

# RICHEMONT

## COMPANY ANNOUNCEMENT

20 JANUARY 2021

### TRADING UPDATE FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020

#### Financial highlights

- Sales in the quarter increased by 1% at actual exchange rates and by 5% at constant exchange rates compared to the prior year period, in a continuously volatile environment
- Robust sales in Asia Pacific and the Middle East and Africa, both with double digit growth at actual exchange rates, more than offset single digit declines in the Americas and Japan and a marked contraction in Europe
- A double digit increase in online retail sales and single digit progression in retail sales compensated lower wholesale sales at actual exchange rates
- Strong performance from the Jewellery Maisons; broadly stable or lower performances from the other business areas at actual exchange rates

	October- December 2020 €m	October- December 2019 €m	Change at constant exchange rates versus prior period (%)	Change at actual exchange rates versus prior period (%)
<b>Sales by region</b>				
Europe	982	1 263	-20%	-22%
Asia Pacific	1 729	1 429	+25%	+21%
Americas	841	874	+3%	-4%
Japan	335	341	+1%	-2%
Middle East and Africa	299	249	+27%	+20%
<b>Sales by distribution channel</b>				
Retail	2 288	2 212	+8%	+3%
Online retail	841	747	+17%	+13%
Wholesale & royalty income	1 057	1 197	-8%	-12%
<b>Sales by business area</b>				
Jewellery Maisons	2 366	2 162	+14%	+9%
Specialist Watchmakers	758	818	-4%	-7%
Online Distributors	668	670	+4%	0%
Other	436	522	-13%	-16%
Inter-segment eliminations	-42	-16	+180%	+163%
<b>Total Sales</b>	<b>4 186</b>	<b>4 156</b>	<b>+5%</b>	<b>+1%</b>

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## **Review of trading in the three month period ended 31 December 2020 at constant exchange rates versus the prior year period**

The quarter under review was characterised by a varied performance across regions, with the continued spread of Covid-19 resulting in a halt in international tourism and temporary closures at points of sales in line with changing local lockdown measures. Sales progressed by 5%, driven by 25% sales growth in Asia Pacific where robust results in China (+80%) and Taiwan (China) (+29%) more than offset declines in other Asian locations. Sales in Europe contracted by 20%, affected by renewed public health protection measures and a halt in tourism. In the Americas, sales rose by 3%, supported by relatively strong domestic sales. The strong 27% sales increase in the Middle East and Africa reflected good performance across channels, resumed tourist spending in Dubai and solid domestic spending, notably in Saudi Arabia. Sales in Japan rose by 1%, benefiting from resilient local demand before public health measures were re-instated in major population centres.

The online and offline retail channels both posted sales growths, more than offsetting a decline in the wholesale channel. The retail channel recorded an 8% sales increase, driven by double digit growth at the Jewellery Maisons, despite the negative impact of temporary store closures. Retail sales were particularly strong in China, Taiwan (China), Russia and Saudi Arabia. With 17% sales growth, the online retail channel posted the strongest relative performance, thus confirming the acceleration in online luxury shopping witnessed in previous quarters. Demand was strong across many locations including China, Japan, the United States and France. Sales in the wholesale channel were 8% lower than in the prior year period, notwithstanding higher sales in Asia Pacific and the Middle East and Africa.

The 14% sales progression at the Jewellery Maisons was supported by good jewellery and watch sales at Cartier and Van Cleef & Arpels. Sales grew in all regions except Europe, and across all channels. The Specialist Watchmakers' sales decreased by 4%, with declines in all regions excluding Asia Pacific where sales grew by double digits, partly sustained by the *Watches & Wonders* event in Sanya. At the Online Distributors, a competitive pricing environment in online retail limited sales growth to 4%. The Group's Other business area posted a 13% reduction in sales, reflecting challenging trading conditions, particularly in travel retail locations, for our Fashion & Accessories Maisons, except for Peter Millar which recorded growth.

The Group's net cash position at 31 December 2020 amounted to € 2.9 billion (2019: € 2.4 billion).

## **Trading in the nine month period ended 31 December 2020**

Sales over the nine month period to December decreased by 16% at actual exchange rates and by 14% at constant exchange rates, a marked improvement over the performance in the first six months of the financial year. They are presented in Appendix 1a.

## Corporate calendar

The Group's results for the current financial year will be announced on Friday, 21 May 2021, and its annual general meeting will be held on Wednesday, 8 September 2021.

## About Richemont

Richemont owns a portfolio of leading international Maisons recognised for their distinctive heritage, craftsmanship and creativity. The Group operates in four business areas: **Jewellery Maisons**, namely Buccellati, Cartier, Van Cleef & Arpels; **Specialist Watchmakers**, namely A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis and Vacheron Constantin; **Online Distributors**, namely Watchfinder & Co. and YOOX NET-A-PORTER GROUP (NET-A-PORTER, MR PORTER, YOOX, THE OUTNET); and **Other**, primarily Fashion & Accessories Maisons, including Alaïa, AZ Factory, Chloé, dunhill, Montblanc, Peter Millar, Purdey and Serapian.

Richemont A shares are listed on the SIX Swiss Exchange, Richemont's primary listing, and are included in the Swiss Market Index (SMI) of leading stocks. Richemont South African Depository Receipts are listed in Johannesburg, Richemont's secondary listing.

## Investor/analyst and media enquiries

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## Disclaimer

The financial information contained in this announcement is unaudited.

This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not guarantees of future performance. Richemont's forward-looking statements are based on management's current expectations and assumptions regarding the Company's business and performance, the economy and other future conditions and forecasts of future events, circumstances and results. Our retail stores are heavily dependent on the ability and desire of consumers to travel and shop and a decline in consumer traffic could have a negative effect on our comparable store sales and/or average sales per square foot and store profitability resulting in impairment charges, which could have a material adverse effect on our business, results of operations and financial condition. Reduced travel resulting from economic conditions, retail store closure orders of civil authorities, travel restrictions, travel concerns and other circumstances, including disease epidemics and other health-related concerns, could have a material adverse effect on us, particularly if such events impact our customers' desire to travel to our retail stores.

As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside the Group's control. Richemont does not undertake to update, nor does it have any obligation to provide updates of or to revise, any forward-looking statements.

## Appendix 1a: Sales for the nine months ended 31 December 2020

	April-December 2020 €m	April-December 2019 €m	Change at constant exchange rates versus prior period (%)	Change at actual exchange rates versus prior period (%)
<b>Sales by region</b>				
Europe	2 216	3 484	-35%	-36%
Asia Pacific	4 285	4 158	+5%	+3%
Americas	1 741	2 221	-18%	-22%
Japan	700	988	-28%	-29%
Middle East and Africa	722	702	+6%	+3%
<b>Sales by distribution channel</b>				
Retail	5 218	6 020	-11%	-13%
Online retail	2 049	2 007	+4%	+2%
Wholesale & royalty income	2 397	3 526	-30%	-32%
<b>Sales by business area</b>				
Jewellery Maisons	5 427	5 898	-5%	-8%
Specialist Watchmakers	1 724	2 385	-26%	-28%
Online Distributors	1 602	1 849	-12%	-13%
Other	981	1 463	-31%	-33%
Inter-segment eliminations	-70	-42	+69%	+67%
<b>Total Sales</b>	<b>9 664</b>	<b>11 553</b>	<b>-14%</b>	<b>-16%</b>

## Appendix 1b: Foreign exchange rates

Average exchange rates against the euro	April-December 2020	April-December 2019
United States dollar	1.15	1.11
Japanese yen	122	121
Swiss franc	1.07	1.11
Renminbi	7.93	7.75

Actual exchange rates for the period are calculated using the average daily closing rates against the euro.

In terms of sales at constant exchange rates, average exchange rates for the year ended 31 March 2020 are used to convert local currency sales into euros for the current three month period, the current nine month period and comparative figures. Exchange rate translation effects are thereby eliminated from the reported sales performance.