,432
Buildings	5,346	(2,128)	3,218	2,292	2,052
Investment property	357	(37)	319	602	763
Leasehold improvements, machinery and equipment	14,243	(9,526)	4,717	4,078	3,971
Assets in progress	1,652	(2)	1,650	1,237	785
Other property, plant and equipment	2,205	(524)	1,682	1,592	1,485
Total	**30,887**	**(12,354)**	**18,533**	**15,112**	**13,862**
Of which: historical cost of vineyard land	*587*	*-*	*587*	*576*	*543*

(a) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.
(b) 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 and hotels	Production, logistics	Other			
As of December 31, 2018	**2,584**	**7,051**	**637**	**8,632**	**2,756**	**1,351**	**1,238**	**2,074**	**26,323**
Impact of changes in accounting standards[a]	-	(395)	-	(149)	(50)	(32)	(3)	(1)	(630)
As of January 1, after restatement	**2,584**	**6,656**	**637**	**8,483**	**2,706**	**1,319**	**1,235**	**2,073**	**25,693**
Acquisitions	11	225	12	806	165	143	1,375	124	2,860
Change in the market value of vineyard land	42	-	-	-	-	-	-	-	42
Disposals and retirements	(1)	(84)	(23)	(604)	(55)	(77)	(23)	(21)	(890)
Changes in the scope of consolidation	17	2,339	-	454	12	-	22	10	2,854
Translation adjustment	2	91	8	153	15	15	8	10	301
Other movements, including transfers	1	549	(277)	509	121	79	(964)	9	27
As of December 31, 2019	**2,655**	**9,775**	**357**	**9,801**	**2,964**	**1,478**	**1,652**	**2,205**	**30,887**

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 and hotels	Production, logistics	Other			
As of December 31, 2018	**(111)**	**(1,921)**	**(35)**	**(5,907)**	**(1,810)**	**(944)**	**(1)**	**(482)**	**(11,211)**
Impact of changes in accounting standards[a]	-	135	-	88	28	23	(1)	2	275
As of January 1, after restatement	**(111)**	**(1,786)**	**(35)**	**(5,819)**	**(1,782)**	**(921)**	**(2)**	**(480)**	**(10,936)**
Depreciation expense	(6)	(213)	(4)	(1,030)	(189)	(144)	-	(68)	(1,655)
Impairment expense	-	62	(1)	(5)	(2)	-	(16)	-	38
Disposals and retirements	1	77	1	603	54	75	16	29	855
Changes in the scope of consolidation	(2)	(222)	-	(236)	(4)	-	-	(2)	(466)
Translation adjustment	-	(22)	-	(100)	(10)	(11)	-	(6)	(150)
Other movements, including transfers	-	(43)	3	3	(15)	9	-	4	(40)
As of December 31, 2019	**(118)**	**(2,146)**	**(37)**	**(6,586)**	**(1,949)**	**(991)**	**(2)**	**(524)**	**(12,354)**
Carrying amount as of December 31, 2019	**2,537**	**7,628**	**319**	**3,216**	**1,015**	**486**	**1,650**	**1,682**	**18,533**

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

"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 Louis Vuitton, Sephora, DFS, Christian Dior Couture and Celine – in their retail networks. They also included investments related to the La Samaritaine project as well as investments by the champagne houses, Hennessy, Parfums Christian Dior and Louis Vuitton in their production equipment.

Changes in the scope of consolidation mainly resulted from the acquisition of Belmond. See Note 2.

The impact of marking vineyard land to market was 1,836 million euros as of December 31, 2019 (1,793 million euros as of December 31, 2018; 1,785 million euros as of December 31, 2017). 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 0.6 billion euros as of December 31, 2019. 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, 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**
Acquisitions	25	473	70	604	162	82	1,074	114	2,604
Disposals and retirements	-	-	-	(3)	(3)	(1)	(1)	3	(5)
Depreciation expense	(6)	(192)	(2)	(946)	(172)	(127)	-	(67)	(1,512)
Impairment expense	-	(2)	-	2	(1)	-	-	(2)	(3)
Change in the market value of vineyard land	8	-	-	-	-	-	-	-	8
Changes in the scope of consolidation	-	-	-	2	1	3	-	-	6
Translation adjustment	(1)	67	14	45	1	5	4	2	137
Other movements, including transfers	15	357	(243)	339	75	39	(624)	57	15
As of December 31, 2018	**2,473**	**5,130**	**602**	**2,725**	**946**	**407**	**1,237**	**1,592**	**15,112**

Purchases of property, plant and equipment in fiscal years 2018 and 2017 mainly included investments by the Group's brands in their retail networks and investments by the champagne houses, Hennessy, Louis Vuitton and Parfums Christian Dior in their production equipment. They also included investments related to the La Samaritaine project as well as, in 2018, investments related to the Jardin d'Acclimatation, along with various real estate investments.

7. LEASES

7.1 Right-of-use assets

Right-of-use assets break down as follows, by type of underlying asset:

(EUR millions)			2019	January 1, 2019
	Gross	Depreciation and impairment	Net	Net
Stores	11,817	(1,956)	9,861	9,472
Offices	1,724	(288)	1,436	1,332
Other	860	(111)	749	718
Capitalized fixed lease payments	**14,402**	**(2,355)**	**12,047**	**11,522**
Leasehold rights	738	(376)	362	345
Total	**15,140**	**(2,731)**	**12,409**	**11,867**

The net amounts of right-of-use assets changed as follows during the fiscal year:

Gross value *(EUR millions)*	**Capitalized fixed lease payments**				**Leasehold rights**	**Total**
	Stores	**Offices**	**Other**	**Total**		
As of January 1, 2019	**9,531**	**1,365**	**728**	**11,624**	**673**	**12,297**
New leases entered into	1,862	386	94	2,342	64	2,406
Changes in assumptions	411	13	2	426	-	426
Leases ended or canceled	(240)	(21)	(18)	(279)	(44)	(323)
Changes in scope of consolidation	24	5	38	67	2	69
Translation adjustment	200	17	12	229	6	235
Other movements, including transfers	30	(39)	3	(6)	38	32
As of December 31, 2019	**11,817**	**1,724**	**860**	**14,402**	**738**	**15,140**

Depreciation and impairment *(EUR millions)*	**Capitalized fixed lease payments**				**Leasehold rights**	**Total**
	Stores	**Offices**	**Other**	**Total**		
As of January 1, 2019	**(59)**	**(33)**	**(10)**	**(102)**	**(328)**	**(430)**
Depreciation and amortization expense	(1,970)	(274)	(108)	(2,352)	(53)	(2,405)
Impairment expense	-	(7)	-	(7)	5	(2)
Leases ended or canceled	102	15	9	125	33	158
Changes in the scope of consolidation	(2)	-	(2)	(3)	(5)	(8)
Translation adjustment	(6)	(1)	-	(7)	(2)	(9)
Other movements, including transfers	(21)	13	(1)	(9)	(24)	(33)
As of December 31, 2019	**(1,956)**	**(288)**	**(111)**	**(2,355)**	**(376)**	**(2,731)**
Carrying amount as of December 31, 2019	**9,861**	**1,436**	**749**	**12,047**	**362**	**12,409**

"New leases entered into" mainly concern store leases, in particular for Sephora, Christian Dior Couture, Bvlgari, Louis Vuitton and DFS. They also include leases of office space, mainly for Parfums Christian Dior.

7.2 Lease liabilities

Lease liabilities break down as follows:

(EUR millions)	**2019**	**January 1, 2019**
Non-current lease liabilities	10,373	9,679
Current lease liabilities	2,172	2,149
Total	**12,545**	**11,828**

The change in lease liabilities during the fiscal year breaks down as follows:

(EUR millions)	**Stores**	**Offices**	**Other**	**Total**
As of January 1, 2019	**9,692**	**1,420**	**716**	**11,828**
New leases entered into	1,834	373	94	2,302
Principal repayments	(1,828)	(238)	(101)	(2,166)
Change in accrued interest	40	5	5	50
Leases ended or canceled	(138)	(6)	(8)	(152)
Changes in assumptions	403	11	2	415
Changes in the scope of consolidation	26	-	30	56
Translation adjustment	198	17	12	228
Other movements, including transfers	36	(50)	-	(13)
As of December 31, 2019	**10,264**	**1,532**	**749**	**12,545**

The following table presents the contractual schedule of disbursements for lease liabilities as of December 31, 2019:

(EUR millions)		**As of December 31, 2019 Total minimum future payments**
Maturity:	2020	2,487
	2021	2,188
	2022	1,875
	2023	1,555
	2024	1,317
	Between 2025 and 2029	3,396
	Between 2030 and 2034	671
	Thereafter	1,107
Total minimum future payments		**14,596**
Impact of discounting		(2,051)
Total lease liability		**12,545**

7.3 Breakdown of lease expense

The lease expense for the fiscal year breaks down as follows:

(EUR millions)	**2019**
Depreciation and impairment of right-of-use assets	2,407
Interest on lease liabilities	290
Capitalized fixed lease expense	**2,697**
Variable leases	1,595
Short-term leases and/or low-value leases	376
Other lease expenses	**1,971**
Total	**4,668**

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. As required by IFRS 16, only the minimum fixed lease payments are capitalized.

For leases not required to be capitalized, there is little difference between the expense recognized and the payments made.

7.4 Off-balance sheet commitments

Off-balance sheet commitments relating to leases with fixed lease payments break down as follows:

(EUR millions)	**2019**
Contracts commencing after the balance sheet date	1,592
Low-value leases and short-term leases	195
Total undiscounted future payments	**1,787**

As part of the active management of its retail network, the Group negotiates and enters into leases with commencement dates after the balance sheet date. Obligations to make payments under these leases are reported as off-balance sheet commitments rather than being recognized as lease liabilities.

In addition, the Group may enter into leases or concession contracts that have variable guaranteed amounts, which are not relected in the commitments above.

7.5 Discount rate table

The average discount rate for lease liabilities as of January 1, 2019 was 2.2%. The average discount rate for new lease liabilities in fiscal year 2019 was 2.0%. These discount rates are equivalent to the average interest rates weighted by the amount of the corresponding lease liabilities.

7.6 Termination and renewal options

Lease liabilities result from the discounting of the fixed portion of contractually defined future lease payments. Lease liabilities are measured on the basis of the initially negotiated contractual lease term, not taking into account any early termination or extension options included in contracts, except in special circumstances.

As of December 31, 2019, 60% of lease liabilities arose from leases with contracts that did not include any early termination or renewal options. Lease liabilities arising from leases with contractually defined renewal options came to around 1 billion euros. The impact of early termination options not taken into consideration would represent a reduction in lease liabilities of approximately 1 billion euros; conversely, the impact of renewal options not taken into account would represent an increase in lease liabilities of approximately 2 billion euros.

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(EUR millions)				2019		2018		2017
	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	**638**	**-**	**638**	***278***	**639**	***273***	**770**	***362***
Share of net profit (loss) for the period	28	-	28	*11*	23	*12*	(3)	*2*
Dividends paid	(20)	-	(20)	*(9)*	(28)	*(9)*	(22)	*(8)*
Changes in the scope of consolidation	415	-	415	163	(10)	2	(82)	(84)
Capital increases subscribed	5	-	5	*2*	3	*1*	5	*3*
Translation adjustment	5	-	5	*-*	7	*-*	(33)	*(7)*
Other, including transfers	3	-	3	*3*	4	*(1)*	4	*5*
Share of net assets of joint ventures and associates as of December 31	**1,074**	**-**	**1,074**	***448***	**638**	***278***	**639**	***273***

As of December 31, 2019, 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;
  - a 50% stake in hotel and rail transport activities operated by Belmond in Peru.
- 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 headquarters 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;
- a 49% stake in Stella McCartney, a London-based ready-to-wear brand.

Changes in the scope of consolidation in 2019 were mainly related to the acquisition of the stake in Stella McCartney and to the acquisition of Belmond. See Note 2.

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 – has been fully consolidated since 2018, 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.

9. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	2019	2018	2017
As of January 1	**1,100**	**789**	**744**
Acquisitions	146	450	125
Disposals at net realized value	(45)	(45)	(85)
Changes in market value[a]	(16)	(101)	101
Changes in the scope of consolidation	-	-	5
Translation adjustment	7	16	(43)
Reclassifications	(276)	(9)	(58)
As of December 31	**915**	**1,100**	**789**

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

Reclassifications resulted from the acquisition of a controlling interest in Belmond; the shares acquired in 2018 for 274 million euros are now included in the carrying amount of the investment held in Belmond. See Note 2.

Acquisitions in fiscal year 2019 included, for 110 million euros, the impact of subscription of securities in investment funds.

Acquisitions in fiscal year 2018 included in particular, for 274 million euros, the impact of the acquisition of Belmond shares (see Note 19), as well as, for 87 million euros, the impact of subscription of securities in investment funds and acquisitions of minority interests.

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

The market value of non-current available for sale financial assets is determined using the methods described in Note 1.9; see also Note 23.2 for the breakdown of these assets according to the measurement methods used.

10. OTHER NON-CURRENT ASSETS

(EUR millions)	2019	2018[a]	2017[a]
Warranty deposits	429	379	320
Derivatives[b]	782	257	246
Loans and receivables	291	303	264
Other	45	47	39
Total	**1,546**	**986**	**869**

(a) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.
(b) See Note 23.

11. INVENTORIES AND WORK IN PROGRESS

(EUR millions)			2019	2018	2017
	Gross	Impairment	Net	Net	Net
Wines and *eaux-de-vie* in the process of aging	5,027	(10)	5,017	4,784	4,517
Other raw materials and work in progress	2,377	(476)	1,900	1,700	1,370
	7,404	**(487)**	**6,917**	**6,484**	**5,887**
Goods purchased for resale	2,405	(216)	2,189	2,091	1,767
Finished products	5,728	(1,117)	4,611	3,910	3,234
	8,133	**(1,333)**	**6,800**	**6,001**	**5,001**
Total	**15,537**	**(1,820)**	**13,717**	**12,485**	**10,888**

See Note 1.17.

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

(EUR millions)			2019	2018	2017
	Gross	Impairment	Net	Net	Net
As of January 1	**14,069**	**(1,584)**	**12,485**	**10,888**	**10,546**
Change in gross inventories	1,604	-	1,604	1,722	1,006
Impact of provision for returns[(a)]	2	-	2	7	11
Impact of marking harvests to market	(6)	-	(6)	16	(21)
Changes in provision for impairment	-	(559)	(559)	(285)	(339)
Changes in the scope of consolidation	36	-	36	25	237
Translation adjustment	189	(36)	153	109	(550)
Other, including reclassifications	(358)	359	-	3	(2)
As of December 31	**15,537**	**(1,820)**	**13,717**	**12,485**	**10,888**

(a) See Note 1.26.

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

(EUR millions)	2019	2018	2017
Impact of marking the period's harvest to market	14	41	5
Impact of inventory sold during the period	(20)	(25)	(26)
Net impact on cost of sales for the period	**(6)**	**16**	**(21)**
Net impact on the value of inventory as of December 31	**120**	**126**	**110**

See Notes 1.9 and 1.17 on the method of marking harvests to market.

12. TRADE ACCOUNTS RECEIVABLE

(EUR millions)	2019	2018	2017
Trade accounts receivable, nominal amount	3,539	3,302	3,079
Provision for impairment	(89)	(78)	(78)
Provision for product returns[a]	-	(2)	(265)
Net amount	**3,450**	**3,222**	**2,736**

(a) See Note 1.26.

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

(EUR millions)			2019	2018	2017
	Gross	Impairment	Net	Net	Net
As of January 1	**3,300**	**(78)**	**3,222**	**2,736**	**2,685**
Changes in gross receivables	121	-	121	179	134
Changes in provision for impairment	-	(10)	(10)	(1)	(11)
Changes in provision for product returns[a]	-	-	-	7	(43)
Changes in the scope of consolidation	51	(1)	50	5	141
Translation adjustment	73	(1)	72	24	(154)
Reclassifications	(5)	-	(5)	272	(16)
As of December 31, 2019	**3,539**	**(89)**	**3,450**	**3,222**	**2,736**

(a) See Note 1.26.

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 long-term relationships.

As of December 31, 2019, 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	3,008	(21)	2,987
	- more than 3 months	125	(8)	117
		3,133	**(29)**	**3,104**
Overdue:	- less than 3 months	263	(10)	253
	- more than 3 months	143	(50)	93
		406	**(60)**	**346**
Total		**3,539**	**(89)**	**3,450**

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.

13. OTHER CURRENT ASSETS

(EUR millions)	2019	2018 [a]	2017 [a]
Current available for sale financial assets [b]	733	666	515
Derivatives [c]	180	123	496
Tax accounts receivable, excluding income taxes	1,055	895	747
Advances and payments on account to vendors	254	216	203
Prepaid expenses	454	430	396
Other receivables	589	538	562
Total	**3,264**	**2,868**	**2,919**

(a) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.
(b) See Note 14.
(c) See Note 23.

14. CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

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

(EUR millions)	2019	2018	2017
As of January 1	**666**	**515**	**374**
Acquisitions	50	311	112
Disposals at net realized value	(121)	(164)	(181)
Changes in market value [a]	138	3	156
Changes in the scope of consolidation	-	-	-
Translation adjustment	-	1	(4)
Reclassifications	-	-	58
As of December 31	**733**	**666**	**515**
Of which: Historical cost of current available for sale financial assets	*538*	*576*	*344*

(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 23.2 for the breakdown of current available for sale financial assets according to the measurement methods used.

15. CASH AND CHANGE IN CASH

15.1 Cash and cash equivalents

(EUR millions)	2019	2018	2017
Term deposits (less than 3 months)	879	654	708
SICAV and FCP funds	147	192	194
Ordinary bank accounts	4,647	3,764	2,836
Cash and cash equivalents per balance sheet	**5,673**	**4,610**	**3,738**

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)	2019	2018	2017
Cash and cash equivalents	5,673	4,610	3,738
Bank overdrafts	(176)	(197)	(120)
Net cash and cash equivalents per cash flow statement	**5,497**	**4,413**	**3,618**

15.2 Change in working capital

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

(EUR millions)	Notes	2019	2018	2017
Change in inventories and work in progress	11	(1,604)	(1,722)	(1,006)
Change in trade accounts receivable	12	(121)	(179)	(134)
Change in balance of amounts owed to customers		9	8	2
Change in trade accounts payable	22	463	715	257
Change in other receivables and payables		98	91	367
Change in working capital [a]		**(1,154)**	**(1,087)**	**(514)**

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

15.3 Operating investments

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

(EUR millions)	Notes	2019	2018 [a]	2017 [a]
Purchase of intangible assets	3	(528)	(537)	(456)
Purchase of property, plant and equipment	6	(2,860)	(2,590)	(1,883)
Change in accounts payable related to fixed asset purchases		163	137	40
Initial direct costs		(62)	-	-
Net cash used in purchases of fixed assets		**(3,287)**	**(2,990)**	**(2,299)**
Net cash from fixed asset disposals		29	10	26
Guarantee deposits paid and other cash flows related to operating investments		(36)	(58)	(3)
Operating investments [b]		**(3,294)**	**(3,038)**	**(2,276)**

(a) The 2017 and 2018 financial statements have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.
(b) Increase/(Decrease) in cash and cash equivalents.

15.4 Interim and final dividends paid and other transactions related to equity

Interim and final dividends paid comprise the following elements for the fiscal years presented:

(EUR millions)	2019	2018	2017
Interim and final dividends paid by LVMH SE	(3,119)	(2,715)	(2,110)
Interim and final dividends paid to minority interests in consolidated subsidiaries	(429)	(339)	(260)
Tax paid related to interim and final dividends paid	(130)	(36)	388
Interim and final dividends paid	**(3,678)**	**(3,090)**	**(1,982)**

Other transactions related to equity comprise the following elements for the periods presented:

(EUR millions)	Notes	2019	2018	2017
Capital increases of LVMH SE	16	21	49	53
Capital increases of subsidiaries subscribed by minority interests		82	41	44
Acquisition and disposals of LVMH treasury shares	16	(49)	(295)	(67)
Other equity-related transactions		**54**	**(205)**	**30**

16. EQUITY

16.1 Equity

(EUR millions)	Notes	2019	2018 [(a)]	2017 [(a)]
Share capital	16.2	152	152	152
Share premium account	16.2	2,319	2,298	2,614
LVMH shares	16.3	(403)	(421)	(530)
Cumulative translation adjustment	16.5	862	573	354
Revaluation reserves		813	875	1,111
Other reserves		25,672	22,462	19,903
Net profit, Group share		7,171	6,354	5,365
Equity, Group share		**36,586**	**32,293**	**28,969**

(a) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.

16.2 Share capital and share premium account

As of December 31, 2019, the share capital consisted of 505,431,285 fully paid-up shares (505,029,495 as of December 31, 2018 and 507,042,596 as of December 31, 2017), with a par value of 0.30 euros per share, including 232,293,232 shares with double voting rights (231,834,011 as of December 31, 2018 and 229,656,385 as of December 31, 2017). Double voting rights are attached to registered shares held for more than three years.

Changes in the share capital and share premium account, in value and in terms of number of shares, break down as follows:

(EUR millions)				2019	2018	2017
	Number			Amount	Amount	Amount
		Share capital	Share premium account	Total		
As of January 1	**505,029,495**	**152**	**2,298**	**2,450**	**2,766**	**2,753**
Exercise of share subscription options	403,946	-	21	21	49	53
Retirement of LVMH shares	(2,156)	-	-	-	(365)	(40)
As of December 31	**505,431,285**	**152**	**2,319**	**2,470**	**2,450**	**2,766**

16.3 LVMH shares

The portfolio of LVMH shares is allocated as follows:

(EUR millions)		2019	2018	2017
	Number	Amount	Amount	Amount
Share subscription option plans	403,946	20	20	57
Bonus share plans	1,066,965	294	302	122
Shares held for stock option and similar plans [(a)]	**1,470,911**	**314**	**322**	**179**
Liquidity contract	38,000	15	25	23
Shares pending retirement	270,000	74	74	328
LVMH treasury shares	**1,778,911**	**403**	**421**	**530**

(a) See Note 17 regarding stock option and similar plans.

The market value of LVMH shares held under the liquidity contract as December 31, 2019 amounted to 16 million euros.

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

(Number of shares or EUR millions)	Number	Amount	Impact on cash
As of December 31, 2018	**2,135,404**	**421**	
Share purchases [(a)]	614,711	213	(213)
Vested bonus shares	(477,837)	(77)	-
Retirement of LVMH shares	(2,156)	-	-
Disposals at net realized value [(a)]	(491,211)	(165)	165
Gain/(loss) on disposal	-	10	-
As of December 31, 2019	**1,778,911**	**403**	**(48)**

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

16.4 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, 2019, the distributable amount was 15,918 million euros; after taking into account the proposed dividend distribution in respect of the 2019 fiscal year, it was 13,593 million euros.

(EUR millions)	2019	2018	2017
Interim dividend for the current fiscal year (2019: 2.20 euros; 2018: 2.00 euros; 2017: 1.60 euros)	1,112	1,010	811
Impact of treasury shares	(4)	(4)	(7)
Gross amount disbursed for the fiscal year	**1,108**	**1,006**	**804**
Final dividend for the previous fiscal year (2018: 4.00 euros; 2017: 3.40 euros; 2016: 2.60 euros)	2,020	1,717	1,319
Impact of treasury shares	(8)	(8)	(13)
Gross amount disbursed for the previous fiscal year	**2,012**	**1,709**	**1,306**
Total gross amount disbursed during the period [(a)]	**3,119**	**2,715**	**2,110**

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

The final dividend for fiscal year 2019, as proposed at the Shareholders' Meeting of April 16, 2020, is 4.60 euros per share, representing a total of 2,325 million euros before deduction of the amount attributable to treasury shares held at the ex-dividend date.

16.5 Cumulative translation adjustment

The change in "Cumulative translation adjustment" recognized within "Equity, Group share", net of hedging effects of net assets denominated in foreign currency, breaks down as follows by currency:

(EUR millions)	2019	Change	2018	2017
US dollar	364	71	293	139
Swiss franc	761	129	632	528
Japanese yen	125	16	109	69
Hong Kong dollar	388	34	354	316
Pound sterling	(75)	40	(115)	(107)
Other currencies	(230)	20	(250)	(170)
Foreign currency net investment hedges[(a)]	(471)	(21)	(450)	(421)
Total, Group share	**862**	**289**	**573**	**354**

(a) Including: -146 million euros with respect to the US dollar (-141 million euros as of December 31, 2018 and -130 million euros as of December 31, 2017), –117 million euros with respect to the Hong Kong dollar (-117 million euros as of December 31, 2018 and 2017) and –208 million euros with respect to the Swiss franc (-193 million euros as of December 31, 2018 and -180 million euros as of December 31, 2017). These amounts include the tax impact.

16.6 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 19) to equity;
- cash from operations before changes in working capital to net financial debt;
- net cash from operating activities;
- operating free cash flow (see Consolidated cash flow statement);
- 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.

17. BONUS SHARE AND SIMILAR PLANS

17.1 General characteristics of plans

Share purchase and subscription option plans

At the Shareholders' Meeting of April 18, 2019, the shareholders renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2021, 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, 2019, this authorization had not been used by the Board of Directors.

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

No share subscription option plan remains in effect as of December 31, 2019.

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 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 vesting of bonus shares under certain plans is subject to conditions related to LVMH's financial performance, which must be met in order for recipients to be entitled to them. 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. The performance condition is assessed on a like-for-like basis to exclude the impact of acquisitions made during the two calendar years following the reference fiscal year and to neutralize the impact of disposals that took place during this same period. Only significant transactions (for more than 150 million euros) are restated in the accounts.

This concerns the following plans and fiscal years:

Plan commencement date	Type of plan	Shares awarded if there is a positive change in one of the indicators between fiscal years
April 16, 2015	Bonus shares	2014 and 2015
October 22, 2015	"	2015 and 2016; 2015 and 2017
October 20, 2016	"	2016 and 2017; 2016 and 2018
April 13, 2017	"	2016 and 2017
October 25, 2017	"	2017 and 2018; 2017 and 2019
April 12, 2018	"	2018 and 2019; 2018 and 2020
October 25, 2018	"	2018 and 2019; 2018 and 2020
October 24, 2019	"	2019 and 2020; 2019 and 2021

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.

17.2 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 2019	Number of options expired in 2019	Number of options outstanding as of Dec. 31, 2019
May 14, 2009[(b)]	1,333,097	50.861	3 years	(386,921)	(7,142)	-
"	37,106	50.879	"	(17,025)	-	-
Total	**1,370,203**			**(403,946)**	**(7,142)**	**-**

(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 17.1.
(b) Plan subject to performance conditions; see Note 17.1 "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:

	2019		2018		2017	
	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	**411,088**	**50.86**	**1,180,692**	**59.56**	**1,903,010**	**65.17**
Options expired	(7,142)	50.86	(6,753)	63.98	(13,833)	74.67
Options exercised	(403,946)	50.86	(762,851)	64.21	(708,485)	74.33
Share subscription options outstanding as of December 31	**-**	**-**	**411,088**	**50.86**	**1,180,692**	**59.56**

17.3 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 2019	Shares vested in 2019	Non-vested shares as of Dec. 31, 2019
April 16, 2015	73,262	*73,262*	*yes*	3[(c)] or 4[(d)] years	-	(17,322)	-
October 22, 2015	315,532	*315,532*	*yes*	3[(c)] or 4[(d)] years	(4,894)	(126,928)	-
October 20, 2016	360,519	*310,509*	*yes*	3 years	(6,880)	(333,587)	-
July 26, 2017	21,700	*21,700*	*yes*	3 years	-	-	21,700
July 26, 2017	21,700	*21,700*	*yes*	4 years	-	-	21,700
October 25, 2017	288,827	*270,325*	*yes*	3 years	(5,535)	-	274,986
October 25, 2017	76,165	*76,165*	*yes*	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	(4,066)	-	234,629
April 12, 2018	93,421	*93,421*	*(e)*	5 years[(g)]	-	-	93,421
October 25, 2018	9,477	*9,477*	*(e)*	3 years	(125)	-	9,352
October 24, 2019	200,077	*200,077*	*(e)*	3 years	-	-	200,077
Total	**2,229,505**	***2,093,229***			**(21,500)**	**(477,837)**	**1,052,718**

(a) After adjusting for the distribution in kind of Hermès shares. See Note 17.1.
(b) See Note 17.1 "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 2019, 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)	2019	2018	2017
Provisional allocations as of January 1	**1,351,978**	**1,395,351**	**1,312,587**
Provisional allocations for the period	200,077	462,281	455,252
Shares vested during the period	(477,837)	(459,741)	(335,567)
Shares expired during the period	(21,500)	(45,913)	(36,921)
Provisional allocations as of December 31	**1,052,718**	**1,351,978**	**1,395,351**

17.4 Expense for the period

(EUR millions)	2019	2018	2017
Expense for the period for share subscription option and bonus share plans	72	82	62

The LVMH closing share price the day before the grant date of the plan was 375.00 euros for the plan dated October 24, 2019.

The average unit value of non-vested bonus shares awarded under this plan during the 2019 fiscal year was 353.68 euros.

18. MINORITY INTERESTS

(EUR millions)	2019	2018	2017
As of January 1	**1,664**	**1,408**	**1,510**
Minority interests' share of net profit	611	636	475
Dividends paid to minority interests	(433)	(345)	(261)
Impact of changes in control of consolidated entities	25	41	114
Of which: Rimowa	*-*	*-*	*89*
Other	*25*	*41*	*25*
Impact of acquisition and disposal of minority interests' shares	-	(19)	(56)
Of which: Loro Piana	*-*	*-*	*(58)*
Other	*-*	*(19)*	*2*
Total impact of changes in the ownership interests in consolidated entities	**25**	**22**	**58**
Capital increases subscribed by minority interests	95	50	44
Minority interests' share in gains and losses recognized in equity	17	45	(134)
Minority interests' share in stock option plan expenses	3	4	7
Impact of changes in minority interests with purchase commitments	(203)	(156)	(291)
As of December 31	**1,779**	**1,664**	**1,408**

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	Employee benefit commitments	Minority interests' share in cumulative translation adjustment and revaluation reserves
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**
Changes during the fiscal year	23	4	6	(17)	17
As of December 31, 2019	**138**	**(10)**	**266**	**(50)**	**345**

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 in DFS. Since the 34% stake held by Diageo in Moët Hennessy is subject to a purchase commitment, it is reclassified at the period-end within "Purchase commitments for minority interests' shares" under "Other non-current liabilities" and is therefore excluded from the total amount of minority interests at the period-end. See Notes 1.12 and 21.

Dividends paid to Diageo during fiscal year 2019 amounted to 177 million euros. Net profit attributable to Diageo for fiscal year 2019 was 366 million euros, and its share in minority interests (before recognition of the purchase commitment granted to Diageo) came to 3,414 million euros as of December 31, 2019. As of that date, the consolidated balance sheet of Moët Hennessy was as follows:

(EUR billions)	2019
Property, plant and equipment and intangible assets	4.6
Other non-current assets	0.4
Non-current assets	**5.0**
Inventories and work in progress	5.8
Other current assets	1.4
Cash and cash equivalents	2.4
Current assets	**9.5**
Total assets	**14.5**

(EUR billions)	2019
Equity	10.0
Non-current liabilities	1.4
Equity and non-current liabilities	**11.4**
Short-term borrowings	1.5
Other current liabilities	1.7
Current liabilities	**3.2**
Total liabilities and equity	**14.5**

With regard to DFS, dividends paid to Mari-Cha Group Ltd during fiscal year 2019 amounted to 98 million euros. Net profit attributable to Mari-Cha Group Ltd for fiscal year 2019 was 132 million euros, and its share in accumulated minority interests as of December 31, 2019 came to 1,477 million euros.

19. BORROWINGS

19.1 Net financial debt

(EUR millions)	2019	2018 [a]	2017 [a]
Long-term borrowings	5,101	6,005	7,046
Short-term borrowings	7,610	5,027	4,530
Gross borrowings	**12,711**	**11,032**	**11,576**
Interest rate risk derivatives	(16)	(16)	(28)
Foreign exchange risk derivatives	47	146	(25)
Gross borrowings after derivatives	**12,742**	**11,162**	**11,523**
Current available for sale financial assets [b]	(733)	(666)	(515)
Non-current available for sale financial assets used to hedge financial debt [c]	(130)	(125)	(117)
Cash and cash equivalents [d]	(5,673)	(4,610)	(3,738)
Net financial debt	**6,206**	**5,761**	**7,153**
Belmond shares (presented within "Non-current available for sale financial assets")	-	(274)	-
Adjusted net financial debt, excluding the acquisition of Belmond shares	**6,206**	**5,487**	**7,153**

(a) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.
(b) See Note 14.
(c) See Note 9.
(d) See Note 15.1.

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

(EUR millions)	Dec. 31, 2018	Impact of changes in accounting standards [a]	As of Jan. 1, 2019, after restatement	Impact on cash [b]	Translation adjustment	Impact of market value changes	Changes in the scope of consolidation	Reclas-sifications and Other	As of Dec. 31, 2019
Long-term borrowings	6,005	(315)	5,690	496	42	2	733	(1,862)	5,101
Short-term borrowings	5,027	(26)	5,001	656	37	10	32	1,873	7,610
Gross borrowings	**11,032**	**(341)**	**10,691**	**1,152**	**79**	**12**	**764**	**12**	**12,711**
Derivatives	130	-	130	2	-	(102)	1	-	31
Gross borrowings after derivatives	**11,162**	**(341)**	**10,821**	**1,154**	**79**	**(89)**	**766**	**12**	**12,742**

(a) The impact of changes in accounting standards arose from the application of IFRS 16 Leases as of January 1, 2019. See Note 1.2 regarding the impact of the application of IFRS 16.
(b) Including a positive impact of 2,837 million euros in respect of proceeds from borrowings and a negative impact of 1,810 million euros in respect of repayment of borrowings.

Changes in the scope of consolidation were related to the acquisition of Belmond. The bank borrowings on Belmond's balance sheet at the acquisition date were repaid in the amount of 560 million euros. See Note 2.

In February 2019, LVMH completed two fixed-rate bond issues totaling 1.0 billion euros, comprised of 300 million euros in bonds maturing in 2021 and 700 million euros in bonds maturing in 2023.

During the year, LVMH repaid the 300 million euro bond issued in 2014, the 600 million euro bond issued in 2013 and the 150 million Australian dollar bond issued in 2014.

During the 2018 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.

Net financial debt does not include purchase commitments for minority interests (see Note 21) or lease liabilities (see Note 7). The finance lease liability was reclassified to lease liabilities.

19.2 Breakdown of gross borrowings

(EUR millions)	2019	2018 [(a)]	2017 [(a)]
Bonds and Euro Medium-Term Notes (EMTNs)	4,791	5,593	6,557
Finance leases	-	315	296
Bank borrowings	310	97	193
Long-term borrowings	**5,101**	**6,005**	**7,046**
Bonds and Euro Medium-Term Notes (EMTNs)	1,854	996	1,753
Bank borrowings	262	220	340
Commercial paper	4,868	3,174	1,855
Other borrowings and credit facilities	430	421	429
Bank overdrafts	176	197	120
Accrued interest	21	19	33
Short-term borrowings	**7,610**	**5,027**	**4,530**
Gross borrowings	**12,711**	**11,032**	**11,576**

(a) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.

The market value of gross borrowings, based on market data and commonly used valuation models, was 12,770 million euros as of December 31, 2019 (11,076 million euros as of December 31, 2018 and 11,651 million euros as of December 31, 2017), including 7,618 million euros in short-term borrowings (5,032 million euros as of December 31, 2018 and 4,533 million euros as of December 31, 2017) and 5,151 million euros in long-term borrowings (6,044 million euros as of December 31, 2018 and 7,118 million euros as of December 31, 2017).

As of December 31, 2019, 2018 and 2017, no financial debt was recognized using the fair value option. See Note 1.21.

19.3 Bonds and EMTNs

Nominal amount *(in currency)*	**Year issued**	**Maturity**	**Initial effective interest rate** [(a)] *(%)*	**2019** *(EUR millions)*	**2018**	**2017**
EUR 1,200,000,000	2017	2024	0.82	1,203	1,197	1,192
EUR 800,000,000	2017	2022	0.46	800	799	796
GBP 400,000,000	2017	2022	1.09	469	439	445
EUR 1,250,000,000	2017	2020	0.13	1,249	1,248	1,246
EUR 1,250,000,000	2017	2018	floating	-	-	1,253
USD 750,000,000 [(b)]	2016	2021	1.92	660	639	603
EUR 650,000,000	2014	2021	1.12	662	664	663
AUD 150,000,000	2014	2019	3.68	-	94	100
EUR 300,000,000	2014	2019	floating	-	300	300
EUR 600,000,000	2013	2020	1.89	605	606	606
EUR 600,000,000 [(c)]	2013	2019	1.25	-	603	605
EUR 500,000,000	2011	2018	4.08	-	-	501
EUR 300,000,000	2019	2021	0.03	300	-	-
EUR 700,000,000	2019	2023	0.26	697	-	-
Total bonds and EMTNs				**6,645**	**6,589**	**8,310**

(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%.

19.4 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, 2020	7,099	511	7,610	(333)	404	71	6,766	915	7,681
	December 31, 2021	1,694	152	1,846	(676)	636	(40)	1,018	788	1,806
	December 31, 2022	1,306	-	1,306	(668)	658	(10)	638	658	1,296
	December 31, 2023	712	-	712	18	-	18	730	-	730
	December 31, 2024	1,217	4	1,221	(301)	293	(8)	916	297	1,213
	December 31, 2025	11	-	11	-	-	-	11	-	11
	Thereafter	5	-	5	-	-	-	5	-	5
Total		**12,044**	**667**	**12,711**	**(1,960)**	**1,991**	**31**	**10,084**	**2,658**	**12,742**

See Note 23.4 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 2020**
First quarter	4,758
Second quarter	2,740
Third quarter	11
Fourth quarter	101
Total	**7,610**

19.5 Analysis of gross borrowings by currency after derivatives

(EUR millions)	2019	2018	2017
Euro	7,849	6,445	6,665
US dollar	3,457	3,277	3,045
Swiss franc	-	-	144
Japanese yen	622	662	722
Other currencies	814	778	947
Total	**12,742**	**11,162**	**11,523**

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.

19.6 Sensitivity

On the basis of debt as of December 31, 2019:

- 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 95 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 95 million euros after hedging;
- an instantaneous 1-point increase in these same yield curves would raise equity by around 10 million euros, as a result of the change in the market value of instruments used to hedge future interest payments;
- an instantaneous 1-point decrease in these same yield curves would reduce equity by around 10 million euros, as a result of the change in the market value of instruments used to hedge future interest payments.

19.7 Covenants

In connection with certain credit lines, the Group may undertake to maintain certain financial ratios. As of December 31, 2019, no significant credit lines were concerned by these provisions.

19.8 Undrawn confirmed credit lines

As of December 31, 2019, undrawn confirmed credit lines totaled 21.1 billion euros, including 15.2 billion euros in credit lines set up to secure financing for the acquisition of Tiffany.

19.9 Guarantees and collateral

As of December 31, 2019, borrowings secured by collateral were less than 350 million euros.

20. PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Non-current provisions and other liabilities comprise the following:

(EUR millions)	**2019**	**2018** [(a)]	**2017** [(a)]
Non-current provisions	1,457	1,245	1,272
Uncertain tax positions	1,172	1,185	1,212
Derivatives [(b)]	712	283	229
Employee profit sharing	96	89	94
Other liabilities	375	386	370
Non-current provisions and other liabilities	**3,812**	**3,188**	**3,177**

(a) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.
(b) See Note 23.

Provisions concern the following types of contingencies and losses:

(EUR millions)	**2019**	**2018**	**2017**
Provisions for pensions, medical costs and similar commitments	812	605	625
Provisions for contingencies and losses	646	640	647
Non-current provisions	**1,457**	**1,245**	**1,272**
Provisions for pensions, medical costs and similar commitments	8	7	4
Provisions for contingencies and losses	406	362	400
Current provisions	**414**	**369**	**404**
Total	**1,872**	**1,614**	**1,676**

Provisions changed as follows during the fiscal year:

(EUR millions)	**Dec. 31, 2018**	**Increases**	**Amounts used**	**Amounts released**	**Changes in the scope of consolidation**	**Other** [(a)]	**Dec. 31, 2019**
Provisions for pensions, medical costs and similar commitments	612	159	(124)	(1)	-	173	820
Provisions for contingencies and losses	1,002	373	(208)	(130)	13	-	1,052
Total	**1,614**	**533**	**(332)**	**(130)**	**13**	**173**	**1,872**

(a) Including the impact of translation adjustment and change in revaluation reserves.

Provisions for contingencies and losses correspond to the estimate of the impact on assets and liabilities of risks, disputes (see Note 32), 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 relations with the Group's partners (distributors, suppliers, shareholders in subsidiaries, etc.).

Non-current liabilities related to uncertain tax positions included an estimate of the risks, disputes and actual or probable litigation related to the income tax computation. The Group's entities in France and abroad may be subject to tax inspections and, in certain cases, to rectification claims from local administrations. A liability is recognized for these rectification claims, together with any uncertain tax positions that have been identified but not yet officially notified, the amount of which is regularly reviewed in accordance with the criteria of the application of IFRIC 23 Uncertainty over Income Tax Treatment.

21. PURCHASE COMMITMENTS FOR MINORITY INTERESTS' SHARES

As of December 31, 2019, 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. The fair value of this commitment was calculated 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.

22. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

22.1 Trade accounts payable

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

(EUR millions)	**2019**	**2018** [a]	**2017** [a]
As of December 31	**5,314**	**4,539**	**4,184**
Impact of changes in accounting standards	(108)	-	-
As of January 1, after restatement	**5,206**	**4,539**	**4,184**
Change in trade accounts payable	335	715	257
Changes in amounts owed to customers	9	8	2
Changes in the scope of consolidation	216	7	315
Translation adjustment	56	49	(198)
Reclassifications	(8)	(4)	(21)
As of December 31	**5,814**	**5,314**	**4,539**

(a) The 2017 and 2018 financial statements have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.

22.2 Current provisions and other liabilities

(EUR millions)	**2019**	**2018** [a]	**2017** [a]
Current provisions [b]	414	369	404
Derivatives [c]	138	166	45
Employees and social institutions	1,786	1,668	1,530
Employee profit sharing	123	105	101
Taxes other than income taxes	752	685	634
Advances and payments on account from customers	559	398	354
Provision for product returns [d]	399	356	-
Deferred payment for non-current assets	769	646	548
Deferred income	273	273	255
Other liabilities	1,093	1,288	1,286
Total	**6,305**	**5,954**	**5,157**

(a) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.
(b) See Note 20.
(c) See Note 23.
(d) See Note 1.26.

23. FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

23.1 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.

23.2 Financial assets and liabilities recognized at fair value by measurement method

	2019			2018			2017		
	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	945	-	5 673	1 171	-	4 610	772	-	3 738
Valuation model based on market data	381	962	-	307	380	-	331	742	-
Private quotations	322	-	-	288	-	-	201	-	-
Assets	**1 648**	**962**	**5 673**	**1 766**	**380**	**4 610**	**1 304**	**742**	**3 738**
Valuation based on:[a]									
Published price quotations	-	-	-	-	-	-	-	-	-
Valuation model based on market data	-	850	-	-	449	-	-	274	-
Private quotations	-	-	-	-	-	-	-	-	-
Liabilities	**-**	**850**	**-**	**-**	**449**	**-**	**-**	**274**	**-**

(a) See Note 1.9 on the valuation approaches used.

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, 2019, December 31, 2018 and December 31, 2017.

The amount of financial assets valued on the basis of private quotations changed as follows in 2019:

(EUR millions)	2019
As of January 1	**288**
Acquisitions	66
Disposals (at net realized value)	(3)
Gains and losses recognized in income statement	(27)
Gains and losses recognized in equity	(1)
Reclassifications	(1)
As of December 31	**322**

23.3 Summary of derivatives

Derivatives are recorded in the balance sheet for the amounts and in the captions detailed as follows:

(EUR millions)			Notes	2019	2018	2017
Interest rate risk	Assets:	non-current		20	23	33
		current		12	12	9
	Liabilities:	non-current		(3)	(7)	(8)
		current		(14)	(12)	(6)
			23.4	**16**	**16**	**28**
Foreign exchange risk	Assets:	non-current		68	18	34
		current		165	108	485
	Liabilities:	non-current		(15)	(60)	(42)
		current		(124)	(154)	(39)
			23.5	**93**	**(88)**	**438**
Other risks	Assets:	non-current		694	216	179
		current		3	3	2
	Liabilities:	non-current		(694)	(216)	(179)
		current		-	-	-
			23.6	**2**	**3**	**2**
Total	Assets:	non-current	10	782	257	246
		current	13	180	123	496
	Liabilities:	non-current	20	(712)	(283)	(229)
		current	22	(138)	(166)	(45)
				112	**(69)**	**468**

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	-	(76)	-	(76)	-	(76)	3	(1)	2	(74)
Changes in consolidated gains and losses	14	-	(32)	(18)	29	11	(1)	2	1	12

(a) See Notes 1.8 and 1.22 on the principles of fair value adjustments to foreign exchange risk hedging instruments.
(b) See Notes 1.21 and 1.22 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.

23.4 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, 2019 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	Future cash flow hedges	Fair value hedges	Not allocated	Total
Interest rate swaps, floating-rate payer	400	1 620	-	2 020	-	27	-	27
Interest rate swaps, fixed-rate payer	-	902	-	902	(4)	-	(4)	(8)
Foreign currency swaps, euro-rate payer	-	470	-	470	-	1	-	1
Foreign currency swaps, euro-rate receiver	57	133	-	190	-	(4)	-	(4)
Total					**(4)**	**24**	**(4)**	**16**

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

23.5 Derivatives used to manage foreign exchange risk

A significant portion of Group companies' sales to customers and to their own retail subsidiaries as well as certain purchases are denominated in currencies other than their functional currency; the majority of these foreign currency-denominated cash flows are 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, 2019 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation [a]				Market value [b][c]				
	2019	**2020**	**Thereafter**	**Total**	**Future cash flow hedges**	**Fair value hedges**	**Foreign currency net investment hedges**	**Not allocated**	**Total**
Options purchased									
Put USD	-	241	-	241	8	-	-	-	8
Put JPY	-	28	20	48	1	-	-	-	1
Put GBP	-	123	-	123	3	-	-	-	3
Other	-	84	-	84	2	-	-	-	2
	-	**476**	**20**	**496**	**14**	**-**	**-**	**-**	**14**
Collars									
Written USD	356	5,737	519	6,612	90	-	-	-	90
Written JPY	23	1,267	17	1,307	20	-	-	-	20
Written GBP	8	425	-	433	-	-	-	-	-
Written HKD	-	464	-	464	3	-	-	-	3
Written CNY	-	504	34	538	12	-	-	-	12
	387	**8,397**	**570**	**9,354**	**125**	**-**	**-**	**-**	**125**
Forward exchange contracts									
USD	239	(145)	-	94	1	2	-	-	3
HKD	-	-	-	-	-	-	-	-	-
JPY	35	-	-	35	-	-	-	-	-
CHF	(10)	-	-	(10)	-	1	-	-	1
RUB	39	-	-	39	-	(1)	-	-	(1)
CNY	-	-	-	-	-	-	-	-	-
GBP	36	9	-	45	-	-	-	-	-
Other	104	16	-	120	(1)	(2)	-	-	(3)
	443	**(120)**	**-**	**323**	**-**	**-**	**-**	**-**	**-**
Foreign exchange swaps									
USD	136	445	(534)	47	-	(37)	6	-	(31)
GBP	1,098	-	-	1,098	-	4	-	-	4
JPY	317	-	-	317	-	(9)	-	-	(9)
CNY	(325)	19	11	(295)	-	(2)	-	-	(2)
Other	92	-	-	92	-	(4)	(4)	-	(8)
	1,318	**464**	**(523)**	**1,259**	**-**	**(48)**	**2**	**-**	**(46)**
Total	**2,148**	**9,217**	**67**	**11,432**	**139**	**(48)**	**2**	**-**	**93**

(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 2020; the amount will depend on exchange rates at that date. The impact on net profit for fiscal year 2019 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 2019, 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	62	(231)	66	(48)	-	-	6	(19)
- conversion of net profit of entities outside the eurozone	110	(110)	36	(36)	27	(27)	27	(27)
Impact on net profit	**172**	**(341)**	**102**	**(84)**	**27**	**(27)**	**33**	**(46)**

The data presented in the table above should be assessed on the basis of the characteristics of the hedging instruments outstanding in fiscal year 2019, mainly comprising options and collars.

As of December 31, 2019, forecast cash collections for 2020 in US dollars and Japanese yen are 80% hedged. For the hedged portion, the exchange rate upon sale will be at least 1.15 USD/EUR for the US dollar and at least 124 JPY/EUR for the Japanese yen.

The Group's net equity (excluding net profit) exposure to foreign currency fluctuations as of December 31, 2019 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	374	(374)	47	(47)	311	(311)	78	(78)
Change in market value of net investment hedges, after tax	(253)	306	(7)	66	(46)	38	(20)	21
Net impact on equity, excluding net profit	**121**	**(68)**	**40**	**19**	**265**	**(273)**	**58**	**(57)**

23.6 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. In connection with the convertible bonds issued in 2016 (see Note 18 to the consolidated financial statements as of December 31, 2016), LVMH subscribed to financial instruments enabling it to fully hedge the exposure to any positive or negative changes in the LVMH share price. As provided by applicable accounting policies, the optional components of convertible bonds and financial instruments subscribed for hedging purposes are recorded under "Derivatives". The change in market value of these options is index-linked to the change in the LVMH share price.

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, 2019 have a positive market value of 2 million euros. Considering nominal values of 199 million euros for those derivatives, a uniform 1% change in their underlying assets' prices as of December 31, 2019 would have a net impact on the Group's consolidated reserves in an amount of 1 million euros. These instruments mature in 2020.

23.7 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. 7.6 billion euros, close to the 6.5 billion euros balance of cash and cash equivalents, or in relation to the outstanding amount of its commercial paper program, i.e. 4.9 billion euros. Should any of these borrowing facilities not be renewed, the Group has access to undrawn confirmed credit lines totaling 21.1 billion euros, including 15.2 billion euros in credit lines set up to secure financing for the acquisition of Tiffany.

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, 2019, at nominal value and with interest, excluding discounting effects:

(EUR millions)	2020	2021	2022	2023	2024	Over 5 years	Total
Bonds and EMTNs	1,885	1,642	1,288	710	1,209	-	6,734
Bank borrowings	272	215	37	15	18	16	573
Other borrowings and credit facilities	430	-	-	-	-	-	430
Commercial paper	4,868	-	-	-	-	-	4,868
Bank overdrafts	175	-	-	-	-	-	175
Gross borrowings	**7,630**	**1,857**	**1,325**	**725**	**1,227**	**16**	**12,780**
Other liabilities, current and non-current[(a)]	5,483	73	32	25	23	42	5,678
Trade accounts payable	5,814		-	-	-	-	5,814
Other financial liabilities	**11,297**	**73**	**32**	**25**	**23**	**42**	**11,492**
Total financial liabilities	**18,927**	**1,930**	**1,357**	**750**	**1,250**	**58**	**24,272**

(a) Corresponds to "Other current liabilities" (excluding derivatives and deferred income) for 5,479 million euros and to "Other non-current liabilities" for 199 million euros (excluding derivatives, purchase commitments for minority interests and deferred income of 272 million euros as of December 31, 2019).

See also Note 7 for the schedule of lease payments.

See Note 31.2 regarding contractual maturity dates of collateral and other guarantee commitments, Notes 19.5 and 23.5 regarding foreign exchange derivatives, and Note 23.4 regarding interest rate risk derivatives.

24. 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.

24.1 Information by business group

Fiscal year 2019

(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	5,547	22,164	5,738	4,286	14,737	1,199	-	53,670
Intra-Group sales	28	73	1,097	120	54	16	(1,388)	-
Total revenue	**5,576**	**22,237**	**6,835**	**4,405**	**14,791**	**1,214**	**(1,388)**	**53,670**
Profit from recurring operations	1,729	7,344	683	736	1,395	(351)	(32)	11,504
Other operating income and expenses	(7)	(20)	(27)	(28)	(15)	(135)	-	(231)
Depreciation, amortization and impairment expenses	(191)	(1,856)	(431)	(477)	(1,409)	(253)	98	(4,519)
Of which: Right-of-use assets	*(31)*	*(1,146)*	*(141)*	*(230)*	*(872)*	*(85)*	*98*	*(2,408)*
Other	*(160)*	*(710)*	*(290)*	*(247)*	*(536)*	*(168)*	*-*	*(2,111)*
Intangible assets and goodwill [b]	7,582	13,120	1,401	5,723	3,470	1,950	-	33,246
Right-of-use assets	116	5,239	487	1,196	5,012	824	(465)	12,409
Property, plant and equipment	3,142	4,308	773	610	1,919	7,788	(7)	18,533
Inventories and work in progress	5,818	2,884	830	1,823	2,691	44	(375)	13,717
Other operating assets [c]	1,547	2,028	1,518	740	895	1,317	10,558	18,603
Total assets	**18,205**	**27,581**	**5,009**	**10,092**	**13,987**	**11,923**	**9,711**	**96,507**
Equity	-	-	-	-	-	-	38,365	38,365
Lease liabilities	118	5,191	481	1,141	5,160	888	(434)	12,545
Other liabilities [d]	1,727	4,719	2,321	1,046	2,938	1,674	31,172	45,597
Total liabilities and equity	**1,845**	**9,910**	**2,802**	**2,187**	**8,098**	**2,562**	**69,104**	**96,507**
Operating investments [e]	(325)	(1,199)	(378)	(296)	(659)	(436)	-	(3,294)

Fiscal year 2018 [f]

(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, amortization and impairment expense	(162)	(764)	(275)	(239)	(463)	(169)	-	(2,072)
Of which: Right-of-use assets	-	-	-	-	-	-	-	-
Other	*(162)*	*(764)*	*(275)*	*(239)*	*(463)*	*(169)*	-	*(2,072)*
Intangible assets and goodwill [b]	6,157	13,246	1,406	5,791	3,430	951	-	30,981
Right-of-use assets	-	-	-	-	-	-	-	-
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 [c]	1,449	1,596	1,401	721	870	976	8,709	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
Lease liabilities	-	-	-	-	-	-	-	-
Other liabilities [d]	1,580	4,262	2,115	1,075	3,005	1,249	27,057	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 [(f)]

(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, amortization and impairment expense	(158)	(669)	(254)	(273)	(510)	(67)	-	(1,931)
Of which: Right-of-use assets	-	-	-	-	-	-	-	-
Other	*(158)*	*(669)*	*(254)*	*(273)*	*(510)*	*(67)*	-	*(1,931)*
Intangible assets and goodwill [(b)]	6,277	13,149	1,280	5,684	3,348	1,056	-	30,794
Right-of-use assets	-	-	-	-	-	-	-	-
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 [(c)]	1,449	1,234	1,108	598	845	1,279	7,698	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
Lease liabilities	-	-	-	-	-	-	-	-
Other liabilities [(d)]	1,544	3,539	1,706	895	2,839	1,223	27,632	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)

(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 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.
(f) The 2017 and 2018 financial statements have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.

24.2 Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	2019	2018	2017
France	4,725	4,491	4,172
Europe (excl. France)	10,203	8,731	8,000
United States	12,613	11,207	10,691
Japan	3,878	3,351	2,957
Asia (excl. Japan)	16,189	13,723	11,877
Other Countries	6,062	5,323	4,939
Revenue	**53,670**	**46,826**	**42,636**

Operating investments by geographic region of delivery are as follows:

(EUR millions)	2019	2018	2017
France	1,239	1,054	921
Europe (excl. France)	687	539	450
United States	453	765	393
Japan	133	80	51
Asia (excl. Japan)	534	411	309
Other Countries	248	189	152
Operating investments	**3,294**	**3,038**	**2,276**

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.

24.3 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	1,349	5,111	1,687	1,046	3,510	187	(352)	12,538
Second quarter	1,137	5,314	1,549	1,089	3,588	193	(326)	12,544
Third quarter	1,433	5,448	1,676	1,126	3,457	511 (a)	(335)	13,316
Fourth quarter	1,657	6,364	1,923	1,144	4,236	323	(375)	15,272
Total for 2019	**5,576**	**22,237**	**6,835**	**4,405**	**14,791**	**1,214**	**(1,388)**	**53,670**
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 (b)	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**

(a) Including the entire revenue of Belmond from April to September 2019.
(b) Including the entire revenue of Rimowa for the first half of 2017.

25. REVENUE AND EXPENSES BY NATURE

25.1 Analysis of revenue

Revenue consists of the following:

(EUR millions)	2019	2018	2017
Revenue generated by brands and trade names	53,302	46,427	42,218
Royalties and license revenue	110	114	96
Income from investment property	20	23	32
Other revenue	238	262	291
Total	**53,670**	**46,826**	**42,636**

The portion of total revenue generated by the Group at its own stores, including sales through e-commerce websites, was approximately 70% in 2019 (69% in 2018 and 2017), i.e. 37,356 million euros in 2019 (32,081 million euros in 2018 and 29,534 million euros in 2017).

25.2 Expenses by nature

Profit from recurring operations includes the following expenses:

(EUR millions)	2019	2018	2017
Advertising and promotion expenses	6,265	5,518	4,831
Personnel costs	9,419	8,290	7,618
Research and development expenses	140	130	130

See also Note 7 regarding the breakdown of lease expenses.

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, 2019, a total of 4,915 stores were operated by the Group worldwide (4,592 in 2018, 4,374 in 2017), particularly by Fashion & Leather Goods and Selective Retailing.

Personnel costs consist of the following elements:

(EUR millions)	2019	2018	2017
Salaries and social security contributions	9,180	8,081	7,444
Pensions, contribution to medical costs and expenses in respect of defined-benefit plans[(a)]	167	127	112
Stock option plan and related expenses[(b)]	72	82	62
Personnel costs	**9,419**	**8,290**	**7,618**

(a) See Note 30.
(b) See Note 17.4.

In 2019, the average full-time equivalent workforce broke down as follows by professional category:

(in number and as %)	2019	%	2018	%	2017	%
Executives and managers	30,883	21%	27,924	21%	25,898	20%
Technicians and supervisors	14,774	10%	14,057	10%	13,455	10%
Administrative and sales staff	81,376	55%	76,772	56%	72,981	57%
Production workers	20,682	14%	17,880	13%	16,303	13%
Total	**147,715**	**100%**	**136,633**	**100%**	**128,637**	**100%**

25.3 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 2019 fiscal year breaks down as follows:

(EUR millions, excluding VAT)			2019
	ERNST & YOUNG Audit	MAZARS	Total
Audit-related fees	**10**	**8**	**18**
Tax services	3	NS	3
Other	2	NS	2
Non-audit-related fees	**5**	**NS**	**5**
Total	**15**	**8**	**23**

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.

26. OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	2019	2018	2017
Net gains/(losses) on disposals	-	(5)	(15)
Restructuring costs	(57)	1	(15)
Remeasurement of shares acquired prior to their initial consolidation	-	-	(12)
Transaction costs relating to the acquisition of consolidated companies	(45)	(10)	(13)
Impairment or amortization of brands, trade names, goodwill and other fixed assets	(26)	(117)	(128)
Other items, net	(104)	5	3
Other operating income and expenses	**(231)**	**(126)**	**(180)**

Impairment and amortization expenses recorded are mostly for brands and goodwill. "Other items, net" notably includes the donation for the reconstruction of Notre-Dame de Paris for an amount of 100 million euros.

27. NET FINANCIAL INCOME/(EXPENSE)

(EUR millions)	2019	2018 [(a)]	2017 [(a)]
Borrowing costs	(156)	(158)	(169)
Income from cash, cash equivalents and current available for sale financial assets	50	44	34
Fair value adjustment of borrowings and interest rate hedges	(1)	(3)	(2)
Cost of net financial debt	**(107)**	**(117)**	**(137)**
Interest on lease liabilities	**(290)**	**-**	**-**
Dividends received from non-current available for sale financial assets	8	18	13
Cost of foreign exchange derivatives	(230)	(160)	(168)
Fair value adjustment of available for sale financial assets	82	(108)	264
Other items, net	(22)	(21)	(31)
Other financial income and expenses	**(162)**	**(271)**	**78**
Net financial income/(expense)	**(559)**	**(388)**	**(59)**

(a) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.

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

(EUR millions)	2019	2018	2017
Income from cash and cash equivalents	36	31	21
Income from current available for sale financial assets	14	13	13
Income from cash, cash equivalents and current available for sale financial assets	**50**	**44**	**34**

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

(EUR millions)	2019	2018	2017
Hedged financial debt	(3)	1	27
Hedging instruments	4	(1)	(30)
Unallocated derivatives	(1)	(3)	1
Fair value adjustment of borrowings and interest rate hedges	**(1)**	**(3)**	**(2)**

The cost of foreign exchange derivatives breaks down as follows:

(EUR millions)	2019	2018	2017
Cost of commercial foreign exchange derivatives	(230)	(156)	(175)
Cost of foreign exchange derivatives related to net investments denominated in foreign currency	5	3	-
Cost and other items related to other foreign exchange derivatives	(5)	(7)	7
Cost of foreign exchange derivatives	**(230)**	**(160)**	**(168)**

28. INCOME TAXES

28.1 Analysis of the income tax expense

(EUR millions)	2019	2018	2017
Current income taxes for the fiscal year	(3,234)	(2,631)	(2,875)
Current income taxes relating to previous fiscal years	12	76	474
Current income taxes	**(3,222)**	**(2,555)**	**(2,401)**
Change in deferred income taxes	300	57	137
Impact of changes in tax rates on deferred income taxes	(10)	(1)	50
Deferred income taxes	**290**	**56**	**187**
Total tax expense per income statement	**(2,932)**	**(2,499)**	**(2,214)**
Tax on items recognized in equity	**28**	**118**	**(103)**

In October 2017, the French Constitutional Court struck down the French dividend tax, introduced in 2012, which required French companies to pay a tax equal 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 company's revenue bracket. 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.

28.2 Analysis of net deferred tax on the balance sheet

Net deferred taxes on the balance sheet include the following assets and liabilities:

(EUR millions)	2019	2018	2017
Deferred tax assets	2,274	1,932	1,741
Deferred tax liabilities	(5,498)	(5,036)	(4,989)
Net deferred tax asset (liability)	**(3,224)**	**(3,104)**	**(3,248)**

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

The effective tax rate is as follows:

(EUR millions)	2019	2018	2017
Profit before tax	10,714	9,489	8,054
Total income tax expense	(2,932)	(2,499)	(2,214)
Effective tax rate	**27.4%**	**26.3%**	**27.5%**

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)	2019	2018	2017
French statutory tax rate	**34.4**	**34.4**	**34.4**
Changes in tax rates[(a)]	(0.1)	-	(2.2)
Differences in tax rates for foreign companies	(8.7)	(8.8)	(6.2)
Tax losses and tax loss carryforwards, and other changes in deferred tax	(0.2)	0.7	0.9
Differences between consolidated and taxable income, and income taxable at reduced rates	0.8	(1.2)	2.5
Tax on dividend payments applicable to French companies, net of the exceptional surtax[(a)]		-	(2.9)
Other taxes on distribution[(b)]	1.2	1.2	1.0
Effective tax rate of the Group	**27.4**	**26.3**	**27.5**

(a) See Note 28.1.
(b) Tax on distribution is mainly related to intra-Group dividends.

28.4 Sources of deferred taxes

In the income statement[(a)]

(EUR millions)	2019	2018	2017
Valuation of brands	32	(1)	325
Other revaluation adjustments	11	2	62
Gains and losses on available for sale financial assets	(15)	6	(51)
Gains and losses on hedges of future foreign currency cash flows	-	(3)	3
Provisions for contingencies and losses	99	(63)	(74)
Intra-Group margin included in inventories	118	85	(38)
Other consolidation adjustments	9	14	(16)
Losses carried forward	36	16	(24)
Total	**290**	**56**	**187**

(a) Income/(Expenses).

In equity[(a)]

(EUR millions)	2019	2018	2017
Fair value adjustment of vineyard land	(11)	(2)	82
Gains and losses on available for sale financial assets	-	-	-
Gains and losses on hedges of future foreign currency cash flows	(11)	110	(112)
Gains and losses on employee benefit commitments	39	(5)	(24)
Total	**17**	**103**	**(54)**

(a) Gains/(Losses).

In the balance sheet [(a)]

(EUR millions)	2019	2018	2017
Valuation of brands	(3,913)	(3,902)	(3,872)
Fair value adjustment of vineyard land	(585)	(574)	(565)
Other revaluation adjustments	(898)	(458)	(459)
Gains and losses on available for sale financial assets	(65)	(50)	(55)
Gains and losses on hedges of future foreign currency cash flows	40	49	(58)
Provisions for contingencies and losses	693	551	596
Intra-Group margin included in inventories	921	795	707
Other consolidation adjustments	506	447	433
Losses carried forward	77	38	25
Total	**(3,224)**	**(3,104)**	**(3,248)**

(a) Asset/(Liability).

28.5 Losses carried forward

As of December 31, 2019, 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 456 million euros (497 million euros in 2018 and 446 million euros in 2017).

28.6 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 138 million euros in 2019 (decrease of 225 million euros in 2018, increase of 6 million euros in 2017).

The other tax consolidation systems in place, notably in the United States, generated current tax savings of 61 million euros in 2019 (61 million euros in 2018; 85 million euros in 2017).

29. EARNINGS PER SHARE

	2019	2018	2017
Net profit, Group share *(EUR millions)*	**7,171**	**6,354**	**5,365**
Average number of shares outstanding during the fiscal year	505,281,934	505,986,323	507,172,381
Average number of treasury shares owned during the fiscal year	(2,063,083)	(3,160,862)	(4,759,687)
Average number of shares on which the calculation before dilution is based	**503,218,851**	**502,825,461**	**502,412,694**
Basic earnings per share *(EUR)*	**14.25**	**12.64**	**10.68**
Average number of shares outstanding on which the above calculation is based	503,218,851	502,825,461	502,412,694
Dilutive effect of stock option and bonus share plans	620,691	1,092,679	1,597,597
Other dilutive effects	-	-	-
Average number of shares on which the calculation after dilution is based	**503,839,542**	**503,918,140**	**504,010,291**
Diluted earnings per share *(EUR)*	**14.23**	**12.61**	**10.64**

As of December 31, 2019, 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, 2019 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.

30. PROVISIONS FOR PENSIONS, CONTRIBUTION TO MEDICAL COSTS AND OTHER EMPLOYEE BENEFIT COMMITMENTS

30.1 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)	**2019**	**2018**	**2017**
Service cost	112	113	110
Net interest cost	12	12	12
Actuarial gains and losses	(2)	(1)	-
Changes in plans	46	3	(10)
Total expense for the fiscal-year for defined-benefit plans	**167**	**127**	**112**

Changes in plans mainly relate to the closure of supplementary pension plans covering the Group's Executive Committee members and senior executives, in accordance with the French PACTE law (an action plan for business growth and transformation) and the Order of July 3, 2019.

30.2 Net recognized commitment

(EUR millions)	Notes	**2019**	**2018**	**2017**
Benefits covered by plan assets		1,867	1,515	1,490
Benefits not covered by plan assets		250	189	179
Defined-benefit obligation		**2,117**	**1,704**	**1,669**
Market value of plan assets		**(1,340)**	**(1,137)**	**(1,077)**
Net recognized commitment		**777**	**567**	**592**
Of which:				
Non-current provisions	20	812	605	625
Current provisions	20	8	7	4
Other assets		(43)	(45)	(37)
Total		**777**	**567**	**592**

30.3 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, 2018	**1,704**	**(1,137)**	**567**
Service cost	112	-	112
Net interest cost	35	(23)	12
Payments to recipients	(95)	66	(29)
Contributions to plan assets	-	(104)	(104)
Contributions of employees	9	(9)	-
Changes in scope and reclassifications	22	(22)	-
Changes in plans	46	-	46
Actuarial gains and losses	252	(82)	170
Of which: experience adjustments (a)	*31*	*(82)*	*(51)*
changes in demographic assumptions (a)	*(2)*	-	*(2)*
changes in financial assumptions (a)	*223*	-	*223*
Translation adjustment	32	(29)	3
As of December 31, 2019	**2,117**	**(1,340)**	**777**

(a) (Gain)/Loss.

Actuarial gains and losses resulting from experience adjustments related to fiscal years 2015 to 2018 were as follows:

(EUR millions)	2015	2016	2017	2018
Experience adjustments on the defined-benefit obligation	(11)	(1)	4	4
Experience adjustments on the market value of plan assets	(12)	(25)	(49)	(41)
Actuarial gains and losses resulting from experience adjustments (a)	**(23)**	**(26)**	**(45)**	**(37)**

(a) (Gain)/Loss.

The actuarial assumptions applied to estimate commitments in the main countries concerned were as follows:

(as %)	2019					2018					2017				
	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)	0.46	2.99	2.05	0.50	0.10	1.50	4.43	2.90	0.50	0.83	1.50	3.70	2.60	0.50	0.65
Future rate of increase of salaries	2.75	4.39	n.a.	1.87	1.79	2.75	4.59	n.a.	1.99	1.74	2.68	1.70	n.a.	2.00	1.69

(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.
n.a.: Not applicable.

The assumed rate of increase of medical expenses in the United States is 6.50% for 2020, 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 139 million euros in the amount of the defined-benefit obligation as of December 31, 2019; a decrease of 0.5 points in the discount rate would result in a rise of 152 million euros.

30.4 Analysis of benefits

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

(EUR millions)	2019	2018	2017
Supplementary pensions	1,597	1,300	1,279
Retirement bonuses and similar benefits	427	326	311
Medical costs of retirees	54	42	45
Long-service awards	32	27	25
Other	6	9	9
Defined-benefit obligation	**2,116**	**1,704**	**1,669**

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

(EUR millions)	2019	2018	2017
France	886	615	579
Europe (excluding France)	581	556	569
United States	454	347	344
Japan	144	136	125
Asia (excluding Japan)	44	41	44
Other countries	7	9	8
Defined-benefit obligation	**2,116**	**1,704**	**1,669**

The main components of the Group's net commitment for retirement and other defined-benefit obligations as of December 31, 2019 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.

30.5 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)	2019	2018	2017
Shares	19	23	25
Bonds			
- private issues	35	36	36
- public issues	8	5	6
Cash, investment funds, real estate and other assets	38	36	33
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 2020 by paying in approximately 122 million euros.

31. OFF-BALANCE SHEET COMMITMENTS

31.1 Purchase commitments

(EUR millions)	2019	2018	2017
Grapes, wines and *eaux-de-vie*	2,840	2,040	1,925
Other purchase commitments for raw materials	211	215	123
Industrial and commercial fixed assets	674	721	525
Investments in joint venture shares and non-current available for sale financial assets	14,761	2,151	205

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, 2019, share purchase commitments included the impact of LVMH's commitment to acquire, for cash, all the shares of Tiffany & Co. ("Tiffany") at a unit price of 135 US dollars, for a total of 16.2 billion US dollars. The transaction, recommended by Tiffany's Board of Directors, is expected to close in mid-2020, subject to approval at Tiffany's Shareholders' Meeting convened on February 4, 2020, and subject to customary approval by regulatory authorities.

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. This transaction took place in April 2019; see Note 2.

As of December 31, 2019, 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*	742	2,058	40	2,840
Other purchase commitments for raw materials	152	59	-	211
Industrial and commercial fixed assets	576	100	(2)	674
Investments in joint venture shares and non-current available for sale financial assets	14,601	159	-	14,761

31.2 Collateral and other guarantees

As of December 31, 2019, these commitments broke down as follows:

(EUR millions)	2019	2018	2017
Securities and deposits	371	342	379
Other guarantees	163	160	274
Guarantees given	**534**	**502**	**653**
Guarantees received	**53**	**70**	**40**

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	156	210	5	371
Other guarantees	69	81	13	163
Guarantees given	**225**	**291**	**18**	**534**
Guarantees received	**(22)**	**(27)**	**(4)**	**(53)**

31.3 Other commitments

The Group is not aware of any significant off-balance sheet commitments other than those described above.

32. 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. After taking into account insurance payments received in 2018 for property damage and business interruption, the remaining financial impact on the 2017 and 2018 financial statements 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 insurance claim was settled in 2019.

There were no significant developments in fiscal year 2019 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.

33. RELATED-PARTY TRANSACTIONS

33.1 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)	2019	2018	2017
Amounts billed by Groupe Arnault SE, Financière Agache and Christian Dior SE to LVMH	(2)	(3)	(6)
Amount payable outstanding as of December 31	-	-	(2)
Amounts billed by LVMH to Groupe Arnault SE, Financière Agache and Christian Dior SE	6	5	5
Amount receivable outstanding as of December 31	-	-	1

33.2 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 14% of shared costs in 2019 (15% in 2018 and 16% in 2017), 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 25 million euros for 2019 (17 million euros in 2018 and 19 million euros in 2017).

33.3 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 31.2).

33.4 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)	**2019**	**2018**	**2017**
Gross compensation, employers' charges and benefits in kind	79	61	63
Post-employment benefits	59	19	17
Other long-term benefits	24	19	2
End-of-contract bonuses	-	13	12
Stock option and similar plans	29	29	14
Total	**191**	**141**	**108**

The commitment recognized as of December 31, 2019 for post-employment benefits net of related financial assets was 115 million euros (66 million euros as of December 31, 2018 and 68 million euros as of December 31, 2017). See Note 30 on the impact of the French PACTE law on the commitment recognized for post-employment benefits for members of the Group's management and supervisory bodies.

34. SUBSEQUENT EVENTS

No significant subsequent events occurred between December 31, 2019 and January 28, 2020, 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 Portugal	Lisbon, Portugal	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%
SCEV 4F	Épernay, France	FC	63%
Moët Hennessy Nigeria	Lagos, Nigeria	FC	66%
SAS Champagne Manuel Janisson	Verzenay, France	FC	66%
SCI JVIGNOBLES	Verzenay, France	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	California, USA	FC	60%
Moët Hennessy Shangri-La (Deqin) Winery Company	Deqin, China	FC	53%
Château du Galoupet	La Londe-les-Maures, France	FC	66%
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	Tokyo, Japan	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	Washington, USA	FC	66%
RUM Entreprise	Paris, France	FC	66%
Volcan Azul	Mexico City, Mexico	EM	33%
Agrotequilera de Jalisco	Mexico City, Mexico	EM	33%
SAS Château d'Esclans	La Motte, France	FC	36%
Cave d'Esclans	La Motte, France	FC	36%
G2I	La Motte, France	FC	36%
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	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 Netherlands	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 Israel	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	California, USA	FC	100%
Louis Vuitton Hawaii	Hawaii, USA	FC	100%

Consolidated companies

Companies	Registered office	Method of consolidation	Ownership interest
Louis Vuitton Guam	Tamuning, Guam	FC	100%
Louis Vuitton Saipan	Saipan, Northern Mariana Islands	FC	100%
Louis Vuitton Norge	Oslo, Norway	FC	100%
San Dimas Luggage Company	California, 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%
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%
Louis Vuitton New Zealand	Auckland, New Zealand	FC	100%
Louis Vuitton India Retail Pte Ltd	Gurugram, 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%
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	Florida, USA	FC	100%
Sofpar 126	Paris, France	FC	100%
Sofpar 128	Bourg-de-Péage, France	FC	100%
Thélios	Longarone, Italy	FC	51%
Thélios France	Paris, France	FC	51%
Thélios USA Inc.	New Jersey, USA	FC	51%
Thélios Asia Pacific Limited	Harbour City, 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%

Companies	Registered office	Method of consolidation	Ownership interest
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%
Loewe Italy	Milan, Italy	FC	100%
Loewe Alemania	Frankfurt, Germany	FC	100%
Loewe LLC	New York, USA	FC	100%
Loewe Australia	Sydney, Australia	FC	100%
LVMH Fashion Group Support	Paris, France	FC	100%
Berluti SA	Paris, France	FC	100%
Berluti Monaco	Monaco	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	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%
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 Austria GmbH	Innsbruck, Austria	FC	80%
Rimowa Schweiz AG	Dübendorf, Switzerland	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%
Rimowa Singapore	Singapore	FC	80%
Rimowa Australia	Sydney, Australia	FC	80%
110 Vondrau Holdings Inc.	Cambridge, Canada	FC	80%
Rimowa Group GmbH	Cologne, Germany	FC	100%
Anin Star Holding Limited	London, United Kingdom	EM	49%
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	Taipei, Taiwan	FC	100%
Christian Dior (Thailand) Co. Ltd	Bangkok, Thailand	FC	100%
Christian Dior Saipan Ltd	Saipan, Northern Mariana Islands	FC	100%

Companies	Registered office	Method of consolidation	Ownership interest
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	100%
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.	Mexico City, Mexico	FC	100%
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	100%
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%
CD Philippines	Makati, Philippines	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%
Lemanus	Luxembourg	FC	100%
Fenty SAS	Paris, France	FC	50%
Celine SA	Paris, France	FC	100%
Avenue M International SCA	Paris, France	FC	99%
Enilec Gestion SARL	Paris, France	FC	99%
Celine Montaigne SAS	Paris, France	FC	99%
Celine Monte-Carlo SA	Monte Carlo, Monaco	FC	99%
Celine Germany GmbH	Berlin, Germany	FC	99%
Celine Production Srl	Florence, Italy	FC	99%
Celine Suisse SA	Geneva, Switzerland	FC	99%
Celine UK Ltd	London, United Kingdom	FC	99%
Celine Inc.	New York, USA	FC	100%
Celine (Hong Kong) Limited	Hong Kong, China	FC	99%
Celine Commercial and Trading (Shanghai) Co. Ltd	Shanghai, China	FC	99%
Celine 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%
Celine Distribution Spain S.L.U.	Madrid, Spain	FC	99%
Celine Distribution Singapore	Singapore	FC	99%
RC Diffusion Rive Droite SARL	Paris, France	FC	99%
Celine EAU LLC	Dubai, United Arab Emirates	FC	52%

Companies	Registered office	Method of consolidation	Ownership interest
Celine Netherlands BV	Baarn, Netherlands	FC	99%
Celine Australia Ltd Co.	Sydney, Australia	FC	99%
Celine Sweden AB	Stockholm, Sweden	FC	99%
Celine Czech Republic	Prague, Czech Republic	FC	99%
Celine Middle East	Dubai, United Arab Emirates	FC	65%
Celine Canada	Toronto, Canada	FC	100%
Celine Thailand	Bangkok, Thailand	FC	100%
Celine Denmark	Copenhagen, Denmark	FC	100%
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%
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%
Givenchy (Shanghai) Commercial and Trading Co.	Shanghai, China	FC	100%
GCCL Macau Co.	Macao, China	FC	100%
Givenchy Italia Srl	Florence, Italy	FC	100%
Givenchy Germany	Cologne, Germany	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 Philippines Corp.	Makati, Philippines	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%
Fun Fashion FZCO	Dubai, United Arab Emirates	FC	78%
Fendi Macao 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%
Outshine Mexico S. de R.L. de C.V.	Mexico City, Mexico	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%

Companies	Registered office	Method of consolidation	Ownership interest
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 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%
Thomas Pink Manufacturing	London, United Kingdom	FC	100%
Thomas Pink Shanghai	Shanghai, China	FC	100%
Thomas Pink Japan	Tokyo, Japan	FC	100%
Thomas Pink Australia	Sydney, Australia	FC	100%
Thomas Pink Mexico	Mexico City, Mexico	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%
LG Distribution LLC	Delaware, USA	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%
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%
Loro Piana Canada	Toronto, Canada	FC	85%
Cashmere Lifestyle Luxury Trading LLC	Dubai, United Arab Emirates	FC	51%
Loro Piana Mexico SA de CV	Naucalpan, Mexico	FC	85%
Nicholas Kirkwood Ltd	London, United Kingdom	FC	52%
Nicholas Kirkwood (USA) Corp.	Oregon, USA	FC	52%
NK Washington LLC	Oregon, USA	FC	52%
Nicholas Kirkwood LLC	Oregon, USA	FC	52%
NK WLV LLC	Oregon, USA	FC	52%
JW Anderson Limited	London, United Kingdom	EM	46%
Marco de Vincenzo Srl	Rome, Italy	EM	45%
Ultrapharum Srl	Milan, 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%
Shang Pu Ecommerce (Shanghai)	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	Rotterdam, Netherlands	FC	100%
SAS Iparkos	Paris, France	FC	100%
Parfums Christian Dior S.A.B.	Brussels, Belgium	FC	100%
LVMH P&C Luxembourg	Luxembourg	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%

Companies	Registered office	Method of consolidation	Ownership interest
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%
EPCD Hungaria	Budapest, Hungary	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%

Companies	Registered office	Method of consolidation	Ownership interest
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%
Fenty Skin LLC	California, USA	FC	50%
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%
Kendo Hong Kong Limited	Hong Kong, China	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	La Chaux-de-Fonds, Switzerland	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%
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%
TAG Heuer Connected	Paris, France	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 Monaco	Monte Carlo, Monaco	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%
Farouk Trading	Jeddah, Saudi Arabia	FC	60%
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%
Hublot Canada	Toronto, Canada	FC	100%
Bentim International	Nyon, Switzerland	FC	100%
Hublot SA Genève	Geneva, Switzerland	FC	100%
Hublot of America	Florida, USA	FC	100%
Benoit de Gorski SA	Geneva, Switzerland	FC	100%
Bulgari SpA	Rome, Italy	FC	100%
Bvlgari Italia	Rome, Italy	FC	100%
Bvlgari International Corporation (BIC)	Amsterdam, Netherlands	FC	100%
Bvlgari Corporation of America	New York, USA	FC	100%
Bvlgari SA	Geneva, Switzerland	FC	100%
Bvlgari Horlogerie	Neuchâtel, Switzerland	FC	100%
Bvlgari France	Paris, France	FC	100%
Bvlgari Montecarlo	Monte Carlo, Monaco	FC	100%
Bvlgari (Deutschland)	Munich, Germany	FC	100%
Bvlgari España	Madrid, Spain	FC	100%
Bvlgari South Asian Operations	Singapore	FC	100%
Bvlgari (UK) Ltd	London, United Kingdom	FC	100%
Bvlgari Belgium	Brussels, Belgium	FC	100%
Bvlgari Australia	Sydney, Australia	FC	100%
Bvlgari (Malaysia)	Kuala Lumpur, Malaysia	FC	100%
Bvlgari Global Operations	Neuchâtel, Switzerland	FC	100%
Bvlgari Asia Pacific	Hong Kong, China	FC	100%
Bvlgari (Taiwan)	Taipei, Taiwan	FC	100%
Bvlgari Korea	Seoul, South Korea	FC	100%
Bvlgari Saint Barth	Saint-Barthélemy, French Antilles	FC	100%
Bvlgari Gioielli	Valenza, Italy	FC	100%
Bvlgari Accessori	Florence, Italy	FC	100%
Bvlgari Holding (Thailand)	Bangkok, Thailand	FC	100%
Bvlgari (Thailand)	Bangkok, Thailand	FC	100%
Bvlgari Commercial (Shanghai) Co.	Shanghai, China	FC	100%
Bvlgari Japan	Tokyo, Japan	FC	100%
Bvlgari Panama	Panama City, Panama	FC	100%
Bvlgari Ireland	Dublin, Ireland	FC	100%
Bvlgari Qatar	Doha, Qatar	FC	49%
Gulf Luxury Trading	Dubai, United Arab Emirates	FC	51%
Bvlgari do Brazil	São Paulo, Brazil	FC	100%
Bvlgari 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%
Bvlgari Turkey Lüks Ürün Ticareti	Istanbul, Turkey	FC	100%
Bvlgari Russia	Moscow, Russia	FC	100%
Bvlgari Prague	Prague, Czech Republic	FC	100%
Bvlgari Commercial Mexico	Mexico City, Mexico	FC	100%
Bvlgari Canada	Montreal, Canada	FC	100%
Bvlgari Portugal	Lisbon, Portugal	FC	100%
Bvlgari Philippines	Makati, Philippines	FC	100%
Bvlgari Vietnam	Hanoi, Vietnam	FC	100%
Bvlgari Denmark	Copenhagen, Denmark	FC	100%
Bvlgari Roma	Rome, Italy	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	59%
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%

Companies	Registered office	Method of consolidation	Ownership interest
Sephora Korea Ltd	Seoul, South Korea	FC	100%
Sephora Digital Pte Ltd	Singapore	FC	100%
Sephora Digital (Thailand) Ltd	Bangkok, Thailand	FC	100%
LX Services Pte Ltd	Singapore	FC	100%
PT MU and SC Trading (Indonesia)	Jakarta, Indonesia	FC	100%
Luxola Sdn. Bhd. (Malaysia)	Kuala Lumpur, Malaysia	FC	100%
Sephora Services Philippines (Branch)	Manila, Philippines	FC	100%
Sephora USA Inc.	California, USA	FC	100%
Sephora Cosmetics Pte Ltd (India)	New Delhi, India	FC	100%
Sephora Beauty Canada Inc.	Toronto, Canada	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%
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 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%
Central DFS Co., Ltd	Bangkok, Thailand	EM	30%
Shenzhen DFG E-Commerce Co Ltd	Shenzhen, China	EM	13%
DFS Management Consulting (Shenzhen) Company Limited	Shenzhen, China	FC	61%
Tumon Entertainment LLC	Tamuning, Guam	FC	100%
Comete Guam Inc.	Tamuning, Guam	FC	100%
Tumon Aquarium LLC	Tamuning, Guam	FC	97%
Tumon Games LLC	Tamuning, Guam	FC	100%
Comete Saipan Inc.	Saipan, Northern Mariana Islands	FC	100%
DFS Vietnam Limited Liability Company	Ho Chi Minh City, Vietnam	FC	61%
DFS Venture Vietnam Company Limited	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	77%
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	79%
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%
Mezzo	Paris, France	FC	50%
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%
GIE CAPI13	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%
LVMH BH Holdings LLC	New York, USA	FC	100%
Rodeo Partners LLC	New York, USA	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%

Companies	Registered office	Method of consolidation	Ownership interest
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%
Cheval Blanc Saint-Tropez	Saint-Tropez, France	FC	100%
Villa Jacquemone	Saint-Tropez, France	FC	100%
33 Hoche	Paris, 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%
Lafayette Art I LLC	New York, USA	FC	100%
LVMH Holdings Inc.	New York, USA	FC	100%
Island Cay Inc	New York, USA	FC	100%
Halls Pond Exuma Ltd	Nassau, Bahamas	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%
2181 Kalakaua Holdings LLC	Texas, USA	EM	50%
2181 Kalakaua LLC	Texas, USA	EM	50%
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%
LVMH Publica	Brussels, Belgium	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%
Palladios Overseas Holding	London, United Kingdom	FC	100%
75 Sloane Street Services Limited	London, United Kingdom	FC	100%
Belmond (UK) Limited	London, United Kingdom	FC	100%
Belmond Dollar Treasury Limited	London, United Kingdom	FC	100%
Belmond Finance Services Limited	London, United Kingdom	FC	100%
Belmond Management Limited	London, United Kingdom	FC	100%
Belmond Sterling Treasury Limited	London, United Kingdom	FC	100%
Blanc Restaurants Limited	London, United Kingdom	FC	100%
European Cruises Limited	London, United Kingdom	FC	100%
Great Scottish and Western Railway Holdings Limited	London, United Kingdom	FC	100%
The Great Scottish and Western Railway Company Limited	London, United Kingdom	FC	100%
Horatio Properties Limited	London, United Kingdom	FC	100%
Island Hotel (Madeira) Limited	London, United Kingdom	FC	100%
Mount Nelson Hotel Limited	London, United Kingdom	FC	100%
La Residencia Limited	London, United Kingdom	FC	100%
LuxuryTravel.Com UK Limited	London, United Kingdom	FC	100%
Reid's Hotel Madeira Limited	London, United Kingdom	FC	100%
VSOE Holdings Limited	London, United Kingdom	FC	100%
Venice Simplon-Orient-Express Limited – UK branch	London, United Kingdom	FC	100%
Belmond CJ Dollar Limited	London, United Kingdom	FC	100%
Croisieres Orex SAS	Saint-Usage, France	FC	100%

Companies	Registered office	Method of consolidation	Ownership interest
VSOE Voyages SA	Paris, France	FC	100%
VSOE Deutschland GmbH	Cologne, Germany	FC	100%
Ireland Luxury Rail Tours Ltd	Dublin, Ireland	FC	100%
Villa Margherita SpA	Florence, Italy	FC	100%
Belmond Finanziamenti Srl	Florence, Italy	FC	100%
Belmond Sicily SpA	Florence, Italy	FC	100%
Belmond Italia SpA	Genoa, Italy	FC	100%
Hotel Caruso SpA	Florence, Italy	FC	100%
Hotel Cipriani SpA	Venice, Italy	FC	100%
Hotel Splendido SpA	Portofino, Italy	FC	100%
Villa San Michele SpA	Florence, Italy	FC	100%
Luxury Trains Servizi Srl	Venice, Italy	FC	100%
Castello Resort Villas SpA	Querceto, Italy	FC	100%
Castello di Casole SpA	Querceto, Italy	FC	100%
Castello di Casole Agricoltura SpA	Querceto, Italy	FC	100%
Belmond Spanish Holdings SL	Madrid, Spain	FC	100%
Nomis Mallorcan Investments SA	Madrid, Spain	FC	100%
Son Moragues SA	Deià, Spain	FC	100%
Reid's Hoteis Lda	Funchal, Portugal	FC	100%
Europe Hotel LLC	Saint Petersburg, Russia	FC	100%
Belmond USA Inc	Delaware, USA	FC	100%
21 Club Inc	New York, USA	FC	100%
Belmond Pacific Inc	Delaware, USA	FC	100%
Belmond Reservation Services Inc	Delaware, USA	FC	100%
Charleston Centre LLC	Delaware, USA	FC	100%
Charleston Place Holdings Inc	Delaware, USA	FC	100%
El Encanto Inc	Delaware, USA	FC	100%
Inn at Perry Cabin Corporation	Maryland, USA	FC	100%
Mountbay Holdings Inc	Delaware, USA	FC	100%
Venice Simplon Orient Express Inc	Delaware, USA	FC	100%
Windsor Court Hotel Inc	Delaware, USA	FC	95%
Windsor Court Hotel LP	Delaware, USA	FC	100%
Windsor Great Park Inc	Delaware, USA	FC	100%
Belmond Cap Juluca Limited	Anguilla	FC	100%
Belmond (Cupecoy Village) Ltd	Hamilton, Bermuda	FC	100%
Belmond Holdings 1 Ltd	Hamilton, Bermuda	FC	100%
Belmond Peru Ltd	Hamilton, Bermuda	FC	100%
Belmond Properties Ltd	Hamilton, Bermuda	FC	100%
Belmond Spain Ltd	Hamilton, Bermuda	FC	100%
Eastern & Oriental Express Ltd	Hamilton, Bermuda	EM	25%
Leisure Holdings Asia Ltd	Hamilton, Bermuda	FC	100%
Vessel Holdings 2 Ltd	Hamilton, Bermuda	FC	100%
Belmond Anguilla Holdings LLC	Hamilton, Bermuda	FC	100%
Belmond Anguilla Member LLC	Hamilton, Bermuda	FC	100%
Belmond Anguilla Owner LLC	Hamilton, Bermuda	FC	100%
Belmond Interfin Ltd	Hamilton, Bermuda	FC	100%
Belmond Ltd	Hamilton, Bermuda	FC	100%
OE Interactive Ltd	Hamilton, Bermuda	EM	50%
Gametrackers (Botswana) (Pty) Ltd	Gaborone, Botswana	FC	100%
Game Viewers (Pty) Ltd	Gaborone, Botswana	FC	100%
Xaxaba Camp (Pty) Ltd	Gaborone, Botswana	FC	100%
Elysee Spa	Marigot, Saint Martin	FC	100%
La Samanna SAS	Marigot, Saint Martin	FC	100%
Phoenix Argente SAS	Marigot, Saint Martin	FC	100%
Societe D'Exploitation Residence La Samanna SAS	Marigot, Saint Martin	FC	100%
CSN Immobiliaria SA de CV	San Miguel de Allende, Mexico	FC	100%
OEH Operadora San Miguel SA de CV	San Miguel de Allende, Mexico	FC	100%
CSN Real Estate 1 SA de CV	San Miguel de Allende, Mexico	FC	100%
OEH Servicios San Miguel SA de CV	San Miguel de Allende, Mexico	FC	100%
Operadora de Hoteles Rivera Maya SA de CV	Riviera Maya, Mexico	FC	100%
Miraflores Ventures Ltd SA de CV	San Miguel de Allende, Mexico	FC	100%
Plan Costa Maya SA de CV	Riviera Maya, Mexico	FC	100%
Spa Residencial SA de CV	Riviera Maya, Mexico	FC	100%
Belmond Brasil Hoteis SA	Rio de Janeiro, Brazil	FC	100%
Companhia Hoteis Palace SA	Rio de Janeiro, Brazil	FC	98%
Iguassu Experiences Agencia de Turismo Ltda	Foz do Iguaçu, Brazil	FC	100%
Belmond Brasil Servicos Hoteleiros SA	Rio de Janeiro, Brazil	FC	100%
Robisi Empreendimentos e Participacoes SA	Rio de Janeiro, Brazil	EM	50%
Signature Boutique Ltda	Rio de Janeiro, Brazil	FC	100%
CSN (San Miguel) Holdings Ltd	San Miguel de Allende, Mexico	FC	100%
Equimax Overseas Co Ltd	Road Town, British Virgin Islands	FC	100%
Grupo Conceptos SA	Road Town, British Virgin Islands	FC	100%
Miraflores Ventures Ltd	Road Town, British Virgin Islands	FC	100%
Novato Universal Ltd	Road Town, British Virgin Islands	FC	100%
Belmond Peru Management SA	Lima, Peru	FC	100%
Belmond Peru SA	Lima, Peru	FC	100%
Ferrocarril Transandino SA	Lima, Peru	EM	50%
Perurail SA	Lima, Peru	EM	50%
Peru Belmond Hotels SA	Lima, Peru	EM	50%

Companies	Registered office	Method of consolidation	Ownership interest
Peru Experiences Belmond SA	Lima, Peru	EM	50%
Belmond Japan Ltd	Tokyo, Japan	FC	100%
Belmond Pacific Ltd	Hong Kong, China	FC	100%
Belmond China Ltd	Hong Kong, China	FC	100%
Belmond Hong Kong Ltd	Hong Kong, China	FC	100%
Hosia Company Ltd	Hong Kong, China	FC	100%
Belmond Hotels Singapore Pte Ltd	Singapore	FC	100%
E&O Services (Singapore) Pte Ltd	Singapore	EM	25%
Belmond (Thailand) Company Ltd	Bangkok, Thailand	FC	100%
E&O Services (Thailand) Pte Ltd	Bangkok, Thailand	EM	25%
Fine resorts Co Ltd	Bangkok, Thailand	FC	100%
Samui Island Resort Co Ltd	Koh Samui, Thailand	FC	100%
Khmer Angkor Hotel Co Ltd	Siem Reap, Cambodia	FC	99%
Société Hotelière de Pho Vao	Luang Prabang, Laos	FC	69%
Myanmar Cruises Ltd	Yangon, Myanmar	FC	100%
Myanmar Hotels & Cruises Ltd	Yangon, Myanmar	FC	100%
Myanmar Shwe Kyet Yet Tours Ltd	Yangon, Myanmar	FC	100%
PRA-FMI Pansea Hotel Development Co Ltd	Yangon, Myanmar	FC	100%
PT Bali Resort & Leisure Co Ltd	Bali, Indonesia	FC	100%
Belmond Australia Pty Ltd	Melbourne, Australia	FC	100%
Exclusive Destinations (Pty) Ltd	Cape Town, South Africa	FC	100%
Fraser's Helmsley Properties (Pty) Ltd	Cape Town, South Africa	FC	100%
Mount Nelson Commercial Properties (Pty) Ltd	Cape Town, South Africa	FC	100%
Mount Nelson Residential Properties (Pty) Ltd	Cape Town, South Africa	FC	100%
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 1.26 for the revenue recognition policy for these companies.
(a) Profit from this company is taxable in France.
(b) Profit from this company is taxable in the United Kingdom.

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%
Samos 1850	Paris, France	100%
BRN Invest NV	Baarn, Netherlands	100%
Toiltech	La Chapelle-devant-Bruyères, France	90%
Bvlgari 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 127	Paris, France	100%
Sofpar 131	Paris, France	100%
Sofpar 132	Paris, France	100%
Sofpar 133	Paris, France	100%
Sofpar 134	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%
Prolepsis	Brussels, Belgium	100%
Prolepsis Investment Ltd	London, United Kingdom	100%
Innovacion en Marcas de Prestigio SA	Mexico City, Mexico	99%
MS 33 Expansion	Paris, France	100%
Shinsegae International Co. Ltd LLC	Seoul, South Korea	51%
Crystal Pumpkin	Luxembourg City, Luxembourg	99%
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%
Folio St. Barths	New York, USA	100%

The 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 for the fiscal year ended December 31, 2019.

In our opinion, the consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position as of December 31, 2019 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 our 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, 2019 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

Without calling into question the opinion expressed above, we draw attention to the matter described in Note 1.2 to the consolidated financial statements relating to the impact of the initial application of IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments, as well as changes in the presentation of the balance sheet and cash flow statement.

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 for the fiscal year, 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.

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

Risk identified

As of December 31, 2019, the value of the Group's fixed assets totaled 51.8 billion euros, excluding right-of-use assets. These fixed assets mainly comprise brands, trade names and goodwill recognized on external growth transactions; and property, plant and equipment, mainly composed of land, vineyard land, buildings, and fixtures and fittings (at stores in particular).

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 1.15 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 Maisons where the carrying amount of intangible assets represents a high multiple of profit from recurring operations.

We assessed the data and assumptions that served as the basis for 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 and market outlook, 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 amount of impairment of inventories and work in progress on the basis of sales prospects in its various markets or due to product obsolescence, as specified in Note 1.17 to the consolidated financial statements.

We considered this to constitute a key audit matter since the aforementioned projections and any resulting impairment are intrinsically dependent on assumptions, estimates and other forms of judgment made by the Group, as indicated in Note 1.5 to the consolidated financial statements. Furthermore, inventories are present at a large number of subsidiaries, and determining this impairment 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 impairment. 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 comparing them to the elimination percentage applied.

- **Provisions for contingencies, losses and uncertain tax positions**

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 income 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.

As indicated in Notes 1.2 and 20 to the consolidated financial statements:

- provisions for contingencies and losses correspond to the estimate of the impact on assets and liabilities of risks, disputes, or actual or probable litigation arising from the Group's activities;
- non-current liabilities related to uncertain tax positions included an estimate of the risks, disputes and actual or probable litigation related to the income tax computation, in accordance with IFRIC 23.

We considered this to constitute a key audit matter due to the significance of the amounts concerned and the level of judgment required to monitor ongoing regulatory changes and 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, disputes, litigation and uncertain tax positions;
- obtaining an understanding of the risk analysis performed by the Group and the corresponding documentation and, where applicable, reviewing written confirmations from external advisors;
- assessing – in conjunction with our experts, tax specialists in particular – the main risks identified and assessing the reasonableness of the assumptions made by Group management to estimate the amount of the provisions and of liabilities related to uncertain tax positions;
- carrying out a critical review of analyses relating to the use of provisions for contingencies and losses, and of liabilities related to uncertain tax positions, prepared by the Group;
- assessing – in conjunction with our tax specialists – the evaluations drawn up by the Group's Tax Department relating to the consequences of changes in tax laws;
- assessing the appropriateness of information relating to these risks, disputes, litigation and uncertain tax positions disclosed in the notes to the financial statements.

- **Initial application of IFRS 16 Leases**

Risk identified

The LVMH group applies IFRS 16 Leases as of January 1, 2019, using what is known as the "modified retrospective" transition method. Details on this initial application are provided in Note 1.2 to the consolidated financial statements.

This standard modifies the accounting treatment of leases: when a lease is entered into, a liability is recognized in the balance sheet, measured at the discounted present value of the fixed portion of future lease payments, and offset against a right-of-use asset depreciated over the lease term.

As of January 1, 2019, the initial application of this standard led to the recognition of:

- right-of-use assets with a carrying amount of 11.9 billion euros within "Other non-current assets";
- lease liabilities totaling 11.8 billion euros, including 9.7 billion in non-current lease liabilities.

As of that date, as described in Note 7 to the consolidated financial statements, right-of-use assets mainly concern stores leased by the Group for 9.5 billion euros and office space for 1.3 billion euros.

We consider the initial application of IFRS 16 Leases to be a key audit matter, given the significant importance of right-of-use assets and lease liabilities in the Group's financial statements and the degree to which their value is determined based on its management's judgment, in particular concerning the assumptions used for lease terms and discount rates.

Our response

Our audit approach consisted in verifying the consistency with the provisions of IFRS 16 Leases, and in assessing the appropriateness of the methods used by the Group to determine the main assumptions, in particular those related to the most likely lease terms and discount rates.

Our work also consisted in:

- familiarizing ourselves with the organization and approach used by the Group for the initial application of this standard;
- testing the effectiveness of the key controls that we considered most relevant regarding the information systems and processes put in place by the Group in respect of IFRS 16, with support from members of the audit team with specific expertise in information systems;
- assessing the lease databases used by comparing the scope of the leases in such databases with the operating leases and concessions identified under the old standard, and by assessing the residual lease expenses;
- using sampling to corroborate the information (on leases, terms, etc.) used to measure lease-related assets and liabilities with the underlying contractual documents;
- reviewing the assumptions made and analyzing the methods used by management to determine the lease terms and discount rates used to calculate lease liabilities;

- using sampling to recalculate the amounts of lease liabilities and right-of-use assets as measured and recognized by the Group;
- performing analytical procedures to assess the overall consistency of the right-of-use assets and lease liabilities of the main entities included in the scope of consolidation with respect to our understanding of the Group and its activities;
- assessing the appropriateness of the main accounting policies used and the information disclosed in Notes 1.2 and 7 to the consolidated financial statements.

Specific verifications

In accordance with professional standards applicable in France, we also performed the specific verifications required by laws and regulations of the information concerning the Group provided 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 statement of non-financial performance provided for by Article L.225-102-1 of the French Commercial Code *(Code de commerce)* is included in the information concerning the Group provided in the Management Report, with the proviso 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 consolidated financial statements of the information contained in this statement, which must be subject to a report by an independent third party.

Report on other legal and regulatory requirements

- **Appointment of the Statutory Auditors**

Our audit firms were appointed as Statutory Auditors of LVMH Moët Hennessy - Louis Vuitton by your Shareholders' Meeting held on April 14, 2016.

As of December 31, 2019, our audit firms were in the fourth 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 any matters related to going concern, and for 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 risk management systems and, where applicable, 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 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 its 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 its 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 scope of consolidation 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 a report to the Performance Audit Committee 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 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 for the fiscal year 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) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set out 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. We discuss any risks that may reasonably be thought to bear on our independence, and the related safeguards, with the Performance Audit Committee.

Courbevoie and Paris-La Défense, February 3, 2020

The Statutory Auditors

French original signed by

MAZARS		ERNST & YOUNG Audit	
Loïc Wallaert	Isabelle Sapet	Gilles Cohen	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.

Design and production: Agence Marc Praquin

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