

RETAIL

## LVMH posts record 2019 revenue of \$59.1B, up 15pc from prior year

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Key figures:

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

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

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

Key figures for 2019 LVMH revenue performance. Source: LVMH

By STAFF REPORTS

French luxury conglomerate LVMH Mot Hennessy Louis Vuitton posted revenue of \$59.1 billion (53.7 billion) for 2019, up 15 percent from the previous year's 46.8 billion.

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Organic revenue growth was 10 percent, the company announced. Europe and the United States showed good growth last year, and so did Asia, despite a difficult environment in Hong Kong in the second half of 2019.

"LVMH had another record year, both in terms of revenue and results," said Bernard Arnault, chairman/CEO of LVMH, in a statement from the company's Paris headquarters.

"The desirability of our brands, the creativity and quality of our products, the unique experience offered to our customers, and the talent and the commitment of our teams are the group's strengths and have, once again, made the difference," he said.

"In addition to the many successes of our maisons, highlights of the year include the arrival of the exceptional hotel group Belmond, the partnership with Stella McCartney and the agreement with prestigious jewelry maison, Tiffany & Co."

Revenue by business group:

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

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

LVMH 2019 revenue by business group. Source: LVMH

Billions from millions

Profit from recurring operations amounted to \$12.7 billion (11.5 billion) in 2019, up 15 percent from 2018. Operating margin was 21.4 percent and group share of net profit was \$7.9 billion (7.2 billion), up 13 percent.

Restated for the non-recurring effects of the VAT increase in Japan and the stock movements of distributors of cognac in the US, the group's organic growth was at a similar level in the third and fourth quarters, the company said.

LVMH is the world's largest luxury group, with 75 brands in its portfolio and 156,000 employees worldwide. Group founder Mr. Arnault is the third-richest person in the world after Amazon CEO Jeff Bezos and Microsoft founder Bill Gates.

Profit from recurring operations by business group:

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

LVMH 2019 profits by business group. Source: LVMH

Here is what LVMH had to say in its 2019 earnings report:

Wines and spirits: excellent global momentum

The wines and spirits business group achieved organic revenue growth of 6 percent. Profit from recurring operations increased by 6 percent.

The business group continued to pursue its value strategy based on a strong innovation policy, while accentuating its environmental and societal commitment.

The different regions contributed in a balanced way to its growth.

Champagne was driven by the faster growth of prestige cuves and by its price increase policy.

Hennessy cognac, which recorded good growth, became the world's leading premium spirits brand.

The American market saw a normalization in stock levels at the distributors at the end of the year, while China continued its rapid progress linked notably to the timing of Chinese New Year.

The acquisitions in 2019 of Chteau du Galoupet and Chteau d'Esclans mark LVMH's entry into the promising market of high-quality ros wines.

Fashion and leather goods: remarkable performances by Louis Vuitton and Christian Dior

The fashion and leather goods business group achieved organic revenue growth of 17 percent in 2019. Profit from recurring operations was up 24 percent.

Louis Vuitton continued to deliver an exceptional performance, to which all businesses and all clientele contributed.

Iconic lines and new creations contributed in a balanced way to revenue growth.

The "Louis Vuitton X" exhibition in Los Angeles successfully showed the maison's many artistic collaborations, and an unprecedented partnership in e-sport was signed with the League of Legends World Championship.

The qualitative transformation of the distribution network continued notably with the inauguration of the Louis Vuitton maison in Seoul, for which Frank Gehry designed a fantastic glass structure.

Christian Dior has had a remarkable year. Proof of the maison's unique influence was its exhibition at the Victoria & Albert Museum in London which had record attendance of nearly 600,000 visitors.

Very well received by customers, an exceptional boutique on the Champs Elyses in Paris took over from the historic address of 30 avenue Montaigne while it is being renovated.

Fendi's highlight for 2019 was its final tribute to Karl Lagerfeld, after a collaboration of 54 years.

Celine gradually rolled out its boutique concept and launched its first high-end perfumery collection.

Loewe delivered strong growth under the impetus of its designer JW Anderson.

Loro Piana, Rimowa and Berluti experienced good progress.

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

The perfumes and cosmetics business group achieved organic revenue growth of 9 percent, driven by the remarkable momentum of its major brands, notably Dior, Guerlain and Givenchy.

Profit from recurring operations was up 1 percent after taking into account an exceptional depreciation of the product lines of certain young American brands.

Skincare grew, underpinned notably by the demand in Asia.

Christian Dior continued to grow much faster than the market. In addition to the strength of its iconic perfumes *J'adore*, *Miss Dior* and *Sauvage*, makeup and skincare contributed significantly to the excellent performance of the maison.

Guerlain's growth accelerated and the brand enjoyed particularly good momentum with the success of *Abeille Royale* in skincare and *Rouge G* in makeup.

Parfums Givenchy achieved another year of strong growth thanks to its makeup and its *L'Interdit* perfume.

Fresh, Fenty Beauty by Rihanna and Acqua di Parma grew rapidly.

Watches and jewelry: strong growth at Bulgari and continued repositioning of Tag Heuer

The watches and jewelry business group recorded organic revenue growth of 3 percent. Profit from recurring operations were up 5 percent.

The agreement with Tiffany & Co. was a strategic highlight of the year.

Bulgari continued to perform very well and to strongly increase its market share. High jewelry and the iconic lines *Serpenti*, *B.Zero 1* and *Diva's Dream* were enriched with many new products and the *Fiorever* collection, launched at the end of 2018, combining flowers and diamonds, contributed significantly to growth. In watchmaking, the *Serpenti Seduttori* watch was exceptionally well received.

Chaumet's growth was driven by the success of its iconic collections. In early 2020, the maison will inaugurate its completed renovated iconic site on Place Vendôme.

As distribution evolves rapidly within the watchmaking sector, Tag Heuer continued to work with its partners to provide an increasingly selective and efficient distribution network, while pursuing its creative resurgence.

Hublot recorded strong growth, driven by the *Classic Fusion*, *Big Bang* and *Spirit of Big Bang* lines.

The first LVMH Watch exhibition at the Bulgari Hotel in Dubai was a great success.

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

The selective retailing business group achieved organic revenue growth of 5 percent. Profit from recurring operations was up 1 percent.

Sephora is experiencing strong growth and continues to gain market share. Growth was particularly strong in Asia and the Middle East. Online sales grew rapidly throughout the world. Its distribution network continued to grow with more than 100 new stores and the renovation of the flagship stores of Dubai Mall, Times Square in New York and La Dfense in Paris.

Le Bon March continued to cultivate exclusivity in its offer and in 2019 it opened its "private apartments" for a personalized shopping service.

The 24S digital platform progressed well, with an increasingly international clientele.

In the second half of 2019, DFS faced a slowdown in tourism in Hong Kong, which is an important market.

In Europe, the Galleria in Venice continued to perform very well, and preparations are underway for the imminent opening of its new location at La Samaritaine in Paris.

Cautiously confident for 2020

In an uncertain geopolitical context, LVMH is well equipped to continue its growth momentum across all business groups in 2020.

The group will pursue its strategy focused on developing its brands by continuing to build on strong innovation and investments as well as a constant quest for quality in their products and their distribution.

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

Dividend up by 13 percent

At the annual general meeting on April 16, 2020, LVMH will propose a dividend of 6.80 per share, an increase of 13 percent. An interim dividend of 2.20 per share was paid on Dec. 10 of last year. The balance of 4.60 will be paid on April 23, 2020.

"LVMH is driven by a permanent commitment to perfection and quality, and by a long-term vision combined with a sense of responsibility in all our corporate actions, notably in its commitment for the preservation of the environment, sustainability and inclusion," Mr. Arnault said in a statement.

"In a buoyant environment that remains uncertain in 2020, we continue to be vigilant and focused on our objectives for progress. We can count on the strength of our brands and the agility of our teams to reinforce, once again in 2020, our leadership in the universe of high-quality products," he said.