RICHEMONT

COMPANY ANNOUNCEMENT FOR IMMEDIATE RELEASE

16 May 2012

Richemont, the Swiss luxury goods group, announces its audited consolidated results for the year ended 31 March 2012 and cash dividend declaration

Financial highlights

- Sales increased by 29 % to € 8 867 million at actual exchange rates and by 30% at constant currency
- Operating profit rose by 51 % to € 2 040 million
- Operating margin reached 23 % of sales
- Healthy cash flow generated from operations: € 1 789 million
- Proposed dividend: CHF 0.55 per share, representing an increase of 22 %

Key financial data (audited)	12 months ended 31 March		
In euros, unless indicated	2012	2011	Change
Sales	€ 8 867 m	€ 6 892 m	+ 29 %
Gross profit	€ 5 651 m	€ 4 394 m	+ 29 %
Gross margin	63.7 %	63.7 %	-
Operating profit	€ 2 040 m	€ 1 355 m	+ 51 %
Operating margin	23.0 %	19.7 %	+ 330 bps
Profit for the year	€ 1 540 m	€ 1 079 m	+ 43 %
Earnings per share, diluted basis	€ 2.756	€ 1.925	+ 43 %
Cash flow generated from operations	€ 1 789 m	€ 1 696 m	+ € 93 m
Net cash position	€ 3 184 m	€ 2 589 m	+ € 595 m

Executive Chairman and Chief Executive Officer's commentary

Results

We are pleased to report that Richemont has achieved strong sales growth across all segments and all geographic regions, despite a volatile and diverse economic environment.

The Group's Jewellery Maisons and its Specialist Watchmakers have reported record sales and profits, despite the strength of the Swiss franc and the rising cost of precious materials and input costs. Montblanc continued to grow and reported increased profits. Richemont's Fashion and Accessories Maisons also performed well. Net-a-Porter continues to enjoy sales growth above the Group average, while at the same time investing in structural expansion.

Further to the announcement in January, the Group's operating profit is significantly higher than the prior year: at € 2 040 million it is 51 % above last year's level.

These performances reflect the commitment and efforts of all our colleagues, the strength of our Maisons and the leverage provided by the Group's shared services.

Dividend

Based upon the good results for the year, the Board has proposed an ordinary dividend of CHF 0.55 per share. This represents an increase of 22 % compared to last year.

Outlook

Although sales in the month of April were 29 % above the comparative period, or 20 % at constant exchange rates, we are mindful of the unstable economic environment, particularly in the euro zone.

The enduring appeal and the development potential of each of our Maisons lead us to focus our investment on the Group's organic growth. Investments are primarily dedicated to the expansion and integration of the Maisons' respective manufacturing facilities, as well as growth in their retail networks. Selective boutique openings will be focused in growth markets and in tourist destinations around the world.

Our Maisons remain entrepreneurial and innovative businesses at heart. More than ever, we are convinced of their resilience and long-term prospects. We therefore look forward to the future with cautious optimism.

Johann Rupert
Executive Chairman and Chief Executive Officer

Compagnie Financière Richemont SA
Geneva, 16 May 2012

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Financial Review

Sales

Sales for the year increased by 29 % at actual exchange rates and by 30 % at constant exchange rates. The growth in sales reflected the continuing demand for established product lines, the successful introduction of new products and the impact of boutique openings. The Asia-Pacific region saw the highest level of demand and, following several years of very strong growth, sales in that region now represent 42 % of Group sales. Further details of sales by region, distribution channel and business area are given in the Review of Operations on pages 5 to 8.

Gross profit

Gross profit also increased by 29 %. The gross margin percentage was in line with the prior year at 63.7 % of sales. The negative impact on the gross margin percentage of adverse exchange rate movements, in particular the strengthening of the Swiss franc, and higher precious material and input costs, were offset by a number of specific factors. These included foreign exchange hedging gains of € 108 million (2011: € 13 million) and the impact of price increases, as well as the growing importance of the Group's own retail activities in the overall sales mix. The stronger Swiss franc is of particular importance to the cost of sales, as the majority of the Group's manufacturing facilities are located in Switzerland.

Operating profit

Operating profit increased by 51 %, reflecting the significant increase in gross profit and continuing cost discipline. This is evidenced by the limited year-on-year increase in net operating expenses of 19 %, which was well below the percentage growth in sales.

Selling and distribution expenses were 19 % higher, reflecting sales growth in general and the opening of new boutiques by the Maisons. Communication expenses increased by 23 %, representing 10 % of sales. Administration costs rose by 14 % overall, including the impact of structural developments to support Richemont's Fashion and Accessories businesses, Net-a-Porter, and information technology projects across the Group.

As a consequence, the operating margin increased by 330 basis points to 23.0 % in the year under review.

Profit for the year

Profit for the year increased by 43 % to € 1 540 million. The increase included the following significant items:

- Within net finance costs, € 169 million related to non-cash, mark-to-market currency losses on euro-denominated liquid bond funds held by a Swiss franc entity. Upon translation back into euros, there was no effect on the Group's overall equity position.
- The non-recurrence of a € 102 million non-cash accounting gain recorded in the comparative year within the Group's share of the post-tax results of associated companies. The gain related to the revaluation of the Group's former interest in Net-a-Porter in April 2010 when Richemont acquired control of that business.

The effective taxation rate was 14.6 %. The decrease in the rate compared to the prior year was primarily due to timing differences associated with deferred tax assets relating to inventory. Excluding these timing differences, the effective taxation rate was consistent with the prior year.

Earnings per share increased by 43 % to € 2.756 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 year ended 31 March 2012 would be € 1 553 million (2011: € 1 002 million). Basic HEPS for the year was € 2.832 (2011: € 1.818). Diluted HEPS for the year was € 2.772 (2011: € 1.770). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 30 of the Group's consolidated financial statements.

Cash flow

Cash flow generated from operations was € 1 789 million, € 93 million above the prior year. The additional cash generated from operating profit was partly offset by working capital increases, in particular inventories. The increase in inventories was broadly in line with the increase in sales.

The net acquisition of tangible fixed assets amounted to € 398 million, reflecting selected investments in the Group's worldwide network of boutiques as well as jewellery and watch manufacturing facilities, primarily in Switzerland.

The 2011 dividend, at CHF 0.45 per share, was paid to shareholders net of Swiss withholding tax in September. The cash outflow in the period amounted to € 204 million.

During the year, the Group acquired some 8 million 'A' shares to hedge executive stock options. The cost of these purchases was partly offset by proceeds from the exercise of stock options by executives and other activities linked to the hedging programme, leading to a net cash outflow of € 179 million.

Financial structure and balance sheet

Tangible and intangible assets increased by € 302 million during the year. The increase largely reflects the expansion of the Maisons' boutique networks, particularly in the Asia-Pacific region, and investments in their European manufacturing facilities.

Inventories at the year-end amounted to € 3 666 million. This figure represents 15.8 months of gross inventories and compares with 16.5 months at March 2011. The reduction in the rate of stock turn reflects favourable trading conditions. In absolute terms, the increase in the value of inventories results from the strengthening of the Swiss franc, the expansion of the boutique network and the necessity to rebuild inventories.

At 31 March 2012, the Group's net cash position amounted to € 3 184 million, an increase of € 595 million during the year. The Group's net cash position includes short-term liquid bond funds as well as cash, cash equivalents and all borrowings. Liquid bond funds and cash balances were primarily denominated in euros and Swiss francs, whereas borrowings to finance local operating assets are denominated in the currencies of the countries concerned. Total borrowings, including bank borrowings and short-term loans, amounted to € 88 million.

Richemont's financial structure remains very strong, with shareholders' equity representing 73 % of total equity and liabilities.

Proposed dividend

The Board has proposed an ordinary cash dividend of CHF 0.55 per share, an increase of CHF 0.10 per share compared to last year.

The dividend will be paid as follows:	Gross dividend per share	Swiss withholding tax @ 35%	Net payable per share
Ordinary cash dividend	CHF 0.5500	CHF 0.1925	CHF 0.3575

The dividend will be payable following the Annual General Meeting, which is scheduled to take place in Geneva on Wednesday 5 September 2012.

The last day to trade Richemont 'A' shares and Richemont South African Depository Receipts cum-dividend will be Friday 7 September 2012. Richemont 'A' shares and South African Depository Receipts will trade ex-dividend from Monday 10 September 2012.

The dividend on the Compagnie Financière Richemont 'A' shares will be paid on Thursday 13 September 2012. The dividend in respect of the 'A' shares is payable in Swiss francs.

The dividend in respect of Richemont South African Depository Receipts will be payable on Friday 21 September 2012. The South African Depository Receipt dividend is payable in rand to residents of the South African Common Monetary Area ('CMA') but may, dependent upon residence status, be payable in Swiss francs to non-CMA residents. Further details regarding the dividend payable to South African Depository Receipt holders will be made in a separate announcement on SENS, the Johannesburg stock exchange news service, on 16 May 2012.

Review of Operations

1. Sales by region

in € millions	31 March 2012	31 March 2011	Movement at: Constant exchange rates*	Actual exchange rates
Europe	3 097	2 588	+ 20 %	+ 20 %
Asia-Pacific	3 684	2 569	+ 46 %	+ 43 %
Americas	1 253	998	+ 30 %	+ 26 %
Japan	833	737	+ 9 %	+ 13 %
	8 867	6 892	+ 30 %	+ 29 %

*Note: movements at constant exchange rates are calculated translating underlying sales in local currencies into euros in both the current year and the comparative year at the average exchange rates applicable for the financial year ended 31 March 2011.

Europe

Solid double-digit organic growth was registered across the region. Sales in the region were boosted by the growing number of travellers from other parts of the world and Net-a-Porter's performance. The Middle East and Africa, which accounted for 16 % of sales in the region, reported strong double-digit growth.

Asia-Pacific

Now representing 42% of Group sales, the Asia-Pacific region reported another year of sustained broad-based growth, particularly in Hong Kong and mainland China. The Group's selective expansion of its retail network in recent years contributed to the strong year-on-year growth.

Americas

The Americas region reported robust double-digit growth reflecting the growing demand for jewellery and watches as well as Net-a-Porter's performance.

Japan

Sales in Japan grew, notwithstanding the continuing challenges the country faces following the dramatic events of March 2011.

2. Sales by distribution channel

in € millions	31 March 2012	31 March 2011	Movement at: Constant exchange rates*	Movement at: Actual exchange rates
Retail	4 656	3 469	+ 36 %	+ 34 %
Wholesale	4 211	3 423	+ 24 %	+ 23 %
	8 867	6 892	+ 30 %	+ 29 %

*Note: movements at constant exchange rates are calculated translating underlying sales in local currencies into euros in both the current year and the comparative year at the average exchange rates applicable for the financial year ended 31 March 2011.

Retail

Retail sales comprise sales made through the Group's directly operated boutiques and Net-a-Porter. Together, retail sales accounted for 53 % of Group sales during the year compared with 50 % in the prior year. The growing proportion of retail sales reflects the above-average performance in most directly operated boutiques, the impact of new boutiques and Net-a-Porter.

Boutique openings during the year were primarily in high-growth markets, such as mainland China. The worldwide network of directly operated boutiques amounted to 948 at the end of March compared to 876 one year earlier.

Wholesale

The Group's wholesale business, including sales to franchise partners, reported strong growth above last year's level. This growth reflected the performance of our trade partners following the optimisation of the Maisons' respective partner networks. The Maisons carried out planned reductions in the number of points of sale in Western Europe and North America.

3. Sales and operating results by segment

Jewellery Maisons

in € millions	31 March 2012	31 March 2011	Change
Sales	4 590	3 479	+ 32 %
Operating results	1 510	1 062	+ 42 %
Operating margin	32.9 %	30.5 %	+ 240 bps

The Jewellery Maisons' sales grew by 32 %. Both Cartier and Van Cleef and Arpels performed exceptionally well.

Both Maisons reported high growth across products and channels. Demand for High Jewellery pieces was solid and more accessible jewellery ranges enjoyed very strong demand. Cartier's watch collections, including premium and technical pieces, were equally successful.

The significant increase in sales and continuing cost discipline generated an operating margin of 33 %.

Specialist Watchmakers

in € millions	31 March 2012	31 March 2011	Change
Sales	2 323	1 774	+ 31 %
Operating results	539	379	+ 42 %
Operating margin	23.2 %	21.4 %	+ 180 bps

The Specialist Watchmakers' sales increased by 31 %. All Maisons improved their performance. Last year's sales and results were negatively impacted by the reorganisation of Baume & Mercier.

Overcoming higher input costs and the strength of the Swiss franc, the operating margin increased to 23 %, reflecting the solid demand for premium watches and strong pricing power.

Montblanc Maison

in € millions	31 March 2012	31 March 2011	Change
Sales	723	672	+ 8 %
Operating result	119	109	+ 9 %
Operating margin	16.4 %	16.2 %	+ 20 bps

Driven by demand for watches and accessories, Montblanc's sales increased by 8 %.

The Maison maintained an operating margin of 16 %.

3. Sales and operating results by segment, continued

Other businesses

in € millions	31 March 2012	31 March 2011	Change
Sales	1 231	967	+ 27 %
Operating results	(35)	(34)	- 3 %
Operating margin	(2.8) %	(3.5) %	+ 70 bps

The 'Other' segment includes the Group's Fashion and Accessories businesses, Net-a-Porter and the Group's watch component manufacturing activities.

Richemont's Fashion & Accessories Maisons reported sales growth of 18 % and generated improved profits of € 50 million (2011: profits of € 29 million). The performance of Alfred Dunhill and Chloé were particularly noteworthy.

Sales at Net-a-Porter continued to rise above the Group's average rate, including the first full year of Mr Porter. The amortisation of intangibles and the costs associated with the continued expansion of Net-a-Porter's platforms contributed to its overall increase in losses. On a cash basis, Net-a-Porter generated positive results.

The Group's watch component manufacturing activities incurred losses, which were broadly in line with the comparative year.

Corporate costs

in € millions	31 March 2012	31 March 2011	Change
Corporate costs	(93)	(161)	- 42 %
Central support services	(170)	(159)	+ 7 %
Other operating income/(expense), net	77	(2)	n/a

Corporate costs represent the costs of central management, marketing support and other central functions, known as central support services, as well as other expenses and income which are not allocated to specific business areas, including foreign exchange hedging gains and losses. Central support service expenses increased, largely due to the negative impact of a stronger Swiss franc. Other operating income/(expense) included gains of € 108 million (2011: gains of € 13 million) relating to the Group's exchange rate hedging programme, which are reported within gross profit.

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The Group's consolidated statements of comprehensive income, of cash flows and of financial position are presented in Appendix 1. Richemont's audited consolidated financial statements for the year may be found on the Group's website at http://www.richemont.com/investor-relations/reports.html

Richard Lepeu, Deputy Chief Executive Officer   Gary Saage, Chief Financial Officer

Presentation

The results will be presented via a live internet webcast on 16 May 2012, starting at 09:00 (CET). The direct link, including the presentation slides, will be available from 07:30 (CET) at: http://www.richemont.com

- Live listen-only telephone connection: call one of these numbers 10 minutes before the start of the presentation:
  - Europe: +41 91 610 56 00
  - USA: +1 866 291 4166
  - UK: +44 203 059 5862
  - South Africa: 0800 992 635 (toll free)
- An archived video webcast of the presentation will be available from:

  http://www.richemont.com/investor-relations/results-presentations.html
- A transcript of the presentation will be available from:

  http://www.richemont.com/investor-relations/results-presentations.html

Annual Report

The Richemont Annual Report and Accounts 2012 will be published on or around 21 June 2012 and will be available for download from the Group's website; copies may be obtained from the Company's registered office or by contacting the Company via the website at http://www.richemont.com/about-richemont/contact.html

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Statutory Information

Primary listing

SIX Swiss Exchange (Reuters "CFR.VX" / Bloomberg "CFR:VX" / ISIN CH0045039655). The Swiss 'Valorennummer' is 4503965. Richemont 'A' bearer shares are included in the Swiss Market Index ('SMI') of leading stocks.

Secondary listing

Johannesburg stock exchange operated by JSE Limited (Reuters "CFRJ.J" / Bloomberg "CFR:SJ" / ISIN CH0045159024). South African depository receipts in respect of Richemont 'A' shares.

The closing price of the Richemont 'A' share on 31 March 2012 was CHF 56.60 and the market capitalisation of the Group's 'A' shares on that date was CHF 29 545 million. Over the preceding year, the highest closing price of the 'A' share was CHF 59.55 (14 March) and the lowest closing price of the 'A' share was CHF 38.51 (10 August).

Appendix 1

Consolidated statement of comprehensive income

	2012	2011
	€ m	€ m
Sales	8 867	6 892
Cost of sales	(3 216)	(2 498)
Gross profit	5 651	4 394
Selling and distribution expenses	(1 962)	(1 654)
Communication expenses	(859)	(699)
Administrative expenses	(747)	(656)
Other operating (expense) / income	(43)	(30)
Operating profit	2 040	1 355
Finance costs	(314)	(292)
Finance income	79	111
Share of post-tax results of associated undertakings	(1)	101
Profit before taxation	1 804	1 275
Taxation	(264)	(196)
Profit for the year	1 540	1 079
Other comprehensive income:		
Currency translation adjustments		
- movement in the year	520	459
- reclassification to profit or loss	1	11
Cash flow hedges		
- net gains	25	81
- reclassification to profit or loss	(108)	(13)
Tax on cash flow hedges	14	(11)
Other comprehensive income, net of tax	452	527
Total comprehensive income	1 992	1 606
Profit attributable to:		
Owners of the parent company	1 544	1 090
Non-controlling interest	(4)	(11)
	1 540	1 079
Total comprehensive income attributable to:		
Owners of the parent company	1 995	1 616
Non-controlling interest	(3)	(10)
	1 992	1 606
Earnings per share attributable to owners of the parent company during the year (expressed in € per share)		
Basic	2.816	1.977
Diluted	2.756	1.925

Consolidated statement of cash flows

	2012	2011
	€ m	€ m
Operating profit	2 040	1 355
Depreciation and impairment of property, plant and equipment	249	213
Amortisation and impairment of other intangible assets	85	78
Loss on disposal of property, plant and equipment	4	5
Loss on disposal of intangible assets	2	1
Increase in provisions	67	92
Decrease in retirement benefit obligations	(5)	(2)
Non-cash items	(83)	18
Increase in inventories	(684)	(350)
(Increase)/decrease in trade receivables	(72)	83
Increase in other receivables and prepayments	(65)	(67)
Increase in current liabilities	251	267
Increase in long-term liabilities	-	3
Cash flow from operations	1 789	1 696
Interest received	30	17
Interest paid	(23)	(22)
Other investment income	3	4
Taxation paid	(317)	(202)
Net cash generated from operating activities	1 482	1 493
Cash flows from investing activities		
Proceeds from disposal of subsidiary undertakings and other businesses, net of cash disposed	-	(3)
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	(3)	(246)
Acquisition of associated undertakings	(1)	-
Acquisition of property, plant and equipment	(421)	(285)
Proceeds from disposal of property, plant and equipment	23	3
Acquisition of intangible assets	(61)	(41)
Proceeds from disposal of intangible assets	1	-
Acquisition of investment property	(53)	-
Investment in money market and government bond funds	(694)	(2 284)
Proceeds from disposal of money market and government bond funds	448	1 489
Acquisition of other non-current assets	(42)	(22)
Proceeds from disposal of other non-current assets	24	32
Net cash used in investing activities	(779)	(1 357)
Cash flows from financing activities		
Proceeds from borrowings	26	81
Repayment of borrowings	(172)	(270)
Dividends paid	(204)	(141)
Payment for treasury shares	(268)	(112)
Proceeds from sale of treasury shares	89	28
Capital element of finance lease payments	(1)	(2)
Net cash used in financing activities	(530)	(416)
Net change in cash and cash equivalents	173	(280)
Cash and cash equivalents at beginning of year	657	940
Exchange gains/(losses) on cash and cash equivalents	42	(3)
Cash and cash equivalents at end of year	872	657

Consolidated statement of financial position

	2012	2011
Assets	€ m	€ m
Non-current assets		
Property, plant and equipment	1 529	1 267
Goodwill	479	441
Other intangible assets	316	314
Investment property	64	-
Investments in associated undertakings	10	7
Deferred income tax assets	443	349
Financial assets held at fair value through profit or loss	69	70
Other non-current assets	248	211
	3 158	2 659
Current assets		
Inventories	3 666	2 789
Trade and other receivables	750	597
Derivative financial instruments	27	148
Prepayments	116	119
Financial assets held at fair value through profit or loss	2 400	2 154
Cash at bank and on hand	1 636	1 227
	8 595	7 034
Total assets	11 753	9 693
Equity and liabilities		
Equity attributable to owners of the parent company		
Share capital	334	334
Treasury shares	(515)	(325)
Hedge and share option reserves	255	305
Cumulative translation adjustment reserve	1 412	892
Retained earnings	7 123	5 774
	8 609	6 980
Non-controlling interest	9	12
Total equity	8 618	6 992
Liabilities		
Non-current liabilities		
Borrowings	22	120
Deferred income tax liabilities	24	35
Retirement benefit obligations	33	38
Provisions	158	137
Other long-term financial liabilities	176	158
	413	488
Current liabilities		
Trade and other payables	948	825
Current income tax liabilities	299	260
Borrowings	4	1
Derivative financial instruments	124	36
Provisions	163	126
Accruals and deferred income	358	294
Short-term loans	62	101
Bank overdrafts	764	570
	2 722	2 213
Total liabilities	3 135	2 701
Total equity and liabilities	11 753	9 693