

# LVMH

2018 ANNUAL REPORT

*Passionate  
about  
creativity*









LVMH

*Passionate  
about creativity*

# WHO WE ARE

A creative universe of men and women passionate about their profession and driven by the desire to innovate and achieve. A globally unrivalled group of powerfully evocative brands and great names that are synonymous with the history of luxury. A natural alliance between art and craftsmanship, dominated by creativity, virtuosity and quality.

A remarkable economic success story with more than 156,000 employees worldwide and global leadership in the manufacture and distribution of high-quality products. A global vision dedicated to serving the needs of every customer. The successful marriage of cultures grounded in tradition and elegance with the most advanced product presentation, industrial organization and management techniques.

A singular mix of talent, daring and thoroughness in the quest for excellence. A unique enterprise that stands out in its sector.

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Our philosophy: passionate about creativity

# LVMH VALUES

## INNOVATION AND CREATIVITY

Because our future success will come from the desire that our new products elicit while respecting the roots of our Maisons.

## EXCELLENCE OF PRODUCTS AND SERVICE

Because we embody what is most noble and quality-endowed in the artisan world.

## ENTREPRENEURSHIP

Because this is the key to our ability to react and our motivation to manage our businesses as startups.





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# INSPIRING DREAMS

TO UNDERSTAND LVMH, YOU HAVE  
TO LOOK BEYOND THE FIGURES. OUR GROUP'S  
PERFORMANCE IS ABOVE ALL THE CONSEQUENCE  
OF OUR LONG-TERM VISION.





A shared passion to achieve and inspire drives all our Maisons, and thrives within each of them. It is reflected in the myriad ways they blend tradition with modernity, and excellence with responsibility. They all have a single ambition: to evoke emotion and imagination with artisanal products that are ever more beautiful, exquisitely crafted, and unique.

#### ANOTHER RECORD YEAR FOR LVMH

LVMH scaled new heights in 2018: our revenue exceeded €46 billion, up 10%, while profit from recurring operations crossed the €10 billion mark, up 21%. This excellent performance, to which all our business lines contributed, was buoyed by momentum in each of the regions where we operate. In particular, Asia and the United States saw strong growth, because the creativity and quality of our products, along with the unique in-store and online shopping experience we offer our customers, resonate especially well in those markets. The year's many successes are testament to the tremendous vitality of our Maisons: the remarkable performance of our champagne Maisons' *cuvées de prestige*, exceptional grape harvests in terms of both quality and quantity, Hennessy's strong growth, Louis Vuitton's continued series of triumphs, Christian Dior's very strong first year as part of LVMH, creative renewal at Celine and in Menswear for Louis Vuitton, Dior and Berluti, the enthusiastic reception for Parfums Christian Dior's innovations, Bvlgari's new market share gains, Sephora's enriched offering and innovative services, Rimowa's bold collaborations with designers... These are the successes that reinforced our leadership position in the global luxury market in 2018.

#### DESIRABLE BRANDS, TRUE TO THEIR HERITAGE

This leadership position has been achieved thanks to LVMH's roots and heritage. Our Group is essentially a collection of family brands with remarkable histories and identities that provide endless sources of inspiration. In 2018, for example, Louis Vuitton continued to successfully revisit its iconic handbags, while Christian Dior reinterpreted the Toile de Jouy patterns that have been a feature of the Maison since its beginnings. Every season, Guerlain, Loro Piana, Bvlgari and Fendi develop original creations inspired by their rich heritage. There is something eternal about all our Maisons. They draw on their impressive

legacy to continue to build their place in history. The terroirs and wines of Dom Pérignon, Château d'Yquem and Château Cheval Blanc are made to stand the test of time. Belmond, the prestige hotel group with which we signed an acquisition agreement in 2018, also boasts fantastic properties, names and places that dreams are made of, including Venice Simplon-Orient-Express, Cipriani, and Copacabana. But the dreams that LVMH inspires do not only pay tribute to the past. We also know how to invent the future, starting afresh with entirely new projects like the hugely successful cosmetics brand Fenty Beauty by Rihanna, which burst onto the scene just two years ago.

## ENTREPRENEURIAL SPIRIT

Another factor behind the power and performance of our Group is the talent and passion of our teams: around the world, employees at our Maisons are all driven by the same commitment. Designers, artisans, executives, store managers, researchers... These are the Group's lifeblood. Our decentralized organization means that we can attract and retain the best talent, encouraging our employees to give free rein to their entrepreneurial spirit. In 2018 we also stepped up our collaborations with startups, which are sources of inspiration for us. As well as taking part in Viva Technology and organizing the LVMH Innovation Award, we launched La Maison des Startups LVMH at Station F, the world's biggest startup incubator. Working alongside startups helps keep us up to date with the latest innovations. In-house development programs allow our most inventive employees to turn their new ideas into concrete projects. It is in this richly diverse entrepreneurial environment, bringing together different generations, backgrounds and perspectives, that our people are giving shape to the LVMH of tomorrow.

## LVMH'S DEEP ROOTS IN FRANCE

Another reason why LVMH can continue to expand, allowing its Maisons to carry on inspiring dreams, is that we have always prepared for the future: year after year we consolidate our foundations, laying the groundwork for new developments. In 2018 our Group ramped up its production capacity to meet ever-growing demand. The bulk of our investment was in France. After opening production workshops in Allier in 2017 and in Vendée in 2018, Louis Vuitton inaugurated a new facility in Maine-et-Loire in early 2019 - the Maison's 16th in France - and will open two more in the coming months. Construction also continues at Veuve Clicquot's new production site near Reims. The renovation project for La Samaritaine is well underway and its beautifully refurbished or newly created façades are gradually being revealed ahead of its opening, planned for 2020. Maintaining the desirability of our products therefore goes hand in hand with constant improvements in our production methods and our expert craftsmanship. Mastering this expertise is something we cherish: it ensures that our professions endure and that jobs can be created everywhere we operate. Naturally, we are pleased with and take pride in our results. But, most of all, we are proud of our Group's deep roots in the French economy and in regions across France - through the investments it makes, the jobs it creates year after year, and its contribution to cultural life in Paris. In 2018, LVMH hired more than 13,000 people in France. We also crossed a symbolic threshold in 2018, investing over €1 billion in France. In addition, the Fondation Louis Vuitton has welcomed over 5 million visitors since it opened, and the Jardin d'Acclimatation reopened in 2018, after an extensive makeover. We are therefore proud of LVMH's significant contribution to France's economic development and cultural influence. Most of our products are made in France, carrying names beyond its borders, each one evoking the French *art de vivre* in the dreams of billions of women and men around the world.

## A SENSE OF RESPONSIBILITY

As ambassadors of excellence, inspired by the continued success of our Maisons, we are also aware of the responsibility we have. The sustainability of our model is built on our exemplary approach to ethics and respect for our partners. Where the environment is concerned, we have already spent over 25 years working to preserve the shared heritage of rare and precious raw materials used to craft our products. Back in 1992, we took the lead by setting up an environment department. Today, more than ever, we are engaged in the protection of the environment, especially in the fight against climate change. For example, we have set ambitious 2020 goals for all our Maisons that concern their products, workshops and stores. It is also our responsibility to increase transparency in our supply chain and ensure that our practices reflect the highest standards of integrity and respect for our partners. Sharing our expertise is another key commitment. For example, we hand down expertise to younger generations through the Institut des Métiers d'Excellence LVMH, which by the end of 2018 had already trained 500 apprentices. And we support up-and-coming creative talent with the LVMH Prize for Young Fashion Designers, which has been showcasing the work of new and emerging designers every year since 2014. Lastly, we also promote and celebrate our artisanal expertise with a multitude of people during the Journées Particulières; the fourth edition of this event in 2018 was an unprecedented success, with our artisans welcoming 180,000 visitors.

## CAUTIOUSLY OPTIMISTIC FOR 2019

In 2019, LVMH will again demonstrate its strong focus on innovation. Further progress will be made on many existing projects as well as a number of new launches. Powered by their creative momentum, our Maisons will further refresh and enrich their iconic lines while maintaining the exquisite quality of their products. Retail is another growth driver for our products, which will be boosted by our increasingly customer-centric approach as we develop our brands. The growing use of digital technologies in our business activities will also enrich the customer experience that we offer, both online and in our physical stores. Over the last 20 years, in addition to its Maisons' excellence, the Group has benefited from the general increase in living standards worldwide. This trend is set to continue in the years to come. Therefore, while I am watchful, I remain optimistic about the Group's medium- and long-term outlook.

For the short term, conditions at the beginning of this year are buoyant, but we will keep a close eye on developments in light of persistent geopolitical uncertainties. We are therefore cautiously optimistic for 2019 and have set ourselves the ambition of further strengthening our global leadership in high-quality products.

**Bernard Arnault**

Chairman and Chief Executive Officer





# A WEALTH OF OPPORTUNITIES FOR THE GROUP'S TALENT AND BRANDS

ANTONIO BELLONI,  
GROUP MANAGING DIRECTOR



**2018 was another record year for LVMH, which continues on its exceptional growth trajectory. What's driving this ongoing success?**

Beyond its business performance, a company is best defined by its achievements and the talent in its organization. We are proud of our innovative, top-quality products; our magnificent stores all over the globe; our workshops, where unique craftsmanship is combined with new technologies. Each of these achievements is a human adventure that requires ambition, creativity and perseverance. Each represents an opportunity for our teams to hone their talent, broaden their skills and add their signature to unique projects. This engagement is the key force driving the development of our Maisons and the desirability of our brands into the future. We cultivate a highly entrepreneurial mindset, which draws its vital energy from creativity, openness to the world and a desire for excellence – and our people make the difference.

The Group's workforce has grown considerably, now totaling more than 150,000 people: designers, winemakers, leather artisans, watchmakers, managers, salespeople and more. Their diverse range of talent, culture and experience is an exceptional asset for LVMH.

**Success brings responsibility, which is also important to LVMH. Why is there a stronger focus on making progress in this area, today?**

Like all companies, we have an important role to play in society, and a major responsibility as well. Our Group directly drives economic growth, innovation and job creation. But our impact goes further than that. Our relations with the communities we work in and our suppliers; our partnerships with schools for the Institut des Métiers d'Excellence; our cultural initiatives, starting with the Fondation Louis Vuitton; our LIFE program, which promotes environmental best practices; our EllesVMH initiative,



which supports women's career development at every level of the organization; our work to promote social responsibility and inclusion... All these contributions are just as important. This wide-ranging social impact is important to our employees, who want to be proud to be part of LVMH. For our customers, a top-quality product is no longer enough: they also want to know about our Maisons' values, and care about our corporate behavior. We know there is room for improvement, and we are deeply committed to moving forward and communicating transparently about our objectives and progress.

**What can digital technologies bring to luxury brands, rooted in tradition?**

Over the last few years our market has become highly fragmented. Customer journeys and purchasing habits have become more complex. Now, in addition to magazines and other traditional media, our customers – especially young people – use a range of digital options to stay informed, communicate with friends and shop. Brand awareness and customer engagement are built on these many different touchpoints. Each one is an opportunity for our talented employees to express our Maisons' unique values by accentuating our creativity and awakening more emotion. Sephora's smart mirrors let customers try on makeup using augmented reality. Moët Hennessy uses artificial intelligence to help customers create bespoke tasting experiences with their friends. At Guerlain Parfumeur stores customers can explore a vast universe of fragrances and emotions, using a digital perfume organ to craft their own signature scent... The possibilities are endless. Digital technology and innovation will continue to be harnessed for the benefit of our ideas and brands, creating value and enriching the customer experience.



Maison Louis Vuitton Vendôme.

# GOVERNANCE AND ORGANIZATION

THE RIGHTS OF LVMH SHAREHOLDERS ARE PROTECTED  
BY LAW AND THE PRINCIPLES OF CORPORATE GOVERNANCE  
WHICH GOVERN THE WAY THE GROUP OPERATES.

LVMH's Board of Directors is the strategic body of the Company which is primarily responsible for enhancing the Company's value and protecting its corporate interests. It endeavors to promote long-term value creation by the Company, while notably accounting for the social and environmental issues pertaining to its activities. Its principle assignments are to approve the Company's and the Group's major strategies and supervise their implementation; to verify the fair and accurate presentation of information about the Company and the Group; to protect its corporate assets; and to ensure that core business risks are fully accounted for in the management of the Company. It also makes sure that systems are in place to prevent corruption and influence peddling, and policies are implemented to ensure non-discrimination and diversity - notably gender equality within the executive bodies. Lastly, it acts as guarantor with respect to the rights of each of its shareholders and ensures that shareholders fulfill all of their duties.

In 2018, the Board of Directors approved the annual and interim parent company and consolidated financial statements, monitored quarterly business activity, and gave its opinion on: the Group's key strategic directions and decisions, its budget, compensation of company officers, the implementation of bonus share and performance bonus share allocation plans, and the implementation of the share buyback plan. Lastly, it approved the plan to acquire Belmond Group.

There are three committees within the LVMH Board of Directors:

- In 2018, the Performance Audit Committee reviewed the annual and interim parent company and consolidated financial statements in conjunction with a detailed analysis of changes in the Group's activities and scope. The Committee also worked on the following issues: internal audit; the Group's internal audit policy and how the financial markets view the Group; the Group's tax situation; and the transition to the new accounting standard, IFRS 16, from January 1, 2019.

- In 2018, the Nominations and Compensation Committee issued proposals on: the fixed and variable compensation and benefits in kind of the Chairman and Chief Executive Officer, and the Group Managing Director; the performance criteria pertaining to their variable compensation and of the respective weightings of these criteria; the allocation of performance bonus shares to these two people and the requirement to retain a portion of the shares that may be definitively allocated to them. It also provided opinions on the compensation, performance bonus shares, and benefits in kind attributed to certain members of the Board of Directors by the Company or its subsidiaries. It delivered a favorable opinion on the appointment of a new female director to replace another female director who has resigned.

- The Ethics and Sustainable Development Committee ensures compliance with the individual and shared values on which the Group bases its actions, which are detailed in the Code of Conduct as well as the other codes and charters resulting from this code. In 2018, the committee's work included monitoring the compliance program implemented by the Group in connection with the Sapin 2 Act and the law on the duty of care for parent companies, in conjunction with the Ethics & Compliance Director.

*Further information can be found in the 2018 Reference Document.*

## EXECUTIVE COMMITTEE



**Bernard Arnault**  
Chairman and Chief Executive Officer



**Antonio Belloni**  
Group Managing Director



**Delphine Arnault**  
Louis Vuitton Products



**Nicolas Bazire**  
Development and Acquisitions



**Pietro Beccari**  
Christian Dior Couture



**Michael Burke**  
Louis Vuitton



**Chantal Gaemperle**  
Human Resources and Synergies



**Jean-Jacques Guiony**  
Finance



**Christopher de Lapuente**  
Sephora and Beauty



**Philippe Schaus**  
Wines and Spirits



**Sidney Toledano**  
Fashion Group



**Jean-Baptiste Voisin**  
Strategy

## BOARD OF DIRECTORS <sup>(1)</sup>

**Bernard Arnault**  
Chairman and Chief Executive Officer

**Antonio Belloni**  
Group Managing Director

**Antoine Arnault<sup>(4)</sup>**

**Delphine Arnault<sup>(6)</sup>**

**Nicolas Bazire**

**Sophie Chassat<sup>(2)(3)</sup>**

**Bernadette Chirac<sup>(2)</sup>**

**Charles de Croisset<sup>(2)(4)(5)</sup>**

**Diego Della Valle<sup>(2)</sup>**

**Clara Gaymard<sup>(2)</sup>**

**Marie-Josée Kravis<sup>(2)(5)</sup>**

**Lord Powell of Bayswater**

**Marie-Laure Sauty de Chalon<sup>(2)(6)</sup>**

**Yves-Thibault de Silguy<sup>(2)(4)(5)(6)</sup>**

**Hubert Védrine<sup>(2)(6)</sup>**

### Advisory Board Member<sup>(1)</sup>

**Paolo Bulgari**

### General Secretary

**Marc-Antoine Jamet**

### Statutory Auditors

**Ernst & Young Audit**  
represented by Jeanne Boillet  
and Patrick Vincent-Genod

**Mazars**  
represented by Simon Beillevoire  
and Loïc Wallaert

(1) As of December 31, 2018.

(2) Independent Director.

(3) Co-opted by the Board of Directors at its meeting on October 25, 2018.

(4) Member of the Performance Audit Committee.

(5) Member of the Nominations and Compensation Committee.

(6) Member of the Ethics and Sustainable Development Committee.



## OUR BUSINESS GROUPS

### WINES & SPIRITS



Moët & Chandon, Krug, Veuve Clicquot, Hennessy, Château d'Yquem... the origins of all these world-famous estates are inextricably linked to the appellations and terroirs of the world's most prestigious wines and spirits. Whether they are in Champagne, Bordeaux, or other famed wine regions, these Maisons, many of which date back more than a century, all share a powerful culture of excellence.

### FASHION & LEATHER GOODS



The Fashion & Leather Goods business group comprises Louis Vuitton, Christian Dior Couture, Celine, Loewe, Kenzo, Givenchy, Pink Shirtmaker, Fendi, Emilio Pucci, Marc Jacobs, Berluti, Nicholas Kirkwood, Loro Piana and Rimowa. While respecting the identity and autonomous management of these brands, LVMH supports their growth by providing them with shared resources.

### PERFUMES & COSMETICS



LVMH is a key player in the perfume, makeup and skincare sector, with a portfolio of world-famous French brands: Christian Dior, Guerlain, Givenchy and Kenzo. The Group also owns other beauty brands: Benefit, Fresh, Acqua di Parma, Parfums Loewe, Make Up For Ever, Maison Francis Kurkdjian, Fenty Beauty by Rihanna, Kat Von D and Marc Jacobs Beauty.

### WATCHES & JEWELRY



The LVMH Watches & Jewelry Maisons are some of the most emblematic brands in the industry. They operate in jewelry and watches with Bvlgari, Chaumet, Fred, TAG Heuer, Hublot, Zenith and Dior Montres. These Maisons are guided by a daily quest for excellence, creativity and innovation.

### SELECTIVE RETAILING



The Selective Retailing business group comprises Sephora, the world's leading selective beauty retailer, Le Bon Marché, a Paris department store with a unique atmosphere, and travel retailers DFS and Starboard Cruise Services.

### OTHER ACTIVITIES



Other activities include Groupe Les Echos, which comprises leading French business and cultural news publications; Royal Van Lent, the builder of high-end yachts marketed under the brand name Feadship; and Cheval Blanc, the collection of exceptional hotels.



STOCK

# A RESPONSIBLE MODEL DEDICATED TO EXCELLENCE

FORGED OVER GENERATIONS BY ALLIANCES BETWEEN MAISONS  
- WEAVING TOGETHER THEIR TRADITIONS OF EXCELLENCE  
AND CREATIVE PASSION - LVMH HAS BUILT ITS LEADING POSITION  
ON A UNIQUE PORTFOLIO OF ICONIC BRANDS.

These Maisons draw their energy from their exceptional heritage, innovative mindset and receptive outlook. The Group supports their development in a spirit of entrepreneurship, long-term vision and respect for the source of their strength and stature.

As ambassadors of an authentic *art de vivre*, it is our responsibility to set the right example in every aspect of our business, from product design to the experience that customers have throughout their relationships with our brands; from investment choices to social and environmental initiatives. Because what we do requires a diverse range of talent, we are committed to training teams that embody excellence. Because passing on skills is an integral part of our culture, we want to use that opportunity to promote social inclusion and employment. Because our crafts make the most of nature at its purest and most beautiful, we see preserving the environment as a strategic imperative.

The values and actions encompassed by our sustainable development attitude emerge from a tradition that dates back to the origins of our Maisons and forms an integral part of our heritage. Our long-term success depends not only on the Group's solid business model and profitable growth strategy, but also on our unwavering commitment to creativity, excellence, and our environmental impact and corporate citizenship.

## Business performance

Combining profitable growth and sustainability with commitments to creativity and excellence. Applying our creative passion to the *art de vivre* to which our customers aspire. Strengthening our position as a global leader, and being the benchmark for managing and developing high-quality brands.

## Nurturing talent

Encouraging all our employees to reach their full career potential and achieve their aspirations. Developing diversity and the wealth of human resources at our companies in all the countries where we operate, and encouraging initiatives in these areas. Contributing to the knowledge and preservation of our crafts outside the Group in addition to our own expertise as artisans and designers.

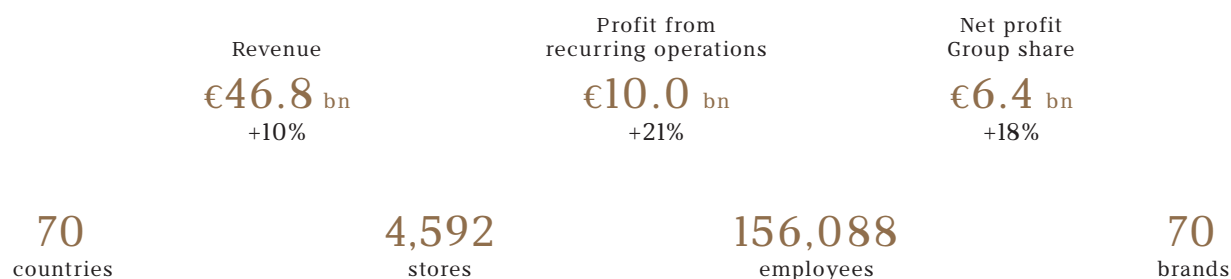
## Environment

Working together to preserve the planet's resources, to design and develop products that are compatible with environmental concerns, reporting on our policies and projects and the progress achieved in meeting our objectives. Contributing to environmental protection above and beyond factors directly related to our operations by entering into active partnerships with cooperating businesses, local authorities and associations.

## Partnerships and support

Maintaining and strengthening responsible relationships with our partners, suppliers and subcontractors. Implementing a patronage program for the widest possible public benefit which reflects and transmits our fundamental values. Providing active support for major causes, humanitarian projects and public health programs, and developing initiatives in support of art and young people.

# THE WORLD'S LEADING LUXURY GOODS GROUP



## A UNIQUE OPERATING MODEL ANCHORED BY SIX PILLARS

### DECENTRALIZED ORGANIZATION

Our structure and operating principles ensure that our Maisons are both autonomous and responsive.

This allows us to be extremely close to our customers, to ensure that rapid, effective and appropriate decisions can be made. This approach also sustains the motivation of our employees, encouraging them to show true entrepreneurial spirit.

### ORGANIC GROWTH

The LVMH Group places priority on organic growth and commits significant resources to develop its Maisons, as well as to encourage and protect creativity. Our employees are key to this approach, making it essential to support their career growth and encourage them to excel.

### VERTICAL INTEGRATION

Vertical integration fosters excellence both upstream and downstream, allowing control over every link in the value chain – from sourcing and production facilities to selective retailing – which in turn means that the image of our Maisons is carefully controlled.

### CREATING SYNERGIES

Sharing of resources on a Group scale creates intelligent synergies while respecting the individual identities and autonomy of our Maisons. The combined strength of the LVMH Group is leveraged to benefit each of its Maisons.

### SUSTAINING SAVOIR-FAIRE

Our Maisons pursue a long-term vision. To preserve their distinctive identities and excellence, LVMH and its Maisons have developed forward-thinking initiatives to transmit savoir-faire and ensure that craftsmanship and creative skills are valued by younger generations.

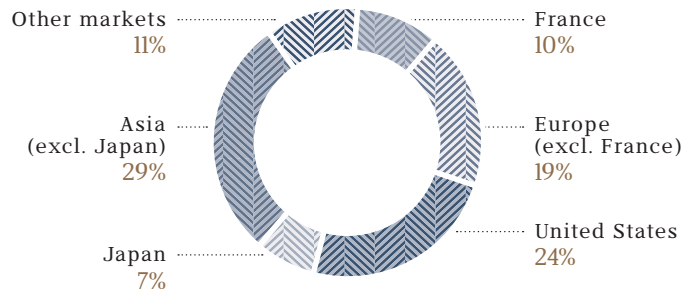
### BALANCE ACROSS BUSINESS SEGMENTS AND GEOGRAPHIES

Our Group has the resources to sustain regular growth thanks to the balance across its business activities and a well-distributed geographic footprint. This balance means that we are well-positioned to withstand the impact of shifting economic factors.



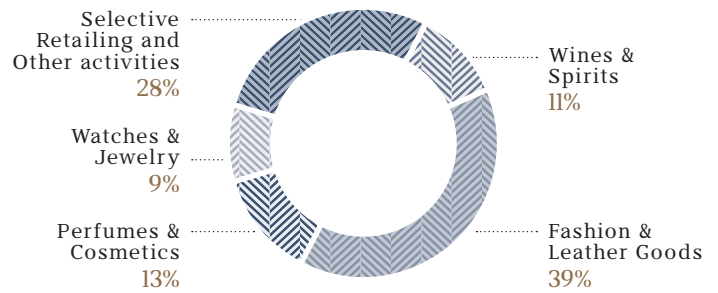
### 2018 REVENUE BY REGION

(in %)



### 2018 REVENUE BY BUSINESS GROUP

(in %)



### GEOGRAPHIC FOOTPRINT

(as of December 31, 2018)

#### UNITED STATES

Revenue: €11,207 m  
783 stores  
32,724 employees

#### FRANCE

Revenue: €4,491 m  
514 stores  
31,156 employees

#### EUROPE (excl. France)

Revenue: €8,731 m  
1,153 stores  
38,645 employees

#### OTHER MARKETS

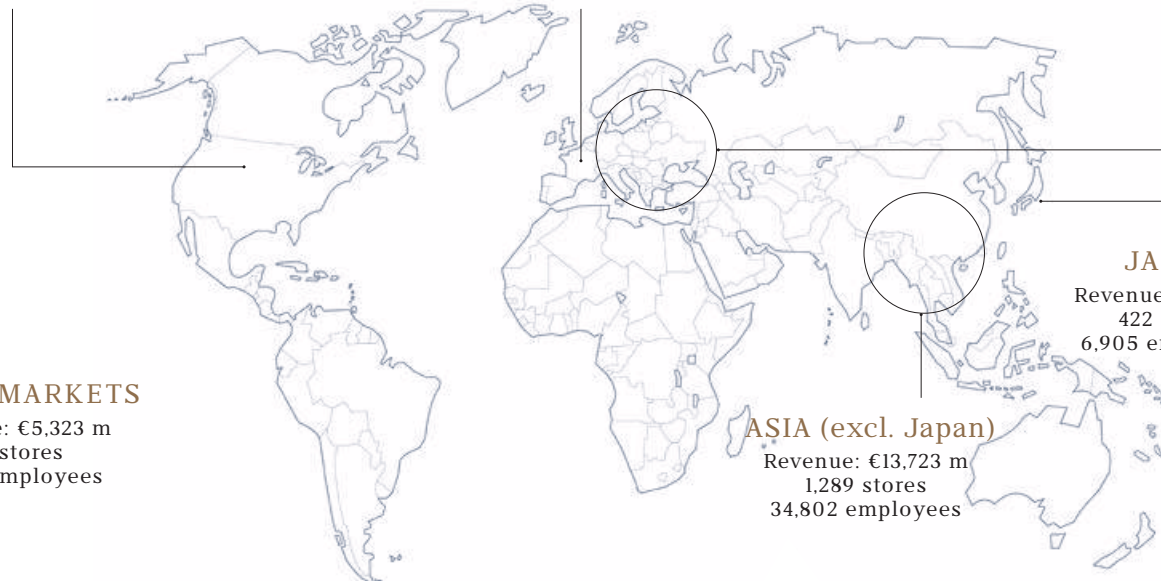
Revenue: €5,323 m  
431 stores  
11,856 employees

#### JAPAN

Revenue: €3,351 m  
422 stores  
6,905 employees

#### ASIA (excl. Japan)

Revenue: €13,723 m  
1,289 stores  
34,802 employees





# COMMITMENTS IN 2018

IN 2018, LVMH GROUP STEPPED UP INITIATIVES  
FOR INNOVATION, THE ENVIRONMENT, ENTREPRENEURSHIP,  
AND YOUNG TALENT.

## TRADITION & EXPERTISE

*LVMH and its Maisons are the heirs and custodians of a long tradition of artisanal and creative skills, some of which date back centuries. They scrupulously safeguard and develop this cultural heritage. Perpetuating these professions and their traditions is vital for LVMH's long-term future, since only very highly skilled artisans can make our beautifully crafted products. And this unique legacy, this expertise, is also what we are known and respected for worldwide.*

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**OCTOBER 2018**

THE 2018 LVMH JOURNÉES PARTICULIÈRES

In 2018, LVMH's Journées Particulières enjoyed unprecedented success with a record 180,000 visitors. The fourth edition of this one-of-a-kind event was even bigger and more international than the previous ones, with 56 of the LVMH Group's Maisons opening 77 exceptional venues to the public - 40 of them for the first time - in 14 countries on five continents. For three days (from October 12 to 14), perfumers, watchmakers, jewelers, shoemakers, trunk-makers, wine experts, barrel-makers, makeup artists and more, welcomed visitors from all backgrounds to showcase their expertise and share the many facets of their work with them. It was an exceptional event, full of memorable moments that will stay with participants as they await the next edition...

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**OCTOBER 2018**

LVMH'S INSTITUT DES MÉTIERS D'EXCELLENCE IN FRANCE AND SWITZERLAND WELCOMES ITS FIFTH CLASS OF STUDENTS AND EXPANDS IN ITALY

In October 2018, LVMH's Institut des Métiers d'Excellence (IME) welcomed its fifth class of students, hitting a major milestone with over 500 apprentices trained this year. In 2018, IME expanded significantly in France and Switzerland, increasing the number of training courses it offers and developing others in partnership with schools. At the end of November, IME in Italy celebrated its second class of apprentices with the announcement of three new partnerships for training courses in artisanal professions and sales - women's footwear at Politecnico Calzaturiero in Capriccio di Vigonza, men's footwear at the Berluti Academy in Ferrara and sales training the Ca' Foscari University of Venice.

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**JUNE 2018**

THE FIFTH ANNUAL LVMH PRIZE FOR YOUNG FASHION DESIGNERS

The LVMH Group always strives to support emerging talent, and in 2018 it awarded the LVMH Prize for Young Fashion Designers, which each year honors the work of a talented stylist, selected by a jury made up of the creative directors of the Group's Maisons. With 1,300 candidates from more than 90 different countries, the LVMH Prize saw record participation levels in 2018. The nine finalists presented their designs at a ceremony held at the Fondation Louis Vuitton on June 6. At the close of this exceptional day, the jury named Tokyo-based Japanese designer Masayuki Ino as the grand prize winner of the fifth annual LVMH Prize, for his fashion label, Doublet.



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FEBRUARY 2018

#### LAUNCH OF THE INSIDE LVMH PROGRAM

In February 2018, the LVMH Group launched the Inside LVMH program, a unique digital experience for students from Europe's top 50 schools and universities and for Group interns. The program allows talented young people to deepen their understanding of the strategic challenges in the luxury industry and "Imagine the Luxury Experience of Tomorrow". In all, more than 4,400 talented young participants joined the program. Of the 200 short-listed students, three winning teams had the opportunity to present their ideas at the LVMH Group's headquarters in Paris, with LVMH Chairman and CEO Bernard Arnault in attendance, along with 50 members of the Group's top management, including Maison Presidents and members of the LVMH Executive Committee. This initiative reflects the Group's ambition to identify the next generation of international talent and bridge the gap between the academic and professional worlds.

## SOCIETY & THE ENVIRONMENT

*Since its inception, the Group has made sustainable development one of its strategic priorities. This policy provides a powerful response to the issues of corporate ethical responsibility in general, as well as the role a group like LVMH should play within French society and internationally.*

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DECEMBER 2018

#### SIXTH ANNUAL LVMH ENGAGED MAISONS DINNER

On December 5, 2018, LVMH's sixth annual Engaged Maisons Dinner was held at the Palais Brongniart. This annual event celebrates the Group and its Maisons' commitment to humanitarian causes and partnership with nonprofits such as UNICEF, Belle & Bien, Cancer@Work, ELA, Epic Foundation, ESAT de L'Arche, Force Femmes, Kelina, Les Restos du Cœur, Les Virades de l'Espoir, Save the Children and Toutes à l'École. The Group supports these organizations all year round and raises funds for the fight against sickle-cell anemia at this event. Alongside the staff of Robert-Debré Hospital in Paris, LVMH and its Maisons help battle this disease by funding research and patient treatment.

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**JULY 2018**

**LVMH, A SIGNATORY OF ACT4NATURE**

LVMH took its long-standing commitment to preserving biodiversity to a new level by supporting “act4nature”, which was launched in 2018 by the Association Française des Entreprises pour l’Environnement (Association of French Companies for the Environment). Together with around sixty other companies, the Group signed a charter of commitments. Ten of them are collective commitments to include biodiversity issues in all areas of business, from governance and strategy to the most concrete operations. The aim is to ensure that each company makes a “net positive contribution to nature”. In addition, each signatory pledges to implement new initiatives that are relevant to its businesses. By taking part in this forward-looking movement, LVMH will help prepare two key events in 2020: the World Conservation Congress of the International Union for Conservation of Nature, which will be held in Marseille, and the COP15 Convention on Biological Diversity in Beijing.

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**JUNE 2018**

**LVMH’S COMMITMENT TO DISABILITY**

LVMH encourages its Maisons to develop their relations with companies that employ people with permanent or temporary severe disabilities, and provide them with special facilities and support (sometimes known as “sheltered” employment). To raise its profile in this area, the Group holds the Disability, Employment and Responsible Purchasing trade fair in France, which is open to the general public. The third annual trade fair, which was held on May 28 in Paris, drew 3,500 visitors, confirming the event’s success. The Maisons also organize a range of different initiatives outside France. For example, in 2018, Sephora recruited 100 people with disabilities at its Olive Branch distribution center in the United States. In Italy, LVMH actively supported two nonprofits that help people with Down syndrome integrate society and the workplace. In Poland, Parfums Christian Dior held a day of job coaching for people with disabilities.





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**MAY 2018**

**LIFE 2020 GOES TO TOKYO**

LVMH wants all its employees to embrace its environmentally friendly approach. In September 2017, to mark the 25th anniversary of its Environment Department, the Group officially presented its aims for 2020 to the teams at an event in Paris entitled "Future LIFE". In 2018, the Group hosted a second edition of this event in Japan on May 30. Like the first, it explained to the 250 participants how LVMH intends to continue its long-standing commitment to preserving natural resources and fighting climate change.

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**MAY 2018**

**A NEW EDITION OF THE LIFE IN STORES AWARDS**

LVMH launched LIFE in Stores to encourage environmental excellence at its Maisons and recognize the stores with the best energy performance. The latest innovations in this field were presented at the second edition on May 16 and 17, 2018. At the event's closing ceremony, seven Maisons - Celine, Louis Vuitton, Loro Piana, Guerlain, DFS, Loewe and Sephora - were recognized for their efforts. More than just a prize, the LIFE in Stores Awards are a source of inspiration for others within the Group, since they open up new avenues in areas as diverse as building insulation, discreet lighting, consumption management and air purity.

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**FEBRUARY 2018**

**LAUNCH OF WECAREFORMODELS.COM**

After drawing up the Charter on Working Relations with Fashion Models and Their Well-Being in consultation with Kering, and having it signed by magazines *Elle* and *Version Fémina*, in February 2018, the LVMH Group launched [wecareformodels.com](http://wecareformodels.com). This website is an integral part of the drive for empowerment, transparency and emancipation initiated by the Charter. It reminds models of the commitments made by both groups to ensure their well-being and the quality of their working relations during runway shows and fashion shoots. [Wecareformodels.com](http://wecareformodels.com) also provides models with useful information, good practices and advice from experts.

## LEADERSHIP & ENTREPRENEURSHIP

*At LVMH, leadership drives performance. Thanks to the leadership of all our employees with vision – and the ability to instill this vision in their staff – we are able to achieve highly ambitious goals. Our decentralized organization lets us build close relationships with our customers; make fast, effective decisions; and motivate our employees for the long term by encouraging them to take an entrepreneurial approach. It promotes risk-taking and perseverance, and requires pragmatism and the ability to rally staff to give their very best. We foster collective intelligence and run in-house innovation development programs so that our boldest employees can transform their innovative ideas into business plans.*

—  
MARCH, JUNE, OCTOBER 2018

NEW EDITIONS OF THE DARE PROGRAM

The DARE (Disrupt, Act, Risk – to be an Entrepreneur) program stimulates innovation by providing 12 teams of employees with a unique experience inspired by the new economy and the world of startups. Each team – with the help of mentors, senior managers from the Maisons and external entrepreneurs – works on transforming its innovative ideas into concrete projects. At each session, three winning projects are selected by the jury to be implemented at LVMH.

Following two successful initial programs in 2017, which were held in France and focused on global innovation and sustainable development, DARE took center stage again in 2018, with a much larger, more international scope, first in Italy in March 2018, with an event focusing on gender diversity, then in Shanghai in June 2018, and finally in New York in October 2018, with events looking at the future of luxury. Since its launch, more than 1,500 talented participants have dared to share their innovative ideas. Of these, 36 projects have been developed further through DARE events, and around fifteen winning projects have moved from the drawing board to reality.



—  
**MAY 2018**

THIRD EDITION OF VIVA TECHNOLOGY

With over 100,000 visitors keen to discover the latest innovations presented by 9,000 startups and hundreds of large companies – including LVMH and 22 of its Maisons – the third Viva Technology trade fair was a resounding success. Throughout this key three-day event devoted to digital transformation, the LVMH Luxury Lab was a major attraction, welcoming French President Emmanuel Macron and hosting conferences to present its Maisons' latest innovations and pitches by the 30 startups shortlisted for the LVMH Innovation Award, which went to French startup Oyst. Thanks to the huge efforts of its employees, the LVMH Group was the twelfth-most frequently mentioned company name at Viva Technology this year, climbing to fifth place in the event's ranking of its most influential partners.

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**APRIL 2018**

LA MAISON DES STARTUPS LVMH  
IS LAUNCHED AT STATION F

LVMH constantly seeks excellence and in 2018 the Group reasserted its intention to remain at the cutting-edge of innovation by launching an accelerator program at Station F, the world's biggest startup campus. The project, named La Maison des Startups LVMH, aims to ramp up collaboration between entrepreneurs and the Group's Maisons, so that together they can invent the future of luxury in a range of sectors. La Maison des Startups LVMH boasts 220 square meters and 89 work stations. Every year, it welcomes 50 international startups working in areas relevant to the challenges faced by the Group and its Maisons. Most of the startups that have already joined the program were spotted at Viva Technology, especially if they participated in the second edition of the LVMH Innovation Award.

## ART & CULTURE

*Art has always inspired the creation of exceptional products, and at LVMH highly skilled craftsmanship and rare professions are a precious cultural resource. It is therefore only natural that the Group should take action to foster art and culture. Our support spans several areas, in France and further afield: we help restore historical monuments, enrich the collections of major museums, contribute to key national exhibitions and support contemporary artists.*

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**JUNE 2018**

RECTO/VERSO AT THE FONDATION LOUIS VUITTON

In June 2018, the Fondation Louis Vuitton hosted its second *recto/verso* (front/back) exhibition, organized by the Secours Populaire Français nonprofit in collaboration with more than 100 contemporary artists from around the world. Their works, which were exhibited for the first time, were then sold in an auction and the proceeds were donated to Secours Populaire Français to help facilitate access to art and culture for people in need.

—  
**2017 - 2018**

SUCCESSFUL EXHIBITIONS  
AT THE FONDATION LOUIS VUITTON

The exhibition *Being Modern: MoMA in Paris*, which was held from October 2017 to March 2018, featured an exceptional selection of 200 artworks from New York. Shown for the first time in France, they retraced the history and mission of the Museum of Modern Art. In the spring, another exhibition entitled *In Tune with the World* brought together modern and contemporary works by nearly 30 artists, including Alberto Giacometti, Henri Matisse, Gerhard Richter, Pierre Huyghe, Yves Klein and Takashi Murakami. Lastly, two exhibitions were held in the fall of 2018: *Egon Schiele* and *Jean-Michel Basquiat*. A selection of 250 artworks taken from their exceptional body of work presented the itineraries of these two artists whose intense and meteoric lives still fascinate us today.





Egon Schiele - *Self-portrait with peacock waistcoat, standing*, 1911.



# CULTIVATING OUR ENTREPRENEURIAL SPIRIT!

BEING ENTERPRISING MEANS PREPARING FOR THE FUTURE, ANTICIPATING TOMORROW'S WORLD AND CONTINUING TO SURPRISE MARKETS IN PERPETUAL FLUX. IT MEANS COMBINING INNOVATION AND TRADITION, DARING AND THE QUEST FOR PERFECTION, BUT ALSO GIVING FREE REIN TO OUR IMAGINATIONS AND EXPLORING THE OPPORTUNITIES CREATED BY NEW TECHNOLOGIES.

Our Group, which operates in a fast-moving business environment with an increasingly international organization - 156,000 employees worldwide, 52% of whom are millennials - has rolled out an ambitious talent recruitment and development policy. It aims to meet future challenges by encouraging employees to be bolder and embrace the Group's founding values: be creative and innovative, deliver excellence and cultivate an entrepreneurial spirit.

## Enriching our talent pool

In 2018, LVMH recruited 40,000 employees on permanent contracts and over 7,300 interns with either Bachelor's or Master's degrees. We seek to attract the most promising candidates to support the Group's development so that we can continue to deliver excellent performance in a highly competitive environment.

Through our staff development policy and by championing diversity within our ecosystem - in all our different Maisons, business lines, activities and geographic areas - we endeavor to offer everyone unique career opportunities, making LVMH a very attractive employer for top talent. Attracting the best is fundamental for LVMH. The Group and its Maisons seek people with skills and experience, but who are also sensitive to and aware of their environment; people who can understand the duality of LVMH's world: the enduring, lasting nature of our Maisons, but the need for us to be responsive, agile entrepreneurs.

We seek people who will blossom in a business environment where proactive entrepreneurship and innovation are highly valued, and there are plenty of opportunities to build a career commensurate with their ambitions.

In order to identify future employees as early on as possible, LVMH has forged strong ties with schools and universities. This year, we organized or took part in over 250 events and initiatives where students could find out more about the Group and our Maisons. For example, we launched the Inside LVMH program (see page 24) in January 2018, a first-of-its-kind omnichannel event, which plunged over 4,400 students from 50 partner schools and universities in six European countries into the world of LVMH and its Maisons.

To hire more experienced employees, LVMH has a network of 800 internal recruiters. It uses forums and committees to maximize their knowledge of the market and guarantee effective recruiting. External hiring is a source of enrichment for the Group and its Maisons, so, as well as encouraging internal mobility, we recruit people from different backgrounds outside the Group who can provide us with fresh perspectives.

## Committed to our talented employees

LVMH's 156,000 employees are central to the Group and its Maisons' success, both individually and collectively. Creating a work environment that ensures they are both fulfilled and committed is a priority for the Group's and the Maisons' senior executives, managers and HR teams. We believe in our people and know our success depends on their talent. Our mobility policy offers them career opportunities that grow their skills and help them establish a robust professional network. The annual career reviews conducted by our managers and Human Resources teams enable us to build up a keen understanding of our employees and their professional aspirations. Employees

share and exchange with their managers during these interviews and together they build their career plan. Our people also have access to all the Group's vacancies via a dedicated website. In 2018, it featured almost 9,000 job offers at Maisons around the world. Employees apply for the positions directly and are proactively involved in their own career development. In 2018, for example, 3,600 Group managers found new positions and 56% of managerial vacancies were filled internally.

Our key talent detection tool, the annual Organizational Management Review, is further proof of how vital we believe our people are. In 2018, 67% of executive positions were filled by in-house talent, half of whom were identified in succession plans. This system also allows us to monitor our progress in meeting the Group's objective to increase gender diversity in senior executive teams – women now hold 42% of the positions (compared with 23% in 2007).

### Promoting a culture of learning

In a sector as dynamic as the luxury industry, if we want to learn every day, we have to call things into question and be open to the world around us. Change and transformation are critical issues for the Group's Maisons. They must therefore embrace this mindset and function as learning organizations. We constantly encourage our staff to learn from each other by sharing their experiences – both their successes and their failures.

Our employee skills development initiatives focus on four main topics: understanding the culture and values that make our Group what it is and are the very essence of our organization; developing management and leadership among LVMH managers; promoting business excellence by exploring issues like brand desirability; and pursuing open innovation initiatives (like DARE – see page 27), which are designed to interest everyone in new, more agile methods of working.

The Group founded the Institut des Métiers d'Excellence LVMH in 2014 to ensure that its craftsmanship, design and sales expertise is passed on to the next generation. IME offers free, practical vocational training programs for

the most talented young applicants, whatever their background. By doing this, IME promotes equal opportunities without compromising on its strict selection criteria. Since its inception, it has trained a total of 500 apprentices in France, Switzerland and Italy, enhancing their employability. IME is yet another example of LVMH's efforts as a responsible employer to foster diversity of origin and culture in its Maisons.

### Being people-focused

LVMH's approach to corporate social responsibility is based on a long-term vision for our employees and the communities around us.

Both in-house and outside the Group, our managers and staff are committed to meeting four corporate social responsibility (CSR) goals: developing employee expertise and talent; promoting their physical and psychological well-being; preventing discrimination; and supporting local communities and regional development.

Our employees receive regular information about our CSR initiatives in integration seminars, training courses (e.g. anti-discrimination training), specific communications (for example about opportunities for engagement – sponsorship of nonprofits, ambassador positions for the causes supported by a Maison), and at events like the Engaged Maisons Dinner (see page 25).

The Group is involved in a range of programs and partnerships with organizations working at the grass-roots level. For example, it helps young people find a profession; vulnerable, isolated women reclaim their rights; the inhabitants of stigmatized neighborhoods, etc. LVMH also pays special attention to the employment of people with disabilities.

The Group and its Maisons are responsible for several initiatives in this field in France and internationally. For example, in 2018, LVMH actively supported two nonprofits in Italy that help people with Down syndrome integrate society and the workplace. Sephora's Olive Branch distribution center in the United States also hired 100 people with disabilities.

## Indicators

as of December 31, 2018

**33**  
median age

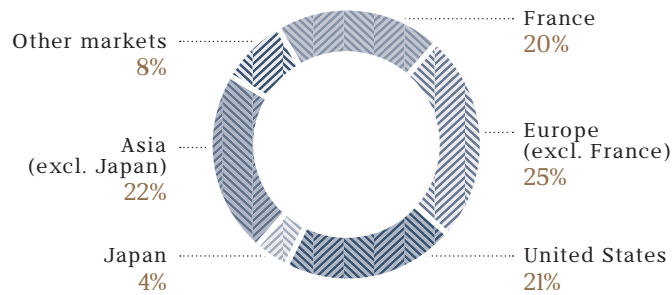
**156,088**  
employees worldwide

**73%**  
women

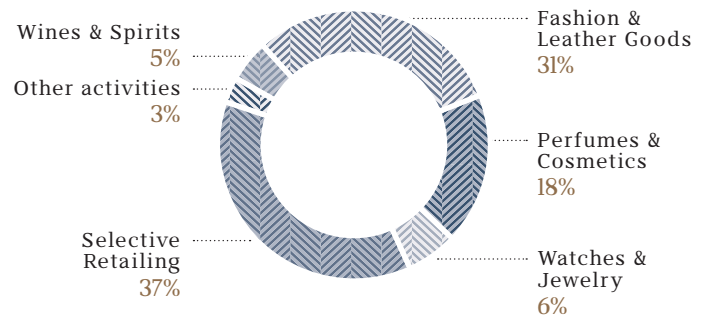
**40,614**  
joiners<sup>(1)</sup>  
including 4,946 in France

**€131 m**  
invested  
in training

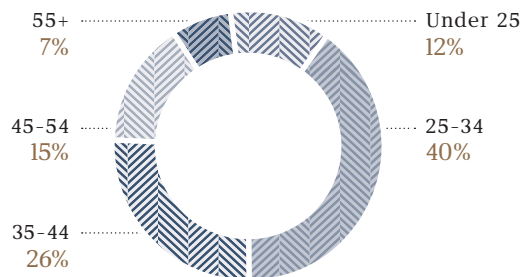
EMPLOYEES BY REGION  
(in %)



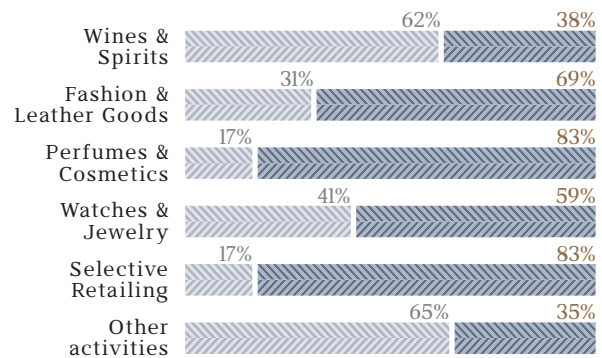
EMPLOYEES BY BUSINESS GROUP  
(in %)



WORKFORCE BY AGE<sup>(1)</sup>  
(in %)



BREAKDOWN OF MEN/WOMEN  
BY BUSINESS GROUP<sup>(1)</sup>



(1) Total permanent headcount.



GUERLAIN

# ENVIRONMENT: LVMH IS ON TRACK TO MEET ITS TARGETS FOR 2020

BY ENGAGING ITS 156,000 EMPLOYEES AROUND THE LIFE 2020 SUSTAINABILITY GOALS SHARED BY ALL ITS MAISONS, LVMH IS CONTINUING TO ROLL OUT ITS MEASURES TO HELP PROTECT THE ENVIRONMENT. NEW ACHIEVEMENTS IN 2018 HIGHLIGHT THE PROGRESS MADE IN THIS AREA.

## Focusing on shared goals to achieve environmental excellence

Since very early on, LVMH has been committed to setting the benchmark for environmental stewardship. Using sustainability to drive innovation and propel its growth strategy, the Group has often led the field in this area, such as in 1992, when it set up an Environment Department reporting directly to the Group's Executive Management. The launch of LIFE (LVMH Initiatives for the Environment) in 2012 was another pivotal step. This global program unites the Group's staff and structures its initiatives around a shared vision and nine key priorities for its environmental performance. In 2016, LVMH reached a new milestone with LIFE 2020. Its Maisons now include LIFE in their strategic planning processes, and the updated program has set several highly ambitious shared goals for 2020 - relating to products, supply chains, sites and stores - and is also aimed at helping to combat climate change. The Group's environmental approach is organized around the four goals presented below:



PRODUCTS

### Improving the environmental performance of all products

With LIFE 2020, LVMH will be expanding the use of sustainable design techniques, which aim to reduce a product's environmental footprint over its entire life cycle. For the Group, this approach is a catalyst for innovation and creativity, reinforcing its extremely high quality

standards and ensuring that its Maisons' products are truly timeless. Staff are trained by the Environment Academy, set up in 2016, and the Group has introduced various decision-making tools such as Edibox, which calculates the Environmental Performance Index (EPI) of packaging. The Group's Wines & Spirits and Perfumes & Cosmetics companies, for example, calculate the EPI of all their products and are aiming to improve their results by 10% by 2020. In 2018, Hennessy had already achieved a 12% improvement, while the champagne houses improved their results by 5%, and Perfumes & Cosmetics by 4%. The progress made by LVMH is also rooted in education and innovation. By partnering with the prestigious Central Saint Martins art and design school, LVMH is promoting the development of new design methods and materials that are aligned with its environmental performance goals. In 2018, one of the initiatives that grew out of this partnership was Green Trail, which recognized the most sustainable student projects.



SUPPLY

### Achieving the highest environmental standards in 70% - and soon 100% - of the Group's supply chains

The sustainable procurement policy pursued by LVMH aims to protect an essential resource: the often rare and precious natural raw materials from which its products originate. It has now been given fresh impetus with two new targets: achieving the highest environmental standards in 70% of supply chains by 2020, and in 100% of them by 2025. LVMH is focusing in particular on the certification of raw

materials and suppliers, which ensures the environmental excellence of practices. One of the initiatives in this area involves securing Leather Working Group (LWG) certification for the tanneries that provide the Maisons' leather supplies. The Fashion & Leather Goods companies are committed to ensuring the well-being of the animals that provide raw materials such as leather, wool and fur. LVMH shares this commitment with civil society, and the Group has been the driving force behind many real-world improvements made in this area. It is working to coordinate efforts with the business sectors concerned in order to lead the way when it comes to improving breeding practices. This represents a long-term investment to promote ethical and sustainable social development, one that protects farmers and guarantees the use of best practices to promote animal welfare. For example, LVMH has launched a certification program for all the crocodile farms that supply the Heng Long exotic leather tannery. It also aims to offer customers who wish to wear fur, products that are made as responsibly and ethically as possible. LVMH prohibits the use of fur from endangered species and works hand in hand with its suppliers to give preference to certified pelts from farms that meet very high standards.

With regard to sustainable winegrowing, while all French vineyards owned by the Group have been certified along these lines since 2017, the Maisons encourage their grape suppliers to take their own measures. For their part, all of the Group's Watches & Jewelry companies have received certification under the Responsible Jewellery Council (RJC) system. While maintaining this drive for progress, LVMH is working to increase the accountability of its suppliers. They must all agree to comply with a specific Code of Conduct first issued in 2008 and updated in 2017. The Group carries out frequent audits to evaluate their performance and help them make improvements where necessary. Some Maisons have set up their own sustainable supply chains, such as Loro Piana for vicuña wool and Guerlain for Australian sandalwood. Several of them, like Parfums Christian Dior, are working to protect plant species by carrying out ethnobotanical studies. LVMH lays the groundwork for future progress by taking part in numerous workgroups and discussions aimed at sharing best practices and developing new standards.



CO<sub>2</sub>

### **Cutting energy consumption-related CO<sub>2</sub> emissions by 25%**

LVMH began monitoring its greenhouse gas emissions in 2002 – the year that the Bilan Carbone® assessment was introduced in France – and is fully engaged in the fight

against climate change. With LIFE 2020, the Group has committed to reducing its energy-related CO<sub>2</sub> emissions by 25% compared with 2013 levels. In 2018, this goal was already more than halfway met, with such emissions down 16%. To continue making progress in this area, the Maisons have access to an unprecedented resource in the world of luxury goods: an internal carbon fund. Set up in late 2015, the price per metric ton of CO<sub>2</sub> emitted by Maisons was doubled in 2018 to €30. The amounts collected finance their initiatives to increase energy efficiency, improve monitoring and reporting, and expand the use of renewable energies. In 2018, the fund raised a total of €11.4 million, enabling the launch of 112 pivotal projects led by 28 Maisons. Some of these projects are particularly innovative, such as the one launched by Belvedere to produce steam and generate electricity from biomass. To reduce its carbon footprint, LVMH also enters into framework agreements with green energy suppliers to increase the number of sites powered by renewable energy. In addition, a number of Maisons are making the move to more environmentally friendly modes of transport. In 2018, Sephora introduced electric vehicle delivery to its downtown retail locations in San Francisco, a solution it already offers in France, Spain, Italy and China.



SITES

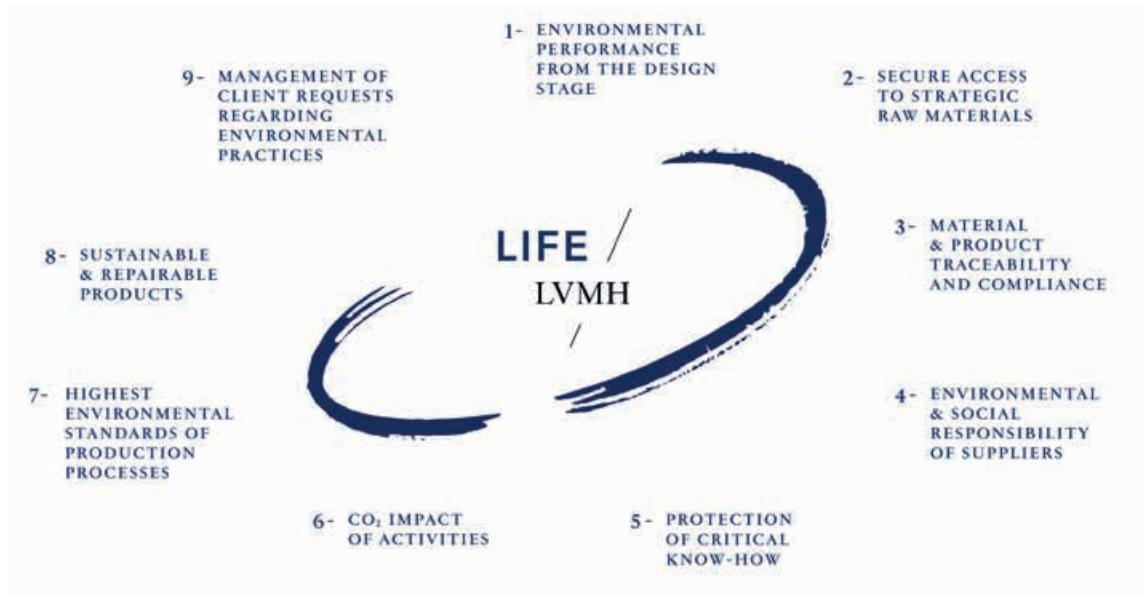
### **Improving key environmental performance indicators by at least 10% at all manufacturing, administrative and retail sites**

Year after year, LVMH works to reduce the environmental impact of its sites and stores. The Group's actions are underpinned by a sustainable building policy and by programs that aim to expand the use of low-energy lighting systems, or process and prepare for reuse several thousand tons of waste each year, particularly via a dedicated recycling platform. Under the LIFE 2020 program, LVMH Maisons are required to implement an environmental management system at each of their production sites and must reduce at least one of the following by 10% relative to 2013: water consumption, energy consumption, or waste production. LVMH has also set two specific targets to make the Group's stores more sustainable. One of these was met in 2017: an average improvement of 15% in the energy efficiency of existing retail locations. The second relates to new stores, which must achieve an environmental performance score of at least 50 out of 100 on the LVMH Store Guidelines assessment scale, developed on the basis of international standards. The Group supports its Maisons through initiatives such as the LVMH LIFE in Stores award program, which was held for the second time in the spring of 2018 in Paris.



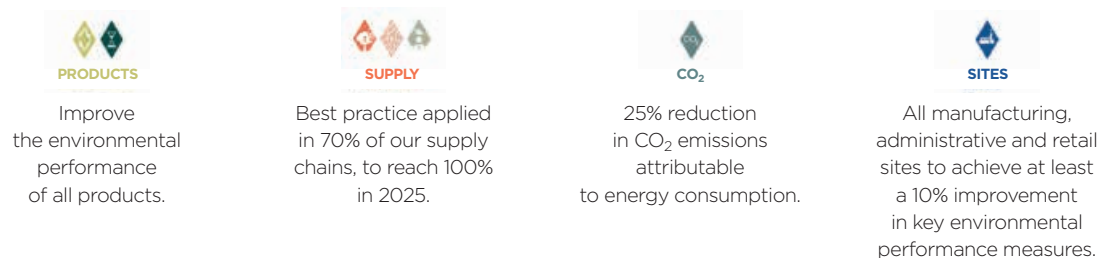
## The dynamics of the LIFE program

In 2015, all of our Maisons incorporated the LIFE program into their strategic plans. LIFE is a source of innovation and creativity, and also a common language that allows our upper-level management to get deeply involved. The Group oversees all of these activities, in cooperation with the LVMH Environment Department.



## Goals for 2020

Four key goals, defined in 2016 by a group of 80 people from 27 Maisons, now form the backbone of the Group's Environmental approach:



**48%**  
of leather purchased  
by the Maisons comes from  
LWG-certified tanneries

**€11.4 m**  
for projects financed  
by the carbon fund



# SUPPORTING CULTURE, YOUNG PEOPLE AND HUMANITARIAN PROJECTS

FOR OVER 20 YEARS, LVMH'S GROUNDBREAKING CORPORATE PHILANTHROPY HAS EXPRESSED THE CULTURAL, ARTISTIC AND HUMANITARIAN VALUES THAT UNITE ALL ITS MAISONS, AND UPON WHICH THEY HAVE BUILT THEIR SUCCESS.

## Culture, heritage and contemporary design

In 2018, LVMH maintained its commitment to supporting art, culture, heritage and contemporary design. LVMH has been a loyal patron of the "Nuit Blanche" night-time arts festival for more than eleven years, and once again provided support alongside the City of Paris this year to the French and international arts scene, giving center stage to contemporary artists at an event open to all in the heart of Paris. In the spring of 2018, LVMH took part in the reopening of the Queen's Hamlet at the Palace of Versailles, renovated thanks to Dior's patronage. Then, in the fall, it sponsored *Cubism*, the major retrospective at the Centre Pompidou in Paris.

LVMH also launched several initiatives to preserve and enrich France's cultural and artistic heritage. With its nearly €8 million donation, LVMH spearheaded the "Become a Patron!" crowdfunding campaign launched by the Louvre museum to acquire King François I's Book of Hours. This acquisition was finalized in 2018. The Group thus made a crucial contribution towards returning this masterpiece of French Renaissance jewelry and metalwork to France's national collections. In addition, LVMH made it possible to acquire another national treasure for Versailles: the silver pitcher given to Louis XIV by the King of Siam. These acquisitions are testimony to the bonds of friendship and trust that have united the Palace of Versailles, the Louvre, and LVMH since the restoration of the Africa, Crimea and Italy rooms in 1992 and the acquisition of David's *Portrait of Juliette de Villeneuve* in 1998. LVMH also provided support for the opening of the Giacometti Institute in Paris last spring. In 2018, LVMH held the fifth edition of the LVMH Prize for Young Fashion Designers, which is

open to fashion designers from all over the world. In 2018, actress Emma Stone and multidisciplinary young artist Jaden Smith presented Masayuki Ino with the Grand Prize, together with a grant of €300,000 and a year-long mentorship provided by a dedicated team, in a ceremony held at the Fondation Louis Vuitton. The panel of judges also decided to award a special prize to Rok Hwang for Rokh. He will receive €150,000 as well as a year of mentoring by LVMH.

## Opportunities for young people

In 2018, LVMH's patronage of programs for young people focused on music. It notably renewed its support for "Orchestre à l'école", enabling some 200 children all over France to learn a musical instrument as part of a special educational program. The Group also supported the Opéra Comique's promotion of cultural activities by gifting 500 season tickets for 2018-2019 to young people. LVMH also once again loaned out the Stradivarius in its collection.

## Backing medical research and certain social causes

Lastly, the Group supported numerous institutions well-known for their work with children, the elderly and people with disabilities, and for their efforts to combat major causes of suffering and exclusion, in particular by supporting Secours Populaire, a French nonprofit, and Fraternité Universelle, a foundation in Haiti. In 2018, LVMH also supported a number of scientific teams and foundations involved in cutting-edge public health research.



Jean-Michel Basquiat, *Napoleonic Stereotype Circa 44*, 1983.

## Fondation Louis Vuitton consolidates its position as a leading institution on the global arts scene

The Fondation Louis Vuitton had a record-breaking year, with nearly 1.2 million visitors in 2018. This success reflected its exceptional programming, which enthralled visitors throughout the entire year.

Until March 2018, the *Being Modern: MoMA in Paris* exhibition made it possible, for the first time in France, to host an exceptional selection of 200 works brought to Paris from New York to recount the history of the Museum of Modern Art and its vocation as a collector.

In the spring and throughout the summer, the *In Tune with the World* exhibition featured a selection of modern and contemporary works from the Fondation's collection, by around thirty artists including Alberto Giacometti, Henri Matisse, Gerhard Richter, Pierre Huyghe, Yves Klein and Takashi Murakami.

In the fall, the *Egon Schiele* and *Jean-Michel Basquiat* exhibitions – held simultaneously but as part of separate exhibits – plunged visitors into the life and work of these two 20th-century icons. The *Jean-Michel Basquiat* exhibition, which featured nearly 120 of the artist's major works, covered the period from 1980 to 1988, with his works grouped by date and by topic over the Fondation's four levels. The *Egon Schiele*

exhibition, held by the Fondation's reflecting pool, retraced the artist's meteoric rise, from when he turned eighteen in 1908 to his death in 1918, with more than 100 of his works. When they ended in January 2019, these two exhibitions totaled more than 676,000 visitors.

From February 20 to June 17, 2019, the Fondation, in partnership with the Courtauld Gallery in London, will hold an exhibition entitled *The Courtauld Collection: A Vision for Impressionism*. For the first time in more than sixty years, it will bring together in Paris the collection of Impressionist and Post-Impressionist works of the English industrialist and art patron Samuel Courtauld, featuring an exceptional selection of around 110 works, including some sixty internationally renowned works by the movement's most iconic figures, such as Cézanne, Gauguin, Manet, Seurat and Van Gogh. In parallel, the Fondation Louis Vuitton's other exhibition spaces will be used to show *A Vision for Painting*, a new selection of 70 never-before-seen works from its collection by 23 French and international artists from the 1960s to today, including Joan Mitchell, Alex Katz, Gerhard Richter, Ettore Spalletti, Yayoi Kusama and Jesús Rafael Soto.



# ETHICS AND RESPONSIBLE PARTNERSHIPS

THE LVMH GROUP CULTIVATES ITS DIFFERENCE THROUGH A CONSTANT QUEST FOR EXCELLENCE. WE MUST THEREFORE BE EXEMPLARY WHEN IT COMES TO ETHICS, CORPORATE SOCIAL RESPONSIBILITY, AND RESPECT FOR OUR STAKEHOLDERS.

## Benchmark ethical texts and their application

LVMH's commitments to its employees and stakeholders are reflected in its long-standing support for benchmark initiatives such as the United Nations Global Compact, and in the adoption of internal charters and codes of conduct which serve as benchmark texts for all of its Maisons. These include the LVMH Code of Conduct, the Supplier Code of Conduct, the Environment Charter and the Recruitment Code of Conduct. In 2017, LVMH also drew up a charter on working relations with and the well-being of fashion models, which is applied by all its Maisons worldwide.

The Group has two dedicated bodies that ensure its values and benchmark ethical texts are applied at the operating level. They are: the Ethics and Sustainable Development Committee within the Board of Directors, which is comprised mostly of independent directors, and the Ethics & Compliance department.

The Group's senior executive team coordinates the initiatives of the Ethics & Compliance department with the actions of the Audit, Internal Control, Operations, Procurement, Environment, Social Development, and Financial Communication departments.

Given its businesses, LVMH reflects these commitments and values by paying special attention to various issues. It notably focuses on implementing an employee inclusion and personal growth policy; promoting and passing on expertise and key skills; protecting personal data; reducing its impact on ecosystems and natural resources; and establishing and maintaining responsible supply chains.

LVMH works collaboratively to implement appropriate policies and systems, raise awareness within its Maisons and ensure they make progress, particularly in managing these issues and their relations with suppliers regarding environmental, social and ethical matters. It aims to promote and ensure sustainable supply chains.

## Fair and responsible relations with our partners

Supporting our partners is a key strategic priority. LVMH aims to establish long-term relations with them based on a shared quest for excellence and a desire to establish a set of common ethical rules, practices and principles.

For example, the Group is developing a global policy to ensure that its partners and suppliers adopt best environmental, social and societal practices. The policy involves sensitizing them to the overall issues and providing training in areas specific to their own activities. LVMH and its Maisons take a collaborative approach and support them with audits and the rollout of action plans, where necessary - over 1,000 audits were conducted in 2018.

LVMH's policy for the responsible sourcing of raw materials of animal origin is a key example of this commitment. The Group firmly believes it must continue to promote animal well-being, and protect species, the environment and working conditions all along the supply chain. LVMH plays a proactive role in improving and establishing best standards. It has been the driving force behind a certification procedure which means it can guarantee excellent practices and compliance with the highest standards by all its suppliers.

*Further information can be found in the "Environment" section and in the 2018 Reference Document.*





LVMH

BUSINESS GROUP  
INSIGHTS





LVMH

Wines &  
Spirits

2018

# A VALUE-ENHANCING STRATEGY FOR LASTING SUCCESS

LVMH owes its global leadership in premium wines and spirits to a unique group of exceptional Maisons based in Champagne, Bordeaux and other highly renowned wine-growing regions. Inspired by their visionary founders and drawing on their strong heritage - which for some goes back hundreds of years - they all share the key values of excellence and creativity, combining tradition with innovation.

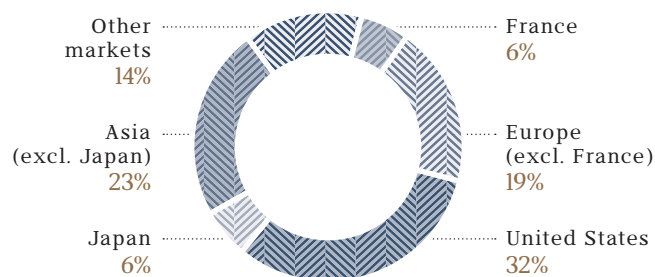
## Well-balanced, worldwide presence

Against the current backdrop of supply constraints, Moët Hennessy continues to pursue a value-enhancing strategy focused on high-end market segments. The balanced geographic expansion of its portfolio of brands continues thanks to a powerful and agile global distribution network present in over 160 countries.

## Responsible procurement policy

To support future growth and maintain the very high quality that has made its Maisons a success, the Wines & Spirits business group pursues a dynamic, responsible procurement policy. All the vineyards owned by LVMH have had sustainable winegrowing certification since 2017, and the Maisons forge partnerships with winegrowers by helping their grape suppliers comply with these certifications. They are also actively developing their production capacities. For example, the responsible, innovative and efficient Pont Neuf bottling and logistics facility inaugurated by Hennessy in 2017 reflects the Maison's long-term vision.

2018 Revenue by region  
(in %)



Revenue  
**€5,143 m**  
+5%<sup>(1)</sup>

Champagne  
sales volumes  
**64.9 million**  
bottles

Cognac  
sales volumes  
**93.3 million**  
bottles

Profit from recurring  
operations  
**€1,629 m**  
+5%

Operating  
investments  
**€298 m**  
+2%

(1) On a constant consolidation scope and currency basis.



Dom Pérignon



# confidences PARTICULIÈRES

AS PART OF LES JOURNÉES PARTICULIÈRES, JOURNALIST AND PODCAST HOST JULIEN CERNOBORI MET OUR MAISONS' ARTISANS IN THE PLACES WHERE THEY WORK AND CREATE. THESE PASSIONATE INDIVIDUALS EMBODY THE GROUP AND ITS VALUES. SELECTED EXCERPTS.



## RUINART

*"The ultimate goal for a sommelier is to become a Cellar Master, but for me the most important thing is to keep learning."*

CAROLINE FIOT  
Oenologist and Cellar Master

In a "crayère" chalk quarry under the city of Reims, Caroline Fiot explains how she joined the house of Ruinart. As she walks down the Magnums gallery, the young oenologist's sense of wonder is palpable as she proudly describes a day's work in this legendary place.



## CHÂTEAU D'YQUEM

*"I care for the vineyard like a daughter."*

RACHEL DESBLÉS  
Wine-grower at Château d'Yquem

Rachel Desblés' laughter rings out across the Château d'Yquem vineyards where she tends to the vines lovingly. Working to the strains of "La vie est belle" by French pop group Indochine, she perpetuates ancestral techniques learnt from her aunt Danièle.



## HENNESSY

*"I want to make something that lasts."*

CHRISTOPHE PIERRE  
Cask-maker

Christophe Pierre's gentle, soothing voice transports us to Cognac. A cask-maker since the age of 18, he explains how important the senses are. He works alongside his childhood friend, perpetuating the age-old traditions of his peers and leaves his mark for posterity.



Scan the QR code with your smartphone to listen to the full collection of "Confidences Particulières" podcasts.

## Major strategic priorities

Pursue value creation strategy.

Develop production capacities to ensure sustainable growth.

Further improve efficiency of distribution in key markets.

## 2018 at a glance

### **Good momentum in China and significant growth in Europe and the United States, despite supply constraints**

The business group reaffirmed its leadership position by pursuing its value strategy and balanced geographic development. In the champagne business, prestige vintages performed remarkably well, while a firm price increase policy continued. A key highlight of the year was the exceptional harvest both in terms of quantity and quality. **Hennessy** cognac recorded good growth in the US market against a backdrop of tight supply; the Chinese market experienced strong momentum. **Glenmorangie** and **Ardbeg** whiskies grew rapidly. Our prestige wines obtained the best ratings.

## Outlook

Excellence, innovation and careful attention to customers' specific expectations in each country will continue to drive growth and value creation in the Wines & Spirits business group in the coming months. In an uncertain global context, all Maisons will rely on their highly dedicated staff, their drive for excellence and innovation, and the strong appeal of their brands to continue securing and sustainably building their long-term future. The diverse range of customer experience they have built up, thanks to the strength of their creative, high-quality product portfolios, will help them adapt to new lifestyles and win over the next generation of consumers.

Moët Hennessy's powerful and agile global distribution network is a major asset, enabling it to react to changes in the economic environment and seize every opportunity to increase market share. Increasing production capacity remains a top priority, along with a very active sourcing policy for all Maisons. As part of their long-term vision, all Maisons aim to step up their sustainability commitment to protect the environment and preserve their expertise.

## 2018 HIGHLIGHTS



Moët & Chandon

The champagne Maisons enhanced their value propositions in a particularly competitive market. While champagne volumes were down 1%, organic revenue growth was 4%. The increased value was driven by more rapid growth in prestige cuvées and a firm price increase policy. For all Maisons, it was a year of exceptional harvests in terms of both quality and quantity.

**Moët & Chandon** consolidated its leading position with solid growth in value, driven by successful product innovations such as *Ice Impérial* and *Ice Impérial Rosé*. In June, the Maison unveiled its new signature, “Must be Moët & Chandon”, and in December announced a partnership with the FIA Formula E championship for electric cars.

**Dom Pérignon** continued to reaffirm its unique model. Its growth was driven by *Dom Pérignon Vintage 2009* and *Dom Pérignon 2000 Plénitude 2*. A highlight of the year was the passing of the torch by Richard Geoffroy – the Maison’s Cellar Master for the past 28 years – on to Vincent Chaperon, who has worked alongside him since 2005. An artistic collaboration was launched with Lenny Kravitz.

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### *Nathalie Balla, winner of the Businesswoman of the Year Award*

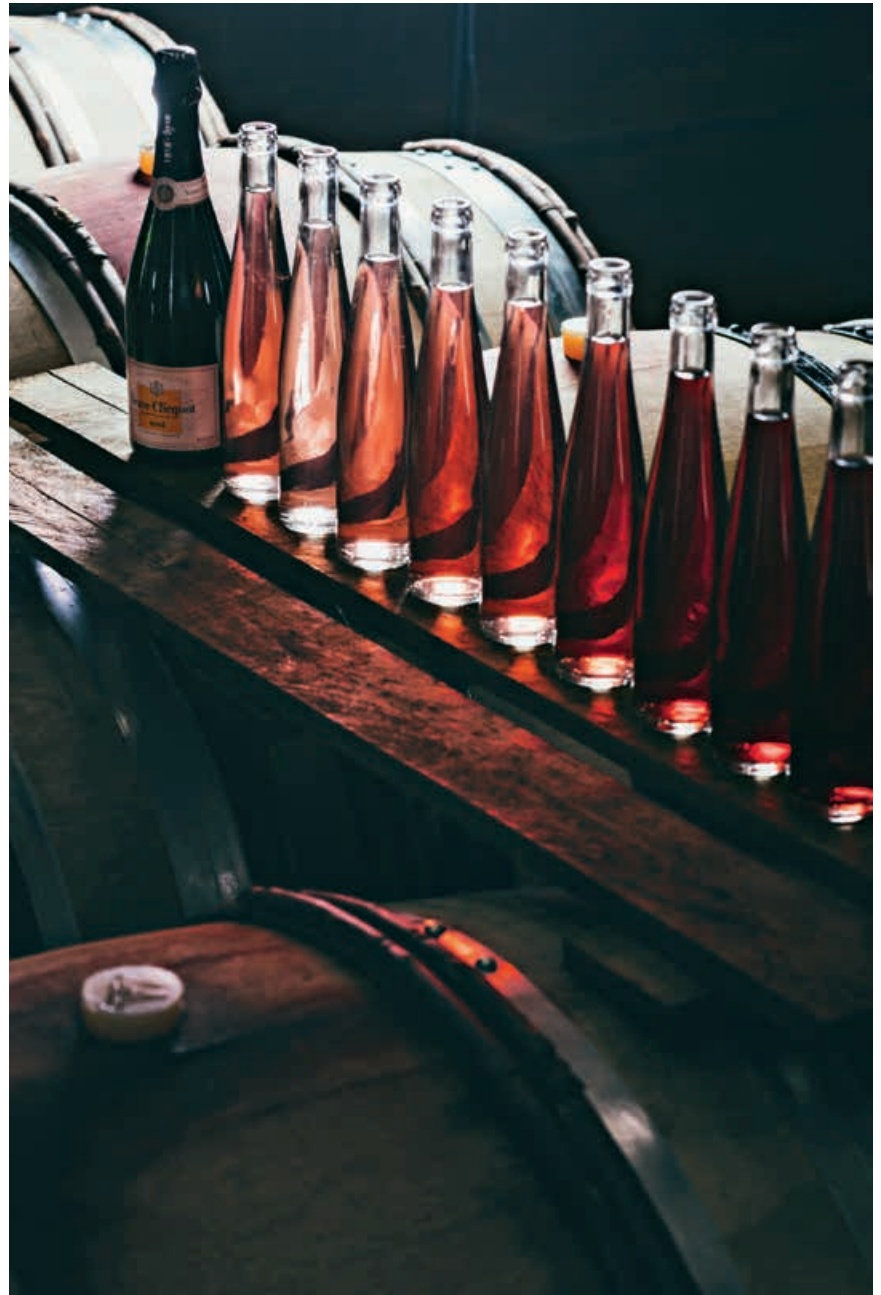
In November 2018, Veuve Clicquot presented its 46th Businesswoman of the Year Award to Nathalie Balla, co-CEO of La Redoute and Relais Colis. Meanwhile, its Prix Clémentine award went to Shanty Baehrel, founder of Shanty Biscuits. Every year, the Maison celebrates female entrepreneurship with these awards. The Businesswoman of the Year Award, which was created in 1972 to mark the Maison’s bicentennial, recognizes exceptional women for their entrepreneurial spirit and pays tribute to Madame Clicquot, who founded the champagne house and was herself a trailblazing businesswoman.



On the occasion of its 160th anniversary, **Mercier** unveiled a fully renovated visitor center. Following another record-setting year, **Ruinart** confirmed its growth, driven in particular by its premium cuvées and its iconic *Blanc de Blancs*. The Maison's oenological excellence was highlighted once again by the launch of *Dom Ruinart 2007*. Its support for contemporary art was illustrated by photographer Liu Bolin's creations depicting the people and expertise behind Ruinart.

In 2018, **Veuve Clicquot** celebrated the bicentennial of the first-ever blended Rosé, created by Madame Clicquot. The Maison continued to honor women entrepreneurs around the world by launching the Veuve Clicquot Businesswoman of the Year Award in Japan, Hong Kong, Russia and South Korea. Construction continued at its new production site near Reims.

**Krug** gained momentum with *Krug Grande Cuvée 166<sup>e</sup> Édition* and *Krug Rosé 21<sup>e</sup> Édition*. The Krug Encounters program, rolled out worldwide, met with great success and the Krug Echoes communication platform was enriched with the addition of innovative tasting experiences.



Veuve Clicquot

—  
*Generosity in action*

Various initiatives were rolled out at Moët Hennessy to celebrate International Women's Day. These included the launch of the *La générosité donne des Elles* program, which organizes fundraising challenges so teams of women representing Moët & Chandon, Dom Pérignon, Ruinart and Mercier can take part in the Raid Amazones 2019 women-only adventure sports contest. Funds raised will also be used to make donations to local nonprofits in countries along the Raid Amazones route.



Hennessy



Glenmorangie

**Estates & Wines** reinforced its wines' reputation for excellence among consumers and opinion leaders: Terrazas de los Andes was named Argentine Wine Producer of the Year, while Newton was recognized by industry publications, receiving exceptional tasting notes. Chandon launched *Aluminum Sweet Star Mini*, a single-serving bottle, in the United States. *Chandon Brut* was named Best Australian Sparkling Wine and *Baron B Brut Nature* was selected as Best Argentine Sparkling Wine, crowning the excellent work of its oenologists.

**Hennessy** maintained excellent momentum in its strategic markets (the United States and China) as well as emerging markets (Africa, the Caribbean, Russia and Eastern Europe), with all its ranges of cognac contributing to this performance in a supply-constrained environment. Organic revenue growth in 2018 came to 7%, with volumes up 3%. The Maison continued to innovate across the various quality grades in its portfolio. It also maintained a high level of investment to ensure the excellence of its eaux-de-vie and increased its production capacity at the new Pont Neuf site - an exemplary model of sustainable design - which

—  
*Ever more sustainable  
winegrowing at Hennessy*

Hennessy is a member of the DEPHY farm network which promotes crop cultivation using less plant protection products. In 2018, the Maison used the mating disruption technique across 46 hectares of land to reduce insecticide use and tested innovative approaches such as using algae-based organic fungicide. Hennessy also supports its winegrowing suppliers, with the ambitious goal of ensuring that they are all committed to a sustainable framework by 2021.

was inaugurated in 2017. Marketing campaigns allowed it to reach target customers with even more precision, while the online portion progressed strongly.

**Glenmorangie** and **Ardbeg** whiskies delivered a solid performance, fueled by ongoing innovation and value creation provided by prestigious offerings designed for connoisseurs and collectors. An ambitious expansion plan is underway for both companies' distilleries.

**Belvedere** vodka's growth was also driven by innovation. Its new *Single Estate Rye* series received numerous awards. The brand maintained its commitment to social and environmental responsibility.

**Volcán De Mi Tierra** tequila, launched in 2017, continued its selective rollout in its two main markets, the United States and Mexico.

**Woodinville Whiskey Company** successfully began its commercial expansion outside Washington State. The **Clos19** online platform enriched its selection of exclusive products and experiences. It continued its expansion in the United States and consolidated its position in the United Kingdom and Germany.



Krug

—  
*Belvedere innovates  
 to boost energy efficiency*

After obtaining the ISO 50001 energy management certification, Belvedere continues efforts to optimize its energy performance, and did not hesitate to call on research and development teams to help it move forward. With the support of LVMH's in-house carbon fund, the Maison launched a landmark project in Poland in 2018: it will use cutting-edge technology to design a cogeneration system that will generate electricity and steam from biomass. The Maison will invest €2 million to develop this system, which will be pioneering by virtue of its small size and industrial use.



LVMH

# Fashion & Leather Goods

2018



# A UNIQUE ASSEMBLY OF CREATIVE TALENT

Louis Vuitton's leadership around the world, the development of a collection of exceptional brands whose success is consolidated year after year, and its active support for young designers make LVMH a key player in the fashion and leather goods industry.

## New designers

Working with the best designers, while respecting the spirit of each brand, is one of our strategic priorities. Our creative directors promote the Maisons' identities, and are the artisans of their creative excellence and their ability to reinvent themselves.

## The right balance of iconic products and innovation

Since 1854, Louis Vuitton's success has been built on the flawless execution of its unique trunk-making expertise, its complete control over distribution and its exceptional

creative freedom, a source of perpetual renewal and innovation.

By ensuring the right balance between new releases and iconic leather goods lines, the Maison continues to dazzle and surprise its customers, and to make its stores ever more inspiring.

## An engaged industry leader

LVMH has always been committed to supporting young designers and up-and-coming talent. The LVMH Prize for Young Fashion Designers was created to reaffirm this commitment. Each year, it recognizes one person's outstanding creative talent.

As a fashion industry leader, LVMH feels a duty to nurture the creative talent of the future. It also feels a duty to ensure the well-being of the fashion models who work for its Maisons. This belief resulted in its decision to draft the Charter on Working Relations with Fashion Models and Their Well-Being.

2018 Revenue by region  
(in %)



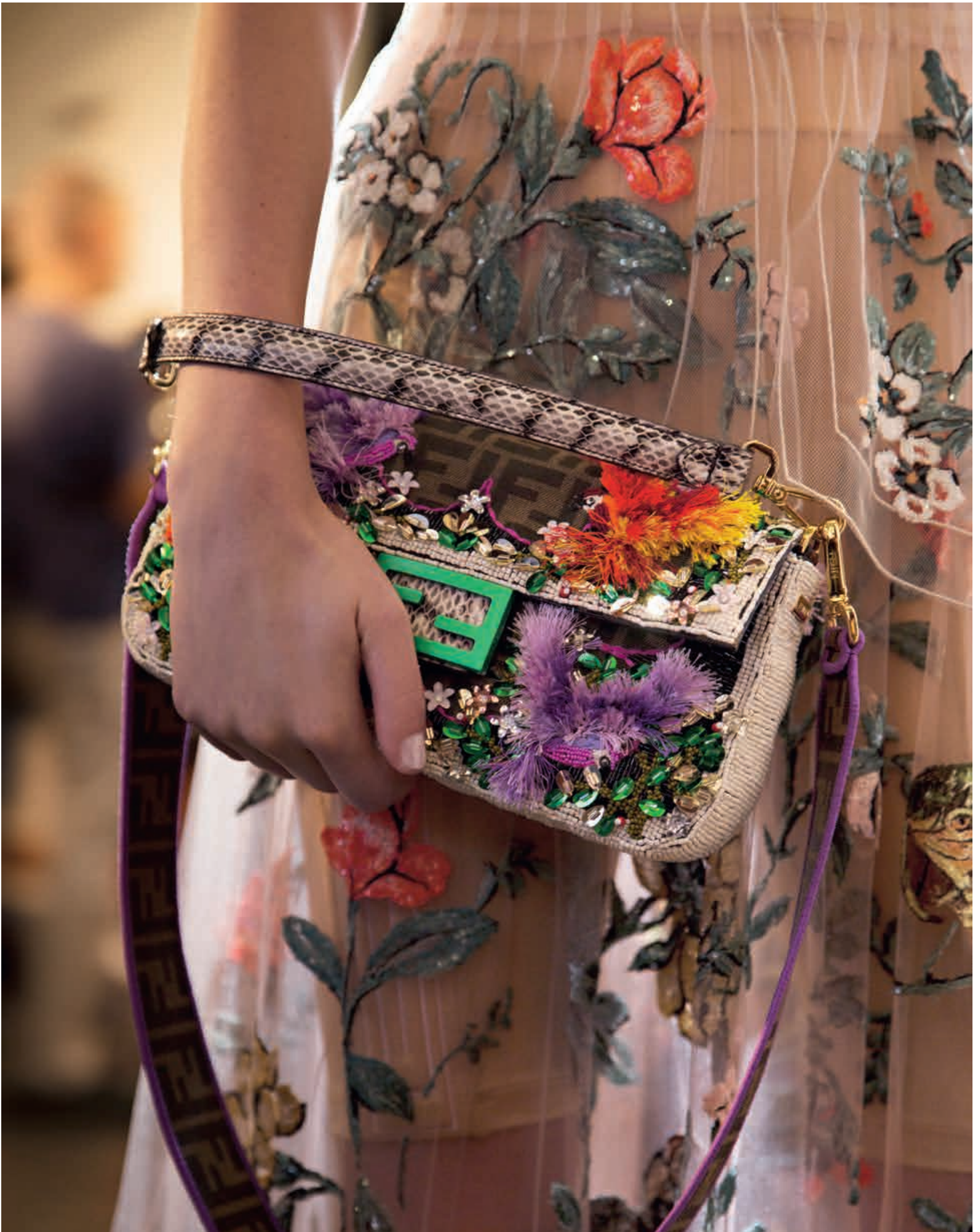
Revenue  
**€18,455 m**  
+15%<sup>(1)</sup>

Profit from recurring operations  
**€5,943 m**  
+21%

Operating investments  
**€827 m**  
+47%

Number of stores  
**1,852**  
+5%

(1) On a constant consolidation scope and currency basis.





# confidences PARTICULIÈRES

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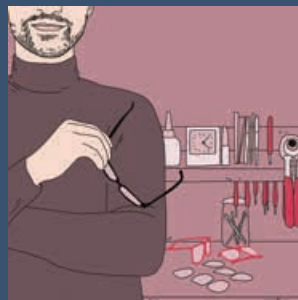


## BERLUTI

*"Making a bespoke pair of shoes is like a voyage, a long expedition – with twists and turns, encounters... It's anything but lonely."*

JEAN-MICHEL CASALONGA  
Master shoemaker

From Berluti's workshop just off the Champs-Élysées in Paris, Jean-Michel Casalonga waxes lyrical about the key stages involved in crafting a pair of bespoke shoes, about the unusual people he's met... He describes his profession as a revelation.



## THÉLIOS

*"We're creators of eyewear – we take the concept and bring it to tangible fruition."*

DANIEL TOMASIN  
Prototype Laboratory Manager at Thélios

Against the breathtaking backdrop of the Dolomites, Thélios Prototype Laboratory Manager Daniel Tomasin, tells us how lucky he is, lucky to have started from scratch. As a child, he wasn't very fond of school; as an adult, he describes his life as a quest for creation and novelty.



## DIOR

*"I give the fabric a soul."*

ISABELLE ANDRÉ  
Dressmaker

On the fifth floor of the Christian Dior Couture workshop, amid rolls of fabric and dressmakers' mannequins, Isabelle André brings Christian Dior dresses to life. She has cultivated her expertise from a very young age and takes almost childish delight in narrating her own fairy-tale career.



Scan the QR code with your smartphone to listen to the full collection of "Confidences Particulières" podcasts.



## Major strategic priorities

Continue to develop Louis Vuitton, blending the timeless and the modern, while preserving its unmatched quality standards and exclusive distribution channel, which is unique worldwide.

Reinforce the Maisons' desirability and profitable growth.

## 2018 at a glance

### Exceptional performance of Louis Vuitton across all its businesses and strengthening of other Maisons

**Louis Vuitton** delivered an exceptional performance, to which all businesses and regions contributed. Its creative strength lies notably in its iconic leather goods lines which are continuously rejuvenated, and in its ready-to-wear and shoe lines, designed by the respective Louis Vuitton Creative and Artistic Directors, Nicolas Ghesquière for the women's collections and Virgil Abloh, who joined in 2018, for the men's collections. The qualitative development of its stores continued in a very selective way. **Christian Dior** had an excellent first full year within LVMH thanks to the creativity of Maria Grazia Chiuri for the Women's collections and to the arrival of Kim Jones, the new Artistic Director of Dior Homme. **Fendi** and **Loro Piana** continued to assert their know-how throughout their collections. **Celine** entered a new and ambitious stage of its development with the arrival of Hedi Slimane as Artistic, Creative and Image Director of the brand. His first runway show in October was a global success. **Givenchy**, **Loewe** and **Kenzo** progressed well. The other brands, **Berluti**, with the arrival of Kris Van Assche, and **Rimowa**, continued their dynamic momentum.

## Outlook

**Louis Vuitton** will keep building its growth on its creative momentum and its unique traditional craftsmanship. In terms of products, high-profile initiatives will be launched in all businesses. Plans are underway for a number of emblematic stores. Campaigns and events connected with Louis Vuitton's business highlights will support these developments. The Maison will continue to reinforce its production capacity with the opening of a new workshop in Beaulieu-sur-Layon in the Maine-et-Loire department of western France in early 2019.

**Christian Dior** has set itself ever more ambitious targets for the months ahead. Creativity, innovation and expertise will continue to fuel its business, and several high-impact events in key markets will increase the brand's international reach. **Fendi** plans to step up the pace of its growth, with a number of product launches in the coming months and strong performance in ready-to-wear collections as well as the expansion of its leather goods offering. The first highlight of the year will involve a refocus on its iconic *Baguette* handbag. At **Celine**, its new designer's first ready-to-wear collections will debut in boutiques in the first half of the year, marking the beginning of the rollout of its new store concept.

## 2018 HIGHLIGHTS



Louis Vuitton

**Louis Vuitton's** excellent performance was driven by its momentum in all its creative areas, and reflected an ideal balance between the vitality of its iconic product lines and the contribution of fresh new designs. Opening a new chapter for its Menswear collections, Virgil Abloh's first runway show in June was met with an enthusiastic welcome. Continuing a longstanding tradition of artistic friendships, the collaboration between Creative Director of Womenswear Nicolas Ghesquière and stylist Grace Coddington featured a playful assortment of animals across a collection of handbags, accessories and footwear. In leather goods, a new line - *New Wave* - made its debut, and the iconic *Twist*, *Capucines* and *Néonoé* models were revisited. The first Louis Vuitton fragrances for men were launched, while the women's perfume collection was expanded. With the launch of its most recent creation, *Attrape-Rêves*, actress Emma Stone became the star of Louis Vuitton's first fragrance film.

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### *Certified exotic leathers for Heng Long and LVMH*

LVMH's global policy on animal well-being and breeding conditions is at the forefront of crocodile leather supply regulations, since the Group has launched a brand new standard. The new criteria were developed and approved by a committee of technical specialists, including independent organization NSF International. The new certification, which reinforces the tannery's existing traceability requirements, has already been awarded to three farms that supply Heng Long, LVMH's wholly owned, Singapore-based tannery. LVMH intends to ensure that all the farms supplying Heng Long are certified by 2020.

In its constant quest to offer its customers unique experiences, the Maison continued enhancing the quality of its retail network, renovating its South Coast Plaza store in California. Pop-up stores were also opened in several cities around the world. To meet high demand for its products, Louis Vuitton opened a new workshop in the Vendée department of western France in 2018. In October, the Maison was awarded the Butterfly Mark by Positive Luxury for its commitment to excellence in the field of environmental and social responsibility. Continuing its worldwide tour, the "Volez, Voguez, Voyagez" exhibition touched down in Shanghai at the end of the year.

For its first full year as part of the LVMH Group, **Christian Dior Couture** turned in a remarkable performance in all its product categories and all its regions, and enhanced its appeal worldwide. Dior's excellence and creativity were on display, particularly at the runway shows for Maria Grazia Chiuri's womenswear collections: the highly acclaimed Spring/Summer 2018 Haute Couture show, an ode to surrealism, was followed by an extraordinary masked ball in the gardens of the Rodin Museum; the Cruise show was held at the Domaine de Chantilly, with a spectacular performance by traditional female equestrians from Mexico; the Spring/Summer 2019 Ready-to-Wear collection was accompanied by a poetic ballet of contemporary dance. In June 2018, the new Creative Director of Menswear Kim Jones had his runway debut with the Spring/Summer 2019 show, held in the courtyard of the French Republican Guard in Paris, which was a resounding success, as was the Fall 2019 show held in Tokyo in November 2018. Dior's iconic Toile de Jouy design embellished the imposing facades of its largest boutiques. In another first, the *Dior Dior* high jewelry collection was exhibited at the City of Paris' Museum of Modern Art during Couture Week, and was a great success.

**Fendi** continued to reaffirm its creativity and expertise through its ready-to-wear, handbag and footwear collections, as well as its Couture runway show in Paris, designed by Karl Lagerfeld and Silvia Fendi. The iconic *Peekaboo* handbag was showcased in an innovative digital marketing campaign, while two capsule collections – *FF Reloaded* and *Fendi Mania* – were launched, expressing a highly contemporary side of the brand.



Christian Dior Couture



Celine

Fendi reinforced its retail network and reaffirmed its commitment to preserving expertise with an exhibition in Rome and strong involvement in LVMH's Institut des Métiers d'Excellence.

Growth at **Loro Piana** was driven in particular by the success of its recent collection, *The Gift of Kings*, made from the world's finest wool, an emblem of the excellence of the raw materials sourced by the company. Its *Baby Cashmere*, another exceptional material, celebrated its 10th anniversary at a series of pop-up stores around the world. Footwear turned in an excellent performance. The brand focused on developing women's ready-to-wear and the customer experience in a network of stores whose expansion remained selective.

**Celine**'s momentum remained strong, driven by the ongoing success of its leather goods lines. It embarked on a new phase in its development with the arrival of Hedi Slimane as Artistic, Creative and Image Director. In September, his first runway show was a great success and had a huge impact in the fashion world.

**Givenchy** was boosted by the success of Clare Waight Keller's first collections, available in boutiques starting in February. The design of the Duchess of Sussex's wedding gown substantially raised its brand exposure. Clare Waight Keller's talent was recognized several times throughout the year, particularly at the British Fashion Awards. A flagship boutique was inaugurated on New Bond Street in London.

Under the leadership of its Creative Director Jonathan Anderson, **Loewe** achieved very strong momentum, with the success of its new *Gate* line of leather goods and rapid growth in ready-to-wear. A wide range of gifts was on offer at the end of the year. The brand continued to selectively expand and improve its network.

**Kenzo**'s casual urban offering was expanded, with Menswear performing especially well. Women's ready-to-wear reaffirmed the balance sought between modernity and desirability. One of the year's highlights was a significant geographic expansion, with the brand opening boutiques and inaugurating its digital presence in the United States, and resuming retail operations in China and Macao.

**Berluti** achieved strong performance and expanded its retail network. All product categories posted growth, especially exceptional items such as tailored footwear,

exotic leathers and special orders. The *Zero Cut* shoe, crafted from a single piece of leather, expresses the quintessence of Berluti's shoemaking expertise. The year was marked by the arrival of Kris Van Assche as its new Artistic Director.

**Marc Jacobs** continued to reorganize and to develop its product lines. Its *Snapshot* leather goods line saw rapid growth. A pop-up store was opened on Madison Avenue in New York to mark the launch of the *Redux Grunge Collection 1993/2018* capsule collection.

**Rimowa** continued its collaborations to design limited-edition suitcases. The collections designed together with streetwear brand Supreme and Off-White, Virgil Abloh's label, were very well received and enhanced Rimowa's appeal. The brand celebrated its 120th anniversary and launched its first global marketing campaign.

**Thomas Pink** revised its visual identity and became Pink Shirtmaker London.



Givenchy

—  
*Loro Piana takes action  
to save water in Peru*

Loro Piana, which is highly committed to the breeding of vicuñas of Peru, launched the Acqua project. The aim is to protect water, which is becoming increasingly scarce in some areas as a result of climate change. This trend is causing irreversible damage to the vicuñas' habitat and, more generally, to the local fauna, flora and populations. The Maison is testing several technical solutions in the Arequipa region designed to collect water in holding tanks so it can be used to irrigate pastures and create wetlands. The most efficient solutions will be rolled out on a large scale, including in other regions of Peru.



A top-down view of a person lying on their back on a vast, dense carpet of pink rose petals. The person is wearing a white long-sleeved shirt, dark trousers, and a wide-brimmed straw hat. Their hands are resting on a light-colored woven bag. The scene is brightly lit, creating a soft, romantic atmosphere.

LVMH

# Perfumes & Cosmetics

2018

# FOCUSING ON QUALITY AND CULTIVATING OUR UNIQUENESS

LVMH is a key player in the perfume, makeup and skin-care sector, with a portfolio of world-famous established names as well as younger brands with a promising future. The exceptional momentum of LVMH's Maisons is driven by growth in its flagship lines as well as bold new products. They are all driven by the same values: the pursuit of excellence, creativity, innovation and control of their brand image.

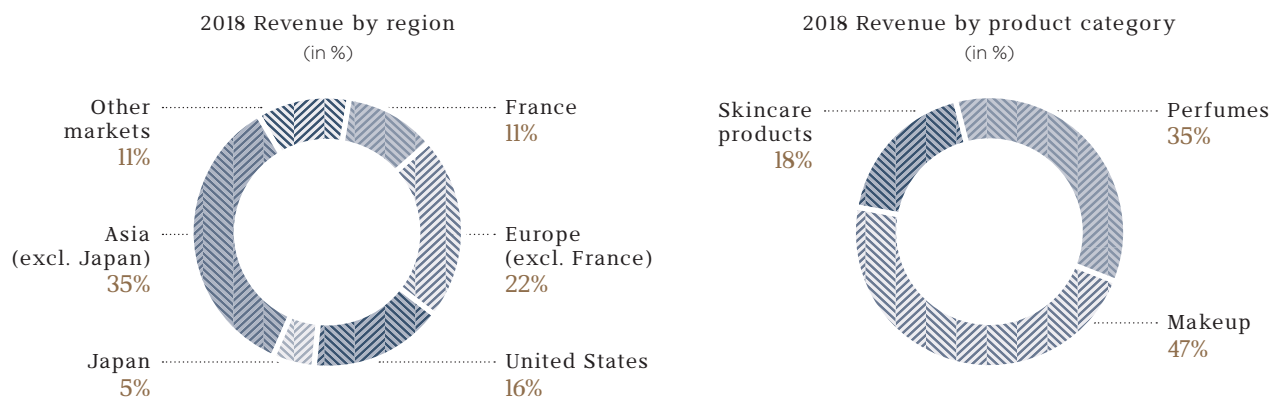
## Consistent market share gains

With surging demand in Asia and the huge popularity of makeup among younger generations, the global perfume and cosmetics market is highly competitive and features shorter and shorter innovation cycles. In this context, all of LVMH's Maisons continue to pursue their objective of

gaining market share, which depends more than ever before on quality, product performance and a robust innovation policy. In the heart of France's Cosmetic Valley business cluster, researchers at LVMH's Hélios R&D facility play a crucial role in helping the Maisons meet these requirements.

## Excellence and innovation in retailing

All brands are accelerating the implementation of their online sales platforms and stepping up their digital content initiatives. Excellence in retailing is key, requiring expertise and attentiveness from beauty consultants, as well as innovation at points of sale. Our brands are actively incorporating digital tools to enhance the customer experience and attract new consumers.



Revenue	Profit from recurring operations	Operating investments	Number of stores
€6,092 m	€676 m	€330 m	354
+14% <sup>(1)</sup>	+13%	+15%	+18%

(1) On a constant consolidation scope and currency basis.







# confidences PARTICULIÈRES

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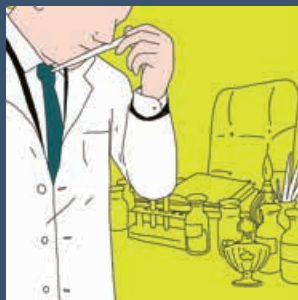


## MAISON FRANCIS KURKDJIAN

*"I never start with the fragrance. That comes at the end of the story."*

FRANCIS KURKDJIAN  
Perfumer

Francis Kurkdjian grew up in a happy, creative home, where he developed a taste for the spectacular, for clothes and for celebrations. In his Parisian studio, he recalls with amusement the letter that changed the course of his life.



## GUERLAIN

*"Perfume is a form of expression."*

THIERRY WASSER  
Master Perfumer

You need a nose to be a perfume designer, but there's much more to it than that. It's also about alchemy, mystery and imagination. All these things are imbued in you as a child. Thierry Wasser, Master Perfumer at Guerlain, gives a passionate portrayal of his craft, a lifetime's work.



## PARFUMS CHRISTIAN DIOR

*"Growing flowers is magic – it's a little girl's dream come true."*

ARMELLE JANODY  
Perfume flower farmer

"Le Clos de Callian" sounds like the kind of village name you'd find in a fairy tale. Perhaps Armelle Janody had a date with destiny when she went for that walk in her new home. By what twist of fate did she become Parfums Christian Dior's perfume flower farmer?



Scan the QR code with your smartphone to listen to the full collection of "Confidences Particulières" podcasts.

## Major strategic priorities

Maintain our creativity in innovation and communications.

Focus on developing Parfums Christian Dior in harmony with Couture.

Pursue the global expansion of our other brands.

## 2018 at a glance

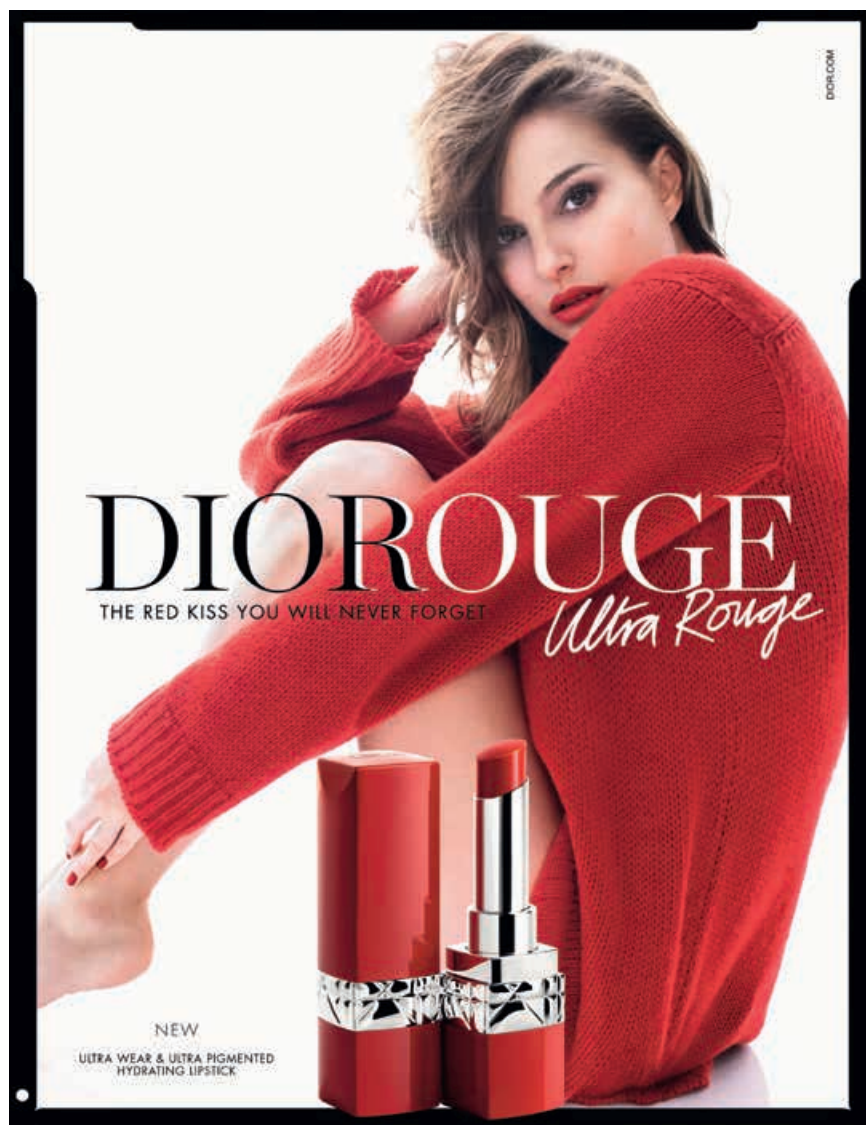
### Strong progress of flagship brands and rapid progress in Asia

**Parfums Christian Dior** experienced remarkable growth and increased its market share in all regions of the world. The launch of its new perfume *Joy* and the exceptional worldwide success of *Sauvage* and the other iconic perfumes *J'adore* and *Miss Dior* are behind the strong growth of the Maison. Makeup and skincare also grew rapidly. **Guerlain** progressed well, driven in particular by the success of *Abeille Royale* in skincare and *Rouge G* in makeup. **Benefit** strengthened its leading position in the eyebrow segment and **Parfums Givenchy** accelerated its performance, thanks in particular to makeup and its new perfume *L'Interdit*. **Fresh** and **Fenty Beauty by Rihanna** continued their exceptional growth.

## Outlook

In a highly competitive market environment, the Perfumes and Cosmetics business group will draw on the strength of its well-differentiated brand portfolio to win new market share. Its brands will focus on gaining innovative momentum, retail quality and digital marketing. **Parfums Christian Dior** will innovate in its three product categories. In perfume, the brand will continue to showcase its global pillars, with strong marketing support in conjunction with Couture, and will accelerate the rollout of its boutique concept as well as its initiatives to build a unique customer experience around perfume, both in-store and online. Drawing on the expertise of professional makeup artists and the brand's couture spirit, makeup will be the focus of an extensive innovation plan, backed by a bolstered digital activation strategy. Dior skincare - which aims to accelerate the brand's growth in the Prestige and anti-aging lines - will be boosted by momentum in Asia. **Guerlain** will continue rolling out its Guerlain Parfumeur boutiques; expand its flagship makeup and skincare ranges; and launch a high-performance, highly natural foundation, in line with its "In the Name of Beauty" commitment to sustainability. A new version of its *L'Interdit* fragrance and bold innovations in makeup will help speed up growth at **Parfums Givenchy**. **Benefit's** initiatives will mainly focus on brow products, to consolidate its lead in this category, and on conveying its unique positioning, particularly in the digital realm. **Kenzo** will launch a light eau de parfum version of *Flower by Kenzo* and a new variant of *Kenzo World*. **Parfums Loewe** will roll out its fresh new brand identity, backed by a groundbreaking marketing campaign strengthening its ties with the world of couture. **Fenty Beauty by Rihanna** will continue its international expansion, particularly in Asia.

## 2018 HIGHLIGHTS



Parfums Christian Dior

**Parfums Christian Dior** had another excellent year and gained market share, underscoring the vitality of its iconic fragrances and the success of its innovations. *J'adore*, boosted by a new marketing campaign, made further progress and *Miss Dior* established its leadership in Asia. Men's fragrance *Sauvage*, which had an Eau de Parfum version added to its range, saw exceptional growth. With the launch of *Joy by Dior*, embodied by actress Jennifer Lawrence, the brand added a fresh new scent to its olfactory landscape. The Maison Christian Dior boutique concept, offering a collection of exceptional fragrances, confirmed its appeal with excellent results. Parfums Christian Dior showcased its roots in Grasse; a source of inspiration and a creative hub (with Les Fontaines Parfumées, François Demachy's fragrance laboratory) as well as an exceptional terroir for its flowers used to make perfume. Guided by the creative vision of Peter Philips and backed by a strong digital marketing strategy, makeup consolidated its positions, with strong performance in the lip cosmetics segment, in particular the new *Ultra Rouge* lipstick, and a substantial acceleration in foundation fueled by new additions to the *Forever* range and the launch of the *Dior Backstage Face & Body Foundation* inspired

### *Sustainable design: a priority for Parfums Christian Dior*

The weight and volume of packaging used for the new *Dior Skin Nude* box and foundations in the *Backstage* range was reduced considerably in 2018. The transformation of the brand's skincare packaging also continued, with thinner cases made from FSC-certified (Forest Stewardship Council) card introduced for the *Capture Youth* range. The Maison also explored sustainable design at its points of sale, securing LEED®(1) environmental certification for its new Champs-Élysées store in Paris which boasts sustainable materials, lighting that adjusts to outdoor brightness, and an internal air purification system - all examples of best practices that the brand will be able to duplicate in other locations.

(1) Leadership in Energy and Environmental Design

by techniques used by makeup artists. Skincare was boosted by strong momentum in Asia and by the vitality and innovation of the *Prestige* range's *Micro-Huile de Rose* and *Micro-Sérum de Rose*. *Capture Youth*, launched in January 2018, won over customers in their thirties with its six targeted serums.

**Guerlain** turned in a remarkable performance. Perfume did very well, with the expansion of *Mon Guerlain* and the international rollout of Guerlain Parfumeur boutiques, which offer a captivating immersion in the perfume-maker's world. Momentum in makeup was driven by the highly successful *Rouge G*, which offers an unrivaled potential for customization, with 450 possible case and color combinations. In skincare, Guerlain's results were fueled by strong growth in its *Orchidée Impériale* and *Abeille Royale* lines. As part of its "In the Name of Beauty" commitment to sustainability, Guerlain continued to scale up its initiatives to preserve biodiversity, particularly to protect bees. During LVMH's Journées Particulières open-house event, Guerlain celebrated its 190th anniversary with the public by unveiling an exceptional setting at 68 Champs-Élysées, its iconic address.



Guerlain

—  
*Guerlain sources sandalwood  
from Australia*

Spurred by his belief in the potential of sandalwood, Thierry Wasser, the Maison's Perfumer, decided to work with an Australian partner to develop a high-quality Indian Sandalwood essential oil. It is one of the ingredients of *Mon Guerlain*, the women's fragrance launched in 2017. Thanks to this pioneering partnership, the Maison has diversified its supply chain - previously centered on Asia - and created a new ethical, certified sustainable, high-quality supply source for this exceptional raw material.



Parfums Givenchy

**Parfums Givenchy** saw growth accelerate, with perfume doing very well in Europe and strong gains from makeup in Asia. The success of its new women's fragrance, *L'Interdit*, incarnated by actress Rooney Mara, helped the brand gain market share. Makeup sales were particularly strong in the lip cosmetics and foundation segments.

**Kenzo Parfums** continued to roll out *Kenzo World* and revisited its iconic *Flower by Kenzo* line with a new marketing campaign filmed in the streets of San Francisco. With the highly successful launch of *BADgal BANG!*, **Benefit** became the global market leader in mascara. The brand also consolidated its lead in the brow segment with the success of *Brow Contour*, an innovative 4-in-1 brow pencil.

**Make Up For Ever** continued its international development, particularly thanks to the expansion of its online sales.

**Fresh** achieved strong growth, particularly in Asia, with the success of its *Rose* and *Black Tea* skincare lines.

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*Benefit Cosmetics runs its fourth Bold is Beautiful campaign*

For the fourth year running, Benefit Cosmetics has donated all profits from its brow bars to 37 partner nonprofits that support women. In 2018, this charity program raised \$5.5 million in one month in 19 countries around the world. In France, the two beneficiary nonprofits are Forces Femmes and Belle & Bien. The former helps women over 45 return to work, while the latter runs beauty and makeup workshops in hospitals. In the United States, the campaign raised money for Girl Develop It, Girls Inc., StepUp and Dress For Success, which aim to help women join the labor market.

This range was enriched by its *Black Tea Kombucha* age-delay facial essence, maintaining its focus on offering a unique sensory experience through a fusion of effective natural ingredients, traditional rituals and modern science. **Acqua di Parma** saw strong growth in its *Colonia* lines, thanks to *Colonia Pura* in particular, while the *Chinotto di Liguria* fragrance rounded out the *Blu Mediterraneo* range. For its first full year of activity, **Fenty Beauty by Rihanna** confirmed its worldwide success with a very strong digital presence and a robust innovation program in the foundation and lip cosmetics segment with the *Mattemoiselle* lipstick. **Marc Jacobs Beauty's** momentum was driven by the launch of its new *Shameless* liquid foundation. **Parfums Loewe** launched the women's version of its *Solo Loewe* line. **Maison Francis Kurkdjian** enjoyed very strong growth in its iconic *Baccarat Rouge 540* fragrance and continued to showcase its exceptional expertise in artisanal perfume-making.



Benefit

*Bee School, Guerlain's program to make children aware of the need to protect bees*

Ever since 1853, bees have inspired Guerlain's designs and adorned its most exclusive bottles. They also drive its commitment to a more sustainable, responsible world, "In the Name of Beauty". The Bee School program started in France in September 2018. Through it, Guerlain staff visit primary schools and tell children about the need to preserve bees and biodiversity, and the simple measures that can be taken to help. The objective is for all staff worldwide to become children's ambassadors for bees and biodiversity by 2020.



Guerlain







LVMH

# Watches & Jewelry

2018

# CREATIVITY AND IN-DEPTH EXPERTISE

The LVMH Watches & Jewelry business group is one of the most dynamic players in its sector. It continues to gain market share with a successful strategy that is driven by jewelry Maisons that carry on exceptional creative legacies and expertise, and by leading watchmaking Maisons that are always on the cutting edge of innovation.

## Creativity, brand awareness and in-depth expertise

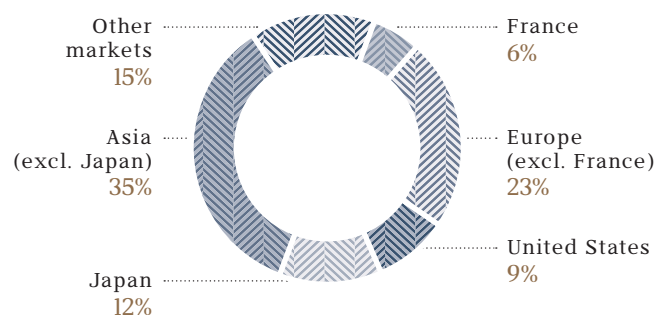
The growth of these Maisons is driven by their creativity. They enrich leading product ranges with well-established designs and identities, such as Bvlgari's iconic *Serpenti* range and TAG Heuer and Hublot's famous *Carrera* and *Big Bang* collections. They continually explore new horizons with innovations that combine audacity with excellence,

as illustrated by TAG Heuer's next-generation smartwatch. Harnessing expertise is a key priority, which the Maisons address by optimizing their manufacturing processes, implementing synergies and boosting their production capacity. Developing brand awareness with target audiences and increasing their presence on social media are also crucial to gaining new market share.

## High-quality, productive retailing

Lastly, the business group is focusing on the quality and productivity of its retail networks and on developing its online sales. Multi-brand retailers are selected very carefully in order to ensure its high standards are met. In an equally selective approach, the Maisons also continue to refurbish and open their own stores in buoyant markets in key cities.

2018 Revenue by region  
(in %)



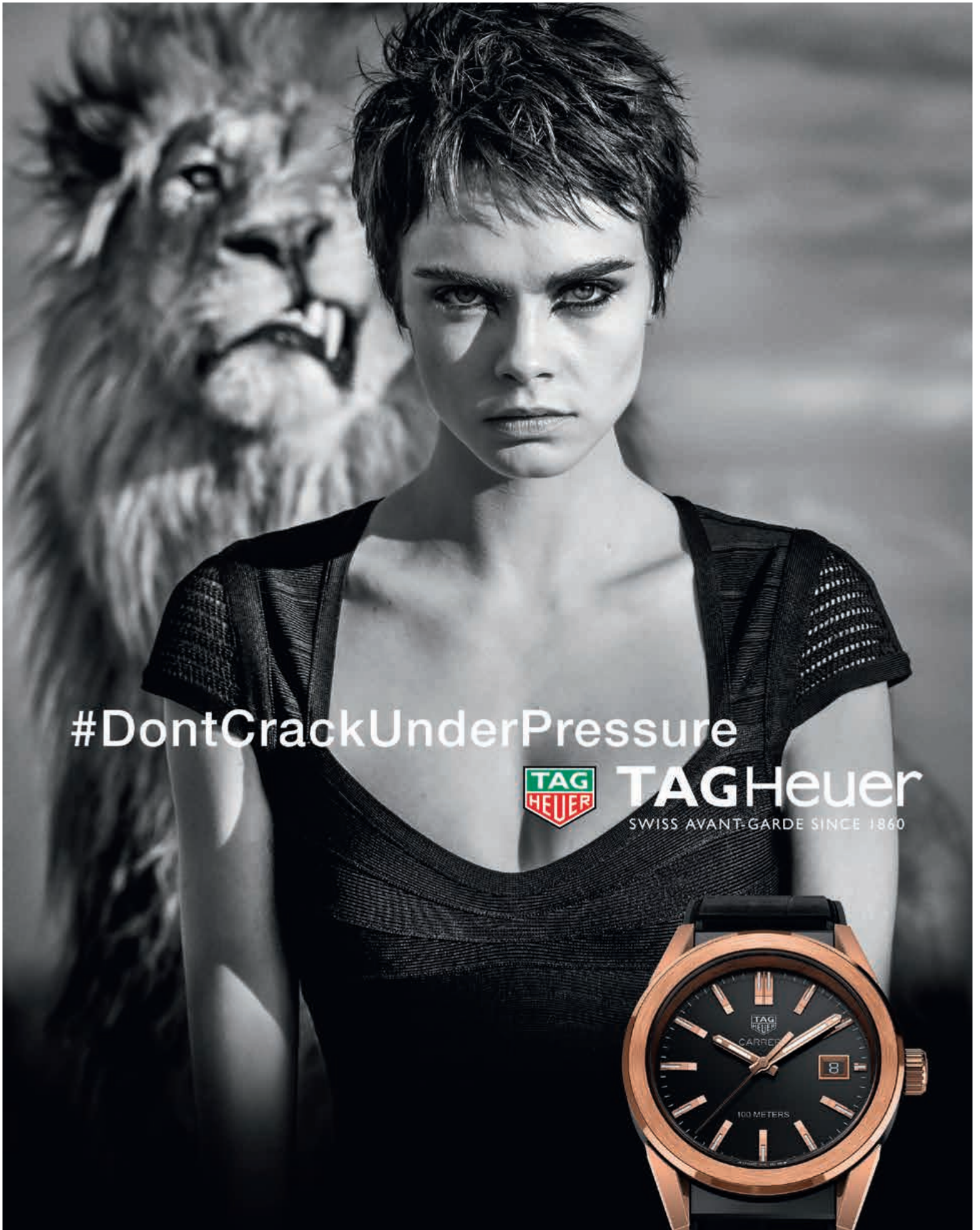
Revenue  
**€4,123 m**  
+12%<sup>(1)</sup>

Profit from recurring operations  
**€703 m**  
+37%

Operating investments  
**€303 m**  
+13%

Number of stores  
**428**  
+6%

(1) On a constant consolidation scope and currency basis.



#DontCrackUnderPressure



**TAG Heuer**

SWISS AVANT-GARDE SINCE 1860





# confidences PARTICULIÈRES

AS PART OF LES JOURNÉES PARTICULIÈRES, JOURNALIST AND PODCAST HOST JULIEN CERNOBORI MET OUR MAISONS' ARTISANS IN THE PLACES WHERE THEY WORK AND CREATE. THESE PASSIONATE INDIVIDUALS EMBODY THE GROUP AND ITS VALUES. SELECTED EXCERPTS.



## LVMH WATCHES & JEWELRY

*"A mechanical watch is about emotion, heritage, and craftsmanship. It is a piece of history, it has a soul."*

JEAN-CLAUDE BIVER  
Former President of LVMH Watches

An iconic figure in the watchmaking industry, Jean-Claude Biver, President of LVMH Watches (Hublot, TAG Heuer, Zenith) looks back at a lifetime in watches and reveals his many sources of inspiration.



## CHAUMET

*"The Chaumet method is to say 'it can be done!'"*

BENOÎT VERHULLE  
Workshop Manager

What happened when Benoît Verhulle was a child for him to become a jeweler at the tender age of 15? From the Chaumet workshop on Paris' Place Vendôme which he now runs, he tells us his moving story and shares his love of high jewelry.



## BVLGARI

*"I look for the soul inside the gemstone, so I can pass it on."*

LUCIA SILVESTRI  
Creative Director of Jewelry  
and Director of Gem Acquisitions

Lucia Silvestri holds her gemstones up to the light of her window overlooking the Tiber. She likes to describe them as people and entertains us with tales of the wonderful adventures her profession has taken her on, none of which would've happened if she hadn't fallen in love with gems one day when filling in for someone...



Scan the QR code with your smartphone to listen to the full collection of "Confidences Particulières" podcasts.

## Major strategic priorities

Reinforce our Maisons' desirability thanks to expert craftsmanship and distribution.

Continued growth of Bvlgari and of TAG Heuer with innovative products.

Optimally reinforce manufacturing facilities.

## 2018 at a glance

### Excellent year for Bvlgari and good progress of watch brands

Growth for the Watches & Jewelry business group was once again driven by the creativity of its brands and the strong performance delivered by their stores. Jewelry showed remarkable momentum and gained market share. In a market environment that remained challenging, the watch business grew thanks to the strength of its brands' flagship lines and the excellence of their innovations.

**Bvlgari** performed very well and gained market share. Its iconic jewelry and watchmaking lines *Serpenti*, *Divas' Dream*, *B.Zero1*, *Lvcea* and *Octo* grew strongly. Among the new product launches of the year, the *Octo Finissimo* watch and the *Fiorever* jewelry collection, designed around a central diamond, were exceptionally well received. **Chaumet's** growth was driven by the success of the *Liens* and *Joséphine* collections, particularly in Asia. The exhibition on its history at the Mitsubishi Ichigokan Museum in Tokyo was an immense success. In the watchmaking sector, **TAG Heuer** continued to develop its iconic lines and introduced a new variant of the smart watch. **Hublot**, which continued its progress, enjoyed strong growth in 2018 and considerable visibility as the FIFA World Cup Official Timekeeper.

## Outlook

By constantly monitoring markets and remaining highly selective in its allocation of resources, the Watches & Jewelry business group is actively pursuing its market share growth target. This ambition is based on sustaining its key growth drivers: the exceptional creativity of its brands, combined with their constant pursuit of perfection in iconic lines and new collections alike; consolidating their world-class craftsmanship and technological leadership through investments in production capacity; precisely targeted marketing campaigns, especially in the digital realm, to raise the watches and jewelry brands' profiles in key regions; and lastly, improvements in the quality, productivity and profitability of retail networks, which remain a top priority. **Bvlgari** will continue to expand its network, with the opening of a flagship store in Paris on the Avenue des Champs-Élysées, the expansion of its boutique on Place Vendôme, and selective renovations and openings in Asia and the United States. The flagship *B.Zero1* line will celebrate its 20th anniversary. **TAG Heuer** plans to open stores in China and Hong Kong. **Chaumet** will continue rolling out its new store concept, with projects that will raise brand awareness in Europe.

## 2018 HIGHLIGHTS



Bulgari

**Bulgari** had a very good year and continued to gain market share. Jewelry was spurred by its strong creative momentum. The *Serpenti*, *B.Zero1* and *Divas' Dream* lines were enriched with new models, and the launch of the *Fiorever* collection, designed around a central diamond and white gold, is set to become a new pillar for the brand. The *Wild Pop* high jewelry collection, which embodies Bulgari's modernity and expertise, continued its rollout. In watches, the new *Lucea*, *Serpenti Turbogas*, and *Divas' Dream* timepieces were highly successful, and the favorable reception of the new *Octo Finissimo* models confirmed the iconic potential of this men's line. Momentum in leather goods was driven by the *Serpenti Forever* and *Black Glam* models. The store improvement plan continued, with reopenings in Hong Kong and Milan, while new boutiques were opened in locations including Boston and Saint Petersburg. Bulgari also continued its pop-up store program, which rounds out and energizes

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### *Green energy for TAG Heuer*

To reduce its carbon footprint, TAG Heuer is making increasing use of green energy. For example, for the last four years, its head office in La Chaux-de-Fonds, Switzerland, has been powered entirely by zero-emission renewable energy from hydraulic power stations on the Gorges de l'Areuse, in Neuchâtel and Les Brenets. The Maison also has solar panels on the roof of its production facility at La Chaux-de-Fonds, with some of the resulting energy used on site.

the network. Development in the luxury hotel sector continued with the inauguration of a new *Bulgari Hotels & Resorts* location in Shanghai. The “Tribute to Femininity” exhibition at the Moscow Kremlin Museums presented over 500 exceptional pieces of jewelry showcasing the brand’s heritage, wealth of inspiration, visionary creativity and refined craftsmanship.

**TAG Heuer** continued expanding its flagship *Carrera*, *Aquaracer* and *Formula 1* lines. Its catalogue was enriched with the limited editions of the *Monaco Bamford* and *Carrera Fujiwara* models, while a 41mm version of the smartwatch proved a successful addition to the range. Other highlights of the year included the opening of a flagship store on Fifth Avenue in New York and a modular smart boutique, faithful to the brand’s avant-garde spirit, in Tokyo’s Ginza district. TAG Heuer’s team of brand ambassadors, its sports and cultural contracts, and its very active social media presence have helped raise its profile among target customers.



Bulgari

### *Stones and precious metals: ethical sourcing at Bulgari*

Bulgari will soon meet the 2020 targets set by LVMH: to use only certified gold and diamonds and to establish sustainable supply chains for colored gemstones.

In 2015, the Maison became the world’s first jeweler to be RJC - CoC<sup>(1)</sup> certified. This certification guarantees that the Maison only uses responsibly sourced gold, from the mines through to the point of sale. Meanwhile, the Maison only sources its diamonds from countries and professionals that are signatories to the Kimberley Process.

(1) Chain of Custody



Hublot

**Hublot** continued its robust growth, driven by its *Classic Fusion* and *Big Bang* lines, with *Spirit of Big Bang* – now the brand's third core collection – also contributing to its success. Hublot once again demonstrated its creativity by releasing a range of extraordinary and highly technical models, including the *Meca-10 Ceramic Blue* and the *Classic Fusion Aerofusion Orlinski* designed in collaboration with French sculptor Richard Orlinski. New stores were opened in London and Geneva, and a boutique was acquired in Beverly Hills. A marketing strategy combining prestigious partnerships, events and a strong digital presence helped raise the brand's profile. Special emphasis was placed on the 2018 soccer World Cup, including the launch of Hublot's first smartwatch, the *Big Bang Referee 2018*. The young soccer star Kylian Mbappé joined the brand's network of ambassadors. While continuing to develop its iconic *Chronomaster*, *Elite* and *Pilot* collections, **Zenith** completed the launch of its *Defy* line. The brand's revolutionary *El Primero 21* model, which measures time down to the hundredth

—  
*Bulgari believes in education  
and youth empowerment*

Since 2009, Bulgari has partnered with nonprofit organization Save the Children to provide support and opportunities to the world's most vulnerable children and young people. Bulgari helps fund the nonprofit's activities with proceeds from its Save the Children jewelry collection of custom-designed jewels inspired by the iconic *B.Zero1* line. For every piece sold, part of the proceeds goes to fund education, youth empowerment, emergency assistance and poverty prevention programs. Thanks to this partnership and over \$80 million in donations, Bulgari has improved the lives of over 1.2 million of the world's poorest children.



of a second, proved highly successful. Zenith continued to consolidate its organization while leveraging synergies offered by the Group's other watchmaking brands. Growth at **Chaumet** was fueled by the successful *Liens* and *Joséphine* collections, along with its ongoing shift further upmarket, particularly in China. Its flagship lines were enriched by *Liens Séduction* designs, *Liens Evidence* bracelets and new *Joséphine Aigrette* rings. The brand expressed its exceptional creativity in high jewelry by launching its *Les Mondes de Chaumet* collection, made up of three chapters: *Promenades Impériales*, *Chant du Printemps* and *Trésors d'Afrique*. The success of the Mitsubishi Ichigokan Museum's exhibition on Chaumet's culture and history increased brand awareness in Japan. The store network continued to expand, particularly in Asia.

**Fred's** *Force 10* line and its new *8°0* collection were its main growth drivers. It opened new stores in Tokyo, Macao, Saint-Tropez and Busan in South Korea.



Zenith

*RJC certification for all Watches & Jewelry Maisons*

As part of the LIFE 2020 targets, all of the Watches & Jewelry Maisons have received certification under the Responsible Jewellery Council (RJC) system. In line with this certification, which has been extended to their gold and diamond supply chains, they are expanding their responsible sourcing efforts. The Group and its Maisons are also taking part in an initiative to promote environmental and social best practices in the sourcing of colored gemstones. Several audits have already been carried out.



Chaumet



LVMH

# Selective Retailing

2018



# REINVENTING THE CUSTOMER EXPERIENCE

Our Selective Retailing Maisons, which are present worldwide, have customer-centric strategies and customer-focused teams. Sephora, DFS and Le Bon Marché are all pioneers in their fields and continue to innovate and imagine the shopping experience of the future for their customers.

## An increasingly innovative and personalized experience

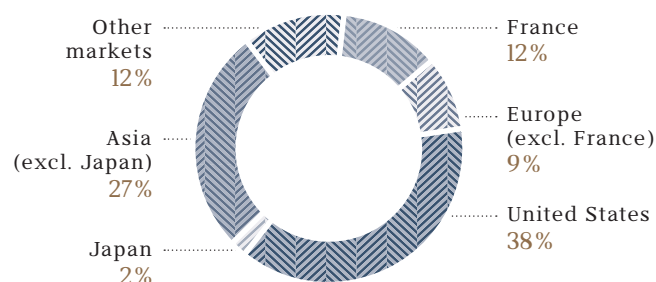
For nearly 50 years, Sephora has been revolutionizing the beauty industry by transforming the simple act of buying into a moment of pleasure and freedom, developing new in-store services and hunting out gems to add to its unique range of brands and products. Combining the strengths of in-store and online shopping, the brand has designed an omnichannel beauty experience that offers an interactive, personalized and seamless purchasing

process. Le Bon Marché is a department store like no other. Its stunning architecture, enhanced by tasteful updates; its exclusive, elegant selection of goods; and its rich program of exhibitions all make Le Bon Marché truly unique and a treasure trove for both local and international customers. Our 24 Sèvres digital platform, which was launched in 2017, reflects this quest for excellence and aims to offer a whole new online shopping experience.

## Staying particularly agile

DFS – which has been pioneering travel retail since the early days of the air travel boom – constantly updates its boutiques and its T Galleria department stores to continually enhance the traveler's experience. In addition to its major presence in the United States and especially in Asia, DFS has started to expand its geographic coverage, opening its first European location in Venice in 2016.

2018 Revenue by region  
(in %)



Revenue	Profit from recurring operations	Operating investments	Number of stores
€13,646 m	€1,382 m	€537 m	1,940
+6% <sup>(1)</sup>	+29%	-6%	+3%

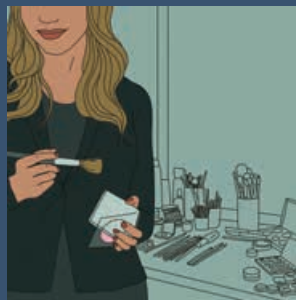
(1) On a constant consolidation scope and currency basis (up 12% excluding the termination of the Hong Kong airport concessions at the end of 2017).





## *confidences* PARTICULIÈRES

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### SEPHORA

*"You can be someone different every day – that's one the best things about my job."*

MYIESHA SEWELL  
Makeup artist

A huge Sephora store stands at the corner of 5th Avenue and 47th Street. This is where Myiesha Sewell wields her expert brushes to the rhythm of catchy pop tunes played over the sound system. Influenced by her grandmother, Myiesha tells us why makeup is such a great tool for boosting self-esteem.



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## Major strategic priorities

Maintain Sephora's innovative momentum in stores and digital content.

Continue to cultivate a creative, exclusive offering at Le Bon Marché and La Grande Épicerie de Paris.

Pursue the expansion of DFS and develop digital marketing initiatives to get closer to international travelers.

## 2018 at a glance

### Sustained growth at Sephora and rebound of DFS's profitability

**Sephora** had another year of growth and market share gains. Online sales grew rapidly, especially in North America and Asia. The extension and renovation of its distribution network continued in 2018 with around one hundred new stores opening around the world, including the new Nanjing Road store in Shanghai and the first Sephora-branded stores in Russia.

**Le Bon Marché** accelerated the development of its loyalty program and launched a new children's department in the last quarter. The online platform, 24 Sèvres, launched a year ago, developed actively. **DFS** progressed strongly thanks to a particularly good performance in Hong Kong and Macao. The recently opened Gallerias in Cambodia and Italy also grew rapidly. The closure of the loss-making Hong Kong Airport concessions at the end of 2017 contributed to the rebound in profitability.

## Outlook

In 2019, **Sephora** will continue to design and offer its customers the best omnichannel experience in the beauty world, while maintaining its focus on its core strengths: its dedicated, professional staff; the expansion and renovation of its store network; its rich, innovative range of products and services; and its desire to keep surprising its customers and give them an ever more personalized connection at its stores and throughout its digital ecosystem.

**DFS** enters 2019 with confidence, while remaining vigilant to the key issues inherent in its business segment, such as currency fluctuations and potential changes in the sales environment. Work is underway to expand and enhance the flagship store on Canton Road in Hong Kong and to renovate the Four Seasons Hotel Macao store. The brand will expand its store network, particularly in Asia, and step up its digital initiatives to better serve travelers.

**Le Bon Marché** will continue to cultivate its uniqueness, its creative and exclusive offerings, and its dual identity as both a trendsetting retail destination and a venue for art and culture. The opening of a VIP lounge will round out the range of perks available to its customers. La Grande Épicerie de Paris will keep working to enhance its appeal and build customer loyalty on both sides of the Seine.

## 2018 HIGHLIGHTS



Sephora

**Sephora** saw another year of strong growth – especially in North America, Asia and the Middle East – and gained market share. Sephora – which connects with its customers through more than 1,900 stores and 29 online shops, and is present in 34 countries – was named Retailer of the Year at the 2018 World Retail Congress, recognizing its global success, its innovative momentum and its lead in the digital sphere. Sephora continued its expansion with the opening of more than 100 stores worldwide, including superb locations on Nanjing Road in Shanghai, Zeil in Frankfurt and at the Saint-Lazare train station in Paris; the launch of online sales in Germany; the new version of the completely redesigned sephora.fr website; and a dazzling array of digital innovation on the sephora.cn website. The brand successfully oversaw the opening of its first points of sale under the Sephora trade name in Russia and the renovation of its iconic stores in SoHo (New York) and Milan’s Duomo district (Italy). It continued to personalize the customer experience as part

### *Sephora develops alternative transportation*

After France, China, Italy and Spain, Sephora has rolled out last-mile delivery by electric truck in North America. A lower-emissions vehicle now supplies several of the Maison’s US stores, avoiding 36 metric tons of CO<sub>2</sub> emissions a year. With this initiative, Sephora is once again demonstrating its commitment to developing the use of alternative transport. Thanks to this policy, the Maison won a 2018 eco-friendly transport award (*Trophée du Transport Écoresponsable*) in Italy for its increasing use of hybrid vehicles and the high share of tons per kilometer transported by its committed and accredited carriers.



of its ongoing quest to captivate and satisfy beauty fans around the world. Thanks to its dedicated staff, Sephora's boutiques offer beauty and makeup services that are constantly being updated, based around its *Beauty Hubs*, as well as a plethora of experiences available throughout the store. In addition, across its entire digital ecosystem, interactive mobile app features let users extend the in-store experience and connect with its community of self-proclaimed beauty addicts. This personalized, omnichannel relationship helps provide bespoke support to each and every one of its customers as they discover the iconic brands, wide range of new products and highly innovative exclusive collections that make up the Sephora offering. Amidst an upturn in its markets, **DFS** saw strong revenue growth, buoyed by sales initiatives launched to win over international travelers, including high-impact marketing campaigns, in-store events and the introduction of new communication tools. It expanded its selection of products to meet the expectations of younger, more exacting



Sephora

### *Sephora Stands expands*

In 2016, Sephora launched Sephora Stands, a corporate social responsibility initiative in the United States. The initiative was expanded in 2018 to include Europe, the Middle East and Asia. In 2018, Sephora raised over €1 million to fund initiatives by nonprofit partners, such as micro-donations in France, which helped raise €400,000 for Toutes à l'École and Women Safe; the Gift & Match Program in the United States, which raised €500,000; and Operation Smile in China. Employees contributed over 3,000 hours of volunteer work to its charitable initiatives.



DFS



Le Bon Marché



Le Bon Marché

travelers while showcasing the uniqueness of each destination. While major renovation work was completed in Sydney and Auckland, DFS continued to expand its presence in Macao with the opening of two boutiques devoted to beauty, bringing its store count to six in the city. A multi-brand fashion boutique designed to attract a millennial clientele was also inaugurated within the *T Galleria City of Dreams*. In Venice, the *T Fondaco dei Tedeschi* store turned in an excellent performance, boosted by a year-round program of events that make it an unrivaled venue for shopping and culture. The Siem Reap *T Galleria* in Cambodia also enjoyed strong momentum, with an offering that showcased the quality of local craftsmanship alongside luxury products.

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*La Grande Épicerie de Paris  
combats food waste*

With regard to food waste, La Grande Épicerie de Paris, which has a number of fresh food production facilities, has developed an accurate system for predicting sales in order to adapt production to sales volumes on a daily basis.

In 2018, its partnership with the Red Cross, which collects any unsold prepared food each day, was extended to include new categories and new products. A new partnership was signed in 2018 with Too Good to Go, which operates an app for fighting food waste, allowing stores to offer unsold items to its users.

**Starboard Cruise Services** maintained its position as the leading retailer of high-end brands on board cruise ships by expanding its presence in Asia. It further enhanced the appeal of its stores while improving the quality of its product offerings and the experiences it offers its customers.

**Le Bon Marché** continued on its strong growth trajectory during a very eventful year. The refinement, quality of service and selectivity on offer at the iconic department store on Paris' Left Bank continued to place it a cut above the rest for its French and international clientele, and its loyalty program was highly successful. The new children's department - the renovation of which was completed in the second half of the year - introduced "Les Récrés du Bon Marché", an ingenious new concept which is the first of its kind among department stores: fun workshops for children of all ages to enjoy while their parents shop in peace. Event highlights included the substantial media coverage of the exhibition of works by Argentinian artist Leandro Erlich in the beginning of the year, and the major success of the Los Angeles exhibition in the fall. La Grande Épicerie de Paris Rive Droite, which opened in late 2017, won over a new clientele. The 24 Sèvres digital platform continued its targeted growth, enriching its range with exclusive offerings including a capsule collection in collaboration with designer Inès de la Fressange.



DFS



LVMH

LVMH  
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## CLOUDY BAY

### Discovering New Zealand wine at The Shed

Cloudy Bay was established in 1985 by David Hohnen, founder of the Cape Mentelle Estate in Australia. The iconic New Zealand winery has pioneered an international market for the Marlborough Sauvignon Blanc, which has received critical acclaim throughout the world. The winery is located at the entrance to the bay it is named after, nestled in breathtaking scenery between the Pacific Ocean and the peaks of the Richmond Range.

For more than 30 years, Cloudy Bay has been helping to establish the Land of the Long White Cloud's reputation as a leading New World wine-producing country. And while the Sauvignon Blanc



is the vineyard's original, emblematic wine, it also produces a Chardonnay, a Pinot Noir and a lightly sparkling wine, *Pelorus*. According to Estate Director Yang Shen, Cloudy Bay wines owe their excellence and international reputation to its winemakers' exacting precision: "From vine to cellar, we craft our wine with a meticulous attention to detail. Tasting a glass of Cloudy Bay takes you on a journey of purity and plunges you into the natural beauty of our region."

In 2012, Cloudy Bay took this oenological journey a step further, launching its first cellar door experience: The Shack. In July 2018, a second cellar door - The Shed - was opened in Central Otago, in the



heart of Cloudy Bay's Northburn vineyard, on the shores of Lake Dunstan. Cloudy Bay has been producing wines there since 2010, including its acclaimed *Te Wahi* Pinot Noir.

The Shed - which was designed by architect Paul Rolfe in the same aesthetic vein as The Shack - is open to the public from Tuesday to Saturday most of the year, and seven days a week during the summer. A tasting room lets visitors discover Cloudy Bay wines paired with a selection of light, elegant dishes. Those looking for a more intimate experience can reserve a private tasting, or organize other bespoke events such as a vineyard tour by land or by air.

For Yang Shen, the opening of The Shed is "the culmination of the hard work and vision of our team. We are so happy to have found a home in Central Otago and look forward to sharing our wine and lifestyle with visitors to The Shed."

*Cloudy Bay opens  
its new cellar door experience,  
The Shed, in the heart  
of its Northburn vineyard.*

## LOUIS VUITTON

### *Volez, Voguez, Voyagez:* The Louis Vuitton exhibition travels to Shanghai

**V**olez, Voguez, Voyagez - Louis Vuitton, the exhibition inaugurated at the Grand Palais in Paris in 2015, has been touring the world. After appearances in Tokyo, Seoul, and New York, its next stop was Shanghai. From November 16, 2018 to February 1, 2019, visitors to the Shanghai Exhibition Center explored the world of Louis Vuitton, got to know its main characters, and marveled at the innovations that accompanied travelers on their journeys to far-flung, surprising places. Curated by Olivier Saillard, the exhibition retraced the adventures of Louis Vuitton from 1854 to the present. The story was told through portraits of the Maison's founders and of the people now inventing the Louis Vuitton of tomorrow.

"Louis Vuitton has always been at the forefront of creation and innovation. We constantly draw inspiration from our past to craft the trends of today. For this exhibition, Olivier Saillard has immersed himself in our Maison's archives to decode its secrets. He delivers a fresh vision our past, present





梦带有渴望

同好



梦带有渴望



and future,” commented Michael Burke, Chairman and CEO of Louis Vuitton.

This journey through history, designed by creative director Robert Carsen, was divided into 15 chapters and highlighted by objects that illustrate Louis Vuitton’s ties with China. The exhibition opened with a portrait of the young Louis Vuitton, painted by Chinese artist Yan Pei-Ming. The first exhibit was the Maison’s most symbolic – an antique trunk, a precursor to the emblematic features and daring spirit of the Louis Vuitton brand. The exhibition included Louis Vuitton heritage objects and documents, a selection of items loaned by Palais Galliera, Musée de la Mode de la Ville de Paris, the

Palace of Versailles, and Musée Carnavalet, as well as works of art by Yan Pei-Ming and He An.

Louis Vuitton’s ties with China were highlighted through a selection of unique objects created for famous explorers and artists. For example, visitors could admire the photography trunk designed in 1929 for philanthropist Albert Kahn and his photographer, which was used during their journey through China to document images of everyday life there. New items were also on display, including the Cocktail & Cigar Trunk, created in 2018 for Chinese artist Ding Yi, who is from Shanghai. The exhibition boasted a thousand and one items which retrace the Maison’s story, from its very beginnings to its most recent creations. It ended with a room devoted to the skilled craftsmanship of Louis Vuitton’s artisans. A photo album entitled *Volez, Volez, Voyagez* also celebrated the exhibition.

*A journey through history,  
highlighted by objects that illustrate  
Louis Vuitton’s ties with China.*



## THÉLIOS Inauguration of the Manifattura

**T**hélios was created in 2017, when LVMH entered the eyewear industry by joining forces with sector expert Marcolin. It produces unique optical frames, drawing on Italian design and craftsmanship to reflect the quintessential spirit of each prestigious Maison. The name is a reference to Greek mythology: a combination of Theia, goddess of light and sight, and Hélios, god of the sun. Thélios covers every stage of the eyewear production cycle – it designs, manufactures and distributes sunglasses and optical

frames for a number of LVMH Maisons. It aims to become an emblem of quality in a rapidly transforming sector, driven notably by a burgeoning Asian market.

Driven by this ambition, in April 2018 the company inaugurated the Manifattura Thélios, its flagship production site and center for excellence. Its comprehensive, flexible manufacturing system ensures full control of every stage of production, from the design brief to design, prototyping and production. The site focuses on innovation and cutting-edge technologies, such as 3D printers, while also emphasizing traditional craftsmanship. The 8,000-sq.m production facility located in Longarone – a town

in northern Italy known for its long history of eyewear manufacturing – employs around a hundred people. The sustainably designed and eco-friendly building – complete with 2,300 solar panels on its roof – is the brainchild of architecture firm Designgroup Architetti Associati.

The Manifattura Thélios produces about 1.5 million optical frames a year and could rapidly triple its production by expanding its brand portfolio. Thélios – which is already working with Celine, Loewe, Fred, Kenzo and Berluti – is looking to the future with its Manifattura, while carrying on a long-standing tradition of craftsmanship.

This project combines LVMH and Marcolin's taste for top-quality products with respect for a cultural legacy essential to the region. It is a reminder of how strategically important Italy is for LVMH, and yet another example of the Group's investment in Italy's economic heritage and development.

*The Manifattura Thélios,  
a new center of excellence  
for eyewear nestled in the foothills  
of the Dolomites.*



## LOUIS VUITTON

### Coddington designs a capsule collection with “catitude”!

After Jeff Koons, Stephen Sprouse and Yayoi Kusama, Louis Vuitton continues its collaboration with famous artists by teaming up with Grace Coddington, former creative director of the US edition of *Vogue* magazine. The iconoclastic designer and animal lover has added her own special touch to a capsule collection inspired by her legendary love of cats. The collection was designed with her friend Nicolas







Ghesquière, Creative Director of Louis Vuitton's Women's Collections, and features a series of bold animal illustrations. With *Catogram*, Grace Coddington writes a new chapter in the history of Louis Vuitton.

The illustrations in the *Catogram* collection depict the designer's Persian cats, Pumpkin and Blanket, and Nicolas Ghesquière's dog, Léon. The animals are pictured scampering about on a selection of leather goods, accessories, ready-to-wear and shoes. The cats drawn by Grace Coddington leap across the orange monogram print - a reference to the artist's flame-colored hair - or a graphic monochrome. One facet of the capsule, the *Cats on Leather*

collection, prints and embosses a colorful menagerie across leather items in an eccentric exploration of craftsmanship.

New classics like *Petite Malle* and *City Steamer*, and icons (*Speedy* and *Neverfull*), are given a fresh twist. Even *Catogram* lambswool blankets and nylon umbrellas are transformed into exceptional pieces. Elegance is seen from a fresh perspective: clutch bags take the cartoon form of reclining cats or sweetly smiling dogs; silk pajamas appear as refined daywear.

This audacious irreverence is in harmony with Grace Coddington's iconoclastic style and Nicolas Ghesquière's fascination with eccentricity - as well as reflecting their mutual love of animals. The collection previewed at pop-up stores opened in London, New York and Beijing. It has been available in Louis Vuitton stores and on the Maison's website since November 2, 2018.

*With Catogram, Grace Coddington writes a new chapter in the history of Louis Vuitton.*



## HUBLLOT

### An ambassador named Mbappé

Famous for his acceleration, his unpredictability and his acute understanding of the game, Kylian Mbappé is one of the world's top soccer players, and already has an impressive track record, winning the Ligue 1 championship at 18 and the World Cup at 19.

It was for these qualities that Hublot chose to make Kylian Mbappé - himself a watch aficionado - its new ambassador. His entry into the "Hublot Family", as CEO Ricardo Guadalupe fondly refers





to it, “carries a powerful message: the fusion of time, the power of dreams and passion, the magic of sport, of an athlete and the values they inspire.” This is the first time the Maison has named a current soccer player as its ambassador, and he is also Hublot’s youngest representative. And he joins another of the Maison’s soccer legends, Pelé. To celebrate the fusion of past, present and future, Hublot has decided to bring both men together in 2019.

This move reinforces the Maison’s role as a historic partner of soccer – it was the first luxury brand to invest in this sport in 2006. At the 21st FIFA World Cup™, held in Russia in 2018, Hublot was given the

status of Official Timekeeper and Official Watch. Following a request by FIFA, Hublot designed its first smartwatch: the *Big Bang Referee 2018 FIFA World Cup™*, which was worn by referees during the tournament and was available for fans in a limited edition of 2,018 pieces.

Hublot also celebrated the world of soccer in its “How to become a champion!” advertising campaign, featuring 13 prestigious ambassadors and some of the biggest names in soccer, including Pelé, Diego Maradona, David Trezeguet and Didier Deschamps and international referee Björn Kuipers.

*With Kylian Mbappé as its new brand ambassador, Hublot has reinforced its role as a historic partner of soccer.*



## SEPHORA

### The New Sephora Store Experience is a delightful surprise

With fully digital concept stores, the New Sephora Experience reinvented the customer journey, offering a Teach, Inspire and Play environment that provides uniquely personalized service and an exceptional range of products. In 2018, a raft of new concept stores surprised and delighted the Sephora universe with a worldwide rollout, setting new standards for beauty retailing. In Paris, Sephora’s Saint-Lazare store broke new ground with an unparalleled display of miniature products in its Mini Skincare Market that are perfect to grab and go. In Milan, the innovative Beauty Hub includes a Hair Style Bar with professional advice from a team of experts. In Russia, Sephora opened five stores in Moscow and Saint Petersburg, where customers

# Beauty HUB





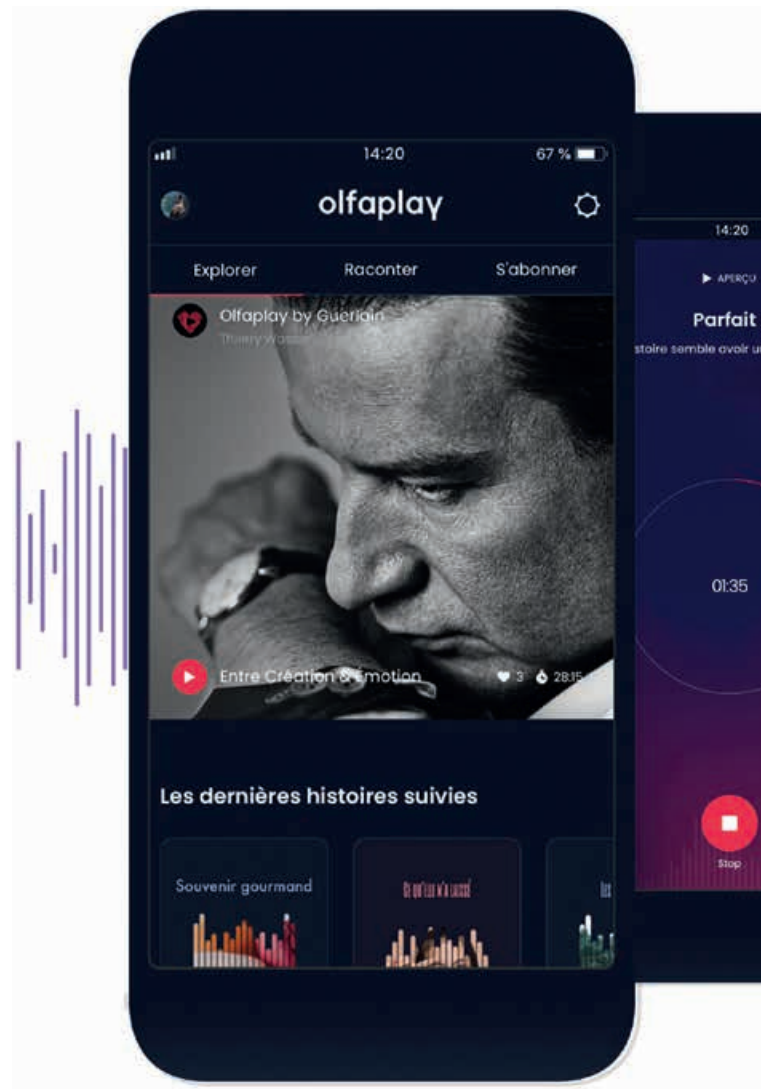
can discover 45 exclusive brands. In Shanghai, Sephora unveiled its first new concept store in Asia, featuring an enhanced Makeup Assortment, Discovery Tables and Cloud Shelves that help customers personalize their shopping. In November, Sephora opened seven new stores in the United States, built around bespoke products including Beauty TIP (Teach, Inspire, Play) Workshops and Perk Hydrating Facials. Exclusively at the SoHo store, customers can enjoy Sephora's award-winning augmented reality system to experiment with thousands of beauty options, using 3D live views of their own face. The store's Sculpture option allows clients to try new looks with the flick of an eyebrow, while the Mirror system makes new looks instantly sharable. As well as bespoke local services, each store provides special features that have made the New Sephora Experience such a successful addition. This ambitious expansion drive will continue in 2019, as the world's most loved beauty community launches new stores and services to offer fresh and inspiring experiences every day.

*Each new store offers innovative services designed to ensure a unique customer experience.*

## GUERLAIN

### A fragrance community that loves to listen

Perfume is much more than a few drops of sweet-smelling essence. It can move us to the core. It has the exceptional power to transport us, to bring back loved ones, moments and places that are buried deep in our memories. Ever since 1828, Guerlain has enchanted the world with its scents. It has created 1,100 fragrances and



110 of these are currently available in Guerlain Parfumeur boutiques, which immerse customers from Paris to Shanghai in the Maison's unique heritage and craftsmanship.

In the age of social media, where the image reigns supreme, as powerful as it is fleeting, how can the emotion sparked by a perfume be conveyed? How can the invisible be unconcealed? For Guerlain, the answer was clear: voices and podcasts are the best way to express and share something as immaterial as a scent or a feeling.

Through an app and a website, Olfaplay allows perfume lovers to listen to, share and record audio stories about perfume and the emotions it evokes.



Everyone has their own equivalent of Proust's madeleine, an enduring scent-induced memory that transports them across time and space. Guerlain Perfumer, Thierry Wasser, reveals some of his secrets as a "nose". Princess Esther Kamatari recounts her memories of Africa. The Moulin Rouge shares the smells of its backstage rooms and costumes. François, a chef, waxes lyrical over the enchanting scent of his vanilla cakes. They all share a love of perfume and fragrance-evoked emotions. They were all inspired by Guerlain to record their stories in just a few minutes on Olfaplay. Olfaplay opens up a world of possibilities, from an olfactory map of the stories people have shared, the option

to leave a personalized audio message along with a gift of perfume, a way of connecting people who have shared similar stories, and perhaps even a new Guerlain fragrance inspired by the most beautiful Olfaplay stories.

Olfaplay, inspired by Guerlain, encapsulates life's most fleeting moments and lets alchemy, intimacy and imagination work their magic...

*Olfaplay, the first digital radio  
for perfume lovers, brings stories  
about fragrances alive.*



## BERLUTI

### *Zero Cut,* the ultimate expression of craftsmanship

**I**t has been over 120 years since Alessandro Berluti signed his first pair of shoes. Since then, four generations of Berluti bootmakers have developed the Maison, which continues to distinguish itself through its technical expertise and unconventional creativity. In 2018, Berluti showcased its quintessential craftsmanship once again with the *Zero Cut* model, which was unveiled at the Fall/Winter 2018 ready-to-wear show. This distinctive shoe is crafted from a single piece of leather and has absolutely no stitching or cuts on the back – a technique mastered by only a select few bootmakers worldwide. To create the *Zero Cut* shoe, the master craftsman places a piece of Venezia or Alligator leather on a wooden last, and moistens it lightly while pulling gently. The leather gradually molds to the shape of the last, which gives the shoe its unique form.

*Zero Cut* is the purest expression of the iconic "Alessandro" lace-up shoe, created by Alessandro

Berluti himself in 1895 and also made from a single piece of leather, with no stitching on the upper. Since then, this model has remained essentially unchanged, and is the Maison's signature shoe.

The *Zero Cut* model is handcrafted in Berluti's Italian workshops in Ferrara, by the Maison's skilled master bootmakers.

With only 120 pairs available worldwide, these unique shoes are now available in stores and by special order.

To celebrate the launch, the Maison hosted exclusive dinners in Paris, London, Tokyo and New York in October 2018. The guest list included its best customers and those who had pre-ordered the

new models. The menu featured dishes inspired by *Zero Cut*, with each talented local chef reinterpreting the image of infinity. During the meal, the shoe was presented to customers on a rotating column, along with a detailed explanation of the crafting process and a video filmed in the Ferrara workshops, illustrating this unique expertise.

*A limited edition that showcases the quintessential craftsmanship of the house of Berluti.*



## PARFUMS CHRISTIAN DIOR

### JOY by Dior: An ode to life

**A**n unforgettable moment for the House of Dior: seeing a completely new fragrance come alive. Ever since *Miss Dior's* debut at its first fashion show on February 12, 1947, perfume has been at the heart of the Maison's identity. More than 70 years after this legendary beginning, and 20 years since the birth of the iconic *J'adore*, Dior has now created *JOY*, a new fragrance experience designed by François Demachy, the Maison's exclusive Perfumer-Creator.

Born from the creative alchemy of Dior's audacity and expertise, this new scent is an ode to life that breaks with tradition to celebrate an intense emotion: joy. Blending the vibrant beam of flowers and citrus with the smooth caress of wood and the serenity of musks in perfect harmony, *JOY* is an experience that unfolds gradually to reveal its most intoxicating notes. Transmuting light into scent, Demachy envisaged a perfume that would express the sensation of a surge of joy that takes your breath away. *JOY* by Dior is a clear, immediate, spontaneous scent, with a sillage that









its creator describes as “marked by softness as well as by energy... a path one travels, which carries you away.”

Its bottle's clean lines are crowned by a shimmering cap wrapped in silver thread and a *jus* of radiant pink - one of Monsieur Dior's favorite hues, which for him was “the color of femininity”. A delicate “O” is engraved in the middle of the bottle, with the name Dior struck through its center, echoing the emotion of joy that has always inspired the House of Dior. To embody this new fragrance, the Maison chose actress Jennifer Lawrence, who becomes *JOY*'s muse in a film directed by Francis Lawrence, reflecting the luminous, myriad forms

of joy. Sublime and iconic, she is *JOY* incarnate. With her glowing beauty and natural femininity, Lawrence imbues this new perfume-manifesto with her vibrant, sensual personality. Against the backdrop of a Hollywood villa, the intense blue of the pool contrasts with the immaculate white architecture, plunging us into this iridescent new masterpiece.

As if Christian Dior himself had decided to put joy in a bottle.

*A new fragrance experience,  
as intoxicating as a surge of joy, which reveals  
even more with the passage of time.*



## HENNESSY

### The future of excellence

Since 1765, Hennessy's success has rested on the excellent quality of its cognacs, and on a unique procedure transmitted from one generation to the next. Today, as the world is reshaped by environmental and technological change and by the acknowledged need for diversity, Hennessy draws on its tradition of excellence to turn these changes into opportunities.

For the 200th anniversary celebration of its cognac *VSOP Privilège*, the Maison organized a ground-breaking event which it called the Future of Mastery. In July 2018, 19 international celebrities gathered at the Château de Bagnolet - the Maison's ancestral home in Cognac. They were all specialists in their fields and came from a host of backgrounds including design, science, technology, music, aeronautics and culinary arts. Together, they brainstormed on how expertise and passing it on can help better prepare the future. The program

was divided into three workshops. The first focused on the notion of sustainability and was coordinated by Danish architect and designer Camiel Weijenberg. The second workshop, on the concept of inclusion, was run by computational designer and tech guru John Maeda, who is also the artist behind the 2017 VSOP limited edition. The third workshop headed by Renaud Fillioux de Gironde, Hennessy's Master Blender, and Ian Rogers, Chief Digital Officer of LVMH, explored how artificial intelligence and craftsmanship can interact. The forum, whose findings were reported in US magazine *Wired*, also created a new community of influencers and opinion leaders.

Spurred by this success, Hennessy will repeat the experience and turn The Future of Mastery into a full-fledged think tank that explores the notions of expertise and how to pass it on to others.

*Hennessy brought 19 international specialists together in Cognac to prepare the future by focusing on expertise and how it is passed on.*

## LOEWE

### An homage to Mackintosh

Since its founding in 1846, Loewe has firmly established itself as a leading luxury brand, renowned for its unparalleled expertise in leather craftsmanship. The avant-garde Maison has always looked to the future, infusing its collections with influences from around the globe while revisiting its Spanish heritage through a contemporary lens.

Loewe has a special fondness for original, art-inspired capsule collections, and in winter 2018 the Maison launched one exploring the universe of the Scottish designer and architect Charles Rennie Mackintosh. Mackintosh led the art nouveau (or "Modern Style") movement in the United Kingdom at the turn of the 20th century, incorporating a blend of influences from Celtic and Japanese culture as well as the Arts and Crafts movement into his work. He joined an architecture firm in 1889 and earned acclaim for developing a unique design language that incorporated distinctive shapes and materials from traditional Scottish architecture. Renowned for his originality and versatility, the father of Scottish modernism applied his talent and skill to fields as varied as architecture, painting, furniture, textiles and interior design.







In its seasonal collection launched at the end of 2018, Loewe explores the different facets of Mackintosh's body of work, paying deserving homage to the wealth and breadth of its singular aesthetic. The comprehensive range of accessories and ready-to-wear inspired by Mackintosh includes dresses, knits and shirts that evoke the spirit of Scotland using rich cashmeres, silks and mohairs in sand- and rust-colored tones. Remaining true to its heritage and leatherworking expertise, the collection's accessories showcase the most sophisticated leather craftsmanship techniques employed to reproduce the sinuous lines and distinctive motifs so characteristic of Mackintosh's work.

A singular collection that pays homage to a singular artist.

*Loewe explores the different facets of Mackintosh's body of work, paying deserving homage to the wealth and breadth of its singular aesthetic.*



## BVLGARI

### *Fiorever*: A diamond as a symbol of Roman passion

The brand's *Fiorever* collection – a play on the Italian word “fiore” (flower) and the English word “forever” – is a new Bvlgari icon in full bloom. With its distinctive design of four- to eight-petaled flowers, sculpted in an eternal sparkle of precious diamonds, it joins the Maison's other emblematic collections, such as *B.Zero1*, *Diva*, *Bvlgari Bvlgari* and *Serpenti*. The creations in the *Fiorever* collection are all designed around a

central diamond. Each is a masterpiece of sophisticated jewelry craftsmanship with delicately pavéed quivering petals mounted using the iconic “Tremblant” technique which is synonymous with Bvlgari's excellence in high jewelry. *Fiorever*'s dazzling flowers comprise four outer petals, which in turn enclose four inner petals, in a subtle reference to the figure 8, the symbol of infinity. Infinite, like the creativity and expertise of the Maison's jewelers, who can reinvent a classic motif over and over again.

*Fiorever* draws its inspiration from the first-century BC Roman frescoes that decorated Pompei's villas and featured four-petaled flowers. But the flower







is also a classic jewelry motif that the Maison has been interpreting with daring and expertise since the 1920s.

This signature motif reflects Bvlgari's origins in Italy's vibrant capital. *Fiorever* is already a Bvlgari icon since it epitomizes the Maison's identity and heritage.

In the communications campaign shot by Mario Sorrenti, the jeweler chose a new Latin muse, Ursula Corbero, to represent the exuberant, joyous, passionately *Fiorever* woman. A young, rising star of Spanish cinema known for her performance in the series *La Casa de Papel*, Corbero was chosen to celebrate Roman joy for

life. Her personality and spontaneity make her as unique as the *Fiorever* diamond flower, eternal and dazzling.

*Bulgari, which is known for its colorful jewelry, surprises by choosing to make the diamond the centerpiece of its Fiorever collection – the symbol of Roman passion.*

## JARDIN D'ACCLIMATATION

### The rebirth of a historic amusement park

The Jardin d'Acclimatation in Paris reopened on June 1, 2018 after no more than nine months of refurbishment costing €70 million. It now successfully offers a radically new, different and revitalized experience while remaining scrupulously true to its much-cherished 19th century roots. The park's buildings – many of them built under Napoleon III – have been restored, and its infrastructures modernized under the guidance of architects Jean-François Bodin, Jim Cowey (Studios) and Didier Balland (Atelier 24). Its original landscape design has also been recreated by Philippe Deliau (Alep) using the original drawings and plans. Nothing has been neglected at this unique, eco-friendly destination in the heart of the Bois de Boulogne.

The Jardin's emblematic attractions have been renovated, some in a steampunk atmosphere – the retro-futuristic identity invented by designer Thierry Rétif, so familiar to Harry Potter and Hugo Cabret fans – and 17 new rides have been installed. The most intrepid visitors can now enjoy four big roller coasters. Two timeless, typically Parisian fairgrounds boast absolutely authentic and unique

attractions including marvels like the 1900 Big Merry-Go-Round, the Steam Engine, the Speed Rockets, the Flying Ships, the Clock Tower, the Champion Drivers and the Astrolabe. Special care was devoted to revamping the Small Farm with a focus on the well-being of the 400 animals and birds that live in the park. The Grande Volière was redesigned and now groups exotic birds together according to their natural habitats in biogeographic areas, from South America to Oceania and including Africa. The refurbishment also focused on reducing the park's weather dependency with the installation of indoor activities like the Kinetorium, its first digital

attraction, and Wild Immersion, a virtual reality nature reserve inaugurated in February 2019. The park has also entered the era of 2.0, if not 3.0, with a complete makeover of its digital ecosystem, notably a new website, a revamped social-media strategy, and online ticket sales offering visitors greater flexibility and convenience before, during and after their visit.

*The joy of old and new – a park that remains true to its historic roots and is also completely transformed.*



## CHRISTIAN DIOR

### Revisiting Toile de Jouy

**M**aria Grazia Chiuri, Christian Dior's Creative Director for women's collections, has revisited the Toile de Jouy design, reinterpreting its traditional illustrations and adding her own spin with a wild animal series. Drawn in pen and ink, scenes featuring tigers, lions, monkeys, giraffes and snakes appear in subtle hues of blue, red or green. A surrealist reinvention of tradition, these prints are used in the 2019 Cruise collection on both trench coats and the *Dior Book Tote*. With its emblematic pastoral scenes and floral patterns, the Toile de Jouy is one of French fashion's great classics. First created in the 18th century at the Jouy-en-Josas manufactory, the fabric has accompanied the Maison since its early days. In 1947, when Christian Dior opened his first boutique at 30 Avenue Montaigne, he used it to adorn the walls and counters. And since 1959, Dior's designers have repeatedly re-appropriated it. First this iconic fabric was used for heels designed by Roger Vivier. Then Gianfranco Ferré featured it in his Spring/Summer 1991 Haute Couture collection.





John Galiano revisited it in his Spring/Summer 1998 Ready-to-Wear and Fall/Winter 2001 and 2010 Haute Couture collections. This year, Maria Grazia Chiuri has reinterpreted it and Kim Jones has used his own original patterns on several clothing items and accessories in his first men's collection for Dior. Cordelia de Castellane has also designed two soft toys in blue Toile de Jouy for Baby Dior. The Dior Maison capsule collection celebrated the motif with a series of plates, tablecloths, candles, cushions and notepads for the end-of-year holiday season, during which Dior paid tribute to the legendary fabric at all its boutiques and pop-up stores worldwide. In a reference to the first Dior boutique, the windows and Christmas tree at the Avenue de Montaigne boutique were decked out in a wild animal-patterned Toile de Jouy.

*Ever since 1959, the Maison's designers have reinterpreted the Toile de Jouy fabric Christian Dior loved so much.*



## RIMOWA

### 120 years - never still

Luggage and leather goods manufacturer Rimowa was founded by Paul Morszeck in Cologne, Germany, in 1898. Over the 20th century it developed into an iconic brand, famous for its pioneering, high-quality luggage. Rimowa has become a benchmark for quality, innovation and craftsmanship by creating a product that is valued across generations because it elevates travel to a quest for inspiration and discovery. The Maison celebrated its 120th anniversary in 2018 with its first-ever global advertising campaign. Reflecting Rimowa's traditional values of move-

ment, ambition and openness to the world, the campaign tells five stories through international celebrities Roger Federer, Virgil Abloh, Adwoa Aboah, Nobu Matsuhisa and Yoon Ahn. They have all achieved mastery in their respective fields and embody the Maison's belief that no one builds a legacy by standing still. The campaign, which runs as a film and on advertising displays all over the world, conveys the idea that travel helps us fulfil our endless quest for success. Roger Federer remembers a childhood conversation with his father just before his first trip to Zurich. Model and activist Adwoa Aboah talks about how travel helped her find herself. Virgil Abloh - Artistic







Director of Louis Vuitton's menswear collections and the founder and director of luxury fashion label Off-White – shares his artistic vision. International celebrity chef, businessman and restaurateur Nobu Matsuhisa tells an ancient Japanese travel tale that mirrors his own life. Lastly, Yoon Ahn – Dior Homme's Jewelry Designer and the founder and creative director of streetwear brand Ambush – evokes her conflicting sources of inspiration with quotes from her travel journals. These testimonials by the celebrities who embody the brand make for a compelling campaign that illustrates Rimowa's values and its desire to mark its epoch and boldly challenge the status quo.

*Five celebrities embody  
the spirit of Rimowa and deliver  
the message that no one builds  
a legacy by standing still.*

## CHAUMET

### An exhibition in Tokyo retracing 200 years of history

The house of Chaumet chose the Mitsubishi Ichigokan Museum in Tokyo to host *The Worlds of Chaumet* from June 28 to September 17, 2018. The exhibition featured around 300 pieces of jewelry, as well as decorative art, paintings, drawings and many previously unseen archive pieces from 40 prestigious collections and 15 leading museums. The exhibition was structured into a series of themes, each of which allowed visitors to explore the constant dialogue between jewelry and artistic movements, and between contemporary and historic pieces. Through spaces devoted to imperial commissions,

the art of the tiara, naturalist inspirations and more, visitors discovered a Maison that engages with the world and welcomes diverse influences, and in turn emanates its singular Parisian style to establish itself as a leading high jeweler. The exhibition – which was jointly curated by Henri Loyrette, honorary president of the Musée du Louvre, and Akiya Takahashi, director of the Mitsubishi Ichigokan Museum – took visitors on a journey through the Maison's history, culture, expertise and style. The high point of the exhibition was the celebration of the Maison's close and enduring ties with Japan and its culture. Exhibits in this space included works inspired by the 19th century Japonism



movement and the high jewelry set created especially for the event, inspired by the delicacy of nature and symbolizing the culture of excellence that Chaumet shares with Japan.

*For more than two centuries,  
Chaumet has shown curiosity  
for everything, for all the "elsewheres"  
in the world, whether historic or exotic.*

## LE BON MARCHÉ

### The magical world of Le Bon Marché for kids

A surprise and a whole world of fun and games awaits you on the third floor of Le Bon Marché Rive Gauche – it's the new Kids' Department, complete with clothes, toys, activities for kids and grownups, rides and even a flying saucer!

Small children can enjoy a comforting menagerie of plush toys; educational games; a miniature, exclusive, luxury-brand dressing room; nightlights to brave the dark; and much more. Pre-teens and teens can explore an exciting, unprecedented space that includes *La Petite Épicerie de la Beauté* (or beauty delicatessen), where barrettes, headbands and lip balms are on offer in display stands designed like an amusement arcade. And because it's never too early to start dreaming of the next vacation, the seasonal *Galerie Imaginaire* (or imaginary gallery) features sleds, down jackets, gloves and hats.

And as children are miles ahead of their parents when it comes to tech, there's a wide range of high-tech and lifestyle products, particularly for teens. For example, they can take pictures of themselves using interactive screens and design the front cover of their very own magazine – and of course there's



a photo booth so they can take their creations home with them.

Last but not least, for parents who like to shop in peace – and for their children, aged four to ten, who'd rather play – Le Bon Marché now offers a new service: recreational workshops where children can enjoy crafts, cooking, and experiments, always based on an original themed story: the perfect recipe for a workshop where learning is fun!

*A new space divided into two sections:  
a peaceful, cozy one for the very young,  
and a brighter, more colorful  
one for pre-teens and teens.*



LVMH

PERFORMANCE  
MEASURES

# USEFUL INFORMATION FOR SHAREHOLDERS

## SHAREHOLDERS' CLUB

The LVMH Shareholders' Club was set up in 1994 to give individual shareholders who are particularly interested in the life of the Group a better understanding of LVMH, its businesses and its brands.

## LATEST NEWS ABOUT OUR MAISONS

We send Club members several publications (by email or post as they prefer), such as the twice yearly Letter to Shareholders and the annual issue of Apartés, our Club magazine. The Annual Report is sent to those who request it using an online form.

## EXCLUSIVE OFFERS FOR THE GROUP'S PRODUCTS

In addition to special offers on a selection of the Group's wines and spirits, Club members can purchase discounted subscriptions to Group media publications – Les Échos, Investir and Connaissance des Arts – and order priority-access tickets for the Fondation Louis Vuitton.

## DEDICATED ONLINE STORE

Once they have activated their account, Club members can access exclusive offers for the Group's wines and spirits using a private shopping space at their dedicated online store: [www.clublvmh-eboutique.fr](http://www.clublvmh-eboutique.fr). Delivery can only be made in France. Members can also order products using the order form enclosed in Apartés magazine.

## VISITS TO EXCEPTIONAL SITES

Club members can visit exceptional sites where they receive an especially warm welcome: from Hennessy's centuries' old cellars to the magnificent *crayères* at Veuve Clicquot Ponsardin. They also get the opportunity to discover our Maisons at unique locations such as the Louis Vuitton workshops in Asnières.

## INFORMATION ABOUT LVMH SHARES

Listed on: Eurolist by Euronext Paris

Stock market capitalization: **€130 bn** as of 12/31/2018

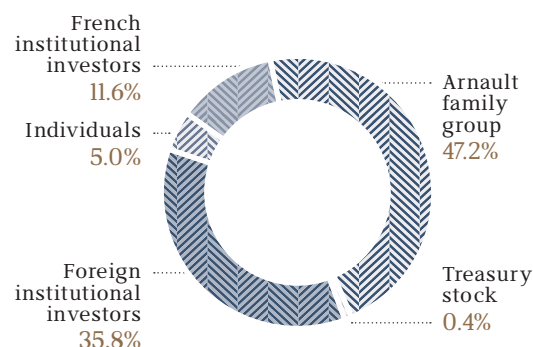
(The largest capitalization on the Paris stock market)

Number of shares: **505,029,495** as of 12/31/2018

Member of indices: CAC 40, Dow Jones Euro Stoxx 50, MSCI Europe, FTSE Eurotop 100, Global Dow and FTSE4Good.

## SHAREHOLDER STRUCTURE<sup>(1)</sup>

(December 2018)



(1) Voting rights: Arnault family group 63.3%; Other 36.7%.

## AGENDA

Tuesday, January 29, 2019: 2018 annual revenue and results

April 2019: 2019 first-quarter revenue

Thursday, April 18, 2019: Shareholders' Meeting

Monday, April 29, 2019: Payment of the final dividend for fiscal year 2018

July 2019: 2019 half-year revenue and results

October 2019: 2019 third-quarter revenue

## CONTACTS

Investor and Shareholder Relations

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Shareholders' Club

Tel.: +33 (0)1 44 13 21 50

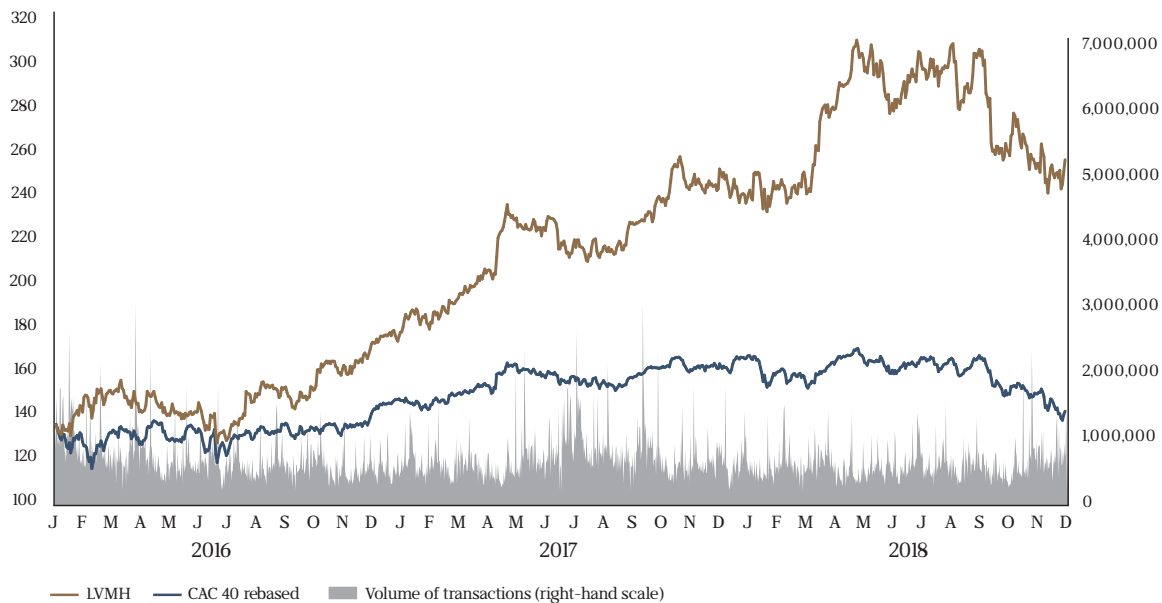
# STOCK MARKET PERFORMANCE MEASURES

LVMH STOCK MARKET DATA (in euros)	2016	2017	2018	CHANGE IN THE DIVIDEND	2016 <sup>(1)</sup>	2017 <sup>(1)</sup>	2018
High (mid-session)	181.40	260.55	313.70	Gross dividend (in euros)	4.00	5.00	6.00 <sup>(2)</sup>
Low (mid-session)	130.55	175.80	232.50	Growth for the year	13%	25%	20%
Year-end share price	181.40	245.40	258.20	Payout ratio	50%	47%	47%
Change during the year (%)	25%	35%	5%	Basic Group share of net earnings per share (in euros)	8.08	10.68	12.64
Change in the CAC 40 (%)	5%	9%	-11%				
Market capitalization at Dec. 31 (EUR bn)	92.0	124.0	130.0				

(1) Restated to account for the impact of the application of IFRS 9 Financial Instruments.  
(2) Amount to be proposed at the Shareholders' Meeting of April 18, 2019.

## COMPARISON BETWEEN THE LVMH SHARE PRICE AND THE CAC 40 INDEX SINCE JANUARY 1, 2016

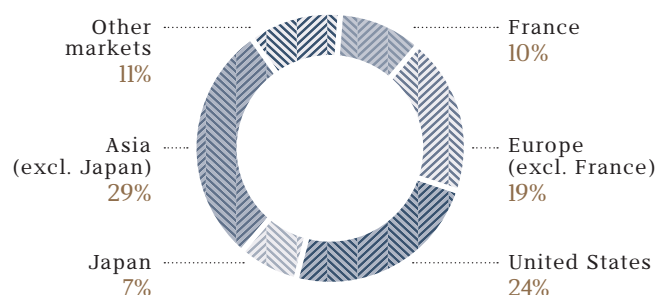
(in euros)



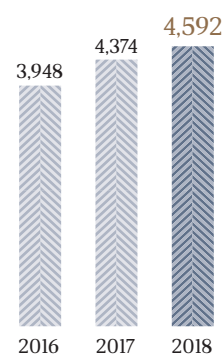
After remaining relatively steady during the first nine months of the year despite a climate of substantial uncertainty, markets slumped during the third quarter to end the year in a downturn. The trade war between the United States and China, the political and economic environment in Italy and the difficult negotiations between the European Union and the United Kingdom surrounding Brexit weighed on performance in the main indices. The end of the year also saw the publication of less favorable indicators, fueling investor fears of a slowdown in global economic growth. Paradoxically, the changes to monetary policy in Europe and the United States, which had been highly anticipated by investors, ended up having a limited impact on markets. Against this backdrop, the CAC 40 and Euro Stoxx 50 indices finished 2018 down 11% and 14%, respectively. The LVMH closing share price ended the year up 5%, at €258.20, after having reached a new record high during the year. LVMH's market capitalization was €130 billion as of December 31, making it the largest company on the Paris stock exchange.

# FINANCIAL PERFORMANCE MEASURES

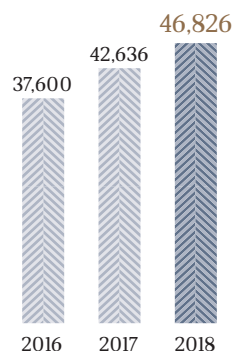
2018 REVENUE BY REGION  
(in %)



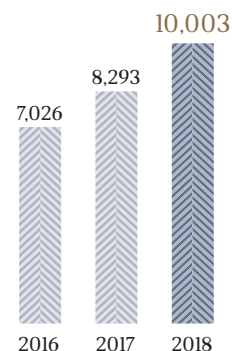
STORES  
(number)



REVENUE  
(EUR millions)



PROFIT FROM RECURRING OPERATIONS  
(EUR millions)



REVENUE BY BUSINESS GROUP  
(EUR millions)

	2018	Change 2018/2017	Organic growth <sup>(1)</sup>
Wines & Spirits	5,143	+1%	+5%
Fashion & Leather Goods	18,455	+19%	+15%
Perfumes & Cosmetics	6,092	+10%	+14%
Watches & Jewelry	4,123	+8%	+12%
Selective Retailing	13,646	+3%	+6% <sup>(2)</sup>
Other activities and eliminations	(633)	-	-
<b>TOTAL LVMH</b>	<b>46,826</b>	<b>+10%</b>	<b>+12%</b>

PROFIT FROM RECURRING OPERATIONS BY BUSINESS GROUP  
(EUR millions)

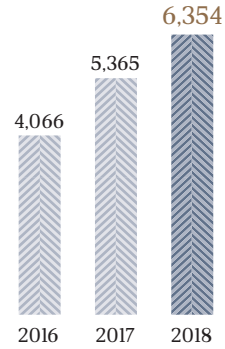
	2018	Change 2017/2016	Operating margin <sup>(1)</sup>
Wines & Spirits	1,629	+5%	31.7%
Fashion & Leather Goods	5,943	+21%	32.2%
Perfumes & Cosmetics	676	+13%	11.1%
Watches & Jewelry	703	+37%	17.1%
Selective Retailing	1,382	+29%	10.1%
Other activities and eliminations	(330)	-	-
<b>TOTAL LVMH</b>	<b>10,003</b>	<b>+21%</b>	<b>21.4%</b>

(1) At constant structure and exchange rates.  
(2) +12% excluding the closure of Hong Kong airport concession in 2017.

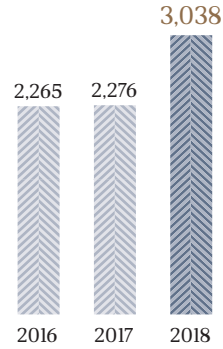
(1) As % of revenue of each business group.



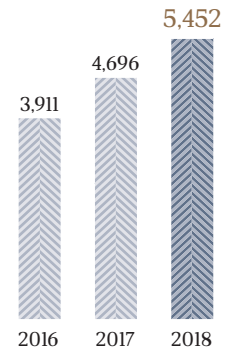
NET PROFIT, GROUP SHARE<sup>(1)</sup>  
(EUR millions)



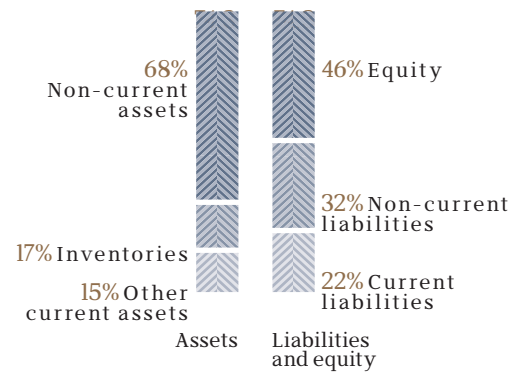
OPERATING INVESTMENTS<sup>(1)</sup>  
(EUR millions)



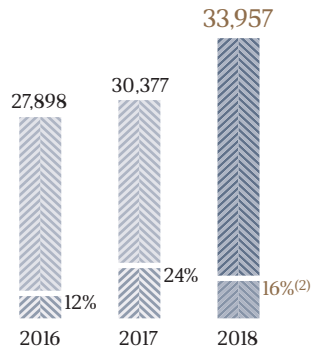
FREE CASH FLOW<sup>(1)</sup>  
(EUR millions)



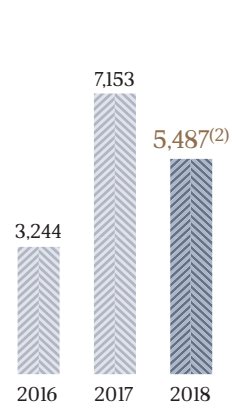
SIMPLIFIED BALANCE SHEET  
AS OF DECEMBER 31, 2018  
(EUR billions and % of balance sheet total)



EQUITY AND RATIO  
OF NET FINANCIAL DEBT  
TO EQUITY<sup>(1)</sup>  
(EUR millions and %)



NET FINANCIAL DEBT<sup>(1)</sup>  
(EUR millions)



(1) 2016 and 2017 restated for the impact of the application of IFRS 9 Financial Instruments.

(2) Belmond shares deducted from net debt (€274 million).

Further information can be found in the 2018 Reference Document.

# NON-FINANCIAL PERFORMANCE MEASURES

**BREAKDOWN OF EMISSIONS BY BUSINESS GROUP**  
(in metric tons of CO<sub>2</sub> equivalent)

	CO <sub>2</sub> emissions in 2017	CO <sub>2</sub> emissions in 2018 pro forma <sup>(1)</sup>	Change <sup>(1)</sup> (in %)
Wines & Spirits	36,442	40,454	+11% <sup>(2)</sup>
Fashion & Leather Goods	104,990	99,401	-5%
Perfumes & Cosmetics	11,892	12,025	+4%
Watches & Jewelry	5,633	4,718	-15% <sup>(3)</sup>
Selective Retailing	116,375	97,912	-14% <sup>(4)</sup>
Other activities	2,800	2,995	+7%
<b>TOTAL</b>	<b>278,132</b>	<b>257,505</b>	<b>-6%</b>

(1) Value and change at constant scope.

(2) Change related to increased business activity and the installation of new equipment at a Glenmorangie site.

(3) Change related primarily to the transition to renewable energy at certain sites.

(4) Change related primarily to the transition to renewable energy at certain sites and the rollout of more energy-saving technologies.

**ENERGY CONSUMPTION BY BUSINESS GROUP**  
(in MWh)

	2017	2018 pro forma <sup>(1)</sup>	Change <sup>(1)</sup> (in %)
Wines & Spirits	188,292	217,135	+15% <sup>(2)</sup>
Fashion & Leather Goods	371,105	361,135	-2%
Perfumes & Cosmetics	90,160	92,726	+3%
Watches & Jewelry	35,924	36,515	+2%
Selective Retailing	296,537	279,257	-4%
Other activities	17,091	18,486	+8%
<b>TOTAL</b>	<b>999,109</b>	<b>1,005,254</b>	<b>+1%</b>

(1) Value and change at constant scope.

(2) Change related to increased business activity and the installation of new equipment at a Glenmorangie site.

**WATER CONSUMPTION BY BUSINESS GROUP**  
(process requirements in m<sup>3</sup>)

	2017	2018 pro forma <sup>(1)</sup>	Change <sup>(1)</sup> (in %)
Wines & Spirits	1,151,814	1,183,962	+3%
Fashion & Leather Goods	1,714,661	1,872,325	+9%
Perfumes & Cosmetics	178,646	211,395	+18% <sup>(2)</sup>
Watches & Jewelry	91,416	99,770	+9%
Selective Retailing	483,950	420,855	-13% <sup>(3)</sup>
Other activities	256,049	257,526	+1%
<b>TOTAL</b>	<b>3,876,536</b>	<b>4,045,833</b>	<b>+4%</b>

(1) Value and change at constant scope.

(2) Change related to business activity and improvements in reporting processes.

(3) Change related to business activity and improvements in equipment.

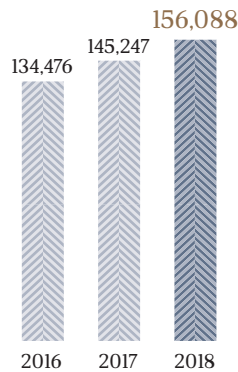
**SOCIAL AND/OR ENVIRONMENTAL AUDITS AND MONITORING OF OUR SUPPLIERS BY REGION IN 2018**

	Breakdown of suppliers (in %)	Breakdown of audits (in %) <sup>(1)</sup>
Europe	65%	68%
Asia	14%	28%
North America	14%	1%
Other markets <sup>(2)</sup>	7%	3%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>
<b>Total number</b>	<b>877</b>	<b>1,092</b>

(1) Of which 78% initial audits, and 22% follow-up audits.

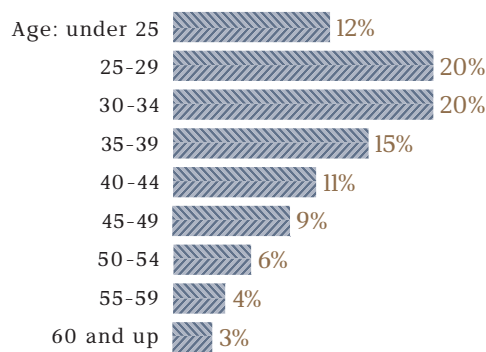
(2) Including Africa.

EMPLOYEES<sup>(1)</sup>



(1) Total permanent and fixed-term headcount.

BREAKDOWN BY AGE<sup>(1)</sup>  
(Median age: 33 years)



(1) Under permanent contracts.

BREAKDOWN OF JOINERS BY REGION<sup>(1)</sup>

	2018
France	4,946
Europe (excl. France)	8,205
United States	10,261
Japan	1,027
Asia (excl. Japan)	12,266
Other markets	3,909
<b>TOTAL</b>	<b>40,614</b>

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

BREAKDOWN BY BUSINESS GROUP (as of December 31, 2018)

	2018 <sup>(1)</sup>	As % of total	% women <sup>(2)</sup>
Wines & Spirits	7,380	5%	38%
Fashion & Leather Goods	48,101	31%	69%
Perfumes & Cosmetics	29,141	19%	83%
Watches & Jewelry	8,784	6%	59%
Selective Retailing	57,975	37%	83%
Other activities	4,707	3%	35%
<b>TOTAL</b>	<b>156,088</b>	<b>100%</b>	<b>73%</b>

(1) Total permanent and fixed-term headcount.  
(2) Under permanent contracts.

BREAKDOWN OF PERSONNEL BY PROFESSIONAL CATEGORY (as of December 31, 2018)

	2018 <sup>(1)</sup>	As % of total	% women <sup>(2)</sup>
Executives and managers	29,288	19%	65%
Technicians and supervisors	14,500	9%	68%
Administrative and sales employees	91,625	59%	81%
Production workers	20,676	13%	58%
<b>TOTAL</b>	<b>156,088</b>	<b>100%</b>	<b>73%</b>

(1) Total permanent and fixed-term headcount.  
(2) Under permanent contracts.

BREAKDOWN BY REGION (as of December 31, 2018)

	2018 <sup>(1)</sup>	As % of total	% women <sup>(2)</sup>
France	31,156	20%	64%
Europe (excl. France)	38,645	25%	74%
United States	32,724	21%	79%
Japan	6,905	4%	74%
Asia (excl. Japan)	34,802	22%	77%
Other markets	11,856	8%	73%
<b>TOTAL</b>	<b>156,088</b>	<b>100%</b>	<b>73%</b>

(1) Total permanent and fixed-term headcount.  
(2) Under permanent contracts.

Further information can be found in the 2018 Reference Document.

#### Photographs

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- p. 13: Louis Vuitton Malletier, Stéphane Muratet - p. 17: Krug, Alexis Jacquin - Louis Vuitton Malletier, Collier Schorr  
- Parfums Christian Dior, Pol Baril - Bvlgari - Le Bon Marché Rive Gauche, DR - Cheval Blanc, S. Candito - p. 20: Christian Dior,  
Sophie Carre - p. 22: Chaumet, Sébastien Gracco - p. 24: Berluti, Gabriel de la Chapelle - p. 26, 66, 68, 72, 111, 112: Christian Dior  
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- p. 53: Veuve Clicquot, Arnaud Montagard - p. 54: Jas Hennessy & Co - Glenmorangie - p. 55: Krug, Zoë Ghertner - p. 56: Louis Vuitton  
Malletier, Ludwig Bonnet - p. 58: Fendi - p. 62, 104: Louis Vuitton Malletier, Craig McDean - p. 63: Christian Dior, Harley Weir  
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Patrick Wack & Tim Franco - p. 102: Thélios - p. 103: Louis Vuitton, Toby McFarlan Pond - p. 106: Hublot, Franck Fife,  
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d'Acclimatation - p. 121: Christian Dior, Tom Ferguson - p. 122: Christian Dior, Inès Manai - p. 123, 124: RIMOWA, Brett Lloyd  
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L V M H

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