LVMH

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FINANCIAL STATEMENTS
CONSOLIDATED FINANCIAL STATEMENTS

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This document is a free translation into English of the original French "États financiers : Comptes consolidés – 31 décembre 2016", hereafter referred to as the "Consolidated financial statements". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

CONSOLIDATED INCOME STATEMENT

(EUR millions, except for earnings per share)	Notes	2016	2015	2014
Revenue	23-24	**37,600**	**35,664**	**30,638**
Cost of sales		(13,039)	(12,553)	(10,801)
Gross margin		**24,561**	**23,111**	**19,837**
Marketing and selling expenses		(14,607)	(13,830)	(11,744)
General and administrative expenses		(2,931)	(2,663)	(2,373)
Income (loss) from joint ventures and associates	7	3	(13)	(5)
Profit from recurring operations	23-24	**7,026**	**6,605**	**5,715**
Other operating income and expenses	25	(122)	(221)	(284)
Operating profit		**6,904**	**6,384**	**5,431**
Cost of net financial debt		(83)	(78)	(115)
Other financial income and expenses		(349)	(336)	3,062
Net financial income (expense)	26	**(432)**	**(414)**	**2,947**
Income taxes	27	(2,109)	(1,969)	(2,273)
Net profit before minority interests		**4,363**	**4,001**	**6,105**
Minority interests	17	(382)	(428)	(457)
Net profit, Group share		**3,981**	**3,573**	**5,648**
Basic Group share of net earnings per share *(EUR)*	28	**7.92**	**7.11**	**11.27**
Number of shares on which the calculation is based		502,911,125	502,395,491	501,309,369
Diluted Group share of net earnings per share *(EUR)*	28	**7.89**	**7.08**	**11.21**
Number of shares on which the calculation is based		504,640,459	504,894,946	503,861,733

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

(EUR millions)	Notes	2016	2015	2014
Net profit before minority interests		**4,363**	**4,001**	**6,105**
Translation adjustments	15.4	109	631	534
Amounts transferred to income statement		(32)	-	-
Tax impact		(9)	135	104
		68	**766**	**638**
Change in value of available for sale financial assets	8, 13	18	(32)	494
Amounts transferred to income statement		4	(91)	(3,326)
Tax impact		1	20	184
		23	**(103)**	**(2,648)**
Change in value of hedges of future foreign currency cash flows		48	(63)	(30)
Amounts transferred to income statement		(26)	33	(163)
Tax impact		(2)	3	57
		20	**(27)**	**(136)**
Gains and losses recognized in equity, transferable to income statement		**111**	**636**	**(2,146)**
Change in value of vineyard land	6	30	64	(17)
Amounts transferred to consolidated reserves		-	-	(10)
Tax impact		108	(21)	9
		138	**43**	**(18)**
Employee benefit commitments: change in value resulting from actuarial gains and losses	29	(86)	42	(161)
Tax impact		17	(16)	52
		(69)	**26**	**(109)**
Gains and losses recognized in equity, not transferable to income statement		**69**	**69**	**(127)**
Comprehensive income		**4,543**	**4,706**	**3,832**
Minority interests		(434)	(558)	(565)
Comprehensive income, Group share		**4,109**	**4,148**	**3,267**

CONSOLIDATED BALANCE SHEET

ASSETS *(EUR millions)*	Notes	2016	2015	2014
Brands and other intangible assets	3	13,335	13,572	13,031
Goodwill	4	10,401	10,122	8,810
Property, plant and equipment	6	12,139	11,157	10,387
Investments in joint ventures and associates	7	770	729	519
Non-current available for sale financial assets	8	744	574	580
Other non-current assets	9	777	552	489
Deferred tax	27	2,058	1,945	1,436
Non-current assets		**40,224**	**38,651**	**35,252**
Inventories and work in progress	10	10,546	10,096	9,475
Trade accounts receivable	11	2,685	2,521	2,274
Income taxes		280	384	354
Other current assets	12	2,343	2,355	1,916
Cash and cash equivalents	14	3,544	3,594	4,091
Current assets		**19,398**	**18,950**	**18,110**
Total assets		**59,622**	**57,601**	**53,362**

LIABILITIES AND EQUITY *(EUR millions)*	Notes	2016	2015	2014
Share capital	15.1	152	152	152
Share premium account	15.1	2,601	2,579	2,655
Treasury shares and LVMH share-settled derivatives	15.2	(520)	(240)	(374)
Cumulative translation adjustment	15.4	1,165	1,137	492
Revaluation reserves		1,049	949	1,019
Other reserves		17,965	16,189	12,171
Net profit, Group share		3,981	3,573	5,648
Equity, Group share		26,393	24,339	21,763
Minority interests	17	1,510	1,460	1,240
Equity		**27,903**	**25,799**	**23,003**
Long-term borrowings	18	3,932	4,511	5,054
Non-current provisions	19	2,342	1,950	2,291
Deferred tax	27	4,137	4,685	4,392
Other non-current liabilities	20	8,498	7,957	6,447
Non-current liabilities		**18,909**	**19,103**	**18,184**
Short-term borrowings	18	3,447	3,769	4,189
Trade accounts payable	21.1	4,184	3,960	3,606
Income taxes		428	640	549
Current provisions	19	352	421	332
Other current liabilities	21.2	4,399	3,909	3,499
Current liabilities		**12,810**	**12,699**	**12,175**
Total liabilities and equity		**59,622**	**57,601**	**53,362**

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 December 31, 2013	**507,793,661**	**152**	**3,849**	**(451)**	**(8)**	**2,855**	**136**	**946**	**(37)**	**19,437**	**26,879**	**1,028**	**27,907**
Gains and losses recognized in equity					500	(2,648)	(122)	(15)	(96)	-	(2,381)	108	(2,273)
Net profit										5,648	5,648	457	6,105
Comprehensive income		**-**	**-**	**-**	**500**	**(2,648)**	**(122)**	**(15)**	**(96)**	**5,648**	**3,267**	**565**	**3,832**
Stock option plan and similar expenses										37	37	2	39
(Acquisition)/disposal of treasury shares and LVMH share-settled derivatives				27						(17)	10	-	10
Exercise of LVMH share subscription options	980,323		59								59	-	59
Retirement of LVMH shares	(1,062,271)		(50)	50							-	-	-
Capital increase in subsidiaries											-	3	3
Interim and final dividends paid										(1,579)	(1,579)	(328)	(1,907)
Distribution in kind of Hermès shares [a]			(1,203)							(5,652)	(6,855)	-	(6,855)
Changes in control of consolidated entities										(5)	(5)	11	6
Acquisition and disposal of minority interests' shares										(2)	(2)	32	30
Purchase commitments for minority interests' shares										(48)	(48)	(73)	(121)
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					28	23	19	113	(55)	-	128	52	180
Net profit										3,981	3,981	382	4,363
Comprehensive income		**-**	**-**	**-**	**28**	**23**	**19**	**113**	**(55)**	**3,981**	**4,109**	**434**	**4,543**
Stock option plan and similar expenses										39	39	2	41
(Acquisition)/disposal of treasury shares and LVMH share-settled derivatives				(322)						(21)	(343)	-	(343)
Exercise of LVMH share subscription options	907,929		64								64	-	64
Retirement of LVMH shares	(920,951)		(42)	42							-	-	-
Capital increase in subsidiaries											-	41	41
Interim and final dividends paid										(1,811)	(1,811)	(272)	(2,083)
Changes in control of consolidated entities										(5)	(5)	22	17
Acquisition and disposal of minority interests' shares										(56)	(56)	(35)	(91)
Purchase commitments for minority interests' shares										57	57	(142)	(85)
As of December 31, 2016	**507,126,088**	**152**	**2,601**	**(520)**	**1,165**	**127**	**8**	**1,077**	**(163)**	**21,946**	**26,393**	**1,510**	**27,903**

(a) See Note 8.

CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	Notes	2016	2015	2014
I. OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		6,904	6,384	5,431
Income/(loss) and dividends from joint ventures and associates	7	18	27	26
Net increase in depreciation, amortization and provisions		2,143	2,081	1,895
Other computed expenses		(177)	(456)	(188)
Other adjustments		(155)	(91)	(84)
Cash from operations before changes in working capital		**8,733**	**7,945**	**7,080**
Cost of net financial debt: interest paid		(59)	(75)	(116)
Tax paid		(1,923)	(1,807)	(1,639)
Net cash from operating activities before changes in working capital		**6,751**	**6,063**	**5,325**
Change in working capital	14.2	(512)	(429)	(718)
Net cash from operating activities		**6,239**	**5,634**	**4,607**
Operating investments	14.3	(2,265)	(1,955)	(1,775)
Net cash from operating activities and operating investments (free cash flow)		**3,974**	**3,679**	**2,832**
II. FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets [a]	8, 13	(28)	(78)	(57)
Proceeds from sale of non-current available for sale financial assets	8	91	68	160
Dividends received	8	6	4	69
Tax paid related to non-current available for sale financial assets and consolidated investments		(461)	(265)	(237)
Impact of purchase and sale of consolidated investments	2.4	310	(240)	(167)
Net cash from (used in) financial investments		**(82)**	**(511)**	**(232)**
III. TRANSACTIONS RELATING TO EQUITY				
Capital increases of LVMH SE	15.1	64	35	59
Capital increases of subsidiaries subscribed by minority interests	17	41	81	3
Acquisition and disposals of treasury shares and LVMH share-settled derivatives	15.2	(352)	1	1
Interim and final dividends paid by LVMH SE [b]	15.3	(1,810)	(1,671)	(1,619)
Tax paid related to interim and final dividends paid		(145)	(304)	(79)
Interim and final dividends paid to minority interests in consolidated subsidiaries	17	(267)	(228)	(336)
Purchase and proceeds from sale of minority interests	2.4	(95)	(4)	10
Net cash from (used in) transactions relating to equity		**(2,564)**	**(2,090)**	**(1,961)**
Change in cash before financing activities		**1,328**	**1,078**	**639**
IV. FINANCING ACTIVITIES				
Proceeds from borrowings	18.1	913	1,008	2,407
Repayment of borrowings	18.1	(2,134)	(2,443)	(2,100)
Purchase and proceeds from sale of current available for sale financial assets [a]	8, 13	(113)	(3)	(106)
Net cash from (used in) financing activities		**(1,334)**	**(1,438)**	**201**
V. EFFECT OF EXCHANGE RATE CHANGES		**(47)**	**(33)**	**27**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		**(53)**	**(393)**	**867**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14.1	**3,390**	**3,783**	**2,916**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14.1	**3,337**	**3,390**	**3,783**
TOTAL TAX PAID		**(2,529)**	**(2,376)**	**(1,955)**

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

(b) The distribution in kind of Hermès shares in 2014 had no impact on cash, apart from related tax effects. See Note 8.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1. General framework and environment

The consolidated financial statements for the fiscal year ended December 31, 2016 were established in accordance with the international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on December 31, 2016. These standards and interpretations have been applied consistently to the fiscal years presented. The 2016 consolidated financial statements were approved for publication by the Board of Directors on January 26, 2017.

1.2. Changes in the accounting framework applicable to LVMH

Standards, amendments and interpretations for which application became mandatory in 2016

The amendments to IAS 16 and IAS 41 for biological assets are the only new standards applicable to LVMH with effect from January 1, 2016. The application of these amendments has not had any impact on the Group's financial statements; LVMH does not revalue these assets, given that their market value differs little from their historical cost (see Note 1.13).

Other changes in the accounting framework and standards for which application will become mandatory later than January 1, 2017

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

The impact of the application of IFRS 15 on revenue recognition with effect from January 1, 2018 is being assessed. It should be of little significance in light of the nature of the Group's business activities. The impact of the application of IFRS 9 on financial instruments with effect from January 1, 2018 is also being assessed.

The Group has begun the process of applying IFRS 16 Leases, applicable with effect from January 1, 2019 (subject to its adoption by the European Union). The approximate impact on the balance sheet of the first-time adoption of IFRS 16 may be assessed based on the amount of lease commitments as of December 31, 2016, i.e. 10 billion euros. See Note 30.

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 as follows:

- 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 that date;
- foreign currency translation of the financial statements of subsidiaries outside the eurozone: translation reserves relating to the consolidation of subsidiaries that prepare their accounts in foreign currency were reset to zero as of January 1, 2004 and offset against "Other reserves".

1.4. Presentation of the financial statements

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

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

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

Cash flow statement

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

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

1.5. Use of estimates

For the purpose of preparing the consolidated financial statements, the measurement of certain balance sheet and income statement items requires the use of hypotheses, estimates or other forms of judgment. This is particularly true of the valuation of intangible assets (see Note 5), the measurement of purchase commitments for minority interests' shares (see Note 20), and the determination of the amount of provisions for contingencies and losses (see Note 19) or for impairment of inventories (see Note 10) and, if applicable, deferred tax assets (see Note 27). 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 financial statements, may prove different from the subsequent actual events.

1.6. Methods of consolidation

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

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

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

The Group does not have any unconsolidated subsidiaries whose consolidation would have a significant impact on its main aggregates.

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

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

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

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

1.8. Foreign currency transactions and hedging of exchange rate risks

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

Accounts receivable, accounts payable and debts denominated in currencies other than the entities' functional currencies are translated at the applicable exchange rates at the fiscal year-end. 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 intercompany 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 intercompany 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 that 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 1.9) at the fiscal year-end, 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 denominated in a functional currency other than the euro (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 1.21 regarding the definition of the concepts of effective and ineffective portions.

1.9. Fair value measurement

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

The assets and liabilities measured at fair value at each balance sheet date are as follows:

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

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

1.10. Brands and other intangible assets

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

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

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

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

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

Amortizable lives of brands and trade names with definite useful lives range from 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 1.14.

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

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

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

1.11. Changes in ownership interests in consolidated entities

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

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

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

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

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

1.12. Purchase commitments for minority interests' shares

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

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

- the value of the commitment at the balance sheet date appears in "Other non-current liabilities";
- 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 recognition method has no effect on the presentation of minority interests within the income statement.

1.13. Property, plant and equipment

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

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

Vine stocks and vineyards for champagnes, cognacs and other wines produced by the Group are considered 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.

1.14. Impairment testing of fixed assets

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

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

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

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

1.15. Available for sale financial assets

Financial assets are classified as current or non-current based on their nature.

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

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

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

Positive or negative changes in value are taken to equity within "Revaluation reserves". In the event of a lasting, significant impairment loss, 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.

1.16. Inventories and work in progress

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

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

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

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

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

1.17. Trade accounts receivable, loans and other receivables

Trade accounts receivable, loans and other receivables are recorded at 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.

1.18. Cash and cash equivalents

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

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

1.19. Provisions

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

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

1.20. Borrowings

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

In the case of hedging against fluctuations in the value of borrowings resulting from changes in interest rates, both the hedged amount of borrowings and the related hedging instruments are measured at their market value at the balance sheet date, with any changes in those values recognized within net financial income/expense. Market value of hedged borrowings is determined using similar methods to those described in Note 1.21 below.

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

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

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

See also Note 1.21 regarding the definition of the concepts of effective and ineffective portions.

1.21. Derivatives

The Group enters into derivative transactions as part of its strategy for hedging foreign exchange, interest rate and gold price 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 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 market value at the balance sheet date. Changes in their value are accounted for as described in Note 1.8 in the case of foreign exchange hedges, and as described in Note 1.20 in the case of interest rate hedges.

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

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

1.22. 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.

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

1.23. 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. Changes in this provision are recognized as follows:

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

If this commitment is partially or 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 discount rates, salary increases, inflation, life expectancy and staff turnover.

1.24. Current and deferred tax

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

Deferred tax is recognized in respect of temporary differences arising between the value of assets and liabilities for purposes of consolidation and the value resulting from 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 which are impaired if they are deemed not recoverable; only amounts for which future use is deemed probable are recognized.

Deferred tax assets and liabilities are not discounted.

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

1.25. Revenue recognition

Definition of revenue

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

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

Wholesale sales essentially 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; the income statement and balance sheet of these entities is apportioned between the Group and Diageo based on distribution agreements. According to those agreements, the assets, liabilities, income, and expenses of such entities are consolidated only in proportion to the Group's share of operations. The application of IFRS 11 as from January 1, 2014 has not had any impact on this method.

1.26. Advertising and promotion expenses

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

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

1.27. Stock option and similar plans

Share purchase and subscription option plans give rise to the recognition of an expense based on the amortization of the expected gain for the recipients 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 gain 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 non-transferability, where applicable.

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

For 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 gain resulting from the change in the LVMH share price is recorded in the income statement.

1.28. Earnings per share

Earnings per share are calculated based on the weighted average number of shares 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, plus the amount not yet expensed for stock option and similar plans (see Note 1.27), would be employed to repurchase LVMH shares at a price corresponding to their average trading price over the fiscal year.

2. CHANGES IN OWNERSHIP INTERESTS IN CONSOLIDATED ENTITIES

2.1. Fiscal year 2016

2.1.1. Fashion and Leather Goods

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

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

2.1.2. Selective Retailing

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

2.2. Fiscal year 2015

2.2.1. Selective Retailing

In July 2015, Sephora acquired a 95% equity interest in the e-commerce site Luxola, which is present in nine countries of Southeast Asia.

2.2.2. Other activities

In October 2015, LVMH acquired a 100% equity interest in the daily newspaper Le Parisien-Aujourd'hui en France. The acquisition comprises the publishing, printing and sales activities of this daily newspaper and the weekly Le Parisien Magazine.

See also Note 7 regarding the ownership interests in joint ventures and associates.

2.3. Fiscal year 2014

2.3.1. Wines and Spirits

In April 2014, LVMH acquired the entire share capital of the Domaine du Clos des Lambrays. Located in Morey-Saint-Denis, in France, on 8.66 continuous hectares, Clos des Lambrays is a prestigious cru from Côte de Nuits.

2.3.2. Selective Retailing

LVMH acquired an additional 30% stake in Sephora Brasil (formerly known as Sack's), bringing its percentage holding to 100%. The difference between the acquisition price and minority interests was deducted from equity.

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

(EUR millions)	2016	2015	2014
Purchase price of consolidated investments and of minority interests' shares	(254)	(308)	(205)
Positive cash balance/(net overdraft) of companies acquired	5	33	8
Proceeds from sale of consolidated investments	354	31	45
(Positive cash balance)/net overdraft of companies sold	110	-	(5)
Impact of changes in the ownership interests in consolidated entities on cash and cash equivalents	**215**	**(244)**	**(157)**
Of which: purchase and sale of consolidated investments	*310*	*(240)*	*(167)*
purchase and proceeds from sale of minority interests	*(95)*	*(4)*	*10*

In 2016, the impact on cash and cash equivalents of changes in ownership interests in consolidated entities mainly arose from the sale of Donna Karan International for 435 million euros.

In 2015, the cash impact of changes in ownership interests in consolidated entities was mainly related to the acquisition of the daily newspaper Le Parisien-Aujourd'hui en France, the 95% stake acquired by Sephora in the e-commerce site Luxola and the investments in Repossi and L Catterton Management (see Note 7), as well as various payments in respect of performance clauses provided for during past acquisitions.

In 2014, the cash impact of changes in ownership interests in consolidated entities was mainly related to the acquisitions of Domaine du Clos des Lambrays and an additional 30% stake in Sephora Brasil.

3. BRANDS AND OTHER INTANGIBLE ASSETS

(EUR millions)			2016	2015	2014
	Gross	Amortization and impairment	Net	Net	Net
Brands	10,365	(592)	9,773	10,204	9,957
Trade names	4,157	(1,717)	2,440	2,370	2,155
License rights	95	(79)	16	18	19
Leasehold rights	690	(352)	338	334	344
Software, websites	1,423	(1,061)	362	319	278
Other	875	(469)	406	327	278
Total	**17,605**	**(4,270)**	**13,335**	**13,572**	**13,031**
Of which: assets held under finance leases	*14*	*(14)*	-	-	-

3.1. Movements in the fiscal year

Movements during the fiscal year ended December 31, 2016 in the net amounts of brands, trade names and other intangible assets were as follows:

Gross value *(EUR millions)*	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	Total
As of December 31, 2015	**10,805**	**4,033**	**1,239**	**652**	**818**	**17,547**
Acquisitions	-	-	136	47	257	440
Disposals and retirements	-	-	(14)	(5)	(60)	(79)
Changes in the scope of consolidation	(430)	-	(10)	(7)	14	(433)
Translation adjustment	(10)	124	14	(2)	7	133
Reclassifications	-	-	58	5	(66)	(3)
As of December 31, 2016	**10,365**	**4,157**	**1,423**	**690**	**970**	**17,605**

Accumulated amortization and impairment *(EUR millions)*	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	Total
As of December 31, 2015	**(601)**	**(1,663)**	**(920)**	**(318)**	**(473)**	**(3,975)**
Amortization expense	(23)	(1)	(155)	(39)	(130)	(348)
Impairment expense	(34)	-	-	(2)	-	(36)
Disposals and retirements	-	-	13	4	60	77
Changes in the scope of consolidation	66	-	8	2	-	76
Translation adjustment	-	(53)	(9)	1	(5)	(66)
Reclassifications	-	-	2	-	-	2
As of December 31, 2016	**(592)**	**(1,717)**	**(1,061)**	**(352)**	**(548)**	**(4,270)**
Carrying amount as of December 31, 2016	**9,773**	**2,440**	**362**	**338**	**422**	**13,335**

3.2. Movements in prior fiscal years

Carrying amount *(EUR millions)*	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	Total
As of December 31, 2013	**9,866**	**1,933**	**235**	**320**	**242**	**12,596**
Acquisitions	-	-	101	54	161	316
Disposals and retirements	-	-	-	(1)	(1)	(2)
Changes in the scope of consolidation	-	-	-	-	2	2
Amortization expense	(22)	(1)	(116)	(34)	(77)	(250)
Impairment expense	(3)	-	-	(1)	(1)	(5)
Translation adjustment	116	223	10	8	6	363
Reclassifications	-	-	48	(2)	(35)	11
As of December 31, 2014	**9,957**	**2,155**	**278**	**344**	**297**	**13,031**
Acquisitions	-	-	119	36	161	316
Disposals and retirements	-	-	-	(14)	1	(13)
Changes in the scope of consolidation	26	-	3	4	5	38
Amortization expense	(19)	(1)	(133)	(40)	(104)	(297)
Impairment expense	-	-	(1)	(3)	-	(4)
Translation adjustment	240	216	10	6	13	485
Reclassifications	-	-	43	1	(28)	16
As of December 31, 2015	**10,204**	**2,370**	**319**	**334**	**345**	**13,572**

3.3. Brands and trade names

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

(EUR millions)			2016	2015	2014
	Gross	Amortization and impairment	Net	Net	Net
Wines and Spirits	886	(134)	752	803	785
Fashion and Leather Goods	4,807	(337)	4,470	4,899	4,859
Perfumes and Cosmetics	688	(32)	656	605	600
Watches and Jewelry	3,707	(25)	3,682	3,687	3,533
Selective Retailing	4,110	(1,670)	2,440	2,403	2,159
Other activities	324	(111)	213	177	176
Brands and trade names	**14,522**	**(2,309)**	**12,213**	**12,574**	**12,112**

The brands and trade names recognized are those that the Group has acquired. As of December 31, 2016, the principal acquired brands and trade names were:

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

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

Brands developed by the Group are not recognized in the balance sheet; they include Hennessy and the Moët & Chandon, Dom Pérignon, Mercier and Ruinart champagnes.

Brands and trade names developed by the Group, in addition to Louis Vuitton, Veuve Clicquot, Parfums Christian Dior and Sephora, represented 20% of total brands and trade names capitalized in the balance sheet and 57% 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)			2016	2015	2014
	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	7,797	(1,682)	6,115	6,223	6,119
Goodwill arising on purchase commitments for minority interests' shares	4,286	-	4,286	3,899	2,691
Total	**12,083**	**(1,682)**	**10,401**	**10,122**	**8,810**

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

(EUR millions)			2016	2015	2014
	Gross	Impairment	Net	Net	Net
As of January 1	**11,843**	**(1,721)**	**10,122**	**8,810**	**9,058**
Changes in the scope of consolidation (See Note 2)	(208)	164	(44)	111	81
Changes in purchase commitments for minority interests' shares	348	-	348	1,195	(162)
Changes in impairment	-	(97)	(97)	(116)	(209)
Translation adjustment	100	(28)	72	122	42
As of December 31	**12,083**	**(1,682)**	**10,401**	**10,122**	**8,810**

The impact of changes in the scope of consolidation in 2016 mainly arose from the sale of Donna Karan International. See Note 2.

Changes in the scope of consolidation in fiscal year 2015 were mainly related to the acquisition of the daily newspaper Le Parisien-Aujourd'hui en France and the 95% stake in Luxola. See Note 2.

Changes in the scope of consolidation in fiscal year 2014 were mainly related to goodwill arising on the acquisition of Clos des Lambrays. See Note 2.

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

5. IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Brands, trade names, and other intangible assets with indefinite useful lives as well as the goodwill arising on acquisition are tested for impairment at least once a year. No significant impairment expense was recognized in respect of these items during the course of fiscal year 2016. As described in Note 1.14, these assets are generally valued on the basis of the present value of forecast cash flows determined in the context of multi-year business plans drawn up each fiscal year. The main assumptions used to determine these forecast cash flows are as follows:

(as %)	2016				2015			2014		
	Discount rate		Annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Post-tax discount rate	Annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Post-tax discount rate	Annual growth rate for revenue during the plan period	Growth rate for the period after the plan
	Post-tax	Pre-tax								
Wines and Spirits	6.5 to 11.0	9.7 to 16.4	6.0	2.0	6.2 to 9.9	6.3	2.0	7.5 to 11.2	8.1	2.0
Fashion and Leather Goods	9.3 to 10.5	13.4 to 14.6	6.8	2.0	8.0 to 12.0	8.9	2.0	8.0 to 13.1	9.1	2.0
Perfumes and Cosmetics	7.4 to 10.1	11.0 to 15.0	9.6	2.0	7.4	8.9	2.0	8.0 to 8.5	8.7	2.0
Watches and Jewelry	9.0 to 10.4	13.4 to 15.5	9.9	2.0	8.1 to 8.5	7.1	2.0	9.2 to 9.6	8.7	2.0
Selective Retailing	7.3 to 9.4	10.9 to 14.0	7.7	2.0	7.3 to 8.5	8.3	2.0	8.4 to 9.6	9.4	2.0
Other	6.5 to 7.5	9.7 to 11.2	4.4	2.0	5.5 to 7.1	5.8	2.0	6.5 to 8.2	0.9	2.0

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

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

As of December 31, 2016, the intangible assets with indefinite useful lives that are the most significant in terms of their carrying amounts and the criteria used for impairment testing are as follows:

(EUR millions)	Brands and trade names	Goodwill	Total	Post-tax discount rate *(as %)*	Growth rate for the period after the plan *(as %)*	Period covered by the forecast cash flows
Louis Vuitton	2,058	498	2,556	9.0	2.0	5 years
Loro Piana [(a)]	1,300	1,047	2,347	n.a.	n.a.	n.a.
Fendi	713	404	1,117	9.3	2.0	5 years
Bvlgari	2,100	1,547	3,647	9.0	2.0	5 years
TAG Heuer	1,155	219	1,374	9.0	2.0	5 years
DFS Galleria	2,171	18	2,189	9.4	2.0	5 years

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

As of December 31, 2016, for the business segments listed above, with the exception of Lora Piana, a change of 0.5 points in the post-tax discount rate or in the growth rate for the period after the plan, compared to rates used as of December 31, 2016, or a reduction of 2 points in the annual growth rate for revenue over the period covered by the plans would not result in the recognition of any impairment losses for these intangible assets. The Group considers that changes in excess of the limits mentioned above would entail assumptions at a level not deemed relevant in view of the current economic environment and medium- to long-term growth prospects for the business segments concerned.

With respect to the other business segments, seven 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, 2016 and 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, 2016, break down as follows:

(EUR millions)	Amount of intangible assets concerned as of 12/31/2016	Amount of impairment if:		
		Post-tax discount rate increases by 0.5 points	Annual growth rate for revenue decreases by 2 points	Growth rate for the period after the plan decreases by 0.5 points
Selective Retailing	134	(24)	(33)	(20)
Other business groups	562	(40)	(37)	(34)
Total	**696**	**(64)**	**(70)**	**(54)**

As of December 31, 2016, the gross and net values of brands, trade names and goodwill giving rise to amortization and/or impairment charges in 2016 were 888 million euros and 394 million euros, respectively (882 and 374 million euros as of December 31, 2015). See Note 25 regarding the amortization and impairment expense recorded during the fiscal year.

6. PROPERTY, PLANT AND EQUIPMENT

(EUR millions)			2016	2015	2014
	Gross	Depreciation and impairment	Net	Net	Net
Land	1,384	(79)	1,305	1,236	1,104
Vineyard land and producing vineyards	2,580	(106)	2,474	2,441	2,364
Buildings	3,325	(1,590)	1,735	1,685	1,430
Investment property	908	(53)	855	562	632
Leasehold improvements, machinery and equipment	10,330	(6,913)	3,417	3,176	3,014
Assets in progress	958	(8)	950	755	684
Other tangible fixed assets	1,851	(448)	1,403	1,302	1,159
Total	**21,336**	**(9,197)**	**12,139**	**11,157**	**10,387**
Of which: assets held under finance leases	*510*	*(203)*	*307*	*92*	*99*
historical cost of vineyard land and producing vineyards	*752*	*(106)*	*646*	*642*	*631*

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, 2015	**2,538**	**4,505**	**610**	**6,190**	**2,153**	**1,179**	**759**	**1,727**	**19,661**
Acquisitions	3	214	285	574	93	56	768	157	2,150
Change in the market value of vineyard land	30	-	-	-	-	-	-	-	30
Disposals and retirements	-	(67)	(1)	(352)	(72)	(49)	(1)	(37)	(579)
Changes in the scope of consolidation	-	21	-	(77)	(9)	(17)	-	(1)	(83)
Translation adjustment	2	(11)	2	92	(6)	13	9	13	114
Other movements, including transfers	7	47	12	448	66	48	(577)	(8)	43
As of December 31, 2016	**2,580**	**4,709**	**908**	**6,875**	**2,225**	**1,230**	**958**	**1,851**	**21,336**

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, 2015	**(97)**	**(1,584)**	**(48)**	**(4,019)**	**(1,487)**	**(840)**	**(4)**	**(425)**	**(8,504)**
Depreciation expense	(6)	(155)	(6)	(772)	(134)	(125)	-	(76)	(1,274)
Impairment expense	(1)	(2)	-	9	(1)	-	(4)	(2)	(1)
Disposals and retirements	-	66	1	351	68	48	-	39	573
Changes in the scope of consolidation	-	10	-	63	5	15	-	1	94
Translation adjustment	(2)	(16)	-	(58)	3	(10)	-	(8)	(91)
Other movements, including transfers	-	12	-	(53)	2	22	-	23	6
As of December 31, 2016	**(106)**	**(1,669)**	**(53)**	**(4,479)**	**(1,544)**	**(890)**	**(8)**	**(448)**	**(9,197)**
Carrying amount as of December 31, 2016	**2,474**	**3,040**	**855**	**2,396**	**681**	**340**	**950**	**1,403**	**12,139**

Other tangible fixed assets include in particular the works of art owned by the Group.

Purchases of property, plant and equipment include investments by Sephora, Louis Vuitton, DFS, and Bvlgari in their retail networks, investments by the champagne houses and Hennessy in their production equipment, and investments in real estate for administrative use, sales operations or rental purposes.

The impact of marking vineyard land to market was 1,829 million euros as of December 31, 2016 (1,799 million euros as of December 31, 2015; 1,733 million euros as of December 31, 2014). See Notes 1.9 and 1.13 on the measurement method for vineyard land.

The market value of investment property, according to appraisals by independent third parties, was at least of 1.1 billion euros as of December 31, 2016. The valuation methods used are based on market data.

6.2. Movements in prior fiscal years

Carrying amount *(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, 2013	**2,294**	**2,366**	**605**	**1,655**	**608**	**330**	**800**	**963**	**9,621**
Acquisitions	3	132	16	474	100	98	543	166	1,532
Disposals and retirements	(25)	(3)	-	(3)	(2)	(1)	(1)	-	(35)
Depreciation expense	(6)	(125)	(5)	(621)	(140)	(122)	-	(62)	(1,081)
Impairment expense	-	(14)	(2)	14	-	1	(5)	(2)	(8)
Change in the market value of vineyard land	(17)	-	-	-	-	-	-	-	(17)
Changes in the scope of consolidation	96	7	-	(1)	-	-	(6)	2	98
Translation adjustment	6	96	18	105	8	16	34	9	292
Other movements, including transfers	13	75	-	350	67	78	(681)	83	(15)
As of December 31, 2014	**2,364**	**2,534**	**632**	**1,973**	**641**	**400**	**684**	**1,159**	**10,387**
Acquisitions	5	241	5	474	102	97	602	213	1,739
Disposals and retirements	(2)	(1)	-	(3)	(1)	(2)	(1)	1	(9)
Depreciation expense	(6)	(160)	(3)	(787)	(128)	(118)	-	(64)	(1,266)
Impairment expense	-	(14)	-	(1)	-	-	(1)	-	(16)
Change in the market value of vineyard land	64	-	-	-	-	-	-	-	64
Changes in the scope of consolidation	-	-	-	1	1	2	(29)	-	(25)
Translation adjustment	-	101	26	105	9	16	34	6	297
Other movements, including transfers	16	220	(98)	409	42	(56)	(534)	(13)	(14)
As of December 31, 2015	**2,441**	**2,921**	**562**	**2,171**	**666**	**339**	**755**	**1,302**	**11,157**

Purchases of property, plant and equipment in fiscal years 2014 and 2015 included investments by Sephora, Louis Vuitton, DFS, and Bvlgari in their retail networks, investments by Parfums Christian Dior in new counters, and investments by the champagne houses and Hennessy in their production equipment, as well as investments in real estate for administrative use, sales operations or rental purposes.

7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(EUR millions)				2016		2015		2014
	Gross	Impairment	Net	*Of which joint arrangements*	Net	*Of which joint arrangements*	Net	*Of which joint arrangements*
Share of net assets of joint ventures and associates as of January 1	**729**	**-**	**729**	***353***	**519**	***351***	**480**	***328***
Share of net profit (loss) for the period	3	-	3	*4*	(13)	*(4)*	(5)	*(15)*
Dividends paid	(21)	-	(21)	*(8)*	(14)	*(6)*	(21)	*(5)*
Changes in the scope of consolidation	27	-	27	*-*	212	*-*	7	*-*
Capital increases subscribed	4	-	4	*3*	3	*3*	16	*11*
Translation adjustment	7	-	7	*(1)*	5	*4*	8	*4*
Other, including transfers	21	-	21	*11*	17	*5*	34	*28*
Share of net assets of joint ventures and associates as of December 31	**770**	**-**	**770**	***362***	**729**	***353***	**519**	***351***

As of December 31, 2016, investments in joint ventures and associates consisted primarily of:

- For joint arrangements:
  - a 50% stake in the Château Cheval Blanc wine estate (Gironde, France), which produces the eponymous Saint-Émilion Grand Cru Classé A;
  - a 50% stake in De Beers Diamond Jewellers, whose network of boutiques sells the De Beers brand of jewelry;
  - a 50% stake in Montres Dior, which designs and manufactures Dior watches. See also Note 32.1.
- For other companies:
  - a 40% stake in Mongoual SA, the real estate company that owns the office building in Paris, France serving as the head office of LVMH Moët Hennessy - Louis Vuitton;
  - a 45% stake in PT. Sona Topas Tourism Industry Tbk (STTI), an Indonesian retail company, which notably holds duty-free sales licenses in airports;
  - a 46% stake in JW Anderson, a London-based ready-to-wear brand;
  - a 41.7% stake in Repossi, an Italian jewelry brand, acquired in November 2015;
  - a 40% stake in L Catterton Management, an investment fund management company created in December 2015 in partnership with Catterton.

8. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)			2016	2015	2014
	Gross	Impairment	Net	Net	Net
Total	993	(249)	**744**	574	580

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

(EUR millions)	2016	2015	2014
As of January 1	**574**	**580**	**7,080**
Acquisitions	147	74	50
Disposals at net realized value	(44)	(68)	(160)
Changes in market value	2	(3)	455
Distribution in kind of Hermès shares	-	-	(6,797)
Changes in impairment	(22)	(22)	(12)
Changes in the scope of consolidation	67	-	-
Translation adjustment	20	31	33
Reclassifications	-	(18)	(69)
As of December 31	**744**	**574**	**580**

Acquisitions in fiscal year 2016 include the 120 million euro impact of non-current available for sale financial assets used to hedge cash-settled convertible bonds issued during the period (see Note 18.1). The impact of changes in the scope of consolidation corresponded to the stake in G-III Apparel Group received as partial payment of the selling price of Donna Karan International (see Note 2).

The shareholding in Hermès International SCA ("Hermès"), with a gross and net amount of 6,437 million euros as of December 31, 2013, was distributed to LVMH's shareholders on December 17, 2014, in accordance with the terms of the Agreement between LVMH and Hermès. LVMH distributed the Hermès shares to its shareholders in the form of an exceptional distribution in kind approved at the Combined Shareholders' Meeting of November 25, 2014. The share ratio used for the distribution was 2 Hermès shares for 41 LVMH shares. The amount of the distribution in kind, 6.9 billion euros, was determined on the basis of the opening Hermès share price on December 17, 2014, which was 280.10 euros. Because fractional shares were made neither tradable nor assignable, shareholders whose allocation based on the distribution ratio was not a whole number of Hermès shares received the next lower whole number of Hermès shares, plus a cash equalization payment. See also Note 15.3.

After completion of the distribution of Hermès shares to the shareholders, LVMH's remaining stake in Hermès was 61 million euros, corresponding to shares not distributed in respect of fractional rights. Under the terms of the Agreement, LVMH undertook to dispose of those shares by no later than September 2, 2015. The Hermès share price used to value the shares was 294.80 euros as of December 31, 2014. The shares were presented in current available for sale financial assets as of December 31, 2014 (see Note 13). As of December 31, 2015, LVMH no longer held any Hermès shares.

The impact of the Hermès share distribution on the consolidated financial statements as of December 31, 2014 was as follows:

(EUR millions)				Impact on equity, of which:	Impact on cash
	Revaluation reserves	Profit	Other reserves	Total	
Distribution in kind of Hermès shares	(2,800)	3,189 [a]	(6,855)	(6,466)	-
Related tax [b]	185	(512)	-	(327)	(210)
Net	**(2,615)**	**2,677**	**(6,855)**	**(6,793)**	**(210)**

(a) See also Note 26.
(b) Including the impact of the 3% tax on dividends paid by LVMH SE. See Note 27.

The net impact on consolidated equity was a reduction of 6.8 billion euros, corresponding to the value of the Hermès stake as of December 31, 2013, plus the tax impact resulting from this distribution. The gain (excluding tax impact) recorded in the income statement was 3.2 billion euros, corresponding to the difference between the value of the stake as measured using the Hermès opening share price on December 17, 2014, i.e. 6.9 billion euros, and the total cost price of the shares for accounting purposes, which was 3.7 billion euros (2.7 billion euros in cash after deduction of the gain recognized in 2010 on the unwinding of equity-linked swaps covering 12.8 million shares).

See Note 16 regarding the impact of the distribution of Hermès shares on stock option and similar plans.

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 1.15.

Non-current available for sale financial assets held by the Group as of December 31, 2016 include the following:

(EUR millions)	Ownership interest	Net value	Revaluation reserve	Dividends received
G-III Apparel Group (United States)	5.4%	73	2	-
Hengdeli Holdings Ltd (China)	6.3%	42	10	-
Tod's S.p.A. (Italy)	3.2%	66	19	2
L Real Estate SCA (Luxembourg)	32.2%	160	65	-
Non-current available for sale financial assets used to hedge financial debt [(a)]	n.a.	131	-	-
Other investments		272	16	4
Total		**744**	**112**	**6**

(a) See Note 18.1.
n.a.: not applicable.

Other investments mainly include shares in unlisted investment funds and companies.

9. OTHER NON-CURRENT ASSETS

(EUR millions)	2016	2015	2014
Warranty deposits	295	273	236
Derivatives [(a)]	168	60	75
Loans and receivables	288	187	156
Other	26	32	22
Total	**777**	**552**	**489**

(a) See Note 22.

The increase in loans and receivables includes the vendor loan granted to G-III Apparel Group as part of the sale of Donna Karan International (see Note 2).

10. INVENTORIES AND WORK IN PROGRESS

(EUR millions)			2016	2015	2014
	Gross	Impairment	Net	Net	Net
Wines and *eaux-de-vie* in the process of aging	4,292	(11)	4,281	4,213	4,002
Other raw materials and work in progress	1,591	(366)	1,225	1,135	1,273
	5,883	(377)	5,506	5,348	5,275
Goods purchased for resale	2,024	(205)	1,819	1,572	1,323
Finished products	4,060	(839)	3,221	3,176	2,877
	6,084	(1,044)	5,040	4,748	4,200
Total	**11,967**	**(1,421)**	**10,546**	**10,096**	**9,475**

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

(EUR millions)			2016	2015	2014
	Gross	Impairment	Net	Net	Net
As of January 1	**11,426**	**(1,330)**	**10,096**	**9,475**	**8,492**
Change in gross inventories	819	-	819	569	928
Impact of provision for returns [a]	(4)	-	(4)	(2)	13
Impact of marking harvests to market	(19)	-	(19)	(16)	(7)
Changes in provision for impairment	-	(377)	(377)	(317)	(313)
Changes in the scope of consolidation	(63)	1	(62)	6	10
Translation adjustment	106	(13)	93	381	347
Other, including reclassifications	(298)	298	-	-	5
As of December 31	**11,967**	**(1,421)**	**10,546**	**10,096**	**9,475**

(a) See Note 1.25.

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

(EUR millions)	2016	2015	2014
Impact of marking the period's harvest to market	13	18	24
Impact of inventory sold during the period	(32)	(34)	(31)
Net impact on cost of sales of the period	**(19)**	**(16)**	**(7)**
Net impact on the value of inventory as of December 31	**131**	**150**	**166**

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

11. TRADE ACCOUNTS RECEIVABLE

(EUR millions)	2016	2015	2014
Trade accounts receivable, nominal amount	2,979	2,820	2,546
Provision for impairment	(66)	(64)	(66)
Provision for product returns [a]	(228)	(235)	(206)
Net amount	**2,685**	**2,521**	**2,274**

(a) See Note 1.25.

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

(EUR millions)			2016	2015	2014
	Gross	Impairment	Net	Net	Net
As of January 1	**2,585**	**(64)**	**2,521**	**2,274**	**2,174**
Changes in gross receivables	122	-	122	46	30
Changes in provision for impairment	-	(1)	(1)	-	(5)
Changes in provision for product returns [a]	5	-	5	(20)	(25)
Changes in the scope of consolidation	(16)	-	(16)	141	5
Translation adjustment	46	-	46	88	62
Reclassifications	9	(1)	8	(8)	33
As of December 31	**2,751**	**(66)**	**2,685**	**2,521**	**2,274**

(a) See Note 1.25.

The trade accounts receivable balance is comprised essentially of receivables from wholesalers or agents, who are limited in number and with whom the Group maintains ongoing relationships for the most part. As of December 31, 2016, 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, versus 88% as of December 31, 2015 and 90% as of December 31, 2014.

As of December 31, 2016, the breakdown of the nominal amount of trade receivables and of provisions for impairment by age was as follows:

(EUR millions)		Nominal amount of receivables	Impairment	Net amount of receivables
Not due:	- less than 3 months	2,479	(14)	2,465
	- more than 3 months	145	(5)	140
		2,624	(19)	2,605
Overdue:	- less than 3 months	217	(10)	207
	- more than 3 months	138	(37)	101
		355	(47)	308
Total		**2,979**	**(66)**	**2,913**

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

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

12. OTHER CURRENT ASSETS

(EUR millions)	2016	2015	2014
Current available for sale financial assets [a]	374	385	253
Derivatives [b]	261	297	304
Tax accounts receivable, excluding income taxes	620	602	449
Advances and payments on account to vendors	191	159	162
Prepaid expenses	379	357	313
Other receivables	518	555	435
Total	**2,343**	**2,355**	**1,916**

(a) See Note 13.
(b) See Note 22.

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

13. CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	2016	2015	2014
Unlisted securities, shares in non-money market SICAVs and funds	-	-	-
Listed securities and term deposits	374	385	253
Total	**374**	**385**	**253**
Of which: historical cost of current available for sale financial assets	*351*	*393*	*180*

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

(EUR millions)	2016	2015	2014
As of January 1	**385**	**253**	**171**
Acquisitions	151	377	-
Disposals at net realized value	(181)	(241)	(15)
Changes in market value	19	(29)	39
Changes in impairment	-	7	-
Changes in the scope of consolidation	-	-	-
Translation adjustment	-	-	-
Reclassifications	-	18	58
As of December 31	**374**	**385**	**253**

The market value of current available for sale financial assets is determined using the methods described in Note 1.9. See also Note 22.2 for the breakdown of these assets according to the measurement methods used and Note 1.15 for the method used to determine impairment losses on current available for sale financial assets.

14. CASH FLOW STATEMENT

14.1. Cash and cash equivalents

(EUR millions)	2016	2015	2014
Term deposits (less than 3 months)	520	808	1,270
SICAV and FCP money market funds	668	577	784
Ordinary bank accounts	2,356	2,209	2,037
Cash and cash equivalents per balance sheet	**3,544**	**3,594**	**4,091**

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)	2016	2015	2014
Cash and cash equivalents	3,544	3,594	4,091
Bank overdrafts	(207)	(204)	(308)
Net cash and cash equivalents per cash flow statement	**3,337**	**3,390**	**3,783**

14.2. Change in working capital

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

(EUR millions)	Notes	2016	2015	2014
Change in inventories and work in progress	10	(819)	(569)	(928)
Change in trade accounts receivable [a]	11	(113)	(49)	(22)
Change in trade accounts payable	21	235	93	176
Change in other receivables and payables		185	96	56
Change in working capital [b]		**(512)**	**(429)**	**(718)**

(a) Including a positive impact of 9 million euros related to amounts owed to customers (versus a negative impact of 3 and 8 million euros as of December 31, 2015 and 2014, respectively).
(b) Increase/(Decrease) in cash and cash equivalents.

14.3. Operating investments

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

(EUR millions)	Notes	2016	2015	2014
Purchase of intangible fixed assets	3	(440)	(316)	(316)
Purchase of tangible fixed assets [a]	6	(2,150)	(1,739)	(1,532)
Deduction of purchase under finance lease		204	-	-
Changes in accounts payable related to fixed asset purchases		125	81	78
Net cash used in purchases of fixed assets		**(2,261)**	**(1,974)**	**(1,770)**
Net cash from fixed asset disposals		6	41	45
Guarantee deposits paid and other cash flows related to operating investments		(10)	(22)	(50)
Operating investments [b]		**(2,265)**	**(1,955)**	**(1,775)**

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

15. EQUITY

15.1. Share capital and share premium account

As of December 31, 2016, the share capital consisted of 507,126,088 fully paid-up shares (507,139,110 as of December 31, 2015 and 507,711,713 as of December 31, 2014), with a par value of 0.30 euros per share, including 229,432,106 shares with double voting rights (229,780,453 as of December 31, 2015 and 226,167,633 as of December 31, 2014). Double voting rights are attached 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:

(Number of shares or EUR millions)				2016	2015	2014
	Number			Amount	Amount	Amount
		Share capital	Share premium account	Total		
As of January 1	**507,139,110**	**152**	**2,579**	**2,731**	**2,807**	**4,001**
Exercise of share subscription options	907,929	-	64	64	35	59
Distribution in kind of Hermès shares [a]	-	-	-	-	-	(1,203)
Retirement of shares	(920,951)	-	(42)	(42)	(111)	(50)
As of December 31	**507,126,088**	**152**	**2,601**	**2,753**	**2,731**	**2,807**

(a) See Note 8.

15.2. LVMH treasury shares

The portfolio of LVMH treasury shares is allocated as follows:

(Number of shares or EUR millions)	2016		2015	2014
	Number	Amount	Amount	Amount
Share subscription option plans	2,048,799	98	140	156
Bonus share plans	1,069,511	90	86	102
Other plans	-	-	-	8
Shares held for stock option and similar plans [(a)]	**3,118,310**	**188**	**226**	**266**
Liquidity contract	89,000	15	14	13
Shares pending retirement	1,889,812	317	-	95
LVMH treasury shares	**5,097,122**	**520**	**240**	**374**

(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, 2016 amounts to 16 million euros.

The portfolio movements of LVMH treasury shares in fiscal year 2016 were as follows:

(Number of shares or EUR millions)	Number	Amount	Impact on cash
As of December 31, 2015	**4,339,921**	**240**	
Share purchases [(a)]	3,686,573	584	(584)
Vested bonus shares	(465,660)	(34)	-
Retirement of shares	(920,951)	(42)	-
Disposals at net realized value [(a)]	(1,542,761)	(232)	232
Gain/(loss) on disposal	-	4	-
As of December 31, 2016	**5,097,122**	**520**	**(352)**

(a) Purchases and sales of LVMH shares mainly related to the management of the liquidity contract.

A share repurchase program totaling 300 million euros was set up in the fourth quarter of 2016, leading to the acquisition of 1,743,145 shares pending retirement.

15.3. Dividends paid by the parent company LVMH SE

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

As of December 31, 2016, the distributable amount was 14,078 million euros; after taking into account the proposed dividend distribution in respect of the 2016 fiscal year, it was 12,760 million euros.

(EUR millions, except for data per share in EUR)	2016	2015	2014
Interim dividend for the current fiscal year (2016: 1.40 euros; 2015: 1.35 euros; 2014: 1.25 euros)	710	685	634
Distribution in kind of Hermès shares [(a)]	-	-	6,855
Impact of treasury shares	(6)	(6)	(7)
Gross amount disbursed for the fiscal year	**704**	**679**	**7,482**
Final dividend for the previous fiscal year (2015: 2.20 euros; 2014: 1.95 euros; 2013: 1.90 euros)	1,115	998	965
Impact of treasury shares	(9)	(18)	(13)
Gross amount disbursed for the previous fiscal year	**1,106**	**980**	**952**
Total gross amount disbursed during the period [(b)]	**1,810**	**1,659**	**8,434**

(a) See Note 8.
(b) Excluding the impact of tax regulations applicable to the recipient.

The final dividend for fiscal year 2016, as proposed at the Shareholders' Meeting of April 13, 2017, is 2.60 euros per share, representing a total of 1,319 million euros before deduction of the amount attributable to treasury shares held at the ex-dividend date.

15.4. Cumulative translation adjustment

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

(EUR millions)	2016	Change	2015	2014
US dollar	508	22	486	147
Swiss franc	762	29	733	450
Japanese yen	96	17	79	52
Hong Kong dollar	493	39	454	226
Pound sterling	(85)	(121)	36	(6)
Other currencies	(94)	39	(133)	(79)
Foreign currency net investment hedges [a]	(515)	3	(518)	(298)
Total, Group share	**1,165**	**28**	**1,137**	**492**

(a) Including -169 million euros with respect to the US dollar (-186 million euros as of December 31, 2015 and -98 million euros as of December 31, 2014), and -135 million euros with respect to the Hong Kong dollar (-130 million euros as of December 31, 2015 and -73 million euros as of December 31, 2014). These amounts include the tax impact.

15.5. Strategy relating to the Group's financial structure

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

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

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

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

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

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

The Shareholders' Meeting of April 16, 2015 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2017, to grant share subscription or purchase options to Group company employees or directors, on one or more occasions, in an amount not to exceed 1% of the Company's share capital.

Each plan is valid for ten years and the options may be exercised after a four-year period. For all plans, one option entitles the holder to purchase one share.

No share subscription option plans have been set up since 2010.

Bonus share plans

The Shareholders' Meeting of April 16, 2015 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2017, 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.

For the plans set up between 2012 and 2015, bonus shares granted to recipients who are French residents for tax purposes vest after a three-year period, which is followed by a two-year holding period during which the recipients may not sell their shares. Bonus shares awarded to recipients who are not French residents for tax purposes vest after a period of four years and become freely transferable at that time.

For the plan set up in 2016, bonus shares and bonus performance shares (if performance conditions are met) vest to all recipients after a three-year period and are freely transferable once they have vested.

Performance conditions

The majority of the Group's share subscription option plans and bonus share plans are subject to performance conditions that determine vesting. For these plans, performance shares/options vest only if LVMH's consolidated financial statements for the fiscal year following the reference fiscal year (and, where applicable, the second fiscal year following the reference fiscal year) show a positive change compared to the reference fiscal year with respect to one or more of the following indicators: profit from recurring operations, net cash from operating activities and operating investments, current operating margin. This concerns the following plans and fiscal years:

Plan commencement date	Type of plan	Shares/options awarded if there is a positive change in one of the indicators between fiscal years
May 14, 2009	Share subscription options	2009 and 2008; 2010 and 2008
2011	Bonus shares	2011 and 2010; 2012 and 2010
2012	"	2012 and 2011; 2013 and 2011
2013	"	2013 and 2012; 2014 and 2012
October 23, 2014	"	2015 and 2014
April 16, 2015	"	2015 and 2014
October 22, 2015	"	2016 and 2015; 2017 and 2015
October 20, 2016	"	2017 and 2016; 2018 and 2016

Impact of the distribution of Hermès shares (see Note 8) on stock option and similar plans

In order to protect the holders of share subscription options and bonus shares, the shareholders authorized the Board of Directors during the Shareholders' Meeting of November 25, 2014, to adjust the number and exercise price of share subscription options, as well as the number of bonus shares whose vesting period had not expired before December 17, 2014. Thus, the quantities of share subscription options and bonus shares concerned were increased by 11.1%, while the exercise price of these options was reduced by 9.98%. Since these adjustments only had the objective of maintaining the gain obtained by the recipients at the level attained prior to the distribution, they had no effect on the consolidated financial statements.

16.2. Share subscription option plans

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

Plan commencement date	Number of options granted [a]	Exercise price [a] *(EUR)*	Vesting period of rights	Number of options exercised in 2016	Number of options expired in 2016	Number of options outstanding as of Dec. 31, 2016
May 11, 2006	1,797,646	70.97	4 years	(577,959)	(7,153)	-
"	77,108	74.19	"	(1,389)	(139)	-
May 10, 2007	1,764,203	77.53	"	(188,310)	(695)	595,722
May 15, 2008	1,708,542	65.26	"	(45,659)	(139)	783,109
"	78,469	65.44	"	(14,430)	(556)	4,277
May 14, 2009 [b]	1,333,097	50.86	"	(80,015)	(1,390)	502,182
"	37,106	50.88	"	(167)	(139)	17,720
Total	**6,796,171**			**(907,929)**	**(10,211)**	**1,903,010**

(a) After adjusting for the distribution in kind of Hermès shares. See Notes 8 and 16.1.
(b) Plan subject to performance conditions; see Note 16.1 General characteristics of plans.

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

	2016		2015		2014	
	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	**2,821,150**	**66.79**	**3,384,313**	**66.15**	**4,177,489**	**69.97**
Options expired	(10,211)	68.07	(11,026)	55.46	(152,815)	58.42
Adjustments for the distribution in kind of Hermès shares [a]	-	-	-	-	339,962	(7.33)
Options exercised	(907,929)	70.19	(552,137)	63.06	(980,323)	60.71
Share subscription options outstanding as of December 31	**1,903,010**	**65.17**	**2,821,150**	**66.79**	**3,384,313**	**66.15**

(a) See Note 8.

16.3. Bonus share plans

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

Plan commencement date	Number of shares awarded initially [a]	*Of which: performance shares* [a] [b]	*Conditions satisfied?*	Vesting period of rights	Shares expired in 2016	Shares vested in 2016	Non-vested shares as of Dec. 31, 2016
April 5, 2012	459,904	*459,904*	*yes*	3 [c] or 4 [d] years	(3,122)	(196,936)	-
July 26, 2012	50,912	*923*	*yes*	3 [c] or 4 [d] years	-	(49,989)	-
July 25, 2013	440,036	*440,036*	*yes*	3 [c] or 4 [d] years	(10,236)	(214,037)	188,106
October 24, 2013	6,920	*6,920*	*yes*	3 [c] or 4 [d] years	(2,222)	(4,698)	-
July 24, 2014	67,764	-	-	3 [c] or 4 [d] years	-	-	67,764
October 23, 2014	341,678	*341,678*	*yes*	3 [c] or 4 [d] years	(17,133)	-	313,031
April 16, 2015	73,262	*73,262*	*yes*	3 [c] or 4 [d] years	-	-	73,262
October 22, 2015	315,532	*315,532*	[e]	3 [c] or 4 [d] years	(5,627)	-	309,905
October 20, 2016	360,519	*310,509*	[e]	3 years	-	-	360,519
Total	**2,116,527**	***1,948,764***			**(38,340)**	**(465,660)**	**1,312,587**

(a) After adjusting for the distribution in kind of Hermès shares. See Notes 8 and 16.1.
(b) See Note 16.1 General characteristics of plans.
(c) Recipients with tax residence in France.
(d) Recipients with tax residence outside France.
(e) The performance conditions were considered to have been met for the purpose of determining the expense for fiscal year 2016, on the basis of budget data.

The number of non-vested shares awarded changed as follows during the fiscal year:

(number of shares)	2016	2015	2014
Non-vested shares as of January 1	**1,456,068**	**1,492,627**	**1,484,118**
Shares initially awarded during the period	360,519	388,794	368,548
Adjustment for the distribution in kind of Hermès shares [a]	-	-	159,417
Shares vested during the period	(465,660)	(386,709)	(478,278)
Shares expired during the period	(38,340)	(38,644)	(41,178)
Non-vested shares as of December 31	**1,312,587**	**1,456,068**	**1,492,627**

(a) See Note 8.

Vested share allocations were settled in existing shares held.

16.4. Expense for the fiscal year

(EUR millions)	2016	2015	2014
Expense for the period for share subscription option and bonus share plans	41	37	39

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

The LVMH closing share price the day before the grant date of the plans was 167.35 euros for the plan dated October 20, 2016.

At the time of these grants, the unit value of non-vested bonus shares awarded as of October 20, 2016 was 155.10 euros.

17. MINORITY INTERESTS

(EUR millions)	2016	2015	2014
As of January 1	**1,460**	**1,240**	**1,028**
Minority interests' share of net profit	382	428	457
Dividends paid to minority interests	(272)	(229)	(328)
Impact of changes in control of consolidated entities	22	1	11
Impact of acquisition and disposal of minority interests' shares	(35)	(3)	32
Total impact of changes in ownership interests in consolidated entities	(13)	(2)	43
Capital increases subscribed by minority interests	41	89	3
Minority interests' share in gains and losses recognized in equity	52	130	108
Minority interests' share in stock option plan expenses	2	2	2
Impact of changes in minority interests with purchase commitments	(142)	(198)	(73)
As of December 31	**1,510**	**1,460**	**1,240**

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 benefits	Total share of minority interests
As of December 31, 2013	**(79)**	**15**	**216**	**(9)**	**143**
Changes for the fiscal year	138	(14)	(3)	(13)	108
As of December 31, 2014	**59**	**1**	**213**	**(22)**	**251**
Changes for the fiscal year	121	(2)	10	1	130
As of December 31, 2015	**180**	**(1)**	**223**	**(21)**	**381**
Changes for the fiscal year	40	1	25	(14)	52
As of December 31, 2016	**220**	**-**	**248**	**(35)**	**433**

Minority interests are composed primarily of Diageo's 34% stake in Moët Hennessy and the 39% stake held by Robert Miller in DFS, which is part of the Selective Retailing business group. Diageo's stake in Moët Hennessy may be assessed using the revenue, operating profit and core assets of the Wines and Spirits business group, which are presented in Note 23. Since the 34% stake held by Diageo in Moët Hennessy is subject to a purchase commitment, it is reclassified at year-end under Other non-current liabilities and is therefore excluded from the total amount of minority interests at the fiscal year-end date. See Notes 1.12 and 20.

18. BORROWINGS

18.1. Net financial debt

(EUR millions)	2016	2015	2014
Long-term borrowings	3,932	4,511	5,054
Short-term borrowings	3,447	3,769	4,189
Gross borrowings	**7,379**	**8,280**	**9,243**
Interest rate risk derivatives	(65)	(66)	(94)
Gross borrowings after derivatives	**7,314**	**8,214**	**9,149**
Current available for sale financial assets [a]	(374)	(385)	(253)
Non-current available for sale financial assets used to hedge financial debt [b]	(131)	-	-
Cash and cash equivalents [c]	(3,544)	(3,594)	(4,091)
Net financial debt	**3,265**	**4,235**	**4,805**

(a) See Note 13.
(b) See Note 8.
(c) See Note 14.1.

In February 2016, LVMH issued exclusively cash-settled five-year convertible bonds with a total face value of 600 million US dollars, supplemented by a 150 million US dollar tap issue carried out in April 2016. These bonds, which were issued at 103.00% and 104.27% of their face value respectively, are redeemable at par (if they are not converted) and do not bear interest.

In addition to these issues, LVMH subscribed to financial instruments with the same maturity, enabling it to fully hedge its exposure to any positive or negative changes in the share price. This set of transactions, involving euro-denominated swaps, provides the Group with the equivalent of traditional euro-denominated bond financing at an advantageous cost.

As provided by applicable accounting policies, the optional components of convertible bonds and financial instruments subscribed for hedging purposes are recorded under "Derivatives" (see Note 22), with hedging instruments other than these optional components recorded under "Non-current available for sale financial assets" (see Note 8). Given their connection to the bonds issued, hedging instruments (except option components) are presented as deducted from gross financial debt in calculating net financial debt, and their impact on cash and cash equivalents is presented under "Financing activities" in the cash flow statement.

In 2016, LVMH redeemed a 650 million euro bond issued in 2013 and 2014.

In 2015, the 250 and 500 million euro bonds issued in 2009 and 2011 respectively, and the 200 million Swiss franc bond issued in 2008, were repaid.

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

18.2. Analysis of gross borrowings

(EUR millions)	2016	2015	2014
Bonds and Euro Medium Term Notes (EMTNs)	3,476	4,202	4,794
Finance and other long-term leases	342	131	116
Bank borrowings	114	178	144
Long-term borrowings	**3,932**	**4,511**	**5,054**
Bonds and Euro Medium Term Notes (EMTNs)	1,377	710	925
Finance and other long-term leases	10	6	12
Bank borrowings	291	263	511
Commercial paper	1,204	2,281	2,004
Other borrowings and credit facilities	330	277	377
Bank overdrafts	207	205	308
Accrued interest	28	27	52
Short-term borrowings	**3,447**	**3,769**	**4,189**
Total gross borrowings	**7,379**	**8,280**	**9,243**

The market value of gross borrowings, based on market data and commonly used valuation models, was 7,392 million euros as of December 31, 2016 (8,396 million euros as of December 31, 2015 and 9,398 million euros as of December 31, 2014), including 3,445 million euros in short-term borrowings (3,905 million euros as of December 31, 2015 and 5,206 million euros as of December 31, 2014) and 3,947 million euros in long-term borrowings (4,491 million euros as of December 31, 2015 and 4,192 million euros as of December 31, 2014).

As of December 31, 2016, December 31, 2015 and December 31, 2014, no financial debt was recognized using the fair value option. See Note 1.20.

18.3. Bonds and EMTNs

Nominal amount *(in currency)*	Date of issuance	Maturity	Initial effective interest rate [a] *(%)*	2016 *(EUR millions)*	2015	2014
USD 750,000,000 [b]	2016	2021	1.92	682	-	-
EUR 650,000,000	2014	2021	1.12	670	659	657
AUD 150,000,000	2014	2019	3.68	103	102	101
EUR 300,000,000	2014	2019	floating	300	300	300
GBP 350,000,000	2014	2017	1.83	413	481	454
EUR 600,000,000	2013	2020	1.89	608	603	596
EUR 600,000,000 [c]	2013	2019	1.25	608	608	608
EUR 650,000,000 [d]	2013	2016	floating	-	650	650
USD 850,000,000	2012	2017	1.75	811	784	701
EUR 500,000,000	2011	2018	4.08	505	508	512
EUR 500,000,000	2011	2015	3.47	-	-	504
EUR 150,000,000	2009	2017	4.81	153	157	161
EUR 250,000,000	2009	2015	4.59	-	-	255
CHF 200,000,000	2008	2015	4.04	-	-	166
Private placements in foreign currencies				-	60	54
Total bonds and EMTNs				**4,853**	**4,912**	**5,719**

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

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)	2016		2015		2014	
	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	31	23	18	13	19	18
One to five years	116	83	60	41	56	39
More than five years	790	246	343	83	320	71
Total minimum future payments	**937**		**421**		**395**	
Impact of discounting	(585)		(284)		(267)	
Total debt under finance and other long-term lease agreements	**352**	**352**	**137**	**137**	**128**	**128**

Most of the assets financed or refinanced under finance or other long-term leases are property assets or manufacturing equipment.

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

(EUR millions)		Gross borrowings			Impact of derivatives			Gross borrowings after derivatives		
		Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity:	December 31, 2017	3,180	267	3,447	(1,365)	1,350	(15)	1,815	1,617	3,432
	December 31, 2018	591	13	604	-	(4)	(4)	591	9	600
	December 31, 2019	737	300	1,037	(353)	342	(11)	384	642	1,026
	December 31, 2020	617	-	617	(401)	390	(11)	216	390	606
	December 31, 2021	1,361	-	1,361	(650)	626	(24)	711	626	1,337
	December 31, 2022	11	-	11	-	-	-	11	-	11
	Thereafter	294	8	302	-	-	-	294	8	302
Total		**6,791**	**588**	**7,379**	**(2,769)**	**2,704**	**(65)**	**4,022**	**3,292**	**7,314**

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

The breakdown by quarter of gross borrowings falling due in 2017 is as follows:

(EUR millions)	**Falling due in 2017**
First quarter	1,820
Second quarter	1,071
Third quarter	543
Fourth quarter	13
Total	**3,447**

18.6. Analysis of gross borrowings by currency after derivatives

(EUR millions)	2016	2015	2014
Euro	5,491	6,302	7,033
US dollar	634	366	226
Swiss franc	639	909	995
Japanese yen	281	228	229
Other currencies	269	409	666
Total	**7,314**	**8,214**	**9,149**

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

18.7. Sensitivity

On the basis of debt as of December 31, 2016:

- 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 33 million euros after hedging, and would lower the market value of gross fixed-rate borrowings by 78 million euros after hedging;
- an instantaneous decline of 1 point in these same yield curves would lower the cost of net financial debt by 33 million euros after hedging, and would raise the market value of gross fixed-rate borrowings by 78 million euros after hedging.

These changes would have no impact on the amount of equity as of December 31, 2016, 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, 2016, no significant loan agreements are concerned by those covenants.

18.9. Undrawn confirmed credit lines

As of December 31, 2016, undrawn confirmed credit lines totaled 3.4 billion euros.

18.10. Guarantees and collateral

As of December 31, 2016, borrowings secured by collateral were less than 200 million euros.

19. PROVISIONS

(EUR millions)	2016	2015	2014
Provisions for pensions, medical costs and similar commitments	698	632	640
Provisions for contingencies and losses	1,626	1,297	1,618
Provisions for reorganization	18	21	33
Non-current provisions	**2,342**	**1,950**	**2,291**
Provisions for pensions, medical costs and similar commitments	4	4	3
Provisions for contingencies and losses	319	353	314
Provisions for reorganization	29	64	15
Current provisions	**352**	**421**	**332**
Total	**2,694**	**2,371**	**2,623**

In fiscal year 2016, the changes in provisions were as follows:

(EUR millions)	Dec. 31, 2015	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other [a]	Dec. 31, 2016
Provisions for pensions, medical costs and similar commitments	636	112	(122)	(2)	(1)	79	702
Provisions for contingencies and losses	1,650	601	(227)	(137)	(9)	67	1,945
Provisions for reorganization	85	38	(65)	(5)	(3)	(3)	47
Total	**2,371**	**751**	**(414)**	**(144)**	**(13)**	**143**	**2,694**
Of which: profit from recurring operations		*434*	*(279)*	*(58)*			
net financial income (expense)		*2*	*-*	*(56)*			
other		*315*	*(135)*	*(30)*			

(a) Including the impact of translation adjustment and change in revaluation reserves.

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

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

Given the uncertain duration of tax measures favorable to the Group's businesses considered by several countries in which the Group has a significant presence, a provision has been established representing a significant proportion of the increases in provisions for fiscal year 2016.

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)	2016	2015	2014
Purchase commitments for minority interests' shares	7,877	7,421	6,008
Derivatives [a]	134	2	16
Employee profit sharing	91	93	88
Other liabilities	396	441	335
Total	**8,498**	**7,957**	**6,447**

(a) See Note 22.

As of December 31, 2016, purchase commitments for minority interests' shares mainly include the put option granted by LVMH 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") are the holding companies for LVMH's Wines and Spirits businesses, with the exception of the equity investments in Château d'Yquem, Château Cheval Blanc, Clos des Lambrays and certain champagne vineyards.

Purchase commitments for minority interests' shares also include commitments relating to minority shareholders in Loro Piana (20%) and distribution subsidiaries in various countries, mainly in the Middle East. Put options granted to minority interests in Ile de Beauté (35%) and Heng Long (35%) were exercised in 2016. See Note 2.

21. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

21.1. Trade accounts payable

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

(EUR millions)	2016	2015	2014
As of January 1	**3,960**	**3,606**	**3,297**
Changes in trade accounts payable	235	93	176
Changes in amounts owed to customers	9	(3)	8
Changes in the scope of consolidation	(36)	129	5
Translation adjustment	46	133	109
Reclassifications	(30)	2	11
As of December 31	**4,184**	**3,960**	**3,606**

21.2. Other current liabilities

(EUR millions)	2016	2015	2014
Derivatives [a]	207	185	274
Employees and social institutions	1,329	1,260	1,110
Employee profit sharing	103	98	74
Taxes other than income taxes	574	553	458
Advances and payments on account from customers	237	205	184
Deferred payment for tangible and financial non-current assets	590	504	433
Deferred income	251	208	190
Other liabilities	1,108	896	776
Total	**4,399**	**3,909**	**3,499**

(a) See Note 22.

The present value of 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, is centralized.

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

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

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

(EUR millions)	2016			2015			2014		
	Available for sale financial assets	Derivatives	Cash and cash equivalents (SICAV and FCP money market funds)	Available for sale financial assets	Derivatives	Cash and cash equivalents (SICAV and FCP money market funds)	Available for sale financial assets	Derivatives	Cash and cash equivalents (SICAV and FCP money market funds)
Valuation [a] based on:									
Published price quotations	721	-	3,544	514	-	3,594	391	-	4,091
Valuation model based on market data	204	429	-	194	357	-	187	379	-
Private quotations	193	-	-	251	-	-	255	-	-
Assets	**1,118**	**429**	**3,544**	**959**	**357**	**3,594**	**833**	**379**	**4,091**
Valuation [a] based on:									
Published price quotations	-	-	-	-	-	-	-	-	-
Valuation model based on market data	-	341	-	-	187	-	-	290	-
Private quotations	-	-	-	-	-	-	-	-	-
Liabilities	**-**	**341**	**-**	**-**	**187**	**-**	**-**	**290**	**-**

(a) See Note 1.9 for information on the valuation approaches used.

Derivatives used by the Group are measured at fair value according to commonly used valuation models and based on market data. The counterparty risk associated with these derivatives (i.e. the credit valuation adjustment) is assessed on the basis of credit spreads from observable market data, as well as on the basis of the derivatives' market value adjusted by flat-rate add-ons depending on the type of underlying and the maturity of the derivative. It was not significant as of December 31, 2016, December 31, 2015 and December 31, 2014.

The amount of financial assets valued on the basis of private quotations changed as follows in 2016:

(EUR millions)	2016
As of January 1	**251**
Acquisitions	20
Disposals (at net realized value)	(73)
Gains and losses recognized in income statement	(22)
Gains and losses recognized in equity	17
Reclassifications	-
As of December 31	**193**

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	2016	2015	2014
Interest rate risk	Assets:	non-current		53	57	61
		current		17	14	42
	Liabilities:	non-current		-	-	(3)
		current		(5)	(5)	(6)
			22.4	**65**	**66**	**94**
Foreign exchange risk	Assets:	non-current		46	3	14
		current		244	283	217
	Liabilities:	non-current		(65)	(2)	(13)
		current		(199)	(178)	(268)
			22.5	**26**	**106**	**(50)**
Other risks	Assets:	non-current		69	-	-
		current		-	-	45
	Liabilities:	non-current		(69)	-	-
		current		(3)	(2)	-
			22.6	**(3)**	**(2)**	**45**
Total	Assets:	non-current	9	168	60	75
		current	12	261	297	304
	Liabilities:	non-current	20	(134)	(2)	(16)
		current	21	(207)	(185)	(274)
				88	**170**	**89**

22.4. Derivatives used to manage interest rate risk

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

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

Derivatives used to manage interest rate risk outstanding as of December 31, 2016 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	1,365	1,403	-	2,768	66	-	66
Foreign currency swaps	1,158	122	-	1,280	(1)	-	(1)
Other interest rate risk derivatives	75	190	-	265	-	-	-
Total					**65**	**-**	**65**

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

22.5. Derivatives used to manage foreign exchange risk

A significant 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 intercompany cash flows. Hedging instruments are used to reduce the risks arising from the fluctuations of currencies against the exporting and importing companies' functional currencies and are allocated to either accounts receivable or accounts payable (fair value hedges) for the fiscal year, or to transactions anticipated for future periods (cash flow hedges).

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

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

Derivatives used to manage foreign exchange risk outstanding as of December 31, 2016 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation [a]				Market value [b][c]				
	2016	2017	Thereafter	Total	Fair value hedges	Future cash flow hedges	Foreign currency net investment hedges	Not allocated	Total
Options purchased									
Put USD	72	44	-	116	-	1	-	-	1
Put HKD	39	-	-	39	-	-	-	-	-
Put GBP	15	4	-	19	1	-	-	-	1
Other	41	-	-	41	-	-	-	-	-
	167	**48**	**-**	**215**	**1**	**1**	**-**	**-**	**2**
Collars									
Written USD	143	4,590	707	5,440	(1)	(38)	-	(1)	(40)
Written JPY	12	896	55	963	-	41	-	-	41
Written GBP	12	168	-	180	2	2	-	1	5
	167	**5,654**	**762**	**6,583**	**1**	**5**	**-**	**-**	**6**
Forward exchange contracts									
USD	215	(2)	-	213	(6)	-	9	-	3
JPY	47	-	-	47	-	-	-	-	-
CHF	25	-	-	25	-	-	-	-	-
Other	211	86	-	297	(2)	-	-	(1)	(3)
	498	**84**	**-**	**582**	**(8)**	**-**	**9**	**(1)**	**-**
Foreign exchange swaps									
USD	2,295	-	-	2,295	70	-	(30)	22	62
CHF	280	-	-	280	(2)	-	(5)	-	(7)
GBP	216	-	-	216	(24)	-	-	-	(24)
JPY	387	-	-	387	7	-	-	-	7
CNY	294	23	30	347	(2)	-	-	-	(2)
Other	305	(4)	-	301	(9)	-	(9)	-	(18)
	3,777	**19**	**30**	**3,826**	**40**	**-**	**(44)**	**22**	**18**
Total					**34**	**6**	**(35)**	**21**	**26**

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

The impact on the income statement of gains and losses on hedges of future cash flows, as well as the future cash flows hedged using these instruments, will mainly be recognized in 2017; the amount will depend on exchange rates at that date. The impact on the net profit for fiscal year 2016 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 exchange derivatives outstanding during the period, compared with the rates applying to transactions in 2016, 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 cash receipts in respect of foreign currency-denominated sales	199	(55)	1	(42)	-	-	(1)	(2)
- conversion of net profit of entities outside the eurozone	27	(27)	13	(13)	16	(16)	19	(19)
Impact on net profit	**226**	**(82)**	**14**	**(55)**	**16**	**(16)**	**18**	**(21)**

The data presented in the table above should be assessed on the basis of the characteristics of the hedging instruments outstanding in fiscal year 2016, mainly comprising options and collars.

As of December 31, 2016, forecast cash collections for 2017 in US dollars and Japanese yen are 81% hedged.

The Group's net equity (excluding net profit) exposure to foreign currency fluctuations as of December 31, 2016 is assessed by measuring the impact of a 10% change in the value of the US dollar, the Japanese yen, the Swiss franc and the Hong Kong dollar against the euro compared to the rates applying as of the same date:

(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	370	(370)	27	(27)	288	(288)	99	(99)
Change in market value of net investment hedges, after tax	(380)	161	(24)	52	(70)	57	(24)	20
Net impact on equity, excluding net profit	**(10)**	**(209)**	**3**	**25**	**218**	**(231)**	**75**	**(79)**

22.6. Financial instruments used to manage other risks

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

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

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

The Group – mainly through its Watches and Jewelry business group – may be exposed to changes in the prices of certain precious metals, such as gold. In certain cases, in order to ensure visibility with regard to production costs, hedges may be implemented. This is achieved either by negotiating the forecast price of future deliveries of alloys with precious metal refiners, or the price of semi-finished products with producers, or directly by purchasing hedges from top-ranking banks. In the latter case, gold may be purchased from banks, or future and/or options contracts may be taken out with a physical delivery of the gold. Derivatives outstanding relating to the hedging of precious metal prices as of December 31, 2016 have a negative market value of 3 million euros. Considering nominal values of 121 million euros for those derivatives, a uniform 1% change in their underlying assets' prices as of December 31, 2016 would have a net impact on the Group's consolidated reserves of less than 1 million euros. These instruments mature primarily in 2017.

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. net cash and cash equivalents of 0.1 billion euros as of December 31, 2016, or through the outstanding amount of its commercial paper program, i.e. 1.2 billion euros. Should any of these borrowing facilities not be renewed, the Group has access to undrawn confirmed credit lines totaling 3.4 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, 2016, at nominal value and with interest, excluding discounting effects:

(EUR millions)	2017	2018	2019	2020	2021	Over 5 years	Total
Bonds and EMTNs	1,434	548	1,031	617	1,368	-	4,998
Bank borrowings	304	84	18	-	-	8	414
Other borrowings and credit facilities	363	-	-	-	-	-	363
Finance and other long-term leases	31	29	29	29	29	790	937
Commercial paper	1,204	-	-	-	-	-	1,204
Bank overdrafts	207	-	-	-	-	-	207
Gross borrowings	**3,543**	**661**	**1,078**	**646**	**1,397**	**798**	**8,123**
Other liabilities, current and non-current[a]	3,941	80	24	18	28	102	4,193
Trade accounts payable	4,184	-	-	-	-	-	4,184
Other financial liabilities	**8,125**	**80**	**24**	**18**	**28**	**102**	**8,377**
Total financial liabilities	**11,668**	**741**	**1,102**	**664**	**1,425**	**900**	**16,500**

(a) Corresponds to "Other current liabilities" (excluding derivatives, purchase commitments for minority interest and deferred income) for 3,941 million euros and to "Other non-current liabilities" (excluding derivatives, purchase commitments for minority interests and deferred income of 252 million euros as of December 31, 2016) for 235 million euros.

See Note 30.3 regarding contractual maturity dates of collateral and other guarantee 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 and Watches and Jewelry – comprise brands dealing with the same category of products that use similar production and distribution processes. Information on Louis Vuitton and Bvlgari is presented according to the brand's main business, namely the Fashion and Leather Goods business group for Louis Vuitton and the Watches and Jewelry business group for Bvlgari. The Selective Retailing business group comprises the Group's own-label retailing activities. Other activities and holding companies comprise brands and businesses that are not associated with any of the above-mentioned business groups, particularly the media division, the Dutch luxury yacht maker Royal Van Lent, hotel operations and holding or real estate companies.

23.1. Information by business group

Fiscal year 2016

(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	4,805	12,735	4,083	3,409	11,945	623	-	37,600
Intra-Group sales	30	40	870	59	28	15	(1,042)	-
Total revenue	**4,835**	**12,775**	**4,953**	**3,468**	**11,973**	**638**	**(1,042)**	**37,600**
Profit from recurring operations	1,504	3,873	551	458	919	(244)	(35)	7,026
Other operating income and expenses	(60)	10	(9)	(30)	(64)	31	-	(122)
Depreciation and amortization expense	(148)	(601)	(212)	(208)	(399)	(54)	-	(1,622)
Impairment expense	(4)	(34)	(1)	(32)	(62)	(1)	-	(134)
Intangible assets and goodwill [b]	5,185	6,621	1,305	5,879	3,692	1,054	-	23,736
Property, plant and equipment	2,613	2,143	585	529	1,777	4,499	(7)	12,139
Inventories	4,920	1,501	581	1,403	2,172	235	(266)	10,546
Other operating assets	1,419	974	948	720	908	980	7,252 [c]	13,201
Total assets	**14,137**	**11,239**	**3,419**	**8,531**	**8,549**	**6,768**	**6,979**	**59,622**
Equity	-	-	-	-	-	-	27,903	27,903
Liabilities	1,524	2,641	1,593	918	2,924	1,178	20,941 [d]	31,719
Total liabilities and equity	**1,524**	**2,641**	**1,593**	**918**	**2,924**	**1,178**	**48,844**	**59,622**
Operating investments [e]	(276)	(506)	(268)	(229)	(558)	(434)	6	(2,265)

Fiscal year 2015

(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	4,575	12,333	3,907	3,250	11,166	433	-	35,664
Intra-Group sales	28	36	764	58	27	15	(928)	-
Total revenue	**4,603**	**12,369**	**4,671**	**3,308**	**11,193**	**448**	**(928)**	**35,664**
Profit from recurring operations	1,363	3,505	524	432	940	(154)	(5)	6,605
Other operating income and expenses	(15)	(154)	(4)	(31)	(7)	(10)	-	(221)
Depreciation and amortization expense	(132)	(641)	(184)	(199)	(365)	(42)	-	(1,563)
Impairment expense	(15)	(96)	(1)	-	(5)	(19)	-	(136)
Intangible assets and goodwill [b]	4,900	7,207	1,283	5,850	3,508	946	-	23,694
Property, plant and equipment	2,484	2,125	528	501	1,547	3,972	-	11,157
Inventories	4,795	1,566	502	1,361	1,873	230	(231)	10,096
Other operating assets	1,392	874	812	731	755	920	7,170 [c]	12,654
Total assets	**13,571**	**11,772**	**3,125**	**8,443**	**7,683**	**6,068**	**6,939**	**57,601**
Equity	-	-	-	-	-	-	25,799	25,799
Liabilities	1,426	2,451	1,440	922	2,408	1,131	22,024 [d]	31,802
Total liabilities and equity	**1,426**	**2,451**	**1,440**	**922**	**2,408**	**1,131**	**47,823**	**57,601**
Operating investments [e]	(233)	(553)	(233)	(204)	(395)	(337)	-	(1,955)

Fiscal year 2014

(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	3,945	10,796	3,384	2,720	9,495	298	-	30,638
Intra-Group sales	28	32	622	62	25	14	(783)	-
Total revenue	**3,973**	**10,828**	**4,006**	**2,782**	**9,520**	**312**	**(783)**	**30,638**
Profit from recurring operations	1,147	3,189	413	283	884	(162)	(39)	5,715
Other operating income and expenses	(34)	(110)	(14)	1	(74)	(53)	-	(284)
Depreciation and amortization expense	(119)	(555)	(149)	(171)	(296)	(41)	-	(1,331)
Impairment expense	(22)	(71)	(9)	(1)	(85)	(34)	-	(222)
Intangible assets and goodwill [b]	3,758	7,242	1,203	5,635	3,141	862	-	21,841
Property, plant and equipment	2,339	2,165	478	425	1,414	3,566	-	10,387
Inventories	4,567	1,561	432	1,244	1,647	239	(215)	9,475
Other operating assets	1,340	781	693	635	663	608	6,939 [c]	11,659
Total assets	**12,004**	**11,749**	**2,806**	**7,939**	**6,865**	**5,275**	**6,724**	**53,362**
Equity	-	-	-	-	-	-	23,003	23,003
Liabilities	1,461	2,265	1,348	743	2,054	932	21,556 [d]	30,359
Total liabilities and equity	**1,461**	**2,265**	**1,348**	**743**	**2,054**	**932**	**44,559**	**53,362**
Operating investments [e]	(152)	(585)	(223)	(191)	(387)	(237)	-	(1,775)

(a) Eliminations correspond to sales between business groups; these generally consist of sales to Selective Retailing from other business groups. Selling prices between the different business groups correspond to the prices applied in the normal course of business for sales transactions to wholesalers or distributors outside the Group.
(b) Intangible assets and goodwill correspond to the carrying amounts shown under Notes 3 and 4.
(c) Assets not allocated include available for sale financial assets, other financial assets, and both current and deferred tax assets.
(d) Liabilities not allocated include financial debt and both current and deferred tax liabilities.
(e) Increase/(Decrease) in cash and cash equivalents.

As of 2016, Kendo's activities, which were previously presented under the Selective Retailing business group, are now presented under Perfumes and Cosmetics. Comparative data has been restated to reflect this change, the impact of which is not significant.

23.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	2016	2015	2014
France	3,745	3,552	3,212
Europe (excluding France)	6,825	6,408	5,830
United States	10,004	9,345	7,262
Japan	2,696	2,487	2,107
Asia (excluding Japan)	9,922	9,636	8,740
Other countries	4,408	4,236	3,487
Revenue	**37,600**	**35,664**	**30,638**

Operating investments by geographic region are as follows:

(EUR millions)	2016	2015	2014
France	807	633	651
Europe (excluding France)	375	385	326
United States	491	336	255
Japan	65	66	50
Asia (excluding Japan)	314	411	387
Other countries	213	124	106
Operating investments	**2,265**	**1,955**	**1,775**

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

23.3. Quarterly information

Quarterly revenue by business group 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	1,033	2,965	1,213	774	2,747	154	(266)	8,620
Second quarter	1,023	2,920	1,124	835	2,733	161	(228)	8,568
Third quarter	1,225	3,106	1,241	877	2,803	145	(259)	9,138
Fourth quarter	1,554	3,784	1,375	982	3,690	178	(289)	11,274
Total for 2016	**4,835**	**12,775**	**4,953**	**3,468**	**11,973**	**638**	**(1,042)**	**37,600**
First quarter	992	2,975	1,129	723	2,648	90	(234)	8,323
Second quarter	938	2,958	1,099	829	2,627	153	(220)	8,384
Third quarter	1,199	2,939	1,143	852	2,603	83	(238)	8,581
Fourth quarter	1,474	3,497	1,300	904	3,315	122	(236)	10,376
Total for 2015	**4,603**	**12,369**	**4,671**	**3,308**	**11,193**	**448**	**(928)**	**35,664**
First quarter	888	2,639	957	607	2,219	78	(182)	7,206
Second quarter	789	2,391	930	659	2,153	74	(193)	6,803
Third quarter	948	2,647	981	706	2,232	65	(191)	7,388
Fourth quarter	1,348	3,151	1,138	810	2,916	95	(217)	9,241
Total for 2014	**3,973**	**10,828**	**4,006**	**2,782**	**9,520**	**312**	**(783)**	**30,638**

24. REVENUE AND EXPENSES BY NATURE

24.1. Analysis of revenue

Revenue consists of the following:

(EUR millions)	2016	2015	2014
Revenue generated by brands and trade names	37,184	35,134	30,159
Royalties and license revenue	102	146	131
Income from investment property	31	33	39
Other revenue	283	351	309
Total	**37,600**	**35,664**	**30,638**

The portion of total revenue generated by the Group at its own stores, including sales through e-commerce websites, was approximately 65% in 2016 (65% in 2015 and 64% in 2014), i.e. 24,321 million euros in 2016 (23,051 million euros in 2015 and 19,564 million euros in 2014).

24.2. Expenses by nature

Profit from recurring operations includes the following expenses:

(EUR millions)	2016	2015	2014
Advertising and promotion expenses	4,242	4,017	3,484
Commercial lease expenses	3,422	3,388	2,742
Personnel costs	6,575	6,249	5,455
Research and development expenses	111	97	79

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, 2016, a total of 3,948 stores were operated by the Group worldwide (3,860 in 2015; 3,708 in 2014), 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)	2016	2015	2014
Fixed or minimum lease payments	1,669	1,619	1,288
Variable portion of indexed leases	620	604	412
Airport concession fees – fixed portion or minimum amount	580	594	557
Airport concession fees – variable portion	553	571	485
Commercial lease expenses	**3,422**	**3,388**	**2,742**

Personnel costs consist of the following elements:

(EUR millions)	2016	2015	2014
Salaries and social charges	6,420	6,122	5,323
Pensions, contribution to medical costs and expenses in respect of defined-benefit plans [(a)]	114	90	93
Stock option plan and related expenses [(b)]	41	37	39
Personnel costs	**6,575**	**6,249**	**5,455**

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

In 2016, the average workforce as full-time equivalent broke down as follows by professional category:

(in number or as %)	2016	%
Executives and managers	22,810	20%
Technicians and supervisors	12,614	11%
Administrative and sales employees	65,788	56%
Production workers	15,574	13%
Total	**116,786**	**100%**

24.3. Fees received by Statutory Auditors

The amount of fees paid to the Statutory Auditors of LVMH SE and members of their networks recorded in the consolidated income statement for the 2016 fiscal year breaks down as follows:

(EUR millions, excluding VAT)			2016
	ERNST & YOUNG Audit	Mazars	Total
Certification of the consolidated and individual financial statements	7	5	12
Other services related to the certification assignment	3	1	14
Audit-related fees	**10**	**6**	**16**
Tax services	4	n.s.	4
Other	n.s.	n.s.	n.s.
Non-audit-related service fees	**4**	**n.s.**	**4**
Total	**14**	**6**	**20**

n.s.: non-significant.

In 2016, Other services related to the certification assignment included work related to the disposal of Donna Karan International for 2.5 million euros.

Tax services are mainly performed outside France to ensure that the Group's subsidiaries and expatriates meet their local tax declaration obligations.

25. OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	2016	2015	2014
Net gains (losses) on disposals	39	1	1
Restructuring costs	3	(98)	(36)
Transaction costs relating to the acquisition of consolidated companies	(3)	(2)	(8)
Impairment or amortization of brands, trade names, goodwill and other property	(155)	(136)	(246)
Other items, net	(6)	14	5
Other operating income and expenses	**(122)**	**(221)**	**(284)**

Impairment and amortization expenses recorded are mostly for brands and goodwill.

Net gains (losses) on disposals included the gain related to the sale of Donna Karan International to G-III Apparel Group (see Note 2).

26. NET FINANCIAL INCOME/(EXPENSE)

(EUR millions)	2016	2015	2014
Borrowing costs	(92)	(111)	(144)
Income from cash, cash equivalents and current available for sale financial assets	26	33	30
Fair value adjustment of borrowings and interest rate hedges	(17)	-	(1)
Cost of net financial debt	**(83)**	**(78)**	**(115)**
Dividends received from non-current available for sale financial assets	6	4	74
Ineffective portion of foreign exchange derivatives	(330)	(437)	(238)
Net gain/(loss) related to available for sale financial assets and other financial instruments	6	129	3,263
Other items, net	(31)	(32)	(37)
Other financial income and expenses	**(349)**	**(336)**	**3,062**
Net financial income/(expense)	**(432)**	**(414)**	**2,947**

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

(EUR millions)	2016	2015	2014
Income from cash and cash equivalents	14	18	18
Income from current available for sale financial assets	12	15	12
Income from cash, cash equivalents and current available for sale financial assets	**26**	**33**	**30**

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

(EUR millions)	2016	2015	2014
Hedged financial debt	(10)	6	(7)
Hedging instruments	9	(4)	7
Unallocated derivatives	(16)	(2)	(1)
Fair value adjustment of borrowings and interest rate hedges	**(17)**	**-**	**(1)**

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

(EUR millions)	2016	2015	2014
Ineffective portion of commercial foreign exchange derivatives	(267)	(378)	(222)
Ineffective portion of foreign exchange derivatives related to net investments denominated in foreign currency	(6)	(2)	6
Ineffective portion of other foreign exchange derivatives	(57)	(57)	(22)
Ineffective portion of foreign exchange derivatives	**(330)**	**(437)**	**(238)**

In 2016 and 2015, the net gain/(loss) related to available for sale financial assets and other financial instruments was mainly due to capital gains arising on the sale of available for sale financial assets.

In 2014, the net gain/(loss) related to available for sale financial assets and other financial instruments consisted mainly of the 3,189 million euro capital gain recognized following the exceptional distribution in kind of Hermès shares. See Note 8.

27. INCOME TAXES

27.1. Analysis of the income tax expense

(EUR millions)	2016	2015	2014
Current income taxes for the fiscal year	(2,653)	(2,245)	(2,458)
Current income taxes relating to previous fiscal years	(16)	32	30
Current income taxes	**(2,669)**	**(2,213)**	**(2,428)**
Change in deferred income taxes	278	137	153
Impact of changes in tax rates on deferred taxes	282	107	2
Deferred income taxes	**560**	**244**	**155**
Total tax expense per income statement	**(2,109)**	**(1,969)**	**(2,273)**
Tax on items recognized in equity	**115**	**121**	**406**

In 2016, the impact of changes in tax rates on deferred taxes essentially resulted from the reduction in the tax rate in France passed in the 2017 budget act, which brings the tax rate to 28.92% starting in 2020. As a result, long-term deferred taxes – essentially related to acquired brands – were revalued based on the rate applicable as of 2020. In 2015, this impact resulted from the reduction in the tax rate in Italy starting in 2017, which was applied to deferred taxes, mainly deferred taxes related to acquired brands. See Note 27.4.

In 2014, the current income tax expense included 512 million euros in taxes relating to the exceptional distribution in kind of Hermès shares. See Note 8.

The exceptional contribution on corporate income tax, which had been applicable in France since 2012, was discontinued in 2016. It amounted to 10.7% of the corporate income tax due for fiscal years 2015 and 2014, representing an expense of 69 million euros and 54 million euros, respectively.

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)	2016	2015	2014
Deferred tax assets	2,058	1,945	1,436
Deferred tax liabilities	(4,137)	(4,685)	(4,392)
Net deferred tax asset (liability)	**(2,079)**	**(2,740)**	**(2,956)**

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

The effective tax rate is as follows:

(EUR millions)	2016	2015	2014
Profit before tax	6,472	5,970	8,378
Total income tax expense	(2,109)	(1,969)	(2,273)
Effective tax rate	**32.6%**	**33.0%**	**27.1%**

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

(as % of income before tax)	2016	2015	2014
French statutory tax rate	**34.4**	**34.4**	**34.4**
Changes in tax rates [a]	(4.4)	(1.8)	-
Differences in tax rates for foreign companies	(5.5)	(4.2)	(5.4)
Tax losses and tax loss carry forwards, and other changes in deferred tax	0.5	1.2	(0.3)
Differences between consolidated and taxable income, and income taxable at reduced rates, excluding the impact of the distribution of Hermès shares	5.2	1.6	3.0
Impact of the distribution of Hermès shares [b]	-	-	(6.8)
Tax on distribution [c]	2.4	1.8	2.2
Effective tax rate of the Group	**32.6**	**33.0**	**27.1**

(a) See Note 27.1.
(b) See Note 8.
(c) Tax on distribution is mainly related to intercompany dividends and to the 3% tax on dividends paid by LVMH SE.

27.4. Sources of deferred taxes

In the income statement [a]

(EUR millions)	2016	2015	2014
Valuation of brands	407	148	(5)
Other revaluation adjustments	53	15	(3)
Gains and losses on available for sale financial assets	-	-	(1)
Gains and losses on hedges of future foreign currency cash flows	43	(6)	45
Provisions for contingencies and losses	45	100	104
Intercompany margin included in inventories	14	(15)	48
Other consolidation adjustments	(29)	-	(11)
Losses carried forward	27	2	(22)
Total	**560**	**244**	**155**

(a) Income/(Expenses).

In equity [a]

(EUR millions)	2016	2015	2014
Fair value adjustment of vineyard land	108	(21)	5
Gains and losses on available for sale financial assets	(2)	22	188
Gains and losses on hedges of future foreign currency cash flows	(2)	3	55
Gains and losses on employee benefit commitments	17	(16)	52
Total	**121**	**(12)**	**300**

(a) Gains/(Losses).

In the balance sheet [(a)]

(EUR millions)	2016	2015	2014
Valuation of brands	(3,114)	(3,523)	(3,567)
Fair value adjustment of vineyard land	(650)	(758)	(735)
Other revaluation adjustments	(320)	(358)	(371)
Gains and losses on available for sale financial assets	(3)	(2)	(23)
Gains and losses on hedges of future foreign currency cash flows	55	32	35
Provisions for contingencies and losses	732	603	447
Intercompany margin included in inventories	727	710	712
Other consolidation adjustments	434	525	517
Losses carried forward	60	31	29
Total	**(2,079)**	**(2,740)**	**(2,956)**

(a) Asset/(Liability).

27.5. Losses carried forward

As of December 31, 2016, unused tax loss carryforwards and tax credits for which no assets were recognized (deferred tax assets or receivables), had a potential positive impact on the future tax expense of 331 million euros (331 million euros in 2015; 282 million euros in 2014).

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 37 million euros in 2016 (125 million euros in 2015; 189 million euros in 2014).
- The application of other tax consolidation agreements, notably in the United States, generated current tax savings of 99 million euros in 2016 (77 million euros in 2015; 33 million euros in 2014).

28. EARNINGS PER SHARE

	2016	2015	2014
Net profit, Group share *(EUR millions)*	**3,981**	**3,573**	**5,648**
Average number of shares in circulation during the fiscal year	507,210,806	507,543,064	507,978,312
Average number of treasury shares owned during the fiscal year	(4,299,681)	(5,147,573)	(6,668,943)
Average number of shares on which the calculation before dilution is based	**502,911,125**	**502,395,491**	**501,309,369**
Basic earnings per share *(EUR)*	**7.92**	**7.11**	**11.27**
Average number of shares in circulation on which the above calculation is based	502,911,125	502,395,491	501,309,369
Dilution effect of stock option plans	1,729,334	2,499,455	2,552,364
Other dilution effects	-	-	-
Average number of shares on which the calculation after dilution is based	**504,640,459**	**504,894,946**	**503,861,733**
Diluted earnings per share *(EUR)*	**7.89**	**7.08**	**11.21**

As of December 31, 2016, 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, 2016 and the date at which the financial statements were approved for publication that would have significantly affected the number of shares outstanding or the potential number of shares.

In 2014, the impact of the distribution in kind of Hermès shares on the Group's net profit (see Note 8) was 2,677 million euros, i.e. 5.34 euros per share (5.31 euros after dilution).

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

29.1. Expense for the fiscal year

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

(EUR millions)	2016	2015	2014
Service cost	100	98	76
Net interest cost	13	15	13
Actuarial gains and losses	1	3	4
Changes in plans	-	(20)	-
Total expense for the period for defined-benefit plans	**114**	**96**	**93**

29.2. Net recognized commitment

(EUR millions)	Notes	2016	2015	2014
Benefits covered by plan assets		1,523	1,362	1,265
Benefits not covered by plan assets		193	183	161
Defined-benefit obligation		**1,716**	**1,545**	**1,426**
Market value of plan assets		**(1,038)**	**(940)**	**(805)**
Net recognized commitment		**678**	**605**	**621**
Of which:				
Non-current provisions	19	698	632	640
Current provisions	19	4	4	3
Other assets		(24)	(31)	(22)
Total		**678**	**605**	**621**

29.3. Analysis of the change in net recognized commitment

(EUR millions)	Defined-benefit obligation	Market value of plan assets	Net recognized commitment
As of December 31, 2015	**1,545**	**(940)**	**605**
Service cost	100	-	100
Net interest cost	34	(21)	13
Payments to recipients	(80)	59	(21)
Contributions to plan assets	-	(105)	(105)
Contributions of employees	8	(8)	-
Changes in scope and reclassifications	(2)	-	(2)
Changes in plans	-	-	-
Actuarial gains and losses	114	(25)	89
Of which: experience adjustments [a]	*(1)*	*(25)*	*(26)*
changes in demographic assumptions [a]	*(17)*	-	*(17)*
changes in financial assumptions [a]	*132*	-	*132*
Translation adjustment	(3)	2	(1)
As of December 31, 2016	**1,716**	**(1,038)**	**678**

(a) (Gains)/Losses.

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

Actuarial gains and losses resulting from experience adjustments related to fiscal years 2012 to 2015 were as follows:

(EUR millions)	2012	2013	2014	2015
Experience adjustments on the defined-benefit obligation	13	1	3	(11)
Experience adjustments on the market value of plan assets	(31)	(35)	(28)	(12)
Actuarial gains and losses resulting from experience adjustments [a]	**(18)**	**(34)**	**(25)**	**(23)**

(a) (Gains)/Losses.

The actuarial assumptions applied to estimate commitments as of December 31, 2016 in the main countries where such commitments have been undertaken were as follows:

(as %)	2016					2015					2014				
	France	United States	United Kingdom	Japan	Switzerland	France	United States	United Kingdom	Japan	Switzerland	France	United States	United Kingdom	Japan	Switzerland
Discount rate [a]	1.30	3.92	2.80	0.50	0.11	2.00	4.01	3.74	1.00	0.75	2.00	3.96	3.68	1.00	1.70
Future rate of increase of salaries	2.75	4.88	4.00	2.00	1.77	2.75	4.90	3.92	2.00	1.90	3.00	5.00	4.00	2.00	2.25

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

The assumed rate of increase of medical expenses in the United States is 6.90% for 2017, after which it is assumed to decline progressively to reach 4.50% in 2037.

A rise of 0.5 points in the discount rate would result in a reduction of 105 million euros in the amount of the defined-benefit obligation as of December 31, 2016; a decrease of 0.5 points in the discount rate would result in a rise of 108 million euros.

29.4. Analysis of benefits

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

(EUR millions)	2016	2015	2014
Supplementary pensions	1,335	1,203	1,102
Retirement and other indemnities	299	265	251
Medical costs of retirees	53	50	49
Jubilee awards	24	23	21
Other	5	4	3
Defined-benefit obligation	**1,716**	**1,545**	**1,426**

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

(EUR millions)	2016	2015	2014
France	566	484	501
Europe (excluding France)	618	583	506
United States	347	315	274
Japan	130	108	91
Asia (excluding Japan)	48	49	49
Other countries	7	6	5
Defined-benefit obligation	**1,716**	**1,545**	**1,426**

The main components of the Group's net commitment for retirement and other defined-benefit obligations as of December 31, 2016 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; 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 defined-benefit 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*); and 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 the market value of plan assets by type of investment is as follows:

(as % of market value of related plan assets)	2016	2015	2014
Shares	28	26	30
Bonds			
- private issues	34	38	35
- public issues	8	10	13
Cash, investment funds, real estate and other assets	30	26	22
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 2017 by paying in approximately 107 million euros.

30. OFF-BALANCE SHEET COMMITMENTS

30.1. Purchase commitments

(EUR millions)	2016	2015	2014
Grapes, wines and *eaux-de-vie*	1,962	2,043	1,706
Other purchase commitments for raw materials	87	94	69
Industrial and commercial fixed assets	613	808	458
Investments in joint venture shares and non-current available for sale financial assets	953	132	99

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

As of December 31, 2016, 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*	620	1,297	45	1,962
Other purchase commitments for raw materials	60	25	2	87
Industrial and commercial fixed assets	498	115	-	613
Investments in joint venture shares and non-current available for sale financial assets	688	246	19	953

As of December 31, 2016, purchase commitments for shares and non-current available for sale financial assets included the amount related to the acquisition of Rimowa. See Note 33.

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 or minimum portions of commitments in respect of the irrevocable period of operating lease or concession contracts were as follows as of December 31, 2016:

(EUR millions)	2016	2015	2014
Less than one year	2,024	1,860	1,658
One to five years	4,965	4,599	3,788
More than five years	3,107	3,021	1,952
Commitments given for operating leases and concessions	**10,096**	**9,480**	**7,398**
Less than one year	14	18	13
One to five years	17	14	16
More than five years	6	2	-
Commitments received for sub-leases	**37**	**34**	**29**

In addition, the Group may enter into operating leases or concession contracts that have variable guaranteed amounts. For example, the concession agreement obtained by DFS at Hong Kong International Airport in June 2012 provides for the payment of a variable concession fee, which depends in particular on the number of passengers using the airport. In 2016, this fee was approximately 439 million euros.

30.3. Collateral and other guarantees

As of December 31, 2016, these commitments break down as follows:

(EUR millions)	2016	2015	2014
Securities and deposits	400	455	366
Other guarantees	132	136	88
Guarantees given	**532**	**591**	**454**
Guarantees received	**34**	**28**	**27**

The maturity dates of these commitments are as follows:

(EUR millions)	Less than one year	One to five years	More than five years	Total
Securities and deposits	251	142	7	400
Other guarantees	59	61	12	132
Guarantees given	**310**	**203**	**19**	**532**
Guarantees received	**12**	**6**	**16**	**34**

30.4. Other commitments

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

31. EXCEPTIONAL EVENTS AND LITIGATION

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

In 2006, Louis Vuitton Malletier and the French companies of the Perfumes and Cosmetics business group filed lawsuits against eBay in the Paris Commercial Court. Louis Vuitton Malletier demanded compensation for losses caused by eBay's participation in the commercialization of counterfeit products and its refusal to implement appropriate procedures to prevent the sale of such goods on its site. The Perfumes and Cosmetics brands sued eBay for undermining their selective retailing networks. In a decision delivered on June 30, 2008, the Paris Commercial Court ruled in favor of LVMH, ordering eBay to pay 19.3 million euros to Louis Vuitton Malletier and 3.2 million euros to the Group's Perfumes and Cosmetics brands. The court also barred eBay from running listings for perfumes and cosmetics under the Dior, Guerlain, Givenchy and Kenzo brands. eBay filed a petition with the Paris Court of Appeal. On July 11, 2008, the President of the Paris Court of Appeal denied eBay's petition to stay the provisional execution order delivered by the Paris Commercial Court. In September 2010, the Paris Court of Appeal confirmed the ruling against eBay handed down in 2008, classifying this company's business as that of a broker and not merely an Internet host. Asserting that it did not have jurisdiction to evaluate the extent of losses caused by some of eBay's sites outside France, the Court reduced the amount of punitive damages to 2.2 million euros for Louis Vuitton Malletier and 0.7 million euros for the Group's Perfumes and Cosmetics brands, as the initial amount had been determined on the basis of eBay's worldwide operations. In response to the appeal filed by eBay, on May 3, 2012 the *Cour de cassation* confirmed the analysis carried out by the Paris Court of Appeal, which had held that eBay's activity was not merely that of a hosting service provider, but that it also acted as a broker. However, the *Cour de cassation* reversed the Paris Court of Appeal's decision with regard to its jurisdiction for activity conducted on the eBay Inc. website and referred the case back for retrial by the Paris Court of Appeal. On July 17, 2014, eBay and LVMH announced a cooperative effort to protect intellectual property rights and combat counterfeits in online commerce. Thanks to the cooperation measures put in place, the companies have settled the ongoing litigation.

On September 2, 2014, under the aegis of the President of the Paris Commercial Court, LVMH and Hermès entered into a settlement agreement aimed at definitively ending the litigation to which LVMH's acquisition of an equity stake in Hermès had given rise, and at restoring a climate of positive relations between them. According to the terms of this agreement, (i) in December 2014, LVMH distributed to its shareholders all of the Hermès shares held by the LVMH group, and Christian Dior, which at that date held 40.9% of LVMH's share capital via Financière Jean Goujon, distributed the Hermès shares received from LVMH to its own shareholders, and (ii) LVMH and Hermès ceased all proceedings and actions undertaken against one another. See Note 8 for the impact of this transaction on the consolidated financial statements as of December 31, 2014.

On December 17, 2012, the Mayor of Paris granted two distinct building permits authorizing the architectural project for the restructuring and reconstruction of the former La Samaritaine department stores 2 (Seine block) and 4 (Rivoli block). Both of these permits were the subject of an action for cancellation before the Paris Administrative Court (*Tribunal administratif de Paris*). On April 11, 2014, the Paris Administrative Court rejected the action for cancellation filed against the building permit authorizing the restructuring of former department store 2, which is registered as a Historic Monument (Seine block). That first permit thereby became definitive. On May 13, 2014, the Paris Administrative Court canceled the second building permit order authorizing the partial demolition of former department store 4 and the reconstruction of a contemporary building designed by the architectural firm SANAA (Rivoli block). The company Grands Magasins de La Samaritaine and the City of Paris appealed this judgment. On January 5, 2015, the Paris Administrative Court of Appeal (*Cour administrative d'appel de Paris*) dismissed their appeals. La Samaritaine and the City of Paris filed a cassation appeal before the Council of State (*Conseil d'État*), which, in a judgment dated June 19, 2015, overturned the judgment of the Administrative Court of Appeal, thereby definitively validating the second building permit.

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

32. RELATED-PARTY TRANSACTIONS

32.1. Relations of LVMH with Christian Dior and Groupe Arnault

The LVMH group is consolidated in the accounts of Christian Dior SE, a public company listed on the Eurolist by Euronext Paris and controlled by Groupe Arnault SE 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 SE 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 Les Ateliers Horlogers Dior SA ("LAH"), 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.

LAH has been managed since 2008 as a joint venture between the Watches and Jewelry business group and Christian Dior Couture. Following the implementation of IFRS 11, this jointly controlled entity is accounted for using the equity method.

LVMH also provides administrative assistance to certain subsidiaries of Christian Dior located outside France.

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

(EUR millions)	2016	2015	2014
LVMH purchases from Christian Dior	(11)	(27)	(23)
Amount payable outstanding as of December 31	(19)	(28)	(20)
LVMH sales to Christian Dior	36	33	31
Amount receivable outstanding as of December 31	13	16	15

The transactions between LVMH and LAH are not included in the table above. During fiscal year 2016, sales of goods and services, net of purchases, from LAH to the Group amounted to 4 million euros.

In addition, in 2016, the Group and Christian Dior Couture SA contributed equally to the refinancing of LAH by waiving 7 million euros in financial accounts receivable each.

Relations of LVMH with Groupe Arnault and its subsidiaries

Groupe Arnault SE, which has specialist teams, provides assistance to the LVMH group, primarily in the areas of financial engineering, strategy, development, and corporate and real estate law. Groupe Arnault SE also leases office premises to the LVMH group.

Conversely, the LVMH group provides various administrative and operational services and leases real estate and movable property assets to Groupe Arnault SE and some of its subsidiaries.

In December 2015, LVMH and Groupe Arnault took a joint 35.8% equity stake in L Catterton Management via LC Investissements. In 2016, LVMH and Groupe Arnault sold their equity stakes in their fund management companies to L Catterton Management. At the same time, LC Investissements subscribed to a capital increase, bringing its stake in L Catterton Management to 40%.

Transactions between LVMH and Groupe Arnault and its subsidiaries may be summarized as follows:

(EUR millions)	2016	2015	2014
Amounts billed by Groupe Arnault SE and Financière Agache to LVMH	(6)	(6)	(6)
Amount payable outstanding as of December 31	(2)	(2)	(2)
Amounts billed by LVMH to Groupe Arnault SE and Financière Agache	3	3	3
Amount receivable outstanding as of December 31	1	-	1

32.2. Relations with Diageo

Moët Hennessy SNC and Moët Hennessy International SAS (hereinafter 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, Domaine du Clos des Lambrays and certain champagne vineyards. Diageo holds a 34% stake in Moët Hennessy. When that holding was acquired in 1994, an agreement was entered into between Diageo and LVMH for the apportionment of shared holding company expenses between Moët Hennessy and the other holding companies of the LVMH group.

Under this agreement, Moët Hennessy assumed 17% of shared expenses in 2016 (17% in 2014 and 2015) and billed the related excess costs to LVMH SE, after which the amount of the costs assumed by Moët Hennessy was 21 million euros in 2016 (16 million euros in 2015; 14 million euros in 2014).

32.3. Relations with the Fondation Louis Vuitton

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

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

32.4. Other

In 2016, the Group acquired a work of art from the family of a Director for an amount corresponding to its market value.

32.5. 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)	2016	2015	2014
Gross compensation, employers' charges and benefits in kind	62	58	70
Post-employment benefits	16	15	11
Other long-term benefits	11	5	13
End of contract indemnities	-	-	-
Stock option and similar plans	14	8	14
Total	**103**	**86**	**108**

The commitment recognized as of December 31, 2016 for post-employment benefits net of related financial assets was 72 million euros (63 million euros as of December 31, 2015 and 106 million euros as of December 31, 2014).

33. SUBSEQUENT EVENTS

On January 23, 2017, pursuant to the transaction agreement announced on October 4, 2016, LVMH acquired, for 640 million euros, an 80% stake in Rimowa, the luggage and leather goods maker founded in Cologne in 1898 and known for its innovative, high-quality luggage. The 20% of the share capital that has not been acquired is covered by a put option granted by LVMH, exercisable from 2020. Rimowa will be fully consolidated with effect from January 2017. Rimowa's revenue for 2016 is expected to exceed 400 million euros.

On January 20, 2017, the put option for the remaining Loro Piana shares held by the Loro Piana family was partially exercised. The sale will take place in February 2017 and will increase LVMH's stake in Loro Piana by 4.8%, bringing its shareholding to 84.8%.

No other significant subsequent events occurred between December 31, 2016 and January 26, 2017, the date at which the financial statements were approved for publication by the Board of Directors.

MAIN CONSOLIDATED COMPANIES

Companies	Registered office	Percentage Control	Percentage 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%
GIE MHIS	Épernay, France	100%	66%
Moët Hennessy Entreprise Adaptée SAS	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 S.p.A.	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, S.A. 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 s.r.o.	Prague, Czech Republic	100%	66%
Moët Hennessy Sverige AB	Stockholm, Sweden	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 South Africa Plc	Johannesburg, South Africa	100%	66%
Moët Hennessy Korea Ltd	Seoul, South Korea	100%	66%
MHD Moët Hennessy Diageo SAS	Courbevoie, France [b]	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	96%	96%
Château d'Yquem SC	Sauternes, France	96%	96%
Société Civile Cheval Blanc (SCCB)	Saint-Émilion, 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 [b]	100%	66%
Hennessy Dublin Ltd	Dublin, Ireland	100%	66%
Edward Dillon & Co. Ltd	Dublin, Ireland [a]	40%	26%
Hennessy Far East Ltd	Hong Kong, China	100%	65%
Moët Hennessy Diageo Hong Kong Ltd	Hong Kong, China [b]	100%	66%
Moët Hennessy Diageo Macau Ltd	Macao, China [b]	100%	66%
Riche Monde (China) Ltd	Hong Kong, China [b]	100%	66%
Moët Hennessy Diageo Singapore Pte Ltd	Singapore [b]	100%	66%
Moët Hennessy Cambodia Co. Ltd	Phnom Penh, Cambodia	51%	34%
Moët Hennessy Philippines Inc.	Makati, Philippines	75%	49%
Société du Domaine des Lambrays SARL	Gevrey Chambertin, France	100%	100%
Moët Hennessy Services UK Ltd	London, United Kingdom	100%	66%
Moët Hennessy Services Singapore Pte Ltd	Singapore	100%	66%
Moët Hennessy Diageo Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia [b]	100%	66%
Diageo Moët Hennessy Thailand Ltd	Bangkok, Thailand [b]	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 [b]	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 KK	Tokyo, Japan [b]	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%
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 Saint-Barthélemy 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%
Société des Ateliers Louis Vuitton SNC	Paris, France	100%	100%
Manufacture des Accessoires Louis Vuitton Srl	Milan, Italy	100%	100%
Louis Vuitton Bahrain WLL	Manama, Bahrain [c]	[c]	[c]
Société Louis Vuitton Services SNC	Paris, France	100%	100%
Louis Vuitton Qatar LLC	Doha, Qatar [c]	[c]	[c]
Société des Magasins Louis Vuitton France SNC	Paris, France	100%	100%
Belle Jardinière SA	Paris, France	100%	100%
La Fabrique Du Temps Louis Vuitton SA	La Chaux-de-Fonds, Switzerland	100%	100%
Les Ateliers Joailliers Louis Vuitton SAS	Paris, France	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%
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%
La Fabrique de Maroquinerie Louis Vuitton SNC	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 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. z o.o.	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%
Louis Vuitton Hawaii Inc.	Hawaii, USA	100%	100%
Louis Vuitton Guam Inc.	Tamuning, 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	95%	95%
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%
Louis Vuitton Panama Inc.	Panama City, Panama	100%	100%
Louis Vuitton Mexico S. de R.L.de C.V.	Mexico City, Mexico	100%	100%
Louis Vuitton Chile Ltda	Santiago de Chile, Chile	100%	100%
Louis Vuitton (Aruba) NV	Oranjestad, Aruba	100%	100%
Louis Vuitton Republica Dominica Srl	Santo Domingo, Dominican Republic	100%	100%
Louis Vuitton Pacific Ltd	Hong Kong, China	100%	100%
Louis Vuitton Kuwait WLL	Kuweit City, Kuweit [c]	[c]	[c]
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 Pte 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 Taiwan Ltd	Taipei, Taiwan	98%	98%

Companies	Registered office	Percentage Control	Percentage Interest
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	100%	100%
Louis Vuitton EAU LLC	Dubai, United Arab Emirates [c]	[c]	[c]
LV Saudi Arabia SARL	Saudi Arabia [c]	[c]	[c]
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 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%
Louis Vuitton Japan 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%
Atepeli – Ateliers de Ponte de Lima SA	Ponte de Lima, Portugal	100%	100%
Somarest SARL	Sibiu, Romania	100%	100%
LVMH – Métiers d'Art	Paris, France	100%	100%
Les Tanneries Roux SA	Romans-sur-Isère, France	100%	100%
Heng Long International Holding Pte Ltd	Singapore	100%	100%
Heng Long International Ltd	Singapore	100%	100%
Heng Long Leather Co. Pte Ltd	Singapore	100%	100%
Heng Long Leather (Guangzhou) Co. Ltd	Guangzhou, China	100%	100%
HL Australia Proprietary Ltd	Sydney, Australia	95%	95%
Starke Holding LLC	Starke, USA (*)	100%	100%
Cypress Creek Farms LLC	Starke, USA (*)	100%	100%
Florida Alligator Company LLC	Starke, USA (*)	100%	100%
Pellefina LLC	Starke, USA [b]	100%	100%
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 Japon KK	Tokyo, Japan	100%	80%
Marc Jacobs International Italia Srl	Milan, Italy	100%	80%
Marc Jacobs International France SAS	Paris, France	100%	80%
Marc Jacobs Commercial & Trading (Shanghai) Co. Ltd	Shanghai, China	100%	80%
Marc Jacobs Hong Kong Ltd	Hong Kong, China	100%	80%
Marc Jacobs Holdings LLC	New York, USA (*)	80%	80%
Marc Jacobs Hong Kong Distribution Company Ltd	Hong Kong, China	100%	80%
Marc Jacobs Macau Distribution Company Ltd	Macao, China	100%	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 Taiwan Ltd	Taipei, Taiwan	100%	98%
Loewe Macao Ltd	Macao, China	100%	100%
Loewe Italy S.p.A.	Milan, Italy	100%	100%
Loewe Alemania GmbH	Frankfurt, Germany	100%	100%
Loewe Hawaii Inc.	Honolulu, USA	100%	100%
LVMH Fashion Group Support SAS	Paris, France	100%	100%
Berluti SA	Paris, France	100%	100%
Manifattura Ferrarese Srl	Ferrara, 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%
Berluti Deutschland GmbH	Munich, Germany	100%	100%
Berluti Singapore Pte Ltd	Singapore	100%	100%
LV Japan KK	Tokyo, Japan	100%	99%
Berluti Orient FZ LLC	Ras al-Khaimah, United Arab Emirates	65%	65%
Berluti UAE LLC	Dubai, United Arab Emirates [c]	[c]	[c]
Berluti Taiwan Ltd	Taipei, Taiwan	100%	100%
Berluti Korea Company Ltd	Seoul, South Korea	65%	65%

Companies	Registered office	Percentage Control	Percentage Interest
Rossimoda S.p.A.	Vigonza, Italy	100%	100%
Rossimoda USA Ltd	New York, USA	100%	100%
Brenta Suole Srl	Vigonza, Italy	100%	100%
Rossimoda Romania Srl	Cluj-Napoca, Romania	100%	100%
LVMH Fashion Group Services SAS	Paris, France	100%	100%
Montaigne KK	Tokyo, Japan	100%	99%
Interlux Company Ltd	Hong Kong, China	100%	100%
Céline SA	Paris, France	99%	99%
Avenue M International SCA	Paris, France	100%	99%
Enilec Gestion SARL	Paris, France	100%	99%
Céline Montaigne SA	Paris, France	100%	99%
Céline Monte-Carlo SA	Monaco	100%	99%
Céline Germany GmbH	Berlin, Germany	100%	99%
Céline Production Srl	Florence, Italy	100%	99%
Céline Suisse SA	Geneva, Switzerland	100%	99%
Céline UK Ltd	London, United Kingdom	100%	99%
Céline Inc.	New York, USA (*)	100%	100%
Céline Hong Kong Ltd	Hong Kong, China	100%	99%
Céline Commercial & Trading (Shanghai) Co. Ltd	Shanghai, China	100%	99%
Céline Taiwan Ltd	Taipei, Taiwan	100%	99%
CPC Macau Ltd	Macao, China	100%	99%
LVMH FG Services UK Ltd	London, United Kingdom	100%	100%
Céline Distribution Spain S.L.U.	Madrid, Spain	100%	99%
Céline Distribution Singapore Pte Ltd	Singapore	100%	99%
RC Diffusion Rive Droite SAS	Paris, France	100%	99%
C EAU LLC	Dubai, United Arab Emirates [c]	[c]	[c]
Céline Netherlands BV	Baarn, Netherlands	100%	99%
Céline Australia Pty Ltd	Sydney, Australia	100%	99%
Céline Sweden AB	Stockholm, Sweden	100%	99%
Céline Middle East FZ LLC	Dubai, United Arab Emirates [c]	[c]	[c]
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%
Kenzo Paris KK	Tokyo, Japan	100%	100%
Kenzo Paris Singapore Pte Ltd	Singapore	100%	100%
Kenzo Paris Hong Kong Company Ltd	Hong Kong, China	100%	100%
Kenzo Paris USA LLC	New York, USA	100%	100%
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%
LVMH Fashion Group Japan KK Givenchy Japan	Tokyo, Japan	100%	99%
Givenchy Couture Limited	London, United Kingdom	100%	100%
Givenchy Taiwan Ltd	Taipei, Taiwan	100%	100%
Givenchy Middle East FZ LLC	Dubai, United Arab Emirates [c]	[c]	[c]
George V EAU LLC	Dubai, United Arab Emirates [c]	[c]	[c]
Fendi Prague s.r.o.	Prague, Czech Republic	100%	100%
Luxury Kuwait for Ready Wear Company WLL	Kuweit City, Kuweit [c]	[c]	[c]
Fendi Canada Inc.	Toronto, Canada	100%	100%
Fendi Private Suites Srl	Rome, Italy	100%	100%
Fun Fashion Qatar LLC	Doha, Qatar [c]	[c]	[c]
Fendi International SA	Paris, France	100%	100%
Fun Fashion Emirates LLC	Dubai, United Arab Emirates [c]	[c]	[c]
Fendi SA	Luxembourg	100%	100%
Fun Fashion Bahrain WLL	Manama, Bahrain [c]	[c]	[c]
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 (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%
Fendi Fashion (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	100%	100%
Fendi Switzerland SA	Geneva, Switzerland	100%	100%
Fendi Kids SA	Mendrisio, Switzerland	100%	100%

Companies	Registered office	Percentage Control	Percentage Interest
Fun Fashion FZCO LLC	Dubai, United Arab Emirates	73%	73%
Fendi Macau Company Ltd	Macao, China	100%	100%
Fendi Germany GmbH	Stuttgart, Germany	100%	100%
Fendi Austria GmbH	Vienna, Austria	100%	100%
Fendi (Shanghai) Co. Ltd	Shanghai, China	100%	100%
Fun Fashion India Pte Ltd	Mumbai, India	100%	73%
Interservices & Trading SA	Lugano, Switzerland	100%	100%
Fendi Silk SA	Lugano, Switzerland	100%	100%
Outshine Mexico, S. de R.L.de C.V.	Mexico City, Mexico	100%	100%
Fendi Timepieces USA Inc.	New Jersey, USA	100%	100%
Fendi Timepieces Service Inc.	New Jersey, USA	100%	100%
Fendi Timepieces SA	Neuchâtel, Switzerland	100%	100%
Taramax Japan KK	Tokyo, Japan	100%	100%
Support Retail Mexico, S. de R.L.de C.V.	Mexico City, Mexico	100%	100%
Fendi Brasil – Grupo de Moda Ltda	São Paulo, Brazil	100%	100%
Fendi RU LLC	Moscow, Russia	100%	100%
Fendi Australia Pty Ltd	Sydney, Australia	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[a]	49%	49%
Edun Americas Inc.	North Carolina, USA[a]	49%	49%
Nowness LLC	New York, USA (*)	100%	100%
Nowness SAS	Paris, 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	Verona, 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%
Loro Piana Belgique	Brussels, Belgium	100%	80%
Sanin SA	Rawson, Argentina	60%	48%
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[a]	46%	45%
Marco de Vincenzo Srl	Rome, Italy[a]	45%	45%

PERFUMES AND COSMETICS

Companies	Registered office	Percentage Control	Percentage 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%
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 LLC	Dubai, United Arab Emirates	49%	29%
LVMH Cosmetics KK	Tokyo, Japan	100%	100%
Parfums Christian Dior Arabia LLC	Jeddah, Saudi Arabia	75%	45%
EPCD Sp. z o.o.	Warsaw, Poland	100%	100%
EPCD CZ & SK s.r.o.	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. SA	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 S.A. de C.V.	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%
Fa Hua Frag & Cosm Taiwan Ltd	Taipei, Taiwan	100%	100%
Parfums Christian Dior China Co. Ltd	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 S.A. de C.V.	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 LLC	Jakarta, Indonesia	100%	51%
L Beauty Pte Ltd	Singapore	51%	51%
L Beauty Vietnam LLC	Ho Chi Minh City, Vietnam	100%	51%
SCI Rose Blue	Paris, France	100%	100%
PCD Saint Honoré SAS	Paris, France	100%	100%
LVMH Perfumes & Cosmetics Macau Ltd	Macao, China	100%	100%
DP Seldico	Kiev, Ukraine	100%	100%
OOO Seldico	Moscow, Russia	100%	100%
LVMH P&C Kazakhstan LLP	Almaty, Kazakhstan	100%	100%
PCD Dubai General Trading LLC	Dubai, United Arab Emirates	49%	29%
PCD Doha Perfumes & Cosmetics LLC	Doha, Qatar	49%	14%
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%
Acqua di Parma Ltd	London, United Kingdom	100%	100%
Cha Ling SCA	Paris, France	100%	100%
Cha Ling Hong Kong Ltd	Hong Kong, China	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 S.A.	Mexico City, Mexico	100%	100%
Guerlain Asia Pacific Ltd	Hong Kong, China	100%	100%
Guerlain KK	Tokyo, Japan	100%	100%
Guerlain KSA	Paris, France	80%	80%
Guerlain Orient JLT LLC	Dubai, United Arab Emirates	100%	100%
Guerlain Saudi Arabia LLC	Jeddah, Saudi Arabia	75%	60%
Guerlain Oceania Australia Pty Ltd	Melbourne, Australia	100%	100%
PT Guerlain Cosmetics Indonesia LLC	Jakarta, Indonesia	51%	51%
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 Canada Ltd	Toronto, Canada	100%	100%
LVMH Fragrance Brands KK	Tokyo, Japan	100%	100%

Companies	Registered office	Percentage	
		Control	Interest
LVMH Fragrance Brands WHD Inc.	New York, USA (*)	100%	100%
LVMH Fragrance Brands Hong Kong Ltd	Hong Kong, China	100%	100%
LVMH Fragrance Brands Singapore Pte Ltd	Singapore	100%	100%
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 Ltd	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 Co. Ltd	Bangkok, Thailand	95%	48%
Fresh Inc.	Massachusetts, USA	80%	80%
Fresh SAS	Boulogne-Billancourt, France	100%	100%
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%
Kendo Holdings Inc.	California, USA	100%	100%
Ole Henriksen of Denmark Inc.	California, USA	100%	100%
SLF USA Inc.	Delaware, USA	100%	100%
Suzanne Lang Fragrance Inc.	Toronto, Canada	100%	100%
BHUSA Inc.	Delaware, USA	100%	100%
Kat Von D Beauty LLC	Delaware, USA	70%	70%
Fenty Beauty LLC	California, USA	50%	50%

WATCHES AND JEWELRY

Companies	Registered office	Control	Interest
TAG Heuer International SA	Luxembourg	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%
Timecrown Ltd	Worsley, United Kingdom	100%	100%
ArteCad SA	Tramelan, Switzerland	100%	100%
Alpha Time Corp. Ltd	Hong Kong, China	100%	100%
Dreamtech (Shanghai) Co. Ltd	Shanghai, China	100%	100%
Dreamtech 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 Yuhan Hoesa LLC	Seoul, South Korea	100%	100%
Chaumet Middle East FZCO	Dubai, United Arab Emirates	60%	60%
Chaumet UAE	Dubai, United Arab Emirates [c]	[c]	[c]
LVMH Watch and Jewellery Macau Company Limited	Macao, China	100%	100%
LVMH Swiss Manufactures SA	La Chaux-de-Fonds, Switzerland	100%	100%
Farouk Trading Ltd	Riyadh, Saudi Arabia [c]	[c]	[c]
LVMH Watch & Jewelry Italy S.p.A.	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%
Nyon LLC	Miami, 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]	50%	50%
De Beers Diamond Jewellers UK Ltd	London, United Kingdom [a]	50%	50%
De Beers Diamond Jewellers Japan KK Co.	Tokyo, Japan [a]	50%	50%
De Beers Diamond Jewellers (Hong Kong) Ltd	Hong Kong, China [a]	50%	50%
De Beers Diamond Jewellers Limited Taiwan	Taipei, Taiwan [a]	50%	50%
De Beers Diamond Jewellers US Inc.	Delaware, USA [a]	50%	50%
De Beers Jewellers Commercial (Shanghai) Co., Ltd	Shanghai, China [a]	50%	50%
De Beers Diamond Jewellers (Macau) Company Limited	Macao, China [a]	50%	50%
Bvlgari S.p.A.	Rome, Italy	100%	100%
Bvlgari Italia S.p.A.	Rome, Italy	100%	100%
Bvlgari International Corporation (BIC) NV	Amsterdam, Netherlands	100%	100%
Bvlgari Corporation of America Inc.	New York, USA	100%	100%
Bvlgari SA	Geneva, Switzerland	100%	100%
Bvlgari Horlogerie SA	Neuchâtel, Switzerland	100%	100%
Bvlgari France SAS	Paris, France	100%	100%
Bvlgari Montecarlo SAM	Monaco	100%	100%
Bvlgari (Deutschland) GmbH	Munich, Germany	100%	100%
Bvlgari España SA Unipersonal	Madrid, Spain	100%	100%
Bvlgari South Asian Operations Pte Ltd	Singapore	100%	100%
Bvlgari (UK) Ltd	London, United Kingdom	100%	100%
Bvlgari Belgium SA	Brussels, Belgium	100%	100%
Bvlgari Australia Pty Ltd	Sydney, Australia	100%	100%
Bvlgari (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	100%	100%
Bvlgari Global Operations SA	Neuchâtel, Switzerland	100%	100%
Bvlgari Asia Pacific Ltd	Hong Kong, China	100%	100%
Bvlgari (Taiwan) Ltd	Taipei, Taiwan	100%	100%
Bvlgari Korea Ltd	Seoul, South Korea	100%	100%
Bvlgari Saint Barth SAS	Saint-Barthélemy, French Antilles	100%	100%
Bvlgari Gioielli S.p.A.	Valenza, Italy	100%	100%
Bvlgari Accessori Srl	Florence, Italy	100%	100%
Bvlgari Holdings (Thailand) Ltd	Bangkok, Thailand	100%	100%
Bvlgari (Thailand) Ltd	Bangkok, Thailand	100%	100%
Bvlgari Commercial (Shanghai) Co. Ltd	Shanghai, China	100%	100%
Bvlgari Japan Ltd	Tokyo, Japan	100%	100%
Bvlgari Panama Inc.	Panama City, Panama	100%	100%
Bvlgari Ireland Ltd	Dublin, Ireland	100%	100%
Bvlgari Qatar Lcc	Doha, Qatar [c]	[c]	[c]
Bvlgari Kuwait WLL	Kuweit City, Kuweit [c]	[c]	[c]
Gulf Luxury Trading LLC	Dubai, United Arab Emirates	51%	51%
Bvlgari do Brazil Ltda	São Paulo, Brazil	100%	100%
Bulgari Hotels and Resorts Milano Srl	Rome, Italy [a]	50%	50%
Lux Jewels Kuwait for Trading in Gold Jewelry and Precious Stones WLL	Kuweit City, Kuweit [c]	[c]	[c]
Lux Jewels Bahrain WLL	Manama, Bahrain [c]	[c]	[c]
India Luxco Retail Pte Ltd	New Delhi, India [c]	[c]	[c]
BK for Jewelry and Precious Metals and Stones Co. WLL	Kuweit City, Kuweit [c]	[c]	[c]
Bvlgari Turkey Lüks Ürün Ticareti Limited Sirketi	Istanbul, Turkey	100%	100%
Bvlgari Russia LLC	Moscow, Russia	100%	100%
Bvlgari Prague s.r.o.	Prague, Czech Republic	100%	100%
Bvlgari Mexico S.A. de C.V.	Cancún, Mexico	100%	100%
Bvlgari Canada Inc.	Quebec, Canada	100%	100%
Bvlgari Portugal Lda	Lisbon, Portugal	100%	100%
Actar International SA	Luxembourg [a]	42%	42%

SELECTIVE RETAILING

Companies	Registered office	Control	Interest
LVMH Iberia SL	Madrid, Spain	100%	100%
LVMH Italia S.p.A.	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 Sp. z o.o.	Warsaw, Poland	100%	100%
Sephora Marinopoulos SA	Alimos, Greece	100%	100%
Sephora Marinopoulos Romania SA	Bucharest, Romania	100%	100%
Sephora Switzerland SA	Geneva, Switzerland	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+ SAS	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 Cosmetics d.o.o.	Belgrade, Serbia	100%	100%
Sephora Danmark ApS	Copenhagen, Denmark	100%	100%

Companies	Registered office	Percentage	
		Control	Interest
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 Qatar	Doha, Qatar	90%	54%
Sephora Arabia Limited LLC	Jeddah, Saudi Arabia [c]	[c]	[c]
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 Australia Pty Ltd	Sydney, Australia	100%	100%
Luxola Pte Ltd	Singapore	95%	95%
Luxola Trading Pte Ltd	Singapore	100%	95%
LX Holding Pte Ltd	Singapore	100%	95%
LXEDIT (Thailand) Ltd	Bangkok, Thailand	100%	95%
Luxola (Thailand) Ltd	Bangkok, Thailand	100%	95%
Luxola India Services Pvt. Ltd	Bangalore, India	100%	95%
PT Luxola Services Indonesia	Jakarta, Indonesia	100%	95%
LX Services Pte Ltd	Singapore	100%	95%
PT MU and SC Trading	Jakarta, Indonesia	99%	94%
Sephora USA Inc.	California, USA (*)	100%	100%
Sephora Cosmetics Pte Ltd	New Delhi, India	100%	100%
Sephora Beauty Canada, Inc.	California, USA	100%	100%
Sephora Puerto Rico LLC	California, USA	100%	100%
Sephora Mexico, S. de R.L.de C.V.	Lomas de Chapultepec, Mexico	100%	100%
Servicios Ziphorah, S. de R.L.de C.V.	Mexico City, Mexico	100%	100%
Sephora Emirates LLC	Dubai, United Arab Emirates [c]	[c]	[c]
Sephora Bahrain WLL	Manama, Bahrain [c]	[c]	[c]
PT Sephora Indonesia LLC	Jakarta, Indonesia	100%	100%
Dotcom Group Comercio de Presentes SA	Rio de Janeiro, Brazil	100%	100%
LGCS Inc.	New York, USA	100%	100%
Sephora Do Brazil – avenue Hoche SA	São Paulo, Brazil	100%	100%
Galonta Holdings Limited	Nicosia, Cyprus	100%	100%
United Europe – Securities OJSC	Moscow, Russia	100%	100%
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 Group Limited	Hong Kong, China	100%	61%
TRS Hong Kong Ltd	Hong Kong, China [a]	45%	28%
DFS France SAS	Paris, France	100%	61%
DFS Okinawa K.K.	Okinawa, Japan	100%	61%
TRS Okinawa	Okinawa, Japan [a]	45%	28%
JAL/DFS Co., Ltd	Chiba, Japan [a]	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%
DFS Middle East LLC	Abu Dhabi, United Arab Emirates	100%	61%
DFS Merchandising Ltd	Delaware, USA	100%	61%
DFS New Zealand Ltd	Auckland, New Zealand	100%	61%
TRS New Zealand Ltd	Auckland, New Zealand [a]	45%	28%
Commonwealth Investment Company Inc.	Saipan, Northern Mariana Islands	95%	58%
DFS Saipan Ltd	Saipan, Northern Mariana Islands	100%	61%
Kinkai Saipan LP	Saipan, Northern Mariana Islands	100%	61%
DFS Business Consulting (Shanghai) Co. Ltd	Shanghai, China	100%	61%
Hainan DFS Retail Company Limited	Hainan, China	100%	61%
DFS Singapore Pte Ltd	Singapore	100%	61%
DFS Venture Singapore Pte Ltd	Singapore	100%	61%
TRS Singapore Pte Ltd	Singapore [a]	45%	28%
DFS India Pte Ltd	Mumbai, India [a]	51%	31%
DFS Vietnam (S) Pte Ltd	Singapore	70%	43%
New Asia Wave International Pte Ltd	Singapore	70%	43%
IPP Group Pte Ltd	Singapore	70%	43%
DFS Group LP	Delaware, USA	64%	61%
LAX Duty Free Joint Venture	California, USA	75%	46%
Royal Hawaiian Insurance Company Ltd	Hawaii, USA	100%	61%
JFK Terminal 4 Joint Venture	New York, USA	80%	49%
DFS Guam LP	Tamuning, Guam	62%	61%
DFS Liquor Retailing Ltd	Delaware, USA	61%	61%
Twenty Seven – Twenty Eight Corp.	Delaware, USA	61%	61%
DFS Italy Srl	Milan, Italy	100%	61%
DFS (Cambodia) Limited	Phnom Penh, Cambodia	70%	43%
TRS Hawaii LLC	Hawaii, USA [a]	45%	28%
TRS Saipan Ltd	Saipan, Northern Mariana Islands [a]	45%	28%
TRS Guam LLC	Tamuning, Guam [a]	45%	28%
Tumon Entertainment LLC	Tamuning, Guam	100%	100%
Comete Guam Inc.	Tamuning, Guam	100%	100%
Tumon Aquarium LLC	Tamuning, Guam	97%	97%
Comete Saipan Inc.	Saipan, Northern Mariana Islands	100%	100%
Tumon Games LLC	Tamuning, Guam	100%	100%
DFS Vietnam LLC	Ho Chi Minh City, Vietnam	100%	61%
PT Sona Topas Tourism industry Tbk	Jakarta, Indonesia [a]	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%
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%
Rhapsody SAS	Paris, France	100%	100%

OTHER ACTIVITIES

Companies	Registered office	Control	Interest
Groupe Les Echos SA	Paris, France	100%	100%
Dematis SAS	Paris, France	80%	80%
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%
Investir Publications SAS	Paris, France	100%	100%
Les Echos Business SAS	Paris, France	100%	100%
SID Presse SAS	Paris, France	100%	100%
Pelham Media Ltd	London, United Kingdom	59%	59%
WordAppeal SARL	Paris, France	100%	59%
Pelham Media SARL	Paris, France	100%	59%
L'Eclaireur SARL	Paris, France	100%	59%
KCO Event SAS	Paris, France	100%	59%
Pelham Media Inc.	California, USA	100%	59%
Pelham Media Production SAS	Paris, France	100%	59%
Grands Magasins de La Samaritaine SA	Paris, France	99%	99%
Mongoual SA	Paris, France [a]	40%	40%
Le Jardin d'Acclimatation SA	Paris, France	80%	80%
RVL Holding BV	Kaag, Netherlands	99%	99%
Royal Van Lent Shipyard BV	Kaag, Netherlands	100%	99%
Tower Holding BV	Kaag, Netherlands	100%	99%
Green Bell BV	Kaag, Netherlands	100%	99%
Gebroeders Olie Beheer BV	Waddinxveen, Netherlands	100%	99%
Van der Loo Yachtinteriors BV	Waddinxveen, Netherlands	100%	99%
Red Bell BV	Kaag, Netherlands	100%	99%
De Voogt Naval Architects BV	Haarlem, Netherlands [a]	50%	46%
Feadship Holland BV	Amsterdam, Netherlands [a]	50%	46%
Feadship America Inc.	Florida, USA [a]	50%	46%
OGMNL BV	Nieuw-Lekkerland, Netherlands [a]	50%	46%
Sonata Yachting Limited BV	La Valette, Malta	100%	99%
Probinvest SAS	Paris, France	100%	100%
Ufipar 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 SA	Paris, France	100%	100%
Moët Hennessy International SAS	Paris, France	66%	66%
Creare SA	Luxembourg	100%	100%
Creare Pte Ltd	Singapore	100%	100%
Bayard (Shanghai) Investment and Consultancy Co. Ltd	Shanghai, China	100%	100%
Villa Foscarini Srl	Milan, Italy	100%	100%
Liszt Invest SA	Luxembourg	100%	100%
Gorgias SA	Luxembourg	100%	100%
LC Investissements	Paris, France	51%	51%
LVMH Investissements SAS	Paris, France	100%	100%
LVMH Canada Inc.	Toronto, Canada	100%	100%
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%
LVMH Hotel Management SAS	Paris, France	100%	100%
Ufinvest SAS	Paris, France	100%	100%
Delta SAS	Paris, France	100%	100%
White 1921 Courchevel SEH SARL	Courchevel, France	100%	100%

Companies	Registered office	Percentage	
		Control	Interest
Société Immobilière Paris Savoie Les Tovets SARL	Courchevel, France	100%	100%
SEH La Samaritaine SAS	Paris, France	100%	100%
SEH Isle de France SARL	Saint-Barthélemy, French Antilles	100%	56%
SICBI SAS	Saint-Barthélemy, French Antilles	100%	56%
Hôtel de la Pinède SAS	Saint-Tropez, France	100%	100%
Villa Jacquemone SAS	Saint-Tropez, France	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%
313-317 N. Rodeo Drive LLC	New York, USA	100%	100%
319-323 N. Rodeo LLC	New York, USA (*)	100%	100%
420 N. Rodeo LLC	New York, USA	100%	100%
LVMH MJ Holding Inc.	New York, USA (*)	100%	100%
LVMH P&C 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%
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%
LVMH EU SA	Luxembourg	100%	100%
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%
Sofidil SA	Luxembourg	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%
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%
LVMH South & South East Asia Pte Ltd	Singapore	100%	100%
Vicuna Holding S.p.A.	Milan, Italy	100%	100%
Pasticceria Confetteria Cova Srl	Milan, Italy	80%	80%
Cova Montenapoleone Srl	Milan, Italy	100%	80%
Investissement Hotelier Saint Barth Plage des Flamands SAS	Saint-Barthélemy, French Antilles	100%	56%
Alderande SAS	Paris, France	56%	56%
Le Parisien Libéré SAS	Saint-Ouen, France	100%	100%
Team Diffusion SAS	Saint-Ouen, France	100%	100%
Team Media SAS	Boulogne-Billancourt, France	100%	100%
Société Nouvelle SICAVIC SAS	Saint-Ouen, France	100%	100%
SICAP SAS	Saint-Ouen, France	100%	100%
L.P.M. SAS	Paris, France	100%	100%
Société de Distribution et de Ventes du Parisien (S.D.V.P.) SARL	Saint-Ouen, France	100%	100%
Proximy SAS	Saint-Ouen, France	75%	75%
Media Presse SAS	Saint-Ouen, France	100%	75%
LP Management SAS	Saint-Ouen, France	100%	100%
Wagner Capital SA	Luxembourg	51%	51%
L Catterton Management Ltd	London, United Kingdom [(a)]	40%	20%
LVMH Representações Ltda	São Paulo, Brazil	100%	100%
LVMH Moët Hennessy - Louis Vuitton SE	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) Accounted for using the equity method.
(b) Joint venture company with Diageo: only the Moët Hennessy activity is consolidated.
(c) The Group's percentages of control and interest are not disclosed, the results 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 Shareholder's Meeting, we hereby report to you, for the year ended December 31, 2016, 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 of December 31, 2016, and of the results of its operations for the fiscal year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 1.14 to the consolidated financial statements. 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 1.12 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.

Courbevoie and Paris-La Défense, February 6, 2017

The Statutory Auditors

MAZARS		ERNST & YOUNG Audit	
Loïc Wallaert	Simon Beillevaire	Jeanne Boillet	Benoit Schumacher

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 presented below is 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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