

LVMH: Organic revenue growth of 4% in the first half of 2016

Paris, 26 July 2016

LVMH Moët Hennessy Louis Vuitton, the world's leading luxury products group, recorded revenue of €17.2 billion in the first half of 2016, an increase of 3%. Organic revenue growth was 4% compared to the same period in 2015. The American market is dynamic, while Europe remains on track, with the exception of France, which has been affected by a decrease in tourism. Asia improved steadily during the period.

In the second quarter, revenue increased by 2% compared to the same period in 2015. Organic revenue growth was 4% marking a slight increase compared with the first quarter.

Profit from recurring operations was €2 959 million for the first half of 2016, consistent with the same period in 2015. Group share of net profit amounted to €1 711 million, an increase of 8%.

Bernard Arnault, Chairman and CEO of LVMH, commented:

“LVMH's results for the first half of 2016 reflect, more than ever, the strength of our business model, which allows us to continue to grow even during an unstable geopolitical environment and economic and monetary uncertainties. The diversity of our businesses, the entrepreneurial style of our brands and the agility of our organization all contribute to the growth of the Group. By remaining vigilant, we face the second half of the year with confidence and count on the quality of our products and the talent of our teams to further strengthen our leadership in the world of high quality products in 2016.”

Highlights of the first half of 2016 include:

- Strong momentum in the United States, and continued growth in the European market,
- Excellent performance from Wines and Spirits in all regions,
- Success of iconic lines and new products at Louis Vuitton, where profitability remains at an exceptional level,
- Impressive growth of Fendi, which celebrates its 90th year,
- Continued investment in the fashion brands,
- Strong momentum at Parfums Christian Dior, led by successful innovations,
- Market share gains at Bvlgari and the successful refocusing of TAG Heuer on its core range,
- Exceptional progress at Sephora which is strengthening its position in all operating regions and in the digital universe,
- Cash from operations before changes in working capital of €3.7 billion, an increase of 8%,
- Net debt to equity ratio of 20% as of the end of June 2016.

Key figures

<i>Euro millions</i>	First half 2015	First half 2016	% change
Revenue	16 707	17 188	+ 3 %
Profit from recurring operations	2 955	2 959	0 %
Group share of net profit	1 580	1 711	+ 8 %
Cash from operations*	3 368	3 650	+ 8 %
Net Financial Debt	6 034	5 303	- 12 %
Total Equity	24 445	26 073	+ 7%

* Before changes in working capital.

Revenue by business group:

<i>Euro millions</i>	First half 2015	First half 2016	% change	
			Reported	Organic*
Wines & Spirits	1 930	2 056	+ 7 %	+ 9 %
Fashion & Leather Goods	5 933	5 885	- 1 %	0 %
Perfumes & Cosmetics	2 228	2 337	+ 5 %	+ 8%
Watches & Jewelry	1 552	1 609	+ 4 %	+ 4 %
Selective Retailing	5 275	5 480	+ 4%	+ 5 %
Other activities and eliminations	(211)	(179)	-	-
Total LVMH	16 707	17 188	+ 3 %	+ 4 %

* With comparable structure and constant exchange rates. The exchange rate impact is -2% and the structural impact is 1%.

Profit from recurring operations by business group:

<i>Euro millions</i>	First half 2015	First half 2016	% change
Wines & Spirits	482	565	+ 17 %
Fashion & Leather Goods	1 661	1 630	- 2 %
Perfumes & Cosmetics	249	272	+ 9 %
Watches & Jewelry	205	205	0 %
Selective Retailing	433	410	- 5 %
Other activities and eliminations	(75)	(123)	-
Total LVMH	2 955	2 959	0 %

Wines & Spirits: excellent start to the year with strong growth in the United States, and improved momentum in China

The **Wines & Spirits** business group recorded organic revenue growth of 9%. On a reported basis, revenue growth was 7% and profit from recurring operations increased by 17%. The champagne business had a good start to the year, especially in Europe and the US. The prestige vintages performed particularly well. Hennessy recorded strong growth in the American market and improved momentum in China following 2015 which was marked by a period of destocking by distributors. Other spirits, Glenmorangie and Belvedere continue their development.

Fashion & Leather Goods: excellent creative momentum at Louis Vuitton and further strengthening of other brands

The **Fashion & Leather Goods** business group recorded stable revenue and profit from recurring operations. Louis Vuitton continued to illustrate its creative momentum across its collections. Leather goods' performance was based on both the continued development of its iconic models, as well as on the success of its more recent creations. The presentation of the Cruise Collection in the Niterói Museum of Contemporary Art in Brazil was a highlight of the first half. Loro Piana opened a flagship store on Avenue Montaigne in Paris. Fendi recorded an excellent performance in the first half. Céline and Kenzo showed strong growth. Marc Jacobs continued the repositioning of its collections. Other brands are further strengthening their positions. An agreement was announced for the sale of the Donna Karan business.

Perfumes & Cosmetics: innovations meet with great success.

The **Perfumes & Cosmetics** business group recorded organic revenue growth of 8%. On a reported basis, revenue growth was 5% and profit from recurring operations increased by 9%. Christian Dior gained market share in all regions, underscoring its strong performance, driven by the international success of *Sauvage* and the vitality of its iconic perfumes, *J'adore* and *Miss Dior*. Its new fragrance, *Poison Girl*, and its latest makeup creations also contributed to the excellent performance of the brand. Strengthened by the success of its perfumes, Guerlain introduced *La Petite Robe Noire* to the makeup market. Benefit's new eyebrow collection received an excellent reception. Make Up For Ever and the portfolio of Kendo brands grew rapidly.

Watches & Jewelry: market share gains of our brands and successful refocusing of TAG Heuer in its core offering

In the first half of 2016, the **Watches & Jewelry** business group recorded organic revenue growth of 4%. On a reported basis, revenue growth was 4% and profit from recurring operations was stable. Bvlgari continued its growth and outperformed the market. The brand maintained its strong creative momentum, notably with the enhancements to the iconic *B Zero 1* and *Diva* collections. With good progress in a difficult market, TAG Heuer gained market share and recorded the first positive effects of the development of its core offering. Its new *Connected* watch was an immense success.

Selective Retailing: excellent performance at Sephora; DFS impacted by the difficult tourist environment in Asia.

The **Selective Retailing** business group recorded organic revenue growth of 5%. On a reported basis, revenue growth was 4% and profit from recurring operations decreased by 5%. Sephora continued to gain market share in all regions, recording double digit-growth in its revenue and profits. Its performances were outstanding throughout the world. DFS continues to face challenges in Asia due to the difficult environment for tourism, particularly in Macau and Hong Kong. Its geographic expansion continues with the opening of a new *T Galleria* in Siem Reap in Cambodia and another will open in the coming months in Venice, Italy.

Outlook 2016

Despite the context of geopolitical and currency uncertainties, LVMH will continue to gain market share thanks to the numerous product launches planned before the end of the year and its geographic expansion in promising markets, while continuing to manage costs.

Our strategy of focusing on quality across all our activities, combined with the dynamism and unparalleled creativity of our teams, will enable us to reinforce, once again in 2016, LVMH's global leadership position in luxury goods.

An interim dividend of 1.40 Euro will be paid on December 1st, 2016.

Regulated information related to this press release, the half year results presentation and the half year financial statement are available on our internet site www.lvmh.com

Limited review procedures have been carried out, the related report will be issued following the Board meeting.

ANNEXE

LVMH – Revenue by business group and by quarter

First Half 2016

<i>(Euro millions)</i>	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective Retailing	Other activities & Eliminations	Total
First quarter	1 033	2 965	1 213	774	2 747	(112)	8 620
Second quarter	1 023	2 920	1 124	835	2 733	(67)	8 568
Total revenue	2 056	5 885	2 337	1 609	5 480	(179)	17 188

First Half 2016 (organic growth compared to the first half 2015)

	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective Retailing	Other Activities & Eliminations	Total
First quarter	+6%	0%	+9%	+7%	+4%	-	+3%
Second quarter	+13%	+1%	+6%	+2%	+7%	-	+4%
Total revenue	+9%	0%	+8%	+4%	+5%	-	+4%

First Half 2015

<i>(Euro millions)</i>	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics*	Watches & Jewelry	Selective Retailing*	Other activities & Eliminations	Total
First quarter	992	2 975	1 129	723	2 648	(144)	8 323
Second quarter	938	2 958	1 099	829	2 627	(67)	8 384
Total revenue	1 930	5 933	2 228	1 552	5 275	(211)	16 707

* reclassification of the cosmetics business Kendo from Selective Retailing to Perfumes & Cosmetics.

The notes to condensed consolidated accounts are included in 2016 interim financial report, available on our Internet site www.lvmh.com

CONSOLIDATED INCOME STATEMENT

<i>(EUR millions, except for earnings per share)</i>	Notes	June 30, 2016	Dec. 31, 2015	June 30, 2015
Revenue	23	17,188	35,664	16,707
Cost of sales		(5,917)	(12,553)	(5,881)
Gross margin		11,271	23,111	10,826
Marketing and selling expenses		(6,935)	(13,830)	(6,601)
General and administrative expenses		(1,381)	(2,663)	(1,267)
Income (loss) from joint ventures and associates	7	4	(13)	(3)
Profit from recurring operations	23-24	2,959	6,605	2,955
Other operating income and expenses	25	(40)	(221)	(64)
Operating profit		2,919	6,384	2,891
Cost of net financial debt		(33)	(78)	(52)
Other financial income and expenses		(133)	(336)	(207)
Net financial income (expense)	26	(166)	(414)	(259)
Income taxes	27	(890)	(1,969)	(880)
Net profit before minority interests		1,863	4,001	1,752
Minority interests	17	(152)	(428)	(172)
Net profit, Group share		1,711	3,573	1,580
Basic Group share of net earnings per share (EUR)	28	3.40	7.11	3.15
Number of shares on which the calculation is based		502,956,395	502,395,491	502,206,295
Diluted Group share of net earnings per share (EUR)	28	3.39	7.08	3.13
Number of shares on which the calculation is based		504,892,969	504,894,946	504,727,629

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CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

<i>(EUR millions)</i>	June 30, 2016	Dec. 31, 2015	June 30, 2015
Net profit before minority interests	1,863	4,001	1,752
Translation adjustments	(147)	631	706
Tax impact	(9)	135	128
	(156)	766	834
Change in value of available for sale financial assets	(73)	(32)	23
Amounts transferred to income statement	(20)	(91)	(89)
Tax impact	5	20	18
	(88)	(103)	(48)
Change in value of hedges of future foreign currency cash flows	39	(63)	9
Amounts transferred to income statement	(12)	33	(6)
Tax impact	(3)	3	3
	24	(27)	6
Gains and losses recognized in equity, transferable to income statement	(220)	636	792
Change in value of vineyard land	-	64	-
Amounts transferred to consolidated reserves	-	-	-
Tax impact	-	(21)	-
	-	43	-
Employee benefit commitments: change in value resulting from actuarial gains and losses	(81)	42	-
Tax impact	23	(16)	-
	(58)	26	-
Gains and losses recognized in equity, not transferable to income statement	(58)	69	-
Comprehensive income	1,585	4,706	2,544
Minority interests	(124)	(558)	(257)
Comprehensive income, Group share	1,461	4,148	2,287

CONSOLIDATED BALANCE SHEET

ASSETS	Notes	June 30, 2016	Dec. 31, 2015	June 30, 2015
<i>(EUR millions)</i>				
Brands and other intangible assets	3	13,519	13,572	13,502
Goodwill	4	10,611	10,122	9,723
Property, plant and equipment	6	11,283	11,157	10,697
Investments in joint ventures and associates	7	754	729	526
Non-current available for sale financial assets	8	643	574	622
Other non-current assets	9	669	552	521
Deferred tax		2,066	1,945	1,955
Non-current assets		39,545	38,651	37,546
Inventories and work in progress	10	10,669	10,096	10,381
Trade accounts receivable	11	2,161	2,521	2,086
Income taxes		338	384	422
Other current assets	12	2,228	2,355	2,090
Cash and cash equivalents	14	2,882	3,594	2,556
Current assets		18,278	18,950	17,535
Total assets		57,823	57,601	55,081
LIABILITIES AND EQUITY				
<i>(EUR millions)</i>				
Share capital	15.1	152	152	152
Share premium account	15.1	2,619	2,579	2,669
Treasury shares and LVMH share-settled derivatives	15.2	(271)	(240)	(349)
Cumulative translation adjustment	15.4	1,005	1,137	1,240
Revaluation reserves		831	949	978
Other reserves		18,615	16,189	16,862
Net profit, Group share		1,711	3,573	1,580
Equity, Group share		24,662	24,339	23,132
Minority interests	17	1,411	1,460	1,313
Total equity		26,073	25,799	24,445
Long-term borrowings	18	4,165	4,511	5,201
Non-current provisions	19	1,996	1,950	2,354
Deferred tax		4,667	4,685	4,822
Other non-current liabilities	20	8,470	7,957	7,260
Non-current liabilities		19,298	19,103	19,637
Short-term borrowings	18	4,579	3,769	3,695
Trade accounts payable	21.1	3,607	3,960	3,374
Income taxes		411	640	383
Current provisions	19	353	421	320
Other current liabilities	21.2	3,502	3,909	3,227
Current liabilities		12,452	12,699	10,999
Total liabilities and equity		57,823	57,601	55,081

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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 commitments	Group share	Minority interests	Total
Notes		15.1		15.2	15.4						17		
As of December 31, 2014	507,711,713	152	2,655	[374]	492	207	14	931	[133]	17,819	21,763	1,240	23,003
Gains and losses recognized in equity					645	(103)	(25)	33	25	-	575	130	705
Net profit										3,573	3,573	428	4,001
Comprehensive income		-	-	-	645	(103)	(25)	33	25	3,573	4,148	558	4,706
Stock option plan and similar expenses										35	35	2	37
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				23						(13)	10	-	10
Exercise of LVMH share subscription options	552,137		35								35	-	35
Retirement of LVMH shares	(1,124,740)		(111)	111							-	-	-
Capital increase in subsidiaries											-	89	89
Interim and final dividends paid										(1,659)	(1,659)	(229)	(1,888)
Changes in control of consolidated entities										(9)	(9)	1	(8)
Acquisition and disposal of minority interests' shares										5	5	(3)	2
Purchase commitments for minority interests' shares										11	11	(198)	(187)
As of December 31, 2015	507,139,110	152	2,579	[240]	1,137	104	(11)	964	(108)	19,762	24,339	1,460	25,799
Gains and losses recognized in equity					(132)	(88)	22	-	(52)	-	(250)	(28)	(278)
Net profit										1,711	1,711	152	1,863
Comprehensive income		-	-	-	(132)	(88)	22	-	(52)	1,711	1,461	124	1,585
Stock option plan and similar expenses										20	20	1	21
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				(39)						(8)	(47)	-	(47)
Exercise of LVMH share subscription options	688,700		48								48	-	48
Retirement of LVMH shares	(158,811)		(8)	8							-	-	-
Capital increase in subsidiaries											-	6	6
Interim and final dividends paid										(1,106)	(1,106)	(222)	(1,328)
Changes in control of consolidated entities										10	10	20	30
Acquisition and disposal of minority interests' shares										(5)	(5)	(1)	(6)
Purchase commitments for minority interests' shares										(58)	(58)	23	(35)
As of June 30, 2016	507,668,999	152	2,619	[271]	1,005	16	11	964	[160]	20,326	24,662	1,411	26,073
As of December 31, 2014	507,711,713	152	2,655	[374]	492	207	14	931	[133]	17,819	21,763	1,240	23,003
Gains and losses recognized in equity					748	(48)	7				707	85	792
Net profit										1,580	1,580	172	1,752
Comprehensive income		-	-	-	748	(48)	7	-	-	1,580	2,287	257	2,544
Stock option plan and similar expenses										18	18	1	19
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				24						(13)	11	-	11
Exercise of LVMH share subscription options	271,426		15								15	-	15
Retirement of LVMH shares	(41,848)		(1)	1							-	-	-
Capital increase in subsidiaries											-	3	3
Interim and final dividends paid										(980)	(980)	(198)	(1,178)
Changes in control of consolidated entities										(9)	(9)	-	(9)
Acquisition and disposal of minority interests' shares											-	(1)	(1)
Purchase commitments for minority interests' shares										27	27	11	38
As of June 30, 2015	507,941,291	152	2,669	[349]	1,240	159	21	931	(133)	18,442	23,132	1,313	24,445

CONSOLIDATED CASH FLOW STATEMENT

<i>(EUR millions)</i>	Notes	June 30, 2016	Dec. 31, 2015	June 30, 2015
I. OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		2,919	6,384	2,891
Income/(loss) and dividends from joint ventures and associates	7	7	27	8
Net increase in depreciation, amortization and provisions		843	2,081	850
Other computed expenses		(82)	(456)	(351)
Other adjustments		(37)	(91)	(30)
Cash from operations before changes in working capital		3,650	7,945	3,368
Cost of net financial debt: interest paid		(23)	(75)	(51)
Income taxes paid		(884)	(1,807)	(801)
Net cash from operating activities before changes in working capital		2,743	6,063	2,516
Change in working capital	14.2	(1,111)	(429)	(1,022)
Net cash from operating activities		1,632	5,634	1,494
Operating investments	14.3	(871)	(1,955)	(816)
Net cash from operating activities and operating investments (free cash flow)		761	3,679	678
II. FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets ^(a)	8, 13	(7)	(78)	(18)
Proceeds from sale of non-current available for sale financial assets	8	64	68	39
Dividends received		2	4	4
Income taxes paid related to financial investments		(260)	(265)	(15)
Impact of purchase and sale of consolidated investments		(110)	(240)	(23)
Net cash from (used in) financial investments		(311)	(511)	(13)
III. TRANSACTIONS RELATING TO EQUITY				
Capital increases of LVMH SE	15.1	48	35	15
Capital increases of subsidiaries subscribed by minority interests	17	6	81	3
Acquisition and disposals of treasury shares and LVMH share-settled derivatives	15.2	(51)	1	3
Interim and final dividends paid by LVMH SE	15.3	(1,106)	(1,671)	(992)
Income taxes paid related to interim and final dividends paid		(92)	(304)	(258)
Interim and final dividends paid to minority interests in consolidated subsidiaries	17	(222)	(228)	(195)
Purchase and proceeds from sale of minority interests	2	(11)	(4)	-
Net cash from (used in) transactions relating to equity		(1,428)	(2,090)	(1,424)
Change in cash before financing activities		(978)	1,078	(759)
IV. FINANCING ACTIVITIES				
Proceeds from borrowings		927	1,008	807
Repayment of borrowings		(414)	(2,443)	(1,451)
Purchase and proceeds from sale of current available for sale financial assets ^(a)	8, 13	(115)	(3)	(241)
Net cash from (used in) financing activities		398	(1,438)	(885)
V. EFFECT OF EXCHANGE RATE CHANGES		(46)	(33)	94
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		(626)	(393)	(1,550)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14.1	3,390	3,783	3,783
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14.1	2,764	3,390	2,233
TOTAL INCOME TAXES PAID		(1,236)	(2,376)	(1,074)

(a) The impacts on cash of non-current available for sale financial assets used for hedging net financial debt (see Note 18) are presented under the heading entitled "IV. Financing activities", as "Purchase and proceeds from sale of current available for sale financial assets".

LVMH

LVMH Moët Hennessy Louis Vuitton is represented in Wines and Spirits by a portfolio of brands that includes Moët & Chandon, Dom Pérignon, Veuve Clicquot Ponsardin, Krug, Ruinart, Mercier, Château d'Yquem, Domaine du Clos des Lambrays, Château Cheval Blanc, Hennessy, Glenmorangie, Ardbeg, Wenzel, Belvedere, Chandon, Cloudy Bay, Terrazas de los Andes, Cheval des Andes, Cape Mentelle, Newton and Bodega Numanthia. Its Fashion and Leather Goods division includes Louis Vuitton, Céline, Loewe, Kenzo, Givenchy, Thomas Pink, Fendi, Emilio Pucci, Donna Karan, Marc Jacobs, Berluti, Nicholas Kirkwood and Loro Piana. LVMH is present in the Perfumes and Cosmetics sector with Parfums Christian Dior, Guerlain, Parfums Givenchy, Parfums Kenzo, Parfums Loewe as well as other promising cosmetic companies (BeneFit Cosmetics, Make Up For Ever, Acqua di Parma and Fresh). LVMH is also active in selective retailing as well as in other activities through DFS, Sephora, Le Bon Marché, La Samaritaine, Royal Van Lent and Cheval Blanc hotels. LVMH's Watches and Jewelry division comprises Bulgari, TAG Heuer, Chaumet, Dior Watches, Zenith, Fred, Hublot and De Beers Diamond Jewellers Ltd, a joint venture created with the world's leading diamond group.

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

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