Consolidated financial statements

This is a free translation into English of the original French Consolidated financial statements/Parent company financial statements. It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

1. Consolidated income statement

(EUR millions, except for earnings per share)	*Notes*	**Dec. 31, 2018** (12 months)	**Dec. 31, 2017** [1] (12 months)	**Dec. 31, 2016** [1] (6 months)
Revenue	*23-24*	**46,826**	**43,666**	**21,436**
Cost of sales		(15,625)	(15,105)	(7,401)
Gross margin		**31,201**	**28,561**	**14,035**
Marketing and selling expenses		(17,752)	(16,959)	(8,180)
General and administrative expenses		(3,471)	(3,251)	(1,618)
Income/(loss) from joint ventures and associates	*7*	23	-	1
Profit from recurring operations	*23-24*	**10,001**	**8,351**	**4,238**
Other operating income and expenses	*25*	(126)	(184)	(93)
Operating profit		**9,875**	**8,167**	**4,145**
Cost of net financial debt		(136)	(156)	(83)
Other financial income and expenses		(279)	73	(10)
Net financial income/(expense)	*26*	**(415)**	**(83)**	**(93)**
Income taxes	*27*	(2,518)	(2,259)	(1,162)
Net profit before minority interests		**6,942**	**5,825**	**2,890**
Minority interests	*17*	4,368	3,566	1,766
Net profit, Group share		**2,574**	**2,259**	**1,124**
Basic Group share of net earnings per share *(EUR)*	*28*	**14.30**	**12.58**	**6.27**
Number of shares on which the calculation is based		180,001,480	179,596,082	179,367,681
Diluted Group share of net earnings per share *(EUR)*	*28*	**14.25**	**12.50**	**6.22**
Number of shares on which the calculation is based		180,172,099	180,093,616	179,973,046

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

2. Consolidated statement of comprehensive gains and losses

(EUR millions)	*Notes*	Dec. 31, 2018 (12 months)	Dec. 31, 2017 (1) (12 months)	Dec. 31, 2016 (1) (6 months)
Net profit before minority interests		**6,942**	**5,825**	**2,890**
Translation adjustments		270	(989)	268
Amounts transferred to income statement		(1)	25	(32)
Tax impact		15	(49)	1
	15.4, 17	**284**	**(1,013)**	**237**
Change in value of hedges of future foreign currency cash flows		3	372	9
Amounts transferred to income statement		(279)	(104)	(14)
Tax impact		79	(76)	3
		(197)	**192**	**(2)**
Change in value of the cost of hedging instruments		(271)	(91)	(75)
Amounts transferred to income statement		148	210	-
Tax impact		31	(35)	23
		(92)	**84**	**(52)**
Gains and losses recognized in equity, transferable to income statement		**(5)**	**(737)**	**183**
Change in value of vineyard land	*6*	8	(35)	30
Amounts transferred to consolidated reserves		-	-	-
Tax impact		(2)	82	108
		6	**47**	**138**
Employee benefit commitments: change in value resulting from actuarial gains and losses		28	60	(7)
Tax impact		(5)	(22)	(6)
		23	**38**	**(13)**
Gains and losses recognized in equity, not transferable to income statement		**29**	**85**	**125**
Gains and losses recognized in equity		**24**	**(652)**	**308**
Comprehensive income		**6,966**	**5,173**	**3,198**
Minority interests		4,400	3,146	1,971
COMPREHENSIVE INCOME, GROUP SHARE		**2,566**	**2,027**	**1,227**

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

3. Consolidated balance sheet

Assets

(EUR millions)	*Notes*	Dec. 31, 2018	Dec. 31, 2017 [1]	Dec. 31, 2016 [1]
Brands and other intangible assets	*3*	16,376	16,078	16,069
Goodwill	*4*	12,192	12,301	11,045
Property, plant and equipment	*6*	14,463	13,217	12,962
Investments in joint ventures and associates	*7*	638	639	764
Non-current available for sale financial assets	*8*	1,100	789	750
Other non-current assets	*9*	985	869	823
Deferred tax	*27*	1,932	1,741	2,131
Non-current assets		**47,686**	**45,634**	**44,544**
Inventories and work in progress	*10*	12,485	10,888	10,929
Trade accounts receivable	*11*	3,222	2,736	2,785
Income taxes		461	780	297
Other current assets	*12*	4,864	5,119	2,452
Cash and cash equivalents	*14*	8,553	7,586	3,772
Current assets		**29,585**	**27,109**	**20,235**
TOTAL ASSETS		**77,271**	**72,743**	**64,779**

Liabilities and equity

(EUR millions)	*Notes*	Dec. 31, 2018	Dec. 31, 2017 [1]	Dec. 31, 2016 [1]
Share capital	*15.1*	361	361	361
Share premium account	*15.1*	194	194	194
Christian Dior treasury shares	*15.2*	(34)	(72)	(104)
Cumulative translation adjustment	*15.4*	243	154	520
Revaluation reserves		374	471	339
Other reserves		10,528	9,402	9,402
Net profit, Group share		2,574	2,259	1,124
Equity, Group share		**14,240**	**12,769**	**11,836**
Minority interests	*17*	22,132	19,932	18,243
Equity		**36,372**	**32,701**	**30,079**
Long-term borrowings	*18*	6,353	7,893	5,241
Non-current provisions	*19*	2,511	2,587	2,386
Deferred tax	*27*	4,633	4,587	4,894
Other non-current liabilities	*20*	10,039	9,870	8,509
Non-current liabilities		**23,536**	**24,937**	**21,030**
Short-term borrowings	*18*	5,550	4,553	3,854
Trade accounts payable	*21.1*	5,314	4,540	4,384
Income taxes		542	853	456
Current provisions	*19*	369	404	354
Other current liabilities	*21.2*	5,588	4,755	4,622
Current liabilities		**17,363**	**15,105**	**13,670**
TOTAL LIABILITIES AND EQUITY		**77,271**	**72,743**	**64,779**

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

4. Consolidated statement of changes in equity

						Revaluation reserves					Total equity		
(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares	Cumulative translation adjustment	Available for sale financial assets	Hedges of future foreign currency cash flows and cost of hedging	Vineyard land	Employee benefit commit-ments	Net profit and other reserves	Group share	Minority interests	Total
Notes		*15.1*		*15.2*	*15.4*							*17*	
As of June 30, 2016	**180,507,516**	**361**	**194**	**(109)**	**441**	**5**	**4**	**399**	**(57)**	**9,829**	**11,067**	**17,062**	**28,129**
Impact of changes in accounting standards [(1)]	-	-	-	-	-	(5)	(33)	-	-	35	(3)	(5)	(8)
As of July 1, 2016	**180,507,516**	**361**	**194**	**(109)**	**441**	**-**	**(29)**	**399**	**(57)**	**9,864**	**11,064**	**17,057**	**28,121**
Gains and losses recognized in equity					78	-	(20)	47	(2)	-	103	205	308
Net profit										1,124	1,124	1,766	2,890
Comprehensive income					**78**	**-**	**(20)**	**47**	**(2)**	**1,124**	**1,227**	**1,971**	**3,198**
Expenses related to stock option and similar plans										12	12	13	25
(Acquisition)/disposal of treasury shares				5						(9)	(4)	-	(4)
Capital increase in subsidiaries										-	-	35	35
Interim and final dividends paid										(395)	(395)	(471)	(866)
Changes in control of consolidated entities										(6)	(6)	(7)	(13)
Acquisition and disposal of minority interests' shares					1			1		(112)	(110)	(257)	(367)
Purchase commitments for minority interests' shares										48	48	(98)	(50)
As of Dec. 31, 2016	**180,507,516**	**361**	**194**	**(104)**	**520**	**-**	**(49)**	**447**	**(59)**	**10,526**	**11,836**	**18,243**	**30,079**
Gains and losses recognized in equity					(365)		102	15	16	-	(232)	(420)	(652)
Net profit										2,259	2,259	3,566	5,825
Comprehensive income					**(365)**	**-**	**102**	**15**	**16**	**2,259**	**2,027**	**3,146**	**5,173**
Expenses related to stock option and similar plans										34	34	39	73
(Acquisition)/disposal of treasury shares				32						(13)	19	-	19
Capital increase in subsidiaries										-	-	44	44
Interim and final dividends paid										(539)	(539)	(1,505)	(2,044)
Changes in control of consolidated entities										(2)	(2)	102	100
Impact of the sale of Christian Dior Couture to LVMH										(475)	(475)	327	(148)
Acquisition and disposal of minority interests' shares					(1)			(1)		(76)	(78)	(97)	(175)
Purchase commitments for minority interests' shares										(53)	(53)	(367)	(420)
As of Dec. 31, 2017	**180,507,516**	**361**	**194**	**(72)**	**154**	**-**	**53**	**461**	**(43)**	**11,661**	**12,769**	**19,932**	**32,701**
Gains and losses recognized in equity					89		(106)	1	8		(8)	32	24
Net profit										2574	2,574	4,368	6,942
Comprehensive income					**89**	**-**	**(106)**	**1**	**8**	**2,574**	**2,566**	**4,400**	**6,966**
Expenses related to stock option and similar plans										40	40	47	87
(Acquisition)/disposal of treasury shares				38						(14)	24	-	24
Capital increase in subsidiaries										-	-	50	50
Interim and final dividends paid										(973)	(973)	(1,937)	(2,910)
Changes in control of consolidated entities										(4)	(4)	36	32
Acquisition and disposal of minority interests' shares										(136)	(136)	(174)	(310)
Purchase commitments for minority interests' shares										(46)	(46)	(222)	(268)
AS OF DEC. 31, 2018	**180,507,516**	**361**	**194**	**(34)**	**243**	**-**	**(53)**	**462**	**(35)**	**13,102**	**14,240**	**22,132**	**36,372**

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

5. Consolidated cash flow statement

(EUR millions)	*Notes*	Dec. 31, 2018 (12 months)	Dec. 31, 2017[1] (12 months)	Dec. 31, 2016[1] (6 months)
I - OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		9,875	8,167	4,145
Income/(loss) and dividends from joint ventures and associates	7	5	22	9
Net increase in depreciation, amortization and provisions		2,278	2,499	1,396
Other computed expenses		(135)	(23)	(90)
Other adjustments		(79)	(83)	(117)
Cash from operations before changes in working capital		**11,944**	**10,582**	**5,343**
Cost of net financial debt: interest paid		(130)	(146)	(73)
Tax paid on operating activities		(2,308)	(2,872)	(1,082)
Net cash from operating activities before changes in working capital		**9,506**	**7,564**	**4,188**
Change in working capital	14.2	(1,086)	(516)	555
Net cash from operating activities		**8,420**	**7,048**	**4,743**
Operating investments	14.3	(3,038)	(2,517)	(1,467)
Net cash from operating activities and operating investments (free cash flow)		**5,382**	**4,531**	**3,276**
II – FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets [a]	8	(445)	(125)	(21)
Proceeds from sale of non-current available for sale financial assets	8	45	93	30
Dividends received	8	18	13	4
Tax paid related to non-current available for sale financial assets and consolidated investments		(145)	-	(202)
Impact of purchase and sale of consolidated investments	2.4	(17)	(524)	420
Net cash from/(used in) financial investments		**(544)**	**(543)**	**231**
III – TRANSACTIONS RELATING TO EQUITY				
Capital increases of subsidiaries subscribed by minority interests	17	41	44	36
Acquisition and disposal of treasury shares	15.2	24	20	(5)
Interim and final dividends paid by Christian Dior SE	15.3	(973)	(539)	(395)
Interim and final dividends paid to minority interests in consolidated subsidiaries	17	(1,931)	(1,506)	(465)
Tax paid related to interim and final dividends paid		(60)	488	(59)
Purchase and proceeds from sale of minority interests	2.4	(519)	(171)	(370)
Net cash from/(used in) transactions relating to equity		**(3,418)**	**(1,664)**	**(1,258)**
Change in cash before financing activities (I+II+III)		**1,420**	**2,324**	**2,249**
IV – FINANCING ACTIVITIES				
Proceeds from borrowings	18.1	1,528	6,192	483
Repayment of borrowings	18.1	(2,174)	(2,237)	(2,082)
Purchase and proceeds from sale of current available for sale financial assets [a]	13	48	(2,108)	2
Net cash from/(used in) financing activities	14.2	**(598)**	**1,847**	**(1,597)**
V – EFFECT OF EXCHANGE RATE CHANGES		**67**	**(260)**	**87**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		**889**	**3,911**	**739**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14.1	**7,466**	**3,555**	**2,816**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14.1	**8,355**	**7,466**	**3,555**
TOTAL TAX PAID		**(2,513)**	**(2,384)**	**(1,343)**

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

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

Notes to the consolidated financial statements

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

6. Notes to the consolidated financial statements

NOTE 1 – ACCOUNTING POLICIES

1.1. General framework and environment

The consolidated financial statements for fiscal year 2018 were established in accordance with the international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable as of December 31, 2018.

These standards and interpretations have been applied consistently to the fiscal years presented. The consolidated financial statements for fiscal year 2018 were approved by the Board of Directors on January 29, 2019.

1.2. Changes in the accounting framework applicable to the Group

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

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

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

The cost of hedging is now recognized as follows:

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

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

At its level, Christian Dior integrates data from the LVMH group without restatement. Regarding its own available for sale financial assets, as it is authorized to do under IFRS 9, Christian Dior reserves the right to choose, for each accounting item, the method for recognizing their change in market value: either within "Net financial income/(expense)" or directly in equity.

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

Impact on the balance sheet

(EUR millions)	**As of July 1, 2016**	**As of Dec. 31, 2016**	**As of Dec. 31, 2017**
Deferred tax	(8)	(5)	(2)
Total assets	**(8)**	**(5)**	**(2)**
Revaluation reserves, of which:	(38)	(103)	(149)
Available for sale financial assets	(5)	(52)	(128)
Ineffective portion of hedges	(33)	(51)	(21)
Other reserves	35	101	147
Equity, Group share	**(3)**	**(2)**	**(2)**
Minority interests	(5)	(3)	(3)
Equity	**(8)**	**(5)**	**(5)**
Deferred tax	-	-	3
TOTAL LIABILITIES AND EQUITY	**(8)**	**(5)**	**(2)**

Impact on the income statement

(EUR millions)	**As of Dec. 31, 2016** (6 months)	**As of Dec. 31, 2017** (12 months)
Borrowing costs	(29)	(58)
Income from cash, cash equivalents and current available for sale financial assets	-	-
Fair value adjustment of borrowings and interest rate hedges	9	(16)
Cost of net financial debt	**(20)**	**(74)**
Dividends received from non-current available for sale financial assets	-	-
Ineffective portion of foreign exchange derivatives	95	(44)
Net gain/(loss) related to available for sale financial assets and other financial instruments	116	239
Other items, net	-	-
Other financial income and expenses	**211**	**195**
Net financial income/(expense)	**191**	**121**
Income taxes	(25)	(22)
Net profit before minority interests	**166**	**99**
Minority interests	(100)	(53)
NET PROFIT, GROUP SHARE	**66**	**46**

Impact on the consolidated statement of comprehensive gains and losses

(EUR millions)	As of Dec. 31, 2016 (6 months)	As of Dec. 31, 2017 (12 months)
Net profit before minority interests	**166**	**99**
Change in value of available for sale financial assets	(92)	(274)
Amounts transferred to income statement	(24)	32
Tax impact	4	57
	(112)	**(185)**
Change in value of the ineffective portion of hedging instruments	(75)	(91)
Amounts transferred to income statement	-	210
Tax impact	23	(35)
	(52)	**84**
Gains and losses recognized in equity, transferable to income statement	**(164)**	**(101)**
Comprehensive income	**2**	**(2)**
Minority interests	(1)	2
COMPREHENSIVE INCOME, GROUP SHARE	**1**	**-**

Impact on the consolidated cash flow statement

(EUR millions)	As of Dec. 31, 2016 (6 months)	As of Dec. 31, 2017 (12 months)
Cost of net financial debt: interest paid	(29)	(58)
Net cash from operating activities and operating investments (free cash flow)	**(29)**	**(58)**
Net cash from/(used in) financing activities	**(45)**	**187**
Effect of exchange rate changes	**74**	**(129)**

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

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

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

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

The Group has implemented a dedicated IT solution to gather lease data and run the calculations required by the standard. The Group is in the process of completing its inventory of leases and gathering the information required to calculate the liability at the transition date. The impact on the balance sheet of the initial application of IFRS 16 will be between 11 and 13 billion euros, compared with 12.6 billion euros in lease commitments as of December 31, 2018 (see Note 30).

Most leases are related to the Group's retail premises. Such leases are actively managed and directly linked to the conduct of Maisons' business and their distribution strategy.

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

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

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

The Group is following the ongoing discussions held at IFRIC and IASB related to the recognition of purchase commitments for minority interests' shares and changes in their amount. See Note 1.12 for a description of the recognition method applied by LVMH to these commitments.

1.3. First-time adoption of IFRS

The first accounts prepared by the Group in accordance with IFRS were the financial statements for the year ended December 31, 2005, with a transition date of January 1, 2004. IFRS 1 allowed for exceptions to the retrospective application of IFRS at the transition date. The procedures implemented by the Group with respect to these exceptions include the following:

- business combinations: The exemption from retrospective application was not applied. The Christian Dior group has retrospectively restated acquisitions made since 1988, the date of the initial consolidation of LVMH, and all subsequent acquisitions have been restated in accordance with IFRS 3. IAS 36 Impairment of Assets and IAS 38 Intangible Assets have been applied retrospectively since that date;
- foreign currency translation of the financial statements of subsidiaries outside the eurozone: Translation reserves relating to the consolidation of subsidiaries that prepare their accounts in foreign currency were reset to zero as of January 1, 2004 and offset against "Other reserves".

1.4. Presentation of the financial statements

Definitions of "Profit from recurring operations" and "Other operating income and expenses"

The Group's main business is the management and development of its brands and trade names. "Profit from recurring operations" is derived from these activities, whether they are recurring or non-recurring, core or incidental transactions.

"Other operating income and expenses" comprises income statement items, which – due to their nature, amount or frequency – may not be considered inherent to the Group's recurring operations or its profit from recurring operations. This caption reflects in particular the impact of changes in the scope of consolidation, the impairment of goodwill and the impairment and amortization of brands and trade names.

It also includes any significant amounts relating to the impact of certain unusual transactions, such as gains or losses arising on the disposal of fixed assets, restructuring costs, costs in respect of disputes, or any other non-recurring income or expense which may otherwise distort the comparability of profit from recurring operations from one period to the next.

Cash flow statement

Net cash from operating activities is determined on the basis of operating profit, adjusted for non-cash transactions. In addition:

- dividends received are presented according to the nature of the underlying investments; thus, dividends from joint ventures and associates are presented in "Net cash from operating activities", while dividends from other unconsolidated entities are presented in "Net cash from financial investments";
- tax paid is presented according to the nature of the transaction from which it arises: in "Net cash from operating activities" for the portion attributable to operating transactions; in "Net cash from financial investments" for the portion attributable to transactions in available for sale financial assets, notably tax paid on gains from their sale; in "Net cash from transactions relating to equity" for the portion attributable to transactions in equity, notably distribution taxes arising on the payment of dividends.

1.5. Use of estimates

For the purpose of preparing the consolidated financial statements, the measurement of certain balance sheet and income statement items requires the use of hypotheses, estimates or other forms of judgment. This is particularly true of the valuation of intangible assets (see Note 5), the measurement of purchase commitments for minority interests' shares (see Notes 1.12 and 20), and the determination of the amount of provisions for contingencies and losses (see Note 19) or for impairment of inventories (see Notes 1.16 and 10) and, if applicable, deferred tax assets (see Note 27). Such hypotheses, estimates or other forms of judgment made on the basis of the information available or the situation prevailing at the date at which the financial statements are prepared may subsequently prove different from actual events.

1.6. Methods of consolidation

The subsidiaries in which the Group holds a direct or indirect de facto or de jure controlling interest are fully consolidated.

Jointly controlled companies and companies where the Group has significant influence but no controlling interest are accounted for using the equity method. Although jointly controlled, those entities are fully integrated within the Group's operating activities. The Group discloses their net profit – as well as that of entities using the equity method (see Note 7) – on a separate line, which forms part of profit from recurring operations.

The assets, liabilities, income and expenses of the Wines and Spirits distribution subsidiaries held jointly with the Diageo group are consolidated only in proportion to the Group's share of operations (see Note 1.25).

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

1.7. Foreign currency translation of the financial statements of subsidiaries outside the eurozone

The consolidated financial statements are presented in euros; the financial statements of entities presented in a different functional currency are translated into euros:

- at the period-end exchange rates for balance sheet items;
- at the average rates for the period for income statement items.

Translation adjustments arising from the application of these rates are recorded in equity under "Cumulative translation adjustment".

1.8. Foreign currency transactions and hedging of exchange rate risks

Transactions of consolidated companies denominated in a currency other than their functional currencies are translated to their functional currencies at the exchange rates prevailing at the transaction dates.

Accounts receivable, accounts payable and debts denominated in currencies other than the entities' functional currencies are translated at the applicable exchange rates at the fiscal year-end. Unrealized gains and losses resulting from this translation are recognized:

- within "Cost of sales" for commercial transactions;
- within "Net financial income/(expense)" for financial transactions.

Foreign exchange gains and losses arising from the translation or elimination of intra-Group transactions or receivables and payables denominated in currencies other than the entity's functional currency are recorded in the income statement unless they relate to long-term intra-Group financing transactions, which can be considered as transactions relating to equity. In the latter case, translation adjustments are recorded in equity under "Cumulative translation adjustment".

Derivatives used to hedge commercial, financial or investment transactions are recognized in the balance sheet at their market value (see Note 1.9) at the balance sheet date. Changes in the value of the effective portions of these derivatives are recognized as follows:

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

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

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

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

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

1.9. Fair value measurement

Fair value (or market value) is the price that would be obtained from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants.

The assets and liabilities measured at fair value in the balance sheet are as follows:

	Approaches to determining fair value	Amounts recorded at balance sheet date
Vineyard land	Based on recent transactions in similar assets. See Note 1.13.	Note 6
Grape harvests	Based on purchase prices for equivalent grapes. See Note 1.16.	Note 10
Derivatives	Based on market data and according to commonly used valuation models. See Note 1.21.	Note 22
Borrowings hedged against changes in value due to interest rate fluctuations	Based on market data and according to commonly used valuation models. See Note 1.20.	Note 18
Liabilities in respect of purchase commitments for minority interests' shares priced according to fair value	Generally based on the market multiples of comparable companies. See Note 1.12.	Note 20
Available for sale financial assets	Quoted investments: price quotations at the close of trading on the balance sheet date. Unquoted investments: estimated net realizable value, either according to formulas based on market data or based on private quotations. See Note 1.15.	Note 8, Note 13
Cash and cash equivalents (SICAV and FCP funds)	Based on the liquidation value at the balance sheet date. See Note 1.18.	Note 14

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

1.10. Brands and other intangible assets

Only acquired brands and trade names that are well known and individually identifiable are recorded as assets based on their market values at their dates of acquisition.

Brands and trade names are chiefly valued using the forecast discounted cash flow method, or based on comparable transactions (i.e. using the revenue and net profit coefficients employed for recent transactions involving similar brands) or stock market multiples observed for related businesses. Other complementary methods may also be employed: the relief from royalty method, involving equating a brand's value with the present value of the royalties required to be paid for its use; the margin differential method, applicable when a measurable difference can be identified in the amount of revenue generated by a branded product in comparison with a similar unbranded product; and finally the equivalent brand reconstitution method involving, in particular, estimation of the amount of advertising and promotion expenses required to generate a similar brand.

Costs incurred in creating a new brand or developing an existing brand are expensed.

Brands, trade names and other intangible assets with finite useful lives are amortized over their estimated useful lives. The classification of a brand or trade name as an asset of definite or indefinite useful life is generally based on the following criteria:

- the brand or trade name's overall positioning in its market expressed in terms of volume of activity, international presence and reputation;
- its expected long-term profitability;
- its degree of exposure to changes in the economic environment;
- any major event within its business segment liable to compromise its future development;
- its age.

Amortizable lives of brands and trade names with definite useful lives range from 5 to 20 years, depending on their estimated period of use.

Impairment tests are carried out for brands, trade names and other intangible assets using the methodology described in Note 1.14.

Research expenditure is not capitalized. New product development expenditure is not capitalized unless the final decision has been made to launch the product.

Intangible assets other than brands and trade names are amortized over the following periods:

- leasehold rights, key money: based on market conditions, generally over the lease term;
- rights attached to sponsorship agreements and media partnerships: over the life of the agreements, depending on how the rights are used;
- development expenditure: three years at most;
- software, websites: one to five years.

1.11. Changes in ownership interests in consolidated entities

When the Group takes de jure or de facto control of a business, its assets, liabilities and contingent liabilities are estimated at their market value as of the date when control is obtained; the difference between the cost of taking control and the Group's share of the market value of those assets, liabilities and contingent liabilities is recognized as goodwill.

The cost of taking control is the price paid by the Group in the context of an acquisition, or an estimate of this price if the transaction is carried out without any payment of cash, excluding acquisition costs, which are disclosed under "Other operating income and expenses".

The difference between the carrying amount of minority interests purchased after control is obtained and the price paid for their acquisition is deducted from equity.

Goodwill is accounted for in the functional currency of the acquired entity.

Goodwill is not amortized but is subject to annual impairment testing using the methodology described in Note 1.14. Any impairment expense recognized is included within "Other operating income and expenses".

1.12. Purchase commitments for minority interests' shares

The Group has granted put options to minority shareholders of certain fully consolidated subsidiaries.

Pending specific guidance from IFRSs regarding this issue, the Group recognizes these commitments as follows:

- the value of the commitment at the balance sheet date appears in "Other non-current liabilities", or in "Other current liabilities" if the minority shareholder has provided notice of exercising its put option before the fiscal year-end;
- the corresponding minority interests are cancelled;
- for commitments granted prior to January 1, 2010, the difference between the amount of the commitments and cancelled minority interests is maintained as an asset on the balance sheet under goodwill, as are subsequent changes in this difference. For commitments granted as from January 1, 2010, the difference between the amount of the commitments and minority interests is deducted from equity, under "Other reserves".

This recognition method has no effect on the presentation of minority interests within the income statement.

1.13. Property, plant and equipment

With the exception of vineyard land, the gross value of property, plant and equipment is stated at acquisition cost. Any borrowing costs incurred prior to the placed-in-service date or during the construction period of assets are capitalized.

Vineyard land is recognized at the market value at the balance sheet date. This valuation is based on official published data for recent transactions in the same region. Any difference compared to historical cost is recognized within equity under "Revaluation reserves". If the market value falls below the acquisition cost, the resulting impairment is charged to the income statement.

Buildings mostly occupied by third parties are reported as investment property, at acquisition cost. Investment property is thus not remeasured at market value.

Assets acquired under finance leases are capitalized on the basis of the lower of their market value and the present value of future lease payments.

The depreciable amount of property, plant and equipment comprises the acquisition cost of their components less residual value, which corresponds to the estimated disposal price of the asset at the end of its useful life.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives; the following useful lives are applied:

• Buildings, including investment property	20 to 50 years;
• Machinery and equipment	3 to 25 years;
• Leasehold improvements	3 to 10 years;
• Producing vineyards	18 to 25 years.

Expenses for maintenance and repairs are charged to the income statement as incurred.

1.14. Impairment testing of fixed assets

Intangible and tangible fixed assets are subject to impairment testing whenever there is any indication that an asset may be impaired (particularly following major changes in the asset's operating conditions), and in any event at least annually in the case of intangible assets with indefinite useful lives (mainly brands, trade names and goodwill). When the carrying amount of assets with indefinite useful lives is greater than the higher of their value in use or market value, the resulting impairment loss is recognized within "Other operating income and expenses", allocated on a priority basis to any existing goodwill.

Value in use is based on the present value of the cash flows expected to be generated by these assets. Market value is estimated by comparison with recent similar transactions or on the basis of valuations performed by independent experts for the purposes of a disposal transaction.

Cash flows are forecast at Group level for each business segment, defined as one or several brands or trade names under the responsibility of a dedicated management team. Smaller-scale cash-generating units, such as a group of stores, may be distinguished within a particular business segment.

The forecast data required for the cash flow method is based on annual budgets and multi-year business plans prepared by the management of the business segments concerned. Detailed forecasts cover a five-year period, which may be extended for brands undergoing strategic repositioning or whose production cycle exceeds five years. An estimated terminal value is added to the value resulting from discounted forecast cash flows, which corresponds to the capitalization in perpetuity of cash flows most often arising from the last year of the plan. Discount rates are set for each business group with reference to companies engaged in comparable businesses. Forecast cash flows are discounted on the basis of the rate of return to be expected by an investor in the applicable business and an assessment of the risk premium associated with that business. When several forecast scenarios are developed, the probability of occurrence of each scenario is assessed.

1.15. Available for sale financial assets

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

Non-current available for sale financial assets comprise strategic and non-strategic investments whose estimated period and form of ownership justify such classification.

Current available for sale financial assets (presented in "Other current assets"; see Note 12) include temporary investments in shares, shares of SICAVs, FCPs and other mutual funds, excluding investments made as part of the daily cash management, which are accounted for as "Cash and cash equivalents" (see Note 1.18).

Available for sale financial assets are measured at their listed value at the fiscal year-end date in the case of quoted investments, and in the case of unquoted investments at their estimated net realizable value, assessed either according to formulas based on market quotations or based on private quotations at the fiscal year-end date.

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

At its level, Christian Dior integrates data from the LVMH group without restatement. Regarding its own available for sale financial assets, as it is authorized to do under IFRS 9, Christian Dior reserves the right to choose, for each accounting item, the method for recognizing their change in market value: either within "Net financial income/(expense)" or directly in equity.

1.16. Inventories and work in progress

Inventories other than wine produced by the Group are recorded at the lower of cost (excluding interest expense) and net realizable value; cost comprises manufacturing cost (finished goods) or purchase price, plus incidental costs (raw materials, merchandise).

Wine produced by the Group, including champagne, is measured on the basis of the applicable harvest market value, which is determined by reference to the average purchase price of equivalent grapes, as if the grapes harvested had been purchased from third parties. Until the date of the harvest, the value of grapes is calculated on a pro rata basis, in line with the estimated yield and market value.

Inventories are valued using either the weighted average cost or the FIFO method, depending on the type of business.

Due to the length of the aging process required for champagne and spirits (cognac, whisky), the holding period for these inventories generally exceeds one year. However, in accordance with industry practices, these inventories are classified as current assets.

Provisions for impairment of inventories are chiefly recognized for businesses other than Wines and Spirits. They are generally required because of product obsolescence (end of season or collection, expiration date approaching, etc.) or lack of sales prospects.

1.17. Trade accounts receivable, loans and other receivables

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

The amount of long-term loans and receivables (i.e. those falling due in more than one year) is subject to discounting, the effects of which are recognized under "Net financial income/(expense)", using the effective interest rate method.

1.18. Cash and cash equivalents

"Cash and cash equivalents" comprise cash and highly liquid money-market investments subject to an insignificant risk of changes in value over time.

Money-market investments are measured at their market value, based on price quotations at the close of trading and on the exchange rate prevailing at the fiscal year-end date, with any changes in value recognized as part of "Net financial income/(expense)".

1.19. Provisions

A provision is recognized whenever an obligation exists towards a third party resulting in a probable disbursement for the Group, the amount of which may be reliably estimated. See also Notes 1.23 and 19.

When execution of its obligation is expected to occur in more than one year, the provision amount is discounted, the effects of which are recognized in "Net financial income/(expense)" using the effective interest rate method.

1.20. Borrowings

Borrowings are measured at amortized cost, i.e. nominal value net of premium and issue expenses, which are charged progressively to "Net financial income/(expense)" using the effective interest method.

In the case of hedging against fluctuations in the value of borrowings resulting from changes in interest rates, both the hedged amount of borrowings and the related hedging instruments are measured at their market value at the balance sheet date, with any changes in those values recognized within "Net financial income/(expense)" under "Fair value adjustment of borrowings and interest rate hedges". See Note 1.9 on the measurement of hedged borrowings at market value. Interest income and expenses related to hedging instruments are recognized within "Net financial income/(expense)" under "Borrowing costs".

In the case of hedging against fluctuations in future interest payments, the related borrowings remain measured at their amortized cost while any changes in value of the effective hedge portions are taken to equity as part of "Revaluation reserves".

Changes in value of non-hedging derivatives, and of the ineffective portions of hedges, are recognized within "Net financial income/(expense)".

Net financial debt comprises short- and long-term borrowings, the market value at the balance sheet date of interest rate derivatives, less the amount at the balance sheet date of non-current available for sale financial assets used to hedge financial debt, current available for sale financial assets, cash and cash equivalents, in addition to the market value at that date of foreign exchange derivatives related to any of the aforementioned items.

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

1.21. Derivatives

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

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

Derivatives are recognized in the balance sheet at their market value at the balance sheet date. Changes in their value are accounted for as described in Note 1.8 in the case of foreign exchange hedges, and as described in Note 1.20 in the case of interest rate hedges.

Market value is based on market data and commonly used valuation models.

Derivatives with maturities in excess of twelve months are disclosed as non-current assets and liabilities.

1.22. Christian Dior and LVMH treasury shares

Christian Dior treasury shares

Christian Dior shares held by the Group are measured at their acquisition cost and recognized as a deduction from consolidated equity, irrespective of the purpose for which they are held.

In the event of disposal, the cost of the shares disposed of is determined by allocation category (see Note 15.2) using the FIFO method, with the exception of shares held under stock option plans, for which the calculation is performed for each plan using the weighted average cost method. Gains and losses on disposal are taken directly to equity.

LVMH treasury shares

Purchases and sales by LVMH of its own shares, as well as LVMH SE capital increases reserved for recipients of share subscription options, resulting in changes in the percentage held by the Christian Dior group in LVMH, are accounted for in the consolidated financial statements of the Christian Dior group as changes in ownership interests in consolidated entities.

As from January 1, 2010, in accordance with the revised version of IFRS 3, changes in the Christian Dior group's ownership interest in LVMH have been taken to equity.

As this standard is applied prospectively, goodwill recognized as of December 31, 2009 has been maintained as an asset on the balance sheet.

1.23. Pensions, contribution to medical costs and other employee benefit commitments

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

When the payment of retirement bonuses, pensions, contributions to medical costs and other commitments is to be borne by the Group, a provision is recorded in the balance sheet in the amount of the corresponding actuarial commitment. Changes in this provision are recognized as follows:

- the portion related to the cost of services rendered by employees and net interest for the fiscal year is recognized in profit from recurring operations for the fiscal year;
- the portion related to changes in actuarial assumptions and to differences between projected and actual data (experience adjustments) is recognized in gains and losses taken to equity.

If this commitment is partially or fully funded by payments made by the Group to external financial organizations, these dedicated funds are deducted from the actuarial commitment recorded in the balance sheet.

The actuarial commitment is calculated based on assessments that are specifically designed for the country and the Group company concerned. In particular, these assessments include assumptions regarding discount rates, salary increases, inflation, life expectancy and staff turnover.

1.24. Current and deferred tax

The tax expense comprises current tax payable by consolidated companies and deferred tax resulting from temporary differences.

Deferred tax is recognized in respect of temporary differences arising between the value of assets and liabilities for purposes of consolidation and the value resulting from the application of tax regulations.

Deferred tax is measured on the basis of the income tax rates enacted at the balance sheet date; the effect of changes in rates is recognized during the periods in which changes are enacted.

Future tax savings from tax losses carried forward are recorded as deferred tax assets on the balance sheet and impaired if they are deemed not recoverable; only amounts for which future use is deemed probable are recognized.

Deferred tax assets and liabilities are not discounted.

Taxes payable in respect of the distribution of retained earnings of subsidiaries give rise to provisions if distribution is deemed probable.

1.25. Revenue recognition

Definition of revenue

Revenue mainly comprises retail sale within the Group's store network (including e-commerce websites) and sales through agents and distributors. Sales made in stores owned by third parties are treated as retail transactions if the risks and rewards of ownership of the inventories are retained by the Group.

Direct sales to customers are made through retail stores in Fashion and Leather Goods and Selective Retailing, as well as certain Watches and Jewelry and Perfumes and Cosmetics brands. These sales are recognized at the time of purchase by retail customers.

Wholesale sales mainly concern the Wines and Spirits businesses, as well as certain Perfumes and Cosmetics and Watches and Jewelry brands. The Group recognizes revenue when title transfers to third-party customers.

Revenue includes shipment and transportation costs re-billed to customers only when these costs are included in products' selling prices as a lump sum.

Revenue is presented net of all forms of discount. In particular, payments made in order to have products referenced or, in accordance with agreements, to participate in advertising campaigns with the distributors, are deducted from related revenue.

Provisions for product returns

Perfumes and Cosmetics and, to a lesser extent, Fashion and Leather Goods and Watches and Jewelry companies may accept the return of unsold or outdated products from their customers and distributors.

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

Businesses undertaken in partnership with Diageo

A significant proportion of revenue for the Group's Wines and Spirits businesses is generated within the framework of distribution agreements with Diageo, generally taking the form of shared entities which sell and deliver both groups' products to customers; the income statement and balance sheet of these entities is apportioned between the Group and Diageo based on distribution agreements. According to those agreements, the assets, liabilities, income and expenses of such entities are consolidated only in proportion to the Group's share of operations.

1.26. Advertising and promotion expenses

Advertising and promotion expenses include the costs of producing advertising media, purchasing media space, manufacturing samples and publishing catalogs, and in general, the cost of all activities designed to promote the Group's brands and products.

Advertising and promotion expenses are recorded within marketing and selling expenses upon receipt or production of goods or upon completion of services rendered.

1.27. Stock option and similar plans

For bonus share plans, the expected gain is calculated on the basis of the closing share price on the day before the Board of Directors' meeting at which the plan is instituted, less the amount of dividends expected to accrue during the vesting period. A discount may be applied to the value of the bonus shares thus calculated to account for a period of non-transferability, where applicable.

For all plans, the amortization expense is apportioned on a straight-line basis in the income statement over the vesting period, with a corresponding impact on reserves in the balance sheet.

For any cash-settled compensation plans index-linked to the change in the LVMH share price, the gain over the vesting period is estimated at each balance sheet date based on the LVMH share price at that date, and is charged to the income statement on a pro rata basis over the vesting period, with a corresponding balance sheet impact on provisions. Between that date and the settlement date, the change in the expected gain resulting from the change in the LVMH share price is recorded in the income statement.

1.28. Earnings per share

Earnings per share are calculated based on the weighted average number of shares outstanding during the fiscal year, excluding treasury shares.

Diluted earnings per share are calculated based on the weighted average number of shares before dilution and adding the weighted average number of shares that would result from the exercise of existing purchase options during the period or any other dilutive instrument. It is assumed for the purposes of this calculation that the funds received from the exercise of options, plus the amount not yet expensed for stock option and similar plans (see Note 1.27), would be employed to repurchase Christian Dior shares at a price corresponding to their average trading price over the fiscal year. Dilutive instruments issued by subsidiaries are also taken into consideration for the purposes of determining the Group's share of net profit after dilution.

NOTE 2 – CHANGES IN OWNERSHIP INTERESTS IN CONSOLIDATED ENTITIES

2.1. Fiscal year 2018

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

2.2. Fiscal year 2017

Fashion and Leather Goods

Rimowa

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

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

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

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

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

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

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

Loro Piana

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

Christian Dior Couture

On July 3, 2017, as part of the project aimed at simplifying the structures of the Christian Dior – LVMH group and in accordance with the terms of the memorandum of understanding signed with LVMH on April 24, 2017, Christian Dior SE sold 100% of the Christian Dior Couture segment to LVMH for 6.0 billion euros. Christian Dior directly and indirectly holds 41% of the share capital and 57% of the voting rights of LVMH.

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

Consequently, the Christian Dior group's ownership interest in Christian Dior Couture fell from 100% in the first half of 2017 to 41% in the second half of 2017.

Since LVMH is fully consolidated within Christian Dior's consolidated financial statements, this change has no impact on net profit. The Group share of consolidated reserves was reduced by 475 million euros, corresponding to the portion of net assets transferred to minority interests (327 million euros), costs (5 million euros), and tax on the capital gain (143 million euros after taking into account tax loss carryforwards).

Following the sale within the consolidated Group of the Christian Dior Couture segment by Christian Dior SE to LVMH SE on July 3, 2017, information for Christian Dior Couture is included in figures for the Fashion and Leather Goods business group (see Note 23) for fiscal year 2017 as well as the prior period.

2.3. Fiscal year 2016 (July 1 – December 31, 2016)

2.3.1. Fashion and Leather Goods

Donna Karan

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

LVMH Métiers d'Arts

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

2.3.2. Selective Retailing

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

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

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Purchase price of consolidated investments and of minority interests' shares	(802)	(1,177)	(401)
Positive cash balance/(net overdraft) of companies acquired	17	85	-
Proceeds from sale of consolidated investments	249	216	333
(Positive cash balance)/net overdraft of companies sold	-	181	118
IMPACT ON NET CASH AND CASH EQUIVALENTS OF CHANGES IN OWNERSHIP INTERESTS IN CONSOLIDATED ENTITIES	**(536)**	**(695)**	**50**
Of which: *Purchase and proceeds from sale of consolidated investments*	*(17)*	*(524)*	*420*
Purchase and proceeds from sale of minority interests	*(519)*	*(171)*	*(370)*

- In 2018, the impact on net cash and cash equivalents of changes in ownership interests in consolidated entities mainly arose from the purchase of minority interests in Fresh and in various distribution subsidiaries, particularly in the Middle East. It also included LVMH SE's capital increases reserved for recipients of share subscription options and the impact of the LVMH liquidity contract.
- In 2017, the impact on net cash and cash equivalents of changes in ownership interests in consolidated entities mainly arose from the acquisition of Rimowa for 615 million euros. It also included LVMH SE's capital increases reserved for recipients of share subscription options and the impact of the LVMH liquidity contract.
- As of December 31, 2016, the impact on cash and cash equivalents of changes in ownership interests in consolidated entities mainly arose from the sale of Donna Karan International for 435 million euros, and from the share repurchase program for shares pending retirement totaling 300 million euros, set up by LVMH in the fourth quarter of 2016.

NOTE 3 – BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

	December 31, 2018			Dec. 31, 2017	Dec. 31, 2016
(EUR millions)	Gross	Amortization and impairment	Net	Net	Net
Brands	13,433	(697)	12,736	12,655	12,418
Trade names	3,851	(1,586)	2,265	2,176	2,440
License rights	25	(25)	-	-	-
Leasehold rights	891	(453)	438	392	416
Software, websites	1,903	(1,359)	544	459	375
Other	978	(585)	393	396	420
TOTAL	**21,081**	**(4,705)**	**16,376**	**16,078**	**16,069**

3.1. Changes during the fiscal year

The net amounts of brands, trade names and other intangible assets changed as follows during the fiscal year ended December 31, 2018:

Gross value *(EUR millions)*	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	Total
As of December 31, 2017	**13,325**	**3,692**	**1,661**	**856**	**922**	**20,456**
Acquisitions	-	-	177	88	272	537
Disposals and retirements	-	-	(82)	(10)	(126)	(218)
Changes in the scope of consolidation	40	-	-	1	1	42
Translation adjustment	68	159	23	3	14	267
Reclassifications	-	-	124	(47)	(80)	(3)
AS OF DECEMBER 31, 2018	**13,433**	**3,851**	**1,903**	**891**	**1,003**	**21,081**

Amortization and impairment *(EUR millions)*	**Brands**	**Trade names**	**Software, websites**	**Leasehold rights**	**Other intangible assets**	**Total**
As of December 31, 2017	**(670)**	**(1,516)**	**(1,202)**	**(464)**	**(526)**	**(4,378)**
Amortization expense	(18)	(1)	(221)	(60)	(147)	(447)
Impairment expense	-	-	-	(2)	(7)	(9)
Disposals and retirements	-	-	80	10	126	216
Changes in the scope of consolidation	-	-	-	-	(1)	(1)
Translation adjustment	(9)	(69)	(15)	(1)	(7)	(101)
Reclassifications	-	-	(1)	64	(48)	15
AS OF DECEMBER 31, 2018	**(697)**	**(1,586)**	**(1,359)**	**(453)**	**(610)**	**(4,705)**
CARRYING AMOUNT AS OF DECEMBER 31, 2018	**12,736**	**2,265**	**544**	**438**	**393**	**16,376**

3.2. Changes during prior fiscal years

Carrying amount *(EUR millions)*	**Brands**	**Trade names**	**Software, websites**	**Leasehold rights**	**Other intangible assets**	**Total**
As of June 30, 2016	**12,813**	**2,330**	**322**	**405**	**399**	**16,269**
Acquisitions	-	-	99	44	115	258
Disposals and retirements	-	-	-	-	-	-
Changes in the scope of consolidation	(382)	-	(2)	(5)	14	(375)
Amortization expense	(12)	-	(88)	(25)	(75)	(200)
Impairment expense	(42)	-	-	(2)	-	(44)
Translation adjustment	41	110	8	2	2	163
Reclassifications	-	-	36	(3)	(35)	(2)
As of December 31, 2016	**12,418**	**2,440**	**375**	**416**	**420**	**16,069**
Acquisitions	-	-	180	31	248	459
Disposals and retirements	-	-	(1)	(3)	-	(4)
Changes in the scope of consolidation	481	-	1	5	1	488
Amortization expense	(26)	(1)	(179)	(51)	(150)	(407)
Impairment expense	(55)	-	(2)	-	(1)	(58)
Translation adjustment	(163)	(263)	(23)	(8)	(18)	(475)
Reclassifications	-	-	108	2	(104)	6
AS OF DECEMBER 31, 2017	**12,655**	**2,176**	**459**	**392**	**396**	**16,078**

Changes in the scope of consolidation in 2017 were mainly attributable to the acquisition of Rimowa (see Note 2).

3.3. Brands and trade names

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

	December 31, 2018			Dec. 31, 2017	Dec. 31, 2016
(EUR millions)	Gross	Amortization and impairment	Net	Net	Net
Wines and Spirits	2,818	(141)	2,677	2,674	2,711
Fashion and Leather Goods [(a)]	5,355	(363)	4,992	4,952	4,487
Perfumes and Cosmetics	1,349	(52)	1,297	1,310	1,324
Watches and Jewelry	3,633	(73)	3,560	3,507	3,682
Selective Retailing	3,804	(1,539)	2,265	2,176	2,440
Other activities	325	(115)	210	212	214
BRANDS AND TRADE NAMES	**17,284**	**(2,283)**	**15,001**	**14,831**	**14,858**

(a) Following the sale within the consolidated group of the Christian Dior Couture segment by Christian Dior SE to LVMH SE on July 3, 2017, information for Christian Dior Couture is included in figures for the "Fashion and Leather Goods" business group. For comparison purposes, figures for previous periods are presented using an identical approach.

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

- Wines and Spirits: Hennessy, Moët & Chandon, Veuve Clicquot, Krug, Château d'Yquem, Belvedere, Glenmorangie, Newton Vineyards and Numanthia Termes;
- Fashion and Leather Goods: Louis Vuitton, Fendi, Celine, Loewe, Givenchy, Kenzo, Pink Shirtmaker, Berluti, Pucci, Loro Piana and Rimowa;
- Perfumes and Cosmetics: Parfums Christian Dior, Guerlain, Parfums Givenchy, Make Up For Ever, Benefit Cosmetics, Fresh, Acqua di Parma, KVD Beauty, Fenty and Ole Henriksen;
- Watches and Jewelry: Bvlgari, TAG Heuer, Zenith, Hublot, Chaumet and Fred;
- Selective Retailing: DFS Galleria, Sephora, Le Bon Marché and Ile de Beauté;
- Other activities: The publications of the media group Les Échos-Investir, the daily newspaper Le Parisien-Aujourd'hui en France, the Royal Van Lent-Feadship brand, La Samaritaine, and the Cova pastry shop brand.

These brands and trade names are recognized in the balance sheet at their value determined as of the date of their acquisition by the Group, which may be much less than their value in use or their market value as of the closing date for the Group's consolidated financial statements. This is notably the case for the brands Louis Vuitton, Christian Dior Couture, Veuve Clicquot and Parfums Christian Dior, and the trade name Sephora, with the understanding that this list must not be considered exhaustive.

At the initial consolidation of LVMH in 1988, all brands then owned by LVMH were revalued in the consolidated financial statements of the Christian Dior group.

In the Christian Dior consolidated financial statements, LVMH's accounts are restated to account for valuation differences in brands recorded prior to 1988 in the consolidated accounts of each of these companies. See Note 1.3.

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

NOTE 4 – GOODWILL

	2018			2017	2016
(EUR millions)	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	8,867	(1,748)	7,119	7,002	6,759
Goodwill arising on purchase commitments for minority interests' shares	5,073	-	5,073	5,299	4,286
TOTAL	**13,940**	**(1,748)**	**12,192**	**12,301**	**11,045**

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

	December 31, 2018 (12 months)			Dec. 31, 2017 (12 months)	Dec. 31, 2016 (6 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
At beginning of period	**13,922**	**(1,621)**	**12,301**	**11,045**	**11,256**
Changes in the scope of consolidation	45	-	45	426	(110)
Changes in purchase commitments for minority interests' shares	(126)	-	(126)	1,008	(68)
Changes in impairment	-	(100)	(100)	(51)	(89)
Translation adjustment	99	(27)	72	(128)	58
Reclassifications	-	-	-	1	(2)
AT END OF PERIOD	**13,940**	**(1,748)**	**12,192**	**12,301**	**11,045**

Changes in the scope of consolidation during the fiscal year ended December 31, 2017 were mainly attributable to the acquisition of Rimowa.

Changes in the scope of consolidation during the fiscal year ended December 31, 2016 mainly arose from the sale of Donna Karan International.

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

NOTE 5 – IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Brands, trade names, and other intangible assets with indefinite useful lives as well as the goodwill arising on acquisition are tested for impairment at least once a year. No significant impairment expense was recognized in respect of these items during the course of fiscal year 2018. As described in Note 1.14, these assets are generally valued on the basis of the present value of forecast cash flows determined in the context of multi-year business plans drawn up each fiscal year.

The main assumptions used to determine these forecast cash flows for multi-year plans are as follows:

	December 31, 2018			December 31, 2017			December 31, 2016		
Business group *(as %)*	Post-tax discount rate	Annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Post-tax discount rate	Annual growth rate for for revenue during the plan period	Growth rate for the period after the plan	Post-tax discount rate	Annual growth rate for for revenue during the plan period	Growth rate for the period after the plan
Wines and Spirits	6.5 to 11.0	5.7	2.0	6.5 to 11.0	5.9	2.0	6.5 to 11.0	6.0	2.0
Fashion and Leather Goods [(a)]	8.0 to 10.5	9.7	2.0	8.0 to 10.5	6.6	2.0	9.3 to 10.5	6.8	2.0
Perfumes and Cosmetics	7.4 to 10.1	8.9	2.0	7.4 to 10.1	9.3	2.0	7.4 to 10.1	9.6	2.0
Watches and Jewelry	9.0 to 10.4	8.3	2.0	9.0 to 10.4	6.9	2.0	9.0 to 10.4	9.9	2.0
Selective Retailing	7.3 to 9.4	9.8	2.0	7.3 to 8.3	8.2	2.0	7.3 to 9.4	7.7	2.0
Other	6.5 to 9.3	4.5	2.0	6.5 to 7.3	8.4	2.0	6.5 to 7.5	4.4	2.0

(a) Following the sale within the consolidated group of the Christian Dior Couture segment by Christian Dior SE to LVMH SE on July 3, 2017, information for Christian Dior Couture is included in figures for the "Fashion and Leather Goods" business group.

Plans generally cover a five-year period, but may be prolonged up to ten years in the case of brands for which the production cycle exceeds five years or brands undergoing strategic repositioning. The annual growth rate for revenue and the improvement in profit margins over plan periods are comparable to the growth achieved in the previous four years, except for brands undergoing strategic repositioning, for which the improvements projected are greater than historical performance due to the expected effects of the repositioning measures implemented.

Annual growth rates applied for the period not covered by the plans are based on market estimates for the business groups concerned.

As of December 31, 2018, the intangible assets with indefinite useful lives that are the most significant in terms of their carrying amounts and the criteria used for impairment testing are as follows:

(EUR millions)	Brands and trade names	Goodwill	Total	Post-tax discount rate *(as %)*	Growth rate for the period after the plan *(as %)*	Period covered by the forecast cash flows
Louis Vuitton	2,059	552	2,611	8.0	2.0	5 years
Loro Piana [(a)]	1,300	1,048	2,348	N/A	N/A	N/A
Fendi	713	404	1,117	9.3	2.0	5 years
Bvlgari	2,100	1,547	3,647	9.0	2.0	5 years
TAG Heuer	1,101	209	1,310	9.0	2.0	5 years
DFS Galleria	1,999	10	2,009	9.4	2.0	5 years
Hennessy	1,067	47	1,114	6.5	2.0	5 years

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

As of December 31, 2018, for the business segments listed above (with the exception of Lora Piana, see Note (a) above), a change of 0.5 points in the post-tax discount rate or in the growth rate for the period after the plan, compared to rates used as of December 31, 2018, or a reduction of 2 points in the annual growth rate for revenue over the period covered by the plans would not result in the recognition of any impairment losses for these intangible assets. The Group considers that changes in excess of the limits mentioned above would entail assumptions at a level not deemed relevant in view of the current economic environment and medium- to long-term growth prospects for the business segments concerned.

With respect to the other business segments, three have disclosed intangible assets with a carrying amount close to their recoverable amount. Impairment tests relating to intangible assets with indefinite useful lives in these business segments have been carried out based on value in use. The amount of these intangible assets as of December 31, 2018 and the impairment loss that would result from a 0.5-point change in the post-tax discount rate or in the growth rate for the period not covered by the plans, or from a 2-point reduction in the compound annual growth rate for revenue compared to rates used as of December 31, 2018, break down as follows:

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

As of December 31, 2018, the gross and net values of brands, trade names and goodwill giving rise to amortization and/or impairment charges in 2018 were 644 million euros and 467 million euros, respectively (568 million and 222 million euros as of December 31, 2017). See Note 25 regarding the amortization and impairment expense recorded during the fiscal year.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

(EUR millions)	December 31, 2018 Gross	Depreciation and impairment	Net	Dec. 31, 2017 Net	Dec. 31, 2016 Net
Land	2,348	(83)	2,265	1,704	1,584
Vineyard land and producing vineyards [a]	2,584	(111)	2,473	2,432	2,474
Buildings	4,027	(1,838)	2,189	2,052	1,844
Investment property	641	(36)	605	765	857
Leasehold improvements, machinery and equipment	12,739	(8,661)	4,078	3,971	3,799
Assets in progress	1,238	(1)	1,237	784	937
Other property, plant and equipment	2,098	(482)	1,616	1,509	1,467
TOTAL	**25,675**	**(11,212)**	**14,463**	**13,217**	**12,962**
Of which: *Assets held under finance leases*	*495*	*(212)*	*283*	*267*	*309*
Historical cost of vineyard land and producing vineyards	*791*	*(111)*	*680*	*648*	*646*

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

6.1. Changes during the fiscal year

Changes in property, plant and equipment during the fiscal year broke down as follows:

Gross value (EUR millions)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment: Stores	Production, logistics	Other	Assets in progress	Other property, plant and equipment	Total
As of December 31, 2017	**2,538**	**5,498**	**822**	**7,889**	**2,572**	**1,286**	**786**	**1,956**	**23,347**
Acquisitions	25	473	70	604	162	82	1,074	114	2,604
Change in the market value of vineyard land	8	-	-	-	-	-	-	-	8
Disposals and retirements	(1)	(61)	(6)	(407)	(60)	(54)	(2)	(26)	(617)
Changes in the scope of consolidation	-	-	-	3	1	4	-	-	8
Translation adjustment	(1)	96	15	153	6	20	4	9	302
Other movements, including transfers	15	369	(260)	390	75	13	(624)	45	23
AS OF DECEMBER 31, 2018	**2,584**	**6,375**	**641**	**8,632**	**2,756**	**1,351**	**1,238**	**2,098**	**25,675**

Depreciation and impairment (EUR millions)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment: Stores	Leasehold improvements, machinery and equipment: Production, logistics	Leasehold improvements, machinery and equipment: Other	Assets in progress	Other property, plant and equipment	Total
As of December 31, 2017	**(106)**	**(1,742)**	**(57)**	**(5,207)**	**(1,689)**	**(880)**	**(2)**	**(447)**	**(10,130)**
Depreciation expense	(6)	(192)	(2)	(946)	(172)	(127)	-	(67)	(1,512)
Impairment expense	-	(2)	-	2	(1)	-	-	(2)	(3)
Disposals and retirements	1	61	6	404	57	53	1	29	612
Changes in the scope of consolidation	-	-	-	(1)	-	(1)	-	-	(2)
Translation adjustment	-	(34)	(1)	(108)	(5)	(15)	-	(7)	(170)
Other movements, including transfers	-	(12)	18	(51)	-	26	-	12	(7)
AS OF DECEMBER 31, 2018	**(111)**	**(1,921)**	**(36)**	**(5,907)**	**(1,810)**	**(944)**	**(1)**	**(482)**	**(11,212)**
CARRYING AMOUNT AS OF DECEMBER 31, 2018	**2,473**	**4,454**	**605**	**2,725**	**946**	**407**	**1,237**	**1,616**	**14,463**

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

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

The impact of marking vineyard land to market was 1,793 million euros as of December 31, 2018 (1,785 million euros as of December 31, 2017; 1,829 million euros as of December 31, 2016). See Notes 1.9 and 1.13 on the measurement method for vineyard land.

The market value of investment property, according to appraisals by independent third parties, was at least 0.8 billion euros as of December 31, 2018, at the level of LVMH. The valuation methods used are based on market data.

6.2. Changes during prior fiscal years

Carrying amount *(EUR millions)*	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment: Stores	Leasehold improvements, machinery and equipment: Production, logistics	Leasehold improvements, machinery and equipment: Other	Assets in progress	Other property, plant and equipment	Total
As of June 30, 2016	**2,436**	**3,270**	**569**	**2,451**	**676**	**359**	**942**	**1,403**	**12,106**
Acquisitions	3	136	273	396	56	30	480	75	1,449
Disposals and retirements	-	(1)	-	(1)	(3)	-	-	-	(5)
Depreciation expense	(3)	(83)	(3)	(445)	(71)	(72)	-	(51)	(728)
Impairment expense	(1)	(1)	-	-	-	-	(4)	(2)	(8)
Change in the market value of vineyard land	30	-	-	-	-	-	-	-	30
Changes in the scope of consolidation	-	(9)	-	(15)	(2)	(1)	(1)	-	(28)
Translation adjustment	3	17	7	45	2	3	5	10	92
Other, including transfers	6	99	11	303	30	58	(485)	32	54
As of December 31, 2016	**2,474**	**3,428**	**857**	**2,734**	**688**	**377**	**937**	**1,467**	**12,962**
Acquisitions	9	331	-	572	158	85	842	132	2,129
Disposals and retirements	-	(3)	-	(3)	(3)	(2)	(11)	-	(22)
Depreciation expense	(7)	(174)	(5)	(920)	(180)	(136)	-	(66)	(1,488)
Impairment expense	1	(1)	-	(4)	-	-	(1)	-	(5)
Change in the market value of vineyard land	(35)	-	-	-	-	-	-	-	(35)
Changes in the scope of consolidation	-	57	-	17	49	3	22	10	158
Translation adjustment	(16)	(146)	(57)	(192)	(17)	(18)	(35)	(22)	(503)
Other, including transfers	6	264	(30)	478	188	97	(970)	(12)	21
AS OF DECEMBER 31, 2017	**2,432**	**3,756**	**765**	**2,682**	**883**	**406**	**784**	**1,509**	**13,217**

Changes in the scope of consolidation in fiscal year 2017 were mainly related to the acquisition of Rimowa (see Note 2).

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

NOTE 7 – INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	December 31, 2018			*Of which: Joint arrangements*	Dec. 31, 2017	*Of which: Joint arrangements*	Dec. 31, 2016	*Of which: Joint arrangements*
(EUR millions)	Gross	Impairment	Net		Net		Net	
Share of net assets of joint ventures and associates at beginning of period	**647**	**(8)**	**639**	***273***	***764***	***355***	***753***	***354***
Share of net profit/(loss) for the period	23	-	23	*12*	-	*4*	1	*4*
Dividends paid	(28)	-	(28)	*(9)*	(22)	*(8)*	(10)	*(8)*
Changes in the scope of consolidation	(18)	8	(10)	*2*	(79)	*(79)*	-	-
Capital increases subscribed	3	-	3	*1*	5	*3*	3	*3*
Translation adjustment	7	-	7	-	(33)	*(7)*	9	*1*
Other, including transfers	4	-	4	*(1)*	4	*5*	8	*1*
SHARE OF NET ASSETS OF JOINT VENTURES AND ASSOCIATES AT END OF PERIOD	**638**	**-**	**638**	***278***	**639**	***273***	**764**	***355***

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

- for joint arrangements, a 50% stake in the Château Cheval Blanc wine estate (Gironde, France), which produces the eponymous Saint-Émilion Grand Cru Classé A;
- for other companies:
  - a 40% stake in Mongoual SA, the real estate company that owns the office building in Paris (France) that serves as the headquarters of LVMH Moët Hennessy - Louis Vuitton,
  - a 45% stake in PT. Sona Topas Tourism Industry Tbk (STTI), an Indonesian retail company, which notably holds duty-free sales licenses in airports,
  - a 46% stake in JW Anderson, a London-based ready-to-wear brand,
  - a 40% stake in L Catterton Management, an investment fund management company created in December 2015 in partnership with Catterton.

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

Changes in the scope of consolidation in 2017 were mainly related to the disposal of the stake in De Beers Diamond Jewellers. See Note 2.

NOTE 8 – NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

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

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
At beginning of period	**789**	**750**	**651**
Acquisitions	450	125	20
Disposals at net realized value	(45)	(91)	(31)
Changes in market value [(a)]	(101)	101	19
Changes in the scope of consolidation	-	5	67
Translation adjustment	16	(43)	24
Reclassifications	(9)	(58)	-
AT END OF PERIOD	**1,100**	**789**	**750**

(a) Recognized within “Net financial income/(expense)”.

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

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

Changes in the scope of consolidation during the fiscal year ended December 31, 2016 corresponded to the stake in G-III Apparel Group received as partial payment of the selling price of Donna Karan International (see Note 2).

The market value of non-current available for sale financial assets is determined using the methods described in Note 1.9; see also Note 22.2 for the breakdown of these assets according to the measurement methods used.

NOTE 9 – OTHER NON-CURRENT ASSETS

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Warranty deposits	379	320	342
Derivatives (see Note 22)	257	246	168
Loans and receivables	303	264	287
Other	46	39	26
TOTAL	**985**	**869**	**823**

NOTE 10 – INVENTORIES AND WORK IN PROGRESS

	December 31, 2018			Dec. 31, 2017	Dec. 31, 2016
(EUR millions)	Gross	Impairment	Net	Net	Net
Wines and eaux-de-vie in the process of aging	4,796	(12)	4,784	4,517	4,281
Other raw materials and work in progress	2,105	(405)	1,700	1,370	1,270
	6,901	**(417)**	**6,484**	**5,887**	**5,551**
Goods purchased for resale	2,316	(225)	2,091	1,767	1,853
Finished products	4,852	(942)	3,910	3,234	3,525
	7,168	**(1,167)**	**6,001**	**5,001**	**5,378**
TOTAL	**14,069**	**(1,584)**	**12,485**	**10,888**	**10,929**

See Note 1.16 regarding the methods used to measure inventories and work in progress.

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

	2018 (12 months)			2017 (12 months)	2016 (6 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
At beginning of period	**12,426**	**(1,538)**	**10,888**	**10,929**	**11,053**
Change in gross inventories	1,722	-	1,722	1,037	33
Impact of provision for returns [(a)]	7	-	7	11	3
Impact of marking harvests to market	16	-	16	(21)	(20)
Changes in provision for impairment	-	(285)	(285)	(365)	(194)
Changes in the scope of consolidation	29	(4)	25	(135)	(62)
Translation adjustment	140	(31)	109	(565)	116
Other, including reclassifications	(271)	274	3	(3)	-
AT END OF PERIOD	**14,069**	**(1,584)**	**12,485**	**10,888**	**10,929**

(a) See Note 1.25.

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

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Impact of marking the fiscal year's harvest to market	41	5	-
Impact of inventory sold during the fiscal year	(25)	(26)	(20)
NET IMPACT ON COST OF SALES OF THE FISCAL YEAR	**16**	**(21)**	**(20)**
NET IMPACT ON THE VALUE OF INVENTORY AT FISCAL YEAR-END	**126**	**110**	**131**

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

NOTE 11 – TRADE ACCOUNTS RECEIVABLE

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Trade accounts receivable, nominal amount	3,300	3,079	3,085
Provision for impairment	(78)	(78)	(71)
Provision for product returns [(a)]	-	(265)	(229)
NET AMOUNT	**3,222**	**2,736**	**2,785**

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

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

	2018 (12 months)			2017 (12 months)	2016 (6 months)
(EUR millions)	Gross	Impairment	Net	Net	Net
At beginning of period	**2,814**	**(78)**	**2,736**	**2,785**	**2,237**
Changes in gross receivables	179	-	179	137	534
Changes in provision for impairment	-	(1)	(1)	(11)	3
Changes in provision for product returns [(a)]	7	-	7	(43)	(32)
Changes in the scope of consolidation	5	-	5	41	(13)
Translation adjustment	24	-	24	(159)	49
Reclassifications	271	1	272	(14)	7
AT END OF PERIOD	**3,300**	**(78)**	**3,222**	**2,736**	**2,785**

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

The trade accounts receivable balance is comprised essentially of receivables from wholesalers or agents, who are limited in number and with whom the Group maintains ongoing relationships for the most part. As of December 31, 2018, coverage of customer credit risk had been requested from insurers for the majority of trade receivables, approximately 84% of the amount of which was granted, versus 91% as of December 31, 2017.

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

(EUR millions)	Nominal amount of receivables	Impairment	Net amount of receivables
Not due:			
- Less than 3 months	2,688	(14)	2,674
- More than 3 months	146	(9)	137
	2,834	**(23)**	**2,811**
Overdue:			
- Less than 3 months	340	(5)	335
- More than 3 months	126	(50)	76
	466	**(55)**	**411**
TOTAL	**3,300**	**(78)**	**3,222**

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

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

NOTE 12 – OTHER CURRENT ASSETS

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Current available for sale financial assets (see Note 13)	2,663	2,714	374
Derivatives (see Note 22)	123	496	271
Tax accounts receivable, excluding income taxes	895	747	661
Advances and payments on account to vendors	216	203	203
Prepaid expenses	430	396	400
Other receivables	537	563	543
TOTAL	**4,864**	**5,119**	**2,452**

NOTE 13 – CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Unlisted securities, shares in non-money-market SICAVs and funds	-	-	-
Listed securities and term deposits	2,663	2,714	374
TOTAL	**2,663**	**2,714**	**374**
Of which: Historical cost of current available for sale financial assets	*2,573*	*2,544*	*351*

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

(EUR millions)	**2018** (12 months)	**2017** (12 months)	**2016** (6 months)
At beginning of period	**2,714**	**374**	**351**
Acquisitions and new term deposits [(a)]	311	2,312	36
Disposals at net realized value and repayment of term deposits	(366)	(181)	(73)
Changes in market value [(b)]	3	156	60
Changes in the scope of consolidation	-	-	-
Translation adjustment	1	(5)	-
Reclassifications	-	58	-
AT END OF PERIOD	**2,663**	**2,714**	**374**

(a) In fiscal year 2017, acquisitions and new term deposits mainly included term deposits with terms longer than three months.
(b) Recognized within "Net financial income/(expense)".

In fiscal year 2017, acquisitions and new term deposits mainly included term deposits with terms longer than three months.

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

NOTE 14 – CASH AND CHANGE IN CASH

14.1. Cash and cash equivalents

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Term deposits (less than 3 months)	654	708	530
SICAV and FCP funds	2,535	2,335	668
Ordinary bank accounts	5,364	4,543	2,574
CASH AND CASH EQUIVALENTS PER BALANCE SHEET	**8,553**	**7,586**	**3,772**

The reconciliation between cash and cash equivalents as shown in the balance sheet and net cash and cash equivalents appearing in the cash flow statement is as follows:

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Cash and cash equivalents	8,553	7,586	3,772
Bank overdrafts	(198)	(120)	(217)
NET CASH AND CASH EQUIVALENTS PER CASH FLOW STATEMENT	**8,355**	**7,466**	**3,555**

14.2. Change in working capital

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

(EUR millions)	*Notes*	**2018** (12 months)	**2017** (12 months)	**2016** (6 months)
Change in inventories and work in progress	*10*	(1,722)	(1,037)	(33)
Change in trade accounts receivable	*11*	(179)	(137)	(534)
Change in balance of amounts owed to customers		8	4	25
Change in trade accounts payable	*21*	715	310	506
Change in other receivables and payables		92	344	591
CHANGE IN WORKING CAPITAL (a)		**(1,086)**	**(516)**	**555**

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

14.3. Operating investments

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

(EUR millions)	*Notes*	**2018** (12 months)	**2017** (12 months)	**2016** (6 months)
Purchase of intangible assets	*3*	(537)	(459)	(258)
Purchase of property, plant and equipment (a)	6	(2,604)	(2,129)	(1,449)
Deduction of purchase under finance lease		14	6	158
Changes in accounts payable related to fixed asset purchases		137	44	96
Net cash used in purchases of fixed assets		**(2,990)**	**(2,538)**	**(1,453)**
Net cash from fixed asset disposals		10	26	2
Guarantee deposits paid and other cash flows related to operating investments		(58)	(5)	(16)
OPERATING INVESTMENTS (b)		**(3,038)**	**(2,517)**	**(1,467)**

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

NOTE 15 – EQUITY

15.1. Share capital and share premium account

As of December 31, 2018, the share capital consisted of 180,507,516 fully paid-up shares (180,507,516 as of both December 31, 2017 and December 31, 2016), with a par value of 2 euros per share, including 130,419,395 shares with double voting rights (129,462,601 as of December 31, 2017 and 126,618,532 as of December 31, 2016). Double voting rights are attached to registered shares held for more than three years.

15.2. Christian Dior treasury shares

The portfolio of Christian Dior treasury shares is allocated as follows:

	December 31, 2018		Dec. 31, 2017	Dec. 31, 2016
(EUR millions)	Number	Amount	Amount	Amount
Share purchase option plans	131,873	10	38	61
Bonus share and performance share plans	68,335	10	24	36
Future plans	80,613	14	10	7
CHRISTIAN DIOR TREASURY SHARES	**280,821**	**34**	**72**	**104**

The portfolio movements of Christian Dior treasury shares during the fiscal year ended December 31, 2018 were as follows:

(EUR millions)	Number of shares	Amount	Impact on cash
As of December 31, 2017	**731,251**	**72**	**-**
Share purchases	-	-	-
Exercise of share purchase options	(371,782)	(25)	24
Vested bonus shares and performance shares	(78,648)	(13)	-
AS OF DECEMBER 31, 2018	**280,821**	**34**	**24**

15.3. Dividends paid by the parent company, Christian Dior SE

In accordance with French regulations, dividends are taken from the profit for the fiscal year and the distributable reserves of the parent company, after deducting applicable withholding tax and the value attributable to treasury shares. As of December 31, 2018, the distributable amount was 8,236 million euros; after taking into account the proposed dividend distribution in respect of the 2018 fiscal year, it was 7,514 million euros.

(EUR millions, except for data per share in EUR)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Interim dividend for the current fiscal year (December 31, 2018: 2.00 euros; December 31, 2017: 1.60 euros) Impact of treasury shares	 361 (1)	 289 (2)	 - -
Gross amount disbursed for the fiscal year	**360**	**287**	**-**
Final dividend for the previous fiscal year (December 31, 2017: 3.40 euros; December 31, 2016: 1.40 euros) Impact of treasury shares	 614 (1)	 253 (1)	 397 (2)
Gross amount disbursed for the previous fiscal year	**613**	**252**	**395**
TOTAL GROSS AMOUNT DISBURSED DURING THE FISCAL YEAR [(a)]	**973**	**539**	**395**

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

The final dividend for fiscal year 2018, as proposed at the Shareholders' Meeting of April 18, 2019, is 4.00 euros per share, representing a total of 722 million euros before deduction of the amount attributable to treasury shares held at the ex-dividend date.

15.4. Cumulative translation adjustment

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

(EUR millions)	Dec. 31, 2018	Change	Dec. 31, 2017	Dec. 31, 2016
US dollar	117	65	52	198
Swiss franc	266	44	222	316
Japanese yen	39	15	24	29
Hong Kong dollar	152	16	136	232
Pound sterling	(50)	(4)	(46)	(38)
Other currencies	(95)	(35)	(60)	(4)
Foreign currency net investment hedges [(a)]	(186)	(12)	(174)	(213)
TOTAL, GROUP SHARE	**243**	**89**	**154**	**520**

(a) Including a negative change of 58 million euros with respect to the US dollar (a negative change of 53 million euros as of December 31, 2017), a negative change of 48 million euros with respect to the Hong Kong dollar (a negative change of 48 million euros as of December 31, 2017), and a negative change of 80 million euros with respect to the Swiss franc (a negative change of 74 million euros as of December 31, 2017). These amounts include the tax impact.

15.5. Strategy relating to the Group's financial structure

The Group believes that the management of its financial structure, together with the development of the companies it owns and the management of its brand portfolio, helps create value for its shareholders. Maintaining a suitable-quality credit rating is a core objective for the Group, ensuring good access to markets under favorable conditions and allowing it to seize opportunities and procure the resources it needs to develop its business.

To this end, the Group monitors a certain number of financial ratios and aggregate measures of financial risk, including:

- net financial debt (see Note 18) to equity;
- cash from operations before changes in working capital to net financial debt;
- net cash from operations before changes in working capital;
- net cash from operating activities and operating investments (free cash flow);
- long-term resources to fixed assets;
- proportion of long-term debt in net financial debt.

Long-term resources are understood to correspond to the sum of equity and non-current liabilities.

Where applicable, these indicators are adjusted to reflect the Group's off-balance sheet financial commitments.

The Group also promotes financial flexibility by maintaining numerous and varied banking relationships, through frequent recourse to several negotiable debt markets (both short- and long-term), by holding a large amount of cash and cash equivalents, and through the existence of sizable amounts of undrawn confirmed credit lines, intended to largely exceed the outstanding portion of its short-term debt instrument programs, while continuing to represent a reasonable cost for the Group.

NOTE 16 – STOCK OPTION AND SIMILAR PLANS

16.1. General characteristics of plans

Share purchase option plans

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

Each share purchase option plan has a term of ten years. Provided the conditions set by the plan are met, options may be exercised after a four-year period from the plan's commencement date.

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

For all plans, one option entitles the holder to purchase one share.

Bonus share and bonus performance share plans

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

For plans put in place before November 30, 2015 – including those set up between 2012 and 2014 – shares vest after a three-year vesting period for recipients who are French tax residents. Shares may be freely transferred or sold only after an additional two-year holding period. Bonus shares awarded to recipients who are not French tax residents vest after a period of four years and become freely transferable at that time.

For plans put in place after November 30, 2015, bonus shares awarded to all recipients vest – provided certain conditions are met and irrespective of their residence for tax purposes – after a period of three years, without any subsequent holding period.

The plans combine awards of bonus shares and of bonus performance shares in proportions determined in accordance with the recipient's level in the hierarchy and status.

No Christian Dior bonus share or bonus performance share plans were set up in 2017 or 2018.

Performance conditions

The majority of the share purchase option plans and bonus share plans are subject to a condition related to the Group's performance, which must be met in order for shares to vest under such plans.

Between 2012 and 2016, Christian Dior's fiscal year did not correspond to the calendar year. For this reason, changes in these indicators were determined on the basis of the 12-month pro forma consolidated financial statements as of December 31 for each calendar year concerned.

For the October 16, 2014 plan, bonus performance shares were only to vest if Christian Dior's consolidated financial statements for the 2015 calendar year showed a positive change compared to calendar year 2014 in relation to one or more of the following indicators: the Group's profit from recurring operations, net cash from operating activities and operating investments, and current operating margin.

For the plans set up since December 1, 2015, bonus performance shares only vest if Christian Dior's consolidated financial statements for calendar years Y+1 and Y+2 after the year the plan was set up show a positive change compared to calendar year Y with respect to one or more of the aforementioned indicators.

The performance conditions were met for the October 16, 2014 and December 1, 2015 plans, so shares vested to recipients under these plans.

The plans and fiscal years concerned are as follows:

Plan commencement date	Type of plan	Shares/options awarded if there is a positive change in one of the indicators between calendar years:
May 14, 2009	Share purchase option plan	2009 and 2008; 2010 and 2008
October 16, 2014	Bonus share and performance share plan	2015 and 2014
December 1, 2015	"	2016 and 2015; 2017 and 2015
December 6, 2016	"	2017 and 2016; 2018 and 2016

Vesting of such shares does not lead to any dilution for shareholders, since they are allocations of existing shares.

Impact of the distributions in kind of Hermès shares on stock option and similar plans

As a result of the exceptional distributions in kind in the form of Hermès International shares decided upon at the Combined Shareholders' Meeting on December 9, 2014 and by the Board of Directors on December 11, 2014, (i) to protect the rights of recipients of share purchase options, the exercise price and number of options granted that had not been exercised as of December 17, 2014 were adjusted on that date, as provided by law; and (ii) to protect the rights of bonus and performance share recipients, the number of bonus and performance shares whose vesting period had not expired before December 17, 2014 was adjusted on that date, as provided by law.

Consequently, the quantities of Christian Dior share purchase options and bonus shares concerned were increased by 8.8%, while the exercise price of those options was reduced by 8.1%. Since the sole aim of these adjustments was to maintain the gain obtained by the recipients at the level attained prior to the distribution, they had no effect on the consolidated financial statements.

16.2. Share purchase option plans

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

Plan commencement date	Number of options granted [(a)]	Exercise price *(EUR)*	Vesting period of rights	Number of options exercised during the fiscal year	Number of options expired during the fiscal year	Number of options outstanding as of Dec. 31, 2018
May 15, 2008	513,167	67.31	4 years	306,926	16,323	-
May 14, 2009 [(b)]	351,912	47.88	4 years	64,856	-	131,873
TOTAL	**865,079**			**371,782**	**16,323**	**131,873**

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

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

	2018		2017		2016	
(EUR millions)	Number	Weighted average exercise price *(EUR)*	Number	Weighted average exercise price *(EUR)*	Number	Weighted average exercise price *(EUR)*
Share purchase options outstanding at beginning of period	**519,978**	**59.96**	**795,679**	**65.30**	**856,892**	**66.13**
Options expired	(16,323)	67.31	(16,323)	78.11	-	-
Options exercised	(371,782)	63.92	(259,378)	75.21	(61,213)	76.83
Share purchase options outstanding at end of period	**131,873**	**47.88**	**519,978**	**59.96**	**795,679**	**65.30**

16.3. Bonus share and performance share plans

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

Plan commencement date	Number of shares awarded initially [(a)]	Of which: performance shares [(a)(b)]	Calendar years to which performance conditions apply	Conditions satisfied?	Vesting period of rights	Shares vested in 2018	Shares expired in 2018	Provisional allocations in 2018
October 16, 2014	103,600	97,071	2015	Yes	3 [(c)] or 4 [(d)] years	10,590	-	-
December 1, 2015	69,511	64,511	2016 and 2017	Yes	3 years	68,058	1,453	-
December 6, 2016	69,851	64,851	2017 and 2018	Yes	3 years	-	1,516	68,335
TOTAL	**242,962**	**226,433**				**78,648**	**2,969**	**68,335**

(a) After adjusting for the distribution in kind of Hermès shares. See Note 16.1.
(b) See Note 16.1 "General characteristics of plans".
(c) Recipients with tax residence in France.
(d) Recipients with tax residence outside France.

The number of provisional allocations changed as follows during the fiscal years presented:

(number of shares)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Provisional allocations at beginning of period	**149,952**	**251,720**	**268,682**
Provisional allocations for the period	-	-	69,851
Shares vested during the period	(78,648)	(100,989)	(86,813)
Shares expired during the period	(2,969)	(779)	-
PROVISIONAL ALLOCATIONS AT END OF PERIOD	**68,335**	**149,952**	**251,720**

16.4. Expense for the fiscal year

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Expense for the fiscal year for Christian Dior share purchase option and bonus and performance share plans	8	11	5
Expense for the fiscal year for LVMH share subscription option and bonus and performance share plans	79	62	20
EXPENSE FOR THE FISCAL YEAR	**87**	**73**	**25**

See Note 1.27 regarding the method used to determine the accounting expense.

For LVMH

The LVMH closing share price the day before the grant date of the plans was 241.20 euros for the plans dated January 25, 2018; 278.25 euros for the plans dated April 12, 2018; and 259.65 euros for the plan dated October 25, 2018.

The average unit value of bonus shares provisionally allocated under these plans was 246.33 euros.

For Christian Dior

No new stock option or similar plans were put in place during fiscal year 2018 for Christian Dior.

NOTE 17 – MINORITY INTERESTS

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
At beginning of period	**19,932**	**18,243**	**17,057**
Minority interests' share of net profit	4,368	3,566	1,766
Dividends paid to minority interests	(1,937)	(1,505)	(471)
Impact of changes in control of consolidated entities: (a)	36	102	(7)
Of which: Rimowa	*-*	*89*	*-*
Of which: Other	*36*	*13*	*(7)*
Impact of acquisition and disposal of minority interests' shares: (a)	(174)	230	(257)
Of which: Movements in LVMH SE share capital and treasury shares	*(143)*	*9*	*(253)*
Of which: Sale of the Christian Dior Couture segment to LVMH	*-*	*327*	*-*
Of which: Loro Piana (b)	*-*	*(106)*	*-*
Of which: Other movements	*(31)*	*-*	*(4)*
Capital increases subscribed by minority interests	50	44	35
Minority interests' share in gains and losses recognized in equity	32	(420)	205
Minority interests' share in expenses for stock option plans and bonus and performance share plans	47	39	13
Impact of changes in minority interests with purchase commitments	(222)	(367)	(98)
AT END OF PERIOD	**22,132**	**19,932**	**18,243**

(a) The total impact of changes in ownership interests in consolidated entities amounted to -138 million euros as of December 31, 2018; 327 million euros as of December 31, 2017; and -264 million euros as of December 31, 2016.
(b) Of which -58 million euros for minority interests in Loro Piana and -47 million euros for LVMH SE shareholders, excluding Christian Dior SE's controlling interest. See Note 2.

The change in minority interests' share in gains and losses recognized in equity, including the tax impact, breaks down as follows:

(EUR millions)	Cumulative translation adjustment	Hedges of future foreign currency cash flows and cost of hedging	Vineyard land	Revaluation adjustments of employee benefits	Total share of minority interests
As of June 30, 2016	**751**	**(48)**	**787**	**(102)**	**1,388**
Changes during the fiscal year	159	(34)	91	(11)	205
Changes due to LVMH SE treasury shares	(1)	-	(1)	-	(2)
As of December 31, 2016	**909**	**(82)**	**877**	**(113)**	**1,591**
Changes during the fiscal year	(647)	174	31	22	(420)
Changes due to LVMH SE treasury shares	1	-	1	-	2
As of December 31, 2017	**263**	**92**	**909**	**(91)**	**1,173**
Changes during the fiscal year	195	(183)	5	15	32
Changes due to LVMH SE treasury shares and reclassifications	-	-	-	-	-
AS OF DECEMBER 31, 2018	**458**	**(91)**	**914**	**(76)**	**1,205**

Minority interests are essentially composed of LVMH SE shareholders excluding Christian Dior SE's controlling interest, i.e. shareholders owning 59% of LVMH SE. They were paid a total of 1,592 million euros in dividends during the fiscal year.

Minority interests also include Diageo's 34% stake in Moët Hennessy SAS and Moët Hennessy International SAS ("Moët Hennessy"), and the 39% stake held by Mari-Cha Group Ltd (formerly Search Investment Group Ltd) in DFS. Since the 34% stake held by Diageo in Moët Hennessy is subject to a purchase commitment, it is reclassified at year-end under "Other non-current liabilities" and is therefore excluded from the total amount of minority interests at the fiscal year-end date. See Notes 1.12 and 20.

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

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

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

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

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

NOTE 18 – BORROWINGS

18.1. Net financial debt

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Long-term borrowings	6,353	7,893	5,241
Short-term borrowings	5,550	4,553	3,854
Gross borrowings	**11,903**	**12,446**	**9,095**
Interest rate risk derivatives	(16)	(28)	(65)
Foreign exchange risk derivatives	146	(25)	(21)
Gross borrowings after derivatives	**12,033**	**12,393**	**9,009**
Current available for sale financial assets [(a)]	(2,663)	(2,714)	(374)
Non-current available for sale financial assets used to hedge financial debt [(b)]	(125)	(117)	(131)
Cash and cash equivalents [(c)]	(8,553)	(7,586)	(3,772)
Net financial debt	**692**	**1,976**	**4,732**
Belmond shares (presented within "Non-current available for sale financial assets") [(b)]	(274)	-	-
ADJUSTED NET FINANCIAL DEBT (EXCLUDING THE ACQUISITION OF BELMOND SHARES)	**418**	**1,976**	**4,732**

(a) See Note 13.
(b) See Note 1.20.
(c) See Note 14.1.

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

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

The change in net financial debt during the fiscal year is as follows:

(EUR millions)	Dec. 31, 2017	Impact on cash [(a)]	Translation adjustment	Impact of market value changes	Changes in the scope of consolidation	Reclassi-fication and other	Dec. 31, 2018
Long-term borrowings	7,893	(43)	(20)	5	-	(1,482)	6,353
Short-term borrowings	4,553	(555)	75	2	5	1,470	5,550
Gross borrowings	**12,446**	**(598)**	**55**	**7**	**5**	**(12)**	**11,903**
Derivatives	(53)	(47)	-	233	-	(3)	130
GROSS BORROWINGS AFTER DERIVATIVES	**12,393**	**(645)**	**55**	**240**	**5**	**(15)**	**12,033**

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

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

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

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

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

During the fiscal year ended December 31, 2016, LVMH repaid the 650 million euro bond issued in 2013 and 2014.

In February 2016, LVMH issued exclusively cash-settled five-year convertible bonds with a total face value of 600 million US dollars, supplemented by a 150 million US dollar tap issue carried out in April 2016. As provided by applicable accounting policies, the optional components of convertible bonds and financial instruments subscribed for hedging purposes are recorded under "Derivatives" (see Note 22), with hedging instruments other than these optional components recorded under "Non-current available for sale financial assets" (see Note 8). Given their connection to the bonds issued, hedging instruments (except option components) are presented as deducted from gross financial debt in calculating net financial debt, and their impact on cash and cash equivalents is presented under "Financing activities" in the cash flow statement.

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

18.2. Analysis of gross borrowings

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Bonds and Euro Medium-Term Notes (EMTNs)	5,941	7,404	4,322
Finance and other long-term leases	315	296	342
Bank borrowings	97	193	577
LONG-TERM BORROWINGS	**6,353**	**7,893**	**5,241**
Bonds and Euro Medium-Term Notes (EMTNs)	1,496	1,753	1,377
Finance and other long-term leases	26	21	10
Bank borrowings	220	340	425
Short-term negotiable debt instruments [(a)]	3,174	1,855	1,204
Other borrowings and credit facilities	412	424	588
Bank overdrafts	198	120	217
Accrued interest	24	40	33
SHORT-TERM BORROWINGS	**5,550**	**4,553**	**3,854**
TOTAL GROSS BORROWINGS	**11,903**	**12,446**	**9,095**

(a) Euro- and US dollar-denominated commercial paper.

The market value of gross borrowings, based on market data and commonly used valuation models, was 11,953 million euros as of December 31, 2018 (12,418 million euros as of December 31, 2017 and 9,128 million euros as of December 31, 2016), including 5,557 million euros in short-term borrowings (4,556 million euros as of December 31, 2017 and 3,582 million euros as of December 31, 2016) and 6,396 million euros in long-term borrowings (7,862 million euros as of December 31, 2017 and 5,276 million euros as of December 31, 2016).

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

18.3. Bonds and EMTNs

Nominal amount *(in currency)*	Year issued	Maturity	Initial effective interest rate [b] *(as %)*	Dec. 31, 2018 *(EUR millions)*	Dec. 31, 2017 *(EUR millions)*	Dec. 31, 2016 *(EUR millions)*
EUR 1,200,000,000	2017	2024	0.82	1,197	1,192	-
EUR 800,000,000	2017	2022	0.46	799	796	-
GBP 400,000,000	2017	2022	1.09	439	445	-
EUR 1,250,000,000	2017	2020	0.13	1,248	1,246	-
EUR 1,250,000,000	2017	2018	Floating	-	1,253	-
USD 750,000,000 [a]	2016	2021	1.92	639	603	682
EUR 350,000,000	2016	2021	0.86	349	348	348
EUR 650,000,000	2014	2021	1.12	664	663	670
AUD 150,000,000	2014	2019	3.68	94	100	103
EUR 500,000,000	2014	2019	1.56	499	499	498
EUR 300,000,000	2014	2019	Floating	300	300	300
GBP 350,000,000	2014	2017	1.83	-	-	413
EUR 600,000,000	2013	2020	1.89	606	606	608
EUR 600,000,000 [c]	2013	2019	1.25	603	605	608
USD 850,000,000	2012	2017	1.75	-	-	811
EUR 500,000,000	2011	2018	4.08	-	501	505
EUR 150,000,000	2009	2017	4.81	-	-	153
TOTAL BONDS AND EMTNS				***7,437***	**9,157**	**5,699**

(a) Cumulative amounts and weighted average initial effective interest rate based on a 600 million US dollar bond issued in February 2016 at an initial effective interest rate of 1.96% and a 150 million US dollar tap issue carried out in April 2016 at an effective interest rate of 1.74%. These yields were determined excluding the option component.
(b) Before the impact of interest-rate hedges implemented when or after the bonds were issued.
(c) Cumulative amounts and weighted average initial effective interest rate based on a 500 million euro bond issued in 2013 at an initial effective interest rate of 1.38% and a 100 million euro tap issue carried out in 2014 at an effective interest rate of 0.62%.

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

	Gross borrowings			Impact of derivatives			Gross borrowings after derivatives		
(EUR millions)	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity									
December 31, 2019	4,940	610	5,550	(270)	354	84	4,670	964	5,634
December 31, 2020	1,900	13	1,913	(413)	446	33	1,487	459	1,946
December 31, 2021	1,735	5	1,740	(664)	649	(15)	1,071	654	1,725
December 31, 2022	1,262	3	1,265	(632)	648	16	630	651	1,281
December 31, 2023	22	4	26	14	-	14	36	4	40
December 31, 2024	1,217	1	1,218	(299)	297	(2)	918	298	1,216
Thereafter	184	7	191	-	-	-	184	7	191
TOTAL	**11,260**	**643**	**11,903**	**(2,264)**	**2,394**	**130**	**8,996**	**3,037**	**12,033**

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

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

(EUR millions)	**Falling due in 2019**
First quarter	3,496
Second quarter	1,233
Third quarter	20
Fourth quarter	801
TOTAL	**5,550**

18.5. Analysis of gross borrowings by currency after derivatives

(EUR millions)	**Dec. 31, 2018**	**Dec. 31, 2017**	**Dec. 31, 2016**
Euro	7,316	7,535	3,726
US dollar	3,277	3,045	2,528
Swiss franc	-	144	607
Japanese yen	662	722	595
Other currencies	778	947	1,553
TOTAL	**12,033**	**12,393**	**9,009**

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

18.6. Sensitivity

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

- an instantaneous 1-point increase in the yield curves of the Group's debt currencies would raise the cost of net financial debt by 30 million euros after hedging, and would lower the market value of gross fixed-rate borrowings by 120 million euros after hedging;
- an instantaneous 1-point decrease in these same yield curves would lower the cost of net financial debt by 30 million euros after hedging, and would raise the market value of gross fixed-rate borrowings by 120 million euros after hedging.

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

18.7. Covenants

In connection with certain credit lines, the Group may undertake to maintain certain financial ratios or to hold specific percentages of ownership interest and/or voting rights in certain subsidiaries. As of December 31, 2018, the amount of credit lines concerned by these provisions was not material.

18.8. Undrawn confirmed credit lines

As of December 31, 2018, undrawn confirmed credit lines totaled 4.0 billion euros.

18.9. Guarantees and collateral

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

NOTE 19 – PROVISIONS

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Provisions for pensions, medical costs and similar commitments	605	625	715
Provisions for contingencies and losses	1,904	1,953	1,653
Provisions for reorganization	2	9	18
Non-current provisions	**2,511**	**2,587**	**2,386**
Provisions for pensions, medical costs and similar commitments	7	4	5
Provisions for contingencies and losses	341	366	320
Provisions for reorganization	21	34	29
Current provisions	**369**	**404**	**354**
TOTAL	**2,880**	**2,991**	**2,740**

During the fiscal year ended December 31, 2018, changes in provisions were as follows:

(EUR millions)	Dec. 31, 2017	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other [(a)]	Dec. 31, 2018
Provisions for pensions, medical costs and similar commitments	629	122	(122)	(2)	-	(15)	612
Provisions for contingencies and losses	2,319	315	(231)	(176)	(24)	42	2,245
Provisions for reorganization	43	3	(22)	(1)	-	-	23
TOTAL	**2,991**	**440**	**(375)**	**(179)**	**(24)**	**27**	**2,880**
Of which:							
Profit from recurring operations		359	(338)	(94)			
Net financial income/(expense)		-	(1)	(4)			
Other		81	(36)	(81)			

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

Provisions for contingencies and losses correspond to the estimate of the impact on assets and liabilities of risks, disputes (see Note 31), or actual or probable litigation arising from the Group's activities; such activities are carried out worldwide, within what is often an imprecise regulatory framework that is different for each country, changes over time and applies to areas ranging from product composition and packaging to the tax computation and relations with the Group's partners (distributors, suppliers, shareholders in subsidiaries, etc.).

In particular, the Group's entities in France and abroad may be subject to tax inspections and, in certain cases, to rectification claims from local administrations. These rectification claims, together with any uncertain tax positions that have been identified but not yet officially notified, give rise to appropriate provisions, the amount of which is regularly reviewed in accordance with the criteria of IAS 37 Provisions and IAS 12 Income Taxes.

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

NOTE 20 – OTHER NON-CURRENT LIABILITIES

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Purchase commitments for minority interests' shares	9,281	9,177	7,877
Derivatives [(a)]	283	229	134
Employee profit sharing	89	94	91
Other liabilities	386	370	407
TOTAL	**10,039**	**9,870**	**8,509**

(a) See Note 22.

As of December 31, 2018, purchase commitments for minority interests' shares mainly include the put option granted by LVMH to Diageo plc for its 34% share in Moët Hennessy, for 80% of the fair value of Moët Hennessy at the exercise date of the option. This option may be exercised at any time subject to a six-month notice period. The fair value of this commitment was calculated by applying the share price multiples of comparable firms to Moët Hennessy's consolidated operating results.

Moët Hennessy SAS and Moët Hennessy International SAS ("Moët Hennessy") hold the LVMH group's investments in the Wines and Spirits businesses, with the exception of the equity investments in Château d'Yquem, Château Cheval Blanc, Clos des Lambrays and Colgin Cellars, and excluding certain champagne vineyards.

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

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

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

NOTE 21 – TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

21.1. Trade accounts payable

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

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
At beginning of period	**4,540**	**4,384**	**3,835**
Changes in trade accounts payable	715	310	506
Changes in amounts owed to customers	8	4	25
Changes in the scope of consolidation	7	52	(31)
Translation adjustment	49	(203)	68
Reclassifications	(5)	(7)	(19)
AT END OF PERIOD	**5,314**	**4,540**	**4,384**

21.2. Other current liabilities

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Derivatives [(a)]	166	45	208
Employees and social security	1,670	1,530	1,407
Employee profit sharing	105	101	103
Taxes other than income taxes	686	634	594
Advances and payments on account from customers	398	354	259
Provision for product returns [(b)]	356	-	-
Deferred payment for non-current assets	646	548	625
Deferred income	273	255	251
Other liabilities	1,288	1,288	1,175
TOTAL	**5,588**	**4,755**	**4,622**

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

NOTE 22 – FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

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

Financial instruments are mainly used by the Group to hedge risks arising from Group activity and protect its assets.

The management of foreign exchange and interest rate risk, in addition to transactions involving shares and financial instruments, is centralized at each sub-consolidation level.

The Group has implemented a stringent policy and rigorous management guidelines to manage, measure and monitor these market risks.

These activities are organized based on a segregation of duties between risk measurement, hedging (front office), administration (back office) and financial control.

This organization relies on information systems that allow hedging transactions to be monitored quickly.

Hedging decisions are made according to an established process that includes regular presentations to the management bodies concerned and detailed documentation.

Counterparties are selected based on their rating and in accordance with the Group's risk diversification strategy.

22.2. Financial assets and liabilities recognized at fair value by measurement method

	December 31, 2018			December 31, 2017			December 31, 2016		
(EUR millions)	Available for sale financial assets	Deri-vatives	Cash and cash equivalents (SICAV and FCP money-market funds)	Available for sale financial assets	Deri-vatives	Cash and cash equivalents (SICAV and FCP money-market funds)	Available for sale financial assets	Deri-vatives	Cash and cash equivalents (SICAV and FCP money-market funds)
Valuation based on: [(a)]									
Published price quotations	3,168	-	8,553	2,971	-	7,586	727	-	3,772
Valuation model based on market data	307	380	-	331	742	-	204	439	-
Private quotations	288	-	-	201	-	-	193	-	-
ASSETS	**3,763**	**380**	**8,553**	**3,503**	**742**	**7,586**	**1,124**	**439**	**3,772**
Valuation based on: [(a)]									
Published price quotations		-			-			-	
Valuation model based on market data		449			274			342	
Private quotations		-			-			-	
LIABILITIES		**449**			**274**			**342**	

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

Derivatives used by the Group are measured at fair value according to commonly used valuation models and based on market data. The counterparty risk associated with these derivatives (i.e. the credit valuation adjustment) is assessed on the basis of credit spreads from observable market data, as well as on the basis of the derivatives' market value adjusted by flat-rate add-ons depending on the type of underlying and the maturity of the derivative. It was not significant as of December 31, 2018, December 31, 2017 and December 31, 2016.

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

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

22.3. Summary of derivatives

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

(EUR millions)		*Notes*	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Interest rate risk					
Assets:	Non-current		23	33	53
	Current		12	9	17
Liabilities:	Non-current		(7)	(8)	-
	Current		(12)	(6)	(5)
		22.4	**16**	**28**	**65**
Foreign exchange risk					
Assets:	Non-current		18	34	46
	Current		108	485	254
Liabilities:	Non-current		(60)	(42)	(65)
	Current		(154)	(39)	(200)
		22.5	**(88)**	**438**	**35**
Other risks					
Assets:	Non-current		216	179	69
	Current		3	2	-
Liabilities:	Non-current		(216)	(179)	(69)
	Current		-	-	(3)
		22.6	**3**	**2**	**(3)**
TOTAL					
Assets:	Non-current	*9*	257	246	168
	Current	*12*	123	496	271
Liabilities:	Non-current	*20*	(283)	(229)	(134)
	Current	*21*	(166)	(45)	(208)
			(69)	**468**	**97**

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

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

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

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

22.4. Derivatives used to manage interest rate risk

The aim of the Group's debt management policy is to adapt the debt maturity profile to the characteristics of the assets held, to contain borrowing costs, and to protect net profit from the impact of significant changes in interest rates.

For these purposes, the Group uses interest rate swaps and options.

Derivatives used to manage interest rate risk outstanding as of December 31, 2018 break down as follows:

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

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

22.5. Derivatives used to manage foreign exchange risk

A significant portion of Group companies' sales to customers and to their own distribution subsidiaries as well as certain purchases are denominated in currencies other than their functional currency; the majority of these foreign currency-denominated cash flows are intra-Group cash flows. Hedging instruments are used to reduce the risks arising from the fluctuations of currencies against the exporting and importing companies' functional currencies, and are allocated to either accounts receivable or accounts payable (fair value hedges) for the fiscal year, or to transactions anticipated for future periods (cash flow hedges).

Future foreign currency-denominated cash flows are broken down as part of the budget preparation process and are hedged progressively over a period not exceeding one year unless a longer period is justified by probable commitments. As such, and according to market trends, identified foreign exchange risks are hedged using forward contracts or options.

The Group may also use appropriate financial instruments to hedge the net worth of subsidiaries outside the eurozone, in order to limit the impact of foreign currency fluctuations against the euro on consolidated equity.

Derivatives used to manage foreign exchange risk outstanding as of December 31, 2018 break down as follows:

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

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

The impact on the income statement of gains and losses on hedges of future cash flows, as well as the future cash flows hedged using these instruments, will mainly be recognized in 2019; the amount will depend on exchange rates at that date.

The impact on net profit for fiscal year 2018 of a 10% change in the value of the US dollar, the Japanese yen, the Swiss franc and the Hong Kong dollar against the euro, including the impact of foreign exchange derivatives outstanding during the period, compared with the rates applying to transactions in 2018, would have been as follows:

	US dollar		Japanese yen		Swiss franc		Hong Kong dollar	
(EUR millions)	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
Impact of:								
• Change in exchange rates of cash receipts in respect of foreign currency-denominated sales	134	(38)	41	(3)	-	-	-	-
• Conversion of net profit of entities outside the eurozone	116	(116)	22	(22)	20	(20)	43	(43)
Impact on net profit	**250**	**(154)**	**63**	**(25)**	**20**	**(20)**	**43**	**(43)**

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

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

The Group's net equity (excluding net profit) exposure to foreign currency fluctuations as of December 31, 2018 can be assessed by measuring the impact of a 10% change in the value of the US dollar, the Japanese yen, the Swiss franc and the Hong Kong dollar against the euro compared to the rates applying as of the same date:

	US dollar		Japanese yen		Swiss franc		Hong Kong dollar	
(EUR millions)	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
Conversion of foreign currency-denominated net assets	369	(369)	59	(59)	319	(319)	124	(124)
Change in market value of net investment hedges, after tax	(358)	183	(24)	44	(68)	56	(31)	20
Net impact on equity, excluding net profit	**11**	**(186)**	**35**	**(15)**	**251**	**(263)**	**93**	**(104)**

22.6. Financial instruments used to manage other risks

The Group's investment policy is designed to take advantage of a long-term investment horizon. Occasionally, the Group may invest in equity-based financial instruments with the aim of enhancing the dynamic management of its investment portfolio.

The Group is exposed to risks of share price changes either directly (as a result of its holding of subsidiaries, equity investments and current available for sale financial assets) or indirectly (as a result of its holding of funds, which are themselves partially invested in shares).

The Group may also use equity-based derivatives to synthetically create an economic exposure to certain assets, to hedge cash-settled compensation plans index-linked to the LVMH share price, or to hedge certain risks related to changes in the LVMH share price. If applicable, the carrying amount of these unlisted financial instruments corresponds to the estimate of the amount, provided by the counterparty, of the valuation at the balance sheet date. The valuation of financial instruments thus takes into consideration market parameters such as interest rates and share prices.

The Group – mainly through its Watches and Jewelry business group – may be exposed to changes in the prices of certain precious metals, such as gold. In certain cases, in order to ensure visibility with regard to production costs, hedges may be implemented. This is achieved either by negotiating the forecast price of future deliveries of alloys with precious metal refiners, or the price of semi-finished products with producers; or directly by purchasing hedges from top-ranking banks. In the latter case, gold may be purchased from banks, or future and/or options contracts may be taken out with a physical delivery of the gold. Derivatives outstanding relating to the hedging of precious metal prices as of December 31, 2018 have a positive market value of 3 million euros. Considering nominal values of 158 million euros for those derivatives, a uniform 1% change in their underlying assets' prices as of December 31, 2018 would have a net impact on the Group's consolidated reserves in an amount of less than 1 million euros. These instruments mature in 2019.

22.7. Liquidity risk

In addition to local liquidity risks, which are generally immaterial, the Group's exposure to liquidity risk can be assessed in relation to the amount of its short-term borrowings excluding derivatives, i.e. 5.6 billion euros, below the 8.6 billion euros balance of cash and cash equivalents, or in relation to the outstanding amount of its short-term negotiable debt securities programs, i.e. 3.2 billion euros. Should any of these borrowing facilities not be renewed, the Group has access to undrawn confirmed credit lines totaling 4.0 billion euros.

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

The following table presents the contractual schedule of disbursements for financial liabilities (excluding derivatives) recognized as of December 31, 2018, at nominal value and with interest, excluding discounting effects:

(EUR millions)	2019	2020	2021	2022	2023	Over 5 years	Total
Bonds and EMTNs	1,547	1,886	1,681	1,264	9	1,209	7,596
Bank borrowings	226	24	60	1	3	3	317
Other borrowings and credit facilities	412	-	-	-	-	-	412
Finance and other long-term leases	31	32	31	29	25	682	830
Short-term negotiable debt instruments [(a)]	3,174	-	-	-	-	-	3,174
Bank overdrafts	198	-	-	-	-	-	198
Gross borrowings	**5,588**	**1,942**	**1,772**	**1,294**	**37**	**1,894**	**12,527**
Other liabilities, current and non-current [(b)]	5,149	68	29	26	23	107	5,402
Trade accounts payable	5,314	-	-	-	-	-	5,314
Other financial liabilities	**10,463**	**68**	**29**	**26**	**23**	**107**	**10,716**
TOTAL FINANCIAL LIABILITIES	**16,051**	**2,010**	**1,801**	**1,320**	**60**	**2,001**	**23,243**

(a) Euro- and US dollar-denominated commercial paper.
(b) Corresponds to "Other current liabilities" (excluding derivatives and deferred income) for 5,149 million euros and to "Other non-current liabilities" (excluding derivatives, purchase commitments for minority interests' shares and deferred income of 222 million euros as of December 31, 2018) for 253 million euros.

See Note 30.3 regarding contractual maturity dates of collateral and other guarantee commitments, Notes 18.5 and 22.5 regarding foreign exchange derivatives, and Note 22.4 regarding interest rate risk derivatives.

NOTE 23 – SEGMENT INFORMATION

The Group's brands and trade names are organized into six business groups. Four business groups – Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics and Watches and Jewelry – comprise brands dealing with the same category of products that use similar production and distribution processes. Information on Louis Vuitton and Bvlgari is presented according to the brand's main business, namely the Fashion and Leather Goods business group for Louis Vuitton and the Watches and Jewelry business group for Bvlgari. The Selective Retailing business group comprises the Group's own-label retailing activities. Other activities and holding companies comprise brands and businesses that are not associated with any of the above-mentioned business groups, particularly the media division, the Dutch luxury yacht maker Royal Van Lent, hotel operations and holding or real estate companies.

Rimowa has been consolidated as part of the Fashion and Leather Goods business group since January 2017.

23.1. Information by business group

Fiscal year 2018 *(12 months)*

(EUR millions)	Wines and Spirits	Fashion and Leather Goods [a]	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Elimi-nations and not allocated [b]	Total
Sales outside the Group	5,115	18,389	5,015	4,012	13,599	696	-	46,826
Intra-Group sales	28	66	1,077	111	47	18	(1,347)	-
TOTAL REVENUE	**5,143**	**18,455**	**6,092**	**4,123**	**13,646**	**714**	**(1,347)**	**46,826**
Profit from recurring operations	1,629	5,943	676	703	1,382	(272)	(60)	10,001
Other operating income and expenses	(3)	(10)	(16)	(4)	(5)	(88)	-	(126)
Depreciation and amortization expense	(155)	(759)	(275)	(238)	(461)	(71)	-	(1,959)
Impairment expense	(7)	(5)	-	(1)	(2)	(97)	-	(112)
Intangible assets and goodwill [c]	8,195	7,696	2,125	5,791	3,430	1,331	-	28,568
Property, plant and equipment	2,871	3,193	677	576	1,817	5,336	(7)	14,463
Inventories	5,471	2,364	842	1,609	2,532	23	(356)	12,485
Other operating assets	1,449	1,596	1,401	721	870	976	14,742 [d]	21,755
TOTAL ASSETS	**17,986**	**14,849**	**5,045**	**8,697**	**8,649**	**7,666**	**14,379**	**77,271**
Equity	-	-	-	-	-	-	36,372	36,372
Liabilities	1,580	4,262	2,115	1,075	3,005	1,253	27,609 [e]	40,899
TOTAL LIABILITIES AND EQUITY	**1,580**	**4,262**	**2,115**	**1,075**	**3,005**	**1,253**	**63,981**	**77,271**
Operating investments [f]	(298)	(827)	(330)	(303)	(537)	(743)	-	(3,038)

Fiscal year 2017 *(12 months)*

(EUR millions)	Wines and Spirits	Fashion and Leather Goods [(a)]	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Elimi-nations and not allocated [(b)]	Total
Sales outside the Group	5,051	16,467	4,532	3,721	13,266	629	-	43,666
Intra-Group sales	33	52	1,028	84	45	33	(1,275)	-
TOTAL REVENUE	**5,084**	**16,519**	**5,560**	**3,805**	**13,311**	**662**	**(1,275)**	**43,666**
Profit from recurring operations	1,558	5,022	600	512	1,075	(368)	(48)	8,351
Other operating income and expenses	(18)	(36)	(8)	(78)	(42)	(2)	-	(184)
Depreciation and amortization expense	(159)	(742)	(254)	(223)	(452)	(65)	-	(1,895)
Impairment expense	1	-	-	(50)	(58)	(2)	-	(109)
Intangible assets and goodwill [(c)]	8,313	7,600	1,999	5,684	3,348	1,435	-	28,379
Property, plant and equipment	2,740	3,058	607	537	1,701	4,581	(7)	13,217
Inventories	5,115	1,884	634	1,420	2,111	16	(292)	10,888
Other operating assets	1,449	1,234	1,108	598	845	1,279	13,746 [(d)]	20,259
TOTAL ASSETS	**17,617**	**13,776**	**4,348**	**8,239**	**8,005**	**7,311**	**13,447**	**72,743**
Equity	-	-	-	-	-	-	32,701	32,701
Liabilities	1,544	3,539	1,706	895	2,839	1,250	28,269 [(e)]	40,042
TOTAL LIABILITIES AND EQUITY	**1,544**	**3,539**	**1,706**	**895**	**2,839**	**1,250**	**60,970**	**72,743**
Operating investments [(f)]	(292)	(804)	(286)	(269)	(570)	(297)	1	(2,517)

Fiscal year ended December 31, 2016 *(6 months)*

(EUR millions)	Wines and Spirits	Fashion and Leather Goods [a]	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Elimi-nations and not allocated [b]	Total
Sales outside the Group	2,765	7,909	2,155	1,826	6,473	308	-	21,436
Intra-Group sales	14	24	461	33	20	26	(578)	-
TOTAL REVENUE	**2,779**	**7,933**	**2,616**	**1,859**	**6,493**	**334**	**(578)**	**21,436**
Profit from recurring operations	939	2,421	279	253	509	(156)	(7)	4,238
Other operating income and expenses	(17)	14	(6)	(31)	(63)	10	-	(93)
Depreciation and amortization expense	(77)	(380)	(114)	(109)	(219)	(29)	-	(928)
Impairment expense	(4)	(41)	(1)	(32)	(62)	(1)	-	(141)
Intangible assets and goodwill [c]	7,220	6,842	2,024	5,879	3,692	1,457	-	27,114
Property, plant and equipment	2,613	2,954	585	529	1,777	4,526	(22)	12,962
Inventories	4,920	1,895	581	1,403	2,172	242	(284)	10,929
Other operating assets	1,419	1,238	948	720	908	983	7,558 [d]	13,774
TOTAL ASSETS	**16,172**	**12,929**	**4,138**	**8,531**	**8,549**	**7,208**	**7,252**	**64,779**
Equity	-	-	-	-	-	-	30,079	30,079
Liabilities	1,524	3,115	1,593	918	2,924	1,201	23,425 [e]	34,700
TOTAL LIABILITIES AND EQUITY	**1,524**	**3,115**	**1,593**	**918**	**2,924**	**1,201**	**53,504**	**64,779**
Operating investments [f]	(184)	(379)	(158)	(134)	(322)	(289)	(1)	(1,467)

(a) Following the sale within the consolidated Group of the Christian Dior Couture segment by Christian Dior SE to LVMH SE on July 3, 2017, information for Christian Dior Couture is included in figures for the Fashion and Leather Goods business group for all the periods presented.
(b) Eliminations correspond to sales between business groups; these generally consist of sales to Selective Retailing from other business groups. Selling prices between the different business groups correspond to the prices applied in the normal course of business for sales transactions to wholesalers or distributors outside the Group.
(c) Intangible assets and goodwill correspond to the carrying amounts shown in Notes 3 and 4.
(d) Assets not allocated include available for sale financial assets, other financial assets, and current and deferred tax assets.
(e) Liabilities not allocated include financial debt, current and deferred tax liabilities, and liabilities related to purchase commitments for minority interests' shares.
(f) Increase/(Decrease) in cash and cash equivalents.

23.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
France	4,491	4,292	2,173
Europe (excluding France)	8,731	8,215	4,075
United States	11,207	10,793	5,634
Japan	3,351	3,008	1,488
Asia (excluding Japan)	13,723	12,259	5,546
Other countries	5,323	5,099	2,520
REVENUE	**46,826**	**43,666**	**21,436**

Operating investments by geographic region are as follows:

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
France	1,054	935	460
Europe (excluding France)	539	459	229
United States	765	399	358
Japan	80	252	51
Asia (excluding Japan)	411	318	195
Other countries	189	154	174
OPERATING INVESTMENTS	**3,038**	**2,517**	**1,467**

No geographic breakdown of segment assets is provided since a significant portion of these assets consists of brands and goodwill, which must be analyzed on the basis of the revenue generated by these assets in each region, and not in relation to the region of their legal ownership.

23.3. Quarterly information

Quarterly revenue by business group breaks down as follows:

(EUR millions)	Wines and Spirits	Fashion and Leather Goods [(a)]	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Elimi-nations	Total
Period from January 1 to March 31, 2018	1,195	4,270	1,500	959	3,104	161	(335)	10,854
Period from April 1 to June 30, 2018	1,076	4,324	1,377	1,019	3,221	186	(307)	10,896
Period from July 1 to September 30, 2018	1,294	4,458	1,533	1,043	3,219	173	(341)	11,379
Period from October 1 to December 31, 2018	1,578	5,403	1,682	1,102	4,102	194	(364)	13,697
TOTAL AS OF DECEMBER 31, 2018	**5,143**	**18,455**	**6,092**	**4,123**	**13,646**	**714**	**(1,347)**	**46,826**
Period from January 1 to March 31, 2017	1,196	3,911	1,395	879	3,154	169	(324)	10,380
Period from April 1 to June 30, 2017	1,098	4,035 [(b)]	1,275	959	3,126	168	(297)	10,364
Period from July 1 to September 30, 2017	1,220	3,939	1,395	951	3,055	146	(325)	10,381
Period from October 1 to December 31, 2017	1,570	4,634	1,495	1,016	3,976	179	(329)	12,541
TOTAL AS OF DECEMBER 31, 2017	**5,084**	**16,519**	**5,560**	**3,805**	**13,311**	**662**	**(1,275)**	**43,666**
Period from July 1 to September 30, 2016	1,225	3,608	1,241	877	2,803	150	(272)	9,632
Period from October 1 to December 31, 2016	1,554	4,325	1,375	982	3,690	184	(306)	11,804
TOTAL AS OF DECEMBER 31, 2016	**2,779**	**7,933**	**2,616**	**1,859**	**6,493**	**334**	**(578)**	**21,436**

(a) Following the sale within the consolidated Group of the Christian Dior Couture segment by Christian Dior SE to LVMH SE on July 3, 2017, information for Christian Dior Couture is included in figures for the Fashion and Leather Goods business group for all the periods presented.
(b) Including the entire revenue of Rimowa for the first half of 2017.

NOTE 24 – REVENUE AND EXPENSES BY NATURE

24.1. Analysis of revenue

Revenue consists of the following:

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Revenue generated by brands and trade names	46,427	43,250	21,240
Royalties and license revenue	114	108	58
Income from investment property	23	18	5
Other revenue	262	290	133
TOTAL	**46,826**	**43,666**	**21,436**

The portion of total revenue generated by the Group at its own stores, including sales through e-commerce websites, was approximately 69% of revenue for the fiscal year ended December 31, 2018 (70% of revenue for the fiscal year ended December 31, 2017 and 66% of revenue for the fiscal year ended December 31, 2016), i.e. 32,081 million euros as of December 31, 2018 (30,512 million euros as of December 31, 2017 and 14,159 million euros as of December 31, 2016).

24.2. Expenses by nature

Profit from recurring operations includes the following expenses:

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Advertising and promotion expenses	5,518	4,961	2,329
Lease expenses	3,678	3,920	1,875
Personnel costs	8,295	7,925	3,640
Research and development expenses	130	130	61

Advertising and promotion expenses mainly consist of the cost of media campaigns and point-of-sale advertising, and also include personnel costs dedicated to this function.

As of December 31, 2018, a total of 4,592 stores were operated by the Group worldwide (4,374 as of December 31, 2017; 4,148 as of December 31, 2016), particularly by Fashion and Leather Goods and Selective Retailing.

In certain countries, leases for stores entail the payment of both minimum amounts and variable amounts, especially for stores with lease payments indexed to revenue. The total lease expense for the Group's stores breaks down as follows:

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Fixed or minimum lease payments	1,910	1,926	929
Variable portion of indexed leases	911	846	371
Airport concession fees – Fixed portion or minimum amount	466	550	295
Airport concession fees – Variable portion	391	598	280
COMMERCIAL LEASE EXPENSES	**3,678**	**3,920**	**1,875**

Personnel costs consist of the following elements:

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Salaries and social security contributions	8,081	7,739	3,564
Pensions, contribution to medical costs and expenses in respect of defined-benefit plans [(a)]	127	113	51
Expenses related to stock option and similar plans [(b)]	87	73	25
PERSONNEL COSTS	**8,295**	**7,925**	**3,640**

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

The average full-time equivalent workforce broke down as follows by professional category during the fiscal years presented:

(in number and as %)	Dec. 31, 2018	%	Dec. 31, 2017	%	Dec. 31, 2016	%
Executives and managers	27,924	21	25,898	20	24,748	20
Technicians and supervisors	14,057	10	13,455	10	13,237	11
Administrative and sales staff	76,772	56	72,981	57	70,539	56
Production workers	17,880	13	16,303	13	15,900	13
TOTAL	**136,633**	**100**	**128,637**	**100**	**124,424**	**100**

24.3. Statutory Auditors' fees

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

			2018 (12 months)
(EUR millions, excluding VAT)	ERNST & YOUNG et Autres	MAZARS	Total
Audit-related fees	**10**	**7**	**17**
Tax services	3	NS	3
Other	1	NS	1
Non-audit-related fees	**4**	**NS**	**4**
TOTAL	**14**	**7**	**21**

NS: Not significant.

Services provided during the fiscal year by Christian Dior SE's Statutory Auditors other than certifying the financial statements were not material, and corresponded to (i) services other than certifying the financial statements required by applicable laws and regulations for ERNST & YOUNG et Autres and (ii) services other than certifying the financial statements required by applicable laws and regulations, attestations, and agreed-upon procedures for MAZARS.

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

NOTE 25 – OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Net gains/(losses) on disposals	(5)	(15)	56
Restructuring costs	1	(19)	-
Transaction costs relating to the acquisition of consolidated companies	(10)	(13)	(3)
Impairment or amortization of brands, trade names, goodwill and other fixed assets	(117)	(133)	(144)
Other items, net	5	(4)	(2)
OTHER OPERATING INCOME AND EXPENSES	**(126)**	**(184)**	**(93)**

Impairment and amortization expenses are mostly for brands and goodwill.

For the fiscal year ended December 31, 2016, "Net gains/(losses) on disposals" included the gain related to the sale of Donna Karan International to G-III Apparel Group (see Note 2).

NOTE 26 – NET FINANCIAL INCOME/(EXPENSE)

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Borrowing costs	(171)	(185)	(96)
Income from cash, cash equivalents and current available for sale financial assets	38	31	14
Fair value adjustment of borrowings and interest rate hedges	(3)	(2)	(1)
Cost of net financial debt	**(136)**	**(156)**	**(83)**
Dividends received from non-current available for sale financial assets	18	13	4
Cost of foreign exchange derivatives	(160)	(171)	(105)
Fair value adjustment of available for sale financial assets	(115)	264	110
Other items, net	(22)	(33)	(19)
Other financial income and expenses	**(279)**	**73**	**(10)**
NET FINANCIAL INCOME/(EXPENSE)	**(415)**	**(83)**	**(93)**

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

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Income from cash and cash equivalents	25	18	7
Income from current available for sale financial assets	13	13	7
INCOME FROM CASH, CASH EQUIVALENTS AND CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS	**38**	**31**	**14**

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

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Hedged financial debt	1	27	20
Hedging instruments	(1)	(30)	(22)
Unallocated derivatives	(3)	1	1
FAIR VALUE ADJUSTMENT OF BORROWINGS AND INTEREST RATE HEDGES	**(3)**	**(2)**	**(1)**

The cost of foreign exchange derivatives breaks down as follows:

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Cost of commercial foreign exchange derivatives	(156)	(174)	(41)
Cost of foreign exchange derivatives related to net investments denominated in foreign currency	3	-	34
Cost and other items related to other foreign exchange derivatives	(7)	3	(98)
COST OF FOREIGN EXCHANGE DERIVATIVES	**(160)**	**(171)**	**(105)**

NOTE 27 – INCOME TAXES

27.1. Analysis of the income tax expense

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Current income taxes for the fiscal year	(2,649)	(2,922)	(1,733)
Current income taxes relating to previous fiscal years	76	599	(2)
Current income taxes	**(2,573)**	**(2,323)**	**(1,735)**
Change in deferred income taxes	57	14	141
Impact of changes in tax rates on deferred income taxes	(2)	50	432
Deferred tax	**55**	**64**	**573**
TOTAL TAX EXPENSE PER INCOME STATEMENT	**(2,518)**	**(2,259)**	**(1,162)**
TAX ON ITEMS RECOGNIZED IN EQUITY [(a)]	**118**	**(244)**	**123**

(a) Including -143 million euros as of December 31, 2017, corresponding to the tax on the capital gain arising from the sale of the Christian Dior Couture segment to LVMH after taking into account tax loss carryforwards. See Note 2.

In October 2017, the French Constitutional Court struck down the French dividend tax introduced in 2012, which required French companies to pay a tax equal to 3% of dividends paid. In order to finance the corresponding reimbursement, an exceptional surtax was introduced, which raised the income tax payable by French companies in respect of fiscal year 2017 by 15% or 30%, depending on the company's revenue bracket. The reimbursement received, including interest on arrears and net of the exceptional surtax, represented income in the amount of 345 million euros.

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

During the fiscal year ended December 31, 2016, the impact of changes in tax rates on deferred taxes mainly resulted from the provisions of the 2017 Budget Act in France, which lowers the corporate tax rate to 28.92% starting in 2020. As a result, long-term deferred taxes – essentially related to acquired brands – were revalued based on the rate applicable as of 2020.

27.2. Analysis of net deferred tax on the balance sheet

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

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Deferred tax assets	1,932	1,741	2,131
Deferred tax liabilities	(4,633)	(4,587)	(4,894)
NET DEFERRED TAX ASSET/(LIABILITY)	**(2,701)**	**(2,846)**	**(2,763)**

27.3. Analysis of the difference between the statutory and effective tax rates

The effective tax rate is as follows:

(EUR millions)	**2018** (12 months)	**2017** (12 months)	**2016** (6 months)
Profit before tax	9,460	8,084	4,052
Total tax expense	(2,518)	(2,259)	(1,162)
EFFECTIVE TAX RATE	**26.6%**	**27.9%**	**28.7%**

The statutory tax rate – which is the rate applicable by law to the Group's French companies, including the 3.3% social security contribution – may be reconciled as follows to the effective tax rate disclosed in the consolidated financial statements:

(as % of income before tax)	**2018** (12 months)	**2017** (12 months)	**2016** (6 months)
French statutory tax rate	**34.4**	**34.4**	**34.4**
Changes in tax rates [(a)]	-	(0.7)	(11.0)
Differences in tax rates for foreign companies	(8.8)	(6.4)	(5.4)
Tax losses and tax loss carryforwards, and other changes in deferred tax	0.8	1.0	0.6
Differences between consolidated and taxable income, and income taxable at reduced rates	(1.2)	2.7	7.5
Tax on dividend payments applicable to French companies, net of the exceptional surtax on corporate income tax [(a)]	-	(4.3)	0.9
Other taxes on distribution [(b)]	1.4	1.2	1.7
EFFECTIVE TAX RATE OF THE GROUP	**26.6**	**27.9**	**28.7**

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

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

27.4. Sources of deferred tax

In the income statement [(a)]

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Valuation of brands	(1)	216	554
Other revaluation adjustments	2	46	54
Gains and losses on available for sale financial assets	6	(51)	-
Gains and losses on hedges of future foreign currency cash flows and cost of hedging	(3)	3	14
Provisions for contingencies and losses	(63)	(74)	8
Intra-Group margin included in inventories	85	(39)	(36)
Other consolidation adjustments	13	(13)	(40)
Losses carried forward	16	(24)	19
TOTAL	**55**	**64**	**573**

(a) Income/(Expenses).

In equity [(a)]

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Fair value adjustment of vineyard land	(2)	82	108
Gains and losses on available for sale financial assets	-	-	-
Gains and losses on hedges of future foreign currency cash flows and cost of hedging	110	(112)	26
Gains and losses on employee benefit commitments	(5)	(24)	(6)
TOTAL	**103**	**(54)**	**128**

(a) Gains/(Losses).

In the balance sheet [(a)]

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Valuation of brands	(3,678)	(3,648)	(3,875)
Fair value adjustment of vineyard land	(574)	(565)	(650)
Other revaluation adjustments	(280)	(282)	(316)
Gains and losses on available for sale financial assets	(50)	(55)	(3)
Gains and losses on hedges of future foreign currency cash flows and cost of hedging	49	(58)	50
Provisions for contingencies and losses	551	596	734
Intra-Group margin included in inventories	795	707	774
Other consolidation adjustments	448	434	463
Losses carried forward	38	25	60
TOTAL	**(2,701)**	**(2,846)**	**(2,763)**

(a) Asset/(Liability).

27.5. Tax consolidation

- France's tax consolidation system allows virtually all of the Group's French companies to combine their taxable profits to calculate the overall tax expense, for which only the parent company is liable.

  Since January 1, 2018, Christian Dior SE and its French subsidiaries in which it has an ownership interest of more than 95% have been part of a tax consolidation group, the parent company of which is Groupe Arnault.

  LVMH SE and most of its French subsidiaries in which it has an ownership interest of more than 95% comprise another tax consolidation group, the parent company of which is LVMH SE. The estimated impact of the current tax expense of this tax consolidation group amounted to a 225 million euro decrease in the tax expense in the fiscal year ended December 31, 2018 (6 million euro increase in the tax expense in 2017; 37 million euro decrease in the tax expense in 2016).

- The other tax consolidation systems in place, particularly in the United States, generated current tax savings of 61 million euros in the fiscal year ended December 31, 2018 (85 million euros as of December 31, 2017; 49 million euros as of December 31, 2016).

27.6. Losses carried forward

As of December 31, 2018, unused tax loss carryforwards and tax credits for which no deferred tax assets were recognized had a potential positive impact on the future tax expense of 497 million euros (446 million euros as of December 31, 2017 and 504 million euros as of December 31, 2016).

NOTE 28 – EARNINGS PER SHARE

	2018 (12 months)	2017 (12 months)	2016 (6 months)
Net profit, Group share *(EUR millions)*	**2,574**	**2,259**	**1,124**
Impact of dilutive instruments on the subsidiaries *(EUR millions)*	(6)	(8)	(4)
NET PROFIT, DILUTED GROUP SHARE *(EUR millions)*	**2,568**	**2,251**	**1,120**
Average number of shares outstanding during the fiscal year	180,507,516	180,507,516	180,507,516
Average number of Christian Dior treasury shares owned during the fiscal year	(506,036)	(911,435)	(1,139,836)
Average number of shares on which the calculation before dilution is based	**180,001,480**	**179,596,081**	**179,367,680**
BASIC GROUP SHARE OF NET EARNINGS PER SHARE *(EUR)*	**14.30**	**12.58**	**6.27**
Average number of shares outstanding on which the above calculation is based	180,001,480	179,596,082	179,367,681
Dilutive effect of stock option, bonus share and performance share plans	170,619	497,535	605,365
Average number of shares on which the calculation after dilution is based	**180,172,099**	**180,093,617**	**179,973,046**
DILUTED GROUP SHARE OF NET EARNINGS PER SHARE *(EUR)*	**14.25**	**12.50**	**6.22**

As of December 31, 2018, all of the instruments that may dilute earnings per share have been taken into consideration when determining the dilutive effect.

No events occurred between December 31, 2018 and the date at which the financial statements were approved for publication that would have significantly affected the number of shares outstanding or the potential number of shares.

NOTE 29 – PROVISIONS FOR PENSIONS, CONTRIBUTION TO MEDICAL COSTS AND OTHER EMPLOYEE BENEFIT COMMITMENTS

29.1. Expense for the fiscal year

The expense recognized in the fiscal years presented for provisions for pensions, contribution to medical costs and other employee benefit commitments is as follows:

(EUR millions)	**2018** (12 months)	**2017** (12 months)	**2016** (6 months)
Service cost	113	110	45
Net interest cost	12	13	5
Actuarial gains and losses	(1)	-	1
Changes in plans	3	(10)	-
TOTAL EXPENSE FOR THE FISCAL YEAR FOR DEFINED-BENEFIT PLANS	**127**	**113**	**51**

29.2. Net recognized commitment

(EUR millions)	*Notes*	**Dec. 31, 2018**	**Dec. 31, 2017**	**Dec. 31, 2016**
Benefits covered by plan assets		1,515	1,490	1,524
Benefits not covered by plan assets		189	179	209
Defined-benefit obligation		**1,704**	**1,669**	**1,733**
Market value of plan assets		**(1,137)**	**(1,077)**	**(1,038)**
NET RECOGNIZED COMMITMENT		**567**	**592**	**695**
Of which:				
Non-current provisions	*19*	605	625	715
Current provisions	*19*	7	4	5
Other assets		(45)	(37)	(25)
TOTAL		**567**	**592**	**695**

29.3. Analysis of the change in net recognized commitment

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

(a) (Gain)/Loss.

Actuarial gains and losses resulting from experience adjustments related to the past four fiscal years were as follows:

(EUR millions)	Dec. 31, 2017 (12 months)	Dec. 31, 2016 (6 months)	June 30, 2016 (12 months)	June 30, 2015 (12 months)
Experience adjustments on the defined-benefit obligation	4	(1)	(11)	3
Experience adjustments on the market value of plan assets	(49)	(12)	(15)	(20)
ACTUARIAL GAINS AND LOSSES RESULTING FROM EXPERIENCE ADJUSTMENTS [(a)]	**(45)**	**(13)**	**(26)**	**(17)**

(a) (Gain)/Loss.

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

	December 31, 2018 (12 months)					December 31, 2017 (12 months)					December 31, 2016 (6 months)				
(as %)	France	United States	United Kingdom	Japan	Switzer-land	France	United States	United Kingdom	Japan	Switzer-land	France	United States	United Kingdom	Japan	Switzer-land
Discount rate [(a)]	1.50	4.43	2.90	0.50	0.83	1.50	3.70	2.60	0.50	0.65	1.30	3.92	2.80	0.50	0.11
Future rate of increase of salaries	2.75	4.59	3.38	1.99	1.74	2.68	1.70	3.53	2.00	1.69	2.75	4.88	4.00	2.00	1.77

(a) Discount rates were determined with reference to market yields of AA-rated corporate bonds at the period-end in the countries concerned. Bonds with maturities comparable to those of the commitments were used.

The assumed rate of increase of medical expenses in the United States is 6.40% for 2019, after which it is assumed to decline progressively to reach 4.50% in 2037.

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

29.4. Analysis of benefits

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

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Supplementary pensions	1,300	1,279	1,335
Retirement bonuses and similar benefits	326	311	316
Medical costs of retirees	42	45	53
Long-service awards	27	25	24
Other	9	9	5
DEFINED-BENEFIT OBLIGATION	**1,704**	**1,669**	**1,733**

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

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
France	615	579	576
Europe (excluding France)	556	569	623
United States	347	344	347
Japan	136	125	130
Asia (excluding Japan)	41	44	50
Other countries	9	8	7
DEFINED-BENEFIT OBLIGATION	**1,704**	**1,669**	**1,733**

The main components of the Group's net commitment for retirement and other defined-benefit obligations as of December 31, 2018 are as follows:

- in France, these commitments include the commitment to certain members of the Group's management bodies who are covered by a supplementary pension plan after a certain number of years of service, the amount of which is determined on the basis of the average of their three highest amounts of annual compensation; they also include end-of-career bonuses and long-service awards, the payment of which is determined by French law and collective bargaining agreements, respectively upon retirement or after a certain number of years of service;
- in Europe (excluding France), commitments concern defined-benefit pension plans set up in the United Kingdom by certain Group companies; participation by Group companies in Switzerland in the mandatory Swiss occupational pension plan, the LPP (Loi pour la Prévoyance Professionnelle); and in Italy the TFR (Trattamento di Fine Rapporto), a legally required end-of-service allowance, paid regardless of the reason for the employee's departure from the company;
- in the United States, the commitment relates to defined-benefit pension plans or systems for the reimbursement of medical expenses of retirees set up by certain Group companies.

29.5. Analysis of related plan assets

The breakdown of the market value of plan assets by type of investment is as follows:

(as % of market value of related plan assets)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Shares	23	25	28
Bonds			
- private issues	36	36	34
- public issues	5	6	8
Cash, investment funds, real estate and other assets	36	33	30
TOTAL	**100**	**100**	**100**

These assets do not include any debt securities issued by Group companies, nor any LVMH or Christian Dior shares for significant amounts.

The Group plans to increase the related plan assets in 2019 by paying in approximately 120 million euros.

NOTE 30 – OFF-BALANCE SHEET COMMITMENTS

30.1. Purchase commitments

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Grapes, wines and eaux-de-vie	2,040	1,925	1,962
Other purchase commitments for raw materials	215	123	87
Industrial and commercial fixed assets	721	525	785
Investments in joint venture shares and non-current available for sale financial assets	2,151	205	953

Some Wines and Spirits companies have contractual purchase arrangements with various local producers for the future supply of grapes, still wines and eaux-de-vie. These commitments are valued, depending on the nature of the purchases, on the basis of the contractual terms or known fiscal year-end prices and estimated production yields.

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

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

As of December 31, 2018, the maturity dates of these commitments were as follows:

(EUR millions)	Less than one year	One to five years	More than five years	Total
Grapes, wines and eaux-de-vie	659	1,346	35	2,040
Other purchase commitments for raw materials	123	91	1	215
Industrial and commercial fixed assets	601	121	(1)	721
Investments in joint venture shares and non-current available for sale financial assets	2,049	102	-	2,151

30.2. Leases

In connection with its business activities, the Group enters into agreements for the rental of premises or airport concession contracts. The Group also finances a portion of its equipment through long-term operating leases.

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

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Less than one year	2,334	2,172	2,261
One to five years	6,098	5,595	5,476
More than five years	4,141	3,677	3,412
COMMITMENTS GIVEN FOR OPERATING LEASES AND CONCESSIONS	**12,573**	**11,444**	**11,149**
Less than one year	18	15	14
One to five years	48	35	17
More than five years	3	13	6
COMMITMENTS RECEIVED FOR SUBLEASES	**69**	**63**	**37**

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

30.3. Collateral and other guarantees

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

(EUR millions)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Securities and deposits	342	379	400
Other guarantees	160	274	132
GUARANTEES GIVEN	**502**	**653**	**532**
GUARANTEES RECEIVED	**70**	**40**	**34**

The maturity dates of these commitments are as follows:

(EUR millions)	Less than one year	One to five years	More than five years	Total
Securities and deposits	125	209	8	342
Other guarantees	56	91	13	160
GUARANTEES GIVEN	**181**	**300**	**21**	**502**
GUARANTEES RECEIVED	**20**	**44**	**6**	**70**

30.4. Other commitments

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

NOTE 31 – EXCEPTIONAL EVENTS AND LITIGATION

As part of its day-to-day management, the Group may be party to various legal proceedings concerning trademark rights, the protection of intellectual property rights, the protection of selective retailing networks, licensing agreements, employee relations, tax audits, and any other matters inherent to its business. The Group believes that the provisions recorded in the balance sheet in respect of these risks, litigation proceedings and disputes that are in progress and any others of which it is aware at the year-end, are sufficient to avoid its consolidated financial position being materially impacted in the event of an unfavorable outcome.

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

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

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

To the best of the Company's knowledge, there are no pending or impending administrative, judicial or arbitration procedures that are likely to have, or have had over the twelve-month period under review, any significant impact on the Group's financial position or profitability.

NOTE 32 – RELATED-PARTY TRANSACTIONS

32.1. Relations of the Christian Dior group with Groupe Arnault and the Financière Agache group

The Christian Dior group is consolidated in the accounts of Financière Agache, which is controlled by Groupe Arnault SE.

Relations of the Christian Dior group with Groupe Arnault and its subsidiaries

Groupe Arnault provides assistance to the Christian Dior group, primarily in the areas of financial engineering, strategy, development, and corporate and real estate law. Groupe Arnault also leases office premises to LVMH.

Groupe Arnault leases office space from the Christian Dior group, and the Christian Dior group also provides Groupe Arnault with various forms of administrative assistance.

Transactions between the Christian Dior group and the Arnault group may be summarized as follows:

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
• Purchases by the Christian Dior group from the Arnault group	(8)	(11)	(5)
Amount payable outstanding at end of period	-	(2)	(2)
• Sales by the Christian Dior group to the Arnault group	5	5	2
Amount receivable outstanding at end of period	-	1	1

Relations of the Christian Dior group with the Financière Agache group

As of December 31, 2018, transactions between the Christian Dior group and the Financière Agache group were not material.

32.2. Relations of the Christian Dior group with Diageo

Moët Hennessy SAS and Moët Hennessy International SAS (hereinafter referred to as "Moët Hennessy") are the holding companies for the LVMH group's Wines and Spirits businesses, with the exception of Château d'Yquem, Château Cheval Blanc, Domaine du Clos des Lambrays, Colgin Cellars and certain champagne vineyards. Diageo holds a 34% stake in Moët Hennessy. When that holding was acquired in 1994, an agreement was entered into between Diageo and LVMH for the apportionment of shared holding company expenses between Moët Hennessy and the other holding companies of the LVMH group.

Under this agreement, Moët Hennessy assumed 15% of shared costs in 2018 (16% in 2017 and 17.5% for the fiscal year ended December 31, 2016), and accordingly re-invoiced the excess costs incurred to LVMH SE. After re-invoicing, the amount of shared costs assumed by Moët Hennessy came to 17 million euros for 2018 (19 million euros in 2017 and 14 million euros in 2016).

32.3. Relations with the Fondation Louis Vuitton

In October 2014, the Fondation Louis Vuitton opened a modern and contemporary art museum in Paris. The LVMH group finances the Fondation as part of its corporate philanthropy initiatives. Its net contributions to this project are included in "Property, plant and equipment" and are depreciated from the time the museum opened (October 2014) over the remaining duration of the public property use agreement awarded by the City of Paris.

The Fondation Louis Vuitton also obtains external financing guaranteed by LVMH. These guarantees are part of LVMH's off-balance sheet commitments (see Note 30.3).

32.4. Executive bodies

The total compensation paid to the members of the Board of Directors in respect of their functions within the Group breaks down as follows:

(EUR millions)	2018 (12 months)	2017 (12 months)	2016 (6 months)
Gross compensation, employer social security contributions and benefits in kind [a]	17	18	6
Post-employment benefits	7	8	1
Other long-term benefits	-	10	3
End-of-contract bonuses	-	-	-
Cost of stock option and similar plans	13	9	2
TOTAL	**37**	**45**	**12**

(a) Excluding previously provisioned items of compensation.

The commitment recognized as of December 31, 2018 for post-employment benefits net of related financial assets was 17 million euros (20 million euros as of December 31, 2017 and 10 million euros as of December 31, 2016).

NOTE 33 – SUBSEQUENT EVENTS

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

List of consolidated companies

Company	Registered office	Method of consolidation	Ownership interest
WINES AND SPIRITS			
MHCS	Épernay, France	FC	27%
Champagne Des Moutiers	Épernay, France	FC	27%
Société Viticole de Reims	Épernay, France	FC	27%
Compagnie Française du Champagne et du Luxe	Épernay, France	FC	27%
Chamfipar	Épernay, France	FC	27%
GIE Moët Hennessy Information Services	Épernay, France	FC	27%
Moët Hennessy Entreprise Adaptée	Épernay, France	FC	27%
Champagne Bernard Breuzon	Colombé-le-Sec, France	FC	27%
Champagne De Mansin	Gyé-sur-Seine, France	FC	27%
Société Civile des Crus de Champagne	Reims, France	FC	27%
Moët Hennessy Italia SpA	Milan, Italy	FC	27%
Moët Hennessy UK	London, United Kingdom	FC	27%
Moët Hennessy España	Barcelona, Spain	FC	27%
Moët Hennessy (Suisse)	Geneva, Switzerland	FC	27%
Moët Hennessy Deutschland GmbH	Munich, Germany	FC	27%
Moët Hennessy de Mexico	Mexico City, Mexico	FC	27%
Moët Hennessy Belux	Brussels, Belgium	FC	27%
Moët Hennessy Österreich	Vienna, Austria	FC	27%
Moët Hennessy Suomi	Helsinki, Finland	FC	27%
Moët Hennessy Polska	Warsaw, Poland	FC	27%
Moët Hennessy Czech Republic	Prague, Czech Republic	FC	27%
Moët Hennessy Sverige	Stockholm, Sweden	FC	27%
Moët Hennessy Norge	Sandvika, Norway	FC	27%
Moët Hennessy Danmark	Copenhagen, Denmark	FC	27%
Moët Hennessy Nederland	Baarn, Netherlands	FC	27%
Moet Hennessy USA	New York, USA	FC	27%
Moët Hennessy Turkey	Istanbul, Turkey	FC	27%
Moët Hennessy South Africa Pty Ltd	Johannesburg, South Africa	FC	27%
MH Champagnes and Wines Korea Ltd	Icheon, South Korea	FC	27%
MHD Moët Hennessy Diageo	Courbevoie, France	JV	27%
Cheval des Andes	Buenos Aires, Argentina	EM	14%
Domaine Chandon	California, USA	FC	27%
Cape Mentelle Vineyards	Margaret River, Australia	FC	27%
Veuve Clicquot Properties	Margaret River, Australia	FC	27%
Moët Hennessy Do Brasil – Vinhos E Destilados	São Paulo, Brazil	FC	27%
Cloudy Bay Vineyards	Blenheim, New Zealand	FC	27%
Bodegas Chandon Argentina	Buenos Aires, Argentina	FC	27%
Domaine Chandon Australia	Coldstream, Victoria, Australia	FC	27%
Newton Vineyards	California, USA	FC	25%
Domaine Chandon (Ningxia) Moët Hennessy Co.	Yinchuan, China	FC	27%
Moët Hennessy Chandon (Ningxia) Vineyards Co.	Yinchuan, China	FC	16%
SA Du Château d'Yquem	Sauternes, France	FC	40%
SC Du Château d'Yquem	Sauternes, France	FC	40%
Société Civile Cheval Blanc (SCCB)	Saint-Émilion, France	EM	21%
Colgin Cellars	Saint Helena, USA	FC	25%
Moët Hennessy Shangri-La (Deqin) Winery Company	Deqin, China	FC	22%
Jas Hennessy & Co.	Cognac, France	FC	27%
Distillerie de la Groie	Cognac, France	FC	27%
SICA de Bagnolet	Cognac, France	FC	1%
Sodepa	Cognac, France	FC	27%
Diageo Moët Hennessy BV	Amsterdam, Netherlands	JV	27%
Hennessy Dublin	Dublin, Ireland	FC	27%
Edward Dillon & Co. Ltd	Dublin, Ireland	EM	11%
Hennessy Far East	Hong Kong, China	FC	27%
Moët Hennessy Diageo Hong Kong	Hong Kong, China	JV	27%
Moët Hennessy Diageo Macau	Macao, China	JV	27%
Riche Monde (China)	Hong Kong, China	JV	27%
Moët Hennessy Diageo Singapore Pte	Singapore	JV	27%
Moët Hennessy Cambodia Co.	Phnom Penh, Cambodia	FC	14%
Moët Hennessy Philippines	Makati, Philippines	FC	20%
Société du Domaine des Lambrays	Morey-Saint-Denis, France	FC	41%
Moët Hennessy Services UK	London, United Kingdom	FC	27%
Moët Hennessy Services Singapore Pte Ltd	Singapore	FC	27%
Moët Hennessy Diageo Malaysia Sdn.	Kuala Lumpur, Malaysia	JV	27%
Diageo Moët Hennessy Thailand	Bangkok, Thailand	JV	27%
Moët Hennessy Shanghai	Shanghai, China	FC	27%

Company	Registered office	Method of consolidation	Ownership interest
Moët Hennessy India	Mumbai, India	FC	27%
Jas Hennessy Taiwan	Taipei, Taiwan	FC	27%
Moët Hennessy Diageo China Company	Shanghai, China	JV	27%
Moët Hennessy Distribution Russia	Moscow, Russia	FC	27%
Moët Hennessy Vietnam Importation Co.	Ho Chi Minh City, Vietnam	FC	27%
Moët Hennessy Vietnam Distribution Shareholding Co.	Ho Chi Minh City, Vietnam	FC	14%
Moët Hennessy Rus	Moscow, Russia	FC	27%
MHD Moët Hennessy Diageo	Tokyo, Japan	JV	27%
Moët Hennessy Asia-Pacific Pte Ltd	Singapore	FC	27%
Moët Hennessy Australia	Mascot, Australia	FC	27%
Polmos Zyrardow Sp. z o.o.	Zyrardow, Poland	FC	27%
The Glenmorangie Company	Edinburgh, United Kingdom	FC	27%
Macdonald & Muir Ltd	Edinburgh, United Kingdom	FC	27%
Alistair Graham Limited	Edinburgh, United Kingdom	FC	27%
Ardbeg Distillery Limited	Edinburgh, United Kingdom	FC	27%
Ardbeg Ltd	Edinburgh, United Kingdom	FC	27%
Bonding and Transport Co. Ltd	Edinburgh, United Kingdom	FC	27%
Charles Muirhead & Son Limited	Edinburgh, United Kingdom	FC	27%
Douglas Macniven & Company Ltd	Edinburgh, United Kingdom	FC	27%
Glenmorangie Distillery Co. Ltd	Edinburgh, United Kingdom	FC	27%
Glenmorangie Spring Water	Edinburgh, United Kingdom	FC	27%
James Martin & Company Ltd	Edinburgh, United Kingdom	FC	27%
Macdonald Martin Distilleries	Edinburgh, United Kingdom	FC	27%
Morangie Mineral Water Company	Edinburgh, United Kingdom	FC	27%
Morangie Springs Limited	Edinburgh, United Kingdom	FC	27%
Nicol Anderson & Co. Ltd	Edinburgh, United Kingdom	FC	27%
Tarlogie Springs Limited	Edinburgh, United Kingdom	FC	27%
Woodinville Whiskey Company LLC	Woodinville, USA	FC	27%
Volcan Azul	Mexico City, Mexico	EM	14%
FASHION AND LEATHER GOODS			
Louis Vuitton Malletier	Paris, France	FC	41%
Manufacture de Souliers Louis Vuitton	Fiesso d'Artico, Italy	FC	41%
Louis Vuitton Saint-Barthélemy	Saint-Barthélemy, French Antilles	FC	41%
Louis Vuitton Cantacilik Ticaret	Istanbul, Turkey	FC	41%
Louis Vuitton Editeur	Paris, France	FC	41%
Louis Vuitton International	Paris, France	FC	41%
Louis Vuitton India Holding & Services Pvt. Ltd.	Bangalore, India	FC	41%
Société des Ateliers Louis Vuitton	Paris, France	FC	41%
Manufacture des Accessoires Louis Vuitton	Fiesso d'Artico, Italy	FC	41%
Louis Vuitton Bahrain WLL	Manama, Bahrain	FC	27%
Société Louis Vuitton Services	Paris, France	FC	41%
Louis Vuitton Qatar LLC	Doha, Qatar	FC	26%
Société des Magasins Louis Vuitton France	Paris, France	FC	41%
Belle Jardinière	Paris, France	FC	41%
La Fabrique du Temps Louis Vuitton	Meyrin, Switzerland	FC	41%
Les Ateliers Joailliers Louis Vuitton	Paris, France	FC	41%
Louis Vuitton Monaco	Monte Carlo, Monaco	FC	41%
ELV	Paris, France	FC	41%
Louis Vuitton Services Europe	Brussels, Belgium	FC	41%
Louis Vuitton UK	London, United Kingdom	FC	41%
Louis Vuitton Ireland	Dublin, Ireland	FC	41%
Louis Vuitton Deutschland	Munich, Germany	FC	41%
Louis Vuitton Ukraine	Kiev, Ukraine	FC	41%
Manufacture de Maroquinerie et Accessoires Louis Vuitton	Barcelona, Spain	FC	41%
La Fabrique de Maroquinerie Louis Vuitton	Paris, France	FC	41%
Louis Vuitton B.V.	Amsterdam, Netherlands	FC	41%
Louis Vuitton Belgium	Brussels, Belgium	FC	41%
Louis Vuitton Luxembourg	Luxembourg	FC	41%
Louis Vuitton Hellas	Athens, Greece	FC	41%
Louis Vuitton Portugal Maleiro	Lisbon, Portugal	FC	41%
Louis Vuitton Ltd	Tel Aviv, Israel	FC	41%
Louis Vuitton Danmark	Copenhagen, Denmark	FC	41%
Louis Vuitton Aktiebolag	Stockholm, Sweden	FC	41%
Louis Vuitton Suisse	Meyrin, Switzerland	FC	41%
Louis Vuitton Polska Sp. z o.o.	Warsaw, Poland	FC	41%
Louis Vuitton Ceska	Prague, Czech Republic	FC	41%
Louis Vuitton Österreich	Vienna, Austria	FC	41%
Louis Vuitton Kazakhstan	Almaty, Kazakhstan	FC	41%

Company	Registered office	Method of consolidation	Ownership interest
Louis Vuitton US Manufacturing, Inc.	San Dimas, USA	FC	41%
Louis Vuitton Hawaii, Inc.	Hawaii, USA	FC	41%
Louis Vuitton Guam, Inc.	Tamuning, Guam	FC	41%
Louis Vuitton Saipan Inc.	Saipan, Northern Mariana Islands	FC	41%
Louis Vuitton Norge	Oslo, Norway	FC	41%
San Dimas Luggage Company	San Dimas, USA	FC	41%
Louis Vuitton North America, Inc.	New York, USA	FC	41%
Louis Vuitton USA, Inc.	New York, USA	FC	41%
Louis Vuitton Liban Retail SAL	Beirut, Lebanon	FC	39%
Louis Vuitton Vietnam Company Limited	Hanoi, Vietnam	FC	41%
Louis Vuitton Suomi	Helsinki, Finland	FC	41%
Louis Vuitton Romania Srl	Bucharest, Romania	FC	41%
LVMH Fashion Group Brasil Ltda	São Paulo, Brazil	FC	41%
Louis Vuitton Panama, Inc.	Panama City, Panama	FC	41%
Louis Vuitton Mexico	Mexico City, Mexico	FC	41%
Operadora Louis Vuitton Mexico	Mexico City, Mexico	FC	41%
Louis Vuitton Chile Spa	Santiago de Chile, Chile	FC	41%
Louis Vuitton (Aruba)	Oranjestad, Aruba	FC	41%
Louis Vuitton Argentina	Buenos Aires, Argentina	FC	41%
Louis Vuitton Republica Dominicana	Santo Domingo, Dominican Republic	FC	41%
Louis Vuitton Pacific	Hong Kong, China	FC	41%
Louis Vuitton Kuwait WLL	Kuwait City, Kuwait	FC	13%
Louis Vuitton Hong Kong Limited	Hong Kong, China	FC	41%
Louis Vuitton (Philippines) Inc.	Makati, Philippines	FC	41%
Louis Vuitton Singapore Pte Ltd	Singapore	FC	41%
LV Information & Operation Services Pte Ltd	Singapore	FC	41%
PT Louis Vuitton Indonesia	Jakarta, Indonesia	FC	41%
Louis Vuitton (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	41%
Louis Vuitton (Thailand) Société Anonyme	Bangkok, Thailand	FC	41%
Louis Vuitton Taiwan Ltd.	Taipei, Taiwan	FC	41%
Louis Vuitton Australia Pty Ltd.	Sydney, Australia	FC	41%
Louis Vuitton (China) Co. Ltd.	Shanghai, China	FC	41%
Mon Moda Luxe LLC	Ulaanbaatar, Mongolia	FC	41%
Louis Vuitton New Zealand	Auckland, New Zealand	FC	41%
Louis Vuitton India Retail Private Limited	Gurgaon, India	FC	41%
Louis Vuitton EAU LLC	Dubai, United Arab Emirates	FC	22%
Louis Vuitton Saudi Arabia Ltd.	Jeddah, Saudi Arabia	FC	23%
Louis Vuitton Middle East	Dubai, United Arab Emirates	FC	27%
Louis Vuitton – Jordan PSC	Amman, Jordan	FC	39%
Louis Vuitton Orient LLC	Emirate of Ras Al Khaimah, United Arab Emirates	FC	27%
Louis Vuitton Korea Ltd.	Seoul, South Korea	FC	41%
LVMH Fashion Group Trading Korea Ltd.	Seoul, South Korea	FC	41%
Louis Vuitton Hungaria Kft.	Budapest, Hungary	FC	41%
Louis Vuitton Vostok	Moscow, Russia	FC	41%
LV Colombia SAS	Santa Fé de Bogota, Colombia	FC	41%
Louis Vuitton Maroc	Casablanca, Morocco	FC	41%
Louis Vuitton South Africa	Johannesburg, South Africa	FC	41%
Louis Vuitton Macau Company Limited	Macao, China	FC	41%
Louis Vuitton Japan KK	Tokyo, Japan	FC	41%
Louis Vuitton Services KK	Tokyo, Japan	FC	41%
Louis Vuitton Canada, Inc.	Toronto, Canada	FC	41%
Louis Vuitton (Barbados)	Saint Michael, Barbados	FC	41%
Atepeli – Ateliers des Ponte de Lima	Calvelo, Portugal	FC	41%
Somarest	Sibiu, Romania	FC	41%
LVMH Métiers D'Art	Paris, France	FC	41%
Tanneries Roux	Romans-sur-Isère, France	FC	41%
HLI Holding Pte. Ltd	Singapore	FC	41%
Heng Long International Ltd	Singapore	FC	41%
Heng Long Leather Co. (Pte) Ltd	Singapore	FC	41%
Heng Long Leather (Guangzhou) Co. Ltd	Guangzhou, China	FC	41%
HL Australia Proprietary Ltd	Sydney, Australia	FC	41%
Starke Holding	Florida, USA	FC	41%
Cypress Creek Farms	Florida, USA	FC	41%
The Florida Alligator Company	Florida, USA	FC	41%
Pellefina	Starke, USA	FC	41%
Thélios	Longarone, Italy	FC	21%
Thélios France	Paris, France	FC	21%
Thélios USA Inc.	Somerville, USA	FC	21%
Thélios Asia-Pacific Limited	Hong Kong, China	FC	21%
Marc Jacobs International	New York, USA	FC	33%
Marc Jacobs International (UK)	London, United Kingdom	FC	33%
Marc Jacobs Trademarks	New York, USA	FC	33%
Marc Jacobs Japan	Tokyo, Japan	FC	33%
Marc Jacobs International Italia	Milan, Italy	FC	33%
Marc Jacobs International France	Paris, France	FC	33%
Marc Jacobs Commercial and Trading (Shanghai) Co.	Shanghai, China	FC	33%
Marc Jacobs Hong Kong	Hong Kong, China	FC	33%
Marc Jacobs Holdings	New York, USA	FC	33%
Marc Jacobs Hong Kong Distribution Company	Hong Kong, China	FC	33%
Marc Jacobs Macau Distribution Company	Macao, China	FC	33%
Loewe	Madrid, Spain	FC	41%
Loewe Hermanos	Madrid, Spain	FC	41%
Manufacturas Loewe	Madrid, Spain	FC	41%
LVMH Fashion Group France	Paris, France	FC	41%
Loewe Hermanos UK	London, United Kingdom	FC	41%
Loewe Hong Kong	Hong Kong, China	FC	41%
Loewe Commercial and Trading (Shanghai) Co.	Shanghai, China	FC	41%
Loewe Fashion	Singapore	FC	41%
Loewe Taiwan	Taipei, Taiwan	FC	41%
Loewe Macau Company	Macao, China	FC	41%
Loewe Italy	Milan, Italy	FC	41%
Loewe Alemania	Frankfurt, Germany	FC	41%
Loewe LLC	New York, USA	FC	41%
LVMH Fashion Group Support	Paris, France	FC	41%
Berluti SA	Paris, France	FC	41%
Manifattura Berluti Srl	Ferrara, Italy	FC	41%
Berluti LLC	New York, USA	FC	41%
Berluti UK Limited (Company)	London, United Kingdom	FC	41%
Berluti Macau Company Limited	Macao, China	FC	41%
Berluti (Shanghai) Company Limited	Shanghai, China	FC	41%
Berluti Hong Kong Company Limited	Hong Kong, China	FC	41%
Berluti Deutschland GmbH	Munich, Germany	FC	41%
Berluti Singapore Private Ltd	Singapore	FC	41%
Berluti Japan KK	Tokyo, Japan	FC	41%
Berluti Orient FZ LLC	Ras Al Khaimah, United Arab Emirates	FC	27%
Berluti EAU LLC	Dubai, United Arab Emirates	FC	27%
Berluti Taiwan Ltd.	Taipei, Taiwan	FC	41%
Berluti Korea Company Ltd.	Seoul, South Korea	FC	27%
Berluti Australia	Sydney, Australia	FC	41%
Rossimoda	Vigonza, Italy	FC	41%
Rossimoda Romania	Cluj-Napoca, Romania	FC	41%
LVMH Fashion Group Services	Paris, France	FC	41%
Montaigne	Tokyo, Japan	FC	41%
Interlux Company	Hong Kong, China	FC	41%
Jean Patou SAS	Paris, France	FC	29%
Rimowa GmbH	Cologne, Germany	FC	33%
Rimowa GmbH & Co Distribution KG	Cologne, Germany	FC	33%
Rimowa Electronic Tag GmbH	Hamburg, Germany	FC	33%
Rimowa CZ spol s.r.o.	Pelhrimov, Czech Republic	FC	33%
Rimowa America Do Sul Malas De Viagem Ltda	São Paulo, Brazil	FC	33%
Rimowa North America Inc.	Cambridge, Canada	FC	33%
Rimowa Inc.	Delaware, USA	FC	33%
Rimowa Distribution Inc.	Delaware, USA	FC	33%
Rimowa Far East Limited	Hong Kong, China	FC	33%
Rimowa Macau Limited	Macao, China	FC	33%
Rimowa Japan Co. Ltd	Tokyo, Japan	FC	33%
Rimowa France SARL	Paris, France	FC	33%
Rimowa Italy Srl	Milan, Italy	FC	33%
Rimowa Netherlands BV	Amsterdam, Netherlands	FC	33%
Rimowa Spain SLU	Madrid, Spain	FC	33%
Rimowa Great Britain Limited	London, United Kingdom	FC	33%
Rimowa China	Shanghai, China	FC	33%
Rimowa International	Paris, France	FC	33%
Rimowa Group Services	Paris, France	FC	33%
Rimowa Middle East FZ LLC	Dubai, United Arab Emirates	FC	33%
Rimowa Korea Ltd	Seoul, South Korea	FC	33%
Rimowa Orient Trading LLC	Dubai, United Arab Emirates	FC	33%
110 Vondrau Holdings Inc.	Cambridge, Canada	FC	33%
Christian Dior Couture Korea Ltd	Seoul, South Korea	FC	41%
Christian Dior KK	Tokyo, Japan	FC	41%
Christian Dior Inc.	New York, USA	FC	41%
Christian Dior Far East Ltd	Hong Kong, China	FC	41%

Company	Registered office	Method of consolidation	Ownership interest
Christian Dior Hong Kong Ltd	Hong Kong, China	FC	41%
Christian Dior Fashion (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	41%
Christian Dior Singapore Pte Ltd	Singapore	FC	41%
Christian Dior Australia Pty Ltd	Sydney, Australia	FC	41%
Christian Dior New Zealand Ltd	Auckland, New Zealand	FC	41%
Christian Dior Taiwan Limited	Hong Kong, China	FC	41%
Christian Dior (Thailand) Co. Ltd	Bangkok, Thailand	FC	41%
Christian Dior Saipan Ltd	Saipan, Northern Mariana Islands	FC	41%
Christian Dior Guam Ltd	Tumon Bay, Guam	FC	41%
Christian Dior Espanola	Madrid, Spain	FC	41%
Christian Dior Puerto Banus	Madrid, Spain	FC	31%
Christian Dior UK Limited	London, United Kingdom	FC	41%
Christian Dior Italia Srl	Milan, Italy	FC	41%
Christian Dior Suisse SA	Geneva, Switzerland	FC	41%
Christian Dior GmbH	Pforzheim, Germany	FC	41%
Christian Dior Fourrure M.C.	Monte Carlo, Monaco	FC	41%
Christian Dior do Brasil Ltda	São Paulo, Brazil	FC	41%
Christian Dior Belgique	Brussels, Belgium	FC	41%
Bopel	Lugagnano Val d'Arda, Italy	FC	35%
Christian Dior Couture CZ	Prague, Czech Republic	FC	41%
Ateliers AS	Pierre-Bénite, France	EM	10%
Christian Dior Couture	Paris, France	FC	41%
Christian Dior Couture FZE	Dubai, United Arab Emirates	FC	41%
Christian Dior Couture Maroc	Casablanca, Morocco	FC	41%
Christian Dior Macau Single Shareholder Company Limited	Macao, China	FC	41%
Christian Dior S. de R.L. de C.V.	Lomas de Chapultepec, Mexico	FC	41%
Les Ateliers Bijoux GmbH	Pforzheim, Germany	FC	41%
Christian Dior Commercial (Shanghai) Co.Ltd	Shanghai, China	FC	41%
Christian Dior Trading India Private Limited	Mumbai, India	FC	41%
Christian Dior Couture Stoleshnikov	Moscow, Russia	FC	41%
Ateliers Modèles SAS	Paris, France	FC	41%
CDCH SA	Luxembourg	FC	35%
CDC Abu-Dhabi LLC Couture	Abu Dhabi, United Arab Emirates	FC	35%
Dior Grèce Société Anonyme Garments Trading	Athens, Greece	FC	41%
CDC General Trading LLC	Dubai, United Arab Emirates	FC	33%
Christian Dior Istanbul Magazacilik Anonim Sirketi	Istanbul, Turkey	FC	41%
John Galliano SA	Paris, France	FC	41%
Christian Dior Couture Qatar LLC	Doha, Qatar	FC	34%
Christian Dior Couture Bahrain W.L.L.	Manama, Bahrain	FC	35%
PT Fashion Indonesia Trading Company	Jakarta, Indonesia	FC	41%
Christian Dior Couture Ukraine	Kiev, Ukraine	FC	41%
CDCG FZCO	Dubai, United Arab Emirates	FC	35%
COU.BO Srl	Arzano, Italy	FC	35%
Christian Dior Netherlands BV	Amsterdam, Netherlands	FC	41%
Christian Dior Vietnam Limited Liability Company	Hanoi, Vietnam	FC	41%
Vermont	Paris, France	FC	41%
Christian Dior Couture Kazakhstan	Almaty, Kazakhstan	FC	41%
Christian Dior Austria GmbH	Vienna, Austria	FC	41%
Manufactures Dior Srl	Milan, Italy	FC	41%
Christian Dior Couture Azerbaijan	Baku, Azerbaijan	FC	41%
Draupnir SA	Luxembourg	FC	41%
Myolnir SA	Luxembourg	FC	41%
Christian Dior Couture Luxembourg SA	Luxembourg	FC	41%
Les Ateliers Horlogers Dior	La Chaux-de-Fonds, Switzerland	FC	41%
Dior Montres	Paris, France	FC	41%
Christian Dior Couture Canada Inc.	Toronto, Canada	FC	41%
Christian Dior Couture Panama Inc.	Panama City, Panama	FC	41%
IDMC Manufacture	Paris, France	FC	37%
GINZA SA	Luxembourg	FC	41%
GFEC. Srl	Casoria, Italy	FC	41%
CDC Kuwait Fashion Accessories with limited liability	Kuwait City, Kuwait	FC	35%
AURELIA Solutions S.R.L	Milan, Italy	FC	41%
Grandville	Luxembourg	FC	41%
Céline SA	Paris, France	FC	41%

Company	Registered office	Method of consolidation	Ownership interest
Avenue M International SCA	Paris, France	FC	41%
Enilec Gestion SARL	Paris, France	FC	41%
Céline Montaigne SAS	Paris, France	FC	41%
Céline Monte-Carlo SA	Monte Carlo, Monaco	FC	41%
Céline Germany GmbH	Berlin, Germany	FC	41%
Céline Production Srl	Florence, Italy	FC	41%
Céline Suisse SA	Geneva, Switzerland	FC	41%
Céline UK Ltd	London, United Kingdom	FC	41%
Céline Inc.	New York, USA	FC	41%
Céline (Hong Kong) Limited	Hong Kong, China	FC	41%
Céline Commercial and Trading (Shanghai) Co. Ltd	Shanghai, China	FC	41%
Céline Boutique Taiwan Co. Ltd	Taipei, Taiwan	FC	41%
CPC Macau Company Limited	Macao, China	FC	41%
LVMH FG Services UK	London, United Kingdom	FC	41%
Céline Distribution Spain S.L.U.	Madrid, Spain	FC	41%
Céline Distribution Singapore	Singapore	FC	41%
RC Diffusion Rive Droite SARL	Paris, France	FC	41%
Céline EAU LLC	Dubai, United Arab Emirates	FC	21%
Céline Netherlands BV	Baarn, Netherlands	FC	41%
Céline Australia Ltd Co.	Sydney, Australia	FC	41%
Céline Sweden AB	Stockholm, Sweden	FC	41%
Celine Czech Republic	Prague, Czech Republic	FC	41%
Céline Middle East	Dubai, United Arab Emirates	FC	27%
LMP LLC	New York, USA	FC	41%
Kenzo SA	Paris, France	FC	41%
Kenzo Belgique SA	Brussels, Belgium	FC	41%
Kenzo UK Limited	London, United Kingdom	FC	41%
Kenzo Italia Srl	Milan, Italy	FC	41%
Kenzo Paris USA LLC	New York, USA	FC	41%
Kenzo Paris Netherlands	Amsterdam, Netherlands	FC	41%
Kenzo Paris Japan KK	Tokyo, Japan	FC	41%
Kenzo Paris Singapore	Singapore	FC	41%
Kenzo Paris Hong Kong Company	Hong Kong, China	FC	41%
Kenzo Paris Macau Company Ltd.	Macao, China	FC	41%
Holding Kenzo Asia	Hong Kong, China	FC	21%
Kenzo Paris Shanghai	Shanghai, China	FC	21%
Digital Kenzo China	Shanghai, China	FC	41%
LVMH Fashion Group Malaysia	Kuala Lumpur, Malaysia	FC	41%
Givenchy SA	Paris, France	FC	41%
Givenchy Corporation	New York, USA	FC	41%
Givenchy China Co.	Hong Kong, China	FC	41%
Givenchy (Shanghai) Commercial and Trading Co.	Shanghai, China	FC	41%
GCCL Macau Co.	Macao, China	FC	41%
Givenchy Italia Srl	Florence, Italy	FC	41%
LVMH Fashion Group Japan KK	Tokyo, Japan	FC	41%
Givenchy Couture Ltd	London, United Kingdom	FC	41%
Givenchy Taiwan	Taipei, Taiwan	FC	41%
Givenchy Trading WLL	Doha, Qatar	FC	23%
Givenchy Middle-East FZ LLC	Dubai, United Arab Emirates	FC	29%
George V EAU LLC	Dubai, United Arab Emirates	FC	23%
Givenchy Singapore	Singapore	FC	41%
Givenchy Korea Ltd	Seoul, South Korea	FC	41%
Fendi Prague s.r.o.	Prague, Czech Republic	FC	41%
Luxury Kuwait for Ready Wear Company WLL	Kuwait City, Kuwait	FC	26%
Fendi Canada Inc.	Toronto, Canada	FC	41%
Fendi Private Suites Srl	Rome, Italy	FC	41%
Fun Fashion Qatar LLC	Doha, Qatar	FC	33%
Fendi International SAS	Paris, France	FC	41%
Fun Fashion Emirates LLC	Dubai, United Arab Emirates	FC	26%
Fendi SA	Luxembourg	FC	41%
Fun Fashion Bahrain WLL	Manama, Bahrain	FC	24%
Fendi Srl	Rome, Italy	FC	41%
Fendi Dis Ticaret Ltd Sti	Istanbul, Turkey	FC	41%
Fendi Italia Srl	Rome, Italy	FC	41%
Fendi UK Ltd	London, United Kingdom	FC	41%
Fendi France SAS	Paris, France	FC	41%
Fendi North America Inc.	New York, USA	FC	41%
Fendi (Thailand) Company Limited	Bangkok, Thailand	FC	41%
Fendi Asia-Pacific Limited	Hong Kong, China	FC	41%
Fendi Korea Ltd	Seoul, South Korea	FC	41%
Fendi Taiwan Ltd	Taipei, Taiwan	FC	41%
Fendi Hong Kong Limited	Hong Kong, China	FC	41%
Fendi China Boutiques Limited	Hong Kong, China	FC	41%
Fendi (Singapore) Pte Ltd	Singapore	FC	41%

Company	Registered office	Method of consolidation	Ownership interest
Fendi Fashion (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	41%
Fendi Switzerland SA	Mendrisio, Switzerland	FC	41%
Fendi Kids SA	Mendrisio, Switzerland	FC	41%
Fun Fashion FZCO	Dubai, United Arab Emirates	FC	32%
Fendi Macau Company Limited	Macao, China	FC	41%
Fendi Germany GmbH	Munich, Germany	FC	41%
Fendi Austria GmbH	Vienna, Austria	FC	41%
Fendi (Shanghai) Co. Ltd	Shanghai, China	FC	41%
Fun Fashion India Private Ltd	Mumbai, India	FC	32%
Interservices & Trading SA	Mendrisio, Switzerland	FC	41%
Fendi Silk SA	Mendrisio, Switzerland	FC	41%
Outshine Mexico S. de R.L. de C.V.	Mexico City, Mexico	FC	41%
Fendi Timepieces USA Inc.	New Jersey, USA	FC	41%
Fendi Timepieces Service Inc.	New Jersey, USA	FC	41%
Fendi Timepieces SA	Neuchâtel, Switzerland	FC	41%
Support Retail Mexico S de R.L. de C.V.	Mexico City, Mexico	FC	41%
Fendi Netherlands BV	Baarn, Netherlands	FC	41%
Fendi Brasil – Comercio de Artigos de Luxo	São Paulo, Brazil	FC	41%
Fendi RU LLC	Moscow, Russia	FC	41%
Fendi Australia Pty Ltd	Sydney, Australia	FC	41%
Fendi Doha LLC	Doha, Qatar	FC	19%
Fendi Denmark ApS	Copenhagen, Denmark	FC	41%
Fendi Spain S. L.	Madrid, Spain	FC	41%
Fendi Monaco S.A.M.	Monte Carlo, Monaco	FC	41%
Fendi Japan KK	Tokyo, Japan	FC	41%
Emilio Pucci Srl	Florence, Italy	FC	41%
Emilio Pucci International	Baarn, Netherlands	FC	28%
Emilio Pucci Ltd	New York, USA	FC	41%
Emilio Pucci Hong Kong Company Limited	Hong Kong, China	FC	41%
Emilio Pucci (Shanghai) Company Limited	Shanghai, China	FC	41%
Emilio Pucci UK Limited	London, United Kingdom	FC	41%
Emilio Pucci France SAS	Paris, France	FC	41%
Thomas Pink Holdings	London, United Kingdom	FC	41%
Thomas Pink	London, United Kingdom	FC	41%
Thomas Pink	Amsterdam, Netherlands	FC	41%
Thomas Pink	New York, USA	FC	41%
Thomas Pink Ireland	Dublin, Ireland	FC	41%
Thomas Pink France	Paris, France	FC	41%
Thomas Pink Canada	Toronto, Canada	FC	41%
Loro Piana	Quarona, Italy	FC	35%
Loro Piana Switzerland	Lugano, Switzerland	FC	35%
Loro Piana France	Paris, France	FC	35%
Loro Piana	Munich, Germany	FC	35%
Loro Piana GB	London, United Kingdom	FC	35%
Warren Corporation	Connecticut, USA	FC	35%
Loro Piana & C.	New York, USA	FC	35%
Loro Piana USA	New York, USA	FC	35%
Loro Piana (HK)	Hong Kong, China	FC	35%
Loro Piana (Shanghai) Commercial Co.	Shanghai, China	FC	35%
Loro Piana (Shanghai) Textile Trading Co.	Shanghai, China	FC	35%
Loro Piana Mongolia	Ulaanbaatar, Mongolia	FC	35%
Loro Piana Korea Co.	Seoul, South Korea	FC	35%
Loro Piana (Macau)	Macao, China	FC	35%
Loro Piana Monaco	Monte Carlo, Monaco	FC	35%
Loro Piana España	Madrid, Spain	FC	35%
Loro Piana Japan Co.	Tokyo, Japan	FC	35%
Loro Piana Far East	Singapore	FC	35%
Loro Piana Peru	Lucanas, Peru	FC	35%
Manifattura Loro Piana	Sillavengo, Italy	FC	35%
Loro Piana Oesterreich	Vienna, Austria	FC	35%
Loro Piana Nederland	Amsterdam, Netherlands	FC	35%
Loro Piana Czech Republic	Prague, Czech Republic	FC	35%
Loro Piana Belgique	Brussels, Belgium	FC	35%
Sanin	Rawson, Argentina	FC	21%
Loro Piana Canada	Toronto, Canada	FC	35%
Cashmere Lifestyle Luxury Trading LLC	Garhoud, United Arab Emirates	FC	21%
Nicholas Kirkwood Ltd	London, United Kingdom	FC	22%
Nicholas Kirkwood (USA) Corp.	Astoria, USA	FC	22%
NK Washington LLC	Astoria, USA	FC	22%
Nicholas Kirkwood LLC	Astoria, USA	FC	22%
NK WLV LLC	Astoria, USA	FC	22%
Project Loud France	Paris, France	FC	21%
JW Anderson Limited	London, United Kingdom	EM	19%
Marco de Vincenzo Srl	Rome, Italy	EM	19%

Company	Registered office	Method of consolidation	Ownership interest
PERFUMES AND COSMETICS			
Parfums Christian Dior	Paris, France	FC	41%
LVMH Perfumes and Cosmetics (Thailand) Ltd.	Bangkok, Thailand	FC	20%
LVMH P&C Do Brasil	São Paulo, Brazil	FC	41%
France Argentine Cosmetic	Buenos Aires, Argentina	FC	41%
LVMH P&C (Shanghai) Co.	Shanghai, China	FC	41%
Parfums Christian Dior Finland	Helsinki, Finland	FC	41%
SNC du 33 Avenue Hoche	Paris, France	FC	41%
LVMH Fragrances and Cosmetics (Singapore)	Singapore	FC	41%
Parfums Christian Dior Orient Co.	Dubai, United Arab Emirates	FC	25%
Parfums Christian Dior Emirates	Dubai, United Arab Emirates	FC	20%
LVMH Cosmetics	Tokyo, Japan	FC	41%
Parfums Christian Dior Arabia	Jeddah, Saudi Arabia	FC	19%
EPCD	Warsaw, Poland	FC	41%
EPCD CZ & SK	Prague, Czech Republic	FC	41%
EPCD RO Distribution	Bucharest, Romania	FC	41%
Parfums Christian Dior UK	London, United Kingdom	FC	41%
Parfums Christian Dior	Rotterdam, Netherlands	FC	41%
SAS Iparkos	Amsterdam, Netherlands	FC	41%
Parfums Christian Dior S.A.B.	Brussels, Belgium	FC	41%
Parfums Christian Dior (Ireland)	Dublin, Ireland	FC	41%
Parfums Christian Dior Hellas	Athens, Greece	FC	41%
Parfums Christian Dior	Zurich, Switzerland	FC	41%
Christian Dior Perfumes	New York, USA	FC	41%
Parfums Christian Dior Canada	Montreal, Canada	FC	41%
LVMH P&C de Mexico	Mexico City, Mexico	FC	41%
Parfums Christian Dior Japon	Tokyo, Japan	FC	41%
Parfums Christian Dior (Singapore)	Singapore	FC	41%
Inalux	Luxembourg	FC	41%
LVMH P&C Asia-Pacific	Hong Kong, China	FC	41%
Fa Hua Fragance & Cosmetic Co.	Hong Kong, China	FC	41%
Fa Hua Frag. & Cosm. Taiwan	Taipei, Taiwan	FC	41%
P&C (Shanghai)	Shanghai, China	FC	41%
LVMH P&C Korea	Seoul, South Korea	FC	41%
Parfums Christian Dior Hong Kong	Hong Kong, China	FC	41%
LVMH P&C Malaysia Sdn. Berhad	Petaling Jaya, Malaysia	FC	41%
Pardior	Mexico City, Mexico	FC	41%
Parfums Christian Dior Denmark	Copenhagen, Denmark	FC	41%
LVMH Perfumes & Cosmetics Group	Sydney, Australia	FC	41%
Parfums Christian Dior	Sandvika, Norway	FC	41%
Parfums Christian Dior	Stockholm, Sweden	FC	41%
LVMH Perfumes & Cosmetics (New Zealand)	Auckland, New Zealand	FC	41%
Parfums Christian Dior Austria	Vienna, Austria	FC	41%
L Beauty Luxury Asia	Taguig City, Philippines	FC	21%
SCI Annabell	Paris, France	FC	41%
PT L Beauty Brands	Jakarta, Indonesia	FC	21%
L Beauty Pte	Singapore	FC	21%
L Beauty Vietnam	Ho Chi Minh City, Vietnam	FC	21%
SCI Rose Blue	Paris, France	FC	41%
PCD St Honoré	Paris, France	FC	41%
LVMH Perfumes & Cosmetics Macau	Macao, China	FC	41%
DP Seldico	Kiev, Ukraine	FC	41%
OOO Seldico	Moscow, Russia	FC	41%
LVMH P&C Kazakhstan	Almaty, Kazakhstan	FC	41%
PCD Dubai General Trading	Dubai, United Arab Emirates	FC	12%
PCD Doha Perfumes & Cosmetics	Doha, Qatar	FC	6%
Cosmetics of France	Florida, USA	FC	41%
LVMH Recherche	Saint-Jean-de-Braye, France	FC	41%
PCIS	Levallois-Perret, France	FC	41%
Cristale	Paris, France	FC	41%
Perfumes Loewe SA	Madrid, Spain	FC	41%
Acqua di Parma	Milan, Italy	FC	41%
Acqua di Parma	New York, USA	FC	41%
Acqua di Parma	London, United Kingdom	FC	41%
Acqua di Parma Canada Inc.	Toronto, Canada	FC	41%
Cha Ling	Paris, France	FC	41%
Cha Ling Hong Kong	Hong Kong, China	FC	41%
Guerlain SA	Paris, France	FC	41%
LVMH Parfums & Kosmetik Deutschland GmbH	Düsseldorf, Germany	FC	41%
Guerlain GmbH	Vienna, Austria	FC	41%
Guerlain Benelux SA	Brussels, Belgium	FC	41%
Guerlain Ltd	London, United Kingdom	FC	41%

Company	Registered office	Method of consolidation	Owner-ship interest
LVMH Perfumes e Cosmética	Lisbon, Portugal	FC	41%
PC Parfums Cosmétiques SA	Zurich, Switzerland	FC	41%
Guerlain Inc.	New York, USA	FC	41%
Guerlain (Canada) Ltd	Saint-Jean, Canada	FC	41%
Guerlain de Mexico	Mexico City, Mexico	FC	41%
Guerlain (Asia-Pacific) Limited	Hong Kong, China	FC	41%
Guerlain KK	Tokyo, Japan	FC	41%
Guerlain KSA SAS	Levallois-Perret, France	FC	33%
Guerlain Orient DMCC	Dubai, United Arab Emirates	FC	41%
Guerlain Saudi Limited	Jeddah, Saudi Arabia	FC	25%
Guerlain Oceania Australia Pty Ltd	Botany, Australia	FC	41%
PT Guerlain Cosmetics Indonesia	Jakarta, Indonesia	FC	21%
Make Up For Ever	Paris, France	FC	41%
SCI Edison	Paris, France	FC	41%
Make Up For Ever	New York, USA	FC	41%
Make Up For Ever Canada	Montreal, Canada	FC	41%
Make Up For Ever Academy China	Shanghai, China	FC	41%
Make Up For Ever UK Limited	London, United Kingdom	FC	41%
LVMH Fragrance Brands	Levallois-Perret, France	FC	41%
LVMH Fragrance Brands	London, United Kingdom	FC	41%
LVMH Fragrance Brands	Düsseldorf, Germany	FC	41%
LVMH Fragrance Brands	New York, USA	FC	41%
LVMH Fragrance Brands Canada	Toronto, Canada	FC	41%
LVMH Fragrance Brands	Tokyo, Japan	FC	41%
LVMH Fragrance Brands WHD	Florida, USA	FC	41%
LVMH Fragrance Brands Hong Kong	Hong Kong, China	FC	41%
LVMH Fragrance Brands Singapore	Singapore	FC	41%
Benefit Cosmetics LLC	California, USA	FC	41%
Benefit Cosmetics Ireland Ltd	Dublin, Ireland	FC	41%
Benefit Cosmetics UK Ltd	Chelmsford, United Kingdom	FC	41%
Benefit Cosmetics Services Canada Inc.	Toronto, Canada	FC	41%
Benefit Cosmetics Korea	Seoul, South Korea	FC	41%
Benefit Cosmetics SAS	Paris, France	FC	41%
Benefit Cosmetics Hong Kong Ltd	Hong Kong, China	FC	41%
L Beauty Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	21%
L Beauty (Thailand) Co. Ltd	Bangkok, Thailand	FC	20%
Fresh	New York, USA	FC	41%
Fresh	Paris, France	FC	41%
Fresh Cosmetics	London, United Kingdom	FC	41%
Fresh Hong Kong	Hong Kong, China	FC	41%
Fresh Korea	Seoul, South Korea	FC	41%
Fresh Canada	Montreal, Canada	FC	41%
Kendo Holdings Inc.	California, USA	FC	41%
Ole Henriksen of Denmark Inc.	California, USA	FC	41%
SLF USA Inc.	California, USA	FC	41%
Susanne Lang Fragrance	Toronto, Canada	FC	41%
BHUS Inc.	Delaware, USA	FC	41%
KVD Beauty LLC	California, USA	FC	29%
Fenty Beauty LLC	California, USA	FC	21%
Kendo Brands Ltd	Bicester, United Kingdom	FC	41%
Kendo Brands SAS	Boulogne-Billancourt, France	FC	41%
Parfums Francis Kurkdjian SAS	Paris, France	FC	25%
Parfums Francis Kurkdjian LLC	New York, USA	FC	25%

WATCHES AND JEWELRY

Company	Registered office	Method of consolidation	Owner-ship interest
Tag Heuer International	Luxembourg	FC	41%
LVMH Relojeria y Joyeria España SA	Madrid, Spain	FC	41%
LVMH Montres & Joaillerie France	Paris, France	FC	41%
Tag Heuer Limited	Manchester, United Kingdom	FC	41%
Duval Ltd	Manchester, United Kingdom	FC	41%
LVMH Watch & Jewelry Central Europe	Oberursel, Germany	FC	41%
Tag Heuer Boutique Outlet Store Roermond	Roermond, Netherlands	FC	41%
LVMH Watch & Jewelry UK	Manchester, United Kingdom	FC	41%
Duvatec Limited	Manchester, United Kingdom	FC	41%
Heuer Ltd	Manchester, United Kingdom	FC	41%
LVMH Watch & Jewelry USA	Illinois, USA	FC	41%
LVMH Watch & Jewelry Canada	Richmond, Canada	FC	41%
LVMH Watch & Jewelry Far East	Hong Kong, China	FC	41%
LVMH Watch & Jewelry Singapore	Singapore	FC	41%
LVMH Watch & Jewelry Malaysia	Kuala Lumpur, Malaysia	FC	41%
LVMH Watch & Jewelry Capital	Singapore	FC	41%
LVMH Watch & Jewelry Japan	Tokyo, Japan	FC	41%
LVMH Watch & Jewelry Australia Pty Ltd	Melbourne, Australia	FC	41%
LVMH Watch & Jewelry Hong Kong	Hong Kong, China	FC	41%
LVMH Watch & Jewelry Taiwan	Taipei, Taiwan	FC	41%
LVMH Watch & Jewelry India	New Delhi, India	FC	41%
LVMH Watch & Jewelry (Shanghai) Commercial Co.	Shanghai, China	FC	41%
LVMH Watch & Jewelry Russia LLC	Moscow, Russia	FC	41%
Timecrown	Manchester, United Kingdom	FC	41%
Artecad	Tramelan, Switzerland	FC	41%
TAG HEUER SA	La Chaux-de-Fonds, Switzerland	FC	41%
Golfcoders	Paris, France	FC	41%
Alpha Time Corp.	Hong Kong, China	FC	41%
Chaumet International	Paris, France	FC	41%
Chaumet London	London, United Kingdom	FC	41%
Chaumet Horlogerie	Nyon, Switzerland	FC	41%
Chaumet Korea Yuhan Hoesa	Seoul, South Korea	FC	41%
Chaumet Middle East	Dubai, United Arab Emirates	FC	25%
Chaumet UAE	Dubai, United Arab Emirates	FC	25%
Chaumet Australia	Sydney, Australia	FC	41%
Chaumet Iberia SL	Madrid, Spain	FC	41%
LVMH Watch & Jewelry Macau Company	Macao, China	FC	41%
LVMH Swiss Manufactures	La Chaux-de-Fonds, Switzerland	FC	41%
Zenith Time Company (GB) Ltd.	Manchester, United Kingdom	FC	41%
LVMH Watch & Jewelry Italy SpA	Milan, Italy	FC	41%
Delano	La Chaux-de-Fonds, Switzerland	FC	41%
Fred Paris	Neuilly-sur-Seine, France	FC	41%
Joaillerie de Monaco	Monte Carlo, Monaco	FC	41%
Fred	New York, USA	FC	41%
Fred Londres	London, United Kingdom	FC	41%
Hublot	Nyon, Switzerland	FC	41%
Hublot Boutique Monaco	Monte Carlo, Monaco	FC	41%
Bentim International	Luxembourg	FC	41%
Hublot SA Genève	Geneva, Switzerland	FC	41%
Hublot of America	Florida, USA	FC	41%
Nyon	Florida, USA	FC	41%
Nyon Services	Florida, USA	FC	41%
Atlanta Boutique	Florida, USA	FC	41%
Echidna Distribution Company	Florida, USA	FC	41%
Furioso	Florida, USA	FC	41%
Fusion World Dallas	Florida, USA	FC	41%
Fusion World Houston	Florida, USA	FC	41%
New World of Fusion	Florida, USA	FC	41%
Fusion World DD LLC	Florida, USA	FC	41%
Benoit de Gorski SA	Geneva, Switzerland	FC	41%
Bulgari SpA	Rome, Italy	FC	41%
Bulgari Italia	Rome, Italy	FC	41%
Bulgari International Corporation (BIC)	Amsterdam, Netherlands	FC	41%
Bulgari Corporation of America	New York, USA	FC	41%
Bulgari SA	Geneva, Switzerland	FC	41%
Bulgari Horlogerie	Neuchâtel, Switzerland	FC	41%
Bulgari France	Paris, France	FC	41%
Bulgari Montecarlo	Monte Carlo, Monaco	FC	41%
Bulgari (Deutschland)	Munich, Germany	FC	41%
Bulgari España	Madrid, Spain	FC	41%
Bulgari South Asian Operations	Singapore	FC	41%
Bulgari (UK) Ltd	London, United Kingdom	FC	41%
Bulgari Belgium	Brussels, Belgium	FC	41%
Bulgari Netherland BV	Amsterdam, Netherlands	FC	41%
Bulgari Australia	Sydney, Australia	FC	41%
Bulgari (Malaysia)	Kuala Lumpur, Malaysia	FC	41%
Bulgari Global Operations	Neuchâtel, Switzerland	FC	41%
Bulgari Asia-Pacific	Hong Kong, China	FC	41%
Bulgari (Taiwan)	Taipei, Taiwan	FC	41%
Bulgari Korea	Seoul, South Korea	FC	41%
Bulgari Saint Barth	Saint-Barthélemy, French Antilles	FC	41%
Bulgari Gioielli	Valenza, Italy	FC	41%
Bulgari Accessori	Florence, Italy	FC	41%
Bulgari Holding (Thailand)	Bangkok, Thailand	FC	41%
Bulgari (Thailand)	Bangkok, Thailand	FC	41%
Bulgari Commercial (Shanghai) Co.	Shanghai, China	FC	41%
Bulgari Japan	Tokyo, Japan	FC	41%

Company	Registered office	Method of consolidation	Ownership interest
Bulgari Panama	Panama City, Panama	FC	41%
Bulgari Ireland	Dublin, Ireland	FC	41%
Bulgari Qatar	Doha, Qatar	FC	20%
Bulgari (Kuwait)	Kuwait City, Kuwait	FC	20%
Gulf Luxury Trading	Dubai, United Arab Emirates	FC	21%
Bulgari do Brazil	São Paulo, Brazil	FC	41%
Bulgari Hotels and Resorts Milano	Rome, Italy	EM	21%
Lux Jewels Kuwait for Trading In Gold Jewelry and Precious Stones	Kuwait City, Kuwait	FC	33%
Lux Jewels Bahrain	Manama, Bahrain	FC	33%
India Luxco Retail	New Delhi, India	FC	41%
BK for Jewelry and Precious Metals and Stones Co.	Kuwait City, Kuwait	FC	33%
Bulgari Turkey Lüks Ürün Ticareti	Istanbul, Turkey	FC	41%
Bulgari Russia	Moscow, Russia	FC	41%
Bulgari Prague	Prague, Czech Republic	FC	41%
Bulgari Commercial Mexico	Mexico City, Mexico	FC	41%
Bulgari Canada	Montreal, Canada	FC	41%
Bulgari Portugal	Lisbon, Portugal	FC	41%
Repossi	Paris, France	FC	28%
SELECTIVE RETAILING			
LVMH Iberia SL	Madrid, Spain	FC	41%
LVMH Italia SpA	Milan, Italy	FC	41%
Sephora SAS	Neuilly-sur-Seine, France	FC	41%
Sephora Luxembourg SARL	Luxembourg	FC	41%
Sephora Portugal Perfumaria Lda	Lisbon, Portugal	FC	41%
Sephora Polska Sp Z.O.O	Warsaw, Poland	FC	41%
Sephora Greece SA	Athens, Greece	FC	41%
Sephora Cosmetics Romania SA	Bucharest, Romania	FC	41%
Sephora Switzerland SA	Geneva, Switzerland	FC	41%
Sephora Sro (Republique Tchèque)	Prague, Czech Republic	FC	41%
Sephora Monaco SAM	Monte Carlo, Monaco	FC	41%
Sephora Cosmeticos España S.L.	Madrid, Spain	EM	21%
S+ SAS	Neuilly-sur-Seine, France	FC	41%
Sephora Bulgaria EOOD	Sofia, Bulgaria	FC	41%
Sephora Cyprus Limited	Nicosia, Cyprus	FC	41%
Sephora Kozmetik AS (Turquie)	Istanbul, Turkey	FC	41%
Sephora Cosmetics Ltd (Serbia)	Belgrade, Serbia	FC	41%
Sephora Danmark ApS	Copenhagen, Denmark	FC	41%
Sephora Sweden AB	Stockholm, Sweden	FC	41%
Sephora Germany GmbH	Düsseldorf, Germany	FC	41%
Sephora Moyen-Orient SA	Fribourg, Switzerland	FC	29%
Sephora Middle East FZE	Dubai, United Arab Emirates	FC	29%
Sephora Qatar WLL	Doha, Qatar	FC	26%
Sephora Arabia Limited	Jeddah, Saudi Arabia	FC	22%
Sephora Kuwait Co. WLL	Kuwait City, Kuwait	FC	23%
Sephora Holding South Asia	Singapore	FC	41%
Sephora (Shanghai) Cosmetics Co. Ltd	Shanghai, China	FC	33%
Sephora (Beijing) Cosmetics Co. Ltd	Beijing, China	FC	33%
Sephora Xiangyang (Shanghai) Cosmetics Co. Ltd	Shanghai, China	FC	33%
Sephora Hong Kong Limited	Hong Kong, China	FC	41%
Sephora Singapore Pte Ltd	Singapore	FC	41%
Sephora (Thailand) Company (Limited)	Bangkok, Thailand	FC	41%
Sephora Australia Pty Ltd	Sydney, Australia	FC	41%
Sephora New Zealand Limited	Wellington, New Zealand	FC	41%
Sephora Korea Ltd	Seoul, South Korea	FC	41%
Luxola Pte Ltd	Singapore	FC	41%
Luxola Trading Pte Ltd	Singapore	FC	41%
LX Holding Pte Ltd (Singapour)	Singapore	FC	41%
LXEDIT (Thailand) Ltd	Bangkok, Thailand	FC	41%
Luxola (Thailand) Ltd	Bangkok, Thailand	FC	41%
Luxola India Services Pvt. Ltd	Bangalore, India	FC	41%
PT Luxola Services Indonesia	Jakarta, Indonesia	FC	41%
LX Services Pte Ltd	Singapore	FC	41%
PT MU and SC Trading (Indonesia)	Jakarta, Indonesia	FC	41%
Luxola Sdn. Bhd. (Malaysia)	Petaling Jaya, Malaysia	FC	41%
Sephora Services Philippines (Branch)	Manila, Philippines	FC	41%
Sephora Digital (Thailand) Ltd	Bangkok, Thailand	FC	41%
Sephora USA Inc.	California, USA	FC	41%
Sephora Cosmetics Private Limited (India)	New Delhi, India	FC	41%
Sephora Beauty Canada Inc.	California, USA	FC	41%
Sephora Puerto Rico LLC	California, USA	FC	41%
Sephora Mexico S. de R.L de C.V	Mexico City, Mexico	FC	41%

Company	Registered office	Method of consolidation	Ownership interest
Servicios Ziphorah S. de R.L de C.V	Mexico City, Mexico	FC	41%
Sephora Emirates LLC	Dubai, United Arab Emirates	FC	23%
Sephora Bahrain WLL	Manama, Bahrain	FC	22%
PT Sephora Indonesia	Jakarta, Indonesia	FC	41%
Dotcom Group Comércio de Presentes SA	Rio de Janeiro, Brazil	FC	41%
LGCS Inc.	New York, USA	FC	41%
Avenue Hoche Varejista Limitada	São Paulo, Brazil	FC	41%
Joint Stock Company "Ile De Beauté"	Moscow, Russia	FC	41%
Beauty In Motion Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	41%
Le Bon Marché	Paris, France	FC	41%
SEGEP	Paris, France	FC	41%
Franck & Fils	Paris, France	FC	41%
DFS Holdings Limited	Hamilton, Bermuda	FC	25%
DFS Australia Pty Limited	Sydney, Australia	FC	25%
DFS Group Limited – USA	North Carolina, USA	FC	25%
DFS Group Limited – HK	Hong Kong, China	FC	25%
TRS Hong Kong Limited	Hong Kong, China	EM	11%
DFS France SAS	Paris, France	FC	25%
DFS Okinawa KK	Okinawa, Japan	FC	25%
TRS Okinawa KK	Okinawa, Japan	EM	11%
JAL/DFS Co. Ltd	Chiba, Japan	EM	10%
DFS Korea Limited	Seoul, South Korea	FC	25%
DFS Seoul Limited	Incheon, South Korea	FC	25%
DFS Cotai Limitada	Macao, China	FC	25%
DFS Middle East LLC	Abu Dhabi, United Arab Emirates	FC	25%
DFS Merchandising Limited	North Carolina, USA	FC	25%
DFS New Zealand Limited	Auckland, New Zealand	FC	25%
Commonwealth Investment Company Inc.	Saipan, Northern Mariana Islands	FC	24%
DFS Saipan Limited	Saipan, Northern Mariana Islands	FC	25%
Kinkai Saipan LP	Saipan, Northern Mariana Islands	FC	25%
DFS Business Consulting (Shanghai) Co. Ltd	Shanghai, China	FC	25%
DFS Retail (Hainan) Company Limited	Haikou, China	FC	25%
DFS Singapore (Pte) Limited	Singapore	FC	25%
DFS Venture Singapore (Pte) Limited	Singapore	FC	25%
TRS Singapore Pte Ltd	Singapore	EM	11%
DFS Vietnam (S) Pte Ltd	Singapore	FC	18%
New Asia Wave International (S) Pte Ltd	Singapore	FC	18%
Ipp Group (S) Pte Ltd	Singapore	FC	18%
DFS Group LP	North Carolina, USA	FC	25%
LAX Duty Free Joint Venture 2000	California, USA	FC	19%
JFK Terminal 4 Joint Venture 2001	New York, USA	FC	20%
SFO Duty Free & Luxury Store Joint Venture	California, USA	FC	19%
SFOIT Specialty Retail Joint Venture	California, USA	FC	19%
Royal Hawaiian Insurance Company Co.	Hawaii, USA	FC	25%
DFS Guam L.P.	Tamuning, Guam	FC	25%
DFS Liquor Retailing Limited	North Carolina, USA	FC	25%
Twenty Seven – Twenty Eight Corp.	North Carolina, USA	FC	25%
DFS Italia Srl.	Milan, Italy	FC	25%
DFS (Cambodia) Limited	Phnom Penh, Cambodia	FC	18%
TRS Hawaii LLC	Hawaii, USA	EM	11%
TRS Saipan	Saipan, Northern Mariana Islands	EM	11%
TRS Guam	Tamuning, Guam	EM	11%
Tumon Entertainment LLC	Tamuning, Guam	FC	41%
Comete Guam Inc.	Tamuning, Guam	FC	41%
Tumon Aquarium LLC	Tamuning, Guam	FC	40%
Comete Saipan Inc.	Saipan, Northern Mariana Islands	FC	41%
Tumon Games LLC	Tamuning, Guam	FC	41%
DFS Vietnam Limited Liability Company	Ho Chi Minh City, Vietnam	FC	25%
PT Sona Topas Tourism industry Tbk	Jakarta, Indonesia	EM	11%
Cruise Line Holdings Co.	Florida, USA	FC	41%
Starboard Cruise Services	Florida, USA	FC	41%
Starboard Holdings	Florida, USA	FC	41%
International Cruise Shops Ltd	Cayman Islands	FC	41%
STB Servici Tecnici Per Bordo	Florence, Italy	FC	41%
On-Board Media Inc.	Florida, USA	FC	41%
24 Sèvres	Paris, France	FC	41%

Company	Registered office	Method of consolidation	Ownership interest
OTHER ACTIVITIES			
Groupe Les Echos	Paris, France	FC	41%
Dematis	Paris, France	FC	33%
Les Echos Management	Paris, France	FC	41%
Régiepress	Paris, France	FC	41%
Les Echos Légal	Paris, France	FC	41%
Radio Classique	Paris, France	FC	41%
Les Echos Medias	Paris, France	FC	41%
SFPA	Paris, France	FC	41%
Les Echos	Paris, France	FC	41%
Investir Publications	Paris, France	FC	41%
Les Echos Solutions	Paris, France	FC	41%
Les Echos Publishing	Paris, France	FC	41%
Pelham Media	London, United Kingdom	FC	25%
WordAppeal	Paris, France	FC	25%
Pelham Media	Paris, France	FC	25%
L'Eclaireur	Paris, France	FC	25%
KCO Events	Paris, France	FC	25%
Pelham Media Production	Paris, France	FC	25%
Alto International SARL	Paris, France	FC	15%
Happeningco SAS	Paris, France	FC	32%
Magasins de la Samaritaine	Paris, France	FC	41%
Mongoual SA	Paris, France	EM	17%
Le Jardin d'Acclimatation	Paris, France	FC	33%
RVL Holding BV	Kaag, Netherlands	FC	41%
Royal Van Lent Shipyard BV	Kaag, Netherlands	FC	41%
Tower Holding BV	Kaag, Netherlands	FC	41%
Green Bell BV	Kaag, Netherlands	FC	41%
Gebr. Olie Beheer BV	Waddinxveen, Netherlands	FC	41%
Van der Loo Yachtinteriors BV	Waddinxveen, Netherlands	FC	41%
Red Bell BV	Kaag, Netherlands	FC	41%
De Voogt Naval Architects BV	Haarlem, Netherlands	EM	41%
Feadship Holland BV	Amsterdam, Netherlands	EM	41%
Feadship America Inc.	Florida, USA	EM	41%
OGMNL BV	Nieuw-Lekkerland, Netherlands	EM	41%
Firstship BV	Amsterdam, Netherlands	EM	41%
Probinvest	Paris, France	FC	41%
Ufipar	Paris, France	FC	41%
Sofidiv	Paris, France	FC	41%
LVMH Services	Paris, France	FC	35%
Moët Hennessy	Paris, France	FC	27%
LVMH Services Limited	London, United Kingdom	FC	41%
Ufip (Ireland)	Dublin, Ireland	FC	41%
Moët Hennessy Investissements	Paris, France	FC	27%
LV Group	Paris, France	FC	41%
Moët Hennessy International	Paris, France	FC	27%
Creare	Luxembourg	FC	41%
Creare Pte Ltd	Singapore	FC	41%
Bayard (Shanghai) Investment and Consultancy Co. Ltd	Shanghai, China	FC	41%
Villa Foscarini Srl	Milan, Italy	FC	41%
Liszt Invest	Luxembourg	FC	41%
Gorgias	Luxembourg	FC	41%
LC Investissements	Paris, France	FC	21%
LVMH Investissements	Paris, France	FC	41%
LVMH Canada	Toronto, Canada	FC	41%
Société Montaigne Jean Goujon	Paris, France	FC	41%
Delphine	Paris, France	FC	41%
LVMH Finance	Paris, France	FC	41%
Primae	Paris, France	FC	41%
Eutrope	Paris, France	FC	41%
Flavius Investissements	Paris, France	FC	41%
LBD Holding	Paris, France	FC	41%
LVMH Hotel Management	Paris, France	FC	41%
Ufinvest	Paris, France	FC	41%
Delta	Paris, France	FC	41%
White 1921 Courchevel Société d'Exploitation Hôtelière	Courchevel, France	FC	41%
Société Immobilière Paris Savoie Les Tovets	Courchevel, France	FC	41%
EUPALINOS 1850	Paris, France	FC	41%
Société d'Exploitation Hôtelière de la Samaritaine	Paris, France	FC	41%
Société d'Exploitation Hôtelière Isle de France	Saint-Barthélemy, French Antilles	FC	23%
Société d'Investissement Cheval Blanc Saint Barth Isle de France	Saint-Barthélemy, French Antilles	FC	23%
Hôtel de la Pinède	Saint-Tropez, France	FC	41%
Villa Jacquemone	Saint-Tropez, France	FC	41%
Moët Hennessy Inc.	New York, USA	FC	27%
One East 57th Street LLC	New York, USA	FC	41%
LVMH Moët Hennessy - Louis Vuitton Inc.	New York, USA	FC	41%
Folio St. Barths	New York, USA	FC	41%
Lafayette Art I LLC	New York, USA	FC	41%
LVMH Holdings Inc.	New York, USA	FC	41%
Sofidiv Art Trading Company	New York, USA	FC	41%
Sofidiv Inc.	New York, USA	FC	41%
598 Madison Leasing Corp.	New York, USA	FC	41%
1896 Corp.	New York, USA	FC	41%
313-317 N. Rodeo LLC	New York, USA	FC	41%
319-323 N. Rodeo LLC	New York, USA	FC	41%
420 N. Rodeo LLC	New York, USA	FC	41%
456 North Rodeo Drive	New York, USA	FC	41%
468 North Rodeo Drive	New York, USA	FC	41%
461 North Beverly Drive	New York, USA	FC	41%
LVMH MJ Holdings Inc.	New York, USA	FC	41%
LVMH Perfumes & Cosmetics Inc.	New York, USA	FC	41%
Arbelos Insurance Inc.	New York, USA	FC	41%
Meadowland Florida LLC	New York, USA	FC	41%
P&C International	Paris, France	FC	41%
LVMH Participations BV	Baarn, Netherlands	FC	41%
LVMH Moët Hennessy - Louis Vuitton BV	Baarn, Netherlands	FC	41%
LVMH Services BV	Baarn, Netherlands	FC	41%
LVMH Finance Belgique	Brussels, Belgium	FC	41%
LVMH International	Brussels, Belgium	FC	41%
Marithé	Luxembourg	FC	41%
LVMH EU	Luxembourg	FC	41%
Ufilug	Luxembourg	FC	41%
Glacea	Luxembourg	FC	41%
Naxara	Luxembourg	FC	41%
Pronos	Luxembourg	FC	41%
Sofidil	Luxembourg	FC	41%
LVMH Publica	Brussels, Belgium	FC	41%
Rimowa Group GmbH	Cologne, Germany	FC	41%
Sofidiv UK Limited	London, United Kingdom	FC	41%
LVMH Moët Hennessy - Louis Vuitton	Tokyo, Japan	FC	41%
Osaka Fudosan Company	Tokyo, Japan	FC	41%
LVMH Asia-Pacific	Hong Kong, China	FC	41%
LVMH (Shanghai) Management & Consultancy Co. Ltd	Shanghai, China	FC	41%
LVMH South & South East Asia Pte Ltd	Singapore	FC	41%
LVMH Korea Ltd	Seoul, South Korea	FC	41%
Vicuna Holding	Milan, Italy	FC	41%
Pasticceria Confetteria Cova	Milan, Italy	FC	33%
Cova Montenapoleone	Milan, Italy	FC	33%
Investissement Hôtelier Saint Barth Plage des Flamands	Saint-Barthélemy, French Antilles	FC	23%
Dajbog S.A.	Luxembourg	FC	41%
Barlow Investments S.A.	Luxembourg	FC	41%
Alderande	Paris, France	FC	23%
LVMH Client Services	Paris, France	FC	41%
Le Parisien Libéré	Saint-Ouen, France	FC	41%
Team Diffusion	Saint-Ouen, France	FC	41%
Team Media	Paris, France	FC	41%
Société Nouvelle SICAVIC	Paris, France	FC	41%
L.P.M.	Paris, France	FC	41%
Proximy	Saint-Ouen, France	FC	31%
Media Presse	Saint-Ouen, France	FC	31%
LP Management	Paris, France	FC	41%
Wagner Capital SA SICAR	Luxembourg	FC	21%
L Catterton Management	London, United Kingdom	EM	8%
LVMH Representações Ltda	São Paulo, Brazil	FC	41%
LVMH Moët Hennessy - Louis Vuitton	Paris, France	FC	41%
Financière Jean Goujon SAS		FC	100%
Sadifa SA		FC	100%
Lakenbleker BV		FC	100%
Christian Dior SE		Parent company	

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

Companies not included in the scope of consolidation

Company	Registered office	Ownership interest
CD Investissements	Paris, France	100%
FJG Patrimoine	Paris, France	100%
Société d'exploitation hôtelière de Saint-Tropez	Paris, France	41%
Société Nouvelle de Libraire et de l'Édition	Paris, France	41%
Ictinos 1850	Paris, France	41%
Samos 1850	Paris, France	41%
BRN Invest NV	Baarn, Netherlands	41%
Toiltech	La Chapelle-devant-Bruyères, France	37%
Bulgari Austria Ltd	Vienna, Austria	41%
Sephora Macau Limited	Macao, China	41%
Les Beaux Monts	Couternon, France	37%
Sofpar 116	Paris, France	41%
Sofpar 125	Paris, France	41%
Sofpar 126	Paris, France	41%
Sofpar 127	Paris, France	41%
Sofpar 128	Paris, France	41%
Sofpar 129	Paris, France	41%
Sofpar 130	Paris, France	41%
Sofpar 131	Paris, France	41%
Sofpar 132	Paris, France	41%
Sofpar 133	Paris, France	41%
Sofpar 134	Paris, France	41%
Sofpar 135	Paris, France	41%
Sofpar 136	Paris, France	41%
Sofpar 137	Paris, France	41%
Sofpar 138	Paris, France	41%
Sofpar 139	Paris, France	41%
Sofpar 140	Paris, France	41%
Sofpar 141	Paris, France	41%
Sofpar 142	Paris, France	41%
Moët Hennessy Management	Paris, France	41%
Prolepsis	Brussels, Belgium	41%
Prolepsis Investment Ltd	London, United Kingdom	41%
Hennessy Management	Paris, France	27%
MHCS Management	Paris, France	27%
Innovacion en Marcas de Prestigio SA	Mexico City, Mexico	27%
Moët Hennessy Nigeria	Lagos, Nigeria	27%
MS 33 Expansion	Paris, France	41%
Shinsegae International Co. Ltd LLC	Seoul, South Korea	21%
Crystal Pumpkin	Luxembourg	41%
Rimowa Austria GmbH	Innsbruck, Austria	33%
Rimowa Schweiz AG	Zurich, Switzerland	33%
Loewe Nederland B.V	Amsterdam, Netherlands	41%
Groupement Forestier des Bois de la Celle	Cognac, France	27%
Augesco	Paris, France	21%
HUGO	Neuilly-sur-Seine, France	41%
Moët Hennessy Portugal Unipessoal Lda.	Lisbon, Portugal	27%

These companies are not included in the scope of consolidation due to their inactivity or low level of activity; the individual or collective consolidation of these companies would not have a significant impact on the Group's main aggregates.

7. Statutory Auditors' report on the consolidated financial statements

Fiscal year ended December 31, 2018

To the Shareholders' Meeting of Christian Dior SE,

I. Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Christian Dior SE for the fiscal year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position as of December 31, 2018 and of the results of its operations for the fiscal year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

II. Basis for our opinion

Audit framework

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

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

Independence

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

III. Emphasis of Matter

Without calling into question the opinion expressed above, we draw attention to the following matters described in Note 1.2 to the consolidated financial statements relating to:

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

IV. Justification of assessments – Key audit matters

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

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

Valuation of fixed assets, in particular intangible assets

Risk identified

As of December 31, 2018, the value of the Group's fixed assets totaled 43 billion euros, compared with total assets of 77 billion euros. These fixed assets mainly comprise brands, trade names and goodwill recognized on external growth transactions, as well as, to a lesser extent, property, plant and equipment, mainly composed of land, vineyard land, buildings and store fixtures and fittings.

We considered the valuation of these fixed assets to be a key audit matter, due to their significance in the Group's financial statements and because the determination of their recoverable amount, which is usually based on discounted forecast cash flows, requires the use of assumptions, estimates and other forms of judgment, as specified in Note 1.5 to the consolidated financial statements.

Our response

The Group tests these assets for impairment, as described in Notes 1.14 and 5 to the consolidated financial statements.

In this context, we assessed the methods used to perform these impairment tests and focused our work primarily on Maisons where the carrying amount of intangible assets represents a high multiple of profit from recurring operations. In particular, among the most significant intangible assets recognized by the Group disclosed in Note 5 to the consolidated financial statements, we paid special attention to recent acquisitions.

We assessed the reasonableness of the main estimates used, in particular forecast cash flows, long-term growth rates and the discount rates applied. We also analyzed the consistency of forecasts with past performance, the market outlook and the Group's historic performance and conducted impairment test sensitivity analyses. In addition, where the recoverable amount is estimated by comparison with recent similar transactions, we corroborated the analyses provided with available market data. All of these analyses were carried out in conjunction with our valuation experts.

Lastly, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements.

Valuation of inventories and work in progress

Risk identified

The success of the Group's products, particularly in the Fashion and Leather Goods and the Watches and Jewelry business groups, depends among other factors on its ability to identify new trends and changes in behaviors and tastes, enabling it to offer products that meet consumers' expectations. The Group determines the amounts of provisions for inventory impairment on the basis of sales prospects in its various markets or due to product obsolescence, as specified in Note 1.16 to the consolidated financial statements.

We considered this to constitute a key audit matter since the aforementioned projections and any resulting provisions are intrinsically dependent on assumptions, estimates and other forms of judgment made by the Group. Furthermore, inventories are present in a large number of subsidiaries, and determining these provisions depends primarily on estimated returns and the monitoring of internal margins, which are eliminated in the consolidated financial statements unless and until inventories are sold to non-Group clients.

Our response

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

Provisions for contingencies and losses

Risk identified

The Group's activities are carried out worldwide, within what is often an imprecise regulatory framework that is different for each country, changes over time and applies to areas ranging from product composition and packaging to the tax computation and relations with the Group's partners (distributors, suppliers, shareholders in subsidiaries, etc.). Within this context, the Group's activities may give rise to risks, disputes or litigation, and the Group's entities in France and abroad may be subject to tax inspections and, in certain cases, to rectification claims from local administrations.

In particular, as stated in Note 19 to the consolidated financial statements, appropriate provisions are set aside to cover these rectification claims, as well as any uncertain tax positions that have been identified but not yet officially notified; the amount of such provisions is established in accordance with IAS 37 Provisions and IAS 12 Income Taxes.

We considered this to constitute a key audit matter due to the significance of the amounts at stake and the level of judgment required to monitor ongoing regulatory changes, in particular with regard to tax rules in France and the United States, and to evaluate these provisions in the context of a constantly evolving international regulatory environment.

Our response

Within the context of our audit of the consolidated financial statements, our work consisted in particular in:

- assessing the procedures implemented by the Group in order to identify and evaluate all risks;

- obtaining an understanding of the risk analysis performed by the Group and the corresponding documentation and, where applicable, reviewing written confirmations received from external advisors;
- assessing – in conjunction with our experts, tax specialists in particular – the main risks identified and assessing the reasonableness of the assumptions made by Group management to estimate the amount of the provisions;
- carrying out a critical review of analyses relating to the use of provisions for contingencies and losses prepared by the Group;
- assessing – in conjunction with our tax specialists – the evaluations drawn up by the Group's Tax Department relating to the consequences of tax reforms in France and the United States;
- assessing the appropriateness of information relating to these risks disclosed in the notes to the consolidated financial statements.

V. Specific verifications

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

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

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

VI. Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Christian Dior SE by the shareholders at your Shareholders' Meeting held on May 15, 2003 (for MAZARS) and April 14, 2009 (for ERNST & YOUNG et Autres).

As of December 31, 2018, MAZARS was in the sixteenth consecutive year of its engagement and ERNST & YOUNG et Autres was in its tenth year.

ERNST & YOUNG Audit was previously Statutory Auditor from 1997 to 2008.

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

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

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

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

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

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

Objectives and audit approach

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

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

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

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overriding internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- assesses the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of its audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to issue a qualified or adverse audit opinion;
- assesses the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these financial statements.

Report to the Performance Audit Committee

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

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

We also provide the Performance Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set out in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for Statutory Auditors. Where appropriate, we discuss with the Performance Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, March 8, 2019

The Statutory Auditors

French original signed by

MAZARS	**ERNST & YOUNG et Autres**
Simon Beillevaire	Jeanne Boillet

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