Compagnie Financière Richemont SA
Depository Receipts issued by Richemont Securities SA
("Richemont Securities" or "Richemont")
(Incorporated in Switzerland)
Share code: CFR
ISIN: CH0045159024
Depository Receipt Code: CFR

RICHEMONT

COMPANY ANNOUNCEMENT
8 NOVEMBER 2019

# RICHEMONT ANNOUNCES ITS UNAUDITED CONSOLIDATED RESULTS FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2019

## Financial highlights

- Sales increased by 9% at actual exchange rates to € 7 397 million and by 6% at constant exchange rates
    - Growth in all regions, distribution channels and business areas at actual exchange rates, led by the Jewellery Maisons and Online Distributors
    - Double digit sales progression at actual exchange rates in China, Korea, Japan, the US and the United Kingdom, outperforming other locations; a difficult environment in Hong Kong SAR, China
    - At actual exchange rates, high-single digit growth in the Group's directly operated boutiques, led by the Jewellery Maisons, and double digit growth in online sales across all Maisons and businesses
- Operating profit up € 35 million to € 1 165 million led to a 15.7% operating margin
- Profit for the period of € 869 million, broadly stable when excluding the prior year period's post-tax non-cash gain of € 1 378 million on the revaluation of the YOOX NET-A-PORTER GROUP shares held prior to buy-out
- Net cash position of € 1 770 million following the acquisition of Buccellati

## Key financial data (unaudited)

| | Six months ended 30 September 2019 | Six months ended 30 September 2018* | Change |
|---|---|---|---|
| Sales | **€ 7 397 m** | € 6 808 m | +9% |
| Gross profit | **€ 4 610 m** | € 4 256 m | +8% |
| Gross margin | **62.3%** | 62.5% | -20 bps |
| Operating profit | **€ 1 165 m** | € 1 130 m | +3% |
| Operating margin | **15.7%** | 16.6% | -90 bps |
| Profit for the period | **€ 869 m** | € 2 253 m | -61% |
| Earnings per A share/10 B shares, diluted basis | **€ 1.533** | € 3.987 | -62% |
| Headline earnings per A share/10 B shares, basic | **€ 1.540** | € 1.653 | -7% |
| Cash flow generated from operations | **€ 1 188 m** | € 733 m | +62% |
| Net cash position | **€ 1 770 m** | € 1 584 m | +€ 186 m |

* Online Distributors' results for the prior year period included five months of results for YOOX NET-A-PORTER GROUP and four months of results for Watchfinder & Co.

# Chairman's commentary

During the first six months of our financial year, Richemont demonstrated continued growth and profit resilience amid heightened global uncertainty. The Group benefited from successful product launches and continued to make progress in adapting to an interconnected world where digital plays an increasing role. Geopolitical tensions around the world have affected customer sentiment. Global events are beyond our control and while we have remained responsive to market challenges, we have also continued to invest in our Maisons, reinforcing our long term approach to developing Richemont's businesses.

Embracing the future of luxury in a connected world has led us to form FENG MAO, the joint venture in China between the Alibaba Group and the YOOX NET-A-PORTER GROUP, which intends to set new standards for our online clientele. The soft launch of the NET-A-PORTER flagship store on Tmall Luxury Pavilion on 30 September 2019 marked FENG MAO's debut and represented an important first step in the development of our long term partnership with Alibaba. By combining NET-A-PORTER and MR PORTER's unrivalled expertise in editorial content and excellence in serving the needs of discerning customers with Alibaba's world-class technology and knowledge of Chinese consumers, we aim to transform the reach and accelerate the growth of YOOX NET-A-PORTER GROUP in China.

We have continued to strengthen our portfolio with the acquisition of Buccellati, the Italian jewellery Maison renowned for the distinctive look-and-feel of its creations. Complementary to our existing jewellery Maisons in terms of style, origins and craftsmanship, Buccellati will help Richemont benefit from the long term potential of the jewellery market. More recently, on 25 October 2019, we signed an agreement with the acclaimed fashion designer Alber Elbaz to form an innovative start-up called AZfashion. Alber's creative ideas resonate well with Richemont; his talent, insight and inventiveness will bring a valuable dynamic to our Group. We are pleased to welcome him and Buccellati to the Richemont family.

In a volatile environment, our Maisons and businesses have shown resilience: sales increased by 9%, led by the Jewellery Maisons and Online Distributors. On a comparable basis, sales for the Group grew by 6%, benefiting notably from a strong US dollar. All regions, distribution channels and business areas posted higher sales, notwithstanding a double-digit sales decline in Hong Kong SAR, China, where stores were closed during protests.

Operating profit rose by 3% and profit for the period of € 869 million was broadly stable, when excluding the prior year period's post-tax non-cash accounting gain of € 1 378 million on the revaluation of the YOOX NET-A-PORTER GROUP shares held prior to the tender offer. Net cash at 30 September 2019 amounted to € 1 770 million after the Buccellati acquisition and payment of the annual dividend.

The Jewellery Maisons delivered a high level of profitability driven by continued demand for their iconic collections, notably 'Panthère de Cartier' and 'Perlée' at Van Cleef & Arpels. Targeted investments continued to strengthen their leadership positions. Primarily due to a difficult environment in Hong Kong SAR, China, the Specialist Watchmakers registered muted sales growth, notwithstanding overall growth in their directly operated stores. Panerai, Lange & Söhne and Vacheron Constantin performed particularly well. The Group's Online Distributors posted double-digit sales growth; however, operating losses increased as we invested to strengthen their market position and technology leadership. Watchfinder & Co. made good progress with its internationalisation and is now present in France, Hong Kong SAR, China and Germany, beyond the United Kingdom. Our Fashion & Accessories Maisons, grouped under 'Other,' posted limited sales growth and profits, driven by the strong performance of Peter Millar.

We are undertaking a significant transformation to ensure our Maisons and businesses will continue to prosper in a more connected world. Our ambition is to craft an ethical, inclusive, sustainable and profitable future. These objectives require time, investment and flawless execution; and we must remain vigilant amid global uncertainties. The strength of our balance sheet, our financial discipline, and the agility, creativity and skills of our teams, position us well for the long term.

**Johann Rupert**
**Chairman**

**Compagnie Financière Richemont SA**
**Geneva, 8 November 2019**

# Financial review

Online Distributors' results for the prior year period included five months for YOOX NET-A-PORTER GROUP and four months for Watchfinder & Co..

## Sales

In the six month period, sales increased by 9% at actual exchange rates and by 6% at constant exchange rates. On a fully comparable half year base for Online Distributors, sales grew by 6% at actual exchange rates. Excluding Online Distributors, sales rose by 5% and by 2% at actual and constant exchange rates, respectively.

At actual exchange rates, sales were higher across all regions, distribution channels and business areas. Sales registered double digit progression in Japan and the Americas, and high-single digit growth in Europe and Asia Pacific. China, Korea, Japan, the US and the United Kingdom significantly outperformed other locations. Led by the Jewellery Maisons, the Group's directly operated boutiques posted high-single digit growth. Wholesale sales were 2% higher than the prior year period, reflecting ongoing optimisation of external points of sales and continued rightsizing of inventories to end-client demand. Online sales grew strongly across all business areas. By business area, sales growth was driven by Jewellery Maisons and Online Distributors.

Further details on sales by region, distribution channel and business area are given under Review of Operations.

## Gross profit

Gross profit increased by 8% to € 4 610 million and gross margin moderated to 62.3% of sales, due to the dilutive impact of the full six month consolidation of YOOX NET-A-PORTER GROUP and Watchfinder & Co..

Excluding Online Distributors, gross margin expanded from 66.6% to 67.6%, with this 100 basis point improvement mainly driven by positive product mix effects. Currency effects were overall broadly neutral, with the positive effect of a stronger US dollar and Japanese yen on sales offset by the impact of a stronger Swiss franc on costs.

## Operating profit

Operating profit increased by 3% to € 1 165 million, reflecting higher sales and gross profit partly offset by controlled increases in costs as detailed below.

Operating margin was 15.7% compared to 16.6% a year ago. Excluding Online Distributors, operating margin increased to 21.8% from 21.1% in the prior year period.

Total operating expenses across the Group grew by 10%, and by 6% excluding Online Distributors. Selling and distribution expenses rose by 6%, mainly due to higher depreciation linked to continuing upgrades to distribution networks and further enhancement of retail and marketing capabilities. Selling and distribution expenses decreased from 24.0% to 23.4% of sales, partly reflecting the adoption of IFRS 16 *Leases*. Communication expenses represented 9.2% of sales and increased by 20%, largely explained by planned initiatives at the Jewellery Maisons, Specialist Watchmakers and Online Distributors as well the full six month period effect for Online Distributors. Fulfilment expenses rose by 78% to € 162 million, primarily driven by an acceleration of online retail and the above mentioned full six month period effect. The 15% growth in administration costs resulted mainly from expenditure in IT and digital initiatives and the aforementioned period effect. Other operating expenses included the previously mentioned acquisition-related charges as well as the amortisation of intangible assets recognised on acquisitions at the Online Distributors.

## Profit for the period

Profit for the period reached € 869 million, broadly in line with the prior year period when excluding the € 1 378 million post-tax non-cash accounting gain on the revaluation of existing YOOX NET-A-PORTER GROUP shares recognised on buy-out. Net finance costs increased from € 47 million in the prior year period to € 110 million, partly as a result of adopting IFRS 16 *Leases* from 1 April 2019, which led to a new lease liabilities' interest expense of € 36 million. In addition, unfavourable foreign exchange movements on monetary items led to a net loss of € 62 million, compared to a € 38 million net loss in the prior year period.

Earnings per share (1 A share/10 B shares) decreased by 62% to € 1.533 on a diluted basis.

To comply with the South African practice of providing headline earnings per share ('HEPS') data, the relevant figure for headline earnings for the period ended 30 September 2019 would be € 870 million (2018: € 932 million). Basic HEPS for the period was € 1.540 (2018: € 1.653), diluted HEPS for the period was € 1.535 (2018: € 1.649). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 11.3 of the Group's condensed consolidated interim financial statements.

## Cash flow

Cash flow generated from operating activities rose to € 1 188 million. The € 455 million year-on-year increase notably included a positive impact on current liabilities from the non-recurrence of prior years' inventory buy-backs and increased operating profit, which now includes the depreciation of right of use assets under IFRS 16 *Leases*.

Net investment in tangible fixed assets during the period amounted to € 197 million and predominantly related to the opening, renovation and relocation of boutiques in the Maisons' store network, the upgrading of a YOOX NET-A-PORTER GROUP logistics centre in Italy and further investment in information technology, notably in YOOX NET-A-PORTER GROUP's enterprise platform.

The 2019 dividend of 2.00 per share (1 A share/10 B shares) was paid to shareholders and to South African Depository Receipt holders, net of withholding tax, in September. The 35% withholding tax on all dividends was remitted to the Swiss tax authorities in September. The overall dividend cash outflow in the period amounted to € 1 017 million.

In the period under review, the Group did not acquire any treasury shares to hedge executive stock options. Proceeds from the exercise of stock options by executives and other activities related to the hedging programme amounted to a net cash inflow of € 8 million.

## Balance sheet

At 30 September 2019, inventories of € 6 535 million were € 349 million higher than at 31 March 2019 and represented 18 months of cost of sales.

At 30 September 2019, the Group's net cash position amounted to € 1 770 million. This position was € 758 million lower than at 31 March 2019, primarily due to the Buccellati acquisition and the annual dividend payment, which together resulted in a total cash outflow of € 1 247 million. The Group's net cash position includes highly liquid, highly rated money market funds, short-term bank deposits and short-duration bond funds, primarily denominated in Swiss francs, euros and US dollars.

## Acquisition of Buccellati

On 26 September 2019, Richemont completed the acquisition of Buccellati Holding Italia S.p.A., the owner of Buccellati, the renowned Italian jewellery Maison, for a total consideration of € 230 million. In addition, € 7 million of acquisition-related transaction costs were expensed in the period under review. Buccellati's results are consolidated within the Jewellery Maisons with effect from 30 September 2019. However, due to the timing of the acquisition, Buccellati has not contributed to the Group's half year results for the period ended 30 September 2019.

The Buccellati acquisition has resulted in the recognition of € 103 million in provisional goodwill, which will be subject to annual impairment testing. In addition, intangible assets amounting to € 108 million were recognised.

# Review of operations

## Sales by region

| in € million | Six months to 30 September 2019 | Six months to 30 September 2018* | Change at Constant exchange rates** | Change at Actual exchange rates |
|---|---|---|---|---|
| Europe | **2 221** | 2 071 | +7% | +7% |
| Asia Pacific | **2 729** | 2 548 | +5% | +7% |
| Americas | **1 347** | 1 213 | +6% | +11% |
| Japan | **647** | 534 | +13% | +21% |
| Middle East and Africa | **453** | 442 | -1% | +2% |
| | **7 397** | 6 808 | +6% | +9% |

* Online Distributors' results for the prior year period included five months of results for YOOX NET-A-PORTER GROUP and four months of results for Watchfinder & Co.

** Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current period and the comparative period at the average exchange rates applicable for the financial year ended 31 March 2019.

The following comments on Group sales refer to year-on-year movements at constant exchange rates.

### Europe

Sales in the region grew by 7%, driven by Online Distributors and Jewellery Maisons, with the former benefiting in part from a full six months of trading in the period under review. Excluding Online Distributors, sales in the region were broadly in line with the prior year period, reflecting mixed performances in terms of markets, distribution channels and business areas.

The United Kingdom recorded double digit sales growth following a decrease in the prior year period while sales in France and Switzerland contracted following lower tourist spending, notably from Chinese clientele. Higher retail sales offset lower wholesale sales, which were impacted by the continued optimisation of the wholesale distribution network and the rightsizing of trade inventories to end-customer demand. Online retail sales recorded strong expansion.

Europe remained the second largest region, accounting for 30% of Group sales.

### Asia Pacific

Sales in Asia Pacific rose by 5% over the period, and by 4% excluding Online Distributors. There was growth in most locations, with strong double digit sales progression in China and Korea more than offsetting the double digit sales contraction in Hong Kong SAR, China, where sales have been affected by street protests and a relatively strong currency versus the renminbi. All distribution channels posted growth, led by the Jewellery Maisons and Online Distributors. The net opening of 18 directly operated boutiques at our Maisons (excluding Buccellati consolidated on 30 September 2019) positively impacted sales growth.

Asia Pacific accounted for the largest share of Group sales, at 37%, unchanged from the prior year period.

### Americas

Following a challenging year-on-year comparison (+42% in the prior year period), the Americas posted a 6% increase in sales, driven by the US, Richemont's largest market, Online Distributors and the Fashion & Accessories Maisons. Excluding Online Distributors, sales were in line with the prior year period.

The region's contribution to Group sales amounted to 18%, in line with the prior year period.

### Japan

The 13% growth in sales, both including and excluding Online Distributors, was underpinned by good domestic and tourist spending, despite a comparatively stronger Japanese yen. Domestic demand was supported by purchases ahead of the October 2019 value added tax increase. This double digit sales increase was registered across all distribution channels, led by the Jewellery Maisons, Specialist Watchmakers and Online Distributors.

The country represented 9% of overall sales, compared to 8% in the prior year period.

### Middle East and Africa

Sales in the Middle East and Africa were 1% lower, impacted by the discontinuation of selected wholesale relationships as well as lower domestic and tourist spending, given geopolitical uncertainties and unfavourable local currencies. Excluding Online Distributors, sales in the region declined by 5%, although sales expanded in the Kingdom of Saudi Arabia, supported by the internalisation of external points of sale.

The contribution of Middle East and Africa to Group sales was reduced from 7% to 6%.

## Sales by distribution channel

| in € million | Six months to 30 September 2019 | Six months to 30 September 2018* | Change at Constant exchange rates** | Change at Actual exchange rates |
|---|---|---|---|---|
| Retail | **3 808** | 3 557 | +4% | +7% |
| Online retail | **1 260** | 959 | +28% | +31% |
| Wholesale | **2 307** | 2 271 | -1% | +2% |
| Royalty income | **22** | 21 | +6% | +5% |
| | **7 397** | 6 808 | +6% | +9% |

* Online Distributors' results for the prior year period included five months of results for YOOX NET-A-PORTER GROUP and four months of results for Watchfinder & Co.

** Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current period and the comparative period at the average exchange rates applicable for the financial year ended 31 March 2019.

The following comments on Group sales refer to year-on-year movements at constant exchange rates unless otherwise stated.

### Retail

Retail incorporates only sales from the Group's directly operated boutiques.

Retail sales were 4% higher, with growth in all regions, excluding the Americas where retail sales were stable. Japan posted a double digit sales increase; other regions recorded softer rates of progression. In terms of business areas, Online Distributors and the Jewellery Maisons drove growth. The number of Maisons' directly operated boutiques increased by 56 to 1 155, including the addition of 19 Buccellati boutiques.

The Maisons' directly operated boutiques contributed 52% of Group sales, in line with the prior year period.

### Online retail

This distribution channel regroups the sales of YOOX NET-A-PORTER GROUP as well as the online sales portion of both Watchfinder & Co. and the Group's Maisons.

Online sales improved by 28%, partly benefiting from a full six months of trading for YOOX NET-A-PORTER GROUP and Watchfinder & Co. in the period under review. All regions showed significant progress, particularly the Americas and Middle East and Africa. Online retail increased its contribution to 17% of Group sales.

### Wholesale

Overall, wholesale sales were 1% below the prior year period, as growth in Japan and Asia Pacific was outweighed by declines in other regions. The Jewellery Maisons generated higher wholesale sales, in contrast to the other business areas. The ongoing focus on aligning sell-in with sell-out and qualitative improvements in the watch wholesale network continued to weigh on the Group's wholesale business, mainly at the Specialist Watchmakers.

The contribution of the Group's wholesale business, which includes sales to franchise partners and multi-brand retail partners, further retreated from 33% to 31% of Group sales.

## Sales and operating results by segment

### Jewellery Maisons

| in € million | Six months to 30 September 2019 | Six months to 30 September 2018 | Change |
|---|---|---|---|
| Sales | **3 736** | 3 454 | +8% |
| Operating results | **1 219** | 1 167 | +4% |
| Operating margin | **+32.6%** | +33.8% | -120 bps |

At actual exchange rates, the 8% sales progression at Cartier and Van Cleef & Arpels was driven by a high-single digit increase in jewellery and low-double digit increase in watches. Growth at Cartier was fuelled by iconic jewellery collections and the *Panthère* and *Santos* watch collections. The *Clash* collection was successfully launched and unmet demand is being addressed with a ramp up in production in time for seasonal celebrations. At Van Cleef & Arpels, demand for the *Alhambra* and *Perlée* collections remained remarkably strong. Growth was broad-based across regions and distribution channels with particularly noteworthy performances in Asia Pacific and Japan.

Operating results improved by 4% to € 1 219 million compared to the prior year period, primarily as a result of higher sales and stable gross margin. Investments to strengthen our Jewellery Maisons continued, notably in marketing and sales organisations, store renovations and communication. Operating margin was 120 basis points lower at 32.6%.

On 26 September 2019, the acquisition of Buccellati was completed and € 7 million of acquisition-related transaction costs were expensed. This newly acquired Maison has been consolidated within Jewellery Maisons starting from 30 September 2019. However, due to the timing of the acquisition, Buccellati has not contributed to Group sales or results during the period under review.

## Specialist Watchmakers

| in € million | Six months to 30 September 2019 | Six months to 30 September 2018 | Change |
|---|---|---|---|
| Sales | **1 567** | 1 550 | +1% |
| Operating results | **284** | 286 | -1% |
| Operating margin | **+18.1%** | +18.5% | -40 bps |

The Specialist Watchmakers' sales were 1% higher than in the prior year period. Mid-single digit growth in directly operated boutiques more than offset lower wholesale sales, which were impacted by ongoing prudent channel inventory management and the upgrade of the wholesale distribution network. Performance was varied across Maisons and regions, with strongest growth achieved at Panerai, Lange & Söhne and Vacheron Constantin and, regionally, in Japan. Sales progression was muted in Asia Pacific, impacted by a double digit sales decline in Hong Kong SAR, China.

The reduction in operating results to € 284 million was contained to 1%, due to a larger share of retail, improved gross margin and effective cost control. Operating margin for the period amounted to 18.1%.

## Online Distributors

| in € million | Six months to 30 September 2019 | Six months to 30 September 2018* | Change |
|---|---|---|---|
| Sales | **1 179** | 893 | +32% |
| Operating results | **(194)** | (115) | +69% |
| Operating margin | **(16.5)%** | (12.9)% | -360 bps |

* Online Distributors' results for the prior year period included five months of results for YOOX NET-A-PORTER GROUP and four months of results for Watchfinder & Co.

For business area reporting purposes, sales of Richemont Maisons' products recorded by YOOX NET-A-PORTER GROUP are reported under both the Maisons and YOOX NET-A-PORTER GROUP. In Group sales, these are eliminated as Intersegment sales.

Sales expanded by 32% to € 1 179 million supported by strong increases at both YOOX NET-A-PORTER GROUP and Watchfinder & Co., due in part to a full six months of trading in the period under review. Growth was broad-based across regions. Online Distributors, when compared on a full half year base, posted low double digit sales increases. FENG MAO, the China joint venture between YOOX NET-A-PORTER GROUP and Alibaba Group, soft launched the NET-A-PORTER flagship store on Tmall Luxury Pavilion on 30 September 2019. Watchfinder & Co. progressed with its internationalisation plans, with subsidiaries now operating in France, Germany and Hong Kong SAR, China.

The € 79 million increase in operating losses can be attributed to a lower gross margin, impacted by higher promotion and shipping costs, and increased investments in technology and logistics migration, marketing and internationalisation. The full six month amortisation of intangible assets recognised on acquisitions resulted in an additional non-cash charge of € 15 million to € 90 million.

## Other

| in € million | Six months to 30 September 2019 | Six months to 30 September 2018 | Change |
|---|---|---|---|
| Sales | **941** | 935 | +1% |
| Operating results | **3** | (46) | n/a |
| Operating margin | **+0.3%** | (4.9)% | +520 bps |

'Other' includes the Fashion and Accessories Maisons and the Group's watch component manufacturing.

Sales increased by 1%, supported by the strong performance of Peter Millar, with other Maisons posting softer performance. Of note, sales of leather goods at Montblanc and Chloé also grew. Regionally, the Americas and Japan outperformed.

Due to the non-recurrence of one-time items in the prior year period, operating results reached € 3 million.

### Corporate costs

| in € million | Six months to 30 September 2019 | Six months to 30 September 2018 | Change |
|---|---|---|---|
| Corporate costs | **(145)** | (156) | -7% |
| Central functions | **(128)** | (113) | +13% |
| Other operating expenses, net | **(17)** | (43) | -60% |

Corporate costs represent the costs of central management, marketing support and other central functions (collectively central functions), as well as other expenses and income that are not allocated to specific segments. They decreased by 7% compared to the prior year period and represented close to 2% of Group sales.

The Group's consolidated financial statements of comprehensive income, cash flows and financial position are presented in Appendix 1. Richemont's unaudited consolidated financial statements for the half year are available on the Group's website at www.richemont.com/investor-relations/reports

**Jérôme Lambert**
**Chief Executive Officer**

**Burkhart Grund**
**Chief Finance Officer**

**Compagnie Financière Richemont SA**
**Geneva, 8 November 2019**

# Appendix 1

## Condensed consolidated statement of comprehensive income

| | Six months to 30 September 2019 €m | Six months to 30 September 2018 €m |
|---|---|---|
| Revenue | **7 397** | 6 808 |
| Cost of sales | **(2 787)** | (2 552) |
| Gross profit | **4 610** | 4 256 |
| Selling and distribution expenses | **(1 728)** | (1 634) |
| Communication expenses | **(678)** | (567) |
| Fulfilment expenses | **(162)** | (91) |
| Administrative expenses | **(775)** | (671) |
| Other operating expense | **(102)** | (163) |
| Operating profit | **1 165** | 1 130 |
| Finance costs | **(184)** | (123) |
| Finance income | **74** | 76 |
| Share of post-tax results of equity-accounted investments | **12** | 1 408 |
| Profit before taxation | **1 067** | 2 491 |
| Taxation | **(198)** | (238) |
| Profit for the period | **869** | 2 253 |
| Other comprehensive income: | | |
| Items that will never be reclassified to profit or loss | | |
| Defined benefit plan actuarial gains/(losses) | **–** | – |
| Tax on defined benefit plan actuarial gains/(losses) | **–** | – |
| Fair value changes on financial assets held at fair value through other comprehensive income | **(75)** | (51) |
| | **(75)** | (51) |
| Items that are or may be reclassified subsequently to profit or loss | | |
| Currency translation adjustments | | |
| – movement in the period | **296** | 387 |
| – reclassification to profit or loss | **–** | 3 |
| Reclassification of cash flow hedges to profit or loss, net of tax | **2** | 2 |
| Share of other comprehensive income of equity-accounted investments | **–** | 1 |
| | **298** | 393 |
| Other comprehensive income, net of tax | **223** | 342 |
| Total comprehensive income | **1 092** | 2 595 |
| Profit attributable to: | | |
| Owners of the parent company | **869** | 2 253 |
| Non-controlling interests | **–** | – |
| | **869** | 2 253 |
| Total comprehensive income attributable to: | | |
| Owners of the parent company | **1 092** | 2 595 |
| Non-controlling interests | **–** | – |
| | **1 092** | 2 595 |
| Earnings per A share/10 B shares attributable to owners of the parent company during the period (expressed in € per share) | | |
| Basic | **1.538** | 3.996 |
| Diluted | **1.533** | 3.987 |

## Condensed consolidated statement of cash flow

| | Six months to 30 September 2019 €m | Six months to 30 September 2018 €m |
|---|---|---|
| Operating profit | **1 165** | 1 130 |
| Depreciation of property, plant and equipment | **244** | 234 |
| Amortisation of other intangible assets | **176** | 150 |
| Depreciation of right of use assets | **292** | – |
| Depreciation of investment property | **2** | 2 |
| Loss on disposal of property, plant and equipment | **1** | 2 |
| Profit on disposal of intangible assets | **–** | (2) |
| Profit on disposal of investment property | **(3)** | – |
| Increase/(decrease) in long-term provisions | **4** | ( 2) |
| Non-cash items | **19** | 56 |
| Increase in inventories | **(180)** | (195) |
| Increase in trade receivables | **(174)** | (181) |
| (Increase)/decrease in other receivables | **(55)** | 12 |
| Decrease in current liabilities | **(267)** | (428) |
| (Decrease)/increase in long-term liabilities | **(12)** | 20 |
| Cash outflow on derivative financial instruments | **(24)** | (65) |
| Cash flow generated from operations | **1 188** | 733 |
| Interest received | **53** | 43 |
| Interest paid | **(62)** | (43) |
| Dividends received from equity-accounted investments | **2** | 36 |
| Dividends received from other investments | **15** | 13 |
| Taxation paid | **(268)** | (135) |
| Net cash generated from operating activities | **928** | 647 |
| | | |
| Cash flows from investing activities | | |
| Acquisition of subsidiary undertakings and other businesses, net of cash acquired | **(230)** | (2 643) |
| Proceeds from disposal of subsidiary undertakings, net of cash disposed of | **–** | (44) |
| Acquisition of equity-accounted investments | **(1)** | – |
| Proceeds from disposal of, and capital distributions from, equity-accounted investments | **–** | 21 |
| Acquisition of property, plant and equipment | **(199)** | (212) |
| Proceeds from disposal of property, plant and equipment | **2** | 11 |
| Acquisition of intangible assets | **(81)** | (67) |
| Proceeds from disposal of intangible assets | **–** | 4 |
| Acquisition of investment property | **(3)** | (62) |
| Investment in money market and externally managed funds | **(3 703)** | (3 484) |
| Proceeds from disposal of money market and externally managed funds | **4 189** | 4 518 |
| Acquisition of other non-current assets and investments | **(14)** | (25) |
| Proceeds from disposal of other non-current assets and investments | **6** | 12 |
| Net cash used in investing activities | **(34)** | (1 971) |
| | | |
| Cash flows from financing activities | | |
| Proceeds from borrowings | **2** | 56 |
| Repayment of borrowings | **(3)** | (46) |
| Dividends paid | **(1 017)** | (926) |
| Acquisition of treasury shares | **–** | (180) |
| Proceeds from sale of treasury shares | **8** | 106 |
| Contribution received from non-controlling interests | **34** | 57 |
| Acquisition of non-controlling interests in a subsidiary | **–** | (195) |
| Lease payments - principal | **(299)** | – |
| Capital element of finance lease payments | **–** | (3) |
| Net cash used in financing activities | **(1 275)** | (1 131) |
| | | |
| Net change in cash and cash equivalents | **(381)** | (2 455) |
| Cash and cash equivalents at the beginning of the period | **2 347** | 4 504 |
| Exchange losses on cash and cash equivalents | **38** | 52 |
| Cash and cash equivalents at the end of the period | **2 004** | 2 101 |

## Condensed consolidated balance sheet

| | 30 September 2019 €m | 31 March 2019 €m |
|---|---|---|
| **Assets** | | |
| Non-current assets | | |
| Property, plant and equipment | **2 652** | 2 728 |
| Goodwill | **3 461** | 3 354 |
| Other intangible assets | **2 734** | 2 757 |
| Right of use assets | **3 308** | – |
| Investment property | **283** | 282 |
| Equity-accounted investments | **186** | 182 |
| Deferred income tax assets | **593** | 594 |
| Financial assets held at fair value through profit or loss | **11** | 10 |
| Financial assets held at fair value through other comprehensive income | **310** | 378 |
| Other non-current assets | **476** | 476 |
| | **14 014** | 10 761 |
| Current assets | | |
| Inventories | **6 535** | 6 186 |
| Trade and other current assets | **1 721** | 1 470 |
| Derivative financial instruments | **26** | 15 |
| Financial assets held at fair value through profit or loss | **4 088** | 4 528 |
| Assets held for sale | **22** | 19 |
| Cash at bank and on hand | **4 756** | 5 060 |
| | **17 148** | 17 278 |
| Total assets | **31 162** | 28 039 |
| **Equity and liabilities** | | |
| Equity attributable to owners of the parent company | | |
| Share capital | **334** | 334 |
| Treasury shares | **(546)** | (560) |
| Hedge and share option reserves | **345** | 324 |
| Cumulative translation adjustment reserve | **2 860** | 2 564 |
| Retained earnings | **14 068** | 14 289 |
| | **17 061** | 16 951 |
| Non-controlling interests | **115** | 88 |
| Total equity | **17 176** | 17 039 |
| **Liabilities** | | |
| Non-current liabilities | | |
| Borrowings | **3 951** | 3 984 |
| Lease liabilities | **2 820** | – |
| Deferred income tax liabilities | **326** | 358 |
| Employee benefits obligations | **69** | 66 |
| Provisions | **44** | 65 |
| Other long-term financial liabilities | **75** | 224 |
| | **7 285** | 4 697 |
| Current liabilities | | |
| Trade and other payables | **2 130** | 2 341 |
| Current income tax liabilities | **491** | 515 |
| Borrowings | **371** | 363 |
| Lease liabilities | **603** | – |
| Derivative financial instruments | **84** | 84 |
| Provisions | **270** | 287 |
| Bank overdrafts | **2 752** | 2 713 |
| | **6 701** | 6 303 |
| Total liabilities | **13 986** | 11 000 |
| Total equity and liabilities | **31 162** | 28 039 |

# Presentation

The results will be presented via a live audio webcast on 8 November 2019, starting at 09:30 (CET). The direct link is available from 07:00 (CET) at: www.richemont.com. The presentation may be viewed using a mobile device or from a browser.

- Live telephone connection: call one of these numbers 10 minutes before the start of the presentation:
  - Europe +41 58 310 50 00
  - UK +44 207 107 0613
  - USA +1 631 570 5613
  - South Africa +27 11 589 8373 / 0800 992 635 (toll free)
- An archive of the audio webcast will be available at 15:00 (CET) the same day from:
  - www.richemont.com/investor-relations/results-presentations
- A transcript of the audio webcast will be available on 12 November from:
  - www.richemont.com/investor-relations/results-presentations

# Statutory information

The Richemont 2019 Interim Report will be available for download from the Group's website from 15 November 2019 at www.richemont.com/investor-relations/reports

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'A' shares issued by Compagnie Financière Richemont SA are listed and traded on SIX Swiss Exchange, the Company's primary listing (Reuters 'CFR.VX'/Bloomberg 'CFR:VX'/ISIN CH0210483332). South African depository receipts in respect of Richemont 'A' shares are traded on the Johannesburg stock exchange, the Company's secondary listing, (Reuters 'CFRJ.J'/Bloomberg 'CFR:SJ'/ISIN CH0045159024).

The closing price of the Richemont 'A' share on 30 September 2019 was CHF 73.22 and the market capitalisation of the Group's 'A' shares on that date was CHF 38 221 million. Over the preceding six-month period, the highest closing price of the 'A' share was CHF 87.12 (26 July) and the lowest closing price was CHF 69.34 (13 May).

# About Richemont

Richemont owns a portfolio of leading international 'Maisons' which are recognised for their distinctive heritage, craftsmanship and creativity. The Group operates in four business areas: Jewellery Maisons, namely Buccellati, Cartier and Van Cleef & Arpels; Specialist Watchmakers, namely A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis and Vacheron Constantin; Online Distributors, namely YOOX NET-A-PORTER GROUP (NET-A-PORTER, MR PORTER, YOOX, THE OUTNET) and Watchfinder & Co.; and Other, mostly Fashion & Accessories Maisons, including dunhill, Alaïa, Chloé, Montblanc and Peter Millar.

# Disclaimer

This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not guarantees of future performance. Richemont's forward-looking statements are based on management's current expectations and assumptions regarding the Company's business and performance, the economy and other future conditions and forecasts of future events, circumstances and results.

As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside the Group's control. Richemont does not undertake to update, nor does it have any obligation to provide updates of or to revise, any forward-looking statements.

# Notes for South African editors

Acknowledging the interest in Richemont's results on the part of South African investors, set out below are key figures from the results expressed in rand. The average euro/rand exchange rate prevailing during the six-month period ended 30 September 2019 was 16.227; this compares with a rate of 15.704 during the comparative period.

| in ZAR millions | **30 September 2019** | 30 September 2018 | |
|---|---|---|---|
| **Revenue** | **120 031** | 106 913 | + 12% |
| **Operating profit** | **18 904** | 17 746 | + 7% |
| **Profit for the period** | **14 101** | 35 381 | - 60% |
| *Profit attributable to:* | | | |
| Owners of the parent company | **14 101** | 35 381 | |
| Non-controlling interests | **-** | - | |
| | **14 101** | 35 381 | |
| **Earnings per depository receipt - diluted basis** | **ZAR 2.4876** | ZAR 6.2612 | -60% |
| **Headline earnings per depository receipt - diluted basis** | **ZAR 2.4908** | ZAR 2.5896 | -4% |

Headline earnings per depository receipt exclude the impact of gains amounting to ZAR 16 million (€ 1 million). In the comparative period, headline earnings per depository receipt excluded the impact of losses amounting to ZAR 20 745 million (€ 1 321 million). Further details of these losses, which conform to the JSE listing requirements, are presented in note 11.3 of the unaudited interim consolidated financial statements.

Richemont Securities SA Depository Receipts are issued subject to the terms of the Deposit Agreement entered into on 18 December 1992, most recently amended on 26 March 2014. By holding Depository Receipts, investors acknowledge that they are bound by the terms of the Deposit Agreement. Copies of the Deposit Agreement may be obtained by investors from Richemont Securities SA or Computershare Investor Services (Proprietary) Limited.

Sponsor: RAND MERCHANT BANK (A division of FirstRand Bank Limited)