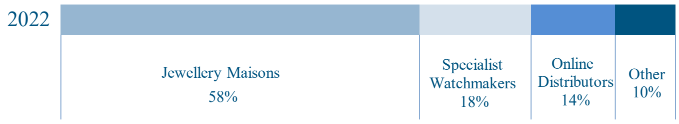
Financial and operating highlights

Group sales (€m)

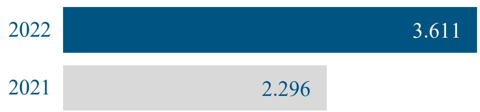
Sales by business area (% of Group)



Operating profit (€m)

Jewellery Maisons (€m)

Earnings per share, diluted basis (€)



Specialist Watchmakers (€m)

Dividend per share*

* CHF 1.00 special dividend

Online Distributors (€m)

Other Businesses (€m)

- Sales up by 46% at actual exchange rates and by 44% at constant exchange rates, with double-digit increases across all business areas, regions and channels; growth momentum led by retail and the Americas.

- Operating profit more than doubled to € 3 390 million, delivering improved operating margin of 17.7%.

- Profit for the year rose by 61% to € 2 079 million.

- 55% increase in net cash position to € 5 251 million, supported by strong cash flow from operating activities and strict working capital management.

Chairman's review

Johann Rupert, Chairman

Overview of results

The financial year ended 31 March 2022 saw Richemont report another strong set of results. Increased inflationary pressures and repeated temporary store closures due to health protection measures were offset by relatively improved economies up until February 2022. The Group's strong sales, profit and cash flows confirm the strong appeal of our Maisons and relevance of our long-term strategy.

Sales during the year under review reached an all-time high of € 19.2 billion, a 46% increase over last year (+35% on a two-year comparative period) with all Maisons, channels and regions achieving double-digit growth, led by retail and the Americas (+79%). Sales in Asia Pacific rose by 32%, with mainland China sales growing by 20% compared to the prior year. The strong European client base more than offset subdued inbound tourism, leading to a 51% sales increase, while in the Middle East and Africa sales grew at a similar pace, surpassing Japan as the Group's fourth largest market, where sales rose albeit by 28%.

Our Maisons and businesses' continued focus on client-centric initiatives, resulted in direct-to-client sales further progressing to 76% of Group sales across our directly-operated stores and the online retail channel. We have an improved insight into client profiles, allowing us to better meet expectations, nurture closer relationships and optimise supply chain management. While wholesale sales recovered from last year, direct-to-client sales rose by double digits compared to both the prior year and on a two-year comparative basis. This was further enhanced by the return to in-person high-jewellery events and the long-awaited Watches and Wonders event, which opened its physical doors in Geneva for the first time in three years.

Our Jewellery Maisons, Buccellati, Cartier and Van Cleef & Arpels, delivered a step-change in performance with combined sales exceeding € 11 billion and the operating margin reaching 34.3% versus 31.0% in the prior year. Cartier and Van Cleef & Arpels posted an outstanding performance, increasing their market leadership. Buccellati also developed successfully, further expanding its international footprint with nine new directly-operated stores.

Another noteworthy achievement relates to the Specialist Watchmakers' strong sales rebound (+53%) to € 3.4 billion and operating margin recovery to 17.3%, with nearly all Maisons exceeding pre-pandemic sales levels. The Specialist Watchmakers reaped the benefits of direct-to-client sales exceeding 50%, achieved through continuous improvements in distribution, communication, notably on social media, and supply chain management. The increased appeal of high-quality watches to Millennials and Gen-Z is very positive for the future.

At the Group's Online Distributors, sales rose by 27% and EBITDA reached breakeven before the exceptional reward payments to Group employees and negative contribution of Feng Mao, the Chinese joint-venture with Alibaba. The shift towards a hybrid business model (mix of inventory ownership and e-concessions/marketplace) at NET-A-PORTER and YOOX, as well as localisation efforts, progressed further. Watchfinder consolidated its position as a leader in pre-owned watches in its home market and outside the UK.

The Group's 'Other' business area, mostly composed of the Fashion & Accessories Maisons, posted strong growth, with sales 53% higher than in the prior year, positively impacted by newly appointed creative directors at Alaïa, Chloé and Montblanc as well as by the contribution of Delvaux, the Belgian luxury leather goods Maison, acquired last June. Peter Millar continued to perform strongly, notably through its G/FORE brand, while Alaïa and Chloé enjoyed a good reception of their recent collections. Montblanc's leather collection was successfully launched this March, while lacklustre travel retail continued to weigh on the Maison's performance. Overall, the business area's operating loss was significantly reduced to € 47 million.

Discussion with our Luxury New Retail ('LNR') partners continues around closer future collaboration. There is considerable complexity, which means the process is inevitably protracted. We look forward to concluding matters in the near future.

At the Group level, operating profit more than doubled to € 3.4 billion and the operating margin strengthened to 17.7%. This significant growth in operating profit, combined with careful management of working capital, led to cash flow from operating activities increasing to € 4.6 billion. Profit for the year rose by 61% to € 2.1 billion and net cash by 55% to € 5.3 billion at the end of March 2022.

Dividend

Given the strong performance of the year and robust net cash position of the Group, the Board proposes to pay an ordinary dividend of CHF 2.25 per 'A' share (and CHF 0.225 per 'B' share), an increase of 13% over the prior year, as well as an additional special dividend of CHF 1.00 per 'A' share/10 'B' shares, subject to shareholders' approval at the Annual General Meeting on 7 September 2022. This is a recognition of the excellent profits achieved over the year that we would like to share, not only with all Richemont colleagues through an exceptional reward payment, but also with Richemont's loyal long-term shareholders.

Annual General Meeting and Board changes

The Annual General Meeting ('AGM') in September 2021 saw some significant board changes: we were delighted to welcome Patrick Thomas, former Chief Executive Officer of Hermès, who brings unparalleled luxury industry expertise, and Jasmine Whitbread, an experienced director and highly regarded Environmental, Social & Governance expert. Both directors bring very valuable contributions to our Board.

We also bid farewell to two long-serving and valued non-executive directors, Alan Quasha and Gary Saage, who stepped down from the Board; two other respected and experienced non-executive directors, Jan Rupert and Ruggero Magnoni, have also indicated that they will not seek re-election to the Board of Directors at the 2022 AGM, having each served for 16 years. They made immeasurable contributions to the development of Richemont and will be sorely missed. I wish to thank each of them for their loyal, insightful and valuable support.

After the 2022 AGM and subject to shareholders' approval, the Board will be reduced to 16 members as we continue to seek an optimal balance between diversity and experience relevant to the business with a Board size which does not over-burden our non-executive directors. Female Board members will represent 31% of the new Board.

PricewaterhouseCoopers ('PWC') has been the Group's external auditor since 1993. Recognising shareholders' expectations, it has been decided to initiate a tender process which may lead to the appointment of a new Group external auditor.

Sustainability

Our vision of sustainable luxury requires that we leave no stone unturned.

One important step is to remove polyvinyl chloride ('PVC') from our products and packaging. I am pleased to report that we are on track to achieve this objective by December 2022 and wish to salute the countries that have already banned PVC from their landfills, thus contributing to a healthier planet for humans, fauna and flora.

Another major aspect is to ensure that sustainability is firmly embedded in our governance. With this in mind, Board member Ms Whitbread was appointed in February 2022 to chair Richemont's Governance and Sustainability Committee, drawing on her experience at Standard Chartered plc and previously at, inter alia, BT Group plc.

In parallel to the enhanced Board expertise and involvement, the Group has continued to raise investment behind sustainability, including appointing its first Chief Sustainability Officer in February 2022 to further advance Richemont's sustainability vision. The Group will build upon its already strong position in this area, validated by independent authorities such as MSCI (AA rating), Carbon Disclosure Project (A rating) and the Science Based Targets initiative (targets validated). We were also proud to be rated among the top 2% of companies rated worldwide by Sustainalytics and the World's Best Employers by Forbes 2021, and to be named as a Financial Times-Statista Climate Leader 2022.

I encourage you to read our 2022 Sustainability Report, which speaks to many more of our achievements and commitments.

Outlook

As I conclude my comments, I would like to convey our deepest sympathy and compassion to all those affected by the tragic conflict taking place in Ukraine. Richemont and its Maisons have made significant donations to Médecins Sans Frontières to support its relief efforts.

We remain in close contact with our colleagues in Ukraine and Russia, where we have suspended our operations. Their safety and wellbeing are our highest priority.

Even if the worst of Covid is hopefully behind us, we face a global environment which is the most unsettled we have experienced for a number of years. We can, however, take comfort from the strength and enduring appeal of our Maisons as well as their relatively balanced geographic spread. Richemont's € 5.3 billion net cash position at the end of March 2022 is a source of strength as we face volatile times ahead. I am confident that the Group is well positioned to benefit from any strengthening in consumer demand. We will work to maintain the necessary agility and flexibility to manage global uncertainties.

Finally, I would like to thank all our colleagues across the Group for their contribution to the excellent performance delivered with solidarity, empathy, creativity, agility and responsibility. We have seen all our businesses improve and made major strides in our sustainability agenda. We consider ourselves custodians of Richemont's underlying businesses and the planet for future generations. As such, I would like to reiterate how important it is for us to build brand equity over time, and to do it in a responsible manner.

Johann Rupert
Chairman

Compagnie Financière Richemont SA