

Christian Dior

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PARIS

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Record Results in 2019

Paris, 28 January 2020

The **Christian Dior group** recorded revenue of €53.7 billion in 2019, up 15%. Organic revenue growth was 10%. Europe and the United States experienced good growth over the year, as did Asia, despite a difficult environment in Hong Kong in the second half of 2019.

Revenue growth in the fourth quarter was 12% compared to the same period in 2018. Organic revenue growth was 8% for the quarter. Restated for the non-recurring effects of the VAT increase in Japan and the stock movements of distributors of cognac in the US, the Group's organic growth was at a similar level in the third and fourth quarters.

Profit from recurring operations amounted to €11.5 billion in 2019, up 15%, compared to an already high level in 2018. Current operating margin reached a level of 21.4%. Group share of net profit amounted to €2.9 billion, up 14%

Key highlights from 2019 include:

- Further double-digit increases in revenue and profit from recurring operations, which reached record levels,
- Continued growth in all geographic areas,
- Good performance in Wines & Spirits, to which all regions contributed,
- Exceptional growth at Louis Vuitton and Christian Dior,
- Success of both iconic and new products at Louis Vuitton, whose profitability remains at an exceptional level,
- Great strength of the flagship brands of Perfumes & Cosmetics,
- Excellent year for Bvlgari and continued growth at Hublot,
- Strong growth at Sephora,
- Good resilience of DFS, faced, in the second half, with the situation in Hong Kong,
- The agreement with the iconic American jewelry Maison, Tiffany & Co,
- The integration of the Belmond hotel group,
- Operating free cash flow of €6.2 billion, an increase of 16%,
- Gearing of 17.3% at the end of December 2019.

Key figures

Euro millions	2018	2019 ⁽ⁱ⁾	% change
Revenue	46 826	53 670	+15 %
Profit from recurring operations	10 001	11 492	+ 15 %
Group share of net profit	2 574	2 938	+ 14 %
Operating free cash flow	5 382	6 237	+ 16 %
Net financial debt	⁽ⁱⁱ⁾ 418	6 184	⁽ⁱⁱⁱ⁾
Total equity	36 372	35 717	⁽ⁱⁱⁱ⁾

(i) Incorporating for the first time the impact of the application of IFRS 16 Leases.

(ii) Excluding the acquisition of Belmond shares at the end of 2018 for € 274 million.

(iii) X 15 (vs. X 2 without taking into consideration the exceptional interim dividend of € 5.3 billion paid on December 10, 2019).

(iii) – 2% (vs. + 13% without taking into consideration the exceptional interim dividend of € 5.3 billion paid on December 10, 2019).

Revenue by business group:

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

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

Profit from recurring operations by business group:

Euro millions	2018	2019	% change
Wines & Spirits	1 629	1 729	+ 6 %
Fashion & Leather Goods	5 943	7 344	+ 24 %
Perfumes & Cosmetics	676	683	+ 1 %
Watches & Jewelry	703	736	+ 5 %
Selective Retailing	1 382	1 395	+ 1 %
Other activities and eliminations	(332)	(395)	-
Total	10 001	11 492	+ 15 %

Wines & Spirits: excellent global momentum

The **Wines & Spirits** business group achieved organic revenue growth of 6%. Profit from recurring operations increased by 6%. The business group continued to pursue its value strategy based on a strong innovation policy, while accentuating its environmental and societal commitment. The different regions contributed in a balanced way to its growth. Champagne was driven by the faster growth of prestige cuvées and by its price increase policy. Hennessy cognac, which recorded good growth, became the world's leading premium spirits brand. The American market saw a normalization in stock levels at the distributors at the end of the year, while China continued its rapid progress linked notably to the timing of Chinese New Year. The acquisitions in 2019 of Château du Galoupet and Château d'Esclans mark LVMH's entry into the promising market of high-quality rosé wines.

Fashion & Leather Goods: remarkable performances by Louis Vuitton and Christian Dior

The **Fashion & Leather Goods** business group achieved organic revenue growth of 17% in 2019. Profit from recurring operations was up 24%. Louis Vuitton continued to deliver an exceptional performance, to which all businesses and all clientele contributed. Iconic lines and new creations contributed in a balanced way to revenue growth. The "Louis Vuitton X" exhibition in Los Angeles successfully showed the Maison's many artistic collaborations, and an unprecedented partnership in e-sport was signed with the League of Legends World Championship. The qualitative transformation of the distribution network continued notably with the inauguration of the Louis Vuitton Maison in Seoul, for which Frank Gehry designed a fantastic glass structure. Christian Dior has had a remarkable year. Proof of the Maison's unique influence was its exhibition at the Victoria and Albert Museum in London which had record attendance of nearly 600,000 visitors. Very well received by customers, an exceptional boutique on the Champs Elysées in Paris took over from the historic address of 30 avenue Montaigne while it is being renovated. Fendi's highlight for 2019 was its final tribute to Karl Lagerfeld, after a collaboration of 54 years. Celine gradually rolled out its boutique concept and launched its first high-end perfumery collection. Loewe delivered strong growth under the impetus of its designer JW Anderson. Loro Piana, Rimowa and Berluti experienced good progress.

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

The **Perfumes and Cosmetics** business group achieved organic revenue growth of 9%, driven by the remarkable momentum of its major brands, notably Dior, Guerlain and Givenchy. Profit from recurring operations was up 1% after taking into account an exceptional depreciation of the product lines of certain young American brands. Skincare grew, underpinned notably by the demand in Asia. Christian Dior continued to grow much faster than the market. In addition to the strength of its iconic perfumes *J'adore*, *Miss Dior* and *Sauvage*, makeup and skincare contributed significantly to the excellent performance of the Maison. Guerlain's growth accelerated and the brand enjoyed particularly good momentum with the success of *Abeille Royale* in skincare and *Rouge G* in makeup. Parfums Givenchy achieved another year of strong growth thanks to its makeup and its *L'Interdit* perfume. Fresh, Fenty Beauty by Rihanna and Acqua di Parma grew rapidly.

Watches and Jewelry: strong growth at Bvlgari and continued repositioning of TAG Heuer

The **Watches and Jewelry** business group recorded organic revenue growth of 3%. Profit from recurring operations were up 5%. The agreement with Tiffany & Co was a strategic highlight of the year. Bvlgari continued to perform very well and to strongly increase its market share. High jewelry and the iconic lines *Serpenti*, *B.Zero 1* and *Diva's Dream* were enriched with many new products and the *Fiorever* collection, launched at the end of 2018, combining flowers and diamonds, contributed significantly to growth. In watchmaking, the *Serpenti Seduttori* watch was exceptionally well received. Chaumet's growth was driven by the success of its iconic collections. In early 2020, the Maison will inaugurate its completed renovated iconic site on Place Vendôme. As distribution evolves rapidly within the watchmaking sector, TAG Heuer continued to work with its partners to provide an increasingly selective and efficient distribution network, while pursuing its creative resurgence. Hublot recorded strong growth, driven by the *Classic Fusion*, *Big Bang* and *Spirit of Big Bang* lines. The first LVMH Watch exhibition at the Bvlgari Hotel in Dubai was a great success.

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

The **Selective Retailing** business group achieved organic revenue growth of 5%. Profit from recurring operations was up 1%. Sephora is experiencing strong growth and continues to gain market share. Growth was particularly strong in Asia and the Middle East. Online sales grew rapidly throughout the world. Its distribution network continued to grow with more than one hundred new stores and the renovation of the flagship stores of Dubai Mall, Times Square in New York and La Défense in Paris. Le Bon Marché continued to cultivate exclusivity in its offer and in 2019 it opened its "private apartments" for a personalized shopping service. The 24S digital platform progressed well, with an increasingly international clientele. In the second half of 2019, DFS faced a slowdown in tourism in Hong Kong, which is an important market. In Europe, the Galleria in Venice continued to perform very well, and preparations are underway for the imminent opening of its new location at La Samaritaine in Paris.

Cautiously confident for 2020

In an uncertain geopolitical context, the **Christian Dior group** is well-equipped to continue its growth momentum across all business groups in 2020. The Group will pursue its strategy focused on developing its brands by continuing to build on strong innovation and investments as well as a constant quest for quality in their products and their distribution.

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

Dividend

At the Annual General Meeting on April 16, 2020, Christian Dior will propose a dividend of €36.00 per share. Interim dividends of €2.20 per share and €29.20 per share were paid on December 10 of last year. The balance of €4.60 will be paid on April 23, 2020.

The Board of Directors met on January 28th to approve the financial statements for 2019. Audit procedures have been carried out and the audit report is being issued.

The regulated information related to this press release is available at www.dior-finance.com.

1. Consolidated income statement

<i>(EUR millions, except for earnings per share)</i>	Dec. 31, 2019	Dec. 31, 2018 ⁽¹⁾	Dec. 31, 2017 ⁽¹⁾
Revenue	53,670	46,826	43,666
Cost of sales	(18,123)	(15,625)	(15,105)
Gross margin	35,547	31,201	28,561
Marketing and selling expenses	(20,206)	(17,752)	(16,959)
General and administrative expenses	(3,877)	(3,471)	(3,251)
Income/(loss) from joint ventures and associates	28	23	-
Profit from recurring operations	11,492	10,001	8,351
Other operating income and expenses	(231)	(126)	(184)
Operating profit	11,261	9,875	8,167
Cost of net financial debt	(116)	(136)	(156)
Interest on lease liabilities	(290)	-	-
Other financial income and expenses	(170)	(279)	73
Net financial income/(expense)	(577)	(415)	(83)
Income taxes	(2,874)	(2,518)	(2,259)
Net profit before minority interests	7,810	6,942	5,825
Minority interests	4,872	4,368	3,566
Net profit, Group share	2,938	2,574	2,259
Basic Group share of net earnings per share (EUR)	16.29	14.30	12.58
Number of shares on which the calculation is based	180,318,638	180,001,480	179,596,082
Diluted Group share of net earnings per share (EUR)	16.27	14.25	12.50
Number of shares on which the calculation is based	180,318,638	180,172,099	180,093,616

(1) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases.

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2. Consolidated statement of comprehensive gains and losses

<i>(EUR millions)</i>	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Net profit before minority interests	7,810	6,942	5,825
Translation adjustments	298	270	(989)
Amounts transferred to income statement	1	(1)	25
Tax impact	11	15	(49)
	309	284	(1,013)
Change in value of hedges of future foreign currency cash flows	(16)	3	372
Amounts transferred to income statement	25	(279)	(104)
Tax impact	(3)	79	(76)
	6	(197)	192
Change in value of the ineffective portion of hedging instruments	(211)	(271)	(91)
Amounts transferred to income statement	241	148	210
Tax impact	(7)	31	(35)
	23	(92)	84
Gains and losses recognized in equity, transferable to income statement	338	(5)	(737)
Change in value of vineyard land	42	8	(35)
Amounts transferred to consolidated reserves	-	-	-
Tax impact	(11)	(2)	82
	31	6	47
Employee benefit obligations: change in value resulting from actuarial gains and losses	(167)	28	60
Tax impact	39	(5)	(22)
	(128)	23	38
Gains and losses recognized in equity, not transferable to income statement	(97)	29	85
Comprehensive income	8,050	6,966	5,173
Minority interests	5,019	4,400	3,146
COMPREHENSIVE INCOME, GROUP SHARE	3,031	2,566	2,027

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3. Consolidated balance sheet

Assets

<i>(EUR millions)</i>	Dec. 31, 2019	Dec. 31, 2018 ⁽¹⁾	Dec. 31, 2017 ⁽¹⁾
Brands and other intangible assets	16,335	16,376	16,078
Goodwill	14,500	12,192	12,301
Property, plant and equipment	17,878	14,463	13,217
Right-of-use assets	12,409	-	-
Investments in joint ventures and associates	1,074	638	639
Non-current available for sale financial assets	915	1,100	789
Other non-current assets	1,546	985	869
Deferred tax	2,274	1,932	1,741
Non-current assets	66,932	47,686	45,634
Inventories and work in progress	13,717	12,485	10,888
Trade accounts receivable	3,450	3,222	2,736
Income taxes	406	461	780
Other current assets	3,264	4,864	5,119
Cash and cash equivalents	6,062	8,553	7,586
Current assets	26,898	29,585	27,109
TOTAL ASSETS	93,830	77,271	72,743

Liabilities and equity

<i>(EUR millions)</i>	Dec. 31, 2019	Dec. 31, 2018 ⁽¹⁾	Dec. 31, 2017 ⁽¹⁾
Equity, Group share	10,880	14,240	12,769
Minority interests	24,837	22,132	19,932
Equity	35,717	36,372	32,701
Long-term borrowings	5,450	6,353	7,893
Non-current lease liabilities	10,373	-	-
Non-current provisions and other liabilities	3,811	3,269	3,280
Deferred tax	5,094	4,633	4,587
Purchase commitments for minority interests' shares	10,735	9,281	9,177
Non-current liabilities	35,462	23,536	24,937
Short-term borrowings	7,627	5,550	4,553
Current lease liabilities	2,172	-	-
Trade accounts payable	5,814	5,314	4,540
Income taxes	729	542	853
Current provisions and other liabilities	6,308	5,957	5,159
Current liabilities	22,651	17,363	15,105
TOTAL LIABILITIES AND EQUITY	93,830	77,271	72,743

(1) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases.

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4. Consolidated statement of changes in equity

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares	Cumulative translation adjustment	Revaluation reserves					Total equity		
						Available for sale financial assets	Hedges of future foreign currency flows and cost of hedging	Vineyard land	Employee benefit commitments	Net profit and other reserves	Group share	Minority interests	Total
As of Dec. 31, 2016	180,507,516	361	194	(104)	520	-	(49)	447	(59)	10,526	11,836	18,243	30,079
Gains and losses recognized in equity					(365)		102	15	16	-	(232)	(420)	(652)
Net profit										2,259	2,259	3,566	5,825
Comprehensive income					(365)	-	102	15	16	2,259	2,027	3,146	5,173
Stock option plan-related expenses										34	34	39	73
(Acquisition)/disposal of treasury shares				32						(13)	19	-	19
Capital increase in subsidiaries										-	-	44	44
Interim and final dividends paid										(539)	(539)	(1,505)	(2,044)
Changes in control of consolidated entities										(2)	(2)	102	100
Impact of the sale of Christian Dior Couture to LVMH										(475)	(475)	327	(148)
Acquisition and disposal of minority interests' shares					(1)			(1)		(76)	(78)	(97)	(175)
Purchase commitments for minority interests' shares										(53)	(53)	(367)	(420)
As of Dec. 31, 2017	180,507,516	361	194	(72)	154	-	53	461	(43)	11,661	12,769	19,932	32,701
Gains and losses recognized in equity					89		(106)	1	8	-	(8)	32	24
Income/Loss										2,574	2,574	4,368	6,942
Comprehensive income					89	-	(106)	1	8	2,574	2,566	4,400	6,966
Stock option plan-related expenses										40	40	47	87
(Acquisition)/disposal of treasury shares				38						(14)	24	-	24
Capital increase in subsidiaries										-	-	50	50
Interim and final dividends paid										(973)	(973)	(1,937)	(2,910)
Changes in control of consolidated entities										(4)	(4)	36	32
Acquisition and disposal of minority interests' shares										(136)	(136)	(174)	(310)
Purchase commitments for minority interests' shares										(46)	(46)	(222)	(268)
As of Dec. 31, 2018	180,507,516	361	194	(34)	243	-	(53)	462	(35)	13,102	14,240	22,132	36,372
Impact of changes in accounting standards ⁽¹⁾										(12)	(12)	(17)	(29)
As of Jan. 1, 2019	180,507,516	361	194	(34)	243	-	(53)	462	(35)	13,090	14,228	22,115	36,343
Gains and losses recognized in equity					119		10	10	(46)	-	93	147	240
Net profit										2,938	2,938	4,872	7,810
Comprehensive income					119	-	10	10	(46)	2,938	3,031	5,019	8,050
Stock option plan-related expenses										34	34	42	76
(Acquisition)/disposal of treasury shares				17						(12)	6	-	6
Capital increase in subsidiaries										-	-	95	95
Interim and final dividends paid										(6,386)	(6,386)	(2,263)	(8,649)
Changes in control of consolidated entities										1	1	26	27
Acquisition and disposal of minority interests' shares								(1)		(30)	(30)	9	(21)
Purchase commitments for minority interests' shares										(2)	(2)	(206)	(208)
As of Dec. 31, 2019	180,507,516	361	194	(17)	362	-	(43)	471	(80)	9,632	10,880	24,837	35,717

(1) The impact of changes in accounting standards arose from the application of IFRS 16 Leases as of January 1, 2019.

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5. Consolidated cash flow statement

<i>(EUR millions)</i>	Dec. 31, 2019	Dec. 31, 2018 ⁽¹⁾	Dec. 31, 2017 ⁽¹⁾
I. OPERATING ACTIVITIES			
Operating profit	11,261	9,875	8,167
(Income)/loss and dividends received from joint ventures and associates	(10)	5	22
Net increase in depreciation, amortization and provisions	2,700	2,278	2,499
Depreciation of right-of-use assets	2,408	-	-
Other adjustments and computed expenses	(266)	(214)	(106)
Cash from operations before changes in working capital	16,092	11,944	10,582
Cost of net financial debt: interest paid	(137)	(130)	(146)
Lease liabilities: interest paid	(239)	-	-
Tax paid	(2,845)	(2,308)	(2,872)
Change in working capital	(1,154)	(1,086)	(516)
Net cash from operating activities	11,718	8,840	7,048
II. INVESTING ACTIVITIES			
Operating investments	(3,294)	(3,038)	(2,517)
Purchase and proceeds from sale of consolidated investments	(2,478)	(17)	(524)
Dividends received	8	18	13
Tax paid related to non-current available for sale financial assets and consolidated investments	(1)	(145)	-
Purchase and proceeds from sale of non-current available for sale financial assets	(104)	(400)	(32)
Net cash from/(used in) investing activities	(5,869)	(3,582)	(3,060)
III. FINANCING ACTIVITIES			
Interim and final dividends paid	(8,796)	(2,964)	(1,557)
Purchase and proceeds from sale of minority interests	(48)	(519)	(171)
Other equity-related transactions	88	65	64
Proceeds from borrowings	2,837	1,528	6,192
Repayment of borrowings	(2,310)	(2,174)	(2,237)
Repayment of lease liabilities	(2,187)	-	-
Purchase and proceeds from sale of current available for sale financial assets	2,060	48	(2,108)
Net cash from/(used in) financing activities	(8,358)	(4,016)	183
IV. EFFECT OF EXCHANGE RATE CHANGES	39	67	(260)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)	(2,469)	889	3,911
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8,555	7,466	3,555
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,886	8,355	7,466
TOTAL TAX PAID	(2,997)	(2,513)	(2,384)

(1) The financial statements as of December 31, 2018 and 2017 have not been restated to reflect the application of IFRS 16 Leases.

Alternative performance measure

The following table presents the reconciliation between "Net cash from operating activities" and "Operating free cash flow" for the fiscal years presented:

<i>(EUR millions)</i>	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Net cash from operating activities	11,718	8,420	7,048
Operating investments	(3,294)	(3,038)	(2,517)
Repayment of lease liabilities	(2,187)	-	-
OPERATING FREE CASH FLOW^(a)	6,237	5,382	4,531

(a) Under IFRS 16, fixed lease payments are treated partly as interest payments and partly as principal repayments. For its own operational management purposes, the Group treats all lease payments as components of its "Operating free cash flow", whether the lease payments made are fixed or variable. In addition, for its own operational management purposes, the Group treats operating investments as components of its "Operating free cash flow".

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6. Appendix

Revenue by business group and by quarter

2019 Revenue

2019 (EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and Eliminations	Total
First Quarter	1,349	5,111	1,687	1,046	3,510	(165)	12,538
Second Quarter	1,137	5,314	1,549	1,089	3,588	(133)	12,544
First Half	2,486	10,425	3,236	2,135	7,098	(298)	25,082
Third Quarter	1,433	5,448	1,676	1,126	3,457	176 ^(a)	13,316
Nine months	3,919	15,873	4,912	3,261	10,555	(122)	38,398
Fourth Quarter	1,657	6,364	1,923	1,144	4,236	(52)	15,272
TOTAL 2019	5,576	22,237	6,835	4,405	14,791	(174)	53,670

(a) Including the entire revenue of Belmond from April to September, 2019.

2019 Revenue (Organic growth versus same period of 2018)

2019 (EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and Eliminations	Total
First Quarter	+9%	+15%	+9%	+4%	+8%	-	+11%
Second Quarter	+4%	+20%	+10%	+4%	+7%	-	+12%
First Half	+6%	+18%	+9%	+4%	+8%	-	+12%
Third Quarter	+8%	+19%	+7%	+5%	+4%	-	+11%
Nine months	+7%	+18%	+8%	+4%	+6%	-	+11%
Fourth Quarter	+3%	+15%	+12%	+1%	+1%	-	+8%
TOTAL 2019	+6%	+17%	+9%	+3%	+5%	-	+10%

2018 Revenue

2018 (EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and Eliminations	Total
First Quarter	1,195	4,270	1,500	959	3,104	(174)	10,854
Second Quarter	1,076	4,324	1,377	1,019	3,221	(121)	10,896
First Half	2,271	8,594	2,877	1,978	6,325	(295)	21,750
Third Quarter	1,294	4,458	1,533	1,043	3,219	(168)	11,379
Nine months	3,565	13,052	4,410	3,021	9,544	(463)	33,129
Fourth Quarter	1,578	5,403	1,682	1,102	4,102	(170)	13,697
TOTAL 2018	5,143	18,455	6,092	4,123	13,646	(633)	46,826

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The application of IFRS 16 had the following impact on the Group's financial statements as of December 31, 2019

Income statement

- Profit from recurring operations benefited from a positive contribution of 155 million euros,
- Net financial income/expense recorded a negative 290 million euros impact of interest on lease liabilities,
- There was a negative 39 million euros impact on the Group share net profit.

Balance sheet

- The recognition of right-of-use assets increased non-current assets by 12.0 billion euros,
- The recognition of lease liabilities increased total liabilities by 12.0 billion euros, including 10.0 billion euros in non-current lease liabilities and 2.0 billion euros in current lease liabilities.

The liability for capitalized leases is excluded from the definition of net financial debt.

Cash flow statement

- There was a favourable 2,169 million euros impact on net cash flow from operating activities, including the positive 2,408 million euros impact of the depreciation of right-of-use assets (which has no cash impact) and a negative 239 million euros impact of interest paid on lease liabilities,
- Net cash from/(used in) financing operations was negatively affected by the repayment of lease liabilities for 2,187 million euros.

Since the application of IFRS 16 had a significant impact of on the cash flow statement given the importance of fixed lease payments to the Group's activities, specific indicators are used for internal performance monitoring requirements and financial communication purposes in order to present consistent performance indicators, independently of the fixed or variable nature of the lease payments. One such Alternative Performance Indicator is "Operating free cash flow", which is calculated by deducting capitalized fixed lease payments in their entirety from cash flow. The reconciliation between "Net cash from operating activities" and "Operating free cash flow" as of December 31, 2019 and 2018:

<i>(EUR millions)</i>	2019	2018
Net cash from operating activities	11,718	8,420
Operating investments	(3,294)	(3,038)
Repayments of rental debts	(2,187)	-
OPERATING FREE CASH FLOW	6,237	5,382