Christian Dior
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PARIS
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Excellent first half

Paris, 24 July 2019

The Christian Dior group recorded revenue of 25.1 billion euros in the first half of 2019, up 15%. Organic sales growth was 12% compared to the same period in 2018.

In the second quarter, revenue increased by 15% compared to the same period in 2018. Organic revenue growth was 12%, a performance in line with the trends of the beginning of the year. The United States, Asia and Europe saw good growth with, in particular, a rebound in France in the second quarter.

Profit from recurring operations was € 5 291 million for the first half of 2019, an increase of 14%. Operating margin reached 21.1%, broadly in-line with the first half of 2018. Group share of net profit amounted to € 1 317 million, an increase of 9%.

Highlights of the first half of 2019 include:

- Further double-digit increases in revenue and profit from recurring operations,
- Strong growth in Asia, the United States and Europe, particularly in France, which saw a rebound in the second quarter,
- Good start to the year for Wines and Spirits,
- Remarkable momentum at Louis Vuitton where profitability remains at an exceptional level,
- Remarkable performance of Christian Dior Couture,
- Rapid progress of LVMH’s perfumes and cosmetics flagship brands,
- Good progress in jewelry, in particular for Bvlgari,
- Sephora's strong revenue growth in stores and online,
- Solid progress of DFS, particularly in Europe, benefiting from the rise in international travelers,
- The completion in April of the acquisition of the Belmond hotel group, whose activity will be consolidated in the third quarter of 2019,
- Announcement of the agreement with Stella McCartney House,
- Operating free cash flow of €1.8 billion,
- Net debt to equity ratio (“gearing”) of 9,1% as at the end of June 2019.

Key figures

Euro millions	**First half 2018**	**First half 2019***	**% change**
Revenue	21 750	25 082	+ 15 %
Profit from recurring operations	4 640	5 291	+ 14 %
Group share of net profit	1 206	1 317	+ 9 %
Cash from operations before changes in working capital	5 448	7 394	n.a
Net cash from operating activities	3 123	4 268	n.a
Net Financial debt	2 259	3 435	+ 52 %
Total equity	33 890	37 890	+ 12 %

* Incorporating for the first time the effects of the application of IFRS 16 Leases

Revenue by business group

Euro millions	**First half 2018**	**First half 2019**	**% change Reported**	**Organic***
Wines & Spirits	2 271	2 486	+ 9 %	+ 6 %
Fashion & Leather Goods	8 594	10 425	+ 21 %	+ 18 %
Perfumes & Cosmetics	2 877	3 236	+ 12 %	+ 9 %
Watches & Jewelry	1 978	2 135	+ 8 %	+ 4 %
Selective Retailing	6 325	7 098	+ 12 %	+ 8 %
Other activities and eliminations	(295)	(298)	-	-
Total	**21 750**	**25 082**	**+ 15 %**	**+ 12 %**

* With comparable structure and constant exchange rates. The currency effect for the Group is + 3%.

Profit from recurring operations by business group:

Euro millions	**First half 2018**	**First half 2019***	**% change**
Wines & Spirits	726	772	+ 6 %
Fashion & Leather Goods	2 775	3 248	+ 17 %
Perfumes & Cosmetics	364	387	+ 6 %
Watches & Jewelry	342	357	+ 5 %
Selective Retailing	612	714	+ 17 %
Other activities and eliminations	(179)	(187)	-
Total	**4 640**	**5 291**	**+ 14 %**

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

Wines & Spirits: strong momentum in China and the United States

The **Wines & Spirits** business recorded organic revenue growth of 6%. Profit from recurring operations increased by 6%. The business group pursued its value strategy based on a strong policy of innovation and targeted investments in communication. The momentum was particularly strong in the United States, Asia and emerging markets. In the Champagne business, prestige vintages saw strong growth, while the price increase policy continued throughout the range. Hennessy cognac, which recorded solid growth, became the leading international premium spirits brand. The acquisition of Château du Galoupet, a prestige Côtes-de-Provence classified vintage wine, marks LVMH's entry into quality rosé wines.

Fashion & Leather Goods: exceptional performances at Louis Vuitton and Christian Dior

The **Fashion & Leather Goods** business group recorded organic revenue growth of 18%. Profit from recurring operations was up 17%. Louis Vuitton achieved remarkable growth in all its businesses and in all regions. The iconic lines and new creations equally contributed to the continued revenue growth. Of note during the first half were the Men's and Women's fashion shows which were enthusiastically received. Christian Dior had a remarkable performance during the first half. The new line, *30 Montaigne*, which is a great success, illustrates the timeless elegance and savoir-faire of the Maison. An exceptional new store on the Champs- Elysées in Paris has temporarily taken over from the historic address of Avenue Montaigne, which is undergoing major renovations. Fendi celebrated Karl Lagerfeld's 54 years with the Maison and the Fendi family at several fashion shows which paid tribute to the designer. Celine is beginning to roll out its new store concept. The fashion shows presented in the first half, which were very well received, reflected the new identity of the Maison. Loro Piana recorded steady growth with, in particular, the success of a new personalized shoe service and a temporary boutique in New York. Loewe had an excellent performance, driven in particular by the success of its new collections. Rimowa had a very good start to the year. The other Maisons were further strengthened.

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

The **Perfumes & Cosmetics** business group recorded organic revenue growth of 9%, mainly driven by the performance of flagship brands. Profit from recurring operations was up 6%. Parfums Christian Dior maintained strong momentum, driven by the vitality of its iconic perfumes and the rapid progress of its makeup and skincare lines. Guerlain had an excellent start to the year. Its iconic *Rouge G* lipstick and *Abeille Royale* skincare line were particularly strong. Guerlain's launch of the first digital transparency and product traceability platform was a highlight of the first half. Parfums Givenchy benefited from its rapid progress in makeup and the good performance of its *L'Interdit* perfume. Benefit continued to grow its Eyebrow collection while Fresh continued its expansion in China.

Watches & Jewelry: good growth of Bvlgari and further repositioning of TAG Heuer

The **Watches & Jewelry** business recorded organic revenue growth of 4%, driven by jewelry. Profit from recurring operations was up 5%. Bvlgari made good progress in its stores and continued to gain market share. The iconic lines *Serpenti*, *B.Zero1*, *Diva* and *Fiorever* contributed to this performance. Its new high-end jewelry collection, *Cinemagia*, presented in June in Capri, was very well received. At Chaumet, the success of its *Bee My Love* collection and its iconic *Liens* and *Josephine* lines were the main growth drivers of the Maison. TAG Heuer continued to focus on its flagship lines, while Hublot continued to actively grow and develop its store network. The organisation of the first exhibition of the LVMH Swiss watch Maisons was announced for January 2020 in Dubai.

Selective Retailing: Strong growth at Sephora and sustained development of DFS in Europe

The **Selective Retailing** business group achieved organic revenue growth of 8%. Profit from recurring operations was up 17%. Sephora recorded strong revenue growth and gained market share in all of its locations. Already present in 34 countries, the brand continued to expand its store network while online sales advanced rapidly. Le Bon Marché continued to cultivate its unique identity and the exclusivity of its product offering. DFS performed very well in the Venice Galleria, its first European location. Although a slowdown in demand has been observed in Hong Kong and Macao over the past few months, DFS's performance in these markets was good in the first half.

Outlook 2019

In the buoyant environment of the beginning of this year, albeit marked by geopolitical uncertainties, the **Christian Dior group** will continue to pursue gains in market share through the numerous product launches planned before the end of the year and its geographic expansion in promising markets, while continuing to manage costs.

Our strategy of focusing on the highest quality across all our activities, combined with the dynamism and unparalleled creativity of our teams, will enable us to reinforce the Christian Dior group's global leadership position in luxury goods once again in 2019.

An interim dividend of € 2.20 will be paid on December 10th, 2019.

Regulated information related to this press release is available on our internet site www.dior-finance.com

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

ANNEX

Christian Dior group – Revenue by business group and by quarter

Revenue first half 2019 (Euro millions)

2019	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective Retailing	Other activities and 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**
First half	**2 486**	**10 425**	**3 236**	**2 135**	**7 098**	**(298)**	**25 082**

Revenue first half 2019 (organic growth compared to the first half of 2018)

2019	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective Retailing	Other activities and eliminations	**Total**
First quarter	+9%	+15%	+9%	+4%	+8%	-	**+11%**
Second quarter	+4%	+20%	+10%	+4%	+7%	-	**+12%**
First half	**+6%**	**+18%**	**+9%**	**+4%**	**+8%**	**-**	**+12%**

Revenue first half 2018 (Euro millions)

2018	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective Retailing	Other activities and 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**
First half	**2 271**	**8 594**	**2 877**	**1 978**	**6 325**	**(295)**	**21 750**

1. Consolidated income statement

(EUR millions, except for earnings per share)	June 30, 2019 (6 months)	Dec. 31, 2018 [a] (12 months)	June 30, 2018 [a] (6 months)
Revenue	**25,082**	**46,826**	**21,750**
Cost of sales	(8,447)	(15,625)	(7,130)
Gross margin	**16,635**	**31,201**	**14,620**
Marketing and selling expenses	(9,563)	(17,752)	(8,304)
General and administrative expenses	(1,793)	(3,471)	(1,688)
Income/(loss) from joint ventures and associates	12	23	12
Profit from recurring operations	**5,291**	**10,001**	**4,640**
Other operating income and expenses	(54)	(126)	(70)
Operating profit	**5,237**	**9,875**	**4,570**
Cost of net financial debt	(56)	(136)	(67)
Interest on lease liabilities	(145)	-	-
Other financial income and expenses	(13)	(279)	32
Net financial income/(expense)	**(214)**	**(415)**	**(35)**
Income taxes	(1,448)	(2,518)	(1,277)
Net profit before minority interests	**3,575**	**6,942**	**3,258**
Minority interests	2,258	4,368	2,052
Net profit, Group share	**1,317**	**2,574**	**1,206**
Basic Group share of net earnings per share *(EUR)*	**7.31**	**14.30**	**6.70**
Number of shares on which the calculation is based	180,284,470	180,001,480	179,933,472
Diluted Group share of net earnings per share *(EUR)*	**7.29**	**14.25**	**6.68**
Number of shares on which the calculation is based	180,348,502	180,172,099	180,219,779

(a) The financial statements as of December 31, 2018 and June 30, 2018 have not been restated to reflect the application of IFRS 16 Leases.

2. Consolidated statement of comprehensive gains and losses

(EUR millions)	June 30, 2019 (6 months)	Dec. 31, 2018 [(a)] (12 months)	June 30, 2018 [(a)] (6 months)
Net profit before minority interests	**3,575**	**6,942**	**3,258**
Translation adjustments	100	270	130
Amounts transferred to income statement	1	(1)	-
Tax impact	4	15	8
	105	**284**	**138**
Change in value of hedges of future foreign currency cash flows	(12)	3	(7)
Amounts transferred to income statement	25	(279)	(266)
Tax impact	(3)	79	79
	10	**(197)**	**(194)**
Change in value of the cost of hedging instruments	(81)	(271)	(159)
Amounts transferred to income statement	109	148	56
Tax impact	(8)	31	25
	20	**(92)**	**(78)**
Gains and losses recognized in equity, transferable to income statement	**135**	**(5)**	**(134)**
Change in value of vineyard land	-	8	-
Amounts transferred to consolidated reserves	-	-	-
Tax impact	-	(2)	-
	-	**6**	**-**
Employee benefit commitments: change in value resulting from actuarial gains and losses	(78)	28	-
Tax impact	25	(5)	-
	(53)	**23**	**-**
Gains and losses recognized in equity, not transferable to income statement	**(53)**	**29**	**-**
Gains and losses recognized in equity	**82**	**24**	**(134)**
Comprehensive income	**3,657**	**6,966**	**3,124**
Minority interests	2,307	4,400	1,979
COMPREHENSIVE INCOME, GROUP SHARE	**1,350**	**2,566**	**1,145**

(a) The financial statements as of December 31, 2018 and June 30, 2018 have not been restated to reflect the application of IFRS 16 Leases.

3. Consolidated balance sheet

Assets

(EUR millions)	June 30, 2019 (6 months)	Dec. 31, 2018 [a] (12 months)	June 30, 2018 [a] (6 months)
Brands and other intangible assets	16,015	16,376	16,147
Goodwill	14,872	12,192	12,491
Property, plant and equipment	15,574	14,463	13,514
Right-of-use assets	12,138	-	-
Investments in joint ventures and associates	715	638	640
Non-current available for sale financial assets	910	1,100	883
Other non-current assets	1,454	985	1,063
Deferred tax	2,077	1,932	1,775
Non-current assets	**63,755**	**47,686**	**46,513**
Inventories and work in progress	13,561	12,485	11,883
Trade accounts receivable	3,004	3,222	2,738
Income taxes	334	461	528
Other current assets	4,708	4,864	6,107
Cash and cash equivalents	8,116	8,553	6,939
Current assets	**29,723**	**29,585**	**28,195**
TOTAL ASSETS	**93,478**	**77,271**	**74,708**

Liabilities and equity

(EUR millions)	June 30, 2019 (6 months)	Dec. 31, 2018 [a] (12 months)	June 30, 2018 [a] (6 months)
Equity, Group share	14,883	14,240	13,263
Minority interests	23,007	22,132	20,627
Equity	**37,890**	**36,372**	**33,890**
Long-term borrowings	5,938	6,353	7,041
Non-current lease liabilities	10,139	-	-
Non-current provisions and other liabilities	3,729	3,269	3,474
Deferred tax	4,719	4,633	4,555
Purchase commitments for minority interests' shares	9,989	9,281	9,461
Non-current liabilities	**34,514**	**23,536**	**24,531**
Short-term borrowings	7,908	5,550	6,175
Current lease liabilities	2,029	-	-
Trade accounts payable	5,163	5,314	4,609
Income taxes	808	542	655
Current provisions and other liabilities	5,166	5,957	4,848
Current liabilities	**21,074**	**17,363**	**16,287**
TOTAL LIABILITIES AND EQUITY	**93,478**	**77,271**	**74,708**

(a) The financial statements as of December 31, 2018 and June 30, 2018 have not been restated to reflect the application of IFRS 16 Leases.

4. Consolidated statement of changes in equity

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares	Cumulative translation adjustment	Revaluation reserves: Hedges of future foreign currency cash flows and cost of hedging	Revaluation reserves: Vineyard land	Revaluation reserves: Employee benefit commitments	Net profit and other reserves	Total equity: Group share	Total equity: Minority interests	Total equity: Total
As of December 31, 2017	**180,507,516**	**361**	**194**	**(72)**	**154**	**53**	**461**	**(43)**	**11,661**	**12,769**	**19,932**	**32,701**
Gains and losses recognized in equity					89	(106)	1	8	-	(8)	32	24
Net profit					-	-	-	-	2,574	2,574	4,368	6,942
Comprehensive income					**89**	**(106)**	**1**	**8**	**2,574**	**2,566**	**4,400**	**6,966**
Expenses related to stock option and similar plans									40	40	47	87
(Acquisition)/disposal of treasury shares				38					(14)	24	-	24
Capital increase in subsidiaries									-	-	50	50
Interim and final dividends paid									(973)	(973)	(1,937)	(2,910)
Changes in control of consolidated entities									(4)	(4)	36	32
(Acquisition)/ disposal of minority interests' shares									(136)	(136)	(174)	(310)
Purchase commitments for minority interests' shares									(46)	(46)	(222)	(268)
As of December 31, 2018	**180,507,516**	**361**	**194**	**(34)**	**243**	**(53)**	**462**	**(35)**	**13,102**	**14,240**	**22,132**	**36,372**
Impact of changes in accounting standards [(a)]									(12)	(12)	(17)	(29)
As of January 1, 2019	**180,507,516**	**361**	**194**	**(34)**	**243**	**(53)**	**462**	**(35)**	**13,090**	**14,228**	**22,115**	**36,343**
Gains and losses recognized in equity					42	11	-	(20)	-	33	49	82
Net profit					-	-	-	-	1,317	1,317	2,258	3,575
Comprehensive income					**42**	**11**	**-**	**(20)**	**1,317**	**1,350**	**2,307**	**3,657**
Stock option plan-related expenses									16	16	20	36
(Acquisition)/disposal of treasury shares				7					(1)	6	-	6
Capital increase in subsidiaries									-	-	49	49
Interim and final dividends paid									(721)	(721)	(1,540)	(2,261)
Changes in control of consolidated entities									2	2	4	6
Acquisition and disposal of minority interests' shares						(1)	(1)	2	(2)	(2)	31	29
Purchase commitments for minority interests' shares									4	4	21	25
As of June 30, 2019	**180,507,516**	**361**	**194**	**(27)**	**285**	**(43)**	**461**	**(53)**	**13,705**	**14,883**	**23,007**	**37,890**

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares	Cumulative translation adjustment	Revaluation reserves: Hedges of future foreign currency cash flows and cost of hedging	Revaluation reserves: Vineyard land	Revaluation reserves: Employee benefit commitments	Net profit and other reserves	Total equity: Group share	Total equity: Minority interests	Total equity: Total
As of December 31, 2017	**180,507,516**	**361**	**194**	**(72)**	**154**	**53**	**461**	**(43)**	**11,661**	**12,769**	**19,932**	**32,701**
Gains and losses recognized in equity					40	(101)	-	-	-	(61)	(73)	(134)
Net profit									1,206	1,206	2,052	3,258
Comprehensive income					**40**	**(101)**	**-**	**-**	**1,206**	**1,145**	**1,979**	**3,124**
Expenses related to stock option and similar plans									20	20	24	44
(Acquisition)/disposal of treasury shares				22					(2)	20	-	20
Capital increase in subsidiaries									-	-	25	25
Interim and final dividends paid									(612)	(612)	(1,289)	(1,901)
Changes in control of consolidated entities									-	-	(2)	(2)
Acquisition and disposal of minority interests' shares									(55)	(55)	(64)	(119)
Purchase commitments for minority interests' shares									(24)	(24)	22	(2)
As of June 30, 2018	**180,507,516**	**361**	**194**	**(50)**	**194**	**(48)**	**461**	**(43)**	**12,194**	**13,263**	**20,627**	**33,890**

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

5. Consolidated cash flow statement

(EUR millions)	June 30, 2019 (6 months)	Dec. 31, 2018 [(a)] (12 months)	June 30, 2018 [(a)] (6 months)
I – OPERATING ACTIVITIES			
Operating profit	5,237	9,875	4,570
(Income)/loss and dividends received from joint ventures and associates	(9)	5	(2)
Net increase in depreciation, amortization and provisions	1,192	2,278	1,056
Depreciation of right-of-use assets	1,171	-	-
Other adjustments and computed expenses	(197)	(214)	(176)
Cash from operations before changes in working capital	**7,394**	**11,944**	**5,448**
Cost of net financial debt: interest paid	(47)	(130)	(89)
Lease liabilities: interest paid	(109)	-	-
Tax paid	(1,095)	(2,308)	(913)
Change in working capital	(1,875)	(1,086)	(1,323)
Net cash from operating activities	**4,268**	**8,420**	**3,123**
II – INVESTING ACTIVITIES			
Operating investments	(1,423)	(3,038)	(1,204)
Purchase and proceeds from sale of consolidated investments	(1,885)	(17)	(5)
Dividends received	1	18	18
Tax paid related to non-current available for sale financial assets and consolidated investments	-	(145)	(144)
Purchase and proceeds from sale of non-current available for sale financial assets	(81)	(400)	(47)
Net cash from (used in) investing activities	**(3,388)**	**(3,582)**	**(1,382)**
III – FINANCING ACTIVITIES			
Interim and final dividends paid	(2,315)	(2,964)	(1,959)
Purchase and proceeds from sale of minority interests	28	(519)	(112)
Other equity-related transactions	51	65	37
Proceeds from borrowings	2,988	1,528	1,571
Repayment of borrowings	(1,456)	(2,174)	(822)
Repayment of lease liabilities	(1,071)	-	-
Purchase and proceeds from sale of current available for sale financial assets	492	48	(1,181)
Net cash from (used in) financing activities	**(1,283)**	**(4,016)**	**(2,466)**
IV – EFFECT OF EXCHANGE RATE CHANGES	**15**	**67**	**29**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)	**(388)**	**889**	**(696)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**8,355**	**7,466**	**7,466**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**7,967**	**8,355**	**6,770**
TOTAL TAX PAID	**(1,174)**	**(2,513)**	**(1,115)**

(a) The financial statements as of December 31, 2018 and June 30, 2018 have not been restated to reflect the application of IFRS 16 Leases.

Alternative performance indicator

The following table presents the reconciliation between “Net cash from operating activities” and “Operating free cash flow” [(a)] for the periods presented:

(EUR millions)	June 30, 2019 (6 months)	Dec. 31, 2018 (12 months)	June 30, 2018 (6 months)
Net cash from operating activities	4,268	8,420	3,123
Operating investments	(1,423)	(3,038)	(1,204)
Repayment of lease liabilities	(1,071)	-	-
OPERATING FREE CASH FLOW [(A)]	**1,774**	**5,382**	**1,919**

(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”.

Alternative performance measures

For the purposes of its financial communication, in addition to the accounting aggregates defined by IAS/IFRS, the Christian Dior group uses alternative performance measures established in accordance with the AMF's position DOC-2015-12.

The table below lists these measures and the reference to their definition and their reconciliation with the aggregates defined by IAS/IFRS in published documents.

Measures	Reference to published documents
Operating free cash flow	IFR (condensed consolidated financial statements, consolidated cash flow statement)
Net financial debt	AR (Note 1.20 of the appendix to the consolidated financial statements) IFR (Note 19 of the appendix to the consolidated financial statements)
Gearing	IFR (part 7, Comments on the consolidated balance sheet)
Organic growth	IFR (part 1, Comments on the consolidated income statement)

IFR : Interim Financial Report as of June 30, 2019.
AR : 2018 Annual Report.