Czech University of Life Sciences Prague

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Master's Thesis

Assessment of the Financial Position and Performance of the Chosen Companies in the Luxury Goods Industry

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Faculty of Economics and Management

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Economics and Management

Thesis title

Assessment of the Financial Position and Performance of the Chosen Companies in the Luxury Goods Industry

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Objectives of thesis

The aim of this diploma thesis is to assess and compare the financial position and performance of the chosen companies operating in the luxury goods industry by analyzing the companies´ financial statements with focus on the representation and changes of the reported assets, liabilities, expenses, revenues and cash-flow for a chosen period and to identify the potential financial problems and the most significant factors influencing the profit from the companies and the industry point of view.

Methodology

Methodology for the literature overview is based on data collection from the relevant legal framework, specialized publications and other written or online sources. The practical part of the thesis will be based on the information gained from the published annual reports of the chosen companies. Vertical and horizontal analysis and ratio analysis of the financial statements will be used to assess the financial position and performance of the companies and to prepare the practical part of the thesis. The methods of analysis, synthesis, comparison and deduction will be used to formulate the conclusions of the thesis.

The proposed extent of the thesis

70-80

Keywords

financial statements, financial position, balance sheet, assets, liabilities, equity, financial performance, income statement, expenses, revenues, profit, financial analysis, cash-flow, luxury goods

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Recommended information sources

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Prague on 27. 03. 2024

Declaration

I declare that I have worked on my master thesis titled "Assessment of the Financial Position and Performance of the Chosen Companies in the Luxury Goods Industry" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master thesis, I declare that the thesis does not break any copyrights.

In Prague on 31.03.2024 ____________________________

Acknowledgement

I would like to thank Ing. Enikö Lorinczova, Ph.D., and all other persons, for their advice and support during my work on this thesis.

Assessment of the Financial Position and Performance of the Chosen Companies in the Luxury Goods Industry

Abstract

This diploma thesis conducted a comparative analysis of LVMH, Hugo Boss, and Kering, major players in the European luxury fashion industry, focusing on their financial management and resilience amidst challenges like the pandemic. Utilizing empirical analysis and literature review, the study examined financial indicators over a five-year period, revealing robust financial positions and liquidity for all three companies, albeit with Hugo Boss experiencing notable pandemic impacts. Solvency emerged as an area for improvement, with recommendations for transitioning towards equity financing to mitigate risks associated with heavy debt reliance. Profitability analysis highlighted high margins for LVMH and Kering, with Hugo Boss lagging. Despite facing challenges, all companies demonstrated resilience and strategic adeptness, with opportunities for improvement identified, particularly in enhancing solvency and mitigating risks associated with interest rate fluctuations through equity accumulation. These findings offer avenues for sustained growth and resilience in the luxury fashion industry.

Keywords: financial statements, financial position, balance sheet, assets, liabilities, equity, financial performance, income statement, expenses, revenues, profit, financial analysis, cash-flow, luxury goods

Hodnocení finanční pozice a výkonnosti vybraných společností v odvětví luxusního zboží

Abstrakt

Tato diplomová práce provedla srovnávací analýzu LVMH, Hugo Boss, a Kering, hlavní hráči v Evropském luxusním módním průmyslu, se zaměřením na jejich finanční řízení a odolnost uprostřed výzev, jako je pandemie. S využitím empirické analýzy a přehledu literatury studie zkoumala finanční ukazatele za pětileté období a odhalila robustní finanční pozice a likviditu pro všechny tři společnosti, i když Hugo Boss zažil pozoruhodné pandemické dopady. Solventnost se ukázala jako oblast pro zlepšení, s doporučeními pro přechod na kapitálové financování, aby se zmírnila rizika spojená s vysokou závislostí na dluhu. Analýza ziskovosti zdůraznila vysoké marže pro LVMH a Kering, přičemž Hugo Boss zaostával. Navzdory výzvám všechny společnosti prokázaly odolnost a strategickou zdatnost, přičemž byly identifikovány příležitosti ke zlepšení, zejména při zvyšování solventnosti a zmírňování rizik spojených s výkyvy úrokových sazeb prostřednictvím akumulace vlastního kapitálu. Tato zjištění nabízejí cesty pro trvalý růst a odolnost v luxusním módním průmyslu.

Klíčová slova: účetní závěrka, finanční situace, rozvaha, aktiva, pasiva, vlastní kapitál, finanční výkonnost, výsledovka, náklady, výnosy, zisk, finanční analýza, cash-flow, luxusní zboží

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1 Introduction

Luxury brands have had a rollercoaster ride in recent years, but have proved stronger, more resilient and adaptable than ever since the Covid-19 crises. Despite economic uncertainties, gains have returned to pre-outbreak levels. According to Bain & Company's research into the global luxury market, this segment of personal luxury brands which is considered the most important in the luxury industry, has grown steadily and is estimated to reach €362 billion by 2023, marking a 4% growth compared to 2022 at current exchange rates. This comeback highlights the lasting allure and customer interest in luxury items across fields such as fashion, accessories, clothes and jewelry.

The relevance and uniqueness of this thesis lies in its focus on evaluating the financial position and performance of the top luxury goods companies such as LVMH, Kering, and Hugo Boss. Most probably comparable studies have been done in the past with other set of companies, however this thesis seeks to provide fresh perspectives by analyzing these unique set of businesses - LVMH, Kering, and Hugo Boss within the context of the always changing luxury goods industry by deeper examining key financial metrics, integrating most recent financial data and comparing the performance of these industry sector. Moreover, the conclusions, findings and insights which will be ensured by this diploma thesis through comprehensive and up-to-date examination of Hugo Boss, Kering, and LVMH companies continue to be relevant and beneficial for various stakeholders such as investors, researchers, students and etc.

This diploma thesis's framework includes a number of essential structured parts, starting with clear definition of objectives and methodology for evaluation the financial position and performance of selected companies which were mentioned above. Secondly, in literature review section, will be explored crucial theoretical aspects related to the chosen industry, ensuring an overview of fundamental concepts and definitions. Afterwards, it will be considered methods used in analyzing the financial performance and position of companies operating in luxury field. Thirdly, in practical section will be implemented the analysis and approaches discussed in the methodology and literature review chapters. The concluding part of this thesis summarizes the key findings on the financial methods that Hugo Boss, Kering, and LVMH used to show their power in the luxury market. By the integration of actual financial data from these businesses with the results of previous research, we have been able to obtain a more comprehensive understanding of the luxury retail market. The implications of these findings for the industry are also covered in this part, along with possible areas for study enhancement and suggestions for future research directions. Essentially, it emphasizes how this thesis improves our knowledge of luxury fashion and helps to manage it better from both an academic and practical perspective.

2 Objectives and Methodology

2.1 Objectives

The diploma thesis' goal is centered around the objective of conducting a comprehensive comparative analysis between three major players in the luxury fashion industry – LVMH, Hugo Boss and Kering. All three companies represent the European luxury retail business, which leads to a series of similarities between them.

The analysis is performed with regard to the following financial indicators: market capitalizations, financial positions, financial performance, financial ratios and cash-flows. In the end, the conclusion is drawn, where recommendations are equally provided to the companies.

2.2 Methodology

The diploma thesis mainly relies on the empirical approach, but not exclusively. The methodology for conducting the literature review involves gathering information from relevant legal documents, specialized publications, and various online or written sources.

The practical part is represented by the compilation of empirical techniques, where the main tool for the analysis is the horizontal analysis of financial statements. In addition to that, trend functions are also implemented in the analysis of market capitalizations. The selected time period covers five years – between 2018 and 2022. Furthermore, the source of data are reports published directly by the organizations. Thus, the thesis relies on secondary source of data. Additionally, the methodology includes financial ratio analysis, which involves calculating and analyzing ratios obtained from the financial statements of the businesses. This multifaceted approach guarantees a comprehensive analysis of the financial performance of the businesses and provides insightful information for the objectives of the research.

3 Literature Review

The literature review of this diploma thesis serves as an overview of the fundamental concepts and definitions, as well as methods that are implemented in the analysis of financial performance and position of the companies operating in luxury clothing industry. The first sub-chapter of the literature review addresses the luxury industry as a whole, its brief history and the most prominent players.

The sub-chapter that follows is dedicated to the subject of financial reporting with the focus paid on different standards, methods and procedures applied to the formulation of those reports. The third sub-chapter and the subsequent ones are dedicated to the subject of financial analysis, the main methods used and their application with the subsequent introduction of relevant formulas that can be used for calculating those ratios.

By the end of the literature review, it is anticipated that the crucial theoretical foundation of the work will be laid, which will significantly facilitate the process of conducting own analysis in the subsequent part of the thesis.

3.1 Luxury Industry

In order to ensure that the theoretical foundation of the work will be comprehensive and deep, it is wise to begin by focusing on the luxury industry as a whole with the emphasis put on clothing in particular. Undeniably, the clothing luxury industry is just a specific section of the wider luxury industry that encompasses other different segments. At the same time, there is a series of remarkable traits inherent only to the fashion luxury industry (Donze & Fujioka, 2018).

As such, one of the most crucial aspects of the fashion luxury industry is that the modern luxury industry as a whole saw the light of the day not a long ago – it happened at the beginning of the 20th century, when the overwhelming majority of fashion designer houses rose to their glory and became extremely popular and known just among wealthy elites but also among ordinary people. Undeniably, such clothing was far from being accessible to large masses, but those designers became wildly known and recognized, which helped to further ensure that in case of considerable gains in income levels, those designer houses will be the first go-to destinations for masses to spend their income (Donze, 2020).

Before proceeding to further detail and specifying the founding fathers of the modern luxury fashion industry, it is crucial to first indicate the traits that make this particular industry attractive and interesting to large masses. Clearly, the very idea of this industry is associated with the nature of consumers and ordinary people. People tend to view specific less affordable and popular goods as a way of manifesting themselves, thus standing out of the crowd and gaining credibility in the eyes of their peers (Apple et al., 2018).

In that regard, luxury goods are seen as one of the best ways of manifesting oneself since they can be easily displayed and they traditionally have a very high utility, while also having a relatively high acquisition cost. Given the fact that clothing is something that itself is a basic good that is very frequently displayed in public places, fashion luxury industry is one of the most typical examples of luxury goods that gained universal acclaim around the globe after the accession of the industry at the beginning of the 20^{th} century. Another aspect that underpins the strength of the luxury fashion industry is the fact that the consumption of luxury goods has no saturation level, meaning that there is no point of saying enough (McNeil & Riello, 2016).

The history of the fashion luxury industry in the 20th century is a tale of innovation, cultural shifts, and economic transformations that were especially common for the era that became the groundbreaking one from almost all possible perspectives. This era witnessed the evolution of fashion from a craft-based, small-scale enterprise to a global, highly commercialized industry, which, largely thanks to the globalization that became the driving force of the contemporary society by the end of the 20^{th} century, accelerated the ascension of the industry even further. In the luxury fashion sector, the connection of identity, art, and commerce presents deep societal alterations (Dion & Borraz, 2015).

Acknowledgment and artistry is the description of the luxury fashion industry at the beginning of the 20th century. Some of the most successful leaders in the fashion industry, such as Louis Vuitton and Chane, brought transformation to the industry stage. The revolutionary designs by Coco Chanel (Figure 1), advertising flexibility and comfort, challenged dominant standards of opulence and impracticality. This marked a departure from the elaborate styles of the Belle Époque and laid the foundation for a more democratic approach to luxury (Potvin, 2020).

Figure 1, Coco Chanel

Source: Vogue, 2018

The luxury fashion industry has been impacted by global activities and interwar times. Particularly, negative economic downturns in the 1930s caused a reevaluation of the usage of luxury goods. More price-friendly luxury goods such as perfumes and accessories were offered on the market by the designers and houses. However, some designers such as Elsa Schiaparelli found the opportunity for rise in critical for luxury brands time, bringing avant-garde creations with flexible fashion and art. The crisis time tackling the fashion industry brought new opportunities rather than a mass downturn, opening a completely new beginning of the industry sector to large masses, not boasting with endless wealth at their disposal (Gibson, 2003).

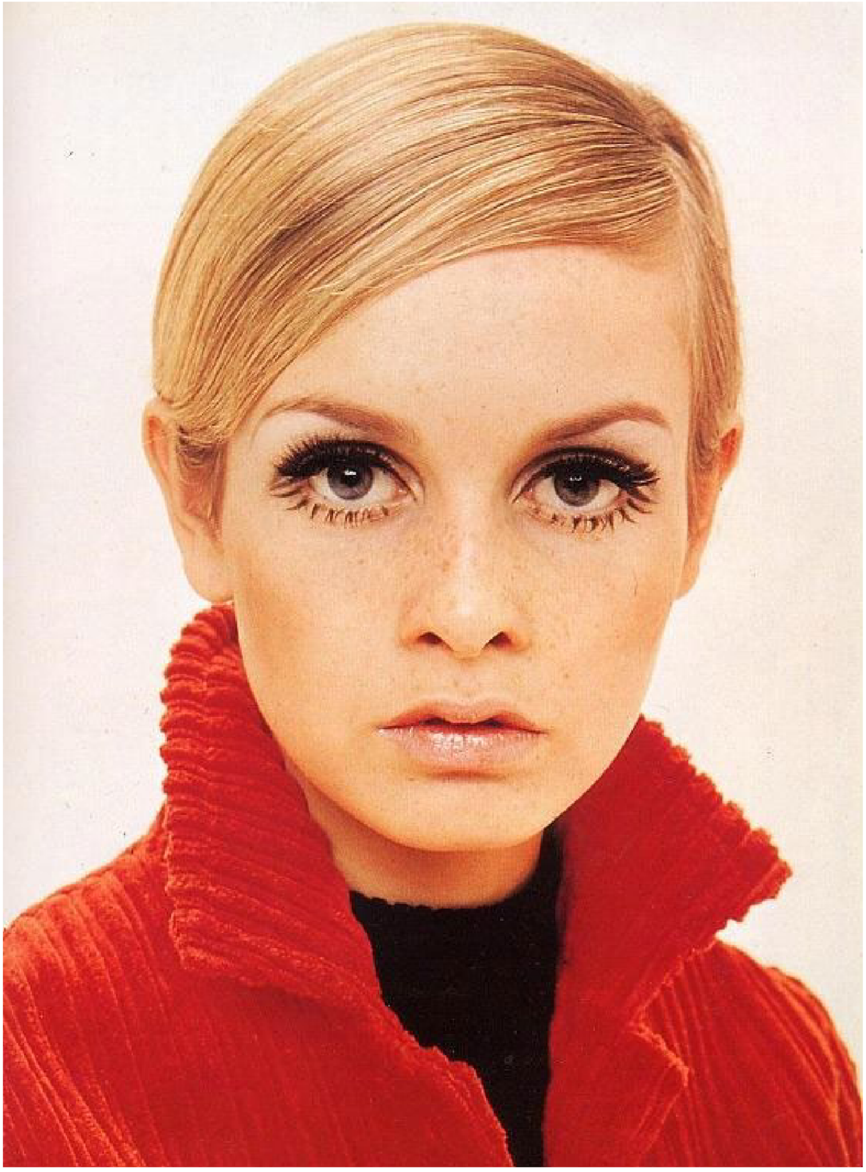
The turning point for the luxury fashion industry was marked after World War II. The center of the fashion world was located in Europe, particularly Paris again becoming the fashion capital. The symbol of femininity and opulence, known as the "New Look", was brought back in 1947 by Christian Dior after the austerity of the war period. The new ready-to-wear fashion was born in the same period, while fashion designers felt the need to target a large consumer base. Particularly mass consumption, in the way with exclusivity, became more affordable for the middle class. Lacoste and Fred Perry were among first fashion designers bringing revolutionary mass targetting to the industry, bringing them huge popularity (Font, 2011).

The cultural fashion revolution was brought in the 1960s and 1970s influencing the fashion industry. Traditional standards were challenged by the younger generation, bringing new aspects of aesthetics and expressions. Ready-to-wear collections were introduced by Yves Saint Laurent, pointing the spirit of rebellion, and underlying value changes in society. The self-expression fashion style driven by the younger generation helped the rise of boutique culture and the concept of "cool". During this period of time, largely thanks to the emergence of television, the phenomenon of marketing has set its foot into the fashion luxury industry, which resulted in the growth of popularity of the segment (Block, 2021).

Furthermore, the beneficial economic situation of the 60s and early 70s resulted in increased demand for such goods, especially in newly industrialized and industrialized countries as the United States of America, Japan, Western Europe, the United Kingdom and other countries. More importantly, the United Kingdom started to emerge as one of smaller hubs of fashion alongside the United States, which resulted in the shift of the focus of the fashion luxury clothing to other places outside of France and notably of Paris. Additionally, thanks to the rise of fashion magazines and television, the modeling industry grew alongside the fashion luxury industry, which is especially crucial given the role that the complementary industry plays today (Armstrong, 2014). One of the most prominent models of the epoch, Twiggy, is presented in Figure 2.

Source: Vogue, 2023

Figure 2, "Twiggy", one of the most popular models of the 60s



Unmatched growth of the luxury fashion industry was practiced in the 1980s. New aspects such as extravagant accessories, bold designs, and ostentatious displays of wealth brought the new waves of the era of conspicuous consumption. Besides other regions, Asia and the Middle East were the new destinations of the global luxury brand expansions. The concept of the "It" bag, popularized by brands like Hermès and Chanel, became a status symbol, further fueling the desire for luxury goods (Tolic, 2020).

The peak of globalization that reached in the end of the 80s and early 90s has further accelerated the growth of the industry, opening the doors to new locations and countries, especially the ones that were the first to start the economic transition from communism to capitalism. The luxury industry was experiencing one of the most important times during the fall of the communist system at the end of the 20th century where the difference of ideologies was confronting two parties, where fashion was presented as anti-communist and a reincarnation of capitalism (Steele, 2000).

The rise of entertainment celebrity activities and fashion forms was experienced in the late 20th century. Cooperations between actors, musicians, and artists with fashion designers brought a higher connection between luxury industry and popular culture. Noticeably, contracts with Hollywood stars and society influencers brought strategic development in the global market for the fashion sector. With the rise of corporations such as Kering and LVMH, united the fashion industry, creating opportunities for brands to diversification of their goods and target audiences (Luzzini & Ronchi, 2010).

The turn of the century brought new challenges and opportunities for the luxury fashion industry. The digital revolution transformed the way consumers interacted with brands, ushering in the era of online retail and social media. Luxury houses had to adapt to the changing landscape, embracing e-commerce and digital marketing strategies. The democratization of information allowed consumers to become more discerning, demanding transparency and sustainability from luxury brands. Another crucial invention that once and for all changed the shape of the fashion industry, including its luxury segment, is the introduction of 3D printing practices that significantly decreased the cost of labor. Therefore, given already high margins for the luxury industry, the profit of the companies who were able to embrace the new technology went even higher (McCormick et al., 2020).

In the 21st century, sustainability and ethical practices have become central concerns for the luxury fashion industry. As awareness of environmental and social issues grows, consumers increasingly seek brands that prioritize responsible production and consumption.

Luxury houses are responding by incorporating sustainable practices into their supply chains and promoting ethical fashion. This shift reflects a broader societal awareness of the environmental impact of consumerism and a desire for more meaningful and responsible luxury consumption. Today, it is quite uncommon to encounter a luxury retailer that does not publish an ESG report on an annual basis, which serves as a further piece of evidence for the importance of sustainability for the modern luxury fashion market (Li & Leonas, 2019).

The bottom line of the chapter is that the history of the fashion luxury industry in the 20th century is a narrative of evolution, adaptation, and cultural transformation. From the exclusive ateliers of Paris to the globalized marketplaces of the 21st century, luxury fashion has navigated through changing economic, cultural, and technological landscapes. The interplay of tradition and innovation, exclusivity and accessibility, has shaped the industry into the complex and multifaceted entity it is today (Grigorescu & Ion, n.d.). As we move further into the 21st century, the luxury fashion industry continues to grapple with the challenges of sustainability, ethical practices, and the ever-changing dynamics of global consumerism. Modern luxury brands are presented in Figure 3.

Figure 3, modern fashion brands

Source: Pxfuel, 2023

3.2 Financial Reporting

Financial reporting is a special process that is performed by all companies regardless of their jurisdiction, type of the company and management. Financial reporting is something that helps the government and affiliated authorities to verify and control the operations of organizations and entrepreneurs. Alternatively, the process of reporting does allow companies to demonstrate their performance to external users, such as investors or potential collaborators that might be willing to cooperate with a given organization. At last, financial reporting is crucial for the companies themselves since it can help to draw attention to problematic aspects and to identify them in the first place (Barth & Schipper, 2008).

Quite logically, since the process of financial reporting is a process that is performed in compliance with particular regulations, guidelines and legislation of countries and affiliated financial and tax institutions, there are specific guidelines on how to proceed with financial reporting. One of the most common aspects that are defined in any accounting standards is the length of the fiscal year that traditionally lasts from the 1st of January until the 31st of December. However, it does not necessarily mean that companies generate financial reports solely on an annual basis, whereas there are cases of companies publishing intermediary monthly and quarterly and even semi-annually, which is the case with huge multinational organizations constantly displaying this information to keep their investors up to date (Beyer et al., 2010).

All in all, when talking about financial reporting, it is wise to indicate that the majority of accounting legislations around the globe are currently being harmonized in accordance with the IFRS (international financial regulation standards), which leads to the narrowing down of disparities that exist between individual countries and blocks of countries. At the same time, it is wise to expect that a series of inherent characteristics will still not be harmonized, such as a need for publishing in domestic currency, domestic language and using specific methods that are recommended in given countries. An example of that is the use of LIFO (last in first out) approach for recording sale of goods, which is mostly allowed in the US but banned elsewhere. Despite the wave of harmonization, there are still infinitely many areas in which financial standards differ from one state to another (Soderstrom & Sun, 2007).

At last, it is wise to proceed to the specification of the main financial statements that are published by organizations:

1) Balance sheet:

The balance sheet presents a financial position of company's assets, liabilities, and equity at a given time. Company's resources, known as assets, are presented in cash, current assets, non-current assets, receivables, and property. Company's obligations, known as liabilities, present company's debts and accounts payable. The balance sheet is the overall representation of company's financial stability and liquidity. Liabilities, on the other hand, signify the company's obligations, such as debts and accounts payable. The balance sheet is a cornerstone for assessing a company's solvency, liquidity, and overall financial stability.

It is crucial to understand the components of the balance sheets, such as assets and liabilities. Current assets present aspects of company's liquidity, and non-current assets provide a view of its long-term investment state. Company's liquidity and financial leverage are impacted by obligations, also known as liabilities (Peterson & Fabozzi, 1999).

2) Income statement:

The profit and loss statement, otherwise known as the income statement, describes company's financial performance at a specific period. It deeply highlights revenues, expenses, and net income, and at the end underlying the profitability or loss incurred. Revenues present parts from which income is generated, on the other hand, expenses present cost structures and business efficiency. The profit and loss statement provides a deep-dive analysis of revenue generation layers and cost management effectiveness. Ratio analysis, trend analysis, and benchmarking against industry standards are common academic approaches.

Net income, the ultimate metric, reflects the success or challenges faced by the company during the reporting period. Furthermore, two types are distinguished – the income statement by function and the income statement by nature. By function considers expenses as the costs of goods sold, administrative expenses, and the distributional ones. On the other hand, the income statement by function considers expenses by their nature, also adding the change in own production with either plus or minus, depending on the actual situation (Subramanyam, 2014).

3) Cash Flow statement:

The cash flow statement consists of operating, financing, and investing activities, which represents an overview of company's cash movements. Operating activities reflect the cash generated or utilized in core business operations, this segment has to always be positive. Investing activities showcase capital expenditure and asset acquisition decisions, while financing activities encompass equity and debt transactions shaping the company's financial structure, negative values are not perceived as something bad. Financial activities represent both positive and negative inputs, which are related directly to company's current state with shareholders and financial lenders.

Cash Flow statement analysis is crucial from an academic point of view, particularly cash generation and fund growth by a company, which defines if obligations are met. Financial flexibility, liquidity, and the efficiency of capital allocation are being analyzed. Operating cash flow is particularly scrutinized for its correlation with reported net income, as it provides a more realistic view of cash generation (Hassanaj & Kuqi, 2019).

4) Statement of changes in equity:

Documented changes of shareholder equity at a specific time period is known as a statement of changes in equity. The following details are included: stock issuances, dividends, and retained earnings changes. Understanding equity alterations highlights aspects such as capital structure activities, dividend policy, and the influence of various transactions on shareholders' equity.

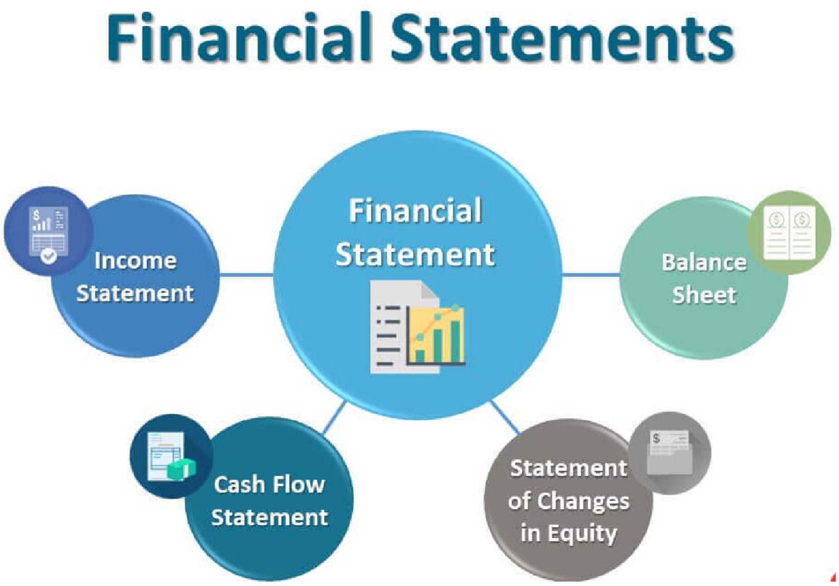
This statement is significant in academic research for exploring the dynamics of ownership, wealth distribution, and the long-term financial strategies pursued by a company. By tracking changes in equity, researchers can gain a nuanced understanding of a company's financial decision-making and its impact on shareholder value (White et al., 2002).

5) Notes to financial statements:

The "Notes to Financial Statements" represent a separate but integral statement, providing detailed disclosures and additional information to complement the primary financial statements. These notes elucidate accounting policies, uncertainties, contingent liabilities, and other critical contextual details that may not be apparent from the numerical data alone. From an academic perspective, the inclusion of these notes enhances the transparency of financial reporting.

Stakeholders gain insights into the judgments and estimates made by management, potential risks the company faces, and the impact of accounting policies on reported figures. The notes also serve as a bridge between the reported financials and the operational realities of the business (Drake & Fabozzi, 2012).

Figure 4, the overview of crucial financial statements



Source: BDC, 2023

3.3 Financial Analysis

3.3.1 Horizontal Analysis

One of the key approaches in financial analysis is the utilization of chain and base indices for the calculation of the changes that occurred within a particular time period with company's financial statements. This approach has gained a lot of popularity and is widely known in academic and investment studies as the horizontal analysis, thus referring to the logic of analysing the development of the elements of financial statements throughout years.

This particular approach is important because it shows not just the values of the statements over time, but it also analyses the dynamics of financial statements, thus creating basis for comparison between individual years. Horizontal analysis, as it was already mentioned, is based on a relatively simple mathematical approach expressed by calculating chain and base indices, where the second approach is more widely used and is often viewed as a standard for proceeding with the analysis (Lumbatobing et al., 2022). The formulas for both approaches are presented below in (1) and (2):

$$Chain\ index = \frac{X_{n+1}}{X_n} \tag{1}$$

$$Base\ index = \frac{X_n}{X_0} \tag{2}$$

On the other hand, there is a series of limitations of this kind of analysis. One of the biggest limitations is the fact that the approach does not take into consideration the shares of individual elements, which results in the fact that this type of analysis is traditionally accompanied by the vertical analysis, which will be addressed in the next sub-chapter. Finally, another problem is the fact that companies naturally experience a particular growth over time, so sometimes this analysis might not turn out to be beneficial or meaningful thus yielding spurious results influenced by the natural upward-sloping trajectory of financial elements.

3.3.2 Ratio Analysis

Financial ratios are more complex, but at the same time, the result of this analysis is more robust and detailed as it is possible to interpret the values of financial elements from a slightly different perspective. Financial ratios are traditionally represented by the calculation of proportions or shares of one financial element from other ones. This analysis is usually split into five segments, but the thesis addresses just 4 out of 5 dimensions (Salmi & Martikainen, 1994).

The first dimension that is usually analyzed in the financial ratios is liquidity, which refers to the extent to which companies have liquid assets that can be, in the worst-case scenario, be used for covering short-term obligations here and now. There are usually three financial ratios, whose figures should preferably be above 1, which would indicate high liquidity for a specific year. The way how those ratios are calculated is presented in (4), (5), and (6):

$$Current\ ratio = \frac{Current\ Assets}{Current\ Liabilities} \tag{3}$$

$$Quick\ ratio = \frac{Current\ assets - Inventory}{Current\ Liabilities} \tag{4}$$

$$Cash\ ratio = \frac{Cash\ and\ its\ equivalents}{Current\ liabilities} \tag{5}$$

The second area are solvency ratios, and those ratios traditionally show the indebtedness of a particular organization. When the figures are above the value of 1, it indicates an unpleasant dynamic for the company. On the other hand, the equity ratio’s values above 0.5 indicate that a given company is keen on equity financing, which itself is quite good but not really common in Europe, compared to the US. The ratios used in the theses are presented in (7), (8), and (9):

$$Debt - to - assets = \frac{Total\ assets}{Total\ debt} \tag{6}$$

$$Debt - to - equity = \frac{Total\ equity}{Total\ debt} \tag{7}$$

$$Equity\ ratio = \frac{Total\ equity}{Total\ Assets} \tag{8}$$

The third domain is profitability, which is equally important for all companies as profit maximization still remains a crucial reason to conduct any business operations. The profitability ratios are split into margin ratios and return ratios. Margin ratios present the share of net income and other elements from the total sales, while return ratios present the share of net income from the selected elements from balance sheet. In the thesis, four margin ratios are used – (10), (11), (12), and (13) and 2 return ratios – (14) and (15).

$$Gross\ margin = \frac{Gross\ profit}{Total\ sales} \tag{9}$$

$$EBIT\ margin = \frac{EBIT}{Total\ sales} \tag{10}$$

$$EBT\ margin = \frac{EBT}{Total\ sales} \tag{11}$$

$$Net\ margin = \frac{Net\ income}{Total\ sales} \tag{12}$$

$$Return\ on\ assets = \frac{Net\ income}{Total\ assets} \tag{13}$$

$$Return\ on\ equity = \frac{Net\ income}{Total\ equity} \tag{14}$$

The fourth area that is included into the thesis is represented by activity ratios. Those ratios traditionally indicate the degree to which the company's operations are efficient, and there are quite many ratios included in this domain. The thesis considers just three, which are indicated in (16), (17), and (18):

$$Receivables\ turnover = \frac{Net\ sales}{Receivables} \tag{15}$$

$$Inventory\ turnover = \frac{COGS}{Inventory} \tag{16}$$

$$Payables\ turnover = \frac{COGS}{Payables} \quad (17)$$

Formulas are based on Barnes (1987). The fifth domain that is not included into the thesis for practical reasons is dedicated to the analysis of the company's valuation using P/E, P/B and other similar kinds of ratios. The final sub-chapter of the theoretical part is dedicated to the application and importance of financial analysis.

3.3.3 Application

As already mentioned above, financial analysis is a crucial aspect for businesses and investors for decision-making. It serves as a strategic tool, guiding all business-related parties through a matrix of financial data. The application of financial analysis extends across various domains, providing valuable insights into the health and performance of entities, as it was already revealed thanks to the formulas and techniques presented (Feroz et al., 2003).

One primary application of financial analysis is in the corporate realm. Financial analysis can also be named as a diagnostic tool, helping to check financial stability and find development rooms. With careful examination of income statements, balance sheets, and cash flow statements, parties gain comprehensive information about profitability and operational aspects. In-depth financial analysis helps with strategic planning and effective business strategy formulation (Choi et al., 1983).

Investors also heavily rely on financial analysis to make sound investment decisions. Whether individuals are investing in stocks, bonds, or other financial instruments, a thorough analysis of the financial health of potential investments is crucial. This helps investors gauge the risk associated with an investment, evaluate potential returns, and make informed decisions aligned with their financial goals. The ability to analyze financial data empowers investors to navigate the dynamic and unpredictable nature of financial markets (Laurent, 1979).

Moreover, financial analysis plays a pivotal role in the banking and financial services sector. Lenders utilize financial analysis to assess the creditworthiness of individuals and businesses seeking loans. By scrutinizing financial statements, cash flow patterns, and debt levels, financial institutions can make informed decisions regarding the approval or denial of loan applications. This process is essential in mitigating the risk of default and ensuring the stability of the financial system (Lin et al., 2011).

On an individual level, financial analysis is equally important. Individuals engage in financial analysis when evaluating their personal financial situation, budgeting, and planning for the future. Analyzing income, expenses, and investments allows individuals to make informed decisions about savings, expenditures, and long-term financial goals. This self-assessment is crucial for achieving financial stability and building a secure financial future (Lin et al., 2011).

The importance of financial analysis extends beyond the corporate and investment spheres; it also plays a vital role in public finance. Government entities rely on financial analysis to formulate budgets, allocate resources efficiently, and manage public funds responsibly. By analyzing revenue and expenditure patterns, governments can make informed decisions that benefit the overall welfare of their constituents. Public financial analysis is integral to ensuring transparency, accountability, and the effective utilization of taxpayer funds (Bhunia et al., 2011).

In the realm of mergers and acquisitions, financial analysis is a cornerstone in the decision-making process. Companies engaging in mergers or acquisitions conduct extensive financial analysis of their target entities. This involves assessing the financial health, liabilities, and potential synergies between the merging entities. The insights gained from financial analysis help companies determine the feasibility and potential success of such strategic moves.

Insurance companies also heavily rely on financial analysis to assess risk and set appropriate premium rates. By analyzing historical financial data and trends, insurers can estimate the likelihood of claims and adjust their pricing models accordingly. This ensures the financial sustainability of insurance operations and the ability to fulfill policyholder claims (Bhunia et al., 2011).

Furthermore, the application of financial analysis extends to non-profit organizations. While their primary focus may not be profit generation, these entities still need to manage their finances efficiently to fulfill their missions. Financial analysis helps non-profits assess their financial sustainability, allocate resources wisely, and demonstrate accountability to donors and stakeholders.

In the international arena, financial analysis plays a crucial role in assessing the economic health of countries. Governments, policymakers, and international organizations analyze a nation's financial data to understand its economic strength, stability, and growth prospects. This information is vital for making decisions on trade agreements, foreign aid, and economic cooperation (Tsay, 2005).

In essence, financial analysis serves as a universal language that transcends industries and sectors. Its application is pervasive, touching every aspect of the economic landscape. The ability to interpret and leverage financial data is a skill that empowers individuals and organizations to navigate the complex and dynamic world of finance.

The importance of financial analysis lies in its capacity to unveil the story behind the numbers. Financial statements may appear as mere sets of figures, but through analysis, they reveal trends, patterns, and potential risks and opportunities. This narrative guides decision-makers in understanding the past, evaluating the present, and planning for the future (Benninga, 2014).

One of the critical aspects of financial analysis is its role in risk management. By thoroughly analyzing financial data, individuals and organizations can identify and mitigate potential risks. This proactive approach is essential in a world where uncertainties abound. Whether it's a business assessing market risks, an investor evaluating the risk-return profile of an investment, or an individual planning for unforeseen expenses, financial analysis provides the tools to anticipate and manage risks effectively. Additionally, financial analysis fosters accountability and transparency.

In the corporate world, transparent financial reporting and analysis build trust among stakeholders, including shareholders, employees, and customers. This transparency is essential for maintaining a positive corporate image and attracting investments. Similarly, in the public sector, transparent financial analysis ensures that government entities are accountable to the public for the management of taxpayer funds (Fridson & Alvarez, 2022).

Financial analysis is a dynamic process that adapts to the evolving economic landscape. As economic conditions change, the significance of certain financial indicators may shift. For example, during economic downturns, liquidity and cash flow analysis become paramount as businesses strive to maintain operational viability. In contrast, during periods of economic expansion, profitability metrics may take centre stage as companies seek to capitalize on growth opportunities (Fridson & Alvarez, 2022).

4 Practical Part

4.1 Companies

4.1.1 LVMH

LVMH Moët Hennessy Louis Vuitton SE (Figure 5), commonly known as LVMH, stands as a titan in the world of luxury goods, boasting a rich history steeped in innovation, craftsmanship, and entrepreneurial spirit. Founded in 1987 through the merger of Louis Vuitton with Moët Hennessy, LVMH has since evolved into a conglomerate encompassing a vast portfolio of prestigious brands across various sectors, from fashion and leather goods to wines and spirits, perfumes and cosmetics, watches and jewelry, and retailing.

Figure 5, the logo of LVMH

LVMH

Source: LVMH, 2023

The story of LVMH traces back to the roots of its constituent companies. Louis Vuitton, founded in 1854 by the visionary trunk-maker Louis Vuitton, quickly gained renown for its innovative flat-topped trunks, which were both lightweight and airtight, revolutionizing travel for the elite. The brand's commitment to quality, craftsmanship, and innovation laid the groundwork for its enduring legacy in the luxury fashion industry.

Meanwhile, the origins of Moët Hennessy can be found in two distinguished French houses: Moët & Chandon, established in 1743, renowned for its exquisite champagnes, and Hennessy, founded in 1765, celebrated for its exceptional cognacs. These brands epitomized elegance, refinement, and a dedication to the art of winemaking and distillation, earning them esteemed reputations worldwide.

The convergence of Louis Vuitton's luxury heritage with the esteemed traditions of Moët & Chandon and Hennessy in the late 20th century marked the genesis of LVMH, setting the stage for a new era of luxury conglomerates. Under the leadership of Chairman and CEO Bernard Arnault, LVMH embarked on a trajectory of unprecedented growth and expansion, propelled by a steadfast commitment to excellence, creativity, and the pursuit of luxury.

One of the hallmarks of LVMH's success lies in its ability to cultivate and nurture a diverse stable of iconic brands, each with its own unique identity and heritage. From the timeless elegance of Louis Vuitton and the sophistication of Christian Dior to the avant-garde creativity of Fendi and the exquisite craftsmanship of Bulgari, LVMH's portfolio exemplifies the pinnacle of luxury across fashion, jewelry, and accessories.

Beyond fashion and leather goods, LVMH's reach extends into the realms of haute couture, perfumes, and cosmetics, with brands such as Givenchy, Guerlain, and Sephora occupying prominent positions in the global luxury landscape. Each brand within the LVMH umbrella embodies a distinct vision and aesthetic, yet all share a common commitment to uncompromising quality, creativity, and innovation.

Furthermore, LVMH's presence in the world of wines and spirits is equally formidable, with prestigious maisons like Dom Pérignon, Moët & Chandon, and Hennessy continuing to set the standard for excellence in champagne and cognac production. These storied brands reflect centuries of tradition and expertise, coupled with a relentless pursuit of perfection that has solidified their status as icons of luxury indulgence.

In addition to its core business segments, LVMH has also made strategic forays into sectors such as watchmaking and retailing, further diversifying its offerings and expanding its global footprint. Brands like TAG Heuer, Hublot, and DFS (Duty-Free Shops) exemplify LVMH's commitment to excellence and innovation across a spectrum of luxury experiences, catering to the discerning tastes of consumers worldwide.

Central to LVMH's success is its unwavering dedication to preserving and promoting the heritage of its brands while fostering a culture of innovation and creativity. Whether through groundbreaking collaborations, immersive brand experiences, or sustainable initiatives, LVMH continues to push the boundaries of luxury, redefining industry standards and setting new benchmarks for excellence.

Moreover, LVMH's commitment to sustainability and corporate social responsibility underscores its role as a responsible global leader in the luxury sector. From implementing environmentally conscious practices across its supply chain to supporting initiatives that empower local communities, LVMH prioritizes ethical business practices and social impact, ensuring a more sustainable future for generations to come.

As LVMH looks to the future, its legacy of innovation, excellence, and luxury continues to propel it forward, shaping the landscape of the global luxury industry and inspiring generations of consumers around the world. With a steadfast commitment to its founding principles and an unwavering dedication to craftsmanship and creativity, LVMH stands poised to chart new territories and redefine the very essence of luxury in the 21st century and beyond.

4.1.2 Hugo Boss

Hugo Boss AG (Figure 6), a German luxury fashion house, has carved a distinctive niche in the world of high-end menswear, renowned for its impeccable tailoring, sophisticated designs, and understated elegance. Founded in 1924 by Hugo Ferdinand Boss in Metzingen, Germany, the brand initially focused on producing uniforms before transitioning to men's suits in the post-war era. This shift marked the beginning of Hugo Boss's ascent to prominence as a purveyor of luxury menswear.

Figure 6, the logo of Hugo Boss

Source: Hugo Boss, 2023

Throughout its storied history, Hugo Boss has remained steadfast in its commitment to craftsmanship, quality, and timeless style. The brand's meticulous attention to detail and innovative approach to design have earned it a reputation for sophistication and refinement, with its sleek, modern aesthetic resonating with discerning consumers worldwide.

Under the stewardship of successive generations of visionary leaders, Hugo Boss has evolved into a global fashion powerhouse, expanding its product offerings to encompass a comprehensive range of menswear, womenswear, accessories, and fragrances. From tailored suits and shirts to casual wear and sportswear, Hugo Boss caters to the diverse sartorial needs of its clientele, blending classic elegance with contemporary flair.

Central to Hugo Boss's enduring appeal is its unwavering dedication to excellence in craftsmanship and design. Each garment is crafted with precision and care, using the finest materials and the latest techniques to ensure impeccable quality and fit. Whether it's a perfectly tailored suit for the boardroom or a relaxed polo shirt for weekend outings, Hugo Boss exemplifies the epitome of understated luxury and effortless sophistication.

Moreover, Hugo Boss's foray into the world of fragrance has further solidified its status as a leading luxury brand. With a range of signature scents for both men and women, Hugo Boss fragrances capture the essence of modern elegance and timeless allure, embodying the brand's distinctive ethos of refinement and sophistication.

Beyond its commitment to craftsmanship and design, Hugo Boss is also deeply invested in sustainability and corporate responsibility. The brand has implemented various initiatives to reduce its environmental footprint, promote ethical sourcing practices, and support social causes, underscoring its commitment to making a positive impact on the world.

As Hugo Boss continues to chart its course in the ever-evolving landscape of luxury fashion, its legacy of timeless style, impeccable quality, and uncompromising craftsmanship remains the cornerstone of its identity. With a global presence spanning continents and a loyal following of discerning consumers, Hugo Boss stands poised to shape the future of menswear and redefine the very essence of modern luxury for generations to come.

4.1.3 Kering

Kering SA (Figure 7), a French multinational luxury group, stands as a beacon of elegance, innovation, and sustainability in the global fashion industry. With a rich heritage spanning over a century, Kering has evolved from its humble beginnings as a modest family-owned business to become one of the world's preeminent luxury conglomerates, boasting an illustrious portfolio of iconic brands across fashion, leather goods, jewelry, and watches.

Figure 7, the logo of Kering

Source: Kering, 2023

The origins of Kering can be traced back to 1963 when François Pinault, a visionary entrepreneur, acquired a small timber company in Brittany, France. Over the decades, Pinault transformed the company, expanding its operations into various industries, including distribution and retail. However, it was in the realm of luxury fashion that Kering truly made its mark, beginning with the acquisition of the iconic French couture house, Gucci, in 1999.

Under the leadership of François-Henri Pinault, the son of François Pinault, Kering embarked on a transformative journey, redefining the luxury landscape through a strategic focus on sustainability, innovation, and creative excellence. Through a series of strategic acquisitions and divestitures, Kering streamlined its portfolio, divesting non-core assets while strengthening its presence in the high-end fashion market.

At the heart of Kering's success lies its unparalleled commitment to fostering creativity and innovation across its portfolio of brands. From the timeless elegance of Gucci to the avant-garde designs of Saint Laurent, Kering's brands represent the pinnacle of luxury craftsmanship and artistic expression. Each brand within the Kering stable possesses a unique identity and heritage, yet all share a common dedication to pushing the boundaries of design and redefining the standards of luxury.

Moreover, Kering has emerged as a trailblazer in the realm of sustainability, pioneering initiatives to promote ethical sourcing, reduce environmental impact, and empower local communities. Through its ambitious Environmental Profit & Loss accounting framework, Kering assesses the environmental impact of its operations, driving transparency and accountability within the industry. Additionally, the company has made significant strides in advancing sustainable practices across its supply chain, from responsible sourcing of raw materials to eco-friendly production processes.

Kering's commitment to sustainability is exemplified by its ambitious targets outlined in its "Crafting Tomorrow's Luxury" strategy, which aims to minimize the company's environmental footprint while maximizing positive social impact. By championing sustainable innovation and fostering partnerships with like-minded organizations, Kering is leading the charge toward a more sustainable and inclusive future for the luxury sector.

Furthermore, Kering's dedication to corporate social responsibility extends beyond environmental sustainability to encompass diversity, inclusion, and gender equality. The company has implemented various initiatives to promote diversity and empower women within its workforce and supply chain, striving to create a more equitable and inclusive workplace for all.

4.1.4 Geography of Operations

Consequently, it is wise to focus on the geography of the brands, where Table 1 introduces the number of stores for 4 most popular regions with data for the year 2023.

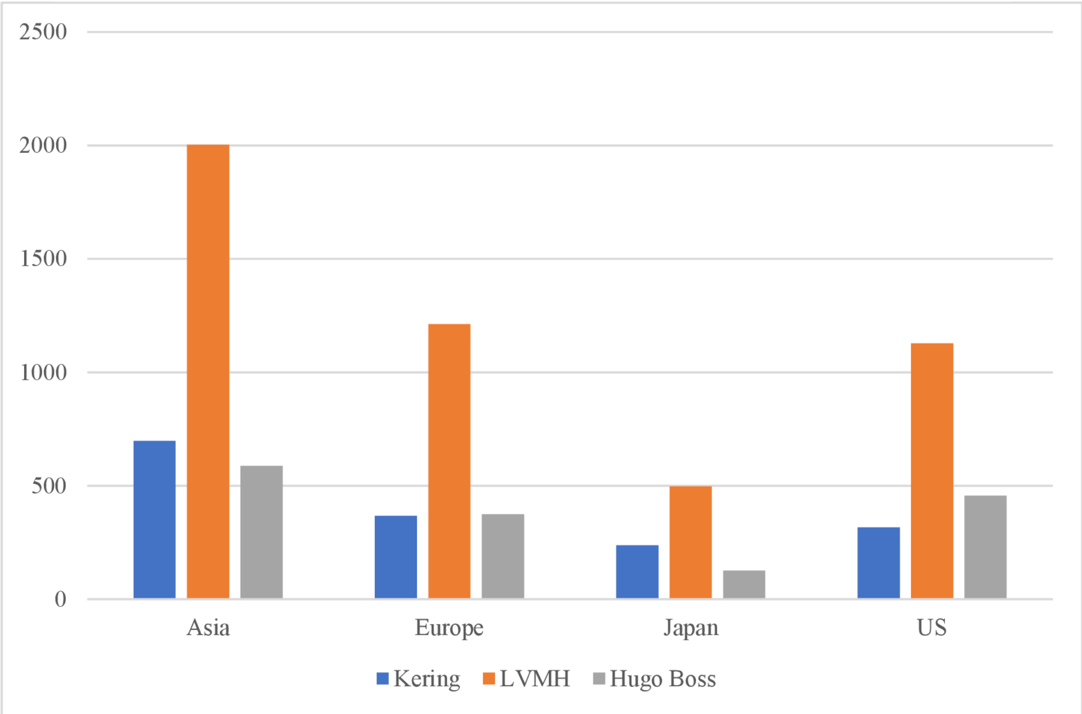
Table 1, number of stores per selected regions in 2023

Company	Asia	Europe	Japan	US
Kering	698	367	238	316
LVMH	2,003	1,213	497	1,128
Hugo Boss	587	375	126	456

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Based on Table 1, Figure 8 presents the visualization of the comparison between the countries.

Figure 8, the geographic chart of companies.



Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Based on Table 1 and the subsequent visualization of the results in Figure 8, it strikes as obvious that the biggest leader out of the three analyzed companies is LVMH, which is then followed by Kering in Asia and Japan, while the company's stance in the US is not as strong as Hugo Boss'. Based on the comparison between the companies, it becomes obvious that LVMH is the leading brand out of the selected, where such a huge number of stores can indicate not just the leading role of the company in the context of this analysis but also in the context of the luxury market, where LVMH is surely one of the leading players.

After dedicating a part of the analysis to the comparison between the geography of the companies' operations, it is vital to continue to the next part that is dedicated to the breakdown of the market capitalization of every presented company, which is performed in the next sub-chapter.

4.1.5 Market Capitalization

In order to take an insight into market capitalizations of the selected luxury brands, it is important to present the data used for the comparison first. Such data is presented in Table 2.

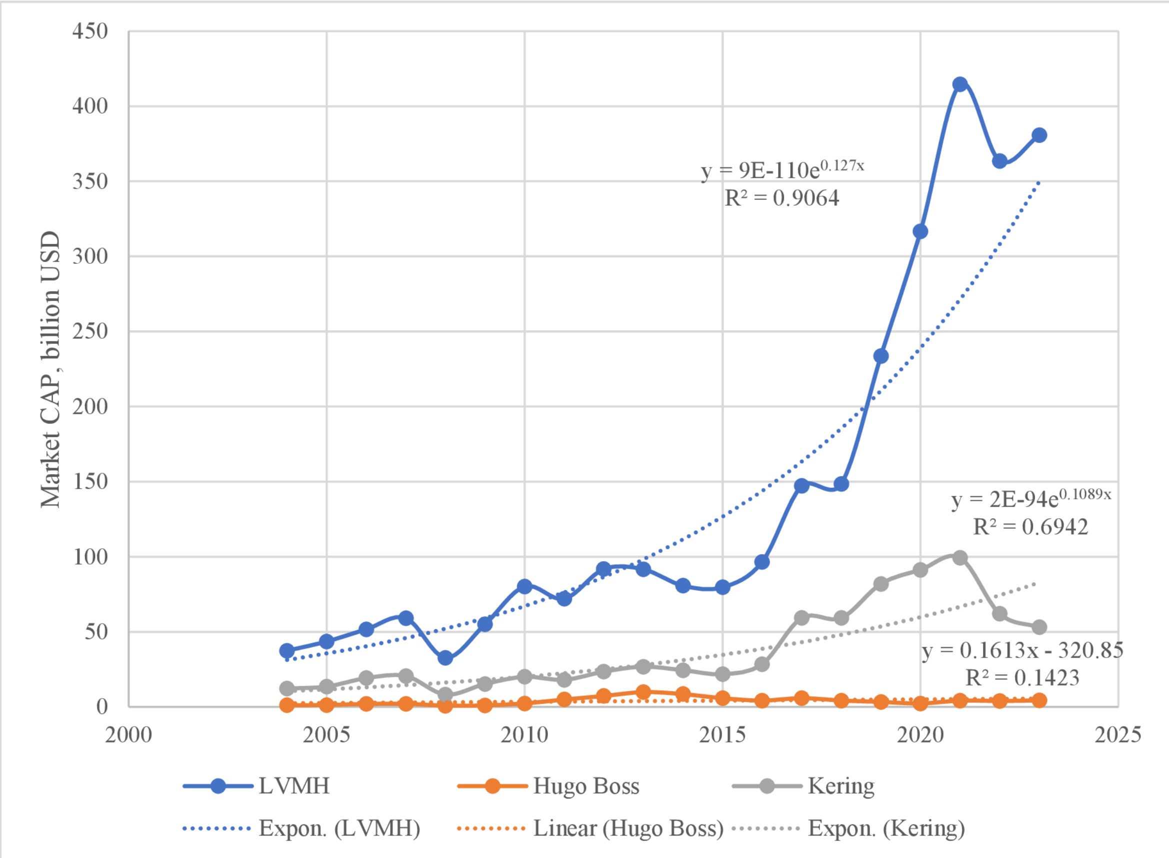
Table 2, the market capitalizations of the companies (2004-2023)

Year	LVMH	Hugo Boss	Kering
2004	37.45	1.14	12.23
2005	43.53	1.29	13.55
2006	51.69	1.94	19.18
2007	59.14	2.07	20.57
2008	32.731	0.86	8.24
2009	55.01	1.03	15.26
2010	80.22	2.31	20.07
2011	71.97	4.93	18.05
2012	91.79	7.28	23.49
2013	91.63	9.86	26.77
2014	80.72	8.53	24.48
2015	79.66	5.78	21.8
2016	96.55	4.24	28.48
2017	147.32	5.84	59.26
2018	148.54	4.25	59.25
2019	233.69	3.34	81.95
2020	316.64	2.31	91.34
2021	414.55	4.18	99.32
2022	363.55	3.98	62.01
2023	380.66	4.32	53.05

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

With the values indicated in billion USD, this becomes obvious that Hugo Boss is a clear outlier in the context of the study as its market capitalization is almost 100 times smaller than the capitalization of LVMH. Gap between LVMH and the rest of the companies is visible also while comparing the former with Kering, whose capitalization is almost 8 tmes smaller than the one of LVMH. In order to better understand the dynamics and visualize the development of the capitalization, Figure 9 is introduced.

Figure 9, the chart of market capitalizations (2004-2023)



Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

The following dynamics of change are identified among the companies based on their trends:

- The capitalization of LVMH increases by 12.7% annually.
- The capitalization of Kering increases by 10,8% annually.
- The capitalization of Hugo Boss increases by 0.16 billion USD annually.

Despite already having a huge gap between the rest of the analyzed group, LVMH's dynamic indicates that the gap between the company and the rest of the studied brands will keep on increasing. On the other hand, when looking at the chart, it becomes pretty apparent that the companies are subject to somewhat similar cycles and circumstances as their capitalizations increase and decrease simultaneously. The highest drop so far is identified after the end of the pandemic in 2020, when the capitalization of all the studied companies dropped significantly. On the other hand, the dynamics for all companies is positive, which leads to the conclusion that the luxury industry seems to be in good shape even after the crisis caused by the pandemic and turmoil that followed. The next sub-chapters are uniquely dedicated to the analysis of financial statements of the corporations.

4.2 Financial Position Analysis

4.2.1 LVMH

This and the subsequent sub-chapters are structured in such a way that first the statement is introduced and is followed by the horizontal analysis, relying on the base index. The order of the analyzed companies for each of the following sub-chapters is: LVMH, Hugo Boss and Kering. Table 3 and 4 introduces the asset section of LVMH's balance sheet along with the horizontal analysis applied to the statements during the period 2018-2022, translating into 5 years.

Table 3, LVMH: assets

Elements	LVMH Assets million EUR				
	2018	2019	2020	2021	2022
Cash	5,276 EUR	6,406 EUR	20,715 EUR	10,565 EUR	10,852 EUR
Receivables	5,021 EUR	5,499 EUR	4,678 EUR	6,112 EUR	7,108 EUR
Inventories	12,701 EUR	13,971 EUR	13,225 EUR	16,864 EUR	20,705 EUR
Total Current	23,551 EUR	26,510 EUR	39,973 EUR	34,301 EUR	39,740 EUR
Net Property	14,510 EUR	30,623 EUR	30,429 EUR	33,577 EUR	37,236 EUR
Total Investment	2,976 EUR	3,090 EUR	2,155 EUR	2,823 EUR	2,706 EUR
Intangible Assets	30,981 EUR	33,246 EUR	33,054 EUR	50,455 EUR	50,214 EUR
Total Long-Term	50,749 EUR	69,997 EUR	68,698 EUR	91,010 EUR	94,906 EUR
Total Assets	74,300 EUR	96,507 EUR	108,671 EUR	125,311 EUR	134,646 EUR

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Table 4, LVMH: horizontal analysis of assets

Elements	LVMH Assets million EUR			
	2019	2020	2021	2022
Cash	21.42%	292.63%	100.25%	105.69%
Receivables	9.52%	-6.83%	21.73%	41.57%
Inventories	10.00%	4.13%	32.78%	63.02%
Total Current	12.56%	69.73%	45.65%	68.74%
Net Property	111.05%	109.71%	131.41%	156.62%
Total Investment	3.83%	-27.59%	-5.14%	-9.07%
Intangible Assets	7.31%	6.69%	62.86%	62.08%
Total Long-Term	37.93%	35.37%	79.33%	87.01%
Total Assets	29.89%	46.26%	68.66%	81.22%

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

According to the results of the horizontal analysis, it becomes apparent that the company significantly increased the value of their assets, where the highest increases are identified for the case of cash in 2020, cash in 2021, cash in 2022 and net property for every single year. Overall, the company managed to increase the value of total assets in 2022 compared to 2019 by 81.22%, which is a good sign. On the other hand, it is surprising to find that the company had experienced a slight drop in the value of total investment in 2020, but the tendency persisted all the way through.

Notably, it is important to mention the changes that occurred during the pandemic year – 2020. The company instantly increased the amount of cash, which led to an increase in the overall value of total current assets. Also, the company managed to decrease the number of receivables, where it can be suggested that LVMH has potentially forced their debtors to pay off their debt instantly. On the other hand, this might be related to just the company writing off debt due to complications among their customers arising from the COVID-19 pandemic.

In total, the situation of LVMH with regard to assets proves to be beneficial and the financial position of LVMH over the analyzed period between 2018 and 2022 is strong and leave no doubt about the company's ability to cope with the rapidly changing environment. The same analysis is performed with the company's liabilities and equity that are presented in Table 5, while the horizontal analysis is applied in Table 6.

Table 5, LVMH: liabilities and equity

Elements	LVMH Liabilities and Equity million EUR				
	2018	2019	2020	2021	2022
Short Term Debt	5,008 EUR	9,782 EUR	12,752 EUR	10,401 EUR	11,931 EUR
Payables	5,314 EUR	5,814 EUR	5,098 EUR	7,086 EUR	8,788 EUR
Income Tax Payable	538 EUR	722 EUR	721 EUR	1,267 EUR	1,211 EUR
Total Current	16,833 EUR	22,623 EUR	25,318 EUR	27,989 EUR	31,543 EUR
L&T Debt	6,005 EUR	15,474 EUR	24,730 EUR	24,052 EUR	23,156 EUR
Provisions for Risks	2,430 EUR	1,458 EUR	1,472 EUR	1,876 EUR	1,652 EUR
Deferred Taxes	3,104 EUR	3,224 EUR	3,156 EUR	3,548 EUR	3,291 EUR
Total Long-Term liabilities	23,510 EUR	35,519 EUR	44,524 EUR	48,413 EUR	46,499 EUR
Total Liabilities	40,343 EUR	58,142 EUR	69,842 EUR	76,402 EUR	78,042 EUR
Paid-In Capital	2,298 EUR	2,319 EUR	2,225 EUR	2,225 EUR	1,289 EUR
Revaluation Reserves	1,117 EUR	1,139 EUR	1,139 EUR	1,167 EUR	1,125 EUR
Treasury Stock	-421 EUR	-403 EUR	-260 EUR	-912 EUR	-1,293 EUR
Unappropriated Reserves	28,816 EUR	32,844 EUR	35,362 EUR	43,399 EUR	51,093 EUR
Total Equity	33,957 EUR	38,365 EUR	38,829 EUR	48,909 EUR	56,604 EUR
Total E+L	74,300 EUR	96,507 EUR	108,671 EUR	125,311 EUR	134,646 EUR

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Table 6, LVMH: horizontal analysis of liabilities and equity

Elements	LVMH Liabilities and Equity million EUR			
	2019	2020	2021	2022
Short Term Debt	95.33%	154.63%	107.69%	138.24%
Payables	9.41%	-4.06%	33.35%	65.37%
Income Tax Payable	34.20%	34.01%	135.50%	125.09%
Total Current	34.40%	50.41%	66.27%	87.39%
L&T Debt	157.69%	311.82%	300.53%	285.61%
Provisions for Risks	-40.00%	-39.42%	-22.80%	-32.02%
Deferred Taxes	3.87%	1.68%	14.30%	6.02%
Total Long-Term	51.08%	89.38%	105.93%	97.78%
Total Liabilities	44.12%	73.12%	89.38%	93.45%
Paid-In Capital	0.91%	-3.18%	-3.18%	-43.91%
Revaluation Reserves	1.97%	1.97%	4.48%	0.72%
Treasury Stock	4.28%	38.24%	-116.63%	-207.13%
Unappropriated Reserves	13.98%	22.72%	50.61%	77.31%
Total Equity	12.98%	14.35%	44.03%	66.69%

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Given the fact that liabilities and equity are used for financing the purchase of assets, it was anticipated that the overall dynamic of change will be positive. As a matter of fact, the pace of increase in the value of liabilities was somewhat higher than the pace of increase in the value of equity. This particular aspect of the company's financing indicates that over the analyzed period, the company was mainly focused on debt financing, which by its definition is a riskier option, especially considering the fact that LVMH is without any doubt capable of focusing on equity financing given its scale and large geography.

Furthermore, the troubling part about the company's financing is related to the fact that the company was more focused on short-term operations given the accumulation of this kind of debt, while the value of the long-term debt increased by a value somewhat smaller than the former. This indicates that the company was mainly focused on keeping operations alive, as well as on having as much liquidity as it is possible. On the other hand, the company did not really focus on any major expansions, which is derived from the fact that the long-term liabilities did not increase much compared to the rest of elements.

For sure, based on the dynamics identified for LVMH, it is possible that even despite a relatively formidable ability to offset the ongoing pandemic crisis and maintain a good level of operations, the company had concerns about the future development of the situation, which partially constrained the corporation and forced it not to make any risky moves.

4.2.2 Hugo Boss

The narrative continues with the focus paid to the second company on the list, Hugo Boss. The breakdown of the company's assets between 2018 and 2022 is presented in Table 7, while Table 8 continues with the horizontal analysis.

Table 7, Hugo Boss: assets

Elements	Hugo Boss Assets million EUR				
	2018	2019	2020	2021	2022
Cash	147 EUR	133 EUR	125 EUR	285 EUR	147 EUR
Receivables	253 EUR	250 EUR	190 EUR	249 EUR	280 EUR
Inventories	618 EUR	627 EUR	618 EUR	606 EUR	974 EUR
Total Current Assets	1,172 EUR	1,164 EUR	1,055 EUR	1,278 EUR	1,592 EUR
Net Property, Plant & Equipment	389 EUR	1,394 EUR	1,152 EUR	1,113 EUR	1,179 EUR
Total Investment	19 EUR	22 EUR	21 EUR	20 EUR	26 EUR
Intangible Assets	185 EUR	197 EUR	170 EUR	164 EUR	177 EUR
Total Long-Term Assets	724 EUR	1,732 EUR	1,546 EUR	1,458 EUR	1,535 EUR
Total Assets	1,896 EUR	2,896 EUR	2,601 EUR	2,736 EUR	3,127 EUR

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Table 8, Hugo Boss: horizontal analysis of assets

Elements	Hugo Boss Assets million EUR			
	2019	2020	2021	2022
Cash	-9.52%	-14.97%	93.88%	0.00%
Receivables	-1.19%	-24.90%	-1.58%	10.67%
Inventories	1.46%	0.00%	-1.94%	57.61%
Total Current	-0.68%	-9.98%	9.04%	35.84%
Net Property	258.35%	196.14%	186.12%	203.08%
Total Investment	15.79%	10.53%	5.26%	36.84%
Intangible Assets	6.49%	-8.11%	-11.35%	-4.32%
Total Long-Term assets	139.23%	113.54%	101.38%	112.02%
Total Assets	52.74%	37.18%	44.30%	64.93%

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

The very first thing comes to one's mind when looking at the situation of Hugo Boss with assets with regard to the previous mention of LVMH is the fact that there is an enormous difference in the magnitude and scale of the businesses. In addition to that, it becomes even more evident that Hugo Boss experienced a slightly different dynamic, especially with regard to the short-term assets, where the value of cash dropped in both 2019 and 2020, which might indicate that the company had issues with solvency and had to quickly pay off their debts. On the other hand, the situation improved in 2021, while it again deteriorated in 2022, when the level of cash reached the same one as in 2018, which is not a good sign indicating a partial stagnation of the enterprise. On the other hand, the value of receivables increased only in 2022, while for the previous period it dropped.

Yet, after looking at the position of the company with regard to the long-term assets, it is clear that the company was extremely focused on accumulating as much long-term assets ad it was possible, notably the net property, where the old equipment and other fixed assets could be replaced with the new ones. On the other hand, the increase in the value of investment indicates that even despite the presence of the pandemic and a period that followed it, the company was keen on making a step forward via making investments.

At last, the overall value of total assets of the company increased by almost more than a half in 2022, compared to 2018, whereas an almost identical dynamic was identified for the case of LVMH. This indicates a similar cycle of the companies, which replicates what has been said in one of the earlier chapters about the companies following more or less similar paths with regard to operations and favorable cycles. The narrative continues with the same analysis applied to Hugo Boss' liabilities and equity, which are presented in Table 9. Table 10 follows and introduces the horizontal analysis applied to the company's liabilities and equity.

Table 9, Hugo Boss: liabilities and equity

Elements	Hugo Boss Liabilities and Equity million EUR				
	2018	2019	2020	2021	2022
Short Term Debt	92 EUR	278 EUR	284 EUR	208 EUR	221 EUR
Account Payable	295 EUR	315 EUR	299 EUR	464 EUR	617 EUR
Income Tax Payable	44 EUR	66 EUR	42 EUR	28 EUR	20 EUR
Total Current Liabilities	653 EUR	882 EUR	860 EUR	978 EUR	1 193 EUR
L&T Debt	82 EUR	895 EUR	845 EUR	704 EUR	693 EUR
Provisions for Risks	69 EUR	87 EUR	91 EUR	102 EUR	92 EUR
Deferred Taxes	-77 EUR	-87 EUR	-159 EUR	-150 EUR	-140 EUR
Total Long-Term liabilities	262 EUR	1 012 EUR	981 EUR	818 EUR	798 EUR
Total Liabilities	915 EUR	1 894 EUR	1 841 EUR	1 796 EUR	1 991 EUR
Paid-In Capital	0 EUR	0 EUR	0 EUR	0 EUR	0 EUR
Retained Earnings	919 EUR	926 EUR	700 EUR	843 EUR	1 016 EUR
Treasury Stock	-42 EUR	-42 EUR	-42 EUR	-42 EUR	-42 EUR
Appropriated Reserves	27 EUR	39 EUR	21 EUR	51 EUR	65 EUR
Total Equity	981 EUR	1 002 EUR	760 EUR	940 EUR	1 135 EUR
Total E+L	1 896 EUR	2 896 EUR	2 601 EUR	2 736 EUR	3 126 EUR

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Table 10, Hugo Boss: horizontal analysis of liabilities and equity

Elements	Hugo Boss Liabilities and Equity million EUR			
	2019	2020	2021	2022
Short Term Debt	202.17%	208.70%	126.09%	140.22%
Payables	6.78%	1.36%	57.29%	109.15%
Income Tax Payable	50.00%	-4.55%	-36.36%	-54.55%
Total Current	35.07%	31.70%	49.77%	82.70%
L&T Debt	991.46%	930.49%	758.54%	745.12%
Provisions for Risks	26.09%	31.88%	47.83%	33.33%
Deferred Taxes	12.99%	106.49%	94.81%	81.82%
Total Long-Term	286.26%	274.43%	212.21%	204.58%
Total Liabilities	106.99%	101.20%	96.28%	117.60%
Paid-In Capital	-	-	-	-
Retained Earnings	0.76%	-23.83%	-8.27%	10.55%
Treasury Stock	0.00%	0.00%	0.00%	0.00%
Appropriated Reserves	44.44%	-22.22%	88.89%	140.74%
Total Equity	2.14%	-22.53%	-4.18%	15.70%

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

When it comes to the second company's liabilities and equity, the same can be suggested, where the company was mainly focused on increasing their reliance on the debt kind of financing, while the value of equity increased by just a small and inconsiderable amount. On the other hand, it is vital to indicate that the company equally focused on both short-term and long-term borrowing, which highlights a holistic approach to borrowing performed by the company, which itself can be explained by the implementation of mixed strategies on the part of the company.

Overall, the situation of Hugo Boss can be categorized as favorable. On the other hand, when comparing the financial position of Hugo Boss and the changes that were occurring with the ones of LVMH, it is possible to highlight that Hugo Boss experienced a more modest increment than the former, which is quite likely explained by the scale of LVMH's operations and a more diverse spatial framework of LVMH's business ventures.

4.2.3 Kering

Lastly, the financial position of Kering is analyzed in this sub-chapter. Following the same logic, Table 11 introduces the company's assets. Consequently, Table 12 introduces the horizontal analysis applied to the company's assets.

Table 11, Kering: assets

Elements	Kering Assets million EUR				
	2018	2019	2020	2021	2022
Cash	2,269 EUR	2,286 EUR	3,443 EUR	5,249 EUR	4,336 EUR
Receivables	948 EUR	1,284 EUR	1,459 EUR	1,805 EUR	1,561 EUR
Inventories	2,415 EUR	2,959 EUR	2,846 EUR	3,369 EUR	4,465 EUR
Total Current Assets	6,532 EUR	7,540 EUR	9,020 EUR	11,413 EUR	11,662 EUR
Net Property	2,229 EUR	6,866 EUR	6,627 EUR	7,268 EUR	8,317 EUR
Total Investment	1,224 EUR	1,432 EUR	1,724 EUR	1,084 EUR	903 EUR
Intangible Assets	9,793 EUR	9,786 EUR	9,438 EUR	9,923 EUR	11,410 EUR
Total Long-Term Assets	14,836 EUR	19,608 EUR	18,985 EUR	19,655 EUR	22,279 EUR
Total Assets	21,368 EUR	27,148 EUR	28,005 EUR	31,068 EUR	33,941 EUR

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Table 12, Kering: horizontal analysis of assets

Elements	Kering Assets million EUR			
	2019	2020	2021	2022
Cash	0.75%	51.74%	131.34%	91.10%
Receivables	35.44%	53.90%	90.40%	64.66%
Inventories	22.53%	17.85%	39.50%	84.89%
Total Current	15.43%	38.09%	74.72%	78.54%
Net Property	208.03%	197.31%	226.07%	273.13%
Total Investment	16.99%	40.85%	-11.44%	-26.23%
Intangible Assets	-0.07%	-3.63%	1.33%	16.51%
Total Long-Term	32.17%	27.97%	32.48%	50.17%
Total Assets	27.05%	31.06%	45.39%	58.84%

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

The magnitude of the increase in the total assets is somewhat similar to the rest of the companies. On the other hand, the overall increase in the value of total assets was smaller than in the rest of the companies, which is a surprising conclusion given that Kering is significantly bigger than Hugo Boss. Visibly, the company did not experience almost any issues during the pandemic as the value of all elements increased moderately.

On the other hand, the highest magnitude of the increase is found in the value of the net property, which indicates that the company was focused on accumulating fixed assets thus either replacing the depreciating ones or simply expanding their business operations. Interestingly enough, the value of the total investments started to decrease dramatically following the pandemic year, which potentially hints that the company did want to decrease their investment due to uncertainty present in the business environment. Furthermore, the sharp drop by the end of 2022 might hint that the recent withdrawal from the Russian Federation, where a significant share of their operations was located, did force the company to refrain from making risky moves and focus on the moderate expansion.

All in all, after focusing on the company's assets, it is vital to continue with the company's liabilities and equity that are introduced in Table 13. Table 14 continues with the horizontal analysis applied to the company's liabilities and equity.

Table 13, Kering: liabilities and equity

Elements	Kering Liabilities and Equity million EUR				
	2018	2019	2020	2021	2022
Short Term Debt	756 EUR	2,696 EUR	2,314 EUR	3,117 EUR	3,107 EUR
Payables	746 EUR	809 EUR	666 EUR	1,742 EUR	2,263 EUR
Income Tax Payable	1,303 EUR	1,362 EUR	901 EUR	1,148 EUR	567 EUR
Total Current	6,222 EUR	8,147 EUR	6,735 EUR	8,725 EUR	8,506 EUR
L&T Debt	3,172 EUR	6,721 EUR	7,361 EUR	6,801 EUR	8,767 EUR
Provisions for Risks	102 EUR	122 EUR	126 EUR	105 EUR	85 EUR
Deferred Taxes	759 EUR	163 EUR	308 EUR	100 EUR	-68 EUR
Total Long-Term	5,084 EUR	8,563 EUR	9,235 EUR	8,606 EUR	10,652 EUR
Total Liabilities	11,306 EUR	16,710 EUR	15,970 EUR	17,331 EUR	19,158 EUR
Paid-In Capital	2,428 EUR	-	-	-	-
Revaluation Reserves	-	2,428 EUR	1,863 EUR	1,655 EUR	1,314 EUR
Treasury Stock	-168 EUR	574 EUR	-54 EUR	-380 EUR	1,028 EUR
Unappropriated Reserves	7,445 EUR	8,173 EUR	9,438 EUR	11,490 EUR	13,195 EUR
Total Equity	10,062 EUR	10,439 EUR	12,035 EUR	13,736 EUR	14,783 EUR

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Table 14, Kering: horizontal analysis of liabilities and equity

Elements	Kering Liabilities and Equity million EUR			
	2019	2020	2021	2022
Short Term Debt	256.61%	206.08%	312.30%	310.98%
Payables	8.45%	-10.72%	133.51%	203.35%
Income Tax Payable	4.53%	-30.85%	-11.90%	-56.49%
Total Current	30.94%	8.24%	40.23%	36.71%
L&T Debt	111.89%	132.06%	114.41%	176.39%
Provisions for Risks	19.61%	23.53%	2.94%	-16.67%
Deferred Taxes	-78.52%	-59.42%	-86.82%	-108.96%
Total Long-Term	68.43%	81.65%	69.28%	109.52%
Total Liabilities	47.80%	41.25%	53.29%	69.45%
Paid-In Capital	-	-	-	-
Revaluation Reserves	-	-	-	-
Treasury Stock	441.67%	67.86%	-126.19%	711.90%
Unappropriated Reserves	9.78%	26.77%	54.33%	77.23%
Total Equity	3.75%	19.61%	36.51%	46.92%

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

The company, compared to the rest of the organizations, did experience the most prominent rise in the value of the short-term debt, whose percentual increment overpassed the figure of 300% by the end of the year 2022. When it comes to the other increases, the company was also more focused on increasing its reliance on the debt financing. Henceforth, after analyzing the financial position of all the three organizations, it becomes apparent that they all share similar traits and even similar tendencies when it comes to responding to external shocks, where the most evident ones in the context of the study are the pandemic of COVID-19 and the period of turmoil that followed. The next sub-chapter is dedicated to the analysis of the financial position of the organizations.

4.3 Financial Performance Analysis

4.3.1 LVMH

In order to draw a completer and more comprehensive picture within the context of the comparative analysis, it is vital to focus on the second most important indicator of financial well-being – financial performance. The compilation of income statements of LVMH is introduced in Table 15. Table 16 follows with the introduction of the horizontal analysis of the company's income statements. Lastly, Table 17 introduces the margin ratios.

Table 15, LVMH: income statements

Elements	LVMH million EUR				
	2018	2019	2020	2021	2022
Sales	46,826 EUR	53,670 EUR	44,651 EUR	64,215 EUR	79,184 EUR
COGS	15,644 EUR	18,141 EUR	15,895 EUR	20,364 EUR	24,988 EUR
Gross Profit	31,182 EUR	35,529 EUR	28,756 EUR	43,851 EUR	54,196 EUR
Operating Expenses	21,221 EUR	24,071 EUR	20,433 EUR	26,722 EUR	33,178 EUR
EBIT	9,961 EUR	11,458 EUR	8,323 EUR	17,129 EUR	21,018 EUR
Unusual Expense	272 EUR	259 EUR	514 EUR	-311 EUR	425 EUR
Non-Operating Income/Expense	-109 EUR	-117 EUR	-83 EUR	-43 EUR	-199 EUR
Non-Operating Interest Income	44 EUR	50 EUR	46 EUR	40 EUR	64 EUR
Interest Expense	158 EUR	446 EUR	366 EUR	242 EUR	382 EUR
EBT	9,466 EUR	10,686 EUR	7,406 EUR	17,195 EUR	20,076 EUR
Income Tax	2,499 EUR	2,932 EUR	2,409 EUR	4,510 EUR	5,362 EUR
Net Income	6,354 EUR	7,171 EUR	4,702 EUR	12,036 EUR	14,084 EUR
EPS (EURO)	13 EUR	14 EUR	9 EUR	24 EUR	28 EUR

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Table 16, LVMH: horizontal analysis of income statements

Elements	LVMH million EUR			
	2019	2020	2021	2022
Sales	14.62%	-4.64%	37.14%	69.10%
COGS	15.96%	1.60%	30.17%	59.73%
Gross Profit	13.94%	-7.78%	40.63%	73.81%
Operating Expenses	13.43%	-3.71%	25.92%	56.35%
EBIT	15.03%	-16.44%	71.96%	111.00%
Unusual Expense	-4.78%	88.97%	-214.34%	56.25%
Non-Operating Income/Expense	7.34%	-23.85%	-60.55%	82.57%
Non-Operating Interest Income	13.64%	4.55%	-9.09%	45.45%
Interest Expense	182.28%	131.65%	53.16%	141.77%
EBT	12.89%	-21.76%	81.65%	112.09%
Income Tax	17.33%	-3.60%	80.47%	114.57%
Net Income	12.86%	-26.00%	89.42%	121.66%
EPS	12.74%	-26.11%	89.08%	121.91%

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Table 17, LVMH: margin ratios

Elements	LVMH million EUR				
	2018	2019	2020	2021	2022
Gross Margin	66.59%	66.20%	64.40%	68.29%	68.44%
EBIT Margin	21.27%	21.35%	18.64%	26.67%	26.54%
EBT Margin	20.22%	19.91%	16.59%	26.78%	25.35%
Net Margin	13.57%	13.36%	10.53%	18.74%	17.79%

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

First, when it comes to the income statements of organization, it is crucial to pay attention to the very last two lines – the net income of the organization, and the earnings per share. As a matter of fact, the company enjoys positive profitability, which is explained by the positive value for the net income element. Interestingly enough, despite a favorable situation with the financial position in the period between 2018 and 2020 at first glance, the company experienced a drop in profitability. On the other hand, the company managed to significantly augment their level of net income, which exceeded the original base level of 2018 by 2 times, which is an outstanding result. Consequently, similar dynamic is identified for the case of the company's earnings per share.

Alternatively, it is vital to pay attention to the company's margin ratios. As such, the company has an extremely high gross margin nearly equal to 70%, which is quite unsurprising given enormous added value in the luxury industry. As a matter of fact, after the deduction of additional expenses, the margins shrunk drastically, reaching the level of 20%. At the same time, the baseline result expressed in the net margin that is approximately equal to 20% suggests that the company is extremely successful and profitable since being able to enjoy such a huge net margin is definitely a sign of a working business model and successful planning. On the other hand, it is vital to understand the situation in the context of the industry, so the narrative continues with the second company – Hugo Boss, reintroduced in the next sub-chapter.

4.3.2 Hugo Boss

Table 18 introduces the compilation of Hugo Boss' income statements. Table 19, in turn, presents the horizontal analysis performed on the company's income statements, while Table 20 finalizes the part dedicated to Hugo Boss' financial performance with the introduction of margin ratios.

Table 18, Hugo Boss: income statements

Elements	Hugo Boss million EUR				
	2018	2019	2020	2021	2022
Sales	2,796 EUR	2,884 EUR	1,946 EUR	2,786 EUR	3,651 EUR
COGS	1,090 EUR	1,355 EUR	1,108 EUR	1,367 EUR	1,717 EUR
Gross Profit	1,706 EUR	1,529 EUR	838 EUR	1,419 EUR	1,934 EUR
Operating Expenses	1,358 EUR	1,181 EUR	967 EUR	1,162 EUR	1,574 EUR
EBIT	353 EUR	355 EUR	-126 EUR	260 EUR	364 EUR
Unusual Expense	25 EUR	21 EUR	101 EUR	35 EUR	46 EUR
Non-Operating Income/Expense	9 EUR	-5 EUR	-21 EUR	-8 EUR	-11 EUR
Non-Operating Interest Income	2 EUR	2 EUR	2 EUR	2 EUR	2 EUR
Interest Expense	2 EUR	25 EUR	27 EUR	21 EUR	24 EUR
EBT	337 EUR	306 EUR	-273 EUR	197 EUR	285 EUR
Income Tax	100 EUR	100 EUR	-54 EUR	53 EUR	63 EUR
Net Income	236 EUR	205 EUR	-220 EUR	137 EUR	209 EUR
EPS (EURO)	3 EUR	3 EUR	-3 EUR	2 EUR	3 EUR

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Table 19, Hugo Boss: horizontal analysis of income statements

Elements	Hugo Boss million EUR			
	2019	2020	2021	2022
Sales	3.15%	-30.40%	-0.36%	30.58%
COGS	24.31%	1.65%	25.41%	57.52%
Gross Profit	-10.38%	-50.88%	-16.82%	13.36%
Operating Expenses	-13.03%	-28.79%	-14.43%	15.91%
EBIT	0.57%	-135.69%	-26.35%	3.12%
Unusual Expense	-16.00%	304.00%	40.00%	84.00%
Non-Operating Income/Expense	-155.56%	-333.33%	-188.89%	-222.22%
Non-Operating Interest Income	0.00%	0.00%	0.00%	0.00%
Interest Expense	1150.00%	1250.00%	950.00%	1100.00%
EBT	-9.20%	-181.01%	-41.54%	-15.43%
Income Tax	0.00%	-154.00%	-47.00%	-37.00%
Net Income	-13.14%	-193.22%	-41.95%	-11.44%
EPS	-13.16%	-192.98%	-41.81%	-11.11%

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Table 20, Hugo Boss: margin ratios

Elements	Hugo Boss million EUR				
	2018	2019	2020	2021	2022
Gross Margin	61.02%	53.02%	43.06%	50.93%	52.97%
EBIT Margin	12.63%	12.31%	-6.47%	9.33%	9.97%
EBT Margin	12.05%	10.61%	-14.03%	7.07%	7.81%
Net Margin	8.44%	7.11%	-11.31%	4.92%	5.72%

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

On the other hand, the situation of Hugo Boss is far from being perfect, especially considering the fact that the company experienced negative profitability in the year 2020. Furthermore, based on the horizontal analysis, the company's profitability was still not able to return to the pre-pandemic levels as it was 11% short of the figure for the year 2018. The same dynamic is also identified with the earnings per share of the organization.

Alternatively, the situation with margins indicate that the situation is not bad at all. On the other hand, the company is still less profitable than LMVH as it has a lower added value and all the margins are lower than the ones identified and calculated for LVMH. Yet, even despite the presence of a major rival within the context of the analysis, the company's net profitability is somewhat solid as it lies on the level of approximately 5%. COVID-19, however, significantly worsened the situation but as the dynamic continues, the company is expected to have recovered by the end of 2023 via exceeding the pre-pandemic level of profitability.

4.3.3 Kering

Table 21 introduces Kering's income statements, Table 22 presents the horizontal analysis of the Kering's income statements, while Table 23 finalizes the analysis with the margin ratios.

Table 21, Kering: income statements

Elements	Kering million EUR				
	2018	2019	2020	2021	2022
Sales	13,665 EUR	15,884 EUR	13,100 EUR	17,645 EUR	20,351 EUR
COGS	3,467 EUR	4,109 EUR	3,591 EUR	4,577 EUR	5,153 EUR
Gross Profit	10,198 EUR	11,775 EUR	9,510 EUR	13,069 EUR	15,198 EUR
Operating Expenses	6,254 EUR	6,997 EUR	6,374 EUR	8,051 EUR	9,609 EUR
EBIT	3,915 EUR	4,778 EUR	3,135 EUR	5,017 EUR	5,589 EUR
Unusual Expense	283 EUR	255 EUR	623 EUR	192 EUR	152 EUR
Non-Operating Income/Expense	-8 EUR	-58 EUR	619 EUR	-140 EUR	-116 EUR
Non-Operating Interest Income	6 EUR	11 EUR	7 EUR	8 EUR	10 EUR
Interest Expense	116 EUR	176 EUR	182 EUR	168 EUR	196 EUR
EBT	3,514 EUR	4,300 EUR	2,957 EUR	4,524 EUR	5,135 EUR
Income Tax	868 EUR	2,134 EUR	759 EUR	1,280 EUR	1,420 EUR
Net Income	2,631 EUR	2,167 EUR	2,160 EUR	3,165 EUR	3,613 EUR
EPS (EURO)	29 EUR	18 EUR	17 EUR	25 EUR	29 EUR

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Table 22, Kering: horizontal analysis of income statements

Elements	Kering million EUR			
	2019	2020	2021	2022
Sales	16.24%	-4.13%	29.13%	48.93%
COGS	18.52%	3.58%	32.02%	48.63%
Gross Profit	15.46%	-6.75%	28.15%	49.03%
Operating Expenses	11.88%	1.92%	28.73%	53.65%
EBIT	22.04%	-19.92%	28.15%	42.76%
Unusual Expense	-9.89%	120.14%	-32.16%	-46.29%
Non-Operating Income/Expense	625.00%	-7837.50%	1650.00%	1350.00%
Non-Operating Interest Income	83.33%	16.67%	33.33%	66.67%
Interest Expense	51.72%	56.90%	44.83%	68.97%
EBT	22.37%	-15.85%	28.74%	46.13%
Income Tax	145.85%	-12.56%	47.47%	63.59%
Net Income	-17.64%	-17.90%	20.30%	37.32%
EPS	-37.61%	-41.68%	-13.56%	-0.51%

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Table 23, Kering: margin ratios

Elements	Kering million EUR				
	2018	2019	2020	2021	2022
Gross Margin	74.63%	74.13%	72.60%	74.07%	74.68%
EBIT Margin	28.65%	30.08%	23.93%	28.43%	27.46%
EBT Margin	25.72%	27.07%	22.57%	25.64%	25.23%
Net Margin	19.25%	13.64%	16.49%	17.94%	17.75%

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

The financial performance of Kering is somewhat similar to LVMH given the absence of negative profitability for the whole analyzed period. As a matter of fact, the pandemic of COVID-19 does not seem to have anyhow affected the company as the pre-pandemic performance of the latter was not really good, especially when comparing it to the latter periods.

When it comes to the margin ratios, the company has the best gross margin out of the three companies, while the figures for the net profitability are quite similar to the ones identified in the case of LVMH. Presumably, the operating and financial expenses tend to have a higher leverage on the company. The next chapter is dedicated to the cash-flow analysis of the companies.

4.4 Cash-Flow Analysis

4.4.1 LVMH

The next step presents itself the analysis of the cash-flow statements of the selected companies, where the first company that is addressed is LVMH. Table 24 introduces the company's cashflow statement, and Table 25 introduces the horizontal analysis applied to the statements.

Table 24, LVMH: cash-flow statements

Elements	LVMH million EUR				
	2018	2019	2020	2021	2022
Operating	8,508 EUR	11,656 EUR	10,909 EUR	18,658 EUR	17,840 EUR
Investing	-3,652 EUR	-5,898 EUR	-3,018 EUR	-16,424 EUR	-6,278 EUR
Financing	-4,128 EUR	-4,713 EUR	-7,470 EUR	-14,721 EUR	12,334 EUR

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Table 25, LVMH: horizontal analysis of cash-flow statements

Elements	LVMH million EUR			
	2019	2020	2021	2022
Operating	37.00%	28.22%	119.30%	109.69%
Investing	-61.50%	17.36%	-349.73%	-71.91%
Financing	-14.17%	280.96%	-256.61%	398.79%

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

The most important piece of information from the cash-flow statements are their signs, which show if the operations are running smooth in a given organization or not. With regard to the operating cash-flow of LVMH, it is positive and kept increasing over the years, which is certainly a good aspect that says that the company has enough cash for their daily operations. The second segment, the investing one, is negative as it should be for major companies having enough cash to invest. The final component is negative, which is tied to the company's obligations towards third parties. Overall, the situation is favorable.

4.4.2 Hugo Boss

Table 26 introduces the cash-flow statements of Hugo Boss, while Table 27 introduces the horizontal analysis applied to the cash-flow statements of the company.

Table 26, Hugo Boss: cash-flow statements

Elements	Hugo Boss thousands EUR				
	2018	2019	2020	2021	2022
Operating	321,803 EUR	628,414 EUR	214,684 EUR	637,783 EUR	336,193 EUR
Investing	-151,933 EUR	-194,750 EUR	-75,749 EUR	-99,012 EUR	-194,488 EUR
Financing	-138,753 EUR	-448,845 EUR	-142,066 EUR	-387,318 EUR	-283,444 EUR

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Table 27, Hugo Boss: horizontal analysis of cash-flow statements

Elements	Hugo Boss thousands EUR			
	2019	2020	2021	2022
Operating	95.28%	-33.29%	98.19%	4.47%
Investing	-28.18%	50.14%	34.83%	-28.01%
Financing	-223.48%	-2.39%	-179.14%	-104.28%

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

When it comes to the second company that is selected for the analysis, the situation is quite similar to LVMH with regard to the signs, while the magnitude of the company's operations is considerably smaller. Therefore, it is possible to conclude that the second company's situation, according to the cash-flow statements, is also favorable over the analyzed period between 2018 and 2022.

4.4.3 Kering

The cash-flow statements of the final company, Kering, are presented in Table 28. Table 29 consequently introduces the horizontal analysis applied to the case of the company.

Table 28, Kering: cash-flow statements

Elements	Kering million EUR				
	2018	2019	2020	2021	2022
Operating	3,591 EUR	2,365 EUR	2,609 EUR	4,691 EUR	3,997 EUR
Investing	-1,279 EUR	-1,243 EUR	-231 EUR	-487 EUR	-2,478 EUR
Financing	-2,308 EUR	-1,237 EUR	-1,313 EUR	-2,710 EUR	-2,163 EUR

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

The situation is Kering is identical to the rest of the companies. On the other hand, it is important to mention that compared to LVMH, the magnitude of the company's operations is also considerably smaller. Also, the company was really close to facing a positive investing cash-flow in 2020 and 2021, which indicates that the company did not potentially have enough cash to invest in those years, compared to the rest of periods, or the company was simply hesitant to do so out of concerns for their operations during the troubled post-pandemic period. Overall, the situation of all three companies with regard to cash-flows is favorable. Next sub-chapter deals with the financial ratio analysis.

4.5 Financial Ratio Analysis

4.5.1 LVMH

The first company whose financial ratios are calculated is LVMH, where the ratios for 4 domains are introduced in Table 29.

Table 29, LVMH: financial ratios

Ratios	LVMH				
	2018	**2019**	**2020**	**2021**	**2022**
Current	139.91%	117.18%	157.88%	122.55%	125.99%
Quick	64.46%	55.43%	105.65%	62.30%	60.35%
Cash	31.34%	28.32%	81.82%	37.75%	34.40%
Debt-to-Assets	54.30%	60.25%	64.27%	60.97%	57.96%
Debt-to-Equity	118.81%	151.55%	179.87%	156.21%	137.87%
Equity Ratio	45.70%	39.75%	35.73%	39.03%	42.04%
ROA	8.55%	7.43%	4.33%	9.60%	10.46%
ROE	18.71%	18.69%	12.11%	24.61%	24.88%
Receivables Turnover	9.33	9.76	9.54	10.51	11.14
Inventory Turnover	1.23	1.30	1.20	1.21	1.21
Payables Turnover	2.94	3.12	3.12	2.87	2.84

Source: RESEARCHER’S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Liquidity: according to the current ratio, the company is quite liquid in all years, while there was a considerable drop in 2019. The pandemic led to an increase in the value of liquid assets, which is almost inevitably tied to the drop in solvency and increase in the degree of indebtedness. Quick ratio suggests that after subtracting inventory that is used to generate profit, the company’s liquidity is far from being perfect, but it is a pretty common situation with retailers. When it comes to cash ratio, the share of pure cash is quite beneficial. The company has no problem with liquidity.

Solvency: the company’s solvency is quite good when comparing indebtedness with the value of assets, resulting in the debt-to-assets ratio under 1. When it comes to the second ratio, the situation is not so good, but this derives from the fact that the company is keen on debt financing, which is further underpinned by the figures for equity ratio below 50%. Overall, the company's solvency can be improved via accumulating equity.

The company has an outstanding profitability, which was already discussed thanks to the margin ratios, but the statement is further underpinned by relatively high ROAs and ROIs for all years.

The company collects their debts between 9.33 and 11.14 times a year, which is a very good frequency, especially when considering that the frequency was gradually increasing over the years. On the other hand, the company does not replace inventory frequently, which is quite likely related to the fact that the company focuses on selling as much as possible clothing from the previous seasons before replacing it. When it comes to payables, the company does not pay their creditors frequently, but a systematic approach to the issue is visible in the ratios.

4.5.2 Hugo Boss

Table 30 introduces the financial ratio analysis for Hugo Boss.

Table 30, Hugo Boss: financial ratios

Ratios	Hugo Boss				
	2018	**2019**	**2020**	**2021**	**2022**
Current	179.48%	131.97%	122.67%	130.67%	133.45%
Quick	84.84%	60.88%	50.81%	68.71%	51.80%
Cash	22.51%	15.08%	14.53%	29.14%	12.32%
Debt-to-Assets	48.26%	65.40%	70.78%	65.64%	63.67%
Debt-to-Equity	93.27%	189.02%	242.24%	191.06%	175.42%
Equity Ratio	51.74%	34.60%	29.22%	34.36%	36.30%
ROA	12.45%	7.08%	-8.46%	5.01%	6.68%
ROE	24.06%	20.46%	-28.95%	14.57%	18.41%
Receivables Turnover	11.05	11.54	10.24	11.19	13.04
Inventory Turnover	1.76	2.16	1.79	2.26	1.76
Payables Turnover	3.69	4.30	3.71	2.95	2.78

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

- Liquidity: according to the current ratio, Hugo Boss is quite liquid in all stufied years, while there was a considerable drop in 2020. The pandemic did not lead to an increase in the value of liquid assets, which is different from LVMH. Quick ratio suggests that after subtracting inventory that is used to generate profit, the company's liquidity is far from being perfect, but it is a pretty common situation with retailers. When it comes to cash ratio, the share of pure cash is quite beneficial. The company has no problem with liquidity.

- Solvency: the company's solvency is quite good when comparing indebtedness with the value of assets, resulting in the debt-to-assets ratio under 1. When it comes to the second ratio, the situation is not so good in all years apart from 2018, but this derives from the fact that the company is keen on debt financing, which is further underpinned by the figures for equity ratio below 50%, with the exception of the year 2018. Overall, the company's solvency can be improved via increasing reliance on equity financing, as it was happening in 2018.

- The company has a good level of profitability, which was already discussed thanks to the margin ratios, but the statement is further underpinned by relatively high ROAs and ROIs for all years. Obviously, the pandemic significant hit the company as its profitability became negative.

- The company collects their debts between 10.24 and 13.04 times a year, which is a beneficial frequency, especially when considering that the frequency was gradually increasing after the pandemic. On the other hand, the company does not replace inventory frequently, which is quite likely related to the fact that the company focuses on selling as much as possible clothing from the previous seasons before replacing it – the same situation as in LVMH. When it comes to payables, the company does not pay their creditors frequently, but a systematic approach to the issue is visible in the ratios.

4.5.3 Kering

Table 31 introduces the financial ratio analysis for the last company on the list, Kering.

Table 31, Kering: financial ratios

Ratios	Kering				
	2018	**2019**	**2020**	**2021**	**2022**
Current	104.98%	92.55%	133.93%	130.81%	137.10%
Quick	66.17%	56.23%	91.67%	92.19%	84.61%
Cash	36.47%	28.06%	51.12%	60.16%	50.98%
Debt-to-Assets	52.91%	61.55%	57.03%	55.78%	56.45%
Debt-to-Equity	112.36%	160.07%	132.70%	126.17%	129.59%
Equity Ratio	47.09%	38.45%	42.97%	44.21%	43.55%
ROA	12.31%	7.98%	7.71%	10.19%	10.64%
ROE	26.15%	20.76%	17.95%	23.04%	24.44%
Receivables Turnover	14.41	12.37	8.98	9.78	13.04
Inventory Turnover	1.44	1.39	1.26	1.36	1.15
Payables Turnover	4.65	5.08	5.39	2.63	2.28

Source: RESEARCHER'S CALCULATIONS BASED ON PUBLISHED CONSOLIDATED STATEMENTS

Liquidity: according to the current ratio, the company is quite liquid in all years with the exception of 2019, which was not the most successful year for Kering. The pandemic led to an increase in the value of liquid assets, which is a good sign indicating the fact that the company quickly adapts to evolving business landscape. Quick ratio suggests that after subtracting inventory that is used to generate profit, the company's liquidity is far from being perfect, but it is a pretty common situation with retailers. Yet, the company's liquidity even after subtracting inventory is significantly higher than the one observed for LVMH and Hugo Boss. When it comes to cash ratio, the share of pure cash is quite good. The company has no problems with liquidity.

Solvency: the company's solvency is quite good when comparing indebtedness with the value of assets, resulting in the debt-to-assets ratio under 1. When it comes to the second ratio, the situation is not so good, but this derives from the fact that the company is keen on debt financing, which is further underpinned by the figures for equity ratio below 50%. Yet, the company is the closest one out of the three to the goal of reaching the figure above 50% for equity ratio, which is a good sign.

The company has an outstanding profitability, which was already discussed thanks to the margin ratios, but the statement is further underpinned by relatively high ROAs and ROIs for all years.

The company collects their debts between 8.98 and 14.41 times a year, which is a very good frequency. On the other hand, the company does not replace inventory frequently, which is quite likely related to the fact that the company focuses on selling as much as possible clothing from the previous seasons before replacing it – the same as identified in the case of LVMH and Hugo Boss. When it comes to payables, the company does not pay their creditors frequently, but a systematic approach to the issue is visible in the ratios.

5 Results and Discussion

When it comes to the financial position of the selected organizations, it becomes apparent that no company experience any major issues. On the one hand, it is vital to indicate that the pandemic, which was a major event in the financial world 4 years ago, did not seem to leave a major toll on Kering and LVMH, while it did so for the case of Hugo Boss. On the other hand, all three companies stand out as examples of proper financial management, where no one has any issues with liquidity.

On the other hand, the companies' situation with solvency can be improved, where all the companies rely on the debt financing that can be rather risky. Furthermore, given the period of extremely high interest rates that approaches and started in 2023, this reliance on debt financing will likely reduce profitability of the companies that will have to pay a higher interest expense that was already forming a considerable part of the company's total expenses. Therefore, it is recommended to start switching to equity financing instead of the debt one.

Continuing with profitability, all companies have very high margins, whereas the case of Hugo Boss is visibly less successful than LVMH and Kering who have net margins of nearly 20%, which is an extremely high value. On the other hand, both companies equally have enormous gross margins, which after deducting operating and financing expenses, drop significantly. Interestingly enough, the financing expenses form a considerable part of expenses, which might be perceived as a major issue in case of any big changes in the banking sector.

When it comes to efficiency, there are no doubts that all three companies are extremely well managed and rely on systematic planning, where there are considerable similarities between them. Across all three companies, a common thread of sound financial management emerges, characterized by prudent liquidity and solvency practices. While each entity navigates unique challenges, such as the impact of the pandemic, their robust profitability and strategic approaches underscore resilience within the luxury fashion landscape. Opportunities for improvement, particularly in enhancing solvency through equity accumulation, are evident, offering avenues for sustained growth and resilience in an ever-evolving market environment.

When it comes to the potential risks, one of the biggest risks that could be mitigated by the three companies is the risk of facing higher interest rates, which could be offset by slowly accumulating equity instead of using debt as a main source of financing. Undeniably, such huge and successful companies are not likely to face any issues with accumulating equity at all, especially given their prominent position on the market that will easily attract investors and new shareholders.

6 Conclusion

The objective of this diploma thesis was to conduct a comprehensive comparative analysis of three major players in the European luxury fashion industry – LVMH, Hugo Boss, and Kering. Through an examination of various financial indicators including market capitalizations, financial positions, performance metrics, ratios, and cash-flows, the study aimed to provide insights into their financial management and resilience in the face of challenges such as the pandemic.

The methodology employed a blend of empirical analysis and literature review, with a focus on document study to establish a solid theoretical basis. Practical analysis involved horizontal analysis of financial statements and trend functions over a five-year period from 2018 to 2022, utilizing reports published directly by the organizations as the primary data source.

The results and discussion revealed that while all three companies demonstrated robust financial positions and liquidity, Hugo Boss experienced a notable impact from the pandemic compared to LVMH and Kering. However, overall, the companies showcased proper financial management, with no significant liquidity issues observed.

Solvency emerged as an area for improvement, as all three companies relied heavily on debt financing, which may pose risks, especially considering potential increases in interest rates. Therefore, transitioning towards equity financing was recommended to mitigate this risk and enhance long-term stability.

Profitability analysis highlighted the high margins exhibited by LVMH and Kering, with Hugo Boss lagging behind. While all three companies displayed efficient management practices, the significant portion of financing expenses raised concerns, emphasizing the need for prudent financial planning.

In total, despite facing challenges such as the pandemic and potential risks associated with debt financing, LVMH, Hugo Boss, and Kering demonstrated resilience and strategic adeptness. Opportunities for improvement, particularly in enhancing solvency through equity accumulation, were identified, offering avenues for sustained growth and resilience in an ever-evolving market environment. Mitigating risks associated with interest rate fluctuations through equity accumulation emerged as a key recommendation to ensure long-term financial stability and prosperity for these luxury fashion giants.

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Appendix

Figure 10, LVMH: a snapshot of the published reports

INCOME STATEMENT

In millions of euros

	2021	2022	2023
Revenue	64,215	79,184	86,153
Gross margin	43,860	54,196	59,277
in % of revenue	68 %	68 %	69 %
Profit from recurring operations	17,151	21,055	22,802
in % of revenue	26.7 %	26.6 %	26.5 %
Net profit	12,698	14,751	15,952
Group share of net profit	12,036	14,084	15,174

Source: LVMH, 2023

***Please note that I started to do my research last year (practical part) and the data from year 2018 was deleted from WSJ website that is why the 2018 is missing on the financial screenshots but was included in my research.

Figure 11, Hugo Boss: a snapshot of the published reports

CONSOLIDATED INCOME STATEMENT

for the period from January 1 to December 31, 2022

CONSOLIDATED INCOME STATEMENT (IN EUR THOUSAND)

	Notes	2022	2021
Sales	(1)	**3,651,378**	**2,786,110**
Cost of sales	(1)	(1,395,052)	(1,065,301)
Gross profit		**2,256,326**	**1,720,809**
In % of sales		61.8	61.8
Selling and marketing expenses	(2)	(1,538,506)	(1,190,623)
Administration expenses	(3)	(382,401)	(302,187)
Operating result (EBIT)		**335,419**	**228,000**
Net interest income/expenses		**(23,879)**	**(20,688)**
Interest and similar income		2,200	1,869
Interest and similar expenses		(26,079)	(22,557)
Other financial items		**(26,245)**	**(10,437)**
Financial result	(4)	**(50,123)**	**(31,125)**
Earnings before taxes		**285,295**	**196,874**
Income taxes	(5)	(63,438)	(52,749)
Net income		**221,858**	**144,125**
Attributable to:			
Equity holders of the parent company		209,495	137,339
Non-controlling interests		12,362	6,786
Earnings per share (EUR)[1]	(6)	**3.04**	**1.99**
Dividend per share (EUR)[2]	(16)	**1.00**	**0.70**

1 Basic and diluted earnings per share.
2 2022: Dividend proposal.

Source: Hugo Boss, 2023

Figure 12, Kering: a snapshot of the published reports

(in € millions)	**2022**	**2021**	**Change**
Revenue	20,351	17,645	+15%
Recurring operating income	5,589	5,017	+11%
% of revenue	*27.5%*	*28.4%*	*-0.9 pt*
EBITDA	7,255	6,470	+12%
% of revenue	*35.6%*	*36.7%*	*-1.1 pt*
Other non-recurring operating income and expenses	(194)	(220)	+12%
Financial result	(260)	(273)	+5%
Income tax expense	(1,420)	(1,280)	-11%
Share in earnings (losses) of equity-accounted companies	2	1	+139%
Net income from continuing operations	3,717	3,245	+15%
o/w attributable to the Group	*3,613*	*3,165*	*+14%*
o/w attributable to minority interests	*104*	*80*	*+30%*
Net income (loss) from discontinued operations	1	11	-91%
Net income attributable to the Group	3,614	3,176	+14%
Net income from continuing operations (excluding non-recurring items) attributable to the Group	3,747	3,361	+11%

Source: Kering, 2023 Income Statement

Figure 13, Balance Sheet LVMH

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Assets

Fiscal year is January-December. All values EUR Millions.	2023	2022	2021	2020	2019	5-year trend
Cash & Short Term Investments	11,264	10,852	10,565	20,715	6,406	
Cash Only	6,386	6,299	6,193	6,417	5,673	
Cash & Short Term Investments Growth	3.80%	2.72%	-49.00%	223.37%	-	
Cash & ST Investments / Total Assets	7.84%	8.06%	8.43%	19.06%	6.64%	
Total Accounts Receivable	7,944	7,108	6,112	4,678	5,499	
Accounts Receivables, Net	4,728	4,258	3,787	2,756	3,450	
Accounts Receivables, Gross	4,843	4,369	3,914	2,880	3,539	
Bad Debt/Doubtful Accounts	(115)	(111)	(127)	(124)	(89)	
Other Receivables	3,216	2,850	2,325	1,922	2,049	
Accounts Receivable Growth	11.76%	16.30%	30.65%	-14.93%	-	
Accounts Receivable Turnover	10.85	11.14	10.51	9.54	9.76	
Inventories	23,278	20,705	16,864	13,225	13,971	
Finished Goods	11,811	10,199	8,230	5,970	6,800	
Raw Materials	11,141	10,120	8,319	7,046	6,917	
Progress Payments & Other	326	386	315	209	254	
Other Current Assets	1,224	1,075	760	1,355	634	
Prepaid Expenses	681	613	503	387	454	
Miscellaneous Current Assets	543	462	257	968	180	
Total Current Assets	43,710	39,740	34,301	39,973	26,510	
Net Property, Plant & Equipment	42,694	37,236	33,577	30,429	30,623	
Property, Plant & Equipment - Gross	60,778	54,514	49,315	43,332	42,939	
Buildings	8,318	7,669	6,702	5,737	5,346	
Land & Improvements	11,056	8,393	7,563	7,167	7,084	
Machinery & Equipment	20,880	19,486	17,610	14,431	14,243	

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Construction in Progress	2,125	1,810	1,303	1,181	1,652
Other Property, Plant & Equipment	2,720	2,541	2,432	2,295	2,205
Accumulated Depreciation	18,084	17,278	15,738	12,903	12,316
Buildings	3,055	2,847	2,557	2,234	2,128
Land & Improvements	158	153	137	136	136
Machinery & Equipment	14,227	13,713	12,496	9,972	9,526
Construction in Progress	45	1	1	5	2
Other Property, Plant & Equipment	599	564	547	556	524
Total Investments and Advances	2,769	2,706	2,823	2,155	3,090
LT Investment - Affiliate Companies	991	1,066	1,084	990	1,074
Other Long-Term Investments	1,778	1,640	1,739	1,165	2,016
Long-Term Note Receivable	243	444	413	280	291
Intangible Assets	49,611	50,214	50,455	33,054	33,246

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Long-Term Note Receivable	243	444	413	280	291
Intangible Assets	49,611	50,214	50,455	33,054	33,246
Net Goodwill	24,022	24,782	25,904	16,042	16,034
Net Other Intangibles	25,589	25,432	24,551	17,012	17,212
Other Assets	675	645	586	455	473
Tangible Other Assets	675	645	586	455	473
Total Assets	143,694	134,646	125,311	108,671	96,507
Assets - Total - Growth	6.72%	7.45%	15.31%	12.60%	-
Asset Turnover	0.62	-	-	-	-
Return On Average Assets	10.90%	-	-	-	-

+ Liabilities & Shareholders' Equity

WSJ | MARKETS

Latest World Business U.S. Politics Economy Tech Finance Opinion Arts & Culture Lifestyle Real Estate Personal Finance Health Style Sports

Liabilities & Shareholders' Equity

All values EUR Millions.	2023	2022	2021	2020	2019	5-year trend
ST Debt & Current Portion LT Debt	13,448	11,931	10,401	12,752	9,782	
Short Term Debt	10,720	9,299	8,014	10,589	7,610	
Current Portion of Long Term Debt	2,728	2,632	2,387	2,163	2,172	
Accounts Payable	9,049	8,788	7,086	5,098	5,814	
Accounts Payable Growth	2.97%	24.02%	39.00%	-12.32%	-	
Income Tax Payable	1,148	1,211	1,267	721	722	
Other Current Liabilities	9,500	9,613	9,235	6,747	6,305	
Accrued Payroll	3,005	2,714	2,470	116	1,917	
Miscellaneous Current Liabilities	6,495	6,899	6,765	6,631	4,388	
Total Current Liabilities	33,145	31,543	27,989	25,318	22,623	

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Long-Term Debt	25,037	23,156	24,052	24,730	15,474	
Long-Term Debt excl. Capitalized Leases	11,227	10,380	12,165	14,065	5,101	
Non-Convertible Debt	11,227	10,380	12,165	14,065	5,101	
Provision for Risks & Charges	1,661	1,652	1,876	1,472	1,458	
Deferred Taxes	3,020	3,291	3,548	3,156	3,224	
Deferred Taxes - Credit	7,012	6,952	6,704	5,481	5,498	
Deferred Taxes - Debit	3,992	3,661	3,156	2,325	2,274	
Other Liabilities	14,138	14,739	15,781	12,841	13,089	
Other Liabilities (excl. Deferred Income)	14,138	14,739	15,781	12,841	13,089	
Total Liabilities	80,993	78,042	76,402	69,842	58,142	

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Additional Paid-In Capital/Capital Surplus	530	1,289	2,225	2,225	2,319
Cumulative Translation Adjustment/Unrealized For. Exch. Gain	1,525	2,586	1,380	(692)	862
Revaluation Reserves	1,156	1,125	1,167	1,139	1,139
Other Appropriated Reserves	236	160	(292)	(514)	(327)
Unappropriated Reserves	59,372	51,093	43,399	35,362	32,844
Treasury Stock	(1,953)	(1,293)	(912)	(260)	(403)
Common Equity / Total Assets	42.46%	40.93%	37.60%	34.43%	37.91%
Total Shareholders' Equity	61,017	55,111	47,119	37,412	36,586
Total Shareholders' Equity / Total Assets	42.46%	40.93%	37.60%	34.43%	37.91%
Accumulated Minority Interest	1,684	1,493	1,790	1,417	1,779
Total Equity	62,701	56,604	48,909	38,829	38,365
Liabilities & Shareholders' Equity	143,694	134,646	125,311	108,671	96,507

OVERVIEW » FINANCIALS » INCOME STATEMENT | BALANCE SHEET | CASH FLOW

NOTES & DATA PROVIDERS

Source: WSJ Markets, financial statement of LVMH company year 2019-2022 was used

Figure 14, Balance Sheet Hugo Boss

WSJ | MARKETS

QUARTERLY ANNUAL

Assets

Fiscal year is January-December. All values EUR Millions.	2023	2022	2021	2020	2019	5-year trend
Cash & Short Term Investments	118	147	285	125	133	
Cash Only	118	147	285	125	133	
Cash & Short Term Investments Growth	-19.73%	-48.22%	127.25%	-5.54%	-	
Cash & ST Investments / Total Assets	3.41%	4.71%	10.41%	4.82%	4.58%	
Total Accounts Receivable	399	280	249	190	250	

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Inventories	1,066	974	606	618	627
Finished Goods	994	893	564	581	577
Work in Progress	9	10	6	5	6
Raw Materials	63	70	35	32	43
Other Current Assets	208	-	-	-	-
Miscellaneous Current Assets	208	191	139	121	156
Total Current Assets	1,791	1,592	1,278	1,055	1,164
Net Property, Plant & Equipment	1,326	1,179	1,113	1,152	1,394
Property, Plant & Equipment - Gross	2,284	2,134	2,015	2,008	2,201
Buildings	315	299	294	259	282
Machinery & Equipment	129	125	121	120	120
Construction in Progress	59	27	13	10	14
Other Property, Plant & Equipment	1,057	975	892	875	908
Accumulated Depreciation	958	955	902	856	807

WSJ | MARKETS

Accumulated Depreciation	958	955	902	856	807
Buildings	128	114	106	87	102
Machinery & Equipment	91	84	79	74	68
Construction in Progress	-	-	-	0	0
Other Property, Plant & Equipment	739	757	717	696	636
Total Investments and Advances	27	-	-	-	-
LT Investment - Affiliate Companies	4	4	-	0	4
Other Long-Term Investments	22	22	20	21	17
Intangible Assets	196	177	164	170	197
Net Goodwill	55	57	56	56	57
Net Other Intangibles	141	120	108	115	141
Other Assets	2	-	-	-	-
Tangible Other Assets	2	2	1	1	2
Total Assets	3,472	3,127	2,736	2,601	2,896

WSJ | MARKETS

Liabilities & Shareholders' Equity

All values EUR Millions.	2023	2022	2021	2020	2019	5-year trend
ST Debt & Current Portion LT Debt	183	221	208	284	278	
Short Term Debt	14	21	15	71	110	
Current Portion of Long Term Debt	169	199	193	213	168	
Accounts Payable	572	617	464	299	315	
Accounts Payable Growth	-7.34%	32.88%	55.20%	-4.90%	-	
Income Tax Payable	7	20	28	42	66	
Other Current Liabilities	328	-	-	-	-	
Accrued Payroll	56	37	27	32	30	
Miscellaneous Current Liabilities	272	298	250	202	194	
Total Current Liabilities	1,090	1,193	978	860	882	

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Long-Term Debt	941	693	704	845	895	
Long-Term Debt excl. Capitalized Leases	316	89	103	195	105	
Non-Convertible Debt	316	89	103	195	105	
Provision for Risks & Charges	109	92	102	91	87	
Deferred Taxes	(112)	(140)	(150)	(159)	(87)	
Deferred Taxes - Credit	19	10	11	43	30	
Deferred Taxes - Debit	130	151	160	201	116	
Other Liabilities	2	-	-	-	-	
Other Liabilities (excl. Deferred Income)	2	2	1	2	1	
Total Liabilities	2,161	-	-	-	-	

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Common Stock Par/Carry Value	70	70	70	70	70
Additional Paid-In Capital/Capital Surplus	-	-	0	0	0
Retained Earnings	1,194	1,016	843	700	926
Cumulative Translation Adjustment/Unrealized For. Exch. Gain	60	65	51	21	39
Other Appropriated Reserves	11	9	3	5	8
Treasury Stock	(42)	(42)	(42)	(42)	(42)
Common Equity / Total Assets	37.23%	35.71%	33.83%	28.99%	34.59%
Total Shareholders' Equity	1,293	1,117	925	754	1,002
Total Shareholders' Equity / Total Assets	37.23%	35.71%	33.83%	28.99%	34.59%
Accumulated Minority Interest	18	19	14	6	0
Total Equity	1,311	1,135	940	760	1,002
Liabilities & Shareholders' Equity	3,472	3,127	2,736	2,601	2,896

OVERVIEW › FINANCIALS › INCOME STATEMENT | BALANCE SHEET | CASH FLOW NOTES & DATA PROVIDERS

Figure 14 Source: WSJ Markets, Balance Sheet of Hugo Boss company year 2019-2022 was used

Figure 15, Balance Sheet Kering company

WSJ MARKETS

Latest World Business U.S. Politics Economy Tech **Finance** Opinion Arts & Culture Lifestyle Real Estate Personal Finance Health Style Sports

Assets

Fiscal year is January-December. All values EUR Millions.	2023	2022	2021	2020	2019
Cash & Short Term Investments	3,922	4,336	5,249	3,443	2,286
Cash Only	3,922	4,336	5,249	3,443	2,286
Cash & Short Term Investments Growth	-9.55%	-17.39%	52.45%	50.61%	-
Cash & ST Investments / Total Assets	9.48%	12.78%	16.89%	12.29%	8.42%
Total Accounts Receivable	1,930	1,561	1,805	1,459	1,284
Accounts Receivables, Net	1,151	1,180	977	824	996
Accounts Receivables, Gross	1,177	1,207	1,008	864	1,023
Bad Debt/Doubtful Accounts	(26)	(27)	(31)	(39)	(27)
Other Receivables	779	381	828	634	288
Accounts Receivable Growth	23.64%	-13.52%	23.75%	13.58%	-
Accounts Receivable Turnover	10.14	13.04	9.78	8.98	12.37
Inventories	4,550	4,465	3,369	2,846	2,959

WSJ MARKETS

Latest World Business U.S. Politics Economy Tech **Finance** Opinion Arts & Culture Lifestyle Real Estate Personal Finance Health Style Sports

Inventories	4,550	4,465	3,369	2,846	2,959
Raw Materials	4,550	4,465	3,369	2,846	-
Progress Payments & Other	-	-	-	-	2,959
Other Current Assets	1,528	1,300	991	1,273	1,010
Miscellaneous Current Assets	1,528	1,300	991	1,273	1,010
Total Current Assets	11,930	11,662	11,413	9,020	7,540
Net Property, Plant & Equipment	10,325	8,317	7,268	6,627	6,866
Property, Plant & Equipment - Gross	13,812	11,406	9,847	8,833	8,900
Buildings	2,681	923	874	891	872
Machinery & Equipment	5,617	4,955	4,274	3,575	3,472
Other Property, Plant & Equipment	530	599	398	411	309
Accumulated Depreciation	3,487	3,089	2,579	2,206	2,034
Buildings	274	240	201	205	174

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Latest World Business U.S. Politics Economy Tech **Finance** Opinion Arts & Culture Lifestyle Real Estate Personal Finance Health Style Sports

Buildings	274	240	201	205	174	
Machinery & Equipment	3,085	2,743	2,328	1,954	1,821	
Other Property, Plant & Equipment	128	106	49	47	39	
Total Investments and Advances	2,283	903	1,084	1,724	1,432	
LT Investment - Affiliate Companies	1,750	49	31	36	1,105	
Other Long-Term Investments	533	854	1,053	1,688	327	
Long-Term Note Receivable	3	1	1	1	132	
Intangible Assets	15,290	11,410	9,923	9,438	9,786	
Net Goodwill	7,112	4,053	2,891	2,452	2,526	
Net Other Intangibles	8,178	7,357	7,032	6,986	7,261	
Other Assets	16	8	25	18	25	
Tangible Other Assets	16	8	25	18	25	
Total Assets	41,367	33,941	31,068	28,005	27,148	

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Latest World Business U.S. Politics Economy Tech **Finance** Opinion Arts & Culture Lifestyle Real Estate Personal Finance Health Style Sports

Liabilities & Shareholders' Equity

All values EUR Millions.	2023	2022	2021	2020	2019	5-year trend
ST Debt & Current Portion LT Debt	3,284	3,107	3,117	2,314	2,696	
Short Term Debt	2,400	2,295	2,442	1,776	1,976	
Current Portion of Long Term Debt	884	812	675	538	720	
Accounts Payable	2,200	2,263	1,742	666	809	
Accounts Payable Growth	-2.78%	29.92%	161.55%	-17.65%	-	
Income Tax Payable	536	567	1,148	901	1,362	
Other Current Liabilities	2,611	2,569	2,718	2,853	3,281	
Dividends Payable	552	558	436	313	-	
Accrued Payroll	12	12	12	12	9	
Miscellaneous Current Liabilities	2,047	1,999	2,269	2,528	3,272	
Total Current Liabilities	8,631	8,506	8,725	6,735	8,147	

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Latest World Business U.S. Politics Economy Tech **Finance** Opinion Arts & Culture Lifestyle Real Estate Personal Finance Health Style Sports

Long-Term Debt	14,537	8,767	6,801	7,361	6,721
Long-Term Debt excl. Capitalized Leases	10,026	4,347	2,976	3,815	3,122
Non-Convertible Debt	10,026	4,347	2,976	3,815	3,122
Provision for Risks & Charges	89	85	105	126	122
Deferred Taxes	256	(68)	100	308	163
Deferred Taxes - Credit	1,776	1,572	1,452	1,485	1,530
Deferred Taxes - Debit	1,520	1,640	1,353	1,177	1,368
Other Liabilities	324	228	248	264	190
Other Liabilities (excl. Deferred Income)	324	228	248	264	190
Total Liabilities	25,357	19,158	17,331	15,970	16,710
Total Liabilities / Total Assets	61.30%	56.45%	55.79%	57.03%	61.55%
Common Equity (Total)	15,212	13,998	13,347	11,821	10,278
Common Stock Par/Carry Value	493	496	499	500	505

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Latest World Business U.S. Politics Economy Tech **Finance** Opinion Arts & Culture Lifestyle Real Estate Personal Finance Health Style Sports

Common Stock Par/Carry Value	493	496	499	500	505
Cumulative Translation Adjustment/Unrealized For. Exch. Gain	(243)	(165)	(82)	(288)	(175)
Unrealized Gain/Loss Marketable Securities	160	186	165	362	(80)
Other Appropriated Reserves	984	1,314	1,655	1,863	2,428
Unappropriated Reserves	14,268	13,195	11,490	9,438	8,173
Treasury Stock	(450)	(1,028)	(380)	(54)	(574)
Common Equity / Total Assets	36.77%	41.24%	42.96%	42.21%	37.86%
Total Shareholders' Equity	15,212	13,998	13,347	11,821	10,278
Total Shareholders' Equity / Total Assets	36.77%	41.24%	42.96%	42.21%	37.86%
Accumulated Minority Interest	798	785	389	214	161
Total Equity	16,010	14,783	13,736	12,035	10,439
Liabilities & Shareholders' Equity	41,367	33,941	31,068	28,005	27,148

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Latest World Business U.S. Politics Economy Tech **Finance** Opinion Arts & Culture Lifestyle Real Estate Personal Finance Health Style Sports

Liabilities & Shareholders' Equity

All values EUR Millions.	2023	2022	2021	2020	2019	5-year trend
ST Debt & Current Portion LT Debt	3,284	3,107	3,117	2,314	2,696	
Short Term Debt	2,400	2,295	2,442	1,776	1,976	
Current Portion of Long Term Debt	884	812	675	538	720	
Accounts Payable	2,200	2,263	1,742	666	809	
Accounts Payable Growth	-2.78%	29.92%	161.55%	-17.65%	-	
Income Tax Payable	536	567	1,148	901	1,362	
Other Current Liabilities	2,611	2,569	2,718	2,853	3,281	
Dividends Payable	552	558	436	313	-	
Accrued Payroll	12	12	12	12	9	
Miscellaneous Current Liabilities	2,047	1,999	2,269	2,528	3,272	
Total Current Liabilities	8,631	8,506	8,725	6,735	8,147	

Figure 15 Source: WSJ Markets, financial statement of Kering company year 2019-2022 was used

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Latest World Business U.S. Politics Economy Tech **Finance** Opinion Arts & Culture Lifestyle Real Estate Personal Finance Health Style Sports

Assets

Fiscal year is January-December. All values EUR Millions.	2023	2022	2021	2020	2019	5-year trend
Cash & Short Term Investments	3,922	4,336	5,249	3,443	2,286	
Cash Only	3,922	4,336	5,249	3,443	2,286	
Cash & Short Term Investments Growth	-9.55%	-17.39%	52.45%	50.61%	-	
Cash & ST Investments / Total Assets	9.48%	12.78%	16.89%	12.29%	8.42%	
Total Accounts Receivable	1,930	1,561	1,805	1,459	1,284	
Accounts Receivables, Net	1,151	1,180	977	824	996	
Accounts Receivables, Gross	1,177	1,207	1,008	864	1,023	
Bad Debt/Doubtful Accounts	(26)	(27)	(31)	(39)	(27)	
Other Receivables	779	381	828	634	288	
Accounts Receivable Growth	23.64%	-13.52%	23.75%	13.58%	-	
Accounts Receivable Turnover	10.14	13.04	9.78	8.98	12.37	
Inventories	4,550	4,465	3,369	2,846	2,959	

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Latest World Business U.S. Politics Economy Tech **Finance** Opinion Arts & Culture Lifestyle Real Estate Personal Finance Health Style Sports

Inventories	4,550	4,465	3,369	2,846	2,959	
Raw Materials	4,550	4,465	3,369	2,846	-	
Progress Payments & Other	-	-	-	-	2,959	
Other Current Assets	1,528	1,300	991	1,273	1,010	
Miscellaneous Current Assets	1,528	1,300	991	1,273	1,010	
Total Current Assets	11,930	11,662	11,413	9,020	7,540	
Net Property, Plant & Equipment	10,325	8,317	7,268	6,627	6,866	
Property, Plant & Equipment - Gross	13,812	11,406	9,847	8,833	8,900	
Buildings	2,681	923	874	891	872	
Machinery & Equipment	5,617	4,955	4,274	3,575	3,472	
Other Property, Plant & Equipment	530	599	398	411	309	
Accumulated Depreciation	3,487	3,089	2,579	2,206	2,034	
Buildings	274	240	201	205	174	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

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Latest World Business U.S. Politics Economy Tech **Finance** Opinion Arts & Culture Lifestyle Real Estate Personal Finance Health Style Sports

Buildings	274	240	201	205	174	
Machinery & Equipment	3,085	2,743	2,328	1,954	1,821	
Other Property, Plant & Equipment	128	106	49	47	39	
Total Investments and Advances	2,283	903	1,084	1,724	1,432	
LT Investment - Affiliate Companies	1,750	49	31	36	1,105	
Other Long-Term Investments	533	854	1,053	1,688	327	
Long-Term Note Receivable	3	1	1	1	132	
Intangible Assets	15,290	11,410	9,923	9,438	9,786	
Net Goodwill	7,112	4,053	2,891	2,452	2,526	
Net Other Intangibles	8,178	7,357	7,032	6,986	7,261	
Other Assets	16	8	25	18	25	
Tangible Other Assets	16	8	25	18	25	
Total Assets	41,367	33,941	31,068	28,005	27,148	

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Latest World Business U.S. Politics Economy Tech **Finance** Opinion Arts & Culture Lifestyle Real Estate Personal Finance Health Style Sports

Liabilities & Shareholders' Equity

All values EUR Millions.	2023	2022	2021	2020	2019	5-year trend
ST Debt & Current Portion LT Debt	3,284	3,107	3,117	2,314	2,696	
Short Term Debt	2,400	2,295	2,442	1,776	1,976	
Current Portion of Long Term Debt	884	812	675	538	720	
Accounts Payable	2,200	2,263	1,742	666	809	
Accounts Payable Growth	-2.78%	29.92%	161.55%	-17.65%	-	
Income Tax Payable	536	567	1,148	901	1,362	
Other Current Liabilities	2,611	2,569	2,718	2,853	3,281	
Dividends Payable	552	558	436	313	-	
Accrued Payroll	12	12	12	12	9	
Miscellaneous Current Liabilities	2,047	1,999	2,269	2,528	3,272	
Total Current Liabilities	8,631	8,506	8,725	6,735	8,147	

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Latest World Business U.S. Politics Economy Tech **Finance** Opinion Arts & Culture Lifestyle Real Estate Personal Finance Health Style Sports

Long-Term Debt	14,537	8,767	6,801	7,361	6,721
Long-Term Debt excl. Capitalized Leases	10,026	4,347	2,976	3,815	3,122
Non-Convertible Debt	10,026	4,347	2,976	3,815	3,122
Provision for Risks & Charges	89	85	105	126	122
Deferred Taxes	256	(68)	100	308	163
Deferred Taxes - Credit	1,776	1,572	1,452	1,485	1,530
Deferred Taxes - Debit	1,520	1,640	1,353	1,177	1,368
Other Liabilities	324	228	248	264	190
Other Liabilities (excl. Deferred Income)	324	228	248	264	190
Total Liabilities	25,357	19,158	17,331	15,970	16,710
Total Liabilities / Total Assets	61.30%	56.45%	55.79%	57.03%	61.55%
Common Equity (Total)	15,212	13,998	13,347	11,821	10,278
Common Stock Par/Carry Value	493	496	499	500	505

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Latest World Business U.S. Politics Economy Tech **Finance** Opinion Arts & Culture Lifestyle Real Estate Personal Finance Health Style Sports

Common Stock Par/Carry Value	493	496	499	500	505
Cumulative Translation Adjustment/Unrealized For. Exch. Gain	(243)	(165)	(82)	(288)	(175)
Unrealized Gain/Loss Marketable Securities	160	186	165	362	(80)
Other Appropriated Reserves	984	1,314	1,655	1,863	2,428
Unappropriated Reserves	14,268	13,195	11,490	9,438	8,173
Treasury Stock	(450)	(1,028)	(380)	(54)	(574)
Common Equity / Total Assets	36.77%	41.24%	42.96%	42.21%	37.86%
Total Shareholders' Equity	15,212	13,998	13,347	11,821	10,278
Total Shareholders' Equity / Total Assets	36.77%	41.24%	42.96%	42.21%	37.86%
Accumulated Minority Interest	798	785	389	214	161
Total Equity	16,010	14,783	13,736	12,035	10,439
Liabilities & Shareholders' Equity	41,367	33,941	31,068	28,005	27,148

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QUARTERLY | ANNUAL

Fiscal year is January-December. All values EUR Millions.	2023	2022	2021	2020	2019	5-year trend
Sales/Revenue	86,153	79,184	64,215	44,651	53,670	
Sales Growth	8.80%	23.31%	43.82%	-16.80%	-	
Cost of Goods Sold (COGS) incl. D&A	26,876	24,988	20,364	15,895	18,141	
COGS excluding D&A	20,916	19,378	15,307	11,132	13,663	
Depreciation & Amortization Expense	5,960	5,610	5,057	4,763	4,478	
Depreciation	5,240	5,006	4,528	4,278	4,056	
Amortization of Intangibles	720	604	529	485	422	
COGS Growth	7.56%	22.71%	28.12%	-12.38%	-	
Gross Income	59,277	54,196	43,851	28,756	35,529	
Gross Income Growth	9.38%	23.59%	52.49%	-19.06%	-	
Gross Profit Margin	68.80%	-	-	-	-	
SG&A Expense	36,482	33,178	26,722	20,433	24,071	

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SG&A Expense	36,482	33,178	26,722	20,433	24,071	
Research & Development	-	172	147	139	140	
Other SG&A	36,482	33,006	26,575	20,294	23,931	
SGA Growth	9.96%	24.16%	30.78%	-15.11%	-	
EBIT	22,795	21,018	17,129	8,323	11,458	
Unusual Expense	261	425	(311)	514	259	
Non Operating Income/Expense	(95)	(199)	(43)	(83)	(117)	
Non-Operating Interest Income	152	64	40	46	50	
Interest Expense	973	382	242	366	446	
Interest Expense Growth	154.71%	57.85%	-33.88%	-17.94%	-	
Gross Interest Expense	973	382	242	366	446	
Pretax Income	21,618	20,076	17,195	7,406	10,686	

WSJ | MARKETS

Income Tax	5,673	5,362	4,510	2,409	2,932
Income Tax - Current Domestic	6,051	5,896	5,336	2,621	3,222
Income Tax - Deferred Domestic	(378)	(534)	(826)	(212)	(290)
Equity in Affiliates	7	37	13	(42)	28
Consolidated Net Income	15,952	14,751	12,698	4,955	7,782
Minority Interest Expense	778	667	662	253	611
Net Income	15,174	14,084	12,036	4,702	7,171
Net Income Growth	7.74%	17.02%	155.98%	-34.43%	-
Net Margin	17.61%	-	-	-	-
Net Income After Extraordinaries	15,174	14,084	12,036	4,702	7,171
Net Income Available to Common	15,174	14,084	12,036	4,702	7,171
EPS (Basic)	30.34	28.05	23.90	9.34	14.25

Figure 16 WSJ Markets, Income Statement of LVMH company year 2019-2022 was used

QUARTERLY | ANNUAL

Fiscal year is January-December. All values EUR Millions.	2023	2022	2021	2020	2019	5-year trend
Sales/Revenue	4,197	3,651	2,786	1,946	2,884	
Sales Growth	14.96%	31.06%	43.18%	-32.53%	-	
Cost of Goods Sold (COGS) incl. D&A	1,956	1,717	1,367	1,108	1,355	
COGS excluding D&A	1,610	1,390	1,060	753	1,003	
Depreciation & Amortization Expense	345	328	307	355	352	
Depreciation	316	302	283	331	331	
Amortization of Intangibles	29	26	24	24	22	
COGS Growth	13.90%	25.57%	23.42%	-18.23%	-	
Gross Income	2,242	1,934	1,419	838	1,529	

WSJ | MARKETS

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SG&A Expense	1,826	1,574	1,162	967	1,181	
Research & Development	86	78	55	56	63	
Other SG&A	1,740	1,496	1,107	912	1,119	
SGA Growth	16.02%	35.42%	20.14%	-18.11%	-	
Other Operating Expense	(7)	(4)	(3)	(4)	(7)	
EBIT	423	364	260	(126)	355	
Unusual Expense	15	46	35	101	21	
Non Operating Income/Expense	(8)	(11)	(8)	(21)	(5)	
Non-Operating Interest Income	1	2	2	2	2	
Interest Expense	43	24	21	27	25	
Interest Expense Growth	82.15%	12.88%	-22.86%	9.26%	-	
Gross Interest Expense	43	24	21	27	25	
Pretax Income	357	285	197	(273)	306	

WSJ | MARKETS

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Income Tax	87	63	53	(54)	100
Income Tax - Current Domestic	60	61	42	21	105
Income Tax - Deferred Domestic	27	2	10	(75)	(5)
Consolidated Net Income	270	222	144	(219)	205
Minority Interest Expense	11	12	7	0	0
Net Income	258	209	137	(220)	205
Net Income Growth	23.33%	52.54%	162.54%	-207.06%	-
Net Margin	6.16%	-	-	-	-
Net Income After Extraordinaries	258	209	137	(220)	205
Net Income Available to Common	258	209	137	(220)	205
EPS (Basic)	3.74	3.04	1.99	(3.18)	2.97

Figure 17 WSJ Markets, Income Statement of Hugo Boss company year 2019-2022 was used

WSJ | MARKETS

Latest World Business U.S. Politics Economy Tech Finance Opinion Arts & Culture Lifestyle Real Estate Personal Finance Health Style Sports

QUARTERLY ANNUAL

Fiscal year is January-December. All values EUR Millions.	2023	2022	2021	2020	2019	5-year trend
Sales/Revenue	19,566	20,351	17,645	13,100	15,884	
Sales Growth	-3.86%	15.33%	34.69%	-17.52%	-	
Cost of Goods Sold (COGS) incl. D&A	4,639	5,153	4,577	3,591	4,109	
COGS excluding D&A	2,816	3,487	3,124	2,152	2,863	
Depreciation & Amortization Expense	1,823	1,666	1,453	1,439	1,245	
COGS Growth	-9.97%	12.59%	27.46%	-12.61%	-	
Gross Income	14,927	15,198	13,069	9,510	11,775	
Gross Income Growth	-1.78%	16.29%	37.42%	-19.24%	-	
Gross Profit Margin	76.29%	-	-	-	-	
SG&A Expense	10,181	9,609	8,051	6,374	6,997	

Figure 18 Source: WSJ Markets, Income Statement of Kering company year 2019-2022 was used

WSJ | MARKETS

EBIT	4,746	5,589	5,017	3,135	4,778
Unusual Expense	256	152	192	623	255
Non Operating Income/Expense	18	(116)	(140)	619	(58)
Non-Operating Interest Income	102	10	8	7	11
Interest Expense	377	196	168	182	176
Interest Expense Growth	92.35%	16.46%	-7.27%	3.36%	-
Gross Interest Expense	377	196	168	182	176
Pretax Income	4,233	5,135	4,524	2,957	4,300
Pretax Income Growth	-17.57%	13.50%	53.03%	-31.25%	-
Pretax Margin	21.63%	-	-	-	-
Income Tax	1,163	1,420	1,280	759	2,134

WSJ | MARKETS

Consolidated Net Income	3,074	3,717	3,245	2,190	2,208
Minority Interest Expense	91	104	80	30	42
Net Income	2,983	3,613	3,165	2,160	2,167
Net Income Growth	-17.44%	14.17%	46.50%	-0.31%	-
Net Margin	15.25%	-	-	-	-
Extraordinaries & Discontinued Operations	-	1	11	(10)	142
Extra Items & Gain/Loss Sale Of Assets	-	-	-	-	179
Discontinued Operations	-	1	11	(10)	(37)
Net Income After Extraordinaries	2,983	3,612	3,154	2,170	2,025
Net Income Available to Common	2,983	3,614	3,176	2,150	2,130
EPS (Basic)	24.38	29.34	25.49	17.20	18.40

Figure 19 Source: WSJ Markets, Income Statement of Kering company year 2019-2022 was used

Cash Flow statement LVMH

Net Operating Cash Flow	18,405	17,840	18,658	10,909	11,656
Net Operating Cash Flow Growth	3.17%	-4.38%	71.03%	-6.41%	-
Net Operating Cash Flow / Sales	21.36%	22.53%	29.06%	24.43%	21.72%
+ Investing Activities					
+ Financing Activities					

Net Financing Cash Flow	(9,380)	(12,334)	(14,721)	7,470	(4,713)
Net Financing Cash Flow Growth	23.95%	16.21%	-297.07%	258.50%	-
Net Financing Cash Flow / Sales	-10.89%	-15.58%	-22.92%	16.73%	-8.78%
Exchange Rate Effect	(273)	55	498	(1,052)	39
Net Change in Cash	420	(717)	(11,989)	14,309	1,084

Net Investing Cash Flow	(8,332)	(6,278)	(16,424)	(3,018)	(5,898)
Net Investing Cash Flow Growth	-32.72%	61.78%	-444.20%	48.83%	-
Net Investing Cash Flow / Sales	-9.67%	-7.93%	-25.58%	-6.76%	-10.99%
+ Financing Activities					

Figure 20 WSJ Markets, Cash Flow of LVMH company year 2019-2022 was used

Cash Flow Hugo Boss

Net Investing Cash Flow	(299,117.0)	(194,488.0)	(99,012.0)	(75,749.0)	(194,750.0)
Net Investing Cash Flow Growth	-53.80%	-96.43%	-30.71%	61.10%	-
Net Investing Cash Flow / Sales	-7.13%	-5.33%	-3.55%	-3.89%	-6.75%

Financing Activities

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Net Operating Cash Flow	353,795.0	336,193.0	637,783.0	214,684.0	628,414.0
Net Operating Cash Flow Growth	5.24%	-47.29%	197.08%	-65.84%	-
Net Operating Cash Flow / Sales	8.43%	9.21%	22.89%	11.03%	21.79%

Investing Activities

Financing Activities

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Net Financing Cash Flow	(81,118.0)	(283,444.0)	(387,318.0)	(142,066.0)	(448,845.0)
Net Financing Cash Flow Growth	71.38%	26.82%	-172.63%	68.35%	-
Net Financing Cash Flow / Sales	-1.93%	-7.76%	-13.90%	-7.30%	-15.56%

Figure 21 WSJ Markets, Cash Flow of LVMH company year 2019-2022 was used

Cash Flow Statement Kering

Net Operating Cash Flow	4,158	3,997	4,691	2,609	2,365
Net Operating Cash Flow Growth	4.03%	-14.79%	79.84%	10.29%	-
Net Operating Cash Flow / Sales	21.25%	19.64%	26.59%	19.91%	14.89%

Investing Activities

Financing Activities

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Net Investing Cash Flow	(7,398)	(2,478)	(487)	(231)	(1,243)
Net Investing Cash Flow Growth	-198.55%	-409.25%	-110.74%	81.42%	-
Net Investing Cash Flow / Sales	-37.81%	-12.18%	-2.76%	-1.76%	-7.83%

Financing Activities

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Net Financing Cash Flow	2,778	(2,163)	(2,710)	(1,313)	(1,237)
Net Financing Cash Flow Growth	228.43%	20.18%	-106.39%	-6.12%	-
Net Financing Cash Flow / Sales	14.20%	-10.63%	-15.36%	-10.02%	-7.79%
Exchange Rate Effect	18	222	21	98	116

Figure 22 WSJ Markets, Cash Flow of Kering company year 2019-2022 was used