EUROPE EQUITY RESEARCH

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LVMH Moet Hennessy Louis Vuitton SE

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Navigating market headwinds

Company Overview

LVMH Moët Hennessy Louis Vuitton SE is a global luxury group that engages in six divisions, including Wines & Spirits, Fashion & Leather Goods, Perfumes & Cosmetics, Watches & Jewelry, Selective Retailing and Other Activities. Its Wines & Spirits division owns brands such as Château Cheval Blanc, Château d'Yquem, Dom Pérignon, Glenmorangie, Hennessy, Krug, Moët & Chandon, Ruinart, Veuve Clicquot, etc. Fashion & Leather Goods division owns brands like Louis Vuitton, Berluti, Celine, Christian Dior, Fendi, Givenchy, Kenzo, Loewe, Marc Jacobs, Moynat, Rimowa, etc. Perfumes & Cosmetics division owns brands such as Acqua di Parma, Givenchy Parfums, Guerlain, Loewe Parfums, Make Up For Ever, Parfums Christian Dior, Stella by Stella Mccartney, etc. Watches & Jewelry division owns brands including Bulgari, Chaumet, Hublot, TAG Heuer, Tiffany & Co., Zenith, etc. Selective Retailing division operates brands like DFS and Sephora, among others. Other Activities span across lifestyle, culture and arts, and include brands such as pasticceria COVA, high-end yacht builder Royal Van Lent, news media Le Parisien, Radio Classique, Cheval Blanc Maisons, etc.

Investment Overview

Multinational luxury group with the most diversified portfolio. LVMH's extensive and diversified brand portfolio, global presence, strong brand equity, good emphasis on innovation, robust supply chain as well as distribution capabilities have all contributed to its dominance in the industry over the years. The company's solid financial performance, and commitment to sustainability via promoting eco-friendly and socially responsible brands further bolster its competitive advantage. Its strong diversification could also help smoothen out the risks of specific regions due to external operating factors. Collectively, all such strengths position LVMH to continue to stand out of the crowd.

1H25 missed expectations. LVMH navigated a challenging geopolitical and economic environment in 1H25, with revenue declining 4% y/y to EUR39.8bn and recurring operating profit falling 15% to EUR9bn, below expectations. However, the company maintained a strong focus on enhancing brand desirability through exceptional quality and retail excellence, with its Perfumes & Cosmetics, Watches & Jewelry, and Selective Retailing divisions demonstrating resilience. LVMH also generated significant operating free cash flow of EUR4bn and will pay an interim dividend of EUR5.5/share. Despite the disruptions, management remains confident in the company's ability to reinforce its global leadership position in luxury goods, leveraging the creativity and its strengthening of brand desirability.

Short-term challenges in a tough operating environment. LVMH has demonstrated decent revenue and margin expansion over the past few years, even during the COVID-19 pandemic. Nevertheless, on a higher base for 2025, and given the current volatile macro conditions, LVMH experienced slower revenue momentum in recent months. While we remain optimistic about its long-term outlook, especially given its customer-oriented approach and strongly diversified portfolio, the company's impending performance could remain less attractive.

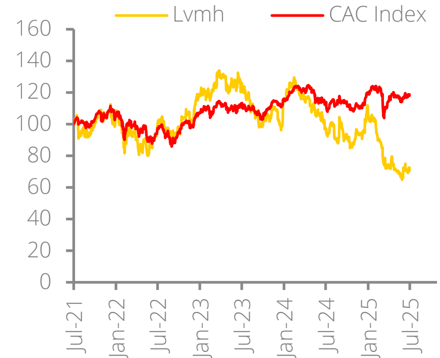
We recommend a HOLD on LVMH with TP of EUR469 per share. In view of near-term market challenges, our TP of EUR469 is based on 20x 12-month rolling PE, equivalent to 1 S.D. below its average PE. While LVMH could see slightly slower momentum in 2025 compared to a year ago, the company's strong brand diversification and customer-centric strategies should help supporting an optimistic outlook in the medium-term.

Key Financial Data

Bloomberg Ticker	MC FP
Sector	Consumer Discretionary
Share Price (EUR)	485
DBS Rating	HOLD
12-mth Target Price (EUR)	469.00
Market Cap (USDb)	281.6
Volume (m shares)	318.3
Free float (%)	50.9
Dividend yield (%)	2.7
Net Debt to Equity (%)	39.2
Fwd. P/E (x)	22.6
P/Book (x)	3.7
ROE (%)	16.9

Closing Price as of 21 Aug 2025
Source: Bloomberg, DBS

Indexed Share Price vs Composite Index Performance (indexed)



Source: Bloomberg

Risks

Supply chain disruptions, unfavourable forex impacts, intensifying competition, resurgence of pandemic, slower-than-expected tourism recovery, etc.

Financial Summary (EUR MN)

FY Dec	FY2022A	FY2023A	FY2024A	FY2025F	FY2026F
Sales	79,184	86,153	84,683	80,571	82,963
% y/y	*23.3*	*8.8*	*(1.7)*	*(4.9)*	*3.0*
Gross Profit	54,196	59,277	56,765	52,871	54,512
% y/y	*23.6*	*9.4*	*(4.2)*	*(6.9)*	*3.1*
EBITDA	27,281	29,979	27,367	23,574	24,886
% y/y	*18.7*	*9.9*	*(8.7)*	*(10.1)*	*5.5*
Net Profit (Loss)	14,124	15,353	12,903	10,624	11,864
% y/y	*17.4*	*8.7*	*(15.2)*	*(18.0)*	*11.7*
FCF	12,864	10,922	13,393	13,286	14,632
% y/y	*(19.5)*	*(15.1)*	*22.6*	*(0.8)*	*10.6*
CAPEX	4,969	7,478	5,531	5,046	5,098
% y/y	*86.5*	*50.5*	*(26.0)*	*(9.4)*	*1.1*
EBITDA Margin (%)	34.5	34.8	32.3	29.3	30.1
Net Margin (%)	17.8	17.8	15.4	13.2	14.3
ROA (%)	10.9	11.0	8.9	7.0	7.4
ROE (%)	26.8	25.7	19.0	14.8	15.3
Tax Rate (%)	26.7	26.2	28.5	30.5	28.3

Source: Visible Alpha

Valuation Metrics

FY Dec	FY2022A	FY2023A	FY2024A	FY2025F	FY2026F
P/E	24.3	24.2	25.3	23.5	21.0
P/B	6.2	6.0	4.7	3.5	3.2
Dividend Yield	1.8	1.8	2.0	2.5	2.6
EV/EBITDA (x)	13.6	13.3	12.9	11.8	11.2
FCF Yield %	3.8	3.0	4.2	5.4	5.9

Source: Visible Alpha

Credit & Cashflow Metrics

FY Dec	FY2022A	FY2023A	FY2024A	FY2025F	FY2026F
Debt / Equity	62.1	61.3	58.8	55.1	51.6
Net Debt / Equity	0.5	0.5	0.5	0.4	0.3
Debt / Assets	26.1	26.8	27.3	26.8	26.0
Net Debt / Assets	0.2	0.2	0.2	0.2	0.2
ST Debt / Total Debt (%)	0.3	0.3	0.3	0.3	0.3
Debt / EBITDA	1.3	1.3	1.5	1.7	1.7
[Cash + CFO] / ST Debt	2.1	2.0	2.1	2.3	2.7
Receivables Days	19.6	20.0	20.4	20.8	20.4
Days Payable	40.5	38.3	37.2	38.3	37.8
Inventory Days	93.7	97.2	102.0	104.9	103.3

Source: Visible Alpha

Target Price & Ratings History

#	Date of Report	Closing Price	12-m Target Price	Rating
1	19 May'25	503.90	540.00	HOLD
2	28 Jul'25	488.70	469.00	HOLD

Source: DBS
Analyst: Mavis HUI

DBS Group Research recommendations are based on an Absolute Total Return* Rating system, defined as follows:
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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

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