RICHEMONT

Interim Report 2016

Contents

This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Words such as 'may', 'should', 'estimate', 'project', 'plan', 'believe', 'expect', 'anticipate', 'intend', 'potential', 'goal', 'strategy', 'target', 'will', 'seek', and similar expressions may identify forward-looking statements.

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.

Financial highlights

- Sales decreased by 13% at actual exchange rates to € 5 086 million and by 12% at constant exchange rates. Excluding exceptional inventory buy-backs, sales declined by 8% at constant exchange rates
- Globally challenging environment and strong comparatives in Japan and Europe; continued positive momentum in mainland China
- Operating profit decreased by 43% to € 798 million after one-time charges of € 249 million
- Profit for the period decreased by 51% to € 540 million
- Cash flow from operations of € 666 million

Key financial data (unaudited)

	Six months ended 30 September 2016	Six months ended 30 September 2015	Change
Sales	**€ 5 086 m**	€ 5 821 m	-13%
Gross profit	**€ 3 230 m**	€ 3 786 m	-15%
Gross margin	**64%**	65%	-150 bps
Operating profit	**€ 798 m**	€ 1 390 m	-43%
Operating margin	**16%**	24%	-820 bps
Loss for the period from discontinued operations	**–**	€ (88) m	
Profit for the period	**€ 540 m**	€ 1 103 m	-51%
Earnings per share, diluted basis	**€ 0.955**	€ 1.949	-51%
Cash flow generated from operations	**€ 666 m**	€ 1 055 m	-37%
Net cash position	**€ 4 552 m**	€ 4 763 m	€ (211) m

Chairman’s commentary

Sales and profits for the six-month period ended 30 September 2016 were significantly below the prior year’s level, reflecting the difficult global environment, the exceptional inventory buy-backs and challenging comparative figures in the first half of the previous financial year.

Retail sales generated in our owned boutiques and online stores have generally outperformed the wholesale business. Positive developments in accessories and resilience in jewellery partly mitigated poor watch sales. From a geographic perspective, most markets experienced a slowdown in sales with the notable exceptions of mainland China, the UK and Korea.

A number of Maisons proactively assisted their multi-brand retail partners in order to improve the quality of their inventory by buying back slow moving pieces. This initiative, together with the optimisation of certain retail and wholesale locations, led to one-time charges of € 249 million. These, combined with lower sales and lower gross profit, contributed to a 43% decline in operating profit. Excluding these one-time charges, operating profit would have declined by 25%. Net profit is down 51% compared to the prior period.

Richemont acted cautiously, protecting Group cash flow. Working capital requirements have been kept under control, limiting the decline in cash flow from operations. Net cash at 30 September 2016 amounted to € 4 552 million.

Concerning watches, we will look to deal with overcapacity issues, adapting manufacturing structures to the level of demand.

We remain convinced of the long-term prospects for high quality products, in particular for watches and jewellery. Our Maisons stand for timelessness, quality and craftsmanship – values that are particularly sought after in uncertain times. Richemont, with its portfolio of long-established Maisons, strong balance sheet and worldwide geographic footprint, is well positioned to weather the current difficult environment and emerge stronger when global circumstances improve.

Johann Rupert
Chairman

Compagnie Financière Richemont SA
Geneva, 4 November 2016

Financial review

SALES

In the six-month period, sales decreased by 13% at actual exchange rates or by 12% at constant exchange rates. Excluding buy-backs, sales decreased by 8% in constant terms. The decrease reflected the weak demand for watches in general, as well as historically high comparatives and the impact of exceptional inventory buy-backs. The decline in watch sales was partly mitigated by demand for accessories and, to a lesser degree, for jewellery. While all regions posted lower sales, Asia Pacific reported a softer rate of decline, benefiting notably from good momentum in mainland China and Korea. Overall, the retail channel was more resilient than the wholesale channel. Further details of sales by region, distribution channel and business area are given below.

GROSS PROFIT

Gross profit decreased by 15%, representing 64% of sales. The 150 basis points margin decrease versus the prior period is largely explained by the inventory buy-backs. This negative impact was partly offset by the growing proportion of retail sales and a favourable exchange rate environment.

OPERATING PROFIT

Operating profit declined to € 798 million in the six-month period and the operating margin decreased to 16%.

The 2% increase in total operating expenses factors in a 1% growth in selling and distribution costs linked, in particular, to higher rental and depreciation charges. These charges followed last year's net opening of 22 boutiques. Communication expenses increased by 4% while "administration and other" costs grew by 1%, inclusive of one-time charges of € 31 million.

Excluding all one-time charges of € 249 million relating to inventory buy-backs and distribution channels' optimisation, operating profit for the half year would have declined by 25%.

PROFIT FOR THE PERIOD

Profit for the period decreased by 51 % to € 540 million. This reflects the reduction in operating profit and a reversal in net finance costs, which amounted to € 109 million compared to a net income of € 76 million in the prior period.

Earnings per share decreased by 51% to € 0.955 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 2016 would be € 530 million (2015: € 1 112 million). Basic HEPS for the period was € 0.940 (2015: € 1.972). Diluted HEPS for the period was € 0.937 (2015: € 1.968). 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

Cash flow generated from operations amounted to € 666 million. At € 417 million, the absorption of cash for working capital in the current period was below last year (2015: € 558 million).

The net investment in tangible fixed assets during the period amounted to € 210 million, reflecting predominantly selective investments in the Maisons' network of boutiques.

The 2016 dividend of CHF 1.70 per share was paid to 'A' and 'B' shareholders and to South African Depository Receipt holders, net of withholding tax, in September. In the prior year, the equivalent dividend was paid to South African Depository Receipt holders in early October due to timing differences. The 35% withholding tax on all dividends was remitted to the Swiss tax authorities in September. The cash outflow in the period amounted to € 878 million.

The Group acquired some 1.76 million 'A' shares during the six-month period 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 related to the hedging programme, leading to a net outflow of € 67 million.

FINANCIAL STRUCTURE AND BALANCE SHEET

At 30 September 2016, inventories, at € 5 390 million, were broadly in line with the prior period representing 24 months of cost of sales.

At 30 September 2016, the Group's net cash position amounted to € 4 552 million. Compared with 31 March 2016, the position is € 787 million lower, partly reflecting the annual dividend payment. The Group's net cash position includes highly liquid, highly rated Money Market Funds, short-term bank deposits and medium-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 remains strong, with shareholders' equity representing 73% of total equity and liabilities.

Review of operations

Sales by region

in € millions	30 September 2016	30 September 2015	Movement at Constant exchange rates*	Movement at Actual exchange rates
Europe	**1 587**	1 943	-17%	-18%
Asia Pacific	**1 769**	1 972	-8%	-10%
Americas	**821**	883	-5%	-7%
Japan	**477**	534	-22%	-11%
Middle East and Africa	**432**	489	-10%	-12%
	5 086	5 821	-12%	-13%

* 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 2016.

EUROPE
Europe accounted for 31% of overall sales. European countries saw a decline in sales after a strong performance in the prior period. France was particularly affected by a significantly lower level of tourist activity. The UK, however, enjoyed double-digit growth rates in sales following the EU referendum.

ASIA PACIFIC
Sales in the Asia Pacific region accounted for 35% of the Group total, with Hong Kong and mainland China being the two largest markets. The rate of sales decline has continued to soften to 8% compared to a 17% decrease in the prior period. The inventory buy-backs from retail partners weighed heavily on sales in the region. The overall decline was partly offset by continuing growth in mainland China and positive retail, jewellery and accessories sales in the region.

AMERICAS
The Americas experienced a 5% decline in sales partly due to a strong US dollar. The weak performance of watch sales was somewhat mitigated by a positive momentum in accessories and resilient jewellery sales.

JAPAN
The strength of the yen, that weighed on tourist spending in the country, and the very high comparative figures of 44% in the first half of last year contributed to a 22% decline in sales. All product categories were impacted.

MIDDLE EAST AND AFRICA
Sales declined by 10%, impacted by lower sales mainly as a result of strong currencies.

Sales by distribution channel

in € millions	30 September 2016	30 September 2015	Movement at Constant exchange rates*	Movement at Actual exchange rates
Retail	**2 971**	3 149	-5%	-6%
Wholesale	**2 115**	2 672	-20%	-21%
	5 086	5 821	-12%	-13%

* 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 2016.

RETAIL
The contribution of retail sales, through the Maisons' directly operated boutiques and online stores, has increased from 54% of Group sales, a year ago, to 58% given the relative strength of jewellery and accessories that are primarily sold through the Maisons' own boutiques.

Retail was affected by trading in Europe and Japan while Asia Pacific and the Americas showed muted growth. Overall, sales in the Maisons' 1 154 boutiques declined by 5%.

Sales by distribution channel continued

WHOLESALE

The Group's wholesale business, including sales to franchise partners, declined by 20%, particularly impacted by the above-mentioned one-time items.

Sales and operating results by business area

JEWELLERY MAISONS

in € millions	30 September 2016	30 September 2015	Change
Sales	**2 755**	3 177	-13%
Operating results	**756**	1 101	-31%
Operating margin	**27.4%**	34.7%	-730 bps

The 13% decline in sales at the Jewellery Maisons – Cartier, Van Cleef & Arpels and Giampiero Bodino – is primarily attributable to watches, significantly impacted by the initiative to assist multi-brand retail partners worldwide. Resilient jewellery sales limited the decline.

The operating result was 31% lower than in the prior period, pressured by lower sales and the costs associated with the exceptional inventory buy-backs. This led to an operating margin of 27%. Excluding these costs, the operating margin would have been 32%.

SPECIALIST WATCHMAKERS

in € millions	30 September 2016	30 September 2015	Change
Sales	**1 445**	1 749	-17%
Operating results	**187**	402	-53%
Operating margin	**12.9%**	23.0%	–

The Specialist Watchmakers' sales decreased by 17%. This largely reflected a difficult environment for watches, in particular in the wholesale channel.

The lower demand for fine watches, together with the adverse impact of inventory buy-backs and a relative fixed cost base, combined to reduce operating results by 53%. Consequently, the operating margin for the period declined to 13%.

OTHER

in € millions	30 September 2016	30 September 2015	Change
Sales	**886**	895	-1%
Operating results	**(40)**	(11)	+264%
Operating margin	**(4.5)%**	(1.2)%	-330 bps

'Other' includes Montblanc, the Group's Fashion and Accessories businesses and the Group's watch component manufacturing activities.

The reported operating losses include one-time charges of € 67 million stemming from the optimisation of certain retail and wholesale locations. Those one-time charges offset positive performances at Montblanc and Chloé.

Review of operations continued

Sales and operating results by business area continued

CORPORATE COSTS

in € millions	30 September 2016	30 September 2015	Change
Corporate costs	**(105)**	(102)	+3%
Central support services	**(93)**	(95)	-2%
Other operating income/(expense), net	**(12)**	(7)	–

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.

Richard Lepeu
Chief Executive Officer

Gary Saage
Chief Financial Officer

Compagnie Financière Richemont SA
Geneva, 4 November 2016

Condensed consolidated balance sheet

	Notes	30 September 2016 €m	31 March 2016 €m
Assets			
Non-current assets			
Property, plant and equipment		**2 469**	2 476
Goodwill		**292**	291
Other intangible assets		**405**	421
Investment property	*5*	**12**	191
Equity-accounted investments	*6*	**1 267**	1 283
Deferred income tax assets		**759**	700
Financial assets held at fair value through profit or loss		**7**	7
Other non-current assets		**428**	398
		5 639	5 767
Current assets			
Inventories		**5 390**	5 345
Trade and other receivables		**1 176**	1 021
Derivative financial instruments		**21**	41
Prepayments		**175**	135
Financial assets held at fair value through profit or loss		**3 411**	3 247
Assets held for sale	*7*	**179**	–
Cash at bank and on hand		**4 128**	4 569
		14 480	14 358
Total assets		**20 119**	20 125
Equity and liabilities			
Equity attributable to owners of the parent company			
Share capital		**334**	334
Treasury shares		**(458)**	(412)
Share option reserve		**295**	289
Cumulative translation adjustment reserve		**2 749**	2 725
Retained earnings		**11 725**	12 111
Total equity		**14 645**	15 047
Liabilities			
Non-current liabilities			
Borrowings		**384**	379
Deferred income tax liabilities		**17**	10
Employee benefits obligations		**315**	290
Provisions		**72**	79
Other long-term financial liabilities		**131**	124
		919	882
Current liabilities			
Trade and other payables		**1 414**	1 526
Current income tax liabilities		**235**	268
Borrowings		**87**	77
Derivative financial instruments		**110**	93
Provisions		**193**	211
Bank overdrafts		**2 516**	2 021
		4 555	4 196
Total liabilities		**5 474**	5 078
Total equity and liabilities		**20 119**	20 125

The notes on pages 11 to 24 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of comprehensive income

	Notes	Six months to 30 September 2016 €m	Six months to 30 September 2015 €m
Sales	*4*	**5 086**	5 821
Cost of sales		**(1 856)**	(2 035)
Gross profit		**3 230**	3 786
Selling and distribution expenses		**(1 452)**	(1 440)
Communication expenses		**(485)**	(468)
Administrative expenses		**(476)**	(474)
Other operating expense	*8*	**(19)**	(14)
Operating profit		**798**	1 390
Finance costs	*9*	**(146)**	(79)
Finance income	*9*	**37**	155
Share of post-tax results of equity-accounted investments	*6*	**(10)**	(5)
Profit before taxation		**679**	1 461
Taxation	*11*	**(139)**	(270)
Profit for the period from continuing operations		**540**	1 191
Loss for the period from discontinued operations	*7*	**–**	(88)
Profit for the period		**540**	1 103
Other comprehensive income:			
Items that will never be reclassified to profit or loss			
Defined benefit plan actuarial (losses)/gains		**(29)**	33
Tax on defined benefit plan actuarial (losses)/gains		**5**	(7)
		(24)	26
Items that are or may be reclassified subsequently to profit or loss			
Currency translation adjustments			
– movement in the period		**24**	(526)
Share of other comprehensive income of equity-accounted investments	*6*	**(3)**	–
		21	(526)
Other comprehensive loss, net of tax		**(3)**	(500)
Total comprehensive income		**537**	603
Profit attributable to:			
Owners of the parent company		**540**	1 101
Non-controlling interests		**–**	2
		540	1 103
Total comprehensive income attributable to:			
Owners of the parent company		**537**	601
– continuing operations		**537**	703
– discontinued operations		**–**	(102)
Non-controlling interests		**–**	2
		537	603
Earnings per share attributable to owners of the parent company during the period (expressed in € per share)			
From profit for the year			
Basic	*10*	**0.958**	1.952
Diluted	*10*	**0.955**	1.949
From continuing operations			
Basic	*10*	**0.958**	2.115
Diluted	*10*	**0.955**	2.112

The notes on pages 11 to 24 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity

	Notes	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
		Share capital	Treasury shares	Share option reserve	Cumulative translation adjustment reserve	Retained earnings	Total		
		€m	€m	€m	€m	€m	€m	€m	€m
Balance at 1 April 2015		334	(364)	291	3 306	10 854	14 421	(1)	14 420
Comprehensive income									
Profit for the period		–	–	–	–	1 101	1 101	2	1 103
Other comprehensive loss		–	–	–	(526)	26	(500)	–	(500)
		–	–	–	(526)	1 127	601	2	603
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares		–	(56)	–	–	(41)	(97)	–	(97)
Employee share option plan		–	–	12	–	–	12	–	12
Tax on share option plan		–	–	(10)	–	–	(10)	–	(10)
Acquisition of non-controlling interests		–	–	–	–	21	21	(21)	–
Dividends paid	14	–	–	–	–	(854)	(854)	–	(854)
		–	(56)	2	–	(874)	(928)	(21)	(949)
Balance at 30 September 2015		334	(420)	293	2 780	11 107	14 094	(20)	14 074
Balance at 1 April 2016		**334**	**(412)**	**289**	**2 725**	**12 111**	**15 047**	**–**	**15 047**
Comprehensive income									
Profit for the period		**–**	**–**	**–**	**–**	**540**	**540**	**–**	**540**
Other comprehensive loss		**–**	**–**	**–**	**24**	**(27)**	**(3)**	**–**	**(3)**
		–	**–**	**–**	**24**	**513**	**537**	**–**	**537**
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares	16	**–**	**(46)**	**–**	**–**	**(21)**	**(67)**	**–**	**(67)**
Employee share option plan		**–**	**–**	**10**	**–**	**–**	**10**	**–**	**10**
Tax on share option plan		**–**	**–**	**(4)**	**–**	**–**	**(4)**	**–**	**(4)**
Dividends paid	14	**–**	**–**	**–**	**–**	**(878)**	**(878)**	**–**	**(878)**
		–	**(46)**	**6**	**–**	**(899)**	**(939)**	**–**	**(939)**
Balance at 30 September 2016		**334**	**(458)**	**295**	**2 749**	**11 725**	**14 645**	**–**	**14 645**

The notes on pages 11 to 24 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows

	Notes	Six months to 30 September 2016 €m	Six months to 30 September 2015 €m
Cash flows from operating activities			
Cash flow generated from operations	*12*	**666**	1 055
Interest received		**39**	26
Interest paid		**(36)**	(34)
Dividends received from equity-accounted investments		**1**	–
Taxation paid		**(214)**	(234)
Net cash generated from operating activities		**456**	813
Cash flows from investing activities			
Acquisition of subsidiary undertakings and other businesses, net of cash acquired		**(2)**	(122)
Acquisition of equity-accounted investments		**(24)**	(9)
Acquisition of property, plant and equipment		**(220)**	(245)
Proceeds from disposal of property, plant and equipment		**10**	3
Acquisition of intangible assets		**(31)**	(37)
Proceeds from disposal of intangible assets		**13**	2
Investment in financial assets held at fair value through profit and loss		**(2 742)**	(3 753)
Proceeds from disposal of financial assets held at fair value through profit and loss		**2 575**	3 859
Acquisition of other non-current assets		**(18)**	(33)
Proceeds from disposal of other non-current assets		**8**	13
Net cash used in investing activities		**(431)**	(322)
Cash flows from financing activities			
Proceeds from borrowings		**89**	60
Repayment of borrowings		**(83)**	(116)
Dividends paid	*14*	**(878)**	(759)
Payment for treasury shares	*16*	**(95)**	(144)
Proceeds from sale of treasury shares	*16*	**28**	47
Acquisition of non-controlling interests in a subsidiary		**–**	(126)
Capital element of finance lease payments		**(1)**	(1)
Net cash used in financing activities		**(940)**	(1 039)
Net change in cash and cash equivalents		**(915)**	(548)
Cash and cash equivalents at the beginning of the period		**2 548**	3 152
Exchange losses on cash and cash equivalents		**(21)**	(88)
Cash and cash equivalents at the end of the period		**1 612**	2 516

The notes on pages 11 to 24 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements
at 30 September 2016

1. General information

Compagnie Financière Richemont SA ('the Company') and its subsidiaries (together 'Richemont' or 'the Group') is one of the world's leading luxury goods groups. The Group's interests encompass several of the most prestigious names in the industry including Cartier, Van Cleef & Arpels, Giampiero Bodino, Piaget, A. Lange & Söhne, Jaeger-LeCoultre, Vacheron Constantin, Officine Panerai, IWC, Baume & Mercier, Roger Dubuis, Montblanc, Alfred Dunhill, Lancel, Chloé, Azzedine Alaïa, Purdey, Shanghai Tang and Peter Millar.

The Company is registered in Bellevue, Geneva, Switzerland. Shares of the Company are listed and traded on SIX Swiss Exchange and are included in the Swiss Market Index ('SMI') of leading stocks. Depository Receipts in respect of Richemont shares are traded on the Johannesburg stock exchange operated by JSE Limited.

These unaudited condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 3 November 2016.

2. Basis of preparation

The condensed consolidated interim financial statements for the half year ended 30 September 2016 have been prepared in accordance with International Accounting Standard ('IAS') 34 *Interim Financial Reporting*. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2016 which were prepared in accordance with International Financial Reporting Standards ('IFRS').

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2016.

3. Accounting policies

Except as described below the accounting policies adopted are consistent with those described in the consolidated financial statements for the year ended 31 March 2016.

Amendments to IFRSs effective for the financial year ending 31 March 2017 are not expected to have a material impact on the Group.

4. Segment information

(a) Information on reportable segments

Management has determined the operating segments based on the reports regularly reviewed by the chief operating decision maker ('CODM') in making strategic decisions. Each operating segment is managed separately by a dedicated Chief Executive Officer and management team allowing management to maintain and develop the specific identity of each Maison. These operating segments have been aggregated into reportable segments as follows:

- **Jewellery Maisons** – businesses whose heritage is in the design, manufacture and distribution of jewellery products; these comprise Cartier, Van Cleef & Arpels and Giampiero Bodino;
- **Specialist Watchmakers** – businesses whose primary activity includes the design, manufacture and distribution of precision timepieces. The Group's Specialist Watchmakers comprise Piaget, A. Lange & Söhne, Jaeger-LeCoultre, Vacheron Constantin, Officine Panerai, IWC, Baume & Mercier and Roger Dubuis.

In order to determine which operating segments share similar economic characteristics and thus meet the criteria for aggregation, management has focused on the distribution network, product mix and gross margin of the Maisons.

Other operating segments include Montblanc, Alfred Dunhill, Lancel, Chloé, Peter Millar, Purdey, textile brands and other manufacturing entities. None of these segments meet the quantitative thresholds for determining reportable segments.

The entire product range of a particular Maison, which may include jewellery, watches, writing instruments, clothing and leather goods, is reflected in the sales and operating result for that segment.

The non-separable costs of operating multi-brand regional platforms are allocated to individual operating segments using allocation keys most relevant to the nature of the expense being allocated.

Unallocated corporate costs represent the costs of the Group's corporate operations which are not attributed to the segments.

Performance measurement is based on segment contribution before corporate costs, interest and tax, as management believes that such information is most relevant in evaluating the results of segments relative to other entities that operate within similar markets.

Notes to the condensed consolidated interim financial statements continued

4. Segment information continued

(a) Information on reportable segments continued

Inter-segment transactions between different fiscal entities are transacted at prices that reflect the risk and rewards transferred and are entered into under normal commercial terms and conditions. Inter-segment transactions within the same fiscal entity are transacted at cost. All such transactions are eliminated in the reports reviewed by the CODM.

The segment results are as follows:

	Six months to 30 September 2016 €m	Six months to 30 September 2015 €m
External sales		
Jewellery Maisons	**2 755**	3 177
Specialist Watchmakers	**1 445**	1 749
Other	**886**	895
	5 086	5 821

	Six months to 30 September 2016 €m	Six months to 30 September 2015 €m
Operating result		
Jewellery Maisons	**756**	1 101
Specialist Watchmakers	**187**	402
Other	**(40)**	(11)
	903	1 492
Unallocated corporate costs	**(105)**	(102)
Consolidated operating profit before finance and tax	**798**	1 390
Finance costs	**(146)**	(79)
Finance income	**37**	155
Share of post-tax results of equity-accounted investments	**(10)**	(5)
Profit before taxation	**679**	1 461
Taxation	**(139)**	(270)
Profit for the period from continuing operations	**540**	1 191

	Six months to 30 September 2016 €m	Six months to 30 September 2015 €m
Depreciation and amortisation costs included within the segment operating results		
Jewellery Maisons	**95**	93
Specialist Watchmakers	**76**	73
Other	**57**	57
Unallocated	**42**	39
	270	262

4. Segment information continued

(a) Information on reportable segments continued

The segment assets which are reviewed by the CODM comprise inventories and trade debtors.

	At 30 September 2016 €m	At 31 March 2016 €m
Segment assets		
Jewellery Maisons	**3 331**	3 249
Specialist Watchmakers	**1 890**	1 842
Other	**954**	903
	6 175	5 994

	At 30 September 2016 €m	At 31 March 2016 €m
Total segment assets	**6 175**	5 994
Property, plant and equipment	**2 469**	2 476
Goodwill	**292**	291
Other intangible assets	**405**	421
Investment property	**12**	191
Equity-accounted investments	**1 267**	1 283
Deferred income tax assets	**759**	700
Financial assets at fair value through profit or loss	**3 418**	3 254
Other non-current assets	**428**	398
Other receivables	**391**	372
Derivative financial instruments	**21**	41
Prepayments	**175**	135
Cash at bank and on hand	**4 128**	4 569
Assets held for sale	**179**	–
Total assets	**20 119**	20 125

The CODM also reviews additions to property, plant and equipment, other intangible assets, and investment property as follows:

	Six months to 30 September 2016 €m	Six months to 30 September 2015 €m
Additions to non-current assets:		
Property, plant and equipment, other intangible assets and investment property		
Jewellery Maisons	**111**	93
Specialist Watchmakers	**41**	60
Other	**59**	51
Unallocated	**34**	56
	245	260

Notes to the condensed consolidated interim financial statements continued

4. Segment information continued

(b) Information about geographical areas

Each operating segment operates on a worldwide basis. External sales presented in the four main geographical areas where the Group's operating segments operate are as follows:

	Six months to 30 September 2016 €m	Six months to 30 September 2015 re-presented €m
Europe	**1 587**	1 943
France	**367**	523
Switzerland	**239**	351
Germany, Italy and Spain	**433**	531
Other Europe	**548**	538
Middle East and Africa	**432**	489
Asia	**2 246**	2 506
China, Hong Kong and Macau	**1 146**	1 333
Japan	**477**	534
Korea	**246**	203
Other Asia	**377**	436
Americas	**821**	883
USA	**657**	685
Other Americas	**164**	198
	5 086	5 821

Sales are allocated based on the location of the wholesale customer, the boutique or the shipping address for on line transactions.

The prior period amounts have been re-presented for consistency with the current period presentation.

The total non-current assets other than financial instruments and deferred tax assets located in Switzerland, the Company's domicile, and the rest of the world are as follows:

	At 30 September 2016 €m	At 31 March 2016 €m
Switzerland	**1 950**	1 982
United Kingdom	**1 323**	1 349
USA	**333**	314
Rest of the world	**1 106**	1 275
	4 712	4 920

Segment assets are allocated based on where the assets are located.

(c) Information about products

External sales by product are as follows:

	Six months to 30 September 2016 €m	Six months to 30 September 2015 €m
Watches	**2 103**	2 803
Jewellery	**1 962**	1 993
Leather goods	**367**	336
Clothing	**193**	222
Writing instruments	**198**	188
Other	**263**	279
	5 086	5 821

5. Investment property

	Investment property €m
1 April 2015	
Cost	71
Depreciation	(1)
Net book value at 1 April 2015	70
Acquisition through business combinations	122
Depreciation	(1)
31 March 2016	
Cost	193
Depreciation	(2)
Net book value at 31 March 2016	191

	Investment property €m
1 April 2016	
Cost	**193**
Depreciation	**(2)**
Net book value at 1 April 2016	**191**
Reclassification to assets held for sale	**(179)**
30 September 2016	
Cost	**12**
Depreciation	**–**
Net book value at 30 September 2016	**12**

The Group's investment properties located in Paris were reclassified to Assets held for sale at 30 September 2016 (note 7).

Notes to the condensed consolidated interim financial statements
continued

6. Equity-accounted investments

	€m
At 1 April 2015	115
Exchange adjustments	(9)
Acquisition of equity-accounted investments	1 170
Dividend received	(1)
Share of post-tax results	(5)
Share of other comprehensive income	2
Share of losses offset against long-term receivable from an equity-accounted investment	11
At 31 March 2016	**1 283**
Exchange adjustments	**(7)**
Increase in equity-accounted investments	**1**
Dividend received	**(1)**
Share of post-tax results	**(10)**
Share of other comprehensive income	**(3)**
Share of losses offset against long-term receivable from an equity-accounted investment	**4**
At 30 September 2016	**1 267**

The value of equity-accounted investments at 30 September 2016 includes goodwill of € 845 million (31 March 2016: € 867 million).

Of the closing balance at 30 September 2016, €1 157 million relates to the investment in YOOX-NET-A-PORTER GROUP.

The Group's principal equity-accounted investments at 30 September 2016 are as follows:

			% interest held	Country of incorporation	Country of operation
Greubel Forsey SA	Watchmaker	Associate	20	Switzerland	Switzerland
Rouages SA	Watch component manufacturer	Associate	35	Switzerland	Switzerland
Schwab-Feller AG	Watch component manufacturer	Associate	20	Switzerland	Switzerland
YOOX-NET-A-PORTER S.p.A [1]	e-Commerce	Associate	49	Italy	Worldwide
Les Cadraniers de Genève SA	Watch component manufacturer	Joint venture	50	Switzerland	Switzerland
Fook Ming Watch Limited	Distributor of watch products	Joint venture	50	Hong Kong	Hong Kong
Laureus World Sports Awards Limited	Sports Awards	Joint venture	50	United Kingdom	Worldwide
Ralph Lauren Watch & Jewelry Company Sàrl	Watchmaker	Joint venture	50	Switzerland	Worldwide
Dalloz Pre-Setting SAS	Jewellery manufacturer	Joint venture	33	France	France
New Bond Street JV Jersey Unit Trust	Investment property	Joint venture	48	United Kingdom	United Kingdom
Montblanc India Retail Private Limited [2]	Distributor of products	Joint venture	51	India	India

1. The Group's share of the total voting rights of YOOX-NET-A-PORTER S.p.A is limited to 25%.

2. Montblanc India Retail Private Limited (previously Snowdrop Retail (India) Private Limited) is classified as a joint venture due to the terms of the agreement between the Group and the joint venture partner.

7. Assets held for sale and discontinued operations

Assets held for sale

In September 2016 the Group received a binding offer for its investment properties located in Paris, France. The sale agreement was signed on 18 October 2016 and the sale is expected to complete in November 2016. The fair value less costs to sell is expected to be higher than the carrying amount of the assets, therefore no impairment loss has been recognised on reclassification as held for sale.

	30 September 2016 €m	31 March 2016 €m
Investment properties	**179**	–
Assets held for sale	**179**	–

Discontinued operations

On 31 March 2015, the Group announced that it had entered into a binding, conditional agreement to sell a controlling interest in The NET-A-PORTER GROUP, which was to be merged with YOOX S.p.A (a company registered in Italy) in an all-share transaction in which the Group would receive 50% of the share capital of the combined entity's listed parent company. The Group's voting rights were to be restricted to 25% of the total voting rights of the entity.

The sale was completed on 5 October 2015. The results of The NET-A-PORTER GROUP to 30 September 2015 were reported as a discontinued operation. The properties classified as Assets held for sale (above) do not represent a separate major line of business and as a result are not reported as discontinued operations.

	Six months to 30 September 2016 €m	Six months to 30 September 2015 €m
Sales	–	484
Expenses	–	(563)
Operating loss	–	(79)
Finance costs	–	(6)
Finance income	–	–
Loss before taxation from discontinued operations	–	(85)
Taxation	–	(3)
Loss after taxation from discontinued operations	–	(88)

Cash flows used in discontinued operations are as follows:

	Six months to 30 September 2016 €m	Six months to 30 September 2015 €m
Net cash used in operating activities	–	(226)
Net cash used in investing activities	–	(10)
	–	(236)

Notes to the condensed consolidated interim financial statements
continued

8. Other operating (expense)/income

	Six months to 30 September 2016 €m	Six months to 30 September 2015 €m
Royalty income	**17**	15
Royalty expenses	**(1)**	(2)
Investment property rental income	**3**	5
Investment property costs	**(2)**	(9)
Investment property lease termination payment	**(16)**	–
Amortisation of other intangible assets acquired on business combinations	**(8)**	(8)
Write-down of assets of disposal groups held for sale	**–**	(10)
Realignment costs	**(31)**	–
Other income/(expense)	**19**	(5)
	(19)	(14)

Total realignment costs of € 67 million are included with 'other' operating segments. In addition to expenses disclosed above, amounts related to this realignment plan are included within Cost of sales.

9. Finance costs and income

	Six months to 30 September 2016 €m	Six months to 30 September 2015 €m
Finance costs:		
Interest expense:		
– bank borrowings	**(24)**	(17)
– other financial expenses	**(9)**	(12)
Mark-to-market adjustment in respect of hedging activities	**(91)**	(8)
Net loss on financial instruments at fair value through profit or loss:		
– designated on initial recognition	**–**	–
– held for trading	**(22)**	(7)
Loss on remeasurement of put option liability on non-controlling interests	**–**	(35)
Finance costs	**(146)**	(79)
Finance income:		
Interest income:		
– bank, other deposits, and money market and externally managed funds	**34**	22
– other financial income	**3**	3
Net foreign exchange gains on monetary items	**–**	130
Finance income	**37**	155
Net finance (costs)/income	**(109)**	76

Gains and losses on all derivatives are included in net finance costs.

10. Earnings per share

10.1. Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent company by the weighted average number of shares in issue during the period, excluding shares purchased by the Group and held in treasury.

	Six months to 30 September 2016	Six months to 30 September 2015
Profit from continuing operations attributable to owners of the parent company (€ millions)	**540**	1 193
Loss from discontinued operations attributable to owners of the parent company (€ millions)	**–**	(92)
Total attributable to owners of the parent company (€ millions)	**540**	1 101
Weighted average number of shares in issue (millions)	**563.9**	564.0
Basic earnings per share from continuing operations	**0.958**	2.115
Basic earnings per share from discontinued operations	**–**	(0.163)
Total basic earnings per share	**0.958**	1.952

10.2. Diluted

Diluted earnings per share is calculated adjusting the weighted average number of shares outstanding, which assumes conversion of all dilutive potential shares. The Group has only one category of dilutive potential shares: share options.

The calculation is performed for the share options to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months to 30 September 2016	Six months to 30 September 2015
Profit from continuing operations attributable to owners of the parent company (€ millions)	**540**	1 193
Loss from discontinued operations attributable to owners of the parent company (€ millions)	**–**	(92)
Total profit attributable to the owners of the parent company (€ millions)	**540**	1 101
Weighted average number of shares in issue (millions)	**563.9**	564.0
Adjustment for share options (millions)	**1.5**	1.0
Weighted average number of shares for diluted earnings per share (millions)	**565.4**	565.0
Diluted earnings per share from continuing operations	**0.955**	2.112
Diluted earnings per share from discontinued operations	**–**	(0.163)
Total diluted earnings per share	**0.955**	1.949

Notes to the condensed consolidated interim financial statements continued

10. Earnings per share continued

10.3. Headline earnings per share

The presentation of headline earnings per share as an alternative measure to earnings per share is required under the JSE listing requirements.

	Six months to 30 September 2016 €m	Six months to 30 September 2015 €m
Profit attributable to owners of the parent company	**540**	1 101
Profit/(loss) on disposal of non-current assets	**(10)**	1
Write-down of assets of disposal group held for sale	**–**	10
Headline earnings	**530**	1 112

	Six months to 30 September 2016 millions	Six months to 30 September 2015 millions
Weighted average number of shares:		
– basic	**563.9**	564.0
– diluted	**565.4**	565.0

	€ per share	€ per share
Headline earnings per share:		
– basic	**0.940**	1.972
– diluted	**0.937**	1.968

11. Taxation

Income tax expense is recognised based on management's best estimate of the annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The effective tax rate from continuing operations for the period ended 30 September 2016 was 20.2% (2015: 18.4%).

12. Cash flow generated from operations

	Six months to 30 September 2016 €m	Six months to 30 September 2015 €m
Operating profit	**798**	1 390
Operating loss from discontinued operations	**–**	(79)
Depreciation of property, plant and equipment	**224**	222
Depreciation of investment property	**–**	1
Amortisation of other intangible assets	**46**	48
Loss on disposal of property, plant and equipment	**2**	2
Profit on disposal of intangible assets	**(12)**	(1)
Increase in long-term provisions	**16**	9
Decrease in retirement benefit obligations	**(1)**	(1)
Non-cash items	**10**	22
Increase in inventories	**(31)**	–
Increase in trade receivables	**(127)**	(241)
Increase in other receivables and prepayments	**(50)**	(48)
Decrease in current liabilities	**(160)**	(236)
Increase in long-term liabilities	**11**	7
Decrease in derivative financial instruments	**(60)**	(40)
Cash flow generated from operations	**666**	1 055

13. Related-party transactions

There has been no significant change in the nature and magnitude of the related-party transactions and relationships during the period. Full details of related-party transactions will be included in the 2017 annual consolidated financial statements.

14. Dividends

On 14 September 2016 shareholders approved a dividend of CHF 1.70 per share (2015: CHF 1.60).

The dividend related cash flows in the period were:

	Six months to 30 September 2016 €m	Six months to 30 September 2015 €m
Total dividend	**878**	854
Payments not completed at 30 September		
– dividend on depositary receipts	**–**	(95)
Cash outflow in period	**878**	759

15. Financial commitments and contingent liabilities

At 30 September 2016, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material losses will arise.

16. Treasury shares

The Group holds treasury shares to hedge its obligation arising under the Group stock option plan.

During the current period the Group acquired 1 760 000 treasury shares directly in the open market for € 95 million. In the same period the Group delivered 1 080 741 treasury shares for proceeds of € 28 million in settlement of options exercised in the period and traded options exercised in previous periods.

17. Share-based payments

Equity-settled share option plan

The Group has a long-term share-based compensation plan whereby executives are awarded options to acquire shares at the market price on the date of grant. Awards under the stock option plan vest over periods of three to six years and have expiry dates, the date after which unexercised options lapse, of nine years from the date of grant. The executive must remain in the Group's employment until vesting. The options granted as from 2008 onwards include a performance condition correlated to other luxury goods companies upon which vesting is conditional.

The fair value of options awarded to members of the Senior Executive Committee ('SEC') is fixed on the date of approval of SEC remuneration by the shareholders of the parent company. The award date value in May 2015 of CHF 17.37 was revalued following the AGM in September 2016 at CHF 5.62. The estimated fair value of options awarded to members of the SEC in the period ended 30 September 2016 is based on the valuation at the award date. Changes in the fair value of these options between the award date and 30 September 2016 are not significant to the group. The final fair value will be fixed in September 2017 following approval by the shareholders.

During the period ended 30 September 2016, awards of 1 979 600 options were made (31 March 2016: 1 229 526) at an exercise price of CHF 56.55 (2015: CHF 83.30).

Notes to the condensed consolidated interim financial statements continued

18. Financial instruments: Fair values and risk management

The Group's financial risk management objectives and policies are consistent with those described in the consolidated financial statements for the year ended 31 March 2016.

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their level in the fair value hierarchy.

	Carrying amount					Fair value			
	Designated at fair value	Held for trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 September 2016	€m	€m	€m	€m	€m	€m	€m	€m	€m
Financial assets measured at fair value									
Unlisted investments	7	–	–	–	7			7	7
Investments in externally managed funds	–	2 815	–	–	2 815	2 815			2 815
Investments in money market funds	596	–	–	–	596		596		596
Derivatives	–	21	–	–	21		21		21
	603	2 836	–	–	3 439				
Financial assets not measured at fair value									
Non-current loans and receivables	–	–	10	–	10				
Non-current lease deposits	–	–	151	–	151				
Trade and other receivables	–	–	1 176	–	1 176				
Cash and cash equivalent	–	–	4 128	–	4 128				
	–	–	5 465	–	5 465				
Financial liabilities measured at fair value									
Derivatives	–	(110)	–	–	(110)		(110)		(110)
Financial liabilities not measured at fair value									
Fixed rate borrowings	–	–	–	(356)	(356)		(357)		(357)
Floating rate borrowings	–	–	–	(86)	(86)				
Finance lease obligations	–	–	–	(29)	(29)				
Other long-term financial liabilities	–	–	–	(131)	(131)				
Trade and other payables	–	–	–	(1 246)	(1 246)				
Bank overdraft	–	–	–	(2 516)	(2 516)				
	–	–	–	(4 364)	(4 364)				

18. Financial instruments: Fair values and risk management continued

	Carrying amount					Fair value			
	Designated at fair value	Held for trading	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 March 2016	€m	€m	€m	€m	€m	€m	€m	€m	€m
Financial assets measured at fair value									
Listed investments	7	–	–	–	7	–		7	7
Investments in externally managed funds	–	2 045	–	–	2 045	2 045		–	2 045
Investments in money market funds	1 202	–	–	–	1 202		1 202		1 202
Derivatives	–	41	–	–	41		41		41
	1 209	2 086	–	–	3 295				
Financial assets not measured at fair value									
Non-current loans and receivables	–	–	9	–	9				
Non-current lease deposits	–	–	131	–	131				
Trade and other receivables	–	–	1 021	–	1 021				
Cash and cash equivalent	–	–	4 569	–	4 569				
	–	–	5 730	–	5 730				
Financial liabilities measured at fair value									
Derivatives	–	(93)	–	–	(93)		(93)		(93)
Financial liabilities not measured at fair value									
Fixed rate borrowings	–	–	–	(351)	(351)		(374)		(374)
Floating rate borrowings	–	–	–	(76)	(76)				
Finance lease obligations	–	–	–	(29)	(29)				
Other long-term financial liabilities	–	–	–	(124)	(124)				
Trade and other payables	–	–	–	(1 404)	(1 404)				
Bank overdraft	–	–	–	(2 021)	(2 021)				
	–	–	–	(4 005)	(4 005)				

The Group does not disclose the fair value for financial instruments where the carrying value is a reasonable approximation of the fair value.

Valuation techniques

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price for financial assets held by the Group is the current bid price. These instruments are included in Level 1 and comprise investments in externally managed funds made up of listed bonds.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, maximising the use of observable market data, where available, and relying as little as possible on entity-specific estimates.

If all significant inputs are observable the instrument is included as Level 2; if one or more of the significant inputs is not based on observable market data then the instrument is included as Level 3.

Specific valuation techniques used for Level 2 financial instruments include:

- Interest rate swaps are valued on the basis of discounted cash flows. The variable flows are determined for each payment date using forward interest rate curves.
- Fixed rate cross-currency swaps are valued on the basis of discounted cash flows.
- Currency forwards are measured based on observable spot exchange rates, the term interest rates of the respective currencies and the currency basis spread between the respective currencies.

The nominal value of the investments in money market funds approximates the fair value, as the maximum average life is 120 days and the maximum average maturity is 60 days. These instruments are included in Level 2.

Level 3 financial instruments consist entirely of small investments in unlisted equities, the value of which did not change in the period to 30 September 2016.

Notes to the condensed consolidated interim financial statements
continued

19. Events after the reporting period

On 18 October 2016 the sale of the Group's investment properties in Paris was agreed (note 5), with the transaction expected to complete in November 2016. The pre-tax gain on sale, after transaction costs, is expected to be approximately € 150 million and will be presented within operating profit. The impact on net income will be a gain of approximately € 110 million.

The Group has agreed in principle to the acquisition of an investment property in London, UK. The investment will be held by a joint venture and is expected to complete before 31 March 2017.

Exchange rates

The results of the Group's subsidiaries which do not report in euros have been translated at the following average rates of exchange against the euro. The balance sheets of those subsidiaries have been translated into euros at the closing rates set out below.

Exchange rates against the euro

	Six months to 30 September 2016	Six months to 30 September 2015
Average		
United States dollar	**1.12**	1.11
Japanese yen	**118**	135
Swiss franc	**1.09**	1.06

	30 September 2016	31 March 2016
Closing		
United States dollar	**1.12**	1.14
Japanese yen	**114**	128
Swiss franc	**1.09**	1.09

Statutory information

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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 SIX SAG 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).

The closing price of the Richemont 'A' share on 30 September 2016 was CHF 59.20 and the market capitalisation of the Group's 'A' shares on that date was CHF 30 902 million. Over the preceding six-month period, the highest closing price of the 'A' share was CHF 66.65 (20 April) and the lowest closing price was CHF 53.50 (27 June).

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