

# LVMH

2017 ANNUAL REPORT

*Passionate  
about  
creativity*





LVMH

*Passionate  
about creativity*

# WHO WE ARE

A creative universe of men and women passionate about their profession and driven by the desire to innovate and achieve. A globally unrivalled group of powerfully evocative brands and great names that are synonymous with the history of luxury. A natural alliance between art and craftsmanship, dominated by creativity, virtuosity and quality.

A remarkable economic success story with more than 145,000 employees worldwide and global leadership in the manufacture and distribution of luxury goods. A global vision dedicated to serving the needs of every customer. The successful marriage of cultures grounded in tradition and elegance with the most advanced product presentation, industrial organization and management techniques.

A singular mix of talent, daring and thoroughness in the quest for excellence. A unique enterprise that stands out in its sector.



Our philosophy: passionate about creativity

# LVMH VALUES

## INNOVATION AND CREATIVITY

Because our future success will come from the desire that our new products elicit while respecting the roots of our Maisons.

## EXCELLENCE OF PRODUCTS AND SERVICE

Because we embody what is most noble and quality-endowed in the artisan world.

## ENTREPRENEURSHIP

Because this is the key to our ability to react and our motivation to manage our businesses as startups.



## THE LVMH GROUP

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# ANOTHER RECORD YEAR

2017 WAS, IN ALL RESPECTS, ANOTHER VERY SUCCESSFUL YEAR FOR LVMH: PROFITABLE, ABUNDANTLY INNOVATIVE, AND FULL OF RESPONSIBLE COMMITMENTS.

## 2017's success is the result of a long-term global vision

Boosted by organic growth of 12%, our revenue comfortably exceeded the €40 billion mark, while our profit from recurring operations, which grew 18%, surpassed €8 billion. Christian Dior Couture joined the LVMH Group at the beginning of July 2017, bolstering our Fashion and Leather Goods business group.

These results stem from the balance of our businesses and geographic footprint around the world: Europe, the United States and Asia experienced growth this year. They are also driven by the dynamism of our Maisons, which, because they plan their development over the very long term, have had a particularly busy year. They reflect two of the hallmarks of the LVMH Group: yet again, our Maisons have been far-sighted and have sought perfection in their achievements this year.

## Creativity is at home at our Maisons

Our Group currently comprises over 70 Maisons, which are all - especially the largest, of course - very busy hubs of creativity and engagement. Louis Vuitton continues to demonstrate remarkable creative momentum. As a result of the popularity of its iconic products and the models designed in collaboration with Jeff Koons and Supreme, it has enjoyed outstanding success this year, while strictly controlling the quality and exclusivity of its distribution.

The principal Maisons in our Wines and Spirits business group enjoyed growth, even though supply constraints slowed growth in the second half for our cognacs. In premium champagnes, the Dom Pérignon P2 cuvées, which are unmatched worldwide because of their very long cellar maturation, are increasingly popular.

Fendi, Bvlgari and our prestigious perfume houses, notably Christian Dior, continued to perform very well.

The synergies facilitated by our Group include the Fenty Beauty range: Rihanna created this brand and its products have been developed by Kendo, our beauty incubator. They have enjoyed exceptional worldwide success, with sales driven by Sephora's powerful, far-reaching physical and digital retail network.

I would also like to reserve a particular mention for Céline, which welcomed the extremely talented Hedi Slimane in 2018 and is about to venture into unexplored businesses and territories.

### Major acquisitions in 2017

The integration process for Rimowa, which was acquired in January 2017, is virtually complete. These German suitcases are enduring favorites for seasoned travelers because of their unique design and the unmatched quality of their manufacturing process. They will benefit from the development of air travel in coming years.

Christian Dior Couture, which has been a "cousin" of LVMH's for thirty years, joined the Group in summer 2017. Such is the fame of the world's most famous French fashion brand, that the contribution it will make to our Group – from a creative and business perspective – is self-evident. The exhibition *Christian Dior: Designer of Dreams*, which celebrated the Maison's 70<sup>th</sup> anniversary at the Musée des Arts Décoratifs, welcomed more than 700,000 visitors in six months.

Francis Kurkdjian, a hugely talented master-perfumer, has joined the LVMH Group along with his Maison. We also acquired Colgin Cellars, a gem from Napa Valley, which rounds out our portfolio of premium vineyards. Likewise, the purchase of Woodinville expands our range of spirits.

### Significant investment in production

To satisfy growing demand for our products in all our business groups and continually improve production methods, our Maisons have increased their production capacities. After opening a new manufacturing workshop in Auvergne, central France, Louis Vuitton plans to open several more production facilities in France in 2018. Bvlgari has built itself a state-of-the-art manufacturing facility in Valenza, Italy.

Similarly, the inauguration of the Pont Neuf bottling plant, near Cognac, last October, is proof of both Hennessy's growth ambitions and its confidence in the potential of the cognac vineyards. These investments also reflect our Maisons' drive to improve the quality of our products and ensure that they are the most perfect expression of the terroirs from which they originate.

For several years now, they have been supported by equally significant investment in the transmission of our Maisons' ancestral know-how – they are the custodians of this expertise and have a duty to perpetuate it. Our Institut des Métiers d'Excellence, now present not only in France and Switzerland, but also in Italy, welcomes large numbers of apprentices and offers 18 first-rate training programs.

### Developing digital activities

The LVMH Group already has a substantial e-commerce footprint: our online sales, which represent several billion euros, grew 30% in 2017. Online sales of e-commerce pioneer Sephora, for example, are surging all over the world and Sephora is the leading online specialty beauty retailer in many countries, including the United States. Similarly, Louis Vuitton already boasts a remarkable online business, while preserving the brand's exclusiveness.

Our products are themselves increasingly connected: watchmaker TAG Heuer is capitalizing on the huge success of the connected watch in 2016 to accentuate this strategic focus and Louis Vuitton launched its own connected watch in 2017.

To prolong this innovation drive and further reinforce the presence and role of digital professionals in the Group, LVMH launched a series of initiatives in 2017 designed to offer customers – especially the young generations with high expectations in this area –

a premium digital service. 24 Sèvres, the digital platform of department store Le Bon Marché, immediately established itself as one of the best online shopping services, thanks to the quality of its product selection and its online portal. Similarly, Clos19, the digital ambassador of the art of hosting *à la française*, offers our wines and spirits, as well as an array of tasting experiences to customers in the United Kingdom, Germany and the United States.

Lastly, LVMH is investing in direct collaborations with startups at every level of the Group, notably thanks to the Vivatech trade fair co-organized by our subsidiary Les Echos, which has rapidly become a world class event.

### Our commitments

Our philanthropic initiatives have enjoyed unprecedented success, since the exhibition of the prestigious Shchukin collection, united for the first time since the October Revolution at the Fondation Louis Vuitton, attracted record attendance with more than 1.2 million visitors.

In September, LVMH celebrated 25 years of commitment to the environment by reinforcing its environmental performance targets. Lastly, LVMH has made a firm commitment to fashion models by drawing up a groundbreaking, highly exacting charter that is now applied by our fashion houses.

As we have done on three occasions since 2011, our Group and its Maisons will welcome you for the fourth edition of its open days, Les Journées Particulières LVMH, which will take place next October 12, 13 and 14.

### Cautiously optimistic for 2018

I believe that our Group is therefore very well positioned to pursue harmonious growth. We cannot predict economic conditions in 2018 exactly, even though the first quarter should not see any major breaks with prior trends. Analysis of the world's macroeconomic situation reveals both significant growth potential and substantial risk factors. We are therefore cautiously optimistic for the year ahead.

We are cautious because the current particularly buoyant economic situation with very low interest rates, abundant liquidity, generally very high asset valuations and no major economic crisis in ten years, will not last forever.

We are optimistic because the allure of our exceptional products will continue to grow in the long term and because the average standard of living in the countries where LVMH is present will continue to rise in the coming years, even if we do experience economic jolts in the short term.

I am confident in the ability of our designers and 145,000 employees worldwide to invent the products of tomorrow and ensure that they are of unrivalled quality. LVMH knows how to project itself into the future and invest for the long term. At every level of our Group, we are all entrepreneurs, driven by the aim of strengthening LVMH's lead in all its markets over the next ten years.

**Bernard Arnault**

Chairman and Chief Executive Officer







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# RESPONSIBLE INITIATIVES IN 2017

IN 2017, LVMH SUPPORTED INNOVATION,  
THE ENVIRONMENT, ENTREPRENEURSHIP  
AND YOUNG TALENT WITH A HOST OF INITIATIVES.

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**OCTOBER 2016 – MARCH 2018 (1)**

*Successful exhibitions  
at the Fondation Louis Vuitton*

The exhibition “Icons of Modern Art. The Shchukin Collection”, hosted by the Fondation Louis Vuitton from October 22, 2016 to March 5, 2017, was a resounding success. With record attendance of over one million visitors, it was France’s most visited exhibition! From April to August 2017, the Fondation Louis Vuitton presented “Art/Afrique, le nouvel atelier”, which showcased an African arts scene that had not received much exposure, offering multiple perspectives on African art and artists through a wide range of works. Next up was the MoMA exhibition at the Fondation Louis Vuitton. From Paul Cézanne to Andy Warhol, including works by Gustav Klimt and Constantin Brancusi, the exhibition features over 200 works, some of which are being displayed in France for the first time, and explains how New York’s renowned Museum of Modern Art built up its collection.

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**MAY 2017 (2)**

*A new partnership with  
Central Saint Martins*

LVMH announced a groundbreaking new partnership with Central Saint Martins. The new LVMH & Central Saint Martins Sustainability & Innovation in Luxury | Fostering Creativity program is driven by a shared commitment to meeting the many challenges the luxury industry faces. The program comprises four pillars: a Sustainability & Innovation research fund and academic program led by an assigned professor; the LVMH Grand Prix Scholarship which grants five scholarships a year to talented students; joint projects between LVMH Maisons and CSM students and graduates; and lastly, luxury industry recruitment and awareness-raising events for students.

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**JUNE 2017 (3)**

*The second edition  
of Viva Technology*

The Atelier LVMH and participating Maisons attracted thousands of visitors at the second edition of Viva Technology, a must-attend digital transformation event. The Atelier

LVMH was alive with exchanges, meetings and new ideas labs, and played host to a compelling line-up of talks and pitches by the 32 startups shortlisted for the first LVMH Innovation Award, which was won by French startup Heuritech.

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**JUNE 2017 (4)**

*The 2017 LVMH Prize  
for Young Fashion Designers*

Now in its fourth edition, the 2017 LVMH Prize for Young Fashion Designers was presented by Rihanna. This year’s Grand Prize award went to Marine Serre for her creative combination of urban and sportswear with oriental inspirations. The Special Prize was awarded to Kozaburo Akasaka for his subtly deconstructed menswear creations.

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**SEPTEMBER 2017 (5)**

*A charter on working relations with  
fashion models and their well-being*

LVMH joined forces with Kering and the sector professionals to establish a charter on working relations with fashion models that will be applied by all its Maisons, throughout the world. Respect for the dignity of

women and men is one of LVMH's core values and the Group has always cared about the well-being of the fashion models it works with. As an industry leader, the Group feels a special responsibility, a duty to go the extra mile, together with its Maisons. This charter promotes high standards of integrity, responsibility and respect for those concerned. A monitoring committee whose members represent the brands, modeling agencies and the model community, will meet every year.

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**SEPTEMBER 2017 (6)**  
*25th anniversary of LVMH's Environment Department*

LVMH marked its Environment Department's 25th anniversary with an exceptional celebration attended by its Maisons' CEOs and environmental experts. During the event, it presented LIFE 2020, the program that takes its commitment to the next level and is designed to improve the environmental performance of the Group and each of its Maisons. It also announced that it would double the size of the internal carbon fund it established in 2015, at the time of the Paris COP21 climate conference.

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**OCTOBER 2017 (7)**  
*DARE LVMH*

Reflecting the values that have made its success, LVMH launched an initiative that blends talent development, innovation and entrepreneurship, and emphasizes the importance of daring. DARE (Disrupt, Act, Risk - to be an Entrepreneur) demonstrates the engagement and creativity of the Group's managers, who are teeming with ideas on how to reinvent the luxury industry of the future.

60 managers, selected for their ideas, joined around 20 students from a variety of academic backgrounds (business, engineering, and design schools, etc.), and spent two days working on 12 projects they had chosen together. They applied design thinking or other agile "new economy" methods and were also mentored by startup founders and the CEOs of the LVMH Maisons. After two days, the participants pitched the results of this collective intelligence to a panel made up of Group executives and successful new economy entrepreneurs, who selected the three winning projects LVMH will develop.

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**OCTOBER 2017**  
*LVMH commits to returning a national treasure to France: King François I's Book of Hours*

LVMH is leading the crowdfunding campaign "Tous mécènes!" (Become a Patron!) to enable the acquisition and return to France of a national treasure - The Book of Hours that belonged to King François I. The campaign was launched in 2010 and encourages private individuals and companies to help enrich the Louvre Museum's collections by making a donation. Responding to a call for donations by Louvre President, Jean-Luc Martinez, LVMH announced that it would fund 50% of the budget needed to add King François I's Book of Hours to the Louvre's national collections.

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**NOVEMBER 2017 (8)**  
*The LVMH Institut des Métiers d'Excellence is inaugurated in Italy*

The Institut des Métiers d'Excellence (IME) LVMH, inaugurated its headquarters in the Palazzo Pucci in Florence. The ceremony also

served as an occasion to mark the beginning of the academic year for the first apprentices joining two programs organized in partnership with Polimoda and For.AL, in leather goods and jewelry respectively. This is part of IME's drive to diversify its training program by partnering with prestigious European schools in key sectors for LVMH (Jewelry, Vineyards and Winemaking, Couture, Retail, Design, Leather Goods, Watchmaking and the Culinary Arts). These two new vocational tracks, which are financed by the regions of Tuscany and Piedmont, feature brand new working formats. This original initiative acknowledges the importance and excellence of Italian know-how and reflects the IME's desire to play an active role in developing the employability of young people in Italy.

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**DECEMBER 2017 (9)**  
*5th Edition of the LVMH Engaged Maisons Dinner*

The fifth annual LVMH Engaged Maisons Dinner took place on December 13 at the Fondation Louis Vuitton. The evening celebrated LVMH and its Maisons' active commitment to social responsibility and raised funds for the fight against Sickle Cell Anemia. LVMH has been involved in the fight against Sickle Cell Anemia since 2011, providing support for research at Robert Debré Hospital in Paris. Sickle cell anemia is the world's most widespread genetic disease, affecting more than 5 million people and 250,000 newborn babies a year.



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# BEING BOLD AND ENTREPRENEURIAL, WHILE RESPECTING OUR COMMITMENTS

ANTONIO BELLONI,  
GROUP MANAGING DIRECTOR



**2017 was another record year for LVMH.**

**What are your thoughts on this performance?**

This impressive achievement is the result of our teams' commitment to the values that drive the Group and ensure its long-term success: excellence, continuous innovation and entrepreneurship. It is this engagement that keeps the craftsmanship and creative heritage of our brands alive and makes them enduringly desirable as we experience the changes taking place. This energy gives us the agility we need to adapt, explore, and be bold and entrepreneurial, without compromising what makes our Maisons unique.

**Have the changes you refer to modified LVMH's market approach?**

The old linear model is now a thing of the past and has given way to an open, dynamic ecosystem. Our customers are much more diverse. The young generations have increasing influence: they get information, have discussions and forge their opinions on social media. The search for innovation and the demand for personalization and seamless services are all linked to a growing desire for self-expression. Digitalization, which creates many occasions

for interaction and direct contact, represents an opportunity to engage with our clients and is a new growth driver - by allowing us to establish greater proximity to our customers and get to know each one better, digital technology allows us to improve the relevance of the products and experiences we propose.

**Are your traditional strategic priorities less relevant?**

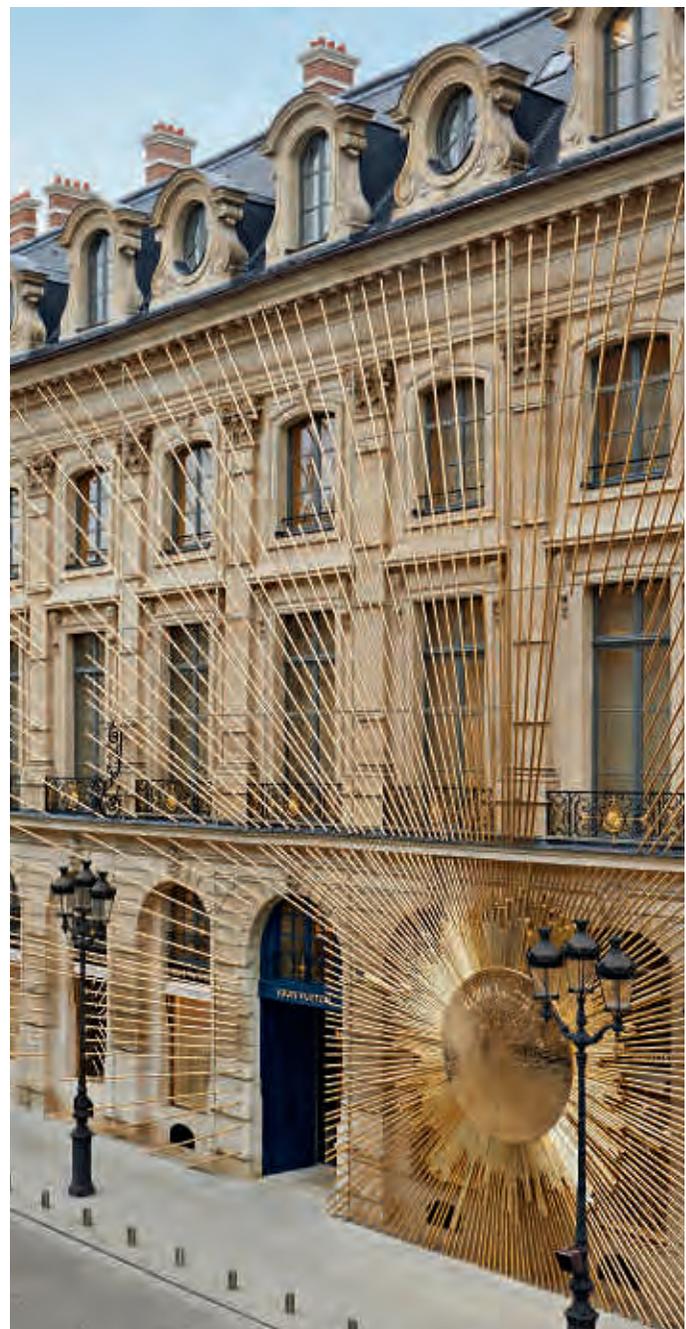
The luxury sector's fundamentals do not change. Creativity, authenticity, and excellent products and services have never been so sought after. The perfect balance of Dom Pérignon vintages, Loro Piana's vicuña stoles, events like the magnificent Christian Dior exhibition in 2017, exceptional places like the Maison Louis Vuitton on Place Vendôme in Paris - all these things fascinate our customers. Our sales consultants' expertise and attention to detail remain absolutely crucial. However, we must also express this excellence and creativity through virtual touchpoints. That is why our brands must constantly reinvent themselves, and why our teams must combine the transmission of our Maisons' traditions and know-how with new information channels and customer requirements.

Coming back to entrepreneurship, how can it be maintained in a Group that, in ten years, has more than doubled in size?

We have always avoided pyramid-type structures that stifle entrepreneurship, and prefer to nurture a culture where we have the courage to embrace change, so that we – and our brands – can progress. Our management style and decentralized organization favor the autonomy of our Maisons, so that they can focus on one thing: desirability. This mindset encourages them to be agile, to be close to the market and their customers in the field, and to develop new ideas and take risks – essential ingredients if we are to surprise and satisfy the most exacting customers. To reinforce this culture, we inaugurated a program called DARE (Disrupt, Act, Risk – to be an Entrepreneur) in 2017, which allowed employees from 40 LVMH Maisons to team up with students and entrepreneurs and work on highly innovative projects, using startup-inspired methods.

Has the Group implemented any specific Corporate Social Responsibility (CSR) initiatives?

Customers expect impeccable behavior from luxury Maisons, as do our employees, who appreciate the company's CSR initiatives. We must do more than create great products and convey their wonderful stories: we must embody the highest ethical, social and environmental standards. We have been implementing major social initiatives for many years. Examples include partnerships with underprivileged urban communities to foster the social inclusion of young people; training programs to get disabled people into the workplace; a Charter on the well-being of fashion models; and Inside LVMH, the program for students. We took advantage of our Environment Department's 25th anniversary to set even more ambitious targets for 2020 as part of our LIFE program. Lastly, in 2017, we revised and fine-tuned our Code of Conduct, to better account for extensive diversity within the Group and for changes in the modern world. These are just a few examples. Our future is at the crossroads of innovation and tradition, audacity and responsibility, and relies on our capacity to be bold and entrepreneurial, while respecting who we are and our commitments as a corporate citizen.



# GOVERNANCE AND ORGANIZATION

THE RIGHTS OF LVMH SHAREHOLDERS ARE PROTECTED  
BY LAW AND THE PRINCIPLES OF CORPORATE GOVERNANCE  
WHICH GOVERN THE WAY THE GROUP OPERATES.

## The Board of Directors

LVMH's Board of Directors is the strategic body of the Company which is primarily responsible for enhancing the Company's value and protecting its corporate interests. It acts as guarantor of the rights of each of its shareholders and ensures that shareholders fulfill all of their duties.

A Charter has been adopted by the Board of Directors which outlines criteria such as its membership, duties, procedures and responsibilities. Its membership includes nine Directors who meet the criteria to be considered independent and have no interests in the Company as of December 31, 2017.

Three Committees – the composition, role and missions of which are defined by internal rules – exist within the LVMH Board of Directors:

- the Performance Audit Committee ensures in particular that the Group's accounting policies comply with current accounting standards, reviews the parent company and consolidated financial statements, and monitors effective implementation of the Group's internal control and risk management procedures;
- the Nomination and Compensation Committee issues proposals on the compensation of senior executives and provides opinions on candidates and compensation for key Group positions, in compliance with current law and applicable governance principles;
- the Ethics and Sustainable Development Committee ensures compliance with the individual and shared values on which the Group bases its actions, which are detailed in the Code of Conduct as well as the other codes and charters resulting from this code.

## LVMH Code of Conduct

The Code of Conduct – the common foundation of the Group and its companies which was adopted in 2009 and disseminated to all employees – was revised in 2017

in order to reassert, specify and refine the principles of conduct intended to guide the actions of all employees.

The revised Code sets out all of the principles and policies that need to be implemented by the Group as it carries out its business activities. It brings together the rules to be followed by all employees as they carry out their roles and responsibilities, with a special emphasis on integrity, a key requirement for everyone. In particular, the Group has reiterated its zero-tolerance policy towards corruption. Lastly, the Code ensures consistency and ongoing improvement in the practices of all Group companies.

It is based on the following six core principles: acting responsibly and with social awareness; offering a fulfilling work environment and valuing talent; committing to protecting the environment; earning customers' trust; earning shareholders' trust; embodying and promoting integrity in business conduct.

The Code of Conduct does not replace existing codes and charters at Group companies; it serves as a shared foundation and source of inspiration. Where appropriate, the policies of the Code may be defined in greater detail by each Group company according to its business sector or location.

At Group level, the Environmental Charter and the Supplier Code of Conduct, as well as the various guidelines and internal charters, are modified versions of the LVMH Code of Conduct applied to specific areas.

The Code of Conduct is available on the LVMH website and can also be downloaded in ten different languages on the Group's new Ethics and Compliance intranet site. To encourage all Group employees to embrace the Code, an online training tool has been made available to them since late 2017.

*Further information can be found in the 2017 Reference Document.*

EXECUTIVE COMMITTEE AS OF DECEMBER 31, 2017



**Bernard Arnault**  
Chairman and Chief Executive Officer



**Antonio Belloni**  
Group Managing Director



**Nicolas Bazire**  
Development and Acquisitions



**Michael Burke**  
Louis Vuitton



**Chantal Gaemperle**  
Human Resources and Synergies



**Jean-Jacques Guiony**  
Finance



**Christopher de Lapuente**  
Sephora and Beauty



**Pierre-Yves Roussel**  
Fashion Group



**Philippe Schaus**  
DFS



**Jean-Baptiste Voisin**  
Strategy

BOARD OF DIRECTORS<sup>(1)</sup>

**Bernard Arnault**  
Chairman and  
Chief Executive Officer

**Antonio Belloni**  
Group Managing Director

**Antoine Arnault<sup>(3)</sup>**

**Delphine Arnault<sup>(5)</sup>**

**Nicolas Bazire**

**Bernadette Chirac<sup>(2)</sup>**

**Charles de Croisset<sup>(2)(3)(4)</sup>**

**Diego Della Valle<sup>(2)</sup>**

**Clara Gaymard<sup>(2)</sup>**

**Marie-Josée Kravis<sup>(2)(4)</sup>**

**Lord Powell of Bayswater**

**Marie-Laure  
Sauty de Chalon<sup>(2)(5)</sup>**

**Yves-Thibault  
de Silguy<sup>(2)(3)(4)(5)</sup>**

**Natacha Valla<sup>(2)</sup>**

**Hubert Védrine<sup>(2)(5)</sup>**

**Advisory  
Board Members**

**Paolo Bulgari**

**Albert Frère**

**Pierre Godé<sup>(6)</sup>**

**General Secretary**

**Marc-Antoine Jamet**

**Statutory Auditors**

**Ernst & Young Audit**  
represented by Jeanne Boillet  
and Patrick Vincent-Genod

**Mazars**  
represented by Simon Beillevoire  
and Loïc Wallaert

<sup>(1)</sup> As of December 31, 2017.

<sup>(2)</sup> Independent Director.

<sup>(3)</sup> Member of the Performance  
Audit Committee.

<sup>(4)</sup> Member of the Nominations  
and Compensation Committee.

<sup>(5)</sup> Member of the Ethics and  
Sustainable Development Committee.

<sup>(6)</sup> Passed away on January 31, 2018.

LVMH comprises 70 prestigious Maisons organized into six business groups.

Each Maison steadfastly preserves and perfects a long tradition of expertise and offers exceptional products.

## 14TH CENTURY

1365 Le Clos des Lambrays

## 16TH CENTURY

1593 Château d'Yquem

## 18TH CENTURY

1729 Ruinart

1743 Moët & Chandon

1765 Hennessy

1772 Veuve Clicquot

1780 Chaumet

## 19TH CENTURY

1815 Ardbeg

1817 Cova

1828 Guerlain

1832 Château Cheval Blanc

1843 Krug

1843 Glenmorangie

1846 Loewe

1849 Royal Van Lent

1852 Le Bon Marché

1854 Louis Vuitton

1858 Mercier

1860 TAG Heuer

1860 Jardin d'Acclimatation

1865 Zenith

1870 La Samaritaine

1884 Bvlgari

1895 Berluti

1898 Rimowa

## 20TH CENTURY

1908 Les Échos

1916 Acqua di Parma

1923 La Grande Épicerie de Paris

1924 Loro Piana

1925 Fendi

1936 Dom Pérignon

1936 Fred

1944 Le Parisien-Aujourd'hui en France

1945 Céline

1946 Christian Dior Couture

1947 Parfums Christian Dior

1947 Emilio Pucci

1952 Givenchy

1952 Connaissance des Arts

1957 Parfums Givenchy

1958 Starboard Cruise Services

1959 Chandon

1960 DFS

1969 Sephora

1970 Kenzo

1970 Cape Mentelle

1972 Parfums Loewe

1974 Investir-Le Journal des Finances

1976 Benefit Cosmetics

1977 Newton

1980 Hublot

1983 Radio Classique

1984 Thomas Pink

1984 Marc Jacobs

1984 Make Up For Ever

1985 Cloudy Bay

1988 Kenzo Parfums

1991 Fresh

1992 Colgin Cellars

1993 Belvedere

1998 Bodega Numanthia

1999 Terrazas de los Andes

1999 Cheval des Andes

## 21ST CENTURY

2004 Nicholas Kirkwood

2005 Edun

2008 Kat Von D

2009 Maison Francis Kurkdjian

2010 Woodinville

2013 Ao Yun

2017 Fenty Beauty by Rihanna

## OUR BUSINESS GROUPS

### WINES & SPIRITS



The Wines & Spirits business group focuses on growth in high-end market segments through a powerful international distribution network. LVMH is the world leader in champagne and produces still and sparkling wines. The Group is also the world leader in cognac with Hennessy and is expanding its presence in the luxury spirits segment.

### FASHION & LEATHER GOODS



The Fashion & Leather Goods business group comprises Louis Vuitton, Christian Dior Couture, Céline, Loewe, Kenzo, Givenchy, Thomas Pink, Fendi, Emilio Pucci, Marc Jacobs, Berluti, Nicholas Kirkwood, Loro Piana and Rimowa. While respecting the identity and creative positioning of these brands, LVMH supports their growth by providing them with shared resources.

### PERFUMES & COSMETICS



LVMH is a key player in the perfume, makeup and skincare sector, with a portfolio of world-famous French brands: Christian Dior, Guerlain, Givenchy and Kenzo. The Group also supports the development of other brands: Benefit, Fresh, Acqua di Parma, Parfums Loewe, Make Up For Ever, Maison Francis Kurkdjian, Fenty Beauty by Rihanna, Kat Von D and Marc Jacobs Beauty.

### WATCHES & JEWELRY



The LVMH Watches & Jewelry Maisons are some of the most dynamic brands in the industry. They operate in two segments: jewelry and high jewelry with Bvlgari, Chaumet and Fred; and high-end watchmaking with TAG Heuer, Hublot, Zenith, and Dior Montres. These Maisons are guided by a daily quest for excellence, creativity and innovation.

### SELECTIVE RETAILING



The LVMH Selective Retailing Maisons are active in two segments: selective retailing as represented by both Sephora, the most innovative company in the beauty industry, and Le Bon Marché, a department store with a unique atmosphere located in Paris; and travel retail with DFS and Starboard Cruise Services.

### OTHER ACTIVITIES



The Maisons in this business group are the ambassadors of culture and a certain *art de vivre*. They include Groupe Les Echos, which comprises leading French business and cultural news publications; Royal Van Lent, the builder of high-end yachts marketed under the brand name Feadship, and Cheval Blanc, the collection of exceptional hotels.



# A RESPONSIBLE MODEL DEDICATED TO EXCELLENCE

FORGED OVER GENERATIONS BY ALLIANCES BETWEEN MAISONS  
- WEAVING TOGETHER THEIR TRADITIONS OF EXCELLENCE  
AND CREATIVE PASSION - LVMH HAS BUILT ITS LEADING POSITION  
ON A UNIQUE PORTFOLIO OF ICONIC BRANDS.

These Maisons draw their energy from their exceptional heritage, innovative mindset and receptive outlook. The Group supports their development in a spirit of entrepreneurship, long-term vision and respect for the source of their strength and stature.

As ambassadors of an authentic *art de vivre*, it is our responsibility to set the right example in every aspect of our business, from product design to the experience that customers have throughout their relationships with our brands; from investment choices to social and environmental initiatives. Because what we do requires a diverse range of talent, we are committed to training teams that embody excellence. Because passing on skills is an integral part of our culture, we want to use that opportunity to promote social inclusion and employment. Because our crafts make the most of nature at its purest and most beautiful, we see preserving the environment as a strategic imperative.

The values and actions encompassed by our sustainable development attitude emerge from a tradition that dates back to the origins of our Maisons and forms an integral part of our heritage. Our long-term success depends not only on the Group's solid business model and profitable growth strategy, but also on our unwavering commitment to creativity, excellence and our environmental impact and corporate citizenship.

## Business performance

Combining profitable growth and sustainability with commitments to creativity and excellence. Applying our creative passion to the *art de vivre* to which our customers aspire. Strengthening our position as a global leader, and being the benchmark for managing and developing high-quality brands.

## Nurturing talent

Encouraging all our employees to reach their full career potential and achieve their aspirations. Developing diversity and the wealth of human resources at our companies in all the countries where we operate, and encouraging initiatives in these areas. Contributing to the knowledge and preservation of our crafts outside our company in addition to our own expertise as artisans and designers.

## Environment

Working together to preserve the planet's resources, to design and develop products that are compatible with environmental concerns, reporting on our policies and projects and the progress achieved in meeting our objectives. Contributing to environmental protection above and beyond factors directly related to our operations by entering into active partnerships with cooperating businesses, local authorities and associations.

## Partnerships and support

Maintaining and strengthening responsible relationships with our partners, suppliers and subcontractors. Implementing a patronage program for the widest possible public benefit which reflects and transmits our fundamental values. Providing active support for major causes, humanitarian projects and public health programs, and developing initiatives in support of art and young people.

# THE WORLD'S LEADING LUXURY GOODS GROUP

Revenue  
€ **42.6** bn  
+13%

Profit from  
recurring operations  
€ **8.3** bn  
+18%

Net profit  
Group share  
€ **5.1** bn  
+29%

**70**  
countries

**4,374**  
stores

**145,247**  
employees

**70**  
brands

## A UNIQUE OPERATING MODEL ANCHORED BY SIX PILLARS

### DECENTRALIZED ORGANIZATION

Our structure and operating principles ensure that our Maisons are both autonomous and responsive.

This allows us to be extremely close to our customers, to ensure that rapid, effective and appropriate decisions can be made. This approach also sustains the motivation of our employees, encouraging them to show true entrepreneurial spirit.

### ORGANIC GROWTH

The LVMH Group places priority on organic growth and commits significant resources to develop its Maisons, as well as to encourage and protect creativity. Our employees are key to this approach, making it essential to support their career growth and encourage them to excel.

### VERTICAL INTEGRATION

Vertical integration fosters excellence both upstream and downstream, allowing control over every link in the value chain – from sourcing and production facilities to selective retailing – which in turn means that the image of our Maisons is carefully controlled.

### CREATING SYNERGIES

Sharing of resources on a Group scale creates intelligent synergies while respecting the individual identities and autonomy of our Maisons. The combined strength of the LVMH Group is leveraged to benefit each of its Maisons.

### SUSTAINING SAVOIR-FAIRE

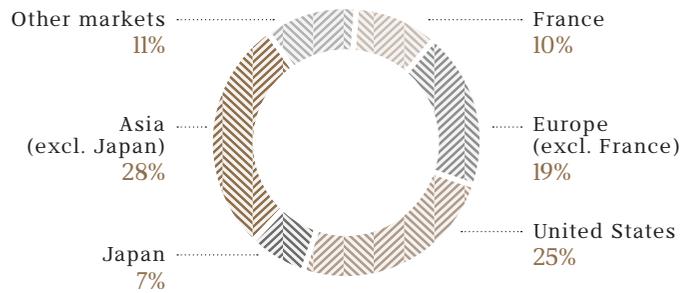
Our Maisons pursue a long-term vision. To preserve their distinctive identities and excellence, LVMH and its Maisons have developed forward-thinking initiatives to transmit savoir-faire and ensure that craftsmanship and creative *métiers* are valued by younger generations.

### BALANCE ACROSS BUSINESS SEGMENTS AND GEOGRAPHIES

Our Group has the resources to sustain regular growth thanks to the balance across its business activities and a well-distributed geographic footprint. This balance means that we are well-positioned to withstand the impact of shifting economic factors.

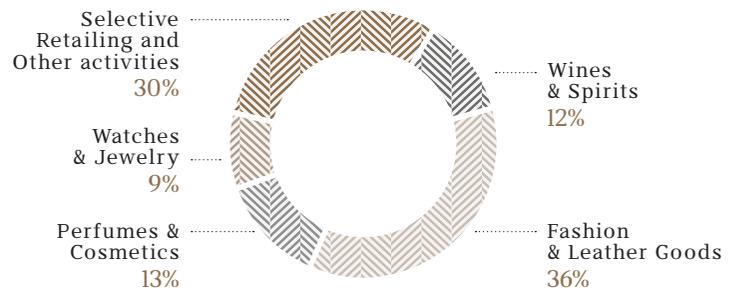
### 2017 REVENUE BY REGION

(in %)



### 2017 REVENUE BY BUSINESS GROUP

(in %)



### GEOGRAPHIC FOOTPRINT

(at December 31, 2017)

#### UNITED STATES

Revenue: €10,691m  
754 stores  
32,717 employees

#### FRANCE

Revenue: €4,172m  
508 stores  
29,578 employees

#### EUROPE (excl. France)

Revenue: €8,000m  
1,156 stores  
34,159 employees

#### OTHER MARKETS

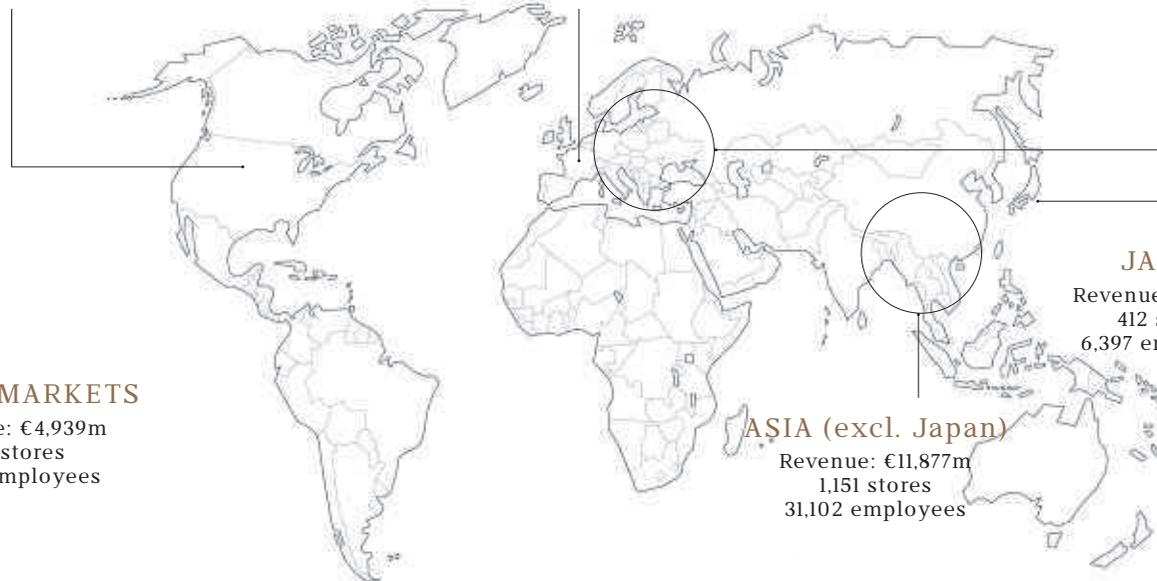
Revenue: €4,939m  
393 stores  
11,294 employees

#### JAPAN

Revenue: €2,957m  
412 stores  
6,397 employees

#### ASIA (excl. Japan)

Revenue: €11,877m  
1,151 stores  
31,102 employees





# PEOPLE MAKE THE DIFFERENCE

AT LVMH, OUR SUCCESS HAS ALWAYS BEEN BUILT ON THE SKILLS OF OUR TALENTED STAFF. IN EVERY MAISON AND IN EACH COUNTRY WHERE OUR EMPLOYEES WORK, REGARDLESS OF THEIR POSITIONS, THEY ARE COMMITTED TO PUSHING BACK LIMITS, BOTH INDIVIDUALLY AND AS PART OF A TEAM.

Every day, our employees live the values that lie at the heart of the Group's success, values that encapsulate the essence of LVMH today: creativity and innovation, excellence, and entrepreneurship. Creating the conditions that allow them to develop their full potential in order to meet our challenges of growth, internationalization and digital transformation - that is the ambition of our human resources policy. And day after day, that ambition helps us build, together, the Future of Tradition.

## An ambitious recruitment policy

At LVMH and in each Maison, we wish to attract, hire and nurture the most talented women and men, whatever their level of experience and expertise. By championing diversity within our ecosystem - in all of our different Maisons, business lines, activities and geographic areas - we endeavor to offer everyone unique career opportunities, making LVMH a very attractive employer. And because the Group believes that diversity is enriching and a way of becoming more competitive, it is committed to hiring only on the basis of professional criteria.

We seek to attract the most promising candidates to support the development of all of our Maisons so that we can continue to deliver excellent performance in a highly competitive environment. To this end, our recruitment teams build long-term relationships with the best available talent. Each year, LVMH hires around 33,000 people around the world on permanent contracts and more than 6,200 final-year interns.

In order to identify future employees who meet our needs, we have forged strong ties with schools and universities. In 2017, we organized or took part in over 250 events and initiatives where students could find out more about the Group and our Maisons. New digital tools have been rolled out, notably by way of a partnership with LinkedIn which includes a training program for all the Group's

recruiters, digitization of CVs at job fairs, and video interviews to screen candidates. And to maximize our recruitment effectiveness and market knowledge, the Group coordinates an internal network of 800 recruiters who exchange information and ideas through a number of forums and committees.

## Stimulating career paths

LVMH is keenly aware of the positive connection between investing in people and the Group's performance, and we place particular emphasis on helping our most talented people reach their full potential by facilitating opportunities for them to learn new skills and advance their careers. Given our size, the diverse range of our Maisons, our international dimension and constant growth, the Group can offer numerous possibilities which means that, as an employer, we can keep our promise of offering stimulating career paths that help employees achieve their goals.

We are convinced that our people are what make us different. All of the women and men at LVMH are guided by our values in everything they do: creativity spurs our curiosity, in turn sparking off a constant stream of innovation that enhances the desirability of our brands. Our pursuit of excellence challenges us to rise to ever greater heights, always offering our customers exceptional products and services. And our entrepreneurial flair drives us to explore new horizons, as we move our Maisons into the future without sacrificing their identity.

Thanks to the support and commitment of Human Resources teams at all of our Maisons, 3,600 of our managers were able to pursue new career opportunities around the world by transferring within the Group in 2017. In this way, 56% of our available positions were filled by internal candidates.

The annual talent review covering all of our Maisons, which has been carried out by the Group since 2007,

exceeded its targets this past year. Thanks to a meticulous process for pinpointing the Group's key personnel, the strategic coordination of a talent pool comprising over 1,000 French and international managers, and the activation of succession plans, 76% of available senior management positions were filled through internal promotions, giving an exceptional range of opportunities to managers already working with the Group. The EllesVMH program, which was also launched 10 years ago, aims to support the professional development of women in all positions and at all organizational levels, and has helped raise the representation of women in key roles from 23% in 2007 to 40% in 2017. A clear objective has now been set for this program: reaching 50% by 2020.

The digital transformation well underway at LVMH has also facilitated this process, providing access to tools giving us a more granular appreciation of our employees and their expectations.

#### **A dynamic approach to professional development**

At LVMH, our leaders and managers know that it is their responsibility to nurture and develop their teams to help them become even more effective in everything they do, to grow professionally and expand the career avenues available to them.

In addition to reaffirming our belief that all professional situations represent learning opportunities, the Group's various entities pursue targeted training and development initiatives where contextual knowledge and practical application ensure the effective acquisition of new skills. One of our challenges is brand education, as we seek to help our employees become familiar with the full range of products and services offered to our customers. The rapid pace of changes in this area has inspired us to create a community that brings together those responsible for building this knowledge in each of our Maisons so as to share best practices.

Improving the leadership and management skills of the Group's employees is another key area of focus for us. We are continually increasing the number of actions along these lines implemented by our Maisons, in the regions where we operate, and by LVMH House (our leadership hub for executives and high-potential employees). And since well-being at work is also a fundamental priority for LVMH, we have put in place several initiatives to ensure that employees always work under optimal conditions. Furthermore, because we believe that harnessing innovation is essential for employee development, our DARE

program, which is open to all employees, draws inspiration from the more flexible ways of working taking hold in the new economy. Agility, innovation and entrepreneurship underpin the actions of everyone involved.

Given the particular features of the professional activities pursued at LVMH, whether in the area of craftsmanship or creative design, as well as the level of excellence expected at all of our Maisons, it is in the Group's DNA to be a learning organization. Work-linked training programs are the preferred channel for passing on expertise and a strong focus on mentoring ensures that our professional heritage is constantly being enriched. The Institut des Métiers d'Excellence, launched in 2014, has already trained more than 300 young people in disciplines vital to our business activities - notably leatherworking, couture, jewelry production, watchmaking, vineyards and winemaking, sales, and design - in partnership with prestigious schools in France and Switzerland, and in Italy beginning in 2017.

#### **A constant emphasis on corporate citizenship**

The cornerstones of LVMH's approach to corporate social responsibility are a strong focus on developing expertise and talent among all staff, promoting the physical and psychological well-being of employees and ensuring quality of life in the workplace, preventing discrimination, respecting difference, and supporting both local communities and regional development. These commitments are put into practice at all of our Maisons, in line with their own challenges and operating environments, with the Group taking charge of their coordination and providing overall leadership.

In recent years, many solidarity initiatives have been unveiled by our Maisons, all of which encourage their employees to play an active role. Some of these initiatives have already gained considerable recognition, with a strong positive impact on society and the people involved. This is true, for example, of the support provided by Guerlain to a number of non-profit organizations working to promote self-esteem. Another illustration is the group of 13 Maisons based in Italy or with operations in this country that joined forces to foster the employment and social integration of people with Down syndrome. It is also the case in North America for Sephora Stands, which supports a range of social programs (promoting self-confidence, providing assistance to female entrepreneurs at the start of their careers, and establishing the Sephora Stands Together emergency fund to assist its employees).

## Indicators

as of December 31, 2017

**33**  
median age

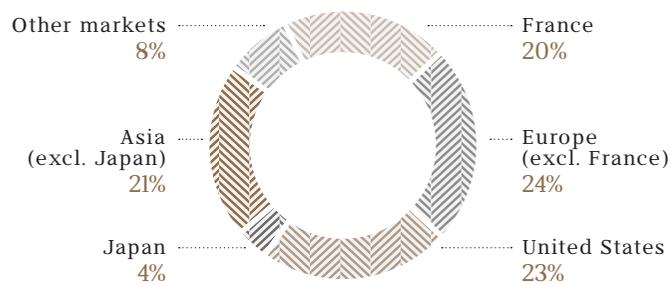
**145,247**  
employees worldwide

**73%**  
women

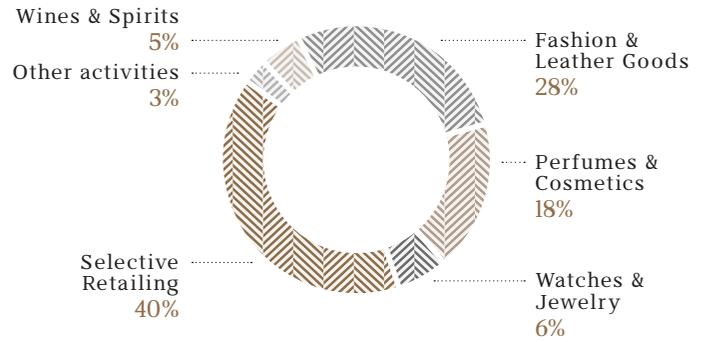
**33,191**  
joiners<sup>(1)</sup>  
including 4,411 in France

**€121.5 million**  
Training  
investment

EMPLOYEES BY REGION  
(in %)



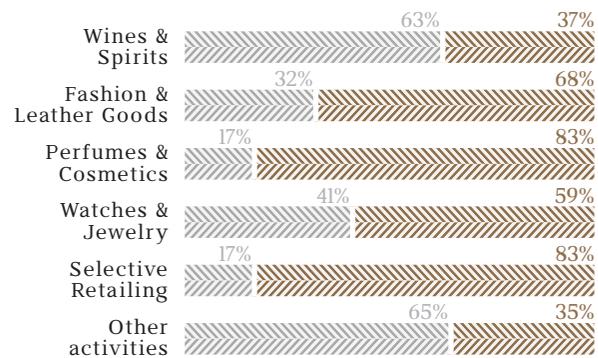
EMPLOYEES BY BUSINESS GROUP  
(in %)



WORKFORCE BY AGE<sup>(1)</sup>  
(in %)



BREAKDOWN OF MEN/WOMEN  
BY BUSINESS GROUP<sup>(1)</sup>



(1) Total permanent headcount.

## Being LVMH!

The Group has grown significantly in ten years – its revenue, workforce and sales outlets have more than doubled. We therefore felt that it was important to reflect together on what it means to “be LVMH”. It was vital and urgent to do this, because the world is transforming, and our employees need to understand and embody the values that have made the Group the success it is today by expressing them in their behavior. Being LVMH was launched in response to this need. We placed our talented people at the heart of the reflection and mobilized nearly 6,000 employees worldwide. We held 67 workshops and used digital devices to gather their views on what is unique about the way we behave and act in our daily lives. Together, these views form a benchmark, a shared language based on our deep conviction that “People make the difference” and our three core values: Creativity & Innovation, Excellence and Entrepreneurship. They were expressed as a set of eight key attitudes for our Group. Several hundred internal ambassadors helped share Being LVMH with employees in each of our Maisons, so that they can embrace this approach and adapt it to their culture.

## EllesVMH celebrates its 10th anniversary

EllesVMH – which was launched in 2007 by Chantal Gaemperle, the LVMH Group’s Director of Human Resources and Synergies – celebrated its 10th anniversary in 2017. This milestone served as an opportunity to assess LVMH’s commitment to gender equality. Between 2007 and 2017, the share of women in key positions within the Group increased from 23% to 40%. This encouraging progress has prompted us to set a new objective – achieving full gender parity in key posts by 2020.

EllesVMH aims to foster the professional development of women in all positions and at all levels of the organization. It does this in three ways. First, through group-wide measures, such as training, coaching, mentoring and women’s initiatives – in 2017, the EllesVMH Awards were launched to recognize gender best practices at the Group’s Maisons. Second, through a regional network which allows employees to take part in local events and initiatives and accounts for the specific features of each market. Lastly, each Maison develops initiatives that are in line with their culture, values and strategic objectives.



*“I joined the first Institut des Métiers d’Excellence Leather Goods vocational training course with the Compagnons du Devoir guild in September 2014, and graduated in 2015. Through this training course I was able to win two MAF medals for best apprentice in France in leather craftsmanship. I was awarded a gold medal by the département and a silver one by the region. It also gave me the opportunity to get thorough and varied work experience. I did my apprenticeship with Ateliers Louis Vuitton, first in Saint-Pourçain-sur-Sioule, then in Sainte-Florence, and finally with Maison Gouais, and last September, I joined Céline’s prototype workshop in Tuscany.”*

MARGAUX GIRARD

2015 IME graduate in Leather Goods



*“I joined the LVMH Group in January 2000. I was responsible for various window display projects and theme-based exhibitions at Le Bon Marché for 12 years. Then, I took the opportunity to move within the group to Franck & Fils, the Paris fashion retailer. This gave me experience of another shop format and I worked there for four years until the store was closed. After that, I seized an opportunity to move into food retailing as head of merchandising for La Grande Épicerie de Paris. This was doubly challenging because I had to work with architects during the 18-month refurbishment period, designing the characteristics, atmospheres and lay-out of the new La Grande Épicerie de Paris Rive Droite store which opened on the premises previously occupied by Franck & Fils. The 18 months I spent working with a multi-disciplinary team were intense and exciting – at any moment, everything could be called into question. It was an unforgettable experience that really motivated me.”*

CAROLINE RINALDI

Merchandising manager  
La Grande Épicerie de Paris



*“I’m the manager of the Kenzo Ginza 6 store, which is located in the heart of Ginza, Tokyo’s prime luxury shopping district and a crossroads of cutting-edge innovation and Japanese tradition. Inaugurated in April 2017, Ginza 6 is Japan’s largest luxury shopping complex. It’s a very exciting challenge to be at the head of a store like this, which is the brand’s largest in Japan. To help meet this challenge I’m fortunate to have a solid team. In addition to members who previously held other positions within the Group, this is a very international team, with people from diverse backgrounds and nationalities. As a manager, I try to cultivate and develop this rich diversity. Our team has been able to meet the challenges we’ve faced and demonstrate our potential by delighting our customers and securing their loyalty.”*

RIISA MURAKOSHI

Store manager  
Kenzo Ginza 6



CHAMPAGNE  
MOET  
&  
CHANDON

# ENVIRONMENT: SETTING OUR SIGHTS ON EXCELLENCE

IN 2017, LVMH'S ENVIRONMENT DEPARTMENT CELEBRATED ITS 25TH ANNIVERSARY. THIS WAS AN OPPORTUNITY FOR THE GROUP TO REFLECT ON HOW FAR IT HAD COME IN INTEGRATING THE PROTECTION OF NATURAL RESOURCES INTO ITS BUSINESSES AND STRATEGY, AND ALSO TO MOBILIZE ITS 145,000 EMPLOYEES AROUND NEW ENVIRONMENTAL CHALLENGES TO BE MET BY 2020.

## Environmental performance promotes excellence

In 1992, LVMH created an Environment Department reporting directly to the Group's Executive Management, and in doing so we made it clear that we wanted to set the benchmark in the environmental arena. As the world leader in luxury, LVMH made the decision very early on to make environmental awareness drive innovation and propel our growth strategy. And as a trailblazer, we stepped up this approach in 2012 when we launched LIFE (LVMH Initiatives For the Environment), a global program designed to unite staff and coordinate initiatives around a shared vision and nine key environmental performance challenges. In 2016, we reached a new milestone by setting four common goals that all LVMH Maisons must meet by 2020; and to go one step further, they are now required to integrate the LIFE program into their strategic plans. The highly ambitious LIFE 2020 program will help the Group speed up progress in every area - products, business lines and sites - and play a part in combating global warming by reducing its CO<sub>2</sub> emissions by 25% compared to 2013.

The Group organizes its environmental approach around four targets:



PRODUCTS:

### Improve the environmental performance of all products.

For LVMH, eco-design is a catalyst for greater innovation and creativity, reinforcing our extremely high quality standards and ensuring that our Maisons can continue to offer timeless products. This approach, which aims to

reduce the environmental footprint of products over their entire life cycle, is a pillar of the LIFE program. With LIFE 2020, LVMH has committed to roll it out across the entire Group. To this end, the Group is training its staff through its Environment Academy, set up in 2016. It is also rolling out tools like Edibox, which can be used to obtain the EPI (Environmental Performance Index) for packaging. The Group's Wines & Spirits companies and Perfumes & Cosmetics companies calculate the EPI for all their products, and are working to improve it by 10% between now and 2020. They achieved an average performance of 3% in 2017.



SUPPLY:

### Best practice applied in 70% of our supply chains, to reach 100% in 2025.

The products sold by our Maisons are made from natural raw materials, many of them rare and precious. It is vital to protect this capital - something the Group has been endeavoring to do for a number of years through its sustainable procurement policy. Maintaining the traceability of materials used in manufacturing its products and ensuring compliance have long been key priorities for LVMH, which has set itself a new target: by 2020, 70% of the Group's supply chains will have to meet the strictest environmental standards. LVMH has defined specific objectives in this area for each business group, particularly with respect to the certification of raw materials and suppliers. For example, the brands of the Watches & Jewelry business group have secured RJC (Responsible Jewellery Council) certification, which guarantees that precious stones and metals are sourced from companies and

organizations committed to responsible business practices. At present, 90% of all diamonds used by the Group are RJC certified, and this will rise to 100% by 2020. LVMH has adopted a similar approach to sourcing leather: in 2017, the Group launched an LWG certification campaign for tanneries that supply it. This certification, issued by the Leather Working Group, guarantees that practices meet environmental excellence standards. By 2020, 70% of the total volume of leather used by our Maisons will be sourced from certified tanneries; this was already the case for 40% of volumes in 2017. LVMH's responsible sourcing approach also includes promoting sustainable winegrowing, which protects the long-term future of vines by respecting the land in which they grow and safeguarding biodiversity. In 2017, all vineyards owned by the Group were certified and our Maisons also help their grape suppliers obtain certification. The Group is also focusing on ethnobotany, which helps preserve plant species used in cosmetics. For example, Guerlain has set up sustainable supply chains for raw materials such as vetiver from India, honey from the island of Ouessant off the coast of France, sandalwood from Asia, and lavender from the south of France. Lastly, in 2008, LVMH implemented a Supplier Code of Conduct, which sets out its requirements relating to labor and human rights as well as social and environmental responsibility. It has been disseminated to all of our Maisons, and all relations with partners require that the partner in question undertake to comply with all ethical principles laid down in the Code. In 2017, a revised version of the Code was adopted in order to provide more details on the principles and rules of conduct to be observed by suppliers.



CO<sub>2</sub>:

#### **25% reduction in CO<sub>2</sub> emissions attributable to energy consumption.**

Combating global warming is a major focus of LVMH's environmental policy. As soon as the Bilan Carbone® carbon assessment was introduced in France in 2002, the Group began to record and take action to reduce CO<sub>2</sub> emissions. On-site energy management, production, transportation, logistics, working habits – the Group is now taking action in every area, with a single priority: to reduce energy consumption in its stores, which account for a total area of 1.3 million square meters worldwide. Thanks to this proactive policy, the Group reduced its CO<sub>2</sub> emissions by 11.5% between 2013 and 2016. LVMH plans to extend this to a 25% reduction by stepping up monitoring and reporting, boosting energy efficiency, and expanding the use of renewable energy. Since the end of 2015, the Group has been using a tool previously

unknown in the world of luxury goods: its internal carbon fund. In 2017, LVMH Maisons paid €15 per metric ton of CO<sub>2</sub> emissions into the fund, making a total of €5.7 million. This money will be used to finance around 60 innovative projects aimed at reducing the Group's carbon footprint across all its business activities. To speed up progress, LVMH also enters into framework contracts with green energy suppliers. As a result, 450 sites in France as well as sites operated by a number of LVMH Maisons in Italy are currently powered exclusively by electricity from renewable sources. Lastly, the Group is working to encourage the use of more ecological modes of transportation. For example, following similar initiatives in France, Italy and China, Sephora recently began using electric vehicles for deliveries in Spain, in the metropolitan areas of Barcelona and Madrid.



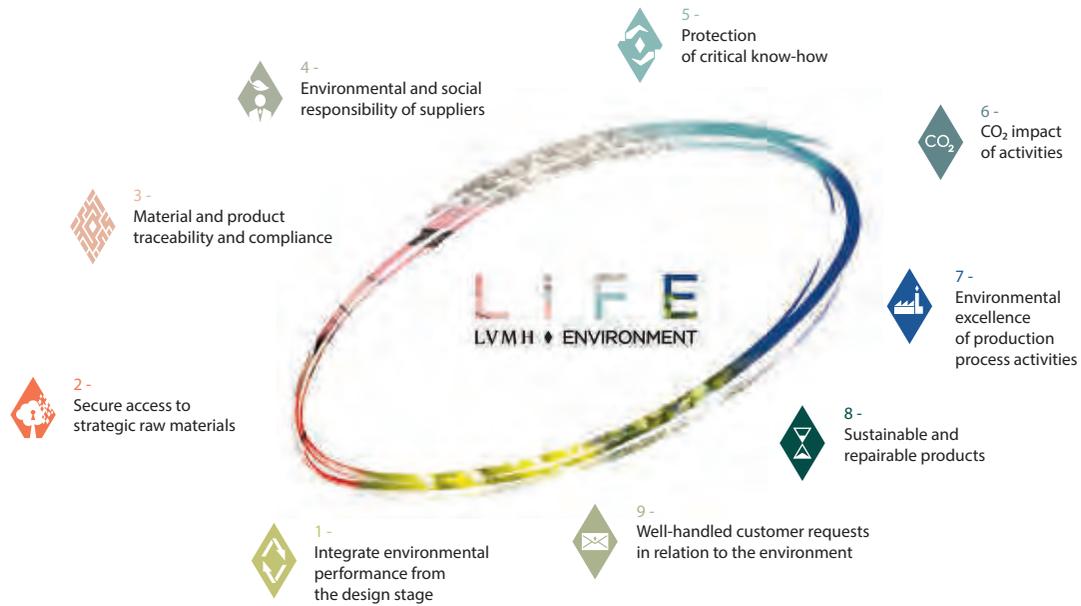
SITES:

#### **All manufacturing, administrative and retail sites to achieve at least a 10% improvement in key environmental performance measures.**

From the outset, the LIFE program has focused on ensuring that the Group's production sites and stores are environmentally friendly. LIFE 2020 further strengthens these commitments. In line with their long-established track record of improvement, our Maisons are now required to implement an environmental management system at each of their production sites and must reduce at least one of the following by a further 10% relative to 2013: water consumption, energy consumption, or waste production. At the same time, they have been challenged to improve average energy efficiency in existing stores by 15%, a target that was already met in 2017. By 2020, they also need to ensure that the environmental performance of their new stores achieves a score of at least 50 out of 100 on the LVMH Store Guidelines scale, which was developed in 2016 on the basis of international standards. To achieve this goal, our Maisons continue to pursue a policy of sustainable construction. They are also supported by major projects kicked off by LVMH to help them achieve their goals. For example, the LVMH Lighting program helps them equip their premises with low-energy lighting systems, such as LED lighting. The Group's recovery and recycling platform, known by its French acronym CEDRE, processes and recovers several thousand tons of waste produced every year. Meanwhile, the LIFE in Stores program, rolled out in 2016, supports their efforts to make stores more environmentally friendly.

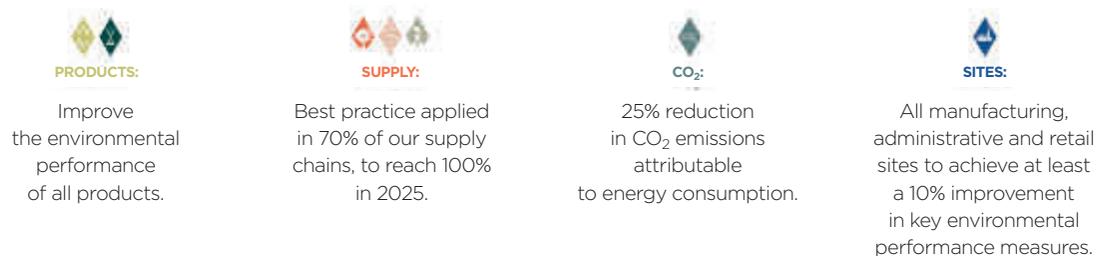
## The dynamics of the LIFE program

In 2015, all of our Maisons incorporated the LIFE program into their strategic plans. LIFE is a source of innovation and creativity, and also a common language that allows our upper-level management to get deeply involved. The Group oversees all of these activities, in cooperation with the LVMH Environment Department.



## Goals for 2020

Four key goals, defined in 2016 by a group of 80 people from 27 Maisons, now form the backbone of the Group's Environmental approach:



**35%**  
of leather purchased  
by the Maisons comes from  
LWG-certified tanneries

**€5.7 million**  
projects financed  
from the carbon fund

## The Environment Department turns 25

LVMH's longstanding commitment to ecological sustainability was a key factor in its decision to create its own Environment Department as early as 1992. Reporting directly to Group Managing Director Antonio Belloni, the department currently has a staff of around ten in-house experts. On September 19 and 20, 2017, LVMH celebrated the 25th anniversary of this pioneering unit with two exceptional "Future LIFE" evenings, which provided an opportunity to look back on the important milestones in the development of the Group's environmental policy, from Hennessy's 1992 launch of the first product life cycle analysis to the 2016 creation of the LVMH Life in Stores Awards recognizing stores' environmental initiatives. Tomorrow's challenges were also a key focus of these special evenings where new goals were also presented that will allow LVMH to move even further forward by 2020. "The LVMH Group is proud to have been a trailblazer for the last 25 years and we are committed to continuing along this path," commented Chairman and CEO Bernard Arnault in his introductory speech. A number of other individuals spoke at the anniversary events, including several CEOs of LVMH Maisons and prominent guests like aviator Bertrand Piccard, founder and chairman of the Solar Impulse Foundation.

## The internal carbon fund gears up

In September 2017, as its Environment Department celebrated its 25th anniversary, LVMH announced that it was doubling the price per metric ton of CO<sub>2</sub> emissions under its internal carbon fund initiative from 2018. The Group is thus continuing its pioneering actions to help combat climate change. Set up in November 2015 at the time of the COP21 conference, the idea behind this fund is that raising the cost of activities that emit greenhouse gases can prompt changes in behavior. The contributions of Group companies are calculated in proportion to the volume of CO<sub>2</sub> emissions generated by their activities, especially those associated with energy consumed at their production sites and retail premises. The fund is dedicated to financing innovative projects designed to limit the Group's carbon footprint. Our Maisons can invest in projects in three areas: reducing energy consumption, promoting renewable energy production, or increasing awareness and improving the way emissions are monitored. By raising the price per metric ton of CO<sub>2</sub> emissions from €15 to €30, LVMH has reinforced the virtuous circle it set in motion when it launched the internal carbon fund, thereby bolstering the means at its disposal to achieve its new ambition: cutting emissions by 25% between 2013 and 2020.



*“After working together for several years on academic and creative projects, in 2017, LVMH strengthened its partnership with Central Saint Martins, an art and design education center with an exceptional reputation, by creating a new program called LVMH & Central Saint Martins: Sustainability & Innovation in Luxury | Fostering Creativity. Its mission is to nurture talented young people and identify disruptive solutions to support sustainability and innovation in the luxury sector. This program, which covers several of the college’s courses, for example fashion, jewelry, design and architecture, will serve as a crucible for the research and development of new creative processes and materials that meet both our Maisons’ stringent quality standards and our environmental performance ambitions.”*

ALEXANDRE CAPELLI  
Group Environment Manager  
LVMH



*“At Loewe we work with our suppliers to challenge the innovation and development of more sustainable materials and processes that meet our design, quality and sustainability standards. In 2016 we started working with our leather suppliers using the Leather Working Group (LWG) environmental audit standard. LWG is an international organization that has developed this audit protocol to evaluate the environmental compliance and performance of tanneries and promotes appropriate and sustainable environmental business practices in the leather industry. These audits allow us to implement a dynamic data analysis on supply chains and to promote continuous improvement.”*

VICTORIA MURIEL  
Sustainability & Environment Coordinator  
Loewe



*“The Glenmorangie Company has a long-term commitment to protecting and improving the environments surrounding its two Distilleries: Glenmorangie, located in Tain in the Highlands of Scotland, and Ardbeg on the Scottish island of Islay. In 2017, a groundbreaking environmental project pioneered by Glenmorangie has seen Native European oysters reintroduced after a century’s absence to the coastal waters around its Highland home. In partnership with Heriot-Watt University and the Marine Conservation Society, this innovative project is known as the Dornoch Environmental Enhancement Project (DEEP). The project’s vision is to restore long-lost oyster reefs to the Firth and to enhance biodiversity. It will also act in tandem with the Distillery’s anaerobic digestion – an environmental first for a Distillery. The Anaerobic Plant purifies up to 95% of the waste water that the Distillery releases into the Firth with the remaining 5% of the organic waste naturally cleaned by the oysters.”*

JÉRÔME GREVIN  
QSE Compliance Director  
Glenmorangie



GUERLAIN

# THE LVMH SUPPLY CHAIN

AT LVMH, SUPPLIERS ARE KEY ACTORS IN THE VALUE CHAIN,  
WHICH IS WHY WE ARE COMMITTED TO MAINTAINING RESPONSIBLE  
RELATIONSHIPS WITH OUR PARTNERS, SUPPLIERS AND SUBCONTRACTORS,  
AND WORK CONTINUOUSLY TO STRENGTHEN THESE RELATIONSHIPS.

## Group commitments and organization

In 2017, LVMH revised its Supplier Code of Conduct to provide greater clarity about the standards of conduct expected of its suppliers, and the integrity with which they are required to act. The Supplier Code of Conduct states that suppliers to LVMH and its Maisons must take responsibility for work undertaken by their own subcontractors and suppliers, and make sure that they comply with the principles laid down in the Code. Since 2014 the Maisons have integrated LIFE topics into their strategic plans, particularly as regards suppliers and environmental and workforce-related targets. The LVMH Group has also set targets for 2020, one of which is to ensure compliance with environmental best practice in the supply chain.

## External and internal support

LVMH maintains regular dialogue with its suppliers and is highly involved in their operations, which has led the Group to help them implement and comply with environmental, workforce-related and societal best practices, while raising awareness and providing training on the corporate social responsibility issues specific to their business. A Supplier Forum has been held every year since 2014, attended by Group Maisons' representatives and their suppliers. It is also vital to raise awareness among internal staff, whether they are directly or indirectly involved in relations

with suppliers (buyers, production teams, etc.). To this end, a Supplier Sustainability Meeting has been held every year since 2005, bringing together the different Maisons' Purchasing, Environment, Legal and Internal Control departments. This meeting is a forum for the Maisons to exchange best practices and to present their plans, projects, actions and progress regarding sustainable, responsible purchasing.

## Supplier assessment

LVMH's Maisons take a two-pronged approach to assessing their suppliers, which consists of selecting the priority product categories within each business group and developing an ongoing social and environmental audit program.

Each business group has defined the common priorities for all its Maisons. For example, four key product categories have been selected as shared priorities for all Fashion and Leather Goods Maisons: leather, cotton, chemicals (especially in metal parts), and finished and semi-finished products. In 2017, 1,497 social and/or environmental audits were carried out under the Group-wide program.

As part of their quest for ongoing improvement in 2018, our Maisons will continue their supplier audit programs and follow up on action plans. The Group will also aim to strengthen the working groups for each of its businesses to best reflect their specific characteristics and requirements.



# SUPPORTING CULTURE, YOUNG PEOPLE AND HUMANITARIAN PROJECTS

FOR OVER 20 YEARS, LVMH'S GROUNDBREAKING CORPORATE PHILANTHROPY HAS EXPRESSED THE CULTURAL, ARTISTIC AND HUMANITARIAN VALUES THAT UNITE ALL ITS MAISONS, AND UPON WHICH THEY HAVE BUILT THEIR SUCCESS.

## Culture, heritage and contemporary creative arts

In 2017, LVMH maintained its commitment to supporting contemporary creative arts. LVMH has been a loyal patron of the "Nuit Blanche" night-time arts festival for more than ten years, and once again provided support alongside the City of Paris this year to the French and international arts scene, giving center stage to contemporary artists at an event open to all in the heart of Paris. In spring 2017, LVMH also sponsored the "Dioramas" exhibition at the Palais de Tokyo and the production of "The Testament of Mary" at the Odéon-Théâtre de l'Europe. LVMH also launched several initiatives to raise awareness about and enrich our cultural and artistic heritage. With its €5 million donation, LVMH spearheaded the "Tous Mécènes!" ("Become a Patron!") crowdfunding campaign in October 2017 launched by the Louvre Museum to acquire King François I's 16th century manuscript, the Book of Hours. The Group thus made a crucial contribution towards returning this masterpiece of French Renaissance jewelry and metalwork to France's national collections. The manuscript illustrated with sixteen full-page paintings is opulently bound in gold and precious stones. By January 1, 2018, thanks to an unprecedented campaign backed by a very large number of private donors, the public fundraising drive launched by the Louvre had raised €1 million, a record amount for an appeal of this type. The acquisition of this *chef d'œuvre*, one of the few surviving depictions of François I's Royal Treasury, will be completed in 2018. It will mark the 20th anniversary of the trust and friendship established between the Louvre and LVMH since its donation to acquire David's *Portrait of Juliette de Villeneuve* in 1998.

What's more, the Group was a main sponsor of the National Picasso Museum's fall 2017 exhibition in Paris. "Picasso 1932"

took a fresh view and offered intimate insights into Pablo Picasso's art through the prism of his creative journal, revealing the day-by-day unfolding of events in 1932, one of the key, most prolific years of his artistic career.

In 2018, LVMH will hold the fifth edition of the LVMH Prize for Young Fashion Designers, which is open to fashion designers from all over the world. In 2017, Rihanna presented young designer Marine Serre with the Grand Prize, together with a grant of €300,000 and a year-long mentorship provided by a dedicated team, in a ceremony held at the Fondation Louis Vuitton. The panel of judges also decided to award a special prize to Kozaburo Akasaka for KOZABURO.

## Opportunities for young people

In the field of education, LVMH plays its part in boosting the opportunities available for young people by designing and implementing educational programs for primary school, junior high and art school students, giving them access to the best that culture can offer. In 2017, LVMH renewed its support for "Orchestre à l'école", a charity which gives the chance to some 200 children all over France to learn a musical instrument as part of a special educational program. Moreover, LVMH also extended the loan of the Stradivariuses in its collection.

## Backing medical research and certain social causes

Lastly, the Group supported numerous institutions well-known for their work with children, the elderly and the disabled and for their efforts to combat major causes of suffering and exclusion. In 2017, LVMH also supported several foundations and scientific teams involved in cutting-edge research into public health issues.

## Fondation Louis Vuitton consolidates its position as a leading institution on the global arts scene

2017 got off to a tremendous start for the Fondation Louis Vuitton, with its “Icons of Modern Art. The Shchukin Collection” drawing 1.2 million visitors, setting a new record for an art exhibition in France. In the spring, “Art/Afrique, Le nouvel atelier” gave a wide audience the chance to discover the vitality and wealth of Africa’s thriving art scene.

Since October 11, 2017, “Being Modern: MoMA in Paris” has showcased an exceptional selection of 200 works from the New York museum never before seen in France. Through a multi-disciplinary selection ranging from modern to ultra-contemporary works, and illustrating movements as varied as abstract, minimalist and pop art, the Fondation Louis Vuitton has brought the city that never sleeps to the city of light, retracing the roots and historic calling of the Museum of Modern Art, with its collections exhibiting some of the greatest names of the 20th and 21st centuries: Cézanne, Klimt, Signac, Matisse, Picasso, de Chirico, Hopper, Duchamp, Picabia, Magritte, de Kooning, Jasper Johns, Frank Stella... The exhibition has also provided a vibrant tribute to several generations of American philanthropists, collectors and patrons - including Lillie P. Bliss, Abby Aldrich Rockefeller and Mary Quinn Sullivan - whose passion and enduring commitment, from MoMA’s inception in 1929 through to the present day, has helped

kindle a love of art in millions of people, as well as enriching and raising the profile of an artistic heritage that is at once American and universal.

In spring 2018, the Fondation Louis Vuitton will present “In Tune with the World”, featuring a fresh selection of previously unexhibited works from its collection. Each of the works by Yves Klein, Giovanni Anselmo, Pierre Huyghe, Sigmar Polke and Gerhard Richter will stir up significant reflection about the times we live in and the changes we experience in our contemporary world. In addition, an entire section of the exhibition will be devoted to Japanese artist Takashi Murakami, a leading light of the international contemporary art world who has notably drawn from, and been inspired by, the world of Louis Vuitton, reflecting the excellence and expertise of its artisans. And in the fall, the Fondation will retrace and contextualize the paths by which Egon Schiele and Jean-Michel Basquiat exploded onto the arts scene, with works by these two visionary geniuses active at the beginning and the end of the 20th century, respectively.

Throughout 2018, the Fondation Louis Vuitton will continue to offer a first-class line-up of musical events featuring masterclasses, recitals by talented young performers and concerts.



Pablo Picasso, *Boy Leading a Horse*, 1905-1906, Oil on Canvas, 7 ft. 2 <sup>7</sup>/<sub>8</sub> in. x 51 <sup>5</sup>/<sub>8</sub> in.,  
The Museum of Modern Art, New York, The William S. Paley Collection, 1964 © 2018 Estate of Pablo Picasso.



LVMH

BUSINESS GROUP  
INSIGHTS





LVMH

# Wines & Spirits

2017

# ACHIEVING ENDURING SUCCESS

LVMH owes its global leadership in premium wines and spirits to a unique group of exceptional Maisons. Inspired by their visionary founders, they all share the key values of excellence and creativity, and combine tradition with innovation to reinvent themselves in markets where the pace of change is accelerating. They draw on age-old legacies, some of which date back hundreds of years, and are driven by a taste for challenge. They strive to anticipate contemporary desires and imagine the consumer habits of the future, while preserving the quality that ensures their enduring success.

## Powerful initiatives, unique experiences

Year after year, the audacity and modernity of their innovation drive is reflected in the Maisons' product launches – new vintages, special blends, limited editions – and new product designs, notably by contemporary artists, a tradition which is actively maintained by Dom Pérignon, Ruinart and Hennessy. They offer unique, novel tasting experiences and attract new consumers. For example, Moët & Chandon's *Ice Impérial* champagnes, which are served on ice, are very popular. The cocktails made with *Rich* by Veuve Clicquot, the first champagne created especially for mixology, also incite customers to try new rituals and discover sophisticated flavors. The brands' images and innovations are supported by targeted investments in communication through both digital and traditional channels, particularly events.

## Well-balanced, worldwide presence

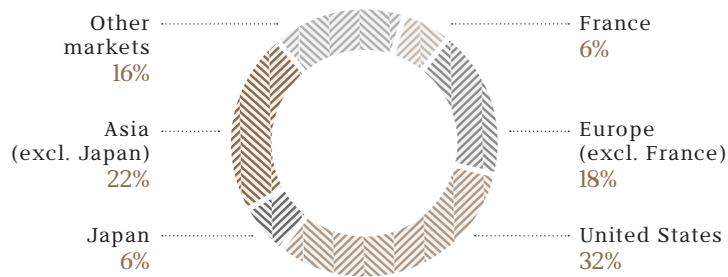
Moët Hennessy continues its balanced geographical expansion – its portfolio of brands is evenly represented thanks to a powerful and agile global distribution network present in over 160 countries. It also maintains a demanding value strategy focused on high-end market segments. Given current strong demand and supply constraints, the champagne and cognac Maisons remain true to their quest for uncompromising quality. They strive to control their sales volume growth and concentrate on developing higher quality vintages. Hennessy, in particular, has reserves of *eaux-de-vie* in its cellars that are up to two hundred years old, and is capitalizing on this precious asset, which is a pledge of excellence and value creation.

## A responsible procurement policy

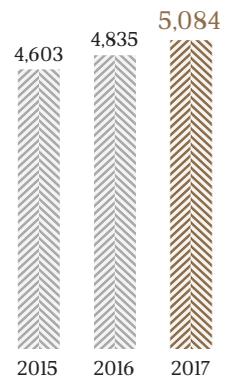
To support future growth and maintain the very high quality that has made its Maisons a success, the Wines & Spirits business group has a dynamic and responsible procurement policy of self-sufficiency and partnership with farmers, that notably promotes sustainable, eco-friendly wine-growing. In 2017, all the vineyards owned by LVMH had achieved certification in sustainable winegrowing and the Maisons forge partnerships with winegrowers by helping their grape suppliers comply with these certifications. They are also actively developing their production capacities. For example, the responsible, innovative and efficient Pont Neuf bottling and logistics facility inaugurated by Hennessy in 2017 reflects the Maison's long-term vision. Glenmorangie has also started work on expanding its historical distillery in Tain, Scotland.

## Key figures

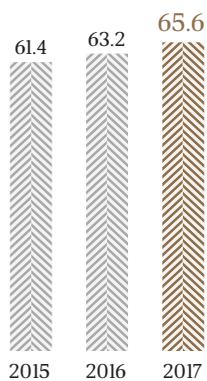
2017 REVENUE BY REGION  
(in %)



REVENUE  
(EUR millions)



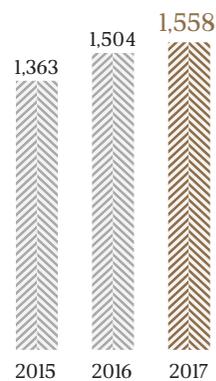
CHAMPAGNE  
SALES VOLUMES  
(in millions of bottles)



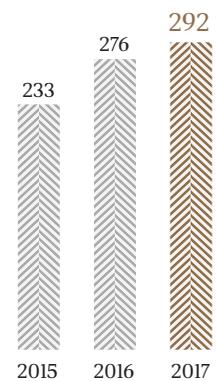
COGNAC  
SALES VOLUMES  
(in millions of bottles)



PROFIT FROM RECURRING  
OPERATIONS  
(EUR millions)



OPERATING  
INVESTMENTS  
(EUR millions)



## Major strategic priorities

Pursue value creation strategy.

Develop production capacities to ensure sustainable growth.

Further improve efficiency of distribution in key markets.

## 2017 at a glance

### Strong momentum in the United States and confirmed recovery in China

The Wines & Spirits business group recorded an increase in organic revenue of 7%. On a reported basis, revenue growth was 5% and profit from recurring operations increased by 4%. Champagnes grew steadily, with volumes up 4%.

With 7.5 million cases of cognac shipped in 2017, **Hennessy**'s volumes increased by 8%, with significant growth in China and the United States despite supply constraints in the second half. All qualities contributed to this performance. The inauguration of the new Pont Neuf bottling site, designed to strengthen the production capacity of the Maison, was a highlight of the last quarter. **Colgin Cellars**, a Californian estate producing exceptional wines, and **Woodinville** whiskey were added to the business group.

## Outlook

In 2018, the Wines and Spirits business group will continue to draw strength from its value-enhancing strategy and its entrepreneurial spirit, the creativity nurtured by all its companies, and the excellence of their products. Reinforcing production capabilities to support future growth while maintaining exceptional quality remains a key priority. Innovation is the second essential component: product launches, events, ambitious and groundbreaking communication campaigns, and new digital initiatives will be brought to bear to strengthen the image and desirability of each brand in the portfolio, always with a view to better anticipating the needs and expectations of consumers in rapidly changing markets. Against the backdrop of supplies which will remain relatively constrained, **Hennessy** will continue to rely on excellence and innovation. **Moët & Chandon** will accentuate its global reach by further reinforcing its image. In 2018, **Veuve Clicquot** will celebrate the bicentennial of the first ever blended Rosé created by Madame Clicquot, whose heritage can also be found in the launch of the *La Grande Dame 2008* vintage, another tribute to this exceptional woman.

The business group's powerful and agile worldwide distribution network is a major asset, enabling it to seize opportunities to increase market share and adapt its business activities to a still uncertain geopolitical and economic context. The strong involvement of staff who serve a portfolio of exceptional brands will help LVMH further consolidate its leading position in prestige wines and spirits.



Dom Pérignon

## 2017 HIGHLIGHTS

**Moët & Chandon** had another record-setting year, with gains across all regions, thus consolidating its leading position. Alongside *Moët Impérial's* solid growth, *Ice Impérial* built further on its success, while *Nectar Impérial Rosé* maintained its strong momentum in the United States. The release of the *Grand Vintage 2009* was one of the year's highlights.

**Dom Pérignon** reaffirmed the business group's value-enhancing strategy with the releases of *Dom Pérignon Rosé 2005* and *Dom Pérignon Blanc 2009*, celebrated through a new collaboration with Japanese artist Tokujin Yoshioka, as well as *Dom Pérignon P2 2000* (Second Plénitude), the ultimate expression of the champagne house's quest for excellence.

**Mercier** continued the targeted expansion of its accessible prestige champagnes.

**Ruinart** has further enhanced its value proposition around its premium cuvées. Its commitment to contemporary creation has been borne out with a fresh, immersive approach to its digital communications. Among these creative collaborations, the artist Jaume Plensa has offered a homage to Dom Thierry Ruinart in the form of a monumental sculpture.

### — *22 Moët Hennessy Maisons at Vinexpo*

With over 40,000 visitors representing 150 nationalities, and 2,300 exhibitors from 40 countries, Vinexpo is the world's go-to wines and spirits event. Moët Hennessy was in Bordeaux from June 18 - 21, to present 22 of its Maisons. It showcased their know-how and exceptional products on a 350 sq.m stand complete with tasting bars, a mixology bar and a terrace. The presence of LVMH's Wines & Spirits business group, and notably the return of champagne houses like Moët & Chandon, Veuve Clicquot and Ruinart, infused the event with new energy.



Moët & Chandon



Ruinart

**Veuve Clicquot** expanded its presence in all its key markets thanks to the success of its *Brut Carte Jaune* and *Brut Rosé* as well as its innovations *Rich* and *Rich Rosé*. Long known for its bold moves, Veuve Clicquot has launched *Extra Brut Extra Old*, the first champagne to marry a very low dosage with a composition consisting exclusively of reserve wines.

Growth at **Krug** has been buoyed by the launch of edition numbers for its iconic *Grande Cuvée*. “Les Créations de 2004”, a duo comprised of *Krug 2004* and *Krug Grande Cuvée 160th Edition*, paired with a musical tribute, has met with great success.

**Estates & Wines** continued to develop its range of prestige wines with the release of the 2014 vintage of *Ao Yun* and the creation of the *Termanthia Barrel* in partnership with Loewe. **Chandon** has innovated with *Chandon Me*, the first sparkling wine designed to be enjoyed at room temperature, and *Chandon S Orange Bitters*, blended with fruit.

**Hennessy** once again achieved revenue growth, confirming the relevance of its strategy. Driven by rising consumer demand, the recovery in China

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*Sarah Lavoine wins the 45th Veuve Clicquot Business Woman Award*

In November 2017, Veuve Clicquot presented its 45th Business Woman Award to Sarah Lavoine, interior designer and founder of Maison Sarah Lavoine. Its Prix Clémentine went to Bénédicte de Raphélis Soissan, founder of the company Clustree. Every year, the Maison celebrates female entrepreneurship with these awards. The Business Woman Award, which was created in 1972 to mark its bicentennial, recognizes exceptional women for their entrepreneurial spirit and pays tribute to Madame Clicquot, who founded the champagne house and was herself a trailblazing business woman.

is now reconfirmed for all Hennessy products. The cognac house continued to roll out its range across the rest of Asia, where *Paradis Impérial* has seen strong growth. In its relentless pursuit of quality, Hennessy had to deal with supply constraints, which led to slower growth in the second half of the year. Growth remained robust in the United States where it pursued its upmarket strategy. It also made strong advances in Canada, Mexico and the Caribbean. Results in Europe have been buoyed by momentum in Russia and emerging markets have also performed well. Innovation is an essential driver for the brand – illustrated in particular by the launch of *Master Blender's Selection N°2* – as are its investments in new communication platforms. Showcasing Hennessy's confidence in the future, the new Pont Neuf facility unveiled in the fall masterfully blends artisanal traditions, manufacturing efficiency, the latest technological advances and environmental responsibility.



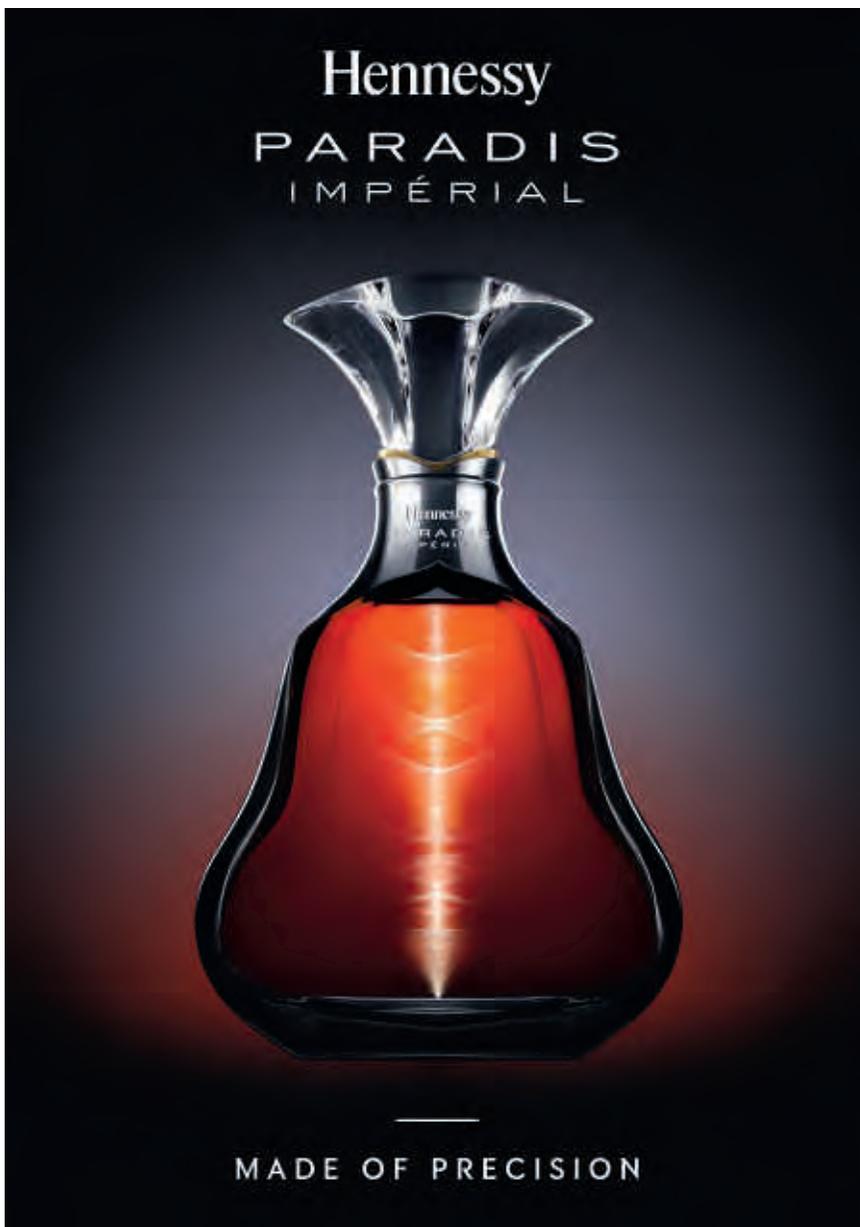
Veuve Clicquot

#### *Sustainable construction by Hennessy*

Hennessy inaugurated its new cognac bottling and logistics plant on October 18, 2017. The Pont Neuf site, which took two years to build, is exemplary in terms of eco-building, eco-management, comfort and health, and received the NF HQE certification, France's high environmental quality green building standard. The facility obtained excellent ratings in eight of the 14 HQE requirements, including in energy, water and waste management, and in the building's relationship with its immediate environment. The Pont Neuf facility is notably entirely LED-lit, has a rainwater harvesting system and uses geothermal technology to regulate the temperature of the equipment.



Glenmorangie



Hennessy

**Glenmorangie** and **Ardbeg** have reaffirmed their commitment to innovation in the single malt whisky universe, in particular with the releases of *Glenmorangie Bacalta* and *Ardbeg An Oa*. Affected by destocking in Asia, Glenmorangie's activity levels remained strong in Europe and in travel retail channels.

**Belvedere** saw further growth in Europe, consolidating its leading position in the ultra-premium vodka segment, with the launch of the *Single Estate Rye Series*, underscoring the importance of vodka's place of origin. The launch of **Volcán de Mi Tierra** tequila in the United States and Mexico, together with the acquisition of **Woodinville** whiskey, have rounded out the business group's spirits portfolio in high-potential segments.

**Colgin Cellars**, an estate producing exceptional wines in California, has also joined the Group. Through its exclusive products and exceptional experiences, **Clos19**, an online platform created in 2017, invites consumers to discover an art of entertaining that is closely linked to LVMH's brands.

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#### *Sustainable production at Glenmorangie*

In May 2017, Glenmorangie inaugurated an anaerobic digestion plant that purifies 95% of the waste water from its distillery. This biological process breaks down organic matter and supplies the distillery with a source of energy – biogas. This initiative reflects Glenmorangie's commitment to protecting the surrounding natural habitat. It has also launched another related flagship project, known as DEEP, or the Dornoch Environmental Enhancement Project, which aims to reintroduce the native oysters decimated by over-fishing in the local estuary.





LVMH

# Fashion & Leather Goods

2017

# A UNIQUE ASSEMBLY OF CREATIVE TALENT

Louis Vuitton's leadership around the world, the development of a collection of exceptional brands whose success is consolidated year after year, its active support for young designers... These are what make LVMH a key player in the fashion and leather goods industry. In 2017, this division and its growth prospects were bolstered by the arrival of the hugely emblematic Maison, Christian Dior Couture, which has inspired dreams and established the dictates of elegance worldwide for 70 years. Rimowa, the premium luggage specialist, also joined the Group, becoming its first German Maison.

## **The right balance of iconic products and innovation**

Ever since 1854, Louis Vuitton's success has been based on the faultless craftsmanship of its trunk-making, on complete control of its distribution and on its exceptional creative freedom, a source of perpetual renewal and inventiveness. By ensuring the right balance between novelties and iconic leather goods lines, between constantly perfected unique artisanal expertise and the fine dynamics of fashion designed by Nicolas Ghesquière in perfect symbiosis with the brand universe, Louis Vuitton continues to dazzle and surprise its customers, and make its stores even more inspiring. In 2017, true to its strategy, it pushed the boundaries of its know-how with the *Masters* collection by Jeff Koons, created a splash with its unexpected collaboration with New York brand Supreme, and offered its customers a sumptuous new experience in the Maison Louis Vuitton which opened on Place Vendôme.

## **New designers**

Working with the best designers, while respecting the spirit of each brand, is one of our strategic priorities. The artistic directors promote the Maisons' identities, and are the artisans of their creative excellence and their ability to reinvent themselves. Karl Lagerfeld and Silvia Fendi have long been the driving forces behind the success of the Rome-based Maison. More recently, the creative duo formed by Carol Lim and Humberto Leon injected impetus into Kenzo's spectacular revamp. After Jonathan Anderson at Loewe, Maria Grazia Chiuri for the Christian Dior women's collections, Haider Ackermann at Berluti and Clare Waight Keller at Givenchy in 2017, Hedi Slimane has joined LVMH to direct all the Céline collections and its image – his talent will lead this flourishing Maison to ever greater success.

## **An engaged industry leader**

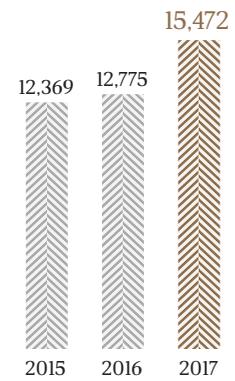
LVMH has always been committed to supporting young designers and upcoming talent. The LVMH Prize for Young Fashion Designers was created to reaffirm this commitment. Each year, it recognizes one person's outstanding creative talent. For 20 years, the Group has been a partner of the Hyères International Festival of Fashion and Photography which reveals emerging talent. At the 2018 edition of the Festival, the Fashion jury will be chaired by Haider Ackermann. As a fashion industry leader, LVMH feels a duty to nurture the creative talents of the future. It also feels a duty to ensure the well-being of the fashion models who work for its Maisons. This belief resulted in a Charter, drafted together with Kering, on the working conditions and well-being of models. The Group hopes to involve the entire industry in this initiative.

## Key figures

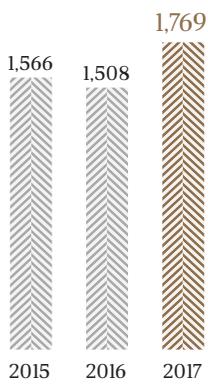
2017 REVENUE BY REGION  
(in %)



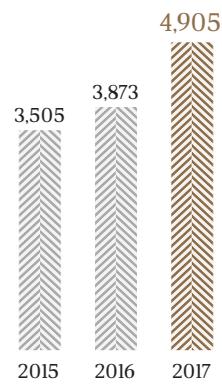
REVENUE  
(EUR millions)



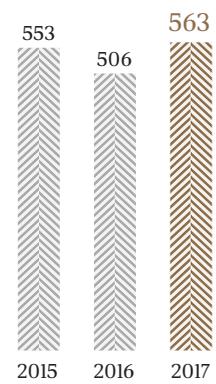
NUMBER OF STORES



PROFIT FROM RECURRING OPERATIONS  
(EUR millions)



OPERATING INVESTMENTS  
(EUR millions)



## Major strategic priorities

Continue strategic development of Louis Vuitton, blending quality, modernity and desirability over the long term.

Integrate Christian Dior Couture and Rimowa.

Strengthen presence and profitable growth of other fashion brands.

## 2017 at a glance

### **Excellent growth across all Louis Vuitton's businesses, other brands strengthened their performance**

The Fashion & Leather Goods business group achieved organic revenue growth of 13% in 2017. On a reported basis, revenue growth was up 21% and profit from recurring operations increased by 27%.

**Louis Vuitton** continued to demonstrate outstanding creativity across all of its businesses, maintaining a good balance between innovations and the strengthening of its iconic product lines. New products arising from the collaborations with Jeff Koons as well as the Supreme brand, the launch of the brand's first smart watch and the inauguration of the Maison Louis Vuitton Vendôme in Paris were among the key events of the year. **Christian Dior Couture**, whose business became fully consolidated within the Group in the second half, achieved an excellent performance. The exhibition at the Musée des Arts Décoratifs in Paris, celebrating the 70th anniversary of the Maison, was a huge success. **Fendi** continued to grow strongly. **Loro Piana, Céline, Loewe, Kenzo** and **Berluti** made good progress. **Marc Jacobs** strengthened its product offering and continued its restructuring. **Rimowa** completed its first year within the LVMH Group.

## Outlook

In 2018, growth at **Louis Vuitton** will be spurred by its continuing creative momentum and quest for excellence across all its businesses. Its many upcoming developments, which will elicit high levels of desirability, will be supported by regular, global communication efforts. Events hosted by the brand will continue to be associated with emblematic places around the world. Louis Vuitton will continue reinforcing its production capacity and enhancing the quality of its exclusive retail network, with the constant aim of offering its customers exceptional shopping venues and unique experiences, both in its physical stores and in the digital realm. Excellence and creativity will continue to drive growth at **Christian Dior Couture** and will be reflected in its communications, with many high-profile events throughout the year. It will also be targeting the expansion of its network of stores and will continue to explore development opportunities offered by digital tools while maintaining its exclusive image. Momentum at **Fendi**, driven by its sophisticated, bold designs, is expected to accelerate, thanks to a number of launches during the year, additional central locations in key cities, and expansion into new markets. All of the companies in the Fashion and Leather Goods business group will remain focused on the creativity of their collections, building on their iconic lines through innovation while achieving excellence in their retail networks, strengthening their online presence and digital communications.



## 2017 HIGHLIGHTS

**Louis Vuitton** continues to make solid progress, reflecting its outstanding creativity and the even balance achieved between innovation and reinforcing its iconic brands. All the businesses contributed to the Maison's remarkable performance, with leather goods and ready-to-wear achieving particularly impressive growth. One of the highlights for 2017 was the collaboration with the American artist Jeff Koons for the *Masters* collection of bags and accessories recreating masterpieces by renowned painters. The two successive lines released in this collection stand as a technical and aesthetic achievement, illustrating the breadth of Louis Vuitton's expertise and the virtuosity of its artisans. In another important event, the Maison Louis Vuitton Vendôme opened its doors. This new Paris flagship store, which looks out onto one of the city's most legendary squares, offers a fascinating new showcase for the brand's spirit and collections. Accompanying these bold initiatives, Louis Vuitton saw strong momentum in all its business lines with a series of creative triumphs: a highly successful capsule collection in collaboration with the New York-based cult streetwear brand Supreme, the *Tambour Horizon* connected watch, the *Blossom BB* jewelry line, the *Conquêtes* fine jewelry collection, and the new *Horizon* luggage models developed in partnership with the designer Marc Newson. The Miho Museum near Kyoto, designed by I. M. Pei, was the backdrop for the 2018 Cruise collection show, underscoring Louis Vuitton's



Louis Vuitton

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### *Louis Vuitton keeps the promise it made UNICEF*

As part of the Louis Vuitton for UNICEF international partnership that has already raised \$2.5 million for the world's most vulnerable children, the Maison organized its first #MAKEAPROMISE day on January 12, 2017. 12,000 sales assistants in over 460 stores around the world, became the operation's special ambassadors. They invited each customer to make a donation or purchase a Silver Lockit pendant and bracelet - re-issued for the occasion, with the proceeds donated to UNICEF - and to share their promise on social networks.



Christian Dior Couture



Berluti

strong ties with Japan. The actresses Léa Seydoux and Alicia Vikander continue to serve as its brand ambassadors. The “Volez, Voguez, Voyagez” (“Fly, Sail, Travel”) exhibition added more stops in its round-the-world itinerary, setting down first in Seoul, and then in New York at the end of October where the exhibition added a virtual reality component: a mobile application treating its visitors to an immersive experience of the Louis Vuitton universe.

**Christian Dior Couture’s** excellent performance has further enhanced its strong reputation and appeal. Christian Dior, “Designer of Dreams”, an exhibition at the Musée des Arts Décoratifs in Paris celebrating the Fashion House’s 70th anniversary, was a huge success. In addition, the 2018 Cruise collection made a powerful impact on the runway in Los Angeles. The ready-to-wear and women’s shoe collections received great acclaim. In leather goods, sales of the iconic *Lady Dior* bag have continued to grow, accompanied by the release of a special edition *Dior Lady Art* enlisting the creativity of ten of Dior’s artist friends. Since July 2017, the Christian Dior Couture business segment has been consolidated by the LVMH Group.

**Fendi** once again made strong advances. Its creative prowess was fully on display with the launch of the new *Kan-I* bag and the shows presenting its ready-to-wear and Haute Fourrure collections. Fendi further expanded the reach of its retail network, with store openings in Australia and Canada, at the Ginza 6 shopping mall

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*A shopping bag made from leather scraps*

Louis Vuitton gives its unused raw materials a second life. One example of how it does this is the shopping bag provided by its Place Vendôme store inaugurated in 2017. This innovative paper bag is made from the Maison’s leather scraps instead of traditional wood pulp. Of course, the bag can still be recycled and composted. The leather fragments which are visible on its surface give it a natural look and a beautifully soft texture. The Maison was delighted with the paper’s many qualities and has already decided to use it for other applications in 2018.

in Tokyo, as well as in San Francisco, New York, Singapore, and Chongqing in China. Fendi has also strengthened its ties with the city of Rome by becoming the lead partner of the Galleria Borghese.

**Loro Piana** has placed renewed emphasis on its premium quality products and a number of iconic standouts. Its communications campaign underscores the excellence of the materials used and the timeless elegance of its creations. Loro Piana recently put the finishing touches to its newly renovated flagship store in London, has expanded into Canada and is reinforcing its presence in Asia. It also opened its first pop-up store in Shanghai.

**Céline** has shown particularly robust momentum in leather goods, thanks to the excellent performance of its *Belt* handbag and the successful launches of its *Clasp* and *Big Bag* lines. Small leather items, jewelry, and eyewear also saw strong growth. Céline has stepped up its digital efforts, with the launch of online sales in France in December.

**Kenzo's** impressive results continue to be driven by an ever more assured stylistic vision, helmed by its pair of Creative Directors. In January, Kenzo stepped up its innovative positioning by adopting a new calendar for its runway shows. Fashion Week events in March and September were selected to launch capsule collections *Memento N°1* and *Memento N°2*, celebrating Kenzo's heritage and its bold reinterpretation.

**Loewe** is seeing a good level of growth in all its markets. Leather goods sales were buoyed

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### *Fendi takes Caravaggio on a world tour*

Fendi, an increasingly committed patron of Italian art, has signed an ambitious three-year partnership with Galleria Borghese. This prestigious art museum in Rome houses Caravaggio's most relevant and best-preserved works. As well as funding exhibitions held at the museum, the Maison is supporting the creation of a leading research center, the Caravaggio Research Institute, and a world tour of the Italian master's works that was inaugurated at the Los Angeles Getty Museum in November 2017.



Céline



Loewe

by the strong performance of the *Puzzle* and *Hammock* models, and the ready-to-wear collections also achieved rapid growth. The summer capsule collection, *Paula's Ibiza*, was very well received. Loewe's Creative Director Jonathan Anderson was named Accessories Designer of the Year for 2017 at the Fashion Awards in London. The luxury house has strengthened its commitment to preserving know-how by awarding its first Craft Prize celebrating excellence in craftsmanship. Clare Waight Keller, appointed as **Givenchy's** new Creative Director, presented her debut collection in October. Other exciting events of the year included the first collections in the new leather goods lines *Infinity* and *Duetto*, the opening of a store in Rome, a revamp for the Givenchy corporate website, and the launch of online sales in France.

**Berluti** delivered excellent results in all its markets and opened its first store in Australia. Creative Director Haider Ackermann has brought a bold, modern aesthetic to the brand. Berluti's leather goods lines are making strong headway. Footwear saw solid growth and the brand is expanding its range of exceptional products.

**Marc Jacobs** remains focused on its reorganization and developing its contemporary fashion product lines.

**Pucci** added to its sneaker collection, paying tribute to famous cities. **Rimowa**, consolidated for the first time in 2017, opened a flagship store in Paris and has launched its online store. **Thomas Pink** appointed John Ray as its Creative Director.

#### *Loewe celebrates craftsmanship*

The Loewe Foundation Craft Prize announced its first winner in April 2017. The award went to German artist Ernst Gamperl for his *Tree of Life 2*. It was selected from the shortlist of 26 works by a jury of eminent designers, architects, journalists and museum curators. The prize, which was created by the Loewe Foundation and spearheaded by the Maison's artistic director Jonathan Anderson, reaffirms the Maison's commitment to supporting creativity in all artistic disciplines and endorsing the value of craft in contemporary culture.



LVMH

Perfumes &  
Cosmetics

2017



# ACCELERATING INNOVATION

The global perfume and cosmetics market is very dynamic, with a surge in demand from Asia and the huge popularity of makeup among young generations. Competition is intense and innovation cycles ever-shorter. In this context, the strategy of the LVMH Maisons now focuses, more than ever before, on quality, product performance and accelerated innovation. In the heart of France's Cosmetic Valley business cluster, researchers at LVMH's Hélios research center play a crucial role in helping the Maisons meet these requirements.

## Market share gains

This business group's market share gains are driven by world-renowned, emblematic French Maisons as well as by a series of brands operating in fast growth segments – makeup, natural cosmetics and high-end perfumes – like Francis Kurkdjian, which joined the Group in 2017. LVMH is also developing several startups, for example it launched the instantly popular Fenty Beauty by Rihanna. Each Maison enjoys fine growth opportunities based on their positioning and expertise.

## Exacting, creative, bold and natural

Excellence and innovation – Parfums Christian Dior successfully combines its precious legacy with constant, prolific creativity, gaining international renown, revisiting its icons, widening its customer base, and growing its market share year after year. François Demachy, the Maison's Perfumer-Creator, works his magic in Grasse, at Les Fontaines Parfumées, which was acquired and restored by LVMH. Like Monsieur Dior, he has a love of flowers and fine materials. He nurtures privileged relationships with the

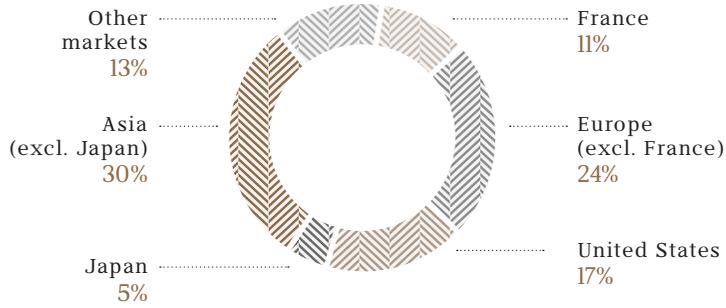
passionate producers who supply the Maison and perpetuates the legacy of its founder with rigor and creativity. Peter Phillips' talent is the driving force behind the Maison's makeup range. With every season, his bold collections highlight the connection with Dior fashion and the expertise of the makeup artists who enhance the beauty of the catwalk models behind the scenes. Dior skincare products blend cutting-edge science with a respectful, sustainable approach to beauty. They are notable for their efficiency, naturalness and sensuality. The products feature exceptional flowers, like the Rose de Granville, which infuses the *Prestige* range. These flowers are grown in eight purpose-designed, organic gardens around the world.

## Excellence and innovation in retailing

Each Maison aims to highlight what makes it unique and different. From its iconic *Shalimar* to *Mon Guerlain*, its latest perfume, Guerlain is famous for creating some of the finest scents in the industry and for its bottles, which are crafted like works of art. This unique expertise is showcased in the Guerlain Parfumeur boutiques, which immerse customers in the Maison's entrancing universe. The young generations are demanding singularity, and there is also a desire for an experience that merges the physical and the virtual. The brands are all responding by accelerating the release of their online sales platforms and stepping up their digital content initiatives. Excellence in retailing is key and demands expertise and attentiveness from beauty consultants, as well as innovation in the retail outlets. Our brands are actively incorporating digital tools to enhance the customer experience and attract new consumers.

## Key figures

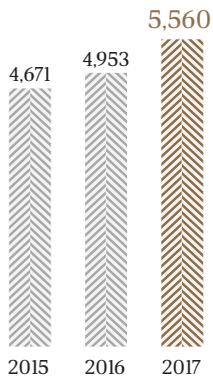
2017 REVENUE BY REGION  
(in %)



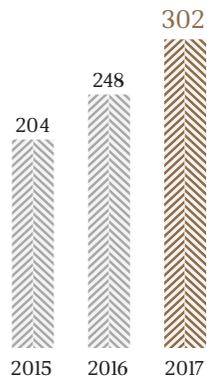
2017 REVENUE BY PRODUCT CATEGORY  
(in %)



REVENUE  
(EUR millions)



NUMBER OF STORES



PROFIT FROM RECURRING OPERATIONS  
(EUR millions)



OPERATING INVESTMENTS  
(EUR millions)



## Major strategic priorities

Aggressively pursue innovation and communications.

Focus on developing Parfums Christian Dior in liaison with Couture.

Pursue the global expansion of our other brands.

## 2017 at a glance

### Successful innovations and rapid growth in Asia

The Perfumes & Cosmetics business group recorded organic revenue growth of 14%. On a reported basis, revenue growth was 12% and profit from recurring operations increased by 9%.

**Parfums Christian Dior** grew market share in all regions, driven by the worldwide success of its fragrance *Sauvage* and the vitality of its iconic perfumes *J'adore* and *Miss Dior*. The makeup segment grew strongly, driven by the *Rouge Dior* and *Dior Addict* lines. Guerlain benefited from the successful launch of *Mon Guerlain* and the international roll-out of Guerlain Parfumeur boutiques. **Parfums Givenchy** had a very good year, thanks in particular to its makeup, just as **Benefit** which reinforced its *Brow Collection*. **Fenty Beauty by Rihanna**, launched worldwide exclusively at Sephora, is enjoying exceptional success.

## Outlook

In 2018, the Perfumes and Cosmetics business group will continue to make gains, fueled by the creativity of all its companies, the excellence of its research teams, as well as its considerable investments in communications and a strong digital presence. **Parfums Christian Dior** will continue to strengthen and reinterpret its iconic fragrances. Innovations in makeup will showcase its expertise, its mastery of the art of color, and its firm roots in fashion, with further developments in its digital platforms. Dior's skincare lines will be buoyed by the launch of a *Capture Youth* line specifically targeting consumers in their thirties and the extension of the *Prestige Micro-Huile* line. Dior will also be making a strong foray into the Asian markets, which are showing extremely large potential in skincare. **Guerlain** will celebrate 190 years of creativity with an exceptional exhibition at its flagship location on the Champs-Élysées in Paris during the LVMH Journées Particulières open-days event. Reaffirming its top-ranking status among perfumers, Guerlain will expand its cosmetics lines and continue to pursue growth internationally, in particular by opening new locations for its Guerlain Parfumeur stores. **Parfums Givenchy** will release new and innovative lip cosmetics and foundation products, and will be revisiting its classic women's fragrance *Irrésistible*. **Kenzo Parfums** will boost growth for its iconic *FlowerbyKenzo* line with a new communications campaign and will introduce a new series in the *Kenzo World* line. **Benefit Cosmetics** will launch a new mascara while continuing to innovate in the brow segment. **Make Up For Ever**, renowned for its expertise in foundations, will draw strength from its singular initiatives in this segment and from the international expansion of its online sales platform. **Fenty Beauty by Rihanna** will continue its rollout in 2018, supported by a robust program of innovations, particularly in the lip segment, with the lipstick *Mattemoiselle*.



## 2017 HIGHLIGHTS

**Parfums Christian Dior** continued to show excellent momentum, delivered across all its product categories. Growth in the perfume segment was driven by the vitality of its iconic fragrances *J'adore* and *Miss Dior*, combined with the confirmed success of *Sauvage*. With the new editions *J'adore Injoy* and *Sauvage Very Cool Spray*, as well as the digital launch of an innovative global charitable initiative in connection with *Miss Dior*, called the Dior Love Chain, the brand is expanding its appeal to new generations of consumers. Parfums Christian Dior continues to reaffirm its status as a leading perfume house, driven by François Demachy's vision of excellence, his firm roots in Grasse where he has set up his creative laboratory Les Fontaines Parfumées, and the rebirth of Château de La Colle Noire, Christian Dior's former residence. This ambition has also inspired the development of a new range, Maison Christian Dior, aiming for a unique positioning in terms of its olfactory experiences, and its retail model. Under the creative supervision of Peter Philips, Dior's makeup lines strengthened their leading positions worldwide. Lip cosmetics turned in very strong results,

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### *Parfums Christian Dior introduces virtuous packaging*

The new range of *Dior Hydra Life* skincare products, launched in 2017, is not only distinctive because on average 83% of its ingredients are natural. Its packaging is also eco-friendly – the corrugated card, leaflet, and cellophane have been removed, reducing the box's volume by 30%. What is more, the embossed single-material plastic lid is 70% lighter than the previous range's. The Maison has set itself ambitious eco-design targets and plans to expand this policy to all its products.



Les Fontaines Parfumées



Guerlain

in large part due to recent innovations, including *Rouge Dior Liquid* and *Dior Addict Lip Tattoo*. Also noteworthy are the success of *Forever Perfect Cushion* foundation, in great demand in Asia, and the excellent performance of *Diorshow Pump'n'Volume* mascara. The growing use of the digital realm for communications is playing a key role in makeup's steady advances. The Prestige skincare line strengthened its positions with the very promising launch of *Micro-Huile de Rose*. Two standout products, *Dreamskin* and *One Essential*, were relaunched and the new *Dior Hydra Life* line of hydrating products performed well.

**Guerlain** increased its market shares in France and stepped up its development in China. The year's highlights include significant growth for its perfume segment, driven by the success of *Mon Guerlain*, with Angelina Jolie as the face of its campaign. The initial rollout of the Guerlain Parfumeur retail concept has revealed its potential, with five openings demonstrating both its strong appeal and its value as a highly effective sales model. Guerlain's results were fueled by growth in its *Orchidée Impériale* and *Abeille Royale* skincare lines

#### *Eco-design gains ground at Guerlain*

Guerlain also applies eco-design principles to its stores. The Boutique Guerlain Parfumeur concept includes ladies perfume fountains. This means that the legendary "bee" bottle, which has always been refillable, can now be personalized and endlessly refilled. In the same spirit, the *Orchidée Impériale* skincare packaging was given an eco-friendly design in 2017. The container's new streamlined shape, the impeccable quality of the finish, and the fact that the packaging is lighter and made mostly from recyclable materials, have all reduced this new cream's carbon footprint by over 50%.

and the strong advances made by lipsticks. Guerlain celebrated the 10th anniversary of its civic engagement and environmental program, “Au nom de la beauté”, through which it has promoted eco-design, biodiversity and social responsibility.

**Parfums Givenchy** had an excellent year, making further headway in Asia thanks to the success of its makeup lines. *Le Rouge*, its collection of leather-encased lipsticks, continues to show spectacular growth. The brand expanded its range with two key innovations: *Perfecto* and *Rouge Interdit*. In foundations, growth has been driven by *Prisme Libre* face powder, which enjoys a strong following among Chinese customers. Givenchy’s classic men’s fragrance *Gentleman* met with success in its reinterpretation. Momentum at **Kenzo Parfums** was driven by the women’s fragrance lines *FlowerbyKenzo* and *Kenzo World*, which continued its international rollout. Digital innovations have strengthened the offbeat positioning and free-spirited vision that distinguish the brand.

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*Benefit Cosmetics’ Bold is Beautiful operation is a resounding success*

Benefit Cosmetics held its Bold is Beautiful fund-raiser for the third year running in May 2017. All the profits generated at its Brow Bars are donated to 34 partner charities that support women. This year, the campaign doubled the previous year’s donation, raising \$4.7 million thanks to contributions from 445,911 participants. In the United Kingdom, the Maison also toured the country with its pink pop-up store and raised an additional \$38,000 selling items donated by celebrities, influencers and partner brands.



Parfums Givenchy



Kenzo Parfums

**Benefit Cosmetics** extended its *Brow Collection*, consolidating its position as the world's leading authority in this makeup segment, and is exploring innovative concepts for foundations. **Make Up For Ever** focused on expanding its store network. The success of its new *Water Blend* foundation in Asia and the launch of the *Artist Face Color* blush palette were among the year's highlights. **Fresh** made further strong gains, fueled in particular by the success of its *Black Tea* and *Rose* lines in Asia. **Acqua di Parma** expanded its offerings with *Colonia Pura*, which had a very successful launch. **Kat Von D** and **Marc Jacobs Beauty** continued to expand at a fast pace. The makeup line **Fenty Beauty by Rihanna**, launched worldwide in the fall and available exclusively at Sephora, has already amassed a huge following. **Maison Francis Kurkdjian**, an icon of a new generation of exclusive and highly promising perfumers since its creation in 2009, has joined LVMH.



Fresh

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*For Guerlain, outreach and self-esteem are crucial values*

For 14 years, Guerlain has supported Belle & Bien, a charity that offers free makeup sessions to women undergoing cancer treatment in hospitals. These sessions aim to boost the women's self-esteem and help them recover their self-confidence. Guerlain has sat on Belle & Bien's board of trustees ever since the charity was founded and has held the vice presidency for the last two years. Guerlain supports Belle & Bien in many ways – it provides funding and free products; its employees take part in the makeup sessions during Guerlain's "engagement day"; and the Maison also promotes the charity's work both in-house and to its customers. Guerlain is also proud that 150 of its employees once again took part in this year's Odyssey race to raise funds for breast cancer research, running for the Belle & Bien charity.





LVMH

# Watches & Jewelry

2017

# CONQUERING NEW MARKETS

The LVMH Watches and Jewelry business group is one of the most dynamic players in its sector. It continues to gain market share with a successful strategy that is driven by jewelry Maisons that perpetuate exceptional creative legacies and expertise, and by leading watchmaking Maisons that are always on the cutting-edge of innovation.

## **Creativity and expertise**

The growth of these Maisons is driven by their creativity. They enrich leading product ranges with well-established designs and identities, for example Bvlgari's iconic *Serpenti* range and TAG Heuer and Hublot's famous *Carrera* and *Big Bang* collections. They continually explore new territories with innovations that combine audacity with excellence. Their know-how is reflected in their avant-garde models, their feats of watchmaking precision, and their fascinating state-of-the-art jewelry designs. Bvlgari's *Octo Finissimo* watch and Zenith's *Defy Lab*, for example, earned both Maisons places among the winners of the 2017 Geneva Watchmaking Grand Prix. In 2017, TAG Heuer launched its second generation connected watch. Bvlgari and Chaumet's high jewelry collections highlight the workmanship of their artisans and pay tribute to their origins - the Eternal City and French First Empire Paris. Expertise is a key issue to which the Maisons respond by optimizing their manufacturing processes, implementing synergies and boosting their production capacity. For example, Bvlgari is building its future and driving the remarkable growth it has experienced since joining the Group with a new jewelry manufacturing facility, which is the largest in Europe and is sustainably constructed and harmoniously integrated into its environment.

## **Boosting brand notoriety and image**

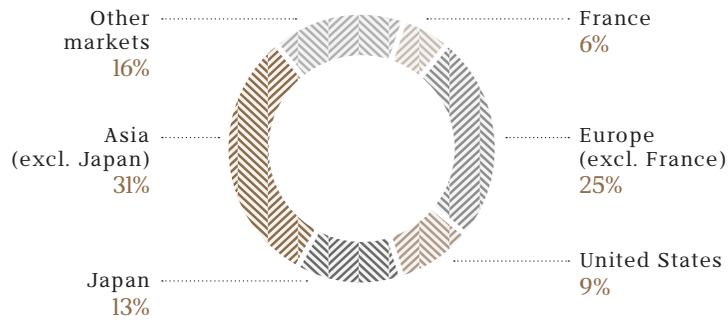
Boosting brand notoriety with target audiences and increasing their presence in the social media are also crucial to gain new market share. TAG Heuer and Hublot do so through partnerships and networks of ambassadors who reflect their brand universes and have also focused on digital communication. Chaumet's virtual museums, its exhibitions, publications and accompanying digital content, reveal its unique historical heritage. The Maison's new image campaign reflects its Parisian spirit and creative modernity, but also makes the requisite reference to its history.

## **High-quality, productive retailing**

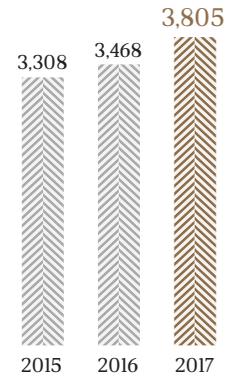
This business group is focusing on the quality and productivity of its retail networks and is also developing its online sales. It selects multi-brand retailers very carefully and builds partnerships so that the retailers become first-rate ambassadors for the brands when interacting with the end customer. The Maisons also continue to refurbish and open their own stores in buoyant markets in key cities. For example, on New York's Fifth Avenue, in the heart of Manhattan's top neighborhood, Bvlgari has revamped its flagship store. The store's magnificent design by architect Peter Marino combines classicism and innovation, fuses Rome with New York and invites visitors to journey through the Maison's 130-year history.

## Key figures

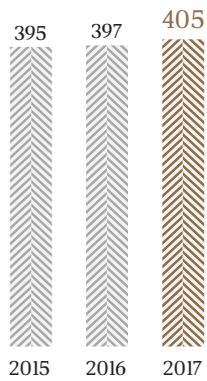
2017 REVENUE BY REGION  
(in %)



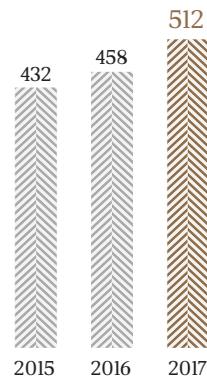
REVENUE  
(EUR millions)



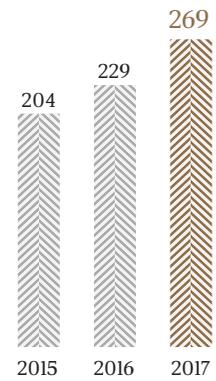
NUMBER OF STORES



PROFIT FROM RECURRING OPERATIONS  
(EUR millions)



OPERATING INVESTMENTS  
(EUR millions)



## Major strategic priorities

Reinforce Maisons' image with expert craftsmanship and distribution.

Continue momentum of Bvlgari and refocusing of TAG Heuer on core product ranges.

Optimally develop manufacturing facilities.

## 2017 at a glance

### Excellent year at Bvlgari and further progress at TAG Heuer

The Watches & Jewelry business group recorded organic revenue growth of 12%. On a reported basis, revenue growth was 10% and profit from recurring operations increased by 12%.

**Bvlgari** achieved an excellent performance and continued to gain market share thanks to the strength of its iconic lines *Serpenti*, *B.Zero1*, *Diva* and *Octo*. Growth was particularly strong in Asia, the United States and Europe. The inaugurations of the new manufacturing facility in Valenza and the flagship store on Fifth Avenue in New York are among the major events of the year. The success of the *Liens* and *Joséphine* collections, and its continued upgrading, drove **Chaumet's** growth. In the watch sector, **TAG Heuer** and **Hublot** continued to grow. At TAG Heuer, a new generation of smartwatch with multiple customization possibilities was launched in 2017.

## Outlook

The Watches and Jewelry business group is actively pursuing its market share growth target. It is therefore paying close attention to market developments and remains highly selective in the allocation of resources. Thanks to the talents of their artisans and their great capacity for innovation, all of the business group's brands will continue to develop their iconic lines and launch new collections with a constant focus on excellence, product innovation and creativity. To this end, increases in production capacity are planned in order to maintain the business group's world-class craftsmanship and technological leadership. All of the brands will pursue sustained and targeted investments to strengthen their visibility and raise their profile in key regions, especially in the digital realm. Improvements in the quality, productivity and profitability of retail networks also remain a strategic priority. Selective new store openings will take place at prestigious, high-footfall locations. **Bvlgari** will continue to focus as a priority on developing women's jewelry and watches, with major initiatives in store for the *B.Zero1*, *Serpenti* and *Lvcea* lines. It will also proceed with its renovation projects for several of its stores, including those in Hong Kong, Shanghai, London and Milan. **Hublot** will step up the targeted expansion of its retail network, with store openings in Geneva and London. **TAG Heuer** plans to open stores on Fifth Avenue in New York City and on Chuo-dori, the main shopping street in Tokyo's famed Ginza district. **Chaumet** will continue rolling out its new store concept.



## 2017 HIGHLIGHTS

**Bulgari** had an excellent year, further increasing its market share. The brand's jewelry lines reaped the full benefit of its creative prowess, wide-reaching reputation and effective event marketing strategy. New additions to the *Serpenti*, *B.Zero1* and *Diva* lines respectively include the *Viper* rings as well as the *Design Legend* and *Divas' Dream* collections. *Festa*, the year's high-end jewelry release, showcases Bulgari's creative daring and Roman roots. In watches, the *Serpenti Skins*, fully customizable via an application, was highly successful and the *Octo* men's collection built on its breakthrough results, spurred by the launch of *Octo Finissimo*, twice prizewinner at the Grand Prix d'Horlogerie de Genève. Advances made by leather articles include the successful *Serpenti Forever* collection and a capsule collection developed with Nicholas Kirkwood. The spectacular transformation of Bulgari's New York store on Fifth Avenue illustrates its unstinting commitment to the quality of its retail network. Bulgari also continued with its program of pop-up store openings, which rounds out and



Bulgari

### *Environmental certification, Bulgari-style*

In July 2017, Bulgari's jewelry manufacturing facility in Valenza, Italy, was awarded the LEED Gold certification. LEED (Leadership in Energy and Environmental Design) is the most widely used green building rating system in the world. It ensures that best environmental practices are applied, especially when it comes to optimizing energy consumption. For example, the new Bulgari manufacturing facility is fitted with an innovative centralized lighting system which automatically adapts light intensity to work station occupancy.



TAG Heuer

energizes the network. Two new Bvlgari Hotels & Resorts locations were also opened in Beijing and Dubai. The ramp-up of the new manufacturing facility in Valenza is proceeding apace. A new training center for Bvlgari's artisans has opened its doors, propelling its teams to new heights of jewelry-making excellence. Revenue growth at **TAG Heuer** substantiates the effectiveness of its core product development strategy, with additions to its leading *Carrera*, *Aquaracer* and *Formula 1* lines, and the reinterpretation of its iconic *Autavia* model. A next-generation smartwatch has been launched offering numerous customization options. TAG Heuer has made further improvements in its retail network and recently opened new stores in Melbourne, Las Vegas and London. New brand ambassadors have helped to raise TAG Heuer's profile among its target customers and boost its social media presence. Apart from its many contracts in the world of competitive sports, TAG Heuer has also joined forces with the avant-garde American graffiti artist Alec Monopoly.

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*Bvlgari believes in education and youth empowerment*

Since 2009, Bvlgari has partnered with the non-profit organization Save the Children to provide support and opportunities to the world's most vulnerable children and youth. Bvlgari helps fund the non-profit's activities with proceeds from the Save the Children jewelry collection, custom-designed jewels, inspired by the iconic *B.Zero1* line. For every piece sold, a part of the proceeds is donated to fund programs focused on education, youth empowerment, emergency assistance, and fighting poverty. Thanks to this partnership, the lives of over 1.2 million at-risk children were improved across the globe through total funding of more than \$70 million.

**Hublot** continued its steady growth, driven by its *Classic Fusion* and *Big Bang* lines, but also by *Spirit of Big Bang's* strong showing, which confirms its status as the brand's third core collection. Hublot once again demonstrated its creativity by releasing a range of extraordinary or highly technical models, including the *Techframe Ferrari 70 Years*, the timepieces in its new *Italia Independent* collection, and the *Spirit of Big Bang Sapphire*. New stores have been opened in Kyoto, Cannes and Las Vegas. Hublot's brand recognition has been further enhanced thanks to its communications, combining prestigious partnerships, a strong digital presence, and sporting and cultural events. Two new partnerships were signed with the Portuguese soccer team Benfica and the International Cricket Council. Alongside its work on strengthening its organization, **Zenith** introduced additions to its *Chronomaster* and *Elite* collections. Illustrating its capacity for innovation,



Hublot

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*Hublot continues to support environmental projects*

The Maison, which has supported the Black Jaguar-White Tiger Foundation since 2016, remains committed to protecting wild cats. In 2017, it hosted an auction to raise funds for a sanctuary that will care for some 350 felines – jaguars, tigers, leopards, lions and pumas. Hublot also continued its partnership with Depeche Mode – it joined forces with the British band in 2013 to raise funds for the non-profit organization “charity: water”, which helps provide people with access to clean, safe water. Together, in four years, they have funded a total of 229 projects that benefit over 30,000 people.



Zenith



Chaumet

the new *Defy El Primero 21* displays hundredths of a second and the *Defy Lab* took home the prize in this category in Geneva.

Growth at **Chaumet** was fueled by the successful *Liens* and *Joséphine* collections, along with its ongoing shift further upmarket. *Liens Séduction* and *Insolence* have enhanced Chaumet's legendary collections. The release of its latest high jewelry range, *Chaumet est une fête*, was celebrated by staging an extraordinary event in Paris. Chaumet has raised its profile in China with its successful "Imperial Splendours" exhibition in Beijing and new pop-up stores in several cities across the country.

**Fred's** *Force 10* line and its new *8°0* collection were its main growth drivers, while new stores were opened in Tokyo, Hong Kong, Shanghai and Seoul. LVMH has sold to **De Beers** its stake in the joint venture they held together.

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*Zenith and TAG Heuer found their watchmaking academy*

LVMH perpetuates the skills of craft professions through the apprenticeship programs run by its Maisons. These training schemes have also been introduced in its watchmaking business group. The vocational training offered by the Institut des Métiers d'Excellence, now includes the École d'Horlogerie LVMH watchmaking school, unveiled by Swiss watchmakers TAG Heuer and Zenith. The program, which welcomed its first class of 12 apprentices this year, is original because the budding watchmakers train at both Maisons - each different, but complementary in terms of their cultures, size and identities. On the one hand, they experience the traditional craftsmanship and watchmaking heritage of Zenith, and on the other, the avant-garde spirit and innovation of TAG Heuer.



LET'S

BEAUTY  
BY SEPHORA  
Sephora  
1000  
1000  
1000



LVMH

# Selective Retailing

2017



Beauty is yours to define  
**BEAUTY TOGETHER**



# INVENTING AND REINVENTING

Our Selective Retailing Maisons, which are present worldwide, have customer-centric strategies and customer-focused teams. In this sector, more than any other, excellence requires constant reinvention. Sephora, DFS and Le Bon Marché are all pioneers in their fields and continue to innovate and invent the shopping experience of the future for their customers.

## **Still revolutionizing the beauty industry**

In the world of perfume and beauty, Sephora has been revolutionizing the beauty industry for nearly 50 years, transforming the simple act of buying into a moment of pleasure, discovery and freedom. Its retailing model is constantly being honed and driven by teams of committed experts, passionate about what they do. The brand continues to invent unique in-store services and hunt out gems to add to its unique range of brands and products.

## **An increasingly innovative and personalized experience**

Of course, Sephora is at the forefront of the retail industry's unstoppable digital transformation. Sephora builds on the complementarity of its in-store and online shopping and on its strong presence on the social networks to increase the touch points and opportunities for shared moments with its customers. With its websites, digitally equipped stores, customer mobile apps and beauty consultants, the Maison creates an omnichannel beauty experience that is increasingly innovative and personalized and offers customers an interactive, seamless, flexible shopping journey.

## **A place of wonder and discovery**

Le Bon Marché, which was the 19th century pioneer of modern retailing, has all the vibrant creativity of Paris' Rive Gauche, and is still a department store like no other. Its impactful architectural design, enhanced by reinvented spaces; its exclusive, elegant and non-conformist selection of goods; its regular exhibitions and the art collection displayed across its various departments, all contribute to its excellence and make it a place of wonder and discovery for both local and international customers. Le Bon Marché also stands out for the quality of the welcome and service they receive. Our 24 Sèvres digital platform, which was launched in 2017, reflects this quest for excellence and is designed to offer a whole new online shopping experience.

## **Staying particularly agile**

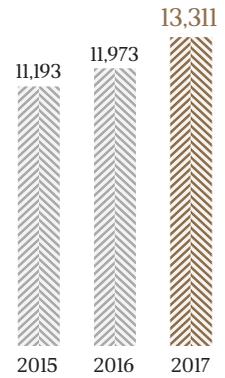
DFS, which has been in travel retail since the early days of the air travel boom, operates in a constantly shifting market. The surge in international travel means it is a fast-growing business, but it is also vulnerable to changing conditions and requires agility. DFS constantly demonstrates its flexibility by adapting its organization, reinventing its stores and its T Galleria department stores and continually enhancing the traveler's experience. The United States, and especially Asia, are DFS's key markets, but it has started to expand into Europe where there is strong growth potential. The brand is developing an exclusive concept in the historic building that houses the Fondaco dei Tedeschi in Venice. The next major development will be the reopening of La Samaritaine in Paris. DFS is already inventing a new experience there, and it promises to be quite unique.

## Key figures

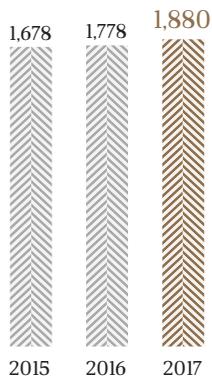
2017 REVENUE BY REGION  
(in %)



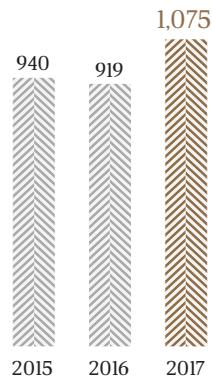
REVENUE  
(EUR millions)



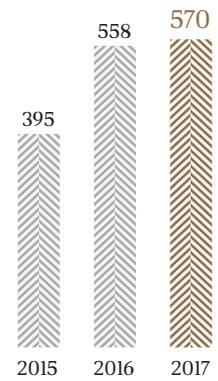
NUMBER OF STORES



PROFIT FROM RECURRING OPERATIONS  
(EUR millions)



OPERATING INVESTMENTS  
(EUR millions)



## Major strategic priorities

Maintain Sephora's innovative momentum in stores and digital content.

Continue to cultivate a creative, exclusive offering at Le Bon Marché and La Grande Épicerie de Paris.

Pursue the expansion of DFS and develop digital marketing initiatives to get closer to international travelers.

## 2017 at a glance

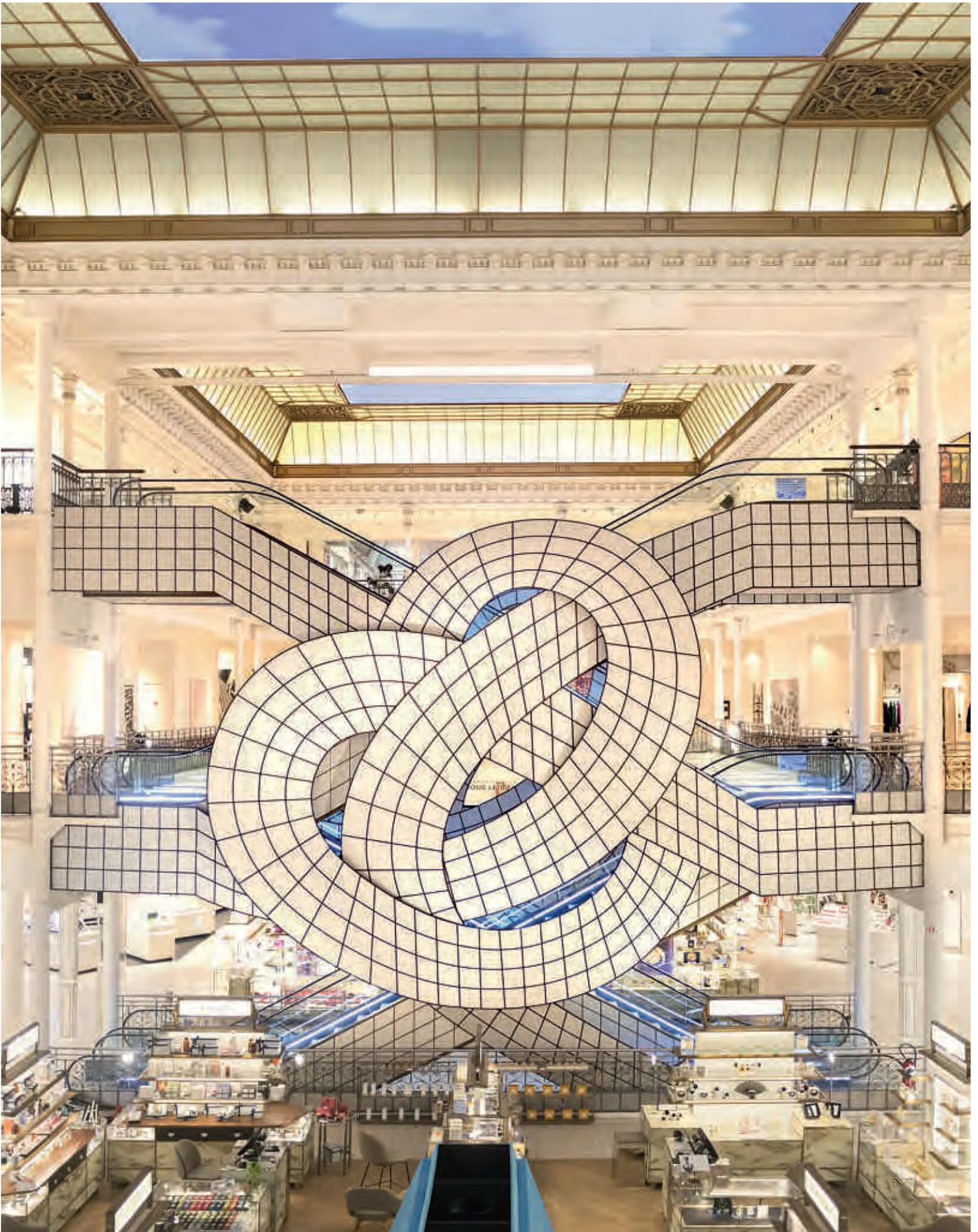
### Good performance at Sephora and DFS

The Selective Retailing business group recorded organic revenue growth of 13%. On a reported basis, revenue growth was 11% and profit from recurring operations was up 17%.

**Sephora** continued to gain market share. Its growth was particularly strong in North America and Asia. A new territory, Germany, was inaugurated, while Sephora expanded its online presence in Scandinavia, Mexico and the Middle East. **Le Bon Marché** has created a new online shopping experience by launching its digital platform, 24 Sèvres. The year 2017 was a positive turning point for **DFS**, with better positioned markets, especially in the second half. The new stores in Cambodia and Italy continued to grow.

## Outlook

In order to improve geographical coverage and serve customers with agility wherever they may be and at any time, **Sephora** will stay focused on its key strategic drivers of success: the dedication and professionalism of its teams at its physical stores and online, increasingly innovative and personalized offerings of both products and services, expanding and renovating its store network, ongoing rollout of its omnichannel strategy, and customer loyalty initiatives. **Le Bon Marché** will continue to cultivate its uniqueness, its creative and exclusive offerings, and its dual identity as both a major trendsetting retail destination and a venue for art and culture. One of the highlights of 2018 will be the transformation of its children's department. The second location of La Grande Épicerie de Paris on the city's Right Bank will attract a new clientele, with the aim of becoming as much of a magnet for food lovers as the original store on the Left Bank. While working to further improve the attractiveness of its stores and their selection of brands and products, **DFS** will move forward with its expansion strategy while strengthening its digital marketing campaigns, in order to reach out and stay close to international travelers wherever they may be. Building on its success, the *Loyal T* rewards program will be rolled out to more destinations. **Starboard Cruise Services** will fine-tune its offerings by cruise route to an even greater extent, as it invests in transforming its stores to win over customers and offer them unique experiences.



Le Bon Marché Rive Gauche

## 2017 HIGHLIGHTS

**Sephora** once again performed very well, as it continued to win market share in all the countries where it operates. Growth was particularly strong in North America and Asia. Currently operating in 34 countries, with over 1,800 stores and 27 online sales platforms, Sephora serves its customers on every occasion. Sephora further expanded its presence in 2017, opening its first points of sale in Germany and launching online sales in Scandinavia, Mexico and Saudi Arabia. The modernization plan for Sephora's existing stores continues, with renovations completed during the year at its flagship stores in New York City, on 34th Street and on Fifth Avenue, and at the Mirdif shopping mall in Dubai. Thanks to a gradual rollout of new store concepts that dovetail with Sephora's digital ecosystem - including *Beauty Board*, *Virtual Artist*, and *Digital Skincare Guide* - its physical locations offer an unparalleled, highly interactive shopping experience. By expanding the palette of services available at its stores, Sephora continually renews its personalized approach to customers, while at the same time building



Sephora

### *Sephora expands green deliveries*

After France, China and Italy, Sephora has expanded its electric vehicle deliveries to stores in Spain. The hybrid trucks that supply its Madrid and Barcelona stores switch over to all-electric power as soon as they enter the cities. In Moscow, the Maison has chosen another type of green energy. Since September, natural gas-powered vehicles supply around ten Sephora outlets. As a result, the Maison's CO<sub>2</sub> emissions are 25% lower than with traditional fossil fuels.



DFS

loyalty. Sephora's omnichannel strategy is a key aspect of this approach: smart mobile applications plug into social networks so that its Beauty Insiders can become members of a thriving beauty community. Sephora has continued to expand and refresh its selection of products, bringing the innovations it offers exclusively to the fore, as illustrated by the launch of Fenty Beauty by Rihanna, which has been a phenomenal worldwide success. Solid gains and a number of major events were among **Le Bon Marché's** highlights in 2017. With the completed transformation of its women's fashion department, spanning two floors, the store now offers its female clientele beautiful, reinvented shopping spaces as well as unique personalization services. Among instore events organized in 2017, an exhibition featuring sculptures by the Japanese artist Chiharu Shiota at the start of the year enjoyed exceptional media coverage. With the June launch of 24 Sèvres, its new digital platform, Le Bon Marché has invented a new online shopping experience, featuring an unequaled selection of women's fashion, innovative virtual

—  
*A shared garden atop Le Bon Marché Rive Gauche*

Mesclun salads, sugar snaps, beetroot, young garlic, squashes, Mara des Bois strawberries... This is just some of the produce now grown in the first shared vegetable garden created exclusively for employees on the roof of the legendary rue de Sèvres building that houses Le Bon Marché and La Grande Épicerie. The project reflects a desire to engage sustainably as a community. Over one hundred individual and group plots will be allocated every spring to committed gardener-employees. They will receive initiation kits as well as training in sowing, pruning, etc. In September, the vegetable garden was expanded to the neighboring roof and its vegetables, flowers and herbs are now being served at La Table, the restaurant in La Grande Épicerie de Paris.

storefronts, and expert customer service. Lastly, Le Bon Marché's food hall, La Grande Épicerie de Paris, opened a second location on the city's Right Bank in November, housed in the former premises of the Franck et Fils store. The warm and friendly atmosphere and quality of service offered by Le Bon Marché continue to set it apart from all other department stores for its French and international clientele. Its loyalty program is still as popular as ever.

**DFS** turned a positive corner in 2017, thanks to more buoyant markets, especially in the second half, while also reaping the rewards of its cost control efforts over the past two years. The recovery in revenue, particularly strong in Hong Kong and Macao, was boosted by high-impact marketing campaigns, continuous improvements in store offerings, and digital initiatives designed to better serve travelers. Investments made in its *T Galleria* stores as well as its airport locations



Sephora

### *Sephora Stands expands initiative*

In 2016, Sephora launched a corporate social responsibility (CSR) initiative in the United States. The project, known as Sephora Stands, expresses the Maison's values through three programs: Sephora Accelerate for women entrepreneurs, Classes for Confidence for local communities and Sephora Stands Together for its employees.

Inspired by the success of its first year, the initiative has been expanded. A "sustainability" category has been added to the Sephora Accelerate program, and Classes for Confidence now includes a new class: Brave Beauty in the Face of Cancer.



DFS

continued, as work was completed at the Sydney store and several renovation projects were launched at stores in Hong Kong and Auckland. The ramp-up of new stores in Cambodia and Venice continued, while a fourth DFS Wines & Spirits store opened its doors at Singapore's Changi Airport. DFS has entered into an agreement to operate luxury boutiques at Kansai International Airport in Japan and the concession held at San Francisco International Airport was renewed for a further 14 years. The expiry of the loss-making concession at Hong Kong International Airport at the end of the year will help to increase profit in 2018.

**Starboard Cruise Services** is expanding its presence along cruise routes in Asia, while improving the attractiveness of its stores and further refining its offerings for specific lines and different customer segments.

—  
*DFS recognized for its eco-friendly lighting*

The Fondaco dei Tedeschi in central Venice is home to DFS's first European department store. The Maison renovated this historic, 13th century, 8,000 sq.m building, carefully respecting its Venetian heritage while adding contemporary features. For example, DFS reduced the building's energy consumption with all-LED lighting, optimum use of natural light, and less night-lighting. As a result, the building now consumes only 25 W/sq.m. In 2017, this store received the prestigious international Lighting Retail Project of the Year award.



LVMH

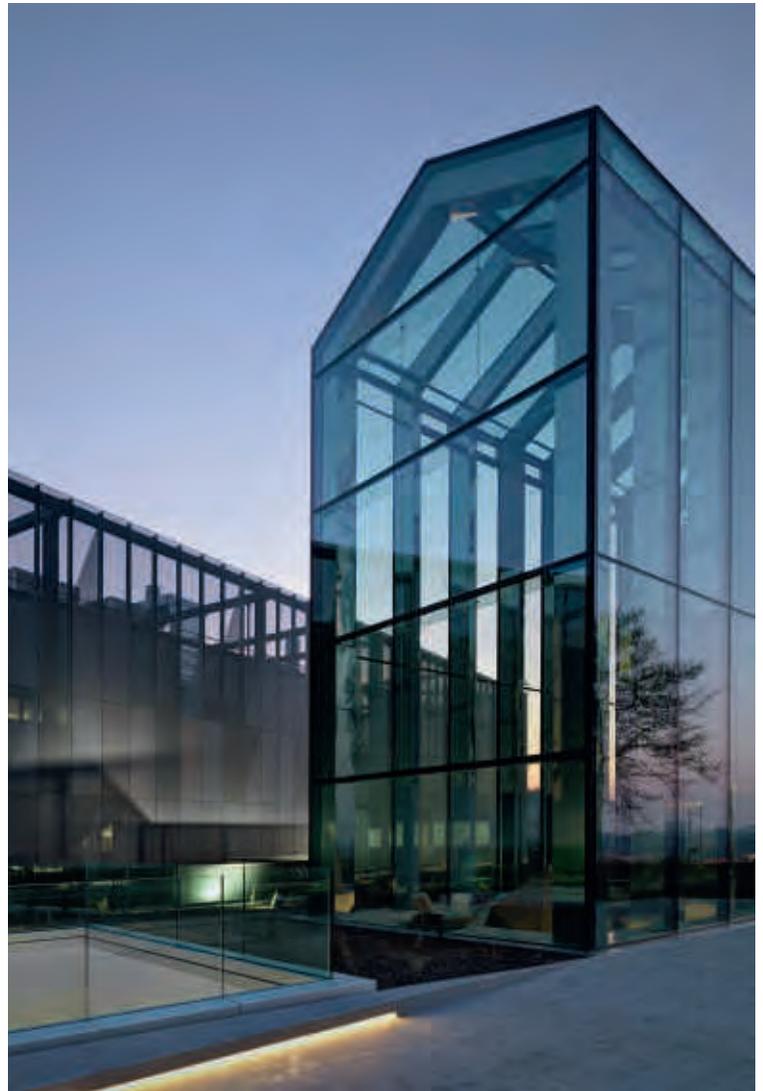
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The Rive Gauche is just a click away

## BVLGARI

### Driving growth and transmitting a passion

**B**ulgari's jewelry division inaugurated its new cutting-edge manufacturing facility in Valenza, Italy, the Manifattura, in the spring of 2017. Taking pride of place within this new ultra-modern production site – located at strada Sotirio Bulgari 1, named in honor of its founder – is the Cascina dell'Orefice, the historic building where Valenza's well-established tradition of jewelry-making got its start in the early 19th century, transforming this rural village into a flourishing city. With a total floor area of over 14,000 sq.m, the Manifattura is the largest jewelry manufacturing facility in Europe. It consists of 18 workshops, known as "islands," which bring together all the skills required to craft the Maison's many extraordinary treasures, including iconic pieces in the *B.Zero1*, *Serpenti* and *Diva* collections. Some 600 employees were working on the site when it opened its doors (jewel makers, stonecutters, polishers, etc.), and by 2019 they will be 700.



The Manifattura is not the only center of excellence for the Bvlgari's jewelry-making expertise. In September, the Maison completed the extension of the Laboratorio, its high jewelry workshop on the via Aurelia in Rome. This is where unique pieces are crafted, step by step, and where the Maison's silversmiths, goldsmiths and jewelry makers give shape to the prototypes conjured up in their fertile imaginations. The Laboratorio's current team of 30 experienced and talented artisans will be increased to 50 by 2020.

Bvlgari has also created an in-house training school for jewelry makers on the Manifattura site in Valenza to nurture new talent, known as



on the know-how that has made the success of the LVMH Maisons. This facility is not only a response to the demands of a booming international market. It also reflects a desire to reinforce the values of Italian craftsmanship, which Bvlgari epitomizes.

*With a total floor area of over 14,000 sq.m, the Manifattura Bvlgari is the largest jewelry manufacturing facility in Europe.*

## LOUIS VUITTON

### Jeff Koons salutes the Masters

After collaborations with Takashi Murakami, Stephen Sprouse and Yayoi Kusama, Louis Vuitton chose Jeff Koons, a major figure in contemporary art, to design a new collection. The New York-based artist was inspired by his own series of "Gazing Ball Paintings" - hand-painted reproductions of art masterpieces - to create a new collection of Louis Vuitton bags.

Renowned for his monumental stainless steel sculptures, Jeff Koons has reproduced celebrated paintings by artists such as Leonardo da Vinci, Titian, Van Gogh and Rubens on emblematic Louis Vuitton accessories as well as *Speedy*, *Keepall* and *Neverfull* bags. By creating pieces deliberately recalling famous paintings of the past, he follows a line of influence and inspiration that runs through the history of Western art. All these pieces convey both the visual breadth of the art canon and the interconnections between artists across the centuries. At the same time, Koons reconfigured the iconic Louis Vuitton Monogram to include his own initials - a revolution for Louis Vuitton, which

the Bvlgari Jewelry Academy. This school offers young apprentices the unique opportunity to train in a highly qualified profession and express their creativity under the guidance of Bvlgari's experienced master jewelers. The vocational training program offered by LVMH's Institut des Métiers d'Excellence (IME) is part of the same drive.

For its first jewelry training course, IME will welcome 13 students from all over Italy who will be trained in partnership with the For.AI consortium, a leading regional establishment.

With the Manifattura, Bvlgari is seizing a wonderful opportunity to support its industry and foster new generations of craftsmen and women by passing





had never before allowed any aspect of its Monogram to be changed!

When Koons places the artist within art history, he immerses himself in the heritage of Louis Vuitton, underscoring the artistic power that can build a bridge between the present and a cultural history shared by everyone, while emphasizing Louis Vuitton's many connections with art and artists. After celebrating major figures like Leonardo da Vinci, Titian, and Van Gogh at the launch of the first collection in April 2017, Jeff Koons returned a few months later with Chapter 2 - a collection that highlights the masters of Impressionism - with Claude Monet, Édouard Manet, and Joseph

Mallord William Turner at the forefront. The French actress Léa Seydoux was appointed ambassador for this second collection. Through these unique pieces, the artist proposes a new way to experience art by taking it out of the museum, thus affirming Louis Vuitton's role as a patron and champion of the arts.

*By reproducing art masterpieces on Louis Vuitton's emblematic accessories and bags, Jeff Koons builds bridges between the present and cultural history.*

## CLOS19

### An online platform for the perfect host

**G**astronomy and cuisine became a hot topic in the early 19th century, as the defining principles and rules of the art of how to play host were sketched out. Ever since then, taking a place at the table has been a shared language. In the words of the great French culinary writer Brillat-Savarin, "Dining is like setting a stage, imbued with the luxury of desire." In vineyards, such luxury is expressed through the noble art of preparing wine, culminating in the excellence of the tasting experience.

Stéphanie Watine-Arnault has revisited and highlighted this exceptional aspect of French culture - recognized by Unesco as an "intangible cultural heritage" - by launching the Clos19.com online platform.

The first retail website dedicated entirely to LVMH's champagnes, wines and spirits, Clos19 excels in hospitality, offering its customers exceptional services, unparalleled experiences, and advice on how to become the perfect host. This platform is

especially designed to appeal to a fun-loving customer base, one that revels in the present moment and loves to share, discuss and discover. It is a way to embrace modernity while upholding traditions, with the aim of passing them on to the website's young visitors, members of the first generation of digital natives. Clos19 is much more than a store window for the most prestigious wines, champagnes and spirits.

Unveiled in April 2017 in the United Kingdom, the platform moves beyond the usual domain of e-commerce, capitalizing on the expertise of Moët Hennessy's Maisons and the heritage and authenticity of their products to provide a lifestyle-oriented

service based on four key ideas: art, dining, music and travel. A skillful blend that promotes the art of hosting *à la française*: beyond simply popping open a fine bottle, this includes selecting ingredients to pair food with wines, setting an elegant table, and highlighting works of art. Clos19 dispenses expert advice and recommendations on all these topics, as well as providing exclusive services such as gift delivery and reception, the option of booking help from professionals and amazing adventures, like heading off to the Antarctic for ice- and fire-themed tasting sessions! With Clos19, LVMH brings a skillful blend of innovation, excellence and surprise to the art of hospitality.

*A retail website dedicated to champagnes, wines and spirits, Clos19 excels in hospitality, offering exceptional services and fresh experiences.*



## LOUIS VUITTON

### Returning to its roots at Place Vendôme

**O**n October 4, 2017, Louis Vuitton inaugurated the Maison Louis Vuitton Vendôme at 2 Place Vendôme, the celebrated Parisian square, just steps away from where young Louis Vuitton opened his first store in 1854.

More than 160 years have elapsed since then and Louis Vuitton has triumphantly returned to where the story began, at the heart of Paris where travel accessories, fashion and jewelry have been sold for centuries. Its return is further inspiring as Place Vendôme is a pinnacle of 17th century French art, emblematic of French elegance and the flourishing of the arts worldwide, two passions shared by Louis Vuitton and celebrated with this project. As



LOUIS VUITTON



a worthy heir to these values, Louis Vuitton had no choice but to relocate its workshops and designs to a location that epitomizes modern luxury, in order to keep these traditions alive and project them into future. For its new Maison Louis Vuitton Vendôme, Louis Vuitton called on the talented American designer and architect Peter Marino, known for redefining modern luxury by fusing architecture and interior design. He has deftly combined traditional style with modern tastes while using the techniques and emblematic materials of France's architectural heritage. The two private mansions have been returned to their former splendor, with the 18th-century floors care-

fully restored, the ceilings returned to their original heights, and the facade by Jules Hardouin-Mansart restored with particular finesse. Once inside, Maison Louis Vuitton Vendôme travel accessories, leather goods and high fashion items are bathed in sublime light. The location also houses two workshops, symbols of Louis Vuitton's longstanding expertise. The High Jewelry workshop, where the most exclusive pieces of jewelry are hand-crafted, and the Rare & Exceptional workshop, where certain special customers can discover unique pieces inspired by the latest collections. Products are displayed at Maison Louis Vuitton Vendôme alongside a selection of 33 works by some of the great names of contemporary art, such as Yan Pei-Ming, Stephen Sprouse and Laurent Grasso. Visiting the store is a journey to the heart of art, design and luxury.

*More than 160 years since  
Louis Vuitton opened his first store,  
the Maison has reconnected  
to its roots, moving its designs  
and workshops to Place Vendôme.*



## KRUG

### A family home reborn

After two years of restoration, the Krug Family House, adjacent to the heart of Krug's Champagne creation, its production site at 5 rue Coquebert in Reims, has entered a second life. In April 2017, the residence reopened its doors with a new look and mission - to welcome Krug Lovers in a unique reception space. Stéphanie Ledoux was the architect and interior designer chosen to transform three family homes - two of which had been empty for decades - into a single building that will perpetuate Krug's heritage. Imbued with the spirit of





Joseph Krug, the Champagne House's founder, and stories of centuries past, this former home of the Krug family has been completely redesigned with a blend of heritage and modernity.

It now has a number of reception rooms and a garden where guests are invited to take part in exclusive Krug events such as visits, tastings, culinary experiences, and musical performances. A highlight of the house is the new tasting room and its "wall of 400 wines" adorned with individually illuminated bottles that represent Krug's 150 reserve wines and 250 wines of the year: a stunning bas-relief tribute to Krug's craftsmanship. Furthermore, a professional kitchen has been

installed and equipped to allow Arnaud Lallement – the Michelin-starred Krug Ambassade Chef since 2001 – to practice his art of pairing food and Champagne.

In all, a unique place for an unforgettable experience.

*In Reims, the Krug Family House  
has begun its new life as  
an exceptional place to welcome  
for Krug Lovers worldwide.*

## SEPHORA

### Boldly reinventing the customer experience

With its ultra-chic, unconventional design, omnichannel approach, enhanced customer experience and improved services, the New Sephora Experience completely reinvents beauty shopping with a new generation of more attractive and appealing Sephora stores. This all-digital concept is bold and non-conformist. Just like Sephora! The two pilot stores opened in Nantes and Val d'Europe in March 2017 offer customers a more intense experience with a host of fun novelties – shoppers can test, watch, smell and let themselves be guided. At the entrance, they are greeted by a display table with the latest trends, tutorials and new *Sephora Collection* and *Exclusives* products. There's a different theme every month. Right nearby, the Sephora Loves counter showcases Sephora's current crushes, its hot new brands and their signature products.

The highlight of the New Sephora Experience is the Beauty Hub, a smart services area that reinvents and enriches the shopping experience. The digital Look Book provides inspiration for shoppers who want a personalized beauty program,



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too cool for school

too cool for school

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TONYMOLY®



while the Virtual Artist allows them to test thousands of looks on an iPad or connected mirror. Color Profile, an app developed with Pantone®, helps customers choose the right foundation shade from a range of recommended products available at Sephora. As part of its drive to make its stores places where shoppers are free to express themselves and have fun, Sephora has created the Beauty Board – a platform where customers can like and tag the products they use and share their looks with the Sephora community. To round out the customer experience, Sephora also offers Beauty Classes with makeup lessons and workshops hosted by beauty professionals at the Beauty Hub, as well as skincare advice and a personalized skin assessment. After the success of its two pilot stores in France, Sephora has exported the concept to Spain and Italy. Its new stores feature the same pioneering products and services, and are adapted to each country for an even more exclusive experience.

*Customers enjoy a more intense experience with a host of fun novelties – they can test, watch, smell and let themselves be guided.*

## RIMOWA & FENDI Revisiting the iconic aluminum suitcase

To celebrate the 80th anniversary of its iconic aluminum suitcase, Rimowa has initiated an exclusive partnership with Fendi. For the first time in its history, Germany's go-to brand for premium luggage has teamed up with the Rome-based fashion house, combining their expertise to create an inimitable carry-on. Rimowa



and Fendi have designed a case with stylish Fendi features, notably its famous double F logo, visible on the case's brushed aluminum surface which changes perspective in different lighting, and on a web belt around the case.

Fendi's fine craftsmanship is encapsulated in the case's *Cuoio Romano* leather handles, and the black neoprene interior lining is also embossed with the double F logo. Rimowa too, remains true to the quest for excellence and exceptional craftsmanship that characterizes its luggage, and has fitted the case with a host of innovations, including the silent Multiwheel® system for optimum maneuverability and the Flex-Divider for the

most efficient packing. The case epitomizes both Maisons, and the blend has resulted in a high-quality contemporary piece of luggage for both women and men. There's only one drawback - it's a limited edition!

*A perfect combination  
- packed with Fendi style and  
Rimowa innovations.*

## LOUIS VUITTON

### Tambour Horizon: An invitation to travel

The *Tambour* timepiece collection has been expanded to include a watch that is both groundbreaking and true to the Louis Vuitton tradition. *Tambour Horizon* offers the best of both worlds, successfully combining the latest cutting-edge technology with the exacting standards of traditional watchmaking to create a connected luxury watch that offers a host of functions but is extremely easy to use.

Deeply rooted in the spirit of travel, Louis Vuitton reflects this heritage in its connected watch with exclusive, dedicated functions: "My Flight" for flight information, "City Guide" for access to its travel guides, smart geolocation and a GMT function. Louis Vuitton has partnered with Google to offer the very best technology.

The watch's operating system has been entirely personalized to give *Tambour Horizon* owners a simple, exclusive navigation experience with all the Louis Vuitton hallmarks.

Much more than a connected watch, *Tambour Horizon* is above all a Louis Vuitton timepiece. Its unique inward curve gives it a crescent-shaped profile, making it instantly recognizable. Louis



Vuitton has made *Tambour Horizon* highly customizable, giving each watch a unique look and style to suit the temperament and tastes of individual owners.

They can configure the dial by choosing from among the Maison's iconic motifs (*Monogram* or *Damier*), and even further by adding stripes in different colors or their own initials.

Another innovative feature is its simple yet robust system for interchangeable straps, which can be swapped very easily and without tools. The watch is designed for everyday use and to be worn by both men and women: owners can instantly switch from a sporty look to a sophisticated

one to fit their mood or adapt to any occasion. With *Tambour Horizon*, Louis Vuitton continues to cultivate the values of luxury, the spirit of travel, and creativity.

*Tambour Horizon enhances  
all the practical benefits you expect  
from a connected  
watch with style and elegance.*

## HENNESSY

### Investing in excellence

**H**ennessy occupies a unique place in the wines and spirits sector. As a market leader, Hennessy has been able to establish itself in many different cultures, while staying firmly rooted in its Cognac terroir, where all of its products are made.

Pont Neuf (“New Bridge”), the new cognac logistics site inaugurated on October 18, 2017, encapsulates Hennessy’s success and development. And its relentless quest for excellence.

This new bottling site was designed to increase Hennessy’s production capacity, as the number of cases sold is set to reach eight million in 2018, with continuing growth expected in coming years. Pont Neuf meets a threefold need for equipment expansion – storage facilities, bottling lines and shipping logistics – to supply 130 countries, including the key American and Chinese markets.

As current installations were reaching maximum capacity, Hennessy brought together internal experts and external partners to design the Pont Neuf project, which was launched in 2015, the cognac house’s 250th anniversary. After two years of construction, the new site can maintain exacting

quality demands while increasing production volumes, all under the watchful eye of the Hennessy Tasting Committee.

Pont Neuf is a truly state-of-the-art facility with a new team organization, the latest equipment, sophisticated tracking systems and high-speed bottling lines. This will increase productivity, as the new bottling line can produce up to 240,000 bottles a day, or 20,000 twelve-bottle cases.

Designed by architecture firm Sandrolini as a bridge between the past and the future, Pont Neuf is an exemplary model of green design. Beginning at its launch in 2015, the project was designed to obtain certification under the French HQE







(high environmental quality) standard, and the building site followed the requirements defined by Certivea.

Lastly, the site also promotes quality of life at work. From the choice of materials, such as algae-based paints with zero emissions, to sound insulation, air quality and natural lighting, in a design over two levels favoring ease of use, safety and a connection to nature... no detail has been overlooked when it comes to providing an innovative work environment.

*Built on eco-design principles, Pont Neuf has obtained "Exceptionnel" HQE certification, and thus meets the highest environmental standards.*

## FENTY BEAUTY

### Rihanna releases her makeup line

Rihanna has developed her own makeup line, Fenty Beauty, in partnership with Kendo, LVMH's beauty-brand incubator. The new makeup brand was launched on September 8, 2017 in over 1,600 Sephora stores across 17 countries and has 91 products formulated for all skin tones.

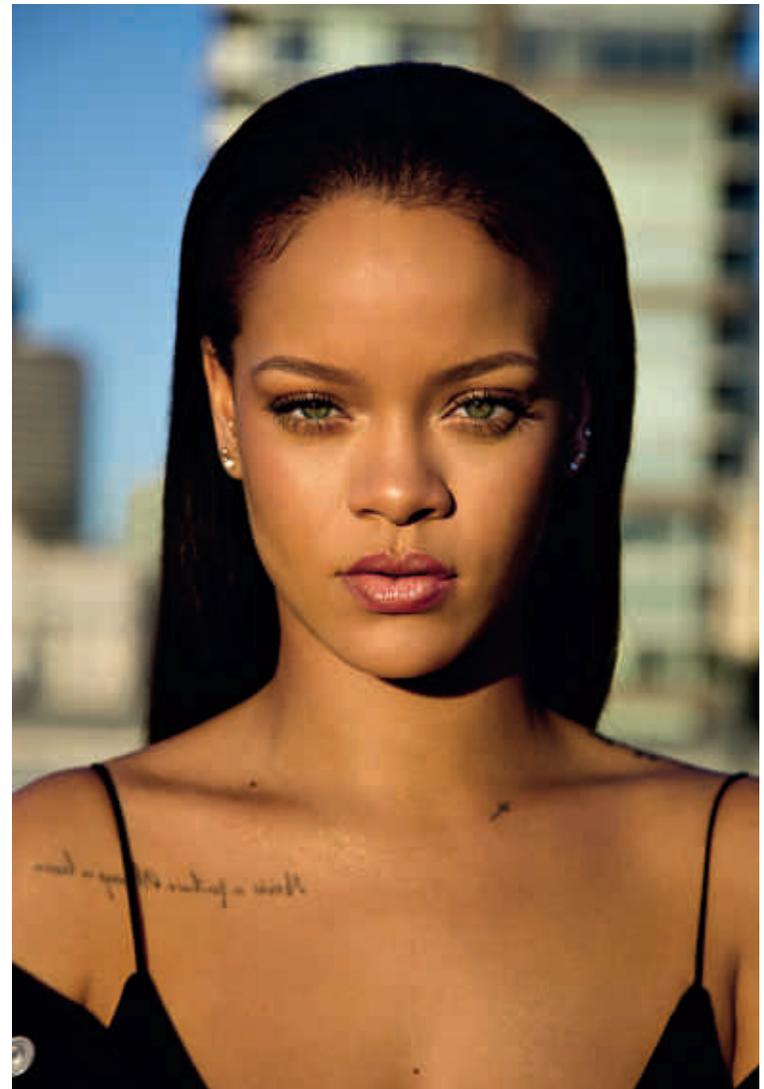
As a girl growing up in Barbados, well before she became a music, fashion and beauty icon, Robyn Rihanna Fenty was already fascinated by makeup, especially her mother's lipstick. Using makeup for the first time was a revelation and she decided to make it her weapon of choice for self-expression - a way to reflect her ever-changing moods. That's the passion behind Fenty Beauty.

Rihanna also realized that not enough products were available for all skin types and tones.

Inclusion is therefore central to the new brand's pledge, and it features a rigorous range of solutions for all skin tones "so that women everywhere would be included."

Available exclusively at Sephora in all the countries where it operates, Fenty Beauty products are designed to feel lightweight while delivering buildable coverage and a natural finish. There are over 40 shades of foundation, 30 *Match Stix* to contour, correct, conceal and touch up, as well as a complete line of beauty accessories.

Rihanna has appointed two prestigious makeup artists to represent her brand: Priscilla Ono and Hector Espinal. As Fenty Beauty's international



ambassadors, they spread Rihanna's message: "Makeup is there for you to have fun with. Feel free to take chances, and take risks, and dare to do something new or different."

*A complete makeup line  
designed by Rihanna  
for all skin tones, "so that women  
everywhere would be included."*

## DIOR LOVE CHAIN

... and you,  
what would you  
do for love?

Last September, Parfums Christian Dior launched a viral campaign with a Love Chain that posed a compelling question – "And you, what would you do for love?" – inviting people to film their answers and post them with the hashtag #diorlovechain. Viewers concluded their video by tagging their loved ones, who were in turn invited to respond to the question and continue the chain.

The question was a reference to the *Miss Dior Eau de parfum* launch campaign. In this already iconic film, shot in Paris and Los Angeles, actress and muse Natalie Portman expresses everything a woman can do out of passion.

She reveals a whole gamut of strikingly authentic feelings, from wild joy to nascent tears. The scenes are full of intensity, vivid colors, and snippets of life that resonate with us all. At the end of the film, Miss Dior challenges us by asking: "And you, what would you do for love?"

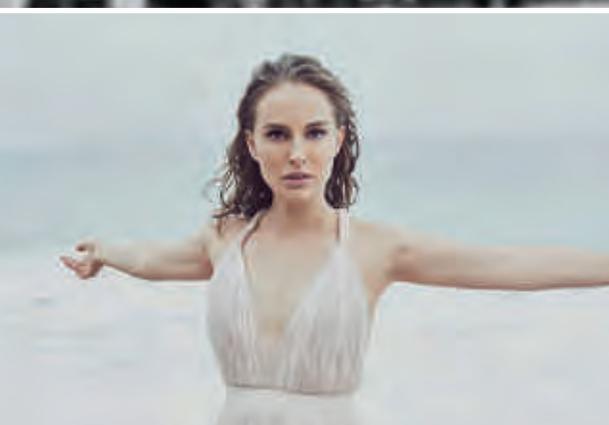
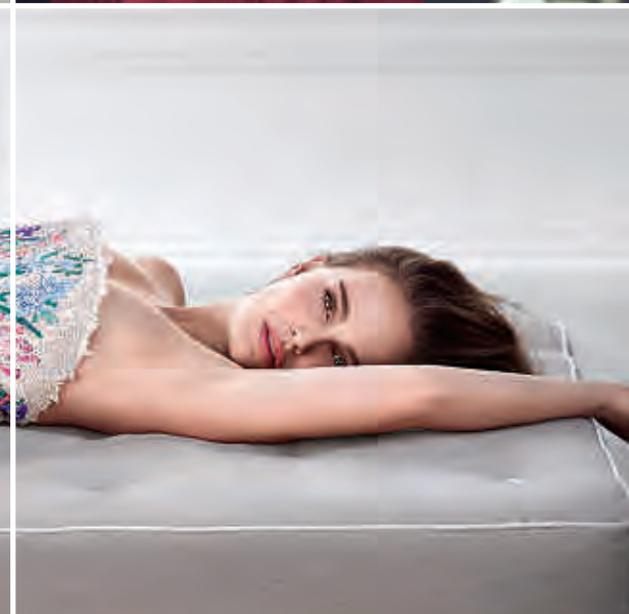
On catwalks, in stores and on social networks, the Maison's friends and muses all answered her call: Charlize Theron, Jennifer Lawrence, Camille Rowe,



Eva Herzigova, Bella Hadid, Johnny Depp, Robert Pattinson... and talked to us about love! Anyone could join the stars and influencers to continue the Love Chain.

As a result, the TV clip starring Natalie Portman notched up record viewings (43 million on YouTube), the Love Chain content on Instagram was viewed 45 million times and some 40,000 posts were made on the social media.

This success is all the more meaningful because the chain was for a good cause – each post offered the opportunity to donate one dollar to WE Charity, a charity supported by Natalie Portman which provides young girls with an education in



nine countries in Latin America, Africa, and Asia. A great way to extend the Dior Love Chain around the world!

*On the initiative of Natalie Portman and Dior, \$1 was donated to WE Charity for every post.*

## CHRISTIAN DIOR Designer of Dreams

Since its foundation in 1947, Dior has never stopped surprising and amazing its customers, constantly inventing new codes. It has made its mark on history and on people's minds, all part of a constant quest to offer women a unique elegance and encourage them to be themselves. Much like its founder, Christian Dior, the Maison is profoundly unique.

From July 5, 2017 to January 7, 2018, the Musée des Arts Décoratifs celebrated Dior's 70th anniversary with an exhibition that set a new attendance record for the museum, with 708,000 visitors. An unprecedented event for a fashion house, *Christian Dior: Designer of Dreams* also ranked among the most popular exhibitions of 2017 in Paris. This sumptuous, extensive exhibition took visitors inside the world of its founder – including his early career as a gallerist and his love for art – and the couturiers who followed in his footsteps: Yves Saint Laurent, Marc Bohan, Gianfranco Ferré, John Galliano, Raf Simons and Maria Grazia Chiuri.

The exhibition featured a selection of more than 300 haute couture dresses, as well as design prototypes on cotton canvas, photographs, and works of art that have inspired the collections. It offered a captivating journey into the heart of the Maison's history and heritage. The intriguing and



elegant setting, designed by the scenographer Nathalie Crinière, served the chronological and thematic narrative orchestrated by the exhibition's two curators, Florence Müller and Oliver Gabet, with a series of rooms recalling in turn an art gallery, a multi-colored cabinet of curiosities, a boudoir, a ballroom, and a magnificent garden.

The exhibition catalogue prolongs the experience with an anthology of hallmark fashion looks introduced by Christian Dior and his successors, specially photographed for the occasion by Nicholas Alan Cope, as well as rare archival documents, sketches, and images by top fashion photographers: Irving Penn, Richard Avedon, Brigitte Lacombe, Nick





Knight, and others. Detailed descriptions of gowns and several texts by Florence Müller and Oliver Gabet round out this magnificent immersive retrospective which celebrates the most emblematic of all French fashion houses.

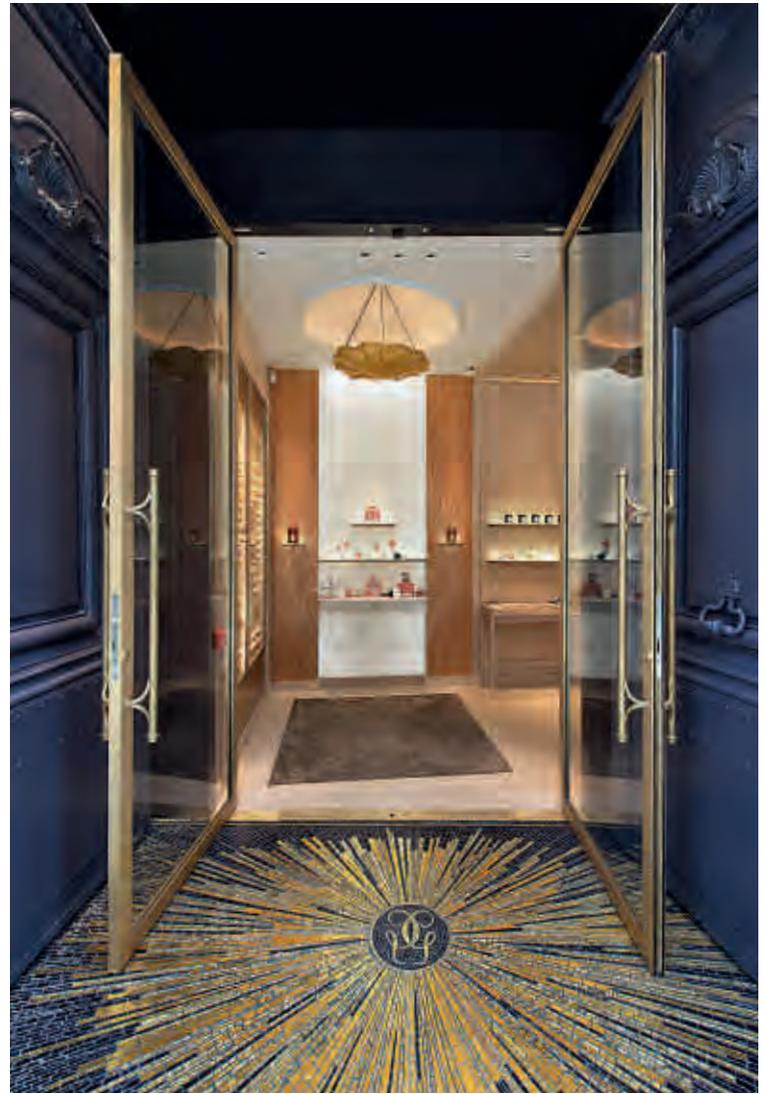
*Conceived as a dialogue between art and fashion, Christian Dior: Designer of Dreams invited visitors inside the world of the founder and the designers who followed in his footsteps, showcasing the heritage and creativity behind the fashion house.*

## GUERLAIN

### Place Vendôme: An exquisite new boutique

**B**ack to where it all began. The new Guerlain Parfumeur boutique has opened at 356 rue Saint-Honoré, just off Place Vendôme, marking a return to Guerlain's origins. Founded in 1828 in premises on Rue de Rivoli, Guerlain subsequently moved to Rue de la Paix and then Place Vendôme, where it made its name and which has been synonymous with French luxury the world over since the Belle Époque period.

In 1935, the decor of the first Place Vendôme boutique was entrusted to interior designer Jean-Michel Frank, an undisputed master of understatement. The new Guerlain Parfumeur boutique unveiled in 2017 pays tribute to the decorative arts, by way of a meticulous restoration employing a number of Jean-Michel Frank's favorite materials, such as Roman Travertine marble, straw marquetry, parchment and gypsum. Revisited by talented craftsmen, the new decor echoes the original work by Frank, Bérard and Giacometti. This new boutique, imbued with the perfume house's exceptional heritage, showcases the rich profusion of creativity



unique to the world of Guerlain: 111 fragrances remaining available out of the 1,100 created since 1828, each a testament to the history of French perfume. An innovative digital analysis environment allows the store's visitors to establish their own personal fragrance profile. They can also refill their iconic honeycomb "bee" bottles at perfume fountains, an idea bridging luxury and sustainability. And because no perfume should resemble another, bottles can also be customized, with a choice of colors, sizes, ribbons, neck ties and labels, allowing customers to give free rein to their own creativity. The boutique also has a fragrance cellar where, like vintage wines, perfumes are

stored under optimal light conditions and the temperature is controlled to within one degree. To celebrate the return of the Guerlain boutique, the perfume house has brought back *Iris Ganache*, a fragrance created in 2007 by Thierry Wasser for the prestigious *L'Art et la Matière* collection, which has been re-enchanted and reissued exclusively for the Vendôme boutique. The secret of its irresistible, oriental woody scent lies in the deliciously bold combination of iris butter, worked like a ganache, and white chocolate. It will delight luxury fragrance connoisseurs, and ensnare others in its wake, which is rich but light, and powdery fresh along with its woodland notes.

*The perfume house's new boutique,  
dedicated exclusively to fragrances,  
honors its timeless signature:  
"Guerlain Parfumeur depuis 1828".*

## LA GRANDE ÉPICERIE DE PARIS

### Crossing the Seine

**A** landmark on the Left Bank, La Grande Épicerie de Paris set up shop on the Right Bank in November 2017. The spirit of La Grande Épicerie is on full display at this new location on Rue de Passy in the city's 16th arrondissement, with its passion for all things select, authentic, exacting and rare, along with a few exclusive surprises.

An ode to gourmet delicacies, the store's interior architecture reveals the sheer majesty of its fine, artisanal products. The two green facades, planted with mint, thyme and rosemary, offer a foretaste of the store's fresh flavors before you even go in. Visitors are greeted by a market square, set out

with stalls offering fruit, vegetables, meat, fish, and pastries prepared by La Grande Épicerie's master bakers. The basement level's huge vaults house the selection of wines, cheeses and hams. On the second floor, customers are taken on a beautifully choreographed journey through a vast range of gourmet specialties, both sweet and savory, from France and abroad. The top floor is devoted to *Le Rive Droite*, a restaurant helmed by the young and talented Mexican chef Beatriz Gonzalez. In this, her third venue in Paris, she offers a traditional cuisine enlivened by bright citrus flavors, an inspiration she owes to her origins, whose rich wellspring she continues to explore. The personality of the





new premises owes as much to the fine, artisanal products on display as to the quality of its materials and furnishings, creating a decor that is both unique and traditional, with four magnificent figurative mosaics by artist Mathilde Jonquière emblazoning La Grande Épicerie de Paris. Meanwhile, the majestic central dome of over 2,300 glass prisms fills the store with glittering light. This is a place where flavor and light fuse to fill the senses.

*The spirit of La Grande Épicerie de Paris is on full display at its new Right Bank location, with its passion for all things select, authentic, exacting and rare, along with a few exclusive surprises.*

## LORO PIANA

### The finest, most eco-responsible cashmere

Loro Piana, the fashion house famous for its exceptional products and fabrics, presented its third consecutive Cashmere of the Year Award in 2017. This time, it went to two husband-and-wife teams of breeders from China – Mr. Batunashun and Mrs. Burenqiige, and Mr. Yaolong Liu and Mrs. Haiyan Lu – who were rewarded for the record quality of their production: one 250 kg lot of raw cashmere with an average fiber diameter of 13.74 microns and an average length of 29.34 millimeters.

This lot was the finest among those collected from the shepherds in Inner Mongolia, who have been following the selecting breeding method proposed by Loro Piana since 2009.

True to its unyielding commitment to exquisite quality, Loro Piana launched its own livestock breeding method with the primary aim of obtaining finer cashmere (less than 14.6 microns).



Its success is a reflection of the virtuous cycle it instills, reconciling animal welfare, environmental conservation, and the well-being of local populations. Developed through joint research by Jilin Agricultural University in China, the University of Camerino in Italy, and ENEA (Italy's national agency for new technologies, energy and sustainable development), the Loro Piana Method aims to obtain the finest and most uniform fibers by selecting only the best goats and optimizing fiber collection procedures. This approach has given a lasting boost to the global supply of very high-quality cashmere. It also ensures larger yields from smaller-sized herds, thus improving breeders' living



*Loro Piana*



standards and reducing pressure on the local environment, which has unfortunately suffered the impact of intensive farming. As a testament to the method's results, Loro Piana has been authorized to sign agreements with local authorities and scientific institutes, such as the Academies of Science of Inner Mongolia and Xinjiang, becoming the first foreign company with permission to conduct research in China. Even more synergies have been achieved since – in partnership with Camerino University and ENEA, Loro Piana offers training in the genetic improvement of goat populations in the various regions, and also provides support for an international PhD thesis on Chinese cashmere.

*In 5 years, the Loro Piana Method has made cashmere fiber an average of 1 micron finer.*

## CHAUMET Imperial Splendours

In 2017, Chaumet retraced over two centuries of history, creativity and excellence with an exhibition entitled *Imperial Splendours* at the majestic Forbidden City Palace Museum in Beijing. Under the creative direction of Henri Loyrette, this exhibition drew on Chaumet's rich heritage to present a unique selection of historic jewelry pieces, drawings and archives, which attracted nearly 500,000 visitors over a period of less than three months. In the unique setting of the Forbidden City Palace Museum, *Imperial Splendours* explored this timeless heritage, its traditions and creations, and outlined its style, language and codes, in an ongoing dialogue with major artistic trends. Some 300 jewelry pieces, paintings, drawings and decorative objects illustrated Chaumet's art of fine jewelry-making, alongside a selection of works from the

Palace Museum's collections, making for an original encounter between Chinese and French jewelry. Works from a number of prestigious collections as well as 17 museums and other cultural institutions (including the Louvre, the Château de Fontainebleau, and the Victoria and Albert Museum) were also instrumental in making this exhibition so spectacular. As part of the event, Chaumet gave carte blanche to the students of Central Saint Martins – University of the Arts London, to design a diadem for the 21st century. This highly acclaimed school was an obvious choice for Chaumet. The winner was chosen after a competition involving 60 students from the undergraduate and master's degree pro-



grams in jewelry design. The diadem was presented in the last room of the exhibition, setting the scene for the future. Throughout the centuries, Chaumet's creations have always adorned the highest echelons of the decorative arts, securing its role as a central figure in the history of refinement, the Parisian spirit, and a certain French *art de vivre*. That story continues today.

*Set in the majestic Forbidden City Palace Museum, Imperial Splendours explored Chaumet's timeless heritage, traditions, and iconic creations.*

## 24 SÈVRES

### The *Rive Gauche* is just a click away

In a nod to its Paris address, Le Bon Marché launched its "24 Sèvres" digital platform in June 2017. Available in English and French, the website and iOS app offer customers from all over the world a Parisian window into fashion and beauty. 24 Sèvres resets the standard for retailing luxury goods online: it's the only platform to offer an exclusive selection of 150 luxury women's fashion brands, with virtual store windows giving customers an immersive view of products as well as high-end service. Services include delivery to over 75 countries, click and collect at Le Bon Marché, and a team of stylists available to give personalized advice by video, giving visitors a taste of the store's unique atmosphere. Alongside this, 24 Sèvres unveiled its first capsule collection, designed in partnership with Le Bon Marché and 68 Parisian and international companies, including Chloé, Givenchy, Loewe, Marni and Repetto. For this capsule of 77 exclusive limited-edition items, they have each revisited one of their most iconic products with the keen eye of



a creative partner from the world of art, cinema, music or Parisian *art de vivre*. Blending the expertise and authenticity of these great luxury houses with a modern and creative touch inspired by Le Bon Marché, this exclusive collection is set to be a must at 24sevres.com. Exploring the new possibilities offered by online retail, 24 Sèvres is also launching its Facebook Messenger style bot. Whether online or at its physical store, Le Bon Marché is showing – and leading – the way.

*24 Sèvres highlights a Parisian view of women's fashion and beauty on the web, refreshing online shopping.*



LVMH

PERFORMANCE  
MEASURES

# USEFUL INFORMATION FOR SHAREHOLDERS

## SHAREHOLDERS' CLUB

The LVMH Shareholders' Club was set up in 1994 to give individual shareholders who are particularly interested in the life of the Group a better understanding of LVMH, its businesses and its brands.

## LATEST NEWS ABOUT OUR MAISONS

We send Club members several publications (by email or post as they prefer), such as the twice yearly Letter to Shareholders and the annual issue of Apartés, our Club magazine. The Annual Report is sent to those who request it using a reply coupon or online.

## EXCLUSIVE OFFERS FOR THE GROUP'S PRODUCTS

In addition to special offers on a selection of the Group's Wines and Spirits, Club members can purchase discounted subscriptions to Group media publications – Les Échos, Investir and Connaissance des Arts – and order priority-access tickets for the Fondation Louis Vuitton.

## DEDICATED ONLINE STORE

Once they have activated their account, Club members can access exclusive offers for the Group's wines and spirits using a private shopping space at their dedicated online store: [www.clublvmh-eboutique.fr](http://www.clublvmh-eboutique.fr). Delivery can only be made in France. Members can also order products using the order form enclosed in Apartés magazine.

## VISITS TO EXCEPTIONAL SITES

Club members can visit exceptional sites where they receive an especially warm welcome: from Hennessy's centuries' old cellars to the magnificent *crayères* at Veuve Clicquot Ponsardin. They also get the opportunity to discover our Maisons at unique locations such as the Louis Vuitton workshops in Asnières.

## INFORMATION ABOUT LVMH SHARES

Listed on: Eurolist by Euronext Paris

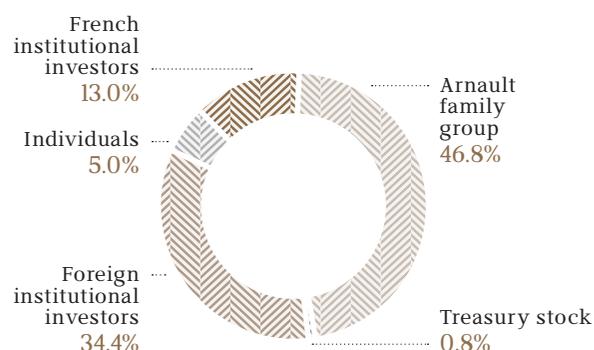
Stock market capitalization: **€124 bn** as of 12/31/2017  
(The largest capitalization on the Paris stock market)

Number of shares: **507,042,596** as of 12/31/2017

Member of indices: CAC 40, Dow Jones Euro Stoxx 50, MSCI Europe, FTSE Eurotop 100, Global Dow and FTSE4Good.

## SHAREHOLDER STRUCTURE<sup>(1)</sup>

(December 2017)



(1) Voting rights: Arnault family group 63.13%; Other 36.87%.

## AGENDA

Thursday, January 25, 2018: 2017 annual revenue and results

April 2018: 2018 first-quarter revenue

Thursday, April 12, 2018: Shareholders' Meeting

Thursday, April 19, 2018: Payment of the final dividend for fiscal year 2017

July 2018: 2018 half-year revenue and results

October 2018: 2018 third-quarter revenue

## CONTACTS

Investor and Shareholder Relations

Tel.: +33 (0)1 44 13 27 27

Shareholders' Club

Tel.: +33 (0)1 44 13 21 50

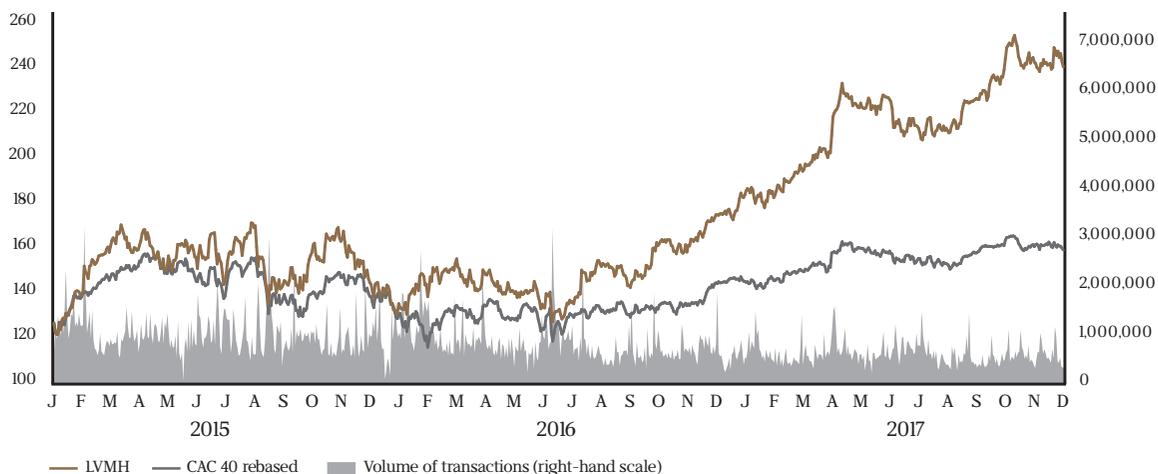
# STOCK MARKET PERFORMANCE MEASURES

LVMH STOCK MARKET DATA (in euros)	2015	2016	2017	CHANGE IN THE DIVIDEND	2015	2016	2017
High (mid-session)	176.60	181.40	260.55	Gross dividend (in euros)	3.55	4.00	5.00 <sup>(1)</sup>
Low (mid-session)	123.50	130.55	175.80	Growth for the year	11%	13%	25%
Year-end share price	144.90	181.40	245.40	Payout ratio	50%	51%	49%
Change during the year (%)	10%	25%	35%	Basic Group share of net earnings per share (in euros)	7.11	7.92	10.21
Change in the CAC 40 (%)	9%	5%	9%				
Market capitalization at Dec. 31 (EUR bn)	73.6	92.0	124.0				

(1) Amount to be proposed at the Shareholders' Meeting of April 12, 2018.

## COMPARISON BETWEEN THE LVMH SHARE PRICE AND THE CAC 40 INDEX SINCE JANUARY 2, 2015

(in euros)

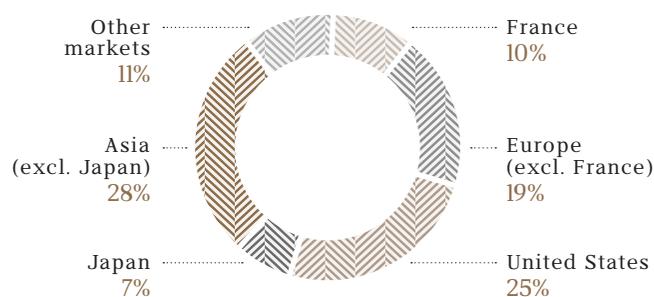


Stock markets made strong gains in 2017, driven by favorable monetary policies combining low interest rates and abundant liquidity, but also by solid corporate earnings. In the United States, continuing growth pushed stock market indices to record highs. In Europe, investors kept their eyes on national elections in the Netherlands and France during the first half amid a climate of political uncertainty, until the results of the first round of the French presidential elections alleviated concerns that had weighed on markets since the start of the year. Lastly, the ECB's announcement in October of further, yet gradual, reductions in its asset purchases sent a positive signal, reassuring markets that the bank's monetary stance would remain accommodative.

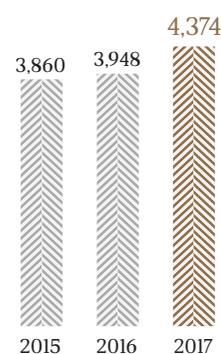
Against this backdrop, the CAC 40 and Euro Stoxx 50 indices finished 2017 with gains of 9.3% and 6.5%, respectively. LVMH shares ended the year up 35%, having reached an all-time high of €259.55. With the largest market capitalization on Euronext Paris shortly after announcing the acquisition of Christian Dior Couture, LVMH closed 2017 with a market capitalization of €124 billion.

# FINANCIAL PERFORMANCE MEASURES

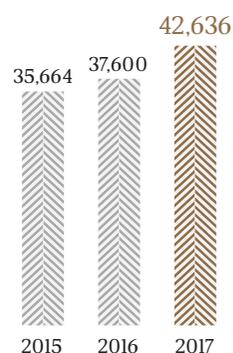
2017 REVENUE BY REGION  
(in %)



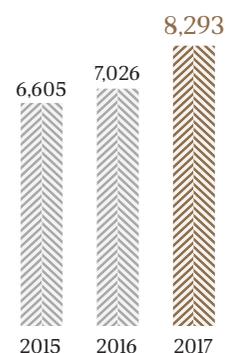
STORES  
(number)



REVENUE  
(EUR millions)



PROFIT FROM RECURRING OPERATIONS  
(EUR millions)



REVENUE BY BUSINESS GROUP  
(EUR millions)

	2017	Change 2017/2016	Organic growth <sup>(1)</sup>
Wines & Spirits	5,084	+5%	+7%
Fashion & Leather Goods	15,472	+21%	+13%
Perfumes & Cosmetics	5,560	+12%	+14%
Watches & Jewelry	3,805	+10%	+12%
Selective Retailing	13,311	+11%	+13%
Other activities and eliminations	(596)	-	-
<b>TOTAL LVMH</b>	<b>42,636</b>	<b>+13%</b>	<b>+12%</b>

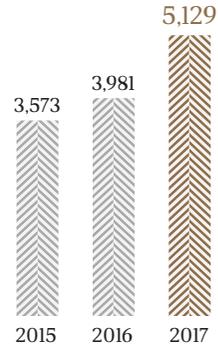
(1) At constant structure and exchange rates.

PROFIT FROM RECURRING OPERATIONS BY BUSINESS GROUP  
(EUR millions)

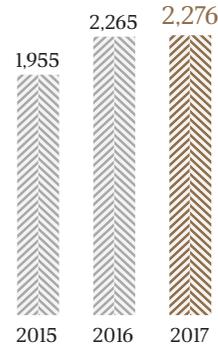
	2017	Change 2017/2016	Operating margin <sup>(1)</sup>
Wines & Spirits	1,558	+4%	30.6%
Fashion & Leather Goods	4,905	+27%	31.7%
Perfumes & Cosmetics	600	+9%	10.8%
Watches & Jewelry	512	+12%	13.5%
Selective Retailing	1,075	+17%	8.1%
Other activities and eliminations	(357)	-	-
<b>TOTAL LVMH</b>	<b>8,293</b>	<b>+18%</b>	<b>19.5%</b>

(1) As % of revenue of each business group.

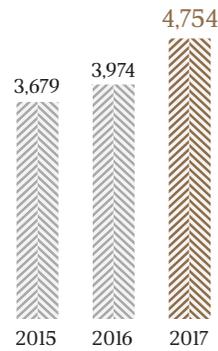
NET PROFIT, GROUP SHARE  
(EUR millions)



OPERATING INVESTMENTS  
(EUR millions)

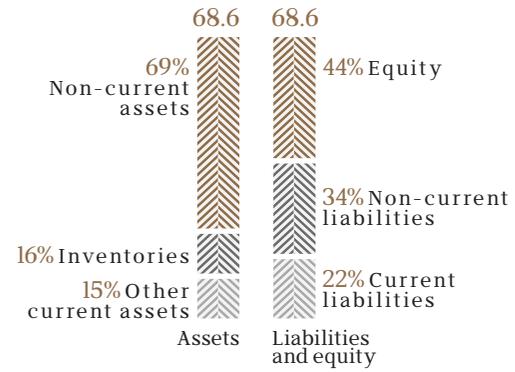


FREE CASH FLOW<sup>(1)</sup>  
(EUR millions)

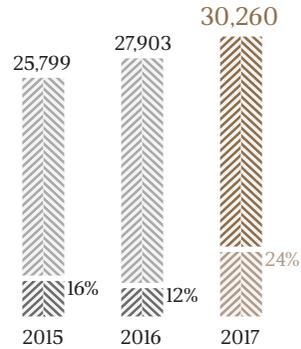


(1) Net cash from (used in) operating activities and operating investments.

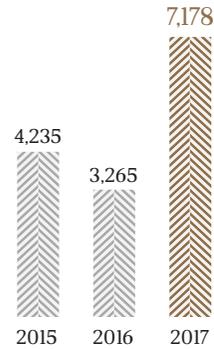
SIMPLIFIED BALANCE SHEET  
AS OF DECEMBER 31, 2017  
(EUR billions and % of balance sheet total)



EQUITY AND RATIO  
OF NET FINANCIAL DEBT  
TO EQUITY  
(EUR millions and percentage)



NET FINANCIAL DEBT<sup>(2)</sup>  
(EUR millions)



(2) Excluding purchase commitments for minority interests included in Other non-current liabilities.

Further information can be found in the 2017 Reference Document.

# NON-FINANCIAL PERFORMANCE MEASURES

**BREAKDOWN OF EMISSIONS BY BUSINESS GROUP**  
(in metric tons of CO<sub>2</sub> equivalent)

	CO <sub>2</sub> emissions in 2016	CO <sub>2</sub> emissions in 2017 pro forma <sup>(1)</sup>	Change <sup>(1)</sup>
Wines & Spirits	39,787	36,442	-8%
Fashion & Leather Goods	104,070	87,575	-16% <sup>(2)</sup>
Perfumes & Cosmetics	9,106	9,613	+6%
Watches & Jewelry	4,001	3,784	-5%
Selective Retailing	138,873	125,932	-9%
Other activities	2,529	2,966	+17% <sup>(3)</sup>
<b>TOTAL</b>	<b>298,366</b>	<b>266,312</b>	<b>-11%</b>

(1) Value and change at constant scope.  
(2) Change related to the switch to renewable energy at manufacturing sites.  
(3) Change related to business activity.

**WATER CONSUMPTION BY BUSINESS GROUP**  
(process requirements in m<sup>3</sup>)

	2016	2017 pro forma <sup>(1)</sup>	Change <sup>(1)</sup>
Wines & Spirits	1,171,530	1,151,814	-2%
Fashion & Leather Goods	1,509,969	1,635,424	+8% <sup>(2)</sup>
Perfumes & Cosmetics	172,064	179,027	+4%
Watches & Jewelry	62,129	70,317	+13% <sup>(2)</sup>
Selective Retailing	535,728	566,030	+6%
Other activities	275,869	261,093	-5%
<b>TOTAL</b>	<b>3,727,289</b>	<b>3,863,705</b>	<b>+4%</b>

(1) Value and change at constant scope.  
(2) Change related to business activity.

**ENERGY CONSUMPTION BY BUSINESS GROUP**  
(in MWh)

	2016	2017 pro forma <sup>(1)</sup>	Change <sup>(1)</sup>
Wines & Spirits	192,500	188,292	-2%
Fashion & Leather Goods	328,523	332,862	+1%
Perfumes & Cosmetics	83,664	86,862	+4%
Watches & Jewelry	30,568	31,674	+4%
Selective Retailing	320,500	308,233	-4%
Other activities	18,351	18,995	+4%
<b>TOTAL</b>	<b>974,106</b>	<b>966,918</b>	<b>-1%</b>

(1) Value and change at constant scope.

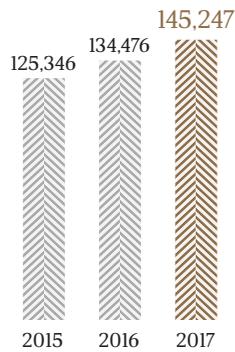
**SOCIAL AND/OR ENVIRONMENTAL AUDITS AND MONITORING OF OUR SUPPLIERS BY REGION IN 2017**

	Breakdown of suppliers (in %)	Breakdown of audits <sup>(1)</sup> (in %)
Europe	71%	71%
Asia	17%	24%
North America	9%	1%
Other markets <sup>(2)</sup>	3%	4%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>
<b>Total number</b>	<b>1,015</b>	<b>1,497</b>

(1) Of which 57% initial audits, and 43% follow-up audits.  
(2) Including Africa.

Scope: Wines & Spirits, Perfumes & Cosmetics, Louis Vuitton, Christian Dior Couture, Loro Piana, Berluti, Fendi, Givenchy Couture, Loewe, Marc Jacobs, Céline, Rossimoda, Bvlgari, Fred, Hublot, TAG Heuer, Zenith, DFS, Sephora, Le Bon Marché.

EMPLOYEES<sup>(1)</sup>



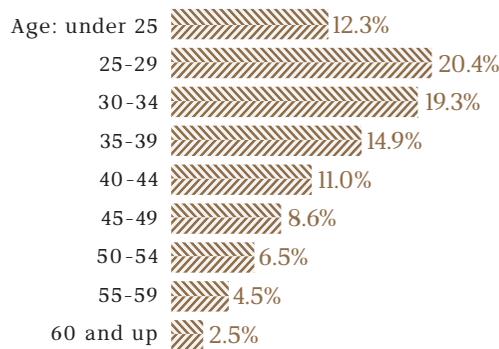
(1) Total permanent and fixed-term headcount.

BREAKDOWN BY BUSINESS GROUP (as of December 31, 2017)

	2017 <sup>(1)</sup>	As % of total	% women <sup>(2)</sup>
Wines & Spirits	7,157	5%	37%
Fashion & Leather Goods	41,212	28%	68%
Perfumes & Cosmetics	26,699	18%	83%
Watches & Jewelry	8,100	6%	59%
Selective Retailing	57,360	40%	83%
Other activities	4,719	3%	35%
<b>TOTAL</b>	<b>145,247</b>	<b>100%</b>	<b>73%</b>

(1) Total permanent and fixed-term headcount.  
(2) Under permanent contracts.

BREAKDOWN BY AGE<sup>(1)</sup>  
(Median age: 33 years)



(1) Under permanent contracts.

BREAKDOWN OF PERSONNEL BY PROFESSIONAL CATEGORY (as of December 31, 2017)

	2017 <sup>(1)</sup>	As % of total	% women <sup>(2)</sup>
Executives and managers	26,631	18%	65%
Technicians and supervisors	140,09	10%	68%
Administrative and sales employees	86,742	60%	81%
Production workers	17,865	12%	55%
<b>TOTAL</b>	<b>145,247</b>	<b>100%</b>	<b>73%</b>

(1) Total permanent and fixed-term headcount.  
(2) Under permanent contracts.

BREAKDOWN OF JOINERS BY REGION<sup>(1)</sup>

	2017
France	4,411
Europe (excl. France)	6,403
United States	7,922
Japan	881
Asia (excl. Japan)	9,630
Other markets	3,944
<b>TOTAL</b>	<b>33,191</b>

(1) Under permanent contracts, including conversions of fixed-term contracts to permanent contracts and excluding internal mobility within the Group.

BREAKDOWN BY REGION (as of December 31, 2017)

	2017 <sup>(1)</sup>	As % of total	% women <sup>(2)</sup>
France	29,578	20%	64%
Europe (excl. France)	34,159	24%	73%
United States	32,717	23%	79%
Japan	6,397	4%	75%
Asia (excl. Japan)	31,102	21%	76%
Other markets	11,294	8%	73%
<b>TOTAL</b>	<b>145,247</b>	<b>100%</b>	<b>73%</b>

(1) Total permanent and fixed-term headcount.  
(2) Under permanent contracts.

Further information can be found in the 2017 Reference Document.

#### Photographs

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– p. 84: Hublot, Zenith – p. 85: Chaumet – p. 86, p. 92, p. 94, p. 107, p. 108: Sephora  
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