

LVMH

Record Results for LVMH in 2019

Paris, 28 January 2020

LVMH Moët Hennessy Louis Vuitton, the world's leading luxury products group, recorded revenue of €53.7 billion in 2019, up 15%. Organic revenue growth was 10%. Europe and the United States experienced good growth over the year, as did Asia, despite a difficult environment in Hong Kong in the second half of 2019.

Revenue growth in the fourth quarter was 12% compared to the same period in 2018. Organic revenue growth was 8% for the quarter. Restated for the non-recurring effects of the VAT increase in Japan and the stock movements of distributors of cognac in the US, the Group's organic growth was at a similar level in the third and fourth quarters.

Profit from recurring operations amounted to €11.5 billion in 2019, up 15%, compared to an already high level in 2018. Operating margin reached a level of 21.4%. Group share of net profit amounted to €7.2 billion, up 13%.

Bernard Arnault, Chairman and Chief Executive Officer of LVMH, said: "LVMH had another record year, both in terms of revenue and results. The desirability of our brands, the creativity and quality of our products, the unique experience offered to our customers, and the talent and the commitment of our teams are the Group's strengths and have, once again, made the difference. In addition to the many successes of our Maisons, highlights of the year include the arrival of the exceptional hotel group Belmond, the partnership with Stella McCartney and the agreement with prestigious jewelry Maison, Tiffany & Co. LVMH is driven by a permanent commitment to perfection and quality, and by a long-term vision combined with a sense of responsibility in all our corporate actions, notably in its commitment for the preservation of the environment, sustainability and inclusion. In a buoyant environment that remains uncertain in 2020, we continue to be vigilant and focused on our objectives for progress. We can count on the strength of our brands and the agility of our teams to reinforce, once again in 2020, our leadership in the universe of high-quality products."

Key highlights from 2019 include:

- Further double-digit increases in revenue and profit from recurring operations, which reached record levels,
- Continued growth in all geographic areas,
- Good performance in Wines & Spirits, to which all regions contributed,
- Exceptional growth at Louis Vuitton and Christian Dior,
- Success of both iconic and new products at Louis Vuitton, whose profitability remains at an exceptional level,
- Great strength of the flagship brands of Perfumes & Cosmetics,
- Excellent year for Bvlgari and continued growth at Hublot,
- Strong growth at Sephora,
- Good resilience of DFS, faced, in the second half, with the situation in Hong Kong,
- The agreement with the iconic American jewelry Maison, Tiffany & Co,
- The integration of the Belmond hotel group,
- Operating free cash flow of €6.2 billion, an increase of 13%,
- Gearing of 16.2% at the end of December 2019.

Key figures

Euro millions	2018	2019*	% change
Revenue	46 826	53 670	+15 %
Profit from recurring operations	10 003	11 504	+ 15 %
Group share of net profit	6 354	7 171	+ 13 %
Operating free cash flow	5 452	6 167	+ 13 %
Net financial debt	**5 487	6 206	+ 13 %
Total equity	33 957	38 365	+ 13 %

* Incorporating for the first time the impact of the application of IFRS 16 Leases.

** Excluding the acquisition of Belmond shares at the end of 2018 for € 274 million.

Revenue by business group:

Euro millions	2018	2019	% change 2019/2018	
			reported	Organic*
Wines & Spirits	5 143	5 576	+8 %	+ 6 %
Fashion & Leather Goods	18 455	22 237	+ 20 %	+ 17 %
Perfumes & Cosmetics	6 092	6 835	+ 12 %	+ 9 %
Watches & Jewelry	4 123	4 405	+ 7 %	+ 3 %
Selective Retailing	13 646	14 791	+ 8 %	+ 5 %
Other activities and eliminations	(633)	(174)	-	-
Total LVMH	46 826	53 670	+ 15 %	+ 10 %

* At comparable structure and exchange rates. The currency effect was + 3% and the structural impact, + 1% (integration of Belmond since April 2019).

Profit from recurring operations by business group:

Euro millions	2018	2019	% change
Wines & Spirits	1 629	1 729	+ 6 %
Fashion & Leather Goods	5 943	7 344	+ 24 %
Perfumes & Cosmetics	676	683	+ 1 %
Watches & Jewelry	703	736	+ 5 %
Selective Retailing	1 382	1 395	+ 1 %
Other activities and eliminations	(330)	(383)	-
Total LVMH	10 003	11 504	+ 15 %

Wines & Spirits: excellent global momentum

The **Wines & Spirits** business group achieved organic revenue growth of 6%. Profit from recurring operations increased by 6%. The business group continued to pursue its value strategy based on a strong innovation policy, while accentuating its environmental and societal commitment. The different regions contributed in a balanced way to its growth. Champagne was driven by the faster growth of prestige cuvées and by its price increase policy. Hennessy cognac, which recorded good growth, became the world's leading premium spirits brand. The American market saw a normalization in stock levels at the distributors at the end of the year, while China continued its rapid progress linked notably to the timing of Chinese New Year. The acquisitions in 2019 of Château du Galoupet and Château d'Esclans mark LVMH's entry into the promising market of high-quality rosé wines.

Fashion & Leather Goods: remarkable performances by Louis Vuitton and Christian Dior

The **Fashion & Leather Goods** business group achieved organic revenue growth of 17% in 2019. Profit from recurring operations was up 24%. Louis Vuitton continued to deliver an exceptional performance, to which all businesses and all clientele contributed. Iconic lines and new creations contributed in a balanced way to revenue growth. The "Louis Vuitton X" exhibition in Los Angeles successfully showed the Maison's many artistic collaborations, and an unprecedented partnership in e-sport was signed with the League of Legends World Championship. The qualitative transformation of the distribution network continued notably with the inauguration of the Louis Vuitton Maison in Seoul, for which Frank Gehry designed a fantastic glass structure. Christian Dior has had a remarkable year. Proof of the Maison's unique influence was its exhibition at the Victoria and Albert Museum in London which had record attendance of nearly 600,000 visitors. Very well received by customers, an exceptional boutique on the Champs Elysées in Paris took over from the historic address of 30 avenue Montaigne while it is being renovated. Fendi's highlight for 2019 was its final tribute to Karl Lagerfeld, after a collaboration of 54 years. Celine gradually rolled out its boutique concept and launched its first high-end perfumery collection. Loewe delivered strong growth under the impetus of its designer JW Anderson. Loro Piana, Rimowa and Berluti experienced good progress.

Perfumes and Cosmetics: excellent growth of flagship brands and rapid progress in Asia

The **Perfumes and Cosmetics** business group achieved organic revenue growth of 9%, driven by the remarkable momentum of its major brands, notably Dior, Guerlain and Givenchy. Profit from recurring operations was up 1% after taking into account an exceptional depreciation of the product lines of certain young American brands. Skincare grew, underpinned notably by the demand in Asia. Christian Dior continued to grow much faster than the market. In addition to the strength of its iconic perfumes *J'adore*, *Miss Dior* and *Sauvage*, makeup and skincare contributed significantly to the excellent performance of the Maison. Guerlain's growth accelerated and the brand enjoyed particularly good momentum with the success of *Abeille Royale* in skincare and *Rouge G* in makeup. Parfums Givenchy achieved another year of strong growth thanks to its makeup and its *L'Interdit* perfume. Fresh, Fenty Beauty by Rihanna and Acqua di Parma grew rapidly.

Watches and Jewelry: strong growth at Bvlgari and continued repositioning of TAG Heuer

The **Watches and Jewelry** business group recorded organic revenue growth of 3%. Profit from recurring operations were up 5%. The agreement with Tiffany & Co was a strategic highlight of the year. Bvlgari continued to perform very well and to strongly increase its market share. High jewelry and the iconic lines *Serpenti*, *B.Zero 1* and *Diva's Dream* were enriched with many new products and the *Fiorever* collection, launched at the end of 2018, combining flowers and diamonds, contributed significantly to growth. In watchmaking, the *Serpenti Seduttori* watch was exceptionally well received. Chaumet's growth was driven by the success of its iconic collections. In early 2020, the Maison will inaugurate its completed renovated iconic site on Place Vendôme. As distribution evolves rapidly within the watchmaking sector, TAG Heuer continued to work with its partners to provide an increasingly selective and efficient distribution network, while pursuing its creative resurgence. Hublot recorded strong growth, driven by the *Classic Fusion*, *Big Bang* and *Spirit of Big Bang* lines. The first LVMH Watch exhibition at the Bvlgari Hotel in Dubai was a great success.

Selective Retailing: strong growth at Sephora and good resilience at DFS

The **Selective Retailing** business group achieved organic revenue growth of 5%. Profit from recurring operations was up 1%. Sephora is experiencing strong growth and continues to gain market share. Growth was particularly strong in Asia and the Middle East. Online sales grew rapidly throughout the world. Its distribution network continued to grow with more than one hundred new stores and the renovation of the flagship stores of Dubai Mall, Times Square in New York and La Défense in Paris. Le Bon Marché continued to cultivate exclusivity in its offer and in 2019 it opened its "private apartments" for a personalized shopping service. The 24S digital platform progressed well, with an increasingly international clientele. In the second half of 2019, DFS faced a slowdown in tourism in Hong Kong, which is an important market. In Europe, the Galleria in Venice continued to perform very well, and preparations are underway for the imminent opening of its new location at La Samaritaine in Paris.

Cautiously confident for 2020

In an uncertain geopolitical context, LVMH is well-equipped to continue its growth momentum across all business groups in 2020. The Group will pursue its strategy focused on developing its brands by continuing to build on strong innovation and investments as well as a constant quest for quality in their products and their distribution.

Driven by the agility of its teams, their entrepreneurial spirit, the balance between its different businesses and geographic diversity, LVMH enters 2020 with cautious confidence and once again, sets an objective of reinforcing its global leadership position in luxury goods.

Dividend up by 13%

At the Annual General Meeting on April 16, 2020, LVMH will propose a dividend of €6.80 per share, an increase of 13%. An interim dividend of €2.20 per share was paid on December 10 of last year. The balance of €4.60 will be paid on April 23, 2020.

The Board of Directors met on January 28th to approve the financial statements for 2019. Audit procedures have been carried out and the audit report is being issued.

The regulated information related to this press release, the presentation of annual results and the "Financial documents" report are available at www.lvmh.com.

The notes to consolidated accounts are included in 2019 Financial documents, available on our Internet site www.lvmh.com

CONSOLIDATED INCOME STATEMENT

<i>(EUR millions, except for earnings per share)</i>	Notes	2019	2018 ^(a)	2017 ^(a)
Revenue	24	53,670	46,826	42,636
Cost of sales		(18,123)	(15,625)	(14,783)
Gross margin		35,547	31,201	27,853
Marketing and selling expenses		(20,207)	(17,755)	(16,395)
General and administrative expenses		(3,864)	(3,466)	(3,162)
Income/(loss) from joint ventures and associates	8	28	23	(3)
Profit from recurring operations	24	11,504	10,003	8,293
Other operating income and expenses	26	(231)	(126)	(180)
Operating profit		11,273	9,877	8,113
Cost of net financial debt		(107)	(117)	(137)
Interest on lease liabilities		(290)	-	-
Other financial income and expenses		(162)	(271)	78
Net financial income/(expense)	27	(559)	(388)	(59)
Income taxes	28	(2,932)	(2,499)	(2,214)
Net profit before minority interests		7,782	6,990	5,840
Minority interests	18	(611)	(636)	(475)
Net profit, Group share		7,171	6,354	5,365
Basic Group share of net earnings per share (EUR)	29	14.25	12.64	10.68
Number of shares on which the calculation is based		503,218,851	502,825,461	502,412,694
Diluted Group share of net earnings per share (EUR)	29	14.23	12.61	10.64
Number of shares on which the calculation is based		503,839,542	503,918,140	504,010,291

(a) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

<i>(EUR millions)</i>	Notes	2019	2018	2017
Net profit before minority interests		7,782	6,990	5,840
Translation adjustments		299	274	(958)
Amounts transferred to income statement		1	(1)	18
Tax impact		11	15	(49)
	16.5, 18	311	288	(989)
Change in value of hedges of future foreign currency cash flows		(16)	3	372
Amounts transferred to income statement		25	(279)	(104)
Tax impact		(3)	79	(77)
		6	(197)	191
Change in value of the ineffective portion of hedging instruments		(211)	(271)	(91)
Amounts transferred to income statement		241	148	210
Tax impact		(7)	31	(35)
		23	(92)	84
Gains and losses recognized in equity, transferable to income statement		340	(1)	(714)
Change in value of vineyard land	6	42	8	(35)
Amounts transferred to consolidated reserves		-	-	-
Tax impact		(11)	(2)	82
		31	6	47
Employee benefit obligations: change in value resulting from actuarial gains and losses		(167)	28	57
Tax impact		39	(5)	(24)
		(128)	23	33
Gains and losses recognized in equity, not transferable to income statement		(97)	29	80
Comprehensive income		8,025	7,018	5,206
Minority interests		(628)	(681)	(341)
Comprehensive income, Group share		7,397	6,337	4,865

LVMH - APPENDIX

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The notes to consolidated accounts are included in 2019 Financial documents, available on our Internet site www.lvmh.com

CONSOLIDATED BALANCE SHEET

ASSETS (EUR millions)	Notes	2019	2018 ^(a)	2017 ^(a)
Brands and other intangible assets	3	17,212	17,254	16,957
Goodwill	4	16,034	13,727	13,837
Property, plant and equipment	6	18,533	15,112	13,862
Right-of-use assets	7	12,409	-	-
Investments in joint ventures and associates	8	1,074	638	639
Non-current available for sale financial assets	9	915	1,100	789
Other non-current assets	10	1,546	986	869
Deferred tax		2,274	1,932	1,741
Non-current assets		69,997	50,749	48,694
Inventories and work in progress	11	13,717	12,485	10,888
Trade accounts receivable	12	3,450	3,222	2,736
Income taxes		406	366	780
Other current assets	13	3,264	2,868	2,919
Cash and cash equivalents	15	5,673	4,610	3,738
Current assets		26,510	23,551	21,061
Total assets		96,507	74,300	69,755
LIABILITIES AND EQUITY (EUR millions)	Notes	2019	2018 ^(a)	2017 ^(a)
Equity, Group share	16	36,586	32,293	28,969
Minority interests	18	1,779	1,664	1,408
Equity		38,365	33,957	30,377
Long-term borrowings	19	5,101	6,005	7,046
Non-current lease liabilities	7	10,373	-	-
Non-current provisions and other liabilities	20	3,812	3,188	3,177
Deferred tax		5,498	5,036	4,989
Purchase commitments for minority interests' shares	21	10,735	9,281	9,177
Non-current liabilities		35,519	23,510	24,389
Short-term borrowings	19	7,610	5,027	4,530
Current lease liabilities	7	2,172	-	-
Trade accounts payable	22	5,814	5,314	4,539
Income taxes		722	538	763
Current provisions and other liabilities	22	6,305	5,954	5,157
Current liabilities		22,623	16,833	14,989
Total liabilities and equity		96,507	74,300	69,755

(a) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.

The notes to consolidated accounts are included in 2019 Financial documents, available on our Internet site www.lvmh.com

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares	Cumulative translation adjustment	Revaluation reserves			Net profit and other reserves	Total equity			
						Available for sale financial assets	Hedges of future foreign currency cash flows and cost of hedging	Vineyard land		Employee benefit commitments	Group share	Minority interests	Total
Notes		16.1	16.1	16.3	16.5							18	
As of December 31, 2016	507,126,088	152	2,601	(520)	1,165	-	(115)	1,078	(163)	22,190	26,388	1,510	27,898
Gains and losses recognized in equity					(811)		245	36	30	-	(500)	(134)	(634)
Net profit										5,365	5,365	475	5,840
Comprehensive income		-	-	-	(811)	-	245	36	30	5,365	4,865	341	5,206
Stock option plan-related expenses										55	55	7	62
(Acquisition)/disposal of treasury shares				(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)	(261)	(2,371)
Changes in control of consolidated entities										(6)	(6)	114	108
Acquisition and disposal of minority interests' shares										(86)	(86)	(56)	(142)
Purchase commitments for minority interests' shares										(129)	(129)	(291)	(420)
As of December 31, 2017	507,042,596	152	2,614	(530)	354	-	130	1,114	(133)	25,268	28,969	1,408	30,377
Gains and losses recognized in equity					219		(259)	3	20	-	(17)	45	28
Income/Loss										6,354	6,354	636	6,990
Comprehensive income		-	-	-	219	-	(259)	3	20	6,354	6,337	681	7,018
Stock option plan-related expenses										78	78	4	82
(Acquisition)/disposal of treasury shares				(256)						(26)	(282)	-	(282)
Exercise of LVMH share subscription options	762,851		49								49	-	49
Retirement of LVMH shares	(2,775,952)		(365)	365							-	-	-
Capital increase in subsidiaries											-	50	50
Interim and final dividends paid										(2,715)	(2,715)	(345)	(3,060)
Changes in control of consolidated entities										(9)	(9)	41	32
Acquisition and disposal of minority interests' shares										(22)	(22)	(19)	(41)
Purchase commitments for minority interests' shares										(112)	(112)	(156)	(268)
As of December 31, 2018	505,029,495	152	2,298	(421)	573	-	(129)	1,117	(113)	28,816	32,293	1,664	33,957
Impact of changes in accounting standards ^(a)										(29)	(29)	-	(29)
As of January 1, 2019	505,029,495	152	2,298	(421)	573	-	(129)	1,117	(113)	28,787	32,264	1,664	33,928
Gains and losses recognized in equity					289		22	22	(107)	-	226	17	242
Net profit										7,171	7,171	611	7,783
Comprehensive income		-	-	-	289	-	22	22	(107)	7,171	7,397	628	8,025
Stock option plan-related expenses										69	69	3	72
(Acquisition)/disposal of treasury shares				18						(44)	(26)	-	(26)
Exercise of LVMH share subscription options	403,946		21								21	-	21
Retirement of LVMH shares	(2,156)		-	-							-	-	-
Capital increase in subsidiaries											-	95	95
Interim and final dividends paid										(3,119)	(3,119)	(433)	(3,552)
Changes in control of consolidated entities										2	2	25	27
Acquisition and disposal of minority interests' shares										(17)	(17)	-	(17)
Purchase commitments for minority interests' shares										(5)	(5)	(203)	(208)
As of December 31, 2019	505,431,285	152	2,319	(403)	862	-	(107)	1,139	(220)	32,844	36,586	1,779	38,365

(a) The impact of changes in accounting standards arose from the application of IFRS 16 Leases as of January 1, 2019. See Note 1.2 regarding the impact of the application of IFRS 16.

CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	Notes	2019	2018 ^(a)	2017 ^(a)
I. OPERATING ACTIVITIES				
Operating profit		11,273	9,877	8,113
(Income)/loss and dividends received from joint ventures and associates	8	(10)	5	25
Net increase in depreciation, amortization and provisions		2,700	2,302	2,376
Depreciation of right-of-use assets	7.1	2,408	-	-
Other adjustments and computed expenses		(266)	(219)	(109)
Cash from operations before changes in working capital		16,105	11,965	10,405
Cost of net financial debt: interest paid		(124)	(113)	(129)
Lease liabilities: interest paid		(239)	-	-
Tax paid		(2,940)	(2,275)	(2,790)
Change in working capital	15.2	(1,154)	(1,087)	(514)
Net cash from operating activities		11,648	8,490	6,972
II. INVESTING ACTIVITIES				
Operating investments	15.3	(3,294)	(3,038)	(2,276)
Purchase and proceeds from sale of consolidated investments	2	(2,478)	(17)	(6,306)
Dividends received		8	18	13
Tax paid related to non-current available for sale financial assets and consolidated investments		(1)	(2)	-
Purchase and proceeds from sale of non-current available for sale financial assets	9	(104)	(400)	(38)
Net cash from/(used in) investing activities		(5,869)	(3,439)	(8,607)
III. FINANCING ACTIVITIES				
Interim and final dividends paid	15.4	(3,678)	(3,090)	(1,982)
Purchase and proceeds from sale of minority interests		(21)	(236)	(153)
Other equity-related transactions	15.4	54	(205)	30
Proceeds from borrowings	19	2,837	1,529	5,931
Repayment of borrowings	19	(1,810)	(2,174)	(1,760)
Repayment of lease liabilities	7.2	(2,187)	-	-
Purchase and proceeds from sale of current available for sale financial assets	14	71	(147)	92
Net cash from/(used in) financing activities		(4,734)	(4,323)	2,158
IV. EFFECT OF EXCHANGE RATE CHANGES		39	67	(242)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		1,084	795	281
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	15.1	4,413	3,618	3,337
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15.1	5,497	4,413	3,618
TOTAL TAX PAID		(3,070)	(2,314)	(2,402)

(a) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 regarding the impact of the application of IFRS 16.

Alternative performance measure

The following table presents the reconciliation between “Net cash from operating activities” and “Operating free cash flow” for the fiscal years presented:

(EUR millions)	2019	2018	2017
Net cash from operating activities	11,648	8,490	6,972
Operating investments	(3,294)	(3,038)	(2,276)
Repayment of lease liabilities	(2,187)	-	-
Operating free cash flow^(a)	6,167	5,452	4,696

(a) Under IFRS 16, fixed lease payments are treated partly as interest payments and partly as principal repayments. For its own operational management purposes, the Group treats all lease payments as components of its “Operating free cash flow”, whether the lease payments made are fixed or variable. In addition, for its own operational management purposes, the Group treats operating investments as components of its “Operating free cash flow”.

LVMH – Revenue by business group and by quarter

2019 Revenue (Euro millions)

2019	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective retailing	Other activities & eliminations	Total
First Quarter	1 349	5 111	1 687	1 046	3 510	(165)	12 538
Second Quarter	1 137	5 314	1 549	1 089	3 588	(133)	12 544
Total First Half	2 486	10 425	3 236	2 135	7 098	(298)	25 082
Third Quarter	1 433	5 448	1 676	1 126	3 457	176*	13 316
Nine months	3 919	15 873	4 912	3 261	10 555	(122)	38 398
Fourth Quarter	1 657	6 364	1 923	1 144	4 236	(52)	15 272
Total 2019	5 576	22 237	6 835	4 405	14 791	(174)	53 670

* Includes all Belmond revenue for the period April to September 2019.

2019 Revenue (Organic growth versus same period of 2018)

2019	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective retailing	Other activities & eliminations	Total
First Quarter	+9%	+15%	+9%	+4%	+8%	-	+11%
Second Quarter	+4%	+20%	+10%	+4%	+7%	-	+12%
Total First Half	+6%	+18%	+9%	+4%	+8%	-	+12%
Third Quarter	+8%	+19%	+7%	+5%	+4%	-	+11%
Nine months	+7%	+18%	+8%	+4%	+6%	-	+11%
Fourth Quarter	+3%	+15%	+12%	+1%	+1%	-	+8%
Total 2019	+6%	+17%	+9%	+3%	+5%	-	+10%

2018 Revenue (Euro millions)

2018	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective retailing	Other activities & eliminations	Total
First Quarter	1 195	4 270	1 500	959	3 104	(174)	10 854
Second Quarter	1 076	4 324	1 377	1 019	3 221	(121)	10 896
Total First Half	2 271	8 594	2 877	1 978	6 325	(295)	21 750
Third Quarter	1 294	4 458	1 533	1 043	3 219	(168)	11 379
Nine months	3 565	13 052	4 410	3 021	9 544	(463)	33 129
Fourth Quarter	1 578	5 403	1 682	1 102	4 102	(170)	13 697
Total 2018	5 143	18 455	6 092	4 123	13 646	(633)	46 826

Impact of the application of IFRS 16 on the Group's financial statements as of December 31, 2019

Income statement

- Profit from recurring operations benefited from a positive contribution of 155 million,
- Net financial income/expense recorded a negative 290 million euro impact of interest on lease liabilities,
- There was a positive 40 million euro tax impact on profit and on minority interests, yielding a negative 95 million euro impact on the Group share of net profit.

Balance sheet

- The recognition of right-of-use assets increased non-current assets by 12.0 billion euros,
- The recognition of lease liabilities increased total liabilities by 12.0 billion euros, including 10.0 billion euros in non-current lease liabilities and 2.0 billion euros in current lease liabilities.

The liability for capitalized leases is excluded from the definition of net financial debt.

Cash flow statement

- There was a favorable 2 169 million euro impact on net cash flow from operating activities, including the positive 2 408 million euro impact of the depreciation of right-of-use assets (with no cash impact) and a negative 239 million euro impact of interest on lease liabilities,
- Net cash from/(used in) financing operations was negatively affected by the repayment of lease liabilities for 2 187 million euros.

Since the application of IFRS 16 had a significant impact of on the cash flow statement given the importance of fixed lease payments to the Group's activities, specific indicators are used for internal performance monitoring requirements and financial communication purposes in order to present consistent performance indicators, independently of the fixed or variable nature of the lease payments. One such Alternative Performance Indicator is "Operating free cash flow", which is calculated by deducting capitalized fixed lease payments in their entirety from cash flow. The reconciliation between "Net cash from operating activities" and "Operating free cash flow" as of December 31, 2019 and 2018:

<i>(Euro millions)</i>	2019	2018
Change in cash flow from operating activities	11 648	8 490
Operating investments	(3 294)	(3 038)
Repayments of rental debts	(2 187)	-
Free operating cash flow	6 167	5 452

See also Note 1.2 to the condensed consolidated financial statements for more detailed information on the first application of IFRS 16.

LVMH

LVMH Moët Hennessy Louis Vuitton is represented in Wines and Spirits by a portfolio of brands that includes Moët & Chandon, Dom Pérignon, Veuve Clicquot Ponsardin, Krug, Ruinart, Mercier, Château d'Yquem, Domaine du Clos des Lambrays, Château Cheval Blanc, Colgin Cellars, Hennessy, Glenmorangie, Ardbeg, Belvedere, Woodinville, Volcán de Mi Tierra, Chandon, Cloudy Bay, Terrazas de los Andes, Cheval des Andes, Cape Mentelle, Newton, Bodega Numanthia and Ao Yun. Its Fashion and Leather Goods division includes Louis Vuitton, Christian Dior Couture, Celine, Loewe, Kenzo, Givenchy, Pink Shirtmaker, Fendi, Emilio Pucci, Marc Jacobs, Berluti, Nicholas Kirkwood, Loro Piana, RIMOWA, Patou and Fenty. LVMH is present in the Perfumes and Cosmetics sector with Parfums Christian Dior, Guerlain, Parfums Givenchy, Kenzo Parfums, Perfumes Loewe, Benefit Cosmetics, Make Up For Ever, Acqua di Parma, Fresh, Fenty Beauty by Rihanna and Maison Francis Kurkdjian. LVMH's Watches and Jewelry division comprises Bvlgari, TAG Heuer, Chaumet, Dior Watches, Zenith, Fred and Hublot. LVMH is also active in selective retailing as well as in other activities through DFS, Sephora, Le Bon Marché, La Samaritaine, Groupe Les Echos, Cova, Le Jardin d'Acclimatation, Royal Van Lent, Belmond and Cheval Blanc hotels.

"This document may contain certain forward looking statements which are based on estimations and forecasts. By their nature, these forward looking statements are subject to important risks and uncertainties and factors beyond our control or ability to predict, in particular those described in LVMH's Reference Document which is available on the website (www.lvmh.com). These forward looking statements should not be considered as a guarantee of future performance, the actual results could differ materially from those expressed or implied by them. The forward looking statements only reflect LVMH's views as of the date of this document, and LVMH does not undertake to revise or update these forward looking statements. The forward looking statements should be used with caution and circumspection and in no event can LVMH and its Management be held responsible for any investment or other decision based upon such statements. The information in this document does not constitute an offer to sell or an invitation to buy shares in LVMH or an invitation or inducement to engage in any other investment activities."

LVMH CONTACTS

Analystes and investors Chris Hollis LVMH + 33 1 44 13 21 22	Media Jean-Charles Tréhan LVMH + 33 1 44 13 26 20
--	---

MÉDIA CONTACTS

France Brune Diricq / Charlotte Mariné Publicis Consultants + 33 1 44 82 47 20	France Michel Calzaroni / Olivier Labesse / Hugues Schmitt / Thomas Roborel de Climens DGM Conseil + 33 1 40 70 11 89
Italy Michele Calcaterra, Matteo Steinbach SEC and Partners + 39 02 6249991	UK Hugh Morrison, Charlotte McMullen Montfort Communications + 44 7921 881 800
US James Fingerroth, Molly Morse, Anntal Silver Kekst & Company + 1 212 521 4800	China Daniel Jeffreys Deluxewords +44 772 212 6562 +86 21 80 36 04 48