Christian Dior

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HALF YEAR RESULTS

The **Christian Dior group** recorded revenue of 21.8 billion euros in the first half of 2018, an increase of 5% *. Organic revenue growth was 12% compared to the same period in 2017. It was up 14% when excluding the impact of the termination of the Hong Kong International Airport concessions at the end of 2017. The United States, Asia and Europe experienced good growth.

In the second quarter, revenue increased by 5% * compared to the same period of 2017, a performance in line with the trends of the beginning of the year. Organic revenue growth was 11%.

Profit from recurring operations was 4,640 million euros for the first half of 2018, an increase of 24%. Current operating margin reached 21.3%, an increase of 3.3 percentage points. Group share of net profit amounted to 1,206 million euros, an increase of 34%.

Highlights of the first half of 2018 include:

- double-digit increases in revenue on an organic basis and profit from recurring operations,
- strong growth in Asia and the United States,
- good start to the year for Wines and Spirits,
- outstanding momentum at Louis Vuitton; profitability remains at an exceptional level,
- success of new products at Christian Dior across all product lines,
- new creative talent at several fashion brands,
- excellent performance of Bvlgari,
- good performance of watch brands,
- Sephora's strong revenue growth in stores and online,
- rebound of profitability at DFS,
- cash from operations before changes in working capital was 5.4 billion euros, an increase of 16%,
- net debt to total equity ratio of 7% as of the end of June 2018.

* *Some of the information reported by Christian Dior for the first half of 2017 differs from that reported by LVMH because Christian Dior Couture was not yet included in LVMH's scope of consolidation in the first half of 2017.*

The consolidated financial higlights were as follows:

Financial highlights *(EUR millions)*	**First half 2018** [(a)]	**First half 2017** [(b) (c)]	**Change**
Revenue	**21,750**	20,744	+5%
Profit from recurring operations	**4,640**	3,738	+24%
Net profit, Group share	**1,206**	903	+34%
Cash from operations [(d)]	**5,448**	4,684	+16%
Net financial debt	**2,259**	5,151	-56%
Total equity [(e)]	**33,890**	30,764	+10%

[(a)] Limited review procedures; Statutory Auditors' report in the process of being issued
[(b)] Limited review procedures with a report issued by the Statutory Auditors
[(c)] Restated for the effects of the application of IFRS 9 Financial Instruments
[(d)] Before changes in working capital
[(e)] Including minority interests

Revenue and profit from recurring operations by business group for **the Christian Dior group** were as follows:

REVENUE

(EUR millions)	**First half 2018** [(a)]	**First half 2017** [(b)]	**Change at actual exchange rates**	**Organic growth** [(c)]
Wines and Spirits	**2,271**	2,294	-1%	+7%
Fashion and Leather Goods	**8,594**	7,946 *	+8% *	+15%
Perfumes and Cosmetics	**2,877**	2,670	+8%	+16%
Watches and Jewelry	**1,978**	1,838	+8%	+16%
Selective Retailing	**6,325**	6,280	+1%	+9% [(d)]
Other activities and eliminations	**(295)**	(284) *	-	-
Total	**21,750**	**20,744**	**+5%**	**+12%** [(e)]

[(a)] Limited review procedures; Statutory Auditors' report in the process of being issued
[(b)] Limited review procedures with a report issued by the Statutory Auditors
[(c)] On a constant consolidation scope and currency basis
[(d)] +15% excluding the termination of the Hong Kong International Airport concessions
[(e)] Exchange rate impact: -8%

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PROFIT FROM RECURRING OPERATIONS

(EUR millions)	**First half 2018** [(a)]	**First half 2017** [(b)]	**Change**
Wines and Spirits	**726**	681	+7%
Fashion and Leather Goods	**2,775**	2,309 *	+20% *
Perfumes and Cosmetics	**364**	292	+25%
Watches and Jewelry	**342**	234	+46%
Selective Retailing	**612**	441	+39%
Other activities and eliminations	**(179)**	(219)	-
Total	**4,640**	**3,738**	**+24%**

[(a)] *Limited review procedures; Statutory Auditors' report in the process of being issued*
[(b)] *Limited review procedures with a report issued by the Statutory Auditors*

Wines & Spirits: strong momentum in China and good progress in Europe and the United States, despite supply constraints

The **Wines & Spirits** business group recorded organic revenue growth of 7%. Profit from recurring operations increased by 7%. The business group pursued its value strategy based on a strong policy of innovation and targeted investments in communication. In the champagne business, prestige vintages were particularly dynamic while a firm price increase policy continued. Europe and Japan progressed while the United States was in decline due to a delay in shipments. Hennessy cognac continued to show strong growth in the US market in a tight supply environment; the Chinese market continued to develop rapidly.

Fashion & Leather Goods: strong desirability at Louis Vuitton across all its activities and further strengthening of other brands

The **Fashion & Leather Goods** business group recorded organic revenue growth of 15%. Profit from recurring operations was up 20% *. The remarkable growth at Louis Vuitton continues to be driven by its exceptional creativity, and by the right balance between tradition and modernity, the success of icons and the new creations by Nicolas Ghesquière. Of note during the first half was the arrival of Virgil Abloh, as Menswear Artistic Director, whose debut fashion show was widely commented on across social media, and was exceptionally well received. Christian Dior Couture had an excellent performance. Kim Jones, appointed Artistic Director of Dior Homme, unveiled his first collection, which also received a formidable welcome. Céline entered a new and ambitious stage of its development with the appointment of Hedi Slimane as Artistic, Creative and Image Director of the brand, whose first collections will be presented in September. Fendi and Loro Piana continued to grow. Other brands further strengthened.

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Perfumes & Cosmetics: all brands contributed to strong growth with rapid progress in Asia

The **Perfumes & Cosmetics** business group posted organic revenue growth of 16%. Profit from recurring operations was up 25%. Parfums Christian Dior achieved an outstanding performance, driven by the vitality of its iconic fragrances *J'adore* and *Miss Dior*, and by the great success of *Sauvage*. Makeup and skincare progressed strongly. Guerlain benefited from the remarkable growth of the iconic *Rouge G* lipstick and rapid progress in its skincare line, *Abeille Royale*. Parfums Givenchy maintained its rapid growth in makeup. Benefit successfully enhanced its mascara range and its Brow collection. Fresh, Fenty Beauty and Acqua di Parma grew strongly.

Watches & Jewelry: excellent first half for Bvlgari and good development of watch brands' iconic product lines

The **Watches & Jewelry** business group recorded organic revenue growth of 16%. Profit from recurring operations was up 46%. Bvlgari had an excellent first half and continued to gain market share. This performance was especially notable in jewelry and in the Chinese and American markets. The iconic lines *Serpenti*, *B-Zero 1*, *Diva* and *Octo* made strong progress. Chaumet unveiled its new high-end jewelry collection. The momentum at TAG Heuer was reflected in the innovations of its flagship collections *Carrera*, *Aquaracer* and *Formula 1*, and a smaller version of its smart watch was launched. Hublot enjoyed strong growth and benefited from the enhanced visibility of the brand as the Official Timekeeper of the FIFA World Cup.

Selective Retailing: continued good momentum of Sephora and strong rebound of profitability at DFS

The **Selective Retailing** business group posted organic revenue growth of 9% or 15% excluding the termination of its concessions at Hong Kong International Airport. Profit from recurring operations was up 39%. Sephora achieved sustained growth across all areas of operation. With omni-channel at the heart of its strategy, online sales advanced rapidly. At the same time, Sephora expanded and renovated its store network. Le Bon Marché continued to cultivate the uniqueness and exclusivity of its product offering; the online platform 24 Sèvres launched a year ago developed actively. DFS enjoyed an excellent start to the year. Performance was particularly good in Hong Kong and Macao while its Gallerias, recently opened in Cambodia and Italy, made remarkable progress. The termination of the loss-making Hong Kong International Airport concessions at the end of 2017 contributed to the strong rebound of profitability.

Outlook 2018

In the buoyant environment of the beginning of this year, albeit marked by unfavorable exchange rates and geopolitical uncertainties, the **Christian Dior group** will continue to pursue gains in market share through the numerous product launches planned before the end of the year and its geographic expansion in promising markets, while continuing to manage costs.

Our strategy of focusing on quality across all our activities, combined with the dynamism and unparalleled creativity of our teams, will enable us to reinforce, once again in 2018, Group's global leadership position in luxury goods.

Interim dividend

The Board of Directors of Christian Dior met on July 24, 2018 and decided on the payment, on December 6th, 2018, of an interim cash dividend of a gross amount of 2 euros per share.

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APPENDIX: Revenue by business group and by quarter

This financial release constitutes regulated information, and is made available on the Company's website (www.dior-finance.com).

Certain information included in this release is forward-looking and is subject to important risks and uncertainties and factors beyond our control or ability to predict, that could cause actual results to differ materially from those anticipated, projected or implied. It only reflects our views as of the date of this presentation. No undue reliance should therefore be based on any such information, it being also agreed that we undertake no commitment to amend or update it after the date hereof.

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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.

Christian Dior group - Revenue by business group and by quarter

First half 2018

Revenue *(EUR millions)*	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other activities and eliminations	**Total**
First Quarter	1,195	4,270	1,500	959	3,104	(174)	**10,854**
Second Quarter	1,076	4,324	1,377	1,019	3,221	(121)	**10,896**
Total	**2,271**	**8,594**	**2,877**	**1,978**	**6,325**	**(295)**	**21,750**

Organic revenue growth (as %)	Wines and Spirits	Fashion and Leather Goods (*)	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other activities and eliminations	**Total**
First Quarter	+10%	+16%	+17%	+20%	+9%	-	**+14%**
Second Quarter	+3%	+14%	+14%	+12%	+9%	-	**+11%**
Total	**+7%**	**+15%**	**+16%**	**+16%**	**+9%**	**-**	**+12%**

First half 2017

Revenue *(EUR millions)*	Wines and Spirits	Fashion and Leather Goods (*)	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other activities and eliminations	**Total**
First Quarter	1,196	3,911	1,395	879	3,154	(155)	**10,380**
Second Quarter	1,098	(1) 4,035	1,275	959	3,126	(129)	**10,364**
Total	**2,294**	**7,946**	**2,670**	**1,838**	**6,280**	**(284)**	**20,744**

(1) *Includes all Rimowa revenue for the first half of 2017*

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