AZ STOCKS
Stocks from A to Z

LVMH

The most diversified luxury group in the world, with a solid business waiting for China to come back

DEEP DIVE

November 2026

COMPANY PROFILE

LVMH

THESIS

LVMH is the most diversified luxury group in the world. In this report I assess whether, with fashion still weak because of China but jewelry, Sephora and wines growing, the current price offers a margin of safety.

THE COMPANY

LVMH is the largest luxury group in the world, with more than 75 houses in six divisions: Fashion & Leather Goods (Louis Vuitton, Dior, Fendi, Celine, Loewe), Wines & Spirits (Moët, Hennessy), Perfumes & Cosmetics, Watches & Jewelry (Tiffany, Bulgari, TAG Heuer) and Selective Retailing (Sephora).

It generated €80.8 billion of revenue in 2025 with a 22% operating margin. The Arnault family controls more than 50% of the capital.

TARGET PRICE
EUR 539

UPSIDE / DOWNSIDE
+31.9%

SECTOR
Luxury

EXCHANGE
Euronext Paris

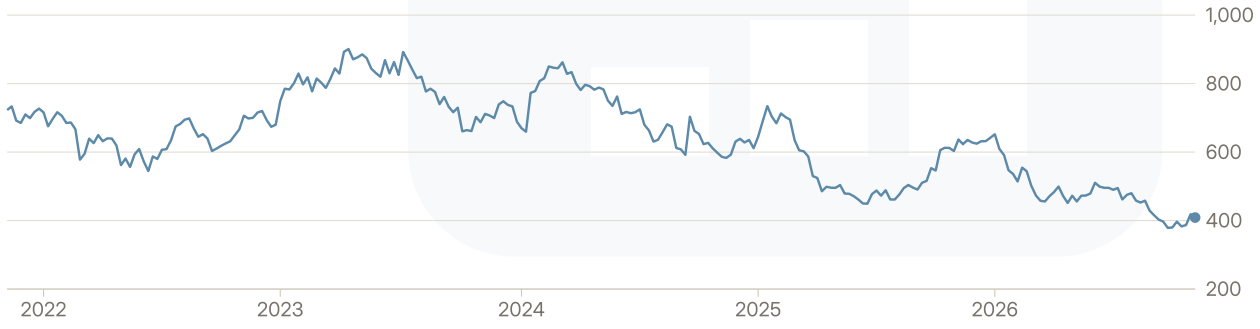
CURRENCY
EUR

LAST UPDATED
November 2026

MARKET DATA AS OF 2026-11-06

PRICE	52-WEEK RANGE	5-YEAR CHANGE	BETA (5Y)
EUR 408.75	375.65 – 654.70	-43%	1.45

WEEKLY SHARE PRICE, LAST 5 YEARS



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SECTION 01

Introduction

In 1987, an engineer turned businessman named Bernard Arnault began building, from the merger of two French icons (Louis Vuitton and Moët Hennessy), what would become the largest luxury conglomerate in history. He did not found any of those brands. He was the architect who understood before anyone else that luxury could be industrial and aspirational at the same time, and who built the management system that made that contradiction work for almost four decades.

LVMH is today the largest luxury group in the world by market capitalization, revenue and number of brands. With more than 75 maisons across six segments (Fashion & Leather Goods, Wines & Spirits, Perfumes & Cosmetics, Watches & Jewelry, Selective Retailing and Other) the group generates around €80 billion of annual revenue and employs more than 200,000 people worldwide. An industrial-scale moat in an industry whose raw material is perception.

The 2024-2025 cycle was the first real stress test for the LVMH model in more than a decade. Revenue fell 1.7% in 2024 and 4.6% in 2025. Operating margin compressed from 26% to 22%. But the most important difference is not in LVMH's numbers: it is in the comparison. Over the same period, Kering fell 12.1% and 14.7%. Hermès grew. LVMH suffered, but it suffered in a qualitatively different way from peers with less diversification and a lower position in the luxury pyramid.

In 2026 the group returned to organic growth (+2% in the first nine months), although the strong euro and weakness in China still weigh on reported figures. The question of this report is whether, at €409 per share, the market is already pricing in an overly conservative scenario for the best portfolio in the sector.

History: from textiles to a global empire

THE ORIGINS: BERNARD ARNAULT AND THE BOUSSAC ACQUISITION

Bernard Arnault was born in 1949 in Roubaix, the son of an industrialist from northern France. An engineer by training (a graduate of the École Polytechnique), he joined the family construction business (Ferret-Savinel) before taking the leap that would define his career. In 1984, at 35 and with family capital, he acquired the textile group Boussac, owner of struggling brands that included the house of Christian Dior. The deal was bold: Arnault convinced François Mitterrand's government that he would save jobs, acquired the group for a symbolic price, and then divested almost every asset that was not Dior. His philosophy was clear from the start: buy underused assets with brand potential, isolate the jewel, and build on it.

Under Arnault, Dior became the laboratory for the model he would later replicate on a global scale: creative autonomy for the artistic director, corporate control over pricing and distribution, and an aspirational narrative built on the house's heritage. Dior's success as a growth platform was the proof of concept that justified the bigger bet.

THE CREATION OF LVMH: THE BATTLE FOR CONTROL (1987-1990)

In 1987, Louis Vuitton and Moët Hennessy merged to create LVMH. Henry Racamier, the patriarch of Vuitton, invited Arnault in as an ally to counter the growing power of Alain Chevalier in the management of the combined entity. What Racamier did not anticipate was that Arnault was coming not as an ally but as a conqueror.

In two years, Arnault built a majority stake in LVMH through a series of financial and legal moves. He bought shares in the market, negotiated with institutional investors and in 1990 consolidated effective control of the group. Racamier, who had invited him, was pushed aside. The speed and precision of the move defined Arnault's reputation in European finance: a competitor who does not reveal his intentions and who operates with a time horizon his counterparts tend to underestimate.

BUILDING THE PORTFOLIO: 1990-2015

What followed was the most systematic construction of a luxury portfolio in modern corporate history. Arnault did not collect brands at random: he identified categories where pricing power was high, where craftsmanship or heritage created real barriers to entry, and where the group's scale could add advantages in distribution, purchasing and access to creative talent.

The most transformative acquisitions of the period include Berluti and Kenzo (1993), Guerlain (1994), Céline and Loewe (1996), Sephora (1997), Château d'Yquem (1999), Emilio Pucci (2000), Fendi (2001), Bulgari (2011) and Loro Piana (2013). Arnault is known for the level of detail with which he prepares every negotiation, and for his willingness to wait years until the price is right.

Bulgari illustrates the method precisely: LVMH acquired the Italian jeweler in 2011 for €4.3 billion, at a time when the Bulgari family was willing to sell and before the high-jewelry boom pushed up sector multiples. Fifteen years later, Bulgari is one of the most valuable assets in the portfolio, with sustained growth and margins comparable to premium watchmaking.

THE BIG BET: TIFFANY & CO. (2019-2021)

The largest and most talked-about acquisition in LVMH's history was Tiffany & Co. in 2021 for $15.8 billion (the largest deal ever in the luxury sector). The transaction is a case study in negotiating under pressure: LVMH announced the deal in November 2019, tried to renegotiate the price during the pandemic and finally closed in January 2021 with a cut of about $400 million from the original price.

The integration of Tiffany has been more successful than the market expected at the time of the purchase. With LVMH's philosophy of investing in flagship stores and creativity, Tiffany has regained relevance, especially among younger consumers in North America and Asia. The reopening of the Fifth Avenue flagship in New York, after a renovation costing several hundred million dollars, was the most visible statement of how LVMH plans to position the brand over the next decade.

SECTION 02

Business model

LVMH defines itself as a group of luxury houses organized into six operating divisions. Unlike Kering, where the concentration in Gucci makes the company almost single-brand for practical purposes, LVMH has real diversification that changes the nature of the risk: the divisions have cycle dynamics that are independent enough for the correlation between them to be lower than the umbrella brand suggests.

The management model is consistent with Arnault's philosophy: creative autonomy for each house, with the group providing scale in support functions (materials purchasing, distribution, technology, finance) and strategic oversight of positioning and pricing. Arnault is directly involved in selecting creative directors (he is known to personally interview the final candidates for the most important roles) but delegates day-to-day execution to the teams of each house.

The group's divisions

FASHION & LEATHER GOODS: THE GROUP'S ENGINE

Fashion & Leather Goods is the largest and most profitable division, and the one that concentrates the most recognized brands in the world: Louis Vuitton, Christian Dior, Fendi, Celine, Loewe, Givenchy, Loro Piana, Berluti, Kenzo and Patou. Louis Vuitton alone generates, according to market estimates, more than €20 billion of annual revenue with operating margins above 40%, making it the most valuable asset in the portfolio. Christian Dior, the second most important asset, is in the middle of a creative transition with Jonathan Anderson as creative director.

The division generated €37.8 billion of revenue in 2025, with an operating margin of 35% (down from 41% in 2021-2023, but still the highest of any luxury division at this scale). In 2026 the weakness continues: sales fell 2% organically in the first nine months, with a third quarter of -5% due to lower demand in China, partly offset by strength in the United States. In September the group sold Marc Jacobs to WHP Global.

	2021	2022	2023	2024	2025
Revenue (€M)	30.896	38.647	42.161	41.089	37.802
Rec. Op. Income (€M)	12.842	15.607	17.427	16.175	13.200
Margen EBIT	41,6%	40,4%	41,3%	39,4%	35,0%
Var. Revenue YoY	()	+25%	+9%	(3%)	(8%)

Source: author's analysis based on company data.

WINES & SPIRITS: THE START OF THE RECOVERY

Wines & Spirits includes Moët & Chandon, Dom Pérignon, Veuve Clicquot, Krug, Hennessy, Belvedere and Glenmorangie, among others. Historically it has been one of the group's most profitable divisions thanks to the pricing power of champagne and Hennessy cognac, but it was the hardest hit by the 2023-2025 downturn: falling cognac demand in China, combined with excess inventory in the US market after the pandemic, led to double-digit volume declines. Operating margin fell from over 30% in 2022 to around 19% in 2025.

In 2026 the first signs of recovery are showing: sales grew 5% organically in the first nine months, with champagne recovering in Europe and Hennessy showing good momentum in Asia. First-half operating profit rose 11%.

	2021	2022	2023	2024	2025
Revenue (€M)	5.969	7.099	6.603	5.629	~5.100
Rec. Op. Income (€M)	1.887	2.017	1.676	1.246	~950
Margen EBIT	31,6%	28,4%	25,4%	22,1%	~19%
Var. Revenue YoY	()	+19%	(7%)	(15%)	~(9%)

Source: author's analysis based on company data.

WATCHES & JEWELRY: SOLID AND STABLE

Watches & Jewelry includes Bulgari, TAG Heuer, Tiffany & Co., Chaumet, Zenith, Fred, Hublot and Dior Joaillerie. It is the division that best withstood the downturn: with practically flat revenue in 2024-2025, it shows that high jewelry has demand dynamics closer to Hermès' Superpremium than to Gucci's Accessible Luxury. In 2026 it is the fastest-growing division: +8% organic in nine months, led by Tiffany and Bulgari, with first-half operating profit up 9%.

	2021	2022	2023	2024	2025
Revenue (€M)	8.964	10.581	10.819	10.666	~10.800
Rec. Op. Income (€M)	1.672	2.025	2.040	1.955	~2.000
Margen EBIT	18,7%	19,1%	18,9%	18,3%	~18,5%
Var. Revenue YoY	()	+18%	+2%	(1%)	~+1%

Source: author's analysis based on company data.

PERFUMES & COSMETICS: LOW MARGINS, GROWING VOLUMES

Perfumes & Cosmetics includes Parfums Christian Dior, Guerlain, Parfums Givenchy, Benefit Cosmetics, Make Up For Ever, Acqua di Parma, Fresh and Fenty Beauty, among others. It is structurally the lowest-margin division (roughly 7-10% operating margin) because of the nature of the business: high marketing and distribution costs, continuous innovation cycles and lower product margins than leather goods. Its most important strategic asset is Dior Sauvage, which has been the best-selling men's fragrance in the world for years. In 2026 sales are flat in organic terms.

	2021	2022	2023	2024	2025
Revenue (€M)	6.608	7.722	7.948	8.125	~8.100
Rec. Op. Income (€M)	683	858	763	799	~760
Margen EBIT	10,3%	11,1%	9,6%	9,8%	~9,4%
Var. Revenue YoY	()	+17%	+3%	+2%	~0%

Source: author's analysis based on company data.

SELECTIVE RETAILING: THE POSITIVE SURPRISE OF THE CYCLE

Selective Retailing includes Sephora, Le Bon Marché and La Samaritaine (in 2026 the group sold most of the DFS businesses). In the 2024-2025 downturn it was the best-performing division: Sephora delivered exceptional results, gaining market share in North America and growing operating profit strongly. In 2026 it remains the group's engine: +6% organic in nine months and +8% in the third quarter. Sephora's strength shows the resilience of the premium beauty consumer, who has historically been less sensitive to the cycle than the buyer of luxury bags and accessories.

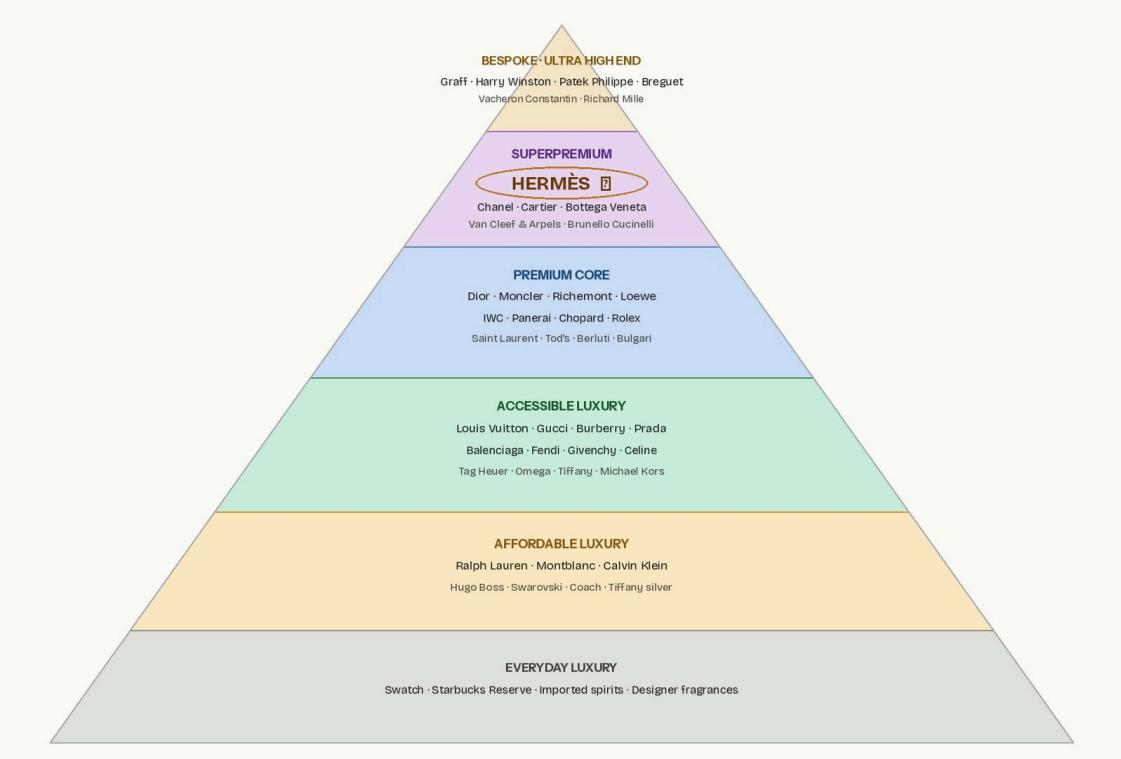
	2021	2022	2023	2024	2025
Revenue (€M)	11.816	14.852	15.894	17.564	~18.000
Rec. Op. Income (€M)	1.004	1.462	1.648	1.406	~1.800
Margen EBIT	8,5%	9,8%	10,4%	8,0%	~10%
Var. Revenue YoY	()	+26%	+7%	+11%	~+4%

Source: author's analysis based on company data.

The distribution model

Unlike Kering, which keeps a significant share of distribution in luxury department stores, LVMH has systematically moved to its own retail model (more than 6,000 stores worldwide) that gives it full control over price, customer experience and brand narrative. Flagship stores are the most visible expression of this philosophy: The Louis in Shanghai (a ship-shaped store), the renovation of the Tiffany flagship on Fifth Avenue, Dior's new store on Via Monte Napoleone or LV The Place in Seoul combine retail with experiential marketing on a scale few companies can match.

The luxury pyramid: where LVMH sits



Source: author's analysis.

LVMH has the most diversified position of any luxury group in the pyramid, with simultaneous presence in three different levels. In the Premium Core it operates with Dior, Loewe, Bulgari and Berluti, very high-end brands but with larger volumes than Hermès. In Accessible Luxury it concentrates most of its revenue: Louis Vuitton, Fendi, Givenchy, Celine, TAG Heuer and Tiffany all belong to that segment, with LV and Fendi at its top end. In the Superpremium it has exposure through Bulgari in high jewelry, while Loro Piana and Chaumet come close to that level with their craftsmanship and pricing.

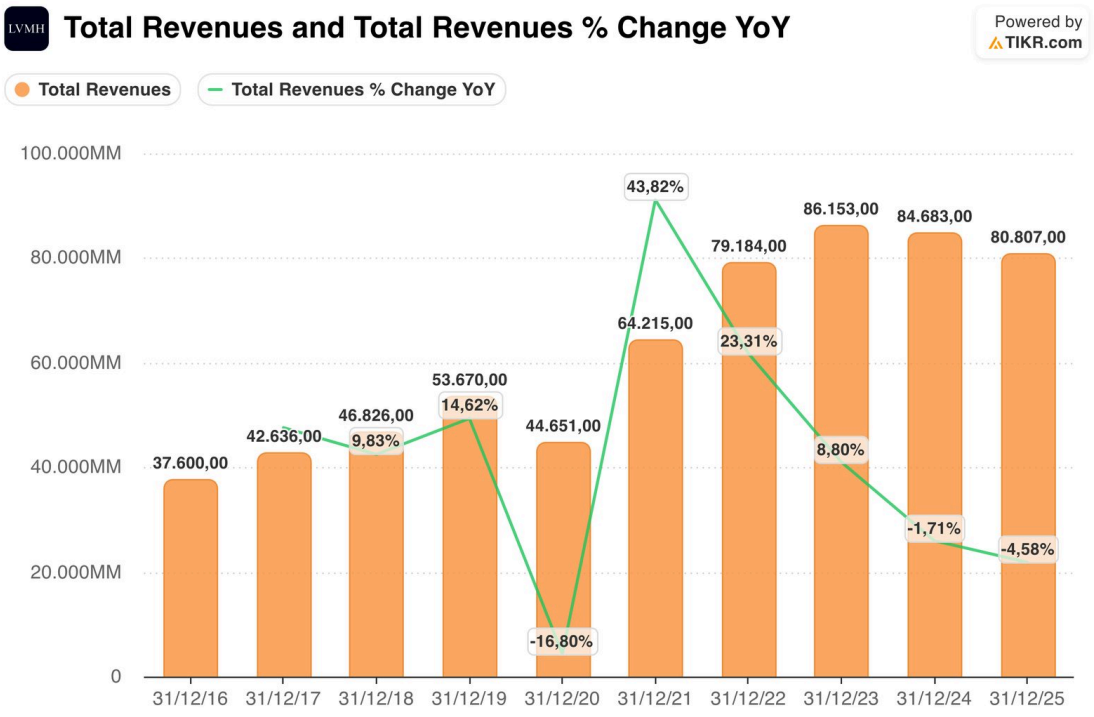
This vertical coverage of the pyramid is the group's main structural advantage over Kering, whose portfolio is concentrated in Accessible Luxury with Gucci at its center. When the aspirational Chinese consumer disappears (as happened in 2023-2025), the blow is asymmetric: it hits Accessible Luxury brands with high exposure to that consumer much harder than Premium Core or Superpremium brands, whose very high net worth clients do not change their behavior because of property cycles.

The difference between the Accessible Luxury where Louis Vuitton operates and the Superpremium where Hermès operates is not just about price: it is about how demand works. In Accessible Luxury, price is an obstacle the consumer overcomes when the economy allows it. In the Superpremium, price is a signal of exclusivity that reinforces desire. That difference explains why part of LVMH's portfolio suffered in 2024-2025 while Bulgari and Loro Piana held up relatively well within the same group.

SECTION 03

Business quality

Revenue



Source: Tikr.

From 2016 to 2023, LVMH grew almost without interruption: from €37.6 billion in 2016 to €86.2 billion in 2023, multiplying revenue 2.3x in seven years. That period included the 2020 pandemic (a 16.8% drop, much smaller than Kering's or Prada's) and the 2021-2022 boom (growth of 43.8% and 23.3%). The 2024-2025 downturn brought declines of 1.7% and 4.6%, much better than any competitor more concentrated in Accessible Luxury. 2025 revenue (€80.8 billion) is still 50% higher than in 2019 (€53.7 billion).

Latest results: third quarter of 2026

On October 12 LVMH reported revenue for the first nine months of 2026: **€57.1 billion, down 2% reported but up 2% organically**. The difference is explained by currency: with a stronger euro, revenue earned in dollars, yen and yuan is worth less when converted. The third quarter contributed €18.5 billion, with 1% organic growth, a slowdown from +3% in the second quarter.

By division, the picture is very clear:

- **Fashion & Leather Goods:** €26.4 billion in nine months (-2% organic) and -5% in the third quarter. The United States helped; China did not.
- **Watches & Jewelry:** €7.7 billion (+8% organic), the fastest-growing division.
- **Selective Retailing:** €12.5 billion (+6% organic), driven by Sephora.
- **Wines & Spirits:** €4.0 billion (+5% organic), with champagne recovering in Europe and Hennessy in Asia.
- **Perfumes & Cosmetics:** €5.9 billion (flat), with good Dior launches (J'adore Intense and Sauvage Extrait).

First-half results, reported in July, showed that profitability is holding up: profit from recurring operations of €8.7 billion (-4%), with a **22.5% margin**, net profit flat at €5.7 billion and operating free cash flow of €4.1 billion (+2%). Net financial debt (excluding leases) fell 19% to €8.2 billion.

The takeaway is that LVMH is no longer shrinking, but it is not accelerating either. The group grows where the local consumer is strong (United States, Europe, Japan) and still suffers in China, which is precisely the market that matters most for Fashion & Leather Goods.

Vertical analysis

INCOME STATEMENT

Fiscal year Income Statement — % of revenue	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of Goods Sold	(34.7%)	(34.7%)	(33.4%)	(33.8%)	(35.5%)	(31.7%)	(31.6%)	(31.2%)	(33.0%)	(33.8%)	**(32.6%)**	**(32.2%)**
Gross Profit	**65.3%**	**65.3%**	**66.6%**	**66.2%**	**64.5%**	**68.3%**	**68.4%**	**68.8%**	**67.0%**	**66.2%**	**67.4%**	**67.8%**
Selling General & Admin Expenses	(46.6%)	(45.9%)	(45.3%)	(44.9%)	(45.8%)	(41.6%)	(41.9%)	(42.3%)	(44.0%)	(44.4%)	**(43.6%)**	**(42.8%)**
Total Operating Expenses	**(46.7%)**	**(45.9%)**	**(45.4%)**	**(44.9%)**	**(45.8%)**	**(41.6%)**	**(41.9%)**	**(42.4%)**	**(43.9%)**	**(44.4%)**	**(43.6%)**	**(42.8%)**
Operating Income	**18.6%**	**19.4%**	**21.3%**	**21.4%**	**18.7%**	**26.7%**	**26.5%**	**26.4%**	**23.1%**	**21.9%**	**23.8%**	**24.9%**
Interest Expense	(0.4%)	(0.4%)	(0.3%)	(0.8%)	(0.8%)	(0.4%)	(0.5%)	(1.1%)	(1.4%)	(1.4%)	**(1.3%)**	**(1.0%)**
EBT Incl. Unusual Items	**17.5%**	**18.9%**	**20.3%**	**20.0%**	**16.5%**	**26.8%**	**25.4%**	**25.1%**	**21.4%**	**20.7%**	**22.4%**	**23.9%**
Income Tax Expense	(5.7%)	(5.2%)	(5.3%)	(5.5%)	(5.4%)	(7.0%)	(6.8%)	(6.6%)	(6.1%)	(6.8%)	**(6.5%)**	**(6.6%)**
Net Income	**10.8%**	**12.6%**	**13.6%**	**13.4%**	**10.5%**	**18.7%**	**17.8%**	**17.6%**	**14.8%**	**13.5%**	**15.3%**	**16.5%**
EBITDA	22.5%	23.3%	25.0%	25.9%	25.7%	29.9%	29.4%	29.3%	26.5%	25.5%	**27.1%**	**28.1%**

Source: author's analysis based on Tikr data.

LVMH's historical gross margin sits between 65% and 69%, reflecting the mix between very high gross margin businesses (Fashion & Leather Goods) and lower-margin ones (Wines & Spirits and Selective Retailing). The 21.9% EBIT margin in 2025 compares with 26.4% in 2023. The 4.5-point compression in two years is significant but not alarming: LVMH operated with margins of 19-27% throughout the last decade, which suggests that 22% is at the low end of the sustainable range, not in structural decline.

The 13.5% net margin in 2025 is one of the most stable in the sector historically. LVMH generated net margins of 10-19% over the last decade, even through the pandemic. In 2025 it was also affected by the exceptional tax contribution in France, which raised the effective tax rate to 32.8%. That stability is a direct result of diversification: when Fashion & Leather Goods margins shrink, Selective Retailing or Watches & Jewelry can partly offset it.

BALANCE SHEET

Fiscal year Balance Sheet — % of total assets	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Cash And Short Term Investments	**6.6%**	**6.1%**	**7.1%**	**6.6%**	**19.1%**	**8.5%**	**8.1%**	**7.9%**	**9.1%**	**9.5%**	**8.8%**	**8.6%**
Total Receivables	**6.9%**	**6.9%**	**6.8%**	**5.7%**	**4.3%**	**4.9%**	**5.3%**	**5.5%**	**5.9%**	**5.3%**	**5.6%**	**5.4%**
Inventory	17.7%	15.6%	16.8%	14.2%	12.0%	13.2%	15.1%	16.0%	15.9%	16.0%	**15.9%**	**15.2%**
Total Current Assets	**32.5%**	**30.2%**	**31.7%**	**27.5%**	**36.8%**	**27.4%**	**29.5%**	**30.4%**	**31.8%**	**33.9%**	**32.1%**	**30.6%**
Net Property Plant And Equipment	20.4%	19.9%	20.3%	32.1%	28.3%	27.1%	28.0%	29.9%	31.2%	31.4%	**30.8%**	**29.5%**
Long-term Investments	2.6%	2.1%	2.4%	2.1%	1.6%	2.0%	1.6%	1.6%	2.0%	2.2%	**1.9%**	**1.9%**
Goodwill	17.4%	19.8%	18.5%	16.6%	14.8%	20.7%	18.4%	16.7%	13.6%	12.9%	**14.4%**	**16.5%**
Other Intangibles	22.4%	24.3%	23.2%	17.8%	15.7%	19.6%	18.9%	17.8%	17.6%	16.3%	**17.2%**	**18.0%**
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Current Liabilities	**21.5%**	**21.5%**	**22.7%**	**23.4%**	**23.3%**	**22.3%**	**23.4%**	**23.1%**	**22.6%**	**21.4%**	**22.4%**	**22.6%**
Long-Term Debt	6.0%	9.7%	7.7%	5.3%	13.0%	9.7%	7.8%	7.9%	8.2%	8.8%	**8.3%**	**8.5%**
Capital Leases	0.6%	0.4%	0.4%	10.7%	9.8%	9.5%	9.5%	9.6%	10.0%	9.4%	**9.7%**	**9.6%**
Total Liabilities	**53.2%**	**56.5%**	**54.3%**	**60.2%**	**64.3%**	**61.0%**	**58.0%**	**56.4%**	**53.6%**	**51.5%**	**53.8%**	**56.1%**
Total Equity	**46.8%**	**43.5%**	**45.7%**	**39.8%**	**35.7%**	**39.0%**	**42.0%**	**43.6%**	**46.4%**	**48.5%**	**46.2%**	**43.9%**
Total Debt	**12.4%**	**16.6%**	**14.9%**	**26.2%**	**34.6%**	**27.8%**	**26.5%**	**27.1%**	**27.7%**	**25.9%**	**26.9%**	**27.0%**
Net Debt	5.8%	10.5%	7.8%	19.5%	15.5%	19.4%	18.4%	19.3%	18.6%	16.4%	**18.1%**	**18.4%**

Source: author's analysis based on Tikr data.

LVMH's balance sheet shows a company with a manageable debt profile and an asset base that reflects decades of investment in brands, stores and craftsmanship. Fixed assets (including store right-of-use assets under IFRS 16) represent 31% of total assets, and goodwill 13%, a share that has been falling from 21% in 2021 after the Tiffany deal. Cash is only 9.5% of assets: LVMH does not hoard cash like Hermès, it reinvests it or returns it to shareholders. Equity funds almost half of total assets (48.5%) and total debt 26%.

CASH FLOW

Fiscal year Cash Flow — % of revenue	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Net Income	**10.8%**	**12.6%**	**13.6%**	**13.4%**	**10.5%**	**18.7%**	**17.8%**	**17.6%**	**14.8%**	**13.5%**	**15.3%**	**16.5%**
Total Depreciation & Amortization	**3.9%**	**3.9%**	**3.7%**	**9.0%**	**12.8%**	**7.4%**	**6.6%**	**6.4%**	**7.1%**	**7.5%**	**7.0%**	**7.0%**
Cash from Operations	**16.4%**	**16.4%**	**18.1%**	**21.7%**	**24.4%**	**29.0%**	**22.5%**	**21.4%**	**22.3%**	**23.4%**	**22.4%**	**23.7%**
Capital Expenditure	(6.0%)	(5.3%)	(6.5%)	(6.1%)	(5.5%)	(4.1%)	(6.3%)	(8.7%)	(6.5%)	(5.7%)	**(7.0%)**	**(6.3%)**
Cash Acquisitions	–	(14.8%)	(0.0%)	(4.6%)	(1.2%)	(20.6%)	(1.0%)	(0.8%)	(0.5%)	–	**(0.5%)**	**(4.6%)**
Cash from Investing	**(6.1%)**	**(20.2%)**	**(7.3%)**	**(10.9%)**	**(6.6%)**	**(24.9%)**	**(7.5%)**	**(9.6%)**	**(7.7%)**	**(5.7%)**	**(7.7%)**	**(11.1%)**
Total Debt Issued	**2.4%**	**13.9%**	**3.3%**	**5.3%**	**39.2%**	**0.4%**	**4.8%**	**7.0%**	**4.2%**	**2.6%**	**4.6%**	**3.8%**
Total Debt Repaid	**(5.8%)**	**(4.1%)**	**(4.6%)**	**(7.4%)**	**(16.4%)**	**(13.8%)**	**(8.4%)**	**(7.9%)**	**(7.8%)**	**(8.9%)**	**(8.2%)**	**(9.4%)**
Repurchase of Common Stock	(0.9%)	(0.2%)	(0.6%)	(0.1%)	(0.0%)	(0.9%)	(2.0%)	(1.8%)	(0.4%)	(2.0%)	**(1.4%)**	**(1.4%)**
Common Dividends Paid	(4.9%)	(4.9%)	(5.8%)	(5.8%)	(5.2%)	(5.5%)	(7.6%)	(7.3%)	(7.7%)	(8.0%)	**(7.6%)**	**(7.2%)**
Cash from Financing	**(10.6%)**	**5.1%**	**(9.2%)**	**(8.8%)**	**16.6%**	**(23.6%)**	**(16.0%)**	**(10.9%)**	**(12.7%)**	**(18.4%)**	**(14.0%)**	**(16.3%)**
Free Cash Flow	10.4%	11.0%	11.6%	15.6%	18.9%	24.9%	16.2%	12.7%	15.8%	17.7%	**15.4%**	**17.5%**

Source: author's analysis based on Tikr data.

Operating cash flow was 23.4% of sales in 2025 and free cash flow 17.7%, one of the highest levels of the decade despite the drop in revenue. The main reason is CapEx, which fell to 5.7% of sales (from 8.7% in 2023) as management cut investment during the downturn. LVMH is one of the most consistent cash generators in the sector: even in the pandemic year, it generated positive FCF. Capital returns combine a stable dividend (€13 per share, about 8% of sales in cash) with selective buybacks (2% of sales in 2025).

Financial ratios

- **Growth**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Growth												
Revenue growth		13.4%	9.8%	14.6%	(16.8%)	43.8%	23.3%	8.8%	(1.7%)	(4.6%)	**0.8%**	**13.9%**
EBIT growth		18.1%	20.5%	15.2%	(27.3%)	105.3%	22.6%	8.4%	(14.1%)	(9.8%)	**(5.1%)**	**22.5%**
Diluted EPS growth		32.0%	18.5%	12.8%	(34.5%)	156.3%	17.3%	8.2%	(17.2%)	(13.0%)	**(7.3%)**	**30.3%**
Change in diluted shares (dilution / buybacks)		(0.2%)	–	–	–	–	(0.4%)	(0.4%)	–	(0.4%)	**(0.3%)**	**(0.2%)**

Source: author's analysis based on Tikr data.

After the 2021-2022 boom, sales fell 1.7% in 2024 and 4.6% in 2025. EBIT fell more (-14% and -10%) due to operating leverage, and earnings per share even more (-17% and -13%). The share count is stable or slightly lower thanks to buybacks: LVMH does not dilute its shareholders.

- **Profitability**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Profitability												
Gross margin	65.3%	65.3%	66.6%	66.2%	64.5%	68.3%	68.4%	68.8%	67.0%	66.2%	**67.4%**	**67.8%**
SG&A % revenue	46.6%	45.9%	45.3%	44.9%	45.8%	41.6%	41.9%	42.3%	44.0%	44.4%	**43.6%**	**42.8%**
R&D % revenue	–	–	–	–	–	–	–	–	–	–	–	–
EBIT margin	18.6%	19.4%	21.3%	21.4%	18.7%	26.7%	26.5%	26.4%	23.1%	21.9%	**23.8%**	**24.9%**
EBITDA margin (EBIT + D&A)	22.5%	23.3%	25.0%	30.4%	31.5%	34.1%	33.1%	32.9%	30.2%	29.4%	**30.8%**	**31.9%**
Net margin	10.8%	12.6%	13.6%	13.4%	10.5%	18.7%	17.8%	17.6%	14.8%	13.5%	**15.3%**	**16.5%**
Stock-based compensation % revenue	–	–	–	–	–	–	–	–	–	–	–	–
Effective tax rate	32.4%	27.5%	26.3%	27.4%	32.7%	26.2%	26.7%	26.2%	28.5%	32.8%	**29.2%**	**28.1%**

Source: author's analysis based on Tikr data.

Gross margin remains around 66-68%, so pricing power is intact. The pressure is in overhead, which rose from 41.6% of sales in 2021 to 44.4% in 2025 and explains almost all of the decline in EBIT margin (from 26.7% to 21.9%). The 32.8% effective tax rate in 2025 reflects the exceptional contribution in France.

- **Cash flow and reinvestment**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Cash flow & reinvestment												
Cash from operations % revenue	16.4%	16.4%	18.1%	21.7%	24.4%	29.0%	22.5%	21.4%	22.3%	23.4%	**22.4%**	**23.7%**
FCF margin (TIKR FCF / revenue)	10.4%	11.0%	11.6%	15.6%	18.9%	24.9%	16.2%	12.7%	15.8%	17.7%	**15.4%**	**17.5%**
FCF conversion (FCF / net income)	96.2%	87.5%	85.8%	116.5%	179.1%	132.8%	91.3%	72.0%	106.7%	131.5%	**103.4%**	**106.9%**
Capex % revenue	6.0%	5.3%	6.5%	6.1%	5.5%	4.1%	6.3%	8.7%	6.5%	5.7%	**7.0%**	**6.3%**
D&A % revenue	3.9%	3.9%	3.7%	9.0%	12.8%	7.4%	6.6%	6.4%	7.1%	7.5%	**7.0%**	**7.0%**
Capex / D&A	1.5x	1.4x	1.7x	0.7x	0.4x	0.6x	0.9x	1.4x	0.9x	0.8x	**1.0x**	**0.9x**
D&A % beginning net PP&E		13.6%	12.5%	32.0%	18.5%	15.4%	15.4%	14.7%	14.0%	13.1%	**13.9%**	**14.5%**
Acquisitions % revenue	–	14.8%	0.0%	4.6%	1.2%	20.6%	1.0%	0.8%	0.5%	–	**0.5%**	**4.6%**

Source: author's analysis based on Tikr data.

Free cash flow was 17.7% of sales in 2025, with 131% conversion of net income: LVMH generates more cash than accounting profit because depreciation exceeds CapEx. Acquisitions have been marginal since 2022; the last big deal was Tiffany in 2021 (20.6% of that year's sales).

- **Working capital**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Working capital												
Receivables days (DSO)	39.8	41.3	39.1	37.4	38.2	34.7	32.8	33.7	37.8	33.8	**35.1**	**34.6**
Inventory days (DIO)	295.2	268.8	291.6	276.3	299.3	296.8	296.8	311.7	309.4	303.2	**308.1**	**303.6**
Payables days (DPO)	117.1	112.1	124.1	117.1	117.2	127.1	128.4	122.9	112.8	110.0	**115.2**	**120.2**
Cash conversion cycle (DSO + DIO − DPO)	217.9	198.1	206.7	196.6	220.3	204.4	201.2	222.5	234.4	227.0	**228.0**	**217.9**
Deferred revenue % revenue	1.3%	1.4%	1.4%	1.6%	2.4%	2.0%	2.6%	2.4%	2.6%	2.7%	**2.6%**	**2.5%**
Operating NWC % revenue	17.4%	16.7%	15.0%	14.9%	16.7%	12.1%	13.7%	16.6%	18.5%	19.8%	**18.3%**	**16.1%**

Source: author's analysis based on Tikr data.

Inventory is the defining feature of the balance sheet: around 300 days, reflecting the multi-year ageing of champagne and cognac, plus watch and jewelry stock. Suppliers finance about 110 days, and the cash conversion cycle is around 225 days. Operating working capital rose to 19.8% of sales in 2025, something to watch.

- **Returns on capital**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Returns on capital												
NOPAT = EBIT × (1 − normalized tax rate)	5,007	5,915	7,127	8,209	5,971	12,259	15,032	16,296	14,005	12,638	**14,313**	**14,046**
Invested capital = debt + equity − cash & ST inv.	31,347	37,705	39,720	57,221	55,634	73,182	81,366	90,411	96,981	92,208	**93,200**	**86,830**
ROIC = NOPAT / average invested capital		17.1%	18.4%	16.9%	10.6%	19.0%	19.5%	19.0%	14.9%	13.4%	**15.8%**	**17.2%**
ROIC incl. cash = NOPAT / average (debt + equity)		15.3%	16.4%	15.1%	8.5%	15.3%	17.1%	16.8%	13.2%	11.7%	**13.9%**	**14.8%**
Pre-tax ROIC = EBIT / average invested capital (reference)		24.0%	25.7%	23.7%	14.8%	26.6%	27.2%	26.5%	20.9%	18.7%	**22.0%**	**24.0%**
ROE = net income / average equity		18.4%	19.8%	19.8%	12.2%	27.4%	26.7%	25.4%	19.0%	15.7%	**20.1%**	**22.9%**
ROA = net income / average total assets		8.3%	8.8%	8.4%	4.6%	10.3%	10.8%	10.9%	8.6%	7.5%	**9.0%**	**9.6%**

Source: author's analysis based on Tikr data.

ROIC fell from 19.5% in 2022 to 13.4% in 2025. Invested capital has stayed around €92 billion while NOPAT went from €16.3 billion in 2023 to €12.6 billion. Even so, LVMH still earns well above its cost of capital (7.8% WACC in my model), a spread of more than 5 points. ROE was 15.7%.

- **Leverage and liquidity**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Leverage & liquidity												
Net debt (debt − cash & ST inv.)	3,449	7,328	5,763	18,856	16,805	24,273	24,762	27,710	27,694	23,259	**26,221**	**25,540**
Net debt / EBITDA	0.4x	0.7x	0.5x	1.2x	1.2x	1.1x	0.9x	1.0x	1.1x	1.0x	**1.0x**	**1.0x**
Interest coverage (EBIT / interest expense)	44.3x	48.9x	63.1x	25.7x	22.8x	70.8x	55.0x	23.4x	16.5x	15.4x	**18.4x**	**36.2x**
Debt / (debt + equity), book	20.9%	27.6%	24.6%	39.7%	49.2%	41.6%	38.6%	38.3%	37.3%	34.8%	**36.8%**	**38.1%**
Current ratio	1.51	1.41	1.40	1.17	1.58	1.23	1.26	1.32	1.41	1.58	**1.44**	**1.36**

Source: author's analysis based on Tikr data.

Net debt including leases was €23.3 billion in 2025, less than 1x EBITDA. Interest coverage is 15x and the current ratio 1.58x, the highest of the decade. The balance sheet is not a problem: it leaves room for opportunistic acquisitions if a good opportunity appears.

- **Shareholder returns and valuation**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Shareholder returns & market valuation (TIKR, at fiscal year end)												
Dividends + buybacks % FCF	56.5%	46.4%	55.2%	37.9%	27.7%	25.5%	59.4%	71.7%	50.8%	56.7%	**59.7%**	**52.8%**
EV / EBITDA	11.6x	13.0x	11.8x	16.6x	24.4x	20.7x	15.9x	15.7x	15.6x	16.9x	**16.1x**	**17.0x**
EV / revenue	2.6x	3.0x	3.0x	4.3x	6.3x	6.2x	4.7x	4.6x	4.1x	4.3x	**4.3x**	**4.8x**
P/E	22.4x	23.0x	20.4x	29.1x	54.7x	30.4x	24.2x	24.1x	25.3x	29.4x	**26.3x**	**26.7x**
FCF yield (FCF / market cap)	4.3%	3.8%	4.2%	4.0%	3.3%	4.4%	3.8%	3.0%	4.2%	4.5%	**3.9%**	**4.0%**

Source: author's analysis based on Tikr data.

LVMH returns 50% to 70% of its free cash flow to shareholders, mainly through dividends. At the end of 2025 it traded at about 17x EBITDA and 29x earnings, with a 4.5% FCF yield. With the share price falling to €409 in 2026, those multiples have come down significantly.

SECTION 04

Management and capital allocation

Bernard Arnault, Chairman and CEO

Bernard Arnault is the most successful empire builder in the history of European luxury. He took control of LVMH more than three decades ago and is still its Chairman and CEO at 77. His personal story is inseparable from the company's: there is no other conglomerate of its size in the world where the founder still makes strategic decisions with such a level of centralization.

His management style combines traits that seem contradictory but in practice complement each other: broad operational delegation to the heads of each house (the Présidents of each brand make decisions on product, communication and distribution with considerable autonomy), combined with direct involvement in the three decisions he considers non-delegable: choosing the creative director, pricing policy and distribution strategy.

Arnault's financial side as a manager is just as notable. Throughout his career he has repeatedly shown a willingness to **buy LVMH shares aggressively during market corrections**. In 2008, after the global financial crisis, he bought shares that tripled in the following years. In 2025, during the luxury downturn, he accumulated more than **€1.4 billion in share purchases**. In January 2026, after a results presentation that disappointed the market, he started buying again the next day. That consistency between words and actions is one reason institutional investors use his moves as a valuation signal.

The control structure is equally sophisticated. The family's stake is not held directly but through a chain of holding companies headed by Financière Agache. On the January 2026 earnings call, Arnault said his goal was to go above 50% of the share capital, and by February the family had done so, with about two thirds of the voting rights.

Succession is the main long-term strategic question for LVMH. Arnault has five children, all with positions inside the group: Delphine is Présidente of Christian Dior; Antoine runs group communications and Loro Piana; Alexandre has a role at Moët Hennessy; Frédéric heads the watch division; and Jean works on Louis Vuitton watches. Having several heirs in senior roles at the same time creates a succession dynamic that analysts read in very different ways: some see a well-prepared handover; others, future governance tensions. In 2025 shareholders approved raising the CEO age limit to 85, which suggests the transition is not imminent.

The leadership structure: the Présidents of the houses

Below Arnault, each house is run by a Président with broad operating autonomy. LVMH has generally handled creative transitions better than Kering over the same period. Dior appointed Jonathan Anderson (from Loewe), Celine brought in Michael Rider, Loewe Jack McCollough and Lazaro Hernandez, and Givenchy Sarah Burton. The group's ability to attract top creative talent to several brands at the same time is a competitive advantage that is hard to quantify but real.

Capital allocation

2026 shows the group's discipline clearly: the sale of Marc Jacobs and most of DFS (lower-margin businesses with a weaker strategic fit), a 19% reduction in net financial debt in the first half and contained CapEx. LVMH is prioritizing profitability and portfolio quality over size.

SECTION 05

Competitive position

Industry analysis

The global personal luxury goods market is worth around €350 billion a year. LVMH, with €80.8 billion of revenue in 2025 (including wines, perfumes and retail), is by far the largest player in the sector, with a scale unprecedented for a single company in any premium consumer category. What sets LVMH apart from most competitors is not only scale but its simultaneous presence across several levels of the luxury pyramid.

Main competitors

HERMÈS

Hermès is the benchmark for business quality that the whole sector looks up to but few can replicate. For LVMH the comparison is instructive both ways: LVMH generates more than five times Hermès' revenue, but Hermès has almost double the operating margin (41.8% vs 22%). That gap is not cyclical: Hermès operates exclusively in the Superpremium with a craftsmanship moat almost two centuries old, while LVMH has a large part of its business in Accessible Luxury and the Premium Core, where margins are lower.

KERING

Kering is the anti-LVMH in terms of diversification and the case study that best illustrates the risks of a concentrated conglomerate. While LVMH has more than 75 brands in six divisions, Kering depends on Gucci for a large share of its operating profit. In the 2024-2025 downturn that concentration was devastating: Kering fell 12.1% and 14.7%, while LVMH fell 1.7% and 4.6%. For an investor weighing both companies, the difference is not just one of magnitude but of the nature of the risk.

RICHEMONT

Richemont is LVMH's most direct competitor in high jewelry and luxury watches. With Cartier, Van Cleef & Arpels, IWC and Piaget, it holds dominant positions in the most defensive categories of luxury. Richemont's margins (21% EBIT) are similar to LVMH's group margin. Its ROIC, which fell to 13.7% from 25.5% in 2023, reflects the volatility of the high-end watch cycle.

MONCLER

Moncler is the clearest example that a real moat can be built in Accessible Luxury with enough discipline. Its 78.1% gross margin and 28.9% EBIT margin are well above the LVMH group's. The key difference is product concentration: Moncler has an iconic item (the down jacket) that generates desire without needing creative reinvention every season.

PRADA

Prada is the most relevant turnaround in the sector over the last decade. Before 2021 Prada had structural problems similar to Kering's: compressed margins, confused positioning and excessive dependence on luxury tourism. The recovery was driven by Miu Miu, which captured a cultural moment with a specific creative direction. EBIT margin rose from 5.6% in 2020 to 22.7% in 2025.

BRUNELLO CUCINELLI

Brunello Cucinelli is the reference for the limited craftsmanship model in luxury apparel. With growth of 10-12% even in the 2024-2025 downturn, it shows that Superpremium positioning with strictly limited production has structural demand independent of the cycle. For LVMH, Brunello Cucinelli's relevance lies in Loro Piana (the most philosophically similar asset in the portfolio), which performed remarkably well for exactly the same reasons.

Comparison with competitors

Revenue

REVENUES

% Change YoY	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	6,7%	7,5%	15,4%	-7,2%	40,6%	29,2%	15,7%	13,0%	5,5%	
Moncler SpA	14,7%	19,0%	14,6%	-11,5%	42,1%	27,2%	14,7%	4,2%	0,7%	
LVMH Moet Hennessy Louis Vuitton SE	13,4%	9,8%	14,6%	-16,8%	43,8%	23,3%	8,8%	-1,7%	-4,6%	
Kering SA	-12,7%	26,3%	16,2%	-17,5%	34,7%	15,3%	-3,9%	-12,1%	-14,7%	
Brunello Cucinelli SpA	12%	8%	10%	-11%	31%	29%	24%	12%	10%	
Compagnie Financiere Richemont SA	-4%	3%	27%	2%	-8%	27%	19%	3%	4%	
Prada SpA	-23%	15%	3%	-25%	39%	25%	13%	15%	5%	

Source: author's analysis based on Tikr data.

During the 2021-2022 boom, LVMH grew 43.8% and 23.3%. When the market contracted in 2024-2025, LVMH fell 1.7% and 4.6%, while Kering fell 12.1% and 14.7%, and only Hermès, Brunello Cucinelli and Moncler did better. The key to that relative resilience is geography: LVMH has more exposure to local European and American consumers than Kering, whose aspirational Chinese consumer disappeared when China's property market contracted.

Margins

MARGINS

% Gross Margins	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	68%	70%	70%	69%	68%	71%	71%	72%	70%	71%
Moncler SpA	76%	77%	77%	78%	76%	77%	76%	77%	78%	78%
LVMH Moet Hennessy Louis Vuitton SE	65%	65%	67%	66%	64%	68%	68%	69%	67%	66%
Kering SA	63%	73%	75%	74%	73%	74%	75%	76%	74%	73%
Brunello Cucinelli SpA	48%	49%	49%	51%	49%	51%	54%	53%	53%	54%
Compagnie Financiere Richemont SA	64%	64%	65%	62%	60%	60%	67%	69%	68%	67%
Prada SpA	72%	74%	72%	72%	72%	76%	79%	80%	80%	80%

% Operating Margin	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	33%	35%	35%	34%	32%	40%	42%	43%	41%	42%
Moncler SpA	29%	29%	29%	30%	26%	28%	30%	30%	29%	29%
LVMH Moet Hennessy Louis Vuitton SE	19%	19%	21%	21%	19%	27%	27%	26%	23%	22%
Kering SA	15%	25%	29%	30%	24%	28%	27%	24%	15%	11%
Brunello Cucinelli SpA	13%	13%	13%	14%	4%	12%	15%	17%	17%	17%
Compagnie Financiere Richemont SA	19%	15%	17%	14%	11%	11%	23%	25%	24%	21%
Prada SpA	14%	12%	10%	10%	6%	15%	20%	22%	24%	23%

% Net Income Margin	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	21%	22%	24%	22%	22%	27%	29%	32%	30%	28%
Moncler SpA	19%	21%	23%	22%	21%	19%	23%	21%	21%	20%
LVMH Moet Hennessy Louis Vuitton SE	11%	13%	14%	13%	11%	19%	18%	18%	15%	13%
Kering SA	7%	17%	27%	15%	16%	18%	18%	15%	7%	0%
Brunello Cucinelli SpA	8%	10%	9%	9%	-6%	7%	9%	10%	9%	10%
Compagnie Financiere Richemont SA	20%	11%	11%	20%	7%	10%	12%	2%	11%	13%
Prada SpA	9%	8%	7%	8%	-2%	9%	11%	14%	15%	15%

Source: author's analysis based on Tikr data.

The 22% EBIT margin in 2025 places LVMH fourth in the group (behind Hermès at 41.8%, Moncler at 28.9% and Prada at 22.7%) and ahead of Richemont (21.0%), Brunello Cucinelli (16.7%) and Kering (11.1%). What matters most is not the absolute level but historical stability: over the last decade

LVMH's operating margin has moved within 19-27%, while Kering went from 30% to 11% and Prada from 5% to 23%. Stability is a direct result of diversification.

Balance sheet

BALANCE SHEET

ASSETS

Total Cash And Short Term Investments	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	39%	43%	41%	44%	43%	48%	53%	52%	50%	50%
Moncler SpA	21%	29%	34%	30%	34%	22%	19%	21%	24%	25%
LVMH Moet Hennessy Louis Vuitton SE	7%	6%	7%	7%	19%	8%	8%	8%	9%	10%
Kering SA	4%	8%	10%	8%	12%	17%	13%	9%	8%	10%
Brunello Cucinelli SpA	11%	14%	11%	7%	7%	9%	9%	8%	11%	10%
Compagnie Financiere Richemont SA	39%	39%	52%	34%	29%	38%	41%	45%	46%	41%
Prada SpA	14%	19%	13%	6%	7%	14%	15%	9%	12%	11%

Accounts Receivable	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	5%	4%	3%	3%	2%	2%	2%	2%	2%	2%
Moncler SpA	9%	9%	10%	7%	6%	5%	6%	7%	6%	5%
LVMH Moet Hennessy Louis Vuitton SE	5%	4%	4%	4%	3%	3%	3%	3%	3%	3%
Kering SA	5%	5%	4%	4%	3%	3%	3%	3%	2%	2%
Brunello Cucinelli SpA	11%	10%	12%	6%	7%	6%	6%	6%	5%	5%
Compagnie Financiere Richemont SA	3%	3%	2%	2%	2%	2%	2%	2%	2%	2%
Prada SpA	5%	6%	7%	5%	4%	5%	4%	5%	5%	4%

Total Current Assets	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	64%	66%	59%	62%	60%	64%	68%	69%	67%	65%
Moncler SpA	44%	52%	56%	45%	48%	34%	35%	38%	40%	40%
LVMH Moet Hennessy Louis Vuitton SE	33%	30%	32%	27%	37%	27%	30%	30%	32%	34%
Kering SA	23%	29%	33%	28%	32%	37%	34%	29%	25%	26%
Brunello Cucinelli SpA	62%	63%	62%	37%	36%	35%	36%	38%	39%	38%
Compagnie Financiere Richemont SA	71%	72%	77%	62%	55%	60%	63%	74%	73%	69%
Prada SpA	40%	41%	38%	24%	25%	31%	33%	28%	29%	28%

Net Property Plant And Equipment	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	22%	19%	28%	25%	28%	25%	21%	20%	21%	23%
Moncler SpA	11%	10%	11%	31%	29%	21%	23%	22%	23%	25%
LVMH Moet Hennessy Louis Vuitton SE	20%	20%	20%	32%	28%	27%	28%	30%	31%	31%
Kering SA	9%	9%	10%	25%	24%	23%	25%	25%	28%	22%
Brunello Cucinelli SpA	26%	26%	25%	58%	57%	57%	54%	52%	50%	52%
Compagnie Financiere Richemont SA	12%	13%	9%	10%	19%	17%	16%	17%	18%	20%
Prada SpA	32%	32%	34%	57%	55%	51%	49%	53%	53%	49%

Goodwill	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	1%	0%	0%	0%	0%	0%	0%	0%	1%	1%
Moncler SpA	14%	11%	10%	6%	6%	14%	13%	12%	11%	10%
LVMH Moet Hennessy Louis Vuitton SE	17%	20%	18%	17%	15%	21%	18%	17%	14%	13%
Kering SA	15%	13%	11%	9%	9%	9%	12%	17%	14%	9%
Brunello Cucinelli SpA	0%	2%	1%	1%	1%	1%	0%	0%	0%	0%
Compagnie Financiere Richemont SA	1%	1%	1%	12%	11%	10%	9%	1%	2%	2%
Prada SpA	11%	11%	11%	7%	8%	7%	7%	7%	6%	14%

Other Intangibles	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	2%	2%	2%	2%	2%	2%	1%	1%	1%	1%
Moncler SpA	23%	20%	17%	11%	10%	25%	23%	22%	20%	19%
LVMH Moet Hennessy Louis Vuitton SE	22%	24%	23%	18%	16%	20%	19%	18%	18%	16%
Kering SA	47%	44%	35%	27%	25%	23%	22%	20%	21%	19%
Brunello Cucinelli SpA	7%	5%	6%	1%	1%	1%	1%	1%	1%	1%
Compagnie Financiere Richemont SA	2%	1%	1%	10%	8%	7%	6%	1%	1%	1%
Prada SpA	8%	9%	9%	5%	5%	5%	4%	4%	4%	3%

LIABILITIES

Accounts Payable	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	7%	6%	5%	4%	3%	3%	4%	3%	3%	3%
Moncler SpA	12%	12%	14%	10%	8%	8%	10%	11%	10%	9%
LVMH Moet Hennessy Louis Vuitton SE	7%	7%	7%	6%	5%	6%	7%	6%	6%	6%
Kering SA	5%	5%	3%	3%	5%	6%	7%	5%	5%	5%
Brunello Cucinelli SpA	15%	15%	15%	9%	8%	9%	10%	12%	10%	9%
Compagnie Financiere Richemont SA	2%	2%	2%	3%	2%	2%	2%	2%	2%	2%
Prada SpA	6%	7%	7%	5%	4%	6%	5%	6%	6%	6%

Current Liabilities	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	22%	20%	20%	20%	17%	19%	17%	16%	16%	13%
Moncler SpA	24%	22%	23%	22%	20%	21%	21%	20%	19%	16%
LVMH Moet Hennessy Louis Vuitton SE	21%	21%	23%	23%	23%	22%	23%	23%	23%	21%
Kering SA	20%	23%	30%	30%	24%	28%	25%	21%	22%	20%
Brunello Cucinelli SpA	35%	29%	33%	27%	29%	25%	29%	31%	28%	27%
Compagnie Financiere Richemont SA	21%	19%	25%	22%	19%	23%	26%	30%	28%	24%
Prada SpA	17%	19%	21%	18%	19%	20%	20%	19%	20%	20%

Long-Term Debt	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Moncler SpA	7%	5%	5%	3%	1%	1%	1%	1%	0%	0%
LVMH Moet Hennessy Louis Vuitton SE	6%	10%	8%	5%	13%	10%	8%	8%	8%	9%
Kering SA	17%	16%	15%	12%	14%	10%	13%	24%	24%	25%
Brunello Cucinelli SpA	9%	8%	5%	3%	6%	6%	4%	2%	9%	11%
Compagnie Financiere Richemont SA	2%	2%	17%	14%	13%	17%	15%	15%	14%	11%
Prada SpA	11%	13%	10%	8%	7%	7%	5%	4%	3%	12%

Capital Leases	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	0%	0%	11%	9%	13%	11%	9%	8%	8%	8%
Moncler SpA	0%	0%	0%	21%	19%	14%	15%	13%	14%	16%
LVMH Moet Hennessy Louis Vuitton SE	1%	0%	0%	11%	10%	9%	9%	10%	10%	9%
Kering SA	0%	0%	0%	13%	13%	12%	13%	11%	12%	12%
Brunello Cucinelli SpA	0%	0%	0%	39%	40%	40%	36%	33%	33%	33%
Compagnie Financiere Richemont SA	0%	0%	0%	0%	9%	8%	8%	8%	9%	9%
Prada SpA	0%	0%	0%	28%	26%	23%	23%	22%	23%	23%

EQUITY

Additional Paid In Capital	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	1%	1%	1%	1%	0%	0%	0%	0%	0%	0%
Moncler SpA	9%	11%	11%	7%	6%	17%	16%	15%	14%	13%
LVMH Moet Hennessy Louis Vuitton SE	4%	4%	3%	2%	2%	2%	1%	0%	0%	0%
Kering SA	-	-	-	-	-	-	-	-	-	-
Brunello Cucinelli SpA	13%	13%	12%	6%	5%	5%	4%	4%	3%	3%
Compagnie Financiere Richemont SA	0%	0%	0%	0%	0%	0%	0%	0%	3%	3%
Prada SpA	9%	9%	9%	6%	6%	6%	6%	5%	5%	4%

Retained Earnings	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	18%	18%	17%	15%	13%	18%	19%	21%	20%	19%
Moncler SpA	44%	49%	48%	42%	50%	40%	45%	49%	50%	52%
LVMH Moet Hennessy Louis Vuitton SE	7%	8%	9%	7%	4%	10%	10%	11%	8%	8%
Kering SA	-	-	-	-	-	-	-	-	-	-
Brunello Cucinelli SpA	33%	41%	43%	23%	18%	21%	22%	26%	24%	24%
Compagnie Financiere Richemont SA	60%	61%	49%	51%	45%	42%	40%	36%	35%	39%
Prada SpA	7%	5%	4%	4%	-1%	4%	6%	9%	10%	8%

Source: author's analysis based on Tikr data.

The most striking data point is cash. Hermès holds 50.3% of its assets in cash and short-term investments, the highest in the group and the result of decades of accumulation. LVMH has 9.5%, in line with Kering (10.5%) and below Richemont (40.9%) and Moncler (24.5%). That reflects different strategic choices: while Hermès and Richemont accumulate cash, LVMH has systematically deployed it in acquisitions (Tiffany, Bulgari, Loro Piana) and in its store network.

In goodwill and intangibles, LVMH has one of the largest positions in the group: goodwill is 12.9% of total assets in 2025 and other intangibles another 16%. Together, about 29% of assets are intangibles, the result of decades of acquisitions. That is less than Kering but significantly more than Hermès. The diversification of the portfolio makes a material impairment far less likely than at Kering.

In long-term debt, LVMH funds 8.8% of its assets with long-term debt, a moderate figure that compares well with Kering (25.0%), though higher than Hermès and Moncler (practically zero). Leases represent 9.4% of assets, reflecting the network of owned stores.

Liquidity ratios

RATIOS

LIQUIDITY										
Current [Current Assets / Current Liabilities]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Hermes International SCA	2,96x	3,29x	2,90x	3,01x	3,62x	3,43x	3,94x	4,40x	4,26x	4,99x
Moncler SpA	1,86x	2,40x	2,40x	2,08x	2,47x	1,64x	1,68x	1,89x	2,16x	2,42x
LVMH Moet Hennessy Louis Vuitton SE	1,51x	1,41x	1,40x	1,17x	1,58x	1,23x	1,26x	1,32x	1,41x	1,58x
Kering SA	1,15x	1,27x	1,10x	0,93x	1,34x	1,30x	1,37x	1,38x	1,11x	1,34x
Brunello Cucinelli SpA	1,79x	2,12x	1,85x	1,34x	1,25x	1,41x	1,24x	1,24x	1,40x	1,42x
Compagnie Financiere Richemont SA	3,42x	3,70x	3,07x	2,74x	2,86x	2,61x	2,42x	2,47x	2,65x	2,90x
Prada SpA	2,38x	2,17x	1,79x	1,38x	1,35x	1,53x	1,63x	1,49x	1,48x	1,38x
Quick [(Cash + Marketable securities + Receivables) / Current Liabilities]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Hermes International SCA	2,21x	2,56x	2,32x	2,33x	2,74x	2,75x	3,20x	3,49x	3,35x	3,99x
Moncler SpA	1,33x	1,93x	1,92x	1,70x	2,06x	1,33x	1,26x	1,43x	1,70x	1,86x
LVMH Moet Hennessy Louis Vuitton SE	0,63x	0,61x	0,61x	0,53x	1,00x	0,60x	0,57x	0,58x	0,66x	0,69x
Kering SA	0,48x	0,62x	0,49x	0,44x	0,74x	0,80x	0,69x	0,68x	0,54x	0,70x
Brunello Cucinelli SpA	0,72x	0,90x	0,81x	0,52x	0,55x	0,71x	0,60x	0,54x	0,63x	0,65x
Compagnie Financiere Richemont SA	2,11x	2,29x	2,26x	1,69x	1,65x	1,77x	1,71x	1,61x	1,80x	1,89x
Prada SpA	1,33x	1,42x	1,02x	0,70x	0,71x	0,99x	1,01x	0,82x	0,87x	0,80x
Cash [(Cash + Marketable securities) / Current Liabilities]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Hermes International SCA	1,81x	2,16x	2,03x	2,17x	2,57x	2,60x	3,07x	3,34x	3,21x	3,84x
Moncler SpA	0,89x	1,33x	1,45x	1,35x	1,71x	1,04x	0,92x	1,06x	1,31x	1,49x
LVMH Moet Hennessy Louis Vuitton SE	0,31x	0,28x	0,31x	0,28x	0,82x	0,38x	0,35x	0,34x	0,40x	0,44x
Kering SA	0,22x	0,37x	0,35x	0,28x	0,51x	0,60x	0,51x	0,45x	0,37x	0,54x
Brunello Cucinelli SpA	0,32x	0,47x	0,34x	0,26x	0,23x	0,35x	0,31x	0,26x	0,37x	0,38x
Compagnie Financiere Richemont SA	1,86x	2,03x	2,10x	1,52x	1,50x	1,65x	1,57x	1,49x	1,65x	1,72x
Prada SpA	0,87x	1,00x	0,62x	0,35x	0,37x	0,69x	0,73x	0,48x	0,60x	0,57x

Source: author's analysis based on Tikr data.

LVMH's current ratio in 2025 is 1.58x, up from 1.17x in 2019. For comparison, Hermès has 4.99x, Richemont 2.90x and Moncler 2.42x. LVMH is in the lower third of the group on this metric, although it has the capital-market access of one of Europe's largest companies, which gives it flexibility. The 0.69x quick ratio is below one because of the weight of inventory, typical of a business with champagne, cognac and jewelry, and has never historically been a warning sign.

Solvency ratios

SOLVENCY										
Long-term debt to equity [Total long term debt / Total Equity]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Hermes International SCA	0,47%	0,47%	17,13%	13,64%	19,58%	16,25%	13,09%	11,33%	10,28%	10,54%
Moncler SpA	10,78%	7,35%	7,56%	46,85%	34,59%	25,00%	24,76%	20,66%	21,22%	24,38%
LVMH Moet Hennessy Louis Vuitton SE	14,09%	23,22%	17,70%	40,34%	63,72%	49,23%	41,19%	40,09%	39,02%	37,48%
Kering SA	35,00%	33,63%	31,52%	64,38%	61,16%	49,52%	59,30%	90,80%	99,25%	98,86%
Brunello Cucinelli SpA	17,59%	14,19%	9,06%	140,12%	190,47%	168,92%	132,98%	106,99%	144,59%	159,05%
Compagnie Financiere Richemont SA	2,52%	2,99%	29,29%	23,38%	38,72%	49,80%	45,77%	48,56%	46,62%	37,70%
Prada SpA	16,80%	22,29%	16,82%	86,66%	76,48%	67,76%	60,30%	52,57%	49,66%	82,53%
Debt to Equity [Total debt / Total Equity]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Hermes International SCA	0,47%	0,65%	20,55%	16,73%	22,35%	18,88%	15,24%	13,23%	12,20%	12,27%
Moncler SpA	19,60%	7,58%	7,56%	56,55%	43,84%	31,37%	30,64%	25,93%	26,19%	28,97%
LVMH Moet Hennessy Louis Vuitton SE	20,13%	30,13%	21,32%	51,55%	73,03%	61,96%	49,56%	49,92%	48,12%	44,60%
Kering SA	39,76%	39,03%	35,18%	78,21%	72,13%	61,76%	71,85%	101,64%	121,29%	114,73%
Brunello Cucinelli SpA	24,88%	28,42%	18,49%	168,94%	259,48%	205,47%	164,34%	134,30%	178,48%	198,80%
Compagnie Financiere Richemont SA	3,16%	2,99%	29,36%	25,60%	42,27%	53,10%	49,03%	51,95%	49,92%	47,93%
Prada SpA	18,55%	31,54%	26,11%	103,89%	97,77%	87,12%	74,19%	65,33%	63,05%	96,65%
Debt to Capital [Total debt / Total Capital]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Hermes International SCA	0,47%	0,65%	17,05%	14,34%	18,27%	15,88%	13,22%	11,68%	10,87%	10,93%
Moncler SpA	16,39%	7,04%	7,03%	36,12%	30,48%	23,88%	23,46%	20,59%	20,76%	22,46%
LVMH Moet Hennessy Louis Vuitton SE	16,75%	23,15%	17,57%	34,02%	42,20%	38,26%	33,14%	33,30%	32,49%	30,85%
Kering SA	28,45%	28,07%	26,03%	43,89%	41,90%	38,18%	41,81%	50,41%	54,81%	53,43%
Brunello Cucinelli SpA	19,93%	22,13%	15,61%	62,82%	72,18%	67,26%	62,17%	57,32%	64,09%	66,53%
Compagnie Financiere Richemont SA	3,07%	2,91%	22,69%	20,38%	29,71%	34,68%	32,90%	34,19%	33,30%	32,40%
Prada SpA	15,65%	23,98%	20,71%	50,95%	49,44%	46,56%	42,59%	39,52%	38,67%	49,15%

Debt to Assets [Total debt / Total Assets]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	0,35%	0,49%	13,31%	11,14%	14,95%	12,83%	10,87%	9,84%	9,16%	9,51%
Moncler SpA	11,97%	5,07%	4,97%	28,80%	25,87%	18,37%	19,17%	16,69%	17,07%	18,72%
LVMH Moet Hennessy Louis Vuitton SE	9,42%	13,12%	9,74%	20,49%	26,09%	24,18%	20,84%	21,78%	22,35%	21,65%
Kering SA	19,70%	19,27%	16,57%	30,07%	31,00%	27,30%	31,30%	39,34%	44,02%	43,22%
Brunello Cucinelli SpA	13,08%	16,62%	10,72%	50,73%	62,75%	56,69%	48,82%	44,15%	51,82%	55,45%
Compagnie Financiere Richemont SA	2,37%	2,31%	16,75%	15,56%	23,95%	26,86%	24,36%	24,16%	24,13%	25,91%
Prada SpA	12,08%	19,07%	16,17%	44,11%	42,71%	39,17%	35,21%	33,26%	32,36%	40,95%

Financial Leverage [Total Assets / Total Equity]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	1,37x	1,34x	1,54x	1,50x	1,50x	1,47x	1,40x	1,34x	1,33x	1,29x
Moncler SpA	1,64x	1,49x	1,52x	1,96x	1,69x	1,71x	1,60x	1,55x	1,53x	1,55x
LVMH Moet Hennessy Louis Vuitton SE	2,14x	2,30x	2,19x	2,52x	2,80x	2,56x	2,38x	2,29x	2,15x	2,06x
Kering SA	2,02x	2,03x	2,12x	2,60x	2,33x	2,26x	2,30x	2,58x	2,76x	2,65x
Brunello Cucinelli SpA	1,90x	1,71x	1,73x	3,33x	4,14x	3,62x	3,37x	3,04x	3,44x	3,59x
Compagnie Financiere Richemont SA	1,34x	1,30x	1,75x	1,65x	1,76x	1,98x	2,01x	2,15x	2,07x	1,85x
Prada SpA	1,54x	1,65x	1,62x	2,36x	2,29x	2,22x	2,11x	1,96x	1,95x	2,36x

Debt to EBITDA [Total debt / EBITDA]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	0,01x	0,02x	0,45x	0,39x	0,65x	0,44x	0,35x	0,32x	0,31x	0,31x
Moncler SpA	0,41x	0,18x	0,17x	1,13x	1,27x	0,96x	0,87x	0,72x	0,79x	0,92x
LVMH Moet Hennessy Louis Vuitton SE	0,66x	0,92x	0,62x	1,21x	2,02x	1,38x	1,07x	1,11x	1,30x	1,29x
Kering SA	2,02x	1,53x	0,80x	1,36x	1,91x	1,31x	1,46x	2,47x	4,10x	4,83x
Brunello Cucinelli SpA	0,72x	0,85x	0,56x	2,96x	5,44x	3,34x	2,35x	1,80x	2,46x	2,70x
Compagnie Financiere Richemont SA	0,18x	0,22x	1,81x	1,67x	2,53x	3,35x	1,88x	1,53x	1,65x	1,77x
Prada SpA	0,72x	1,76x	1,39x	3,15x	3,56x	2,45x	1,72x	1,46x	1,36x	2,18x

Interest Coverage	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	813,33x	1091,78x	81,44x	97,02x	70,17x	112,38x	107,11x	102,77x	105,61x	121,75x
Moncler SpA	92,16x	179,41x	321,01x	22,61x	16,02x	24,82x	29,48x	27,64x	27,13x	21,16x
LVMH Moet Hennessy Louis Vuitton SE	44,30x	48,93x	63,06x	25,73x	22,81x	70,82x	55,01x	23,41x	16,51x	15,35x
Kering SA	13,91x	23,54x	46,84x	27,57x	19,25x	33,01x	30,88x	13,15x	4,24x	2,62x
Brunello Cucinelli SpA	34,51x	47,40x	64,39x	7,04x	1,57x	6,81x	10,07x	10,82x	7,40x	5,85x
Compagnie Financiere Richemont SA	34,65x	25,21x	28,85x	12,87x	8,14x	6,91x	17,12x	16,79x	10,95x	8,97x
Prada SpA	34,02x	22,92x	23,93x	5,18x	2,57x	10,64x	17,95x	13,70x	14,30x	12,57x

Source: author's analysis based on Tikr data.

Solvency ratios are the most favorable chapter of LVMH's financial profile in comparison. Debt/EBITDA is 1.29x, one of the lowest in the group and far from Kering's 4.83x. Hermès has 0.31x, Moncler practically zero, Prada 2.18x and Brunello Cucinelli 2.70x. Interest coverage of 15.4x leaves a significant margin of safety against further EBIT declines. Long-term debt to equity is 37.5%, down from 64% in 2020 and far below Kering's 98.9%.

Activity ratios

ACTIVITY										
Days of inventory on hand (DOH) [Number of days in period / inventory turnover]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	199 dias	199 dias	189 dias	180 dias	220 dias	194 dias	174 dias	206 dias	211 dias	212 dias
Moncler SpA	197 dias	180 dias	176 dias	192 dias	214 dias	178 dias	190 dias	222 dias	247 dias	268 dias
LVMH Moet Hennessy Louis Vuitton SE	295 dias	265 dias	273 dias	264 dias	307 dias	265 dias	269 dias	294 dias	305 dias	310 dias
Kering SA	193 dias	323 dias	269 dias	239 dias	295 dias	248 dias	277 dias	355 dias	345 dias	349 dias
Brunello Cucinelli SpA	239 dias	214 dias	203 dias	226 dias	273 dias	212 dias	189 dias	180 dias	201 dias	217 dias
Compagnie Financiere Richemont SA	492 dias	502 dias	488 dias	380 dias	416 dias	448 dias	439 dias	415 dias	418 dias	438 dias
Prada SpA	258 dias	324 dias	249 dias	269 dias	367 dias	295 dias	292 dias	305 dias	275 dias	312 dias

Days of sales outsanding (DSO) [Number of days in period / Receivables turnover]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	22 dias	17 dias	17 dias	17 dias	14 dias	14 dias	12 dias	12 dias	12 dias	10 dias
Moncler SpA	37 dias	37 dias	40 dias	38 dias	44 dias	42 dias	42 dias	40 dias	38 dias	34 dias
LVMH Moet Hennessy Louis Vuitton SE	26 dias	23 dias	25 dias	23 dias	23 dias	22 dias	20 dias	20 dias	20 dias	20 dias
Kering SA	35 dias	46 dias	23 dias	23 dias	25 dias	20 dias	21 dias	21 dias	21 dias	20 dias
Brunello Cucinelli SpA	38 dias	32 dias	41 dias	35 dias	53 dias	37 dias	30 dias	25 dias	23 dias	26 dias
Compagnie Financiere Richemont SA	21 dias	22 dias	19 dias	18 dias	13 dias	18 dias	16 dias	16 dias	16 dias	15 dias
Prada SpA	26 dias	39 dias	37 dias	36 dias	44 dias	36 dias	29 dias	31 dias	28 dias	30 dias

Number of days of payables [Number of days in period / Payables turnover]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	0 dias	94 dias	83 dias	65 dias	65 dias	55 dias	54 dias	56 dias	51 dias	54 dias
Moncler SpA	0 dias	198 dias	200 dias	217 dias	244 dias	190 dias	208 dias	245 dias	282 dias	258 dias
LVMH Moet Hennessy Louis Vuitton SE	0 dias	105 dias	104 dias	105 dias	131 dias	93 dias	101 dias	110 dias	113 dias	117 dias
Kering SA	0 dias	135 dias	114 dias	61 dias	121 dias	116 dias	117 dias	172 dias	198 dias	197 dias
Brunello Cucinelli SpA	0 dias	90 dias	89 dias	89 dias	118 dias	104 dias	93 dias	95 dias	90 dias	94 dias
Compagnie Financiere Richemont SA	0 dias	43 dias	44 dias	33 dias	41 dias	47 dias	46 dias	40 dias	37 dias	34 dias
Prada SpA	0 dias	185 dias	122 dias	119 dias	179 dias	151 dias	147 dias	165 dias	145 dias	154 dias

Working capital turnover [Revenue / Average working capital]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	2,06x	1,78x	1,83x	1,69x	1,33x	1,43x	1,31x	1,24x	1,28x	1,26x
Moncler SpA	4,45x	2,87x	2,70x	2,70x	1,82x	3,59x	3,96x	3,33x	2,63x	2,25x
LVMH Moet Hennessy Louis Vuitton SE	5,71x	7,02x	6,97x	13,81x	3,05x	10,17x	9,66x	8,15x	6,15x	4,55x
Kering SA	16,70x	6,96x	20,69x	-26,39x	5,73x	6,69x	6,45x	5,93x	16,68x	5,42x
Brunello Cucinelli SpA	3,86x	3,44x	3,92x	6,51x	6,95x	6,09x	9,80x	11,11x	6,48x	6,23x
Compagnie Financiere Richemont SA	1,09x	1,01x	0,83x	1,27x	1,30x	1,01x	1,13x	1,10x	1,06x	1,15x
Prada SpA	3,24x	2,59x	4,06x	6,93x	5,67x	4,49x	4,49x	6,63x	6,71x	6,78x

Fixed Asset turnover [Revenue / Average net fixed assets]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	3,90x	4,32x	2,56x	2,76x	2,07x	2,64x	3,23x	3,30x	3,18x	2,92x
Moncler SpA	8,39x	8,64x	8,02x	2,02x	1,79x	2,24x	2,42x	2,76x	2,49x	2,09x
LVMH Moet Hennessy Louis Vuitton SE	3,10x	3,08x	3,10x	1,73x	1,45x	1,89x	2,10x	2,00x	1,82x	1,81x
Kering SA	5,61x	4,77x	6,13x	2,31x	1,98x	2,43x	2,45x	1,90x	1,41x	1,60x
Brunello Cucinelli SpA	4,09x	4,42x	4,40x	1,05x	0,88x	1,06x	1,30x	1,60x	1,45x	1,33x
Compagnie Financiere Richemont SA	4,47x	4,16x	4,74x	5,13x	2,40x	2,22x	2,54x	2,89x	2,72x	2,59x
Prada SpA	2,34x	1,80x	1,99x	0,81x	0,68x	0,96x	1,17x	1,16x	1,20x	1,05x

Total Asset turnover [Revenue / Average total assets]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Hermes International SCA	0,87x	0,82x	0,71x	0,70x	0,58x	0,65x	0,66x	0,66x	0,66x	0,66x
Moncler SpA	0,90x	0,86x	0,87x	0,63x	0,52x	0,48x	0,56x	0,60x	0,56x	0,53x
LVMH Moet Hennessy Louis Vuitton SE	0,63x	0,61x	0,63x	0,56x	0,41x	0,51x	0,59x	0,60x	0,57x	0,57x
Kering SA	0,51x	0,42x	0,64x	0,59x	0,47x	0,57x	0,60x	0,47x	0,40x	0,36x
Brunello Cucinelli SpA	1,06x	1,14x	1,12x	0,61x	0,50x	0,61x	0,70x	0,83x	0,73x	0,70x
Compagnie Financiere Richemont SA	0,55x	0,53x	0,43x	0,50x	0,47x	0,37x	0,42x	0,49x	0,48x	0,52x
Prada SpA	0,75x	0,58x	0,67x	0,46x	0,37x	0,48x	0,57x	0,62x	0,64x	0,52x

Source: author's analysis based on Tikr data.

LVMH's days of inventory are around 310, the second highest in the group, behind only Richemont (438 days, justified by the very long cycles of high-end watchmaking). The most instructive comparison is with Hermès (212 days) and Kering (349 days): LVMH sits in the middle, a natural result of a heterogeneous portfolio. Collection days are low thanks to the weight of sales in its own stores, and LVMH pays suppliers at about 117 days, using trade credit as a source of financing. Fixed asset turnover fell from 3.1x in 2016-2018 to 1.81x in 2025 because of flagship investments and right-of-use assets under IFRS 16.

Profitability ratios

PROFITABILITY										
Operating ROA [Operating Income / Average Total Assets]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Hermes International SCA	28%	29%	25%	24%	18%	26%	28%	28%	27%	28%
Moncler SpA	26%	25%	25%	19%	13%	14%	17%	18%	17%	15%
LVMH Moet Hennessy Louis Vuitton SE	12%	12%	13%	12%	8%	14%	16%	16%	13%	12%
Kering SA	8%	11%	18%	18%	11%	16%	16%	11%	6%	4%
Brunello Cucinelli SpA	14%	14%	14%	8%	2%	7%	11%	14%	12%	12%
Compagnie Financiere Richemont SA	10%	8%	7%	7%	5%	4%	9%	12%	11%	11%
Prada SpA	11%	7%	7%	4%	2%	7%	11%	14%	15%	12%
ROA [Net Income / Average Total Assets]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Hermes International SCA	18%	18%	17%	15%	13%	18%	19%	21%	20%	19%
Moncler SpA	17%	18%	20%	14%	11%	9%	13%	12%	12%	11%
LVMH Moet Hennessy Louis Vuitton SE	7%	8%	9%	7%	4%	10%	10%	11%	8%	8%
Kering SA	3%	7%	17%	9%	8%	10%	11%	7%	3%	0%
Brunello Cucinelli SpA	8%	11%	10%	5%	-3%	5%	6%	8%	7%	7%
Compagnie Financiere Richemont SA	11%	6%	5%	10%	3%	4%	5%	1%	6%	7%
Prada SpA	7%	5%	4%	4%	-1%	4%	6%	9%	10%	8%
ROE [Net Income / Average Total Equity]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Hermes International SCA	25%	24%	26%	23%	19%	26%	27%	28%	27%	24%
Moncler SpA	28%	27%	31%	27%	18%	16%	21%	19%	18%	16%
LVMH Moet Hennessy Louis Vuitton SE	15%	18%	19%	19%	12%	25%	25%	24%	18%	16%
Kering SA	7%	14%	37%	22%	18%	23%	24%	19%	7%	0%
Brunello Cucinelli SpA	16%	19%	18%	18%	-13%	17%	21%	25%	24%	24%
Compagnie Financiere Richemont SA	15%	8%	8%	16%	5%	7%	10%	2%	11%	12%
Prada SpA	11%	8%	7%	9%	-2%	9%	13%	17%	19%	18%
ROIC [EBIT / Average short and long-term debt and equity]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Hermes International SCA	39%	39%	32%	31%	23%	32%	34%	33%	32%	32%
Moncler SpA	35%	34%	36%	24%	16%	18%	20%	22%	20%	18%
LVMH Moet Hennessy Louis Vuitton SE	21%	21%	24%	20%	12%	22%	25%	24%	19%	18%
Kering SA	11%	15%	29%	26%	15%	23%	22%	15%	7%	5%
Brunello Cucinelli SpA	21%	19%	20%	11%	2%	8%	14%	19%	15%	14%
Compagnie Financiere Richemont SA	13%	10%	10%	9%	6%	5%	13%	18%	16%	14%
Prada SpA	14%	8%	9%	5%	2%	8%	14%	17%	18%	14%

Source: author's analysis based on Tikr data.

With ROE of around 16% in 2025, LVMH ranks third in the group, behind Hermès (24.0%) and Brunello Cucinelli (23.9%), and far ahead of Kering (0.5%). The historical stability of its ROE is an important asset: in no year of the last decade did it fall below 12%, even during the pandemic. ROIC shows a similar pattern: Hermès leads comfortably and LVMH is among the leaders, while Kering is below its cost of capital. LVMH's compression over the last three years reflects the cycle on a diversified base that remains profitable in every scenario; at Kering, it reflected a structural crisis in its main asset.

SWOT analysis

STRENGTHS

- **Real portfolio diversification:** with more than 75 brands in six divisions, LVMH has the most genuine risk diversification in the sector. When Fashion & Leather Goods suffers, Selective Retailing and Watches & Jewelry can offset it, as 2026 shows.
- **Louis Vuitton as an asset:** the most valuable luxury brand in the world, with estimated revenue of more than €20 billion and operating margins above 40%.
- **Structurally high FCF generation:** almost 18% of sales in 2025, even in the worst cycle of the decade.
- **Alignment between management and shareholders:** the Arnault family now owns more than 50% of the capital. Its willingness to buy shares during corrections is the most costly and credible signal of confidence an executive can give.
- **Conservative balance sheet:** with net debt below 1x EBITDA, LVMH can make opportunistic acquisitions or increase capital returns without compromising its credit rating.
- **Sephora as an engine disconnected from the fashion cycle:** the group's fastest-moving asset and the one that best diversifies the creative risk of Fashion & Leather Goods.

WEAKNESSES

- **Exposure to tourism in Japan and Europe:** a significant share of revenue depends on Chinese shoppers who travel. When the yen strengthens or Chinese consumers stop traveling, the impact is immediate.
- **Lack of transparency on Louis Vuitton:** LVMH does not report the individual results of its largest asset, making it impossible for the market to value the group's most important business precisely.
- **Several simultaneous creative transitions:** Dior, Celine, Loewe and Givenchy changed creative directors in 2024-2025. The risk that one of them fails to connect with consumers is higher than in periods of creative stability.
- **Fashion & Leather Goods still negative:** -5% organic in the third quarter of 2026. The division that matters most for profit is the one that has not yet recovered.

OPPORTUNITIES

- **Recovery of the Chinese consumer:** any improvement in confidence would have an amplified effect on LVMH given China's historical weight in Fashion & Leather Goods and Wines & Spirits.
- **Operating leverage in the recovery:** with fixed costs already absorbed, each additional euro of revenue has an outsized impact on margins. Returning to a 26% EBIT margin would mean more than €3 billion of additional operating profit versus 2025.
- **Successful creative transitions at Dior and Celine:** if creative momentum turns into sales, the impact on Fashion & Leather Goods could beat market expectations.
- **Tiffany maturing:** Tiffany's retail investment should generate material returns in 2026-2028 as the brand's new positioning gains global traction.
- **Opportunistic acquisitions:** with a conservative balance sheet and strong FCF, LVMH can buy quality assets at reasonable multiples during the downturn. Arnault's track record suggests this is firmly on his radar.

THREATS

- **Currency volatility:** a large share of revenue is earned in dollars, yen and yuan. The euro's appreciation in 2026 is the main reason reported sales are falling while organic sales grow.
- **Tariffs:** the threat of US tariffs on European luxury goods is real and recurring. LVMH offset part of the impact with moderate price increases in the United States.
- **Competition from new Asian brands:** in Accessible Luxury, South Korean and Chinese brands are building a global presence quickly. That risk affects the lower-priced brands in the portfolio more than Vuitton or Dior.
- **Succession:** the concentration of power in Arnault is both a strength and a long-term risk. Succession, when it comes, is the hardest event in the sector to model.
- **A longer downturn in China:** if the property crisis and lower appetite for conspicuous consumption persist, the recovery in aspirational demand could be materially delayed.

Porter's Five Forces

1. RIVALRY AMONG EXISTING COMPETITORS: MEDIUM-LOW

LVMH competes in many markets at once, and the intensity of rivalry varies greatly between them. At the top end (Bulgari vs Cartier, Vuitton vs Chanel) rivalry is low because the market is large enough and customers loyal enough for competition to be about desire rather than price. In beauty and retail (Sephora vs other chains) rivalry is more intense, but LVMH has scale advantages and exclusive agreements that protect its position. Diversification means no single competitor can pressure LVMH on every front at once.

2. THREAT OF NEW ENTRANTS: LOW

Barriers to entry in LVMH's segments are extraordinarily high. Replicating Vuitton's 170 years of history is literally impossible. The combination of craftsmanship heritage, global brand recognition, owned distribution and pricing power built over generations creates moats that capital alone cannot cross. Digital direct-to-consumer brands can matter in Accessible Luxury, but they are irrelevant in the Superpremium.

3. BARGAINING POWER OF SUPPLIERS: MEDIUM-LOW

LVMH has spent decades reducing supplier power through selective vertical integration. In leather, the group controls some of Europe's best tanneries. In champagne and cognac, it controls vineyards. In high-end textiles, Loro Piana has exclusive relationships with the world's best wool and cashmere producers. This integration protects margins in periods of inflationary pressure.

4. BARGAINING POWER OF CUSTOMERS: LOW-MEDIUM

In the Superpremium, customer bargaining power is minimal. In Accessible Luxury it is greater: there are real alternatives and consumers have more options. LVMH mitigates this with the strength of its brands (Vuitton and Dior have a level of recognition that makes purchase decisions rarely purely rational) and the exclusivity of the in-store experience.

5. THREAT OF SUBSTITUTES: LOW

True luxury has no direct functional substitutes because its main function is symbolic, not practical. A Vuitton bag can be replaced by a Prada bag, but not by one from H&M. The biggest substitution threat is spending shifting toward experiences (travel, dining), which LVMH mitigates with its presence in hotels (Belmond, Cheval Blanc) and luxury restaurants.

SECTION 06

The bulls vs. the bears

LVMH is the most representative stock in the luxury sector, and the debate around it is ultimately the debate about the sector: is this a cyclical pause or a regime change in demand?

What do the bulls say?

The first argument is **resilience**. Even in the worst cycle of the decade, LVMH kept margins at 22% and free cash flow near 18% of sales. The business is not broken: it is at the bottom of the cycle.

The second is **diversification at work**: in 2026 Watches & Jewelry, Selective Retailing and Wines & Spirits are growing and offsetting weakness in fashion. Few groups in the sector can show that.

The third is **valuation and alignment**: at €409 the stock trades well below its highs, and the controlling shareholder keeps buying. When fashion grows again, operating leverage could take earnings back toward their peak.

What do the bears say?

The first argument is that **Fashion & Leather Goods is still falling**: -5% organic in the third quarter of 2026. Until Louis Vuitton and Dior grow again, the group will not recover its margins.

The second is **China**: the recovery depends on a consumer who has been weak for three years and whose return is impossible to predict.

The third is **currency and tariffs**: with a strong euro, organic growth is diluted in reported figures, and trade tensions with the United States add uncertainty to the best-performing market.

SECTION 07

Valuation

I built a ten-year **discounted cash flow (DCF)** model with two methods for the terminal value: **perpetuity growth** and an **exit multiple on EBITDA**.

Model inputs and assumptions

2. Operating drivers by scenario (explicit forecast)															
Driver	**Δ vs Base**	**FY2023A**	**FY2024A**	**FY2025A**	**3Y avg**	**FY2026E**	**FY2027E**	**FY2028E**	**FY2029E**	**FY2030E**	**FY2031E**	**FY2032E**	**FY2033E**	**FY2034E**	**FY2035E**
Forecast year #						*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
Revenue growth ▸ selected scenario		8.8%	(1.7%)	(4.6%)	**0.7%**	**(1.6%)**	**4.0%**	**5.5%**	**6.0%**	**6.0%**	**5.5%**	**5.0%**	**4.5%**	**4.0%**	**3.5%**
Best case	1.5%					(0.1%)	5.5%	7.0%	7.5%	7.5%	7.0%	6.5%	6.0%	5.5%	5.0%
Base case						(1.6%)	4.0%	5.5%	6.0%	6.0%	5.5%	5.0%	4.5%	4.0%	3.5%
Worst case	(2.0%)					(3.6%)	2.0%	3.5%	4.0%	4.0%	3.5%	3.0%	2.5%	2.0%	1.5%
Gross margin ▸ selected scenario		68.8%	67.0%	66.2%	**67.4%**	**66.5%**	**66.5%**	**67.0%**	**67.0%**	**67.0%**	**67.0%**	**67.0%**	**67.0%**	**67.0%**	**67.0%**
Best case	0.5%					67.0%	67.0%	67.5%	67.5%	67.5%	67.5%	67.5%	67.5%	67.5%	67.5%
Base case						66.5%	66.5%	67.0%	67.0%	67.0%	67.0%	67.0%	67.0%	67.0%	67.0%
Worst case	(1.0%)					65.5%	65.5%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%	66.0%
EBIT margin ▸ selected scenario		26.4%	23.1%	21.9%	**23.8%**	**21.5%**	**22.0%**	**22.5%**	**23.0%**	**23.5%**	**23.5%**	**24.0%**	**24.0%**	**24.0%**	**24.0%**
Best case	2.0%					23.5%	24.0%	24.5%	25.0%	25.5%	25.5%	26.0%	26.0%	26.0%	26.0%
Base case						21.5%	22.0%	22.5%	23.0%	23.5%	23.5%	24.0%	24.0%	24.0%	24.0%
Worst case	(2.5%)					19.0%	19.5%	20.0%	20.5%	21.0%	21.0%	21.5%	21.5%	21.5%	21.5%
Capex % of revenue ▸ selected scenario		8.7%	6.5%	5.7%	**7.0%**	**6.0%**	**6.0%**	**6.0%**	**6.0%**	**6.0%**	**6.0%**	**6.0%**	**6.0%**	**6.0%**	**6.0%**
Best case	(0.5%)					5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Base case						6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Worst case	0.5%					6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%

Source: author's analysis.

Revenue growth: the base case starts at -1.6% for 2026, in line with the first nine months in reported terms (positive organic growth, but a negative currency effect and the sales of Marc Jacobs and DFS). In 2027 growth returns (+4%) and accelerates to 5.5-6% in 2028-2031 as the new creative directions gain traction and Wines & Spirits completes its normalization. Toward the end of the period growth slows to 3.5%.

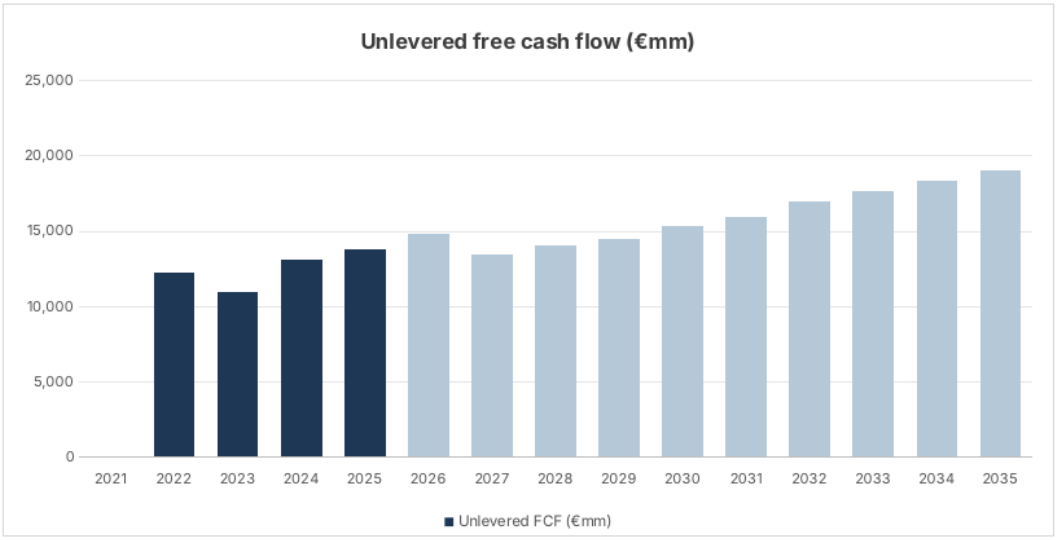
Margins: gross margin stays around 66.5-67%, in line with history. EBIT margin starts at 21.5% in 2026 and gradually recovers to 24% by the end of the period. That level is conservative compared with 26-27% in 2021-2023, but I think it is reasonable not to assume the group returns permanently to its peak.

CapEx: 6% of sales throughout the period, in line with the company's historical average.

What does each scenario mean?

- **Base Case:** LVMH stabilizes sales in 2026, starts to recover in 2027-2028 as the new creative directions generate demand, and converges toward 24% EBIT margins. It is the scenario where management executes well and the Chinese consumer recovers gradually, without extraordinary acceleration.
- **Best Case:** the recovery comes sooner, with a cultural moment at Dior similar to what Loewe experienced under Anderson himself, and the Chinese consumer returns to levels close to 2022-2023. It adds 1.5 points of growth per year and 2 points of EBIT margin.

- **Worst Case:** China stays weak for several more years, tariffs compress demand in the United States and the creative transitions take longer to translate into sales. It subtracts 2 points of growth and 2.5 points of EBIT margin. Even in this scenario LVMH still generates a lot of cash: LVMH's problems are about growth and margins, not viability.



Source: author's analysis.

Discount rate (WACC)

5. Discount rate (WACC)		Value
Risk-free rate		3.0%
Equity beta (levered)	x	1.15
Equity risk premium		5.0%
Country risk premium		–
Cost of equity		8.8%
Pre-tax cost of debt		3.5%
Tax rate (debt tax shield)		28.5%
After-tax cost of debt		2.5%
Market value of equity	€ mm	203,558
Total debt	€ mm	36,779
Debt / (Debt + Equity)		15.3%
Equity / (Debt + Equity)		84.7%
WACC		7.8%

Source: author's analysis.

Since LVMH reports in euros, the cost of equity starts from a 3% risk-free rate (German Bund), a 5% equity risk premium and a beta of 1.15. The five-year historical beta is higher (1.45), but it is inflated by the sector's volatility in recent years; for such a diversified group with such a solid balance sheet, an intermediate value seems more reasonable to me. The result is a **cost of equity of 8.75%**. For debt I use a 3.5% pre-tax cost. With a capital structure of 85% equity and 15% debt at market values, the **resulting WACC is 7.8%**.

To go from Enterprise Value to Equity Value I subtracted net debt (including leases) and minority interests, a total of €23.6 billion. The share count is 498 million.

Model results

PERPETUITY METHOD

With 2.5% perpetual growth and a 14% return on new invested capital, the model gives an Enterprise Value of €273.8 billion and an Equity Value of €250.2 billion, equivalent to **€502.43 per share**.

LVMH Moët Hennessy Louis Vuitton SE

AZ STOCKS Acciones de la A a la Z

MC · Discounted Cash Flow · Perpetuity Growth Method

Valuation date 6 Nov 2026 · EUR mm · Scenario: Base Case

INTRINSIC VALUE PER SHARE

€502.43

Current share price	€408.75
Upside / (downside)	+22.9%

VALUATION SUMMARY

Enterprise value	273,838
Equity value	250,210
PV of forecast cash flows	104,381
PV of terminal value	169,457
Terminal value % of EV	61.9%
Implied exit EV / EBITDA	9.5x

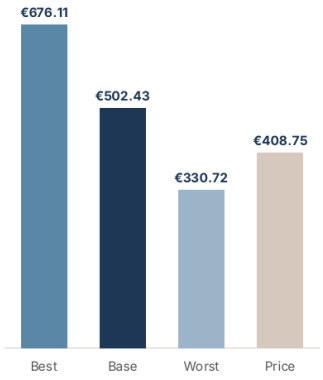
KEY ASSUMPTIONS

WACC (year 1)	7.8%
Terminal WACC	7.8%
Terminal growth (g)	2.5%
RONIC (terminal)	14.0%
Net debt & other claims	23,628
Diluted shares (mm)	498.0

SCENARIOS

Scenario	Terminal growth	Enterprise value	Equity value	Value per share	Upside
Best case	3.0%	360,332	336,704	**€676.11**	+65.4%
Base case	2.5%	273,838	250,210	**€502.43**	+22.9%
Worst case	2.0%	188,324	164,696	**€330.72**	(19.1%)
Current share price				*€408.75*	

VALUE PER SHARE VS. CURRENT PRICE



SENSITIVITY · VALUE PER SHARE

Terminal growth rate (g)

WACC / g	1.5%	2.0%	2.5%	3.0%	3.5%
6.8%	€573.70	€597.92	€627.77	€665.50	€714.68
7.3%	€519.09	€536.96	€558.56	€585.18	€618.82
7.8%	€473.26	€486.58	**€502.43**	€521.58	€545.19
8.3%	€434.24	€444.26	€456.01	€469.97	€486.85
8.8%	€400.65	€408.21	€416.97	€427.24	€439.46

Source: author's analysis.

In the Best Case the value is **€676.11** and in the Worst Case **€330.72**.

With a WACC half a point lower, the value rises to €559; with one half a point higher, it falls to €456. Even with an 8.8% WACC and 2% perpetual growth, the value (€408) is practically in line with the current price.

EBITDA MULTIPLE METHOD

Applying a **11.5x** multiple to EBITDA in the last projected year of the Base Case (14x in the Best Case and 9x in the Worst Case), the model gives an Enterprise Value of €309.8 billion and a value of **€574.73 per share**.

LVMH Moët Hennessy Louis Vuitton SE

MC · Discounted Cash Flow · Exit Multiple Method

Valuation date 6 Nov 2026 · EUR mm · Scenario: Base Case

INTRINSIC VALUE PER SHARE

€574.73

Current share price	€408.75
Upside / (downside)	+40.6%

VALUATION SUMMARY

Enterprise value	309,843
Equity value	286,215
PV of forecast cash flows	104,381
PV of terminal value	205,462
Terminal value % of EV	66.3%
Implied perpetual growth	3.0%

KEY ASSUMPTIONS

WACC (year 1)	7.8%
Terminal WACC	7.8%
Exit EV / EBITDA	11.5x
EBITDA, final forecast year	35,504
Net debt & other claims	23,628
Diluted shares (mm)	498.0

SCENARIOS

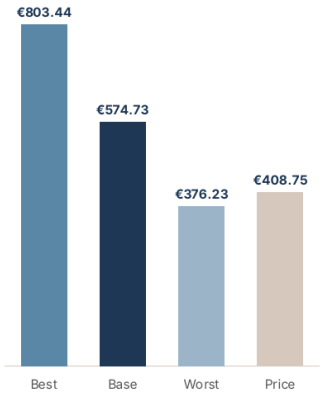
Scenario	Exit multiple	Enterprise value	Equity value	Value per share	Upside
Best case	14.0x	423,743	400,115	**€803.44**	+96.6%
Base case	11.5x	309,843	286,215	**€574.73**	+40.6%
Worst case	9.0x	210,989	187,361	**€376.23**	(8.0%)
Current share price				*€408.75*	

SENSITIVITY · VALUE PER SHARE

Exit EV / EBITDA multiple

WACC / multiple	9.5x	10.5x	11.5x	12.5x	13.5x
6.8%	€542.07	€581.14	€620.21	€659.28	€698.35
7.3%	€522.09	€559.53	€596.96	€634.40	€671.83
7.8%	€502.98	€538.85	**€574.73**	€610.60	€646.48
8.3%	€484.68	€519.06	€553.45	€587.84	€622.23
8.8%	€467.15	€500.12	€533.09	€566.06	€599.03

VALUE PER SHARE VS. CURRENT PRICE



Source: author's analysis.

An 11.5x multiple is demanding for LVMH: the company traded between 12x and 24x EBITDA over the last decade and ended 2025 at around 17x. I chose a low multiple on purpose, because it implies 3% perpetual growth, at the upper end of what I consider reasonable for a mature business.

In the Best Case the value is **€803.44** and in the Worst Case **€376.23**.

Reading both methods together

Averaging both methods in the base case, I arrive at a **target price of €539 per share**, compared with a market price of €408.75. That is an upside of about 32%.

The perpetuity method is the more conservative (€502, +23%) and the multiple method the more optimistic (€575, +41%). In both cases the Worst Case is close to the current price (between €331 and €376), which indicates the market is pricing in a fairly pessimistic scenario.

SECTION 08

Conclusion

At €409, my model gives a **target price of €539 per share**, an upside of about 32% in the base case. The current price is closer to my Worst Case than to my Base Case: the market is valuing LVMH as if the downturn will last many more years.

The problem is not the quality of the business, which is beyond doubt: it is the nature of the catalyst needed for that upside to materialize. The LVMH thesis depends heavily on Fashion & Leather Goods growing again, and that in turn depends on the recovery of the Chinese consumer, which is precisely the hardest variable to anticipate in the whole analysis. No financial model can tell you when aspirational demand in China will return, and that uncertainty has real consequences: if the recovery takes longer than expected (as already happened in 2024 and 2025), the opportunity cost of having capital tied up in LVMH can be high.

That is the central friction between the upside the model shows and the conviction I need to build a position. If the catalyst were internal to the business (a creative transition, a management change, a restructuring), I could build a thesis with more certainty about timing. When the catalyst is macroeconomic and geopolitical, timing becomes genuinely unpredictable.

What has changed in 2026 is that diversification is proving its value: while fashion falls, jewelry, Sephora and wines grow, debt comes down and the group sells the businesses that do not fit. LVMH is using the downturn to come out stronger.

If I had to pick a single position in the luxury sector, I still prefer Hermès for the quality of its demand, which does not depend on the cycle. But at these prices, LVMH looks like an attractive long-term company to me, with a margin of safety it did not have a year ago: the market is paying for the pessimistic scenario, and the controlling shareholder keeps buying.

We do not know when the luxury sector will turn. But when it does, LVMH has the operating leverage for the earnings recovery to be fast, and for the share price to reflect it before the annual results confirm it.

Alan



AZ STOCKS

Stocks from A to Z

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