Parent company financial statements: Christian Dior

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1. Balance sheet

Assets

(en milliers d'euros)	*Notes*	December 31, 2018 Gross	December 31, 2018 Depreciation, amortization and impairment	December 31, 2018 Net	Dec. 31, 2017 Net
Intangible assets	*2.1/2.2*	**34**	**(17)**	**17**	**20**
Property, plant and equipment	*2.1/2.2*	**284**	**(284)**	**-**	**-**
Equity investments		3,481,441	-	3,481,441	3,481,441
Other long-term investments		-	-	-	-
Loans		5	-	5	5
Other non-current financial assets		-	-	-	3
Non-current financial assets	*2.1/2.2*	**3,481,446**	**-**	**3,481,446**	**3,481,449**
NON-CURRENT ASSETS		**3,481,764**	**(301)**	**3,481,463**	**3,481,469**
Trade accounts receivable		-	-	-	-
Financial accounts receivable		-	-	-	-
Other receivables	*2.3*	94,508	-	94,508	5,003
Short-term investments	*2.4*	2,374,024	(5,134)	2,368,890	2,213,241
Cash and cash equivalents		3,595,585	-	3,595,585	3,900,061
CURRENT ASSETS	*2.9*	**6,064,117**	**(5,134)**	**6,058,983**	**6,118,305**
Prepaid expenses	*2.3*	19	-	19	177
Bond redemption premiums	*2.3*	383	-	383	911
TOTAL ASSETS		**9,546,283**	**(5,435)**	**9,540,848**	**9,600,862**

Liabilities and equity

(EUR thousands)	Notes	Déc. 31, 2018 Before appropriation	Déc. 31, 2017 Before appropriation
Share capital		361,015	361,015
Share premium account		194,241	194,241
Revaluation reserves		16	16
Legal reserve		36,101	36,101
Regulated reserves		-	-
Optional reserves		244	244
Retained earnings [(a)]		7,405,594	2,141,774
Net profit		**1,031,032**	**6,163,690**
Interim dividends	*1.6*	(361,015)	(288,812)
EQUITY	*2.5*	**8,667,228**	**8,608,269**
PROVISIONS FOR CONTINGENCIES AND LOSSES	*2.6*	**14,324**	**42,426**
Bonds	*2.8*	855,065	855,065
Bank loans and borrowings		1,131	1,560
Borrowings		**856,196**	**856,625**
Trade accounts payable		603	1,332
Tax and social security liabilities		1,762	90,839
Liabilities associated with non-current assets and related accounts		-	-
Other operating liabilities [(a)]		607	1,219
Operating liabilities		**2,972**	**93,390**
Other liabilities		128	152
LIABILITIES	*2.7/2.8/2.9*	**859,296**	**950,167**
TOTAL LIABILITIES AND EQUITY		**9,540,848**	**9,600,862**

(a) Dividends attributable to treasury shares were reclassified under retained earnings as of December 31, 2016; December 31, 2017; and December 31, 2018.

2. Income statement

(EUR thousands)	*Notes*	Dec. 31, 2018	Dec. 31, 2017
Services provided		-	-
Net revenue		**-**	**-**
Reversals of provisions, depreciation, amortization and impairment		22,046	-
Other income and expense transfers		5,297	9,614
Operating income		**27,343**	**9,614**
Other purchases and external expenses		5,957	11,058
Taxes, duties and similar levies		1,421	308
Wages and salaries		15,567	9,614
Social security expenses		1,672	35
Depreciation, amortization and impairment		3	3
Provisions for contingencies and losses		3,289	11,413
Other expenses		129	173
Operating expenses		**28,038**	**32,604**
OPERATING PROFIT/(LOSS)		**(695)**	**(22,990)**
NET FINANCIAL INCOME/(EXPENSE)	*2.10*	**1,046,295**	**850,588**
RECURRING PROFIT		**1,045,600**	**827,598**
NET EXCEPTIONAL INCOME/(EXPENSE)	*2.11*	**(14,638)**	**5,363,682**
Income taxes	*2.12/2.13*	70	(27,590)
NET PROFIT		**1,031,032**	**6,163,690**

3. Cash flow statement

(EUR millions)		Dec. 31, 2018	Dec. 31, 2017
I – OPERATING ACTIVITIES			
Net profit		1,031	6,164
Net depreciation, amortization, impairment and provisions		(28)	9
Dividends in kind received		-	-
Net gain/(loss) on disposals		-	(5,363)
Net cash from operations before changes in working capital		**1,003**	**810**
Change in current assets		(89)	(5)
Change in current liabilities		(90)	76
Change in working capital		**(179)**	**71**
Net cash from operating activities	**I**	**824**	**881**
II – INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets		-	-
Purchase of equity investments		-	-
Purchase of other long-term investments		-	-
Proceeds from sale of non-current financial assets		-	6,000
Net cash from/(used in) investing activities	**II**	**-**	**6,000**
III – FINANCING ACTIVITIES			
Capital increase		-	-
Proceeds from new loans and borrowings			-
Repayments of loans and borrowings		-	(333)
Change in current accounts		-	-
Net cash from/(used in) financing activities	**III**	**-**	**(333)**
IV – DIVIDENDS PAID DURING THE FISCAL YEAR	**IV**	**(973)**	**(539)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**I + II + III + IV**	**(149)**	**6,009**
Cash and cash equivalents at beginning of fiscal year		**6,113**	**104**
Cash and cash equivalents at end of fiscal year		**5,964**	**6,113**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(149)**	**6,009**

The cash flow statement analyzes the changes in cash from one fiscal year to the next (after deducting bank overdrafts) as well as cash equivalents comprised of short-term investments, net of any impairment.

4. Notes to the parent company financial statements

Amounts are expressed in thousands of euros unless otherwise indicated.

The balance sheet total as of December 31, 2018 was 9,540,848 thousand euros. These financial statements were approved by the Board of Directors on January 29, 2019.

KEY EVENTS DURING THE FISCAL YEAR

As of January 1, 2018, the Company and its subsidiaries Financière Jean Goujon, Sadifa, CD Investissements and FJG Patrimoine joined the tax consolidation group headed by Groupe Arnault SEDCS.

NOTE 1 – ACCOUNTING POLICIES AND METHODS

The parent company financial statements have been prepared in accordance with Regulation 2014-03 dated June 5, 2014 of the Autorité des Normes Comptables, France's accounting standards authority.

General accounting conventions have been applied observing the principle of prudence in conformity with the basic assumptions of going concern, consistency of accounting methods, and accrual basis, and in conformity with the general rules for the preparation and presentation of parent company financial statements.

The accounting items recorded have been evaluated using the historical cost method.

1.1. Intangible assets

Software is amortized using the straight-line method over one year.

1.2. Property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

- furniture: 10 years.

1.3. Non-current financial assets

Equity investments and other long-term investments are stated at acquisition cost (excluding incidental costs) or at contribution value. When value in use as of the year-end is lower than the carrying amount, a provision is recorded in the amount of the difference.

For investments in listed companies, the value in use is generally estimated on the basis of market capitalization, the share of the company's net asset value and/or discounted forecast cash flows.

The value in use of unlisted investments is generally estimated on the basis of the share of the net asset value of the companies concerned, market comparables and/or discounted forecast cash flows.

Christian Dior shares purchased for retirement are recorded under "Non-current financial assets" and are not impaired.

1.4. Receivables and payables

Receivables and payables 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 lower than their carrying amount.

1.5. Short-term investments

Short-term investments are recorded at acquisition cost. A provision for impairment is recorded within "Net financial income/(expense)" if their acquisition cost is higher than their market value determined as follows:

- listed investments: Average share price during the last month of the fiscal year, translated, where applicable, at year-end exchange rates;
- other investments: Estimated realizable value or liquidation value, translated, where applicable, at year-end exchange rates.

This calculation is performed on a line-by-line basis, without offsetting any unrecognized capital gains and losses.

For Christian Dior treasury shares allocated to share purchase option plans:

- if the plan is deemed non-exercisable (market value of the Christian Dior share lower than the exercise price of the option), impairment – charged to "Net financial income/(expense)" – is calculated based on the weighted average price of the plan involved;
- if the plan is deemed exercisable (market value of the Christian Dior share greater than the exercise price of the option), a provision for losses is recognized on the liability side of the balance sheet whenever the expected exercise price is lower than the acquisition cost of the shares. Where applicable, this provision is apportioned using the straight-line method over the period over which the options are granted and is then recognized within "Wages and salaries" in the income statement.

For Christian Dior treasury shares allocated to bonus share and performance share plans:

- they are not subject to impairment;
- their expense (portfolio value of shares allocated to these plans) is allocated on a straight-line basis over the vesting periods for the plans. It is recognized in the income statement within "Wages and salaries", offset by a provision for losses recorded in the balance sheet.

Upon the disposal of treasury shares, the cost of the shares sold is calculated for each plan individually based on the FIFO method. Gains or losses on the sale of treasury shares are recorded within "Exceptional income/(expense)", and under the heading "Wages and salaries" by way of the "Expense transfer" account.

1.6. Equity

In accordance with the recommendations of the Compagnie nationale des Commissaires aux comptes (France's national board of auditors), interim dividends are recorded as a deduction from equity.

1.7. Provisions for contingencies and losses

The Company establishes a provision for definite and likely contingencies and losses at the end of each fiscal year, observing the principle of prudence.

1.8. Foreign currency transactions

During the fiscal year, foreign currency transactions are recorded at the rates of exchange in euros prevailing on the transaction dates.

Payables, receivables and liquid funds in foreign currencies are revalued on the balance sheet at fiscal year-end exchange rates. The difference resulting from the revaluation of payables and receivables in foreign currencies at the latter rate is recorded in the "Translation adjustment"; it is recorded under "Foreign exchange gains and losses" when it originates from the revaluation of liquid funds, except in the case of bank accounts matched with a loan in the same currency. In the latter case, the revaluation follows the same procedure as for receivables and payables.

Provisions are recorded for unrealized foreign exchange losses unless they are hedged.

1.9. Net financial income/(expense)

Due to its type of activity, the Company records sales of investments according to the following principles:

- gains or losses on partial sales of equity investments are recognized within "Net financial income/(expense)". They are calculated according to the weighted average cost method;
- gains or losses on sales of short-term investments are calculated using the FIFO method.

NOTE 2 – ADDITIONAL INFORMATION RELATING TO THE BALANCE SHEET AND INCOME STATEMENT

2.1. Fixed assets

(EUR thousands)	Gross value as of January 1, 2018	Increases Acquisitions, creations, contributions, transfers	Decreases Shares retired/ Disposals	Gross value as of Dec. 31, 2018
Concessions, patents and similar rights (software)	34	-	-	34
Advances and payments on account	-	-	-	-
Intangible assets	**34**	**-**	**-**	**34**
Other property, plant and equipment:				
• furniture	284	-	-	284
Property, plant and equipment	**284**	**-**	**-**	**284**
Equity investments	3,481,441	-	-	3,481,441
Loans	5	-	-	5
Other non-current financial assets	3	-	(3)	-
Non-current financial assets	**3,481,449**	**-**	**(3)**	**3,481,446**
TOTAL	**3,481,767**	**-**	**(3)**	**3,481,764**

2.2. Depreciation and amortization of fixed assets

	Position and changes in the fiscal year			
(EUR thousands)	Depreciation and amortization as of January 1, 2018	Increases	Amounts released	Depreciation and amortization as of Dec. 31, 2018
Concessions, patents and similar rights (software)	14	3	-	17
Intangible assets	**14**	**3**	**-**	**17**
Other property, plant and equipment:				
• furniture	284	-	-	284
Property, plant and equipment	**284**	**-**	**-**	**284**
TOTAL	**298**	**3**	**-**	**301**

2.3. Receivables by maturity

(EUR thousands)	Gross amount	Up to 1 year	More than 1 year
Other receivables	94,508	94,508	-
Prepaid expenses	19	19	-
Bond redemption premiums [(a)]	383	282	101
TOTAL	**94,910**	**94,809**	**101**

(a) Bond redemption premiums are amortized on a straight-line basis over the life of the bonds.

2.4. Short-term investments

2.4.1. Treasury shares

As of December 31, 2018, the value of the treasury shares held was allocated as follows:

	As of December 31, 2018			
(EUR thousands)	Number of shares	Gross carrying amount	Impairment	Net carrying amount
502-1 Shares intended to be granted to employees and allocated to specific plans	200,208	20,136	-	20,136
502-2 Shares available to be granted to employees	80,613	13,675	-	13,675
SHORT-TERM INVESTMENTS	**280,821**	**33,811**	**-**	**33,811**

Portfolio movements during the fiscal year were as follows:

Treasury shares *(EUR thousands)*	Share purchase option plans		Bonus share and performance share plans		Non-allocated shares	
	Number of shares	Gross carrying amount	Number of shares	Gross carrying amount	Number of shares	Gross carrying amount
As of January 1, 2018	**519,978**	**38,035**	**149,952**	**23,910**	**61,321**	**10,273**
Purchases	-	-	-	-	-	-
Sales	-	-	-	-	-	-
Transfers	(16,323)	(2,891)	(2,969)	(511)	19,292	3,402
Options exercised	(371,782)	(25,547)	-	-	-	-
Shares allocated	-	-	(78,648)	(12,860)	-	-
AS OF DECEMBER 31, 2018	**131,873**	**9,597**	**68,335**	**10,539**	**80,613**	**13,675**

2.4.2. Stock option and similar plans

Share purchase option plans

The Shareholders' Meeting of April 12, 2018 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2020, to grant share subscription or purchase options to Group company employees or senior executives, on one or more occasions, in an amount not to exceed 1% of the Company's share capital as of the date of the authorization.

Each share purchase option plan has a term of ten years. Provided the conditions set by the plan are met, options may be exercised after a four-year period from the plan's commencement date.

No Christian Dior share subscription or purchase option plans have been set up since 2010.

For all plans, one option entitles the holder to purchase one share.

Bonus share and bonus performance share plans

The Shareholders' Meeting of April 12, 2018 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2020, to grant existing or newly issued shares as bonus shares to Group company employees and/or senior executive officers, 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 plans put in place on or before November 30, 2015 (including those set up between 2012 and 2014), shares vest after a three-year vesting period for recipients who are French tax residents. Shares may be freely transferred or sold only after an additional two-year holding period. Bonus shares awarded to recipients who are not French tax residents vest after a period of four years and become freely transferable at that time.

For plans put in place after November 30, 2015, bonus shares awarded to all recipients vest – provided certain conditions are met and irrespective of their residence for tax purposes – after a period of three years, without any subsequent holding period.

The plans combine awards of bonus shares and of bonus performance shares in proportions determined in accordance with the recipient's level in the hierarchy and status.

No Christian Dior bonus share or bonus performance share plans were set up in 2017 or 2018.

Performance conditions

The majority of the share purchase option plans and bonus share plans are subject to a condition related to the Group's performance, which must be met in order for shares to vest under such plans.

Between 2012 and 2016, Christian Dior's fiscal year did not correspond to the calendar year. For this reason, changes in these indicators were determined on the basis of the 12-month pro forma consolidated financial statements as of December 31 for each calendar year concerned.

For the October 16, 2014 plan, bonus performance shares were only to vest if Christian Dior's consolidated financial statements for the 2015 calendar year showed a positive change compared to calendar year 2014 in relation to one or more of the following indicators: the Group's profit from recurring operations, net cash from operating activities and operating investments, and current operating margin. This condition was met.

For the plans set up since December 1, 2015, bonus performance shares only vest if Christian Dior's consolidated financial statements for calendar years Y+1 and Y+2 after the year the plan was set up show a positive change compared to calendar year Y (in which the plan was set up) with respect to one or more of the aforementioned indicators.

The performance conditions were met for the October 16, 2014 and December 1, 2015 plans, so shares vested to recipients under these plans.

Plan commencement date	Type of plan	Shares/options awarded if there is a positive change in one of the indicators between calendar years:
May 14, 2009	Share purchase option plan	2009 and 2008; 2010 and 2008
December 6, 2016	Bonus shares and bonus performance shares	2017 and 2016; 2018 and 2016

Vesting of such shares does not lead to any dilution for shareholders, since they are allocations of existing shares.

Movements relating to stock option and similar plans

Movements during the fiscal year relating to rights allocated under the various plans based on Christian Dior shares were as follows:

(number)	Share purchase option plans	Bonus share and performance share plans
Rights not exercised as of January 1, 2018	**519,978**	**149,952**
Provisional allocations for the period	-	-
Options and allocations expired in 2018	(16,323)	(2,969)
Options exercised and allocations vested in 2018	(371,782)	(78,648)
Rights not exercised as of December 31, 2018	**131,873**	**68,335**

2.4.3. Other short-term investments

	As of December 31, 2018		
(EUR thousands)	Gross	Impairment	Net
FCP funds	1,344,962	(2,599)	1,342,363
SICAV funds	995,251	(2,535)	992,716
Other securities	**2,340,213**	**(5,134)**	**2,335,079**

2.5. Equity

2.5.1. Share capital

The share capital comprises 180,507,516 shares, each with a par value of 2 euros, of which 130,419,395 shares carried double voting rights as of December 31, 2018.

2.5.2. Change in equity

(EUR thousands)	
Equity as of December 31, 2017 (prior to appropriation of net profit)	**8,608,269**
Net profit for the fiscal year ended December 31, 2018	1,031,032
Dividends paid for the fiscal year ended December 31, 2017	(613,726)
Impact of treasury shares	2,668
Interim dividends for the fiscal year ended December 31, 2018	(361,015)
Equity as of December 31, 2018 (prior to appropriation of net profit)	**8,667,228**

The appropriation of net profit for fiscal year 2017 was approved at the Combined Shareholders' Meeting of April 12, 2018.

2.6. Provisions for contingencies and losses

(EUR thousands)	Amount as of January 1, 2018	Provisions during the fiscal year	Reversals during the fiscal year	Amount as of Dec. 31, 2018
Provision for losses [(a)]	42,426	6,715	34,817	14,324
TOTAL	**42,426**	**6,715**	**34,817**	**14,324**

(a) Including provision for losses with respect to share purchase option plans deemed exercisable as of December 31, 2018 (market value of the Christian Dior share greater than the exercise price of the option) and bonus share and performance share allocation plans (see Note 1.5 "Accounting policies").

2.7. Payables by maturity

(EUR thousands)	Gross amount	Up to 1 year	From 1 to 5 years	More than 5 years
Bonds	855,065	505,065	350,000	-
Bank loans and borrowings	1,131	1,131	-	-
Trade accounts payable	603	603	-	-
Tax and social security liabilities	1,762	1,762	-	-
Other operating liabilities	608	608	-	-
Liabilities associated with non-current assets and related accounts	-	-	-	-
Other liabilities	128	128	-	-
TOTAL	**859,297**	**509,297**	**350,000**	**-**

2.8. Bonds

(EUR thousands)	Nominal interest rate	Issue price *(as % of the par value)*	Maturity	Par value as of Dec. 31, 2017	Accrued interest	Total
EUR 500,000,000 - 2014	1.375%	99.540%	2019	500,000	3,692	503,692
EUR 350,000,000 - 2016	0.750%	99.902%	2021	350,000	1,373	351,373
TOTAL				**850,000**	**5,065**	**855,065**

2.9. Accrued income and expenses by receivable/payable line

(EUR thousands)	Accrued expenses	Accrued income
Receivables		
Other receivables	-	1
Payables		
Bonds	5,065	-
Bank loans and borrowings	1,131	-
Trade accounts payable	571	-
Tax and social security liabilities	114	-
Other liabilities	98	-

2.10. Financial income and expenses

(EUR thousands)	Dec. 31, 2018	Dec. 31, 2017
Income from equity investments	1,061,842	862,040
Other interest and similar income	101	3,855
Reversals of provisions, impairment and expenses transferred	12,771	10,797
Financial income	**1,074,714**	**876,692**
Depreciation, amortization, impairment and provisions	7,801	9,720
Interest and similar expenses	18,150	16,347
Net losses on sales of short-term investments	2,468	37
Financial expenses	**28,419**	**26,104**
NET FINANCIAL INCOME/(EXPENSE)	**1,046,295**	**850,588**

2.11. Exceptional income and expenses

(EUR thousands)	Dec. 31, 2018	Dec. 31, 2017
Income from management transactions	4	-
Income from capital transactions	3,337	6,014,114
Exceptional income	**3,341**	**6,014,114**
Expenses on management transactions	-	-
Expenses on capital transactions	17,979	650,432
Exceptional expenses	**17,979**	**650,432**
NET EXCEPTIONAL INCOME/(EXPENSE)	**(14,638)**	**5,363,682**

The 2017 amount of exceptional income and expenses mainly resulted from the sale of the Christian Dior Couture segment to LVMH.

2.12. Income taxes

	December 31, 2018			December 31, 2017		
(EUR thousands)	Before tax	Tax	After tax	Before tax	Tax	After tax
Recurring profit	1,045,600	-	1,045,600	827,598	-	827,598
Exceptional income/(expense)	(14,638)	70	(14,568)	5,363,682	(27,590) (a)	5,336,092
NET PROFIT	**1,030,962**	**70**	**1,031,032**	**6,191,280**	**(27,590)**	**6,163,690**

(a) Including 14,504 thousand euros in income from subsidiaries under the tax consolidation agreement, and 111,682 thousand euros refunded relating to the tax on dividend payments.

2.13. Tax position

As of January 1, 2018, the Company and its subsidiaries Financière Jean Goujon, Sadifa, CD Investissements and FJG Patrimoine joined the tax consolidation group headed by Groupe Arnault SEDCS.

NOTE 3 – OTHER INFORMATION

3.1. Financial commitments

Hedging instruments

Christian Dior does not use any interest-rate hedging instruments.

Covenants

Under the terms of certain loan agreements or bond issues, the Company has made commitments to maintain an ownership interest and voting rights in certain subsidiaries.

3.2. Finance leases

The Company has not made any commitments under finance leases.

3.3. Compensation of management bodies

During the fiscal year ended December 31, 2018, gross compensation of 183 thousand euros was paid under a company officer's contract; in addition, a total of 129 thousand euros in directors' fees for fiscal year 2018 was paid in January 2019.

3.4. Related-party transactions

No new related-party agreements, within the meaning of Article R. 123-198 of the French Commercial Code, were entered into during the fiscal year in significant amounts and under conditions other than normal market conditions.

3.5. Identity of the companies consolidating the accounts of Christian Dior

Company name	Registered office	SIREN
Financière Agache	11 rue François 1er 75008 PARIS	*775 625 767*
Groupe Arnault	41 avenue Montaigne 75008 PARIS	*314 685 454*

5. Subsidiaries and equity investments

(EUR thousands)	Share capital	Equity other than share capital and excluding net profit	Percentage of share capital held	Carrying amount of shares held		Loans and advances provided	Deposits and sureties granted	Revenue excluding taxes for the prior fiscal year	Net profit/ (loss) from the prior fiscal year	Dividends received in 2018
				Gross	Net					
A. Details on subsidiaries and equity investments										
1. Subsidiaries										
• Financière Jean Goujon	1,005,294	1,250,061	100.00%	3,478,680	3,478,680	-	-	-	1,102,229	1,061,842
• Sadifa	1,901	1,105	99.99%	2,656	2,656	-	-	135	(25)	-
• CD Investissements	50	(15)	100.00%	101	101	-	-	-	(3)	-
2. Equity investments										
B. Summary information relating to other subsidiaries and equity investments										
• Other French equity investments				4	4	-	-			-
TOTAL				**3,481,441**	**3,481,441**					**1,061,842**

6. Portfolio of subsidiaries, equity investments and short-term investments

	As of December 31, 2018	
(EUR thousands)	Number of shares	Carrying amountt
Financière Jean Goujon shares	62,830,900	3,478,680
Sadifa shares	118,788	2,656
CD Investissements shares	5,000	101
LVMH shares	25	4
Equity investments		**3,481,441**

	As of December 31, 2018	
(EUR thousands)	Number of shares	Carrying amount
Treasury shares	280,821	33,811
Treasury shares	**280,821**	**33,811**

	At beginning of fiscal year	Increases	Decreases	At end of fiscal year
Number of treasury shares	731,251		450,430	280,821
TOTAL	**731,251**		**450,430**	**280,821**

	As of December 31, 2018
(EUR thousands)	Carrying amount
SICAV funds	992,716
FCP funds	1,342,363
Other short-term investments	**2,335,079**

7. Company results over the last five fiscal years

(EUR thousands)	**June 30, 2015** (12 months)	**June 30, 2016** (12 months)	**Dec. 31, 2016** (6 months)	**Dec. 31, 2017** (12 months)	**Dec. 31, 2018** (12 months)
1. Share capital					
Share capital at fiscal year-end	361,015	361,015	361,015	361,015	361,015
Number of ordinary shares outstanding	180,507,516	180,507,516	180,507,516	180,507,516	180,507,516
Maximum number of future shares to be created:					
• through exercise of equity warrants	-	-	-	-	-
• through exercise of share subscription options	-	-	-	-	-
2. Operations and profit for the fiscal year					
Revenue before taxes	-	-	-	-	-
Profit before taxes, depreciation, amortization, impairment and movements in provisions	3,421,585	678,626	275,317	6,201,619	1,007,238
Income tax (income)/expense	7,483	(1,004)	6,152	27,590	(70)
Profit after taxes, depreciation, amortization, impairment and movements in provisions	3,414,393	664,601	270,124	6,163,690	1,031,032
Profit distributed as dividends [(a)]	1,329,183	640,802	252,711	902,538	1,083,045
3. Earnings per share *(EUR)*					
Earnings per share after taxes but before depreciation, amortization, impairment and movements in provisions	18.91	3.77	1.49	34.20	5.58
Earnings per share after taxes, depreciation, amortization, impairment and movements in provisions	18.92	3.68	1.50	34.15	5.71
Gross dividend distributed per share [(b)]	3.20 [(c)]	3.55	1.40	5.00	6.00
4. Employees					
Average number of employees	-	-	-	-	-
Total payroll [(d)]	26,639	9,351	4,576	9,614	15,567
Amounts paid in respect of employee benefits	1,171	26	14	35	1,672

(a) Amount of the distribution resulting from the resolution of the Shareholders' Meeting, before the impact of Christian Dior treasury shares held as of the distribution date. For the fiscal year ended December 31, 2018, amount proposed at the Shareholders' Meeting of April 18, 2019.
(b) Excluding the impact of tax regulations applicable to recipients.
(c) On December 17, 2014, an exceptional interim dividend in kind was paid, in the form of Hermès International shares, for 4.20 euros per share for the fiscal year ended June 30, 2015.
(d) Including provisions, on plans deemed exercisable relating to purchase options and the allocation of bonus and performance shares, recognized under "Personnel costs".

8. Statutory Auditors' reports

STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

Fiscal year ended December 31, 2018

To the Shareholders' Meeting of Christian Dior SE,

I. Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying parent company financial statements of Christian Dior SE for the fiscal year ended December 31, 2018.

In our opinion, the parent company financial statements give a true and fair view of the Company's assets, liabilities and financial position as of December 31, 2018 and of the results of its operations for the fiscal year then ended in accordance with French accounting principles.

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

II. 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 "Statutory Auditors' responsibilities for the audit of the parent company financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 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.

III. 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 are required to 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 parent company financial statements for the fiscal year, as well as how we addressed those risks.

We determined that there were no key audit matters to disclose in our report.

IV. Specific verifications

We also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information provided in the Management Report and in the other documents given to shareholders related to the financial position and the parent company financial statements

We have no matters to report as to the fair presentation and the consistency with the parent company financial statements of the information provided in the Management Report of the Board of Directors and in the other documents on the financial position and the parent company financial statements given to shareholders.

We attest to the fair presentation and the consistency with the parent company financial statements of the information on payment terms set out in Article D.441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information provided in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to the compensation and benefits received by company officers and any other commitments made in their favor, we have verified its consistency with the financial statements or the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on this work, we attest to the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a public tender or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code, we verified their compliance with the source documents communicated to us. Based on our work, we have no matters to report regarding this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the Management Report.

V. Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Christian Dior SE by your Shareholders' Meeting held on May 15, 2003 (for MAZARS) and April 14, 2009 (for ERNST & YOUNG et Autres).

As of December 31, 2018, MAZARS was in the sixteenth consecutive year of its engagement and ERNST & YOUNG et Autres was in its tenth year.

Ernst & Young Audit was previously Statutory Auditor from 1997 to 2008.

VI. Responsibilities of management and those charged with governance for the parent company financial statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, as applicable, 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 risk management systems and where applicable, internal audit, regarding accounting and financial reporting procedures.

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

VII. Statutory Auditors' responsibilities for the audit of the parent company financial statements

Objectives and audit approach

Our role is to issue a report on the parent company financial statements. Our objective is to obtain reasonable assurance as to whether the parent company 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 in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, 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 parent company 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 its 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 parent company 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 its 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 parent company financial statements or, if such disclosures are not provided or inadequate, to issue a qualified or adverse audit opinion;
- assesses the overall presentation of the parent company financial statements and whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Performance Audit Committee

We submit 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 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 parent company 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) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set out in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics 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.

Courbevoie and Paris-La Défense, March 8, 2019

The Statutory Auditors

French original signed by

MAZARS	**ERNST & YOUNG et Autres**
Simon Beillevaire	Jeanne Boillet

This is a free translation into English of a report issued in French. It is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED RELATED-PARTY AGREEMENTS AND COMMITMENTS

Shareholders' Meeting to approve the financial statements for the fiscal year ended December 31, 2018

To the Shareholders' Meeting of Christian Dior SE,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on related-party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce), to assess the relevance of these agreements and commitments prior to their approval.

In accordance with Article R. 225-31 of the French Commercial Code, we are also required to inform you of the continuation of the implementation, during the fiscal year under review, of any agreements or commitments previously approved at a Shareholders' Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des Commissaires aux comptes) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements and commitments submitted for approval at the Shareholders' Meeting

In accordance with Article L. 225-40 of the French Commercial Code, we have been notified of the following related-party agreements and commitments entered into during the past fiscal year, which received prior authorization from your Board of Directors.

1. With Sidney Toledano, Chief Executive Officer and a Director of your Company

Nature and purpose

Non-compete clause.

Conditions

On February 2, 2018, in accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, the Board of Directors approved the non-compete clause included in Sidney Toledano's employment contract with LVMH SE, which entered into force on February 1, 2018.

This non-compete commitment, made in the interest of the Group, provides for the payment, for a period of 12 months, of compensation equal to his monthly average gross salary received over the 12 months preceding the effective termination of his employment contract.

Your Company did not incur any expenses in respect of this commitment for the fiscal year ended December 31, 2018.

Reasons justifying why the Company benefits from this agreement

Your Board provided the following reason: This clause aims to safeguard the Group's interests in light of the very large amount of highly sensitive information of a strategic nature to which Mr. Toledano has access as part of his duties and responsibilities.

Agreements and commitments previously approved at the Shareholders' Meeting

In accordance with Article R. 225-30 of the French Commercial Code, we have been notified that the implementation of the following agreements and commitments, which were approved by the Shareholders' Meeting in prior years, continued during the fiscal year ended December 31, 2018.

1. With Groupe Arnault SEDCS, a shareholder of your Company

Assistance agreement

Nature, purpose and conditions

The assistance agreement of November 27, 1995, amended by the rider of March 27, 2003, with Groupe Arnault SEDCS, continued in 2018. Remuneration was 4,090,373.22 euros including VAT for calendar year 2018. Your Company incurred an expense of 4,090,373.22 euros including VAT for the fiscal year ended December 31, 2018.

Since your Company does not have any employees of its own, this agreement provides for the sharing of skills as well as certain costs, thus reducing expenses in the interests of both parties.

2. With LVMH SE, a subsidiary of your Company

Persons concerned

Bernard Arnault, Nicolas Bazire and Delphine Arnault, Directors.

Service agreement

Nature, purpose and conditions

The service agreement of June 7, 2002 – amended on May 16, 2014 and relating to legal services, particularly for corporate law issues and the management of securities services, entered into between your Company and LVMH SE – remained in effect in 2018.

This agreement provides for the sharing of skills, primarily in the area of corporate law and the management of securities services.

Annual remuneration is 60,000 euros excluding VAT. Your Company incurred an expense of 72,000 euros including VAT for the fiscal year ended December 31, 2018.

Courbevoie and Paris-La Défense, March 8, 2019

The Statutory Auditors

French original signed by

MAZARS	**ERNST & YOUNG et Autres**
Simon Beillevaire	Jeanne Boillet

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