

# Christian Dior

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## *Christian Dior showed good resilience against the pandemic crisis in 2020*

Paris, January 26<sup>th</sup>, 2021

**The Christian Dior group** recorded revenue of 44.7 billion euros in 2020, down 17%. Organic revenue declined 16% compared to 2019. The Group showed good resilience in 2020 in an economic environment severely disrupted by the serious health crisis that led to the suspension of international travel and the closure of its stores and manufacturing sites in most countries over a period of several months.

With an organic revenue decline of only 3% in the fourth quarter, the Group saw a significant improvement in trends in all its activities compared to the first nine months of 2020. Fashion & Leather Goods in particular, enjoyed a remarkable performance, with double-digit growth in both the third and fourth quarters. While Europe is still affected by the crisis, the United States saw a good recovery and Asia grew strongly.

Profit from recurring operations, which amounted to 8.3 billion euros in 2020, declined only 28% over the year due to a return to growth in the second half, which was up 7%. Operating margin reached 18.6% in 2020. Group share of net profit amounted to 1.9 billion euros, down 34%.

Key highlights from 2020 include:

- Highest priority given to the health and safety of our employees and our customers,
- Direct support in the fight against the pandemic,
- Good resilience, notably from the major brands, in an economic environment disrupted by the health crisis,
- Impact of the crisis on revenue trends around the world, with however, a second half marked by a strong recovery in Asia, which saw double-digit growth, and a significant improvement in trends in the United States and Japan,
- Double-digit organic revenue growth at Louis Vuitton and Christian Dior Maisons over the last two quarters of 2020,
- Success of both iconic and new products at Louis Vuitton, whose profitability remains at an exceptional level,
- Remarkable resilience of Cognac,
- Sharp acceleration in online sales, partially offsetting the effect on revenue caused by the closure of the Group's stores for several months,
- Suspension of international travel, severely penalizing hotel and travel retail activities,
- Operating free cash flow very close to that of 2019,
- The completion of the agreement with the iconic American jewelry Maison Tiffany.

## Key figures

<b>Euro millions</b>	<b>2019</b>	<b>2020</b>	<b>% change</b>
Revenue	53 670	44 651	- 17 %
Profit from recurring operations	11 492	8 300	- 28 %
Group share of net profit	2 938	1 933	- 34 %
Operating free cash flow	6 237	6 093	- 2 %
Net Financial debt	6 184	4 213	- 32 %
Total equity	35 717	36 244	+ 1 %

## Revenue by business group:

<b>Euro millions</b>	<b>2019</b>	<b>2020</b>	<b>Change 2020 / 2019</b>		<b>Change Q4 2020 / Q4 2019 Organic*</b>
			<b>Reported</b>	<b>Organic*</b>	
Wines & Spirits	5 576	4 755	- 15 %	- 14 %	- 11%
Fashion & Leather Goods	22 237	21 207	- 5 %	- 3 %	+ 18%
Perfumes & Cosmetics	6 835	5 248	- 23 %	- 22 %	- 15%
Watches & Jewelry	4 405	3 356	- 24 %	- 23 %	- 2%
Selective Retailing	14 791	10 155	- 31 %	- 30 %	- 26%
Other activities and eliminations	(174)	(70)	-	-	-
<b>Total</b>	<b>53 670</b>	<b>44 651</b>	<b>- 17 %</b>	<b>- 16 %</b>	<b>- 3%</b>

*\* With comparable structure and constant exchange rates. For 2020, the currency effect was -1% and the structural impact was almost zero. For the fourth quarter of 2020, the currency effect was -4% and the structural impact was almost zero.*

## Profit from recurring operations by business group:

<b>Euro millions</b>	<b>2019</b>	<b>2020</b>	<b>% change</b>
Wines & Spirits	1 729	1 388	- 20 %
Fashion & Leather Goods	7 344	7 188	- 2 %
Perfumes & Cosmetics	683	80	- 88 %
Watches & Jewelry	736	302	- 59 %
Selective Retailing	1 395	(203)	-
Other activities and eliminations	(395)	(455)	-
<b>Total</b>	<b>11 492</b>	<b>8 300</b>	<b>- 28 %</b>

## **Wines & Spirits: strong recovery in the United States in the second half of the year and improvement in trends in China**

The **Wines & Spirits** business group saw its organic revenue decline by 14% in 2020. Profit from recurring operations was down 20%. All Maisons showed great resilience and gained market share. After a significant drop in volumes in the second quarter, the Champagne business experienced improved trends in the second half, particularly in the United States. Beginning in June, Hennessy cognac recorded a strong recovery, driven notably by demand in the United States. 2020 saw the integration of the 2019 acquisitions Château d'Esclans and Château du Galoupet for the first time over a full year, establishing a strong position for Moët Hennessy in the growing market for high-end rosé wines. A new high-end rum, Eminente launched in the third quarter.

## **Fashion & Leather Goods: remarkable resilience**

In 2020, the **Fashion & Leather Goods**, business group recorded a decrease in organic revenue of only 3% in an environment marked by the closure of stores over a period of several months. The second half saw a noteworthy rebound in activity, with double-digit organic revenue growth in both quarters. China recorded a strong recovery in revenue beginning in April and the United States in July. The brands' strict cost management made it possible to limit the decline in profit from recurring operations to 2%. Louis Vuitton, always driven by exceptional dynamism and creativity, was able very quickly to transform and revitalize its customer relations with a high quality and efficient digital service. Many innovations were unveiled throughout the year, such as the *Pont 9* range and the *1854* canvas. The Maison's commitment to high quality craftsmanship and sustainability continues in the form of responsible creativity. A new workshop opened at Vendôme in France. Christian Dior Maison demonstrated remarkable momentum and gained market share in all regions thanks to its exceptional creativity. The *Lady Dior* bag has become a global icon, the women's collections of Maria Grazia Chiuri and the men's runway shows of Kim Jones were a huge success. The other fashion brands showed solid resilience during the year, notably Loewe with the creations of J. W. Anderson, Celine with the creations of Hedi Slimane, Fendi and Marc Jacobs.

## **Perfumes & Cosmetics: continuous innovation and rapid growth in online sales**

The **Perfumes & Cosmetics** business group recorded a 22% decline in organic revenue in 2020. Profit from recurring operations was down 88%. In a sector suffering from the decline in international traveller spend and makeup, Group's major brands chose to be selective in their distribution and, unlike certain competitors, limited promotions and refused to sell indirectly to the Chinese parallel market, which presents major risks to the medium term desirability for brands that follow that route. The Perfumes and Cosmetics brands are showing good resilience resulting from the growth of skincare and online sales, particularly in Asia. Parfums Christian Dior saw a gradual improvement in the second half of the year, underpinned by the success of its new products *Miss Dior Roses N'Roses* and *J'adore Infinissime* in perfume, and *Rouge Dior* in makeup. Guerlain benefited from the remarkably dynamic skincare market, with the continued success of *Abeille Royale* and *Orchidée Impériale*. The new skincare brand Fenty Skin, developed by Rihanna, is off to a very promising start.

## **Watches & Jewelry: strong rebound in China in the second half of the year**

The **Watches & Jewelry** business group saw its organic revenue decline by 23% in 2020, with a strong improvement in trends in the fourth quarter, which fell only 2%. Profit from recurring operations was down 59%. Bvlgari was very responsive and quickly capitalized on the strong recovery in China. The Maison maintained a high pace of jewelry innovation with the successful launches of its *Serpenti Viper*, *B.Zero1 Rock* and *Barocko* collections. Chaumet inaugurated its new store at its historic address on Place Vendôme in Paris at the start of 2020 and strengthened its presence in China. In the watch sector, TAG Heuer celebrated its 160th anniversary with several limited editions in the *Carrera* collection and

launched the third generation of its smartwatch in New York. The year 2021 marks the welcome to the Group of the prestigious American jeweler Tiffany.

### **Selective retailing: good resilience at Sephora and strong impact of the suspension of international travel on DFS**

The **Selective Retailing** business group saw organic revenue decline by 30% in 2020. Profit from recurring operations amounted to (203) million euros. Sephora demonstrated good resilience during the health crisis, which, nonetheless, led to the closure of most of its stores for several months. The commitment and agility of its teams have enabled an acceleration of online sales, which reached historic levels in all markets, and the development of services such as Click & Collect and Live Shopping. Sephora has also strengthened its offering with new skincare and hair products. A new partnership has been signed with the American retailer Kohl's, whose stores are expected to accommodate 200 beauty spaces dedicated to Sephora in 2021. DFS saw a significant decline in its activity in most destinations due to the total suspension of international travel. While Hong Kong continues to feel the impact of the pandemic strongly, Macau saw improved trends in the latter part of the year. New services are being developed for its local customers and online sales have strengthened.

### **Cautious confidence for 2021**

In a very turbulent context, the Christian Dior group is well-equipped to build upon the hoped-for recovery in 2021 and regain growth momentum for all its businesses. The Group will continue to pursue its strategy focused on developing its brands by building 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 and its well diversified presence across its activities and the geographic areas in which it operates, the Group enters 2021 with cautious confidence and once again, sets an objective of reinforcing its global leadership position in luxury goods.

### **Dividend 2020**

At the Annual General Meeting of April 15, 2021, Christian Dior will propose a dividend of 6 euros per share. An interim dividend of 2 euros per share was paid on December 3 of last year. The balance of 4 euros will be paid on April 22, 2021.

*The Board of Directors met on January 26<sup>th</sup> to approve the financial statements for 2020. Audit procedures have been carried out and the audit report is being issued.*

*This financial release is available on our website [www.dior-finance.com](http://www.dior-finance.com).*

*“This document may contain certain forward looking statements which are based on estimations and forecasts. By their nature, these forward looking statements are subject to important risks and uncertainties and factors beyond our control or ability to predict, in particular those described in Christian Dior’s Annual Report which is available on the website ([www.dior-finance.com](http://www.dior-finance.com)). These forward looking statements should not be considered as a guarantee of future performance, the actual results could differ materially from those expressed or implied by them. The forward looking statements only reflect Christian Dior’s views as of the date of this document, and Christian Dior does not undertake to revise or update these forward looking statements. The forward looking statements should be used with caution and circumspection and in no event can Christian Dior and its Management be held responsible for any investment or other decision based upon such statements. The information in this document does not constitute an offer to sell or an invitation to buy shares in Christian Dior or an invitation or inducement to engage in any other investment activities.”*

## APPENDIX

Condensed consolidated accounts for 2020 are included in the PDF version of the press release.

### Revenue by business group and by quarter

#### 2020 Revenue (Euro millions)

2020	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective retailing	Other activities & eliminations	Total
First Quarter	1 175	4 643	1 382	792	2 626	(22)	10 596
Second Quarter	810	3 346	922	527	2 218	(26)	7 797
<b>Total First Half</b>	<b>1 985</b>	<b>7 989</b>	<b>2 304</b>	<b>1 319</b>	<b>4 844</b>	<b>(48)</b>	<b>18 393</b>
Third Quarter	1 364	5 945	1 370	947	2 332	(3)	11 955
<b>Nine months</b>	<b>3 349</b>	<b>13 934</b>	<b>3 674</b>	<b>2 266</b>	<b>7 176</b>	<b>(51)</b>	<b>30 348</b>
Fourth Quarter	1 406	7 273	1 574	1 090	2 979	(19)	14 303
<b>Total 2020</b>	<b>4 755</b>	<b>21 207</b>	<b>5 248</b>	<b>3 356</b>	<b>10 155</b>	<b>(70)</b>	<b>44 651</b>

#### 2020 Revenue (Organic change versus same period of 2019)

2020	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective retailing	Other activities & eliminations	Total
First Quarter	-14%	-10%	-19%	-26%	-26%	-	-17%
Second Quarter	-33%	-37%	-40%	-52%	-38%	-	-38%
<b>Total First Half</b>	<b>-23%</b>	<b>-24%</b>	<b>-29%</b>	<b>-39%</b>	<b>-33%</b>	<b>-</b>	<b>-28%</b>
Third Quarter	-3%	+12%	-16%	-14%	-29%	-	-7%
<b>Nine months</b>	<b>-15%</b>	<b>-11%</b>	<b>-25%</b>	<b>-30%</b>	<b>-31%</b>	<b>-</b>	<b>-21%</b>
Fourth Quarter	-11%	+18%	-15%	-2%	-26%	-	-3%
<b>Total 2020</b>	<b>-14%</b>	<b>-3%</b>	<b>-22%</b>	<b>-23%</b>	<b>-30%</b>	<b>-</b>	<b>-16%</b>

#### 2019 Revenue (Euro millions)

2019	Wines & Spirits	Fashion & Leather Goods	Perfumes & Cosmetics	Watches & Jewelry	Selective retailing	Other activities & 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
<b>Total First Half</b>	<b>2 486</b>	<b>10 425</b>	<b>3 236</b>	<b>2 135</b>	<b>7 098</b>	<b>(298)</b>	<b>25 082</b>
Third Quarter	1 433	5 448	1 676	1 126	3 457	176*	13 316
<b>Nine months</b>	<b>3 919</b>	<b>15 873</b>	<b>4 912</b>	<b>3 261</b>	<b>10 555</b>	<b>(122)</b>	<b>38 398</b>
Fourth Quarter	1 657	6 364	1 923	1 144	4 236	(52)	15 272
<b>Total 2019</b>	<b>5 576</b>	<b>22 237</b>	<b>6 835</b>	<b>4 405</b>	<b>14 791</b>	<b>(174)</b>	<b>53 670</b>

\* Includes all Belmond revenue for the period April to September 2019.

#### Alternative performance measures

For the purposes of its financial communication, in addition to the accounting aggregates defined by IAS / IFRS, the Christian Dior group uses alternative performance measures established in accordance with the AMF's position DOC-2015-12.

The table below lists these measures and the reference to their definition and their reconciliation with the aggregates defined by IAS / IFRS in published documents.

Measures	Reference to published documents
Operating free cash-flow	AR (consolidated financial statements, consolidated cash-flow statement)
Net financial debt	AR (Notes 1.22 and 19 of the appendix to the consolidated financial statements)
Gearing	AR (Part 7, Comments on Consolidated Balance Sheet)
Organic growth	AR (Part 1, Comments on the Consolidated Income Statement)

AR : 2020 Annual Report

## 1. Consolidated income statement

<i>(EUR millions, except for earnings per share)</i>	<b>2020</b>	<b>2019</b>	<b>2018<sup>(a)</sup></b>
<b>Revenue</b>	<b>44,651</b>	<b>53,670</b>	<b>46,826</b>
Cost of sales	15,871	(18,123)	(15,625)
<b>Gross margin</b>	<b>28,780</b>	<b>35,547</b>	<b>31,201</b>
Marketing and selling expenses	(16,790)	(20,206)	(17,752)
General and administrative expenses	(3,648)	(3,877)	(3,471)
Income/(loss) from joint ventures and associates	(42)	28	23
<b>Profit from recurring operations</b>	<b>8,300</b>	<b>11,492</b>	<b>10,001</b>
Other operating income and expenses	(333)	(231)	(126)
<b>Operating profit</b>	<b>7,967</b>	<b>11,261</b>	<b>9,875</b>
Cost of net financial debt	(38)	(116)	(136)
Interest on lease liabilities	(281)	(290)	-
Other financial income and expenses	(292)	(170)	(279)
<b>Net financial income/(expense)</b>	<b>(611)</b>	<b>(577)</b>	<b>(415)</b>
Income taxes	(2,385)	(2,874)	(2,518)
<b>Net profit before minority interests</b>	<b>4,970</b>	<b>7,810</b>	<b>6,942</b>
Minority interests	(3,037)	(4,872)	(4,368)
<b>Net profit, Group share</b>	<b>1,933</b>	<b>2,938</b>	<b>2,574</b>
<b>Basic Group share of net earnings per share (EUR)</b>	<b>10.72</b>	<b>16.29</b>	<b>14.30</b>
Number of shares on which the calculation is based	180,410,580	180,318,638	180,001,480
<b>Diluted Group share of net earnings per share (EUR)</b>	<b>10.70</b>	<b>16.27</b>	<b>14.25</b>
Number of shares on which the calculation is based	180,410,580	180,318,638	180,172,099

(a) The financial statements as of December 31, 2018 has not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 to the 2019 consolidated financial statements regarding the impact of the application of IFRS 16.

## 2. Consolidated statement of comprehensive gains and losses

<i>(EUR millions)</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Net profit before minority interests</b>	<b>4,970</b>	<b>7,810</b>	<b>6,942</b>
Translation adjustments	(1,645)	298	270
Amounts transferred to income statement	(11)	1	(1)
Tax impact	(10)	11	15
	<b>(1,666)</b>	<b>309</b>	<b>284</b>
Change in value of hedges of future foreign currency cash flows	73	(16)	3
Amounts transferred to income statement	(123)	25	(279)
Tax impact	(112)	(3)	79
	<b>(162)</b>	<b>6</b>	<b>(197)</b>
Change in value of the ineffective portion of hedging instruments	(209)	(211)	(271)
Amounts transferred to income statement	232	241	148
Tax impact	(9)	(7)	31
	<b>14</b>	<b>23</b>	<b>(92)</b>
<b>Gains and losses recognized in equity, transferable to income statement</b>	<b>(1,814)</b>	<b>338</b>	<b>(5)</b>
Change in value of vineyard land	(3)	42	8
Amounts transferred to consolidated reserves	-	-	-
Tax impact	3	(11)	(2)
	<b>-</b>	<b>31</b>	<b>6</b>
Employee benefit obligations: change in value resulting from actuarial gains and losses	(20)	(167)	28
Tax impact	6	39	(5)
	<b>(14)</b>	<b>(128)</b>	<b>23</b>
<b>Gains and losses recognized in equity, not transferable to income statement</b>	<b>(14)</b>	<b>(97)</b>	<b>29</b>
<b>Comprehensive income</b>	<b>3,141</b>	<b>8,050</b>	<b>6,966</b>
Minority interests	(1,926)	(5,019)	(4,400)
<b>Comprehensive income, Group share</b>	<b>1,215</b>	<b>3,031</b>	<b>2,566</b>

### 3. Consolidated balance sheet

#### Assets

<i>(EUR millions)</i>	2020	2019	2018 <sup>(a)</sup>
Brands and other intangible assets	16,143	16,335	16,376
Goodwill	14,508	14,500	12,192
Property, plant and equipment	17,575	17,878	14,463
Right-of-use assets	12,515	12,409	-
Investments in joint ventures and associates	990	1,074	638
Non-current available for sale financial assets	739	915	1,100
Other non-current assets	845	1,546	985
Deferred tax	2,323	2,274	1,932
<b>Non-current assets</b>	<b>65,640</b>	<b>66,932</b>	<b>47,686</b>
Inventories and work in progress	13,016	13,717	12,485
Trade accounts receivable	2,756	3,450	3,222
Income taxes	401	406	461
Other current assets	3,847	3,264	4,864
Cash and cash equivalents	20,358	6,062	8,553
<b>Current assets</b>	<b>40,377</b>	<b>26,898</b>	<b>29,585</b>
<b>Total assets</b>	<b>106,017</b>	<b>93,830</b>	<b>77,271</b>

#### Liabilities and equity

<i>(EUR millions)</i>	2020	2019	2018 <sup>(a)</sup>
Equity, Group share	11,270	10,880	14,240
Minority interests	24,974	24,837	22,132
<b>Equity</b>	<b>36,244</b>	<b>35,717</b>	<b>36,372</b>
Long-term borrowings	14,065	5,450	6,353
Non-current lease liabilities	10,665	10,373	-
Non-current provisions and other liabilities	3,288	3,811	3,269
Deferred tax	5,079	5,094	4,633
Purchase commitments for minority interests' shares	10,992	10,735	9,281
<b>Non-current liabilities</b>	<b>44,088</b>	<b>35,462</b>	<b>23,536</b>
Short-term borrowings	11,005	7,627	5,550
Current lease liabilities	2,164	2,172	-
Trade accounts payable	5,098	5,814	5,314
Income taxes	721	729	542
Current provisions and other liabilities	6,698	6,308	5,957
<b>Current liabilities</b>	<b>25,685</b>	<b>22,651</b>	<b>17,363</b>
<b>Total liabilities and equity</b>	<b>106,017</b>	<b>93,830</b>	<b>77,271</b>

(a) The financial statements as of December 31, 2018 has not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 to the 2019 consolidated financial statements regarding the impact of the application of IFRS 16.



## 4. Consolidated statement of changes in equity

(EUR millions)	Number of shares	Share capital	Share premium account	Christian Dior treasury shares	Cumulative translation adjustment	Revaluation reserves				Net profit and other reserves	Total equity		
						Available for sale financial assets	Hedges of future foreign currency cash flows and cost of hedging	Vineyard land	Employee benefit commitments		Group share	Minority interests	Total
<b>As of Dec. 31, 2017</b>	<b>180,507,516</b>	<b>361</b>	<b>194</b>	<b>(72)</b>	<b>154</b>	<b>-</b>	<b>53</b>	<b>461</b>	<b>(45)</b>	<b>11,661</b>	<b>12,769</b>	<b>19,932</b>	<b>32,701</b>
Gains and losses recognized in equity					89	-	(106)	1	8		(8)	32	24
Net profit										2,574	2,574	4,368	6,942
<b>Comprehensive income</b>					<b>89</b>	<b>-</b>	<b>(106)</b>	<b>1</b>	<b>8</b>	<b>2,574</b>	<b>2,566</b>	<b>4,400</b>	<b>6,966</b>
Expenses related to bonus shares and similar plans										40	40	47	87
(Acquisition)/disposal of Christian Dior 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)
<b>As of Dec. 31, 2018</b>	<b>180,507,516</b>	<b>361</b>	<b>194</b>	<b>(34)</b>	<b>243</b>	<b>-</b>	<b>(53)</b>	<b>462</b>	<b>(35)</b>	<b>13,102</b>	<b>14,240</b>	<b>22,132</b>	<b>36,372</b>
Impact of changes in accounting standards <sup>(a)</sup>										(12)	(12)	(17)	(29)
<b>As of January 1, 2019</b>	<b>180,507,516</b>	<b>361</b>	<b>194</b>	<b>(34)</b>	<b>243</b>	<b>-</b>	<b>(53)</b>	<b>462</b>	<b>(35)</b>	<b>13,090</b>	<b>14,228</b>	<b>22,115</b>	<b>36,343</b>
Gains and losses recognized in equity					119	-	10	10	(46)		93	147	240
Net profit										2,938	2,938	4,872	7,810
<b>Comprehensive income</b>					<b>119</b>	<b>-</b>	<b>10</b>	<b>10</b>	<b>(46)</b>	<b>2,938</b>	<b>3,031</b>	<b>5,019</b>	<b>8,050</b>
Expenses related to bonus shares and similar plans										34	34	42	76
(Acquisition)/disposal of Christian Dior 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)
<b>As of Dec. 31, 2019</b>	<b>180,507,516</b>	<b>361</b>	<b>194</b>	<b>(17)</b>	<b>362</b>	<b>-</b>	<b>(43)</b>	<b>471</b>	<b>(81)</b>	<b>9,632</b>	<b>10,880</b>	<b>24,837</b>	<b>35,717</b>
Gains and losses recognized in equity					(640)	-	(73)	-	(5)		(718)	(1,111)	(1,829)
Net profit										1,933	1,933	3,037	4,970
<b>Comprehensive income</b>					<b>(640)</b>	<b>-</b>	<b>(73)</b>	<b>-</b>	<b>(5)</b>	<b>1,933</b>	<b>1,215</b>	<b>1,926</b>	<b>3,141</b>
Expenses related to bonus shares and similar plans										26	26	36	62
(Acquisition)/disposal of Christian Dior treasury shares										-	-	-	-
Capital increase in subsidiaries										-	-	54	54
Interim and final dividends paid										(830)	(830)	(1,733)	(2,563)
Changes in control of consolidated entities										(13)	(13)	(11)	(24)
Acquisition and disposal of minority interests' shares										(88)	(88)	(28)	(116)
Purchase commitments for minority interests' shares										80	80	(107)	(27)
<b>As of Dec. 31, 2020</b>	<b>180,507,516</b>	<b>361</b>	<b>194</b>	<b>(17)</b>	<b>(278)</b>	<b>-</b>	<b>(116)</b>	<b>471</b>	<b>(86)</b>	<b>10,740</b>	<b>11,270</b>	<b>24,974</b>	<b>36,244</b>

(a) The impact of changes in accounting standards arose from the application of IFRS 16 Leases as of January 1, 2019. See Note 1.2 to the 2019 consolidated financial statements regarding the impact of the application of IFRS 16.

## 5. Consolidated cash flow statement

(EUR millions)	2020	2019	2018 <sup>(a)</sup>
<b>I. OPERATING ACTIVITIES</b>			
Operating profit	7,967	11,261	9,875
(Income)/loss and dividends received from joint ventures and associates	64	(10)	5
Net increase in depreciation, amortization and provisions	3,478	2,700	2,278
Depreciation of right-of-use assets	2,572	2,408	-
Other adjustments and computed expenses	(91)	(266)	(214)
<b>Cash from operations before changes in working capital</b>	<b>13,990</b>	<b>16,092</b>	<b>11,944</b>
Cost of net financial debt: interest paid	(62)	(137)	(130)
Lease liabilities: interest paid	(290)	(239)	-
Tax paid	(2,397)	(2,845)	(2,308)
Change in working capital	(369)	(1,154)	(1,086)
<b>Net cash from operating activities</b>	<b>10,873</b>	<b>11,718</b>	<b>8,420</b>
<b>II. INVESTING ACTIVITIES</b>			
Operating investments	(2,478)	(3,294)	(3,038)
Purchase and proceeds from sale of consolidated investments	(536)	(2,478)	(17)
Dividends received	12	8	18
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	63	(104)	(400)
<b>Net cash from/(used in) investing activities</b>	<b>(2,939)</b>	<b>(5,869)</b>	<b>(3,582)</b>
<b>III. FINANCING ACTIVITIES</b>			
Interim and final dividends paid	(2,685)	(8,796)	(2,964)
Purchase and proceeds from sale of minority interests	(163)	(48)	(519)
Other equity-related transactions	39	88	65
Proceeds from borrowings	17,499	2,837	1,528
Repayment of borrowings	(5,024)	(2,310)	(2,174)
Repayment of lease liabilities	(2,302)	(2,187)	-
Purchase and proceeds from sale of current available for sale financial assets	69	2,060	48
<b>Net cash from/(used in) financing activities</b>	<b>7,433</b>	<b>(8,358)</b>	<b>(4,016)</b>
<b>IV. EFFECT OF EXCHANGE RATE CHANGES</b>	<b>(1,052)</b>	<b>39</b>	<b>67</b>
<b>Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>	<b>14,315</b>	<b>(2,469)</b>	<b>889</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>5,886</b>	<b>8,355</b>	<b>7,466</b>
<b>Cash and cash equivalents at end of period</b>	<b>20,201</b>	<b>5,886</b>	<b>8,355</b>
<b>Total tax paid</b>	<b>(2,527)</b>	<b>(2,997)</b>	<b>(2,513)</b>

(a) The financial statements as of December 31, 2018 has not been restated to reflect the application of IFRS 16 Leases. See Note 1.2 to the 2019 consolidated financial statements regarding the impact of the application of IFRS 16.

**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:

(EUR millions)	2020	2019	2018
Net cash from operating activities	10,873	11,718	8,420
Operating investments	(2,478)	(3,294)	(3,038)
Repayment of lease liabilities	(2,302)	(2,187)	-
<b>Operating free cash flow<sup>(a)</sup></b>	<b>6,093</b>	<b>6,237</b>	<b>5,382</b>

(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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