LVMH

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FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

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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 2017", 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	2017	2016	2015
Revenue	23-24	**42,636**	**37,600**	**35,664**
Cost of sales		(14,783)	(13,039)	(12,553)
Gross margin		**27,853**	**24,561**	**23,111**
Marketing and selling expenses		(16,395)	(14,607)	(13,830)
General and administrative expenses		(3,162)	(2,931)	(2,663)
Income (loss) from joint ventures and associates	7	(3)	3	(13)
Profit from recurring operations	23-24	**8,293**	**7,026**	**6,605**
Other operating income and expenses	25	(180)	(122)	(221)
Operating profit		**8,113**	**6,904**	**6,384**
Cost of net financial debt		(62)	(83)	(78)
Other financial income and expenses		(117)	(349)	(336)
Net financial income (expense)	26	**(179)**	**(432)**	**(414)**
Income taxes	27	(2,318)	(2,109)	(1,969)
Net profit before minority interests		**5,616**	**4,363**	**4,001**
Minority interests	17	(487)	(382)	(428)
Net profit, Group share		**5,129**	**3,981**	**3,573**
Basic Group share of net earnings per share *(EUR)*	28	**10.21**	**7.92**	**7.11**
Number of shares on which the calculation is based		502,412,694	502,911,125	502,395,491
Diluted Group share of net earnings per share *(EUR)*	28	**10.18**	**7.89**	**7.08**
Number of shares on which the calculation is based		504,010,291	504,640,459	504,894,946

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

(EUR millions)	Notes	2017	2016	2015
Net profit before minority interests		**5,616**	**4,363**	**4,001**
Translation adjustments		(957)	109	631
Amounts transferred to income statement		18	(32)	-
Tax impact		(49)	(9)	135
	15.4	**(988)**	**68**	**766**
Change in value of available for sale financial assets	8, 13	274	18	(32)
Amounts transferred to income statement	8, 13	(33)	4	(91)
Tax impact		(57)	1	20
		184	**23**	**(103)**
Change in value of hedges of future foreign currency cash flows		371	48	(63)
Amounts transferred to income statement		(104)	(26)	33
Tax impact		(77)	(2)	3
		190	**20**	**(27)**
Gains and losses recognized in equity, transferable to income statement		**(614)**	**111**	**636**
Change in value of vineyard land	6	(35)	30	64
Amounts transferred to consolidated reserves		-	-	-
Tax impact		81	108	(21)
		46	**138**	**43**
Employee benefit commitments: change in value resulting from actuarial gains and losses		58	(86)	42
Tax impact		(22)	17	(16)
		36	**(69)**	**26**
Gains and losses recognized in equity, not transferable to income statement		**82**	**69**	**69**
Comprehensive income		**5,084**	**4,543**	**4,706**
Minority interests		(340)	(434)	(558)
Comprehensive income, Group share		**4,744**	**4,109**	**4,148**

CONSOLIDATED BALANCE SHEET

ASSETS *(EUR millions)*	Notes	**2017**	**2016**	**2015**
Brands and other intangible assets	3	13,714	13,335	13,572
Goodwill	4	16,514	10,401	10,122
Property, plant and equipment	6	13,206	12,139	11,157
Investments in joint ventures and associates	7	639	770	729
Non-current available for sale financial assets	8	789	744	574
Other non-current assets	9	868	777	552
Deferred tax	27	1,738	2,058	1,945
Non-current assets		**47,468**	**40,224**	**38,651**
Inventories and work in progress	10	10,908	10,546	10,096
Trade accounts receivable	11	2,737	2,685	2,521
Income taxes		780	280	384
Other current assets	12	2,919	2,343	2,355
Cash and cash equivalents	14	3,738	3,544	3,594
Current assets		**21,082**	**19,398**	**18,950**
Total assets		**68,550**	**59,622**	**57,601**

LIABILITIES AND EQUITY *(EUR millions)*	Notes	**2017**	**2016**	**2015**
Share capital	15.1	152	152	152
Share premium account	15.1	2,614	2,601	2,579
Treasury shares and LVMH share-settled derivatives	15.2	(530)	(520)	(240)
Cumulative translation adjustment	15.4	357	1,165	1,137
Revaluation reserves		1,472	1,049	949
Other reserves		19,658	17,965	16,189
Net profit, Group share		5,129	3,981	3,573
Equity, Group share		28,852	26,393	24,339
Minority interests	17	1,408	1,510	1,460
Equity		**30,260**	**27,903**	**25,799**
Long-term borrowings	18	7,046	3,932	4,511
Non-current provisions	19	2,474	2,342	1,950
Deferred tax	27	3,910	4,137	4,685
Other non-current liabilities	20	9,857	8,498	7,957
Non-current liabilities		**23,287**	**18,909**	**19,103**
Short-term borrowings	18	4,530	3,447	3,769
Trade accounts payable	21.1	4,540	4,184	3,960
Income taxes		763	428	640
Current provisions	19	404	352	421
Other current liabilities	21.2	4,766	4,399	3,909
Current liabilities		**15,003**	**12,810**	**12,699**
Total liabilities and equity		**68,550**	**59,622**	**57,601**

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, 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**
Gains and losses recognized in equity					(808)	184	171	35	33	-	(385)	(147)	(532)
Net profit										5,129	5,129	487	5,616
Comprehensive income		**-**	**-**	**-**	**(808)**	**184**	**171**	**35**	**33**	**5,129**	**4,744**	**340**	**5,084**
Stock option plan and similar expenses										55	55	7	62
(Acquisition)/disposal of treasury shares and LVMH share-settled derivatives				(50)						(11)	(61)	-	(61)
Exercise of LVMH share subscription options	708,485		53								53	-	53
Retirement of LVMH shares	(791,977)		(40)	40							-	-	-
Capital increase in subsidiaries											-	44	44
Interim and final dividends paid										(2,110)	(2,110)	(260)	(2,370)
Changes in control of consolidated entities										(6)	(6)	114	108
Acquisition and disposal of minority interests' shares										(87)	(87)	(56)	(143)
Purchase commitments for minority interests' shares										(129)	(129)	(291)	(420)
As of December 31, 2017	**507,042,596**	**152**	**2,614**	**(530)**	**357**	**311**	**179**	**1,112**	**(130)**	**24,787**	**28,852**	**1,408**	**30,260**

CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	Notes	2017	2016	2015
I. OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		8,113	6,904	6,384
Income/(loss) and dividends from joint ventures and associates	7	25	18	27
Net increase in depreciation, amortization and provisions		2,375	2,143	2,081
Other computed expenses		(43)	(177)	(456)
Other adjustments		(66)	(155)	(91)
Cash from operations before changes in working capital		**10,404**	**8,733**	**7,945**
Cost of net financial debt: interest paid		(70)	(59)	(75)
Tax paid		(2,790)	(1,923)	(1,807)
Net cash from operating activities before changes in working capital		**7,544**	**6,751**	**6,063**
Change in working capital	14.3	(514)	(512)	(429)
Net cash from operating activities		**7,030**	**6,239**	**5,634**
Operating investments	14.4	(2,276)	(2,265)	(1,955)
Net cash from operating activities and operating investments (free cash flow)		**4,754**	**3,974**	**3,679**
II. FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets[a]	8, 13	(125)	(28)	(78)
Proceeds from sale of non-current available for sale financial assets	8	87	91	68
Dividends received	8	13	6	4
Tax paid related to non-current available for sale financial assets and consolidated investments		-	(461)	(265)
Impact of purchase and sale of consolidated investments	2.4	(6,306)	310	(240)
Net cash from (used in) financial investments		**(6,331)**	**(82)**	**(511)**
III. TRANSACTIONS RELATING TO EQUITY				
Capital increases of LVMH SE	15.1	53	64	35
Capital increases of subsidiaries subscribed by minority interests	17	44	41	81
Acquisition and disposals of treasury shares and LVMH share-settled derivatives	15.2	(67)	(352)	1
Interim and final dividends paid by LVMH SE	15.3	(2,110)	(1,810)	(1,671)
Tax paid related to interim and final dividends paid		388	(145)	(304)
Interim and final dividends paid to minority interests in consolidated subsidiaries	17	(259)	(267)	(228)
Purchase and proceeds from sale of minority interests	2.4	(153)	(95)	(4)
Net cash from (used in) transactions relating to equity		**(2,104)**	**(2,564)**	**(2,090)**
Change in cash before financing activities		**(3,681)**	**1,328**	**1,078**
IV. FINANCING ACTIVITIES				
Proceeds from borrowings	14.2	5,753	913	1,008
Repayment of borrowings	14.2	(1,766)	(2,134)	(2,443)
Purchase and proceeds from sale of current available for sale financial assets	8, 13	89	(113)[a]	(3)
Net cash from (used in) financing activities	14.2	**4,076**	**(1,334)**	**(1,438)**
V. EFFECT OF EXCHANGE RATE CHANGES		**(114)**	**(47)**	**(33)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		**281**	**(53)**	**(393)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14.1	**3,337**	**3,390**	**3,783**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14.1	**3,618**	**3,337**	**3,390**
TOTAL TAX PAID		**(2,402)**	**(2,529)**	**(2,376)**

(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".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1. ACCOUNTING POLICIES

1.1. General framework and environment

The consolidated financial statements for the fiscal year ended December 31, 2017 were established in accordance with the international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on December 31, 2017. These standards and interpretations have been applied consistently to the fiscal years presented. The 2017 consolidated financial statements were approved for publication by the Board of Directors on January 25, 2018.

1.2. Changes in the accounting framework applicable to LVMH

Standards, amendments and interpretations for which application became mandatory in 2017

Only the amendment to IAS 7 requiring a separate presentation of changes in financial debt applies to LVMH for accounting periods beginning on or after January 1, 2017. This presentation is provided in Note 18.1, and the reconciliation between cash flows related to changes in net financial debt and net cash from (used in) financing activities is presented in Note 14.2.

Other changes in the accounting framework and standards for which application will become mandatory later than January 1, 2018

The impact of IFRS 15 on revenue recognition, which enters into effect for accounting periods beginning on or after January 1, 2018, will be marginal for LVMH, given the nature of the Group's business activities.

The impact of the new standard on financial instruments (IFRS 9), which also enters into effect for accounting periods beginning on or after January 1, 2018, will mainly involve the change in the recognition method for the ineffective portion of derivatives, which will be recognized as follows:

- for hedges that are commercial in nature, the changes in the value of forward points associated with forward contracts and in the time value component of options will be included in gains and losses recognized directly in equity until the hedged item is recognized in the balance sheet, on which date the cost of the forward contracts (forward points) and of the options (premiums) will be transferred to net financial income/expense;
- for hedges that are financial in nature or tied to the Group's investment portfolio, expenses and income arising from discounts or premiums will be recognized in net financial income/expense on a pro rata basis over the term of the hedging instruments. The difference between the amounts recognized in net financial income/expense and the change in the value of forward points will be included in gains and losses recognized directly in equity.

At the end of 2016, the Group launched its project for the implementation of IFRS 16 relating to leases, which applies to accounting periods beginning on or after January 1, 2019. When entering into a lease involving fixed payments, this standard requires that a liability be recognized in the balance sheet, offset against a right-of-use asset and measured at the discounted present value of future lease payments. The liability amount recognized therefore depends quite heavily on the assumptions used for the discount rate and lease term; extension and early termination options offered by lease agreements will also need to be included in the calculation of the liability if their exercise is considered reasonably certain when entering into the lease.

The inventory of the leases and the gathering of the information required to precisely estimate the balance sheet impact of the initial application of IFRS 16 are underway. 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, 2017, i.e. 11 billion euros (see Note 30). Depending on the assumptions used for the discount rates and lease terms, the definitive amount might range from 13 to 16 billion euros.

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

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

1.3. First-time adoption of IFRS

The first accounts prepared by the Group in accordance with IFRS were the financial statements for the year ended December 31, 2005, with a transition date of January 1, 2004. IFRS 1 allowed for exceptions to the retrospective application of IFRS at the transition date. The procedures implemented by the Group with respect to these exceptions 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 relating to the impact of certain unusual transactions, such as gains or losses arising on the disposal of fixed assets, restructuring costs, costs in respect of disputes, or any other non-recurring income or expense which may otherwise distort the comparability of profit from recurring operations from one period to the next.

Cash flow statement

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

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

1.5. Use of estimates

For the purpose of preparing the consolidated financial statements, the measurement of certain balance sheet and income statement items requires the use of hypotheses, estimates or other forms of judgment. This is particularly true of the valuation of intangible assets (see Note 5), the measurement of purchase commitments for minority interests' shares (see 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 consolidation on an individual or collective basis of companies that are not consolidated (see "Companies not included in the scope of consolidation") would not have a significant impact on the Group's main aggregates.

1.7. Foreign currency translation of the financial statements of 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 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 8 to 20 years, depending on their estimated period of utilization.

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", or in "Other current liabilities" if the minority shareholder has provided notice of exercising its put option before the fiscal year-end";
- the corresponding minority interests are cancelled;
- for commitments granted prior to January 1, 2010, the difference between the amount of the commitments and cancelled minority interests is maintained as an asset on the balance sheet under goodwill, as 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.

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.

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.

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 2017

2.1.1. Fashion and Leather Goods

Rimowa

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

The following table lays out the definitive allocation of the price paid by LVMH:

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

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

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

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

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

Loro Piana

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

Christian Dior Couture

On July 3, 2017, as part of the project aimed at simplifying the structures of the Christian Dior – LVMH group and in accordance with the terms of the memorandum of understanding concluded with Christian Dior on April 24, 2017, LVMH acquired 100% of Christian Dior Couture from Christian Dior for 6 billion euros. Christian Dior directly and indirectly holds 41.0% of the share capital and 56.8% of the voting rights of LVMH.

The scope acquired includes Grandville (100%-owned by Christian Dior) and its subsidiary, Christian Dior Couture. The price paid was determined on the basis of an enterprise value of 6.5 billion euros, representing 15.6 times the adjusted EBITDA for the 12-month period ending March 2017.

The acquisition of Christian Dior Couture has allowed one of the world's most iconic brands to join LVMH, alongside Parfums Christian Dior, which was already part of the LVMH group. On the strength of its history and its favorable prospects, Christian Dior Couture will be a source of growth for LVMH. Christian Dior Couture's expansion in the coming years will be supported in particular by a new creative momentum and by the significant investments already made, especially in the Americas, China and Japan.

For the first second half of fiscal year 2017, Christian Dior Couture had consolidated revenue of 1,183 million euros and its profit from recurring operations totaled 236 million euros. For fiscal year 2017 as a whole, Christian Dior Couture had consolidated revenue of 2,230 million euros, for profit from recurring operations of 353 million euros.

Christian Dior Couture has been consolidated as part of the Fashion and Leather Goods business group since July 2017. If the acquisition date for Christian Dior Couture had been January 1, 2017, the Group would have had consolidated revenue of 43,683 million euros in 2017 and profit from recurring operations for the year would have been 8,410 million euros, with net profit of 5,189 million euros.

The provisional allocation of the purchase price paid by LVMH on July 3, 2017, the date of acquisition of the controlling interest, is shown in the table below:

(EUR millions)	**Provisional purchase price allocation**
Brand	257
Other intangible fixed assets	104
Tangible fixed assets	952
Other non-current assets	59
Non-current provisions	(32)
Current assets	649
Current liabilities	(519)
Net financial debt	(385)
Deferred tax	69
Net assets acquired	**1,154**
Indirect minority interests	(9)
Net assets, Group share	**1,145**
Provisional goodwill	4,855
Carrying amount of shares held as of July 3, 2017	**6,000**

Work is underway to determine the allocation of the acquisition price paid by LVMH as of the date on which a controlling interest was acquired. The main items that may be revalued are the brand, whose value disclosed in the table above is the same as that presented in the consolidated financial statements of Christian Dior Couture, and real estate holdings.

The acquisition costs for Christian Dior Couture were recognized in Other operating income and expenses and totaled 6 million euros as of December 31, 2017 (see Note 25).

In 2017, the Christian Dior Couture acquisition generated an outflow of 5,782 million euros, net of cash acquired in the amount of 218 million euros. A number of bond issues, in a total amount of 5 billion euros, together with commercial paper for the remainder, was used to fund this acquisition (see Note 18).

See also Note 32.

2.1.2. Other activities

See Note 32.1.

2.2. Fiscal year 2016

2.2.1. Fashion and Leather Goods

Donna Karan

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

LVMH Métiers d'Arts

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

2.2.2. 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.

2.3. Fiscal year 2015

2.3.1. 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.

2.3.2. Other activities

In October 2015, LVMH acquired a 100% equity interest in the daily newspaper Le Parisien-Aujourd'hui en France. The acquisition comprised 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.

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

(EUR millions)	2017	2016	2015
Purchase price of consolidated investments and of minority interests' shares	(6,971)	(254)	(308)
Positive cash balance/(net overdraft) of companies acquired	251	5	33
Proceeds from sale of consolidated investments	80	354	31
(Positive cash balance)/net overdraft of companies sold	181	110	-
Impact of changes in the ownership interests in consolidated entities on net cash and cash equivalents	**(6,459)**	**215**	**(244)**
Of which: purchase and sale of consolidated investments	*(6,306)*	*310*	*(240)*
purchase and proceeds from sale of minority interests	*(153)*	*(95)*	*(4)*

In 2017, the impact on net cash and cash equivalents of changes in ownership interests in consolidated entities mainly arose from the acquisition of Christian Dior for 5,782 million euros, and of Rimowa for 615 million euros.

In 2016, the impact on net 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 impact on net cash and cash equivalents 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.

3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

(EUR millions)			2017	2016	2015
	Gross	Amortization and impairment	Net	Net	Net
Brands	10,941	(669)	10,272	9,773	10,204
Trade names	3,692	(1,516)	2,176	2,440	2,370
License rights	91	(77)	14	16	18
Leasehold rights	858	(460)	398	338	334
Software, websites	1,661	(1,202)	459	362	319
Other	898	(503)	395	406	327
Total	**18,141**	**(4,427)**	**13,714**	**13,335**	**13,572**
Of which: assets held under finance leases	*14*	*(14)*	-	-	-

3.1. Movements in the fiscal year

Movements during the fiscal year ended December 31, 2017 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, 2016	**10,365**	**4,157**	**1,423**	**690**	**970**	**17,605**
Acquisitions	-	-	180	31	245	456
Disposals and retirements	-	-	(37)	(19)	(113)	(169)
Changes in the scope of consolidation	760	-	49	168	27	1,004
Translation adjustment	(184)	(465)	(60)	(13)	(41)	(763)
Reclassifications	-	-	106	1	(99)	8
As of December 31, 2017	**10,941**	**3,692**	**1,661**	**858**	**989**	**18,141**

Amortization and impairment *(EUR millions)*	Brands	Trade names	Software, websites	Leasehold rights	Other intangible assets	Total
As of December 31, 2016	**(592)**	**(1,717)**	**(1,061)**	**(352)**	**(548)**	**(4,270)**
Amortization expense	(26)	(1)	(177)	(47)	(149)	(400)
Impairment expense	(50)	-	(2)	-	(1)	(53)
Disposals and retirements	-	-	36	16	113	165
Changes in the scope of consolidation	(22)	-	(36)	(83)	(14)	(155)
Translation adjustment	21	202	37	6	21	287
Reclassifications	-	-	1	-	(2)	(1)
As of December 31, 2017	**(669)**	**(1,516)**	**(1,202)**	**(460)**	**(580)**	**(4,427)**
Carrying amount as of December 31, 2017	**10,272**	**2,176**	**459**	**398**	**409**	**13,714**

Changes in the scope of consolidation were mainly related to the acquisitions of Christian Dior Couture and Rimowa. See Note 2.

Translation adjustments arose mainly on intangible assets recognized in US dollars, and to a lesser extent on brands recognized in Swiss francs, due to fluctuations against the euro between the beginning and end of the fiscal year.

3.2. Movements in prior fiscal years

Carrying amount (EUR millions)	Brands	Trade names	Software and websites	Leasehold rights	Other intangible assets	Total
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**
Acquisitions	-	-	136	47	257	440
Disposals and retirements	-	-	(1)	(1)	-	(2)
Changes in the scope of consolidation	(364)	-	(2)	(5)	14	(357)
Amortization expense	(23)	(1)	(155)	(39)	(130)	(348)
Impairment expense	(34)	-	-	(2)	-	(36)
Translation adjustment	(10)	71	5	(1)	2	67
Reclassifications	-	-	60	5	(66)	(1)
As of December 31, 2016	**9,773**	**2,440**	**362**	**338**	**422**	**13,335**

3.3. Brands and trade names

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

(EUR millions)			2017	2016	2015
	Gross	Amortization and impairment	Net	Net	Net
Wines and Spirits	850	(135)	715	752	803
Fashion and Leather Goods	5,560	(364)	5,196	4,470	4,899
Perfumes and Cosmetics	676	(34)	642	656	605
Watches and Jewelry	3,578	(71)	3,507	3,682	3,687
Selective Retailing	3,645	(1,469)	2,176	2,440	2,403
Other activities	324	(112)	212	213	177
Brands and trade names	**14,633**	**(2,185)**	**12,448**	**12,213**	**12,574**

The brands and trade names recognized are those that the Group has acquired. As of December 31, 2017, 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, Loro Piana, Rimowa and Christian Dior Couture;
- Perfumes and Cosmetics: Parfums Christian Dior, Guerlain, Parfums Givenchy, Make Up For Ever, Benefit Cosmetics, Fresh, Acqua di Parma, KVD Beauty, Fenty and Ole Henriksen;
- Watches and Jewelry: Bvlgari, TAG Heuer, Zenith, Hublot, Chaumet and Fred;
- Selective Retailing: DFS Galleria, Sephora, Le Bon Marché and Ile de Beauté;
- Other activities: the publications of the media group Les Échos-Investir, the daily newspaper Le Parisien-Aujourd'hui en France, the Royal Van Lent-Feadship brand, La Samaritaine and the Cova pastry shop brand.

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

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)			2017	2016	2015
	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	12,833	(1,618)	11,215	6,115	6,223
Goodwill arising on purchase commitments for minority interests' shares	5,299	-	5,299	4,286	3,899
Total	**18,132**	**(1,618)**	**16,514**	**10,401**	**10,122**

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

(EUR millions)			2017	2016	2015
	Gross	Impairment	Net	Net	Net
As of January 1	**12,083**	**(1,682)**	**10,401**	**10,122**	**8,810**
Changes in the scope of consolidation	5,284	(2)	5,282	(44)	111
Changes in purchase commitments for minority interests' shares	1,008	-	1,008	348	1,195
Changes in impairment	-	(51)	(51)	(97)	(116)
Translation adjustment	(243)	117	(126)	72	122
As of December 31	**18,132**	**(1,618)**	**16,514**	**10,401**	**10,122**

Changes in the scope of consolidation in 2017 were mainly attributable to the acquisition of Christian Dior Couture and Rimowa.

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

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.

Please refer also to Note 2 for the impact of changes in the scope of consolidation and 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 2017. 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 %)				2017			2016			2015
	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	5.9	2.0	6.5 to 11.0	6.0	2.0	6.2 to 9.9	6.3	2.0
Fashion and Leather Goods	8.0 to 10.5	11.9 to 15.7	6.6	2.0	9.3 to 10.5	6.8	2.0	8.0 to 12.0	8.9	2.0
Perfumes and Cosmetics	7.4 to 10.1	11.0 to 15.1	9.3	2.0	7.4 to 10.1	9.6	2.0	7.4	8.9	2.0
Watches and Jewelry	9.0 to 10.4	13.4 to 15.5	6.9	2.0	9.0 to 10.4	9.9	2.0	8.1 to 8.5	7.1	2.0
Selective Retailing	7.3 to 8.3	10.9 to 12.4	8.2	2.0	7.3 to 9.4	7.7	2.0	7.3 to 8.5	8.3	2.0
Other	6.5 to 7.3	9.7 to 10.9	8.4	2.0	6.5 to 7.5	4.4	2.0	5.5 to 7.1	5.8	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, 2017, 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
Christian Dior	257 [b]	4,855 [b]	5,112	n.a.	n.a.	n.a.
Louis Vuitton	2,058	477	2,535	8.0	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	1,060	201	1,261	9.0	2.0	5 years
DFS Galleria	1,908	14	1,922	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 or the operating profit of Loro Piana would not generate an impairment risk for Loro Piana's intangible assets.
(b) Provisional amounts. See Note 2.
n.a.: not applicable.

As of December 31, 2017, 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, 2017, or a reduction of 2 points in the annual growth rate for revenue over the period covered by the plans would result in the recognition of any impairment losses for these intangible assets of approximately 50 million euros. 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, four have disclosed intangible assets with a carrying amount close to their recoverable amount. Impairment tests relating to intangible assets with indefinite useful lives in these business segments have been carried out based on value in use. The amount of these intangible assets as of December 31, 2017 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, 2017, break down as follows:

(EUR millions)	Amount of intangible assets concerned as of 12/31/2017	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
Watches and Jewelry	14	(4)	(2)	(2)
Other business groups	578	(50)	(35)	(38)
Total	**592**	**(54)**	**(37)**	**(40)**

As of December 31, 2017, the gross and net values of brands, trade names and goodwill giving rise to amortization and/or impairment charges in 2017 were 546 million euros and 222 million euros, respectively (888 and 394 million euros as of December 31, 2016). See Note 25 regarding the amortization and impairment expense recorded during the fiscal year.

6. PROPERTY, PLANT AND EQUIPMENT

(EUR millions)			2017	2016	2015
	Gross	Depreciation and impairment	Net	Net	Net
Land	1,796	(78)	1,718	1,305	1,236
Vineyard land and producing vineyards [(a)]	2,538	(106)	2,432	2,474	2,441
Buildings	3,716	(1,664)	2,052	1,735	1,685
Investment property	819	(56)	763	855	562
Leasehold improvements, machinery and equipment	11,747	(7,776)	3,971	3,417	3,176
Assets in progress	787	(2)	785	950	755
Other tangible fixed assets	1,932	(447)	1,485	1,403	1,302
Total	**23,335**	**(10,129)**	**13,206**	**12,139**	**11,157**
Of which: assets held under finance leases	*463*	*(196)*	*267*	*307*	*92*
historical cost of vineyard land and producing vineyards	*753*	*(105)*	*648*	*646*	*642*

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

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, 2016	**2,580**	**4,709**	**908**	**6,875**	**2,225**	**1,230**	**958**	**1,851**	**21,336**
Acquisitions	9	150	-	556	157	85	800	132	1,889
Change in the market value of vineyard land	(35)	-	-	-	-	-	-	-	(35)
Disposals and retirements	(3)	(79)	-	(341)	(77)	(105)	(13)	(16)	(634)
Changes in the scope of consolidation	-	679	-	840	96	52	67	30	1,764
Translation adjustment	(19)	(210)	(59)	(529)	(46)	(68)	(33)	(48)	(1,012)
Other movements, including transfers	6	263	(30)	488	217	92	(992)	(17)	27
As of December 31, 2017	**2,538**	**5,512**	**819**	**7,889**	**2,572**	**1,286**	**787**	**1,932**	**23,335**

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, 2016	**(106)**	**(1,669)**	**(53)**	**(4,479)**	**(1,544)**	**(890)**	**(8)**	**(448)**	**(9,197)**
Depreciation expense	(7)	(172)	(5)	(858)	(179)	(135)	-	(66)	(1,422)
Impairment expense	1	(1)	-	(4)	-	-	(1)	-	(5)
Disposals and retirements	3	76	-	338	74	103	2	22	618
Changes in the scope of consolidation	-	(57)	-	(533)	(40)	(15)	(1)	(9)	(655)
Translation adjustment	3	82	2	350	29	51	-	26	543
Other movements, including transfers	-	(1)	-	(21)	(29)	6	6	28	(11)
As of December 31, 2017	**(106)**	**(1,742)**	**(56)**	**(5,207)**	**(1,689)**	**(880)**	**(2)**	**(447)**	**(10,129)**
Carrying amount as of December 31, 2017	**2,432**	**3,770**	**763**	**2,682**	**883**	**406**	**785**	**1,485**	**13,206**

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

Purchases of property, plant and equipment mainly include investments by the Group's brands, notably Sephora, Louis Vuitton, Bvlgari, Parfums Christian Dior, Fendi and DFS, in their retail networks. They also included investments related to the La Samaritaine project, in addition to investments by Hennessy, the champagne houses and Parfums Christian Dior in their production equipment.

Translation adjustments arose mainly on property, plant and equipment recognized in US dollars, due to fluctuations against the euro between the beginning and end of the fiscal year.

Changes in the scope of consolidation were mainly attributable to the acquisition of Christian Dior Couture and Rimowa (see Note 2).

The impact of marking vineyard land to market was 1,785 million euros as of December 31, 2017 (1,829 million euros as of December 31, 2016; 1,799 million euros as of December 31, 2015). 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 0.9 billion euros as of December 31, 2017. 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, 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**
Acquisitions	3	214	285	574	93	56	768	157	2,150
Disposals and retirements	-	(1)	-	(1)	(4)	(1)	(1)	2	(6)
Depreciation expense	(6)	(155)	(6)	(772)	(134)	(125)	-	(76)	(1,274)
Impairment expense	(1)	(2)	-	9	(1)	-	(4)	(2)	(1)
Change in the market value of vineyard land	30	-	-	-	-	-	-	-	30
Changes in the scope of consolidation	-	31	-	(14)	(4)	(2)	-	-	11
Translation adjustment	-	(27)	2	34	(3)	3	9	5	23
Other movements, including transfers	7	59	12	395	68	70	(577)	15	49
As of December 31, 2016	**2,474**	**3,040**	**855**	**2,396**	**681**	**340**	**950**	**1,403**	**12,139**

Purchases of property, plant and equipment in fiscal year 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)				2017		2016		2015
	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	**770**	**-**	**770**	***362***	**729**	***353***	**519**	***351***
Share of net profit (loss) for the period	5	(8)	(3)	*2*	3	*4*	(13)	*(4)*
Dividends paid	(22)	-	(22)	*(8)*	(21)	*(8)*	(14)	*(6)*
Changes in the scope of consolidation	(82)	-	(82)	*(84)*	27	-	212	-
Capital increases subscribed	5	-	5	*3*	4	*3*	3	*3*
Translation adjustment	(33)	-	(33)	*(7)*	7	*(1)*	5	*4*
Other, including transfers	4	-	4	*5*	21	*11*	17	*5*
Share of net assets of joint ventures and associates as of December 31	**647**	**(8)**	**639**	***273***	**770**	***362***	**729**	***353***

Changes in the scope of consolidation were mainly related to the disposal of the stake in De Beers Diamond Jewellers and to the change in the consolidation method for Les Ateliers Horlogers Dior SA, which is now fully consolidated, due to the acquisition of Christian Dior Couture. See Notes 2 and 32.

As of December 31, 2017, investments in joint ventures and associates consisted primarily of:

- For joint arrangements, a 50% stake in the Château Cheval Blanc wine estate (Gironde, France), which produces the eponymous Saint-Émilion Grand Cru Classé A.
- For other companies:
  - a 40% stake in Mongoual SA, the real estate company that owns the office building in Paris, France 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)			2017	2016	2015
	Gross	Impairment	Net	Net	Net
Total	1,021	(232)	789	744	574

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

(EUR millions)	2017	2016	2015
As of January 1	**744**	**574**	**580**
Acquisitions	125	147	74
Disposals at net realized value	(85)	(44)	(68)
Changes in market value	116	2	(3)
Changes in impairment	(15)	(22)	(22)
Changes in the scope of consolidation	5	67	-
Translation adjustment	(43)	20	31
Reclassifications	(58)	-	(18)
As of December 31	**789**	**744**	**574**

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

Acquisitions in fiscal year 2016 included 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 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.

9. OTHER NON-CURRENT ASSETS

(EUR millions)	2017	2016	2015
Warranty deposits	320	295	273
Derivatives [a]	246	168	60
Loans and receivables	264	288	187
Other	38	26	32
Total	**868**	**777**	**552**

(a) See Note 22.

In fiscal year 2016, the increase in loans and receivables included 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)			2017	2016	2015
	Gross	Impairment	Net	Net	Net
Wines and *eaux-de-vie* in the process of aging	4,529	(12)	4,517	4,281	4,213
Other raw materials and work in progress	1,765	(395)	1,370	1,225	1,135
	6,294	(407)	5,887	5,506	5,348
Goods purchased for resale	1,987	(220)	1,767	1,819	1,572
Finished products	4,146	(892)	3,254	3,221	3,176
	6,133	(1,112)	5,021	5,040	4,748
Total	**12,427**	**(1,519)**	**10,908**	**10,546**	**10,096**

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

(EUR millions)			2017	2016	2015
	Gross	Impairment	Net	Net	Net
As of January 1	**11,967**	**(1,421)**	**10,546**	**10,096**	**9,475**
Change in gross inventories	1,006	-	1,006	819	569
Impact of provision for returns [a]	11	-	11	(4)	(2)
Impact of marking harvests to market	(21)	-	(21)	(19)	(16)
Changes in provision for impairment	-	(339)	(339)	(377)	(317)
Changes in the scope of consolidation	398	(139)	259	(62)	6
Translation adjustment	(650)	99	(551)	93	381
Other, including reclassifications	(284)	281	(3)	-	-
As of December 31	**12,427**	**(1,519)**	**10,908**	**10,546**	**10,096**

(a) See Note 1.25.

Changes in the scope of consolidation mainly related to the acquisition of Christian Dior Couture and Rimowa (see Note 2), as well as the disposal of a Royal Van Lent subsidiary (see Note 32.1).

Translation adjustments arose mainly on inventories recognized in US dollars, due to fluctuations against the euro by the close of the fiscal year.

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

(EUR millions)	2017	2016	2015
Impact of marking the period's harvest to market	5	13	18
Impact of inventory sold during the fiscal year	(26)	(32)	(34)
Net impact on cost of sales of the fiscal year	**(21)**	**(19)**	**(16)**
Net impact on the value of inventory as of December 31	**110**	**131**	**150**

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

11. TRADE ACCOUNTS RECEIVABLE

(EUR millions)	2017	2016	2015
Trade accounts receivable, nominal amount	3,080	2,979	2,820
Provision for impairment	(78)	(66)	(64)
Provision for product returns [a]	(265)	(228)	(235)
Net amount	**2,737**	**2,685**	**2,521**

(a) See Note 1.25.

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

(EUR millions)			2017	2016	2015
	Gross	Impairment	Net	Net	Net
As of January 1	**2,751**	**(66)**	**2,685**	**2,521**	**2,274**
Changes in gross receivables	134	-	134	122	46
Changes in provision for impairment	-	(11)	(11)	(1)	-
Changes in provision for product returns [a]	(43)	-	(43)	5	(20)
Changes in the scope of consolidation	148	(5)	143	(16)	141
Translation adjustment	(157)	2	(155)	46	88
Reclassifications	(19)	3	(16)	8	(8)
As of December 31	**2,814**	**(77)**	**2,737**	**2,685**	**2,521**

(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, 2017, coverage of customer credit risk had been requested from insurers for the majority of trade receivables, approximately 91% of the amount of which was granted, versus 90% as of December 31, 2016 and 88% as of December 31, 2015.

As of December 31, 2017, 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	2,531	(15)	2,516
	- more than 3 months	85	(5)	80
		2,616	(20)	2,596
Overdue:	- less than 3 months	312	(6)	306
	- more than 3 months	152	(52)	100
		464	(58)	406
Total		**3,080**	**(78)**	**3,002**

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)	2017	2016	2015
Current available for sale financial assets [a]	515	374	385
Derivatives [b]	496	261	297
Tax accounts receivable, excluding income taxes	747	620	602
Advances and payments on account to vendors	203	191	159
Prepaid expenses	396	379	357
Other receivables	562	518	555
Total	**2,919**	**2,343**	**2,355**

(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)	2017	2016	2015
Unlisted securities, shares in non-money-market SICAVs and funds	-	-	-
Listed securities and term deposits	515	374	385
Total	**515**	**374**	**385**
Of which: historical cost of current available for sale financial assets	*344*	*351*	*393*

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

(EUR millions)	2017	2016	2015
As of January 1	**374**	**385**	**253**
Acquisitions	112	151	377
Disposals at net realized value	(181)	(181)	(241)
Changes in market value	156	19	(29)
Changes in impairment	-	-	7
Changes in the scope of consolidation	-	-	-
Translation adjustment	(4)	-	-
Reclassifications	58	-	18
As of December 31	**515**	**374**	**385**

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 AND CHANGE IN CASH

14.1. Cash and cash equivalents

(EUR millions)	2017	2016	2015
Term deposits (less than 3 months)	708	520	808
SICAV and FCP funds	194	668	577
Ordinary bank accounts	2,836	2,356	2,209
Cash and cash equivalents per balance sheet	**3,738**	**3,544**	**3,594**

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)	2017	2016	2015
Cash and cash equivalents	3,738	3,544	3,594
Bank overdrafts	(120)	(207)	(204)
Net cash and cash equivalents per cash flow statement	**3,618**	**3,337**	**3,390**

14.2. Net cash from (used in) financing activities

For fiscal year 2017, the reconciliation of the cash impact of the change in net financial debt presented in Note 18.1 and net cash from (used in) financing activities is as follows:

(EUR millions)	Notes	2017
Impact on cash of the change in net financial debt	18.1	3,816
Elimination of the change in positive bank balances and bank overdrafts [a]		199
Change in cash related to derivatives and other assets not included in net financial debt		61
Net cash from (used in) financing activities		**4,076**

(a) The change in positive bank balances and bank overdrafts is not disclosed within net cash from (used in) financing activities.

14.3. Change in working capital

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

(EUR millions)	Notes	2017	2016	2015
Change in inventories and work in progress	10	(1,006)	(819)	(569)
Change in trade accounts receivable [a]	11	(132)	(113)	(49)
Change in trade accounts payable	21	257	235	93
Change in other receivables and payables		367	185	96
Change in working capital [b]		**(514)**	**(512)**	**(429)**

(a) Including a positive impact of 2 million euros related to amounts owed to customers (versus a positive impact of 9 million euros as of December 31, 2016 and a negative impact of 3 million euros as of December 31, 2015).
(b) Increase/(Decrease) in cash and cash equivalents.

14.4. Operating investments

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

(EUR millions)	Notes	2017	2016	2015
Purchase of intangible fixed assets	3	(456)	(440)	(316)
Purchase of tangible fixed assets[a]	6	(1,889)	(2,150)	(1,739)
Deduction of purchase under finance lease		6	204	-
Changes in accounts payable related to fixed asset purchases		40	125	81
Net cash used in purchases of fixed assets		**(2,299)**	**(2,261)**	**(1,974)**
Net cash from fixed asset disposals		26	6	41
Guarantee deposits paid and other cash flows related to operating investments		(3)	(10)	(22)
Operating investments[b]		**(2,276)**	**(2,265)**	**(1,955)**

(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, 2017, the share capital consisted of 507,042,596 fully paid-up shares (507,126,088 as of December 31, 2016 and 507,139,110 as of December 31, 2015), with a par value of 0.30 euros per share, including 229,656,385 shares with double voting rights (229,432,106 as of December 31, 2016 and 229,780,453 as of December 31, 2015). 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)				2017	2016	2015
	Number			Amount	Amount	Amount
		Share capital	Share premium account	Total		
As of January 1	**507,126,088**	**152**	**2,601**	**2,753**	**2,731**	**2,807**
Exercise of share subscription options	708,485	-	53	53	64	35
Retirement of shares	(791,977)	-	(40)	(40)	(42)	(111)
As of December 31	**507,042,596**	**152**	**2,614**	**2,766**	**2,753**	**2,731**

15.2. LVMH treasury shares

The portfolio of LVMH treasury shares is allocated as follows:

(Number of shares or EUR millions)		2017	2016	2015
	Number	Amount	Amount	Amount
Share subscription option plans	1,242,989	57	98	140
Bonus share plans	993,148	122	90	86
Shares held for stock option and similar plans[a]	**2,236,137**	**179**	**188**	**226**
Liquidity contract	92,000	23	15	14
Shares pending retirement	1,952,960	328	317	-
LVMH treasury shares	**4,281,097**	**530**	**520**	**240**

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

The market value of LVMH shares held under the liquidity contract as of December 31, 2017 amounted to 23 million euros.

The portfolio movements of LVMH treasury shares in fiscal year 2017 were as follows:

(Number of shares or EUR millions)	Number	Amount	Impact on cash
As of December 31, 2016	**5,097,122**	**520**	
Share purchases [a]	935,466	203	(203)
Vested bonus shares	(335,567)	(24)	-
Retirement of shares	(791,977)	(40)	-
Disposals at net realized value [a]	(623,947)	(136)	136
Gain/(loss) on disposal	-	7	-
As of December 31, 2017	**4,281,097**	**530**	**(67)**

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

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, 2017, the distributable amount was 14,824 million euros; after taking into account the proposed dividend distribution in respect of the 2017 fiscal year, it was 13,100 million euros.

(EUR millions, except for data per share in EUR)	2017	2016	2015
Interim dividend for the current fiscal year (2017: 1.60 euros; 2016: 1.40 euros; 2015: 1.35 euros)	811	710	685
Impact of treasury shares	(7)	(6)	(6)
Gross amount disbursed for the fiscal year	**804**	**704**	**679**
Final dividend for the previous fiscal year (2016: 2.60 euros; 2015: 2.20 euros)	1,319	1,115	998
Impact of treasury shares	(13)	(9)	(18)
Gross amount disbursed for the previous fiscal year	**1,306**	**1,106**	**980**
Total gross amount disbursed during the period [a]	**2,110**	**1,810**	**1,659**

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

The final dividend for fiscal year 2017, as proposed at the Shareholders' Meeting of April 12, 2018, is 3.40 euros per share, representing a total of 1,724 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, Group share net of hedging effects of net assets denominated in foreign currency, breaks down as follows by currency:

(EUR millions)	2017	Change	2016	2015
US dollar	135	(373)	508	486
Swiss franc	527	(235)	762	733
Japanese yen	72	(24)	96	79
Hong Kong dollar	315	(178)	493	454
Pound sterling	(107)	(22)	(85)	36
Other currencies	(164)	(70)	(94)	(133)
Foreign currency net investment hedges [a]	(421)	94	(515)	(518)
Total, Group share	**357**	**(808)**	**1,165**	**1,137**

(a) Including -130 million euros with respect to the US dollar (-169 million euros as of December 31, 2016 and -186 million euros as of December 31, 2015), -117 million euros with respect to the Hong Kong dollar (-135 million euros as of December 31, 2016 and -130 million euros as of December 31, 2015), and -180 million euros with respect to the Swiss franc (-214 million euros as of Decembrer 31, 2016 and -207 million euros as of December 31, 2015). 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 13, 2017 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2019, 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 14, 2016 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2018, 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, if performance conditions are definitively met, bonus shares and performance shares vest to recipients who are French residents for tax purposes after a three-year period, which is followed by a two-year holding period during which the recipients may not sell their shares. They vest to recipients who are not French residents for tax purposes after a period of four years and become freely transferable at that time.

For the plans set up in 2016 and 2017, if performance conditions are met, bonus shares and performance shares vest to all recipients after a three-year period and are freely transferable once they have vested. However, exceptionally, the vesting period applicable to shares granted on April 13, 2017 has a duration of one year (which is followed by a two-year holding period during which the recipients may not sell their shares) and those applicable to certain shares granted on July 26 and October 25, 2017 have a duration of four and seven years, respectively.

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
July 25, 2013	Bonus shares	2013 and 2012; 2014 and 2013
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
April 13, 2017	"	2017 and 2016
October 25, 2017	"	2018 and 2017; 2019 and 2017

For bonus shares awarded under the plan set in place on July 26, 2017 as well as certain shares awarded under the plan set in place on October 25, 2017, shares vest if specific performance conditions are met relating to the revenue and profit from recurring operations of a subsidiary; qualitative criteria are also applied in the case of the award dated October 25, 2017.

Impact of the distribution of Hermès shares 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 2017	Number of options expired in 2017	Number of options outstanding as of Dec. 31, 2017
May 10, 2007	1,764,203	77.53	4 years	(583,973)	(11,749)	-
May 15, 2008	1,708,542	65.26	"	(73,385)	(1,111)	708,613
"	78,469	65.44	"	-	-	4,277
May 14, 2009 [b]	1,333,097	50.86	"	(50,432)	(973)	450,777
"	37,106	50.88	"	(695)	-	17,025
Total	**4,921,417**			**(708,485)**	**(13,833)**	**1,180,692**

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

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

	2017		2016		2015	
	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	**1,903,010**	**65.17**	**2,821,150**	**66.79**	**3,384,313**	**66.15**
Options expired	(13,833)	74.67	(10,211)	68.07	(11,026)	55.46
Options exercised	(708,485)	74.33	(907,929)	70.19	(552,137)	63.06
Share subscription options outstanding as of December 31	**1,180,692**	**59.56**	**1,903,010**	**65.17**	**2,821,150**	**66.79**

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 2017	Shares vested in 2017	Non-vested shares as of Dec. 31, 2017
July 25, 2013	440,036	*440,036*	*yes*	3 [c] or 4 [d] years	(6,938)	(181,169)	-
July 24, 2014	67,764	-	-	3 [c] or 4 [d] years	-	(6,665)	61,099
October 23, 2014	341,678	*341,678*	*yes*	3 [c] or 4 [d] years	(14,085)	(147,598)	151,348
April 16, 2015	73,262	*73,262*	*yes*	3 [c] or 4 [d] years	-	-	73,262
October 22, 2015	315,532	*315,532*	*yes*	3 [c] or 4 [d] years	(10,008)	(70)	299,827
October 20, 2016	360,519	*310,509*	[e]	3 years	(5,890)	(65)	354,564
April 13, 2017	46,860	*46,860*	[e]	3 years	-	-	46,860
July 26, 2017	21,700	*21,700*	[e]	3 years	-	-	21,700
July 26, 2017	21,700	*21,700*	[e]	4 years	-	-	21,700
October 25, 2017	288,827	*270,325*	[e]	3 years	-	-	288,827
October 25, 2017	76,165	*76,165*	[e]	7 years [f]	-	-	76,164
Total	**2,054,043**	***1,917,767***			**(36,921)**	**(335,567)**	**1,395,351**

(a) After adjusting for the distribution in kind of Hermès shares. See Note 16.1.
(b) See Note 16.1 General characteristics of plans.
(c) Recipients with tax residence in France.
(d) Recipients with tax residence outside France.
(e) The performance conditions were considered to have been met for the purpose of determining the expense for fiscal year 2017, on the basis of budget data.
(f) Early award on June 30, 2023 under certain conditions.

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

(number of shares)	2017	2016	2015
Non-vested shares as of January 1	**1,312,587**	**1,456,068**	**1,492,627**
Shares initially awarded during the period	455,252	360,519	388,794
Shares vested during the period	(335,567)	(465,660)	(386,709)
Shares expired during the period	(36,921)	(38,340)	(38,644)
Non-vested shares as of December 31	**1,395,351**	**1,312,587**	**1,456,068**

Vested share allocations were settled in existing shares held.

16.4. Expense for the fiscal year

(EUR millions)	2017	2016	2015
Expense for the period for share subscription option and bonus share plans	62	41	37

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 208.85 euros for the plan dated April 13, 2017, it was 218.85 euros for the plan dated July 26, 2017 and 240.80 euros for the plan dated October 25, 2017.

The average unit value of non-vested bonus shares awarded under this plan during the fiscal year was 218.64 euros.

17. MINORITY INTERESTS

(EUR millions)	2017	2016	2015
As of January 1	**1,510**	**1,460**	**1,240**
Minority interests' share of net profit	487	382	428
Dividends paid to minority interests	(260)	(272)	(229)
Impact of changes in control of consolidated entities	114	22	1
Of which: Rimowa	*89*	-	-
Other	*25*	*22*	*1*
Impact of acquisition and disposal of minority interests' shares	(56)	(35)	(3)
Of which: Loro Piana	*(58)*	-	-
Other	*2*	*(35)*	*(3)*
Total impact of changes in the ownership interests in consolidated entities	**58**	**(13)**	**(2)**
Capital increases subscribed by minority interests	44	41	89
Minority interests' share in gains and losses recognized in equity	(147)	52	130
Minority interests' share in stock option plan expenses	7	2	2
Impact of changes in minority interests with purchase commitments	(291)	(142)	(198)
As of December 31	**1,408**	**1,510**	**1,460**

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, 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**
Changes for the fiscal year	(180)	19	11	3	(147)
As of December 31, 2017	**40**	**19**	**259**	**(32)**	**286**

Minority interests are composed primarily of Diageo's 34% stake in Moët Hennessy SAS and Moët Hennessy International SAS ("Moët Hennessy") and the 39% stake held by Robert Miller in DFS. Since the 34% stake held by Diageo in Moët Hennessy is subject to a purchase commitment, it is reclassified at year-end under Other non-current liabilities and is therefore excluded from the total amount of minority interests at the fiscal year-end date. See Notes 1.12 and 20.

Dividends paid to Diageo during fiscal year 2017 in respect of fiscal year 2016 amounted to 150 million euros. Net profit attributable to Diageo for fiscal year 2017 was 340 million euros, and its share in minority interests (before recognition of the purchase commitment granted to Diageo) came to 3,072 million euros as of December 31, 2017. As of that date, the condensed consolidated balance sheet of Moët Hennessy is as follows:

(EUR billions)	December 31, 2017
Tangible and intangible fixed assets	3.7
Other non-current assets	0.3
Non-current assets	**4.0**
Inventories	5.1
Other current assets	1.5
Cash and cash equivalents	2.2
Current assets	**8.8**
Assets	**12.8**

(EUR billions)	December 31, 2017
Total equity	9.0
Other non-current liabilities	0.9
Equity and non-current liabilities	**9.9**
Short term borrowings	1.1
Other current liabilities	1.8
Current liabilities	**2.9**
Liabilities and equity	**12.8**

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

18. BORROWINGS

18.1. Net financial debt

(EUR millions)	2017	2016	2015
Long-term borrowings	7,046	3,932	4,511
Short-term borrowings	4,530	3,447	3,769
Gross borrowings	**11,576**	**7,379**	**8,280**
Interest rate risk derivatives	(28)	(65)	(66)
Gross borrowings after derivatives	**11,548**	**7,314**	**8,214**
Current available for sale financial assets [a]	(515)	(374)	(385)
Non-current available for sale financial assets used to hedge financial debt [b]	(117)	(131)	-
Cash and cash equivalents [c]	(3,738)	(3,544)	(3,594)
Net financial debt	**7,178**	**3,265**	**4,235**

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

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

(EUR millions)	Dec. 31, 2016	Impact on cash [(a)]	Translation adjustment	Impact of market value changes	Changes in the scope of consolidation	Reclass-ifications and Other	Dec. 31, 2017
Long-term borrowings	3,932	4,798	(203)	-	402	(1,883)	7,046
Short-term borrowings	3,447	(922)	(147)	(36)	303	1,885	4,530
Total gross borrowings	**7,379**	**3,876**	**(350)**	**(36)**	**705**	**2**	**11,576**
Interest rate risk derivatives	(65)	-	-	35	-	2	(28)
Gross borrowings after derivatives	**7,314**	**3,876**	**(350)**	**(1)**	**705**	**4**	**11,548**
Current available for sale financial assets	(374)	69	4	(156)	-	(58)	(515)
Non-current available for sale financial assets used to hedge financial debt	(131)	-	17	(3)	-	-	(117)
Cash and cash equivalents	(3,544)	(129)	190	-	(259)	4	(3,738)
Net financial debt	**3,265**	**3,816**	**(139)**	**(160)**	**446**	**(50)**	**7,178**

(a) See Note 14.2.

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

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

These transactions occurred in connection with the acquisition of Christian Dior Couture (see Note 2), completed in July, 2017.

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

In February 2016, LVMH issued exclusively cash-settled five-year convertible bonds with a total face value of 600 million US dollars, supplemented by a 150 million US dollar tap issue carried out in April 2016. 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)	2017	2016	2015
Bonds and Euro Medium Term Notes (EMTNs)	6,557	3,476	4,202
Finance and other long-term leases	296	342	131
Bank borrowings	193	114	178
Long-term borrowings	**7,046**	**3,932**	**4,511**
Bonds and Euro Medium Term Notes (EMTNs)	1,753	1,377	710
Finance and other long-term leases	21	10	6
Bank borrowings	340	291	263
Commercial paper	1,855	1,204	2,281
Other borrowings and credit facilities	408	330	277
Bank overdrafts	120	207	205
Accrued interest	33	28	27
Short-term borrowings	**4,530**	**3,447**	**3,769**
Total gross borrowings	**11,576**	**7,379**	**8,280**

The market value of gross borrowings, based on market data and commonly used valuation models, was 11,651 million euros as of December 31, 2017 (7,392 million euros as of December 31, 2016 and 8,396 million euros as of December 31, 2015), including 4,533 million euros in short-term borrowings (3,445 million euros as of December 31, 2016 and 3,905 million euros as of December 31, 2015) and 7,118 million euros in long-term borrowings (3,947 million euros as of December 31, 2016 and 4,491 million euros as of December 31, 2015).

As of December 31, 2017, December 31, 2016 and December 31, 2015, 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] (%)	2017 (EUR millions)	2016	2015
EUR 1,200,000,000	2017	2024	0.82	1,192	-	-
EUR 800,000,000	2017	2022	0.46	796	-	-
GBP 400,000,000	2017	2022	1.09	445	-	-
EUR 1,250,000,000	2017	2020	0.13	1,246	-	-
EUR 1,250,000,000	2017	2018	floating	1,253	-	-
USD 750,000,000 [b]	2016	2021	1.92	603	682	-
EUR 650,000,000	2014	2021	1.12	663	670	659
AUD 150,000,000	2014	2019	3.68	100	103	102
EUR 300,000,000	2014	2019	floating	300	300	300
GBP 350,000,000	2014	2017	1.83	-	413	481
EUR 600,000,000	2013	2020	1.89	606	608	603
EUR 600,000,000 [c]	2013	2019	1.25	605	608	608
EUR 650,000,000 [d]	2013	2016	floating	-	-	650
USD 850,000,000	2012	2017	1.75	-	811	784
EUR 500,000,000	2011	2018	4.08	501	505	508
EUR 150,000,000	2009	2017	4.81	-	153	157
Private placements in foreign currencies				-	-	60
Total bonds and EMTNs				**8,310**	**4,853**	**4,912**

(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. 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, 2018	3,001	1,529	4,530	1	(4)	(3)	3,002	1,525	4,527
	December 31, 2019	747	314	1,061	(348)	340	(8)	399	654	1,053
	December 31, 2020	1,895	4	1,899	(401)	394	(7)	1,494	398	1,892
	December 31, 2021	1,289	4	1,293	(650)	634	(16)	639	638	1,277
	December 31, 2022	1,262	4	1,266	(313)	317	4	949	321	1,270
	December 31, 2023	17	3	20	-	-	-	17	3	20
	Thereafter	1,463	44	1,507	(300)	302	2	1,163	346	1,509
Total		**9,674**	**1,902**	**11,576**	**(2,011)**	**1,983**	**(28)**	**7,663**	**3,885**	**11,548**

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

The breakdown by quarter of gross borrowings falling due in 2018 is as follows:

(EUR millions)	Falling due in 2018
First quarter	2,529
Second quarter	654
Third quarter	16
Fourth quarter	1,331
Total	**4,530**

18.5. Analysis of gross borrowings by currency after derivatives

(EUR millions)	2017	2016	2015
Euro	9,380	5,491	6,302
US dollar	833	634	366
Swiss franc	583	639	909
Japanese yen	395	281	228
Other currencies	357	269	409
Total	**11,548**	**7,314**	**8,214**

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

18.6. Sensitivity

On the basis of debt as of December 31, 2017:

- 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 39 million euros after hedging, and would lower the market value of gross fixed-rate borrowings by 181 million euros after hedging;
- an instantaneous decline of 1 point in these same yield curves would lower the cost of net financial debt by 39 million euros after hedging, and would raise the market value of gross fixed-rate borrowings by 181 million euros after hedging.

These changes would have no impact on the amount of equity as of December 31, 2017, due to the absence of hedging of future interest payments.

18.7. Covenants

In connection with certain loan agreements, the Group has undertaken to comply with certain financial covenants. As of December 31, 2017, no significant loan agreements are concerned by those covenants.

18.8. Undrawn confirmed credit lines

As of December 31, 2017, undrawn confirmed credit lines totaled 3.8 billion euros.

18.9. Guarantees and collateral

As of December 31, 2017, borrowings secured by collateral were less than 200 million euros.

19. PROVISIONS

(EUR millions)	2017	2016	2015
Provisions for pensions, medical costs and similar commitments	625	698	632
Provisions for contingencies and losses	1,840	1,626	1,297
Provisions for reorganization	9	18	21
Non-current provisions	**2,474**	**2,342**	**1,950**
Provisions for pensions, medical costs and similar commitments	4	4	4
Provisions for contingencies and losses	366	319	353
Provisions for reorganization	34	29	64
Current provisions	**404**	**352**	**421**
Total	**2,878**	**2,694**	**2,371**

In fiscal year 2017, the changes in provisions were as follows:

(EUR millions)	Dec. 31, 2016	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other [a]	Dec. 31, 2017
Provisions for pensions, medical costs and similar commitments	702	110	(130)	(3)	19	(69)	629
Provisions for contingencies and losses	1,945	890	(178)	(490)	52	(13)	2,206
Provisions for reorganization	47	34	(32)	(1)	-	(5)	43
Total	**2,694**	**1,034**	**(340)**	**(494)**	**71**	**(87)**	**2,878**
Of which: profit from recurring operations		*481*	*(321)*	*(101)*			
net financial income (expense)		*1*	*-*	*-*			
other		*552*	*(19)*	*(393)*			

(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.

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)	2017	2016	2015
Purchase commitments for minority interests' shares	9,177	7,877	7,421
Derivatives [a]	216	134	2
Employee profit sharing	94	91	93
Other liabilities	370	396	441
Total	**9,857**	**8,498**	**7,957**

(a) See Note 22.

As of December 31, 2017, purchase commitments for minority interests' shares mainly include the put option granted by LVMH to Diageo plc for its 34% share in Moët Hennessy, for 80% of the fair value of Moët Hennessy at the exercise date of the option. This option may be exercised at any time subject to a six-month notice period. 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 SAS and Moët Hennessy International SAS ("Moët Hennessy") hold the LVMH group's investments in the Wines and Spirits businesses, with the exception of the equity investments in Château d'Yquem, Château Cheval Blanc and Clos des Lambrays, and excluding certain champagne vineyards.

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

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

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)	2017	2016	2015
As of January 1	**4,184**	**3,960**	**3,606**
Changes in trade accounts payable	257	235	93
Changes in amounts owed to customers	2	9	(3)
Changes in the scope of consolidation	315	(36)	129
Translation adjustment	(198)	46	133
Reclassifications	(20)	(30)	2
As of December 31	**4,540**	**4,184**	**3,960**

21.2. Other current liabilities

(EUR millions)	2017	2016	2015
Derivatives [a]	58	207	185
Employees and social institutions	1,530	1,329	1,260
Employee profit sharing	101	103	98
Taxes other than income taxes	634	574	553
Advances and payments on account from customers	354	237	205
Deferred payment for non-current assets	548	590	504
Deferred income	255	251	208
Other liabilities	1,286	1,108	896
Total	**4,766**	**4,399**	**3,909**

(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)	2017			2016			2015		
	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	772	-	3,738	721	-	3,544	514	-	3,594
Valuation model based on market data	331	742	-	204	429	-	194	357	-
Private quotations	201	-	-	193	-	-	251	-	-
Assets	**1,304**	**742**	**3,738**	**1,118**	**429**	**3,544**	**959**	**357**	**3,594**
Valuation [a] based on:									
Published price quotations	-	-	-	-	-	-	-	-	-
Valuation model based on market data	-	274	-	-	341	-	-	187	-
Private quotations	-	-	-	-	-	-	-	-	-
Liabilities	**-**	**274**	**-**	**-**	**341**	**-**	**-**	**187**	**-**

(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, 2017, December 31, 2016 and December 31, 2015.

The amount of financial assets valued on the basis of private quotations changed as follows in 2017:

(EUR millions)	2017
As of January 1	**193**
Acquisitions	74
Disposals (at net realized value)	(15)
Gains and losses recognized in income statement	(6)
Gains and losses recognized in equity	21
Reclassifications	(66)
As of December 31	**201**

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	2017	2016	2015
Interest rate risk	Assets:	non-current		33	53	57
		current		9	17	14
	Liabilities:	non-current		(8)	-	-
		current		(6)	(5)	(5)
			22.4	**28**	**65**	**66**
Foreign exchange risk	Assets:	non-current		34	46	3
		current		485	244	283
	Liabilities:	non-current		(29)	(65)	(2)
		current		(52)	(199)	(178)
			22.5	**438**	**26**	**106**
Other risks	Assets:	non-current		179	69	-
		current		2	-	-
	Liabilities:	non-current		(179)	(69)	-
		current		-	(3)	(2)
			22.6	**2**	**(3)**	**(2)**
Total	Assets:	non-current	9	246	168	60
		current	12	496	261	297
	Liabilities:	non-current	20	(216)	(134)	(2)
		current	21	(58)	(207)	(185)
				468	**88**	**170**

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, 2017 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	-	2,349	-	2,349	29	-	29
Interest rate swaps in euros, fixed-rate payer	-	343	-	343	1	-	1
Foreign currency swaps	57	1,100	-	1,157	(2)	-	(2)
Other interest rate risk derivatives	-	167	-	167	-	-	-
Total					**28**	**-**	**28**

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

22.5. Derivatives used to manage foreign exchange risk

A significant portion of Group companies' sales to customers and to their own 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, 2017 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation [a]				Market value [b][c]				
	2017	2018	Thereafter	Total	Fair value hedges	Future cash flow hedges	Foreign currency net investment hedges	Not allocated	Total
Options purchased									
Put USD	257	39	-	296	1	1	-	1	3
Put JPY	21	21	-	42	1	1	-	-	2
Put GBP	-	21	-	21	-	-	-	-	-
	278	**81**	**-**	**359**	**2**	**2**	**-**	**1**	**5**
Collars									
Written USD	288	4,360	56	4,704	18	319	-	-	337
Written JPY	10	875	28	913	2	75	-	-	77
Written GBP	11	220	-	231	-	4	-	-	4
	309	**5,455**	**84**	**5,848**	**20**	**398**	**-**	**-**	**418**
Forward exchange contracts									
USD	4	(102)	-	(98)	-	(5)	-	-	(5)
JPY	26	-	-	26	-	-	-	-	-
CHF	(33)	(294)	-	(327)	-	(7)	-	-	(7)
GBP	24	82	-	106	-	(4)	-	-	(4)
RUB	33	-	-	33	-	-	-	-	-
Other	118	46	-	164	1	(1)	-	-	-
	172	**(268)**	**-**	**(96)**	**1**	**(17)**	**-**	**-**	**(16)**
Foreign exchange swaps									
USD	1,486	4	-	1,490	12	-	8	-	20
CHF	145	-	-	145	3	-	2	-	5
GBP	738	-	-	738	(5)	-	-	-	(5)
JPY	335	2	-	337	6	-	1	-	7
Other	423	5	-	428	-	-	4	-	4
	3,127	**11**	**-**	**3,138**	**16**	**-**	**15**	**-**	**31**
Total					**39**	**383**	**15**	**1**	**438**

(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 2018; the amount will depend on exchange rates at that date. The impact on the net profit for fiscal year 2017 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 2017, 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	192	(39)	39	(10)	-	-	-	-
- conversion of net profit of entities outside the eurozone	38	(38)	18	(18)	10	(10)	28	(28)
Impact on net profit	**230**	**(77)**	**57**	**(28)**	**10**	**(10)**	**28**	**(28)**

The data presented in the table above should be assessed on the basis of the characteristics of the hedging instruments outstanding in fiscal year 2017, mainly comprising options and collars.

As of December 31, 2017, forecast cash collections for 2018 in US dollars and Japanese yen are 76% hedged.

The Group's net equity (excluding net profit) exposure to foreign currency fluctuations as of December 31, 2017 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	307	(307)	31	(31)	278	(278)	99	(99)
Change in market value of net investment hedges, after tax	(215)	279	(44)	56	(43)	35	(16)	13
Net impact on equity, excluding net profit	**92**	**(28)**	**(13)**	**25**	**235**	**(243)**	**83**	**(86)**

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

The Group – mainly through its Watches and Jewelry business group – may be exposed to changes in the prices of certain precious metals, such as gold. In certain cases, in order to ensure visibility with regard to production costs, hedges may be implemented. This is achieved either by negotiating the forecast price of future deliveries of alloys with precious metal refiners, or the price of semi-finished products with producers; or directly by purchasing hedges from top-ranking banks. In the latter case, gold may be purchased from banks, or future and/or options contracts may be taken out with a physical delivery of the gold. Derivatives outstanding relating to the hedging of precious metal prices as of December 31, 2017 have a positive market value of 2 million euros. Considering nominal values of 170 million euros for those derivatives, a uniform 1% change in their underlying assets' prices as of December 31, 2017 would have a net impact on the Group's consolidated reserves in an amount of less than 1 million euros. These instruments mature in 2018.

22.7. Liquidity risk

In addition to local liquidity risks, which are generally immaterial, the Group's exposure to liquidity risk can be assessed in relation to the amount of its short-term borrowings excluding derivatives, i.e. 4.5 billion euros, which is virtually entirely covered by the 4.4 billion euros balance of cash and cash equivalents, or in relation to the outstanding amount of its commercial paper program, i.e. 1.9 billion euros. Should any of these borrowing facilities not be renewed, the Group has access to undrawn confirmed credit lines totaling 3.8 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, 2017, at nominal value and with interest, excluding discounting effects:

(EUR millions)	2018	2019	2020	2021	2022	Over 5 years	Total
Bonds and EMTNs	1,814	1,042	1,884	1,298	1,267	1,218	8,523
Bank borrowings	350	37	27	7	-	128	549
Other borrowings and credit facilities	447	-	-	-	-	-	447
Finance and other long-term leases	28	28	28	28	29	669	810
Commercial paper	1,855	-	-	-	-	-	1,855
Bank overdrafts	120	-	-	-	-	-	120
Gross borrowings	**4,614**	**1,107**	**1,939**	**1,333**	**1,296**	**2,015**	**12,304**
Other liabilities, current and non-current [(a)]	4,453	79	19	20	18	97	4,686
Trade accounts payable	4,540	-	-	-	-	-	4,540
Other financial liabilities	**8,993**	**79**	**19**	**20**	**18**	**97**	**9,226**
Total financial liabilities	**13,607**	**1,186**	**1,958**	**1,353**	**1,314**	**2,112**	**21,530**

(a) Corresponds to "Other current liabilities" (excluding derivatives and deferred income) for 4,453 million euros and to "Other non-current liabilities" (excluding derivatives, purchase commitments for minority interests and deferred income of 255 million euros as of December 31, 2017) for 233 million euros.

See Note 30.3 regarding contractual maturity dates of collateral and other guarantee commitments. See Notes 18.5 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.

Rimowa and Christian Dior Couture were consolidated as part of the Fashion and Leather Goods business group as of January 2017 and July 2017, respectively. The acquisition of Christian Dior Couture has not had any impact on the presentation of Parfums Christian Dior, which continues to be consolidated as part of the Perfumes and Cosmetics business group.

23.1. Information by business group

Fiscal year 2017

(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	5,051	15,422	4,534	3,722	13,272	635	-	42,636
Intra-Group sales	33	50	1,026	83	39	16	(1,247)	-
Total revenue	**5,084**	**15,472**	**5,560**	**3,805**	**13,311**	**651**	**(1,247)**	**42,636**
Profit from recurring operations	1,558	4,905	600	512	1,075	(309)	(48)	8,293
Other operating income and expenses	(18)	(29)	(8)	(90)	(42)	7	-	(180)
Depreciation and amortization expense	(159)	(669)	(254)	(223)	(452)	(65)	-	(1,822)
Impairment expense	1	-	-	(50)	(58)	(2)	-	(109)
Intangible assets and goodwill [b]	6,277	12,583	1,280	5,684	3,348	1,056	-	30,228
Property, plant and equipment	2,740	3,058	607	537	1,701	4,570	(7)	13,206
Inventories	5,115	1,905	634	1,420	2,111	16	(293)	10,908
Other operating assets	1,449	1,235	1,108	598	845	1,279	7,694 [c]	14,208
Total assets	**15,581**	**18,781**	**3,629**	**8,239**	**8,005**	**6,921**	**7,394**	**68,550**
Equity	-	-	-	-	-	-	30,260	30,260
Liabilities	1,544	3,529	1,706	895	2,839	1,223	26,554 [d]	38,290
Total liabilities and equity	**1,544**	**3,529**	**1,706**	**895**	**2,839**	**1,223**	**56,814**	**68,550**
Operating investments [e]	(292)	(563)	(286)	(269)	(570)	(297)	1	(2,276)

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)

(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.

23.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	2017	2016	2015
France	4,172	3,745	3,552
Europe (excluding France)	8,000	6,825	6,408
United States	10,691	10,004	9,345
Japan	2,957	2,696	2,487
Asia (excluding Japan)	11,877	9,922	9,636
Other countries	4,939	4,408	4,236
Revenue	**42,636**	**37,600**	**35,664**

Operating investments by geographic region are as follows:

(EUR millions)	2017	2016	2015
France	921	807	633
Europe (excluding France)	450	375	385
United States	393	491	336
Japan	51	65	66
Asia (excluding Japan)	309	314	411
Other countries	152	213	124
Operating investments	**2,276**	**2,265**	**1,955**

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	1,196	3,405	1,395	879	3,154	163	(308)	9,884
Second quarter	1,098	3,494 [a]	1,275	959	3,126	163	(285)	9,830
Third quarter	1,220	3,939	1,395	951	3,055	146	(325)	10,381
Fourth quarter	1,570	4,634	1,495	1,016	3,976	179	(329)	12,541
Total for 2017	**5,084**	**15,472**	**5,560**	**3,805**	**13,311**	**651**	**(1,247)**	**42,636**
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**

(a) Including the entire revenue of Rimowa for the first half of 2017.

24. REVENUE AND EXPENSES BY NATURE

24.1. Analysis of revenue

Revenue consists of the following:

(EUR millions)	2017	2016	2015
Revenue generated by brands and trade names	42,218	37,184	35,134
Royalties and license revenue	96	102	146
Income from investment property	32	31	33
Other revenue	290	283	351
Total	**42,636**	**37,600**	**35,664**

The portion of total revenue generated by the Group at its own stores, including sales through e-commerce websites, was approximately 69% in 2017 (65% in 2016 and 2015), i.e. 29,534 million euros in 2017 (24,321 million euros in 2016 and 23,051 million euros in 2015).

24.2. Expenses by nature

Profit from recurring operations includes the following expenses:

(EUR millions)	2017	2016	2015
Advertising and promotion expenses	4,831	4,242	4,017
Lease expenses	3,783	3,422	3,388
Personnel costs	7,618	6,575	6,249
Research and development expenses	130	111	97

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, 2017, a total of 4,374 stores were operated by the Group worldwide (3,948 in 2016; 3,860 in 2015), 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)	2017	2016	2015
Fixed or minimum lease payments	1,847	1,669	1,619
Variable portion of indexed leases	791	620	604
Airport concession fees – fixed portion or minimum amount	550	580	594
Airport concession fees – variable portion	595	553	571
Commercial lease expenses	**3,783**	**3,422**	**3,388**

Personal costs consist of the following elements:

(EUR millions)	2017	2016	2015
Salaries and social charges	7,444	6,420	6,122
Pensions, contribution to medical costs and expenses in respect of defined-benefit plans [(a)]	112	114	90
Stock option plan and related expenses [(b)]	62	41	37
Personnel costs	**7,618**	**6,575**	**6,249**

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

In 2017, the average workforce as full-time equivalent broke down as follows by professional category:

(in number and as %)	2017	%	2016	%	2015	%
Executives and managers	25,898	20%	22,810	20%	21,020	19%
Technicians and supervisors	13,455	10%	12,614	11%	11,828	11%
Administrative and sales employees	72,981	57%	65,788	56%	62,548	57%
Production workers	16,303	13%	15,574	13%	14,412	13%
Total	**128,637**	**100%**	**116,786**	**100%**	**109,808**	**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 2017 fiscal year breaks down as follows:

(EUR millions, excluding VAT)			2017
	ERNST & YOUNG Audit	MAZARS	Total
Certification of the consolidated and individual financial statements	10	6	16
Other services related to the certification assignment	n.s.	n.s.	n.s.
Audit-related fees	**10**	**6**	**16**
Tax services	3	n.s.	3
Other	1	n.s.	1
Non-audit-related service fees	**4**	**n.s.**	**4**
Total	**14**	**6**	**20**

n.s.: non-significant.

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

25. OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	2017	2016	2015
Net gains (losses) on disposals	(15)	39	1
Restructuring costs	(15)	3	(98)
Remeasurement of shares acquired prior to their initial consolidation	(12)	-	-
Transaction costs relating to the acquisition of consolidated companies	(13)	(3)	(2)
Impairment or amortization of brands, trade names, goodwill and other property	(128)	(155)	(136)
Other items, net	3	(6)	14
Other operating income and expenses	**(180)**	**(122)**	**(221)**

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

In 2016, net gains (losses) on disposals included the gain related to the sale of Donna Karan International to G-III Apparel Group (see Note 2).

26. NET FINANCIAL INCOME/(EXPENSE)

(EUR millions)	2017	2016	2015
Borrowing costs	(110)	(92)	(111)
Income from cash, cash equivalents and current available for sale financial assets	34	26	33
Fair value adjustment of borrowings and interest rate hedges	14	(17)	-
Cost of net financial debt	**(62)**	**(83)**	**(78)**
Dividends received from non-current available for sale financial assets	13	6	4
Ineffective portion of foreign exchange derivatives	(124)	(330)	(437)
Net gain/(loss) related to available for sale financial assets and other financial instruments	25	6	129
Other items, net	(31)	(31)	(32)
Other financial income and expenses	**(117)**	**(349)**	**(336)**
Net financial income/(expense)	**(179)**	**(432)**	**(414)**

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

(EUR millions)	2017	2016	2015
Income from cash and cash equivalents	21	14	18
Income from current available for sale financial assets	13	12	15
Income from cash, cash equivalents and current available for sale financial assets	**34**	**26**	**33**

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

(EUR millions)	2017	2016	2015
Hedged financial debt	27	(10)	6
Hedging instruments	(30)	9	(4)
Unallocated derivatives	17	(16)	(2)
Fair value adjustment of borrowings and interest rate hedges	**14**	**(17)**	**-**

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

(EUR millions)	2017	2016	2015
Ineffective portion of commercial foreign exchange derivatives	(46)	(267)	(378)
Ineffective portion of foreign exchange derivatives related to net investments denominated in foreign currency	(8)	(6)	(2)
Ineffective portion of other foreign exchange derivatives	(70)	(57)	(57)
Ineffective portion of foreign exchange derivatives	**(124)**	**(330)**	**(437)**

In 2017, 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.

27. INCOME TAXES

27.1. Analysis of the income tax expense

(EUR millions)	2017	2016	2015
Current income taxes for the fiscal year	(2,876)	(2,653)	(2,245)
Current income taxes relating to previous fiscal years	474	(16)	32
Current income taxes	**(2,402)**	**(2,669)**	**(2,213)**
Change in deferred income taxes	34	278	137
Impact of changes in tax rates on deferred income taxes	50	282	107
Deferred income taxes	**84**	**560**	**244**
Total tax expense per income statement	**(2,318)**	**(2,109)**	**(1,969)**
Tax on items recognized in equity	**(124)**	**115**	**121**

In October 2017, the French Constitutional Court declared invalid the French system for taxing dividends, introduced in 2012, which required French companies to pay a tax in an amount equivalent to 3% of dividends paid. In order to finance the corresponding reimbursement, an exceptional surtax was introduced, which raised the income tax payable by French companies in respect of fiscal year 2017 by 15% or 30%, depending on the revenue threshold reached. The reimbursement received including interest on arrears and net of the exceptional surtax, represents income in the amount of 228 million euros.

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

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.

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)	2017	2016	2015
Deferred tax assets	1,738	2,058	1,945
Deferred tax liabilities	(3,910)	(4,137)	(4,685)
Net deferred tax asset (liability)	**(2,172)**	**(2,079)**	**(2,740)**

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

The effective tax rate is as follows:

(EUR millions)	2017	2016	2015
Profit before tax	7,934	6,472	5,970
Total income tax expense	(2,318)	(2,109)	(1,969)
Effective tax rate	**29.2%**	**32.6%**	**33.0%**

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)	2017	2016	2015
French statutory tax rate	**34.4**	**34.4**	**34.4**
Changes in tax rates [a]	(0.6)	(4.4)	(1.8)
Differences in tax rates for foreign companies	(6.4)	(5.5)	(4.2)
Tax losses and tax loss carry forwards, and other changes in deferred tax	0.7	0.5	1.2
Differences between consolidated and taxable income, and income taxable at reduced rates	2.8	5.2	1.6
Tax on dividend payments applicable to French companies, net of the exceptional surtax [a]	(2.8)	0.9	0.9
Other taxes on distribution [b]	1.1	1.5	0.9
Effective tax rate of the Group	**29.2**	**32.6**	**33.0**

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

27.4. Sources of deferred taxes

In the income statement [a]

(EUR millions)	2017	2016	2015
Valuation of brands	216	407	148
Other revaluation adjustments	46	53	15
Gains and losses on available for sale financial assets	6	-	-
Gains and losses on hedges of future foreign currency cash flows	(31)	43	(6)
Provisions for contingencies and losses	(74)	45	100
Intercompany margin included in inventories	(38)	14	(15)
Other consolidation adjustments	(17)	(29)	-
Losses carried forward	(24)	27	2
Total	**84**	**560**	**244**

(a) Income/(Expenses).

In equity [a]

(EUR millions)	2017	2016	2015
Fair value adjustment of vineyard land	81	108	(21)
Gains and losses on available for sale financial assets	(57)	(2)	22
Gains and losses on hedges of future foreign currency cash flows	(77)	(2)	3
Gains and losses on employee benefit commitments	(22)	17	(16)
Total	**(75)**	**121**	**(12)**

(a) Gains/(Losses).

In the balance sheet [(a)]

(EUR millions)	2017	2016	2015
Valuation of brands	(2,968)	(3,114)	(3,523)
Fair value adjustment of vineyard land	(565)	(650)	(758)
Other revaluation adjustments	(287)	(320)	(358)
Gains and losses on available for sale financial assets	(55)	(3)	(2)
Gains and losses on hedges of future foreign currency cash flows	(53)	55	32
Provisions for contingencies and losses	596	732	603
Intercompany margin included in inventories	707	727	710
Other consolidation adjustments	428	434	525
Losses carried forward	25	60	31
Total	**(2,172)**	**(2,079)**	**(2,740)**

(a) Asset/(Liability).

27.5. Losses carried forward

As of December 31, 2017, 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 446 million euros (331 million euros in 2016 and 2015).

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 an increase in the current tax expense of 6 million euros in 2017 (decrease of 37 million euros in 2016; decrease of 125 million euros in 2015).
- The application of other tax consolidation agreements, notably in the United States, generated current tax savings of 85 million euros in 2017 (99 million euros in 2016; 77 million euros in 2015).

28. EARNINGS PER SHARE

	2017	2016	2015
Net profit, Group share *(EUR millions)*	**5,129**	**3,981**	**3,573**
Average number of shares in circulation during the fiscal year	507,172,381	507,210,806	507,543,064
Average number of treasury shares owned during the fiscal year	(4,759,687)	(4,299,681)	(5,147,573)
Average number of shares on which the calculation before dilution is based	**502,412,694**	**502,911,125**	**502,395,491**
Basic earnings per share *(EUR)*	**10.21**	**7.92**	**7.11**
Average number of shares in circulation on which the above calculation is based	502,412,694	502,911,125	502,395,491
Dilution effect of stock option and bonus share plans	1,597,597	1,729,334	2,499,455
Other dilution effects	-	-	-
Average number of shares on which the calculation after dilution is based	**504,010,291**	**504,640,459**	**504,894,946**
Diluted earnings per share *(EUR)*	**10.18**	**7.89**	**7.08**

As of December 31, 2017, 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, 2017 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.

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)	2017	2016	2015
Service cost	110	100	98
Net interest cost	12	13	15
Actuarial gains and losses	-	1	3
Changes in plans	(10)	-	(20)
Total expense for the period for defined-benefit plans	**112**	**114**	**96**

29.2. Net recognized commitment

(EUR millions)	Notes	2017	2016	2015
Benefits covered by plan assets		1,490	1,523	1,362
Benefits not covered by plan assets		179	193	183
Defined-benefit obligation		**1,669**	**1,716**	**1,545**
Market value of plan assets		**(1,077)**	**(1,038)**	**(940)**
Net recognized commitment		**592**	**678**	**605**
Of which:				
Non-current provisions	19	625	698	632
Current provisions	19	4	4	4
Other assets		(37)	(24)	(31)
Total		**592**	**678**	**605**

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, 2016	**1,716**	**(1,038)**	**678**
Service cost	110	-	110
Net interest cost	30	(18)	12
Payments to recipients	(111)	86	(25)
Contributions to plan assets	-	(110)	(110)
Contributions of employees	8	(8)	-
Changes in scope and reclassifications	23	(7)	16
Changes in plans	(10)	-	(10)
Actuarial gains and losses	(9)	(49)	(58)
Of which: experience adjustments [a]	*4*	*(49)*	*(45)*
changes in demographic assumptions [a]	*(6)*	-	*(6)*
changes in financial assumptions [a]	*(7)*	-	*(7)*
Translation adjustment	(88)	67	(21)
As of December 31, 2017	**1,669**	**(1,077)**	**592**

(a) (Gains)/Losses.

Actuarial gains and losses resulting from experience adjustments related to fiscal years 2013 to 2016 were as follows:

(EUR millions)	2013	2014	2015	2016
Experience adjustments on the defined-benefit obligation	1	3	(11)	(1)
Experience adjustments on the market value of plan assets	(35)	(28)	(12)	(25)
Actuarial gains and losses resulting from experience adjustments [a]	**(34)**	**(25)**	**(23)**	**(26)**

(a) (Gains)/Losses.

The actuarial assumptions applied to estimate commitments as of December 31, 2017 in the main countries where such commitments have been undertaken were as follows:

(as %)	2017					2016					2015				
	France	United States	United Kingdom	Japan	Switzerland	France	United States	United Kingdom	Japan	Switzerland	France	United States	United Kingdom	Japan	Switzerland
Discount rate [a]	1.50	3.70	2.60	0.50	0.65	1.30	3.92	2.80	0.50	0.11	2.00	4.01	3.74	1.00	0.75
Future rate of increase of salaries	2.68	1.70	3.53	2.00	1.69	2.75	4.88	4.00	2.00	1.77	2.75	4.90	3.92	2.00	1.90

(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 6.60% for 2018, 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 102 million euros in the amount of the defined-benefit obligation as of December 31, 2017; a decrease of 0.5 points in the discount rate would result in a rise of 105 million euros.

29.4. Analysis of benefits

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

(EUR millions)	2017	2016	2015
Supplementary pensions	1,279	1,335	1,203
Retirement and other indemnities	311	299	265
Medical costs of retirees	45	53	50
Jubilee awards	25	24	23
Other	9	5	4
Defined-benefit obligation	**1,669**	**1,716**	**1,545**

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

(EUR millions)	2017	2016	2015
France	579	566	484
Europe (Excluding France)	569	618	583
United States	344	347	315
Japan	125	130	108
Asia (excluding Japan)	44	48	49
Other countries	8	7	6
Defined-benefit obligation	**1,669**	**1,716**	**1,545**

The main components of the Group's net commitment for retirement and other defined-benefit obligations as of December 31, 2017 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)	2017	2016	2015
Shares	25	28	26
Bonds			
- private issues	36	34	38
- public issues	6	8	10
Cash, investment funds, real estate and other assets	33	30	26
Total	**100**	**100**	**100**

These assets do not include debt securities issued by Group companies, or any LVMH shares for significant amounts. The Group plans to increase the related plan assets in 2018 by paying in approximately 118 million euros.

30. OFF-BALANCE SHEET COMMITMENTS

30.1. Purchase commitments

(EUR millions)	2017	2016	2015
Grapes, wines and *eaux-de-vie*	1,925	1,962	2,043
Other purchase commitments for raw materials	123	87	94
Industrial and commercial fixed assets	525	613	808
Investments in joint venture shares and non-current available for sale financial assets	205	953	132

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

As of December 31, 2017, 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*	660	1,226	39	1,925
Other purchase commitments for raw materials	94	28	1	123
Industrial and commercial fixed assets	441	84	-	525
Investments in joint venture shares and non-current available for sale financial assets	46	159	-	205

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, 2017:

(EUR millions)	2017	2016	2015
Less than one year	2,172	2,024	1,860
One to five years	5,595	4,965	4,599
More than five years	3,677	3,107	3,021
Commitments given for operating leases and concessions	**11,444**	**10,096**	**9,480**
Less than one year	15	14	18
One to five years	35	17	14
More than five years	13	6	2
Commitments received for sub-leases	**63**	**37**	**34**

In 2017, commitments given for operating leases and concessions increased by 1.3 billion euros. This increase was mainly attributable, in the amount of 1 billion euros, to the integration of Christian Dior Couture which has a network of 198 stores, in addition to the renewal and conclusion of new contracts by DFS for a total amount of 0.8 billion euros; conversely, the net impact of exchange rate fluctuations reduced the amount of these commitments by 0.9 billion euros as of the fiscal year-end.

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 2017, the last year of this contract, this fee was approximately 430 million euros.

30.3. Collateral and other guarantees

As of December 31, 2017, these commitments break down as follows:

(EUR millions)	2017	2016	2015
Securities and deposits	379	400	455
Other guarantees	274	132	136
Guarantees given	**653**	**532**	**591**
Guarantees received	**40**	**34**	**28**

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	247	120	12	379
Other guarantees	52	85	137	274
Guarantees given	**299**	**205**	**149**	**653**
Guarantees received	**13**	**18**	**9**	**40**

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

At the end of October 2017, following the discovery of production batches not meeting its quality standards, Benefit had to order a worldwide recall of one of its lines and launched a communications campaign. As a significant portion of the costs related to this event were covered by the Group's civil liability insurance policy, the remaining financial impact on the financial statements for the fiscal year ended December 31, 2017 was not material. An investigation is underway at the company's subcontractors to identify responsibility.

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

Relations of LVMH with Groupe Arnault and its subsidiaries

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.

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.

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

(EUR millions)	2017	2016	2015
Amounts billed by Groupe Arnault SE, Financière Agache and Christian Dior SE to LVMH	(6)	(6)	(6)
Amount payable outstanding as of December 31	(2)	(2)	(2)
Amounts billed by LVMH to Groupe Arnault SE, Financière Agache and Christian Dior SE	5	5	7
Amount receivable outstanding as of December 31	1	4	5

In February 2017, the entire share capital of a Royal Van Lent subsidiary, the owner and operator of a vessel for business use, was sold to a subsidiary of Groupe Arnault for consideration of 54 million euros. Groupe Arnault has assumed all liabilities and commitments incurred and entered into by the company prior to the sale.

Relations of LVMH with Christian Dior

In the first half of 2017, LVMH and Christian Dior Couture maintained the usual relations between their two groups; no unusual transactions occurred during this period and the total value of transactions concluded during the first half of 2017 was not significant.

On July 3, 2017, LVMH acquired the entire Christian Dior Couture business segment for consideration of 6 billion euros (see Note 2). This purchase price reflects an enterprise value of 6.5 billion euros, determined using a multi-criteria approach, confirmed by independent experts, and approved by the Boards of Directors of LVMH SE and Christian Dior SE, after duly noting the opinions of their respective ad hoc committees, the valuation reports of independent experts and the work of their respective banking advisors. The acquisition contract contains the customary representations and warranties for this type of transaction. The payment was made during the course of July 2017, giving rise to the payment of financial interest in the amount of 4 million euros.

Since July 2017, following this acquisition, all relations between LVMH and Christian Dior Couture have been considered as intercompany transactions and are therefore eliminated in LVMH's consolidated financial statements. In particular, Les Ateliers Horlogers Dior SA, previously owned in equal shares by Christian Dior Couture and LVMH, is now wholly owned by LVMH and fully consolidated as part of the Fashion and Leather Goods business group. See also Note 23.

32.2. Relations with Diageo

Moët Hennessy SAS 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 16% of shared expenses in 2017 (17% in 2016 and 2015) and billed the related excess costs to LVMH SE, after which the amount of the costs assumed by Moët Hennessy was 19 million euros in 2017 (21 million euros in 2016; 16 million euros in 2015).

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. 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)	**2017**	**2016**	**2015**
Gross compensation, employers’ charges and benefits in kind	63	62	58
Post-employment benefits	17	16	15
Other long-term benefits	2	11	5
End of contract indemnities	12	-	-
Stock option and similar plans	14	14	8
Total	**108**	**103**	**86**

The commitment recognized as of December 31, 2017 for post-employment benefits net of related financial assets was 68 million euros (72 million euros as of December 31, 2016 and 63 million euros as of December 31, 2015).

33. SUBSEQUENT EVENTS

No significant subsequent events occurred between December 31, 2017 and January 25, 2018, the date at which the financial statements were approved for publication by the Board of Directors.

CONSOLIDATED COMPANIES

Companies	Registered office	Method of consolidation	Ownership interest
WINES AND SPIRITS			
MHCS	Épernay, France	FC	66%
Champagne Des Moutiers	Épernay, France	FC	66%
Société Viticole de Reims	Épernay, France	FC	66%
Compagnie Française du Champagne et du Luxe	Épernay, France	FC	66%
Chamfipar	Épernay, France	FC	66%
GIE MHIS	Épernay, France	FC	66%
Moët Hennessy Entreprise Adaptée	Épernay, France	FC	66%
Champagne Bernard Breuzon	Colombé-le-Sec, France	FC	66%
Champagne De Mansin	Gyé-sur-Seine, France	FC	66%
Société Civile des Crus de Champagne	Reims, France	FC	66%
Moët Hennessy Italia SpA	Milan, Italy	FC	66%
Moët Hennessy UK	London, United Kingdom	FC	66%
Moët Hennessy España	Barcelona, Spain	FC	66%
Moët Hennessy (Suisse)	Geneva, Switzerland	FC	66%
Moët Hennessy Deutschland GmbH	Munich, Germany	FC	66%
Moët Hennessy de Mexico	Mexico City, Mexico	FC	66%
Moët Hennessy Belux	Brussels, Belgium	FC	66%
Moët Hennessy Österreich	Vienna, Austria	FC	66%
Moët Hennessy Suomi	Helsinki, Finland	FC	66%
Moët Hennessy Polska	Warsaw, Poland	FC	66%
Moët Hennessy Czech Republic	Prague, Czech Republic	FC	66%
Moët Hennessy Sverige	Stockholm, Sweden	FC	66%
Moët Hennessy Norge	Sandvika, Norway	FC	66%
Moët Hennessy Danmark	Copenhagen, Denmark	FC	66%
Moët Hennessy Nederland	Baarn, Netherlands	FC	66%
Moët Hennessy USA	New York, USA	FC	66%
Moët Hennessy Turkey	Istanbul, Turkey	FC	66%
Moët Hennessy South Africa Pty Ltd	Johannesburg, South Africa	FC	66%
MH Champagnes and Wines Korea Ltd	Icheon, South Korea	FC	66%
MHD Moët Hennessy Diageo	Courbevoie, France	JV	66%
Cheval des Andes SA	Buenos Aires, Argentina	EM	33%
Domaine Chandon	California, USA	FC	66%
Cape Mentelle Vineyards	Margaret River, Australia	FC	66%
Veuve Clicquot Properties	Margaret River, Australia	FC	66%
Moët Hennessy Do Brasil – Vinhos E Destilados	São Paulo, Brazil	FC	66%
Cloudy Bay Vineyards	Blenheim, New Zealand	FC	66%
Bodegas Chandon Argentina	Buenos Aires, Argentina	FC	66%
Domaine Chandon Australia	Coldstream, Victoria, Australia	FC	66%
Newton Vineyards	California, USA	FC	59%
Domaine Chandon (Ningxia) Moët Hennessy Co.	Yinchuan, China	FC	66%
Moët Hennessy Chandon (Ningxia) Vineyards Co.	Yinchuan, China	FC	40%
SA Du Château d'Yquem	Sauternes, France	FC	96%
SC Du Château d'Yquem	Sauternes, France	FC	96%
Société Civile Cheval Blanc (SCCB)	Saint-Émilion, France	EM	50%
Colgin Cellars LLC	Saint Helena, USA	FC	60%
Moët Hennessy Shangri-La (Deqin) Winery Company	Deqin, China	FC	53%
Jas Hennessy & Co.	Cognac, France	FC	65%
Distillerie de la Groie	Cognac, France	FC	65%
SICA de Bagnolet	Cognac, France	FC	3%
Sodepa	Cognac, France	FC	65%
Diageo Moët Hennessy BV	Amsterdam, Netherlands	JV	66%
Hennessy Dublin	Dublin, Ireland	FC	66%
Edward Dillon & Co. Ltd	Dublin, Ireland	EM	26%
Hennessy Far East	Hong Kong, China	FC	65%
Moët Hennessy Diageo Hong Kong	Hong Kong, China	JV	66%
Moët Hennessy Diageo Macau	Macao, China	JV	66%
Riche Monde (China)	Hong Kong, China	JV	66%
Moët Hennessy Diageo Singapore Pte	Singapore	JV	66%
Moët Hennessy Cambodia Co.	Phnom Penh, Cambodia	FC	34%
Moët Hennessy Philippines	Makati, Philippines	FC	49%
Société du Domaine des Lambrays	Morey-Saint-Denis, France	FC	100%
Moët Hennessy Services UK	London, United Kingdom	FC	66%
Moët Hennessy Services Singapore Pte Ltd	Singapore	FC	66%
Moët Hennessy Diageo Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	JV	66%
Diageo Moët Hennessy Thailand	Bangkok, Thailand	JV	66%
Moët Hennessy Shanghai	Shanghai, China	FC	66%
Moët Hennessy India	Mumbai, India	FC	66%
Jas Hennessy Taiwan	Taipei, Taiwan	FC	65%
Moët Hennessy Diageo China Company	Shanghai, China	JV	66%
Moët Hennessy Distribution Rus	Moscow, Russia	FC	66%
Moët Hennessy Vietnam Importation Co.	Ho Chi Minh City, Vietnam	FC	65%
Moët Hennessy Vietnam Distribution Shareholding Co.	Ho Chi Minh City, Vietnam	FC	33%

Companies	Registered office	Method of consolidation	Ownership interest
Moët Hennessy Rus	Moscow, Russia	FC	66%
MHD Moët Hennessy Diageo	Tokyo, Japan	JV	66%
Moët Hennessy Asia Pacific Pte Ltd	Singapore	FC	65%
Moët Hennessy Australia	Mascot, Australia	FC	65%
Polmos Zyrardow Sp. z o.o.	Zyrardow, Poland	FC	66%
The Glenmorangie Company	Edinburgh, United Kingdom	FC	66%
Macdonald & Muir Ltd	Edinburgh, United Kingdom	FC	66%
Alistair Graham Limited	Edinburgh, United Kingdom	FC	66%
Ardbeg Distillery Limited	Edinburgh, United Kingdom	FC	66%
Ardbeg Ltd	Edinburgh, United Kingdom	FC	66%
Bonding and Transport Co. Ltd	Edinburgh, United Kingdom	FC	66%
Charles Muirhead & Son Limited	Edinburgh, United Kingdom	FC	66%
Douglas Macniven & Company Ltd	Edinburgh, United Kingdom	FC	66%
Glenmorangie Distillery Co. Ltd	Edinburgh, United Kingdom	FC	66%
Glenmorangie Spring Water	Edinburgh, United Kingdom	FC	66%
James Martin & Company Ltd	Edinburgh, United Kingdom	FC	66%
Macdonald Martin Distilleries	Edinburgh, United Kingdom	FC	66%
Morangie Mineral Water Company	Edinburgh, United Kingdom	FC	66%
Morangie Springs Limited	Edinburgh, United Kingdom	FC	66%
Nicol Anderson & Co. Ltd	Edinburgh, United Kingdom	FC	66%
Tarlogie Springs Limited	Edinburgh, United Kingdom	FC	66%
Woodinville Whiskey Company LLC	Woodinville, USA	FC	66%
Volcan Azul	El Arenal, Mexico	EM	33%
FASHION AND LEATHER GOODS			
Louis Vuitton Malletier	Paris, France	FC	100%
Manufacture de Souliers Louis Vuitton	Fiesso d'Artico, Italy	FC	100%
Louis Vuitton Saint-Barthélemy	Saint-Barthélemy, French Antilles	FC	100%
Louis Vuitton Cantacilik Ticaret	Istanbul, Turkey	FC	100%
Louis Vuitton Editeur	Paris, France	FC	100%
Louis Vuitton International	Paris, France	FC	100%
Louis Vuitton India Holding & Services	Bangalore, India	FC	100%
Société des Ateliers Louis Vuitton	Paris, France	FC	100%
Manufacture des Accessoires Louis Vuitton	Fiesso d'Artico, Italy	FC	100%
Louis Vuitton Bahrain WLL	Manama, Bahrain	FC	65%
Société Louis Vuitton Services	Paris, France	FC	100%
Louis Vuitton Qatar	Doha, Qatar	FC	63%
Société des Magasins Louis Vuitton France	Paris, France	FC	100%
Belle Jardinière	Paris, France	FC	100%
La Fabrique du Temps Louis Vuitton	Meyrin, Switzerland	FC	100%
Les Ateliers Joailliers Louis Vuitton	Paris, France	FC	100%
Louis Vuitton Monaco	Monaco	FC	100%
ELV	Paris, France	FC	100%
Louis Vuitton Services Europe	Brussels, Belgium	FC	100%
Louis Vuitton UK	London, United Kingdom	FC	100%
Louis Vuitton Ireland	Dublin, Ireland	FC	100%
Louis Vuitton Deutschland	Munich, Germany	FC	100%
Louis Vuitton Ukraine	Kiev, Ukraine	FC	100%
Sociedad de Catalana Talleres Artesanos Louis Vuitton	Barcelona, Spain	FC	100%
Sociedad de Talleres de Accesorios en Cuero LV	Barcelona, Spain	FC	100%
La Fabrique de Maroquinerie Louis Vuitton	Paris, France	FC	100%
Louis Vuitton	Amsterdam, Netherlands	FC	100%
Louis Vuitton Belgium	Brussels, Belgium	FC	100%
Louis Vuitton Luxembourg	Luxembourg	FC	100%
Louis Vuitton Hellas	Athens, Greece	FC	100%
Louis Vuitton Portugal Maleiro	Lisbon, Portugal	FC	100%
Louis Vuitton Ltd	Tel Aviv, Israel	FC	100%
Louis Vuitton Danmark	Copenhagen, Denmark	FC	100%
Louis Vuitton Aktiebolag	Stockholm, Sweden	FC	100%
Louis Vuitton Suisse	Meyrin, Switzerland	FC	100%
Louis Vuitton Polska Sp. z o.o.	Warsaw, Poland	FC	100%
Louis Vuitton Ceska	Prague, Czech Republic	FC	100%
Louis Vuitton Österreich	Vienna, Austria	FC	100%
Louis Vuitton Kazakhstan	Almaty, Kazakhstan	FC	100%
Louis Vuitton US Manufacturing	San Dimas, USA	FC	100%
Louis Vuitton Hawaii	New York, USA	FC	100%
Louis Vuitton Guam	Tamuning, Guam	FC	100%
Louis Vuitton Saipan Inc.	Saipan, Northern Mariana Islands	FC	100%
Louis Vuitton Norge	Oslo, Norway	FC	100%
San Dimas Luggage Company	San Dimas, USA	FC	100%
Louis Vuitton North America	New York, USA	FC	100%
Louis Vuitton USA	New York, USA	FC	100%
Louis Vuitton Liban Retail SAL	Beirut, Lebanon	FC	95%
Louis Vuitton Vietnam Company Limited	Hanoi, Vietnam	FC	100%
Louis Vuitton Suomi	Helsinki, Finland	FC	100%

Companies	Registered office	Method of consolidation	Ownership interest
Louis Vuitton Romania	Bucharest, Romania	FC	100%
LVMH Fashion Group Brasil	São Paulo, Brazil	FC	100%
Louis Vuitton Panama	Panama City, Panama	FC	100%
Louis Vuitton Mexico	Mexico City, Mexico	FC	100%
Operadora Louis Vuitton Mexico	Mexico City, Mexico	FC	100%
Louis Vuitton Uruguay	Montevideo, Uruguay	FC	100%
Louis Vuitton Chile	Santiago de Chile, Chile	FC	100%
Louis Vuitton (Aruba)	Oranjestad, Aruba	FC	100%
Louis Vuitton Republica Dominicana	Santo Domingo, Dominican Republic	FC	100%
Louis Vuitton Pacific	Hong Kong, China	FC	100%
Louis Vuitton Kuwait WLL	Kuwait City, Kuwait	FC	32%
Louis Vuitton Hong Kong Limited	Hong Kong, China	FC	100%
Louis Vuitton (Philippines) Inc.	Makati, Philippines	FC	100%
Louis Vuitton Singapore Pte Ltd	Singapore	FC	100%
LV Information & Operation Services Pte Ltd	Singapore	FC	100%
PT Louis Vuitton Indonesia	Jakarta, Indonesia	FC	98%
Louis Vuitton (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	100%
Louis Vuitton (Thailand) Société Anonyme	Bangkok, Thailand	FC	100%
Louis Vuitton Taiwan	Taipei, Taiwan	FC	100%
Louis Vuitton Australia Pty Ltd	Sydney, Australia	FC	100%
Louis Vuitton (China) Co.	Shanghai, China	FC	100%
Mon Moda Luxe LLC	Ulaanbaatar, Mongolia	FC	100%
Louis Vuitton New Zealand	Auckland, New Zealand	FC	100%
Louis Vuitton India Retail Pte Ltd	Gurgaon, India	FC	100%
Louis Vuitton EAU	Dubai, United Arab Emirates	FC	52%
Louis Vuitton Saudi Arabia	Jeddah, Saudi Arabia	FC	55%
Louis Vuitton Middle East	Dubai, United Arab Emirates	FC	65%
Louis Vuitton – Jordan PSC	Amman, Jordan	FC	95%
Louis Vuitton Orient	Emirate of Ras al-Khaimah, United Arab Emirates	FC	65%
Louis Vuitton Korea Ltd	Seoul, South Korea	FC	100%
LVMH Fashion Group Trading Korea Ltd	Seoul, South Korea	FC	100%
Louis Vuitton Hungaria	Budapest, Hungary	FC	100%
Louis Vuitton Vostok	Moscow, Russia	FC	100%
LV Colombia	Santa Fé de Bogotá, Colombia	FC	100%
Louis Vuitton Maroc	Casablanca, Morocco	FC	100%
Louis Vuitton South Africa	Johannesburg, South Africa	FC	100%
Louis Vuitton Macau Company	Macao, China	FC	100%
LVMH Fashion (Shanghai) Trading Co.	Shanghai, China	FC	100%
Louis Vuitton Japan KK	Tokyo, Japan	FC	99%
Louis Vuitton Services KK	Tokyo, Japan	FC	99%
Louis Vuitton Canada	Toronto, Canada	FC	100%
Louis Vuitton (Barbados)	Saint Michael, Barbados	FC	100%
Atepeli – Ateliers de Ponte de Lima	Calvelo, Portugal	FC	100%
Somarest	Sibiu, Romania	FC	100%
LVMH Métiers D'Art	Paris, France	FC	100%
Tanneries Roux	Romans-sur-Isère, France	FC	100%
HLI Holding Pte Ltd	Singapore	FC	100%
Heng Long International Ltd	Singapore	FC	100%
Heng Long Leather Co. (Pte) Ltd	Singapore	FC	100%
Heng Long Leather (Guangzhou) Co. Ltd	Guangzhou, China	FC	100%
HL Australia Proprietary Ltd	Sydney, Australia	FC	100%
Starke Holding	Delaware, USA	FC	100%
Cypress Creek Farms	Delaware, USA	FC	100%
The Florida Alligator Company	Delaware, USA	FC	100%
Pellefina	Starke, USA	FC	100%
Thélios SpA	Longarone, Italy	FC	51%
Thélios France	Paris, France	FC	51%
Thélios USA Inc.	Somerville, USA	FC	51%
Marc Jacobs International	Delaware, USA	FC	80%
Marc Jacobs International (UK)	London, United Kingdom	FC	80%
Marc Jacobs Trademark	Delaware, USA	FC	80%
Marc Jacobs Japan	Tokyo, Japan	FC	80%
Marc Jacobs International Italia	Milan, Italy	FC	80%
Marc Jacobs International France	Paris, France	FC	80%
Marc Jacobs Commercial and Trading (Shanghai) Co.	Shanghai, China	FC	80%
Marc Jacobs Hong Kong	Hong Kong, China	FC	80%
Marc Jacobs Holdings	Delaware, USA	FC	80%
Marc Jacobs Hong Kong Distribution Company	Hong Kong, China	FC	80%
Marc Jacobs Macau Distribution Company	Macao, China	FC	80%
Loewe	Madrid, Spain	FC	100%
Loewe Hermanos	Madrid, Spain	FC	100%
Manufacturas Loewe	Madrid, Spain	FC	100%
LVMH Fashion Group France	Paris, France	FC	100%
Loewe Hermanos UK	London, United Kingdom	FC	100%
Loewe Hong Kong	Hong Kong, China	FC	100%

Companies	Registered office	Method of consolidation	Ownership interest
Loewe Commercial and Trading (Shanghai) Co.	Shanghai, China	FC	100%
Loewe Fashion	Singapore	FC	100%
Loewe Taiwan	Taipei, Taiwan	FC	100%
Loewe Macau Company	Macao, China	FC	100%
Loewe Italy	Milan, Italy	FC	100%
Loewe Alemania	Frankfurt, Germany	FC	100%
Loewe LLC	New York, USA	FC	100%
LVMH Fashion Group Support	Paris, France	FC	100%
Berluti SA	Paris, France	FC	100%
Manifattura Berluti Srl	Ferrara, Italy	FC	100%
Berluti LLC	New York, USA	FC	100%
Berluti UK Limited (Company)	London, United Kingdom	FC	100%
Berluti Macau Company Limited	Macao, China	FC	100%
Berluti (Shanghai) Company Limited	Shanghai, China	FC	100%
Berluti Hong Kong Company Limited	Hong Kong, China	FC	100%
Berluti Deutschland GmbH	Munich, Germany	FC	100%
Berluti Singapore Pte Ltd	Singapore	FC	100%
Berluti Japan KK	Tokyo, Japan	FC	99%
Berluti Orient FZ LLC	Emirate of Ras Al Khaimah, United Arab Emirates	FC	65%
Berluti EAU LLC	Dubai, United Arab Emirates	FC	65%
Berluti Taiwan Ltd	Taipei, Taiwan	FC	100%
Berluti Korea Company Limited	Seoul, South Korea	FC	65%
Berluti Australia Pty Ltd	Sydney, Australia	FC	100%
Rossimoda	Vigonza, Italy	FC	100%
Rossimoda Romania	Cluj-Napoca, Romania	FC	100%
LVMH Fashion Group Services	Paris, France	FC	100%
Montaigne	Tokyo, Japan	FC	99%
Interlux Company	Hong Kong, China	FC	100%
Rimowa GmbH	Cologne, Germany	FC	80%
Rimowa GmbH & Co Distribution KG GmbH	Cologne, Germany	FC	80%
Rimowa Electronic Tag GmbH	Hamburg, Germany	FC	80%
Rimowa CZ spol s r.o.	Pelhřimov, Czech Republic	FC	80%
Rimowa America Do Sul Malas De Viagem Ltda	São Paulo, Brazil	FC	80%
Rimowa North America Inc.	Cambridge, Canada	FC	80%
Rimowa Inc.	Delaware, USA	FC	80%
Rimowa Distribution Inc.	Delaware, USA	FC	80%
Rimowa Far East Limited	Hong Kong, China	FC	80%
Rimowa Macau Limited	Macao, China	FC	80%
Rimowa Japan Co. Ltd	Tokyo, Japan	FC	80%
Rimowa France SARL	Paris, France	FC	80%
Rimowa Italy Srl	Milan, Italy	FC	80%
Rimowa Netherlands BV	Amsterdam, Netherlands	FC	80%
Rimowa Spain S.L.U.	Madrid, Spain	FC	80%
Rimowa Great Britain Limited	London, United Kingdom	FC	80%
Rimowa Chile SpA	Santiago de Chile, Chile	FC	80%
110 Vondrau Holdings Inc.	Cambridge, Canada	FC	80%
Christian Dior Couture Korea Ltd	Seoul, South Korea	FC	100%
Christian Dior KK (Kabushiki Kaisha)	Tokyo, Japan	FC	100%
Christian Dior Inc.	New York, USA	FC	100%
Christian Dior Far East Ltd	Hong Kong, China	FC	100%
Christian Dior Hong Kong Ltd	Hong Kong, China	FC	100%
Christian Dior Fashion (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	100%
Christian Dior Singapore Pte Ltd	Singapore	FC	100%
Christian Dior Australia Pty Ltd	Sydney, Australia	FC	100%
Christian Dior New Zealand Ltd	Auckland, New Zealand	FC	100%
Christian Dior Taiwan Limited	Hong Kong, China	FC	90%
Christian Dior (Thailand) Co. Ltd	Bangkok, Thailand	FC	100%
Christian Dior Saipan Ltd	Saipan, Northern Mariana Islands	FC	100%
Christian Dior Guam Ltd	Tumon Bay, Guam	FC	100%
Christian Dior Espanola S.L.	Madrid, Spain	FC	100%
Christian Dior Puerto Banus S.L.	Madrid, Spain	FC	75%
Christian Dior UK Limited	London, United Kingdom	FC	100%
Christian Dior Italia Srl	Milan, Italy	FC	100%
Christian Dior Suisse SA	Geneva, Switzerland	FC	100%
Christian Dior GmbH	Pforzheim, Germany	FC	100%
Christian Dior Fourrure M.C.S.A.M.	Monaco	FC	100%
Christian Dior do Brasil Ltda	São Paulo, Brazil	FC	100%
Christian Dior Belgique SA	Brussels, Belgium	FC	100%
Bopel Srl	Lugagnano Val d'Arda, Italy	FC	85%
Christian Dior Couture CZ s.r.o.	Prague, Czech Republic	FC	100%
Ateliers AS	Pierre-Bénite, France	EM	25%
Christian Dior Couture SA	Paris, France	FC	100%
Christian Dior Couture FZE	Dubai, United Arab Emirates	FC	100%
Christian Dior Couture Maroc SA	Casablanca, Morocco	FC	100%
Christian Dior Macau Single Shareholder Company Limited	Macao, China	FC	100%
Christian Dior S. de R.L. de C.V.	Lomas de Chapultepec, Mexico	FC	100%

Companies	Registered office	Method of consolidation	Ownership interest
Les Ateliers Bijoux GmbH	Pforzheim, Germany	FC	100%
Christian Dior Commercial (Shanghai) Co. Ltd	Shanghai, China	FC	100%
Christian Dior Trading India Pte Ltd	Mumbai, India	FC	51%
Christian Dior Couture Stoleshnikov LLC	Moscow, Russia	FC	100%
Ateliers Modèles SAS	Paris, France	FC	100%
CDCH SA	Luxembourg	FC	75%
CDC Abu-Dhabi LLC Couture	Abu Dhabi, United Arab Emirates	FC	75%
Dior Grèce Société Anonyme Garments Trading	Athens, Greece	FC	100%
CDC General Trading LLC	Dubai, United Arab Emirates	FC	80%
Christian Dior Istanbul Magazacilik Anonim Sirketi	Istanbul, Turkey	FC	51%
John Galliano SA	Paris, France	FC	100%
Christian Dior Couture Qatar LLC	Doha, Qatar	FC	82%
Christian Dior Couture Bahrain W.L.L.	Manama, Bahrain	FC	84%
PT Fashion Indonesia Trading Company	Jakarta, Indonesia	FC	100%
Christian Dior Couture Ukraine SARL	Kiev, Ukraine	FC	100%
CDCG FZCO	Dubai, United Arab Emirates	FC	85%
COU.BO Srl	Arzano, Italy	FC	85%
Christian Dior Netherlands BV	Amsterdam, Netherlands	FC	100%
Christian Dior Vietnam LLC	Hanoi, Vietnam	FC	100%
Vermont SAS	Paris, France	FC	100%
Christian Dior Couture Kazakhstan LLP	Almaty, Kazakhstan	FC	100%
Christian Dior Austria GmbH	Vienna, Austria	FC	100%
Manufactures Dior Srl	Milan, Italy	FC	100%
Christian Dior Couture Azerbaijan LLC	Baku, Azerbaijan	FC	100%
Draupnir SA	Luxembourg	FC	100%
Myolnir SA	Luxembourg	FC	100%
Christian Dior Couture Luxembourg SA	Luxembourg	FC	100%
Les Ateliers Horlogers Dior SA	La Chaux-de-Fonds, Switzerland	FC	100%
Dior Montres SARL	Paris, France	FC	100%
Christian Dior Couture Canada Inc.	Ottawa, Canada	FC	100%
Christian Dior Couture Panama Inc.	Panama City, Panama	FC	100%
IDMC Manufacture SAS	Paris, France	FC	52%
GINZA SA	Luxembourg	FC	100%
GFEC. Srl	Casoria, Italy	FC	100%
CD Kuwait Fashion Accessories With Limited Liability	Koweit City, Koweit	FC	85%
Aurelia Solutions Srl	Milan, Italy	FC	100%
Grandville SA	Luxembourg	FC	100%
Céline SA	Paris, France	FC	99%
Avenue M International SCA	Paris, France	FC	99%
Enilec Gestion SARL	Paris, France	FC	99%
Céline Montaigne SAS	Paris, France	FC	99%
Céline Monte-Carlo SA	Monaco	FC	99%
Céline Germany GmbH	Berlin, Germany	FC	99%
Céline Production Srl	Florence, Italy	FC	99%
Céline Suisse SA	Geneva, Switzerland	FC	99%
Céline UK Ltd	London, United Kingdom	FC	99%
Céline Inc.	Delaware, USA	FC	100%
Céline (Hong Kong) Limited	Hong Kong, China	FC	99%
Céline Commercial and Trading (Shanghai) Co. Ltd	Shanghai, China	FC	99%
Céline Boutique Taiwan Co. Ltd	Taipei, Taiwan	FC	100%
CPC Macau Company Limited	Macao, China	FC	99%
LVMH FG Services UK	London, United Kingdom	FC	100%
Céline Distribution Spain S.L.U.	Madrid, Spain	FC	99%
Céline Distribution Singapore	Singapore	FC	99%
RC Diffusion Rive Droite SARL	Paris, France	FC	99%
C EAU LLC	Dubai, United Arab Emirates	FC	52%
Céline Netherlands BV	Baarn, Netherlands	FC	99%
Céline Australia Ltd Co.	Sydney, Australia	FC	99%
Céline Sweden AB	Stockholm, Sweden	FC	99%
Céline Czech Republic s.r.o.	Prague, Czech Republic	FC	99%
Céline Middle East	Dubai, United Arab Emirates	FC	65%
Kenzo SA	Paris, France	FC	100%
Kenzo Belgique SA	Brussels, Belgium	FC	100%
Kenzo UK Limited	London, United Kingdom	FC	100%
Kenzo Italia Srl	Milan, Italy	FC	100%
Kenzo Seta Srl	Grandate, Italy	FC	51%
Kenzo Paris Japan KK	Tokyo, Japan	FC	100%
Kenzo Paris Singapore	Singapore	FC	100%
Kenzo Paris Hong Kong Company	Hong Kong, China	FC	100%
Kenzo Paris USA LLC	New York, USA	FC	100%
Givenchy SA	Paris, France	FC	100%
Givenchy Corporation	New York, USA	FC	100%
Givenchy China Co.	Hong Kong, China	FC	100%
Givenchy (Shanghai) Commercial and Trading Co.	Shanghai, China	FC	100%
GCCL Macau Co.	Macao, China	FC	100%
Givenchy Italia Srl	Florence, Italy	FC	100%
LVMH Fashion Group Japan KK	Tokyo, Japan	FC	99%
Givenchy Couture Ltd	London, United Kingdom	FC	100%

Companies	Registered office	Method of consolidation	Ownership interest
Givenchy Taiwan	Taipei, Taiwan	FC	100%
Givenchy Trading WLL	Doha, Qatar	FC	56%
Givenchy Middle-East FZ LLC	Dubai, United Arab Emirates	FC	70%
George V EAU LLC	Dubai, United Arab Emirates	FC	56%
Givenchy Paris Singapore Pte Ltd	Singapore	FC	100%
Givenchy Korea Ltd	Seoul, South Korea	FC	100%
Fendi Prague s.r.o.	Prague, Czech Republic	FC	100%
Luxury Kuwait for Ready Wear Company WLL	Kuwait City, Kuwait	FC	58%
Fendi Canada Inc.	Toronto, Canada	FC	100%
Fendi Private Suites Srl	Rome, Italy	FC	100%
Fun Fashion Qatar LLC	Doha, Qatar	FC	80%
Fendi International SAS	Paris, France	FC	100%
Fun Fashion Emirates LLC	Dubai, United Arab Emirates	FC	58%
Fendi SA	Luxembourg	FC	100%
Fun Fashion Bahrain Co. WLL	Manama, Bahrain	FC	58%
Fendi Srl	Rome, Italy	FC	100%
Fendi Dis Ticaret Ltd Sti	Istanbul, Turkey	FC	100%
Fendi Italia Srl	Rome, Italy	FC	100%
Fendi UK Ltd	London, United Kingdom	FC	100%
Fendi France SAS	Paris, France	FC	100%
Fendi North America Inc.	Delaware, USA	FC	100%
Fendi (Thailand) Company Limited	Bangkok, Thailand	FC	100%
Fendi Asia Pacific Limited	Hong Kong, China	FC	100%
Fendi Korea Ltd	Seoul, South Korea	FC	100%
Fendi Taiwan Ltd	Taipei, Taiwan	FC	100%
Fendi Hong Kong Limited	Hong Kong, China	FC	100%
Fendi China Boutiques Limited	Hong Kong, China	FC	100%
Fendi (Singapore) Pte Ltd	Singapore	FC	100%
Fendi Fashion (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	100%
Fendi Switzerland SA	Mendrisio, Switzerland	FC	100%
Fendi Kids SA	Mendrisio, Switzerland	FC	100%
Fun Fashion FZCO	Dubai, United Arab Emirates	FC	73%
Fendi Macau Company Limited	Macao, China	FC	100%
Fendi Germany GmbH	Munich, Germany	FC	100%
Fendi Austria GmbH	Vienna, Austria	FC	100%
Fendi (Shanghai) Co. Ltd	Shanghai, China	FC	100%
Fun Fashion India Pte Ltd	Mumbai, India	FC	73%
Interservices & Trading SA	Mendrisio, Switzerland	FC	100%
Fendi Silk SA	Mendrisio, Switzerland	FC	100%
Outshine Mexico S. de R.L. de C.V.	Mexico City, Mexico	FC	100%
Fendi Timepieces USA Inc.	New Jersey, USA	FC	100%
Fendi Timepieces Service Inc.	New Jersey, USA	FC	100%
Fendi Timepieces SA	Neuchâtel, Switzerland	FC	100%
Support Retail Mexico S de R.L. de C.V.	Mexico City, Mexico	FC	100%
Fendi Netherlands BV	Baarn, Netherlands	FC	100%
Fendi Brasil – Comercio de Artigos de Luxo	São Paulo, Brazil	FC	100%
Fendi RU LLC	Moscow, Russia	FC	100%
Fendi Australia Pty Ltd	Sydney, Australia	FC	100%
Fendi Doha	Doha, Qatar	FC	47%
Fendi Denmark ApS	Copenhagen, Denmark	FC	100%
Fendi Japan KK	Tokyo, Japan	FC	99%
Emilio Pucci Srl	Florence, Italy	FC	100%
Emilio Pucci International	Baarn, Netherlands	FC	67%
Emilio Pucci Ltd	New York, USA	FC	100%
Emilio Pucci Hong Kong Company Limited	Hong Kong, China	FC	100%
Emilio Pucci (Shanghai) Company Limited	Shanghai, China	FC	100%
Emilio Pucci UK Limited	London, United Kingdom	FC	100%
Emilio Pucci (Singapore) Pte Ltd	Singapore	FC	100%
Emilio Pucci France	Paris, France	FC	100%
Thomas Pink Holdings	London, United Kingdom	FC	100%
Thomas Pink	London, United Kingdom	FC	100%
Thomas Pink	Amsterdam, Netherlands	FC	100%
Thomas Pink	Delaware, USA	FC	100%
Thomas Pink Ireland	Dublin, Ireland	FC	100%
Thomas Pink France	Paris, France	FC	100%
Thomas Pink Canada	Toronto, Canada	FC	100%
Edun Apparel Ltd	Dublin, Ireland	EM	49%
Edun Americas Inc.	North Carolina, USA	EM	49%
Loro Piana	Quarona, Italy	FC	85%
Loro Piana Switzerland	Lugano, Switzerland	FC	85%
Loro Piana France	Paris, France	FC	85%
Loro Piana	Munich, Germany	FC	85%
Loro Piana GB	London, United Kingdom	FC	85%
Warren Corporation	Hartford, Connecticut, USA	FC	85%
Loro Piana & C.	New York, USA	FC	85%
Loro Piana USA	New York, USA	FC	85%
Loro Piana (HK)	Hong Kong, China	FC	85%
Loro Piana (Shanghai) Commercial Co.	Shanghai, China	FC	85%
Loro Piana (Shanghai) Textile Trading Co.	Shanghai, China	FC	85%
Loro Piana Mongolia	Ulaanbaatar, Mongolia	FC	85%
Loro Piana Korea Co.	Seoul, South Korea	FC	85%
Loro Piana (Macau)	Macao, China	FC	85%
Loro Piana Monaco	Monaco	FC	85%

Companies	Registered office	Method of consolidation	Ownership interest
Loro Piana España	Madrid, Spain	FC	85%
Loro Piana Japan Co.	Tokyo, Japan	FC	85%
Loro Piana Far East	Singapore	FC	85%
Loro Piana Peru	Lucanas, Ayacucho, Peru	FC	85%
Manifattura Loro Piana	Sillavengo, Italy	FC	85%
Fibre Nobili	Verona, Italy	FC	85%
Loro Piana Oesterreich	Vienna, Austria	FC	85%
Loro Piana Nederland	Amsterdam, Netherlands	FC	85%
Loro Piana Czech Republic	Prague, Czech Republic	FC	85%
Loro Piana Belgique	Brussels, Belgium	FC	85%
Sanin	Rawson, Argentina	FC	51%
Loro Piana Canada Inc.	Toronto, Canada	FC	85%
Cashmere Lifestyle Luxury Trading LLC	Dubai, United Arab Emirates	FC	51%
Nicholas Kirkwood Ltd	London, United Kingdom	FC	52%
Nicholas Kirkwood (USA) Corp.	New York, USA	FC	52%
NK Washington LLC	New York, USA	FC	52%
Nicholas Kirkwood LLC	New York, USA	FC	52%
NK WLV LLC	New York, USA	FC	52%
JW Anderson Limited	London, United Kingdom	EM	46%
Marco de Vincenzo Srl	Rome, Italy	EM	45%

PERFUMES AND COSMETICS

Companies	Registered office	Method of consolidation	Ownership interest
Parfums Christian Dior	Paris, France	FC	100%
LVMH P&C Thailand Co.	Bangkok, Thailand	FC	49%
LVMH P&C Do Brasil	São Paulo, Brazil	FC	100%
France Argentine Cosmetic	Buenos Aires, Argentina	FC	100%
LVMH P&C (Shanghai) Co.	Shanghai, China	FC	100%
Parfums Christian Dior Finland	Helsinki, Finland	FC	100%
SNC du 33 Avenue Hoche	Paris, France	FC	100%
LVMH Fragrances and Cosmetics (Singapore)	Singapore	FC	100%
Parfums Christian Dior Orient Co.	Dubai, United Arab Emirates	FC	60%
Parfums Christian Dior Emirates	Dubai, United Arab Emirates	FC	48%
LVMH Cosmetics	Tokyo, Japan	FC	100%
Parfums Christian Dior Arabia	Jeddah, Saudi Arabia	FC	45%
EPCD	Warsaw, Poland	FC	100%
EPCD CZ & SK	Prague, Czech Republic	FC	100%
EPCD RO Distribution	Bucharest, Romania	FC	100%
Parfums Christian Dior UK	London, United Kingdom	FC	100%
Parfums Christian Dior	Rotterdam, Netherlands	FC	100%
Iparkos	Amsterdam, Netherlands	FC	100%
Parfums Christian Dior S.A.B.	Brussels, Belgium	FC	100%
Parfums Christian Dior (Ireland)	Dublin, Ireland	FC	100%
Parfums Christian Dior Hellas	Athens, Greece	FC	100%
Parfums Christian Dior	Zurich, Switzerland	FC	100%
Christian Dior Perfumes	New York, USA	FC	100%
Parfums Christian Dior Canada	Montreal, Canada	FC	100%
LVMH P&C de Mexico	Mexico City, Mexico	FC	100%
Parfums Christian Dior Japon	Tokyo, Japan	FC	100%
Parfums Christian Dior (Singapore)	Singapore	FC	100%
Inalux	Luxembourg	FC	100%
LVMH P&C Asia Pacific	Hong Kong, China	FC	100%
Fa Hua Fragance & Cosmetic Co.	Hong Kong, China	FC	100%
Fa Hua Frag. & Cosm. Taiwan	Taipei, Taiwan	FC	100%
Parfums Christian Dior China Co.	Shanghai, China	FC	100%
LVMH P&C Korea	Seoul, South Korea	FC	100%
Parfums Christian Dior Hong Kong	Hong Kong, China	FC	100%
LVMH P&C Malaysia Sdn. Bhd.	Petaling Jaya, Malaysia	FC	100%
Pardior	Mexico City, Mexico	FC	100%
Parfums Christian Dior Hong Kong	Copenhagen, Denmark	FC	100%
LVMH Perfumes & Cosmetics Group	Sydney, Australia	FC	100%
Parfums Christian Dior	Sandvika, Norway	FC	100%
Parfums Christian Dior	Stockholm, Sweden	FC	100%
LVMH Perfumes & Cosmetics (New Zealand)	Auckland, New Zealand	FC	100%
Parfums Christian Dior Austria	Vienna, Austria	FC	100%
L Beauty Luxury Asia	Taguig City, Philippines	FC	51%
SCI Annabell	Paris, France	FC	100%
PT L Beauty Brands	Jakarta, Indonesia	FC	51%
L Beauty Pte	Singapore	FC	51%
L Beauty Vietnam	Ho Chi Minh City, Vietnam	FC	51%
SCI Rose Blue	Paris, France	FC	100%
PCD St Honoré	Paris, France	FC	100%
LVMH Perfumes & Cosmetics Macau	Macao, China	FC	100%
DP Seldico	Kiev, Ukraine	FC	100%
OOO Seldico	Moscow, Russia	FC	100%
LVMH P&C Kazakhstan	Almaty, Kazakhstan	FC	100%
PCD Dubai General Trading	Dubai, United Arab Emirates	FC	29%
PCD Doha Perfumes & Cosmetics	Doha, Qatar	FC	14%
Cosmetics of France	Florida, USA	FC	100%
LVMH Recherche	Saint-Jean-de-Braye, France	FC	100%
PCIS	Levallois-Perret, France	FC	100%
Cristale	Paris, France	FC	100%
Perfumes Loewe SA	Madrid, Spain	FC	100%
Acqua di Parma	Milan, Italy	FC	100%
Acqua di Parma	New York, USA	FC	100%
Acqua di Parma	London, United Kingdom	FC	100%
Acqua di Parma Canada Inc.	Toronto, Canada	FC	100%
Cha Ling	Paris, France	FC	100%
Cha Ling Hong Kong	Hong Kong, China	FC	100%
Guerlain SA	Paris, France	FC	100%
LVMH Parfums & Kosmetik Deutschland GmbH	Düsseldorf, Germany	FC	100%
Guerlain GmbH	Vienna, Austria	FC	100%
Guerlain Benelux SA	Brussels, Belgium	FC	100%
Guerlain Ltd	London, United Kingdom	FC	100%
LVMH Perfumes e Cosmética	Lisbon, Portugal	FC	100%
PC Parfums Cosmétiques SA	Zurich, Switzerland	FC	100%
Guerlain Inc.	New York, USA	FC	100%
Guerlain (Canada) Ltd	Saint-Jean, Canada	FC	100%
Guerlain de Mexico	Mexico City, Mexico	FC	100%
Guerlain Asia Pacific	Hong Kong, China	FC	100%
Guerlain KK	Tokyo, Japan	FC	100%
Guerlain KSA SAS	Levallois-Perret, France	FC	80%
Guerlain Orient DMCC	Dubai, United Arab Emirates	FC	100%
Guerlain Saudi Limited	Jeddah, Saudi Arabia	FC	60%
Guerlain Oceania Australia Pty Ltd	Botany, Australia	FC	100%
PT Guerlain Cosmetics Indonesia	Jakarta, Indonesia	FC	51%
Make Up For Ever	Paris, France	FC	100%
SCI Edison	Paris, France	FC	100%
Make Up For Ever	Delaware, USA	FC	100%
Make Up For Ever Canada	Montreal, Canada	FC	100%
Make Up For Ever (Shanghai) Co. Ltd	Shanghai, China	FC	100%
Make Up For Ever UK Limited	London, United Kingdom	FC	100%
LVMH Fragrance Brands	Levallois-Perret, France	FC	100%
LVMH Fragrance Brands	London, United Kingdom	FC	100%
LVMH Fragrance Brands	Düsseldorf, Germany	FC	100%
LVMH Fragrance Brands	Delaware, USA	FC	100%
LVMH Fragrance Brands Canada	Toronto, Canada	FC	100%
LVMH Fragrance Brands	Tokyo, Japan	FC	100%
LVMH Fragrance Brands WHD	Delaware, USA	FC	100%
LVMH Fragrance Brands Hong Kong	Hong Kong, China	FC	100%
LVMH Fragrance Brands Singapore	Singapore	FC	100%
Benefit Cosmetics LLC	California, USA	FC	100%
Benefit Cosmetics Ireland Ltd	Dublin, Ireland	FC	100%
Benefit Cosmetics UK Ltd	Chelmsford, United Kingdom	FC	100%
Benefit Cosmetics Services Canada Inc.	Toronto, Canada	FC	100%
Benefit Cosmetics Korea	Seoul, South Korea	FC	100%
Benefit Cosmetics SAS	Paris, France	FC	100%
Benefit Cosmetics Hong Kong Ltd	Hong Kong, China	FC	100%
L Beauty Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	51%
L Beauty (Thailand) Co. Ltd	Bangkok, Thailand	FC	48%
Fresh	New York, USA	FC	80%
Fresh	Paris, France	FC	100%
Fresh Cosmetics	London, United Kingdom	FC	80%
Fresh Hong Kong	Hong Kong, China	FC	80%
Fresh Korea	Seoul, South Korea	FC	80%
Fresh F21C Canada Inc.	Montreal, Canada	FC	80%
Kendo Holdings Inc.	California, USA	FC	100%
Ole Henriksen of Denmark Inc.	California, USA	FC	100%
SLF USA Inc.	San Francisco, USA	FC	100%
Susanne Lang Fragrance	Toronto, Canada	FC	100%
BHUS Inc.	Delaware, USA	FC	100%
KVD Beauty LLC	San Francisco, USA	FC	70%
Fenty Beauty LLC	California, USA	FC	50%
Kendo Brands Limited	Bicester, United Kingdom	FC	100%
Kendo Brands	Paris, France	FC	100%
Parfums Francis Kurkdjian SAS	Paris, France	FC	61%
Parfums Francis Kurkdjian LLC	New York, USA	FC	61%

WATCHES AND JEWELRY

Companies	Registered office	Method of consolidation	Ownership interest
TAG Heuer International	Luxembourg	FC	100%
LVMH Relojeria y Joyeria España SA	Madrid, Spain	FC	100%
LVMH Montres & Joaillerie France	Paris, France	FC	100%
TAG Heuer Limited	Manchester, United Kingdom	FC	100%
Duval Ltd	Manchester, United Kingdom	FC	100%
LVMH Watch & Jewelry Central Europe	Oberursel, Germany	FC	100%
TAG Heuer Boutique Outlet Store Roermond	Roermond, Netherlands	FC	100%
LVMH Watch & Jewelry UK	Manchester, United Kingdom	FC	100%
Duvatec Limited	Manchester, United Kingdom	FC	100%
Heuer Ltd	Manchester, United Kingdom	FC	100%
LVMH Watch & Jewelry USA	Springfield, USA	FC	100%
LVMH Watch & Jewelry Canada	Richmond, Canada	FC	100%

Companies	Registered office	Method of consolidation	Ownership interest
LVMH Watch & Jewelry Far East Ltd	Hong Kong, China	FC	100%
LVMH Watch & Jewelry Singapore	Singapore	FC	100%
LVMH Watch & Jewelry Malaysia	Kuala Lumpur, Malaysia	FC	100%
LVMH Watch & Jewelry Capital	Singapore	FC	100%
LVMH Watch & Jewelry Japan	Tokyo, Japan	FC	100%
LVMH Watch & Jewelry Australia Pty Ltd	Melbourne, Australia	FC	100%
LVMH Watch & Jewelry Hong Kong	Hong Kong, China	FC	100%
LVMH Watch & Jewelry Taiwan	Taipei, Taiwan	FC	100%
LVMH Watch & Jewelry India	New Delhi, India	FC	100%
LVMH Watch & Jewelry (Shanghai) Commercial Co.	Shanghai, China	FC	100%
LVMH Watch & Jewelry Russia LLC	Moscow, Russia	FC	100%
Timecrown	Manchester, United Kingdom	FC	100%
ArteCad	Tramelan, Switzerland	FC	100%
Alpha Time Corp.	Hong Kong, China	FC	100%
Dream Tech (Shanghai) Co.	Shanghai, China	FC	100%
Dream Tech Int. Trading Co.	Shanghai, China	FC	100%
Chaumet International	Paris, France	FC	100%
Chaumet London	London, United Kingdom	FC	100%
Chaumet Horlogerie	Nyon, Switzerland	FC	100%
Chaumet Korea Yuhan Hoesa	Seoul, South Korea	FC	100%
Chaumet Middle East	Dubai, United Arab Emirates	FC	60%
Chaumet UAE	Dubai, United Arab Emirates	FC	60%
Chaumet Australia Pty Ltd	Sydney, Australia	FC	100%
Chaumet Iberia SL	Madrid, Spain	FC	100%
LVMH Watch & Jewelry Macau Company	Macao, China	FC	100%
LVMH Swiss Manufactures	La Chaux-de-Fonds, Switzerland	FC	100%
Zenith Time Company	Manchester, United Kingdom	FC	100%
LVMH Watch & Jewelry Italy SpA	Milan, Italy	FC	100%
Delano	La Chaux-de-Fonds, Switzerland	FC	100%
Fred Paris	Neuilly-sur-Seine, France	FC	100%
Joaillerie de Monaco	Monaco	FC	100%
Fred	Delaware, USA	FC	100%
Fred Londres	London, United Kingdom	FC	100%
Hublot	Nyon, Switzerland	FC	100%
Bentim International	Luxembourg	FC	100%
Hublot SA Genève	Geneva, Switzerland	FC	100%
Hublot of America	Fort Lauderdale, USA	FC	100%
Nyon	Fort Lauderdale, USA	FC	100%
Nyon Services	Delaware, USA	FC	100%
Atlanta Boutique	Fort Lauderdale, USA	FC	100%
Echidna Distribution Company	Fort Lauderdale, USA	FC	100%
Furioso	Fort Lauderdale, USA	FC	100%
Fusion World Dallas	Fort Lauderdale, USA	FC	100%
Fusion World Houston	Fort Lauderdale, USA	FC	100%
New World of Fusion	Delaware, USA	FC	100%
Fusion World DD LLC	Fort Lauderdale, USA	FC	100%
Benoit de Gorsky SA	Geneva, Switzerland	FC	100%
Bvlgari SpA	Rome, Italy	FC	100%
Bvlgari Italia	Rome, Italy	FC	100%
Bvlgari International Corporation (BIC)	Amsterdam, Netherlands	FC	100%
Bvlgari Corporation of America	New York, USA	FC	100%
Bvlgari SA	Geneva, Switzerland	FC	100%
Bvlgari Horlogerie	Neuchâtel, Switzerland	FC	100%
Bvlgari France	Paris, France	FC	100%
Bvlgari Montecarlo	Monaco	FC	100%
Bvlgari (Deutschland)	Munich, Germany	FC	100%
Bvlgari España	Madrid, Spain	FC	100%
Bvlgari South Asian Operations	Singapore	FC	100%
Bvlgari (UK) Ltd	London, United Kingdom	FC	100%
Bvlgari Belgium	Brussels, Belgium	FC	100%
Bvlgari Australia	Sydney, Australia	FC	100%
Bvlgari (Malaysia)	Kuala Lumpur, Malaysia	FC	100%
Bvlgari Global Operations	Neuchâtel, Switzerland	FC	100%
Bvlgari Asia Pacific	Hong Kong, China	FC	100%
Bvlgari (Taiwan)	Taipei, Taiwan	FC	100%
Bvlgari Korea	Seoul, South Korea	FC	100%
Bvlgari Saint Barth	Saint-Barthélemy, French Antilles	FC	100%
Bvlgari Gioielli	Valenza, Italy	FC	100%
Bvlgari Accessori	Florence, Italy	FC	100%
Bvlgari Holding (Thailand)	Bangkok, Thailand	FC	100%
Bvlgari (Thailand)	Bangkok, Thailand	FC	100%
Bvlgari Commercial (Shanghai) Co.	Shanghai, China	FC	100%
Bvlgari Japan	Tokyo, Japan	FC	100%
Bvlgari Panama	Panama City, Panama	FC	100%
Bvlgari Ireland	Dublin, Ireland	FC	100%
Bvlgari Qatar	Doha, Qatar	FC	49%
Bvlgari (Kuwait)	Kuwait City, Kuwait	FC	49%
Gulf Luxury Trading	Dubai, United Arab Emirates	FC	51%
Bvlgari do Brazil	São Paulo, Brazil	FC	100%
Bvlgari Hotels and Resorts Milano Srl	Rome, Italy	EM	50%
Lux Jewels Kuwait for Trading In Gold Jewelry and Precious Stones	Kuwait City, Kuwait	FC	80%
Lux Jewels Bahrain	Manama, Bahrain	FC	80%
India Luxco Retail	New Delhi, India	FC	100%
BK for Jewelry and Precious Metals and Stones Co.	Kuwait City, Kuwait	FC	80%
Bvlgari Turkey Lüks Ürün Ticareti	Istanbul, Turkey	FC	100%
Bvlgari Russia	Moscow, Russia	FC	100%
Bvlgari Prague	Prague, Czech Republic	FC	100%
Bvlgari Commercial Mexico	Mexico City, Mexico	FC	100%
Bvlgari Canada	Montreal, Canada	FC	100%
Bvlgari Portugal	Lisbon, Portugal	FC	100%
Actar International SA	Luxembourg	EM	42%

SELECTIVE RETAILING

Companies	Registered office	Method of consolidation	Ownership interest
LVMH Iberia SL	Madrid, Spain	FC	100%
LVMH Italia SpA	Milan, Italy	FC	100%
Sephora SAS	Neuilly-sur-Seine, France	FC	100%
Sephora Luxembourg SARL	Luxembourg	FC	100%
Sephora Portugal Perfumaria Lda	Lisbon, Portugal	FC	100%
Sephora Polska Sp. z o.o.	Warsaw, Poland	FC	100%
Sephora Greece SA	Athens, Greece	FC	100%
Sephora Cosmetics Romania SA	Bucharest, Romania	FC	100%
Sephora Switzerland SA	Geneva, Switzerland	FC	100%
Sephora s.r.o. (Czech Republic)	Prague, Czech Republic	FC	100%
Sephora Monaco SAM	Monaco	FC	99%
Sephora Cosmeticos España	Madrid, Spain	EM	50%
S+ SAS	Neuilly-sur-Seine, France	FC	100%
Sephora Bulgaria EOOD	Sofia, Bulgaria	FC	100%
Sephora Cyprus Limited	Nicosia, Cyprus	FC	100%
Sephora Kozmetik AS (Turkey)	Istanbul, Turkey	FC	100%
Perfumes & Cosmeticos Gran Via SL	Madrid, Spain	EM	45%
Sephora Cosmetics Ltd (Serbia)	Belgrade, Serbia	FC	100%
Sephora Danmark ApS	Copenhagen, Denmark	FC	100%
Sephora Sweden AB	Stockholm, Sweden	FC	100%
Sephora Germany GmbH	Düsseldorf, Germany	FC	100%
Sephora Moyen-Orient SA	Fribourg, Switzerland	FC	60%
Sephora Middle East FZE	Dubai, United Arab Emirates	FC	60%
Sephora Qatar WLL	Doha, Qatar	FC	54%
Sephora Arabia Limited	Jeddah, Saudi Arabia	FC	45%
Sephora Holding South Asia	Singapore	FC	100%
Sephora (Shanghai) Cosmetics Co. Ltd	Shanghai, China	FC	81%
Sephora (Beijing) Cosmetics Co. Ltd	Beijing, China	FC	81%
Sephora Xiangyang (Shanghai) Cosmetics Co. Ltd	Shanghai, China	FC	81%
Sephora Singapore Pte Ltd	Singapore	FC	100%
Sephora (Thailand) Company (Limited)	Bangkok, Thailand	FC	100%
Sephora Australia Pty Ltd	Sydney, Australia	FC	100%
Sephora Digital SEA Pte Ltd	Singapore	FC	95%
Luxola Trading Pte Ltd	Singapore	FC	95%
LX Holding Pte Ltd (Singapour)	Singapore	FC	95%
LXEDIT (Thailand) Ltd	Bangkok, Thailand	FC	95%
Luxola India Services Pvt. Ltd	Bangalore, India	FC	95%
PT Luxola Services Indonesia	Jakarta, Indonesia	FC	95%
LX Services Pte Ltd	Singapore	FC	95%
PT MU and SC Trading (Indonesia)	Jakarta, Indonesia	FC	95%
Luxola Sdn. Bhd. (Malaysia)	Petaling Jaya, Malaysia	FC	95%
Sephora Services Philippines (Branch)	Manila, Philippines	FC	95%
Sephora Digital (Thailand) Ltd	Bangkok, Thailand	FC	95%
Sephora USA Inc.	Delaware, USA	FC	100%
Sephora Cosmetics Pte Ltd (India)	New Delhi, India	FC	100%
Sephora Beauty Canada Inc.	California, USA	FC	100%
Sephora Puerto Rico LLC	California, USA	FC	100%
Sephora Mexico S. de R.L. de C.V.	Lomas de Chapultepec, Mexico	FC	100%
Servicios Ziphorah S. de R.L. de C.V.	Mexico City, Mexico	FC	100%
Sephora Emirates LLC	Dubai, United Arab Emirates	FC	48%
Sephora Bahrain WLL	Manama, Bahrain	FC	45%
PT Sephora Indonesia	Jakarta, Indonesia	FC	100%
Dotcom Group Comércio de Presentes SA	Rio de Janeiro, Brazil	FC	100%
LGCS Inc.	New York, USA	FC	100%
Avenue Hoche Varejista Limitada	São Paulo, Brazil	FC	100%
Galonta Holdings Limited	Nicosia, Cyprus	FC	100%
Joint Stock Company "Ile De Beauté"	Moscow, Russia	FC	100%
Beauty In Motion Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	100%
Le Bon Marché	Paris, France	FC	100%
SEGEP	Paris, France	FC	100%
Franck & Fils	Paris, France	FC	100%
DFS Holdings Limited	Hamilton, Bermuda	FC	61%
DFS Australia Pty Limited	Sydney, Australia	FC	61%
DFS Group Limited – USA	Delaware, USA	FC	61%
DFS Group Limited – HK	Hong Kong, China	FC	61%
TRS Hong Kong Limited	Hong Kong, China	EM	28%
DFS France SAS	Paris, France	FC	61%
DFS Okinawa KK	Okinawa, Japan	FC	61%

Companies	Registered office	Method of consolidation	Ownership interest
Travel Retails Shops Okinawa KK	Okinawa, Japan	EM	28%
JAL/DFS Co. Ltd	Chiba, Japan	EM	25%
DFS Korea Limited	Seoul, South Korea	FC	61%
DFS Seoul Limited	Incheon, South Korea	FC	61%
DFS Cotai Limitada	Macao, China	FC	61%
DFS Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	61%
DFS Middle East LLC	Abu Dhabi, United Arab Emirates	FC	61%
DFS Merchandising Limited	Delaware, USA	FC	61%
DFS New Zealand Limited	Auckland, New Zealand	FC	61%
TRS New Zealand Limited	Auckland, New Zealand	EM	28%
Commonwealth Investment Company Inc.	Saipan, Northern Mariana Islands	FC	58%
DFS Saipan Limited	Saipan, Northern Mariana Islands	FC	61%
Kinkai Saipan LP	Saipan, Northern Mariana Islands	FC	61%
DFS Business Consulting (Shanghai) Co. Ltd	Shanghai, China	FC	61%
DFS Retail (Hainan) Company Limited	Haikou, China	FC	61%
DFS Singapore (Pte) Limited	Singapore	FC	61%
DFS Venture Singapore (Pte) Limited	Singapore	FC	61%
TRS Singapore Pte Ltd	Singapore	EM	28%
DFS Vietnam (S) Pte Ltd	Singapore	FC	43%
New Asia Wave International (S) Pte Ltd	Singapore	FC	43%
Ipp Group (S) Pte Ltd	Singapore	FC	43%
DFS Group LP	Delaware, USA	FC	61%
LAX Duty Free Joint Venture 2000	California, USA	FC	46%
Royal Hawaiian Insurance Company Co.	Hawaii, USA	FC	61%
JFK Terminal 4 Joint Venture 2001	New York, USA	FC	49%
DFS Guam LP	Tamuning, Guam	FC	61%
DFS Liquor Retailing Limited	Delaware, USA	FC	61%
Twenty Seven – Twenty Eight Corp.	Delaware, USA	FC	61%
DFS Italia	Milan, Italy	FC	61%
DFS (Cambodia) Limited	Phnom Penh, Cambodia	FC	43%
TRS Hawaii LLC	Hawaii, USA	EM	28%
TRS Saipan Ltd	Saipan, Northern Mariana Islands	EM	28%
TRS Guam LLC	Tamuning, Guam	EM	28%
Tumon Entertainment	Tamuning, Guam	FC	100%
Comete Guam	Tamuning, Guam	FC	100%
Tumon Aquarium LLC	Tamuning, Guam	FC	97%
Comete Saipan	Saipan, Northern Mariana Islands	FC	100%
Tumon Games LLC	Tamuning, Guam	FC	100%
DFS Vietnam Limited Liability Company	Ho Chi Minh City, Vietnam	FC	61%
PT Sona Topas Tourism Industry Tbk	Jakarta, Indonesia	EM	28%
Cruise Line Holdings Co.	Miami, USA	FC	100%
Starboard Cruise Services	Delaware, USA	FC	100%
Starboard Holdings	Miami, USA	FC	100%
STB Servici Tecnici Per Bordo	Florence, Italy	FC	100%
On-Board Media Inc.	Doral, USA	FC	100%
Parazul LLC	Miami, USA	FC	100%
Onboard.com LLC	Doral, USA	FC	100%
Rhapsody	Paris, France	FC	100%

OTHER ACTIVITIES

Companies	Registered office	Method of consolidation	Ownership interest
Groupe Les Echos	Paris, France	FC	100%
Dematis	Paris, France	FC	80%
Les Echos Management	Paris, France	FC	100%
Régiepress	Paris, France	FC	100%
Les Echos Légal	Paris, France	FC	100%
Radio Classique	Paris, France	FC	100%
Les Echos Medias	Paris, France	FC	100%
SFPA	Paris, France	FC	100%
Les Echos	Paris, France	FC	100%
Investir Publications	Paris, France	FC	100%
Les Echos Solutions	Paris, France	FC	100%
Les Echos Publishing	Paris, France	FC	100%
Pelham Media	London, United Kingdom	FC	59%
WordAppeal	Paris, France	FC	59%
Pelham Media	Paris, France	FC	59%
L'Eclaireur	Paris, France	FC	59%
KCO Events	Paris, France	FC	59%
Pelham Media Production	Paris, France	FC	59%
Alto International	Paris, France	FC	35%
Happeningco	Paris, France	FC	75%
Magasins de La Samaritaine	Paris, France	FC	99%
Mongoual SA	Paris, France	EM	40%
Le Jardin d'Acclimatation	Paris, France	FC	80%
RVL Holding BV	Kaag, Netherlands	FC	99%
Royal Van Lent Shipyard BV	Kaag, Netherlands	FC	99%
Tower Holding BV	Kaag, Netherlands	FC	99%
Green Bell BV	Kaag, Netherlands	FC	99%
Gebr. Olie Beheer BV	Waddinxveen, Netherlands	FC	99%
Van der Loo Yachtinteriors BV	Waddinxveen, Netherlands	FC	99%
Red Bell BV	Kaag, Netherlands	FC	99%
De Voogt Naval Architects BV	Haarlem, Netherlands	EM	46%

Companies	Registered office	Method of consolidation	Ownership interest
Feadship Holland BV	Amsterdam, Netherlands	EM	46%
Feadship America Inc.	Florida, USA	EM	46%
OGMNL BV	Nieuw-Lekkerland, Netherlands	EM	46%
Firstship BV	Amsterdam, Netherlands	EM	46%
Probinvest	Paris, France	FC	100%
Ufipar	Paris, France	FC	100%
Sofidiv	Paris, France	FC	100%
LVMH Services	Paris, France	FC	85%
Moët Hennessy	Paris, France	FC	66%
LVMH Services Limited	London, United Kingdom	FC	100%
Ufip (Ireland)	Dublin, Ireland	FC	100%
Moët Hennessy Investissements	Paris, France	FC	66%
LV Group	Paris, France	FC	100%
Moët Hennessy International	Paris, France	FC	66%
Creare	Luxembourg	FC	100%
Creare Pte Ltd	Singapore	FC	100%
Bayard (Shanghai) Investment and Consultancy Co. Ltd	Shanghai, China	FC	100%
Villa Foscarini Srl	Milan, Italy	FC	100%
Liszt Invest	Luxembourg	FC	100%
Gorgias	Luxembourg	FC	100%
LC Investissements	Paris, France	FC	51%
LVMH Investissements	Paris, France	FC	100%
LVMH Canada	Toronto, Canada	FC	100%
Société Montaigne Jean Goujon	Paris, France	FC	100%
Delphine	Paris, France	FC	100%
LVMH Finance	Paris, France	FC	100%
Primae	Paris, France	FC	100%
Eutrope	Paris, France	FC	100%
Flavius Investissements	Paris, France	FC	100%
LBD Holding	Paris, France	FC	100%
LVMH Hotel Management	Paris, France	FC	100%
Ufinvest	Paris, France	FC	100%
Delta	Paris, France	FC	100%
White 1921 Courchevel Société d'Exploitation Hôtelière	Courchevel, France	FC	100%
Société Immobilière Paris Savoie Les Tovets	Courchevel, France	FC	100%
EUPALINOS 1850	Paris, France	FC	100%
Société d'Exploitation Hôtelière de La Samaritaine	Paris, France	FC	100%
Société d'Exploitation Hôtelière Isle de France	Saint-Barthélemy, French Antilles	FC	56%
Société d'Investissement Cheval Blanc Saint Barth Isle de France	Saint-Barthélemy, French Antilles	FC	56%
Hôtel de la Pinède	Saint-Tropez, France	FC	100%
Villa Jacquemone	Saint-Tropez, France	FC	100%
Moët Hennessy Inc.	Delaware, USA	FC	66%
One East 57th Street LLC	Delaware, USA	FC	100%
LVMH Moët Hennessy - Louis Vuitton Inc.	Delaware, USA	FC	100%
Folio St. Barths	New York, USA	FC	100%
Lafayette Art I LLC	New York, USA	FC	100%
LVMH Holdings Inc.	New York, USA	FC	100%
Sofidiv Art Trading Company	Delaware, USA	FC	100%
Sofidiv Inc.	Delaware, USA	FC	100%
598 Madison Leasing Corp.	Delaware, USA	FC	100%
1896 Corp.	Delaware, USA	FC	100%
313-317 N. Rodeo LLC	Los Angeles, USA	FC	100%
319-323 N. Rodeo LLC	Delaware, USA	FC	100%
420 N. Rodeo LLC	Los Angeles, USA	FC	100%
LVMH MJ Holdings Inc.	Delaware, USA	FC	100%
LVMH Perfumes & Cosmetics Inc.	New York, USA	FC	100%
Arbelos Insurance Inc.	New York, USA	FC	100%
Meadowland Florida LLC	New York, USA	FC	100%
P&C International	Paris, France	FC	100%
LVMH Participations BV	Baarn, Netherlands	FC	100%
LVMH Moët Hennessy - Louis Vuitton BV	Baarn, Netherlands	FC	100%
LVP Holding BV	Baarn, Netherlands	FC	100%
LVMH Services BV	Baarn, Netherlands	FC	100%
LVMH Finance Belgique	Brussels, Belgium	FC	100%
LVMH International	Brussels, Belgium	FC	100%
Marithé	Luxembourg	FC	100%
LVMH EU	Luxembourg	FC	100%
Ufilug	Luxembourg	FC	100%
Glacea	Luxembourg	FC	100%
Naxara	Luxembourg	FC	100%
Pronos	Luxembourg	FC	100%
Sofidil	Luxembourg	FC	100%
LVMH Publica	Brussels, Belgium	FC	100%
LVMH Germany GmbH	Cologne, Germany	FC	100%
Sofidiv UK Limited	London, United Kingdom	FC	100%
LVMH Moët Hennessy - Louis Vuitton	Tokyo, Japan	FC	100%
Osaka Fudosan Company	Tokyo, Japan	FC	100%

Companies	Registered office	Method of consolidation	Ownership interest
LVMH Asia Pacific	Hong Kong, China	FC	100%
LVMH (Shanghai) Management & Consultancy Co. Ltd	Shanghai, China	FC	100%
LVMH South & South East Asia Pte Ltd	Singapore	FC	100%
LVMH Korea Ltd	Seoul, South Korea	FC	100%
Vicuna Holding	Milan, Italy	FC	100%
Pasticceria Confetteria Cova	Milan, Italy	FC	80%
Cova Montenapoleone	Milan, Italy	FC	80%
Investissement Hôtelier Saint Barth Plage des Flamands	Saint-Barthélemy, French Antilles	FC	56%
Alderande	Paris, France	FC	56%
LVMH Client Services	Paris, France	FC	100%
Le Parisien Libéré	Paris, France	FC	100%
Team Diffusion	Saint-Ouen, France	FC	100%
Team Media	Paris, France	FC	100%
Société Nouvelle SICAVIC	Paris, France	FC	100%
L.P.M.	Paris, France	FC	100%
Proximy	Saint-Ouen, France	FC	75%
Media Presse	Saint-Ouen, France	FC	75%
LP Management	Paris, France	FC	100%
Wagner Capital	Luxembourg	FC	51%
L Catterton Management Ltd	London, United Kingdom	EM	20%
LVMH Representações Ltda	São Paulo, Brazil	FC	100%
LVMH Moët Hennessy - Louis Vuitton	Paris, France	Parent company	

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

COMPANIES NOT INCLUDED IN THE SCOPE OF CONSOLIDATION

Companies	Registered office	Ownership interest
Société d'exploitation hôtelière de Saint-Tropez	Paris, France	100%
Société Nouvelle de Libraire et de l'Édition	Paris, France	100%
Ictinos 1850	Paris, France	100%
BRN Invest NV	Baarn, Netherlands	100%
Toiltech	La Chapelle-devant-Bruyères, France	90%
Bvlgari Austria Ltd	Vienna, Austria	100%
Montaigne Comercio Varejista Limitada	Rio de Janeiro, Brazil	100%
Sephora Macau Limited	Macao, China	100%
JP SAS	Paris, France	70%
Les Beaux Monts	Couternon, France	90%
Sofpar 116	Paris, France	100%
Sofpar 124	Paris, France	100%
Sofpar 125	Paris, France	100%
Sofpar 126	Paris, France	100%
Sofpar 127	Paris, France	100%
Sofpar 128	Paris, France	100%
Moët Hennessy Management	Paris, France	100%
Prolepsis	Brussels, Belgium	100%
Prolepsis Investment Ltd	London, United Kingdom	100%
Hennessy Management	Paris, France	66%
MHCS Management	Paris, France	66%
Innovacion en Marcas de Prestigio SA	Mexico City, Mexico	65%
Moët Hennessy Nigeria	Lagos, Nigeria	66%
MS 33 Expansion	Paris, France	100%
Shinsegae International Co. Ltd LLC	Seoul, South Korea	51%
Crystal Pumpkin	Luxembourg	99%
Rimowa Austria GmbH	Innsbruck, Austria	80%
Rimowa Schweiz AG	Zurich, Switzerland	80%
Loewe Nederland BV	Netherlands	100%
Groupement Forestier des Bois de la Celle	Cognac, France	65%

These companies, which are not included in the scope of consolidation, are either entities that are inactive and/or being liquidated, or entities whose individual or collective consolidation would not have a significant impact on the Group's main aggregates.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders' Meeting of LVMH Moët Hennessy - Louis Vuitton,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of LVMH Moët Hennessy - Louis Vuitton ("LVMH") for the year ended December 31, 2017.

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, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis for our opinion

- **Audit framework**

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

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

- **Independence**

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report. We did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of assessments – Key Audit Matters

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

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

- **Acquisition of Christian Dior Couture**

Risk identified

On July 3, 2017, LVMH acquired 100% of Christian Dior Couture from Christian Dior SE for 6 billion euros. A number of bond issues, in a total amount of 5 billion euros, together with commercial paper for the remainder, was used to fund this acquisition, as stated in Note 2.1.1 to the consolidated financial statements.

This purchase price of 6 billion euros reflects an enterprise value of 6.5 billion euros, determined using a multi-criteria approach, confirmed by independent experts, and approved by the Boards of Directors of LVMH SE and Christian Dior SE, after duly noting the opinions of their respective ad hoc committees, the valuation reports of independent experts and the work of their respective banking advisors. The acquisition contract contains the customary representations and warranties for this type of transaction. The payment was made during the course of July 2017, giving rise to the payment of financial interest in the amount of 4 million euros, as stated in Note 32.1 to the consolidated financial statements.

As of December 31, 2017, this transaction resulted in the recognition of provisional goodwill amounting to 4.9 billion euros, pending allocation of the purchase price to the assets and liabilities acquired. In accordance with IFRS 3, the final allocation of the purchase price must be finalized within a period of twelve months following the date on which control was obtained.

The initial consolidation of Christian Dior Couture is considered to be a key audit matter, in view of the following:

- the weight of this acquisition which has a significant impact in the financial statements (9% of the LVMH group's total balance sheet);
- the fact that the acquisition was performed with a related party.

Our response

Our audit work on this matter consisted in:

- obtaining an understanding of the acquisition contract and the work of the banking advisor;
- obtaining an understanding of the report of the independent expert appointed to express an opinion on the fairness of the financial terms of the acquisition and an understanding of the opinion of the ad hoc committee appointed by the Board of Directors to supervise the work of this independent expert;
- performing specific procedures on the consolidated balance sheet of the Christian Dior Couture business segment as of June 30, 2017;
- evaluating the method of initial consolidation and the determination of the value of provisional goodwill, it being specified that work on the allocation of the purchase price is in progress and will be completed in 2018;
- assessing the appropriateness of the financial information disclosed in the notes to the consolidated financial statements regarding this acquisition.

- **Valuation of fixed assets, in particular intangible assets**

Risk identified

As at December 31, 2017 the Group's fixed assets amounts to 43 billion euros, compared to a total of assets in the balance sheet amounting to 69 billion euros. These fixed assets mainly comprise brands, trade names and goodwill recognized on external growth transactions, as well as, to a lesser extent, property, plant and equipment, mainly composed of land, vineyard land, buildings and store fixtures and fittings.

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

Our response

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

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

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

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

- **Valuation of inventories and work in progress**

Risk identified

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

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

Our response

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

- **Provisions for contingencies and losses**

Risk identified

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

In particular, as stated in Note 19 to the consolidated financial statements, 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 established in accordance with the criteria of IAS 37 Provisions and IAS 12 Income Taxes.

Lastly, as stated in Note 27.1 to the consolidated financial statements, the recent changes to French tax rules and the United States tax reform have significant consequences on the current and deferred tax positions.

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

Our response

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

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

Verification of the information pertaining to the Group presented in the Management Report

As required by law we also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the *Management Report of the Board of Directors*.

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

Report on other legal and regulatory requirements

- **Appointment of the Statutory Auditors**

We were appointed as Statutory Auditors of LVMH Moët Hennessy - Louis Vuitton by the Shareholders' Meeting held on April 14, 2016.

As of December 31, 2017, our audit firms were in the second consecutive year of their engagement, it being specified that Ernst & Young et Autres was previously Statutory Auditor.

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

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

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

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

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

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

- **Objectives and audit approach**

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

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our Statutory Audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

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

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

- assesses the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these financial statements.

- **Report to the Performance Audit Committee**

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

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

We also provide the Performance Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Performance Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense and Courbevoie, February 8, 2018

The Statutory Auditors French original signed by

MAZARS		ERNST & YOUNG Audit	
Loïc Wallaert	Simon Beillevaire	Jeanne Boillet	Patrick Vincent-Genod

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.

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LVMH

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