RICHEMONT

COMPANY ANNOUNCEMENT

9 November 2012

Richemont, the Swiss luxury goods group, announces its unaudited consolidated results for the six month period ended 30 September 2012

Financial highlights

- Sales grew by 21 % to € 5 106 million, or by 12 % at constant exchange rates
- Solid growth across segments, regions and channels
- Operating profit increased by 28 % to € 1 380 million, benefitting from favourable currency movements
- Operating margin gained 150 basis points to reach 27 %
- Profit for the period rose by 52 % to € 1 081 million
- Cashflow from operations of € 575 million

Key financial data (unaudited)	**6 months ended 30 September**		
	2012	2011	Change
Sales	**€ 5 106 m**	€ 4 214 m	+ 21 %
Gross profit	**€ 3 310 m**	€ 2 665 m	+ 24 %
Gross margin	**64.8 %**	63.2 %	+ 160 bps
Operating profit	**€ 1 380 m**	€ 1 075 m	+ 28 %
Operating margin	**27.0 %**	25.5 %	+ 150 bps
Profit for the period	**€ 1 081 m**	€ 709 m	+ 52 %
Earnings per share, diluted basis	**€ 1.947**	€ 1.266	+ 54 %
Cashflow generated from operations	**€ 575 m**	€ 606 m	- € 31 m
Net cash position	**€ 3 048 m**	€ 2 596 m	+ € 452 m

Executive Chairman and Chief Executive Officer's commentary

Richemont is reporting a solid set of results for the first half of this year. The Group's Maisons benefitted from favourable exchange rates effects, successful product launches as well as strong pricing power.

The increase in net profit was well above the prior period, reflecting both the growth in operating results and the non-recurrence of non-cash losses, which stemmed from the Swiss franc's appreciation against the euro based on the closing Swiss franc rate.

Richemont's financial position continues to be strong: the Group's net cash position is € 3 billion.

Sales growth rates moderated, as evidenced by the October sales which grew by 12 % at actual exchange rates. At constant exchange rates, they were 7 % higher. Richemont is seeing good growth in Europe, supported by Asian tourism which is compensating for slower domestic Asia Pacific sales. Retail continued to lead wholesale, reflecting robust jewellery sales.

For the second half of the year, the comparatives are likely to be impacted by less favourable exchange rates.

With a view to strengthening the manufacturing base and exploiting growth opportunities as they arise, the Group's Maisons will execute their investment programmes as planned.

Johann Rupert, Executive Chairman and Chief Executive Officer

Compagnie Financière Richemont SA

Geneva, 9 November 2012

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Financial Review

Sales

Sales in the six-month period increased by 21 % at actual exchange rates, or by 12 % at constant exchange rates. The increase in sales reflected, in particular, sales growth in the Group's own retail network, bolstered by very strong demand in Europe during the period. 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 rose by 24 % and the gross margin percentage was 160 basis points higher at 64.8 % of sales. Several factors caused the increase in the gross margin percentage, in particular favourable currency movements. Other favourable factors included the impact of price increases and the growing proportion of sales made through the Maisons' own boutiques. These favourable factors were partly offset by the impact of the cessation of hedge accounting, which was initiated in the prior year. In the current period, foreign exchange losses recognised in the gross margin were immaterial whereas gains in the prior period added 166 basis points to the gross margin percentage.

Operating profit

Operating profit increased by 28 %, reflecting the significant increase in gross profit, offset by an increase in operating expenses of 21 %, or 14 % at constant exchange rates.

Selling and distribution expenses were 23 % higher, reflecting in particular the increase in sales in the Maisons' own boutique networks. Communication expenses also increased by 23 % and represented 8 % of sales. Administration costs rose by 19 % and reflected the expansion of certain of the Group's shared service platforms.

As a consequence, operating margin increased by 150 basis points to 27.0 % in the period under review.

Profit for the period

Profit for the period increased by 52 % to € 1 081 million, reflecting the following significant items:

- Within net finance costs, € 142 million of mark-to-market losses have been recorded in respect of currency hedging activities (2011: losses of € 113 million).
- In the comparative period, the Swiss franc's appreciation against the euro generated reported non-cash losses of € 153 million in respect of the Group's cash position. In the period under review, there were no such non-cash losses as a consequence of the stable euro: Swiss franc exchange rate.

The effective taxation rate was 15.6 %, reflecting the anticipated full-year rate, which is in line with prior periods.

Earnings per share increased by 54 % to € 1.947 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 2012 would be € 1 087 million (2011: € 713 million). Basic HEPS for the period was € 1.983 (2011: € 1.303). Diluted HEPS for the period was € 1.949 (2011: € 1.273). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 8 of the Group's condensed consolidated interim financial statements.

Cashflow

Cashflow generated from operations was € 575 million, broadly in line with the prior period. The additional cash generated from operating profit was absorbed by working capital movements and settlement of maturing foreign exchange contracts.

The net acquisition of tangible fixed assets amounted to € 217 million, reflecting selected investments in the Group's network of boutiques, particularly in the Asia Pacific region, and further investments in manufacturing facilities in Switzerland.

The 2012 dividend, at CHF 0.55 per share, was paid to shareholders net of withholding tax in September. The cash outflow in the period amounted to € 164 million; the withholding tax was remitted to the Swiss authorities in October.

During the period, the Group acquired some 6 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 outflow of € 86 million.

Financial structure and balance sheet

Inventories at the end of September amounted to € 4 033 million. This figure represents 16 months of gross inventories and is in line with the rotation at September 2011. The stable rate of stock turn reflects the favourable trading conditions in particular. In absolute terms, the increase in the value of inventories resulted from the strategic build-up of inventories and the expansion of the Maisons' boutique networks.

At 30 September 2012, the Group's net cash position amounted to € 3 048 million, broadly in line with the position at 31 March 2012. The Group's net cash position includes short-term liquid funds as well as cash, cash equivalents and all borrowings. Liquid money market funds, government bond funds and cash balances were primarily denominated in euros, 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 € 213 million.

Richemont's financial structure remains very strong, with shareholders' equity representing 71 % of total equity and liabilities.

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Review of operations

1. Sales by region

In € millions	**30 September 2012**	30 September 2011	Movement at: Constant exchange rates	Actual exchange rates
Europe	**1 857**	1 514	+ 19 %	+ 23 %
Asia Pacific	**2 103**	1 718	+ 9 %	+ 22 %
Americas	**698**	602	+ 4 %	+ 16 %
Japan	**448**	380	+ 4 %	+ 18 %
	5 106	4 214	+ 12 %	+ 21 %

*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 2012.

Europe

Europe accounted for 36 % of overall sales. The region enjoyed good growth, with visitors/travellers driving the above-average increase. The highest growth rates were in the Maisons' own boutiques in tourist destinations, including the Middle East.

Asia Pacific

Sales in the Asia Pacific region accounted for 41 % of the Group total, with Hong Kong and mainland China the two largest markets. Following two years of exceptionally high rates of sales growth, the rate during the period under review moderated. Sales growth in our Maisons' own boutiques in the region was well above the increase in sales to wholesale partners, partly reflecting the number of boutique openings in the last two years.

Americas

After two years of outstanding sales, the Americas region reported single-digit growth before currency translation effects and represented 14 % of Group sales. Certain exceptional High Jewellery sales took place in the comparative period, primarily in the Jewellery Maisons.

Japan

The increase in sales in Japan reflected the continued momentum in all segments.

2. Sales by distribution channel

In € millions	**30 September 2012**	30 September 2011	Movement at: Constant exchange rates	Movement at: Actual exchange rates
Retail	**2 618**	2 083	+ 15 %	+ 26 %
Wholesale	**2 488**	2 131	+ 8 %	+ 17 %
	5 106	4 214	+ 12 %	+ 21 %

*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 2012.

Retail

Overall retail sales, comprising directly operated boutiques and Net-a-Porter, increased by 26 %. This continues to be well above the growth in wholesale sales and 51 % of Group sales are now generated through its own retail network.

The growth in retail sales partly reflected the good performance of Net-a-Porter and the expansion of the Maisons' network of boutiques to 988 stores. Openings during the period were primarily in high-growth markets.

Wholesale

The Group's wholesale business, including sales to franchise partners, reported solid growth. This performance reflects the marketing environment in this channel.

3. Sales and operating results by business area

Jewellery Maisons

In € millions	**30 September 2012**	30 September 2011	Change
Sales	**2 607**	2 165	+ 20 %
Operating results	**958**	734	+ 31 %
Operating margin	**36.7 %**	33.9 %	+ 280 bps

The Jewellery Maisons' sales grew by 20 %. Both Cartier and Van Cleef & Arpels generated remarkable results.

The Maisons' boutique networks reported good growth and benefitted from boutique openings. Demand for High Jewellery pieces and more accessible jewellery ranges was strong. Demand for Cartier's watch collections was solid.

The significant increase in sales and positive gross margin development generated an operating margin of 37 %.

Specialist Watchmakers

In € millions	**30 September 2012**	30 September 2011	Change
Sales	**1 459**	1 171	+ 25 %
Operating results	**470**	312	+ 51 %
Operating margin	**32.2 %**	26.6 %	+ 560 bps

The Specialist Watchmakers' sales increased by 25 %, reflecting the worldwide demand for *haute horlogerie*.

Most Specialist Watchmakers contributed to the significant increase in the contribution margin to 32 %, reflecting the Maisons' pricing power and operating leverage in an environment where currency fluctuations were supportive.

Montblanc Maison

In € millions	**30 September 2012**	30 September 2011	Change
Sales	**368**	334	+ 10 %
Operating result	**53**	54	- 2 %
Operating margin	**14.4 %**	16.2 %	- 180 bps

Montblanc's sales increased by 10 %: they were primarily driven by watches and currency effects. Compared with other Group businesses, Montblanc benefits less from sales in tourist destinations.

The Maison's operating margin decreased to 14 %.

Other

In € millions	30 September 2012	30 September 2011	Change
Sales	**672**	544	+ 24 %
Operating results	**(15)**	(17)	+ 12 %
Operating margin	**(2.2) %**	(3.1) %	+ 90 bps

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

Richemont's Fashion & Accessories Maisons saw double-digit sales growth and operating profits were in line with the prior period at € 25 million.

Sales growth at Net-a-Porter is normalising but continues to exceed the Group's average. Net-a-Porter reduced its losses during the period, but generated a positive operating cashflow.

Losses at the Group's watch component manufacturing facilities were in line with the comparative period.

Corporate costs

In € millions	30 September 2012	30 September 2011	Change
Corporate costs	**(86)**	(8)	n/a
Central support services	**(78)**	(69)	+ 13%
Other operating (expense)/income, net	**(8)**	61	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 increase in central support service reflects the support of IT systems and other long-term initiatives. On a constant exchange rate basis, the cost of central support services increased by 10 %. In the comparative period, other operating income included gains of € 70 million relating to the Group's exchange rate hedging programme, which are reported within gross profit. Following the cessation of hedge accounting, there were no material exchange rate gains or losses reported in gross profit in the period under review.

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The Group's condensed consolidated financial statements of comprehensive income, of cashflows and of financial position are presented in Appendix 1. Richemont's unaudited condensed consolidated interim financial statements for the period 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 9 November 2012, starting at 09:00 (CET). The direct link will be available from 07:00 (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

Interim report

The Richemont 2012 Interim Report will be published on 15 November 2012 and will be available for download from the Group's website at http://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 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 30 September 2012 was CHF 56.40 and the market capitalization of the Group's 'A' shares on that date was CHF 29 441 million. Over the preceding six month period, the highest closing price of the 'A' share was CHF 64.15 (10 September) and the lowest closing price of the 'A' share was CHF 48.40 (12 July).

Appendix 1

Condensed consolidated statement of comprehensive income

	Six months to 30 September 2012 € m	Six months to 30 September 2011 € m
Sales	**5 106**	4 214
Cost of sales	**(1 796)**	(1 549)
Gross profit	**3 310**	2 665
Selling and distribution expenses	**(1 096)**	(891)
Communication expenses	**(418)**	(340)
Administrative expenses	**(408)**	(342)
Other operating (expense)/income	**(8)**	(17)
Operating profit	**1 380**	1 075
Finance costs	**(156)**	(287)
Finance income	**57**	61
Share of post-tax results of associated undertakings	**(1)**	(1)
Profit before taxation	**1 280**	848
Taxation	**(199)**	(139)
Profit for the period	**1 081**	709
Other comprehensive (loss)/income:		
Currency translation adjustments		
- movement in the period	**(30)**	427
- reclassification to profit or loss	**-**	1
Cash flow hedges		
- net gains	**-**	20
- reclassification to profit or loss	**1**	(70)
Other comprehensive (loss)/income, net of tax	**(29)**	378
Total comprehensive income	**1 052**	1 087
Profit attributable to:		
Owners of the parent company	**1 086**	709
Non-controlling interests	**(5)**	-
	1 081	709
Total comprehensive income attributable to:		
Owners of the parent company	**1 057**	1 086
Non-controlling interests	**(5)**	1
	1 052	1 087
Earnings per share attributable to owners of the parent company during the period (expressed in € per share)		
Basic	**1.981**	1.295
Diluted	**1.947**	1.266

Condensed consolidated statement of cash flows

	Six months to 30 September 2012 €m	Six months to 30 September 2011 €m
Operating profit	**1 380**	1 075
Depreciation and impairment of property, plant and equipment	**141**	119
Amortisation and impairment of other intangible assets	**43**	43
Loss on disposal of property, plant and equipment	**1**	-
Increase in provisions	**25**	26
Decrease in retirement benefit obligations	**(1)**	(3)
Non-cash items	**13**	(55)
Increase in inventories	**(367)**	(340)
Increase in trade debtors	**(289)**	(288)
Increase in other receivables and prepayments	**(32)**	(27)
(Decrease)/increase in current and long-term operating liabilities	**(339)**	56
Cash flow generated from operations	**575**	606
Interest received	**6**	17
Interest paid	**(11)**	(13)
Other investment income	**2**	3
Taxation paid	**(150)**	(129)
Net cash generated from operating activities	**422**	484
Cash flows from investing activities		
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	**(30)**	(3)
Acquisition of associated undertakings	**-**	(1)
Acquisition of property, plant and equipment	**(218)**	(140)
Proceeds from disposal of property, plant and equipment	**1**	17
Acquisition of intangible assets	**(38)**	(29)
Acquisition of investment property	**(13)**	-
Investment in money market and government bond funds	**(2)**	(151)
Proceeds from disposal of money market and government bond funds	**230**	143
Acquisition of other non-current assets	**(17)**	(16)
Proceeds from disposal of other non-current assets	**7**	9
Net cash used in investing activities	**(80)**	(171)
Cash flows from financing activities		
Proceeds from borrowings	**127**	10
Repayment of borrowings	**(4)**	(101)
Acquisition of non-controlling interests	**(3)**	-
Dividends paid	**(164)**	(133)
Payment for treasury shares	**(206)**	(279)
Proceeds from sale of treasury shares	**120**	74
Capital element of finance lease payments	**(1)**	(1)
Net cash used in financing activities	**(131)**	(430)
Net change in cash and cash equivalents	**211**	(117)
Cash and cash equivalents at beginning of period	**872**	657
Exchange gains on cash and cash equivalents	**5**	32
Cash and cash equivalents at end of period	**1 088**	572

Condensed consolidated statement of financial position

	30 September 2012	31 March 2012
Assets	**€ m**	€ m
Non-current assets		
Property, plant and equipment	**1 590**	1 529
Goodwill	**491**	479
Other intangible assets	**314**	316
Investment property	**66**	64
Investments in associated undertakings	**9**	10
Deferred income tax assets	**483**	443
Financial assets held at fair value through profit or loss	**64**	69
Other non-current assets	**298**	248
	3 315	3 158
Current assets		
Inventories	**4 033**	3 666
Trade and other receivables	**1 133**	750
Derivative financial instruments	**22**	27
Prepayments	**109**	116
Financial assets held at fair value through profit or loss	**2 173**	2 400
Cash at bank and on hand	**2 433**	1 636
	9 903	8 595
Total assets	**13 218**	11 753
Equity and liabilities		
Equity attributable to owners of the parent company		
Share capital	**334**	334
Treasury shares	**(596)**	(515)
Hedge and share option reserves	**255**	255
Cumulative translation adjustment reserve	**1 382**	1 412
Retained earnings	**7 950**	7 123
	9 325	8 609
Non-controlling interests	**2**	9
Total equity	**9 327**	8 618
Liabilities		
Non-current liabilities		
Borrowings	**51**	22
Deferred income tax liabilities	**27**	24
Retirement benefit obligations	**31**	33
Provisions	**163**	158
Other long-term financial liabilities	**188**	176
	460	413
Current liabilities		
Trade and other payables	**901**	948
Current income tax liabilities	**403**	299
Borrowings	**1**	4
Derivative financial instruments	**90**	124
Provisions	**153**	163
Accruals and deferred income	**377**	358
Short-term loans	**161**	62
Bank overdrafts	**1 345**	764
	3 431	2 722
Total liabilities	**3 891**	3 135
Total equity and liabilities	**13 218**	11 753