RICHEMONT

COMPANY ANNOUNCEMENT

12 May 2017

Richemont, the Swiss luxury goods group, announces its audited consolidated results for the year ended 31 March 2017 and proposed dividend

Financial highlights

- Sales decreased by 4% at both actual and constant rates to € 10 647 million. Excluding the impact of previously announced exceptional inventory buy-backs, sales declined by 2% at constant rates
- Sales of jewellery, leather goods and writing instruments increased
- Growth was strong in mainland China, Korea and in the UK; the USA returned to growth
- Operating profit decreased by 14%
- Net cash position increased by € 452 m to € 5.8 billion
- Proposed dividend of CHF 1.80 per share, an increase of 6 %

Key financial data (audited)	**for year ended 31 March**		
	2017	2016	Change
Sales	**€ 10 647 m**	€ 11 076 m	-4%
Gross profit	**€ 6 799 m**	€ 7 118 m	-4%
Gross margin	**63.9 %**	64.3 %	- 40 bps
Operating profit	**€ 1 764 m**	€ 2 061 m	-14%
Operating margin	**16.6 %**	18.6 %	- 200 bps
Profit for the year from discontinued operations	**-**	€ 539 m	n/a
Profit for the year	**€ 1 210 m**	€ 2 227 m	-46%
Earnings per share, diluted basis	**€ 2.141**	€ 3.935	-46%
Cash flow generated from operations	**€ 1 896 m**	€ 2 419 m	€ (523) m
Net cash position	**€ 5 791 m**	€ 5 339 m	€ 452 m

The income statement for 2016 reflects the results of The NET-A-PORTER GROUP as a discontinued operation.

Chairman's commentary

Overview of results

The past year posed challenges for Richemont. The Group responded to changes in demand, which particularly affected our watch businesses, and shifting patterns of consumption. The Group has addressed those challenges by taking significant measures which, while having weighed on short term financial performance, will ensure Richemont is well positioned for the future.

In the year under review, Richemont reported a limited decrease in sales reflecting growth in retail sales offset by a decline in wholesale sales. The second half of the year saw an improvement overall. The USA, Richemont's largest country, resumed growth while Mainland China, now the Group's second largest country, enjoyed strong growth along with Korea, the United Kingdom and Macau. Excluding exceptional initiatives to improve inventory at our multi-brand retail partners and to optimise certain retail and wholesale locations, the decline in sales would have been contained to 2% at constant exchange rates.

Growth in jewellery, leather goods and writing instruments partly mitigated weak wholesale sales which were largely affected by the above mentioned initiatives. Cartier watches, within the Jewellery Maisons, and the Specialist Watchmakers were impacted by exceptional buy-backs and capacity adjustment measures. Montblanc, Chloé and Peter Millar reported good progress.

Our Maisons have continued to adjust their fixed cost bases and manufacturing structures to a sustainable level of demand. Accordingly, significant one-time charges were recorded in operating profit, which decreased by 14%.

Profit for the year was well below the prior year's level. Excluding the one-time gain on the merger of the NET-A-PORTER and YOOX Groups in the prior year, profit for the year would have decreased by 24%.

Good working capital management limited the decline in cash flow from operations whilst cost control and the disposal of investment properties contributed to an increase in net cash to € 5.8 billion at 31 March 2017.

Dividend

Based upon the cash flow generation and the increase in net cash, the Board has proposed a dividend of CHF 1.80 per share; up from CHF 1.70 per share last year.

Management changes

As announced in November 2016, we are in a period of senior management change. My valued colleague, Mr Richard Lepeu, retired from his position as Chief Executive Officer on 31 March this year. He has played an invaluable role over the past 38 years in building Richemont to its current size and strength through his involvement with Cartier for the first 22 years, and at Group level for the last 16 years. I am pleased to say that Richard will be advising me on Group and Maison developments going forward.

I should also like to thank Mr Gary Saage for his contribution to ensuring financial discipline across the Group in his capacity as Chief Financial Officer. Richemont's strong cash position is due in no small measure to Gary's strict management of working capital – something that I know his successor will continue to pay close attention to. Gary returns to the US and hands over his position at the end of July this year. However, he will remain as a non-executive director on the Board.

Richemont's new senior management team comprises Mr Georges Kern, who is responsible for our watchmaking businesses, digital and marketing and Mr Jérôme Lambert, who has responsibility for the Richemont regional platforms and services and for our other businesses other than Cartier, Van Cleef & Arpels and the specialist watchmakers. They both took up their new roles formally at the beginning of April, having benefited from a handover period with Richard. Mr Cyrille Vigneron continues to oversee Cartier and Mr Nicolas Bos Van Cleef & Arpels. Mr Burkhart Grund took on the role of Deputy Group CFO last year and will take over from Gary with effect from 1 August this year.

Annual General Meeting

The following board members will not be standing for re-election at the annual general meeting to be held in September: Mr Yves-André Istel, Mr Bernard Fornas, Mr Richard Lepeu, Mr Simon Murray, Mr Norbert Platt, Lord Renwick of Clifton, Prof Juergen Schrempp and The Duke of Wellington. We will miss the contribution from those former senior executives and non-executive directors and I would like to take this opportunity to thank each of them for their loyal and valuable support. Their wisdom and knowledge of Richemont's businesses will, however, not be lost to the Group, as they will continue to support your Board in an individual advisory capacity in the future.

At the annual general meeting, shareholders will be asked to elect nine new directors to the Board: Messrs Nicolas Bos, Burkhart Grund, Georges Kern, and Jérôme Lambert would serve as executive directors; Messrs Clay Brendish, Nikesh Arora and Anton Rupert, my son, as well as Dr Keyu Jin and Dr Vesna Nevestic would serve as non-executive directors. Their biographies may be found in the annual report.

Mr Clay Brendish, a graduate of Imperial College London, qualified as a Chartered Engineer. His professional background is in the Information Technology and Telecommunications industry, having founded Admiral plc in 1979. Clay currently serves as an advisor to Richemont's Strategic Security Committee. If elected, Clay will serve as a non-executive director and will serve as lead independent director, a position he is extremely well-qualified to fill.

Dr Keyu Jin is an Associate Professor of Economics at the London School of Economics. From Beijing, Keyu holds a BA, MA and a PhD from Harvard University. Her specific areas of expertise are international macroeconomics, international finance and the Chinese economy. Keyu will bring a new dimension to the Board and we look forward to her nomination being approved.

Mr Anton Rupert's proposed appointment to the Board would bring further insight into changing consumer behaviour in our target markets, in particular in the areas of digital marketing and web-based commerce. Anton has had extensive exposure to the all of Group's businesses over the past eight years.

Mr Nikesh Arora has had a distinguished career as a senior executive, an advisor and non-executive director. From India, Nikesh moved to the USA and held a number of senior positions in the finance and technology sectors. He was Senior Vice President and Chief Business Officer of Google up to 2014 and was most recently Vice-Chairman of Softbank, the global telecommunications and technology company, and President and CEO of its internet and media operations. Nikesh will bring his great intellect and broad-based understanding of international business to the board and I look forward very much to his contribution to Richemont's future development.

Dr Vesna Nevistic has gained extensive experience in international consulting and finance having been a partner at McKinsey and Goldman Sachs. From 2009 to 2012 Vesna was a Group Managing Director at UBS and part of the team which restructured the bank's operations following the financial crisis. She holds Swiss and Croatian citizenship and has a PhD in Electrical Engineering from the Swiss Federal Institute of Technology. Vesna is currently an independent consultant, offering advice on corporate strategy and restructuring.

We also sincerely thank the over 28 000 employees of the Group for the talents and skills that they bring to Richemont as well as their commitment and hard work, especially during the challenging times the Group has faced in recent years.

Outlook

Volatility and uncertainty in the geopolitical and trading environments are likely to prevail. Our attention is focused on transitioning the Group to adjust to operating in a more sustainable growth environment, by adapting our product offer, communication and distribution to new consumption patterns while allocating resources primarily towards research and innovation, digital marketing, online sales platforms and training in all of our Maisons.

Richemont has a strong cash flow and a strong balance sheet that enables us to focus on value creation for shareholders over an extended time horizon. This approach allows our Maisons, which have significant brand equity and heritage, to plan and grow in what we continue to believe is a unique business with excellent long-term prospects.

Johann Rupert
Chairman

Financial review

Sales

Sales for the year at both actual and constant exchange rates decreased by 4%. Excluding exceptional inventory buy-backs mostly related to the repurchase of slow moving watches from multi-brand retail partners, sales at constant rates decreased by 2%. Sales of jewellery, leather goods and writing instruments grew whilst watch sales declined, in part due to the buy-back initiative.

At constant exchange rates, sales in the Americas grew by 2%, were in line in Asia Pacific and declined in the other regions. The retail channel enjoyed growth, thereby continuing to outperform the wholesale channel.

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

Gross profit

Gross profit declined by 4% to € 6 799 million in value terms. Gross profit for the year has been influenced by the inventory buy-back programme, which reduced sales by € 278 million. Overall charges to gross profit associated with the buy-back programme and other capacity adjustments amounted to € 253 million. If these two effects were neutralised, the gross margin would have been 64.6%. The gross margin benefited from a favourable currency environment which added 30 basis points compared to the previous year.

Operating profit

Operating profit decreased by 14% with an operating margin of 16.6%. Excluding one-time net charges of respectively € 109 million this year and € 97 million last year, operating profit for the year would have declined by 13%. The one-time net charges primarily comprise € 287 million in inventory buy-backs, distribution channels' optimisation and capacity adjustment measures, which were partly offset by a € 178 million gain on the sale of investment properties.

Including the above mentioned charges but excluding the gain on the sale of the investment properties, growth in total operating expenses was contained to 3%. Higher depreciation charges and variable rentals as well as the reopening of the Cartier New York and Ginza flagship stores led to a 3% growth in selling and distribution costs. These charges also partly reflect the net closing of 38 internal stores during the course of the year under review and net opening of 22 during the prior year. Both communication expenses and administration costs grew by 2%.

Profit for the year

Profit for the year decreased by 46% to € 1 210 million. This reduction reflects the non-recurrence of the € 639 million non-cash gain resulting from the merger of The NET-A-PORTER GROUP with YOOX Group in October 2015, the lower operating profit and a reversal in net finance costs. Net finance costs amounted to € 160 million compared to a net finance income of € 2 million in the prior year, principally due to the effects of the Group's currency hedging programme.

Earnings per share on a diluted basis decreased by 46% to € 2.141.

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 2017 would be € 1 079 million (2016: € 1 626 million). Basic HEPS for the year was € 1.913 (2016: € 2.882). Diluted HEPS for the year was € 1.909 (2016: € 2.873). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 28 of the Group's consolidated financial statements.

Cash flow

Cash flow generated from operations amounted to € 1 896 million, down from € 2 419 million in the prior year. The reduction reflects a lower operating profit and a € 268 million one-time contribution to a defined benefit pension plan for UK-based employees for the purpose of entering into an annuity agreement with a third party insurance company. The absorption of working capital of € 29 million compares favourably to the prior year (2016: € 171 million).

Net investment in tangible fixed assets amounted to € 521 million. This is predominantly a result of selective investments in the Maisons' network of boutiques, primarily existing stores under renovation, together with investments in the Group's central logistic and IT infrastructure.

The 2016 dividend of CHF 1.70 per share was paid in September 2016 and amounted CHF 959 million or € 878 million (2015: € 854 million).

During the year, the Group acquired some 1.8 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 currency hedging programme, leading to a net cash outflow of € 48 million.

Balance sheet

Inventories at the year-end amounted to € 5 302 million (2016: € 5 345 million), representing 22 months of cost of sales, broadly in line with the prior year.

At 31 March 2017, the Group's net cash position amounted to € 5 791 million (2016: € 5 339 million). It includes proceeds of € 370 million relating to the sale of investment properties in France. 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. Bank loans to finance local operating entities are denominated in their local currency.

Richemont's balance sheet is strong, with shareholders' equity representing 77% of total equity and liabilities.

Proposed dividend

The Board has proposed a dividend of CHF 1.80 per share.

The dividend will be paid as follows:

	Gross dividend per share	Swiss withholding tax @ 35%	Net payable per share
Dividend	CHF 1.800	CHF 0.630	CHF 1.170

The dividend will be payable following the Annual General Meeting, which is scheduled to take place in Geneva on Wednesday, 13 September 2017.

The last day to trade Richemont 'A' shares and Richemont South African Depository Receipts cum-dividend will be Tuesday, 19 September 2017. Both will trade ex-dividend from Wednesday, 20 September 2017.

The dividend on the Compagnie Financière Richemont SA 'A' shares will be paid on Friday, 22 September 2017. 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 Thursday, 28 September 2017. 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 may be found in a separate announcement dated 12 May 2017 on SENS, the Johannesburg stock exchange news service.

Review of operations

Sales by region

in € millions	31 March 2017	31 March 2016	Movement at: Constant exchange rates*	Movement at: Actual exchange rates
Europe	**3 068**	3 388	-8%	-9%
Asia Pacific	**3 903**	3 937	-	-1%
Americas	**1 781**	1 745	+2%	+2%
Japan	**1 010**	1 031	-12%	-2%
Middle East and Africa	**885**	975	-10%	-9%
	10 647	11 076	-4%	-4%

* Movements at constant exchange rates are calculated by 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 2016.

Europe

Europe accounted for 29% of overall sales. Compared to a 10% increase in the prior year, full year sales declined by 8% at constant exchange rates, having improved from a 17% decline in the first half of the year. France and Switzerland registered the largest contractions while the United Kingdom enjoyed a double digit growth rate in sales following the EU referendum. All product lines showed positive momentum with the exception of watches.

Asia Pacific

Sales in the Asia Pacific region were broadly in line with last year, at both actual and constant exchange rates, accounting for 37% of Group sales. Mainland China, now the Group's second largest market, Korea and Macau enjoyed strong sales.

Of note is the growth of watches in our internal stores as well as continued growth in jewellery, leather goods and writing instruments in the region. Clothing sales were impacted by 90 internal and franchise net store closures across the region.

Americas

The Americas returned to growth at constant exchange rates, driven by good sales in jewellery, leather goods and clothing. Sales were also supported by the reopening of the Cartier flagship in New York last September. The region's contribution to Group sales increased slightly to 17%.

Japan

The reopening of the Cartier flagship store in Ginza partially mitigated mixed exchange rate effects on tourist spending and the high comparative sales growth figures of 20% reported in the prior year. At constant exchange rates sales decreased by 12%, with all product categories being impacted. At actual exchange rates, Japan registered a 2% sales decline.

Middle East and Africa

Sales in the Middle East and Africa declined by 10% at constant exchange rates, with negative currency movements weighing both on tourist and local spending.

Sales by distribution channel

in € millions	31 March 2017	31 March 2016	Movement at: Constant exchange rates*	Movement at: Actual exchange rates
Retail	**6 389**	6 142	+4%	+4%
Wholesale	**4 258**	4 934	-14%	-14%
	10 647	11 076	-4%	-4%

* Movements at constant exchange rates are calculated by 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 2016.

Retail

For the full year the retail channel generated a 4% sales increase, after a decline in the first half of the year. Strong retail sales in mainland China, Korea, the United Kingdom and the USA compensated for declines in Hong Kong and France. Retail sales were impacted by the net closing of 38 internal boutiques, leading to a total network of 1 117 internal stores.

The contribution of retail sales, through the Maisons' directly operated boutiques and online stores, has increased from 55% of Group sales, a year ago, to 60%.

Wholesale

The Group's wholesale business, including sales to franchise partners, reported lower sales for the year. Sales were partially impacted by inventory buy-backs, the majority of which occurred in the first half of the year.

All regions and most countries declined with the notable exception of the United Kingdom and Korea.

Sales and operating result by segment

Jewellery Maisons

in € millions	31 March 2017	31 March 2016	Change
Sales	**5 927**	6 048	-2%
Operating result	**1 682**	1 892	-11%
Operating margin	**28.4%**	31.3%	-290 bps

Good growth in jewellery sales at Cartier and Van Cleef & Arpels partly offset weakness in watch sales, thereby limiting the Jewellery Maisons' sales decline to 2%. Excluding the exceptional buy-backs, sales would have increased slightly.

The operating result was 11% lower than in the prior period, pressured by lower sales and the € 151 million one-time charges associated with the exceptional inventory buy-backs and capacity adjustments.

Specialist Watchmakers

in € millions	31 March 2017	31 March 2016	Change
Sales	**2 879**	3 225	-11%
Operating result	**226**	520	-57%
Operating margin	**7.8%**	16.1%	-830 bps

The Specialist Watchmakers' sales decreased by 11%, reflecting a difficult environment for watches in the wholesale channel.

The lower demand for fine watches together with the adverse impact of buy-backs and production capacity adjustments led to a 57% reduction in the segment's operating result. One-time charges in the current year amounted to € 72 million (2016: € 24 million). Consequently, the operating margin for the period declined to 8%.

Other

in € millions	31 March 2017	31 March 2016	Change
Sales	**1 841**	1 803	+2%
Operating result	**110**	(94)	n/a
Operating margin	**6.0%**	-5.2%	n/a

'Other' includes Montblanc, the Group's Fashion and Accessories businesses and its watch component manufacturing activities. The segment was impacted by 105 net internal and franchise store closures. The 2% sales growth was driven by the continued positive performances at Montblanc, Chloé and Peter Millar.

The operating result included one-time charges of € 64 million (2016: € 33 million) stemming from the optimisation of certain retail and wholesale locations that were more than offset by a gain of € 178 million relating to the disposal of investment properties. As a result, the operating contribution rose to € 110 million. Excluding one-time items in both years, operating losses would have been € 4 million in the current year and € 61 million in the prior year.

Corporate costs

in € millions	31 March 2017	31 March 2016	Change
Corporate costs	**(254)**	(257)	-1%
Central support services	**(234)**	(239)	-2%
Other operating income/(expense), net	**(20)**	(18)	n/a

Corporate costs represent the costs of central management, marketing support and other central functions (collectively central support services), as well as other expenses and income which are not allocated to specific business areas. The majority of corporate costs are incurred in Switzerland.

The Group's consolidated financial 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 https://www.richemont.com/investor-relations/reports.html

Johann Rupert
Chairman

Gary Saage
Chief Financial Officer

Presentation

The results will be presented via a live webcast on 12 May 2017, starting at 09:30 (CET). The direct link is available from 07:30 (CET) at: https://www.richemont.com. The presentation may be viewed using a mobile device.

- Live telephone connection: call one of these numbers 10 minutes before the start of the presentation:
  - Europe +41 (0) 58 310 50 00
  - USA +1 (1) 631 570 5613
  - UK +44 (0) 203 059 5862
  - 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:
  - https://www.richemont.com/investor-relations/results-presentations.html
- A transcript of the webcast will be available at 15:00 (CET) on Monday, 15 May 2017 from:
  - https://www.richemont.com/investor-relations/results-presentations.html

Statutory information

The Richemont 2017 Annual Report will be published on 2 June 2017 and will be available for download from the Group's website at https://www.richemont.com/investor-relations/reports.html. Copies may be obtained from the Company's registered office or by contacting the Company via the website at https://www.richemont.com/about-richemont/contact.html

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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) and are included in the Swiss Market Index ('SMI') of leading stocks. The Swiss 'Valorennummer' is 21048333. Richemont's 'A' shares are registered. The share register is managed by Computershare Schweiz AG, the registrar.

South African depository receipts in respect of Richemont 'A' shares are traded on the Johannesburg stock exchange operated by JSE Limited, the Company's secondary listing (Reuters 'CFRJ.J'/Bloomberg 'CFR:SJ'/ISIN CH0045159024).

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.

Appendix 1

Consolidated statement of comprehensive income statement for the year ended 31 March

	2017 €m	2016 €m
Sales	**10 647**	11 076
Cost of sales	**(3 848)**	(3 958)
Gross profit	**6 799**	7 118
Selling and distribution expenses	**(3 044)**	(2 950)
Communication expenses	**(1 119)**	(1 093)
Administrative expenses	**(1 015)**	(992)
Other operating income/(expense)	**143**	(22)
Operating profit	**1 764**	2 061
Finance costs	**(233)**	(166)
Finance income	**73**	168
Share of post-tax results of equity-accounted investments	**(34)**	(5)
Profit before taxation	**1 570**	2 058
Taxation	**(360)**	(370)
Profit for the year from continuing operations	**1 210**	1 688
Profit for the year from discontinued operations	**–**	539
Profit for the year	**1 210**	2 227
Other comprehensive income:		
Items that will never be reclassified to profit or loss		
Defined benefit plan actuarial losses	**(99)**	(59)
Tax on defined benefit plan actuarial losses	**(20)**	11
Share of other comprehensive income of equity-accounted investments	**–**	2
	(119)	(46)
Items that are or may be reclassified subsequently to profit or loss		
Currency translation adjustments		
– movement in the year	**279**	(545)
– reclassification to profit or loss	**–**	(36)
Share of other comprehensive income of equity-accounted investments	**–**	–
	279	(581)
Other comprehensive income, net of tax	**160**	(627)
Total comprehensive income	**1 370**	1 600
Total comprehensive income attributable to:		
Owners of the parent company	**1 370**	1 600
– continuing operations	**1 370**	1 111
– discontinued operations	**–**	489
	1 370	1 600
Earnings per share attributable to owners of the parent company during the year (expressed in € per share)		
From profit for the year		
Basic	**2.145**	3.947
Diluted	**2.141**	3.935
From continuing operations		
Basic	**2.145**	2.992
Diluted	**2.141**	2.983

Consolidated statement of cash flow for the year ended 31 March

	2017 € m	2016 € m
Operating profit	**1 764**	2 061
Operating loss from discontinued operations	**–**	(91)
Depreciation of property, plant and equipment	**467**	455
Depreciation of investment property	**–**	1
Amortisation of other intangible assets	**94**	95
Impairment of property, plant and equipment	**2**	2
Impairment of goodwill	**–**	16
Loss on disposal of property, plant and equipment	**11**	5
(Profit)/loss on disposal of intangible assets	**(5)**	4
Profit on disposal of investment property	**(195)**	–
Increase in long-term provisions	**44**	7
(Decrease)/increase in retirement benefit obligations	**(287)**	4
Non-cash items	**30**	31
Decrease/(increase) in inventories	**123**	(139)
Decrease/(increase) in trade receivables	**42**	(2)
Decrease/(increase) in other receivables and prepayments	**5**	(16)
(Decrease)/increase in current liabilities	**(90)**	103
Increase in long-term liabilities	**12**	1
Decrease in derivative financial instruments	**(121)**	(118)
Cash flow generated from operations	**1 896**	2 419
Interest received	**78**	58
Interest paid	**(69)**	(68)
Dividend from equity-accounted investments	**2**	1
Taxation paid	**(288)**	(446)
Net cash generated from operating activities	**1 619**	1 964
Cash flows from investing activities		
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	**(3)**	(131)
Proceeds from disposal of subsidiary undertakings, net of cash	**370**	(5)
Acquisition of equity-accounted investments	**(55)**	(11)
Acquisition of property, plant and equipment	**(536)**	(630)
Proceeds from disposal of property, plant and equipment	**15**	17
Acquisition of intangible assets	**(63)**	(80)
Proceeds from disposal of intangible assets	**14**	1
Investment in money market and externally managed funds	**(4 183)**	(6 428)
Proceeds from disposal of money market and externally managed funds	**3 988**	6 007
Acquisition of other non-current assets	**(36)**	(58)
Proceeds from disposal of other non-current assets	**14**	31
Net cash used in investing activities	**(475)**	(1 287)
Cash flows from financing activities		
Proceeds from borrowings	**101**	105
Repayment of borrowings	**(131)**	(205)
Dividends paid	**(878)**	(854)
Payment for treasury shares	**(95)**	(144)
Proceeds from sale of treasury shares	**47**	50
Acquisition of non-controlling interests in subsidiaries	**–**	(152)
Capital element of finance lease payments	**(2)**	(1)
Net cash used in financing activities	**(958)**	(1 201)
Net change in cash and cash equivalents	**186**	**(524)**
Cash and cash equivalents at the beginning of the year	**2 548**	3 152
Exchange gains on cash and cash equivalents	**31**	(80)
Cash and cash equivalents at the end of the year	**2 765**	**2 548**

Consolidated balance sheet at 31 March

	2017 €m	2016 €m
Assets		
Non-current assets		
Property, plant and equipment	**2 558**	2 476
Goodwill	**298**	291
Other intangible assets	**391**	421
Investment property	**12**	191
Equity-accounted investments	**1 307**	1 283
Deferred income tax assets	**724**	700
Financial assets held at fair value through profit or loss	**7**	7
Other non-current assets	**430**	398
	5 727	5 767
Current assets		
Inventories	**5 302**	5 345
Trade and other receivables	**996**	1 021
Derivative financial instruments	**20**	41
Prepayments	**163**	135
Financial assets held at fair value through profit or loss	**3 481**	3 247
Cash at bank and on hand	**4 450**	4 569
Assets of disposal group held for sale	**21**	–
	14 433	14 358
Total assets	**20 160**	20 125
Equity and liabilities		
Equity attributable to owners of the parent company		
Share capital	**334**	334
Treasury shares	**(432)**	(412)
Share option reserve	**327**	289
Cumulative translation adjustment reserve	**3 004**	2 725
Retained earnings	**12 296**	12 111
Total equity	**15 529**	15 047
Liabilities		
Non-current liabilities		
Borrowings	**402**	379
Deferred income tax liabilities	**8**	10
Employee benefits obligation	**98**	290
Provisions	**91**	79
Other long-term financial liabilities	**132**	124
	731	882
Current liabilities		
Trade and other payables	**1 508**	1 526
Current income tax liabilities	**365**	268
Borrowings	**53**	77
Derivative financial instruments	**67**	93
Provisions	**215**	211
Bank overdrafts	**1 685**	2 021
Liabilities of disposal group held for sale	**7**	–
	3 900	4 196
Total liabilities	**4 631**	5 078
Total equity and liabilities	**20 160**	20 125