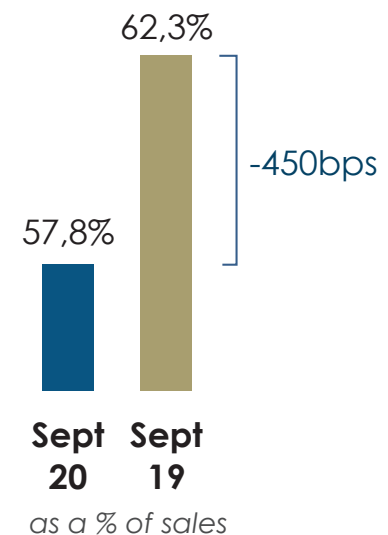
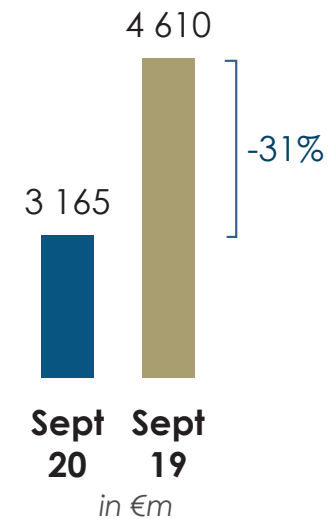


Financials



H1-21 GROSS PROFIT

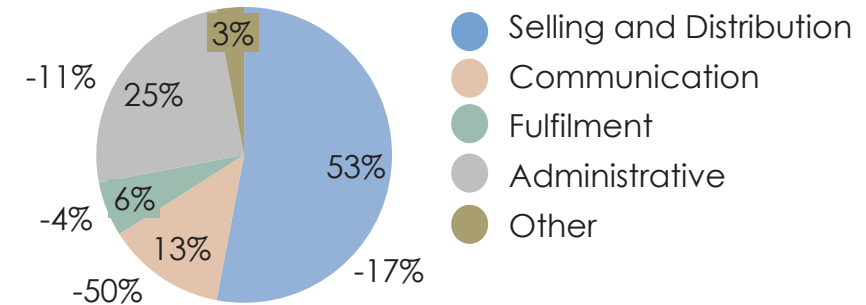
- › **Gross profit decreased by 31%**
- › **Gross margin at 57.8%, 450 bps down**
 - Lower manufacturing capacity utilisation
 - Adverse currency movements
 - Higher gold prices
 - Highly competitive pricing environment in online fashion



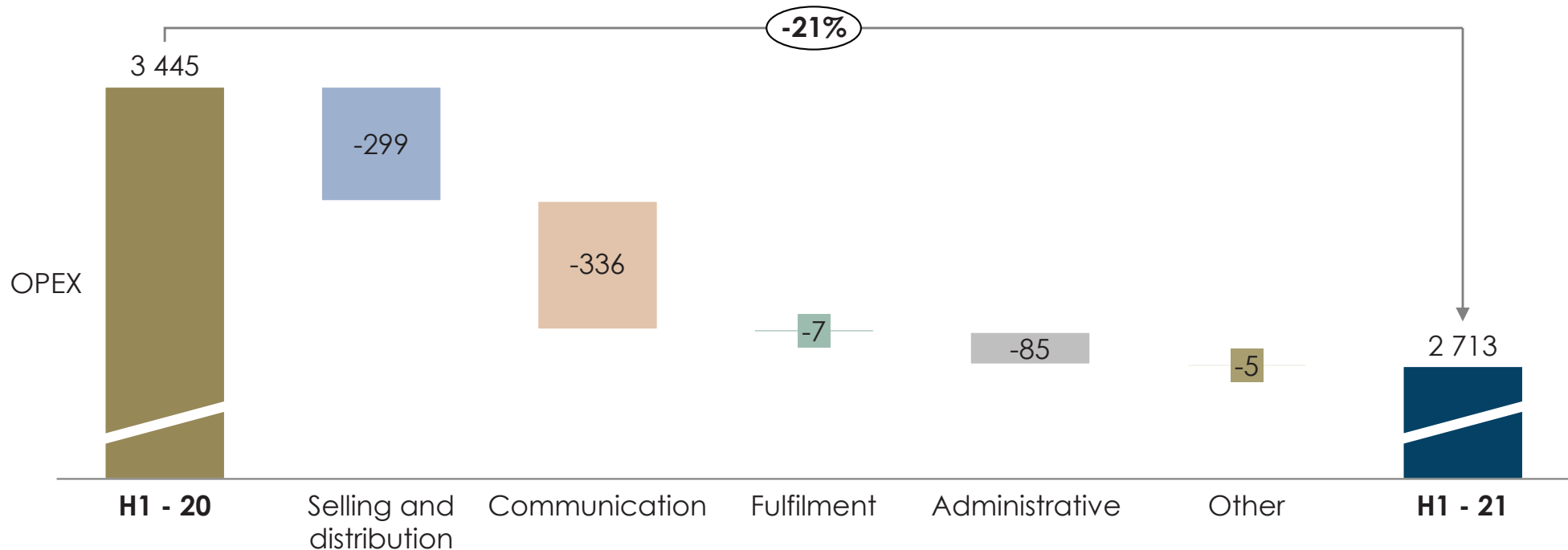
H1-21 OPERATING EXPENSES

› Operating expenses down by 21%

- Decline in selling and distribution reflects strong cost compression measures
- Event cancellations and careful monitoring led to lower communication expenses
- Strong discipline in administrative costs
- Broadly stable amortisation of intangible assets at €93m



› Represents 49.5% of sales



H1-21 OPERATING PROFIT

- › **61% decrease in operating profit**
 - Significant impact from Covid-19
 - Operating margin halved to 8.3%

6 months	€m	Sept 20	Sept 19	Change
Sales		5 478	7 397	-26%
Gross profit		3 165	4 610	-31%
Net operating expenses		-2 713	-3 445	-21%
Selling and distribution expenses		-1 429	-1 728	-17%
Communication expenses		-342	-678	-50%
Fulfilment expenses		-155	-162	-4%
Administrative expenses		-690	-775	-11%
Other expenses		-97	-102	-5%
Operating profit		452	1 165	-61%
Gross margin		57.8%	62.3%	
Operating margin		8.3%	15.7%	
Net operating expenses as a % of sales		49.5%	46.6%	

H1-21 NET FINANCE COSTS

› Slight increase in net finance costs due to

- €43m swing in financial expense line
- €41m higher net loss on monetary items
- Partly offset by €68m higher gains on hedging activities

6 months	€m	Sept 20	Sept 19	Change
Financial (expense)/income, net		-33	10	-43
Lease liability interest expense		-34	-36	2
Net foreign exchange losses on monetary items		-103	-62	-41
Net gains on hedging activities		70	2	68
Fair value adjustments		-17	-24	7
Net finance costs		-117	-110	-7

H1-21 PROFIT FOR THE PERIOD

› Decrease in profit reflects

- Lower operating profit
- Slightly higher net finance costs

6 months	€m	Sept 20	Sept 19	Change
Operating profit		452	1 165	-61%
Net finance costs		-117	-110	+6%
Share of equity-accounted investments' results		9	12	-25%
Profit before taxation		344	1 067	-68%
Taxation		-185	-198	-7%
Profit for the period		159	869	-82%
Profit margin		2.9%	11.7%	-880bps

H1-21 CASH FLOW FROM OPERATING ACTIVITIES

› Cash flow from operating activities broadly in line with prior year period

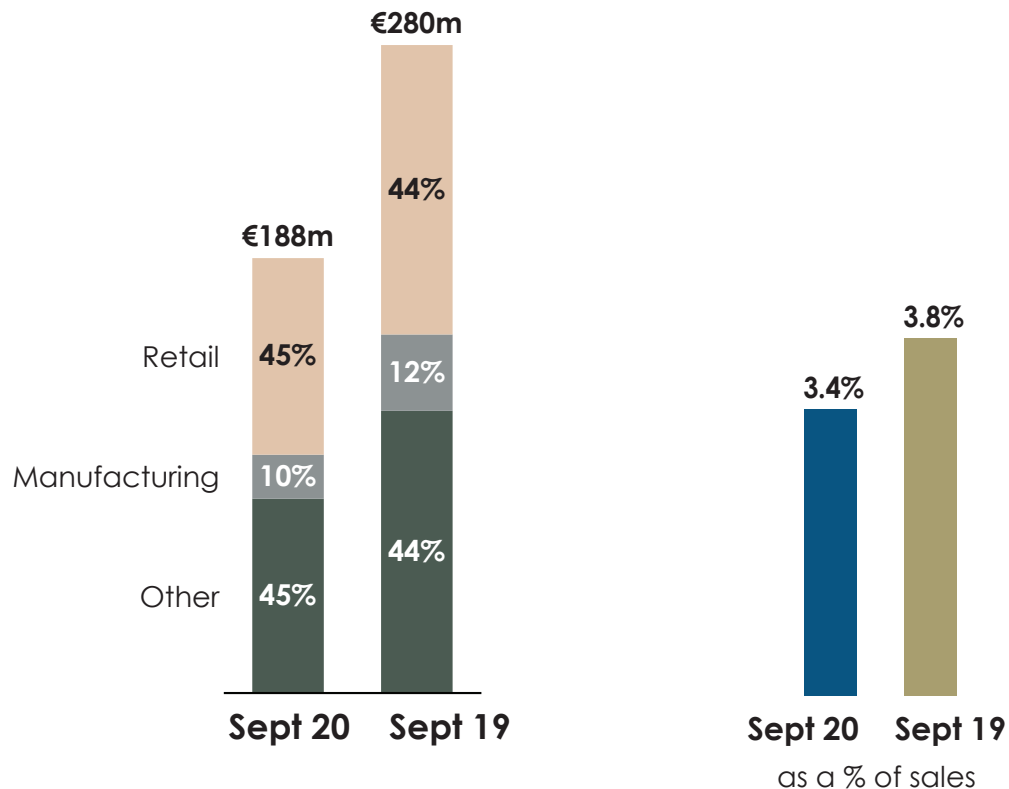
- Lower operating profit
- Significant improvement in working capital (primarily strong inventory discipline) and lower taxes paid

6 months	€m	Sept 20	Sept 19	Change
Operating profit		452	1 165	-713
Adjustment for depreciation and amortisation		749	714	+35
Adjustment for other non-cash items		-12	21	-33
Changes in working capital		-91	- 712	+621
Taxation paid		-150	- 268	+118
Net financing (payments)/receipts		-22	8	-30
Cash flow from operating activities		926	928	-2

H1-21 CAPITAL EXPENDITURE

› Capex 33% lower than prior year period

- Targeted investments in store network and manufacturing facilities
- Continued investments in IT, mostly at YOOX NET-A-PORTER



Cartier, Shanghai IFC



Buccellati, Shanghai IFC

H1-21 FREE CASH FLOW

› Free cash flow up €104m vs. H1-20

- Lower capital expenditures
- Lower lease payments due to rent relief

6 months	€m	Sept 20	Sept 19	Change
Cash flow from operating activities		926	928	-2
Net acquisition of tangible assets		-120	-197	+77
Net acquisition of intangible assets		-62	-81	+19
Net acquisition of investment property		-	-3	+3
Net acquisition of other non-current assets		-40	-8	-32
Lease payments - principal		-260	-299	+39
Total free cash inflow		444	340	+104

BALANCE SHEET STRENGTH

