RICHEMONT

COMPANY ANNOUNCEMENT

21 MAY 2021

RICHEMONT ANNOUNCES STRONG FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2021

Financial highlights

- Due to closures of points of sales, logistics centres and manufacturing sites, as well as the halt in international tourism resulting from the Covid-19 pandemic, sales contracted by 25% at constant exchange rates and by 26% at actual exchange rates in the first half of the financial year
- As initial lockdown measures began to ease, sales grew by 17% and by 12% at constant and actual exchange rates, respectively, in the second half of the financial year compared to the same period in the prior year
- Fourth quarter sales growth of 36% and 30% at constant and actual exchange rates, respectively, containing the decline in full year sales to 5% at constant exchange rates and 8% at actual exchange rates
- Strong start into the new financial year, with accelerating trends across all business areas
- Strong performance led by Jewellery Maisons, online retail and Asia Pacific; discipline and agility in exceptional circumstances
- Triple-digit growth at Group Maisons' online retail sales underscores the success of our Maisons' digital transformation; overall online retail sales grew by 6% at actual exchange rates, accounting for 21% of Group sales
- Solid retail sales, up at constant exchange rates, notwithstanding severe disruption from recurring widespread temporary closures of points of sales
- Jewellery Maisons grew sales beyond pre-Covid levels and increased operating margin to 31.0%, supported by strong double-digit sales growth in the second half of the year
- Digital enabling more diverse customer journeys and underpinning retail sales; increased direct engagement with end clients, now accounting for around ¾ of sales
- Strong performance in mainland China contributing to 19% sales growth in Asia Pacific, where year-on-year sales rose by triple digits in the fourth quarter
- Operating margin improved to 11.2% and profit for the year increased to € 1 289 million, impacted positively by net finance income
- Significant increase in net cash position to € 3 393 million, supported by strong cash flow from operating activities and strict working capital management
- Proposed dividend of CHF 2.00 per 1 A share / 10 B shares

Key financial data (audited)

	2021	2020	Change
Sales	**€ 13 144 m**	€ 14 238 m	-8%
Gross profit	**€ 7 861 m**	€ 8 611 m	-9%
Gross margin	**59.8%**	60.5%	-70 bps
Operating profit	**€ 1 478 m**	€ 1 518 m	-3%
Operating margin	**11.2%**	10.7%	+50 bps
Profit for the year	**€ 1 289 m**	€ 931 m	+38%
Earnings per A share/10 B shares, diluted basis	**€ 2.296**	€ 1.646	+39%
Cash flow generated from operating activities	**€ 3 218 m**	€ 2 370 m	+€ 848 m
Net cash position	**€ 3 393 m**	€ 2 395 m	+€ 998 m

Chairman’s commentary

Overview of results

In a year marked by the outbreak of Covid-19 our first concern was the health and safety of our colleagues, clients and partners. Our company acted pro-actively, shutting down offices, factories, distribution centres and boutiques, whilst also helping in the fight against the pandemic by providing material and financial support.

During this unprecedented level of global disruption, all of our colleagues have demonstrated remarkable agility and discipline, adapting rapidly in the face of repeated closures, a halt in international tourism and an overall lack of visibility. As a result, our Maisons and businesses delivered a resilient performance and made good progress on Richemont’s transformation agenda.

Following a sharp decline in the first half of the financial year as the health crisis spread across the globe, sales recovered throughout the year and reached € 13 144 million, led by the Jewellery Maisons, online retail and Asia Pacific. Fourth quarter sales increased by 30% and 36% at actual and constant exchange rates, respectively, mitigating the rate of sales decline for the year as a whole to 8% at actual exchange rates and 5% at constant exchange rates. At actual exchange rates, sales in Asia Pacific grew by double digits, underpinned by strong sales in mainland China due to a strong local presence of our Maisons.

As our Maisons and businesses adapted rapidly to changing levels of demand and the differing ways customers wanted to interact, our transformation accelerated, and we advanced our understanding of the customer journey and client preferences via digital tools. Online, mobile and distant shopping have proven to be key growth drivers, and we have seen a sharp increase in clients favouring those channels. Higher online retail sales, benefiting from triple-digit growth at our Maisons, partially offset lower retail and wholesale sales. Direct engagement with end clients generated around three quarters of Group sales, through offline and online retail channels.

The Jewellery Maisons posted higher sales, exceeding pre-Covid levels, and a solid 31% operating margin underlined the enduring appeal of Cartier, Van Cleef & Arpels and Buccellati. We are pleased with the leadership positions of Cartier and Van Cleef & Arpels as well as with the international expansion of Buccellati which is progressing well. At the Specialist Watchmakers, the double-digit sales increase in Asia Pacific, partly supported by the opening of five flagship stores on Alibaba Tmall Luxury Pavilion and participation in Watches & Wonders fairs in Shanghai and Sanya, only partially mitigated contraction in other regions.

Over the past few years we allocated substantial financial and human resources into two areas: we restructured our watch division and we further developed our Group’s Online capabilities. These investments are beginning to bear fruit.

Our Specialist Watchmakers division is in a very healthy state. The desirability of our Maisons has been fuelled by the reinforcement of iconic collections with well received new references, and our strongest-ever resonance during Watches & Wonders. The ‘new retail’ initiatives have accelerated direct engagement with the end client, notably through the aforementioned Tmall Luxury Pavilion flagship stores and numerous remote digital interactions with clients. The quality of the Specialist Watchmakers network has improved, and subsequently 73% of the division sales are now through internal and franchise stores. Sales to our local clientele in our retail network grew by double-digits, which partly mitigated the contraction in inbound tourism. Stock with our multi-brand watch retail partners ended lower than a year ago, with sell-out greater than sell-in for the fourth consecutive year. Operational costs have been streamlined, and redirected at transforming the division towards a client centric ‘new retail’ business model. The division’s recovery has been constantly accelerating from the third quarter of our financial year, with the first four months of the calendar year trading above 2019 levels, when corrected for a significant stock rebalancing.

The Group’s digital transformation has further accelerated, and we are experiencing triple-digit growth in our Maisons’ online retail sales, in all our major markets. The objective of the Group’s ‘Luxury New Retail’ business model is to provide a superior route to market for our Maisons, while delivering much improved economic performance compared to the traditional luxury business model.

Richemont’s strong balance sheet provided ample resources to finance the €253m investment in convertible notes issued by Farfetch last November, a first step in our partnership with Farfetch and a deepening of our relationship with Alibaba, as we accelerate our journey towards ‘Luxury New Retail’. To date, our partnership with Alibaba has led to 11 flagship stores being operational on Alibaba Tmall Luxury Pavilion: Cartier, Van Cleef & Arpels; IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget and Vacheron Constantin; NET-A-PORTER; Chloé, dunhill and Montblanc.

Despite distribution centre disruption and closures contributing to a sales decline at the Online Distributors, the businesses benefited from positive trends at YOOX and THE OUTNET, as well as the localisation of websites. Watchfinder has deepened its collaboration with our Maisons, with their ‘part exchange’ programme now rolled out in more than 80 Specialist Watchmakers boutiques. The new fiscal year has started at an accelerated pace, with triple-digit growth compared to the previous year, and strong double-digit growth compared to 2019.

We see increasing client demand for more choice, newness, and "see-now - buy-now", accelerated by the penetration of digital and ATAWAD (Any Time, Anywhere, Any Device). However, clients also want a more personalised touch, styling advice, curation, and access to the voices behind the brand, far from the catalogue approach offered by some platforms.

NET-A-PORTER and YOOX are transitioning to hybrid models to complement their wholesale offer, better meet client demands and lessen capital requirements. NET-A-PORTER and MR PORTER have been leaders in digital selective distribution for the past 20 years, based on solid direct relationships with over 1 000 Luxury partner brands. These stores are now evolving towards a model that combines curated inventory ownership and e-concessions with top brands. This preserves the curatorial dimension of NET-A-PORTER and MR PORTER while allowing them to enrich the breadth of their offering with very light additional capital commitment. In parallel, YOOX will see the addition of a marketplace to its existing 1P model in the beginning of calendar year 2022, expanding the current offering from over 14 000 brands to include more choice and new product categories.

The technology supporting this, which also powers the omnichannel of several top brands, is gradually converging towards a "one Luxury New Retail platform" model for hard and soft luxury. Furthermore, the YNAP joint ventures in China with Alibaba and in the Middle East with Symphony have been particularly successful this year – doubling in China and growing by double-digits in the Middle East - thus highlighting the benefits of a local route-to-market for more reach and relevance. YNAP will continue to accelerate its localisation with more than 15 countries planned for this year.

'Luxury New Retail' is propelling our Maisons to new levels, supported by our strategic partnership with Alibaba. Our Maisons and businesses benefit substantially from the exponential customer aggregation of the Tmall Luxury Pavilion platform, and are able to offer a superior customer experience through the digital platform's real-time data-rich ecosystem.

In addition, our 'Luxury New Retail' developments in mainland China are providing the Group with the incubator of the future luxury retail model, where customer shopping journeys will benefit from a seamless online/offline experience. Our developments with Alibaba are capturing the exciting new paradigm in luxury customer shopping trends – the digital platform ecosystem and the unique retail format. This is providing fresh impetus to our Maisons to enhance the customer experience, through a combination of online/offline shopping, social media engagement and live-streamed entertainment, also described as "shoppertainment".

Furthermore, new innovations such as the Watches & Wonders campaign on Alibaba's Tmall, including the new Super Brand Day concept, is one of the most exciting new aspects of 'Luxury New Retail', offering our Maisons new ways to strengthen brand communication and customer loyalty.

Lower sales at our Fashion & Accessories Maisons grouped under 'Other' reflected declines primarily in the wholesale channel due to a very sharp contraction in travel retail, while online retail sales grew by strong double digits, reaching 17% of sales. After years of underperformance we expect these Maisons to benefit from an enhanced "route to market" provided by new digital platforms.

Operating profit amounted to € 1 478 million. The year-on-year reduction was contained to 3% and operating margin improved to 11.2%, with profit for the year increasing to € 1 289 million. At the outset of the pandemic, the Group promptly implemented strict cash preservation measures which meant that our net cash position increased significantly to € 3 393 million.

Dividend

Given an improving economic environment, solid cash flow generation and attractive long-term prospects for the luxury goods industry, an improvement on last year's dividend seems justified. The Board therefore proposes to pay a cash dividend of CHF 2.00 per 'A' share (and CHF 0.20 per 'B' share), subject to shareholders' approval at the Annual General Meeting due on 8 September 2021.

Annual General Meeting and new Board Committee

At the Annual General Meeting in September 2020, the Board was delighted to welcome Wendy Luhabe as a new Non-Executive Director. Renowned as an entrepreneur and social activist, Ms. Luhabe has also joined the new Governance and Sustainability Committee established on 18 March 2021.

The purpose of this new Committee is to assist the Board in reviewing and approving management proposals regarding strategy, policies and monitoring of environmental, social and governance matters, as well as providing direction on best practice and ensuring compliance with all relevant requirements. Its creation reflects the importance of such topics to the Group and represents active engagement from the highest levels of Richemont's organisation.

The Movement for Better Luxury

Richemont has a long-standing commitment to doing business responsibly. Our Maisons have been in existence for hundreds of years and create products designed to be handed down from generation to generation. The Group has been a leading member of the Responsible Jewellery Council (RJC) from the start, carbon neutral through offsets since 2009, and supported nature and communities through the Peace Parks Foundation since its inception.

In 2019, acknowledging that tougher measures needed to be taken to minimise our impact on the planet and play our part as a good citizen, we stepped up our efforts with the 'Movement for Better Luxury', our transformational CSR strategy. Through this framework, we want to: enable our colleagues to thrive through diversity and empowerment; positively impact the communities we touch; improve sustainability in our supply chain, and reduce our negative environmental impact.

This year, we have made strong progress across our main focus areas in alignment with the UN's Sustainable Development Goals. Today, over 95% of the gold we purchase is RJC Chain of Custody certified and comes from recycled origins. We are working to finalise our formal commitment to Science-Based Targets in line with the Paris Agreement. There are many more initiatives, either completed or underway, which we will update you on in our 2021 Sustainability Report in July.

Outlook

Although the pace of vaccination has gathered momentum, volatility and low visibility are likely to prevail until there is herd immunity. There are still concerning Covid-19 developments in parts of the world that could slow down a global recovery, even though underlying demand seems strong with supportive central bank actions, substantial government stimulus packages, and real estate and stock markets at all-time highs. We will need to learn how to live with the virus probably for much longer than we had hoped. Our focus will therefore remain on safeguarding our colleagues, partners and assets while maintaining the necessary agility and flexibility to face uncertainties. We will also continue taking decisive action to transform our business with a focus on digital initiatives, customer-centricity and forging strategic partnerships.

Before concluding this commentary, I would like to pay tribute to our dear friend and colleague Alber Elbaz, who very tragically passed away in April and had just successfully launched AZ Factory. Alber was incredibly sensitive and caring, and, in addition to his genuine empathy, possessed great wit, talent and creativity. His dream of 'smart fashion that cares' was inclusive, positive and innovative. He will be hugely missed by all of us who had the good fortune to know him or work with him.

Finally, I would like to thank all my colleagues at Richemont for the strong performance they have delivered with courage, solidarity, creativity and discipline in exceptional circumstances. Together, we will craft the future.

Johann Rupert
Chairman

Compagnie Financière Richemont SA
Geneva, 21 May 2021

Financial review

Any references to Hong Kong SAR, Macau SAR and Taiwan within this financial review are to Hong Kong SAR, China; Macau SAR, China; and Taiwan, China respectively.

Sales

Richemont has reported a strong performance in exceptional circumstances. Due to closures of points of sales, logistics centres and manufacturing sites, as well as the halt in international tourism resulting from the Covid-19 pandemic, sales contracted by 26% at actual exchange rates and by 25% at constant exchange rates in the first half of the financial year. As initial lockdown measures began to ease, the Group's Maisons and businesses demonstrated remarkable agility and resilience to adapt to clients' demands, with sales growing by 12% and by 17% at actual and constant exchange rates, respectively, in the second half of the financial year compared to the same period in the prior year. In the fourth quarter of the financial year, sales increased by 30% and 36% year-on-year at actual and constant exchange rates, respectively. Overall, the decline in sales for the year was contained to 8% at actual exchange rates and to 5% at constant exchange rates.

At actual exchange rates, sales in the Middle East and Africa were broadly in line with the prior year. Double-digit sales progression in Asia Pacific, fuelled by mainland China's triple digits increase in sales, mitigated the decline in other regions.

Online retail sales grew by 6% for the year, supported by triple-digit increases at our Maisons, emphasising the success of the Group's ongoing digital transformation. Sales in the Group's directly operated boutiques were broadly in line with the prior year and showed growth at constant exchange rates, demonstrating our Maisons' ability to overcome widespread temporary closures. The pronounced 27% decrease in wholesale sales reflected exposure to travel retail, as well as multi-brand retailers' lower exposure to online retail and relatively longer temporary store closures in Europe versus other regions.

The Jewellery Maisons sales exceeded pre-Covid levels with 3% growth, highlighting the continued strength of Cartier and Van Cleef & Arpels. The other business areas experienced a decline in sales for the full year, with all business areas returning to growth in the latter part of the year.

Further details on sales by region, distribution channel and business area are given under Review of Operations.

Gross profit

At € 7 861 million, gross profit was 9% lower than the prior year, and gross margin stood at 59.8% of sales. The 70 basis point reduction in gross margin is mainly due to lower levels of manufacturing capacity utilisation, the impact of a stronger Swiss franc on costs, higher gold prices and a higher sales mix towards locations with relatively higher import duties, such as mainland China.

Operating profit

Operating margin increased to 11.2% compared to 10.7% a year ago with operating profit being 3% lower to € 1 478 million. This 50 basis point margin improvement reflects tight control of net operating expenses, which decreased by 10% and outpaced the rate of sales decline. The Group also benefited, albeit to a lesser extent, from short-time work subsidies, government grants and rent relief, all directly linked to Covid-19 relief measures.

Selling and distribution expenses declined by 8%, in line with sales. Stringent cost management and the aforementioned rent relief and subsidies more than offset higher depreciation linked to capital investments in prior years. Communication expenses, down 27%, contracted sharply, partly due to the cancellation of physical events, and represented 7.8% of Group sales, down from 9.9% in the prior year. Fulfilment expenses of € 356 million, recorded across the Group's e-commerce activities, primarily at the Online Distributors, grew by 1%. Administrative expenses decreased by 5%, despite a stronger Swiss franc and continued expenditure in IT and digital, notably in 'new retail' initiatives. Excluding short-time work subsidies and government grants, administrative expenses declined by 2%. Other operating expenses of € 272 million included the impact of the amortisation of intangibles recognised on acquisitions, primarily relating to the Online Distributors and Buccellati.

Profit for the year

Profit for the year increased by 38% to € 1 289 million. This € 358 million increase included a € 294 million reversal in net foreign exchange losses on monetary items and a € 255 million improvement in the fair value of financial instruments, both of these items unrealised and non-cash effected at 31 March 2021. Earnings per share (1 'A' share/10 'B' shares) increased by 39% to € 2.296 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 year ended 31 March 2021 was € 1 316 million (2020: € 984 million). Basic HEPS for the year was € 2.328 (2020: € 1.742), diluted HEPS for the year was € 2.322 (2020: € 1.736). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 30.3 of the Group's consolidated financial statements.

Cash flow

At € 3 218 million, cash flow generated from operating activities was € 848 million higher than last year due to a resilient operating profit and strict cash protection measures. Reductions in inventory and increased creditor balances, partially offset by an increase in receivables, resulted in an inflow from working capital of € 529 million.

Net investment in tangible fixed assets amounted to € 372 million, a € 196 million reduction over the prior year. Investments primarily related to the selective renovation and relocation of existing boutiques in the Maisons' store network and continued investments in technology, primarily at the Online Distributors.

The 2020 dividend of 1.00 per share (1 A share/10 B shares) was paid to shareholders and to South African Depository Receipt holders, net of withholding tax, in September 2020. The overall dividend cash outflow in the period amounted to € 529 million (2019: € 1 017 million).

During the year under review, the Group did not acquire any treasury shares to hedge executive stock options. However, within the framework of the 2020 equity-based shareholder loyalty scheme, the Group received 17.8 million warrants (see note 31.2) at no cost in respect of treasury shares held on the date of issue and purchased a further 89.0 million warrants at a total cost of € 15 million (2020: nil). These warrants will be used, together with the treasury shares, to provide a comprehensive hedge of the Group's potential obligations arising from its share option and restricted share unit plans. Proceeds from the exercise of stock options by executives and other activities related to the hedging programme amounted to a net cash inflow of € 32 million (2020: € 13 million).

Balance sheet

At 31 March 2021, inventories amounted to € 6 319 million, a € 339 million decline over the prior year (2020: € 6 658 million). Inventories represented 18.3 months of cost of sales (2020: 17.8 months).

At 31 March 2021, the Group's net cash position rose to € 3 393 million (2020: € 2 395 million). The € 998 million improvement versus the prior year can be attributed to the significant € 848 million increase in cash flow from operating activities and a € 184 million reduction in investment in tangible fixed assets. This improvement more than compensated for the € 253 million (US$ 300 million) investment in convertible notes issued by Farfetch, as announced on 5 November 2020. The Group's net cash position included highly liquid, highly rated money market funds, short-term bank deposits and short-duration bond funds, primarily denominated in Swiss francs, euros and US dollars.

Shareholders' equity represented 51% of total equity and liabilities compared to 57% in the prior year.

Proposed dividend

In view of the Group's strong results and improving economic environment, the Board has proposed a dividend of CHF 2.00 per 'A' share/10 'B' shares.

The dividend will be paid as follows:

	Gross dividend per 1'A' share/ 10 'B' shares	Swiss withholding tax @ 35%	Net payable per 1'A' share/ 10 'B' shares
Dividend	CHF 2.00	CHF 0.70	CHF 1.30

The dividend will be payable following the annual general meeting which is scheduled to take place in Geneva on Wednesday, 8 September 2021.

The last day to trade Richemont 'A' shares and Richemont South African Depository Receipts cum-dividend will be Monday 20 September 2021. Both will trade ex-dividend from Tuesday 21 September 2021.

The dividend on the Compagnie Financière Richemont SA 'A' shares will be paid on Thursday 23 September 2021 and is payable in Swiss francs.

The dividend in respect of Richemont South African Depository Receipts will be payable on Wednesday 29 September 2021 and is payable in rand to residents of the South African Common Monetary Area ('CMA') but may, dependent upon residence status, be payable in Swiss francs to non-CMA residents. Further details regarding the dividend payable to South African Depository Receipt holders may be found in a separate announcement dated Friday 21 May 2021 on SENS, the Johannesburg Stock Exchange news service.

Review of operations

Sales by region

in €m	2021	2020	Constant exchange rates*	Actual exchange rates
Europe	**2 955**	4 298	-30%	-31%
Asia Pacific	**5 937**	4 992	+22%	+19%
Americas	**2 388**	2 806	-10%	-15%
Japan	**940**	1 212	-21%	-22%
Middle East and Africa	**924**	930	+4%	-1%
	13 144	14 238	-5%	-8%

* Movements at constant exchange rates are calculated by 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 2020.

The following comments on Group sales refer to year-on-year movements at constant exchange rates unless otherwise stated.

Europe

Sales in Europe, down 30%, were the most severely impacted by the pandemic, given travel restrictions, curfews and the temporary closures of stores as well as a number of distribution centres in the first quarter of the financial year. The region also suffered from a halt in tourism, which was partially mitigated by increased spending from domestic clientele. All main markets excluding Russia recorded double-digit declines.

However, sales recovered in the final quarter of the financial year, narrowing the year-on-year sales gap to 7%.

The Maisons' online retail sales grew by triple digits. Overall, online retail recorded a single-digit sales increase, partially mitigating double-digit sales declines in the wholesale and retail channels. All business areas recorded lower sales.

Europe's contribution to Group sales went from 30% a year ago to 23%. It remained the Group's second largest region after Asia Pacific.

Asia Pacific

Asia Pacific enjoyed the best performance of all regions, with sales increasing by 22%, with three consecutive quarters of growth during the fiscal year and a 106% increase in the final quarter of the financial year.

While the region was the first to suffer from the outbreak of Covid-19, it was also the first to see sales rebound sharply as early as May 2020 in mainland China. Triple-digit sales growth in mainland China more than offset declines in locations affected by a halt in tourism, notably Hong Kong SAR and South Korea. Mainland China benefited from the repatriation of previously outbound tourist demand and increased domestic spending.

Strong double-digit sales growth in the retail and online retail channels more than offset slightly lower sales in the wholesale channel. The Jewellery Maisons and Specialist Watchmakers both posted double-digit sales growth in the region for the full year.

Asia Pacific accounted for the largest share of Group sales at 45%, a notable increase from 35% in the prior year, reflecting the region's relative outperformance.

Americas

Sales in the Americas declined by 10%, reflecting the aforementioned pandemic-related factors, primarily in the first quarter of the financial year. However, the region then benefited from three consecutive quarters of improvement, with 21% growth in the fourth quarter of the financial year.

Good growth in online retail sales could not compensate for sales declines in the other channels. Among our business areas, the Jewellery Maisons posted growth.

The region contributed 18% of Group sales compared to 20% in the prior year.

Japan

Sales in Japan decreased by 21% due to the Covid-19 outbreak and its resulting impact on trading conditions. However, in the third quarter of the financial year sales turned positive, with 15% growth in the fourth quarter.

Sales grew strongly in the online retail channel but contracted in the other channels. All business areas registered lower sales.

Japan accounted for 7% of Group sales, broadly in line with the prior year.

Middle East and Africa

Sales in the Middle East and Africa increased by 4% for the financial year. The region benefited from the return of international tourism in the second half, a repatriation of sales from some locations with travel restrictions, the internalisation of Jewellery Maisons' operations in Saudi Arabia and the development of the Maisons' online offer.

Robust growth in retail and online retail sales more than offset lower wholesale sales. Equally, double-digit increases at the Jewellery Maisons and Online Distributors more than compensated for lower sales in the other business areas.

The contribution of the Middle East and Africa to Group sales was maintained at 7% of Group sales.

Sales by distribution channel

in €m	2021	2020	Constant exchange rates*	Actual exchange rates
Retail	**7 248**	7 338	+2%	-1%
Online retail	**2 794**	2 646	+9%	+6%
Wholesale and royalty income	**3 102**	4 254	-25%	-27%
	13 144	14 238	-5%	-8%

* Movements at constant exchange rates are calculated by 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 2020.

The following comments on Group sales refer to year-on-year movements at constant exchange rates unless otherwise stated.

Retail

Retail sales grew by 2%, driven by high-single digit growth at the Jewellery Maisons in an environment affected by recurring periods of store closures due to the Covid-19 pandemic. Fourth quarter sales saw a remarkable rebound with 62% growth year-on-year, partly due to less demanding comparatives, and 22% growth compared to 2019.

Strong sales in Asia Pacific and the Middle East and Africa more than compensated for lower sales in the other regions.

Overall, the Maisons' 1 190 directly operated boutiques increased their contribution to Group sales from 51% in the prior financial year to 55% in this financial year.

Online retail

Online retail generated 9% sales growth from Group Maisons and Online Distributors, with increases across all regions. In the fourth quarter of the financial year, sales rose by 22%, partly supported by new flagship stores on Tmall Luxury Pavilion.

Online retail sales at our Maisons recorded triple-digit growth, driven by the Jewellery Maisons and Specialist Watchmakers. They accounted for 7% of Group sales excluding Online Distributors. Overall, the share of online retail rose to 21% of Group sales from 19% a year ago.

Wholesale

The Group's wholesale sales decreased by 25%, with fourth quarter sales up by 1% year-on-year.

Sales declined in all regions, although the contraction in Asia Pacific was limited to 1%. Temporary store closures at franchise and multibrand retail partners, notably in travel retail, combined with lower digital penetration, weighed on wholesale sales, which declined across all business areas.

The contribution of the Group's wholesale channel amounted to 24% of Group sales compared to 30% in the prior financial year.

Sales and operating results by segment

Jewellery Maisons

in €m	2021	2020	Change
Sales	**7 459**	7 217	+3%
Operating results	**2 309**	2 077	+11%
Operating margin	**31.0%**	28.8%	+220 bps

The Jewellery Maisons demonstrated their continued strength by delivering 3% sales growth at actual exchange rates and 7% at constant exchange rates. The increase in sales was driven by solid retail sales and a triple-digit acceleration in online sales. The enduring appeal of Cartier, Van Cleef & Arpels and Buccellati led to a significant rebound in sales from the low points in April and May 2020, when more than 50% of the Maisons' network was closed. Sales at the end of the financial year exceeded pre-Covid levels. The Jewellery Maisons' teams displayed exceptional reactivity and agility in managing capacity utilisation to meet both a sharp decrease in demand in the first half of the financial year contrasted with a strong acceleration in the second half of the year, finishing the year with a 54% sales rebound in the fourth quarter of the financial year. Overall, jewellery sales grew vigorously, with watch sales contracting moderately. Cartier, Van Cleef & Arpels and Buccellati continued to nurture their iconic collections, notably with *Clash Supple* and *Santos* for Cartier, *Frivole* and *Perlée* for Van Cleef & Arpels and *Opera Tulle* for Buccellati.

Performance was driven by double-digit sales increases in Asia Pacific and the Middle East and Africa, with lower sales in other regions.

Operating results increased by 11%, reflecting a combination of higher sales, strong cost discipline, and the agility to mitigate impacts of a stronger Swiss franc and higher gold prices. Operating margin also improved, rising by 220 basis points to 31.0%.

The Jewellery Maisons focused investment on client-centric digital initiatives and selective store renovations. These investments included for Cartier the renovation of the Dubai Mall and Paris Saint Honoré boutiques, and for Van Cleef & Arpels new flagship stores on Tmall Luxury Pavilion and at Wuxi Center 66 in mainland China. A new jewellery workshop was opened to support Van Cleef & Arpels' jewellery growth, while Buccellati pursued its international development with seven new stores (net). Buccellati also secured its iconic location in Rome on Via Dei Condotti.

Specialist Watchmakers

in €m	2021	2020	Change
Sales	**2 247**	2 859	-21%
Operating results	**132**	304	-57%
Operating margin	**5.9%**	10.6%	-470 bps

The 21% decline in Specialist Watchmakers' sales reflected a 38% decrease in sales in the first half of the financial year followed by a marked improvement in the second half of the year, with sales up 10% year-on-year in the final quarter of the year. The double-digit sales progression recorded in Asia Pacific for the year partially mitigated a contraction in the other regions. Of note is the successful breakthrough of the Specialist Watchmakers in mainland China, where sales grew by triple digits, and the acceleration in their digital transformation. Online sales grew by triple digits driven by a sharp acceleration of all digital initiatives, including the opening of flagship stores on Tmall Luxury Pavilion for IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget and Vacheron Constantin, and participation in Watches & Wonders fairs in Shanghai and Sanya. Notable collection performances included Piaget's *Possession* jewellery, Jaeger Le-Coultre's *Master* and *Reverso Tribute*, IWC Schaffhausen's *Portugieser* and *Pilot* watches, and Vacheron Constantin's *Overseas* and new *Egérie* collections.

Lower sales, higher gold prices, lower levels of manufacturing capacity utilisation, and a stronger Swiss franc were only partially mitigated by lower operating costs, resulting in a 57% decrease in operating results to € 132 million. A strong focus on cash protection drove inventories lower and reduced investment in tangible fixed assets, leading to a strong increase in cash flow generation. Most of the spend was targeted at select boutique renovations, new online flagship stores, new franchise stores openings as well as research & development initiatives.

Online Distributors

in €m	2021	2020	Change
Sales	**2 197**	2 427	-9%
Operating results	**(223)**	(241)	+7%
Operating margin	**-10.2%**	**-9.9%**	-30 bps

Sales of Richemont Maisons' products made through NET-A-PORTER, MR PORTER, YOOX and THE OUTNET are reported under both the Maisons' and Online Distributors' business area reporting. In Group sales, these are subsequently eliminated as 'intersegment sales'.

The 9% decline in sales reflected the impact of widespread closures of distribution centres caused by Covid-19 in the first quarter of the financial year. However, the division saw an improvement in performance in the rest of the year, with sales up 3% in the fourth quarter.

Regionally, there was good sales growth in the Middle East and Africa, due to the localisation of websites. The fashion business (YOOX and THE OUTNET) benefited from the highly competitive pricing environment in online fashion and registered higher sales, which partly offset lower sales at NET-A-PORTER and MR PORTER, due to the aforementioned pricing environment and inventory efficiency initiatives. FENG MAO saw continued progress: The NET-A-PORTER flagship store on Tmall Luxury Pavilion expanded and last September joined forces with Watches & Wonders Shanghai to launch a successful series of digital and offline events. Lower sales at Watchfinder reflected repeated periods of temporary store closures, particularly in the UK, and resilient, albeit lower, online sales. Of note is the recent acceleration of Watchfinder's 'part exchange' programme now available in more than 80 Specialist Watchmaker stores.

Online Distributors reduced their operating loss to € 223 million. The € 18 million improvement versus the prior year reflected strict cost control with operating expenses contracting faster than sales. The EBITDA loss was halved to € 37 million and cash flow showed a marked improvement through tight inventory management. Targeted investments were directed towards information technology, mostly linked to NET-A-PORTER's global technology and logistics platform migration and other technical improvements, as well as strategic boutique openings for Watchfinder in Geneva and Paris.

Other

in €m	2021	2020	Change
Sales	**1 345**	1 788	-25%
Operating results	**(241)**	(141)	-71%
Operating margin	**-17.9%**	-7.9%	-1000 bps

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

Sales in the Other business area were 25% lower than the prior year, although the division saw a year-on-year sales increase of 12% in the fourth quarter of the financial year. Strength in mainland China limited the impact of declines in other locations. Performance was particularly affected by lower wholesale sales, reflecting a sharp contraction in travel retail. Retail sales were lower, with the exception of Asia Pacific region, which was supported by the performance of dunhill and Montblanc. Online retail sales grew by strong double digits, broad-based across most Maisons. Online sales accounted for 17% of total sales for this business area, compared to 9% a year ago. Overall, Serapian and Peter Millar showed the greatest resilience.

The year has been rich in developments with the arrival of Philippe Fortunato in September as CEO of Fashion & Accessories Maisons, new creative directors at Chloé, Alaïa and Montblanc, the highly acclaimed launch of AZ Factory, and a number of noteworthy launches, including the Montblanc *M_Gram* collection, the Chloé *Woody* tote, the dunhill *Lock Bag* and enrichment of the *G/FORE* collection at Peter Millar. The Fashion & Accessories Maisons accelerated their digital transformation with the opening of Tmall Pavilion flagship stores for Montblanc, Chloé and dunhill, and the re-launch of Peter Millar's e-commerce platform.

In the year under review, operating losses increased to € 241 million, primarily reflecting lower sales and lower gross margin, partially mitigated by significant cost reductions. Cash flow generation significantly improved.

Valuation adjustments on acquisitions

in €m	2021	2020	Change
Valuation adjustments on acquisitions	**(197)**	(196)	+1%

The amortisation of intangible assets and inventory adjustments made on acquisition are no longer shown in the operating results for the respective segments.

Corporate costs

in €m	2021	2020	Change
Corporate costs	**(296)**	(283)	+5%
Central support services	**(254)**	(249)	+2%
Other operating expense, net	**(42)**	(34)	+24%

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 that are not allocated to specific business areas. The majority of corporate costs are incurred in Switzerland. For the year under review, they represented slightly over 2% of Group sales.

The Group's consolidated financial statements of comprehensive income, cash flows and financial position are presented in Appendix 1. Richemont's audited consolidated financial statements for the year may be found on the Group's website at www.richemont.com/en/home/investors/results-reports-presentations/

Jérôme Lambert
Chief Executive Officer

Burkhart Grund
Chief Finance Officer

Presentation

The results will be presented via an audio webcast on 21 May 2021, starting at 09:30 (CEST). The direct link is available from 07:30 (CEST) at www.richemont.com. The presentation may be viewed using a mobile device or from a browser.

- Live telephone connection (pre-registration required):
  - https://ccevent.eu/richemont.html
- An archive of the audio webcast will be available at 15:00 (CEST) the same day:
  - www.richemont.com/en/home/investors/results-reports-presentations/
- A transcript of the webcast will be available on 22 May 2021:
  - www.richemont.com/en/home/investors/results-reports-presentations/

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). South African depository receipts in respect of Richemont 'A' shares are traded on the Johannesburg stock exchange, the Company's secondary listing (Reuters 'CFRJ.J'/Bloomberg 'CFR:SJ'/ISIN CH0045159024).

About Richemont

At Richemont, we craft the future. Our unique portfolio includes prestigious Maisons distinguished by their craftsmanship and creativity, alongside Online Distributors that cultivate expert curation and technological innovation to deliver the highest standards of service. Richemont's ambition is to nurture its Maisons and businesses and enable them to grow and prosper in a responsible, sustainable manner over the long term.

Richemont operates in four business areas: **Jewellery Maisons** with Buccellati, Cartier and Van Cleef & Arpels; **Specialist Watchmakers** with A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis and Vacheron Constantin; **Online Distributors** with Watchfinder & Co., NET-A-PORTER, MR PORTER, YOOX, THE OUTNET and the OFS division; and **Other**, primarily Fashion & Accessories Maisons with Alaïa, AZ Factory, Chloé, dunhill, Montblanc, Peter Millar, Purdey and Serapian. Find out more at https://www.richemont.com/.

Disclaimer

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 1

Consolidated statement of comprehensive income for the year ended 31 March

	2021 €m	2020 €m
Revenue	**13 144**	14 238
Cost of sales	**(5 283)**	(5 627)
Gross profit	**7 861**	8 611
Selling and distribution expenses	**(3 241)**	(3 512)
Communication expenses	**(1 030)**	(1 415)
Fulfilment expenses	**(356)**	(352)
Administrative expenses	**(1 484)**	(1 560)
Other operating expenses	**(272)**	(254)
Operating profit	**1 478**	1 518
Finance costs	**(295)**	(504)
Finance income	**320**	167
Share of post-tax results of equity-accounted investments	**12**	17
Profit before taxation	**1 515**	1 198
Taxation	**(226)**	(267)
Profit for the year	**1 289**	931
Other comprehensive income:		
Items that will never be reclassified to profit or loss		
Defined benefit plan actuarial gains/(losses)/	**118**	(81)
Tax on defined benefit plan actuarial gains/(losses)	**(15)**	10
Fair value changes on financial assets held at fair value through other comprehensive income	**202**	(272)
	305	(343)
Items that are or may be reclassified subsequently to profit or loss		
Currency translation adjustments		
– movement in the year	**(517)**	568
– reclassification to profit or loss	**9**	–
Cash flow hedging		
– reclassification to profit or loss, net of tax	**4**	3
	(504)	571
Other comprehensive income, net of tax	**(199)**	228
Total comprehensive income	**1 090**	1 159
Profit attributable to:		
Owners of the parent company	**1 301**	933
Non-controlling interests	**(12)**	(2)
	1 289	931
Total comprehensive income attributable to:		
Owners of the parent company	**1 103**	1 162
Non-controlling interests	**(13)**	(3)
	1 090	1 159
Earnings per ‘A’ share/10 ‘B’ shares attributable to owners of the parent company during the year (expressed in € per share)		
Basic	**2.302**	1.651
Diluted	**2.296**	1.646

Consolidated statement of cash flow for the year ended 31 March

	2021 €m	2020 €m
Cash flows from operating activities		
Operating profit	**1 478**	1 518
Adjustment for non-cash items	**1 554**	1 606
Changes in working capital	**529**	(327)
Cash flow generated from operations	**3 561**	2 797
Interest received	**83**	109
Interest paid	**(179)**	(181)
Dividends from equity-accounted investments	**–**	3
Dividends from other investments	**1**	15
Taxation paid	**(248)**	(373)
Net cash generated from operating activities	**3 218**	2 370
Cash flows from investing activities		
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	**(33)**	(245)
Acquisition of equity-accounted investments	**–**	(1)
Proceeds from disposal of, and capital distributions from, equity-accounted investments	**50**	–
Acquisition of property, plant and equipment	**(386)**	(570)
Proceeds from disposal of property, plant and equipment	**14**	2
Payments capitalised as right of use assets	**–**	(2)
Acquisition of intangible assets	**(127)**	(165)
Acquisition of investment property	**(1)**	(4)
Investment in money market and externally managed funds	**(11 430)**	(8 422)
Proceeds from disposal of money market and externally managed funds	**10 085**	8 600
Acquisition of other non-current assets and investments	**(379)**	(30)
Proceeds from disposal of other non-current assets and investments	**12**	11
Net cash used in investing activities	**(2 195)**	(826)
Cash flows from financing activities		
Proceeds from borrowings	**2 072**	–
Corporate bond issue transaction costs	**(8)**	–
Repayment of borrowings	**(85)**	(365)
Dividends paid	**(529)**	(1 017)
Proceeds from sale of treasury shares	**32**	13
Acquisition of warrants on own equity	**(15)**	–
Contributions received from non-controlling interests	**–**	34
Lease payments – principal	**(561)**	(588)
Net cash used in financing activities	**906**	(1 923)
Net change in cash and cash equivalents	**1 929**	(379)
Cash and cash equivalents at the beginning of the year	**1 985**	2 347
Exchange (losses)/gains on cash and cash equivalents	**(134)**	17
Cash and cash equivalents at the end of the year	**3 780**	1 985

Consolidated balance sheet at 31 March

	2021 €m	2020 €m
Assets		
Non-current assets		
Property, plant and equipment	**2 583**	2 774
Goodwill	**3 456**	3 465
Other intangible assets	**2 436**	2 623
Right of use assets	**3 339**	3 164
Investment property	**220**	282
Equity-accounted investments	**187**	180
Deferred income tax assets	**614**	600
Financial assets held at fair value through profit or loss	**506**	10
Financial assets held at fair value through other comprehensive income	**377**	115
Other non-current assets	**435**	447
	14 153	13 660
Current assets		
Inventories	**6 319**	6 658
Trade receivables and other current assets	**1 369**	1 246
Derivative financial instruments	**12**	44
Financial assets held at fair value through profit or loss	**5 550**	4 362
Assets held for sale	**79**	29
Cash at bank and on hand	**7 877**	4 462
	21 206	16 801
Total assets	**35 359**	30 461
Equity and liabilities		
Equity attributable to owners of the parent company		
Share capital	**334**	334
Treasury shares	**(490)**	(539)
Hedge and share option reserves	**419**	368
Cumulative translation adjustment reserve	**2 626**	3 133
Retained earnings	**14 885**	13 840
	17 774	17 136
Non-controlling interests	**110**	123
Total equity	**17 884**	17 259
Liabilities		
Non-current liabilities		
Borrowings	**5 937**	3 951
Lease liabilities	**2 927**	2 702
Deferred income tax liabilities	**258**	351
Employee benefit obligations	**65**	168
Provisions	**55**	56
Other long-term financial liabilities	**97**	99
	9 339	7 327
Current liabilities		
Trade payables and other current liabilities	**2 537**	2 047
Current income tax liabilities	**550**	446
Borrowings	**–**	1
Lease liabilities	**590**	612
Derivative financial instruments	**114**	30
Provisions	**248**	262
Bank overdraft	**4 097**	2 477
	8 136	5 875
Total liabilities	**17 475**	13 202
Total equity and liabilities	**35 359**	30 461

Operating results for the year ended 31 March

	Maisons €m	Online Distributors €m	Intersegment elimination and central costs €m	Total Group €m
2021				
Sales	**11 051**	**2 197**	**(104)**	**13 144**
Gross profit	**7 161**	**732**	**(32)**	**7 861**
Gross margin	**64.8%**	**33.3%**		**59.8%**
Operating profit	**2 200**	**(223)**	**(499)**	**1 478**
Operating margin	**19.9%**	**(10.2)%**		**11.2%**

	Maisons €m	Online Distributors €m	Intersegment elimination and central costs €m	Total Group €m
2020				
Sales	11 864	2 427	(53)	14 238
Gross profit	7 827	805	(21)	8 611
Gross margin	66.0%	33.2%		60.5%
Operating profit	2 240	(241)	(481)	1 518
Operating margin	18.9%	(9.9)%		10.7%