LVMH

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# FINANCIAL STATEMENTS
# CONSOLIDATED FINANCIAL STATEMENTS

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## Consolidated financial statements



This document is a free translation into English of the original French Consolidated Financial Statements as of December 31, 2013. It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

# CONSOLIDATED INCOME STATEMENT

| *(EUR millions, except for earnings per share)* | Notes | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| **Revenue** | 23-24 | **29,149** | **28,103** | **23,659** |
| Cost of sales | | (10,055) | (9,917) | (8,092) |
| **Gross margin** | | **19,094** | **18,186** | **15,567** |
| Marketing and selling expenses | | (10,849) | (10,101) | (8,360) |
| General and administrative expenses | | (2,224) | (2,164) | (1,944) |
| **Profit from recurring operations** | 23-24 | **6,021** | **5,921** | **5,263** |
| Other operating income and expenses | 25 | (127) | (182) | (109) |
| **Operating profit** | | **5,894** | **5,739** | **5,154** |
| Cost of net financial debt | | (103) | (140) | (151) |
| Other financial income and expenses | | (96) | 126 | (91) |
| **Net financial income (expense)** | 26 | **(199)** | **(14)** | **(242)** |
| Income taxes | 27 | (1,755) | (1,820) | (1,453) |
| Income (loss) from investments in associates | 7 | 7 | 4 | 6 |
| **Net profit before minority interests** | | **3,947** | **3,909** | **3,465** |
| Minority interests | 17 | (511) | (485) | (400) |
| **Net profit, Group share** | | **3,436** | **3,424** | **3,065** |
| **Basic Group share of net earnings per share** *(EUR)* | 28 | **6.87** | **6.86** | **6.27** |
| Number of shares on which the calculation is based | | 500,283,414 | 499,133,643 | 488,769,286 |
| **Diluted Group share of net earnings per share** *(EUR)* | 28 | **6.83** | **6.82** | **6.23** |
| Number of shares on which the calculation is based | | 503,217,497 | 502,229,952 | 492,207,492 |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

| *(EUR millions)* | 2013 | 2012 [(a)] | 2011 [(a)] |
|---|---|---|---|
| **Net profit before minority interests** | **3,947** | **3,909** | **3,465** |
| Translation adjustments | (346) | (99) | 190 |
| Tax impact | (48) | (18) | 47 |
| | **(394)** | **(117)** | **237** |
| Change in value of available for sale financial assets | 963 | (27) | 1,634 |
| Amounts transferred to income statement | (16) | (14) | (38) |
| Tax impact | (35) | (6) | (116) |
| | **912** | **(47)** | **1,480** |
| Change in value of hedges of future foreign currency cash flows | 304 | 182 | 95 |
| Amounts transferred to income statement | (265) | 13 | (168) |
| Tax impact | (17) | (50) | 21 |
| | **22** | **145** | **(52)** |
| **Gains and losses recognized in equity, transferable to income statement** | **540** | **(19)** | **1,665** |
| Change in value of vineyard land | 369 | 85 | 25 |
| Tax impact | (127) | (28) | (11) |
| | **242** | **57** | **14** |
| Employee benefit commitments: change in value resulting from actuarial gains and losses | 80 | (101) | (45) |
| Tax impact | (22) | 29 | 13 |
| | **58** | **(72)** | **(32)** |
| **Gains and losses recognized in equity, not transferable to income statement** | **300** | **(15)** | **(18)** |
| **Comprehensive income** | **4,787** | **3,875** | **5,112** |
| Minority interests | (532) | (470) | (429) |
| **Comprehensive income, Group share** | **4,255** | **3,405** | **4,683** |

(a) The consolidated statements of comprehensive gains and losses as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

# CONSOLIDATED BALANCE SHEET

| **ASSETS** *(EUR millions)* | Notes | **2013** | **2012** [a] | **2011** [a] |
|---|---|---|---|---|
| Brands and other intangible assets | 3 | 11,458 | 11,510 | 11,482 |
| Goodwill | 4 | 9,959 | 7,806 | 6,957 |
| Property, plant and equipment | 6 | 9,602 | 8,769 | 8,017 |
| Investments in associates | 7 | 152 | 163 | 170 |
| Non-current available for sale financial assets | 8 | 7,080 | 6,004 | 5,982 |
| Other non-current assets | 9 | 432 | 519 | 478 |
| Deferred tax | 27 | 909 | 954 | 760 |
| **Non-current assets** | | **39,592** | **35,725** | **33,846** |
| Inventories and work in progress | 10 | 8,586 | 8,080 | 7,510 |
| Trade accounts receivable | 11 | 2,189 | 1,985 | 1,878 |
| Income taxes | | 235 | 201 | 121 |
| Other current assets | 12 | 1,851 | 1,811 | 1,455 |
| Cash and cash equivalents | 14 | 3,221 | 2,196 | 2,303 |
| **Current assets** | | **16,082** | **14,273** | **13,267** |
| **Total assets** | | **55,674** | **49,998** | **47,113** |

| **LIABILITIES AND EQUITY** *(EUR millions)* | Notes | **2013** | **2012** [a] | **2011** [a] |
|---|---|---|---|---|
| Share capital | 15.1 | 152 | 152 | 152 |
| Share premium account | 15.1 | 3,849 | 3,848 | 3,801 |
| Treasury shares and LVMH-share settled derivatives | 15.2 | (451) | (414) | (485) |
| Cumulative translation adjustment | 15.4 | (8) | 342 | 431 |
| Revaluation reserves | | 3,900 | 2,731 | 2,637 |
| Other reserves | | 15,817 | 14,341 | 12,770 |
| Net profit, Group share | | 3,436 | 3,424 | 3,065 |
| Equity, Group share | | 26,695 | 24,424 | 22,371 |
| Minority interests | 17 | 1,028 | 1,084 | 1,055 |
| **Total equity** | | **27,723** | **25,508** | **23,426** |
| Long-term borrowings | 18 | 4,159 | 3,836 | 4,132 |
| Non-current provisions | 19 | 1,755 | 1,756 | 1,530 |
| Deferred tax | 27 | 3,934 | 3,960 | 3,925 |
| Other non-current liabilities | 20 | 6,403 | 5,456 | 4,506 |
| **Non-current liabilities** | | **16,251** | **15,008** | **14,093** |
| Short-term borrowings | 18 | 4,688 | 2,976 | 3,134 |
| Trade accounts payable | | 3,308 | 3,134 | 2,952 |
| Income taxes | | 382 | 442 | 443 |
| Current provisions | 19 | 322 | 335 | 349 |
| Other current liabilities | 21 | 3,000 | 2,595 | 2,716 |
| **Current liabilities** | | **11,700** | **9,482** | **9,594** |
| **Total liabilities and equity** | | **55,674** | **49,998** | **47,113** |

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| *(EUR millions)* | Number of shares | Share capital | Share premium account | Treasury shares and LVMH-share settled derivatives | Cumulative translation adjustment | Revaluation reserves | | | | Net profit and other reserves | Total equity | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Available for sale financial assets | Hedges of future foreign currency cash flows | Vineyard land | Employee benefit commit-ments | | Group share | Minority interests | Total |
| Notes | | 15.1 | | 15.2 | 15.4 | | | | | | | 17 | |
| **As of January 1, 2011** | **490,642,232** | **147** | **1,782** | **(607)** | **230** | **510** | **31** | **703** | **-** | **14,402** | **17,198** | **1,006** | **18,204** |
| Impact of changes in accounting standards (See Note 1.2) | | | | | | | | | | (52) | (52) | (2) | (54) |
| **As of January 1, 2011, after restatement** | **490,642,232** | **147** | **1,782** | **(607)** | **230** | **510** | **31** | **703** | **-** | **14,350** | **17,146** | **1,004** | **18,150** |
| Gains and losses recognized in equity | | | | | 201 | 1,480 | (46) | 11 | (28) | | 1,618 | 29 | 1,647 |
| Net profit | | | | | | | | | | 3,065 | 3,065 | 400 | 3,465 |
| **Comprehensive income** | | **-** | **-** | **-** | **201** | **1,480** | **(46)** | **11** | **(28)** | **3,065** | **4,683** | **429** | **5,112** |
| Stock option plan and similar expenses | | | | | | | | | | 49 | 49 | 3 | 52 |
| (Acquisition)/disposal of treasury shares and LVMH-share settled derivatives | | | | 15 | | | | | | (8) | 7 | - | 7 |
| Exercise of LVMH share subscription options | 1,395,835 | | 94 | | | | | | | | 94 | - | 94 |
| Retirement of LVMH shares | (2,259,454) | | (107) | 107 | | | | | | | - | - | - |
| Acquisition of a controlling interest in Bulgari | 18,037,011 | 5 | 2,032 | | | | | | | 201 | 2,238 | 772 | 3,010 |
| Capital increase in subsidiaries | | | | | | | | | | | - | 4 | 4 |
| Interim and final dividends paid | | | | | | | | | | (1,069) | (1,069) | (187) | (1,256) |
| Changes in control of consolidated entities | | | | | | | | | | (5) | (5) | 20 | 15 |
| Acquisition and disposal of minority interests' shares | | | | | | | | | | (681) | (681) | (785) | (1,466) |
| Purchase commitments for minority interests' shares | | | | | | | | | | (91) | (91) | (205) | (296) |
| **As of December 31, 2011, after restatement** | **507,815,624** | **152** | **3,801** | **(485)** | **431** | **1,990** | **(15)** | **714** | **(28)** | **15,811** | **22,371** | **1,055** | **23,426** |
| Gains and losses recognized in equity | | | | | (89) | (47) | 133 | 44 | (60) | | (19) | (15) | (34) |
| Net profit | | | | | | | | | | 3,424 | 3,424 | 485 | 3,909 |
| **Comprehensive income** | | **-** | **-** | **-** | **(89)** | **(47)** | **133** | **44** | **(60)** | **3,424** | **3,405** | **470** | **3,875** |
| Stock option plan and similar expenses | | | | | | | | | | 50 | 50 | 3 | 53 |
| (Acquisition)/disposal of treasury shares and LVMH-share settled derivatives | | | | 24 | | | | | | (12) | 12 | - | 12 |
| Exercise of LVMH share subscription options | 1,344,975 | | 94 | | | | | | | | 94 | - | 94 |
| Retirement of LVMH shares | (997,250) | | (47) | 47 | | | | | | | - | - | - |
| Capital increase in subsidiaries | | | | | | | | | | | - | 8 | 8 |
| Interim and final dividends paid | | | | | | | | | | (1,448) | (1,448) | (317) | (1,765) |
| Changes in control of consolidated entities | | | | | | | | | | (11) | (11) | (11) | (22) |
| Acquisition and disposal of minority interests' shares | | | | | | | | | | (39) | (39) | (26) | (65) |
| Purchase commitments for minority interests' shares | | | | | | | | | | (10) | (10) | (98) | (108) |
| **As of December 31, 2012, after restatement** | **508,163,349** | **152** | **3,848** | **(414)** | **342** | **1,943** | **118** | **758** | **(88)** | **17,765** | **24,424** | **1,084** | **25,508** |
| Gains and losses recognized in equity | | | | | (350) | 912 | 18 | 188 | 51 | | 819 | 21 | 840 |
| Net profit | | | | | | | | | | 3,436 | 3,436 | 511 | 3,947 |
| **Comprehensive income** | | **-** | **-** | **-** | **(350)** | **912** | **18** | **188** | **51** | **3,436** | **4,255** | **532** | **4,787** |
| Stock option plan and similar expenses | | | | | | | | | | 31 | 31 | 3 | 34 |
| (Acquisition)/disposal of treasury shares and LVMH-share settled derivatives | | | | (103) | | | | | | (7) | (110) | - | (110) |
| Exercise of LVMH share subscription options | 1,025,418 | | 67 | | | | | | | | 67 | - | 67 |
| Retirement of LVMH shares | (1,395,106) | | (66) | 66 | | | | | | | - | - | - |
| Capital increase in subsidiaries | | | | | | | | | | | - | 8 | 8 |
| Interim and final dividends paid | | | | | | | | | | (1,500) | (1,500) | (228) | (1,728) |
| Changes in control of consolidated entities | | | | | | | | | | 1 | 1 | 50 | 51 |
| Acquisition and disposal of minority interests' shares | | | | | | | | | | (73) | (73) | (76) | (149) |
| Purchase commitments for minority interests' shares | | | | | | | | | | (400) | (400) | (345) | (745) |
| **As of December 31, 2013** | **507,793,661** | **152** | **3,849** | **(451)** | **(8)** | **2,855** | **136** | **946** | **(37)** | **19,253** | **26,695** | **1,028** | **27,723** |

# CONSOLIDATED CASH FLOW STATEMENT

| *(EUR millions)* | Notes | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| **I. OPERATING ACTIVITIES AND OPERATING INVESTMENTS** | | | | |
| Operating profit | | 5,894 | 5,739 | 5,154 |
| Net increase in depreciation, amortization and provisions | | 1,454 | 1,299 | 999 |
| Other computed expenses | | (29) | (62) | (45) |
| Dividends received | | 86 | 188 | 61 |
| Other adjustments | | (76) | (51) | (32) |
| **Cash from operations before changes in working capital** | | **7,329** | **7,113** | **6,137** |
| Cost of net financial debt: interest paid | | (112) | (154) | (152) |
| Income taxes paid | | (1,979) | (1,970) | (1,544) |
| **Net cash from operating activities before changes in working capital** | | **5,238** | **4,989** | **4,441** |
| Total change in working capital | 14.1 | (617) | (813) | (534) |
| **Net cash from operating activities** | | **4,621** | **4,176** | **3,907** |
| Operating investments | 14.2 | (1,663) | (1,702) | (1,730) |
| **Net cash from operating activities and operating investments (free cash flow)** | | **2,958** | **2,474** | **2,177** |
| **II. FINANCIAL INVESTMENTS** | | | | |
| Purchase of non-current available for sale financial assets | 8 | (197) | (131) | (518) |
| Proceeds from sale of non-current available for sale financial assets | 8 | 38 | 36 | 17 |
| Impact of purchase and sale of consolidated investments | 2.4 | (2,158) | (45) | (785) [a] |
| **Net cash from (used in) financial investments** | | **(2,317)** | **(140)** | **(1,286)** |
| **III. TRANSACTIONS RELATING TO EQUITY** | | | | |
| Capital increases of LVMH SA | 15.1 | 66 | 94 | 94 [a] |
| Capital increases of subsidiaries subscribed by minority interests | 17 | 7 | 8 | 3 |
| Acquisition and disposals of treasury shares and LVMH-share settled derivatives | 15.2 | (113) | 5 | 2 |
| Interim and final dividends paid by LVMH SA | 15.3 | (1,501) | (1,447) | (1,069) |
| Interim and final dividends paid to minority interests in consolidated subsidiaries | 17 | (220) | (314) | (189) |
| Purchase and proceeds from sale of minority interests | 2.4 | (150) | (206) | (1,413) |
| **Net cash from (used in) transactions relating to equity** | | **(1,911)** | **(1,860)** | **(2,572)** |
| **Change in cash before financing activity** | | **(1,270)** | **474** | **(1,681)** |
| **IV. FINANCING ACTIVITIES** | | | | |
| Proceeds from borrowings | | 3,145 | 1,068 | 2,659 |
| Repayment of borrowings | | (1,099) | (1,526) | (1,005) |
| Purchase and proceeds from sale of current available for sale financial assets | 13 | 101 | (67) | 6 |
| **Net cash from (used in) financing activities** | | **2,147** | **(525)** | **1,660** |
| **V. EFFECT OF EXCHANGE RATE CHANGES** | | **46** | **(42)** | **60** |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)** | | **923** | **(93)** | **39** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | 14 | **1,988** | **2,081** | **2,042** |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | 14 | **2,911** | **1,988** | **2,081** |
| Transactions included in the table above, generating no change in cash: | | | | |
| - acquisition of assets by means of finance leases | | 7 | 5 | 3 |

(a) Not including the impact of the amount attributable to the acquisition of Bulgari remunerated by the capital increase of LVMH SA as of June 30, 2011, which did not generate any cash flows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

# 1. ACCOUNTING POLICIES

## 1.1. General framework and environment

The consolidated financial statements for the year ended December 31, 2013 were established in accordance with international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on December 31, 2013. These standards and interpretations have been applied consistently to the fiscal years presented. The 2013 consolidated financial statements were approved for publication by the Board of Directors on January 30, 2014.

## 1.2. Changes in the accounting framework applicable to LVMH in 2013

**Standards, amendments and interpretations for which application was mandatory in 2013**

The principal standards, amendments and interpretations applicable to LVMH with effect from January 1, 2013 are as follows:

- amendments to IAS 19 on employee benefit commitments (pensions, contribution to medical costs and other employee benefit commitments) which require the immediate recognition of the effect of actuarial differences taken directly to equity and the calculation of the return on plan assets on the basis of the discount rate used to value the underlying obligation rather than on the basis of market expectations for returns.

Up to December 31, 2012, the LVMH group applied the "corridor" approach, with the result that the portion of employee benefit commitments arising from actuarial gains and losses was not recognized if the latter was less than 10% of the amount of the commitment. In light of the fact that this method was no longer applied from January 1, 2013 onward, LVMH recognized against equity an additional provision in the amount of 85 million euros, corresponding to the amount of actuarial gains and losses that were not yet recognized as of January 1, 2011, the date of first-time adoption, as well as the associated deferred tax asset, representing a net amount of 54 million euros. The actuarial gains and losses recognized in 2011 and 2012, including the effects of restating the return on financial assets at the discount rate and after deducting the amounts amortized to profit or loss in 2011 and 2012, were recognized retrospectively in gains and losses in equity. The net profit for fiscal years 2011 and 2012 has therefore not been restated, the impact of the change of standard on each of these fiscal years being less than 5 million euros. The retrospective impact on equity of the change in standard is analyzed below:

| *(EUR millions)* | Non-current provisions | Other non-current assets | Deferred taxes | Total equity | *Of which: Group share* | *Minority interests* |
|---|---|---|---|---|---|---|
| As of January 1, 2011 | (85) | - | 31 | **(54)** | *(52)* | *(2)* |
| Gains and losses recognized in equity | (45) | - | 13 | **(32)** | *(28)* | *(4)* |
| As of December 31, 2011 | (130) | - | 44 | **(86)** | *(80)* | *(6)* |
| Gains and losses recognized in equity | (96) | (5) | 29 | **(72)** | *(60)* | *(12)* |
| As of December 31, 2012 | (226) | (5) | 73 | **(158)** | *(140)* | *(18)* |
| *Of which: Other reserves* | | | | *(54)* | *(52)* | *(2)* |
| *Revaluation reserves* | | | | *(104)* | *(88)* | *(16)* |

- amendment to IAS 1 on gains and losses recognized in equity and their separate presentation, depending on whether or not they may subsequently be transferred to the income statement;
- IFRS 13, which defines the measurement principles of fair value and related disclosures on methodology to be presented in the notes to the financial statements, where fair value applies. The application of this text did not have a significant impact on the Group's consolidated financial statements. See Note 1.8.

**Standards, amendments and interpretations for which application is mandatory with effect from January 1, 2014**

The standards, amendments and interpretations applicable to LVMH, whose mandatory application date is January 1, 2014, mostly relate to IFRS 10, IFRS 11 and IFRS 12 on consolidation. These IFRS redefine the concept of the control of entities, eliminating the possibility to use proportionate consolidation to consolidate jointly controlled entities which will be accounted for only using the equity method, and introducing additional disclosure requirements in the notes to the consolidated financial statements.

The application of these standards will not have a material impact on the Group's consolidated financial statements, as proportionately consolidated entities represent only a small portion of the Group's financial statements. As these entities are fully integrated within the Group's operating activities, LVMH will disclose their net profit, as well as that of entities currently accounted for using the equity method (see Note 7), on a specific line within profit from recurring operations.

The consolidation method of distribution subsidiaries jointly owned with the Diageo group will not be impacted (see Note 1.5 regarding the consolidation method of these subsidiaries).

#### Other changes in the accounting framework

The Group receives information on the progress of 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 1.11 for a description of the recognition method applied to these commitments as of December 31, 2013.

The Group also monitors developments with regard to the exposure draft on accounting for lease 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 are listed below:

- business combinations: the exemption from retrospective application was not applied. The recognition of the merger of Moët Hennessy and Louis Vuitton in 1987 and all subsequent acquisitions were restated in accordance with IFRS 3; IAS 36 Impairment of Assets and IAS 38 Intangible Assets were applied retrospectively as of this date;
- foreign currency translation of the financial statements of subsidiaries outside the euro zone: 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. Use of estimates

For the purpose of preparing the consolidated financial statements, 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, purchase commitments for minority interests and of the determination of the amount of provisions for contingencies and losses or for impairment of inventories and, if applicable, deferred tax assets. Such hypotheses, estimates or other forms of judgment which are undertaken on the basis of the information available, or situations prevalent at the date of preparation of the accounts, may prove different from the subsequent actual events.

### 1.5. 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 are consolidated on a proportionate basis. See Note 1.2 regarding the impacts of the implementation of IFRS 10 and IFRS 11 from January 1, 2014.

For distribution subsidiaries operating in accordance with the contractual distribution arrangements with the Diageo group, only the portion of assets and liabilities and results of operations relating to the LVMH group's activities is included in the consolidated financial statements (see Note 1.24).

Companies where the Group has significant influence but no controlling interest are accounted for using the equity method.

### 1.6. Foreign currency translation of the financial statements of entities outside the euro zone

The consolidated financial statements are stated in euros; the financial statements of entities stated 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".

### 1.7. 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 balance sheet date. Unrealized gains and losses resulting from this translation are recognized:

- within cost of sales in the case of commercial transactions;
- within net financial income/expense in the case of financial transactions.

Foreign exchange gains and losses arising from the translation or elimination of inter-company 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 inter-company 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 which are designated as hedges of commercial transactions denominated in a currency other than the functional currency of the entity are recognized in the balance sheet at their market value (see Note 1.8) at the balance sheet date and any change in the market value of such derivatives is recognized:

- within cost of sales for the effective portion of hedges of receivables and payables recognized in the balance sheet at the end of the period;
- within equity (as "Revaluation reserves") for the effective portion of hedges of future cash flows (this part is transferred to cost of sales at the time of recognition of the hedged assets and liabilities);
- within net financial income/expense for the ineffective portion of hedges; changes in the value of discount and premium associated with forward contracts, as well as in the time value component of options, are systematically considered as ineffective portions.

When derivatives are designated as hedges of subsidiaries' equity outside the euro zone (net investment hedge), any change in fair value of the derivatives is recognized within equity under "Cumulative translation adjustment" for the effective portion and within net financial income/expense for the ineffective portion.

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

See also Note 1.20 regarding the definition of the concepts of effective and ineffective portions.

## 1.8. 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 at each balance sheet date are as follows:

| | Approaches to determining fair value (Level of the fair value hierarchy established by IFRS 13 Fair Value Measurement) | Amounts recorded at balance sheet date |
|---|---|---|
| Vineyard land | Based on recent transactions in similar assets (Level 2). See Note 1.12. | Note 6.1, Note 1 |
| Grape harvests | Based on purchase prices for equivalent grapes (Level 2). See Note 1.15. | Note 10 |
| Derivatives | Based on market data and according to commonly used valuation models (Level 2). See Note 1.20. | Note 22.4 |
| Borrowings hedged against changes in value due to interest rate fluctuations | Based on market data and according to commonly used valuation models (Level 2). See Note 1.19. | 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 (Level 2). | Note 20 |
| Available for sale financial assets | Quoted investments: price quotations at the close of trading on the balance sheet date (Level 1).<br>Non-quoted investments: estimated net realizable value, either according to formulas based on market data (Level 2) or based on private quotations (Level 3). See Note 1.14. | Note 8, Note 13 |
| Cash and cash equivalents | Closing price quotation (Level 1). See Note 1.17. | Note 14 |

No other asset or liability has been remeasured at market value at the balance sheet date.

## 1.9. Brands, trade names 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 method of the forecast discounted cash flows, or of comparable transactions (i.e. using the revenue and net profit coefficients employed for recent transactions involving similar brands), or of stock market multiples observed for related businesses. Other complementary methods may also be employed: the 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 between 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 positioning in its market expressed in terms of volume of activity, international presence and notoriety;
- 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 15 to 40 years, depending on their estimated period of utilization.

Any impairment expense of brands and trade names and, in some cases, amortization expense, are recognized within "Other operating income and expenses".

Impairment tests are carried out for brands, trade names and other intangible assets using the methodology described in Note 1.13.

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

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

- leasehold rights, key money: based on market conditions, generally over the lease period;
- development expenditure: three years at most;
- software: one to five years.

## 1.10. Changes in the percentage interest 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 fair value as of the date when control is obtained and the difference between the cost of taking control and the Group's share of the fair 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".

As from January 1, 2010, for transactions occurring after that date, in accordance with IAS 27 (Revised), 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 1.13. Any impairment expense recognized is included within "Other operating income and expenses".

## 1.11. Purchase commitments for minority interests

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";
- 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 well as subsequent changes in this difference. For commitments granted as from January 1, 2010, the difference between the amount of the commitments and minority interests is recorded in equity, under "Other reserves".

This accounting policy has no effect on the presentation of minority interests within the income statement.

## 1.12. 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 (Level 2 of the fair value hierarchy established by IFRS 13). Any difference compared to historical cost is recognized within equity in "Revaluation reserves". If market value falls below acquisition cost the resulting impairment is charged to the income statement.

Vines for champagnes, cognacs and other wines produced by the Group, are considered as biological assets as defined in IAS 41 Agriculture. As their valuation at market value differs little from that recognized at historical cost, no revaluation is undertaken for these assets.

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 is depreciated on a straight-line basis over its estimated useful life; the estimated useful lives are as follows:

| | |
|---|---|
| - 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.

## 1.13. 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, 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 in priority 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 in the perspective of a disposal transaction.

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

The forecast data required for the cash flow methods is based on budgets and business plans prepared by management of the related business segments. Detailed forecasts cover a five-year period, a period which may be extended in the case of certain brands undergoing strategic repositioning, or which have a production cycle exceeding five years. An estimated final 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. When several forecast scenarios are developed, the probability of occurrence of each scenario is assessed. 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.

## 1.14. Available for sale financial assets

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 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 1.17).

Available for sale financial assets are measured at their listed value at the balance sheet date in the case of quoted investments (Level 1 of the fair value hierarchy established by IFRS 13), and at their net realizable value at that date in the case of unquoted investments (Level 2 or 3 of the fair value hierarchy established by IFRS 13).

Positive or negative changes in value are taken to equity within "Revaluation reserves". If an impairment loss is judged to be definitive, an impairment is recognized and charged to net financial income/expense; the impairment is only reversed through the income statement at the time of sale of the underlying available for sale financial assets.

## 1.15. 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, especially 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 (Level 2 of the fair value hierarchy established by IFRS 13), as if the grapes harvested had been purchased from third parties. Until the date of the harvest, the value of grapes is calculated *pro rata temporis* on the basis of the estimated yield and market value.

Inventories are valued using the weighted average cost or FIFO methods.

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, date of expiry, etc.) or lack of sales prospects.

## 1.16. Trade accounts receivable, loans and other receivables

Trade accounts receivable are recorded at their face value. A provision for impairment is recorded if their net realizable value, based on the probability of their collection, is less than their carrying amount.

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.

## 1.17. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and highly liquid monetary investments subject to an insignificant risk of changes in value over time.

Monetary investments are measured at their market value (Level 1 of the fair value hierarchy established by IFRS 13) and at the exchange rate prevailing at the balance sheet date, with any changes in value recognized as part of net financial income/expense.

## 1.18. 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.

When execution of its obligation is expected to be deferred by 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.

## 1.19. 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 capital amount of borrowings resulting from changes in interest rates, both the hedged amount of borrowings and the related hedges are measured at their market value at the balance sheet date, with any changes in those values recognized within net financial income/expense. Market value of hedged borrowings is determined using similar methods as those described hereafter in Note 1.20.

In the case of hedging against fluctuations in future interest payments, the related borrowings remain measured at their amortized cost whilst 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.

Financial debt bearing embedded derivatives is measured at fair value; changes in fair value 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 current available for sale financial assets, cash and cash equivalents, in addition to the market value at the balance sheet date of foreign exchange derivatives related to any of the aforementioned items.

See also Note 1.20 regarding the definition of the concepts of effective and ineffective portions.

## 1.20. Derivatives

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

IAS 39 subordinates the use of hedge accounting to demonstration and documentation of the effectiveness of hedging relationships when hedges are implemented and subsequently throughout their existence. A hedge is considered to be effective if the ratio of changes in the value of the derivative to changes in the value of the hedged underlying remains within a range of 80 to 125%.

Derivatives are recognized in the balance sheet at their fair value at the balance sheet date. Changes in their value are accounted for as described in Note 1.7 in the case of foreign exchange hedges, and as described in Note 1.19 in the case of interest rate hedges.

Market value is based on market data and on commonly used valuation models (Level 2 of the fair value hierarchy established by IFRS 13), and may be confirmed in the case of complex instruments by reference to values quoted by independent financial institutions.

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

## 1.21. Treasury shares and LVMH-share settled derivatives

LVMH shares and options to purchase LVMH shares that are held by the Group are measured at their acquisition cost and recognized as a deduction from consolidated equity, irrespective of the purpose for which they are held.

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

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

When retirement indemnity plans, pension plans, contribution to medical costs and other commitments entail the payment by the Group of contributions to third party organizations which assume the exclusive responsibility for subsequently paying the retirement indemnities, pensions or contribution to medical costs, these contributions are expensed in the period in which they fall due with no liability recorded on the balance sheet.

When retirement indemnity plans, pension plans, contribution to medical costs and other commitments are to be borne by the Group, a provision is recorded in the balance sheet in the amount of the corresponding actuarial commitment for the Group. Since January 1, 2013, and retrospectively as of January 1, 2011, 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 (loss) 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 either partially or wholly 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 salary increases, inflation, life expectancy and staff turnover.

## 1.23. Current and deferred tax

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 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 are provided for if distribution is deemed probable.

## 1.24. Revenue recognition

### Definition of revenue

Revenue mainly comprises retail sale within the Group's store network 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 for 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 concern Wines and Spirits, as well as certain Perfumes and Cosmetics and Watches and Jewelry brands. The Group recognizes revenue when title transfers to third party customers, generally upon shipment.

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 and the corresponding trade receivables are reduced by the estimated amount of such returns, and a corresponding entry is made to inventories. The estimated rate of returns is based on statistics of historical returns.

### 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. On the basis of the distribution agreements, which provide specific rules for allocating these entities' income statement items and assets and liabilities between LVMH and Diageo, LVMH only recognizes the portion of the income statement and balance sheet attributable to its own brands. The application of IFRS 11 as from January 1, 2014 will not impact this method. See Note 1.2.

## 1.25. 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 upon receipt or production of goods or upon completion of services rendered.

## 1.26. Stock option and similar plans

Share purchase and subscription option plans give rise to recognition of an expense based on the amortization of the expected benefit granted to beneficiaries calculated according to the Black & Scholes method on the basis of the closing share price on the day before the Board Meeting at which the plan is instituted.

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

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

For cash-settled compensation plans index-linked to the change in 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 benefit resulting from the change in the LVMH share price is recorded in the income statement.

### 1.27. 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 as inherent to the Group's recurring operations. This caption reflects in particular the impact of changes in the scope of consolidation and the impairment of brands, trade names and goodwill, as well as any significant amount of 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.

### 1.28. Earnings per share

Earnings per share are calculated based on the weighted average number of shares in circulation during the period, excluding treasury shares.

Diluted earnings per share are calculated based on the weighted average number of shares before dilution and adding the weighted average number of shares that would result from the exercise of existing subscription options during the period or any other diluting instrument. It is assumed for the purposes of this calculation that the funds received from the exercise of options, supplemented by the expense to be recognized for stock option and similar plans (see Note 1.26), would be employed to re-purchase LVMH shares at a price corresponding to their average trading price over the fiscal year.

## 2. CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES

### 2.1. Fiscal year 2013

#### 2.1.1. Wines and Spirits

During the first quarter of 2013, the Group acquired an additional 30% stake in Château d'Yquem, increasing its ownership interest to 95%. The difference between the acquisition price and minority interests was deducted from equity.

#### 2.1.2. Fashion and Leather Goods

**Loro Piana**

In July 2013 LVMH signed a memorandum of understanding for the acquisition of an 80% stake in Italian company Loro Piana, which makes and sells luxury fabrics, clothing, and accessories. On December 5, 2013, pursuant to that memorandum of understanding, LVMH acquired 80% of Loro Piana for 1,987 million euros. Loro Piana was fully consolidated with effect from December 5, 2013. The 20% of the share capital that has not been acquired is covered by reciprocal undertakings to buy and sell, exercisable no later than three years from December 5, 2013. The difference in value between the purchase commitment (recorded in Other non-current liabilities, see Note 20) and the minority interest, i.e. 428 million euros, was deducted from consolidated reserves.

The following table lays out the provisional allocation of the price paid by LVMH on December 5, 2013, the date of acquisition of the controlling interest. Due to the short period of time between the transaction date and the date on which the LVMH financial statements were approved for publication, Loro Piana is consolidated based on the financial statements prepared by Loro Piana as of the date of acquisition of the controlling interest, using its historical accounting policies and methods, without any adjustments or remeasurements required under IFRS 3 Business Combinations. The amounts retained are presented below:

| *(EUR millions)* | **Provisional purchase price allocation** |
|---|---|
| Intangible assets and tangible assets, net | 159 |
| Other non-current assets | 11 |
| Non-current provisions | (18) |
| Current assets | 382 |
| Current liabilities | (203) |
| Net financial debt | (127) |
| Deferred tax | 49 |
| **Net assets acquired, excluding revaluation adjustments in compliance with IFRS 3** | **253** |
| Minority interests (20%) [a] | (51) |
| **Net assets, Group share (80%), excluding revaluation adjustments in compliance with IFRS 3** | **202** |
| Provisional goodwill | 1,785 |
| **Carrying amount of shares held as of December 5, 2013** | **1,987** |

(a) Minority interests have been recognized on the basis of net assets acquired.

Loro Piana acquisition expenses were recognized in Other operating income and expenses; they represent a total amount of 9 million euros, see Note 25.

Loro Piana acquisition generated an outlay of 1,982 million euros, net of cash acquired in the amount of 5 million euros.

For 2013, based on estimated data, Loro Piana had consolidated revenue of 686 million euros, profit from recurring operations of 103 million euros and net profit of 60 million euros.

#### Nicholas Kirkwood

In September 2013, LVMH acquired a 52% stake in British luxury footwear company Nicholas Kirkwood. This entity was consolidated with effect from October 1, 2013. The rest of the company's share capital is covered by reciprocal undertakings to buy and sell, mainly exercisable from 2020.

#### Marc Jacobs

During the fiscal year, the Group raised its stake in Marc Jacobs to 80%. The difference between the acquisition price and minority interests was deducted from equity.

### 2.1.3. Other activities

In June 2013, LVMH acquired a 80% stake in Cova, a patisserie business based in Milan (Italy) which is also present in Asia through its franchisee network. This entity was consolidated with effect from July 2013.

In August 2013, the Group acquired 100% of Hotel Saint-Barth Isle de France, which owns and operates a luxury hotel located on the island of St. Barts (French West Indies). This entity was consolidated with effect from September 2013.

## 2.2. Fiscal year 2012

### 2.2.1. Fashion and Leather Goods

In May 2012, LVMH acquired the entire share capital of Les Tanneries Roux (France), a supplier of high quality leather. In June 2012, LVMH acquired a 100% ownership interest in Arnys (France), a ready-to-wear and made-to-measure menswear label. These entities were consolidated with effect from June 2012.

### 2.2.2. Perfumes and Cosmetics

In October 2012, LVMH acquired the 20% stake in the share capital of Benefit that it did not own; the price paid generated the recognition of a final goodwill in the amount of 133 million euros, previously recorded under Goodwill arising on purchase commitments for minority interests.

## 2.3. Fiscal year 2011

### 2.3.1. Fashion and Leather Goods

By means of a voluntary cash offer closed in December 2011, LVMH acquired 51% of Heng Long International Ltd. ("Heng Long") for an amount of 47 million euros (82 million Singapore dollars), with the founding family retaining 49% of the share capital of Heng Long by means of a reinvestment in the acquisition structure. Following this operation, Heng Long was delisted from the Singapore stock exchange in December 2011. The share capital held by the founding family is subject to purchase commitments that can be exercised in several tranches, mainly as from December 2016.

Heng Long is renowned for its expertise in the tanning and finishing of crocodilian leather. Heng Long has been fully consolidated with effect from December 31, 2011. Goodwill arising on this acquisition amounts to 23 million euros and minority interests were valued in the amount of their share in the acquiree's restated net assets. The difference between the value of the purchase commitment for the 49% of the share capital held by the founding family and minority interests, amounting to 24 million euros, was deducted from equity.

### 2.3.2. Watches and Jewelry

#### Bulgari

On March 5, 2011, LVMH concluded a memorandum of understanding with the Bulgari family, under the terms of which, the Bulgari family undertook to contribute to LVMH its majority ownership stake in the share capital of Bulgari SpA, on the basis of a value per share of 12.25 euros for Bulgari shares and a parity of 0.108 LVMH shares for one Bulgari share, thus implicitly valuing LVMH shares at 113 euros per share.

On June 30, 2011, pursuant to this memorandum of understanding, the Board of Directors of LVMH Moët Hennessy – Louis Vuitton SA approved the contribution of 55% (48% on a fully-diluted basis) of the share capital of Bulgari SpA and, as consideration for this contribution, issued 18 million new shares, representing 3.5% of the share capital after this capital increase.

As of June 30, 2011, the acquisition date of the controlling interest, the ownership stake held by LVMH amounted to 76.1% of the share capital (66% on a fully-diluted basis) of Bulgari, i.e. 230.1 million shares, resulting on the one hand from the abovementioned contribution transaction, and on the other hand from prior acquisitions on the stock market: 57.9 million shares were acquired during the first quarter of 2011 and 5.9 million shares were already owned as of December 31, 2010.

| | Carrying amount at acquisition date of controlling interest *(EUR millions)* | Number of shares *(millions)* | Value per share *(EUR)* |
|---|---|---|---|
| Historical cost price of shares | 739 | 63.8 | 11.58 |
| Remeasurement at acquisition date of controlling interest | 42 [a] | | |
| **Value of shares acquired prior to acquisition of controlling interest** | **781** | **63.8** | |
| Contribution value of shares contributed by family shareholders | 2,038 | 166.3 | 12.25 |
| Remeasurement at acquisition date of controlling interest | 200 [b] | | |
| **Value of shares contributed at acquisition of controlling interest** | **2,238** | **166.3** | |
| **Value of shares held as of June 30, 2011** | **3,019** | **230.1** | |

In accordance with IFRS:

(a) Bulgari shares acquired by LVMH prior to the acquisition of the controlling interest were revalued at 12.25 euros per share, the share price agreed between the parties for the acquisition of the controlling interest, generating a gain of 42 million euros, which was recognized under Other operating income and expenses.

(b) The Bulgari shares contributed by the family shareholders were revalued according to the exchange ratio and the quotation of the LVMH share on the Paris stock exchange as of the acquisition date of the controlling interest, June 30, 2011. The impact of the revaluation, 200 million euros, was recognized under consolidated reserves.

Bulgari was consolidated under the full consolidation method from June 30, 2011, according to the percentage interest owned, determined on a fully diluted basis, 66%. The table presented below summarizes the definitive allocation, as of June 30, 2012, of the purchase price paid by LVMH at the date on which a controlling interest was acquired:

| *(EUR millions)* | **Purchase price allocation** |
|---|---|
| Brands, other intangible assets and tangible assets, net | 2,367 |
| Other non-current assets | 64 |
| Non-current provisions | (69) |
| Current assets | 906 |
| Current liabilities | (345) |
| Net financial debt | (24) |
| Deferred tax | (631) |
| **Revalued net assets** | **2,268** |
| Minority interests (34%) | (772) |
| **Revalued net assets, Group share (66%)** | **1,496** |
| Goodwill | 1,523 |
| **Carrying amount of shares held as of June 30, 2011** | **3,019** |

Goodwill, in the amount of 1,523 million euros, corresponds to Bulgari's expertise, particularly in watches and jewelry, in addition to synergies with the group's Watches and Jewelry network. The value of the Bulgari brand was estimated at 2,100 million euros.

Since Bulgari SpA was listed on the Milan (Italy) stock exchange, in accordance with applicable stock market regulations, LVMH launched a public tender offer ("OPA") for all of the Bulgari shares held by minority shareholders at the price of 12.25 euros per share following the contribution transaction. On September 28, 2011, at the completion of procedure, LVMH held a 98.09% stake in Bulgari, authorizing the Group to launch a squeeze-out procedure ("OPRO") for the purchase of the remaining outstanding shares. Since December 31, 2011, LVMH has held a 100% stake in the company.

Shares acquired after June 30, 2011 break down as follows:

| | **Total value** *(EUR millions)* | **Number of shares** *(millions)* | **Value per share** *(EUR)* |
|---|---|---|---|
| Shares acquired through the public tender offer | 1,338 | 109.2 | |
| Shares acquired through the squeeze-out procedure | 82 | 6.7 | |
| Shares acquired on the stock market | 33 | 2.7 | |
| **Shares acquired after June 30, 2011** | **1,453** | **118.6** | **12.25** |

In accordance with the memorandum of understanding, shares acquired through the public tender offer included 36.8 million shares issued in connection with the early exercise of conversion options by holders of convertible bonds issued in 2009 and 9.5 million shares issued as a result of the early exercise of subscription options granted prior to the acquisition of the controlling interest by LVMH in favor of senior executives and employees of Bulgari.

Shares acquired after June 30, 2011 represented a disbursement of 1,453 million euros. The difference between this amount and minority interests' attributable portion of net assets of 772 million euros, which represents 681 million euros, was deducted from consolidated reserves.

Transaction fees relating to the Bulgari acquisition were recognized in "Other operating income and expenses"; they represented an amount of 16 million euros, see Note 25.

The impact of the acquisition of Bulgari on Group cash flows was a cash outflow of 2,025 million euros, net of 89 million euros of cash acquired and of 60 million euros of cash obtained from the exercise of share subscription options. A portion of this amount (705 million euros) represented acquisitions of shares on the market in the first half of the year, with 1,453 million euros corresponding to acquisitions of shares in the second half of the year via the public tender offer. The balance represents acquisition-related costs.

Bulgari's consolidated revenue for the second half of 2011 amounted to 713 million euros, with operating profit of 85 million euros and net profit of 71 million euros. Bulgari's consolidated revenue for 2011 amounted to 1,272 million euros with operating profit of 109 million euros, after deducting non-recurring expenses amounting to 16 million euros relating to the alliance with LVMH.

**ArteCad**

In November 2011, the Group acquired 100% of the share capital of the Swiss company ArteCad SA, for consideration of 60 million Swiss francs (49 million euros), 14 million of which will be paid in 2015. ArteCad is one of the leading Swiss manufacturers of watch dials. ArteCad was fully consolidated with effect from December 31, 2011. The final goodwill arising on this acquisition amounts to 48 million Swiss francs (40 million euros).

### 2.3.3. Selective Retailing

The stake held by LVMH in the share capital of the company owning the Ile de Beauté stores, one of the leading perfume and cosmetics retail chains in Russia, was increased from 45% to 65% in June 2011, for an amount of 40 million euros. LVMH's partner benefits from an option to sell the remaining 35% stake to LVMH, which may be exercised in tranches from 2013 to 2016. This investment, which was previously accounted for under equity method, was fully consolidated with effect from June 1, 2011.

The price paid was allocated to the Ile de Beauté trade name, for an amount of 12 million euros. The final goodwill amounts to 128 million euros, in recognition of Sephora's prospects for expansion in the Russian market. Minority interests were valued in the amount of their share in the acquiree's restated net assets, with the difference between the value of the purchase commitment for the 35% of share capital that was not acquired and non-controlling interests, in the amount of 66 million euros, deducted from consolidated reserves.

## 2.4. Impact on cash and cash equivalents of changes in the percentage interest in consolidated entities

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Purchase price of consolidated investments and of minority interests' shares | (2,318) | (250) | (2,375) |
| Positive cash balance/(net overdraft) of companies acquired | 10 | (1) | 174 |
| Proceeds from sale of consolidated investments | - | - | 8 |
| (Positive cash balance)/net overdraft of companies sold | - | - | (5) |
| **Impact of changes in the percentage interest in consolidated entities on cash and cash equivalents** | **(2,308)** | **(251)** | **(2,198)** |
| *Of which: purchase and proceeds from sale of consolidated investments* | *(2,158)* | *(45)* | *(785)* |
| *purchase and proceeds from sale of minority interests* | *(150)* | *(206)* | *(1,413)* |

In 2013, the impact of changes in the percentage interest in consolidated entities was related, for 1,982 million euros, to the acquisition of Loro Piana. The remainder is related to the acquisition of Hotel Saint Barth Isle de France, the Cova pastry brand, Nicholas Kirkwood, and of additional shareholdings in Château d'Yquem and Marc Jacobs.

In 2012, the impact on the Group's cash position of changes in the percentage interest in consolidated entities mainly included the effects of the acquisition of the 20% stake in Benefit not previously owned by the Group, as well as the acquisition of 100% stakes in Tanneries Roux and Arnys.

In 2011, the main impact of changes in the percentage interest in consolidated entities was related, in the amount of 2,025 million euros, to the acquisition of Bulgari. The remainder was related to the acquisition of ArteCad, of a 51% stake in Heng Long, and a 20% stake in Ile de Beauté.

# 3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

| (EUR millions) | | | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| | Gross | Amortization and impairment | Net | Net | Net |
| Brands | 9,266 | (518) | 8,748 | 8,819 | 8,850 |
| Trade names | 3,257 | (1,324) | 1,933 | 2,009 | 2,044 |
| License rights | 88 | (68) | 20 | 22 | 25 |
| Leasehold rights | 552 | (249) | 303 | 248 | 182 |
| Software, web sites | 901 | (666) | 235 | 200 | 172 |
| Other | 496 | (277) | 219 | 212 | 209 |
| **Total** | **14,560** | **(3,102)** | **11,458** | **11,510** | **11,482** |
| *Of which: assets held under finance leases* | *14* | *(14)* | - | - | - |

## 3.1. Movements in the fiscal year

Movements during the fiscal year ended December 31, 2013 in the net amounts of brands, trade names and other intangible assets were as follows:

| Gross value (EUR millions) | Brands | Trade names | Software, web sites | Leasehold rights | Other intangible assets | Total |
|---|---|---|---|---|---|---|
| **As of December 31, 2012** | **9,318** | **3,389** | **759** | **468** | **567** | **14,501** |
| Acquisitions | - | - | 95 | 53 | 105 | 253 |
| Disposals and retirements | - | - | (23) | (19) | (46) | (88) |
| Changes in the scope of consolidation | 7 | - | 47 | 46 | 10 | 110 |
| Translation adjustment | (59) | (132) | (14) | (4) | (13) | (222) |
| Reclassifications | - | - | 37 | 8 | (39) | 6 |
| **As of December 31, 2013** | **9,266** | **3,257** | **901** | **552** | **584** | **14,560** |

| Accumulated amortization and impairment (EUR millions) | Brands | Trade names | Software, web sites | Leasehold rights | Other intangible assets | Total |
|---|---|---|---|---|---|---|
| **As of December 31, 2012** | **(499)** | **(1,380)** | **(559)** | **(220)** | **(333)** | **(2,991)** |
| Amortization expense | (25) | (1) | (96) | (30) | (63) | (215) |
| Impairment expense | - | - | - | (1) | (1) | (2) |
| Disposals and retirements | - | - | 23 | 16 | 44 | 83 |
| Changes in the scope of consolidation | (2) | - | (41) | (14) | (5) | (62) |
| Translation adjustment | 8 | 57 | 9 | 1 | 11 | 86 |
| Reclassifications | - | - | (2) | (1) | 2 | (1) |
| **As of December 31, 2013** | **(518)** | **(1,324)** | **(666)** | **(249)** | **(345)** | **(3,102)** |
| **Net carrying amount as of December 31, 2013** | **8,748** | **1,933** | **235** | **303** | **239** | **11,458** |

## 3.2. Movements in prior fiscal years

| Net carrying amount *(EUR millions)* | Brands | Trade names | Software, web sites | Leasehold rights | Other intangible assets | Total |
|---|---|---|---|---|---|---|
| **As of December 31, 2010** | **6,717** | **1,977** | **141** | **111** | **158** | **9,104** |
| Acquisitions | - | - | 60 | 43 | 143 | 246 |
| Disposals and retirements | - | - | - | - | (1) | (1) |
| Changes in the scope of consolidation | 2,106 | 12 | 21 | 37 | 18 | 2,194 |
| Amortization expense | (32) | (1) | (80) | (18) | (51) | (182) |
| Impairment expense | - | - | - | - | - | - |
| Translation adjustment | 59 | 56 | 2 | 2 | 1 | 120 |
| Reclassification | - | - | 28 | 7 | (34) | 1 |
| **As of December 31, 2011** | **8,850** | **2,044** | **172** | **182** | **234** | **11,482** |
| Acquisitions | - | - | 81 | 72 | 85 | 238 |
| Disposals and retirements | - | - | (1) | (4) | 1 | (4) |
| Changes in the scope of consolidation | - | - | - | 18 | 1 | 19 |
| Amortization expense | (40) | (1) | (85) | (21) | (54) | (201) |
| Impairment expense | - | - | - | - | - | - |
| Translation adjustment | 9 | (34) | - | (3) | (2) | (30) |
| Reclassification | - | - | 33 | 4 | (31) | 6 |
| **As of December 31, 2012** | **8,819** | **2,009** | **200** | **248** | **234** | **11,510** |

The impact of changes in the scope of consolidation in fiscal year 2011 corresponded to the valuation of the Bulgari brand in the amount of 2,100 million euros.

## 3.3. Brands and trade names

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

| *(EUR millions)* | | | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| | Gross | Amortization and impairment | Net | Net | Net |
| Wines and Spirits | 1,018 | (70) | 948 | 973 | 980 |
| Fashion and Leather Goods | 3,883 | (367) | 3,516 | 3,532 | 3,555 |
| Perfumes and Cosmetics | 616 | (23) | 593 | 596 | 597 |
| Watches and Jewelry | 3,511 | (6) | 3,505 | 3,528 | 3,518 |
| Selective Retailing | 3,214 | (1,277) | 1,937 | 2,014 | 2,049 |
| Other activities | 281 | (99) | 182 | 185 | 195 |
| **Brands and trade names** | **12,523** | **(1,842)** | **10,681** | **10,828** | **10,894** |

The brands and trade names recognized are those that the Group has acquired. The principal acquired brands and trade names as of December 31, 2013 are:

- Wines and Spirits: Veuve Clicquot, Krug, Château d'Yquem, Château Cheval Blanc, Belvedere, Glenmorangie, Newton Vineyards and Numanthia Termes;
- Fashion and Leather Goods: Louis Vuitton, Fendi, Donna Karan New York, Céline, Loewe, Givenchy, Kenzo, Thomas Pink, Berluti, Pucci;
- Perfumes and Cosmetics: Parfums Christian Dior, Guerlain, Parfums Givenchy, Make Up For Ever, Benefit Cosmetics, Fresh and Acqua di Parma;
- Watches and Jewelry: Bulgari, TAG Heuer, Zenith, Hublot, Chaumet and Fred;
- Selective Retailing: DFS Galleria, Sephora, Le Bon Marché, Ile de Beauté and Ole Henriksen;
- Other activities: the publications of the media group Les Echos-Investir, the Royal Van Lent-Feadship brand and the patisserie brand Cova.

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 net selling price as of the closing date for the consolidated financial statements of the Group. This is notably the case for the brands Louis Vuitton, Veuve Clicquot, and Parfums Christian Dior, or the trade name Sephora, with the understanding that this list must not be considered as exhaustive.

Brands developed by the Group, notably Hennessy, Moët & Chandon, Dom Pérignon, Mercier and Ruinart champagnes, as well as De Beers Diamond Jewellers developed as a joint-venture with the De Beers group, are not capitalized in the balance sheet.

Brands and trade names developed by the Group, in addition to Louis Vuitton, Veuve Clicquot, Parfums Christian Dior and Sephora, represented 23% of total brands and trade names capitalized in the balance sheet and 58% of the Group's consolidated revenue.

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

## 4. GOODWILL

| *(EUR millions)* | | | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| | Gross | Impairment | Net | Net | Net |
| Goodwill arising on consolidated investments | 8,308 | (1,208) | 7,100 | 5,270 | 5,142 |
| Goodwill arising on purchase commitments for minority interests | 2,862 | (3) | 2,859 | 2,536 | 1,815 |
| **Total** | **11,170** | **(1,211)** | **9,959** | **7,806** | **6,957** |

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

| *(EUR millions)* | | | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| | Gross | Impairment | Net | Net | Net |
| **As of January 1** | **8,990** | **(1,184)** | **7,806** | **6,957** | **5,027** |
| Changes in the scope of consolidation [(a)] | 1,945 | 1 | 1,946 | 43 | 1,743 |
| Changes in purchase commitments for minority interests | 294 | - | 294 | 836 | 203 |
| Changes in impairment | - | (57) | (57) | (24) | (40) |
| Translation adjustment | (59) | 29 | (30) | (6) | 24 |
| **As of December 31** | **11,170** | **(1,211)** | **9,959** | **7,806** | **6,957** |

(a) See Note 2.

Changes in the scope of consolidation in fiscal year 2013 were mainly attributable to provisional goodwill arising on the acquisition of Loro Piana for 1,785 million euros, and to the provisional goodwill arising on the initial consolidation of Hotel Saint-Barth Isle de France, Nicholas Kirkwood and Cova for the remaining amount.

Changes in the scope of consolidation in fiscal year 2011 were mainly attributable to the integration of Bulgari for 1,522 million euros, as well as to that of Ile de Beauté, ArteCad and Heng Long.

Please refer also to Note 20 for goodwill arising on purchase commitments for minority interests.

# 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 have been subject to annual impairment testing. No significant impairment expense has been recognized in respect of these items during the course of fiscal year 2013. As described in Note 1.13, 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 over the course of each fiscal year. The main assumptions retained for the determination of these forecast cash flows are as follows:

| *(as %)* | 2013 | | | | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Discount rate | | Compound annual growth rate for revenue during the plan period | Growth rate for the period after the plan | Post-tax discount rate | Compound annual growth rate for revenue during the plan period | Growth rate for the period after the plan | Post-tax discount rate | Compound annual growth rate for revenue during the plan period | Growth rate for the period after the plan |
| | Post-tax | Pre-tax | | | | | | | | |
| Wines and Spirits | 7.5 to 11.2 | 11.2 to 16.7 | 9.2 | 2.0 | 7.5 to 11.2 | 10.3 | 2.0 | 7.5 to 11.2 | 11.8 | 2.0 |
| Fashion and Leather Goods | 8.0 to 13.1 | 11.9 to 19.6 | 11.1 | 2.0 | 8.0 to 13.1 | 11.7 | 2.0 | 8.0 to 13.3 | 12.5 | 2.0 |
| Perfumes and Cosmetics | 8.0 to 9.4 | 11.9 to 14 | 9.5 | 2.0 | 8.0 to 8.4 | 9.2 | 2.0 | 8.0 to 8.4 | 10.3 | 2.0 |
| Watches and Jewelry | 9.2 to 9.6 | 13.7 to 14.3 | 9.7 | 2.0 | 9.2 to 9.6 | 9.8 | 2.0 | 8.5 to 10.3 | 13.1 | 2.0 |
| Selective Retailing | 8.4 to 9.6 | 12.5 to 14.3 | 10.1 | 2.0 | 8.4 to 9.6 | 9.6 | 2.0 | 8.4 to 9.6 | 14.3 | 2.0 |
| Other | 6.5 to 8.2 | 9.7 to 12.2 | 2.7 | 2.0 | 6.5 to 8.2 | 10.9 | 2.0 | 6.5 to 8.2 | 3.3 | 2.0 |

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

Discount rates are unchanged compared to 2012, reflecting the stability of interest rates. 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, 2013, the intangible assets with indefinite useful lives that are the most significant in terms of their net carrying amounts and the criteria used for their 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 plans *(as %)* | Period covered by the forecast cash flows |
|---|---|---|---|---|---|---|
| Louis Vuitton | 2,058 | 489 | 2,547 | 8.0 | 2.0 | 5 years |
| Fendi | 713 | 405 | 1,118 | 9.6 | 2.0 | 5 years |
| Bulgari | 2,100 | 1,523 | 3,623 | 9.2 | 2.0 | 10 years |
| TAG Heuer | 1,010 | 192 | 1,202 | 9.2 | 2.0 | 5 years |
| DFS Galleria | 1,659 | 17 | 1,676 | 9.6 | 2.0 | 5 years |
| Sephora | 278 | 598 | 876 | 8.4 | 2.0 | 5 years |

As of December 31, 2013, for the business segments listed above, a change of 0.5 points in the post-tax discount rate or in the growth rate for the period not covered by the plans, compared to rates used as of December 31, 2013, or a reduction of 2 points in the compound 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, eight have disclosed intangible assets with a carrying amount close to their value in use. The carrying amount for each of these intangible assets as of December 31, 2013 as well as the impairment loss that would result from a change of 0.5 points in the post-tax discount rate or in the growth rate for the period not covered by the plans, or from a reduction of 2 points in the compound annual growth rate for revenue compared to rates used as of December 31, 2013 break down as follows:

| (EUR millions) | Amount of intangible assets concerned as of 12/31/2013 | Amount of impairment if: | | |
|---|---|---|---|---|
| | | Increase of 0.5% in post-tax discount rate | Decrease of 2% in compound annual growth rate for revenue | Decrease of 0.5% in growth rate for the period after the plan |
| Wines and Spirits | 661 | 29 | 34 | 11 |
| Fashion and Leather Goods | 487 | 18 | 27 | 9 |
| Other business groups | 488 | 40 | 36 | 32 |
| **Total** | **1,636** | **87** | **97** | **52** |

As of December 31, 2013, the gross and net values of brands, trade names and goodwill giving rise to amortization and/or impairment charges in 2013 were 849 million euros and 559 million euros, respectively.

## 6. PROPERTY, PLANT AND EQUIPMENT

| (EUR millions) | | | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| | Gross | Depreciation and impairment | Net | Net | Net |
| Land | 1,042 | (55) | 987 | 1,182 | 941 |
| Vineyard land and producing vineyards | 2,419 | (84) | 2,335 | 1,971 | 1,867 |
| Buildings | 2,458 | (1,182) | 1,276 | 1,314 | 1,399 |
| Investment property | 647 | (42) | 605 | 509 | 536 |
| Leasehold improvements, machinery and equipment | 7,207 | (4,571) | 2,636 | 2,124 | 1,895 |
| Assets in progress | 800 | - | 800 | 716 | 511 |
| Other tangible fixed assets | 1,489 | (526) | 963 | 953 | 868 |
| **Total** | **16,062** | **(6,460)** | **9,602** | **8,769** | **8,017** |
| *Of which: assets held under finance leases* | *275* | *(170)* | *105* | *110* | *113* |
| *historical cost of vineyard land and producing vineyards* | *661* | *(84)* | *577* | *575* | *552* |

## 6.1. Movements in the fiscal year

Movements in property, plant and equipment during the fiscal year break down as follows:

| **Gross value** *(EUR millions)* | Vineyard land and producing vineyards | Land and buildings | Investment property | Leasehold improvements, machinery and equipment | | | Assets in progress | Other tangible fixed assets | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Stores | Production, logistics | Other | | | |
| **As of December 31, 2012** | **2,051** | **3,865** | **580** | **3,454** | **1,629** | **850** | **716** | **1,538** | **14,683** |
| Acquisitions | 5 | 97 | 18 | 583 | 89 | 115 | 598 | 82 | 1,587 |
| Change in the market value of vineyard land | 369 | - | - | - | - | - | - | - | 369 |
| Disposals and retirements | - | (133) | (2) | (192) | (64) | (58) | (3) | (88) | (540) |
| Changes in the scope of consolidation | - | 71 | - | 112 | 180 | 48 | - | 3 | 414 |
| Translation adjustment | (13) | (131) | (15) | (187) | (20) | (33) | (19) | (36) | (454) |
| Other movements, including transfers | 7 | (269) | 66 | 498 | 55 | 148 | (492) | (10) | 3 |
| **As of December 31, 2013** | **2,419** | **3,500** | **647** | **4,268** | **1,869** | **1,070** | **800** | **1,489** | **16,062** |

| **Depreciation and impairment** *(EUR millions)* | Vineyard land and producing vineyards | Land and buildings | Investment property | Leasehold improvements, machinery and equipment | | | Assets in progress | Other tangible fixed assets | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Stores | Production, logistics | Other | | | |
| **As of December 31, 2012** | **(80)** | **(1,369)** | **(71)** | **(2,139)** | **(1,072)** | **(598)** | **-** | **(585)** | **(5,914)** |
| Depreciation expense | (6) | (122) | (7) | (473) | (118) | (110) | - | (80) | (916) |
| Impairment expense | - | (1) | - | (2) | - | - | (8) | - | (11) |
| Disposals and retirements | - | 75 | 2 | 190 | 63 | 56 | 1 | 66 | 453 |
| Changes in the scope of consolidation | - | (33) | - | (64) | (159) | (26) | - | (2) | (284) |
| Translation adjustment | 2 | 52 | 2 | 115 | 12 | 23 | - | 21 | 227 |
| Other movements, including transfers | - | 161 | 32 | (205) | 3 | (67) | 7 | 54 | (15) |
| **As of December 31, 2013** | **(84)** | **(1,237)** | **(42)** | **(2,578)** | **(1,271)** | **(722)** | **-** | **(526)** | **(6,460)** |
| **Net carrying amount as of December 31, 2013** | **2,335** | **2,263** | **605** | **1,690** | **598** | **348** | **800** | **963** | **9,602** |

The impact of marking vineyard land to market was 1,758 million euros as of December 31, 2013 (1,396 million euros as of December 31, 2012; 1,315 million euros as of December 31, 2011). See Notes 1.8 and 1.12 on the measurement method of vineyard land.

The market value of investment property, according to appraisals by independent third parties, was 1 billion euros as of December 31, 2013. The valuation methods used are based on market data (Level 2 of the fair value hierarchy established by IFRS 13).

The effects of changes in the scope of consolidation are mainly related to the consolidation of Loro Piana.

Purchases of property, plant and equipment include investments by Louis Vuitton, Sephora, DFS, Bulgari and Berluti in their retail networks, as well as those of the champagne houses in their production equipment, and those of Parfums Christian Dior in new counters.

## 6.2. Movements in prior fiscal years

| Net 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 tangible fixed assets | Total |
|---|---|---|---|---|---|---|---|---|---|
| **As of December 31, 2010** | **1,828** | **1,904** | **297** | **1,084** | **456** | **164** | **289** | **711** | **6,733** |
| Acquisitions | 18 | 303 | 237 | 336 | 92 | 66 | 413 | 159 | 1,624 |
| Disposals and retirements | - | (12) | - | (4) | (2) | (1) | (12) | (2) | (33) |
| Depreciation expense | (7) | (76) | (5) | (360) | (99) | (65) | - | (90) | (702) |
| Impairment expense | - | (1) | - | - | - | 2 | - | 1 | 2 |
| Change in the market value of vineyard land | 25 | - | - | - | - | - | - | - | 25 |
| Changes in the scope of consolidation | - | 147 | - | 20 | 22 | 2 | 5 | 22 | 218 |
| Translation adjustment | 1 | 57 | 8 | 35 | 2 | 3 | 9 | 4 | 119 |
| Other, including transfers | 2 | 18 | (1) | 85 | 40 | 17 | (193) | 63 | 31 |
| **As of December 31, 2011** | **1,867** | **2,340** | **536** | **1,196** | **511** | **188** | **511** | **868** | **8,017** |
| Acquisitions | 14 | 133 | 74 | 466 | 106 | 92 | 608 | 120 | 1,613 |
| Disposals and retirements | (1) | (15) | - | (4) | (1) | (1) | (2) | (4) | (28) |
| Depreciation expense | (6) | (143) | (5) | (371) | (111) | (92) | - | (90) | (818) |
| Impairment expense | - | (75) | - | - | (1) | - | - | - | (76) |
| Change in the market value of vineyard land | 86 | - | - | - | - | - | - | - | 86 |
| Changes in the scope of consolidation | - | 6 | - | 4 | - | - | - | 6 | 16 |
| Translation adjustment | (5) | (32) | (1) | (16) | (1) | (6) | (6) | (3) | (70) |
| Other, including transfers | 16 | 282 | (95) | 40 | 54 | 71 | (395) | 56 | 29 |
| **As of December 31, 2012** | **1,971** | **2,496** | **509** | **1,315** | **557** | **252** | **716** | **953** | **8,769** |

Purchases of property, plant and equipment in 2011 and 2012 included investments by Louis Vuitton, Sephora, DFS and Parfums Christian Dior in their retail networks, those of the champagne houses in their production equipment, in addition to the effects of real estate investments dedicated to administrative, commercial or rental purposes. In 2011 they also included investments by Glenmorangie and Parfums Christian Dior in their production equipment.

# 7. INVESTMENTS IN ASSOCIATES

| (EUR millions) | 2013 Gross | 2013 Impairment | 2013 Net | 2012 Net | 2011 Net |
|---|---|---|---|---|---|
| **Share of net assets of associates as of January 1** | **163** | **-** | **163** | **170** | **223** |
| Share of net profit (loss) for the period | 7 | - | 7 | 4 | 6 |
| Dividends paid | (15) | - | (15) | (9) | (12) |
| Changes in the scope of consolidation | 6 | - | 6 | 1 | (57) |
| Translation adjustment | (13) | - | (13) | (4) | 3 |
| Other movements, including transfers | 4 | - | 4 | 1 | 7 |
| **Share of net assets of associates as of December 31** | **152** | **-** | **152** | **163** | **170** |

As of December 31, 2013, investments in associates consisted primarily of:

- a 40% equity stake in Mongoual SA, a real estate company which owns an office building in Paris (France), which is the head office of LVMH Moët Hennessy - Louis Vuitton SA;
- a 45% equity stake in PT. Sona Topas Tourism Industry Tbk (STTI), an Indonesian retail company, which notably holds duty-free sales licenses in airports;
- a 46% equity stake in JW Anderson, a London-based ready-to-wear brand, acquired in September 2013.

The impact of changes in the scope of consolidation in 2011 were attributable to accounting for the above-mentioned investment in STTI and the change in accounting treatment of Ile de Beauté, which was previously accounted for under the equity method and has been fully consolidated since June 2011 (See Note 2).

# 8. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

| *(EUR millions)* | | | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| | Gross | Impairment | Net | Net | Net |
| **Total** | **7,230** | **(150)** | **7,080** | **6,004** | **5,982** |

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

| *(EUR millions)* | | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| | Total | Of which Hermès | | |
| **As of January 1** | **6,004** | **5,409** | **5,982** | **3,891** |
| Acquisitions | 197 | 133 | 125 | 496 |
| Disposals at net realized value | (38) | - | (36) | (17) |
| Changes in market value | 941 | 895 | (38) | 1,613 |
| Changes in impairment | (5) | - | (4) | (6) |
| Changes in the scope of consolidation | 1 | - | - | 6 |
| Translation adjustment | (11) | - | (5) | 6 |
| Reclassifications | (9) | - | (20) | (7) |
| **As of December 31** | **7,080** | **6,437** | **6,004** | **5,982** |

As of December 31, 2013, non-current available for sale assets mainly include an investment in Hermès International SCA ("Hermès") with a gross and net amount of 6,437 million euros (5,409 million euros as of December 31, 2012, 5,438 million euros as of December 31, 2011). The stake in the share capital of Hermès increased from 22.6% to 23.1% in fiscal year 2013, resulting from the acquisition of shares on the market. Given the legal form of Hermès, a "Société en Commandite par Actions", the investment stake held by LVMH is not accounted for under the equity method.

As of December 31, 2013, the stake in Hermès, corresponding to 24.4 million shares, represented, on the basis of the Hermès share price at that date on Paris stock exchange, an amount of 6.4 billion euros, for a total amount of 3.6 billion euros on initial recognition (2.6 billion euros in cash after deducting the gain recognized in 2010, upon the settlement of equity linked swaps covering 12.8 million shares).

As of December 31, 2013, the Hermès share price, applied for the purpose of valuing this investment, was 263.50 euros (226.30 as of December 31, 2012, 230.35 as of December 31, 2011).

The market value of non-current available for sale financial assets is determined using the methods described in Note 1.8 (see also Note 22.2 for the breakdown of these assets according to the measurement methods used). Impairment of non-current available for sale financial assets is determined in accordance with the accounting policies described in Note 1.14.

Non-current available for sale financial assets held by the Group as of December 31, 2013 include the following:

| *(EUR millions)* | Percentage of interest | Net value | Revaluation reserve | Dividends received | Equity | Net profit |
|---|---|---|---|---|---|---|
| Hermès International SCA (France) [a] | 23.1% | 6,437 | 2,800 | 61 | 2,344 [c] [d] | 740 [c] [d] |
| Hengdeli Holdings Ltd (China) [a] | 6.3% | 51 | 33 | 1 | 664 [c] [d] | 101 [c] [d] |
| Tod's SpA (Italy) [a] | 3.5% | 129 | 82 | 3 | 758 [c] [d] | 145 [c] [d] |
| L Real Estate SCA (Luxembourg) [b] | 32.2% | 114 | 33 | - | 353 [e] | 29 [e] |
| L Capital 2 FCPR (France) [b] | 18.5% | 42 | (2) | - | 216 [c] [e] | (4) [c] [e] |
| Sociedad Textil Lonia SA (Spain) [b] | 25.0% | 40 | 32 | 5 | 160 [c] [d] | 33 [c] [d] |
| Other investments | | 267 | 38 | 1 | | |
| **Total** | | **7,080** | **3,016** | **71** | | |

(a) Market value of securities as of the close of trading on December 31, 2013.
(b) Valuation at estimated net realizable value.
(c) Figures provided reflect company information prior to December 31, 2013, as fiscal year-end accounting data for 2013 was not available at the date of preparation of the financial statements.
(d) Consolidated data.
(e) Company data.

# 9. OTHER NON-CURRENT ASSETS

| *(EUR millions)* | 2013 | 2012 [a] | 2011 [a] |
|---|---|---|---|
| Warranty deposits | 226 | 210 | 185 |
| Derivatives | 68 | 176 | 143 |
| Loans and receivables | 123 | 115 | 125 |
| Other | 15 | 18 | 25 |
| **Total** | **432** | **519** | **478** |

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

# 10. INVENTORIES AND WORK IN PROGRESS

| *(EUR millions)* | | | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| | Gross | Impairment | Net | Net | Net |
| Wines and *eaux-de-vie* in the process of aging | 3,749 | (18) | 3,731 | 3,478 | 3,377 |
| Other raw materials and work in progress | 1,485 | (319) | 1,166 | 1,062 | 951 |
| | 5,234 | (337) | 4,897 | 4,540 | 4,328 |
| Goods purchased for resale | 1,287 | (117) | 1,170 | 1,171 | 988 |
| Finished products | 3,129 | (610) | 2,519 | 2,369 | 2,194 |
| | 4,416 | (727) | 3,689 | 3,540 | 3,182 |
| **Total** | **9,650** | **(1,064)** | **8,586** | **8,080** | **7,510** |

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

| (EUR millions) | | | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| | Gross | Impairment | Net | Net | Net |
| **As of January 1** | **9,057** | **(977)** | **8,080** | **7,510** | **5,991** |
| Change in gross inventories [a] | 761 | - | 761 | 827 | 770 |
| Fair value adjustment for the harvest of the period | 2 | - | 2 | (26) | 14 |
| Changes in impairment | - | (245) | (245) | (192) | (68) |
| Changes in the scope of consolidation | 305 | (20) | 285 | 32 | 694 |
| Translation adjustment | (328) | 29 | (299) | (78) | 135 |
| Other, including reclassifications | (147) | 149 | 2 | 7 | (26) |
| **As of December 31** | **9,650** | **(1,064)** | **8,586** | **8,080** | **7,510** |

(a) Including the impact of product returns. See Note 1.24.

Changes in the scope of consolidation in 2013 are mainly related to the consolidation of Loro Piana.

Changes in the scope of consolidation in 2011 primarily reflected the consolidation of Bulgari and Ile de Beauté.

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

| (EUR millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| Fair value adjustment for the harvest of the period | 37 | 12 | 50 |
| Adjustment for inventory consumed | (35) | (38) | (36) |
| **Net effect on cost of sales of the period** | **2** | **(26)** | **14** |
| **Net effect on the value of inventory as of period-end** | **173** | **171** | **197** |

See Notes 1.8 and 1.15 on the method of marking harvests to market.

# 11. TRADE ACCOUNTS RECEIVABLE

| (EUR millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| Trade accounts receivable, nominal amount | 2,431 | 2,227 | 2,107 |
| Provision for impairment | (67) | (63) | (64) |
| Provision for product returns | (175) | (179) | (165) |
| **Net amount** | **2,189** | **1,985** | **1,878** |

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

| (EUR millions) | | | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| | Gross | Impairment | Net | Net | Net |
| **As of January 1** | **2,227** | **(242)** | **1,985** | **1,878** | **1,565** |
| Changes in gross receivables | 288 | - | 288 | 147 | 80 |
| Changes in provision for impairment | - | (5) | (5) | 1 | 4 |
| Changes in provision for product returns | - | (1) | (1) | (5) | (14) |
| Changes in the scope of consolidation | 61 | (1) | 60 | (2) | 183 |
| Translation adjustment | (146) | 7 | (139) | (44) | 55 |
| Reclassifications | 1 | - | 1 | 10 | 5 |
| **As of December 31** | **2,431** | **(242)** | **2,189** | **1,985** | **1,878** |

The receivable auxiliary balance is comprised primarily 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, 2013, coverage of customer credit risk had been requested from insurers for the majority of trade receivables, approximately 90% of the amount of which was granted (93% as of December 31, 2012).

As of December 31, 2013, 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 | 1,972 | (12) | 1,960 |
| | - more than 3 months | 96 | (4) | 92 |
| | | 2,068 | (16) | 2,052 |
| Overdue: | - less than 3 months | 240 | (7) | 233 |
| | - more than 3 months | 123 | (44) | 79 |
| | | 363 | (51) | 312 |
| **Total** | | **2,431** | **(67)** | **2,364** |

For each of the fiscal years presented, no single customer represented revenue exceeding 10% of the Group's consolidated revenue.

There is no difference between the present value of trade accounts receivable and their carrying amount.

## 12. OTHER CURRENT ASSETS

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Current available for sale financial assets | 171 | 177 | 145 |
| Derivatives | 494 | 425 | 147 |
| Tax accounts receivable, excluding income taxes | 358 | 393 | 468 |
| Advances and payments on account to vendors | 173 | 195 | 163 |
| Prepaid expenses | 285 | 284 | 249 |
| Other receivables | 370 | 337 | 283 |
| **Total** | **1,851** | **1,811** | **1,455** |

There is no difference between the present value of other current assets and their carrying amount.

Please also refer to Note 13 Current available for sale financial assets and Note 22 Financial instruments and market risk management.

## 13. CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Unlisted securities, shares in non-money market SICAVs and funds | 12 | 13 | 14 |
| Listed securities | 159 | 164 | 131 |
| **Total** | **171** | **177** | **145** |
| *Of which: historical cost of current available for sale financial assets* | *136* | *161* | *140* |

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

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| **As of January 1** | **177** | **145** | **219** |
| Acquisitions | - | - | 256 |
| Disposals at net realized value | (27) | (4) | (285) |
| Changes in market value | 22 | 11 | 21 |
| Changes in impairment | - | - | (1) |
| Changes in the scope of consolidation [a] | - | - | (72) |
| Translation adjustment | (1) | - | - |
| Reclassifications | - | 25 | 7 |
| **As of December 31** | **171** | **177** | **145** |

(a) Impact related to the acquisition of Bulgari. See Note 2.

The market value of current available for sale financial assets is determined using the methods described in Note 1.8 (see also Note 22.2 for the breakdown of these assets according to the measurement methods used). See also Note 1.14 for the method used to determine impairment losses on current available for sale financial assets.

# 14. CASH AND CASH EQUIVALENTS

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Fixed term deposits (less than 3 months) | 810 | 480 | 421 |
| SICAV and FCP money market funds | 532 | 112 | 216 |
| Ordinary bank accounts | 1,879 | 1,604 | 1,666 |
| **Cash and cash equivalents per balance sheet** | **3,221** | **2,196** | **2,303** |

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)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Cash and cash equivalents | 3,221 | 2,196 | 2,303 |
| Bank overdrafts | (310) | (208) | (222) |
| **Net cash and cash equivalents per cash flow statement** | **2,911** | **1,988** | **2,081** |

## 14.1. Change in working capital

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

| *(EUR millions)* | Notes | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| Change in inventories and work in progress | 10 | (765) | (829) | (768) |
| Change in trade accounts receivable | 11 | (288) | (147) | (65) |
| Change in trade accounts payable | | 205 | 173 | 331 |
| Change in other receivables and payables | | 231 | (10) | (32) |
| **Change in working capital [a]** | | **(617)** | **(813)** | **(534)** |

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

### 14.2. Operating investments

Operating investments comprise the following elements for the periods presented:

| *(EUR millions)* | Notes | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| Purchase of intangible fixed assets | 3 | (253) | (238) | (244) |
| Purchase of tangible fixed assets | 6 | (1,587) | (1,613) | (1,624) |
| Changes in accounts payable related to fixed asset purchases | | 108 | 141 | 119 |
| **Net cash used in purchases of fixed assets** [(a)] | | **(1,732)** | **(1,710)** | **(1,749)** |
| **Net cash from fixed assets disposals** [(a)] | | **98** | **44** | **31** |
| Guarantee deposits paid and other cash flows related to operating investments | | (29) | (36) | (12) |
| **Operating investments** | | **(1,663)** | **(1,702)** | **(1,730)** |

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

## 15. EQUITY

### 15.1. Share capital and share premium account

As of December 31, 2013, issued and fully paid-up shares totaled 507,793,661 (508,163,349 shares as of December 31, 2012 and 507,815,624 shares as of December 31, 2011), with a par value of 0.30 euros per share, including 224,907,923 shares with double voting rights (224,699,349 as of December 31, 2012 and 224,575,071 as of December 31, 2011). Double voting rights are granted to registered shares held for more than three years.

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

| *(EUR millions)* | 2013 | | | | 2012 | 2011 |
|---|---|---|---|---|---|---|
| | Number | Amount | | | Amount | Amount |
| | | Share capital | Share premium account | Total | | |
| **As of January 1** | **508,163,349** | **152** | **3,848** | **4,000** | **3,953** | **1,929** |
| Increase in share capital related to the contribution of Bulgari shares | - | - | - | - | - | 2,037 |
| Exercise of share subscription options | 1,025,418 | - | 67 | 67 | 94 | 94 |
| Retirement of shares | (1,395,106) | - | (66) | (66) | (47) | (107) |
| **As of December 31** | **507,793,661** | **152** | **3,849** | **4,001** | **4,000** | **3,953** |

## 15.2. Treasury shares and derivatives settled in LVMH shares

The portfolio of treasury shares and derivatives settled in LVMH shares is allocated as follows:

| *(EUR millions)* | | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| | Number | Amount | Amount | Amount |
| Share subscription option plans | 4,301,285 | 203 | 270 | 319 |
| Share purchase option plans | - | - | 7 | 22 |
| Bonus share plans | 1,484,118 | 101 | 75 | 64 |
| Other plans | 816,950 | 39 | 49 | 64 |
| **Shares held for stock option and similar plans** [a] | **6,602,353** | **343** | **401** | **469** |
| Liquidity contract | 100,000 | 13 | 13 | 13 |
| Shares pending retirement | 689,566 | 95 | - | - |
| **LVMH treasury shares** | **7,391,919** | **451** | **414** | **482** |
| LVMH share-based calls | - | - | - | 3 |
| **LVMH treasury shares and derivatives settled in LVMH shares** | **7,391,919** | **451** | **414** | **485** |

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

“Other plans” correspond to future plans.

The market value of LVMH shares held under the liquidity contract as of December 31, 2013 amounts to 13 million euros.

The portfolio movements of LVMH treasury shares in fiscal year 2013 were as follows:

| *(EUR millions)* | Number | Amount | Effect on cash |
|---|---|---|---|
| **As of December 31, 2012** | **8,167,519** | **414** | |
| Share purchases | 2,848,311 | 386 | (386) |
| Exercise of share purchase options | (19,620) | (2) | 1 |
| Bonus shares definitively allocated | (193,440) | (10) | - |
| Retirement of shares | (1,395,106) | (66) | - |
| Proceeds from disposal at net realized value | (2,015,745) | (272) | 272 |
| Gain/(loss) on disposal | | 1 | - |
| **As of December 31, 2013** | **7,391,919** | **451** | **(113)** |

## 15.3. Dividends paid by the parent company LVMH SA

In accordance with French regulations, dividends are deducted from the profit for the year and reserves available for distribution of the parent company, after deducting applicable withholding tax and the value attributable to treasury shares.

As of December 31, 2013, the amount available for distribution was 10,272 million euros; after taking into account the proposed dividend distribution in respect of the 2013 fiscal year, the amount available for distribution is 9,308 million euros.

| *(EUR millions, except for data per share in EUR)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Interim dividend for the current fiscal year (2013: 1.20 euros; 2012: 1.10 euros; 2011: 0.80 euros) | 609 | 559 | 406 |
| Impact of treasury shares | (9) | (9) | (8) |
| | **600** | **550** | **398** |
| Final dividend for the previous fiscal year (2012 and 2011: 1.80 euros) | 914 | 914 | 685 |
| Impact of treasury shares | (14) | (16) | (14) |
| | **900** | **898** | **671** |
| **Total gross amount disbursed during the fiscal year** [a] | **1,500** | **1,448** | **1,069** |

(a) Excludes the impact of tax regulations applicable to the beneficiary.

The final dividend for fiscal year 2013, as proposed to the Shareholders' Meeting of April 10, 2014 is 1.90 euros per share, representing a total amount of 965 million euros, excluding the amount to be deducted in relation to treasury shares held at date of payment.

## 15.4. Cumulative translation adjustment

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

| *(EUR millions)* | 2013 | Change | 2012 | 2011 |
|---|---|---|---|---|
| US dollar | (203) | (104) | (99) | (57) |
| Swiss franc | 406 | (40) | 446 | 424 |
| Japanese yen | 52 | (68) | 120 | 212 |
| Hong Kong dollar | (15) | (75) | 60 | 88 |
| Pound sterling | (52) | (12) | (40) | (56) |
| Other currencies | (67) | (132) | 65 | 64 |
| Foreign currency net investment hedges | (129) | 81 | (210) | (244) |
| **Total, Group share** | **(8)** | **(350)** | **342** | **431** |

## 15.5. Strategy relating to the Group's financial structure

The Group firmly believes that the management of its financial structure contributes, together with the development of the companies it owns and the management of its brand portfolio, to its objective of driving value creation for its shareholders. Maintaining a suitable quality credit rating is a core objective for the Group, ensuring good access to markets and favorable conditions, allowing it both to seize opportunities and benefit from the resources that 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 the 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 in undrawn confirmed credit lines, so as to largely exceed the outstanding portion of its commercial paper program, while continuing to represent a reasonable cost for the Group.

# 16. STOCK OPTION AND SIMILAR PLANS

## 16.1. General characteristics of plans

### Share purchase option and subscription plans

The Shareholders' Meeting of April 5, 2012 renewed the authorization given to the Board of Directors, for a period of thirty-eight months expiring in June 2015, to grant share subscription or purchase options to Group company employees or directors, on one or more occasions, in an amount not to exceed 3% of the Company's share capital.

Each plan is valid for 10 years. The options may be exercised after a three-year period, for plans issued before 2004, or a four-year period, for plans issued from 2004.

For all plans, one option gives the right to one share.

### Bonus share plans

The Shareholders' Meeting of April 18, 2013 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2015, to grant bonus shares to Group company employees or directors, on one or more occasions, in an amount not to exceed 1% of the Company's share capital on the date of this authorization.

The allocation of bonus shares to beneficiaries who are French residents for tax purposes becomes definitive after a two-year vesting period (three years for allocations related to plans having commenced from 2011 onwards), which is followed by a two-year holding period during which the beneficiaries may not sell their shares.

The allocation of bonus shares to beneficiaries who are not French residents for tax purposes becomes definitive after a vesting period of four years and may be freely transferred at that time.

### Cash-settled share-based compensation plans index-linked to the change in the LVMH share price

In place of share option and bonus share plans, the Group has issued plans which are equivalent in terms of gains as for the beneficiaries of share purchase option plans and bonus share plans, but are settled in cash rather than shares. These plans have a four-year vesting period.

### Performance conditions

Since 2009, certain share subscription option plans and bonus share plans have been subject to performance conditions in proportions determined based on the hierarchical level and status of the beneficiary, that determine whether the beneficiaries are entitled to receive the definitive allocation of these plans. Shares subject to performance conditions are definitively allocated only if LVMH's consolidated financial statements both for the fiscal year in which the plan is set up (fiscal year "Y") and for fiscal year Y+1 show a positive change compared to fiscal year Y-1 in relation to one or more of the following indicators: profit from recurring operations, net cash from operating activities and operating investments, current operating margin rate.

## 16.2. Share purchase option plans

The main characteristics of share purchase option plans and changes having occurred during the fiscal year are as follows:

| Plan commencement date | Number of options granted | Exercise price *(EUR)* | Vesting period of rights | Number of options exercised in 2013 | Number of options expired in 2013 | Number of options to be exercised as of Dec. 31, 2013 |
|---|---|---|---|---|---|---|
| January 22, 2003 [a] | 3,155,225 | 37.00 | 3 years | 19,120 | 62,700 | - |
| January 22, 2003 [a] | 58,500 | 38.73 | " | 500 | 23,000 | - |
| **Total** | **3,213,725** | | | **19,620** | **85,700** | **-** |

(a) Plans expired on January 21, 2013.

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

| | 2013 | | 2012 | | 2011 | |
|---|---|---|---|---|---|---|
| | Number | Weighted average exercise price *(EUR)* | Number | Weighted average exercise price *(EUR)* | Number | Weighted average exercise price *(EUR)* |
| **Share purchase options outstanding as of January 1** | **105,320** | **37.39** | **385,070** | **39.90** | **915,482** | **47.15** |
| Options expired | (85,700) | 37.46 | (143,650) | 42.26 | (311,550) | 56.04 |
| Options exercised | (19,620) | 37.04 | (136,100) | 39.35 | (218,862) | 47.30 |
| **Share purchase options outstanding as of December 31** | **-** | **-** | **105,320** | **37.39** | **385,070** | **39.90** |

## 16.3. Share subscription option plans

The main characteristics of share subscription option plans and changes having occurred during the fiscal year are as follows:

| Plan commencement date | Number of options granted | Exercise price *(EUR)* | Vesting period of rights | Number of options exercised in 2013 | Number of options expired in 2013 | Number of options to be exercised as of Dec. 31, 2013 |
|---|---|---|---|---|---|---|
| January 21, 2004 | 2,720,425 | 55.70 | 4 years | (58,840) | (8,850) | 666,976 |
| " | 27,050 | 58.90 | " | (9,500) | (750) | 850 |
| May 12, 2005 | 1,852,150 | 52.82 | " | (78,656) | (3,000) | 138,601 |
| " | 72,250 | 55.83 | " | - | - | 18,600 |
| May 11, 2006 | 1,712,959 | 78.84 | " | (56,926) | (2,625) | 812,939 |
| " | 76,400 | 82.41 | " | (500) | - | 6,375 |
| May 10, 2007 | 1,679,988 | 86.12 | " | (66,881) | (3,025) | 839,300 |
| May 15, 2008 | 1,621,882 | 72.50 | " | (328,309) | (3,438) | 850,437 |
| " | 76,438 | 72.70 | " | (2,400) | - | 30,338 |
| May 14, 2009 [a] | 1,266,507 | 56.50 | " | (416,743) | (4,676) | 789,948 |
| " | 35,263 | 56.52 | " | (4,163) | (125) | 23,125 |
| July 29, 2009 | 2,500 | 57.10 | " | (2,500) | - | - |
| **Total** | **11,143,812** | | | **(1,025,418)** | **(26,489)** | **4,177,489** |

(a) Plan subject to performance conditions, see Note 16.1 General characteristics of plans.

The number of subscription options not exercised and the weighted average exercise prices changed as follows over the course of the fiscal years presented:

| | 2013 | | 2012 | | 2011 | |
|---|---|---|---|---|---|---|
| | Number | Weighted average exercise price *(EUR)* | Number | Weighted average exercise price *(EUR)* | Number | Weighted average exercise price *(EUR)* |
| **Share subscription options outstanding as of January 1** | **5,229,396** | **68.86** | **6,603,917** | **69.07** | **8,084,215** | **68.79** |
| Options expired | (26,489) | 63.56 | (29,546) | 65.36 | (84,463) | 71.23 |
| Options exercised | (1,025,418) | 64.52 | (1,344,975) | 69.96 | (1,395,835) | 67.31 |
| **Share subscription options outstanding as of December 31** | **4,177,489** | **69.97** | **5,229,396** | **68.86** | **6,603,917** | **69.07** |

## 16.4. Bonus share plans

The main characteristics of bonus share plans and changes having occurred during the year are as follows:

| Plan commencement date | Number of shares allocated initially | *Of which: performance shares*[a] | *Fiscal years to which performance conditions apply* | *Conditions satisfied?* | Vesting periods of rights | Expired allocations in 2013 | Shares vested in 2013 | Non-vested shares as of Dec. 31, 2013 |
|---|---|---|---|---|---|---|---|---|
| May 14, 2009 | 311,209 | - | - | - | 2[b] or 4 years[c] | (3,751) | (122,921) | - |
| July 29, 2009 | 833 | - | - | - | " | - | (833) | - |
| April 15, 2010 | 469,436 | *274,367* | *2010 and 2011* | *yes* | " | (6,497) | (1,552) | 136,190 |
| March 31, 2011 | 442,052 | *257,724* | *2011 and 2012* | *yes* | 3[b] or 4 years[c] | (9,076) | (431) | 418,209 |
| October 20, 2011 | 115,000 | - | - | - | 3 years | - | (67,500) | 47,500 |
| April 5, 2012 | 416,609 | *416,609* | *2012 and 2013* | *yes* | 3[b] or 4 years[c] | (10,381) | (203) | 402,262 |
| July 26, 2012 | 45,830 | *830* | *2012 and 2013* | *yes* | 3[b] or 4 years[c] | - | - | 45,830 |
| January 31.2013 | 32,800 | - | - | - | 2 years | - | - | 32,800 |
| July 25, 2013 | 397,406 | *397,406* | *2013 and 2014* | [d] | 3[b] or 4 years[c] | (2,307) | - | 395,099 |
| October 24, 2013 | 6,228 | *6,228* | *2013 and 2014* | [d] | 3[b] or 4 years[c] | - | - | 6,228 |
| **Total** | **2,237,403** | *1,353,164* | | | | **(32,012)** | **(193,440)** | **1,484,118** |

(a) See Note 16.1 General characteristics of plans.
(b) Beneficiaries with tax residence in France.
(c) Beneficiaries with tax residence outside France.
(d) The performance conditions, which were met in 2013, were considered to have been met in 2014 for the purpose of determining the expense for fiscal year 2013.

The number of non-vested shares allocated changed as follows during the period:

| *(number of shares)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Non-vested shares as of January 1** | **1,273,136** | **1,160,441** | **770,611** |
| Non-vested allocations during the period | 436,434 | 462,439 | 557,052 |
| Allocations vested during the period | (193,440) | (313,809) | (143,979) |
| Allocations expired during the period | (32,012) | (35,935) | (23,243) |
| **Non-vested shares as of December 31** | **1,484,118** | **1,273,136** | **1,160,441** |

Owned shares were remitted in settlement of the bonus shares vested during the periods presented.

## 16.5. Cash-settled compensation plans index-linked to the change in LVMH share price

The plans in force as of December 31, by type and number of equivalent share-based plans, together with the provision recognized in the balance sheet, break down as follows:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Type of plan** *(in equivalent number of shares)*: | | | |
| Share purchase option plan | 6,800 | 8,050 | 20,050 |
| Bonus share plan | - | - | 50,364 |
| **Provision as of December 31** *(EUR millions)* | **-** | **-** | **6** |

### 16.6. Expense for the period

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Share subscription and purchase option plans, bonus share plans | 34 | 53 | 52 |
| Cash-settled share-based compensation plans index-linked to the change in the LVMH share price | - | 1 | 1 |
| **Expense for the period** | **34** | **54** | **53** |

See Note 1.26 regarding the method used to determine the accounting expense.

The LVMH share price the day before the grant date of the plan amounted to 138.9 euros for the plan instituted on January 31, 2013, 130.4 euros for the plan instituted on July 25, 2013 and 139.7 euros for the plan instituted on October 24, 2013.

The average unit value of non-vested bonus shares granted in 2013 was 119.3 euros for beneficiaries who are French residents for tax purposes and 115.9 euros for beneficiaries with tax residence outside France.

## 17. MINORITY INTERESTS

| *(EUR millions)* | 2013 | 2012 [a] | 2011 [a] |
|---|---|---|---|
| **As of January 1** | **1,084** | **1,055** | **1,004** |
| Minority interests' share of net profit | 511 | 485 | 400 |
| Dividends paid to minority interests | (228) | (317) | (187) |
| Effects of changes in control of consolidated entities: | | | |
| - consolidation of Loro Piana | 51 | - | - |
| - consolidation of Bulgari | - | - | 772 |
| - consolidation of Heng Long | - | - | 18 |
| - other movements | (1) | (11) | 2 |
| Effects of acquisition and disposal of minority interests' shares: | | | |
| - acquisition of minority interests in Château d'Yquem | (51) | - | - |
| - acquisition of minority interests in Bulgari | - | - | (771) |
| - other movements | (25) | (26) | (14) |
| Total effects of changes in the percentage interest in consolidated entities | (26) | (37) | 7 |
| Capital increases subscribed by minority interests | 8 | 8 | 4 |
| Minority interests' share in gains and losses recognized in equity | 21 | (15) | 29 |
| Minority interests' share in stock option plan expenses | 3 | 3 | 3 |
| Effects of changes in minority interests subject to purchase commitments | (345) | (98) | (205) |
| **As of December 31** | **1,028** | **1,084** | **1,055** |

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

The change in minority interests' share in gains and losses recognized in equity breaks down as follows:

| (EUR millions) | Cumulative translation adjustment | Hedges of future foreign currency cash flows | Vineyard land | Revaluation adjustments of employee benefit commitments [a] | Total share of minority interests |
|---|---|---|---|---|---|
| **As of December 31, 2010** | **(43)** | **5** | **146** | **-** | **108** |
| Changes for the fiscal year | 36 | (6) | 3 | (4) | 29 |
| **As of December 31, 2011** | **(7)** | **(1)** | **149** | **(4)** | **137** |
| Changes for the fiscal year | (28) | 12 | 13 | (12) | (15) |
| **As of December 31, 2012** | **(35)** | **11** | **162** | **(16)** | **122** |
| Changes for the fiscal year | (44) | 4 | 54 | 7 | 21 |
| **As of December 31, 2013** | **(79)** | **15** | **216** | **(9)** | **143** |

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

# 18. BORROWINGS

## 18.1. Net financial debt

| (EUR millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| Long-term borrowings | 4,159 | 3,836 | 4,132 |
| Short-term borrowings | 4,688 | 2,976 | 3,134 |
| **Gross amount of borrowings** | **8,847** | **6,812** | **7,266** |
| Interest rate risk derivatives | (117) | (178) | (159) |
| Other derivatives | - | - | 1 |
| **Gross borrowings after derivatives** | **8,730** | **6,634** | **7,108** |
| Current available for sale financial assets | (171) | (177) | (145) |
| Cash and cash equivalents | (3,221) | (2,196) | (2,303) |
| **Net financial debt** | **5,338** | **4,261** | **4,660** |

Net financial debt does not take into consideration purchase commitments for minority interests included in "Other non-current liabilities" (see Note 20).

LVMH issued two bonds in 2013 under its EMTN program, each with a nominal value of 500 million euros, in addition to a bond with a nominal value of 600 million euros. These bonds are redeemable on maturity at par in November 2019, September 2016 and November 2020 respectively. The bond redeemable in 2019 was issued at 99.473% of par value with a coupon rate of 1.25%; it was swapped on issuance, thus converting 50% of the issue's nominal value into a floating rate financing arrangement. The bond redeemable in 2016 is a floating rate note. The third one, maturing in 2020, was issued at 99.399% of par value, bearing interest at 1.75%, and has not been subject to any swaps for hedging purposes.

Furthermore, the 300 million Swiss franc bond issued in 2007 was reimbursed, as well as a portion of debt relating to foreign currency denominated private placements (20 billion Japanese yen and 350 million US dollars).

## 18.2. Analysis of gross borrowings

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Bonds and Euro Medium Term Notes (EMTNs) | 3,866 | 3,337 | 3,390 |
| Finance and other long-term leases | 109 | 122 | 133 |
| Bank borrowings | 184 | 377 | 609 |
| **Long-term borrowings** | **4,159** | **3,836** | **4,132** |
| Bonds and Euro Medium Term Notes (EMTNs) | 1,013 | 696 | 759 |
| Finance and other long-term leases | 14 | 16 | 19 |
| Bank borrowings | 567 | 524 | 248 |
| Commercial paper | 2,348 | 1,212 | 1,603 |
| Other borrowings and credit facilities | 357 | 245 | 193 |
| Bank overdrafts | 310 | 208 | 222 |
| Accrued interest | 79 | 75 | 90 |
| **Short-term borrowings** | **4,688** | **2,976** | **3,134** |
| **Total borrowings** | **8,847** | **6,812** | **7,266** |

The market value of gross borrowings was 8,946 million euros as of December 31, 2013 (6,955 million euros as of December 31, 2012 and 7,418 million euros as of December 31, 2011).

As of December 31, 2013, 2012 and 2011, no amount of financial debt was recognized in accordance with the fair value option. See Note 1.20.

## 18.3. Bonds and EMTNs

| Nominal amount *(in local currency)* | Date of issuance | Maturity | Initial effective interest rate [a] *(as %)* | 2013 *(EUR millions)* | 2012 | 2011 |
|---|---|---|---|---|---|---|
| EUR 600,000,000 | 2013 | 2020 | 1.89 | 594 | - | - |
| EUR 500,000,000 | 2013 | 2019 | 1.38 | 490 | - | - |
| EUR 500,000,000 | 2013 | 2016 | floating | 500 | - | - |
| USD 850,000,000 | 2012 | 2017 | 1.75 | 616 | 653 | - |
| EUR 500,000,000 | 2011 | 2018 | 4.08 | 518 | 521 | 524 |
| EUR 500,000,000 | 2011 | 2015 | 3.47 | 515 | 527 | 522 |
| EUR 1,000,000,000 | 2009 | 2014 | 4.52 | 1,013 | 1,036 | 1,033 |
| EUR 250,000,000 | 2009 | 2015 | 4.59 | 260 | 267 | 263 |
| EUR 150,000,000 | 2009 | 2017 | 4.81 | 162 | 167 | 161 |
| CHF 200,000,000 | 2008 | 2015 | 4.04 | 163 | 166 | 165 |
| EUR 760,000,000 [b] | 2005 and 2008 | 2012 | 3.76 | - | - | 759 |
| CHF 300,000,000 | 2007 | 2013 | 3.46 | - | 253 | 250 |
| Private placements in foreign currencies | | | | 48 | 443 | 472 |
| **Total bonds and EMTNs** | | | | **4,879** | **4,033** | **4,149** |

(a) Before impact of interest rate hedges set up at the time of, or subsequent to, each issuance.
(b) Accumulated amounts and weighted average initial effective interest rate for a 600 million euros bond issued in 2005 at an initial effective interest rate of 3.43%, which was supplemented in 2008 by an amount of 160 million euros issued at an effective rate of 4.99%.

## 18.4. Finance and other long-term leases

The amount of the Group's debt resulting from finance and other long-term lease agreements, which corresponds to the present value of future payments, breaks down as follows, by maturity:

| (EUR millions) | 2013 | | 2012 | | 2011 | |
|---|---|---|---|---|---|---|
| | Minimum future payments | Present value of payments | Minimum future payments | Present value of payments | Minimum future payments | Present value of payments |
| Less than one year | 21 | 19 | 23 | 21 | 25 | 23 |
| One to five years | 57 | 43 | 67 | 49 | 78 | 56 |
| More than five years | 294 | 61 | 329 | 69 | 354 | 73 |
| **Total minimum future payments** | **372** | | **419** | | **457** | |
| Impact of discounting | (249) | | (280) | | (305) | |
| **Total debt under finance and other long-term lease agreements** | **123** | **123** | **139** | **139** | **152** | **152** |

Assets financed or refinanced under finance or other long-term leases relate mainly to property assets or industrial machinery.

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

| (EUR millions) | Gross borrowings | | | Effects of derivatives | | | Gross borrowings after derivatives | | |
|---|---|---|---|---|---|---|---|---|---|
| | Fixed rate | Floating rate | Total | Fixed rate | Floating rate | Total | Fixed rate | Floating rate | Total |
| Maturity: 2014 | 4,128 | 560 | 4,688 | (1,000) | 961 | (39) | 3,128 | 1,521 | 4,649 |
| 2015 | 1,000 | 63 | 1,063 | (703) | 655 | (48) | 297 | 718 | 1,015 |
| 2016 | 35 | 579 | 614 | - | (6) | (6) | 35 | 573 | 608 |
| 2017 | 787 | - | 787 | (766) | 743 | (23) | 21 | 743 | 764 |
| 2018 | 523 | - | 523 | - | (5) | (5) | 523 | (5) | 518 |
| 2019 | 494 | - | 494 | (250) | 254 | 4 | 244 | 254 | 498 |
| Thereafter | 677 | 1 | 678 | - | - | - | 677 | 1 | 678 |
| **Total** | **7,644** | **1,203** | **8,847** | **(2,719)** | **2,602** | **(117)** | **4,925** | **3,805** | **8,730** |

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

The breakdown by quarter of the amount falling due in 2014 is as follows:

| (EUR millions) | Falling due in 2014 |
|---|---|
| First quarter | 3,204 |
| Second quarter | 1,260 |
| Third quarter | 158 |
| Fourth quarter | 66 |
| **Total** | **4,688** |

### 18.6. Analysis of gross borrowings by currency after derivatives

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Euro | 6,912 | 4,753 | 5,349 |
| US dollar | 107 | 174 | 253 |
| Swiss franc | 981 | 992 | 991 |
| Japanese yen | 221 | 266 | 274 |
| Other currencies | 509 | 449 | 241 |
| **Total** | **8,730** | **6,634** | **7,108** |

In general, the purpose of foreign currency borrowings is to hedge net foreign currency-denominated assets of consolidated companies located outside of the euro zone.

### 18.7. Sensitivity

On the basis of debt as of December 31, 2013:

- an instantaneous increase of 1 point in the yield curves of the Group's debt currencies would raise the cost of net financial debt by 38 million euros after hedging, and would lower the market value of gross fixed-rate borrowings by 87 million euros after hedging;
- an instantaneous decline of 1 point in these same yield curves would lower the cost of net financial debt by 38 million euros after hedging, and would raise the market value of gross fixed-rate borrowings by 87 million euros after hedging.

These changes would have no impact on the amount of equity as of December 31, 2013, due to the absence of hedging of future interest payments.

### 18.8. Covenants

In connection with certain loan agreements, the Group has undertaken to comply with certain financial covenants. As of December 31, 2013, no significant loan agreements are concerned by those covenants.

### 18.9. Undrawn confirmed credit lines

As of December 31, 2013, unused confirmed credit lines totaled 4.4 billion euros.

### 18.10. Guarantees and collateral

As of December 31, 2013, borrowings secured by collateral were less than 200 million euros.

## 19. PROVISIONS

| *(EUR millions)* | 2013 | 2012 [a] | 2011 [a] |
|---|---|---|---|
| Provisions for pensions, medical costs and other employee benefit commitments | 455 | 519 | 413 |
| Provisions for contingencies and losses | 1,279 | 1,219 | 1,096 |
| Provisions for reorganization | 21 | 18 | 21 |
| **Non-current provisions** | **1,755** | **1,756** | **1,530** |
| Provisions for pensions, medical costs and other employee benefit commitments | 3 | 13 | 11 |
| Provisions for contingencies and losses | 289 | 282 | 294 |
| Provisions for reorganization | 30 | 40 | 44 |
| **Current provisions** | **322** | **335** | **349** |
| **Total** | **2,077** | **2,091** | **1,879** |

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

In fiscal year 2013, the changes in provisions were as follows:

| *(EUR millions)* | Dec. 31, 2012[a] | Increases | Amounts used | Amounts released | Changes in the scope of consolidation | Other items (including translation adjustment) | Dec. 31, 2013 |
|---|---|---|---|---|---|---|---|
| Provisions for pensions, medical costs and other employee benefit commitments | 532 | 91 | (83) | (4) | 15 | (93) | 458 |
| Provisions for contingencies and losses | 1,501 | 307 | (88) | (126) | (6) | (20) | 1,568 |
| Provisions for reorganization | 58 | 21 | (24) | (6) | 2 | - | 51 |
| **Total** | **2,091** | **419** | **(195)** | **(136)** | **11** | **(113)** | **2,077** |
| *Of which: profit from recurring operations* | | *221* | *(163)* | *(42)* | | | |
| *net financial income (expense)* | | - | - | - | | | |
| *other* | | *198* | *(33)* | *(94)* | | | |

(a) The balance sheet as of December 31, 2012 has been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

Provisions for contingencies and losses correspond to the estimate of the impact on assets and liabilities of risks, disputes, or actual or probable litigation arising from the Group's activities; 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 to the tax computation.

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 reassessed, are subject to appropriate provisions, the amount of which is regularly reviewed in accordance with the criteria of IAS 37 Provisions.

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

# 20. OTHER NON-CURRENT LIABILITIES

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Purchase commitments for minority interests | 6,035 | 5,022 | 4,195 |
| Derivatives (see Note 22) | 51 | 41 | 4 |
| Employee profit sharing[a] | 85 | 93 | 88 |
| Other liabilities | 232 | 300 | 219 |
| **Total** | **6,403** | **5,456** | **4,506** |

(a) French companies only, pursuant to legal provisions.

As of December 31, 2013, 2012 and 2011 purchase commitments for minority interests mainly include the put option granted to Diageo plc for its 34% share in Moët Hennessy, with six-months' advance notice and for 80% of the fair value of Moët Hennessy at the exercise date of the commitment. With regard to this commitment's valuation, the fair value was determined by applying the share price multiples of comparable firms to Moët Hennessy's consolidated operating results.

Moët Hennessy SNC 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 and excluding certain Champagne vineyards.

Purchase commitments for minority interests also include commitments relating to minority shareholders in Loro Piana (20%, see Note 2), Ile de Beauté (35%), Heng Long (35%) and distribution subsidiaries in various countries, mainly in the Middle East. Minority interests in Benefit exercised their put option in 2012 (see Note 2 for further information).

# 21. OTHER CURRENT LIABILITIES

| (EUR millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| Derivatives (see Note 22) | 76 | 20 | 265 |
| Employees and social institutions | 1,010 | 924 | 855 |
| Employee profit sharing [a] | 84 | 95 | 86 |
| Taxes other than income taxes | 405 | 361 | 385 |
| Advances and payments on account from customers | 165 | 139 | 180 |
| Deferred payment for tangible and financial non-current assets | 406 | 367 | 282 |
| Deferred income | 151 | 116 | 111 |
| Other liabilities | 703 | 573 | 552 |
| **Total** | **3,000** | **2,595** | **2,716** |

(a) French companies only, pursuant to legal provisions.

The present value of the other current liabilities is identical to their carrying amount.

# 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, are centralized.

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

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

The backbone of this organization is an integrated information system which allows hedging transactions to be monitored quickly.

The Group's hedging strategy is presented to the Audit Committee. Hedging decisions are made according to an established process that includes regular presentations to the Group's Executive Committee and detailed documentation.

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

## 22.2. Presentation of financial assets and liabilities in the balance sheet

### Breakdown and fair value of financial assets and liabilities according to the measurement categories defined by IAS 39

| (EUR millions) | Notes | 2013 | | 2012 | | 2011 | |
|---|---|---|---|---|---|---|---|
| | | Balance sheet value | Fair value [d] | Balance sheet value | Fair value [d] | Balance sheet value | Fair value [d] |
| Non-current available for sale financial assets | 8 | 7,080 | 7,080 | 6,004 | 6,004 | 5,982 | 5,982 |
| Current available for sale financial assets | 13 | 171 | 171 | 177 | 177 | 145 | 145 |
| Available for sale financial assets (see Note 1.14) | | 7,251 | 7,251 | 6,181 | 6,181 | 6,127 | 6,127 |
| Other non-current assets, excluding derivatives | 9 | 364 | 364 | 348 | 348 | 335 | 335 |
| Trade accounts receivable | 11 | 2,189 | 2,189 | 1,985 | 1,985 | 1,878 | 1,878 |
| Other current assets [a] | 12 | 901 | 901 | 925 | 925 | 914 | 914 |
| Loans and receivables (see Note 1.16) | | 3,454 | 3,454 | 3,258 | 3,258 | 3,127 | 3,127 |
| Cash and cash equivalents (see Note 1.17) | 14 | 3,221 | 3,221 | 2,196 | 2,196 | 2,303 | 2,303 |
| **Financial assets, excluding derivatives** | | **13,926** | **13,926** | **11,635** | **11,635** | **11,557** | **11,557** |
| Long-term borrowings | 18 | 4,159 | 4,256 | 3,836 | 3,977 | 4,132 | 4,275 |
| Short-term borrowings | 18 | 4,688 | 4,690 | 2,976 | 2,978 | 3,134 | 3,143 |
| Trade accounts payable | | 3,308 | 3,308 | 3,134 | 3,134 | 2,952 | 2,952 |
| Other non-current liabilities [b] | 20 | 317 | 317 | 393 | 393 | 307 | 307 |
| Other current liabilities [c] | 21 | 2,773 | 2,773 | 2,459 | 2,459 | 2,340 | 2,340 |
| **Financial liabilities, excluding derivatives (see Note 1.19)** | | **15,245** | **15,344** | **12,798** | **12,941** | **12,865** | **13,017** |
| **Derivatives (see Note 1.20)** | 22.3 | **435** | **435** | **540** | **540** | **21** | **21** |

(a) Excluding derivatives, available for sale financial assets and prepaid expenses.
(b) Excluding derivatives and purchase commitments for minority interests.
(c) Excluding derivatives and deferred income.
(d) See Note 1.8 on fair value measurement methods.

### Breakdown of financial assets and liabilities measured at fair value by measurement method

| (EUR millions) | 2013 | | | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Available for sale financial assets | Derivatives | Cash and cash equivalents | Available for sale financial assets | Derivatives | Cash and cash equivalents | Available for sale financial assets | Derivatives | Cash and cash equivalents |
| Valuation based on [a]: | | | | | | | | | |
| Published price quotations | 6,789 | - | 3,221 | 5,761 | - | 2,196 | 5,738 | - | 2,303 |
| Formula based on market data | 135 | 562 | - | 131 | 601 | - | 112 | 290 | - |
| Private quotations | 327 | - | - | 289 | - | - | 277 | - | - |
| **Assets** | **7,251** | **562** | **3,221** | **6,181** | **601** | **2,196** | **6,127** | **290** | **2,303** |
| Valuation based on [a]: | | | | | | | | | |
| Published price quotations | - | - | - | - | - | - | - | - | - |
| Formula based on market data | - | 127 | - | - | 61 | - | - | 269 | - |
| Private quotations | - | - | - | - | - | - | - | - | - |
| **Liabilities** | **-** | **127** | **-** | **-** | **61** | **-** | **-** | **269** | **-** |

(a) See Note 1.8 for information on the correspondence between valuation approaches used and the levels in the IFRS 13 fair value measurement hierarchy.

Derivatives used by the Group are measured at fair value according to generally accepted models and on the basis of observable 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.

The amount of financial assets valued on the basis of private quotations changed as follows in 2013:

| *(EUR millions)* | 2013 |
|---|---|
| **As of January 1** | **289** |
| Acquisitions | 57 |
| Disposals (at net realized value) | (31) |
| Gains and losses recognized in income statement | 15 |
| Gains and losses recognized in equity | (3) |
| **As of December 31** | **327** |

## 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 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|
| **Interest rate risk** | Assets: | non-current | | 67 | 131 | 113 |
| | | current | | 68 | 56 | 57 |
| | Liabilities: | non-current | | (9) | (1) | (1) |
| | | current | | (9) | (8) | (10) |
| | | | 22.3 | **117** | **178** | **159** |
| **Foreign exchange risk** | Assets: | non-current | | 1 | 17 | 2 |
| | | current | | 389 | 369 | 83 |
| | Liabilities: | non-current | | (42) | (40) | (3) |
| | | current | | (60) | (9) | (255) |
| | | | 22.4 | **288** | **337** | **(173)** |
| **Other risks** | Assets: | non-current | | - | 28 | 28 |
| | | current | | 37 | - | 7 |
| | Liabilities: | non-current | | - | - | - |
| | | current | | (7) | (3) | - |
| | | | | **30** | **25** | **35** |
| **Total** | Assets: | non-current | 9 | 68 | 176 | 143 |
| | | current | 12 | 494 | 425 | 147 |
| | Liabilities: | non-current | 20 | (51) | (41) | (4) |
| | | current | 21 | (76) | (20) | (265) |
| | | | | **435** | **540** | **21** |

## 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 effects of significant changes in interest rates.

As such, the Group uses interest rate swaps and options.

Derivatives used to manage interest rate risk outstanding as of December 31, 2013 break down as follows:

| *(EUR millions)* | Nominal amounts by maturity | | | | Market value [a] [b] | | |
|---|---|---|---|---|---|---|---|
| | Less than one year | One to five years | More than five years | Total | Fair value hedges | Not allocated | Total |
| Interest rate swaps in euros: | | | | | | | |
| - floating rate payer | 1,000 | 900 | 250 | 2,150 | 113 | - | 113 |
| - floating rate/floating rate | 152 | - | - | 152 | - | - | - |
| Foreign currency swaps | - | 1,644 | - | 1,644 | 2 | 2 | 4 |
| Other interest rate risk derivatives | - | 500 | - | 500 | - | - | - |
| **Total** | | | | | **115** | **2** | **117** |

(a) Gain/(Loss).
(b) See Note 1.8 regarding the methodology used for market value measurement.

## 22.5. Derivatives used to manage foreign exchange risk

A significant part of Group companies' sales to customers and to their own retail subsidiaries as well as certain purchases are denominated in currencies other than their functional currency; the majority of these foreign currency-denominated cash flows are inter-company 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.

In addition, the Group may also use appropriate financial instruments to hedge the net worth of subsidiaries outside the euro zone, 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, 2013 break down as follows:

| *(EUR millions)* | Nominal amounts by fiscal year of allocation | | | | Market value [a] [b] | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | Beyond | Total | Fair value hedges | Future cash flow hedges | Foreign currency net investment hedges | Not allocated | Total |
| **Options purchased** | | | | | | | | | |
| Put USD | 62 | 207 | - | 269 | 1 | 10 | - | (1) | 10 |
| Put JPY | 2 | 10 | - | 12 | - | 1 | - | - | 1 |
| Put GBP | - | 8 | - | 8 | - | - | - | - | - |
| | **64** | **225** | **-** | **289** | **1** | **11** | **-** | **(1)** | **11** |
| **Collars** | | | | | | | | | |
| Written USD | 273 | 3,010 | - | 3,283 | 17 | 162 | - | 5 | 184 |
| Written JPY | 5 | 402 | - | 407 | - | 47 | - | - | 47 |
| Written Other | 7 | 106 | - | 113 | - | 1 | - | - | 1 |
| | **285** | **3,518** | **-** | **3,803** | **17** | **210** | **-** | **5** | **232** |
| **Forward exchange contracts** [c] | | | | | | | | | |
| USD | 156 | (64) | - | 92 | 1 | (1) | - | - | - |
| JPY | 62 | 116 | - | 178 | - | 38 | - | - | 38 |
| GBP | 16 | 16 | - | 32 | - | - | - | - | - |
| Other | 81 | (218) | - | (137) | 1 | 1 | - | 1 | 3 |
| | **315** | **(150)** | **-** | **165** | **2** | **38** | **-** | **1** | **41** |
| **Foreign exchange swaps** [c] | | | | | | | | | |
| USD | 2,884 | 32 | - | 2,916 | 2 | - | 10 | (37) | (25) |
| CHF | 254 | (18) | - | 236 | - | - | (1) | (2) | (3) |
| GBP | 171 | 2 | - | 173 | - | - | - | 1 | 1 |
| JPY | 352 | - | - | 352 | 4 | - | 1 | 10 | 15 |
| Other | 417 | (43) | - | 374 | - | - | 17 | (1) | 16 |
| | **4,078** | **(27)** | **-** | **4,051** | **6** | **-** | **27** | **(29)** | **4** |
| **Total** | | | | | **26** | **259** | **27** | **(24)** | **288** |

(a) Gain/(Loss).
(b) See Note 1.8 regarding the methodology used for market value measurement.
(c) Sale/(Purchase).

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 be recognized in 2014; the amount will depend on exchange rates at this date.

The impacts on the net profit for fiscal year 2013 of a 10% change in the value of the US dollar, the Japanese yen, the Swiss franc and the Hong Kong dollar against the euro, including impact of foreign currency hedges outstanding during the period, compared with the rates applying to transactions in 2013, would have been as follows:

| *(EUR millions)* | US dollar | | Japanese yen | | Swiss franc | | Hong Kong dollar | |
|---|---|---|---|---|---|---|---|---|
| | +10% | -10% | +10% | -10% | +10% | -10% | +10% | -10% |
| Impact of: | | | | | | | | |
| - change in exchange rates of receipts in respect of foreign currency-denominated sales | (223) | (38) | 12 | (7) | - | - | (4) | 3 |
| - conversion to euro of net profit of entities outside the euro zone | 57 | (57) | 15 | (15) | 14 | (14) | 42 | (42) |
| **Impact on net profit** | **(166)** | **(95)** | **27** | **(22)** | **14** | **(14)** | **38** | **(39)** |

The data presented in the table above should be assessed on the basis of the characteristics of the hedging instruments outstanding in fiscal year 2013, mainly comprising options and collars.

As of December 31, 2013, forecast cash collections for 2014 in US dollars and Japanese yen are both hedged in the proportion of 71%.

The Group's net equity (excluding net profit) exposure to foreign currency fluctuations as of December 31, 2013 is assessed by measuring the effect of a 10% change in the value of the US dollar, the Japanese yen, the Swiss franc and the Hong Kong dollar against the euro compared to the rates applying as of the same date:

| *(EUR millions)* | US dollar | | Japanese yen | | Swiss franc | | Hong Kong dollar | |
|---|---|---|---|---|---|---|---|---|
| | +10% | -10% | +10% | -10% | +10% | -10% | +10% | -10% |
| Conversion of foreign-currency denominated net assets | 249 | (249) | 23 | (23) | 244 | (244) | 167 | (167) |
| Change in market value of net investment hedges, after tax | (80) | 65 | (3) | 2 | (70) | 58 | (57) | 46 |
| **Net impact on equity, excluding net profit** | **169** | **(184)** | **20** | **(21)** | **174** | **(186)** | **110** | **(121)** |

## 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 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 create synthetically an economic exposure to certain assets, or to hedge cash-settled compensation plans index-linked to the LVMH share price. 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. As of December 31, 2013, derivatives used to manage equity risk with an impact on the Group's net profit have a positive market value of 37 million euros. Considering nominal values of 20 million euros for those derivatives, a uniform 1% change in their underlying assets' share prices as of December 31, 2013 would induce a net impact on the Group's profit for an amount of less than 0.4 million euros. Most of these instruments mature in 2014.

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, 2013 have a negative market value of 7 million euros. Considering nominal values of 37 million euros for those derivatives, a uniform 1% change in their underlying assets' prices as of December 31, 2013 would induce a net impact on the Group's consolidated reserves in an amount of less than 0.5 million euros. These instruments mature in 2014.

## 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, net of cash and cash equivalents, i.e. 1.1 billion euros as of December 31, 2013, or through the outstanding amount of its commercial paper program, i.e. 2.3 billion euros. Should any of these instruments not be renewed, the Group has access to undrawn confirmed credit lines totaling 4.4 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, 2013, at nominal value and with interest, excluding discounting effects:

| (EUR millions) | 2014 | 2015 | 2016 | 2017 | 2018 | Over 5 years | Total |
|---|---|---|---|---|---|---|---|
| Bonds and EMTNs | 1,107 | 982 | 603 | 812 | 522 | 1,125 | 5,151 |
| Bank borrowings | 576 | 112 | 61 | 6 | 2 | 2 | 759 |
| Other borrowings and credit facilities | 361 | - | - | - | - | - | 361 |
| Finance and other long-term leases | 21 | 17 | 15 | 13 | 12 | 296 | 374 |
| Commercial paper | 2,348 | - | - | - | - | - | 2,348 |
| Bank overdrafts | 310 | - | - | - | - | - | 310 |
| **Gross financial debt** | **4,723** | **1,111** | **679** | **831** | **536** | **1,423** | **9,303** |
| Other liabilities, current and non-current[a] | 2,773 | 72 | 26 | 34 | 30 | 59 | 2,994 |
| Trade accounts payable | 3,308 | - | - | - | - | - | 3,308 |
| **Other financial liabilities** | **6,081** | **72** | **26** | **34** | **30** | **59** | **6,302** |
| **Total financial liabilities** | **10,804** | **1,183** | **705** | **865** | **566** | **1,482** | **15,605** |

(a) Corresponds to "Other current liabilities" (excluding derivatives, purchase commitments for minority interest and deferred income) for 2,773 million euros and to "Other non-current liabilities" (excluding derivatives, purchase commitments for minority interests and deferred income of 96 million euros as of December 31, 2013) for 221 million euros. See Note 22.2.

See Note 30.3 regarding contractual maturity dates of collateral and other guarantees commitments. See Notes 18.6 and 22.5 regarding foreign exchange derivatives and Note 22.4 regarding interest rate risk derivatives.

## 23. SEGMENT INFORMATION

The Group's brands and trade names are organized into six business groups. Four business groups – Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry – comprise brands dealing with the same category of products that use similar production and distribution processes.

The Selective Retailing business 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 abovementioned business groups, most often relating to the Group's new businesses and holding or real estate companies.

## 23.1. Information by business group

### Fiscal year 2013

| (EUR millions) | Wines and Spirits | Fashion and Leather Goods | Perfumes and Cosmetics | Watches and Jewelry | Selective Retailing | Other and holding companies | Eliminations and not allocated [a] | Total |
|---|---|---|---|---|---|---|---|---|
| Sales outside the Group | 4,160 | 9,834 | 3,228 | 2,732 | 8,915 | 280 | - | 29,149 |
| intra-Group sales | 27 | 48 | 489 | 52 | 23 | 15 | (654) | - |
| **Total revenue** | **4,187** | **9,882** | **3,717** | **2,784** | **8,938** | **295** | **(654)** | **29,149** |
| Profit from recurring operations | 1,370 | 3,140 | 414 | 375 | 901 | (177) | (2) | 6,021 |
| Other operating income and expenses | (4) | (63) | (6) | (6) | (5) | (43) | - | (127) |
| Depreciation and amortization expense | 110 | 447 | 128 | 143 | 264 | 39 | - | 1,131 |
| Impairment expense | (1) | 48 | - | - | 8 | 12 | - | 67 |
| Intangible assets and goodwill [b] | 4,219 | 6,625 | 1,068 | 5,582 | 2,992 | 931 | - | 21,417 |
| Property, plant and equipment | 2,238 | 2,018 | 404 | 399 | 1,321 | 3,222 | - | 9,602 |
| Inventories | 4,253 | 1,388 | 356 | 1,136 | 1,449 | 159 | (155) | 8,586 |
| Other operating assets | 1,133 | 741 | 590 | 594 | 495 | 581 | 11,935 [c] | 16,069 |
| **Total assets** | **11,843** | **10,772** | **2,418** | **7,711** | **6,257** | **4,893** | **11,780** | **55,674** |
| Equity | - | - | - | - | - | - | 27,723 | 27,723 |
| Liabilities | 1,310 | 2,121 | 1,130 | 716 | 1,821 | 697 | 20,156 [d] | 27,951 |
| **Total liabilities and equity** | **1,310** | **2,121** | **1,130** | **716** | **1,821** | **697** | **47,879** | **55,674** |
| Operating investments [e] | (187) | (629) | (229) | (192) | (390) | (36) | - | (1,663) |

### Fiscal year 2012

| (EUR millions) | Wines and Spirits | Fashion and Leather Goods | Perfumes and Cosmetics | Watches and Jewelry | Selective Retailing | Other and holding companies | Eliminations and not allocated [a] | Total |
|---|---|---|---|---|---|---|---|---|
| Sales outside the Group | 4,116 | 9,872 | 3,165 | 2,778 | 7,856 | 316 | - | 28,103 |
| Intra-Group sales | 21 | 54 | 448 | 58 | 23 | 16 | (620) | - |
| **Total revenue** | **4,137** | **9,926** | **3,613** | **2,836** | **7,879** | **332** | **(620)** | **28,103** |
| Profit from recurring operations | 1,260 | 3,264 | 408 | 334 | 854 | (164) | (35) | 5,921 |
| Other operating income and expenses | (13) | (108) | (7) | (8) | (19) | (27) | - | (182) |
| Depreciation and amortization expense | 100 | 414 | 112 | 122 | 229 | 42 | - | 1,019 |
| Impairment expense | 1 | 81 | - | - | 3 | 16 | - | 101 |
| Intangible assets and goodwill [b] | 3,989 | 4,857 | 1,032 | 5,577 | 3,046 | 815 | - | 19,316 |
| Property, plant and equipment | 1,937 | 1,768 | 312 | 378 | 1,252 | 3,122 | - | 8,769 |
| Inventories | 4,008 | 1,158 | 339 | 1,213 | 1,421 | 101 | (160) | 8,080 |
| Other operating assets | 1,057 | 658 | 583 | 635 | 459 | 590 | 9,851 [c] | 13,833 |
| **Total assets [f]** | **10,991** | **8,441** | **2,266** | **7,803** | **6,178** | **4,628** | **9,691** | **49,998** |
| Equity | - | - | - | - | - | - | 25,508 | 25,508 |
| Liabilities | 1,271 | 1,870 | 1,098 | 732 | 1,785 | 675 | 17,059 [d] | 24,490 |
| **Total liabilities and equity [f]** | **1,271** | **1,870** | **1,098** | **732** | **1,785** | **675** | **42,567** | **49,998** |
| Operating investments [e] | (182) | (579) | (196) | (136) | (332) | (277) | - | (1,702) |

### Fiscal year 2011

| *(EUR millions)* | Wines and Spirits | Fashion and Leather Goods | Perfumes and Cosmetics | Watches and Jewelry | Selective Retailing | Other and holding companies | Eliminations and not allocated [a] | Total |
|---|---|---|---|---|---|---|---|---|
| Sales outside the Group | 3,511 | 8,672 | 2,851 | 1,911 | 6,414 | 300 | - | 23,659 |
| Intra-Group sales | 13 | 40 | 344 | 38 | 22 | 14 | (471) | - |
| **Total revenue** | **3,524** | **8,712** | **3,195** | **1,949** | **6,436** | **314** | **(471)** | **23,659** |
| Profit from recurring operations | 1,101 | 3,075 | 348 | 265 | 716 | (204) | (38) | 5,263 |
| Other operating income and expenses | (16) | (56) | (2) | (6) | (26) | (3) | - | (109) |
| Depreciation and amortization expense | 92 | 359 | 105 | 82 | 209 | 37 | - | 884 |
| Impairment expense | - | 20 | - | - | 5 | 15 | - | 40 |
| Intangible assets and goodwill [b] | 3,121 | 4,873 | 985 | 5,570 | 3,015 | 875 | - | 18,439 |
| Property, plant and equipment | 1,820 | 1,635 | 237 | 354 | 1,114 | 2,857 | - | 8,017 |
| Inventories | 3,905 | 1,030 | 337 | 1,118 | 1,181 | 67 | (128) | 7,510 |
| Other operating assets | 947 | 512 | 513 | 546 | 386 | 617 | 9,626 [c] | 13,147 |
| **Total assets [f]** | **9,793** | **8,050** | **2,072** | **7,588** | **5,696** | **4,416** | **9,498** | **47,113** |
| Equity | - | - | - | - | - | - | 23,426 | 23,426 |
| Liabilities | 1,303 | 1,738 | 1,047 | 697 | 1,482 | 679 | 16,741 [d] | 23,687 |
| **Total liabilities and equity [f]** | **1,303** | **1,738** | **1,047** | **697** | **1,482** | **679** | **40,167** | **47,113** |
| Operating investments [e] | (159) | (437) | (150) | (117) | (215) | (652) | - | (1,730) |

(a) Eliminations correspond to sales between business groups; these generally consist of sales from business groups other than Selective Retailing to Selective Retailing. Selling prices between the different business groups correspond to the prices applied in the normal course of business for sales transactions to wholesalers or distributors outside the Group.
(b) Intangible assets and goodwill correspond to the net carrying amounts shown under Notes 3 and 4.
(c) Assets not allocated include investments in associates, available for sale financial assets, other financial assets, and income tax receivables. As of December 31, 2013, they include the 23.1% shareholding in Hermès International, representing an amount of 6,437 million euros, see Note 8 (5,409 million euros as of December 31, 2012 and 5,438 million euros as of December 31, 2011).
(d) Liabilities not allocated include financial debt and both current and deferred tax liabilities.
(e) Increase/(Decrease) in cash and cash equivalents.
(f) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

Data for fiscal year 2011 integrated data for Bulgari, which has been fully consolidated since June 30, 2011. Considering the fact that Bulgari is managed by a unique management team, dealing with all of the businesses related to Bulgari, which involve mainly manufacturing and distributing watches and jewelry, all of Bulgari's activities, including perfumes and cosmetics, have been included in the Watches and Jewelry business group.

As of December 31, 2011 and with respect to the period of Bulgari's consolidation within the LVMH group, its perfumes and cosmetics business accounted for consolidated revenue of 142 million euros.

## 23.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| France | 3,144 | 3,107 | 2,866 |
| Europe (excluding France) | 5,510 | 5,455 | 4,797 |
| United States | 6,652 | 6,390 | 5,237 |
| Japan | 2,066 | 2,363 | 1,970 |
| Asia (excluding Japan) | 8,669 | 7,895 | 6,430 |
| Other | 3,108 | 2,893 | 2,359 |
| **Revenue** | **29,149** | **28,103** | **23,659** |

Operating investments by geographic region are as follows:

| (EUR millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| France | 586 | 648 | 692 |
| Europe (excluding France) | 315 | 290 | 601 |
| United States | 237 | 283 | 127 |
| Japan | 71 | 69 | 46 |
| Asia (excluding Japan) | 342 | 326 | 194 |
| Other | 112 | 86 | 70 |
| **Operating investments** | **1,663** | **1,702** | **1,730** |

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 sales by business group break down as follows:

| (EUR millions) | Wines and Spirits | Fashion and Leather Goods | Perfumes and Cosmetics | Watches and Jewelry | Selective Retailing | Other and holding companies | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| First quarter | 979 | 2,383 | 932 | 624 | 2,122 | 72 | (165) | 6,947 |
| Second quarter | 829 | 2,328 | 872 | 686 | 2,093 | 97 | (157) | 6,748 |
| Third quarter | 1,032 | 2,428 | 879 | 677 | 2,101 | 55 | (152) | 7,020 |
| Fourth quarter | 1,347 | 2,743 | 1,034 | 797 | 2,622 | 71 | (180) | 8,434 |
| **Total 2013** | **4,187** | **9,882** | **3,717** | **2,784** | **8,938** | **295** | **(654)** | **29,149** |
| First quarter | 926 | 2,374 | 899 | 630 | 1,823 | 84 | (154) | 6,582 |
| Second quarter | 833 | 2,282 | 828 | 713 | 1,767 | 99 | (138) | 6,384 |
| Third quarter | 1,006 | 2,523 | 898 | 690 | 1,862 | 66 | (145) | 6,900 |
| Fourth quarter | 1,372 | 2,747 | 988 | 803 | 2,427 | 83 | (183) | 8,237 |
| **Total 2012** | **4,137** | **9,926** | **3,613** | **2,836** | **7,879** | **332** | **(620)** | **28,103** |
| First quarter | 762 | 2,029 | 803 | 261 | 1,421 | 74 | (103) | 5,247 |
| Second quarter | 673 | 1,942 | 715 | 315 | 1,410 | 83 | (93) | 5,045 |
| Third quarter | 871 | 2,218 | 793 | 636 | 1,547 | 74 | (128) | 6,011 |
| Fourth quarter | 1,218 | 2,523 | 884 | 737 | 2,058 | 83 | (147) | 7,356 |
| **Total 2011** | **3,524** | **8,712** | **3,195** | **1,949** | **6,436** | **314** | **(471)** | **23,659** |

## 24. REVENUE AND EXPENSES BY NATURE

### 24.1. Analysis of revenue

Revenue consists of the following:

| (EUR millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| Revenue generated by brands and trade names | 28,697 | 27,650 | 23,274 |
| Royalties and license revenue | 159 | 160 | 133 |
| Income from investment property | 28 | 39 | 34 |
| Other revenue | 265 | 254 | 218 |
| **Total** | **29,149** | **28,103** | **23,659** |

Approximately 63% of the Group's revenue was generated through its own stores in 2013, 2102 and 2011.

## 24.2. Expenses by nature

Profit from recurring operations includes the following expenses:

| (EUR millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| Advertising and promotion expenses | 3,332 | 3,277 | 2,711 |
| Commercial lease expenses | 2,489 | 1,944 | 1,563 |
| Personnel costs | 5,006 | 4,803 | 4,074 |
| Research and development expenses | 72 | 69 | 63 |

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, 2013, a total of 3,384 stores (excluding Loro Piana, whose network will be integrated in 2014) were operated by the Group worldwide (3,204 in 2012, 3,040 in 2011), 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) | 2013 | 2012 | 2011 |
|---|---|---|---|
| Fixed or minimum lease payments | 1,056 | 873 | 675 |
| Variable portion of indexed leases | 365 | 408 | 348 |
| Airport concession fees – fixed portion or minimum amount | 575 | 214 | 223 |
| Airport concession fees – variable portion | 493 | 449 | 317 |
| **Commercial lease expenses** | **2,489** | **1,944** | **1,563** |

Personnel costs consist of the following elements:

| (EUR millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| Salaries and social charges | 4,884 | 4,666 | 3,954 |
| Pensions, contribution to medical costs and expenses in respect of defined benefit plans | 88 | 83 | 67 |
| Stock option plan and related expenses | 34 | 54 | 53 |
| **Personnel costs** | **5,006** | **4,803** | **4,074** |

# 25. OTHER OPERATING INCOME AND EXPENSES

| (EUR millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| Net gains (losses) on disposals of fixed assets | 7 | (4) | (4) |
| Restructuring costs | (22) | (28) | (40) |
| Remeasurement of shares purchased prior to their initial consolidation | - | - | 22 |
| Transaction costs relating to the acquisition of consolidated companies | (21) | (3) | (17) |
| Impairment or amortization of brands, trade names, goodwill and other property | (88) | (139) | (73) |
| Other items, net | (3) | (8) | 3 |
| **Other operating income and expenses** | **(127)** | **(182)** | **(109)** |

Impairment or amortization expenses recorded in 2013 relate to brands and goodwill for the most part. In 2012, they also included impairment of fixed assets for 74 million euros.

In 2011, the investments in Bulgari and Ile de Beauté held prior to the acquisition date of a controlling interest were revalued at market value at that date. Transaction costs essentially related to these two transactions.

# 26. NET FINANCIAL INCOME/(EXPENSE)

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Borrowing costs | (138) | (164) | (189) |
| Income from cash, cash equivalents and current available for sale financial assets | 29 | 26 | 41 |
| Fair value adjustment of borrowings and interest rate hedges | 6 | (2) | (3) |
| **Cost of net financial debt** | **(103)** | **(140)** | **(151)** |
| Dividends received from non-current available for sale financial assets | 71 | 174 | 54 |
| Ineffective portion of foreign currency hedges | (159) | (49) | (105) |
| Net gain/(loss) related to available for sale financial assets and other financial instruments | 23 | 31 | (11) |
| Other items, net | (31) | (30) | (29) |
| **Other financial income/(expenses)** | **(96)** | **126** | **(91)** |
| **Net financial income/(expense)** | **(199)** | **(14)** | **(242)** |

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

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Income from cash and cash equivalents | 20 | 17 | 33 |
| Interest from current available for sale financial assets | 9 | 9 | 8 |
| **Income from cash, cash equivalents and current available for sale financial assets** | **29** | **26** | **41** |

The revaluation effects of financial debt and interest rate derivatives are attributable to the following items:

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Hedged financial debt | 64 | (22) | (65) |
| Hedging instruments | (61) | 16 | 63 |
| Unallocated derivatives | 3 | 4 | (1) |
| **Effects of revaluation of financial debt and interest rate instruments** | **6** | **(2)** | **(3)** |

The ineffective portion of exchange rate derivatives breaks down as follows:

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Financial cost of commercial foreign exchange hedges | (152) | (48) | (145) |
| Financial cost of foreign-currency denominated net investment hedges | (6) | 7 | 34 |
| Change in the market value of unallocated derivatives | (1) | (8) | 6 |
| **Ineffective portion of foreign exchange derivatives** | **(159)** | **(49)** | **(105)** |

In 2013, 2012 and 2011, the net gain/(loss) related to available for sale financial assets and other financial instruments was due to changes in market performance and the recognition of impairment losses on current and non-current available for sale financial assets.

In 2012, dividends received in respect of non-current available for sale financial assets included an exceptional dividend received from Hermès International SCA in the amount of 120 million euros (5 euros per share).

# 27. INCOME TAXES

## 27.1. Analysis of the income tax expense

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Current income taxes for the fiscal year | (1,961) | (2,039) | (1,671) |
| Current income taxes relating to previous fiscal years | 13 | 20 | 2 |
| **Current income taxes** | **(1,948)** | **(2,019)** | **(1,669)** |
| Change in deferred income taxes | 186 | 199 | 158 |
| Impact of changes in tax rates on deferred taxes | 7 | - | 58 |
| **Deferred income taxes** | **193** | **199** | **216** |
| **Total tax expense per income statement** | **(1,755)** | **(1,820)** | **(1,453)** |
| **Tax on items recognized in equity**[a] | **(249)** | **(73)** | **(46)** |

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

Total income tax expense for the fiscal year includes 41 million euros (30 million euros in 2012; 11 million euros in 2011) in respect of the exceptional contribution applicable in France from 2011 to 2014, 10.7% of the corporate income tax due for fiscal year 2013, 5% of the corporate income tax due for fiscal years 2011 and 2012.

## 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)* | 2013 | 2012[a] | 2011[a] |
|---|---|---|---|
| Deferred tax assets | 909 | 954 | 760 |
| Deferred tax liabilities | (3,934) | (3,960) | (3,925) |
| **Net deferred tax asset (liability)** | **(3,025)** | **(3,006)** | **(3,165)** |

(a) The balance sheets as of December 31, 2012 and December 31, 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee benefits as amended. See Note 1.2.

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

The effective tax rate is as follows:

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Profit before tax | 5,695 | 5,725 | 4,912 |
| Total income tax expense | (1,755) | (1,820) | (1,453) |
| **Effective tax rate** | **30.8%** | **31.8%** | **29.6%** |

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

| *(as % of income before tax)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| **French statutory tax rate** | **34.4** | **34.4** | **34.4** |
| Changes in tax rates | (0.1) | - | (1.2) |
| Differences in tax rates for foreign companies | (5.7) | (5.8) | (5.9) |
| Profit and losses carried forward, and other changes in deferred taxes | (1.2) | - | (0.5) |
| Differences between consolidated and taxable income, and income taxable at reduced rates | 1.8 | 1.6 | 1.8 |
| Tax on distribution [a] | 1.6 | 1.6 | 1.0 |
| **Effective tax rate of the Group** | **30.8** | **31.8** | **29.6** |

(a) Tax on distribution is mainly related to intragroup dividends. As of 2012, it also includes the 3% tax on dividends paid by LVMH SA.

## 27.4. Sources of deferred taxes

### In the income statement

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Valuation of brands | 24 | 8 | 42 |
| Other revaluation adjustments | 2 | 6 | (4) |
| Gains and losses on available for sale financial assets | 4 | (2) | (5) |
| Gains and losses on hedges of future foreign currency cash flows | 6 | (16) | 16 |
| Provisions for contingencies and losses [a] | 74 | - | 10 |
| Intercompany margin included in inventories | 33 | 148 | 102 |
| Other consolidation adjustments [a] | 42 | 81 | 78 |
| Losses carried forward | 8 | (26) | (23) |
| **Total** | **193** | **199** | **216** |

(a) Mainly tax-driven provisions, accelerated tax depreciation and finance lease.

### In equity

| *(EUR millions)* | 2013 | 2012 [a] | 2011 [a] |
|---|---|---|---|
| Fair value adjustment of vineyard land | (127) | (28) | (11) |
| Gains and losses on available for sale financial assets | (65) | (5) | (91) |
| Gains and losses on hedges of future foreign currency cash flows | (17) | (50) | 21 |
| Gains and losses on employee benefit commitments | (22) | 29 | 13 |
| **Total** | **(231)** | **(54)** | **(68)** |

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

### In the balance sheet

| *(EUR millions)* | 2013 | 2012 [b] [c] | 2011 [b] [c] |
|---|---|---|---|
| Valuation of brands | (3,134) | (3,187) | (3,203) |
| Fair value adjustment of vineyard land | (732) | (607) | (579) |
| Other revaluation adjustments | (379) | (374) | (373) |
| Gains and losses on available for sale financial assets | (207) | (150) | (145) |
| Gains and losses on hedges of future foreign currency cash flows | (33) | (24) | 31 |
| Provisions for contingencies and losses [a] | 318 | 291 | 249 |
| Intercompany margin included in inventories | 654 | 579 | 416 |
| Other consolidation adjustments [a] | 432 | 418 | 388 |
| Losses carried forward | 56 | 48 | 51 |
| **Total** | **(3,025)** | **(3,006)** | **(3,165)** |

(a) Mainly tax-driven provisions, accelerated tax depreciation and finance leases.
(b) Asset/(Liability).
(c) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

## 27.5. Losses carried forward

As of December 31, 2013, 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 277 million euros (306 million euros in 2012, 301 million euros in 2011).

## 27.6. Tax consolidation

- Tax consolidation agreements in France allow virtually all French companies of the Group to combine their taxable profits to calculate the overall tax expense for which only the parent company is liable.

  This tax consolidation agreement generated a decrease in the current tax expense of 88 million euros in 2013 (92 million euros in 2012, 136 million euros in 2011).
- The application of other tax consolidation agreements, notably in the United States, generated current tax savings of 7 million euros in 2013 (28 million euros in 2012, 52 million euros in 2011).

# 28. EARNINGS PER SHARE

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| **Net profit, Group share** *(EUR millions)* | **3,436** | **3,424** | **3,065** |
| Average number of shares in circulation during the fiscal year | 507,997,567 | 508,041,429 | 498,874,042 |
| Average number of treasury shares owned during the fiscal year | (7,714,153) | (8,907,786) | (10,104,756) |
| **Average number of shares on which the calculation before dilution is based** | **500,283,414** | **499,133,643** | **488,769,286** |
| **Basic Group share of profit per share** *(EUR)* | **6.87** | **6.86** | **6.27** |
| Average number of shares on which the above calculation is based | 500,283,414 | 499,133,643 | 488,769,286 |
| Dilution effect of stock option plans | 2,934,083 | 3,096,309 | 3,438,206 |
| Other dilution effects | - | - | - |
| **Average number of shares on which the calculation after dilution is based** | **503,217,497** | **502,229,952** | **492,207,492** |
| **Diluted Group share of profit per share** *(EUR)* | **6.83** | **6.82** | **6.23** |

As of December 31, 2013, all of the instruments in circulation that may dilute earnings per share have been taken into consideration when determining the impact of dilution, given that all of the outstanding subscription options are considered to be available to be exercised at that date, since the LVMH share price is higher than the exercise price of these options.

No events occurred between December 31, 2013 and the date on which the financial statements were approved for publication that would have significantly affected the number of shares outstanding or the potential number of shares.

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

## 29.1. Expense for the fiscal year

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

| *(EUR millions)* | 2013 | 2012 [a] | 2011 [a] |
|---|---|---|---|
| Service cost | 79 | 64 | 56 |
| Net interest cost | 15 | 11 | 9 |
| Actuarial gains and losses | 2 | 9 | 5 |
| Past service cost | - | 1 | 2 |
| Changes in regimes | (8) | (2) | (5) |
| **Total expense for the period for defined benefit plans** | **88** | **83** | **67** |

(a) The net profit for fiscal years 2011 and 2012 has not been restated to reflect the application of revised IAS 19 Employee Benefits, as the impact of the change in standard on each of these fiscal years was less than 5 million euros.

## 29.2. Net recognized commitment

| *(EUR millions)* | 2013 | 2012 [a] | 2011 [a] |
|---|---|---|---|
| Benefits covered by plan assets | 978 | 1,022 | 841 |
| Benefits not covered by plan assets | 145 | 141 | 127 |
| **Defined benefit obligation** | **1,123** | **1,163** | **968** |
| **Market value of plan assets** | **(682)** | **(650)** | **(569)** |
| **Net recognized commitment** | **441** | **513** | **399** |
| Of which: | | | |
| Non-current provisions | 455 | 519 | 413 |
| Current provisions | 3 | 13 | 11 |
| Other assets | (17) | (19) | (25) |
| **Total** | **441** | **513** | **399** |

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

## 29.3. Breakdown of the change in net recognized commitment

| (EUR millions) | Defined benefit obligation | Market value of plan assets | Net recognized commitment [a] |
|---|---|---|---|
| **As of December 31, 2012** | **1,163** | **(650)** | **513** |
| Service cost | 79 | - | 79 |
| Net interest cost | 33 | (18) | 15 |
| Payments to beneficiaries | (87) | 63 | (24) |
| Contributions to plan assets | - | (68) | (68) |
| Contributions of employees | 8 | (8) | - |
| Changes in scope and reclassifications | 18 | - | 18 |
| Changes in regimes | (8) | - | (8) |
| Actuarial gains and losses: experience adjustments [b] | 1 | (35) | (34) |
| Actuarial gains and losses: changes in demographic assumptions [b] | (6) | - | (6) |
| Actuarial gains and losses: changes in financial assumptions [b] | (37) | - | (37) |
| Translation adjustment | (41) | 34 | (7) |
| **As of December 31, 2013** | **1,123** | **(682)** | **441** |

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.
(b) Gain/(Loss).

Actuarial gains and losses resulting from changes in assumptions related mainly to the increase in discount rates.

Actuarial gains and losses resulting from experience adjustments related to the fiscal years 2009 to 2012 amounted to:

| (EUR millions) | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|
| Experience adjustments on the defined benefit obligation | (16) | (14) | (9) | 13 |
| Experience adjustments on the fair value of plan assets | (29) | (4) | (34) | (31) |
| **Actuarial gains and losses resulting from experience adjustments [a]** | **(45)** | **(18)** | **(43)** | **(18)** |

(a) (Gains)/Losses.

The actuarial assumptions applied to estimate commitments as of December 31, 2013 in the main countries where such commitments have been undertaken, were as follows:

| (as %) | 2013 | | | | | 2012 | | | | | 2011 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | France | United States | United Kingdom | Japan | Switzerland | France | United States | United Kingdom | Japan | Switzerland | France | United States | United Kingdom | Japan | Switzerland |
| Discount rate [a] | 3.50 | 5.0 | 4.40 | 1.25 | 2.30 | 3.0 | 3.20 | 4.30 | 1.50 | 2.0 | 4.70 | 4.90 | 4.70 | 1.75 | 2.25 |
| Future rate of increase of salaries | 3.0 | 4.50 | 4.10 | 2.0 | 2.25 | 3.0 | 4.0 | 3.80 | 2.0 | 2.50 | 3.0 | 4.0 | 3.80 | 2.0 | 2.50 |

(a) Discount rates were determined with reference to market yields of AA-rated corporate bonds at the year-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 7.20% for 2014, after which it is assumed to decline progressively to reach a rate of 4.50% in 2029.

A rise of 0.5% in the discount rate would result in a reduction of 67 million euros in the amount of the defined benefit obligation as of December 31, 2013; a decrease of 0.5% in the discount rate would result in a rise of 74 million euros.

## 29.4. Analysis of benefits

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

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Supplementary pensions | 850 | 902 | 745 |
| Retirement and other indemnities | 206 | 188 | 149 |
| Medical costs of retirees | 44 | 51 | 45 |
| Jubilee awards | 20 | 18 | 12 |
| Early retirement indemnities | - | - | 2 |
| Other | 3 | 4 | 15 |
| **Defined benefit obligation** | **1,123** | **1,163** | **968** |

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

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| France | 369 | 376 | 309 |
| Europe (excluding France) | 444 | 436 | 367 |
| United States | 184 | 210 | 175 |
| Japan | 84 | 107 | 103 |
| Asia (excluding Japan) | 39 | 31 | 13 |
| Other countries | 3 | 3 | 1 |
| **Defined benefit obligation** | **1,123** | **1,163** | **968** |

The main components of the Group's net commitment for retirement and other defined benefit obligations as of December 31, 2013 are as follows:

- in France, these commitments include the commitment to members of the Group's Executive Committee and senior executives, who are covered by a supplementary pension plan after a certain number of years of service, the amount of which is determined on the basis of the average of their three highest amounts of annual remuneration received during the course of their career with the Group; they also include retirement indemnities and jubilee 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), the main commitments concern pension plans, set up in the United Kingdom by certain Group companies, in Switzerland, participation by Group companies in the mandatory Swiss occupational pension plan, the LPP (*Loi pour la Prévoyance Professionnelle*), as well as the TFR (*Trattamento di Fine Rapporto*) in Italy, 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 market value of plan assets by type of investment is as follows:

| *(as % of market value of related plan assets)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Shares | 35 | 35 | 39 |
| Bonds | | | |
| - private issues | 29 | 29 | 27 |
| - public issues | 15 | 18 | 15 |
| Cash, investment funds, real estate and other assets | 21 | 18 | 19 |
| **Total** | **100** | **100** | **100** |

These assets do not include any real estate assets belonging to the Group or any LVMH shares for significant amounts.

The Group plans to increase the related plan assets in 2014 by paying in approximately 73 million euros.

# 30. OFF-BALANCE SHEET COMMITMENTS

## 30.1. Purchase commitments

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Grapes, wines and *eaux-de-vie* | 994 | 1,012 | 1,019 |
| Other purchase commitments for raw materials | 110 | 80 | 84 |
| Industrial and commercial fixed assets | 379 | 205 | 154 |
| Investments in joint venture shares and available for sale financial assets | 98 | 41 | 90 |

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 year-end prices and estimated production yields.

As of December 31, 2013, the maturity schedule of these commitments is as follows:

| *(EUR millions)* | Less than one year | One to five years | More than five years | Total |
|---|---|---|---|---|
| Grapes, wines and *eaux-de-vie* | 565 | 386 | 43 | 994 |
| Other purchase commitments for raw materials | 105 | 5 | - | 110 |
| Industrial and commercial fixed assets | 181 | 198 | - | 379 |
| Investments in joint venture shares and available for sale financial assets | 25 | 62 | 11 | 98 |

## 30.2. Lease and similar commitments

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 minimum portion of commitments in respect of the irrevocable period of operating lease or concession contracts were as follows as of December 31, 2013:

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Less than one year | 1,407 | 1,235 | 1,094 |
| One to five years | 3,613 | 3,208 | 2,843 |
| More than five years | 1,874 | 1,551 | 1,279 |
| **Commitments given for operating leases and concessions** | **6,894** | **5,994** | **5,216** |
| Less than one year | 10 | 15 | 19 |
| One to five years | 14 | 25 | 30 |
| More than five years | - | 1 | 1 |
| **Commitments received for sub-leases** | **24** | **41** | **50** |

In addition, the Group may enter into operating leases or concession contracts including variable payment amounts. For example, in June 2012, DFS was granted three additional five-year concessions at Hong Kong International Airport. The concession agreement provides for the payment of variable concession fees, calculated in particular on the basis of the number of passengers passing through the airport. In 2013, these fees amounted to approximately 320 million euros.

### 30.3. Collateral and other guarantees

As of December 31, 2013, these commitments break down as follows:

| (EUR millions) | 2013 | 2012 | 2011 |
|---|---|---|---|
| Securities and deposits | 412 | 295 | 145 |
| Other guarantees | 90 | 101 | 142 |
| **Guarantees given** | **502** | **396** | **287** |
| **Guarantees received** | **14** | **19** | **28** |

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 | 114 | 285 | 13 | 412 |
| Other guarantees | 52 | 29 | 9 | 90 |
| **Guarantees given** | **166** | **314** | **22** | **502** |
| **Guarantees received** | **8** | **2** | **4** | **14** |

### 30.4. Contingent liabilities and outstanding litigation

As part of the management of its business operations, the Group is party to various legal proceedings concerning brand rights, the protection of intellectual property rights, the set-up of selective retailing networks, licensing agreements, employee relations, tax audits and other areas relating to its business. The Group believes that the provisions recorded in the balance sheet in respect of these risks, litigation or disputes, known or outstanding at year-end, are sufficient to avoid its consolidated financial net worth being materially impacted in the event of an unfavorable outcome.

### 30.5. Other commitments

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

## 31. RELATED PARTY TRANSACTIONS

### 31.1. Relations of LVMH with Christian Dior and Groupe Arnault

The LVMH group is consolidated within Christian Dior SA, a public company listed on the Eurolist by Euronext Paris, which is controlled by Groupe Arnault SAS via its subsidiary Financière Agache SA.

**Relations of LVMH with Christian Dior**

The LVMH group, via its subsidiaries Parfums Christian Dior and Montres Dior, coordinates its communications efforts with Christian Dior SA and its subsidiaries, in particular Christian Dior Couture SA. Christian Dior also provides creative assistance to LVMH for the design of Dior perfume bottles and watches, as well as in the course of its advertising and promotional campaigns. Montres Dior watches are manufactured by a company equally owned by Christian Dior and LVMH.

LVMH distributes Christian Dior products through its Selective Retailing businesses, and distributes Montres Dior watches through its Watches and Jewelry business group's distribution network. Christian Dior purchases the products manufactured by Parfums Christian Dior and Montres Dior from LVMH, which it sells in its network of retail stores.

Finally, LVMH provides administrative assistance to the subsidiaries of Christian Dior located outside France.

Transactions between LVMH and Christian Dior, which are completed at market prices, may be summarized as follows, in value:

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| LVMH purchases from Christian Dior | (20) | (19) | (22) |
| Amount payable outstanding as of December 31 | (20) | (20) | (21) |
| LVMH sales to Christian Dior | 39 | 39 | 26 |
| Amount receivable outstanding as of December 31 | 5 | 7 | 4 |

In December 2013, LVMH sold a property located in London to Christian Dior Couture for a price of 53.3 million pounds sterling.

**Relations of LVMH with Groupe Arnault and Financière Agache**

Groupe Arnault SAS provides assistance to LVMH in the areas of development, engineering, corporate and real estate law. In addition, Groupe Arnault leases office premises to LVMH.

LVMH leases office space to Groupe Arnault SAS and Financière Agache SA and LVMH also provides them with various forms of administrative assistance.

Transactions between LVMH and Groupe Arnault and Financière Agache may be summarized as follows:

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Amounts billed by Groupe Arnault SAS and Financière Agache to LVMH | (6) | (6) | (5) |
| Amount payable outstanding as of December 31 | (2) | (2) | (2) |
| Amounts billed by LVMH to Groupe Arnault SAS and Financière Agache | 3 | 2 | 2 |
| Amount receivable outstanding as of December 31 | - | - | - |

## 31.2. Relations with Diageo

Moët Hennessy SNC and Moët Hennessy International SAS (hereafter referred to as "Moët Hennessy") are the holding companies for LVMH's Wines and Spirits businesses, with the exception of Château d'Yquem, Château Cheval Blanc and certain champagne vineyards. Diageo holds a 34% stake in Moët Hennessy. In 1994, at the time when Diageo acquired this 34% stake, an agreement was concluded between Diageo and LVMH for the apportionment of holding company expenses between Moët Hennessy and the other holding companies of the LVMH group.

Under this agreement, Moët Hennessy assumed 19% of shared expenses in 2013, 2012 and 2011, representing an amount of 15 million euros in 2013 (14 million euros in 2012 and 20 million in 2011).

## 31.3. Relations with Fondation Louis Vuitton

Fondation Louis Vuitton is currently building a modern and contemporary art museum in Paris. The LVMH group finances the Fondation as part of its cultural sponsorship initiatives. The corresponding net contributions appear under "Assets in progress" and will be depreciated as of the inauguration of the museum, planned for September 2014, over the residual term of the public domain occupation agreement granted by the City of Paris.

Moreover, Fondation Louis Vuitton has recourse to external financing guaranteed by LVMH. These guarantees are presented as off-balance sheet commitments (see Note 30.3).

### 31.4. Executive bodies

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

| *(EUR millions)* | 2013 | 2012 | 2011 |
|---|---|---|---|
| Gross compensation, employers' charges and benefits in kind | 73 | 68 | 60 |
| Post-employment benefits | 10 | 9 | 11 |
| Other long-term benefits | 14 | 12 | 14 |
| End of contract indemnities | - | 3 | 9 |
| Stock option and similar plans | 16 | 26 | 26 |
| **Total** | **113** | **118** | **120** |

The commitment recognized as of December 31, 2013 for post-employment benefits, net of related financial assets was 53 million euros (52 million euros as of December 31, 2012 and 29 million euros as of December 31, 2011), after taking into account the retrospective adjustment as of January 1, 2011 required by IAS 19 Employee Benefits (see Note 1.2).

## 32. SUBSEQUENT EVENTS

No significant subsequent events occurred between December 31, 2013 and January 30, 2014, the date on which the financial statements were approved for publication by the Board of Directors.

# MAIN CONSOLIDATED COMPANIES

| Companies | Registered office | Percentage | |
|---|---|---|---|
| | | Control | Interest |
| **WINES AND SPIRITS** | | | |
| MHCS SCS | Épernay, France | 100% | 66% |
| Champagne Des Moutiers SA | Épernay, France | 100% | 66% |
| Société Viticole de Reims SA | Épernay, France | 100% | 66% |
| Cie Française du Champagne et du Luxe SA | Épernay, France | 100% | 66% |
| Chamfipar SA | Épernay, France | 100% | 66% |
| STM Vignes SAS | Épernay, France | 95% | 63% |
| GIE MHIS | Épernay, France | 100% | 66% |
| Moët Hennessy Entreprise Adaptée | Épernay, France | 100% | 66% |
| Champagne Bernard Breuzon SAS | Colombe le Sec, France | 100% | 66% |
| Champagne de Mansin SAS | Gye sur Seine, France | 100% | 66% |
| Société Civile des Crus de Champagne SA | Reims, France | 100% | 66% |
| Moët Hennessy Italia Spa | Milan, Italy | 100% | 66% |
| Moët Hennessy UK Ltd | London, United Kingdom | 100% | 66% |
| Moët Hennessy España SA | Barcelona, Spain | 100% | 66% |
| Moët Hennessy (Suisse) SA | Geneva, Switzerland | 100% | 66% |
| Moët Hennessy Deutschland GmbH | Munich, Germany | 100% | 66% |
| Moët Hennessy de Mexico, SA de C.V. | Mexico City, Mexico | 100% | 66% |
| Moët Hennessy Belux SA | Brussels, Belgium | 100% | 66% |
| Moët Hennessy Osterreich GmbH | Vienna, Austria | 100% | 66% |
| Moët Hennessy Suomi OY | Helsinki, Finland | 100% | 66% |
| Moët Hennessy Polska SP Z.O.O. | Warsaw, Poland | 100% | 66% |
| Moët Hennessy Czech Republic Sro | Prague, Czech Republic | 100% | 66% |
| Moët Hennessy Sverige AB | Stockholm, Sweden | 100% | 66% |
| Moët Hennessy România Srl | Bucharest, Romania | 100% | 66% |
| Moët Hennessy Norge AS | Hoevik, Norway | 100% | 66% |
| Moët Hennessy Danmark A/S | Copenhagen, Denmark | 100% | 66% |
| Moët Hennessy Nederland BV | Baarn, Netherlands | 100% | 66% |
| Moët Hennessy USA Inc. | New York, USA | 100% | 66% |
| Moët Hennessy Turkey Ltd | Istanbul, Turkey | 100% | 66% |
| Moët Hennessy Korea Ltd | Seoul, South Korea | 100% | 66% |
| MHD Moët Hennessy Diageo SAS | Courbevoie, France[c] | 100% | 66% |
| Clicquot Inc. | New York, USA[*] | 100% | 66% |
| Ruinart UK | London, United Kingdom | 100% | 66% |
| Cheval des Andes SA | Buenos Aires, Argentina[a] | 50% | 33% |
| Domaine Chandon Inc. | California, USA | 100% | 66% |
| Cape Mentelle Vineyards Ltd | Margaret River, Australia | 100% | 66% |
| Veuve Clicquot Properties, Pty Ltd | Margaret River, Australia | 100% | 66% |
| Moët Hennessy do Brasil – Vinhos E Destilados Ltda | São Paulo, Brazil | 100% | 66% |
| Cloudy Bay Vineyards Ltd | Blenheim, New Zealand | 100% | 66% |
| Bodegas Chandon Argentina SA | Buenos Aires, Argentina | 100% | 66% |
| Domaine Chandon Australia Pty Ltd | Coldstream Victoria, Australia | 100% | 66% |
| Newton Vineyards LLC | California, USA | 90% | 59% |
| Domaine Chandon (Ningxia) Moët Hennessy Co, Ltd | Yinchuan, China | 100% | 66% |
| Moët Hennessy Chandon (Ningxia) Vineyards Co, Ltd | Yinchuan, China | 60% | 40% |
| Château d'Yquem SA | Sauternes, France | 95% | 95% |
| Château d'Yquem SC | Sauternes, France | 96% | 96% |
| Société Civile Cheval Blanc (SCCB) | Saint Emilion, France[a] | 50% | 50% |
| MH Shangri-La (Deqin) Winery Company Ltd | Deqin, China | 80% | 53% |
| Jas Hennessy & Co SCS | Cognac, France | 99% | 65% |
| Distillerie de la Groie SARL | Cognac, France | 100% | 65% |
| SICA de Bagnolet | Cognac, France | 100% | 3% |
| Sodepa SARL | Cognac, France | 100% | 65% |
| Diageo Moët Hennessy BV | Amsterdam, Netherlands[c] | 100% | 66% |
| Hennessy Dublin Ltd | Dublin, Ireland | 100% | 66% |
| Edward Dillon & Co Ltd | Dublin, Ireland[b] | 40% | 26% |
| Hennessy Far East Ltd | Hong Kong, China | 100% | 65% |
| Moët Hennessy Diageo Hong Kong Ltd | Hong Kong, China[c] | 100% | 66% |
| Moët Hennessy Diageo Macau Ltd | Macao, China[c] | 100% | 66% |
| Riche Monde (China) Ltd | Hong Kong, China[c] | 100% | 66% |
| Moët Hennessy Diageo Singapore Pte Ltd | Singapore[c] | 100% | 66% |
| Moët Hennessy Ukraine | Kiev, Ukraine | 100% | 66% |
| MH Services UK Ltd | London, United Kingdom | 100% | 66% |
| MH Services Singapore Limited Pte | Singapore | 100% | 66% |
| Moët Hennessy Diageo Malaysia SDN BHD | Kuala Lumpur, Malaysia[c] | 100% | 66% |
| Diageo Moët Hennessy Thailand Ltd | Bangkok, Thailand[c] | 100% | 66% |
| Moët Hennessy Shanghai Ltd | Shanghai, China | 100% | 66% |
| Moët Hennessy India Pvt. Ltd | New Delhi, India | 100% | 66% |
| Moët Hennessy Taiwan Ltd | Taipei, Taiwan | 100% | 65% |
| MHD Chine Co Ltd | Shanghai, China[c] | 100% | 66% |
| MHWH Limited | Limassol, Cyprus | 100% | 66% |
| Moët Hennessy Whitehall Russia SA | Moscow, Russia | 100% | 66% |
| Moët Hennessy Vietnam Importation Co Ltd | Ho Chi Minh City, Vietnam | 100% | 65% |
| Moët Hennessy Vietnam Distribution Co Pte Ltd | Ho Chi Minh City, Vietnam | 51% | 33% |
| Moët Hennessy Rus LLC | Moscow, Russia | 100% | 66% |
| MHD Moët Hennessy Diageo Ltd | Tokyo, Japan[c] | 100% | 66% |
| Moët Hennessy Asia-Pacific Pte Ltd | Singapore | 100% | 65% |
| Moët Hennessy Australia Ltd | Rosebury, Australia | 100% | 65% |
| Polmos Zyrardow LLC | Zyrardow, Poland | 100% | 66% |
| The Glenmorangie Company Ltd | Edinburgh, United Kingdom | 100% | 66% |
| Macdonald & Muir Ltd | Edinburgh, United Kingdom | 100% | 66% |
| The Scotch Malt Whisky Society Ltd | Edinburgh, United Kingdom | 100% | 66% |
| Wenjun Spirits Company Ltd | Chengdu, China | 55% | 36% |
| Wenjun Spirits Sales Company Ltd | Chengdu, China | 55% | 36% |
| **FASHION AND LEATHER GOODS** | | | |
| Louis Vuitton Malletier SA | Paris, France | 100% | 100% |
| Manufacture de Souliers Louis Vuitton Srl | Fiesso d'Artico, Italy | 100% | 100% |
| Louis Vuitton South Europe Srl | Milan, Italy | 100% | 100% |
| Louis Vuitton Saint Barthélémy SNC | Saint-Barthélemy, French Antilles | 100% | 100% |
| Louis Vuitton Cantacilik Ticaret AS | Istanbul, Turkey | 100% | 100% |
| Louis Vuitton Editeur SAS | Paris, France | 100% | 100% |
| Louis Vuitton International SNC | Paris, France | 100% | 100% |
| Louis Vuitton India Holding & Services Private Limited | Bangalore, India | 100% | 100% |
| Société des Ateliers Louis Vuitton SNC | Paris, France | 100% | 100% |
| Les Tanneries de la Comète SA | Estaimpuis, Belgium | 100% | 100% |
| Manufacture des accessoires Louis Vuitton Srl | Milan, Italy | 100% | 100% |
| Louis Vuitton Bahrain WLL | Manama, Bahrain | [d] | [d] |
| Société Louis Vuitton Services SNC | Paris, France | 100% | 100% |
| Louis Vuitton Qatar LLC | Doha, Qatar | [d] | [d] |
| Société des Magasins Louis Vuitton France SNC | Paris, France | 100% | 100% |
| Belle Jardinière SA | Paris, France | 100% | 100% |
| Les Ateliers Horlogers Louis Vuitton La Fabrique du Temps SA | La Chaux-de-Fonds, Switzerland | 100% | 100% |
| Les Ateliers Joailliers Louis Vuitton SAS | Paris, France | 100% | 100% |
| Operadora Louis Vuitton Mexico SRLCV | Mexico City, Mexico | 100% | 100% |
| Louis Vuitton Monaco SA | Monaco | 100% | 100% |
| ELV SNC | Paris, France | 100% | 100% |
| Louis Vuitton Services Europe Sprl | Brussels, Belgium | 100% | 100% |
| Louis Vuitton UK Ltd | London, United Kingdom | 100% | 100% |
| Finnina Srl | Stra, Italy | 100% | 100% |
| Louis Vuitton Ireland Ltd | Dublin, Ireland | 100% | 100% |
| Louis Vuitton Deutschland GmbH | Düsseldorf, Germany | 100% | 100% |
| Louis Vuitton Ukraine LLC | Kiev, Ukraine | 100% | 100% |
| Sociedad de Catalana Talleres Artesanos Louis Vuitton SA | Barcelona, Spain | 100% | 100% |
| Sociedad de Talleres de Accesorios en Cuero LV SL | Barcelona, Spain | 100% | 100% |
| Atepeli – Ateliers de Ponte de Lima SA | Ponte de Lima, Portugal | 100% | 100% |
| La Fabrique de Maroquinerie Louis Vuitton | Paris, France | 100% | 100% |
| Louis Vuitton BV | Amsterdam, Netherlands | 100% | 100% |
| Louis Vuitton Belgium SA | Brussels, Belgium | 100% | 100% |
| Louis Vuitton Luxembourg SARL | Luxembourg | 100% | 100% |
| Louis Vuitton Hellas SA | Athens, Greece | 100% | 100% |
| Louis Vuitton Cyprus Limited | Nicosia, Cyprus | 100% | 100% |
| Louis Vuitton Portugal Maleiro, Ltda. | Lisbon, Portugal | 100% | 100% |
| Louis Vuitton Ltd | Tel Aviv, Israel | 100% | 100% |
| Louis Vuitton Danmark A/S | Copenhagen, Denmark | 100% | 100% |
| Louis Vuitton Aktiebolag SA | Stockholm, Sweden | 100% | 100% |
| Louis Vuitton Suisse SA | Geneva, Switzerland | 100% | 100% |
| Louis Vuitton Polska sp. zoo. | Warsaw, Poland | 100% | 100% |
| Louis Vuitton Ceska s.r.o. | Prague, Czech Republic | 100% | 100% |
| Louis Vuitton Osterreich GmbH | Vienna, Austria | 100% | 100% |
| Louis Vuitton Kazakhstan LLP | Almaty, Kazakhstan | 100% | 100% |
| LV US Manufacturing, Inc | New York, USA | 100% | 100% |
| Somarest SARL | Sibiu, Romania | 100% | 100% |
| Louis Vuitton Hawaii Inc | Hawaii, USA | 100% | 100% |
| Atlantic Luggage Company Ltd | Hamilton, Bermuda | 40% | 40% |
| Louis Vuitton Guam Inc | Guam | 100% | 100% |
| Louis Vuitton Saipan Inc | Saipan, Northern Mariana Islands | 100% | 100% |
| Louis Vuitton Norge AS | Oslo, Norway | 100% | 100% |
| San Dimas Luggage Company | New York, USA | 100% | 100% |
| Louis Vuitton North America Inc | New York, USA | 100% | 100% |
| Louis Vuitton USA Inc | New York, USA | 100% | 100% |
| Louis Vuitton Liban retail SAL | Beirut, Lebanon | 100% | 100% |
| Louis Vuitton Liban Holding SAL | Beirut, Lebanon | 100% | 100% |
| Louis Vuitton Vietnam Company Ltd | Hanoi, Vietnam | 100% | 100% |
| Louis Vuitton Suomy Oy | Helsinki, Finland | 100% | 100% |
| Louis Vuitton România Srl | Bucharest, Romania | 100% | 100% |
| LVMH FG Brasil Ltda | São Paulo, Brazil | 100% | 100% |

| Companies | Registered office | Percentage | |
|---|---|---|---|
| | | Control | Interest |
| Louis Vuitton Panama Inc | Panama City, Panama | 100% | 100% |
| Louis Vuitton Mexico S de RL de CV | Mexico City, Mexico | 100% | 100% |
| Louis Vuitton Uruguay SA | Montevideo, Uruguay | 100% | 100% |
| Louis Vuitton Chile Ltda | Santiago de Chile, Chile | 100% | 100% |
| Louis Vuitton (Aruba) N.V | Oranjestad, Aruba | 100% | 100% |
| Louis Vuitton Republica Dominica Srl | Santo Domingo, Dominican Republic | 100% | 100% |
| LVMH Fashion Group Pacific Ltd | Hong Kong, China | 100% | 100% |
| Louis Vuitton Trading Hong Kong Ltd | Hong Kong, China | 100% | 100% |
| Louis Vuitton Hong Kong Ltd | Hong Kong, China | 100% | 100% |
| Louis Vuitton (Philippines) Inc | Makati, Philippines | 100% | 100% |
| Louis Vuitton Singapore Pte Ltd | Singapore | 100% | 100% |
| LV IOS Private Ltd | Singapore | 100% | 100% |
| PT Louis Vuitton Indonesia LLC | Jakarta, Indonesia | 98% | 98% |
| Louis Vuitton (Malaysia) SDN BHD | Kuala Lumpur, Malaysia | 100% | 100% |
| Louis Vuitton (Thailand) SA | Bangkok, Thailand | 100% | 100% |
| Louis Vuitton Taïwan Ltd | Taipei, Taiwan | 98% | 98% |
| Louis Vuitton Australia PTY Ltd | Sydney, Australia | 100% | 100% |
| Louis Vuitton (China) Co Ltd | Shanghai, China | 100% | 100% |
| Louis Vuitton Mongolia LLC | Ulaanbaatar, Mongolia | 100% | 100% |
| Louis Vuitton New Zealand Limited | Auckland, New Zealand | 100% | 100% |
| Louis Vuitton India Retail Private Limited | New Delhi, India | 51% | 51% |
| Louis Vuitton EAU LLC | Dubai, United Arab Emirates | (d) | (d) |
| Louis Vuitton Middle East | Dubai, United Arab Emirates | 65% | 65% |
| Louis Vuitton – Jordan PCLS | Amman, Jordan | 100% | 100% |
| Louis Vuitton Orient LLC | Emirate of Ras Khaime, United Arab Emirates | 65% | 65% |
| Louis Vuitton Korea Ltd | Seoul, South Korea | 100% | 100% |
| LVMH Fashion Group Trading Korea Ltd | Seoul, South Korea | 100% | 100% |
| Louis Vuitton Hungaria SARL | Budapest, Hungary | 100% | 100% |
| Louis Vuitton Argentina SA | Buenos Aires, Argentina | 100% | 100% |
| Louis Vuitton Vostock LLC | Moscow, Russia | 100% | 100% |
| LV Colombia SA | Santafe de Bogota, Colombia | 100% | 100% |
| Louis Vuitton Maroc SARL | Casablanca, Morocco | 100% | 100% |
| Louis Vuitton South Africa Ltd | Johannesburg, South Africa | 100% | 100% |
| Louis Vuitton Macau Company Ltd | Macao, China | 100% | 100% |
| LVMH Fashion (Shanghai) Trading Co., Ltd | Shanghai, China | 100% | 100% |
| LVJ Group KK | Tokyo, Japan | 99% | 99% |
| Louis Vuitton Services KK | Tokyo, Japan | 100% | 99% |
| Louis Vuitton Canada Inc | Toronto, Canada | 100% | 100% |
| Louis Vuitton (Barbados) Ltd | Saint Michael, Barbados | 100% | 100% |
| FG Industries | Paris, France | 100% | 100% |
| Les tanneries Roux SA | Romans sur Isère, France | 100% | 100% |
| Heng Long International Holding Pte Ltd | Singapore | 65% | 65% |
| Heng Long International Ltd | Singapore | 100% | 65% |
| Heng Long Leather Co (Pte) Ltd | Singapore | 100% | 65% |
| Heng Long Leather (Guangzhou) Co Ltd | Guangzhou, China | 100% | 65% |
| HL Australia Proprietary Ltd | Sydney, Australia | 100% | 65% |
| Marc Jacobs International LLC | New York, USA(*) | 100% | 80% |
| Marc Jacobs International (UK) Ltd | London, United Kingdom | 100% | 80% |
| Marc Jacobs Trademark LLC | New York, USA(*) | 100% | 80% |
| Marc Jacobs Japan KK | Tokyo, Japan | 50% | 40% |
| Marc Jacobs International Italia Srl | Milan, Italy | 100% | 80% |
| Marc Jacobs International France SAS | Paris, France | 100% | 80% |
| Marc Jacobs Commercial & Trading (Shanghai) | Shanghai, China | 100% | 80% |
| Marc Jacobs Hong Kong Ltd | Hong Kong, China | 100% | 80% |
| Marc Jacobs Holdings LLC | New York, USA(*) | 80% | 80% |
| Loewe SA | Madrid, Spain | 100% | 100% |
| Loewe Hermanos SA | Madrid, Spain | 100% | 100% |
| Manufacturas Loewe SL | Madrid, Spain | 100% | 100% |
| LVMH Fashion Group France SNC | Paris, France | 100% | 100% |
| Loewe Hermanos UK Ltd | London, United Kingdom | 100% | 100% |
| Loewe Hong Kong Ltd | Hong Kong, China | 100% | 100% |
| Loewe Commercial & Trading (Shanghai) Co Ltd | Shanghai, China | 100% | 100% |
| Loewe Fashion Pte Ltd | Singapore | 100% | 100% |
| Loewe Fashion (M) SDN BHD | Johor, Malaysia | 100% | 100% |
| Loewe Taïwan Ltd | Taipei, Taiwan | 100% | 98% |
| Loewe Korea Ltd | Seoul, South Korea | 100% | 100% |
| Loewe Macao Ltd | Macao, China | 100% | 100% |
| Loewe Italy Spa | Milan, Italy | 100% | 100% |
| Loewe Alemania Gmbh | Frankfurt, Germany | 100% | 100% |
| Loewe Hawaii Inc | Honolulu, USA | 100% | 100% |
| Berluti SA | Paris, France | 100% | 100% |
| Manifattura Ferrarese Srl | Ferrare, Italy | 100% | 100% |
| Berluti LLC | New York, USA | 100% | 100% |
| Berluti UK Ltd | London, United Kingdom | 100% | 100% |
| Berluti Macau Company Ltd | Macao, China | 100% | 100% |
| Berluti (Shanghai) Company Ltd | Shanghai, China | 100% | 100% |
| Berluti Hong Kong Company Ltd | Hong Kong, China | 100% | 100% |

| Companies | Registered office | Percentage | |
|---|---|---|---|
| | | Control | Interest |
| Berluti Singapore Private Ltd | Singapore | 100% | 100% |
| Berluti Orient FZ LLC | Raz Al-Kamah, United Arab Emirates | 65% | 65% |
| Berluti UAE LLC | Dubai, United Arab Emirates | (d) | (d) |
| Berluti Taiwan Ltd | Taipei, Taiwan | 100% | 100% |
| Rossimoda Spa | Vigonza, Italy | 100% | 100% |
| Rossimoda USA Ltd | New York, USA | 100% | 100% |
| Rossimoda France SARL | Paris, France | 100% | 100% |
| Brenta Suole Srl | Vigonza, Italy | 65% | 65% |
| LVMH Fashion Group Services SAS | Paris, France | 100% | 100% |
| Montaigne KK | Tokyo, Japan | 100% | 99% |
| Interlux Company Ltd | Hong Kong, China | 100% | 100% |
| Celine SA | Paris, France | 100% | 100% |
| Avenue M International SCA | Paris, France | 100% | 100% |
| Enilec Gestion SARL | Paris, France | 100% | 100% |
| Celine Montaigne SA | Paris, France | 100% | 100% |
| Celine Monte-Carlo SA | Monaco | 100% | 100% |
| Celine Germany GmbH | Berlin, Germany | 100% | 100% |
| Celine Production Srl | Florence, Italy | 100% | 100% |
| Celine Suisse SA | Geneva, Switzerland | 100% | 100% |
| Celine UK Ltd | London, United Kingdom | 100% | 100% |
| Celine Inc | New York, USA(*) | 100% | 100% |
| Celine Hong Kong Ltd | Hong Kong, China | 100% | 100% |
| Celine Commercial & Trading (Shanghai) Co Ltd | Shanghai, China | 100% | 100% |
| Celine Taïwan Ltd | Taipei, Taiwan | 100% | 99% |
| CPC International Ltd | Hong Kong, China | 100% | 100% |
| CPC Macau Ltd | Macao, China | 100% | 100% |
| LVMH FG Services UK Ltd | London, United Kingdom | 100% | 100% |
| Kenzo SA | Paris, France | 100% | 100% |
| Kenzo Belgique SA | Brussels, Belgium | 100% | 100% |
| Kenzo UK Ltd | London, United Kingdom | 100% | 100% |
| Kenzo Japan KK | Tokyo, Japan | 100% | 100% |
| Kenzo Accessories Srl | Lentate Sul Seveso, Italy | 100% | 100% |
| Kenzo Seta Srl | Grandate, Italy | 51% | 51% |
| Givenchy SA | Paris, France | 100% | 100% |
| Givenchy Corporation | New York, USA | 100% | 100% |
| Givenchy China Co Ltd | Hong Kong, China | 100% | 100% |
| Givenchy Shanghai Commercial and Trading Co Ltd | Shanghai, China | 100% | 100% |
| GCCL Macau Co Ltd | Macao, China | 100% | 100% |
| Givenchy Italia Srl | Florence, Italy | 100% | 100% |
| Gabrielle Studio Inc | New York, USA | 100% | 100% |
| Donna Karan International Inc | New York, USA(*) | 100% | 100% |
| The Donna Karan Company LLC | New York, USA | 100% | 100% |
| Donna Karan Service Company BV | Oldenzaal, Netherlands | 100% | 100% |
| Donna Karan Company Store Ireland Ltd | Dublin, Ireland | 100% | 100% |
| Donna Karan Studio LLC | New York, USA | 100% | 100% |
| The Donna Karan Company Store LLC | New York, USA | 100% | 100% |
| Donna Karan International (Canada) Inc | Vancouver, Canada | 100% | 100% |
| Donna Karan Company Store UK Holdings Ltd | London, United Kingdom | 100% | 100% |
| Donna Karan Management Company UK Ltd | London, United Kingdom | 100% | 100% |
| Donna Karan Company Stores UK Retail Ltd | London, United Kingdom | 100% | 100% |
| Donna Karan Company Store (UK) Ltd | London, United Kingdom | 100% | 100% |
| Donna Karan H. K. Ltd | Hong Kong, China | 100% | 100% |
| Donna Karan (Italy) Srl | Milan, Italy | 100% | 100% |
| Donna Karan (Italy) Production Services Srl | Milan, Italy | 100% | 100% |
| Fendi International BV | Baarn, Netherlands | 100% | 100% |
| Fun Fashion Bari Srl | Bari, Italy | 100% | 100% |
| Fendi Prague S.r.o. | Prague, Czech Republic | 100% | 100% |
| Luxury Kuwait for Ready Wear Company WLL | Kuwait City, Kuwait | (d) | (d) |
| Fun Fashion Qatar LLC | Doha, Qatar | (d) | (d) |
| Fendi International SA | Paris, France | 100% | 100% |
| Fun Fashion Emirates LLC | Dubai, United Arab Emirates | (d) | (d) |
| Fendi SA | Luxembourg | 100% | 100% |
| Fun Fashion Bahrain WLL | Manama, Bahrain | (d) | (d) |
| Fendi Srl | Rome, Italy | 100% | 100% |
| Fendi Dis Ticaret LSi | Istanbul, Turkey | 100% | 100% |
| Fendi Adele Srl | Rome, Italy | 100% | 100% |
| Fendi Italia Srl | Rome, Italy | 100% | 100% |
| Fendi UK Ltd | London, United Kingdom | 100% | 100% |
| Fendi France SAS | Paris, France | 100% | 100% |
| Fendi North America Inc | New York, USA(*) | 100% | 100% |
| Fendi Guam Inc | Guam | 100% | 100% |
| Fendi (Thailand) Company Ltd | Bangkok, Thailand | 100% | 100% |
| Fendi Asia-Pacific Ltd | Hong Kong, China | 100% | 100% |
| Fendi Korea Ltd | Seoul, South Korea | 100% | 100% |
| Fendi Taiwan Ltd | Taipei, Taiwan | 100% | 100% |
| Fendi Hong Kong Ltd | Hong Kong, China | 100% | 100% |
| Fendi China Boutiques Ltd | Hong Kong, China | 100% | 100% |
| Fendi (Singapore) Pte Ltd | Singapore | 100% | 100% |

| Companies | Registered office | Percentage | |
|---|---|---|---|
| | | Control | Interest |
| Fendi Fashion (Malaysia) Snd. Bhd. | Kuala Lumpur, Malaysia | 100% | 100% |
| Fendi Switzerland SA | Geneva, Switzerland | 100% | 100% |
| Fun Fashion FZCO LLC | Dubai, United Arab Emirates | 73% | 73% |
| Fendi Marianas Inc | Guam | 100% | 100% |
| Fun Fashion Kuwait Co. WLL | Kuwait City, Kuwait | [d] | [d] |
| Fendi Macau Company Ltd | Macao, China | 100% | 100% |
| Fendi Germany GmbH | Stuttgart, Germany | 100% | 100% |
| Fendi (Shanghai) Co Ltd | Shanghai, China | 100% | 100% |
| Fun Fashion India Pte Ltd | Mumbai, India | [d] | [d] |
| Fun Fashion Hellas | Athens, Greece | 51% | 51% |
| Interservices & Trading SA | Lugano, Switzerland | 100% | 100% |
| Fendi Silk SA | Lugano, Switzerland | 51% | 51% |
| Outshine Mexico, S. de RL de C.V. | Mexico City, Mexico | 100% | 100% |
| Maxelle SA | Neuchâtel, Switzerland | 100% | 51% |
| Taramax USA Inc | New Jersey, USA | 100% | 51% |
| Primetime Inc | New Jersey, USA | 100% | 51% |
| Taramax SA | Neuchâtel, Switzerland | 51% | 51% |
| Taramax Japan KK | Tokyo, Japan | 100% | 51% |
| Support Retail Mexico, S. de RL de C.V. | Mexico City, Mexico | 100% | 100% |
| Fendi Brasil – Grupo de Moda Ltda | São Paulo, Brazil | 100% | 100% |
| Emilio Pucci Srl | Florence, Italy | 100% | 100% |
| Emilio Pucci International BV | Baarn, Netherlands | 67% | 67% |
| Emilio Pucci, Ltd | New York, USA | 100% | 100% |
| Emilio Pucci Hong Kong Co Ltd | Hong Kong, China | 100% | 100% |
| Emilio Pucci (Shanghai) Commercial Ltd | Shanghai, China | 100% | 100% |
| Emilio Pucci UK Ltd | London, United Kingdom | 100% | 100% |
| Emilio Pucci (Singapore) Pte. Ltd | Singapore | 100% | 100% |
| Thomas Pink Holdings Ltd | London, United Kingdom | 100% | 100% |
| Thomas Pink Ltd | London, United Kingdom | 100% | 100% |
| Thomas Pink BV | Rotterdam, Netherlands | 100% | 100% |
| Thomas Pink Inc | New York, USA[*] | 100% | 100% |
| Thomas Pink Ireland Ltd | Dublin, Ireland | 100% | 100% |
| Thomas Pink France SAS | Paris, France | 100% | 100% |
| Thomas Pink Canada Inc | Toronto, Canada | 100% | 100% |
| Edun Apparel Ltd | Dublin, Ireland[b] | 49% | 49% |
| Edun Americas Inc. | North Carolina, USA[b] | 49% | 49% |
| Nowness LLC | New York, USA[*] | 100% | 100% |
| Nowness SAS | Paris, France | 100% | 100% |
| Perida Financière SA | Romans sur Isère, France | 100% | 100% |
| Loro Piana S.p.A. | Quarona, Italy | 80% | 80% |
| Loro Piana Switzerland SA | Lugano, Switzerland | 100% | 80% |
| Loro Piana France SARL | Paris, France | 100% | 80% |
| Loro Piana GmbH | Munich, Germany | 100% | 80% |
| Loro Piana GB Ltd | London, United Kingdom | 100% | 80% |
| Warren Corporation | Stafford Springs, Connecticut, USA | 100% | 80% |
| Loro Piana & C. Inc. | New York, USA | 100% | 80% |
| Loro Piana USA LLC | New York, USA | 100% | 80% |
| Loro Piana Ltd | Hong Kong, China | 100% | 80% |
| Loro Piana Com. Ltd | Shanghai, China | 100% | 80% |
| Loro Piana Textile Trading Ltd | Shanghai, China | 100% | 80% |
| Loro Piana Mongolia Ltd | Ulaanbaatar, Mongolia | 100% | 80% |
| Loro Piana Korea Ltd | Seoul, South Korea | 100% | 80% |
| Loro Piana Ltda | Macao, China | 100% | 80% |
| Loro Piana Monaco SARL | Monaco | 100% | 80% |
| Loro Piana España S.L.U. | Madrid, Spain | 100% | 80% |
| Loro Piana Japan Ltd | Tokyo, Japan | 100% | 80% |
| Loro Piana Far East Pte Ltd | Singapore | 100% | 80% |
| Loro Piana Peru S.A.C. | Lucanas, Ayacucho, Peru | 100% | 80% |
| SDM Maglierie Srl | Sillavengo, Italy | 100% | 80% |
| Fibre Nobili Srl | Verrone, Italy | 100% | 80% |
| Filatura Vertex Srl | Quarona, Italy | 100% | 80% |
| Loro Piana Oesterreich GesmbH | Vienna, Austria | 100% | 80% |
| Loro Piana Nederland BV | Amsterdam, Netherlands | 100% | 80% |
| Loro Piana Czech Republic s.r.o. | Prague, Czech Republic | 100% | 80% |
| SANIN | Rawson, Argentina | 60% | 48% |
| International Vicuna Consortium | Quarona, Italy | 50% | 40% |
| Linen NEWCO | Borgosesia, Italy | 100% | 80% |
| Nicholas Kirkwood Limited | London, United Kingdom | 52% | 52% |
| Nicholas Kirkwood Corp. | New York, USA | 100% | 52% |
| NK Washington LLC | Delaware, USA | 100% | 52% |
| Nicholas Kirkwood LLC | New York, USA | 100% | 52% |
| NK WLV LLC | Nevada, USA | 100% | 52% |
| JW Anderson Limited | London, United Kingdom[b] | 46% | 46% |

## PERFUMES AND COSMETICS

| Companies | Registered office | Control | Interest |
|---|---|---|---|
| Parfums Christian Dior SA | Paris, France | 100% | 100% |
| LVMH P&C Thailand Co Ltd | Bangkok, Thailand | 49% | 49% |
| LVMH Parfums & Cosmétiques do Brasil Ltda | São Paulo, Brazil | 100% | 100% |
| France Argentine Cosmetics SA | Buenos Aires, Argentina | 100% | 100% |
| LVMH P&C Shanghai Co Ltd | Shanghai, China | 100% | 100% |
| Parfums Christian Dior Finland Oy | Helsinki, Finland | 100% | 100% |
| LVMH P&C Inc | New York, USA | 100% | 100% |
| SNC du 33 avenue Hoche | Paris, France | 100% | 100% |
| LVMH Fragrances & Cosmetics (Singapore) Pte Ltd | Singapore | 100% | 100% |
| Parfums Christian Dior Orient Co | Dubai, United Arab Emirates | 60% | 60% |
| Parfums Christian Dior Emirates | Dubai, United Arab Emirates | 51% | 31% |
| LVMH Cosmetics KK | Tokyo, Japan | 100% | 100% |
| Parfums Christian Dior Arabia | Jeddah, Saudi Arabia | 75% | 45% |
| EPCD SP.Z.O.O. | Warsaw, Poland | 100% | 100% |
| EPCD CZ & SK SRO | Prague, Czech Republic | 100% | 100% |
| EPCD RO Distribution Srl | Bucharest, Romania | 100% | 100% |
| Parfums Christian Dior (UK) Ltd | London, United Kingdom | 100% | 100% |
| Parfums Christian Dior BV | Rotterdam, Netherlands | 100% | 100% |
| Iparkos BV | Rotterdam, Netherlands | 100% | 100% |
| Parfums Christian Dior S.A.B. | Brussels, Belgium | 100% | 100% |
| Parfums Christian Dior (Ireland) Ltd | Dublin, Ireland | 100% | 100% |
| Parfums Christian Dior Hellas SA | Athens, Greece | 100% | 100% |
| Parfums Christian Dior AG | Zurich, Switzerland | 100% | 100% |
| Christian Dior Perfumes LLC | New York, USA | 100% | 100% |
| Parfums Christian Dior Canada Inc | Montreal, Canada | 100% | 100% |
| LVMH P&C de Mexico SA de CV | Mexico City, Mexico | 100% | 100% |
| Parfums Christian Dior Japon KK | Tokyo, Japan | 100% | 100% |
| Parfums Christian Dior (Singapore) Pte Ltd | Singapore | 100% | 100% |
| Inalux SA | Luxembourg | 100% | 100% |
| LVMH P&C Asia-Pacific Ltd | Hong Kong, China | 100% | 100% |
| Fa Hua Fragrance & Cosmetic Co Ltd | Hong Kong, China | 100% | 100% |
| Parfums Christian Dior China | Shanghai, China | 100% | 100% |
| LVMH P&C Korea Ltd | Seoul, South Korea | 100% | 100% |
| Parfums Christian Dior Hong Kong Ltd | Hong Kong, China | 100% | 100% |
| LVMH P&C Malaysia Sdn Berhad Inc | Kuala Lumpur, Malaysia | 100% | 100% |
| Pardior SA de CV | Mexico City, Mexico | 100% | 100% |
| Parfums Christian Dior A/S Ltd | Copenhagen, Denmark | 100% | 100% |
| LVMH Perfumes & Cosmetics Group Pty Ltd | Sydney, Australia | 100% | 100% |
| Parfums Christian Dior AS Ltd | Hoevik, Norway | 100% | 100% |
| Parfums Christian Dior AB | Stockholm, Sweden | 100% | 100% |
| Parfums Christian Dior (New Zealand) Ltd | Auckland, New Zealand | 100% | 100% |
| Parfums Christian Dior GmbH Austria | Vienna, Austria | 100% | 100% |
| L Beauty Luxury Asia Inc | Taguig City, Philippines | 100% | 51% |
| SCI Annabell | Paris, France | 100% | 100% |
| PT. L Beauty Brands | Jakarta, Indonesia | 100% | 51% |
| L Beauty Pte Ltd | Singapore | 51% | 51% |
| Cosmetic of France Inc | Florida, USA | 100% | 100% |
| LVMH Recherche GIE | Saint-Jean de Braye, France | 100% | 100% |
| Parfums et Cosmétiques Information Services – PCIS GIE | Levallois Perret, France | 100% | 100% |
| Perfumes Loewe SA | Madrid, Spain | 100% | 100% |
| Acqua Di Parma Srl | Milan, Italy | 100% | 100% |
| Acqua Di Parma LLC | New York, USA | 100% | 100% |
| Guerlain SA | Paris, France | 100% | 100% |
| LVMH Parfums & Kosmetik Deutschland GmbH | Düsseldorf, Germany | 100% | 100% |
| Guerlain GmbH | Vienna, Austria | 100% | 100% |
| Guerlain SA (Belgique) | Fleurus, Belgium | 100% | 100% |
| Guerlain Ltd | London, United Kingdom | 100% | 100% |
| LVMH Perfumes e Cosmetica Lda | Lisbon, Portugal | 100% | 100% |
| PC Parfums Cosmétiques SA | Zurich, Switzerland | 100% | 100% |
| Guerlain Inc | New York, USA | 100% | 100% |
| Guerlain Canada Ltd | Montreal, Canada | 100% | 100% |
| Guerlain De Mexico SA | Mexico City, Mexico | 100% | 100% |
| Guerlain Asia-Pacific Ltd | Hong Kong, China | 100% | 100% |
| Guerlain KK | Tokyo, Japan | 100% | 100% |
| Guerlain KSA | Paris, France | 100% | 100% |
| Guerlain Orient – JLT | Dubai, United Arab Emirates | 100% | 100% |
| Guerlain Oceania Australia Pty Ltd | Melbourne, Australia | 100% | 100% |
| Make Up For Ever SA | Paris, France | 100% | 100% |
| SCI Edison | Paris, France | 100% | 100% |
| Make Up For Ever LLC | New York, USA[*] | 100% | 100% |
| Make Up For Ever Canada Ltd | Montreal, Canada | 100% | 100% |
| LVMH Fragrance Brands SA | Levallois Perret, France | 100% | 100% |
| LVMH Fragrance Brands Ltd | London, United Kingdom | 100% | 100% |
| LVMH Fragrance Brands GmbH | Düsseldorf, Germany | 100% | 100% |
| LVMH Fragrance Brands LLC | New York, USA[*] | 100% | 100% |
| LVMH Fragrance Brands Ltd | Toronto, Canada | 100% | 100% |
| LVMH Fragrance Brands KK | Tokyo, Japan | 100% | 100% |
| LVMH Fragrance Brands WHD Inc | New York, USA[*] | 100% | 100% |
| LVMH Fragrance Brands Singapore Pte Ltd | Singapore | 100% | 100% |

| Companies | Registered office | Percentage | |
|---|---|---|---|
| | | Control | Interest |
| Benefit Cosmetics LLC | California, USA | 100% | 100% |
| Benefit Cosmetics Ireland Ltd | Dublin, Ireland | 100% | 100% |
| Benefit Cosmetics UK Ltd | Chelmsford, United Kingdom | 100% | 100% |
| Benefit Cosmetics Canada Inc | Toronto, Canada | 100% | 100% |
| Benefit Cosmetics Korea | Seoul, South Korea | 100% | 100% |
| Benefit Cosmetics SAS | Boulogne Billancourt, France | 100% | 100% |
| Benefit Cosmetics Hong Kong Limited | Hong Kong, China | 100% | 100% |
| L Beauty Sdn Bhn | Kuala Lumpur, Malaysia | 100% | 51% |
| L Beauty Thailand | Bangkok, Thailand | 95% | 48% |
| Nude Brands Ltd | London, United Kingdom | 70% | 70% |
| Nude Skincare Inc | California, USA | 100% | 70% |
| Fresh Inc | Massachusetts, USA | 80% | 80% |
| Fresh Cosmetics Ltd | London, United Kingdom | 100% | 80% |
| Fresh Hong Kong Ltd | Hong Kong, China | 100% | 80% |
| Fresh Korea Ltd | Seoul, South Korea | 100% | 80% |

## WATCHES AND JEWELRY

| Companies | Registered office | Control | Interest |
|---|---|---|---|
| TAG Heuer International SA | Luxembourg | 100% | 100% |
| LVMH Swiss Manufactures SA | La Chaux-de-Fonds, Switzerland | 100% | 100% |
| LVMH Relojeria & Joyeria España SA | Madrid, Spain | 100% | 100% |
| LVMH Montres & Joaillerie France SA | Paris, France | 100% | 100% |
| LVMH Watch & Jewelry Central Europe GmbH | Bad Homburg, Germany | 100% | 100% |
| LVMH Watch & Jewelry UK Ltd | Manchester, United Kingdom | 100% | 100% |
| LVMH Watch & Jewelry USA Inc | New Jersey, USA | 100% | 100% |
| LVMH Watch & Jewelry Canada Ltd | Toronto, Canada | 100% | 100% |
| LVMH Watch & Jewelry Far East Ltd | Hong Kong, China | 100% | 100% |
| LVMH Watch & Jewelry Singapore Pte Ltd | Singapore | 100% | 100% |
| LVMH Watch & Jewelry Malaysia Sdn Bhd | Kuala Lumpur, Malaysia | 100% | 100% |
| LVMH Watch & Jewelry Capital Pte Ltd | Singapore | 100% | 100% |
| LVMH Watch & Jewelry Japan KK | Tokyo, Japan | 100% | 100% |
| LVMH Watch & Jewelry Australia Pty Ltd | Melbourne, Australia | 100% | 100% |
| LVMH Watch & Jewelry Hong Kong Ltd | Hong Kong, China | 100% | 100% |
| LVMH Watch & Jewelry Taiwan Ltd | Hong Kong, China | 100% | 100% |
| LVMH Watch & Jewelry India Pvt Ltd | New Delhi, India | 100% | 100% |
| LVMH Watch & Jewelry (Shanghai) Commercial Co Ltd | Shanghai, China | 100% | 100% |
| LVMH Watch & Jewelry Russia SARL | Moscow, Russia | 100% | 100% |
| Cortech SA | Cornol, Switzerland | 100% | 100% |
| Timecrown Ltd | Worsley, United Kingdom | 100% | 100% |
| ArteCad SA | Tramelan, Switzerland | 100% | 100% |
| Alpha Time Corp. Ltd | Hong Kong, China | 100% | 100% |
| Dream Tech (Shanghai) Co. Ltd | Shanghai, China | 100% | 100% |
| Dream Tech Intl Trading Co. Ltd | Shanghai, China | 100% | 100% |
| Chaumet International SA | Paris, France | 100% | 100% |
| Chaumet London Ltd | London, United Kingdom | 100% | 100% |
| Chaumet Horlogerie SA | Bienne, Switzerland | 100% | 100% |
| Chaumet Korea Chusik Hoesa | Seoul, South Korea | 100% | 100% |
| Chaumet Middle East FZCO | Dubai, United Arab Emirates | 60% | 60% |
| Chaumet UAE | Dubai, United Arab Emirates | [d] | [d] |
| Farouk Trading | Riyadh, Saudi Arabia | [d] | [d] |
| LVMH Watch & Jewelry Italy Spa | Milan, Italy | 100% | 100% |
| Delano SA | La Chaux-de-Fonds, Switzerland | 100% | 100% |
| Fred Paris SA | Paris, France | 100% | 100% |
| Joaillerie de Monaco SA | Monaco | 100% | 100% |
| Fred Inc | California, USA [*] | 100% | 100% |
| Fred Londres Ltd | London, United Kingdom | 100% | 100% |
| Dior Montres SARL | Paris, France [a] | 50% | 50% |
| Les Ateliers Horlogers Dior SA | La Chaux-de-Fonds, Switzerland [a] | 50% | 50% |
| Hublot SA | Nyon, Switzerland | 100% | 100% |
| Bentim International SA | Luxembourg | 100% | 100% |
| Hublot SA Genève | Geneva, Switzerland | 100% | 100% |
| Hublot of America, Inc | Florida, USA | 100% | 100% |
| Hublot Japan KK Ltd | Tokyo, Japan | 100% | 100% |
| Profusion SARL | Gland, Switzerland | 100% | 100% |
| Nyon LLC | Florida, USA | 51% | 51% |
| Nyon Services LLC | Miami, USA [*] | 100% | 51% |
| Atlanta Boutique LLC | Atlanta, USA | 100% | 51% |
| Echidna Distribution Company LLC | Dallas, USA | 100% | 51% |
| Furioso LLC | Orlando, USA | 100% | 51% |
| Fusion World Dallas LLC | Dallas, USA | 100% | 51% |
| Fusion World Houston LLC | Houston, USA | 100% | 51% |
| New World of Fusion LLC | Miami, USA [*] | 100% | 51% |
| De Beers Diamond Jewellers Ltd | London, United Kingdom [a] | 50% | 50% |
| De Beers Diamond Jewellers Trademark Ltd | London, United Kingdom [a] | 100% | 50% |
| De Beers Diamond Jewellers UK Ltd | London, United Kingdom [a] | 100% | 50% |
| De Beers Diamond Jewellers Japan KK Co | Tokyo, Japan [a] | 100% | 50% |
| De Beers Diamond Jewellers (Hong Kong) Ltd | Hong Kong, China [a] | 100% | 50% |
| De Beers Diamond Jewellers Limited Taiwan | Taipei, Taiwan [a] | 100% | 50% |
| De Beers Diamond Jewellers US. Inc | Delaware, USA [a] | 100% | 50% |
| De Beers Jewellers Commercial (Shanghai) Co, Ltd | Shanghai, China [a] | 100% | 50% |
| Bulgari SpA | Rome, Italy | 100% | 100% |
| Bulgari Italia SpA | Rome, Italy | 100% | 100% |
| Bulgari Retail USA S.r.l. | Rome, Italy | 100% | 100% |
| Bulgari International Corporation (BIC) NV | Amsterdam, Netherlands | 100% | 100% |
| Bulgari Corporation of America Inc. | New York, USA | 100% | 100% |
| Bulgari SA | Geneva, Switzerland | 100% | 100% |
| Bulgari Horlogerie SA | Neuchâtel, Switzerland | 100% | 100% |
| Bulgari France SAS | Paris, France | 100% | 100% |
| Bulgari Montecarlo SAM | Monaco | 100% | 100% |
| Bulgari (Deutschland) GmbH | Munich, Germany | 100% | 100% |
| Bulgari Espana SA Unipersonal | Madrid, Spain | 100% | 100% |
| Bulgari South Asian Operations Pte Ltd | Singapore | 100% | 100% |
| Bulgari (UK) Ltd | London, United Kingdom | 100% | 100% |
| Bulgari Belgium SA | Brussels, Belgium | 100% | 100% |
| Bulgari Australia Pty Ltd | Sydney, Australia | 100% | 100% |
| Bulgari (Malaysia) Sdn Bhd. | Kuala Lumpur, Malaysia | 100% | 100% |
| Bulgari Global Operations SA | Neuchâtel, Switzerland | 100% | 100% |
| Bulgari Asia Pacific Ltd | Hong Kong, China | 100% | 100% |
| Bulgari (Taiwan) Ltd | Taipei, Taiwan | 100% | 100% |
| Bulgari Korea Ltd | Seoul, South Korea | 100% | 100% |
| Bulgari Saint Barth SAS | Saint-Barthélemy, French Antilles | 100% | 100% |
| Bulgari Gioielli SpA | Valenza, Italy | 100% | 100% |
| Bulgari Accessori Srl | Florence, Italy | 100% | 100% |
| Bulgari Holdings (Thailand) Ltd | Bangkok, Thailand | 100% | 100% |
| Bulgari (Thailand) Ltd | Bangkok, Thailand | 100% | 100% |
| Bulgari Commercial (Shanghai) Co. Ltd | Shanghai, China | 100% | 100% |
| Bulgari Japan Ltd | Tokyo, Japan | 100% | 100% |
| Bulgari Panama Inc | Panama City, Panama | 100% | 100% |
| Bulgari Ireland Ltd | Dublin, Ireland | 100% | 100% |
| Bulgari Qatar Lcc | Doha, Qatar | [d] | [d] |
| Bulgari Kuwait Wll | Kuwait City, Kuwait | [d] | [d] |
| Bulgari do Brazil Ltda | São Paulo, Brazil | 100% | 100% |
| Bulgari Hotels and Resorts Milano Srl | Rome, Italy [a] | 50% | 50% |
| Famaf Accessori S.r.l. | Florence, Italy | 100% | 100% |
| Bulgari Turkey Lüks Ürün Ticareti Limited Sirketi | Istanbul, Turkey | 100% | 100% |

## SELECTIVE RETAILING

| Companies | Registered office | Control | Interest |
|---|---|---|---|
| LVMH Iberia SL | Madrid, Spain | 100% | 100% |
| LVMH Italia SpA | Milan, Italy | 100% | 100% |
| Sephora SA | Boulogne Billancourt, France | 100% | 100% |
| Sephora Luxembourg SARL | Luxembourg | 100% | 100% |
| Sephora Portugal Perfumaria Lda | Lisbon, Portugal | 100% | 100% |
| Sephora Pologne Spzoo | Warsaw, Poland | 100% | 100% |
| Sephora Marinopoulos SA | Alimos, Greece | 100% | 100% |
| Sephora Marinopoulos Romania SA | Bucharest, Romania | 100% | 100% |
| Sephora S.R.O. | Prague, Czech Republic | 100% | 100% |
| Sephora Monaco SAM | Monaco | 99% | 99% |
| Sephora Cosmeticos España | Madrid, Spain [a] | 50% | 50% |
| S+ | Boulogne Billancourt, France | 100% | 100% |
| Sephora Marinopoulos Bulgaria EOOD | Sofia, Bulgaria | 100% | 100% |
| Sephora Marinopoulos Cyprus Ltd | Nicosia, Cyprus | 100% | 100% |
| Sephora Unitim Kozmetik AS | Istanbul, Turkey | 100% | 100% |
| Perfumes & Cosmeticos Gran Via SL | Madrid, Spain [a] | 45% | 45% |
| Sephora Marinopoulos D.O.O. | Zagreb, Croatia | 100% | 100% |
| Sephora Marinopoulos Cosmetics D.O.O. | Belgrade, Serbia | 100% | 100% |
| Sephora Nederland BV | Amsterdam, Netherlands | 100% | 100% |
| Sephora Danmark ApS | Copenhagen, Denmark | 100% | 100% |
| Sephora Sweden AB | Malmö, Sweden | 100% | 100% |
| Sephora Moyen Orient SA | Fribourg, Switzerland | 60% | 60% |
| Sephora Middle East FZE | Dubai, United Arab Emirates | 100% | 60% |
| Sephora Asia Pte Ltd | Shanghai, China | 100% | 100% |
| Sephora (Shanghai) Cosmetics Co. Ltd | Shanghai, China | 81% | 81% |
| Sephora (Beijing) Cosmetics Co. Ltd | Beijing, China | 81% | 81% |
| Sephora Xiangyang (Shanghai) Cosmetics Co., Ltd | Shanghai, China | 100% | 81% |
| Sephora Singapore Pte Ltd | Singapore | 100% | 100% |
| Sephora Thailand Company Ltd | Bangkok, Thailand | 100% | 100% |
| Sephora USA Inc | California, USA [*] | 100% | 100% |
| Sephora Cosmetics Private Ltd | New Delhi, India | 100% | 100% |
| Sephora Beauty Canada, Inc | California, USA | 100% | 100% |
| Sephora Puerto Rico LLC | California, USA | 100% | 100% |
| Sephora Mexico, SRLCV | Lomas de Chapultepec, Mexico | 100% | 100% |
| Servicios Ziphorah, SRLCV | Mexico City, Mexico | 100% | 100% |

| Companies | Registered office | Percentage | |
|---|---|---|---|
| | | Control | Interest |
| Sephora Emirates LLC | Dubai, United Arab Emirates | 49% | 29% |
| Sephora Bahrain WLL | Manama, Bahrain | 49% | 29% |
| Sephora Do Brasil Participacoes SA | Rio de Janeiro, Brazil | 100% | 100% |
| PT Sephora Indonesia | Jakarta, Indonesia | 100% | 100% |
| Dotcom group Comercio de Presentes SA | Rio de Janeiro, Brazil | 70% | 70% |
| Kendo Holdings Inc | California, USA | 100% | 100% |
| LGCS Inc | New York, USA | 100% | 100% |
| Ole Henriksen of Denmark Inc. | California, USA | 100% | 100% |
| Sephora Do Brazil – avenue Hoche | São Paulo, Brazil | 100% | 100% |
| Galonta Holdings Limited | Nicosia, Cyprus | 65% | 65% |
| United Europe – Securities OJSC | Moscow, Russia | 100% | 65% |
| Beauty in Motion Sdn. Bhd. | Kuala Lumpur, Malaysia | 100% | 100% |
| Le Bon Marché SA | Paris, France | 100% | 100% |
| SEGEP SNC | Paris, France | 99% | 99% |
| Franck & Fils SA | Paris, France | 100% | 100% |
| DFS Holdings Ltd | Hamilton, Bermuda | 61% | 61% |
| DFS Australia Pty Ltd | Sydney, Australia | 100% | 61% |
| DFS Group Ltd | Delaware, USA | 100% | 61% |
| DFS China Partners Ltd | Hong Kong, China | 100% | 61% |
| DFS Hong Kong Ltd | Hong Kong, China | 100% | 61% |
| TRS Hong Kong Ltd | Hong Kong, China [b] | 45% | 28% |
| DFS France SAS | Paris, France | 100% | 61% |
| DFS Okinawa KK | Okinawa, Japan | 100% | 61% |
| TRS Okinawa | Okinawa, Japan [b] | 45% | 28% |
| JAL/DFS Co., Ltd | Chiba, Japan [b] | 40% | 24% |
| DFS Korea Ltd | Seoul, South Korea | 100% | 61% |
| DFS Seoul Ltd | Seoul, South Korea | 100% | 61% |
| DFS Cotai Limitada | Macao, China | 100% | 61% |
| DFS Sdn. Bhd. | Kuala Lumpur, Malaysia | 100% | 61% |
| Gateshire Marketing Sdn Bhd | Kuala Lumpur, Malaysia | 100% | 61% |
| DFS Middle East LLC | Abu Dhabi, United Arab Emirates | 100% | 61% |
| DFS Venture Brasil Participações Ltda | São Paulo, Brazil | 100% | 61% |
| DFS Merchandising Ltd | Delaware, USA | 100% | 61% |
| DFS New Caledonia Sarl | Nouméa, New Caledonia | 100% | 61% |
| DFS New Zealand Ltd | Auckland, New Zealand | 100% | 61% |
| TRS New Zealand Ltd | Auckland, New Zealand [b] | 45% | 28% |
| Commonwealth Investment Company Inc | Saipan, Northern Mariana Islands | 97% | 59% |
| DFS Saipan Ltd | Saipan, Northern Mariana Islands | 100% | 61% |
| Kinkaï Saipan LP | Saipan, Northern Mariana Islands | 100% | 61% |
| Saipan International Boutique Partners | Saipan, Northern Mariana Islands [b] | 50% | 31% |
| DFS Business consulting (Shanghai) Co. Ltd | Shanghai, China | 100% | 61% |
| Hainan DFS Retail Company Limited | Hainan, China | 100% | 61% |
| DFS Taiwan Ltd | Taipei, Taiwan | 100% | 61% |
| Tou You Duty Free Shop Co. Ltd | Taipei, Taiwan | 100% | 61% |
| DFS Singapore (Pte) Ltd | Singapore | 100% | 61% |
| DFS Venture Singapore (Pte) Ltd | Singapore | 100% | 61% |
| TRS Singapore Pte Ltd | Singapore [b] | 45% | 28% |
| Singapore International Boutique Partners | Singapore [b] | 50% | 31% |
| DFS India Private Ltd | Mumbai, India | 70% | 43% |
| DFS Vietnam (S) Pte Ltd | Singapore | 70% | 43% |
| New Asia Wave International Pte Ltd | Singapore | 70% | 43% |
| IPP Group Pte Ltd | Singapore | 70% | 43% |
| L Development & Management Ltd | Hong Kong, China [b] | 40% | 25% |
| DFS Group LP | Delaware, USA | 61% | 61% |
| LAX Duty Free Joint Venture 2000 | California, USA | 75% | 46% |
| Royal Hawaiian Insurance Company Ltd | Hawaii, USA | 100% | 61% |
| Hawaii International Boutique Partners | Hawaii, USA [b] | 50% | 31% |
| JFK Terminal 4 Joint Venture 2001 | New York, USA | 80% | 49% |
| DFS Guam LP | Guam | 61% | 61% |
| Guam International Boutique Partners | Guam [b] | 50% | 31% |
| DFS Liquor Retailing Ltd | Delaware, USA | 61% | 61% |
| Twenty Seven – Twenty Eight Corp. | Delaware, USA | 61% | 61% |
| DFS Credit Systems LTD | Hamilton, Bermuda | 100% | 61% |
| DFS European Logistics Ltd | Hamilton, Bermuda | 100% | 61% |
| DFS Italy S.r.L. | Milan, Italy | 100% | 61% |
| Preferred Products Ltd | Hong Kong, China | 100% | 61% |
| TRS Hawaii LLC | Hawaii, USA [b] | 45% | 28% |
| TRS Saipan Ltd | Saipan, Northern Mariana Islands [b] | 45% | 28% |
| TRS Guam LLC | Guam [b] | 45% | 28% |
| Tumon Entertainment LLC | Guam | 100% | 100% |
| Comete Guam Inc | Guam | 100% | 100% |
| Tumon Aquarium LLC | Guam | 97% | 97% |
| Comete Saipan Inc | Saipan, Northern Mariana Islands | 100% | 100% |
| Tumon Games LLC | Guam | 100% | 100% |
| DFS Vietnam LLC | Ho Chi Minh City, Vietnam | 100% | 61% |
| PT Sona Topas Tourism industry Tbk | Jakarta, Indonesia [b] | 45% | 28% |
| Cruise Line Holdings Co | Delaware, USA | 100% | 100% |
| Starboard Cruise Services Inc | Delaware, USA | 100% | 100% |
| Starboard Holdings Ltd | Delaware, USA | 100% | 100% |
| International Cruise Shops Ltd | Cayman Islands | 100% | 100% |

| Companies | Registered office | Percentage | |
|---|---|---|---|
| | | Control | Interest |
| Vacation Media Ltd | Kingston, Jamaica | 100% | 100% |
| STB Srl | Florence, Italy | 100% | 100% |
| On Board Media Inc | Delaware, USA | 100% | 100% |
| Parazul LLC | Delaware, USA | 100% | 100% |
| Onboard.com LLC | Delaware, USA | 100% | 100% |
| Y.E.S. Your Extended Services LLC | Delaware, USA [a] | 33% | 33% |

## OTHER ACTIVITIES

| Companies | Registered office | Control | Interest |
|---|---|---|---|
| Groupe Les Echos SA | Paris, France | 100% | 100% |
| Les Echos Management SAS | Paris, France | 100% | 100% |
| Régiepress SAS | Paris, France | 100% | 100% |
| Les Echos Légal SAS | Paris, France | 100% | 100% |
| Radio Classique SAS | Paris, France | 100% | 100% |
| Les Echos Medias SAS | Paris, France | 100% | 100% |
| SFPA SARL | Paris, France | 100% | 100% |
| Les Echos SAS | Paris, France | 100% | 100% |
| Percier Publications SNC | Paris, France | 100% | 100% |
| Investir Publications SAS | Paris, France | 100% | 100% |
| Les Echos Business SAS | Paris, France | 100% | 100% |
| SID Presse SAS | Paris, France | 100% | 100% |
| Magasins de La Samaritaine SA | Paris, France | 99% | 99% |
| DMB Gestion SARL | Paris, France | 100% | 98% |
| Mongoual SA | Paris, France [b] | 40% | 40% |
| Le Jardin d'Acclimatation | Paris, France | 99% | 99% |
| RVL Holding BV | Kaag, Netherlands | 91% | 91% |
| Royal Van Lent Shipyard BV | Kaag, Netherlands | 100% | 91% |
| Tower Holding BV | Kaag, Netherlands | 100% | 91% |
| Green Bell BV | Kaag, Netherlands | 100% | 91% |
| Gebroeders Olie Beheer BV | Waddinxveen, Netherlands | 100% | 91% |
| Van der Loo Yachtinteriors BV | Waddinxveen, Netherlands | 100% | 91% |
| Red Bell BV | Kaag, Netherlands | 100% | 91% |
| De Voogt Naval Architects BV | Haarlem, Netherlands [b] | 50% | 46% |
| Feadship Holland BV | Amsterdam, Netherlands [b] | 50% | 46% |
| Feadship America Inc | Florida, USA [b] | 50% | 46% |
| OGMNL BV | Nieuw-Lekkerland, Netherlands [b] | 50% | 46% |
| Probinvest SAS | Paris, France | 100% | 100% |
| Ufipar SAS | Paris, France | 100% | 100% |
| L Capital Management SAS | Paris, France | 100% | 100% |
| Sofidiv SAS | Paris, France | 100% | 100% |
| GIE LVMH Services | Paris, France | 100% | 85% |
| Moët Hennessy SNC | Paris, France | 66% | 66% |
| LVMH Services Ltd | London, United Kingdom | 100% | 100% |
| UFIP (Ireland) PRU | Dublin, Ireland | 100% | 100% |
| Moët Hennessy Investissements SA | Paris, France | 100% | 66% |
| LV Group | Paris, France | 100% | 100% |
| Moët Hennessy International SAS | Paris, France | 66% | 66% |
| Creare SA | Luxembourg | 100% | 86% |
| Creare Pte Ltd | Singapore | 100% | 86% |
| Société Montaigne Jean Goujon SAS | Paris, France | 100% | 100% |
| Delphine SAS | Paris, France | 100% | 100% |
| LVMH Finance SA | Paris, France | 100% | 100% |
| Primae SAS | Paris, France | 100% | 100% |
| Eutrope SAS | Paris, France | 100% | 100% |
| Flavius Investissements SA | Paris, France | 100% | 100% |
| LBD HOLDING SA | Paris, France | 100% | 100% |
| Eley Finance SA | Paris, France | 100% | 100% |
| Ashbury Finance SA | Paris, France | 100% | 100% |
| Ivelford Business SA | Paris, France | 100% | 100% |
| Bratton Service SA | Paris, France | 100% | 100% |
| LVMH Hotel Management SAS | Paris, France | 100% | 100% |
| Ufinvest SAS | Paris, France | 100% | 100% |
| Delta | Paris, France | 100% | 100% |
| Hôtel Les Tovets | Courchevel, France | 100% | 100% |
| Société Immobilière Paris Savoie Les Tovets | Courchevel, France | 100% | 100% |
| Altair Holding LLC | New York, USA [*] | 100% | 100% |
| Moët Hennessy Inc | New York, USA [*] | 100% | 66% |
| One East 57th Street LLC | New York, USA [*] | 100% | 100% |
| LVMH Moët Hennessy Louis Vuitton Inc | New York, USA [*] | 100% | 100% |
| Sofidiv Art Trading LLC | New York, USA [*] | 100% | 100% |
| Sofidiv Inc | New York, USA [*] | 100% | 100% |
| 598 Madison Leasing Corp | New York, USA [*] | 100% | 100% |
| 1896 Corp | New York, USA [*] | 100% | 100% |
| 319-323 N. Rodeo LLC | New York, USA [*] | 100% | 100% |
| LVMH MJ LLC | New York, USA [*] | 100% | 100% |
| LVMH MJ Holding Inc. | New York, USA [*] | 100% | 100% |
| Arbelos Insurance Inc. | New York, USA | 100% | 100% |
| Meadowland Florida LLC | New York, USA | 100% | 100% |
| LVMH Participations BV | Naarden, Netherlands | 100% | 100% |

| Companies | Registered office | Percentage | |
|---|---|---|---|
| | | Control | Interest |
| LVMH Moët Hennessy Louis Vuitton BV | Naarden, Netherlands | 100% | 100% |
| LVP Holding BV | Naarden, Netherlands | 100% | 100% |
| LVMH Services BV | Baarn, Netherlands | 100% | 100% |
| LVMH Finance Belgique SA | Brussels, Belgium | 100% | 100% |
| LVMH International SA | Brussels, Belgium | 100% | 100% |
| Marithé SA | Luxembourg | 100% | 100% |
| Ginza SA | Luxembourg | 100% | 100% |
| LVMH EU | Luxembourg | 100% | 100% |
| L Real Estate SA | Luxembourg [b] | 49% | 49% |
| Ufilug SA | Luxembourg | 100% | 100% |
| Delphilug SA | Luxembourg | 100% | 100% |
| Glacea SA | Luxembourg | 100% | 100% |
| Naxara SA | Luxembourg | 100% | 100% |
| Pronos SA | Luxembourg | 100% | 100% |
| Hanninvest SA | Brussels, Belgium | 100% | 100% |
| LVMH Publica SA | Brussels, Belgium | 100% | 100% |
| Sofidiv UK Ltd | London, United Kingdom | 100% | 100% |
| LVMH Moët Hennessy Louis Vuitton KK | Tokyo, Japan | 100% | 100% |

| Companies | Registered office | Percentage | |
|---|---|---|---|
| | | Control | Interest |
| Osaka Fudosan Company Ltd | Tokyo, Japan | 100% | 100% |
| LVMH Asia-Pacific Ltd | Hong Kong, China | 100% | 100% |
| LVMH Shanghai Management and Consultancy Co, Ltd | Shanghai, China | 100% | 100% |
| L Capital Asia Advisors PLC | Port Louis, Mauritius | 100% | 100% |
| LVMH South & South East Asia Pte Ltd | Singapore | 100% | 100% |
| Vicuna Holding Spa | Milan, Italy | 100% | 100% |
| Pasticceria Confetteria Cova S.r.l | Milan, Italy | 80% | 80% |
| Cova Montenapoleone S.r.l | Milan, Italy | 100% | 80% |
| Investissement Hotelier Saint Barth Plage des Flamands SAS | Saint-Barthélemy, French Antilles | 100% | 100% |
| Isle de France SARL | Saint-Barthélemy, French Antilles | 100% | 100% |
| Isle de France Group Limited | London, United Kingdom | 100% | 100% |
| Drift Saint Barth Holding Limited | London, United Kingdom | 100% | 100% |
| CT Saint Barth Limited | London, United Kingdom | 100% | 100% |
| Drift Saint Barth Limited | London, United Kingdom | 100% | 100% |
| LVMH Moët Hennessy – Louis Vuitton SA | Paris, France | Parent company | |

(*) The address given corresponds to the company's administrative headquarters; the corporate registered office is located in the state of Delaware.
(a) Consolidated on a proportional basis.
(b) Accounted for using the equity method.
(c) Joint venture companies with Diageo: only the Moët Hennessy activity is consolidated.
(d) The Group's percentages of control and interest are not disclosed, the result of these companies being consolidated on the basis of the Group's contractual share in their business.

# STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2013, on:

- the audit of the accompanying consolidated financial statements of the company LVMH Moët Hennessy Louis Vuitton;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by your Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

### I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2013, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Note 1.2 of the consolidated financial statements relating to the effect of the application as at January 1, 2013 of the amendments to IAS 19 on employee benefit commitments.

### II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- The valuation of brands and goodwill has been tested under the method described in Note 1.13 to the consolidated financial statements under section 1 "Accounting policies". Based on the aforementioned, we have assessed the appropriateness of the methodology applied based on certain estimates and have reviewed the data and assumptions used by the Group to perform these valuations.
- We have verified that Note 1.11 to the consolidated financial statements provides an appropriate disclosure on the accounting treatment of commitments to purchase minority interests, as such treatment is not specifically provided for by the IFRS framework as adopted by the European Union.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's Management Report.

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

Neuilly-sur-Seine and Paris-La Défense, February 18, 2014

The Statutory Auditors

| DELOITTE & ASSOCIES | ERNST & YOUNG et Autres | |
|---|---|---|
| Thierry Benoit | Jeanne Boillet | Gilles Cohen |

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the Group's Management Report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

LVMH

MOËT HENNESSY . LOUIS VUITTON

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