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

RICHEMONT

AD HOC ANNOUNCEMENT PURSUANT TO ART. 53LR
12 NOVEMBER 2021

RICHEMONT ANNOUNCES STRONG PERFORMANCE FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2021

Highlights

Richemont sales rose by strong double-digits across all business areas, channels and regions compared to the prior-year period. Sales also significantly exceeded pre-pandemic levels.

Compared to the six-month period ended 30 September 2020

- Strong double-digit increases across Maisons, businesses and channels led to half year sales up by 63% at actual exchange rates to € 8 907 million, and by 65% at constant exchange rates
- Triple-digit growth in the Americas, reaching sales levels close to Europe; substantial double-digit growth in the other regions
- Significant improvements across all business areas, led by the Jewellery Maisons and Specialist Watchmakers
- Group operating profit of € 1 949 million, leading to a 22% operating margin
- Profit for the period rose to € 1 249 million
- Cash flow from operating activities nearly doubled to € 1 781 million

Compared to the six-month period ended 30 September 2019

- Sequential growth acceleration from first quarter to second quarter led to half year sales increases of 20% at actual exchange rates and 24% at constant exchange rates
- Pre-pandemic sales levels exceeded in most business areas, channels and regions at actual and constant rates
- Outstanding sales performance of Jewellery Maisons (+36% and +41% sales growth at actual and constant exchange rates, respectively); robust rebound of Specialist Watchmakers (+7% and +10%); consolidation of Other (-1% and +3%) and steady growth of Online Distributors (+8% and +11%)
- Solid double-digit sales increases in the Americas, Asia Pacific and Middle East and Africa, with Europe and Japan seeing a gradual recovery
- Robust double-digit sales growth in online and offline retail sales (74% of Group sales)

Key financial data (unaudited)

				% change 2021	
Six months ended 30 September	2021	2020	2019	vs 2020	vs 2019
Sales	**€ 8 907 m**	€ 5 478 m	€ 7 397 m	+63%	+20%
Gross profit	**€ 5 638 m**	€ 3 165 m	€ 4 610 m	+78%	+22%
Gross margin	**63.3%**	57.8%	62.3%	+550 bps	+100 bps
Operating profit	**€ 1 949 m**	€ 452 m	€ 1 165 m	+331%	+67%
Operating margin	**21.9%**	8.3%	15.7%	+1 360 bps	+ 620 bps
Profit for the period	**€ 1 249 m**	€ 159 m	€ 869 m	+686%	+44%
Earnings per 'A' share/10 'B' shares, diluted basis	**€ 2.145**	€ 0.281	€ 1.533	+663%	+40%
Cash flow generated from operating activities	**€ 1 781 m**	€ 926 m	€ 928 m	+92%	+92%
Net cash position	**€ 3 153 m**	€ 2 111 m	€ 1 770 m		

Chairman's commentary

Richemont has delivered an excellent set of results in the first six months of the financial year; a period marked by a volatile but improving "post-vaccination" environment. These results demonstrate the strength of our business model and the benefits of patient long term capital. Sales were 20% higher than the pre-pandemic levels of the six-month period ended 30 September 2019. On a year-on-year basis, sales increased by 65% at constant exchange rates and by 63% at actual exchange rates to € 8.91 billion leading to an operating profit of € 1.95 billion.

Region-wise, the Americas, Asia Pacific and Middle East and Africa generated robust double-digit sales increases over the six-month period ended 30 September 2019. This notable performance more than offset the softness seen in Europe and Japan where encouraging domestic demand helped mitigate the impact of low levels of inbound tourism.

Strong engagement with local clientele through digital tools and our physical and online stores has driven a significant double-digit growth in direct sales to customers, alongside improved wholesale sales. The Group's continued focus on customer centricity and digital has resulted in even higher levels of customer experience in our stores. This focus also led us to extend our online offer to new markets, and within existing markets to additional Maisons. As a testimony to the success of this strategy, direct sales to customers reached 74% of Group sales. The enhanced retail share in Group sales allowed us to further deepen and nurture our relationships with clients.

Our Jewellery Maisons have emerged ever stronger from the global economic crisis caused by the Covid-19 pandemic, achieving record half-year sales and operating margin of 37.9%. Cartier and Van Cleef & Arpels have reaffirmed their leadership position as jewellers of choice while Buccellati's distinctive *savoir faire* and aesthetics are getting international recognition. In addition, Cartier was entrusted by Richemont to launch the 'Watch and Jewellery 2030 Initiative' with Kering and the Responsible Jewellery Council to begin a collective journey to ensure the industry creates positive outcomes for the planet and its people, as well as the 'Aura Blockchain Consortium' with LVMH and Prada Group. The consortium aims to address the challenges of transparency and sustainability, thereby enabling customers to follow a product's lifecycle, from conception through distribution, with trusted data throughout.

We are also seeing tangible returns on our past investments to evolve our Specialist Watchmakers' business model. They delivered substantial sales growth, in particular in direct sales to clients now approaching 50%, and increased their operating margin to 22.4%. Every watch Maison participated in this notable improvement. Relationships with multi-brand retailers remain part of our strategy as evidenced by the opening of seven TimeVallée boutiques, now totalling 19. Managed by our retail partners, this multi-brand innovative concept was developed in 2014 to give clients access to our prestigious watch Maisons in a highly qualitative environment. It was primarily developed for China where we see much potential in the years ahead. More generally, we are confident in the growth potential of our Specialist Watchmakers, particularly in the USA and China.

The Group's Online Distributors recorded higher sales and a stable EBITDA loss as NET-A-PORTER, MR PORTER, THE OUTNET and Watchfinder faced new temporary absorption of Brexit-related custom duties and value added tax while intensifying their outreach and communication efforts. With NET-A-PORTER's replatforming successfully completed, resulting in improved customer satisfaction, the teams are fully dedicated to localising the sites and further evolving the YOOX NET-A-PORTER business model into a hybrid model of curated inventory ownership with an e-concession/marketplace offer combining a richer customer experience and lower capital requirements. Watchfinder entered the Italian market and further extended its services to the rest of the Group. It notably introduced a pre-owned watch offer to NET-A-PORTER and MR PORTER's clients in the USA and further rolled out their watch trade-in programme across a larger number of select Specialist Watchmakers, Montblanc and Cartier stores.

Our 'Other' business area has returned to profit benefiting from better trading at our Fashion & Accessories Maisons and a gain on the sale of an investment property. Peter Millar continued its robust performance and there was renewed impetus at Alaïa, Chloé and Montblanc with the recent appointments of highly acclaimed creative directors. In addition, Chloé and Montblanc further improved the quality and selectivity of their distribution network. In parallel, much attention has been devoted to sustainability, particularly at Chloé which became the first luxury brand to obtain the demanding B-Corporation certification. The addition of Delvaux, the renowned Belgian luxury leather goods Maison, to the Richemont family will strengthen our presence and raise our craftmanship capabilities in high quality leather. Delvaux's integration is progressing well under a new management.

Working closely with Alibaba, our teams gained a better understanding of their approach to digital marketing in China, including 'shoppertainment', and of their operating model centred around a network of Tmall partners. Along with Alibaba, we each acquired 12.5% of the share capital and voting rights of Farfetch China Holdings Limited.

Operating profit in the period increased by 331% (+67% compared to the six-month period ended 30 September 2019) to € 1.95 billion. The substantial increase in operating profit combined with a careful management of working capital led to cash flow from operating activities nearly doubling to € 1.78 billion. Profit for the period rose to € 1.25 billion and net cash amounted to € 3.15 billion at the end of September 2021.

Our continued focus on excellence implies that we constantly strive to seek to refine our organisation while bringing in the very best professionals in their fields. At the executive level, the Senior Executive Committee was streamlined while our Board of Directors was further strengthened with the appointments of Jasmine Whitbread, an experienced Nonexecutive Director and highly regarded ESG expert, and of Patrick Thomas, former CEO of Hermès. Both bring unparalleled experience and skills in areas of great importance to Richemont.

Similarly, we are guided by principles of sustainability and long-term impact. Sustainability and concern for the environment are not only matters of importance to our clients and colleagues, but are also embedded in Richemont's own heritage, notably through our long-term relationship with World Wide Fund for Nature and Peace Parks. I am therefore truly pleased that the Science Based Target initiative validated our Science Based Targets to reduce greenhouse gas emissions in line with the 2015 Paris Agreement and also that we committed to eliminate the use of polyvinyl chloride ('PVC') from all our products and packaging by December 2022. We will continue to allocate more resources to sustainability to meet our climate and other sustainability targets, with a particular focus on biodiversity, the environment, education and the preservation of *Métiers d'Art*.

Before concluding, I would like to thank all the teams at Richemont for their unrelenting dedication, agility, creativity and operational excellence that made these strong results possible.

The post-Covid world is yet to emerge. For the second half of the year, volatility is likely to persist, including in terms of inflation and geopolitical tensions. The Group will also face challenging comparatives. We look to the remainder of the year with vigilance and cautious optimism: the appeal and enduring nature of our distinctive and highly qualitative creations resonate well with the values and expectations of our discerning clientele.

Richemont will continue to focus on timelessness, love, beauty and sustainability. Together, we will craft the future.

Johann Rupert
Chairman

Compagnie Financière Richemont SA
Geneva, 12 November 2021

Financial review

Any long form references to Hong Kong, Macau and Taiwan within this Company Announcement are Hong Kong SAR, China; Macau SAR, China; Taiwan, China respectively.

Given the magnitude of the impact of the pandemic on our operations in the six-month period ended 30 September 2020, additional comments compared to the six-month period ended 30 September 2019 are provided below for a more comprehensive view of our performance.

Sales

In the first six months of the year, Richemont reported a strong performance with sales increasing by 63% at actual exchange rates and 65% at constant exchange rates. On a two-year comparison basis, sales exceeded pre-Covid-19 levels by 20% and 24%, at actual and constant exchange rates, respectively.

On a year-on-year basis and at actual exchange rates, sales in the Americas grew by triple digits, with the other regions recording high double-digit rates of growth. Compared to the same period of calendar year 2019, most regions delivered robust double-digit sales progressions. Only Europe and Japan posted lower sales due to reduced international tourism, with trading improving sequentially in the second quarter of the year.

During the period under review, all business areas enjoyed high double-digit sales increases compared to the prior-year period, with Jewellery Maisons expanding by 67%. Specialist Watchmakers and the 'Other' business area reported strong recoveries at 74% and 72%, respectively. Compared to the first half ended 30 September 2019, Jewellery Maisons led the growth with a 36% sales increase and Specialist Watchmakers returned to growth, expanding by 7%.

Sales across the Group's directly operated stores and online channels increased by solid double-digits, both year-on-year and on a two-year basis. Wholesale sales, while moderately lower compared to the same period in calendar 2019, grew by 71% compared to the same period in 2020.

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

Gross profit

Year-on-year, gross profit rose by 78% to € 5 638 million, with a corresponding gross margin increased to 63.3% of sales.

The 550 basis point increase in gross margin is mainly due to higher manufacturing capacity utilisation, a favourable geographical sales mix as well as a further shift towards retail sales.

Operating profit

Higher sales, a higher gross profit and good cost control have resulted in a six-month operating profit of € 1 949 million, up by 331% over the prior-year period, and increasing by 67% on a two-year basis. Operating margin reached 21.9%.

Overall, operating expenses were strictly controlled, with the year-on-year increase contained to 36%, well below the 63% sales increase. The increase in selling and distribution expenses, up by 31%, partially reflected the one-off rental concessions and government employment support received in the prior period. Depreciation was broadly in line with the prior-year period, reflecting with our capital allocation discipline. As a result, selling and distribution expenses decreased from 26% to 21% of Group sales. Given the improved trading environment, communication activity and client events resumed, driving communication expenses up by 104% compared to the prior-year period, accounting for 8% of Group sales. Fulfilment expenses increased by 39% to € 216 million, broadly in line with the increase in online retail sales across the Group. The increase in Administration costs was limited to 16% due to stringent cost management that more than offset a relatively stronger Swiss franc and continued technology and digital investments. Other operating expenses of € 107 million primarily reflected the impact of the amortisation of intangible assets recognised on acquisition, mainly related to Online Distributors, Buccellati and Delvaux.

Profit for the period

Profit for the period amounted to € 1 249 million. The € 1 090 million year-on-year increase reflected a strong operating profit, partly offset by higher net finance costs. Net finance costs increased from € 117 million in the comparative period to € 385 million, and largely reflect the non-cash fair value loss on the investment in the Farfetch convertible note of € 108 million, as well as the impact of foreign exchange rate fluctuations, which result in a loss of € 55 million. A further non-cash fair value loss of € 81 million, arising from the option held by the Group over its shares in Farfetch China, was also recorded during the period.

Earnings per share (1 'A' share/10 'B' shares) increased more than six-fold to € 2.145 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 2021 was € 1 235 million (2020: € 154 million). Basic HEPS for the period was € 2.181 (2020: € 0.273), diluted HEPS for the period was € 2.150 (2020: € 0.272). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 10.3 of the Group's condensed consolidated interim financial statements.

Cash flow

At € 1 781 million, cash flow generated from operating activities increased by € 855 million compared to the prior-year period. This achievement reflected the substantial increase in operating profit along with prudent working capital management. The significant sales acceleration in the period under review led to a € 663 million increase in working capital mostly due to higher receivables and increased inventories to support the sales expansion.

At € 215 million, net investment in tangible fixed assets was 79% higher year-on-year. Investments were predominantly directed towards the Maisons' store network, including refurbishments and selective openings, as well as technology investments principally at the Online Distributors.

The 2021 dividend of CHF 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 overall dividend cash outflow in the period amounted to € 1 041 million.

In the period under review, the Group did not acquire any treasury shares to hedge executive stock options but instead opted to hedge through the repurchase of warrants. Proceeds from the exercise of stock options by executives and other activities related to the hedging programme amounted to a net cash inflow of € 83 million.

Balance sheet

At 30 September 2021, inventories of € 6 773 million were € 454 million higher than at 31 March 2021. Given the significant increase in sales, rotation improved to 16.0 months of cost of sales (September 2020: 19.2 months).

The Group's gross cash position at 30 September 2021 amounted to € 8 265 million while the Group's net cash position stood at € 3 153 million, a € 240 million decrease compared to the position at 31 March 2021. The Group's net cash position included 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.

Shareholders' equity represented 50% of total equity and liabilities compared to 51% at 31 March 2021.

Acquisition of Delvaux

On 30 June 2021, Richemont completed the acquisition of 100% of the share capital of DLX Holdings SA ('Delvaux') for a total cash consideration of € 178 million. Delvaux's results are consolidated within the Other business area with effect from 1 July 2021. During the three-month period to 30 September 2021, Delvaux contributed € 28 million of sales and posted a net loss of € 1 million. The acquisition has resulted in the recognition of € 60 million in provisional goodwill and € 113 million of intangible assets.

Review of operations

Sales by region

in €m	Six months to 30 September 2021	Six months to 30 September 2020	Change at Constant exchange rates*	Change at Actual exchange rates
Europe	**2 009**	1 234	+62%	+63%
Asia Pacific	**3 789**	2 556	+47%	+48%
Americas	**1 926**	900	+123%	+114%
Japan	**526**	365	+56%	+44%
Middle East and Africa	**657**	423	+62%	+55%
	8 907	5 478	+65%	+63%

* 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 2021.

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

Europe

For the first half of the financial year, Europe delivered a robust 62% year-on-year increase in sales. All business areas showed growing momentum underpinned by encouraging local demand. On a two-year basis, sales were 9% lower, reflecting lower tourist spending due to ongoing Covid-19 related travel restrictions. However, over the second quarter of the current financial year, sales benefited from a gradual recovery.

With 23% contribution to Group sales, Europe remained the Group's second largest region.

Asia Pacific

Asia Pacific saw a 47% year-on-year increase in sales with substantial double-digit increases across all business areas and main markets. Compared to two years ago, sales were 41% higher.

With a 42% contribution to Group sales, Asia Pacific accounted for the largest share of Group sales.

Americas

With a 123% year-on-year increase in sales, the Americas region posted the highest rate of growth, raising its contribution to 22% of Group sales. The region is now nearly on par with Europe in terms of overall sales. The Jewellery Maisons and Specialist Watchmakers generated triple-digit sales growth, while the other business areas recorded robust double-digit increases. On a two-year basis, the performance was strong, with all business areas achieving double-digit sales increases.

Japan

In Japan, the 56% year-on-year increase in sales reflected double-digit growth in all business areas, benefiting from robust domestic demand. Covid-19 however continued to impact the market, notably tourism flows and related purchases, causing a 12% reduction in sales compared to the six-month period ended 30 September 2019.

Japan represented 6% of overall sales, compared to 7% in the prior-year period.

Middle East and Africa

Sales in the Middle East and Africa were 62% higher than the prior-year period, benefiting from sustained domestic and tourist spending. On a two-year basis, sales were equally strong with a 53% increase.

The Middle East and Africa region, with a 7% contribution to Group sales, was a slightly larger contributor to Group sales than Japan.

Sales by distribution channel

in €m	Six months to 30 September 2021	Six months to 30 September 2020	Change at Constant exchange rates*	Change at Actual exchange rates
Retail	**4 976**	2 930	+71%	+70%
Online retail	**1 633**	1 208	+38%	+35%
Wholesale and royalty income	**2 298**	1 340	+74%	+71%
	8 907	5 478	+65%	+63%

* 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 2021.

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

Retail

The Retail channel incorporates sales from the Group's directly operated stores at the Maisons and Watchfinder & Co ('Watchfinder').

The 71% year-on-year increase in retail sales was broad-based, reflecting notable performances across all business areas and regions. Compared to the six-month period ended 30 September 2019, the retail channel posted a 34% sales growth, with Jewellery Maisons and Specialist Watchmakers leading the way.

Retail was the largest contributor to Group sales with the 1 259 directly operated boutiques generating 56% of Group sales.

Online retail

This distribution channel comprises the sales of YOOX NET-A-PORTER as well as the online retail sales of the Group's Maisons and Watchfinder.

Online retail sales grew by 38% compared to the prior-year period and by 33% compared to two years ago. Significant growth occurred across business areas and regions with the largest increases coming from the Specialist Watchmakers, albeit from a low base, and the Fashion & Accessories Maisons as the Group increasingly leverages its multi-year investments and learnings in digital.

The Group Maisons' online retail sales maintained a contribution of 6% of Group sales excluding Online Distributors, with online retail sales continuing to grow alongside the reopening of physical stores. Overall, including Online Distributors, the online retail channel contributed 18% of Group sales.

Wholesale and royalty income

This distribution channel includes sales to mono-brand franchise partners, to third party multi-brand retail partners as well as sales to agents, in addition to royalty income.

The 74% progression in wholesale sales versus the prior-year period was broad-based across business areas and regions. On a two-year basis, the increase amounted to 2% as the channel returned to growth in the second quarter of financial year 2022, supported by a gradual recovery in Europe and Japan as well as solid trading in the other regions.

The contribution of the Group's wholesale business was broadly stable at 26% of Group sales.

Sales and operating results by segment

Jewellery Maisons

in €m	Six months to 30 September 2021	Six months to 30 September 2020	Change
Sales	**5 097**	3 061	+67%
Operating result	**1 930**	922	+109%
Operating margin	**37.9%**	30.1%	+780 bps

With sales for the period increasing by 67%, the Jewellery Maisons generated a record operating margin of 37.9%. This outstanding performance was supported by strong watch and jewellery sales across iconic collections and Maisons. The Maisons benefited from increased high jewellery sales and additions to their iconic jewellery collections, notably *Tulle* at Buccellati, *Panthère* at Cartier and *Frivole* at Van Cleef & Arpels. Buccellati, acquired in September 2019, successfully accelerated its development, notably in Asia Pacific and Japan. Overall, the Americas, Asia Pacific and Middle East and Africa exceeded prior 2019 levels with Europe back to growth in the second quarter, supported by sustained local demand and initial signs of a resumption of international tourism. Overall, the Jewellery Maisons achieved a solid double-digit growth of 36% compared to the six-month period ended 30 September 2019.

The 109% increase in operating result to € 1 930 million primarily reflected higher sales, supported by higher and effective media spend, increased utilisation of manufacturing facilities and good cost control overall. Investments in store renovations included the Cartier boutique in Geneva rue du Rhône and Singapore Marina Bay Sands. New store openings during the period included Buccellati in Tokyo Ginza, Cartier in Paris La Samaritaine and Van Cleef & Arpels in US Wynn Las Vegas.

Specialist Watchmakers

in €m	Six months to 30 September 2021	Six months to 30 September 2020	Change
Sales	**1 679**	966	+74%
Operating result	**376**	(8)	n/r
Operating margin	**22.4%**	(0.8)%	n/r

Sales at the Specialist Watchmakers were 74% higher than in the prior-year period, and 7% higher on a two-year basis. This commendable performance was driven by strong demand from local clientele and was achieved across all Maisons, channels and regions. The shift in demand from a multi-brand environment towards directly operated stores, the Maison's e-commerce sites and mono-brand franchise stores accelerated and drove this strong performance, with sales in a mono-brand environment now accounting for around 69% of Specialist Watchmakers' sales.

Demand was high for new references at our iconic collections, namely *Odysseus* at A. Lange & Söhne*, Pilot* at IWC Schaffhausen, *Reverso* at Jaeger-LeCoultre, *Luminor* at Panerai and *Overseas* at Vacheron Constantin, to name a select few.

Higher sales and increased manufacturing activity combined with strict cost control resulted in a € 376 million operating result, with operating margin reaching 22.4%. Targeted investments included the renovations of the Piaget flagship store on London New Bond Street as well as the openings of Jaeger-LeCoultre in Wuhan, China and of Panerai in Shanghai Qiantan Taikoo Li, China.

Online Distributors

in €m	Six months to 30 September 2021	Six months to 30 September 2020	Change
Sales	**1 278**	934	+37%
Operating result	**(141)**	(138)	-2%
Operating margin	**(11.0)%**	(14.8)%	+380 bps

Sales of Richemont Maisons' own products generated by YNAP are reported under both the Maisons' and YNAP's business area reporting. In Group sales, these are subsequently eliminated as 'intersegment sales'.

The 37% increase in sales and 28% increase in Gross Merchandise Value (GMV) at the Online Distributors compared to the prior-year period was driven by double-digit growth across all regions. Compared to the six-month period ended 30 September 2019, sales rose by 8% and GMV by 9%. The Americas, which is the second largest contributor to sales, posted the highest growth rate. NET-A-PORTER continued its development in China with its flagship store on Alibaba Tmall Luxury Pavilion now offering over 400 luxury brands, enabling the development of curated assortments. The NET-A-PORTER and MR PORTER Italian distribution centre in Landriano became fully operational in September and is now acting as a central hub serving millions of customers around the world. Watchfinder focused on extending its array of services and its international presence by entering the Italian market, and notably started offering pre-owned watches to NET-A-PORTER and MR PORTER's clients in the USA while the watch trade-in programme continued to be rolled out, now being available across 89 boutiques, including in select Cartier stores.

Investments remained focused on information technology linked to YNAP's global technology and logistics platform migration, successfully completed in September, and the shift to a hybrid business model. currently underway. The Online Distributors recorded a € 141 million operating loss, notwithstanding higher sales and an improved gross margin, due to increased communication investments and temporary absorption of Brexit-driven customs duties and value-added tax amounting to some € 40 million. At € 49 million, the EBITDA loss was unchanged from the prior-year period.

Other

in €m	Six months to 30 September 2021	Six months to 30 September 2020	Change
Sales	**935**	545	+72%
Operating result	**29**	(108)	n/r
Operating margin	**3.1%**	(19.8)%	n/r

'Other' includes the Fashion & Accessories Maisons and, amongst others, the Group's watch component manufacturing and real estate activities.

Sales rose by 72% for the period or 66% excluding the impact of Delvaux, the world's oldest luxury leather goods Maison acquired at the end of June 2021. Whilst sales were slightly below pre-Covid level in the first six-month period, double-digit sales growth was achieved in the second quarter, exceeding pre-Covid levels. In an environment marked by significantly reduced footfall in airports, Montblanc sales increased markedly compared to the prior-year period. Its new *Mark Makers* campaign is starting to positively impact sales. Worth noting is the continued outstanding performance of Peter Millar, compared both to 2020 and 2019. The launches of the first collections from new creative directors Gabriela Hearst at Chloé and Pieter Mulier at Alaïa have also been strongly acclaimed and show a promising debut.

Store investments were limited, and included a new store for Montblanc in Wuhan, China, renovated stores for dunhill in Tokyo Ginza and Alaïa in Paris as well as a relocated store in Florida Palm Beach for Peter Millar. Higher sales, improved gross margin, tight cost control and a positive contribution from a real estate transaction resulted in a € 29 million operating profit.

Valuation adjustments on acquisitions

in €m	Six months to 30 September 2021	Six months to 30 September 2020	Change
Valuation adjustments on acquisitions	**(89)**	(99)	-10%

The amortisation of certain intangible assets and inventory adjustments made on acquisition are not included in the operating result of the respective segments. They primarily relate to Online Distributors, Buccellati and Delvaux.

Corporate costs

in €m	Six months to 30 September 2021	Six months to 30 September 2020	Change
Corporate costs	**(153)**	(116)	+32%
Central support services	**(129)**	(116)	+11%
Other unallocated expenses, net	**(24)**	–	n/r

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. These increased by 32% 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 as well as an overview of quarterly trading results are presented in Appendix. Richemont's unaudited consolidated financial statements for the half year are available on the Group's website at www.richemont.com/en/home/investors/results-reports-presentations/.

Jérôme Lambert
Chief Executive Officer

Burkhart Grund
Chief Finance Officer

Compagnie Financière Richemont SA
Geneva, 12 November 2021

Presentation

The results will be presented via a live audio webcast on 12 November 2021, 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:
  - pre-registration required here
- An archive of the audio webcast will be available at 15:00 (CET) the same day from:
  - www.richemont.com/en/home/investors/results-reports-presentations/
- A transcript of the audio webcast will be available on 13 November from:
  - www.richemont.com/en/home/investors/results-reports-presentations/

Statutory information

The Richemont 2021 Interim Report will be available for download from the Group's website from 19 November 2021 atwww.richemont.com/en/home/investors/results-reports-presentations/

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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).

About Richemont

At Richemont, we craft the future. Our unique portfolio includes prestigious Maisons distinguished by their craftsmanship and creativity, alongside Online Distributors that cultivate expert curation and technological innovation to deliver the highest standards of service. Richemont's ambition is to nurture its Maisons and businesses and enable them to grow and prosper in a responsible, sustainable manner over the long term.

Richemont operates in four business areas: **Jewellery Maisons** with Buccellati, Cartier and Van Cleef & Arpels; **Specialist Watchmakers** with A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis and Vacheron Constantin; **Online Distributors** with Watchfinder & Co., NET-A-PORTER, MR PORTER, YOOX, THE OUTNET and the OFS division; and **Other**, primarily Fashion & Accessories Maisons with Alaïa, AZ Factory, Chloé, Delvaux, dunhill, Montblanc, Peter Millar, Purdey and Serapian. Find out more at https://www.richemont.com/.

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. Our retail stores are heavily dependent on the ability and desire of consumers to travel and shop and a decline in consumers traffic could have a negative effect on our comparable store sales and/or average sales per square foot and store profitability resulting in impairment charges, which could have a material adverse effect on our business, results of operations and financial condition. Reduced travel resulting from economic conditions, retail store closure orders of civil authorities, travel restrictions, travel concerns and other circumstances, including disease epidemics and other health-related concerns, could have a material adverse effect on us, particularly if such events impact our customers' desire to travel to our retail stores. 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.

Appendix

Q1 (April-June)	2021 €m	2020 €m	2019 €m	% change 2021 vs 2020 constant rates	% change 2021 vs 2020 actual rates	% change 2021 vs 2019 constant rates	% change 2021 vs 2019 actual rates
By region							
Europe	**905**	436	1 072	**+108%**	**+108%**	-15%	-16%
Asia Pacific	**1 933**	1 013	1 423	**+95%**	**+91%**	+40%	+36%
Americas	**955**	277	698	**+276%**	**+245%**	+47%	+37%
Japan	**240**	112	298	**+138%**	**+114%**	-14%	-19%
Middle East and Africa	**364**	155	249	**+154%**	**+135%**	+55%	+46%
By distribution channel							
Retail	**2 421**	1 052	1 851	**+138%**	**+130%**	+35%	+31%
Online retail	**809**	506	648	**+67%**	**+60%**	+29%	+25%
Wholesale & royalty income	**1 167**	435	1 241	**+178%**	**+168%**	-3%	-6%
By business area							
Jewellery Maisons	**2 515**	1 083	1 827	**+142%**	**+132%**	+43%	+38%
Specialist Watchmakers	**849**	359	823	**+143%**	**+136%**	+6%	+3%
Online Distributors	**637**	356	612	**+86%**	**+79%**	+8%	+4%
Other	**440**	204	493	**+124%**	**+116%**	-7%	-11%
Inter-segment eliminations	**(44)**	(9)	(15)	**+425%**	**+389%**	+204%	+193%
Total	**4 397**	**1 993**	**3 740**	**+129%**	**+121%**	**+22%**	**+18%**

Q2 (July-September)	2021 €m	2020 €m	2019 €m	% change 2021 vs 2020 constant rates	% change 2021 vs 2020 actual rates	% change 2021 vs 2019 constant rates	% change 2021 vs 2019 actual rates
By region							
Europe	**1 104**	798	1 149	**+38%**	**+38%**	-4%	-4%
Asia Pacific	**1 856**	1 543	1 306	**+17%**	**+20%**	+43%	+42%
Americas	**971**	623	649	**+58%**	**+56%**	+59%	+50%
Japan	**286**	253	349	**+20%**	**+13%**	-11%	-18%
Middle East and Africa	**293**	268	204	**+10%**	**+9%**	+49%	+44%
By distribution channel							
Retail	**2 555**	1 878	1 957	**+35%**	**+36%**	+33%	+31%
Online retail	**824**	702	612	**+17%**	**+17%**	+37%	+35%
Wholesale & royalty income	**1 131**	905	1 088	**+25%**	**+25%**	+7%	+4%
By business area							
Jewellery Maisons	**2 582**	1 978	1 909	**+30%**	**+31%**	+39%	+35%
Specialist Watchmakers	**830**	607	744	**+35%**	**+37%**	+13%	+12%
Online Distributors	**641**	578	567	**+11%**	**+11%**	+15%	+13%
Other	**495**	341	448	**+45%**	**+45%**	+14%	+10%
Inter-segment eliminations	**(38)**	(19)	(11)	**+97%**	**+100%**	+237%	+245%
Total	**4 510**	**3 485**	**3 657**	**+29%**	**+29%**	**+26%**	**+23%**

H1 (April-September)	2021 €m	2020 €m	2019 €m	% change 2021 vs 2020 constant rates	% change 2021 vs 2020 actual rates	% change 2021 vs 2019 constant rates	% change 2021 vs 2019 actual rates
By region							
Europe	**2 009**	1 234	2 221	**+62%**	**+63%**	-9%	-10%
Asia Pacific	**3 789**	2 556	2 729	**+47%**	**+48%**	+41%	+39%
Americas	**1 926**	900	1 347	**+123%**	**+114%**	+53%	+43%
Japan	**526**	365	647	**+56%**	**+44%**	-12%	-19%
Middle East and Africa	**657**	423	453	**+62%**	**+55%**	+53%	+45%
By distribution channel							
Retail	**4 976**	2 930	3 808	**+71%**	**+70%**	+34%	+31%
Online retail	**1 633**	1 208	1 260	**+38%**	**+35%**	+33%	+30%
Wholesale & royalty income	**2 298**	1 340	2 329	**+74%**	**+71%**	+2%	-1%
By business area							
Jewellery Maisons	**5 097**	3 061	3 736	**+69%**	**+67%**	+41%	+36%
Specialist Watchmakers	**1 679**	966	1 567	**+75%**	**+74%**	+10%	+7%
Online Distributors	**1 278**	934	1 179	**+39%**	**+37%**	+11%	+8%
Other	**935**	545	941	**+74%**	**+72%**	+3%	-1%
Inter-segment eliminations	**(82)**	(28)	(26)	**+198%**	**+193%**	+218%	+215%
Total	**8 907**	**5 478**	**7 397**	**+65%**	**+63%**	**+24%**	**+20%**

Condensed consolidated statement of comprehensive income

	Six months to 30 September 2021 €m	Six months to 30 September 2020 €m
Revenue	**8 907**	5 478
Cost of sales	**(3 269)**	(2 313)
Gross profit	**5 638**	3 165
Selling and distribution expenses	**(1 869)**	(1 429)
Communication expenses	**(699)**	(342)
Fulfilment expenses	**(216)**	(155)
Administrative expenses	**(798)**	(690)
Other operating expenses	**(107)**	(97)
Operating profit	**1 949**	452
Finance costs	**(438)**	(225)
Finance income	**53**	108
Share of post-tax results of equity-accounted investments	**13**	9
Profit before taxation	**1 577**	344
Taxation	**(328)**	(185)
Profit for the period	**1 249**	159
Other comprehensive income:		
Items that will never be reclassified to profit or loss		
Defined benefit plan actuarial losses	**–**	(21)
Tax on defined benefit plan actuarial losses	**–**	4
Fair value changes on financial assets held at fair value through other comprehensive income	**(76)**	(6)
	(76)	(23)
Items that are or may be reclassified subsequently to profit or loss		
Currency translation adjustments		
– movement in the period	**303**	(278)
Cash flow hedging		
– reclassification to profit or loss, net of tax	**2**	1
Share of other comprehensive income of equity-accounted investments	**1**	–
	306	(277)
Other comprehensive income/(loss), net of tax	**230**	(300)
Total comprehensive income/(loss)	**1 479**	(141)
Profit attributable to:		
Owners of the parent company	**1 232**	159
Non-controlling interests	**17**	–
	1 249	159
Total comprehensive income attributable to:		
Owners of the parent company	**1 461**	(140)
Non-controlling interests	**18**	(1)
	1 479	(141)
Earnings per ‘A’ share/10 ‘B’ shares attributable to owners of the parent company during the period (expressed in € per share)		
Basic	**2.176**	0.281
Diluted	**2.145**	0.281

Condensed consolidated statement of cash flow

	Six months to 30 September 2021 €m	Six months to 30 September 2020 €m
Cash flows from operating activities		
Operating profit	**1 949**	452
Adjustment for non-cash items	**767**	737
Changes in working capital	**(663)**	(91)
Cash flow generated from operations	**2 053**	1 098
Interest received	**50**	37
Interest paid	**(84)**	(59)
Dividends from equity-accounted investments	**3**	–
Taxation paid	**(241)**	(150)
Net cash generated from operating activities	**1 781**	926
Cash flows from investing activities		
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	**(190)**	(27)
Acquisition of equity-accounted investments	**(104)**	–
Proceeds from disposal of, and capital distributions from, equity-accounted investments	**–**	50
Acquisition of property, plant and equipment	**(216)**	(126)
Proceeds from disposal of property, plant and equipment	**1**	6
Acquisition of intangible assets	**(56)**	(62)
Payments capitalised as Right of use assets	**(4)**	–
Proceeds from disposal of investment property	**86**	–
Investment in money market and externally managed funds	**(7 496)**	(5 803)
Proceeds from disposal of money market and externally managed funds	**7 272**	5 578
Acquisition of other non-current assets and investments	**(222)**	(45)
Proceeds from disposal of other non-current assets and investments	**15**	5
Net cash used in investing activities	**(914)**	(424)
Cash flows from financing activities		
Proceeds from borrowings	**–**	2 069
Repayment of borrowings	**(8)**	(1)
Corporate bond issue transaction costs	**–**	(8)
Dividends paid	**(1 041)**	(529)
Proceeds from sale of treasury shares	**83**	3
Acquisition of warrants on own equity	**(39)**	–
Acquisition of non-controlling interests in a subsidiary	**(55)**	–
Lease payments – principal	**(315)**	(260)
Net cash (used in)/generated by financing activities	**(1 375)**	1 274
Net change in cash and cash equivalents	**(508)**	1 776
Cash and cash equivalents at the beginning of the period	**3 780**	1 985
Exchange gains/(losses) on cash and cash equivalents	**64**	(96)
Cash and cash equivalents at the end of the period	**3 336**	3 665

Condensed consolidated balance sheet

	30 September 2021 €m	31 March 2021 €m
Assets		
Non-current assets		
Property, plant and equipment	**2 620**	2 583
Goodwill	**3 521**	3 456
Other intangible assets	**2 431**	2 436
Right of use assets	**3 352**	3 339
Investment property	**207**	220
Equity-accounted investments	**248**	187
Deferred income tax assets	**618**	614
Financial assets held at fair value through profit or loss	**470**	506
Financial assets held at fair value through other comprehensive income	**358**	377
Other non-current assets	**466**	435
	14 291	14 153
Current assets		
Inventories	**6 773**	6 319
Trade receivables and other current assets	**1 566**	1 369
Derivative financial instruments	**6**	12
Financial assets held at fair value through profit or loss	**5 771**	5 550
Assets held for sale	**69**	79
Cash at bank and on hand	**8 265**	7 877
	22 450	21 206
Total assets	**36 741**	35 359
Equity and liabilities		
Equity attributable to owners of the parent company		
Share capital	**334**	334
Treasury shares	**(390)**	(490)
Hedge and share option reserves	**453**	419
Cumulative translation adjustment reserve	**2 928**	2 626
Retained earnings	**14 946**	14 885
	18 271	17 774
Non-controlling interests	**73**	110
Total equity	**18 344**	17 884
Liabilities		
Non-current liabilities		
Borrowings	**5 953**	5 937
Lease liabilities	**2 955**	2 927
Deferred income tax liabilities	**294**	258
Employee benefits obligations	**70**	65
Provisions	**52**	55
Other long-term financial liabilities	**111**	97
	9 435	9 339
Current liabilities		
Trade payables and other current liabilities	**2 471**	2 537
Current income tax liabilities	**615**	550
Borrowings	**1**	–
Lease liabilities	**593**	590
Derivative financial instruments	**127**	114
Provisions	**226**	248
Bank overdrafts	**4 929**	4 097
	8 962	8 136
Total liabilities	**18 397**	17 475
Total equity and liabilities	**36 741**	35 359

Operating results for the period ended 30 September

	Maisons €m	Online Distributors €m	Intersegment elimination and central costs €m	Total Group €m
30 September 2021				
Sales	**7 711**	**1 278**	**(82)**	**8 907**
Gross profit	**5 246**	**416**	**(24)**	**5 638**
Gross margin	**68.0%**	**32.6%**	**–**	**63.3%**
Operating profit	**2 335**	**(141)**	**(245)**	**1 949**
Operating margin	**30.3%**	**(11.0)%**	**–**	**21.9%**

	Maisons €m	Online Distributors €m	Intersegment elimination and central costs €m	Total Group €m
30 September 2020				
Sales	4 572	934	(28)	5 478
Gross profit	2 891	284	(10)	3 165
Gross margin	63.2%	30.4%	–	57.8%
Operating profit	806	(138)	(216)	452
Operating margin	17.6%	(14.8)%	–	8.3%

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 2021 was 17.124; this compares with a rate of 19.752 during the comparative period.

	Six months period ended	
in ZAR millions	30 September 2021	30 September 2020
Revenue	152 523	108 201
Operating profit	33 375	8 928
Profit for the period	21 388	3 141
Profit attributable to:		
Owners of the parent company	21 097	3 141
Non-controlling interests	291	-
	21 388	3 141
Earnings per depository receipt - diluted basis	ZAR 3.6731	ZAR 0.5550
Headline earnings per depository receipt - diluted basis	ZAR 3.6817	ZAR 0.5373

Headline earnings per depository receipt exclude the impact of losses amounting to ZAR 51 million (€ 3 million). In the comparative period, headline earnings per depository receipt excluded the impact of gains amounting to ZAR 99 million (€ 5 million). Further details of these losses, which conform to the JSE listing requirements, are presented in note 10.3 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)