

# LVMH reports record year, but duty free sales remain affected by China



LVMH Moët Hennessy Louis Vuitton reports it recorded revenue of €79.2 billion (US\$86 billion) in 2022 and profit from recurring operations of €21.1 billion (US\$22.8 billion), both up 23%.

"All business groups achieved significant organic revenue growth over the year," reads the press release.

Fashion and leather goods notably reached record levels, with organic revenue growth of 20%. Profit from recurring operations stood at €21.1 billion (US\$22.8 billion) for 2022, up 23%. Operating margin remained at the same level as 2021. Group share of net profit was €14.1 billion (US\$15.3 billion), up 17% compared to 2021. Operating free cash flow surpassed €10 billion (US\$10.8 billion).

Europe, the United States and Japan rose sharply, benefiting from strong demand from local customers and the recovery of international travel. Asia was stable over the year due to developments in the health situation in China, according to LVMH.

Bernard Arnault, Chairman and CEO of LVMH, said, "Our performance in 2022 illustrates the exceptional appeal of our Maisons and their ability to create desire during a year affected by economic and geopolitical challenges. The Group once again recorded significant growth in revenue and earnings. Our growth strategy, based on the complementary nature of our activities, as well as their geographic diversity, encourages innovation and the quality of our creations, the excellence of their distribution, and adds a cultural and historical dimension thanks to the heritage of our Maisons.

"This was showcased during our hugely successful LVMH Journées Particulières, when we opened our doors to all in fifteen countries in 2022 and saw a record number of visitors come to learn about the know-how of our artisans. We approach 2023 with confidence but remain vigilant due to current uncertainties. We count on the desirability of our Maisons and the agility of our teams to further strengthen our lead in the global luxury market and support France's prestige throughout the world."

## Highlights of 2022 include:

- A record year despite the geopolitical and economic situation
- Significant revenue growth for all business groups and market share gains worldwide
- Strong growth in business in Europe, Japan and the United States
- Good growth in champagne and cognac, based on a value creation strategy,
- A remarkable performance by the fashion and leather goods business group, notably Louis Vuitton, Christian Dior, Celine, Fendi, Loro Piana, Loewe and Marc Jacobs, which are gaining market share globally and reaching record levels of revenue and earnings
- Louis Vuitton revenue surpassed €20 billion (US\$21.7 billion), for the first time,
- Strong growth in perfumes. The continued global success of Dior's Sauvage, once again world leader in 2022
- Sustained creative momentum for all our Watches & Jewelry Maisons, in particular Tiffany, Bulgari and TAG Heuer
- A remarkable rebound for Sephora, which confirmed its place as world leader in the distribution of beauty products

- Operating investments of nearly €5 billion (US\$5.4 billion), mainly dedicated to the expansion of the store network, the development of production facilities and employment,
- Operating free cash flow of more than €10 billion (US\$10.8 billion)

### **LVMH, a strong social economic footprint in France and around the world:**

- 39,000 young people recruited worldwide in 2022
- In France, LVMH recruited more than 15,000 people in 2022, which makes the Group the leading private recruiter in the country
- In 2022, LVMH invested nearly €215 million (US\$233 million) in training its employees
- In France, one job created directly by LVMH generates four for the French economy. That is equivalent to around 160,000 people working indirectly for the Group
- More than 500 stores and 110 manufacturing facilities and workshops located across France
- LVMH opens several manufacturing facilities each year in France, notably for Louis Vuitton
- Five billion euros (US\$5.4 billion) in corporation taxes paid worldwide, almost half of which in France
- More than €1 billion (US\$1 billion) invested in France each year
- On average over recent years, the total fiscal footprint (corporation tax + VAT + social charges) of LVMH in France is more than €4.5 billion (US\$4.8 billion) per year
- The salaries of the group's employees are among the most competitive in their sector of activity
- Most of our employees in France benefit from profit-sharing, with an overall total for the group of €400 million (US\$434 million) in 2022
- LVMH has been recognized for its leadership in terms of transparency and performance in matters concerning the protection of the climate, forests and water by the CDP (Carbon Disclosure Project), a global not-for-profit environmental organization and is now one of 12 companies in the world to have obtained a triple "A" rating out of more than 15,000 rated companies

### **Selective Retailing**

LVMH sites "excellent performance" by Sephora but says DFS was impacted by the health situation in China.

Selective Retailing revenue was up 26% in 2022 (17% on an organic basis). Profit from recurring operations was up 48%. With a strong rebound in activity in its stores, Sephora enjoyed a record performance in both revenue and earnings. Momentum was particularly strong in North America, Europe, the Middle East and in most Southeast Asian countries. Further investments were made into Sephora's omnichannel strategy in order to continuously improve its customers' purchasing experience both online and in-store.

The network continued to expand notably due to the partnership with Kohl's in the United States. Sephora's Russian business was divested. DFS was still affected by the health situation in China. The flagship destinations of Hong Kong and Macau particularly suffered as a result of the suspension of domestic travel and the complete absence of tourists but just reopened in January. Le Bon Marché, which is growing strongly, continued to develop innovative concepts and benefit from the return of loyal French customers and international travelers.

### **Confidence in 2023**

"With the month of January having started well and despite an uncertain geopolitical and economic environment, LVMH is confident in its ability to continue the growth observed in 2022. The Group will pursue its brand development focused strategy, underpinned by continued innovation and investment as well as a constant quest for desirability and quality in its products and their distribution," reads the press release.

It continues: "Driven by the agility of its teams, their entrepreneurial spirit and its well diversified presence across businesses and geographic areas in which its customers are located, LVMH enters 2023 with confidence and once again, sets an objective of reinforcing its global leadership position in luxury goods.